



Wärtsilä Corporation
Interim Report

January – March 2019

Growth in net sales, good development in profitability

Highlights of the review period January-March 2019

- Order intake decreased 6% to EUR 1,416 million (1,507)
- Order book at the end of the period increased 15% to EUR 6,330 million (5,490)
- Net sales increased 8% to EUR 1,151 million (1,066)
- Book-to-bill 1.23 (1.41)
- Comparable operating result increased to EUR 102 million (88), which represents 8.9% of net sales (8.3)
- Earnings per share were stable at 0.10 euro (0.10)
- Cash flow from operating activities increased to EUR 35 million (-42)

Wärtsilä's prospects

The demand for Wärtsilä's services and solutions in the coming twelve months is expected to be in line with the comparative period of the previous year. Demand by business area is anticipated to be as follows:

- Solid in Wärtsilä Marine Business. Wärtsilä's demand outlook for both services and equipment is supported by an extensive product mix and broad segment coverage, which limits the impact of a slower than anticipated marine market recovery.
- Solid in Wärtsilä Energy Business. The global shift towards renewable energy sources and increasing electricity demand in the emerging markets support the need for distributed and flexible power capacity. However, geopolitical risks and global uncertainty continue to affect customers' appetite for investments. The services demand outlook is supported by growth opportunities in selected regions and segments and by good order book development.

Wärtsilä's current order book for 2019 deliveries is EUR 3,287 million (2,951). Deliveries are expected to be concentrated towards the latter part of the year.

Jaakko Eskola, President & CEO

"The beginning of 2019 was marked by growth in net sales, thanks to higher services volumes in both business areas and an increase in marine equipment deliveries. Profitability improved as a result of a more favourable sales mix within our services activities. Looking ahead, we expect net sales and profitability development to be weighted towards the end of the year, due to delivery phasing and the anticipated realisation of savings related to the realignment program announced in January.

In the marine industry, the pace of market recovery remains slow. Nevertheless, orders received by Wärtsilä Marine Business increased, primarily because of improved demand in the gas carrier segment where we received several orders for gas handling systems and related technology. Despite this positive development, reduced activity in the energy markets resulted in a decline in Group order intake. Geopolitical risks and global uncertainty continue to affect our energy customers' appetite for investments. Furthermore, utilities in the developed world are updating their investment plans as they strive to achieve ambitious targets for increasing renewable penetration. While this is causing temporary delays in decision-making, we remain well positioned to benefit from the shift to low-carbon energy sources.

Our new organisational structure formed around two lifecycle businesses became operational at the beginning of the year. I am pleased to note that we have already started to see the initial benefits of this reorganisation in the form of improved cooperation internally with regards to developing and executing our full lifecycle offering. This further strengthens my conviction that the change will not only strengthen our partnerships with customers, but also support the progression towards our long-term target of profitable growth."

Key figures

MEUR	1-3/2019	Restated 1-3/2018	Change	Restated 2018
Order intake	1 416	1 507	-6%	6 307
of which services	653	665	-2%	2 598
Order book, end of period	6 330	5 490	15%	6 166
Net sales	1 151	1 066	8%	5 174
of which services	573	535	7%	2 419
Book-to-bill	1.23	1.41		1.22
Operating result ¹	91	85	8%	543
% of net sales	7.9	8.0		10.5
Comparable operating result	102	88	16%	577
% of net sales	8.9	8.3		11.2
Comparable adjusted EBITA	113	98	15%	621
% of net sales	9.8	9.2		12.0
Profit before taxes	78	76	3%	502
Earnings/share, EUR	0.10	0.10		0.65
Cash flow from operating activities	35	-42		470
Net interest-bearing debt, end of period ²	658	438		333
Gross capital expenditure	23	37		306
Gearing	0.29	0.21		0.14
Solvency, %	39.6	42.9		44.4
Personnel, end of period	19 225	18 182	6%	19 294

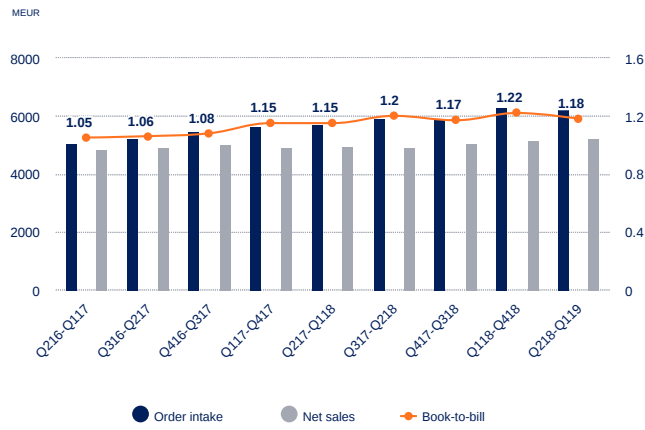
¹Items affecting comparability in the first quarter of 2019 included costs related to restructuring programmes of EUR 11 million (3).

²The increase in net interest-bearing debt is largely related to the inclusion of lease liabilities on the balance sheet, as a result of the new IFRS 16 standard.

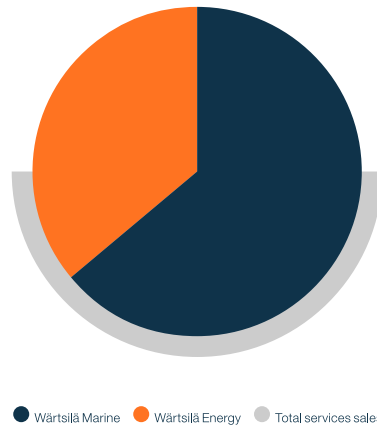
As of the first quarter of 2019, Wärtsilä's financial reporting has been amended to reflect its new organisational structure. The two business areas, Wärtsilä Marine Business and Wärtsilä Energy Business, constitute the reportable segments. Financial reporting for 2018 has been adjusted to reflect this change. Wärtsilä will additionally report the services related order intake and net sales for the two segments. In Wärtsilä Marine Business, order intake and net sales for retrofit scrubber projects have been transferred from services to new equipment. The comparison figures have been adjusted accordingly.

Wärtsilä presents certain alternative performance measures in accordance with the guidance issued by the European Securities and Markets Authority (ESMA). The definition of these alternative performance measures is presented in the calculations of financial ratios.

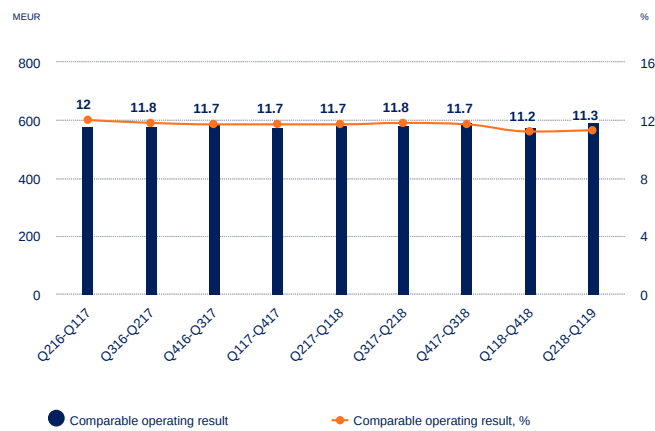
Book-to-bill, 12 months rolling



Review period net sales by business area



Operating result, 12 months rolling



Group financial and strategic development

Operating environment, order intake, and order book

The demand for Wärtsilä's services and solutions in the first quarter of 2019 was below that of the corresponding period last year. While the vessel contracting mix remained supportive of demand development in the marine markets, delayed investment decisions continued to burden activity in the energy markets.

