

WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY-SEPTEMBER 2011

BJÖRN ROSENGREN, PRESIDENT & CEO

19 OCTOBER 2011

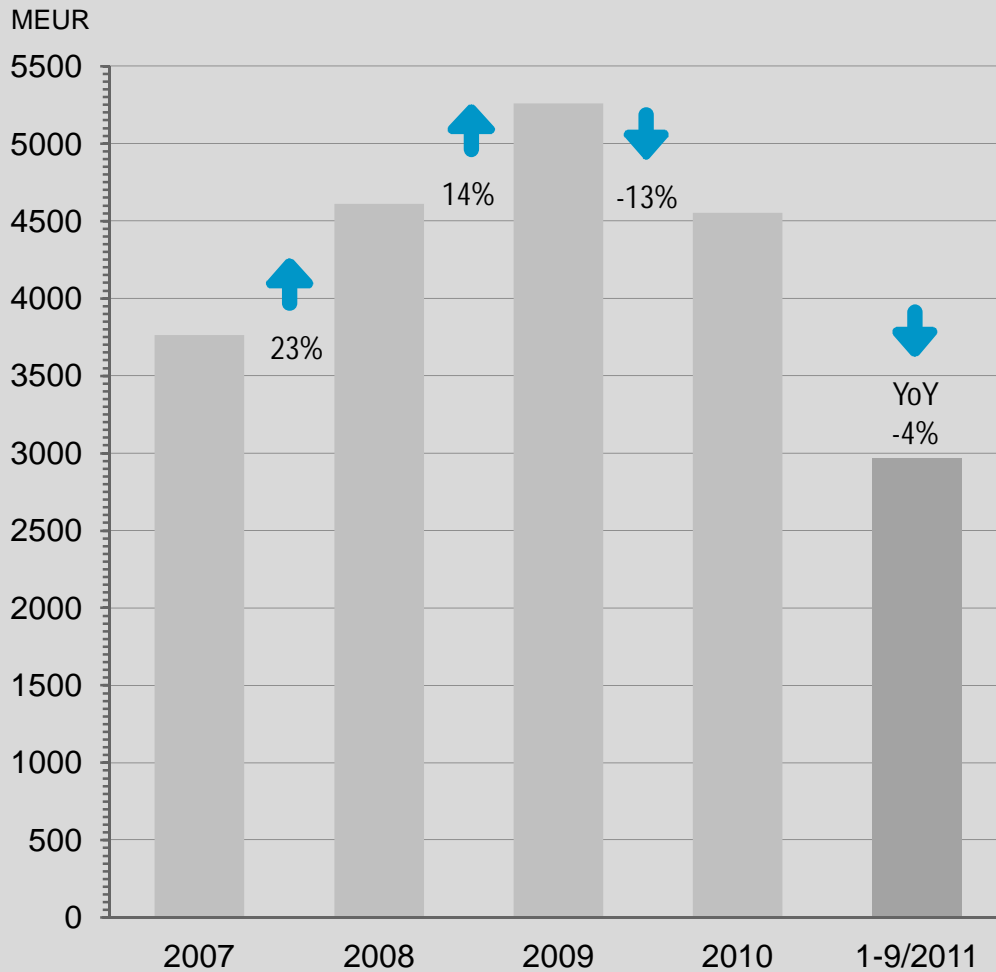
Q3/11 Highlights



- Net sales EUR 851 million, -18%
- Order intake EUR 1,118 million, +11%
- Order intake in joint ventures EUR 182 million (68)
- Book-to-bill increased to 1.31 (0.97)
- Operating result EUR 94 million, 11.0% of net sales
- EPS EUR 0.28 (0.41)
- Wärtsilä acquired Cedervall

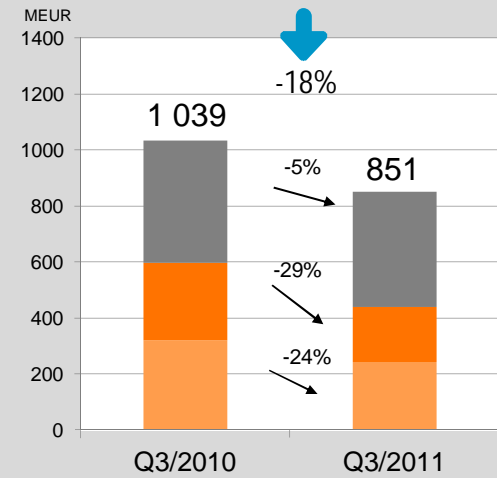
Operating result and EPS are shown excluding nonrecurring items.

