

WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY-SEPTEMBER 2014

23 OCTOBER 2014

Björn Rosengren,
President & CEO

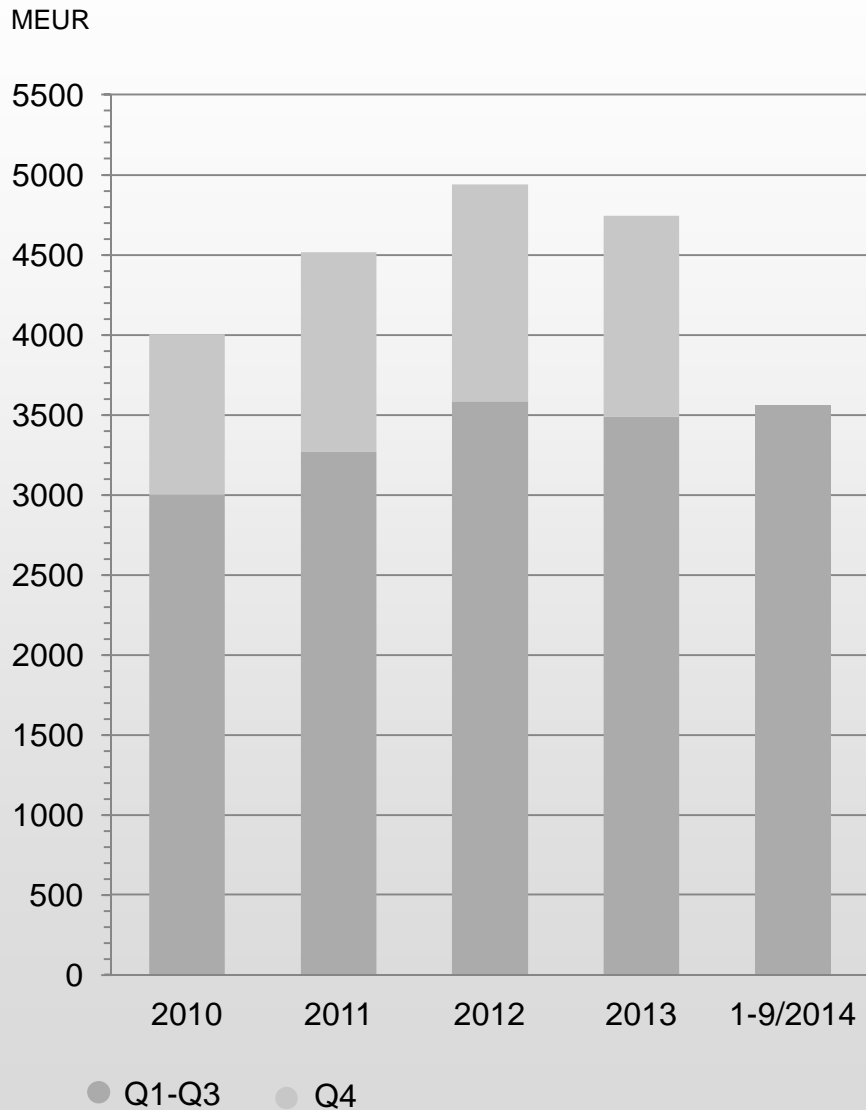


- Order intake EUR 1,309 million, +21%
- Net sales EUR 1,117 million, -7%
- Book-to-bill 1.17
- EBIT EUR 142 million, 12.7% of net sales (EUR 148 million or 12.3%)
- EPS EUR 0.43 (0.48)
- Efficiency programme proceeding according to plan, EUR 10 million savings achieved in Q3
- Guidance for EBIT% before non-recurring items revised to 11.5-12.0% (previously around 11.5%)

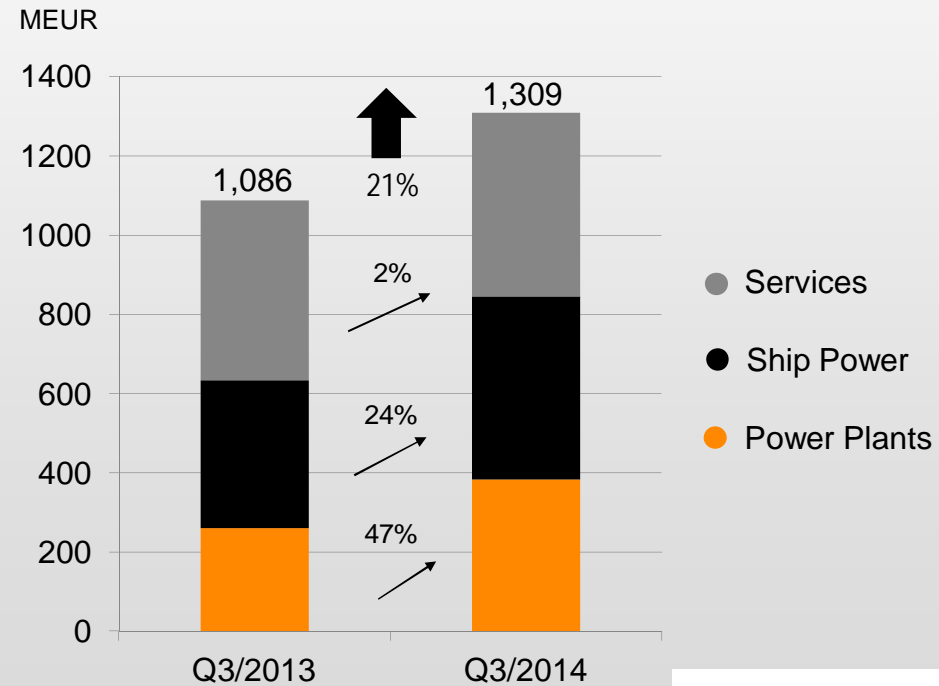
EBIT is shown excluding non-recurring items.

As of the third quarter of 2014, the two-stroke business is reported as discontinued operations. Income statement related comparison figures for 2013 have been restated.

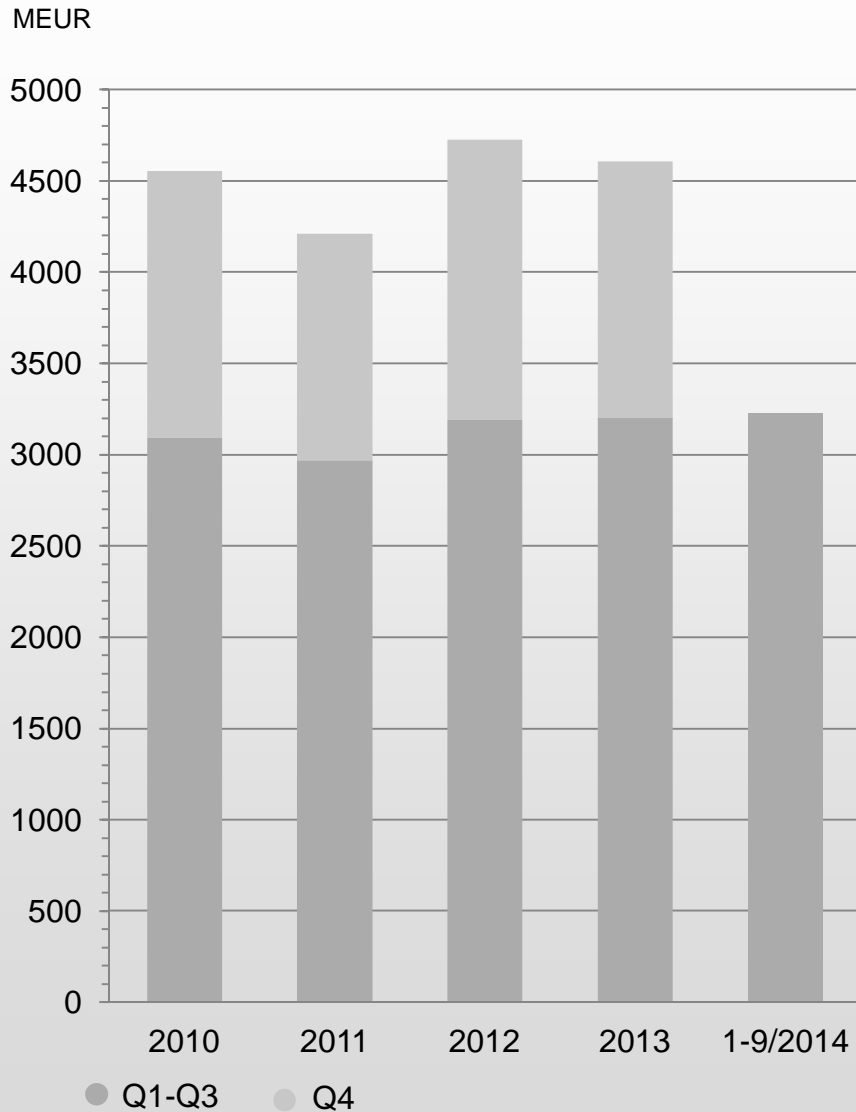
Strong development in third quarter order intake



