

# **WÄRTSILÄ CORPORATION**

**INTERIM REPORT JANUARY-SEPTEMBER 2009**

**OLE JOHANSSON, PRESIDENT & CEO**

**22 OCTOBER 2009**

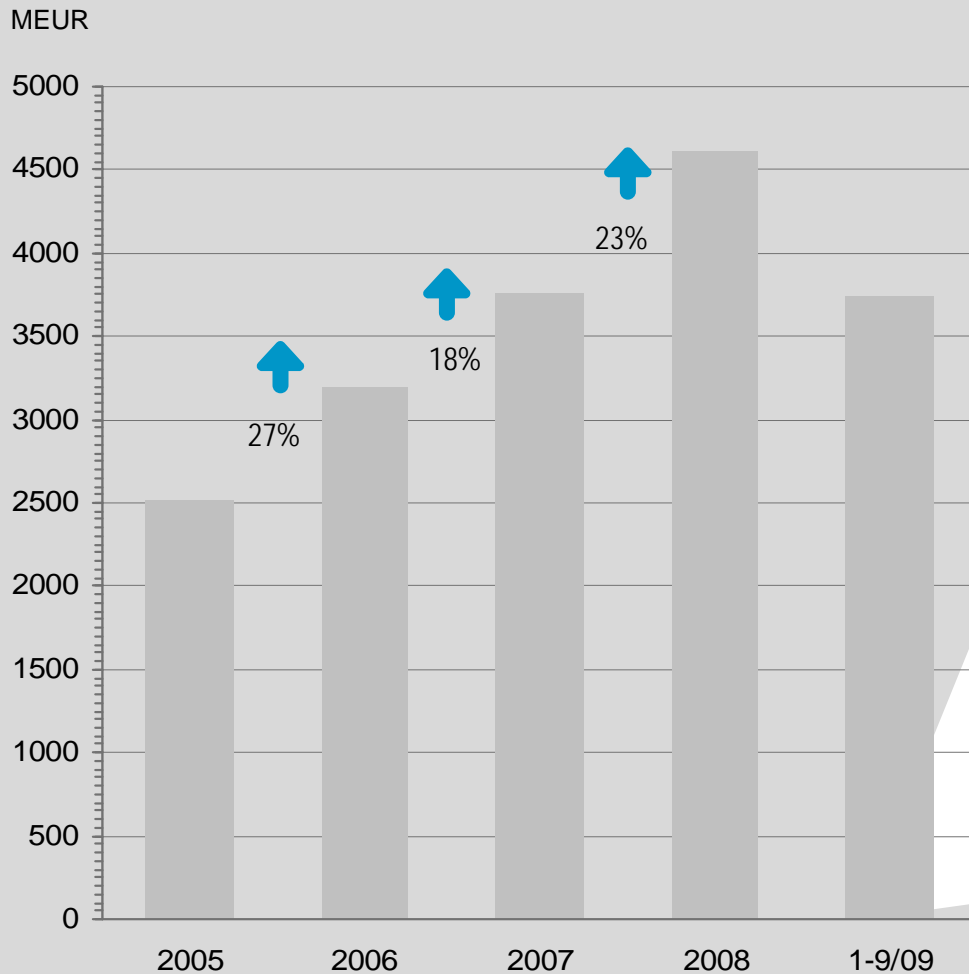


# Q3/09 Highlights

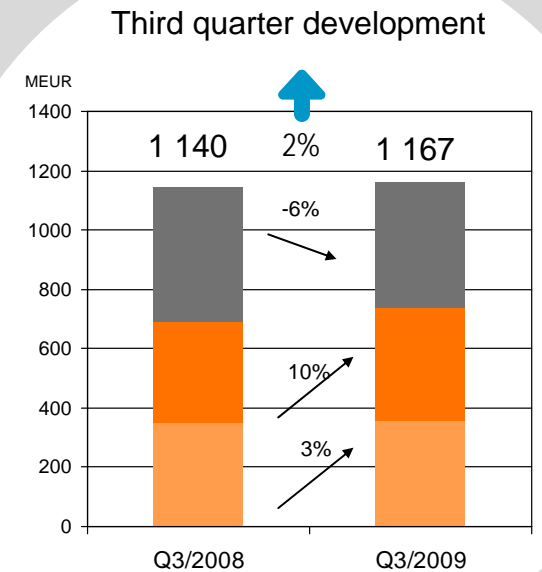


- Net sales EUR 1,167 million (+2%)
- Operating result 133 million (+9%), 11.4% of net sales
- EPS EUR 0.87 (0.97)
- Order intake EUR 725 million (-48%)
- Cash flow from operating activities EUR 214 million (49)

