

THIS IS WÄRTSILÄ

ENERGY
ENVIRONMENT
ECONOMY



Wärtsilä is a global leader in complete lifecycle power solutions for the marine and energy markets. By emphasising technological innovation and total efficiency, Wärtsilä maximises the environmental and economic performance of the vessels and power plants of its customers.

In 2009

- ➔ Net sales totalled EUR 5.3 billion
- ➔ Over 18,000 employees
- ➔ Operations in 160 locations in 70 countries
- ➔ Listed on the NASDAQ OMX Helsinki, Finland



WÄRTSILÄ IN BRIEF

SHIP POWER

Wärtsilä is the leading provider of ship power solutions including ship design, engines, generating sets, reduction gears, propulsion equipment, automation and power distribution systems, as well as sealing solutions for the marine industry. Our customers are global or local leading companies within the merchant, offshore, cruise and ferry, navy and special vessel segments. We command a strong position in all main marine segments as a supplier of highly rated ship machinery and systems.

Net sales by business area in 2009

34%

Ship Power

35%

Services

31%

Power Plants

POWER PLANTS

Wärtsilä is a leading supplier of flexible power plants for the decentralised power generation market. We offer solutions for baseload power generation, grid stability & peaking, industrial self-generation, as well as for the oil and gas industry. We provide superior value to our customers with our distributed, flexible, efficient and environmentally advanced energy solutions, which enable a global transition to a more sustainable and modern energy infrastructure.

SERVICES

Wärtsilä supports its customers throughout the life cycle of their installations by optimising efficiency and performance. We provide the broadest portfolio and best services in the industry for both ship power and power plants. We offer expertise, proximity and responsiveness for all customers regardless of their equipment make in the most environmentally sound way.

AIMING AT TECHNOLOGY LEADERSHIP



Wärtsilä enhances the business of its customers by providing them with complete lifecycle power solutions. Creating better and environmentally compatible technologies, Wärtsilä focuses on the marine and energy markets with products, solutions and services.

Wärtsilä's strategic aim is to strengthen its leading position in its markets and to ensure continued growth by offering customers reliability and the best lifecycle efficiency available. This is made possible by an integrated equipment and service portfolio that matches customers' needs worldwide. The foundation of Wärtsilä's competitive edge lies in its continuous focus on innovation and R&D and its aim is to be the technology leader in its industries. Wärtsilä's ability to focus on long-term business drivers, its strong financial base, and agility in adapting to changing market conditions puts the company in a strong position to pursue its strategy.



Ship Power

Wärtsilä Ship Power’s strategy is to be a valued business partner to all our customers throughout the lifetime of their applications. Our goal is to be the biggest solution provider with the broadest product portfolio in the industry. Our extensive product portfolio enables us to combine products into larger systems and solutions, thereby maintaining our unique competitive position. We continuously explore possibilities to extend our product portfolio and the services we offer through organic growth, acquisitions and partnerships. We will continue to strengthen our geographic presence in our key markets, especially in Asia. In the future, integrated services will play an even bigger role in our business.

Power Plants

Wärtsilä Power Plants’ strategic aim is to be the market leader in our target segments: flexible baseload power, industrial self-generation, grid stability & peaking, and power solutions for the oil and gas industry. Our products are based on tried and tested concepts and deliver competitive costs, high efficiency, operational flexibility, low environmental impact, and exceptional, continuously expanding fuel flexibility. In a world where fuel availability and security

are major concerns, this opens strong growth opportunities, especially in gas and liquid biofuel applications. Whatever the fuel and wherever the market, Wärtsilä’s solutions maximise the efficiency of the entire power plant. We focus on products and projects that provide unquestionable environmental benefits and make economical sense. We position ourselves as a technology enabler.

