

WÄRTSILÄ CORPORATION

2011 RESULT PRESENTATION

BJÖRN ROSENGREN, PRESIDENT & CEO

27 JANUARY 2012

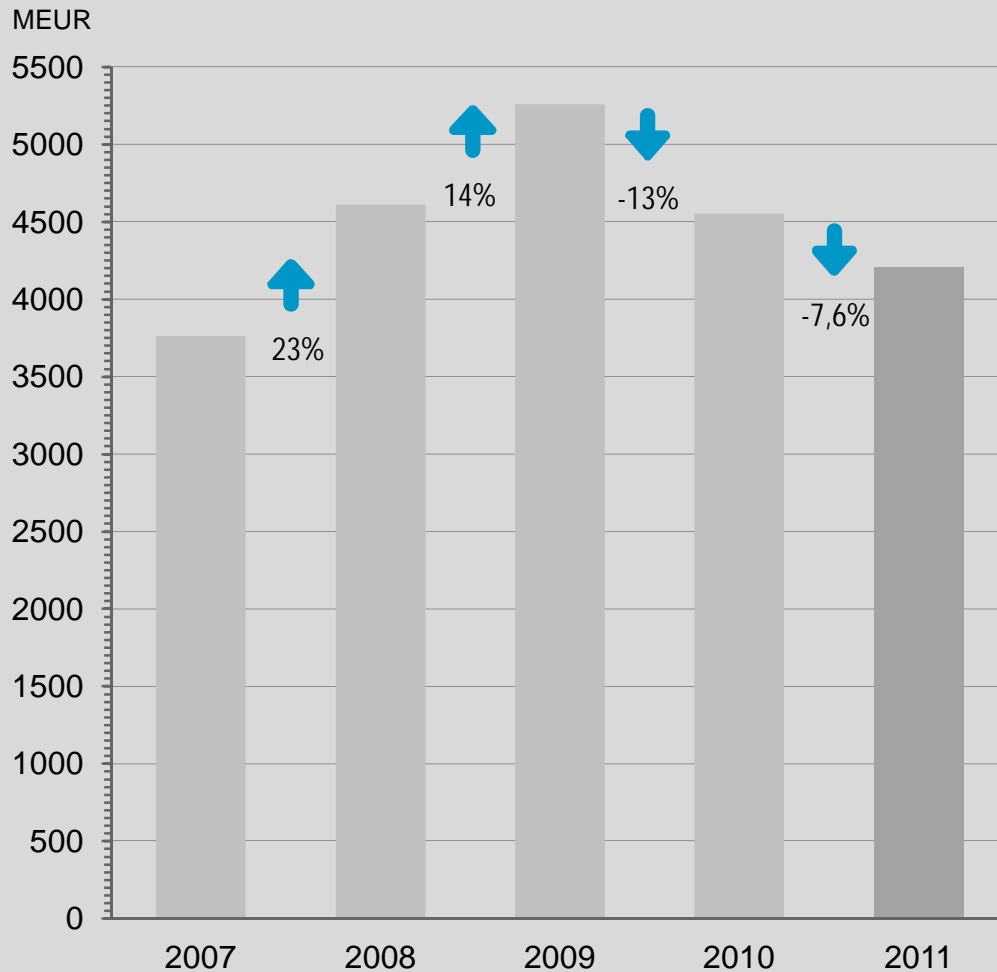
2011 – Growth in order intake, resilience in profitability



- Order intake EUR 4,516 million, +13%
- Joint venture order intake EUR 394 million (77)
- Net sales EUR 4,209 million, -7.6%
- Operating result EUR 469 million, 11.1% of net sales
- Cash flow EUR 232 million (663)
- EPS EUR 1.52 (1.68)
- Dividend proposal 0.90 euro per share (1.75)
- Acquisition of Hamworthy expected to become effective 31 January 2012

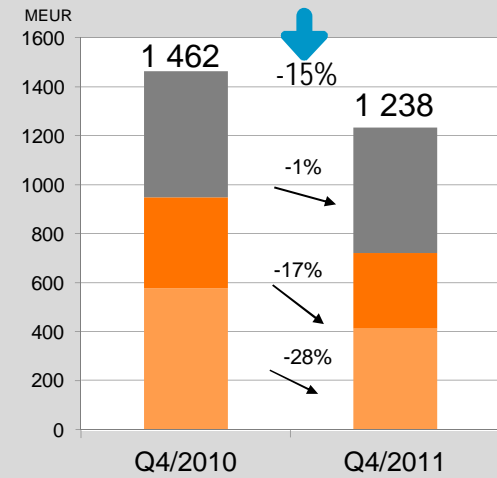
Operating result and EPS are shown excluding nonrecurring items.

