

# WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY-JUNE 2013

BJÖRN ROSENGREN, PRESIDENT & CEO

18 JULY 2013



# Highlights Q2/2013



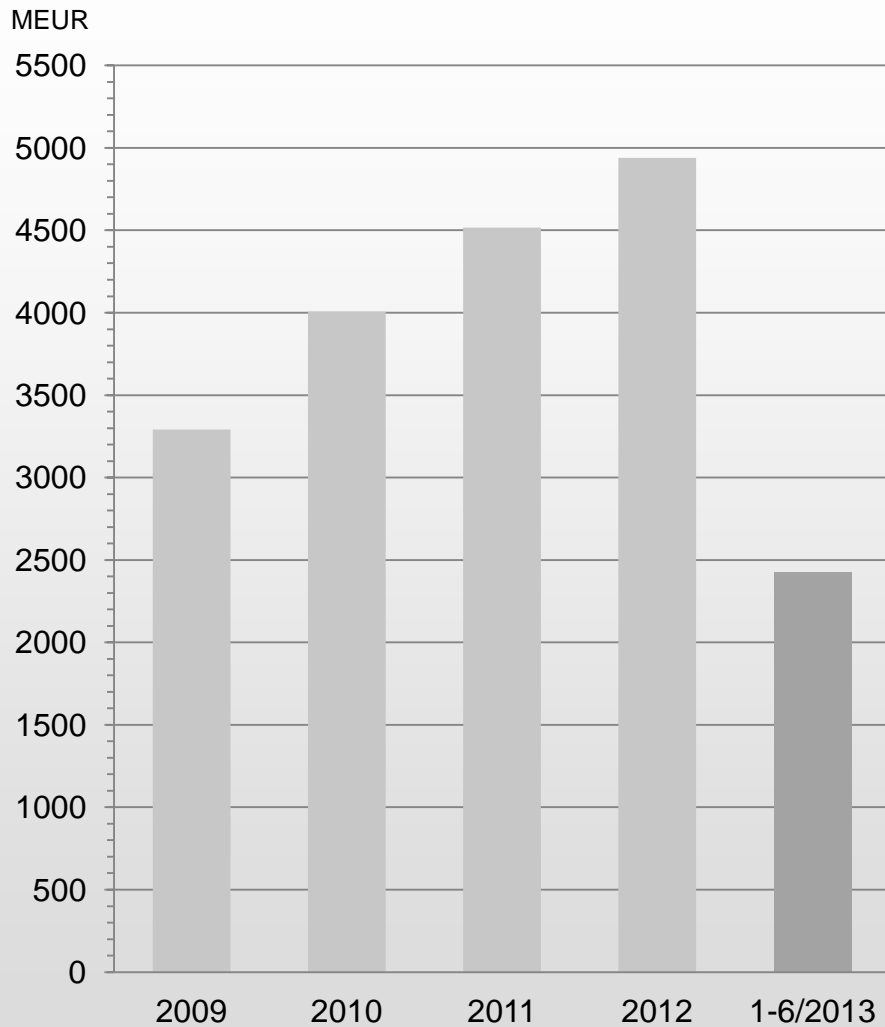
- Order intake EUR 1,071 million, -11%
- Net sales EUR 1,152 million, +5%
- Book-to-bill 0.93
- EBITA EUR 119 million, 10.3% of net sales
- Operating result (EBIT) EUR 111 million, 9.6% of net sales
- EPS EUR 0.39 (0.38)
- Cash flow from operating activities EUR 38 million

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

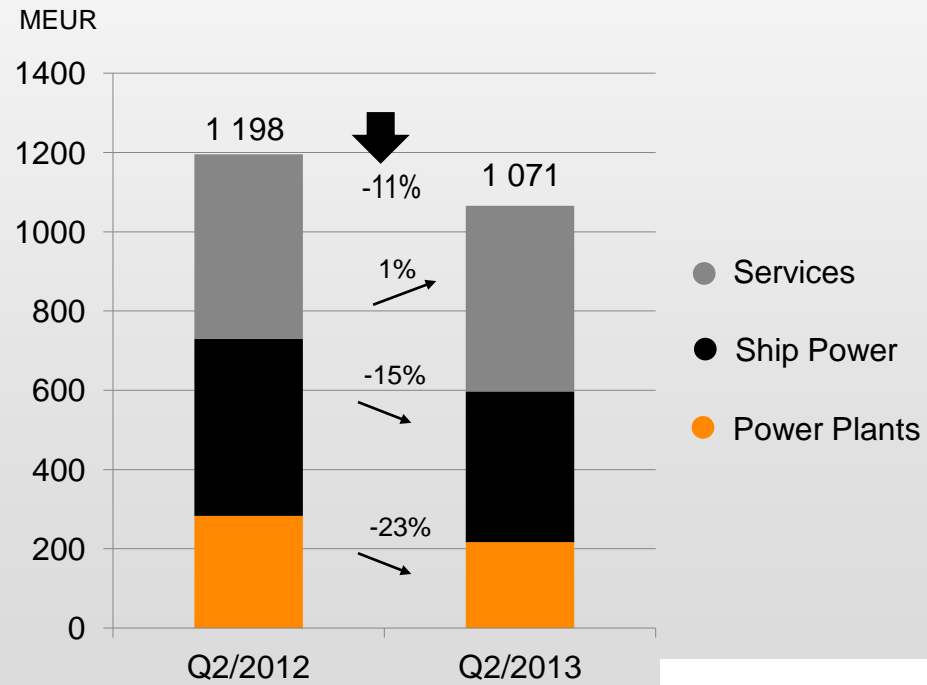
EBIT is shown excluding non-recurring items

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

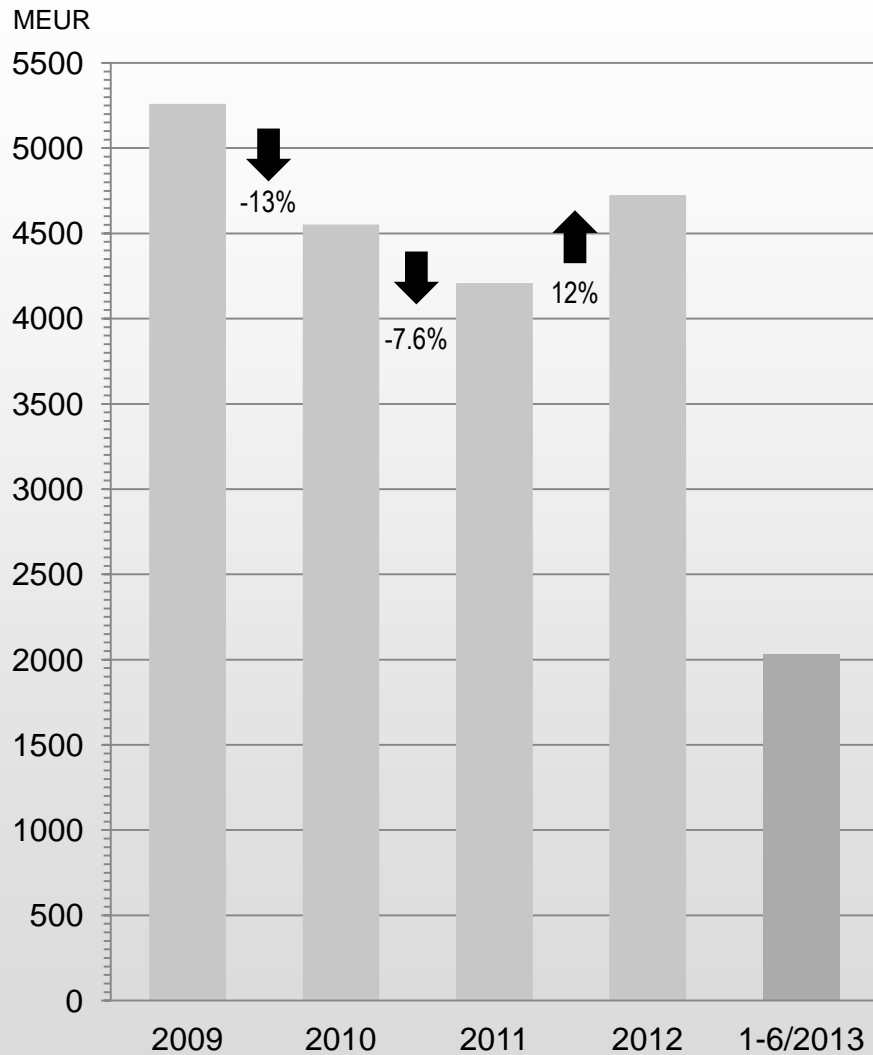
# Order intake development



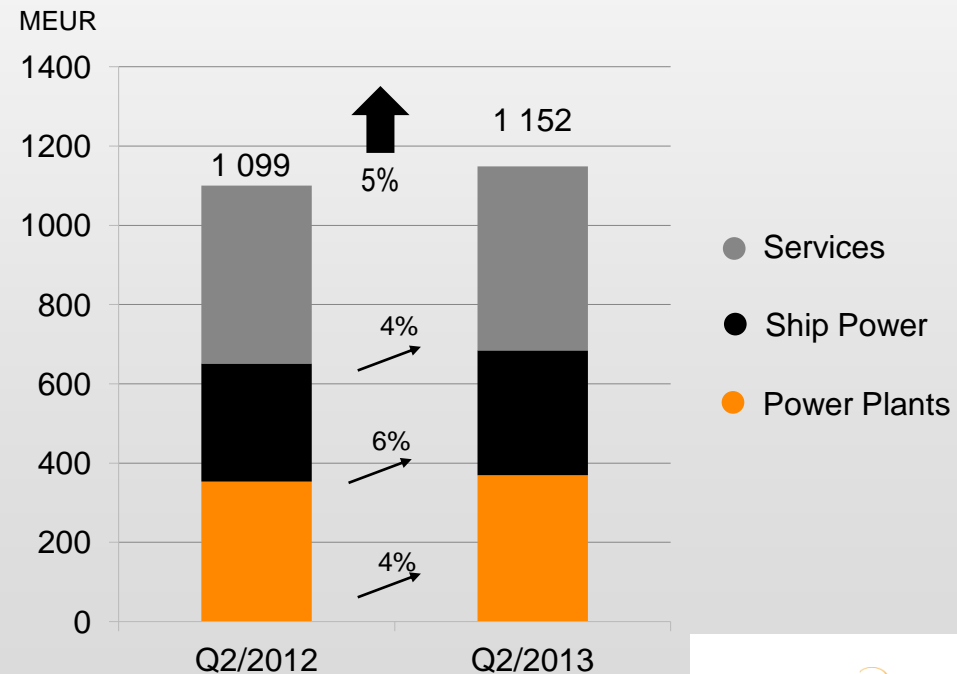
## Second quarter development



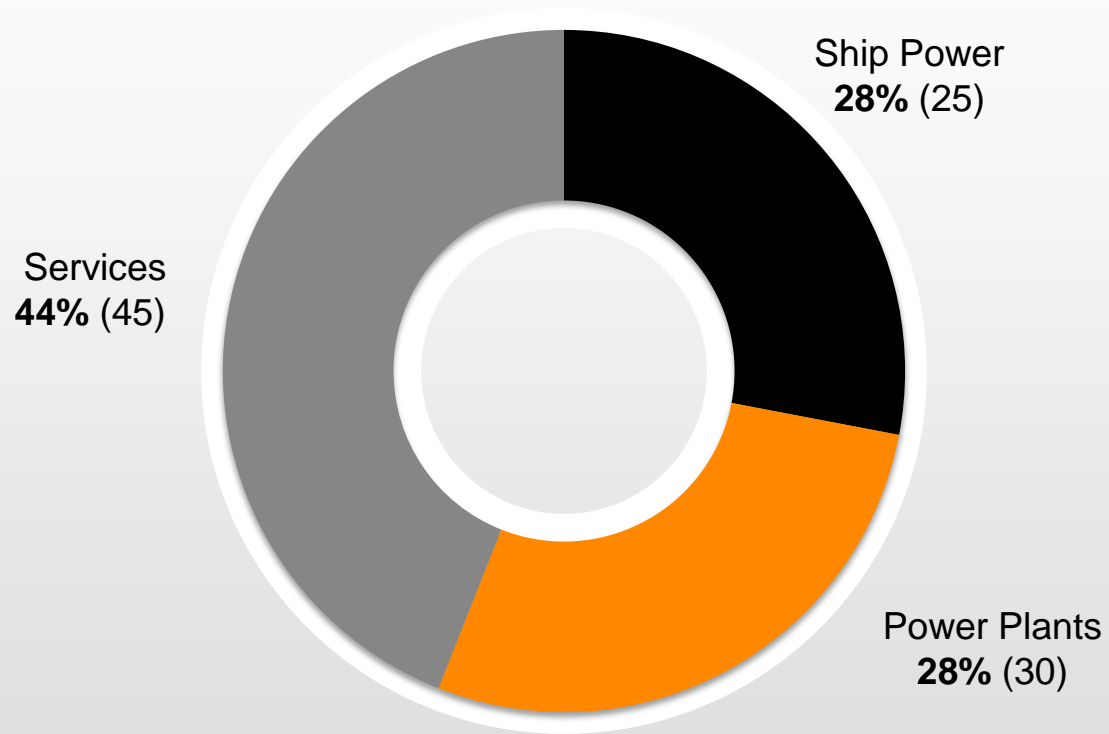
# Net sales developed according to expectations



