

WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY-MARCH 2018

24 April 2018

Jaakko Eskola, President & CEO

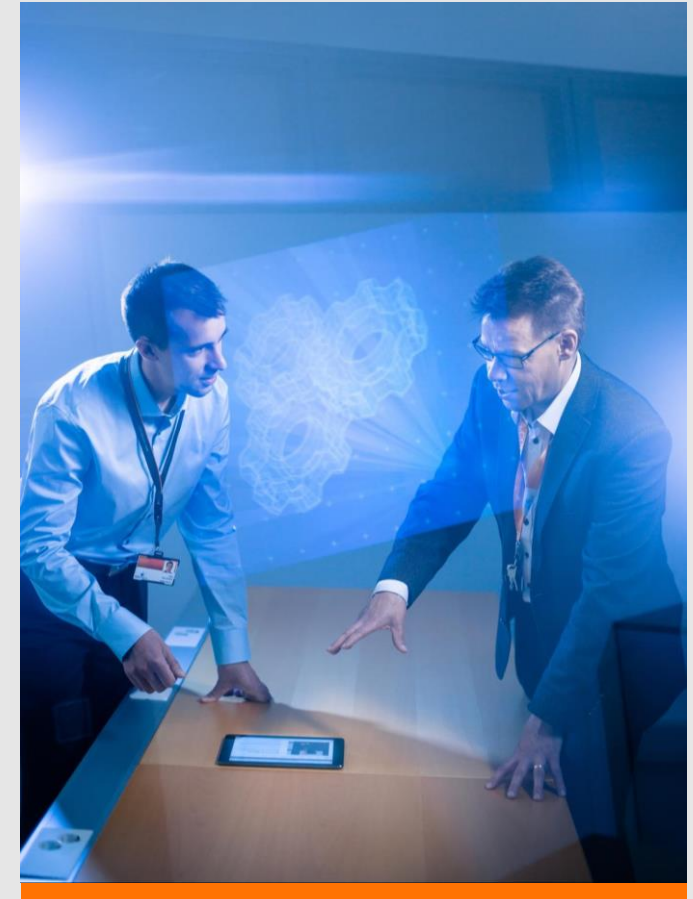
ORDER INTAKE AND NET SALES DEVELOPED WELL IN THE EQUIPMENT BUSINESSES



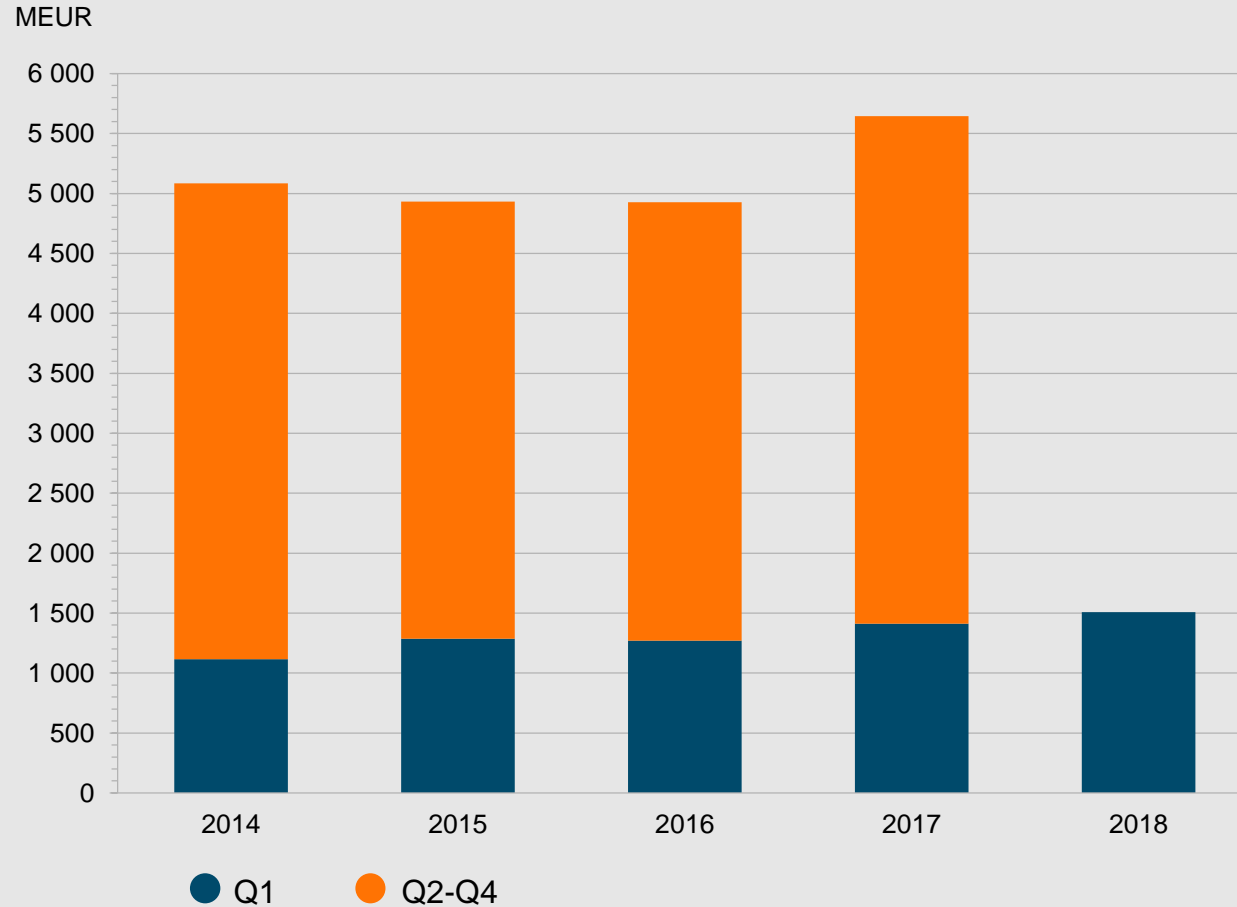
Highlights Q1/2018

- Order intake EUR 1,507 million, +7%
- Net sales EUR 1,066 million, +6%
- Book-to-bill 1.41 (1.41)
- Comparable operating result EUR 88 million (82), which represents 8.3% of net sales (8.1)
- Earnings per share EUR 0.10 (0.09)
- Cash flow from operating activities EUR -42 million (2)
- Order book at the end of the period EUR 5,490 million (5,114)

