

WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY-SEPTEMBER 2018

23 October 2018

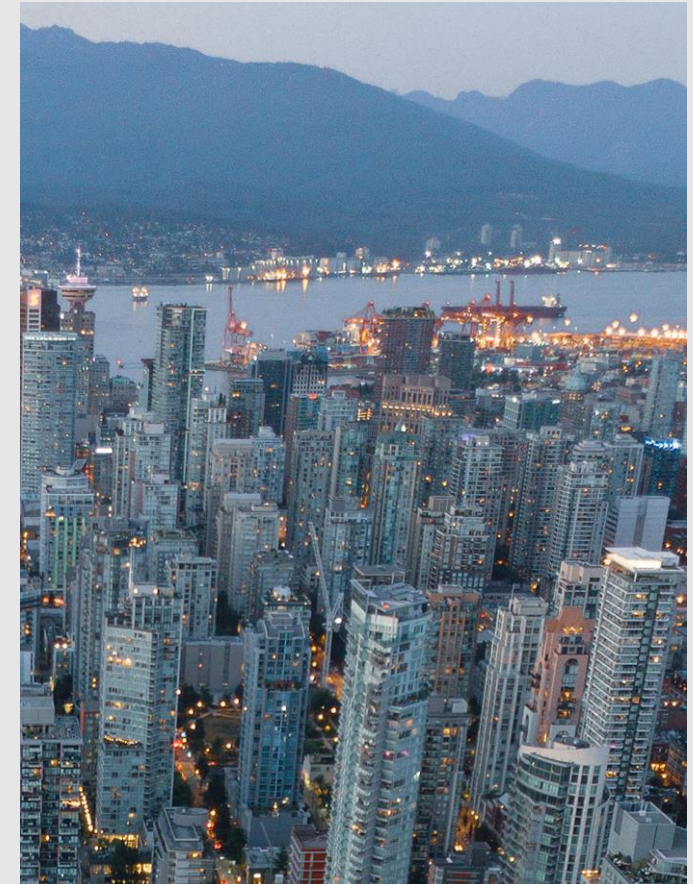
Jaakko Eskola, President & CEO



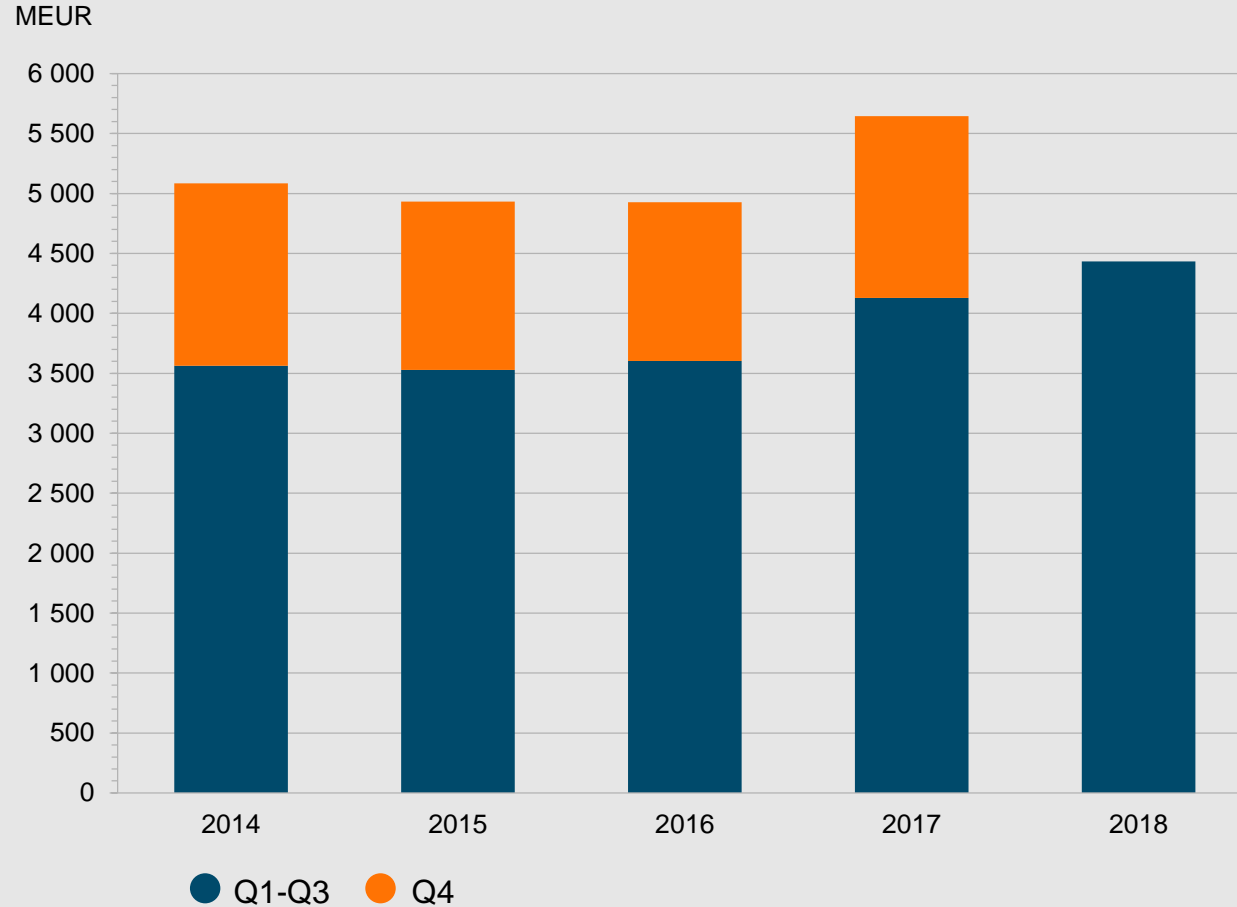
Highlights Q3/2018

- Order intake stable at EUR 1,372 million
- Order book at the end of the period EUR 5,918 million, +16%
- Net sales EUR 1,330 million, +13%
- Book-to-bill 1.03 (1.15)
- Comparable operating result EUR 141 million (131), which represents 10.6% of net sales (11.2)
- Earnings per share EUR 0.17 (0.14)
- Cash flow from operating activities EUR 122 million (150)

Comparison figures have been restated due to the adoption of IFRS 15. EPS figures have been calculated based on the new amount of shares.

