# WÄRTSILÄ'S
# FINANCIAL STATEMENTS BULLETIN
## JANUARY–DECEMBER 2011

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The annual figures in this financial statements bulletin are audited.

## FOURTH QUARTER 10-12/2011 IN BRIEF

| MEUR | 10-12/2011 | 10-12/2010 | Change |
|---|---|---|---|
| Order intake | 1 250 | 1 003 | 25% |
| Net sales | 1 238 | 1 462 | -15% |
| Operating result (EBIT) | 145 | 159 | -9% |
| % of net sales | 11.7% | 10.9% | |
| Profit before taxes | 131 | 251 | |
| Earnings/share, EUR | 0.48 | 0.50 | |
| Cash flow from operating activities | -71 | 171 | |

## REVIEW PERIOD JANUARY-DECEMBER 2011 IN BRIEF

| MEUR | 1-12/2011 | 1-12/2010 | Change |
|---|---|---|---|
| Order intake | 4 516 | 4 005 | 13% |
| Order book at the end of the period | 4 007 | 3 795 | 6% |
| Net sales | 4 209 | 4 553 | -7.6% |
| Operating result (EBIT) | 469 | 487 | -4% |
| % of net sales | 11.1% | 10.7% | |
| Profit before taxes | 429 | 548 | |
| Earnings/share, EUR | 1.52 | 1.68 | |
| Cash flow from operating activities | 232 | 663 | |
| Interest-bearing net debt at the end of the period | 58 | -165 | |
| Gross capital expenditure | 187 | 98 | |

The operating result and earnings per share are shown excluding non-recurring items. Wärtsilä recognised EUR 7 million (16) of non-recurring items related to restructuring measures during the fourth quarter and EUR 24 million (75) of non-recurring items during the review period January-December 2011. Earnings per share after non-recurring items was 1.44 (1.96).

## MARKET DEVELOPMENT

## POWER PLANTS

### Power plant markets remain solid

Power plant market activity was at a good level in the fourth quarter of 2011, showing a clear rebound in quoted MW levels after the third quarter. Quotations for gas power plants remained on a high level. During the review period, the growing emerging markets continued to invest in new power generation capacity. This created a good level of demand that was evenly spread across the globe. Market activity was strongest in the flexible baseload and industrial self-generation segments.

### Power generation market overview

As energy consumption grows, the need for new power generation equipment increases, as does the demand for replacement equipment for older capacity. Today, the global installed power generation capacity totals approximately 5,400 GW, out of which approximately half is in OECD countries. Going forward, growth is expected to be stronger in the emerging markets, due to increasing industrialisation and rising living standards. The majority of Wärtsilä's Power Plants orders derive from the non-OECD countries. Heavy fuel oil (HFO) has traditionally been the dominant fuel for power generation in emerging markets, but demand for gas driven plants is increasing along with the introduction of a natural gas infrastructure. The industrialised countries have focused on the development of wind power and on increasing the share of natural gas power generation, the target being to ramp down old coal-based installations. In the US, the introduction of shale gas has been rapid, and has made natural gas prices very competitive.

### Power Plants market position

During the period July 2010 - June 2011, the overall market for gas and liquid fuel based power plants grew to approximately 70.1 GW (51.1). This includes all prime mover units of over 5 MW. Wärtsilä's share represents 4.5% of the market (4.8).

## SHIP POWER

### Vessel contracting for specialised tonnage continues to be strong

Vessel contracting activity during the fourth quarter 2011 was approximately at the same level as in the third quarter. A total of 1,192 vessels were contracted in 2011, which represents a decrease of 49% compared to the previous year. However, the investment level in newbuilding of ships is comparable to that of 2010, highlighting a shift towards the contracting of specialised vessels. During 2011, dry and wet cargo trades grew, but the fleet of bulk carriers and tankers grew twice as much as the growth in cargo. This evidences an imbalance between supply and demand that resulted in the slowing down of contracting for traditional merchant ships in 2011.

Contracting activity was robust for specialised vessel types throughout the year. By year-end, 50 contracts for LNG carriers were registered and the dual-fuel solution has proven to be the preferred technology for propulsion in this segment. Vessels used for offshore exploration also experienced very robust contracting activity, with notably 36 contracts for drillships being placed in 2011. In the fourth quarter of 2011, several offshore service vessels (OSV's) were contracted.

China accounts for 44% of contracting in 2011 in terms of number of vessels and 36% in terms of Gross Tonnage compensated with workload (CGT). South Korea accounts for 27% and 45% respectively. Thereby, China continues to be the leading shipbuilding country in terms of number of vessels, while South Korea regained its position as the number one shipbuilder in terms of workload for their shipyards. Notably, Brazilian yards booked a number of orders for offshore vessels, positioning the country in the top five shipbuilders for 2011.

### Ship Power market shares

Wärtsilä's share of the medium-speed main engine market was steady at 46% (at the end of the previous quarter 46%). Its market share in low-speed engines increased to 22% (18). In the auxiliary engine market Wärtsilä's share was 4% (3).

## SERVICES

### Varying development in service markets

In the beginning of the year, service markets appeared to pick up. However, during the summer uncertainty in the global economy began to have an impact on this market development, especially in Europe. By contrast, the Middle East, Asia and the Americas continued to be active. Development was strongest in the power plant and offshore service markets. This is in line with developments in the market conditions and installed base. Development was weaker in the merchant shipping market. At the end of 2011, the installed base of Wärtsilä engines was approximately 180.000 MW's.

## ORDER INTAKE INCREASED

Wärtsilä's order intake for the fourth quarter increased 25% to EUR 1,250 million (1,003). In relation to the previous quarter, Wärtsilä's order intake increased by 12% (EUR 1,118 million in the third quarter of 2011). The book-to-bill ratio for the fourth quarter was 1.01 (0.69).

The order intake for Power Plants in the fourth quarter totalled EUR 464 million (317), which was 47% higher than for the corresponding period last year and stable compared to the previous quarter (EUR 466 million in the third quarter of 2011). During the fourth quarter, Wärtsilä received a 215 MW turnkey project order from the Dominican Republic, and several midsize projects from Bangladesh and Saudi Arabia. All these plants rely on the benefits of Wärtsilä's Smart Power Generation concept.