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

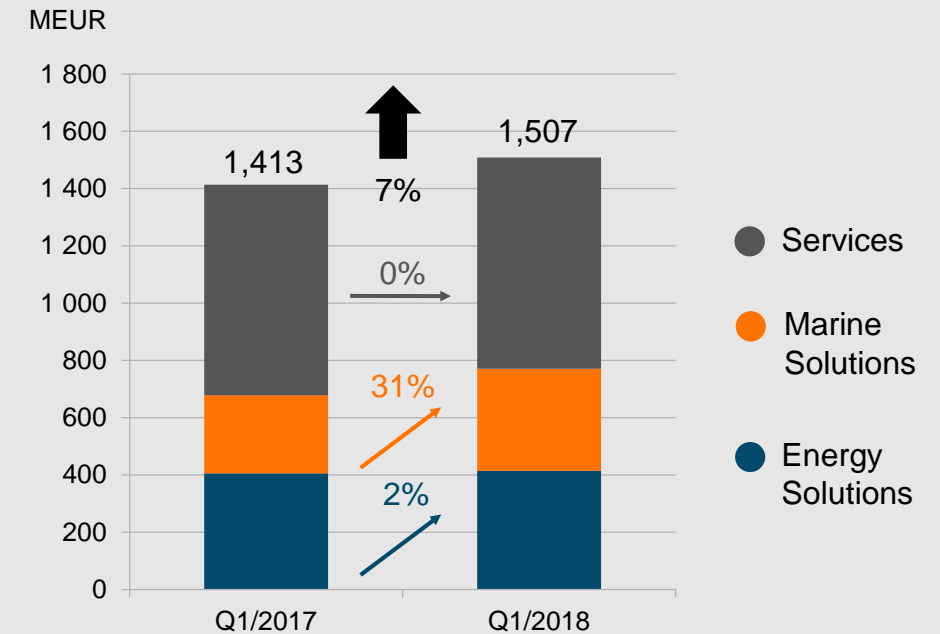


Good development in order intake

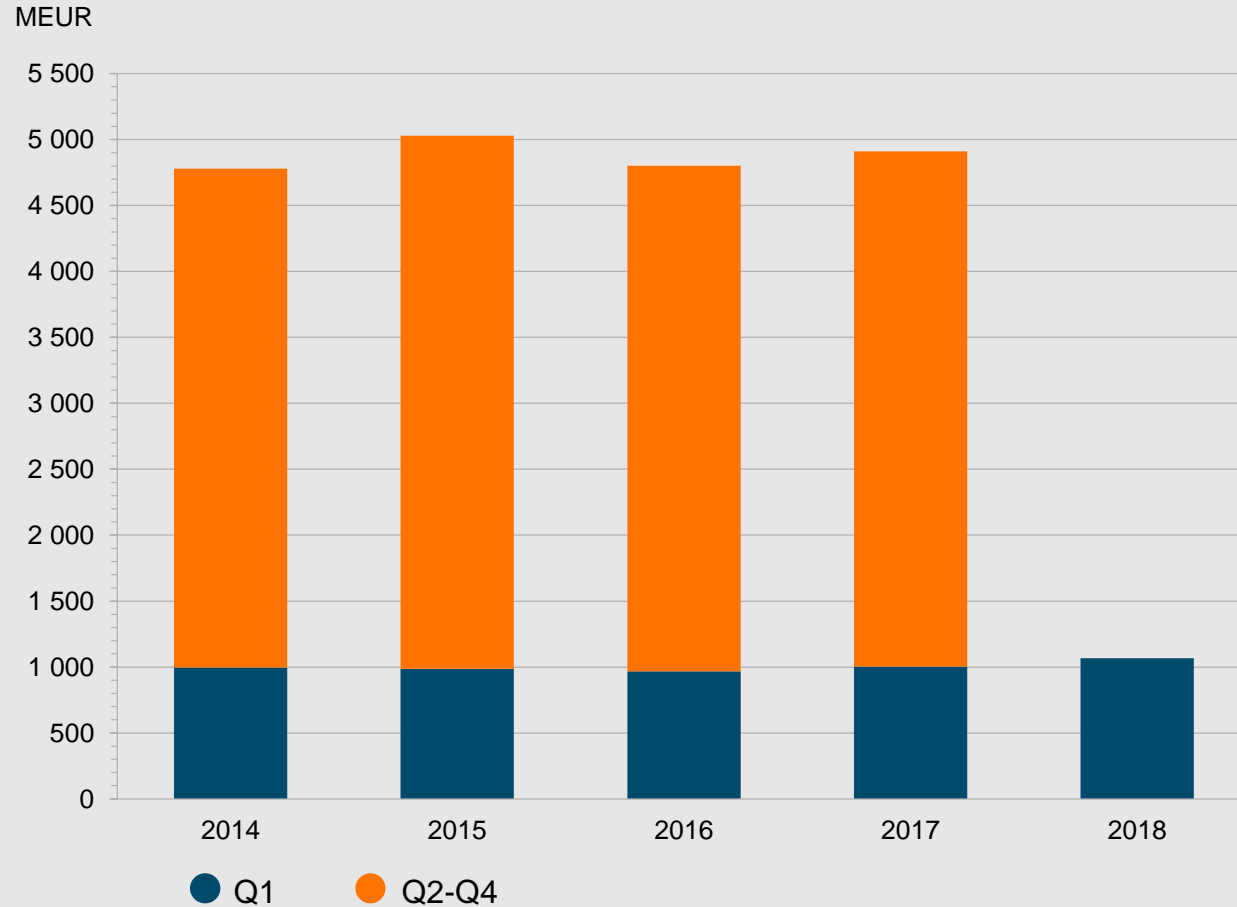


Comparison figures for 2017 have been restated due to the internal reorganisation of service activities.

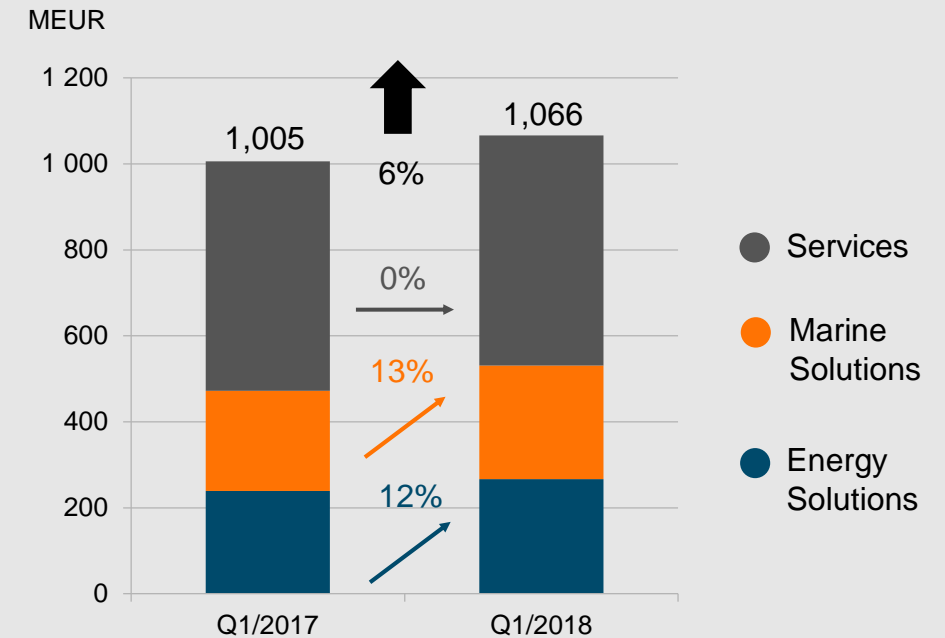
First quarter development



Net sales favoured equipment deliveries

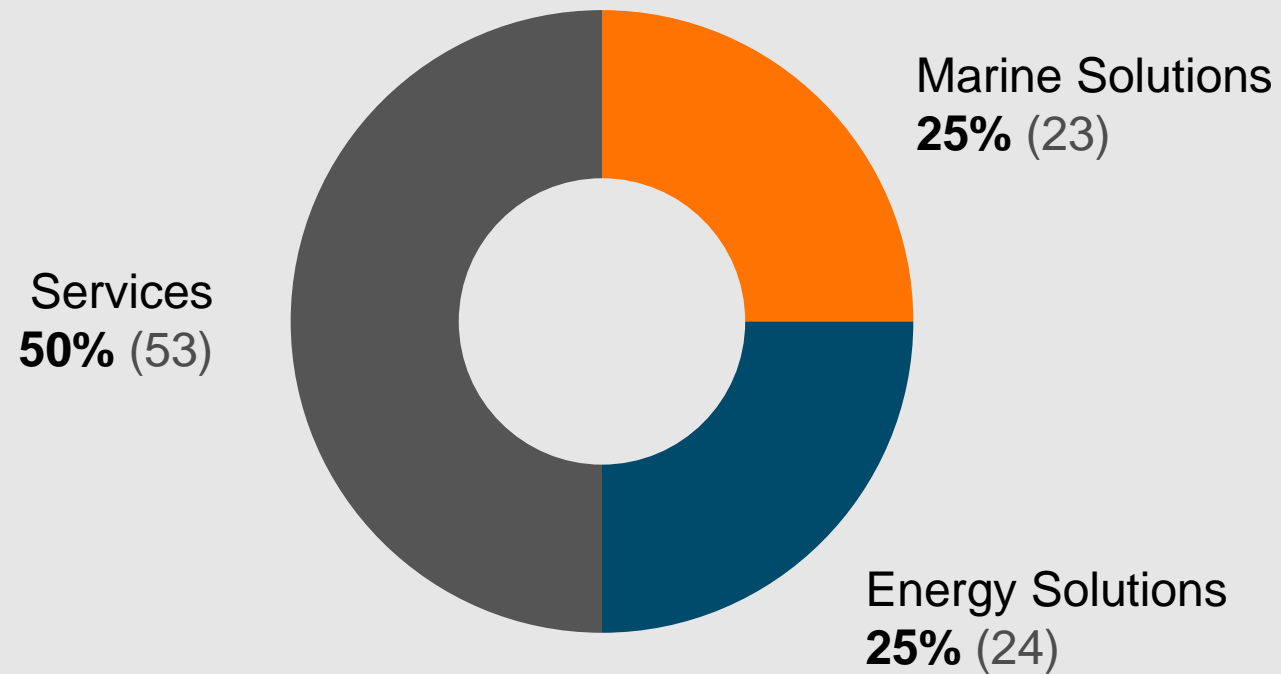


First quarter development



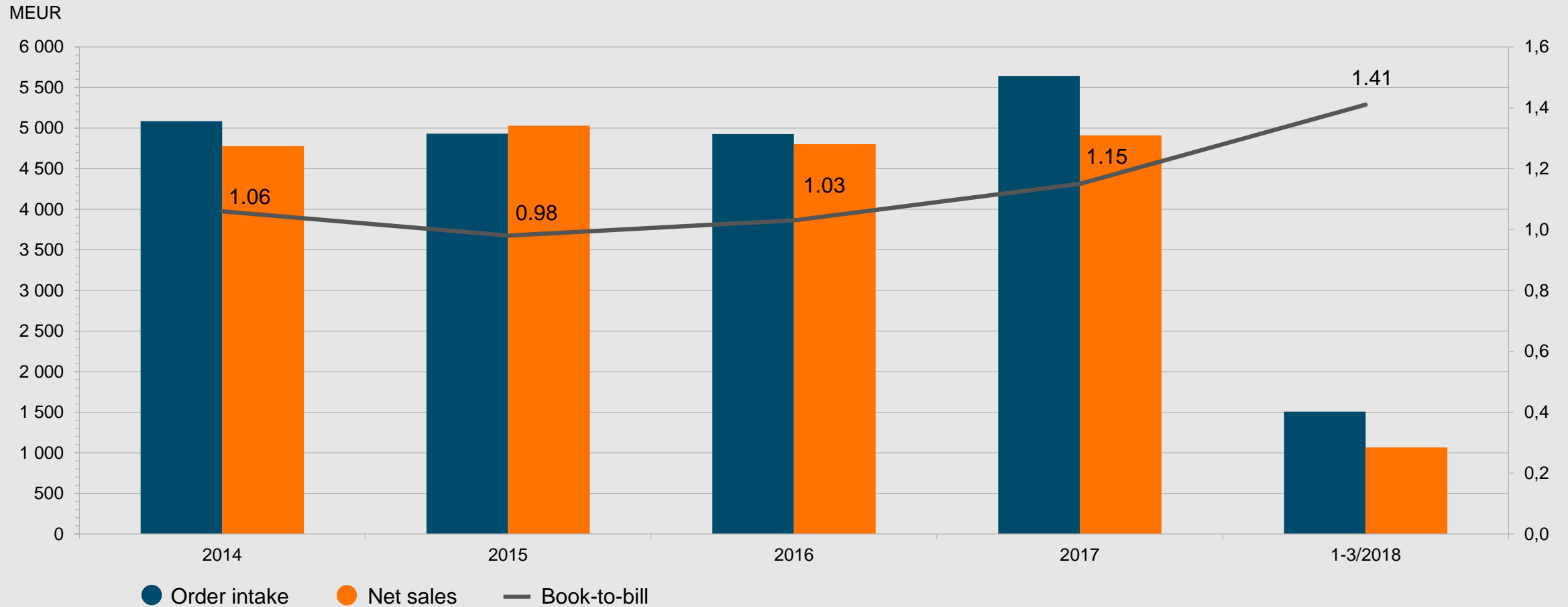
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Net sales by business 1-3/2018



