Q2/10 Highlights

- Order intake EUR 1,117 million (42%)
- Net sales EUR 1,131 million (-15%)
- Operating result* EUR 117 million (-25%), 10.4% of net sales
- EPS* 0.86 euro (1.06)
- Cash flow from operating activities EUR 89 million (-95)

* Excluding nonrecurring items
Good growth in order intake
Order book unchanged compared to the previous quarter

*) Cancellations amounting to EUR 162 million have been deducted from the order book during the review period.
Order book distribution

- Delivery current year
- Delivery next year +

30.6.2009 30.6.2010

MEUR

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Net sales developed as expected
Net sales by business 1-6/2010

- Ship Power: 27% (33)
- Power Plants: 31% (32)
- Services: 42% (35)
Good profitability

Operating result before nonrecurring items

- Q1
- Q2
- Q3
- Q4

2006 2007 2008 2009 2010

10.4%
Ship Power market - vessel order development
Continued recovery in ordering activity

Source: Clarkson Research Services
Ship Power order intake – clear signs of pick-up
Ship Power order intake by segment Q2/2010

- Offshore: 57%
- Merchant: 14%
- Special vessels: 11%
- Cruise & Ferry: 8%
- Ship Design: 3%
- Navy: 6%

Total EUR 213 million (67)
Ship Power market
Market position of Wärtsilä’s marine engines

Medium-speed main engines
- Wärtsilä 37%(35)
- MAN Diesel 22%(26)
- Caterpillar (MAK) 4%(8)
- Others 37%(31)

Total market volume last 12 months: 553 MW (1,138)

Low-speed main engines
- MAN Diesel 82%(82)
- Wärtsilä 15%(11)
- Mitsubishi 3%(7)
- Others 99%(99)

Total market volume last 12 months: 5,667 MW (6,206)

Auxiliary engines
- Wärtsilä 1%(1)
- Others 99%(99)

Total market volume last 12 months: 1,795 MW (2,311)

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 June 30, 2010
All vessel segments represented

- Merchant: 50%
- Bulkers: 11%
- Containers: 7%
- LNG: 7%
- RoRo: 4%
- Ship Design: 1%
- Cruise & Ferry: 8%
- Special vessels: 8%
- Offshore: 28%
- Tankers: 8%
- Cargo: 13%

Total EUR 2,157 million (3,602)
Power Plants order intake by application

Order intake by fuel Q2/2010

- Oil 100%

Second quarter development

- MEUR
- Q2/2009: 257
- Q2/2010: 437
- Increase: 70%
- Increase: 2489%
- Decrease: -17%
- Decrease: -74%

* No orders from Oil & Gas industry in Q209

Order intake by application

- Industrial self-generation
- Flexible baseload
- Grid stability & peaking
- Oil & Gas
Power Plants quarterly order intake
Strongest order intake since mid 2008

MEUR

Q1 Q2 Q3 Q4

2004 2005 2006 2007 2008 2009 2010
Power Plants order intake
Asia strongest region

Order intake 1-6/2010: 1,492 MW (1,064)

- Americas: 499 (262)
- Europe: 118 (320)
- Africa and Middle East: 216 (482)
- Asia: 659 (0)
- Grid stability & peaking: 72
- Industrial self-generation: 70
- Flexible baseload: 357
- Oil & gas: 164
- 47
- 6
Services – Net sales steady

Second quarter development

- Q2/2009: 469 MEUR (22% growth)
- Q2/2010: 463 MEUR (18% growth)

Net sales for 2009 and 1-6/2010 are steady.
Services – Net sales per quarter
Services – Net sales distribution 1-6/2010

- Spare parts 54%
- Field service 24%
- Contracts 13%
- Projects 9%
Services
Level of laid-up vessels starting to normalise

* 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>4-6/10</th>
<th>4-6/09</th>
<th>1-6/10</th>
<th>1-6/09</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>89</td>
<td>-95</td>
<td>270</td>
<td>-72</td>
<td>349</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>-14</td>
<td>-44</td>
<td>-25</td>
<td>-90</td>
<td>-163</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>-3</td>
<td>108</td>
<td>-171</td>
<td>81</td>
<td>-140</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>331</td>
<td>118</td>
<td>331</td>
<td>118</td>
<td>244</td>
</tr>
</tbody>
</table>
Net working capital development

All figures relate to the Power Businesses

0% 5% 10% 15% 20% 25% 0 200 400 600 800 1000 1200 1400 1600 1800 2000 2003 2004 2005 2006 2007 2008 2009

Working Capital  Total Inventories  Advances Received  Working Capital / Net Sales

0 200 400 600 800 1000 1200 1400 1600 1800 2000

30 June 2010

7.6%

MEUR

* Annualised Working Capital / Net Sales

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

### Initiated 2009

- **Ship Power adjustment program**
  - Reduction of 400-450 jobs
  - Expected annual savings of EUR 30 million, will take full effect by the end of 2010
  - Programme proceeding according to plan, majority of savings have materialised

### Initiated 2010

- **Reducing manufacturing capacity**
  - Plans to reduce 1,400 jobs globally within the Group during 2010 (570 in the Netherlands)
  - Expected annual savings of approx. EUR 80-90 million, with full effect in the first half of 2011
  - Implementation:
    - Closure of Drunen and DTS in Zwolle entering implementation stage. The entire restructuring of the production will be finalised by the end of 2010.
    - The W20-generating set production in Vaasa has been moved to China
    - Various restructuring measures in other locations

### Adjusting staff functions - Programme proceeding according to plan
Market outlook

- **Ship Power**: Ordering volumes will remain at lower levels than during the previous peak years. Competition and price pressure will remain intense. Order intake expected to clearly improve compared to 2009.

- **Power Plants**: The power generation market recovery is expected to continue in 2010. 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) between 9-10%, well within the upper end of our long-term target range.
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