

# WÄRTSILÄ CORPORATION RESULT PRESENTATION 2021

28 JANUARY 2022

HÅKAN AGNEVALL, PRESIDENT & CEO

ARJEN BERENDS, CFO





## MOVING IN THE RIGHT DIRECTION IN 2021: ORDERS, NET SALES, OPERATING RESULT, AND CASH FLOW ALL IMPROVED

- Order intake increased by 32%, growth in all businesses
- Good progress in services:
  - Order intake increased by 17%
  - Net sales increased by 11%
- Profitability improved
- Strong cash flow
- Covid-19 continued to have a negative impact on Wärtsilä's business
- New ambitious financial and decarbonisation targets announced

# POSITIVE DEVELOPMENT IN ALL KEY FIGURES

<b>MEUR</b>	<b>10-12/2021</b>	<b>10-12/2020</b>	<b>CHANGE</b>	<b>1-12/2021</b>	<b>1-12/2020</b>	<b>CHANGE</b>
<b>Order intake</b>	<b>2,150</b>	1,118	92%	<b>5,735</b>	4,359	32%
of which services	<b>753</b>	626	20%	<b>2,656</b>	2,267	17%
<b>Order book</b>				<b>5,859</b>	5,057	16%
of which current year deliveries				<b>3,763</b>	3,298	14%
<b>Net sales</b>	<b>1,597</b>	1,220	31%	<b>4,778</b>	4,604	4%
of which services	<b>761</b>	654	16%	<b>2,499</b>	2,255	11%
<b>Book-to-bill</b>	<b>1.35</b>	0.92		<b>1.20</b>	0.95	
<b>Operating result</b>	<b>144</b>	90	59%	<b>314</b>	234	34%
% of net sales	<b>9.0</b>	7.4		<b>6.6</b>	5.1	
<b>Comparable operating result</b>	<b>158</b>	103	53%	<b>357</b>	275	30%
% of net sales	<b>9.9</b>	8.4		<b>7.5</b>	6.0	

# FOURTH QUARTER HIGHLIGHTS

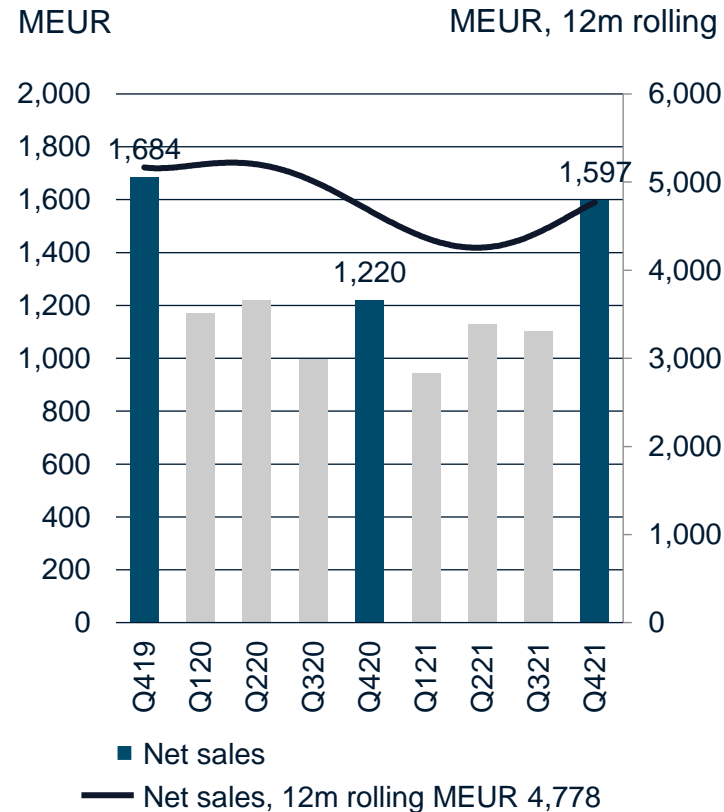
Net sales EUR 1,597 million

- 16% increase in service sales

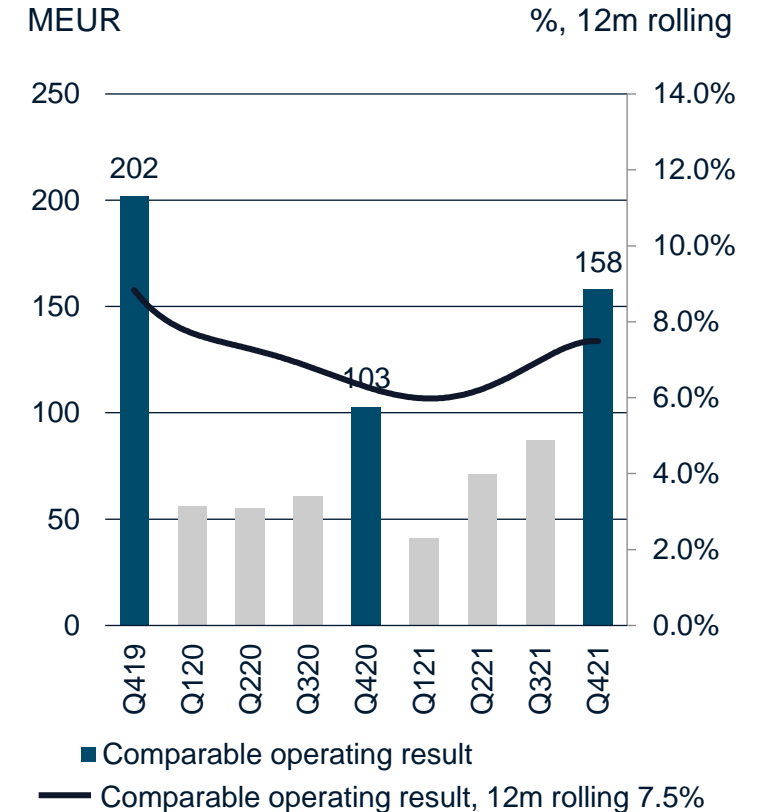
Comparable operating result EUR 158 million

- 53% growth
- More favourable sales mix between equipment and services

## Net sales



## Comparable operating result



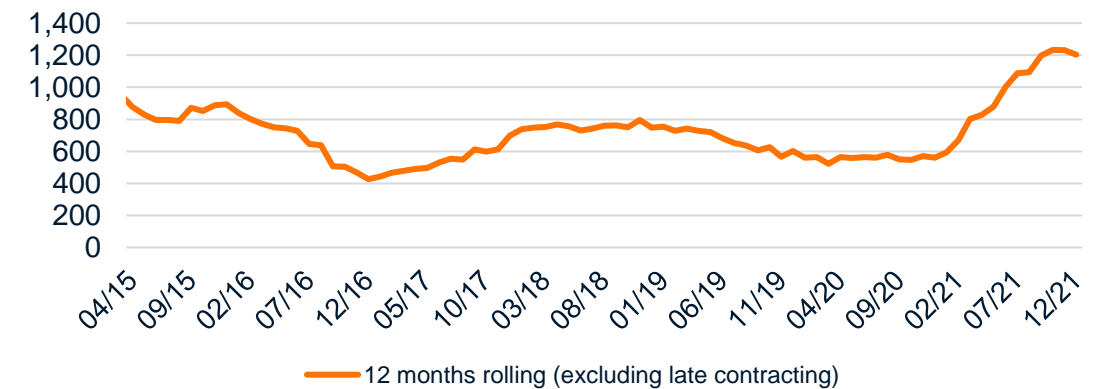
# MARINE MARKET DEVELOPMENT

## MIXED ACTIVITY LEVELS ACROSS SEGMENTS IN 2021

- The number of vessels ordered in the review period increased to 1,855 (815 in the corresponding period in 2020, excluding late reporting of contracts).
- In 2021, record level vessel contracting was seen in containerships, newbuild activity in gas carriers and bulkers exceeded pre-Covid era. Cruise newbuild activity was limited.
- The transition to cleaner fuels has already started, with 384 orders placed globally for alternative fuel capable vessels.
- At the end of December, around 70% of the cruise fleet capacity was active, up from around 50% at the end of September, and around 20% at the end of June.

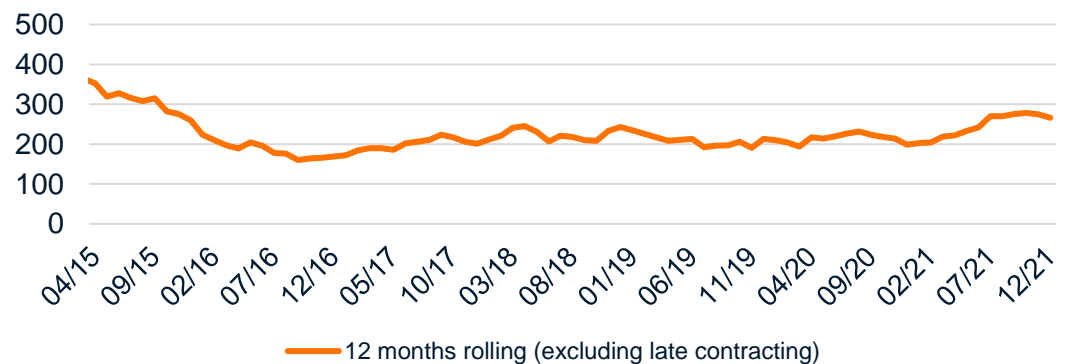
### Total vessel contracting

Number of vessels



### Specialised vessels

Number of vessels



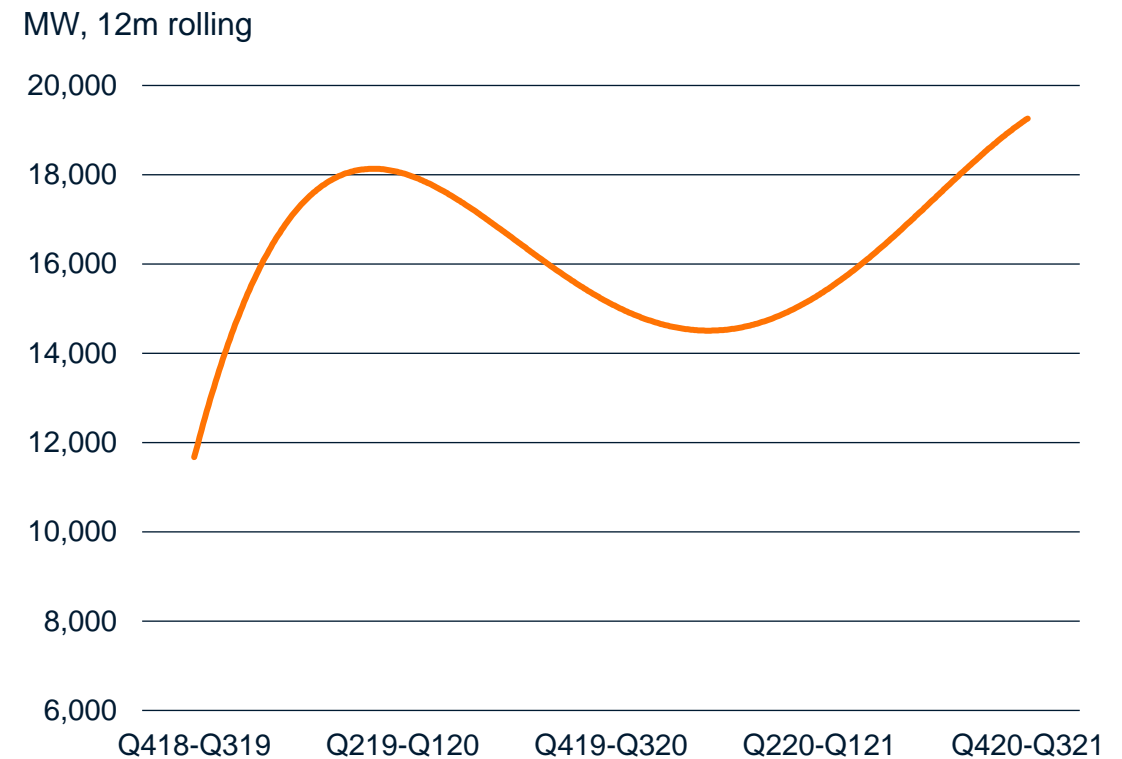
Source: Clarksons Research, 12m rolling contracting as per 5 of January 2022 (+100 gt, excluding late reporting of contracts)  
 Specialised vessels include LNG carriers, LPG carriers, cruise & ferry, offshore, and special vessels.