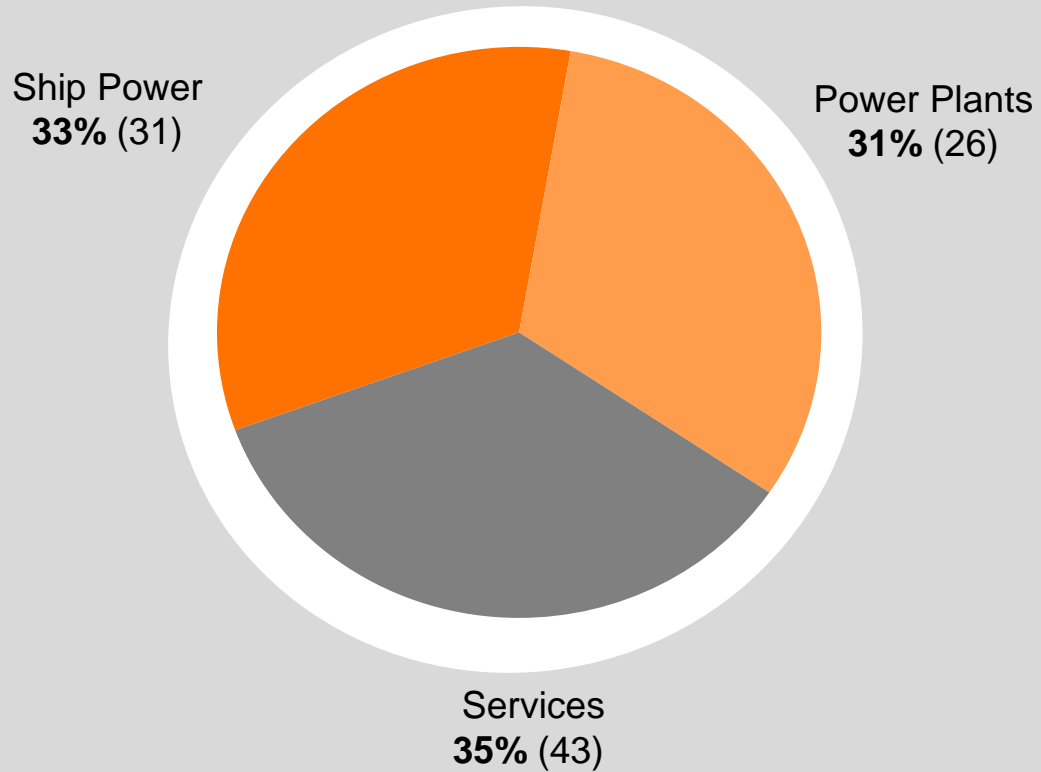
# Net sales on a good level



● Net sales ● Power Plants ● Ship Power ● Services

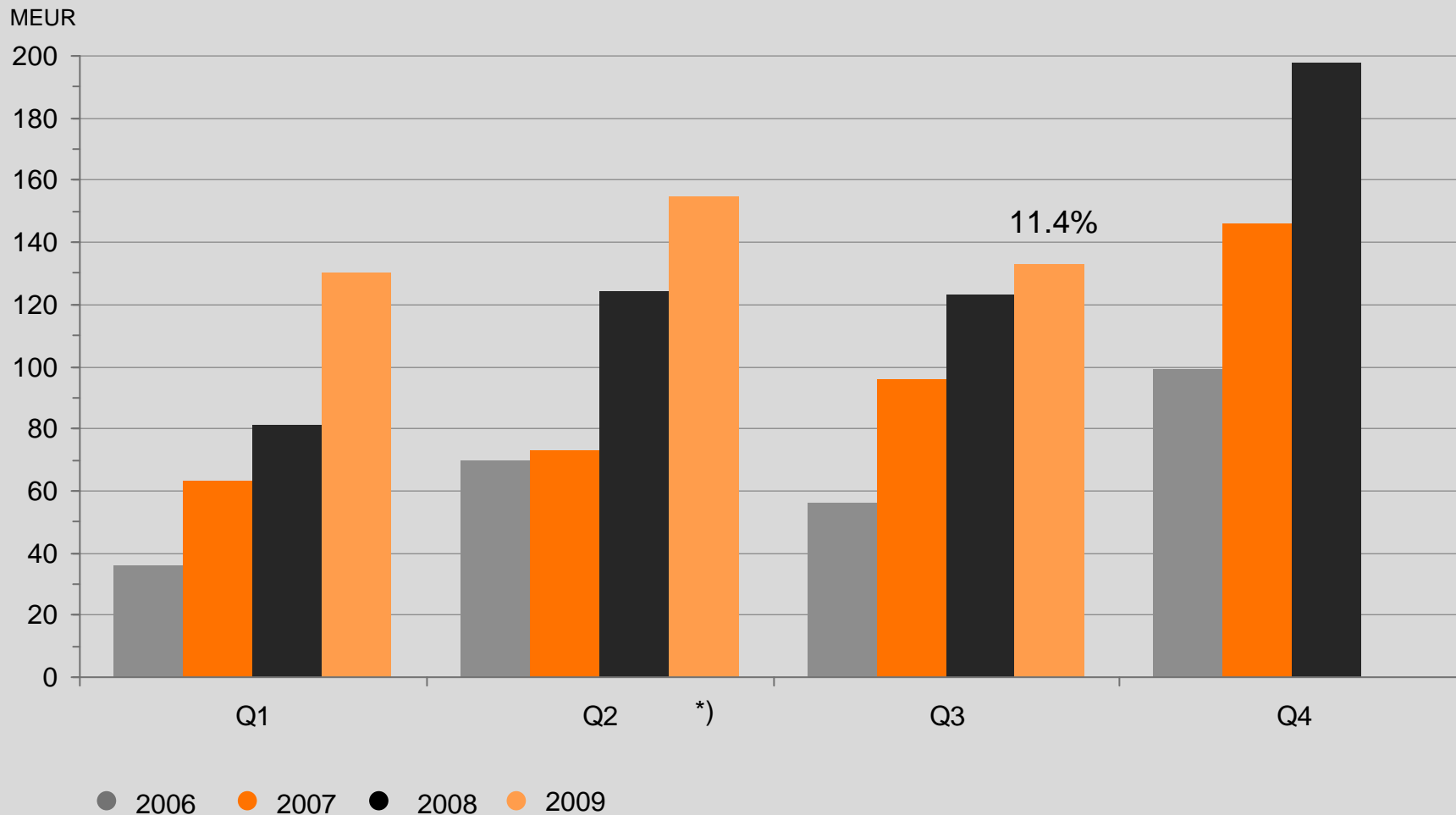


# Net sales by business 1-9/09



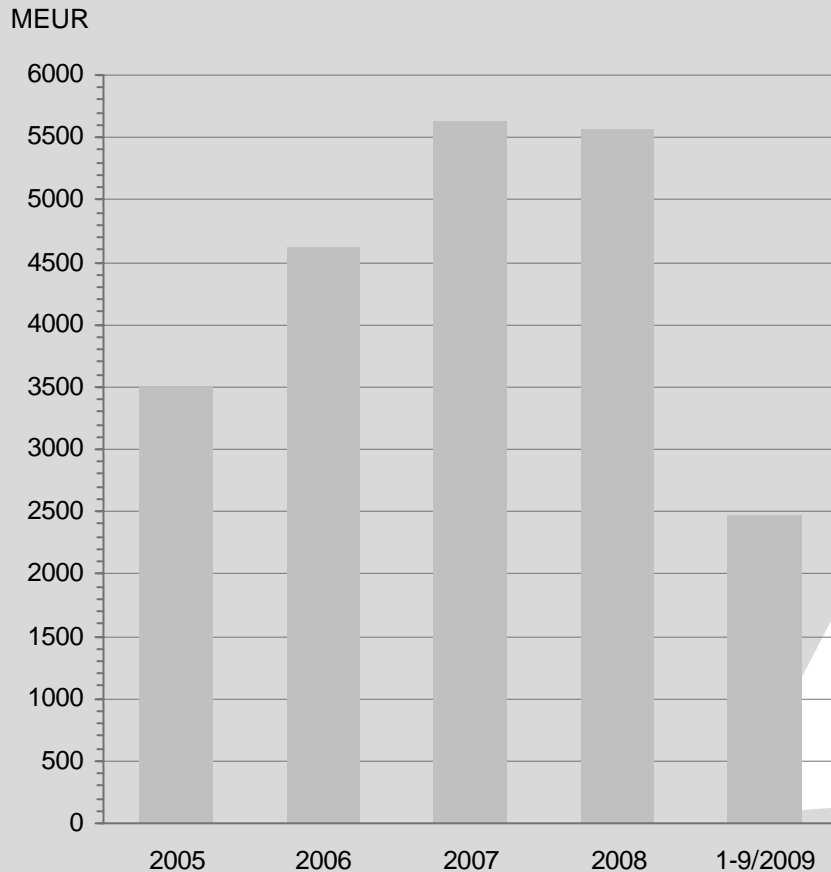
Total EUR 3,741 million (3,082)

# Operating profit developed according to plan

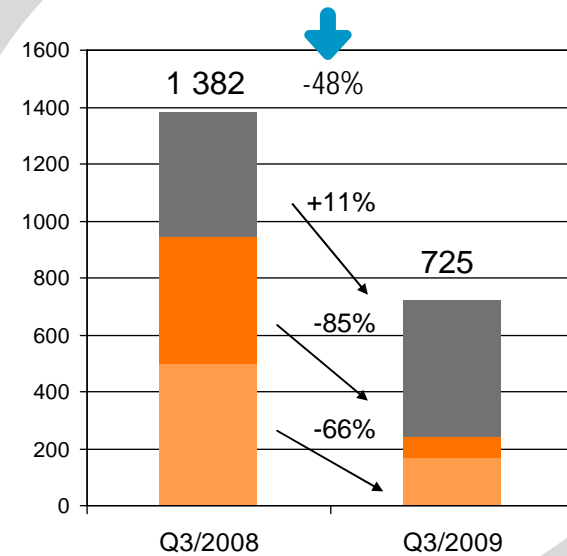


\*) Operating result before EUR 6 million nonrecurring restructuring items

# Order intake

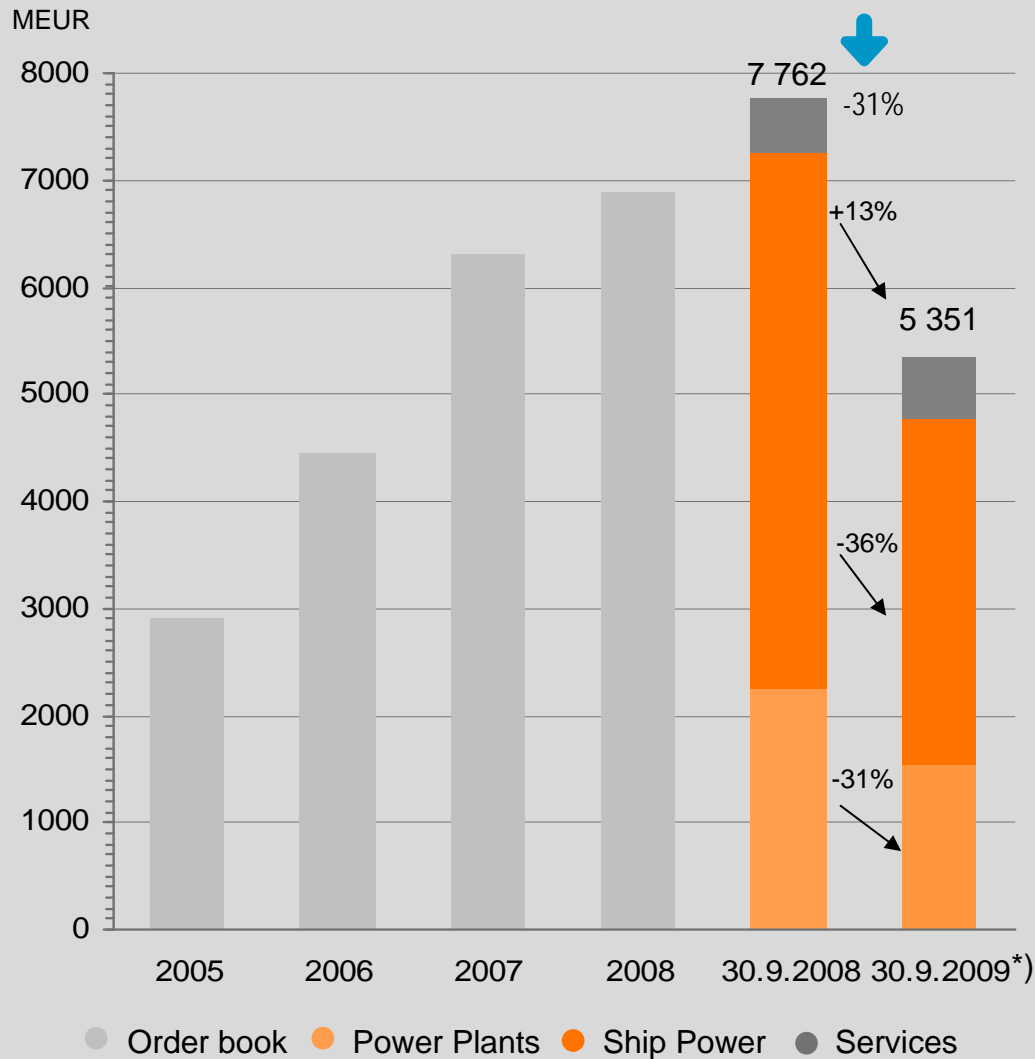


Third quarter development



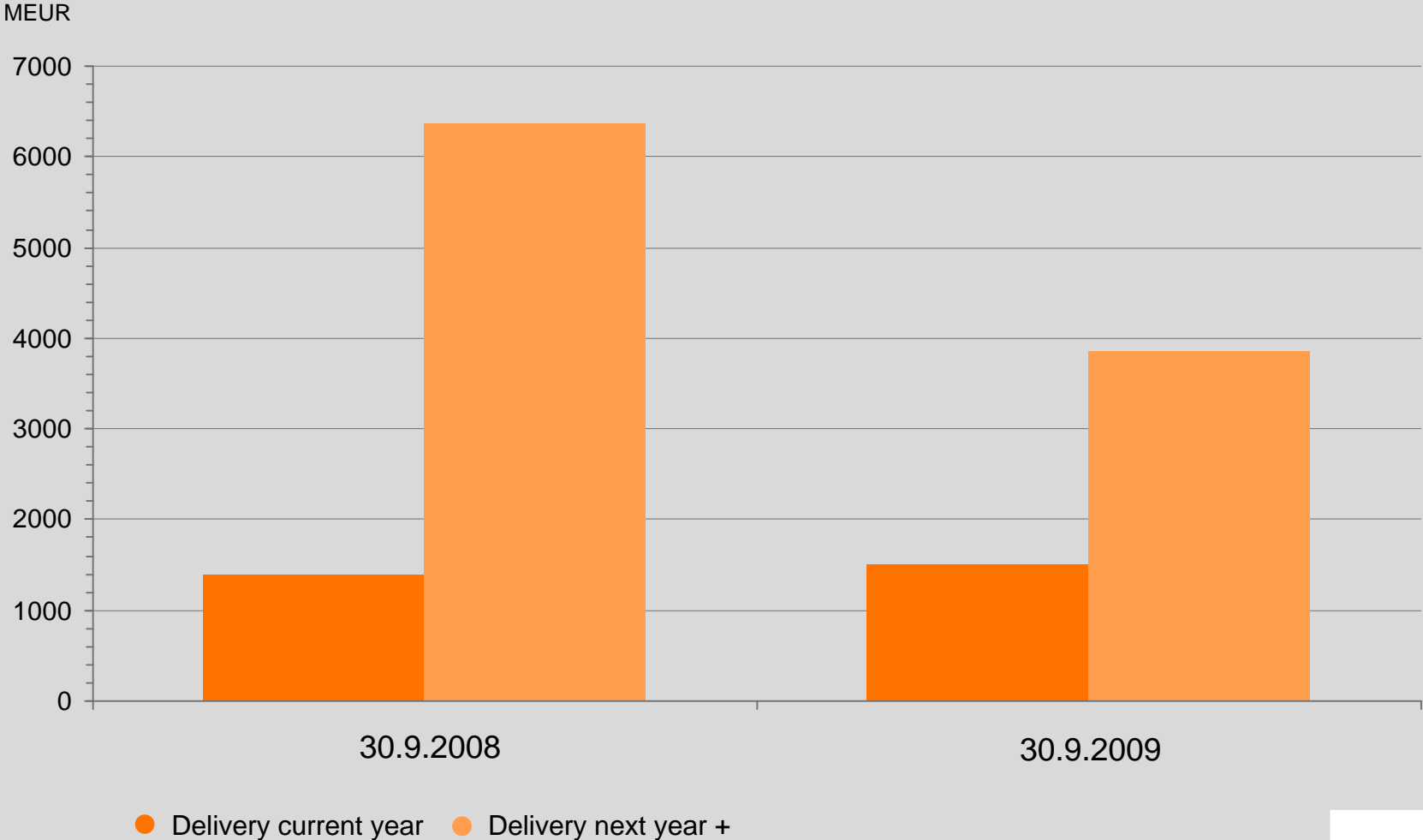
● Order intake ● Power Plants ● Ship Power ● Services

