



WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY-MARCH 2015

23 APRIL 2015

Björn Rosengren,
President & CEO

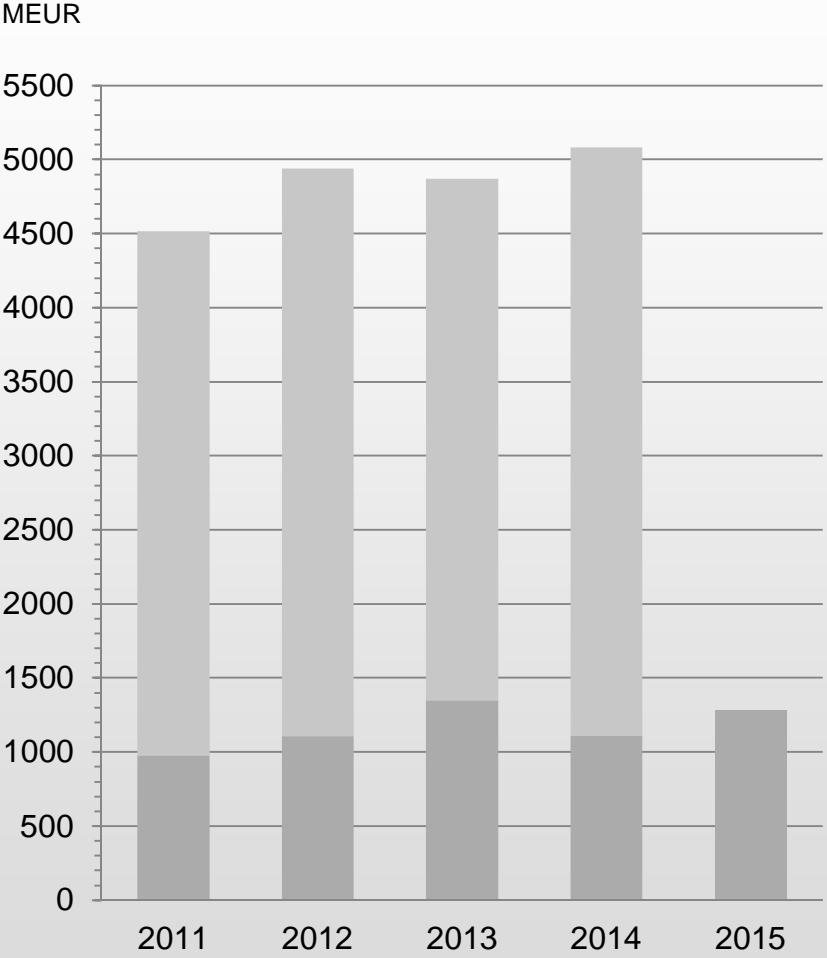


- Order intake EUR 1,285 million, +15%
- Net sales EUR 988 million, -1%
- Book-to-bill 1.30 (1.12)
- EBIT EUR 100 million, 10.1% of net sales (EUR 98 million or 9.8%)
- EPS EUR 0.43 (0.31)
- Cash flow from operating activities EUR 37 million (111)
- Order book at the end of the period EUR 4,931 million, +12%

EBIT is shown excluding non-recurring items.

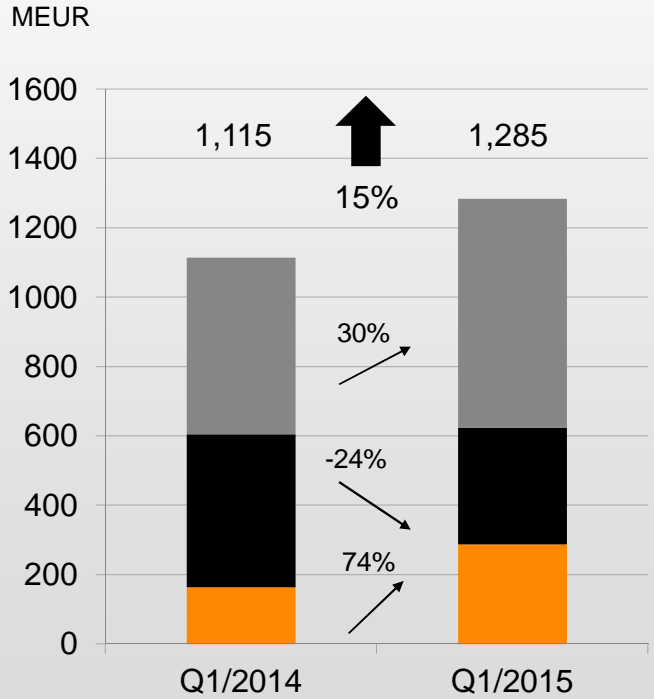
As a result of the 2-stroke operations being classified as discontinued operations in 2014, first quarter comparison figures related to the statement of income have been restated.

