

WÄRTSILÄ CORPORATION

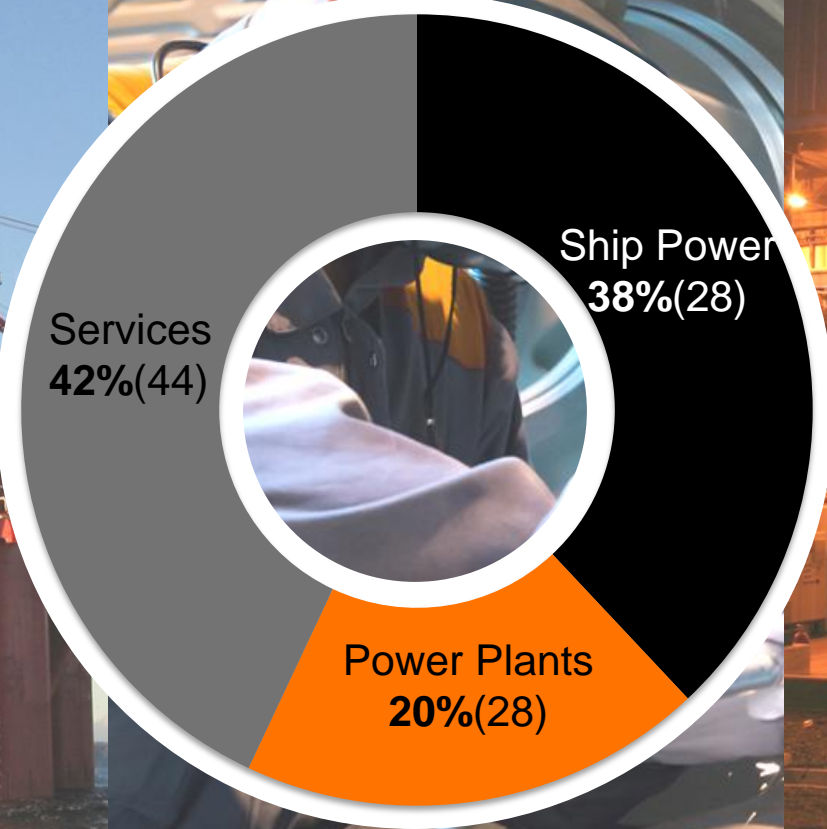
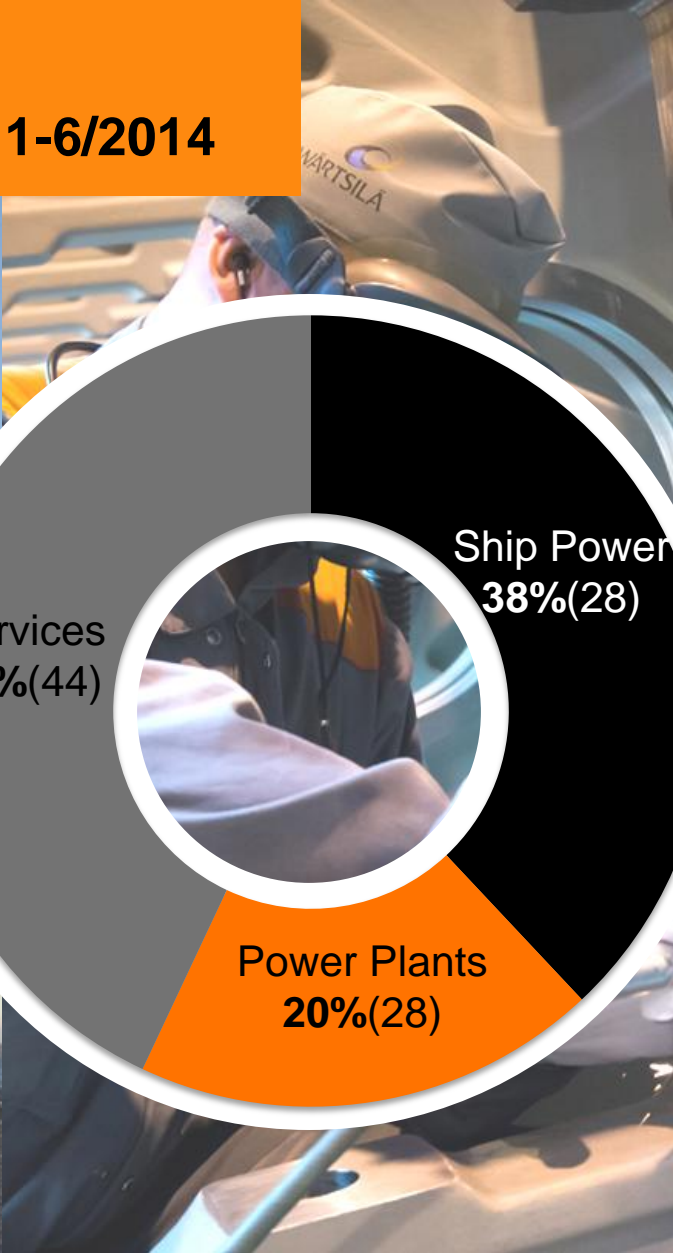
SEB FINNISH BLUE CHIP SEMINAR