Net sales developed as expected

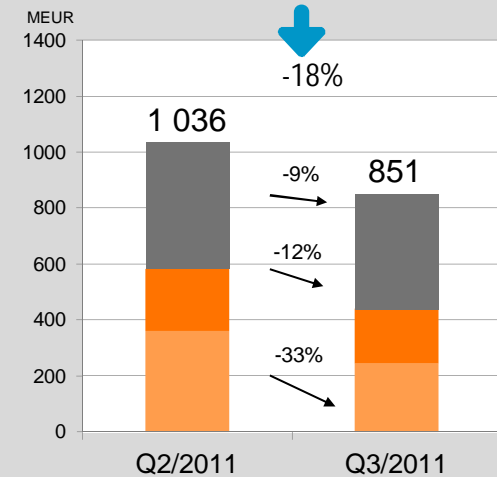


● Power Plants
 ● Ship Power
 ● Services

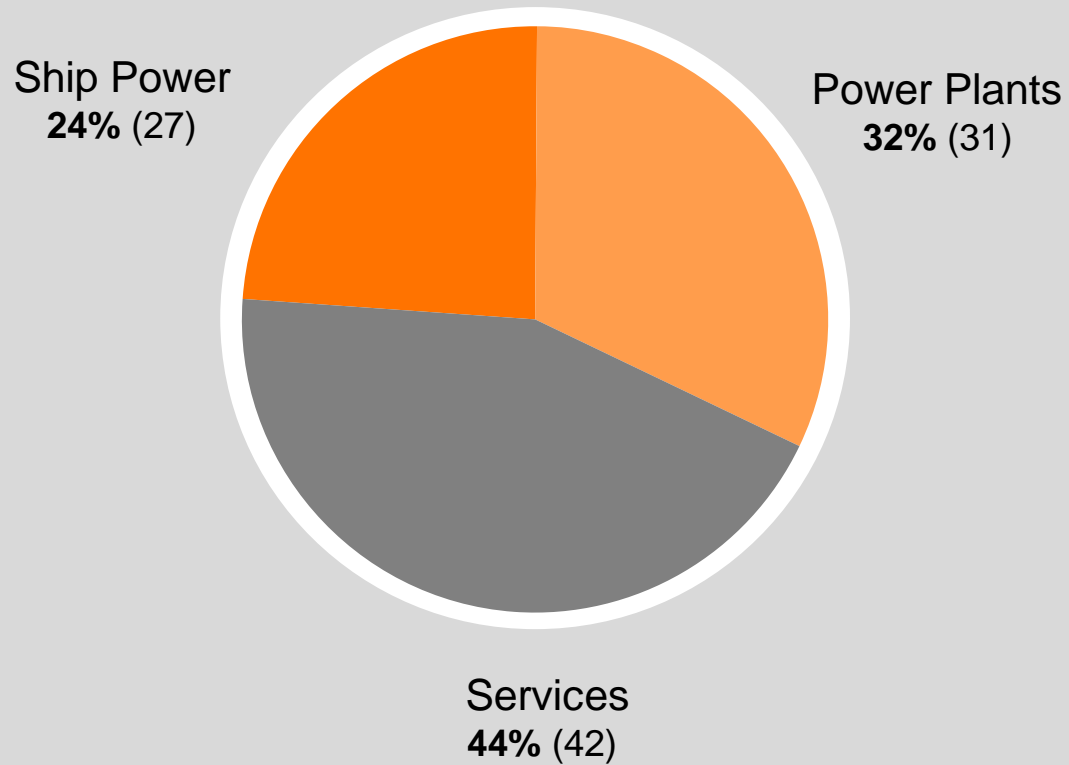
Q3 on Q3 development



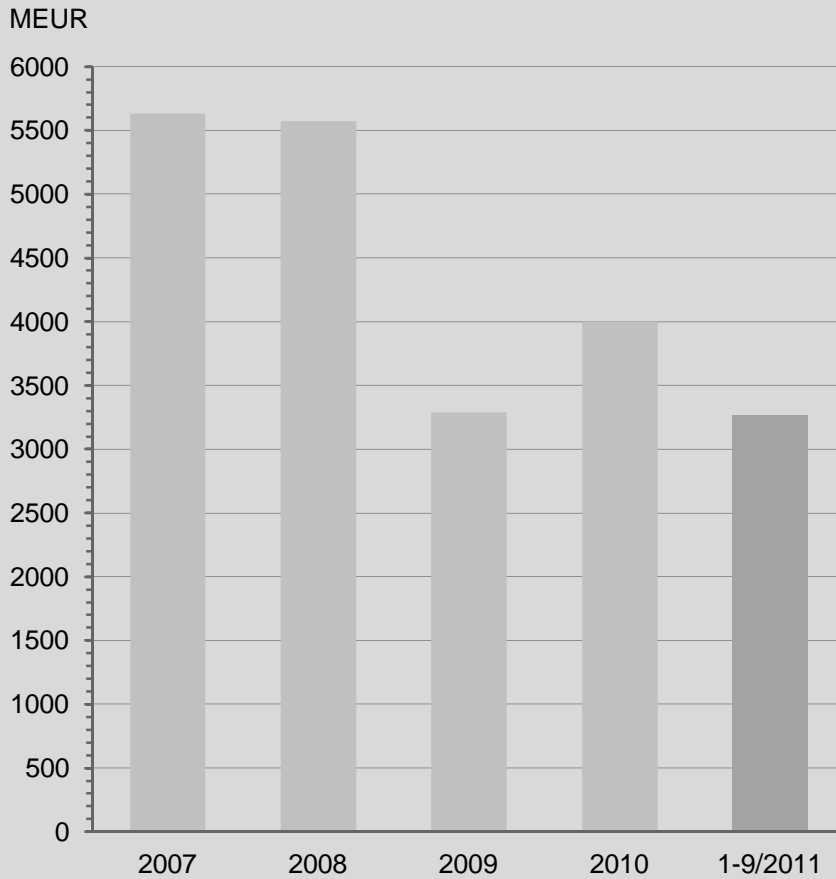
Q3 on Q2 development



Net sales by business 1-9/2011

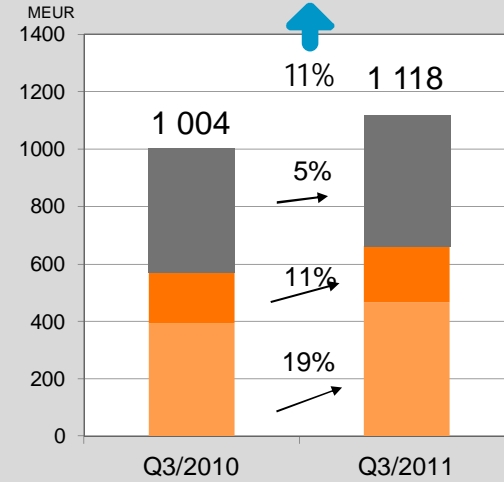


Good growth in order intake

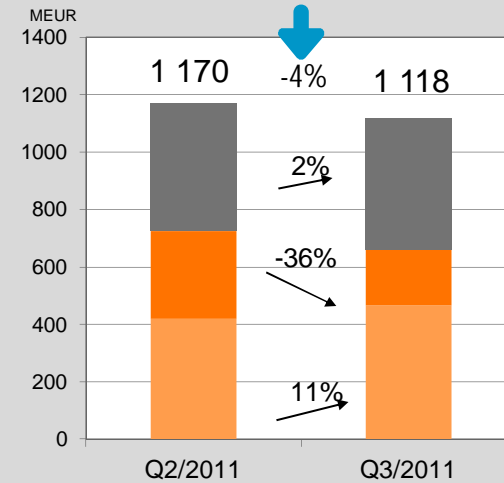


● Power Plants ● Ship Power ● Services

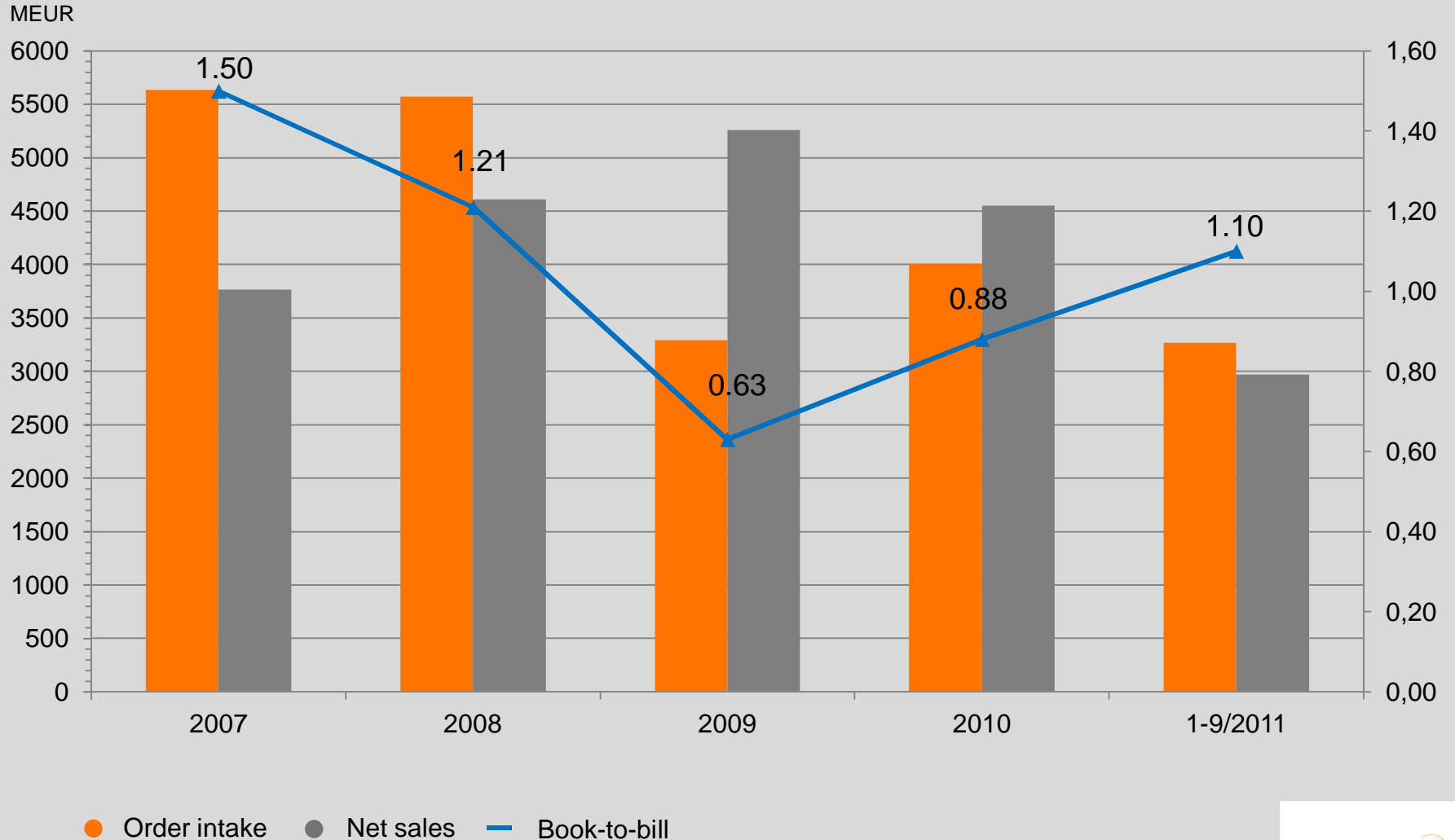
Q3 on Q3 development



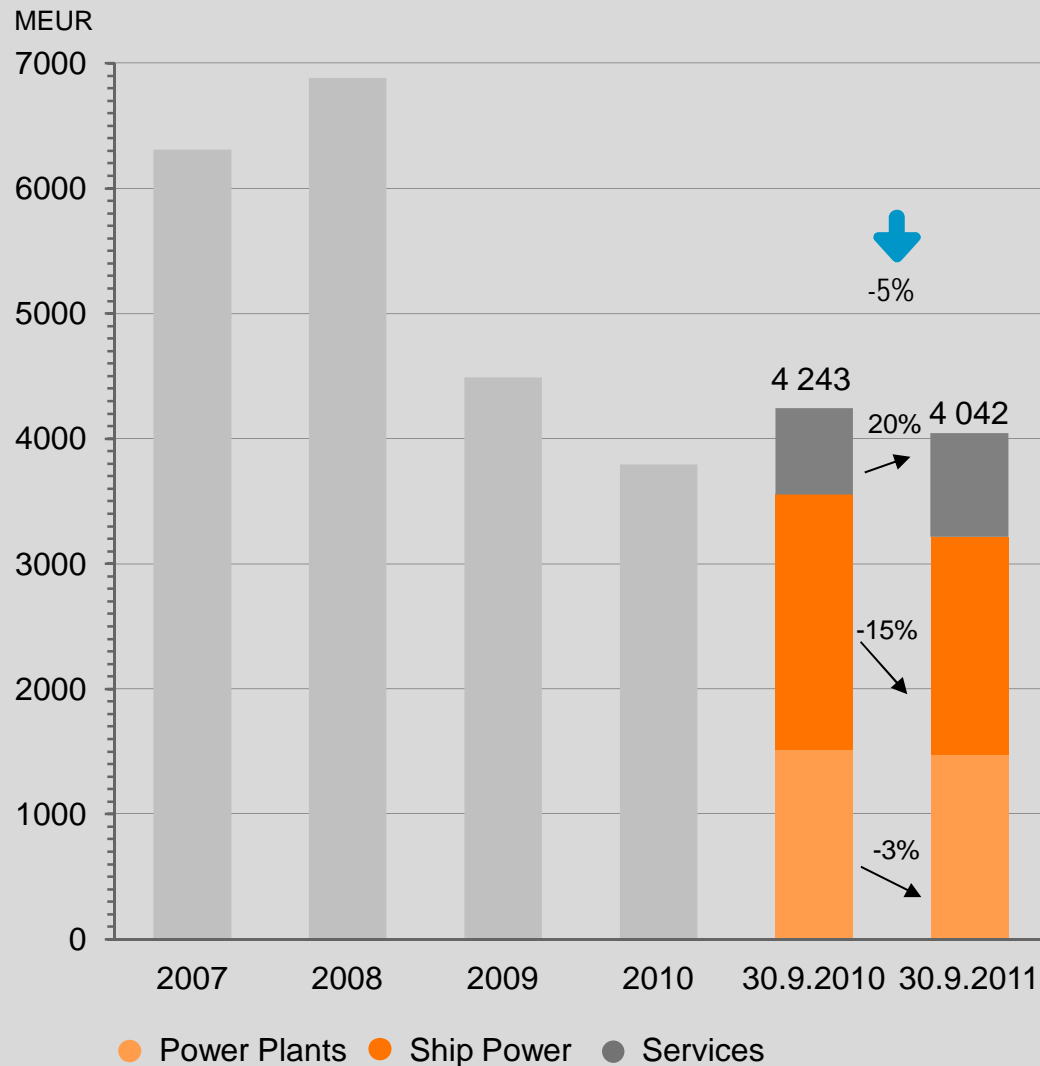
Q3 on Q2 development



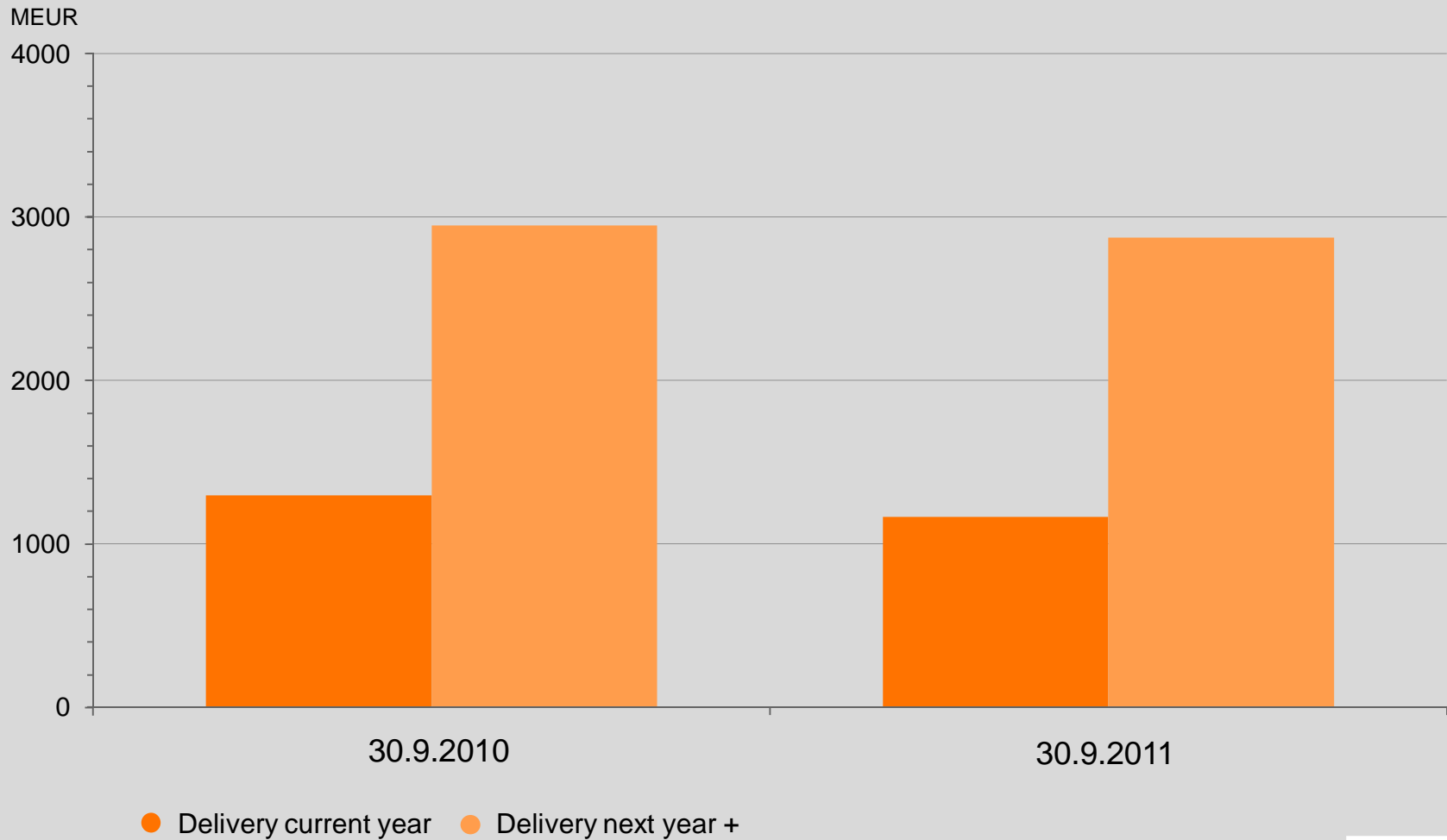
Book-to-bill ratio above one



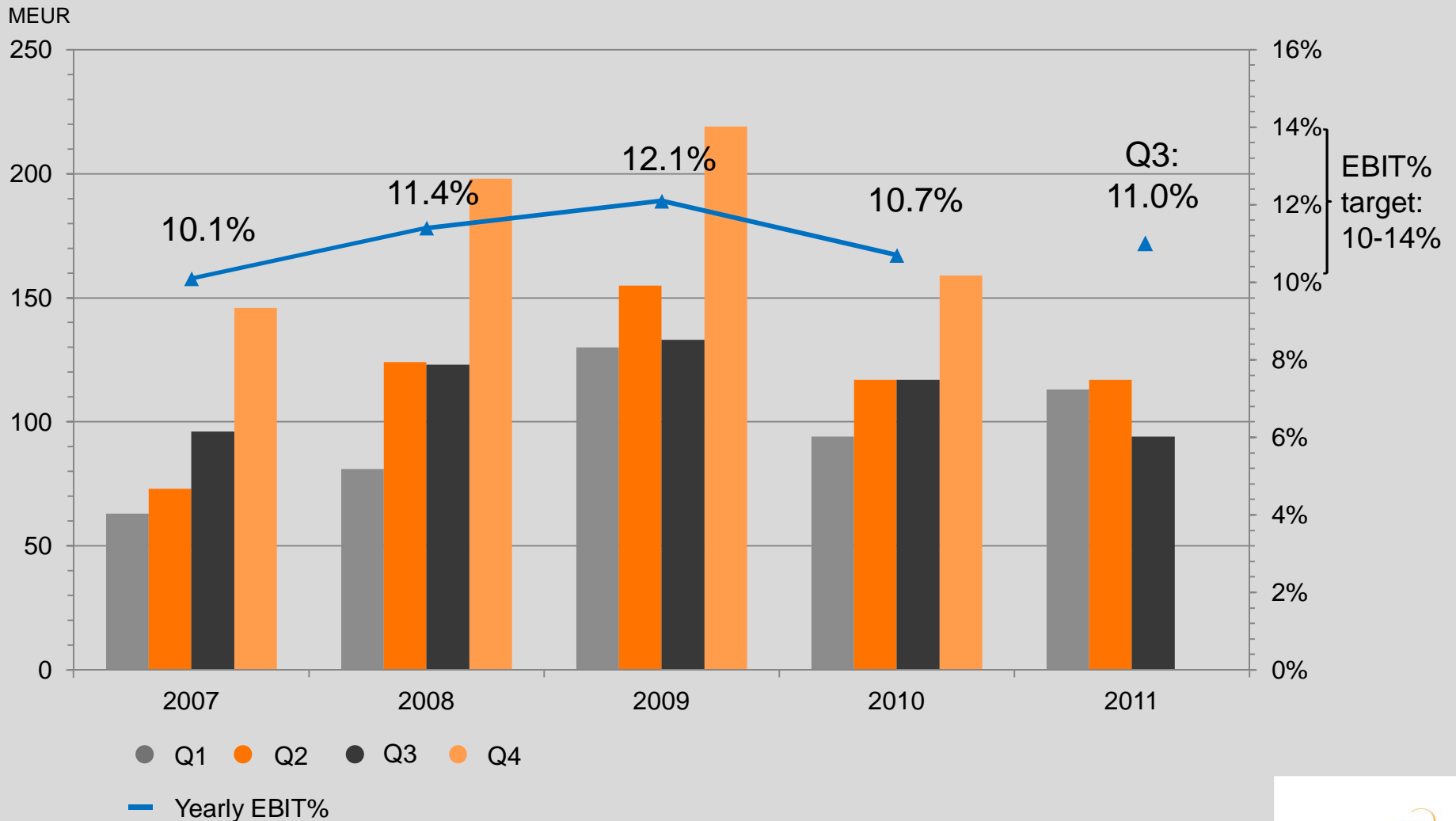
Order book development



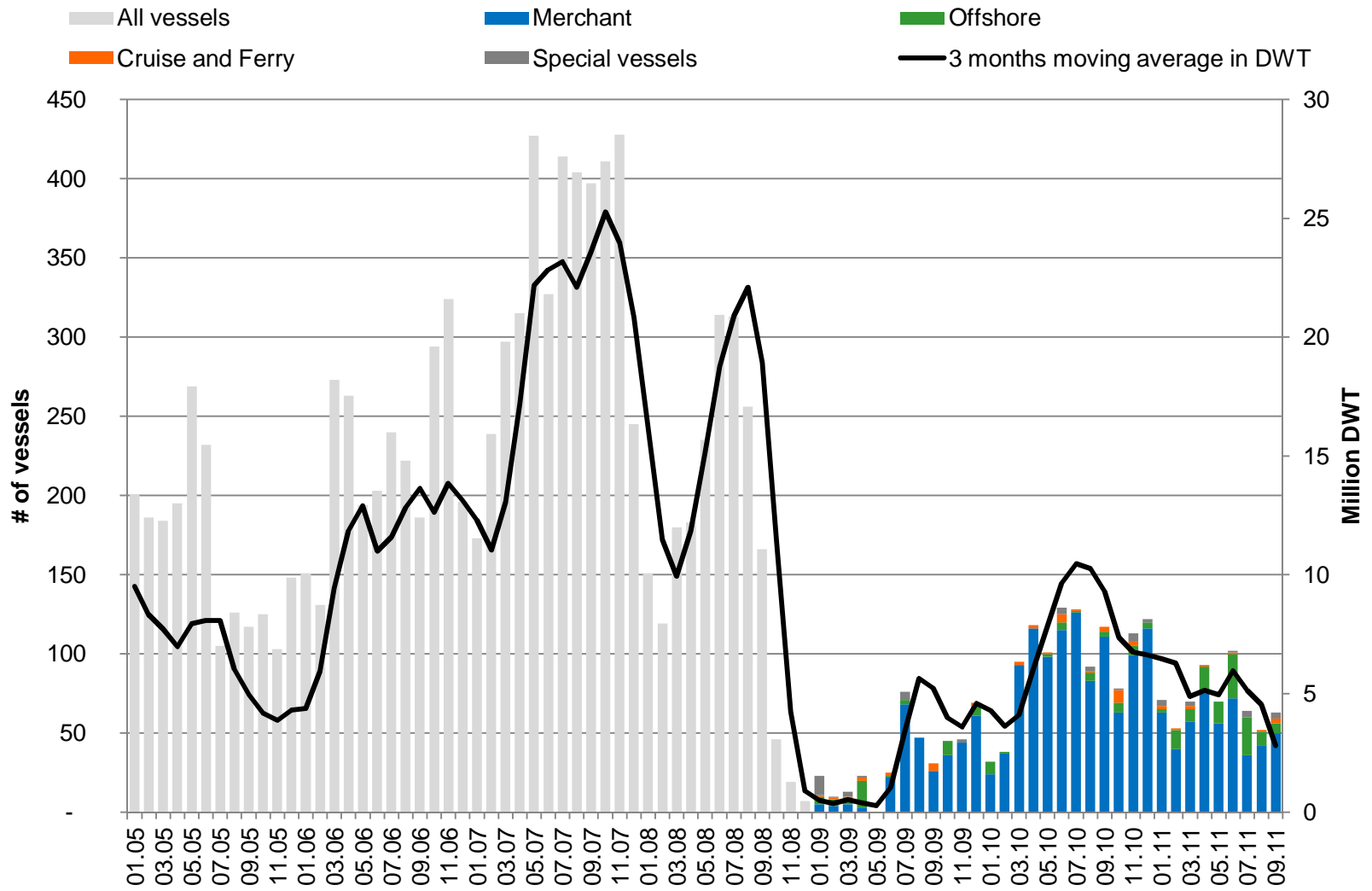
Order book distribution



Solid profitability

