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

MEUR

Q1/2016
Q1/2017

1,271
1,413

11%
18%

-15%
30%

Energy Solutions
Marine Solutions
Services

Positive development in order intake
Net sales supported by higher power plant deliveries

First quarter development

MEUR

2013 2014 2015 2016 2017
Q1 Q2-Q4 Q1 Q2-Q4 Q1 Q2-Q4

Q1/2016 Q1/2017

MEUR

0 500 1,000 1,500 2,000 2,500 3,000 3,500 4,000 4,500 5,000 5,500

Energy Solutions
Marine Solutions
Services

Q1 Q2 Q3 Q4

967 1,007

4% -2% -17%

80%

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PUBLIC

26 April 2017

Q1 Result presentation
Net sales by business 1-3/2017

- Services: 49% (52)
- Marine Solutions: 28% (35)
- Energy Solutions: 24% (14)
Book-to-bill

<table>
<thead>
<tr>
<th>Year</th>
<th>Order intake</th>
<th>Net sales</th>
<th>Book-to-bill</th>
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<tbody>
<tr>
<td>2013</td>
<td>1.05</td>
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<tr>
<td>2014</td>
<td>1.06</td>
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<tr>
<td>2015</td>
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<tr>
<td>2016</td>
<td>1.03</td>
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<tr>
<td>1-3/2017</td>
<td>0.40</td>
<td>0.40</td>
<td>1.40</td>
</tr>
</tbody>
</table>

MEUR
Order book distribution

MEUR

31.3.2016

31.3.2017

Delivery current year

Delivery next year or later
Operating result

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

- Spare parts: 55% (51)
- Agreements: 16% (17)
- Projects: 8% (8)
- Field service: 21% (24)

By segment

- Power plants: 37% (35)
- Merchant: 24% (26)
- Cruise & ferry: 16% (14)
- Offshore: 7% (9)
- Navy: 9% (9)
- Special vessels: 7% (7)

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

Utilities 73%
Independent power producers 19%
Industrials 8%

Gas 76%
Oil 24%
Order intake globally

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

Europe 198 (564)
Asia 304 (30)
Africa and Middle East 195 (199)

Utilities
IPP's (Independent Power Producers)
Industrials

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)

- Gas carriers 33%
- Cruise 23%
- Ferry 4%
- Navy 8%
- Special vessels 6%
- Others 4%
- Traditional merchant 19%
- Offshore 3%

Q1 Q2-Q4

2013 2014 2015 2016 2017

MEUR

0 300 600 900 1200 1500 1800
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**
- Wärtsilä 45% (51)
- Caterpillar 17% (15)
- MAN D&T 27% (24)
- Others 11% (10)

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

**Auxiliary engines**
- Wärtsilä 20% (18)
- Others 80% (82)

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

Review period development

*Working capital / 12 months rolling net sales
Gearing

Review period development

2013 2014 2015 2016

31.3.2016 31.3.2017
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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