WÄRTSILÄ CORPORATION
INTERIM REPORT JANUARY-JUNE 2012

BJÖRN ROSENGREN, PRESIDENT & CEO
18 JULY 2012
• Order intake EUR 1,198 million, +2%
• Net sales EUR 1,099 million, +6%
• Book-to-bill 1.09 (1.13)
• EBIT EUR 113 million, 10.3% of net sales
• EBITA EUR 123 million, 11.2% of net sales
• EPS EUR 0.38 (0.35)

EBIT is shown excluding non-recurring items.
EBITA is shown excluding non-recurring items and intangible asset amortisation related to acquisitions.
Steady development in order intake

Second quarter development

<table>
<thead>
<tr>
<th></th>
<th>Services</th>
<th>Ship Power</th>
<th>Power Plants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2/2011</td>
<td>1,170 MEUR</td>
<td>-33%</td>
<td>46%</td>
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<tr>
<td>Q2/2012</td>
<td>1,198 MEUR</td>
<td>2%</td>
<td>-33%</td>
</tr>
</tbody>
</table>
Growth in net sales

Second quarter development

- 2008: 5000 MEUR (14% growth)
- 2009: 4500 MEUR (-13% decrease)
- 2010: 4200 MEUR (-7.6% decrease)
- 2011: 4000 MEUR (-1% decrease)
- 1-6/2012: 3000 MEUR (-2% decrease)

- Q2/2011: 1036 MEUR (6% growth)
- Q2/2012: 1099 MEUR (-1% decrease)

Services: 34% decrease
Power Plants: 2% decrease
Net sales by business 1-6/2012

- Ship Power: 25% (24)
- Power Plants: 30% (34)
- Services: 45% (42)
Book-to-bill ratio remains above one

<table>
<thead>
<tr>
<th>Year</th>
<th>Order intake (MEUR)</th>
<th>Net sales (MEUR)</th>
<th>Book-to-bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>5300</td>
<td>4500</td>
<td>1.21</td>
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<tr>
<td>2009</td>
<td>5000</td>
<td>4000</td>
<td>0.63</td>
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<tr>
<td>2010</td>
<td>4000</td>
<td>4000</td>
<td>0.88</td>
</tr>
<tr>
<td>2011</td>
<td>6000</td>
<td>4500</td>
<td>1.07</td>
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<tr>
<td>1-6/2012</td>
<td>4500</td>
<td>3500</td>
<td>1.10</td>
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</table>
Growth in order book

- **2008**: 7000 MEUR
- **2009**: 5000 MEUR
- **2010**: 3000 MEUR
- **2011**: 4000 MEUR
- **30.6.2011**: 3779 MEUR (Power Plants: 7%, Ship Power: 25%, Services: 20%)
- **30.6.2012**: 4515 MEUR (Power Plants: 19%)

**Key Milestones:**
- **30.6.2011**: Significant increase in order book
- **30.6.2012**: Further growth with 19% increase

**Legend:**
- Orange: Power Plants
- Black: Ship Power
- Grey: Services
Order book distribution

MEUR

30.6.2011

30.6.2012

Delivery current year
Delivery next year or later
Profitability

EBIT% target: 10-14%

Q1  Q2  Q3  Q4

EBIT% before non-recurring items

EBITA% before non-recurring items and intangible asset amortisation related to acquisitions
Power plant markets active, some delays in larger investments
High level of quoted MWs

Quoted MW per Fuel Type

Share of natural gas is consistently increasing
Quarterly order intake

MEUR

2005 2006 2007 2008 2009 2010 2011 2012

Q1 Q2 Q3 Q4
Order intake by application

Review period development
Total EUR 591 million (672)

- Industrial self-generation: 16%
- Flexible baseload: 67%
- Oil & gas: 9%
- Grid stability & peaking: 9%

Review period order intake by fuel in MW

- Oil: 39%
- Gas: 61%
• Contract awarded to supply a 384 MW gas power plant to Azerbaijan to be operated for baseload production by Azerenerji JSC, the state-owned utility
• Scope of supply includes 21 Wärtsilä 50SG engines running on natural gas, related auxiliaries and process equipment
• The high efficiency of the Wärtsilä 50SG engines and our ability to deliver on a fast-track basis were major reasons for us being awarded this contract
• Wärtsilä has delivered over 860 MW of installed capacity to Azerbaijan
Global order intake

Order intake 1-6/2012: 1,401 MW (1,487)

Americas 425 (199)
Europe 19 (550)
Asia 771 (298)
Africa and Middle East 186 (440)

Flexible baseload
Industrial self-generation
Grid stability & peaking
Oil & gas
Market for gas and liquid based power plants

2011
Total market 100.8 GW

- GE 34.6%
- Siemens 29.3%
- MHI 14.4%
- Alstom 8.8%
- Wärtsilä 4.3%
- Other gas turbines 3.3%
- Other combustion engines* 2.0%
- Russian 1.6%
- Other combustion engines* 0.8%

Market data includes all prime mover units over 5 MW and estimated output of steam turbines for combined cycles. The data is gathered from the McCoy Power Report. In engine technology, Wärtsilä has a leading position. Other combustion engines figures based partly on Wärtsilä’s own estimate.
Good development within specialised vessel segments
Vessel order development

