

# WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY-JUNE 2012

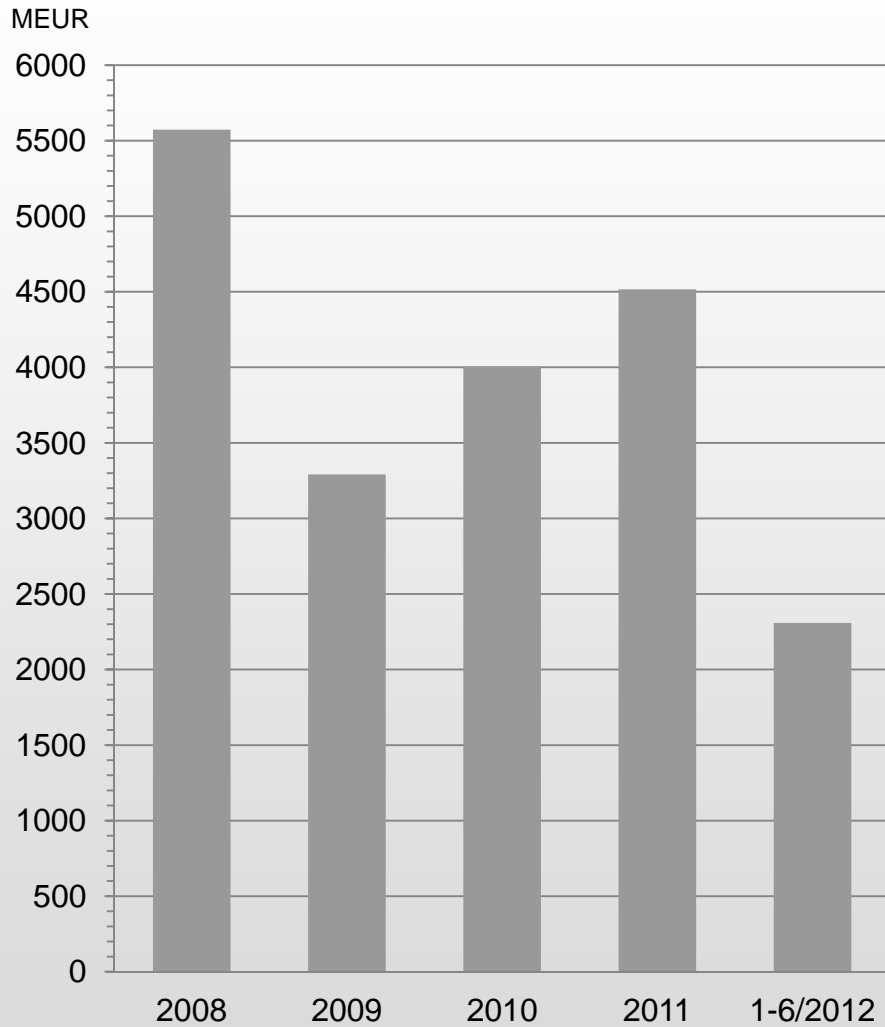
BJÖRN ROSENGREN, PRESIDENT & CEO

18 JULY 2012

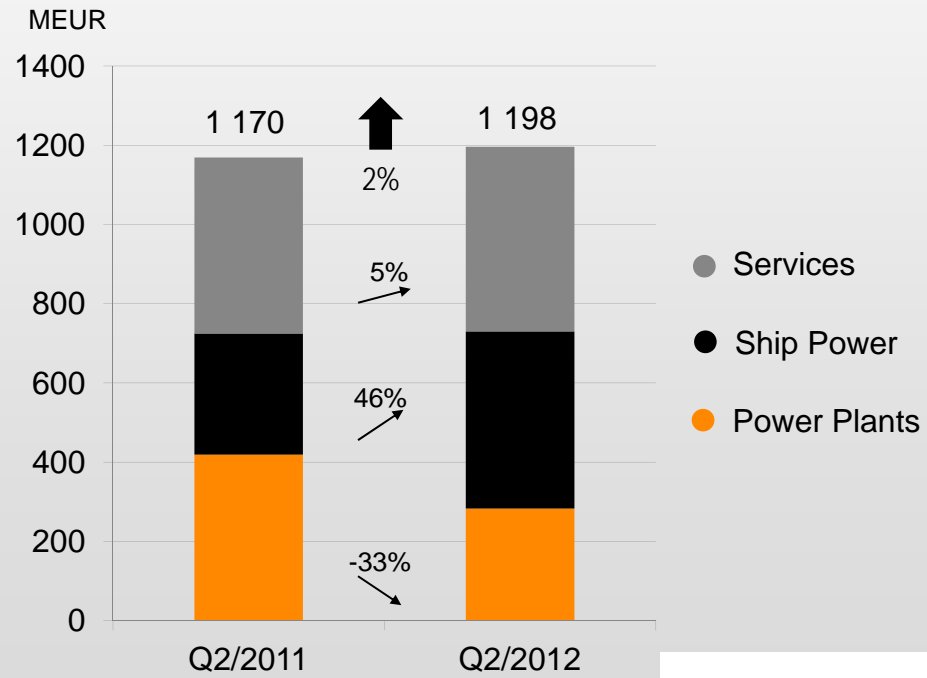


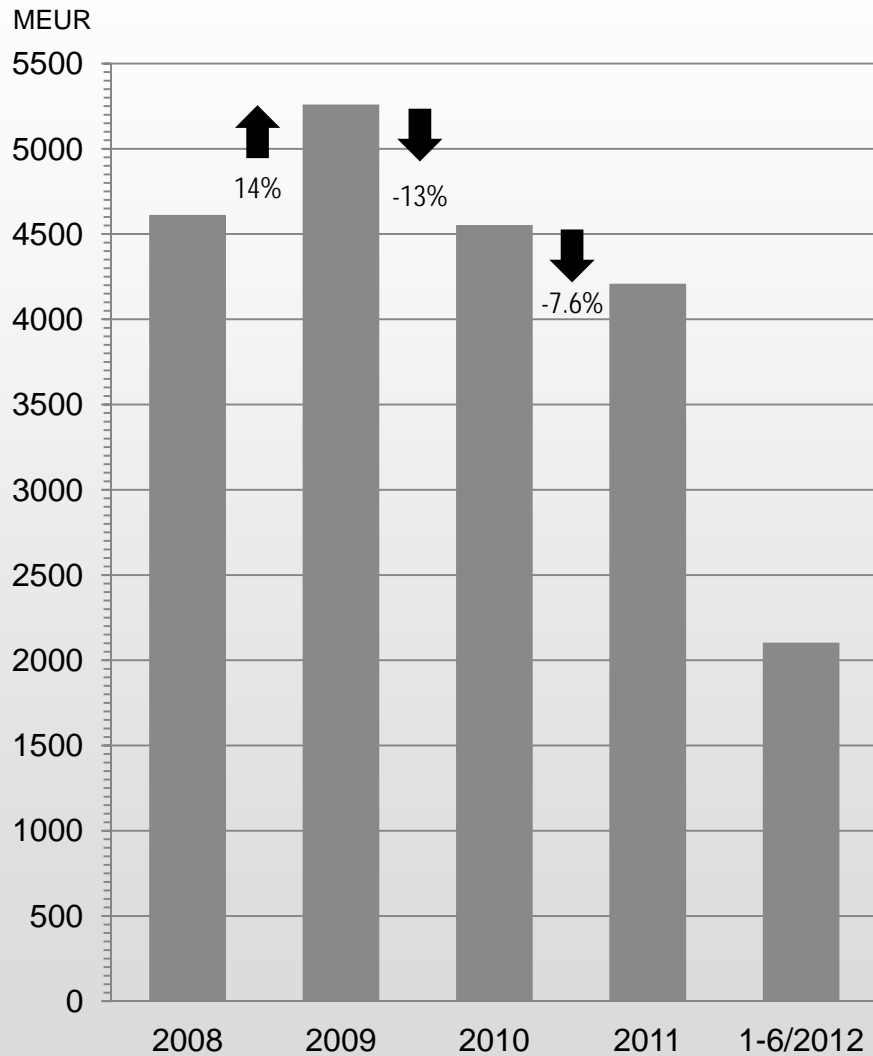
- Order intake EUR 1,198 million, +2%
- Net sales EUR 1,099 million, +6%
- Book-to-bill 1.09 (1.13)
- EBIT EUR 113 million,  
10.3% of net sales
- EBITA EUR 123 million,  
11.2% of net sales
- EPS EUR 0.38 (0.35)