Order intake growth supported by Power Plants and Services



● Q1 ● Q2-Q4

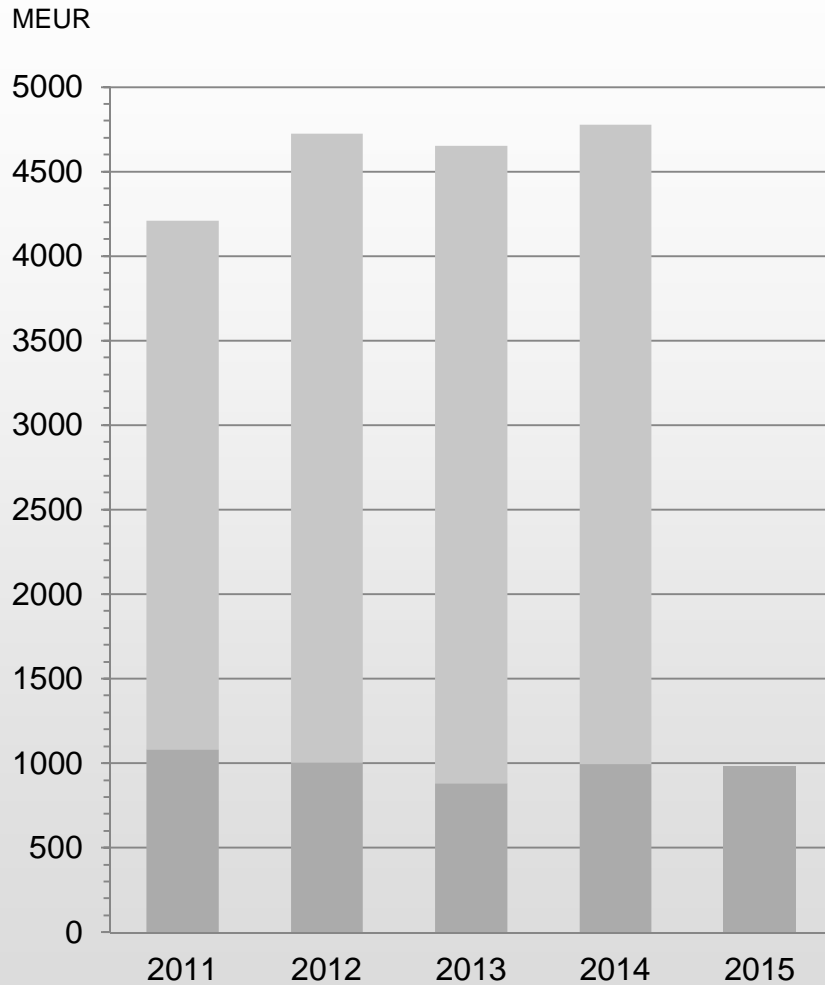
First quarter development



- Services
- Ship Power
- Power Plants

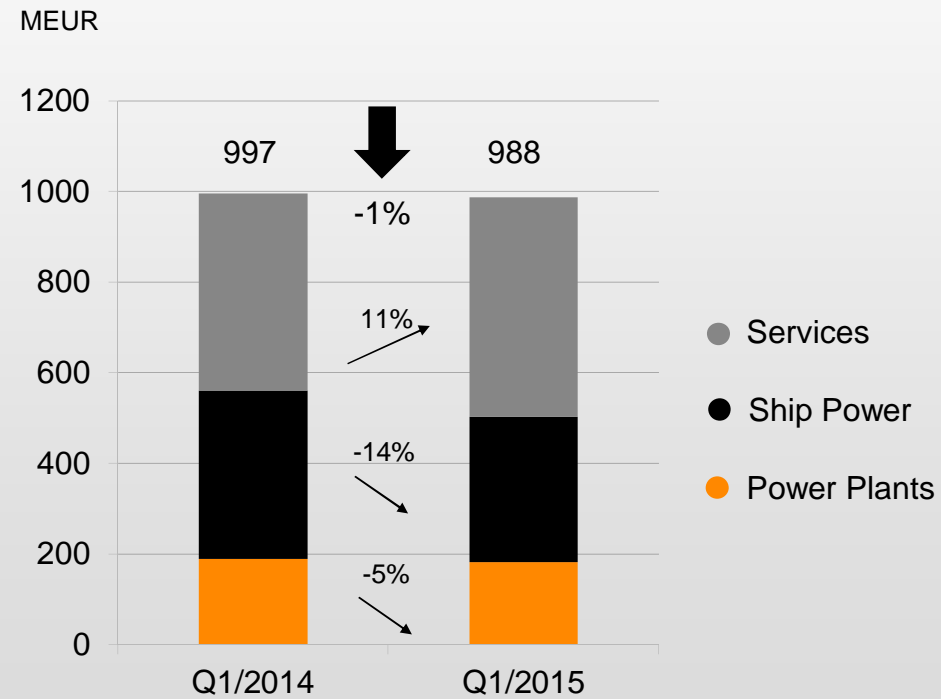


Net sales development stable

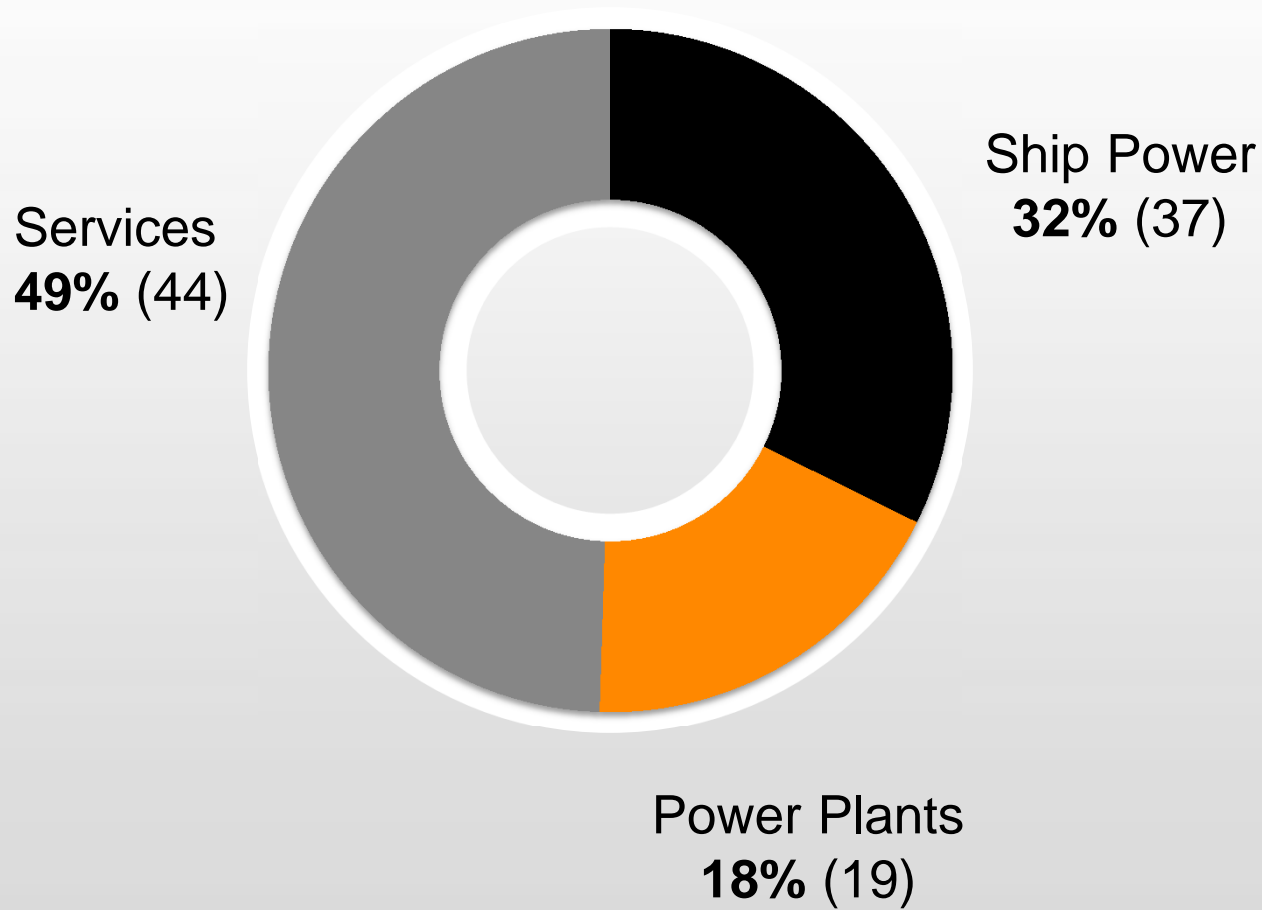


● Q1 ● Q2-Q4

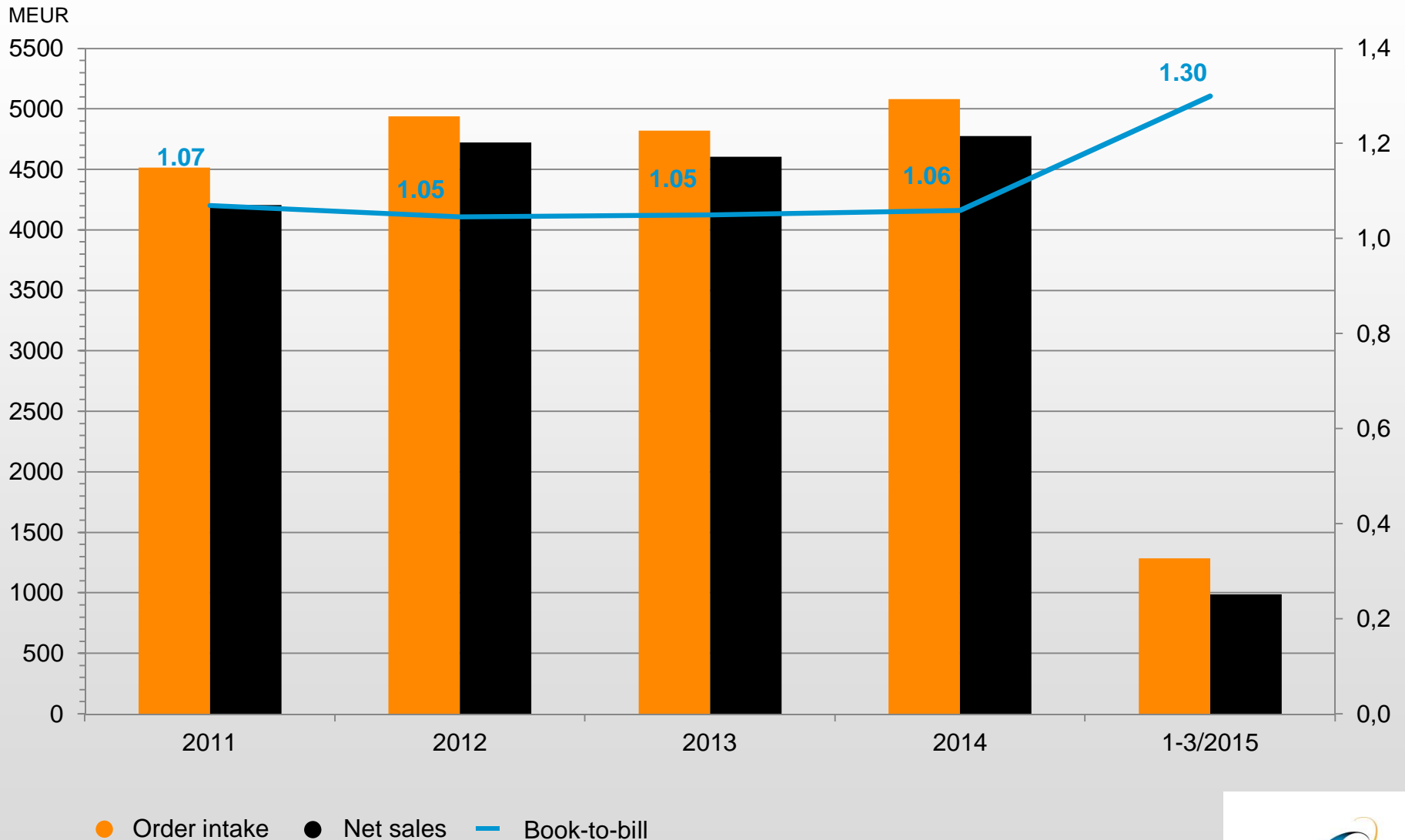
First quarter development



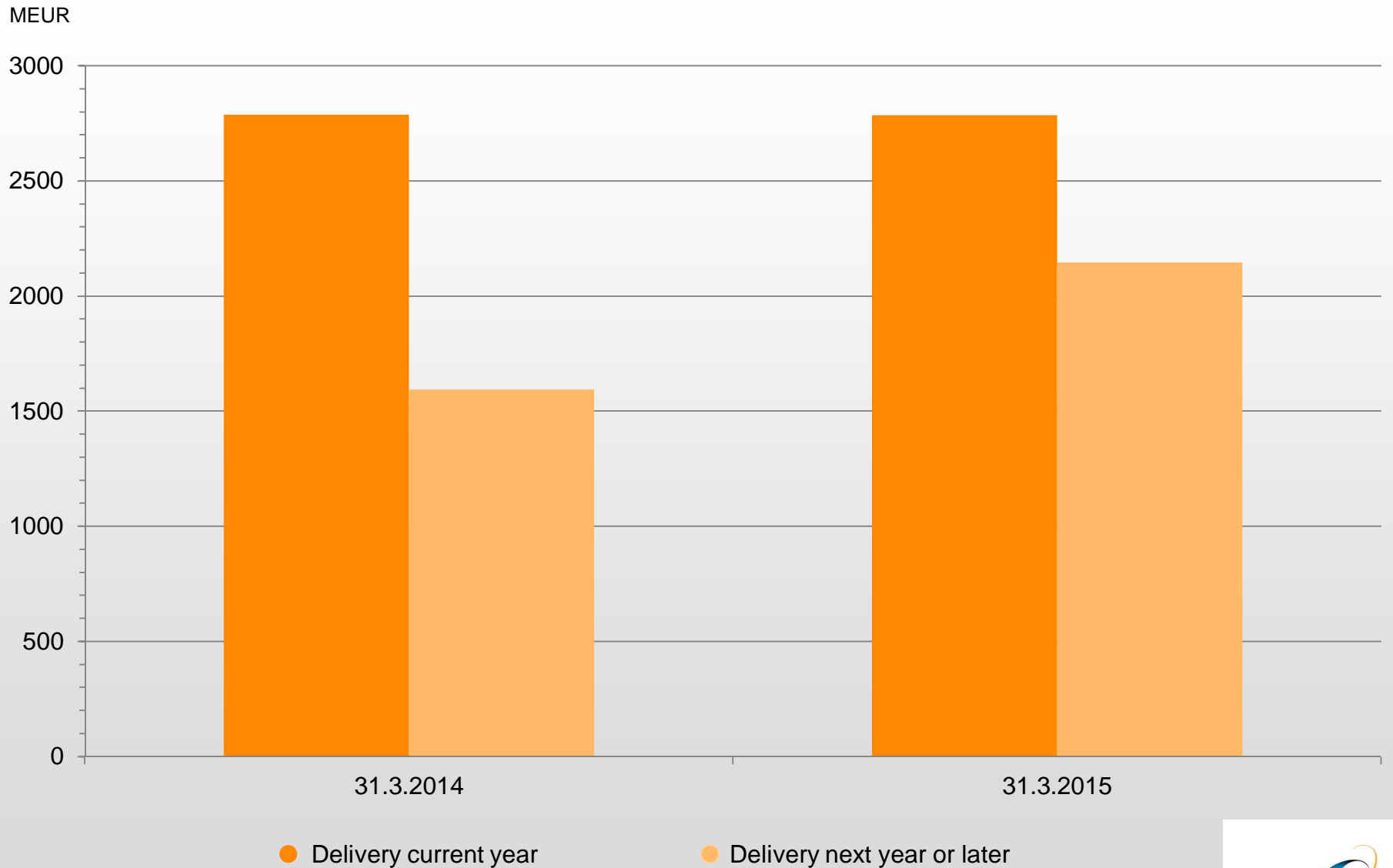
Net sales by business 1-3/2015



Book-to-bill ratio remains above one

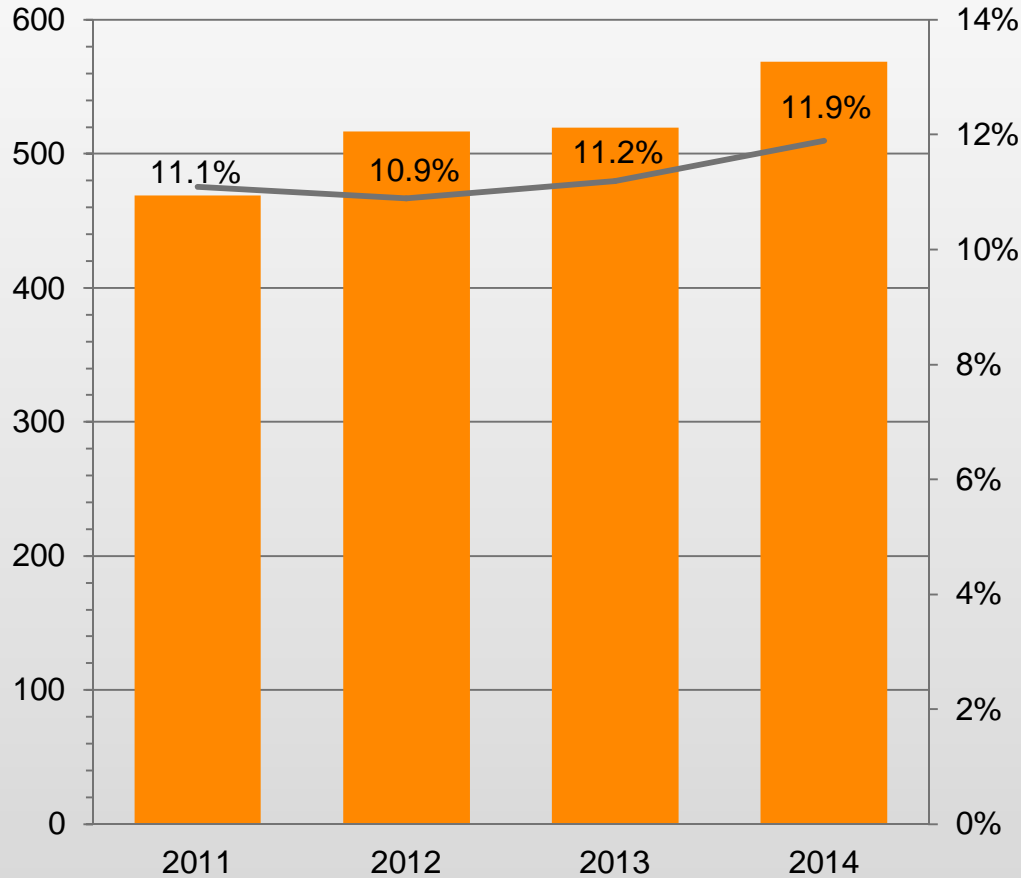


Order book distribution



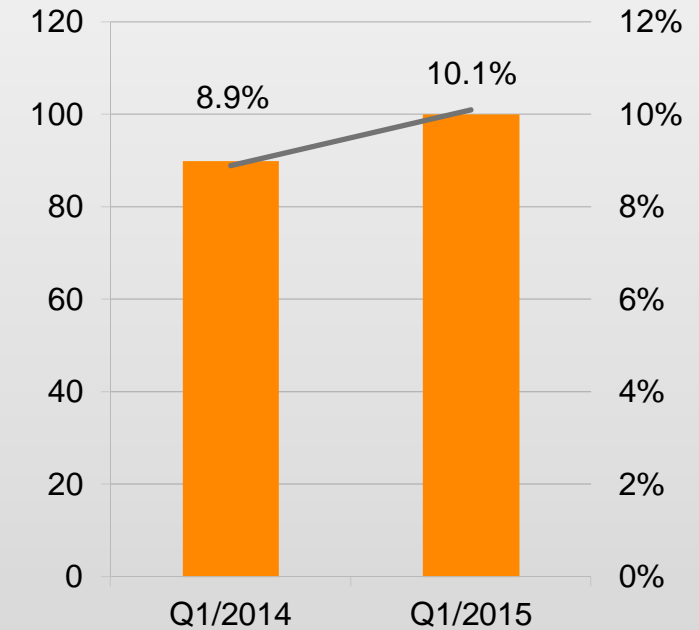