Services

Wärtsilä Services’ strategy is to strengthen its leading position in the marine and power plant markets and to broaden its offering in order to support its customers better. We offer our clients 24/7 support in the fields of logistics, technical support and field service. Being the only player in the market able to provide such a wide range of solutions from a single source strengthens noticeably our competitive position. The size and scope of the Services business creates stability in a changing market environment and provides a platform for future growth. While focus on growth will continue, importance is also placed on developing and consolidating acquired companies in order to further optimise customer operations.

VALUES

- Energy: Capture opportunities and make things happen.
- Excellence: Do things better than anyone else in our industry.
- Excitement: Foster openness, respect and trust to create excitement.

MISSION

We provide lifecycle power solutions to enhance the business of our customers, whilst creating better technologies that benefit both the customer and the environment.

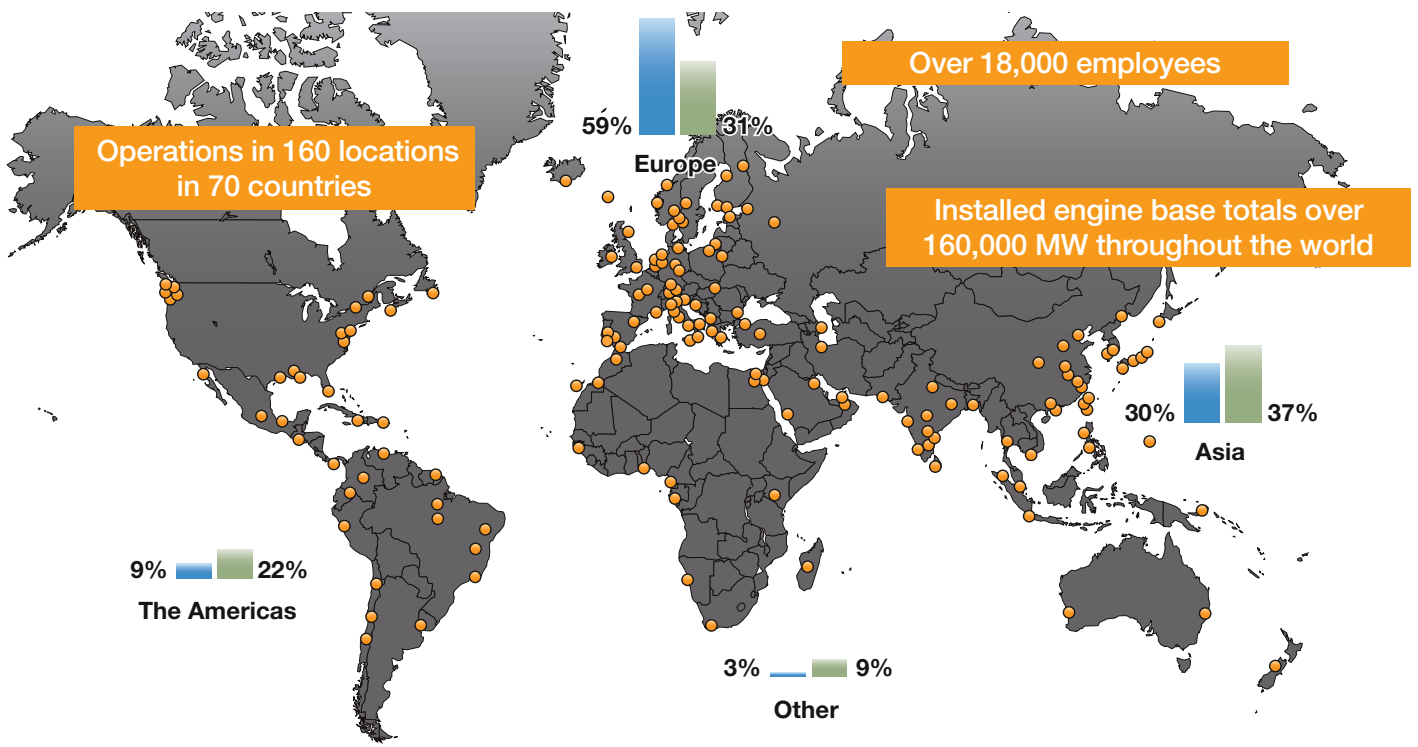
VISION

We will be the most valued business partner of all our customers.

