

WÄRTSILÄ CORPORATION INTERIM REPORT JANUARY–MARCH 2021

22 APRIL 2021

HÅKAN AGNEVALL, PRESIDENT & CEO

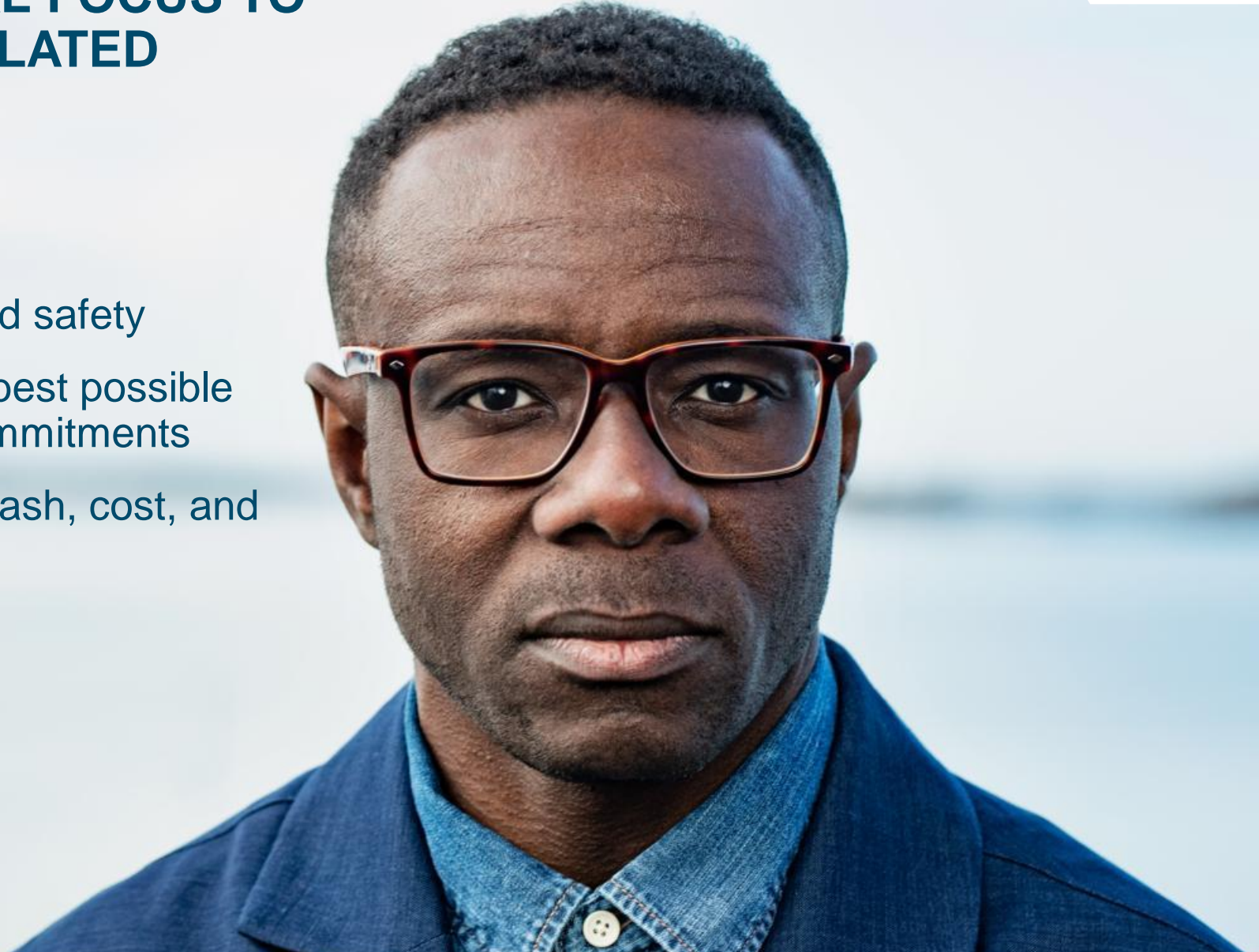
**ORDER INTAKE STABLE, BUT
COVID-19 CONTINUES TO BURDEN
NET SALES AND PROFITABILITY**

STRONG OPERATIONAL FOCUS TO MANAGE COVID-19 RELATED UNCERTAINTY

Our People: secure health and safety

Our Customers: provide the best possible support and deliver on our commitments

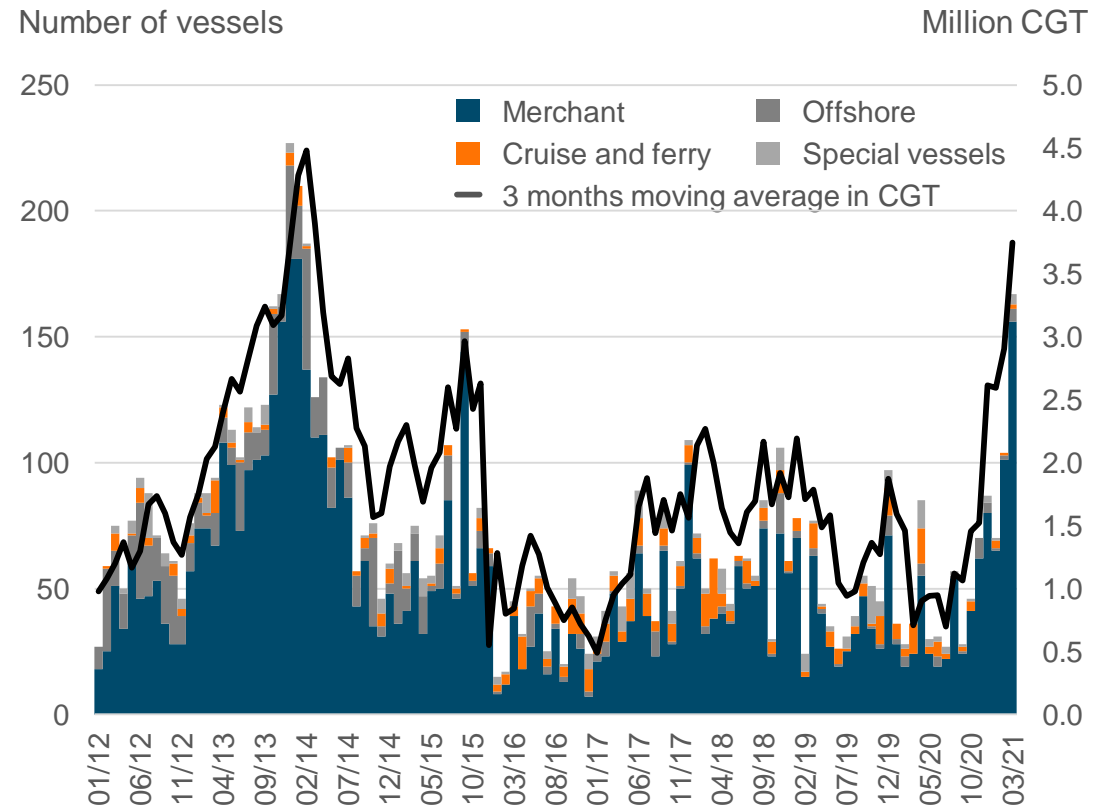
Our Performance: focus on cash, cost, and continuous improvement



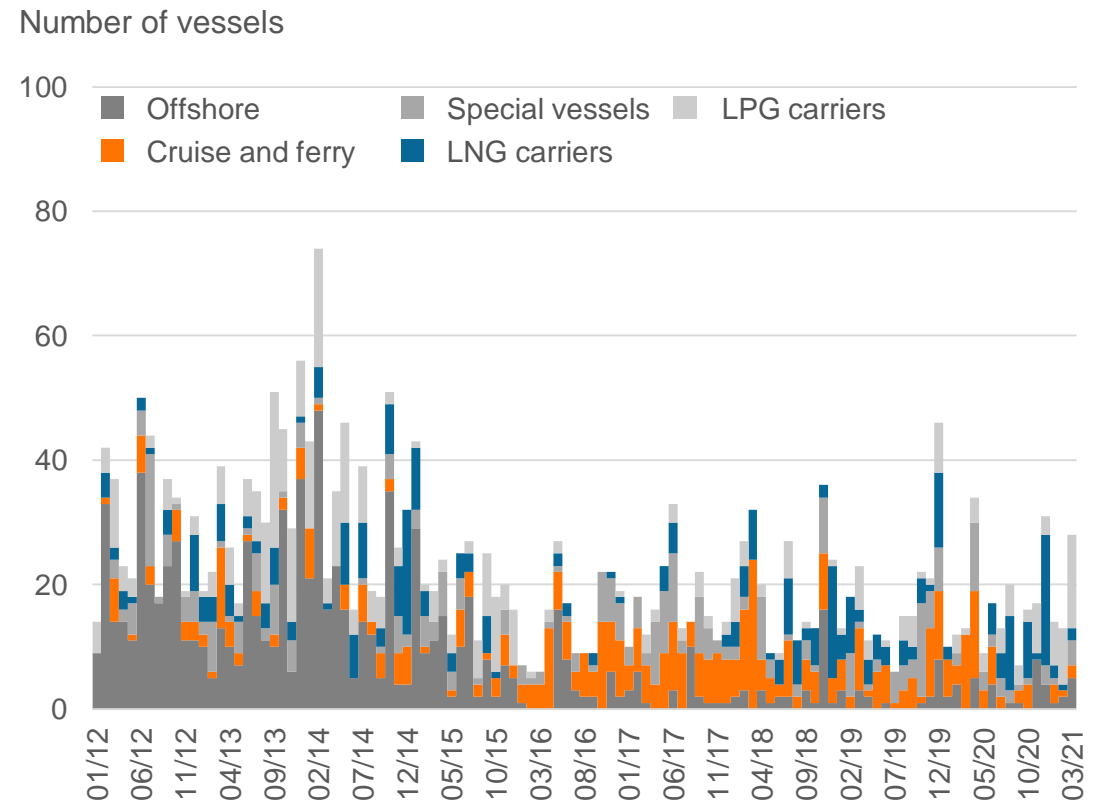
MEUR	1-3/2021	CHANGE
Order intake	1,244	0%
of which services	704	11%
Order book	5,399	-6%
Net sales	946	-19%
of which services	550	-7%
Book-to-bill	1.32	0.25
Comparable operating result	41	-28%
% of net sales	4.3	-0.5 pp
Earnings per share, EUR	0.04	-0.01
Cash flow from operating activities	67	+25

IMPROVEMENT IN VESSEL ORDERS DRIVEN BY THE MERCHANT SEGMENT

Total vessel contracting



Specialised tonnage

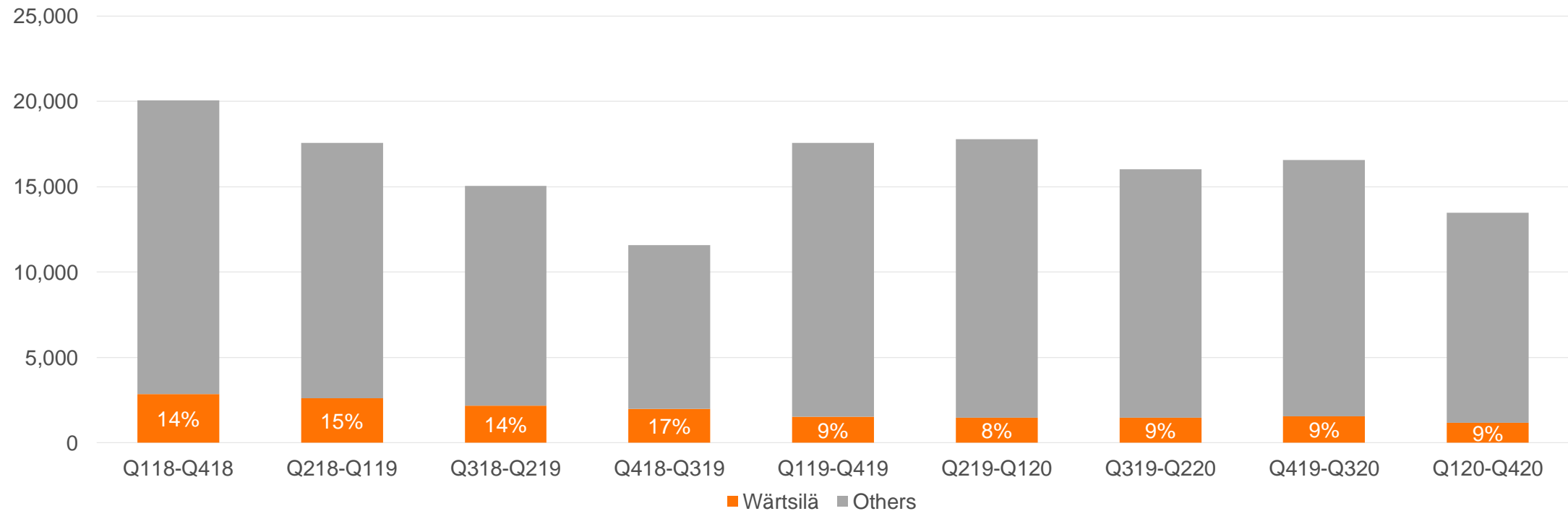


Source: Clarksons Research, contracting as per 7 January 2021
CGT= gross tonnage compensated with workload