Improvement in profitability

MEUR



First quarter development

MEUR



● EBIT — EBIT%

EBIT is shown before non-recurring items. Figures for 2010-2013 and Q1/2014 include both discontinued and continuing operations.

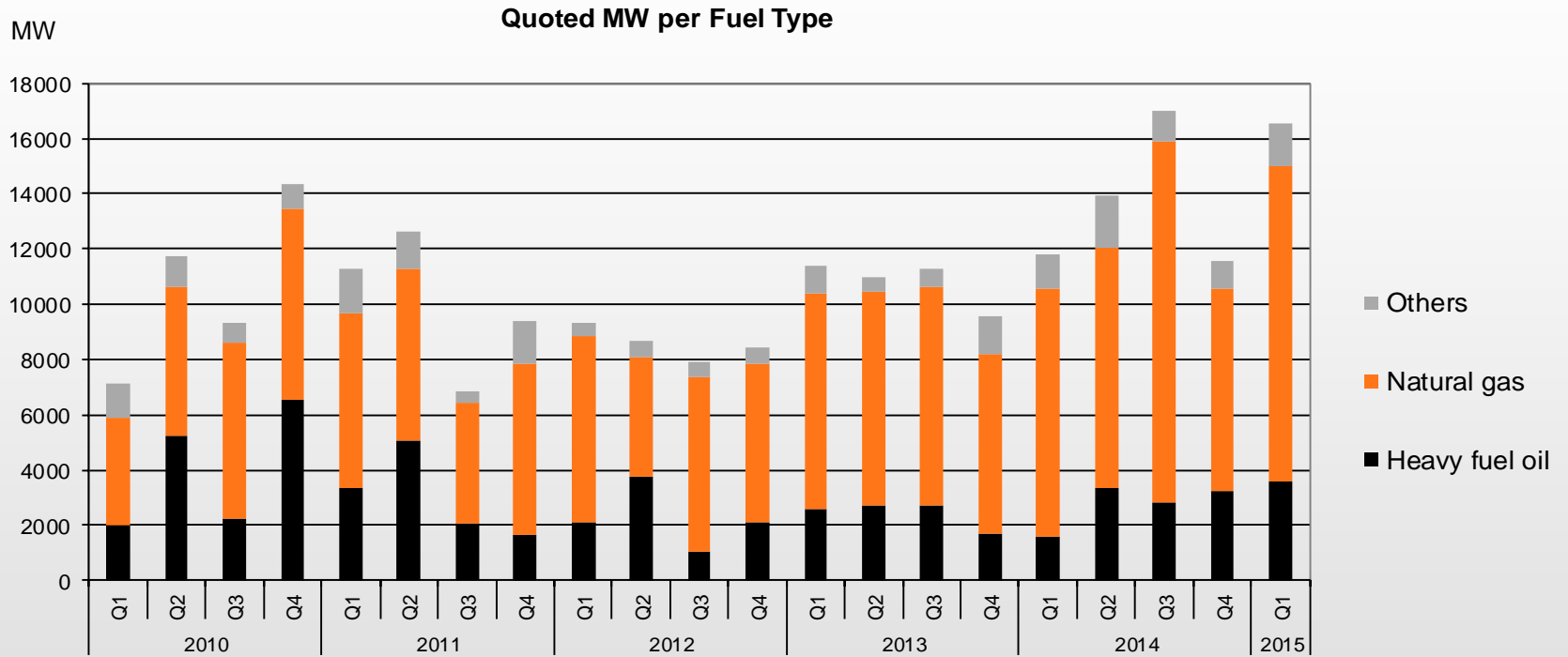


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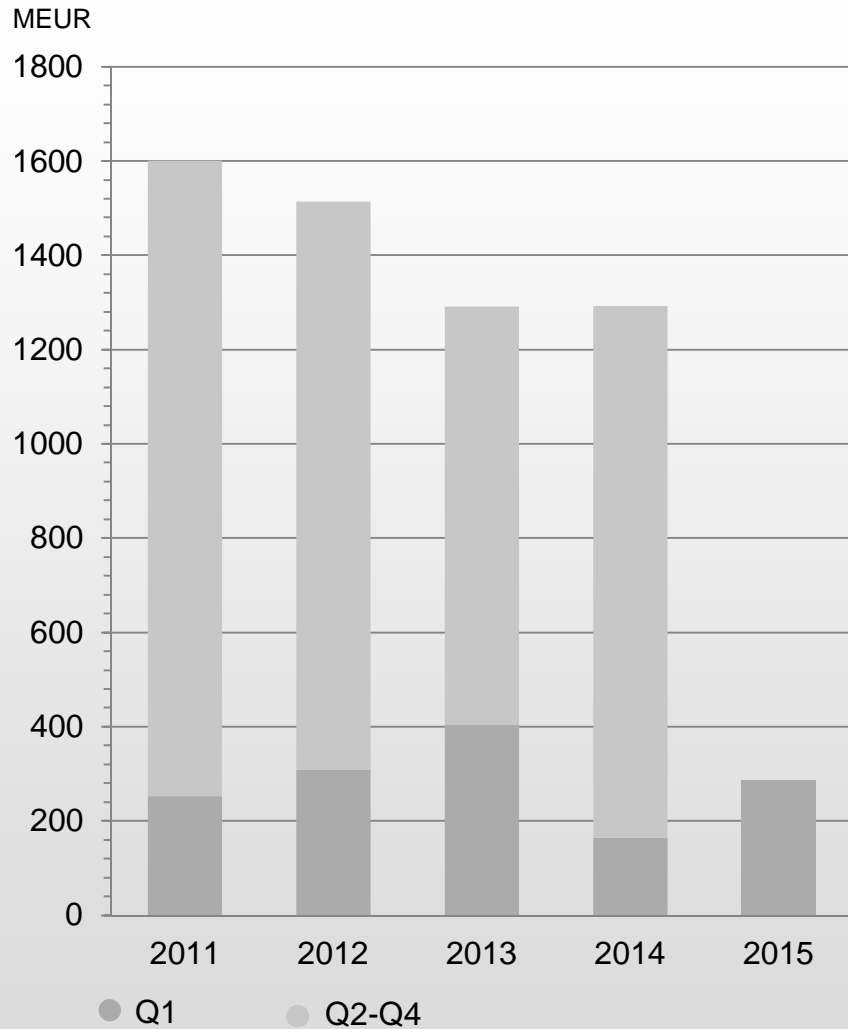
Sentiment in power generation markets improving



Power Plants' quotation activity on a high level

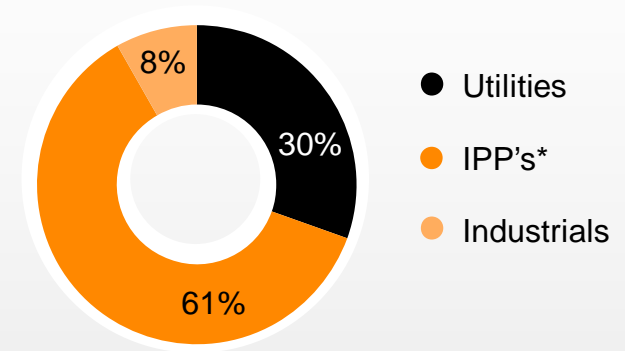


Growth in Power Plants order intake

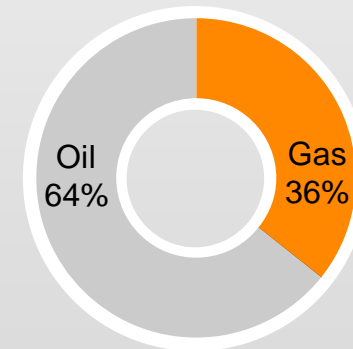


Review period development

Total EUR 287 million (165)