# Order book



\*) Cancellations amounting to EUR 279 million have been deducted from the order book during the review period. Wärtsilä sees a cancellation risk of approximately EUR 650 million.

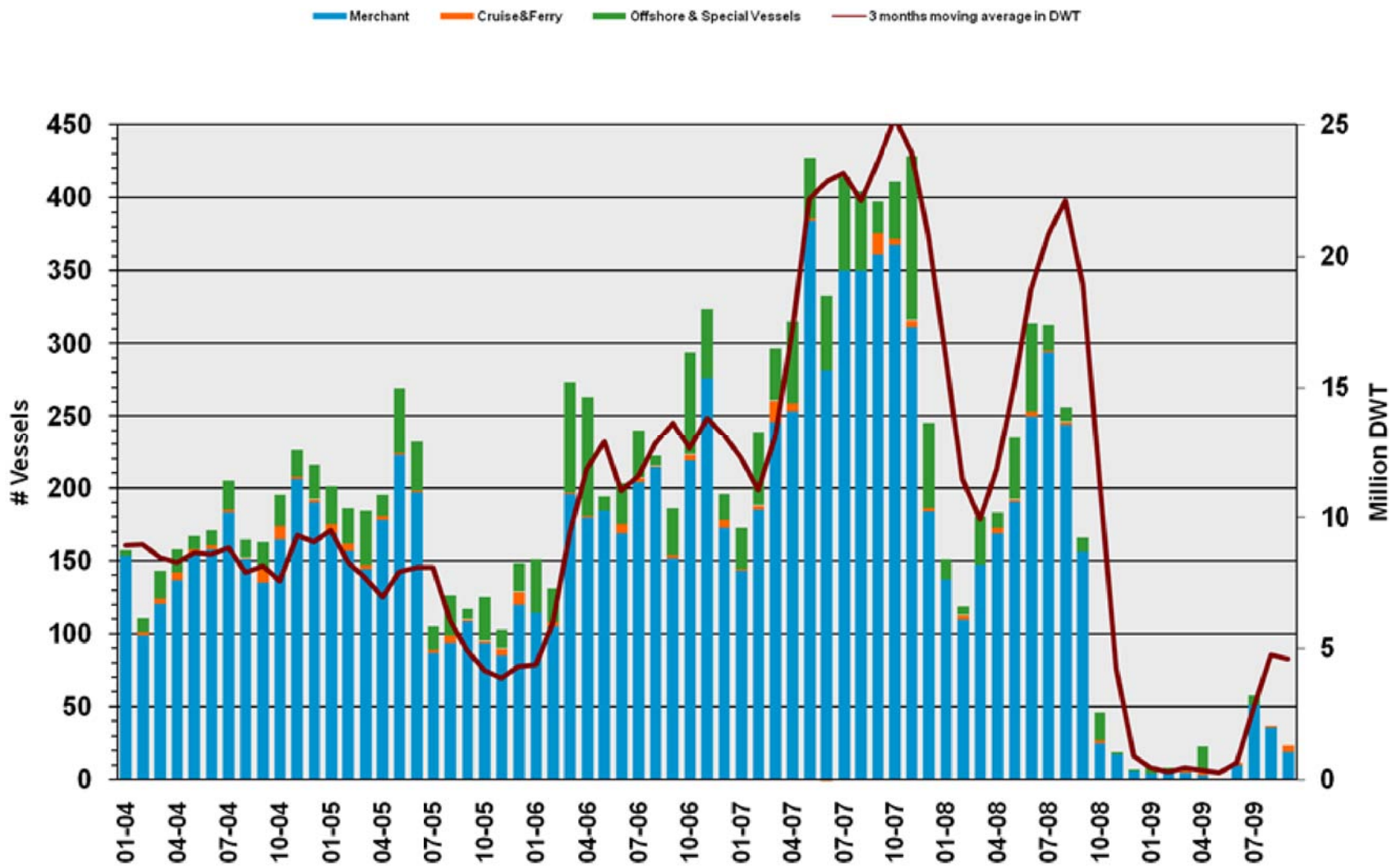
# Order book distribution





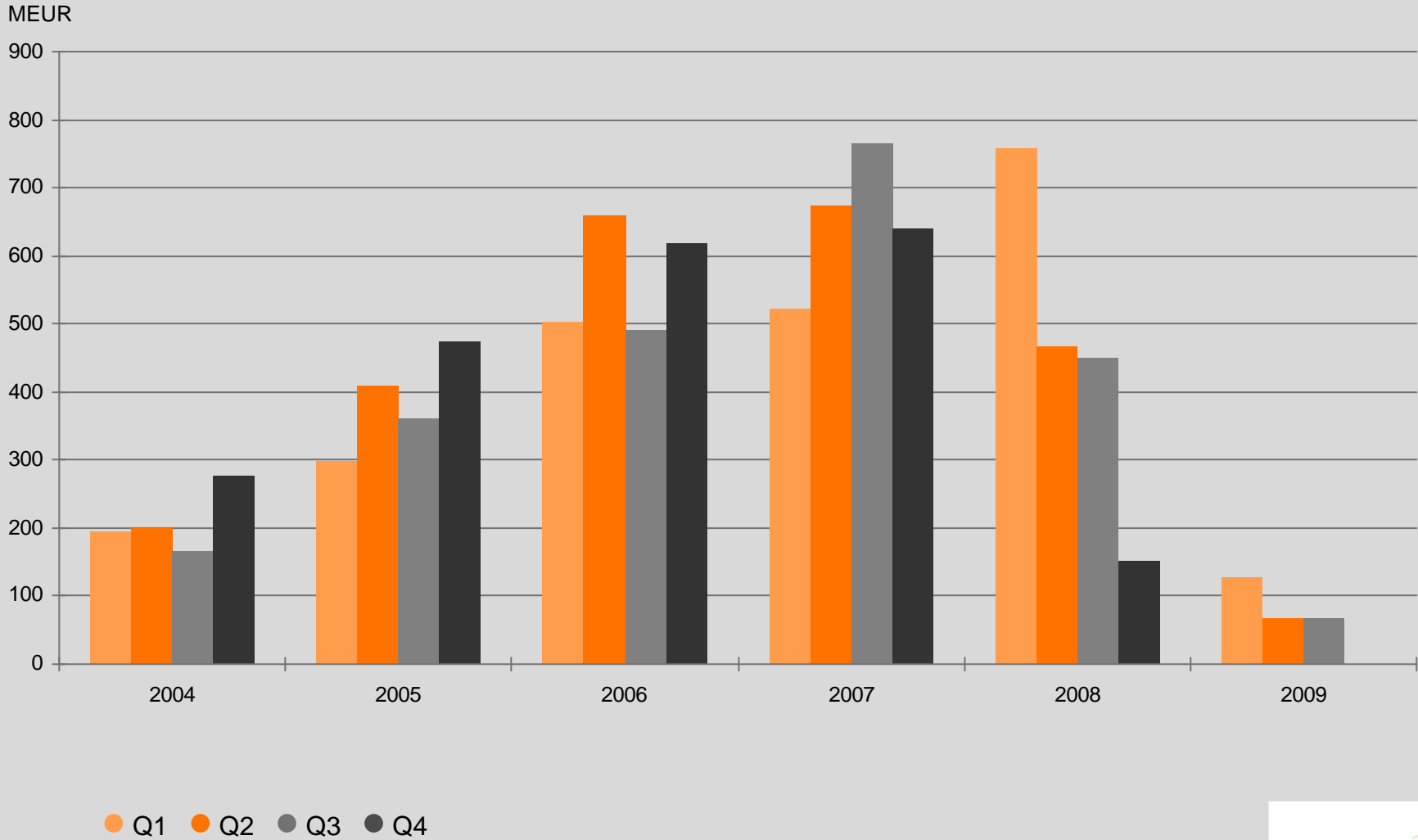
# Ship Power market

## Market challenges continue



Source: Clarkson Research Services Limited

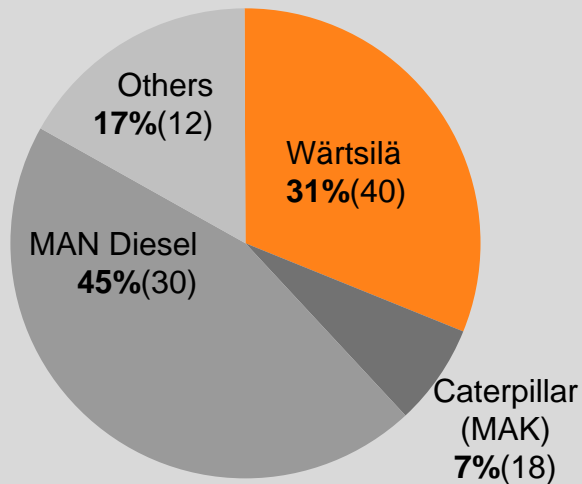