Net sales slightly lower than expected

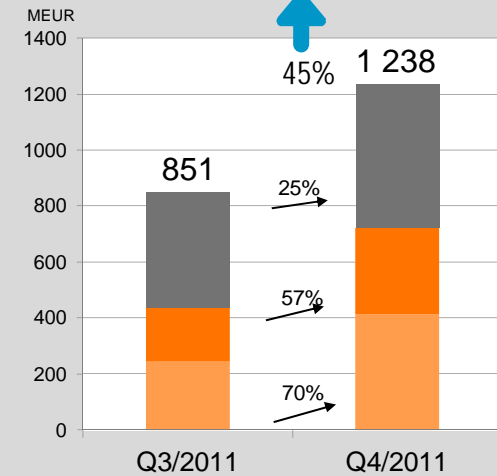


● Power Plants
 ● Ship Power
 ● Services

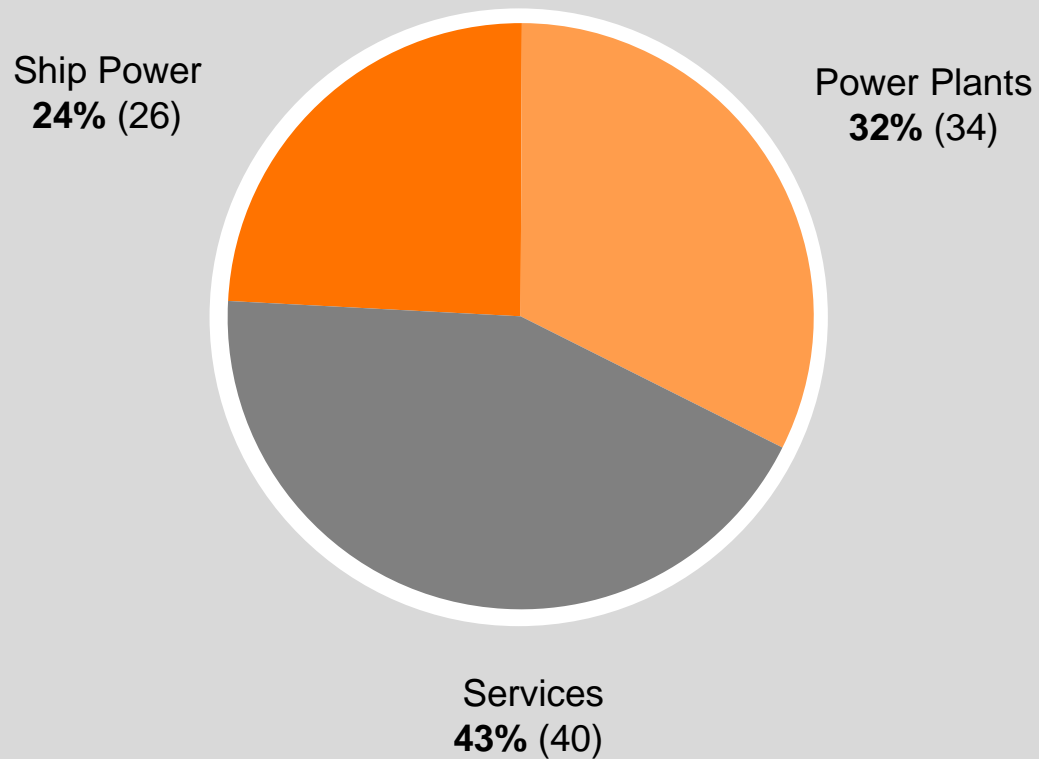
Q4 on Q4 development



Q4 on Q3 development

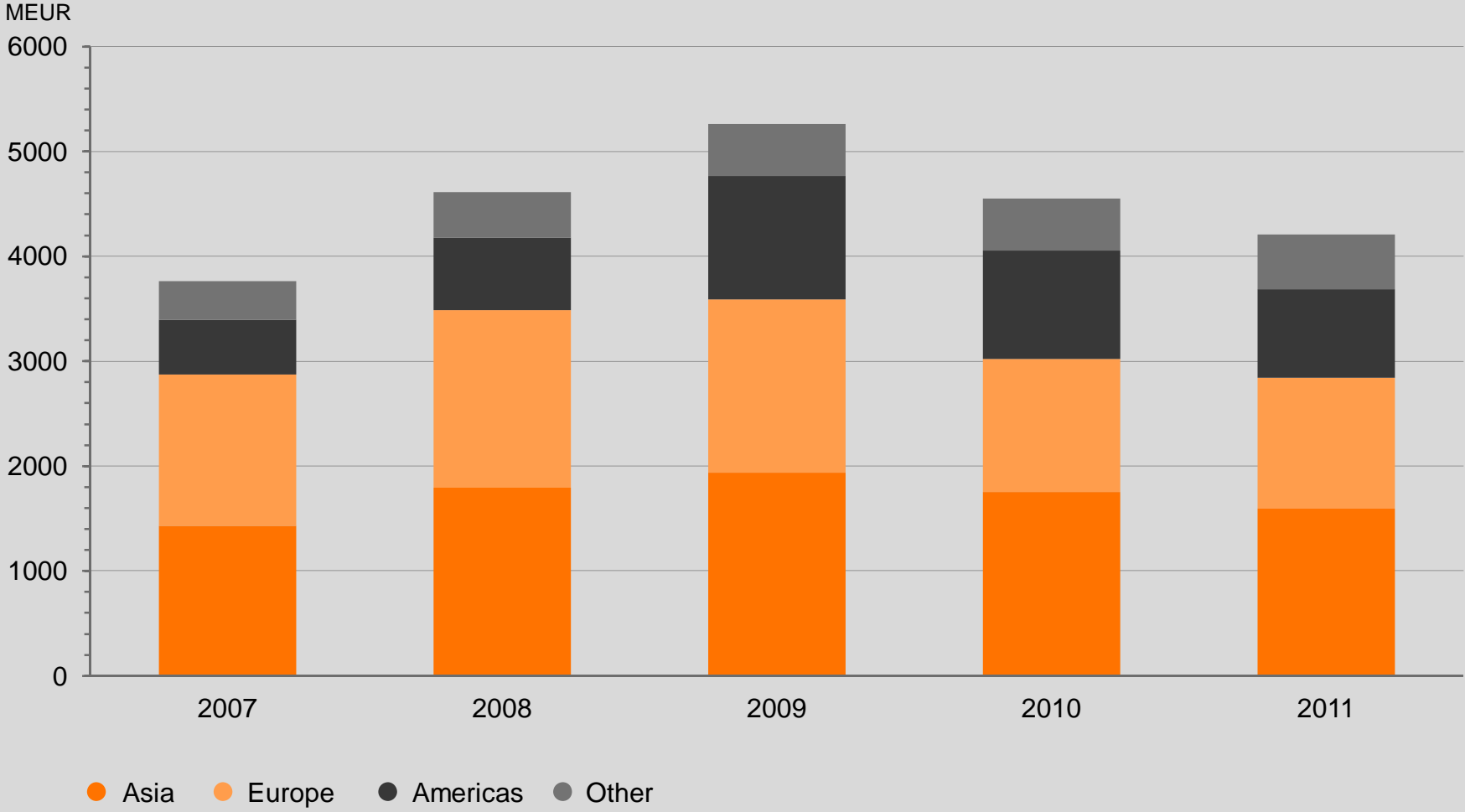


Net sales by business 2011



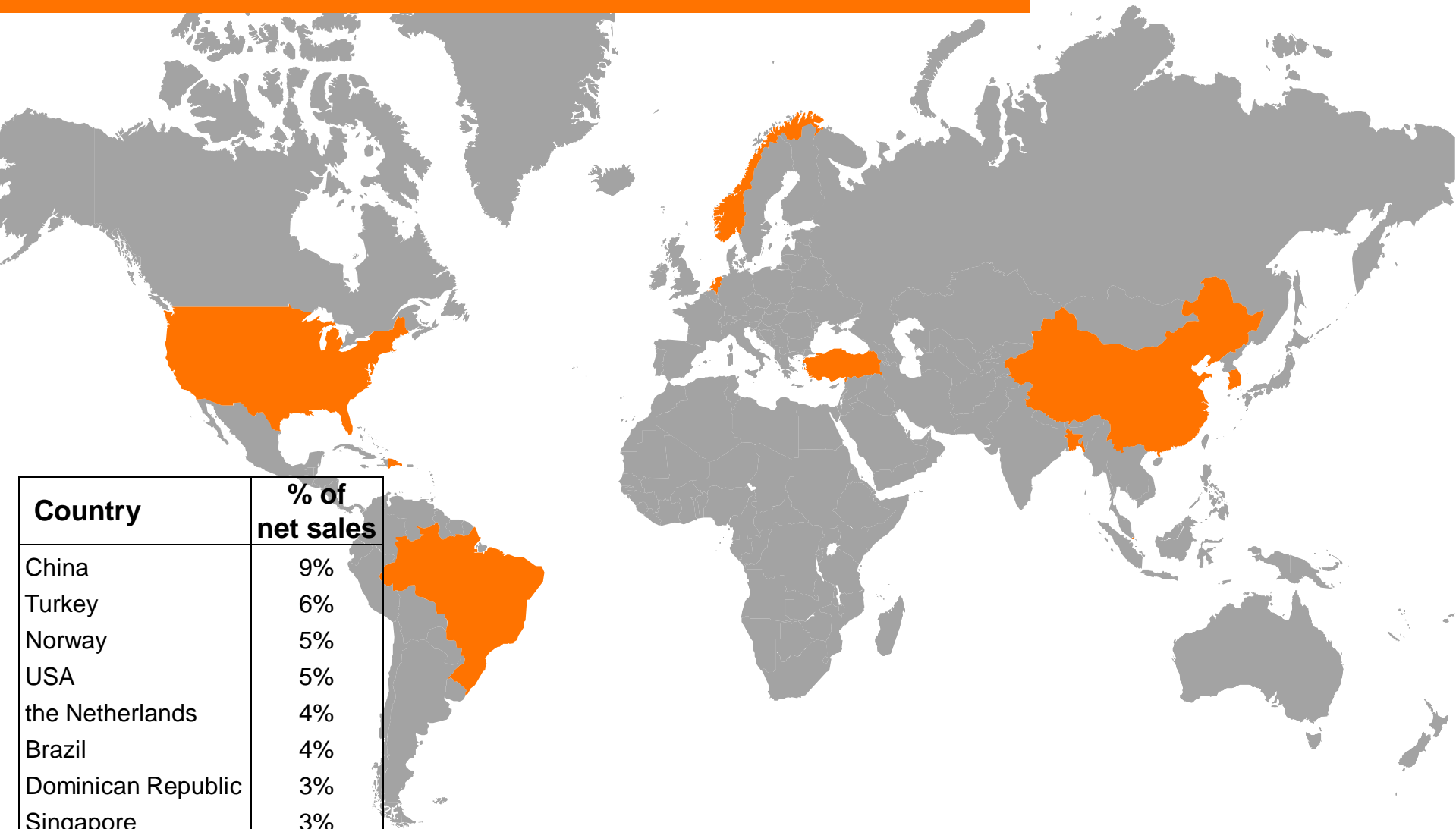
Net sales by market area

Asia represents nearly 40% of net sales



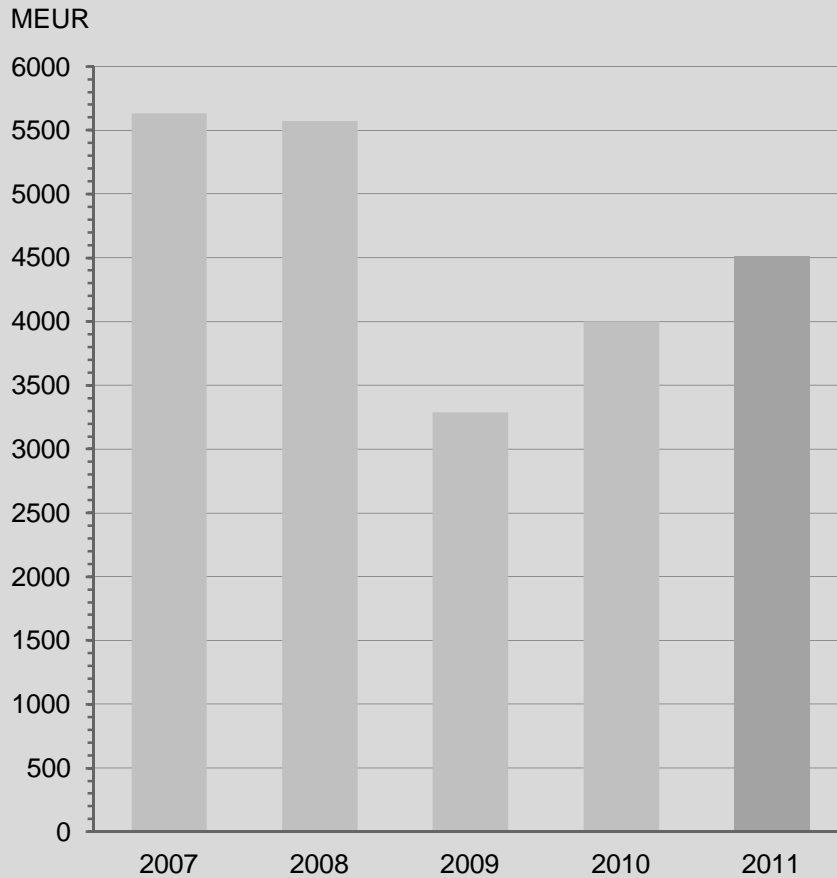
Net sales by country

Top 10 countries as a percent of 2011 net sales



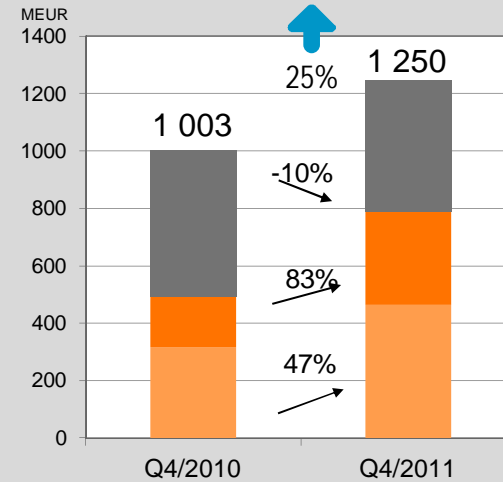
Country	% of net sales
China	9%
Turkey	6%
Norway	5%
USA	5%
the Netherlands	4%
Brazil	4%
Dominican Republic	3%
Singapore	3%
Bangladesh	3%
South Korea	3%