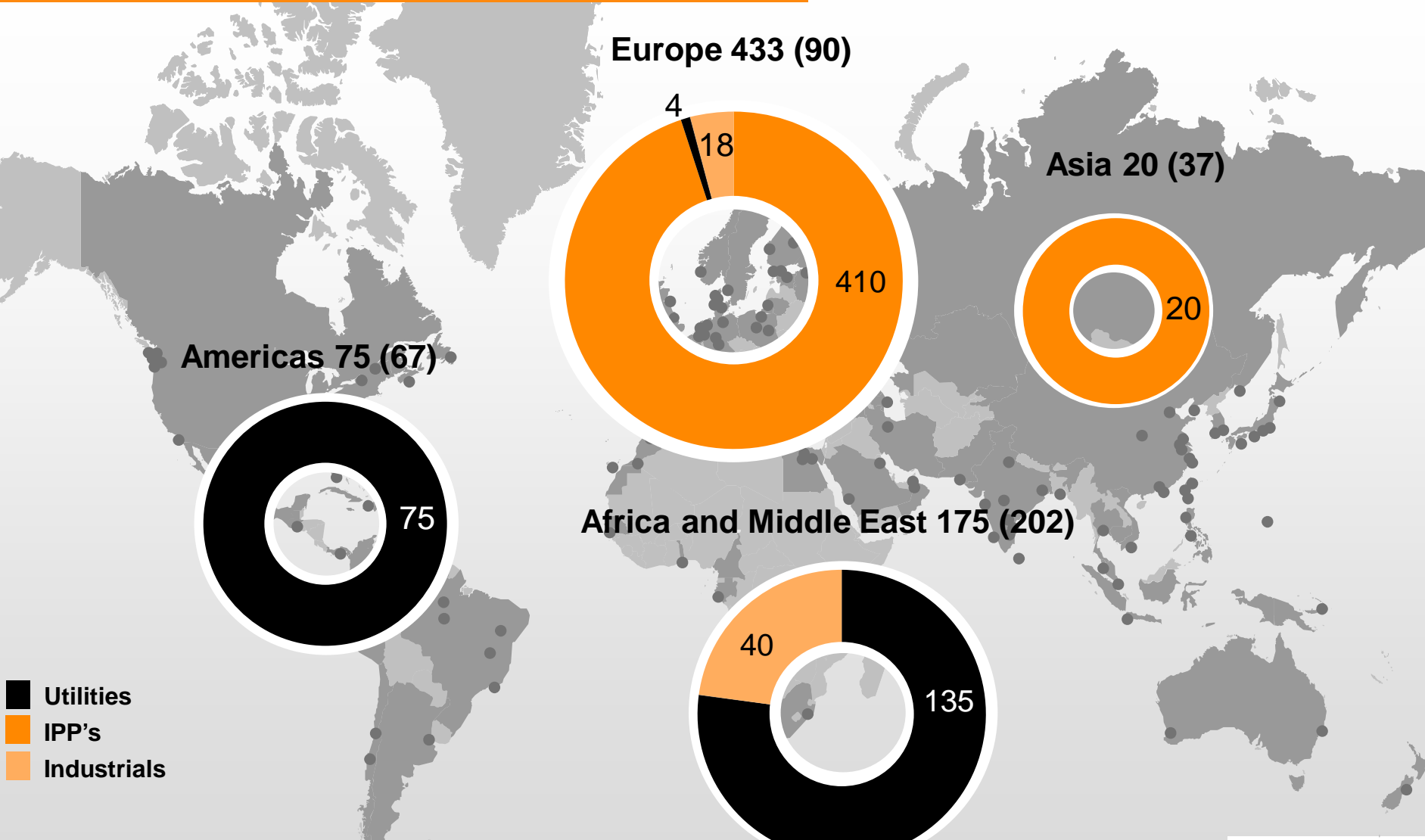


Review period order intake by fuel in MW



*IPP = Independent Power Producer

Power Plants orders globally



Order intake 1-3/2015: 702 MW (396)



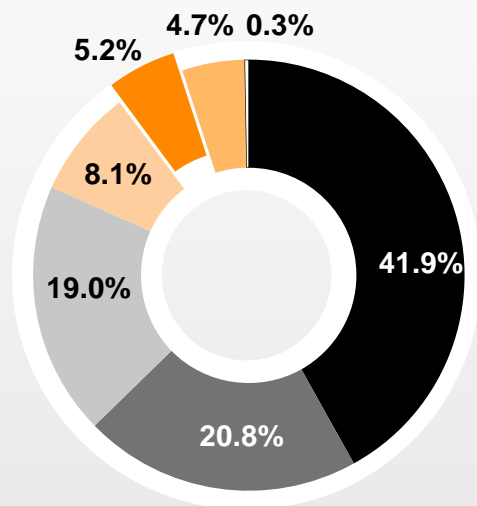
Growing interest towards gas fuelled power plants in USA



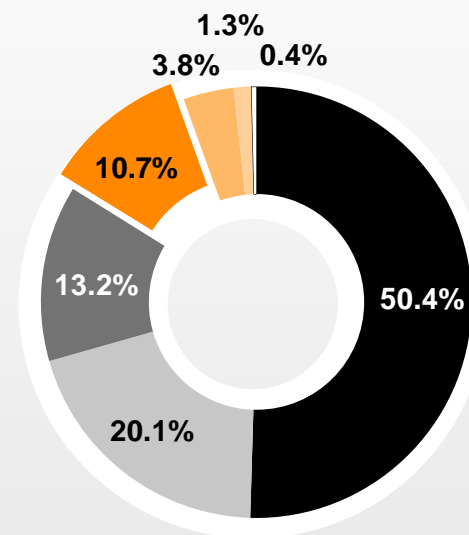
- Contract to supply a 56 MW peaking and wind support power plant to Coffeyville Municipal Light and Power in Kansas, USA
- Scope of supply three gas-fired Wärtsilä 50SG engines
- Benefits of Smart Power Generation power plants include fast starts, flexibility and reliability
- Wärtsilä has over 2,500 MW of installed capacity in the United States

Market for gas and liquid fuel based power plants 2014

Total market
47.8 GW (73)

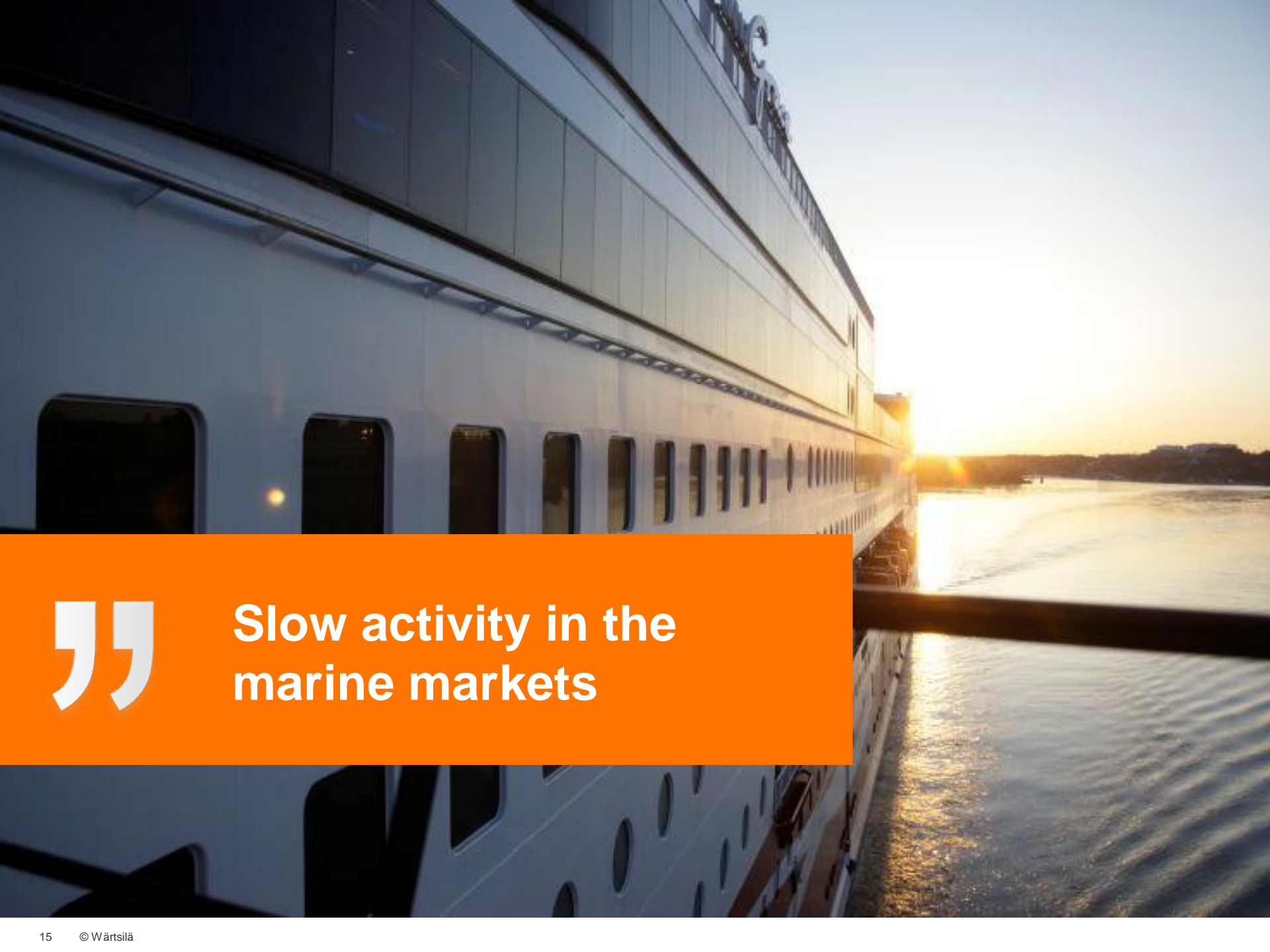


Market <500 MW
23.4 GW (32)



● GE ● Siemens ● MHI ● Alstom ● Wärtsilä ● Ansaldo ● Other GTs

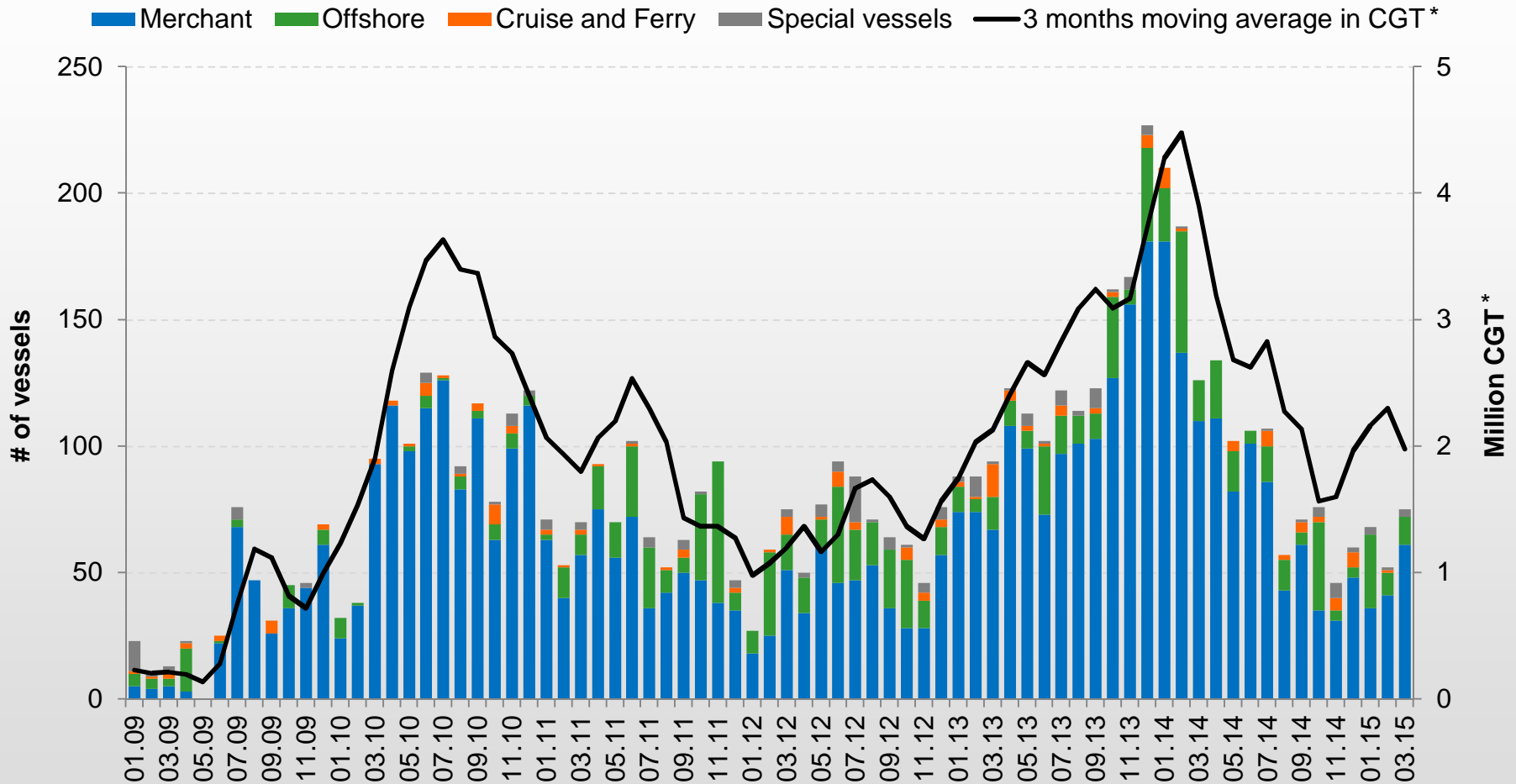
Market data includes all Wärtsilä power plants and other manufacturers' gas and liquid fuelled turbine based power plants with prime movers above 5 MW, as well as estimated output of steam turbines for combined cycles. The data is gathered from the McCoy Power Report. Other combustion engines not included. In engine technology Wärtsilä has a leading position.



