

WÄRTSILÄ CORPORATION

SEB ENSKILDA FINNISH INDUSTRIALS SEMINAR

OLE JOHANSSON, PRESIDENT & CEO

23 MARCH 2011



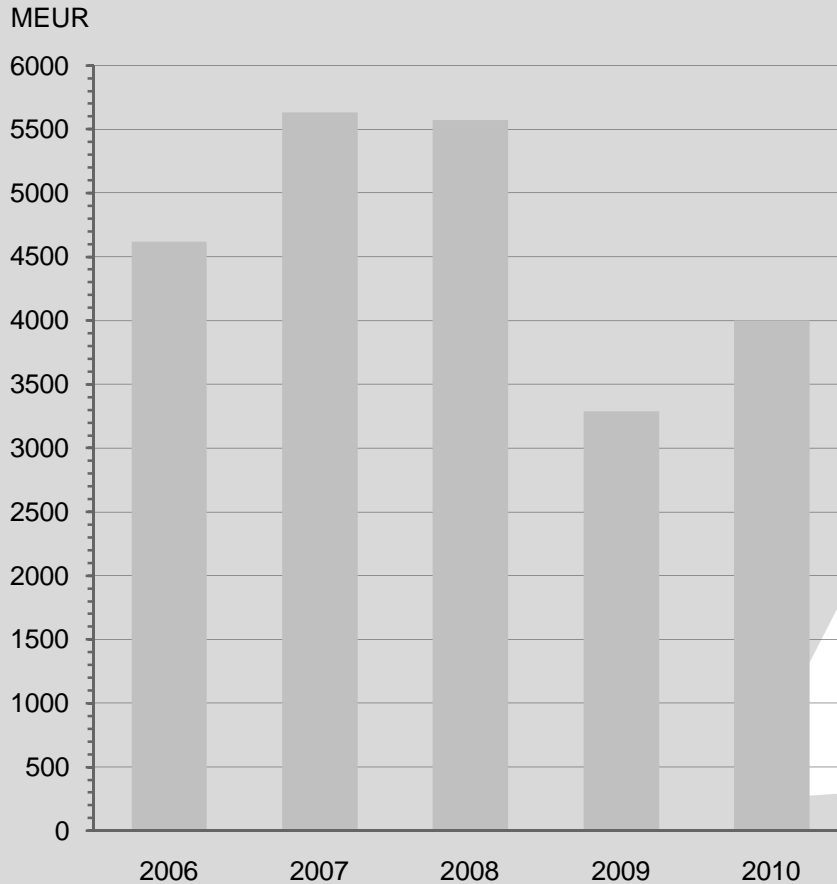
2010 – Solid performance at all levels



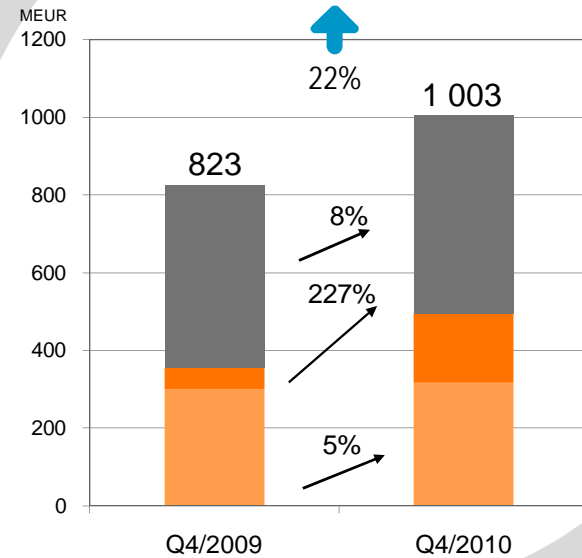
- Order intake EUR 4,005 million, +22%
- Net sales EUR 4,553 million, -13%
- Operating result EUR 487 million, 10.7% of net sales
- All time high cash flow EUR 663 million (349)
- EPS EUR 3.35 (4.30)
- Dividend proposal 1.75 euro per share (1.75) and extra dividend 1.00 euro per share, total 2.75 euro/share