The fourth quarter order intake for Ship Power totalled EUR 324 million (178), an increase of 83% over the corresponding period last year. Compared to the previous quarter order intake increased by 65% (EUR 196 million in the third quarter of 2011).  During the quarter, order activity was again dominated by Offshore and Special vessels. In the Offshore segment, orders were received for a large range of vessels, including platform supply vessels, seismic vessels and pipe-layers. In October Wärtsilä was awarded a contract to supply a complete LNG propulsion system package for two offshore supply vessels, being the first ever U.S. flagged PSVs fuelled with LNG. In Special vessels the most active sub-segments were Cruise and Fishing. The Offshore segment represented 43% of the fourth quarter order intake, while the Merchant segment share was 26% and Special Vessels 19%. The Cruise & Ferry segment's share of order intake was 7%, Ship Design accounted for 4%, and Navy 1%.

The order intake for Services in the fourth quarter totalled EUR 459 million (510), which was 10% lower than for the corresponding period last year. Compared to the previous quarter, order intake remained stable (EUR 455 million in the third quarter of 2011).

Wärtsilä's order intake for the review period January-December 2011 totalled EUR 4,516 million (4,005), an increase of 13%. The book-to-bill ratio for the review period was 1.07 (0.88).

For the review period January-December 2011, the Power Plants order intake totalled EUR 1,602 million (1,413), a 13% increase compared to the previous year. After a rather slow start, ordering activity picked up towards the year's end. Around 50% of the orders received in terms of MW's were from gas based markets. During 2011, Wärtsilä received two large turnkey project orders from the Dominican Republic, as well as a 250 MW turnkey project order from Estonia and a 180 MW order from South Africa. Several midsize orders were received from Bangladesh and Turkey.

Wärtsilä Ship Power's order intake for January-December 2011 was EUR 1,000 million (657), a significant increase of 52% over the corresponding period last year. Throughout 2011, Offshore and Special Vessels segment orders continued to be active. In line with the Ship Power strategy, Wärtsilä received several significant orders for the delivery of total solutions, including ship design, propulsion machinery, automation and other equipment. Wärtsilä received many orders for dual-fuel engines, thus underlining the company's frontrunner position in gas applications. Dual-fuel orders included several offshore vessels, as well as a significant order for a passenger ferry from the Finnish ship owner Viking Line. The vessel will be the largest passenger vessel ever to operate on LNG. The Offshore segment represented 40% of the total order intake, while the Merchant segment share was 25% and Special Vessels 15%. The Cruise & Ferry segment's share was 10%, Navy represented 7% of the order intake, and Ship Design accounted for 3%.

For the review period January-December 2011, the Services order intake totalled EUR 1,909 million (1,931). During 2011, Wärtsilä was awarded a five-year technical management contract, based on Dynamic Maintenance Planning, covering a total of 24 Wärtsilä 50DF dual-fuel engines installed in six LNG carriers. The contract was placed by the operator of the vessels, Ceres LNG Services Ltd, a Greek ship management company and a major marine services provider in LNG shipping. Wärtsilä also signed its largest ever long-term marine maintenance support agreement. The contract with Royal Caribbean Cruises Ltd covers a wide range of services and 29 vessels with an aggregated output of approximately 1,400 MW.

## Order intake in joint ventures

The joint venture company in South Korea, Wärtsilä Hyundai Engine Company Ltd (WHEC), received orders for dual-fuel engines for 34 LNG carriers in 2011. Total order intake in WHEC and in the Wärtsilä Qiyao Diesel Company Ltd joint venture company in China, producing auxiliary engines, totalled EUR 178 million (4) in the fourth quarter. Order intake for the review period January-December 2011 grew significantly to EUR 394 million (77). Wärtsilä's share of ownership in these companies is 50%, and the profits will be reported as a share of the result of associates and joint ventures.

## Order intake by business

| MEUR | 10-12/2011 | 10-12/2010 | Change |
|---|---|---|---|
| Power Plants | 464 | 317 | 47% |
| Ship Power | 324 | 178 | 83% |
| Services | 459 | 510 | -10% |
| Order intake, total | 1 250 | 1 003 | 25% |

| MEUR | 1-12/2011 | 1-12/2010 | Change |
|---|---|---|---|
| Power Plants | 1 602 | 1 413 | 13% |
| Ship Power | 1 000 | 657 | 52% |
| Services | 1 909 | 1 931 | -1% |
| Order intake, total | 4 516 | 4 005 | 13% |

## Order intake Power Plants

| MW | 10-12/2011 | 10-12/2010 | Change |
|---|---|---|---|
| Oil | 720 | 223 | 224% |
| Gas | 213 | 611 | -65% |

| MW | 1-12/2011 | 1-12/2010 | Change |
|---|---|---|---|
| Oil | 1 647 | 1 797 | -8% |
| Gas | 1 693 | 1 377 | 23% |
| Renewable fuels | 0 | 1 | -100% |

## ORDER BOOK

At the end of the review period, Wärtsilä's total order book stood at EUR 4,007 million (3,795), an increase of 6%. In relation to the previous quarter, Wärtsilä's order book remained stable (EUR 4,042 million at the end of the third quarter of 2011). At the end of the review period the Power Plants order book amounted to EUR 1,536 million (1,299), which is 18% higher than on the same date last year. The Ship Power order book stood at EUR 1,684 million (1,825), a decrease of 8%. The Services order book totalled EUR 786 million (671) at the end of the review period, an increase of 17%.

## Order book by business

| MEUR | 31.12.2011 | 31.12.2010 | Change |
|---|---|---|---|
| Power Plants | 1 536 | 1 299 | 18% |
| Ship Power | 1 684 | 1 825 | -8% |
| Services | 786 | 671 | 17% |
| Order book, total | 4 007 | 3 795 | 6% |

## SALES DECREASED

Wärtsilä's net sales for the fourth quarter decreased by 15% to EUR 1,238 million (1,462). Power Plants' net sales for the fourth quarter totalled 413 million (577), which is 28% lower than in the corresponding quarter last year. Net sales for Ship Power totalled EUR 309 million (371), a decrease of 17%. The fourth quarter Services net sales amounted to EUR 513 million (516), a decrease of 1%.

Wärtsilä's net sales for January-December 2011 decreased by 7.6% to EUR 4,209 million (4,553). This was slightly more than the estimated decrease of 0-5%. The main reason was delayed power plant project deliveries. Power Plants accounted for 32%, Ship Power for 24% and Services for 43% of the total net sales. Net sales for Power Plants totalled EUR 1,365 million (1,525), a decrease of 10%. Ship Power's net sales decreased by 15% and totalled EUR 1,022 million (1,201). Net sales from the Services business amounted to EUR 1,816 million (1,823). Net sales development was good especially in the strategic focus areas of environmental services, electric & automation and propulsion services. However, over 75% of revenues are still derived from engine related services. The merchant market in particular was rather weak. Net sales increased also in Contracts and Projects. Revenues from projects can vary significantly from quarter to quarter.