GLOBAL OPERATING ENVIRONMENT



Wärtsilä's market areas



Delivery centres in Europe and Asia

- Wärtsilä's global presence
- Personnel by market area
- Net sales by market area



Market drivers

Ship Power

- Development in the global economy and its impact on trade and needed transport capacity.
- The global demand for new vessels, in particular regarding ships built for seaborne cargo transportation, offshore oil exploration and support, cruise and ferry services, as well as naval contracting.
- The shipbuilding industry is concentrated to Asia, headed by China and Korea.

Power Plants

- Demand for power generation is driven primarily by economic development.
- Climate change and the resultant stricter environmental regulations are spurring investments in renewable solutions.
- Large scale use of renewable power increases the need for flexible, reliable and efficient power that Wärtsilä's solutions provide.
- Demand for gas driven plants increases along with the introduction of gas networks to the developing world.
- In the developing world, as well as in remote areas, demand for heavy fuel oil (HFO) power plants is driven by growth in electricity consumption and by the price of oil.

Services

- Lifecycle efficiency, for which the availability, reliability and economic viability of the equipment are very important.
- The marine service business is strongly driven by existing as well as new environmental regulations.
- Need to lower operating costs, enhanced safety, and the need to outsource the operations and management of power plants.

Competitive advantages

- Our competitive advantage lies in having the broadest offering in the industry backed by capabilities to build environmentally sound solutions and the best service support throughout the lifecycle of the product.

- Wärtsilä's power plant offering enables a unique combination of high electrical efficiency, fuel flexibility, operational flexibility and dynamic operating modes.

- There is no single competitor with the ability to supply such a broad offering, 24/7 from one single source globally.

CASE BY CASE



Wärtsilä has an unique role as system integrator in state-of-the-art technology project

In 2009 Wärtsilä was assigned overall responsibility for systems integration in the pioneering FellowSHIP project. Wärtsilä's specially designed equipment is being used to integrate and create synergies between leading marine technology and state-of-the-art fuel cell technology. The equipment has been installed onboard the platform supply vessel 'Viking Lady' for extensive sea tests. The innovative solution is seen as being an important contributor in the development of environmentally sustainable marine propulsion systems.

The FellowSHIP project is a joint industry research and development project managed by Det Norske Veritas. It aims to develop and demonstrate hybrid fuel cell power packs, especially suited for marine and offshore use. The power pack will be used as an auxiliary power source on the 'Viking Lady', which is owned by Eidesvik Offshore, Norway. The ship has been designed by Wärtsilä Ship Design, and its main engines and power drives have also been supplied by Wärtsilä.

Wärtsilä's electrical & automation business unit in Norway has custom developed the power electronics needed to connect the fuel cell to the ship's electrical network, and Wärtsilä has, therefore, the important role of being the systems integrator for the FellowSHIP project.

The partners in the FellowSHIP project include Wärtsilä, Eidesvik, Det Norske Veritas and MTU Onsite Energy GmbH.

The project is supported by the Norwegian Research Council, Innovation Norway, and the German Federal Ministry of Economics and Technology.

SHIP POWER



POWER PLANTS



STEC

Due to changing market conditions in the Texas power market, South Texas Electric Cooperative (STEC) recognised a need to evaluate alternatives for developing competitive resources. As a result of this evaluation, Wärtsilä units were selected to back up STEC's existing generating capacity. The ability of the Wärtsilä units to respond to changing market conditions and market growth were some of the main drivers in the selection decision. Competitive heat rates, quick response, the ability to install and commission within a reasonable amount of time, and to use an existing brownfield site were highlighted as having impacted the decision.

