

# WÄRTSILÄ CORPORATION

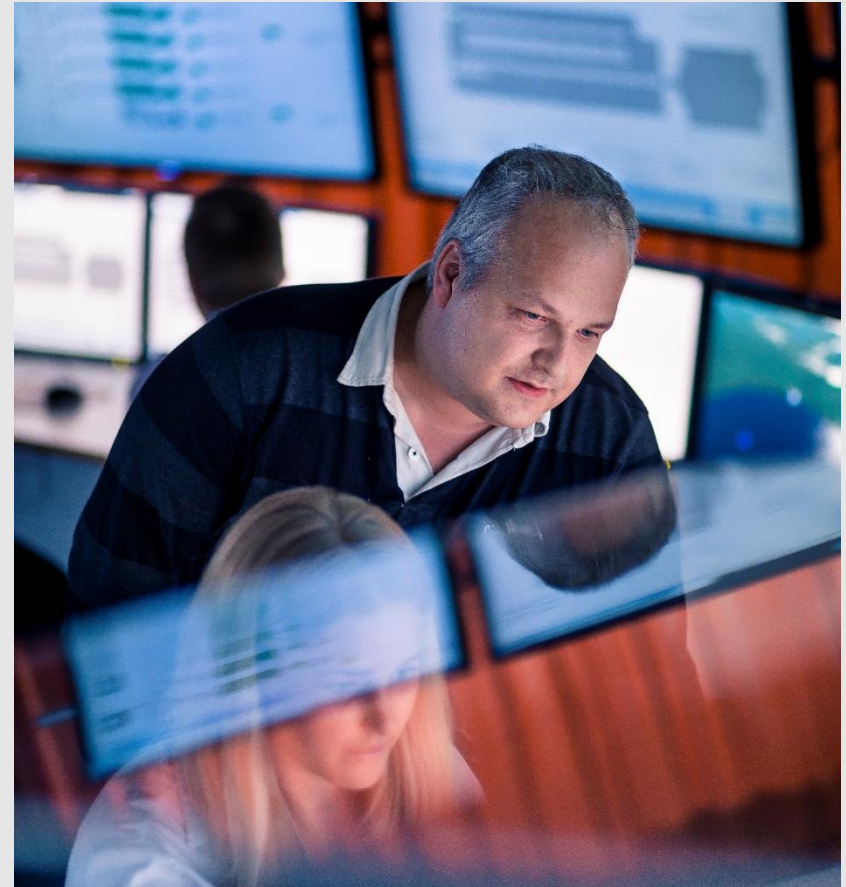
## INTERIM REPORT JANUARY-SEPTEMBER 2016

25 October 2016

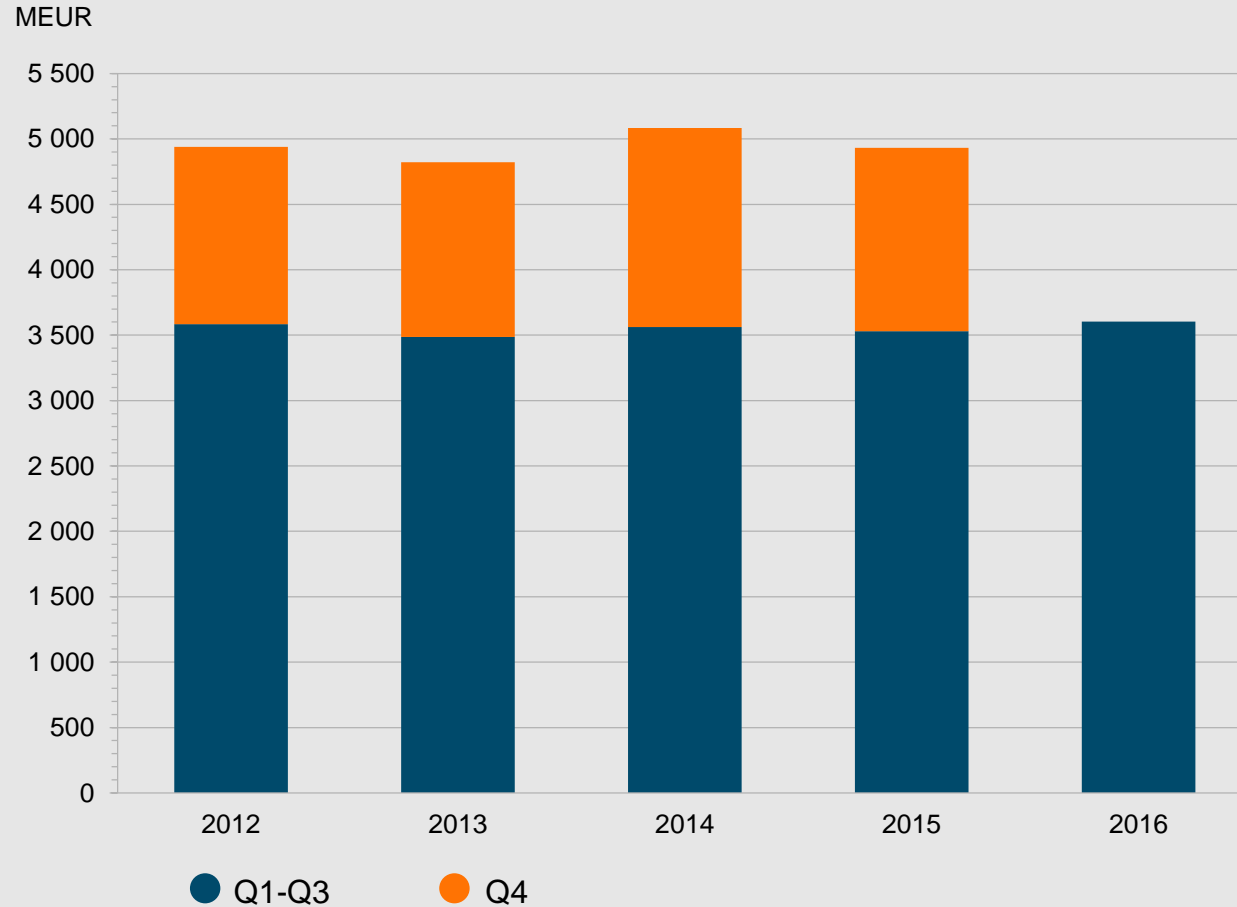
Jaakko Eskola, President & CEO

## Highlights Q3/2016

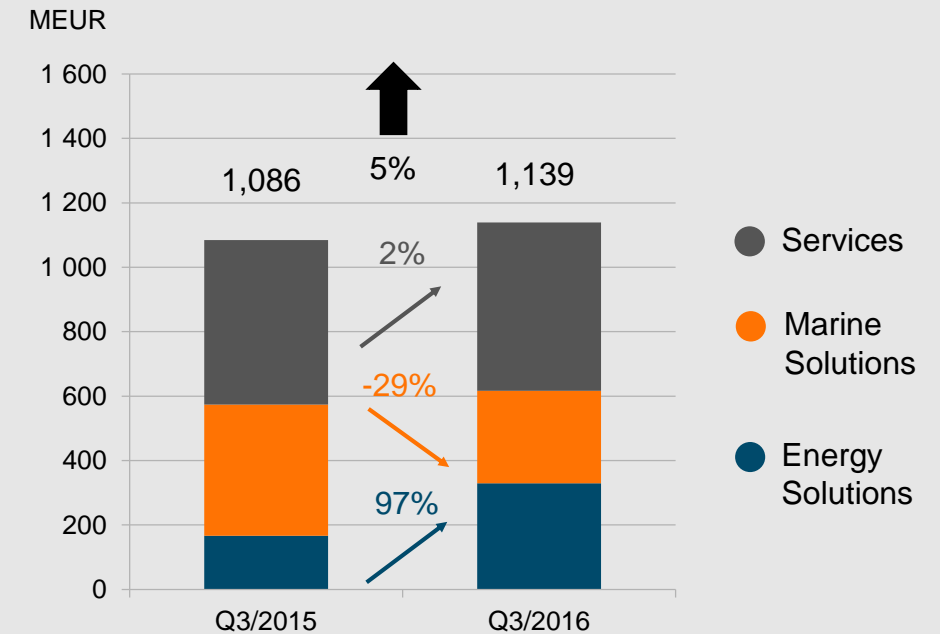
- Order intake EUR 1,139 million, +5%
- Net sales EUR 1,079 million, -12%
- Book-to-bill 1.06 (0.89)
- Comparable operating result EUR 123 million, 11.4% of net sales (EUR 160 million or 13.1%)
- Earnings per share EUR 0.43 (0.49)
- Cash flow from operating activities EUR 189 million (-5)
- Order book at the end of the period EUR 5,024 million, -2%



