WÄRTSILÄ CORPORATION
INTERIM REPORT JANUARY-MARCH 2010

OLE JOHANSSON, PRESIDENT & CEO
23 APRIL 2010
Q1/10 Highlights

- Net sales EUR 922 million (-26%)
- Operating result * EUR 94 million (-28%), 10.2% of net sales
- EPS EUR 0.68 * (0.89)
- Order intake EUR 881 million (-8%)
- Cash flow from operating activities EUR 181 million

* Excluding nonrecurring items
Order intake still low

First quarter development

Order intake still low

First quarter development
Order book unchanged compared to the end of the previous quarter

Order book unchanged compared to the end of the previous quarter.

*) Cancellations amounting to EUR 82 million have been deducted from the order book during the review period. The Ship Power order book includes a cancellation risk of approximately EUR 400 million.
Order book distribution

- Delivery current year
- Delivery next year +
Net sales low due to timing of deliveries

First quarter development

<table>
<thead>
<tr>
<th>Year</th>
<th>MEUR</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1/2009</td>
<td>1241</td>
<td></td>
</tr>
<tr>
<td>Q1/2010</td>
<td>922</td>
<td>-26%</td>
</tr>
</tbody>
</table>

Net sales low due to timing of deliveries.
Net sales by business 1-3/2010

Ship Power 30% (30)

Power Plants 26% (35)

Services 44% (35)
Good profitability

Operating result before nonrecurring items


- 10.2%
Ship Power market - vessel order development
Small signs of recovery

Source: Clarkson Research Services Limited
Ship Power order intake marginally up

The chart shows the order intake in MEUR for each quarter from Q1 in 2004 to Q4 in 2010. The order intake varies from year to year and quarter to quarter, with peaks in some years and quarters and troughs in others. The data indicates a marginally up trend overall.
Ship Power market
Market position of Wärtsilä’s marine engines

Medium-speed main engines
- Wärtsilä: 35% (36)
- MAN Diesel: 26% (27)
- Caterpillar (MAK): 8% (9)
- Others: 31% (28)

Low-speed main engines
- MAN Diesel: 82% (82)
- Mitsubishi: 7% (6)
- Wärtsilä: 11% (12)

Auxiliary engines
- Wärtsilä: 1% (2)
- Others: 99% (98)

Total market volume last 12 months:
- Medium-speed main engines: 1,138 MW (1,234)
- Low-speed main engines: 6,206 MW (6,206)
- Auxiliary engines: 2,331 MW (1,879)

Wärtsilä’s market shares are calculated on a 12 months rolling basis, numbers in brackets are from the end of the previous quarter. Wärtsilä’s own calculation is based on Marine Market Database.
Ship Power order book March 31, 2010
All vessel segments represented

- Merchant: 54%
- Bulkers: 12%
- Containers: 7%
- LNG: 7%
- RoRo: 5%
- Cruise & Ferry: 7%
- Special vessels: 7%
- Tankers: 8%
- Cargo: 15%
- Navy: 6%
- Ship Design: 1%
- Offshore: 25%

Total EUR 2,242 million (4,127)
Power Plants order intake by application

First quarter development

-17%
-96%
116%
-88%

Q1/2009 Q1/2010

* No orders from Oil & Gas industry in Q109

Renewable 3%
Gas 73%
Oil 24%

MEUR

Order intake Industrial self-generation Flexible baseload Grid stability & peaking Oil & Gas*
Order intake 1-3/2010: 457 MW (587)

Power Plants order intake
Africa and Middle East strongest region

Europe 64 (112)
Africa and Middle East 295 (213)
Americas 46 (261)
Asia 52 (0)

Flexible baseload
Industrial self-generation
Oil & gas
Grid stability & peaking
Services net sales, slow start of the year

MEUR

First quarter development

Q1/2009 434 -6% 409

Q1/2010

2006 2007 2008 2009 1-3/2010
Services – Net sales per quarter

MEUR

Q1  Q2  Q3  Q4

2001 2002 2003 2004 2005 2006 2007 2008 2009 2010
Services net sales distribution 1-3/2010

- Spare parts 55%
- Field service 23%
- Contracts 13%
- Projects 9%
Services
Lay-up situation eased towards the end of the quarter

* Anchored (reported navigation status at anchor). Source Bloomberg (AISLive). More than 25 000 vessels (>299 GT) covered.

** Idle (no movement for 19 days for containerships, others 35 days). Source Lloyd’s MIU. Around 15 000 vessels (>299 GT) covered.
### Strong cash flow

<table>
<thead>
<tr>
<th>MEUR</th>
<th>1-3/10</th>
<th>1-3/09</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>181</td>
<td>23</td>
<td>349</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>-11</td>
<td>-46</td>
<td>-163</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>-168</td>
<td>-27</td>
<td>-140</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of period</td>
<td>252</td>
<td>149</td>
<td>244</td>
</tr>
</tbody>
</table>
Working capital development

All figures relate to the Power Businesses

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At the end of the reporting period, drawn revolving credits amounted to 0 euros. In addition there are Finnish Commercial Paper Programs of EUR 700 million (uncommitted).
Restructuring programmes

<table>
<thead>
<tr>
<th>Adjusting Ship Power organisation (May 2009)</th>
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<tbody>
<tr>
<td>• Adjustment program to reduce 400-450 jobs proceeding according to plan</td>
</tr>
<tr>
<td>• Expected annual savings of EUR 30 million, will take full effect by the end of 2010</td>
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<thead>
<tr>
<th>Reducing manufacturing capacity (January 2010)</th>
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<tbody>
<tr>
<td>• Manufacturing of propellers in Drunen and components in Zwolle is planned to end</td>
</tr>
<tr>
<td>• The W20-generating set production in Vaasa is planned to be closed</td>
</tr>
<tr>
<td>• Plans to reduce 1,400 jobs globally within the Group during 2010 (570 in the Netherlands)</td>
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<tr>
<td>• Expected annual savings of EUR 80-90 million, with full effect in the first half of 2011</td>
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<tr>
<td>• Restructuring costs of approx. EUR 140 million, of which EUR 40 million non-cash write-offs recognised in 2009. EUR 44 million recognised in Q1 and EUR 56 million will be recognised in latter part of 2010</td>
</tr>
</tbody>
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<tr>
<th>Adjusting staff functions (spring 2010)</th>
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<tr>
<td>• All global staff functions to be evaluated</td>
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</table>
Market outlook

- **Ship Power:** Overcapacity will maintain ordering volumes at low levels and lead to more intense competition and price pressure. Order intake estimated to be moderately better in 2010 than in 2009.

- **Power Plants:** Gradual recovery in power generation market along with improvements in financial sector. Order intake estimated to improve in 2010.

- **Services:** Uncertainty will continue in 2010 with regards to larger service projects. Services development is expected to remain steady. Scrapping of older tonnage and its replacement with new tonnage may impact Services. Power plant installations continue to be run at high operating levels. Increased interest in maintenance partnerships seen.
Prospects for 2010 reiterated

- Net sales expected to decline by 10-20 percent.
- Operational profitability (EBIT% before nonrecurring items) should be between 9-10%, well within the upper end of our long-term target range.