All numbers are shown excluding nonrecurring items and selling profits

Order intake increased

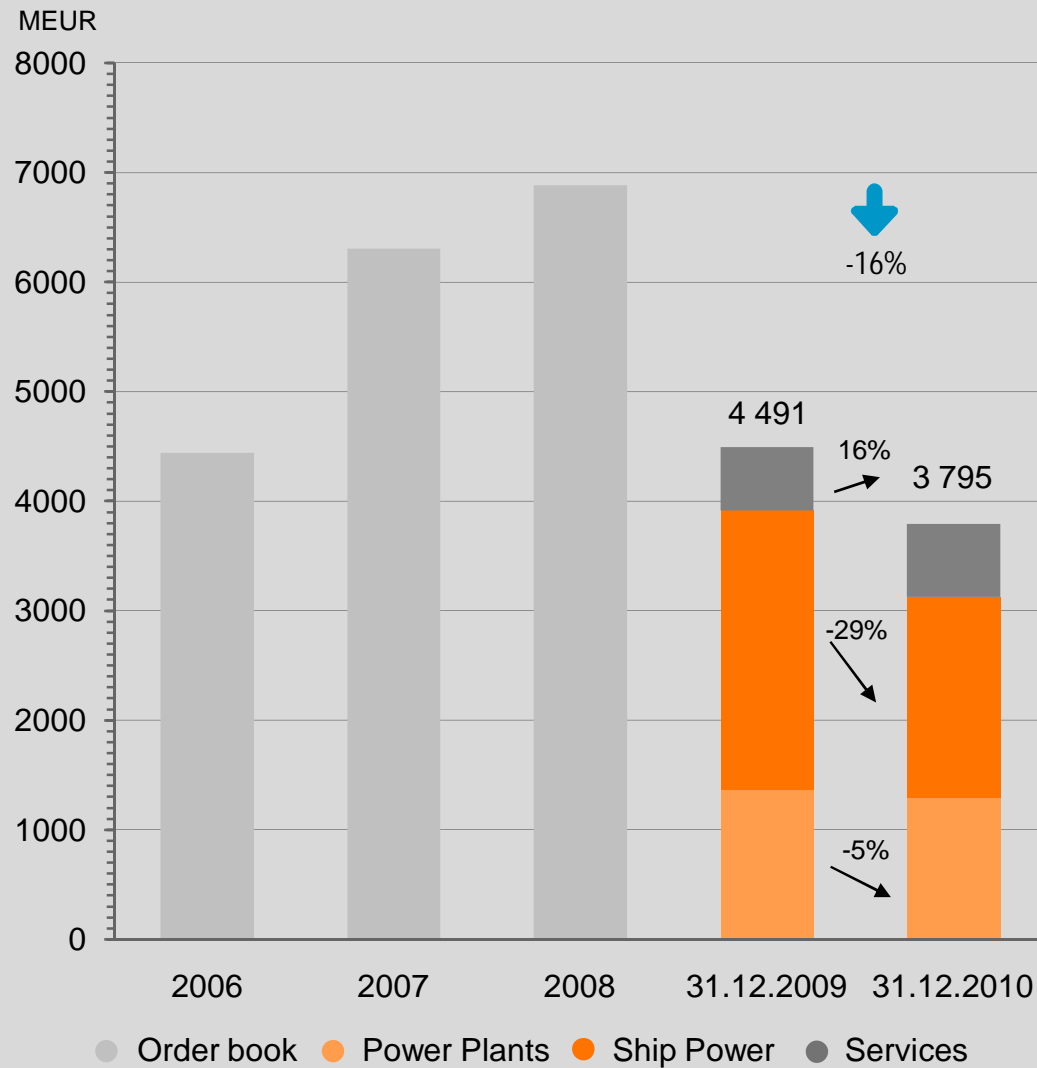


Fourth quarter development

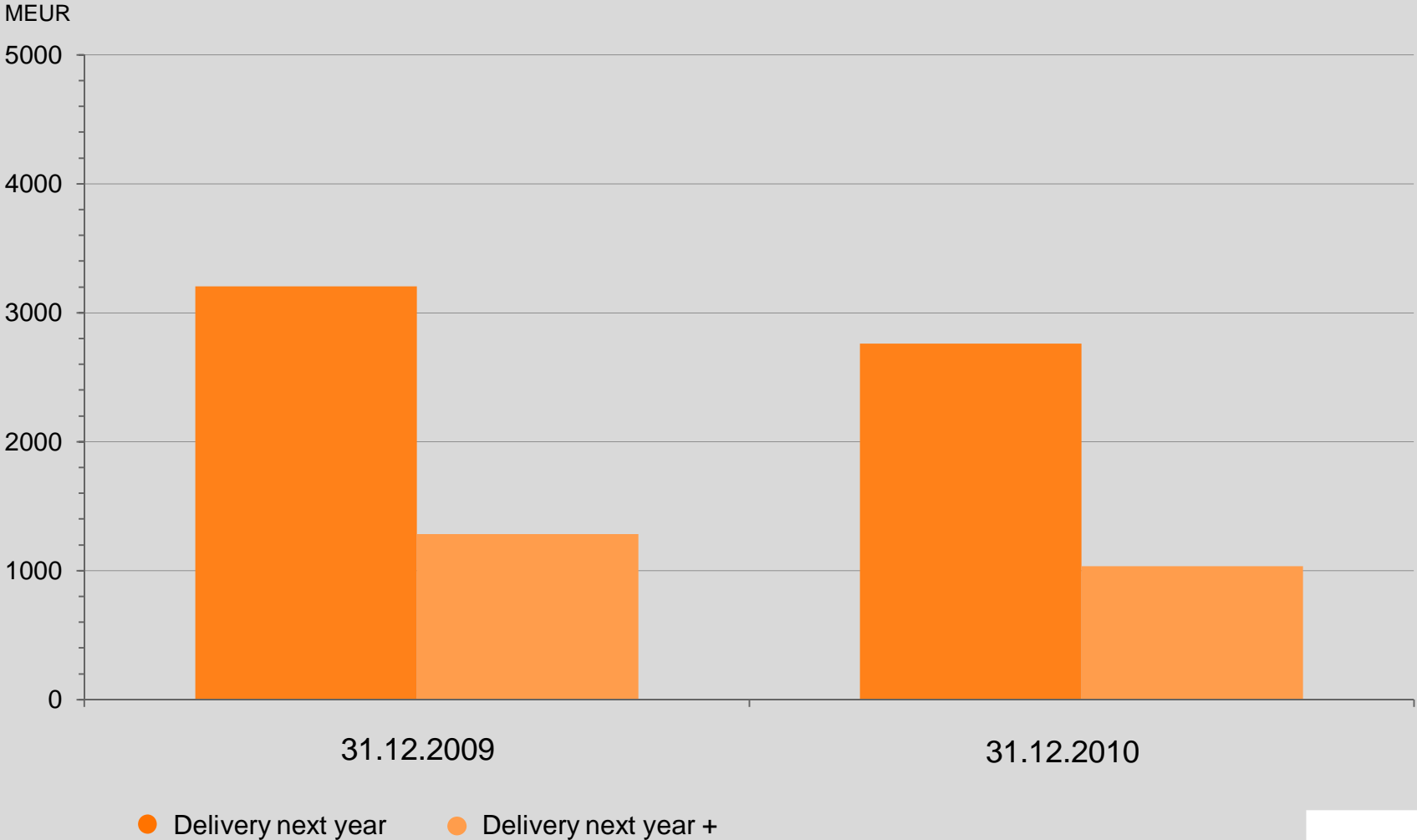


● Order intake ● Power Plants ● Ship Power ● Services

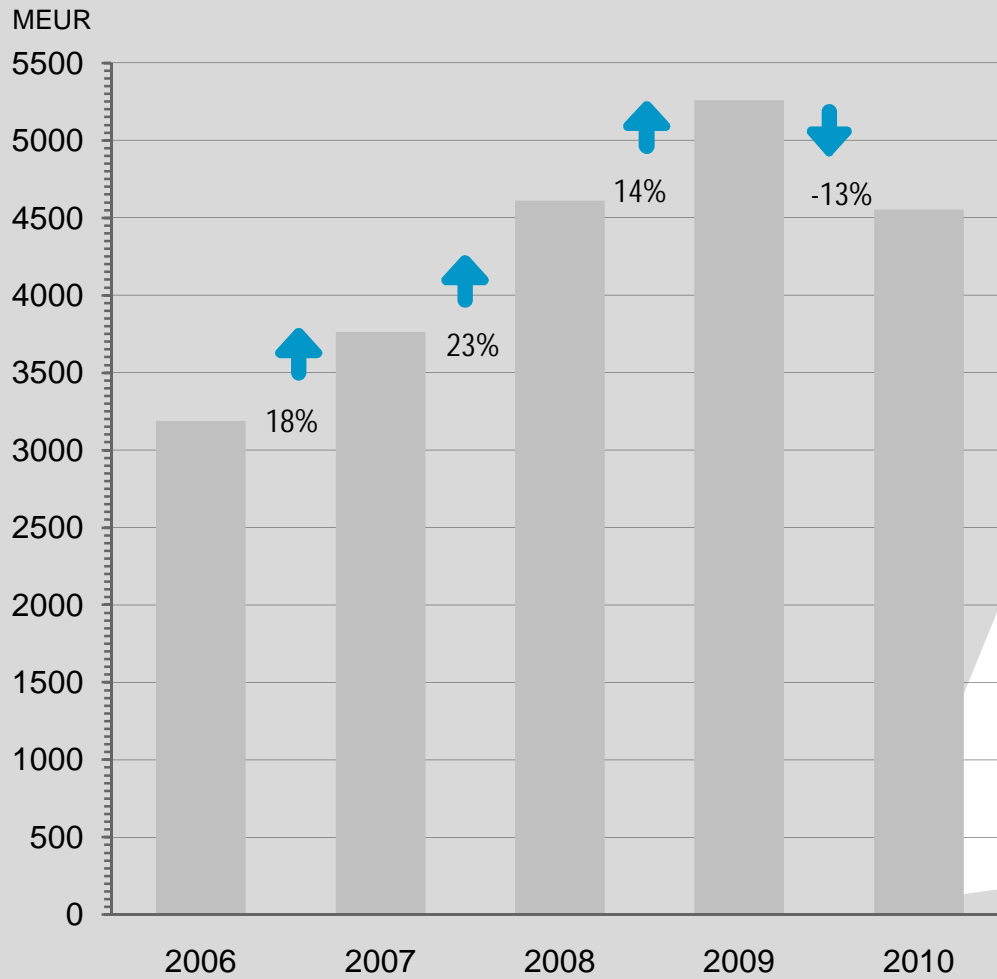
Order book



Order book distribution

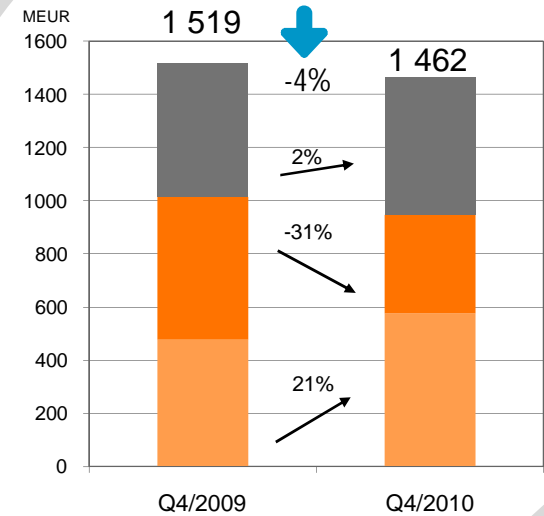


Net sales developed as expected

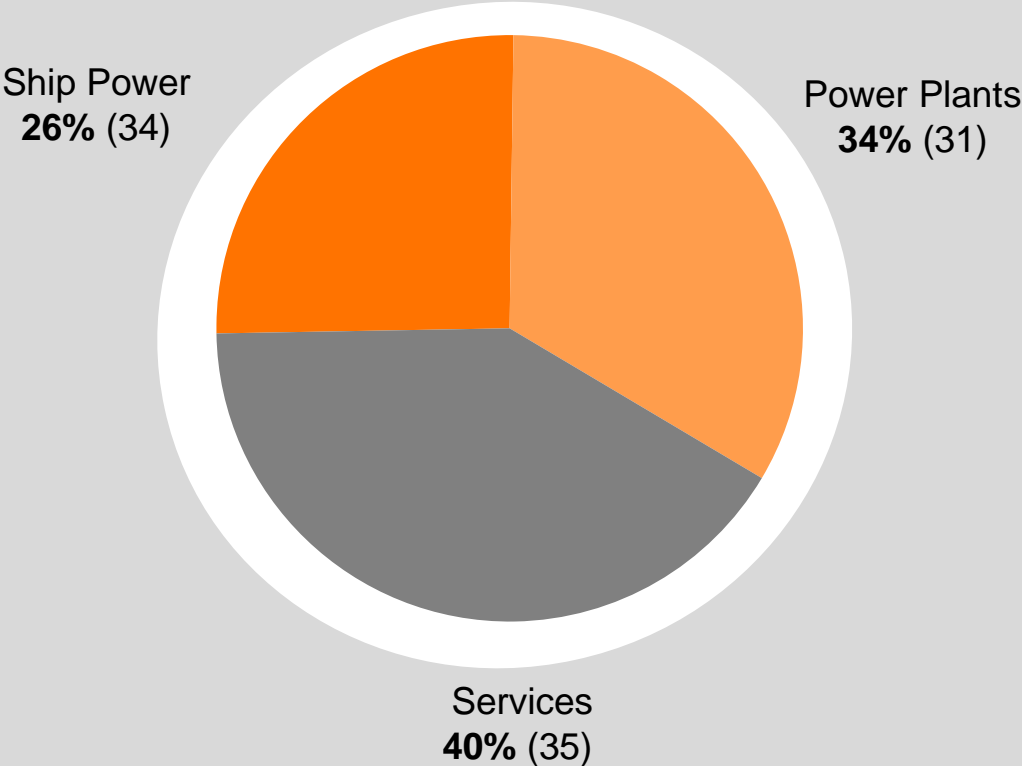


● Net sales ● Power Plants ● Ship Power ● Services

Fourth quarter development

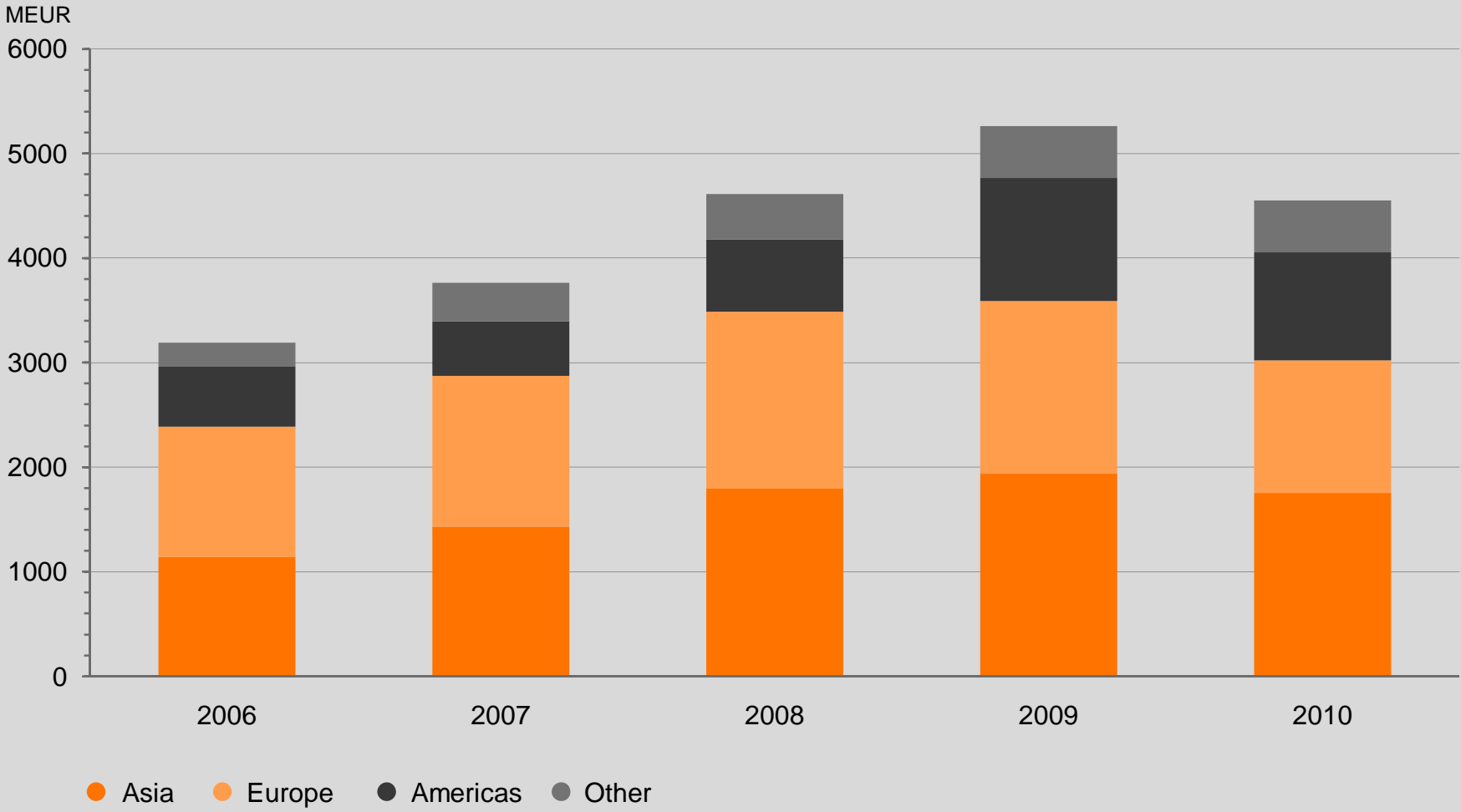


Net sales by business 2010

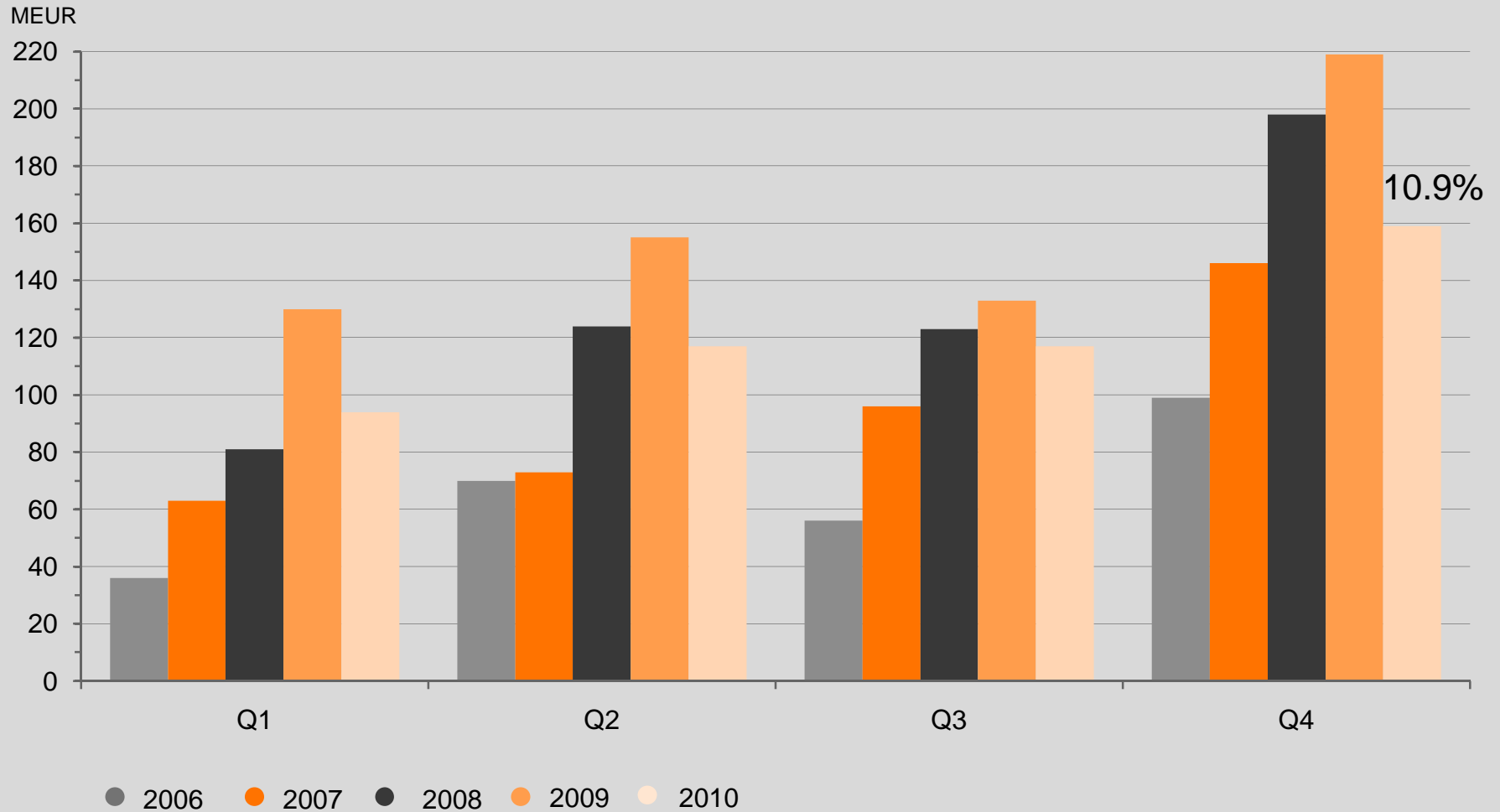


Net sales by market area

Strong presence in Asia



