

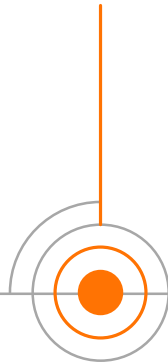
Capital Markets
Day 2019

TRANSFORMING WÄRTSILÄ FOR LONG-TERM SUCCESS

JAAKKO ESKOLA
PRESIDENT AND CEO

TOPICS FOR TODAY

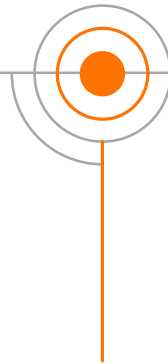
Wärtsilä's
strengths



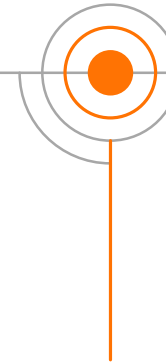
Building
long-term value



Addressing near-term
challenges



Committed to our
financial targets



STRENGTHS TO BUILD ON

Ideally positioned for market transition

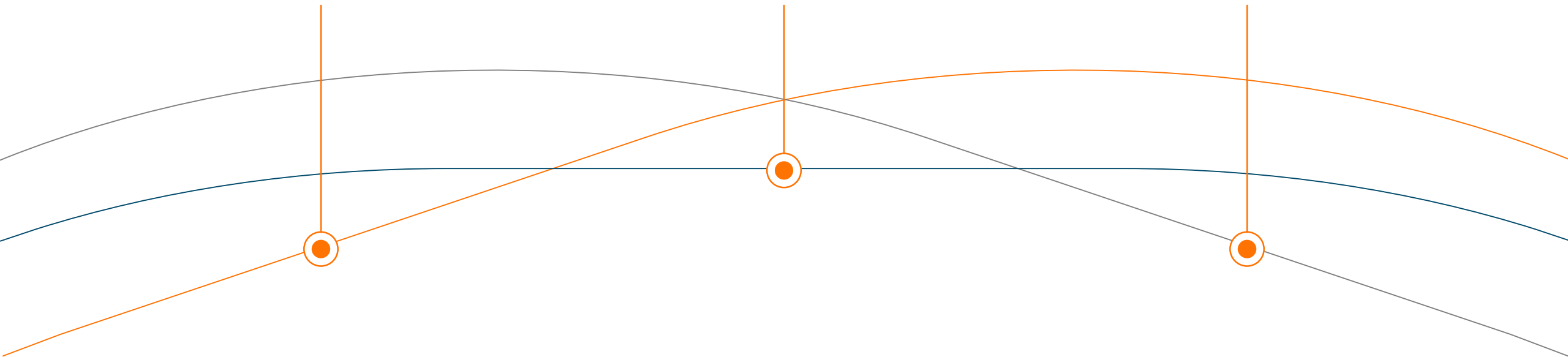
Clean energy and marine
market decarbonisation