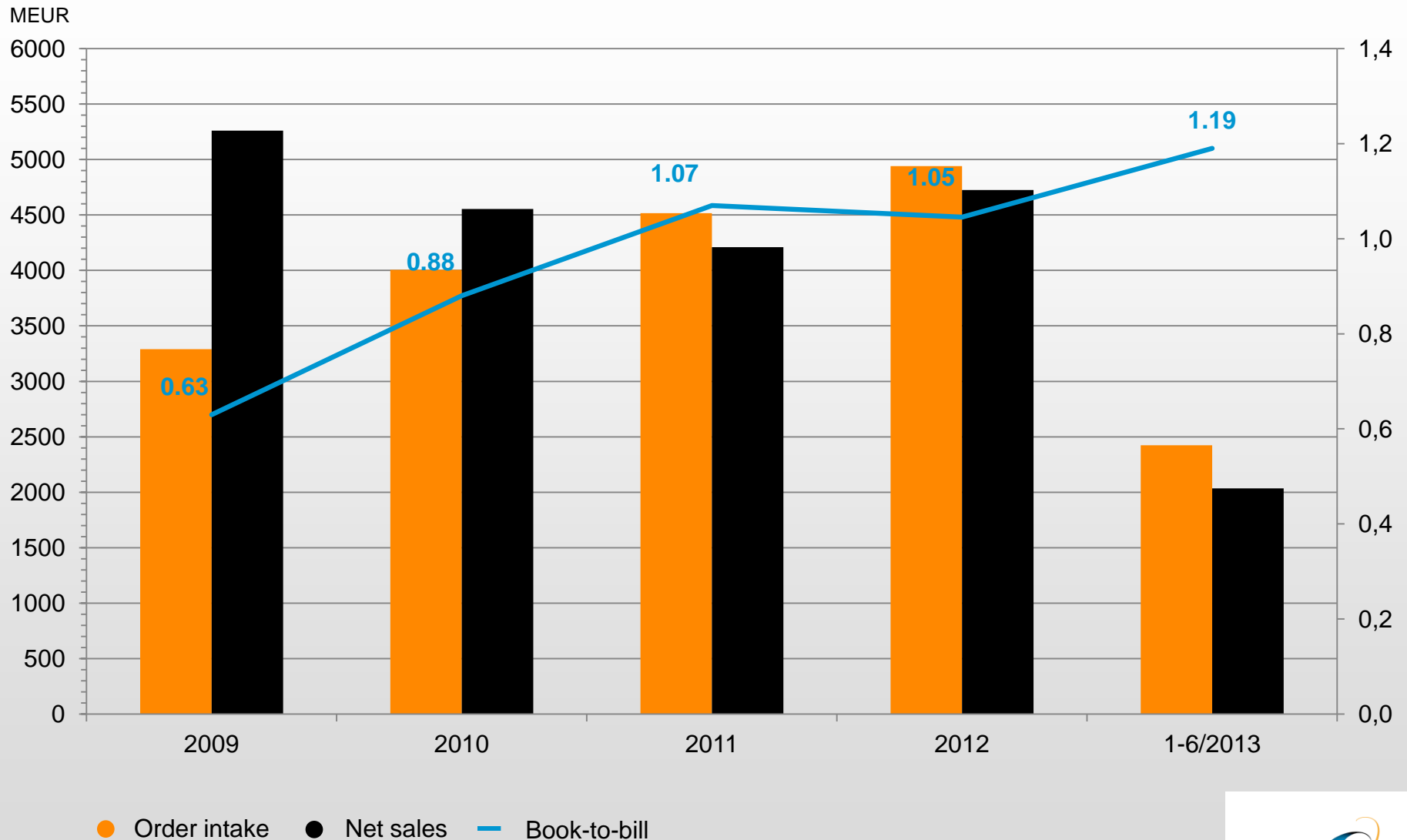
## Second quarter development



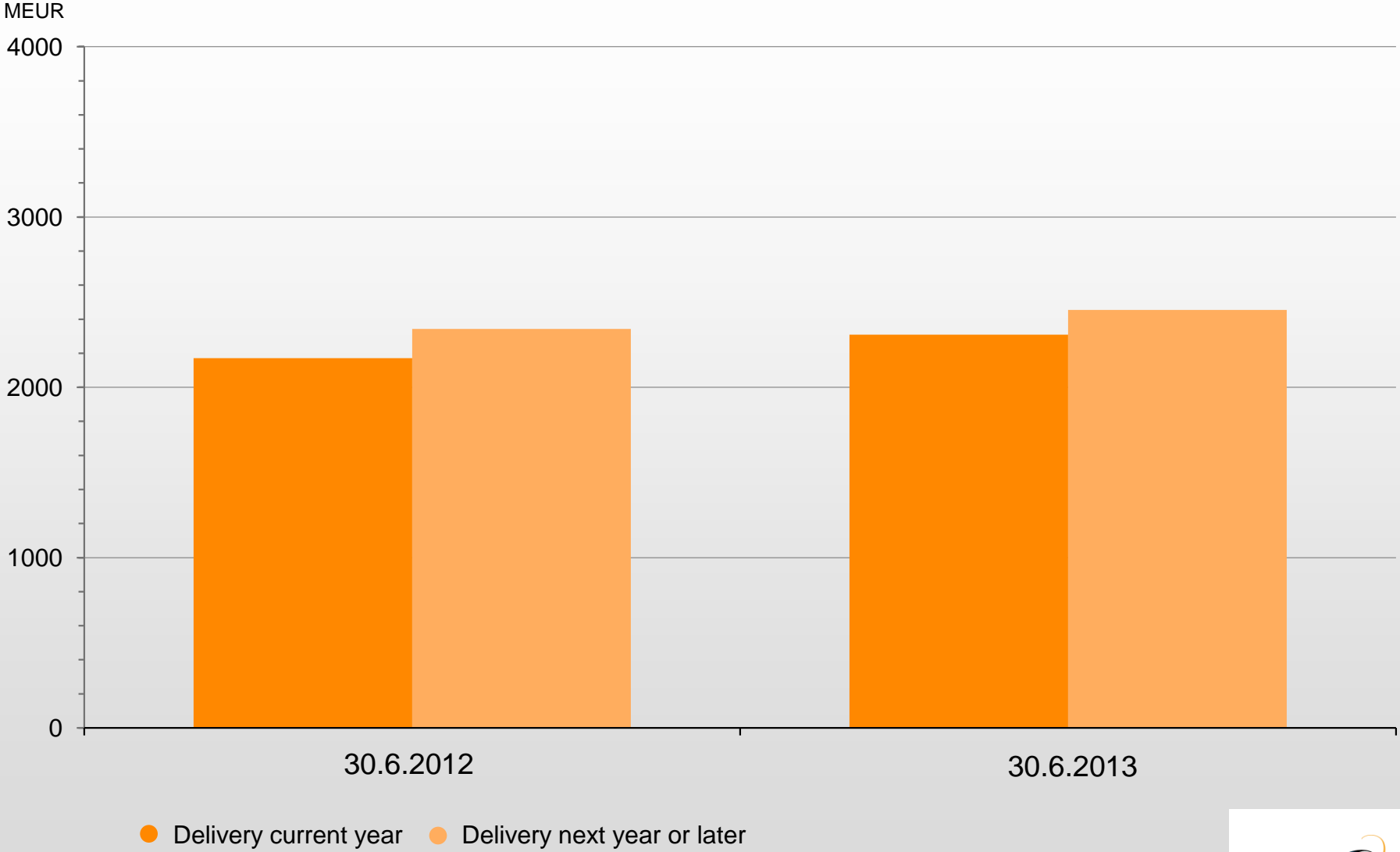
# Net sales by business 1-6/2013



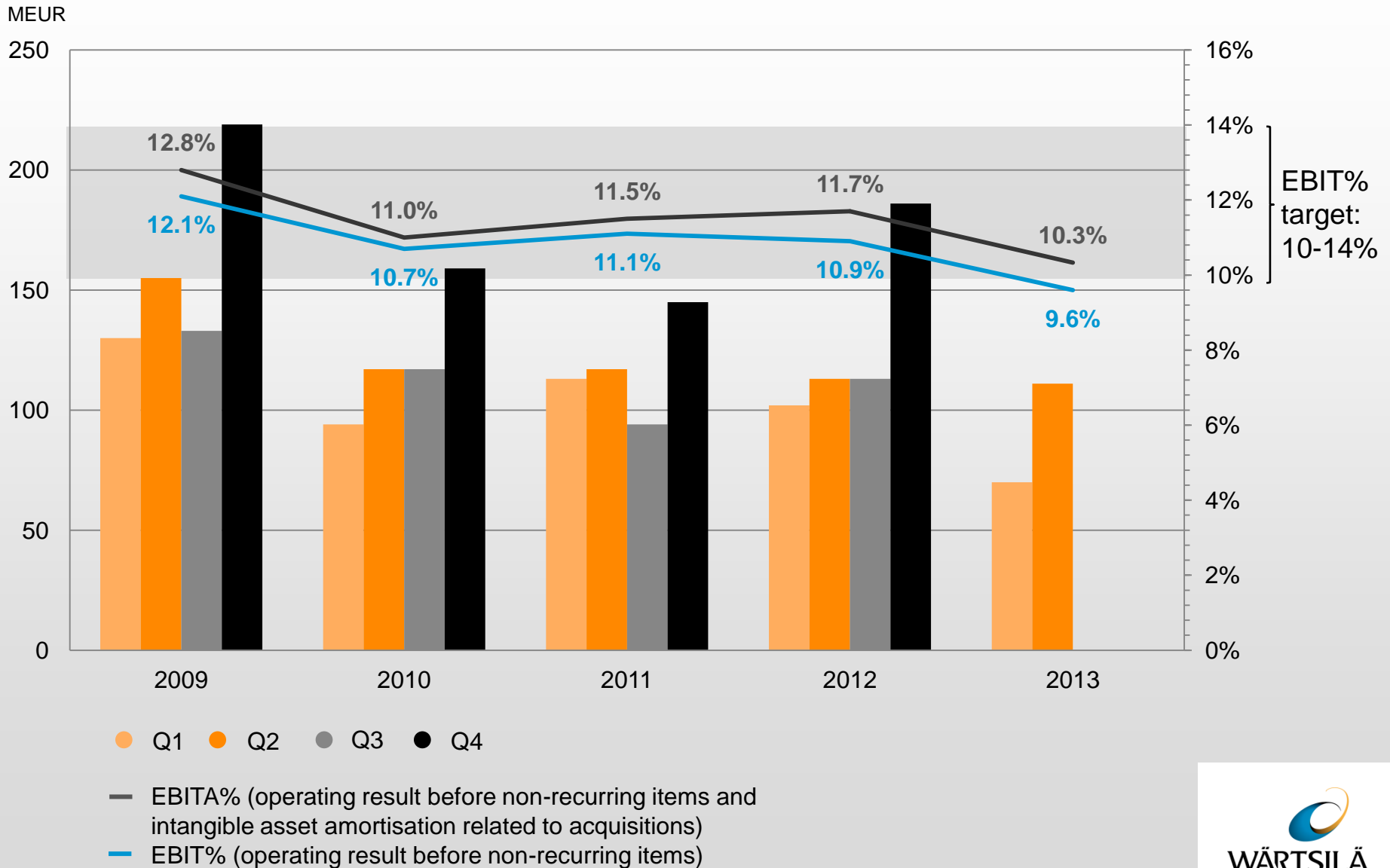
# Book-to-bill ratio remains above one



# Solid order book supports guidance



# Profitability



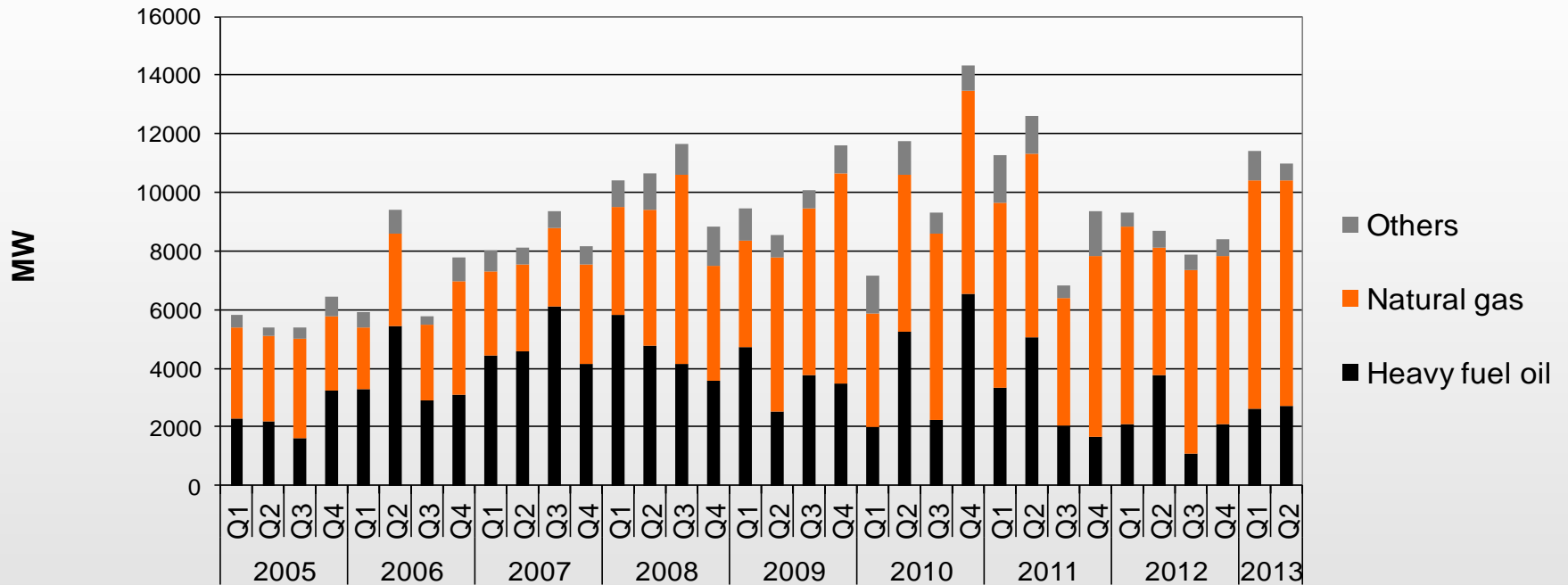