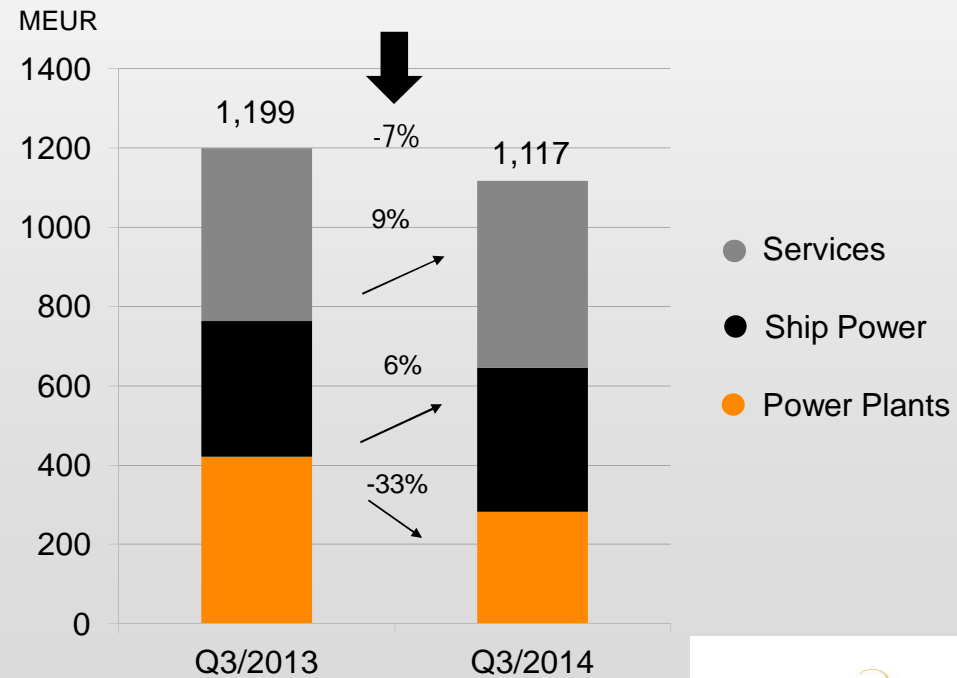
Third quarter development



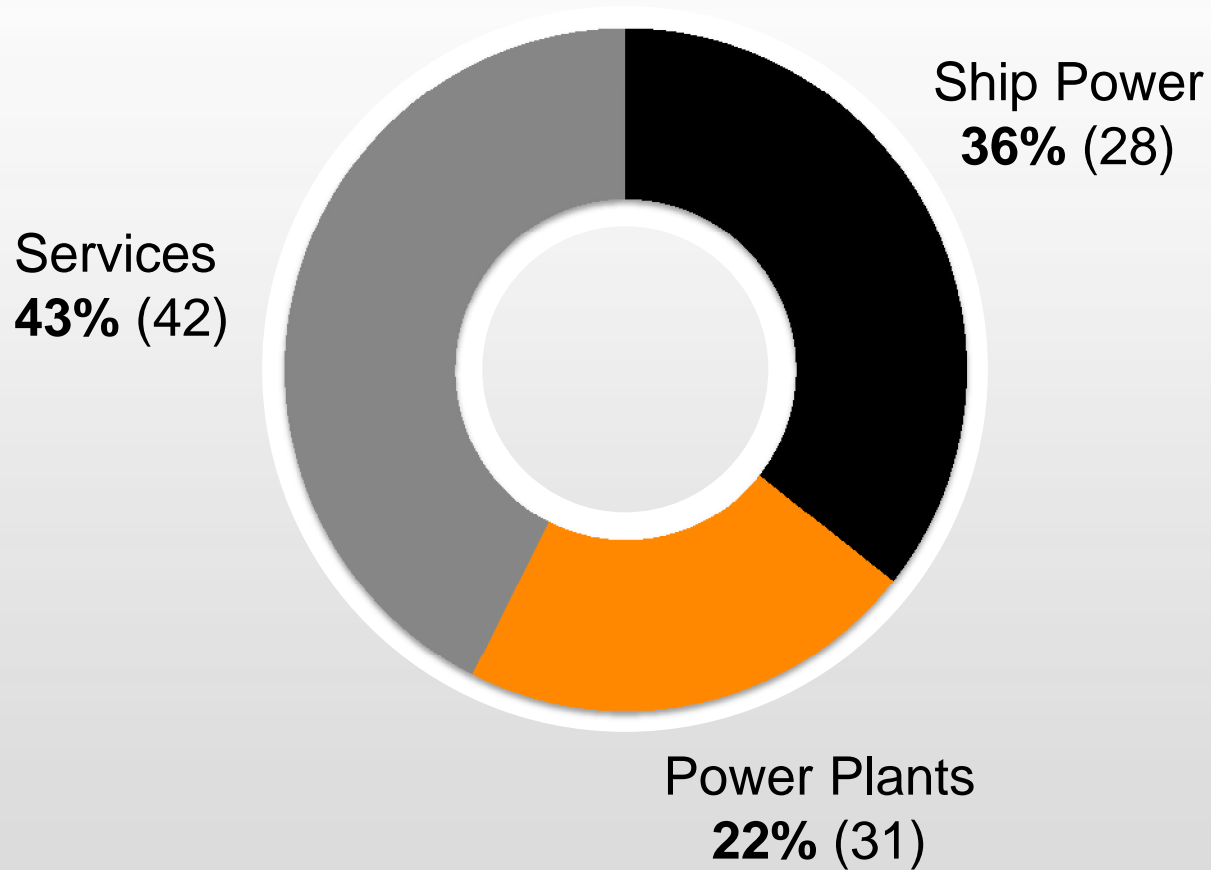
Net sales developed according to expectations



