WÄRTSILÄ CORPORATION
INTERIM REPORT JANUARY-SEPTEMBER 2009

OLE JOHANSSON, PRESIDENT & CEO
22 OCTOBER 2009
Q3/09 Highlights

- Net sales EUR 1,167 million (+2%)
- Operating result 133 million (+9%), 11.4% of net sales
- EPS EUR 0.87 (0.97)
- Order intake EUR 725 million (-48%)
- Cash flow from operating activities EUR 214 million (49)
Net sales on a good level

Third quarter development

- Net sales: 1140 MEUR (2% increase)
- Power Plants: 670 MEUR (10% increase)
- Ship Power: 500 MEUR (3% increase)
- Services: 110 MEUR (-6% decrease)

Overall net sales: 1167 MEUR (2% increase)
Net sales by business 1-9/09

- Ship Power 33% (31)
- Power Plants 31% (26)
- Services 35% (43)

Total EUR 3,741 million (3,082)
Operating profit developed according to plan

Operating result before EUR 6 million nonrecurring restructuring items

*) Operating result before EUR 6 million nonrecurring restructuring items
Wärtsilä sees a cancellation risk of approximately EUR 650 million. (*) Cancellations amounting to EUR 279 million have been deducted from the order book during the review period.
Order book distribution

- **Delivery current year**
- **Delivery next year +**

<table>
<thead>
<tr>
<th>Date</th>
<th>Value (MEUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>30.9.2008</td>
<td>6000</td>
</tr>
<tr>
<td>30.9.2009</td>
<td>3000</td>
</tr>
</tbody>
</table>
Ship Power market
Market challenges continue

Source: Clarkson Research Services Limited
Ship Power quarterly order intake

[Bar chart showing quarterly order intake from Q1 to Q4 of 2004 to 2009, with MEUR on the y-axis and years on the x-axis. The chart compares the intake across different quarters for each year.]
Ship Power market
Market position of Wärtsilä’s marine engines

Medium-speed main engines
- Wärtsilä 31% (40)
- MAN Diesel 45% (30)
- Caterpillar (MAK) 7% (18)
- Others 17% (12)

Low-speed main engines
- MAN Diesel 82% (86)
- Mitsubishi 5% (3)
- Wärtsilä 13% (11)

Auxiliary engines
- Wärtsilä 4% (6)
- Others 96% (94)

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 September 30, 2009
All vessel segments represented

- Merchant: 53%
- Bulkers: 11%
- Containers: 8%
- Tankers: 9%
- Cargo: 14%
- LNG: 7%
- RoRo: 4%
- Cruise & Ferry: 6%
- Special vessels: 7%
- Navy: 5%
- Ship Design: 1%
- Offshore: 28%

Total EUR 3,230 million (5,010)
Target markets per fuel 2005 - 2009

MW

25000
20000
15000
10000
5000
0

2005 2006 2007 2008 2009

Wärtsilä’s market share June 2008 - May 2009

LFO HFO GAS

13% (8)
3% (20)
46% (49)

Note I: Wärtsilä’s gas power plant target markets have changed after the review period 2005, when Wärtsilä stopped manufacturing and selling high speed engines (power range < 3.5 MW).

Note II: The LFO figure from 2006 onwards includes liquid biofuels.

Power Plants quarterly order intake

MEUR

Q1  Q2  Q3  Q4

*) 2004 Iraq-orders
Power Plants order intake by application

- Industrial self-generation: 29%
- Grid stability & peaking: 19%
- Flexible baseload: 51%
- Oil & gas: 1%
- Renewables: 3%
- Gas: 34%
- Oil: 64%
Power Plants order intake
Africa and Middle East strongest region

Order intake 1-9/2009: 1,382 MW (2,852)

- Americas 280 (1,354)
- Europe 400 (447)
- Africa and Middle East 612 (842)
- Asia 90 (209)

Flexible baseload
Industrial self-generation
Oil & gas
Grid stability & peaking
Services net sales
Activity on a good level

Third quarter development


MEUR


452 424

-6%
Services – Net sales distribution Q3/09

Spare parts 56%

Field service 28%

Contracts 12%

Projects 4%

Total EUR 424 million (452)
Services
Lay-ups have stabilised

* 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 Loyd’s MIU. Around 15 000 vessels (>299 GT) covered.
Wärtsilä Industrial Operations
Evaluating alternatives for adjusting manufacturing capacity

Norway, 400 employees
Rubbestadneset: Propellers, gears, propulsion controls, R&D
Trondheim: Power drives
Stord: Power drives, power distribution, vessel automation

UK, 195 employees
Havant: Seals, synthetic bearings, R&D

Spain, 70 employees
Bermeo: Engine manufacturing, R&D
Santander: Blades, Propellers

The Netherlands, 560 employees
Drunen: Propellers, thrusters, propulsion controls, R&D
Zwolle: DTS – Component Machining unit

Italy, 900 employees
Trieste: Engine manufacturing, R&D

Finland, 1,450 employees
Vaasa: Engine manufacturing, R&D

China, 800 employees
Qingdao: J/V: QMD
Wuxi: Transverse thrusters, LCT thrusters, components, Seals & bearings
Shanghai: J/V: WQDC
Auxiliary engines
Zhenjiang: J/V: Wärtsilä CME Zhenjiang
Propellers, shaft lines, Blades and hubs

Japan, 170 employees
Seals, bearings

South Korea, 30 employees
J/V: WHEC
Engine manufacturing

India, 140 employees
Khopoli: Small gears, propellers, components, auxiliary engines

Approximately 5,000 employees
## Cash flow

<table>
<thead>
<tr>
<th>MEUR</th>
<th>7-9/09</th>
<th>7-9/08</th>
<th>1-9/09</th>
<th>1-9/08</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>214</td>
<td>49</td>
<td>142</td>
<td>255</td>
<td>278</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>-23</td>
<td>-143</td>
<td>-113</td>
<td>-219</td>
<td>-329</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>-45</td>
<td>102</td>
<td>36</td>
<td>-164</td>
<td>-26</td>
</tr>
<tr>
<td>Liquid funds at the end of period</td>
<td>262</td>
<td>158</td>
<td>262</td>
<td>158</td>
<td>197</td>
</tr>
</tbody>
</table>
Working capital decreased by EUR 80 million during the quarter

All figures relate to the Power Businesses
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).
Business risks

- Ship Power
  - Slippage of ship yard delivery schedules
  - Cancellation risk approximately EUR 650 million (EUR 800 million at end of Q2/09)
- Power Plants
  - The impact from the financial crisis can mainly be seen in timing of bigger projects
- Services
  - Possible reduction of maintenance and service demand due to larger scale lay-ups of ships
Prospects for 2009 reiterated

• Despite the risk of cancellations and the nonrecurring restructuring items booked in the second quarter, the order book for 2009 should support a 10-20 percent growth in net sales for 2009, which would maintain profitability at last year’s good level.