**WÄRTSILÄ CORPORATION**

**Moderator: Jaakko Eskola**
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Operator: This is conference # 2005373.

Jaakko Eskola: Good morning, everyone. Welcome to Wärtsilä Q1 2017 result presentation.

I have here, as usual, almost all board of management to help me with the questions and also, of course, Natalia Valtasaari, our Investor Relations Director. I will go through the short presentation about the numbers, about the development. And then we, of course, have a possibility to talk about and then go through your questions here in the audience and also from the lines.

We had a good quarter one. The highlight, of course, was the positive, very positive development in the order intake, 11 percent up from last year. Net sales developed quite well also, four percent up. So book-to-bill very high, 1.4. Result, EUR 86 million compared to EUR 84 million last year. But here, I would remind everybody that if you add a onetime item this year, EUR 11 million, the reason for the ongoing long-term incentive schemes, our result was actually very good.

Cash flow, better than last year. And order book, almost at the same level as last year. Order intake development was very much supported by the Energy and Services. Marine market is very much down, and you can also see in Marine order intake development.

Net sales, supported by the very high power plant deliveries, so all the orders we have, we also started getting in last year, you can now see the deliveries on the schedules. So if half of Wärtsilä is Services, now Energy has picked up and Energy and Marine are almost the same when it comes to the net sales in the first quarter.

So book-to-bill, 1.4. And if you look at the order book distribution, a bit higher this year still this year than last year and good deliveries for the next year and later.

Operating result, as already mentioned, as expected.

Let's move to Services. As you know, we serve our customers. And that's why I start now with the Service development. A small drop in net sales in the first quarter, but I'm -- this is as expected. The quarters are developing. And if you look at that, actually, our development this year, probably the first six months will be a bit challenged, but the last six months, the latter part of the year, we see a strong development also on Services. And that's also, of course, as you know, based on the order book but also our transaction, our business, how we see the market developing.

Spare parts, bigger this quarter than they used to be. And also, if you look at the segments, one growing area is now the power plant side. Now when we have the delivery in our -- getting our orders and delivering our power plants to the customers, of course, we get a lot of deals and a lot of transactions from our customers.

Which I am extremely happy to see now here the development in the first quarter of the service agreements. Here, you can definitely see the effect of the Carnival deal in the first quarter, but other service agreements also. So it's -- the Marine is pointing to the right direction, and we see a small recovery also on the Energy side.

Good example in addition to the Carnival that we talked about a lot is the maintenance and performance agreement with Tallink's new ship, M/S Megastar. As you know, that's LNG-powered vessel between Helsinki and Tallink. It has, of course, the normal services parts. We deal with our customers. But of course, we look at the performance of the ship itself. And that's why Wärtsilä services is really helping our customers to perform better.

Energy Solutions. The picture, of course, already highlights a couple of the new developments here in the Energy side, moving more to renewables and helping the societies. Good quotation activity. As you see, more gas. And if you look at now the first quarter orders we are getting. Now the -- probably the expected part of the gas side is where it should be. 76 percent of the orders is gas and 24 percent oil. And also, the development during the last four years, every quarter, good increase.

Quite a variety of countries here in the first quarter. We saw a lot of transactions in Indonesia, also Bangladesh, developing countries, but also very good deal and highlight of our development was an order in U.K., basically stabilizing and helping them to stabilize the (crit) and almost a 100-megawatt 2 power plants totaling almost 100 megawatts in U.S., plus a very good example of the new way of Wärtsilä moving to the renewable part of the world. It's hybrid power plant solution in Burkina Faso. Only 50 megawatt, but it's an add-on solar panel power plant to an existing Wärtsilä engine plant, exactly one of those deals we have been talking a lot and looking at the future. We see a good pipeline in our -- with our customers.

No changes now from the last quarter figures. We increased our market share in 2016 from eight percent to 13 percent, so good development.

Moving on to Marine. As you know, the market has been, for many, many months, pretty much down. On the other hand, if you now look at the first quarter, every month, a positive development, from low numbers, from the old figures, quarter one totaled, lesser deliveries are double the numbers of last year. So at least, there is something going on. Some new elements on the merchant sector, and that's why we also a little bit slightly want to talk about the positive (white presence) in the market towards the end of the year.