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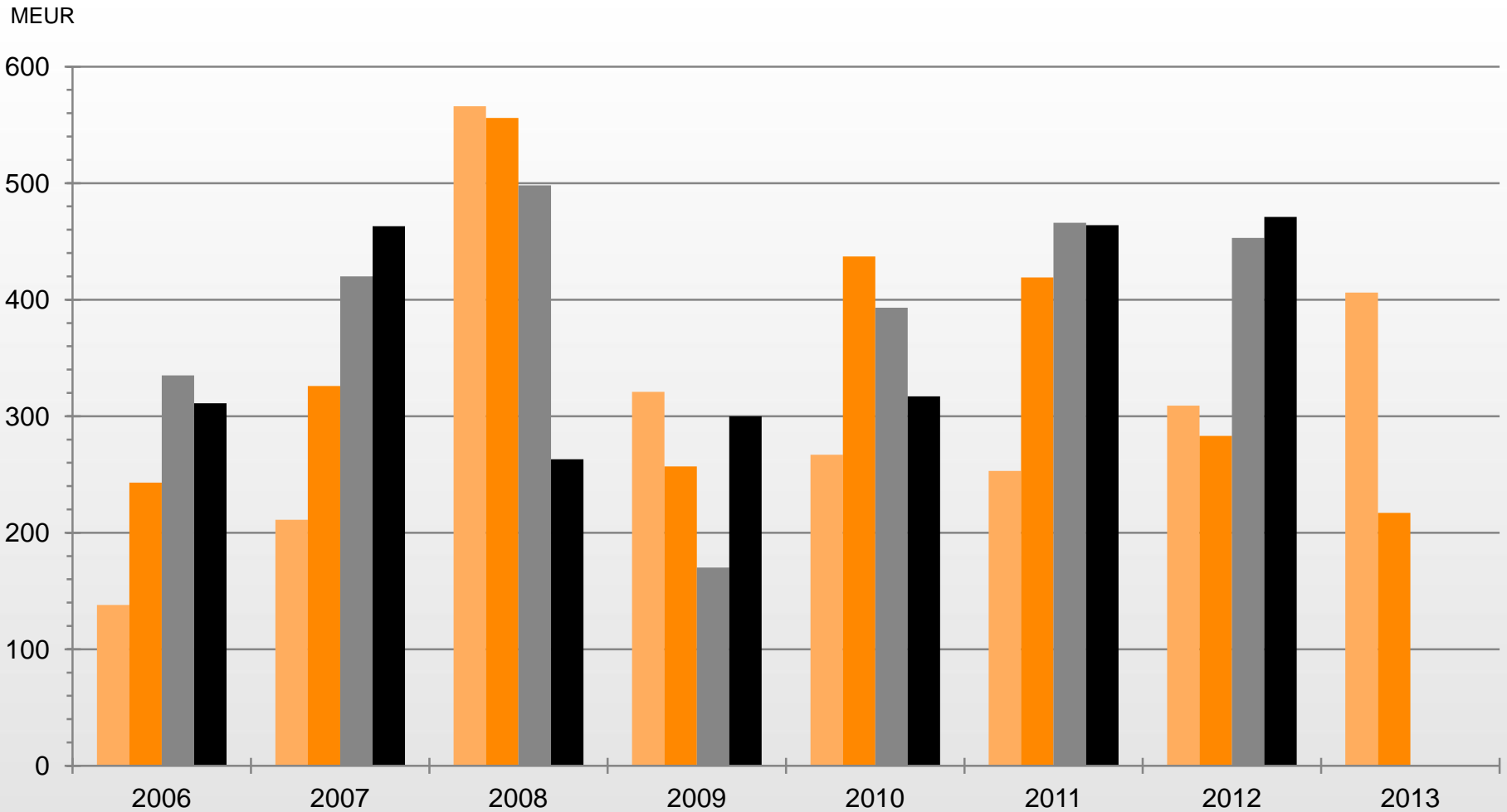
**Power plant  
market activity  
stable**

# Power Plants – quoted MW per fuel type



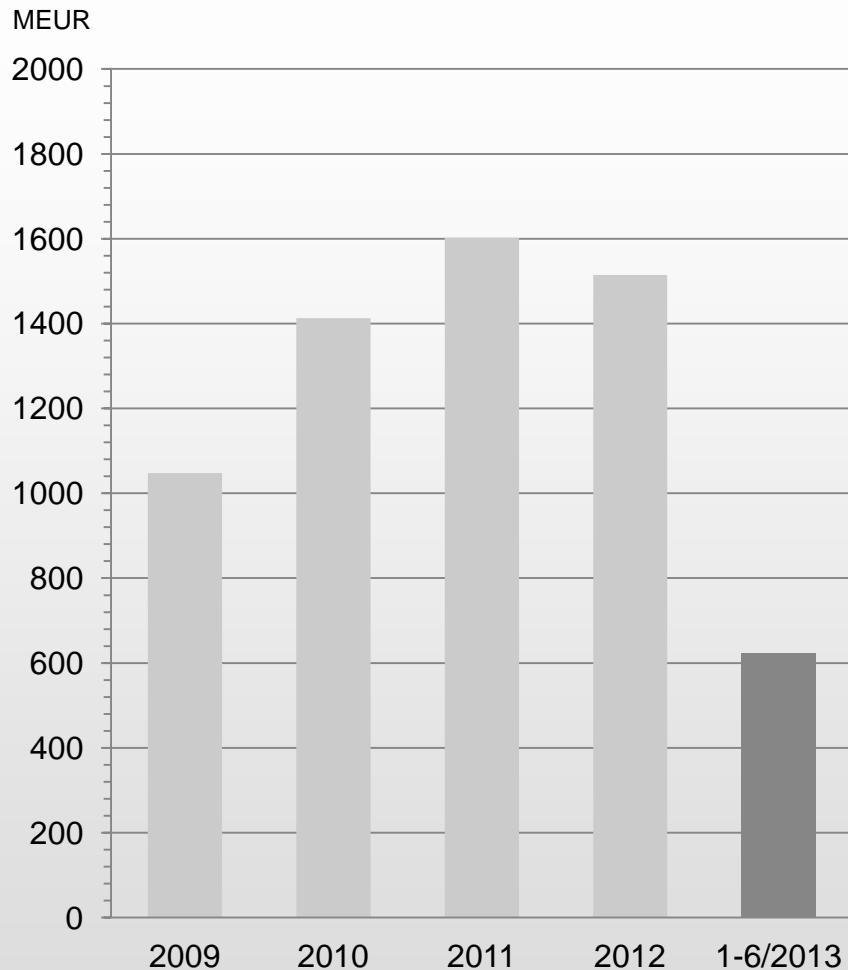
Share of natural gas is consistently increasing.

