

WÄRTSILÄ CORPORATION HALF YEAR REPORT JANUARY – JUNE 2021

20 JULY 2021

HÅKAN AGNEVALL, PRESIDENT & CEO

ARJEN BERENDS, CFO



STRONG CASH FLOW, BUT BUSINESS STILL HAMPERED BY COVID-19

- Order intake increased by 14%, growth in all businesses
- Good progress in services:
 - Order intake increased by 24%
 - Net sales increased by 16%
- Profitability improved despite lower net sales
- Strong cash flow from operating activities
- COVID-19 continued to have a significant impact on Wärtsilä's business

GOOD DEVELOPMENT IN KEY FIGURES

MEUR	4–6/2021	4–6/2020	CHANGE	1–6/2021	1–6/2020	CHANGE
Order intake	1,154	1,011	14%	2,398	2,259	6%
of which services	604	486	24%	1,308	1,120	17%
Order book				5,238	5,401	-3%
of which current year deliveries				2,225	2,165	3%
Net sales	1,131	1,220	-7%	2,078	2,390	-13%
of which services	591	510	16%	1,141	1,103	3%
Book-to-bill	1.02	0.83		1.15	0.95	
Operating result	58	49	18%	94	101	-7%
% of net sales	5.1	4.0		4.5	4.2	
Comparable operating result	71	55	30%	112	111	1%
% of net sales	6.3	4.5		5.4	4.7	

SECOND QUARTER HIGHLIGHTS

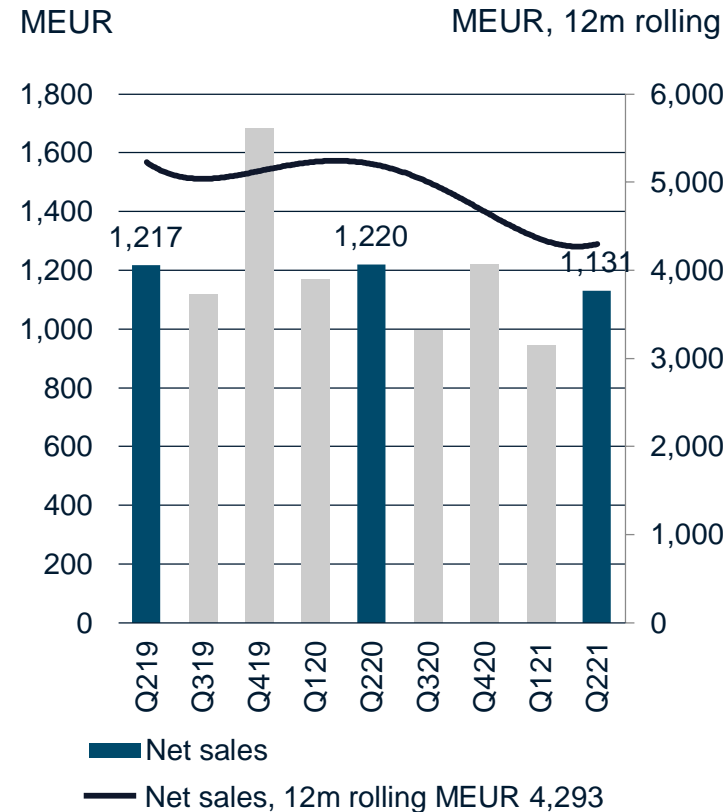
Net sales EUR 1,131 million

- -7% due to lower equipment deliveries
- Service net sales increased by 16% on the back of a weak comparison period

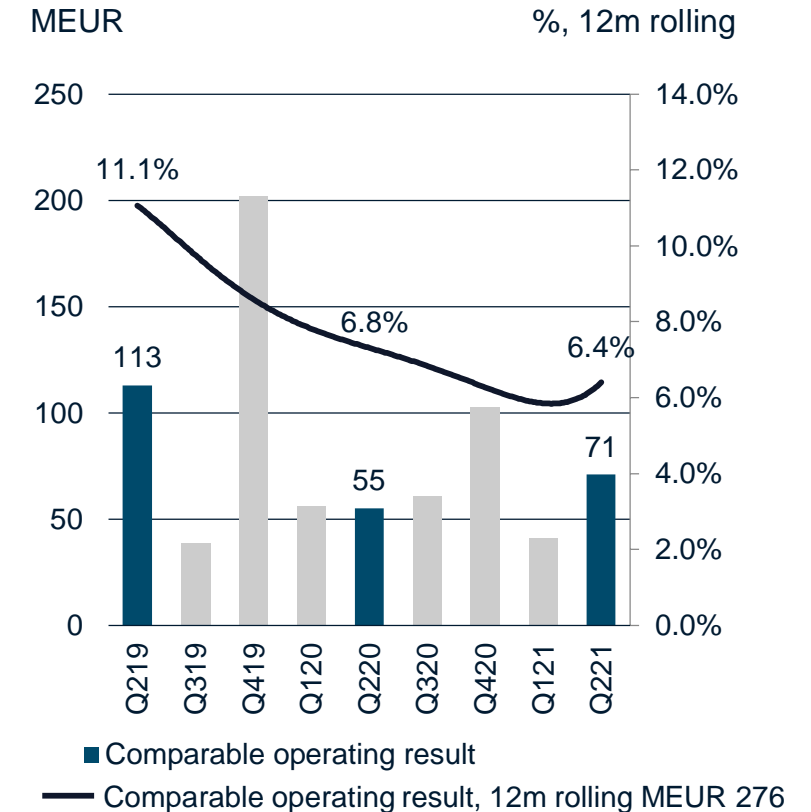
Comparable operating result EUR 71 million

- +30% despite lower net sales
- More favourable sales mix between equipment and services

Net sales



Comparable operating result



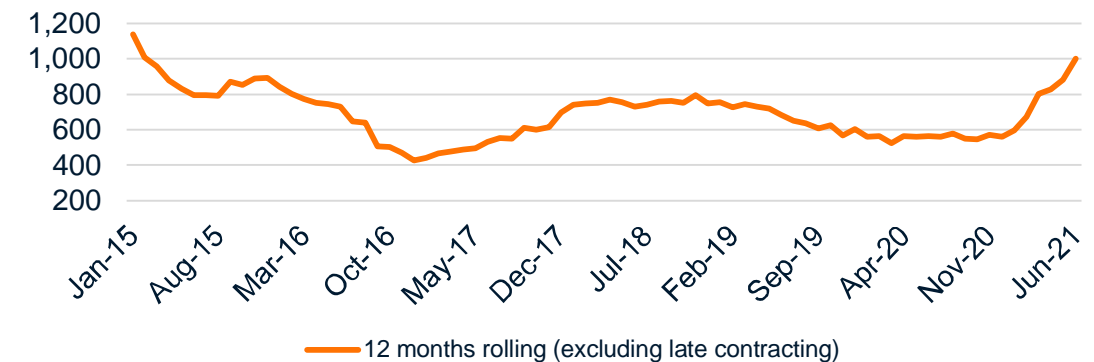
MARINE MARKET RECOVERING

UNEVEN PROGRESS ACROSS SEGMENTS – VESSEL CONTRACTING IN CRUISE AND FERRY MARKETS LOW

- The number of vessels ordered in the review period increased to 829 (312 in the corresponding period in 2020, excluding late reporting of contracts).
- Activity in the cargo sector has continuously improved from the lows seen in 2020, whereas vessel contracting in the cruise and ferry markets remains low.
- The fuelling transition is increasingly gaining traction. There were 170 orders for alternative fuel capable units in the first half of the year.

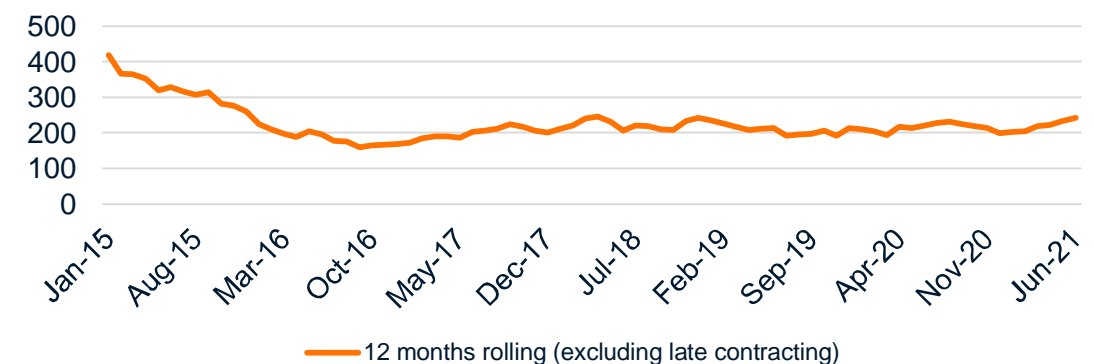
Total vessel contracting

Number of vessels



Specialised vessels

Number of vessels



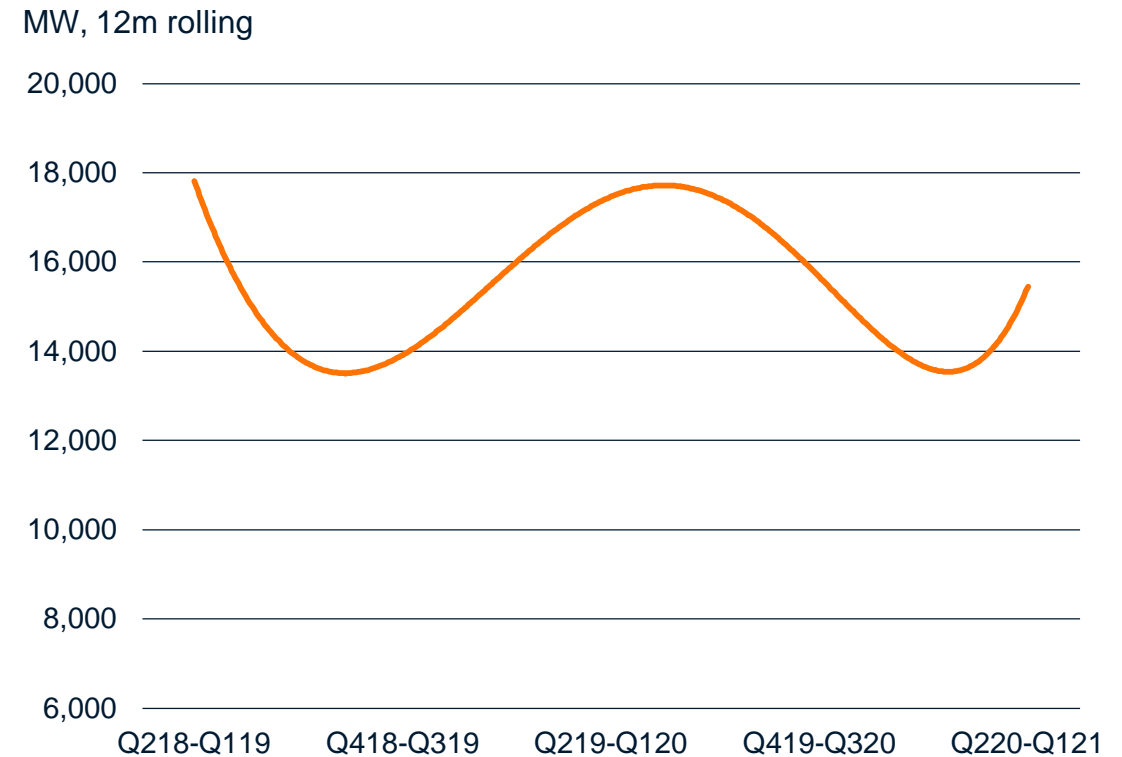
Source: Clarksons Research, contracting as per 7 July 2021 (+100 gt, excluding late reporting of contracts)
 Specialised vessels include LNG carriers, LPG carriers, cruise & ferry, offshore, and special vessels.