Order intake increased

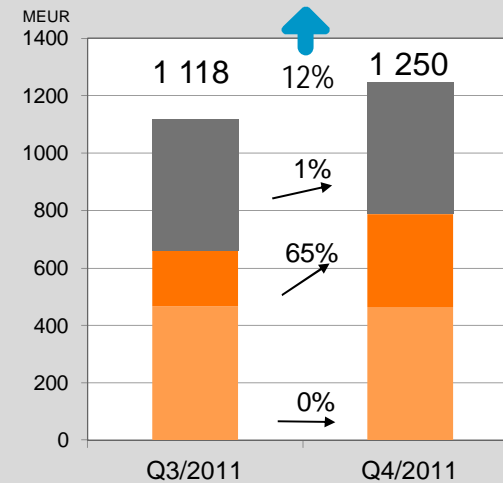


● Power Plants
 ● Ship Power
 ● Services

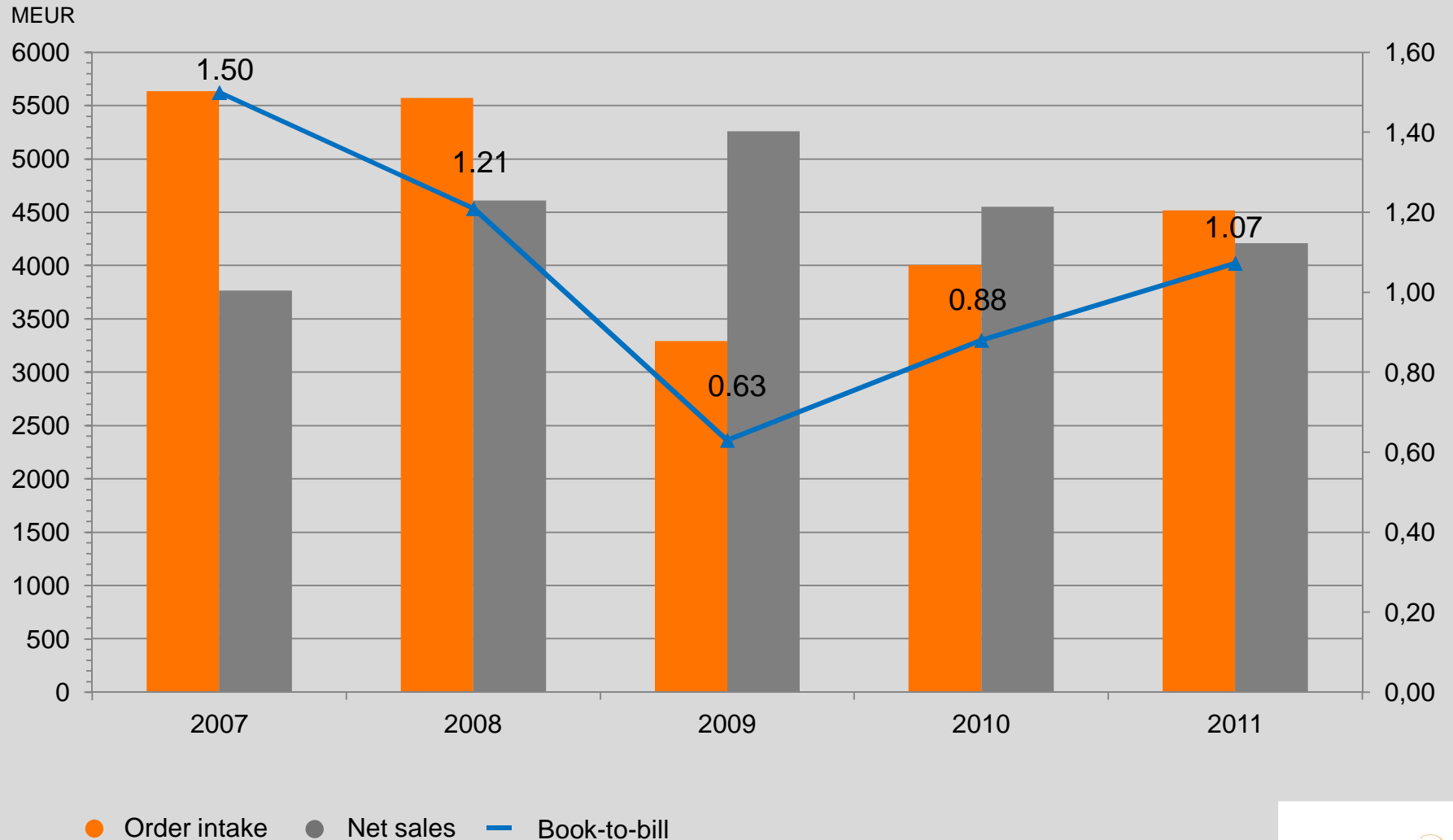
Q4 on Q4 development



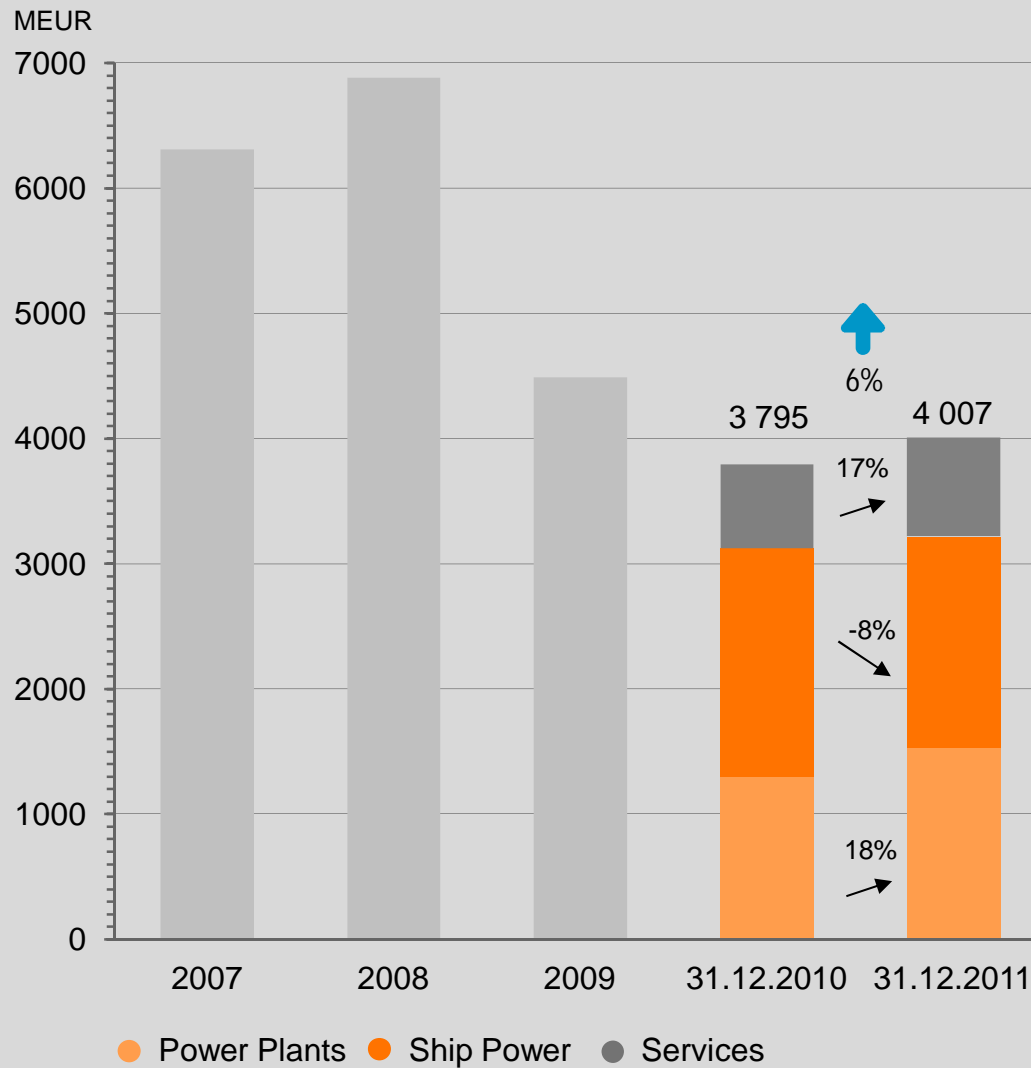
Q4 on Q3 development



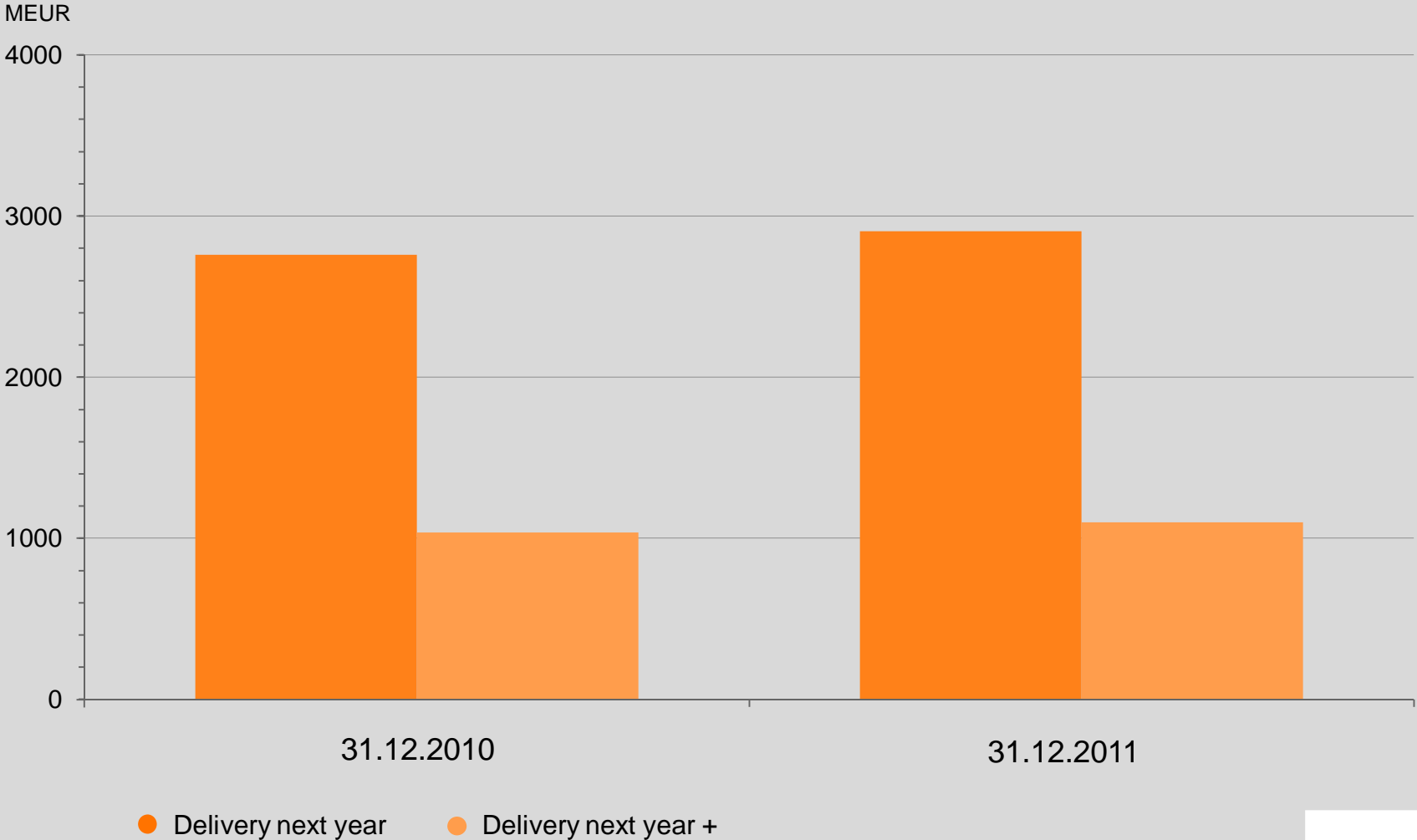
Book-to-bill ratio above one



Order book development



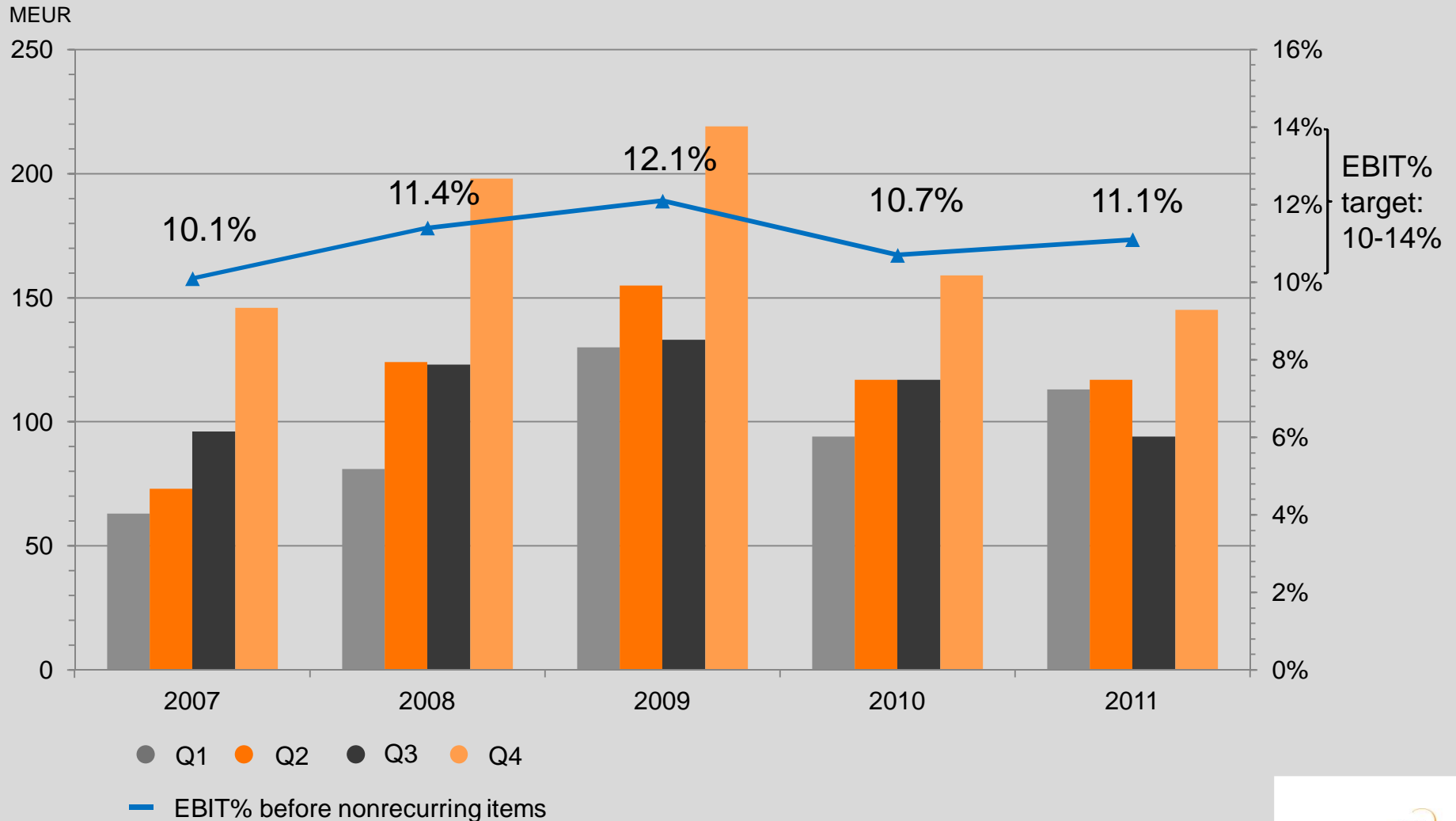
Order book distribution



● Delivery next year ● Delivery next year +

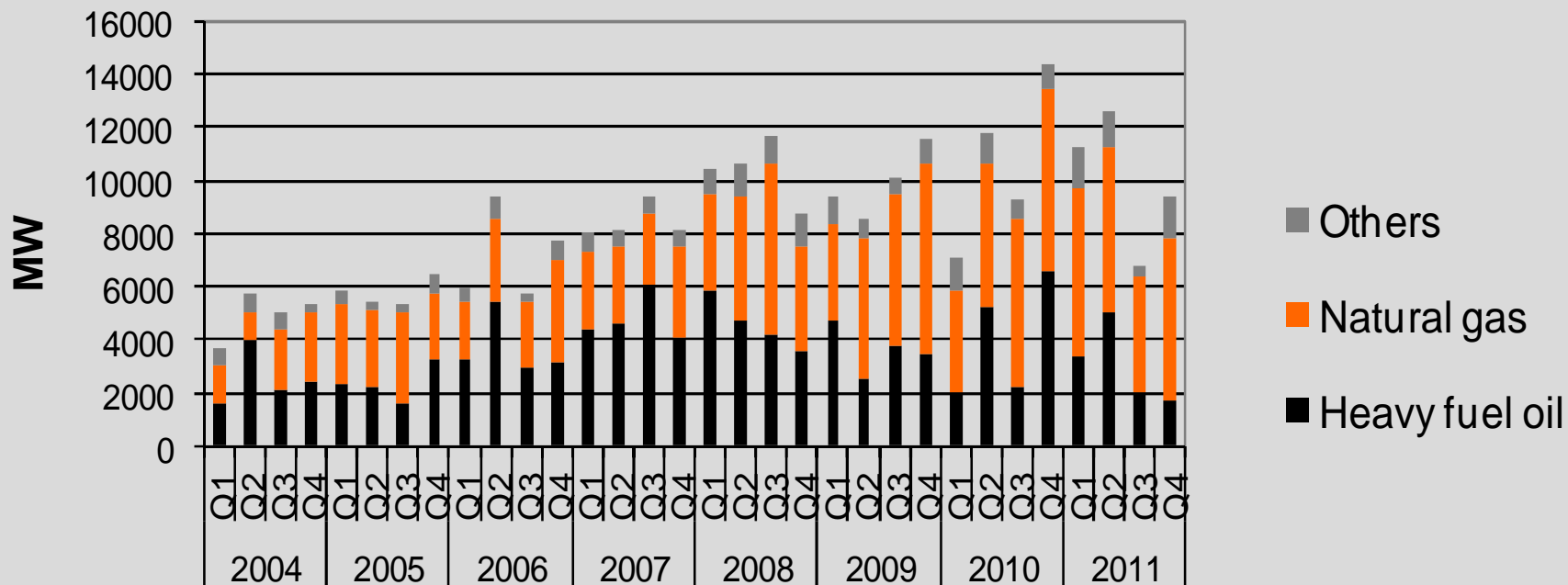


Resilient profitability



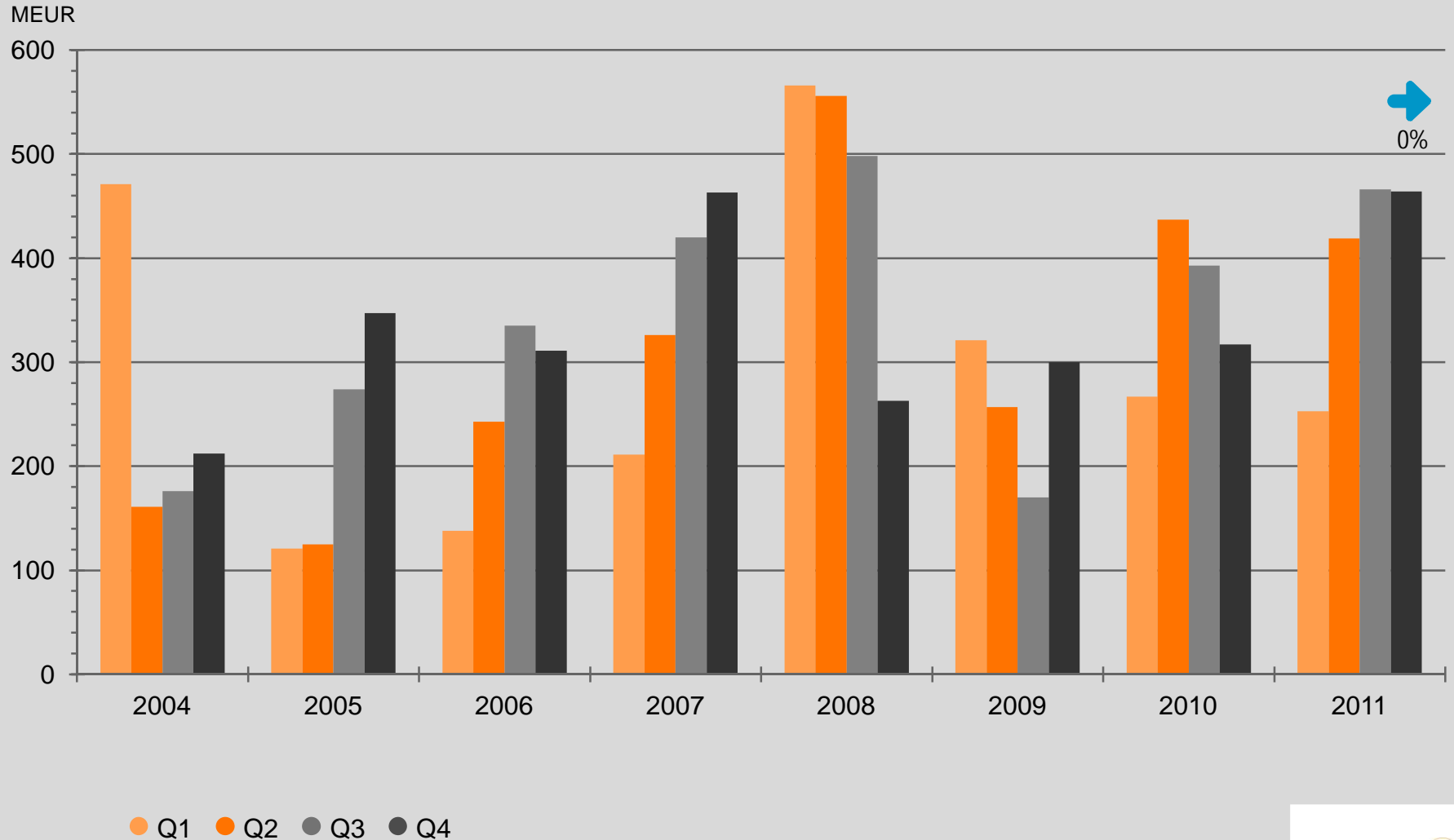
Power Plants - market activity showed a clear rebound

