2009 – all time high net sales and operating income, strong cash flow

- Net sales +14%, EUR 5,260 million
- Operating income (before non-recurring items) at all time high, EUR 638 million, 12.1% of net sales
- Order intake EUR 3,291 million (-41%). Measures initiated to reduce capacity
- EPS EUR 4.30* euros (3.88)
- Dividend proposal 1.75 euros per share (1.50)

* Earnings/share excluding nonrecurring items (EPS including nonrecurring items 3.94 euros)
Strong sales growth

Fourth quarter development

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MEUR</td>
<td>1530</td>
<td>1519</td>
</tr>
<tr>
<td>Change</td>
<td>-1%</td>
<td>2%</td>
</tr>
<tr>
<td>Net sales</td>
<td>750</td>
<td>750</td>
</tr>
<tr>
<td>Power Plants</td>
<td>600</td>
<td>400</td>
</tr>
<tr>
<td>Ship Power</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Services</td>
<td>200</td>
<td>200</td>
</tr>
</tbody>
</table>

Net sales  Power Plants  Ship Power  Services
Net sales by business 2009

Ship Power 34% (33)

Power Plants 31% (27)

Services 35% (40)
Net sales by market area

Strong presence in Asia
Operating profit at all time high

MEUR

Q1 Q2 Q3 Q4

2008 2006 2007

Operating profit at all time high

*) Operating result before EUR 6 million nonrecurring restructuring items

**) Operating result before EUR 40 million nonrecurring items
Order intake

Fourth quarter development

Order intake  Power Plants  Ship Power  Services

2005  2006  2007  2008  2009

MEUR

0  500  1000  1500  2000  2500  3000  3500  4000  4500  5000  5500  6000


823  0%  823

15%  -64%  14%
*) Cancellations amounting to EUR 410 million have been deducted from the order book during the review period. Wärtsilä sees a cancellation risk of approximately EUR 500 million.
Order book distribution

- Delivery next year
- Delivery next year +

<table>
<thead>
<tr>
<th>Date</th>
<th>Category</th>
<th>MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.2008</td>
<td>Delivery next year</td>
<td>3800</td>
</tr>
<tr>
<td>31.12.2008</td>
<td>Delivery next year +</td>
<td>2800</td>
</tr>
<tr>
<td>31.12.2009</td>
<td>Delivery next year</td>
<td>3600</td>
</tr>
<tr>
<td>31.12.2009</td>
<td>Delivery next year +</td>
<td>1800</td>
</tr>
</tbody>
</table>
Ship Power market - contracting activity still low

Source: Clarkson Research Services
Ship Power short term prospect areas

**Merchant:**  
- Multi purpose vessels  
- Gas carriers  
- Tankers and special product carriers

**Offshore:**  
- Drilling and production applications – rigs, drillships and FPSOs  
- Anchor handling vessels

**Cruise & Ferry:**  
- Several cruise, passenger cargo and ferry projects

**Navy:**  
- Steady flow of smaller orders

**Special vessels:**  
- Ice breakers  
- Research vessels
Ship Power - market development
Market position of Wärtsilä’s marine engines 2009

Medium-speed main engines

- Wärtsilä: 36% (31)
- MAN Diesel: 27% (45)
- Caterpillar (MAK): 9% (7)
- Others: 28% (17)

Low-speed main engines

- MAN Diesel: 82% (82)
- Wärtsilä: 12% (13)
- Mitsubishi: 6% (5)
- Others: 98% (96)

Auxiliary engines

- Wärtsilä: 2% (4)
- Others: 98% (96)

Wärtsilä’s own calculation is based on Marine Market Database. Market shares based on installed power, numbers in brackets are from the end of the previous quarter.
Ship Power order book December 31, 2009
All vessel segments represented

- Merchant 54%
- Bulkers 11%
- Container 7%
- Tankers 9%
- LNG 8%
- RoRo 5%
- Offshore 26%
- Special vessels 7%
- Cruise & Ferry 6%
- Navy 5%
- Cargo 14%
- Ship Design 1%

EUR 2,553 million in total (4,486)
### Power Plant markets
**Market development and market shares**

#### Target markets per fuel 2005 - 2009

![Bar chart showing market shares for LFO, HFO, and GAS from 2005 to 2009.]

- **2005**:
  - LFO: 2000 MWe (Note: Changed after the review period 2005)
  - HFO: 500 MWe
  - GAS: 8500 MWe

- **2006**:
  - LFO: 2300 MWe
  - HFO: 700 MWe
  - GAS: 11500 MWe

- **2007**:
  - LFO: 2500 MWe
  - HFO: 800 MWe
  - GAS: 12500 MWe

- **2008**:
  - LFO: 700 MWe
  - HFO: 900 MWe
  - GAS: 18200 MWe

- **2009**:
  - LFO: 600 MWe
  - HFO: 1000 MWe
  - GAS: 13000 MWe

**Wärtsilä’s market share June 2008 - May 2009**

- **LFO**:
  - 13% (8)
- **HFO**:
  - 3% (20)
- **GAS**:
  - 46% (49)

**Notes**:

- **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.
- **Source**: Diesel & Gas Turbine Worldwide, June 2008-May 2009.
Power Plants quarterly order intake