And if you look at our orders, we have been talking about cruise and ferry and RoRos being in the active market and they are also going forward. But here, in the first quarter, as expected, as we told you all, we saw FSRU orders moving forward. So the FSRUs are now in the category of gas carriers. The basically are gas carriers, sometimes only anchored for their lifetime, but category, they are in that segment.

And if you look at the order over EUR 300 in the first quarter, I still believe that this is a good number if you look at the vessel ordering. So that's why we also want to highlight here the development of FSRUs. That's moving on at the moment in a positive way. You know that the FSRUs are getting from us, the gas systems, which is, of course, normally the biggest part. But here, in the highlight, the couple of deals we also got our dual-fuel engines on board of the vessels. Sometimes, as you know, they are retrofitted, so there might not be any engine deals at all, only gas systems.

Market position. We have been focusing a lot to develop our auxiliary engine business. And you remember, we used to be at the level of 2 percent market share, and now it's 20 percent, so extremely good development. Of course, good support when the market, merchant market starts picking up. And as you know, in merchant ships, there is 2-stroke main engine and then a lot of auxiliary engines, so that will help us definitely.

Medium-speed market. Our market share has gone up and down from the 40s to 60s. Now there was a small drop and basically because of when the market is small and there are big cruise liner deals, if you lose one, it definitely affects immediately the market share numbers. But there is nothing to worry about at the moment.

Financials, a couple of slides about that. Cash flow, I already mentioned, better than last year. But it was affected a bit also when you look at our working capital development. We are building our inventories to support the deliveries definitely and mainly now in energy. But at the same time, you see that advances have dropped a little bit. We have been commenting that one also earlier that, well, there are customers who have difficulties, they always want to negotiate one part of that one.

Gearing, low. And then the prospects. Here, I want to mention that we changed the prospects a bit. We used to have solid in Services and solid in Energy and soft in Marine. Now we upgraded the Energy Solutions prospects to be good, and that's because the market and the order or the quotation activity at the market looks to develop in a very, very positive way.

So with this, I leave the highlight slide on and move on to the questions. So anybody here in the audience, if we start here, want to ask any questions. And as said, we are all here, the board of management, to answer your questions.

Jaakko Eskola: No questions from the audience. If we then move on to the lines, please.

Operator: Thank you. Ladies and gentlemen, if you wish to ask a question please press star and one in your telephone. And your first question comes from the line of Sven Weier of UBS. Thank you, please ask your question.

Sven Weier: Yes, good morning. Just two questions, please. First one is on the cruise and ferry segment, which in terms of the order intake, has been anywhere between EUR 70 million and EUR 90 million in the last couple of quarters. It was very, very strong in the first half of last year, probably almost EUR 200 million at some point. So would it be fair to say that the kind of range you had in the recent quarters is the number to go by or because you mentioned maybe you have not one every cruise ship, as you said so? Is the number we have now the kind of lower limits and it could still be on the three-digit range? And the other question I had was on whether you had already an update for the ballast water type approval from the U.S. Coast Guard? Thank you.

Jaakko Eskola: Thank you, Sven, and if I start a bit with the cruise and ferries. Of course, you'll see a lot of cruise owners, at least, talking about their ideas and their plans to order ships, and they might have ordered them or given an indication to order it -- them from the shipyards. In many cases, the shipyards have not decided anything when it comes to the equipment. So I think the Q1 was seasonally quite low and -- but I'm not guessing whether they -- what kind of the numbers there will be going forward. I'm expecting that it's going to be better. But if I ask Roger Holm, Head of our Marine Solutions, to open it up a little bit and also to answer the ballast water because you have lately been also discussing that development. Please, Roger.

Roger Holm: Thank you, Jaakko, and thank you for the question. As we have said before also, a lot related to the long lead time for new cruise vessels. We see also clear indications that it takes a bit more time on the yard side before they order equipment for these vessels. If you have a delivery 2021, for example, it will, for sure, not be in the top priority always from the yard side to make all equipment or the last they have done before. So we see a time lax there coming in and that we need to take into account. Good development in general on the cruise side, so no worries on that side. Then to your question about ballast water, the testings are ongoing for the U.S. Coast Guard approval. And we estimate that we should have the testings ready within this year.

