

WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY-MARCH 2017

26 April 2017

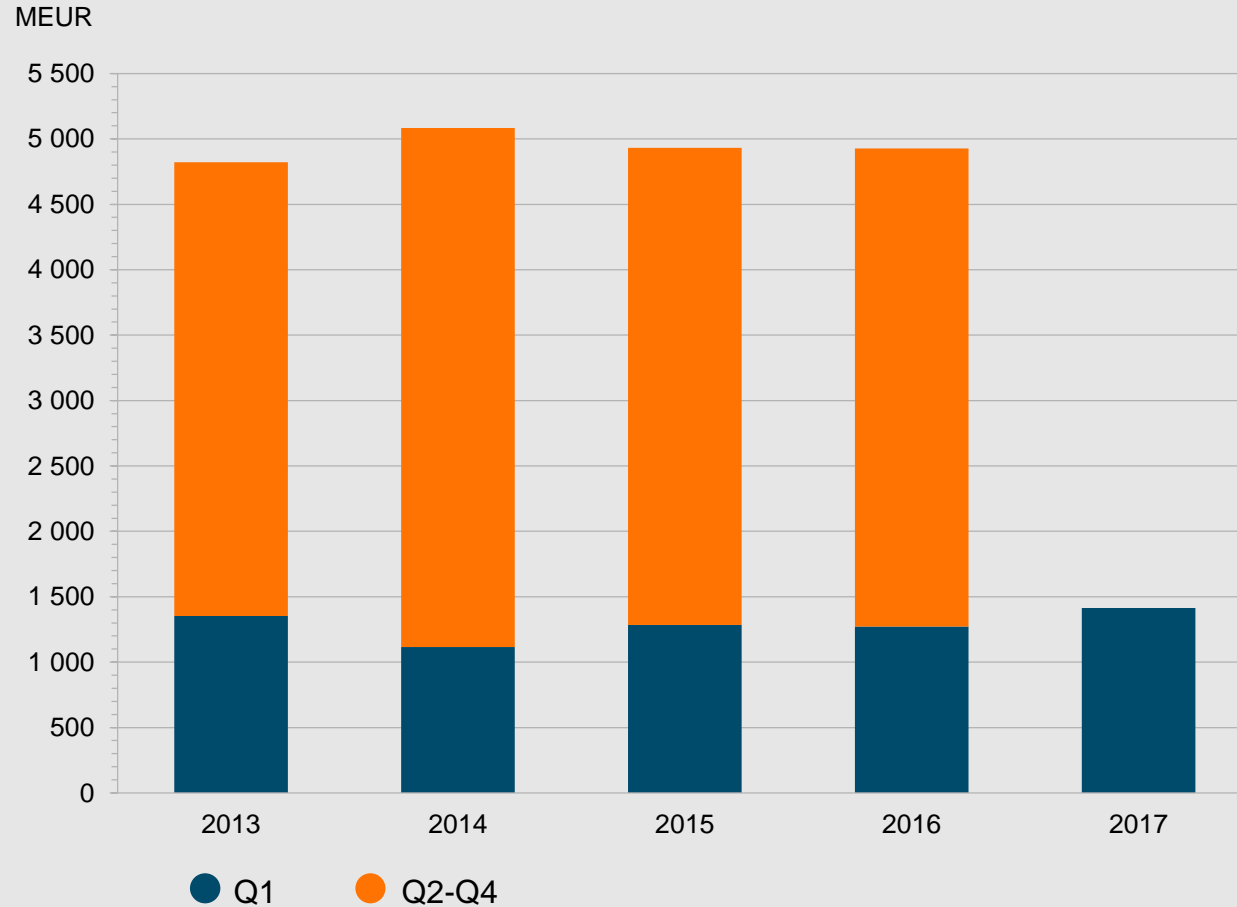
Jaakko Eskola, President & CEO

Highlights Q1/2017

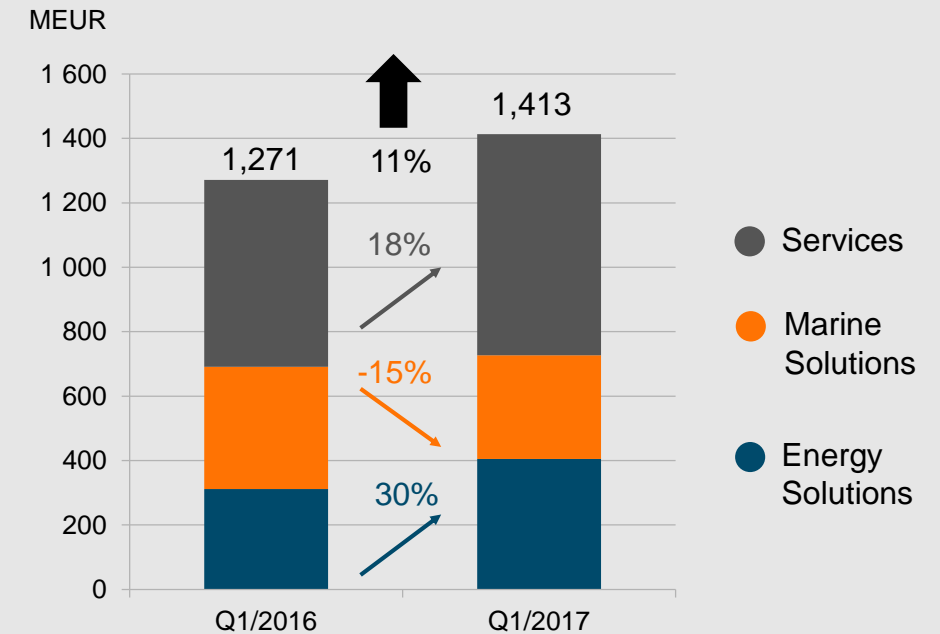
- Order intake EUR 1,413 million, +11%
- Net sales EUR 1,007 million, +4%
- Book-to-bill 1.40 (1.31)
- Comparable operating result EUR 86 million (84), which represents 8.5% of net sales (8.7)
- Earnings per share EUR 0.28 (0.30)
- Cash flow from operating activities EUR 2 million (-13)
- Order book at the end of the period EUR 5,096 million (5,103)