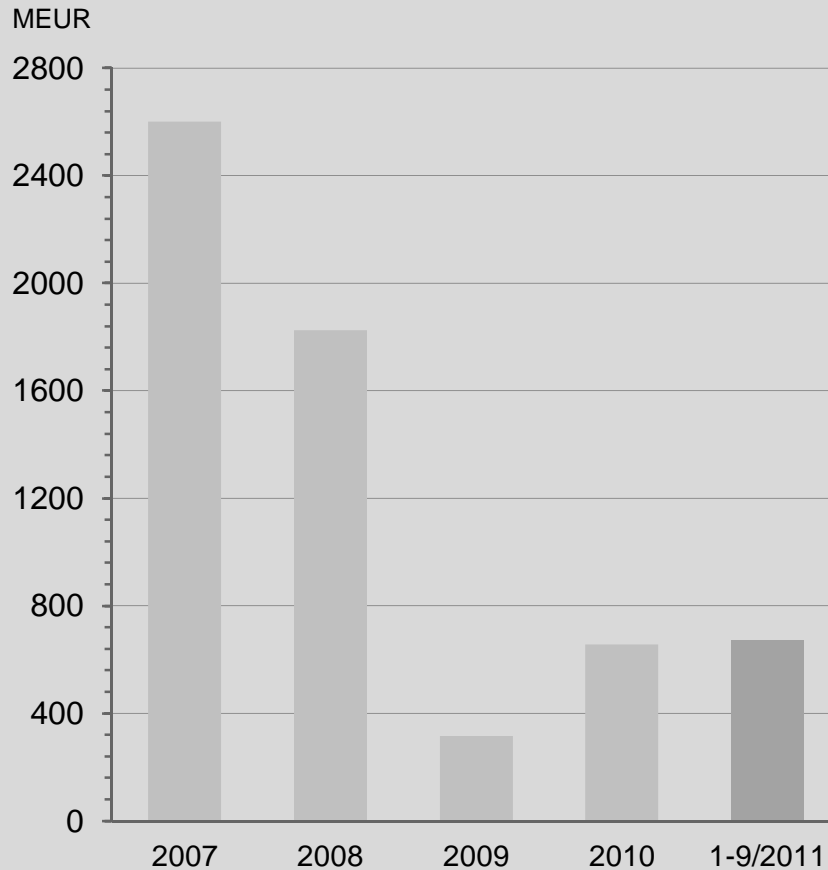


Ship Power market - contracting activity

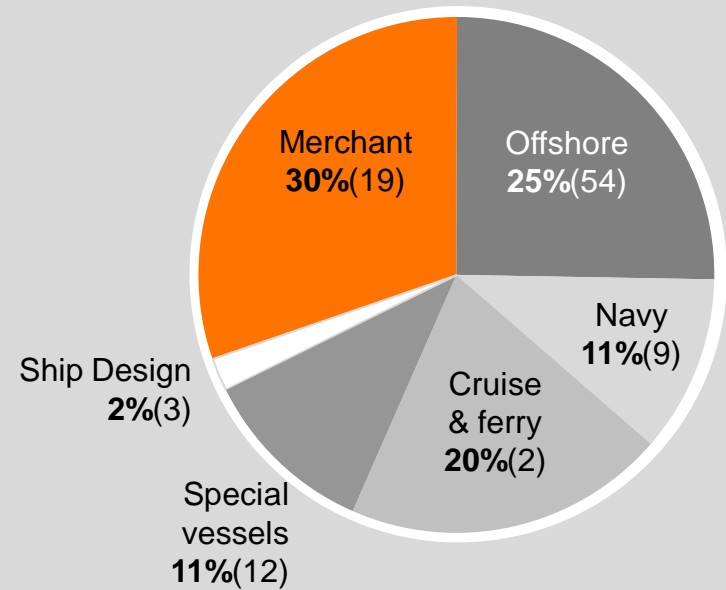


Source: Clarkson Research Services Limited

Ship Power order intake by segment

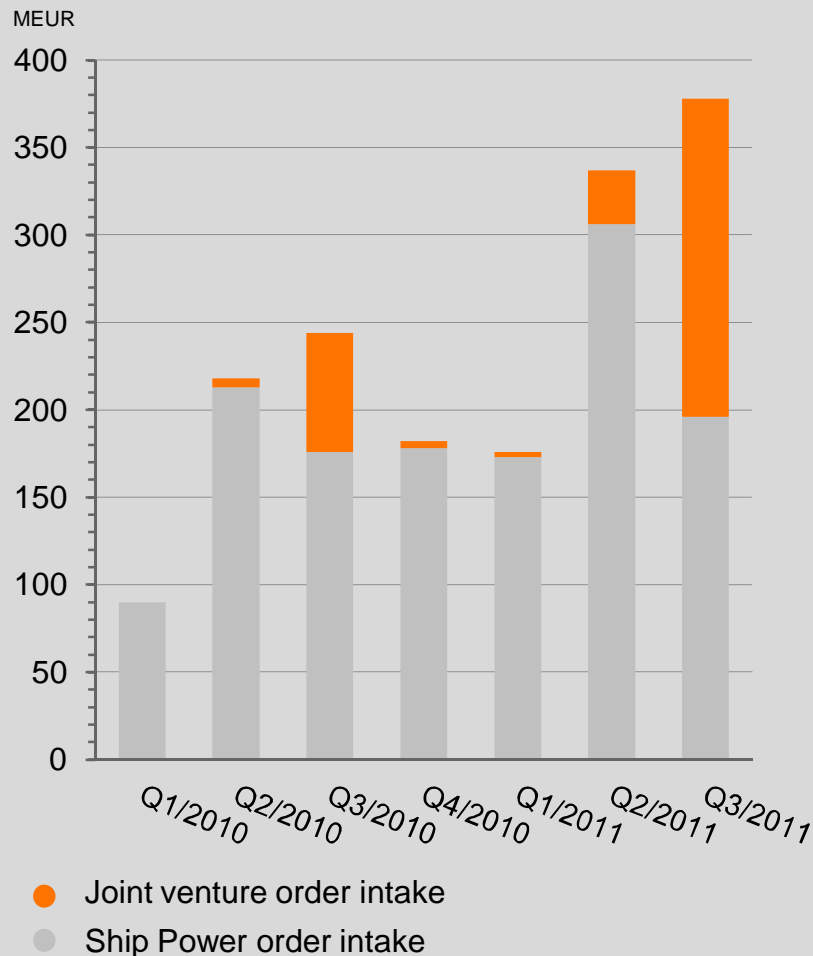


Third quarter development
Total EUR 196 million (176)



Numbers in brackets are from Q2/2011

Good ordering activity in joint ventures

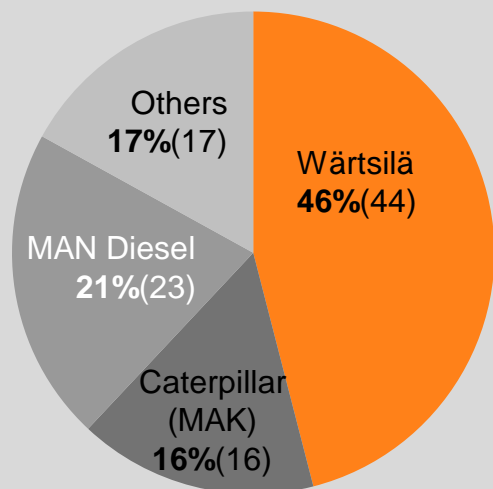


- Order intake grew significantly in the Korean joint venture Wärtsilä Hyundai Engine Company Ltd (WHEC)
 - 44 orders for LNG carriers have been placed during 2011
 - WHEC received dual-fuel engine orders for 16 LNG vessels during the review period
 - A significant amount of additional orders expected