"South Texas Electric Cooperative has a history of innovation, so when Wärtsilä was selected as our next generation resource, it should not have been an unexpected event. Wärtsilä provided an efficient, cost effective, and innovative installation, sensitive to the continuously changing energy market. Not only were the needs of our member cooperatives satisfied, but the solution also promised to be an enhancement to the ERCOT system and, ultimately, to the consumers of Texas," says Michael Packard, General Manager, STEC.

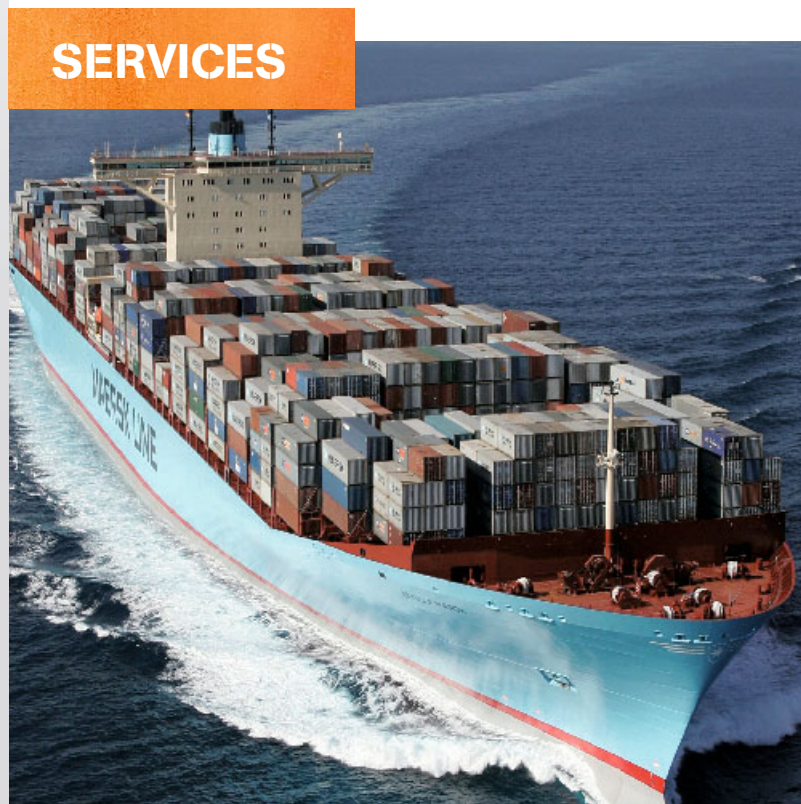
Offering solutions to support sustainable shipping

Wärtsilä's relationship with A.P. Moller-Maersk stretches back for many years. Today, our mutual understanding is that we are able to proactively focus on the implementation of RT-flex solutions, operational optimisation measures and environmental solutions. This long-term relationship was notably strengthened through a recent project in which the Moller-Maersk fleet was fitted with Wärtsilä's RT-Flex engines and Waste Heat Recovery systems.

The co-operation between Wärtsilä Services and A.P. Moller-Maersk has resulted in significant added value benefits, such as reduced fuel consumption and lower emissions. These measures support Maersk's environmental target of achieving a 20% reduction in emissions during a 10-year timeframe. Benefits in the form of cost savings were also realised.

"Our co-operation with Wärtsilä with the installation of Waste Heat Recovery Systems (WHRS) on our vessels, has achieved very good results," says Eivind Kolding, Partner and CEO of the A.P. Moller-Maersk Container Business. "Thanks to WHRS we have gained an impressive 10% savings in fuel oil on our E-class vessels."

SERVICES



TOWARDS MORE SUSTAINABLE SOLUTIONS

Wärtsilä's main role in sustainability is to supply environmentally sound solutions and services, which enable its customers to develop their business in a sustainable way. This requires continuous investment in technology development and an on going search for new solutions.