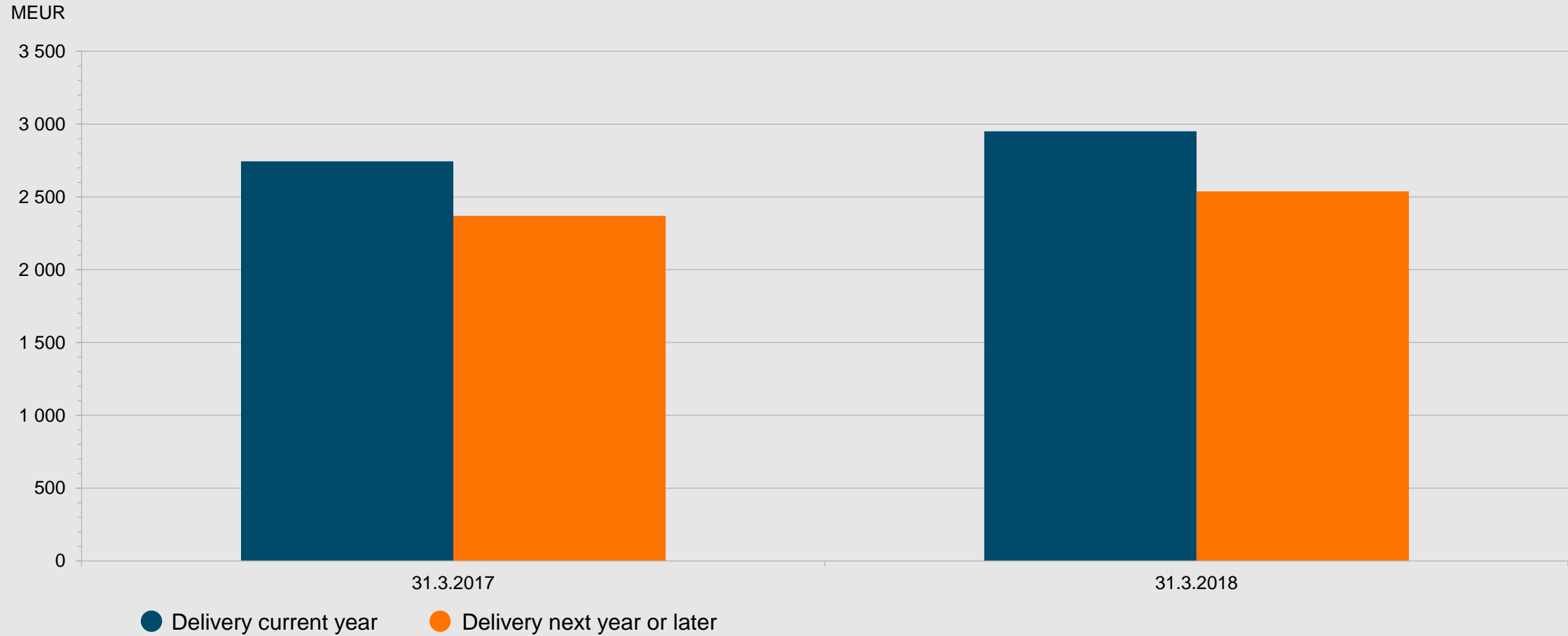
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Book-to-bill



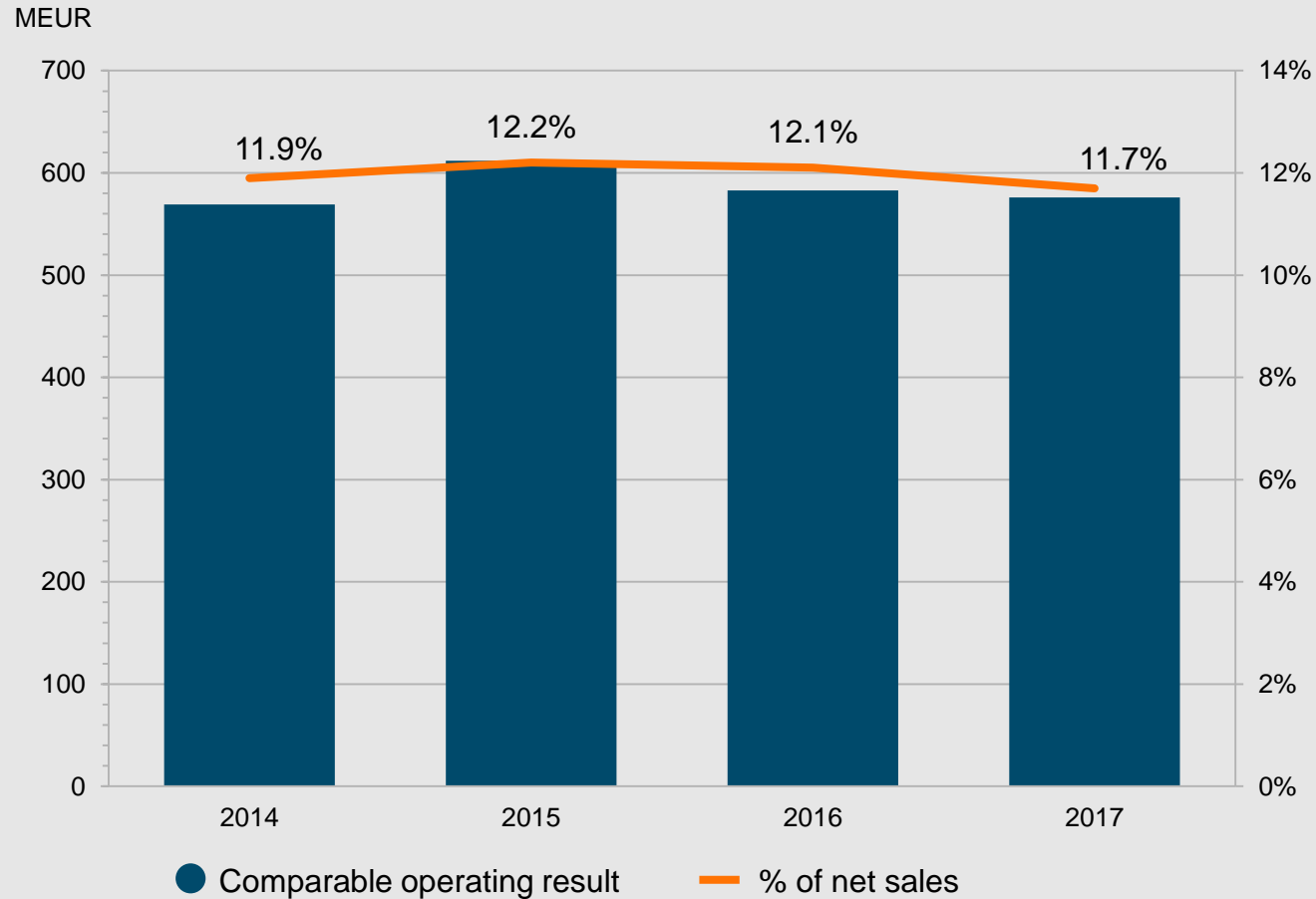
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Order book distribution



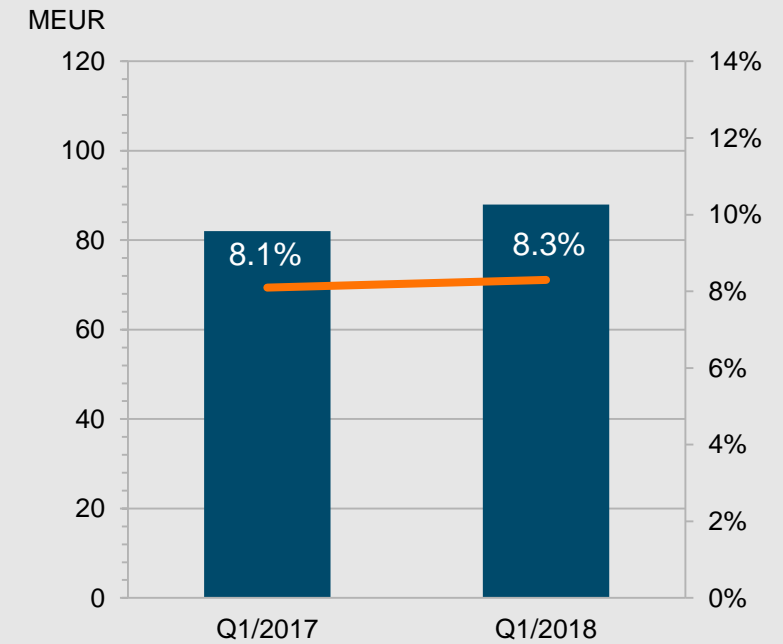
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Operating result



