

WÄRTSILÄ CORPORATION

2013 RESULT PRESENTATION

BJÖRN ROSENGREN, PRESIDENT & CEO

29 JANUARY 2014



Highlights 2013



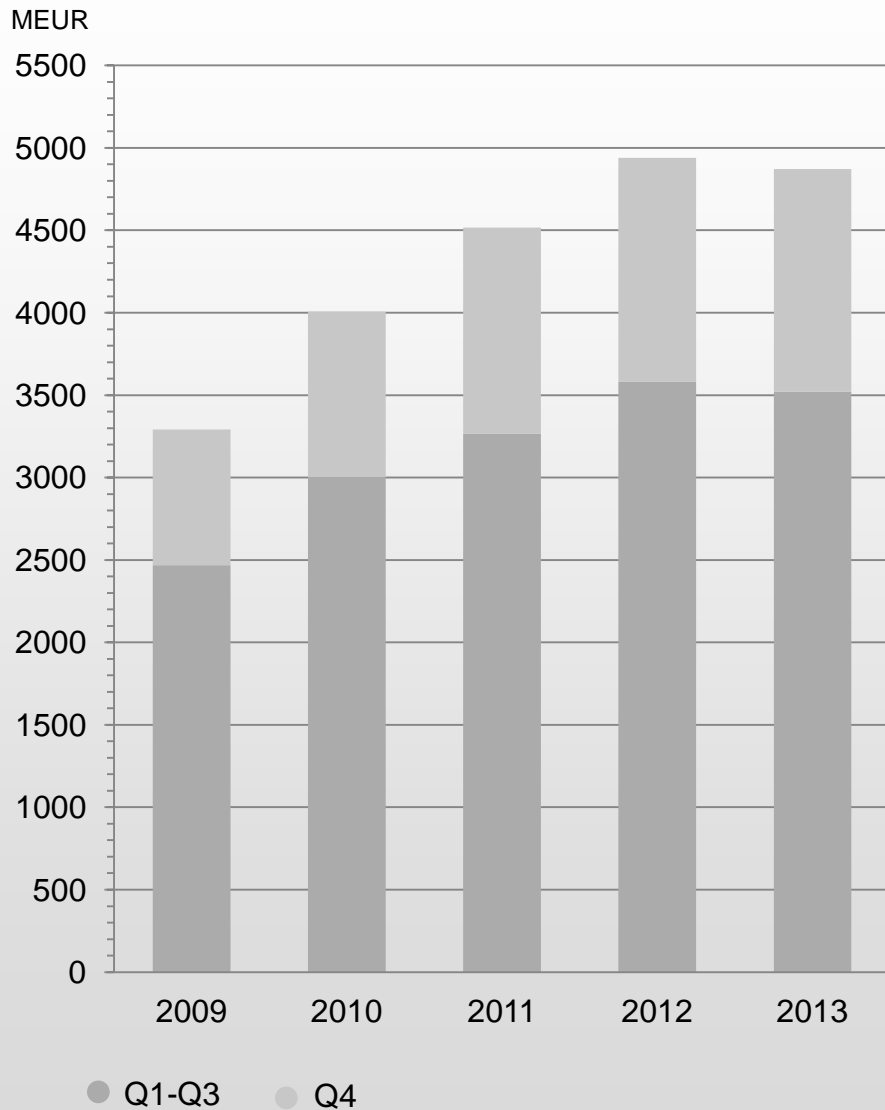
- Order intake EUR 4,872 million, -1%
- Net sales EUR 4,654 million, -1%
- Book-to-bill 1.05
- EBITA EUR 552 million, 11.9% of net sales
- EBIT EUR 520 million, 11.2% of net sales
- EPS EUR 1.98 (1.72)
- Cash flow from operating activities EUR 578 million (153)
- Group-wide efficiency programme initiated

EBITA is shown excluding non-recurring items and intangible asset amortisation related to acquisitions.

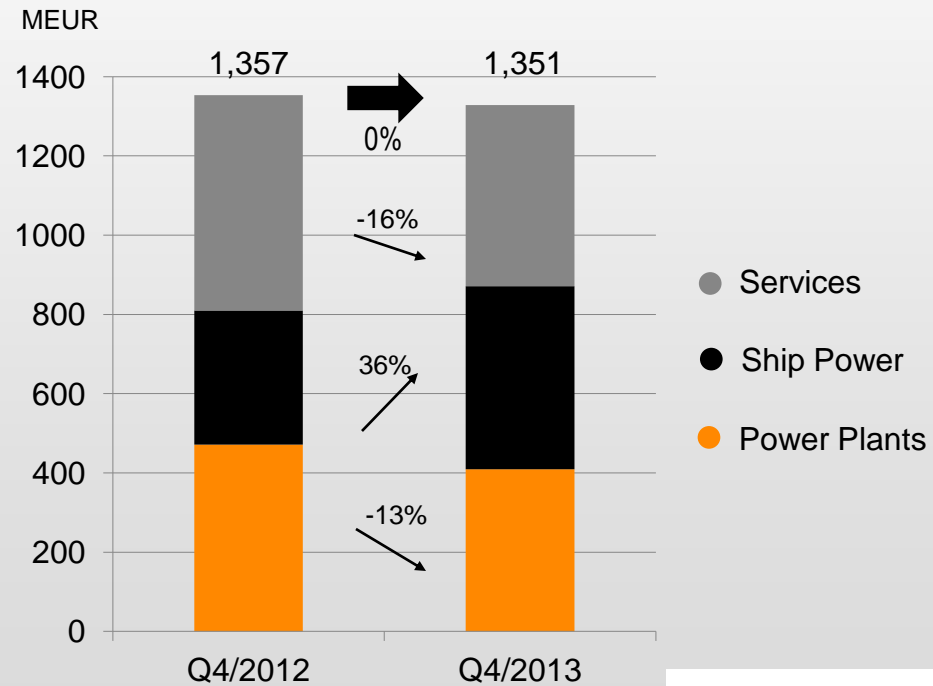
EBIT is shown excluding non-recurring items.

Certain comparison figures in this presentation have been restated due to changes in pension accounting.