Of Wärtsilä's net sales for January-December 2011, approximately 68% was EUR denominated, 13% USD denominated, with the remainder being split between several currencies.

## Net sales by business

| MEUR | 10-12/2011 | 10-12/2010 | Change |
|---|---|---|---|
| Power Plants | 413 | 577 | -28% |
| Ship Power | 309 | 371 | -17% |
| Services | 513 | 516 | -1% |
| Net sales, total | 1 238 | 1 462 | -15% |

| MEUR | 1-12/2011 | 1-12/2010 | Change |
|---|---|---|---|
| Power Plants | 1 365 | 1 525 | -10% |
| Ship Power | 1 022 | 1 201 | -15% |
| Services | 1 816 | 1 823 | 0% |
| Net sales, total | 4 209 | 4 553 | -7.6% |

## OPERATING RESULT AND PROFITABILITY

The fourth quarter operating result before non-recurring items was EUR 145 million (159), or 11.7% of net sales (10.9). For the review period January-December 2011, the operating result before non-recurring items was EUR 469 million (487). Profitability (EBIT%) was 11.1% of net sales (10.7), well in line with Wärtsilä's estimate for 2011. Including non-recurring items, the operating result was EUR 445 million or 10.6% of net sales. Wärtsilä recognised EUR 24 million of non-recurring items related to the restructuring measures during the review period January-December 2011.

Financial items amounted to EUR -16 million (-13). Net interest totalled EUR -5 million (-12). Dividends received totalled EUR 3 million (7). Profit before taxes amounted to EUR 429 million (548). Taxes in the reporting period amounted to EUR 136 million (151). The profit for the financial period amounted to EUR 293 million (397). Earnings per share were 1.44 euro (1.96) and equity per share was 8.30 euro (8.30). Return on investment (ROI) was 20.4% (26.0). Return on equity was 17.5% (25.0).

## BALANCE SHEET, FINANCING AND CASH FLOW

Wärtsilä's fourth quarter cash flow from operating activities amounted to EUR -71 million (171). For January-December 2011, the cash flow from operating activities was EUR 232 million (663). Net working capital at the end of the period totalled EUR 285 million (170). Advances received at the end of the period totalled EUR 563 million (616). The increase in net working capital is mainly due to timing of deliveries and advances received and results from normal variation in operations. Cash and cash equivalents at the end of the period amounted to EUR 592 million (776).

Wärtsilä had interest-bearing debt totalling EUR 652 million at the end of December 2011. The total amount of short-term debt maturing within the next 12 months was EUR 167 million, including EUR 70 million of Finnish Commercial Papers. Net interest-bearing loan capital totalled EUR 58 million (-165).

The funding programmes at the end of December 2011 included long-term loans of EUR 485 million, undrawn long-term loans totalling EUR 150 million and unutilised Committed Revolving Credit Facilities totalling EUR 494 million. The funding programs also included Finnish Commercial Paper programmes totalling EUR 700 million.

The solvency ratio was 41.3% (40.8) and gearing was 0.04 (-0.09).

## CAPITAL EXPENDITURE

Gross capital expenditure in the review period totalled EUR 187 million (98), which comprised of EUR 97 million (6) in acquisitions and investments in securities, and EUR 90 million (92) in intangible assets and property, plant and equipment. Depreciation, amortisations and impairment for the review period amounted to EUR 113 million (116).

Maintenance capital expenditure for 2012 will be in line with or slightly above depreciation.

## STRATEGY

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 gas power plants as part of our Smart Power Generation concept, as well as in gas-fuelled engines and related systems for the marine market. We also seek growth in environmental solutions, including scrubbers and ballast water treatment systems. Our strengths are our technological leadership, an integrated product and service offering, our close and long-standing customer relationships, and our unparalleled global presence. Our production and supply chain management serves both our end markets, and we constantly seek ways to maintain cost efficiency and high quality – often in co-operation with leading industrial partners in our key growth markets. Our R&D provides another source of synergies, allowing us to stay at the forefront of technology and innovation in our industry.

We are determined to capture growth opportunities within our end markets, while maintaining a solid profitability.

## STRATEGIC PROJECTS, ACQUISITIONS, JOINT VENTURES AND EXPANSION OF THE NETWORK IN 2011

In November 2011, Wärtsilä inaugurated its new spare parts distribution centre in Kampen, the Netherlands. The Central Distribution Centre integrates eight previously localised spare parts warehouses into one global supply chain operation. It covers the entire material flow, from order confirmation until the point of delivery at the customer's doorstep. The new centre will shorten transportation distances, reduce spare parts traffic between warehouses, and improve management of the entire supply chain. Wärtsilä's total investment in the new distribution centre has been approximately EUR 70 million. Wärtsilä is currently optimising the operations of the distribution centre.

In June, Wärtsilä and Jiangsu CuiXing Marine Offshore Engineering Co. Ltd. agreed to establish a joint venture for the manufacturing of Wärtsilä 26 and Wärtsilä 32 medium-speed marine engines in China. The set up of the joint venture is proceeding according to plan.

In July, Wärtsilä acquired Cedervall, one of the leading manufacturers of shaft seal and bearing systems for the marine industry. This acquisition strengthens Wärtsilä's leading position in the global service market, in line with its strategy. The combination of Wärtsilä's and Cedervall's businesses will create market leadership in oil and water lubricated seals and bearings and sterntubes. The total preliminary consideration of the transaction is EUR 81 million.

During the review period, Wärtsilä continued to expand its Services network. A new workshop was inaugurated in Gdansk, Poland during the second quarter. During the third quarter, a new workshop facility was opened in Helsinki, Finland.

