Highlights Q2/2014

- Order intake EUR 1,163 million, +9%
- Net sales EUR 1,132 million, -2%
- Book-to-bill 1.03
- EBIT EUR 122 million, 10.8% of net sales (EUR 111 million or 9.6%)
- EPS EUR 0.42 (0.39)
- Prospects revised: EBIT% before non-recurring items expected to be around 11.5%, net sales to grow by around 5%
- Establishment of two joint ventures with China State Shipbuilding Corporation announced in July

EBIT is shown excluding non-recurring items.
Order intake supported by Ship Power and Services

Second quarter development

- MEUR:
  - 2010: Q1-Q2 3000, Q3-Q4 3500
  - 2011: Q1-Q2 3500, Q3-Q4 4000
  - 2012: Q1-Q2 4000, Q3-Q4 4500
  - 2013: Q1-Q2 4500, Q3-Q4 5000
  - 1-6/2014: Q1-Q2 5000, Q3-Q4 5500

- Q2/2013:
  - Services: 1,071 MEUR, Ship Power 97, Power Plants 94
  - Q2/2014:
  - Services: 1,163 MEUR, Ship Power 107, Power Plants 104

- Q1-Q2 to Q3-Q4:
  - Services: +6%
  - Ship Power: +12%
  - Power Plants: +9%
Net sales in line with expectations

Second quarter development

-7.6% 12% -1%

1,152 1,132

-2% 1% 35% -37%

Services

Ship Power

Power Plants

Q1-Q2 Q3-Q4
Net sales by business 1-6/2014

- Ship Power: 38% (28)
- Power Plants: 20% (28)
- Services: 42% (44)
Book-to-bill ratio remains above one

Order intake  Net sales  Book-to-bill

<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>2010</td>
<td>4500</td>
<td>3500</td>
<td>0.88</td>
</tr>
<tr>
<td>2011</td>
<td>4700</td>
<td>3700</td>
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<td>2012</td>
<td>4900</td>
<td>3900</td>
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<tr>
<td>2013</td>
<td>4900</td>
<td>3900</td>
<td>1.05</td>
</tr>
<tr>
<td>1-6/2014</td>
<td>2000</td>
<td>1600</td>
<td>1.07</td>
</tr>
</tbody>
</table>
Order book distribution

MEUR
3500
3000
2500
2000
1500
1000
500
0

30.6.2013
30.6.2014

Delivery current year
Delivery next year or later

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Profitability developed well

EBIT before non-recurring items

EBIT% before non-recurring items

Second quarter development

MEUR

0% 2% 4% 6% 8% 10% 12% 14%

2010 2011 2012 2013

10.7% 11.1% 10.9% 11.2%

Q2/2013 Q2/2014

9.6% 10.8%

2010 2011 2012 2013

8.0 100 120 140 160 180 200

0 200 400 600 800 1000 1200

EBIT before non-recurring items

EBIT% before non-recurring items
Continued uncertainty in power generation markets
Improvement in power plant quotations

Quoted MW per Fuel Type

- Natural gas
- Heavy fuel oil
- Others

Activity remains focused on gas
Power Plants order intake by customer segment

Review period development
Total EUR 409 million (623)

- Utilities: 55%
- Industrials: 28%
- IPP’s*: 17%

Review period order intake by fuel in MW

- Oil: 48%
- Gas: 52%

*IPP = Independent Power Producer
Power Plants global order intake

- **Americas**: 76 (324)
- **Europe**: 361 (220)
- **Asia**: 284 (210)
- **Africa and Middle East**: 265 (359)

Order intake 1-6/2014: 986 MW (1,113)
The 47 MW power plant will be located in the mountain desert close to Taif city.

Equipment will be fast-track delivered by February 2015 and the power plant will enter commercial operation by October 2015.

The power plant consists of five 20-cylinder Wärtsilä 32TS engines designed to operate at outstanding efficiency even in extreme ambient conditions.

Wärtsilä has today over 1,600 MW of installed power plant capacity in Saudi Arabia.
Market for gas and liquid based power plants

2013
Total market 73.2 GW (75.4)

- 48.2% GE
- 19.8% Siemens
- 22.1% MHI
- 2.9% Wärtsilä
- 2.6% Alstom
- 1.1% Alstino
- Other GTs

Includes all Wärtsilä power plants and other manufacturers’ gas and liquid fuelled power plants with prime movers above 5 MW, as well as estimated output of steam turbines for combined cycles. The data is gathered from the McCoy Power Report. Other combustion engines not included. In engine technology Wärtsilä has a leading position.
Marine markets active, especially within the gas carrier segment
Vessel contracting development

Source: Clarkson Research Services, figures exclude late contracting
* CGT = gross tonnage compensated with workload
Vessel contracting in specialised segments

Source: Clarkson Research Services, figures exclude late contracting
Ship Power order intake developed favourably

Review period development
Total EUR 875 million (827)

- Gas carriers: 37%
- Offshore: 30%
- Navy: 5%
- Special vessels: 4%
- Traditional merchant: 18%
- Others: 1%
- Cruise and ferry: 3%

MEUR

- Q1-Q2
- Q3-Q4

2010 2011 2012 2013 1-6/2014
Finnlines selects Wärtsilä’s systems to reduce Baltic Sea environmental impact

- Order to supply exhaust gas cleaning systems to six Finnlines vessels operating in the Baltic and North Sea
- Wärtsilä’s scrubber systems enable compliance with the new environmental regulations when operating on heavy fuel oil
- The systems are also compliant with the water discharge criteria set by regulators
- Wärtsilä has to date a total of 105 systems delivered or on order, for 55 vessels
Joint venture order intake totalled EUR 92 million (113) during January-June 2014.

