“The positive momentum in ordering activity continued in the second quarter of 2018. Although vessel contracting activity has been somewhat slower than anticipated, our extensive portfolio of solutions and a favourable contracting mix resulted in the Marine Solutions’ order intake developing well. I am pleased to note the increased demand for exhaust gas cleaning solutions in both the newbuild and retrofit markets ahead of the global sulphur regulations, which enter into force in 2020. In the Services business, we have also seen continued interest in service agreements, the agreement to optimise the maintenance of all Wärtsilä thrusters installed within the Transocean fleet being a highlight of the quarter. Market trends remain favourable in the Energy Solutions business, and our project pipeline provides confidence for improved activity in the second half.

Net sales in the second quarter were affected by the timing of power plant deliveries and by customers continuing to limit spending to essential repairs and maintenance, while the operating profit was in line with last year. Looking ahead, we expect deliveries to be concentrated to the latter part of the year. A pick up in transactional service activity and the resulting effect on the group sales mix will be central to the development of our profitability in the second half. The impact of increased geopolitical uncertainty on customer decision-making remains a concern.

Maximising renewable generation is essential in ensuring a sustainable and profitable future for the energy industry. In this context, Wärtsilä has launched a new vision for the energy market. Our ambition is to lead the industry’s transformation towards a future that utilises 100% renewable energy, with flexible capacity as the enabler. Coupled with our Smart Marine vision, this reinforces our commitment to developing sustainable societies with smart technology.”

Jaakko Eskola
President & CEO

Wärtsilä’s 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**, although there are concerns related to fuel price development and escalating trade tensions.
- **Good in Energy Solutions**. The global shift towards renewable energy sources and increasing electricity demand in the emerging markets are supporting the need for distributed and flexible power capacity, including gas-fired generation, energy storage, and smart integration technology.
- **Good in Marine Solutions** (raised from solid), supported by an extensive product mix and a broad market exposure.
Wärtsilä’s current order book for 2018 deliveries is EUR 2,336 million (2,087), which mainly comprises equipment deliveries. Services’ business is largely transactional, with only around 30% of annual net sales coming from the order book.

**Second quarter highlights**

- Order intake increased 14% to EUR 1,553 million (1,363)
- Net sales decreased 3% to EUR 1,246 million (1,290)
- Book-to-bill 1.25 (1.06)
- Comparable operating result stable at EUR 123 million (122), which represents 9.8% of net sales (9.5)
- Earnings per share increased to 0.13 euro (0.12)
- Cash flow from operating activities increased to EUR 41 million (2)

**Highlights of the review period January–June 2018**

- Order intake increased 10% to EUR 3,060 million (2,776)
- Net sales stable at EUR 2,312 million (2,295)
- Book-to-bill 1.32 (1.21)
- Comparable operating result increased to EUR 211 million (204), which represents 9.1% of net sales (8.9)
- Earnings per share increased to 0.22 euro (0.21)
- Cash flow from operating activities decreased to EUR -1 million (3)
- Order book at the end of the period increased 16% to EUR 5,904 million (5,089)

As of 1 January 2018, Wärtsilä has adopted the IFRS 15 Revenue from Contracts with Customers standard by using the full retrospective method. This half year financial report is published according to the new standard and comparison periods for 2017, including the opening balance sheet, have been restated accordingly. Wärtsilä has also restated the 2017 figures for Marine Solutions and Services, due to an internal transfer of certain service activities. This transfer has no impact on Group totals.

The share issue without payment approved by Wärtsilä’s Annual General Meeting on 8 March 2018 increased the total number of Wärtsilä shares to 591,723,390. The share related figures in the comparison periods have been adjusted to reflect the increased number of shares.
### Key figures

<table>
<thead>
<tr>
<th></th>
<th>MEUR 4-6/2018</th>
<th>Restated 4-6/2017</th>
<th>Change</th>
<th>MEUR 1-6/2018</th>
<th>Restated 1-6/2017</th>
<th>Change</th>
<th>Restated 2017</th>
</tr>
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<tbody>
<tr>
<td>Order intake</td>
<td>1 553</td>
<td>1 363</td>
<td>14%</td>
<td>3 060</td>
<td>2 776</td>
<td>10%</td>
<td>5 644</td>
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<tr>
<td>Order book at the end of the period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5 904</td>
<td>16%</td>
<td>5 100</td>
</tr>
<tr>
<td>Net sales</td>
<td>1 246</td>
<td>1 290</td>
<td>-3%</td>
<td>2 312</td>
<td>2 295</td>
<td>1%</td>
<td>4 911</td>
</tr>
<tr>
<td>Operating result(^1)</td>
<td>111</td>
<td>114</td>
<td>-3%</td>
<td>196</td>
<td>189</td>
<td>3%</td>
<td>538</td>
</tr>
<tr>
<td>% of net sales</td>
<td>8.9</td>
<td>8.8</td>
<td></td>
<td>8.5</td>
<td>8.2</td>
<td></td>
<td>11.0</td>
</tr>
<tr>
<td>Comparable operating result</td>
<td>123</td>
<td>122</td>
<td>1%</td>
<td>211</td>
<td>204</td>
<td>3%</td>
<td>576</td>
</tr>
<tr>
<td>% of net sales</td>
<td>9.8</td>
<td>9.5</td>
<td></td>
<td>9.1</td>
<td>8.9</td>
<td></td>
<td>11.7</td>
</tr>
<tr>
<td>Comparable adjusted EBITA</td>
<td>134</td>
<td>130</td>
<td>2%</td>
<td>232</td>
<td>221</td>
<td>5%</td>
<td>612</td>
</tr>
<tr>
<td>% of net sales</td>
<td>10.7</td>
<td>10.1</td>
<td></td>
<td>10.0</td>
<td>9.6</td>
<td></td>
<td>12.5</td>
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<tr>
<td>Profit before taxes</td>
<td>102</td>
<td>99</td>
<td>3%</td>
<td>178</td>
<td>170</td>
<td>5%</td>
<td>491</td>
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<tr>
<td>Earnings/share, EUR</td>
<td>0.13</td>
<td>0.12</td>
<td></td>
<td>0.22</td>
<td>0.21</td>
<td></td>
<td>0.63</td>
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<tr>
<td>Cash flow from operating activities</td>
<td>41</td>
<td>2</td>
<td>-1</td>
<td>3</td>
<td></td>
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</table>

\(^1\)Items affecting comparability in the second quarter of 2018 included costs related to restructuring programmes and acquisitions of EUR 12 million (8). During the review period January-June 2018 restructuring and acquisition related costs amounted to EUR 15 million (14).

### Net sales and profitability

![Net sales and profitability chart](chart.png)

- **Net sales**
- **Comparable operating result, %**