# Power Plants quarterly order intake



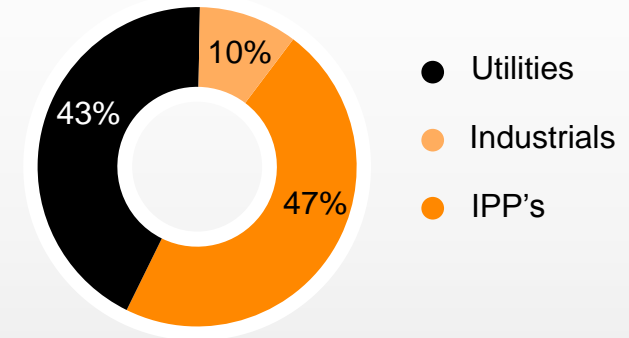
● Q1 ● Q2 ● Q3 ● Q4

# Power Plants order intake by customer segment

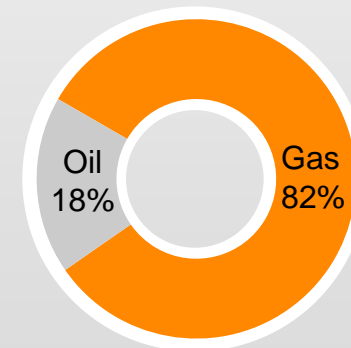


## Review period development

Total EUR 623 million (591)



## Review period order intake by fuel in MW



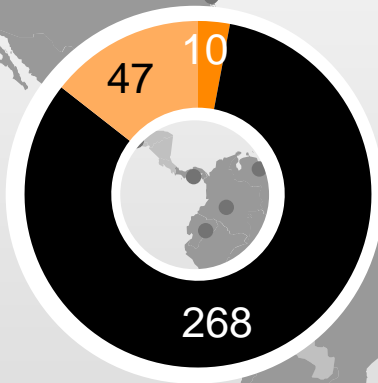
# Major gas engine power plant order from Russia



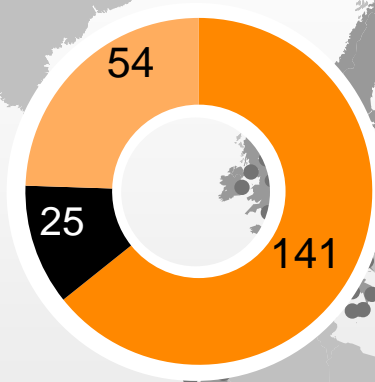
- The 110 MW natural gas fuelled power plant unit in Tikhvin, Leningrad region, will be the first of its kind in Russia
- Wärtsilä will supply the technology and engineering, supported by installation and commissioning assistance
- The solution will provide a reliable and efficient electricity supply for large industrial consumers, while meeting the highly variable load requirements with extreme flexibility and fast response

# Power Plants - global order intake

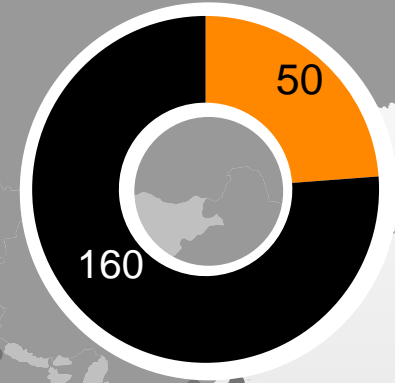
Americas 324 (425)



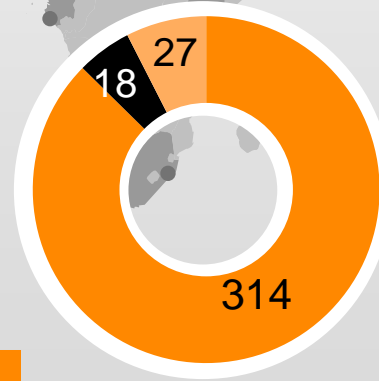
Europe 220 (19)



Asia 210 (771)

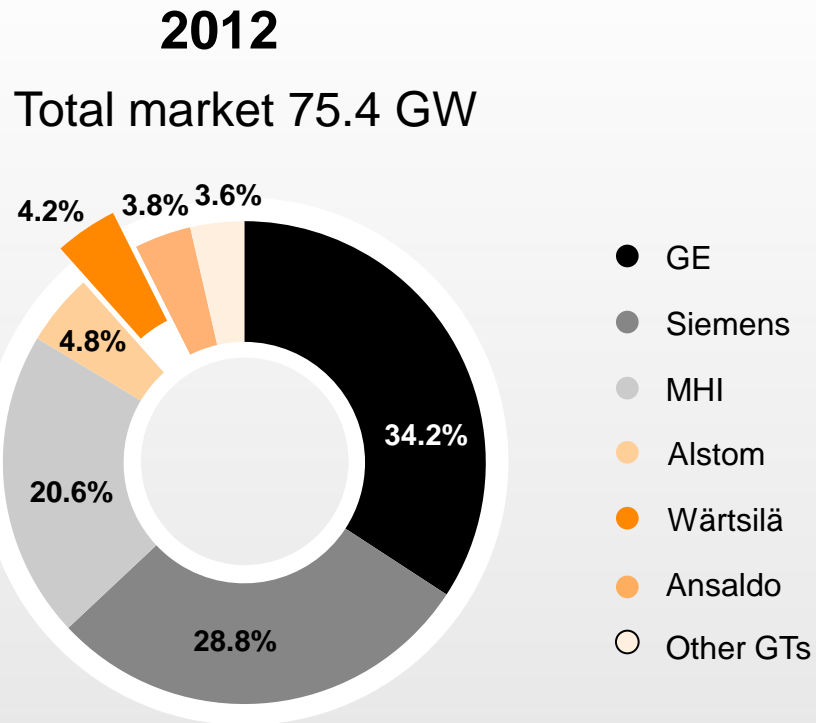


Africa and Middle East 359 (186)



Order intake 1-6/2013: 1,113 MW (1,401)

# Market for gas and liquid based power plants



Includes all Wärtsilä power plants and other manufacturers' gas and liquid fuelled power plants with prime movers above 5MW, 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.

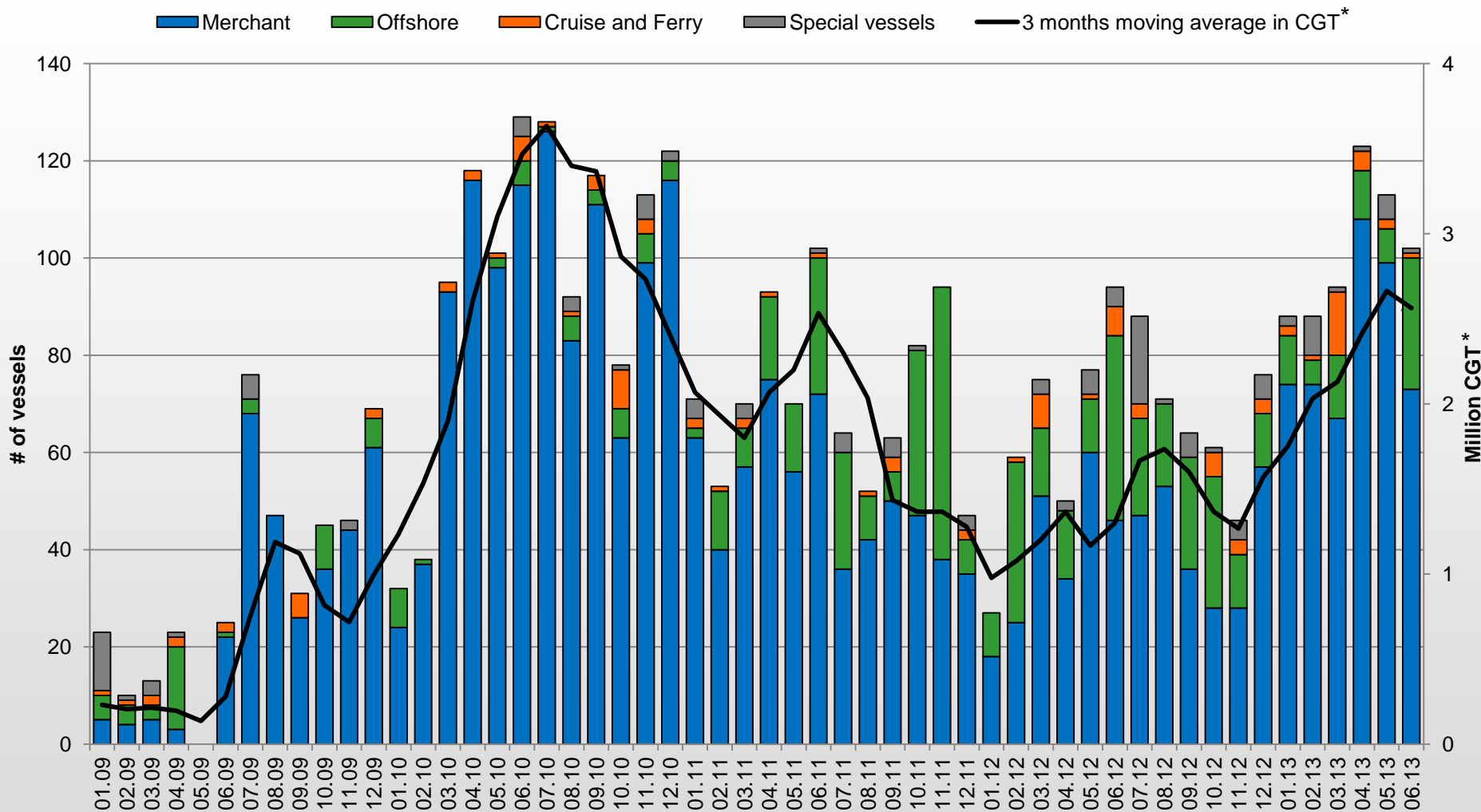


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**Ship Power market  
activity showing  
signs of  
improvement**



# Vessel order development

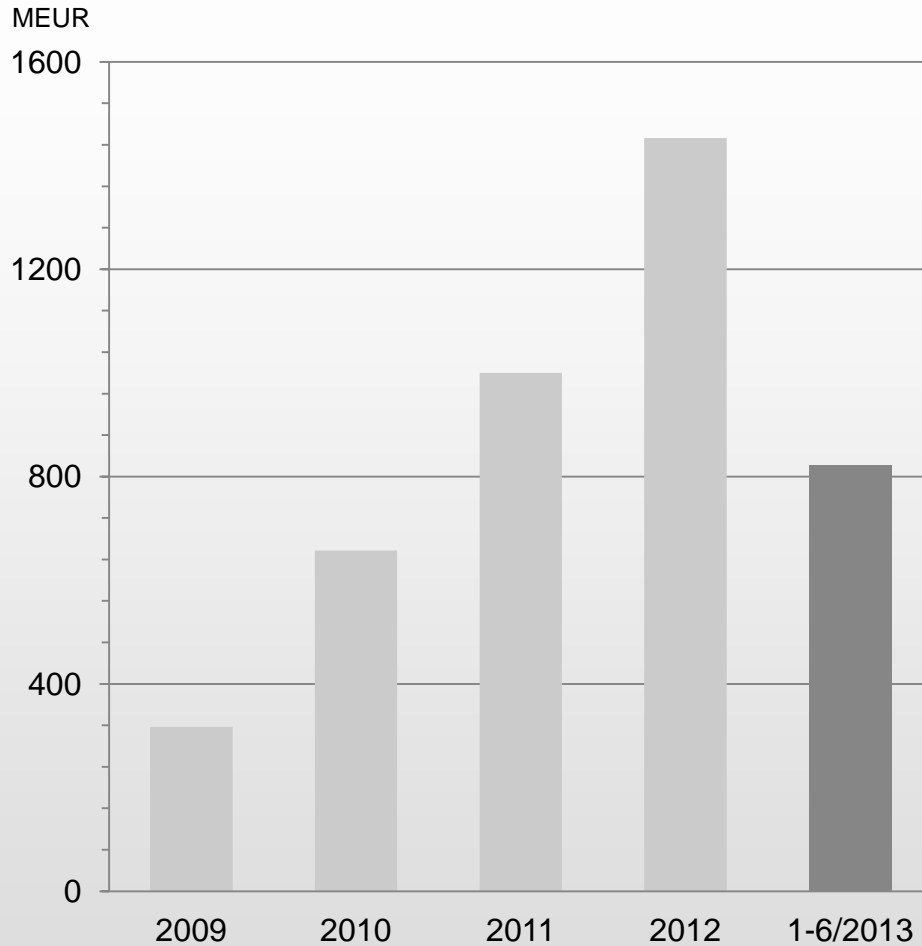


Source: Clarkson Research Services

\* CGT= gross tonnage compensated with workload

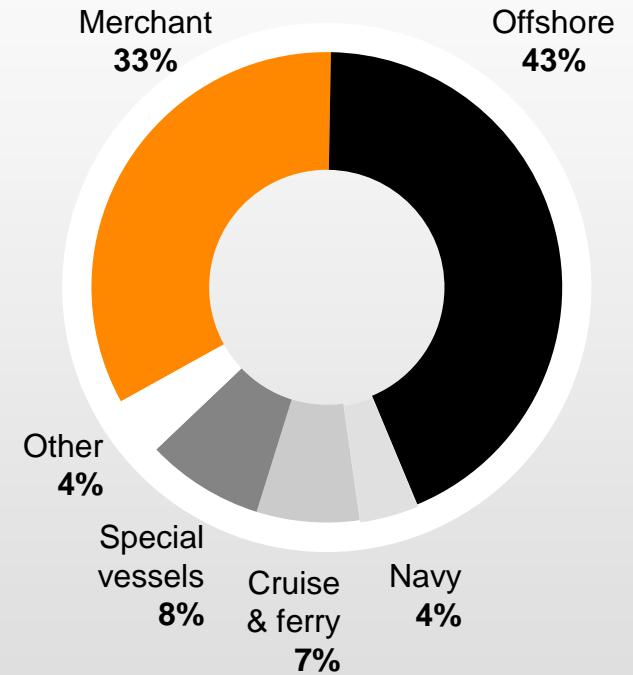


# Ship Power order intake by segment



## Review period development

Total EUR 822 million (723)