Unrivalled services business

Extensive network
and broad capabilities

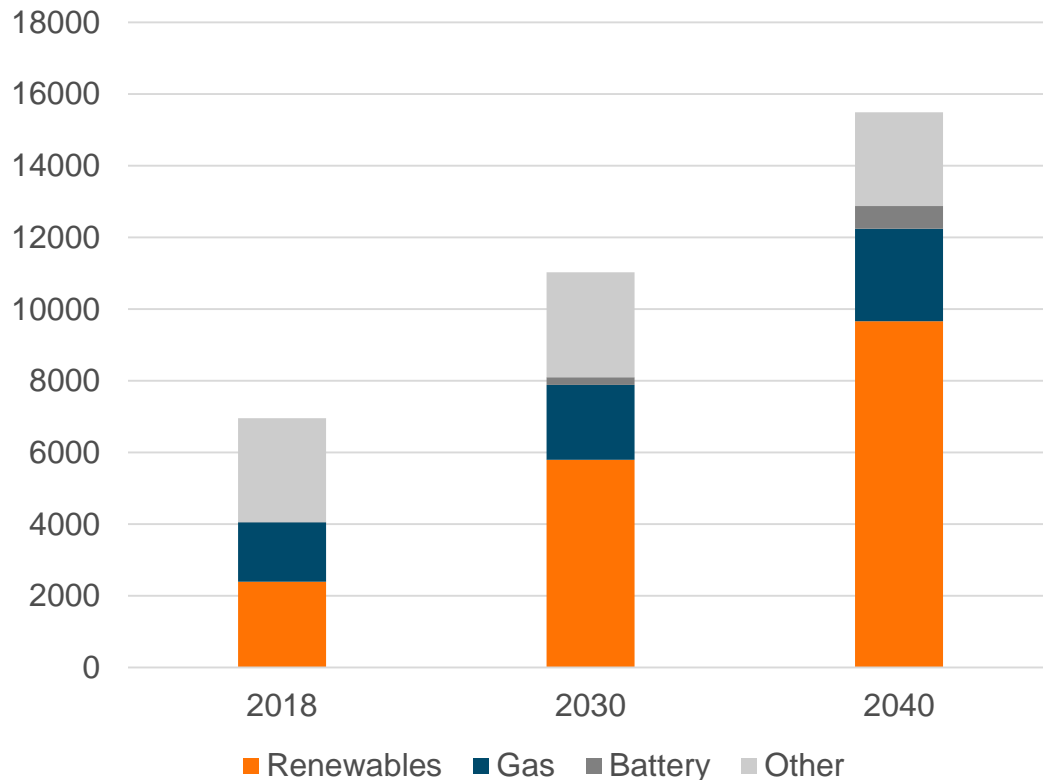
Leading solutions & technologies

Engines, gas solutions,
navigation, energy optimisation,...



OPPORTUNITIES FROM RENEWABLES GROWTH

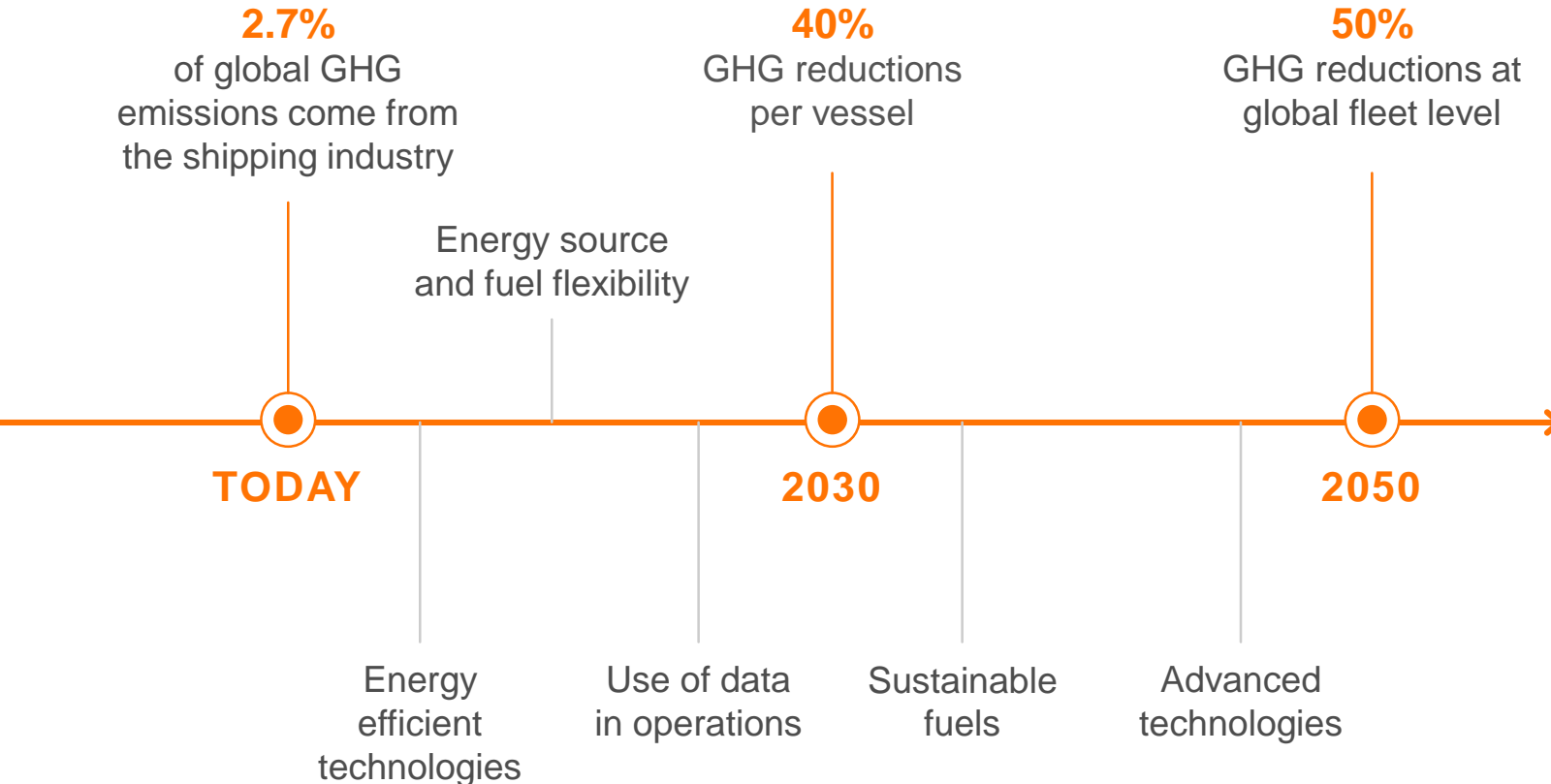
Cumulative installed capacity 2018–40 (GW)