Wärtsilä's **order intake** for the review period January-March 2019 totalled EUR 1,416 million (1,507), a decrease of 6% over the corresponding period last year. The book-to-bill ratio was 1.23 (1.41). Wärtsilä Marine accounted for 65% of the order intake and Wärtsilä Energy for 35%. The services related order intake decreased by 2% to EUR 653 million (665).

The total **order book** at the end of the review period increased by 15% to EUR 6,330 million (5,490). Wärtsilä Marine accounted for 61% of the order book and Wärtsilä Energy for 39%.

Order intake and order book by reporting segment

MEUR	1-3/2019	Restated 1-3/2018	Change	Restated 2018
Order intake	1 416	1 507	-6%	6 307
Marine	922	877	5%	3 945
Energy	494	630	-22%	2 362
Order book, end of period	6 330	5 490	15%	6 166
Marine	3 861	2 818	37%	3 651
Energy	2 469	2 672	-8%	2 515

Net sales and operating result

Wärtsilä's **net sales** for the review period January-March 2019 increased by 8% to EUR 1,151 million (1,066) compared to the corresponding period last year. Wärtsilä Marine accounted for 64% of net sales and Wärtsilä Energy for 36%. Services related net sales increased by 7% to EUR 573 million (535). Adjusting for the effects of currency translation, Services related net sales increased by 5%. Of Wärtsilä's net sales, approximately 65% was EUR denominated, 18% USD denominated, with the remainder being split between several currencies.

The **operating result** amounted to EUR 91 million (85), which represents 7.9% of net sales (8.0). The comparable operating result was EUR 102 million (88), or 8.9% of net sales (8.3). The improvement in profitability was primarily a result of a more favourable mix within services activities. Items affecting comparability included costs related to restructuring programmes of EUR 11 million (3). The comparable operating result for Wärtsilä Marine amounted to EUR 61 million (57) or 8.3% of net sales (9.3), while the comparable operating result for Wärtsilä Energy amounted to EUR 42 million (31) or 10.0% of net sales (6.8). The comparable adjusted EBITA was EUR 113 million (98), or 9.8% of net sales (9.2). Purchase price allocation amortisation amounted to EUR 11 million (10).

Financial items amounted to EUR -13 million (-9). Net interest totalled EUR -3 million (-2). Profit before taxes amounted to EUR 78 million (76). Taxes amounted to EUR 19 million (19), implying an effective tax rate of 24.8% (24.5). Earnings per share were 0.10 euro (0.10) and the equity per share was 3.79 euro (3.62). Return on investments (ROI) was 18.2% (19.7). Return on equity (ROE) was 17.5% (17.6).

Net sales and operating result by reporting segment

MEUR	1-3/2019	Restated 1-3/2018	Change	Restated 2018
Net sales	1 151	1 066	8%	5 174
Marine	733	619	18%	2 815
Energy	418	447	-7%	2 359
Operating result	91	85	8%	543
Marine	55	55	0%	349
Energy	36	30	20%	194
Operating result, % of net sales	7.9	8.0		10.5
Marine	7.5	8.8		12.4
Energy	8.7	6.8		8.2
Comparable operating result	102	88	16%	577
Marine	61	57	6%	380
Energy	42	31	36%	197
Comparable operating result, % of net sales	8.9	8.3		11.2
Marine	8.3	9.3		13.5
Energy	10.0	6.8		8.4

Financing and cash flow

Wärtsilä's cash flow from operating activities amounted to EUR 35 million (-42) for the review period January-March 2019. Working capital totalled EUR 656 million (726) at the end of the review period, an increase of EUR 75 million from the end of December 2018. Advances received at the end of the period totalled EUR 629 million (582). At the end of December 2018, advances totalled EUR 584 million. Cash and cash equivalents at the end of the period amounted to EUR 501 million (282) and unutilised Committed Credit Facilities totalled EUR 640 million (792). A dividend of EUR 0.24 per share (0.23, adjusted to reflect the increased number of shares resulting from the share issue in 2018) corresponding to a total of EUR 142 million (136) was paid during the first quarter. The second dividend instalment of equal size will be paid in September.

Wärtsilä had interest-bearing debt totalling EUR 1,162 million (726) at the end of March 2019. The increase is largely related to the inclusion of lease liabilities amounting to EUR 207 million on the balance sheet, as a result of the new IFRS 16 standard. At the end of December 2018, the interest-bearing debt totalled EUR 823 million. The total amount of short-term debt maturing within the next 12 months was EUR 115 million. Long-term loans amounted to EUR 1,047 million. Net interest-bearing debt totalled EUR 658 million (438). Gearing was 0.29 (0.21) and the solvency ratio was 39.6% (42.9).

Capital expenditure

Capital expenditure related to intangible assets and property, plant and equipment amounted to EUR 23 million (17) during the review period January-March 2019. Wärtsilä had no capital expenditure related to acquisitions and investments in joint ventures during the review period. In the comparison period these investments amounted to EUR 20 million. Depreciation, amortisation, and impairment for the review period amounted to EUR 41 million (30).

In 2019, capital expenditure related to intangible assets and property, plant, and equipment is expected to be below depreciation and amortisation.

Innovation, research and development

In March, Wärtsilä successfully tested its remote guidance services onboard the 'Huckleberry Finn', a RoRo ferry operating between Sweden and Germany. Using voice-controlled augmented reality wearables and remote

guidance software, Wärtsilä's solution enables ship crew members, field services engineers, and shipyard personnel to communicate with shore-based experts anywhere in the world.

Strategic projects, acquisitions, and joint ventures

In February, Wärtsilä strengthened its underwater-related servicing capabilities with the opening of a new underwater repair, refurbishment, and maintenance facility in Fujairah, United Arab Emirates. Performing this work below the waterline significantly reduces costs and avoids interruptions to vessel operations. The Fujairah facility creates new capability in a major global shipping region, notably enhancing Wärtsilä's ability to serve its global customers.

Restructuring programmes

Wärtsilä's Group-wide programme to realign its operations and resources to secure future profitability and competitiveness is proceeding according to plan. The programme emphasises sustainable savings and actions that increase customer value. The planned actions include an increased focus on targeted sales activities, developing the agreements-based and "as-a-service" business, reviewing the cost structure, as well as optimising the business portfolio. The programme is expected to lead to a reduction of approximately 1,200 employees globally. The reductions will impact all businesses and support functions. With these actions Wärtsilä seeks annual savings of EUR 100 million. Savings are expected to materialise gradually during the second half of 2019, with the full effect being seen by the end of 2020. Costs related to the restructuring measures are expected to be EUR 75 million.

Personnel

Wärtsilä had 19,225 (18,182) employees at the end of March 2019. On average, the number of personnel totalled 19,295 (18,125) during the period January-March. Wärtsilä Marine employed 13,467 people at the end of the period (12,618) and Wärtsilä Energy 5,758 (5,564).

Of Wärtsilä's total number of employees, 20% (20) were located in Finland and 41% (38) elsewhere in Europe. Personnel employed in Asia represented 24% (26) of the total, personnel in the Americas 11% (11), and personnel in other countries 4% (4).

Sustainability

Thanks to its various technologies and specialised services, Wärtsilä is well positioned to reduce exhaust emissions and the use of natural resources, and to support its customers in preparing for new regulatory requirements. Wärtsilä's R&D efforts continue to focus on the development of advanced environmental technologies and solutions. The company is committed to supporting the UN Global Compact and its principles with respect to human rights, labour, the environment, and anti-corruption. Wärtsilä is also committed to supporting the UN sustainability goals that deal with issues to which Wärtsilä contributes in a positive way. Such goals include those related to clean energy, a low-carbon marine ecosystem and responsible business conduct.

During the first quarter, Wärtsilä's energy saving propeller cap, the EnergoProFin, was listed in the 2019 Vancouver Fraser Port Authority's EcoAction Program which provides discounts in harbour dues for vessels visiting the Port of Vancouver that meet environmental best practices for reduced emissions, underwater noise, and other environmental impacts.