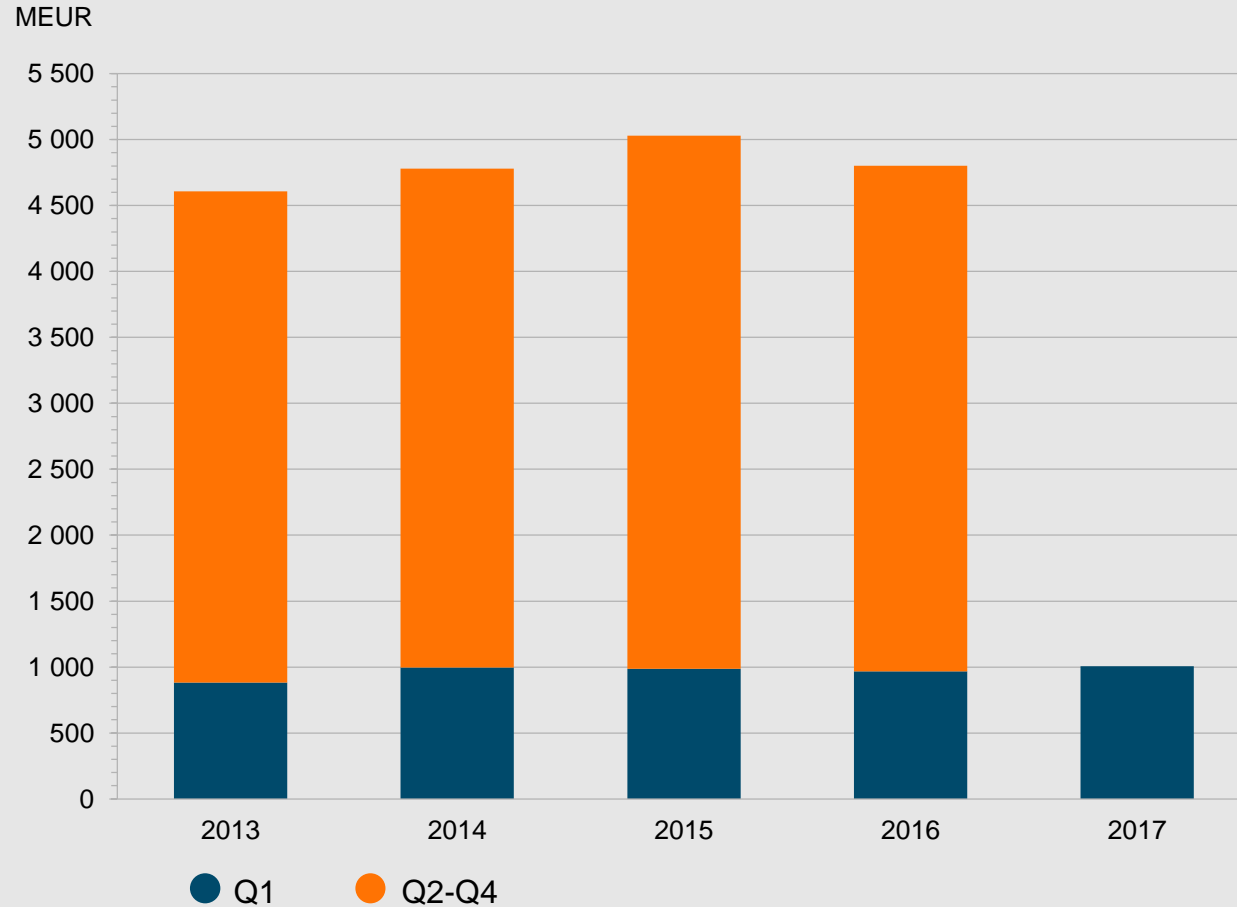
Positive development in order intake



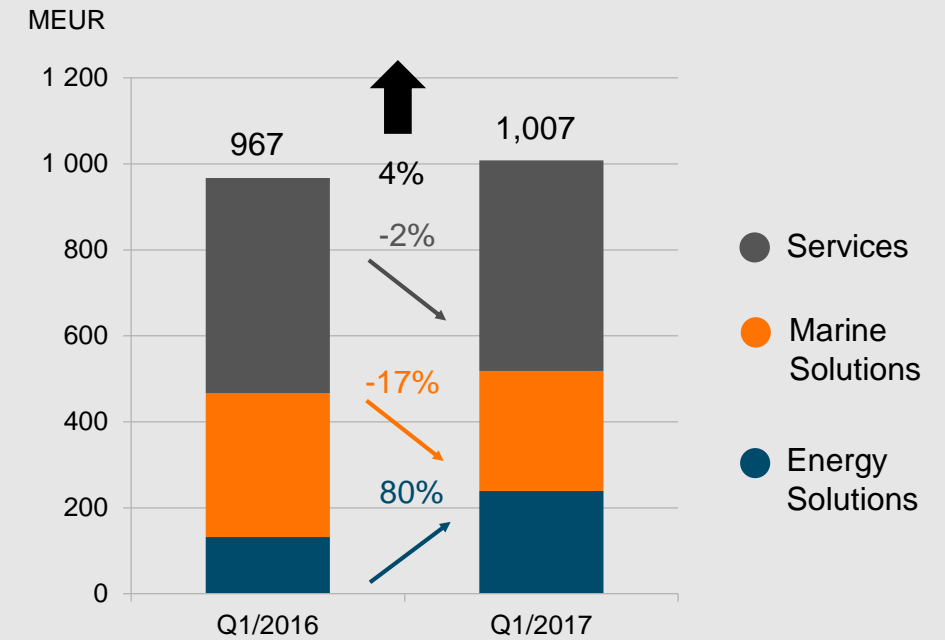
First quarter development



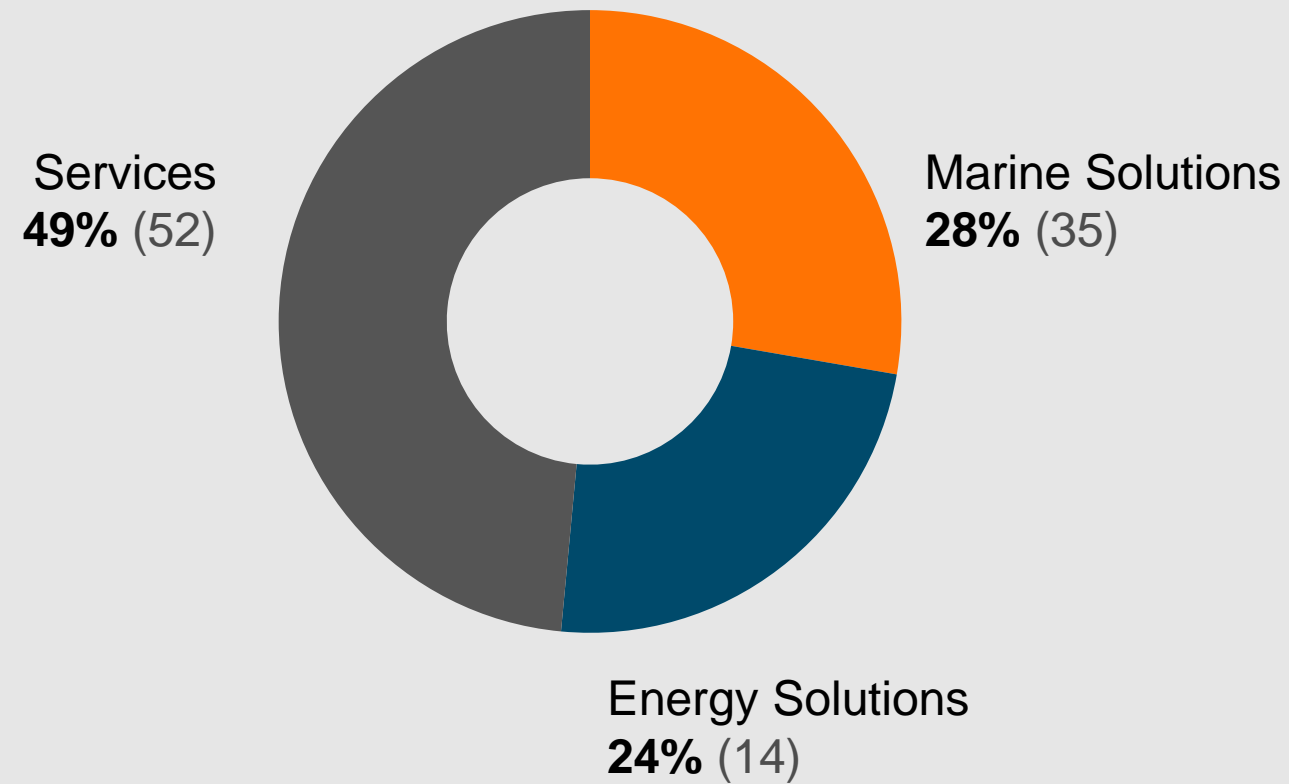
Net sales supported by higher power plant deliveries