WÄRTSILÄ'S SHARE OF THE ENERGY MARKET REMAINS STABLE

Market for gas and liquid fuel power plants <500 MW

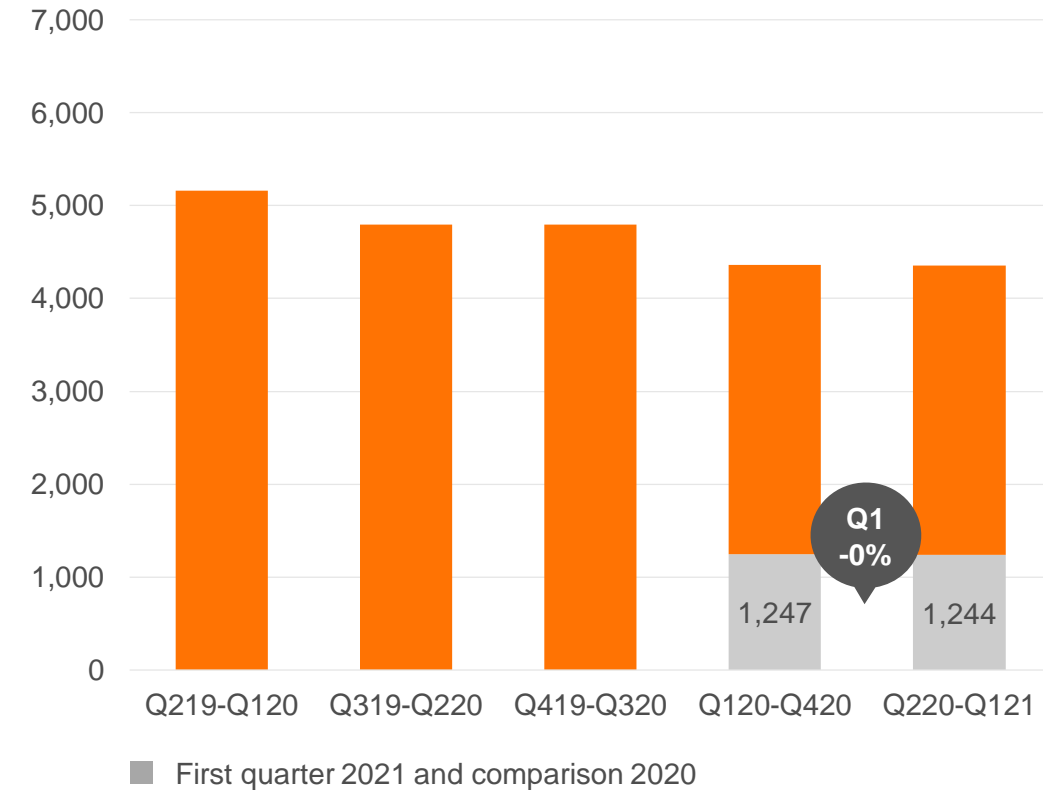
MW, 12m rolling



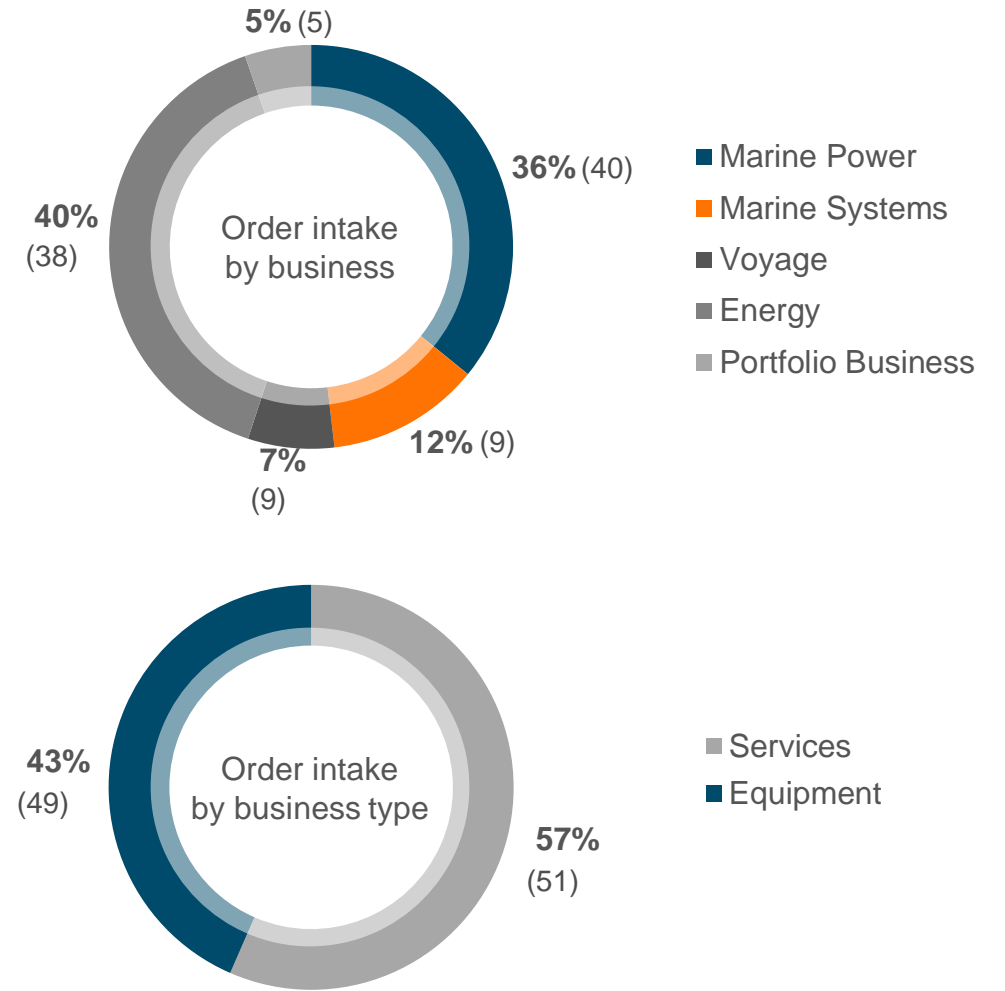
The total market, including also power plants with prime movers above 500 MW, increased by 23% to 46.4 GW during the twelve-month period ending in December 2020 (37.8 at the end of September). The market data includes all Wärtsilä power plants and other manufacturers' gas and liquid fuelled gas turbine 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