In February, Wärtsilä and Aalto University in Finland signed a partnership agreement that aims at strengthening and broadening their current cooperation. The challenges related to climate change, scarcity of natural resources and digitalisation call for creative solutions that require new research, talent, and ideas. Wärtsilä and Aalto University are looking to take on these challenges together by stepping up their collaboration.

Personnel health and safety is a priority for Wärtsilä. Wärtsilä's fifth global safety day was arranged in March. The aim was to raise awareness of Wärtsilä's lifesaving rules, which were introduced to ensure safe practices and consistent behaviour for preventing incidents that could result in a serious injury or fatality.

Wärtsilä's share is included in several sustainability indices. During the first quarter, Wärtsilä was reconfirmed as a constituent of the Ethibel Sustainability Index (ESI) Excellence Europe as well as the Ethibel PIONEER and Ethibel EXCELLENCE Investment Registers.

Reporting segment: Wärtsilä Marine Business

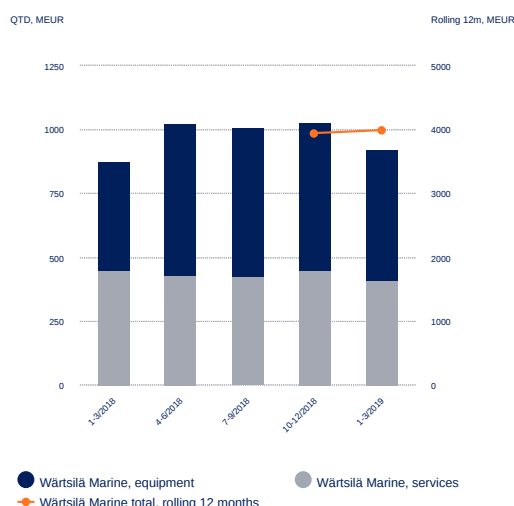
In the marine and oil & gas industries, no other company has a broader offering of technologically advanced, environmentally sustainable, and economically sound solutions. Wärtsilä is leading the industry's transformation towards a Smart Marine Ecosystem, whereby real-time communication and the digitalisation of all aspects of shipping and port operations, are utilised to create long-term value for customers and partners. With an integrated product portfolio comprising full lifecycle solutions that are supported by the market's most extensive service network, Wärtsilä is able to optimise performance and achieve the safest, smartest, most ecological and efficient operating profiles possible.

- Order intake increased by 5% to EUR 922 million (877)
- Net sales increased by 18% to EUR 733 million (619)
- Comparable operating result totalled EUR 61 million (57), which represents 8.3% of net sales (9.3)

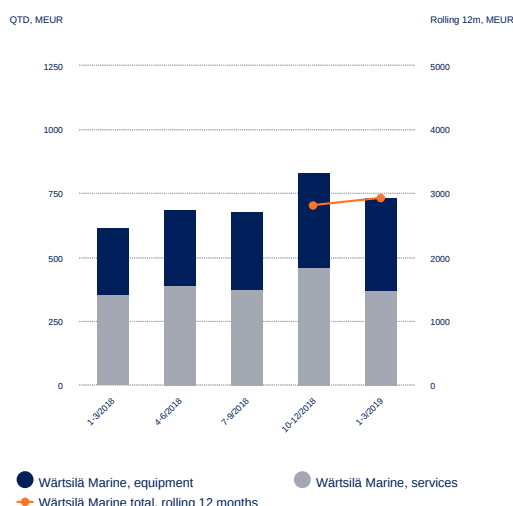
Key figures

MEUR	1-3/2019	Restated 1-3/2018	Change	Restated 2018
Order intake	922	877	5%	3 945
of which services	412	449	-8%	1 747
Order book, end of period	3 861	2 818	37%	3 651
Net sales	733	619	18%	2 815
of which services	370	355	4%	1 577
Book-to-bill	1.26	1.42		1.40
Operating result	55	55	0%	349
% of net sales	7.5	8.8		12.4
Comparable operating result	61	57	6%	380
% of net sales	8.3	9.3		13.5
Personnel	13 467	12 618	7%	13 582

Order intake



Net sales



Operating environment

During the first quarter of 2019, 227 contracts for new vessels were registered (192). The market sentiment in the gas carrier segment continued to be positive, thanks to increasing demand for liquified natural gas (LNG) and favourable short- to long-term market trends for cleaner fuels. Market conditions in container, tanker, and bulk shipping were adversely affected by the continued uncertainty in world trade. Contracting activity was healthy in the cruise segment, supported by the need for modern capacity to match the anticipated growth in cruise passenger numbers. In the ferry segment, investments were mainly related to fleet replacements. The offshore market continued to be challenging, due to the lower amount of investment decisions, the reactivation of existing fleets, and the current order book volumes.

Approaching deadlines relating to the 2020 global sulphur cap and the requirement for ballast water management systems are impacting vessel owners and operators. The uncertainty over future pricing and availability of compliant fuels have led to an uptake of scrubber technology.

Activity in the marine services market was solid. The demand for services was at a good level in the merchant segment, particularly in the gas carrier sub-segment. The offshore services market showed some signals of increased activity, with opportunities linked to the reactivation of laid-up offshore support vessels.

Financial development

Wärtsilä Marine's **order intake** totalled EUR 922 million (877) during the review period January-March 2019, an increase of 5% compared to the corresponding period last year. Book-to-bill was 1.26 (1.42). Services orders decreased by 8% to EUR 412 million (449), while equipment orders increased by 19% to EUR 511 million (428).

Demand was highest in the merchant segment, which, including both traditional merchant vessels and gas carriers, represented 52% and 36% of the order intake of equipment and services respectively. Equipment orders received included an integrated propulsion and cargo handling solution for an LNG carrier built at the Hyundai Mipo Dockyard (HMD) in South Korea on behalf of Norway based Knutsen OAS Shipping. Services orders included a long-term maintenance agreement with Japanese LNG shipowner Tokyo LNG Tanker Co. Ltd, a subsidiary of Tokyo Gas. Activity was also strong in the cruise and ferry segment, where Wärtsilä was awarded a contract to supply an integrated package of products, systems, and solutions to Wasaline's new, efficient and environmentally sustainable RoPax ferry.

The **order book** at the end of the period amounted to EUR 3,861 million (2,818), which is 37% higher than last year, thanks largely to the strong demand for exhaust gas cleaning systems.

Net sales increased by 18% to EUR 733 million (619) compared to the corresponding period last year. Services net sales increased by 4% to EUR 370 million (355), while equipment net sales increased by 38% to EUR 363 million (264).

The **comparable operating result** was EUR 61 million (57), or 8.3% of net sales (9.3). Profitability was affected by the strong growth in equipment deliveries.

Reporting segment: Wärtsilä Energy Business

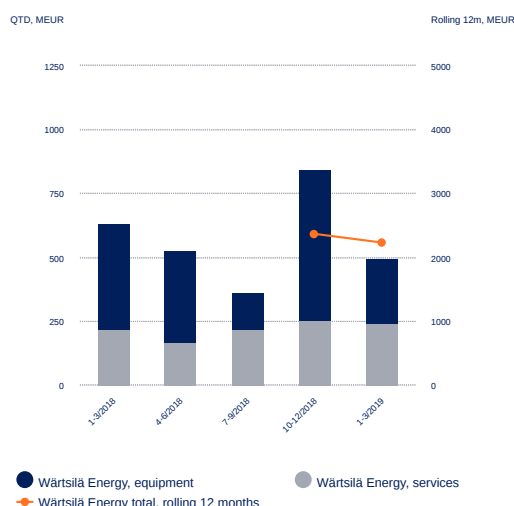
Wärtsilä Energy is leading the transition towards a 100% renewable energy future. As an energy system integrator, Wärtsilä understands, designs, builds and serves optimal power systems for future generations. Wärtsilä's solutions provide the needed flexibility to integrate renewables and secure power system reliability. The company's offering comprises engine-based flexible power plants – including liquid gas systems – hybrid solar power plants, energy management systems and storage and integration solutions. Wärtsilä supports its customers over the lifecycle of their installations with services that enable increased efficiency and guaranteed performance.