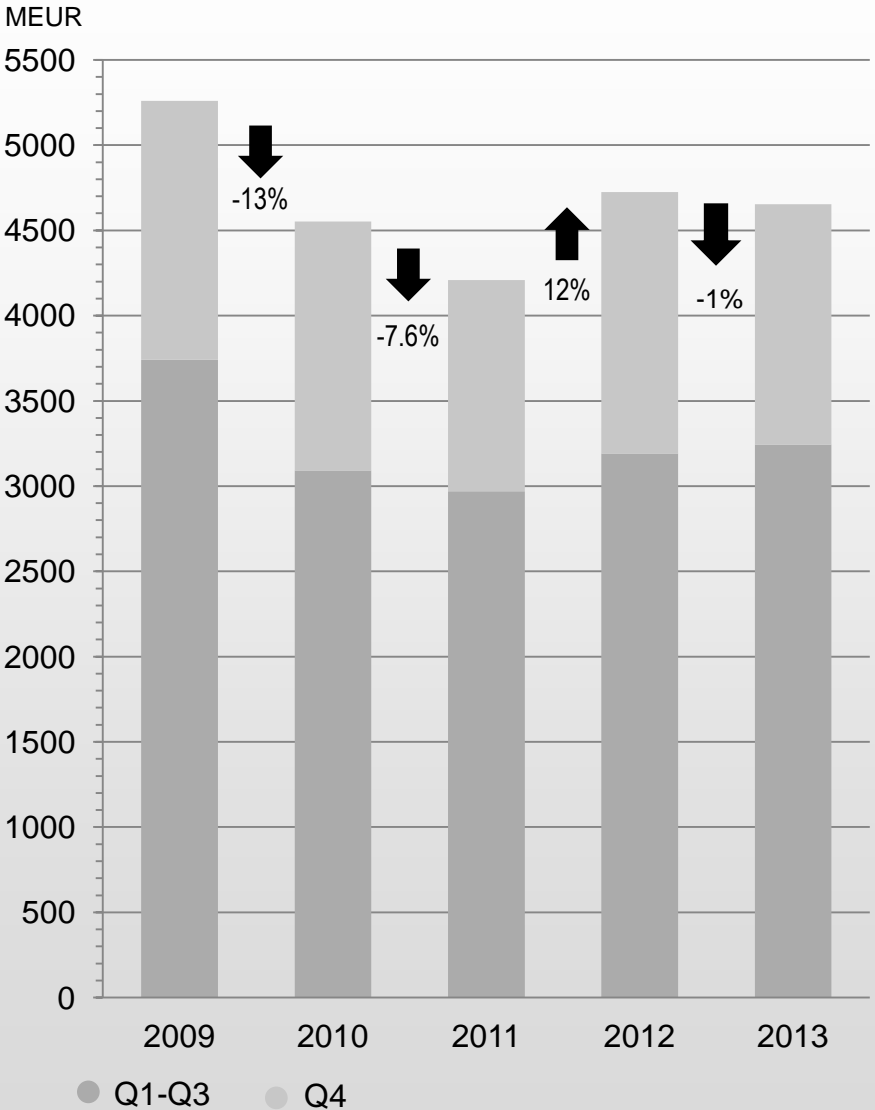
Order intake development



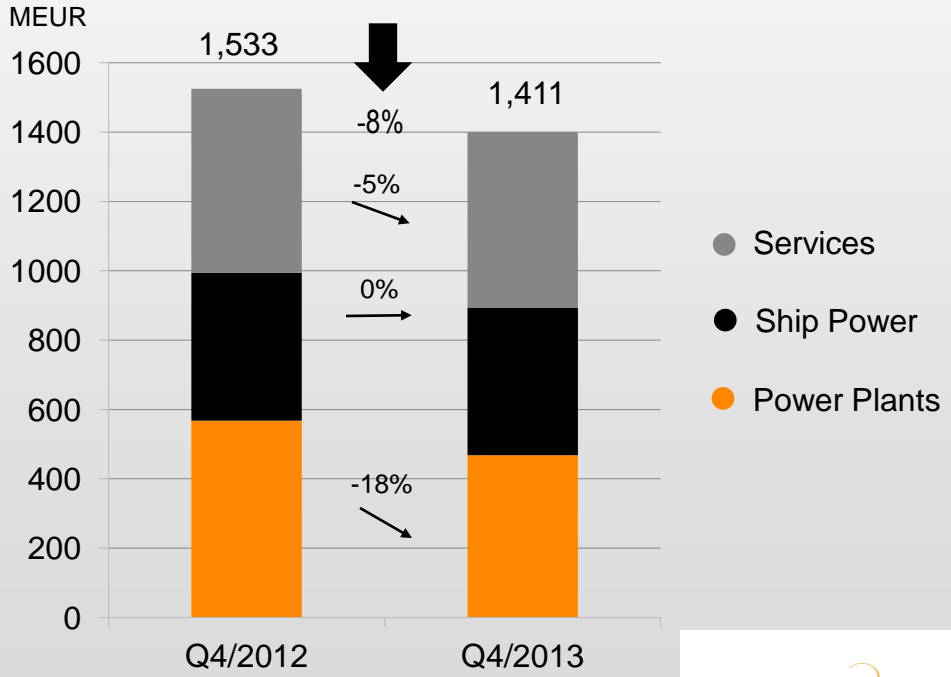
Fourth quarter development



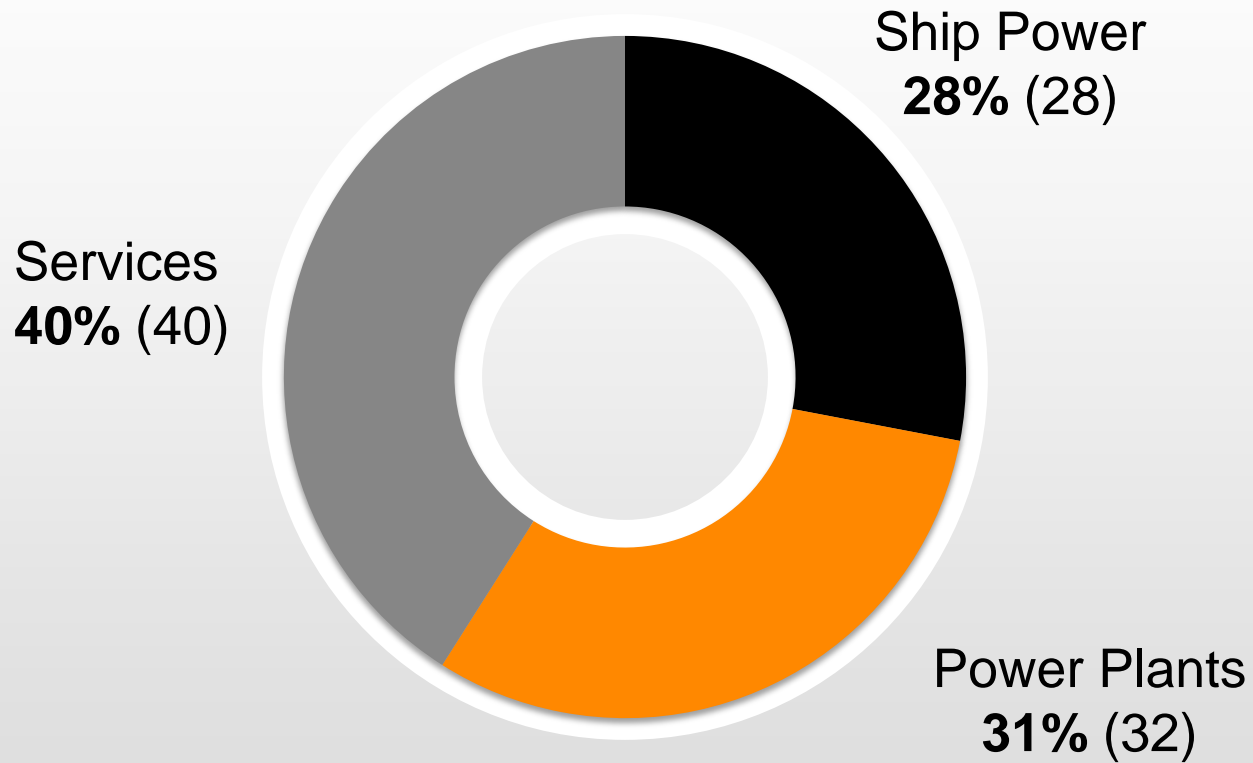
Net sales decreased due to unfavourable exchange rates and delayed deliveries