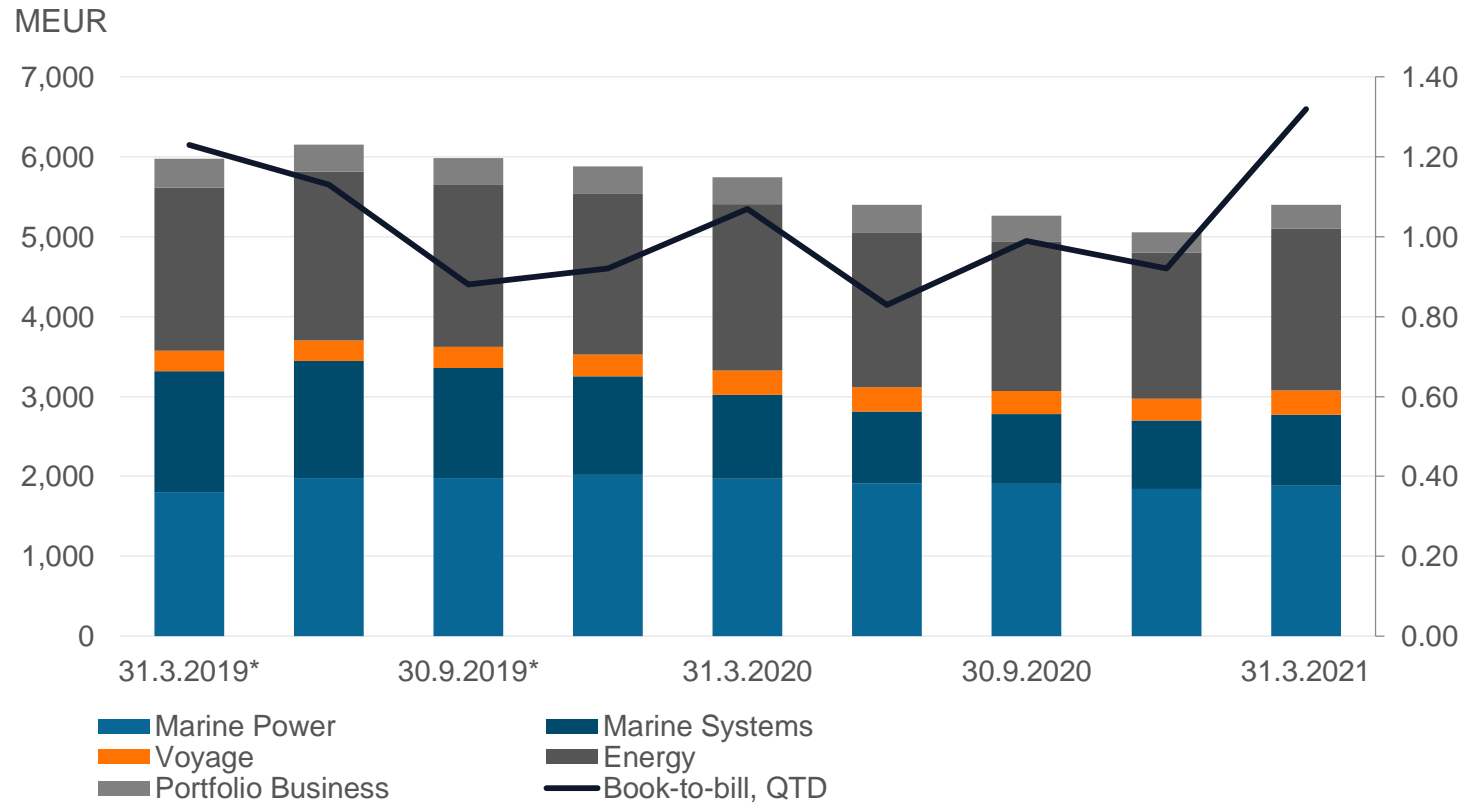


First quarter development

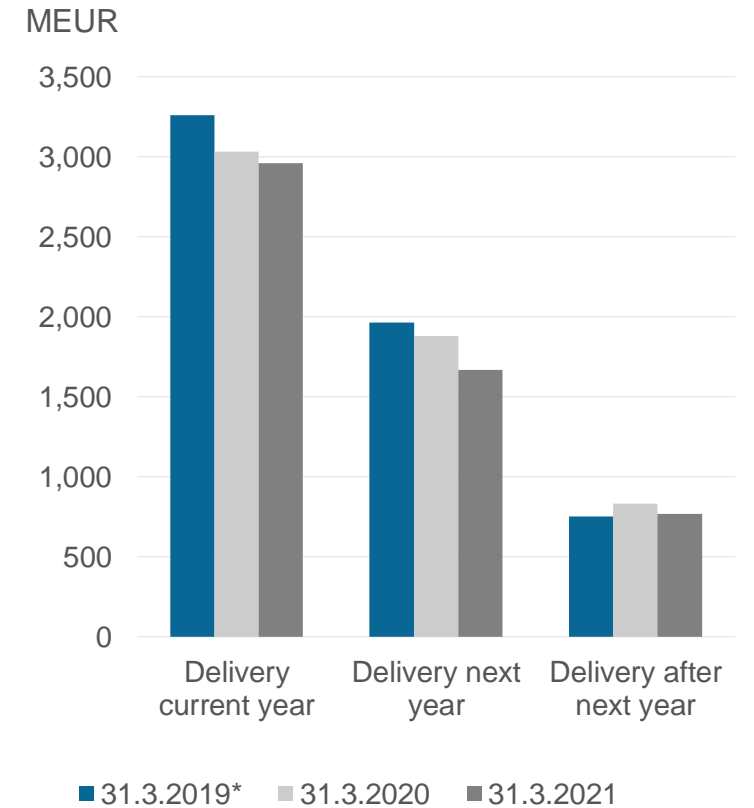


ORDER BOOK

Order book by business



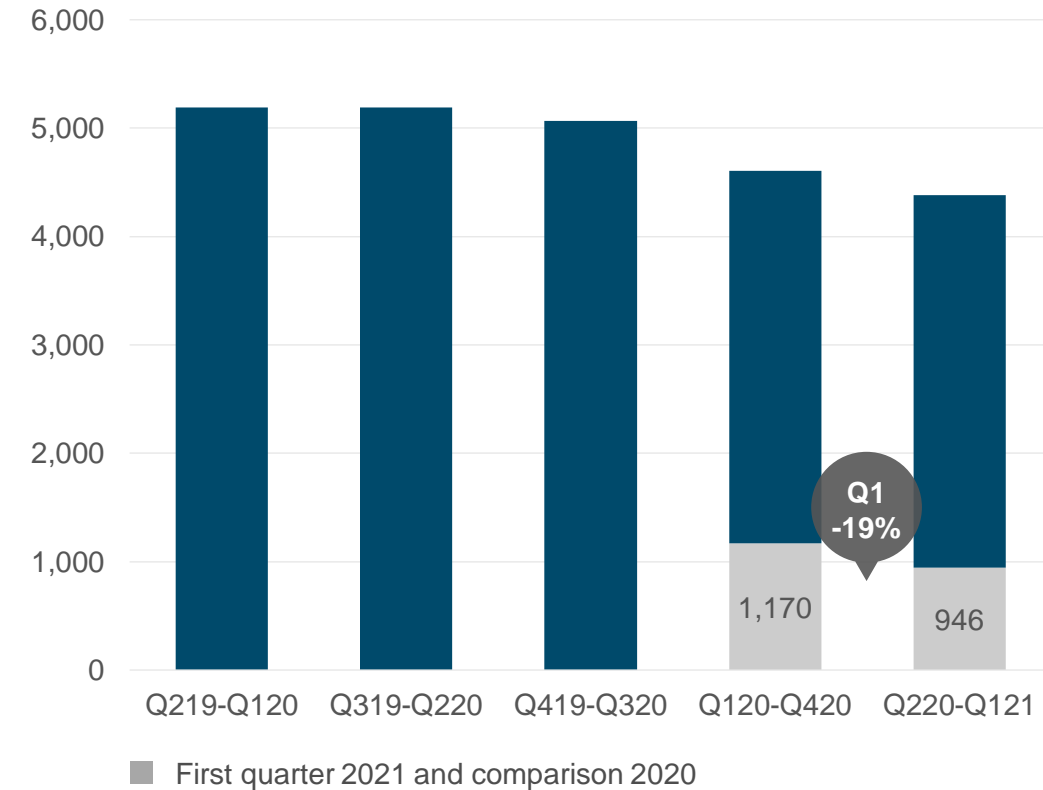
Order book delivery schedule



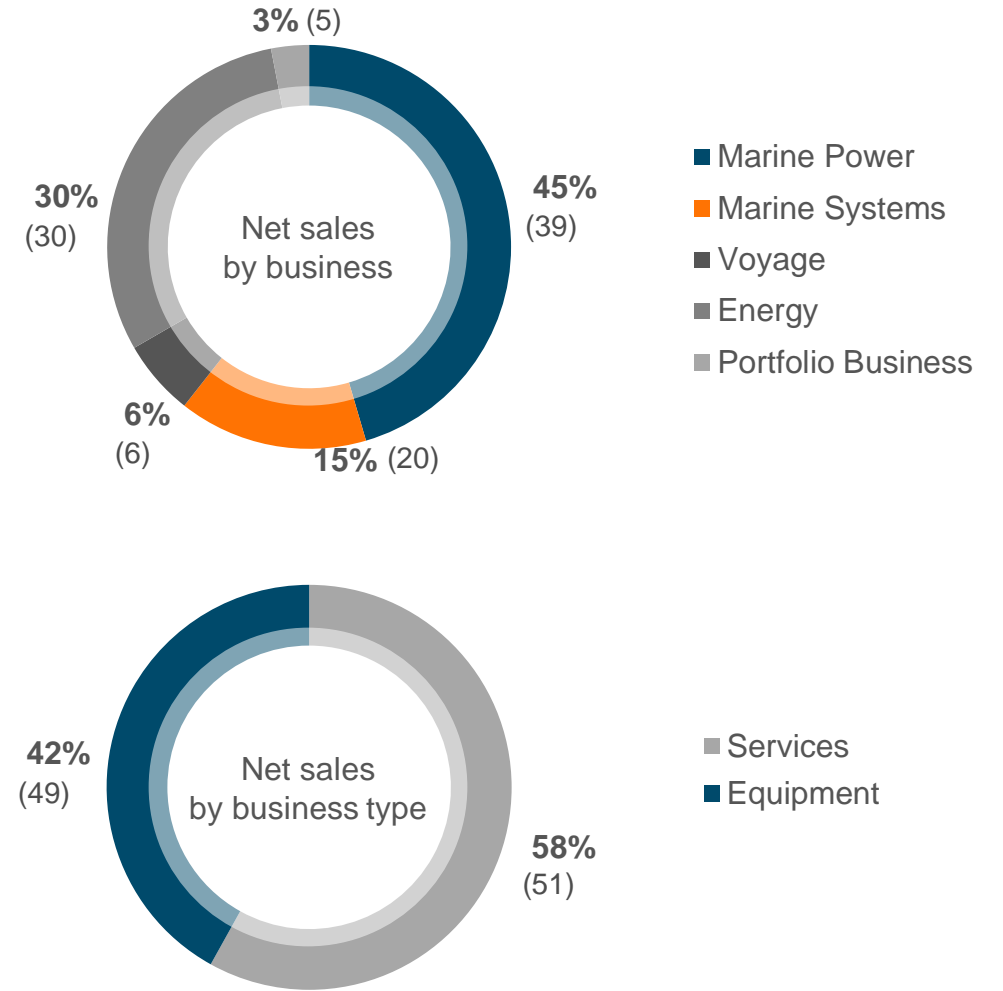
* As published in the Interim report January-March 2020, order book figures for 2019 have been restated due to stricter requirements for booking new orders.

NET SALES

MEUR, 12m rolling

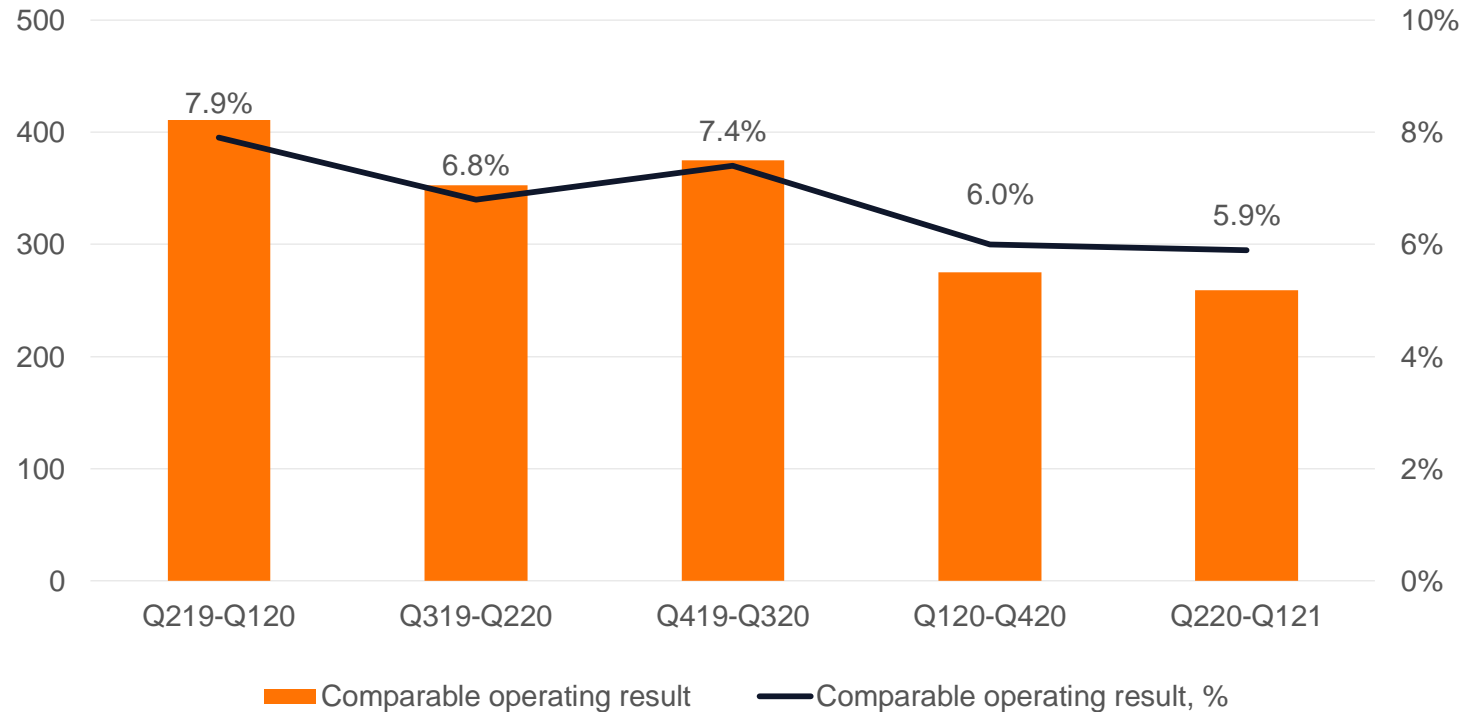


First quarter development



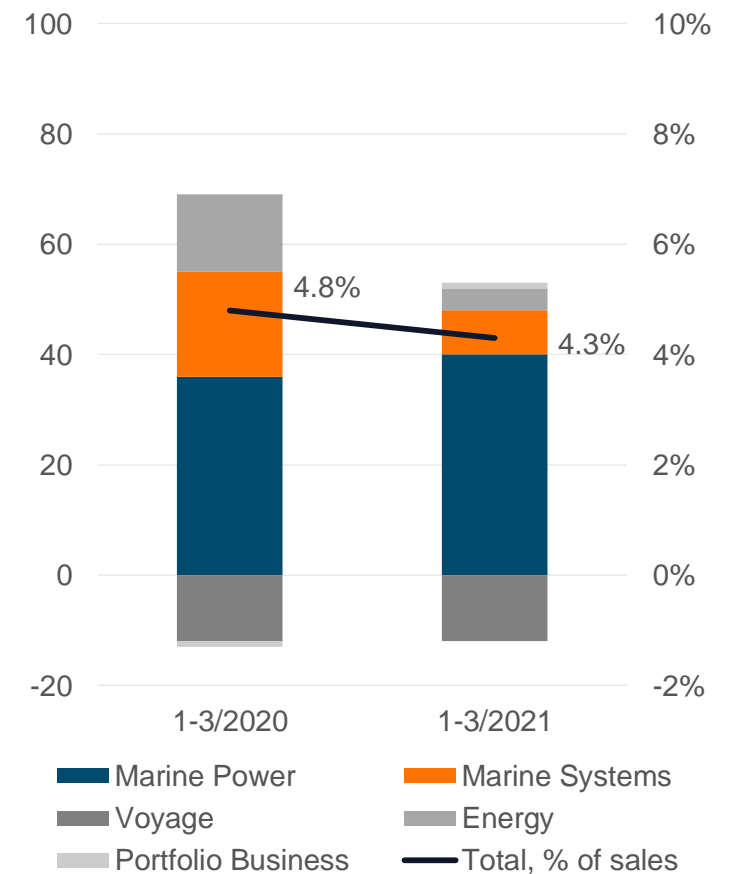
COMPARABLE OPERATING RESULT BURDENED BY NET PROVISIONS ARISING FROM A DETAILED PROJECT RISK REVIEW

