

WÄRTSILÄ CORPORATION

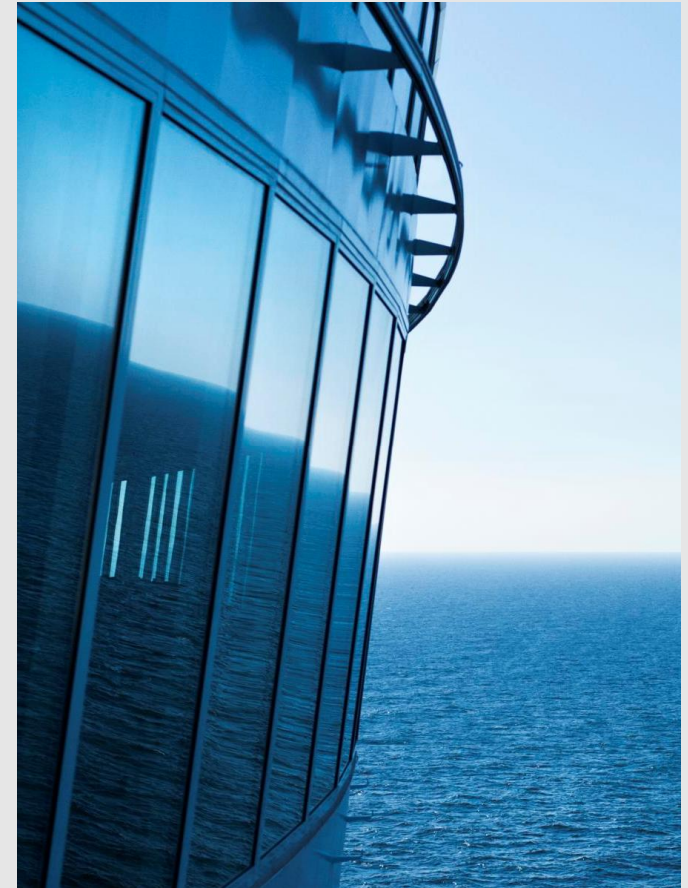
HALF YEAR FINANCIAL REPORT JANUARY-JUNE 2017

20 July 2017

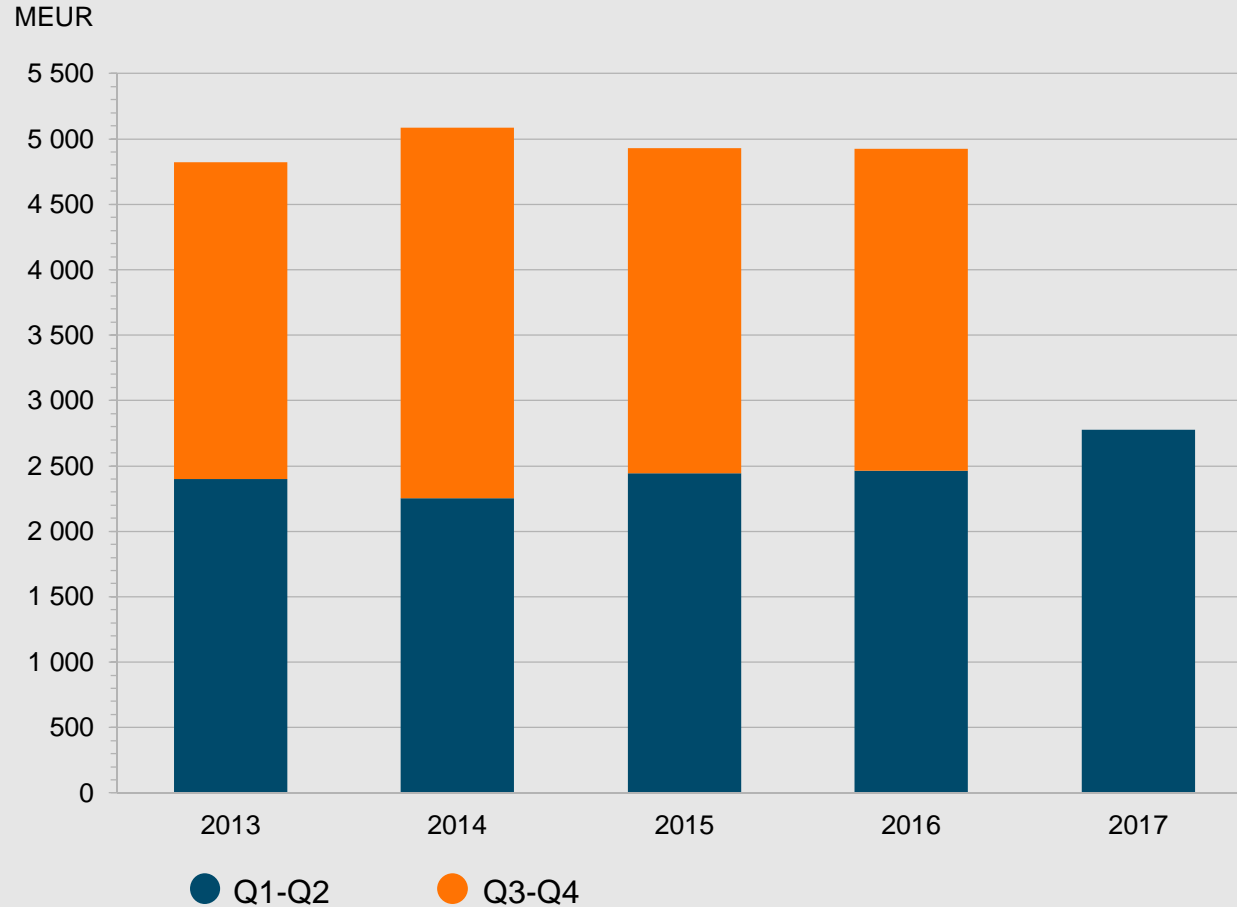
Jaakko Eskola, President & CEO

Highlights Q2/2017

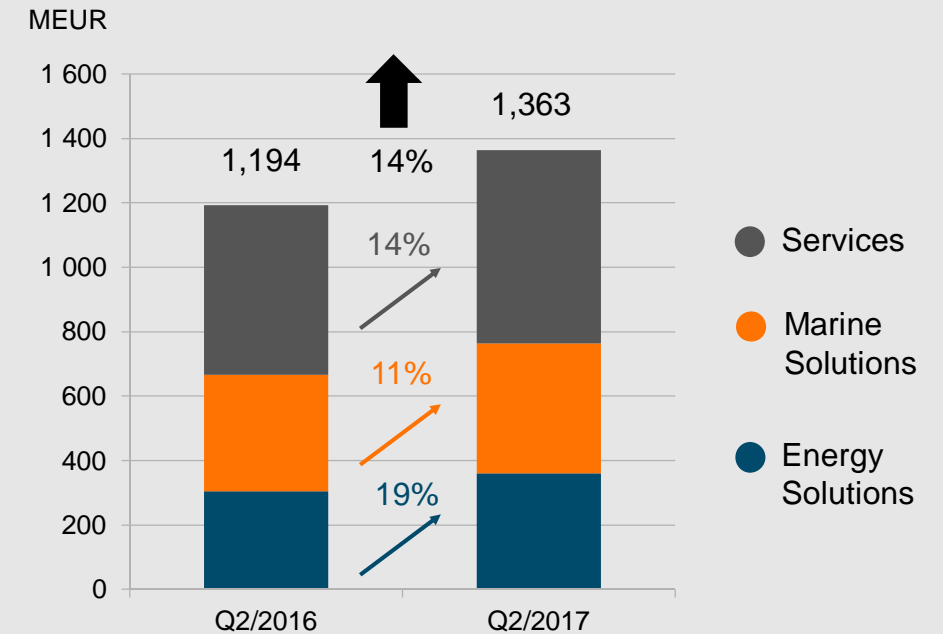
- Order intake EUR 1,363 million, +14%
- Net sales EUR 1,292 million, +8%
- Book-to-bill 1.05 (1.00)
- Comparable operating result EUR 126 million (122), which represents 9.7% of net sales (10.2)
- Earnings per share EUR 0.38 (0.19)
- Cash flow from operating activities EUR 2 million (202)
- Order book at the end of the period EUR 5,065 million (5,083)



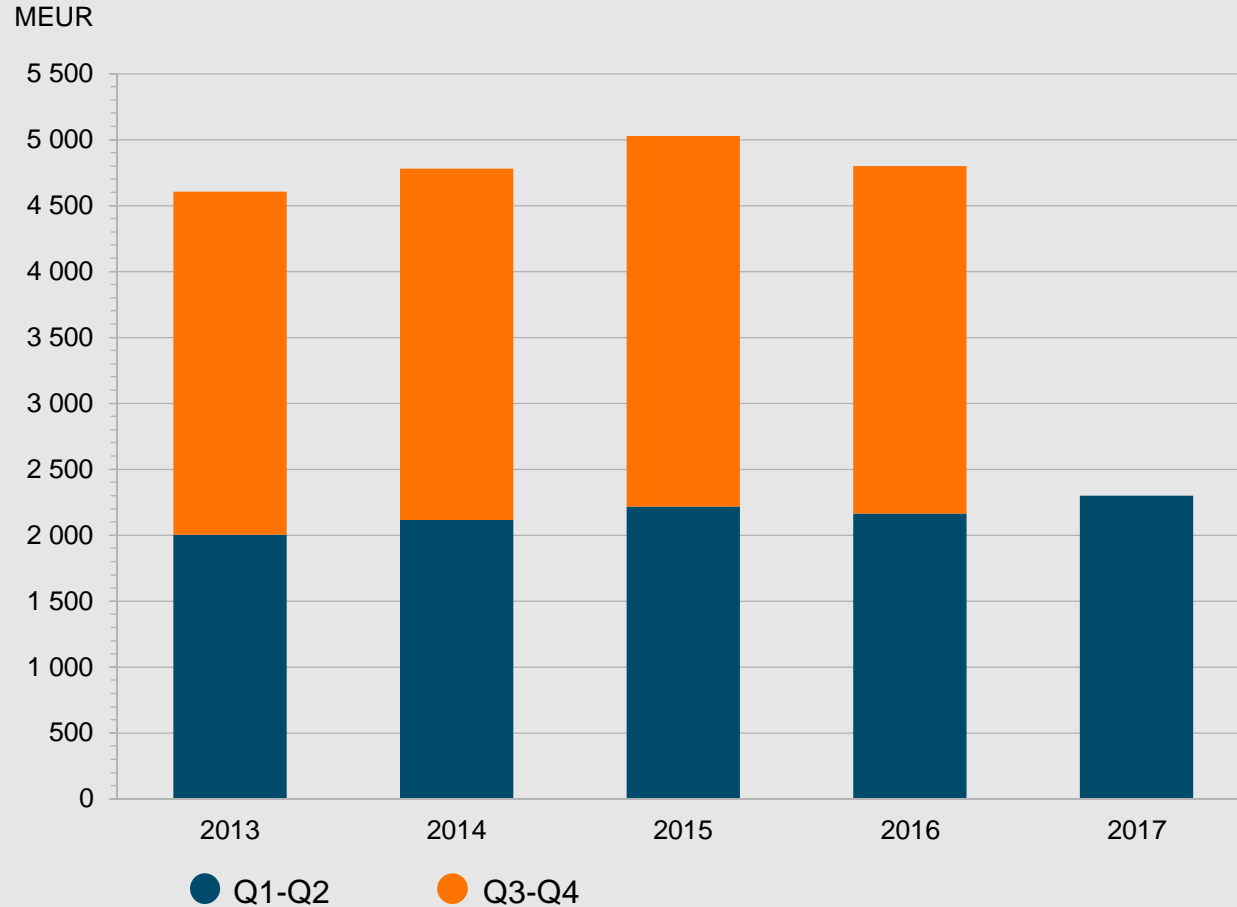
Order intake developed well in all business areas