3 SEPTEMBER 2014

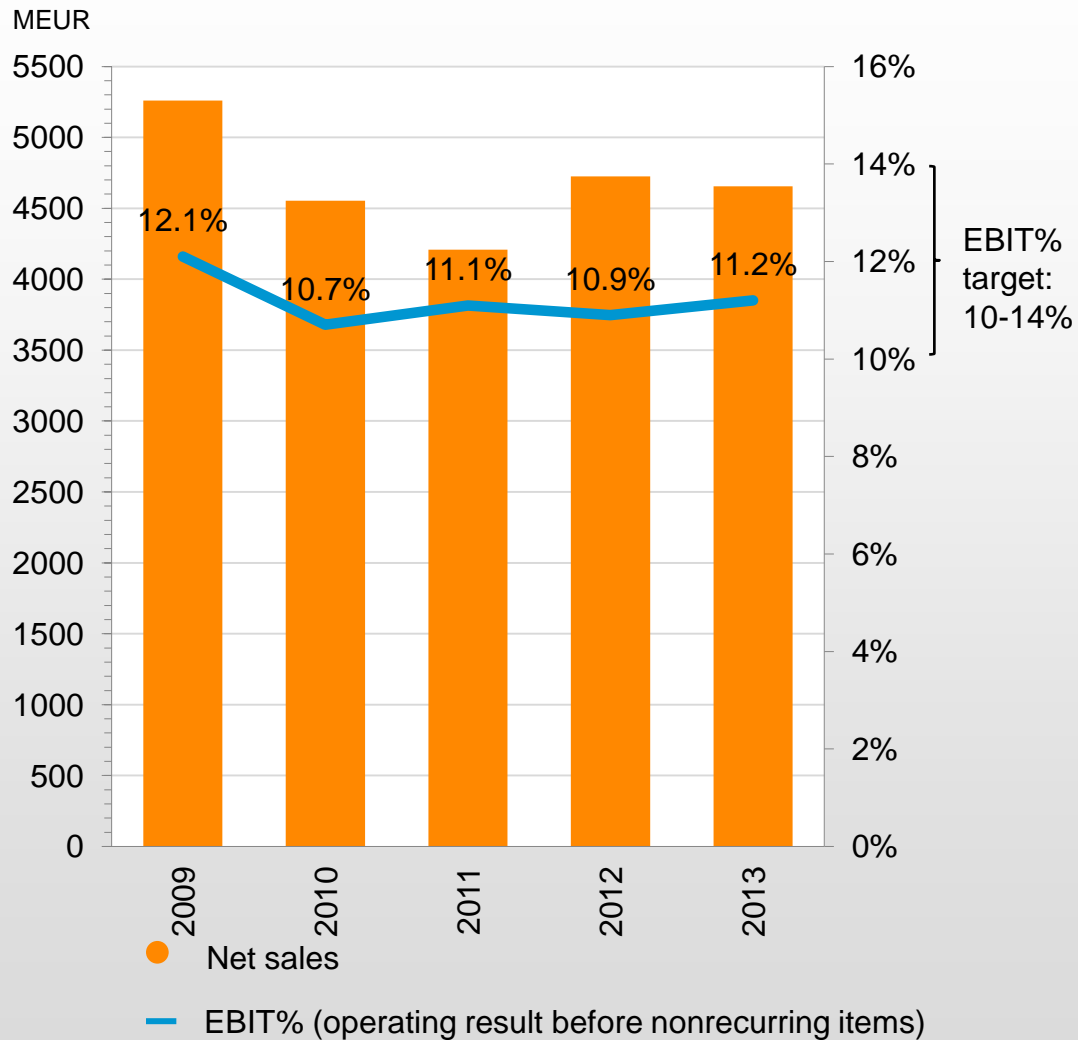
Marco Wirén,
CFO

This is Wärtsilä

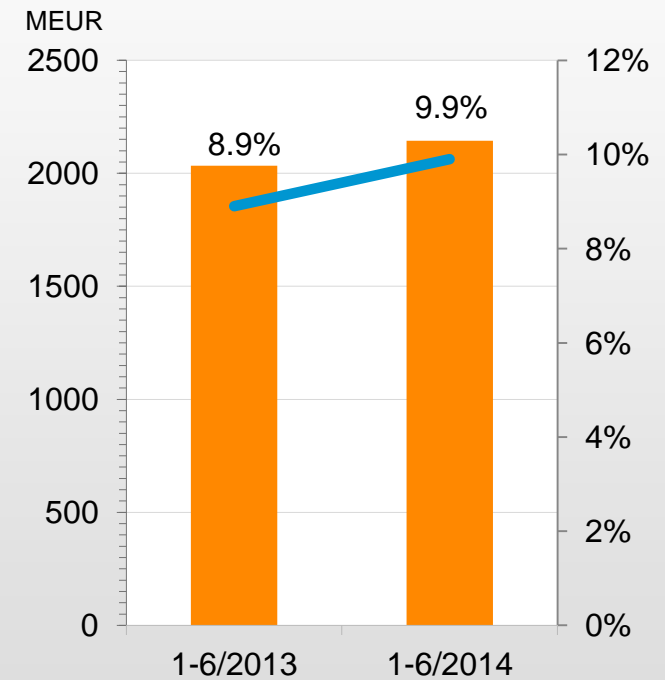
Net sales by business 1-6/2014



Net sales and profitability



Review period development



Power Plants trends and drivers

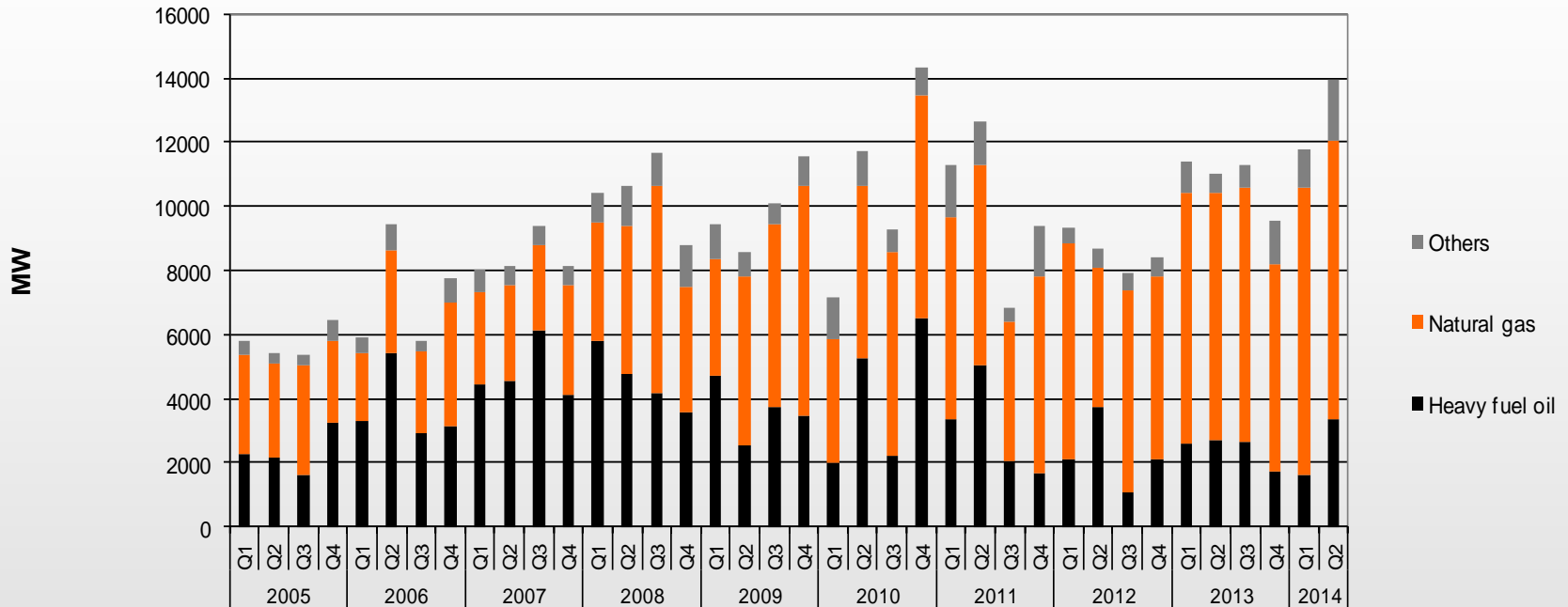
- The growth of electricity demand is strongly connected to GDP development
- Increased demand for sustainability
- Rapid growth of intermittent renewable generation, combined with escalating demand fluctuation, increases the need for flexibility
- Increasing role of gas
- Aging installed capacity drives investments in new technologies



The world needs affordable, clean, flexible and reliable power.