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

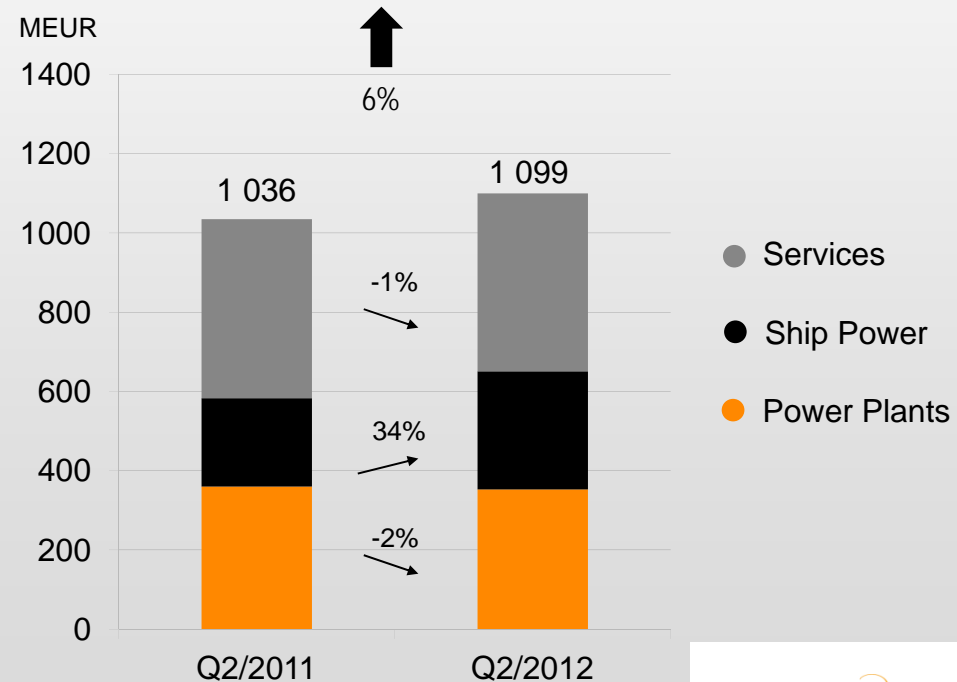


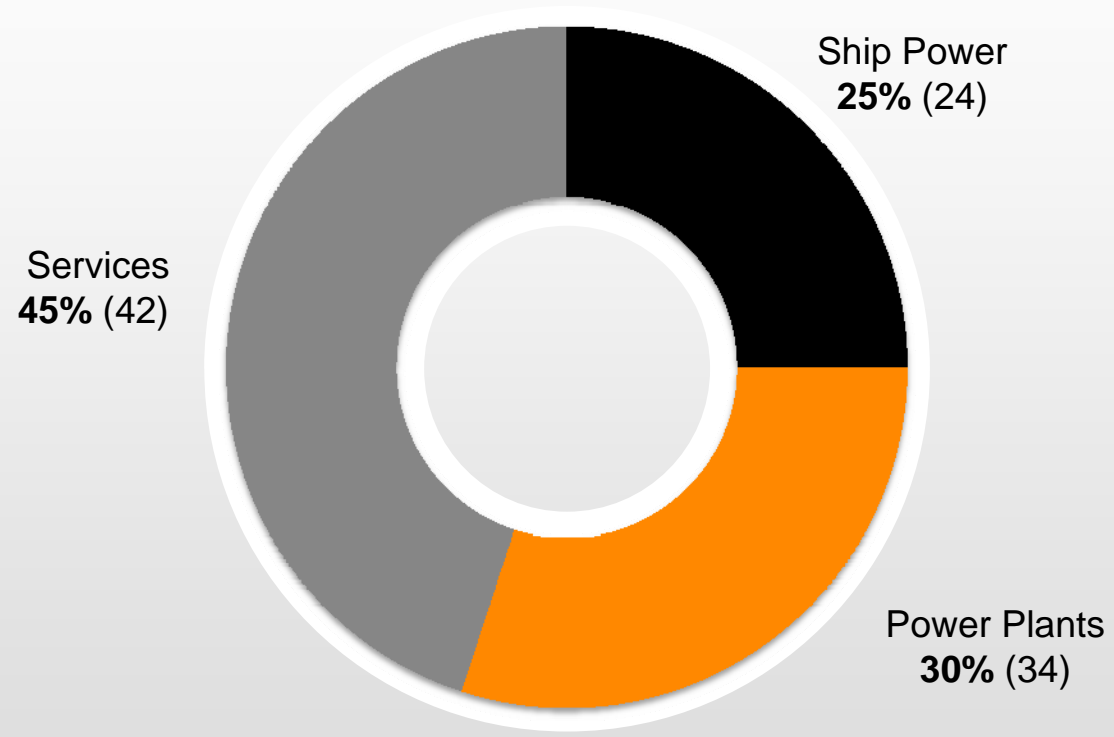
## Second quarter development



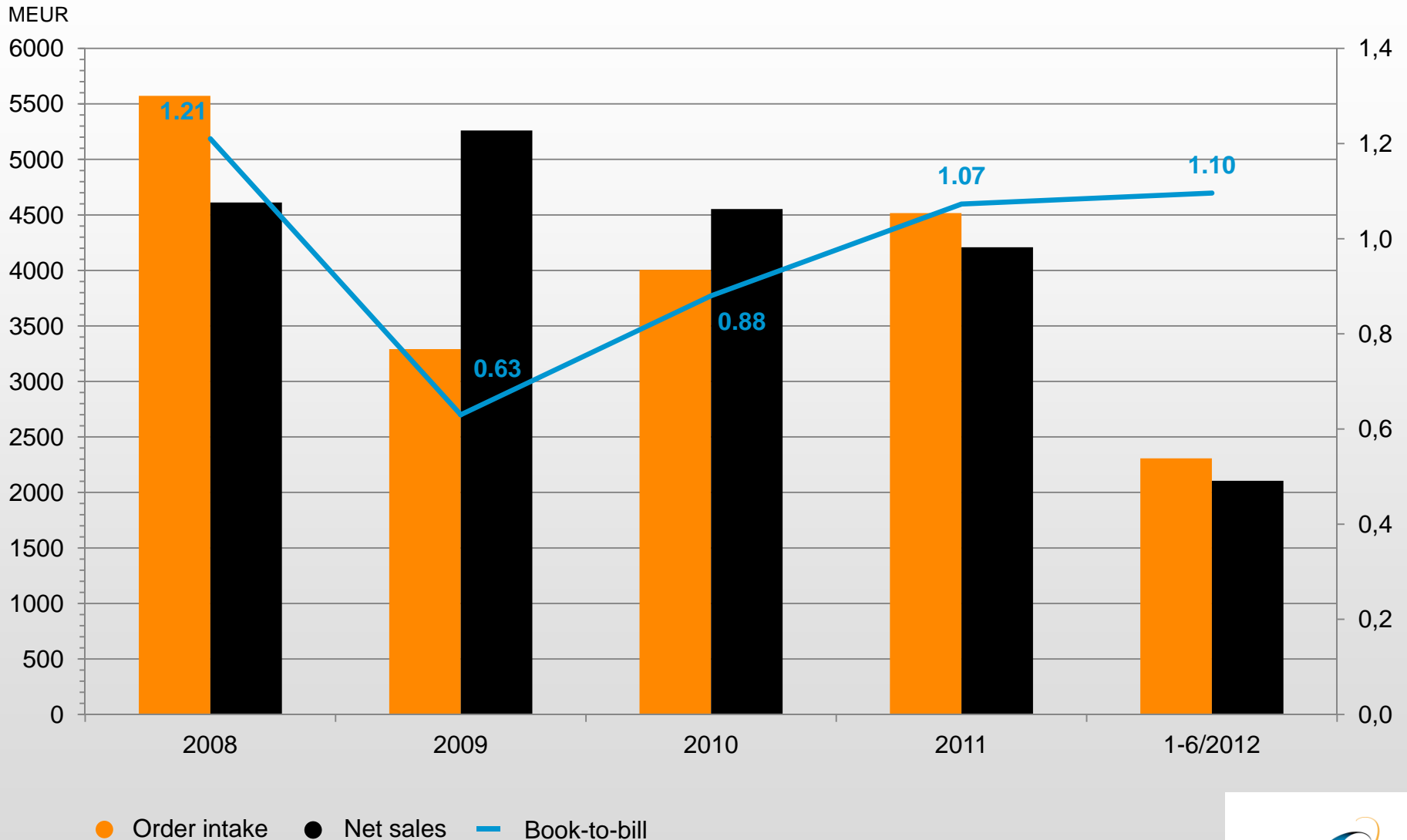


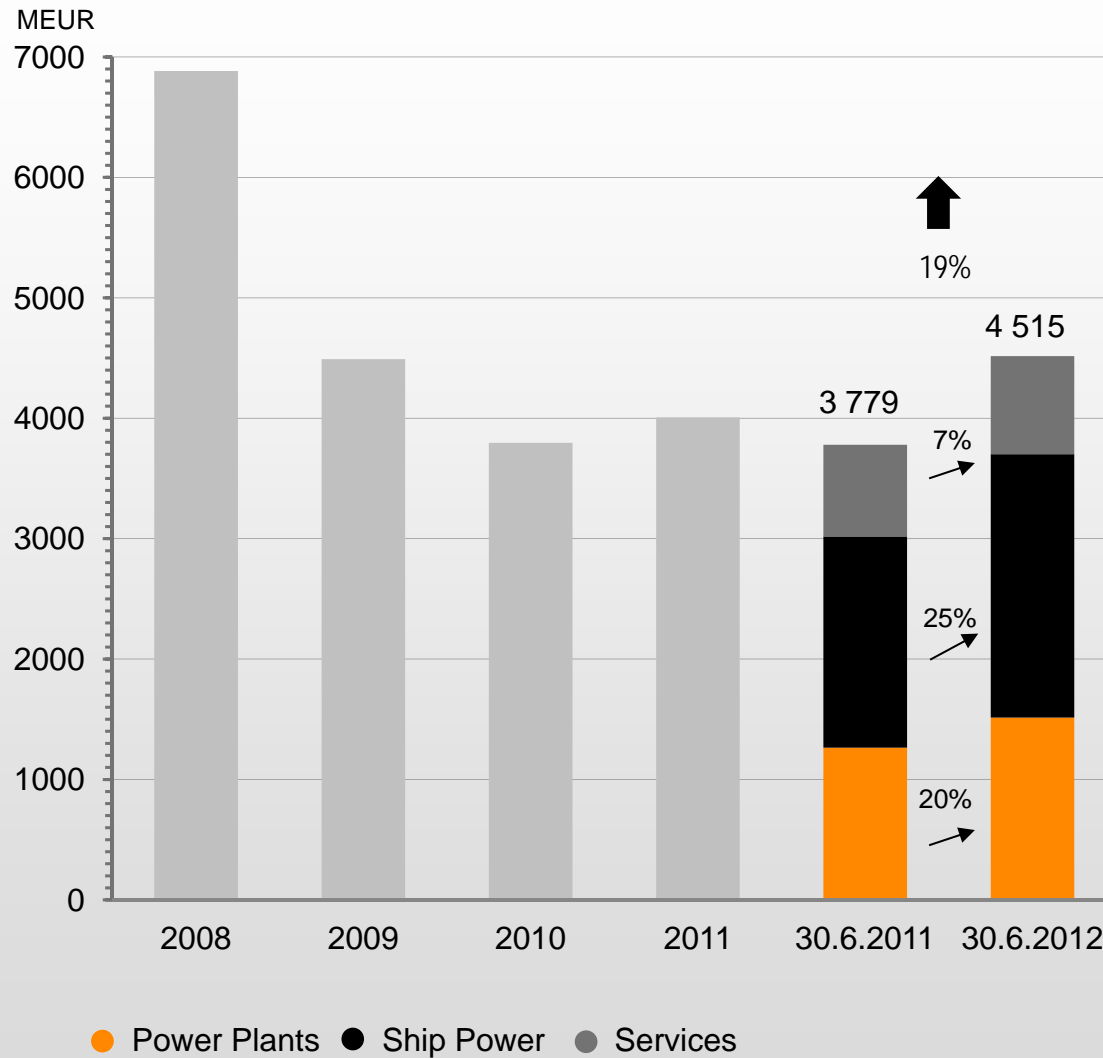
## Second quarter development

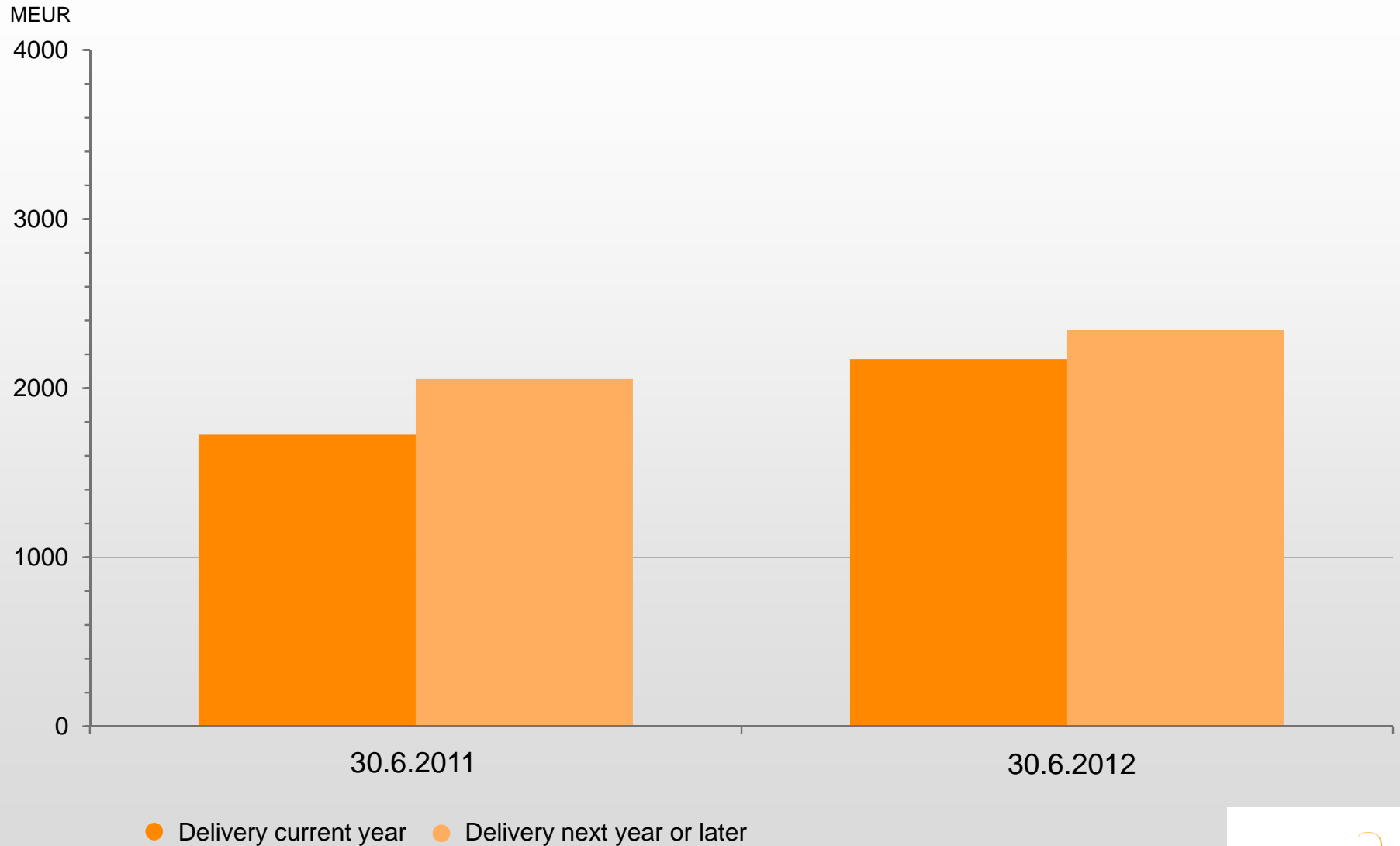




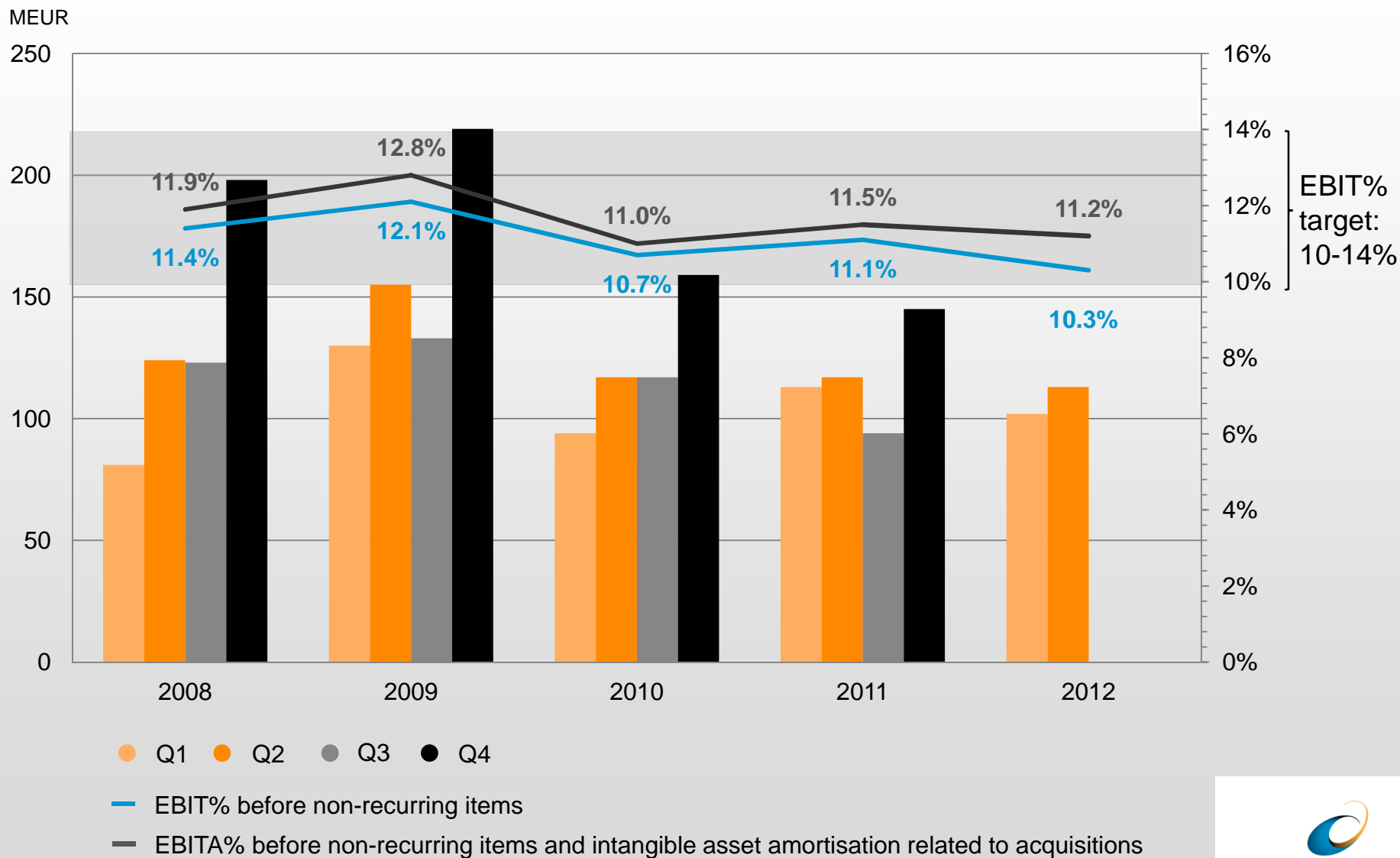