Jaakko Eskola: Thank you, Roger.

Sven Weier: Just one follow-up on the cruise comments and thanks for those. Do you have kind of a statistic, what percentage of those vessels that have been ordered in the last 12 months, where the equipment order has been already passed on? Something like that or -- and how that maybe differs to the past?

Roger Holm: I don't have percentages, but if we look at the changes, it's clear that it takes longer time before the orders are made. So in general, it's a longer time lag compared to before. But I don't have exact shares and time changes.

Sven Weier: OK, that’s fine. Thank you very much.

Roger Holm: Thank you.

Operator: Thank you and your next question comes from the line of Johan Eliason of Kepler Cheuvreux. Thank you, please ask your question.

Johan Eliason: Yes, thank you for taking my question. Just first on the market shares being the medium speed, there was nothing to mention here. I think we were few years up to 60 percent and you were saying it was supposed to come down. Is this just because there are very few orders out there for the medium-speed engines or is it just the expected development that you have expected when the competitors have introduced better engines? Or can you give any light on that? Thank you.

Jaakko Eskola: Thank you for the question. I -- as I said, and we have been saying it many times say that when we ended up at the 60 percent level, that was too high and it was very much supported at that time only from a huge ordering of LNG vessels with diesel electric systems. And our normal market here has always been around 40 percent to 50 percent. So the 45 percent is still a good market share. And as Roger also mentioned that low ordering, if you win a deal on a cruise liner and sometimes they might be repeat orders from old designs and the cruise line, this market here is also measured in megawatts. So if you get that big engine on the one cruise liner, the numbers go up and down, and it's no drama in those numbers.

Johan Eliason: Okay, good. Then on these auxiliary engines, I mean, they are smaller. But in terms of value per megawatt or so, is there a big difference from the ship engines?

Jaakko Eskola: They are basically the same technology, they are smaller, but they mainly go to the merchant vessels. The merchant vessel has a big two-stroke engine business where Wärtsilä is not anymore except servicing them. But then you have one big engine, two-stroke then you have four to six auxiliary engines, and that's an area where having our joint ventures also in China. We have been developing the business a lot because almost all of the vessels are built in China and Korea. So we're going to be delivering those engines and technologies to the merchant fleet also.

Johan Eliason: Okay. And then finally, just on this comment on the reservations you made for the incentive program. Is that for the results achieved up-to-date or is this reservations for the development you're expecting going forward? Any light on that?

Jaakko Eskola: It's -- the reservation is based on the share price, which is existing at the moment when we closed our books and that actually covers 3 existing schemes. So we have 3 existing schemes where -- which are now affected by -- when the share price is so high. And of course, if it goes higher and higher, you need to start making more reservations going forward. So that's basically the idea.

Johan Eliason: OK, perfectly clear. Many thanks.

Jaakko Eskola: Thank you.

Operator: Thank you and your next question comes from the line of Manu Rimpelä of Nordea. Thank you, please ask your question.

Manu Rimpelä: Good morning. My first question would be on the Energy quotations activity. So you ask the split by type, but could you be able to comment how have you seen those quotations change on a regional basis? I mean, you commented that you had a few good orders from the U.S. and U.K. So are we seeing any change in the mix towards more developed markets?

Jaakko Eskola: Thank you, Manu. And let me ask Javier Cavada, the Head of Energy Solutions, to open it up a bit please.

Javier Cavada Camino: Thank you, Jaakko, and thank you, Manu, for the question. So we see the activity in the market growing and getting more activity in other regions in the globe. We have many activities in America, North, Central, South, in Asia, Middle East, Europe increasing clearly from the past years and Africa, too. So in that sense, I would like to be more concise in them so all the activities are going up globally for our technology and our offering.

Manu Rimpelä: OK thank you. And would you be able to comment on the pricing as well that you mentioned that you have some lower margin orders in the backlog? But you also said that the pricing has stabilized. So how -- when do you expect this headwind from lower backlog coming through the pricing stabilized? And when do we get to see this kind of more stable pricing in the sales deliveries?