# Ship Power quarterly order intake



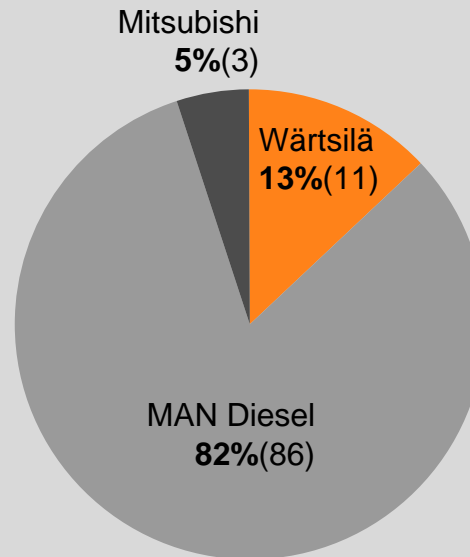
# Ship Power market

## Market position of Wärtsilä's marine engines

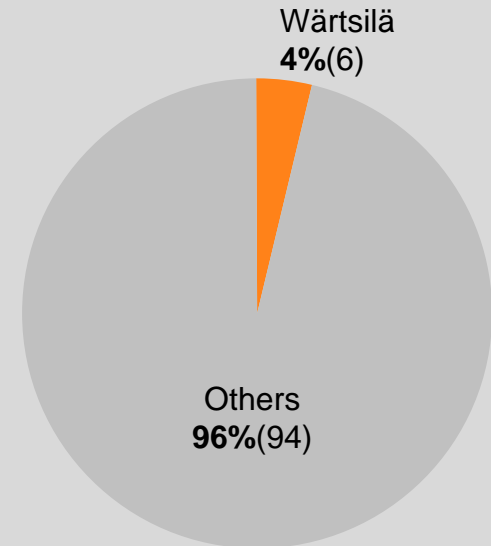
Medium-speed main engines



Low-speed main engines



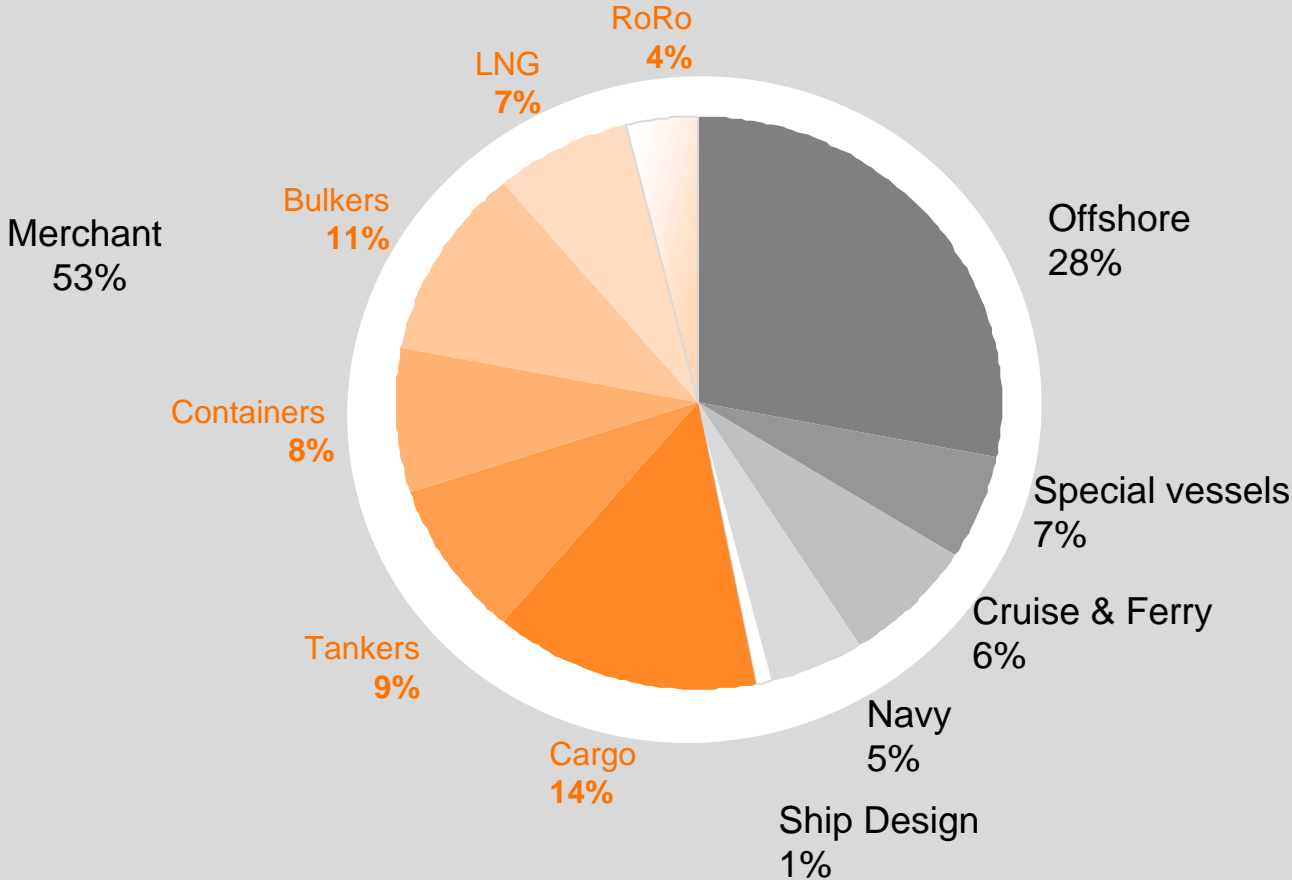
Auxiliary engines



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 September 30, 2009

All vessel segments represented



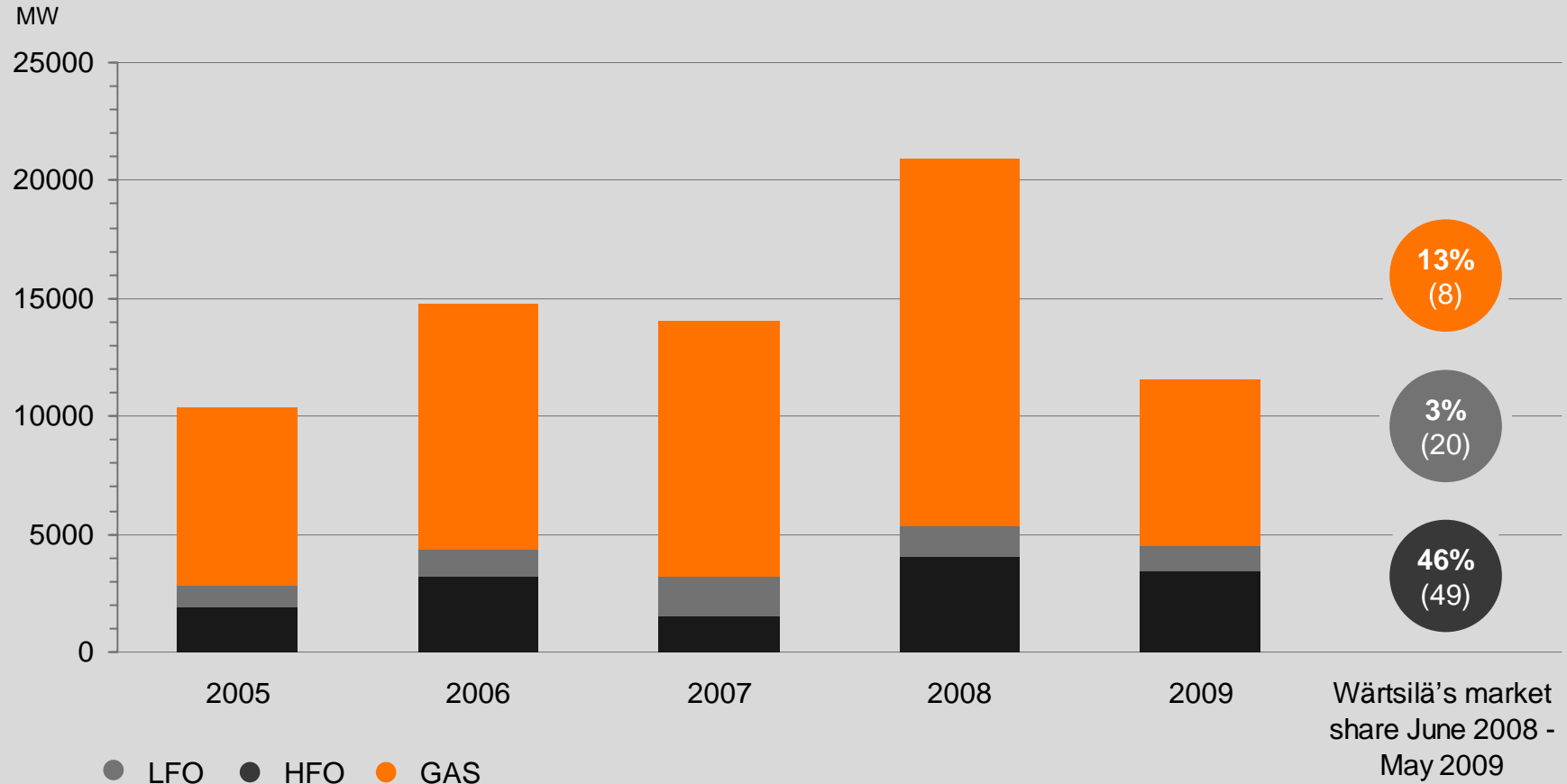
Total EUR 3,230 million (5,010)