# ENERGY MARKET SITUATION IMPROVING

## GOOD ACTIVITY IN THE ENERGY STORAGE MARKET

- The energy markets were recovering throughout the year 2021, despite the Covid-19 pandemic and the resulting weakening of the investment environment
- While the market situation is improving, customers still continue to postpone investments due to the pandemic
- Activity in the energy storage markets has continued at a good level
- Wärtsilä's market share in gas and liquid fuel power plants decreased to 5%

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

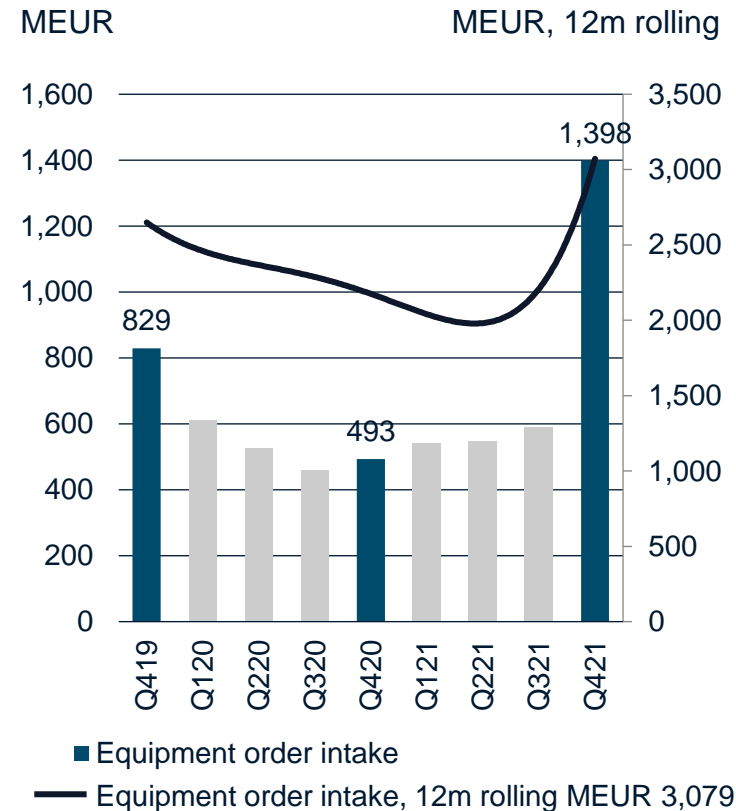


The total market, including also power plants with prime movers above 500 MW, increased by 6% to 46.0 GW during the twelve-month period ending in September 2021 (43.3 at the end of June). The market data includes all Wärtsilä power plants and other manufacturers' gas and liquid fuelled gas turbine based 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.

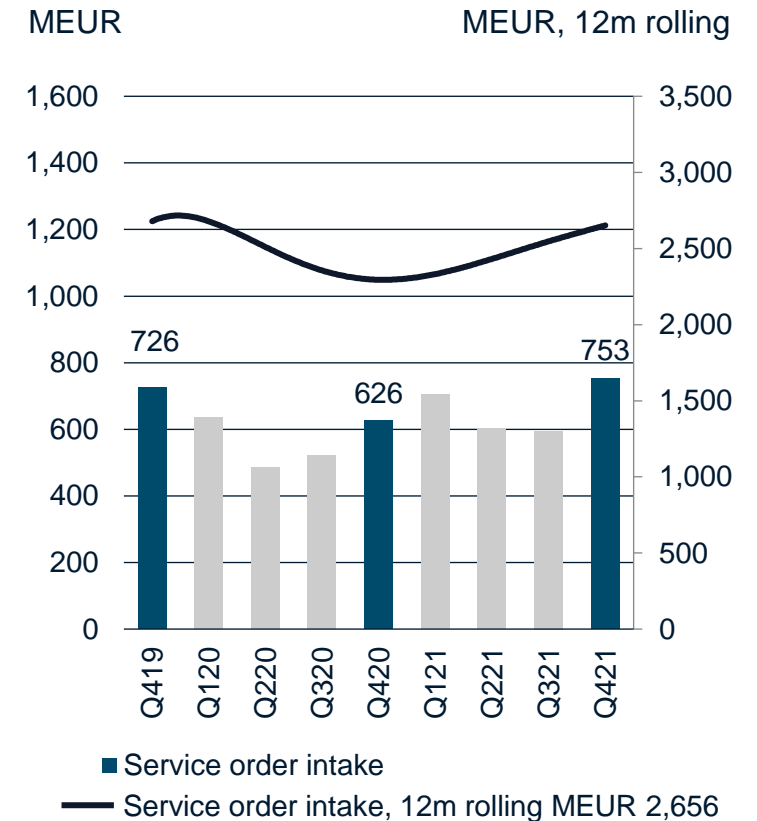
# ORDER INTAKE INCREASED BY 92%

- Order intake increased across all businesses
- Equipment order intake increased by 184%, driven by energy orders
- Service order intake increased by 20%

## Equipment



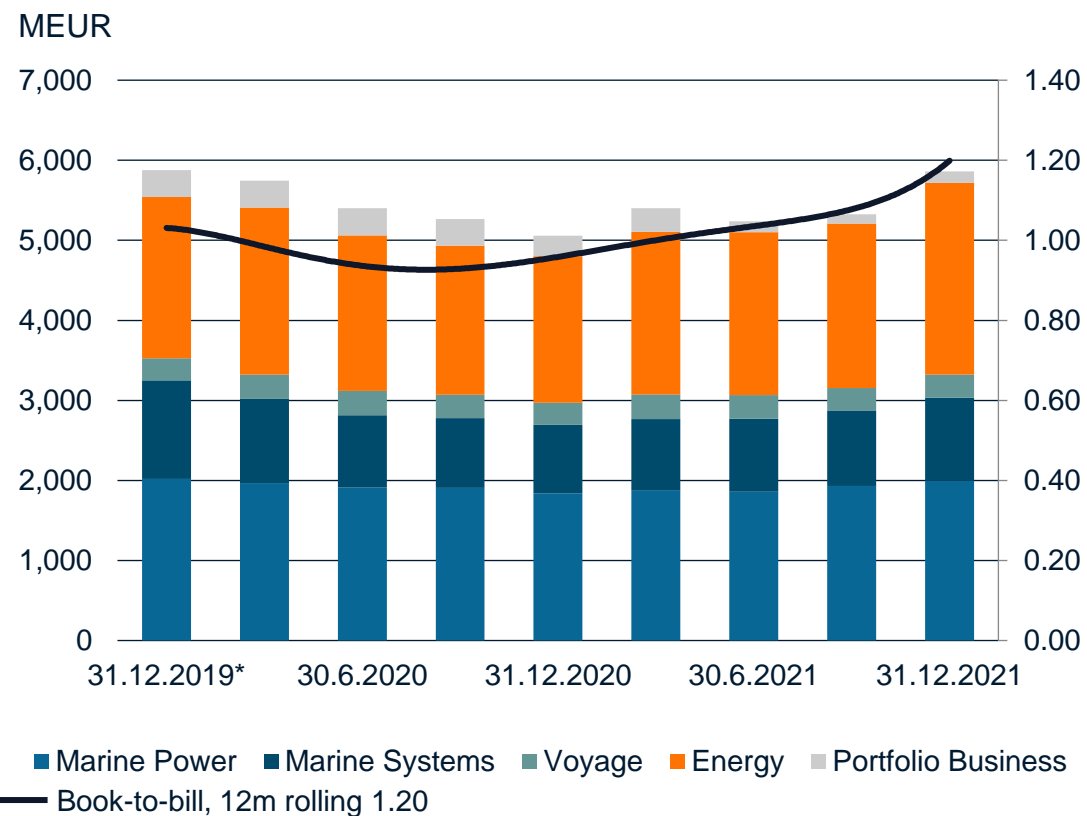
## Services



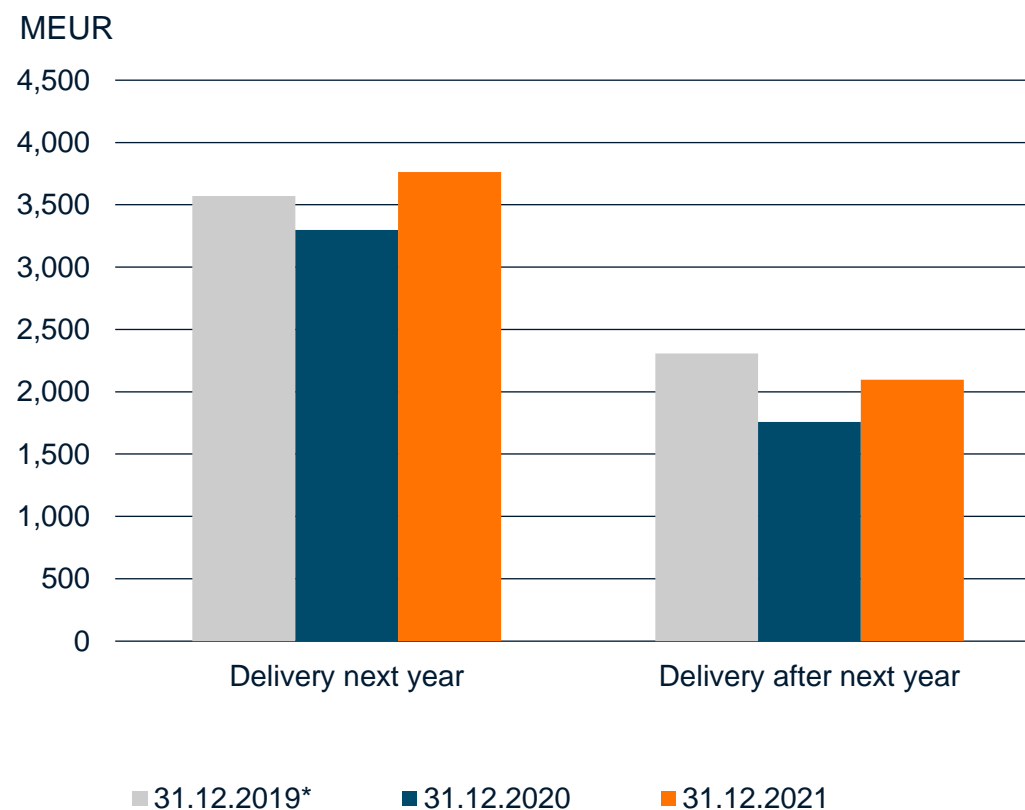
# INCREASE IN ORDER BOOK

BOOK-TO-BILL CONTINUED TO IMPROVE

## Order book by business



## Order book delivery schedule



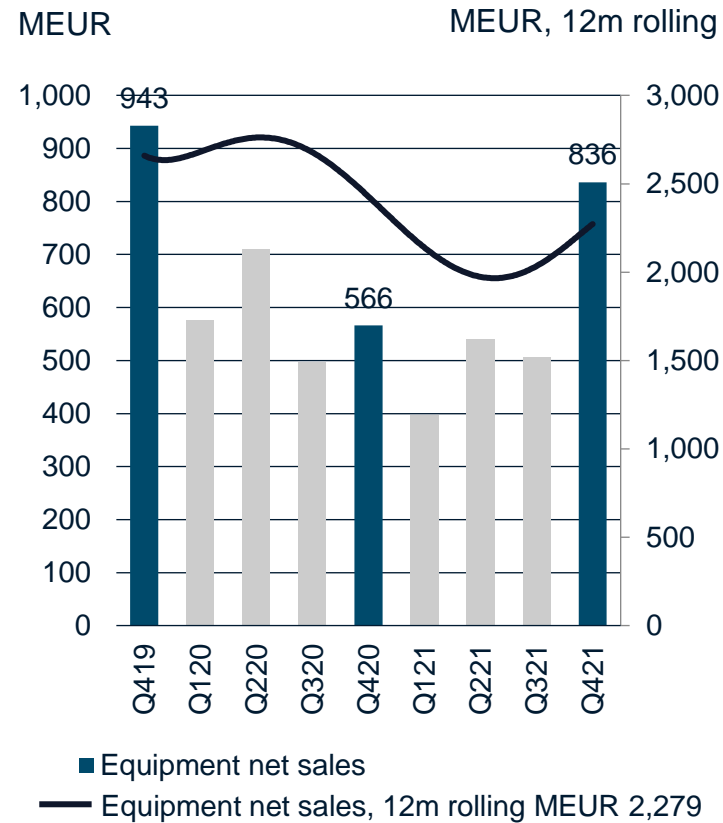
\* As published in the Interim report January-March 2020, order book figures for 2019 have been restated due to stricter requirements for booking new orders.