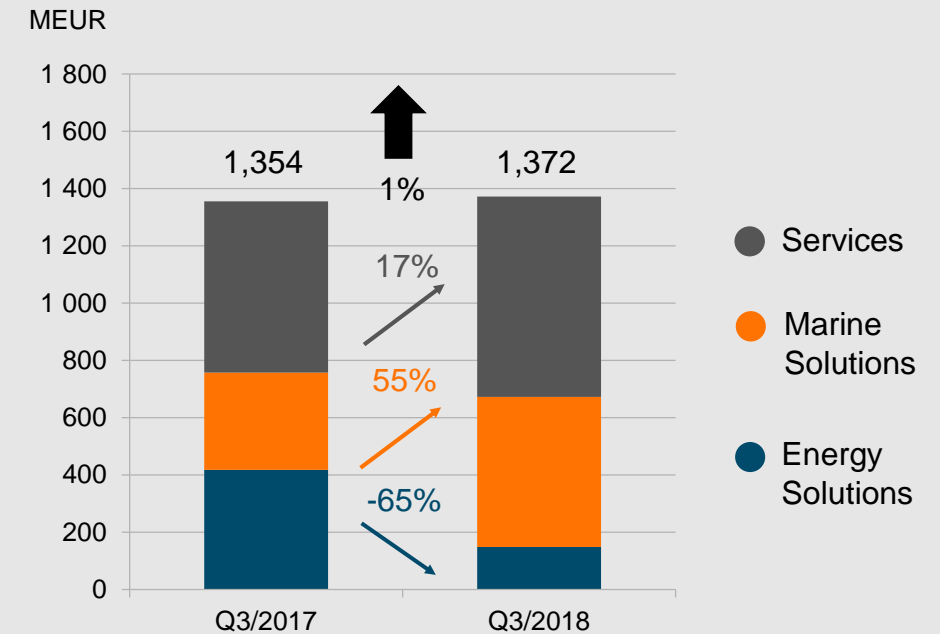


Marine Solutions and Services driving order intake

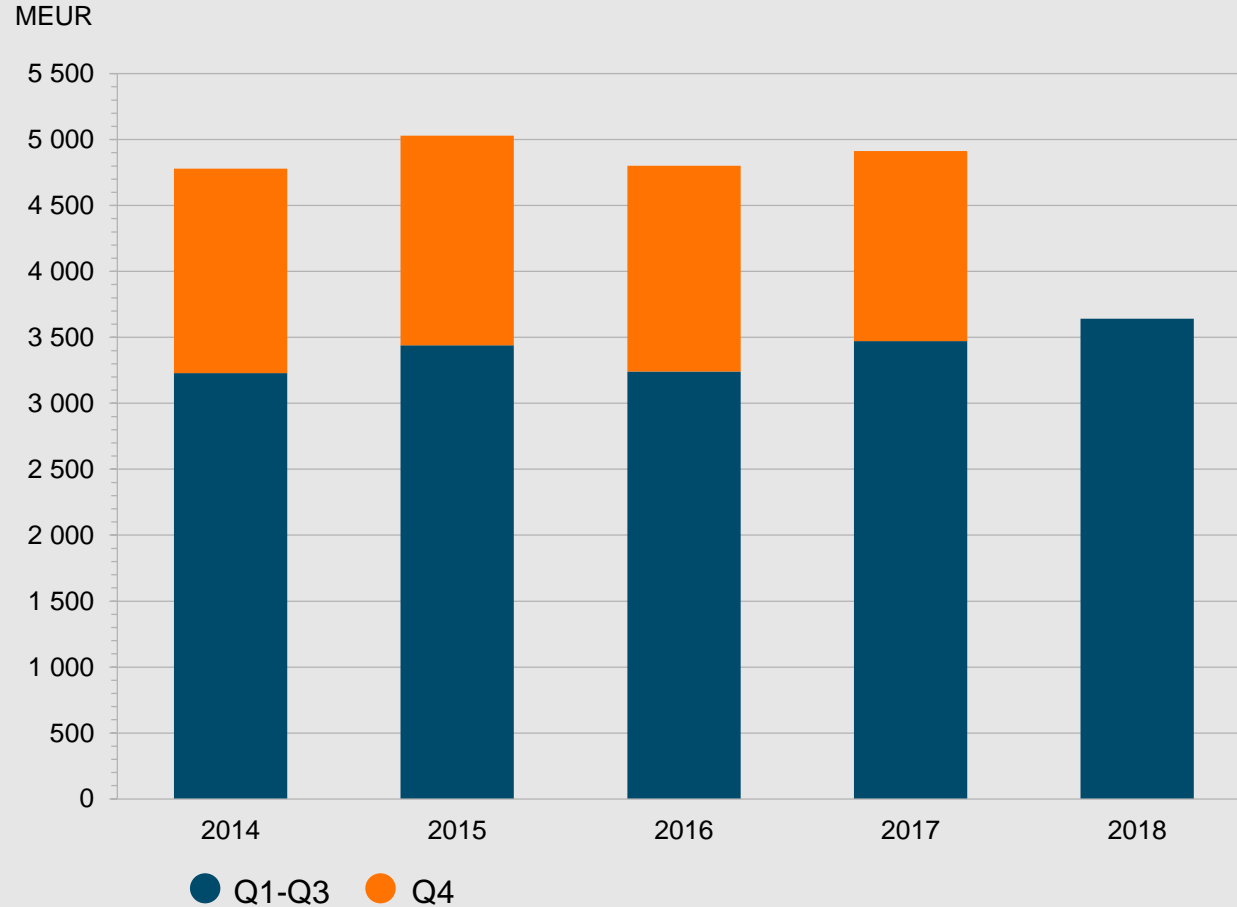


Comparison figures for 2017 have been restated due to the internal reorganisation of service activities.

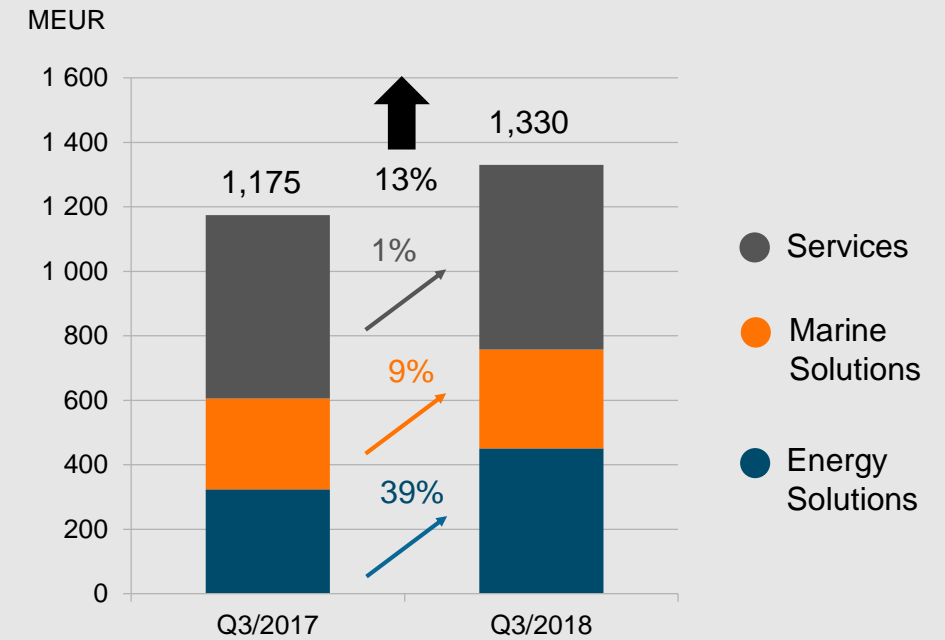
Third quarter development



Net sales boosted by growth in newbuild deliveries

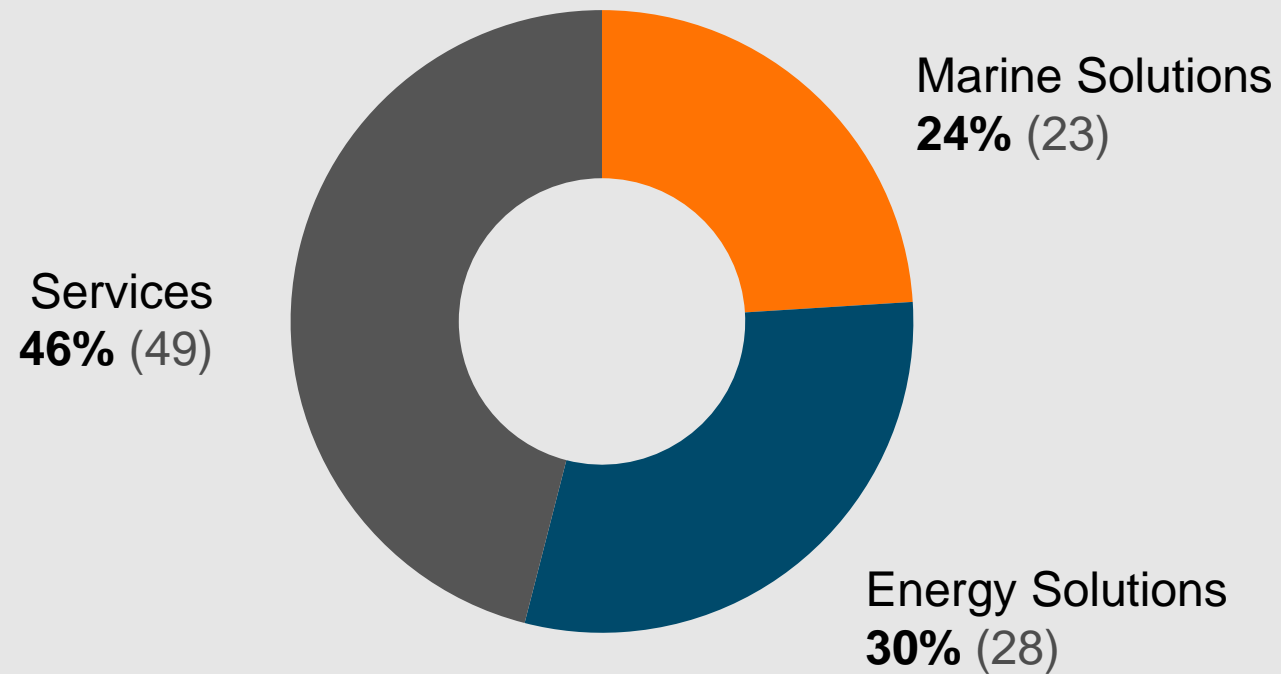


Third quarter development



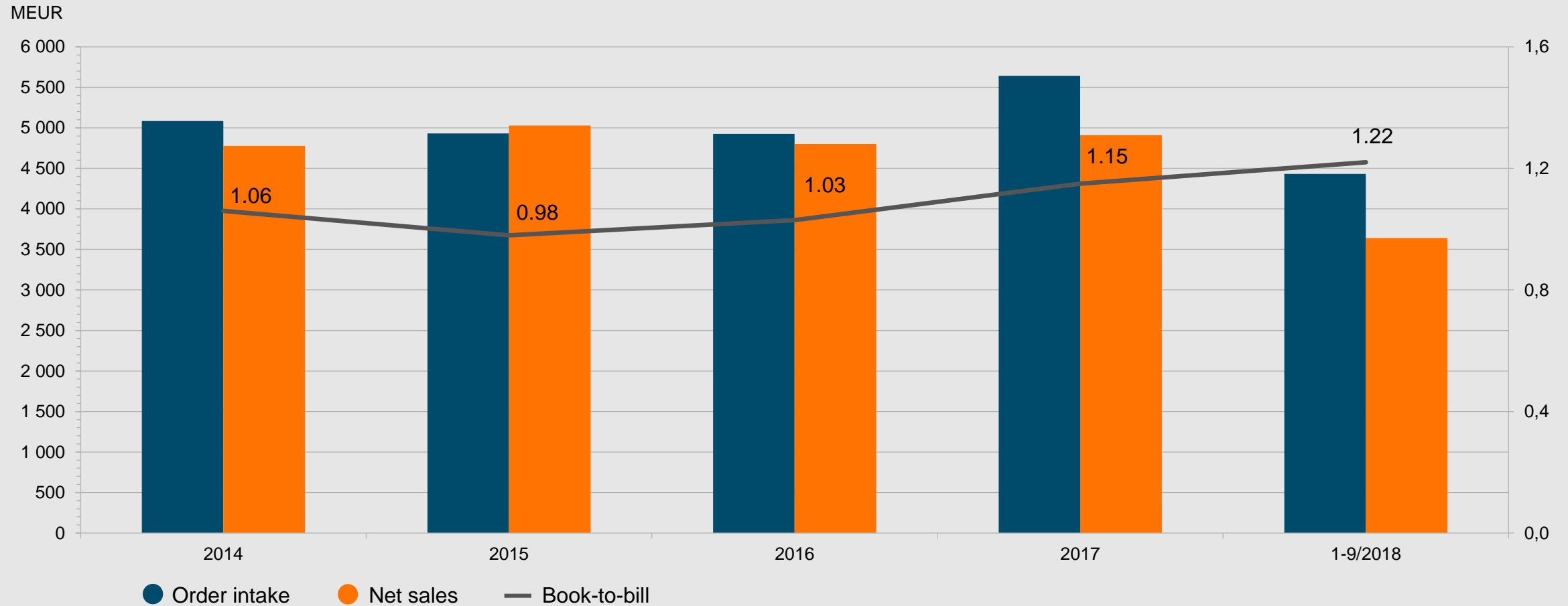
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Net sales by business 1-9/2018