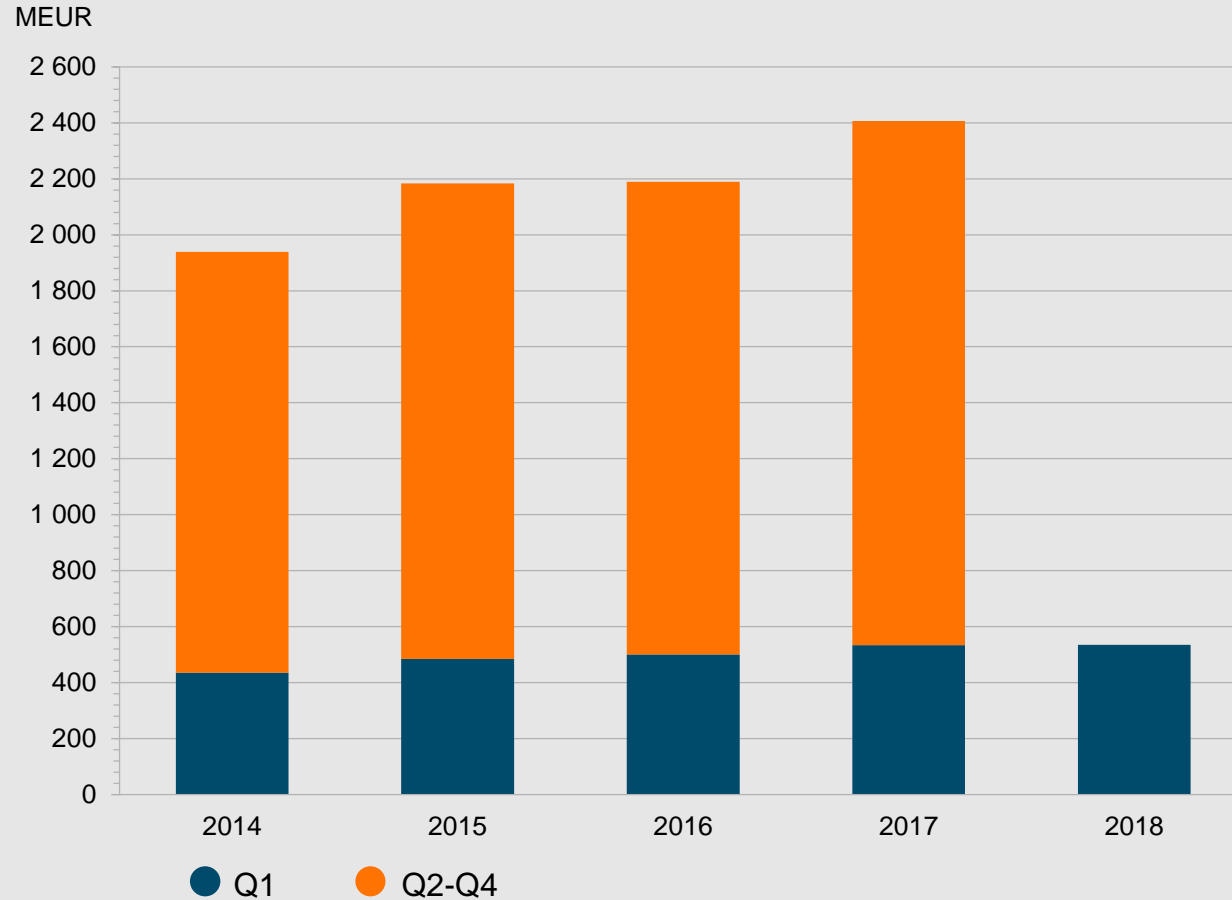
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First quarter development

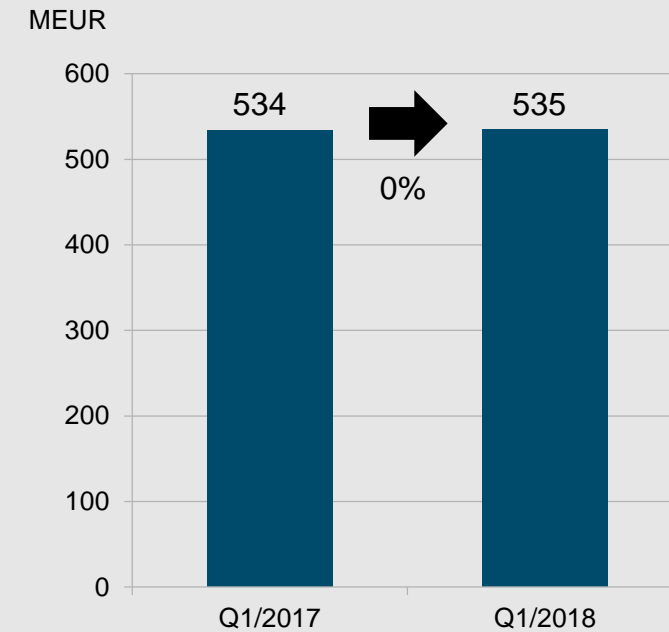




Services' net sales development stable



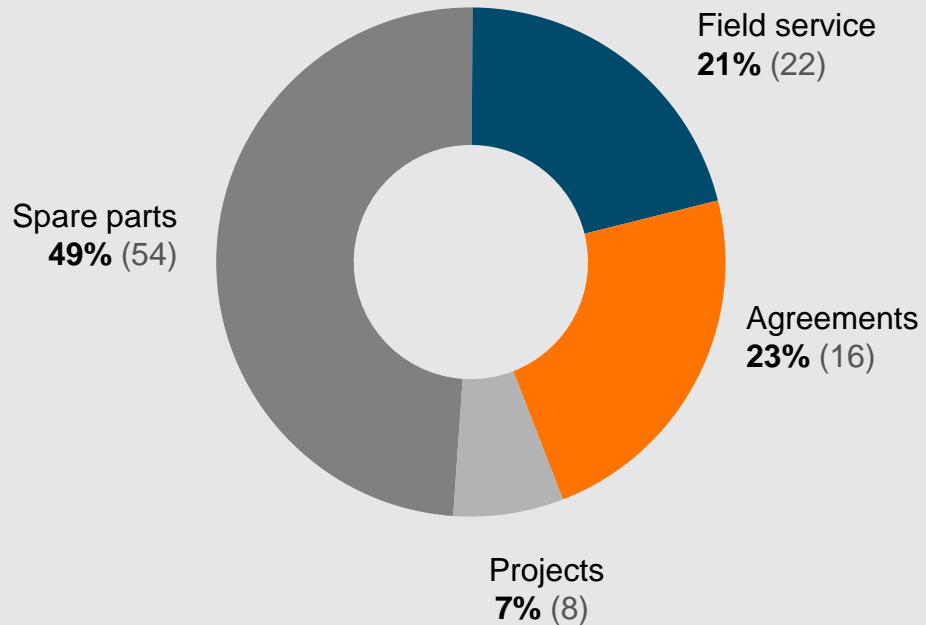
First quarter development



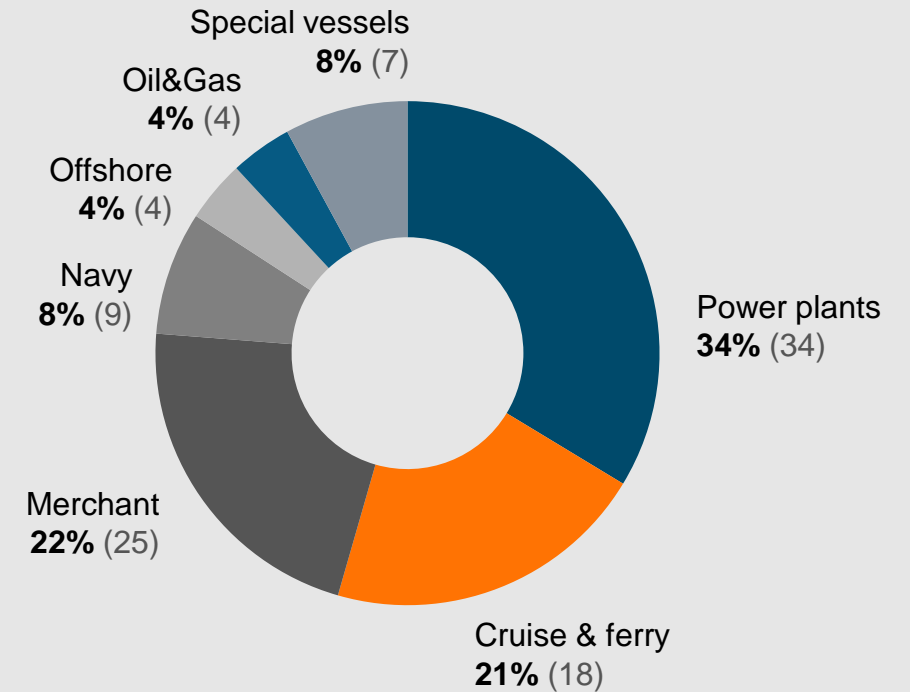
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Net sales distribution 1-3/2018

By product area



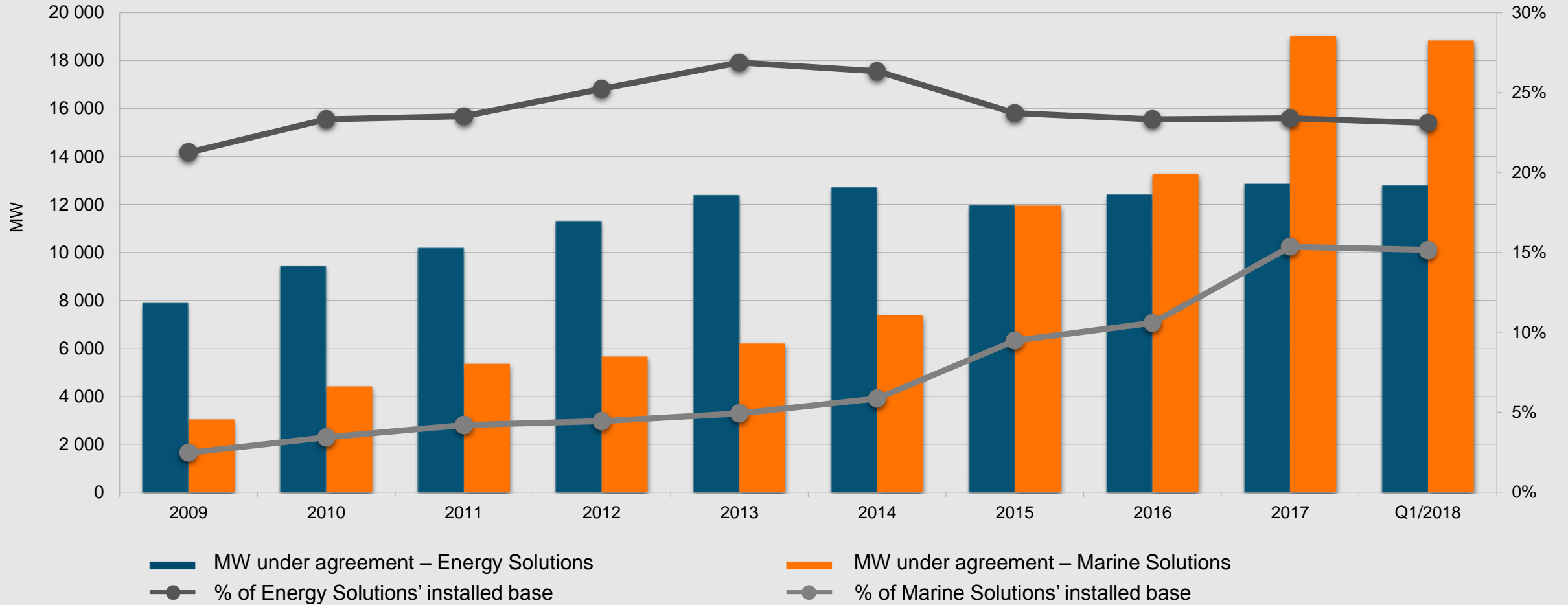
By segment



Total EUR 535 million (534)

Comparison figures for 2017 have been restated due to the internal reorganisation of service activities and the adoption of IFRS 15.