MEUR, 12m rolling

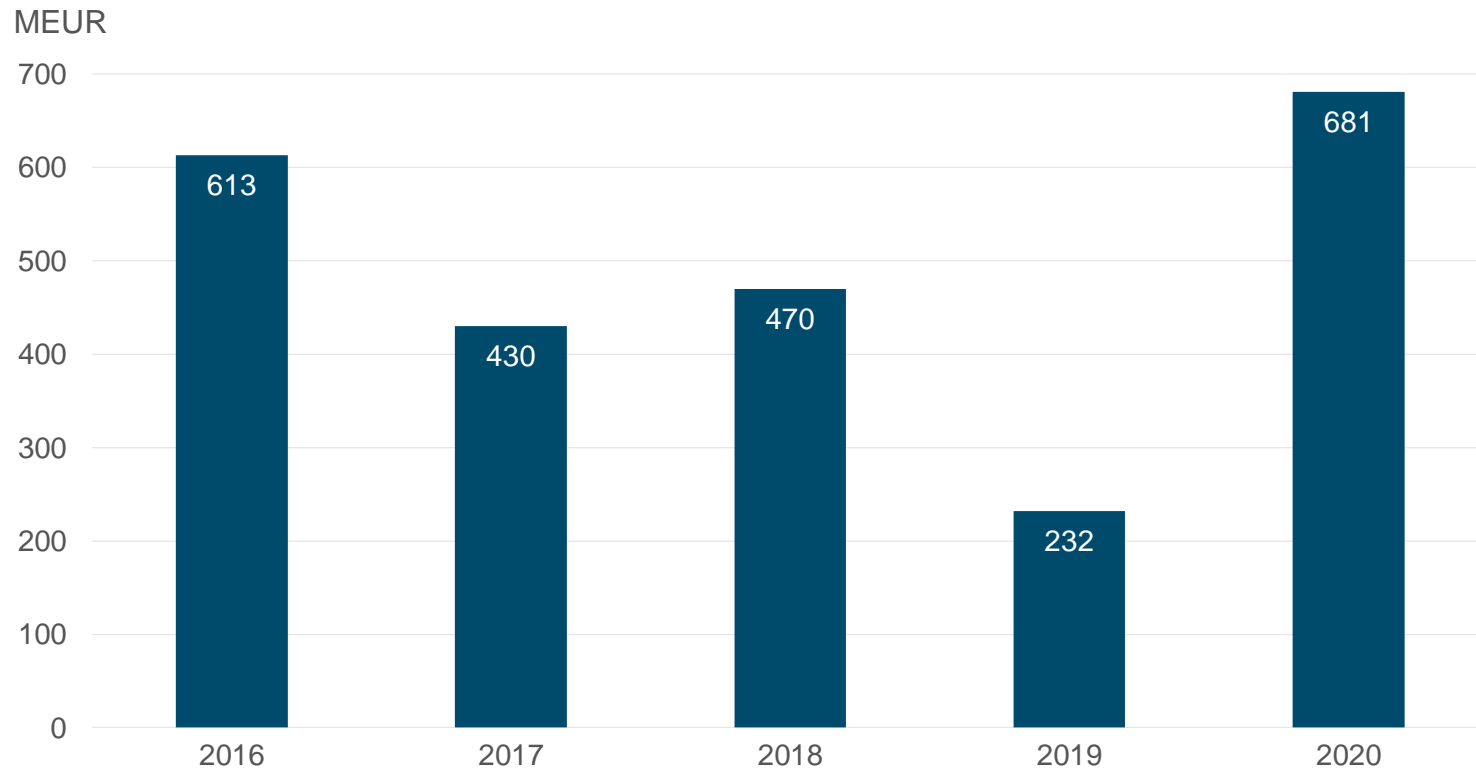


Review period development

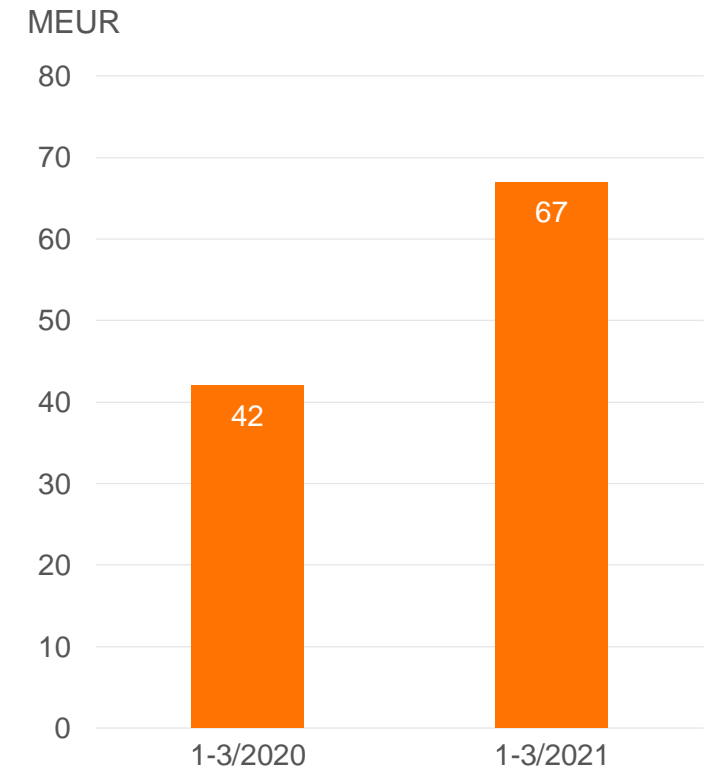
MEUR



CASH FLOW FROM OPERATING ACTIVITIES



Review period development



TECHNOLOGY AND PARTNERSHIP HIGHLIGHTS

SUPPORTING INDUSTRY DECARBONISATION

Carbon capture and storage (CCS) in the maritime industry

- Installation of a 1 MW pilot plant in Moss, Norway to test CCS technologies in a range of scenarios and conditions

Power-to-X-to-Power

- An agreement signed with Vaasan Sähkö, EPV Energia and City of Vaasa to cooperate in a project aiming at utilising emission-free hydrogen in power production, industry, and traffic applications

Grid-scale energy storage

- A non-exclusive five-year large-scale storage system frame agreement signed with AGL Energy Limited in Australia

34SG Balancer

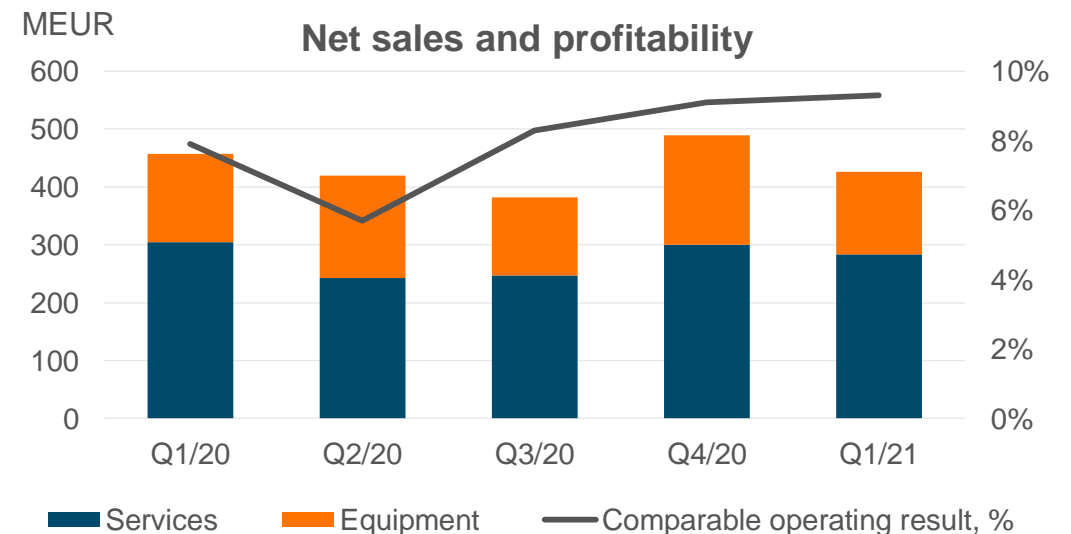
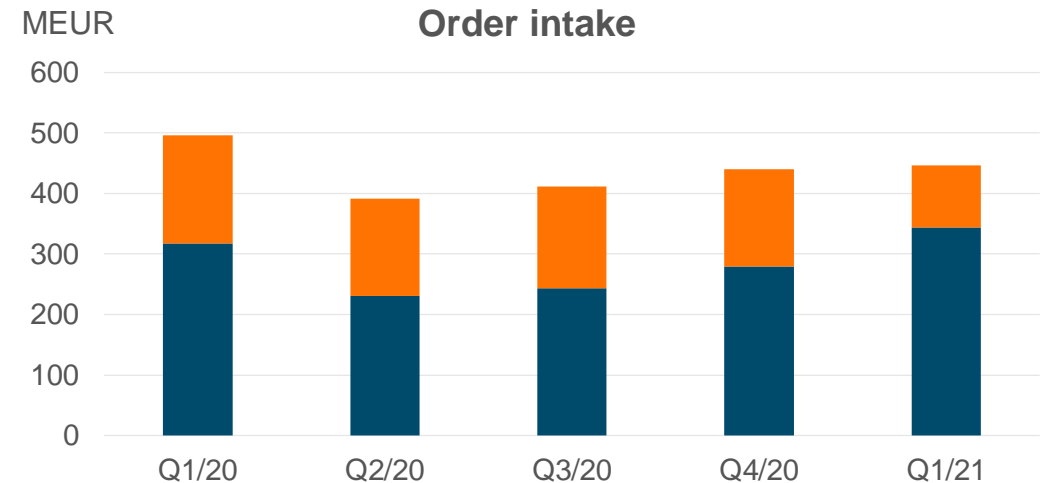
- Optimised for renewable baseload markets; an agile, fast-starting gas engine capable of ramping up to full load in two minutes to seamlessly integrate with renewables



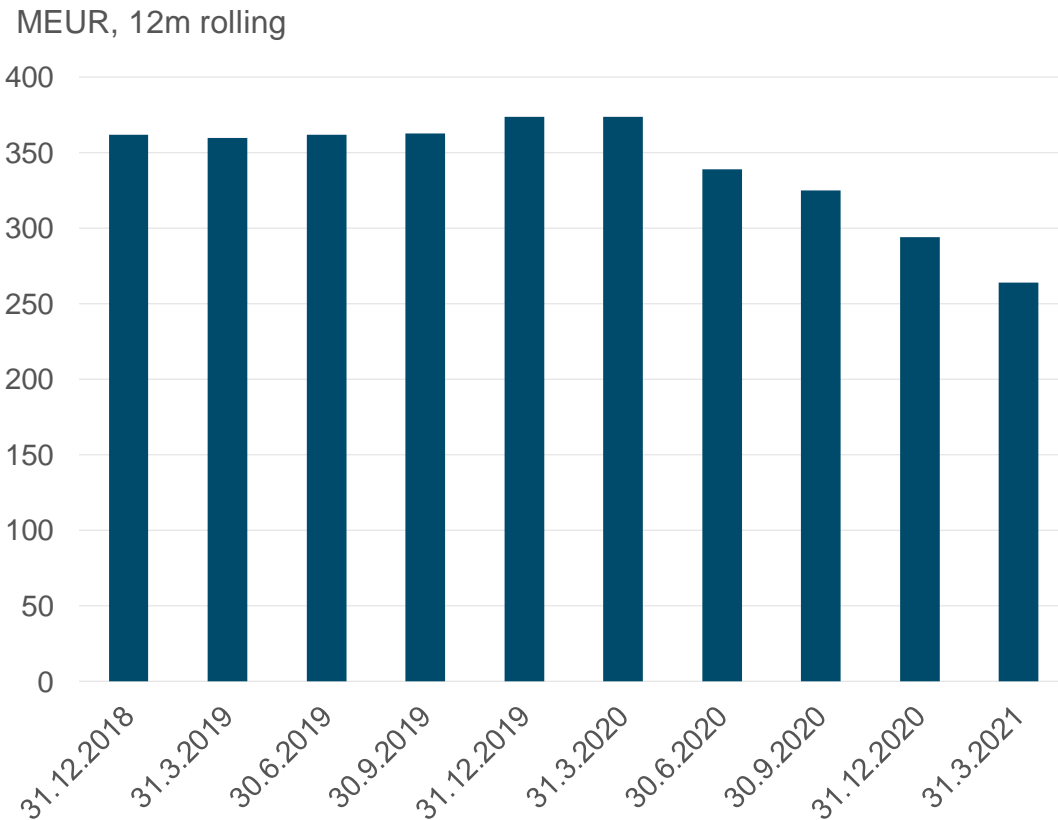
BUSINESSES

MARINE POWER

- Order intake decreased by 10% to EUR 446 million (496), pressurised by extremely subdued vessel contracting in the cruise and ferry segment
- Net sales decreased by 7% to EUR 426 million (457)
- Comparable operating result amounted to EUR 40 million (36) or 9.3% of net sales (7.9), improved by:
 - A favourable service sales mix
 - Efficiency improvement actions taken