Wärtsilä gives strong priority to developing and applying technologies that reduce the environmental impacts of its products. In order to meet the needs of our customers, be prepared for future requirements, and remain an industrial frontrunner, Wärtsilä's product development must be at all times innovative, determined, and willing to explore new technologies. We strive to develop environmentally sound products and solutions across a wide front, including technologies related to efficiency improvement, the reduction of gaseous and liquid emissions, waste reduction, noise abatement and effluent treatment. With a proactive approach to meeting future demands, Wärtsilä has developed both primary and secondary technologies and broadened the range of usable fuels.

Key features of Wärtsilä's environmentally sound solutions include

- Reliability, safety and long life-time
- Solutions to reduce emissions
- Alternatives to heavy fuel oil

- Flexibility in fuel use
- Solutions to maximise efficiency with lowest life-cycle cost
- Solutions to minimise the water consumption
- Optimisation of vessel design and operations

Ship Power and sustainability

Wärtsilä has developed a number of concepts, which improve total ship efficiency and enable the use of natural gas in the ships. Our aim is to be at the forefront of all environmental and sustainability initiatives. The main drivers for solution development are future emission legislation, fuel availability and price fluctuations, as well as customers' needs for more complete solutions rather than separate products. Our technology development, therefore, focuses on improving the efficiency across a wide front that incorporates multifuel solutions and system integration. Compliance with regulations is a natural starting point for all our product development. Wärtsilä's main responsibility is to support sustainable shipping. This requires us to continuously develop and enhance our solutions to better meet



CASE

Initial Energy Survey

In line with its commitment to energy efficiency, Wärtsilä performed an initial energy survey during 2009. The objective of the initial survey was to identify the current energy efficiency performance and energy consciousness, to gather basic information needed for future planning, to evaluate the actual and potential need for in-depth energy analysis in each country and/or site and identify measures for improved energy efficiency. The survey was conducted by an external company and altogether 143 Wärtsilä sites in 60 countries participated in the survey.

The results of the survey included recommendations for company and/or site level actions. The results showed that the top 10 energy consuming companies

"Wärtsilä's energy surveys highlight our commitment to overall energy efficiency improvement."

in 2008 used 85% of electricity, 98% of fuels and 95% of heat. During 2010, Wärtsilä will conduct energy analysis at least in China, Spain and Italy. In Finland energy audits have already taken place and a detailed plan for improving the energy efficiency exists.

The total energy saving target in absolute terms is 47 GWh by 2016.

future needs and the demand for environmentally sound solutions. It also requires Wärtsilä to conduct its business in a responsible way.

Power Plants and sustainability

Traditional energy sources are being replaced by alternative solutions such as those running on renewable fuels. Wärtsilä's energy solutions have high efficiency and can utilise many different renewable fuels, thereby contributing to greenhouse gas reductions. We actively search for, develop, and deliver better, more modern and more sustainable solutions. We support our customers by providing advice on how to develop their systems and plant portfolios in order to cope with future requirements and norms.

Services and sustainability

Climate changes, the availability of liquid fuels and gas, and stricter environmental requirements all create opportunities for the Services business. Wärtsilä Services' main role in sustainability is to provide various services that ensure the operational and environmental performance of the delivered products and solutions. We also develop and provide services such as upgrades, reconditioning, fuel conversions and retrofit solutions that improve environmental performance, comply with stringent environmental legislation, and extend the operational lifetime of the application.