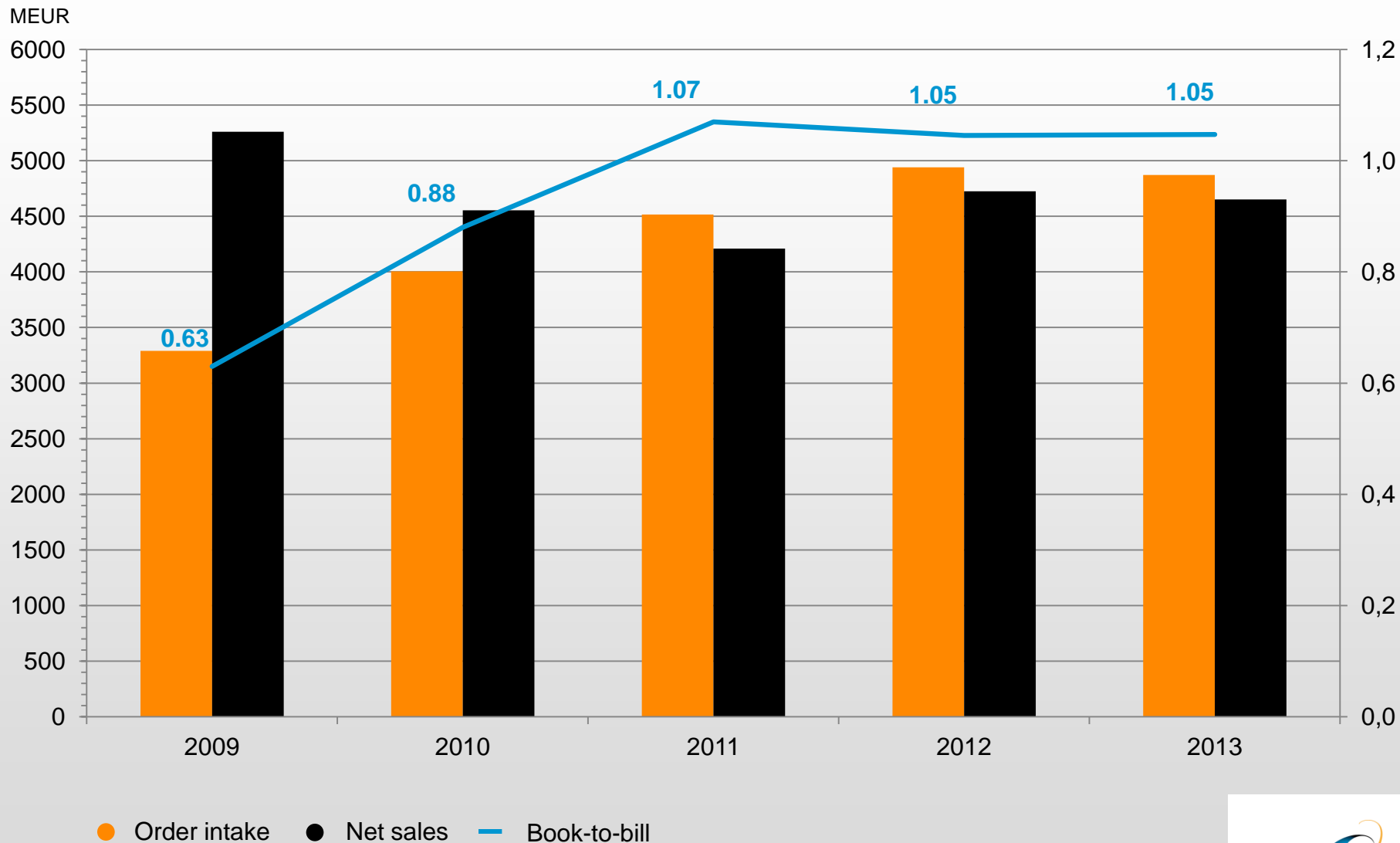
Fourth quarter development



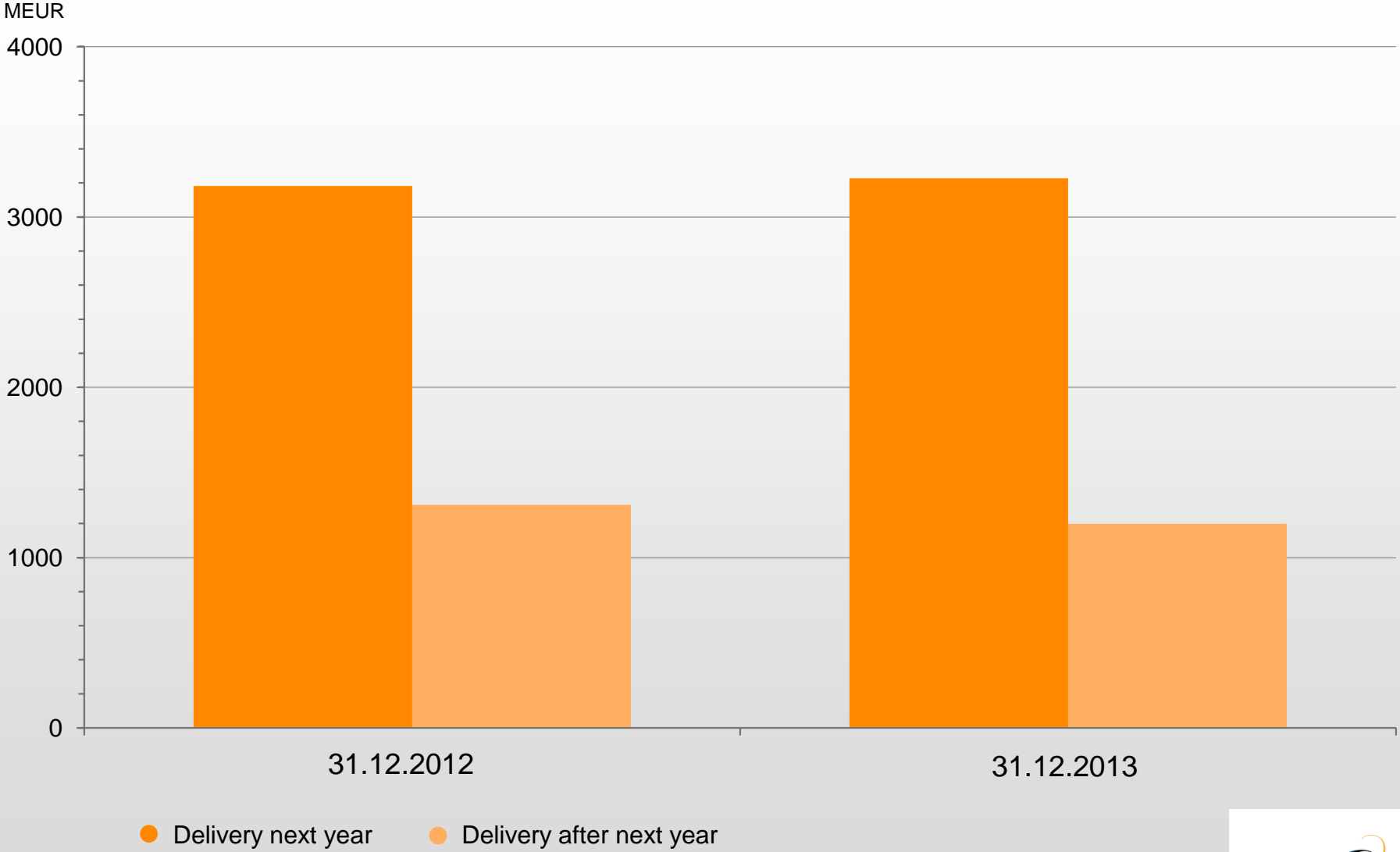
Net sales by business 2013



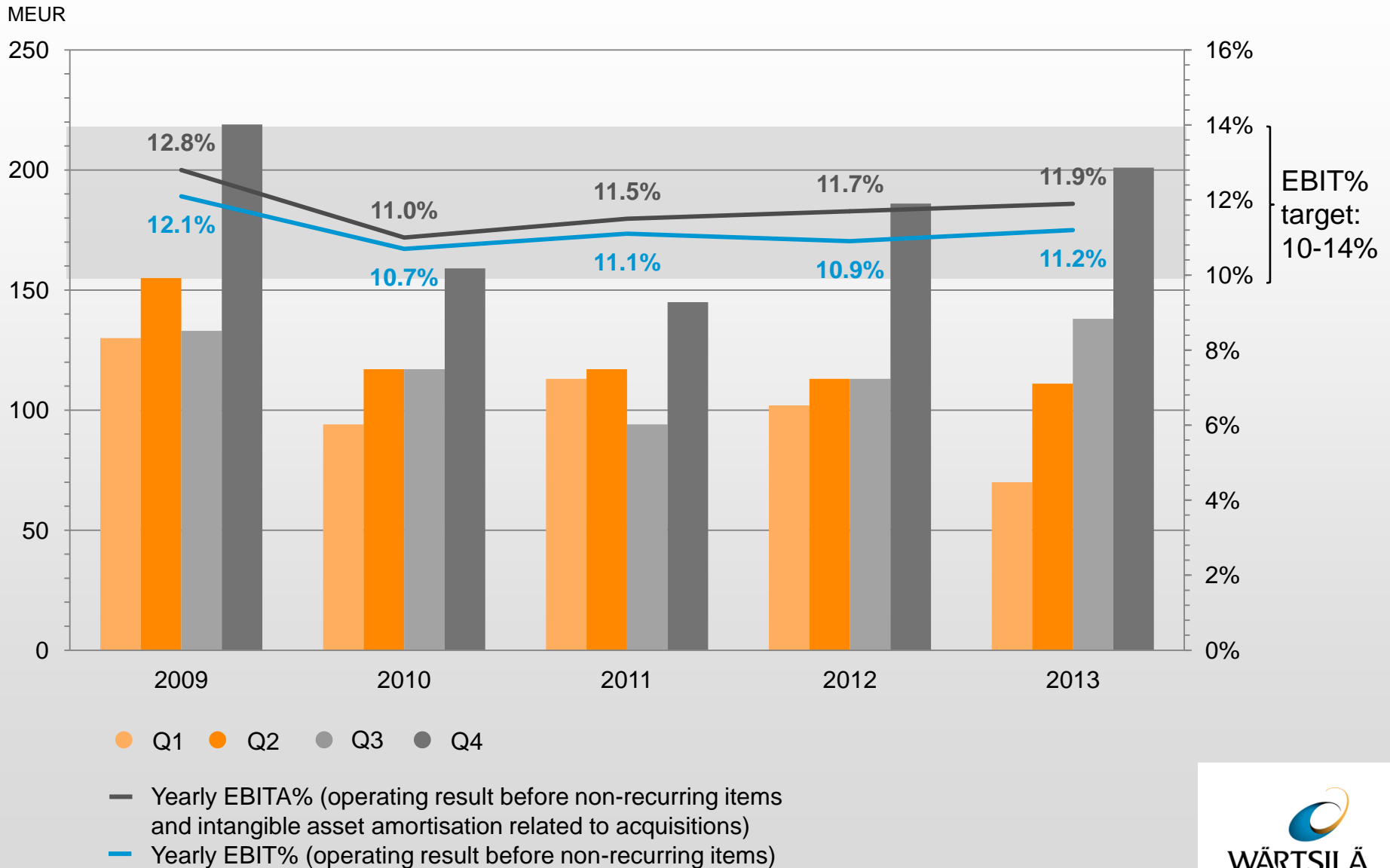
Book-to-bill ratio remains above one



Order book distribution



Resilient profitability

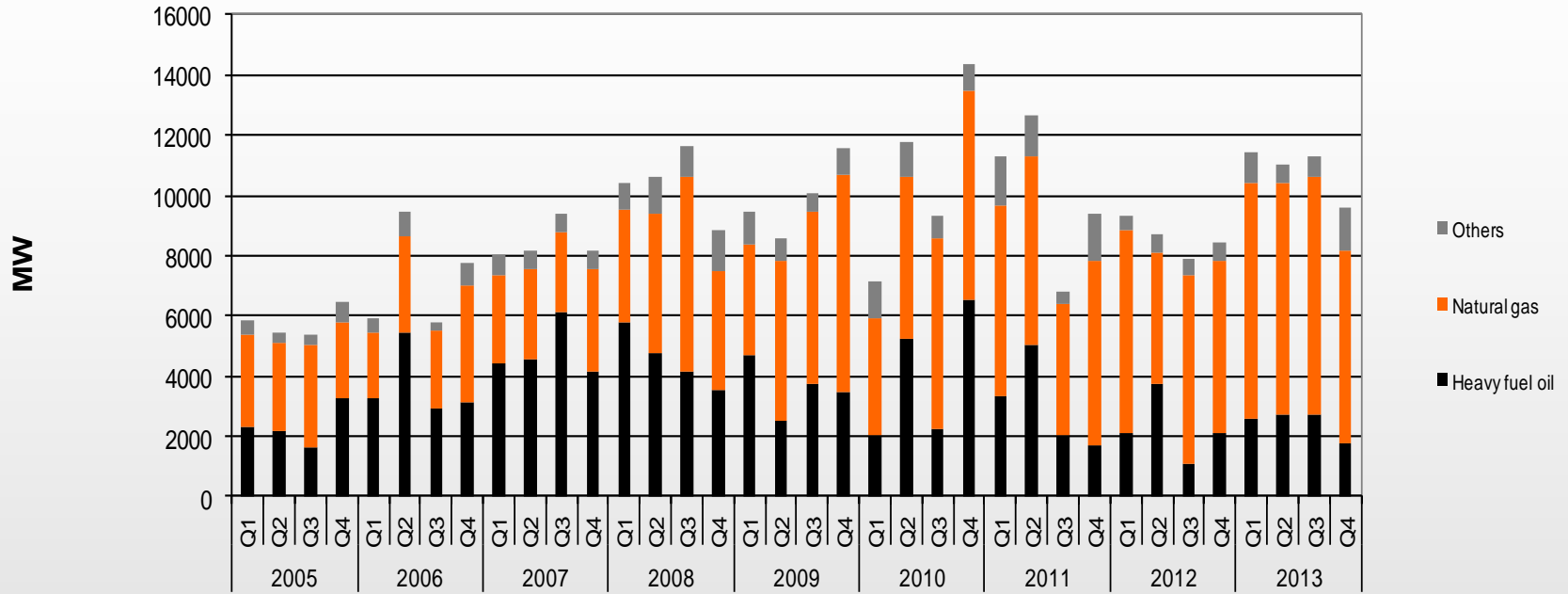




”

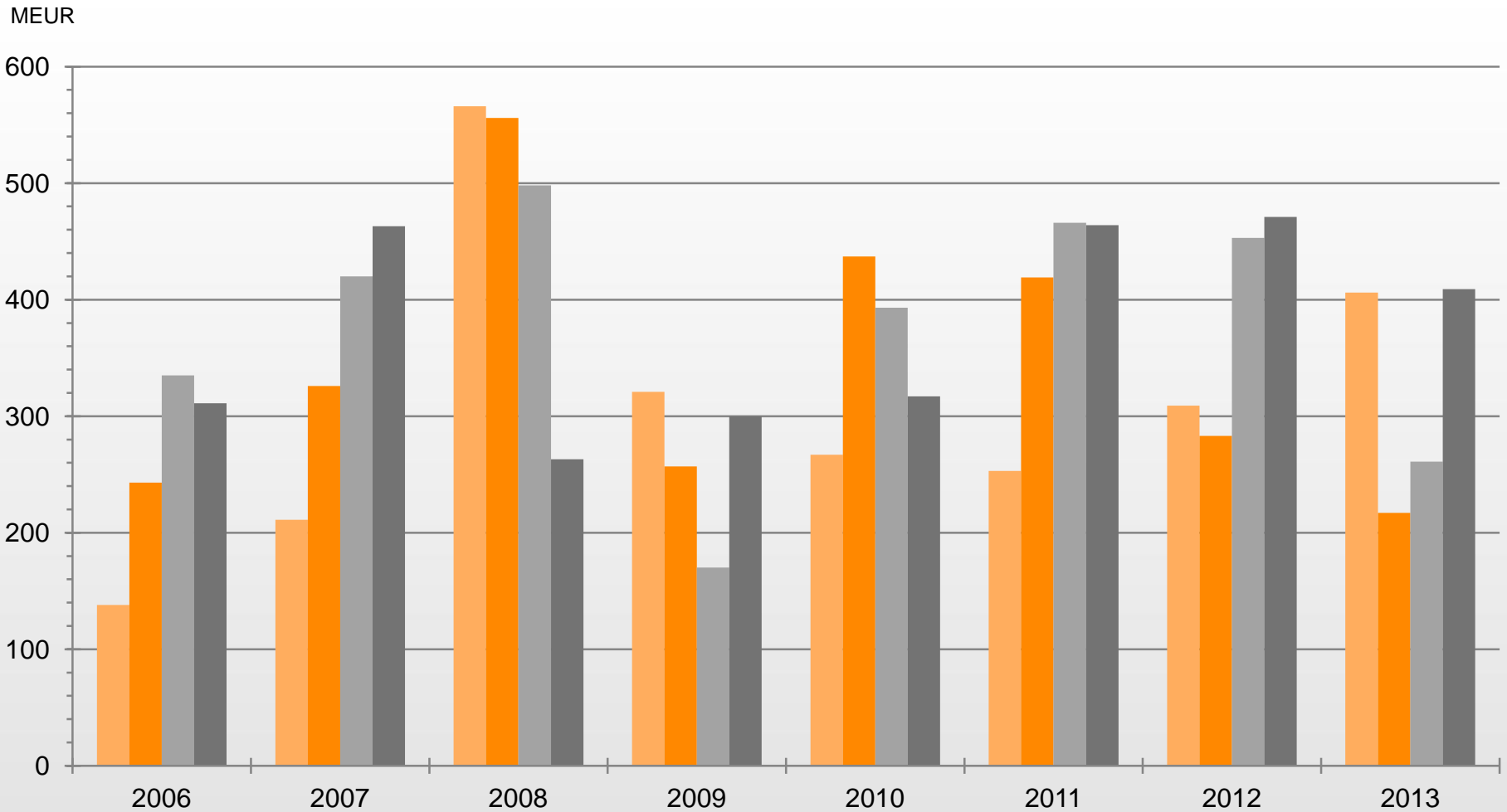
**Moderate activity in
power generation
markets**

Power Plants – quoted MW per fuel type



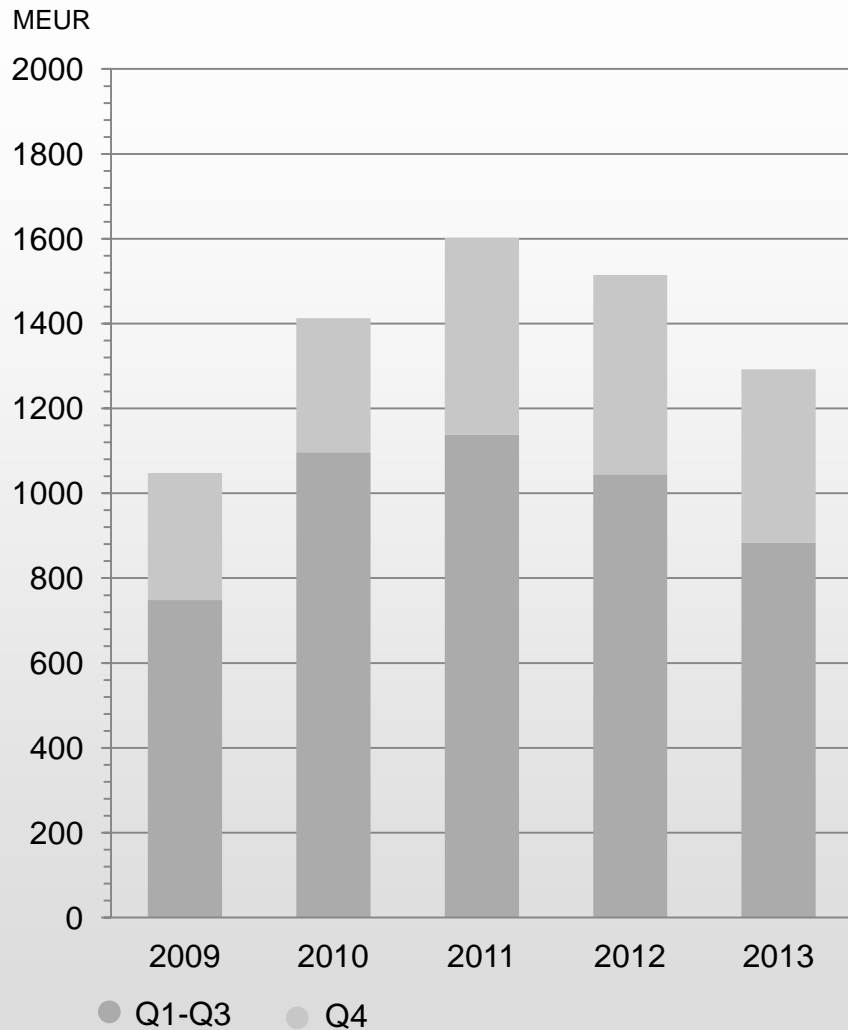
The share of natural gas is consistently increasing.