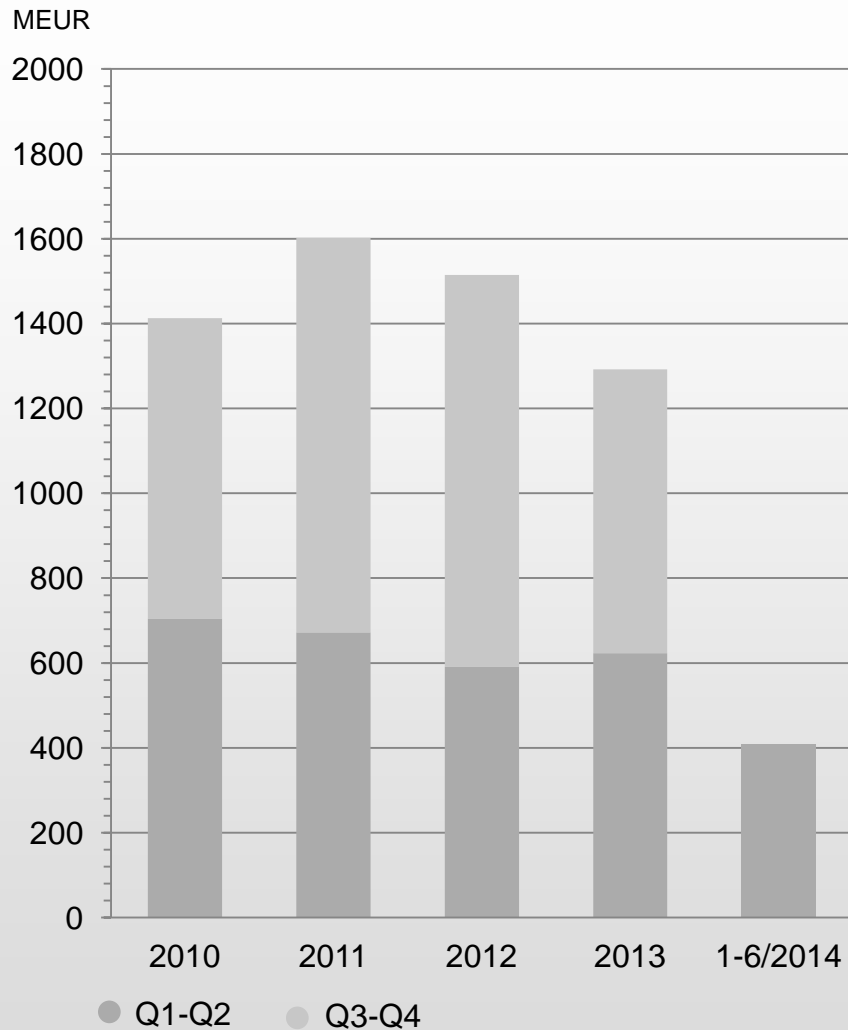
Improvement in power plant quotations

Quoted MW per Fuel Type



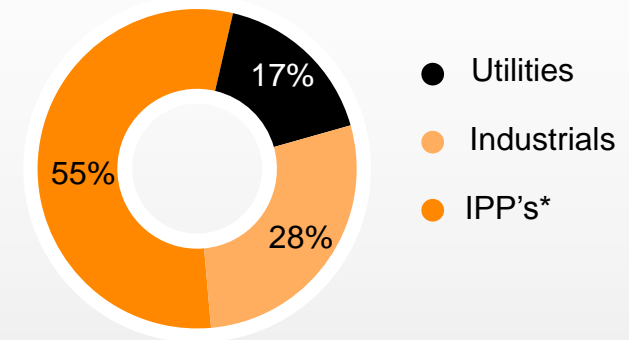
Activity remains focused on gas

Power Plants order intake by customer segment

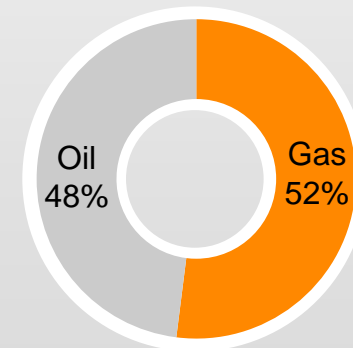


Review period development

Total EUR 409 million (623)



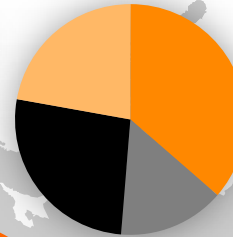
Review period order intake by fuel in MW