RECOVERY EXPECTED TO TAKE TIME IN THE ENERGY MARKET

GOOD ACTIVITY IN THE ENERGY STORAGE MARKET

- The COVID-19 pandemic and the resulting weakening of the investment environment continued to negatively impact the energy market.
- Recovery will most likely take time in a large part of our core markets.
- Activity in the energy storage markets has continued at a good level.
- Wärtsilä's market share decreased to 8%.

Market for gas and liquid fuel power plants <500 MW

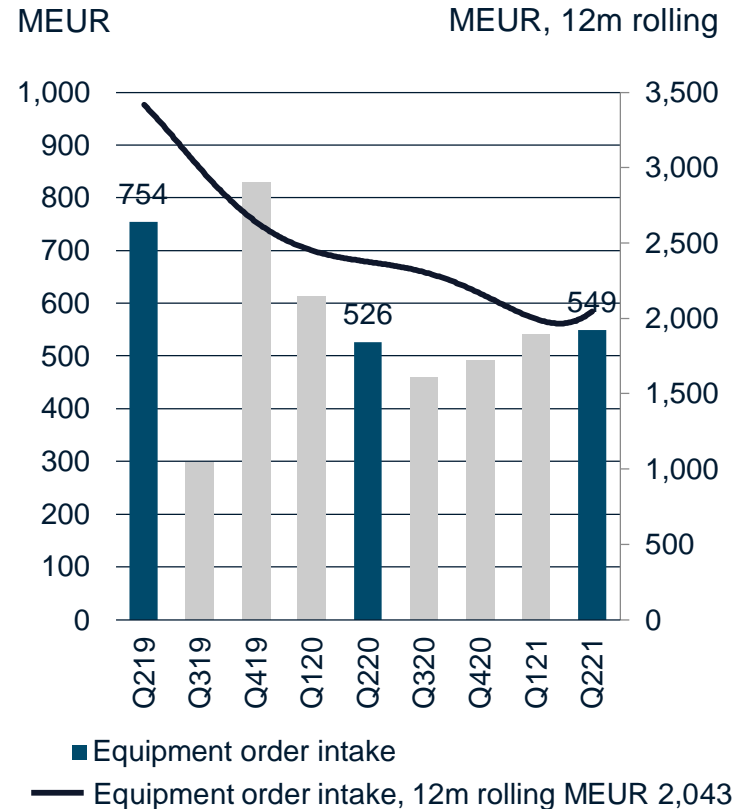


The total market, including also power plants with prime movers above 500 MW, declined by 13% to 40.5 GW during the twelve-month period ending in March 2021 (46.4 at the end of December). The market data includes all Wärtsilä power plants and other manufacturers' gas and liquid fuelled gas turbine based 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.

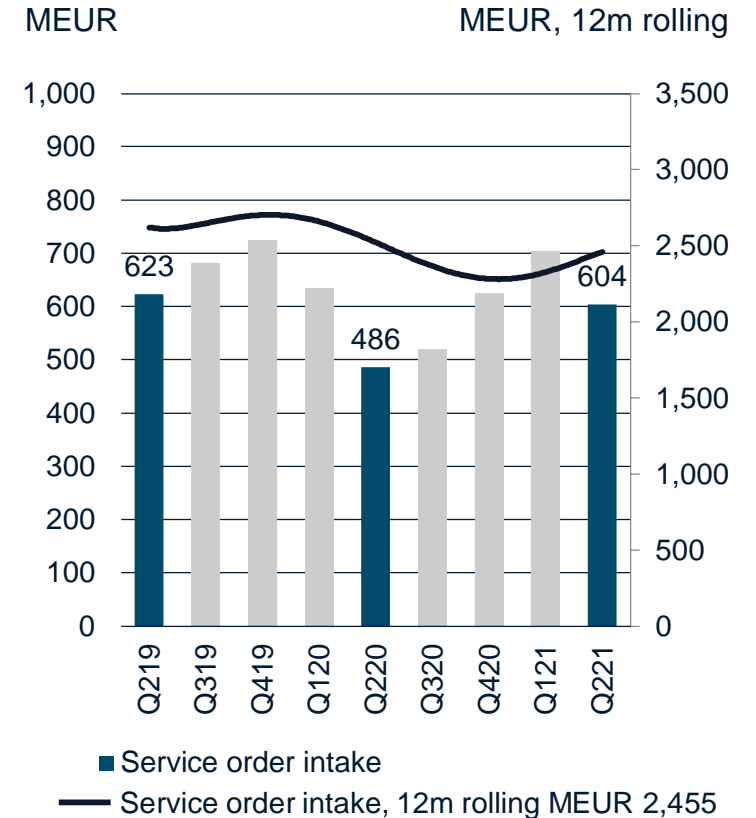
ORDER INTAKE INCREASED BY 14%

- Order intake increased across businesses
- Equipment order intake increased by 4%
- Service order intake increased by 24%, reflecting improved economic activity in general