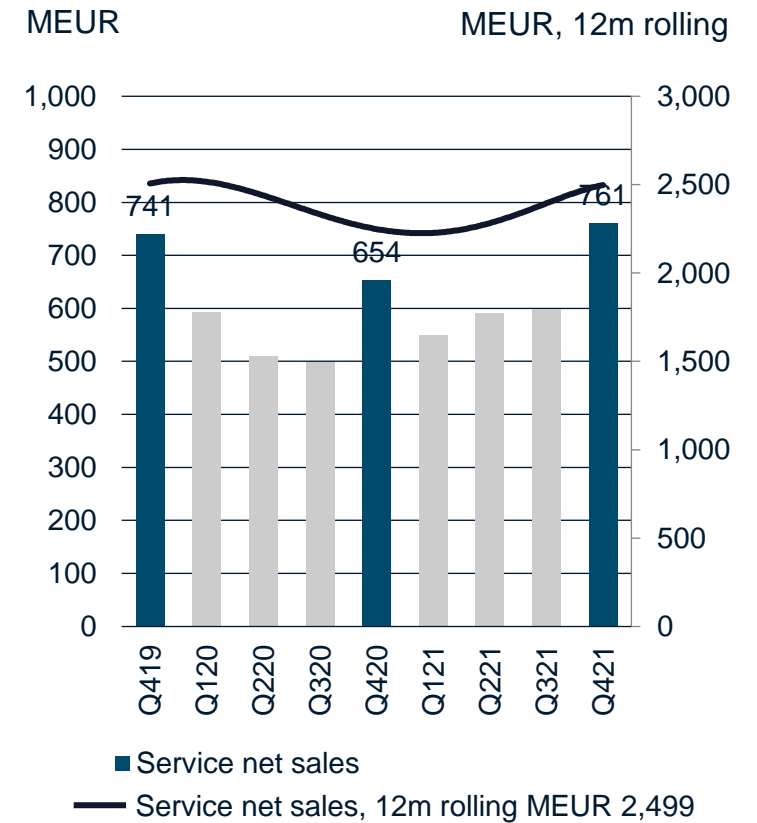
# NET SALES INCREASED BY 31%

- Equipment net sales increased by 48%
- Service net sales increased by 16%

## Equipment



## Services



# TECHNOLOGY AND PARTNERSHIP HIGHLIGHTS

## ENABLING INDUSTRY DECARBONISATION

### 2-stroke future fuels conversion platform

- The retrofit conversion will initially enable operation with currently available LNG fuel, which can then be further developed in order to allow for the adoption of alternative green fuels or fuel blends

### New IQ Series exhaust gas treatment system

- Innovative design allows the same exhaust gas cleaning results to be achieved with a smaller footprint

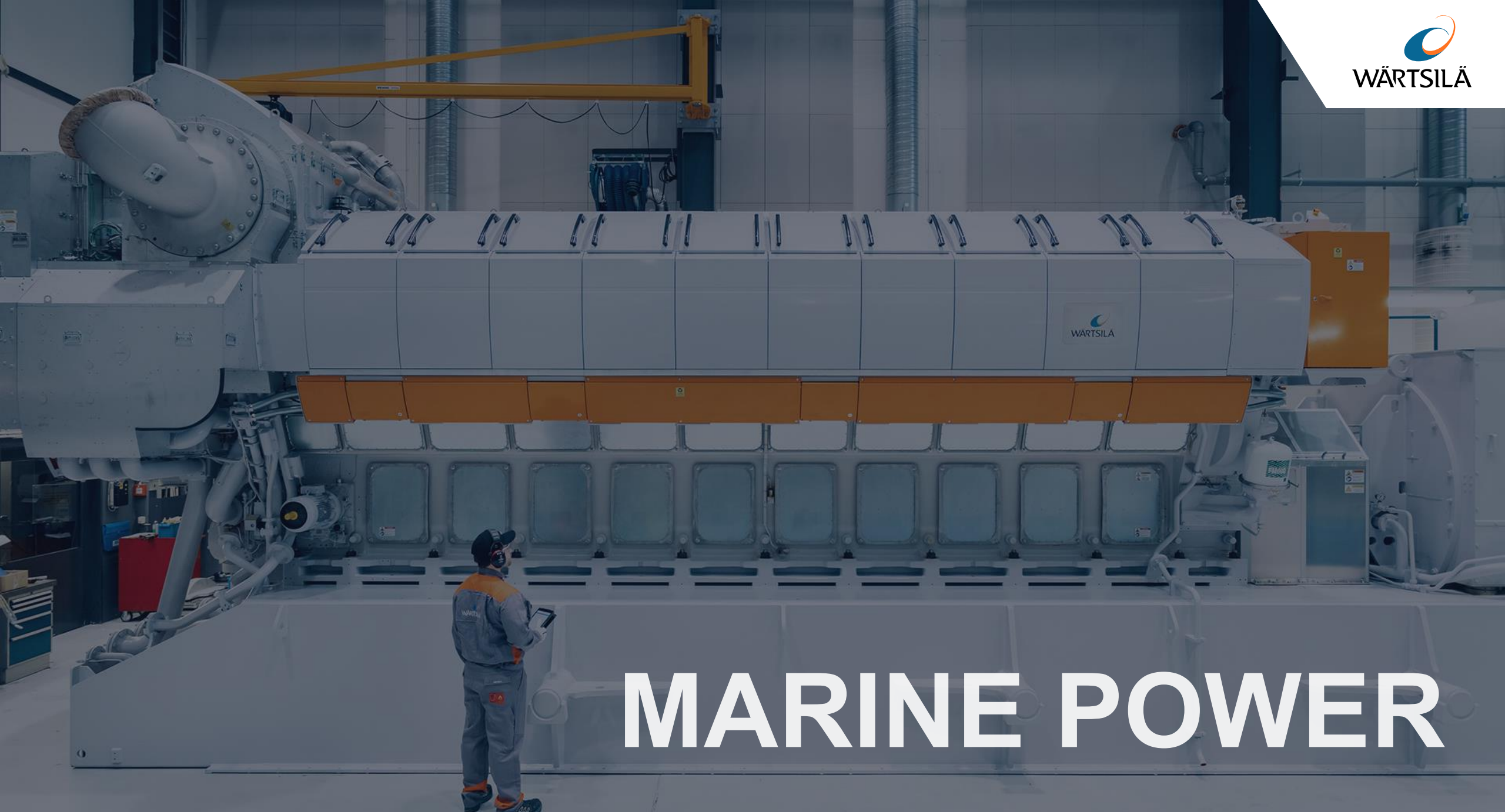
### Conversion to ammonia-fuelled engine

- Cooperation agreement with Eidesvik Offshore ASA aims to convert an offshore supply vessel (OSV) to operate with an ammonia-fuelled combustion engine

### Smart port innovation and digitalisation

- Wärtsilä Voyage signed a landmark Memorandum of Understanding (MoU) with the Maritime and Port Authority of Singapore (MPA) to further strengthen their collaboration