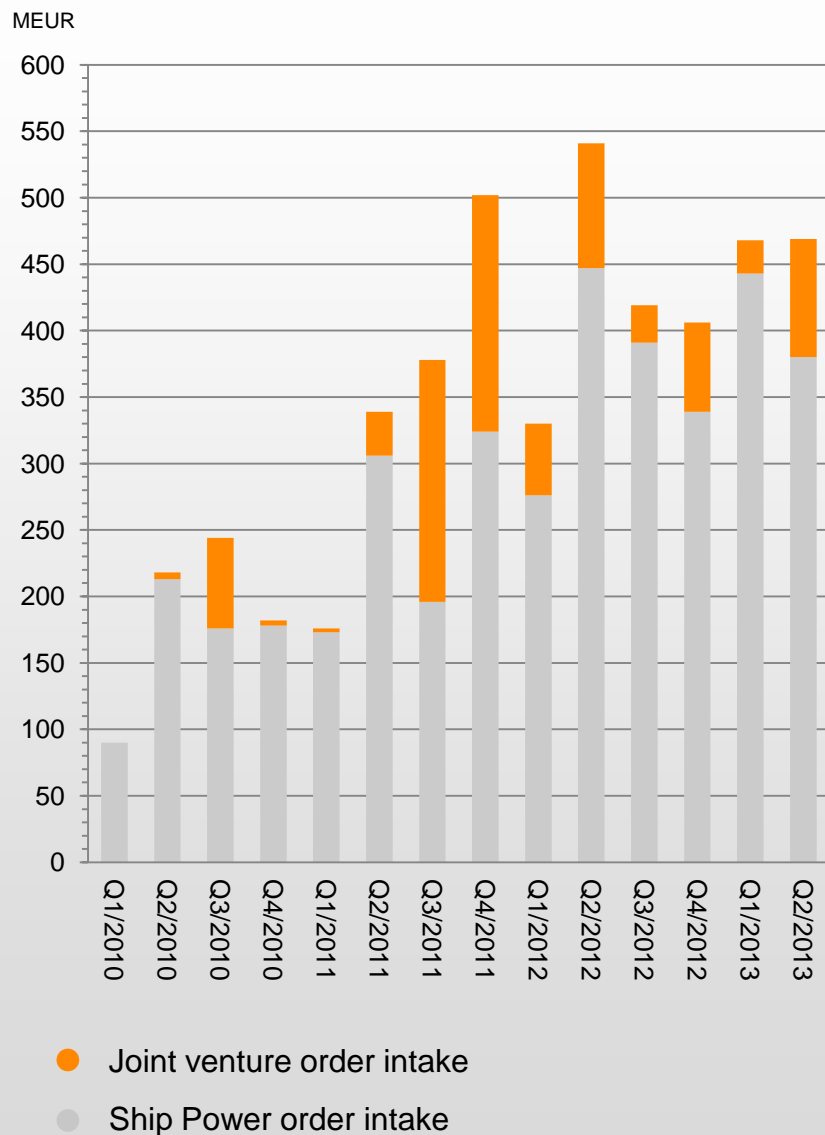


# Harvey Gulf to use Wärtsilä's integrated solution



- Order to supply an integrated solution for a new multipurpose support vessel
- Scope of supply includes the engines, a turnkey installation of the Wärtsilä Control & Communication Centre (3C) and the complete electrical and automation system
- Included in the comprehensive solution is a five year service agreement covering up to 9 vessels, which includes all Harvey Gulf vessels recently fitted with Wärtsilä equipment
- Wärtsilä's integrated solution enables optimisation of the operational, environmental and economic performance of the vessel

# Joint venture ordering activity

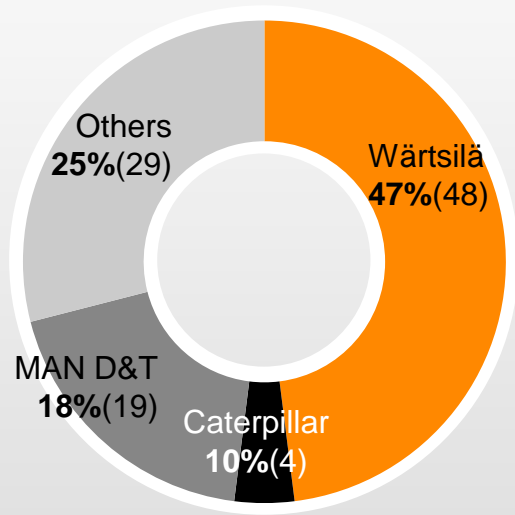


- Order intake in Wärtsilä Hyundai Engine Company Ltd in South Korea, and Wärtsilä Qiyao Diesel Company Ltd in China totalled EUR 113 million (148) during the review period January-June 2013
- Wärtsilä's share of ownership in these companies is 50%, and the results are reported as a share of result of associates and joint ventures

# Ship Power Market

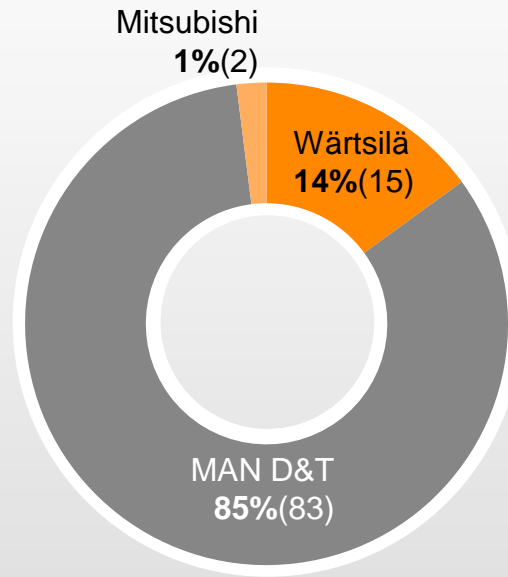
## Market position of Wärtsilä's marine engines

Medium-speed main engines



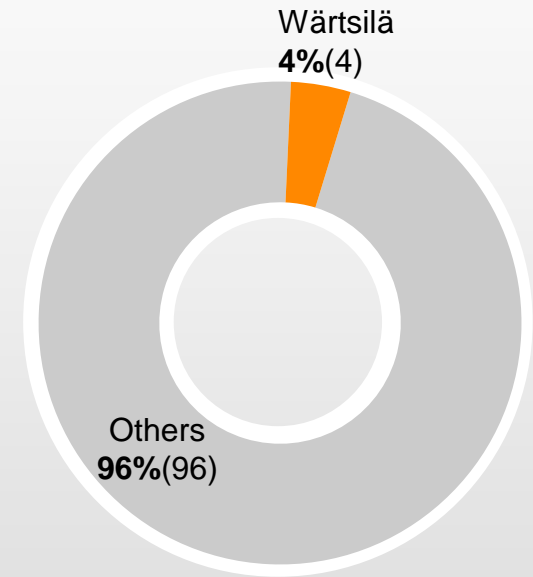
Total market volume last 12 months:  
4,850 MW (4,691)

Low-speed main engines



Total market volume last 12 months:  
13,214 MW (9,569)

Auxiliary engines



Total market volume last 12 months:  
3,800 MW (3,728)

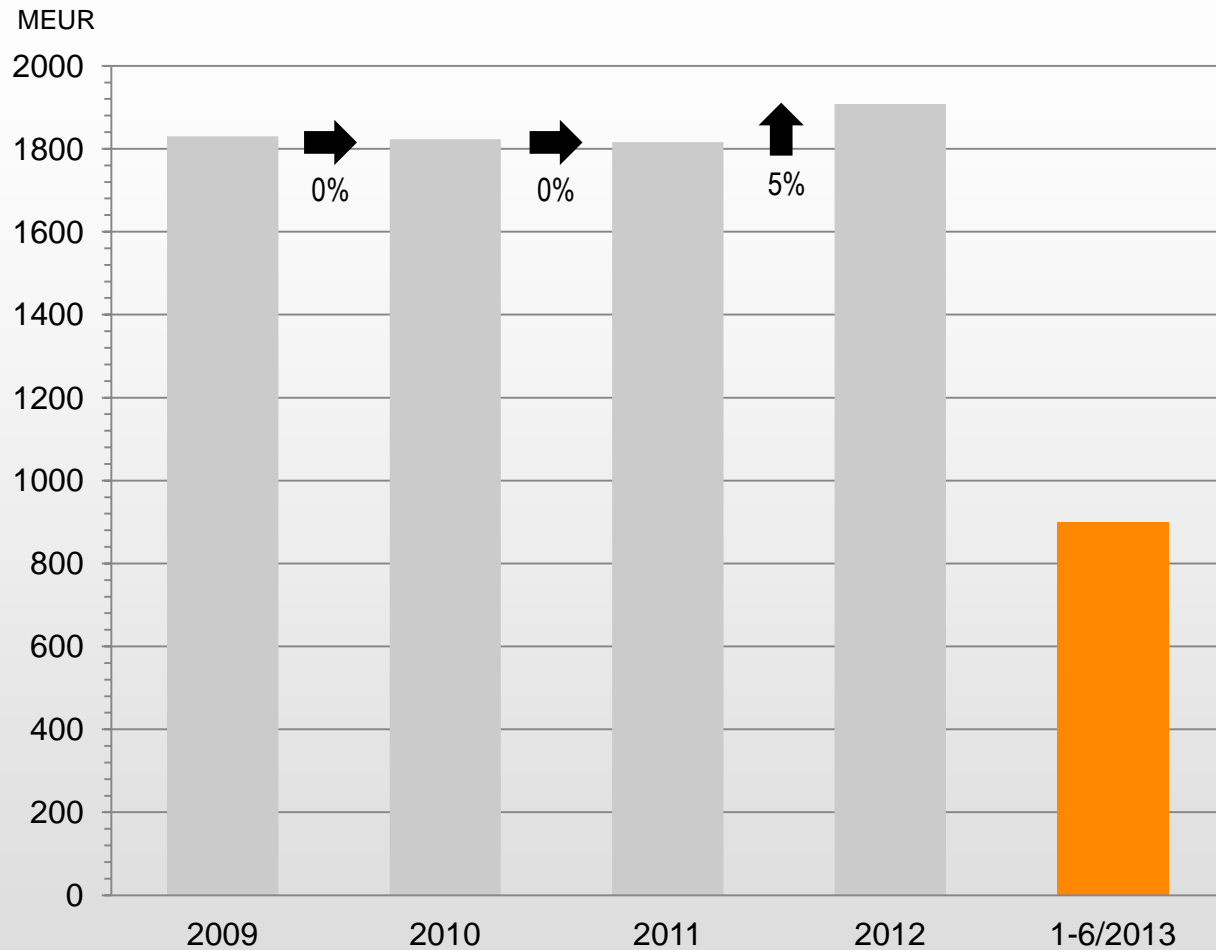
Wärtsilä's market shares are calculated on a 12 months rolling basis, numbers in brackets are from the end of the previous quarter. The calculation is based on Wärtsilä's own data portal.