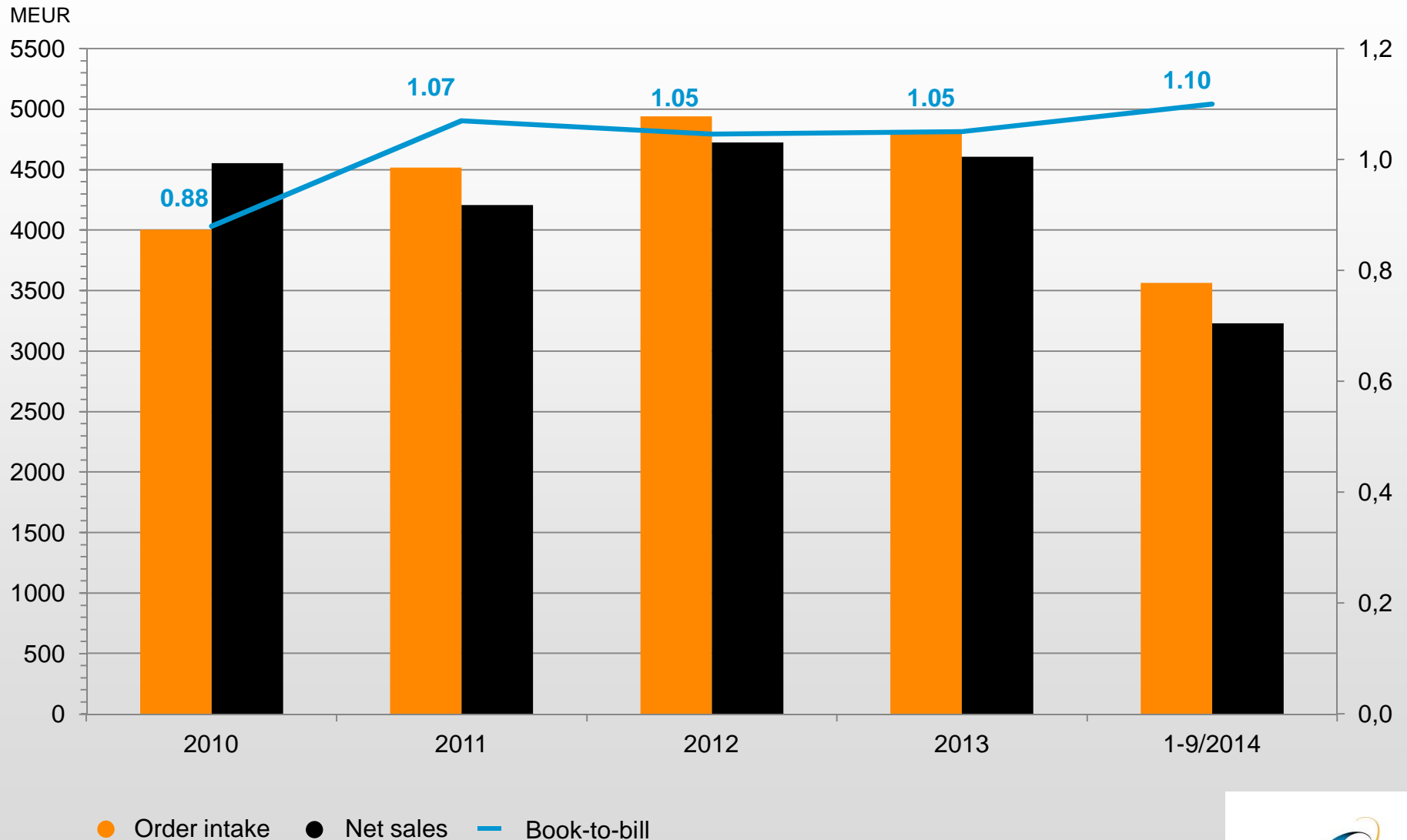
Third quarter development



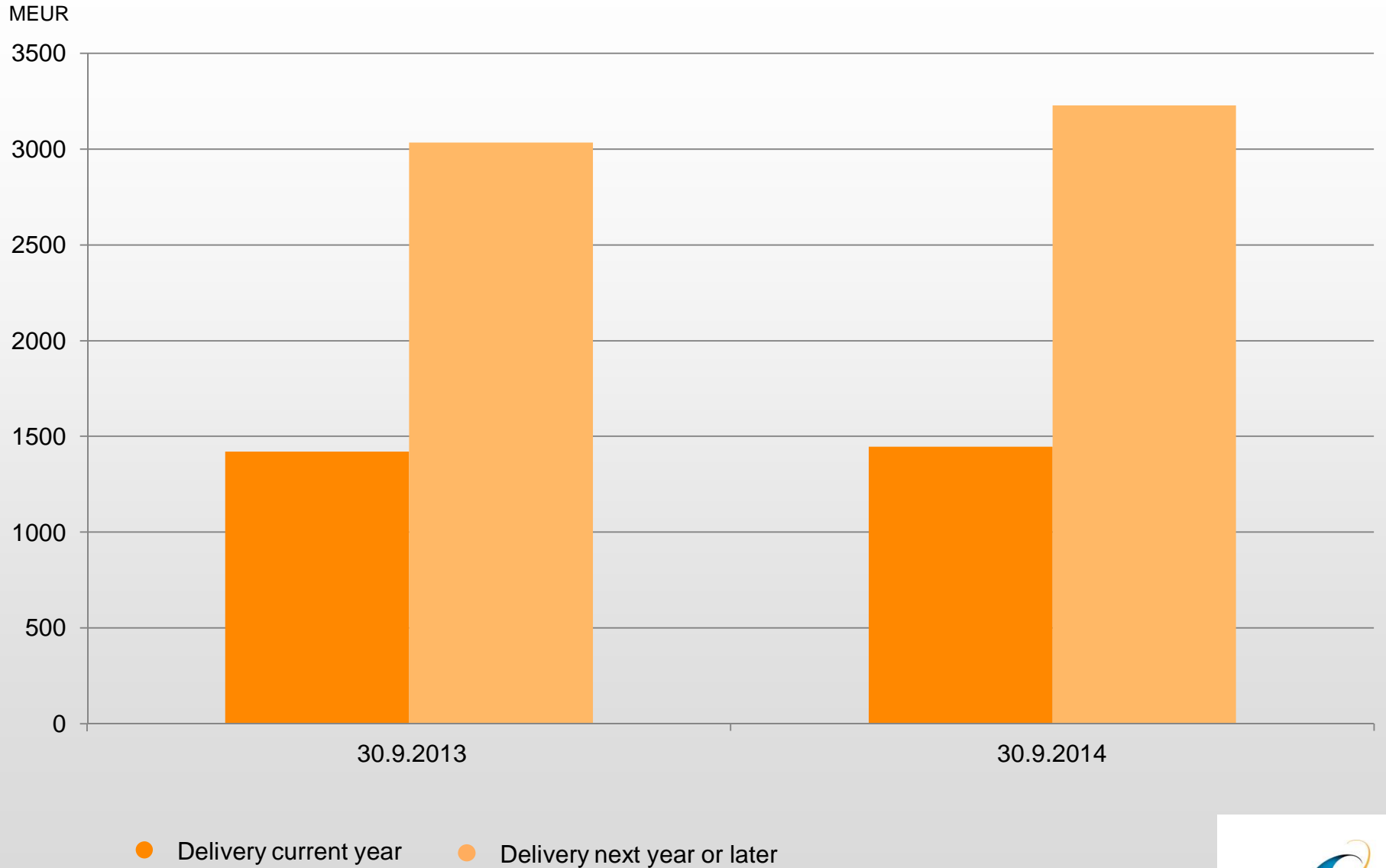
Net sales by business 1-9/2014



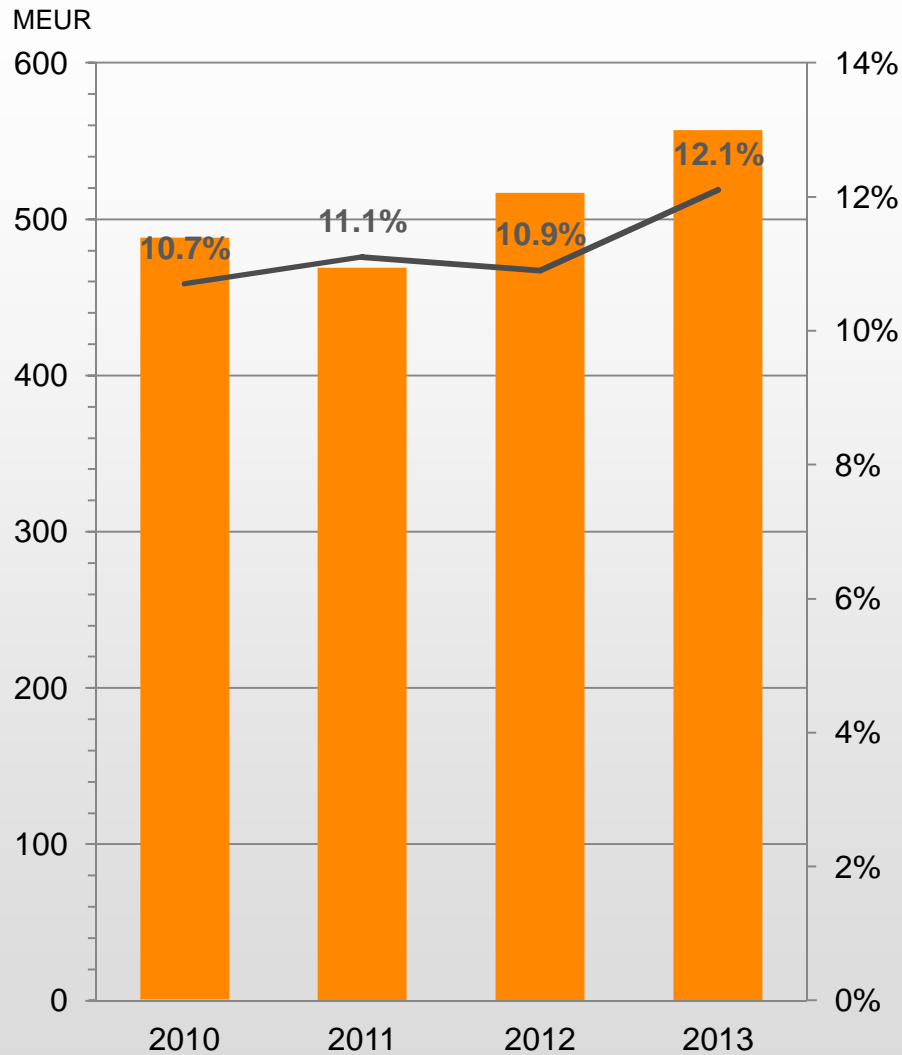
Book-to-bill ratio remains above one



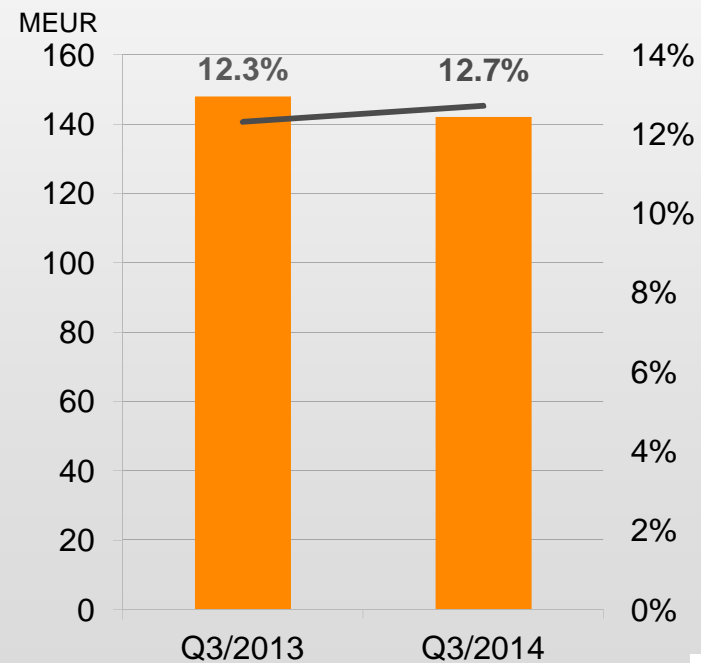
Order book distribution



Profitability developed well



Third quarter development



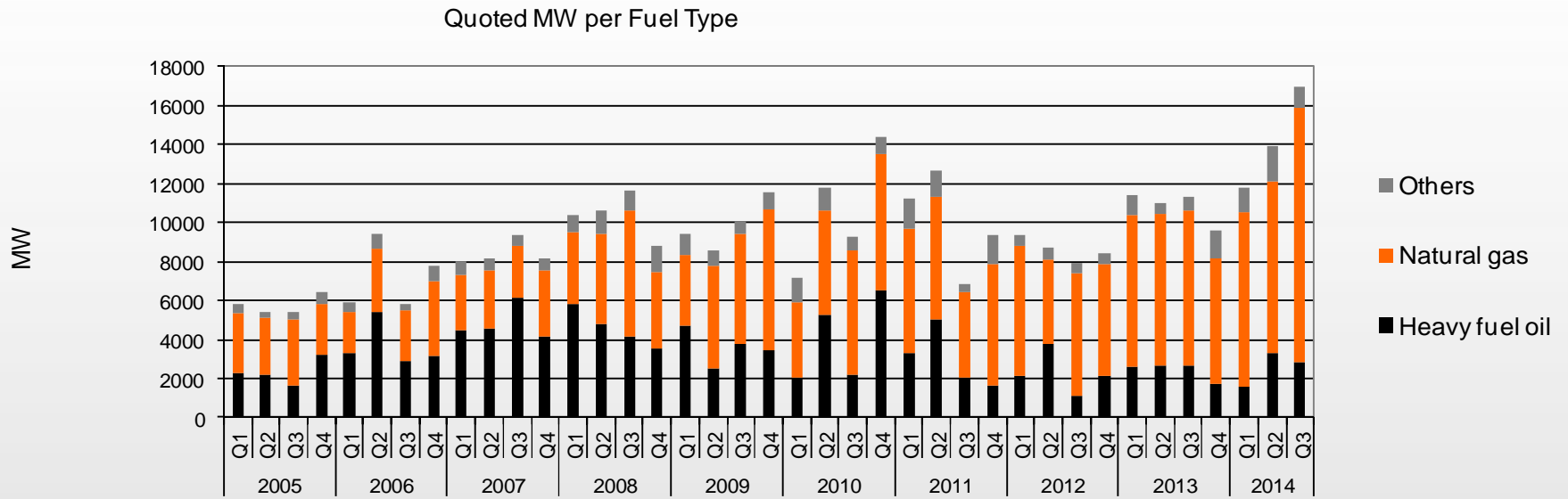
- EBIT before non-recurring items
- EBIT% before non-recurring items



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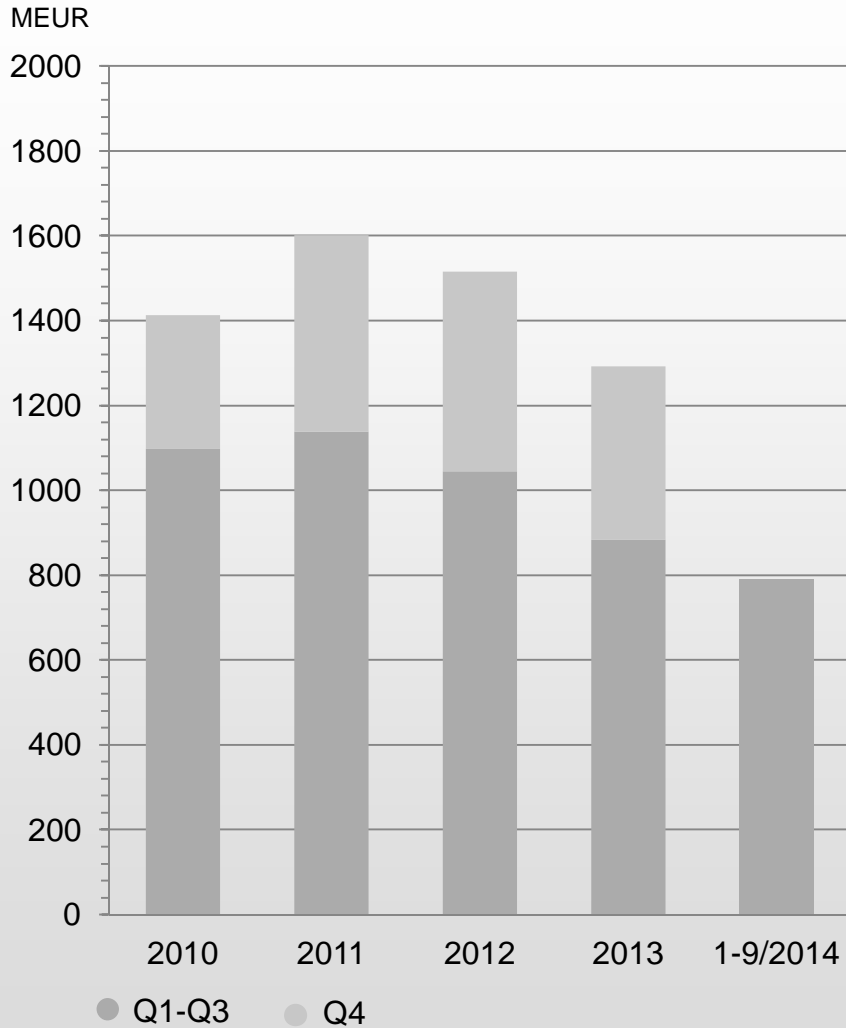