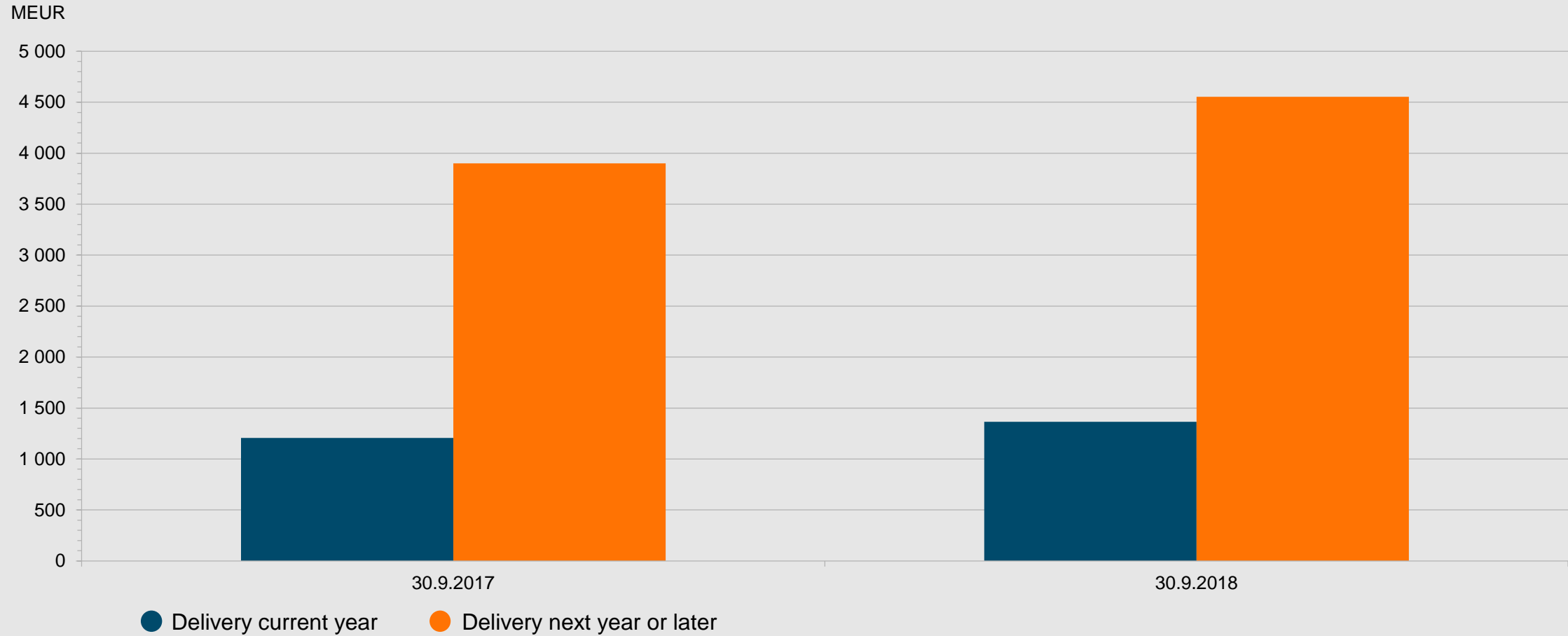
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Book-to-bill



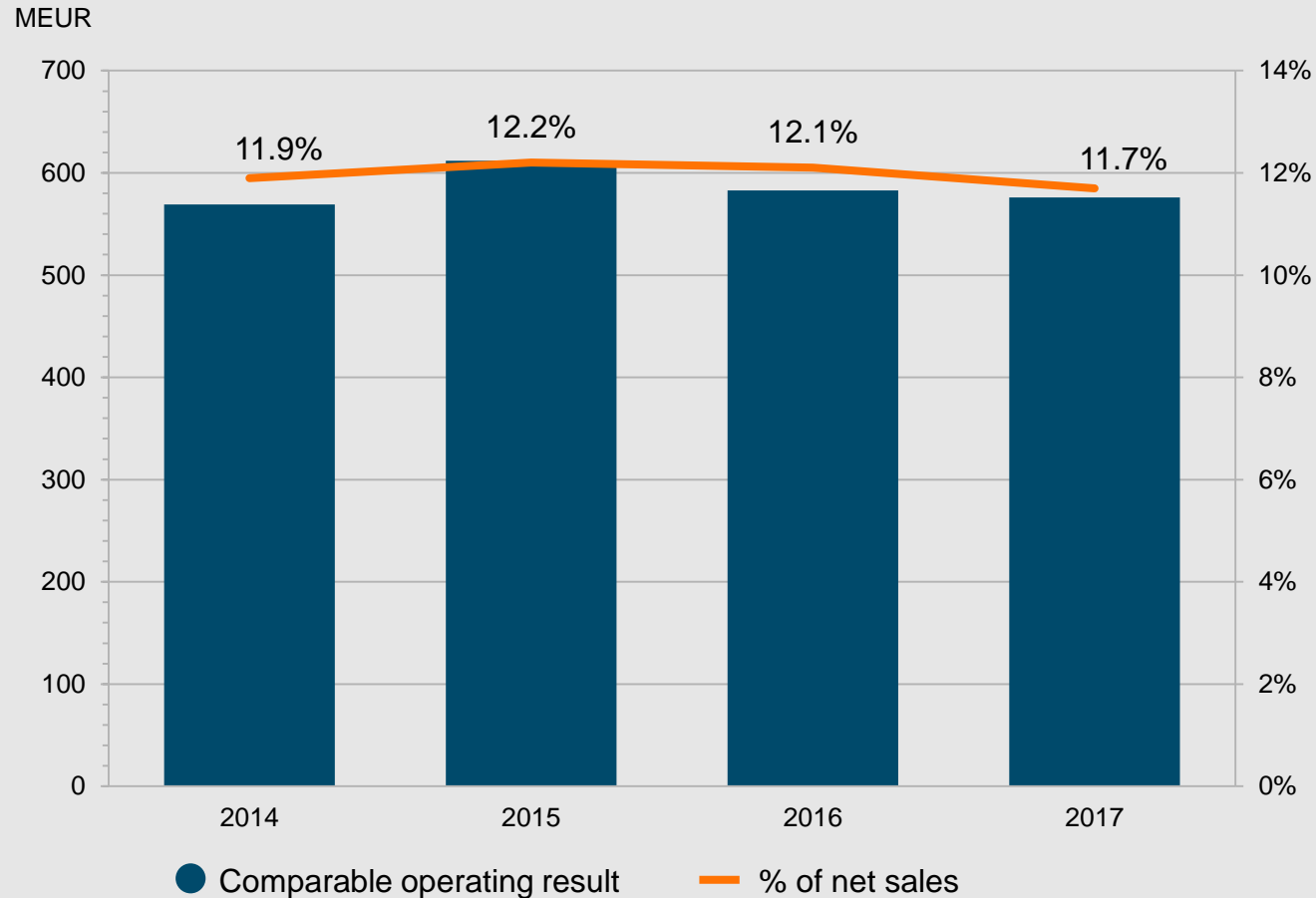
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Order book distribution



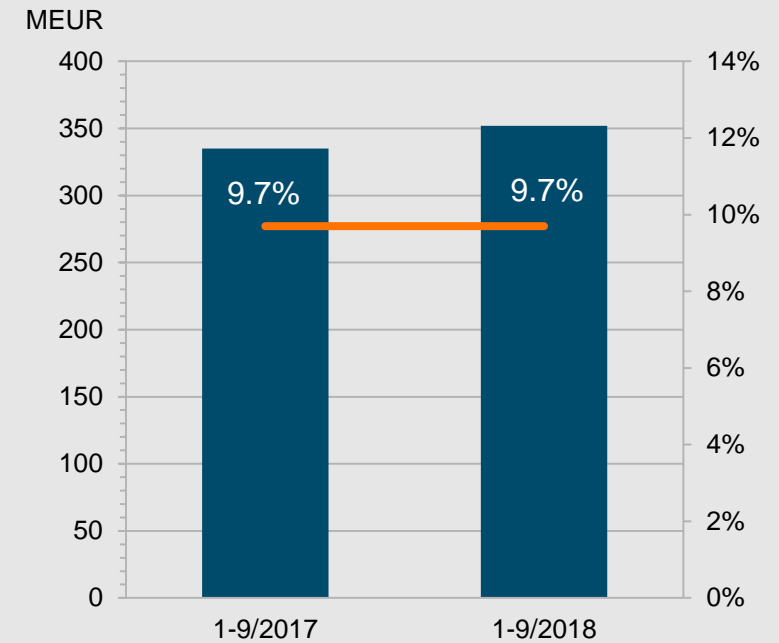
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Comparable operating result affected by the sales mix



Comparison figures for 2017 have been restated due to the adoption of IFRS 15.