Javier Cavada Camino: Thank you, Manu. As said in previous quarters, indeed, the pricing environment has normalized already since several quarters ago. And you know the time needed from the sale until the delivery and the execution and the starting the full services of a new energy solution, a power plant can take from six months to two years. So that's why we are still having an impact from several years ago, orders when the pricing environment was tougher. And this situation has already normalized last year, as we said, and now we're getting -- is starting to get the tailwinds of that normalization already this year. But the full positive impact will be definitely be next year. So still this year, we have a mix.

Manu Rimpelä: OK thank you. And then a question on the Services. So there's a significant step-up in the spare parts sales and I must have missed this, you commented already. But can you explain why the share increased from 61 percent to 65 percent in Q1?

Jaakko Eskola: Thank you, Manu. Let me also give the possibility to Pierpaolo Barbone, the Head of Services, to say something.

Pierpaolo Barbone: Thank you, Jaakko. Thank you, Manu. First of all, I would like to highlight, in the order intake, the highest quarter ever, and that's giving us some comfort for the future. Of course, we have to fight every day for the transactional business. And in the transactional business, the spare parts are extremely important and of course, are related to the activities that the maintenance activities that are ongoing. During this quarter, we have seen lower-than-expected field service activity and an increase of parts. That means that in the next quarter, we believe, and we have evidences, numbers, that there will be maintenance activities utilizing the parts that were ordered and invoiced during this quarter.

Manu Rimpelä: OK. So does that mean the pull forward of Q2 sales that we should see kind of a pull or slowdown in sales in Q2? Did I understand what you were saying correctly?

Pierpaolo Barbone: We believe that in Q2, we'll be at the same level of this quarter. And then we'll have an increase of our activities and invoicing and transactional business, especially during the second half of the year, boosted by also some big maintenance activities, long-term agreement that are signed and are kicking in during the second half of the year. I would like also to underline that this long-term agreement is not only Carnival because we're always talking about Carnival agreement and so on. But it's not only Carnival and it's not only Marine. We have very interesting orders related, long terms agreement for Energy Solution installation, including the Burkina Faso and expanding from the traditional also to the solar.

Manu Rimpelä: OK, thank you. And final question, would you be able to comment on how are the sales for the ballast water management and scrubber developing?

Jaakko Eskola: Roger, do you want to comment on how this is now?

Roger Holm: Thank you, Manu. Sales still, on both of these items are on low levels, offering activities have clearly increased. So the interest in market both for scrubbers and ballast water management systems have a clearly increased. But still, our customers are waiting to place their orders. On the scrubber side, we see clearly on the new build activities and interest in scrubbers. And that's, of course, due to that 2020 regulations coming up. On the ballast water side, we still see some hesitation among the customers that -- will there be any comments from IMO in the July meeting. We see that the risk that something like that would happen is quite small. The regulations will come into force as expected.

Manu Rimpelä: OK, thank you. No further questions.

Jaakko Eskola: Thank you.

Operator: All right, thank you. And next question comes from the line of Max Yates of Credit Suisse. Thank you, please ask your question.

Max Yates: Thank you. Just my first question will be around full year margins and sort of historically, your ability to sort of generate a good full year margin always depended on the order intake of sort of power within Q1. Now that we've had sort of quite healthy Q1 of our orders, could you comment a little bit around sort of your expectations for the full year? I mean, is there any reason to not to assume that you shouldn't make sort of good margin progress year-over-year in 2017 given that we've had a pretty good strong start of the year in Power orders?

Jaakko Eskola: Thank you for the question. I -- as you see from our comments for the full year, we say this year is going to be relatively unchanged from last year. So that's where we want to stick at the moment. We also commented on...

Max Yates: But it's not that demand related?

Jaakko Eskola: That's, of course, saying about the market and -- but you can -- if the market is almost changed, I think we will perform as relatively as we performed last year.

Max Yates: So that extends to the margin as well?

Jaakko Eskola: As I said, I don't want to start commenting on the margin further.