On 22 November 2011, Wärtsilä announced that it had reached agreement with the Board of Hamworthy in regards to a recommended cash offer for the acquisition of Hamworthy, a global provider of specialist equipment and services to the marine, oil & gas and industrial sectors. Under the terms of the acquisition Hamworthy shareholders will receive 825 pence in cash for each Hamworthy share. Hamworthy is listed on the London Stock Exchange's Alternative Investment Market. The acquisition will be effected by means of a Scheme of Arrangement under English law. On 9 January 2012, all the resolutions proposed received the strong support of Scheme Shareholders at both the Court Meeting and General Meeting of Hamworthy plc. The Court sanctioned the Scheme on 26 January 2012. Subject to the Court hearing confirming the associated Reduction of Capital on 30 January 2012, the Scheme is expected to become effective and the control transferred to Wärtsilä on 31 January 2012.

## RESTRUCTURING MEASURES

In 2009, Wärtsilä began the process of adapting its activities to lower demand through various restructuring measures with the aim of reducing approximately 1,800 persons. This target has nearly been reached and the remainder of the reductions will materialise in 2012. It is estimated that the reductions will decrease costs by approximately EUR 130 million. Of these cost savings, about EUR 60 million had materialised by the end of 2010 and about EUR 60 million materialised during 2011. The remainder of the cost savings will materialise in 2012. Wärtsilä anticipates that the majority of these cost savings will be permanent. The total non-recurring costs related to the restructuring will be approximately EUR 150 million, out of which EUR 115 million has been recognised by the end of 2010. In the review period January-December 2011, Wärtsilä recognised EUR 24 million (75) of non-recurring items related to the restructuring measures. The remainder of the restructuring costs will be recognised in 2012.

## PERSONNEL

Wärtsilä had 17,913 (17,528) employees at the end of December 2011. On average, the number of personnel for January-December 2011 totalled 17,708 (18,000). Power Plants employed 855 (835) people. Ship Power employed 999 (969) people, Services 11,168 (11,150) and manufacturing and R&D (Wärtsilä Industrial Operations) 4,091 (4,210) people.

Of Wärtsilä's total number of employees, 20% (19) were located in Finland and 35% (37) elsewhere in Europe. Personnel employed in Asia represented 33% (31).

## MANUFACTURING

During 2011, the focus on moving manufacturing closer to customers in Asia continued.

In June, Wärtsilä CME Zhenjiang Propeller Co. Ltd., the joint venture company of Wärtsilä and Zhenjiang CME Ltd., inaugurated its new manufacturing facilities for Controllable Pitch Propellers (CPP) in Zhenjiang, China. The majority of the new factory's manufacturing equipment was transferred from the Wärtsilä factory in Drunen, the Netherlands, where production was closed in 2010. The first CPP manufactured by Wärtsilä CME Zhenjiang Propeller Co. Ltd. was approved by the classification society and the customer on 4 November 2011.

In July, CSSC Guangzhou Marine Diesel Co. Ltd., a member of the state-owned China State Shipbuilding Corporation, and Wärtsilä jointly signed a license agreement for the manufacturing and sale of Wärtsilä low-speed engines in China. It covers the entire engine portfolio with a power range from 4,300 to 80,000 kW per engine. With the shipbuilding industry being increasingly concentrated in Asia, the local manufacture of Wärtsilä's marine engines is a key element in the company's growth strategy.

In November 2011, Wärtsilä and Doosan Engine Co. Ltd., a member of the South Korean Doosan Group, signed a ten year extension to the licensing agreement for building Wärtsilä low-speed engines. The agreement renewal covers the period from 2012 to 2021.

Activities in Wärtsilä's joint venture with Transmashholding in Russia are proceeding according to plan. The joint venture is preparing to manufacture modern and multipurpose diesel engines, including a new and technically advanced version of the Wärtsilä 20 engine, to be used in shunter locomotives and for various marine and power applications.

## RESEARCH AND DEVELOPMENT, PRODUCT LAUNCHES

In 2011, Wärtsilä's research and development expenses totalled EUR 162 million (141), or 3.8% of net sales and the following major accomplishments were achieved:

During the third quarter, Wärtsilä's dual-fuel engines exceeded three million running hours in both land-based and marine applications. This milestone represents a dual-fuel track record that cannot be matched by any other engine manufacturer. Today, the total number of Wärtsilä dual-fuel engines delivered to both marine and land-based applications is 470. The fuel flexibility of these engines offers numerous tangible benefits, both economic and environmental.

Wärtsilä has successfully tested its new low-speed gas engine technology in trials conducted at the company's facilities in Trieste, Italy. The tests have demonstrated that the engine performance fully complies with the upcoming IMO Tier III nitrogen oxide limits, thereby setting a new benchmark for low-speed engines running on gas. The new test engine is part of Wärtsilä's 2-stroke dual-fuel gas engine technology development programme.

Wärtsilä has strengthened its offering in the mid-size, low-speed engine sector by adding new X62 and X72 engines to its portfolio. The first X62 engine will be available for delivery in September 2013 and the first X72 engine approximately one year later. Wärtsilä successfully started up its new 6-cylinder RT-flex48T engine as well as the first of the new electronically controlled Wärtsilä X35 low-speed engines.

Wärtsilä and Aker Solutions have signed an agreement to jointly develop a new and environmentally sound concept for offshore wind farm installation vessels. Wärtsilä will provide the ship design, electrical power generation, propulsion machinery and high-end automation, whilst Aker Solutions will supply the jacking system. Wärtsilä, together with Aker Solutions, will also offer a 24/7 global support service for maintenance, repairs, and component supply to the vessels. The Wärtsilä engines to be used will be dual-fuel engines capable of operating on liquefied natural gas (LNG).

At the end of 2011, Wärtsilä, together with six partners in Maritime Clean Tech West, a Norwegian industrial network, were awarded approximately EUR 2.4 million from Innovation Norway for a pioneering project where the goal is to test new solutions for energy storage and electrical operation of propulsion systems.

## SUSTAINABLE DEVELOPMENT

Wärtsilä is well positioned to reduce emissions and the use of natural resources, thanks to its various technologies and specialised services. Wärtsilä's R&D efforts continue to focus on the development of advanced environmental technologies and solutions. The company is committed to supporting the UN Global Compact and its principles with respect to human rights, labour, the environment and anti-corruption. Wärtsilä's share is included in several sustainability indices.

## CHANGES IN MANAGEMENT

Mr Björn Rosengren (52) M.Sc. (Tech.), started as the new President and CEO of Wärtsilä Corporation on 1 September 2011. Mr Rosengren succeeded Mr Ole Johansson, who retired at that time.

The following appointments were made within Wärtsilä Corporation's Board of Management, with effect from 1 January 2012:

Mr Kari Hietanen (48) LLM was appointed Group Vice President, Corporate Relations and Legal. Ms Päivi Castrén (53) MSc (Soc.Sc.), was appointed Group Vice President Human Resources and a member of the Board of Management.