Equipment



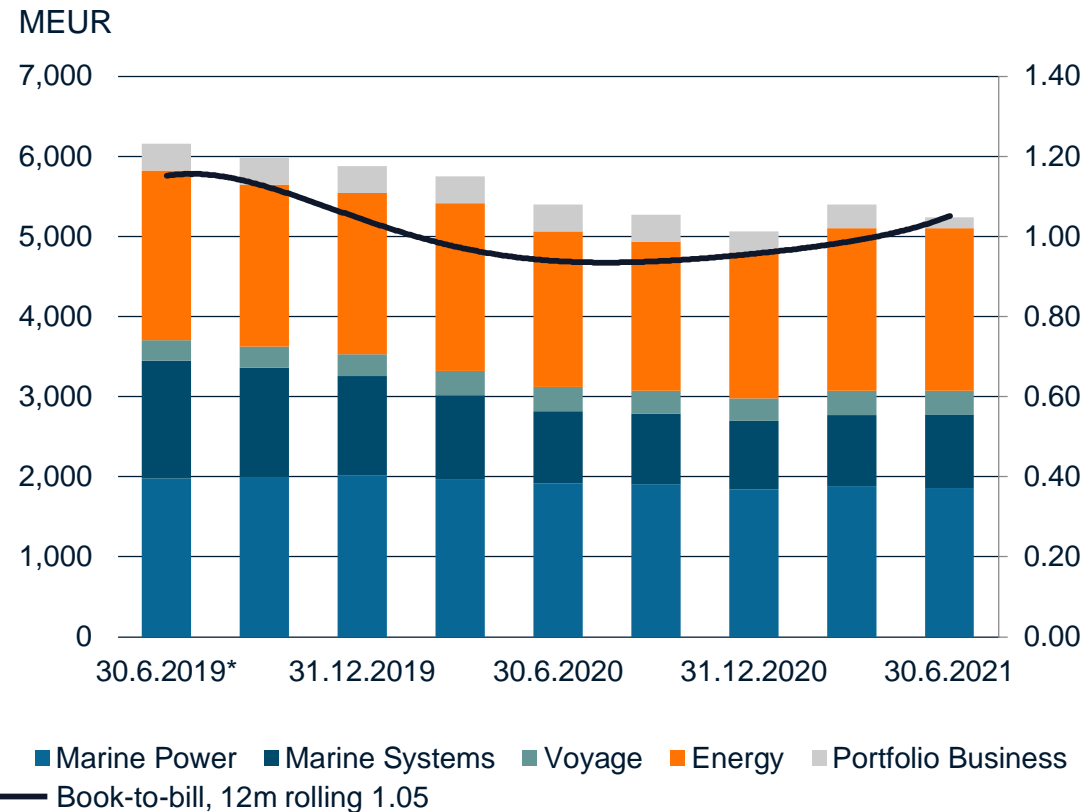
Services



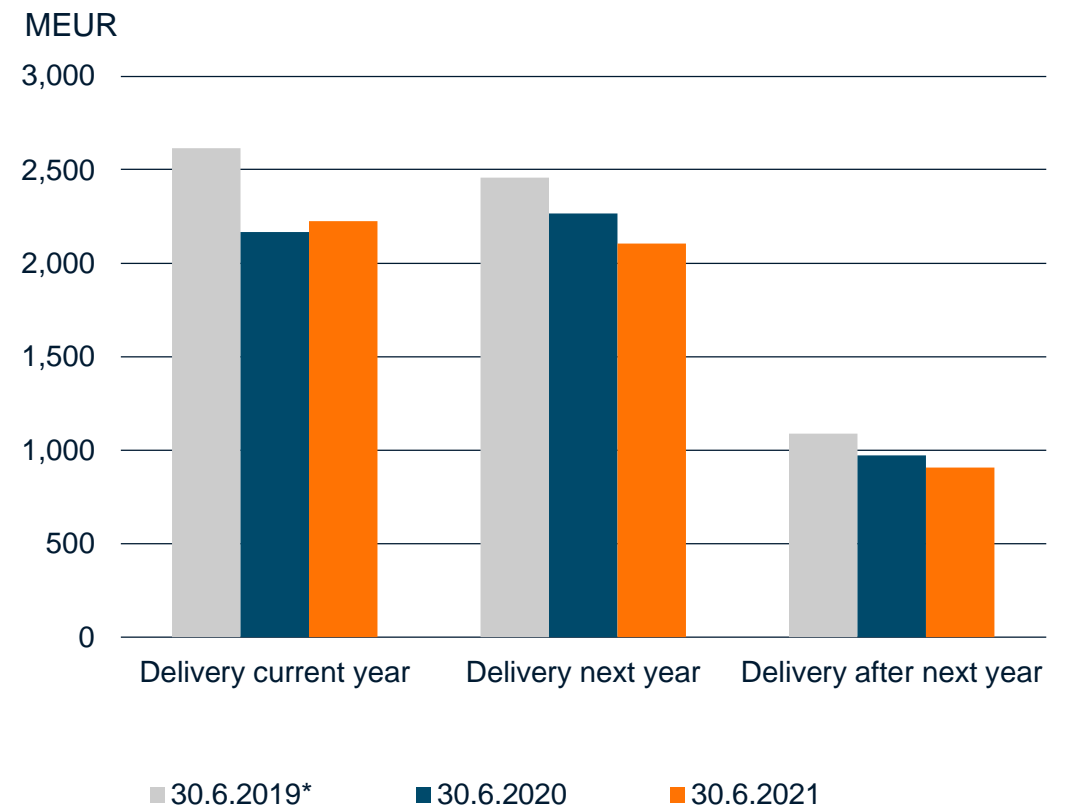
SLIGHT DECREASE IN ORDER BOOK DUE TO DIVESTMENTS

BOOK-TO-BILL IMPROVING

Order book by business



Order book delivery schedule

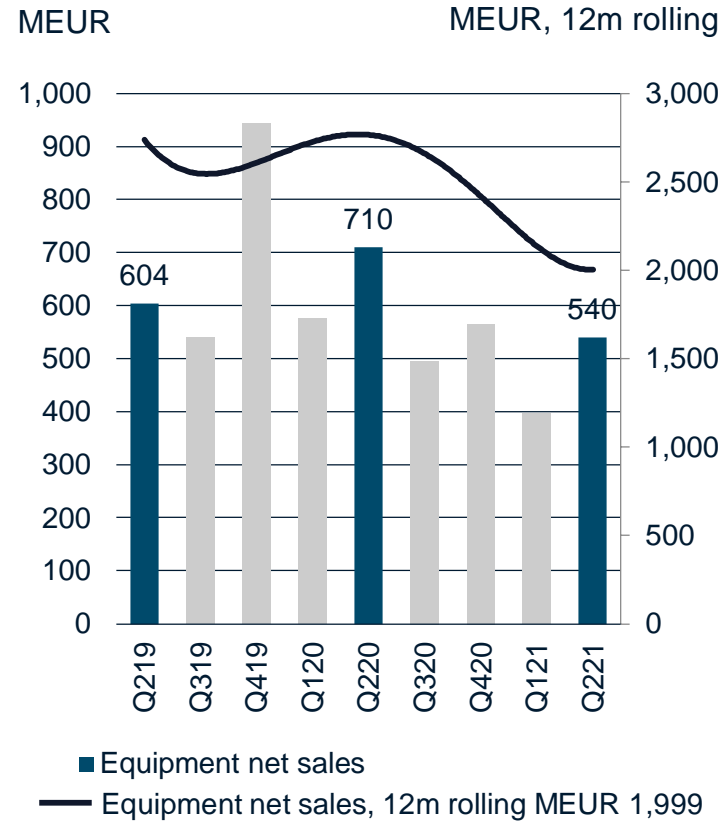


* As published in the Interim report January-March 2020, order book figures for 2019 have been restated due to stricter requirements for booking new orders.

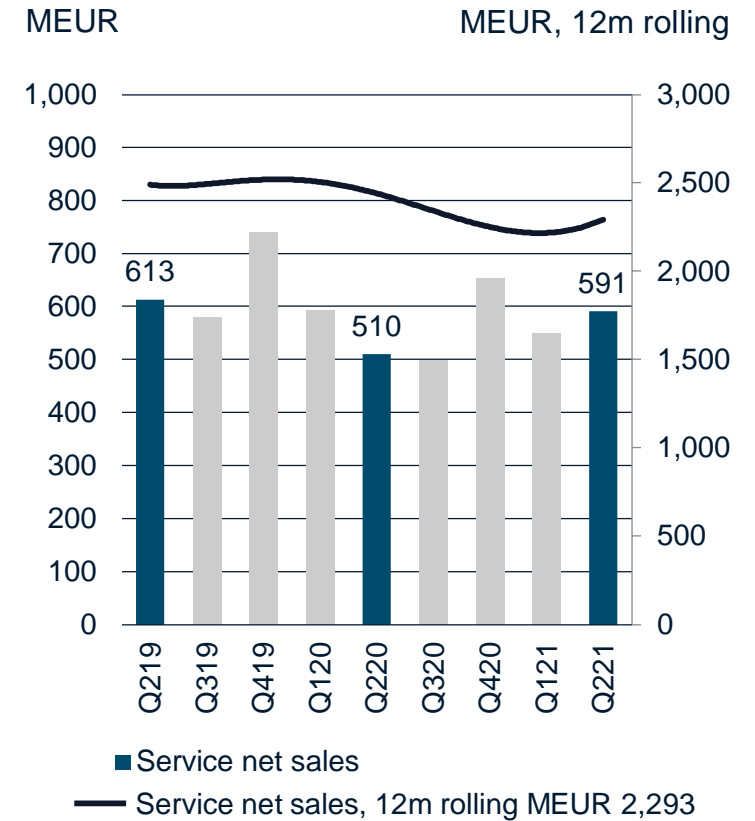
NET SALES DECREASED BY 7%

- Equipment net sales decreased by 24%, mainly due to fewer scrubber deliveries and delays in energy equipment deliveries
- Service net sales increased by 16%

Equipment



Services



TECHNOLOGY AND PARTNERSHIP HIGHLIGHTS

ENABLING INDUSTRY DECARBONISATION

Testing hydrogen and ammonia

- An engine and plant concept for pure hydrogen ready by 2025
- An engine concept with pure ammonia ready in 2023

Autonomous, zero-emission barge with Port of Rotterdam

- Collaborating to demonstrate a commercially viable autonomous intra-port inter-terminal container shuttle

Power-to-Gas

- Pre-engineering and developing a Power-to-Gas plant that would produce carbon-neutral, synthetic methane for Vantaa Energy