Max Yates: OK. And just a second question would be could you talk a little bit around the sort of the Services growth by segments? I think sort of quite a big headwind within the Services business was offshore. Could you just comment on whether the offshore services have now stabilized and equally, sort of what kinds of trends you're seeing in merchant services?

Jaakko Eskola: Yes, good question. Pierpaolo, if you talk about the segments?

Pierpaolo Barbone: Yes, thank you for the question, and I would say that on the cruise and ferry, we have positive developments. On the oil and gas and especially on oil, we -- the situation at the moment, hopefully, has stabilized. And we believe that there could be also some positive sign maybe at the end of the year. On the Energy Solution installations, the outlook is positive. I would like to just to highlight that the delta number of installation from the end of 2016 is 90 more installations, approximately. So -- and approximately 4 gigawatt covered by long-term agreements. So that is giving us a good opportunities for future stabilization and opportunities for growth in the next months and years.

Max Yates: OK, thank you. And just my final question would be around the FSRUs. And when you look at the sort of pipeline of orders and speak to customers, I mean, would you be able to give us any kind of sense of how many of these you will be expecting to book in the rest of the year? And look, I know it's difficult to say, but are we thinking along the lines of sort of one per quarter or would it be more like two to three because obviously given the size of these and have quite a shift on not only the gas carrier segment, but the overall Marine segment? Thank you.

Jaakko Eskola: Marco, do we -- what should we say about that?

Marco Wiren: Yes, of course.

Jaakko Eskola: Marco Wiren, our CFO.

Marco Wiren: FSRUs are very good money-wise as well. And as we have said earlier as well that one order could be actually more than engine orders if we get the ship. And we've looked at market development. We've stated already in Q1 -- in Q4 presentations that we believe that this market is -- there's activity, and we see some pick up as well. And going forward, we believe that there might be new opportunities not only in FSRUs but also LNG vessels going towards 2020 and forward because of there's going to be more transportation needs from 2020 and forward, which means that orders should be to start replacing before that.

Sean D. McLoughlin: OK. And could you just confirm how many were in the Q1 order number in Marine? How many FRSU orders you announced as part of that order number?

Marco Wiren: Yes, two announced.

Jaakko Eskola: Two announced.

Anders Idborg: And is 30 million per order roughly the right size?

Marco Wiren: The order size varies a lot, of course, depending how much we get. But I would say that EUR 20 million is not unusual order number for FSRUs.

Anders Idborg: OK, perfect. Thank you very much.

Marco Wiren: Thank you.

Operator: And your next question comes from the line of Sean McLoughlin of HSBC.

Jaakko Eskola: Hello?

Sean D. McLoughlin: Oh, hello. I was on mute, I beg your pardon. Thanks for taking my questions. Firstly, on Energy Solutions, if you could just give maybe a little bit more clarity around this upgrade from a good to solid, what is driving that? And can you quantify that in some way a little bit more detail?

Jaakko Eskola: I cannot quantify it in more detail because we tried to talk about the market. And when we say it's good from solid, it actually shows that we see positive development in the market. So it's an upgrade, and -- but I cannot give you how much it was an upgrade.

Sean D. McLoughlin: OK. And in terms of gas, this very high shift towards gas versus oil, is this something that you believe is, let's say, is a new balance going forward? Or would you say this very high proportion of gas is a little bit of a one-off? Or do you really see gas in developed markets being an increasingly important part of the order intake going forward?

Jaakko Eskola: It is, and it's definitely going to be that way. LNG gas is the fuel of the future. And of course, and if you have any infrastructure, either on the Marine side on the Energy side, where you cannot use gas, you need to opt for diesel. And that's why we have seen some of our orders last year and so on going that way. But if you are -- if you have the gas infrastructure or if you know that the pipelines are going to be there, even on the Marine side, if you know that the bunkering facilities would be there, you should go for it and that's what we also see in our boat markets that you opt for the dual-fuel engine, run it first with other fuels and move then on to LNG. So LNG is going to be the fuel of the future.

Sean McLoughlin: Super, thank you.

Jaakko Eskola: Thank you.

Operator: And your next question comes from the line of Tom Skogman of Carnegie. Thank you, please ask your question.