- Order intake decreased by 22% to EUR 494 million (630)
- Net sales decreased by 7% to EUR 418 million (447)
- Comparable operating result totalled EUR 42 million (31), which represents 10.0% of net sales (6.8)

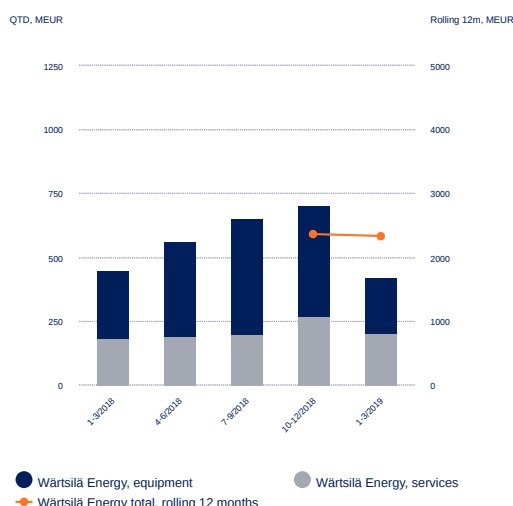
Key figures

MEUR	1-3/2019	Restated 1-3/2018	Change	Restated 2018
Order intake	494	630	-22%	2 362
of which services	242	216	12%	851
Order book, end of period	2 469	2 672	-8%	2 515
Net sales	418	447	-7%	2 359
of which services	203	181	12%	842
Book-to-bill	1.18	1.41		1.00
Operating result	36	30	20%	194
% of net sales	8.7	6.8		8.2
Comparable operating result	42	31	36%	197
% of net sales	10.0	6.8		8.4
Personnel	5 758	5 564	3%	5 712

Order intake



Net sales



Operating environment

Steady development in the energy services markets partially compensated for the lower market activity in the new equipment business during the first quarter of 2019. Renewables continue to take the market from inflexible thermal plants, and utilities globally are updating their strategies and investment plans in order to achieve ambitious decarbonisation targets. Understanding this transition is causing temporary delays in investment decisions beyond renewable technologies. As the energy transition progresses, the demand for flexible power solutions is expected to grow along with the increasing penetration of renewables. Countries in the emerging markets continue to invest in new baseload capacity to support economic growth and to alleviate power shortages, but macroeconomic uncertainty and elections in certain key countries are slowing down decision-making. Services market activity was steady globally and customers continued to show interest in long-term service agreements.

An improved equipment order intake in the last quarter of 2018, combined with a slightly declining global power plant market, supported Wärtsilä's market share growth in the up to 500 MW market segment. Wärtsilä's market share was 14% (13), while global orders for natural gas and liquid power plants of up to 500 MW decreased by 3% to 20.1 GW for the twelve months ending in December 2018 (20.8 at the end of September). Global orders include gas turbine and Wärtsilä orders with prime movers over 5 MW in size. The data is gathered from the McCoy Power Report.

Financial development

Wärtsilä Energy's **order intake** totalled EUR 494 million (630) during the review period January-March 2019, a decrease of 22% compared to the corresponding period last year. Book-to-bill was 1.18 (1.41). Services order intake increased by 12% to EUR 242 million (216), while equipment order intake decreased by 39% to EUR 252 million (414).

Demand for both equipment and services was highest in the Americas and in Asia. Equipment orders received included a 132 MW dual-fuel power plant to the Bahamas. Services orders include a 5-year operation and maintenance agreement for a newly installed 145 MW power plant in Myanmar, and a 5-year lifecycle solution agreement for a 100 MW power plant in Bangladesh.

Order intake Wärtsilä Energy

MW	1-3/2019	1-3/2018	Change	2018
Gas	518	429	21%	1 941
Oil	78	399	-81%	877
Renewable		5		87
Order intake, total	595	833	-29%	2 905

The **order book** at the end of the period amounted to EUR 2,469 million (2,672). The decrease of 8% is primarily related to lower demand in the equipment business.

Net sales decreased by 7% to EUR 418 million (447) compared to the corresponding period last year. Services net sales increased by 12% to EUR 203 million (181), while equipment net sales decreased by 19% to EUR 215 million (267).

The **comparable operating result** was EUR 42 million (31), or 10.0% of net sales (6.8). Profitability improved thanks to the increase of services net sales.

Outlook

Risks and business uncertainties

Global trade tensions and macroeconomic uncertainty continues to be a concern in the marine industry, posing a potential risk for reduced demand, especially in the tanker, bulk carrier, and containership segments. The offshore segment remains challenging due to overcapacity and volatile oil price development. Climate change requires increasing efforts to reduce emissions within the shipping industry. However, the enforcement of environmental regulations and the potential introduction of new regulations remain a source of uncertainty.

In the power generation markets, fragile economic growth and slow decision-making continue to be the primary risks for demand development. Geopolitical tensions and trade barrier implications, as well as significant currency fluctuations, can result in investment decisions being postponed. Furthermore, elections are causing a temporary slowdown of business in certain countries. Price pressure resulting from the prevailing competitive environment remains a risk.

Effective cyber risk management is increasingly important as cyber security has become vital to the operation and management of many safety, security, and protection systems in the shipping environment, as well as with the increasing importance of energy management systems as renewable penetration grows. Wärtsilä emphasises a holistic approach to the management of cyber and physical security risks in its internal operations and customer offerings. The company's cyber security team carries out its operational, governance and compliance activities in line with the IEC62443 and ISO 27k protocols. Such activities include cyber assurance, risk management, detection, a secure software development lifecycle, training, endpoint protection, network security, and cyber advisory services.

The Group is a defendant in a number of legal cases that have arisen out of, or are incidental to, the ordinary course of its business. These lawsuits mainly concern issues such as contractual and other liability, labour relations, property damage, and regulatory matters. The Group receives from time to time claims of different amounts and with varying degrees of substantiation. There is currently one unusually sizeable claim. It is the Group's policy to provide for amounts related to the claims, as well as for litigation and arbitration matters, when an unfavourable outcome is probable, and the amount of the loss can be reasonably estimated.

The annual report contains a more detailed description of Wärtsilä's risks and risk management.

Shares and shareholders

During January-March 2019, the volume of trades on Nasdaq Helsinki was 68,844,111 shares, equivalent to a turnover of EUR 958 million. Wärtsilä's shares are also traded on alternative exchanges, such as Turquoise, BATS CXE, and BATS BXE. The total trading volume on these alternative exchanges was 57,774,176 shares.

Shares on Nasdaq Helsinki

31.3.2019	Number of shares and votes			Number of shares traded 1-3/2019
WRT1V	591 723 390			68 844 111
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1.1. - 31.3.2019	High	Low	Average ¹	Close
Share price	15.25	13.41	14.30	14.39
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¹ Trade-weighted average price				
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	31.3.2019		31.3.2018	
Market capitalisation, EUR million	8 512		10 621	
Foreign shareholders, %	53.0		55.1	

Flagging notifications

During the review period January-March 2019, Wärtsilä was informed of the following changes in ownership:

BlackRock, Inc. crossed below the 5% disclosure limit on shares and voting rights on 22 February 2019. Following the transaction BlackRock, Inc. owned 4.94% of Wärtsilä's shares and voting rights, while its total holding in Wärtsilä Corporation corresponded to 5.35%.

BlackRock, Inc. crossed above the 5% disclosure limit on shares and voting rights on 26 February 2019. Following the transaction BlackRock, Inc. owned 5.07% of Wärtsilä's shares and voting rights, while its total holding in Wärtsilä Corporation corresponded to 5.42%.