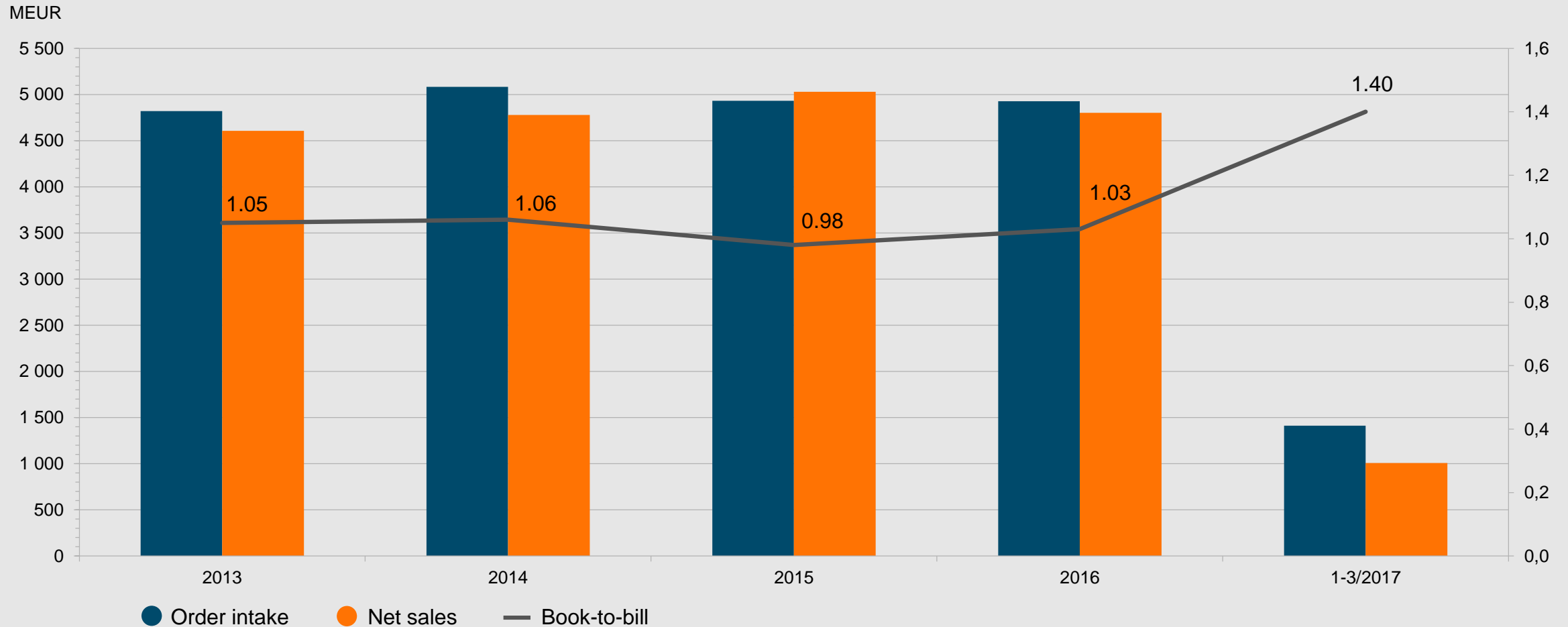
First quarter development



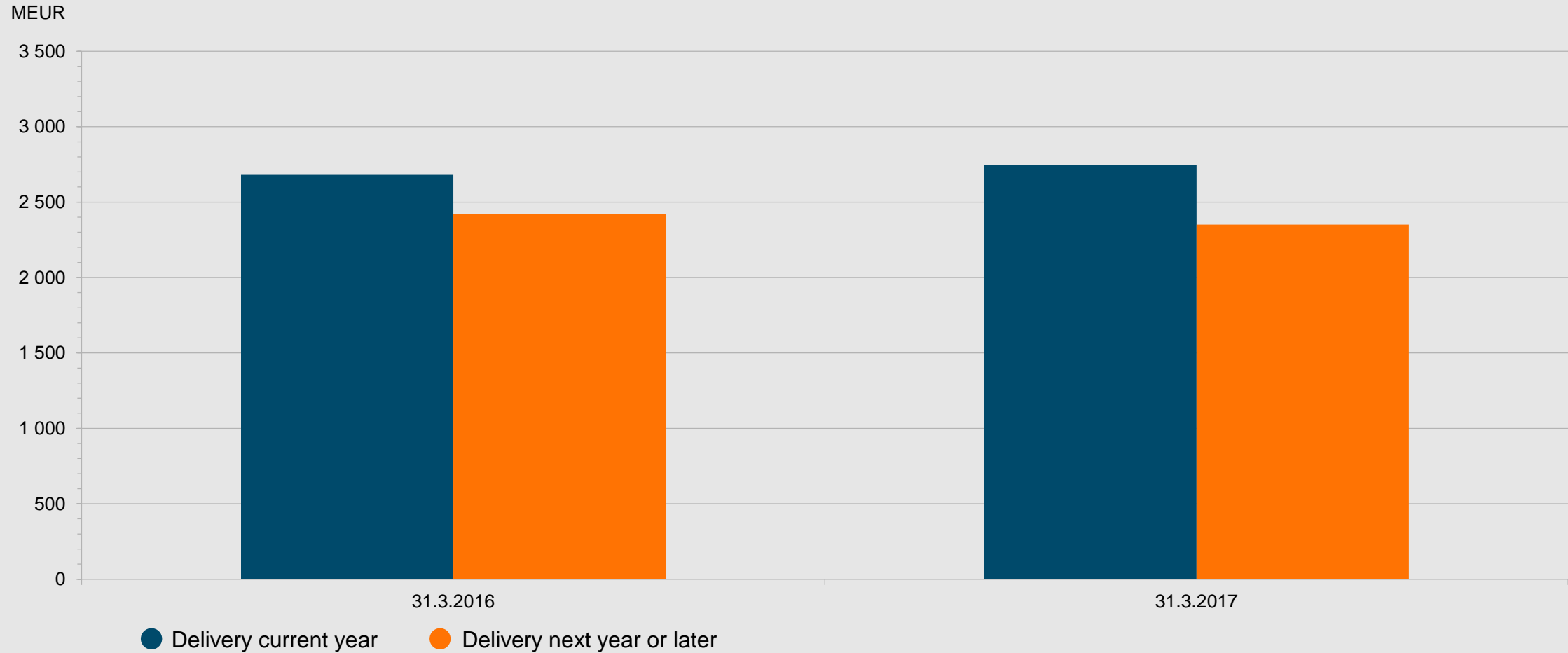
Net sales by business 1-3/2017



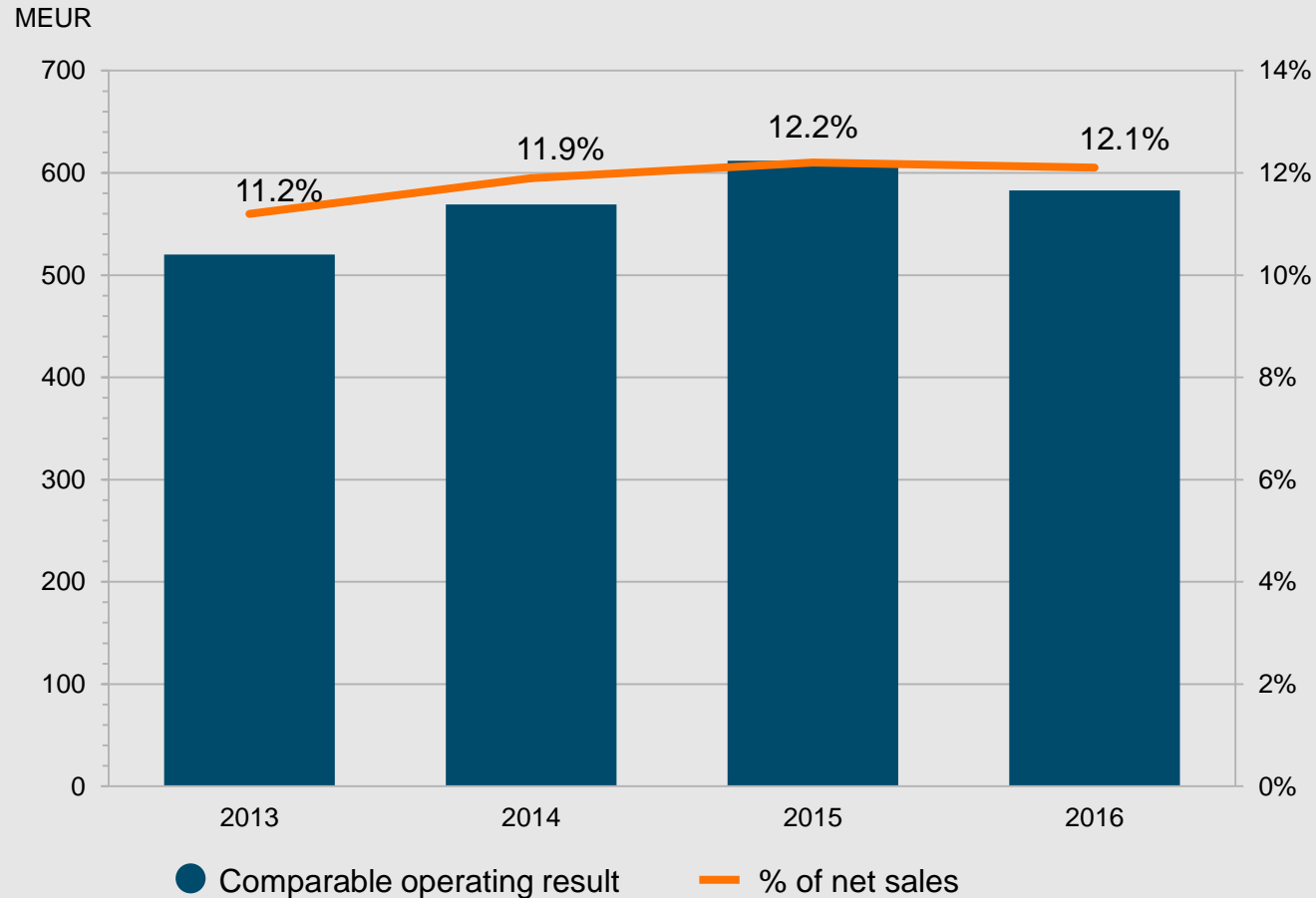
Book-to-bill



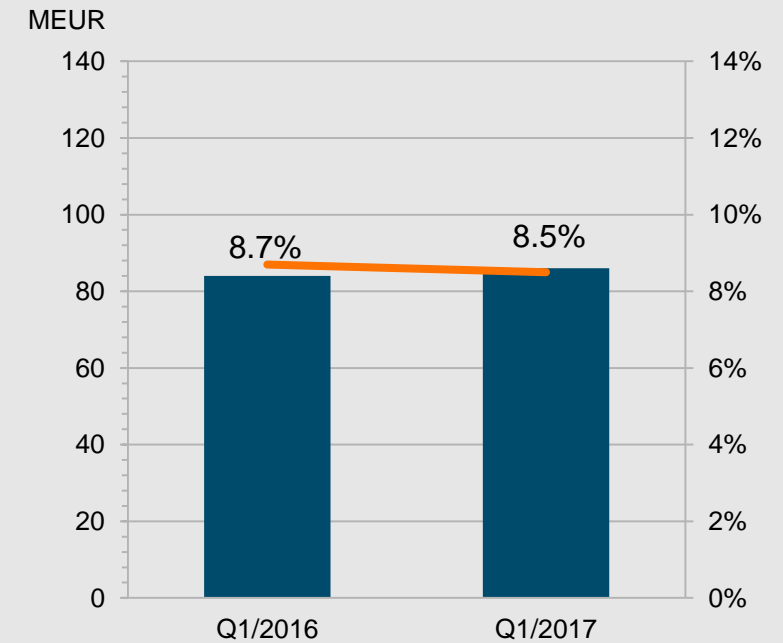
Order book distribution



Operating result



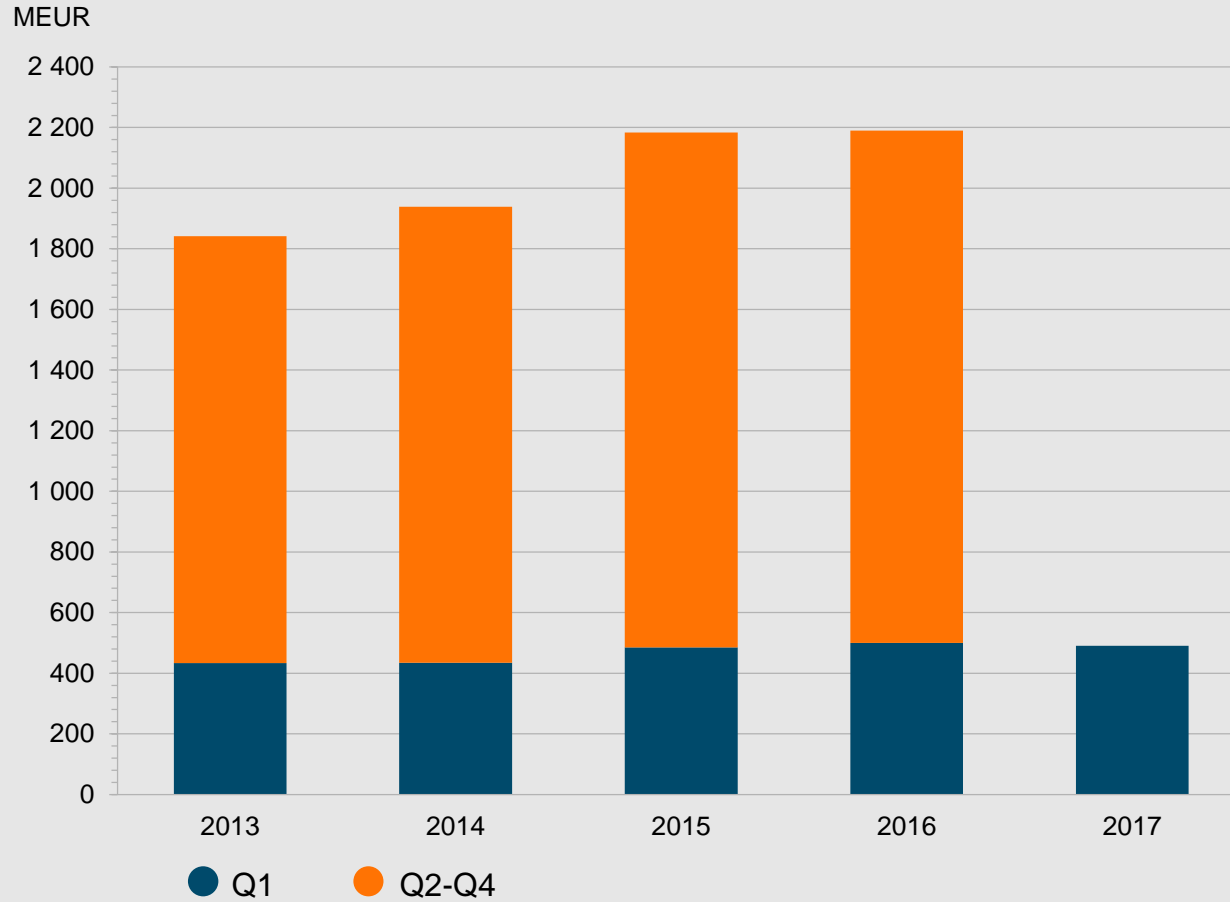
First quarter development



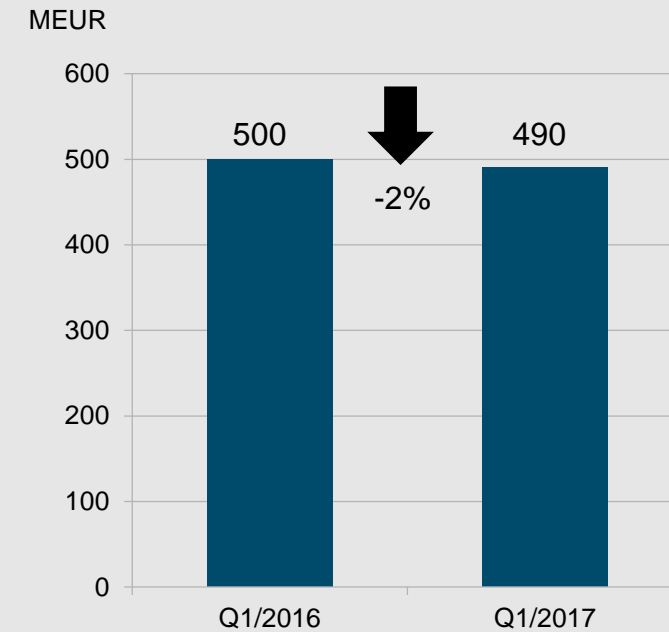
Items affecting comparability in the first quarter of 2017 included costs related to restructuring programmes of EUR 6 million (1).
 Figures for 2013 include both discontinued and continuing operations.