**Improved activity in
smaller power plant
orders**

Power plant quotation activity on a high level



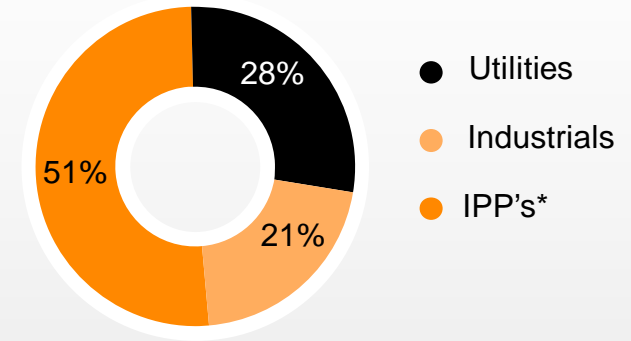
Quotations remain focused on gas

Power Plants order intake picked up in the third quarter

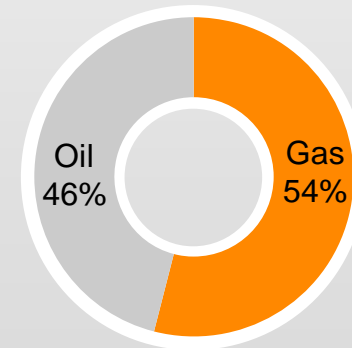


Review period development

Total EUR 792 million (884)

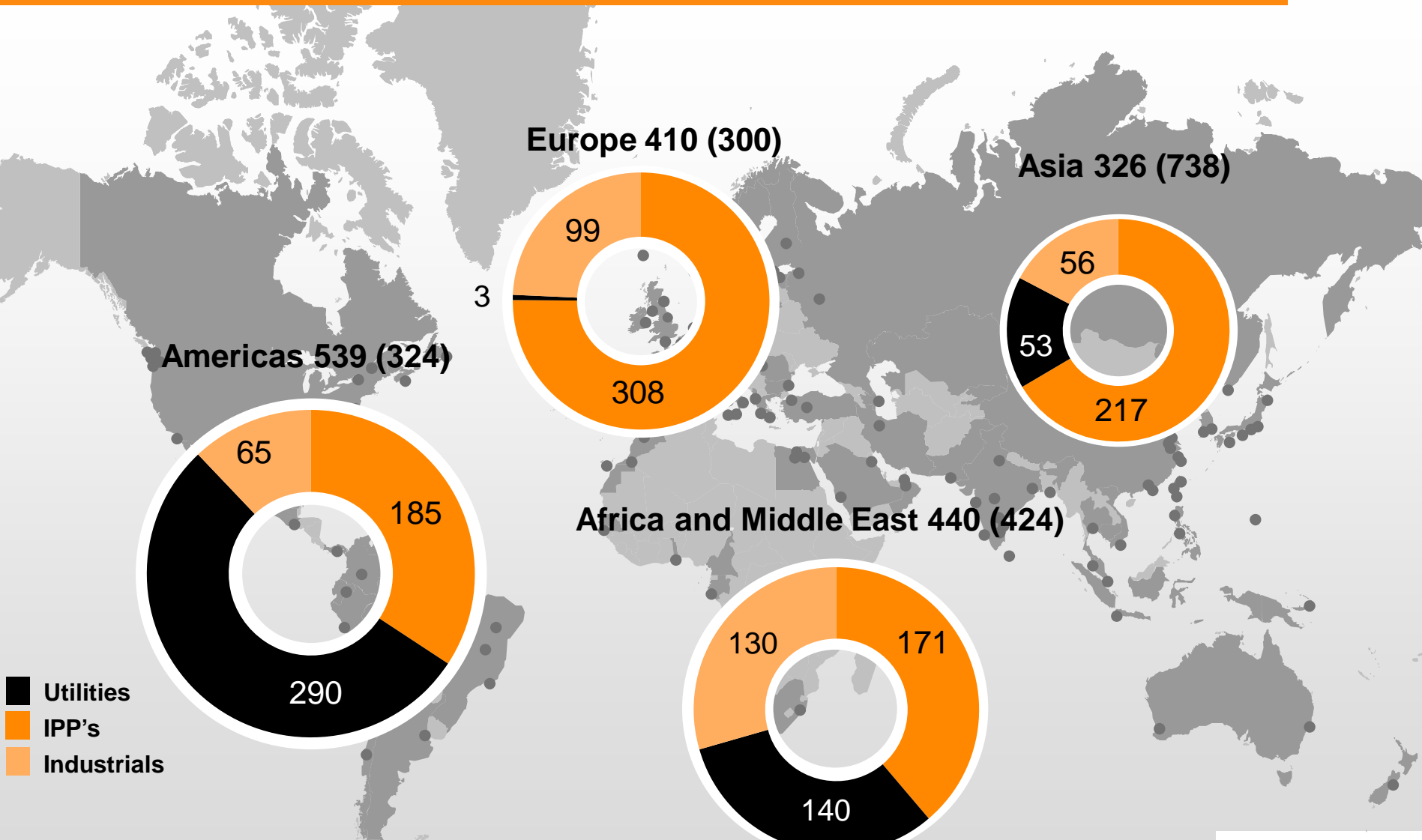


Review period order intake by fuel in MW



*IPP = Independent Power Producer

Power Plants' order intake evenly spread globally



Order intake 1-9/2014: 1,716 MW (1,786)