- Activity on a good level in Chinese joint venture Wärtsilä Qiyao Diesel Company Ltd focusing on auxiliary engine production
- Total order intake in these joint ventures EUR 182 million (68) during Q3/2011
- Wärtsilä's share of ownership in these companies is 50%, profits will be reported as a share of result in associates and joint ventures

Ship Power market

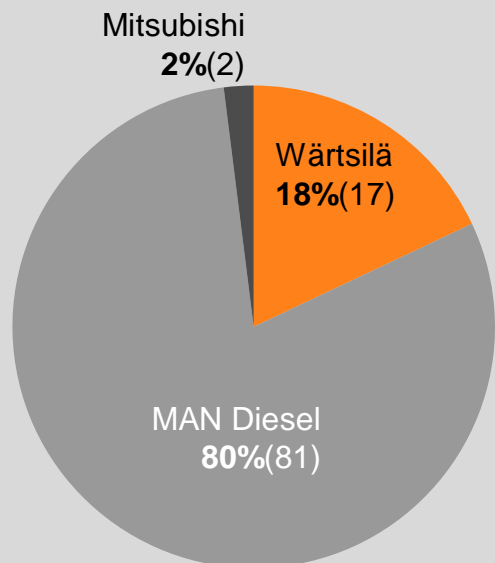
Market position of Wärtsilä's marine engines

Medium-speed main engines



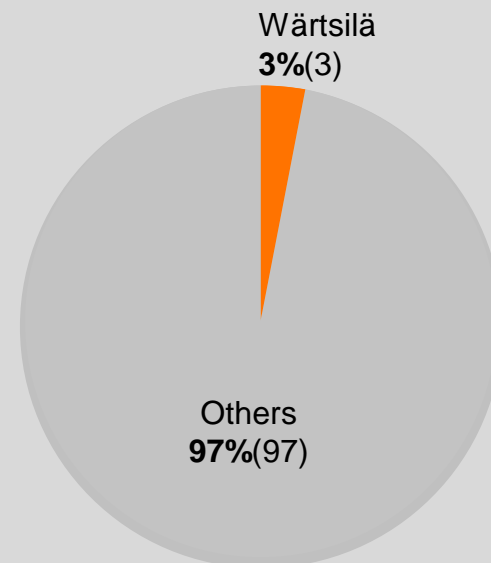
Total market volume last 12 months:
2,655 MW (1,404)

Low-speed main engines



Total market volume last 12 months:
19,306 MW (18,994)

Auxiliary engines

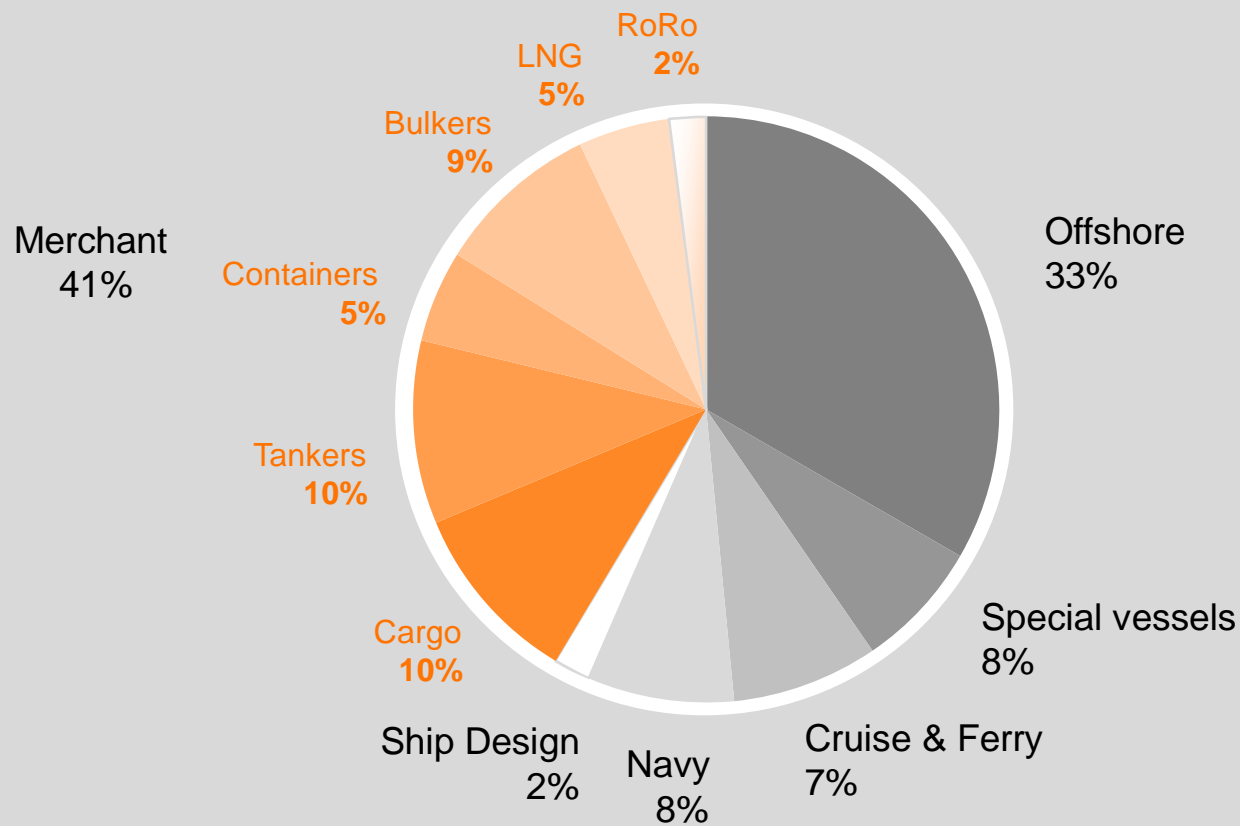


Total market volume last 12 months:
4,118 MW (3,787)

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.