Solid profitability



Operating result before nonrecurring restructuring items

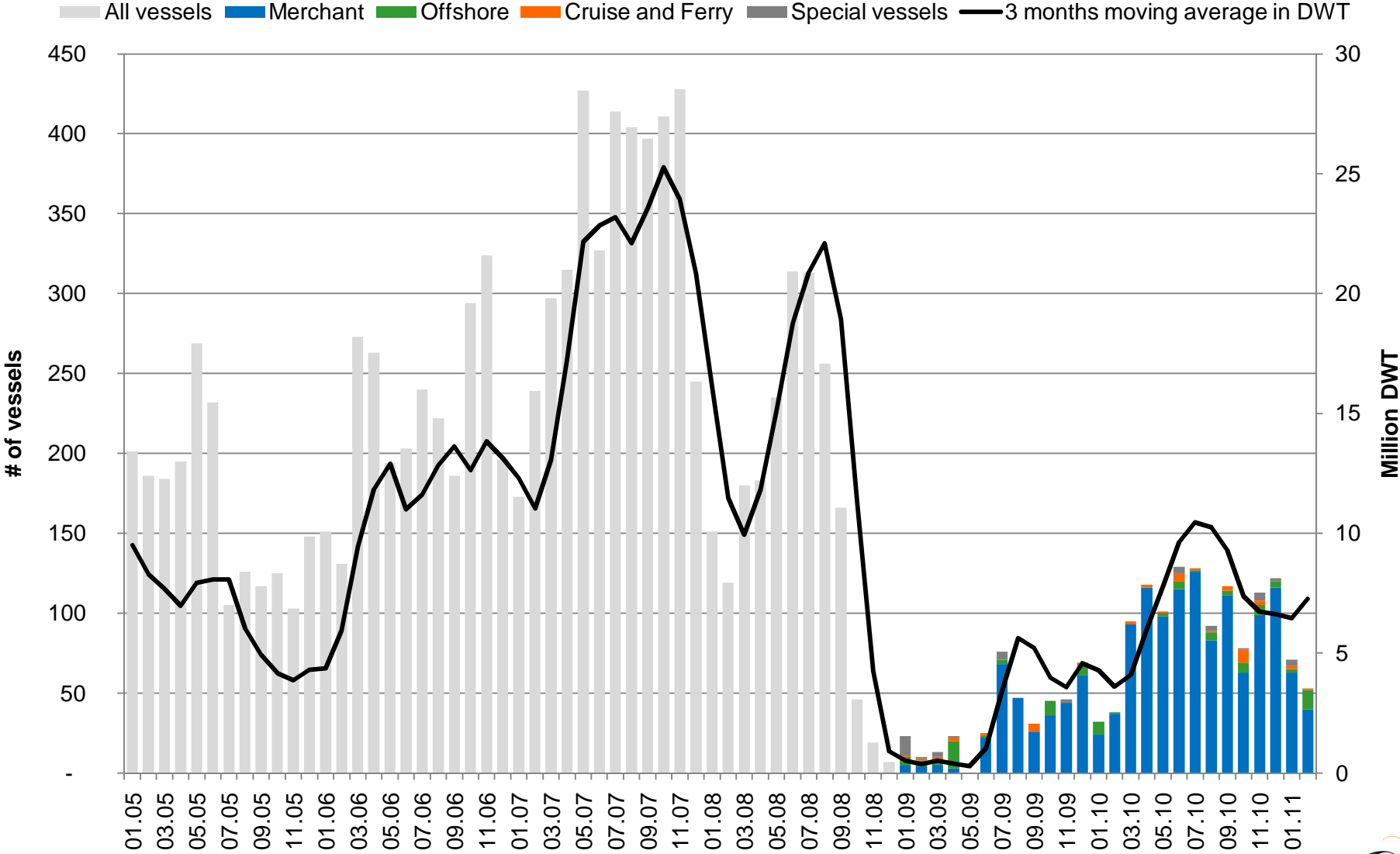
Ship Power - market drivers

- **Global demand for new vessels**, in particular regarding ships built for seaborne cargo transportation, offshore oil exploration and support, cruise and ferry services, and for naval contracting.
- Development of the global economy and its impact on trade and needed transport capacity.
- **Fuel prices**, influenced by global economy, have both a direct and an indirect impact on the shipping and offshore industries.
- Other factors such as:
 - shipyard capacity
 - new build prices
 - decommissioning and scrapping
 - interest and freight rates
 - environmental considerations