Power Plants quarterly order intake

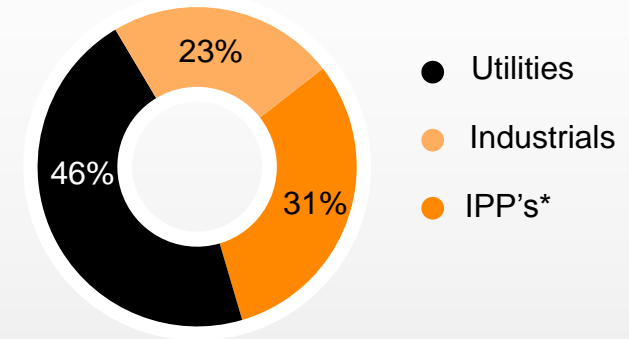


Q1 Q2 Q3 Q4

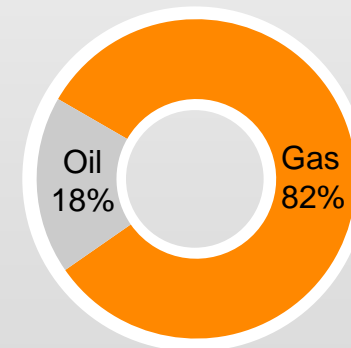
Power Plants order intake by customer segment



Review period development
Total EUR 1,292 million (1,515)



Review period order intake by fuel in MW



*IPP = Independent Power Producer

Wärtsilä to supply Indonesia's largest ever engine based power plant

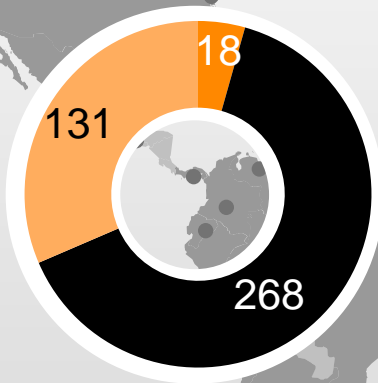


- Turnkey order for 200 MW dual-fuel power plant awarded by PT Indonesia Power
- The plant will be constructed by a consortium with Wärtsilä as the lead partner
- The new power plant will ensure greater reliability in the supply of electricity in Bali
- Key in the contract award was the ability to deliver high quality, extremely efficient, and flexible energy solutions on a fast-track basis

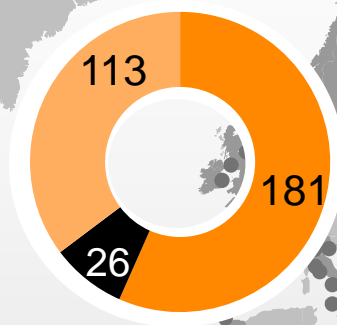
Power Plants global order intake

Good demand in Asia

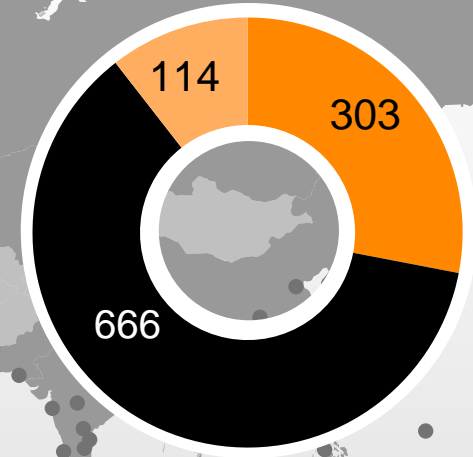
Americas 418 (919)



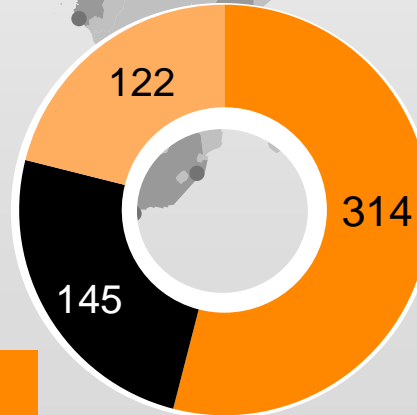
Europe 320 (89)



Asia 1,083 (869)



Africa and Middle East 581 (1,269)

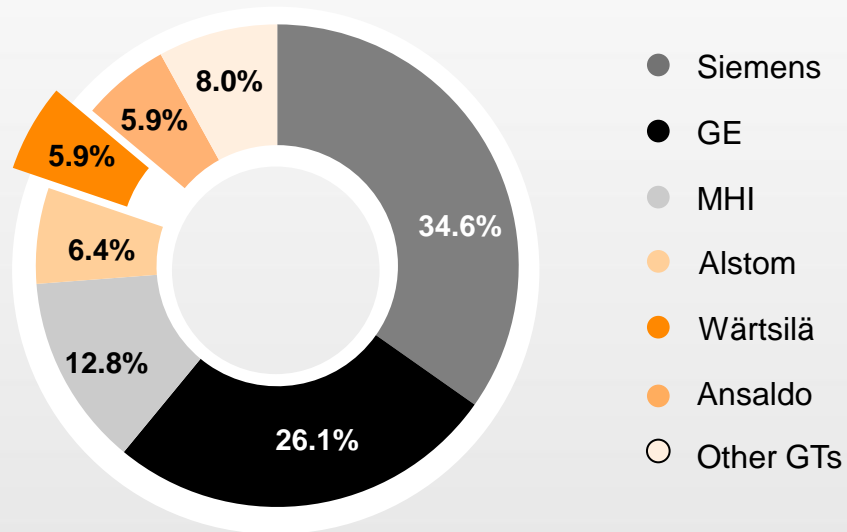


Order intake 2013: 2,401 MW (3,146)

Market for gas and liquid based power plants

H1 2013

Total market 18.8 GW (28.8)



Includes all Wärtsilä power plants and other manufacturers' gas and liquid fuelled power plants with prime movers above 5 MW, as well as estimated output of steam turbines for combined cycles.

The data is gathered from the McCoy Power Report.

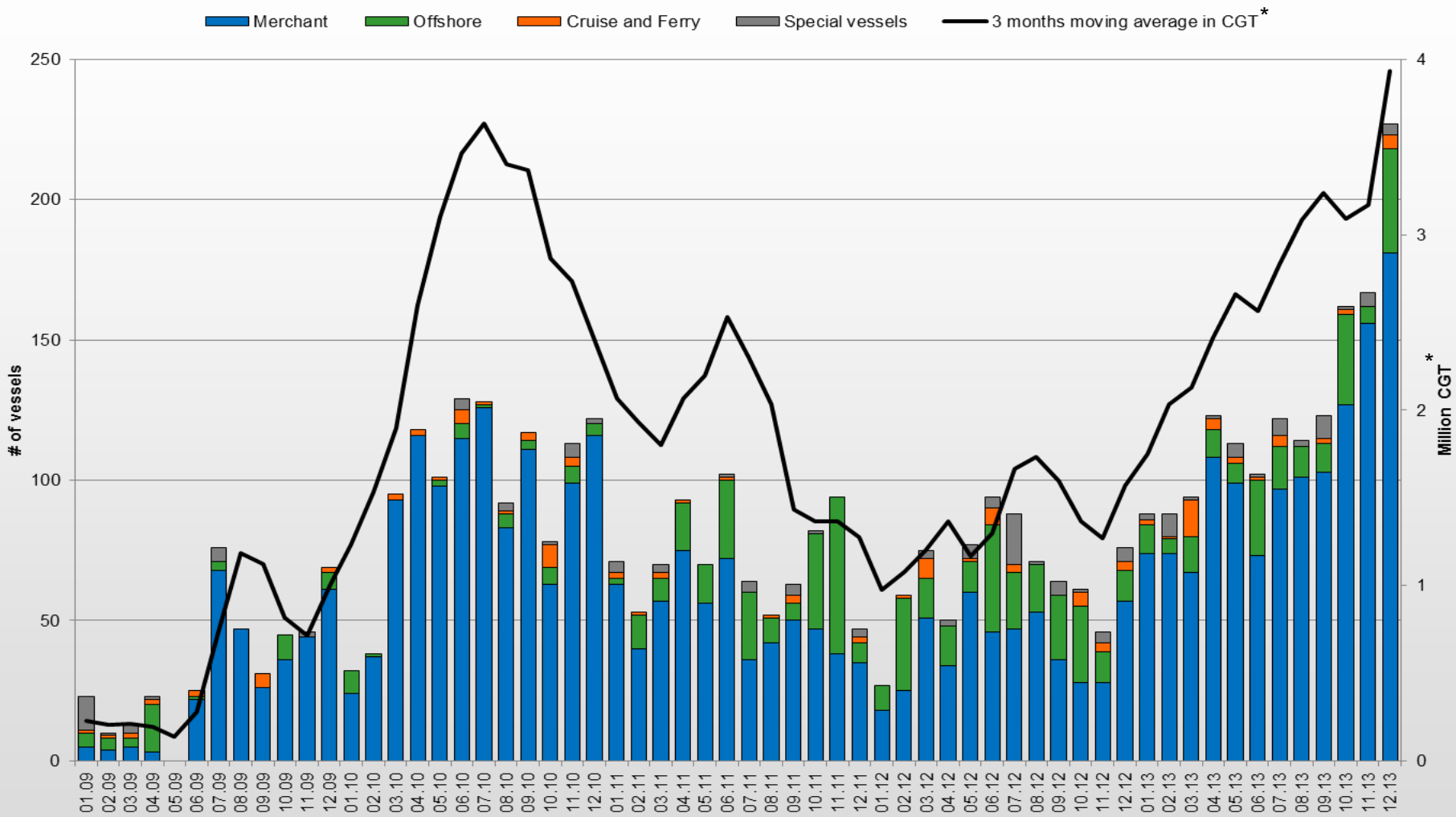
Other combustion engines not included. In engine technology Wärtsilä has a leading position.



”

Improvement in
marine market
activity

Vessel contracting continues strong

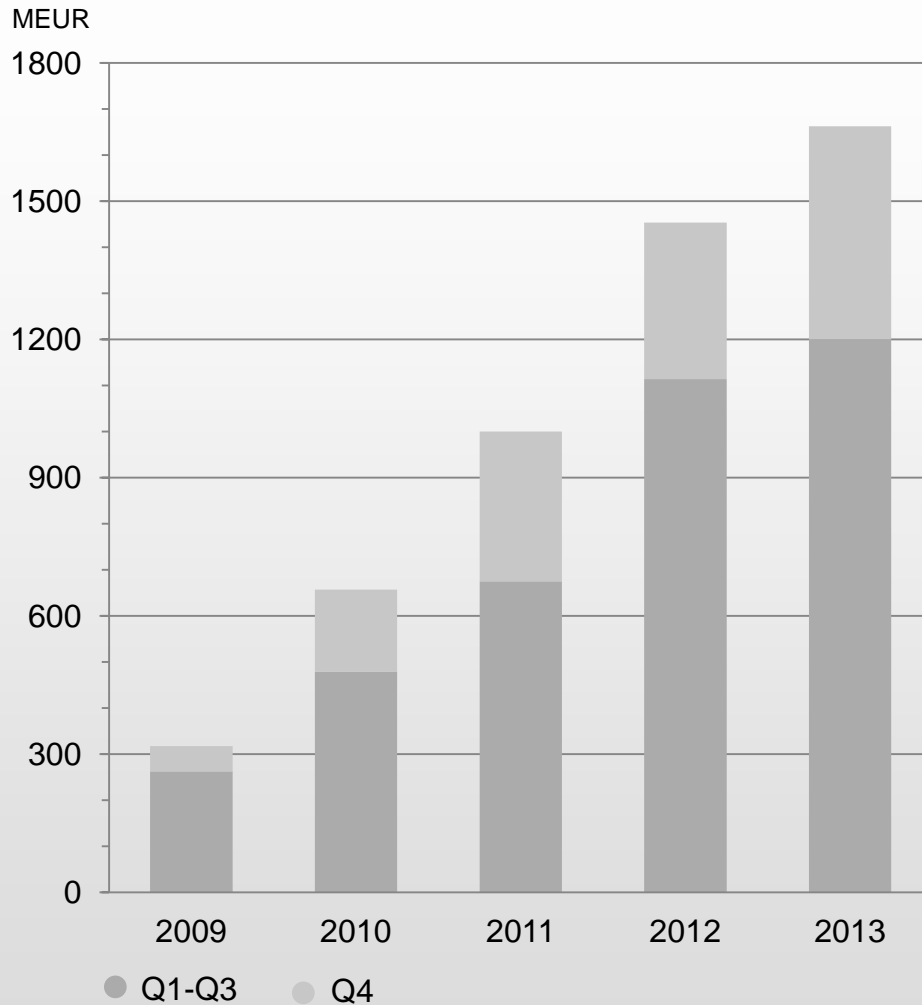


Source: Clarkson Research Services

* CGT= gross tonnage compensated with workload

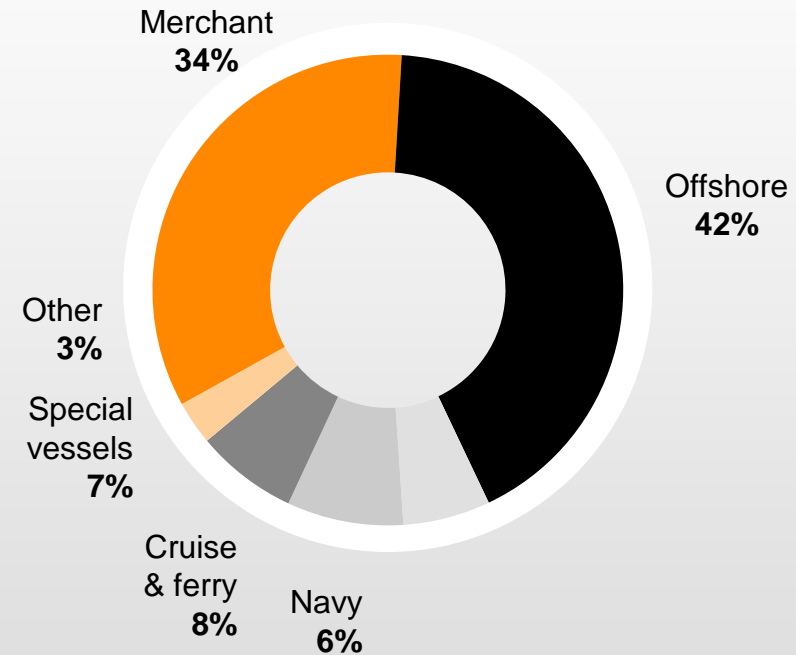


Ship Power order intake by segment



Review period development

Total EUR 1,662 million (1,453)