# Book-to-bill ratio remains above one







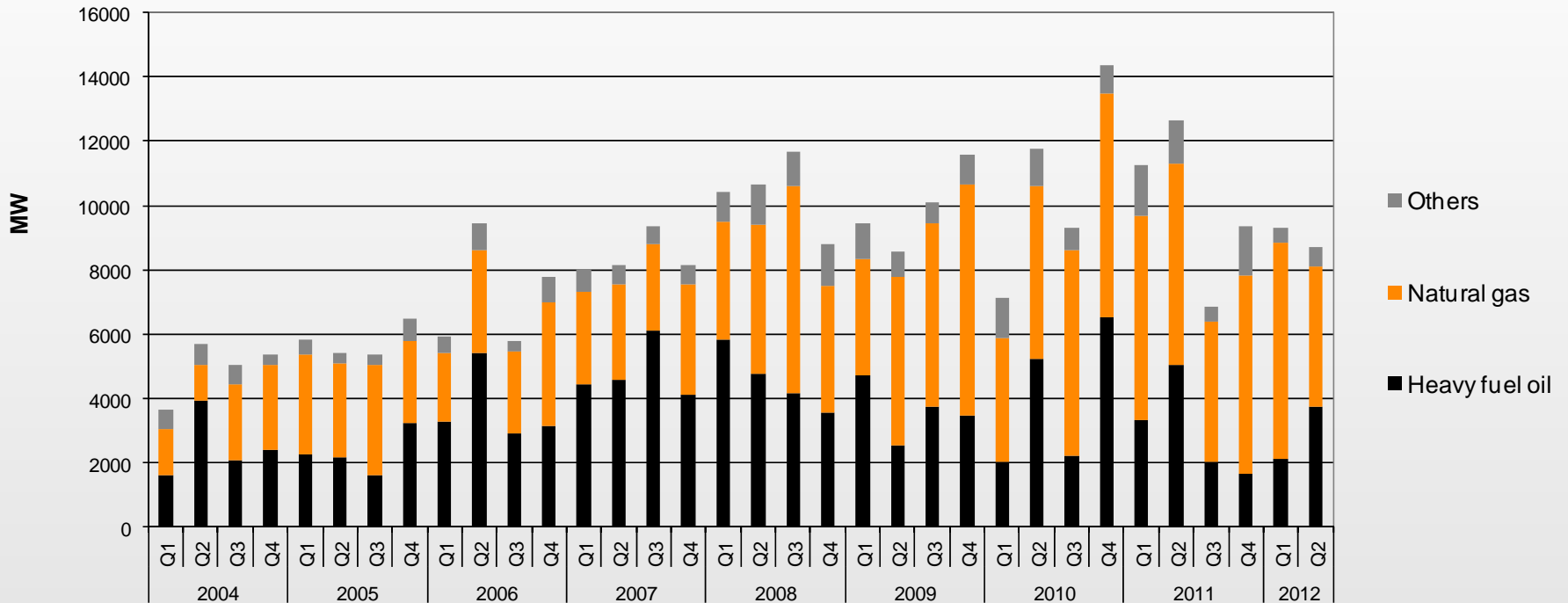




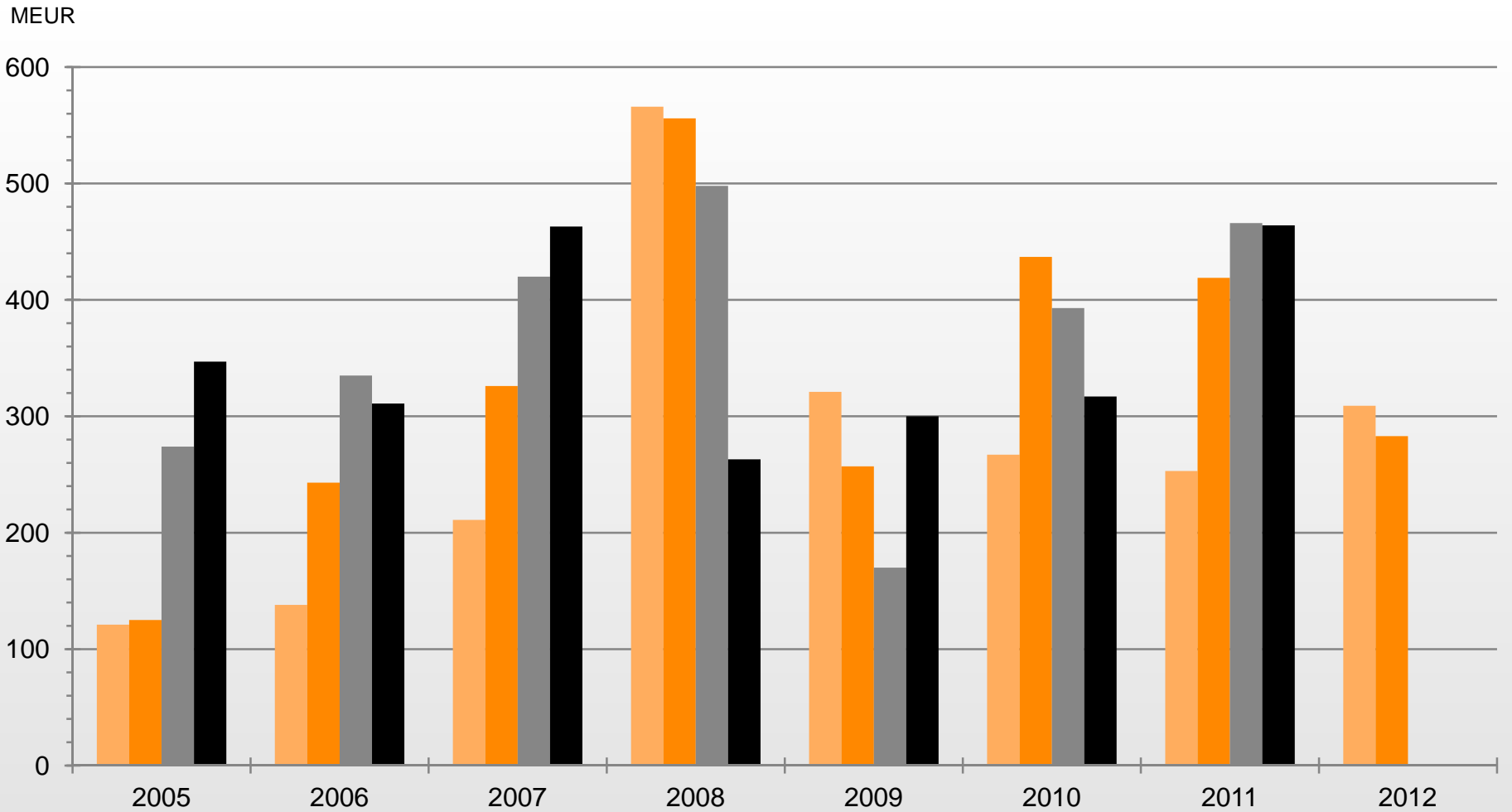
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Power plant markets active, some delays in larger investments

Quoted MW per Fuel Type



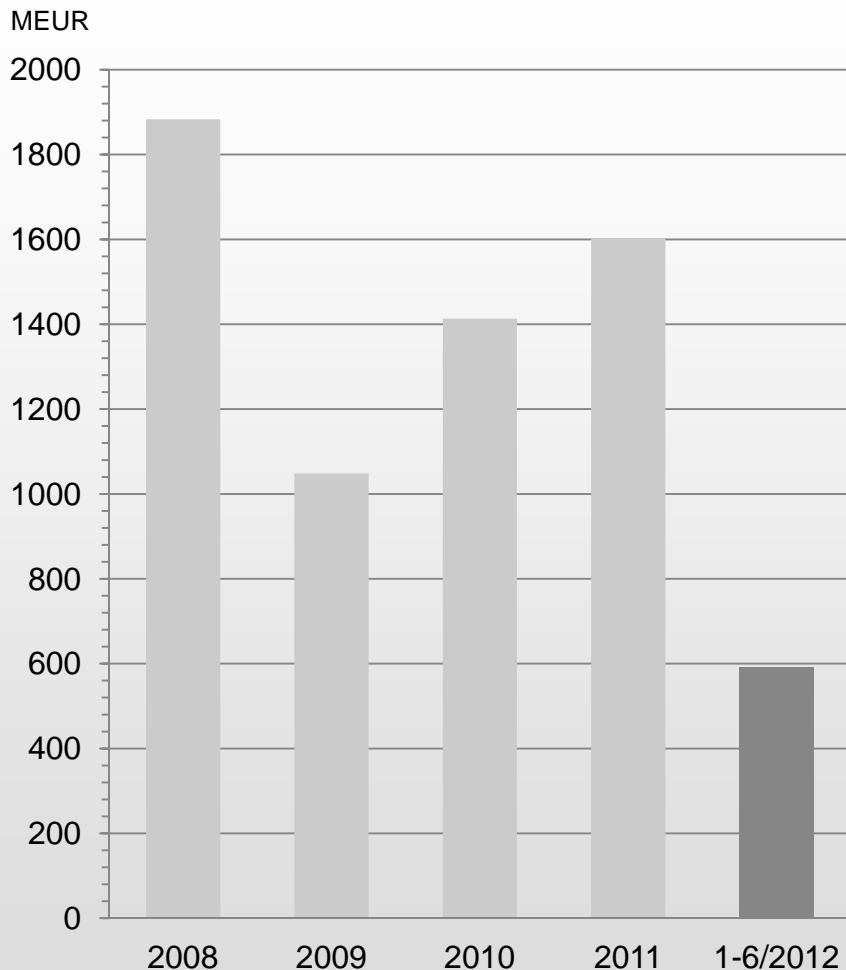
Share of natural gas is consistently increasing