# Power Plant markets

## Market development and market shares

### Target markets per fuel 2005 - 2009

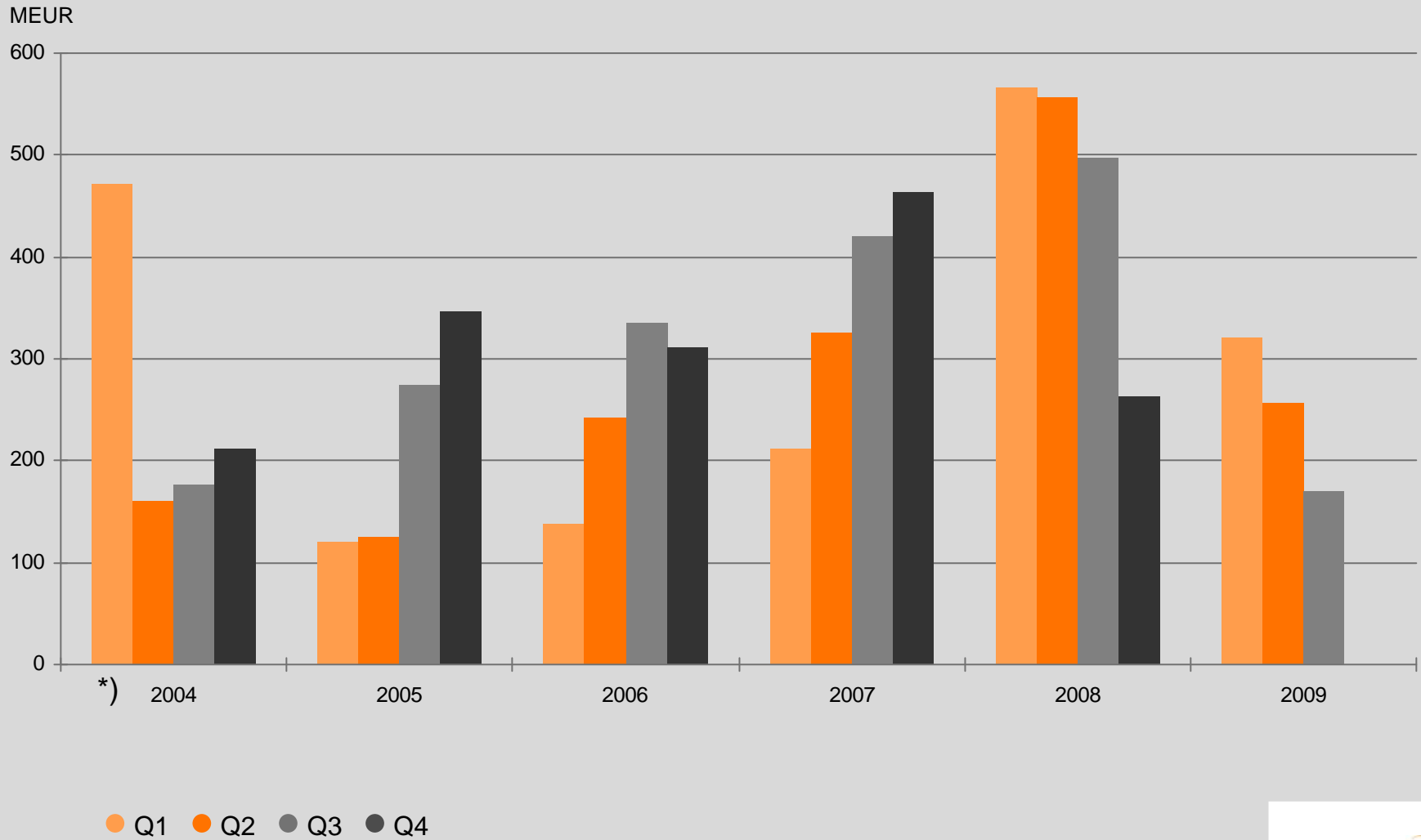


Note I: Wärtsilä's gas power plant target markets have changed after the review period 2005, when Wärtsilä stopped manufacturing and selling high speed engines (power range < 3.5 MW)

Note II: The LFO figure from 2006 onwards includes liquid biofuels

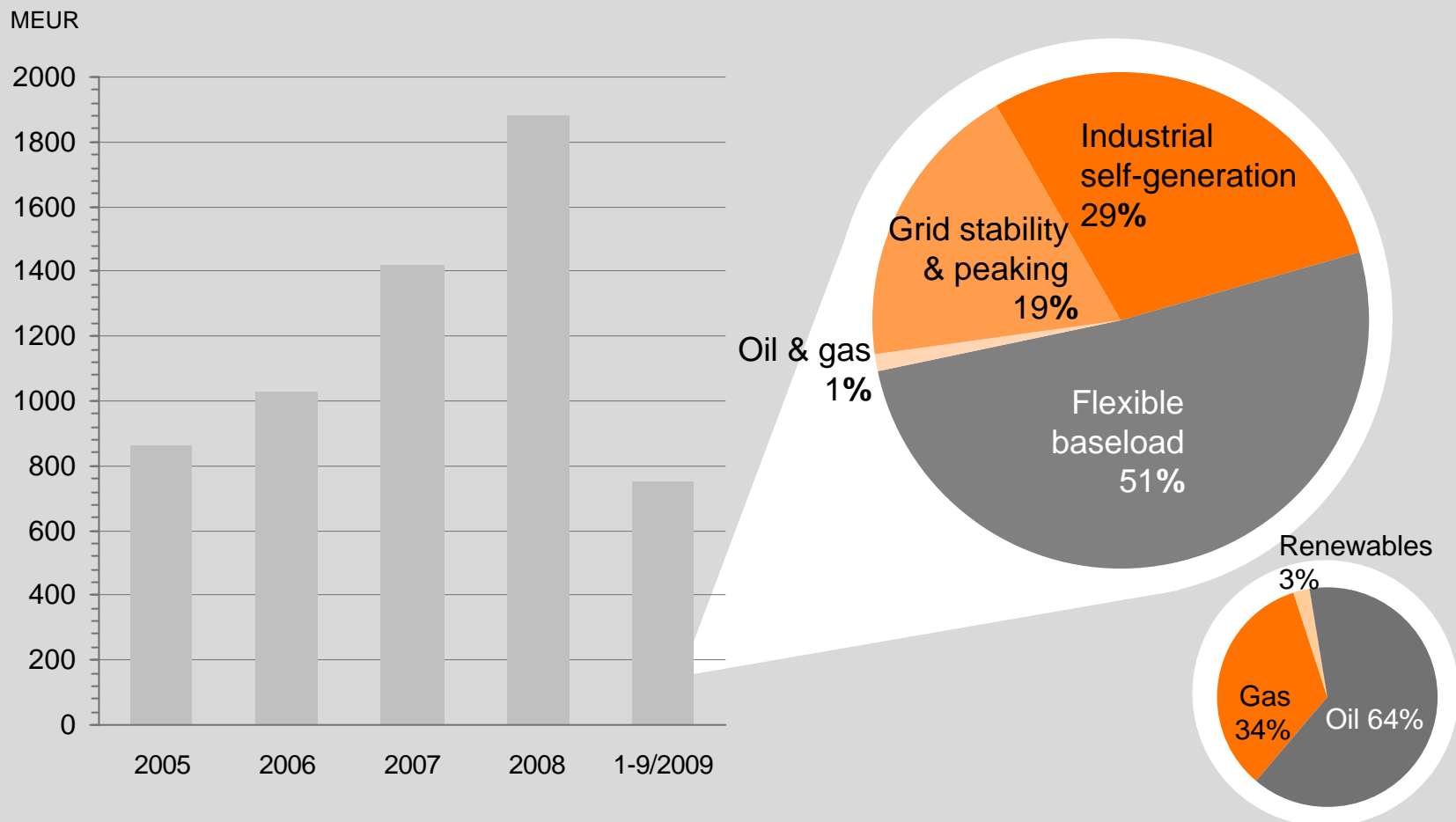
Source: Diesel & Gas Turbine Worldwide, June 2008-May 2009

# Power Plants quarterly order intake



\*) 2004 Iraq-orders

# Power Plants order intake by application



# Power Plants order intake

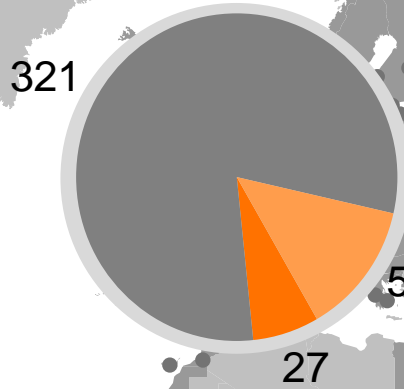
## Africa and Middle East strongest region

Order intake 1-9/2009: 1,382 MW (2,852)

Americas 280 (1,354)



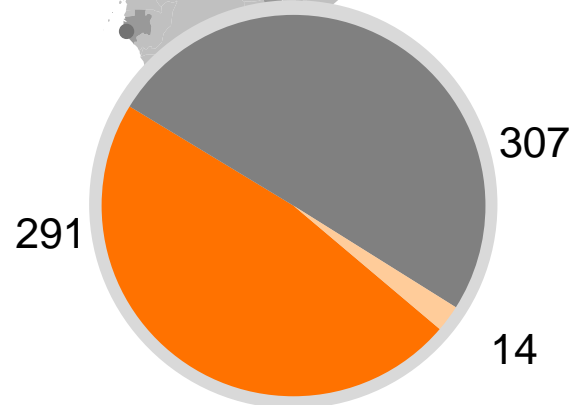
Europe 400 (447)



Asia 90 (209)



Africa and Middle East 612 (842)

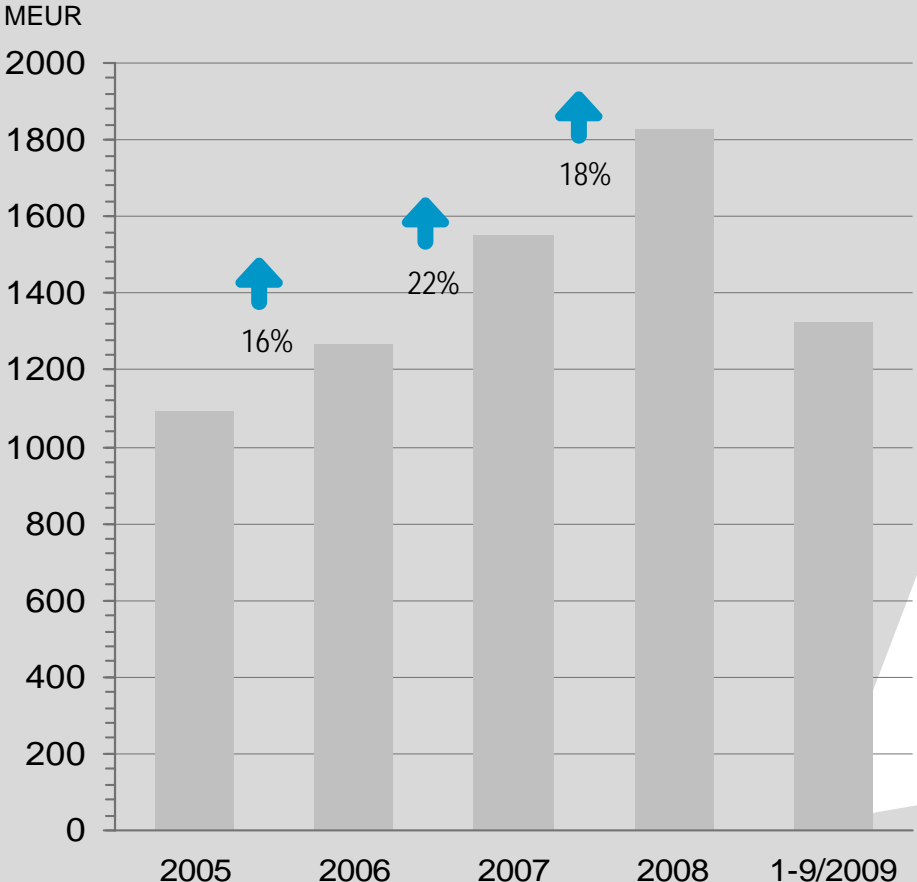


- Flexible baseload
- Industrial self-generation
- Oil & gas
- Grid stability & peaking