## SHARES AND SHAREHOLDERS

The figures in the table below have been adjusted to reflect the increased number of shares resulting from the free share issue approved by Wärtsilä Corporation's Annual General Meeting on 3 March 2011.

## SHARES ON HELSINKI EXCHANGES

| **31.12.2011** | **Number of Shares** | **Number of votes** | **Number of shares traded 1-12/2011** |
|---|---|---|---|
| WRT1V | 197 241 130 | 197 241 130 | 197 186 087 |

| **1.1. - 31.12.2011** | **High** | **Low** | **Average 1)** | **Close** |
|---|---|---|---|---|
| Share price | 29.55 | 15.50 | 26.93 | 22.32 |

1) Trade-weighted average price

| | **31.12.2011** | **31.12.2010** |
|---|---|---|
| Market capitalisation, EUR million | 4 402 | 5 631 |
| Foreign shareholders | 47.0% | 51.0% |

## FLAGGING NOTIFICATIONS

During the review period January-December 2011, Wärtsilä was informed of the following changes in ownership:

On 5 January 2011, BlackRock, Inc. increased its holding in Wärtsilä Corporation. Following the transaction, BlackRock, Inc. owned 4,941,593 shares (the number of shares before the free share issue) or 5.01% of Wärtsilä's share capital and total votes.

On 9 August 2011, BlackRock, Inc. decreased its holding in Wärtsilä Corporation. Following the transaction, BlackRock, Inc. owned 9,838,853 shares or 4.99% of Wärtsilä's share capital and total votes.

## DECISIONS TAKEN BY THE ANNUAL GENERAL MEETING

Wärtsilä's Annual General Meeting held on 3 March 2011 approved the financial statements and discharged the members of the Board of Directors and the company's President & CEO from liability for the financial year 2010. The Meeting approved the Board of Directors' proposal to pay a dividend of EUR 1.75 per share and an extra dividend of EUR 1.00 per share, totalling EUR 2.75 per share. The dividend was paid on 15 March 2011. Adjusted to reflect the increased number of shares resulting from the free share issue, the dividend amounted to EUR 0.88 per share and the extra dividend to EUR 0.50 per share, totalling EUR 1.38 per share.

The Annual General Meeting decided that the Board of Directors shall have nine members. The following were elected to the Board: Ms Maarit Aarni-Sirviö, Mr Kaj-Gustaf Bergh, Mr Alexander Ehrnrooth, Mr Paul Ehrnrooth, Mr Lars Josefsson, Mr Bertel Langenskiöld, Mr Mikael Lilius, Mr Markus Rauramo and Mr Matti Vuoria.

Authorized public accountants KPMG Oy Ab were appointed as the company's auditors for the year 2011.

### Free share issue

The Annual General Meeting decided to approve the free share issue in accordance with the proposal of the Board of Directors. The free share issue was implemented by applying the pre-emptive right of the shareholders so that for each old share one new share was issued. Thereby a total of 98,620,565 new shares were issued. The new shares were registered in the trade register on 8 March 2011.

### Organisation of the Board of Directors

The Board of Directors of Wärtsilä Corporation elected Mikael Lilius as its chairman and Matti Vuoria as the deputy chairman. The Board decided to establish an Audit Committee, a Nomination Committee and a Remuneration Committee. The Board appointed from among its members the following members to the Committees:

### Audit Committee:

Chairman Markus Rauramo, Maarit Aarni-Sirviö, Alexander Ehrnrooth, Bertel Langenskiöld

### Nomination Committee:

Chairman Mikael Lilius, Kaj-Gustaf Bergh, Lars Josefsson, Matti Vuoria

### Remuneration Committee:

Chairman Mikael Lilius, Paul Ehrnrooth, Matti Vuoria

## BOARD OF DIRECTORS' DIVIDEND PROPOSAL

The Board of Directors proposes that a dividend of 0.90 euro per share be paid for the financial year 2011. Wärtsilä's distributable funds at the end of the period totalled EUR 974,384,311.79. The dividend will be paid to shareholders who are registered in the list of shareholders maintained by Euroclear Finland Ltd on the record date, which is 13 March 2012. The dividend payment date proposed by the Board is 20 March 2012. The Annual Report 2011, including the financial review and the review by the Board of Directors, will be available on the company website www.wartsila.com during week 7.

## RISKS AND BUSINESS UNCERTAINTIES

Towards the end of the year 2011, the uncertainty concerning the global economy and the financial markets increased certain risks for Wärtsilä's businesses.

In the Power Plants business, uncertainty in the financial markets may impact the timing of bigger projects.

Uncertainty regarding the global economic situation continues to threaten the outlook for shipping and shipbuilding. Overcapacity is exerting pressure on freight rates, especially in the traditional merchant segments such as bulk carriers and tankers. The main risk for Ship Power is still delays in yard delivery schedules, while difficulties in the financial markets have increased the risk of cancellations.

Increasing risks in the financial markets may have a negative impact on Services' order intake. The tough conditions in the marine merchant markets are also seen as a potential risk, and they could have a negative impact on net sales in 2012.

The annual report for 2011 contains a thorough description of Wärtsilä's risks and risk management.

## MARKET OUTLOOK

The power generation market is expected to remain on a good level in 2012, but due to macroeconomic issues, significant growth is not foreseen. The growing emerging markets will continue to invest in new power generation capacity, which will drive demand - especially in the flexible baseload segment. In the OECD countries, there is still pent-up power sector demand, mainly driven by $CO_2$ neutral generation and the ramp down of older, mainly coal-based generation.

The outlook for vessel contracting activity during 2012 is cautious, with overall levels of contracting expected to be about the same or slightly lower than during 2011. The contracting mix is expected to be in line with that seen in 2011, favouring contracting for specialised vessel segments. The contracting outlook is gloomy for certain ship types, including bulk carriers and tankers, due to overcapacity. The segments with a positive outlook are in line with Wärtsilä's Ship Power strength areas. Contracting for LNG carriers is expected to remain strong compared to historical levels, albeit lower than the level of contracting seen in 2011. The offshore segment continues to present good future contracting opportunities, especially for drilling and floating production units.

