WÄRTSILÄ CORPORATION
INTERIM REPORT JANUARY-MARCH 2018
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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.
Net sales favoured equipment deliveries

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Operating result

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Services’ net sales development stable

Comparison figures for 2017 have been restated due to the internal reorganisation of service activities and the adoption of IFRS 15.
Net sales distribution 1-3/2018

**By product area**
- Spare parts: 49% (54)
- Agreements: 23% (16)
- Projects: 7% (8)
- Field service: 21% (22)

**By segment**
- Power plants: 34% (34)
- Cruise & ferry: 21% (18)
- Merchant: 22% (25)
- Navy: 8% (9)
- Offshore: 4% (4)
- Special vessels: 8% (7)
- Oil & Gas: 4% (4)

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

MW

- MW under agreement – Energy Solutions
- MW under agreement – Marine Solutions
- % of Energy Solutions’ installed base
- % of Marine Solutions’ installed base
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

Utilities
33%
Independent power producers
67%

Utilities
Gas
52%
Oil
48%
Order intake globally

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

- Americas 186 (126)
  - Utilities: 135
  - IPP’s (Independent Power Producers): 51
- Africa and Middle East 132 (51)
- Europe 70 (198)
  - Utilities: 60
  - IPP’s: 10
- Asia 441 (457)
  - Utilities: 215
  - IPP’s: 226
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)

- Gas carriers 5% (39)
- Offshore 2% (2)
- Special vessels 5% (7)
- Traditional merchant 43% (17)
- Cruise 38% (23)
- Navy 6% (7)
- Ferry 2% (3)

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

<table>
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<th>Category</th>
<th>Market Position</th>
<th>Main Offering</th>
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| **GAS CARRIERS**  | Top player      | - Gas systems  
                                 - Auxiliary engines  
                                 - Main engines (FSRU)  
                                 - Environmental solutions |
| **TRADITIONAL MERCHANT** | Challenger | - Auxiliary engines  
                                 - Propulsion  
                                 - Navigation & automation (containerships)  
                                 - Environmental solutions |
| **CRUISE & FERRY** | Top player      | - Main engines  
                                 - Navigation & automation  
                                 - Propulsion  
                                 - Environmental solutions |
| **OFFSHORE**      | Mid-player      | - Main engines  
                                 - Propulsion  
                                 - Ship design  
                                 - Environmental solutions |
| **SPECIAL VESSELS** | Mid-player      | - Main engines  
                                 - Propulsion  
                                 - Navigation & automation  
                                 - Environmental solutions |
| **NAVY**          | Challenger      | - Auxiliary engines  
                                 - Propulsion  
                                 - Navigation & Automation |

Main offering
Cash flow from operating activities

Review period development
Working capital

*Working capital / 12 months rolling net sales
Comparison figures for 2017 have been restated due to the adoption of IFRS 15.
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

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