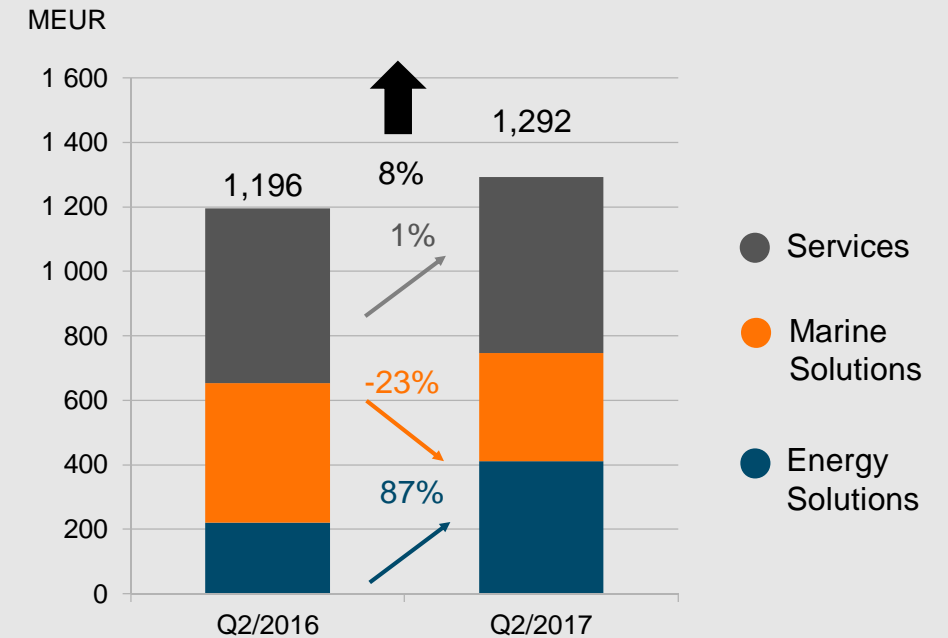
Second quarter development



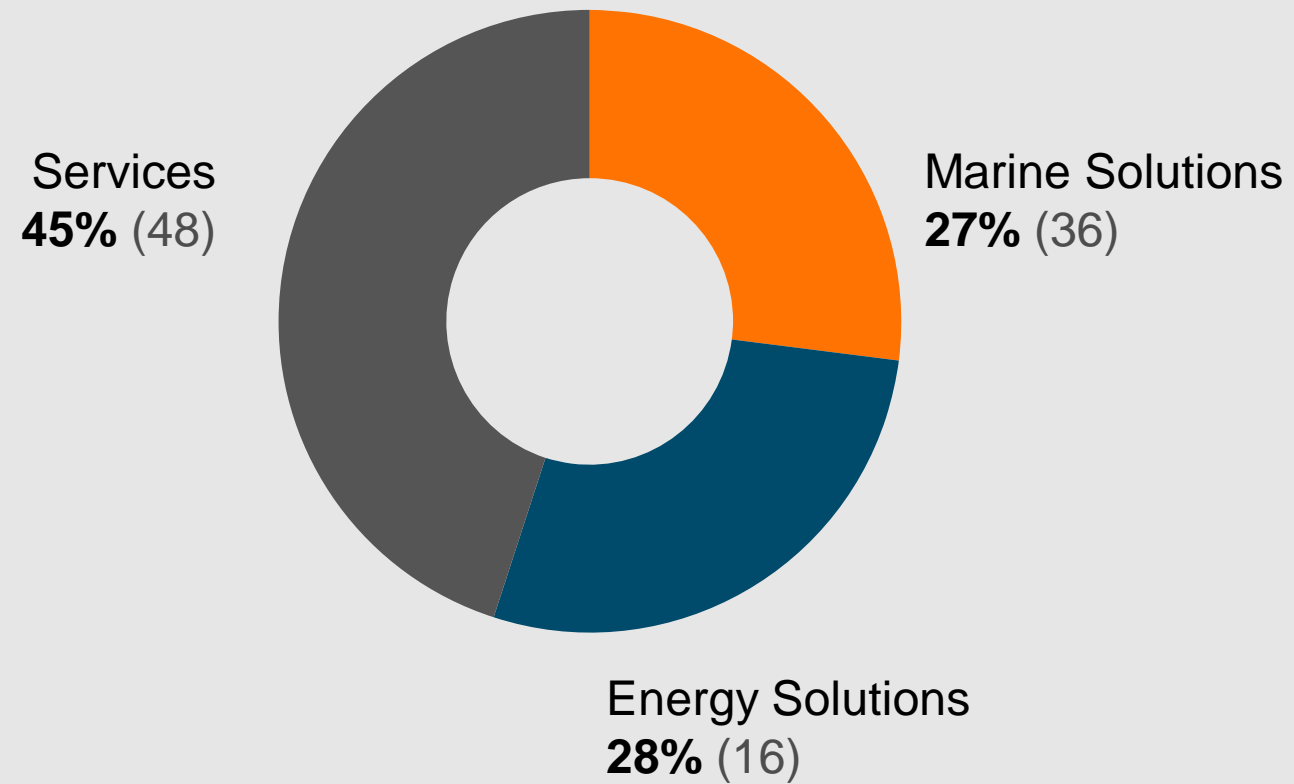
Net sales supported by higher power plant deliveries