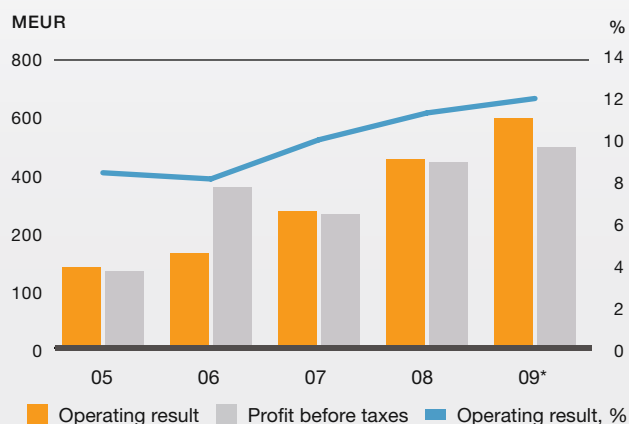
FINANCIAL PERFORMANCE



The year 2009 in brief

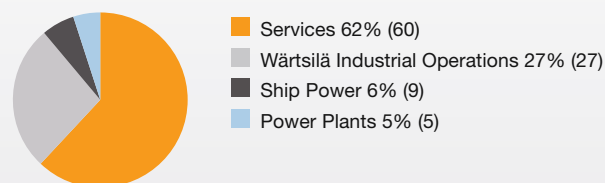
- ▶ Order intake for the review period decreased 41% and totalled EUR 3,291 million (5,573).
- ▶ Order book decreased 35% and totalled EUR 4,491 million (6,883).
- ▶ Net sales grew 14% to EUR 5,260 million (4,612). Ship Power accounted for 34%, Power Plants for 31% and Services for 35% of the total net sales.
- ▶ Profitability grew strongly and was 12.1% of net sales (11.4). Operating result (before nonrecurring restructuring items) totalled EUR 638 million (525).
- ▶ Earnings per share excluding nonrecurring items amounted to 4.30 euros (3.88).
- ▶ Wärtsilä continued pursuing its strategy of expanding its network with new service facilities in many countries, including Ukraine, Cameroon, Hungary, Chile, Dubai, Russia and Sweden.
- ▶ The concentration of shipbuilding activity to Asia, particularly to China, is expected to continue. This is the basis for the capacity adjustments within Wärtsilä Ship Power and Industrial operations that were initiated during 2009 and early 2010.

Result

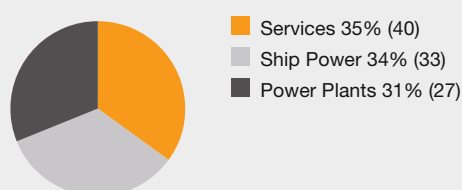


* Operating result before nonrecurring items

Personnel by business



Net sales by business area



Key ratios

MEUR	2009	Q4 / 2009	Q3 / 2009	Q2 / 2009	Q1 / 2009	2008	2007
Net sales	5 260	1 519	1 167	1 333	1 241	4 612	3 763
Ship Power	1 767	538	378	479	373	1 531	1 320
Power Plants	1 645	476	360	379	431	1 261	882
Services	1 830	504	424	469	434	1 830	1 550
Depreciation and amortisations	-165	-73	-31	-30	-30	-99	-78
Operating result	638 ¹	219 ¹	133	155 ¹	130	525	380
Operating result, %	12.1	14.4	11.4	11.7	10.5	11.4	10.1
Profit before taxes	558	170	125	141	123	516	372
Earnings per share, EUR	3.94	1.17	0.87	1.01	0.89	3.88 ²	2.74
Balance sheet total	4 655	4 655	4 935	4 998	4 782	4 743	3 749
Interest-bearing liabilities, gross	664	664	852	890	774	664	283
Cash and cash equivalents	244	244	262	118	149	197	296
ROI, %	29.9	-	-	-	-	32.4	26.0
Gearing	0.28	0.28	0.43	0.61	0.55	0.39	-0.01
Order book, end of period	4 491	4 491	5 351	5 829	6 477	6 883	6 308
Order intake	3 291	823	725	785	958	5 573	5 633
Personnel, end of period	18 541	18 541	18 806	19 016	18 844	18 812	16 336
Year-end market capitalization	2 768	2 768	2 700	2 262	1 567	2 072	5 023

¹ Before nonrecurring restructuring items.

² 3.96 euros before the effect of the combination of Wärtsilä's share series.



WE ARE DOERS

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