Ship Power market – vessel order development

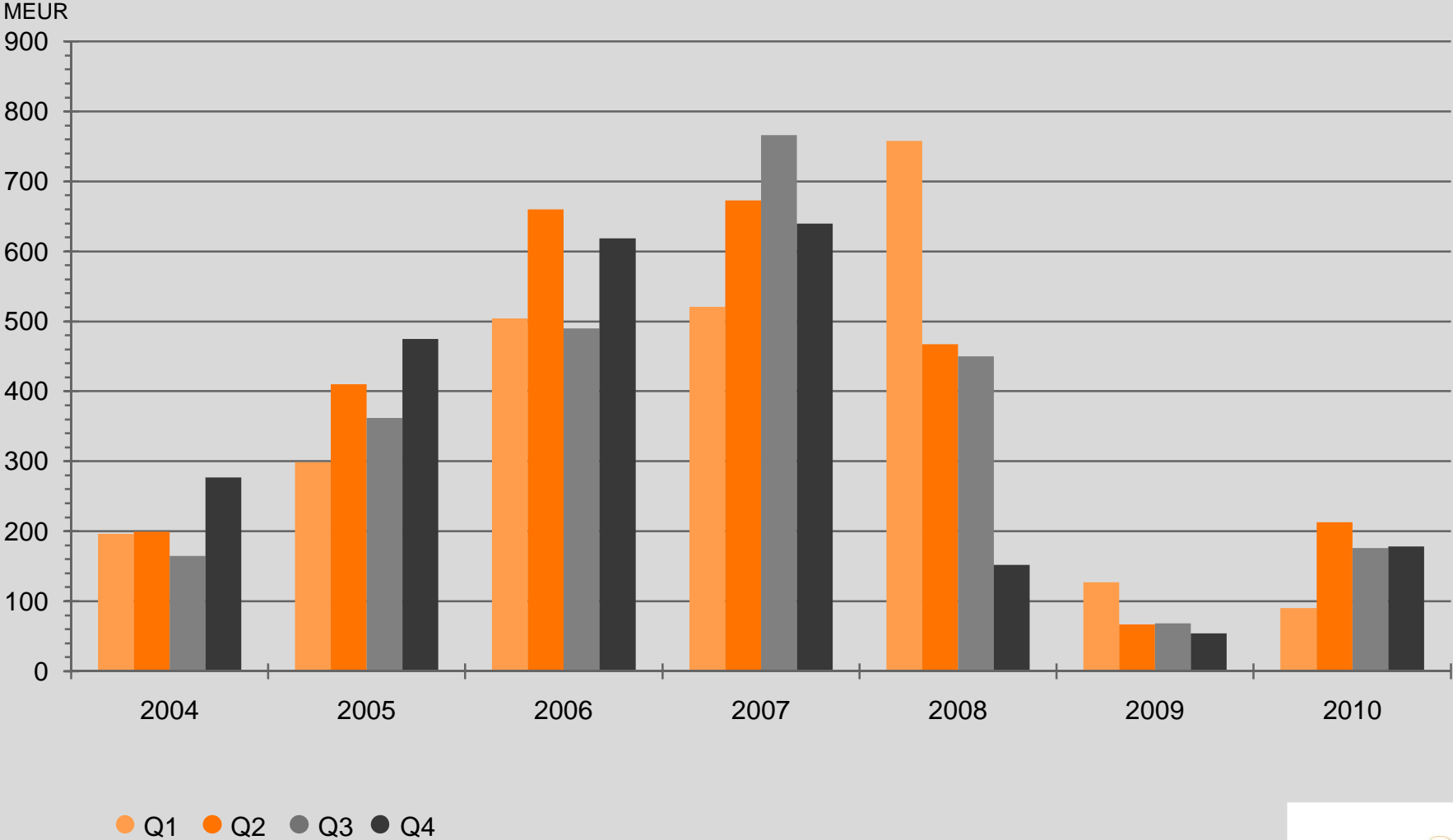
2010 contracting activity stronger than expected



Source: Clarkson Research Services

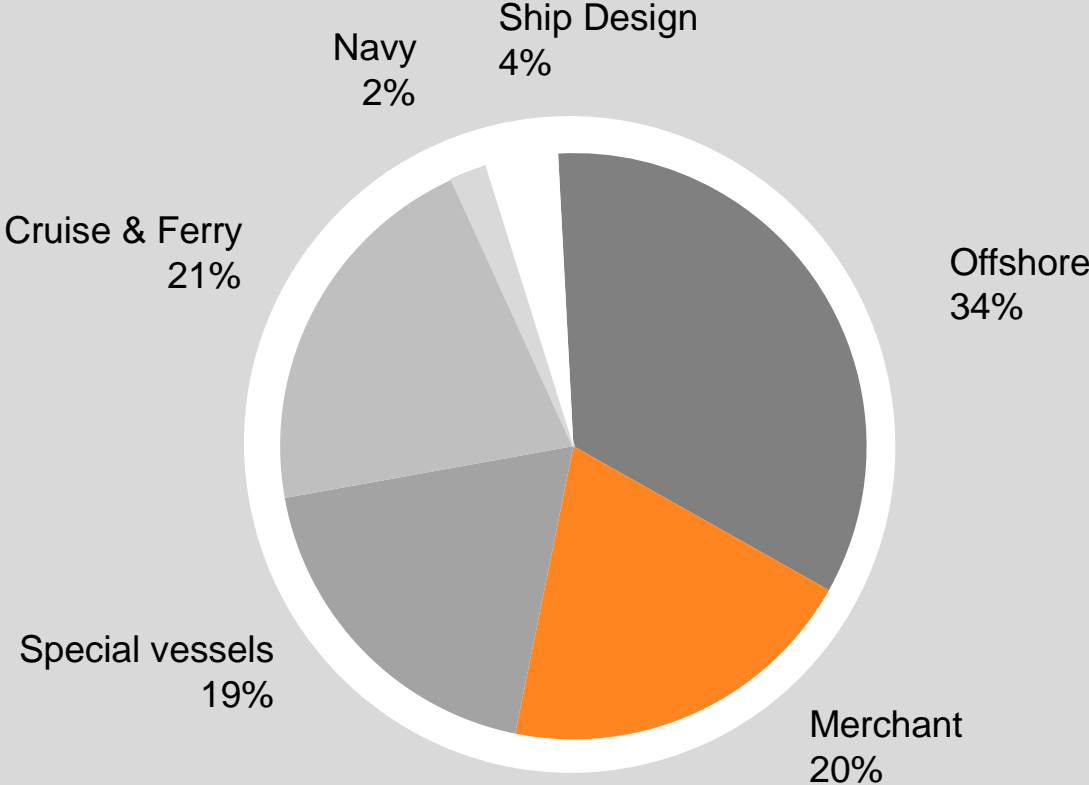


Ship Power quarterly order intake



Ship Power order intake by segment Q4/2010

Offshore strongest segment

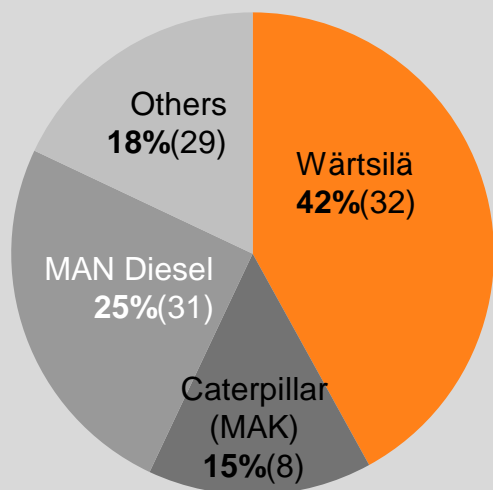


Total EUR 178 million (54)

Ship Power market

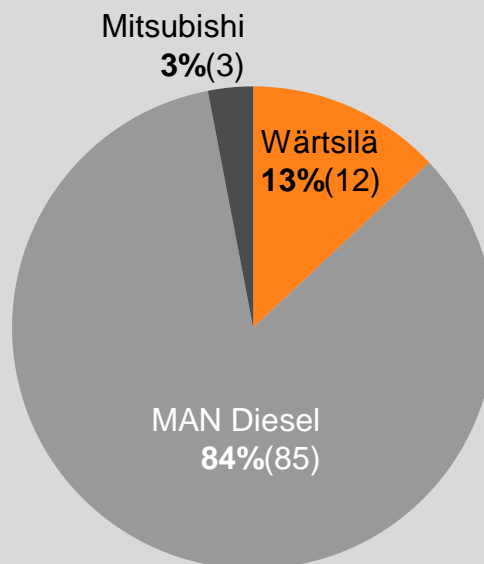
Market position of Wärtsilä's marine engines

Medium-speed main engines



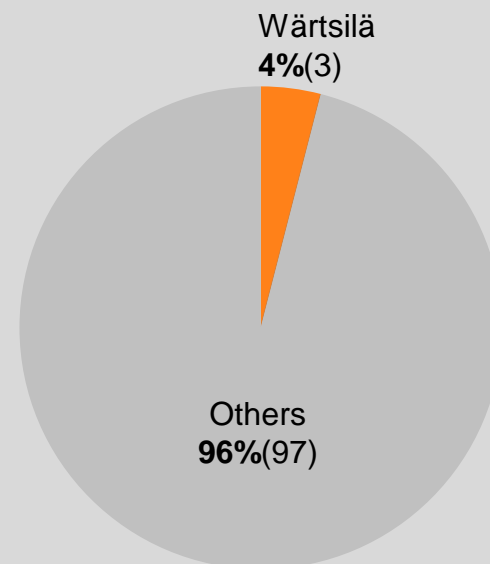
Total market volume last 12 months:
1,639 MW (914)

Low-speed main engines



Total market volume last 12 months:
15,681 MW (6,752)