BlackRock, Inc. crossed below the 5% disclosure limit on shares and voting rights on 22 March 2019. Following the transaction BlackRock, Inc. owned 4.82% of Wärtsilä's shares and voting rights, while its total holding in Wärtsilä Corporation corresponded to 5.38%.

Decisions taken by the Annual General Meeting

Wärtsilä's Annual General Meeting, held on 7 March 2019, approved the financial statements and discharged the members of the Board of Directors and the company's President & CEO from liability for the financial year 2018.

The Annual General Meeting decided that the Board of Directors shall have eight members. The following were elected to the Board: Maarit Aarni-Sirviö, Kaj-Gustaf Bergh, Karin Falk, Johan Forssell, Tom Johnstone, Mikael Lilius, Risto Murto, and Markus Rauramo.

The audit firm PricewaterhouseCoopers Oy was elected as the company's auditor for the year 2019.

Dividend distribution

The Annual General Meeting approved the Board of Directors' proposal to pay a dividend of EUR 0.48 per share in two instalments. The first instalment of EUR 0.24 per share was paid on 18 March 2019. The second instalment of EUR 0.24 per share shall be paid in September 2019.

Authorisation to repurchase the Company's own shares

The Board of Directors was authorised to resolve to repurchase a maximum of 57,000,000 of the Company's own shares. The authorisation to repurchase the Company's own shares shall be valid until the close of the next Annual General Meeting, however no longer than for 18 months from the authorisation of the shareholders' meeting.

Authorisation to issue shares

The Board of Directors was authorised to resolve to issue new shares or transfer shares held by the Company. The maximum amount of shares to be so issued shall not exceed 57,000,000. The shares can be issued for consideration or without consideration. They can also be issued in deviation from the shareholders' pre-emptive rights by way of a directed issue if there is a weighty financial reason for the Company to do so. The authorisation for the Board of Directors to issue shares shall be valid for three years from the authorisation of the shareholders' meeting and it cancels the authorisation given by the General Meeting on 8 March 2018 to distribute the Company's own shares.

Wärtsilä Interim Report January-March 2019

This interim financial report is prepared in accordance with IAS 34 (Interim Financial Reporting) using the same accounting policies and methods of computation as in the annual financial statements for 2018, except for the IFRS amendments stated below. All figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

Use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and other information, such as contingent liabilities and the recognition of income and expenses in the statement of income. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates.

Segment information

As of 1 January 2019, Wärtsilä is organised into two business areas, Wärtsilä Marine Business and Wärtsilä Energy Business, according to its two main customer markets. The Businesses cover both new equipment sales and services for their respective markets. The new organisational structure enables Wärtsilä to accelerate growth and the implementation of its Smart Marine and Smart Energy strategies. Integrating newbuild and service activities enhances customer value by strengthening the focus on complete lifecycle solutions tailored to specific market needs. Wärtsilä Marine Business and Wärtsilä Energy Business constitute Wärtsilä's operating and reportable segments.

Wärtsilä's highest operative decision maker (CODM, Chief Operating Decision Maker) is the President and CEO, with the support of the Board of Management and in some cases the Board of Directors.

Marine Business and Energy Business are both led by Presidents of respective business area and both are supported by Business management teams. Discrete financial information for the Businesses is provided to the CODM to support decision-making. The segment information presented by Wärtsilä reflects the internal management reporting. The segment information is reported to the level of operating result, as items below the operating result are not allocated to segments.

Internal sales between segments is not reported in the management reporting, revenue and costs of sales are booked directly to the respective customer projects and orders. The main factors affecting the allocation of indirect and administration costs to the segments are net sales and personnel amount. Management considers these allocation principles the most suitable to reflect the cost carried by each segment. The allocation principles are reviewed regularly.

Wärtsilä Energy Business

Wärtsilä Energy Business is leading the transition towards a 100% renewable energy future. As an energy systems integrator, Wärtsilä understands, designs, builds and serves optimal power systems for future generations. Its offering includes flexible internal combustion engine-based power plants, hybrid solar power plants, energy storage and integration solutions, as well as gas to power systems. Wärtsilä supports its customers throughout the lifecycle of their installations with services that enable increased efficiency and guaranteed performance.

Wärtsilä's three main customer segments in the energy markets are utilities, independent power producers and industrial customers. Wärtsilä's energy solutions are used for a wide variety of applications. These include baseload generation, capacity for grid stability, peaking and load-following generation, and for the integration of wind and solar power. Wärtsilä provides its customers with a comprehensive understanding of energy systems, including fully integrated assets and software, complete with value adding lifecycle services.

Wärtsilä Marine Business

Wärtsilä's aim is to lead the industry's transformation towards a Smart Marine Ecosystem. Building on a sound foundation of being a leading provider of innovative products, integrated solutions and lifecycle services to the marine and oil & gas industries, Wärtsilä Marine aims to unlock new customer values through connectivity, digitalisation and smart technology.

Wärtsilä provides marine power solutions, processing solutions and voyage solutions, which are supported by a broad scope of services ranging from spare part delivery to optimising customer operations, providing performance guarantees and offering cyber intelligence and incident support.

Marine Power Solutions

- Power Supply
- Power conversion
- Propulsion
- Exhaust treatment

Processing Solutions

- Water and waste treatment
- Gas solutions for marine and
- Land based applications

Voyage Solutions

- Automation, navigation & communication
- Simulation & training solutions
- Fleet operations solutions
- Ship traffic control solutions
- Special products
- Entertainment systems

Wärtsilä's marine customer base covers all the main vessel segments, including traditional merchant vessels, gas carriers, cruise & ferry, navy, and special vessels. In the oil & gas industry, Wärtsilä is active in serving offshore installations and related industry vessels, as well as land-based gas installations. Wärtsilä's customers comprise ship owners, shipyards and ship management companies.

Entity wide information

In addition to segment information, Wärtsilä reports the services revenue and order intake for both segments.

Wärtsilä continues to report information for the geographical areas Finland, other European countries, Asia, the Americas, and other continents. In the geographical information net sales are split by customer destination and non-current assets by customer origin. Non-current assets consist of goodwill, intangible assets, property, plant and equipment, and investments in associates and joint ventures.

IFRS amendments

In 2019, the Group has adopted the following new standards and interpretation issued by the IASB.

IFRS 16 Leases (effective for financial periods beginning on or after 1 January 2019) addresses the definition, recognition and measurement of lease agreements and notes related to leases. The standard replaced IAS 17 Leases.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. Under IFRS 16, the companies are required to recognise right-of-use assets (ROU) and lease liabilities in the statement of financial position. These are initially measured at the present value of unavoidable future lease payments. The right-of-use assets are depreciated and interest on lease liabilities recognised in the statement of income over the lease term. Whether a contract contains a lease is determined based on whether the customer has the right to control the use of an identified asset for a period of time. Exemptions regarding recognition of leases apply to short-term leases with lease period less than 12 months and to assets of low value. The lessor accounting remains similar to IAS 17.

Wärtsilä Group's capitalised lease agreements consist mainly of office premise and machinery and equipment lease agreements. Based on the applied accounting policy, the Group recognises the lease agreements as lease liabilities and as ROU assets in its statement of financial position. Lease payments are presented as repayments of liabilities and related interest expenses. The lease payments are presented in the cash flow from financing activities and the interest related to leases are presented in the cash flow from operating activities. Lease payments related to short-term leases, low-value assets and variable payments are presented in the cash flow from operating activities.