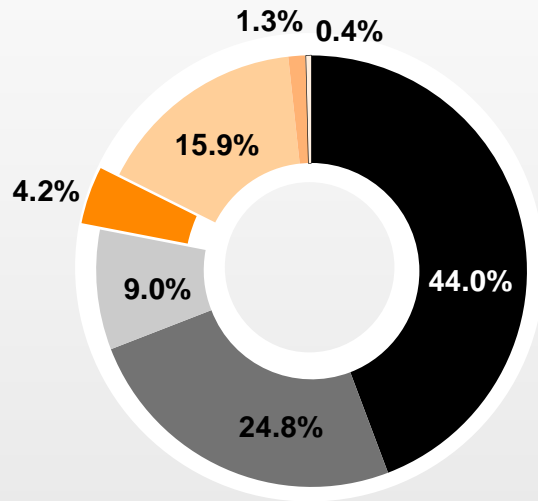
Significant power plant order from Mexico



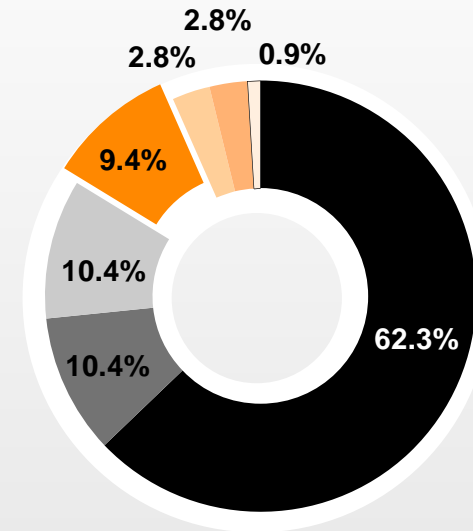
- Wärtsilä to supply a 139 MW flexicycle power plant for Energia del Caribe in Mexico
- Scope of supply: EPC contract based on seven 50SG gas engines and a combined cycle
- The capability to produce efficient, flexible and reliable energy, and ensure firm capacity without interruptions were key reasons for being awarded the contract
- The project doubles Wärtsilä's installed generating capacity in Mexico to 280 MW

Market for gas and liquid based power plants 1-6/2014

Total market
23.4 GW (18.8)



Market <500MW
10.6 GW (12.7)



GE
 Siemens
 MHI
 Wärtsilä
 Alstom
 Ansaldo
 Other GTs

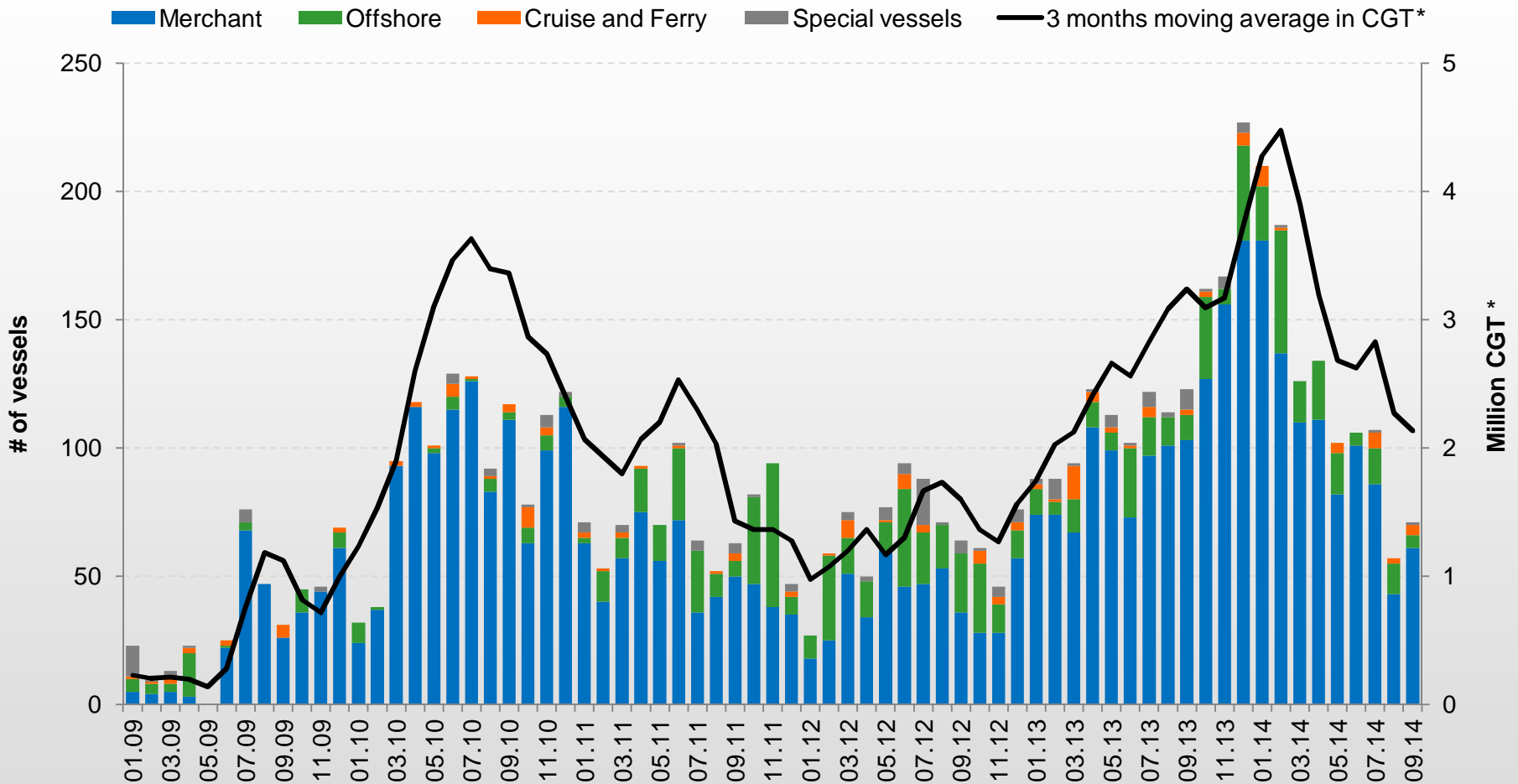
Includes all Wärtsilä power plants and other manufacturers' gas and liquid fuelled turbine based power plants with prime movers above 5 MW, as well as estimated output of steam turbines for combined cycles. The data is gathered from the McCoy Power Report. Other combustion engines not included. In engine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



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**Ship Power order
intake supported by
activity in gas carriers
and cruise vessels**