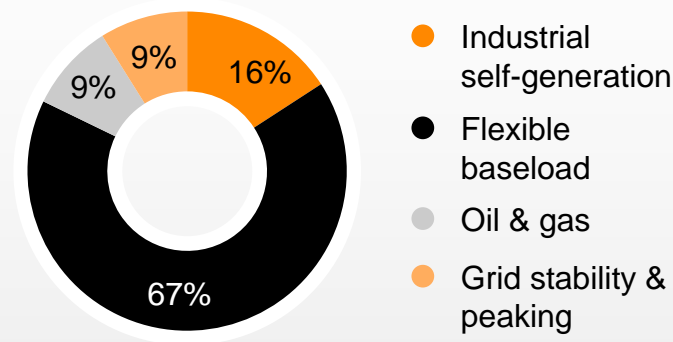
● Q1 ● Q2 ● Q3 ● Q4



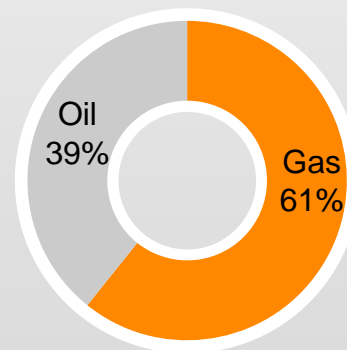
# Order intake by application



**Review period development**  
Total EUR 591 million (672)

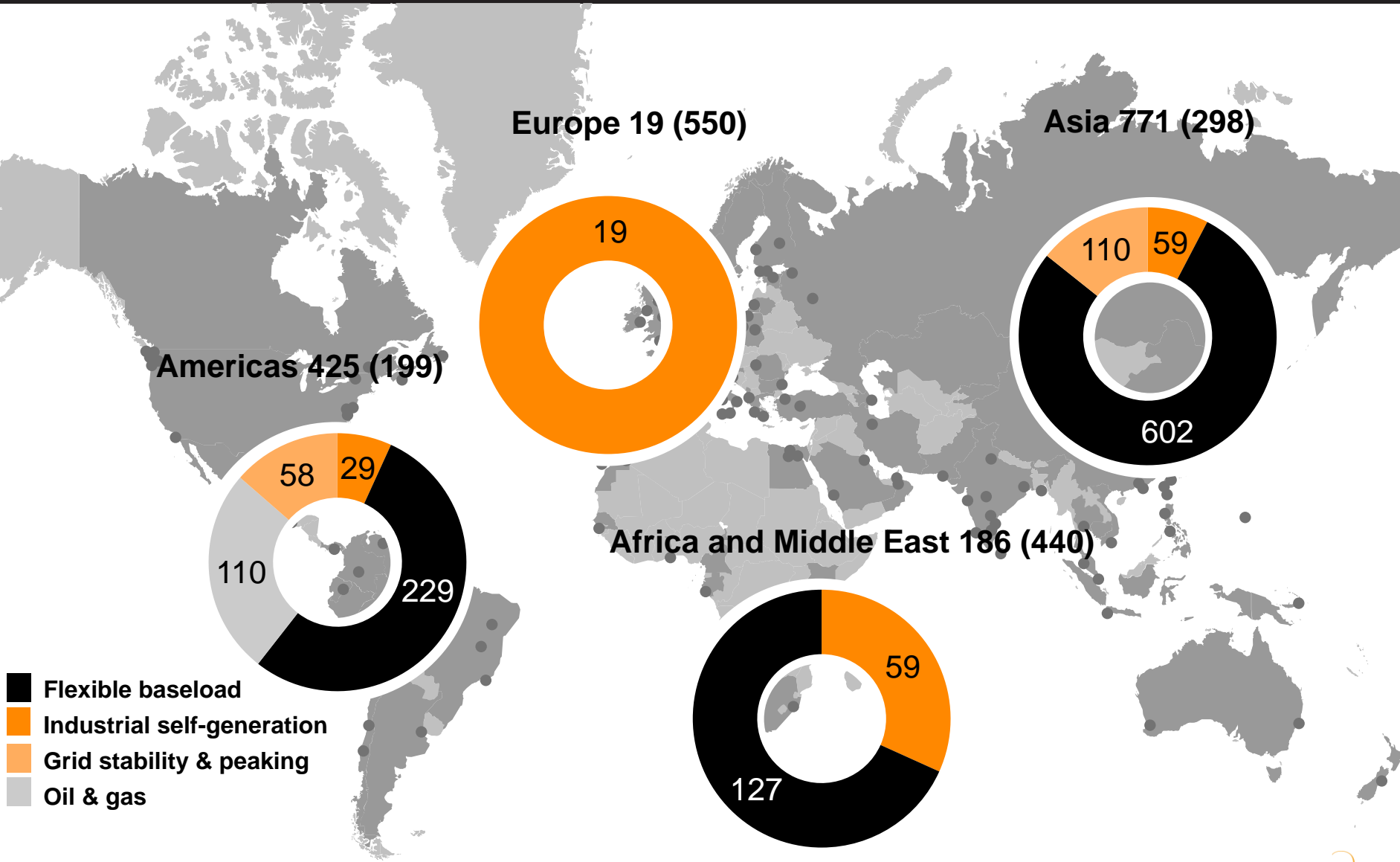


**Review period order intake by fuel in MW**

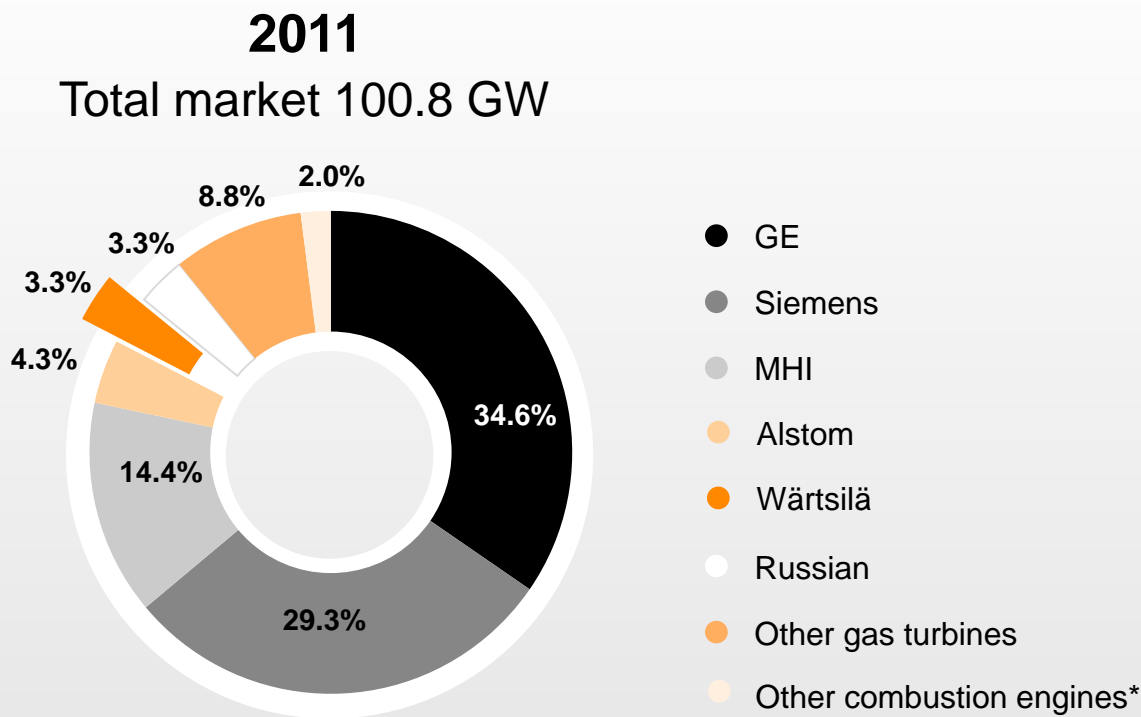




- Contract awarded to supply a 384 MW gas power plant to Azerbaijan to be operated for baseload production by Azerenerji JSC, the state-owned utility
- Scope of supply includes 21 Wärtsilä 50SG engines running on natural gas, related auxiliaries and process equipment
- The high efficiency of the Wärtsilä 50SG engines and our ability to deliver on a fast-track basis were major reasons for us being awarded this contract
- Wärtsilä has delivered over 860 MW of installed capacity to Azerbaijan



Order intake 1-6/2012: 1,401 MW (1,487)



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.

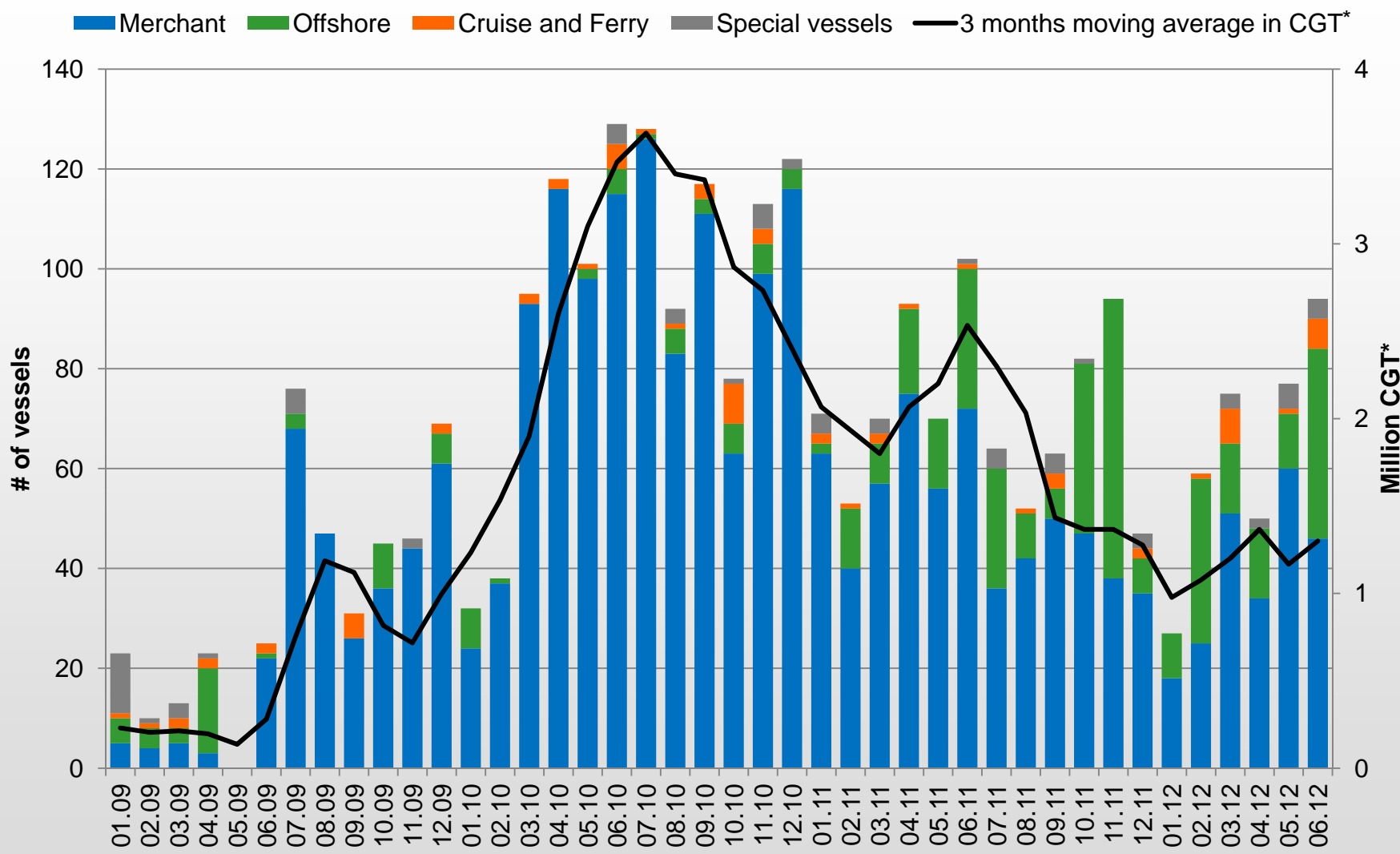
In engine technology, Wärtsilä has a leading position.