Installed base covered by service agreements



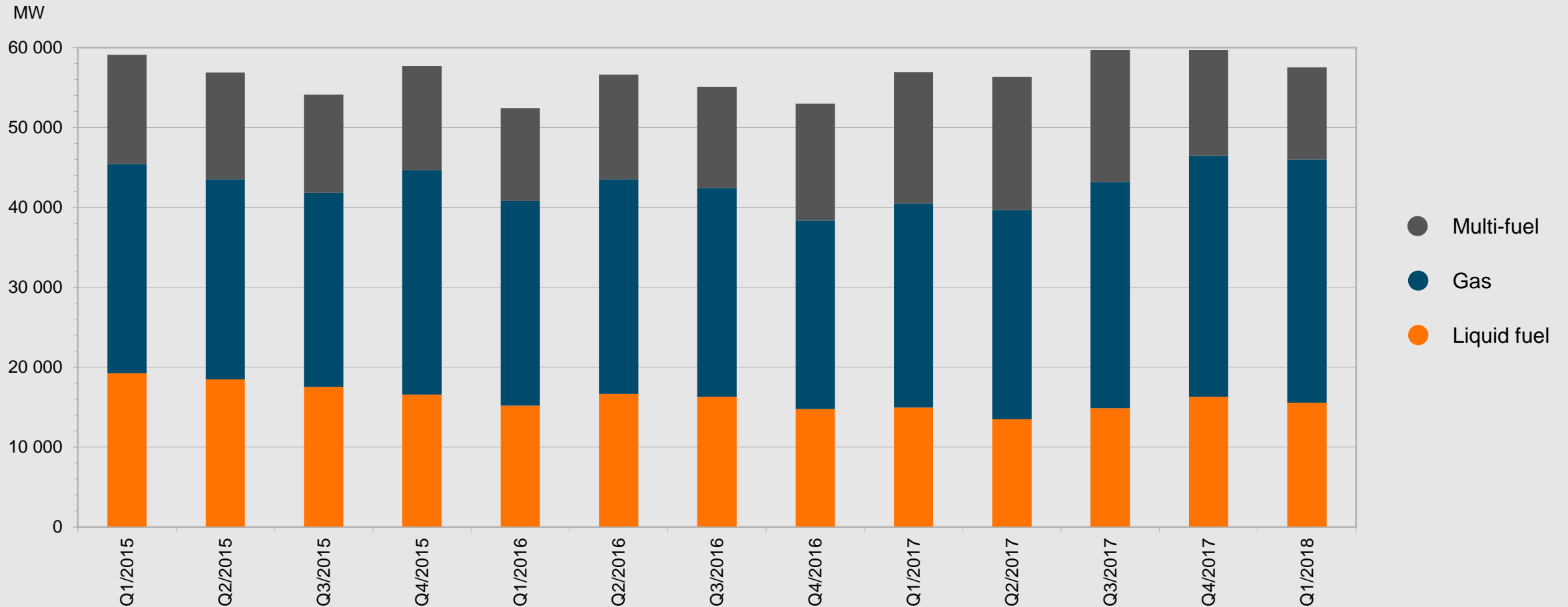
American Hydro is contracted to increase the efficiency of Brookfield's Bear Swamp Pumped Storage Generating Station

- The order scope consists of the design, model testing, manufacturing and installation of two 330 MW upgraded, reversible pump-turbine runners and motor-generator rotors
- Modernising the facility enhances plant efficiency and ensures reliable energy supply when demand is needed the most