There are no major changes in the market outlook for 2012. Overall economic uncertainty still prevails. The best prospects continue to be in the BRIC countries, while conditions are expected to continue to be weakest in Europe. In the short term, development of the active installed base is also expected to be moderate, with the scrapping, layups, slow steaming, and lower utilisation rates of vessels likely to continue. The power plant service market is expected to develop steadily.

## WÄRTSILÄ'S PROSPECTS FOR 2012

Wärtsilä expects its net sales for 2012 to grow by 5-10% and its operational profitability (EBIT% before non-recurring 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.

## WÄRTSILÄ FINANCIAL STATEMENTS BULLETIN 2011

This financial statements bulletin is prepared in accordance with IAS 34 (Interim Financial Reporting) using the same accounting policies and methods of computation as in the annual financial statements for 2011. All figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

## Use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and other information, such as contingent liabilities and the recognition of income and expenses in the income statement. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates.

## IFRS amendments

Of the amended International Financial Reporting Standards (IFRS) and interpretations mandatory as of 1 January 2011 the following are applicable to the Group reporting:

- Amendment to IAS 32 Financial instruments: Presentation - Classification of Rights Issues
- Revised IAS 24 Related Party Disclosures

The adaption of the revised standards and interpretations does not have any material effect on this financial statements bulletin.

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The annual figures in this financial statements bulletin are audited.

## CONSOLIDATED STATEMENT OF INCOME

| MEUR | 2011 | 2010 |
|---|---|---|
| **Net sales** | 4 209 | 4 553 |
| Change in inventories of finished goods & work in progress | 39 | -164 |
| Work performed by the Group and capitalised | 1 | 2 |
| Other operating income | 47 | 52 |
| Material and services | -2 285 | -2 372 |
| Employee benefit expenses | -956 | -948 |
| Depreciation, amortisation and impairment | -113 | -116 |
| Other operating expenses | -506 | -601 |
| Share of result of associates and joint ventures | 8 | 5 |
| **Operating result** | 445 | 412 |
| Dividend income | 3 | 7 |
| Interest income | 13 | 6 |
| Other financial income | 10 | 12 |
| Interest expenses | -18 | -18 |
| Other financial expenses | -23 | -20 |
| Net income from financial assets available-for-sale | | 149 |
| **Profit before taxes** | 429 | 548 |
| Income taxes | -136 | -151 |
| **Profit for the financial period** | 293 | 397 |
| Attributable to: | | |
| Equity holders of the parent company | 283 | 386 |
| Non-controlling interests | 10 | 11 |
| | 293 | 397 |
| Earnings per share attributable to equity holders of the parent company: | | |
| Earnings per share (basic and diluted), EUR | 1,44 | 1,96 |

## STATEMENT OF COMPREHENSIVE INCOME

| | | |
|---|---|---|
| **Profit for the financial period** | 293 | 397 |
| **Other comprehensive income after tax:** | | |
| Exchange rate differences on translating foreign operations | -4 | 17 |
| Financial assets available-for-sale | | |
| fair valuation | 16 | 30 |
| transferred to statement of income | | -110 |
| Cash flow hedges | -23 | -9 |
| Other income/expenses | | 1 |
| **Other comprehensive income** | -12 | -71 |
| **Total comprehensive income for the period** | 281 | 326 |
| Total comprehensive income attributable to: | | |
| Equity holders of the parent company | 270 | 313 |
| Non-controlling interests | 11 | 13 |
| | 281 | 326 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION, ASSETS

| MEUR | 31.12.2011 | 31.12.2010 |
|---|---|---|
| **Non-current assets** | | |
| Goodwill | 616 | 574 |
| Intangible assets | 209 | 205 |
| Property, plant and equipment | 463 | 455 |
| Investment properties | 9 | 11 |
| Investments in associates and joint ventures | 87 | 65 |
| Financial assets available-for-sale | 39 | 18 |
| Interest-bearing investments | 1 | 16 |
| Deferred tax assets | 119 | 122 |
| Other receivables | 33 | 16 |
| | 1 577 | 1 483 |
| **Current assets** | | |
| Inventories | 1 222 | 1 244 |
| Interest-bearing receivables | 1 | 1 |
| Trade receivables | 877 | 860 |
| Income tax receivables | 38 | 26 |
| Other receivables | 294 | 305 |
| Cash and cash equivalents | 592 | 776 |
| | 3 023 | 3 213 |
| **Total assets** | 4 600 | 4 696 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION, EQUITY AND LIABILITIES

| MEUR | 31.12.2011 | 31.12.2010 |
|---|---|---|
| **Equity** | | |
| Share capital | 336 | 336 |
| Share premium | 61 | 61 |
| Translation differences | 2 | 8 |
| Fair value reserve | 5 | 12 |
| Retained earnings | 1 233 | 1 221 |
| Total equity attributable to equity holders of the parent | 1 636 | 1 638 |
| Non-controlling interests | 30 | 26 |
| **Total equity** | 1 666 | 1 664 |
| **Liabilities** | | |
| **Non-current liabilities** | | |
| Interest-bearing debt | 485 | 572 |
| Deferred tax liabilities | 69 | 70 |
| Pension obligations | 39 | 40 |
| Provisions | 52 | 45 |
| Advances received | 120 | 104 |
| | 765 | 831 |
| **Current liabilities** | | |
| Interest-bearing debt | 167 | 56 |
| Provisions | 215 | 233 |
| Advances received | 443 | 511 |
| Trade payables | 348 | 366 |
| Income tax liabilities | 55 | 105 |
| Other liabilities | 941 | 929 |
| | 2 169 | 2 201 |
| **Total liabilities** | 2 934 | 3 032 |
| **Total equity and liabilities** | 4 600 | 4 696 |