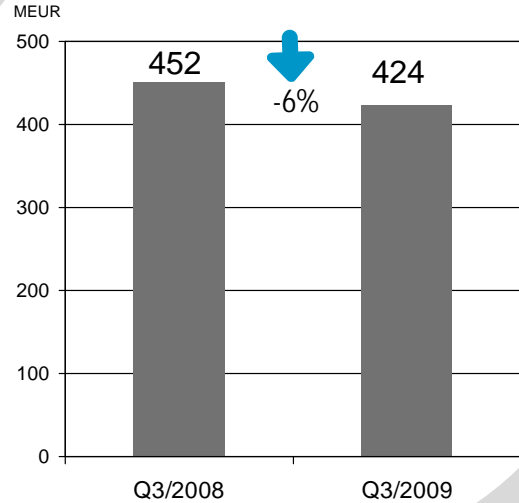


# Services net sales

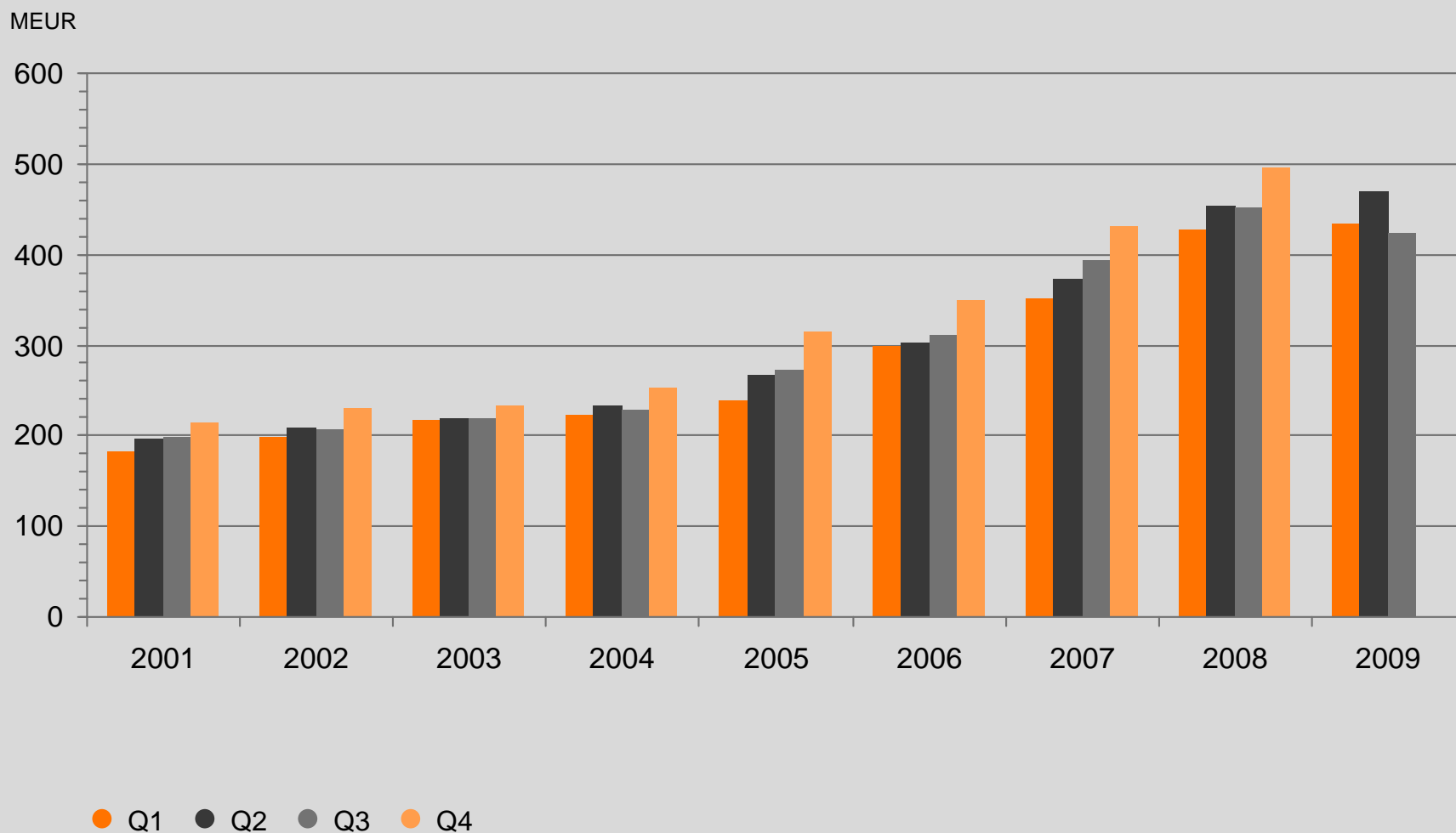
## Activity on a good level



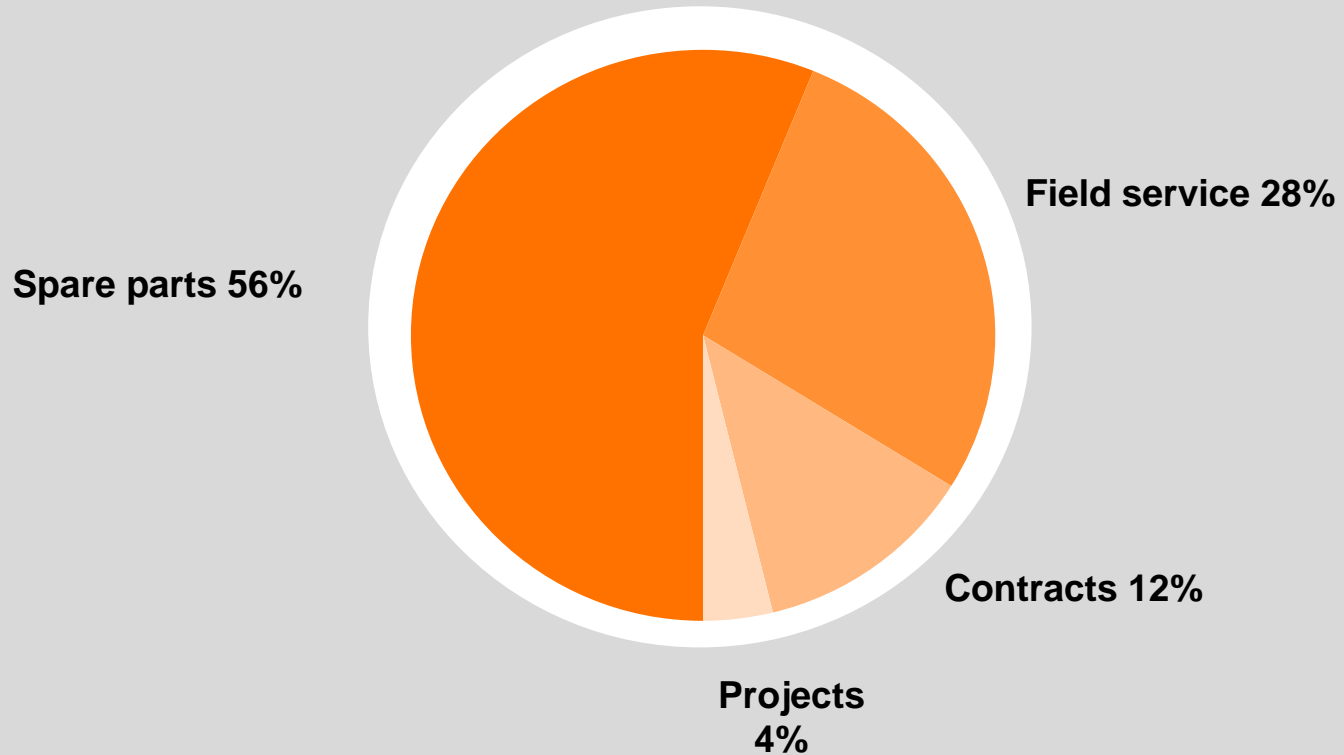
Third quarter development



# Services – Net sales per quarter



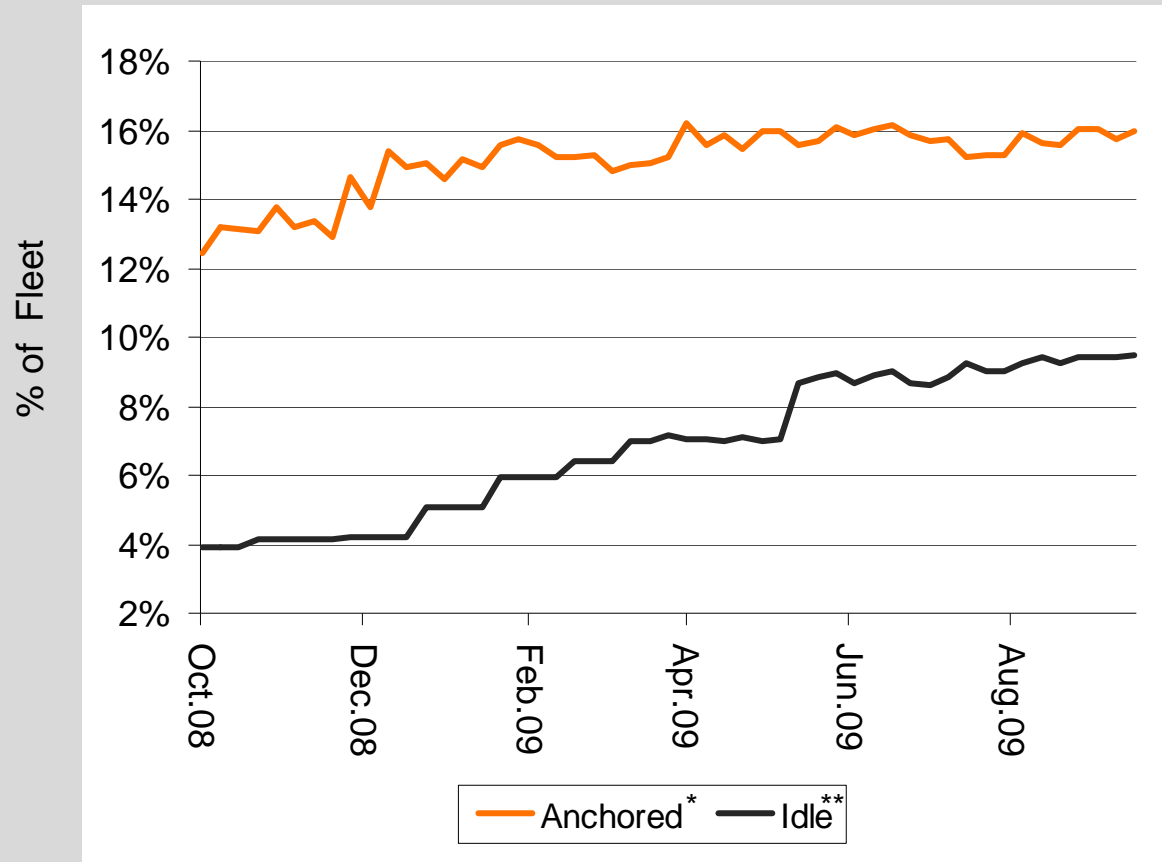
# Services – Net sales distribution Q3/09



Total EUR 424 million (452)

# Services

## Lay-ups have stabilised

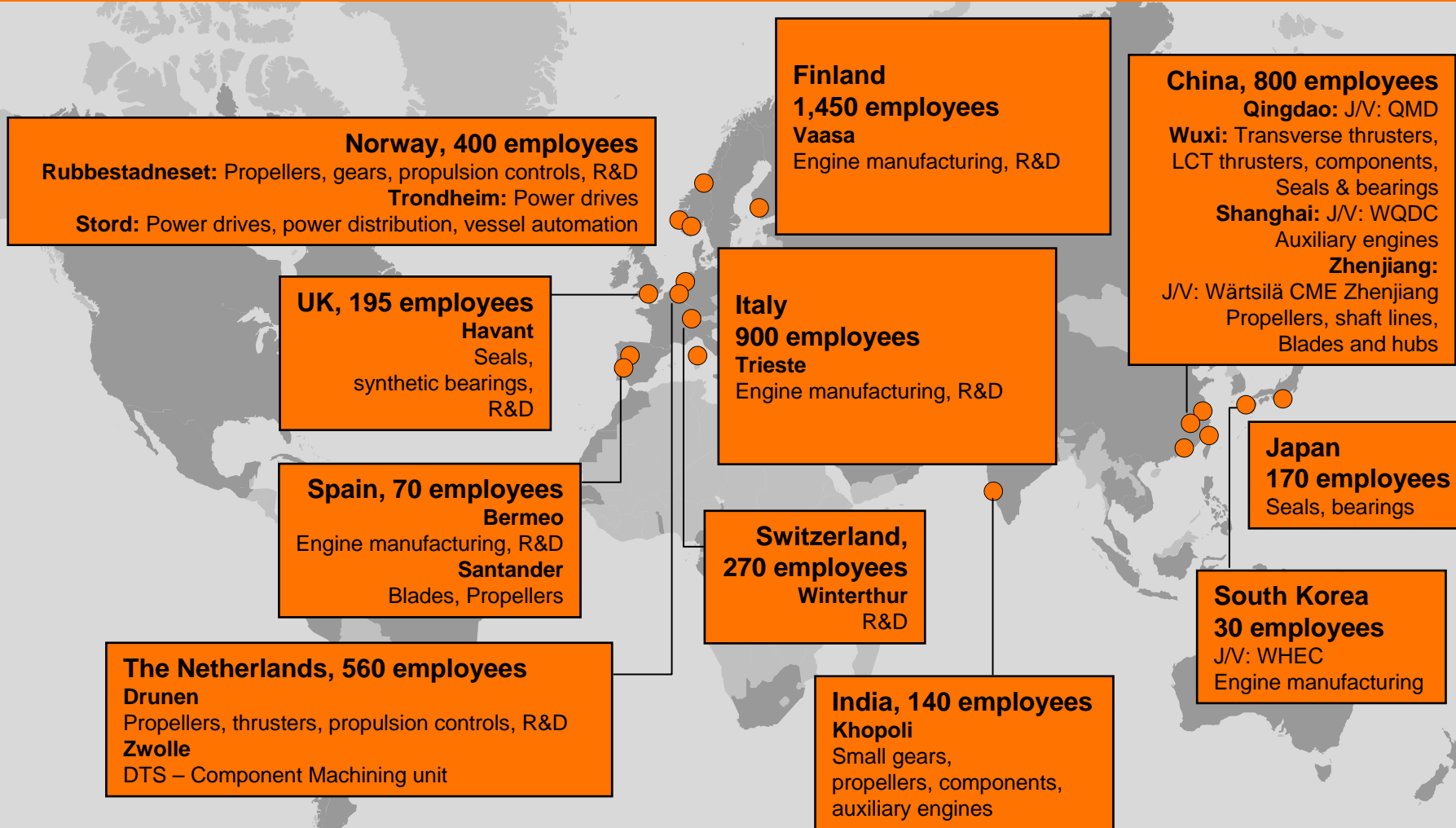