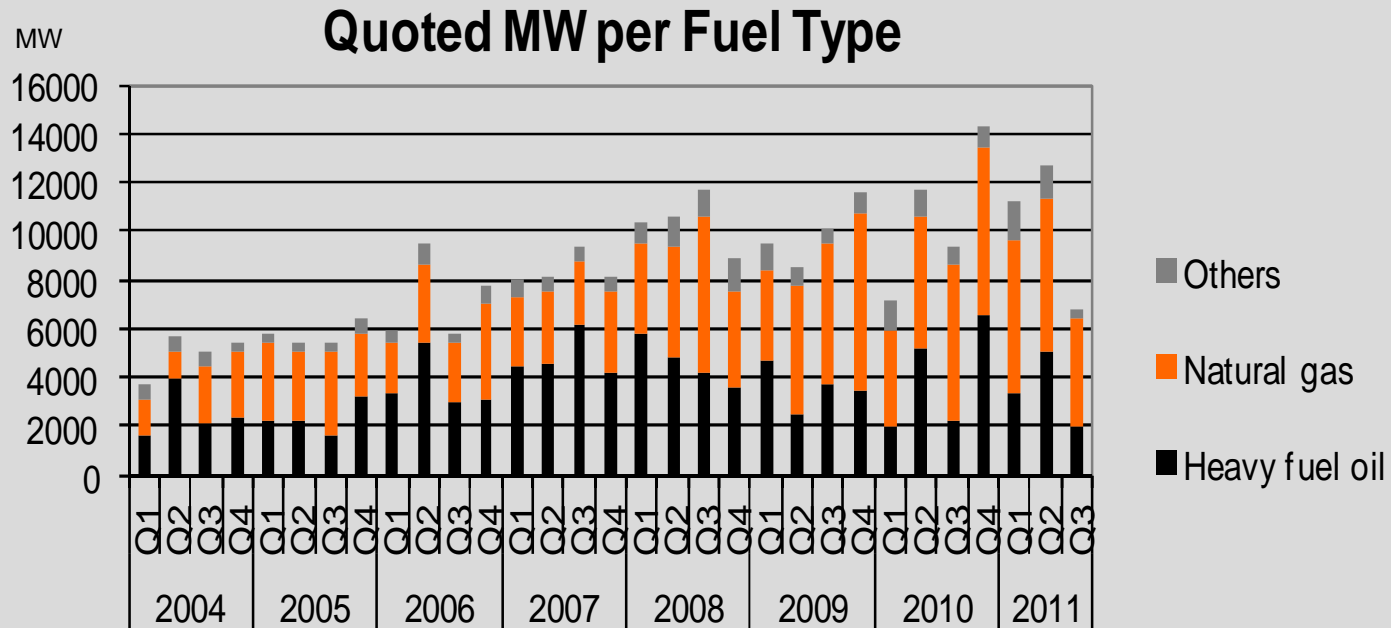
Ship Power order book 30 September 2011

All vessel segments represented



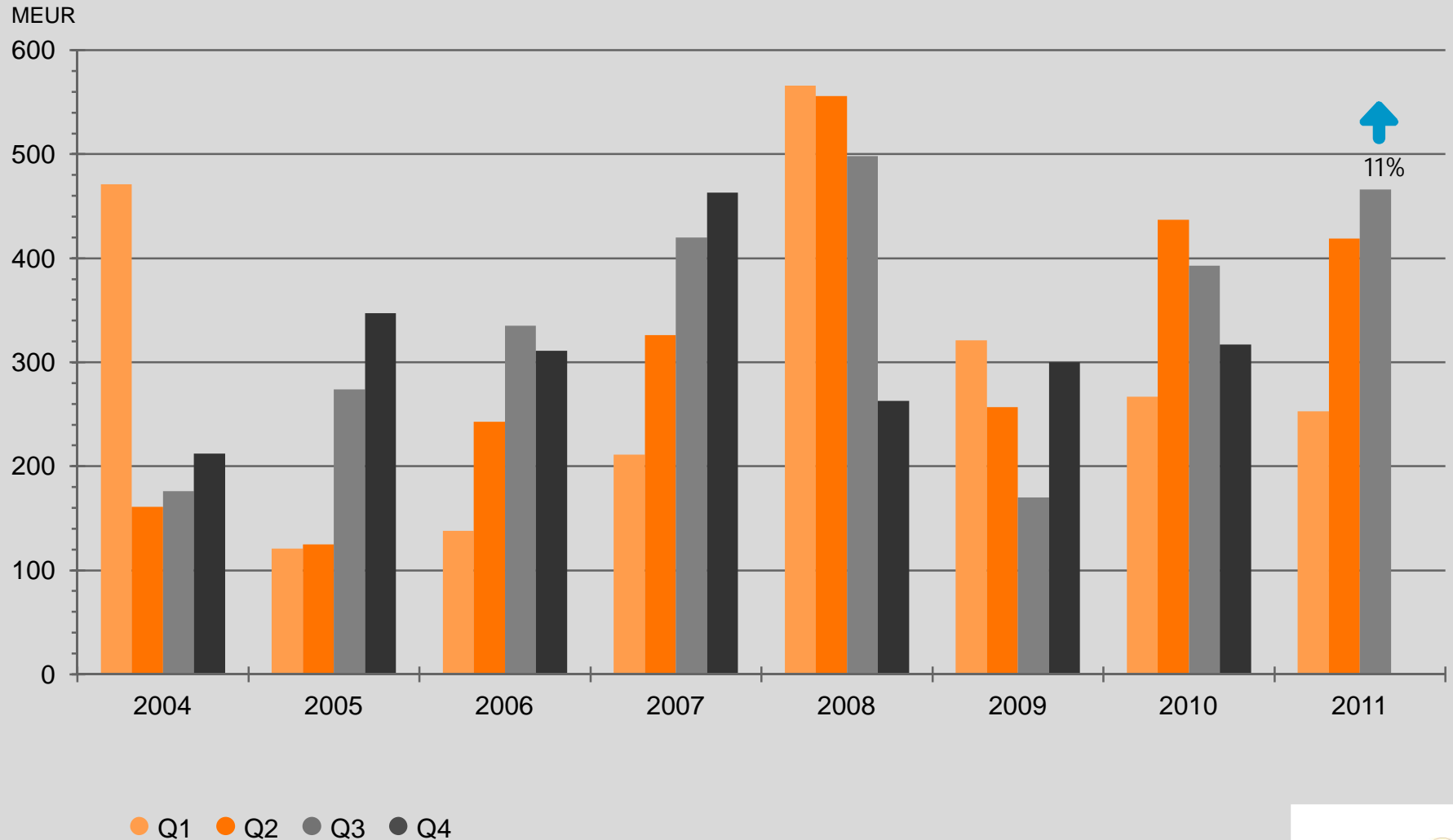
Total EUR 1,740 million (2,038)

Power Plants – quotation activity

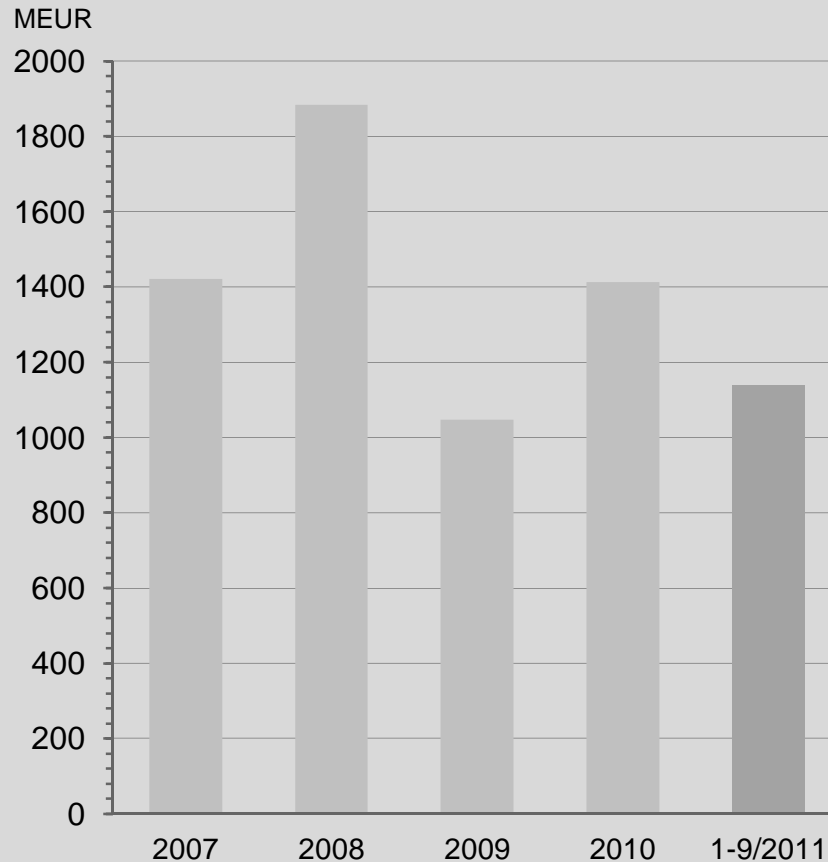


Share of natural gas is consistently increasing

Power Plants quarterly order intake

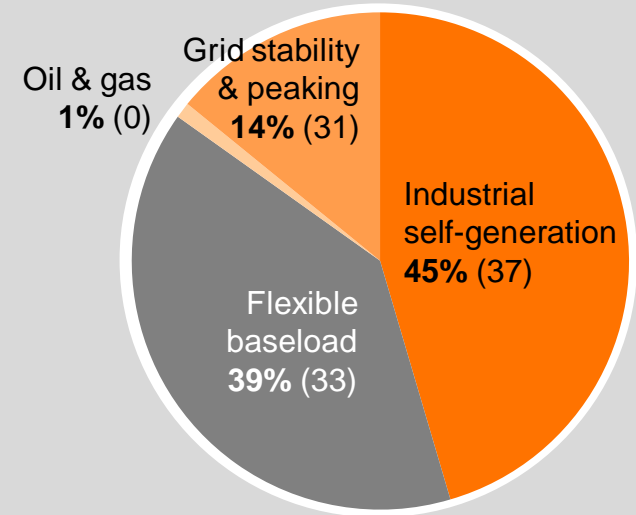


Power Plants order intake by application

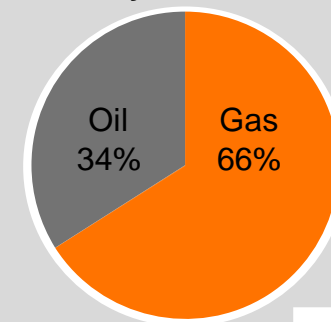


Third quarter development

Total EUR 466 million (393)



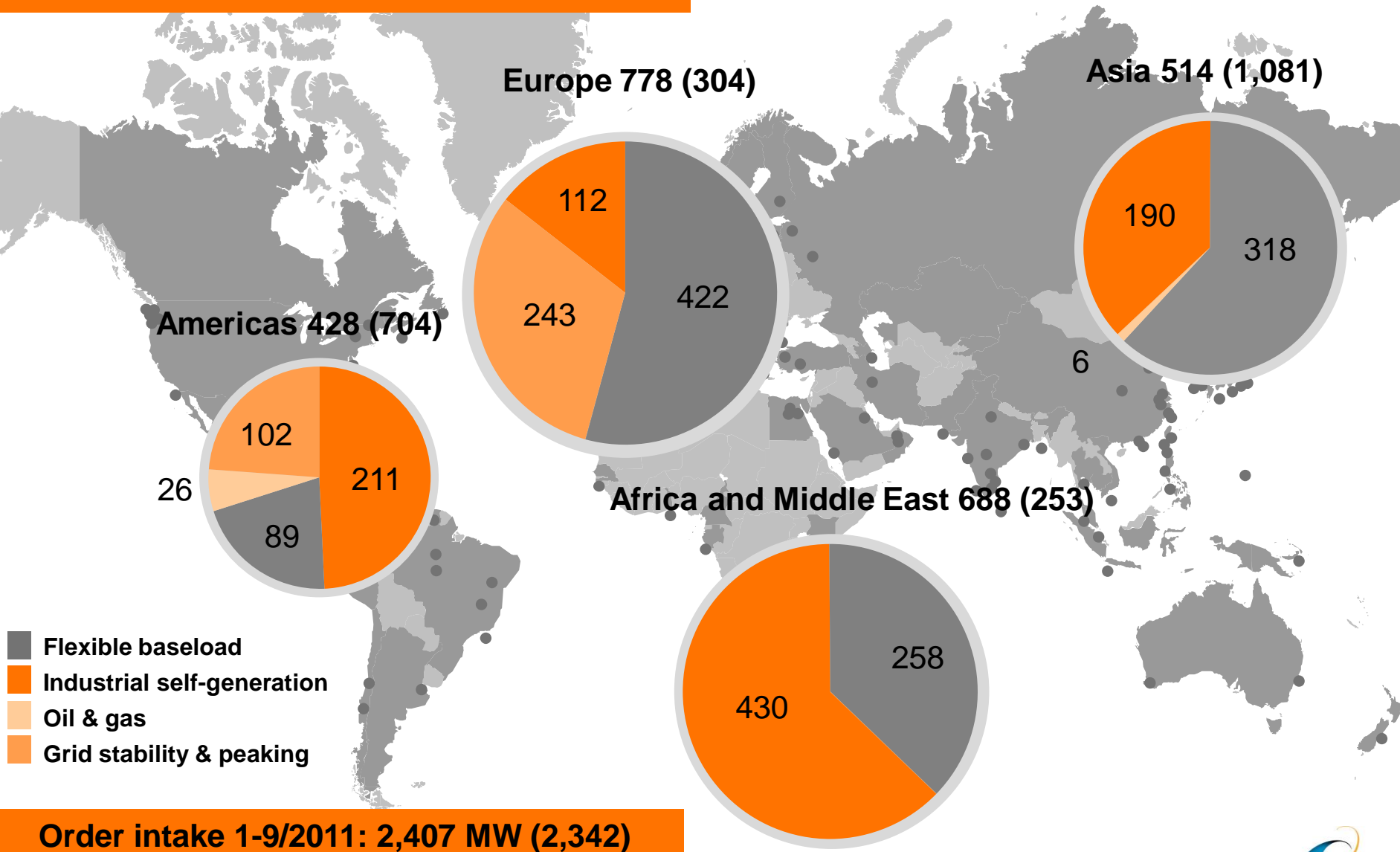
Order intake by fuel Q3/2011 in MW



Numbers in brackets are from Q2/2011

Power Plants order intake

EMEA regions strongest

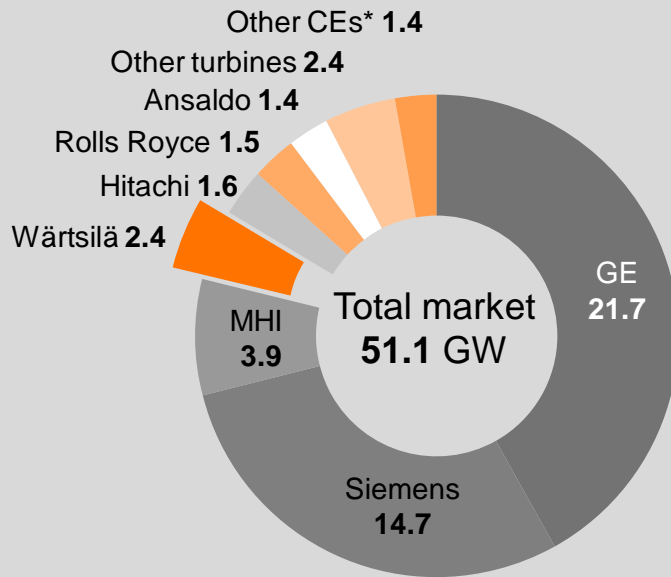


- Flexible baseload
- Industrial self-generation
- Oil & gas
- Grid stability & peaking