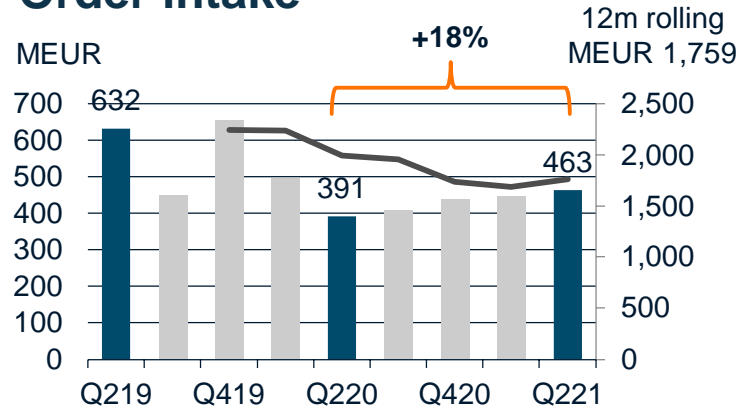
MARINE POWER



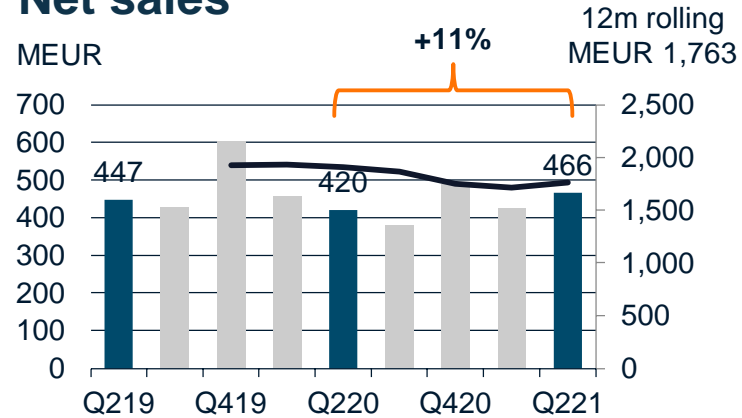
MARINE POWER: INCREASE IN ALL KEY FIGURES

SERVICE ORDERS INCREASED BY 30%

Order intake

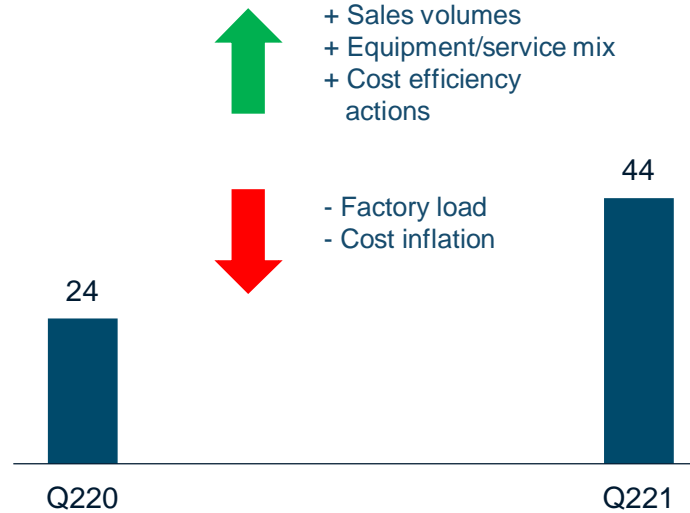


Net sales



Comparable operating result

MEUR



- + Sales volumes
- + Equipment/service mix
- + Cost efficiency actions

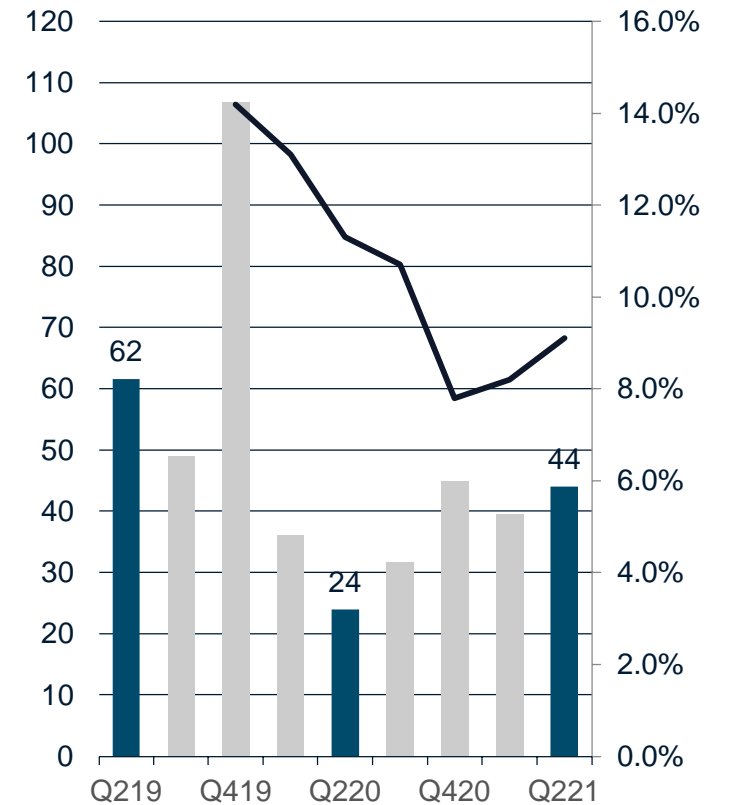


- Factory load
- Cost inflation

Comparable operating result

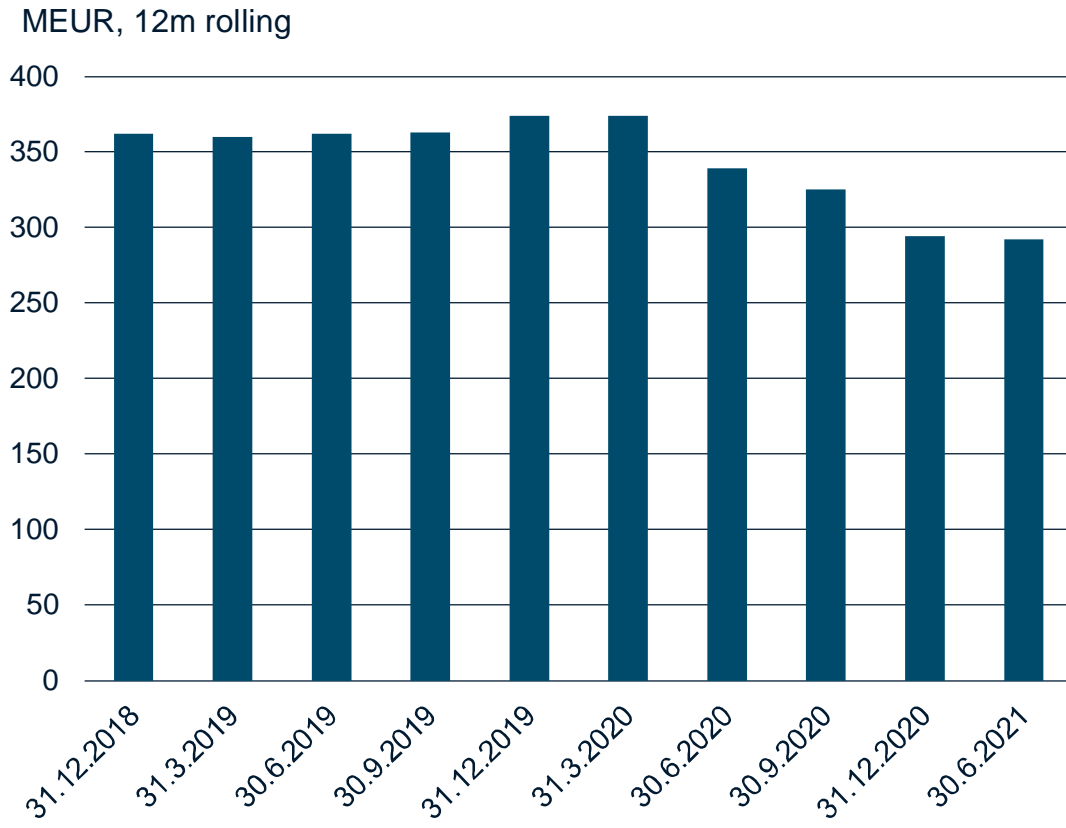
MEUR

12m rolling 9.1%



MARINE POWER SERVICE AGREEMENTS

NET SALES FROM INSTALLATIONS UNDER AGREEMENT STABILISED AFTER A COVID-19 RELATED DECLINE



Second renewal of optimised maintenance agreement with Rederi Ab Eckerö

- This latest 5-year agreement covers the main and auxiliary engines in six vessels.
- The agreement will ensure the engines operate safely and with optimal fuel efficiency, while minimising downtime and unplanned maintenance.