Auxiliary engines

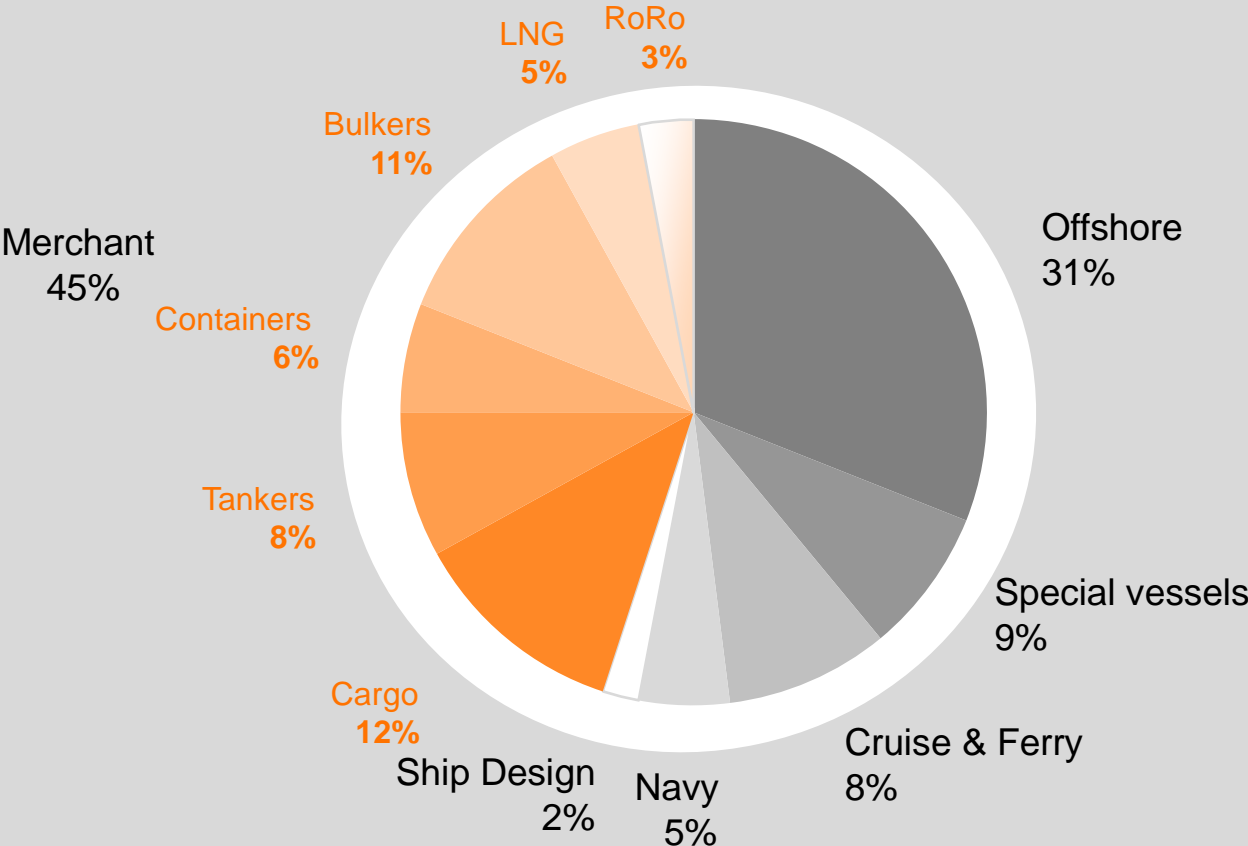


Total market volume last 12 months:
3,880 MW (2,775)

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 Dec. 31, 2010

All vessel segments represented



Total EUR 1,825 million (2,553)



Wärtsilä is a frontrunner in LNG fuelled ships

- Wärtsilä has received an order to supply gas engines and equipment for Viking Line's new environmentally sound passenger ferry
- Wärtsilä has installed dual fuel technology in over 60 LNG carriers

Contract awarded by STX Finland Oy

- Four Wärtsilä 8L50DF dual fuel engines
- The largest liquefied natural gas (LNG) fuelled passenger ferry
- Wärtsilä LNGPac and Compact Silencer System added to scope of supply

Environmental and economical drivers for gas as a marine fuel

- IMO and EU emission regulations etc.
- High oil prices and high demand for low sulphur grades make gas a viable alternative

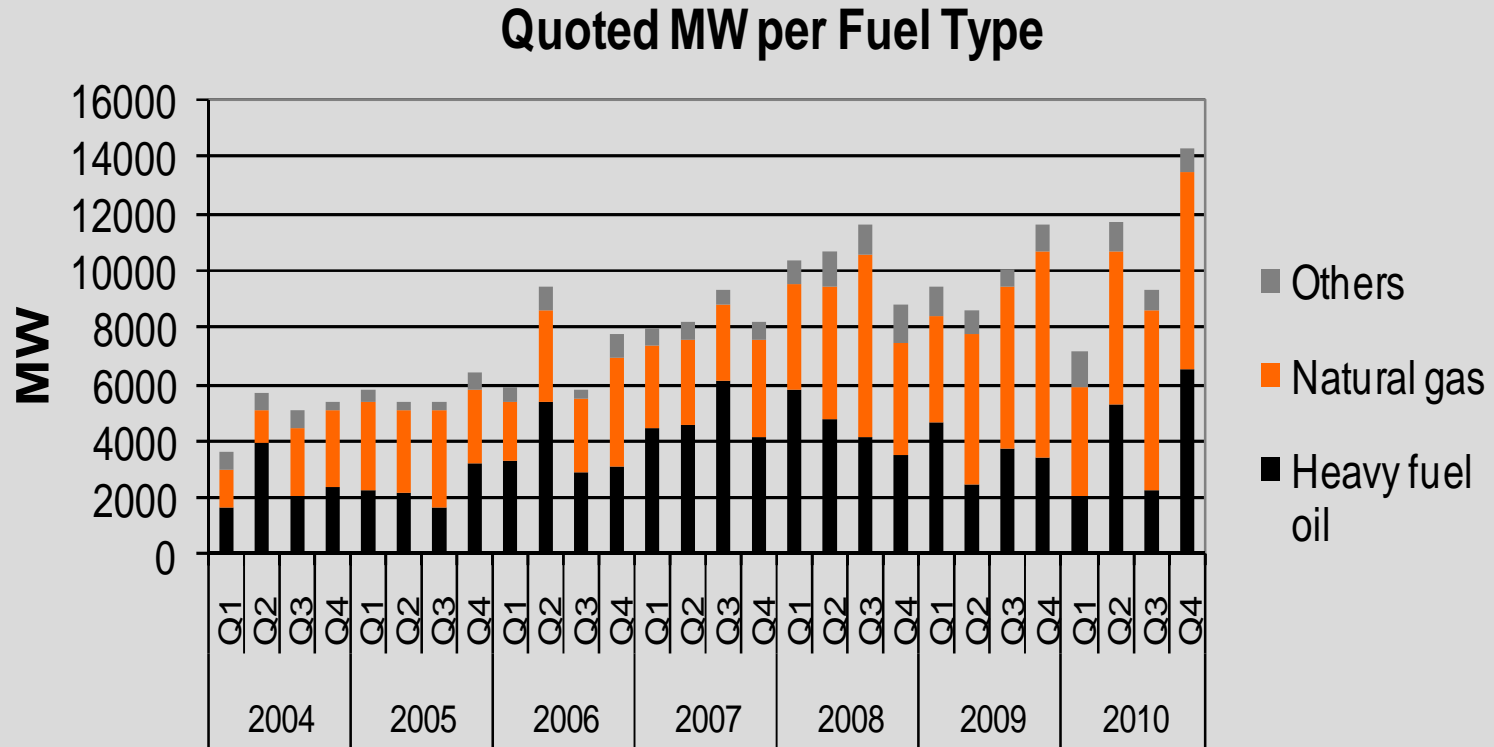


Power Plants - market trends and drivers

- Growth of electricity demand
 - Electrification
 - GDP growth
 - Increasing standard of living
- Search for sustainability
 - Climate change (CO₂)
- Rapid growth of renewable generation
 - Politically created markets & subsidies
- Increasing need for flexibility
 - Increasing daily, weekly and seasonal demand fluctuation
 - Rapid introduction of intermittent renewable energy (wind & solar)
- Changing roles of fuels
 - New coal power plants difficult to permit
 - **Emerging nuclear renaissance?**
 - Gas becoming intermittent and balancing fuel

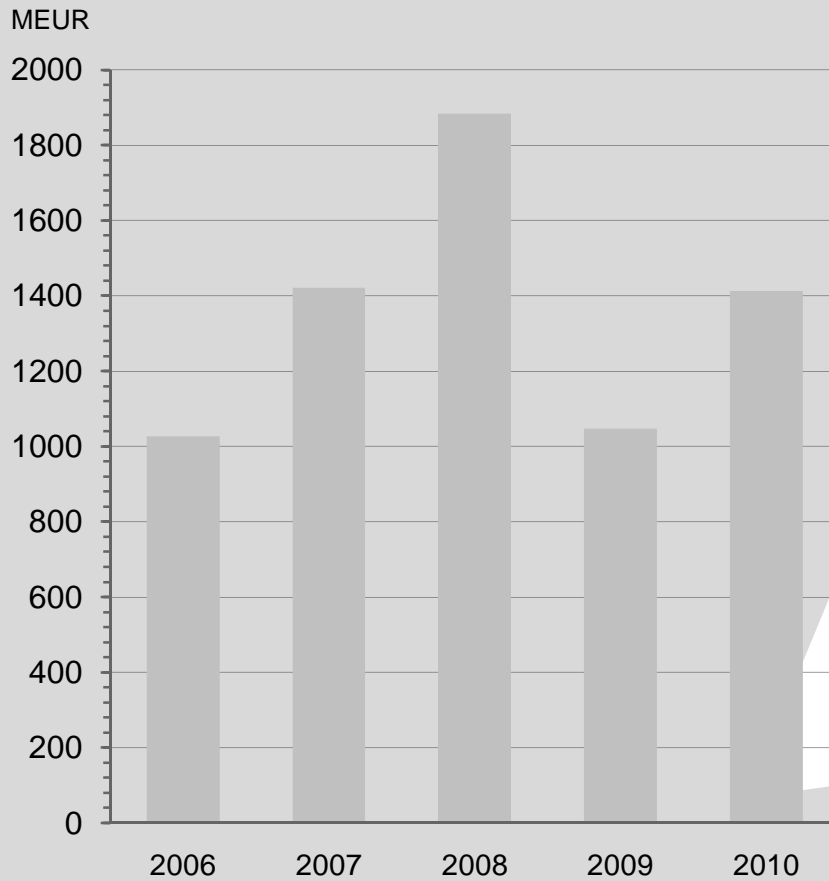


Power Plants - Market demand remains strong

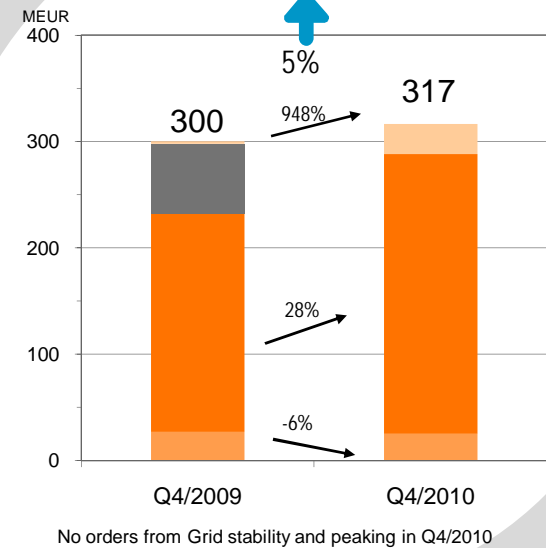


Share of natural gas is consistently increasing

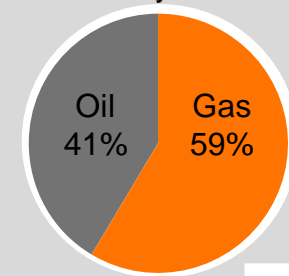
Power Plants order intake by application