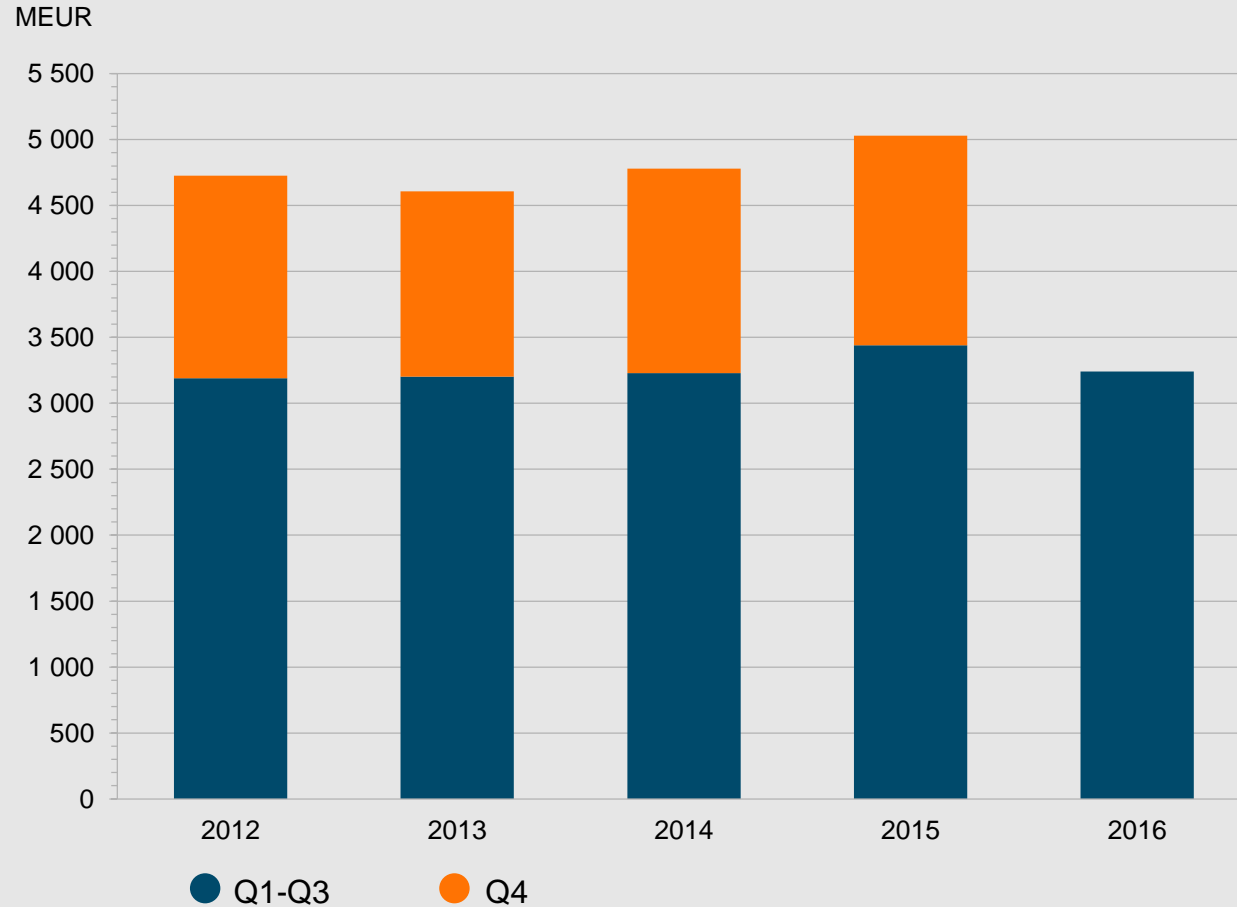
# Positive development in order intake



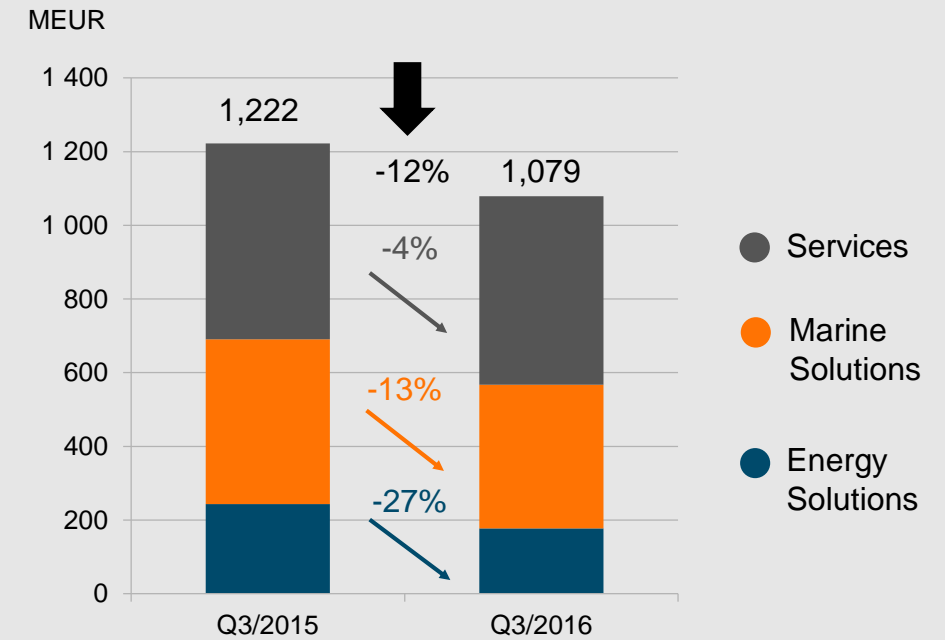
## Third quarter development



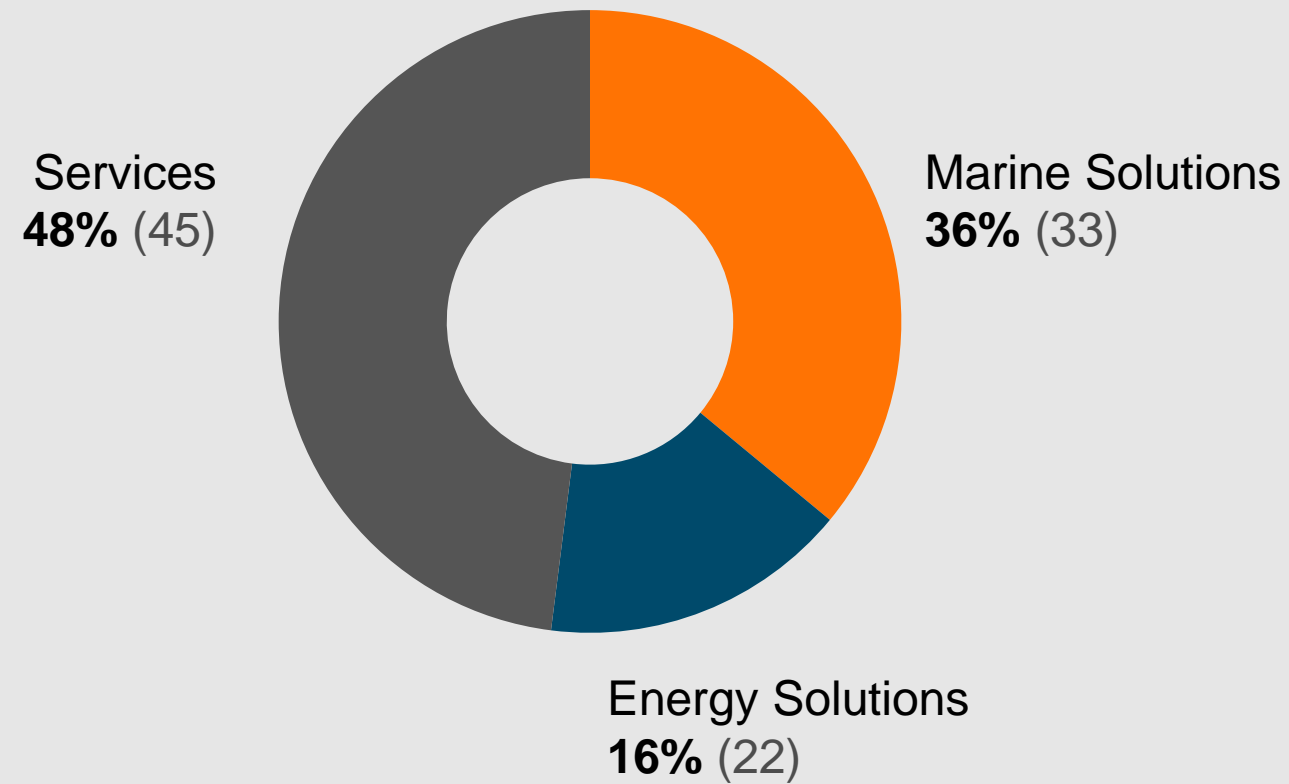
# Net sales affected by delivery schedules