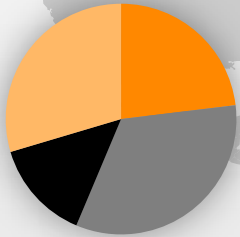
*IPP = Independent Power Producer

Power Plants installed base

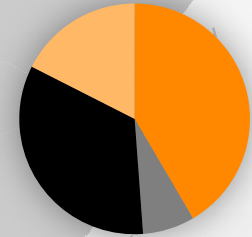
Europe:
Output: 12.5 GW



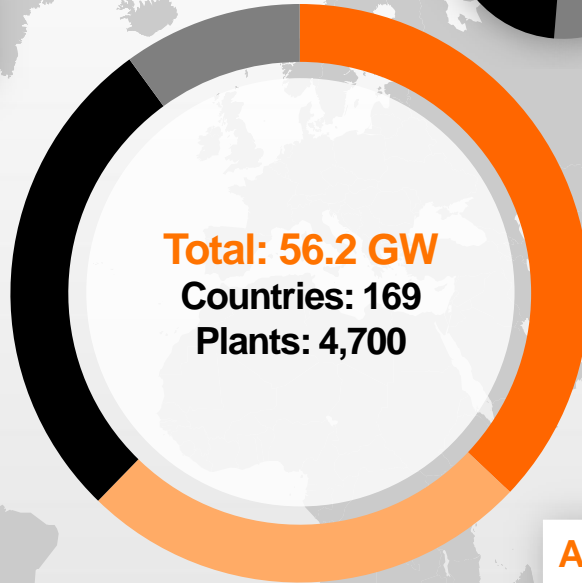
Americas:
Output: 11.7 GW



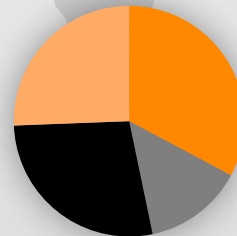
Asia:
Output: 19.8 GW



Total: 56.2 GW
Countries: 169
Plants: 4,700



Africa & Middle East:
Output: 12.5 GW



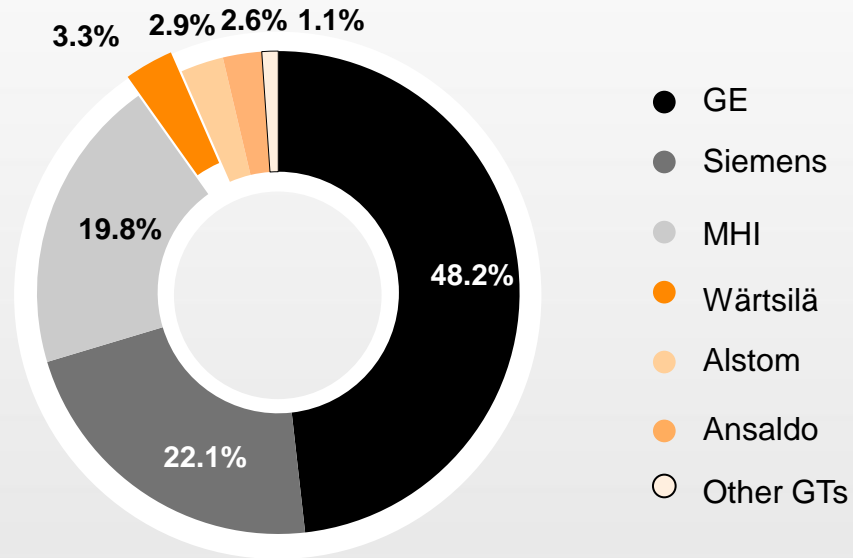
- Utilities
- IPPs
- Industrials
- Others

* December 2013

Market for gas and liquid based power plants

2013

Total market 73.2 GW (75.4)



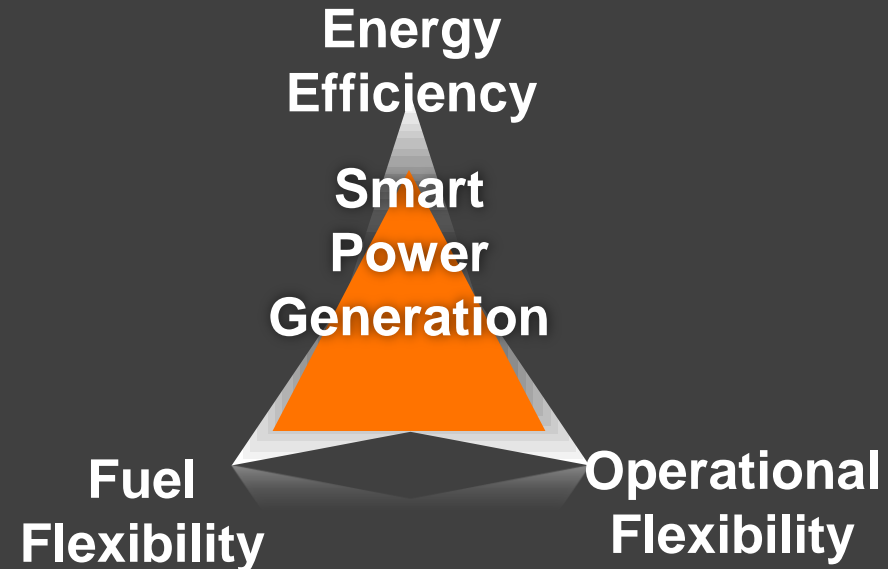
Includes all Wärtsilä power plants and other manufacturers' gas and liquid fuelled power plants with prime movers above 5 MW, as well as estimated output of steam turbines for combined cycles.

The data is gathered from the McCoy Power Report.

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

Power Plants' strategic focus

- Maintain leading position HFO & dual-fuel power plants
- Grow in the large utility gas power plants by capturing market share from gas turbines
- Grow in biofuel power plants by enabling a wide fuel range
- Grow in special applications - nuclear emergency power, combined heat & power, oil & gas and LNG infrastructure



Ship Power trends and drivers

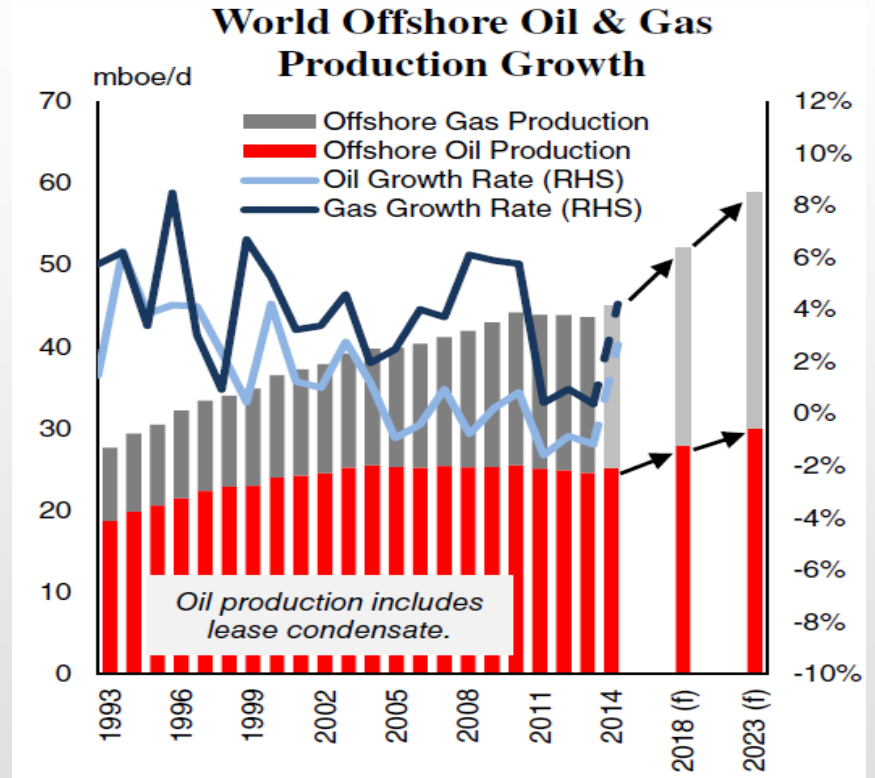
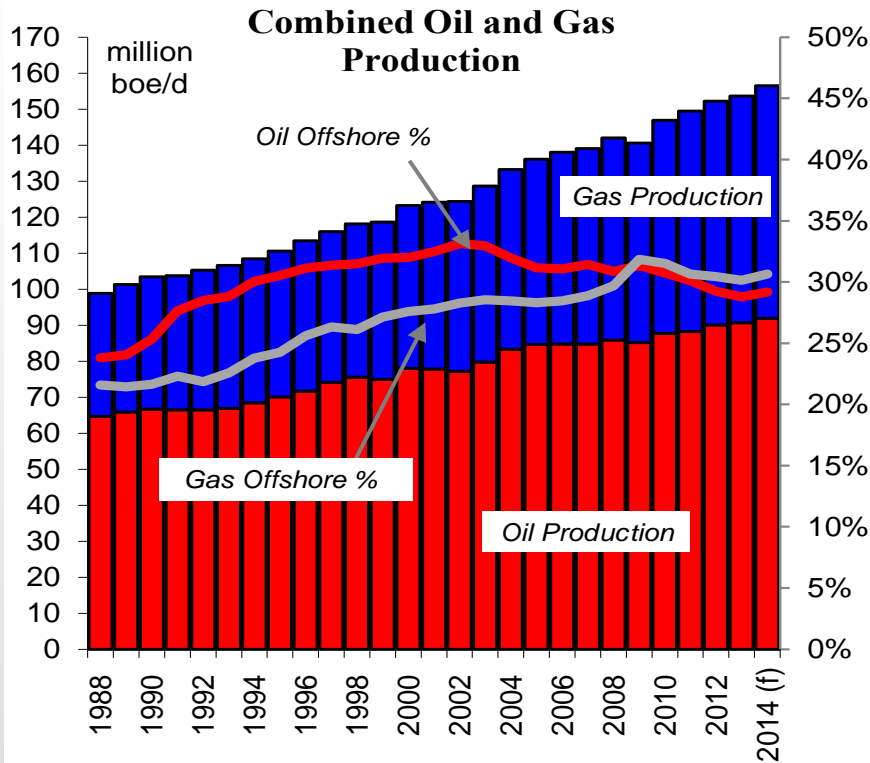
- Development of the global economy drives marine trade and transportation growth
- Development of oil & gas prices stimulates investments in exploration and production of offshore oil & gas
- Increasing focus on energy efficiency and environmental performance
- Environmental regulations drive demand for environmental solutions and gas as a marine fuel



