WÄRTSILÄ CORPORATION
INTERIM REPORT JANUARY-SEPTEMBER 2011

BJÖRN ROSENGREN, PRESIDENT & CEO
19 OCTOBER 2011
Q3/11 Highlights

- Net sales EUR 851 million, -18%
- Order intake EUR 1,118 million, +11%
- Order intake in joint ventures EUR 182 million (68)
- Book-to-bill increased to 1.31 (0.97)
- Operating result EUR 94 million, 11.0% of net sales
- EPS EUR 0.28 (0.41)
- Wärtsilä acquired Cedervall

Operating result and EPS are shown excluding nonrecurring items.
Net sales developed as expected

Q3 on Q3 development

-18%  
-5%  
-29%  
-24%

Q3 on Q2 development

-18%  
-9%  
-12%  
-33%
Net sales by business 1-9/2011

- Ship Power: 24% (27)
- Power Plants: 32% (31)
- Services: 44% (42)
Good growth in order intake

Q3 on Q3 development

Q3 on Q2 development

Power Plants  Ship Power  Services
Book-to-bill ratio above one

Order intake, Net sales, Book-to-bill
Order book development

-5%
-15%
-3%
20%
4 243
4 042

MEUR


Power Plants
Ship Power
Services
Order book distribution

MEUR

30.9.2010

30.9.2011

Delivery current year

Delivery next year +
Solid profitability

- Yearly EBIT%:
  - 2007: 10.1%
  - 2008: 11.4%
  - 2009: 12.1%
  - 2010: 10.7%
  - 2011: 11.0%

- Q3 EBIT%:
  - Q3: 11.0%

- EBIT% target: 10-14%
Ship Power market - contracting activity

Source: Clarkson Research Services Limited
Ship Power order intake by segment

Third quarter development
Total EUR 196 million (176)

- Merchant 30% (19)
- Offshore 25% (54)
- Navy 11% (9)
- Cruise & ferry 20% (2)
- Special vessels 11% (12)
- Ship Design 2% (3)

Numbers in brackets are from Q2/2011
Good ordering activity in joint ventures

- Order intake grew significantly in the Korean joint venture Wärtsilä Hyundai Engine Company Ltd (WHEC)
  - 44 orders for LNG carriers have been placed during 2011
  - WHEC received dual-fuel engine orders for 16 LNG vessels during the review period
  - A significant amount of additional orders expected
- Activity on a good level in Chinese joint venture Wärtsilä Qiyao Diesel Company Ltd focusing on auxiliary engine production
- Total order intake in these joint ventures EUR 182 million (68) during Q3/2011
- Wärtsilä’s share of ownership in these companies is 50%, profits will be reported as a share of result in associates and joint ventures
Ship Power market
Market position of Wärtsilä’s marine engines

Medium-speed main engines

- Wärtsilä: 46% (44)
- MAN Diesel: 21% (23)
- Caterpillar (MAK): 16% (16)
- Others: 17% (17)

Total market volume last 12 months: 2,655 MW (1,404)

Low-speed main engines

- MAN Diesel: 80% (81)
- Mitsubishi: 2% (2)
- Wärtsilä: 18% (17)

Total market volume last 12 months: 19,306 MW (18,994)

Auxiliary engines

- Wärtsilä: 3% (3)
- Others: 97% (97)

Total market volume last 12 months: 4,118 MW (3,787)

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 30 September 2011
All vessel segments represented

- Merchant: 41%
- Offshore: 33%
- Special vessels: 8%
- Tankers: 10%
- Containers: 5%
- LNG: 5%
- Bulkers: 9%
- RoRo: 2%
- Cargo: 10%
- Cruise & Ferry: 7%
- Navy: 8%
- Ship Design: 2%

Total EUR 1,740 million (2,038)
Share of natural gas is consistently increasing
Power Plants quarterly order intake

MEUR

- Q1
- Q2
- Q3
- Q4
Power Plants order intake by application

Third quarter development
Total EUR 466 million (393)

- Industrial self-generation 45% (37)
- Grid stability & peaking 14% (31)
- Flexible baseload 39% (33)

Order intake by fuel Q3/2011 in MW
- Oil 34%
- Gas 66%

Numbers in brackets are from Q2/2011
Power Plants order intake
EMEA regions strongest

Order intake 1-9/2011: 2,407 MW (2,342)
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 and IESG.
In oil and gas engine technology, Wärtsilä has a leading position.
* Other CEs (combustion engine) figures based partly on Wärtsilä’s own estimate.
Services net sales development

Q3 on Q3 development

Q3/2010: 435 MEUR, -5%
Q3/2011: 412 MEUR
Services net sales distribution 1-9/2011

Spare parts 53%(54)
Field service 24%(24)
Contracts 16%(13)
Projects 7%(9)

Numbers in brackets are from 1-9/2010
Development of Power Plants service agreements

MW

2007 2008 2009 2010 1-9/2011

29% 31% 53% 57% 49%

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O&M and maintenance agreements | Power Plants deliveries | % of delivered MWs
Cash flow from operating activities

MEUR

2007  2008  2009  2010  1-9/2011

Q3 on Q3 development


222  219
Working capital development

2004 figures relate to the Power Businesses

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

Solvency

Gearing

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2007 2008 2009 2010 30.9.2011

%
Personnel reductions of approx. 1,800 targeted, this target has nearly been reached.

Expected annual savings approx. EUR 130 million, of which EUR 60 million recognised by end of 2010 and the remainder will gradually materialise during 2011.

Nonrecurring restructuring costs approx. EUR 150 million, of which EUR 115 million recognised by end of 2010 and EUR 17 million recognised in January-September 2011.
Market outlook

- **Ship Power**: An intense competition and price pressure prevails in the market. Wärtsilä expects Ship Power’s order intake in 2011 to be significantly better than in the previous year.

- **Power Plants**: Recovery in the power generation market expected to continue in 2011. Wärtsilä Power Plants estimates its order intake in 2011 to be better than in 2010.

- **Services**: Marine service market is still suffering from overcapacity in certain segments and this is likely to continue. The power plant service market is expected to increase steadily.
Wärtsilä expects its net sales for 2011 to decline by 0-5% compared to last year and operational profitability (EBIT% before nonrecurring items) to be around 11%.