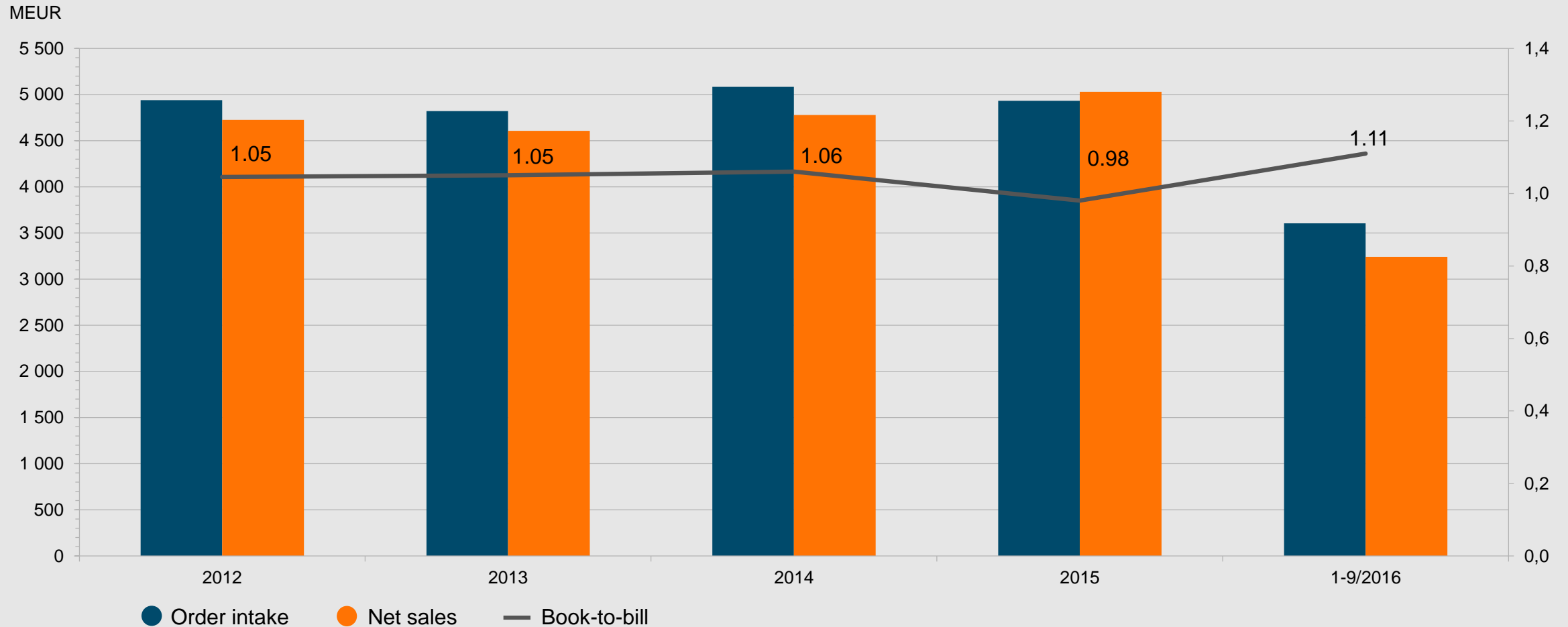
## Third quarter development



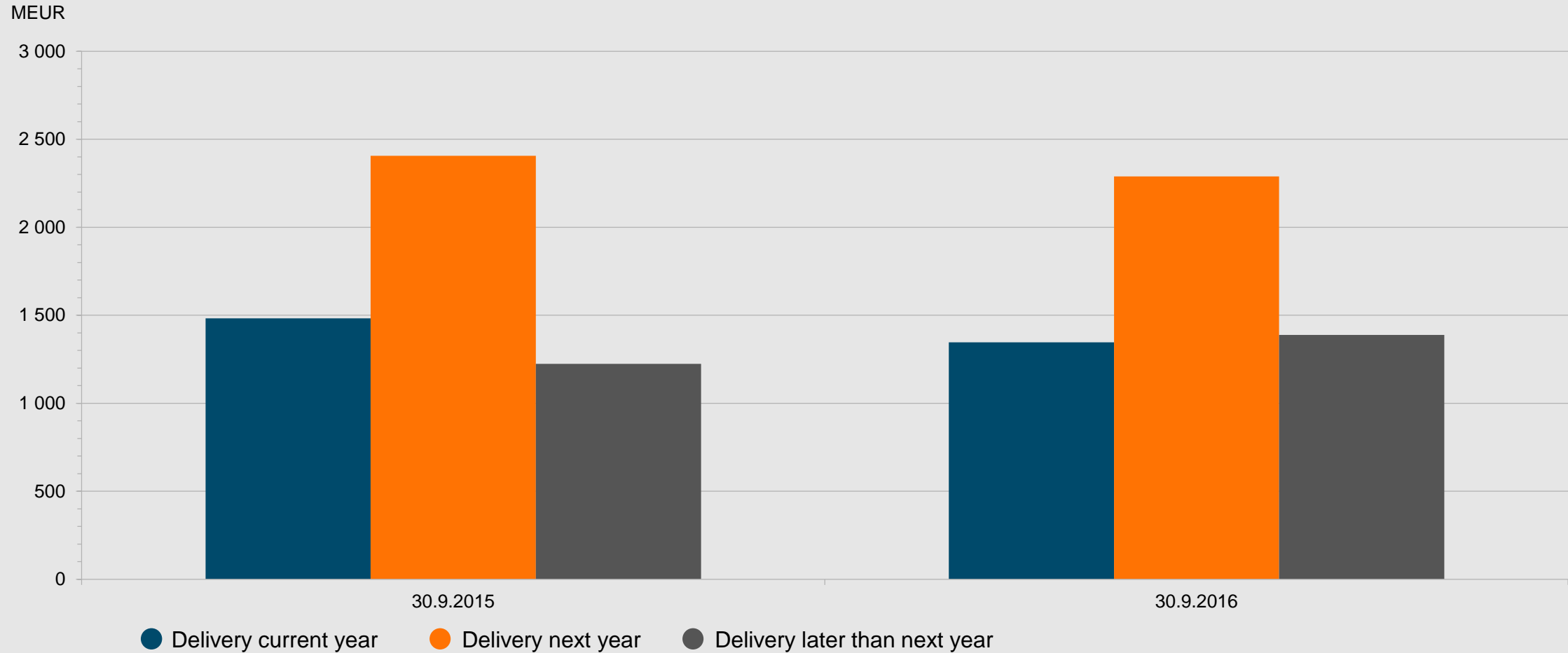
## Net sales by business 1-9/2016



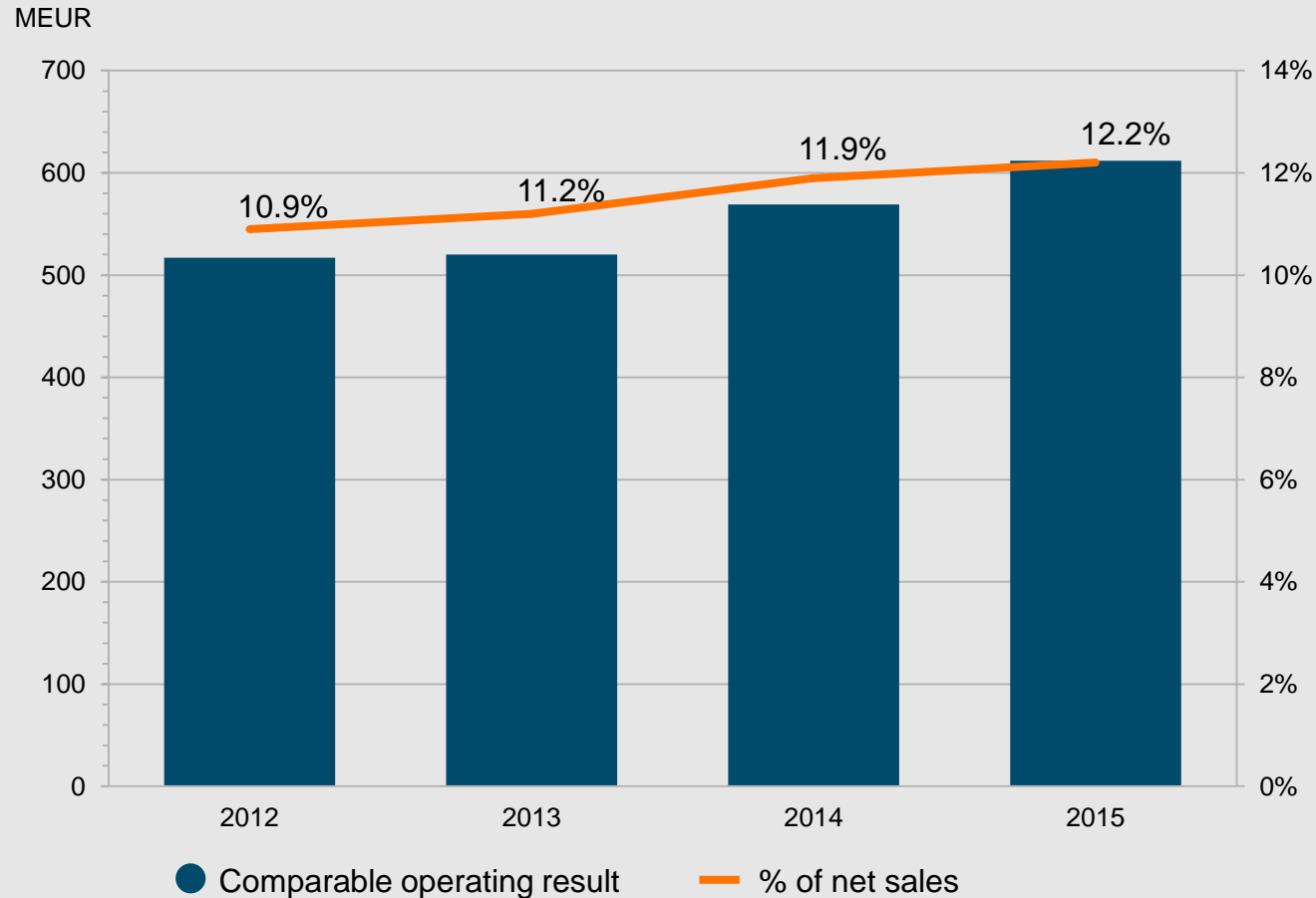
# Book-to-bill ratio



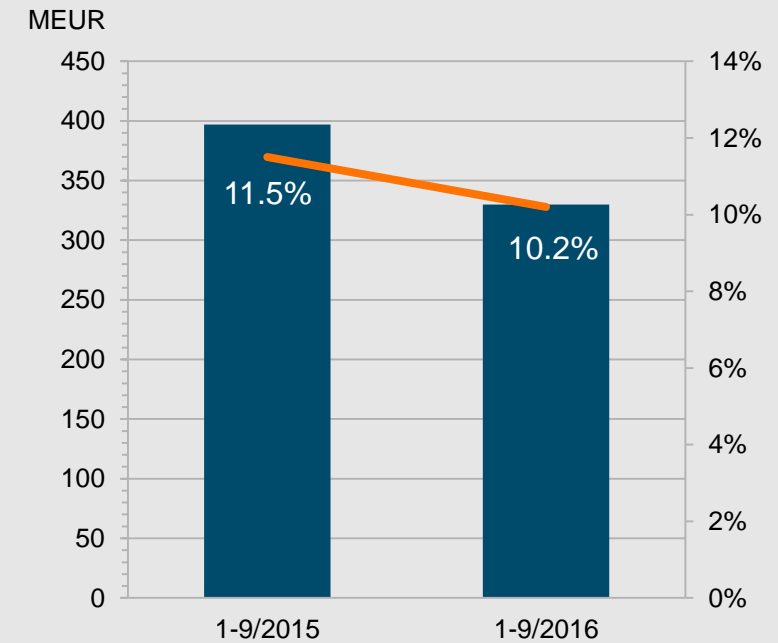
# Order book distribution



# Operating result impacted by lower delivery volumes



## Review period development

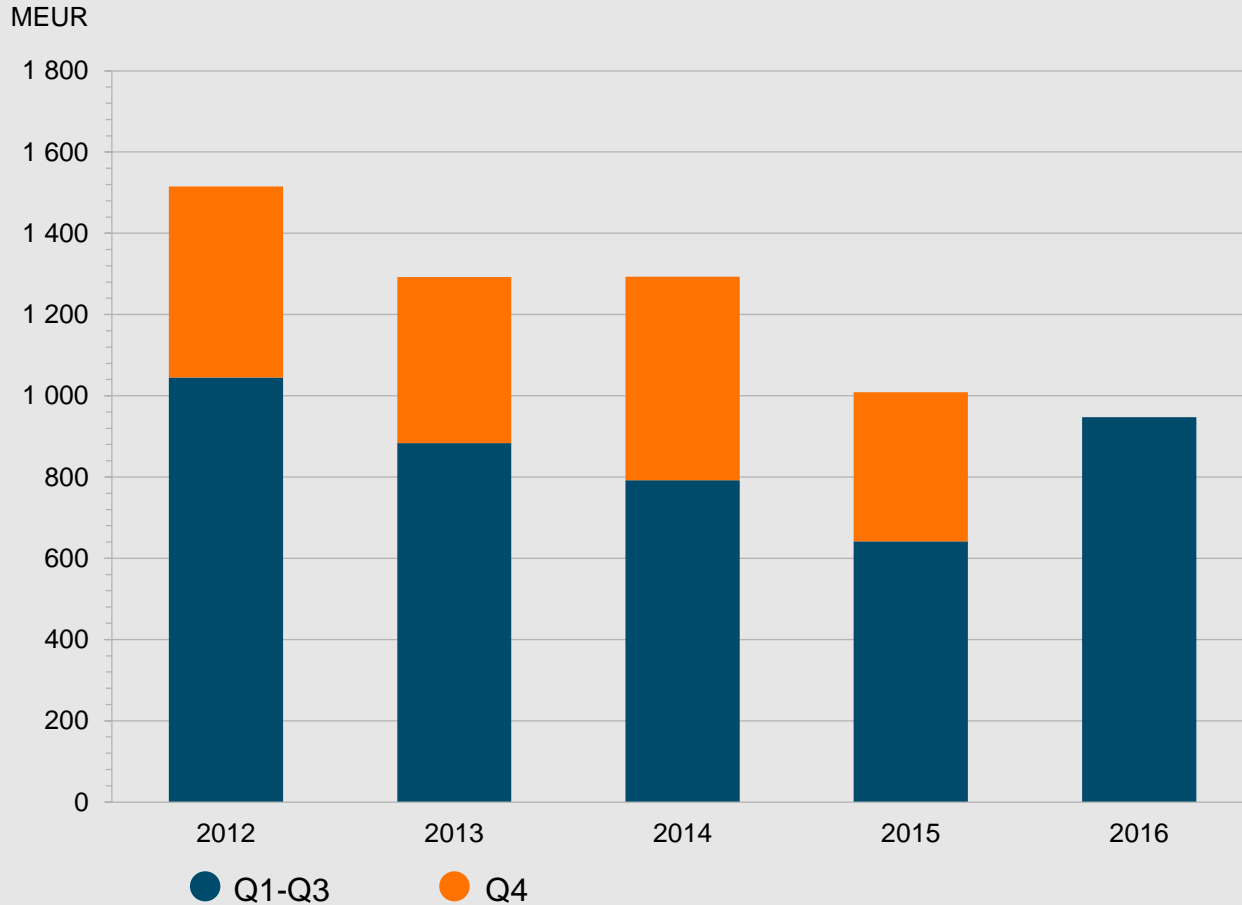


Items affecting comparability include restructuring costs of EUR 29 million (11) for the review period January-September 2016, of which EUR 17 million