\* Other combustion engines figures based partly on Wärtsilä's own estimate.



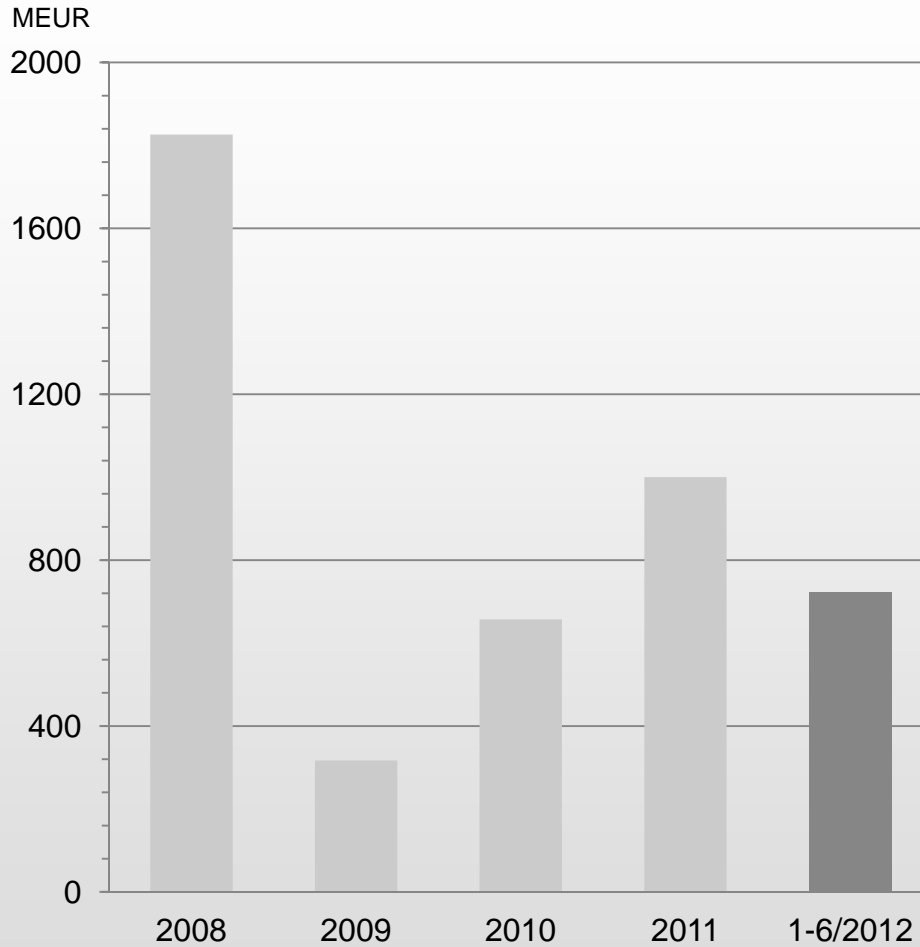
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Good development  
within specialised  
vessel segments



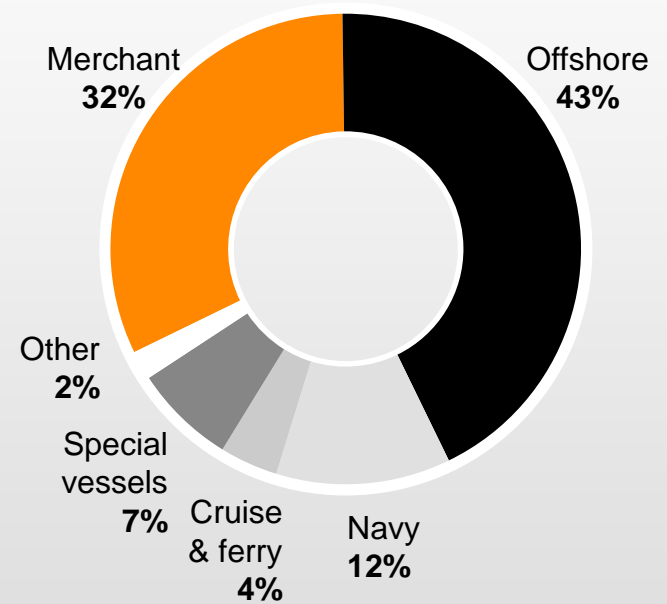
Source: Clarkson Research Services  
\* CGT= gross tonnage compensated with workload





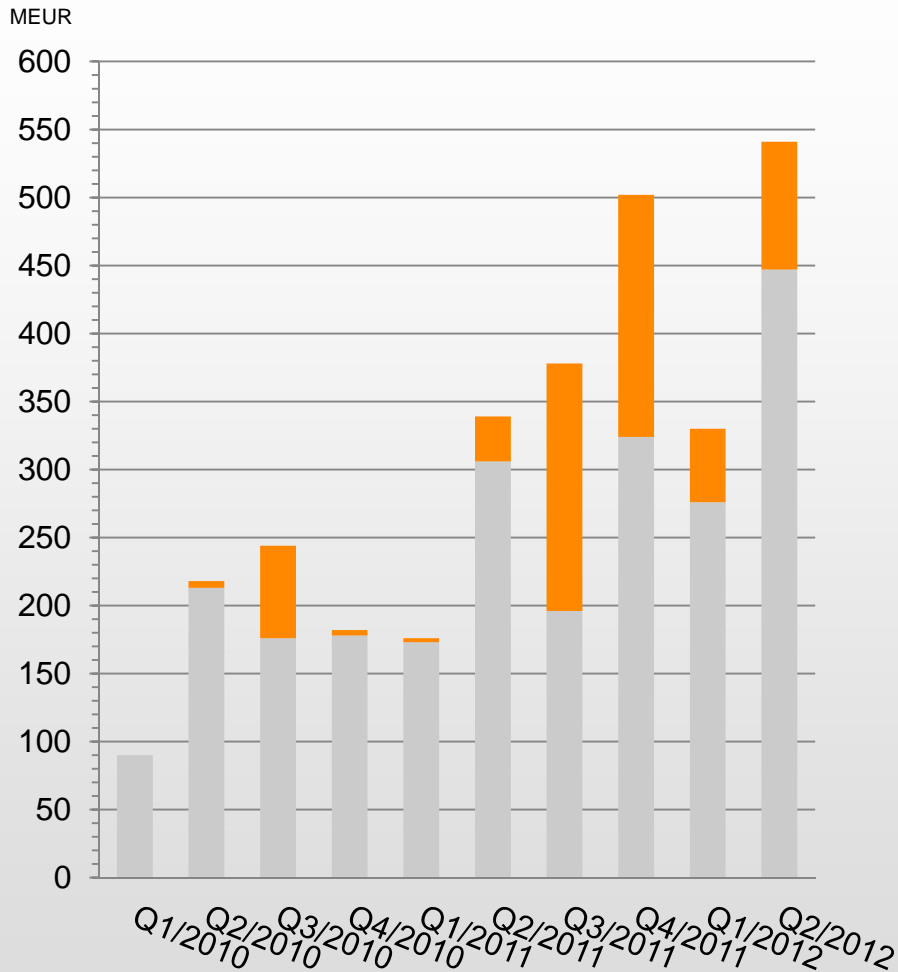
## Review period development

Total EUR 723 million (479)



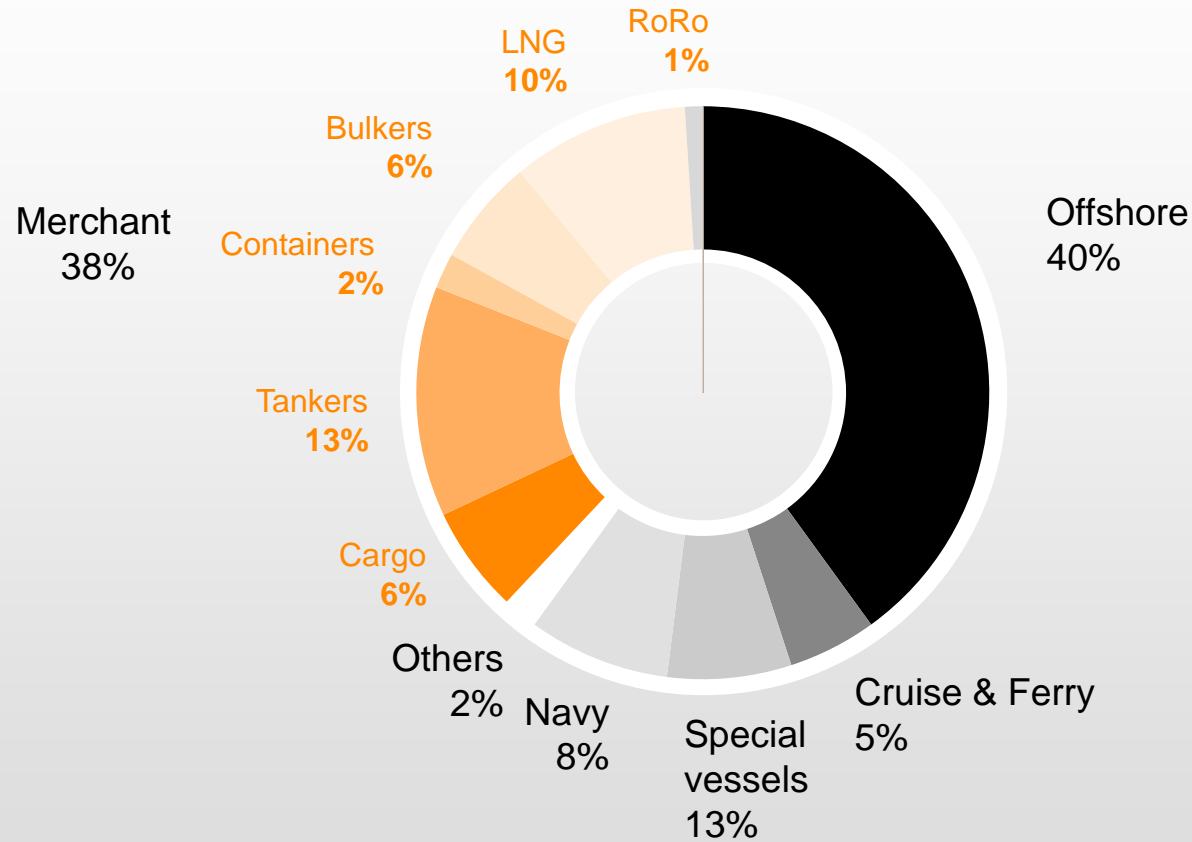


- Exhaust gas scrubbers enable efficient and economical reduction of SO<sub>x</sub> emissions in ships
- Wärtsilä's scrubber portfolio is the widest in the market and consists of:
  - Open-loop scrubbers, well established
  - Closed-loop scrubbers, in operation and new projects under delivery
  - Hybrid scrubbers, orders received
- New scrubber orders:
  - World's largest hybrid scrubber from the global rolling cargo operator Wilh. Wilhelmsen ASA
  - Order received for four hybrid scrubber systems to be installed on two newbuilt vessels and an option for another similar order

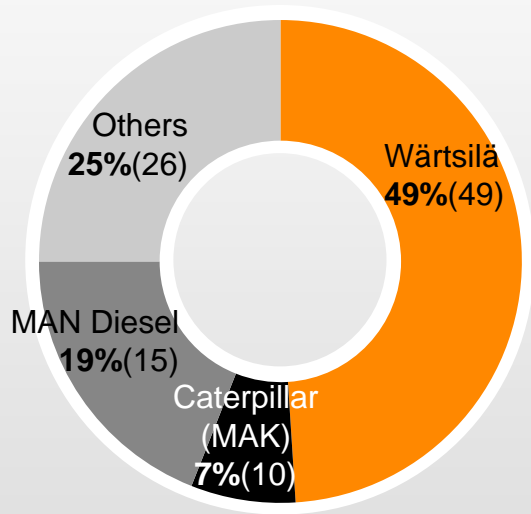


- Order intake in the South Korean joint venture producing dual-fuel engines and the Chinese joint venture producing auxiliary engines totalled EUR 148 million (33) during the review period January-June 2012
- Wärtsilä's share of ownership in these companies is 50%, profits are reported as a share of result in associates and joint ventures

- Joint venture order intake  
(Wärtsilä Hyundai Engine Company Ltd and Wärtsilä Qiyao Diesel Company Ltd)
- Ship Power order intake