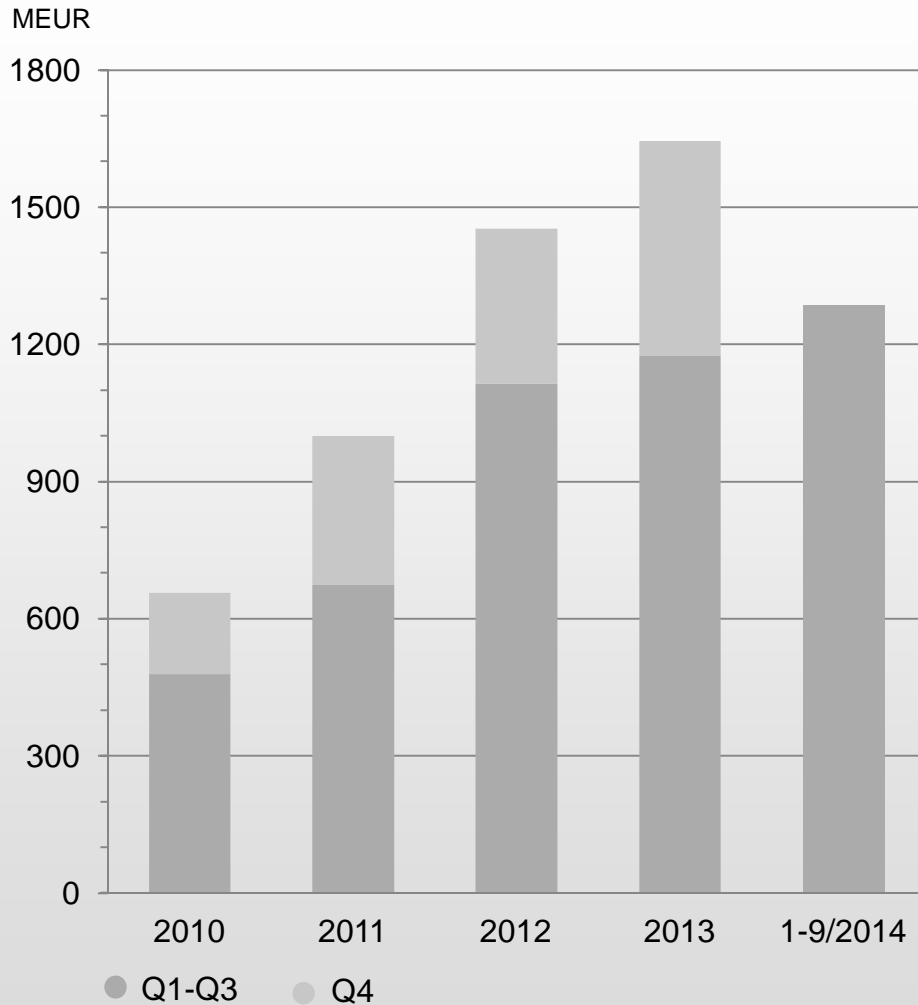
Vessel contracting development



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

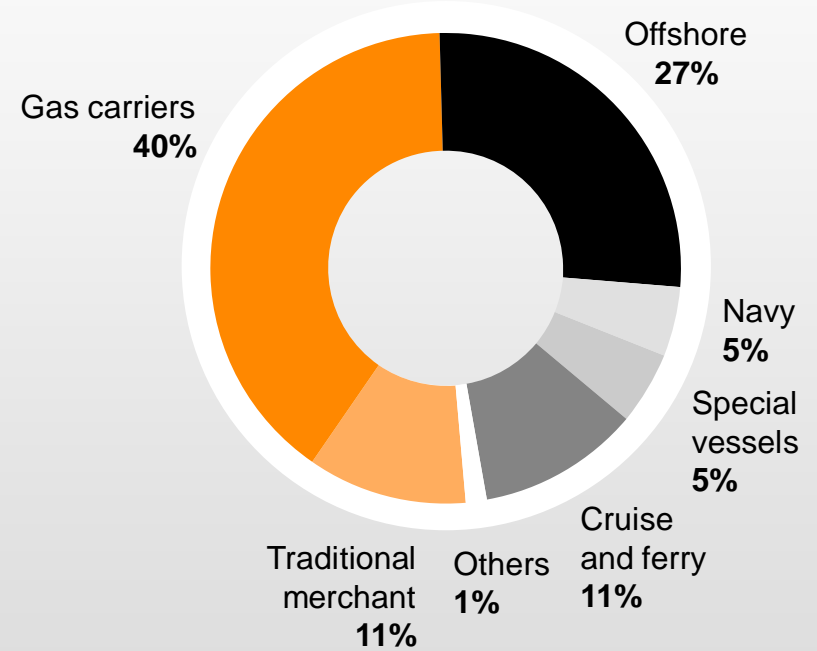


Ship Power order intake developed well



Review period development

Total EUR 1,286 million (1,176)

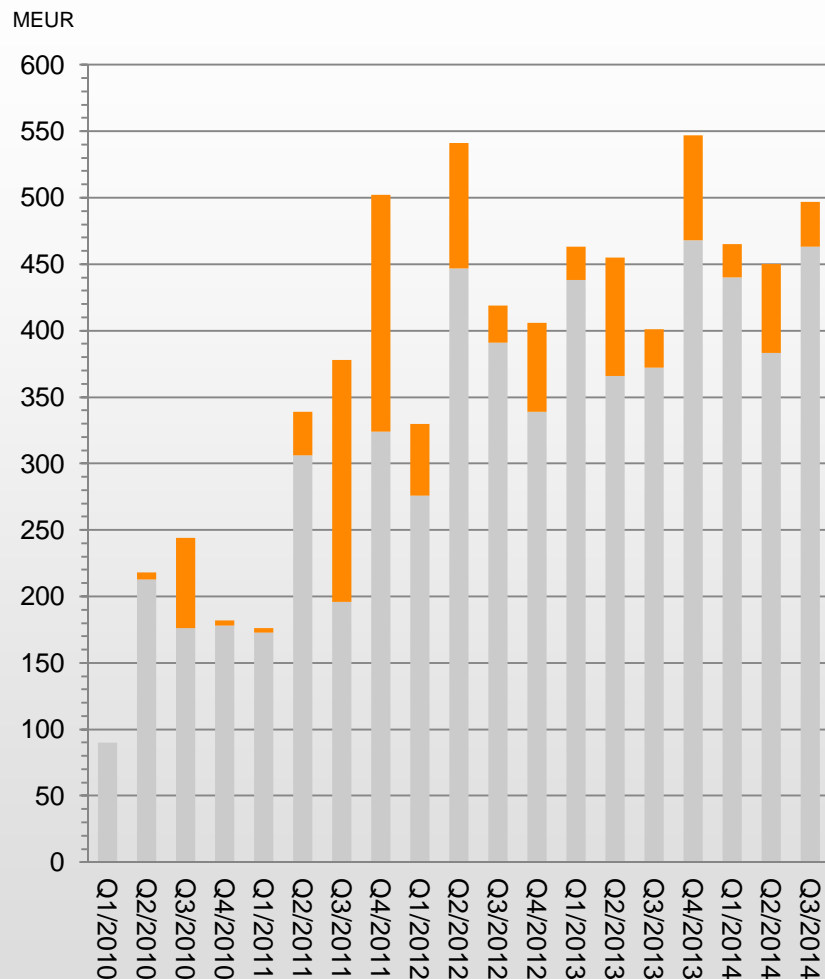


Wärtsilä's gas handling systems for world's largest ethane carriers



- Gas handling systems ordered for six new very large ethane carriers (VLECs), being built for the Reliance Group based in India
- Scope of supply: complete cargo handling package for each ship, the solutions cover everything from loading the gas at the terminal to keeping it safe during freight and unloading it at the final destination
- The transportation of ethane is a rapidly growing segment of the marine gas carrying business

Joint venture ordering continues active



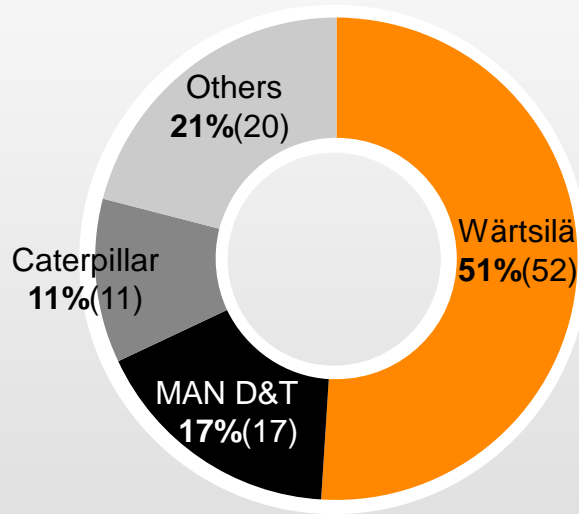
- Joint venture order intake totalled EUR 126 million (143) during January-September 2014
- Wärtsilä's share of ownership in these companies is 50%, and the results are reported as a share of result of associates and joint ventures

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

Ship Power market

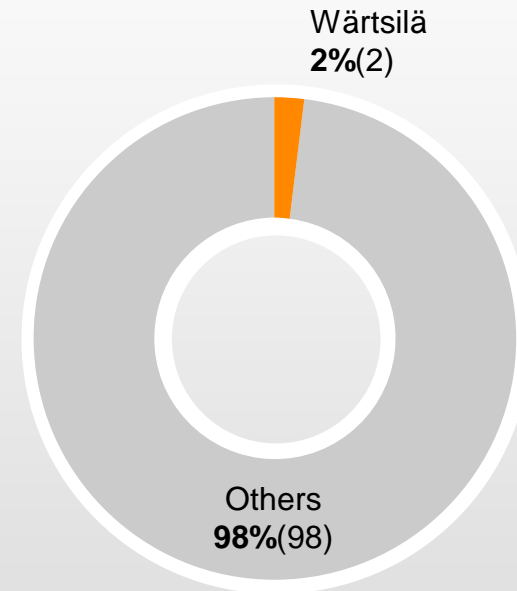
Market position of Wärtsilä's marine engines