Fourth quarter development

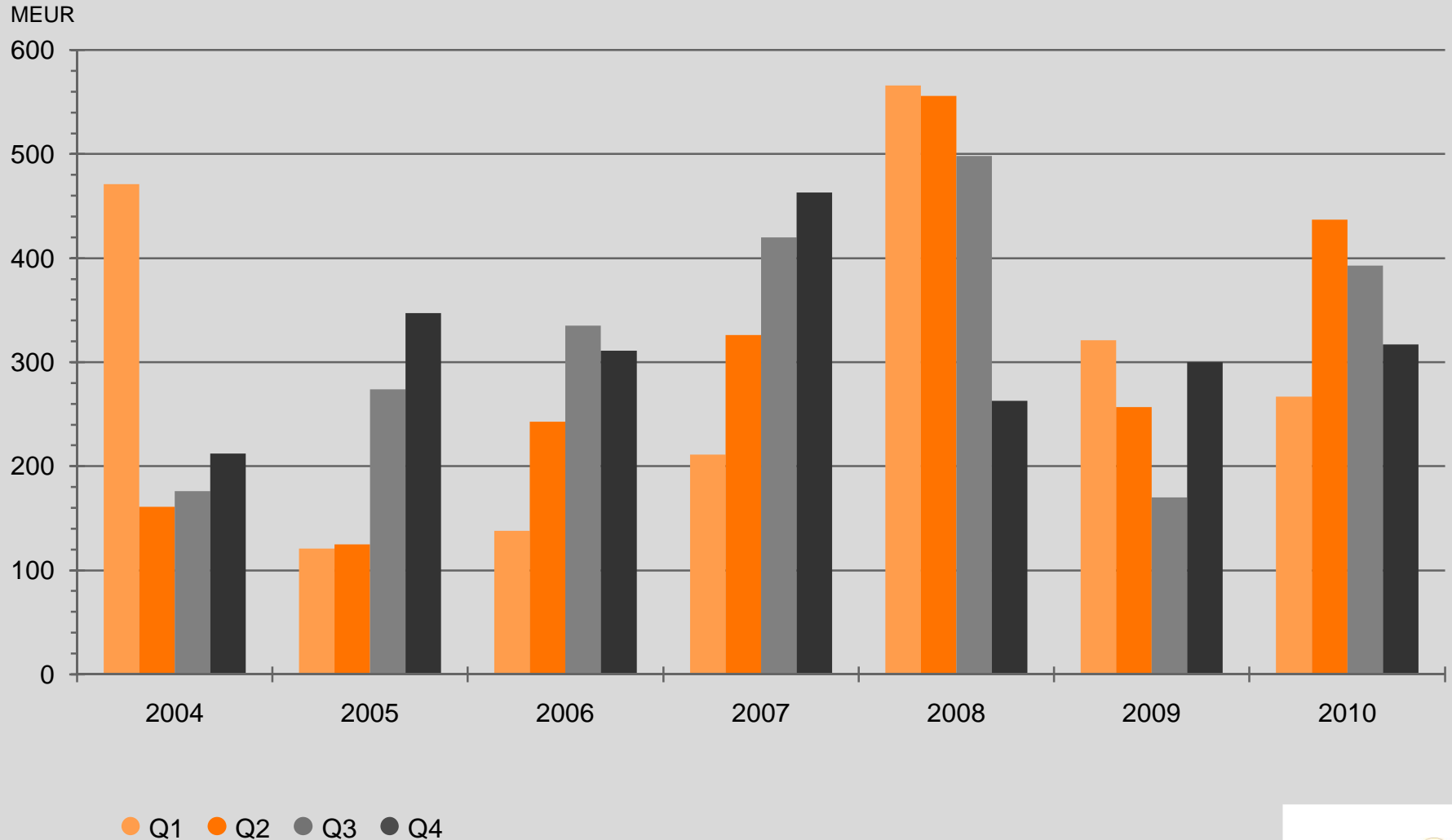


Order intake by fuel Q4/2010



- Order intake
- Industrial self-generation
- Flexible baseload
- Grid stability & peaking
- Oil & Gas

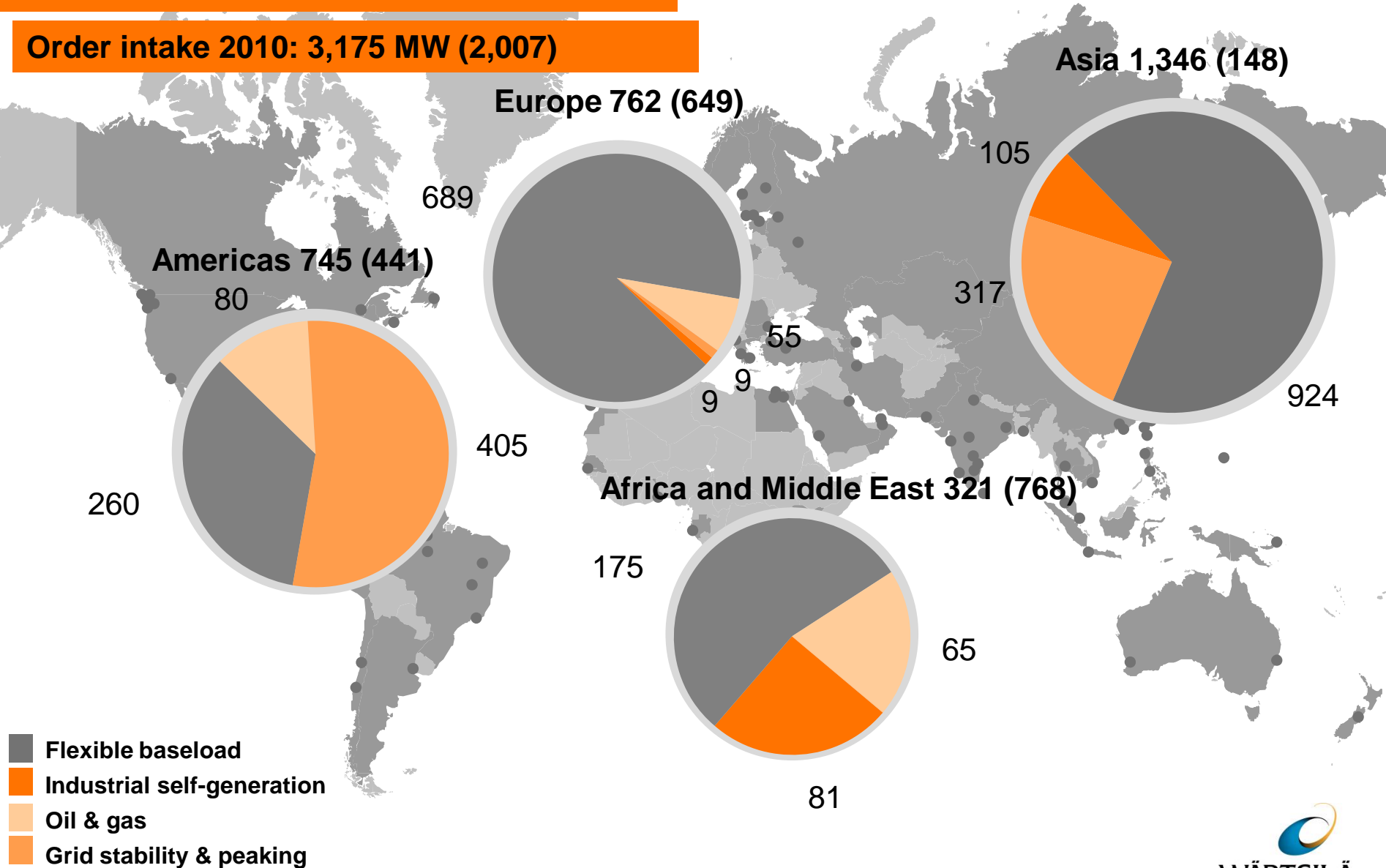
Power Plants quarterly order intake



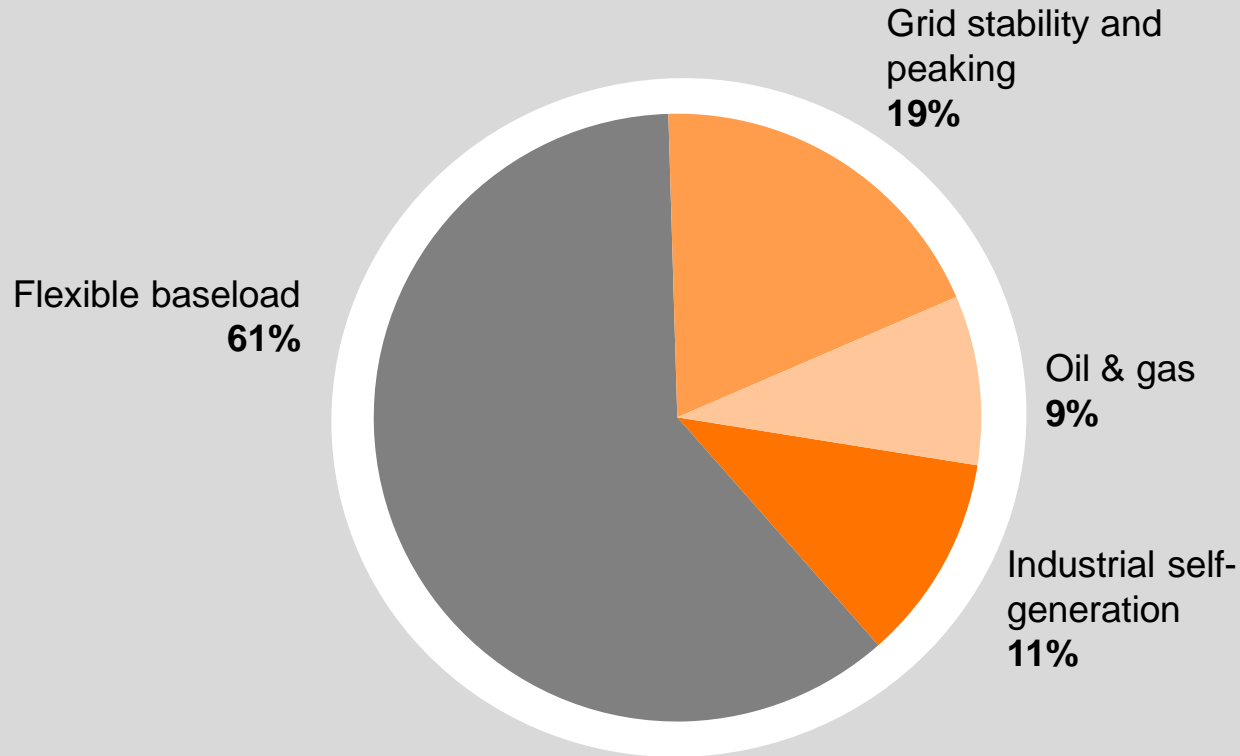
Power Plants order intake

Asia strongest region

Order intake 2010: 3,175 MW (2,007)

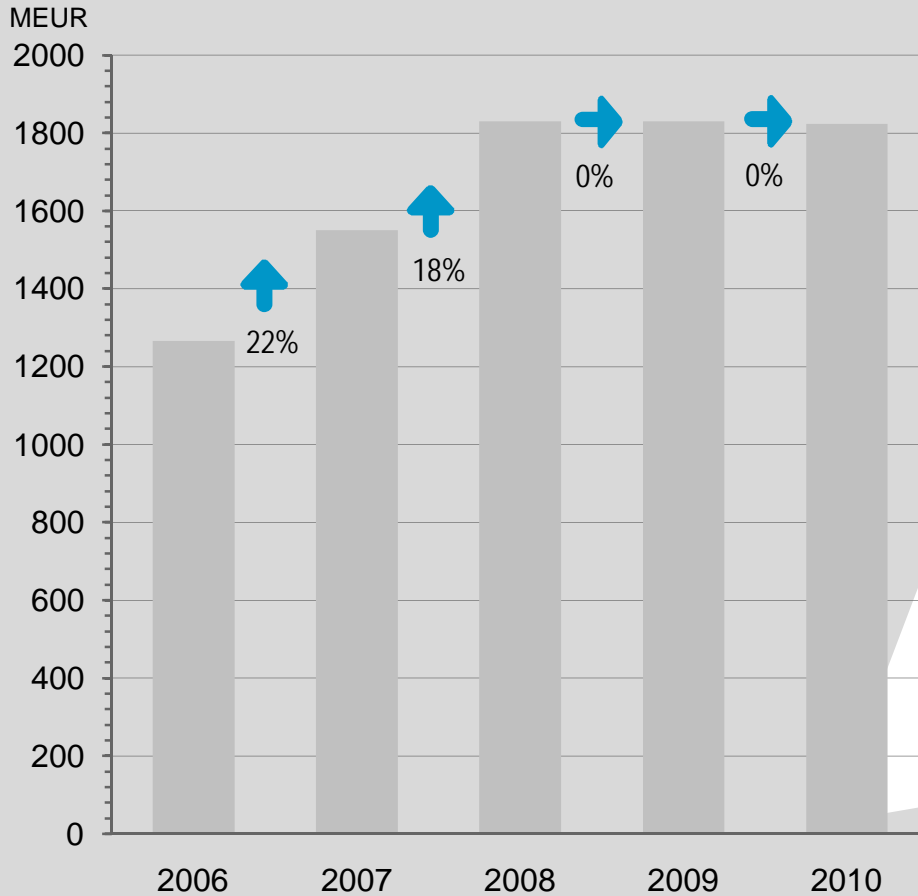


Power Plants order book Dec. 31, 2010

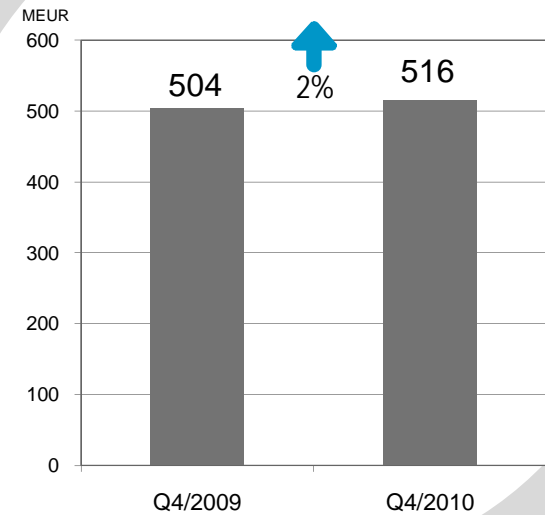


Total EUR 1,299 million (1,362)