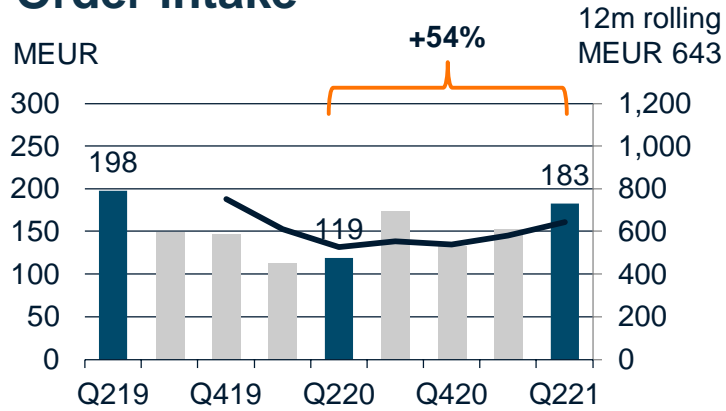
MARINE SYSTEMS



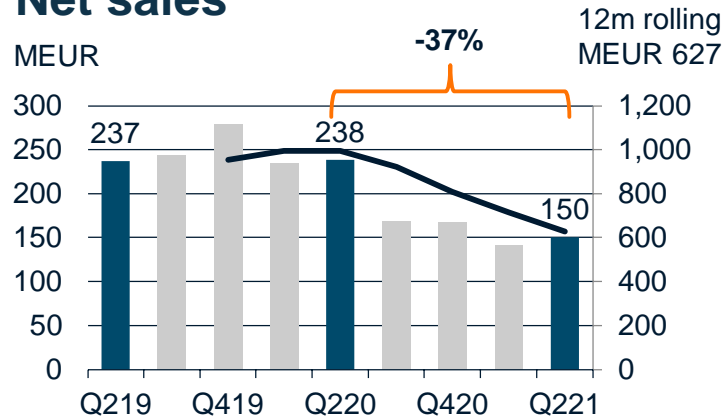
MARINE SYSTEMS: STRONG ORDER INTAKE

SERVICE ORDER INTAKE INCREASED BY 34%

Order intake

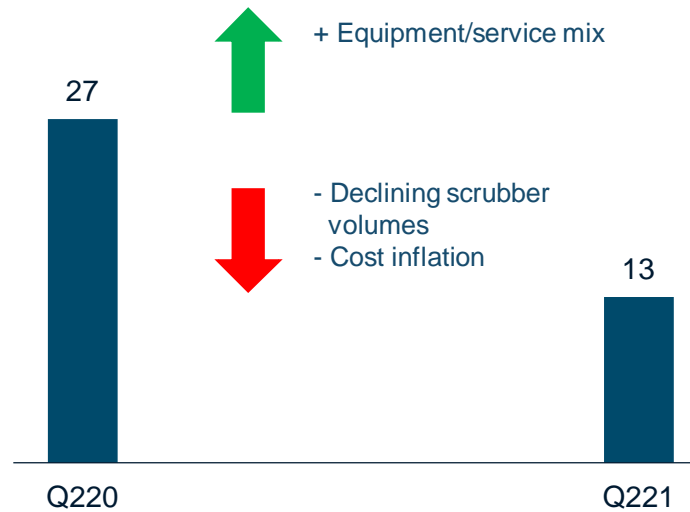


Net sales



Comparable operating result

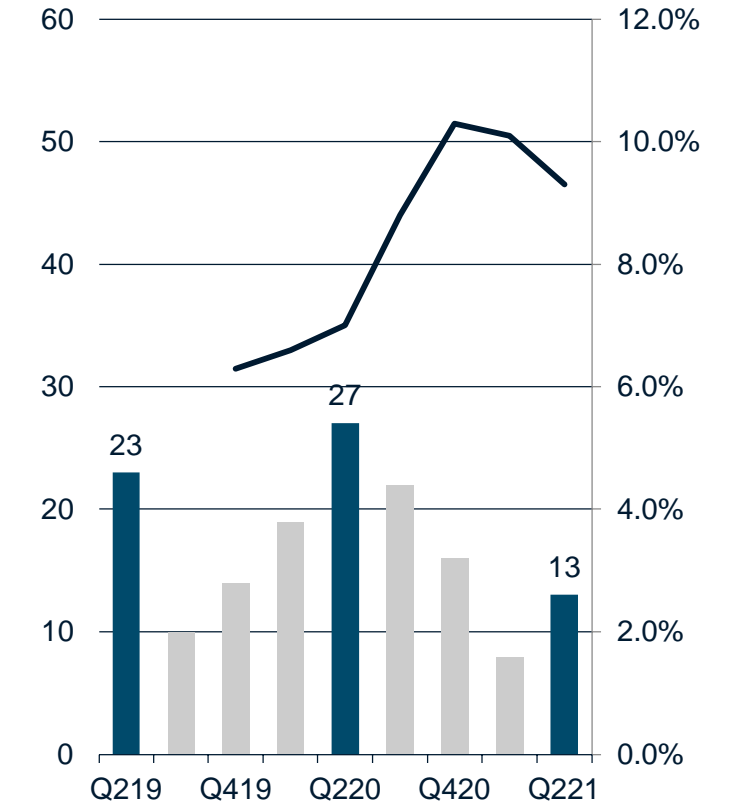
MEUR



Comparable operating result

MEUR

12m rolling 9.3%





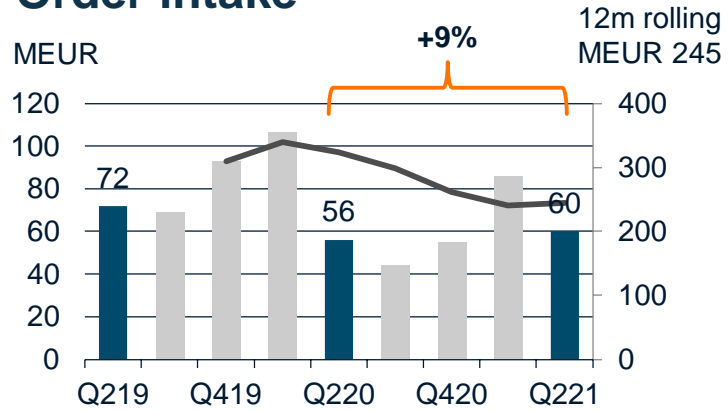
VOYAGE



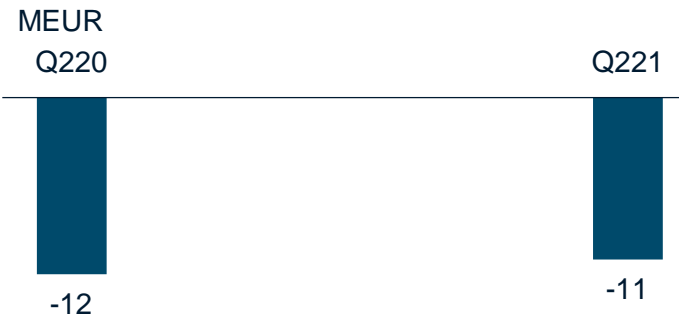
VOYAGE: HIGHER NET SALES

SERVICE ORDER INTAKE INCREASED BY 61%

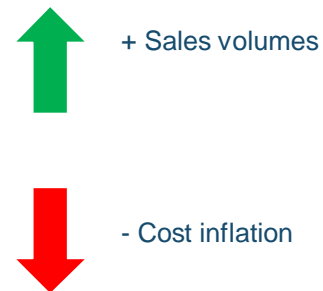
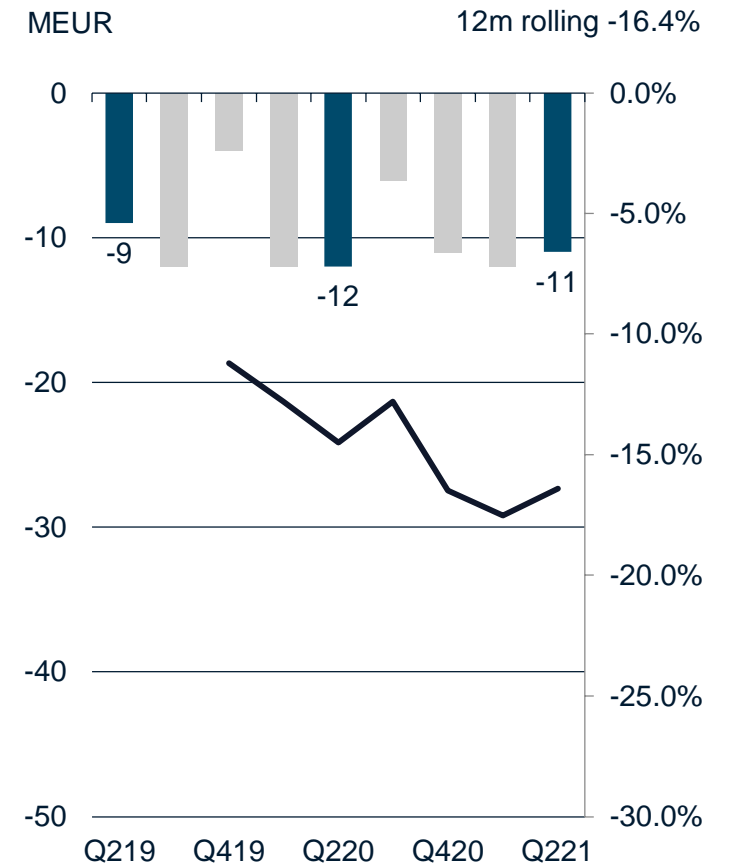
Order intake



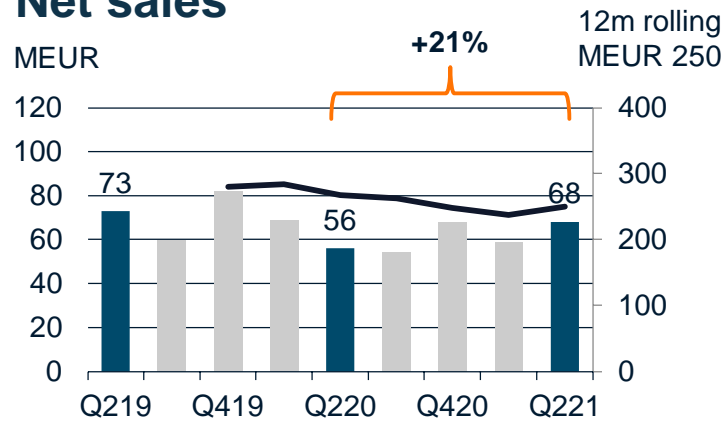
Comparable operating result



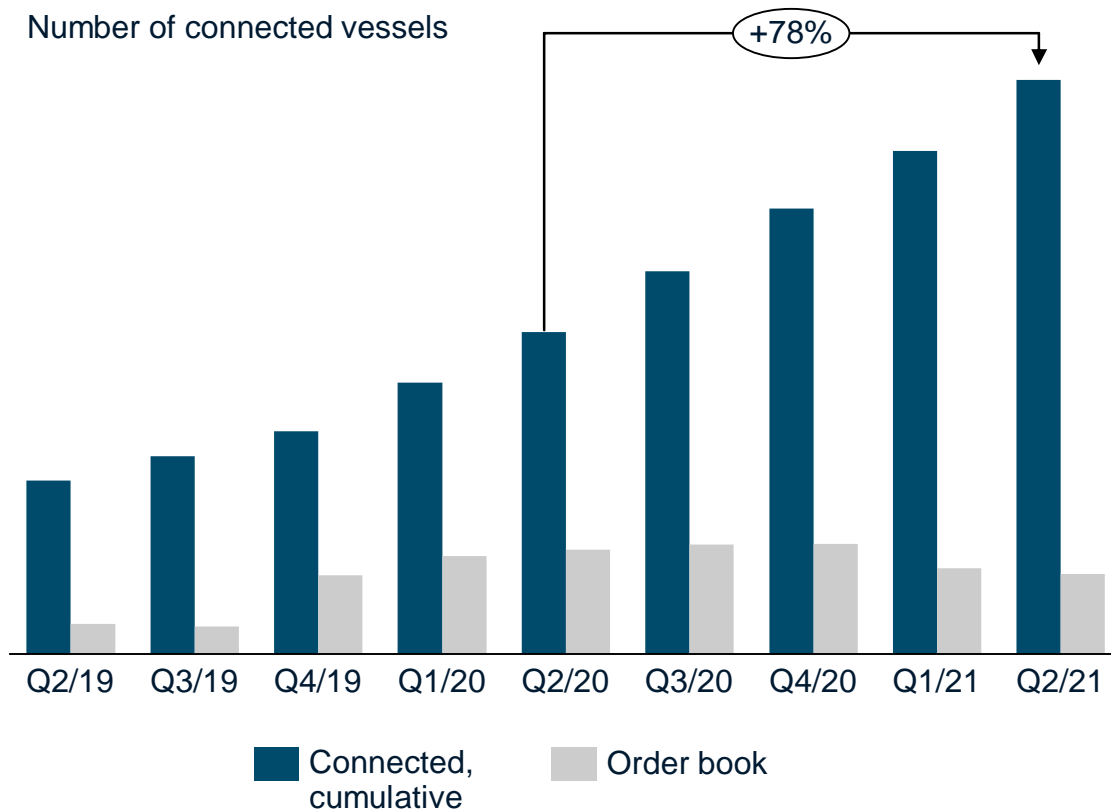
Comparable operating result



Net sales

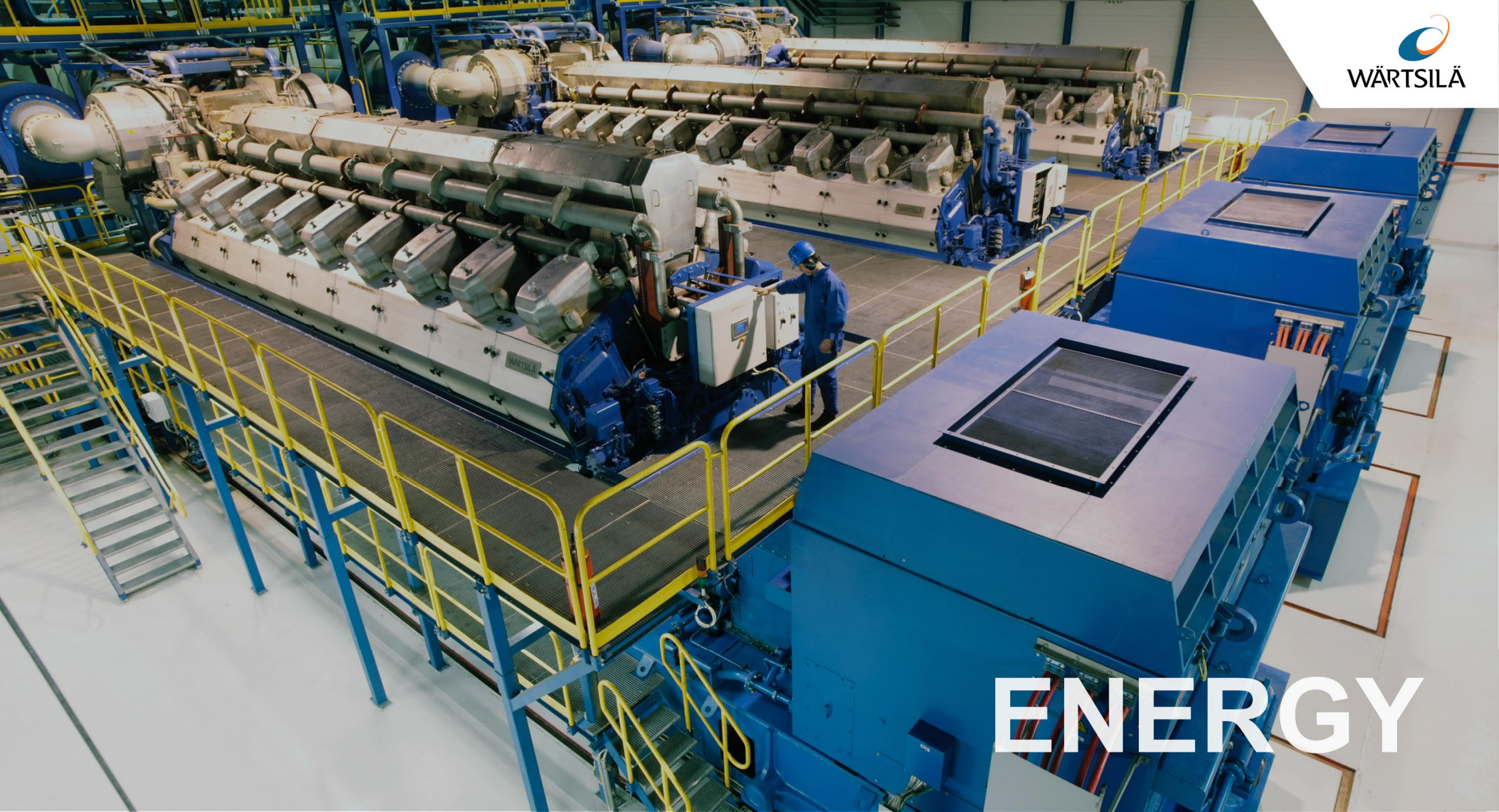


VESSELS CONNECTED TO OUR CLOUD SOLUTIONS INCREASED BY 78%



Wärtsilä and Tanger Med enabled the first real-life digital port call

- The containership 'Kobe Express' docked safely and on time at Tanger Med port in Morocco using the Wärtsilä Navi-Port system
- Navi-Port is a digital platform that facilitates the exchange of real-time data between ships and their destination ports to allow accurate arrival times, thereby saving fuel and costly waiting time at anchor