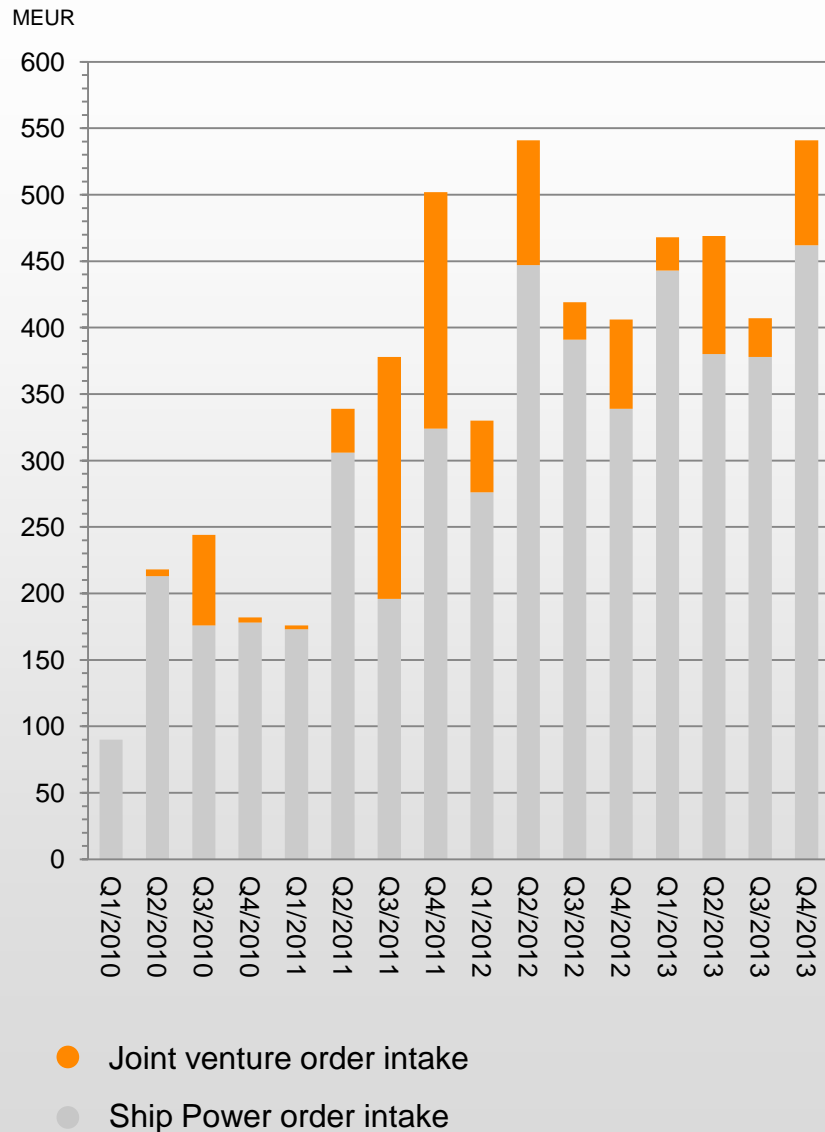


Wärtsilä power modules for North Sea FPSO



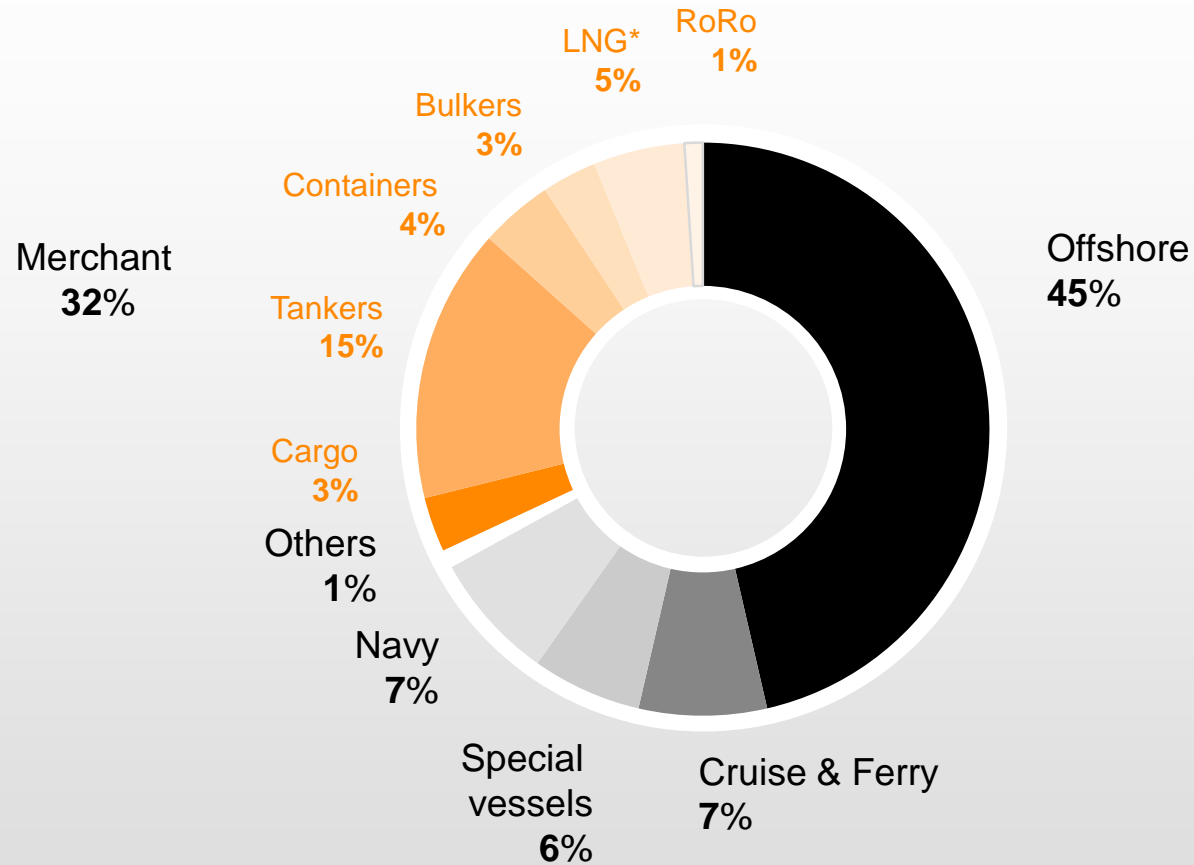
- Order for EPC delivery of 62 MW power module solution for an FPSO vessel placed by Bumi Armada
- Vessel to be deployed in the Kraken oil field in the U.K. sector of the North Sea
- Scope of supply:
 - 2 power generation modules, consisting of 16-cylinder Wärtsilä 50DF engines with generators
 - Waste heat recovery units
 - Related fuel, oil and air and other utility systems
- Key in receiving the contract were the fuel flexibility and the high levels of efficiency and availability of Wärtsilä's integrated power module solutions

Joint venture ordering activity



- Order intake in **Wärtsilä Hyundai Engine Company Ltd** in South Korea, and **Wärtsilä Qiyao Diesel Company Ltd** in China totalled EUR 222 million (242) during the review period January-December 2013
- Wärtsilä's share of ownership in these companies is 50%, and the results are reported as a share of result of associates and joint ventures

Ship Power order book 31 December 2013

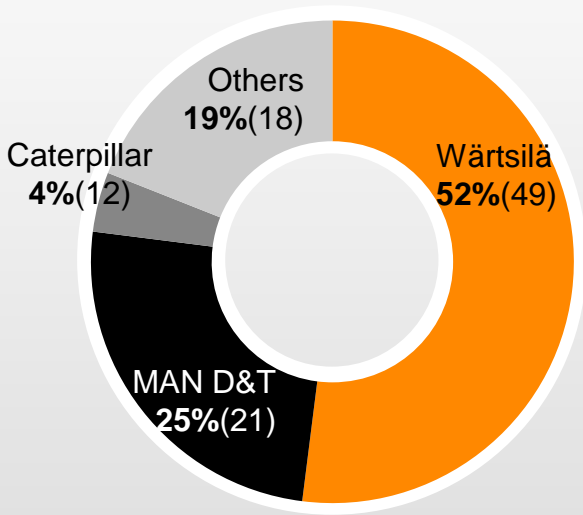


* Excluding order book from South Korean joint venture

Ship Power market

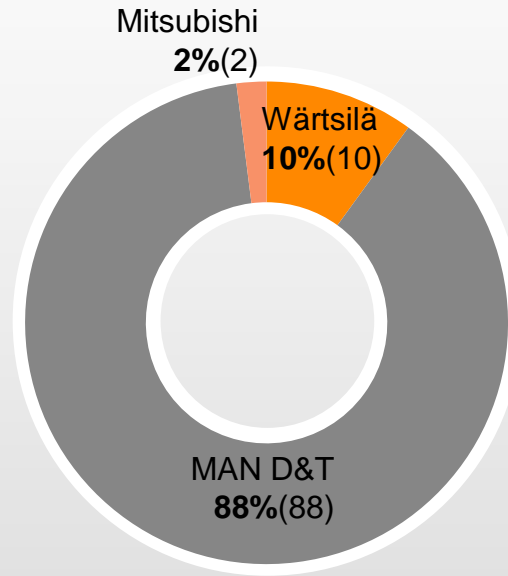
Market position of Wärtsilä's marine engines

Medium-speed main engines



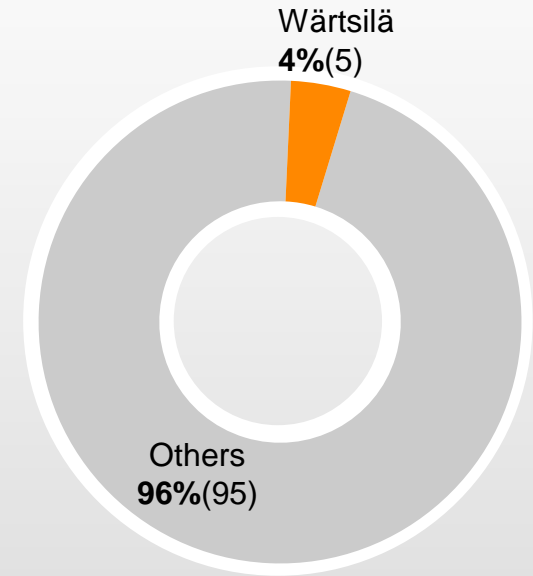
Total market volume last 12 months:
4,137 MW (4,438)

Low-speed main engines



Total market volume last 12 months:
22,935 MW (20,540)

Auxiliary engines



Total market volume last 12 months:
5,966 MW (5,024)