Power Plants market

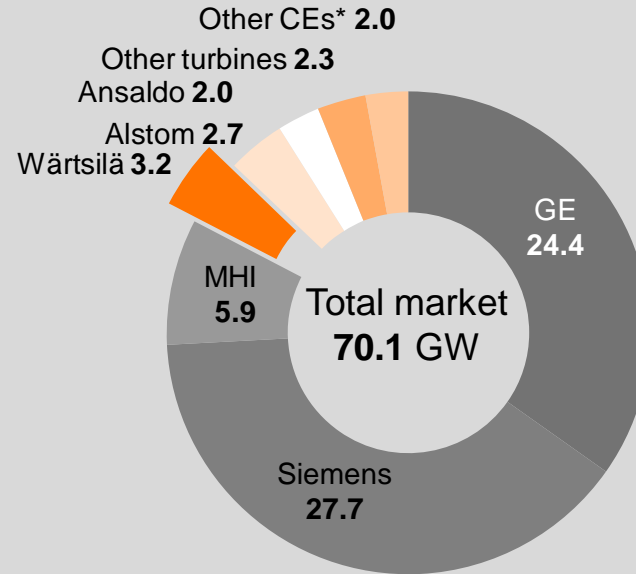
Gas turbine and engine manufacturers

H2/2009 - H1/2010



Wärtsilä's market share 4.8%

H2/2010 - H1/2011



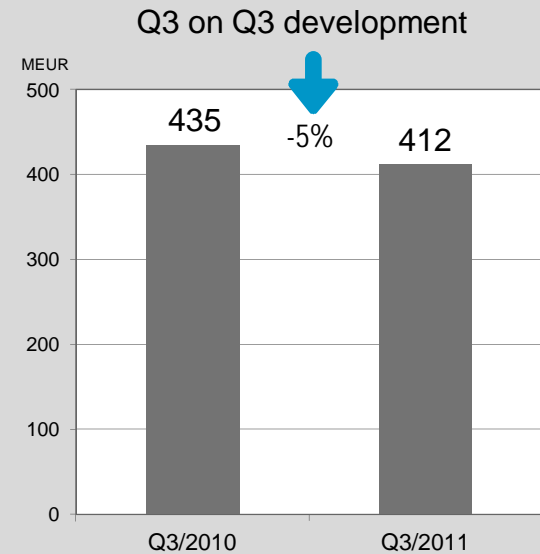
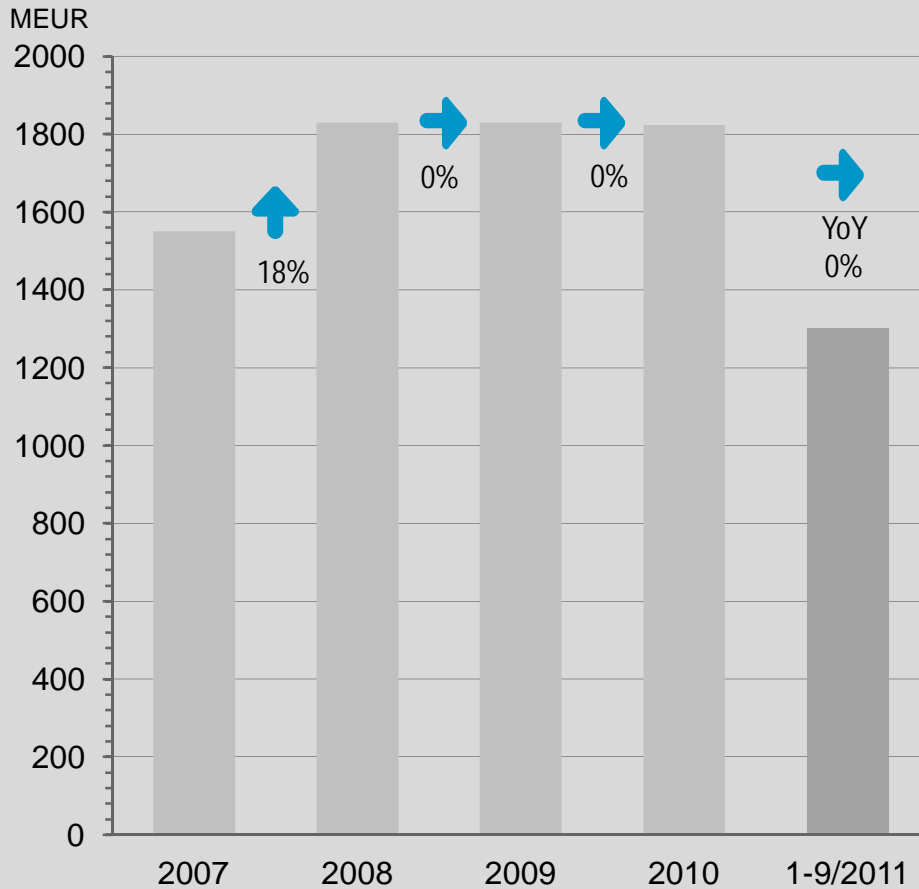
Wärtsilä's market share 4.5%

Market data includes all prime mover units over 5 MW and estimated output of steam turbines for combined cycles. The data is gathered from the McCoy Power Report and IESG.

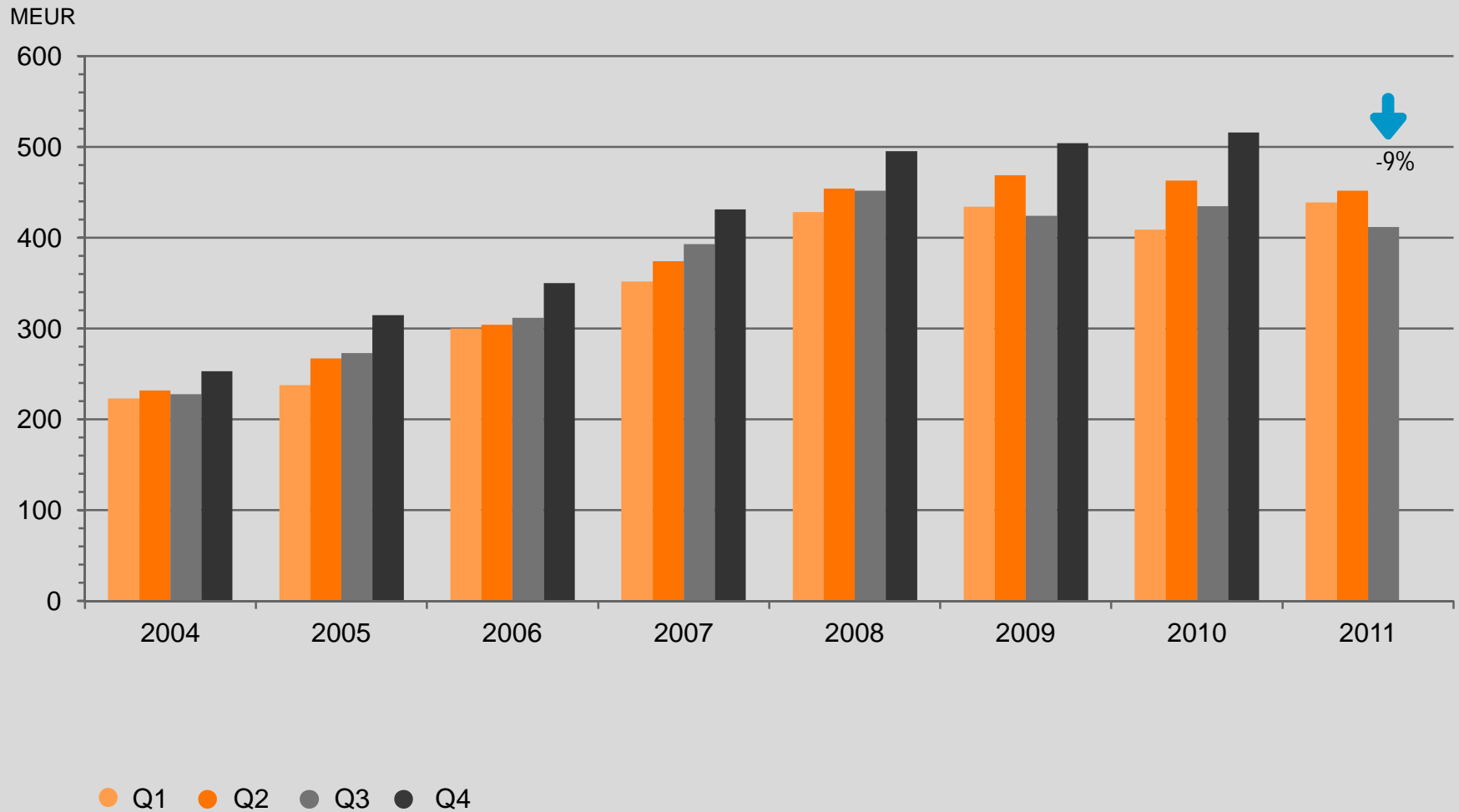
In oil and gas engine technology, Wärtsilä has a leading position.

* Other CEs (combustion engine) figures based partly on Wärtsilä's own estimate.