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 industrial and technical.

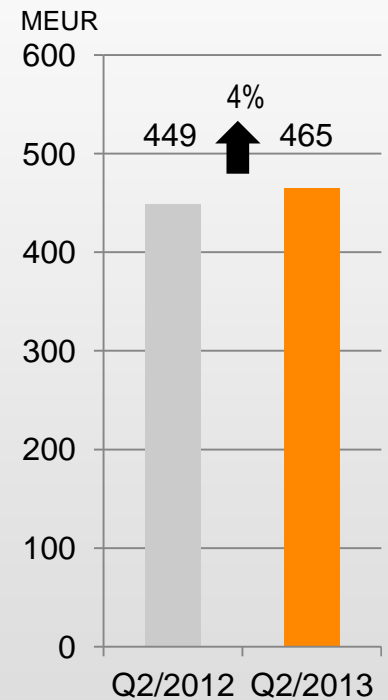
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**Stable  
development in  
service markets**

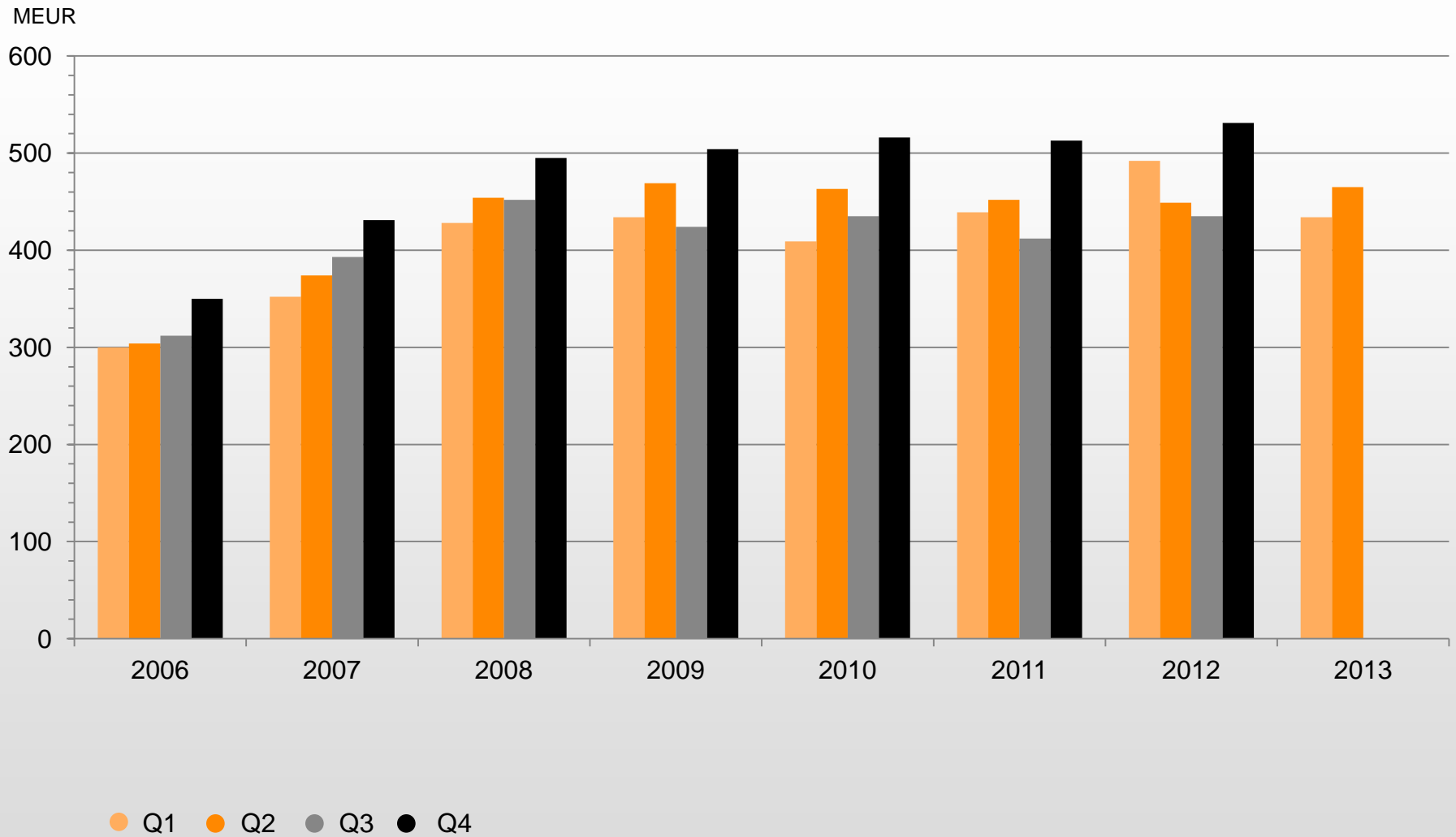
# Services net sales development



## Second quarter development

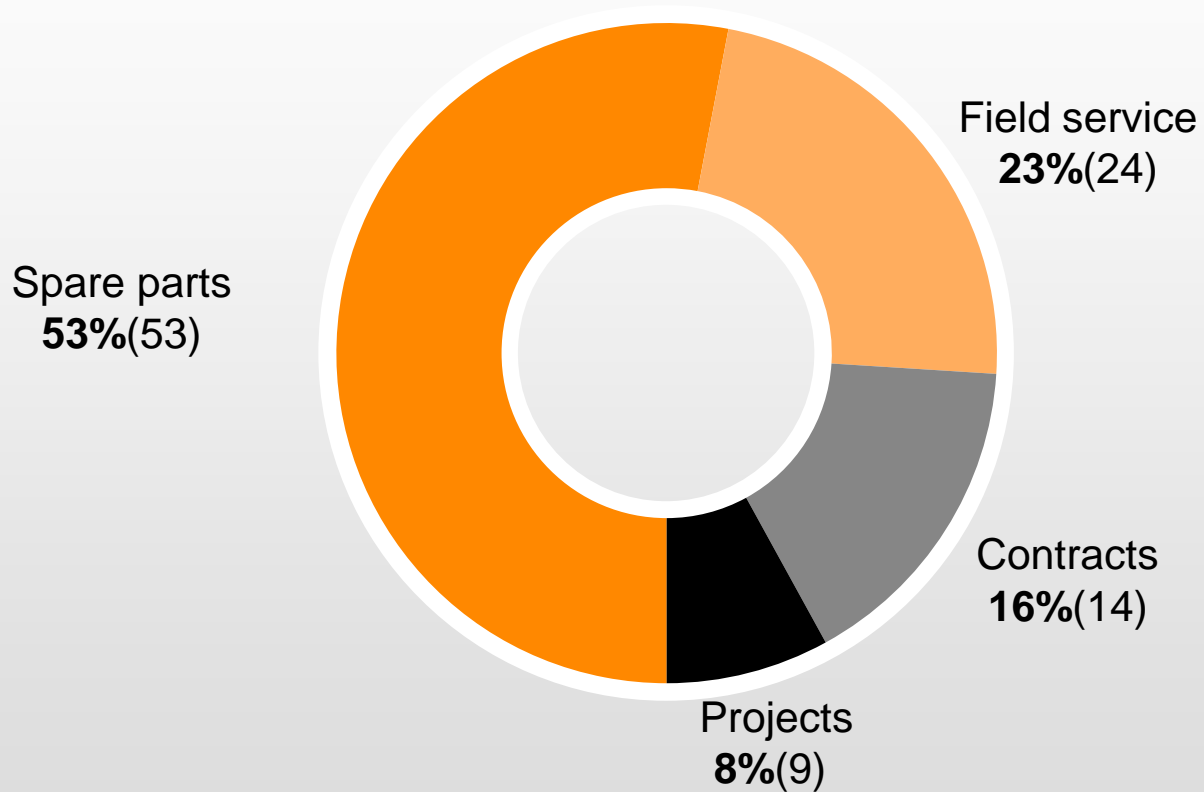


# Services net sales by quarter





# Services net sales distribution 1-6/2013



Total EUR 899 million (942)

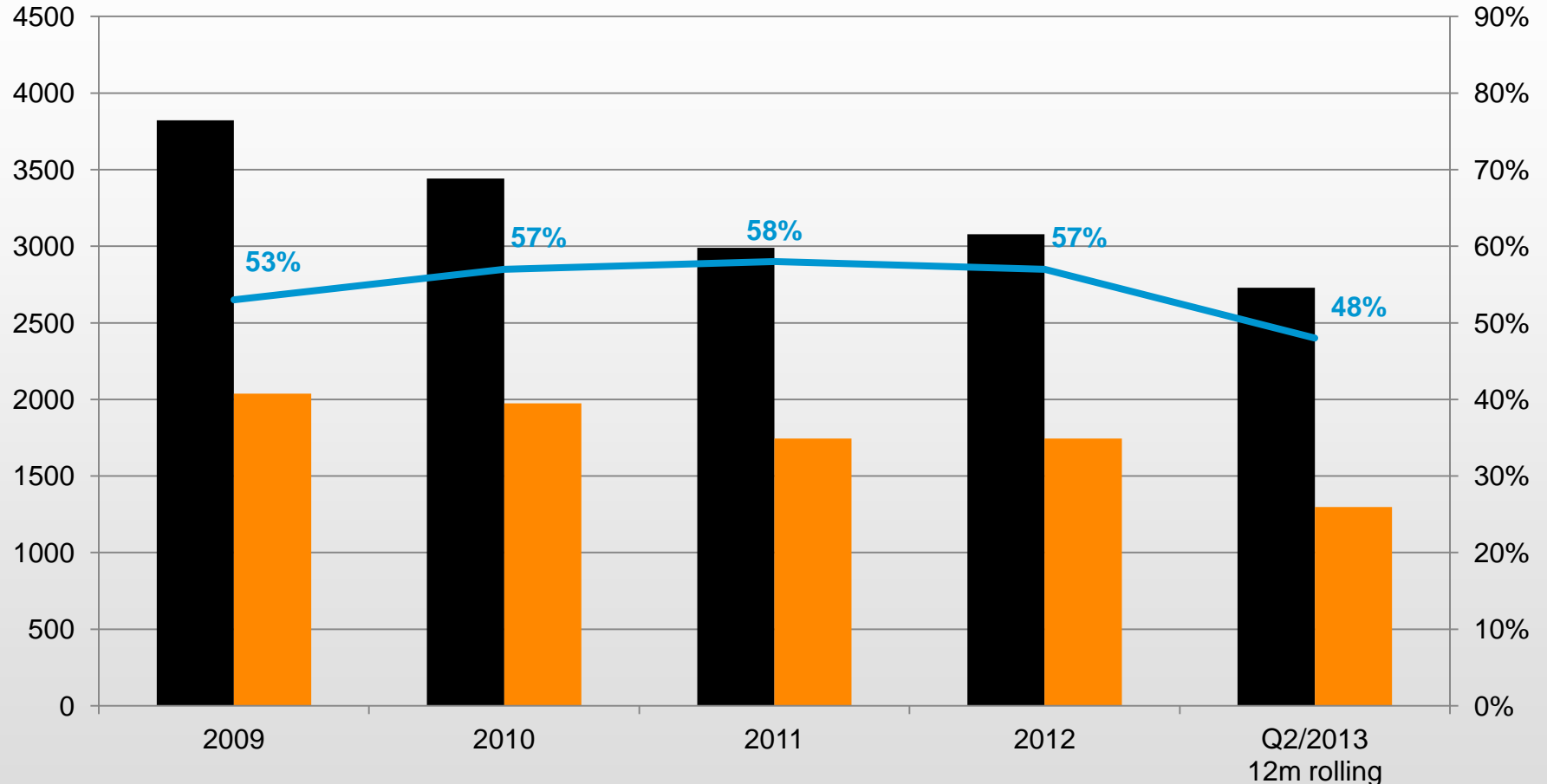
# Good demand for service agreements in Africa