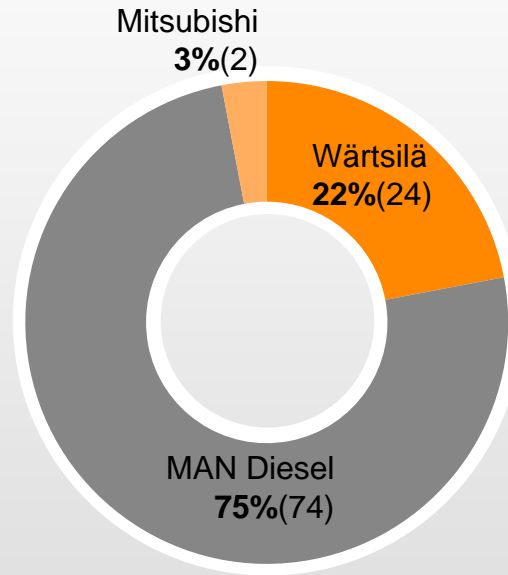


## Medium-speed main engines



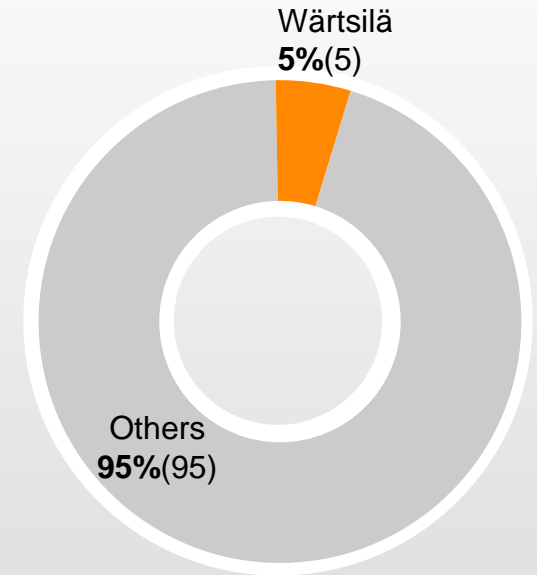
Total market volume last 12 months:  
5,156 MW (5,495)

## Low-speed main engines



Total market volume last 12 months:  
11,984 MW (13,520)

## Auxiliary engines



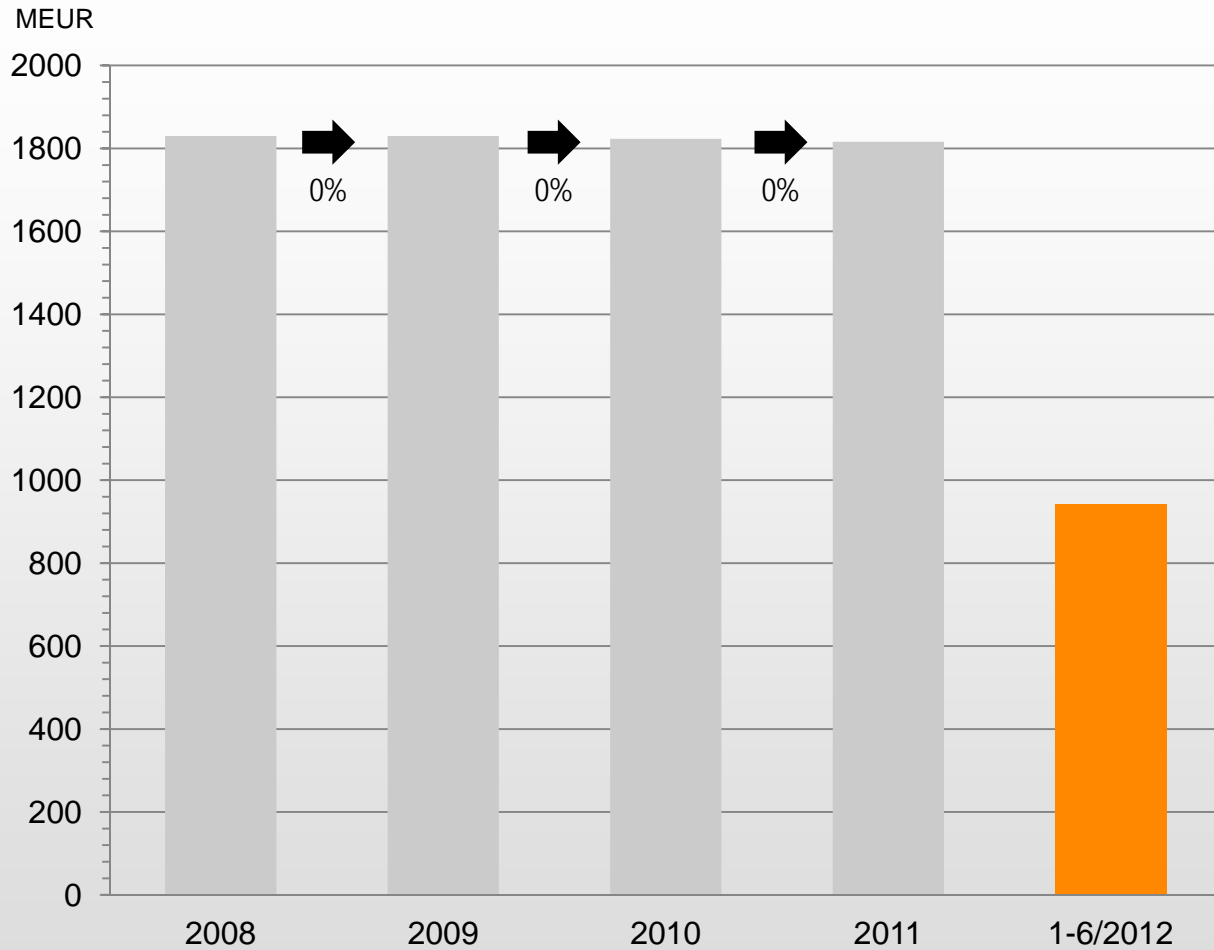
Total market volume last 12 months:  
3,501 MW (3,793)

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.

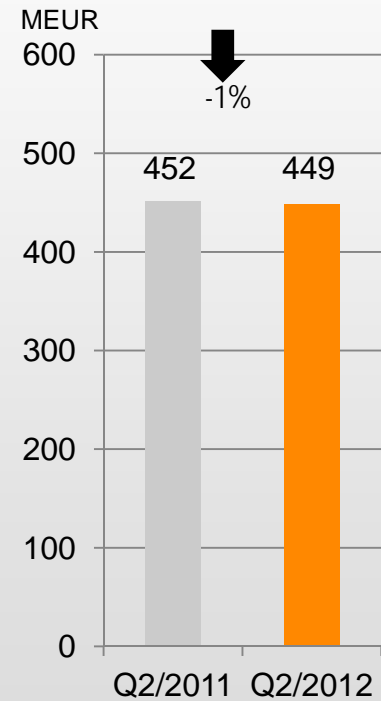


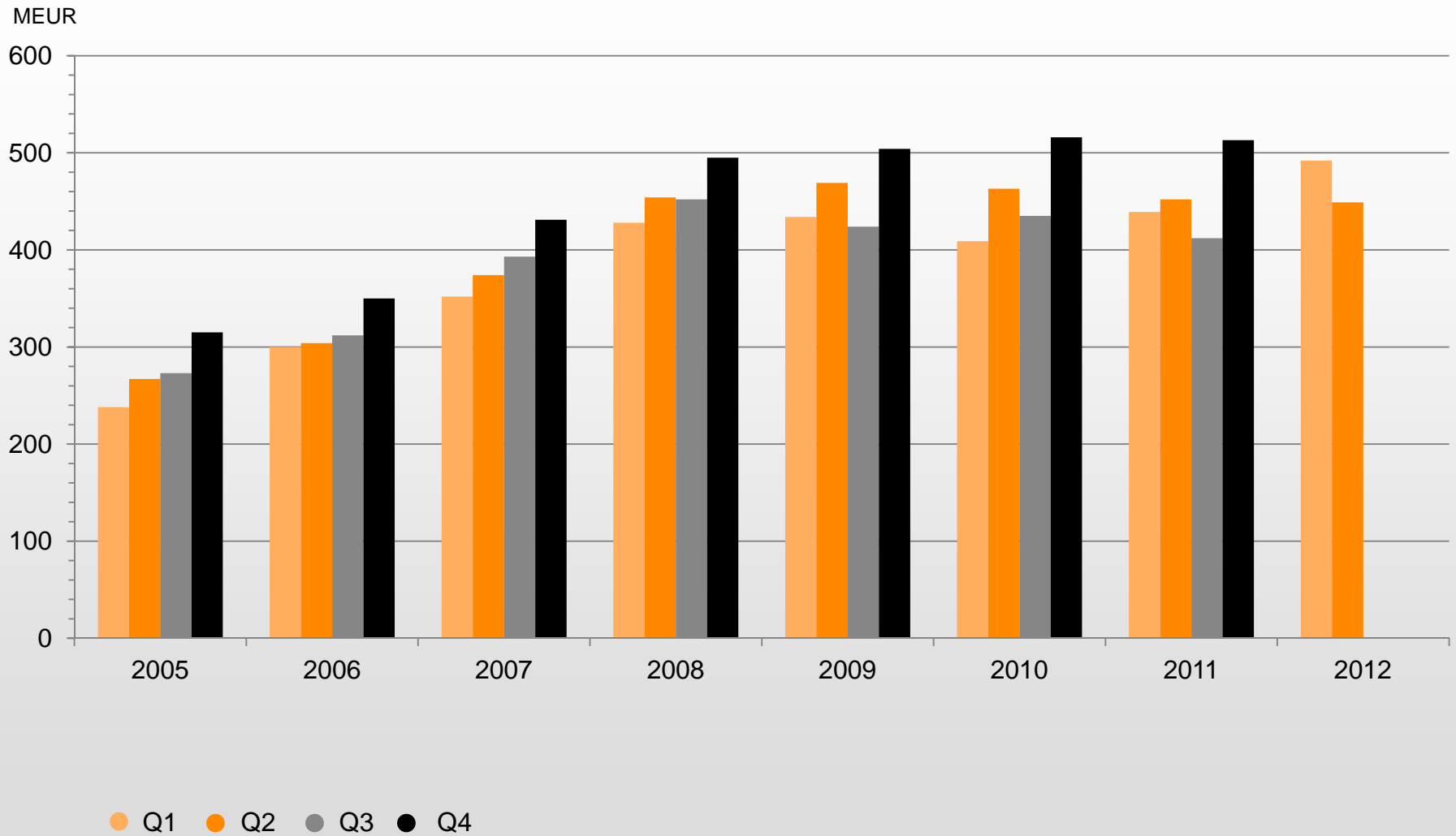
**Stable  
development in the  
service markets**