Medium-speed main engines



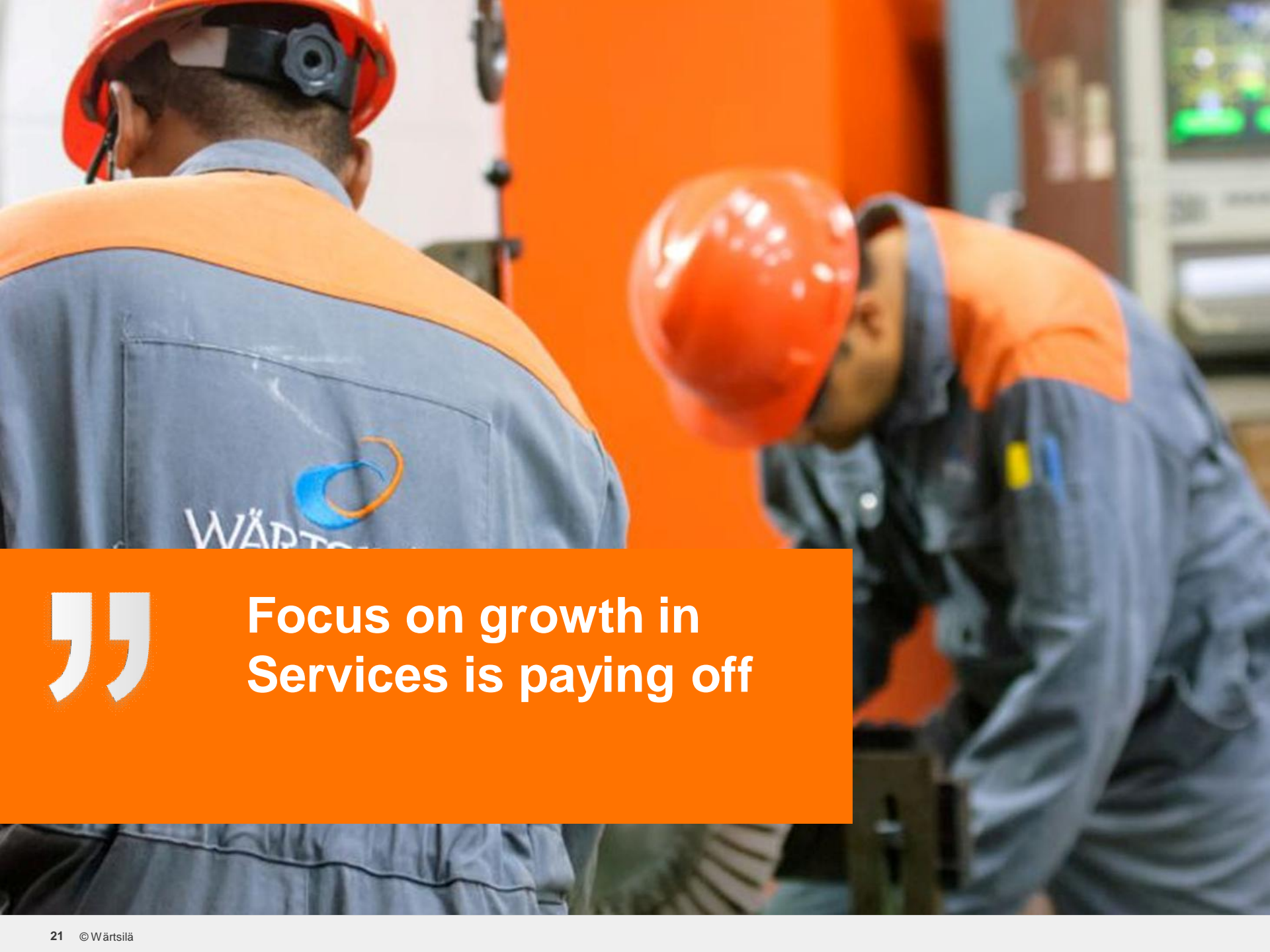
Total market volume last 12 months:
4,554 MW (4,139)

Auxiliary engines



Total market volume last 12 months:
7,628 MW (7,860)

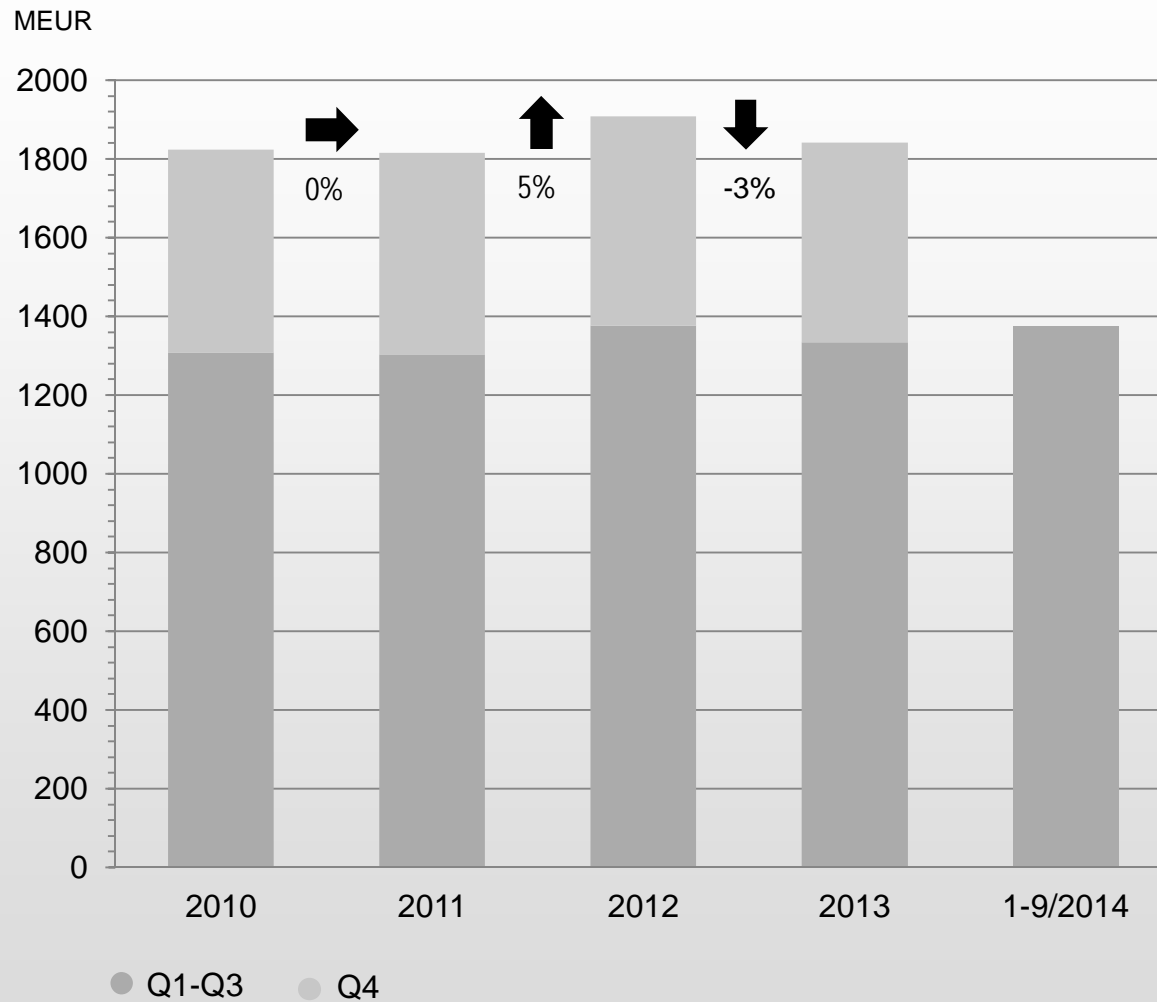
Wärtsilä's market shares are calculated on a 12 months rolling basis, numbers in brackets are from the end of the previous quarter. The calculation is based on Wärtsilä's own data portal.



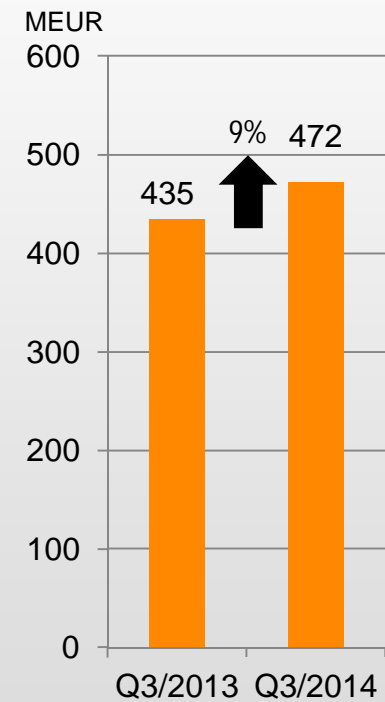
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**Focus on growth in
Services is paying off**