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**Slow activity in the
marine markets**

Subdued vessel contracting

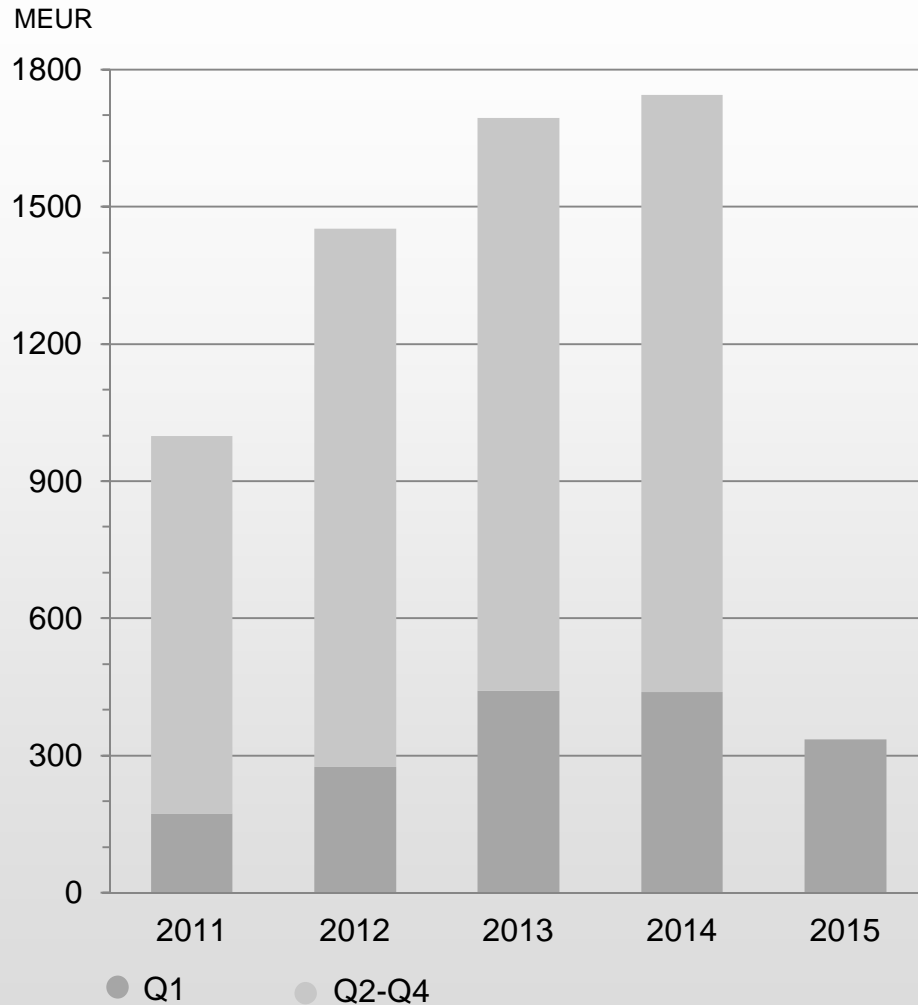


Source: Clarkson Research Services, figures exclude late contracting

* CGT= gross tonnage compensated with workload

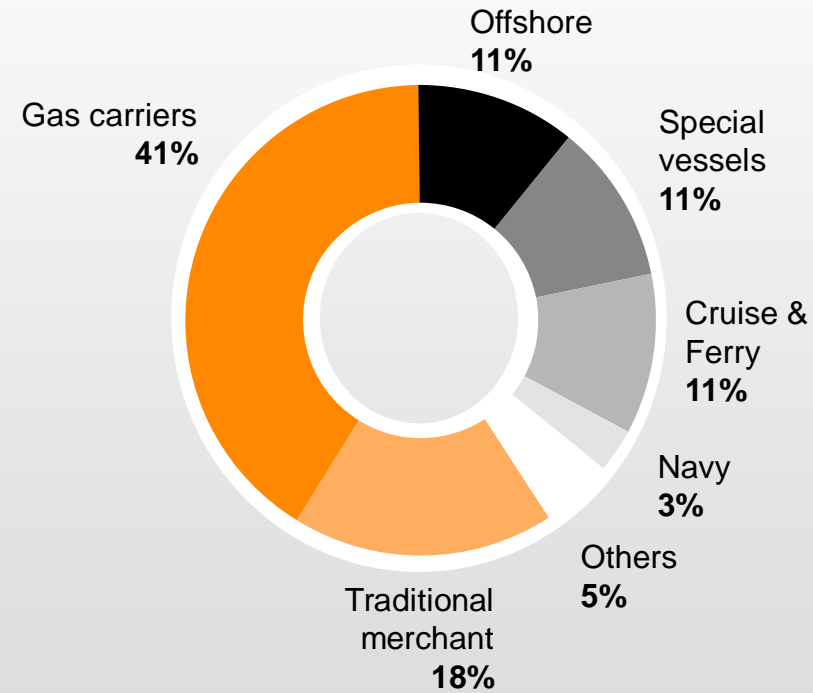


Ship Power order intake supported by gas carriers

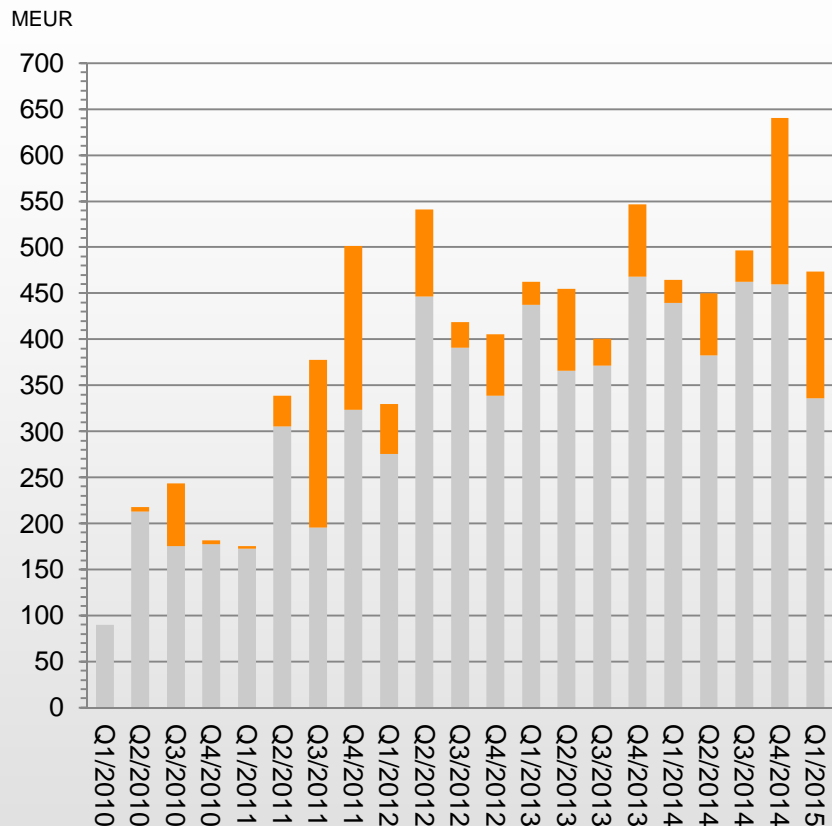


Review period development

Total EUR 336 million (440)



Joint venture ordering activity



- Joint venture order intake totalled EUR 138 million (25) during January-March 2015
- During the first quarter, Wärtsilä Hyundai Engine Company Ltd. received an order to supply 30 dual-fuel engines for icebreaking LNG carriers for the Yamal LNG project in Russia

- Joint venture order intake, includes figures from Wärtsilä Hyundai Engine Company Ltd. and Wärtsilä Qiyao Diesel Company Ltd.
- Ship Power order intake

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

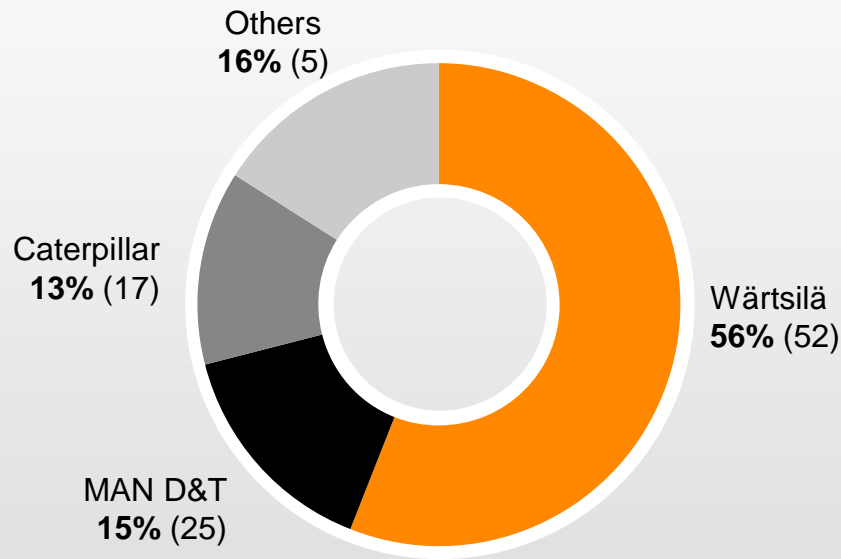
Environmentally sustainable dual-fuel engines to a new Baltic Sea ferry



- Tallink Grupp's new fast ropax ferry will feature Wärtsilä dual-fuel engines running primarily on LNG
- Contract scope: three 12-cylinder Wärtsilä 50DF and two 6-cylinder Wärtsilä 50DF main engines, two Wärtsilä fixed pitch propellers and propeller shaft lines
- Operating primarily on LNG enables compliance with the sulphur emissions legislation that came into force in January
- Wärtsilä's highly efficient and reliable main engine propulsion and leading position in gas fuelled solutions was key in the contract award