The development of efficient vessels, environmental solutions and gas technology will be our priority in meeting the evolving needs of our customers.

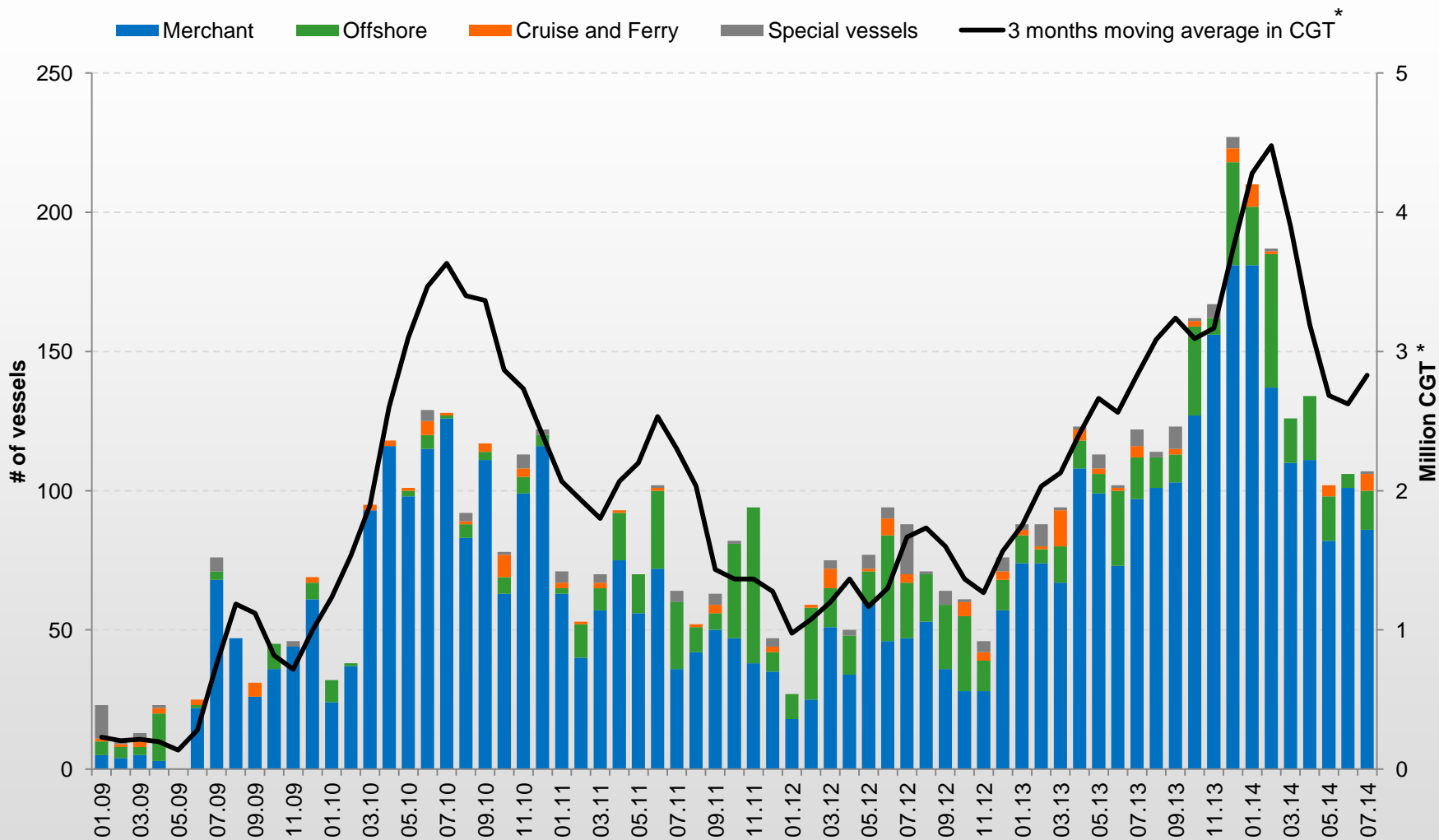


Oil and gas production



Source: Clarkson Research

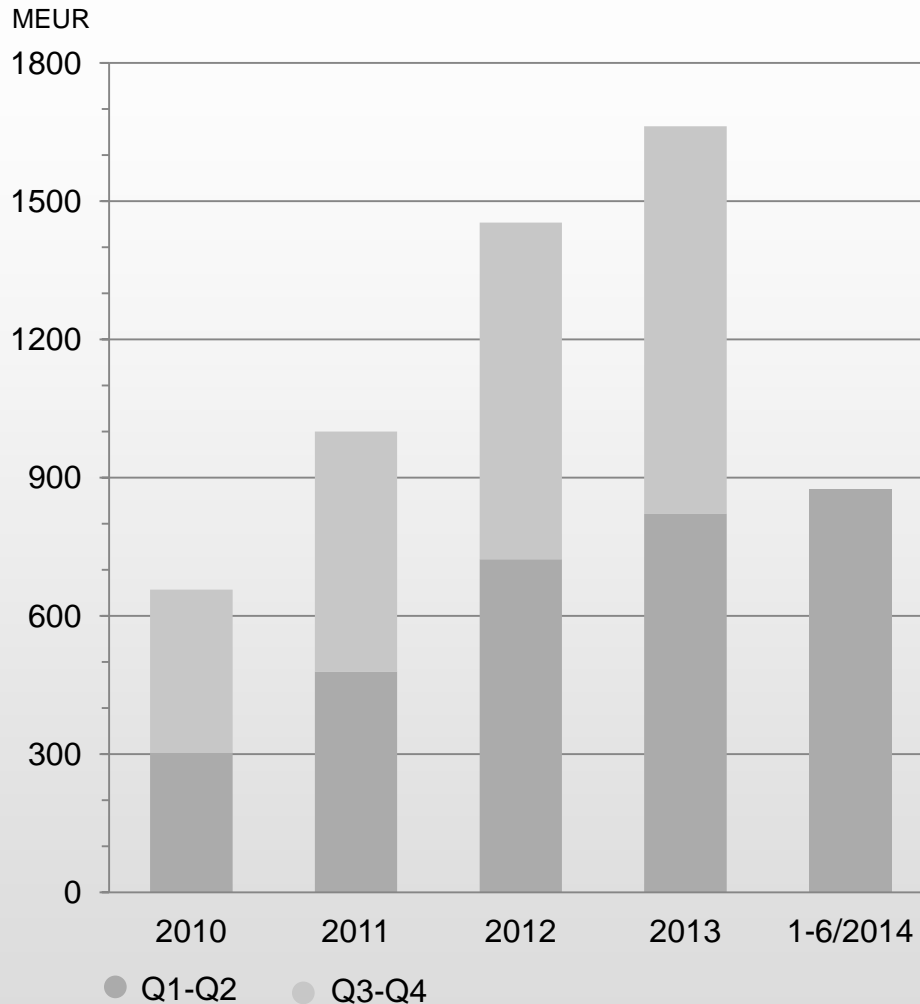
Vessel contracting development



Source: Clarkson Research Services, figures exclude late contracting
 * CGT= gross tonnage compensated with workload

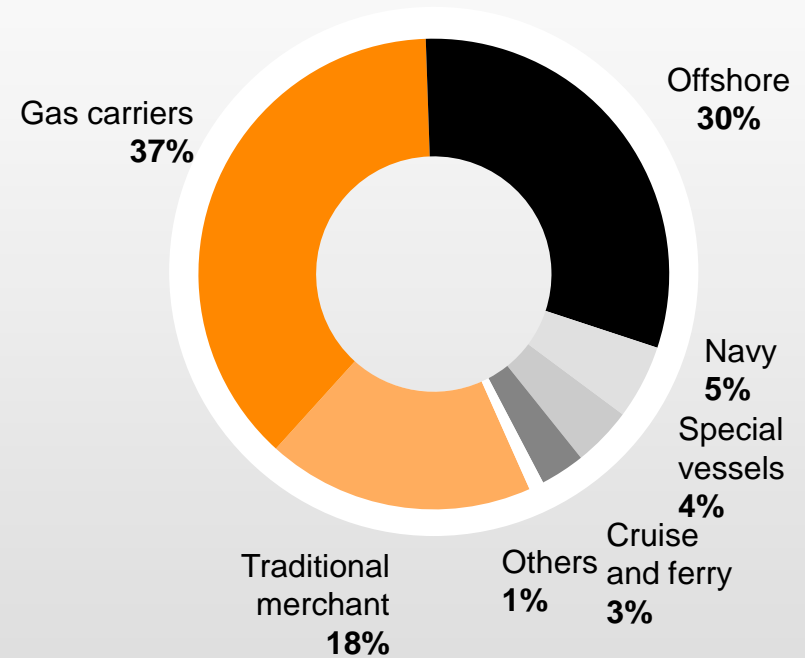


Ship Power order intake developed favourably