Wärtsilä’s share of ownership in these companies is 50%, and the results are reported as a share of result of associates and joint ventures.

Joint venture ordering continues active.

- **Joint venture order intake, includes figures from Wärtsilä Hyundai Engine Company Ltd. and Wärtsilä Qiyao Diesel Company Ltd.**
- **Ship Power order intake**
Ship Power market
Market position of Wärtsilä’s marine engines

Medium-speed main engines

- Wärtsilä: 52% (51)
- Caterpillar: 11% (6)
- MAN D&T: 17% (23)
- Others: 20% (20)

Total market volume last 12 months: 4,139 MW (3,787)

Low-speed main engines

- Wärtsilä: 11% (9)
- Mitsubishi: 1% (1)
- MAN D&T: 88% (90)

Total market volume last 12 months: 28,804 MW (31,017)

Auxiliary engines

- Wärtsilä: 2% (3)
- Others: 98% (97)

Total market volume last 12 months: 7,860 MW (6,895)

Wärtsilä’s market shares are calculated on a 12 months rolling basis, numbers in brackets are from the end of the previous quarter. The calculation is based on Wärtsilä’s own data portal.
Services customers interest in long-term partnerships increasing
Services net sales development remains stable

Second quarter development

MEUR

2010 2011 2012 2013 1-6/2014

Q2/2013 Q2/2014

Q1-Q2 Q3-Q4

Q2/2013 465 1% 468

Q1-Q2

Q3-Q4
Services net sales distribution 1-6/2014

- **Spare parts**: 52% (50)
- **Field service**: 25% (27)
- **Contracts**: 17% (16)
- **Projects**: 6% (7)

Total EUR 903 million (899)
Strong interest for services agreements in LNG industry

- Technical management agreements covering a total of 15 vessels signed with three Greek LNG ship owners during Q2/2014
- The agreement will enable higher availability, increased engine performance and optimised maintenance intervals
- The service outlook for gas fuelled vessels remains favourable going forward
Development of new Power Plants service agreements

- % of delivered MWs
  - 2009: 53%
  - 2010: 57%
  - 2011: 58%
  - 2012: 57%
  - 2013: 51%
  - Q2/2014: 31%

- MW
  - 2009: 3900 MW
  - 2010: 3500 MW
  - 2011: 3300 MW
  - 2012: 3200 MW
  - 2013: 2500 MW
  - Q2/2014: 900 MW

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

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Fleet utilisation

Anchored Vessels & Fleet Development*

Fleet Average Speed, knots**

* Source Bloomberg. Sample of more than 25 000 vessels (>299 GT) covered by IHS AIS Live.
** Source Bloomberg
Solid financial standing
Favourable development in operating cash flow

Review period development

MEUR

2010 2011 2012 2013

1-6/2013 1-6/2014
Focus on working capital development

* Working capital / 12 months rolling net sales
Gearing remains low

Review period development

![Graph showing review period development from 2010 to 2013 with values increasing in 2012, followed by a decrease in 2013.]
• **Power Plants:** Power generation markets closely follow the global macro-economic situation. Based on the market challenges seen during the first half year and the revised GDP forecasts for 2014, the overall market for liquid and gas fuelled power generation is expected to continue to be challenging.

• **Ship Power:** Offshore activity is anticipated to continue; however a decline in the contracting of drilling units and certain support vessels may be seen. The shipping markets are expected to remain active, especially within the gas carrier segment, although the contracting of traditional merchant vessel orders is likely to decline.

• **Services:** The overall service market outlook remains stable, with positive developments in selected regions.
Wärtsilä and China State Shipbuilding Corporation to join forces in 2-stroke engine joint venture

- Wärtsilä and China State Shipbuilding Corporation (CSSC) have signed an agreement to establish a joint venture, which will take over Wärtsilä’s 2-stroke engine business
- CSSC will own 70% and Wärtsilä 30% of the business
- Responsibility for servicing Wärtsilä’s 2-stroke engines will remain with Wärtsilä Services
- The deal will have a positive effect on Wärtsilä’s continuing operations
- The closing of the transaction is subject to the required regulatory approvals, which are expected in the first quarter of 2015.
- Going forward, the 2-stroke engine business will be reported as discontinued operations
Wärtsilä estimates its profitability for 2014 to be around 11.5%, due to the two-stroke business transaction. Net sales are expected to grow by around 5%.
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