The Group applied the modified approach in the transition. The Group applies the two available exemptions, which relate to either short-term contracts, in which the lease term is less than 12 months, or low-value assets, which are expensed to other operating expenses. Based on the Group's calculation, the net present value of the capitalised lease liability amounts to EUR 212 million according to the following bridge calculation:

MEUR	
Nominal amount of rents according to leasing contracts on 31 December 2018	284
Variable lease payments	-23
Residual value	-3
Expenses relating to short-term leases and leases of low-value assets	-15
Leases not yet commenced to which Wärtsilä is committed	-3
Nominal amount of lease liability on 1 January 2019	240
Present value	212

The nominal lease liability is initially measured at the present value of the lease payments. The lease payments exclude variable elements. Variable lease payments not included in the initial measurement of the lease liability are recognised directly in the statement of income. The lease term is the non-cancellable period of the lease plus period covered by an option to extend or option to terminate if the lessee is reasonably certain to exercise the extension option. Management judgment based on realistic estimates is used when determining the lease term for artificially short-term and leasing agreements with non-fixed terms. At transition, the lease payments were discounted by using the Group's incremental borrowing rate. The incremental borrowing rates used are the sum of relevant interbank rates and average margin of group loan portfolio and are currency specific.

The Group recognised at transition ROU assets amounting to EUR 213 million, non-current lease liabilities amounting to EUR 169 million, and current lease liabilities amounting to EUR 43 million. The lease expense reduction during 2019 arising from the lease agreements is estimated to be approximately EUR 53 million and increase of interest expense is estimated to be approximately EUR 5 million. The total depreciation expense for financial period 2019 in the statement of income is estimated to increase by EUR 49 million due to ROU asset depreciations. The comparison figures have not been restated.

Condensed statement of financial position

MEUR	31.12.2018	IFRS 16 adjustment	1.1.2019
Non-current assets			
Intangible assets	1 747		1 747
Property, plant and equipment	324	-2	321
Right-of-use assets		215	215
Investments in associates and joint ventures	66		66
Other investments	16		16
Deferred tax assets	129		129
Other receivables	86		86
Total non-current assets	2 369	213	2 581
Current assets			
Inventories	1 165		1 165
Other receivables	2 038		2 038
Cash and cash equivalents	487		487
Total current assets	3 690	-1	3 690

Total assets	6 059	212	6 271
Equity			
Share capital	336		336
Other equity	2 082		2 082
Total equity attributable to equity holders of the parent company	2 418		2 418
Non-controlling interests	14		14
Total equity	2 432		2 432
Non-current liabilities			
Interest-bearing debt	748	169	917
Deferred tax liabilities	99		99
Other liabilities	245		245
Total non-current liabilities	1 092	169	1 261
Current liabilities			
Interest-bearing debt	74	43	117
Other liabilities	2 461		2 461
Total current liabilities	2 535	43	2 578
Total liabilities	3 627	212	3 839
Total equity and liabilities	6 059	212	6 271

Amendments to **IAS 28 Long-term Interests in Associates and Joint Ventures** (effective for financial periods beginning on or after 1 January 2019). The amendments clarify that IFRS 9 Financial Instruments is applied to the accounting for long-term interest in an associate or joint venture to which the equity method is not applied. The amendments have no impact on the consolidated financial statements.

Amendment to **IAS 19 Plan Amendment, Curtailment or Settlement** (effective for financial periods beginning on or after 1 January 2019). This amendment clarifies the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendment specifies that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to use updated assumptions to determine the current service cost and net interest. The interpretation has an impact on the consolidated financial statements in the case of curtailments or settlements.

Amendments to **IFRS 9 Prepayment Features with Negative Compensation** (effective for financial periods beginning on or after 1 January 2019). Prepayment Features with Negative Compensation amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Without the amendment these financial assets would have had to be measured at FVPL. The amendments have no impact on the consolidated financial statements.

IFRIC 23 Uncertainty over income tax treatment (effective for financial periods beginning on or after 1 January 2019). This interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The key matter is whether the tax authority will accept the chosen tax treatment. When considering this, the assumption is that tax authorities will have full knowledge of all relevant information in assessing the proposed tax treatment. The interpretation does not have any significant impact on the consolidated financial statements.

Annual improvements to IFRSs 2015-2017 cycle: The improvements that include smaller amendments to four standards do not have an impact on the consolidated financial statements.

Adoption of new and updated IFRS standards

IFRS 17 Insurance contracts* (effective from financial periods beginning on or after 1 January 2021). IFRS 17 applies to all types of insurance contracts (direct insurance and re-insurance) regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The overall objective is to provide a consistent accounting model for insurance contracts. The impact is under review within the Group.

* Not yet endorsed for use by the European Union as of 31 March 2019

This interim report is unaudited.

Condensed statement of income

MEUR	1-3/2019	1-3/2018	2018
Net sales	1 151	1 066	5 174
Other operating income	17	7	80
Expenses	-1 035	-960	-4 595
Depreciation, amortisation and impairment	-41	-30	-130
Share of result of associates and joint ventures		3	13
Operating result	91	85	543
Financial income and expenses	-13	-9	-40
Profit before taxes	78	76	502
Income taxes	-19	-19	-116
Profit for the reporting period	59	57	386
Attributable to:			
Equity holders of the parent company	59	58	386
Non-controlling interests		-1	1
	59	57	386
Earnings per share attributable to equity holders of the parent company (basic and diluted):			
Earnings per share (EPS), basic and diluted, EUR	0.10	0.10	0.65

Statement of other comprehensive income

MEUR	1-3/2019	1-3/2018	2018
Profit for the reporting period	59	57	386
Other comprehensive income, net of taxes:			
Items that will not be reclassified to the statement of income			
Remeasurements of defined benefit liabilities	-1		-3

Total items that will not be reclassified to the statement of income	-1		-4
Items that may be reclassified subsequently to the statement of income			
Exchange rate differences on translating foreign operations			
for equity holders of the parent company	36	-4	-23
for non-controlling interests			-1
Associates and joint ventures, share of other comprehensive income	1	-1	-1
Cash flow hedges	19	15	-26
Tax on items that may be reclassified to the statement of income	-4	-2	5
Total items that may be reclassified to the statement of income	52	7	-45
Other comprehensive income for the reporting period, net of taxes	52	7	-48
Total comprehensive income for the reporting period	111	64	338
Total comprehensive income attributable to:			
Equity holders of the parent company	111	65	338
Non-controlling interests		-1	
	111	64	338

Condensed statement of financial position

MEUR	31.3.2019	31.3.2018	31.12.2018
Non-current assets			
Intangible assets	1 769	1 586	1 747
Property, plant and equipment	321	346	324
Right-of-use assets	206		
Investments in associates and joint ventures	67	68	66
Other investments	17	13	16
Deferred tax assets	138	120	129
Other receivables	68	109	86
Total non-current assets	2 586	2 242	2 369
Current assets			
Inventories	1 251	1 168	1 165
Other receivables	1 999	1 941	2 038
Cash and cash equivalents	501	282	487
Total current assets	3 751	3 391	3 690
Total assets	6 337	5 632	6 059
Equity			
Share capital	336	336	336
Other equity	1 909	1 809	2 082
Total equity attributable to equity holders of the parent company	2 244	2 145	2 418

Non-controlling interests	14	22	14
Total equity	2 259	2 167	2 432
Non-current liabilities			
Interest-bearing debt	1 047	623	748
Deferred tax liabilities	103	104	99
Other liabilities	234	270	245
Total non-current liabilities	1 384	997	1 092
Current liabilities			
Interest-bearing debt	115	103	74
Other liabilities	2 579	2 365	2 461
Total current liabilities	2 694	2 468	2 535
Total liabilities	4 078	3 465	3 627
Total equity and liabilities	6 337	5 632	6 059