## CONSOLIDATED STATEMENT OF CASH FLOWS

| MEUR | 2011 | 2010 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| Profit for the financial period | 293 | 397 |
| Adjustments: | | |
| Depreciation, amortisation and impairment | 113 | 116 |
| Financial income and expenses | 16 | 13 |
| Selling profit and loss of fixed assets and other changes | -6 | -147 |
| Share of result of associates and joint ventures | -8 | -5 |
| Income taxes | 136 | 151 |
| Cash flow before changes in working capital | 544 | 526 |
| **Changes in working capital:** | | |
| Assets, non-interest-bearing, increase (-) / decrease (+) | 3 | 132 |
| Inventories, increase (-) / decrease (+) | 33 | 379 |
| Liabilities, non-interest-bearing, increase (+) / decrease (-) | -125 | -141 |
| Changes in working capital | -88 | 370 |
| **Cash flow from operating activities before financial items and taxes** | 456 | 896 |
| **Financial items and taxes:** | | |
| Interest and other financial income | 25 | 11 |
| Interest and other financial expenses | -49 | -72 |
| Income taxes paid | -199 | -173 |
| Financial items and paid taxes | -224 | -233 |
| **Cash flow from operating activities** | 232 | 663 |
| **Cash flow from investing activities:** | | |
| Investments in shares and acquisitions | -91 | -6 |
| Investments in property, plant and equipment and intangible assets | -90 | -92 |
| Proceeds from sale of property, plant and equipment and intangible assets | 9 | 9 |
| Proceeds from sale of financial assets available-for-sale | 3 | 173 |
| Loan receivables, increase (-) / decrease (+) and other changes | | -13 |
| Dividends received | 3 | 8 |
| **Cash flow from investing activities** | -166 | 79 |
| **Cash flow after investing activities** | 66 | 742 |
| **Cash flow from financing activities:** | | |
| Proceeds from non-current borrowings | | 37 |
| Repayments and other changes in non-current loans | -50 | -78 |
| Loan receivables, increase (-) / decrease (+) | 2 | 2 |
| Current loans, increase (+) / decrease (-) | 79 | -2 |
| Dividends paid | -279 | -175 |
| **Cash flow from financing activities** | -247 | -216 |

| | | |
|---|---|---|
| **Change in cash and cash equivalents, increase (+) / decrease (-)** | -181 | 525 |
| Cash and cash equivalents at beginning of period | 776 | 244 |
| Exchange rate changes | -3 | 7 |
| Cash and cash equivalents at end of period | 592 | 776 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| **MEUR** | **Total equity attributable to equity holders of the parent** | | | | | **Non-controlling interests** | **Total equity** |
|---|---|---|---|---|---|---|---|
| | **Share capital** | **Share premium** | **Trans-lation differ-ence** | **Fair value reserve** | **Retained earnings** | | |
| Equity on 1 January 2010 | 336 | 61 | -6 | 99 | 1 006 | 16 | 1 512 |
| Translation differences | | | 14 | | | 1 | 15 |
| Other changes | | | | | 2 | -1 | 1 |
| Financial assets available-for-sale | | | | | | | |
| net change in fair value, net of taxes | | | | 30 | | | 30 |
| transferred to statement of income, net of taxes | | | | -110 | | | -110 |
| Cash flow hedges | | | | | | | |
| net change in fair value, net of taxes | | | | 6 | | | 6 |
| transferred to statement of income, net of taxes | | | | -13 | | | -12 |
| **Comprehensive income** | | | 14 | -87 | 2 | 1 | -71 |
| Profit for the financial period | | | | | 386 | 11 | 397 |
| **Total comprehensive income for the period** | | | 14 | -87 | 387 | 12 | 326 |
| Dividends paid | | | | | -173 | -2 | -175 |
| **Equity on 31 December 2010** | **336** | **61** | **8** | **12** | **1 221** | **26** | **1 664** |
| Translation differences | | | -6 | | | 2 | -4 |
| Financial assets available-for-sale | | | | | | | |
| net change in fair value, net of taxes | | | | 16 | | | 16 |
| Cash flow hedges | | | | | | | |
| net change in fair value, net of taxes | | | | -12 | | | -12 |
| transferred to statement of income, net of taxes | | | | -11 | | | -11 |
| **Comprehensive income** | | | -6 | -7 | | 1 | -12 |
| Profit for the financial period | | | | | 283 | 10 | 293 |
| **Total comprehensive income for the period** | | | -6 | -7 | 283 | 11 | 281 |
| Dividends paid | | | | | -271 | -8 | -279 |
| **Equity on 31 December 2011** | **336** | **61** | **2** | **5** | **1 233** | **30** | **1 666** |

## GEOGRAPHICAL AREAS

| MEUR | Europe | Asia | Americas | Other | Total |
|---|---|---|---|---|---|
| Net sales 2011 | 1 249 | 1 594 | 845 | 520 | 4 209 |
| Net sales 2010 | 1 266 | 1 754 | 1 034 | 499 | 4 553 |

## INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT

| MEUR | 2011 | 2010 |
|---|---|---|
| **Intangible assets** | | |
| Carrying amount at 1 January | 780 | 779 |
| Changes in exchange rates | 5 | 20 |
| Acquisitions | 64 | |
| Additions | 21 | 17 |
| Amortisation and impairment | -44 | -42 |
| Disposals and reclassifications | -1 | 6 |
| **Carrying amount at end of period** | 826 | 780 |
| | | |
| **Property, plant and equipment** | | |
| Carrying amount at 1 January | 466 | 457 |
| Changes in exchange rates | 4 | 14 |
| Acquisitions | 15 | |
| Additions | 69 | 75 |
| Depreciation and impairment | -69 | -73 |
| Disposals and reclassifications | -10 | -6 |
| **Carrying amount at end of period** | 472 | 466 |

## GROSS CAPITAL EXPENDITURE

| MEUR | 2011 | 2010 |
|---|---|---|
| Investments in securities and acquisitions | 97 | 6 |
| Intangible assets and property, plant and equipment | 90 | 92 |
| **Total** | 187 | 98 |

## ACQUISITIONS IN 2011

On August 31, 2011 Wärtsilä obtained control of Cedervall, one of the leading manufacturers of shaft seal and bearing systems for the marine industry, by acquiring 100% of shares and voting interests in the company.

Taking control of Cedervall will enable Wärtsilä to strengthen its leading position in the global marine service market, in-line with Wärtsilä strategy. The combination of Wärtsilä's and Cedervall's businesses will create the market leader for oil and water lubricated seals and bearings, as well as for stern tubes.

The acquisition cost is calculated on the basis of the Cedervall's preliminary balance sheet as per 31 August, 2011 which is prepared, essentially, in accordance with IFRSs and Wärtsilä Group's accounting principles.

The total preliminary consideration of the transaction is EUR 81 million and the amount will be revised after the final closing of the accounts. The acquisition does not include any additional consideration.

The preliminary goodwill of EUR 40 million reflects the value of know-how and expertise in marine seal and bearing systems as well as widened propulsion line product portfolio offering Wärtsilä to strengthen its total propulsion solutions. The goodwill recognised for Cedervall is not tax deductible.