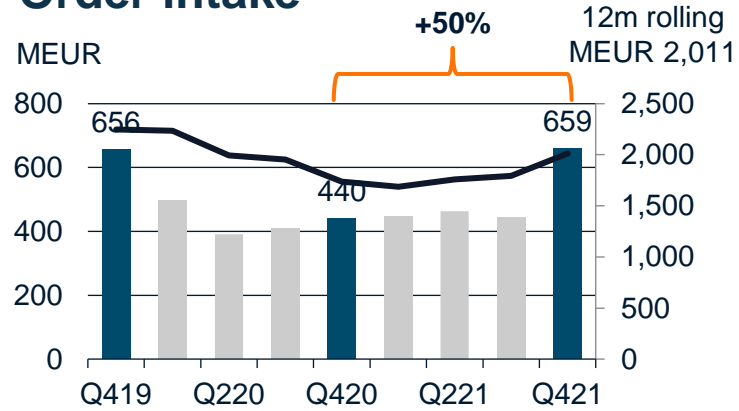


# MARINE POWER

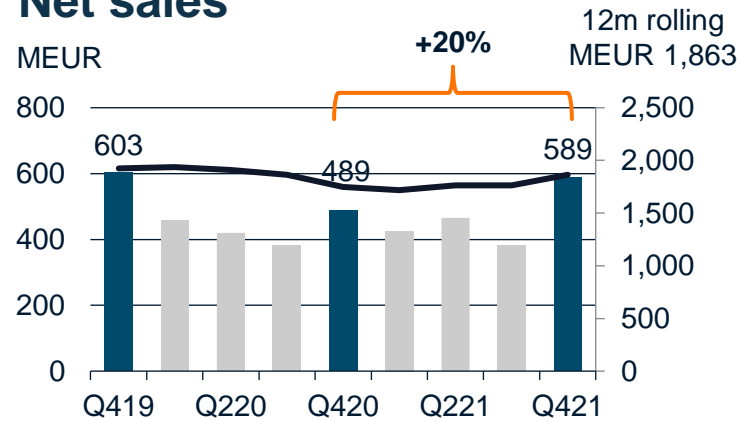
# MARINE POWER: INCREASE IN ALL KEY FIGURES

COMPARABLE OPERATING RESULT INCREASED BY 67%

## Order intake

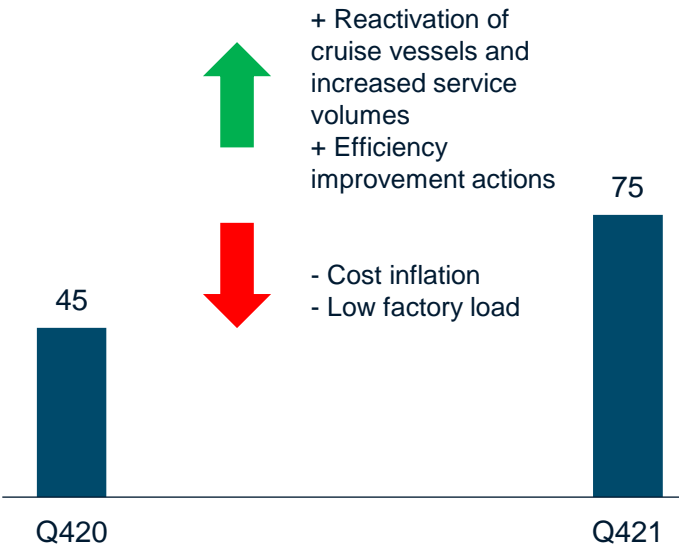


## Net sales



## Comparable operating result

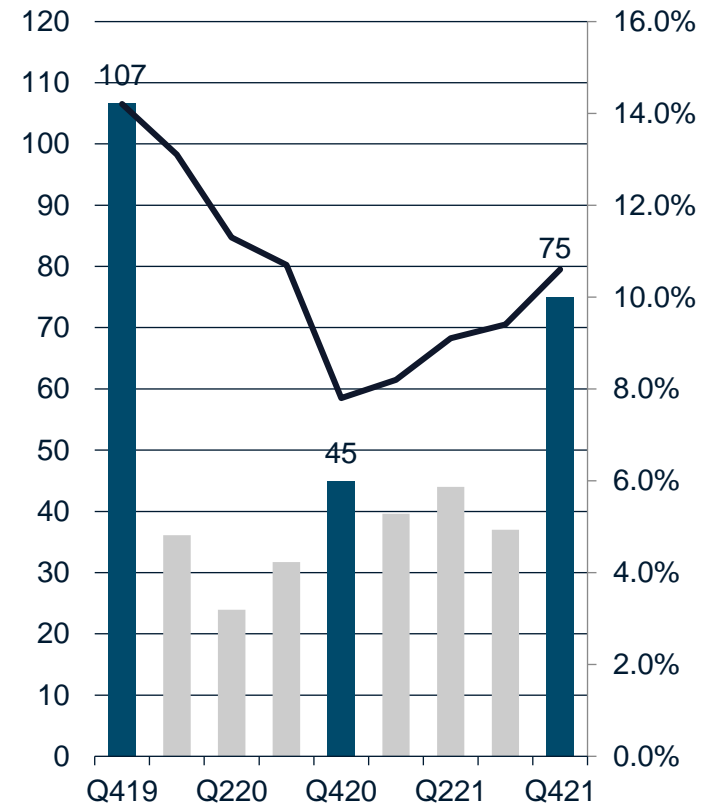
MEUR



## Comparable operating result

MEUR

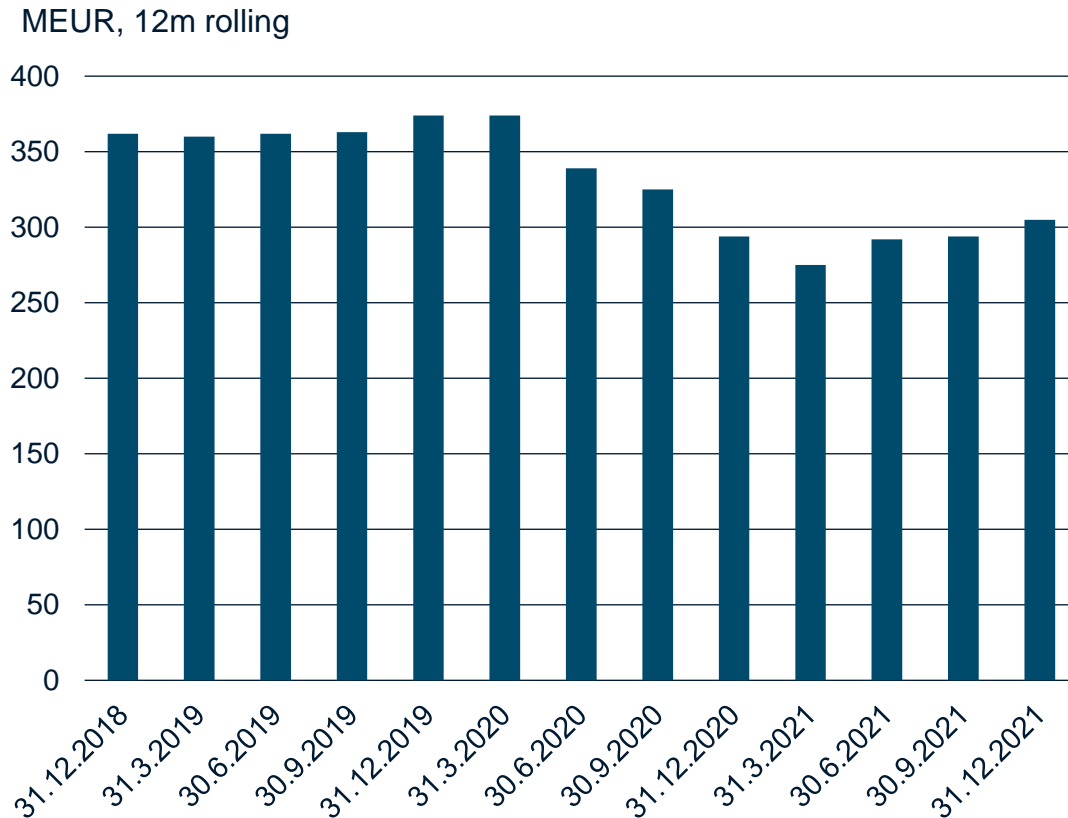
12m rolling 10.5%





# MARINE POWER SERVICE AGREEMENTS

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



## Wärtsilä has signed a long-term Optimised Maintenance Agreement with Singapore based NYK Shipmanagement

- The 13-year contract is designed to ensure maximum uptime and equipment reliability, with assured maintenance costs, for an LNG carrier vessel featuring three Wärtsilä 50DF dual-fuel engines
- The order includes Expert Insight, which enables dynamic, data-driven maintenance planning, optimising maintenance needs and monitoring equipment and systems in real-time through the use of artificial intelligence (AI) and advanced diagnostics