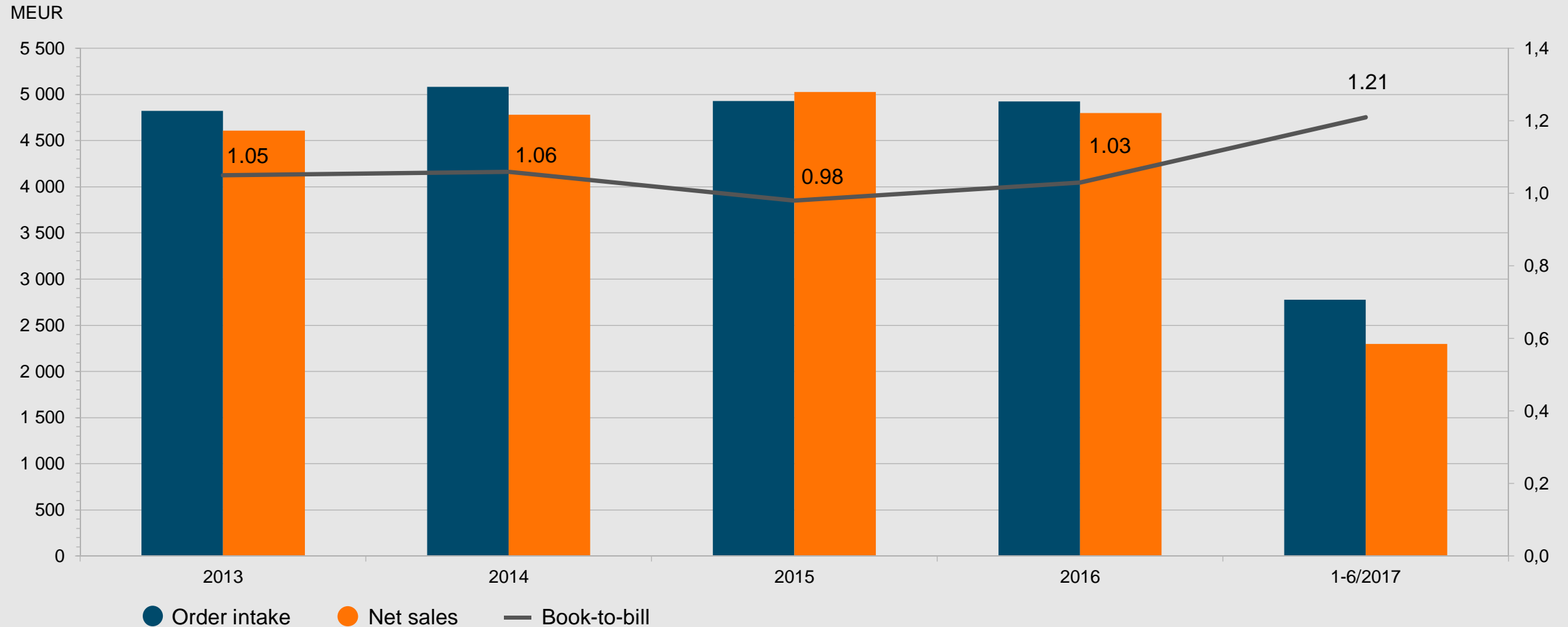
Second quarter development



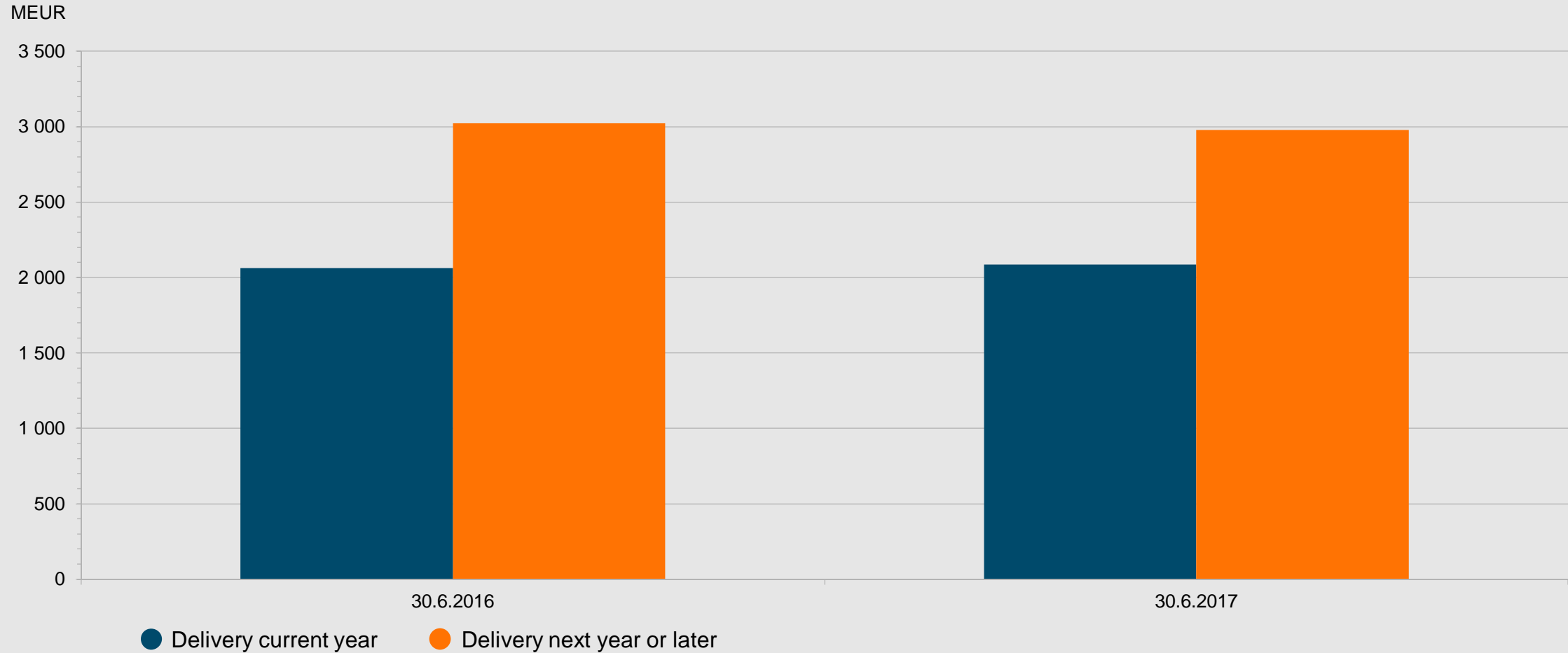
Net sales by business 1-6/2017



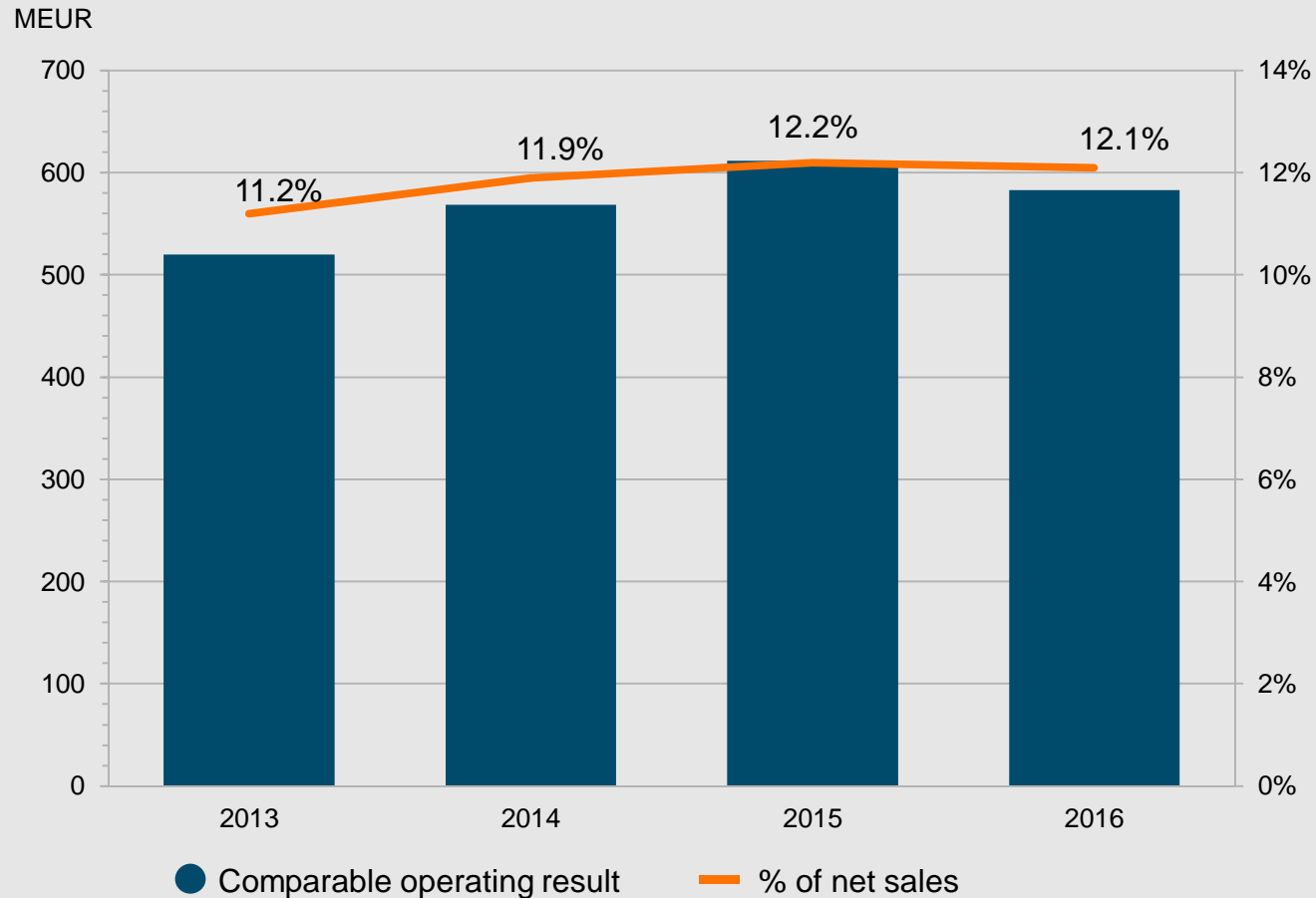
Book-to-bill



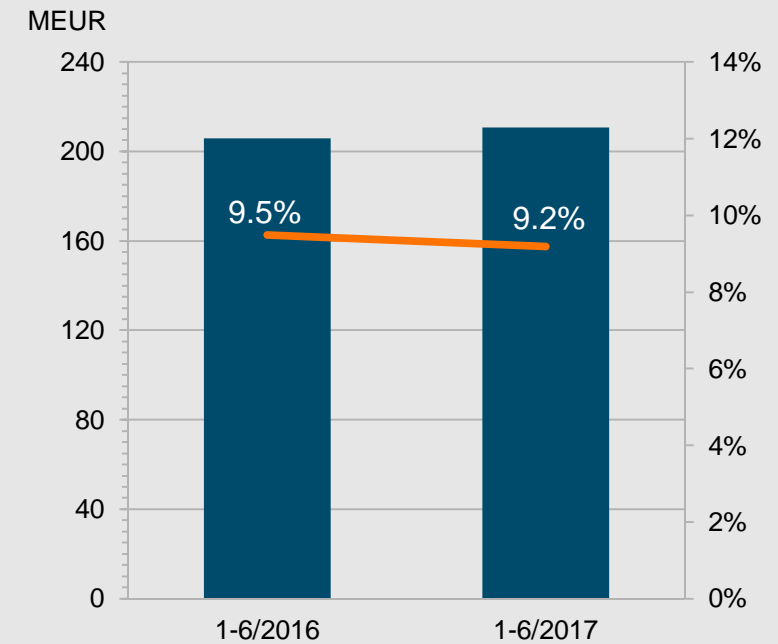
Order book distribution



Operating result



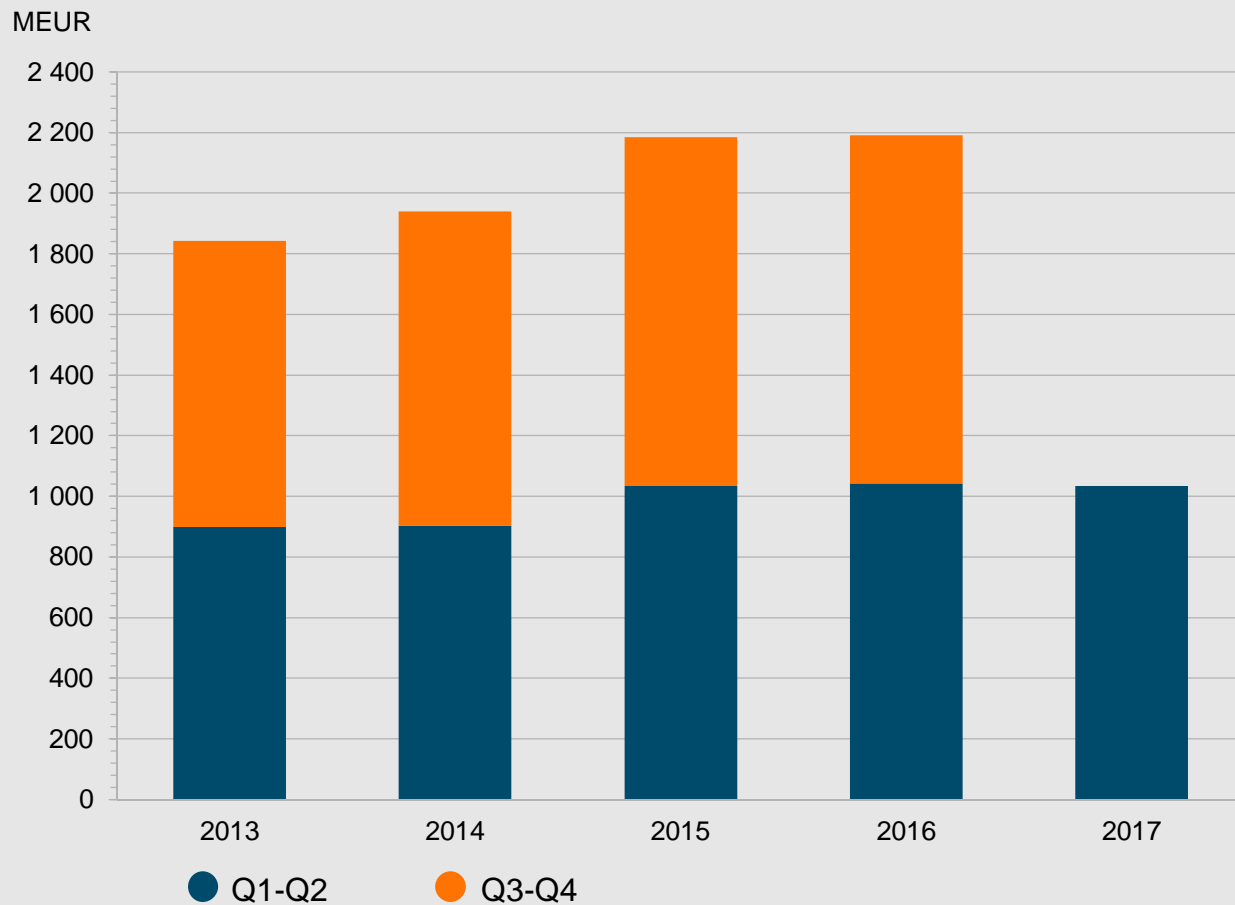
Review period development



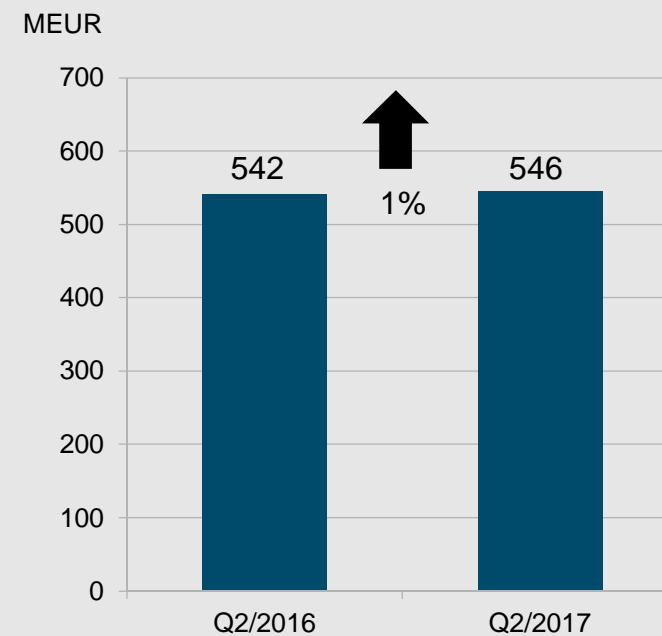
Items affecting comparability included costs related to restructuring programmes of EUR 8 million (26) in the second quarter of 2017 and EUR 14 million (27) during the review period January-June. Figures for 2013 include both discontinued and continuing operations.



Stable development in Services' net sales

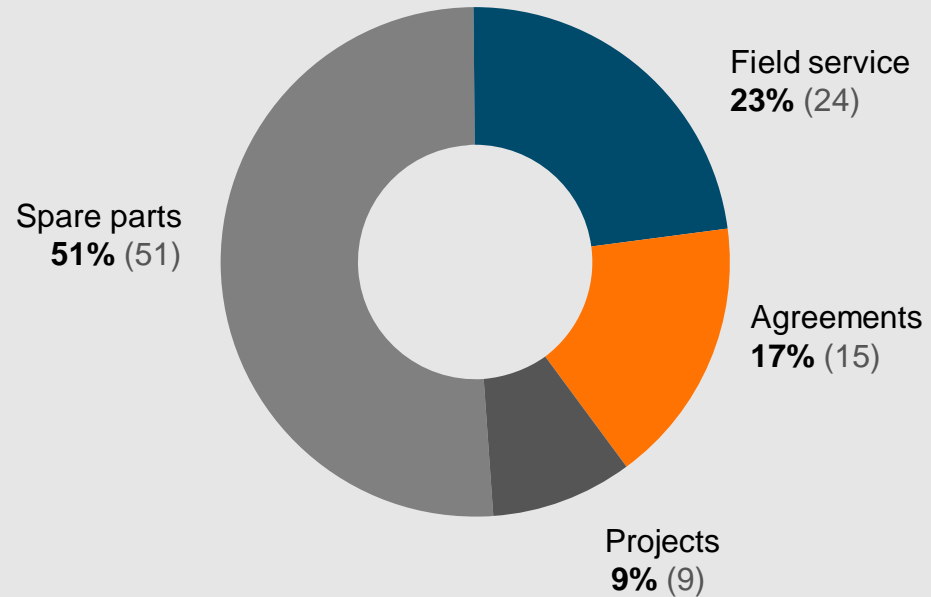


Second quarter development

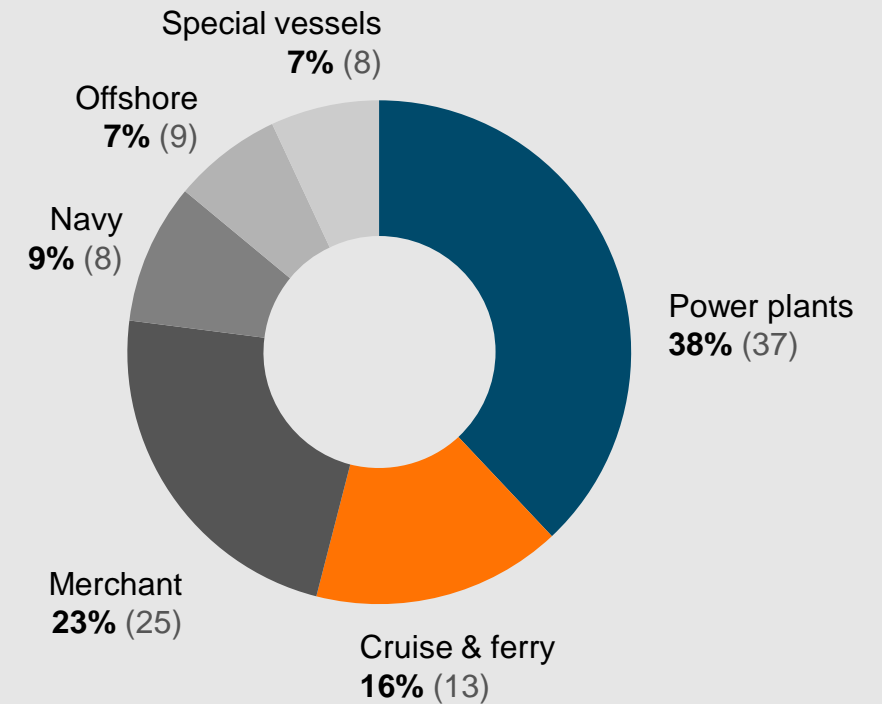


Net sales distribution 1-6/2017

By product area

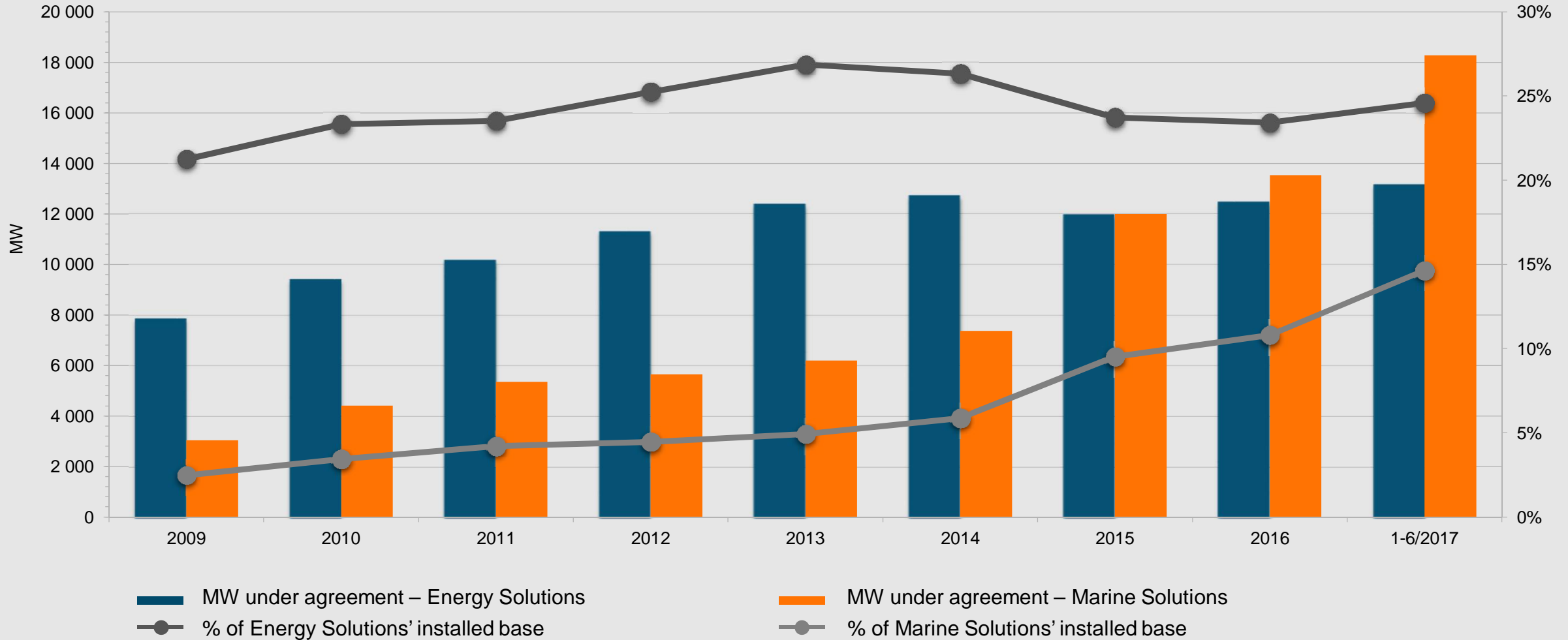


By segment



Total EUR 1,035 million (1,042)

Installed base covered by service agreements



Wärtsilä to install a hybrid system with batteries on board Eidesvik Offshore's vessel