Review period development



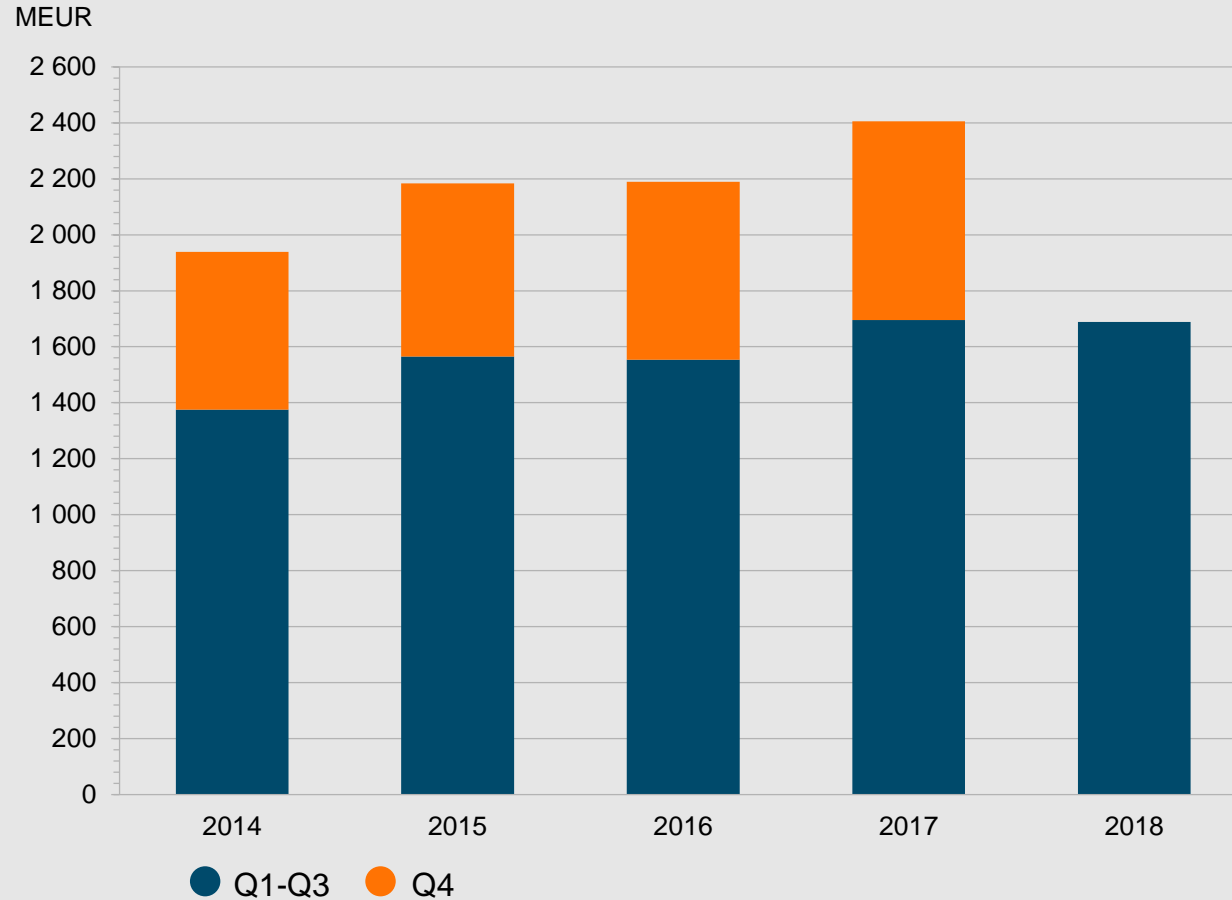
Wärtsilä's Smart Technology Hub to be built in Vaasa, Finland

- The new centre for research, development and production is the latest tangible step in Wärtsilä's Smart Marine and Smart Energy visions.
- The hub will enable more agile and efficient testing and development of solutions.
- Wärtsilä will invest EUR 83 million in modern testing and production technology for the hub.

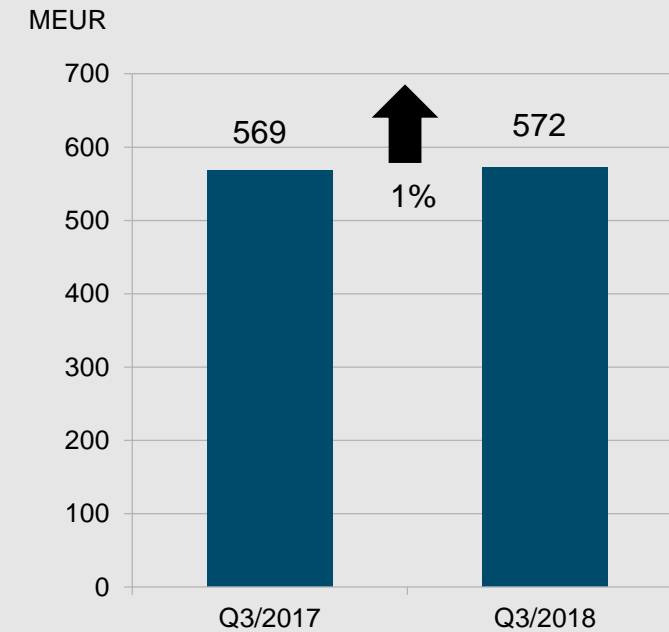




Steady development in Services' net sales



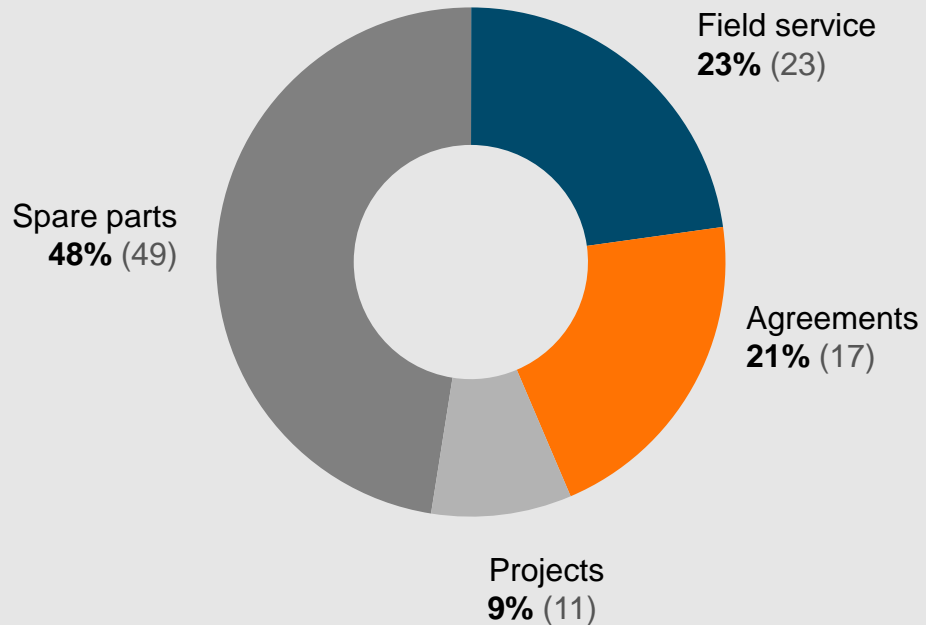
Third quarter development



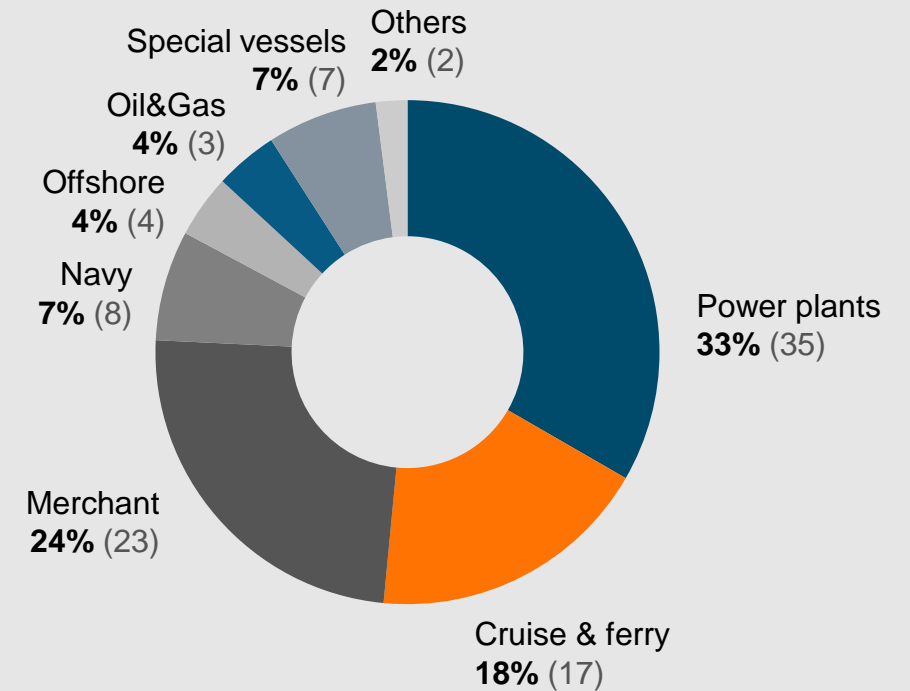
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Net sales distribution 1-9/2018