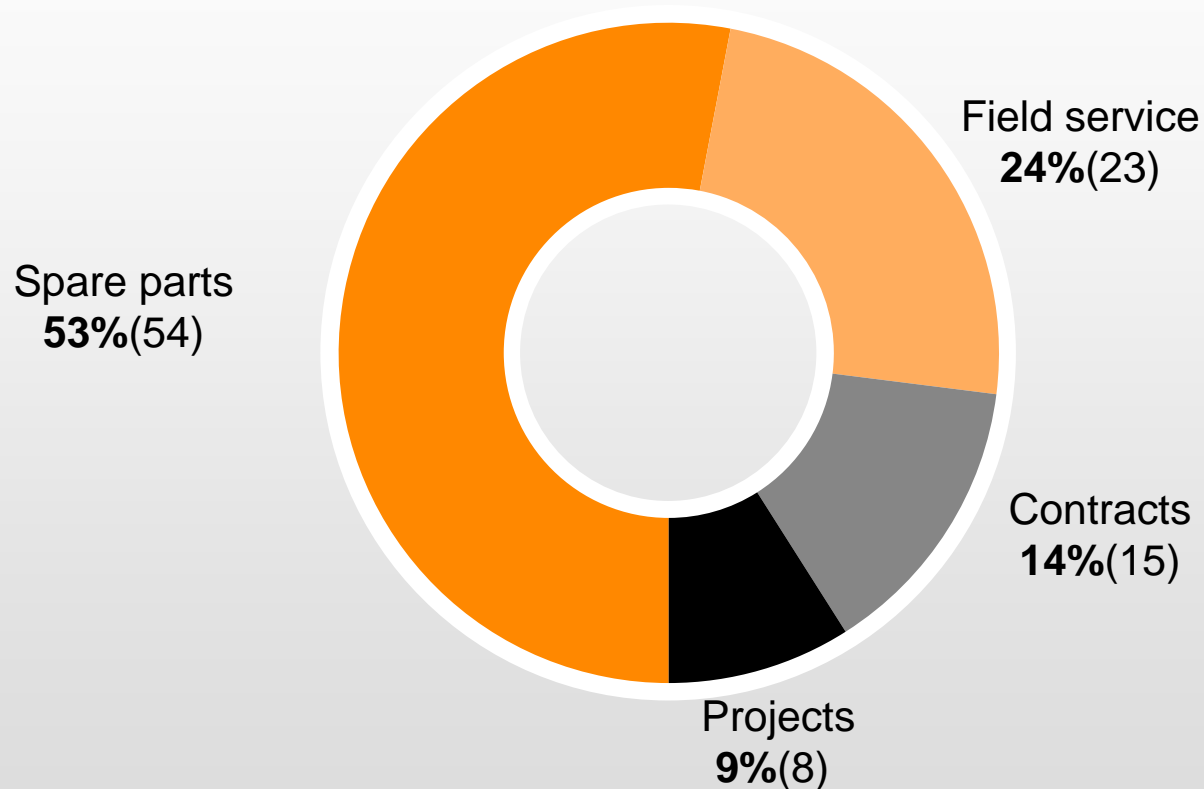




## Second quarter development





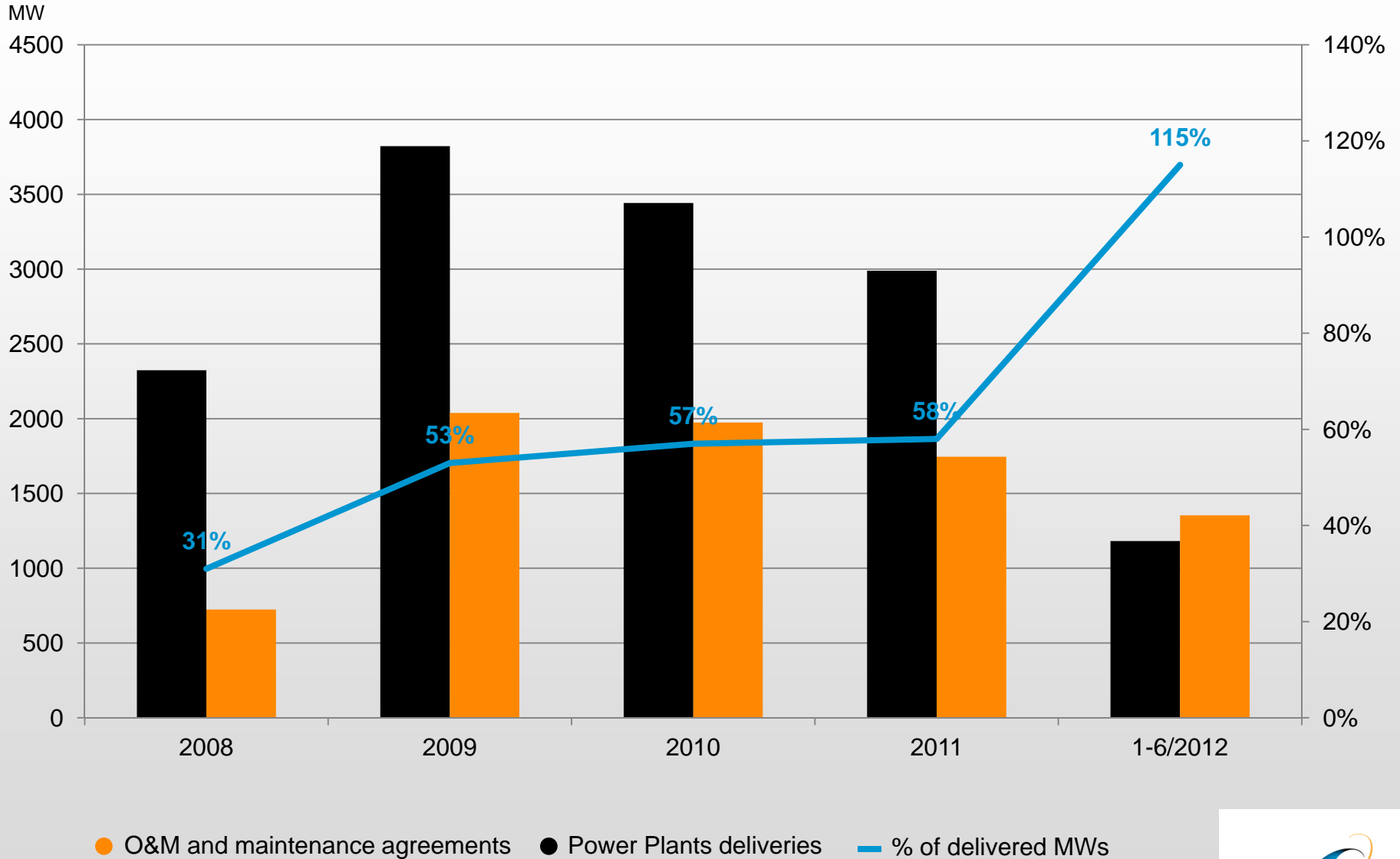


Total EUR 942 million (890)

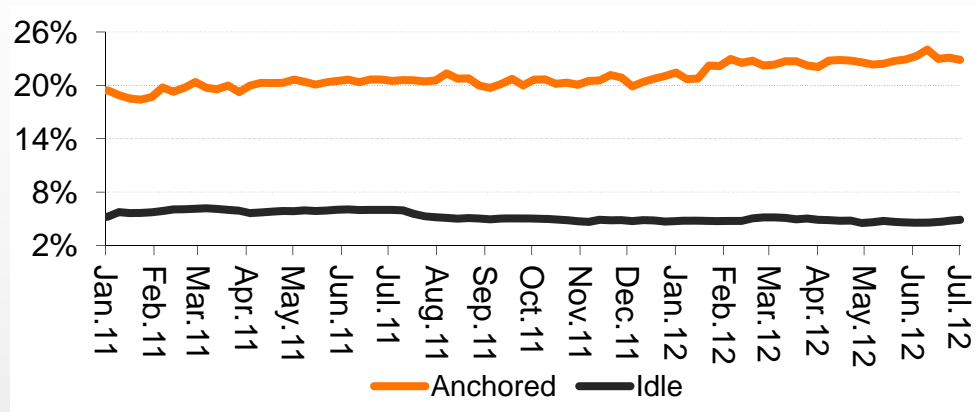


- Several service agreements signed during the second quarter:
  - A 3-year O&M agreement with Sasol New Energy Holdings covering the 180 MW gas engine power plant project in Sasolburg, South Africa
  - A long-term O&M agreement for the 120 MW Hera power plant in Dili, in the Democratic Republic of Timor-Leste
  - A long-term service agreement covering seven Princess Cruise Lines vessels and 270 MW of installed capacity
- Wärtsilä has over 16 GW of generating capacity under O&M and other service agreements globally, covering more than 500 marine and land-based installations

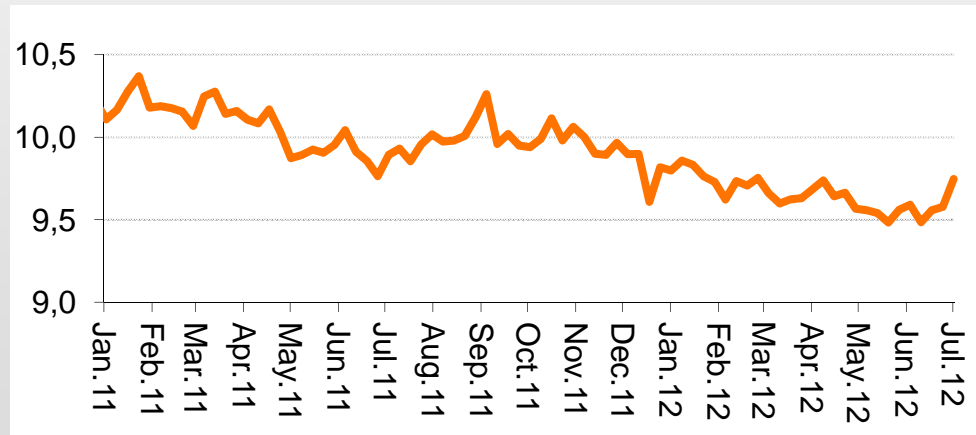
# Development of Power Plants service agreements