Services' net sales development

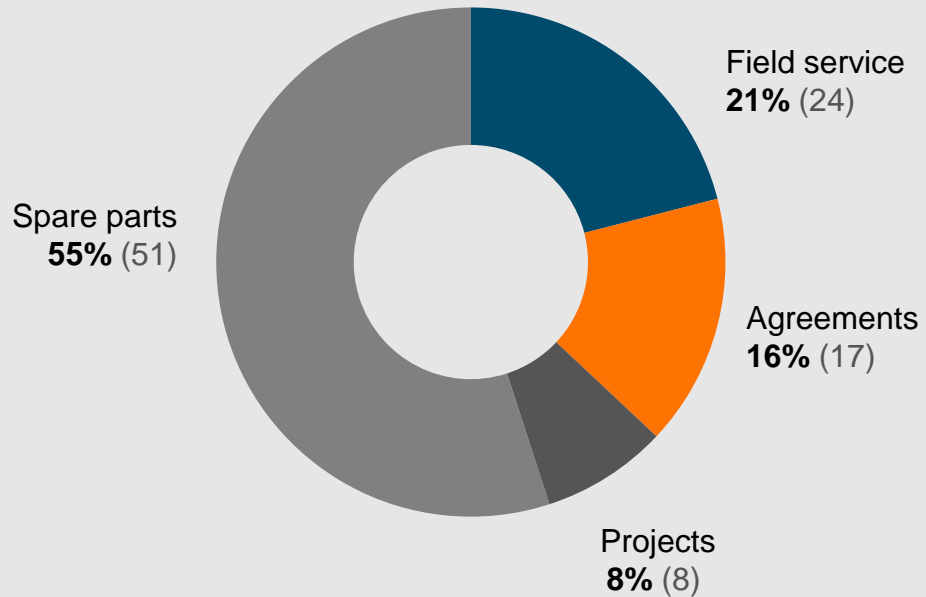


First quarter development

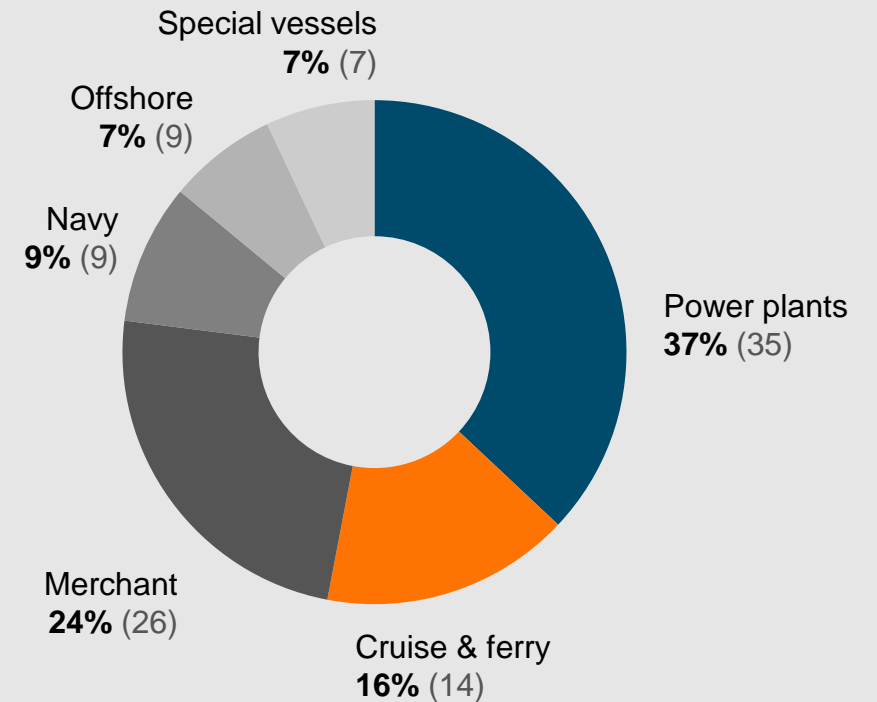


Net sales distribution 1-3/2017

By product area

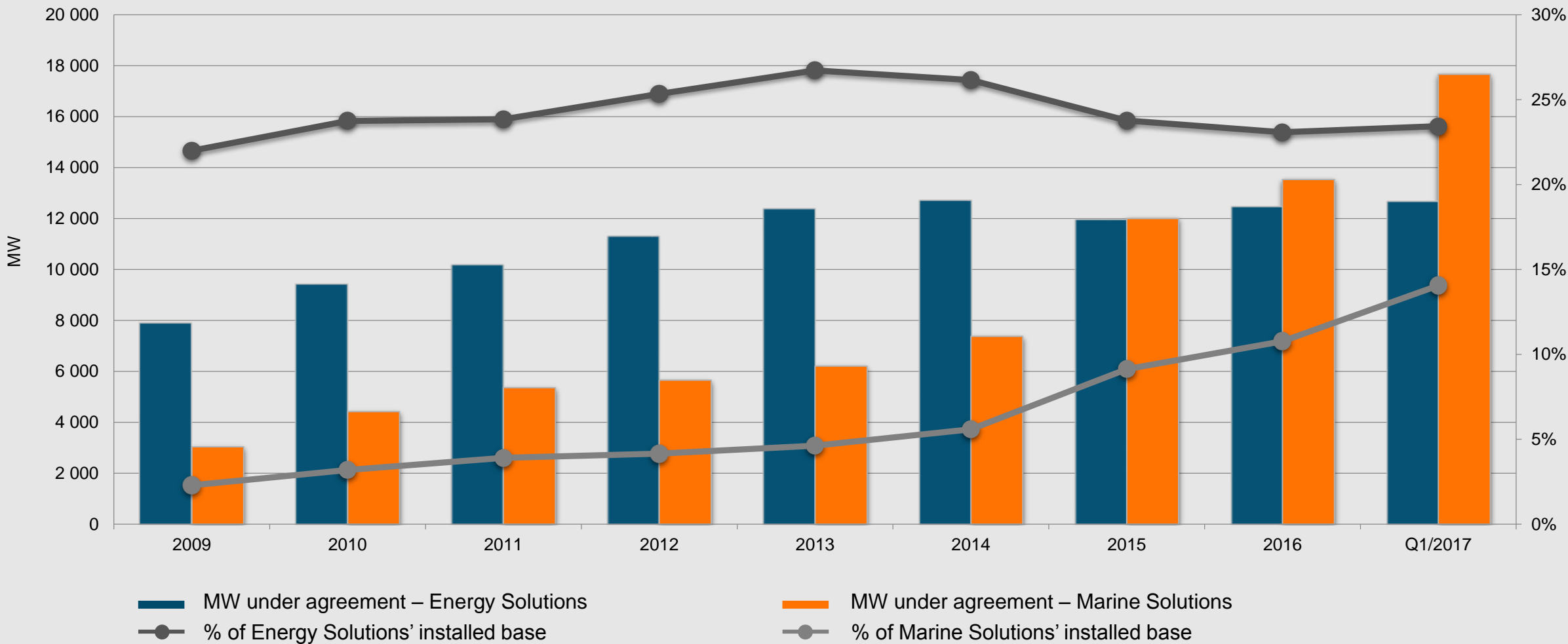


By segment



Total EUR 490 million (500)

Installed base covered by service agreements



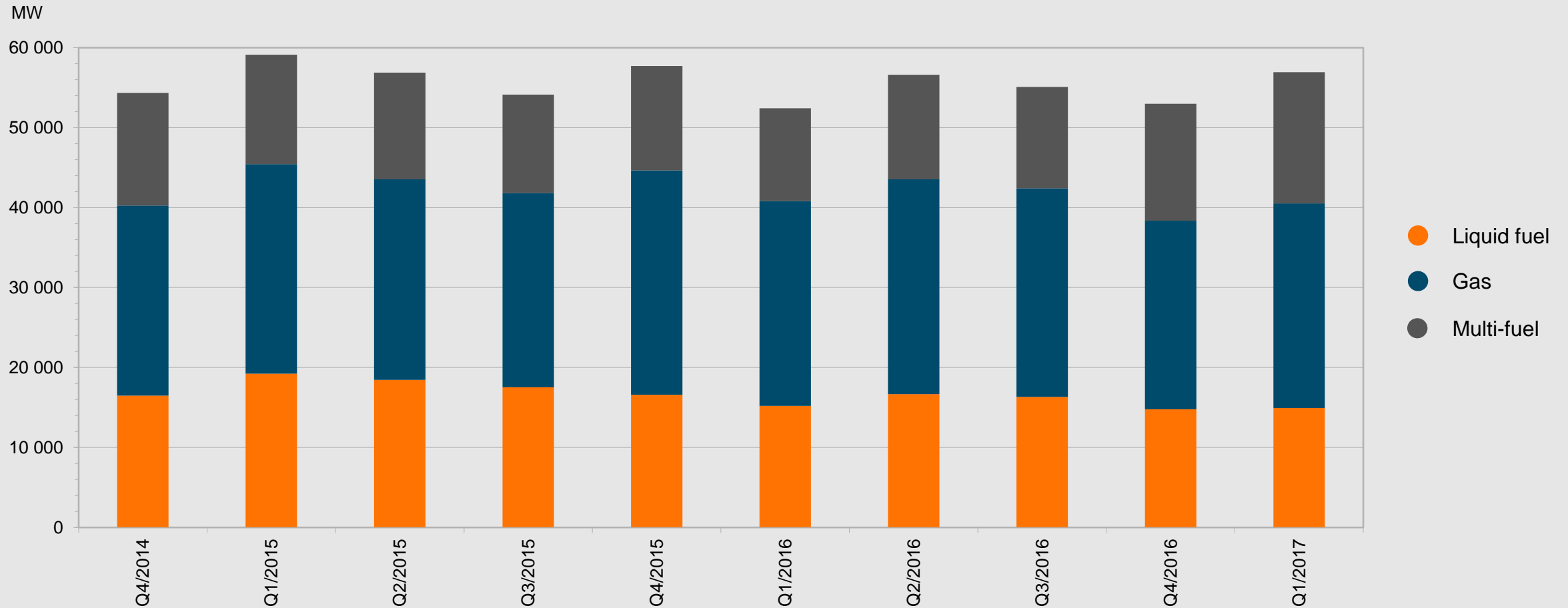
Optimising the maintenance and performance of Tallink's M/S Megastar

- The 5-year maintenance agreement ensures safety and efficiency
- 24/7 online support enhances the vessel's availability and reliability
- Improved financial predictability helps to optimise Tallink's operations
- The ferry is powered by Wärtsilä dual-fuel engines and operates primarily on LNG