Q1, Q2, Q3, Q4

*) 2004 Iraq-orders
Power Plants order intake by application 2009

- Grid stability & peaking: 22%
- Industrial self-generation: 24%
- Flexible baseload: 52%
- Renewable: 2%
- Gas: 40%
- Oil: 58%

Bar chart showing order intake from 2005 to 2009 with the following trends:
- 2005: 800 MEUR
- 2006: 1000 MEUR
- 2007: 1400 MEUR
- 2008: 1800 MEUR
- 2009: 1000 MEUR

Line chart with X-axis showing years from 2005 to 2009 and Y-axis showing MEUR from 0 to 2000.
Power Plants order intake
Africa and Middle East still strongest region

Order intake 2009: 2,007 MW (3,349)

- Europe: 649 (483)
- Asia: 148 (207)
- Americas: 441 (1,693)
- Africa and Middle East: 768 (965)

Flexible baseload
Industrial self-generation
Oil & gas
Grid stability & peaking
Power Plants order book December 31, 2009

- Flexible baseload: 46%
- Grid stability & peaking: 35%
- Industrial self-generation: 18%
- Oil & gas: 1%
Services net sales
Stable at a high level

Fourth quarter development

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MEUR</td>
<td>495</td>
<td>504</td>
</tr>
<tr>
<td>Growth</td>
<td>2%</td>
<td></td>
</tr>
</tbody>
</table>
Services – Net sales per quarter
All time high quarter
Services net sales distribution December 31, 2009

- Spare parts 54%
- Field service 27%
- Contracts 12%
- Projects 7%
In addition to Engine Services, Wärtsilä’s Services portfolio includes:
Electrical & Automation Services, Propulsion Services, Boiler Services, O&M and Training Services
Services
The amount of laid up vessels has 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 Lloyd’s MIU. Around 15 000 vessels (>299 GT) covered.
## Strong cash flow

<table>
<thead>
<tr>
<th>MEUR</th>
<th>10-12/09</th>
<th>10-12/08</th>
<th>1-12/09</th>
<th>1-12/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow before changes in working capital &amp; financial items and taxes</td>
<td>251</td>
<td>234</td>
<td>743</td>
<td>626</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>25</td>
<td>-187</td>
<td>-179</td>
<td>-250</td>
</tr>
<tr>
<td>Financial items and taxes</td>
<td>-68</td>
<td>-24</td>
<td>-215</td>
<td>-99</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>207</td>
<td>23</td>
<td>349</td>
<td>278</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>-50</td>
<td>-110</td>
<td>-163</td>
<td>-329</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>-176</td>
<td>138</td>
<td>-140</td>
<td>-26</td>
</tr>
<tr>
<td>Liquid funds at the end of period</td>
<td>244</td>
<td>197</td>
<td>244</td>
<td>197</td>
</tr>
</tbody>
</table>
Working capital development

![Graph showing working capital development from 2003 to 2009. Key metrics include:
- Working Capital
- Total Inventories
- Advances Received
- Working Capital / Net Sales

All figures relate to the Power Businesses.
At the end of the reporting period no revolving credits were drawn. In addition there are Finnish Commercial Paper Programs of EUR 700 million (uncommitted).
Personnel development

- Services
- Ship Power
- Power Plants
- Industrial Operations
- Administration
Financial position

Solvency

Gearing

2005 2006 2007 2008 2009

2005 2006 2007 2008 2009
EPS and dividend/share

<table>
<thead>
<tr>
<th>Year</th>
<th>EPS</th>
<th>EPS excluding nonrecurring items</th>
<th>Dividend</th>
<th>Extra dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006</td>
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<td>2008</td>
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</tr>
<tr>
<td>2009</td>
<td></td>
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</tbody>
</table>

1 Dividend 2009 - Proposal of the Board
2 Includes one-off capital gains; Assa Abloy & Ovako
Market outlook

- Ship Power: Order intake is estimated to be moderately better in 2010 than in 2009. Overcapacity and prevailing conditions will lead to more intense competition and price pressure.

- Power Plants: Order intake estimated to improve in 2010 provided that the financing sector recovery continues favourably

- Services: Stable development continues
Business risks

- Ship Power
  - Slippage of ship yard delivery schedules
  - Cancellation risk approximately EUR 500 million (EUR 650 million at end of Q3/09)
- Power Plants
  - The impact from the financial crisis mainly seen in timing of bigger projects
- Services
  - Possible reduction of maintenance and service demand due to larger scale lay-ups of ships
Manufacturing capacity adjustments announced

- Plans to adjust to the fundamental changes in the market by reducing manufacturing capacity
- Plans to move the majority of propeller production and W20-generating set production to China, close to the main marine markets.
- Aims at reducing approximately 1,400 jobs globally
- By taking these measures, Wärtsilä is looking for cost savings of approximately EUR 80-90 million. The effect of the savings will start to materialise gradually during 2010, and will take full effect in the first half of 2011.
Due to low demand in the shipbuilding sector we expect net sales to decline by 10-20 percent in 2010. As a result of stable service business, good demand for power plants and proper adaption of capacity, our operational profitability (EBIT% before nonrecurring items) should be between 9-10%, well within the upper end of our long-term target range.
Wärtsilä’s electronic Annual Report 2009 will be published during week 6 on our website. For more information please see the IR calendar at www.wartsila.com.

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E-mail: josephine.mickwitz@wartsila.com