Tom Skogman: Thank you, I have two questions. First, about the EBIT drivers for this year, just thinking about mixed shifts. And if I understand you right, we have a pretty good expectations for the service business. But in equipment, the mix shift to Energy Solutions from Marine, will that be clearly negative for your kind of EBIT this year or how should we see it? We just know that you have said earlier that you have taken some low-margin orders in the power solutions, but we also know in Marine that the sales is still a bit more to your strong full of cruise ships. So it's been hard to understand the dynamics, what is good and what is bad for you?

Jaakko Eskola: Yes, thank you. If I try to open the dynamics again, half of our business is Services, which we have always said and opened it so much that Services is the business where -- which makes money and where the margins are higher. And that has developed very well during the years. And our aim is to develop it even further. At the same time, we have said that the Marine and Energy, the margins go up and down and sometimes Marine was higher, sometimes energy goes higher. And we used to have, as Javier also pointed out, we still have in our order book low-margin deals from history, which should be delivered hopefully this year. And then we are moving to the normalized levels. Marine, of course, the market is pretty much down. And there, the margins level are different than they probably used to be when you look at the margins -- market was positive. So I mean, that dynamic moves depending on the market. And -- but I think the most important issue is that Services parts development. And then the other divisions are following.

Tom Skogman: OK, thank you. And when I tried to read the market, it seems that you have already seen the trough when it comes to merchant vessel orders. And I'm just thinking about Wärtsilä’s kind of strategy because it's obvious now that you're doing very well, have a very strong balance sheet and there are a lot of companies that are struggling and they will probably not struggle more one or two years from now. So I mean, shouldn't you -- I mean, if you are interested in expanding in the merchant part of the industry, there should be the time to acquisitions. Are you interested in that are not?

Jaakko Eskola: Thank you for the question. Let's say -- I mean, think we have right to clearly state that one also that when looking at our expansions and the growth, of course, merchants and acquisitions is one of part of the strategy. And we look at add-on investments. If we could add something on our business lines, something where there is a good service element or if we can develop that service element. So it can be in any business lines where we already are or it can be something new. So of course, we can have ideas, but you also need to find the counterparty.

But at the same time, we are looking at developing our Energy Solutions to move more to the hybrid plants, I mean, how to develop our competencies in solar, going -- moving forward also in storage and then of course, services, let's not forget that one. If there are good candidates, let's do some actions on that side. So there are different elements and -- but market might be right to think about that we do something. But I have always said that you need two to tango. So it can be active but if the other party is not, so let's see how it develops.

Tom Skogman: Just to understand right, you are interested also in strengthening in merchant. It's just you don't want to leave that market because it's just too…

(Multiple Speakers)

Jaakko Eskola: We don't want to leave the merchant market, but it has to make sense if we do something in that area.

Tom Skogman: OK, thank you.

Jaakko Eskola: You're welcome.

Operator: All right, thank you. And your next question comes from the line of Andreas Koski of Deutsche Bank. Thank you, please ask your question.

Andreas Juhani Koski: Thank you very much. Firstly, two questions on Services and apologize if I miss that. But what was organic revenue growth in services during the first quarter, i.e. what was the FX impact and acquisitions?

Jaakko Eskola: FX was EUR 10 million -- EUR six million, yes.

Andreas Koski: EUR six million positive.

Jaakko Eskola: For the quarter, yes.

Andreas Koski: Yes, OK. And then secondly, I think you mentioned that Q2 will be at the same level as Q1 in Services. On that comment, did you mean the revenue change year-over-year, i.e. minus two percent? What did you talk about the absolute level?

Jaakko Eskola: The -- I commented saying that...

Andreas Koski: But I think Javier said that he expects Q2 or was it Pablo, sorry?

Jaakko Eskola: No, no…

(Multiple Speakers)

Jaakko Eskola: The quarter two will be in line or aligned with last year.

Andreas Koski: OK. With Q2 last year, OK.

Pierpaolo Barbone: Yes.

Andreas Koski: And then lastly on Energy Solutions, could you give an understanding of what kind of margin difference you're talking about when you're saying that margins on your order intake are now normalized compared to the depressed backlog that you're seeing?