NET SALES FROM INSTALLATIONS UNDER AGREEMENT DECLINED DUE TO COVID-19 IMPACTS

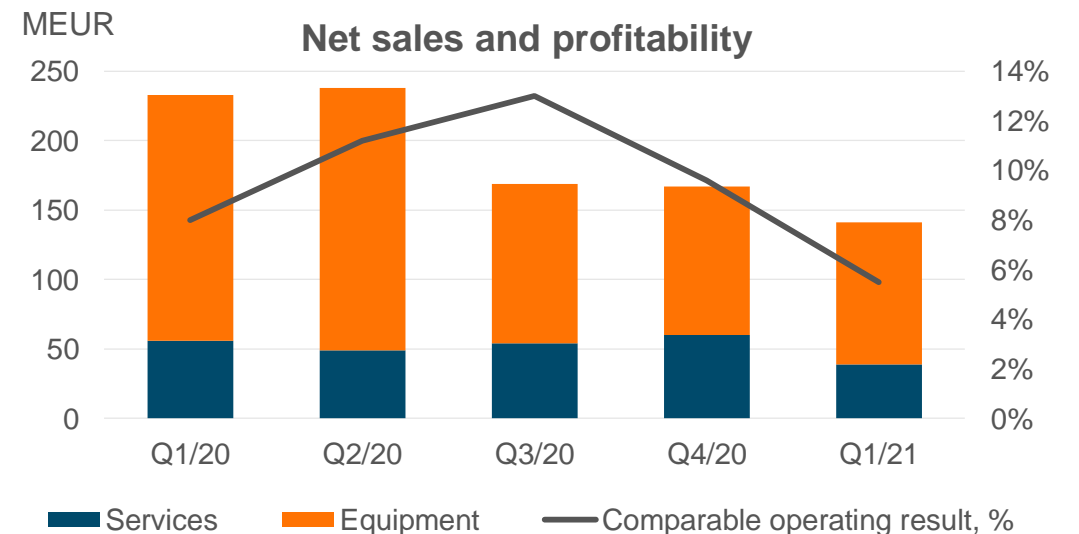
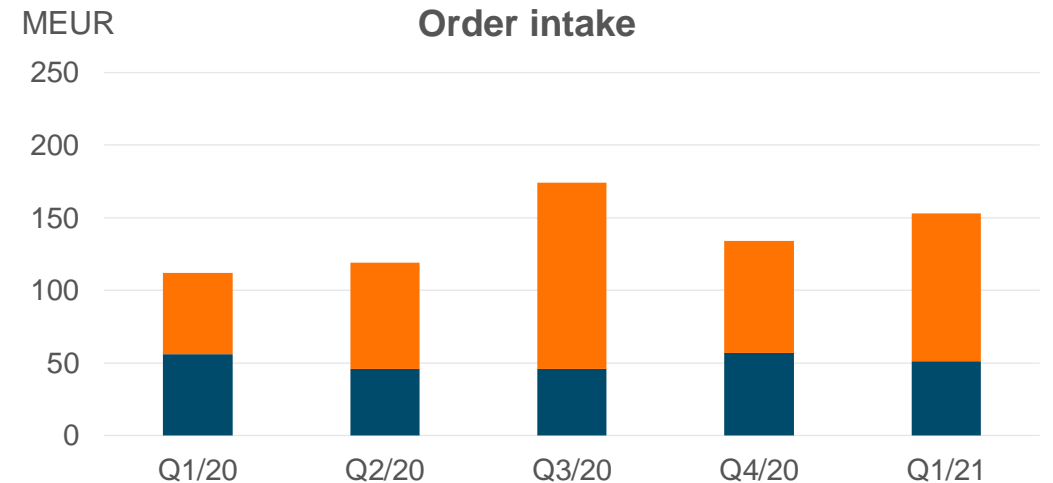


Wärtsilä signed a significant guaranteed asset performance agreement for an LNG carrier fleet

- The agreement includes normal maintenance management, scheduled and unscheduled maintenance, and performance guarantees
- The purpose of the agreement is to increase availability and safety and to reduce costs, while also sharing profits and risks

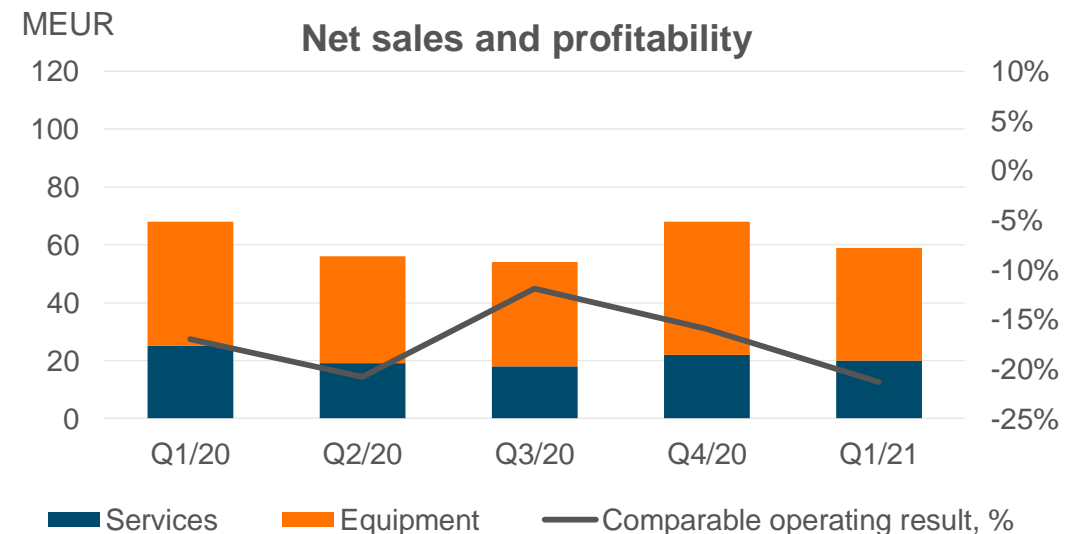
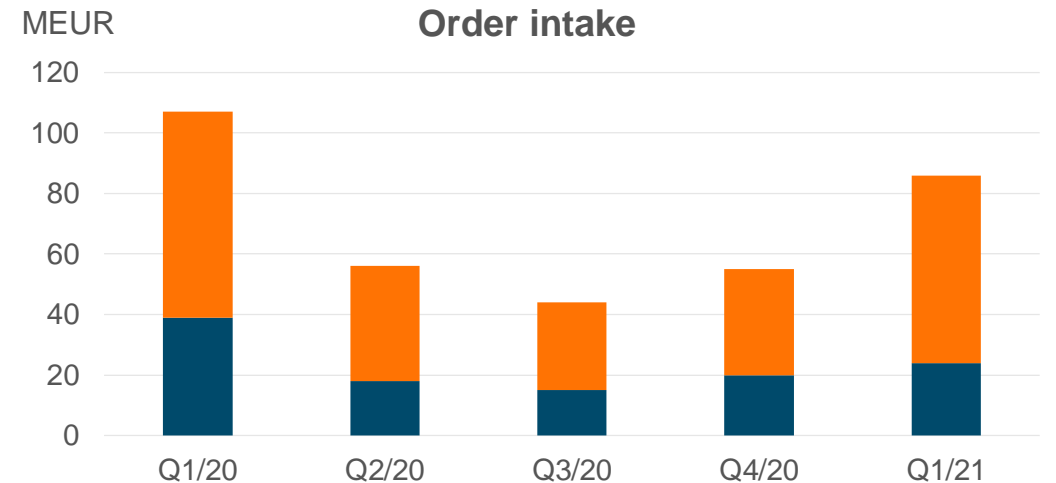
MARINE SYSTEMS

- Order intake increased by 35% to EUR 153 million (113), driven by equipment business in the Exhaust Treatment, Gas Solutions, and Marine Electrical Systems business units
- Net sales decreased by 39% to EUR 142 million (234), mainly due to high scrubber delivery volumes Q1 2020 and retrofit programmes currently being postponed as a consequence of high container rates
- Comparable operating result amounted to EUR 8 million (19) or 5.5% of net sales (8.0), mainly due to lower scrubber retrofit volumes

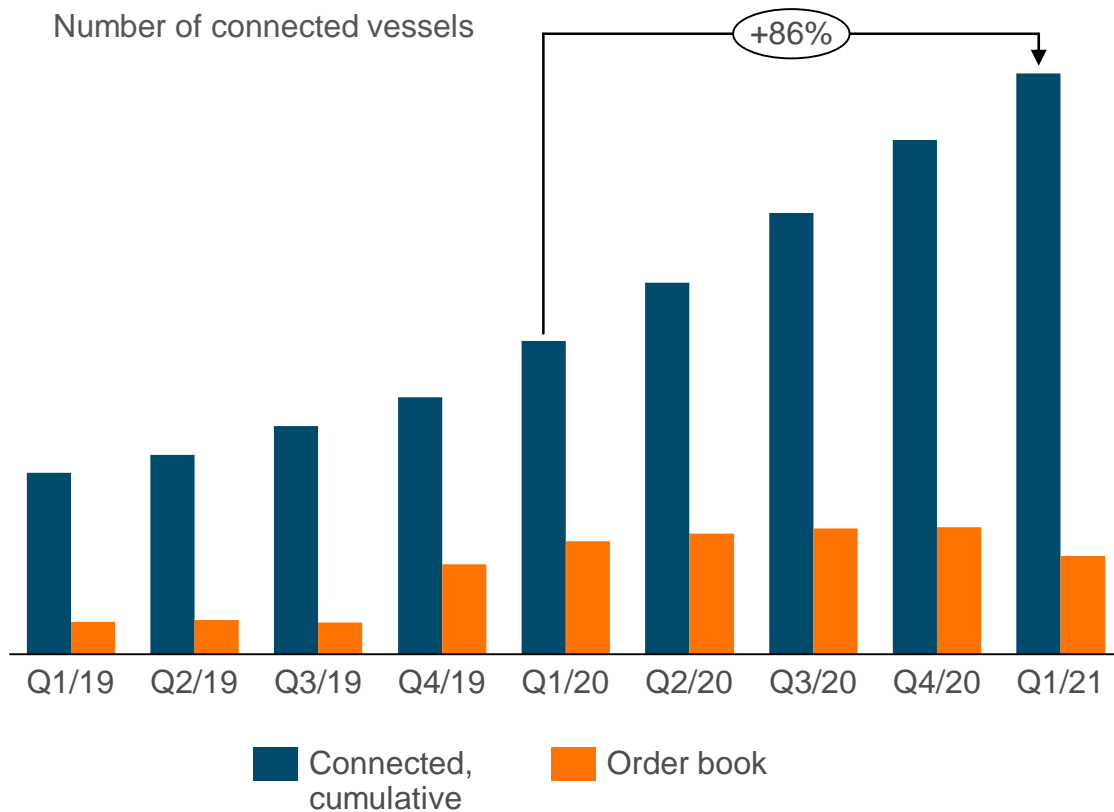


VOYAGE

- Order intake decreased by 20% to EUR 86 million (107), pressurised by the COVID-19 impact on demand in the cruise segment
- Net sales decreased by 15% to EUR 59 million (69), mainly due to:
 - COVID-19 related project delays
 - Lower transactional service business
- Comparable operating result amounted to EUR -12 million (-12) or -21.3% of net sales (-17.0), negatively impacted by lower sales volumes