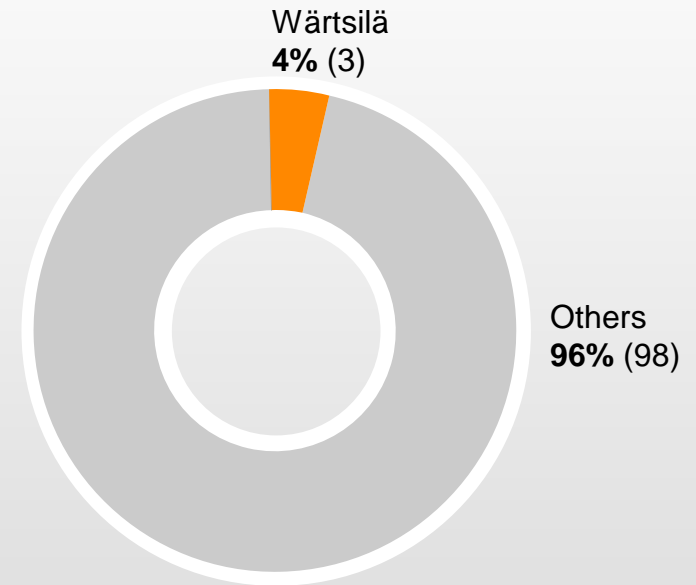
Strong position in marine engine market

Medium-speed main engines



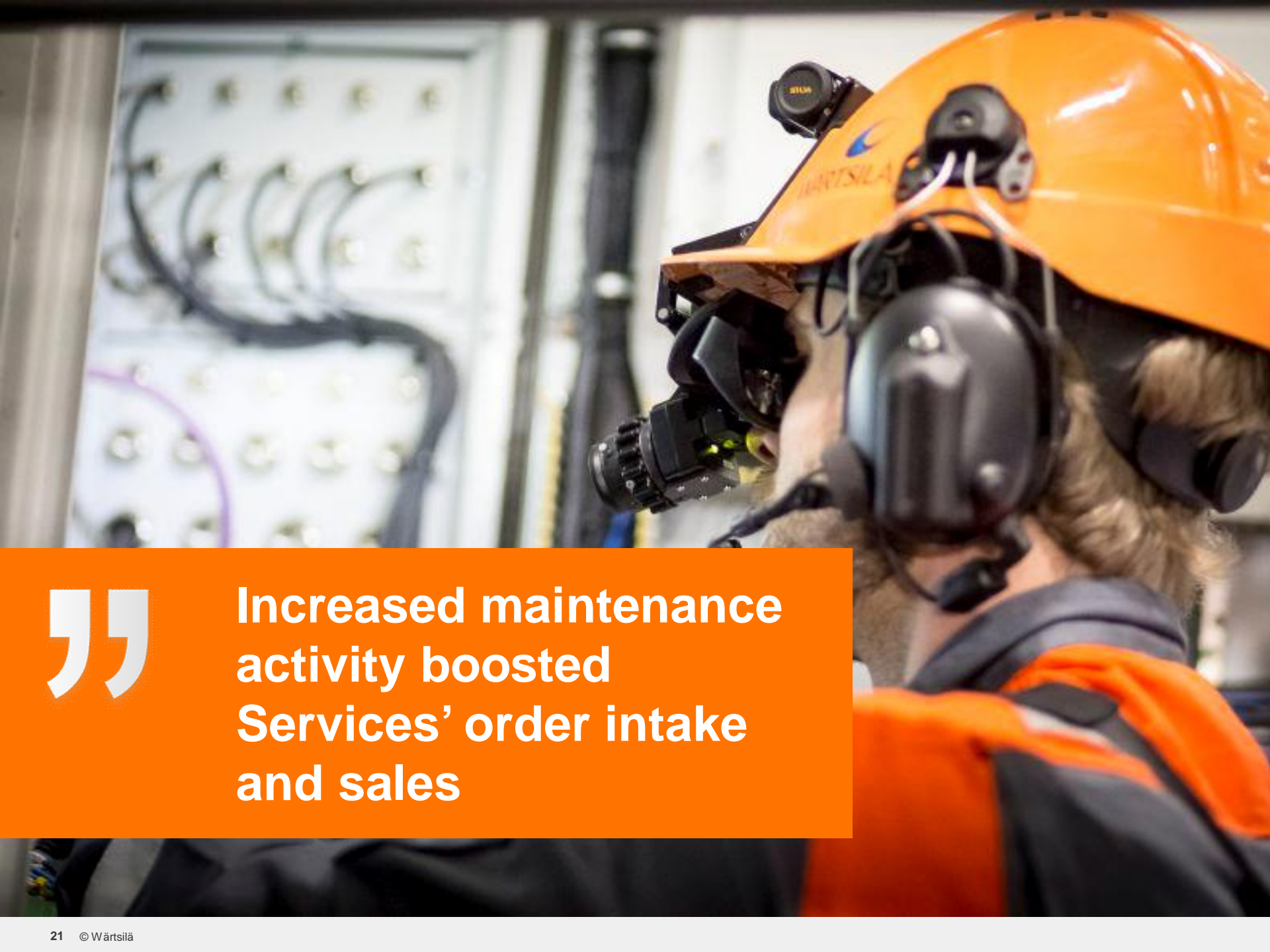
Total market volume last 12 months:
5,711 MW (4,484)

Auxiliary engines



Total market volume last 12 months:
4,988 MW (6,682)

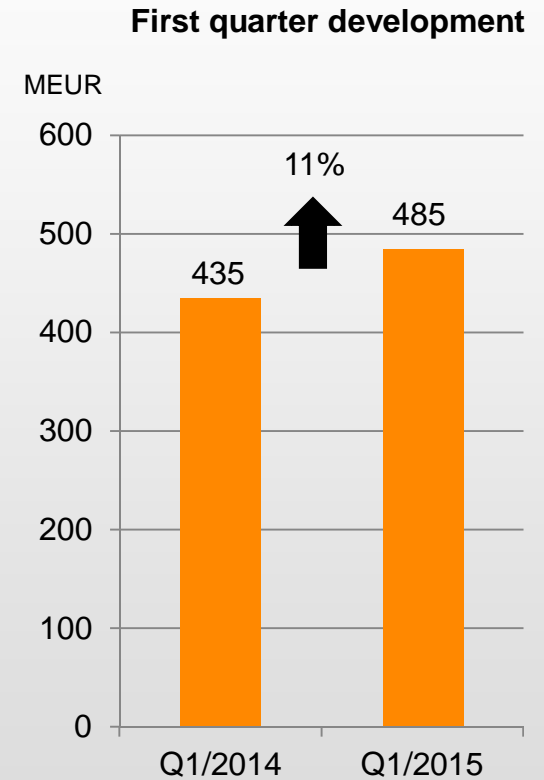
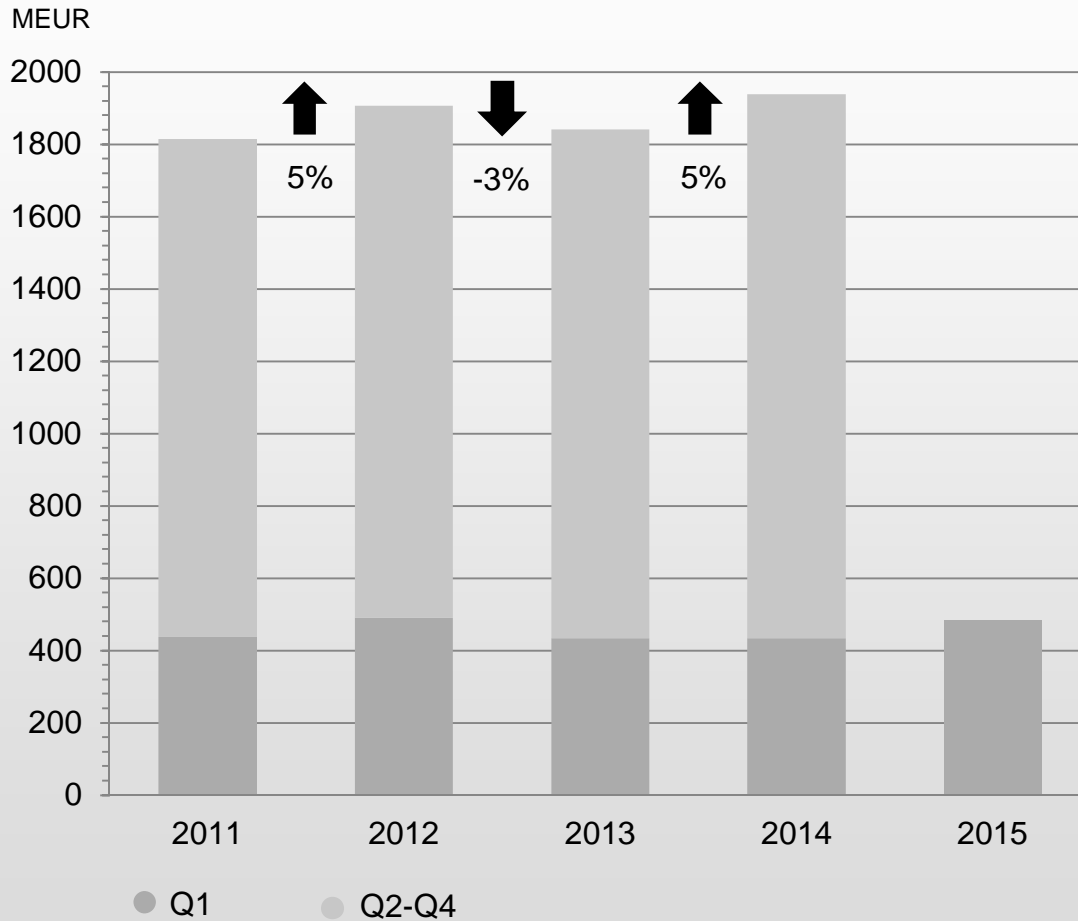
Wärtsilä's market shares are calculated on a 12 months rolling basis, numbers in brackets are from the end of the previous quarter. The calculation is based on Wärtsilä's own data portal.



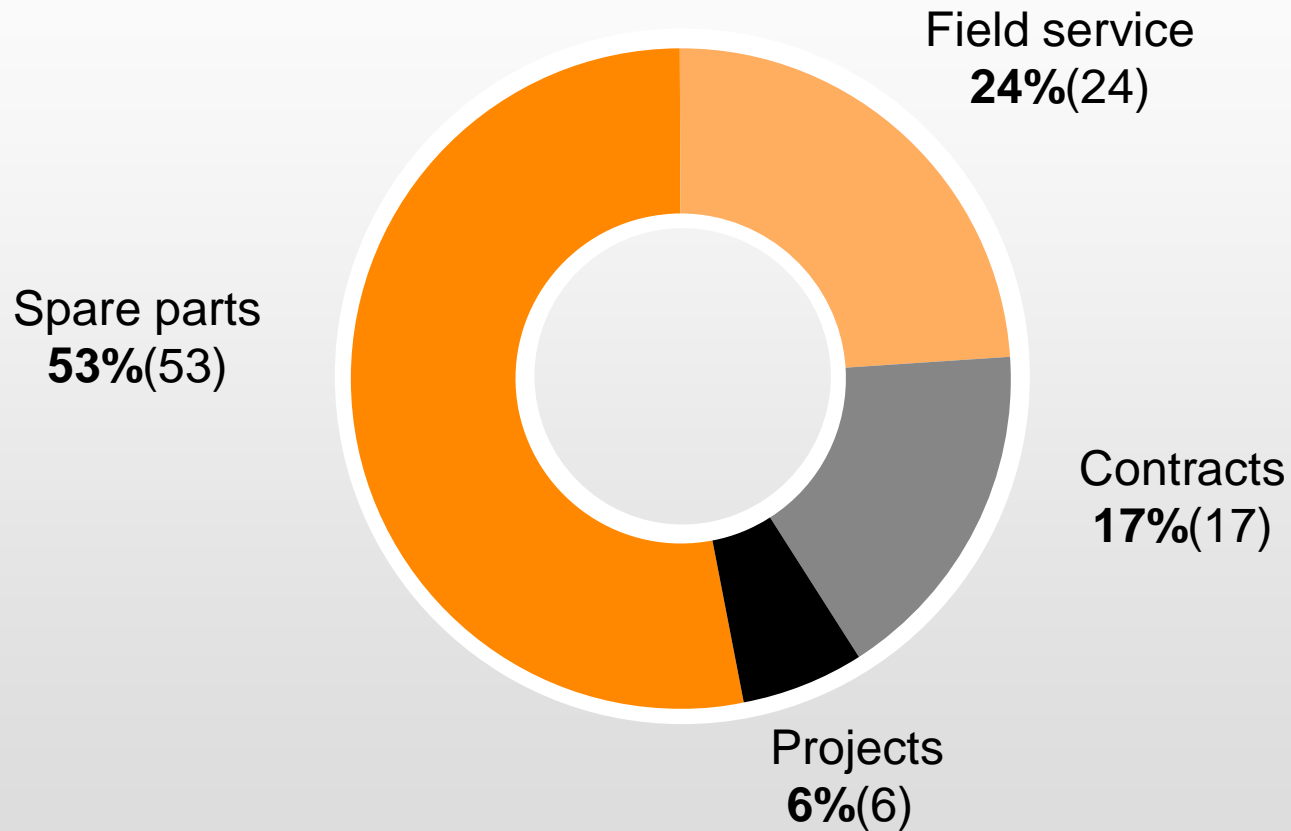
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**Increased maintenance
activity boosted
Services' order intake
and sales**