Wärtsilä's future proof technologies and solutions secure leadership in the energy transition

- Peaker gas solutions that provide optimal economics with renewables
- Energy storage and optimisation solutions
- Fuel flexible solutions that support the transition to alternative fuels
- Lifecycle solutions to optimise asset performance

OPPORTUNITIES FROM REDUCING CARBON INTENSITY



Wärtsilä is leading the way towards a more sustainable maritime future

- Marine power and propulsion portfolio with benchmark efficiency
- Software solutions for voyage optimisation
- Fuel flexible solutions that support the transition to LNG and sustainable fuels
- Lifecycle solutions to optimise asset performance

MANY POSITIVE DEVELOPMENTS THIS YEAR

**RETURN TO
GROWTH
IN SERVICES**

**ACCELERATING
GROWTH
IN SMART
TECHNOLOGIES**

**SUCCESSFUL
RAMP-UP OF
SCRUBBER
DELIVERIES**

**CONTINUED
LAUNCHES OF
INNOVATIVE
TECHNOLOGIES**



HOWEVER, PERFORMANCE RECENTLY CHALLENGED



Increased competition



Increased market uncertainty

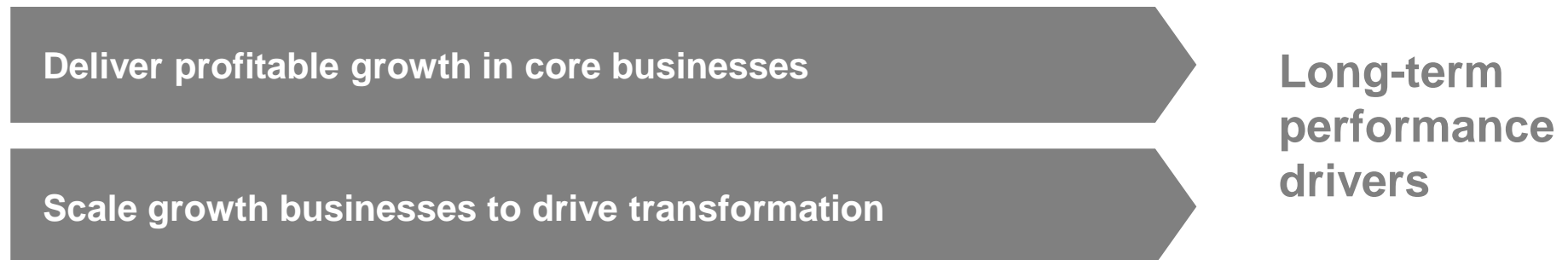


Issues with large project execution



As a result, financial performance below our targets

WE HAVE FOCUSED OUR EFFORTS TO RESTORE PERFORMANCE



CORE AND GROWTH BUSINESSES DEFINED

CORE BUSINESSES TO DELIVER PROFITABLE GROWTH

GROWTH BUSINESSES TO DRIVE TRANSFORMATION

Marine power
solutions

Gas
solutions

Energy

Voyage solutions

Lifecycle solutions

Energy storage
& optimisation

NON-CORE BUSINESSES

Businesses that lack a clear synergistic link to the core businesses

Businesses that are not critical to Wärtsilä's transformation



WÄRTSILÄ

PORTFOLIO SIMPLIFICATION STRENGTHENS THE CORE AND UNLOCKS THE VALUE OF NON-CORE BUSINESSES

Businesses identified as non-core to be moved to Portfolio businesses BU

- Entertainment systems
- Hydroacoustic systems
- Power converter products and UPS systems
- Tank control systems
- Hydropower solutions and turbine services