were non-cash write-downs. Figures for 2012-2013 include both discontinued and continuing operations.



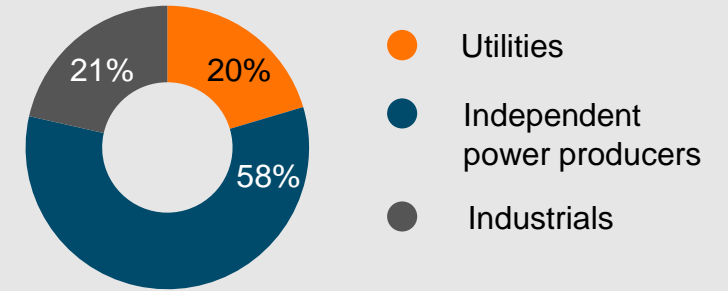


# Strong ordering activity in Energy Solutions



## Review period development

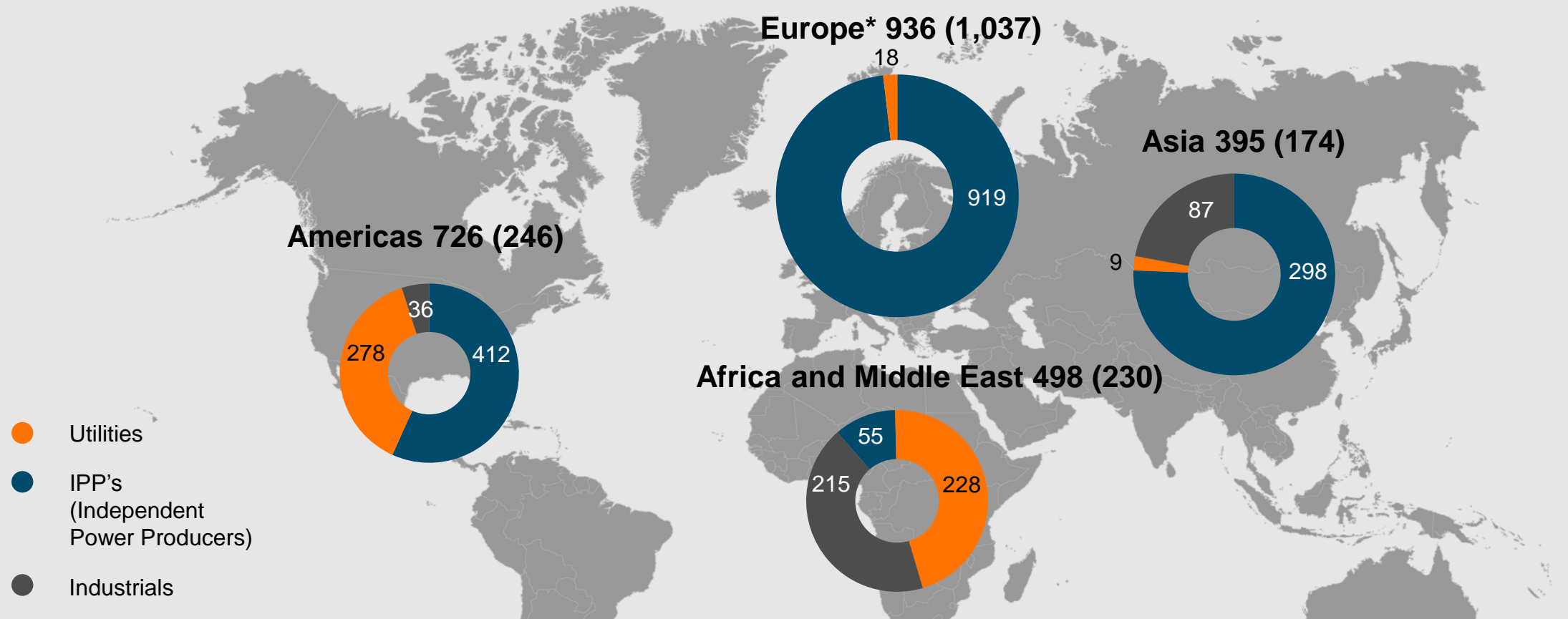
Total EUR 947 million (642)



## Review period order intake by fuel in MW



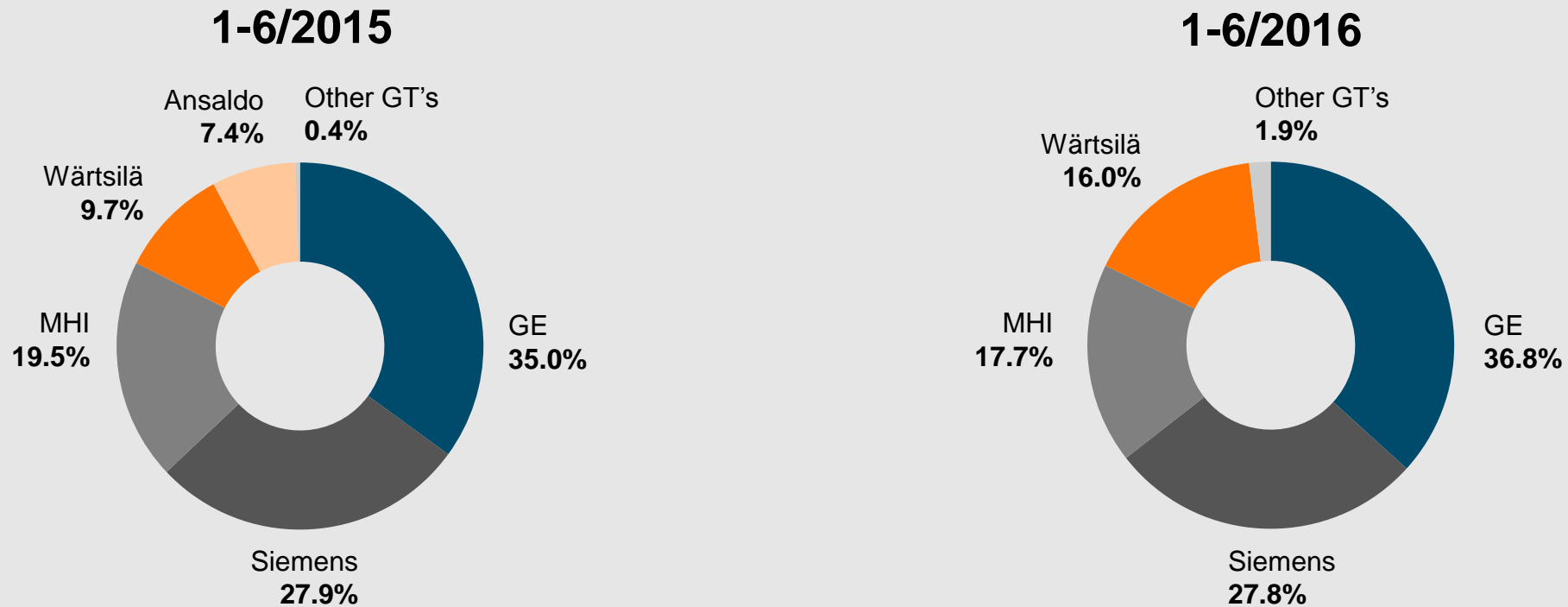
# Order intake globally



**Order intake 1-9/2016: 2,555 MW (1,687)**

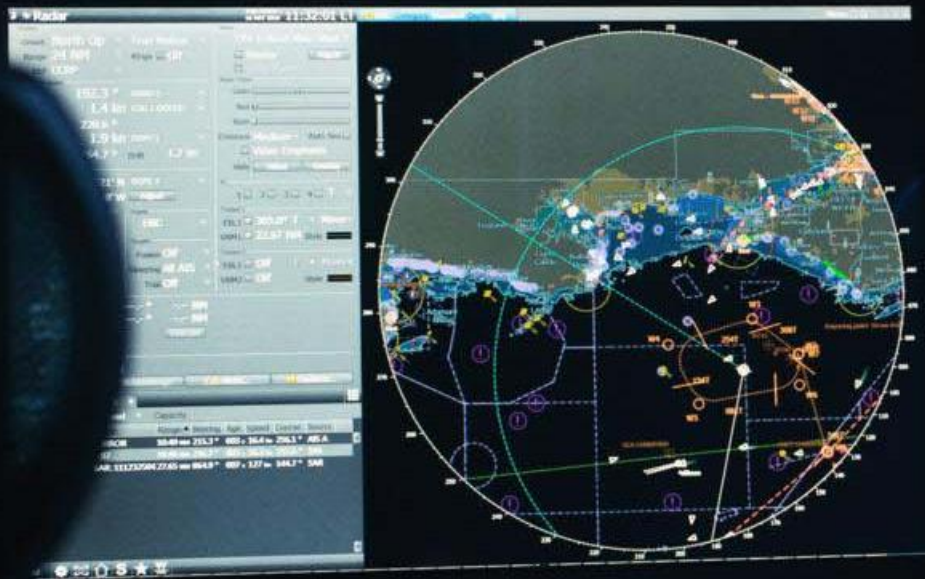
\*Turkish owners contributed to the high level of activity in Europe.