Services – Net sales stable

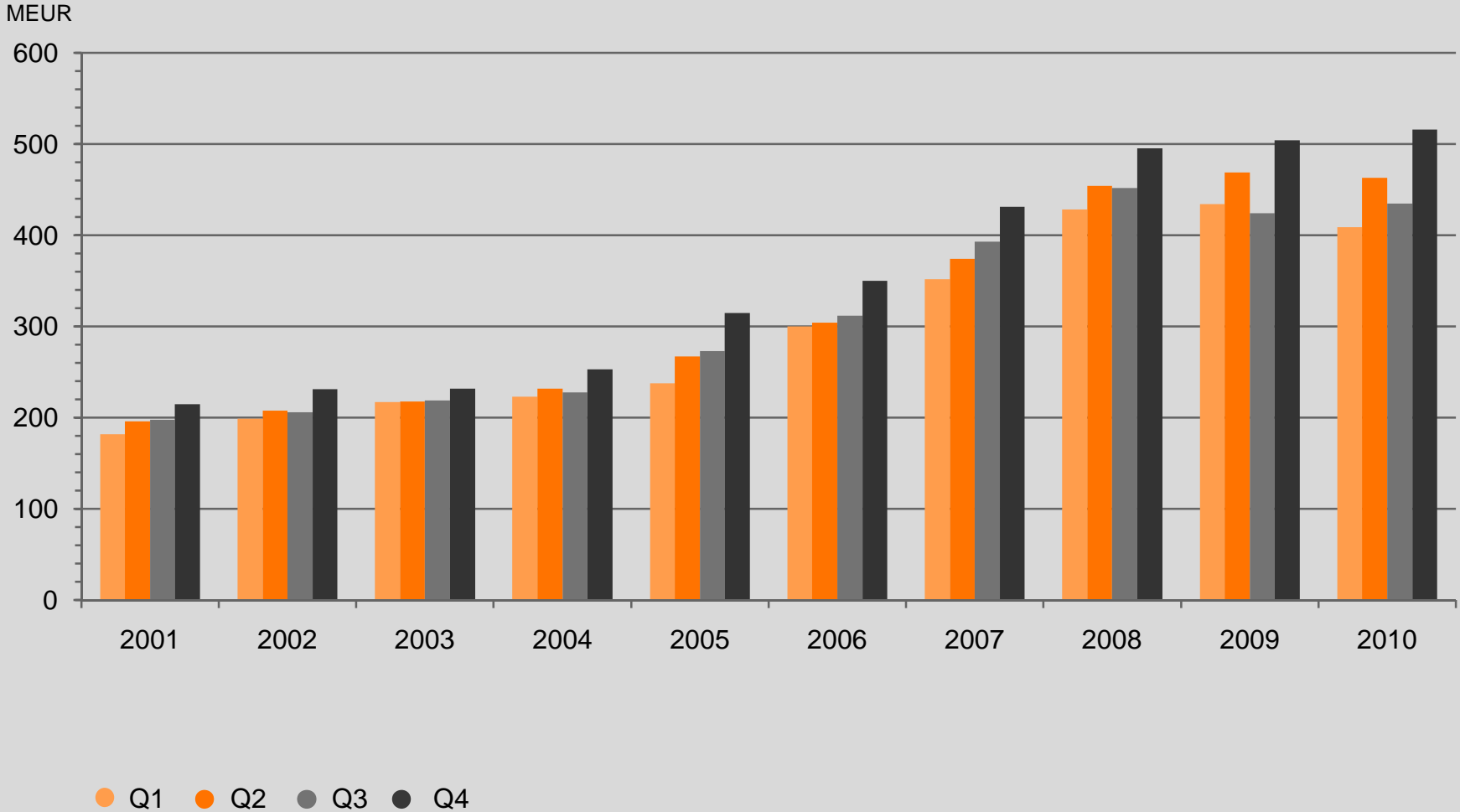


Fourth quarter development

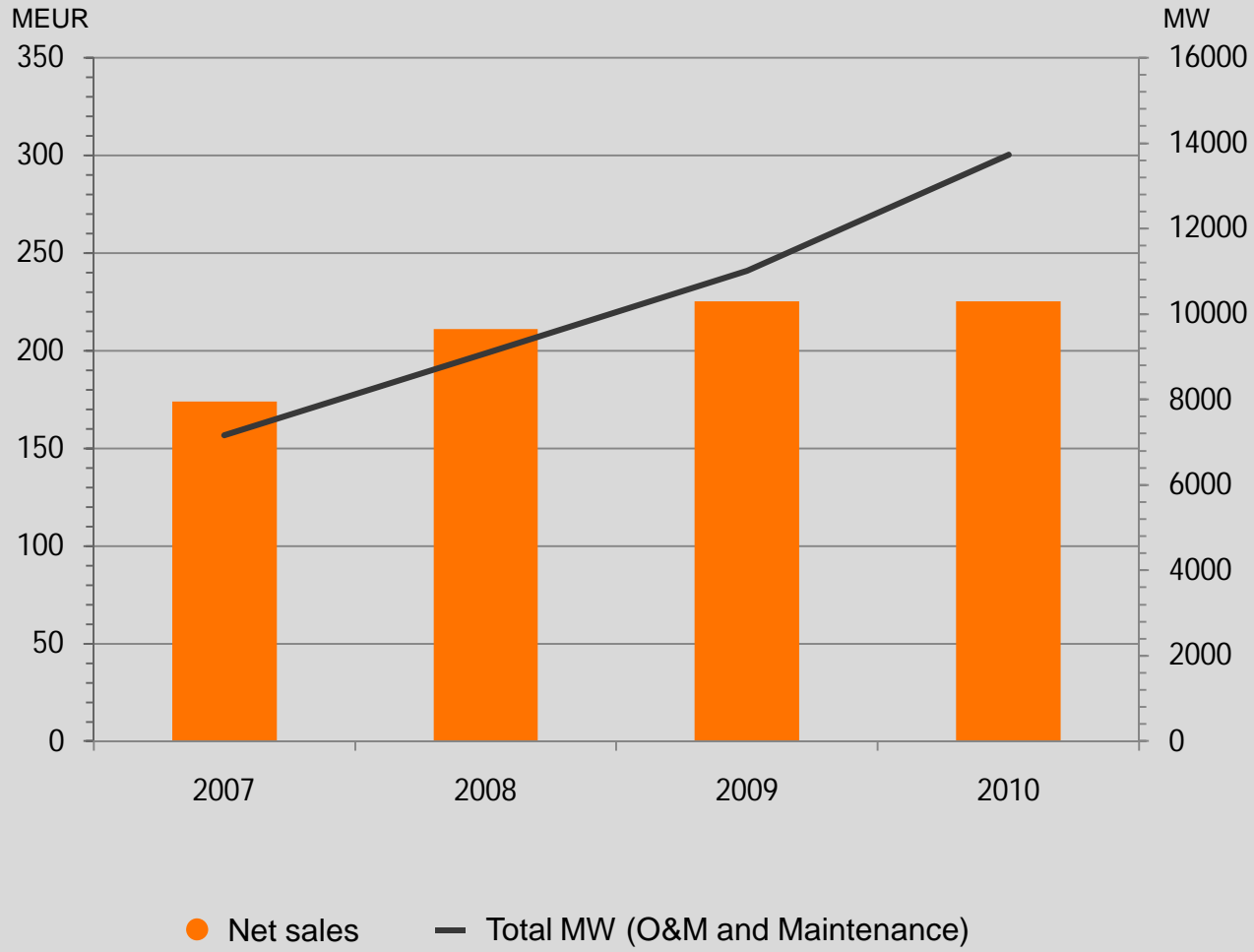


Services – Net sales by quarter

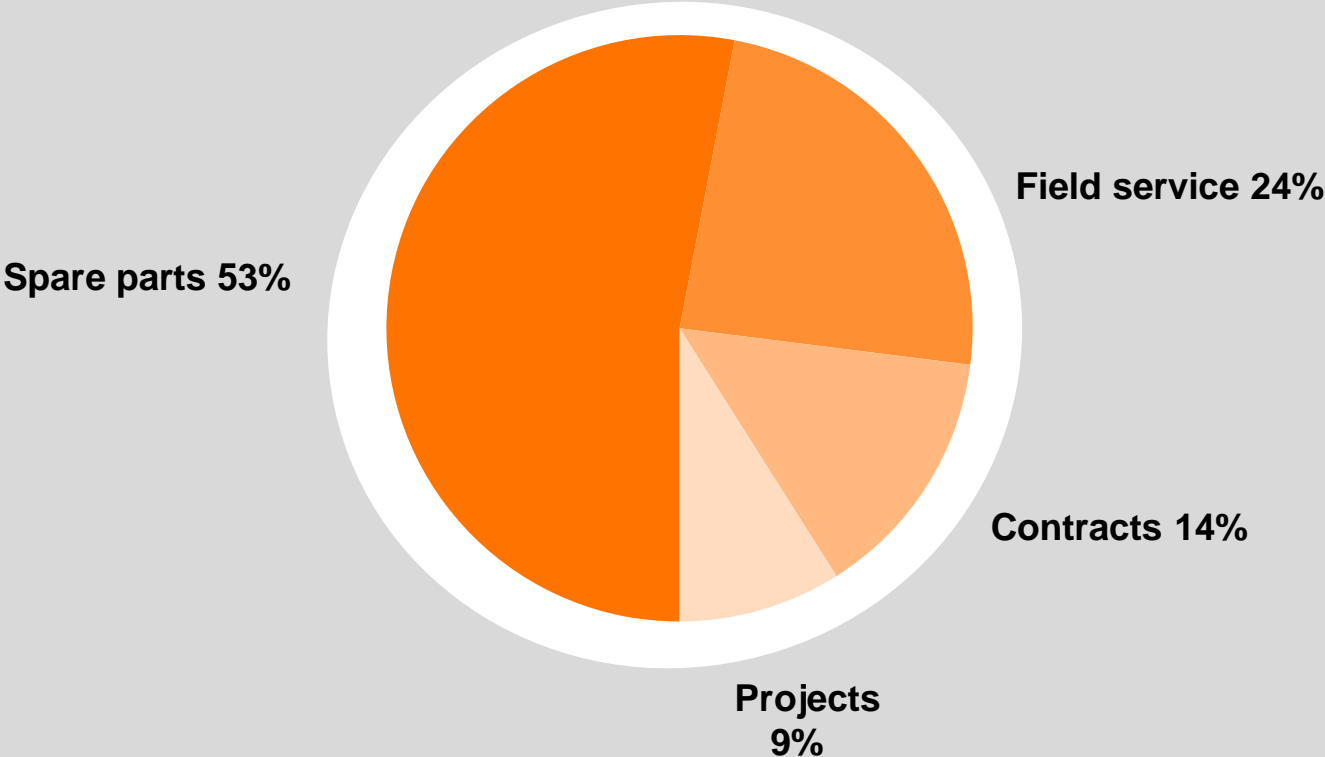
Q4/2010 all time high



Service contract development

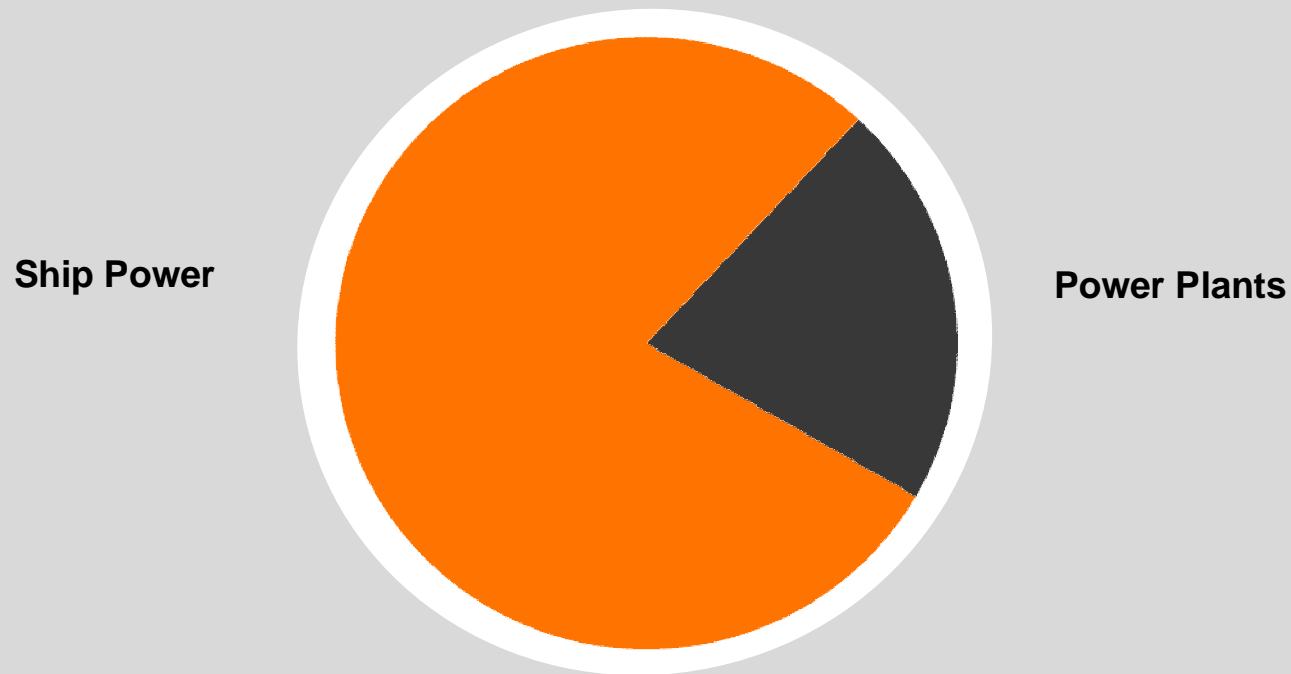


Services – Net sales distribution 2010



Services installed engine base Dec. 31, 2010

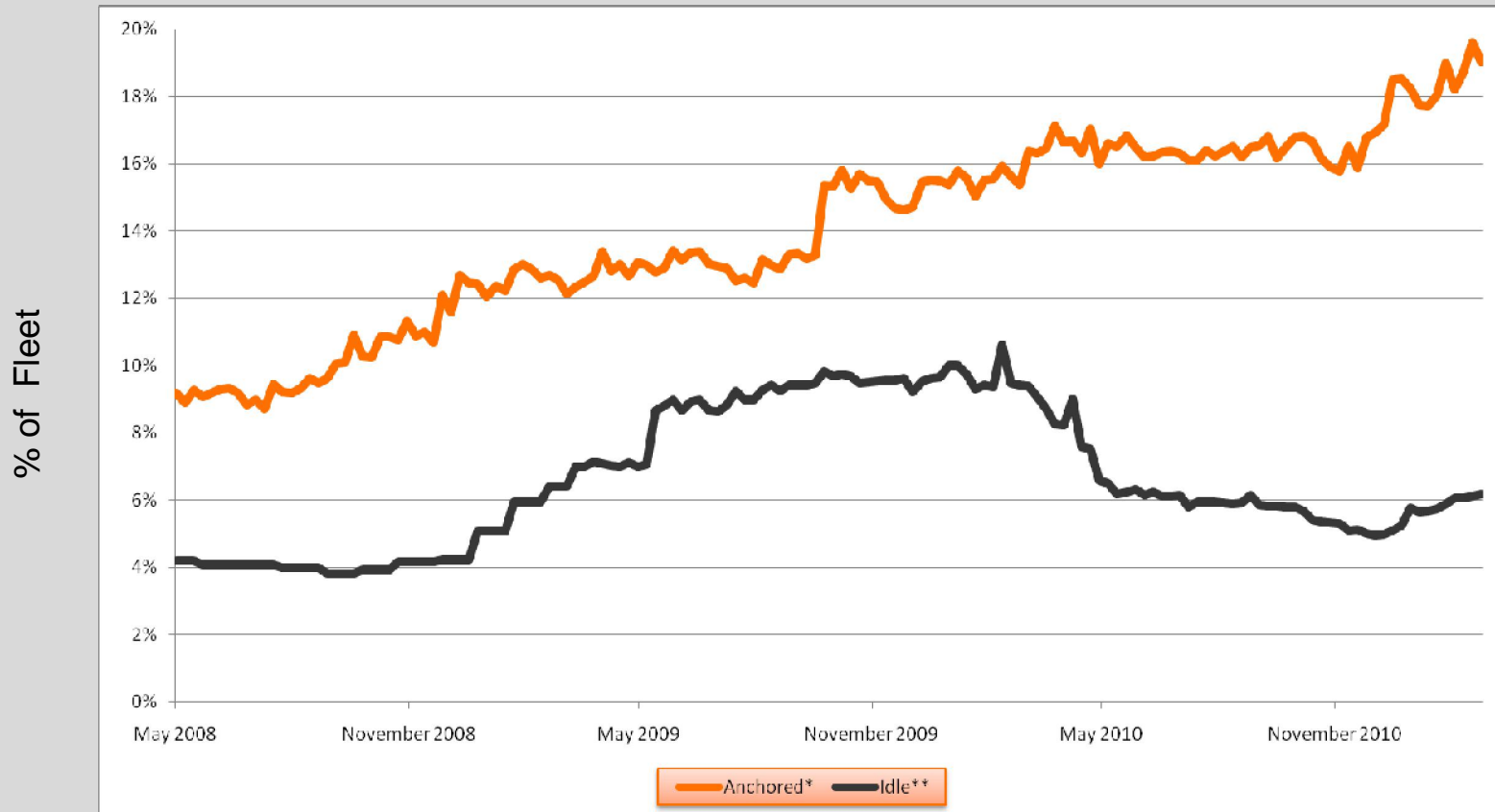
Total installed base
176,015 MW



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

Laid up vessels decreased from early 2010



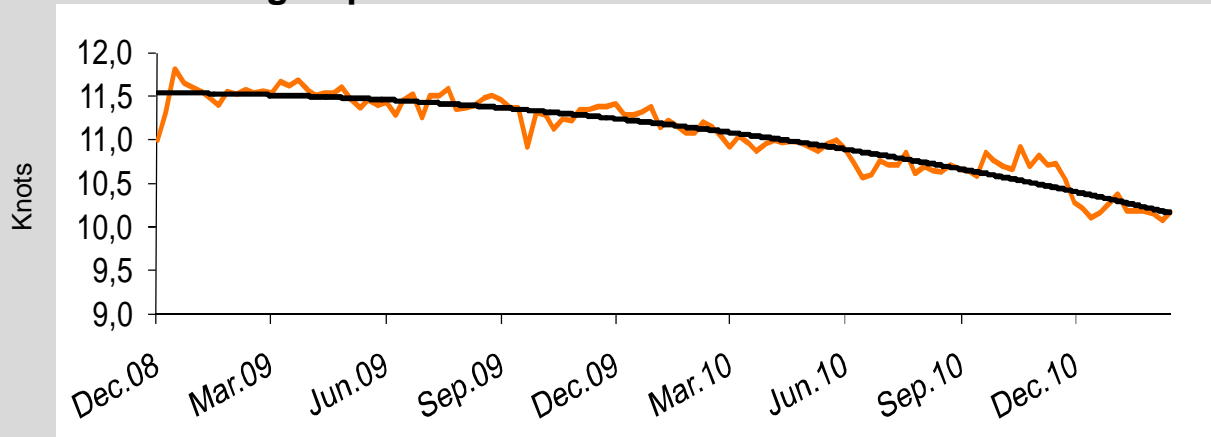
* Anchored (reported navigation status at anchor). Source Bloomberg (AISLive). More than 25 000 vessels (>299 GT) covered.