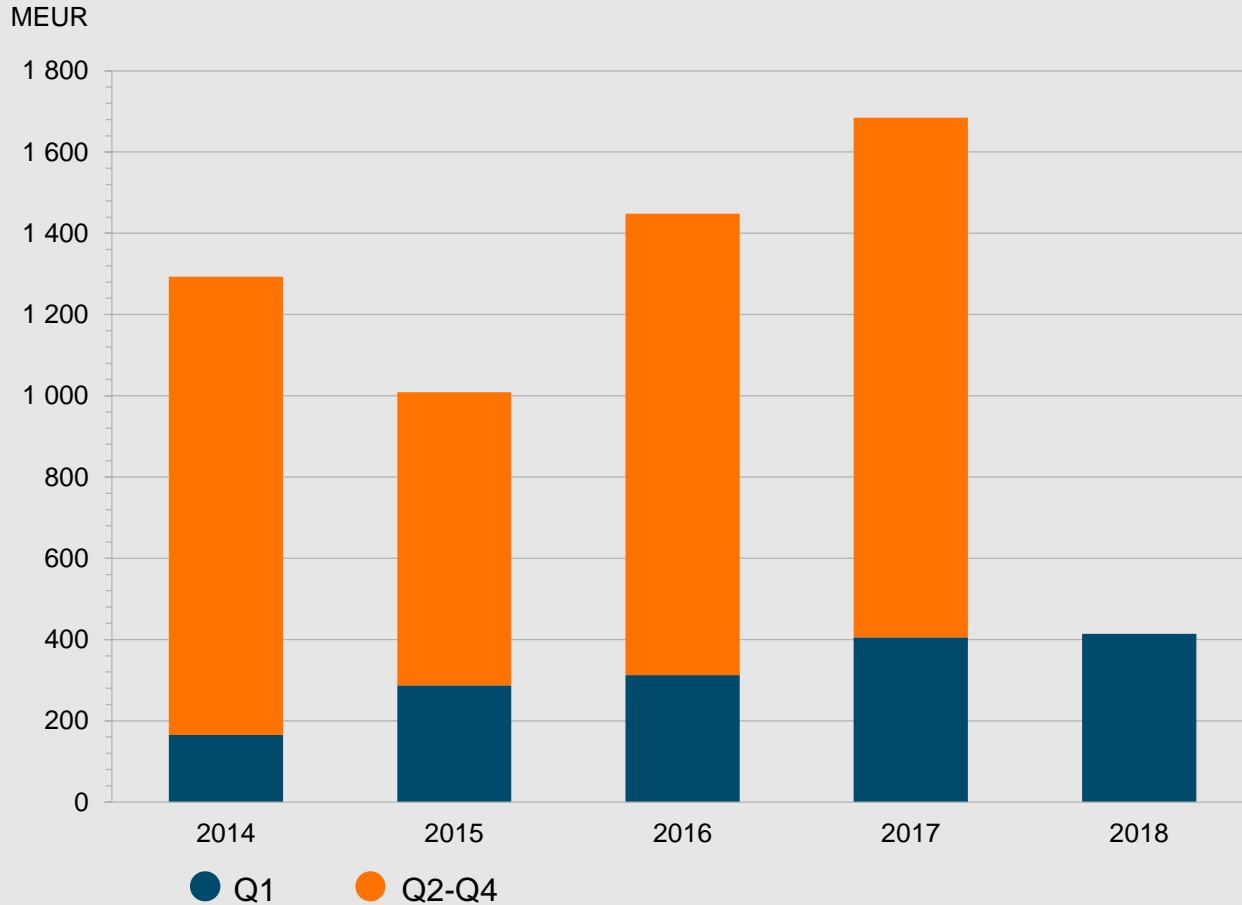


Quotation activity by fuel type



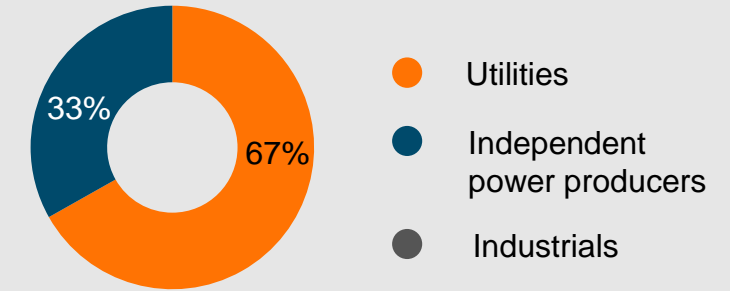
Calculated on a 12 months rolling basis

Energy Solutions' order intake on a healthy level



First quarter development

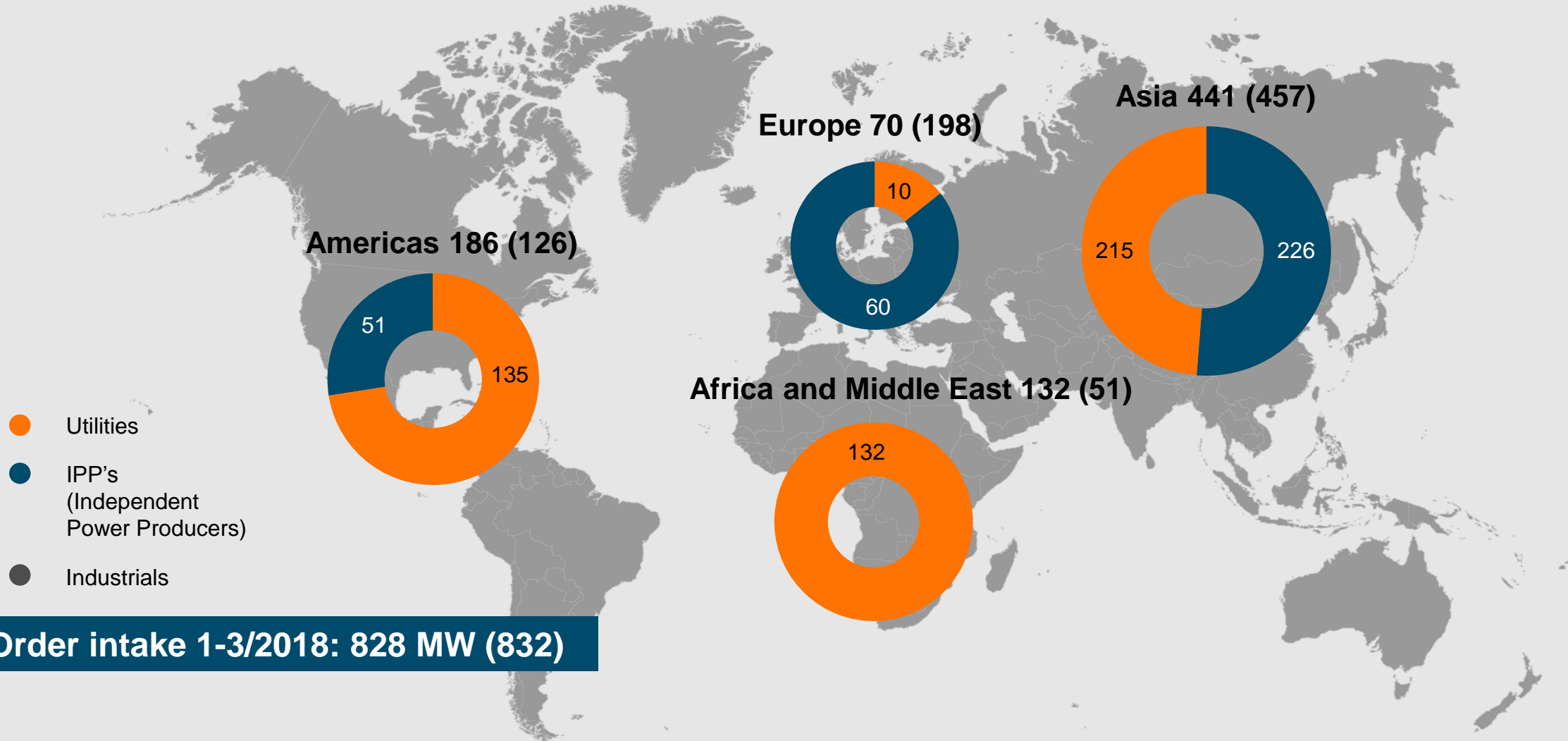
Total EUR 414 million (405)



First quarter order intake by fuel in MW



Order intake globally



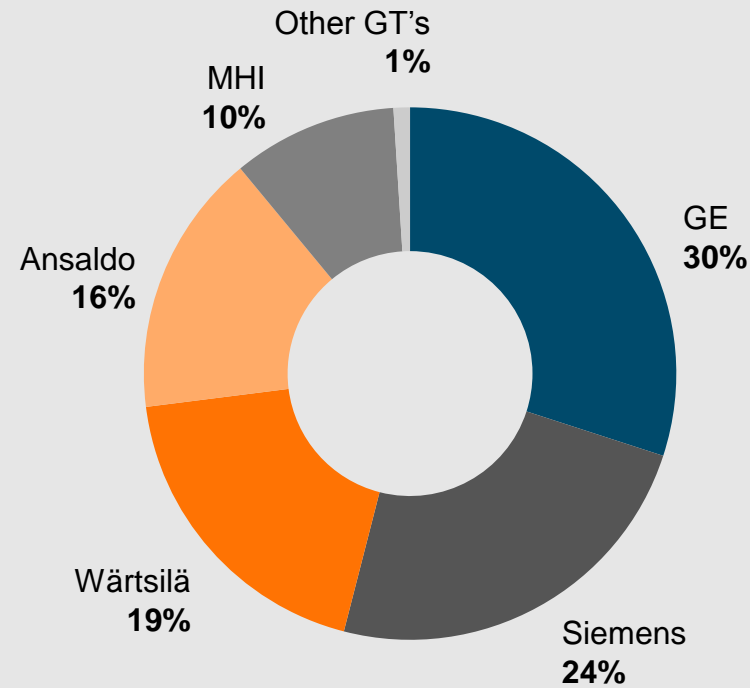
Order intake 1-3/2018: 828 MW (832)

Improving the reliability and security of the South Australian power system

- A new 211 MW power plant will enable AGL Energy Limited to respond to fluctuations that are inherent to renewable generation
- The benefits of Wärtsilä's smart power generation solution include high efficiency, fast response and flexible capacity
- The value of the EPC delivery is over €100 million



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

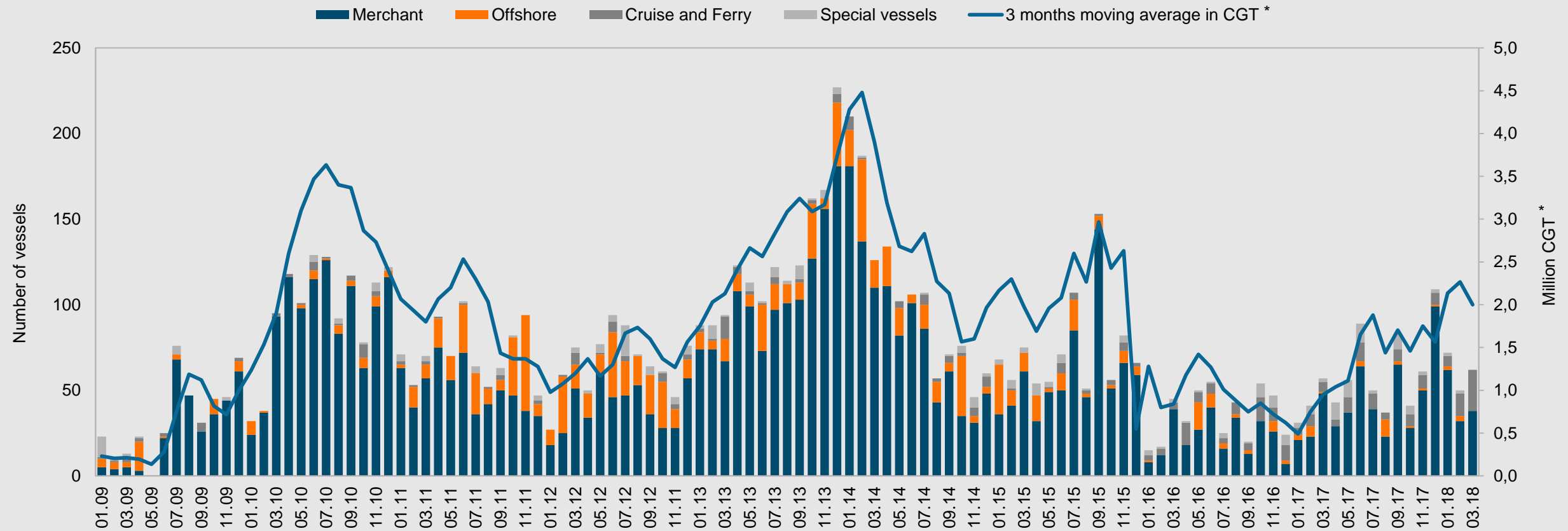


<500 MW market volume: 20.1 GW (25.2)
Total market volume: 46.8 GW (54.9)

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.