\* Anchored (reported navigation status at anchor). Source Bloomberg (AISLive). More than 25 000 vessels (>299 GT) covered.

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

# Wärtsilä Industrial Operations

## Evaluating alternatives for adjusting manufacturing capacity

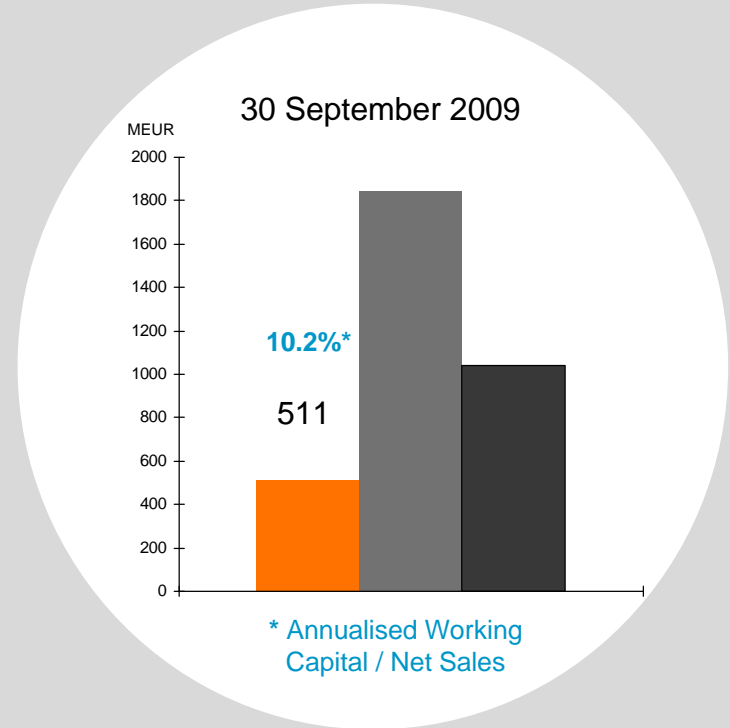
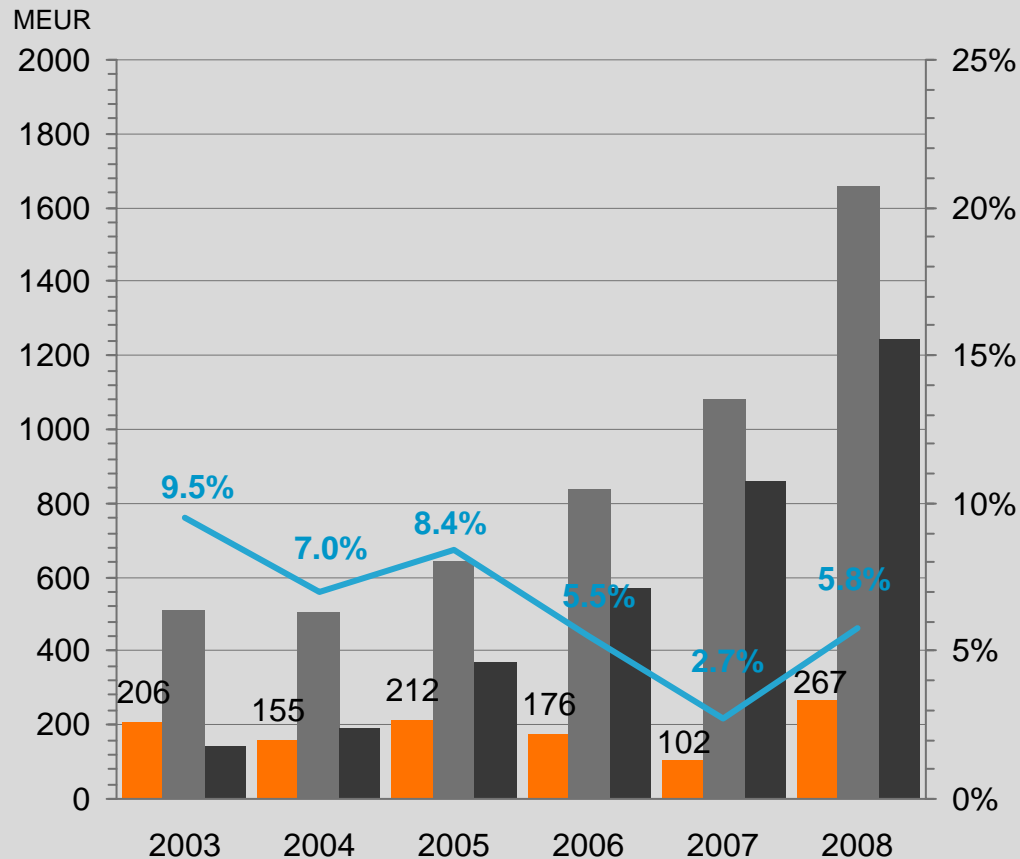


