

WÄRTSILÄ CORPORATION

HALF YEAR FINANCIAL REPORT 2018

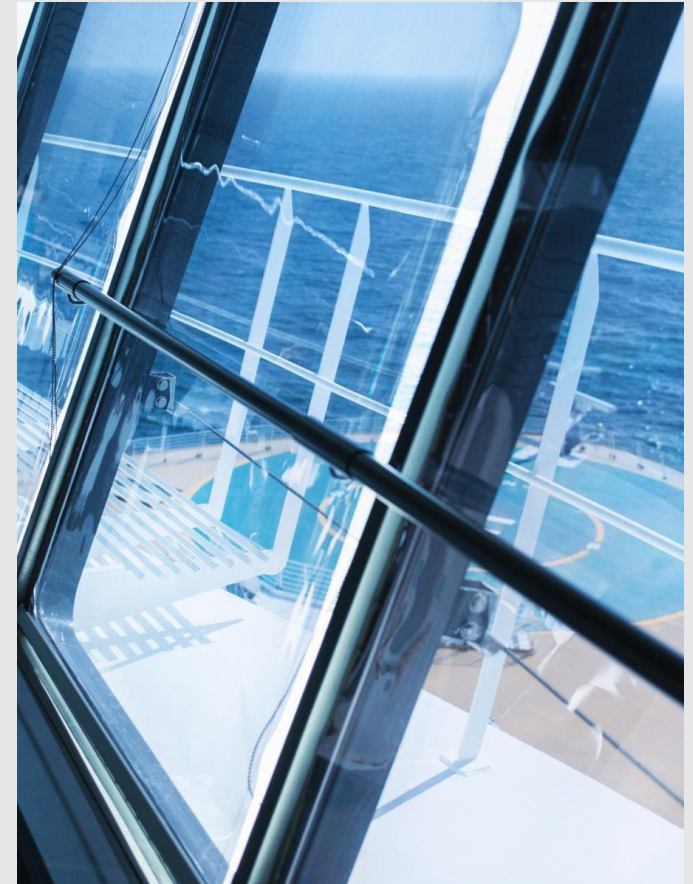
19 July 2018

Jaakko Eskola, President & CEO



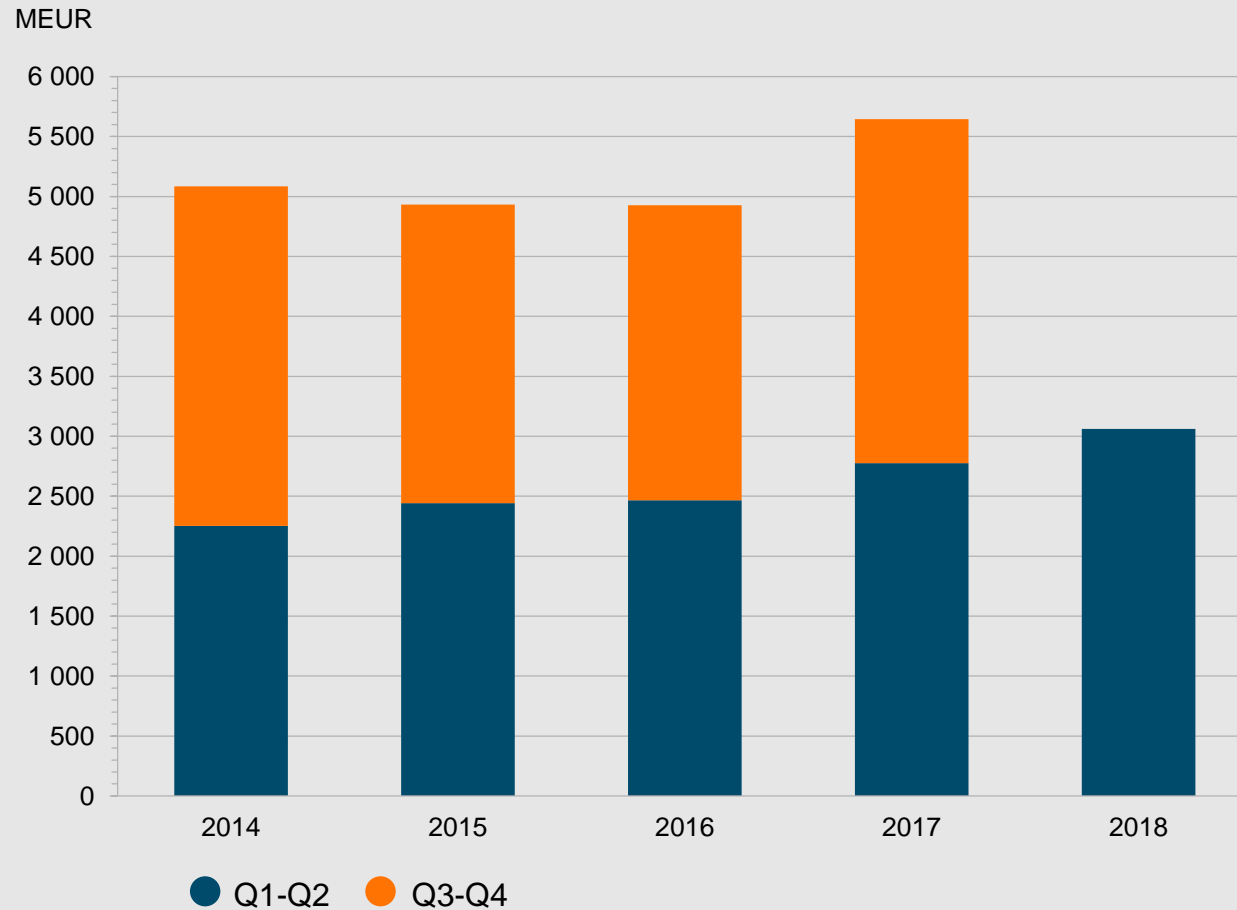
Highlights Q2/2018

- Order intake EUR 1,553 million, 14%
- Net sales EUR 1,246 million, -3%
- Book-to-bill 1.25 (1.06)
- Comparable operating result EUR 123 million (122), which represents 9.8% of net sales (9.5)
- Earnings per share EUR 0.13 (0.12)
- Cash flow from operating activities EUR 41 million (2)
- Order book at the end of the period EUR 5,904 million (5,089)



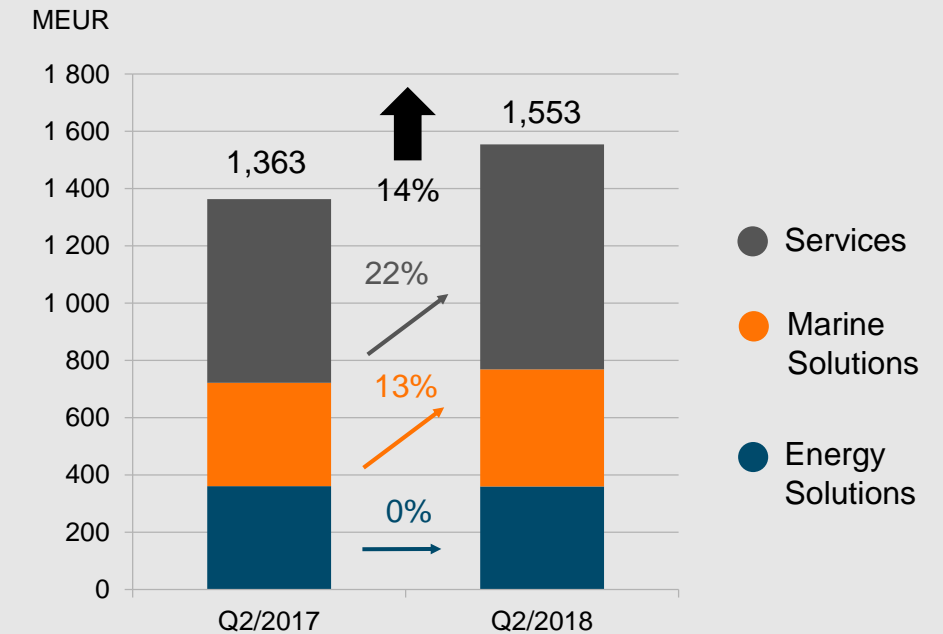
Comparison figures have been restated due to the adoption of IFRS 15.