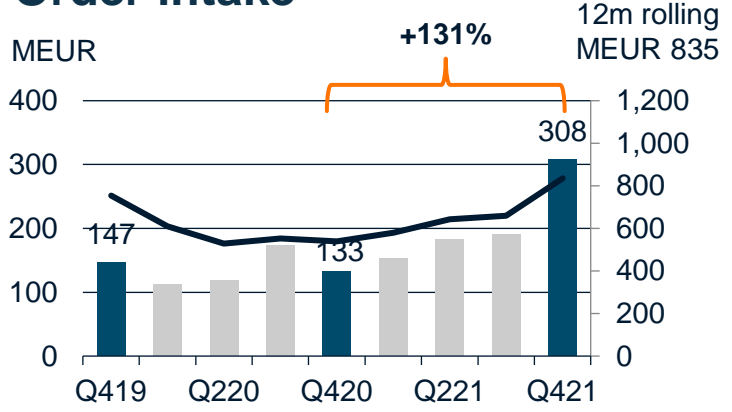
# MARINE SYSTEMS



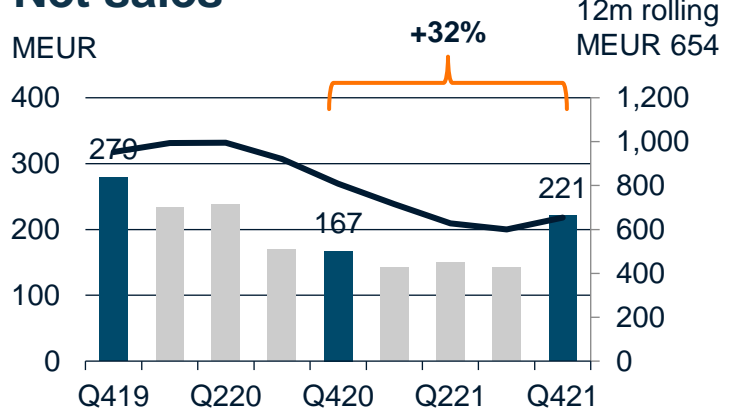
# MARINE SYSTEMS: NET SALES AND ORDER INTAKE INCREASED

SERVICE ORDER INTAKE INCREASED BY 21%

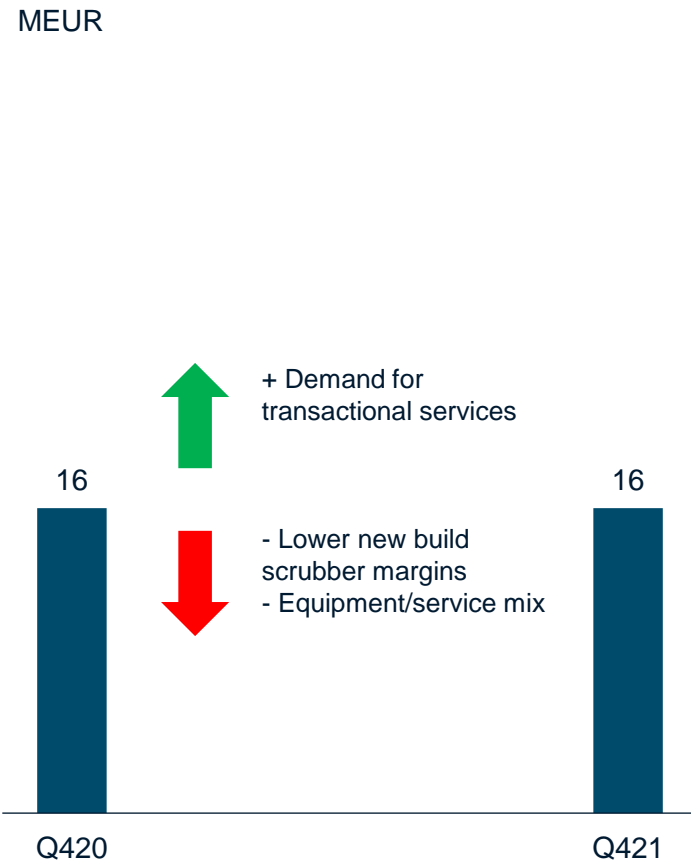
## Order intake



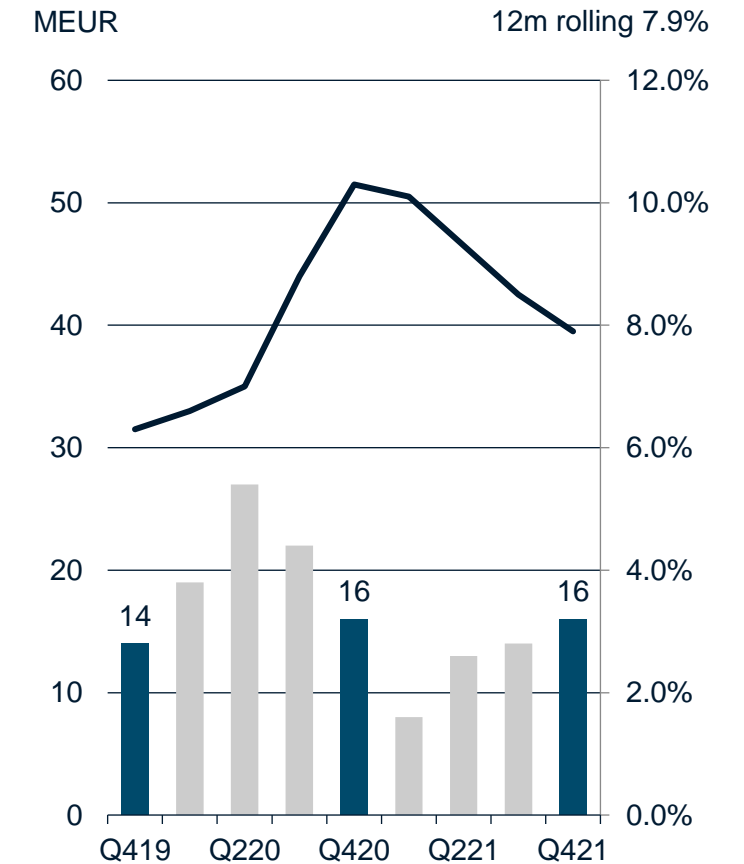
## Net sales



## Comparable operating result



## Comparable operating result







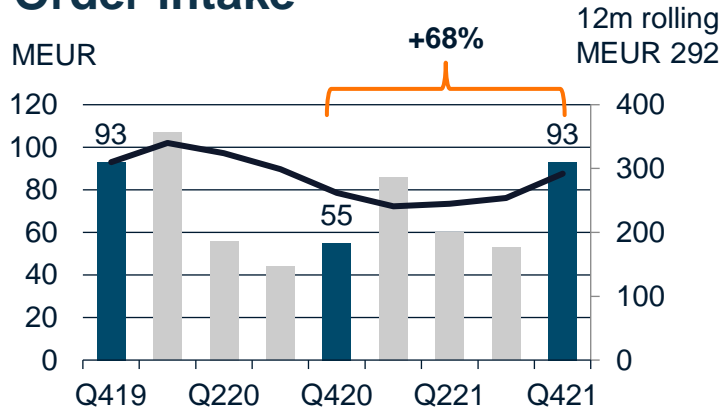
# VOYAGE



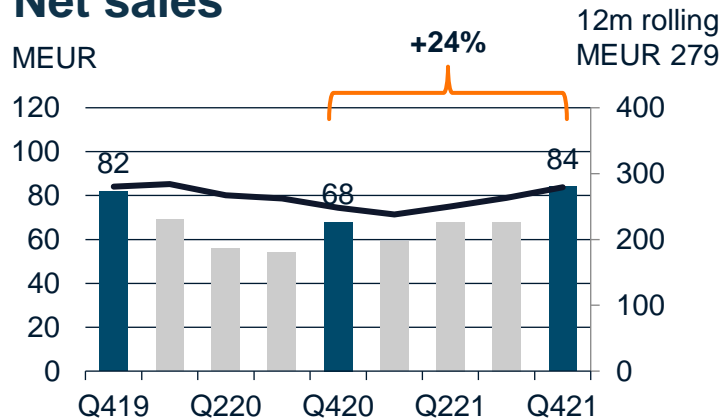
# VOYAGE: INCREASE IN ALL KEY FIGURES

## CLEAR IMPROVEMENT IN PROFITABILITY

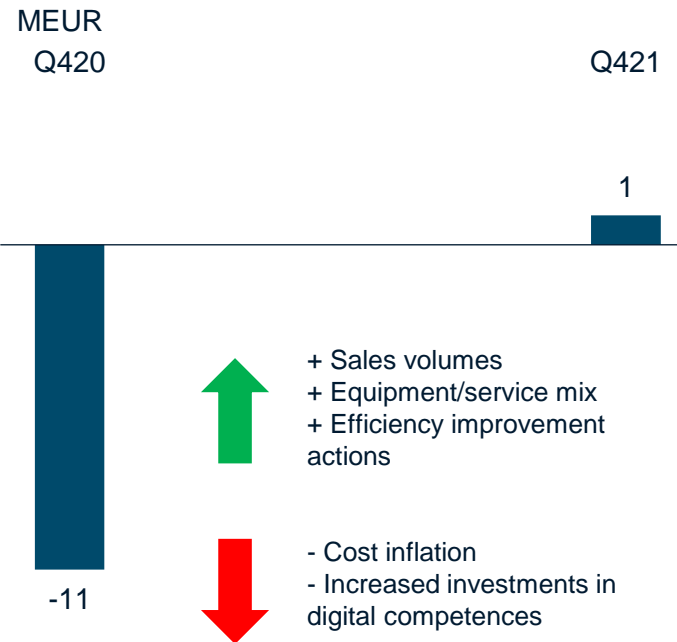
### Order intake



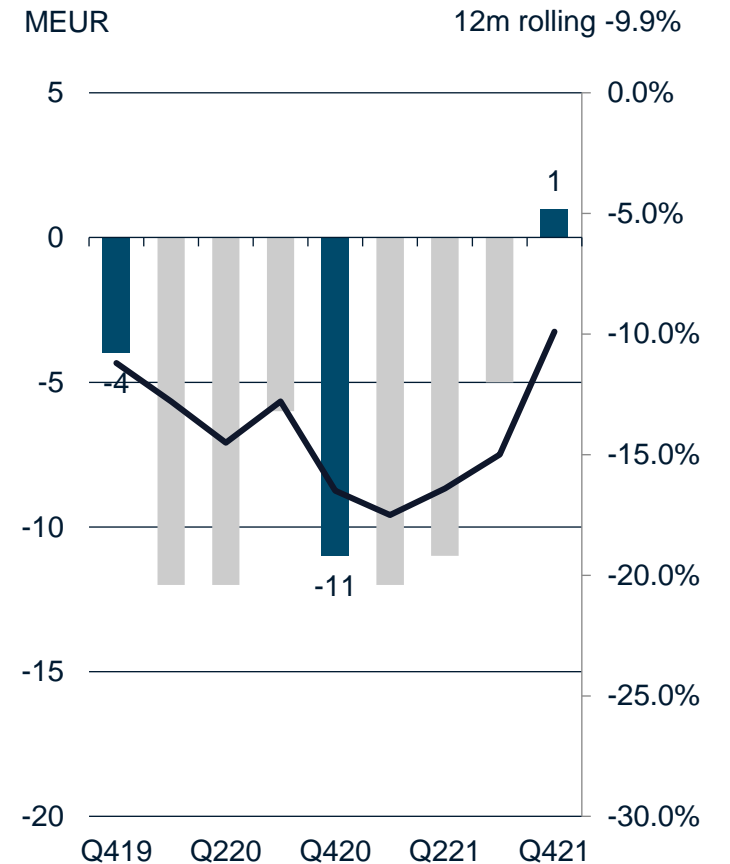
### Net sales



### Comparable operating result

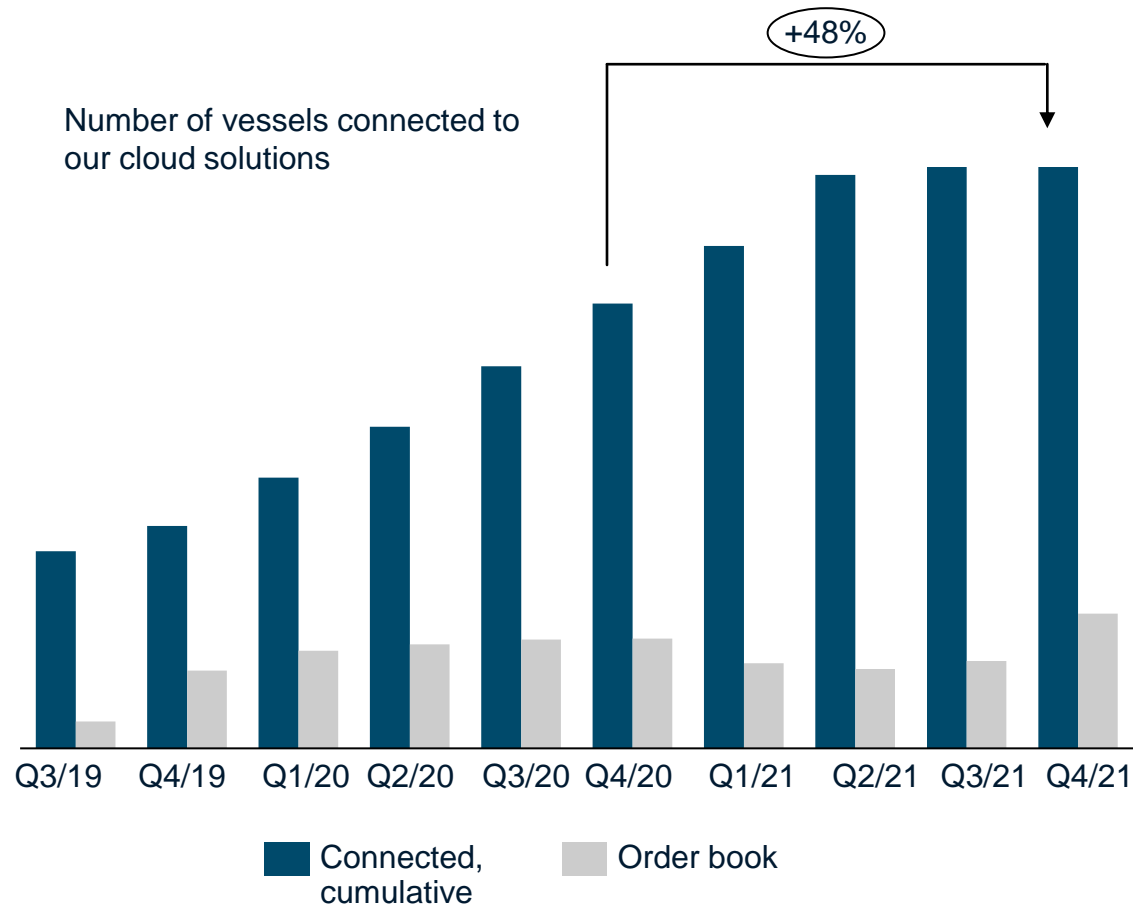


### Comparable operating result



# VOYAGE CLOUD SOLUTIONS

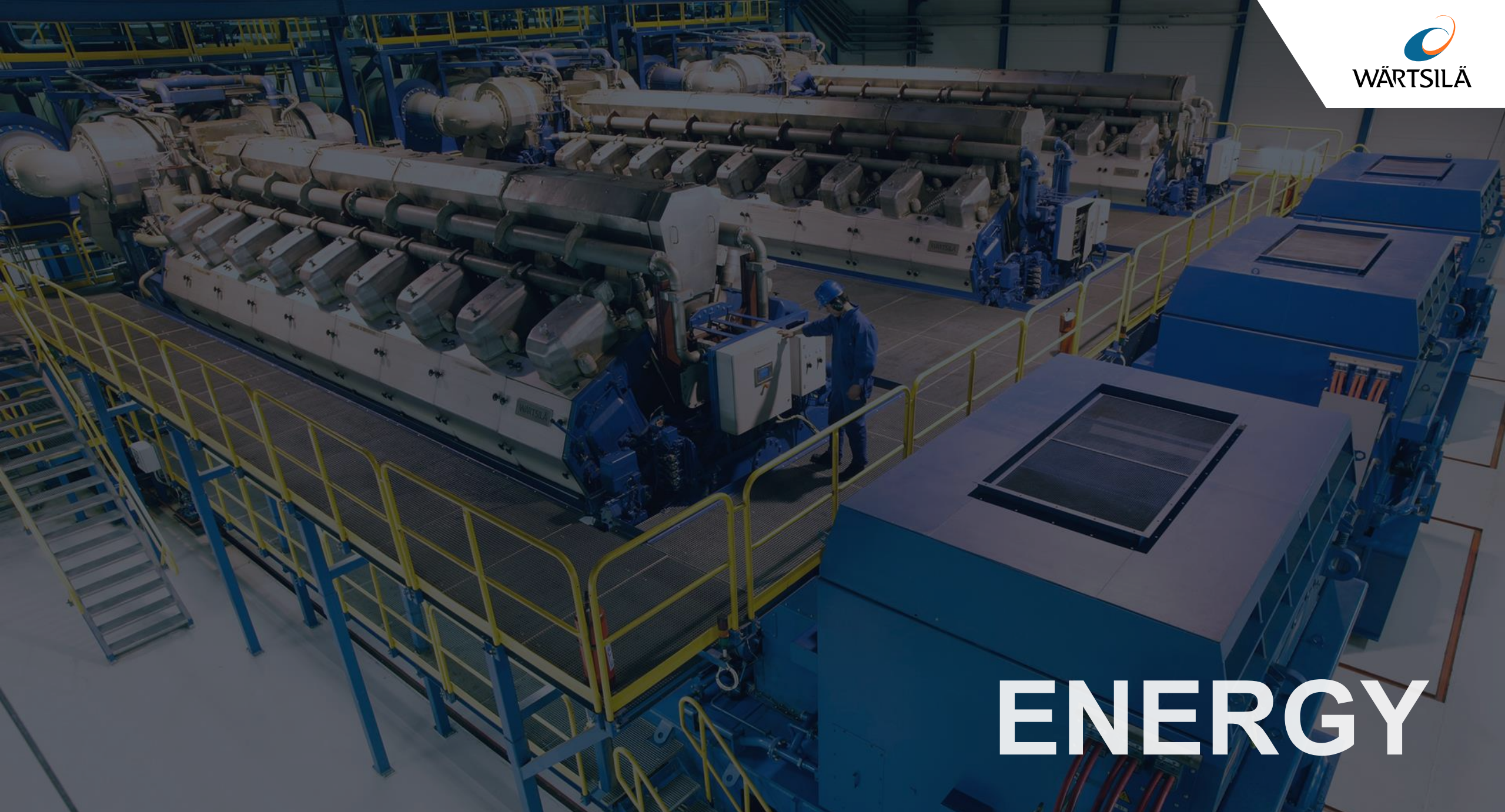
INCREASE OF 48% IN CONNECTED VESSELS



## Wärtsilä to deliver the first-ever Cloud Simulation service in Africa at the Technical University of Mombasa

- The modern training technology will help the African seafarers to be trained remotely on STCW Training (Standards of Training, Certification and Watchkeeping for Seafarers) as well as on other training courses
- The sessions will always have up-to-date databases, tailored content, and training will be accessible on-demand from anywhere and with a wide range of devices
- Cloud Simulators are complementary to on-premises simulators and ensure top-notch remote training even for off-campus seafarers located in far-flung parts of Africa and anywhere in the world