Quoted MW per Fuel Type

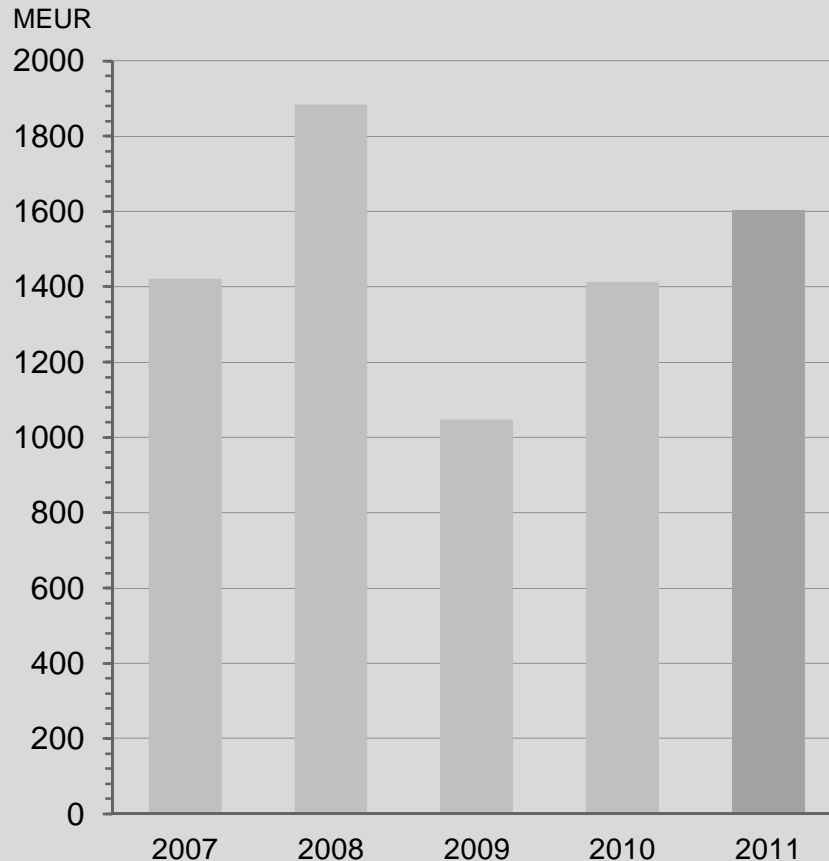


Share of natural gas is consistently increasing

Power Plants quarterly order intake

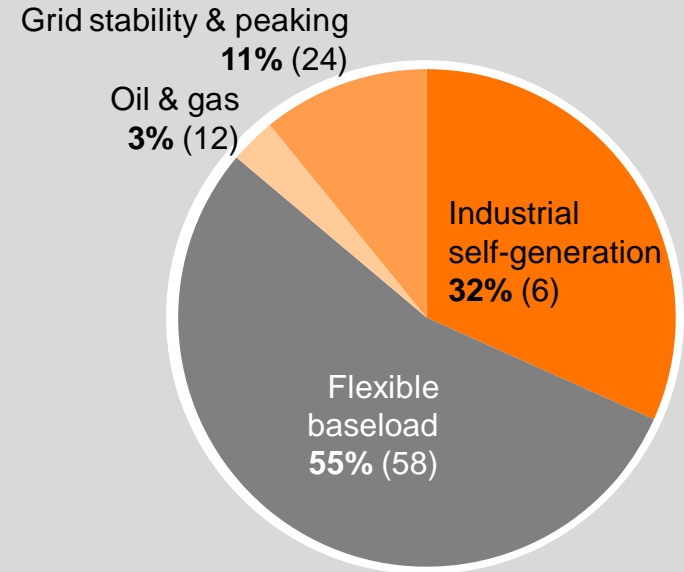


Power Plants order intake by application

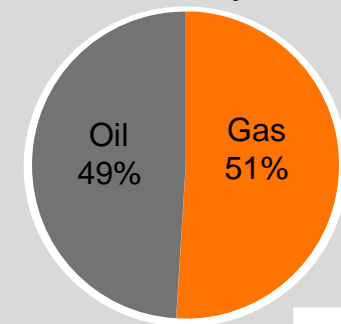


Numbers in brackets are from 1-12/2010

2011 development
Total EUR 1,602 million (1,413)

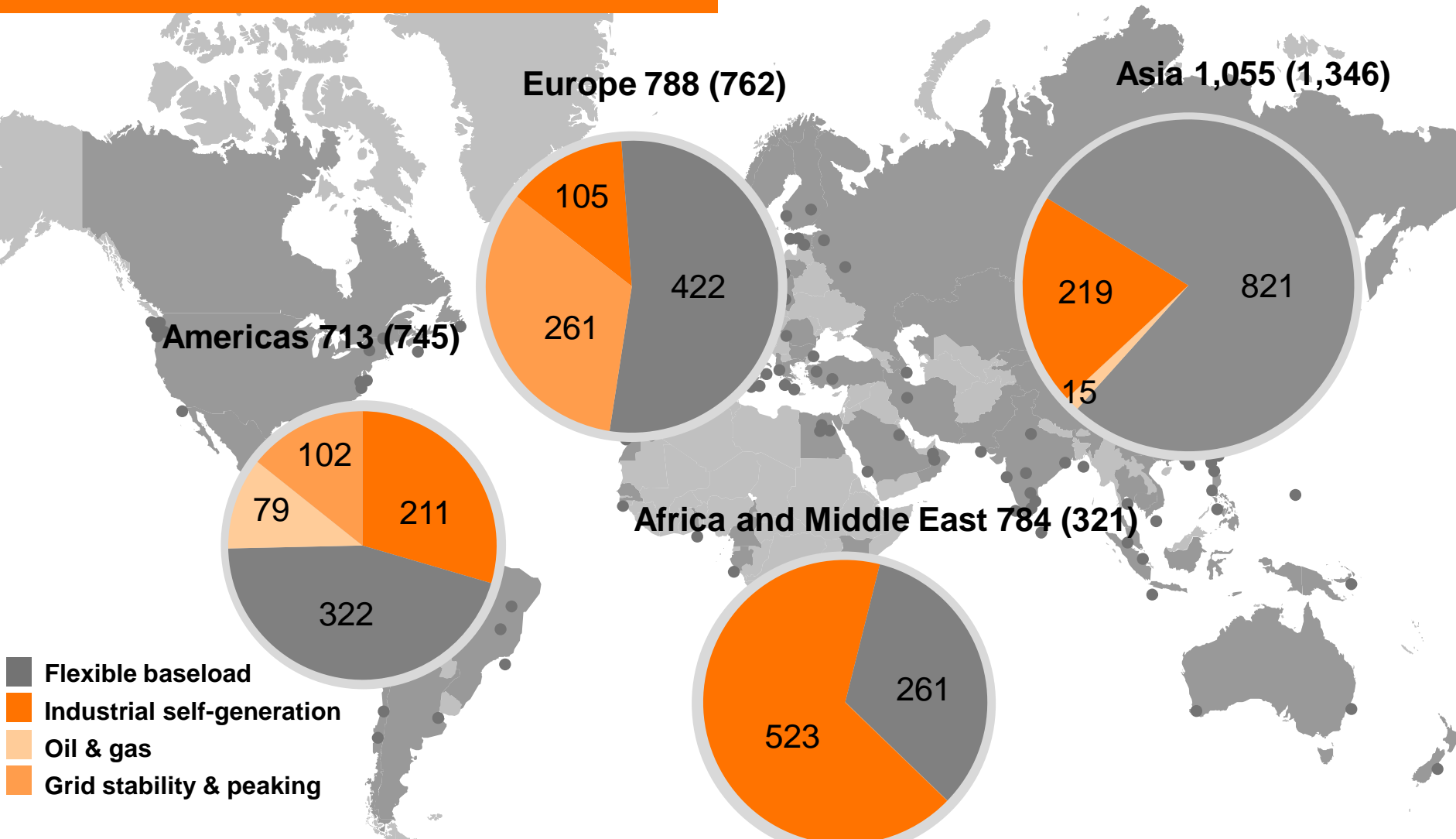


2011 order intake by fuel in MW



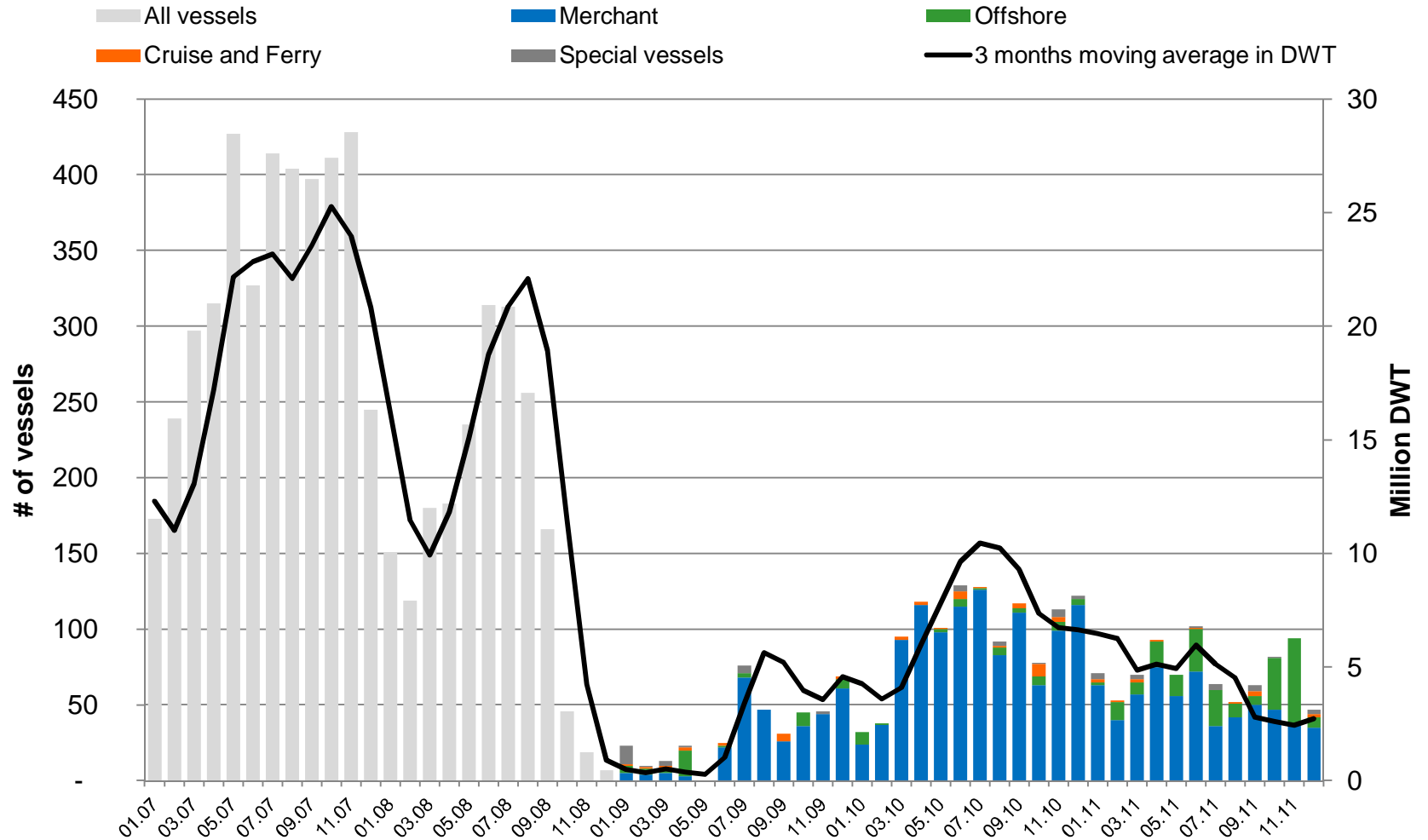
Power Plants order intake

Good global spread



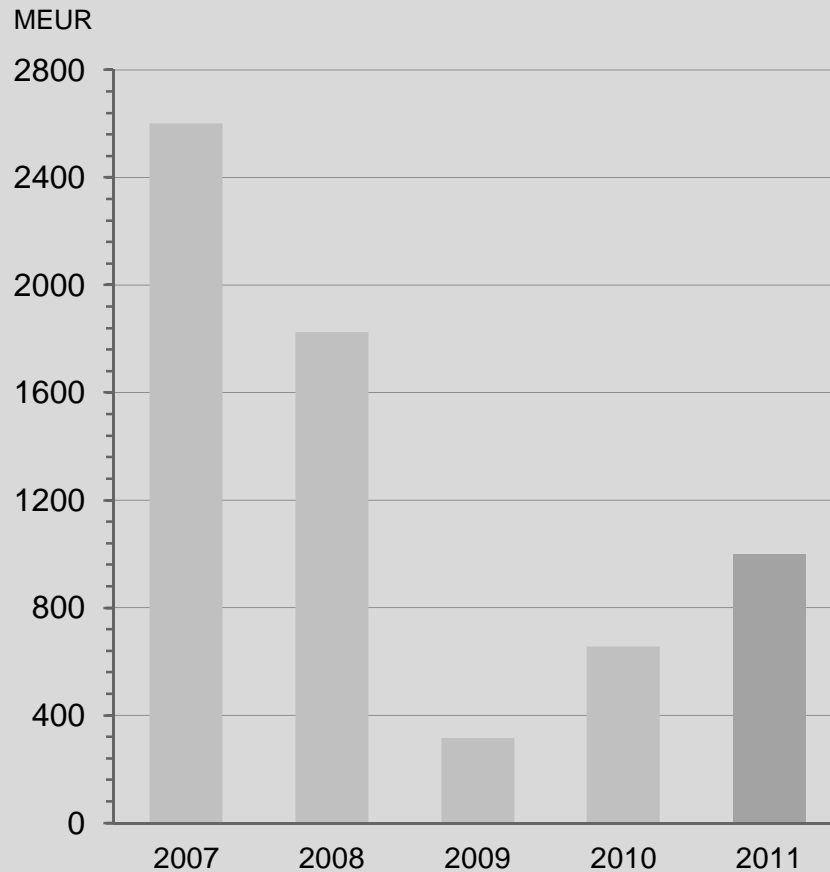
Order intake 2011: 3,340 MW (3,175)