Positive momentum in ordering activity

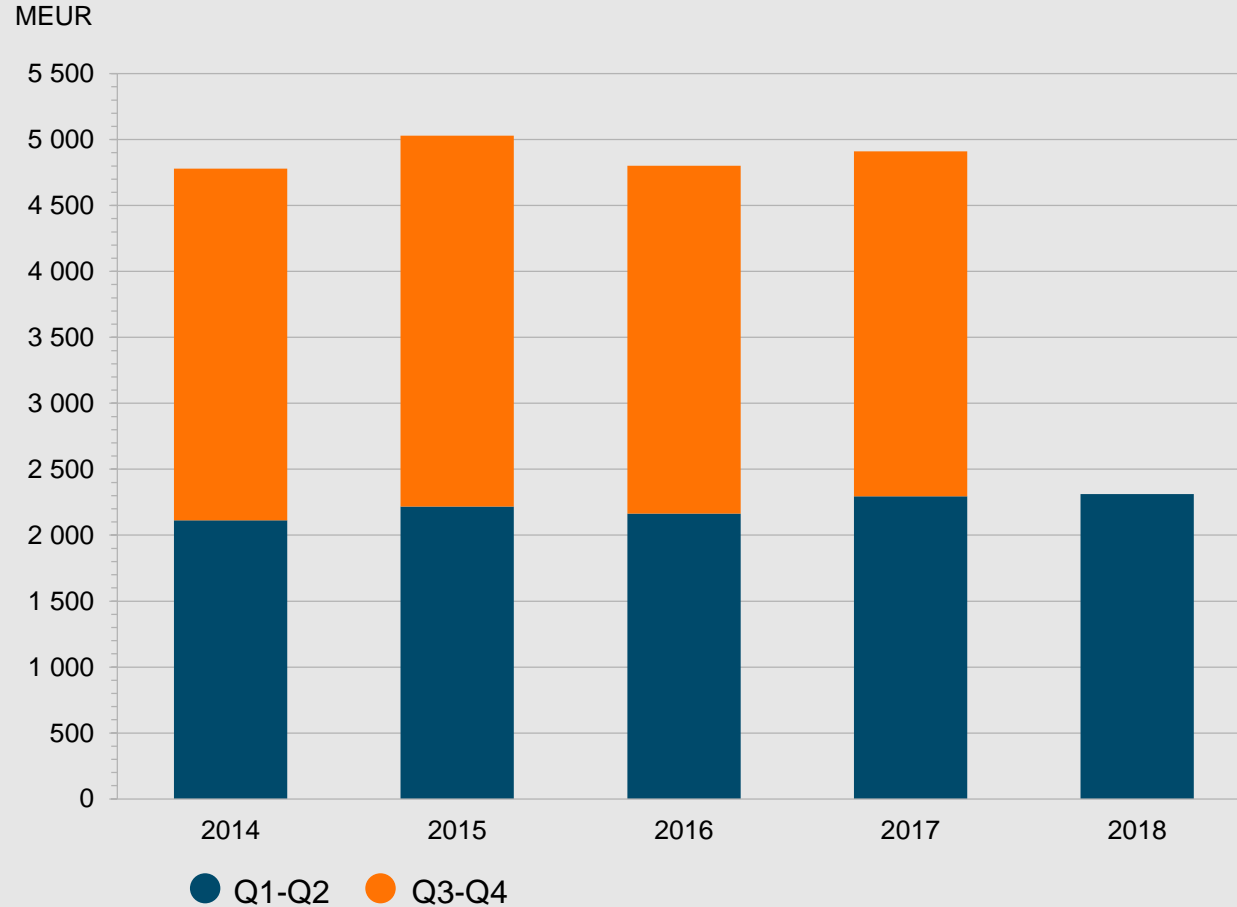


Comparison figures for 2017 have been restated due to the internal reorganisation of service activities.

Second quarter development

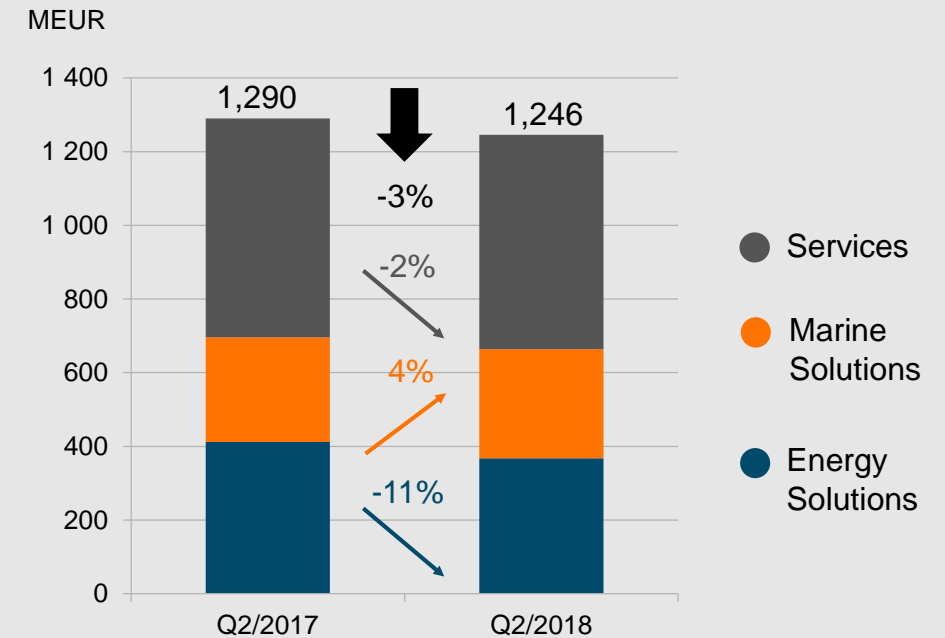


Net sales stable in the first half

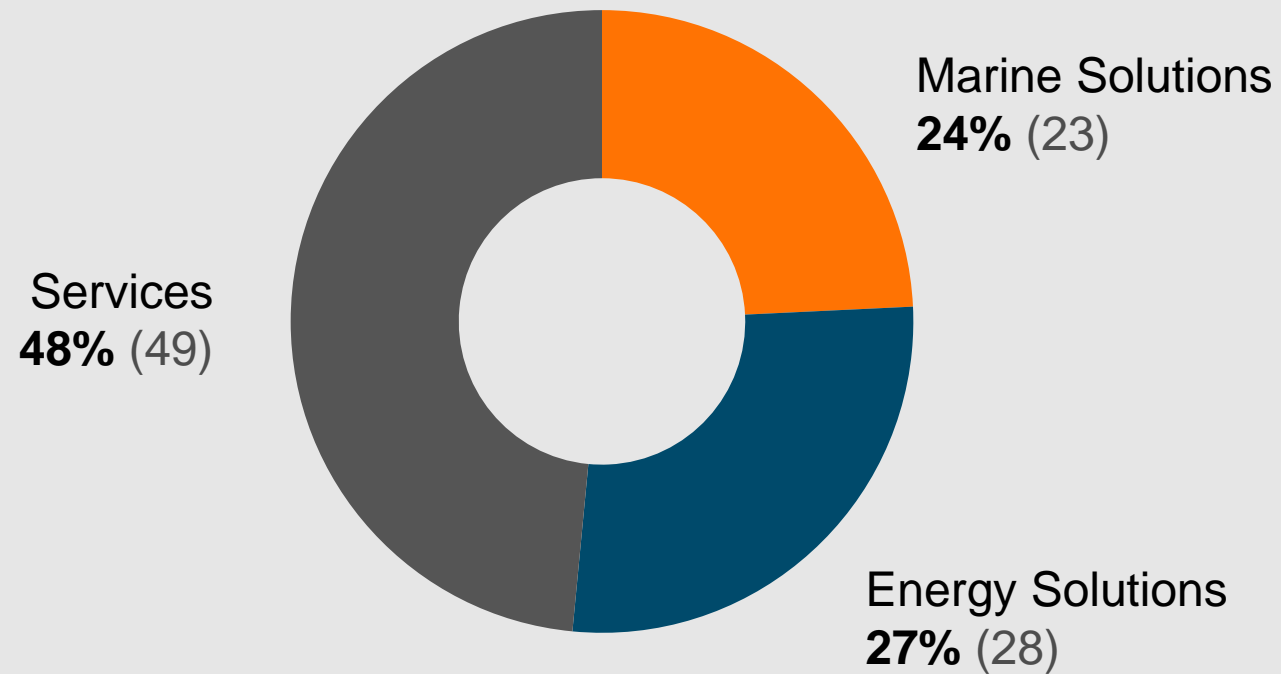


Comparison figures for 2017 have been restated due to the internal reorganisation of service activities and the adoption of IFRS 15.