Review period development

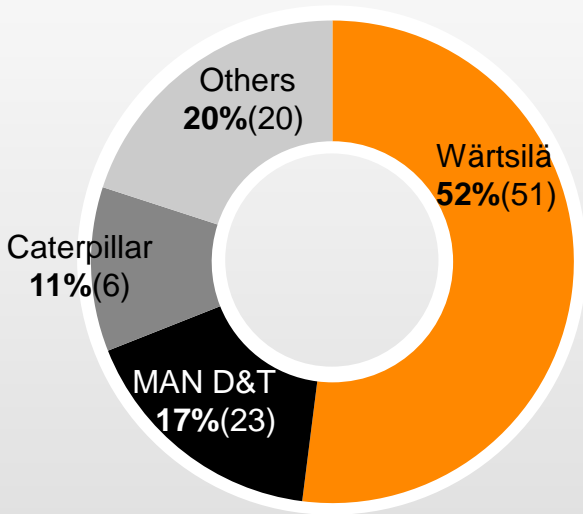
Total EUR 875 million (827)



Ship Power market

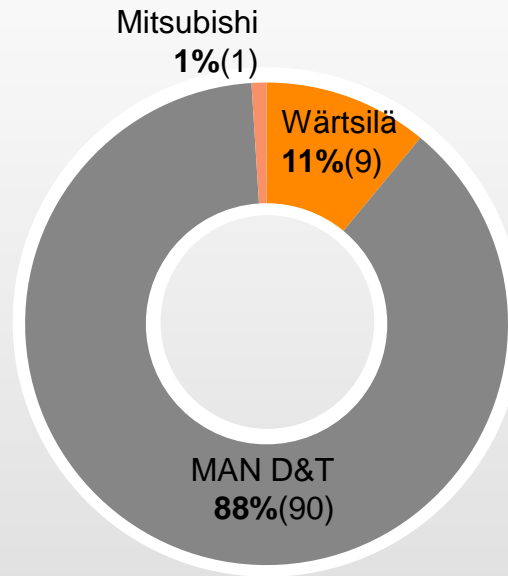
Market position of Wärtsilä's marine engines

Medium-speed main engines



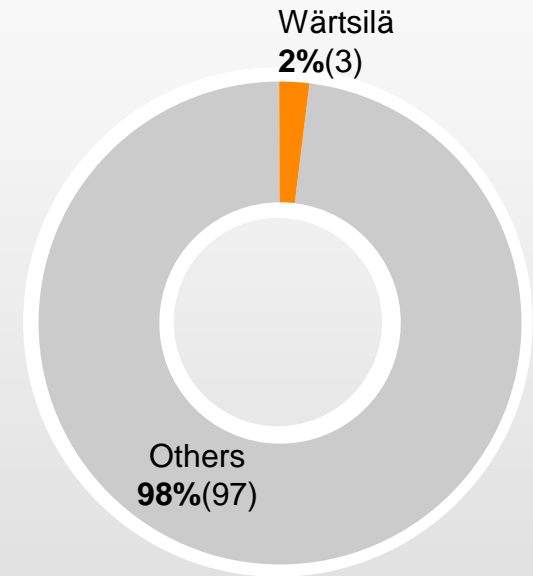
Total market volume last 12 months:
4,139 MW (3,787)

Low-speed main engines



Total market volume last 12 months:
28,804 MW (31,017)

Auxiliary engines




Total market volume last 12 months:
7,860 MW (6,895)

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.