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



**<500 MW market volume: 11.8 GW (12.6), -6%**  
**Total market volume: 37.2 GW (27.9), +32%**

Market data includes all Wärtsilä power plants and other manufacturers' gas and liquid fuelled gas turbine based power plants with prime movers above 5 MW, as well as estimated output of steam turbines for combined cycles. The data is gathered from the McCoy Power Report. Other combustion engines not included. In engine technology Wärtsilä has a leading position.



### NACOS Platinum Tour 2.0 Basic Operation

#### General Settings ...

Click to the **Settings** symbol in the bottom menu line to open the list of General Set...

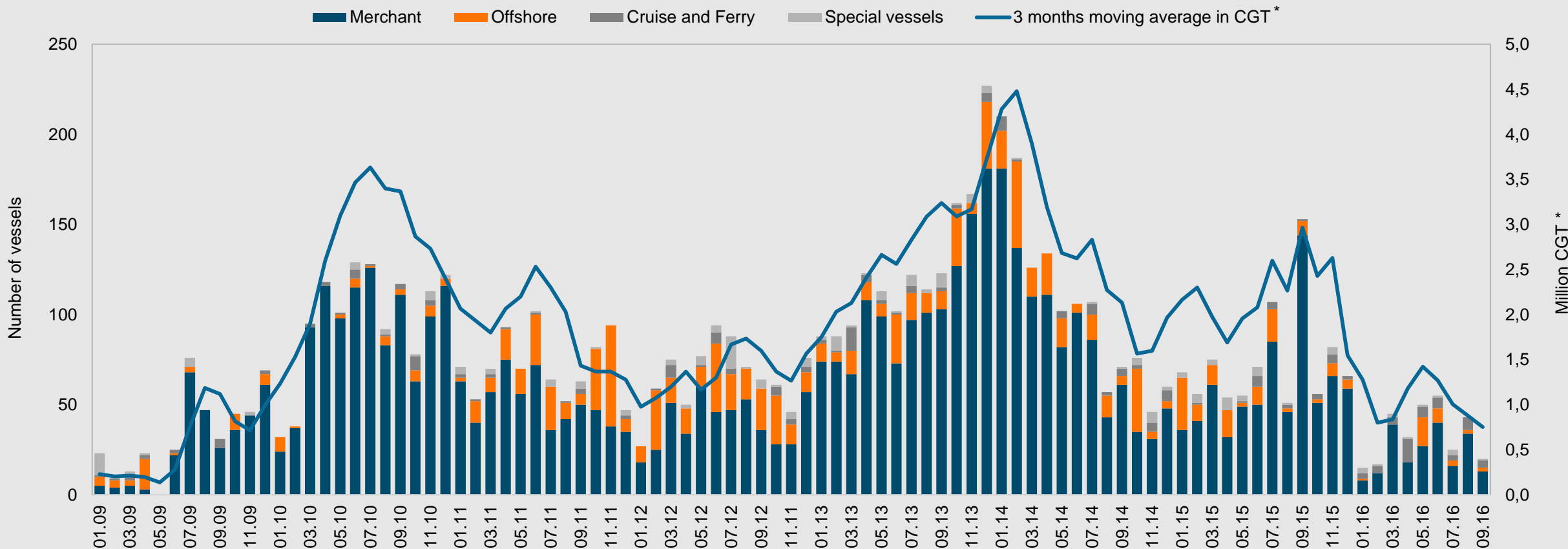


**MENU** [Icons]

Click to one of the...  
i.e. **Target** in the...  
the correspond...

Set i.e. the...  
ATON...

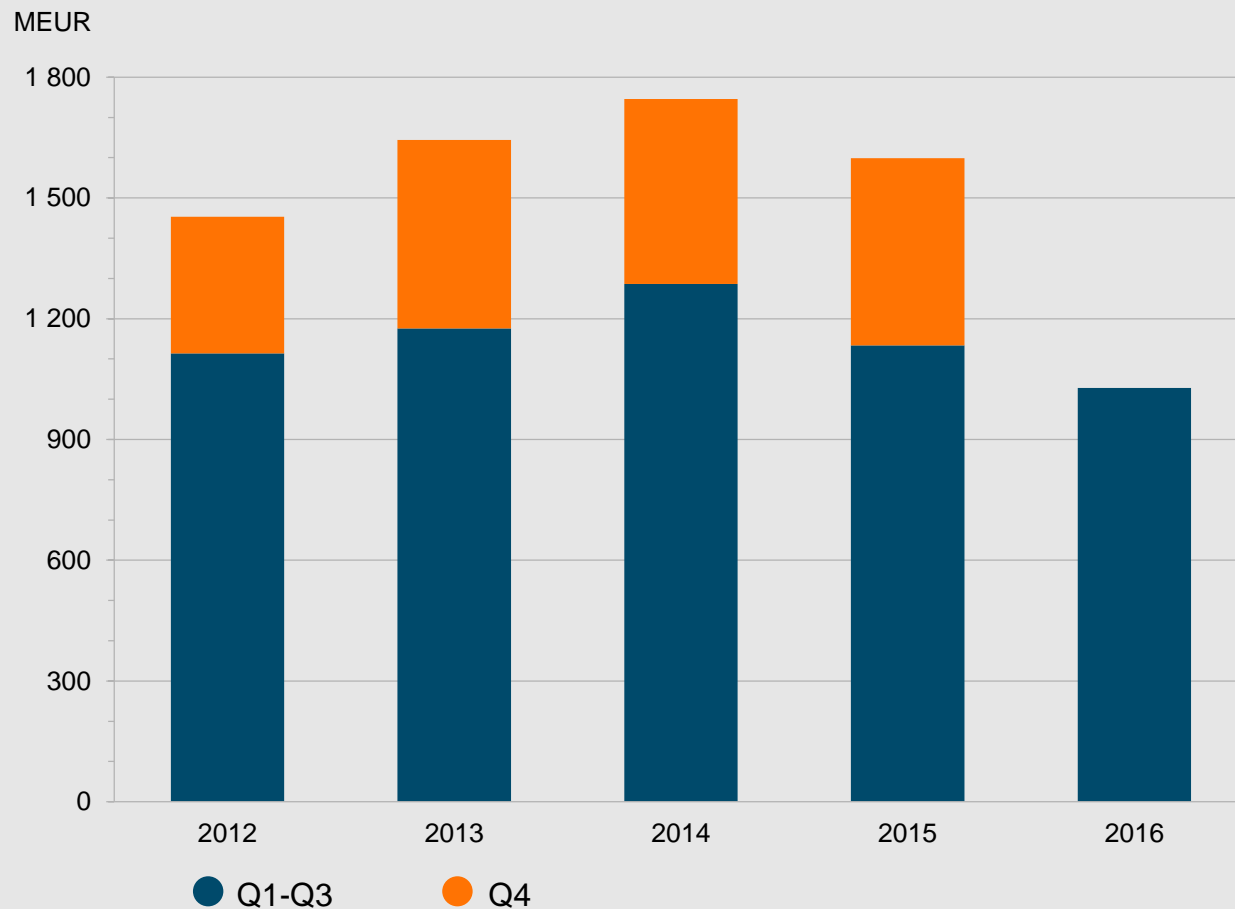
# Contracting volumes reflect weak marine market environment



Source: Clarkson Research Services, figures exclude late contracting

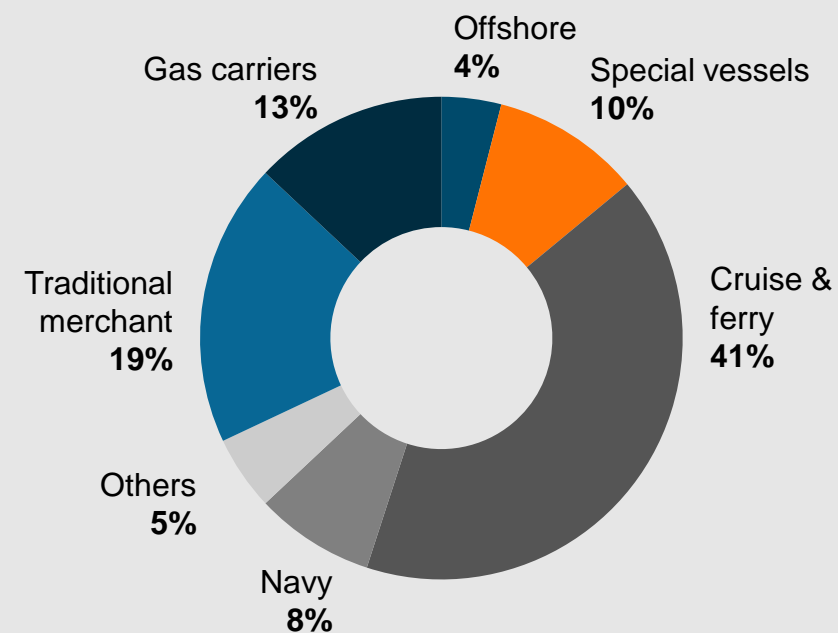
\* CGT= gross tonnage compensated with workload

# Cruise & ferry supported Marine Solutions' order intake



## Review period development

Total EUR 1,028 million (1,134)