Ship Power market – vessel order development

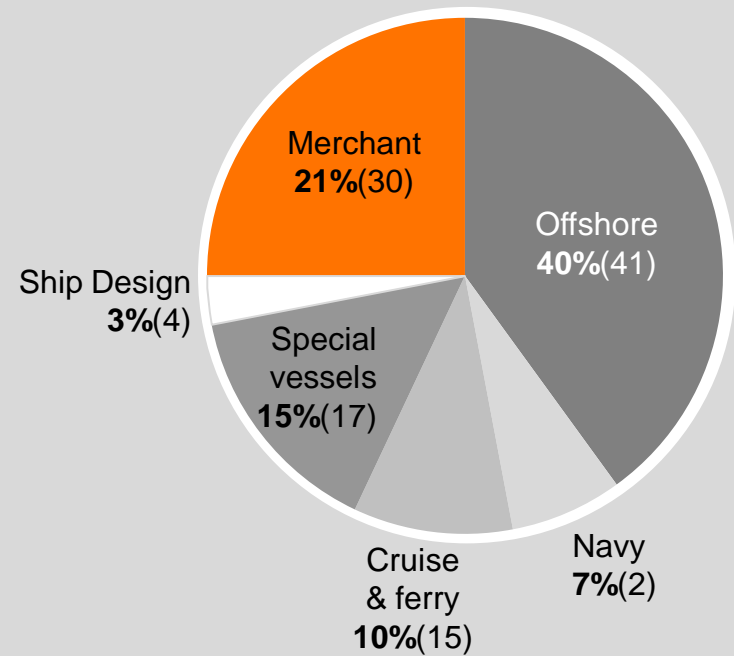


Source: Clarkson Research Services

Ship Power order intake by segment

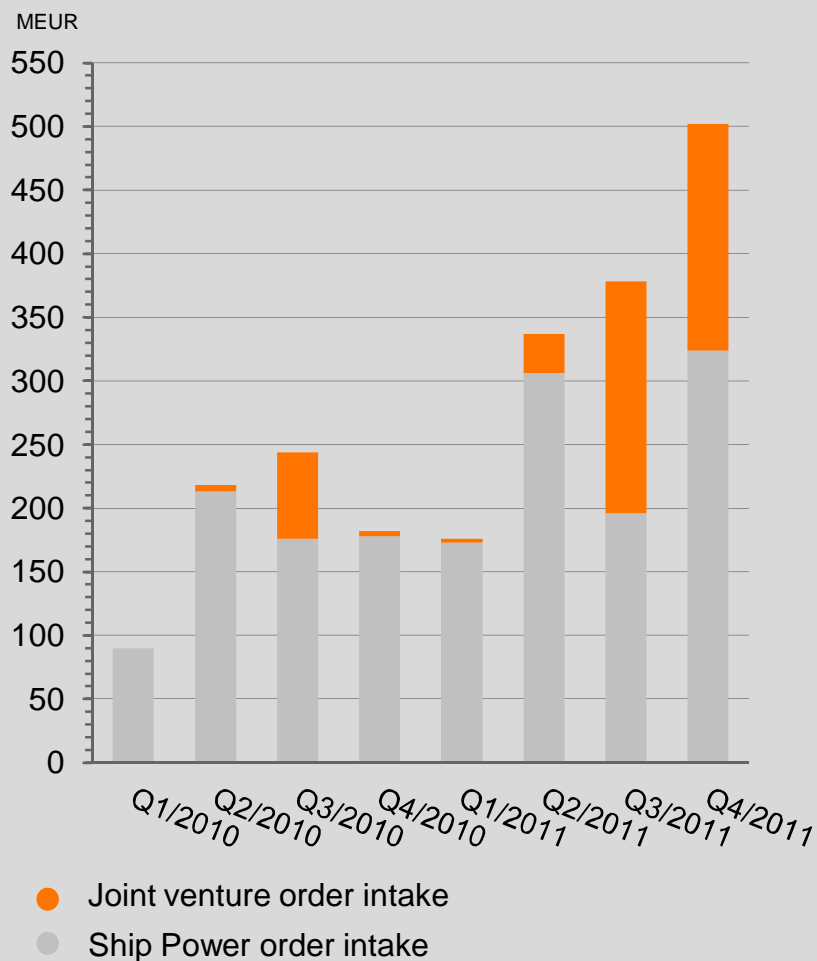


2011 development
Total EUR 1,000 million (657)



Numbers in brackets are from 1-12/2010

Good ordering activity in joint ventures

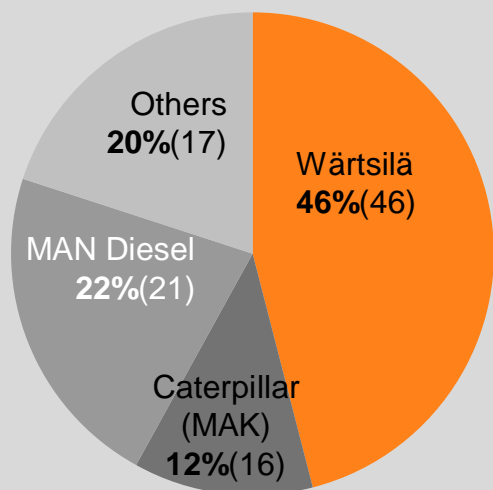


- Order intake grew significantly in the South Korean joint venture Wärtsilä Hyundai Engine Company Ltd (WHEC)
 - WHEC received dual-fuel engine orders for 34 LNG vessels during 2011
- Total order intake in WHEC and the Chinese joint venture Wärtsilä Qiyao Diesel Company Ltd was EUR 394 million (77) during the review period January-December 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

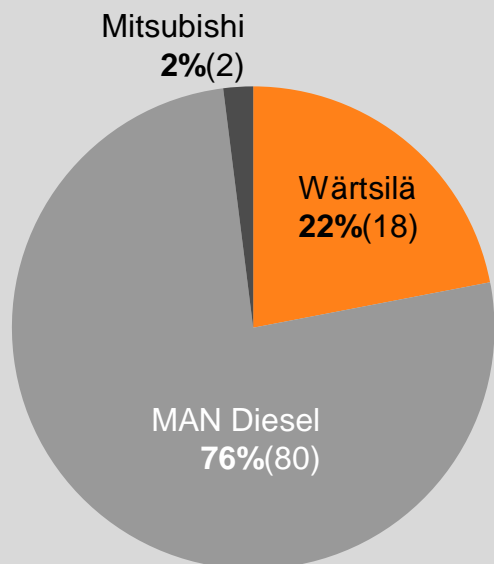
Market position of Wärtsilä's marine engines

Medium-speed main engines



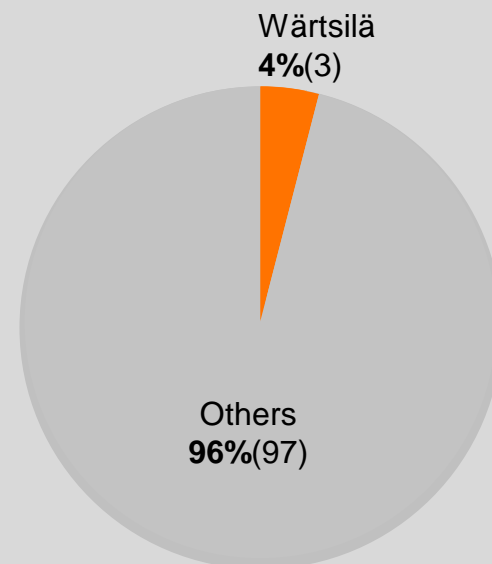
Total market volume last 12 months:
2,977 MW (2,655)

Low-speed main engines



Total market volume last 12 months:
15,758 MW (19,306)

Auxiliary engines

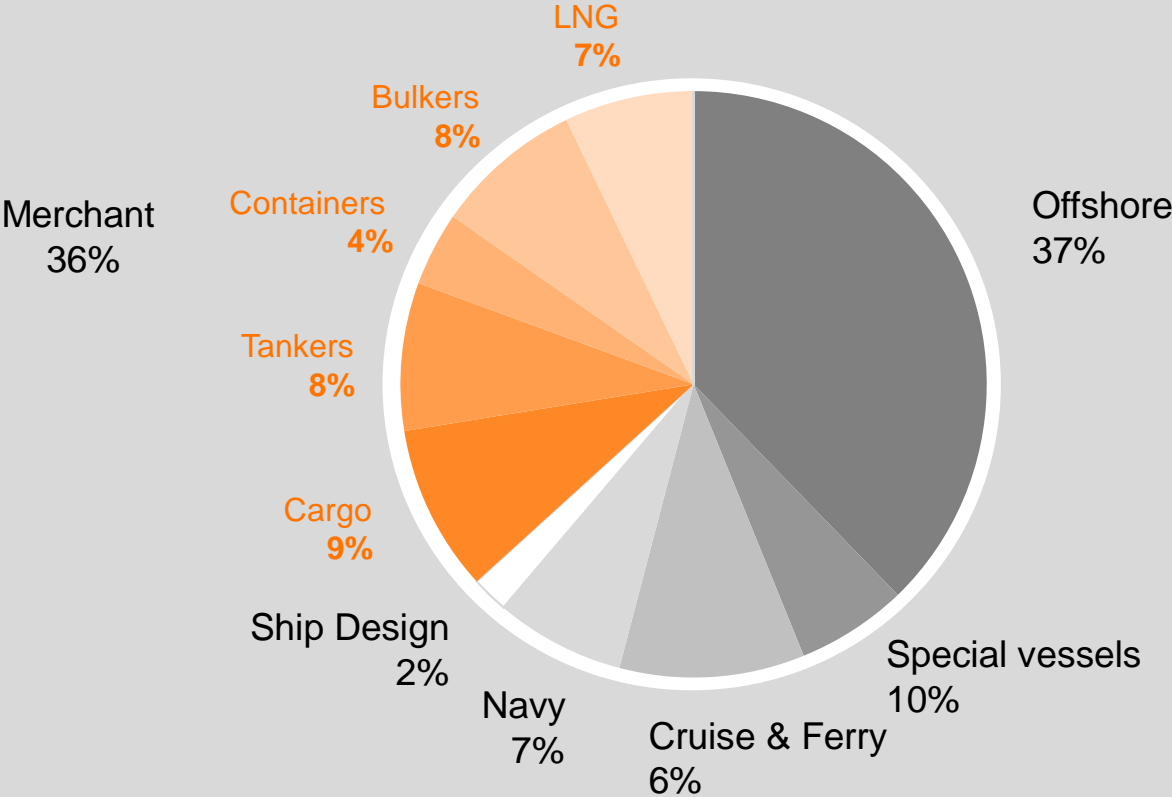


Total market volume last 12 months:
3,949 MW (4,118)

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 31 December 2011

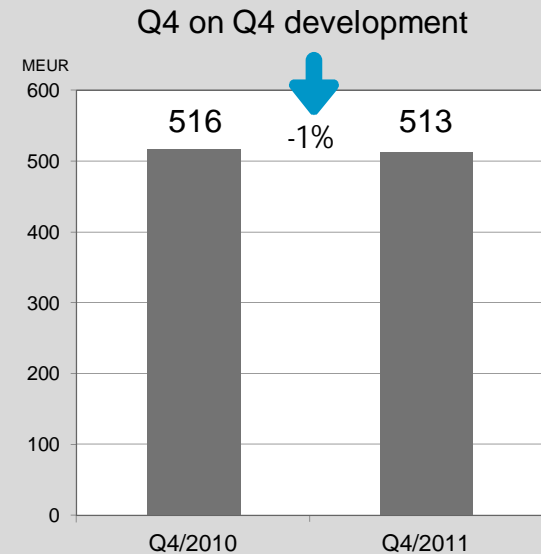
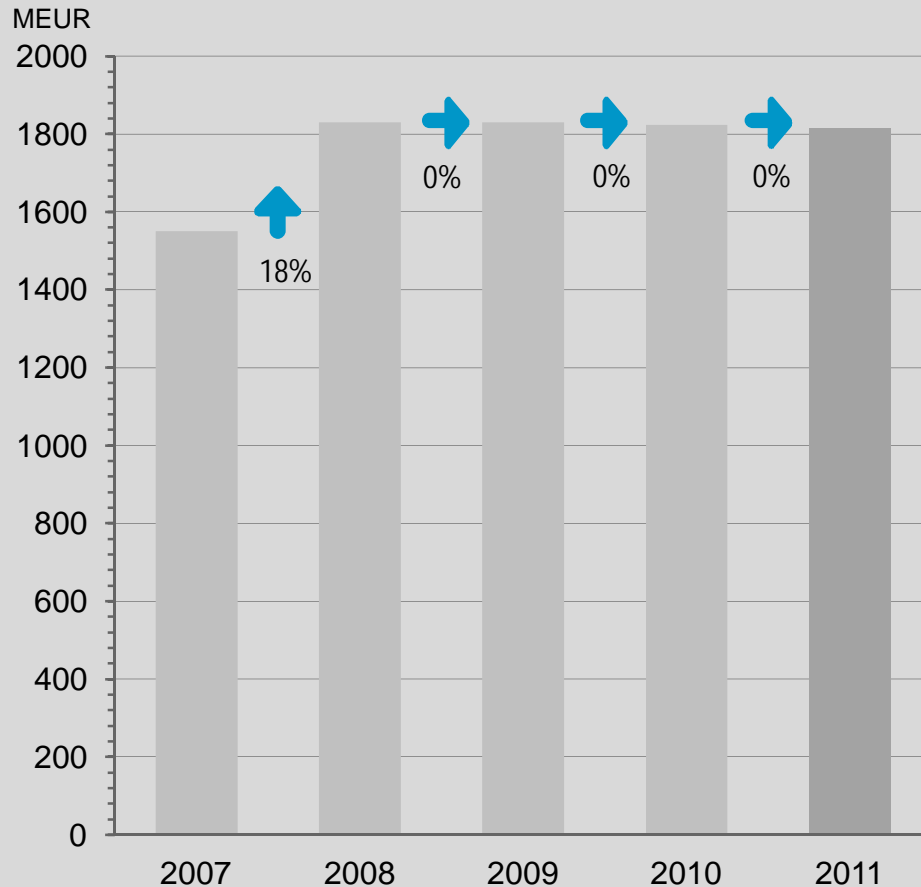
All vessel segments represented