NUMBER OF VESSELS CONNECTED TO OUR CLOUD SOLUTIONS INCREASED BY 86%

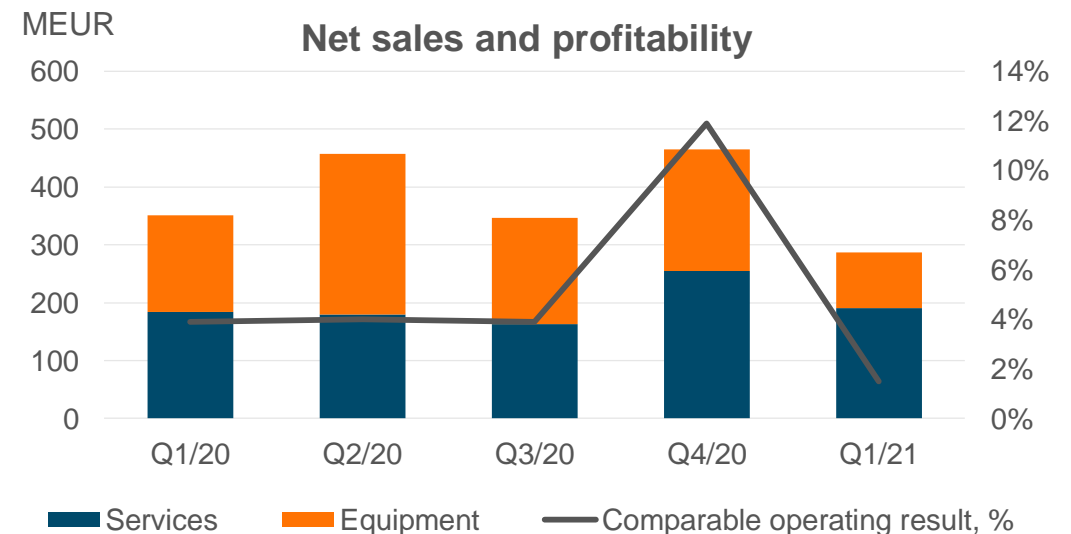
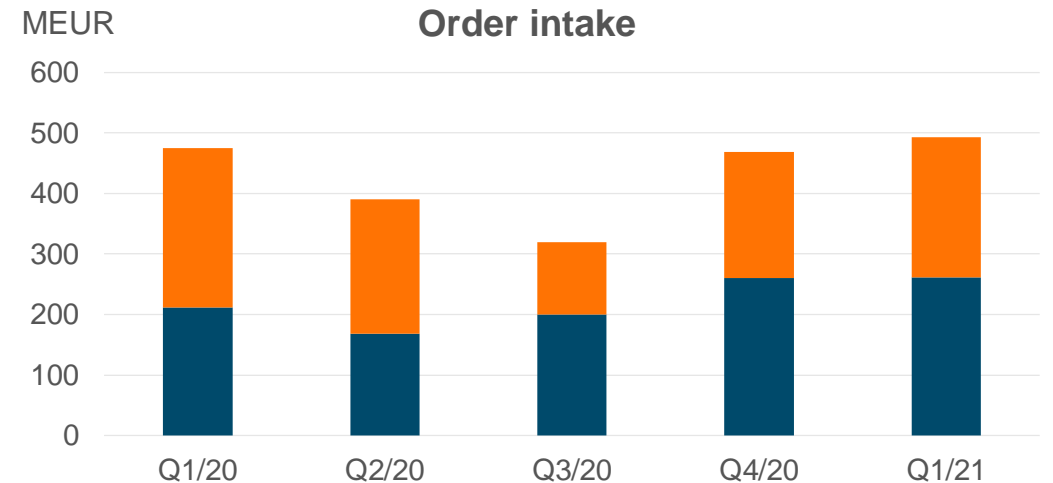


Wärtsilä to deliver the latest technology in radio and integrated navigation systems for icebreaking tankers

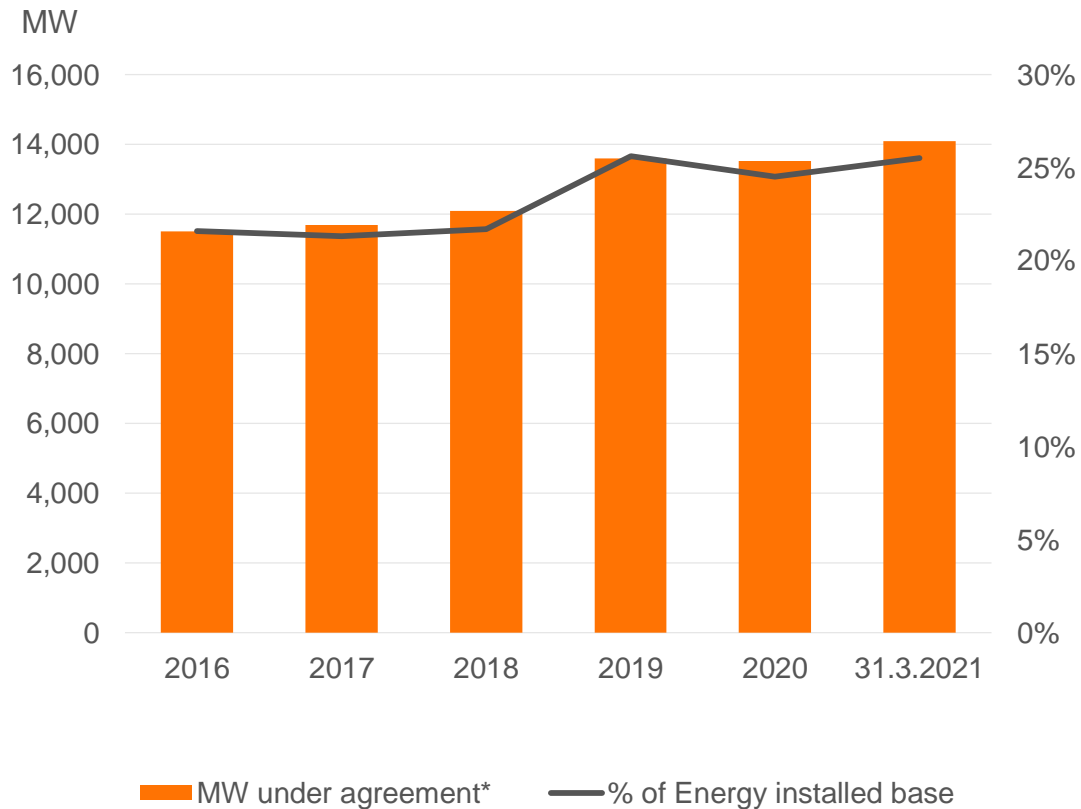
- The ten LNG-fuelled tankers will be constructed for the Arctic LNG-2 project by Samsung Heavy Industries Co. Ltd
- All the navigational systems to be installed come integration-ready with Wärtsilä's Fleet Operations Solution

ENERGY

- Order intake increased by 4% to EUR 493 million (475), supported by:
 - Good activity level in the energy storage markets
 - Healthy service order intake
- Net sales decreased by 18% to EUR 288 million (351)
- Comparable operating result amounted to EUR 4 million (14) or 1.5% of net sales (3.9), burdened by:
 - Approx. EUR 20 million net provisions arising from a detailed project risk review
 - Delays in equipment deliveries



ENERGY INSTALLED BASE COVERED BY LONG-TERM SERVICE AGREEMENTS



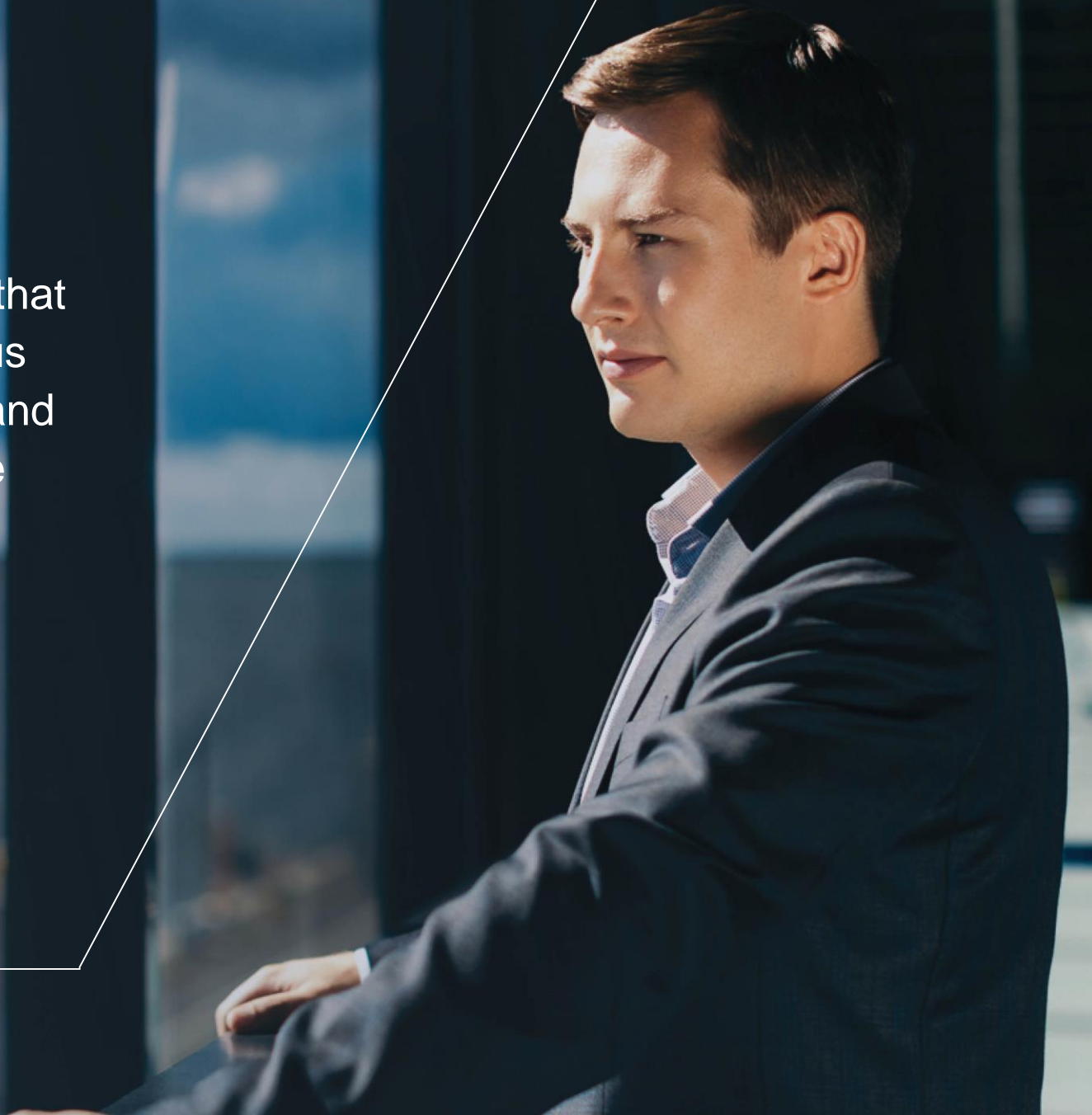
Wärtsilä awarded a gas conversion project in Senegal

- Wärtsilä will convert the close to 90 MW Bel-Air power plant in Dakar, Senegal to operate on liquefied natural gas (LNG)
- The conversion will enable the plant to switch to the use of gas when it is available, thus lowering the carbon footprint of energy production

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

PROSPECTS

Wärtsilä expects the near-term demand environment to be somewhat better than that of the corresponding period in the previous year. However, visibility remains limited, and the prevailing market conditions make the outlook uncertain.