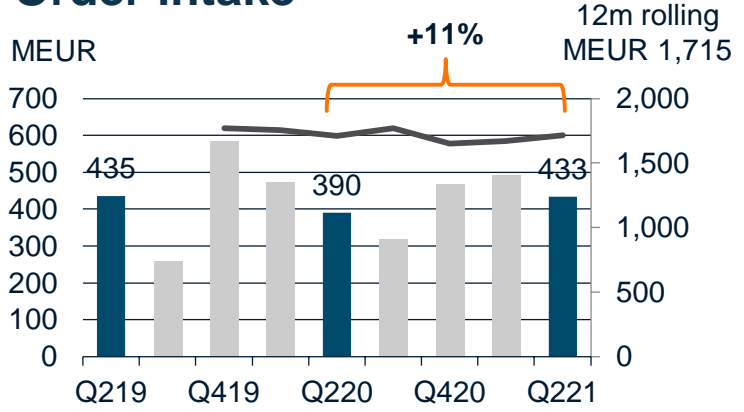
ENERGY



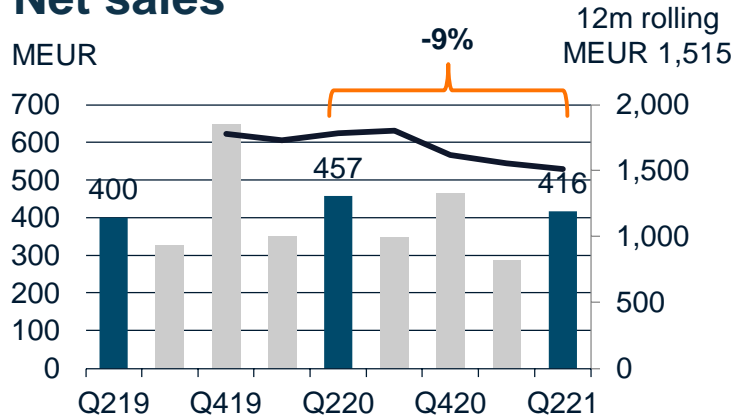
ENERGY: ORDER INTAKE AND PROFITABILITY IMPROVED

SERVICE ORDERS INCREASED BY 22%

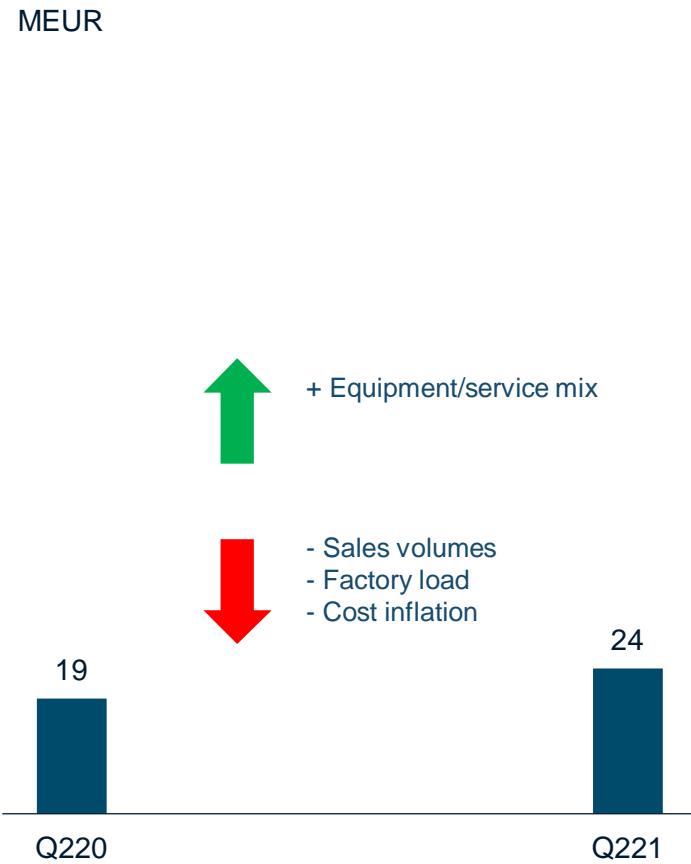
Order intake



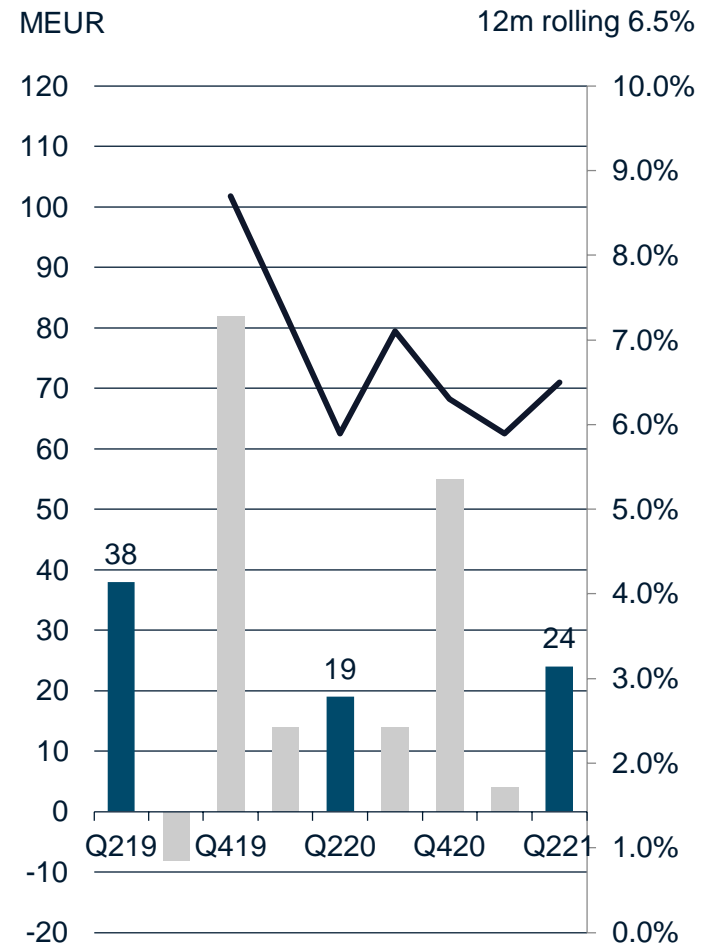
Net sales



Comparable operating result



Comparable operating result



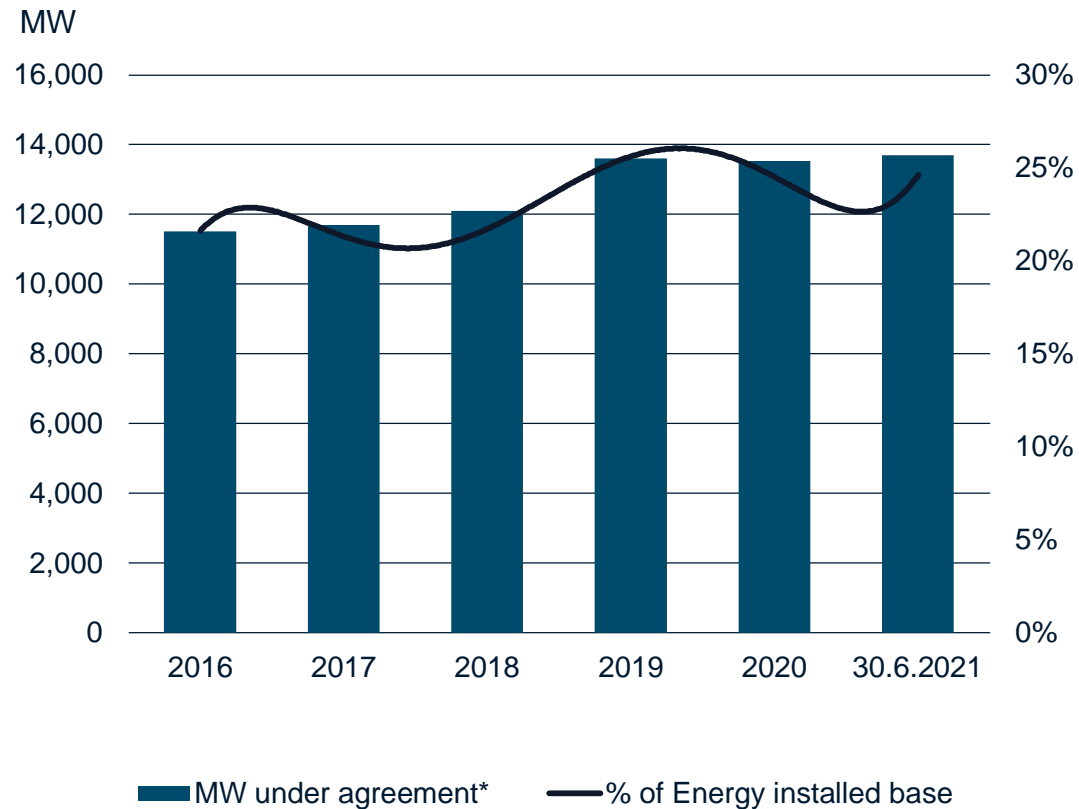


Flexible thermal balancing power gaining traction

- Wärtsilä received an order to supply equipment for a 156 MW multi-fuel balancing power plant to **Omaha Public Power District in Nebraska, the United States**. Wärtsilä's technology will be used to balance renewable power generation in the grid and ensure system stability.
- Execution of a 380 MW project for **Metaenergia in Italy** began in June. Wärtsilä will supply six power plants operating on natural gas to provide flexible system balancing, as Italy strives to incorporate more renewable energy.

ENERGY SERVICE AGREEMENTS

INSTALLED BASE COVERED BY LONG-TERM SERVICE AGREEMENTS HAS BEEN STABLE DURING 2021



A long-term optimised maintenance agreement signed for power plants in three locations in Nigeria

- The plants covered by the five-year agreement produce a combined total output of approx. 132 MW.
- The aim of the agreement is to ensure the plants' continued high levels of availability, reliability and efficiency.

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



OTHER KEY FINANCIALS

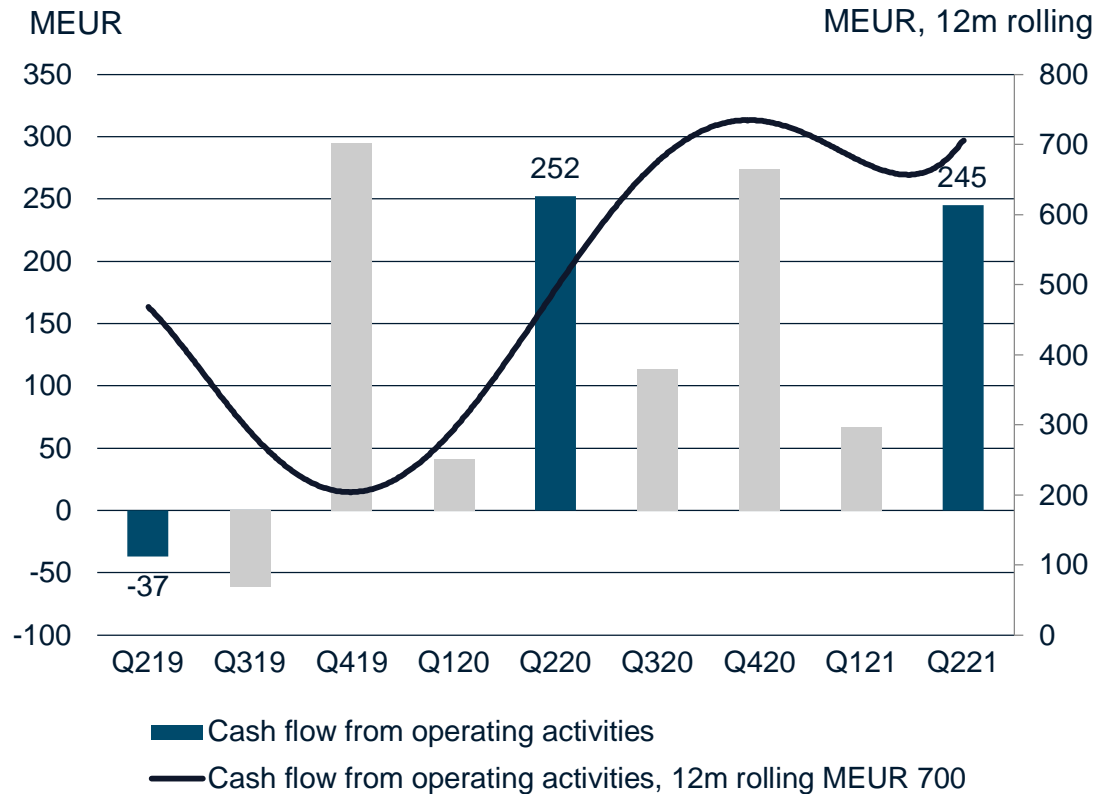
OTHER KEY FINANCIALS – NET DEBT DECREASED

MEUR	4–6/2021	4-6/2020	1–6/2021	1–6/2020
Cash flow from operating activities	245	252	312	293
Working capital			73	492
Net interest-bearing debt			253	643
Gearing			0.12	0.31
Solvency, %			37.8	35.0
Basic earnings/share, EUR	0.06	0.04	0.10	0.09