The following table summarise the consideration paid for Cedervall and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date. The below mentioned acquisition consideration and the fair values at August 31, 2011 are preliminary as the finalisation of the final closing of the accounts is still ongoing.

| **Total consideration** | **MEUR** |
|---|---|
| Cash | 81 |
| **Total consideration transferred** | **81** |

| **Cash flow from the acquisition** | **MEUR** |
|---|---|
| Consideration paid in cash | 81 |
| Cash and cash equivalents of the acquired companies | -6 |
| **Total cash flow from the acquisition** | **75** |

| **The assets and liabilities arising from the acquisition are as follows:** | **MEUR** |
|---|---|
| Intangible assets | 23 |
| Property, plant and equipment | 15 |
| Inventories | 7 |
| Trade and other receivables | 6 |
| Cash and cash equivalents | 6 |
| **Total assets** | **56** |
| | |
| Provisions | 1 |
| Interest-bearing liabilities | 1 |
| Trade and other liabilities | 6 |
| Deferred tax liabilities | 8 |
| **Total** | **16** |

According to the preliminary valuation of the fair value of the net assets (including technology, customer relations, trademarks and valuation of order book) amounted to EUR 41 million.

The fair value of current trade receivables and other receivables is EUR 6 million and includes trade receivables with a fair value of EUR 5 million. The fair value of trade receivables does not include any significant risk.

The Group incurred during the third quarter acquisition-related costs of EUR 1 million related to external legal fees and due diligence costs. The total acquisition-related costs are estimated to be approximately EUR 1 million. The costs have been included in the other operating expenses in the consolidated statement of income.

The net sales included in the condensed income statement since August 31, 2011 contributed by Cedervall companies was EUR 9 million and operating profit EUR 2 million.

Had Cedervall been consolidated form January 1, 2011, the condensed income statement would show net sales of EUR 4,231 million and operating profit EUR 448 million.

## INTEREST-BEARING LOAN CAPITAL

| MEUR | 2011 | 2010 |
|---|---|---|
| Non-current liabilities | 485 | 572 |
| Current liabilities | 167 | 56 |
| Loan receivables | -2 | -17 |
| Cash and cash equivalents | -592 | -776 |
| **Net** | 58 | -165 |

## FINANCIAL RATIOS

| | 2011 | 2010 |
|---|---|---|
| Total equity attributable to equity holders of the parent | 1,44 | 1,96 |
| Equity per share, EUR | 8,30 | 8,30 |
| Solvency ratio, % | 41,3 | 40,8 |
| Gearing | 0,04 | -0,09 |

## PERSONNEL

| | 2011 | 2010 |
|---|---|---|
| On average | 17 708 | 18 000 |
| At end of period | 17 913 | 17 528 |

## CONTINGENT LIABILITIES

| MEUR | 2011 | 2010 |
|---|---|---|
| Mortgages | 57 | 59 |
| Chattel mortgages | 41 | 18 |
| **Total** | 98 | 77 |
| | | |
| Guarantees and contingent liabilities | | |
| on behalf of Group companies | 903 | 623 |
| on behalf of associated companies | 10 | 9 |
| Nominal amount of rents according | | |
| to leasing contracts | 64 | 74 |
| **Total** | 976 | 706 |

## NOMINAL VALUES OF DERIVATIVE INSTRUMENTS

| MEUR | Total amount | of which closed |
|---|---|---|
| Interest rate swaps | 20 | |
| Foreign exchange forward contracts | 1 306 | 291 |
| Currency options, purchased | 108 | 18 |
| Currency options, written | 96 | 18 |

## CONDENSED STATEMENT OF INCOME, QUARTERLY

| MEUR | 10–12/2011 | 7–9/2011 | 4–6/2011 | 1–3/2011 | 10–12/2010 | 7–9/2010 |
|---|---|---|---|---|---|---|
| Net sales | 1 238 | 851 | 1 036 | 1 083 | 1 462 | 1 039 |
| Other operating income | 13 | 20 | 4 | 10 | 21 | 13 |
| Expenses | -1 086 | -758 | -906 | -956 | -1 313 | -910 |
| Depreciation, amortisation and impairment | -29 | -27 | -28 | -29 | -29 | -29 |
| Share of result of associates and joint ventures | 2 | 2 | 1 | 3 | 2 | 2 |
| Operating result | 138 | 88 | 108 | 111 | 143 | 114 |
| Financial income and expenses | -6 | -5 | | -4 | -10 | -6 |
| Net income from financial assets available for sale | | | | | 117 | 32 |
| Profit before taxes | 131 | 83 | 108 | 107 | 251 | 140 |
| Income taxes | -39 | -30 | -35 | -31 | -71 | -35 |
| Profit for the financial period | 92 | 53 | 73 | 76 | 179 | 104 |
| | | | | | | |
| Attributable to: | | | | | | |
| Owners of the parent | 89 | 51 | 70 | 74 | 176 | 101 |
| Non-controlling interests | 3 | 3 | 2 | 2 | 4 | 3 |
| Total | 92 | 53 | 73 | 76 | 179 | 104 |
| | | | | | | |
| Earnings per share attributable to equity holders of the parent company: | | | | | | |
| Earnings per share, EUR | 0,45 | 0,26 | 0,35 | 0,38 | 0,89 | 0,51 |

## SUBSEQUENT EVENTS

On 22 November 2011, Wärtsilä announced that it had reached agreement with the Board of Hamworthy in regards to a recommended cash offer for the acquisition of Hamworthy. Further information on the Hamworthy acquisition can be found in the section Strategic projects, acquisitions, joint-ventures and expansion of the network in 2011.

## CALCULATION OF FINANCIAL RATIOS

**Earnings per share (EPS)**

$$\frac{\text{Profit for the financial period attributable to equity holders of the parent company}}{\text{Adjusted number of shares over the financial period}}$$

**Equity per share**

$$\frac{\text{Equity attributable to equity holders of the parent company}}{\text{Adjusted number of shares at the end of the financial period}}$$

**Solvency ratio**

$$\frac{\text{Equity}}{\text{Total equity and liabilities - advances received}} \times 100$$

**Gearing**

$$\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Equity}}$$

**Return on investment (ROI)**

$$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total equity and liabilities – non-interest-bearing liabilities – provisions, average over the year}} \times 100$$

**Return on equity (ROE)**

$$\frac{\text{Profit for the financial period}}{\text{Equity, average over the year}} \times 100$$

26 January 2012
Wärtsilä Corporation
Board of Directors