2011 – Growth in order intake, resilience in profitability

- Order intake EUR 4,516 million, +13%
- Joint venture order intake EUR 394 million (77)
- Net sales EUR 4,209 million, -7.6%
- Operating result EUR 469 million, 11.1% of net sales
- Cash flow EUR 232 million (663)
- EPS EUR 1.52 (1.68)
- Dividend proposal 0.90 euro per share (1.75)
- Acquisition of Hamworthy expected to become effective 31 January 2012

Operating result and EPS are shown excluding nonrecurring items.
Net sales slightly lower than expected

Q4 on Q4 development

Q4 on Q3 development

Power Plants | Ship Power | Services

2007: 23%
2008: 14%
2009: -13%
2010: -7.6%
2011:

Q4/2010: MEUR 1,462
Q4/2011: MEUR 1,238

Q3/2011: MEUR 851
Q4/2011: MEUR 1,238
Net sales by business 2011

Ship Power 24% (26)

Power Plants 32% (34)

Services 43% (40)
Net sales by market area
Asia represents nearly 40% of net sales
**Net sales by country**
*Top 10 countries as a percent of 2011 net sales*

<table>
<thead>
<tr>
<th>Country</th>
<th>% of net sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>9%</td>
</tr>
<tr>
<td>Turkey</td>
<td>6%</td>
</tr>
<tr>
<td>Norway</td>
<td>5%</td>
</tr>
<tr>
<td>USA</td>
<td>5%</td>
</tr>
<tr>
<td>the Netherlands</td>
<td>4%</td>
</tr>
<tr>
<td>Brazil</td>
<td>4%</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>3%</td>
</tr>
<tr>
<td>Singapore</td>
<td>3%</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>3%</td>
</tr>
<tr>
<td>South Korea</td>
<td>3%</td>
</tr>
</tbody>
</table>
Order intake increased

Q4 on Q4 development

Q4 on Q3 development

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

Order intake  Net sales  Book-to-bill

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Order book distribution

Delivery next year
Delivery next year +

MEUR

31.12.2010
31.12.2011
Resilient profitability

MEUR

250

16%

10%

12%

14%

16%

EBIT% target: 10-14%

2007 2008 2009 2010 2011

Q2Q1 Q3 Q4

EBIT% before nonrecurring items

10.1% 11.4% 12.1% 10.7% 11.1%

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Power Plants - market activity showed a clear rebound

Quoted MW per Fuel Type

- Natural gas
- Heavy fuel oil
- Others

Share of natural gas is consistently increasing
Power Plants quarterly order intake

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

2011 development
Total EUR 1,602 million (1,413)

- Grid stability & peaking 11% (24)
- Oil & gas 3% (12)
- Industrial self-generation 32% (6)
- Flexible baseload 55% (58)

2011 order intake by fuel in MW
- Oil 49%
- Gas 51%

Numbers in brackets are from 1-12/2010
Power Plants order intake
Good global spread

Order intake 2011: 3,340 MW (3,175)
Ship Power order intake by segment

2011 development
Total EUR 1,000 million (657)

- Offshore 40% (41)
- Merchant 21% (30)
- Special vessels 15% (17)
- Ship Design 3% (4)
- Cruise & ferry 10% (15)
- Navy 7% (2)

Numbers in brackets are from 1-12/2010
Good ordering activity in joint ventures

- Order intake grew significantly in the South Korean joint venture Wärtsilä Hyundai Engine Company Ltd (WHEC)
  - WHEC received dual-fuel engine orders for 34 LNG vessels during 2011
- Total order intake in WHEC and the Chinese joint venture Wärtsilä Qiyao Diesel Company Ltd was EUR 394 million (77) during the review period January-December 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%(46)
- MAN Diesel 22%(21)
- Caterpillar (MAK) 12%(16)
- Others 20%(17)

Total market volume last 12 months: 2,977 MW (2,655)

Low-speed main engines
- MAN Diesel 76%(80)
- Mitsubishi 2%(2)
- Wärtsilä 22%(18)

Total market volume last 12 months: 15,758 MW (19,306)

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

Total market volume last 12 months: 3,949 MW (4,118)

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 31 December 2011
All vessel segments represented

- Merchant: 36%
- Containers: 4%
- Tankers: 8%
- Cargo: 9%
- Ship Design: 2%
- Navy: 7%
- Cruise & Ferry: 6%
- Special vessels: 10%
- Bulkers: 8%
- LNG: 7%
- Offshore: 37%