Second quarter development

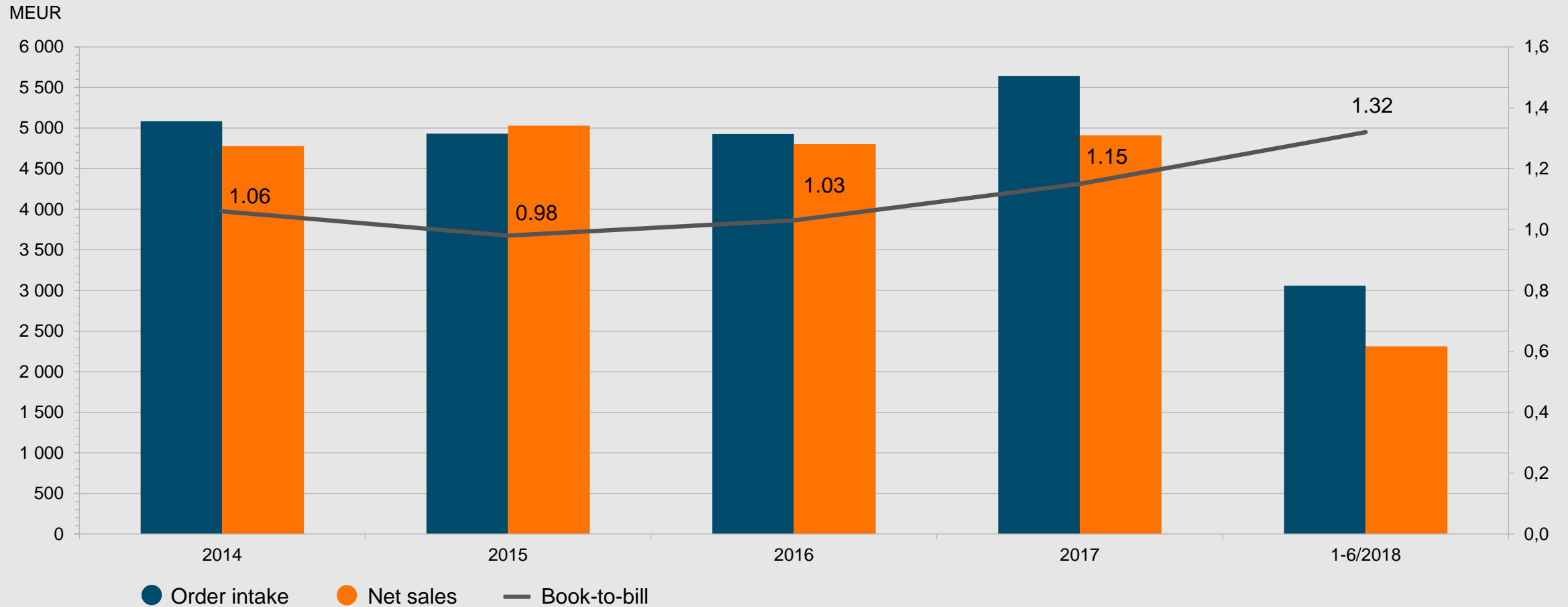


Net sales by business 1-6/2018



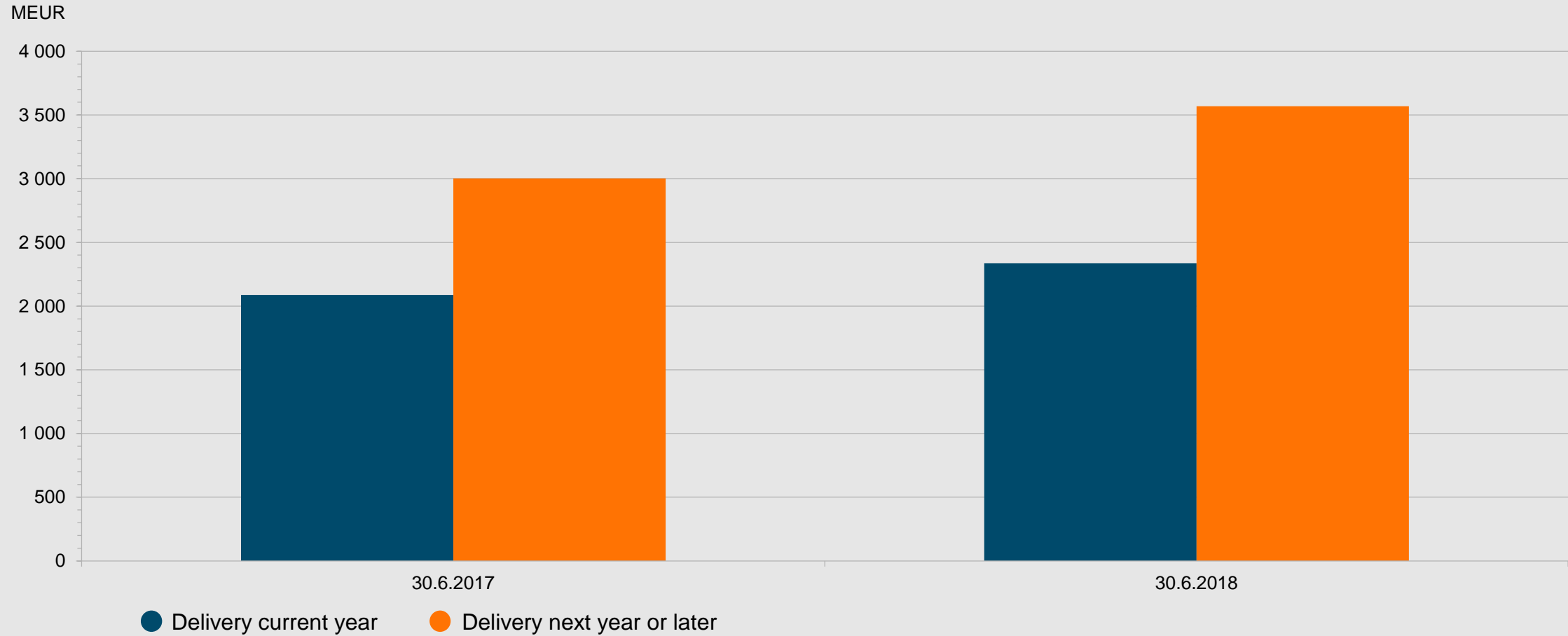
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Book-to-bill



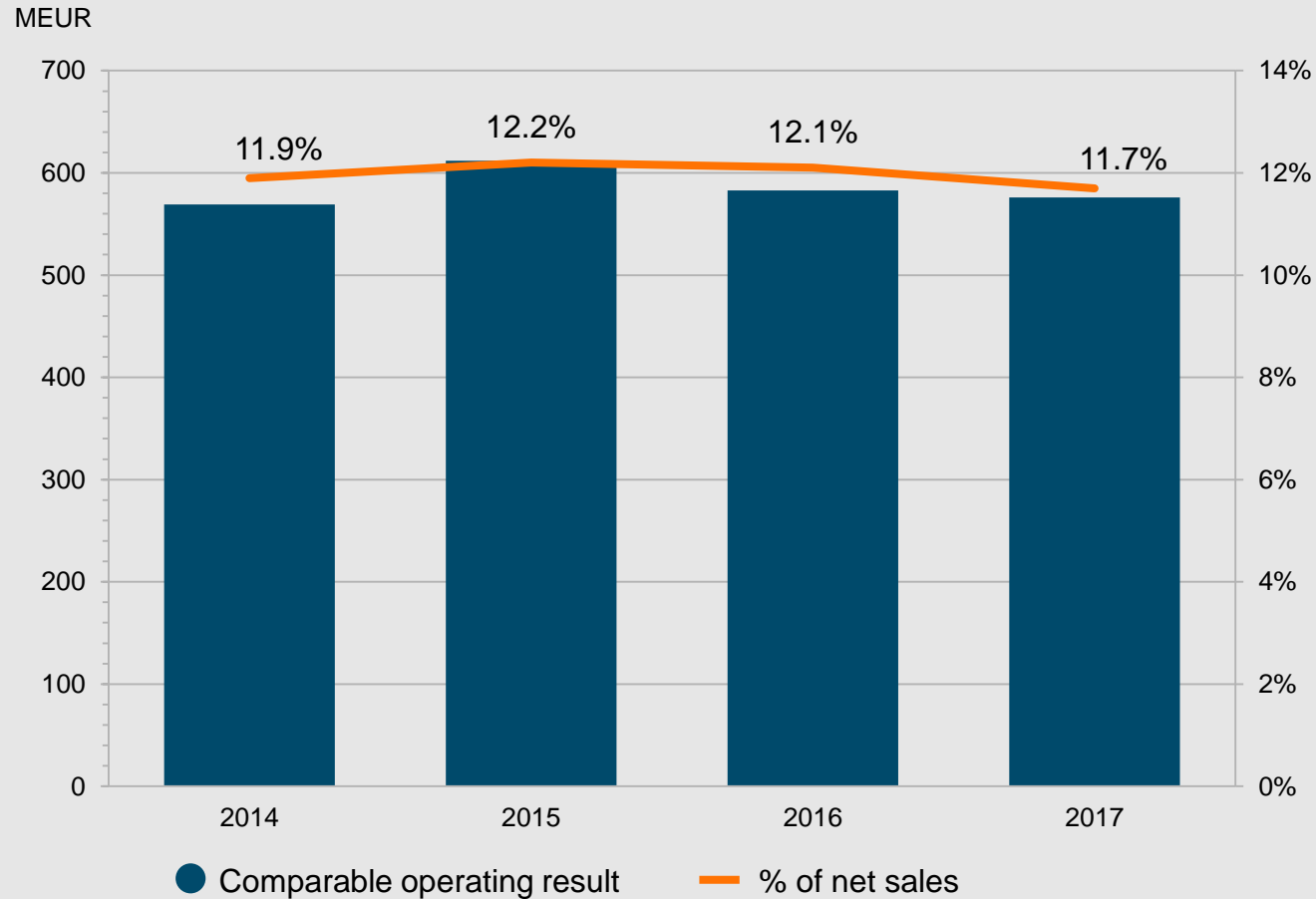
Comparison figures for 2017 have been restated due to the adoption of IFRS 15.

Order book distribution



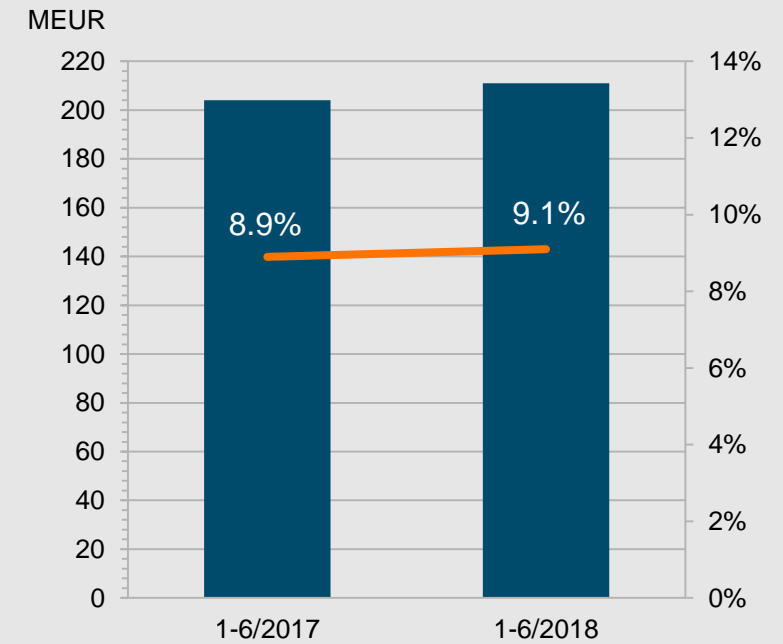
Comparison figures for 2017 have been restated due to the adoption of IFRS 15.

