Q2/11 Highlights

- Net sales EUR 1,036 million, -8%
- Order intake EUR 1,170 million, +5%
- Book-to-bill increased to 1.13 (0.99)
- Operating result EUR 117 million, 11.3% of net sales
- Cash flow from operating activities EUR -49 million
- EPS EUR 0.39 (0.43)

Operating result and EPS are shown excluding nonrecurring items. EPS figures have been calculated based on the new amount of shares.
Net sales by business 1-6/2011

- **Ship Power**: 24% (27)
- **Power Plants**: 34% (31)
- **Services**: 42% (42)
Our offering covers all key shipping segments

<table>
<thead>
<tr>
<th>Merchant</th>
<th>Offshore</th>
<th>Cruise and Ferry</th>
<th>Navy</th>
<th>Special Vessels</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image1" alt="Merchant Ship" /></td>
<td><img src="image2" alt="Offshore Ship" /></td>
<td><img src="image3" alt="Cruise Ship" /></td>
<td><img src="image4" alt="Navy Ship" /></td>
<td><img src="image5" alt="Special Vessel" /></td>
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</tbody>
</table>
Dual-fuel engine orders for LNG carries are booked as the joint venture Wärtsilä Hyundai Engine Company Ltd’s order intake. Numbers in brackets are from Q1/2011.
Ship Power market
Contracting activity continued stable

Source: Clarkson Research Services Limited
Ship Power strategy

• **Seek further growth** through offering lifecycle solutions for ship owners and operators

• **Be the leading system integrator** in the ship building industry with further enhancement in our offering and capabilities

• **Complement** the system integration success with the best product sales and delivery process in the marine industry
Delivering total solutions

Target to be the leading system integrator in the ship building industry
Benefits of single-source supply capability:
- Reduced building time and lower costs
- Minimised project risks
- Ship design key to early lifecycle entry

Several significant orders for delivery of total solutions received during January-June 2011 from the Offshore segment
- Scope of supply includes e.g. ship design, propulsion machinery, automation and other equipment
- Several vessels will be equipped with Wärtsilä dual-fuel engines
Short, medium and long term considerations

Fundamentals show risks and opportunities on the short term

- Risks of downturn in global economy are tangible
- High oil prices represent a risk towards global economic growth, however they also stimulate investments in exploration and production for oil and gas
- Expansion of emerging economies continues to support growth of demand for transportation of raw materials and energy

The future brings interesting opportunities

- Ship owners base is shifting
- Good fundamentals for offshore production and exploration
- Increasing interest in the market for gas powered applications
- Increasing focus on energy efficiency and environmental performance
- Changes in trade routes powered by emerging economies
- New vessel types
Target markets and solutions

Flexible base-load power generation
Grid stability and peaking
Industrial self-generation
Solutions for oil and gas industry

Oil, dual-fuel and gas fired power plants
Liquid biofuel power plants
Flexible grid stability power plants
Combined heat & power plants (CHP)
Pumping and compression applications
Power Plants quarterly order intake

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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<tr>
<td>2011</td>
<td>300</td>
<td>150</td>
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<td>300</td>
</tr>
</tbody>
</table>

- Q1: 66% increase from Q4 2010
- Q2: 66% increase from Q4 2010
- Q3: 66% increase from Q4 2010
- Q4: 66% increase from Q4 2010

© Wärtsilä
Power Plants order intake by application

Second quarter development
Total EUR 419 million (253)

- Grid stability & peaking 31% (12)
- Industrial self-generation 37% (28)
- Flexible baseload 33% (55)
- Oil & gas 0% (6)

Order intake by fuel Q2/2011 in MW
- Oil 45%
- Gas 55%

Numbers in brackets are from Q1/2011
Power Plants - Markets remain solid

Quoted MW per Fuel Type

- Natural gas
- Heavy fuel oil
- Others

Share of natural gas is consistently increasing
Power Plants order intake
EMEA regions strongest

Europe 550 (118)
Asia 298 (659)
Americas 199 (499)
Africa and Middle East 440 (216)