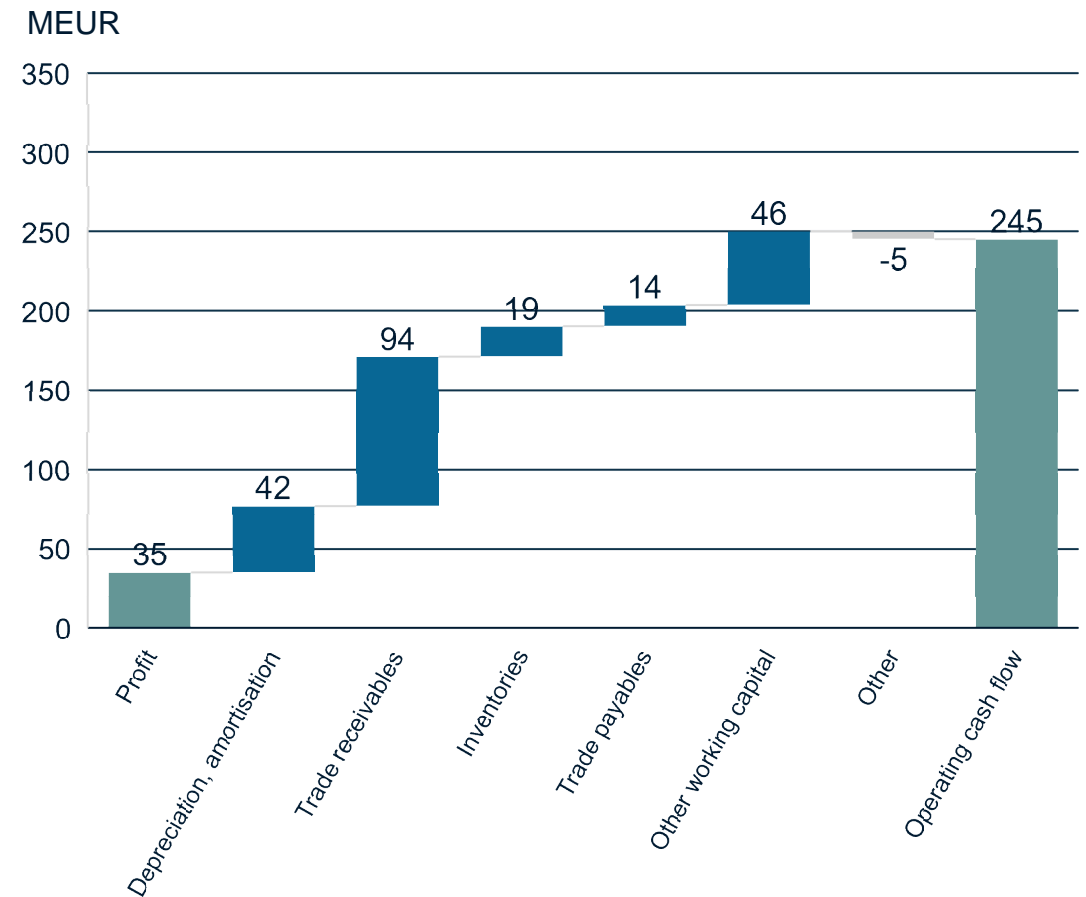
STRONG CASH FLOW FROM OPERATING ACTIVITIES

RECORD HIGH CASH FLOW IN THE FIRST HALF OF THE YEAR

Cash flow from operating activities



Second quarter development



PROSPECTS

Wärtsilä expects the demand environment in the third quarter to be better than that of the corresponding period in the previous year. However, the prevailing market conditions make the outlook uncertain.





SAVE THE DATE:

WÄRTSILÄ CAPITAL MARKETS DAY

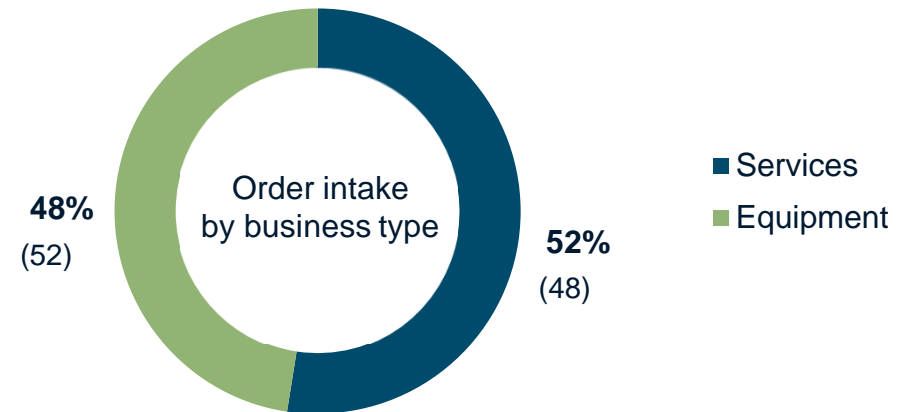
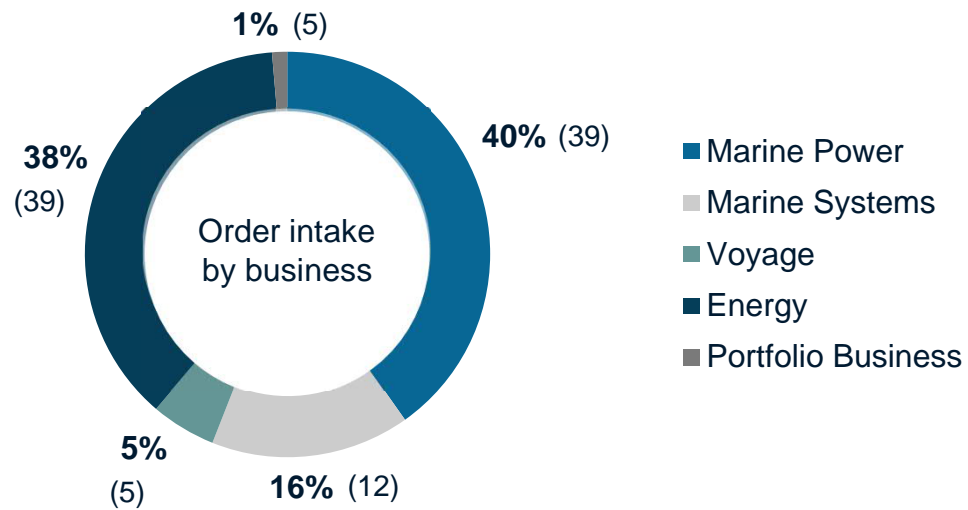
18 NOVEMBER 2021



APPENDIX

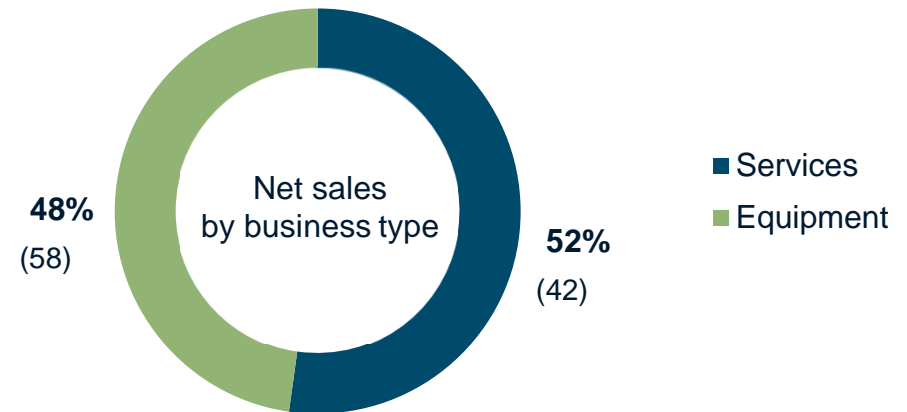
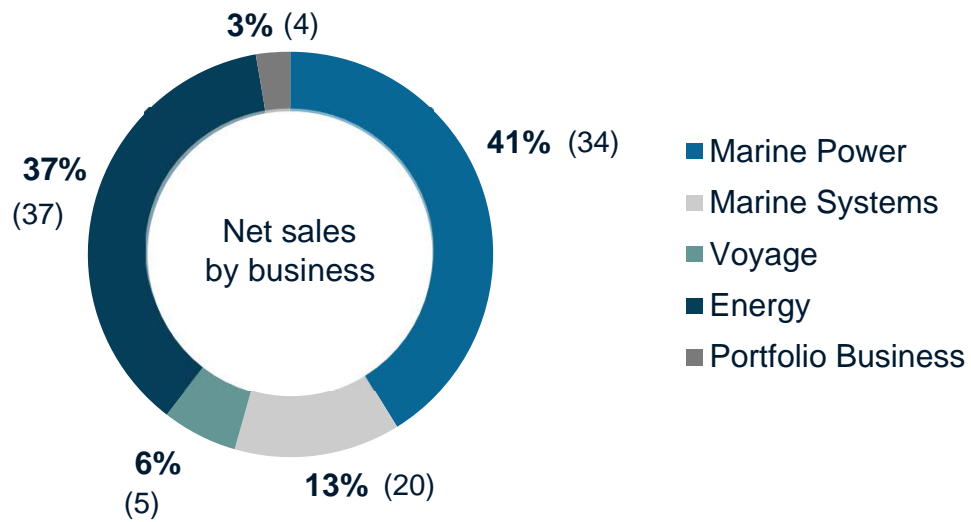
ORDER INTAKE