Operating result



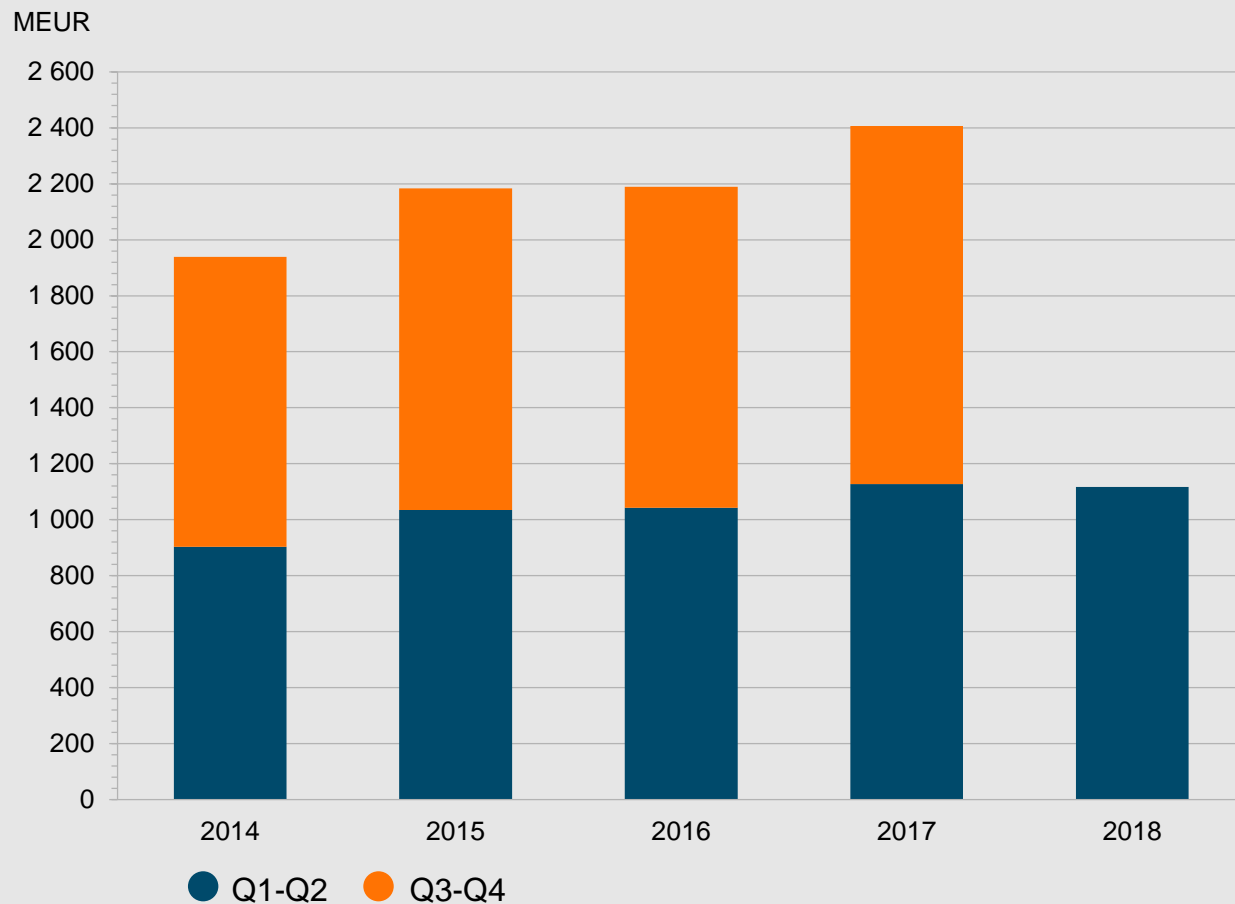
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Review period development

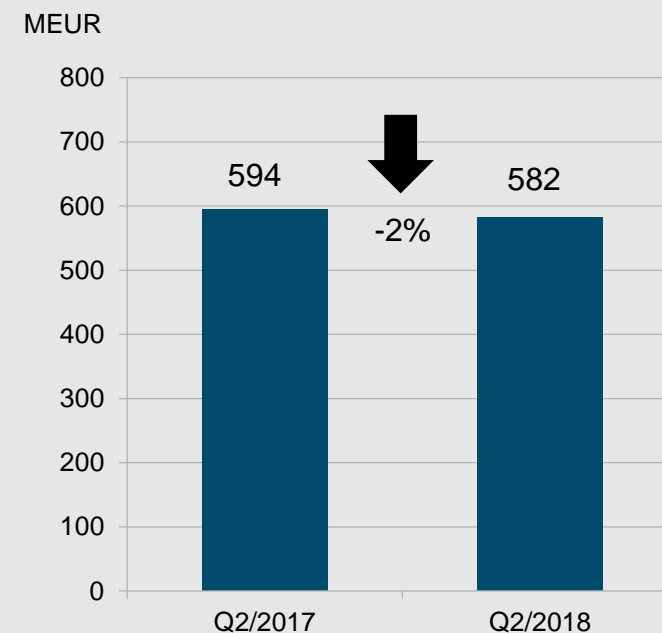




Services' sales on last year's level



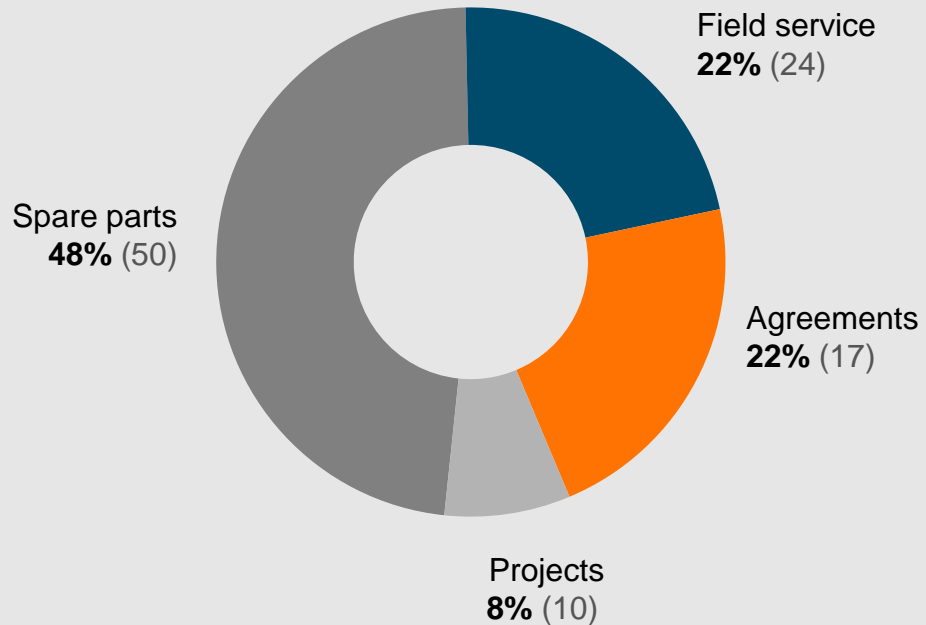
Second quarter development



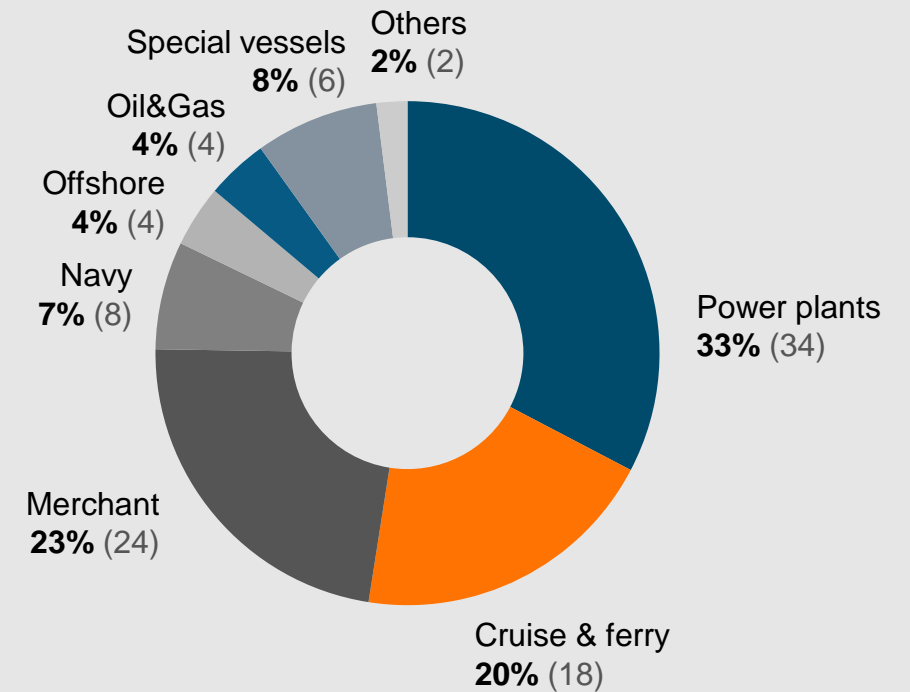
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Net sales distribution 1-6/2018

