WÄRTSILÄ CORPORATION

2010 RESULT PRESENTATION

OLE JOHANSSON, PRESIDENT & CEO

28 JANUARY 2011
2010 – Solid performance at all levels

- Order intake EUR 4,005 million, +22%
- Net sales EUR 4,553 million, -13%
- Operating result EUR 487 million, 10.7% of net sales
- All time high cash flow EUR 663 million (349)
- EPS EUR 3.35 (4.30)
- Dividend proposal 1.75 euro per share (1.75) and extra dividend 1.00 euro per share, total 2.75 euro/share

All numbers are shown excluding nonrecurring items and selling profits
Order intake increased

Fourth quarter development
Order book

- 2006: 4,491 MEUR (16%)
- 2007: 3,795 MEUR (-29%)
- 2008: 8,000 MEUR (-5%)

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Order book distribution

MEUR
5000
4000
3000
2000
1000
0

31.12.2009
31.12.2010

- Delivery next year
- Delivery next year +
Net sales developed as expected

Fourth quarter development

- 2009: 1,519 MEUR (18% increase)
- 2010: 1,462 MEUR (14% decrease)


- Power Plants: 1,179 MEUR (23% increase)
- Ship Power: 382 MEUR (14% decrease)
- Services: 158 MEUR (21% decrease)

Net sales developed as expected.
Net sales by business 2010

- Ship Power: 26% (34)
- Services: 40% (35)
- Power Plants: 34% (31)
Net sales by market area
Strong presence in Asia
Solid profitability

Operating result before nonrecurring restructuring items
Ship Power market – vessel order development
2010 contracting activity stronger than expected

Source: Clarkson Research Services
Ship Power quarterly order intake
Ship Power order intake by segment Q4/2010

Offshore strongest segment

- **Offshore**: 34%
- **Merchant**: 20%
- **Special vessels**: 19%
- **Cruise & Ferry**: 21%
- **Ship Design**: 4%
- **Navy**: 2%

Total EUR 178 million (54)
Ship Power market
Market position of Wärtsilä’s marine engines

Medium-speed main engines
- Wärtsilä: 42% (32)
- MAN Diesel: 25% (31)
- Caterpillar (MAK): 15% (8)
- Others: 18% (29)

Low-speed main engines
- MAN Diesel: 84% (85)
- Wärtsilä: 13% (12)
- Mitsubishi: 3% (3)

Auxiliary engines
- Wärtsilä: 4% (3)
- Others: 96% (97)

Total market volume last 12 months:
- Medium-speed main engines: 1,639 MW (914)
- Low-speed main engines: 15,681 MW (6,752)
- Auxiliary engines: 3,880 MW (2,775)

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 Dec. 31, 2010
All vessel segments represented

- Merchant: 45%
- Containers: 6%
- Tankers: 8%
- Cargo: 12%
- LNG: 5%
- RoRo: 3%
- Bulkers: 11%
- Offshore: 31%
- Special vessels: 9%
- Cruise & Ferry: 8%
- Ship Design: 2%
- Navy: 5%

Total EUR 1,825 million (2,553)
Power Plants - Market demand remains strong

Share of natural gas is consistently increasing
Power Plants order intake by application

Order intake in MEUR:
- 2006: 1,000 MEUR
- 2007: 1,500 MEUR
- 2008: 2,000 MEUR
- 2009: 1,700 MEUR
- 2010: 1,200 MEUR

Fuel order intake in Q4/2010:
- Gas: 59%
- Oil: 41%

Fourth quarter development:
- Total order intake: 317 MEUR (28% increase)
- Gas: 300 MEUR (94% increase)
- Oil: 17 MEUR (5% decrease)

Power Plants quarterly order intake

Q1  Q2  Q3  Q4
Order intake 2010: 3,175 MW (2,007)

Asia strongest region

- Asia: 1,346 (148)
- Europe: 762 (649)
- Americas: 745 (441)
- Africa and Middle East: 321 (768)

Flexible baseload
Industrial self-generation
Oil & gas
Grid stability & peaking
Power Plants order book Dec. 31, 2010

- Flexible baseload: 61%
- Grid stability and peaking: 19%
- Industrial self-generation: 11%
- Oil & gas: 9%

Total EUR 1,299 million (1,362)
Services – Net sales stable

Fourth quarter development

- Q4/2009: 504 MEUR
- Q4/2010: 516 MEUR

Net sales growth:
- Q4/2009: 2%
- Q4/2010: 0%
Services – Net sales by quarter
Q4/2010 all time high
Service contract development

- Net sales
- Total MW (O&M and Maintenance)
In addition to Engine Services, Wärtsilä’s Services portfolio includes: Electrical & Automation Services, Propulsion Services, Boiler Services, Environmental Services, O&M and Training Services
Services
Laid up vessels decreased from early 2010

* 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.
All time high cash flow from operating activities

MEUR

2006 2007 2008 2009 2010

Fourth quarter development

Q4/2009 207
Q4/2010 171
Working capital development

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).
Financial position

Solvency

Gearing

2006 2007 2008 2009 2010

2006 2007 2008 2009 2010
EPS and dividend/share

- **2006**: EUR 3.6
- **2007**: EUR 4.2 (Dividend: EUR 2.1, Extra dividend: EUR 1.1)
- **2008**: EUR 3.8
- **2009**: EUR 4.0
- **2010**: EUR 4.1

**Notes**:
- Dividend 2010 - Proposal of the Board
- EPS figures include nonrecurring items & selling profits
### Restructuring measures

**May 2009:** Ship Power adjustment program

**January 2010:** Adaption of manufacturing capacity initiated

**October 2010:** Processes initiated for reduction of 400 jobs in global staff functions

### Impacts of all restructuring measures

- Personnel to be reduced by approx. 1,800 employees
- Total cost savings approx. EUR 130 million, of which EUR 60 million have materialised by the end of 2010 and the remainder will gradually materialise in 2011.
- Total non-recurring costs EUR 150 million, of which 40 million recognised in 2009. In January-December 2010 Wärtsilä recorded EUR 75 million nonrecurring items related to restructuring measures. EUR 35 million, out of which EUR 10 million is non-cash, will be recognised during the first half of 2011.
Personnel decreased

- Services
- Ship Power
- Power Plants
- Industrial Operations
- Administration
Ship Power: Competition and price pressure among shipbuilding suppliers will continue. Order intake in 2011 expected to be moderately better than in 2010.

Power Plants: Recovery in the power generation market is expected to continue in 2011. Order intake estimated to remain at a good level in 2011.

Services: A sustainable recovery in the marine service market expected to begin during 2011. Power plant installations will continue to be run at high operating levels.
Long-term growth and profitability

CAGR 1999-2010 8.3%

Net sales  Operating profit, %

2006: 8.2%
2007: 10.1%
2008: 11.4%
2009: 12.1%
2010: 10.7%
Wärtsilä expects its net sales for 2011 to grow 3-5% and operational profitability (EBIT% before nonrecurring items) to be around 11%.
Long-term financial targets redefined

- Target to grow faster than global GDP
- Operating profit margin (EBIT%) target:
  - 14% at the peak of the cycle
  - maintain above 10% at the trough
- Gearing below 50%
- Our target is to pay a dividend equivalent to 50% of earnings per share
Wärtsilä’s electronic Annual Report 2010 will be published during week 6, 2011 on our website. For more information please see the IR calendar at www.wartsila.com.