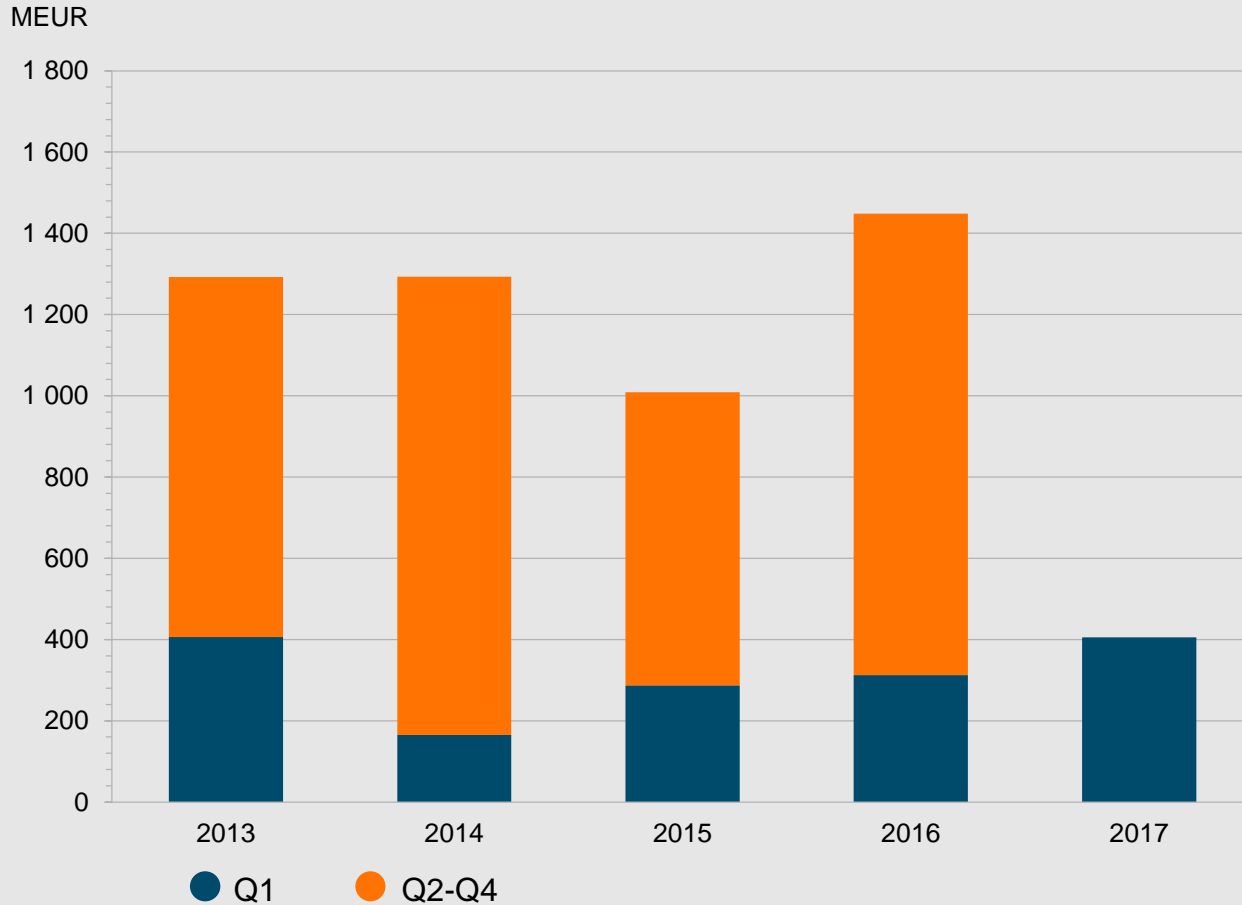


Quotation activity per fuel type



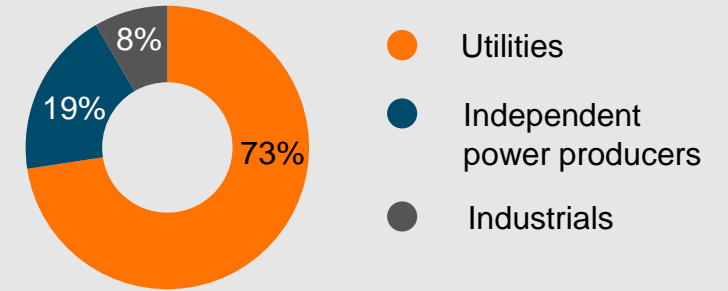
Calculated on a 12 months rolling basis

Strong ordering activity in Energy Solutions

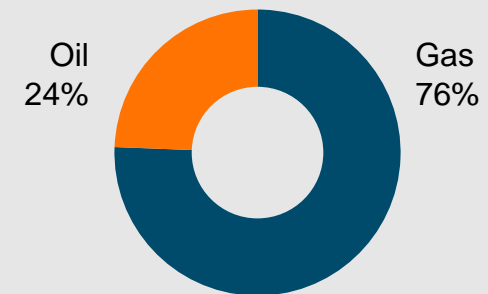


First quarter development

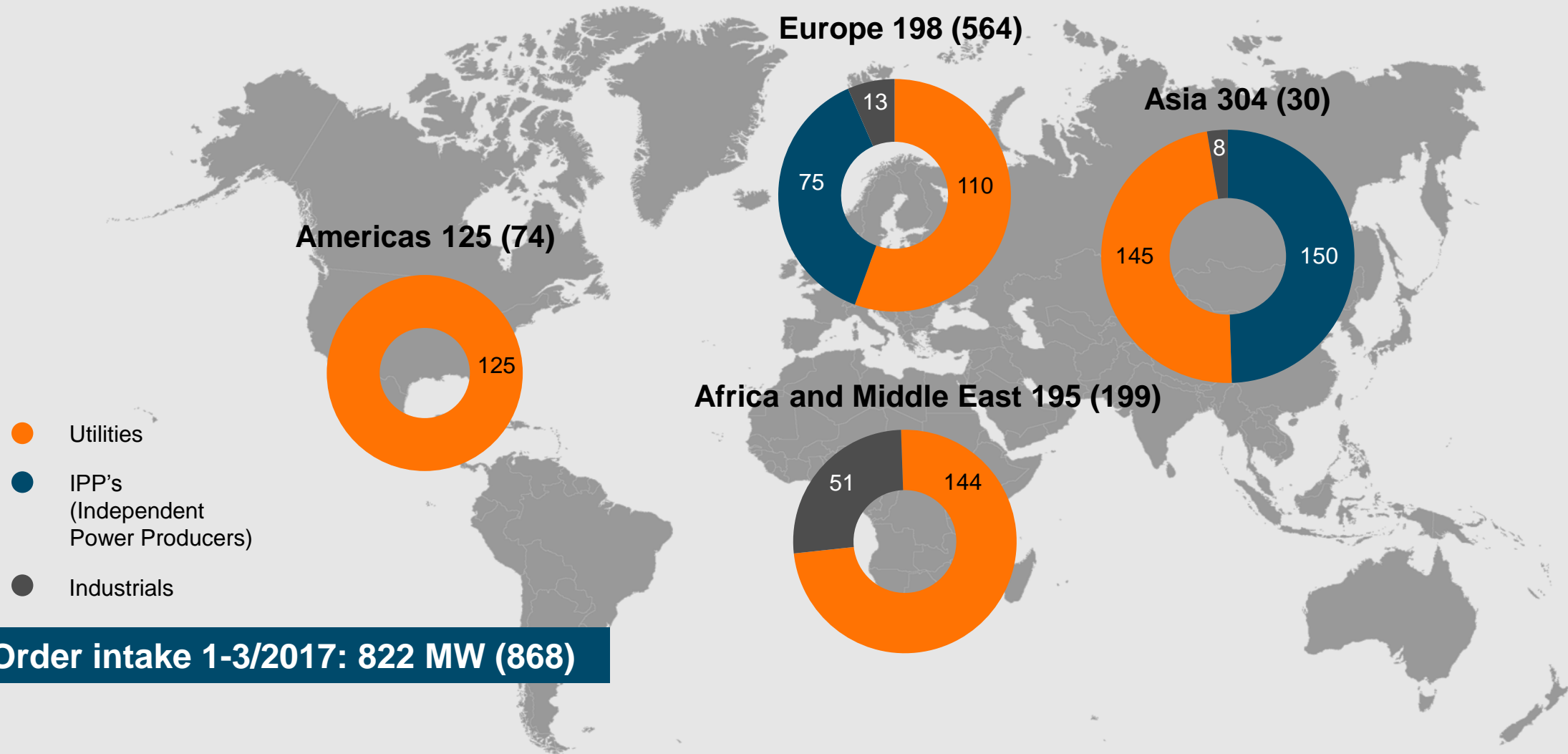
Total EUR 405 million (312)



First quarter order intake by fuel in MW



Order intake globally



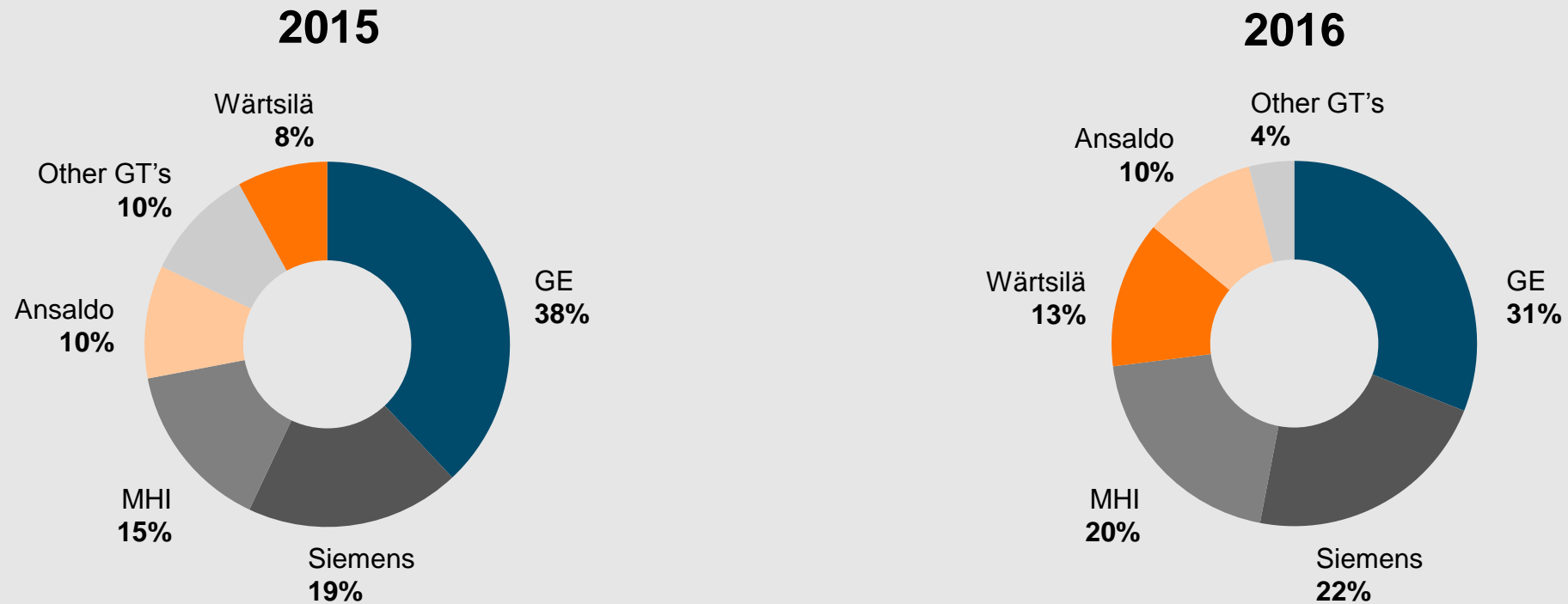
Order intake 1-3/2017: 822 MW (868)