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

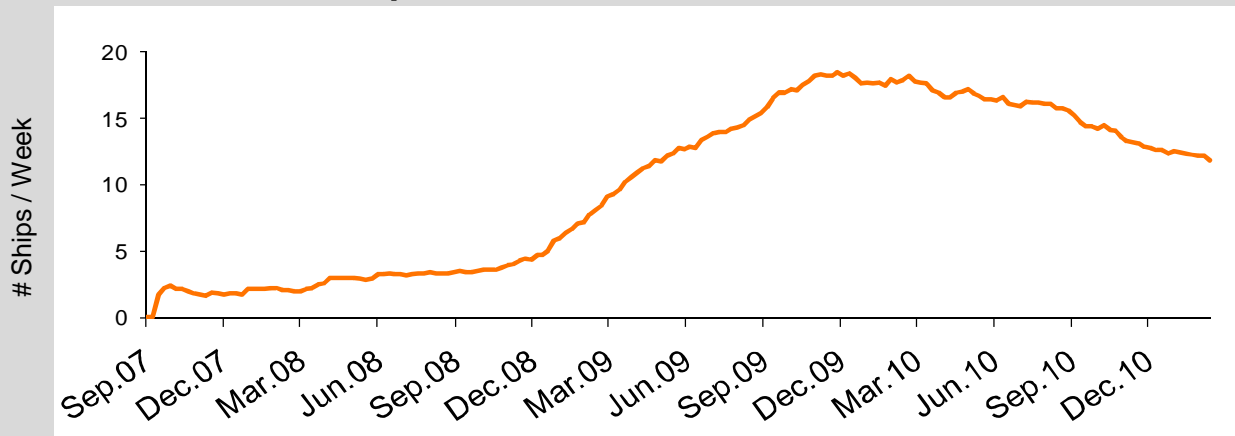
Services

Broken up vessels and fleet average speed

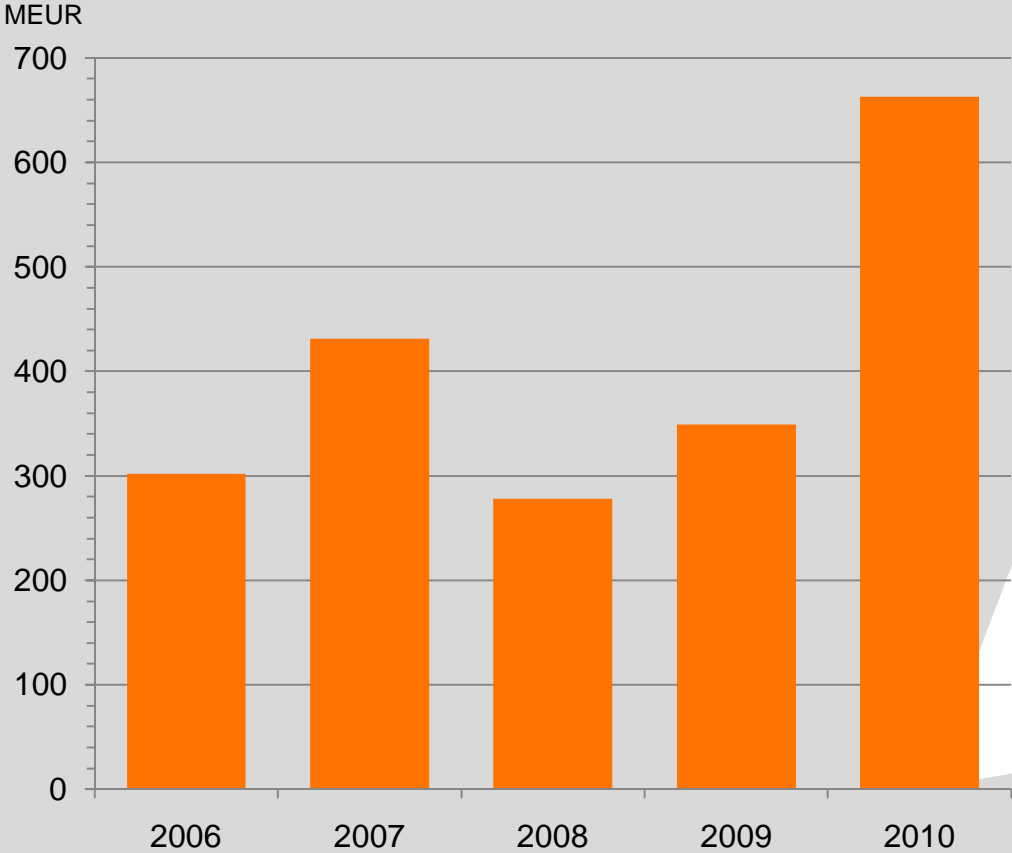
Fleet Average Speed



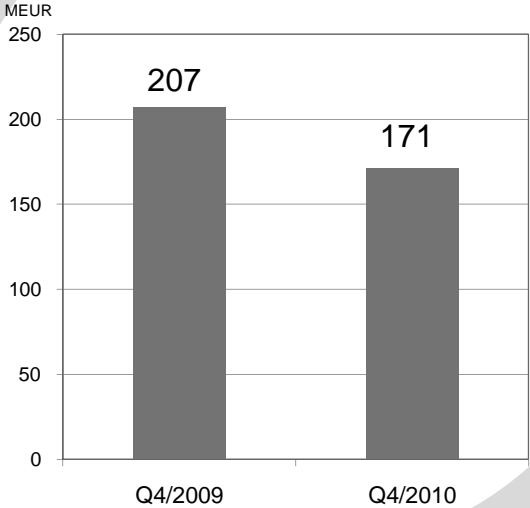
Vessels Broken Up



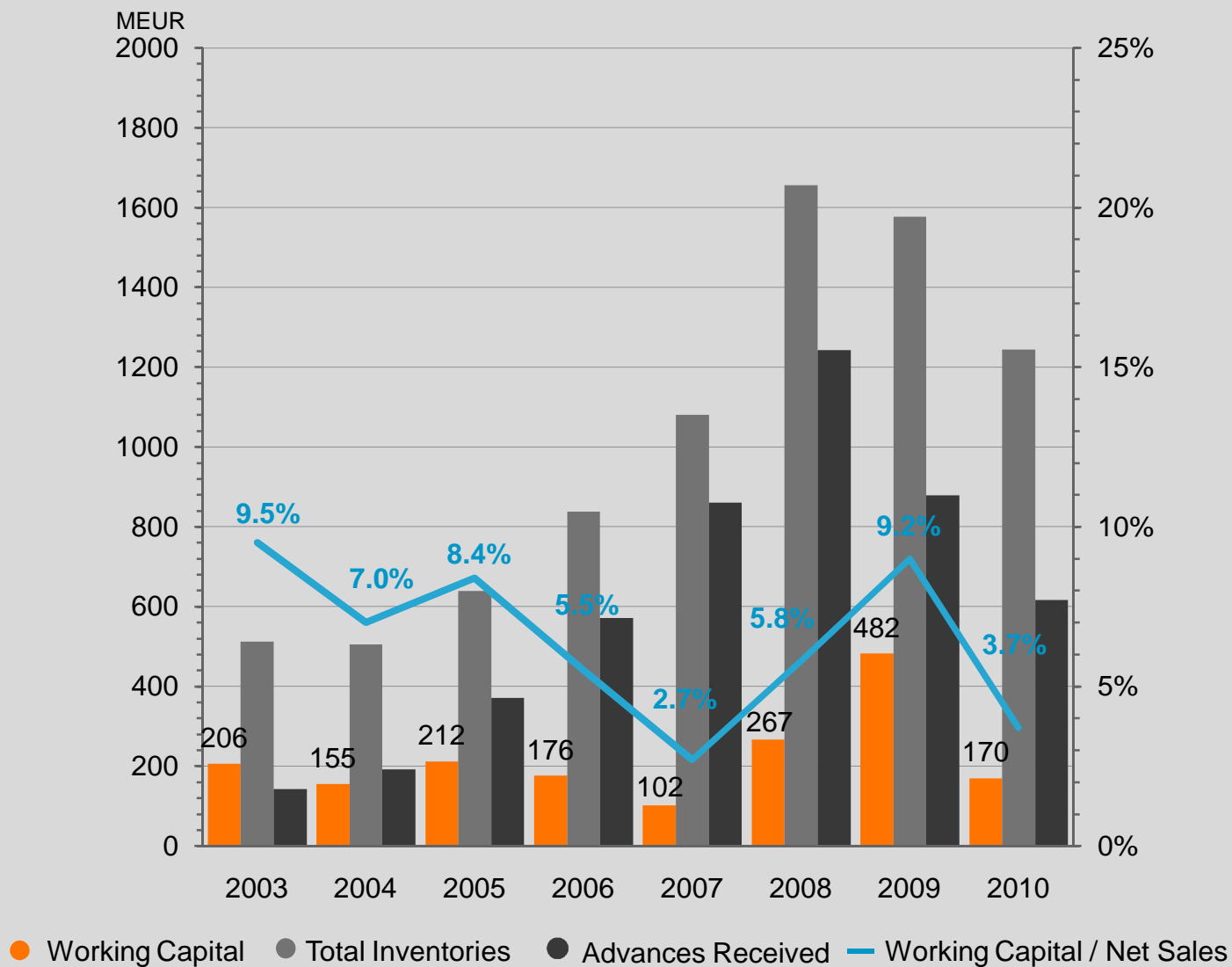
All time high cash flow from operating activities



Fourth quarter development



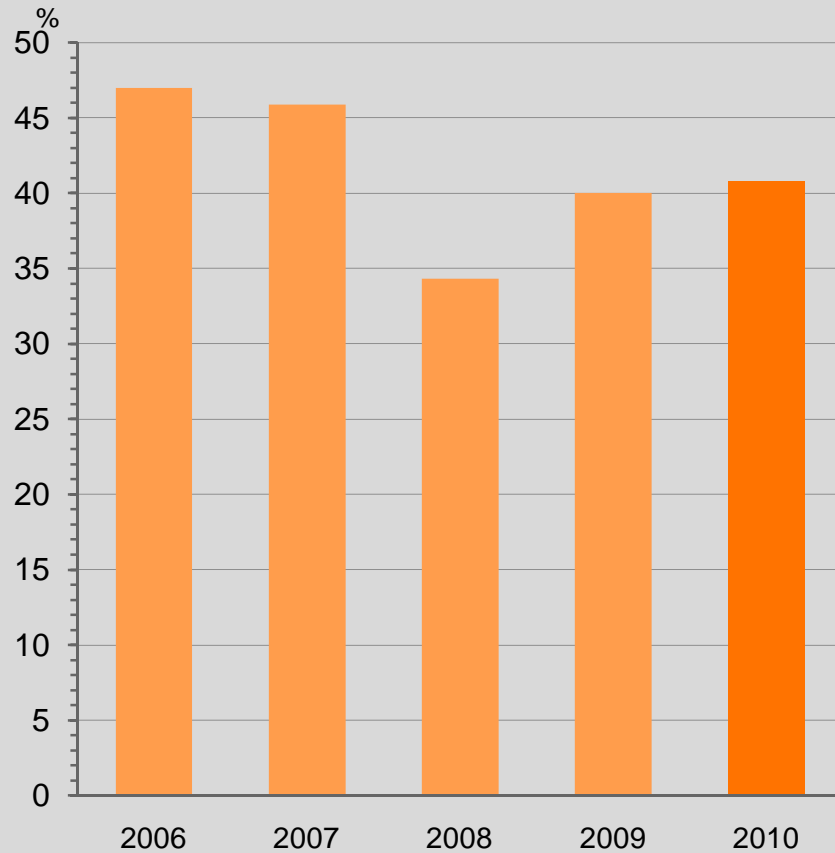
Working capital development



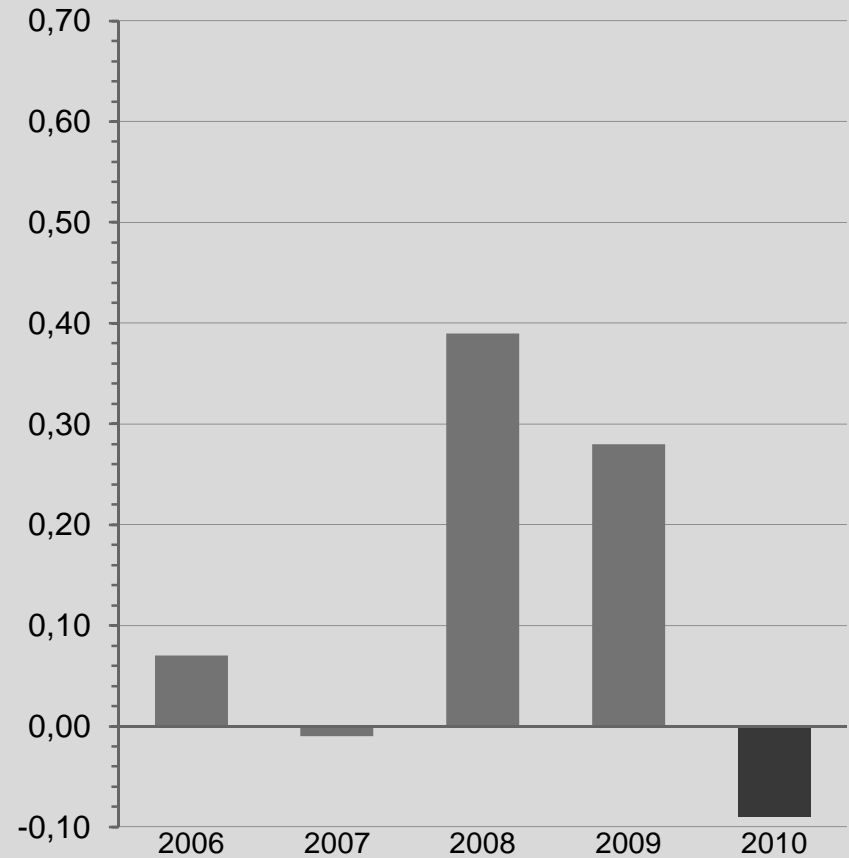
All figures relate to the Power Businesses

Financial position

Solvency



Gearing



Restructuring measures

- **May 2009:** Ship Power adjustment program
- **January 2010:** Adaption of manufacturing capacity initiated
- **October 2010:** Processes initiated for reduction of 400 jobs in global staff functions

Impacts of all restructuring measures

- Personnel to be reduced by approx. 1,800 employees
- Total cost savings approx. EUR 130 million, of which EUR 60 million have materialised by the end of 2010 and the remainder will gradually materialise in 2011.
- Total non-recurring costs EUR 150 million, of which 40 million recognised in 2009. In January-December 2010 Wärtsilä recorded EUR 75 million nonrecurring items related to restructuring measures. EUR 35 million, out of which EUR 10 million is non-cash, will be recognised during the first half of 2011.



- **Ship Power:** Competition and price pressure among shipbuilding suppliers will continue. Order intake in 2011 expected to be moderately better than in 2010.
- **Power Plants:** Recovery in the power generation market is expected to continue in 2011. Order intake estimated to remain at a good level in 2011.
- **Services:** A sustainable recovery in the marine service market expected to begin during 2011. Power plant installations will continue to be run at high operating levels.

Wärtsilä in Japan



Wärtsilä Japan's share of net sales around 1%

- All Wärtsilä personnel are safe
- The natural disaster did not have a direct impact on Wärtsilä facilities

Some important sub-suppliers are located in Japan

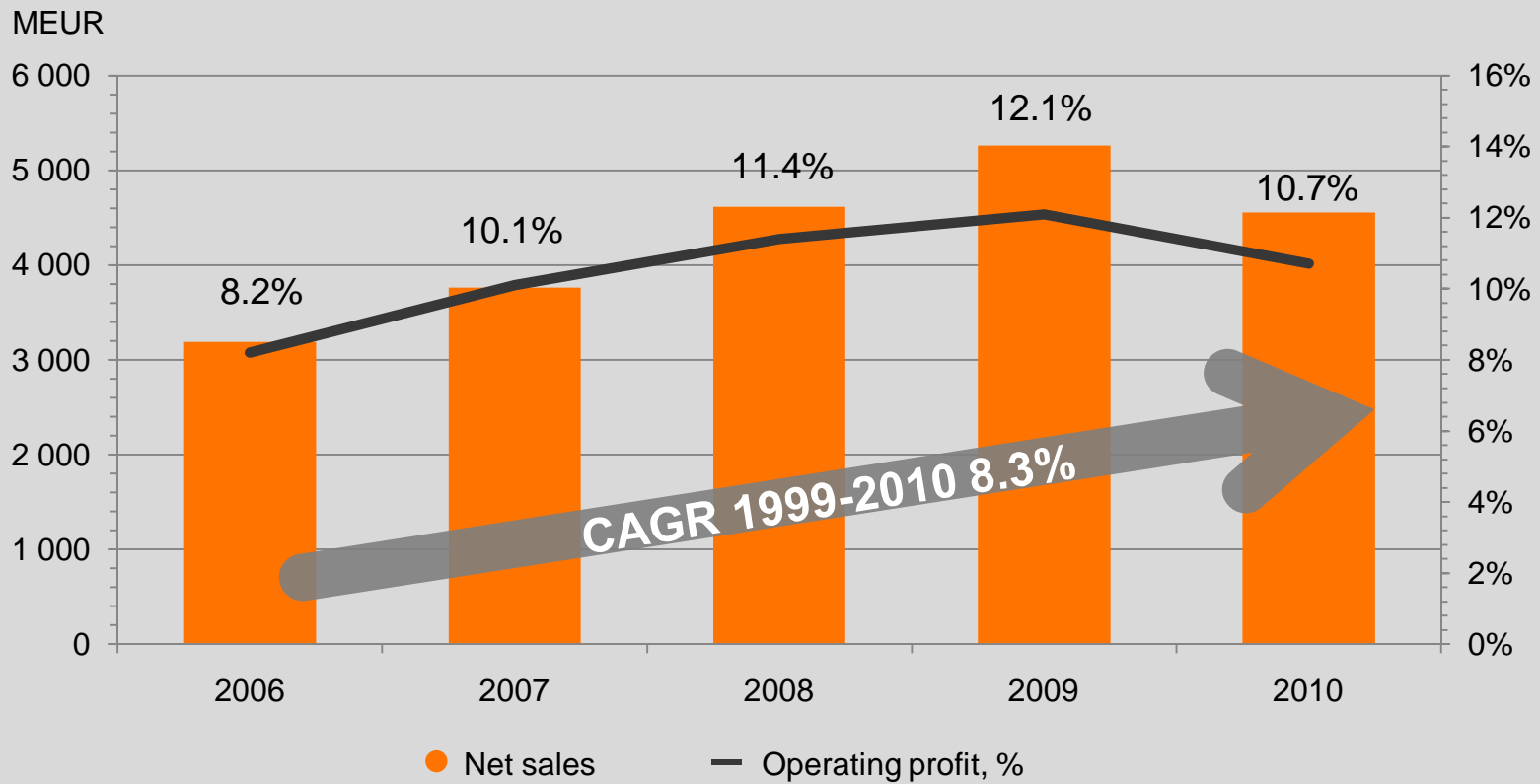
- No direct impact from the natural disaster
- Should power shortages result in delays or other problems, Wärtsilä has alternative suppliers elsewhere in the world

Impact on customers and markets

- Wärtsilä Ship Power is mainly involved in licensing business; freight rates and demand for new LNG vessels expected to rise further due to Japanese situation.
- Wärtsilä Power Plants has around 600 MW installed capacity in the country. Due to nuclear accident, Japan will need new fossil based capacity. Worldwide impact on both existing and new build nuclear plants.
- Some Wärtsilä Power Plants have suffered damage and Wärtsilä Services is involved in the repairs.

Long-term growth and profitability

- Target to grow faster than global GDP
- Operating profit margin target 10-14%



Prospects for 2011



Wärtsilä expects its net sales for 2011 to grow 3-5% and operational profitability (EBIT% before nonrecurring items) to be around 11%.



WÄRTSILÄ

IR Contact:

Pauliina Tennilä

Director, Investor Relations

Tel. +358 (0)10 7095498

E-mail: pauliina.tennila@wartsila.com

WARTSILA.COM