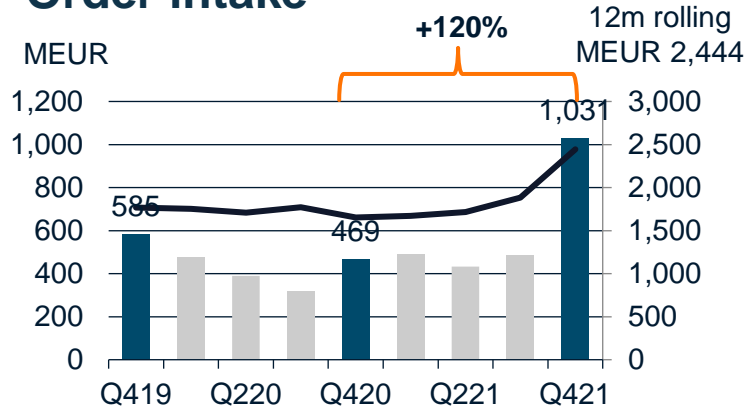


# ENERGY

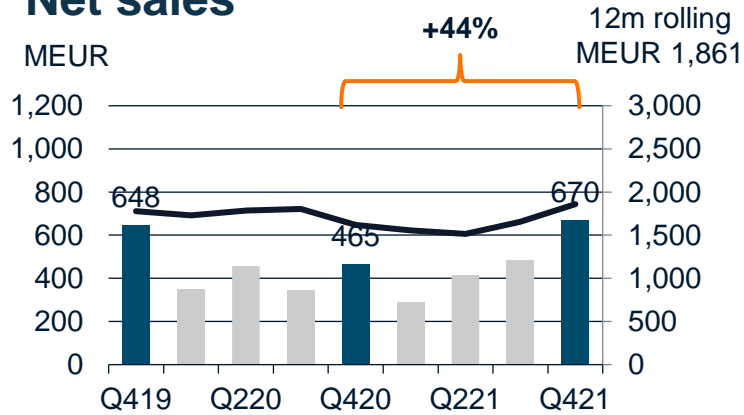
# ENERGY: ORDER INTAKE, NET SALES AND COMPARABLE OPERATING RESULT INCREASED

## LARGE SINGLE DEALS SUPPORTED ORDER INTAKE

### Order intake

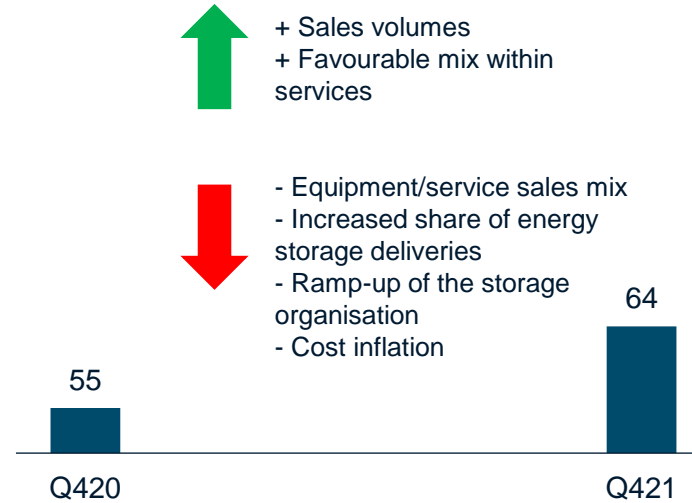


### Net sales



### Comparable operating result

MEUR



+ Sales volumes  
+ Favourable mix within services

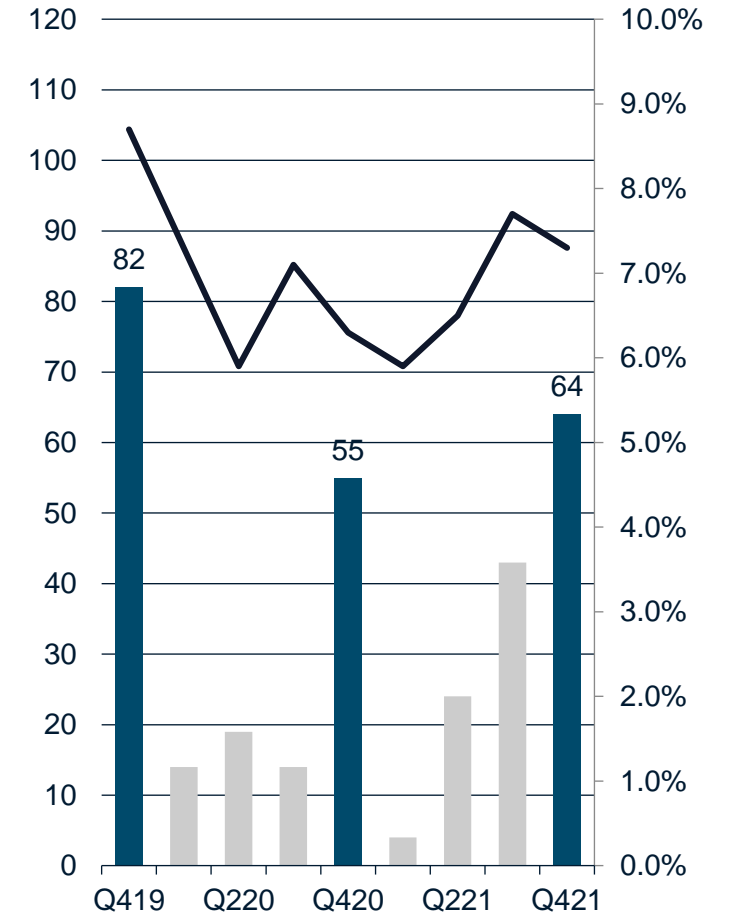


- Equipment/service sales mix  
- Increased share of energy storage deliveries  
- Ramp-up of the storage organisation  
- Cost inflation

### Comparable operating result

MEUR

12m rolling 7.3%





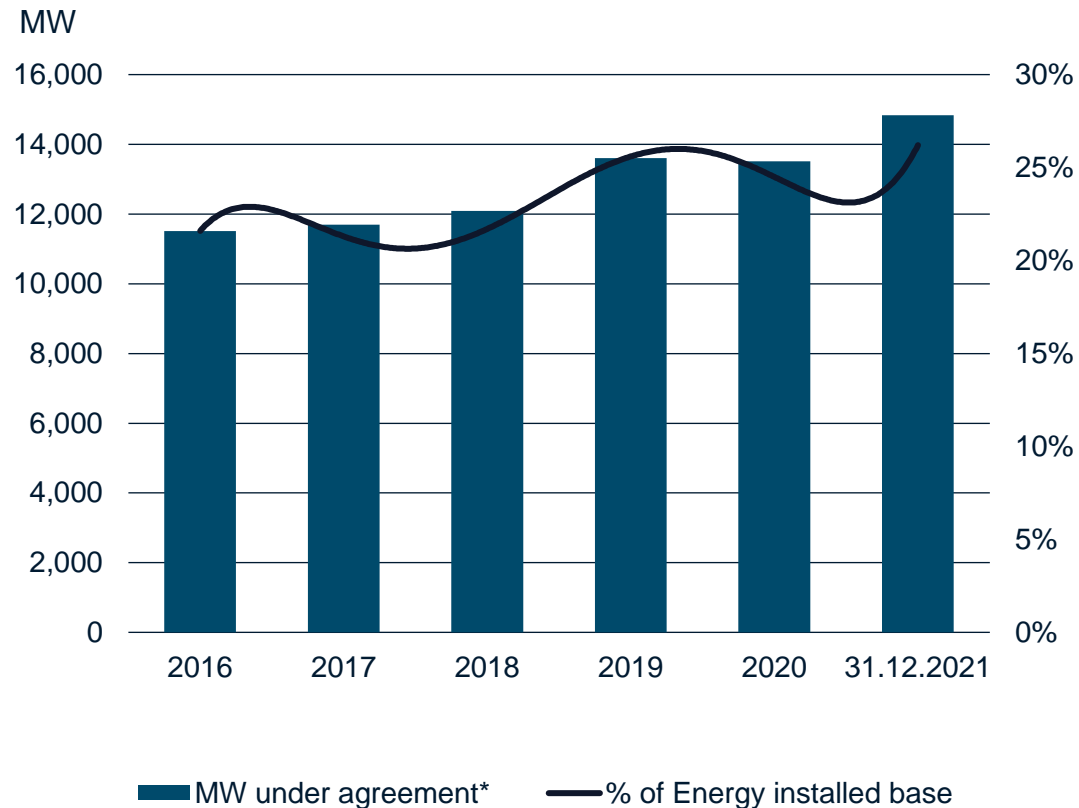


## **Wärtsilä awarded two major contracts with a combined value of approximately 480 MEUR for power plant deliveries to Mexico**

- Wärtsilä will supply Mexico's state-owned electricity utility, Comisión Federal de Electricidad (CFE), with two large multi-fuel power plants having a combined output of 600 MW
- The projects will be delivered on a full engineering, procurement, and construction (EPC) basis, and they represent the largest generating capacity EPC contract ever awarded to Wärtsilä
- The projects comprise a 400 MW facility operating with 24 Wärtsilä 50DF dual-fuel engines, and a 200 MW generating unit featuring 22 Wärtsilä 34DF dual-fuel engines

# ENERGY SERVICE AGREEMENTS

INSTALLED BASE COVERED BY LONG-TERM SERVICE AGREEMENTS INCREASING



The demand for remote support for power plants is constantly growing. Yet, we solve most cases during the same day:

- **96%** of support cases were solved remotely in 2021
- **91%** of support cases were solved during the same day
- Remote support solutions help reduce operating costs through optimisation of data and infrastructure, and they also help prevent problems before they even occur

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

A woman with long dark hair, wearing a light-colored blazer, is smiling and looking towards a man in a white shirt who is out of focus in the foreground. They appear to be in a meeting or office setting.