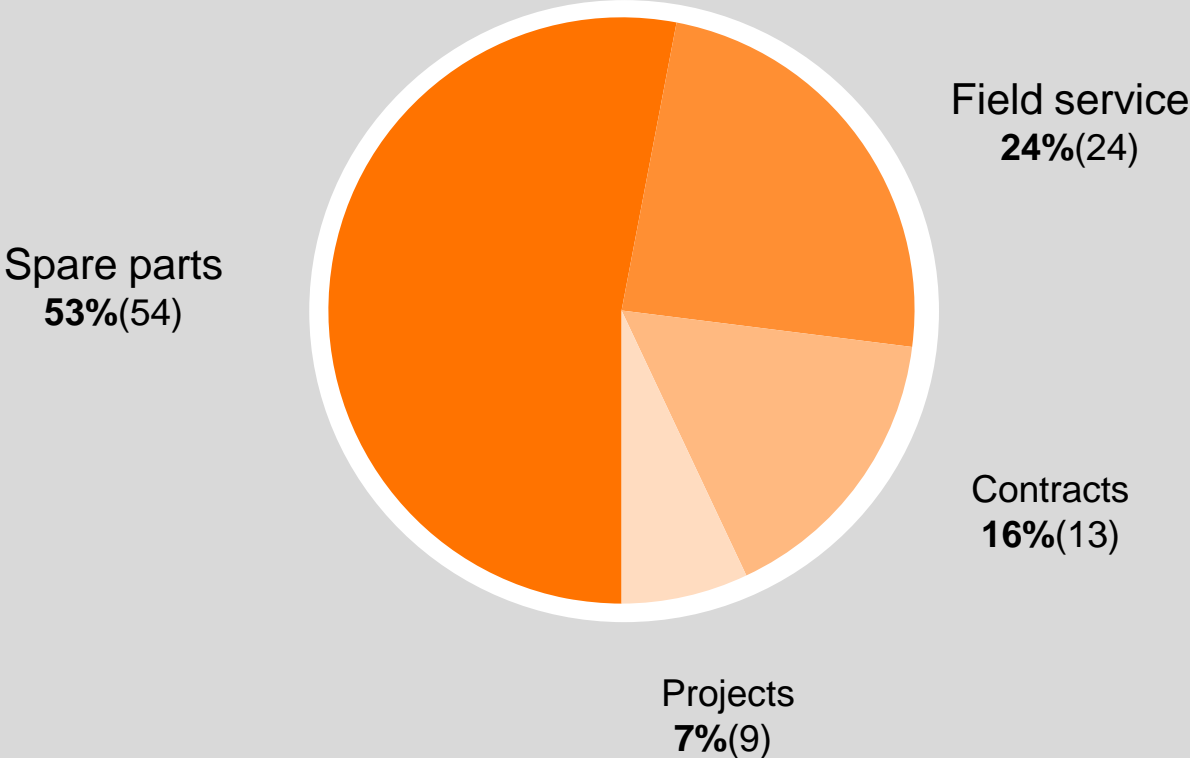
Services net sales development



Services - Net sales by quarter

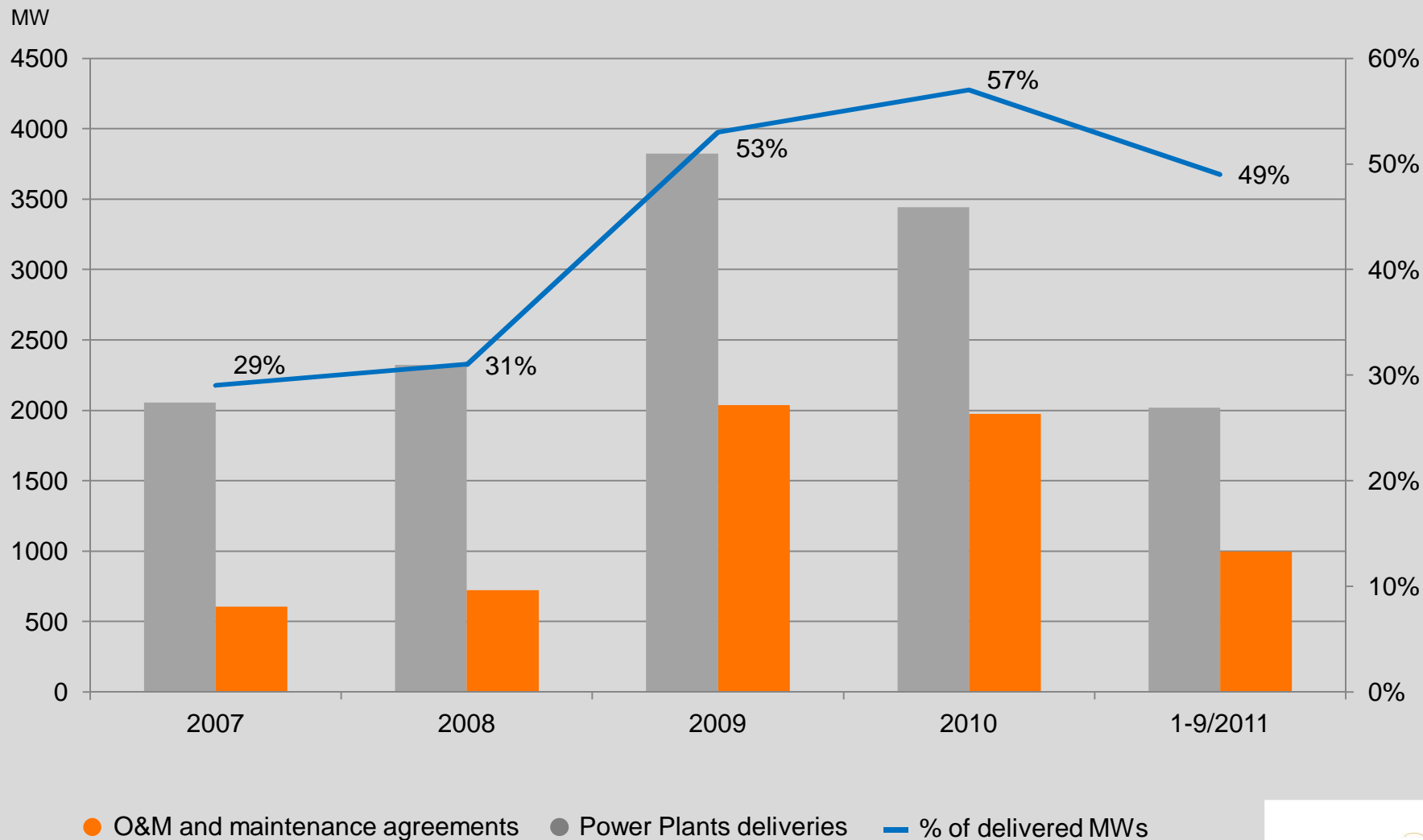


Services net sales distribution 1-9/2011

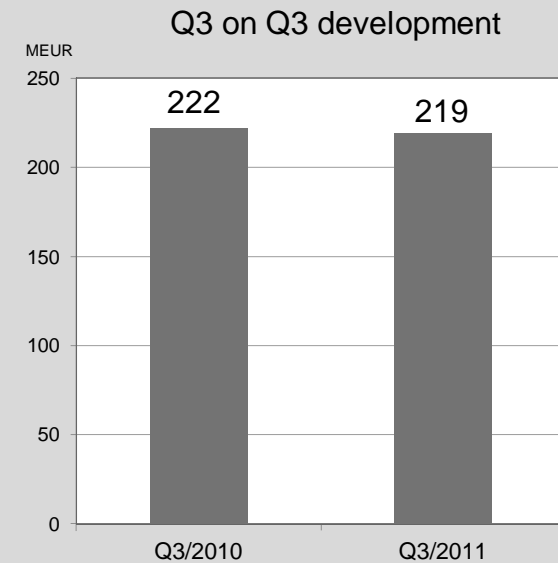
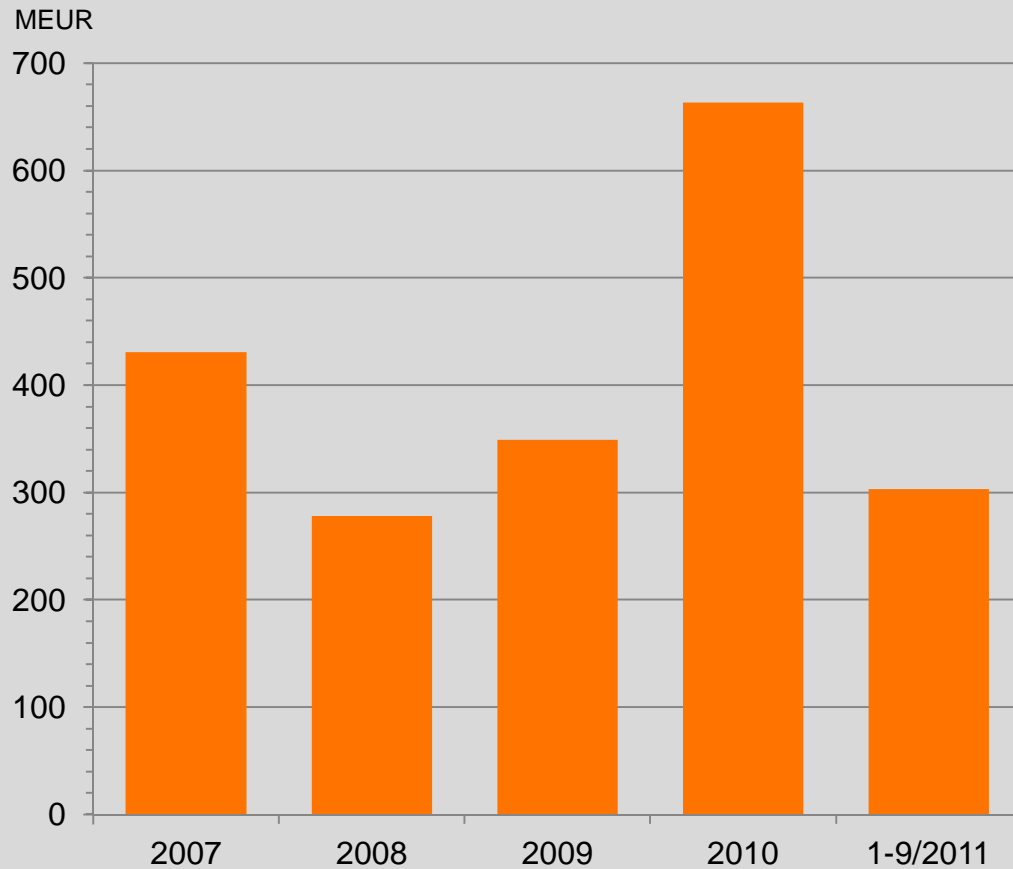


Numbers in brackets are from 1-9/2010

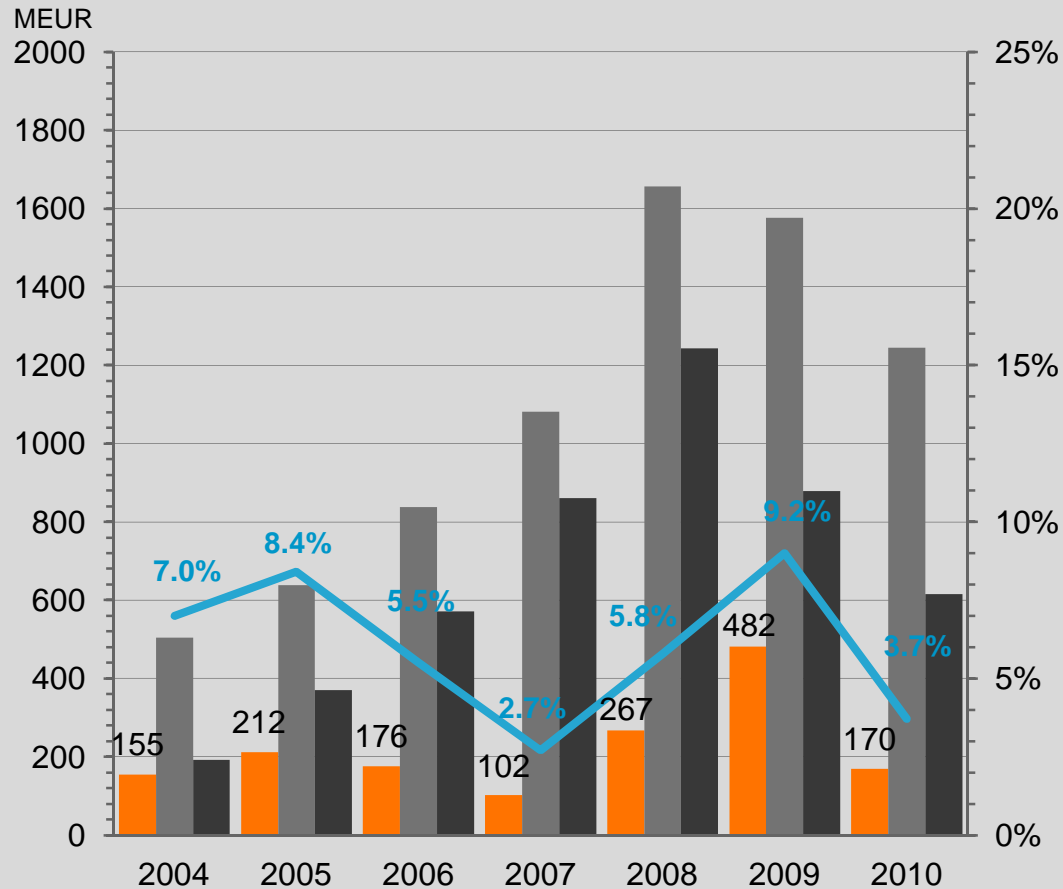
Development of Power Plants service agreements