By product area



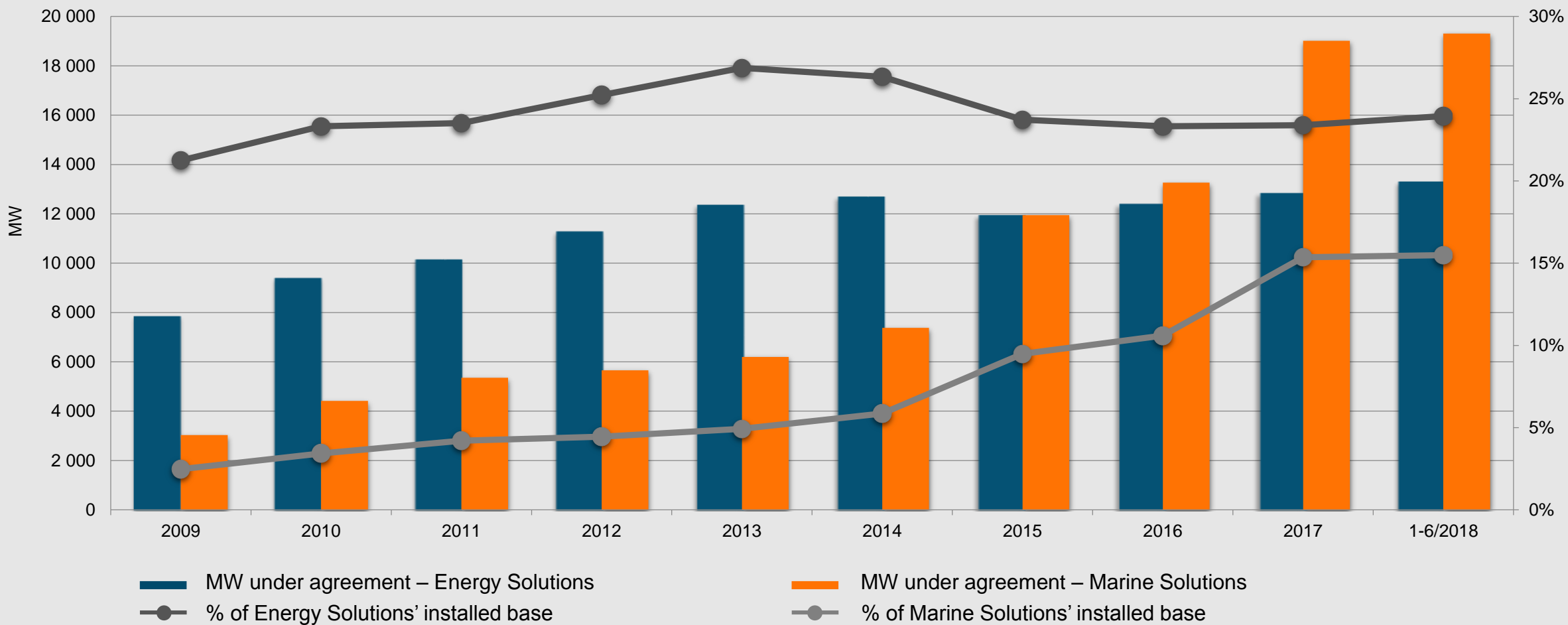
By segment



Total EUR 1,117 million (1,127)

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



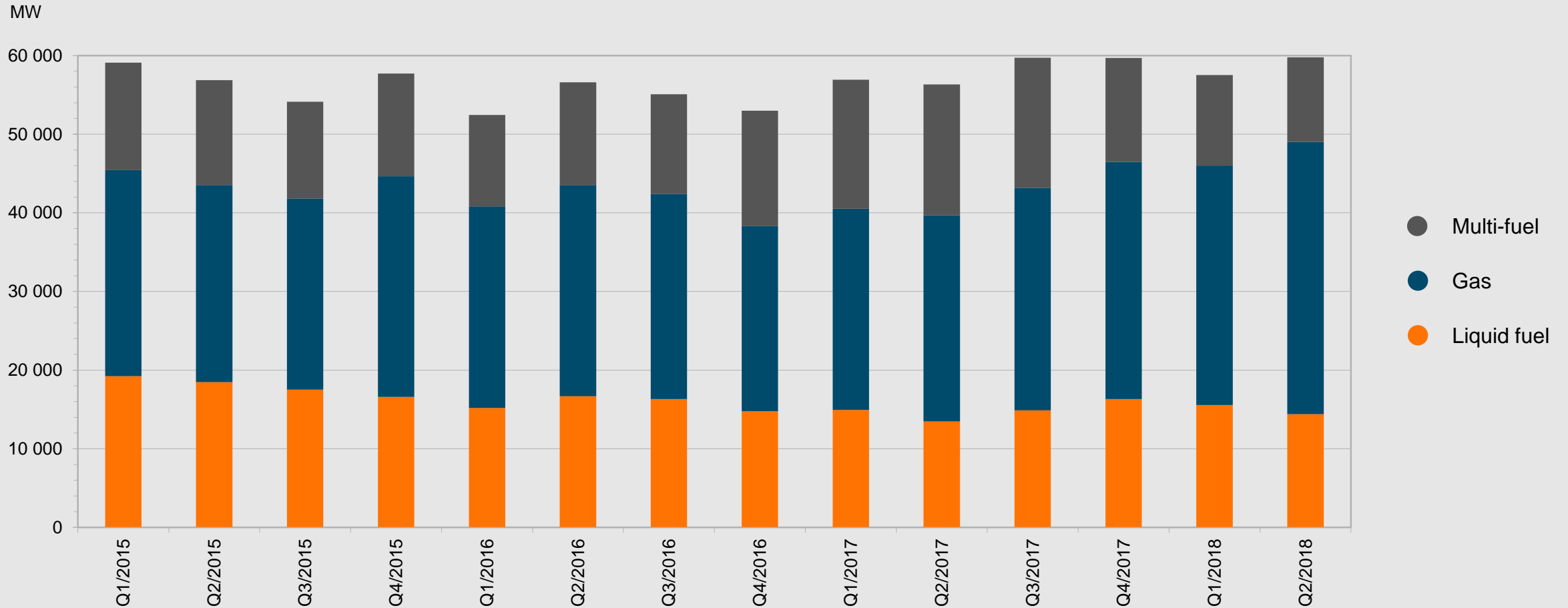
Wärtsilä strengthens cooperation with Transocean

- Agreement to optimise the maintenance of all Wärtsilä thrusters installed within the Transocean fleet.
- Benefits include extended service intervals and reduced dry-docking costs.
- The performance-based agreement builds on the Wärtsilä Propulsion Condition Monitoring Service, that collects performance data from the thrusters.