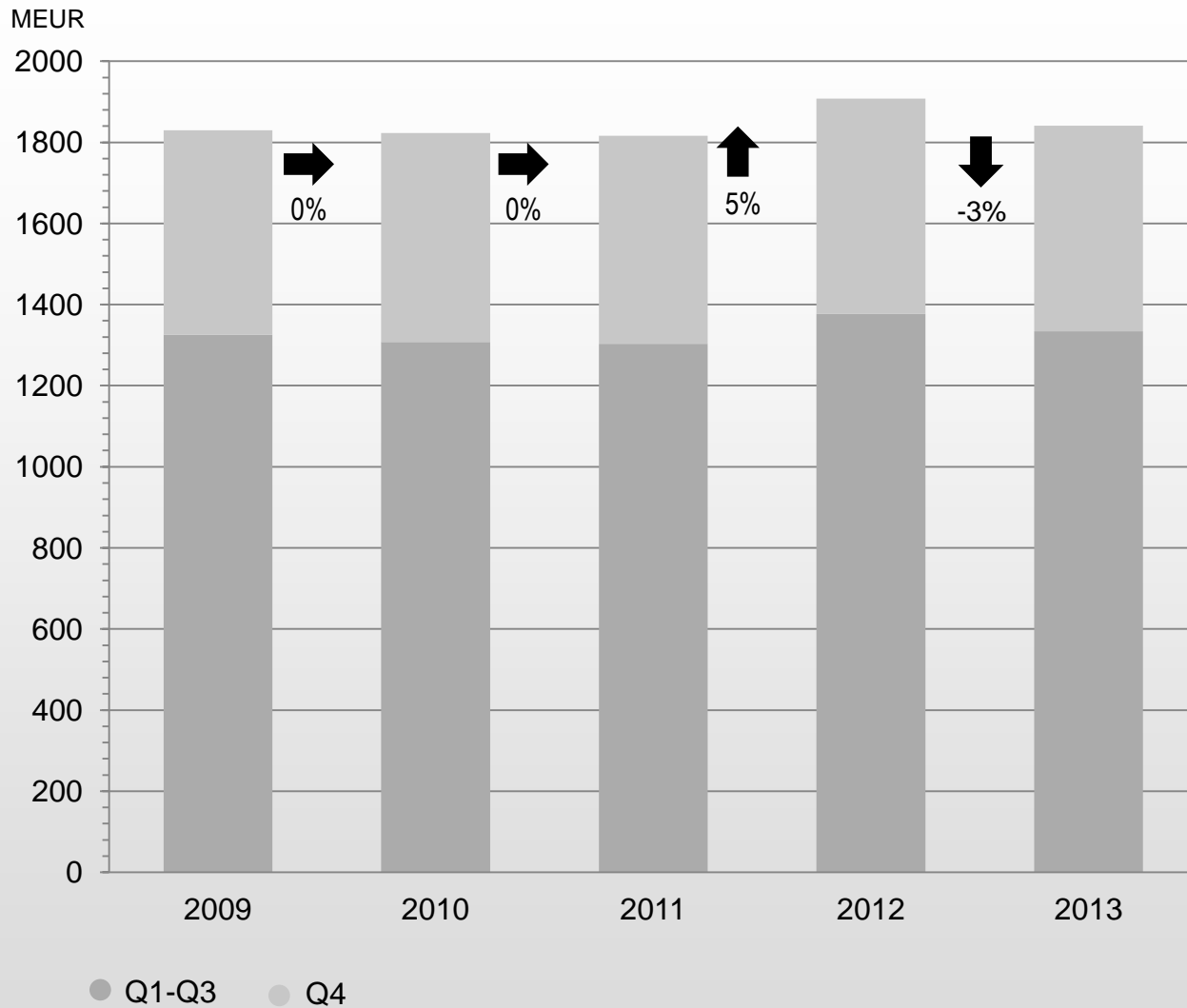
Wärtsilä's market shares are calculated on a 12 months rolling basis, numbers in brackets are from the end of the previous quarter. The calculation is based on Wärtsilä's own data portal.

A dark, monochromatic photograph of industrial machinery, featuring large pipes, valves, and structural components. The lighting is dramatic, highlighting the metallic surfaces and creating deep shadows. The overall tone is professional and technical.

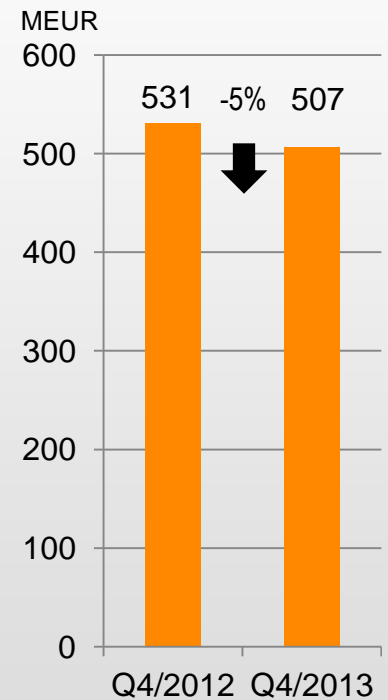
”

**Stable
development in
the service
markets**

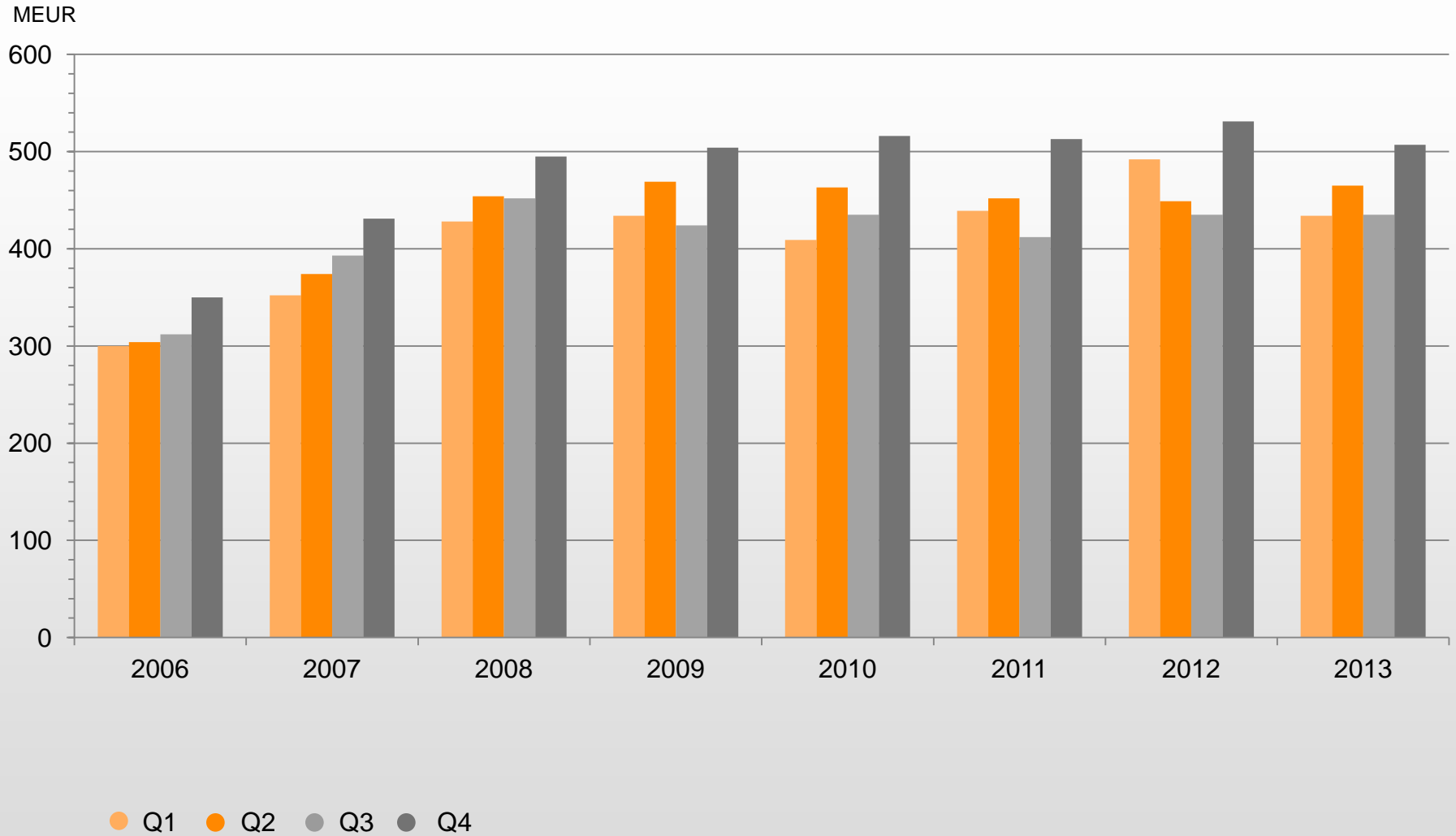
Services net sales development



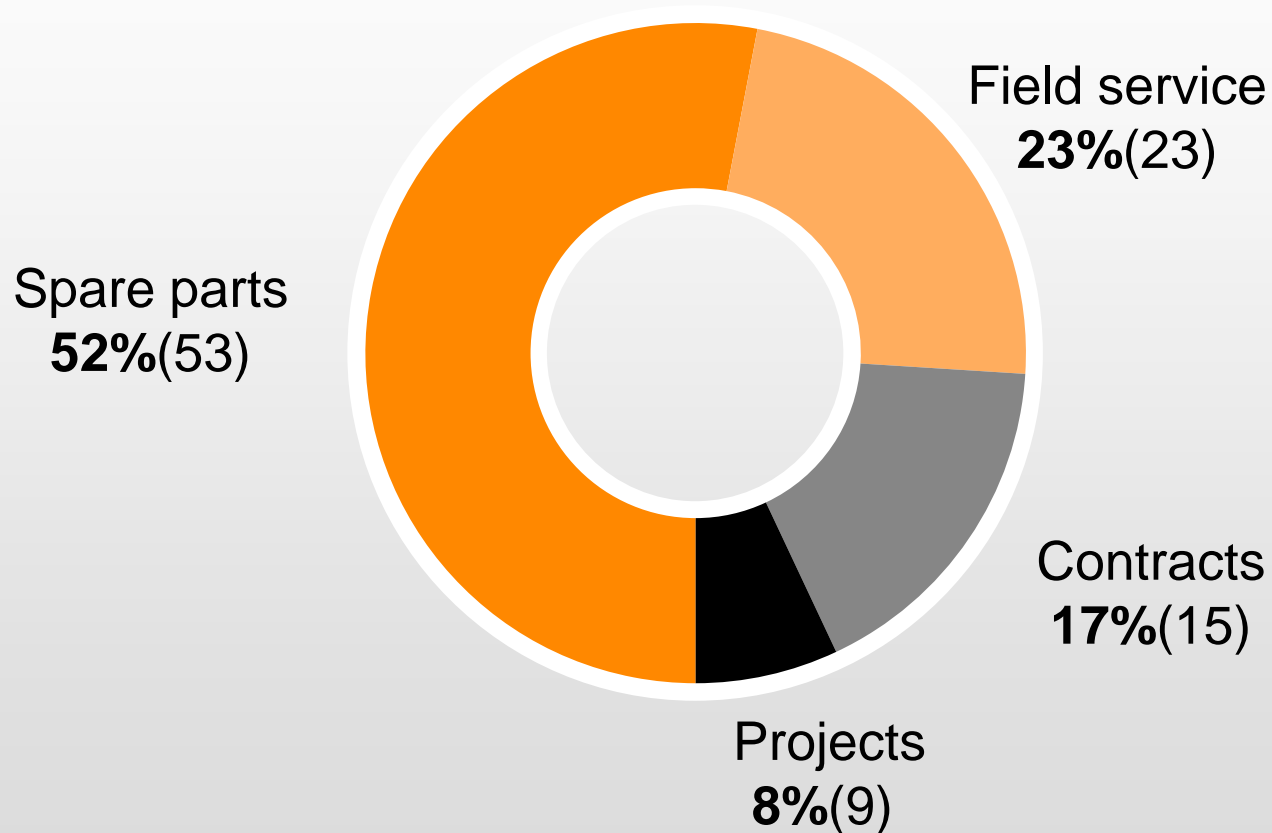
Fourth quarter development



Services net sales by quarter



Services net sales distribution 2013



Total EUR 1,842 million (1,908)