Wärtsilä to supply Africa's largest solar PV hybrid solution

- The 15 MWp solar PV plant will be built next to an existing Wärtsilä engine plant, forming an integrated hybrid solution
- The solution will enable climate-friendly operations of a gold mine in Burkina Faso:
 - 6 million litres annual fuel savings
 - 18,500 ton reduction in CO₂ emissions

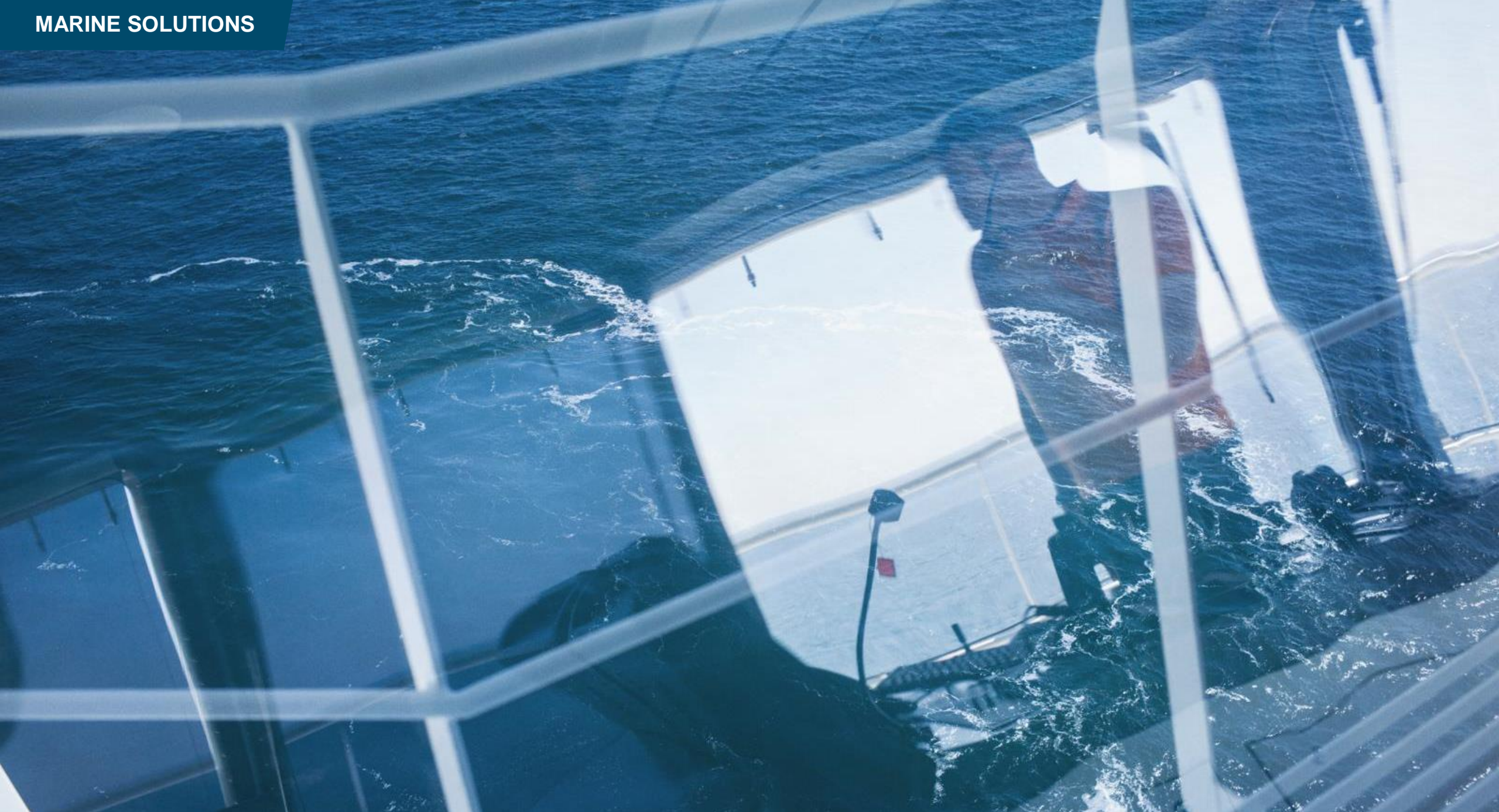


Market for gas and liquid fuel power plants, <500 MW

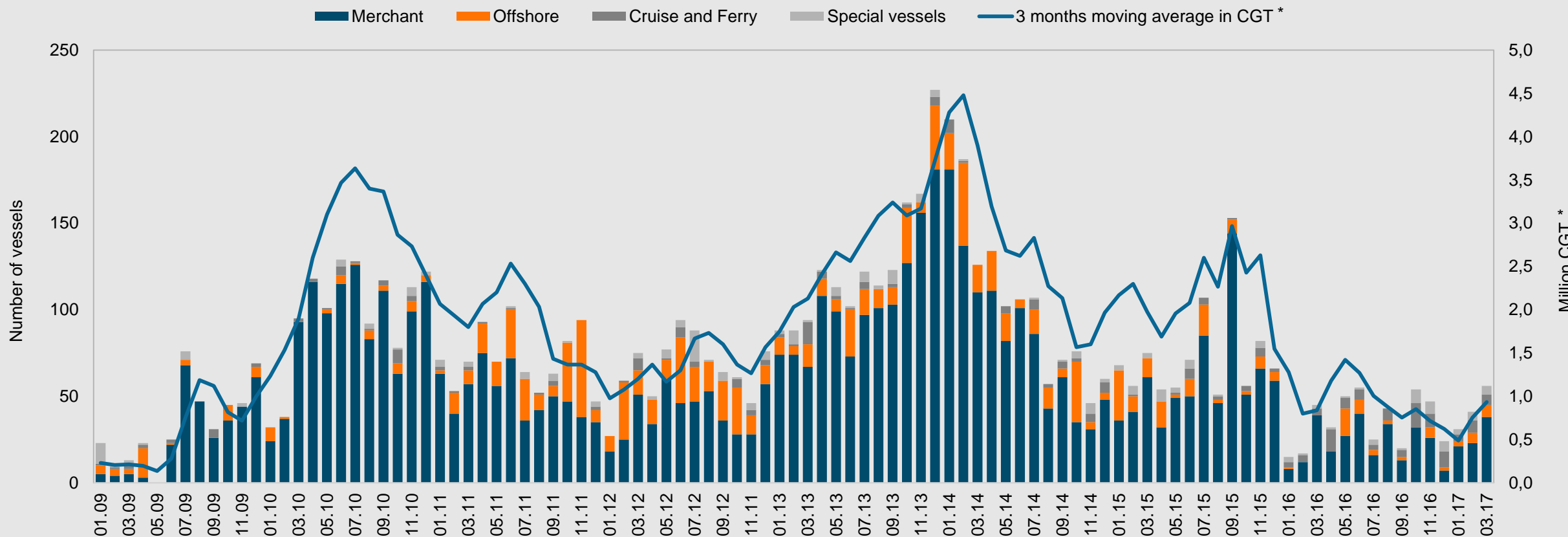


<500 MW market volume: 26.1 GW (26.2)
Total market volume: 65.0 GW (73.5)

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.



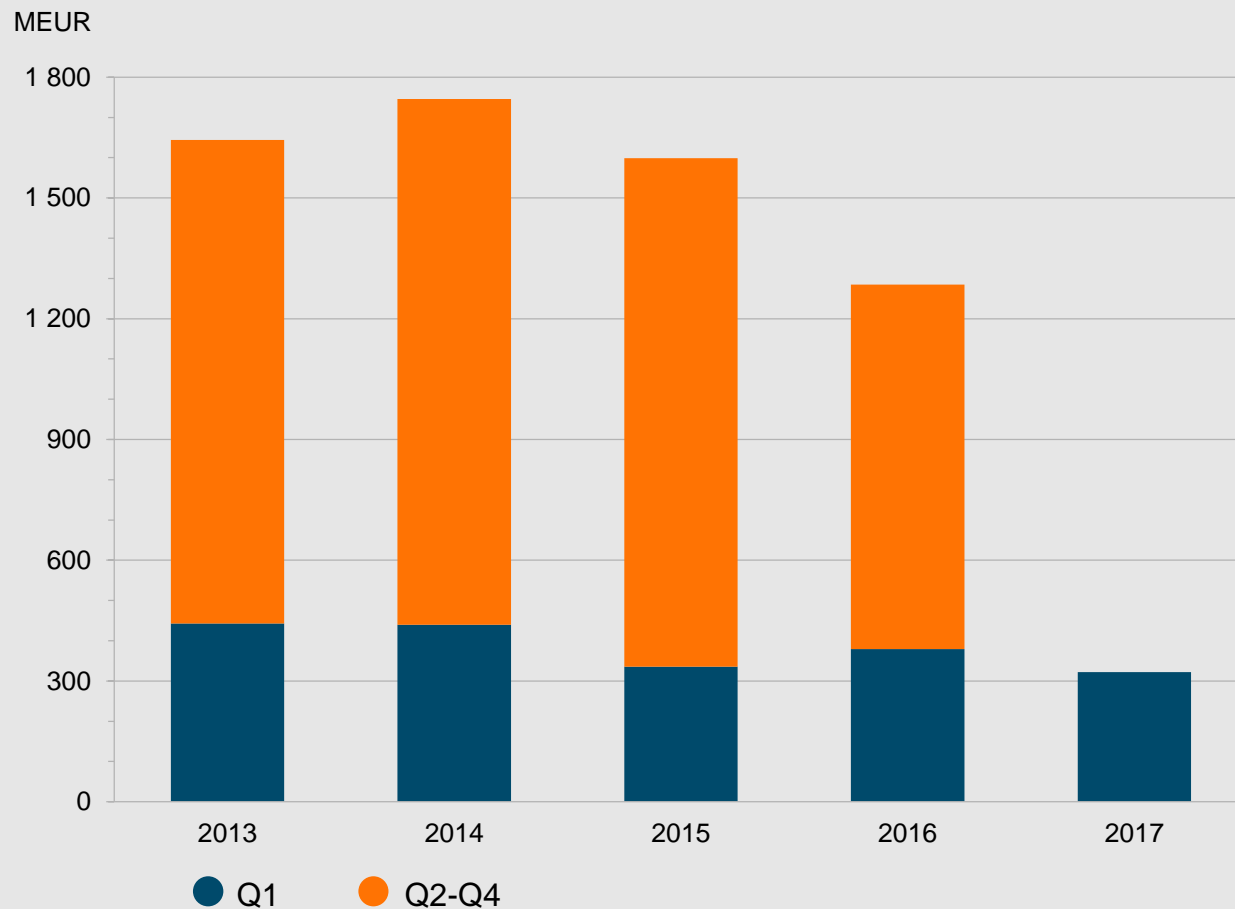
Marine market environment continues to be soft