- 3-year O&M agreement signed with Central Termica de Ressano Garcia for the company's gas engine power plant in Mozambique
  - The power plant will help meet the country's growing demand for electricity
- 10-year O&M agreement signed with Ndola Energy Company Ltd for the NECL power plant in Zambia
  - The power plant will significantly contribute towards Zambia achieving a more diversified energy mix
- Wärtsilä's O&M and other service agreements cover more than 17 GW of generating capacity in both marine and land-based installations globally, of which 29 such agreements are in Africa

# Development of Power Plants service agreements

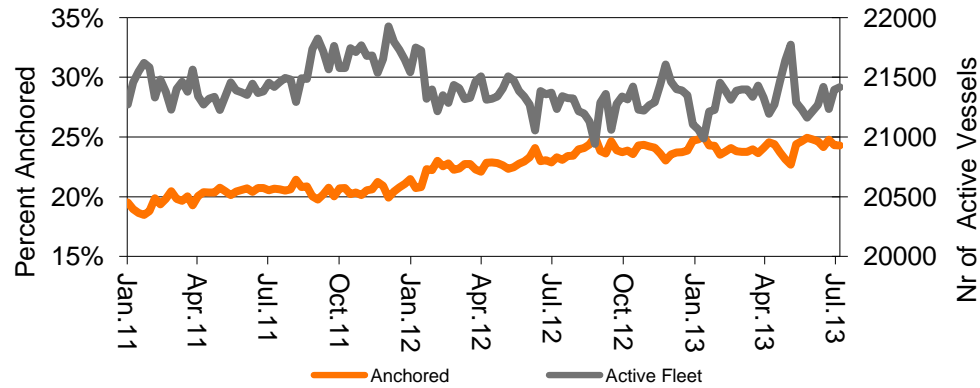
MW



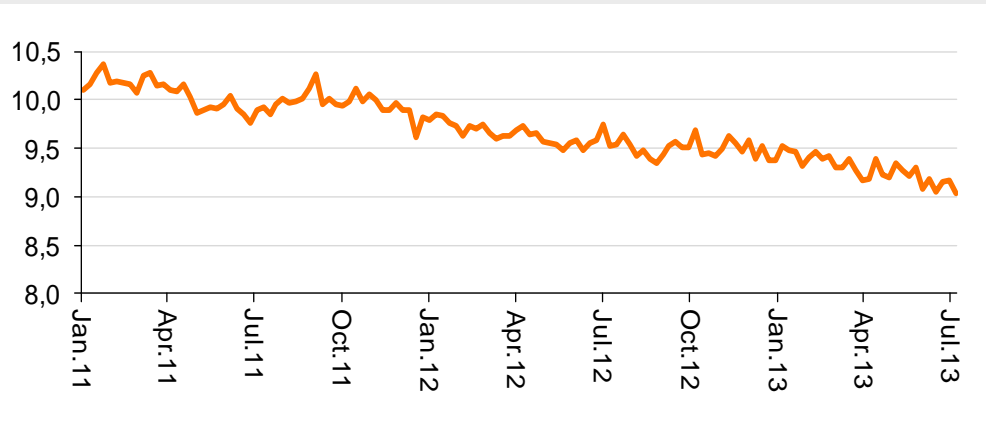
● O&M and maintenance agreements ● Power Plants deliveries — % of delivered MWs

# Fleet utilisation

## Anchored Vessels & Fleet Development\*



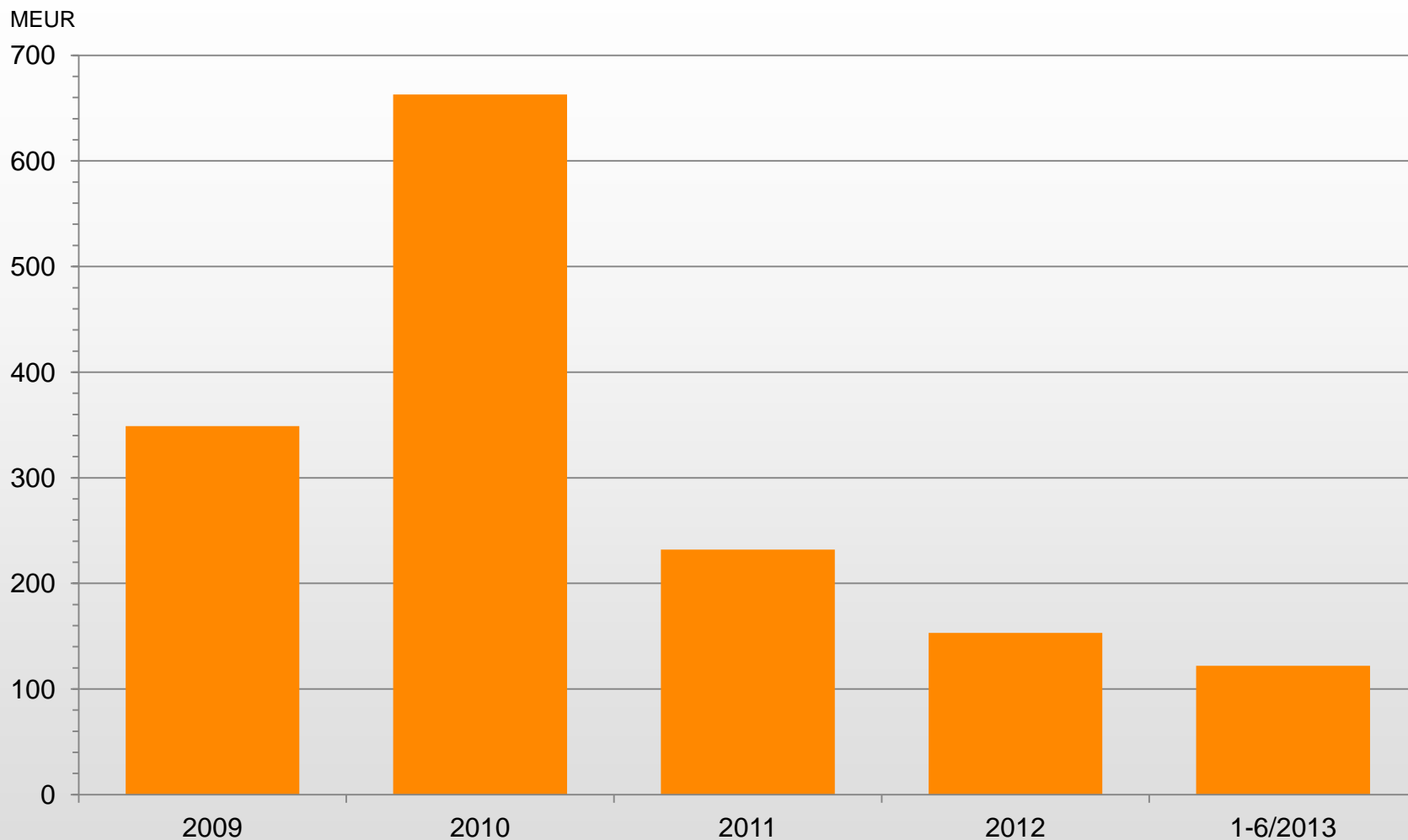
## Fleet Average Speed, knots\*\*



\*Source Bloomberg (AISLive). More than 25,000 vessels (>299 GT) covered.