## OTHER KEY FINANCIALS

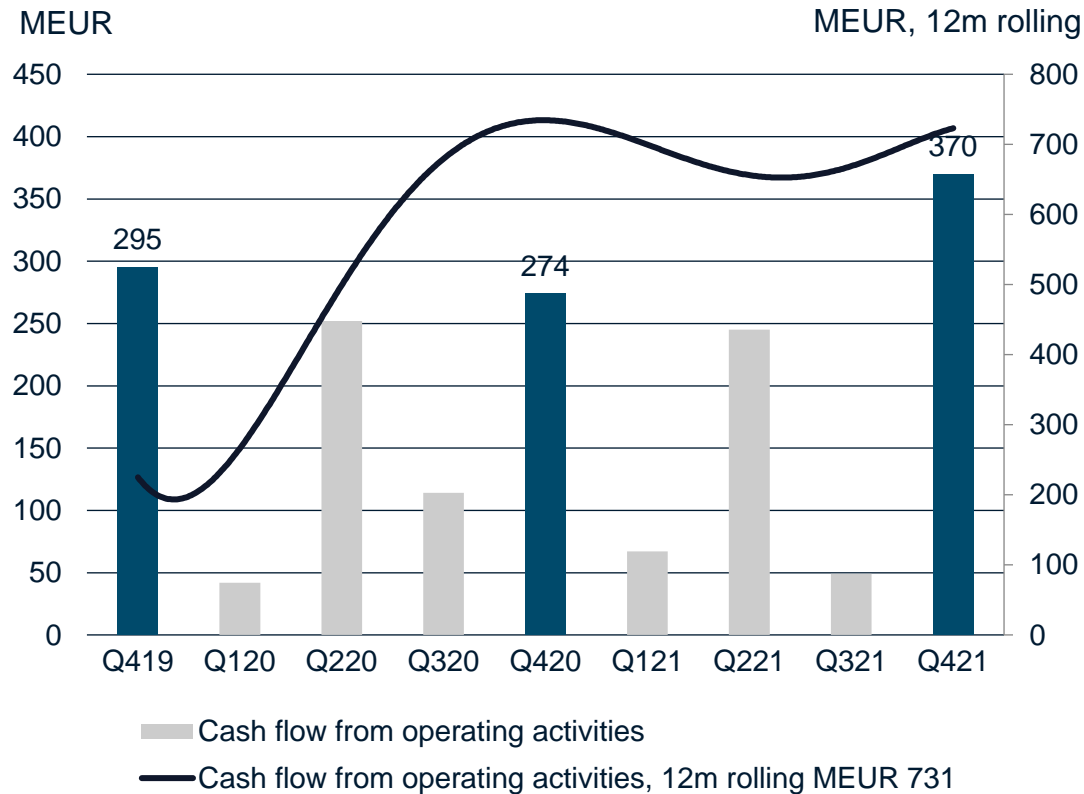


# OTHER KEY FINANCIALS

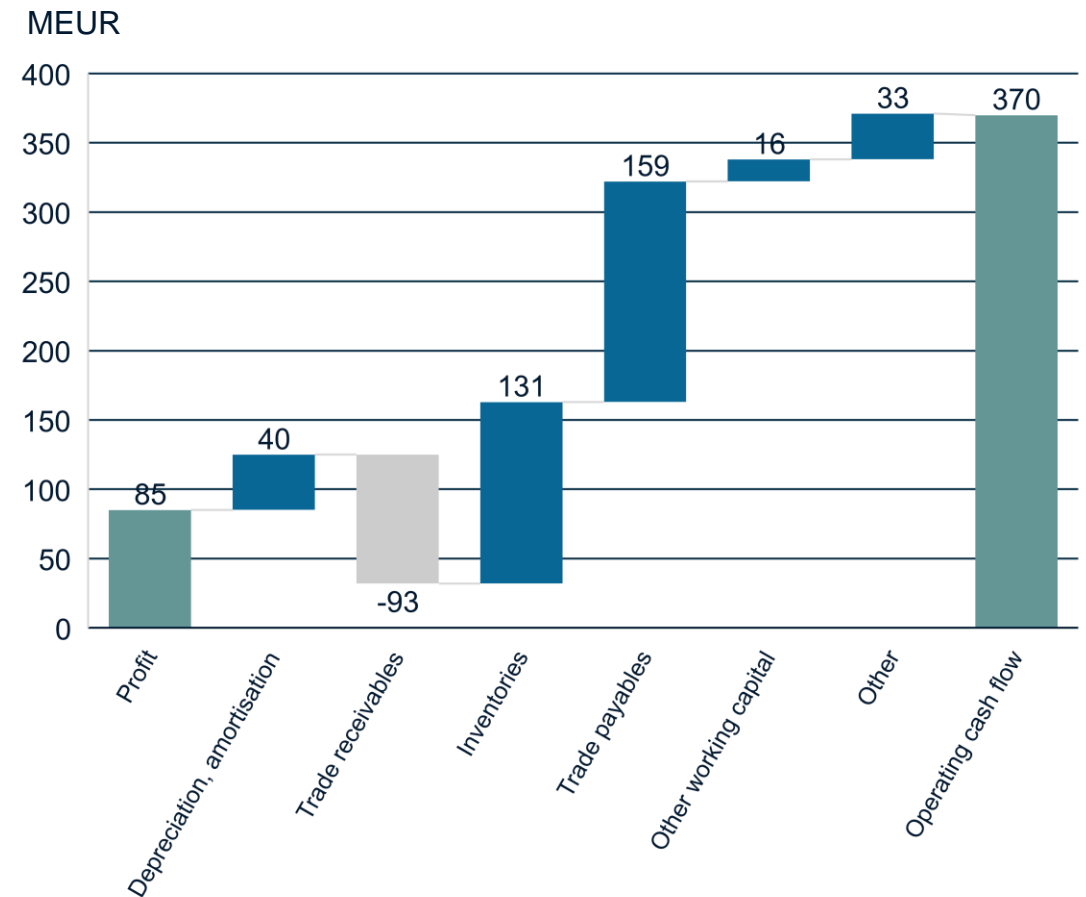
<b>MEUR</b>	<b>10-12/2021</b>	<b>10-12/2020</b>	<b>1-12/2021</b>	<b>1-12/2020</b>
<b>Cash flow from operating activities</b>	<b>370</b>	274	<b>731</b>	681
<b>Working capital</b>			<b>-100</b>	257
<b>Net interest-bearing debt</b>			<b>4</b>	394
<b>Gearing</b>			<b>0.00</b>	0.18
<b>Solvency, %</b>			<b>38.6</b>	38.1
<b>Basic earnings/share, EUR</b>	<b>0.14</b>	0.10	<b>0.33</b>	0.23

# CASH FLOW FROM OPERATING ACTIVITIES INCREASED

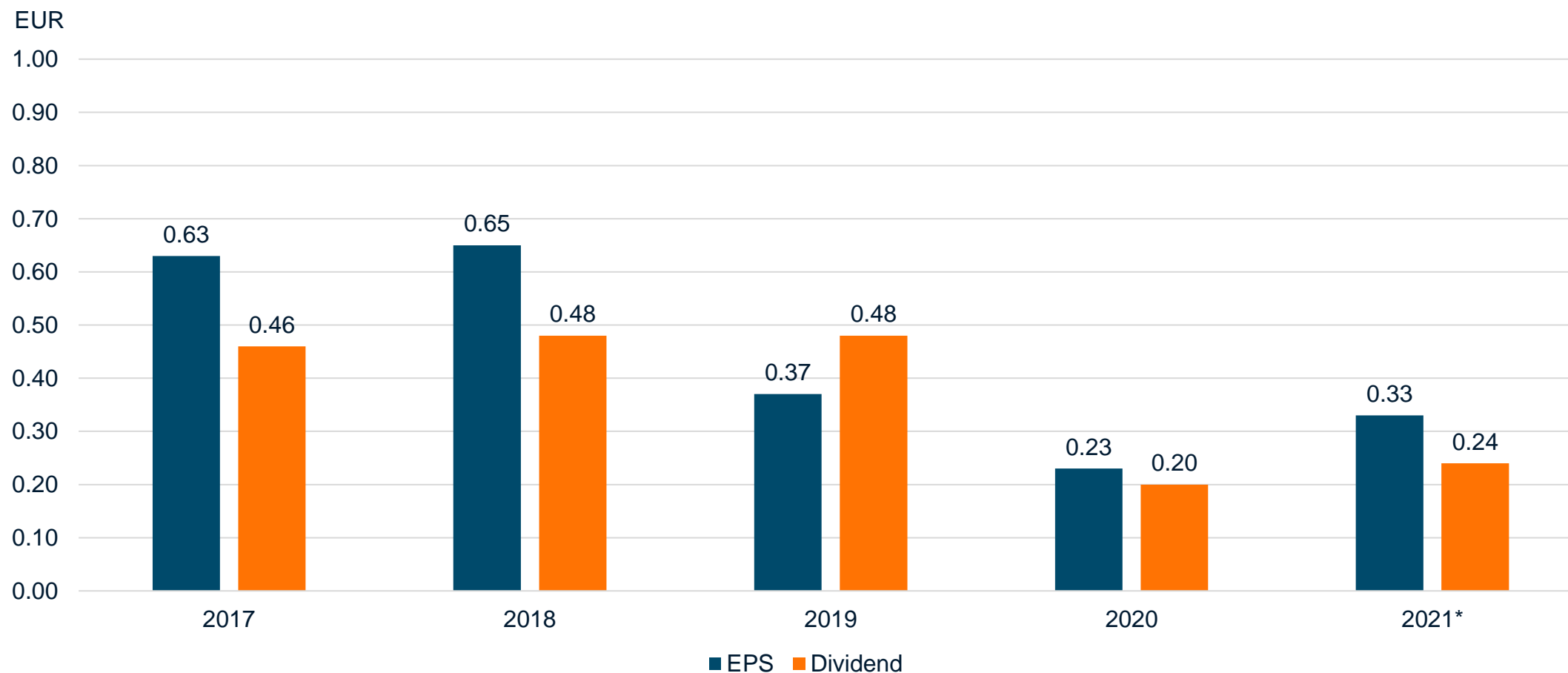
## Cash flow from operating activities



## Fourth quarter development



# EARNINGS AND DIVIDEND PER SHARE



\* Proposal of the Board

# PROSPECTS

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





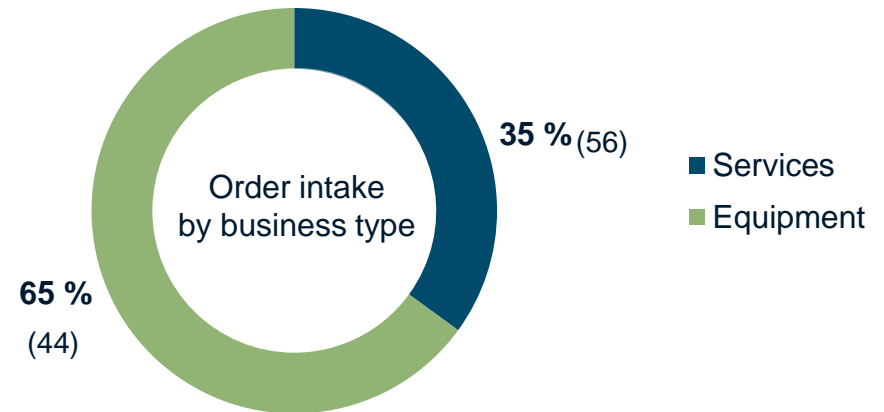
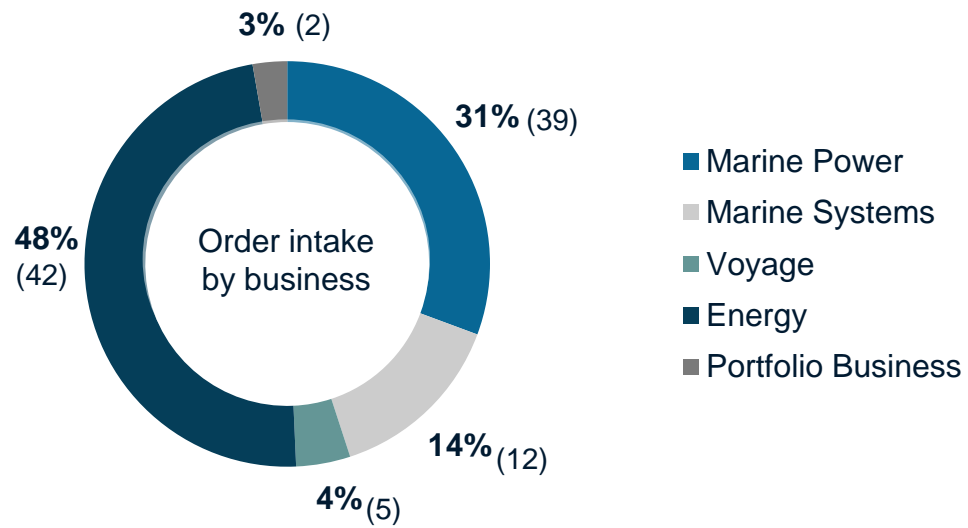


# APPENDIX



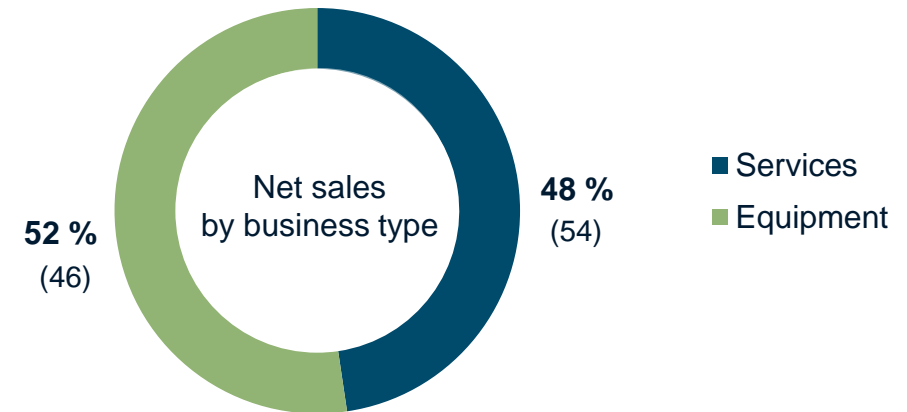
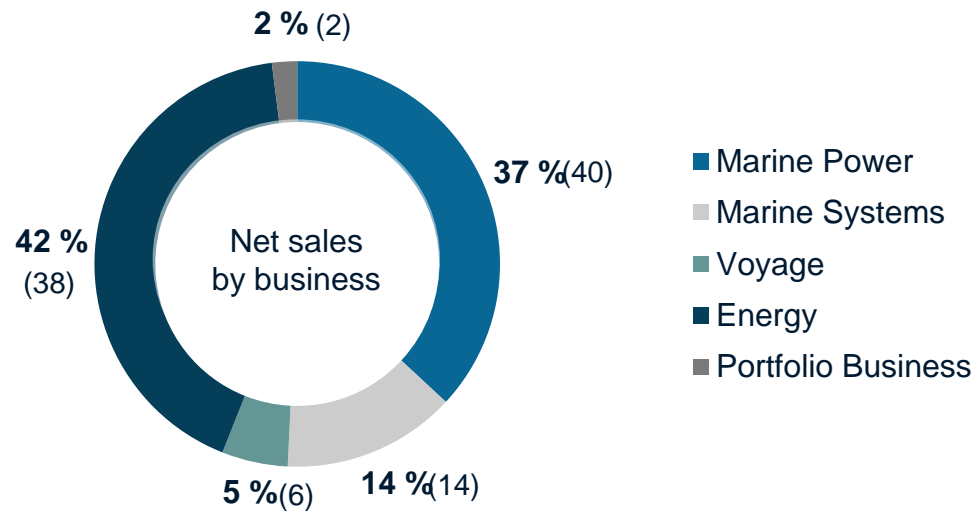
# ORDER INTAKE