Services' net sales increased by 11%



Services net sales distribution 1-3/2015



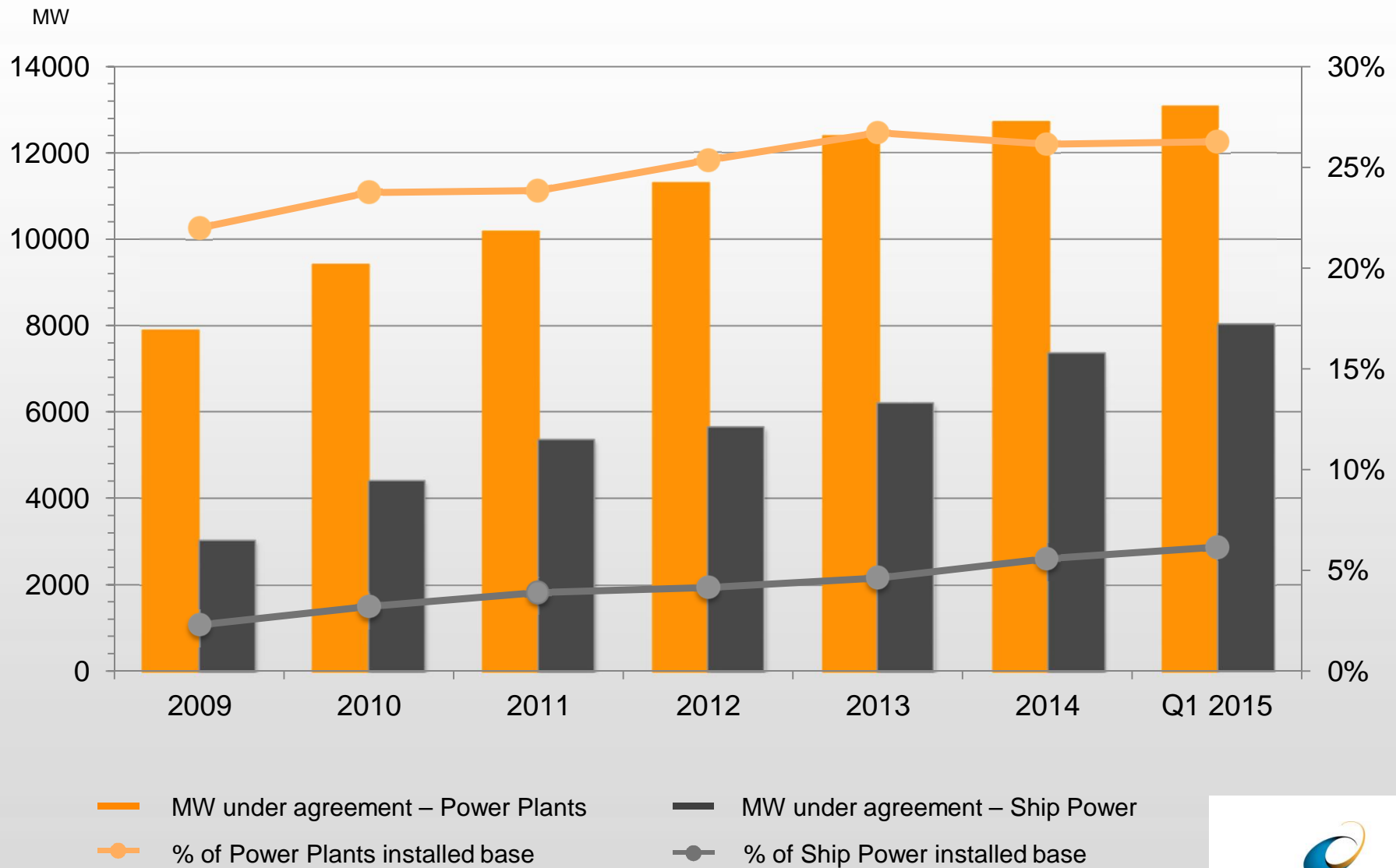
Total EUR 485 million (435)

Wärtsilä to boost efficiency and reduce emissions of Maltese power plant



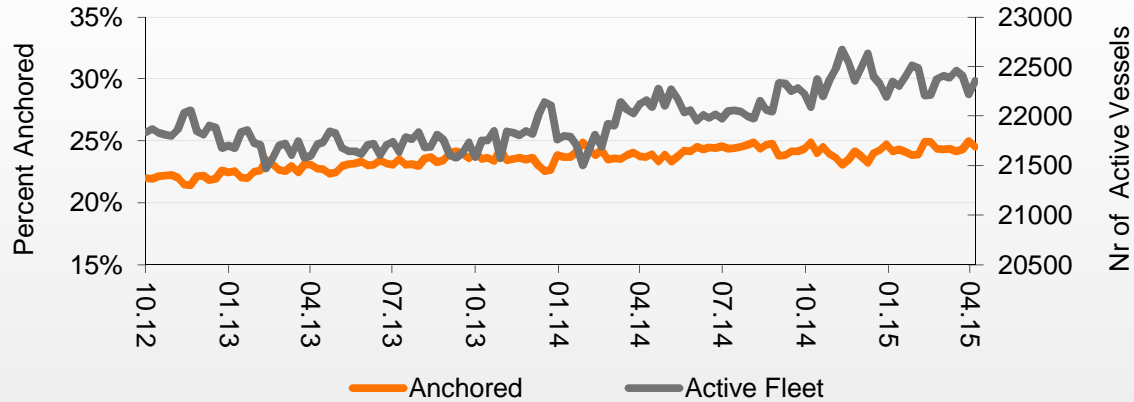
- Contract signed with Shanghai Electric Power to convert the Maltese Delimara Power Station to operate on natural gas
- Project scope includes converting four of the power plant's eight engines into Wärtsilä 50SG and four into Wärtsilä 50DF engines
- Operating the plant on natural gas with the latest Wärtsilä factory specification will enable reduced emissions and operating costs, as well as increased efficiency and output

Development of service agreements

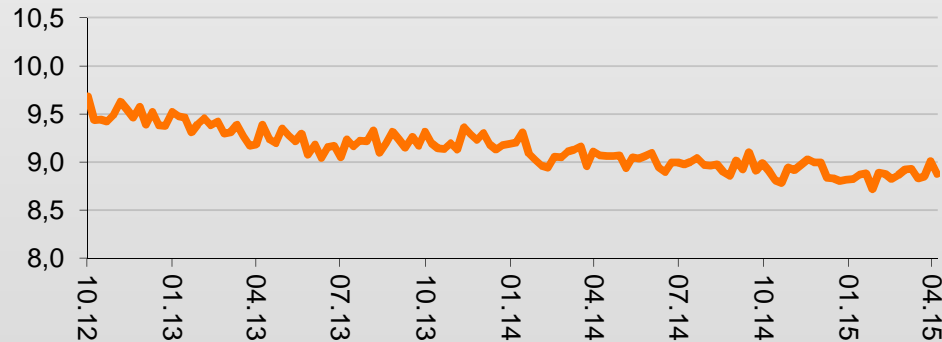


Fleet utilisation

Anchored Vessels & Fleet Development*



Fleet Average Speed, knots**



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

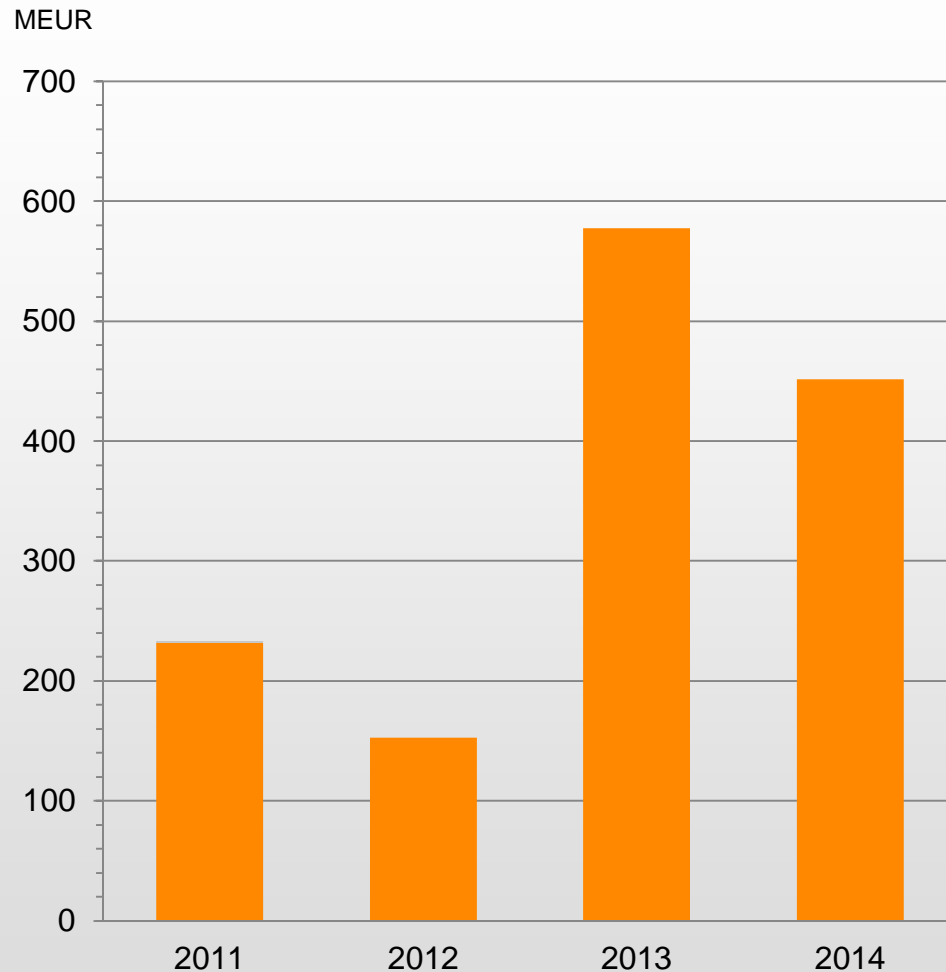
** Source: Bloomberg



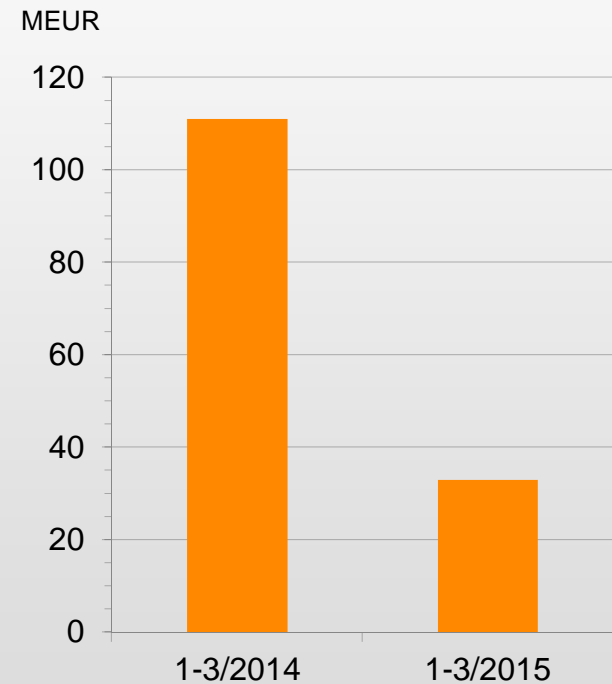
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**Solid financial
standing**