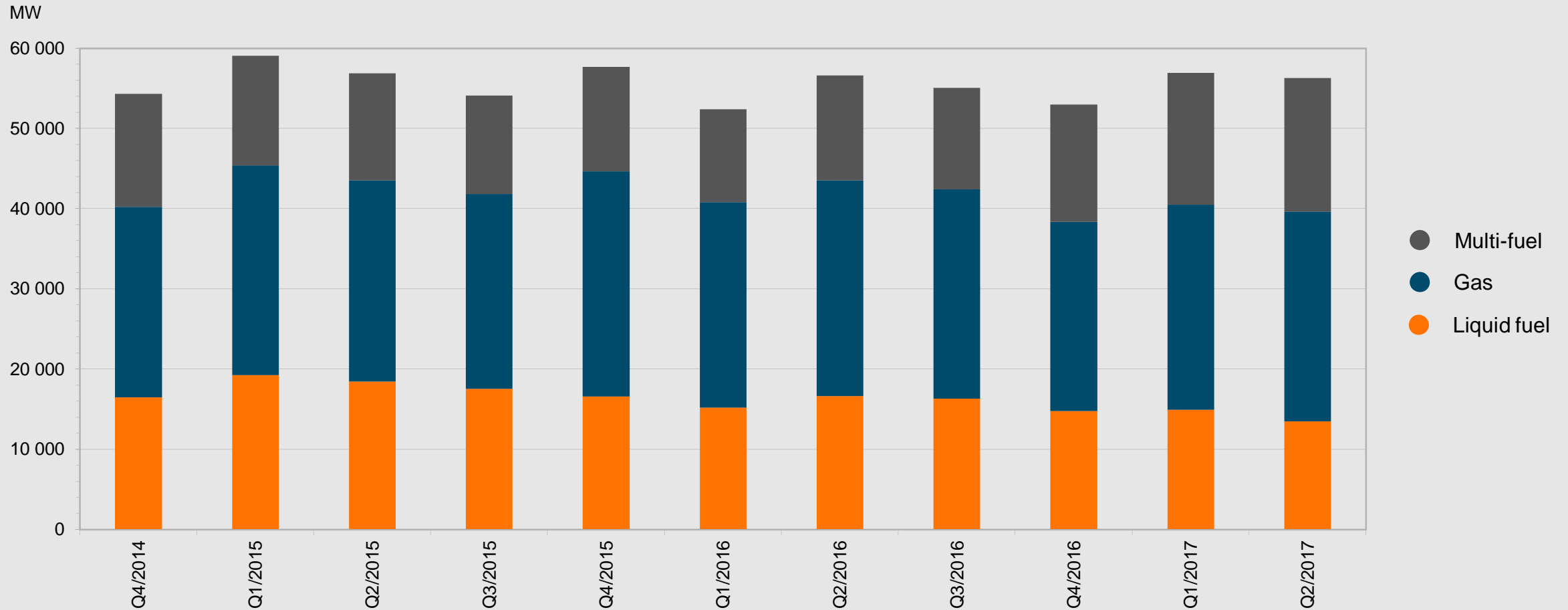
- The Viking Princess is the first offshore supply vessel to replace a generator with batteries
- The storage solution improves efficiency, generating fuel savings and reducing CO2 emissions



Copyright: Eidesvik

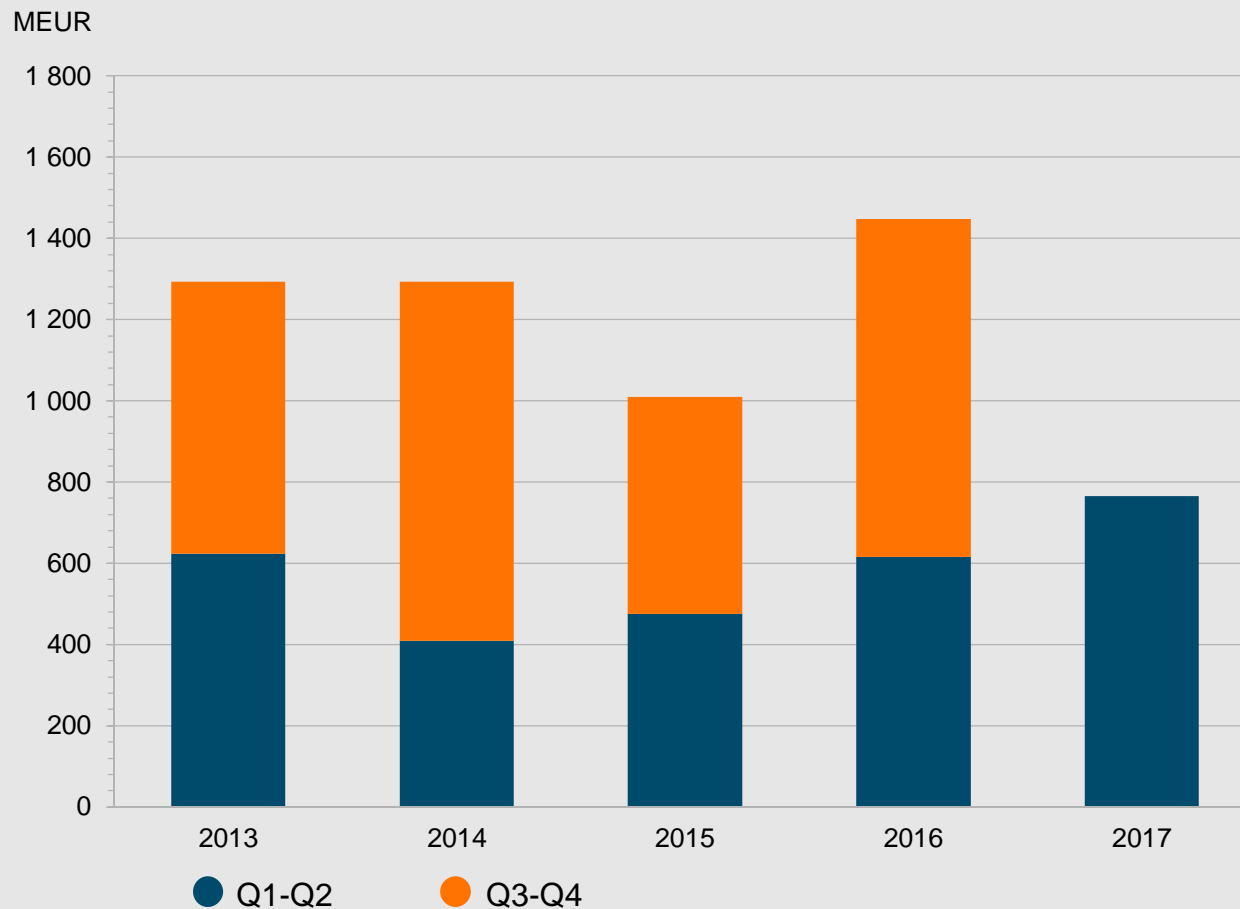


Quotation activity by fuel type



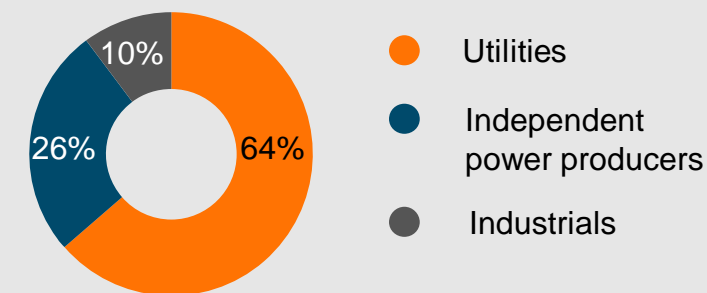
Calculated on a 12 months rolling basis

Continued momentum in Energy Solutions' order intake



Review period development

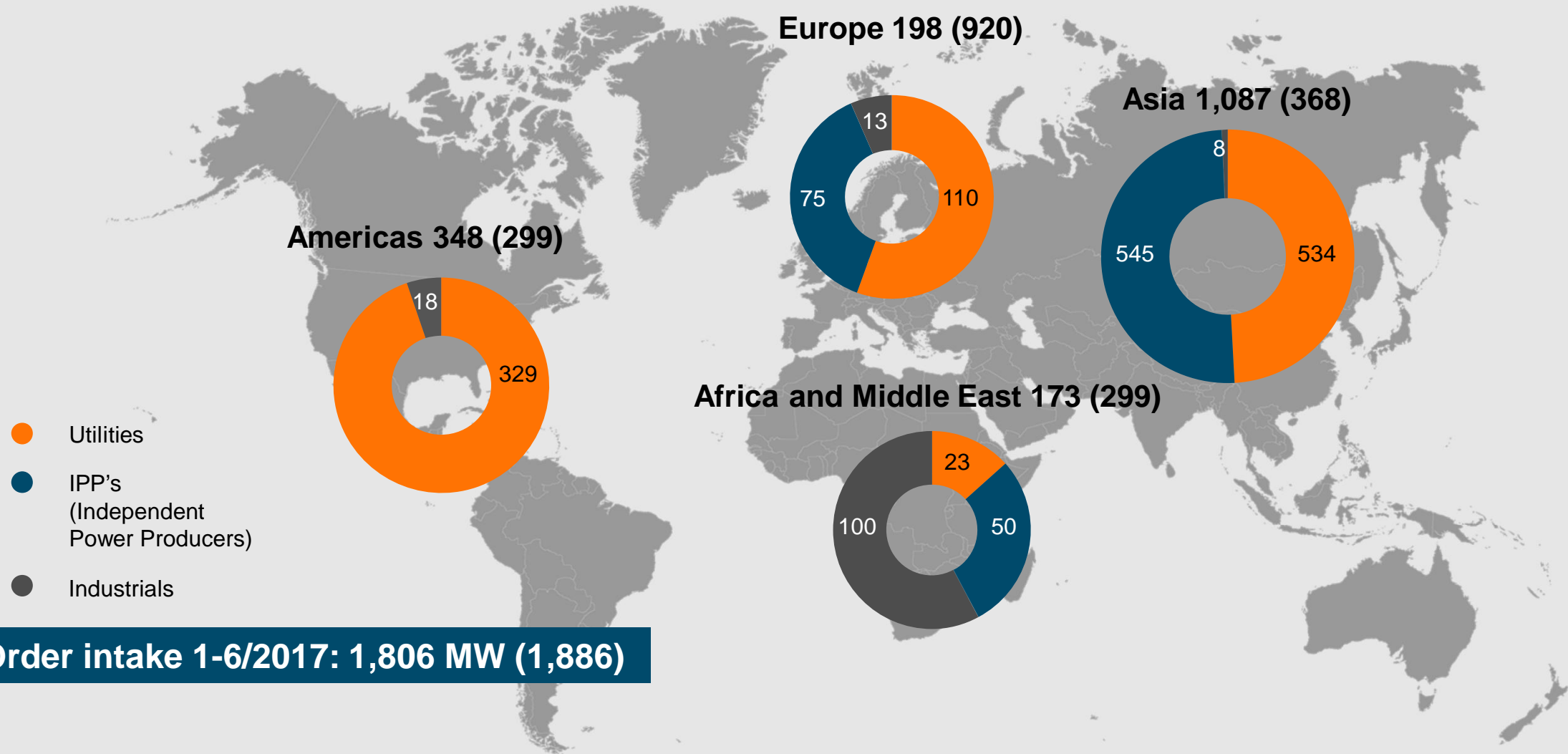
Total EUR 766 million (616)