## FOURTH QUARTER DEVELOPMENT



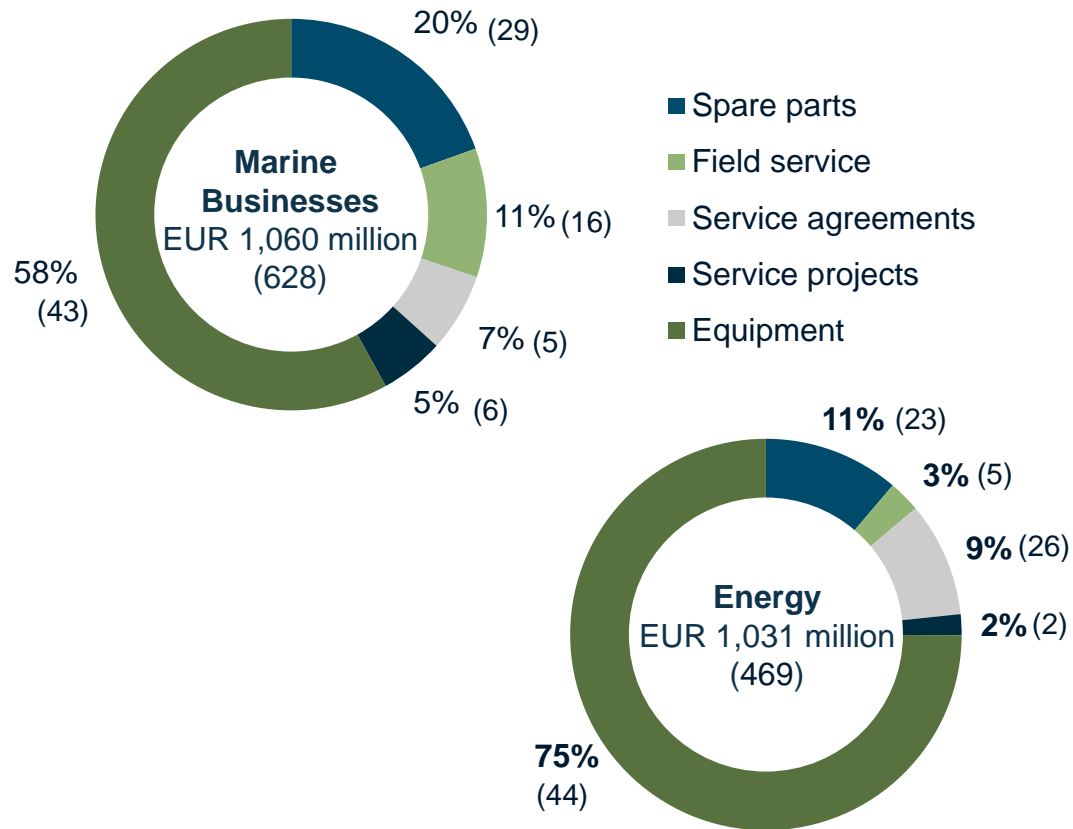
# NET SALES

## FOURTH QUARTER DEVELOPMENT

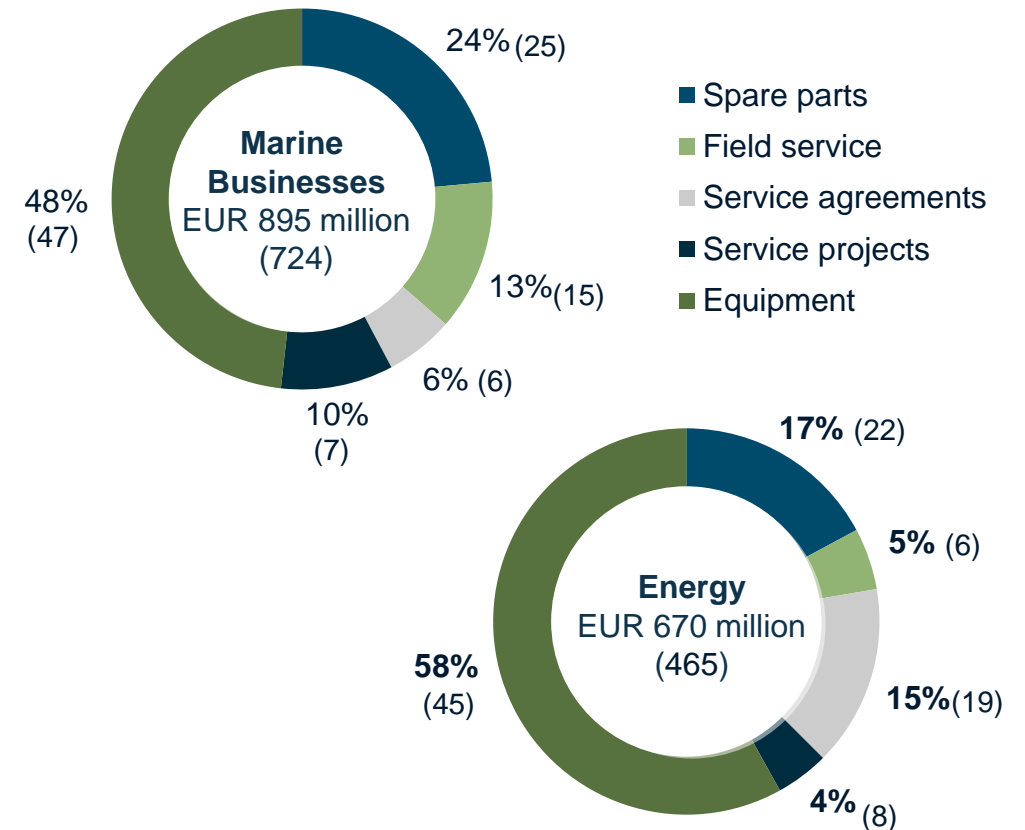


# FOURTH QUARTER DEVELOPMENT BY BUSINESS TYPE

## Order intake



## Net sales

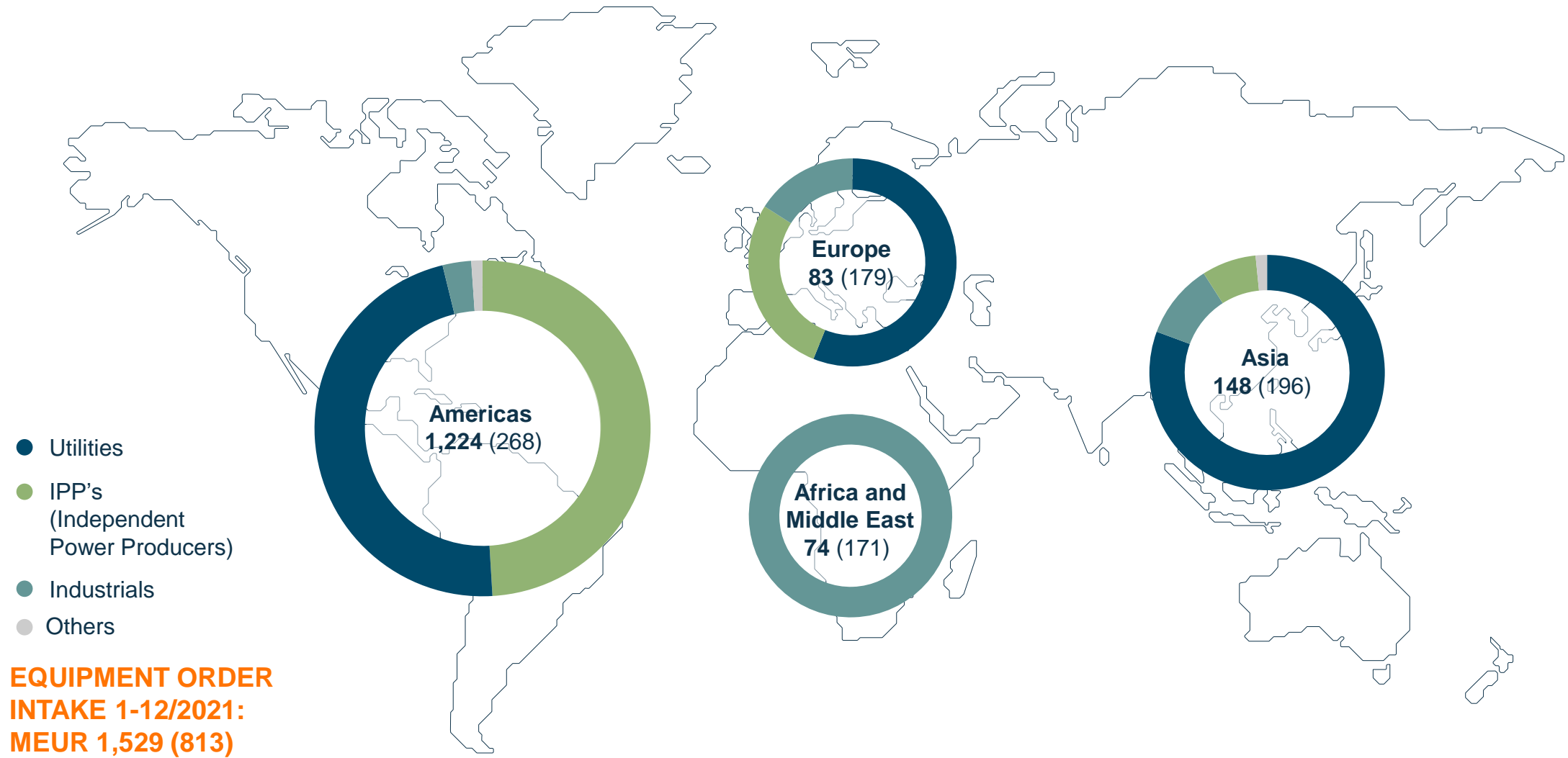


# JANUARY–DECEMBER ORDER INTAKE BY CUSTOMER SEGMENT

Marine Businesses	Gas carriers	Cruise & ferry	Offshore	Navy	Special vessels	Merchant	Other
<b>Marine Power</b>							
Equipment	5% (22)	27% (31)	3% (4)	16% (8)	21% (22)	28% (13)	0% (0)
Services	18% (16)	21% (14)	13% (15)	7% (11)	14% (16)	25% (26)	2% (2)
<b>Marine Systems</b>							
Equipment	35% (35)	3% (4)	1% (2)	33% (3)	2% (0)	18% (25)	6% (30)
Services	3% (2)	8% (11)	6% (4)	28% (32)	8% (11)	42% (36)	4% (3)
<b>Voyage</b>							
Equipment	1% (0)	22% (27)	7% (7)	15% (8)	5% (16)	28% (21)	22% (21)
Services	3% (4)	28% (26)	6% (9)	2% (3)	6% (6)	53% (54)	2% (-1)
<b>Energy</b>							
		<b>Utilities</b>	<b>Independent Power Producers</b>		<b>Industrials</b>		<b>Other</b>
Equipment		49% (35)	42% (48)		9% (16)		1% (0)
Services		33% (32)	31% (29)		27% (30)		10% (9)



# ORDERS RECEIVED FOR ENERGY EQUIPMENT GLOBALLY



**EQUIPMENT ORDER  
INTAKE 1-12/2021:  
MEUR 1,529 (813)**



**WÄRTSILÄ**