Ship Power focus areas




Efficiency



Gas and dual-fuel solutions



Offshore market



Environmental solutions

Clear leadership in gas applications

Power Plants



Dual-fuel power plants

- 83 installations
- 375 engines
- Output 4.7 GW
- Online since 1997

Gas power plants

- 550 installations
- 1,700 engines
- Output 10.5 GW

Merchant



LNGC

- 145 vessels
- 585 engines

Multigas Carrier

- 5 vessels
- 20 engines

Conversion

- 1 chemical tanker
- 2 engines

Ro-Ro

- 2 vessels
- 8 engines

Offshore



OSV's

- 31 vessels
- 96 engines

Production

- 2 platforms
- 9 FPSO's
- 1 FSO
- 40 engines

Cruise & Ferry



LNG cruise ferry

- 1 vessel
- 4 engines
- Complete gas train

LNG ferries

- 5 ferries
- 20 engines
- Complete gas train

Navy



Coastal patrol

- DF propulsion
- DF main and auxiliary engines

Others



Tug

- 2 vessels
- 2 engines each
- Mechanical drive

Guide ship

- 1 vessel/engine

IWW

- 2 vessels
- 3 engines

→ 6 segments → ~ 2,500 engines → > 10,000,000 running hours

Wärtsilä Services' global network

Installed base
182,000 MW

70 countries, 160 locations, 11,000 service professionals
Widest range of offering and expertise

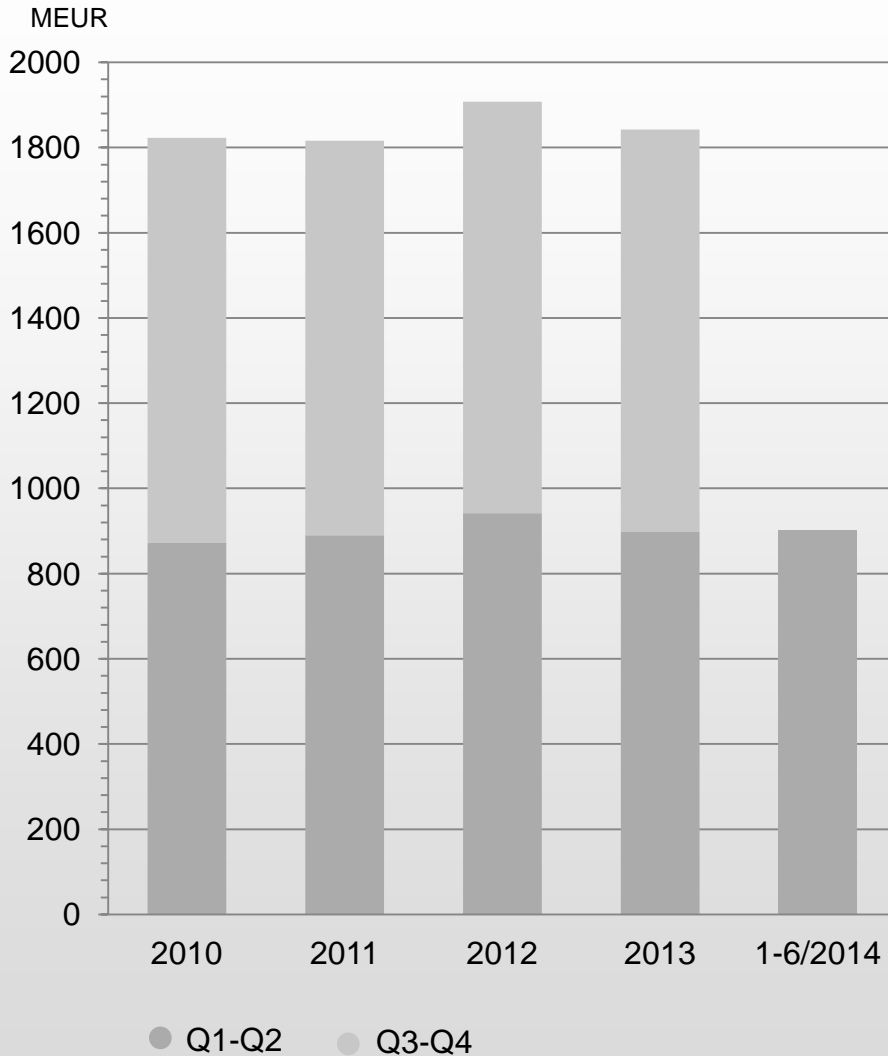


Services trends and drivers

- Focus on total cost of ownership
- Development of installed base and installation utilisation
- Growth of gas as a fuel
- Changes in environmental regulations and safety requirements
- Demand for safety, reliability, performance and availability
- Accelerating need for real-time information
- Need for technical expertise to optimise engine performance and fuel consumption



Services net sales development remains stable



Review period development

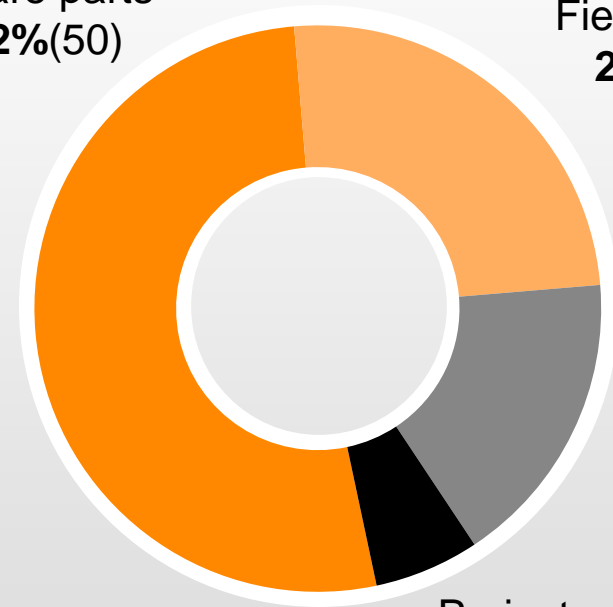
Total EUR 903 million (899)

Spare parts
52%(50)