Source: Clarkson Research Services, figures exclude late contracting

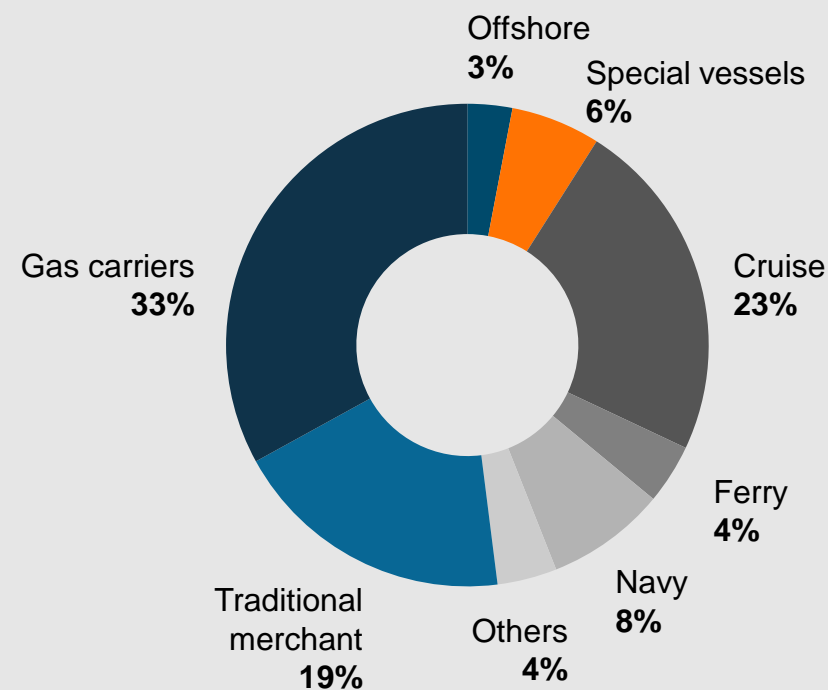
* CGT= gross tonnage compensated with workload

Marine Solutions' order intake satisfactory



First quarter development

Total EUR 322 million (379)



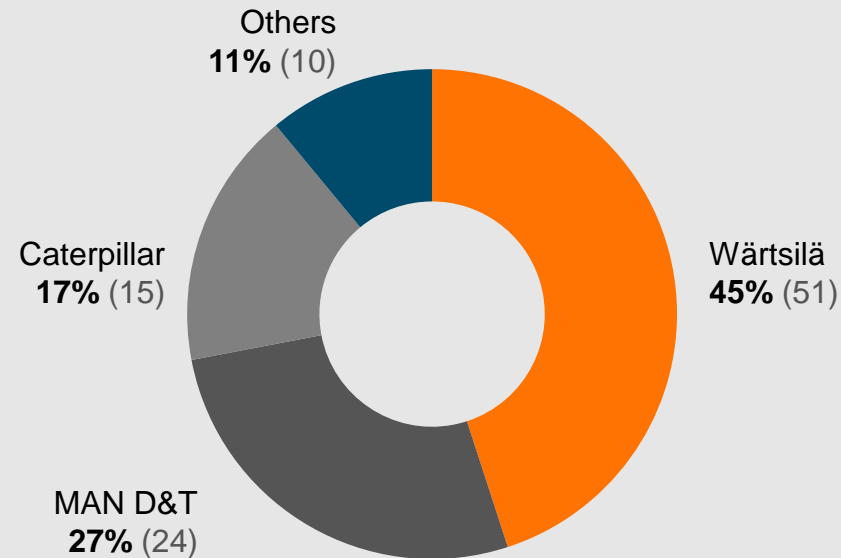
Good activity in FSRU market

- Cost efficiency, flexibility and mobility is creating demand for floating regasification units
- Höegh LNG's two new FSRUs will feature Wärtsilä's latest regasification technology and Wärtsilä's dual-fuel main engines
- Wärtsilä will service the new vessels and eight of Höegh's existing ships under a 5-year technical management agreement

Market position of Wärtsilä's marine engines

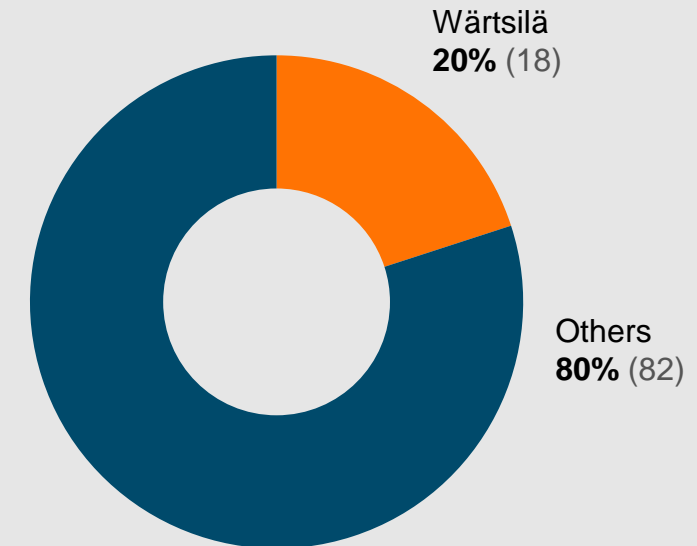
Focus on auxiliary engines supporting market share development

Medium-speed main engines



Total market volume last 12 months:
2,235 MW (2,392)

Auxiliary engines

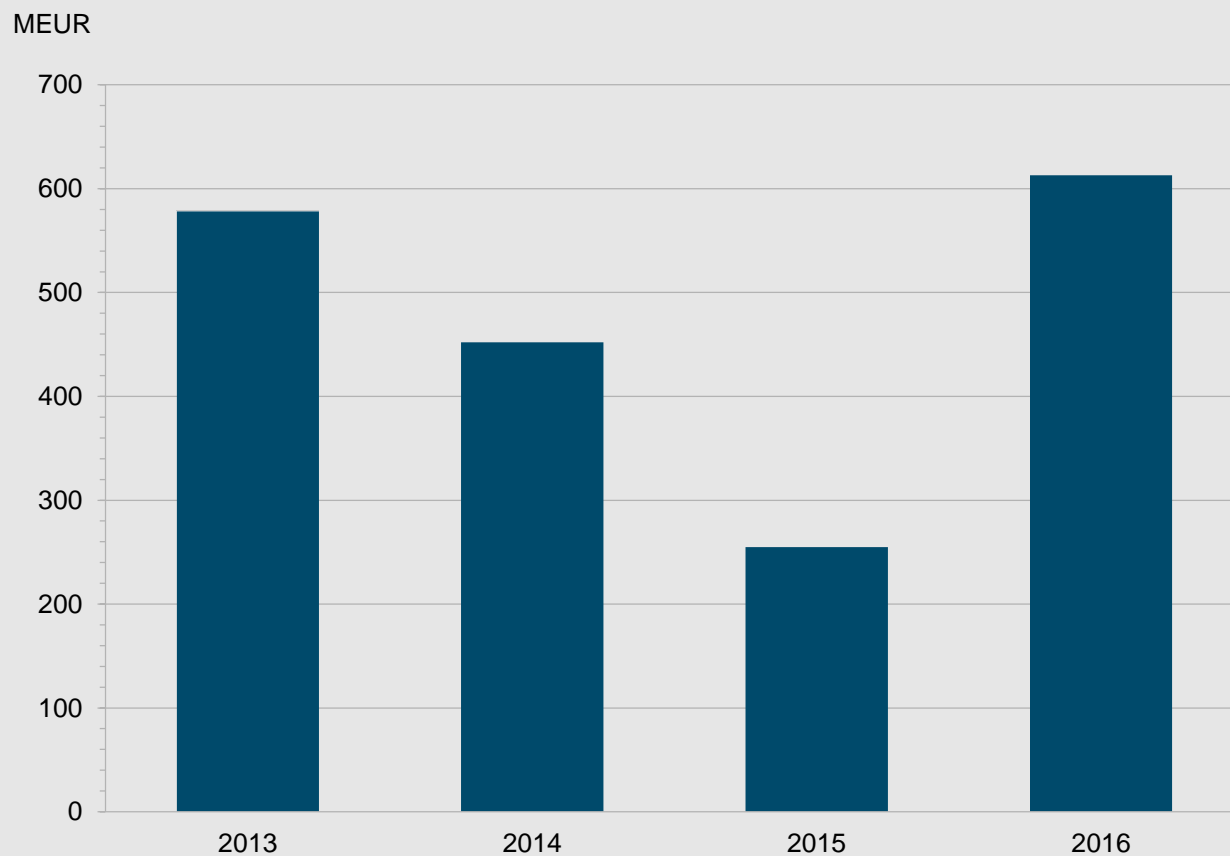


Total market volume last 12 months:
1,340 MW (2,029)

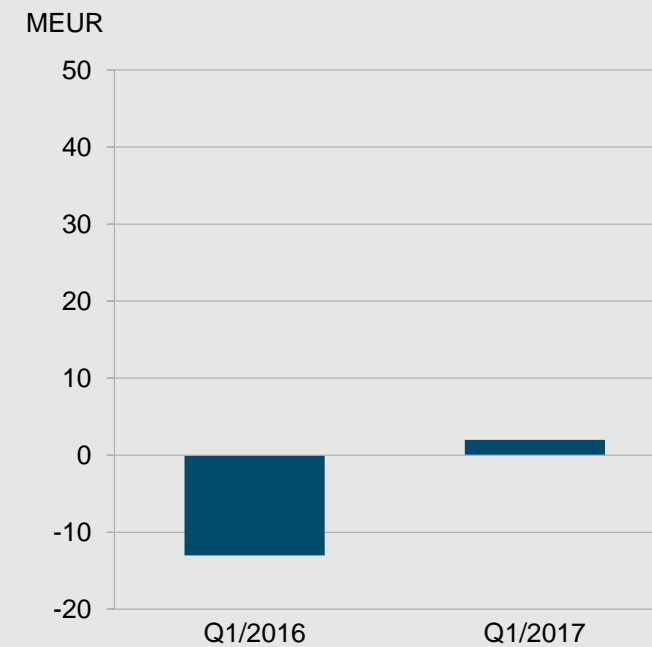
Wärtsilä's market shares are calculated on a 12 months rolling basis, numbers in brackets are from the end of the previous quarter. The calculation is based on Wärtsilä's own data portal.