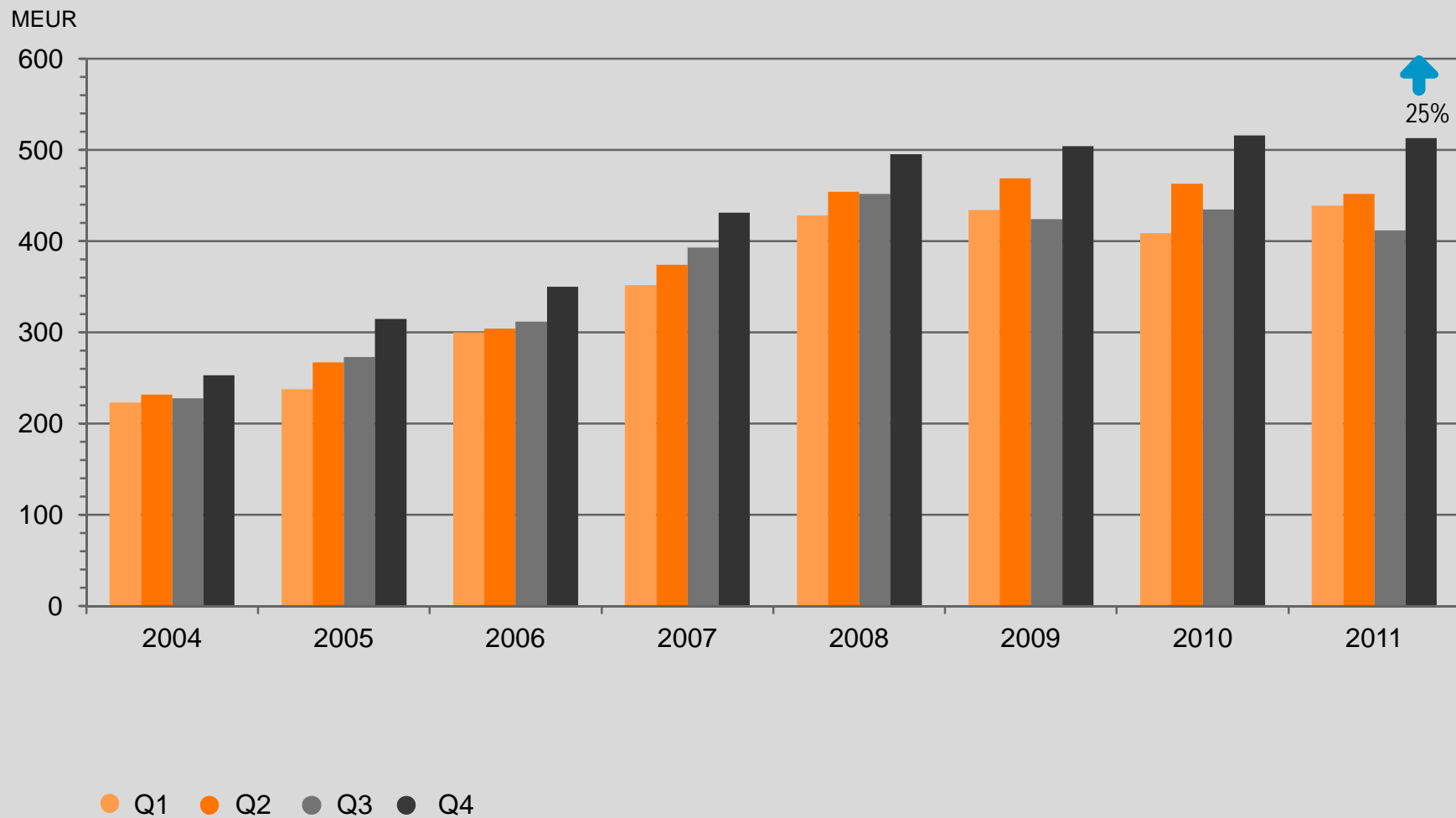
Total EUR 1,684 million (1,825)



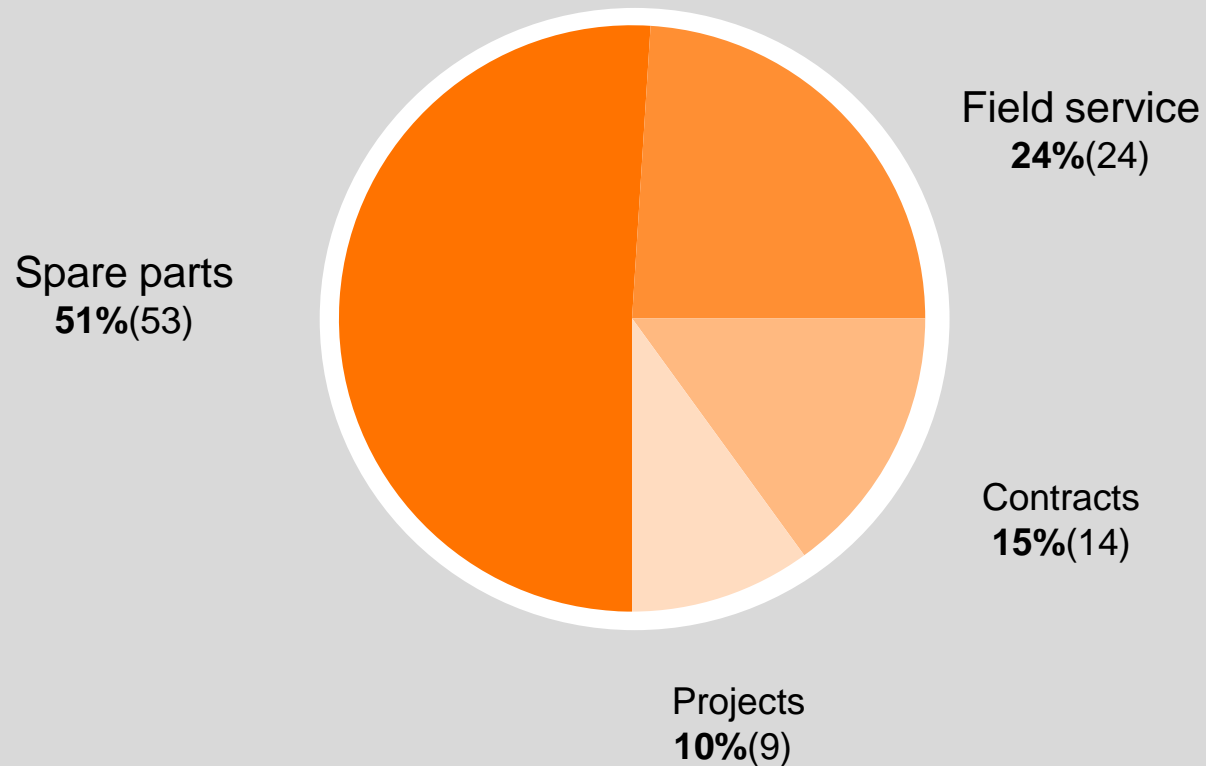
Services net sales development



Services - Net sales by quarter

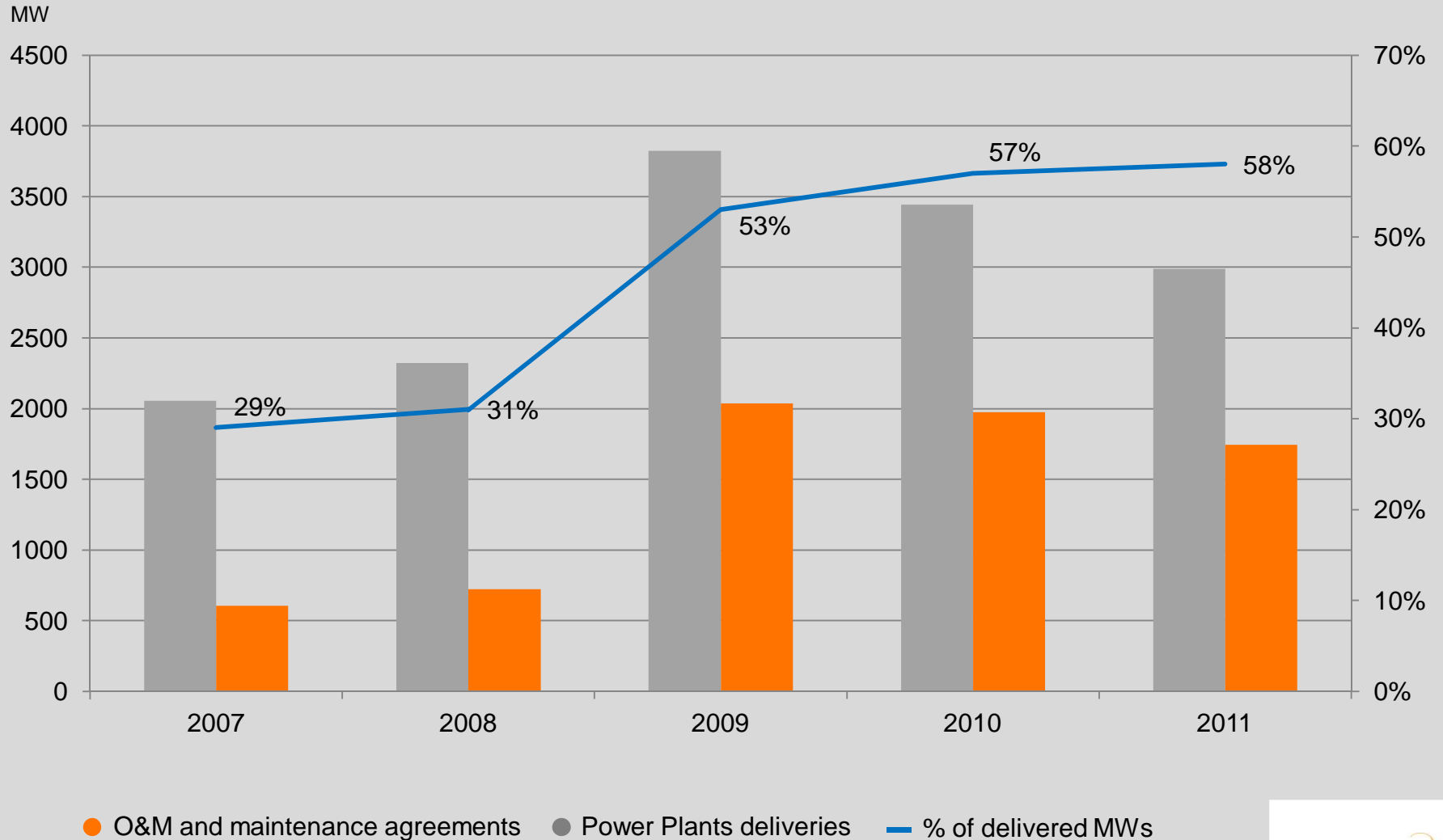


Services net sales distribution 2011



Numbers in brackets are from 1-12/2010

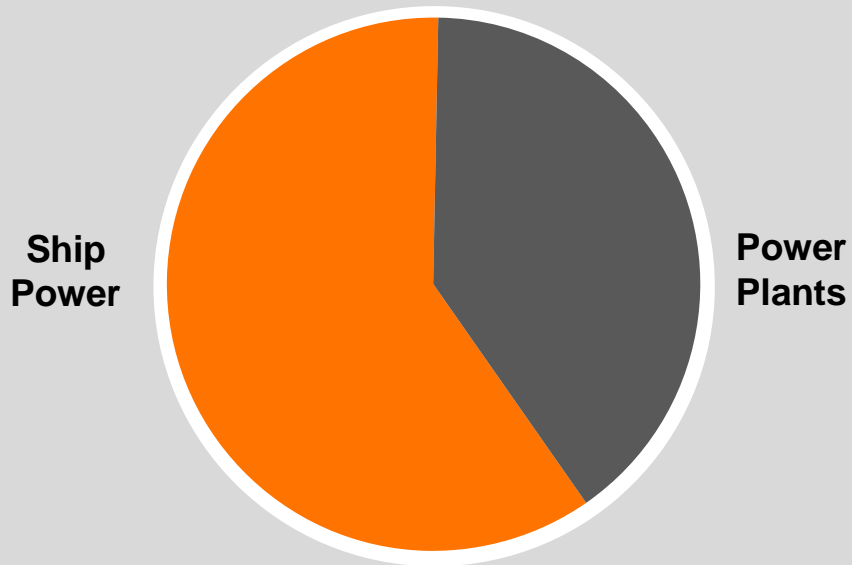
Development of Power Plants service agreements