Source: Clarkson Research Services

* CGT= gross tonnage compensated with workload
Order intake increased by 51%
Increasing activity in scrubber markets

- Exhaust gas scrubbers enable efficient and economical reduction of SO\textsubscript{x} emissions in ships
- Wärtsilä’s scrubber portfolio is the widest in the market and consists of:
  - Open-loop scrubbers, well established
  - Closed-loop scrubbers, in operation and new projects under delivery
  - Hybrid scrubbers, orders received
- New scrubber orders:
  - World’s largest hybrid scrubber from the global rolling cargo operator Wilh. Wilhelmsen ASA
  - Order received for four hybrid scrubber systems to be installed on two newbuilt vessels and an option for another similar order
• Order intake in the South Korean joint venture producing dual-fuel engines and the Chinese joint venture producing auxiliary engines totalled EUR 148 million (33) during the review period January-June 2012

• Wärtsilä’s share of ownership in these companies is 50%, profits are reported as a share of result in associates and joint ventures
Ship Power order book 30 June 2012

- Offshore: 40%
- Merchant: 38%
- LNG: 10%
- Special vessels: 13%
- RoRo: 1%
- Containers: 2%
- Tankers: 13%
- Cargo: 6%
- Others: 2%
- Navy: 8%
- Cruise & Ferry: 5%
Market position of Wärtsilä’s marine engines

Medium-speed main engines

- Wärtsilä: 49% (49)
- MAN Diesel: 19% (15)
- Caterpillar (MAK): 7% (10)
- Others: 25% (26)

Low-speed main engines

- MAN Diesel: 75% (74)
- Wärtsilä: 22% (24)
- Mitsubishi: 3% (2)

Total market volume last 12 months:
- Medium-speed: 5,156 MW (5,495)
- Low-speed: 11,984 MW (13,520)

Auxiliary engines

- Wärtsilä: 5% (5)
- Others: 95% (95)

Total market volume last 12 months: 3,501 MW (3,793)

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.
Stable development in the service markets
Net sales development

Second quarter development

-1%

Q2/2011: 452 MEUR
Q2/2012: 449 MEUR
Net sales distribution 1-6/2012

Spare parts 53%(54)
Field service 24%(23)
Contracts 14%(15)
Projects 9%(8)

Total EUR 942 million (890)
Interest in service agreements continues

- Several service agreements signed during the second quarter:
  - A 3-year O&M agreement with Sasol New Energy Holdings covering the 180 MW gas engine power plant project in Sasolburg, South Africa
  - A long-term O&M agreement for the 120 MW Hera power plant in Dili, in the Democratic Republic of Timor-Leste
  - A long-term service agreement covering seven Princess Cruise Lines vessels and 270 MW of installed capacity
- Wärtsilä has over 16 GW of generating capacity under O&M and other service agreements globally, covering more than 500 marine and land-based installations
Development of Power Plants service agreements

- O&M and maintenance agreements
- Power Plants deliveries
- % of delivered MWs

2008: 31%
2009: 53%
2010: 57%
2011: 58%
1-6/2012: 115%
Anchored* & Idle Vessels**, percent of fleet

Fleet Average Speed***, knots

* 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.
*** Source Bloomberg
Cash flow from operating activities

MEUR

-200 -100 0 100 200 300 400 500 600 700 800

2008 2009 2010 2011 1-6/2012
• Increase in net working capital a result of:
  – Decrease in mainly project related accruals
  – Increase in inventories, due to:
    • Large deliveries scheduled for the remainder of the year
    • Certain customers experiencing delays in arranging payment security

• Hamworthy opening balance for inventories approx. EUR 90 million
At the end of the reporting period, drawn revolving credits amounted to 0 euro. Drawn short-term loans include EUR 246 million Finnish Commercial Papers. The total amount of Finnish Commercial Paper Programs was EUR 700 million (uncommitted).
Solvency Gearing

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<tr>
<td>Solvency</td>
<td>35%</td>
<td>40%</td>
<td>45%</td>
<td>50%</td>
<td>40%</td>
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Gearing

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<tr>
<td>Gearing</td>
<td>0.40</td>
<td>0.30</td>
<td>0.10</td>
<td>0.05</td>
<td>0.70</td>
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Organising for entrepreneurial drive

- Change of organisational set up within Ship Power and Wärtsilä Industrial Operations to strengthen competitiveness and to serve customers more effectively
- Aim to further increase the flexibility of operations and ensure faster decision making
- Ship Power will be organised by products consisting of 4-stroke, 2-stroke, Propulsion, Flow & Gas, Environmental, and Solutions
- WIO will be renamed PowerTech and it will consist of Product Center 4-stroke and Central Operations
- No job reductions planned based on the changes in the organisational structure
• **Power Plants**: The power generation market is expected to remain active in 2012.

• **Ship Power**: Full year vessel contracting expected to be somewhat lower than in 2011. Robust contracting activity is expected for the offshore, gas carrier, and other specialised vessel markets.

• **Services**: The merchant marine segments are still expected to be under pressure, as overcapacity in the market continues to impact the potential for services in this area. The power plant service market is expected to develop steadily.
Wärtsilä expects its net sales for 2012 to grow by 5-10% and its operational profitability (EBIT% before non-recurring items) to be 10-11%.