Approximately 5,000 employees

# Cash flow

MEUR	7-9/09	7-9/08	1-9/09	1-9/08	2008
Cash flow from operating activities	214	49	142	255	278
Cash flow from investing activities	-23	-143	-113	-219	-329
Cash flow from financing activities	-45	102	36	-164	-26
Liquid funds at the end of period	262	158	262	158	197

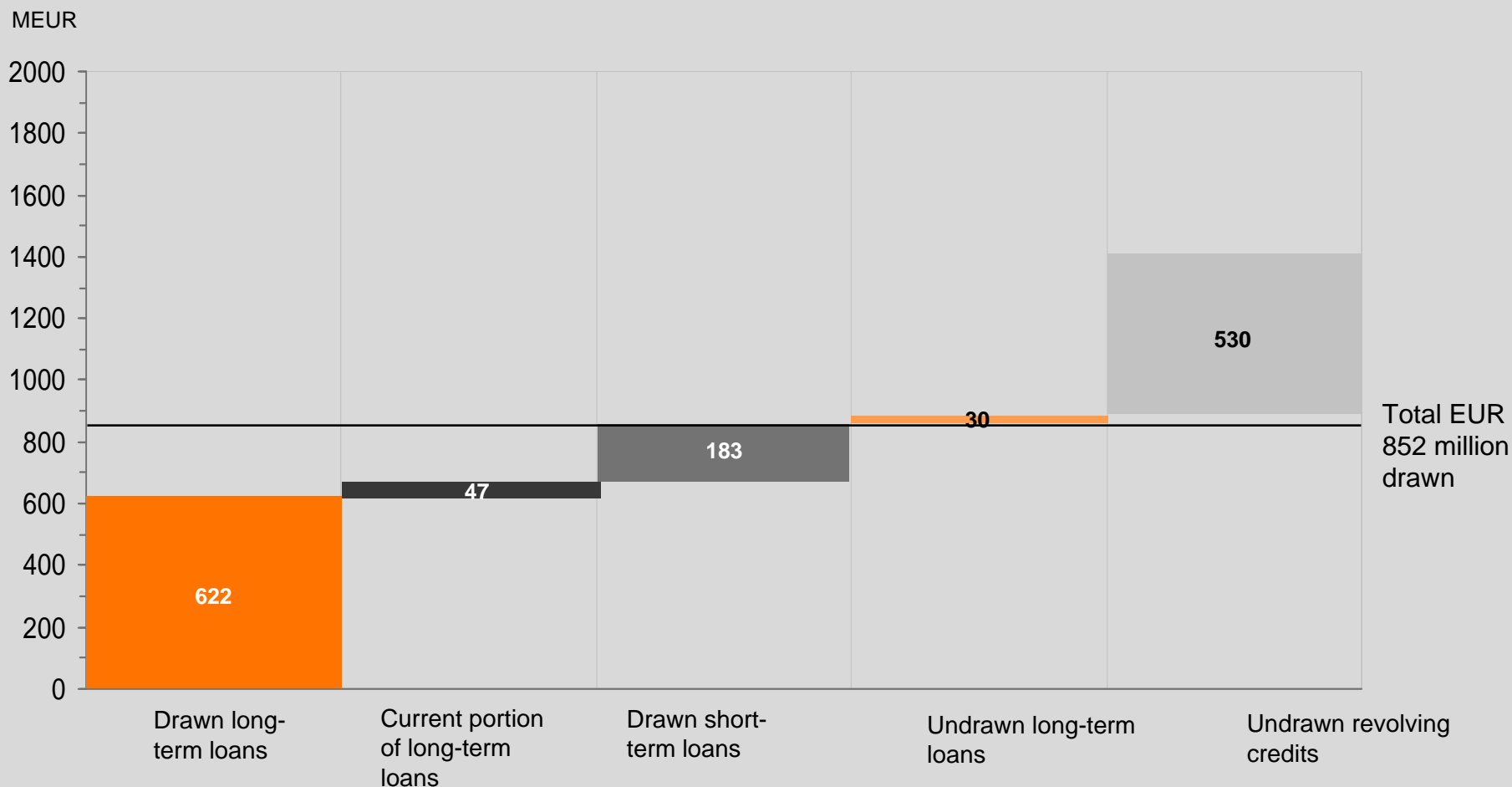
# Working capital decreased by EUR 80 million during the quarter



● Working Capital 
 ● Total Inventories 
 ● Advances Received 
 — Working Capital / Net Sales

All figures relate to the Power Businesses

# Committed loans September 30, 2009

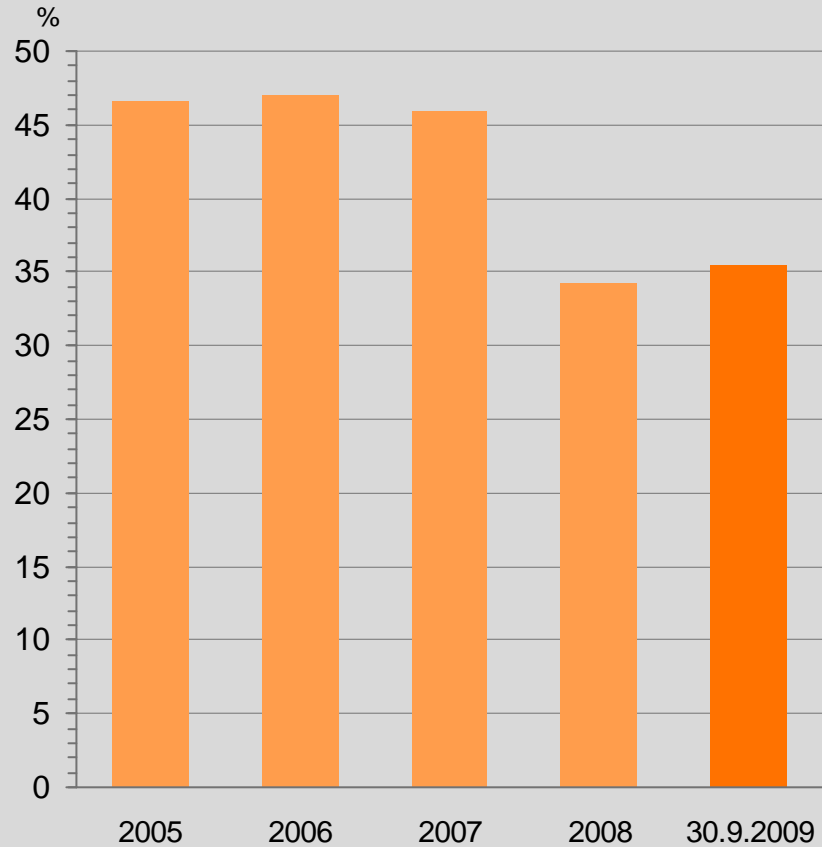


At the end of the reporting period, drawn revolving credits amounted to 0 euros. In addition there are Finnish Commercial Paper Programs of EUR 700 million (uncommitted)

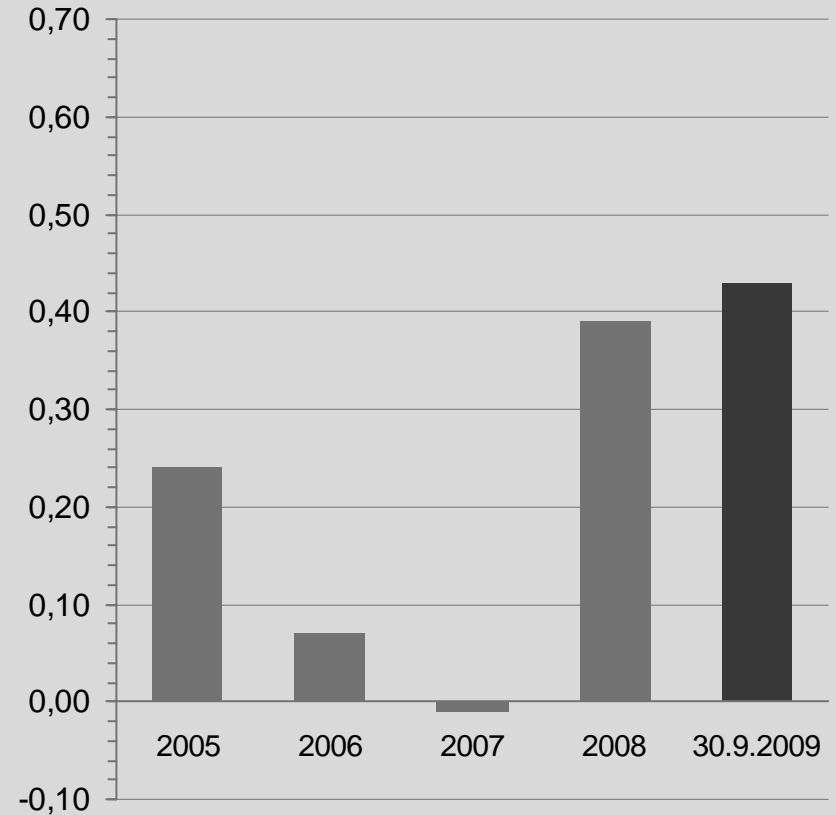


# Financial position

## Solvency



## Gearing



# Business risks



- Ship Power
  - Slippage of ship yard delivery schedules
  - Cancellation risk approximately EUR 650 million (EUR 800 million at end of Q2/09)
- Power Plants
  - The impact from the financial crisis can mainly be seen in timing of bigger projects
- Services
  - Possible reduction of maintenance and service demand due to larger scale lay-ups of ships

# Prospects for 2009 reiterated



- Despite the risk of cancellations and the nonrecurring restructuring items booked in the second quarter, the order book for 2009 should support a 10-20 percent growth in net sales for 2009, which would maintain profitability at last year's good level.



**WÄRTSILÄ**