SECOND QUARTER DEVELOPMENT



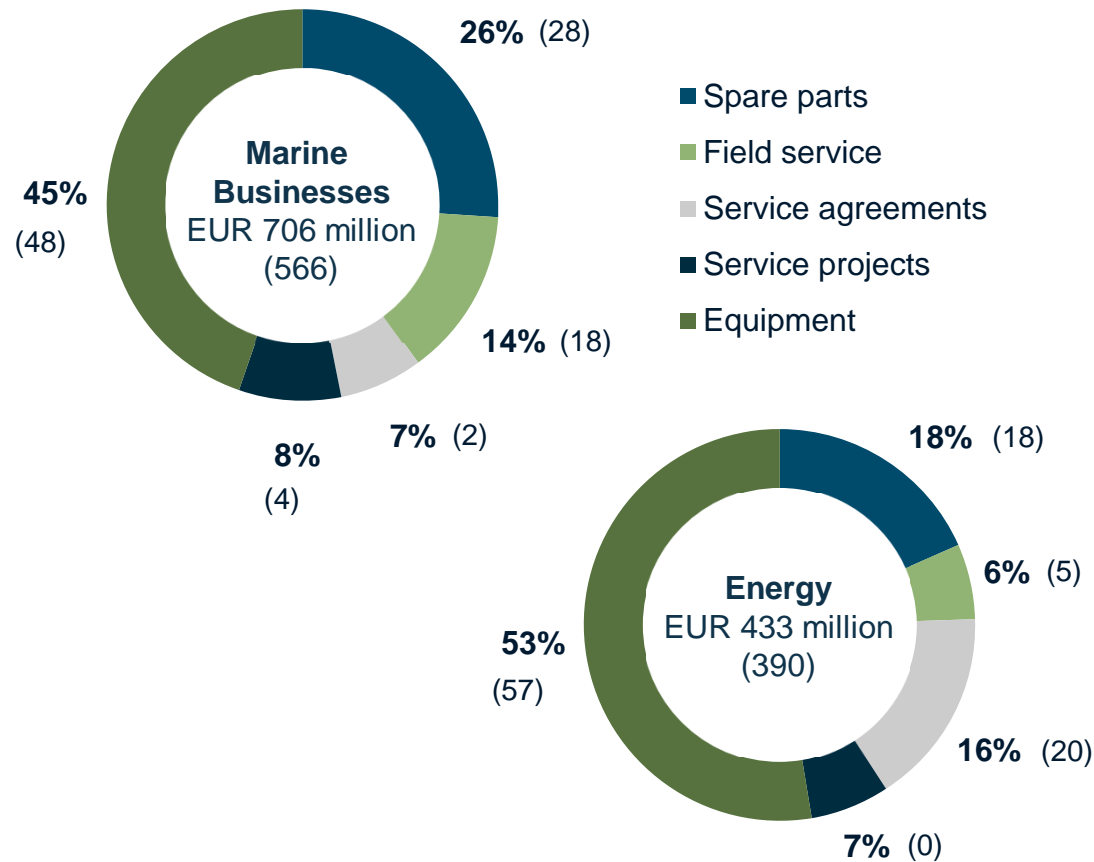
NET SALES

SECOND QUARTER DEVELOPMENT

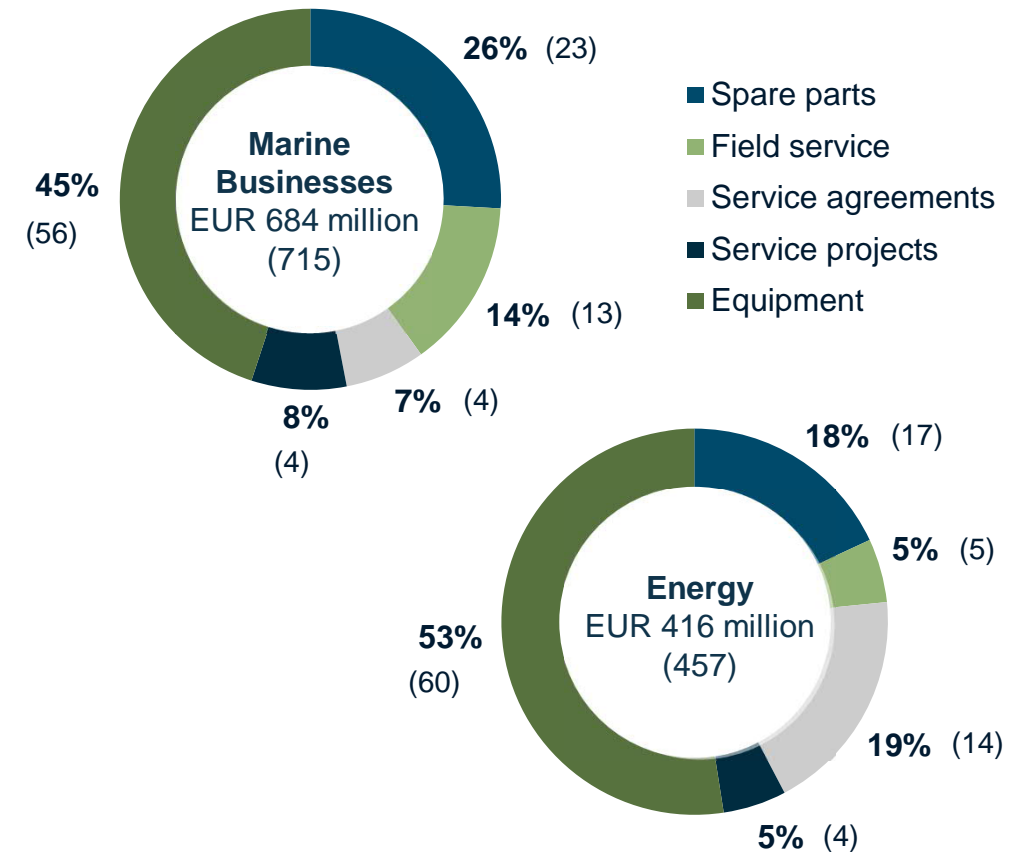


SECOND QUARTER DEVELOPMENT BY BUSINESS TYPE

Order intake



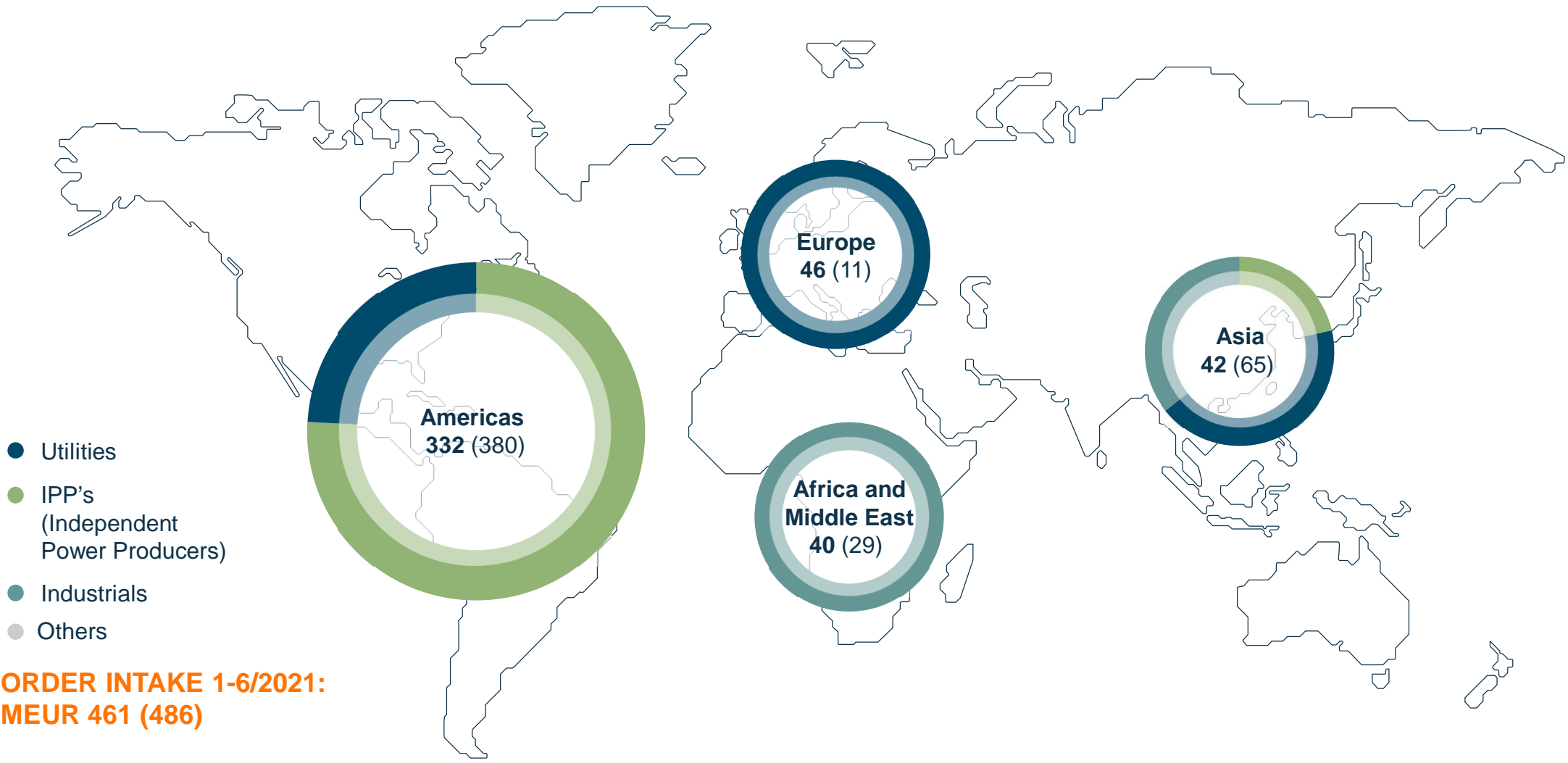
Net sales



JANUARY–JUNE ORDER INTAKE BY CUSTOMER SEGMENT

Marine Businesses	Gas carriers	Cruise & ferry	Offshore	Navy	Special vessels	Merchant	Other
Marine Power							
Equipment	7% (6)	38% (32)	6% (7)	15% (11)	22% (24)	11% (19)	0% (0)
Services	20% (16)	19% (13)	14% (16)	7% (12)	14% (15)	25% (25)	1% (3)
Marine Systems							
Equipment	71% (42)	8% (3)	0% (3)	3% (5)	1% (1)	16% (45)	0% (1)
Services	3% (5)	8% (9)	6% (6)	30% (35)	7% (7)	42% (38)	4% (0)
Voyage							
Equipment	1% (1)	32% (32)	7% (6)	4% (3)	17% (18)	18% (20)	21% (21)
Services	4% (3)	22% (35)	6% (8)	2% (3)	7% (5)	56% (45)	3% (1)
Energy							
		Utilities	Independent Power Producers	Industrials	Other		
Equipment		31% (30)	57% (59)	12% (11)	0% (0)		
Services		33% (33)	26% (24)	30% (30)	11% (14)		

ORDERS RECEIVED FOR ENERGY EQUIPMENT GLOBALLY





WÄRTSILÄ