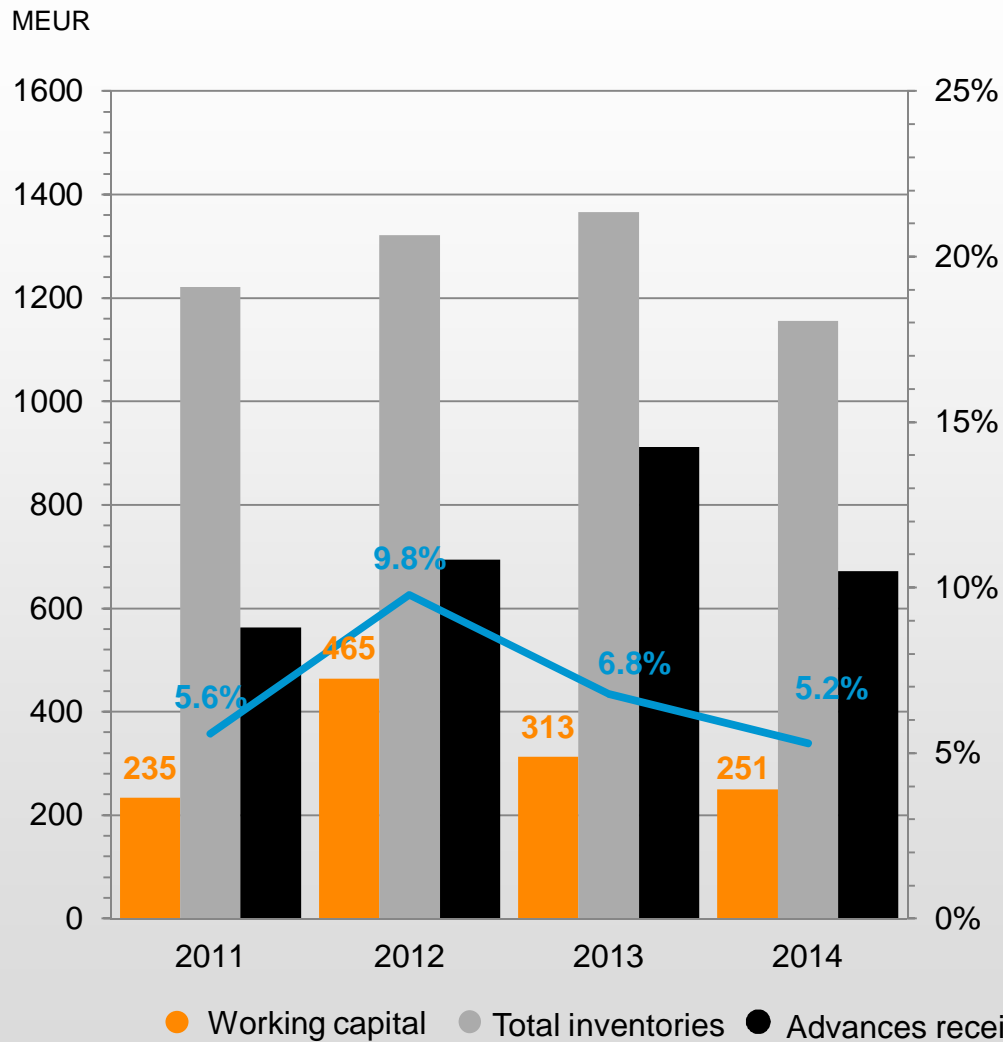
Cash flow from operating activities



Review period development

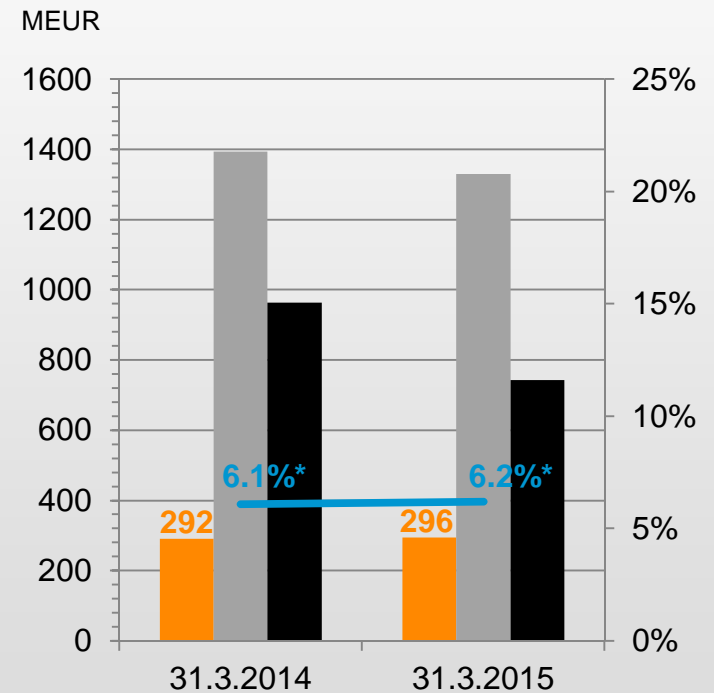


Working capital

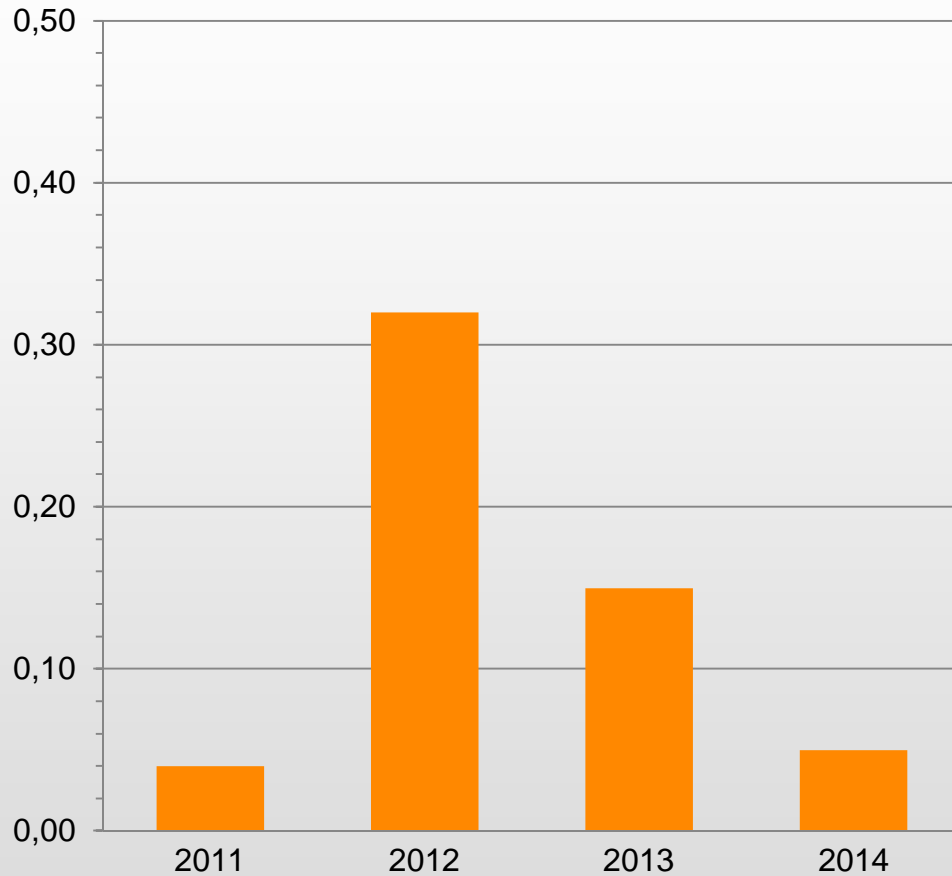


* Working capital / 12 months rolling net sales

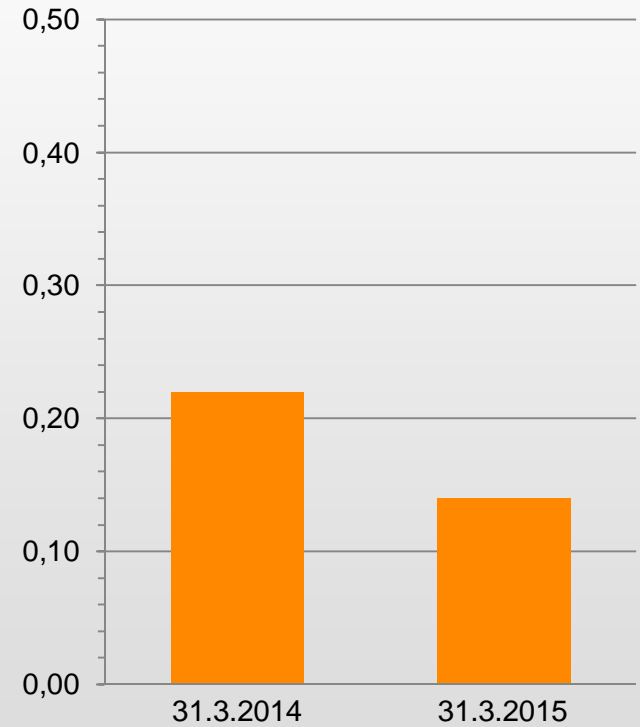
Review period development



Gearing remains low



Review period development





- **Power Plants:** Based on the market situation during 2014 and the GDP forecasts for 2015, the market for liquid and gas fuelled power generation is expected to remain challenging.
- **Ship Power:** The outlook for the shipping and shipbuilding market environment remains cautious due to weaker market conditions in the dry bulk and offshore segments.
- **Services:** The overall service market outlook is cautiously positive with growth opportunities in selected regions and segments.

Prospects for 2015 unchanged



Wärtsilä expects its net sales for 2015 to grow by 0-10% and its operational profitability (EBIT% before non-recurring items) to be between 12.0-12.5%.



WÄRTSILÄ

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