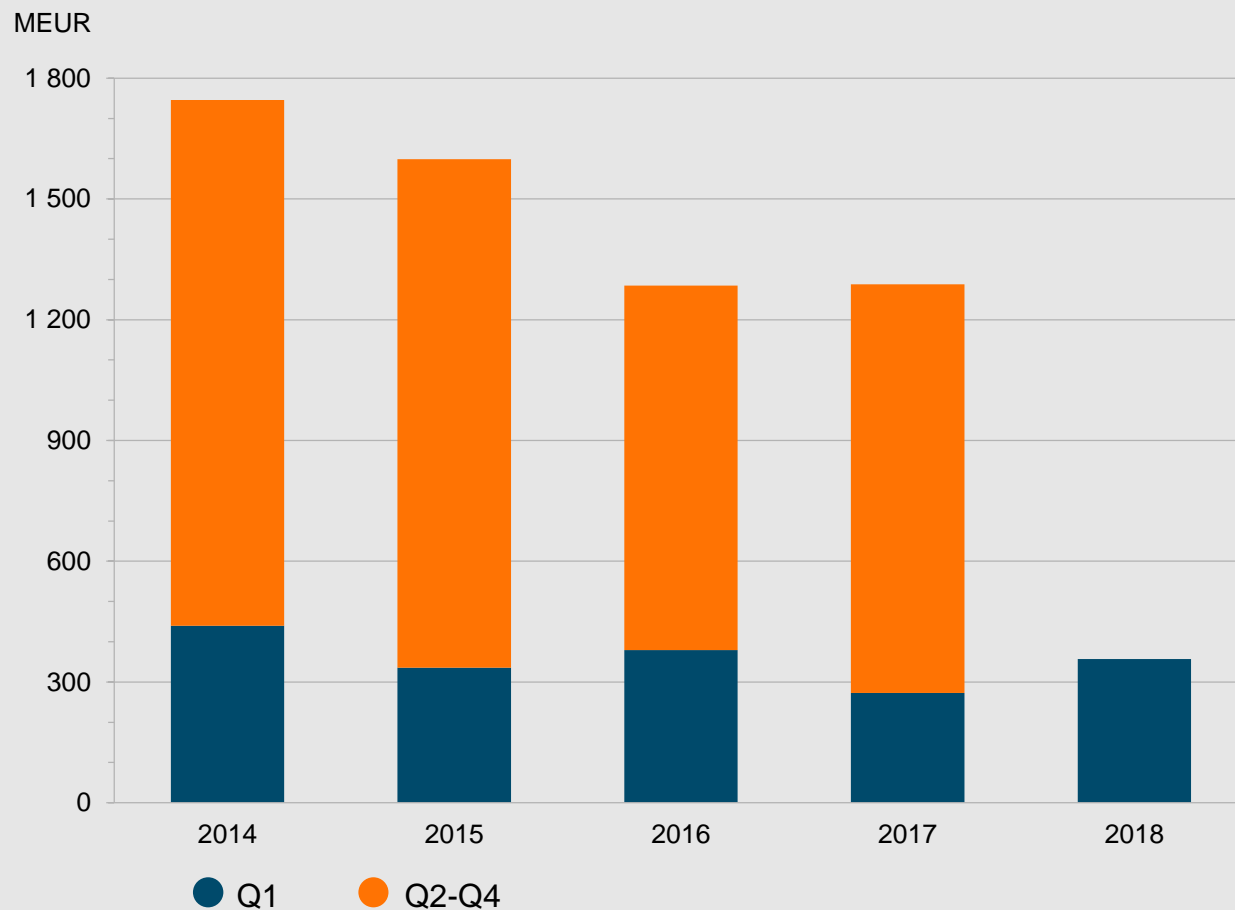
Solid activity in the marine markets



Source: Clarkson Research Services, figures exclude late contracting

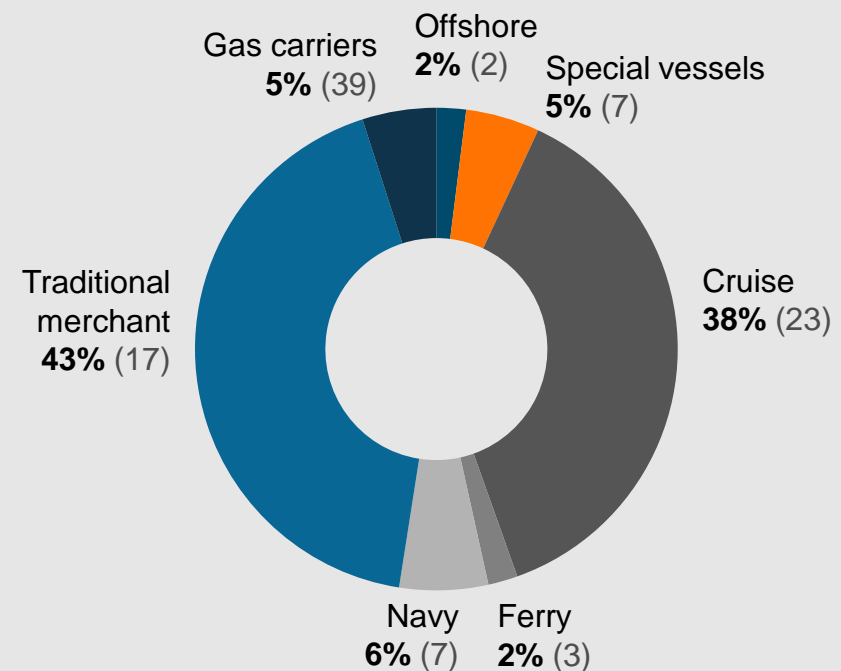
* CGT= gross tonnage compensated with workload

Strong growth in Marine Solutions' order intake



First quarter development

Total EUR 357 million (273)



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

Wärtsilä acquires Transas to accelerate its Smart Marine vision

- Transas is a global market leader in marine navigation solutions, professional training and simulation services, and ship traffic control
- The acquisition plays a key role in the development of smart products and a digital platform
- The transaction is valued at MEUR 210 (enterprise value) and is expected to be closed during the second quarter of 2018

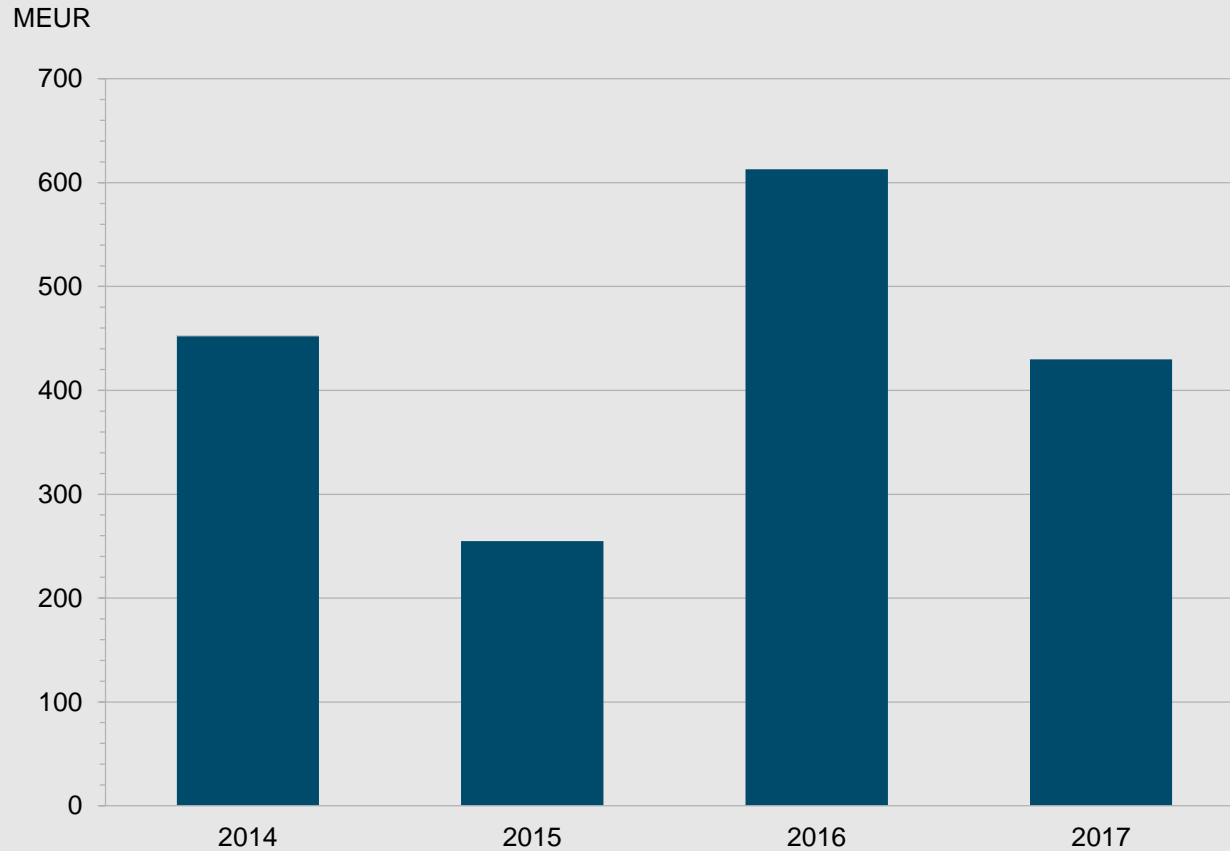


Market position of Wärtsilä Marine Solutions

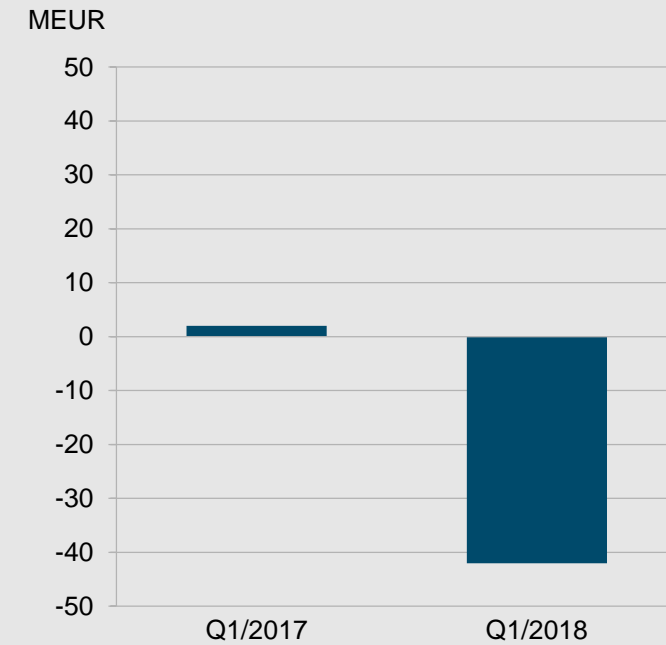
GAS CARRIERS	TRADITIONAL MERCHANT	CRUISE & FERRY	OFFSHORE	SPECIAL VESSELS	NAVY
Top player	Challenger	Top player	Mid-player	Mid-player	Challenger
<ul style="list-style-type: none"> • Gas systems • Auxiliary engines • Main engines (FSRU) 	<ul style="list-style-type: none"> • Auxiliary engines • Propulsion • Navigation & automation (containerships) • Environmental solutions 	<ul style="list-style-type: none"> • Main engines • Navigation & automation • Propulsion • Environmental solutions 	<ul style="list-style-type: none"> • Main engines • Propulsion • Ship design 	<ul style="list-style-type: none"> • Main engines • Propulsion • Navigation & automation • Environmental solutions 	<ul style="list-style-type: none"> • Auxiliary engines • Propulsion • Navigation & Automation
Main offering					