# Wärtsilä to supply regasification system for Höegh LNG's FSRU conversion project

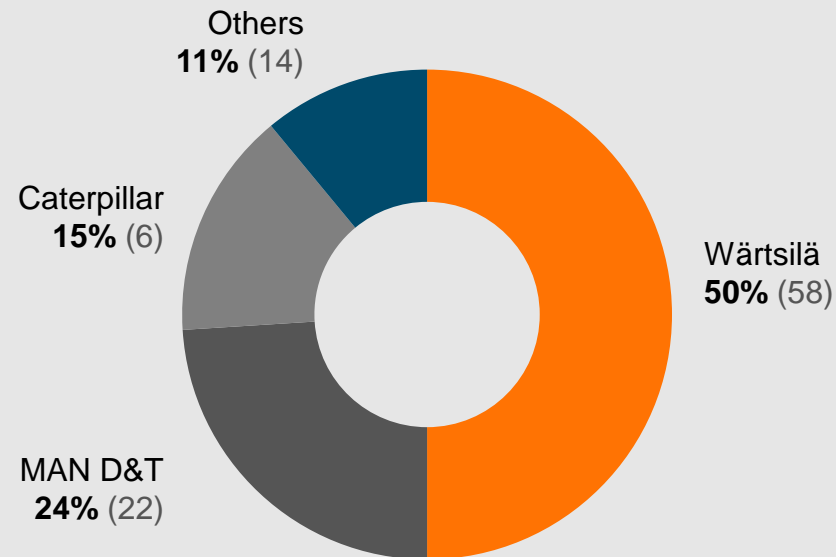
- The conversion is planned to be carried out on a modern LNG vessel
- Conversion enables Höegh LNG to quickly capture new business opportunities
- Wärtsilä's system features regasification technology using water glycol, providing a more compact solution than the traditional propane based system





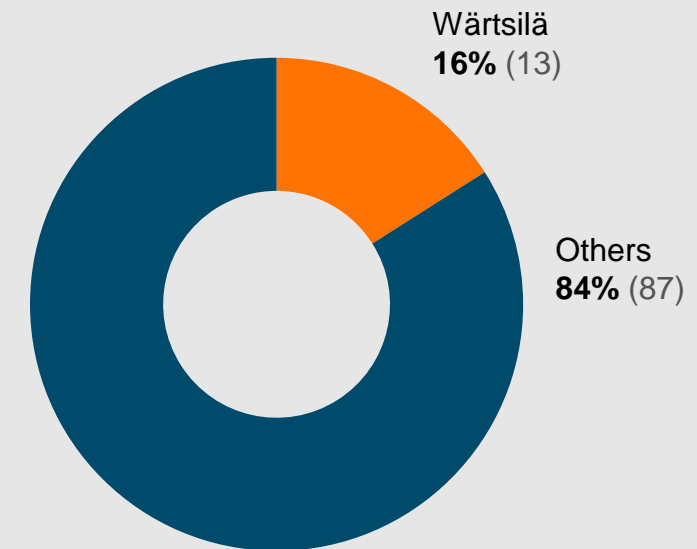
## Strong position in marine engine market

### Medium-speed main engines



Total market volume last 12 months:  
2,358 MW (2,090)

### Auxiliary engines

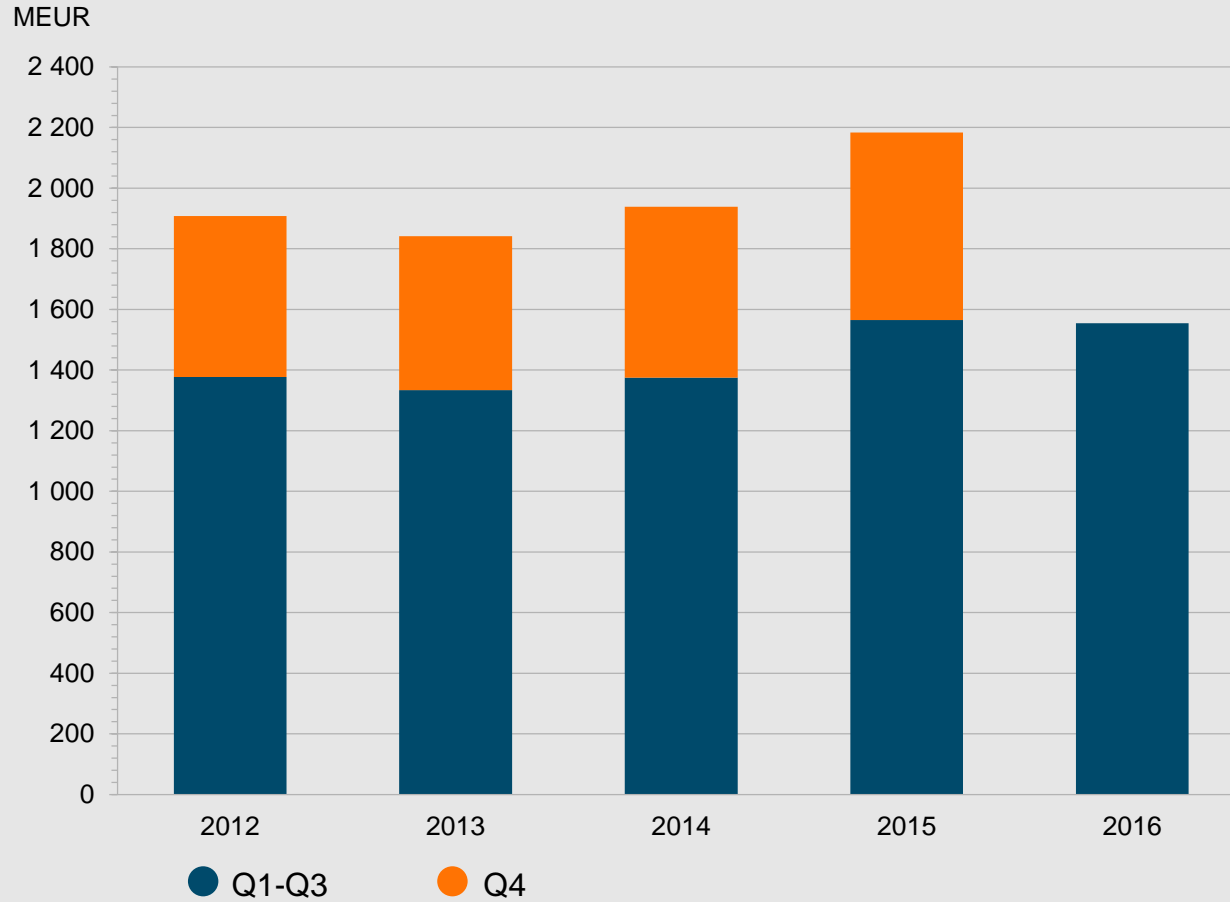


Total market volume last 12 months:  
3,617 MW (4,498)

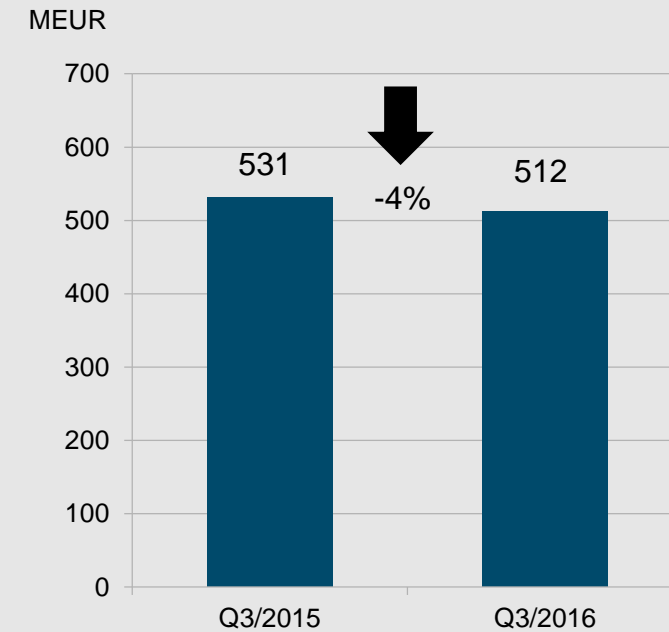
Wärtsilä's market shares are calculated on a 12 months rolling basis, numbers in brackets are from the end of the previous quarter. The calculation is based on Wärtsilä's own data portal.



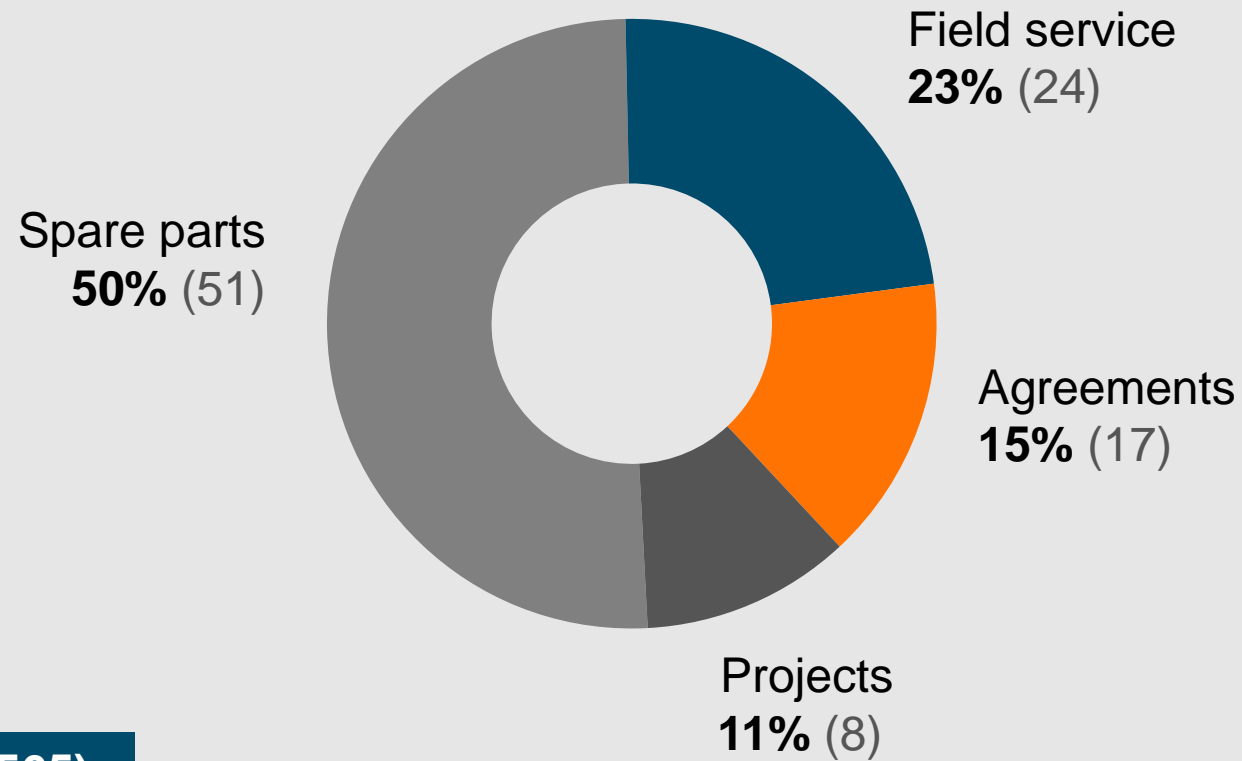
## Services' year-to-date net sales stable