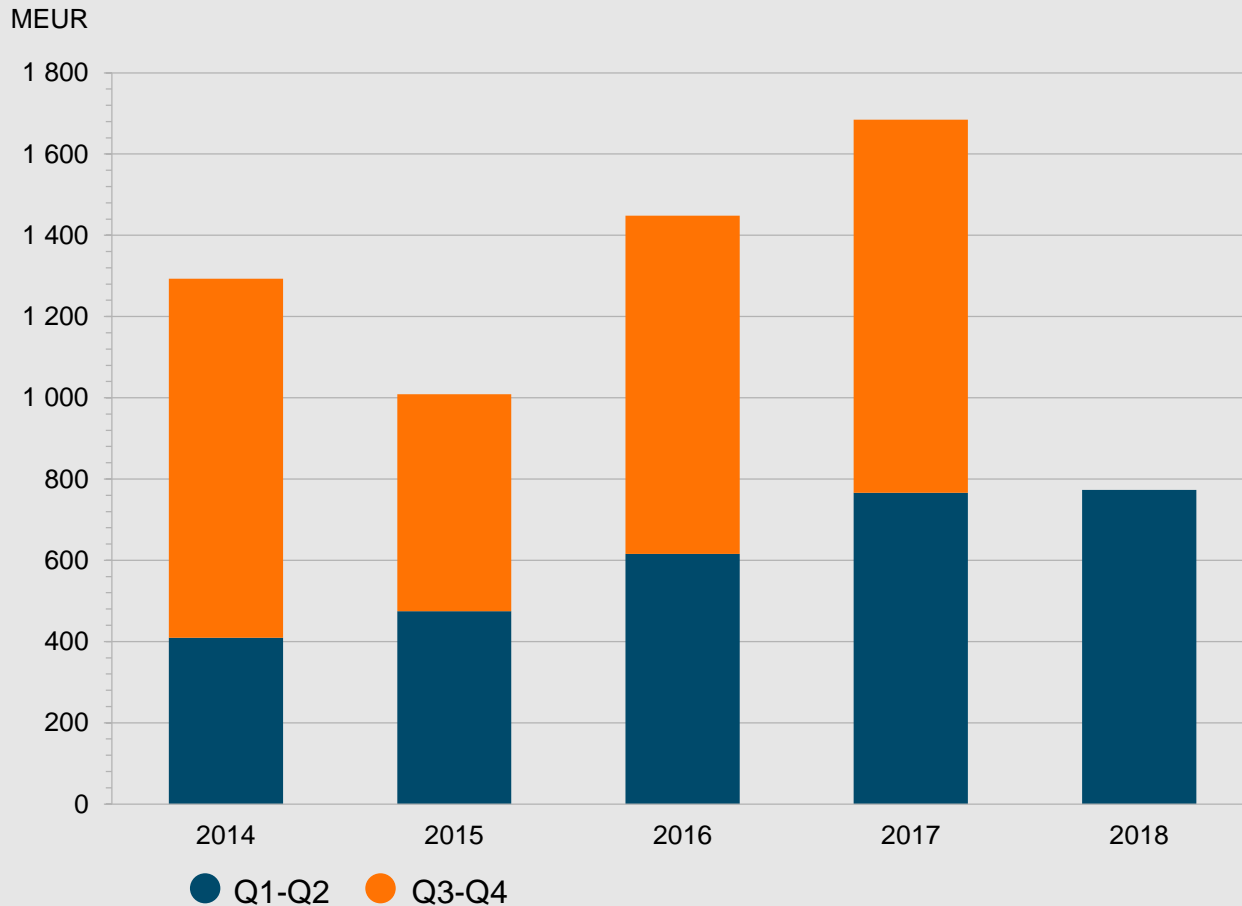


Quotation activity by fuel type



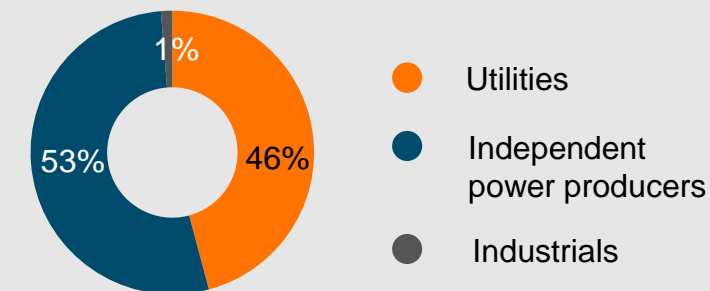
Calculated on a 12 months rolling basis

Energy Solutions' order intake stable

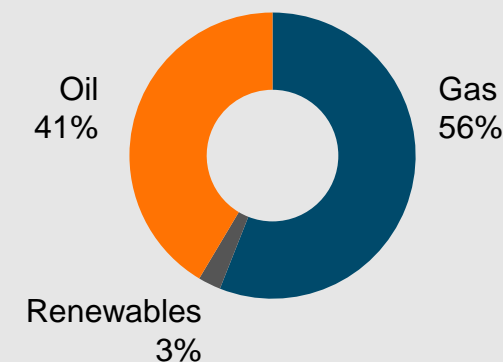


Review period development

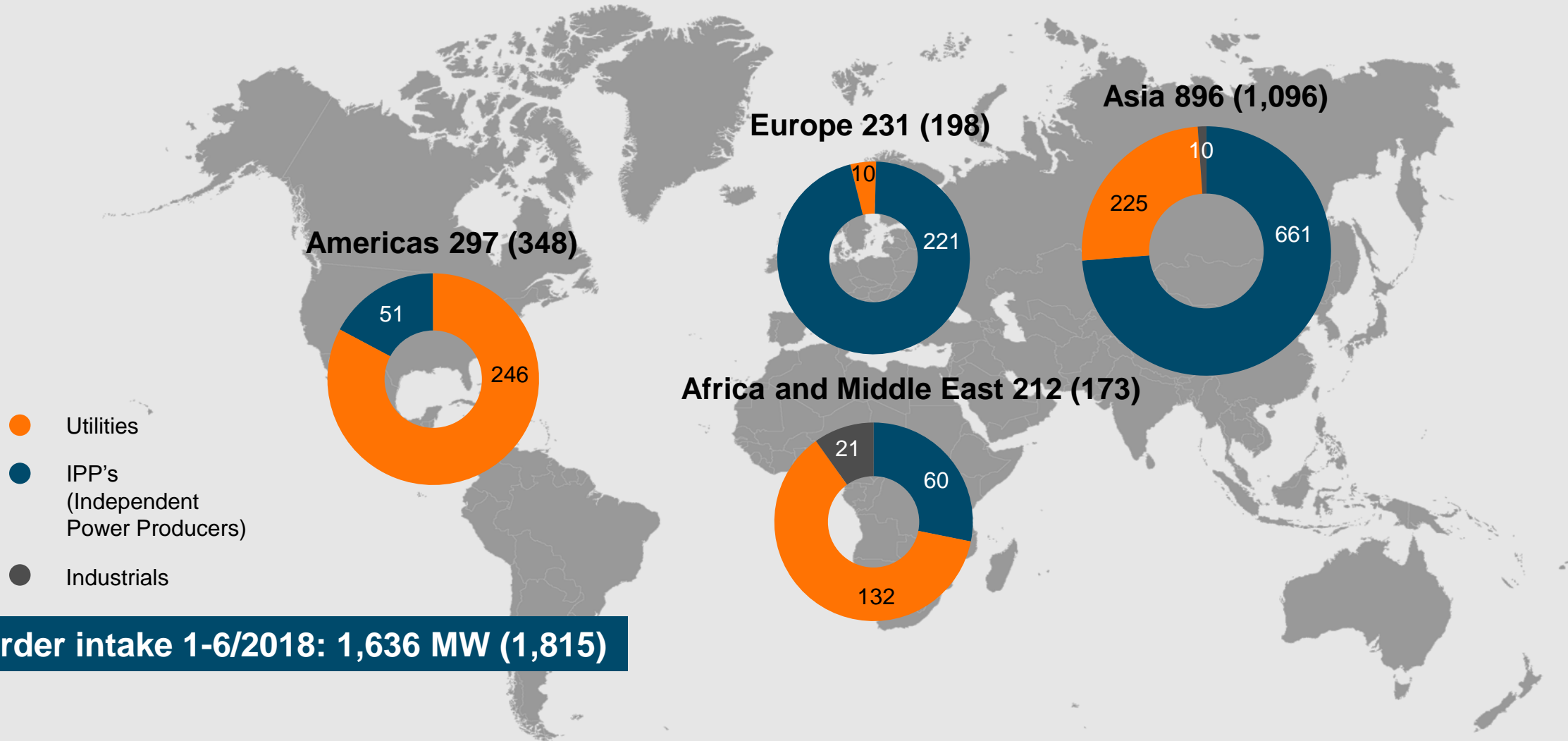
Total EUR 773 million (766)



Review period order intake by fuel in MW



Highest activity in Asia



Order intake 1-6/2018: 1,636 MW (1,815)

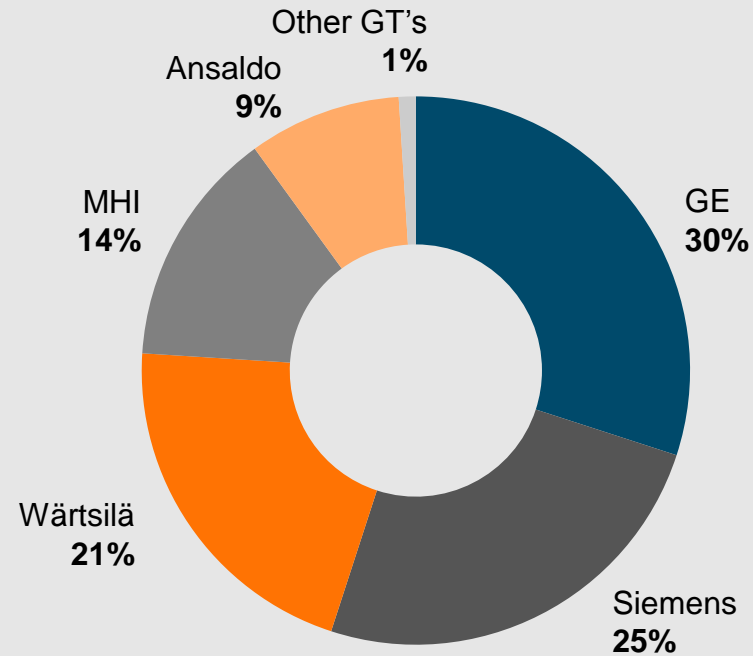
Wärtsilä's power plant will alleviate electricity shortage in Myanmar

- The 145 MW power plant will operate on eight Wärtsilä 50SG gas-fuelled engines.
- The plant is scheduled to be operational during the first quarter of 2019.
- Wärtsilä's ability to meet the demanding delivery requirements, and the flexibility of its engines, were key in the award of the contract.



Copyright: Jayesh Devani

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

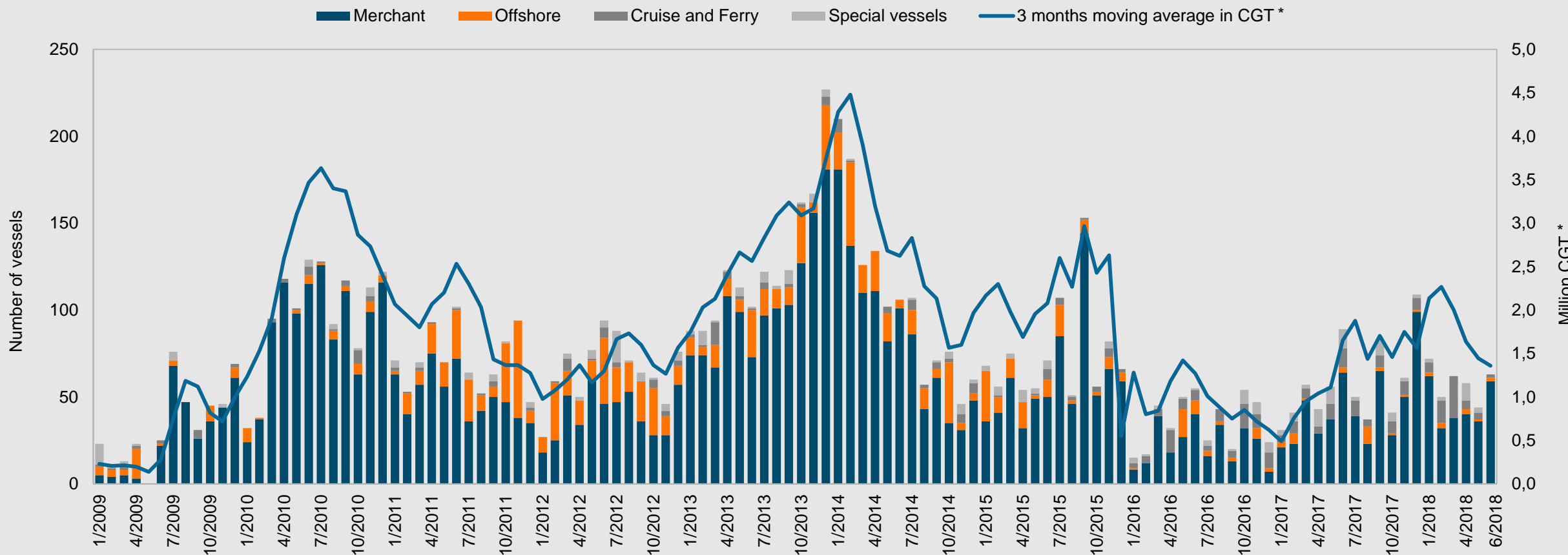


<500 MW market volume: 18.1 GW (20.1)
Total market volume: 49.8 GW (46.8)

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.