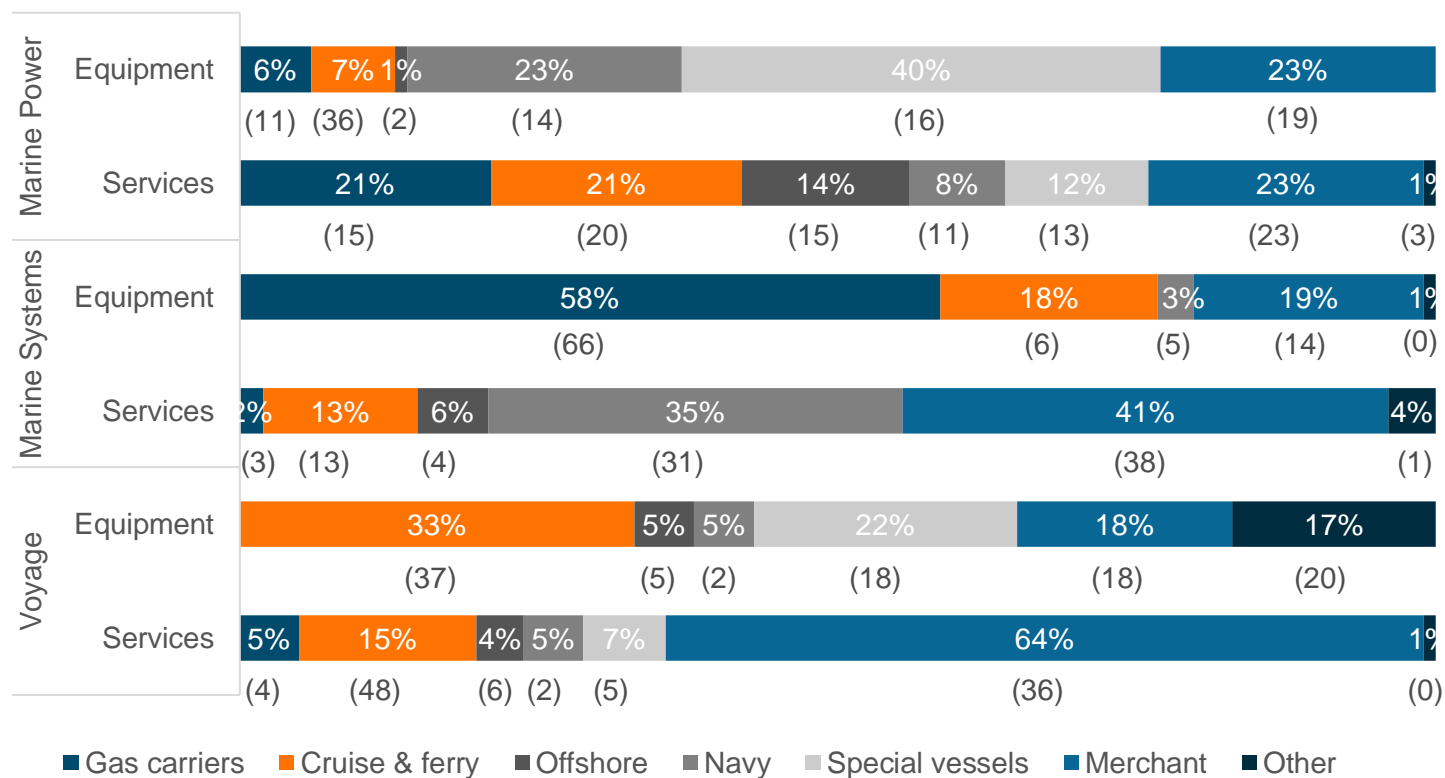




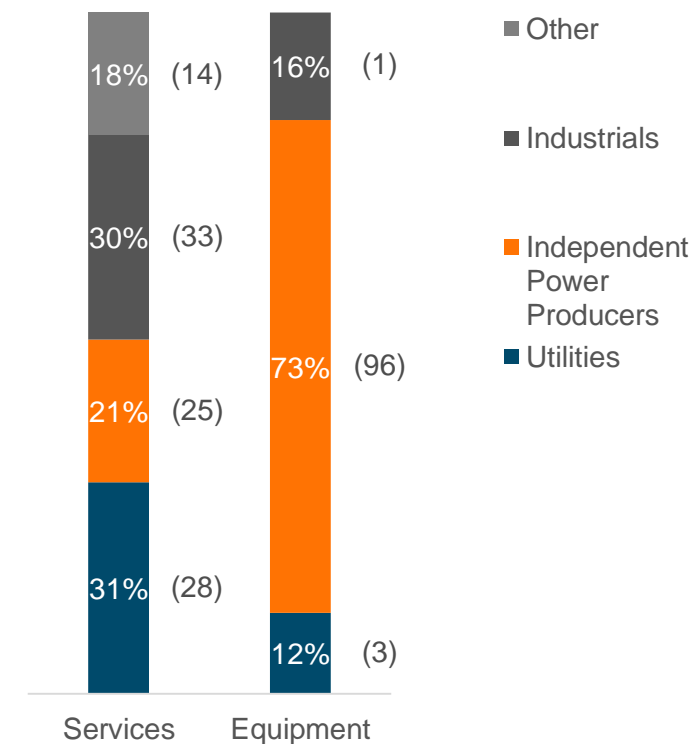
APPENDIX

JANUARY–MARCH ORDER INTAKE BY CUSTOMER SEGMENT

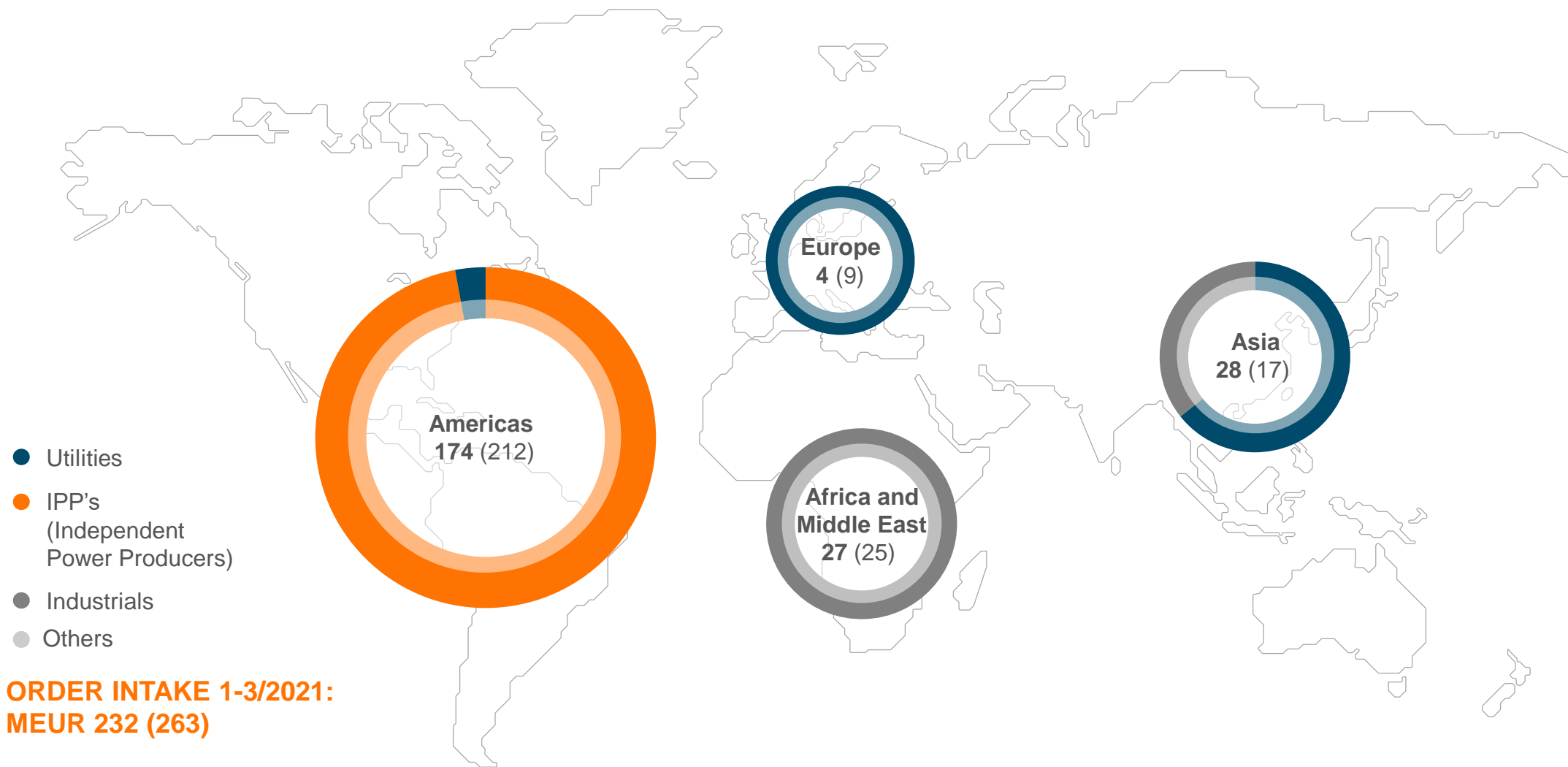
Marine Businesses



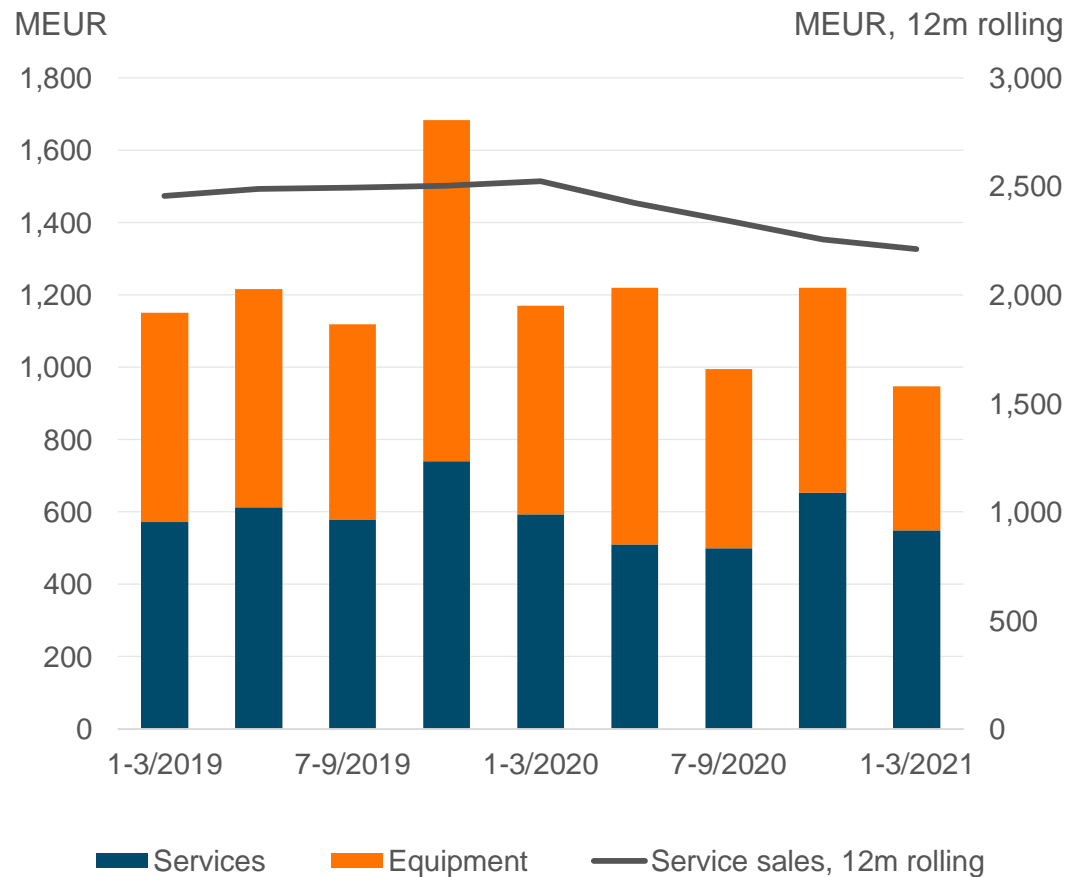
Energy



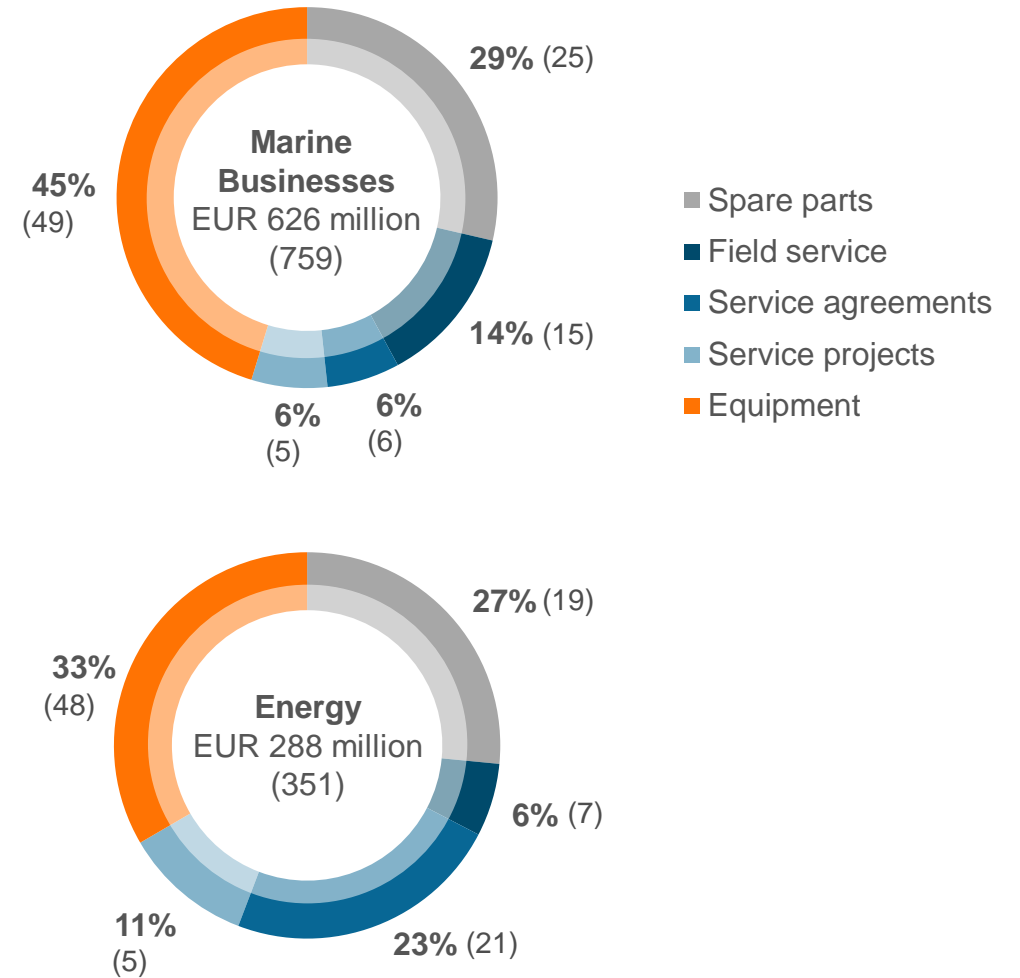
ORDERS RECEIVED FOR ENERGY EQUIPMENT GLOBALLY