By product area

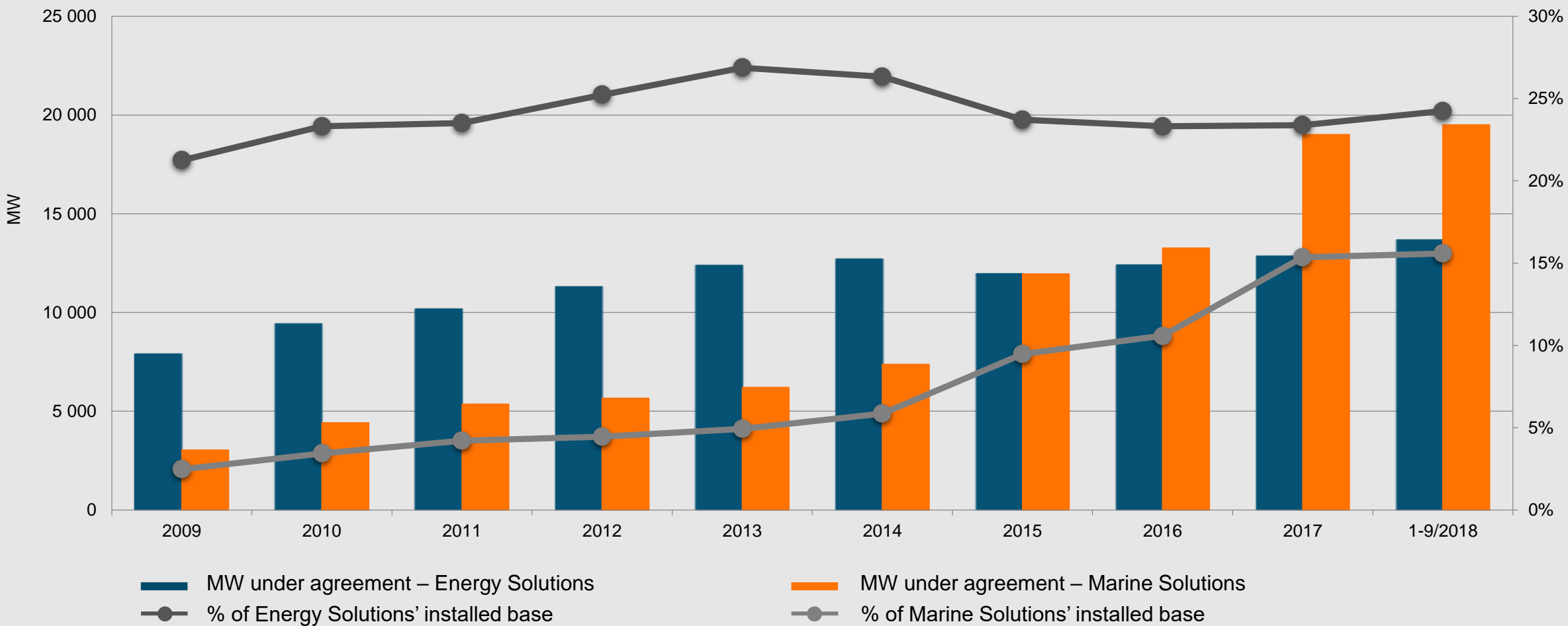


By segment



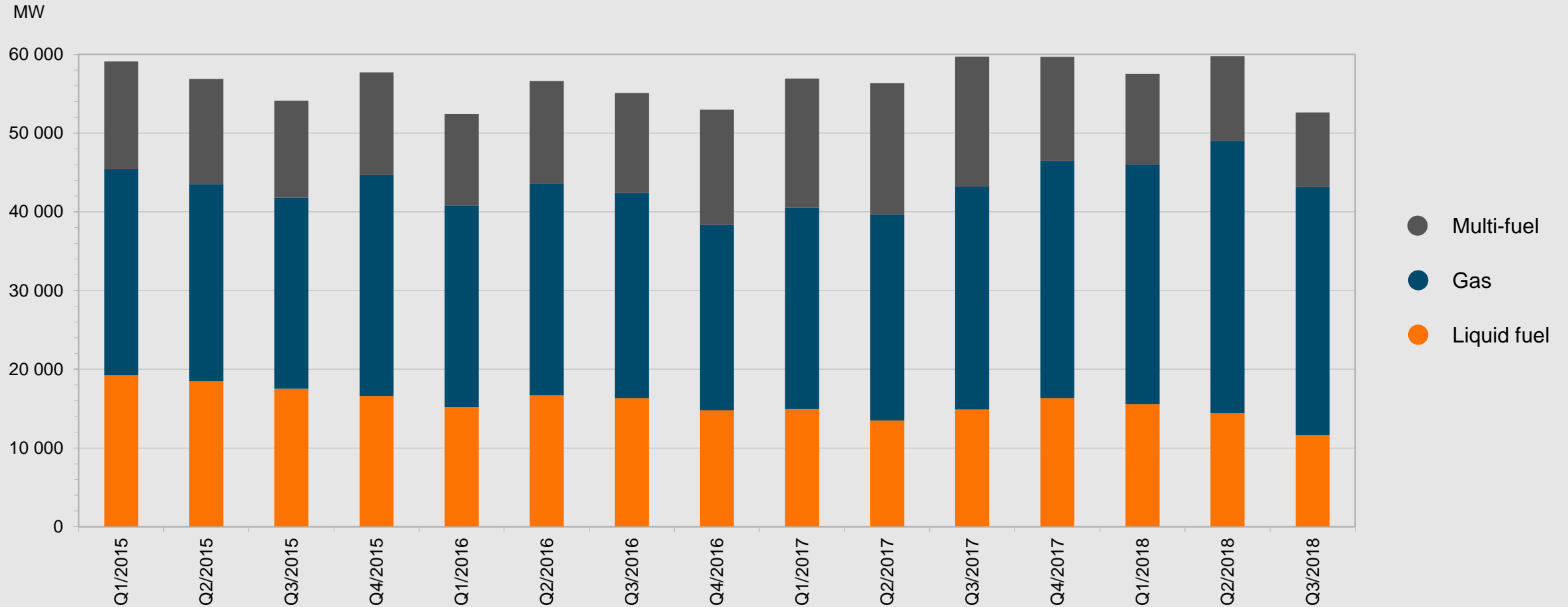
Total EUR 1,689 million (1,696)

Installed base covered by service agreements



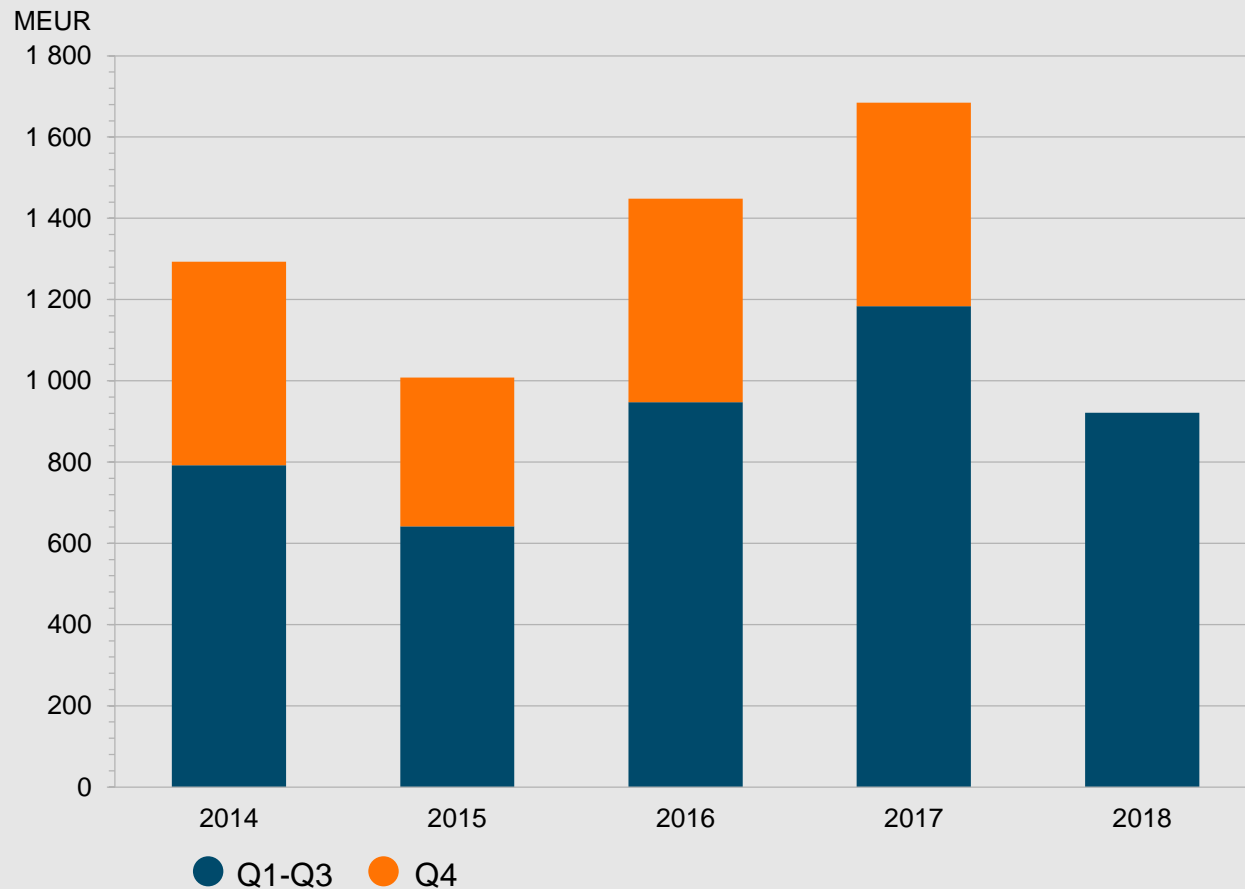


Quotation activity by fuel type

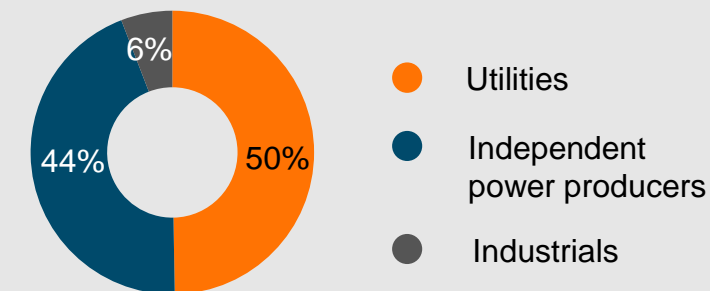


Calculated on a 12 months rolling basis

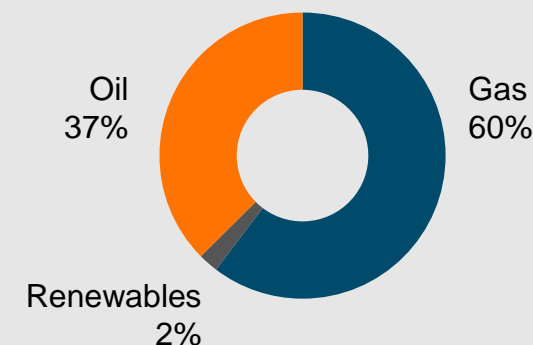
Energy Solutions' order intake impacted by postponed investment decisions