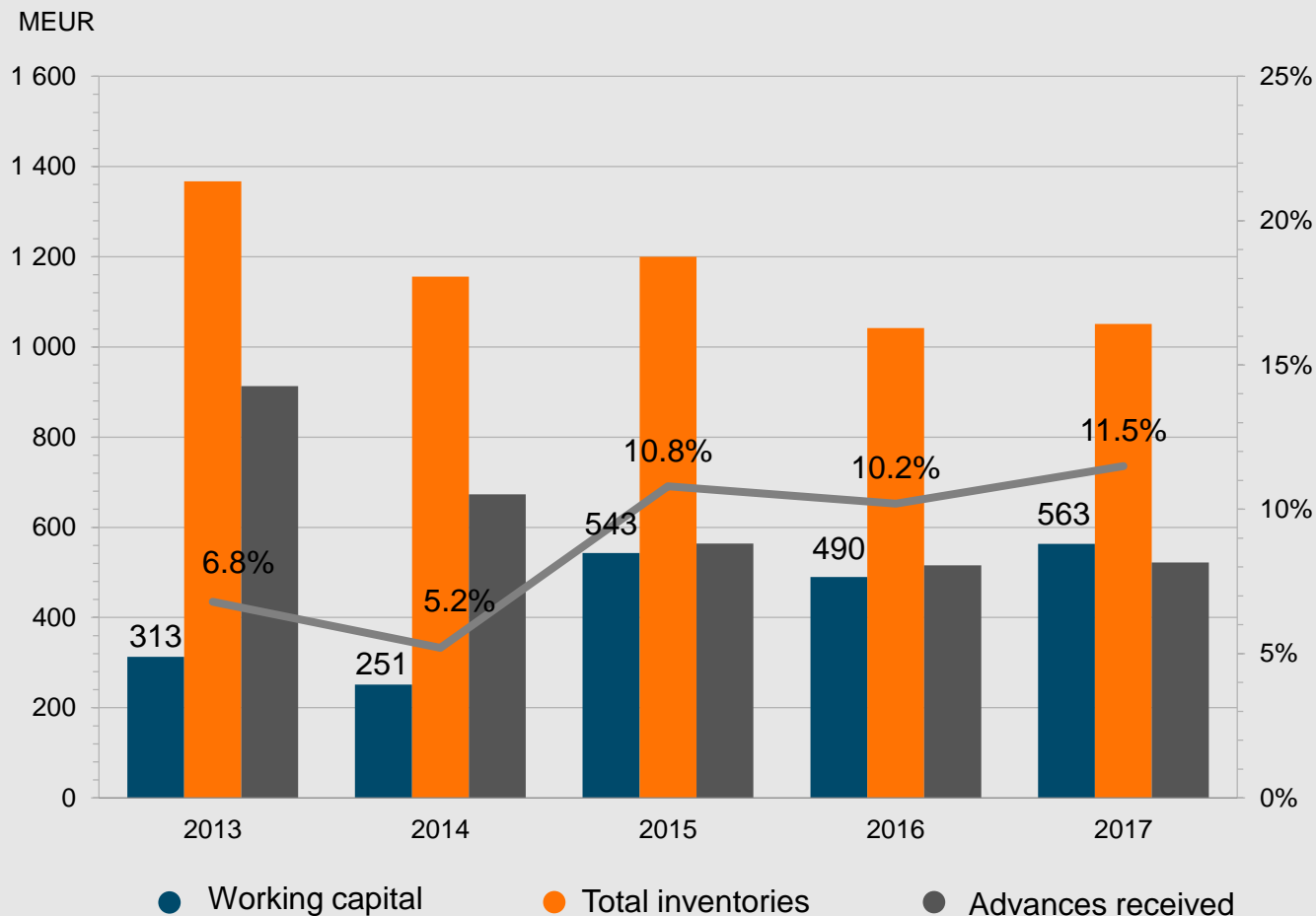
Cash flow from operating activities



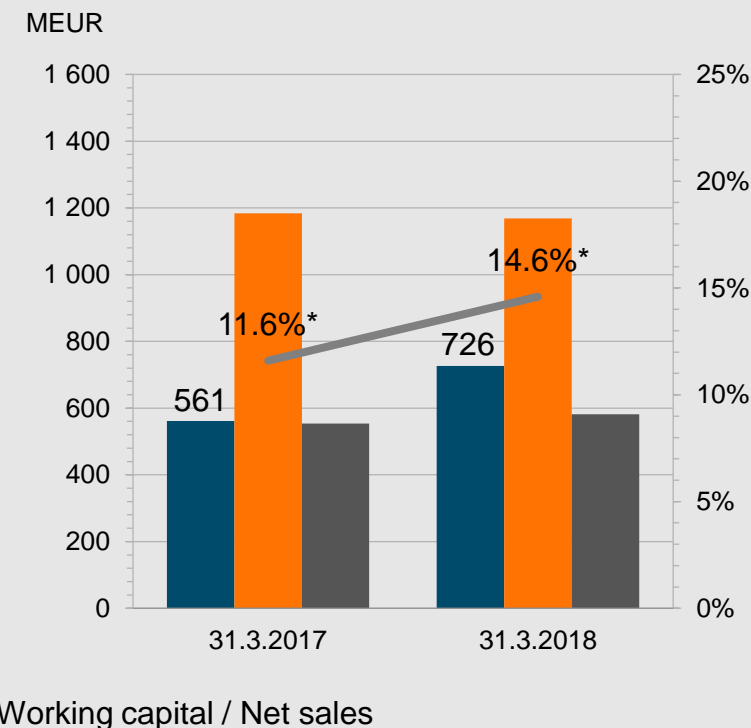
Review period development



Working capital

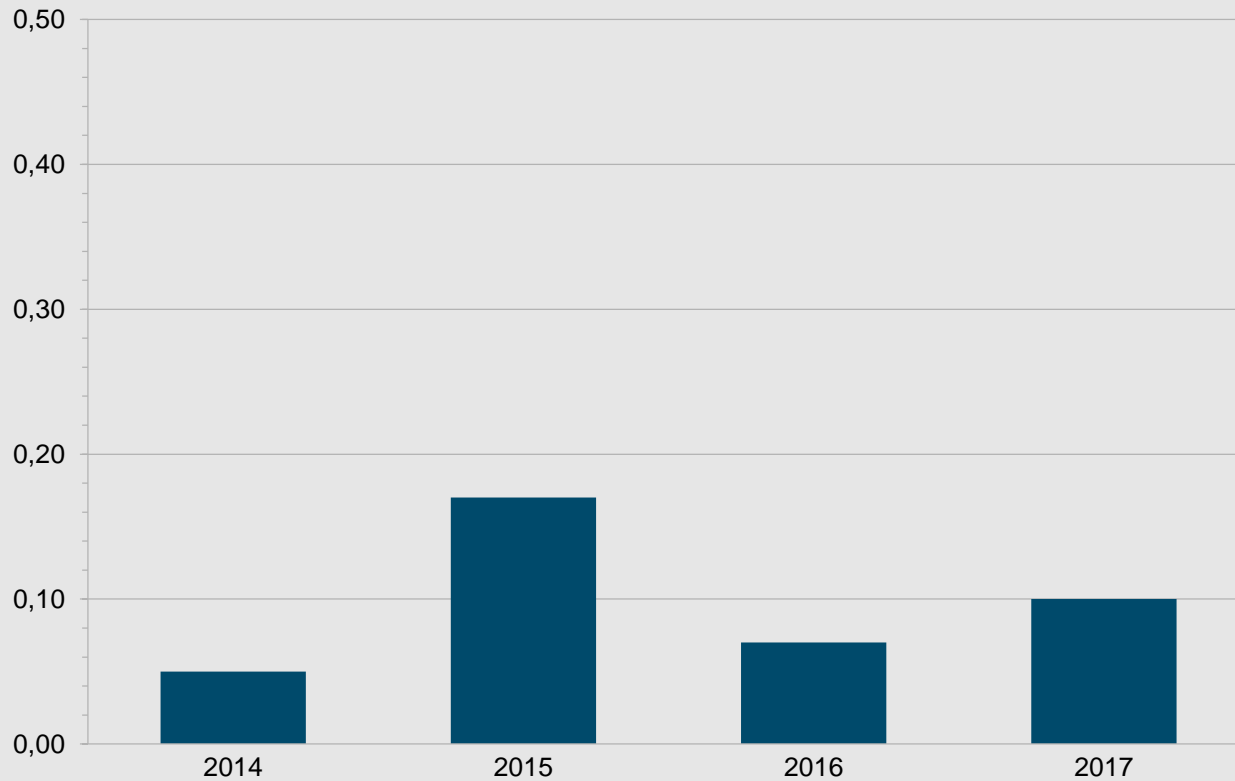


Review period development

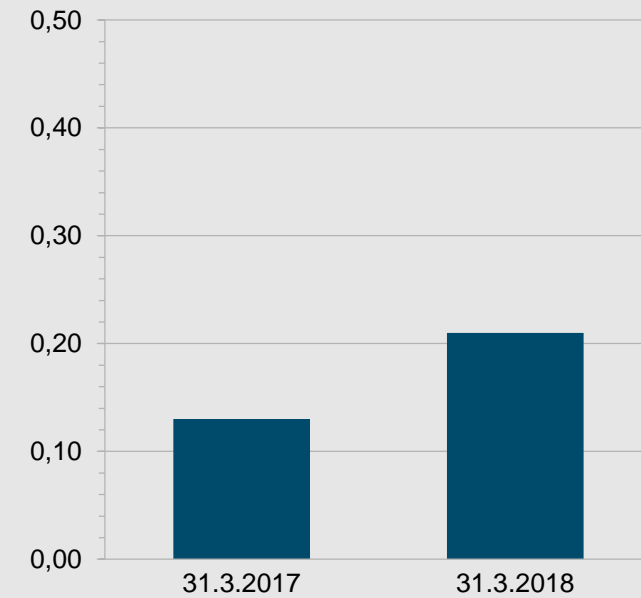


*Working capital / 12 months rolling net sales
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Gearing



Review period development



Prospects for 2018 unchanged

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:

- Good in Services
- Good in Energy Solutions
- Solid in Marine Solutions



THANK YOU

Further information:
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