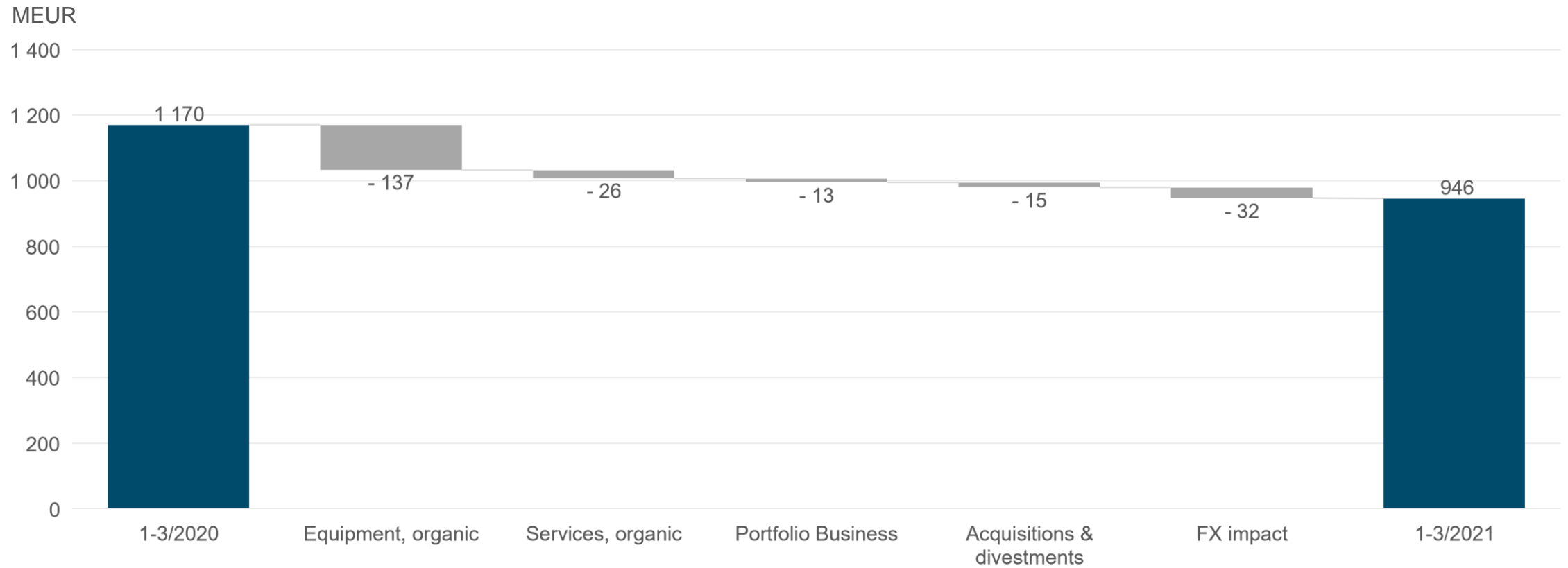
NET SALES BY BUSINESS TYPE



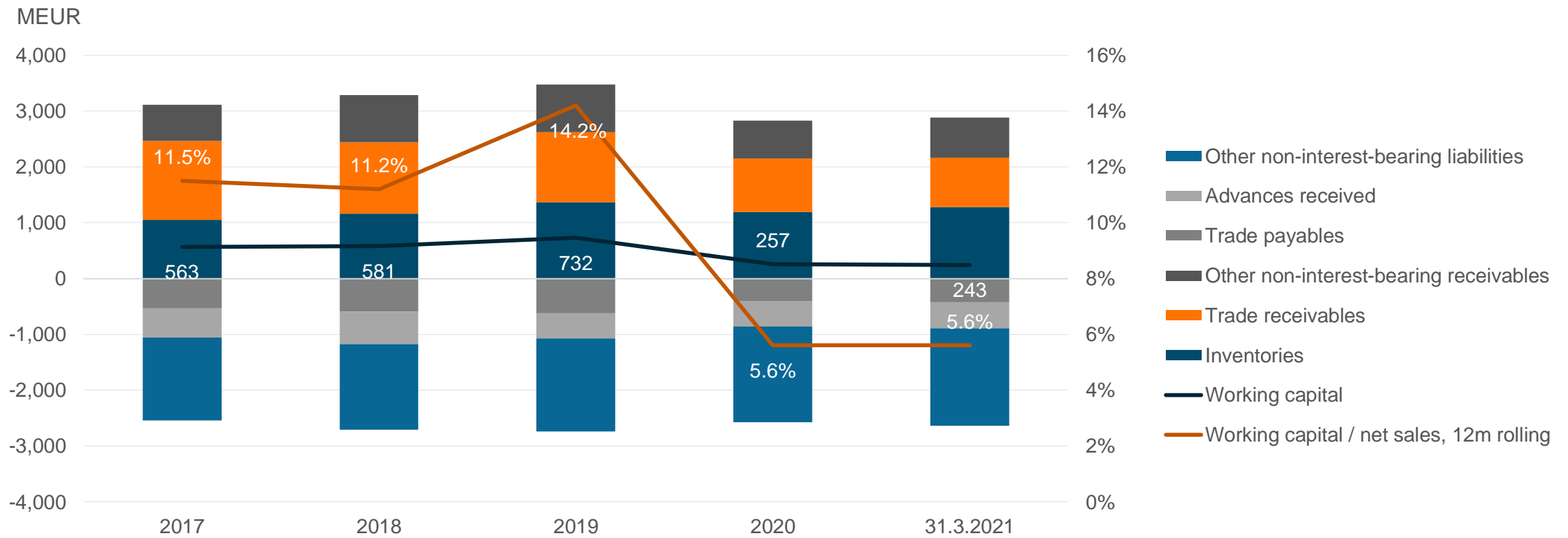
First quarter development



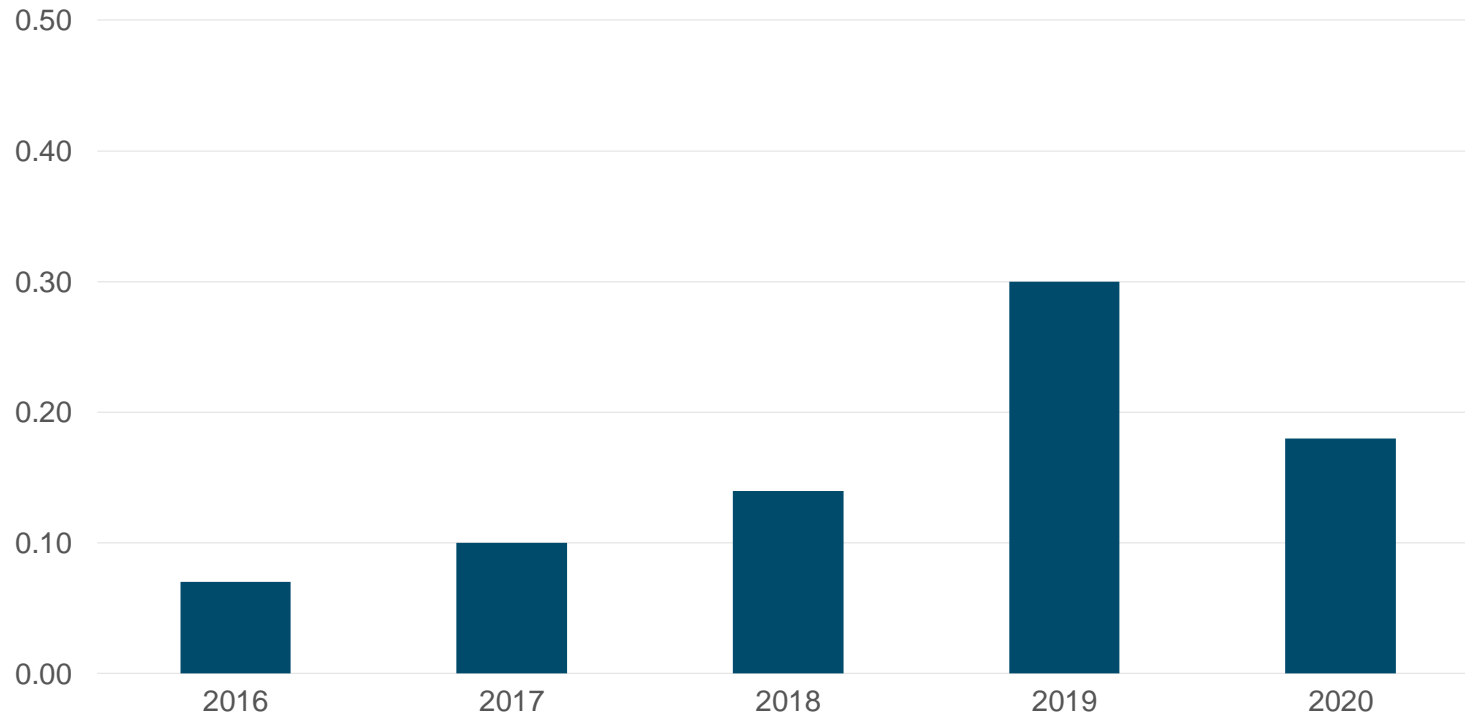
NET SALES BRIDGE



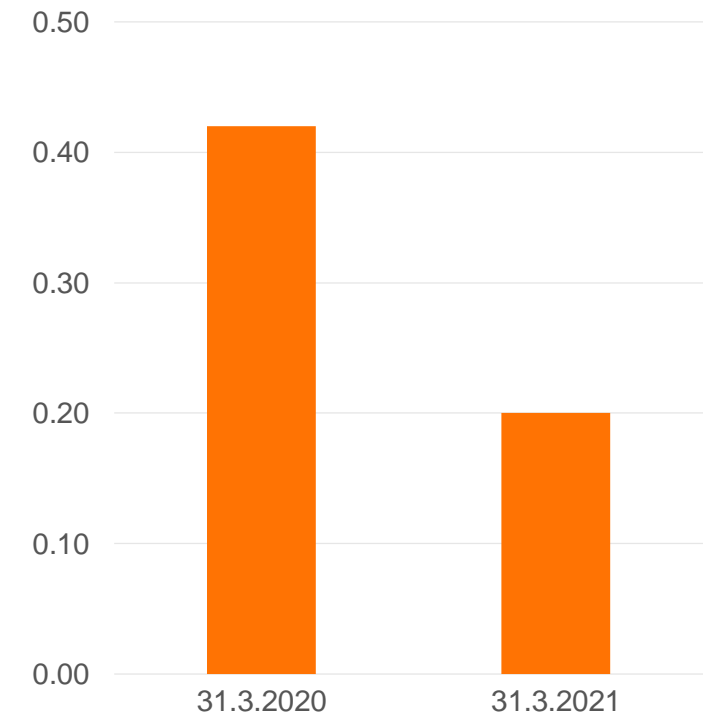
WORKING CAPITAL



GEARING



Review period development



THANK YOU



WÄRTSILÄ

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