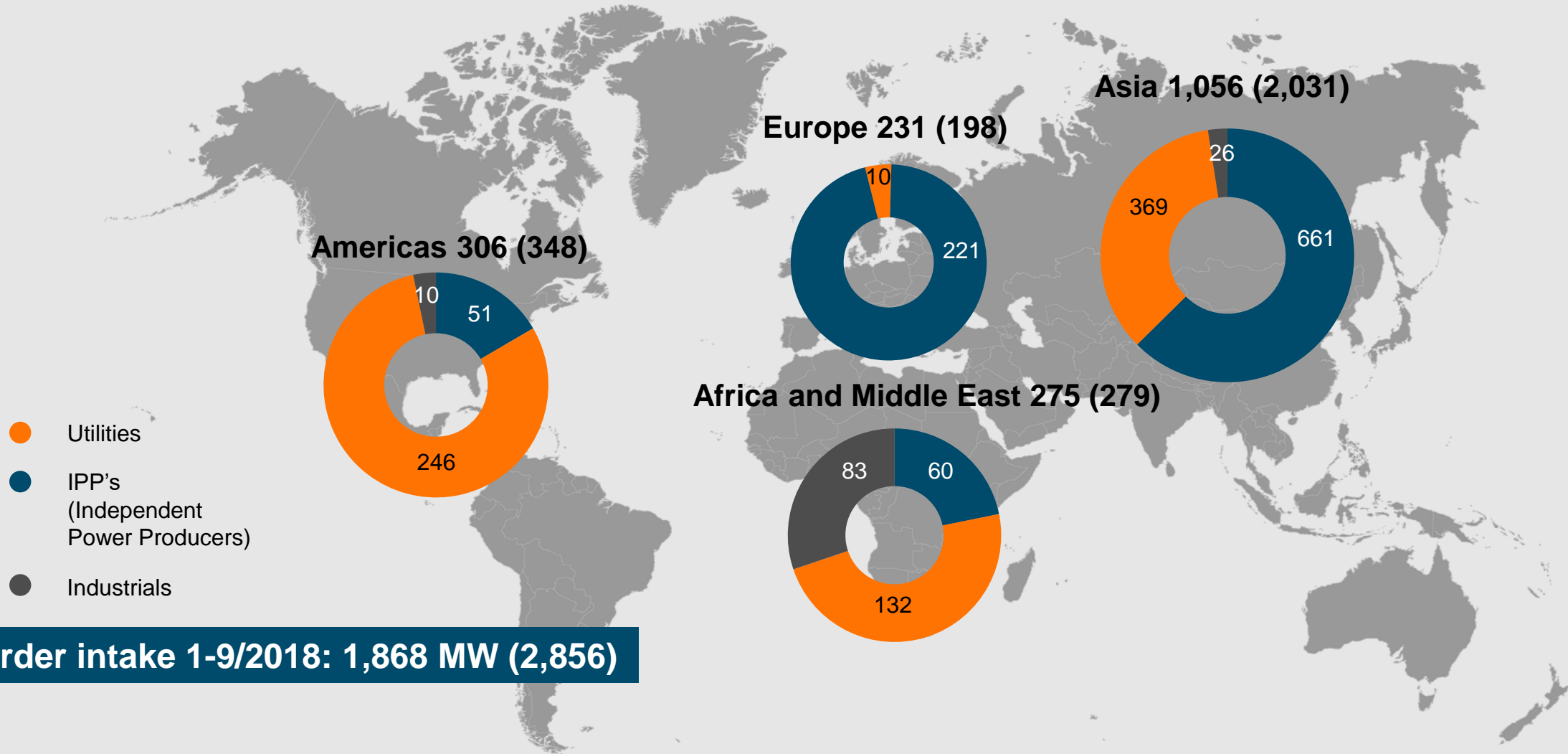
Review period development
Total EUR 921 million (1,184)



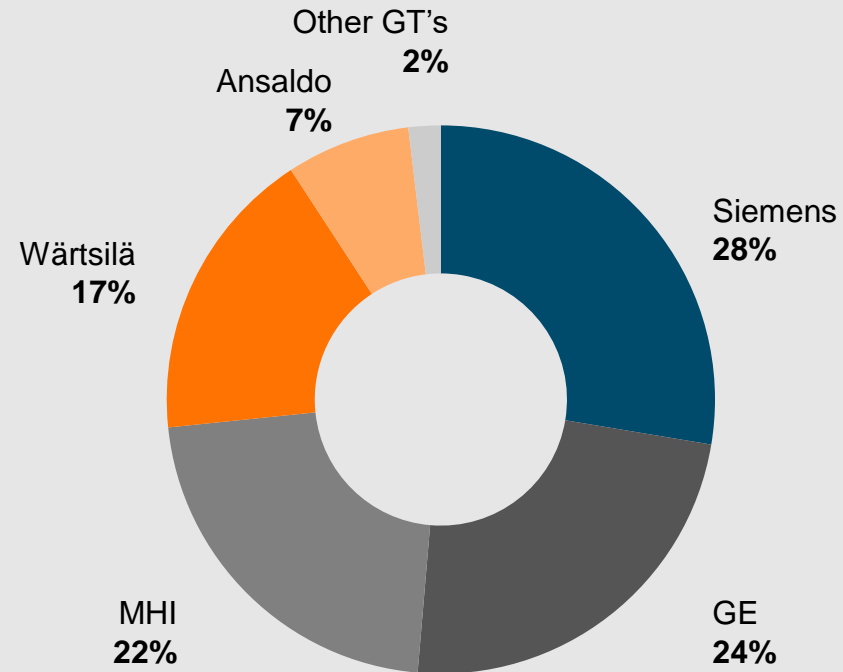
Review period order intake by fuel in MW



Ordering activity highest in Asia



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

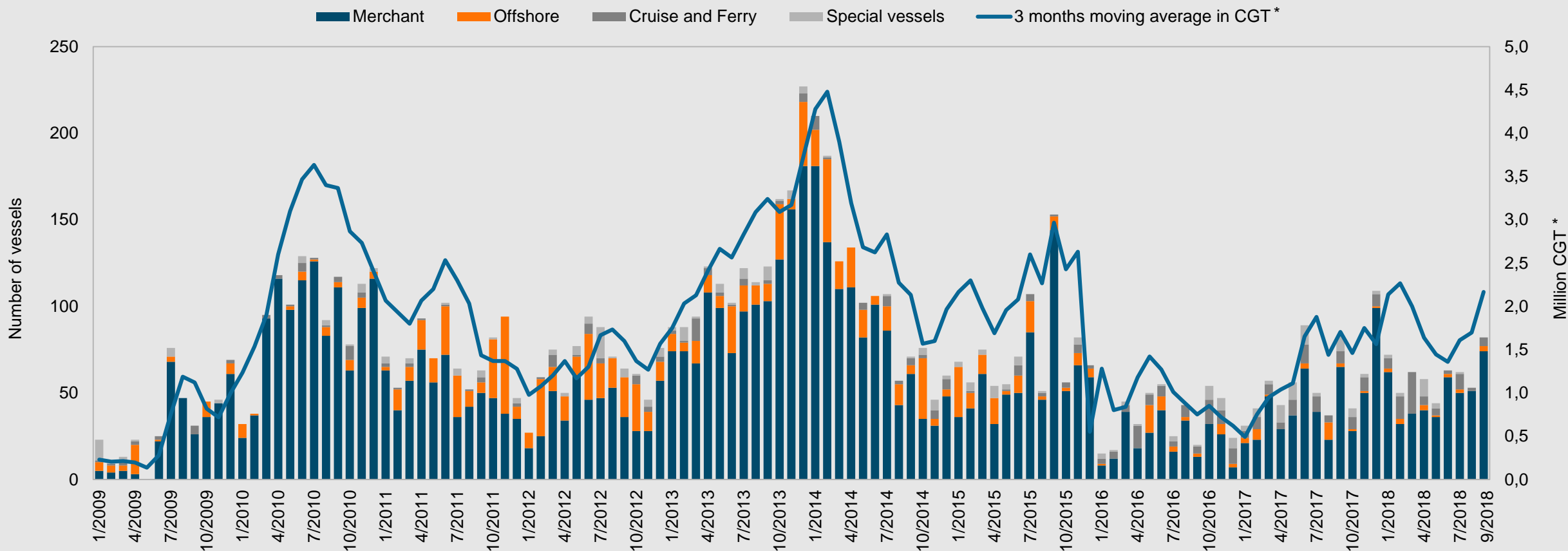


<500 MW market volume: 20.7 GW (18.1)
Total market volume: 44.2 GW (49.8)