Condensed statement of cash flows

MEUR	1-3/2019	1-3/2018	2018
Cash flow from operating activities:			
Profit for the reporting period	59	57	386
Adjustments for:			
Depreciation, amortisation and impairment	41	30	130
Financial income and expenses	13	9	39
Gains and losses on sale of intangible assets and property, plant and equipment and other changes	-8		-26
Share of result of associates and joint ventures		-3	-13
Income taxes	19	19	116
Other non-cash flow adjustment			-7
Cash flow before changes in working capital	124	112	625
Changes in working capital	-48	-108	-35
Cash flow from operating activities before financial items and taxes	76	4	589
Financial items and paid taxes	-41	-46	-119
Cash flow from operating activities	35	-42	470
Cash flow from investing activities:			
Investments in shares and acquisitions		-20	-196
Net investments in property, plant and equipment and intangible assets	-13	-17	-99
Proceeds from sale of shares in associated companies and other investments	2		54
Cash flow from other investing activities			1
Cash flow from investing activities	-12	-37	-240

Cash flow from financing activities:			
Proceeds from non-current debt		150	125 279
Repayments and other changes in non-current debt		-35	-15 -84
Changes in current loans and other changes		2	-2 -39
Dividends paid		-131	-126 -274
Cash flow from financing activities		-14	-17 -118
Change in cash and cash equivalents, increase (+)/decrease (-)			
		10	-96 112
Cash and cash equivalents at the beginning of the reporting period			
		487	379 379
Exchange rate changes		4	-3 -5
Cash and cash equivalents at the end of the reporting period		501	282 487

Consolidated statement of changes in equity

MEUR	Total equity attributable to equity holders of the parent company						Non-controlling interests	Total equity
	Share capital	Share premium	Translation difference	Fair value reserve	Remeasurements of defined benefit liabilities	Retained earnings		
Equity on 1 January 2019	336	61	-155	-31	-39	2 245	14	2 432
Total comprehensive income for the reporting period			37	14	-1	59		111
Dividends paid						-284		-284
Equity on 31 March 2019	336	61	-118	-16	-40	2 021	14	2 259

MEUR	Total equity attributable to equity holders of the parent company						Non-controlling interests	Total equity
	Share capital	Share premium	Translation difference	Fair value reserve	Remeasurements of defined benefit liabilities	Retained earnings		
Equity on 31 December 2016	336	61	-57	-39	-45	2 032	34	2 321
Restatement due to IFRS 9						-3		-3
Restatement due to IFRS 15						-13		-13
Equity on 1 January 2017	336	61	-57	-39	-45	2 016	34	2 305
Restated total comprehensive income for the reporting period			-74	28	7	376	-3	333
Dividends paid						-256	-6	-263
Equity on 1 January 2018	336	61	-132	-10	-38	2 135	24	2 376
Total comprehensive income for the reporting period			-5	12		58	-1	64
Dividends paid						-272		-273
Equity on 31 March 2018	336	61	-136	2	-39	1 921	22	2 167

Segment information

Wärtsilä's reportable segments are Wärtsilä Marine Business and Wärtsilä Energy Business. The segments cover both new equipment sales and services for the respective business area. The segment information presented reflects the internal management reporting. The segment information is reported to the level of operating result as items below operating result are not allocated to segments.

The main factors affecting the allocation of indirect and administration costs to the segments are net sales and personnel amount. Management considers these allocation principles the most suitable to reflect the cost carried by each segment. In Wärtsilä Marine Business, order intake and net sales for retrofit scrubber projects have been transferred from services to new equipment. The comparison period figures for the segment reporting and the service information have been adjusted to reflect the new reporting structure.

MEUR	1-3/2019	1-3/2018	2018
Net sales			
Wärtsilä Marine Business	733	619	2 815
Wärtsilä Energy Business	418	447	2 359
Total	1 151	1 066	5 174
Depreciation, amortisation and impairment			
Wärtsilä Marine Business	-33	-24	-102
Wärtsilä Energy Business	-8	-6	-28
Total	-41	-30	-130
Share of result of associates and joint ventures			
Wärtsilä Marine Business		3	13
Total		3	13
Operating result			
Wärtsilä Marine Business	55	55	349
Wärtsilä Energy Business	36	30	194
Total	91	85	543
Operating result as a percentage of net sales (%)			
Wärtsilä Marine Business	7.5	8.8	12.4
Wärtsilä Energy Business	8.7	6.8	8.2
Total	7.9	8.0	10.5
Comparable operating result			
Wärtsilä Marine Business	61	57	380
Wärtsilä Energy Business	42	31	197
Total	102	88	577
Comparable operating result as a percentage of net sales (%)			
Wärtsilä Marine Business	8.3	9.3	13.5
Wärtsilä Energy Business	10.0	6.8	8.4
Total	8.9	8.3	11.2

Net sales by geographical areas

MEUR	1-3/2019	1-3/2018	2018
Europe	373	340	1 485
Asia	435	366	1 867
The Americas	240	246	1 245
Other	103	114	577
Total	1 151	1 066	5 174

Service information

MEUR	1-3/2019	1-3/2018	2018
Net sales			
Marine service	370	355	1 577
Energy service	203	181	842
Total	573	535	2 419

Measures of profit and items affecting comparability

MEUR	1-3/2019	1-3/2018	2018
Comparable adjusted EBITA	113	98	621
Purchase price allocation amortisation	-11	-10	-43
Comparable operating result	102	88	577
Items affecting comparability:			
Social plan costs	-9	-2	-8
Impairment and write-downs			-19
Other restructuring costs and transfer costs	-2	-1	-2
Acquisition related costs			-6
Items affecting comparability, total	-11	-3	-35
Operating result	91	85	543

Disaggregation of revenue

Revenue from contracts with customers is derived over time and at point in time in the following revenue types.

Net sales by revenue type

MEUR	1-3/2019	1-3/2018	2018
Products	283	261	1 145
Goods and services	131	111	557
Projects	621	569	2 992
Long-term agreements	116	125	480
Total	1 151	1 066	5 174

Timing of satisfying performance obligations

MEUR	1-3/2019	1-3/2018	2018
At a point in time	784	771	3 740
Overtime	367	295	1 434
Total	1 151	1 066	5 174

Product sales consist of sales of spare parts and standard equipment for which the revenue is recognised at a point in time when the control of the products has transferred to customer, in general at the delivery of the goods.

Goods and services -type of revenue involves short-term field service jobs, which includes the delivery of a combination of service and equipment. The revenue is recognised at a point in time when service is rendered.

Projects contain short-term and long-term projects. Depending on the contract terms and the duration of the project, the revenue is recognised at a point in time or over time. Revenue related to long-term projects, such as construction contracts, integrated solutions projects, ship design, and energy solutions contracts, is recognised over time. Revenue for tailor-made equipment delivery projects is recognised at a point in time.

Long-term agreements contain long-term operating and maintenance agreements for which the revenue is recognised over time.