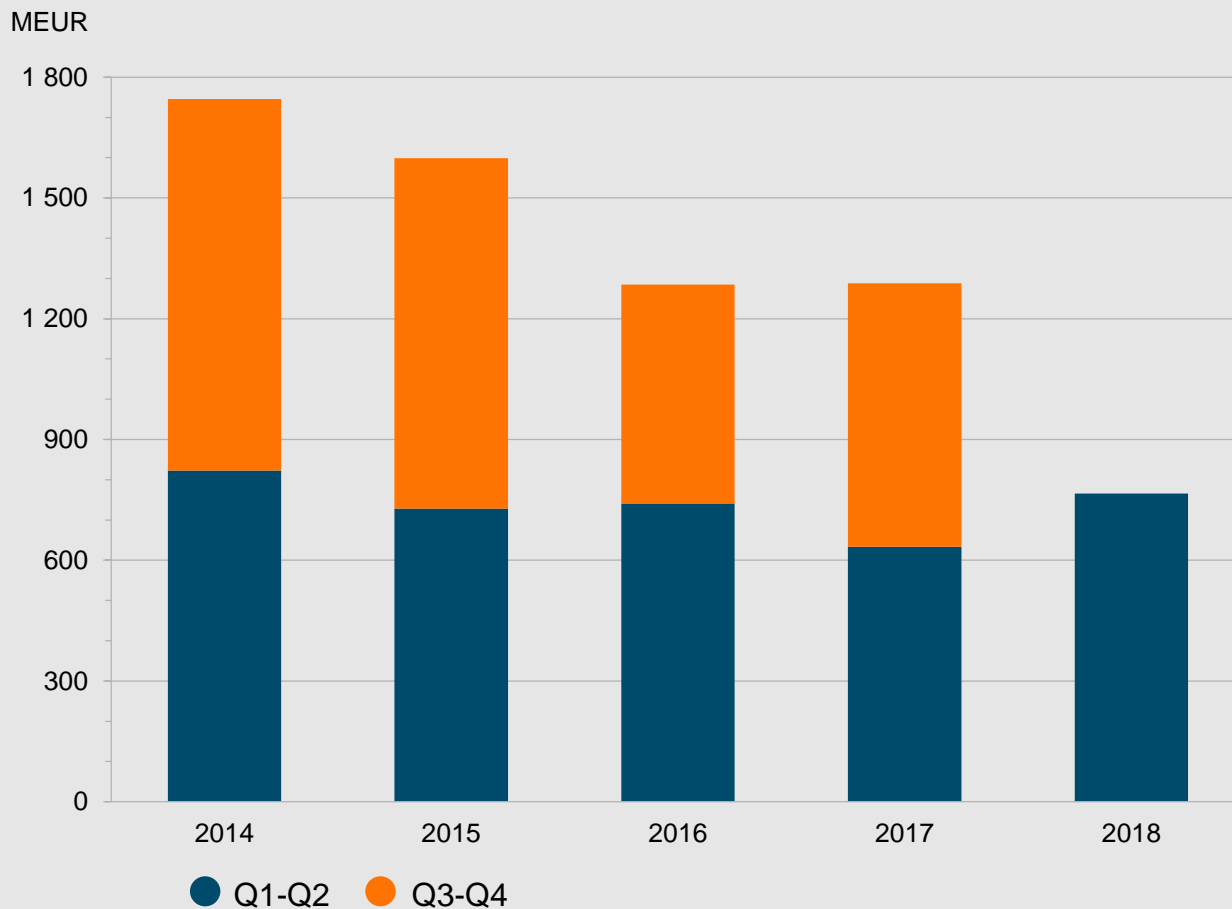
Gradual recovery in vessel contracting



Source: Clarkson Research Services, figures exclude late contracting

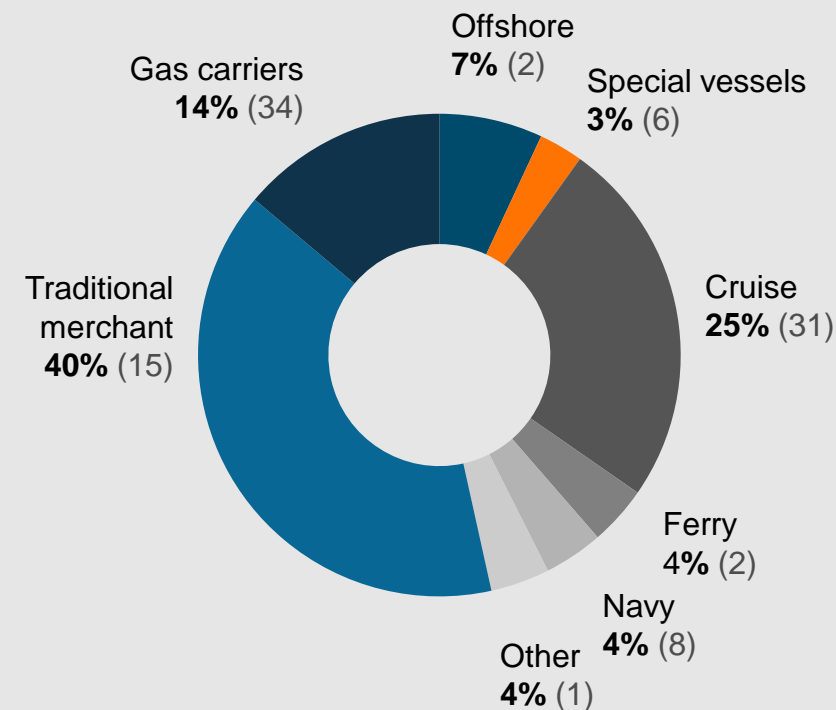
* CGT= gross tonnage compensated with workload

Marine Solutions' order intake supported by broad product offering



Review period development

Total EUR 766 million (634)



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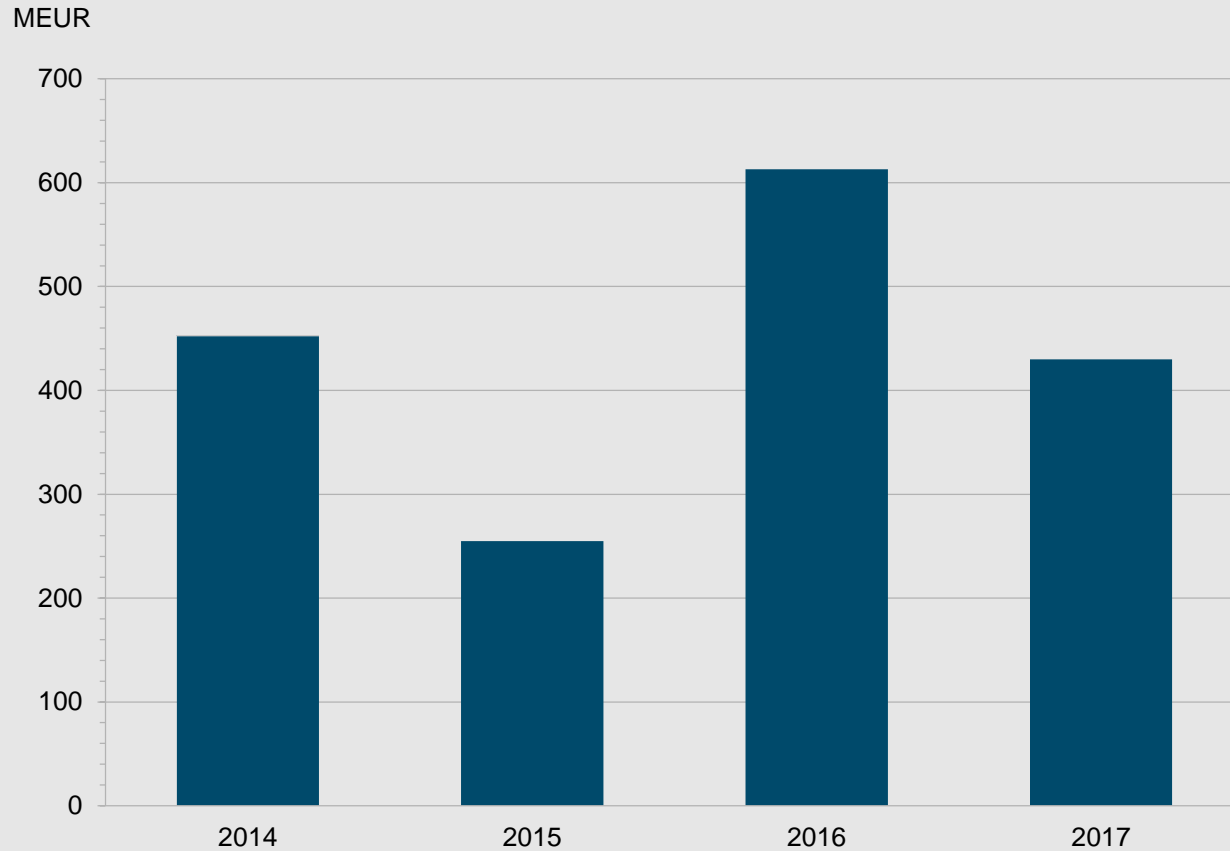
Improving the environmental impact of shipping

- The approaching global sulphur cap is resulting in high demand for scrubber solutions
- Activity increasing in both newbuild and retrofit markets
- EUR 170 million order for hybrid exhaust gas cleaning equipment and retrofit service received from a major European container shipping company