**Anchored\* & Idle Vessels\*\*, percent of fleet**



**Fleet Average Speed\*\*\*, knots**

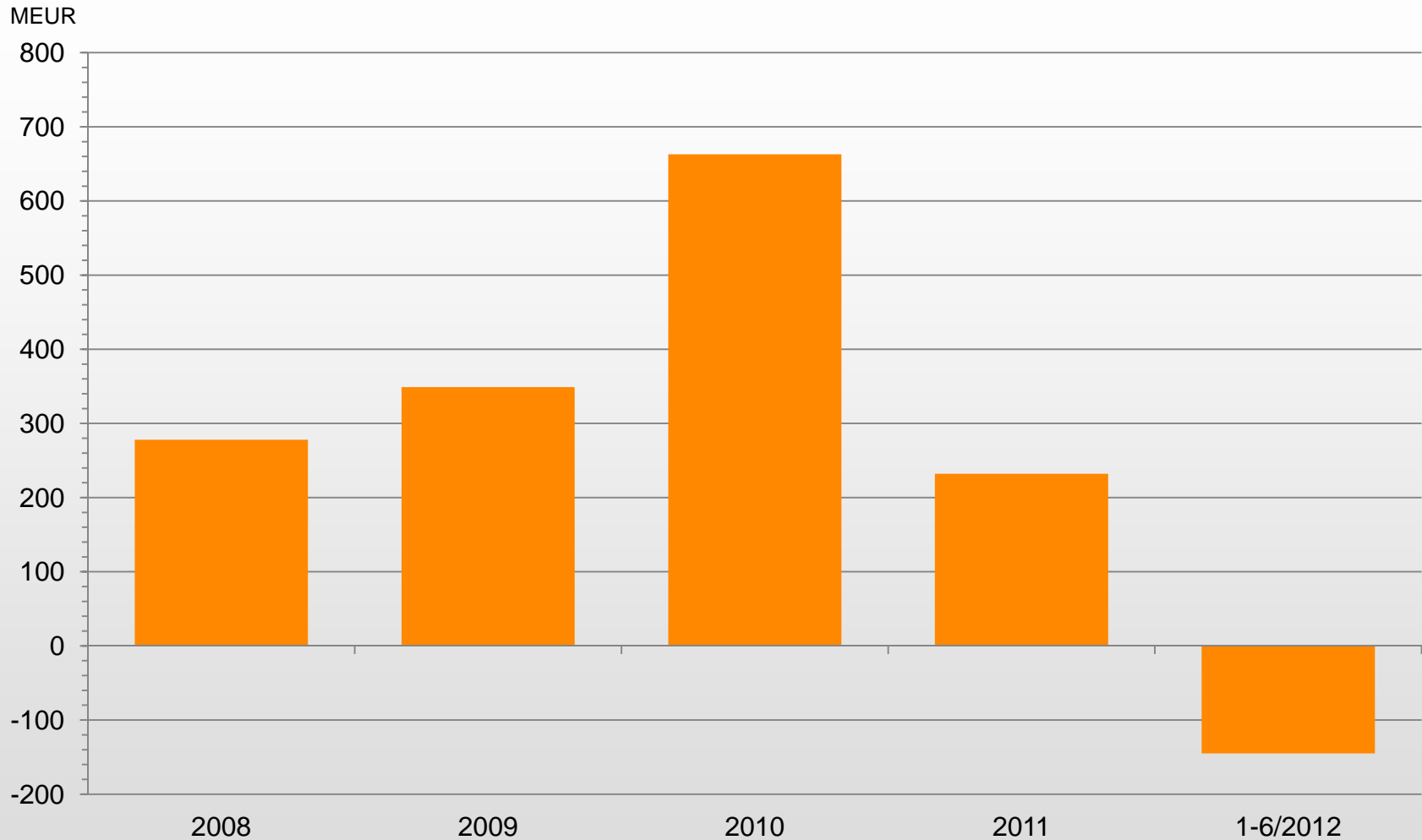


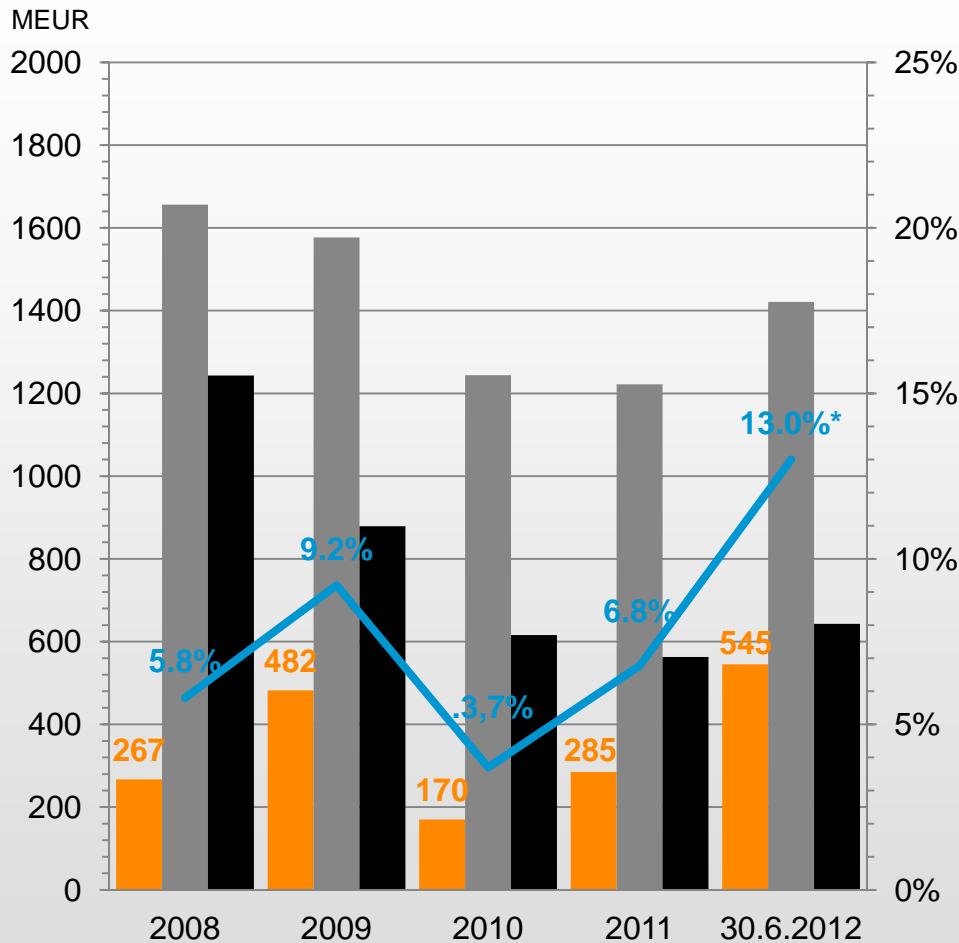
\* Source Bloomberg (AISLive). More than 25 000 vessels (>299 GT) covered.

\*\* 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



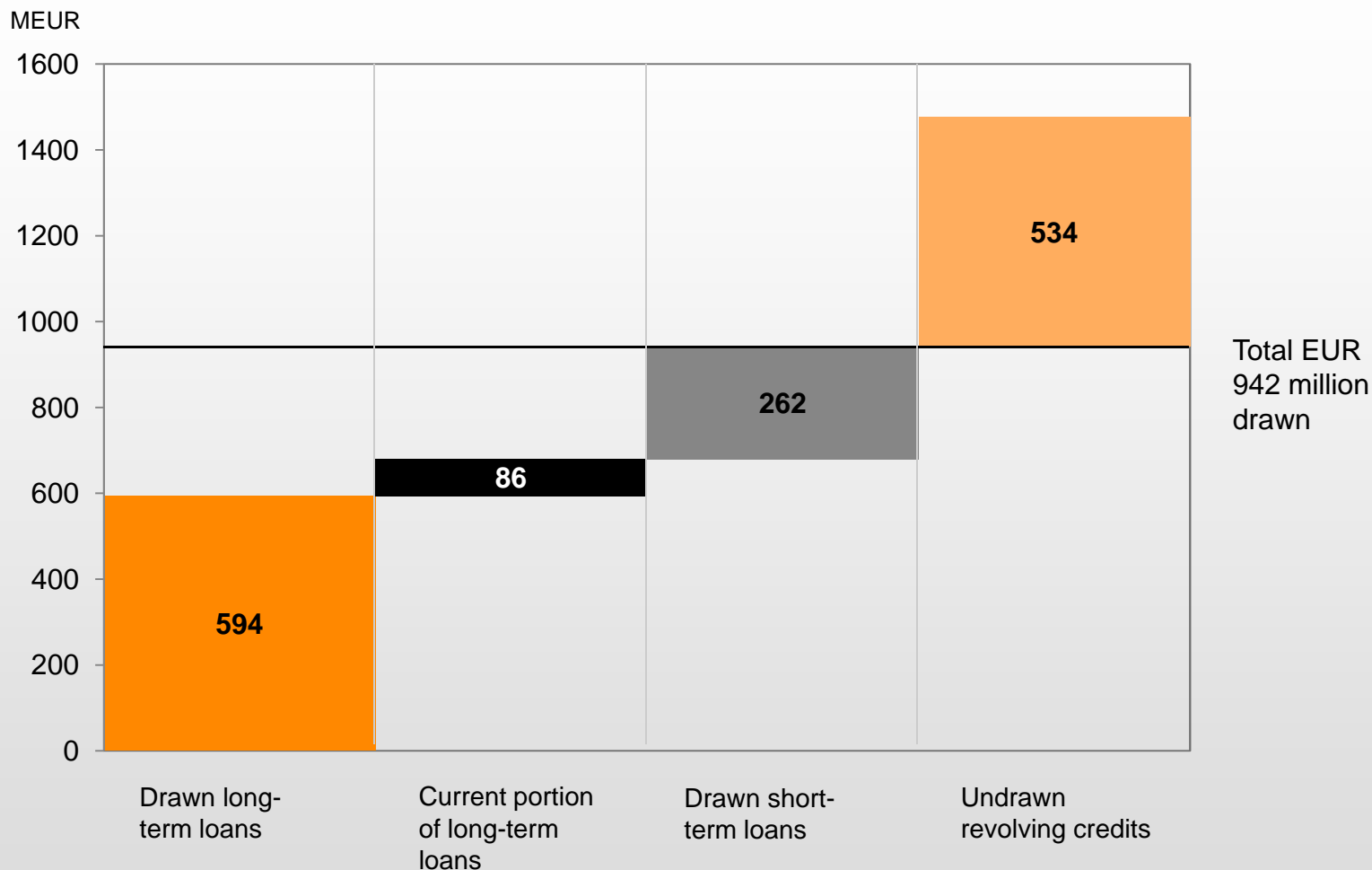


● Net Working Capital ● Total Inventories ● Advances Received — Net Working Capital / Net sales

\* Working Capital / Annualised Net Sales

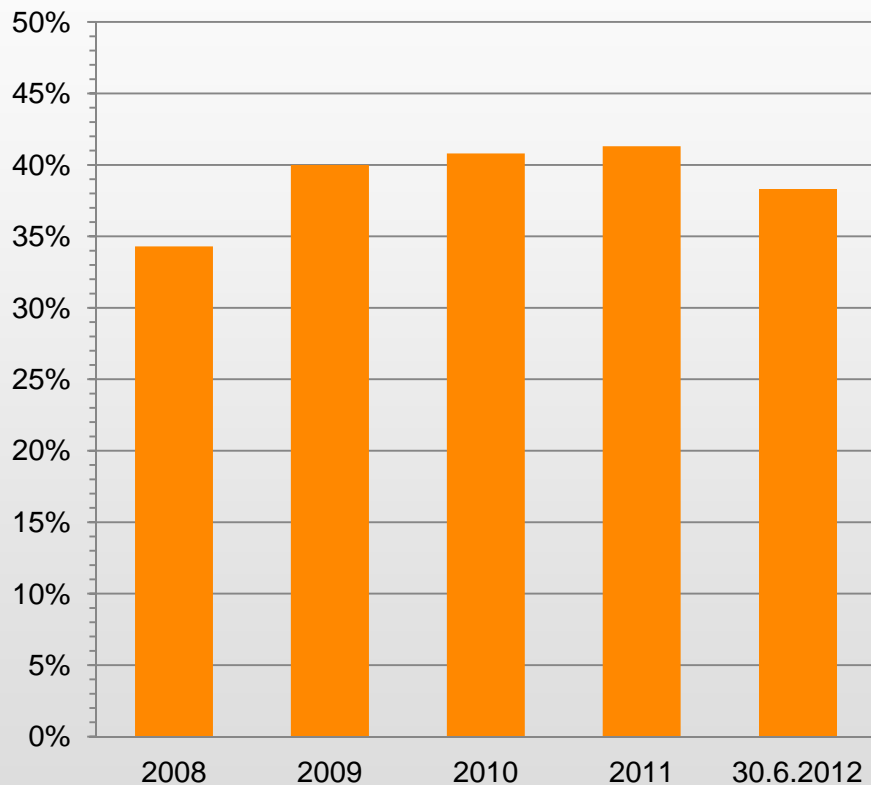
- Increase in net working capital a result of:
  - Decrease in mainly project related accruals
  - Increase in inventories, due to:
    - Large deliveries scheduled for the remainder of the year
    - Certain customers experiencing delays in arranging payment security
- Hamworthy opening balance for inventories approx. EUR 90 million



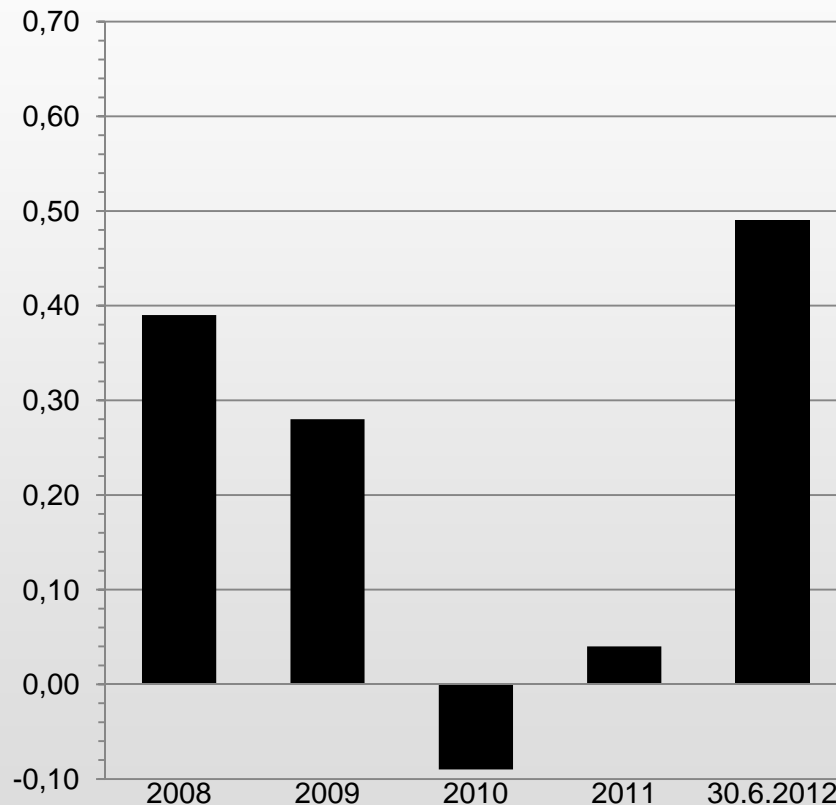


At the end of the reporting period, drawn revolving credits amounted to 0 euro.  
 Drawn short-term loans include EUR 246 million Finnish Commercial Papers.  
 The total amount of Finnish Commercial Paper Programs was EUR 700 million (uncommitted).

## Solvency



## Gearing





- Change of organisational set up within Ship Power and Wärtsilä Industrial Operations to strengthen competitiveness and to serve customers more effectively
- Aim to further increase the flexibility of operations and ensure faster decision making
- Ship Power will be organised by products consisting of 4-stroke, 2-stroke, Propulsion, Flow & Gas, Environmental, and Solutions
- WIO will be renamed PowerTech and it will consist of Product Center 4-stroke and Central Operations
- No job reductions planned based on the changes in the organisational structure



- **Power Plants:** The power generation market is expected to remain active in 2012.
- **Ship Power:** Full year vessel contracting expected to be somewhat lower than in 2011. Robust contracting activity is expected for the offshore, gas carrier, and other specialised vessel markets.
- **Services:** The merchant marine segments are still expected to be under pressure, as overcapacity in the market continues to impact the potential for services in this area. The power plant service market is expected to develop steadily.

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



# WÄRTSILÄ

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