Review period order intake by fuel in MW



Order intake globally



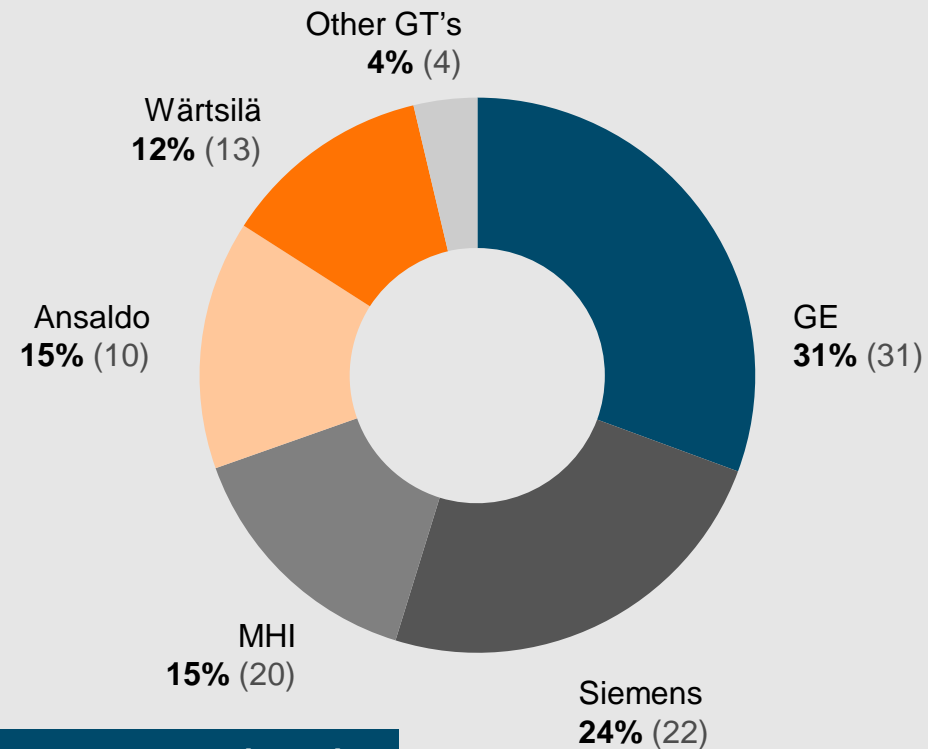
Order intake 1-6/2017: 1,806 MW (1,886)

Energy storage steps in to solve peaker plant crisis

- Greensmith's GEMS software platform selected when a sudden loss in peaker plant capacity in Pomona, California was replaced with energy storage
- By leveraging major OEM relationships, North America's largest and most complex energy storage system was delivered safely, reliably in a record less than 4 months
- The storage solution delivers 80 MWh of electricity during peak periods of energy demand to power around 15,000 homes for 4 hours each day



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

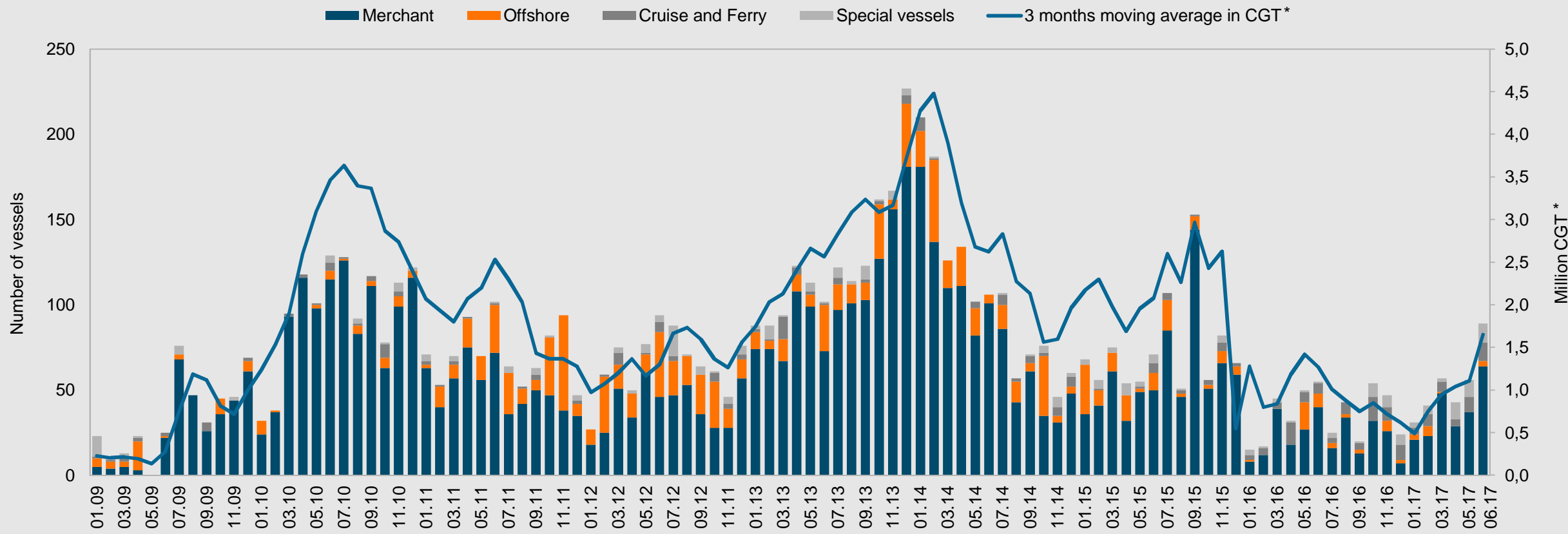


<500 MW market volume last 12 months: 28.4 GW (26.1)
Total market volume last 12 months: 58.0 GW (64.8)

Market shares are calculated on a 12 months rolling basis, numbers in brackets are from the end of the previous quarter. 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.



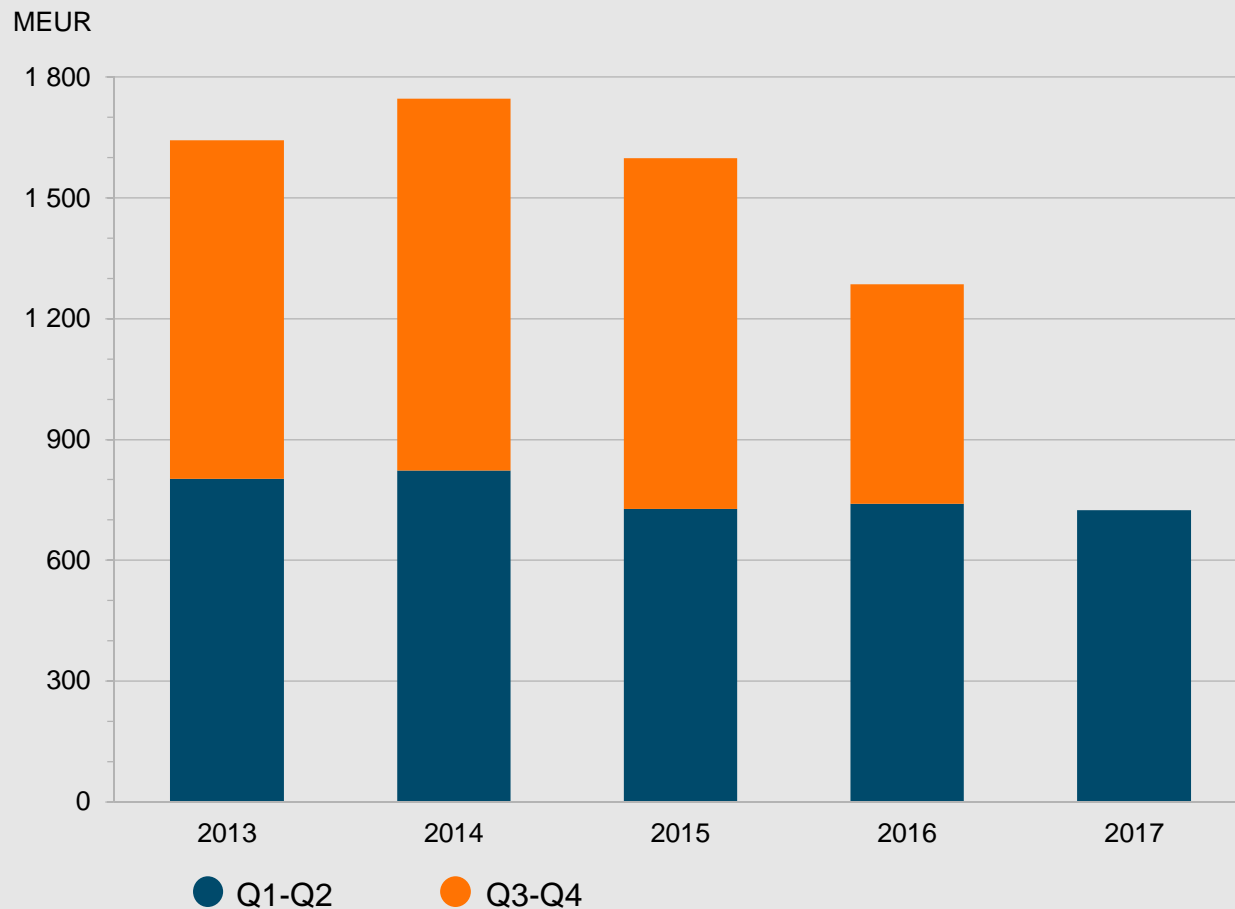
Marine market environment remains challenging