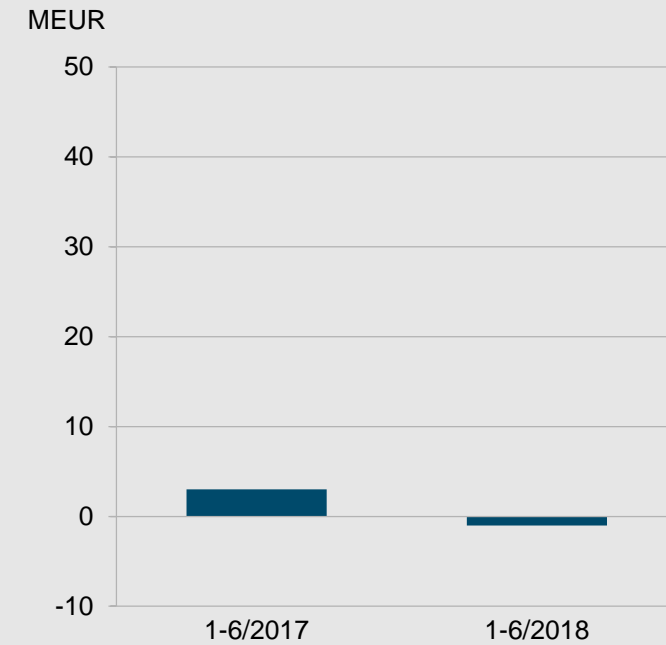




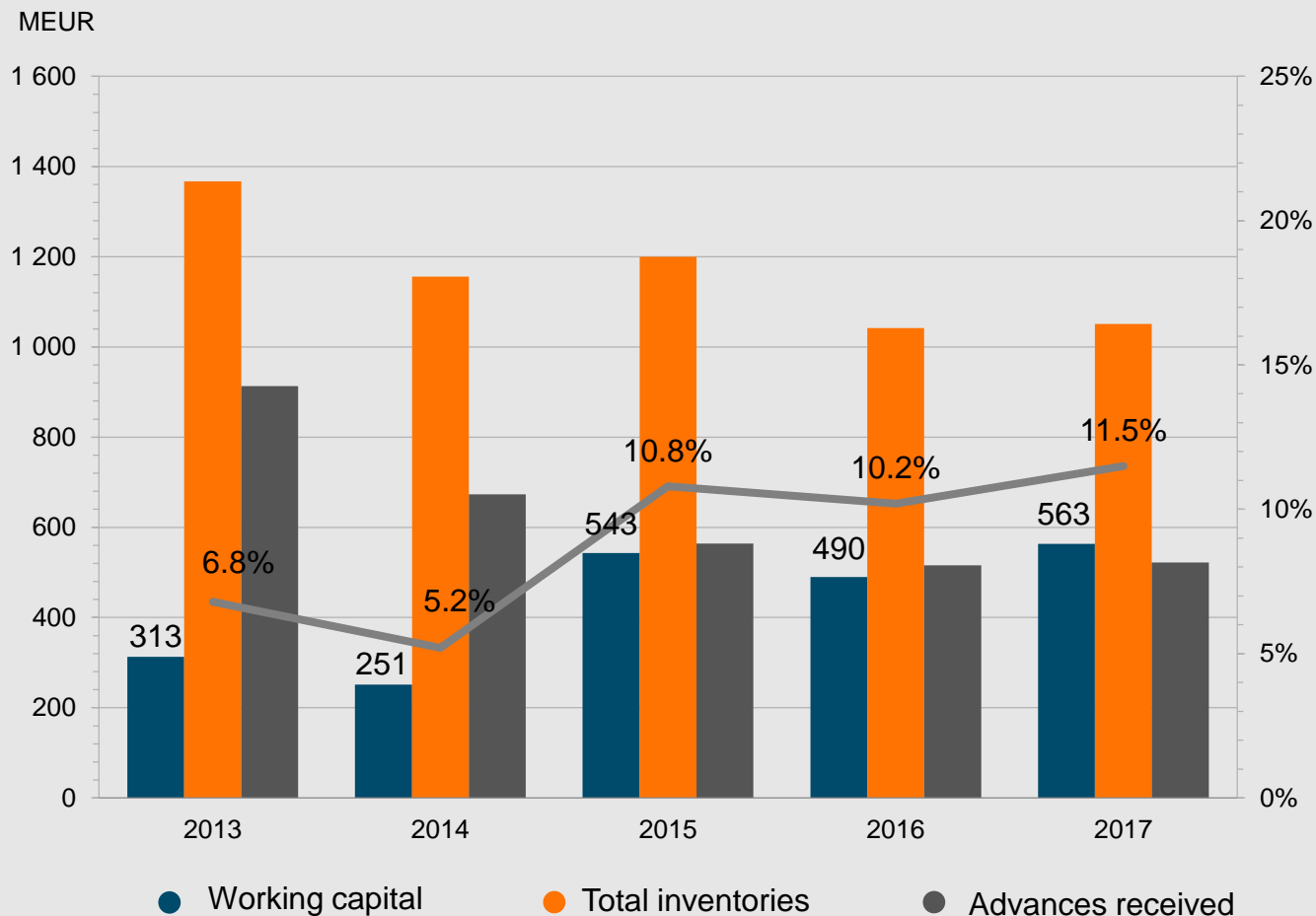
Cash flow from operating activities



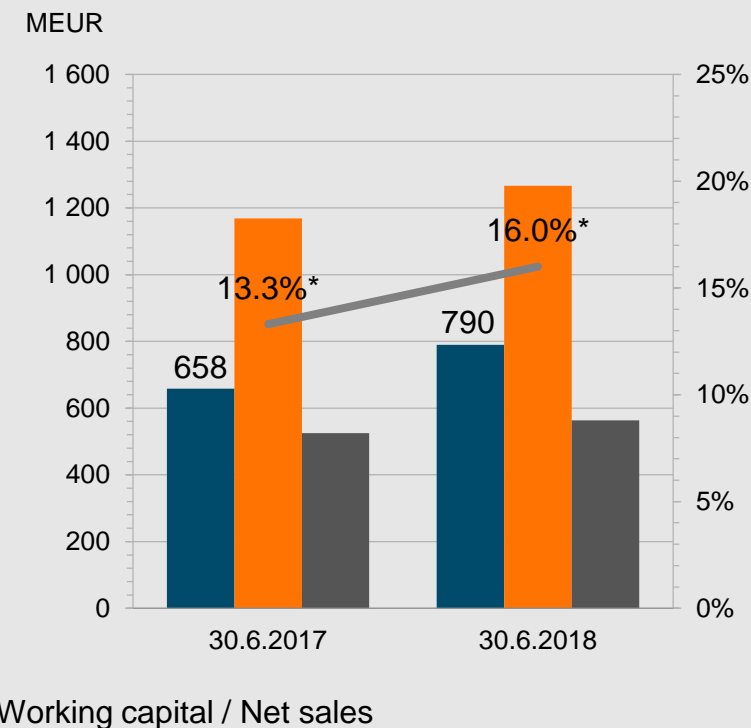
Review period development



Working capital

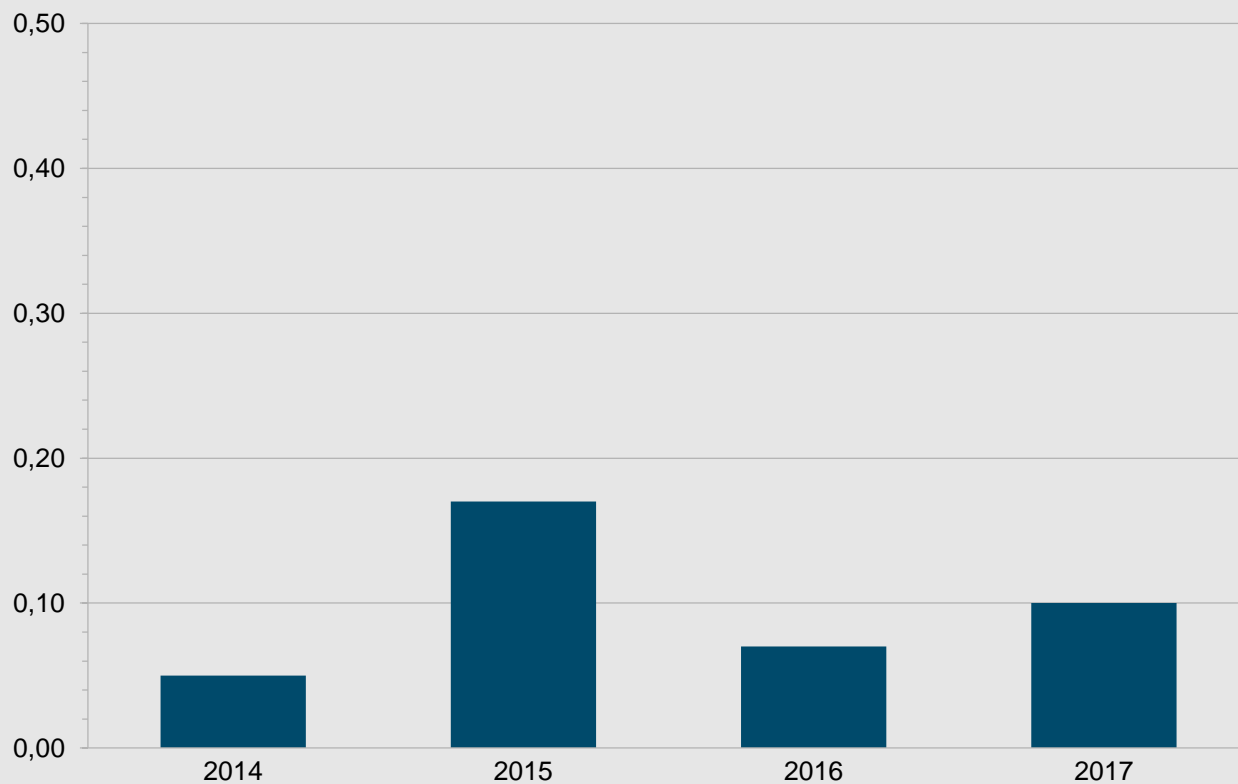


Review period development

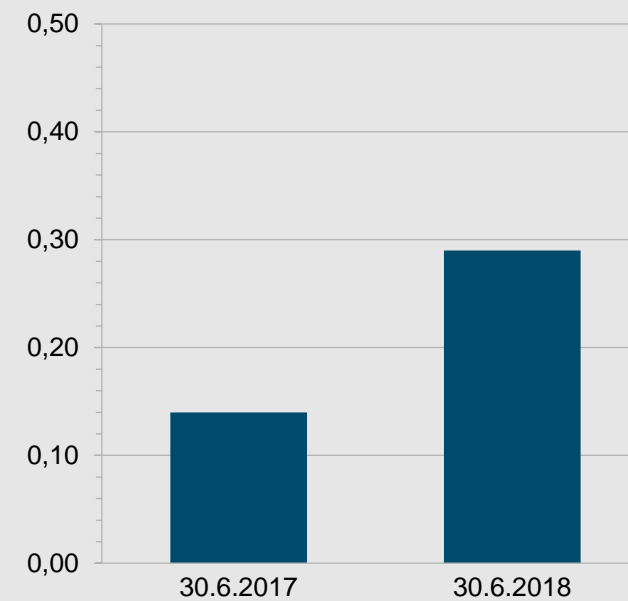


*Working capital / 12 months rolling net sales
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Gearing



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:

- Good in Services
- Good in Energy Solutions
- Good in Marine Solutions (raised from solid)



THANK YOU

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