Services distribution per business 2013

Net sales

Total EUR 1,842 million



Installed base

Total 182,000 MW

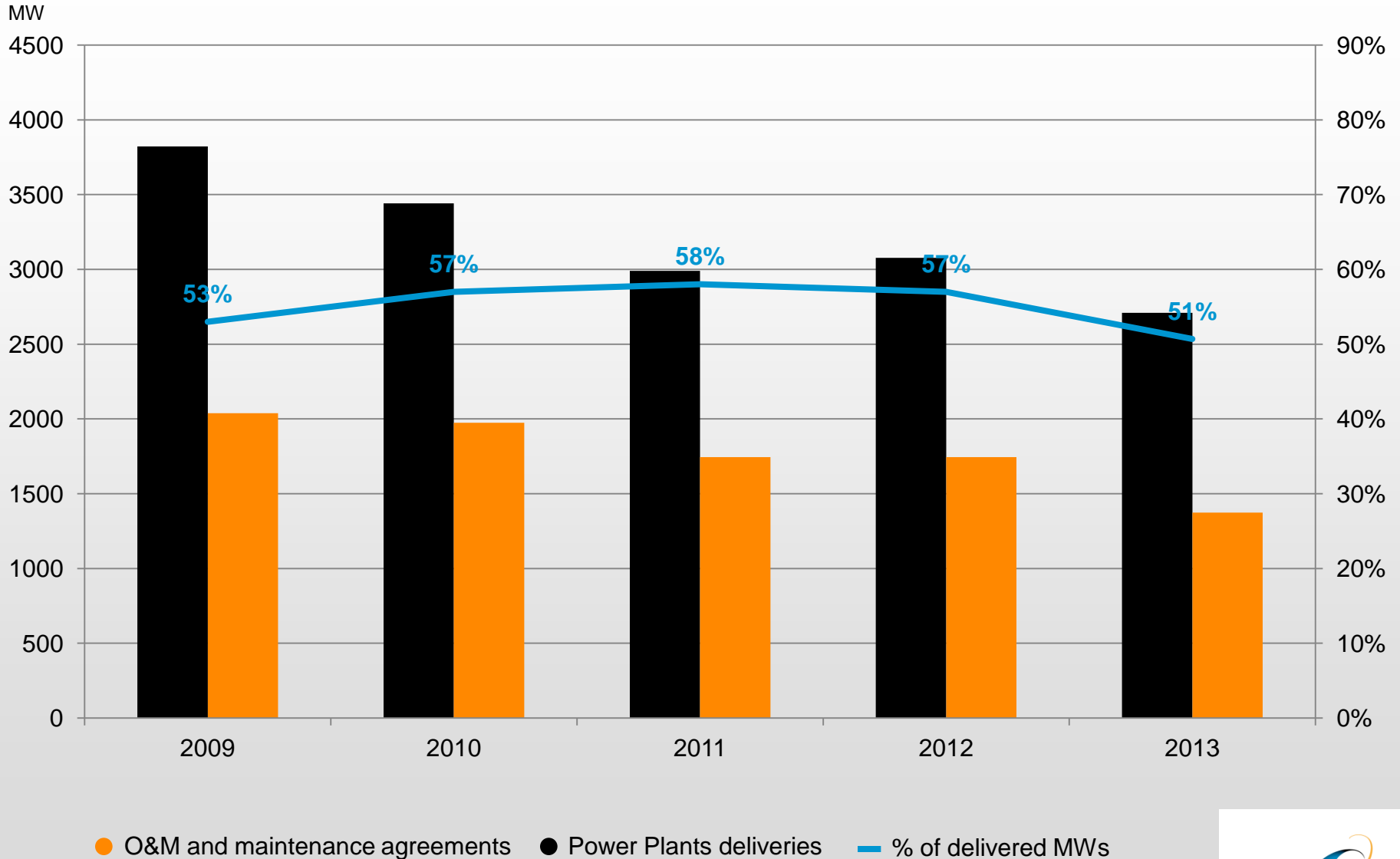


Strategic focus on long-term service agreements continues



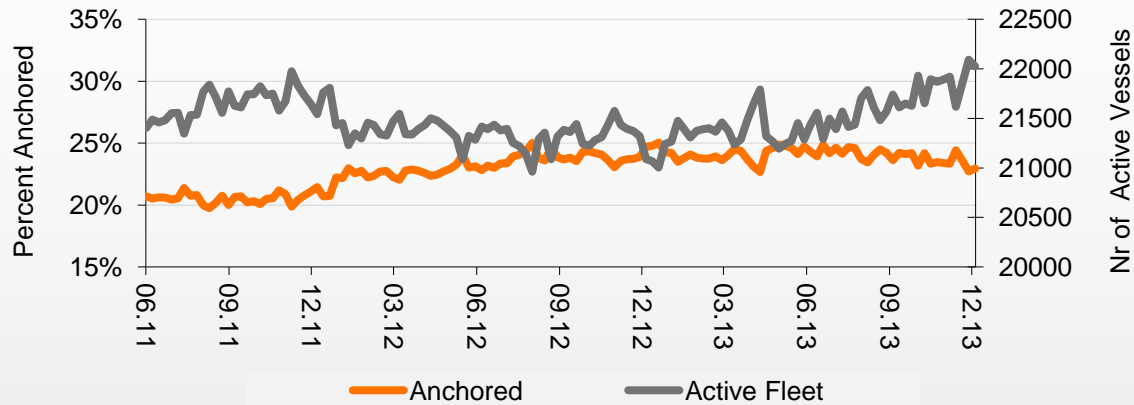
- Several services agreements signed with marine and power plant customers in 2013:
 - 10-year agreement with Portland General Electric Company in the USA
 - 10-year maintenance agreement with Energy Developments Ltd of Australia
 - 10-year Operations & Maintenance agreement with Ndola Energy Company Ltd in Zambia
 - 5-year maintenance agreement for world's largest LNG fuelled passenger ferry Viking Grace with Finnish Viking Line
- Agreements guarantee full performance and operational accountability, enabling customers to reduce operating expenses and focus on their core business
- Over 17 GW of generating capacity in marine and land based installations covered by service agreements

Development of Power Plants service agreements

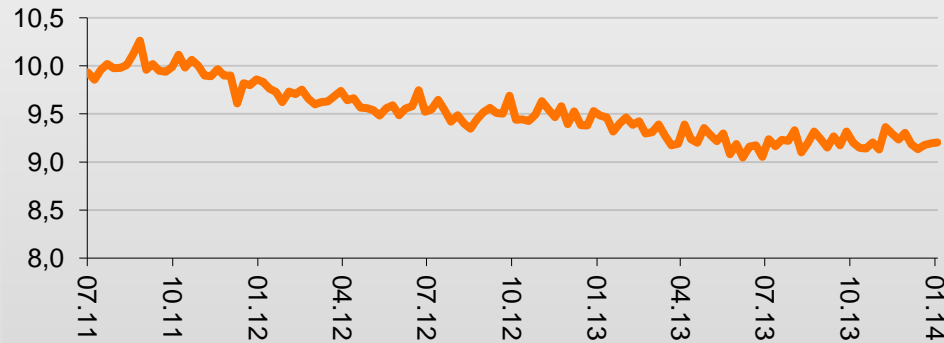


Fleet utilisation

Anchored Vessels & Fleet Development*



Fleet Average Speed, knots**



* Source Bloomberg. Sample of more than 25 000 vessels (>299 GT) covered by IHS AIS Live.

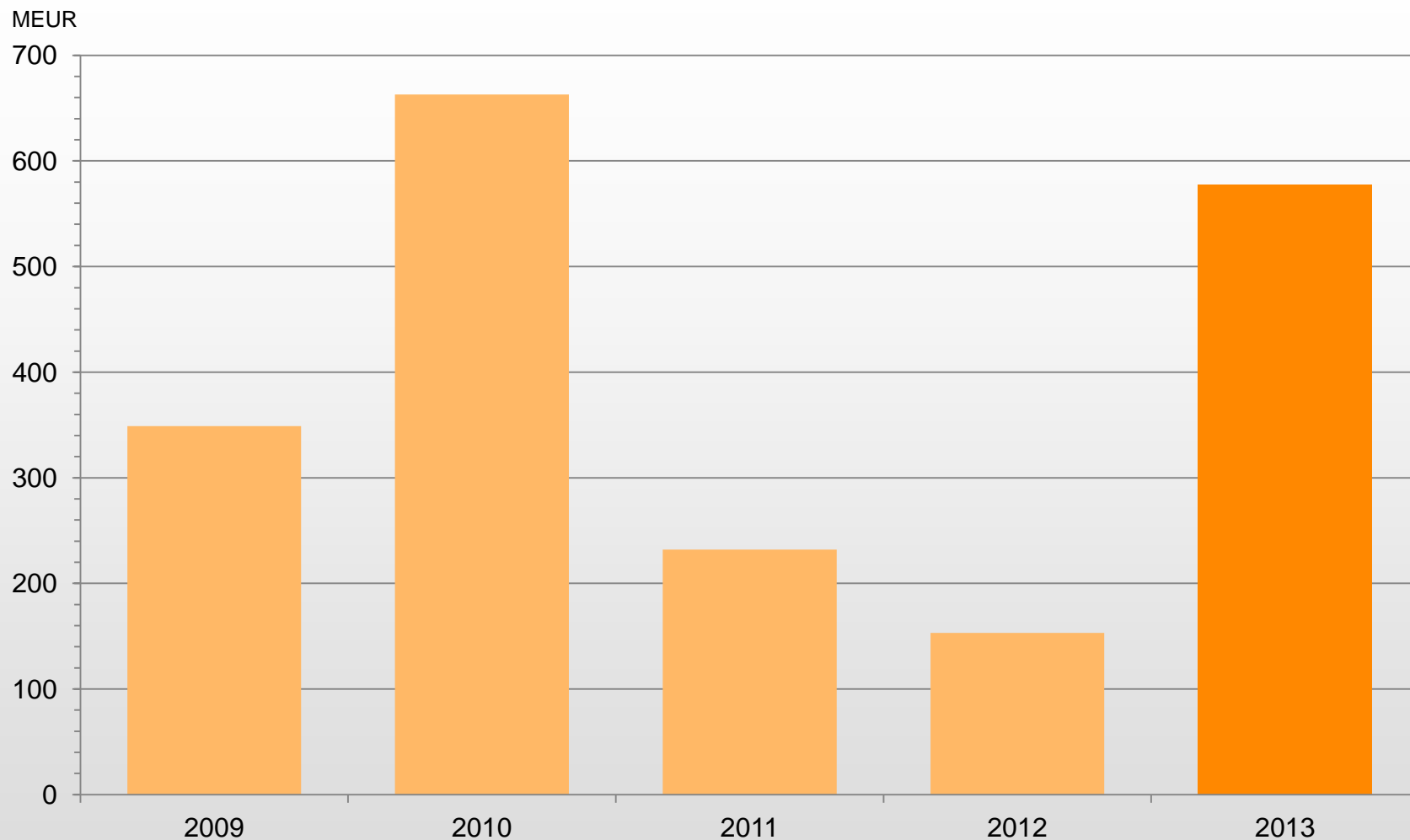
** Source Bloomberg

The background of the slide is a dark, monochromatic photograph of industrial machinery, featuring a complex network of pipes, valves, and large cylindrical components. The lighting is dramatic, highlighting the metallic textures and creating deep shadows.