### Third quarter development

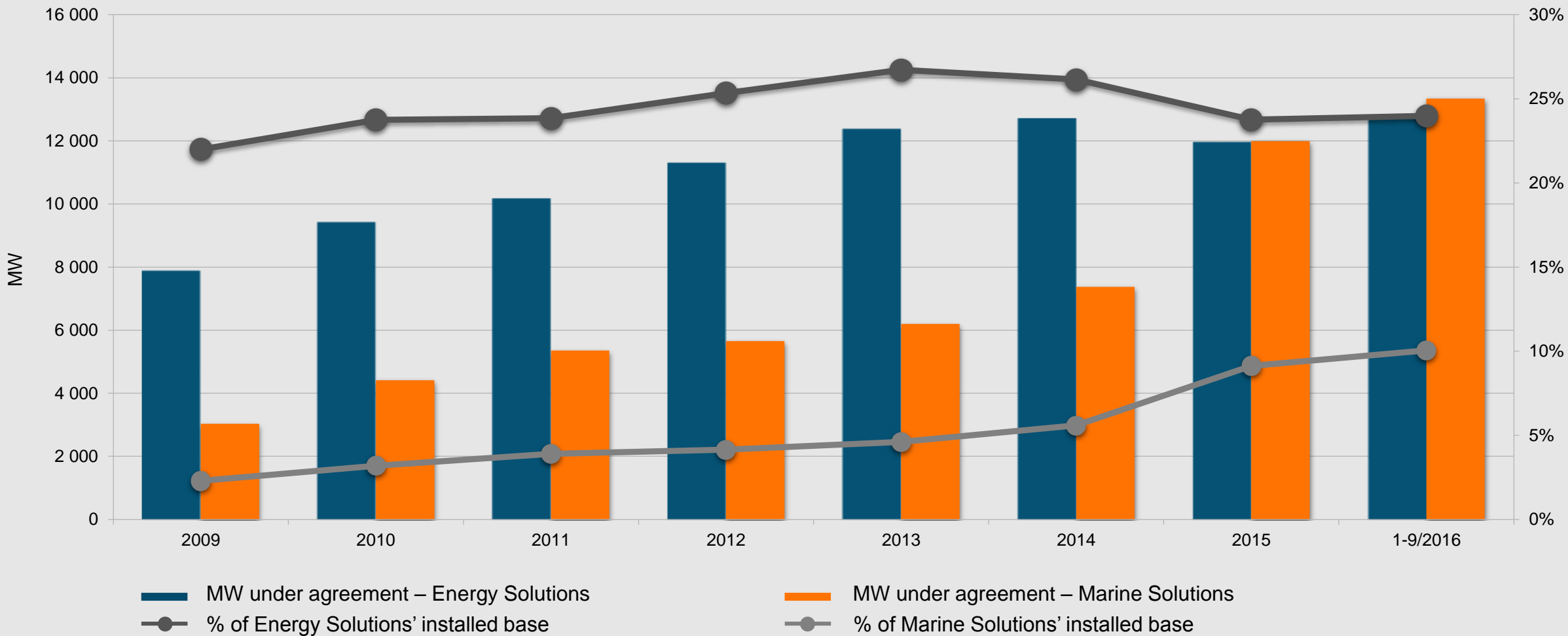


## Net sales distribution 1-9/2016



**Total EUR 1,554 million (1,565)**

# Installed base covered by service agreements



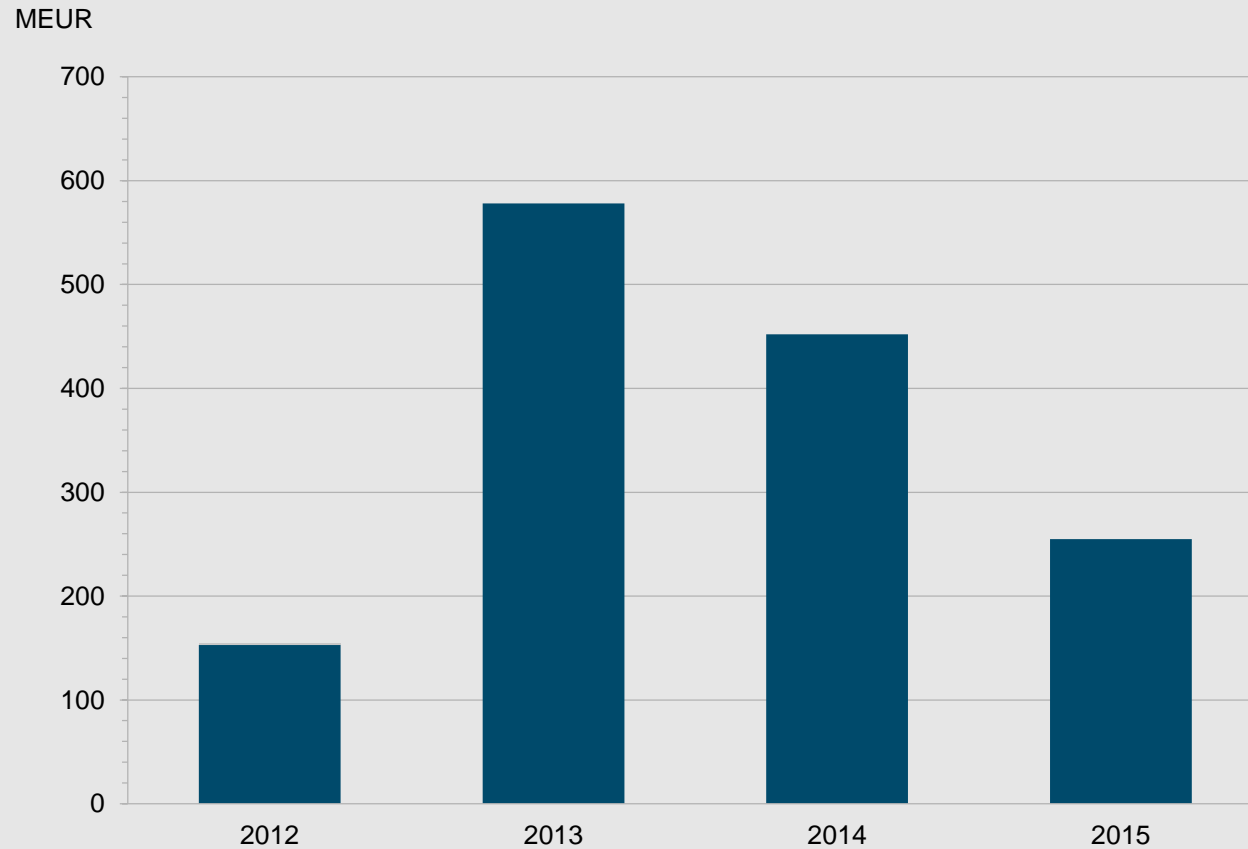
# SkyLight – a next generation fleet performance monitoring service

- SkyLight combines data about the ship's movements with noon report and meteorological data, to model the vessel's speed and fuel performance
- Vessel performance records are stored in the cloud-based software, enabling more prompt reporting, planning and cost optimisation