Services distribution per business 2011

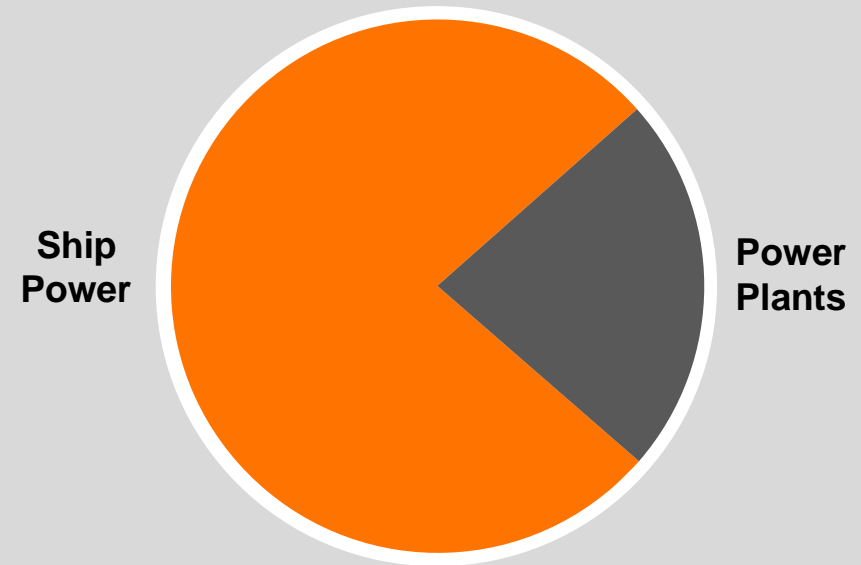
Net sales distribution

Total EUR 1,816 million



Installed base distribution

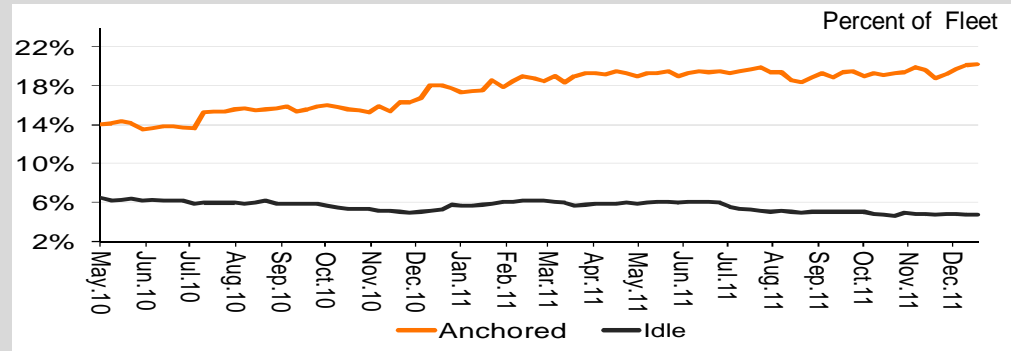
Total 180,160 MW



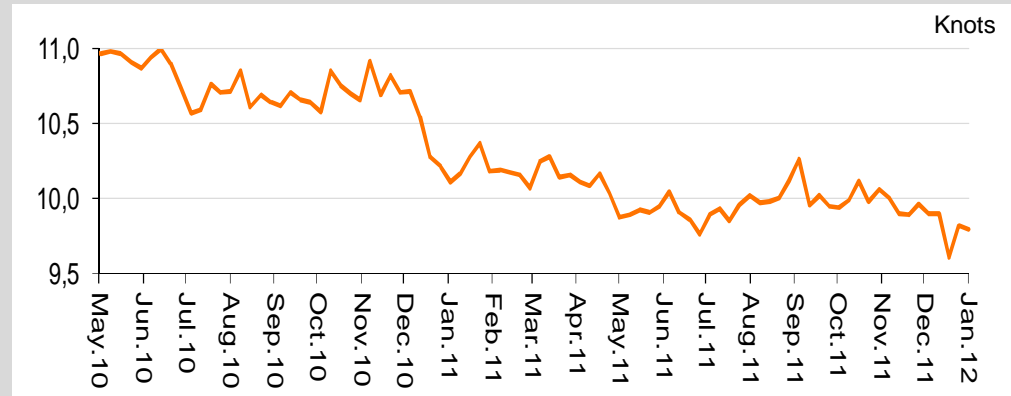
In addition to Engine Services, Wärtsilä's Services portfolio includes: Electrical & Automation Services, Propulsion Services, Boiler Services, Environmental Services, O&M and Training Services

Services – Fleet utilisation

Anchored* & Idle Vessels**



Fleet Average Speed***

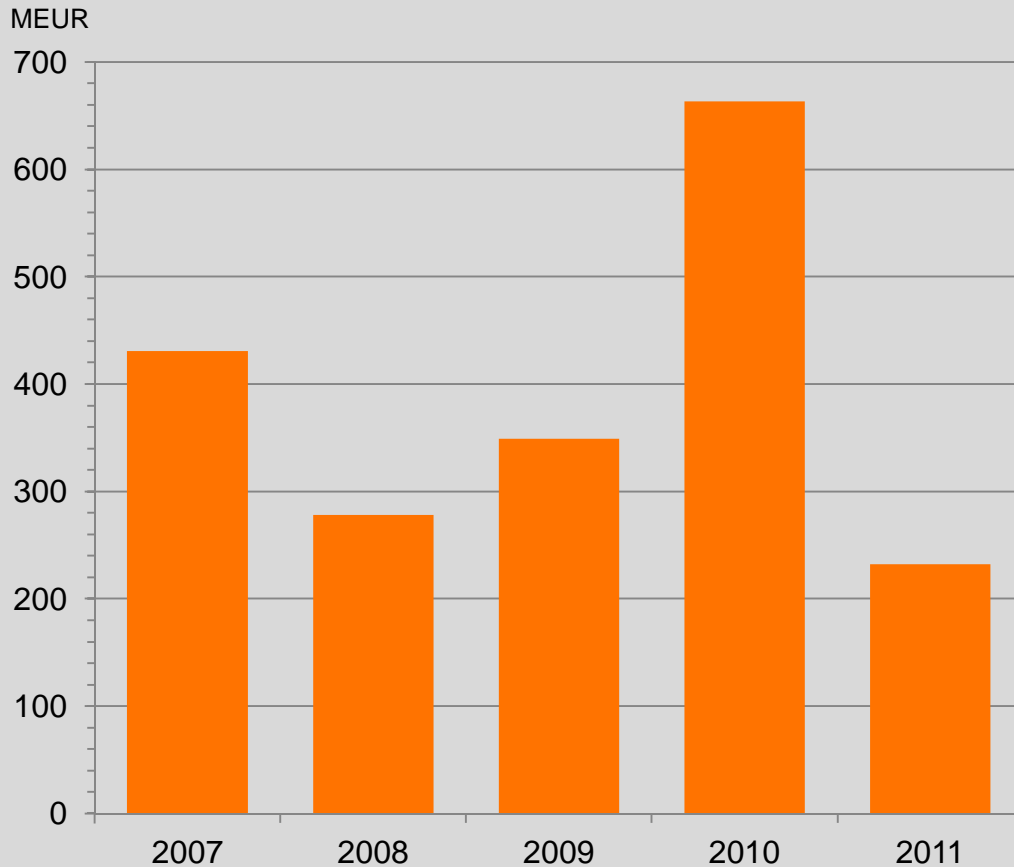


* Source Bloomberg (AISLive). More than 25 000 vessels (>299 GT) covered.

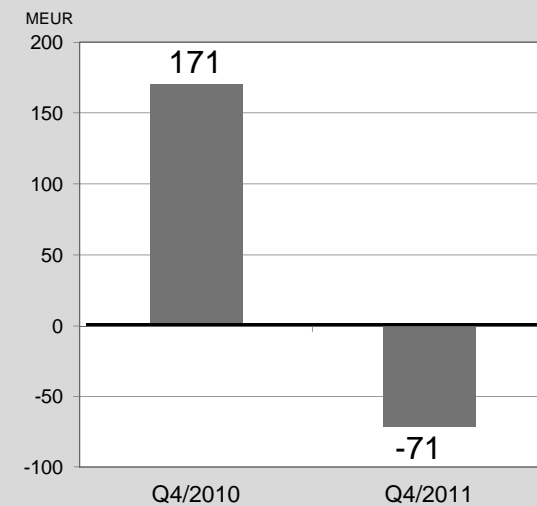
** Idle (no movement for 19 days for containerships, others 35 days). Source Lloyd's MIU. Around 15 000 vessels (>299 GT) covered.