Order intake 1-6/2011: 1,487 MW (1,492)
Power Plant Strategy going forward

- Maintain our leading position in HFO power plants by enhancing our value proposition
- Grow strongly in large utility gas power plants by capturing market share from other technologies
- Grow in power plants based on renewables by enabling a wide fuel range
- Grow in oil and gas and emergency power applications by introducing our value proposition to the industry globally
Power Plants market
Gas turbine and engine manufacturers

2008
- Wärtsilä: 3.3
- Ansaldo: 4.2
- Alstom: 5.3
- Other CEs: 2.2
- Other turbines: 5.1

Total market: 92.8 GW

Wärtsilä’s market share: 3.6%

2009
- Wärtsilä: 2.0
- Ansaldo: 1.3
- MHI: 2.0
- Other CEs: 0.9
- Other turbines: 3.9

Total market: 48.5 GW

Wärtsilä’s market share: 4.1%

2010
- Wärtsilä: 3.2
- Ansaldo: 1.8
- Alstom: 1.9
- Other CEs: 1.9
- Other turbines: 3.2

Total market: 56.6 GW

Wärtsilä’s market share: 5.6%

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.
Target to grow strongly in the large utility gas power plants

- Market for gas driven power plants growing
- Ramp down of older coal based generation and uncertainty over nuclear power will increase demand for gas based generation
- Demand increasing also in emerging markets
- Variations in renewable generation and power demand require dynamic and flexible capacity

Turnkey project order from Estonia

- Contract signed with Elering AS, the Estonian transmission system operator
- Order value EUR 129 million, covers two dynamic grid reserve power plants with a total output of 250 MW
- Fast start-up capability enables response to sudden and unexpected drops in electricity supply
- Maintenance agreement to be signed
Wärtsilä Services becomes the most valued business partner by understanding customers’ problems and assembling the appropriate solution to solve them.
Services net sales distribution 1-6/2011

- **Spare parts**: 54% (54)
- **Field service**: 23% (24)
- **Contracts**: 15% (13)
- **Projects**: 8% (9)

Numbers in brackets are from 1-6/2010
Services distribution per business

Net sales distribution
- Ship Power: ~60%
- Power Plants: ~40%

Installed base distribution
- Total 178,865 MW
- Ship Power: ~80%
- Power Plants: ~20%
Services strategy

• Maximize our market share with our present customer base and present portfolio
• Constantly develop our offering proposition with value-enhancing products in existing customer segments
• Grow strongly with service agreements, together with Ship Power and Power Plants
• Become the market leader in our industry in environmental solutions
Development of Power Plants service agreements

- O&M and maintenance agreements
- Power Plants deliveries
- % of delivered MWs
Continued interest in marine service agreements

Target to grow through service agreements
Continued interest in maintenance agreements seen in marine and power plant markets
- Reduction of fixed costs
- Enhanced performance and reliability

Technical management contract signed with Ceres LNG Services Ltd
- Five-year contract, based on Dynamic Maintenance Planning
- Covers twenty-four Wärtsilä 50DF dual-fuel engines in six LNG carriers
- Reduced operating costs through predictive maintenance principles and optimised engine performance
• **Ship Power:** Competition and price pressure among shipbuilding suppliers expected to remain intense. Ship Power order intake expected to be significantly better in 2011 than in 2010.

• **Power Plants:** Recovery in the power generation market expected to continue in 2011. Power Plants’ order intake expected to increase in 2011 compared to the previous year.

• **Services:** While Wärtsilä expects steady demand for power plant services, the overall marine service market is still expected to suffer from overcapacity and the high level of anchored fleet in 2011.
Prospects for 2011 revised

Due to weaker than expected marine service markets and the timing of power plant deliveries, Wärtsilä expects its net sales for 2011 to decline by 0-5% compared to last year.

We reiterate our expectation that operational profitability (EBIT% before nonrecurring items) will be around 11%.
Long-term growth and profitability

- Target to grow faster than global GDP
- Operating profit margin (EBIT%) target 10-14%
- Maintain gearing below 50%
- Target to pay a dividend equivalent to 50% of earnings per share