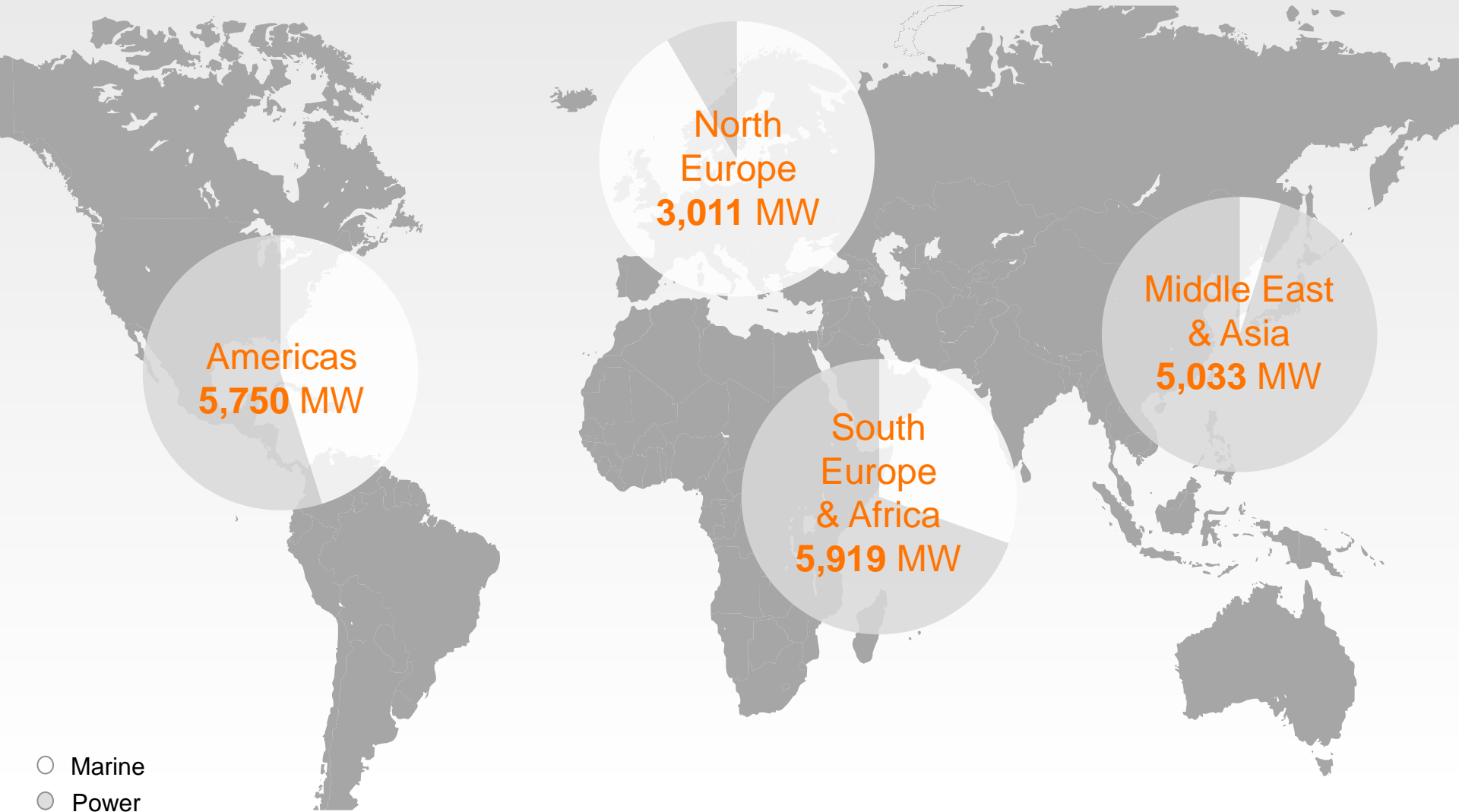
Field service
25%(27)

Contracts
17%(16)

Projects
6%(7)

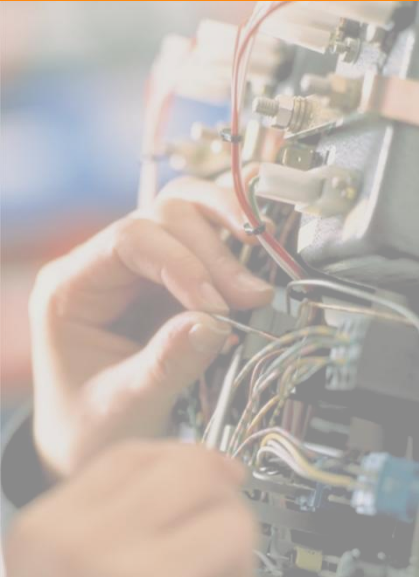


Wärtsilä's service agreements around the world



- Marine
- Power

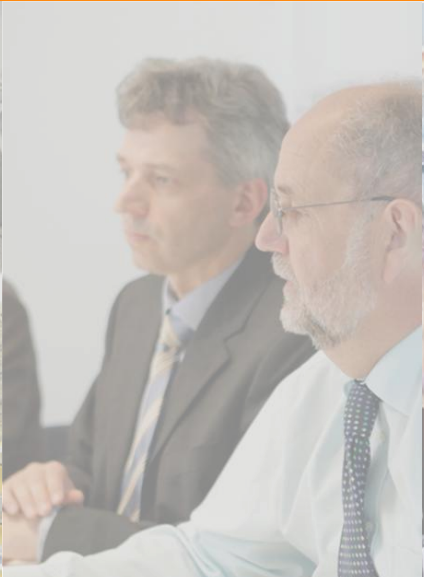
An organisation based on divisions with end-to-end responsibility



R&D



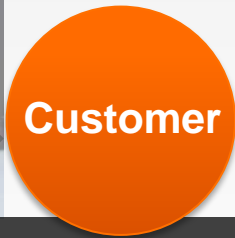
Production



Sales & marketing



Product delivery



Customer

TRANSPARENCY ACCOUNTABILITY SPEED

Wärtsilä and China State Shipbuilding Corporation to join forces in 2-stroke engine joint venture



- The joint venture will take over Wärtsilä's 2-stroke engine business
- CSSC will own 70% and Wärtsilä 30% of the business
- Responsibility for servicing Wärtsilä's 2-stroke engines will remain with Wärtsilä Services
- The closing of the transaction is subject to the required regulatory approvals, which are expected in the first quarter of 2015.
- Going forward, the 2-stroke engine business will be reported as discontinued operations



Wärtsilä estimates its profitability for 2014 to be around 11.5%, due to the two-stroke business transaction. Net sales are expected to grow by around 5%.



WÄRTSILÄ

IR Contact:

Natalia Valtasaari

Director, Investor Relations

Tel. +358 (0) 40 187 7809

E-mail: natalia.valtasaari@wartsila.com

WARTSILA.COM