*** Source Bloomberg

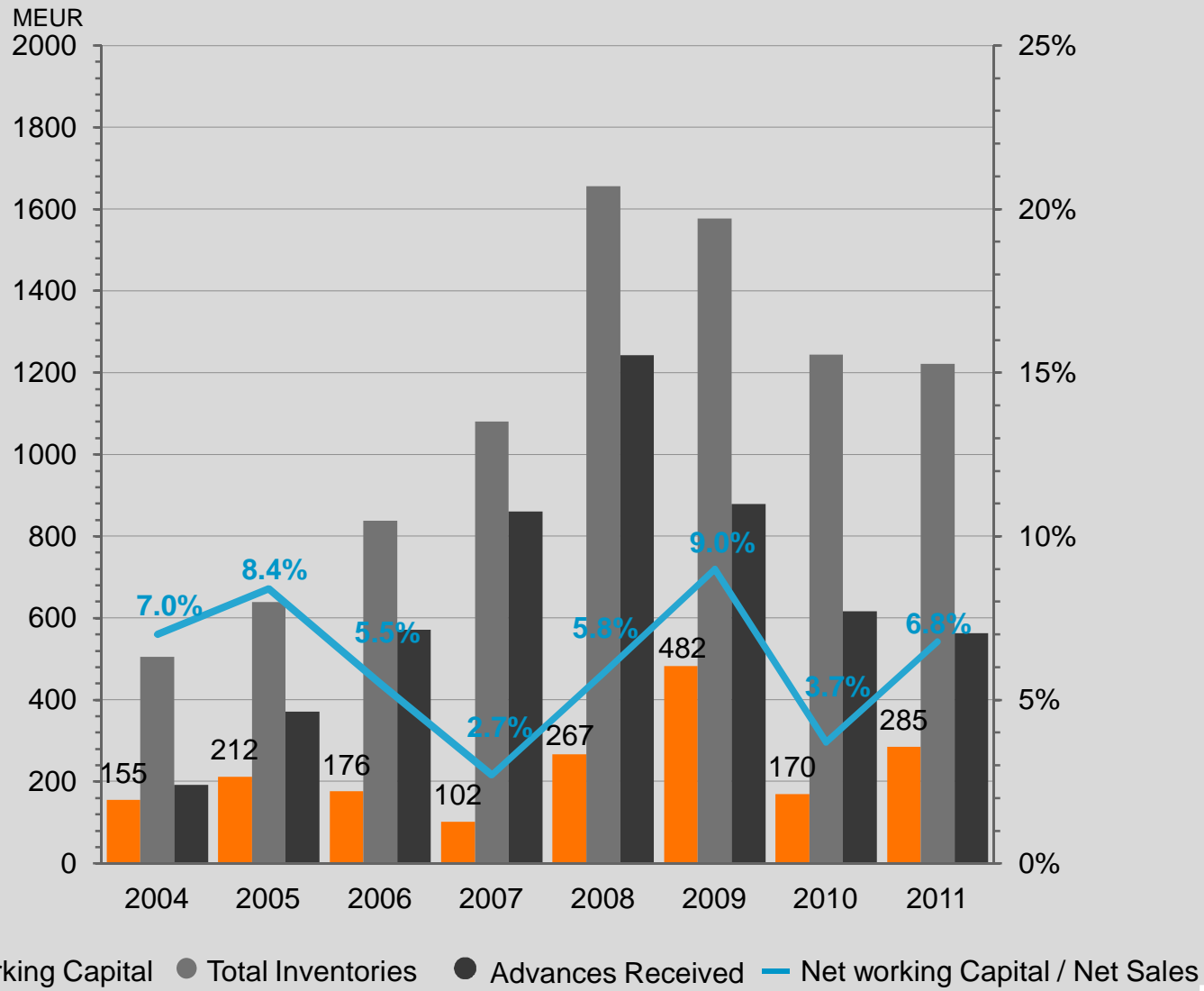
Cash flow from operating activities



Q4 on Q4 development

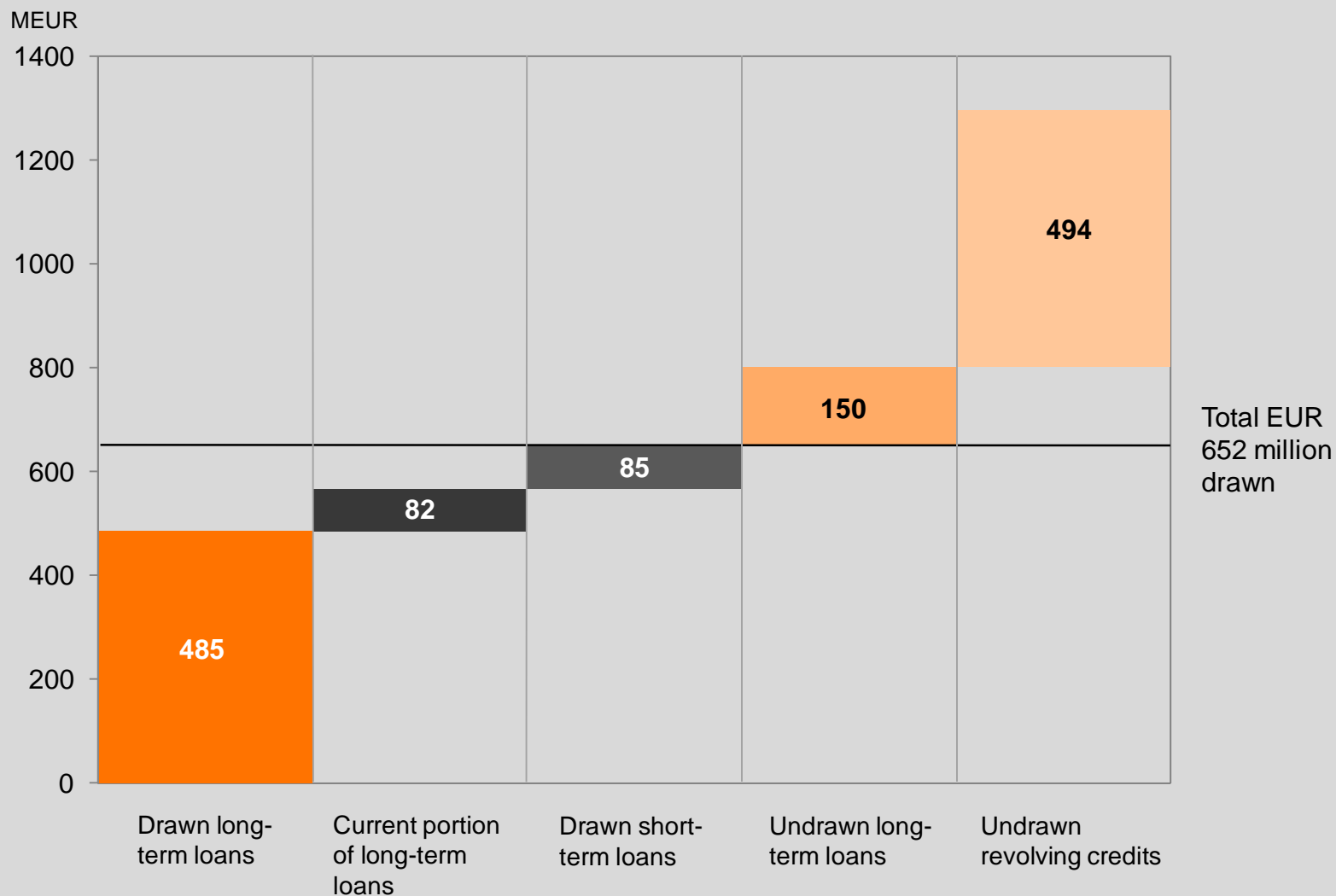


Net working capital development



2004 figures relate to the Power Businesses

Committed loans 31 December 2011

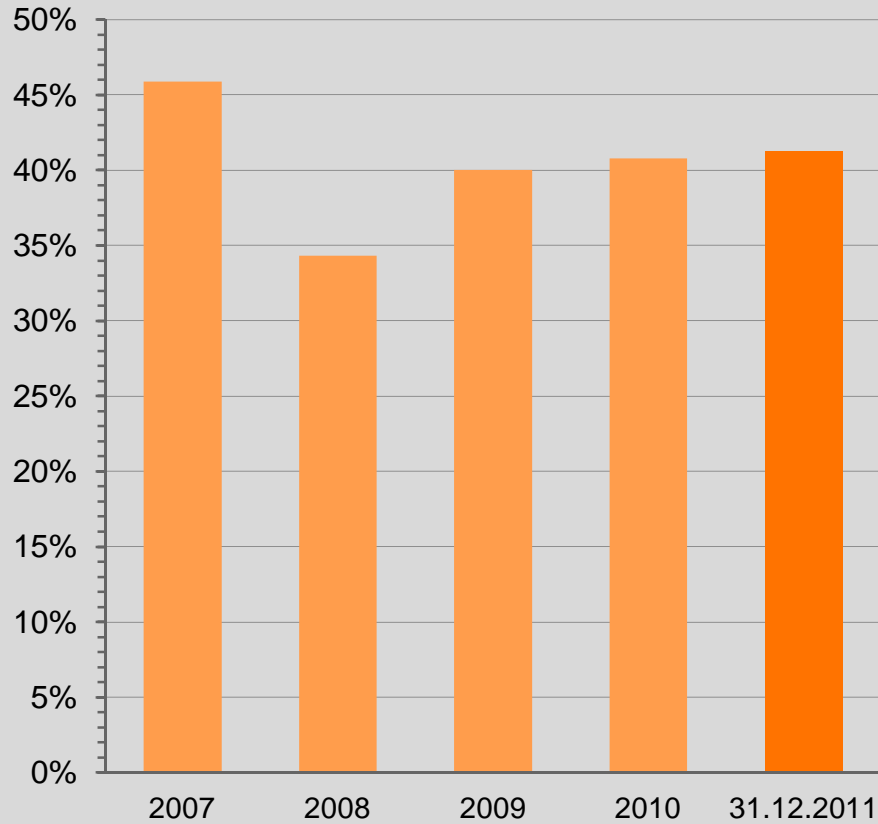


At the end of the reporting period, drawn revolving credits amounted to 0 euro. Drawn short-term loans include EUR 70 million Finnish Commercial Papers.

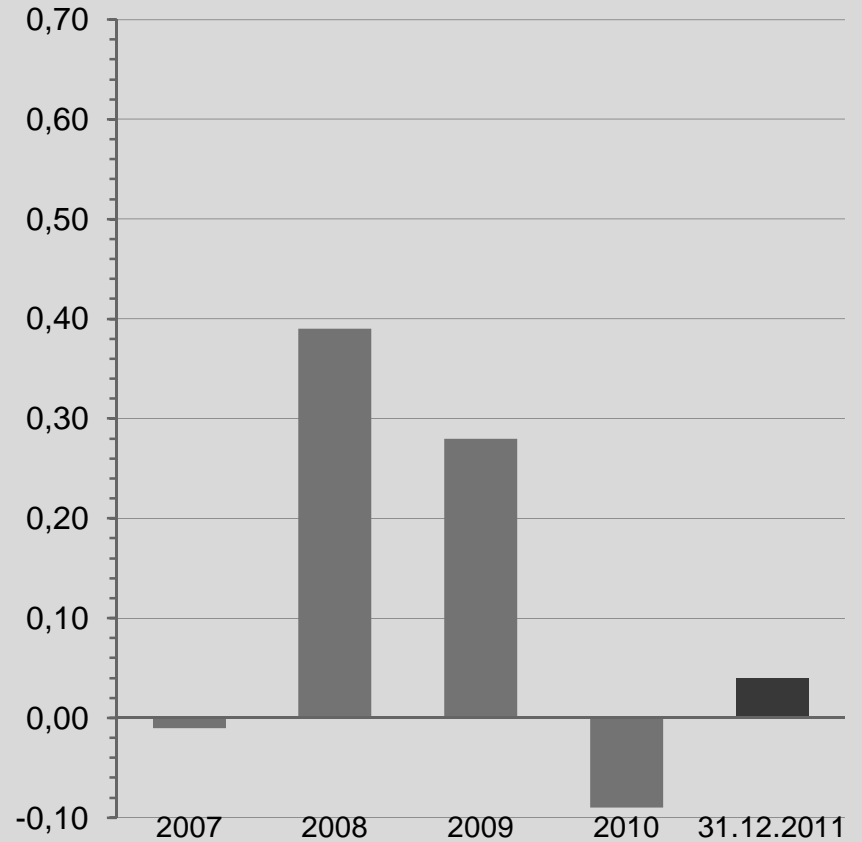
The total amount of Finnish Commercial Paper Programs was EUR 700 million (uncommitted).

Financial position

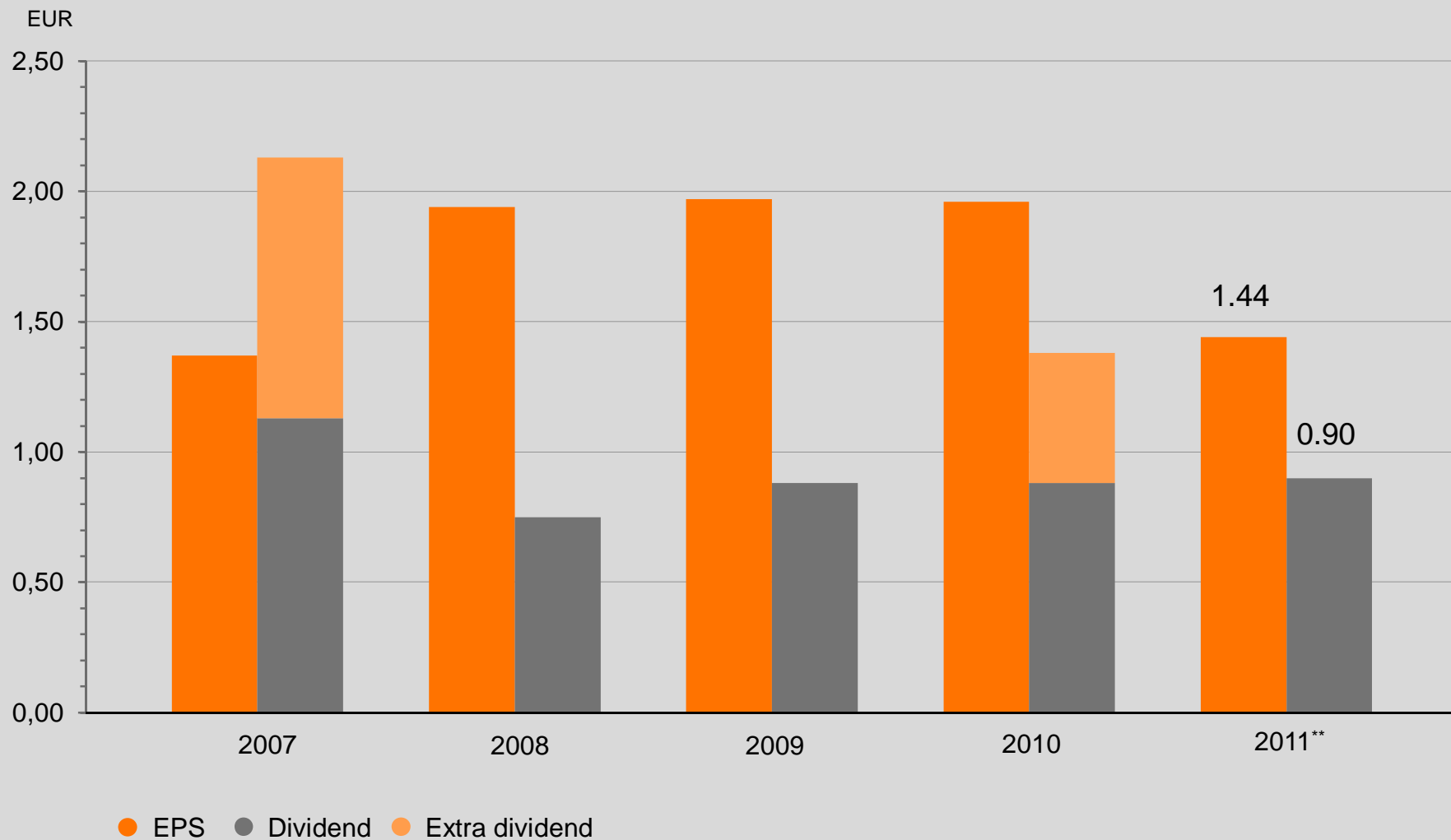
Solvency



Gearing



EPS* and dividend/share



* Earnings per share after non-recurring items

** Dividend 2011 - Proposal of the Board

Restructuring programmes



- Personnel reductions of approx. 1,800 targeted. This target has nearly been reached, the remaining reductions will materialise during 2012.
- Expected annual savings approx. EUR 130 million, of which EUR 60 million recognised by end of 2010 and approx. EUR 60 million materialised during 2011. The remainder of the cost savings will materialise in 2012.
- Nonrecurring restructuring costs approx. EUR 150 million, of which EUR 115 million recognised by end of 2010 and EUR 24 million recognised during January-December 2011. The remainder of the restructuring costs will be recognised in 2012.



- **Power Plants:** The power generation market is expected to remain on a good level in 2012, but due to macroeconomic issues, significant growth is not foreseen.
- **Ship Power:** Overall levels of contracting expected to be about the same or slightly lower than during 2011. The vessel contracting mix is expected to be in line with that seen in 2011 favouring vessel contracting for specialised segments.
- **Services:** There are no major changes in the market outlook for 2012. In the short term, development of the active installed base is expected to be moderate in the marine service market. The power plant service market is expected to develop steadily.

Three growth areas show interesting potential



- Wärtsilä aims to be the leader in complete lifecycle power solutions for the global marine markets and selected energy markets worldwide
- We see growth opportunities in three areas:
 - Smart Power Generation concept
 - Dual-fuel engines and related systems for the marine market
 - Environmental solutions, including scrubbers and ballast water treatment systems
- Our strengths are our technological leadership, an integrated product and service offering, our close and longstanding customer relationships, and our unparalleled global presence
- We are determined to capture growth opportunities within our end markets, while maintaining a solid profitability

Long-term financial targets maintained



- Target to grow faster than global GDP
- Operating profit margin (EBIT%) target:
 - 14% at the peak of the cycle
 - maintain above 10% at the trough
- Gearing below 50%
- Our target is to pay a dividend equivalent to 50% of earnings per share



Wärtsilä expects its net sales for 2012 to grow by 5-10% and its operational profitability (EBIT% before nonrecurring items) to be 10-11%.

These estimates take into account the impact of the Hamworthy acquisition, which is expected to become effective on 31 January 2012.

Wärtsilä's electronic Annual Report 2011 will be published during week 7, 2012 on our website www.wartsila.com.



WÄRTSILÄ

IR Contact:

Pauliina Tennilä

Director, Investor Relations

Tel. +358 (0) 40 570 5530

E-mail: pauliina.tennila@wartsila.com

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