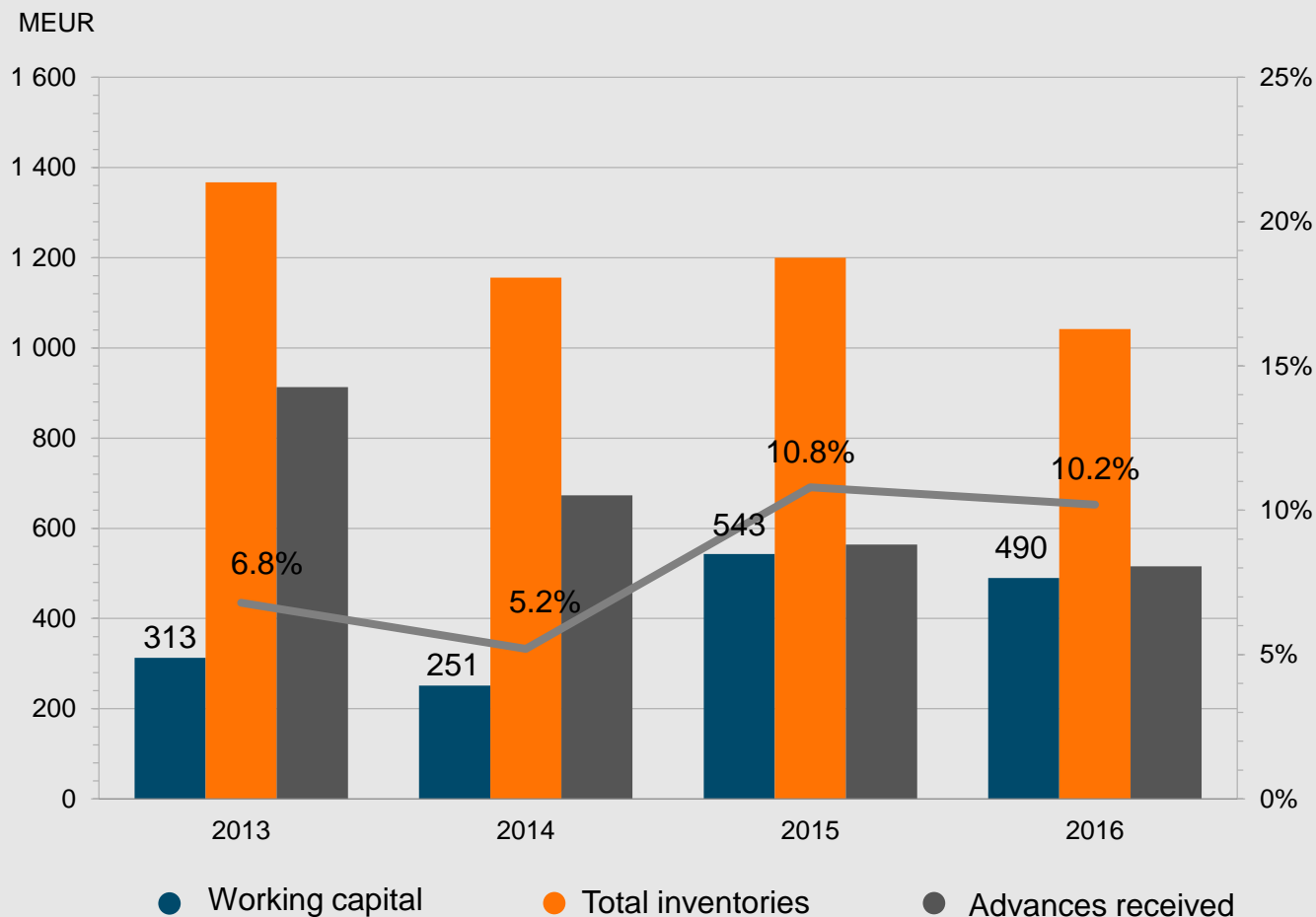
Cash flow from operating activities



Review period development

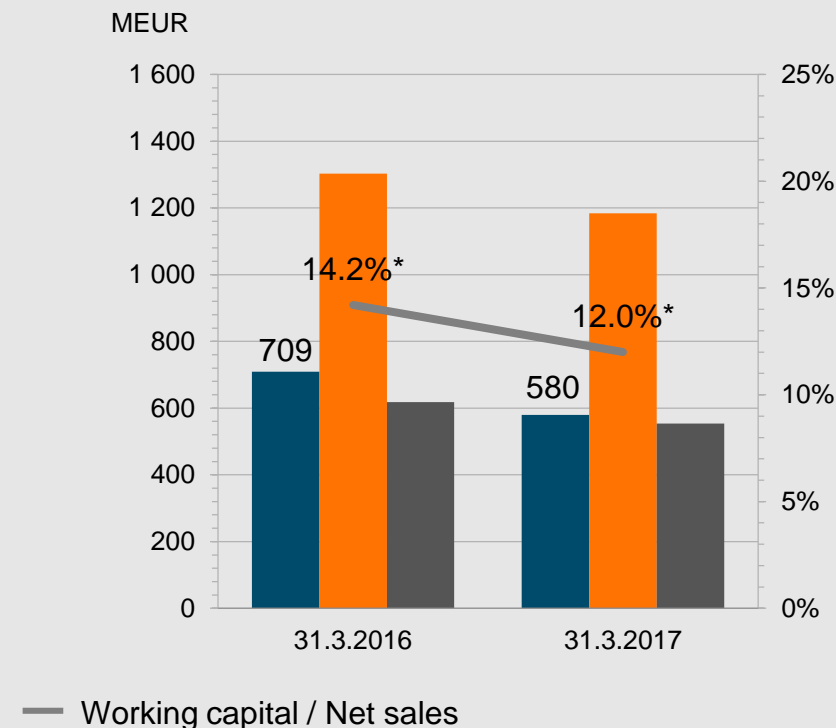


Working capital development

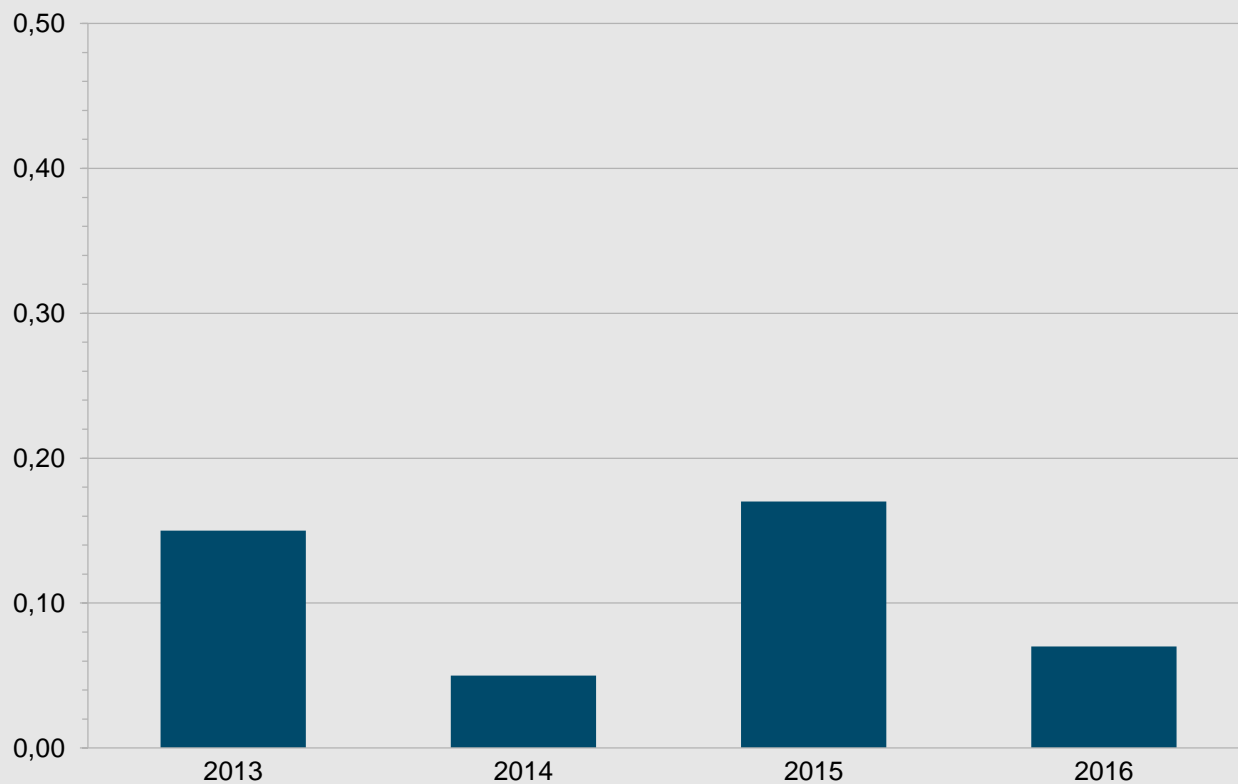


*Working capital / 12 months rolling net sales

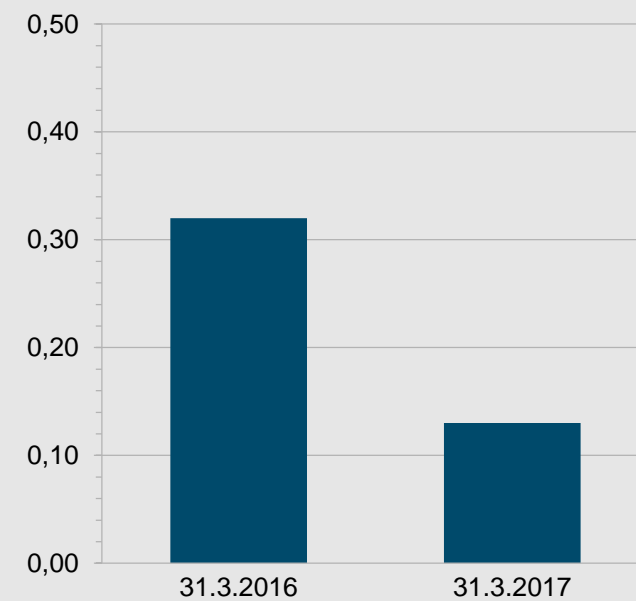
Review period development



Gearing



Review period development



Prospects for 2017

The overall demand for Wärtsilä's services and solutions 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 (previously solid)
- Soft in Marine Solutions



THANK YOU

Further information:
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