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



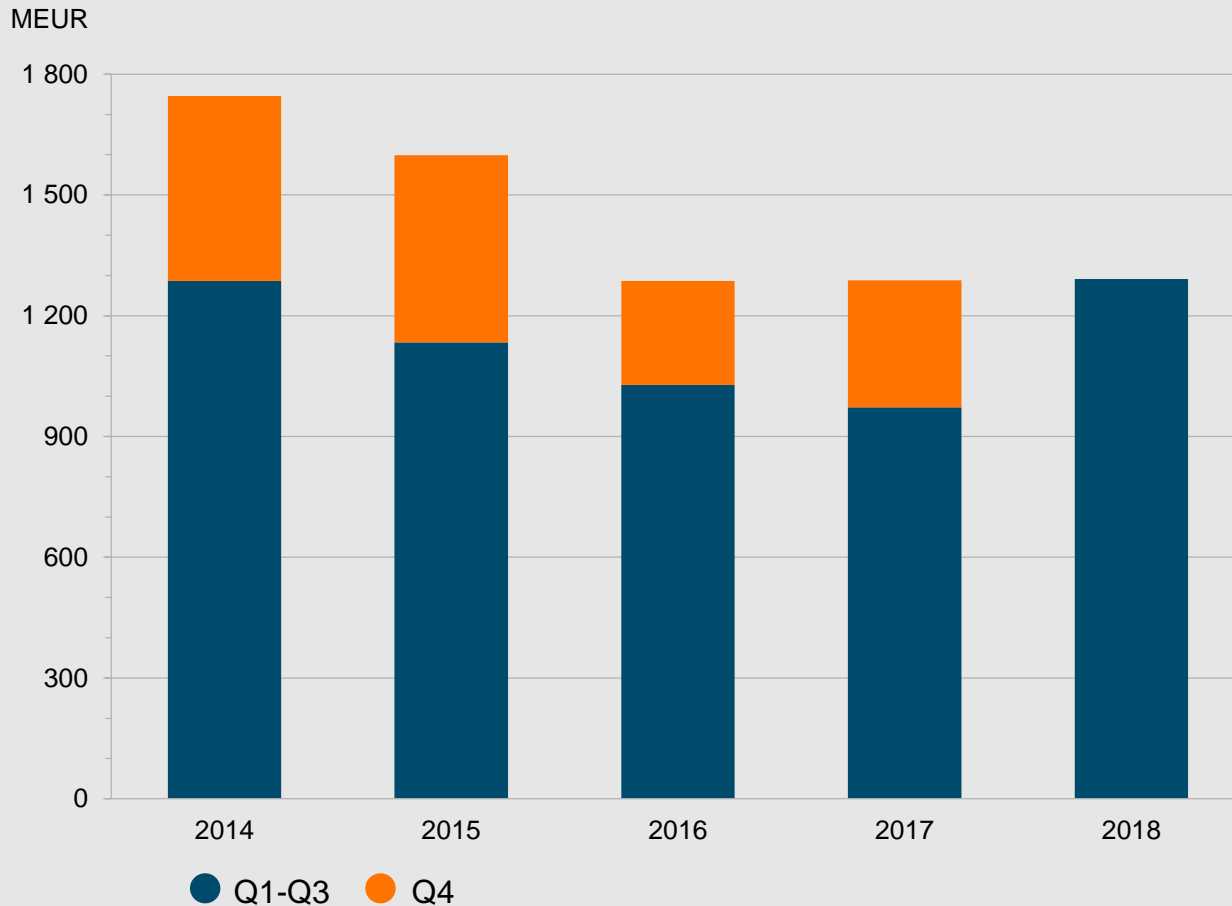
Gradual recovery in vessel contracting



Source: Clarkson Research Services, figures exclude late contracting

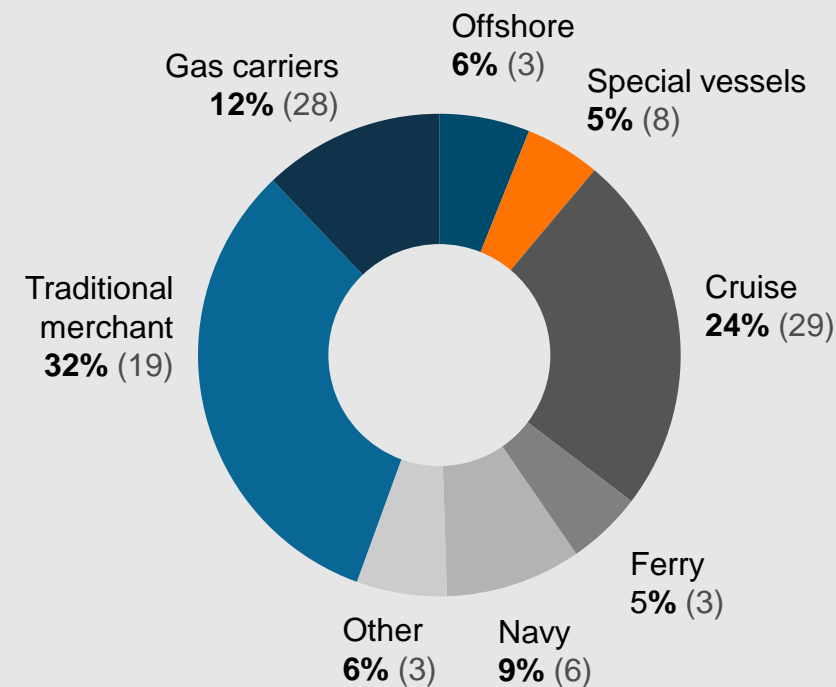
* CGT= gross tonnage compensated with workload

Marine Solutions' order intake supported by scrubbers and continued activity in the cruise and ferry segment



Review period development

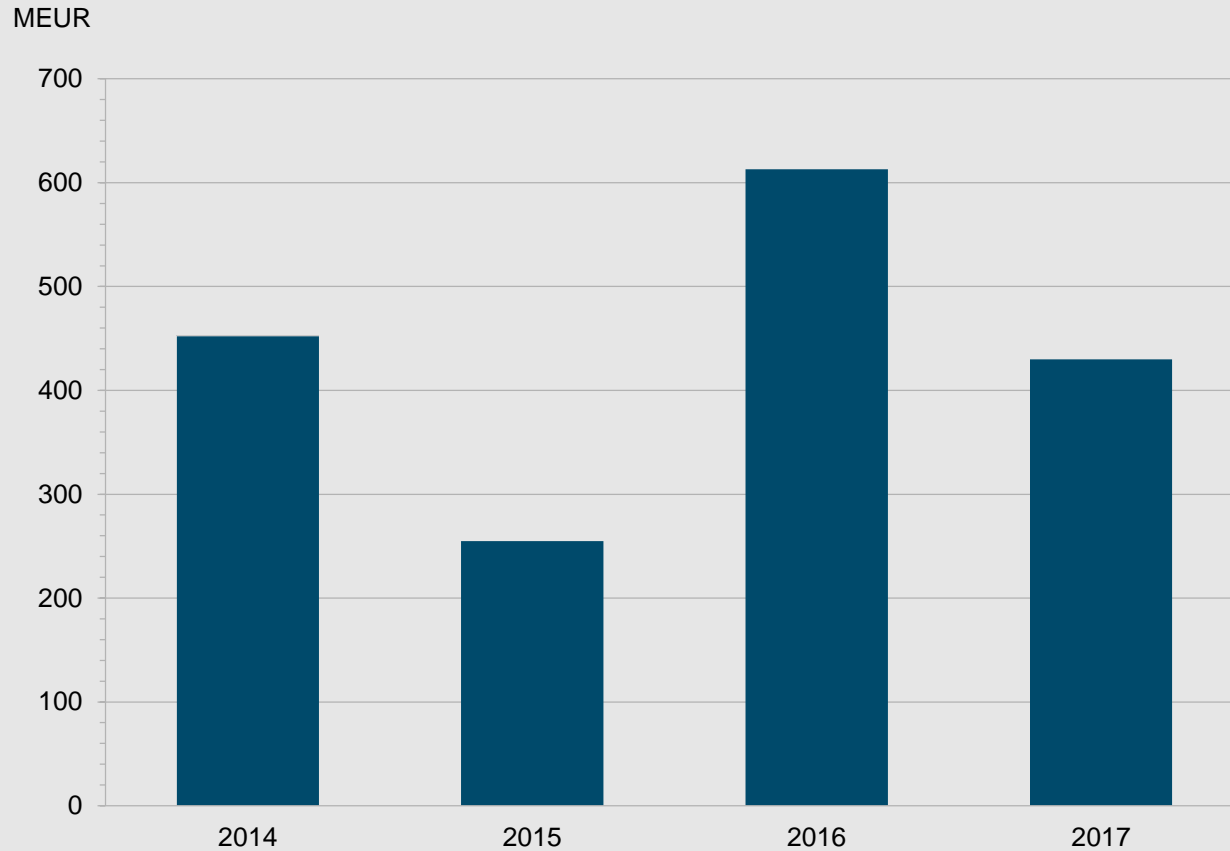
Total EUR 1,291 million (972)