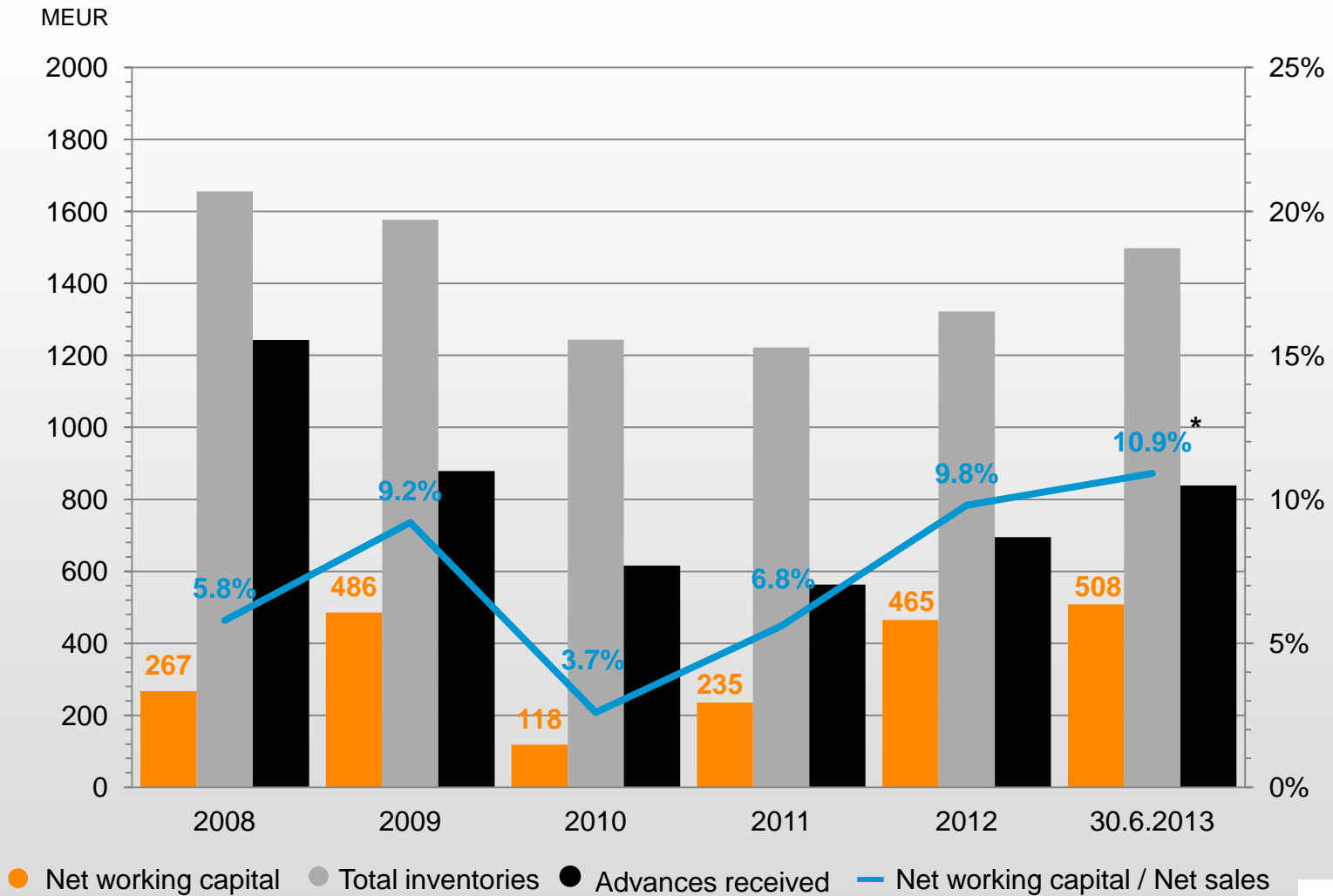
\*\* Source Bloomberg

# Cash flow from operating activities



# Net working capital development

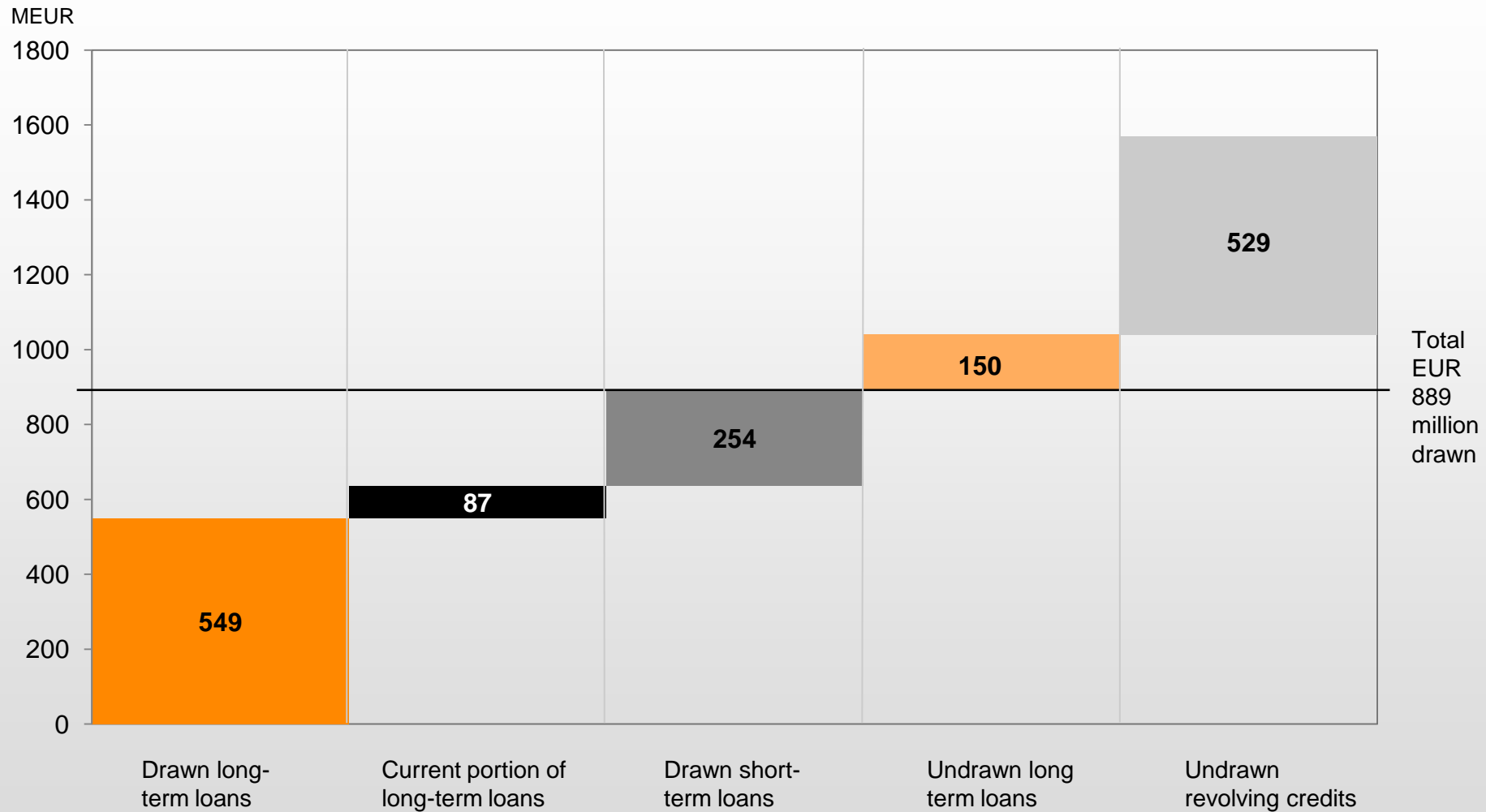
## Good development in advances received



\* Working capital / 12 months rolling net sales

# Committed loans 30 June 2013

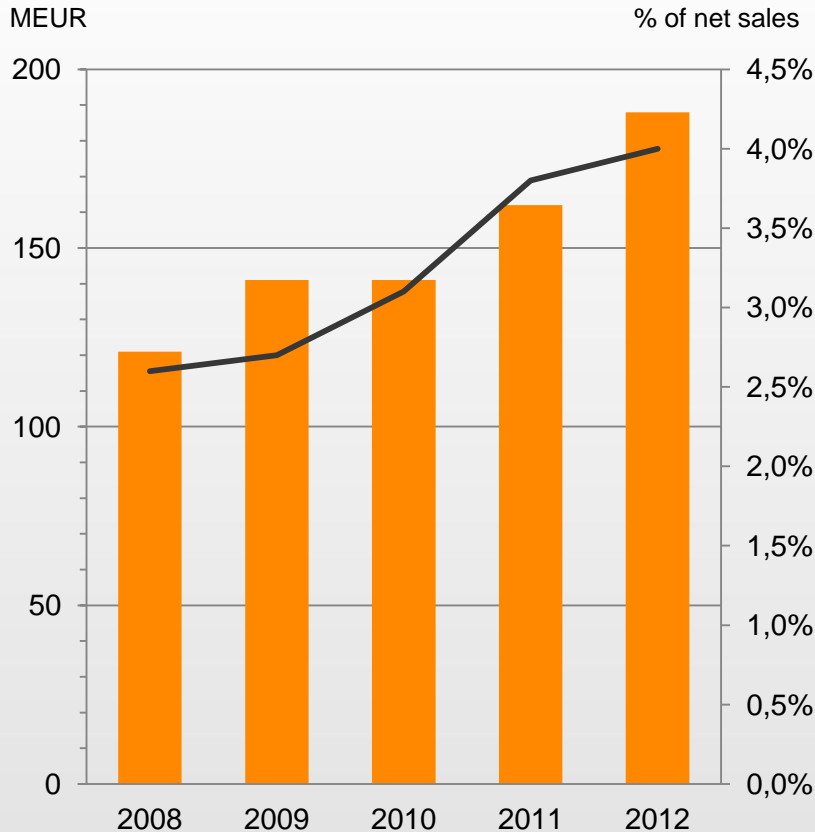
## Financial freedom is maintained



At the end of the reporting period, drawn revolving credits amounted to 0 euro. Drawn short-term loans include EUR 239 million Finnish Commercial Papers. The total amount of Finnish Commercial Paper Programs was EUR 700 million (uncommitted).

# Continuous focus on R&D

## WÄRTSILÄ'S R&D EXPENSES

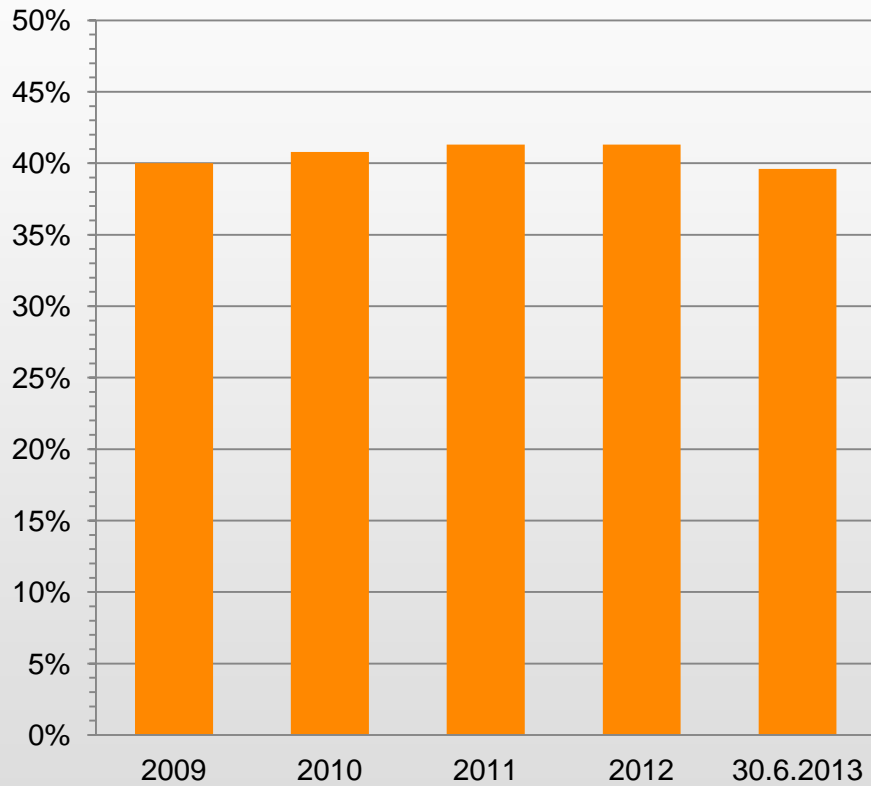


- 10-year loan totalling EUR 150 million granted by the European Investment Bank in June
- The loan will fund R&D and innovation activities in several European countries
- Wärtsilä's R&D activities focus on improving the efficiency, reliability and environmental performance of our engine technology

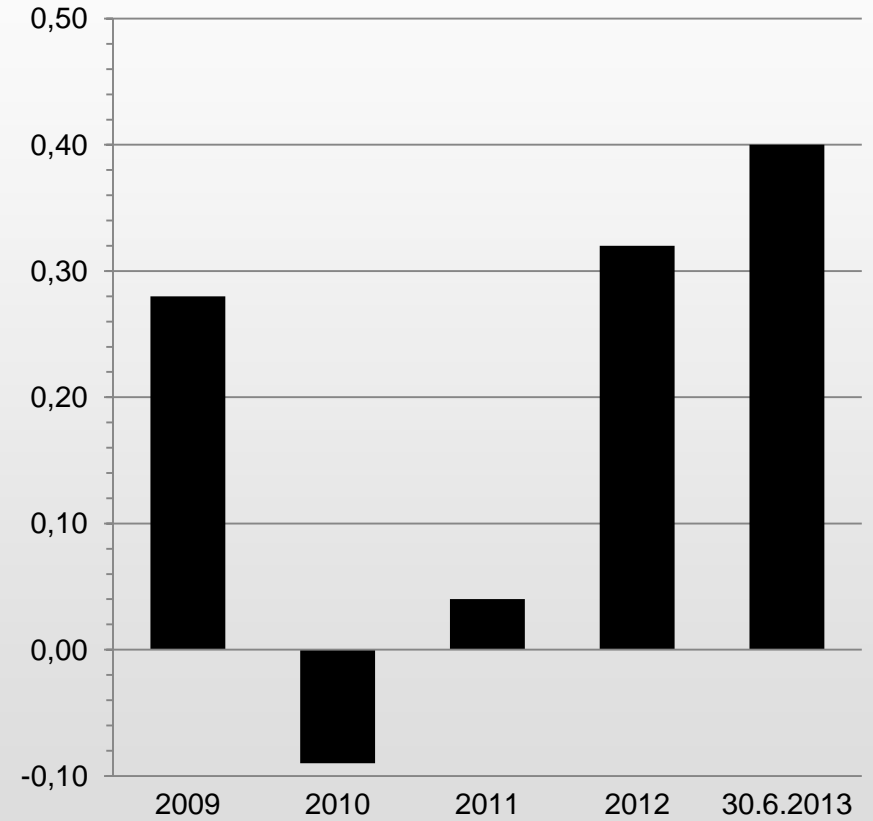


# Financial position

## Solvency



## Gearing





- **Power Plants:** The overall market for natural gas and liquid fuel based power generation in 2013 is expected to be similar to that of 2012.
- **Ship Power:** The outlook for the shipping and ship building market in 2013 is cautious, although market conditions are expected to be better than in 2012. The contracting mix is expected to be largely in line with that seen in 2012, favouring contracting in the offshore and specialised vessel segments.
- **Services:** The overall service market outlook remains stable.

# Prospects for 2013 unchanged

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Wärtsilä expects its net sales for 2013 to grow by 0-10% and its operational profitability (EBIT% before non-recurring items) to be around 11%.



# WÄRTSILÄ

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