Portfolio businesses BU

Financial profile

- Approx. EUR 200 million sales, 1% EBIT

Agenda

- Realisation of full potential through increased autonomy
- Long-term sustainability of businesses through dedicated incentive structure

Objectives

- Simpler, more focused core portfolio
- Accelerated performance improvement of non-core assets
- Value unlock through divestments

ACCELERATING SERVICES GROWTH

TURNING VOLUME INTO VALUE

WÄRTSILÄ RECEIVES
A SPARE PARTS
QUOTATION EVERY
4 MINUTES

WE ARE STEERING
THE SPARE PARTS
BUSINESS CLOSE
TO REAL-TIME...

...AND STRENGTHENING
OUR FOCUS ON CUSTOMERS
WITH SMALLER
TRANSACTION AMOUNTS

**PROOF OF CONCEPT WITH A GROUP OF CUSTOMERS
(THE FIRST 10 MONTHS OF THE YEAR, YEAR-ON-YEAR)**

1,400

Number of customers involved

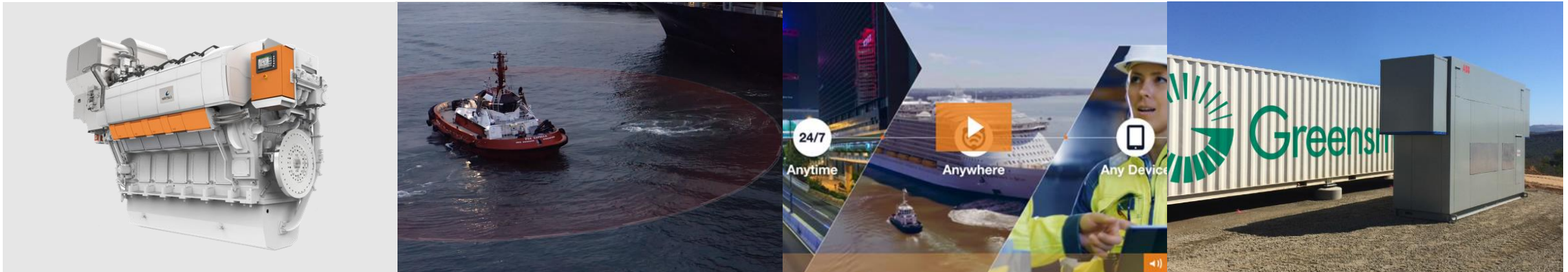
110.9m

Value of transactional spare parts orders for customers involved

+21.0%

Sales increase recognised

CAPTURE GROWTH OPPORTUNITIES THROUGH LEADING TECHNOLOGIES & INNOVATION



Develop fuel flexibility and energy efficiency

Co-create leading-edge solutions

Enable real-time performance optimisation

Grow the as-a-service business

COMMITTED TO OUR LONG-TERM TARGETS



GROW FASTER THAN GLOBAL GDP

Focus on strengthening our position in strategic markets and growing the lifecycle business



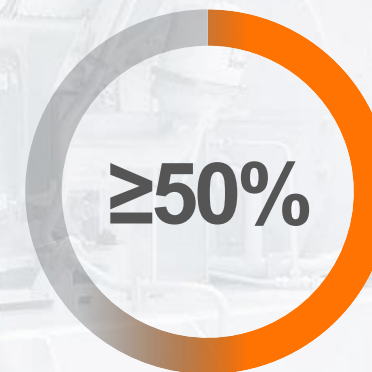
10-14% PROFITABILITY

Target continuous improvement, performance impacted by cycle and mix



MAINTAIN GEARING BELOW 50%

Unleveraged balance sheet supports growth through acquisitions



DELIVER DIVIDEND OF $\geq 50\%$ OF EPS OVER THE CYCLE

Committed to providing shareholder returns



WÄRTSILÄ

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