Jaakko Eskola: No. I would rather say that we used to have a very low margins in historical deals and normalized might mean depending on the market than in cases something else, but it's healthier.

Andreas Koski: Yes, OK. But is it low single-digit, mid-single digit difference or...

Jaakko Eskola: No, no, I cannot open up the whole portfolio of our transactions with our customers.

Andreas Koski: OK, thank you very much.

Jaakko Eskola: You’re welcome.

Operator: Thank you. And your next question comes from the line of Tomi Railo of SEB. Thank you, please ask your question.

Tomi Railo: Yes, good morning. This is Tomi from SEB. Still coming back to the Energy outlook guidance. I know that you are talking about the market activity, but trying to get a sense also on order activity. Your orders traditionally tend to be sort of improving quarter after quarter towards the end of the year. Is this still -- is this still the message that you want to send out for this year?

Jaakko Eskola: Thank you for the question. I let Javier to talk about a little bit more how it develops, please.

Javier Cavada Camino: Absolutely. Well, I mean, so last year, our order intake was growing 43 percent compared to 2015 and in this quarter, our order intake has grown 30 percent. So -- and that is what the guidance is looking at. So we see more activity we're -- we see more projects in the market. So we had more than 20 projects in quarter 1, which is a very big amount. And there were just uniform across the globe. So why's in older markets we have something, and that's going to continued, that is going to continue. And as Jaakko mentioned, it's as a result of good and stronger order intake, net sales are going up and net sales in this quarter was 80 percent more than last year first quarter. And we see this development to continue.

Tomi Railo: Indeed. And as you said, the activities improving, that's why you're raised the outlook. So anyway, the first quarter is sort of a starting point.

Javier Cavada Camino: Activities will continue, yes, definitely.

Jaakko Eskola: More activities.

Tomi Railo: And then on El Salvador, any news there?

Javier Cavada Camino: I mean, El Salvador, compared to last quarter, no changes. We are in constant contact with our customer and with the government of the country. So as you'll remember, they extended or postponed the final operations of this plant to 2020. That said, as really this year, that means that next year, 2018 we need to start construction and start giving services there in El Salvador. That means that we keep the same outlook for that order. So that allows us to 2018 to start operations. So when it will be booked will depend on when everything is ready. But as said, the year looks with a lot of good activity and a strong activity, and El Salvador will be one project out of orders.

Tomi Railo: OK, and thirdly, still coming back to the Service comment for the second quarter. Was that on sales or orders, what you said that it will be on last year?

Pierpaolo Barbone: On the top line. On sales. Clearly, on sales.

Tomi Railo: Thank you.

Operator: All right, thank you. And another follow-up question from the line of Max Yates of Credit Suisse.

Max Yates: Just I had a quick follow-up on your comment you made around advances during your presentation. You sort of suggested that negotiations with customers around advances were maybe becoming more difficult given where the market is. Could you just discuss that a little bit more and talk about sort of percentage of total value of where advances are now and contracts are relative to history? And do you think that's something that's softened with the overall demand environment or do you think that's structural change in the market given the competition and customers' demand?

Jaakko Eskola: Thank you. First of all, mainly it's in the Marine sector, which is, of course, the Marine sector is pretty much down. But I -- sorry if I say that it has changed. It actually has been the case for four quarters before. Already last year and probably even before that one, we have had -- of course, every customer wants to negotiate the payment terms. But we are very strict on that one, and we keep that policy also that we don't sell if the customer doesn't agree with the clear payment terms with us.

But as you see from the numbers, from last quarter to last year quarter one to this year quarter one, there was a small drop on that one. It's part of the dealing with the customer and signing agreement, of course, agreeing to payment terms. But it has been an issue for some quite time. I don't think there hasn't been any changes. That's why Roger is also nodding, no changes, no.

Sean D. McLoughlin: OK. It's pretty isolated to Marine, and I guess what power where demand is more healthy there's very little issue.

Jaakko Eskola: Exactly, I mean, power, I think they enjoy the situation today.

Operator: And no further questions at this time. Please continue.

Jaakko Eskola: Thank you. And any further from the audience? No? Then we are ahead of the schedule. And let's stop here and thank you for all being here today and see you in July. Thank you.

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