”

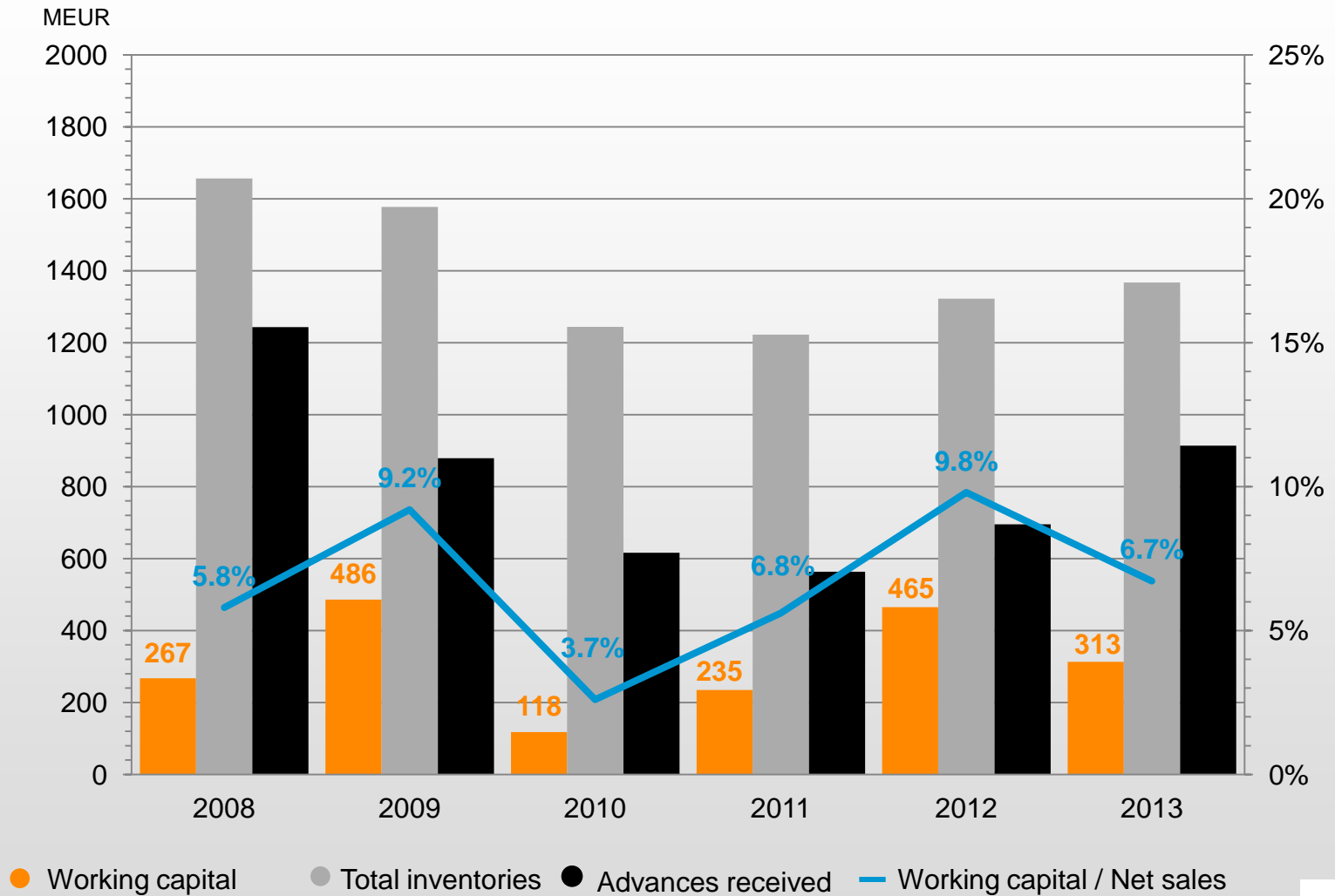
**Solid financial
standing**

Strong development in cash flow from operating activities



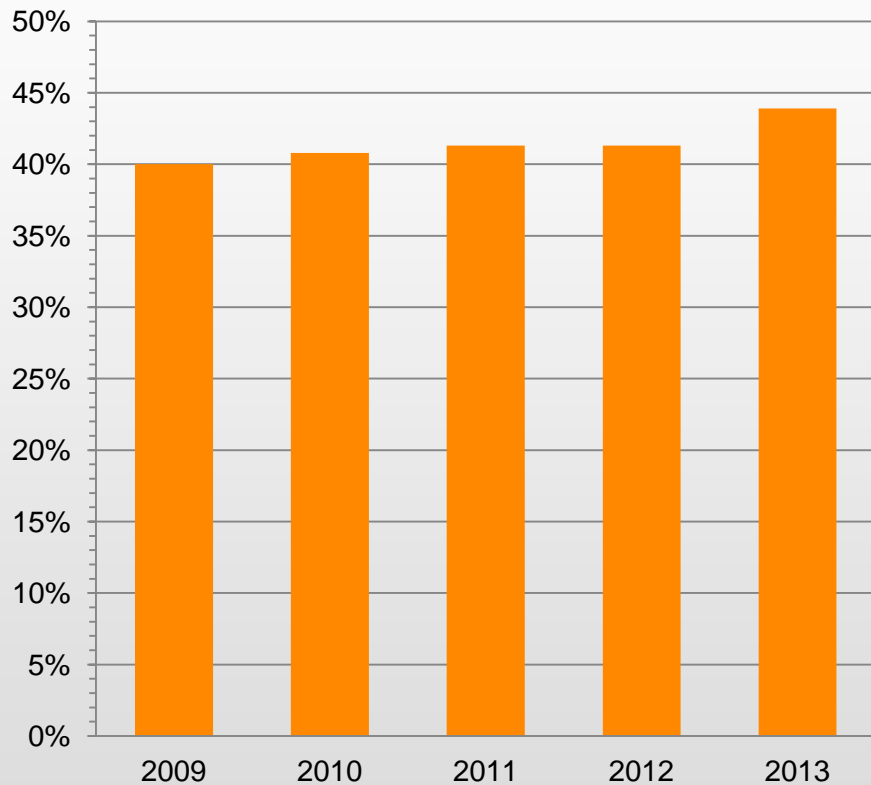
Working capital

Good development in advances received

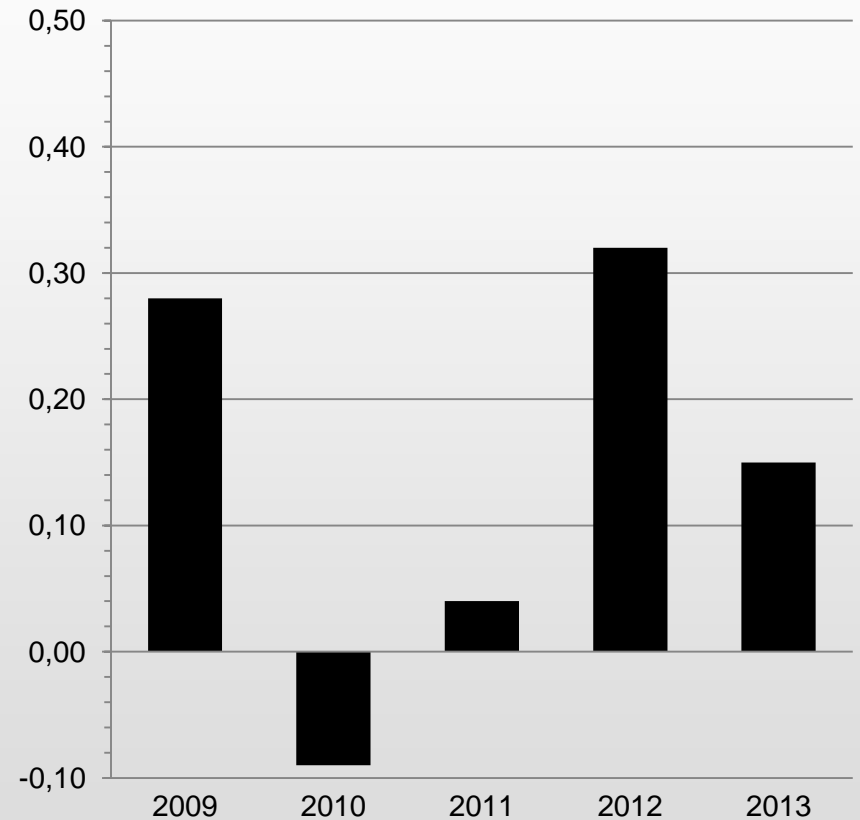


Financial position

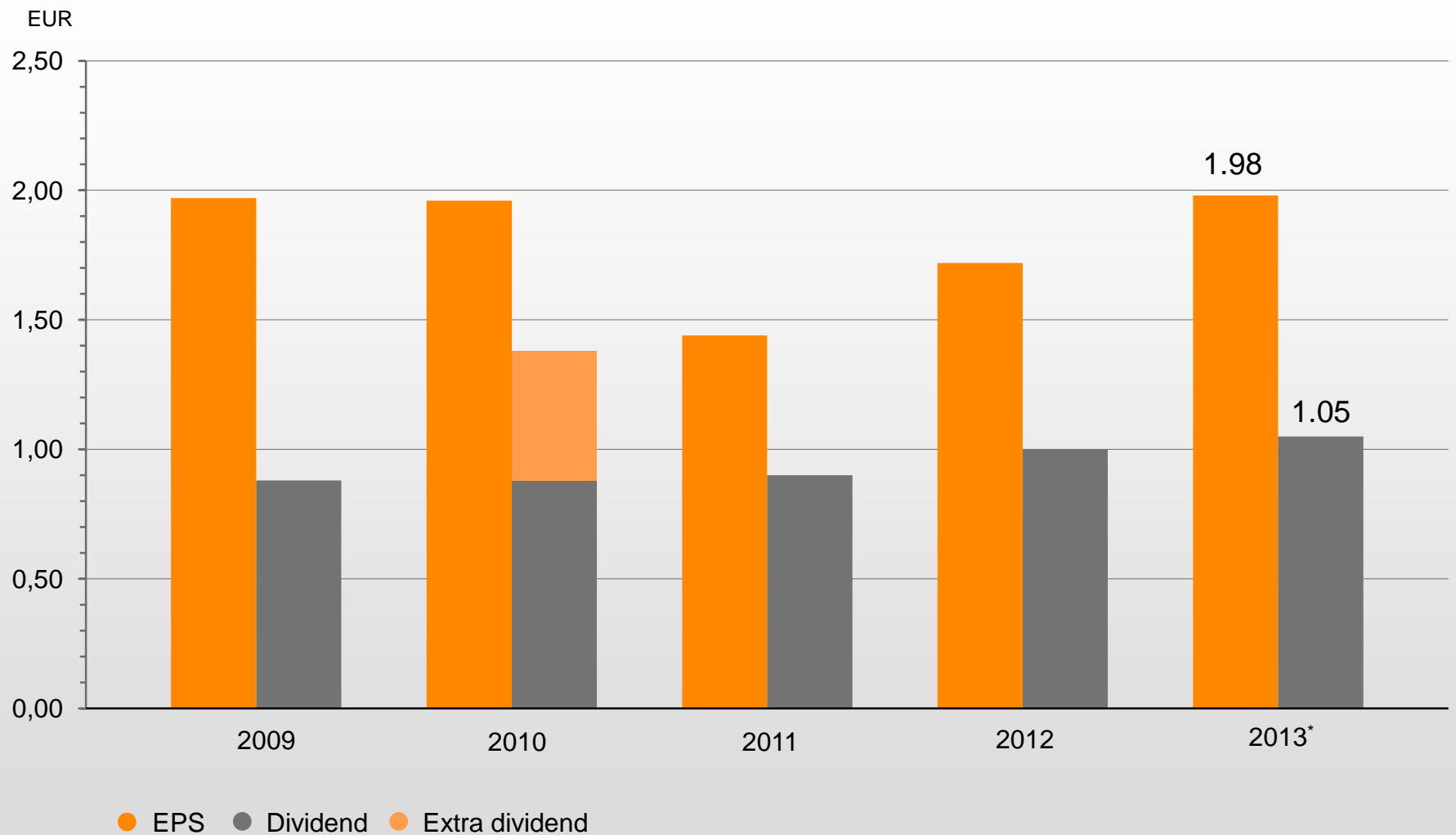
Solvency



Gearing



EPS and dividend per share



*Dividend 2013 - Proposal of the Board



- **Power Plants:** Based on the forecasted GDP growth in 2014, the overall market for liquid and gas fuelled power generation is expected improve slightly. Ordering activity remains focused on emerging markets, which continue to invest in new power generation capacity.
- **Ship Power:** The main drivers supporting activity in shipping and offshore are in place. Overall contracting is expected to remain on improved levels, keeping in mind the prevailing overcapacity and the market's limited capacity to absorb new tonnage.
- **Services:** The overall service market outlook remains stable.

Group-wide efficiency programme initiated



- Process started to realign organisation to secure future profitability and competitiveness in a challenging business environment
- Planned reductions of approx. 1,000 jobs globally, impacting all businesses and support functions
- Expected annual savings of EUR 60 million are estimated to materialise fully by the end of 2014
- The non-recurring costs related to the restructuring measures are EUR 50 million, of which EUR 11 million was recognised in 2013

”

Wärtsilä expects its net sales for 2014 to grow by 0-10% and its operational profitability (EBIT% before non-recurring items) to be around 11%.



WÄRTSILÄ

IR Contact:

Natalia Valtasaari

Director, Investor Relations

Tel. +358 (0) 40 187 7809

E-mail: natalia.valtasaari@wartsila.com

WARTSILA.COM