Source: Clarkson Research Services, figures exclude late contracting

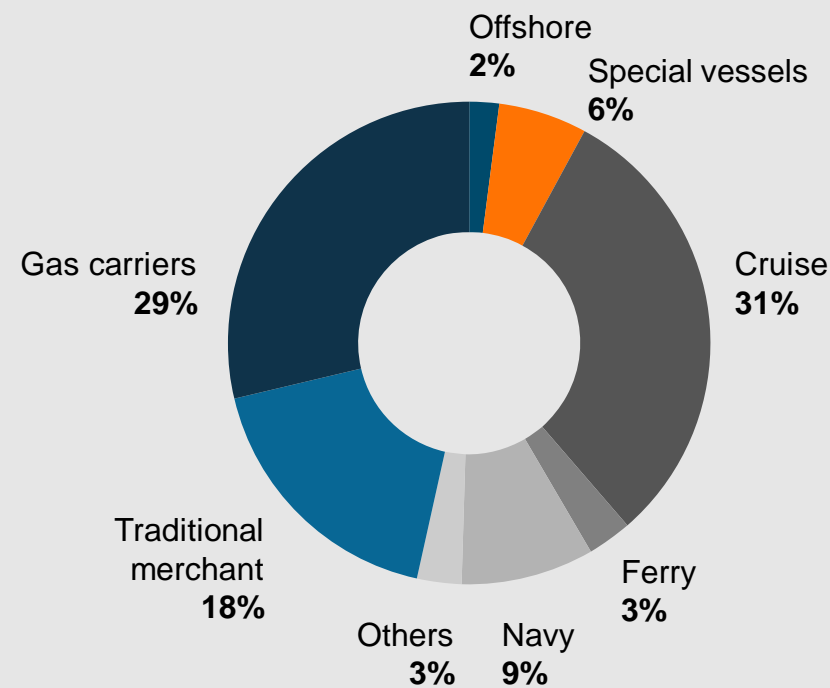
* CGT= gross tonnage compensated with workload

Marine Solutions' order intake supported by favourable vessel mix



Review period development

Total EUR 725 million (741)



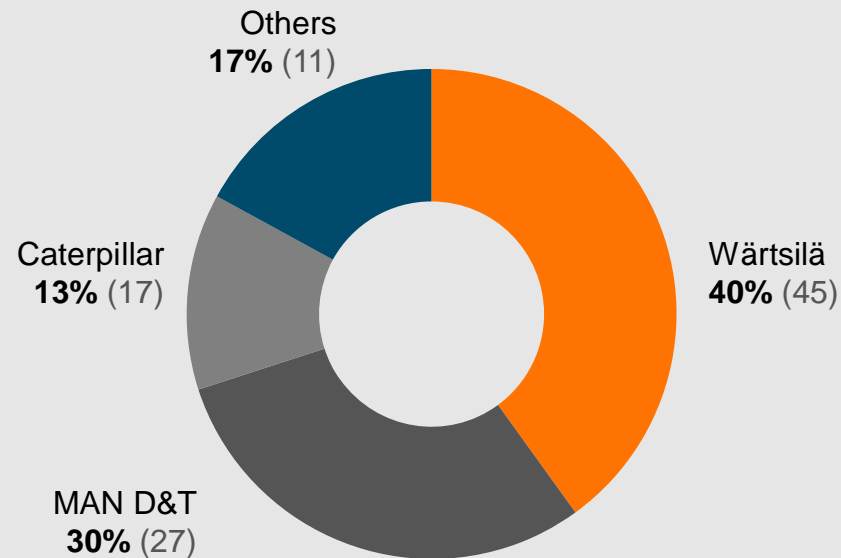
Wärtsilä's unique HY hybrid power module increases efficiency and flexibility

- The hybrid power module combines engines, energy storage, and power electronics
- Benefits include reduced fuel consumption and emissions, as well as improved vessel performance and safety
- Rimorchiatori Riuniti's new harbour tug will be the first vessel to feature the Wärtsilä HY innovation



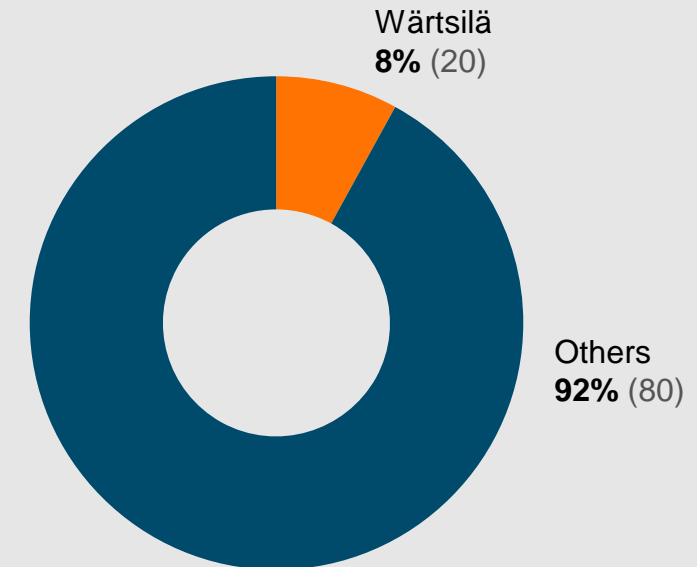
Market position of Wärtsilä's marine engines

Medium-speed main engines



Total market volume last 12 months:
3,065 MW (2,235)

Auxiliary engines

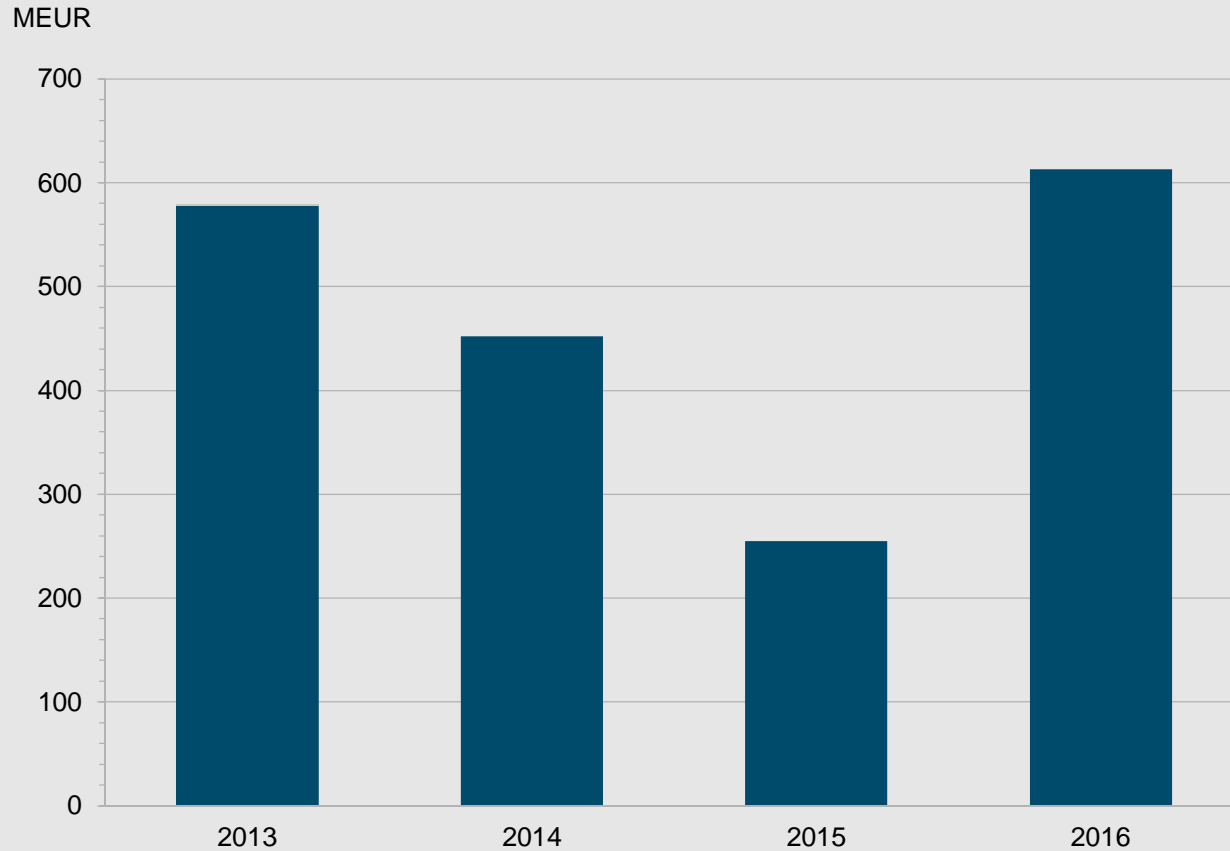


Total market volume last 12 months:
1,680 MW (1,340)

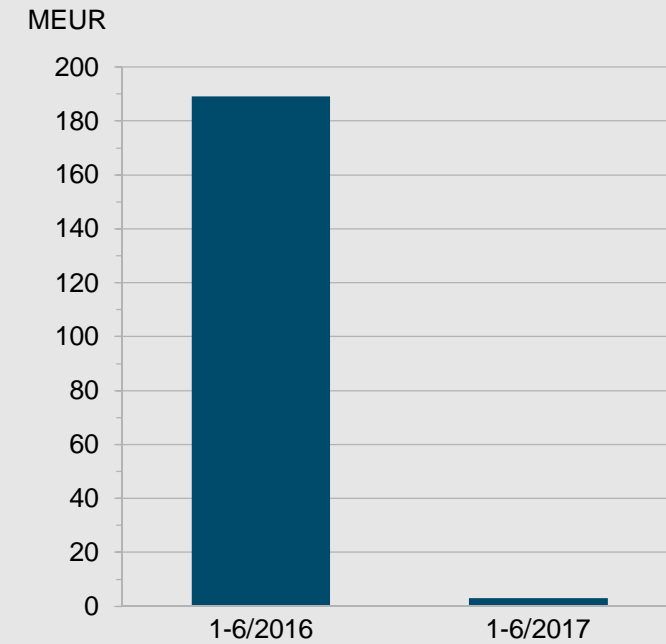
Wärtsilä's market shares are calculated on a 12 months rolling basis, numbers in brackets are from the end of the previous quarter. The calculation is based on Wärtsilä's own data portal.