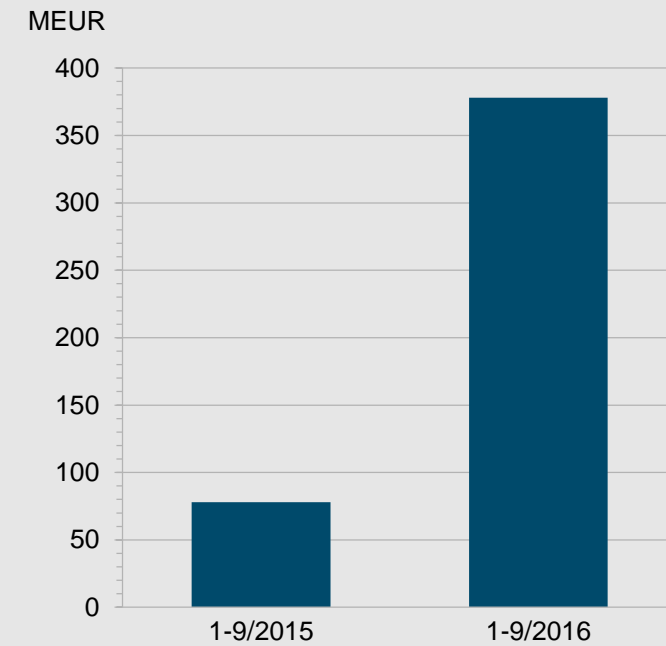




## Cash flow development

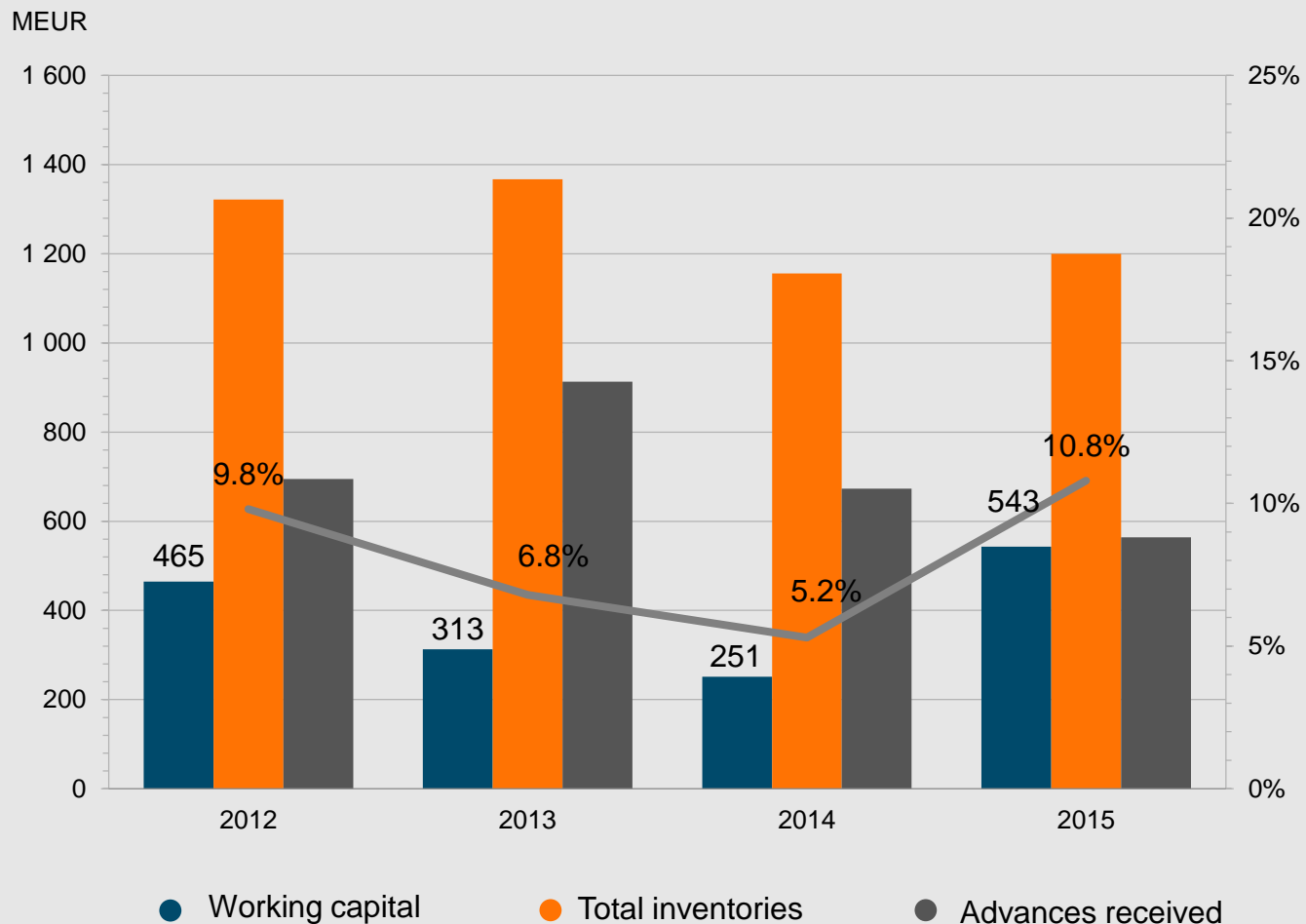


## Review period development

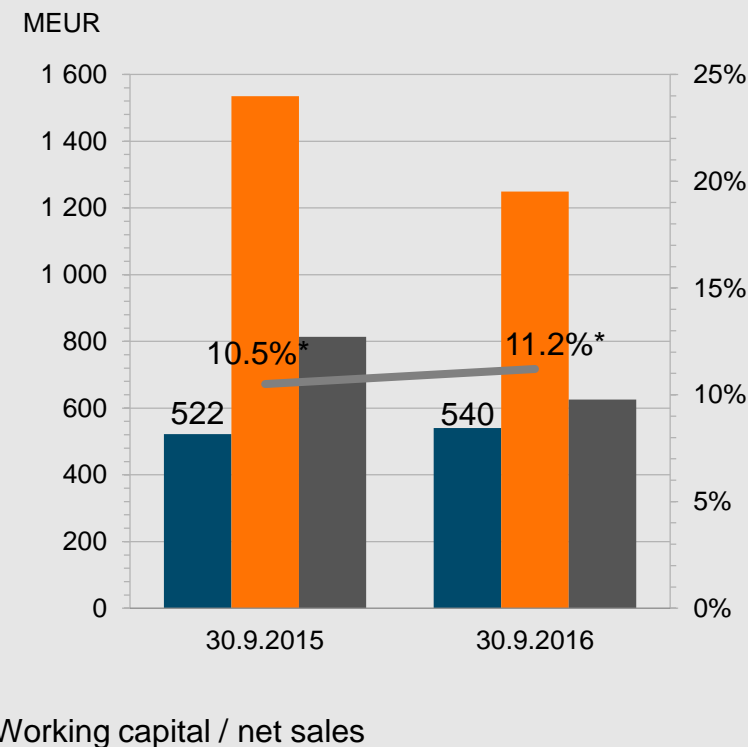




# Working capital development

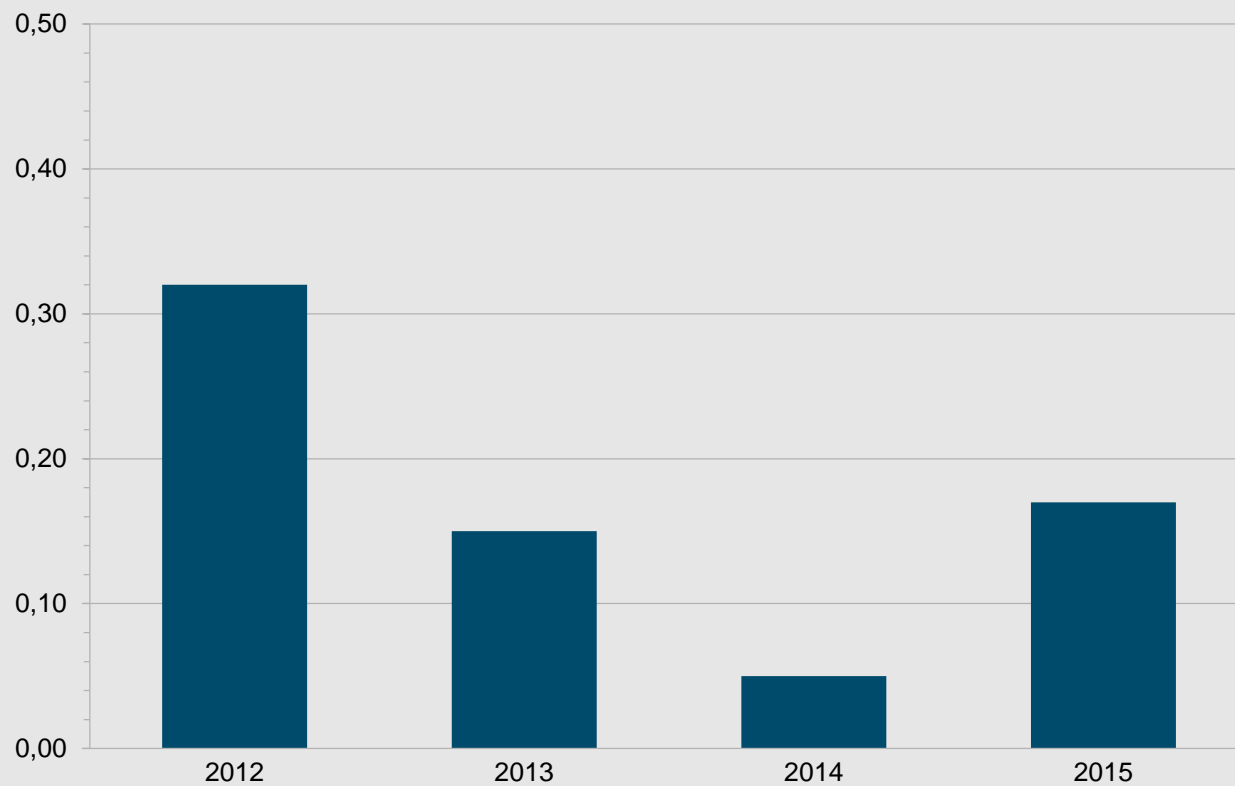


# Review period development

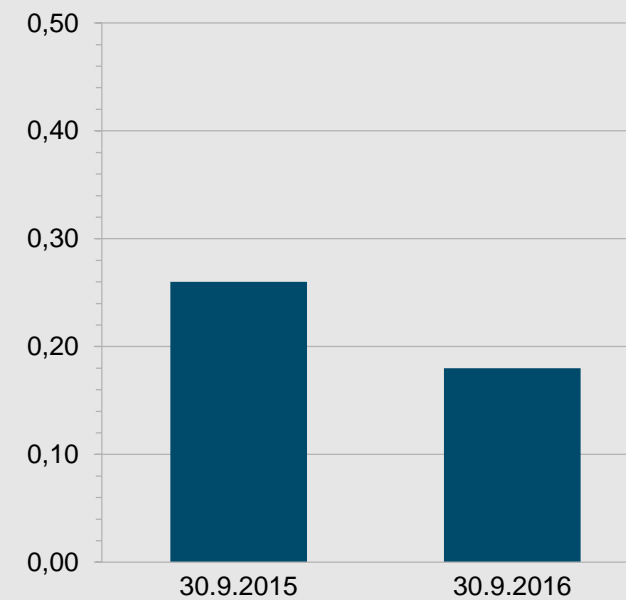


\* Working capital / 12 months rolling net sales

# Gearing



## Review period development



# Market outlook



## Energy Solutions

Growth in electricity demand and the availability of international funding for infrastructure projects will continue to support power plant investments in the emerging markets. In the industrialised countries, the slow economic growth continues to limit demand for new power plants, except in North America. The megatrend towards renewable energy sources is evident.



## Marine Solutions

The outlook for the shipping and shipbuilding markets remains challenging. Overcapacity and weak earnings continue to limit the demand for new vessels in the merchant segment, while low oil prices are impacting investments in offshore exploration and development and gas carrier market remains under pressure. The outlook for the cruise and ferry segment remains positive.



## Services

The service market outlook remains solid with growth opportunities in selected regions and segments. Customers in both the marine and power plant markets continue to show interest in long-term service agreements.

# Prospects for 2016 revised

Wärtsilä expects its net sales to decline by around 5% and its profitability (comparable operating result as a percent of net sales) to be around 12%.

# THANK YOU

Further information:  
Natalia Valtasaari  
Director, Investor & Media Relations  
Tel. +358 (0) 10 709 5637  
E-mail: [natalia.valtasaari@wartsila.com](mailto:natalia.valtasaari@wartsila.com)