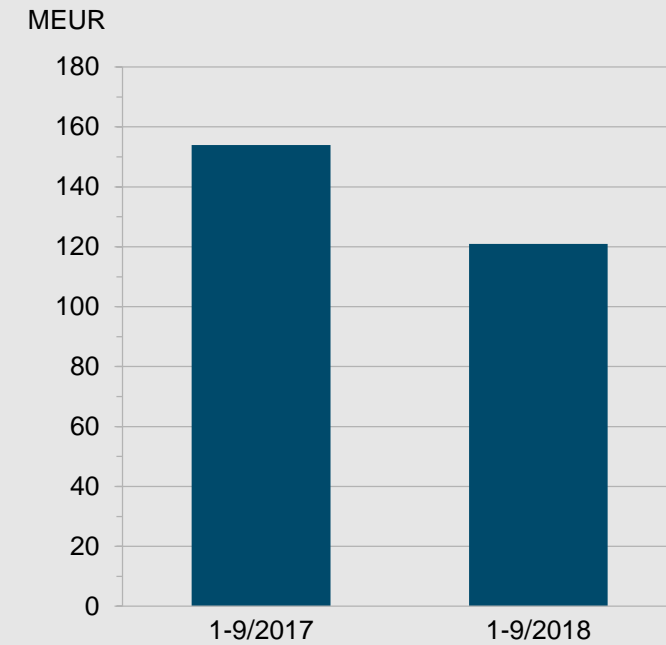
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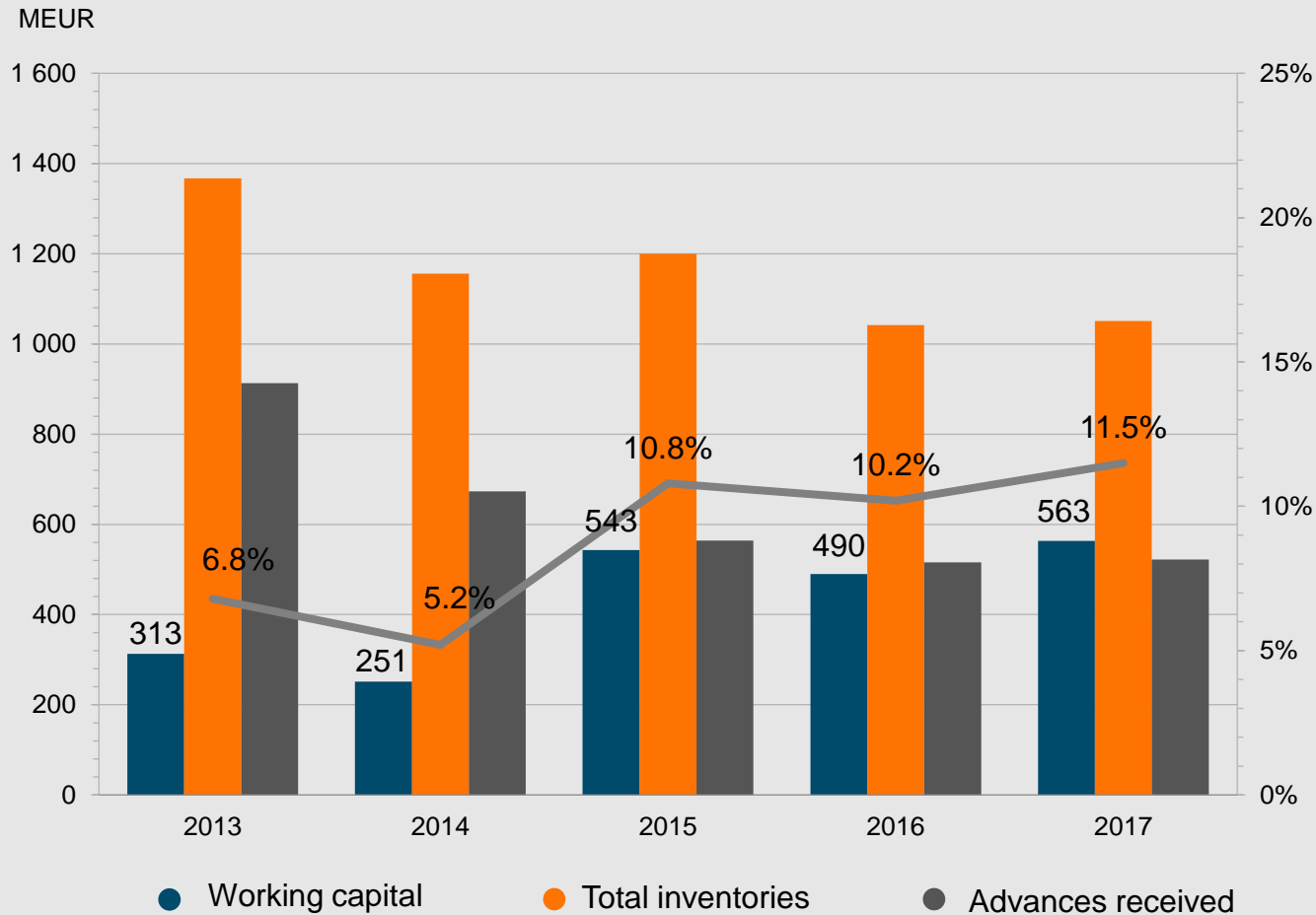
Cash flow from operating activities



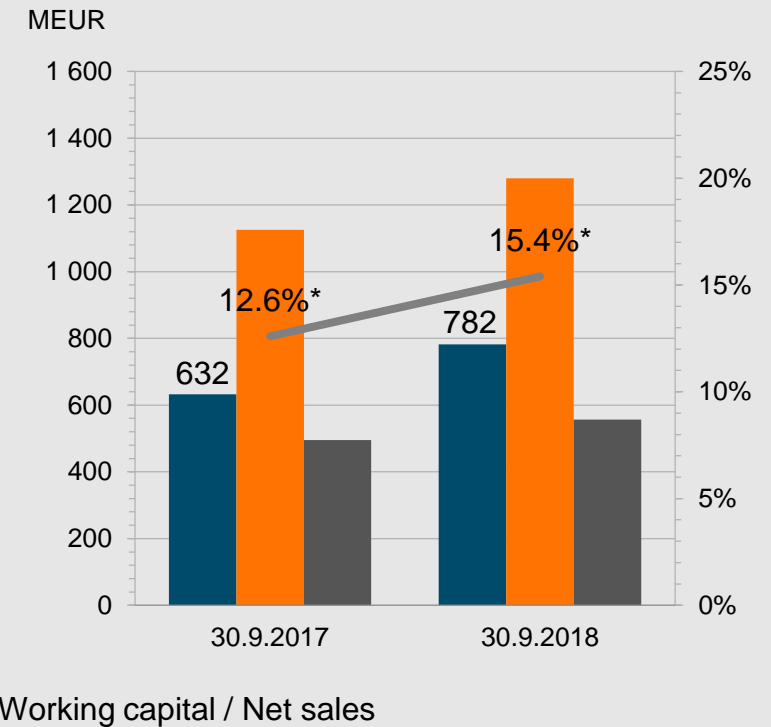
Review period development



Working capital

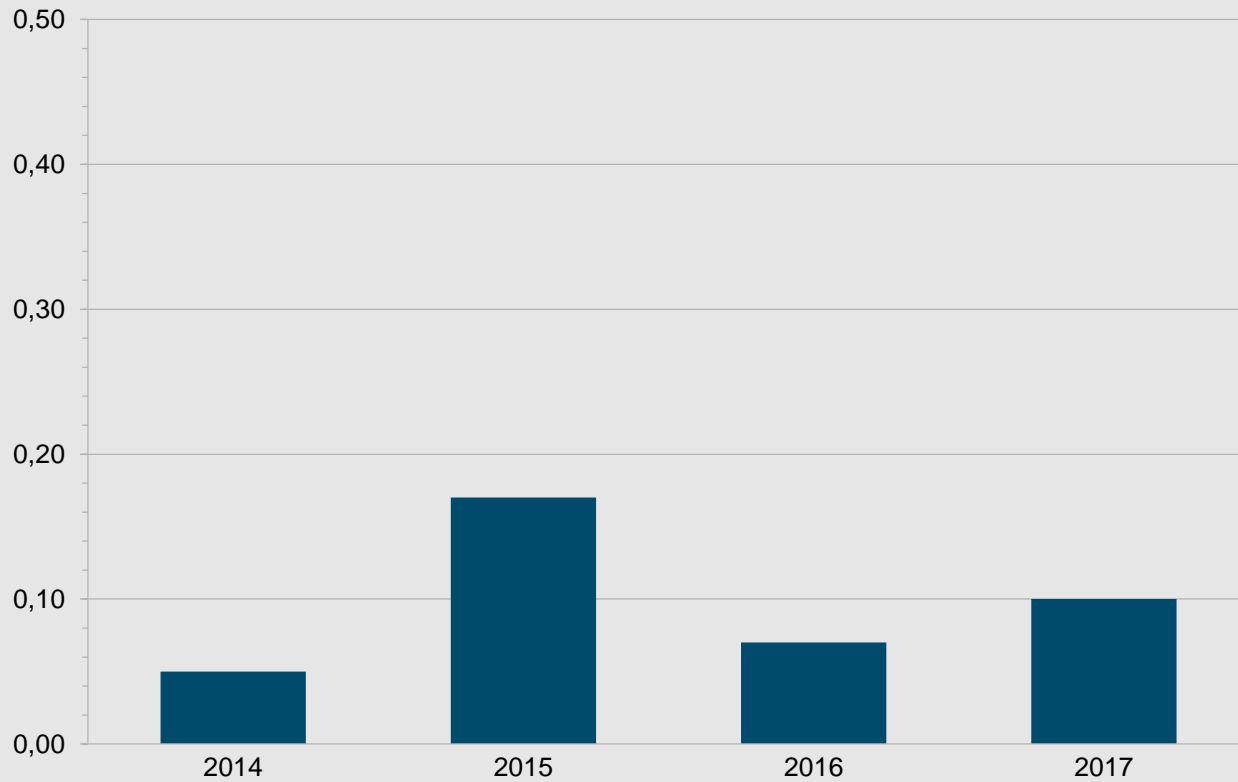


Review period development

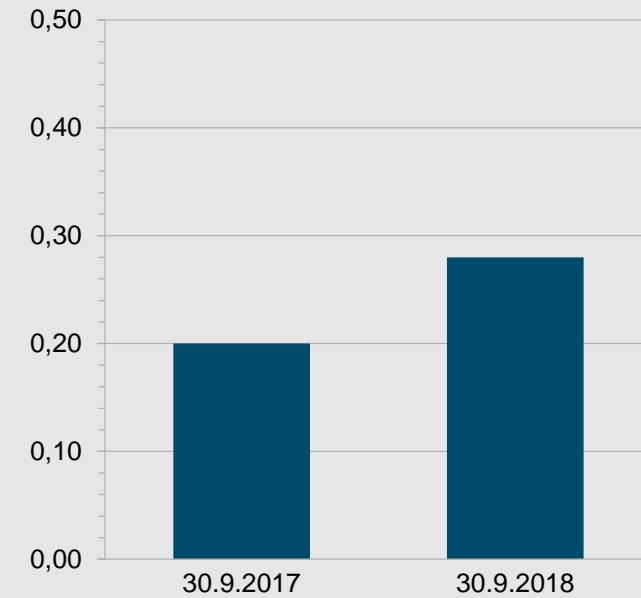


*Working capital / 12 months rolling net sales
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Gearing



Review period development



Prospects for 2018

The demand for Wärtsilä's services and solutions in 2018 is expected to improve somewhat from the previous year.

Demand by business area is anticipated to be as follows:

- Solid in Services (lowered from good)
- Good in Energy Solutions
- Good in Marine Solutions



Wärtsilä redesigns organisation to enhance customer value

- Wärtsilä Marine Business and Wärtsilä Energy Business will cover both new sales and services for the respective markets.
- Forming two business areas aims at:
 - Accelerating growth and the implementation of the Smart Marine and Smart Energy strategies.
 - Strengthening the focus on complete lifecycle solutions tailored to specific market needs.
 - Serving customers more effectively with increased flexibility and faster response times.
- The new organisation will be operational as of 1 January 2019.



THANK YOU

Further information:
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