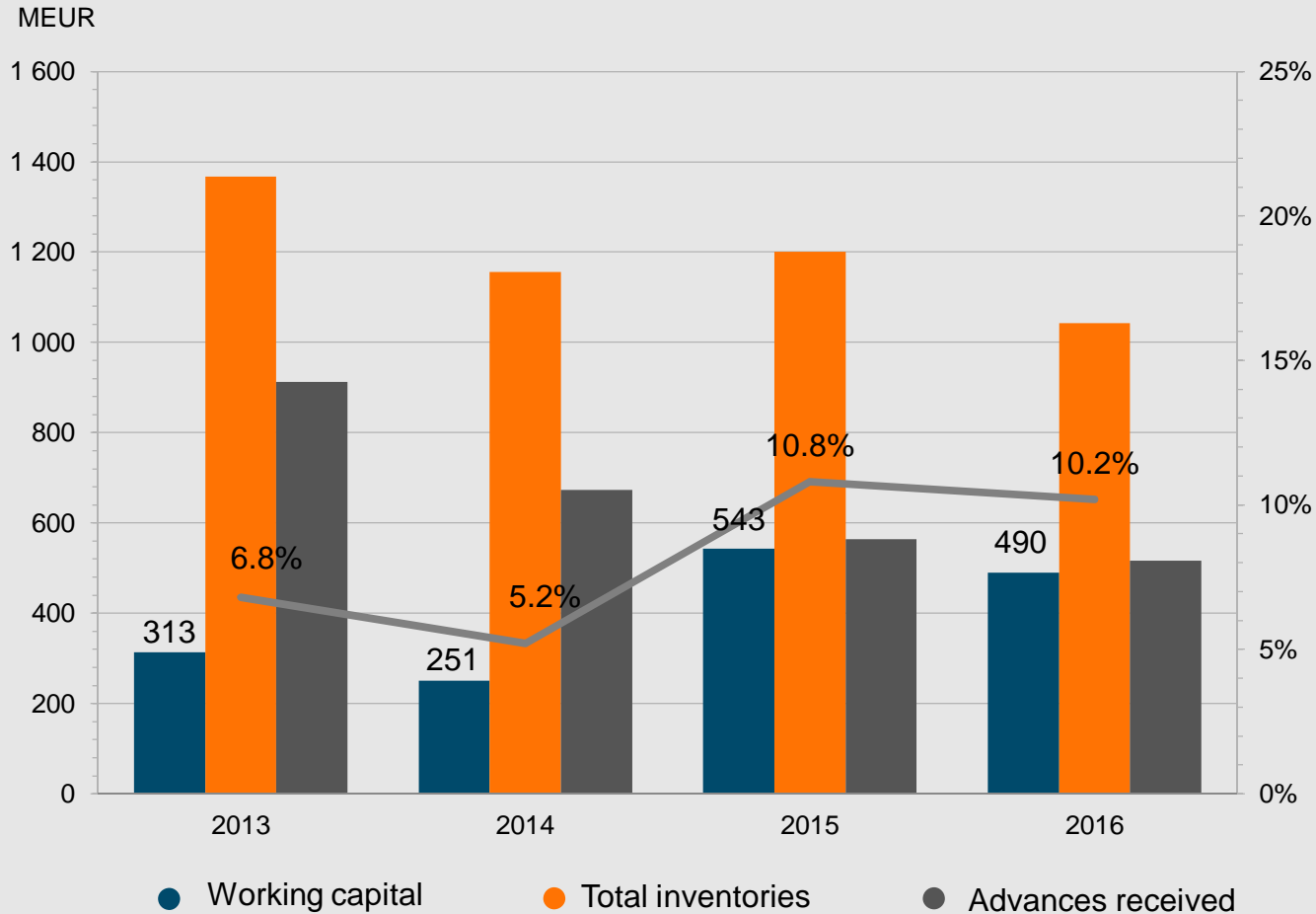
Cash flow from operating activities affected by increased receivables



Review period development

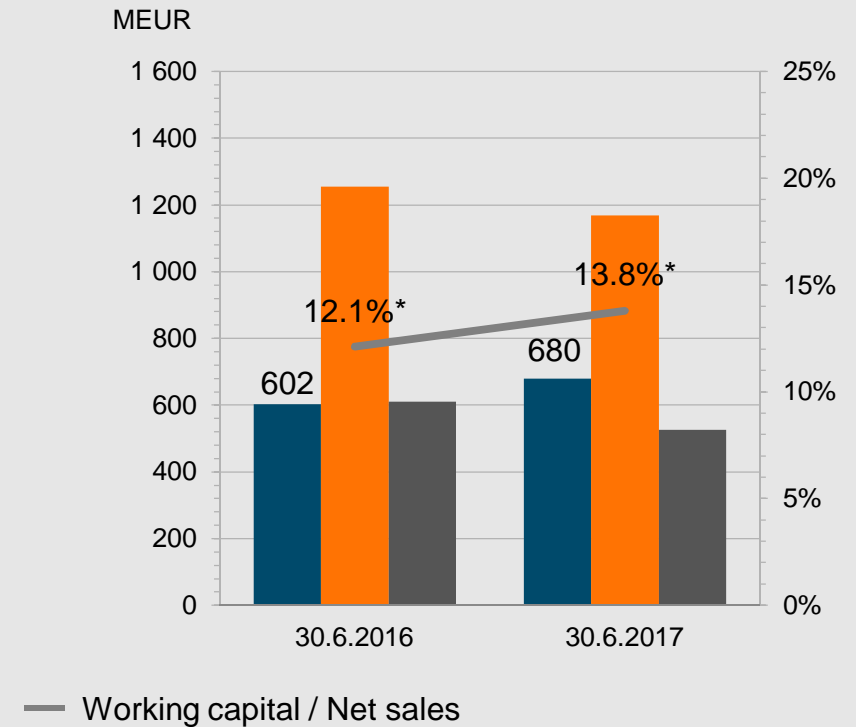


Working capital

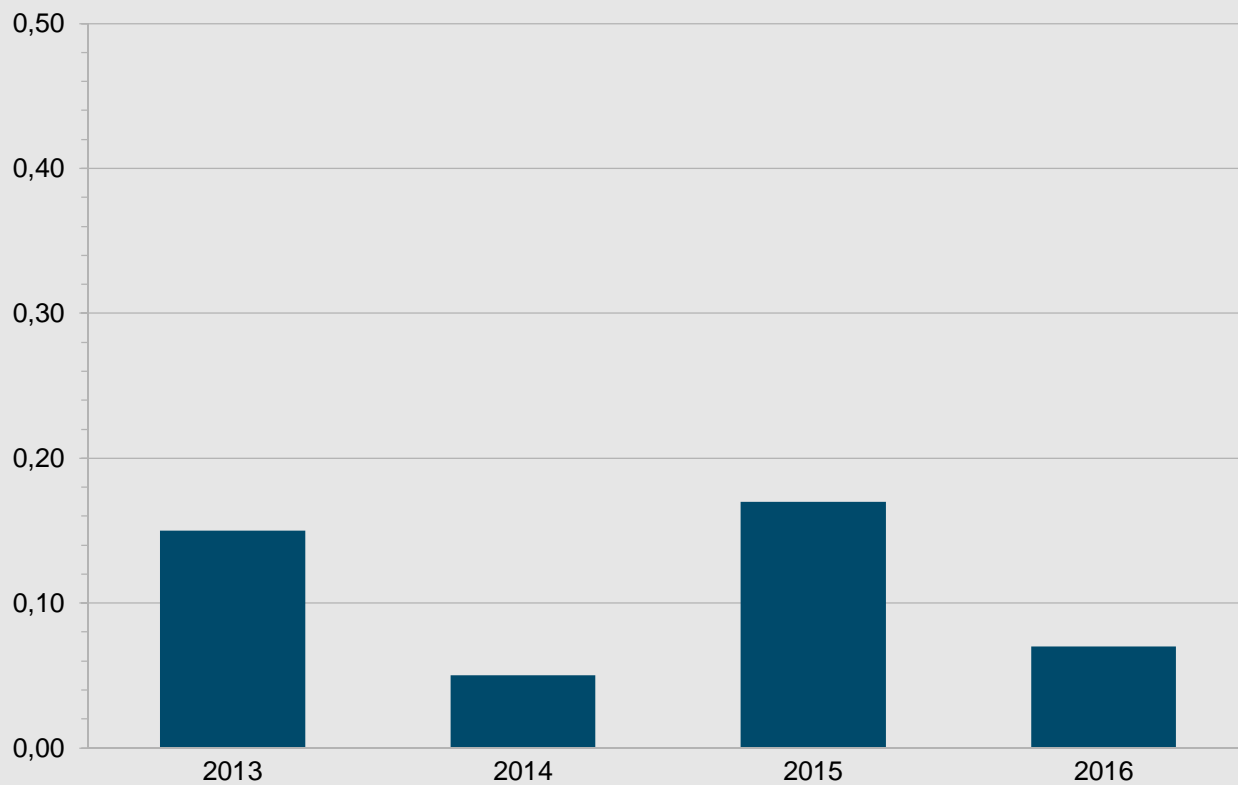


*Working capital / 12 months rolling net sales

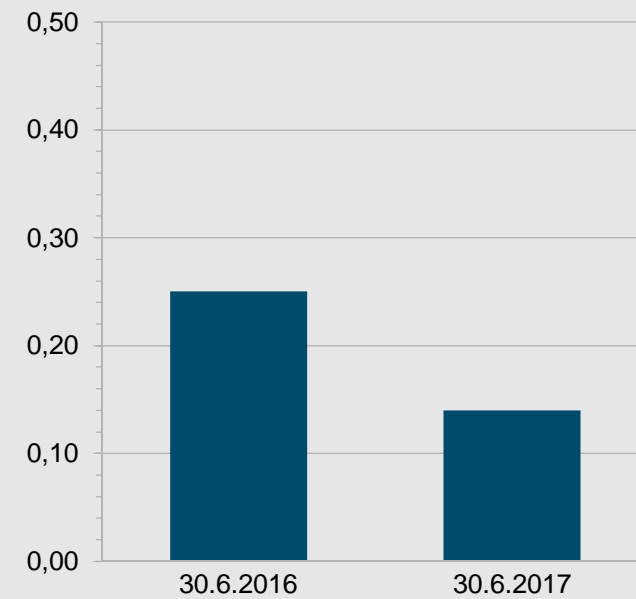
Review period development



Gearing



Review period development



Prospects for 2017

Wärtsilä's overall development in 2017 is expected to be relatively unchanged from the previous year. Demand by business area is anticipated to develop as follows:

- Solid in Services with growth opportunities
- Good in Energy Solutions
- Solid in Marine Solutions (raised from soft)



THANK YOU

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