Cash flow from operating activities



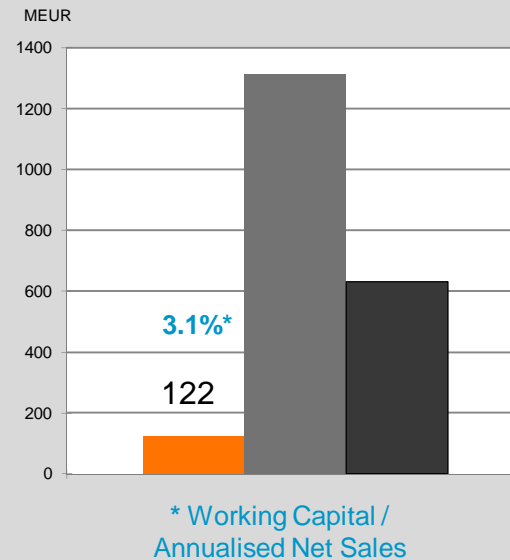
Working capital development



● Working Capital
 ● Total Inventories
 ● Advances Received
 — Working Capital / Net Sales

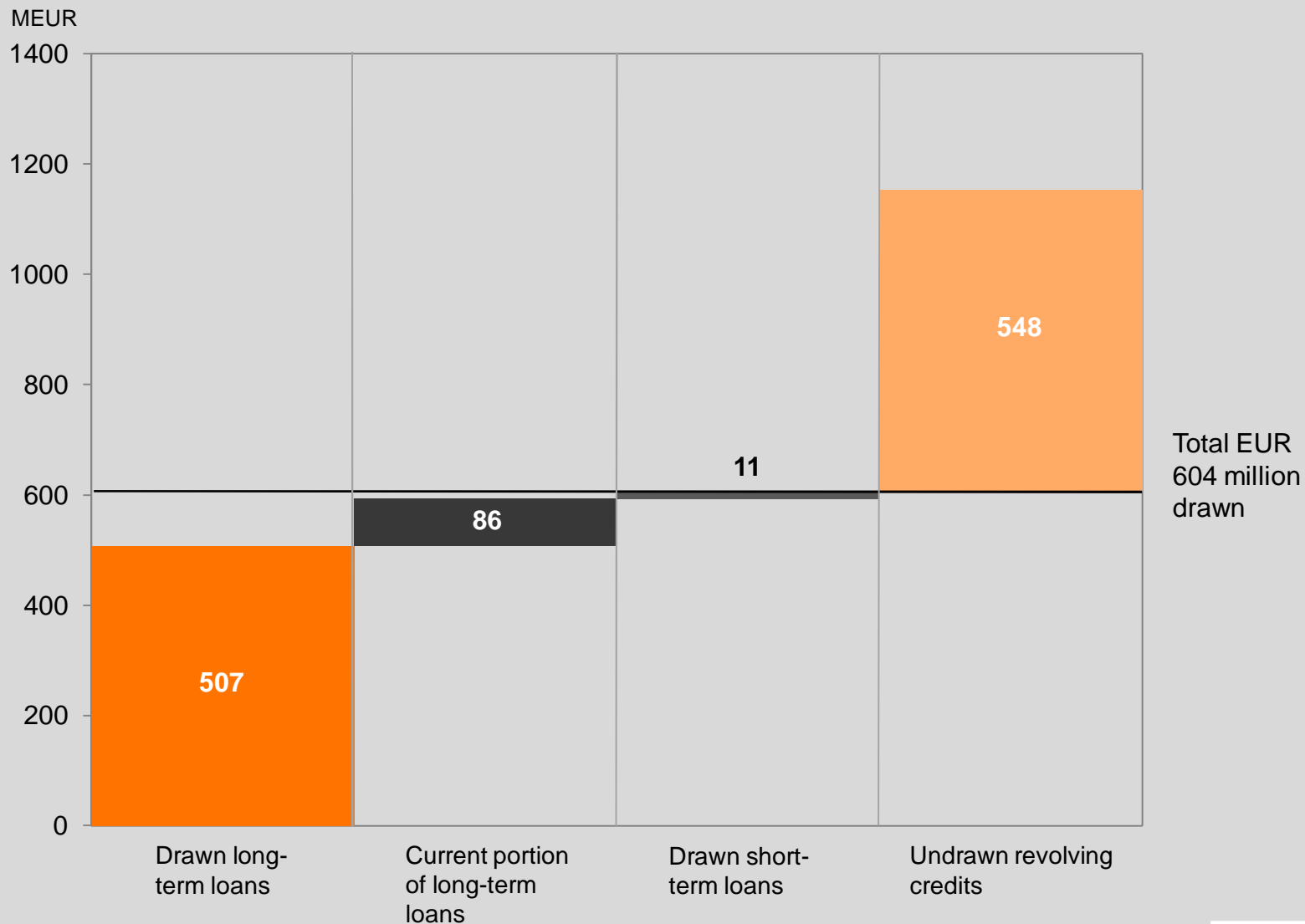
2004 figures relate to the Power Businesses

30 September 2011



* Working Capital / Annualised Net Sales

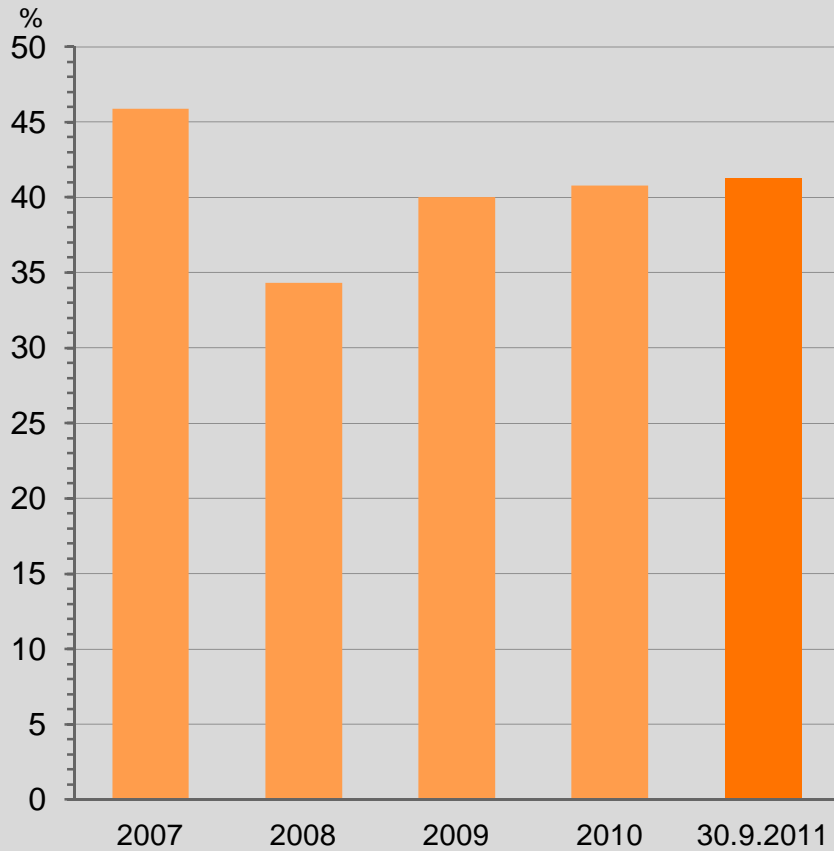
Committed loans 30 September 2011



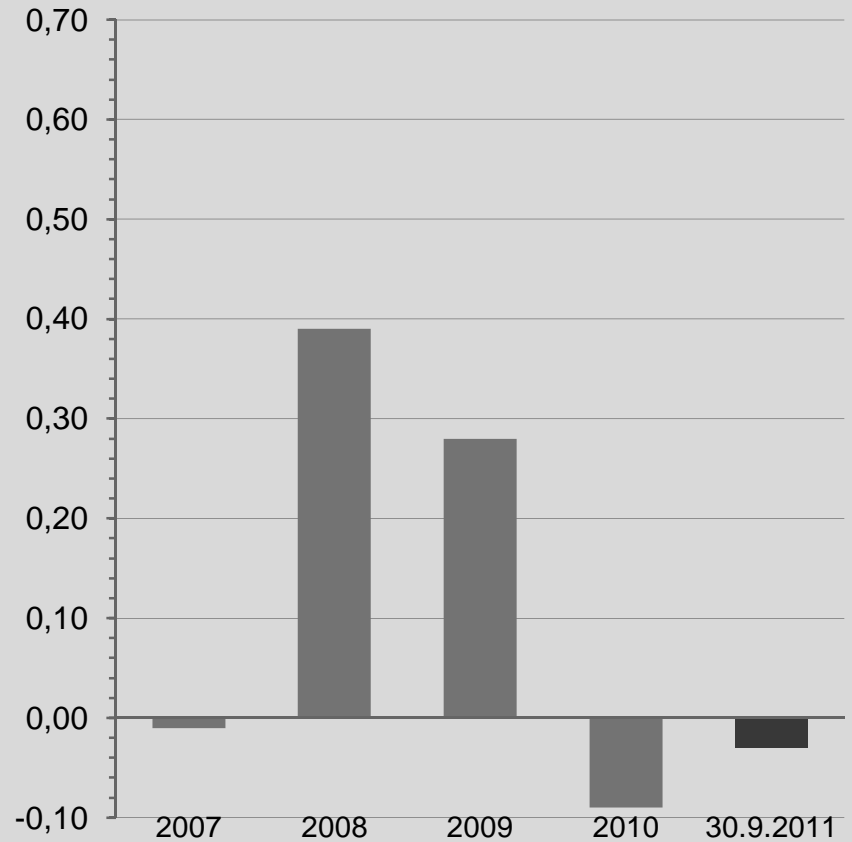
At the end of the reporting period, drawn revolving credits amounted to 0 euro. In addition, there are Finnish Commercial Paper Programs of EUR 700 million (uncommitted).

Financial position

Solvency



Gearing



Restructuring programmes



- Personnel reductions of approx. 1,800 targeted, this target has nearly been reached
- Expected annual savings approx. EUR 130 million, of which EUR 60 million recognised by end of 2010 and the remainder will gradually materialise during 2011
- Nonrecurring restructuring costs approx. EUR 150 million, of which EUR 115 million recognised by end of 2010 and EUR 17 million recognised in January-September 2011



- **Ship Power:** An intense competition and price pressure prevails in the market. Wärtsilä expects Ship Power's order intake in 2011 to be significantly better than in the previous year.
- **Power Plants:** Recovery in the power generation market expected to continue in 2011. Wärtsilä Power Plants estimates its order intake in 2011 to be better than in 2010.
- **Services:** Marine service market is still suffering from overcapacity in certain segments and this is likely to continue. The power plant service market is expected to increase steadily.

Prospects for 2011 reiterated



Wärtsilä expects its net sales for 2011 to decline by 0-5% compared to last year and operational profitability (EBIT% before nonrecurring items) to be around 11%.



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