Total EUR 1,684 million (1,825)
Services net sales development

MEUR

Q4 on Q4 development

Q4/2010 516 -1% 513

2007 2008 2009 2010 2011
Services - Net sales by quarter

MEUR

Q1 Q2 Q3 Q4

2004 2005 2006 2007 2008 2009 2010 2011

Q1 Q2 Q3 Q4

25%
Services net sales distribution 2011

- Spare parts: 51% (53)
- Field service: 24% (24)
- Contracts: 15% (14)
- Projects: 10% (9)

Numbers in brackets are from 1-12/2010
Development of Power Plants service agreements

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

Increase in power plants deliveries from 2007 to 2011, with a significant rise in 2009 and further growth in subsequent years.
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 – Fleet utilisation

Anchored* & Idle Vessels**

Fleet Average Speed***


** Idle (no movement for 19 days for containerships, others 35 days). Source Lloyd's MIU. Around 15 000 vessels (>299 GT) covered.

*** Source Bloomberg
Cash flow from operating activities

![Graph showing cash flow from operating activities for years 2007 to 2011.](image)

**Q4 on Q4 development**

- Q4/2010: +171 MEUR
- Q4/2011: -71 MEUR

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Net working capital development

2004 figures relate to the Power Businesses

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Committed loans 31 December 2011

At the end of the reporting period, drawn revolving credits amounted to 0 euro. Drawn short-term loans include EUR 70 million Finnish Commercial Papers.

The total amount of Finnish Commercial Paper Programs was EUR 700 million (uncommitted).
Financial position

Solvency

Gearing


EPS* and dividend/share

The chart illustrates the earnings per share (EPS) after non-recurring items, dividend, and extra dividend for the years 2007 to 2011. The EPS values are shown in orange, dividends in grey, and extra dividends in orange. The chart indicates the following values:

- **2007**: EPS 1.75, Dividend 1.00, Extra dividend 0.00
- **2008**: EPS 2.00, Dividend 1.20, Extra dividend 0.00
- **2009**: EPS 2.20, Dividend 1.50, Extra dividend 0.00
- **2010**: EPS 2.00, Dividend 1.44, Extra dividend 0.50
- **2011** (proposed): EPS 1.44, Dividend 0.90, Extra dividend 0.50

*EPS* Earnings per share after non-recurring items

**Dividend 2011 - Proposal of the Board**
Restructuring programmes

- Personnel reductions of approx. 1,800 targeted. This target has nearly been reached, the remaining reductions will materialise during 2012.

- Expected annual savings approx. EUR 130 million, of which EUR 60 million recognised by end of 2010 and approx. EUR 60 million materialised during 2011. The remainder of the cost savings will materialise in 2012.

- Nonrecurring restructuring costs approx. EUR 150 million, of which EUR 115 million recognised by end of 2010 and EUR 24 million recognised during January-December 2011. The remainder of the restructuring costs will be recognised in 2012.
Market outlook

- **Power Plants:** The power generation market is expected to remain on a good level in 2012, but due to macroeconomic issues, significant growth is not foreseen.

- **Ship Power:** Overall levels of contracting expected to be about the same or slightly lower than during 2011. The vessel contracting mix is expected to be in line with that seen in 2011 favouring vessel contracting for specialised segments.

- **Services:** There are no major changes in the market outlook for 2012. In the short term, development of the active installed base is expected to be moderate in the marine service market. The power plant service market is expected to develop steadily.
Three growth areas show interesting potential

- Wärtsilä aims to be the leader in complete lifecycle power solutions for the global marine markets and selected energy markets worldwide.
- We see growth opportunities in three areas:
  - Smart Power Generation concept
  - Dual-fuel engines and related systems for the marine market
  - Environmental solutions, including scrubbers and ballast water treatment systems
- Our strengths are our technological leadership, an integrated product and service offering, our close and longstanding customer relationships, and our unparalleled global presence.
- We are determined to capture growth opportunities within our end markets, while maintaining a solid profitability.
Long-term financial targets maintained

- 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 expects its net sales for 2012 to grow by 5-10% and its operational profitability (EBIT% before nonrecurring items) to be 10-11%.

These estimates take into account the impact of the Hamworthy acquisition, which is expected to become effective on 31 January 2012.

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