Intangible assets and property, plant & equipment

MEUR	1-3/2019	1-3/2018	2018
Intangible assets			
Carrying amount on 1 January	1 747	1 577	1 577
Changes in exchange rates	28	-4	3
Acquisitions and disposals		22	190
Additions	12	7	45
Amortisation and impairment	-16	-16	-68
Decreases and reclassifications	-2		-1
Carrying amount at the end of the reporting period	1 769	1 586	1 747

Property, plant and equipment			
Carrying amount on 1 January	324	349	349
Transfer to right-of use assets	-2		
Changes in exchange rates	2	-1	-1
Acquisitions and disposals		2	-21
Additions	11	10	64
Depreciation and impairment	-13	-14	-62
Decreases and reclassifications	-1		-7
Carrying amount at the end of the reporting period	321	346	324

Leases

MEUR	31.3.2019
Land and buildings, right-of-use assets	
Carrying amount on 1 January	203
Changes in exchange rates	2
Depreciation and impairment	-10
Decreases and reclassifications	1
Carrying amount at the end of the reporting period	195
Machinery and equipment, right-of-use assets	
Carrying amount on 1 January	12
Additions	1
Depreciation and impairment	-1
Carrying amount at the end of the reporting period	11
Lease liabilities	
Carrying amount on 1 January	215
Exchange gains/losses	2
Additions	1
Interest expense	1
Payments	-12
Other adjustments	-1
Carrying amount at the end of the reporting period	207

MEUR	1-3/2019
Amounts recognised in statement of income	
Depreciation and impairment	-12
Interest expense	-1
Expense - short-term leases	-9
Expense - leases of low-value assets	-2
Expense - variable lease payments	1

Gross capital expenditure

MEUR	1-3/2019	1-3/2018	2018
Investments in securities and acquisitions		20	196
Intangible assets and property, plant and equipment	23	17	110
Total	23	37	306

Net interest-bearing debt

MEUR	1-3/2019	1-3/2018	2018
Interest-bearing debt, non-current	883	623	748
Lease liabilities, non-current	163		
Interest-bearing debt, current	71	103	74
Lease liabilities, current	44		
Total interest-bearing liabilities	1 162	726	823
Interest-bearing receivables	-3	-6	-3
Cash and cash equivalents	-501	-282	-487
Total interest-bearing assets	-504	-288	-490
Total net interest-bearing debt	658	438	333

Financial ratios

	1-3/2019	1-3/2018	2018
Earnings per share (EPS), basic and diluted, EUR	0.10	0.10	0.65
Equity per share, EUR	3.79	3.62	4.09
Solvency ratio, %	39.6	42.9	44.4
Gearing	0.29	0.21	0.14
Return on investment (ROI), %	18.2	19.7	18.1
Return on equity (ROE), %	17.5	17.6	16.1

The increase in interest-bearing debt due to the accounting treatment of lease agreements according to IFRS 16 affects solvency ratio and gearing.

Personnel

	1-3/2019	1-3/2018	2018
On average	19 295	18 125	18 899
At the end of the reporting period	19 225	18 182	19 294

Contingent liabilities

MEUR	1-3/2019	1-3/2018	2018
Mortgages	10	10	10
Chattel mortgages and other pledges and securities	23	18	19
Total	33	28	29
Guarantees and contingent liabilities			
on behalf of Group companies	762	750	775
Nominal amount of rents according to leasing contracts		188	284
Nominal amount of leasing contracts			
Low-value lease liabilities	6		
Short-term lease liabilities	14		
Total	781	938	1 060

Nominal values of derivative instruments

MEUR	Total amount	of which closed
Interest rate swaps	270	
Cross currency swaps	241	
Foreign exchange forward contracts	2 376	899
Total	2 887	899

In addition, the Group had copper futures and swaps amounting to 288 tons.

Fair values

Fair value measurements at the end of the reporting period:

MEUR	Carrying amounts of the statement of financial position items	Fair value
Financial assets		
Other investments (level 3)	17	17
Interest-bearing investments, non-current (level 2)	3	3
Other receivables, non-current (level 2)	2	2
Derivatives (level 2)	18	18
Financial liabilities		
Interest-bearing debt, non-current (level 2)	1 047	1 054
Derivatives (level 2)	64	64

Quarterly figures

MEUR	1-3/ 2019	10-12/ 2018	7-9/ 2018	4-6/ 2018	Restated					
					1-3/ 2018	10-12/ 2017	7-9/ 2017	4-6/ 2017	1-3/ 2017	
Order intake										
Wärtsilä Marine Business*	922	1 031	1 009	1 027	877					
Wärtsilä Energy Business*	494	843	363	526	630					
Total	1 416	1 874	1 372	1 553	1 507	1 514	1 354	1 363	1 413	
Order book at the end of the reporting period										
Wärtsilä Marine Business*	3 861	3 651	3 536	3 244	2 818					
Wärtsilä Energy Business*	2 469	2 515	2 382	2 660	2 672					
Total	6 330	6 166	5 918	5 904	5 490	5 100	5 107	5 089	5 114	
Net sales										
Wärtsilä Marine Business*	733	831	680	685	619					
Wärtsilä Energy Business*	418	701	650	561	447					
Total	1 151	1 532	1 330	1 246	1 066	1 441	1 175	1 290	1 005	
Share of result of associates and joint ventures		3	3	4	3	6	3	3	1	
Comparable adjusted EBITA	113	237	152	134	98	250	141	130	90	
as a percentage of net sales	9.8	15.4	11.5	10.7	9.2	17.4	12.0	10.1	9.0	
Depreciation, amortisation and impairment	-41	-37	-31	-31	-30	-42	-30	-30	-33	
Purchase price allocation amortisation	-11	-11	-11	-11	-10	-10	-9	-9	-9	
Comparable operating result	102	226	141	123	88	241	131	122	82	
as a percentage of net sales	8.9	14.7	10.6	9.8	8.3	16.7	11.2	9.5	8.1	
Items affecting comparability, total	-11	-20		-12	-3	-19	-4	-8	-6	
Operating result	91	206	141	111	85	222	127	114	76	
as a percentage of net sales	7.9	13.4	10.6	8.9	8.0	15.4	10.8	8.8	7.5	
Financial income and expenses	-13	-12	-11	-8	-9	-10	-17	-14	-5	
Profit before taxes	78	194	130	102	76	211	110	99	70	
Income taxes	-19	-41	-29	-28	-19	-47	-28	-26	-16	
Profit for the reporting period	59	153	101	75	57	165	82	73	54	
Earnings per share (EPS), basic and diluted, EUR	0.10	0.25	0.17	0.13	0.10	0.28	0.14	0.12	0.09	
Gross capital expenditure	-23	48	26	194	37	79	156	11	9	
Investments in securities and acquisitions		-1		177	20	45	145		1	

Cash flow from operating activities	35	349	122	41	-42	276	150	2	2
Working capital (WCAP) at the end of the reporting period	656	581	782	790	726	563	632	658	561
Personnel at the end of the reporting period									
Wärtsilä Marine Business*	13 467	13 582	13 727	13 609	12 618				
Wärtsilä Energy Business*	5 758	5 712	5 692	5 622	5 564				
Total	19 225	19 294	19 420	19 231	18 182	18 065	17 859	17 783	17 832

* The segment figures have been restated for the financial period 2018.

Calculation of financial ratios

Earnings per share (EPS), basic and diluted

Profit for the reporting period attributable to equity holders of the parent company

Adjusted number of shares over the reporting period

Equity per share

Equity attributable to equity holders of the parent company

Adjusted number of shares at the end of the reporting period

Solvency ratio

Equity

Total equity and liabilities – advances received x 100

Gearing

Interest-bearing liabilities – cash and cash equivalents

Equity

Return on investment (ROI)

Profit before taxes + interest and other financial expenses

Total equity and liabilities – non-interest-bearing liabilities – provisions, average over the reporting period x 100

Return on equity (ROE)

Profit for the reporting period

Equity, average over the reporting period x 100

Working capital (WCAP)

(Inventories + trade receivables + income tax receivables + other non-interest-bearing receivables)

– (trade payables + advances received + pension obligations + provisions + income tax liabilities + other non-interest-bearing liabilities)

– dividend payable)

Comparable adjusted EBITA

Operating result – items affecting comparability – purchase price allocation amortisation

Comparable operating result

Operating result – items affecting comparability

Items affecting comparability

Certain income and expenses are presented as Items Affecting Comparability, when they have significant impact on Wärtsilä's statement of income.

Items affecting comparability consist of income and expenses, which result from restructuring activities aiming to adjust the capacity of Wärtsilä's operations. They may also include other income and expenses incurred outside Wärtsilä's normal course of business, such as impairment charges, acquisition related costs, settlements recorded as a result of legal proceedings with third parties or unforeseen obligations from earlier discontinued businesses.

24 April 2019
Wärtsilä Corporation
Board of Directors