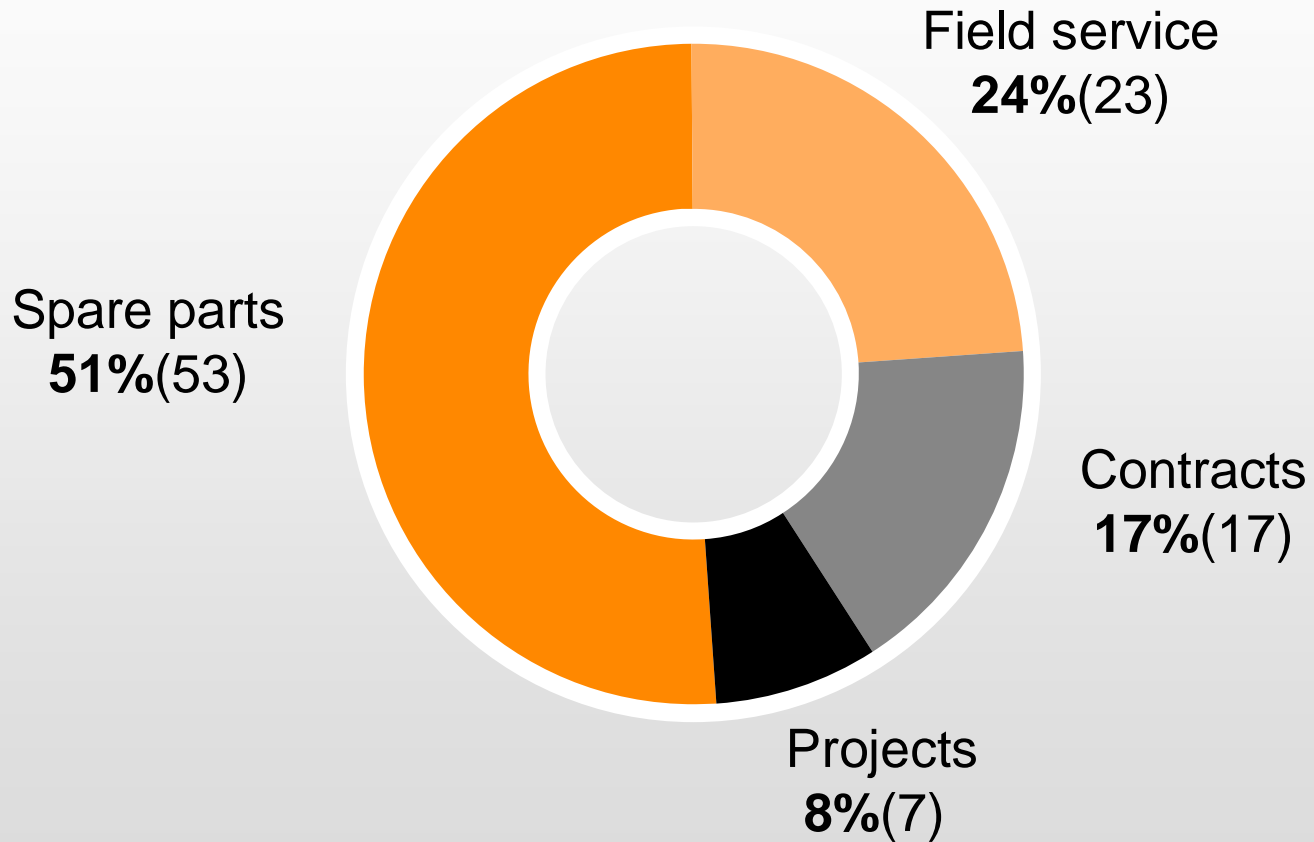
Growth in Services net sales



Third quarter development



Services net sales distribution 1-9/2014



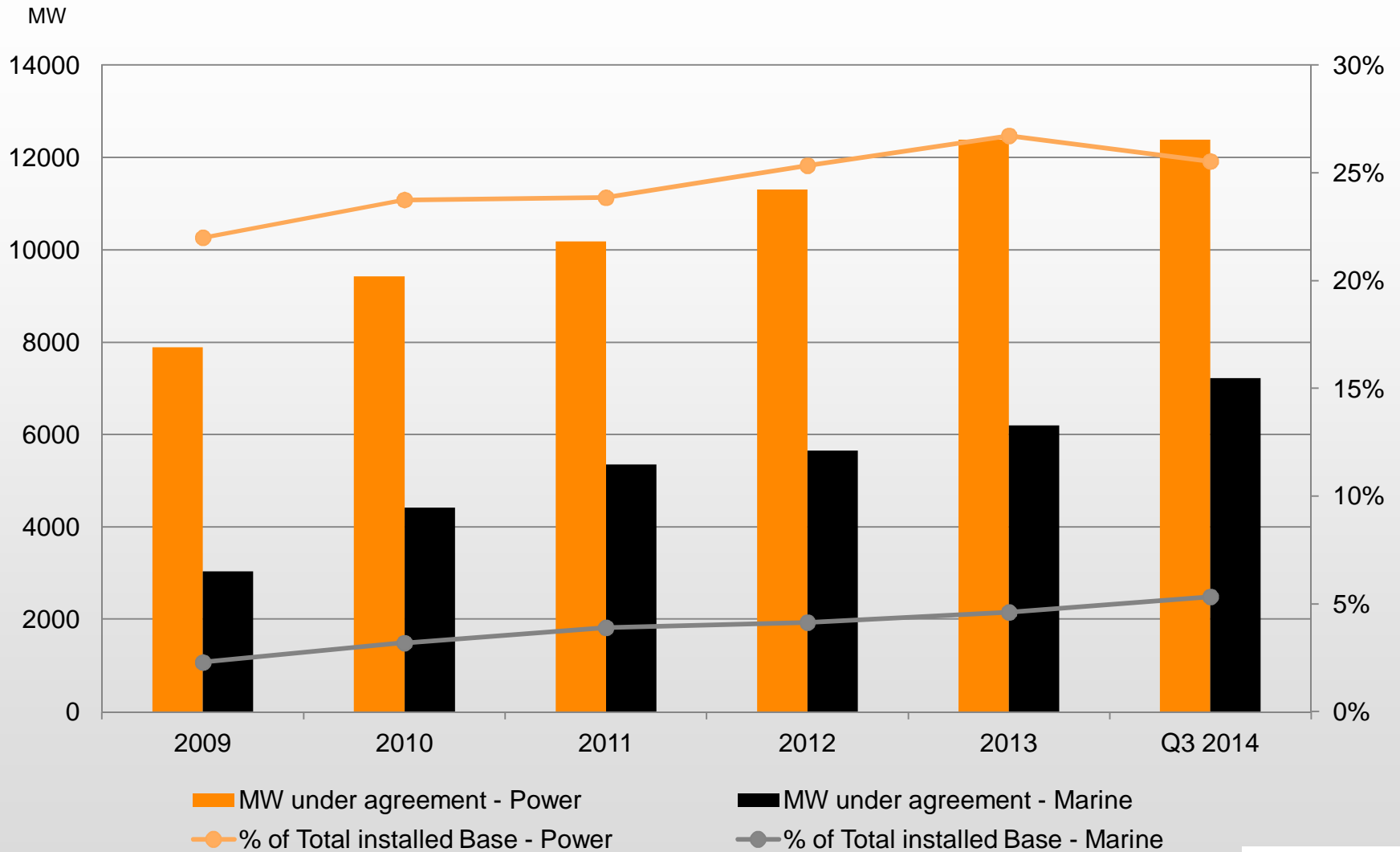
Total EUR 1,375 million (1,334)

Continued interest for marine service agreements



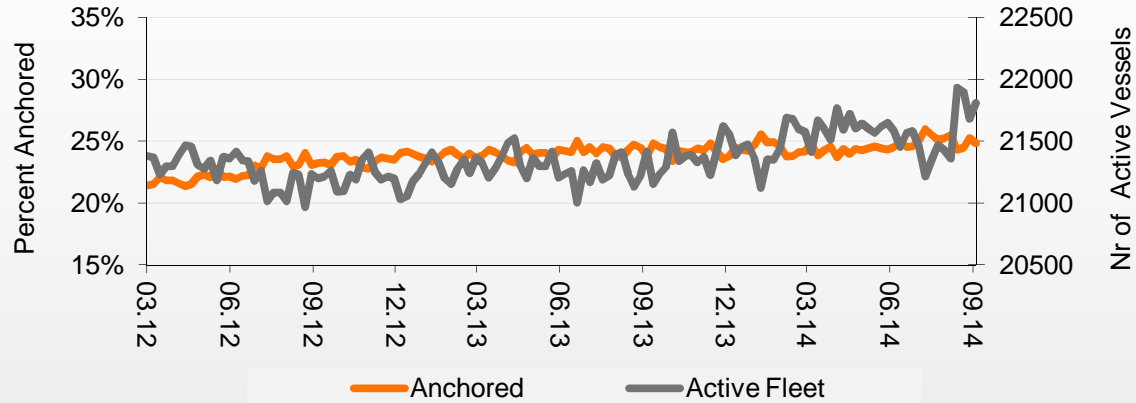
- 5-year technical management agreement signed with Harvey Gulf International Marine LLC
- Scope of supply: condition based maintenance and dynamic maintenance planning for 8 new offshore vessels
- The agreement ensures ideal running conditions and reduced operating costs through optimised timing of major overhauls and reduced consumption of spare parts

Development of Service agreements

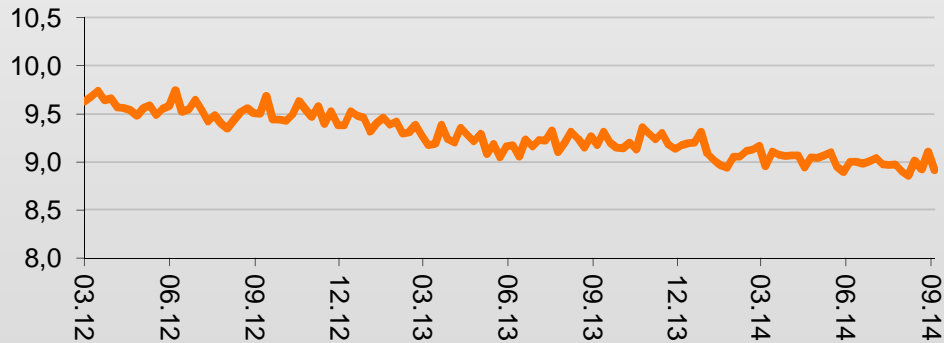


Fleet utilisation

Anchored Vessels & Fleet Development*



Fleet Average Speed, knots**



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

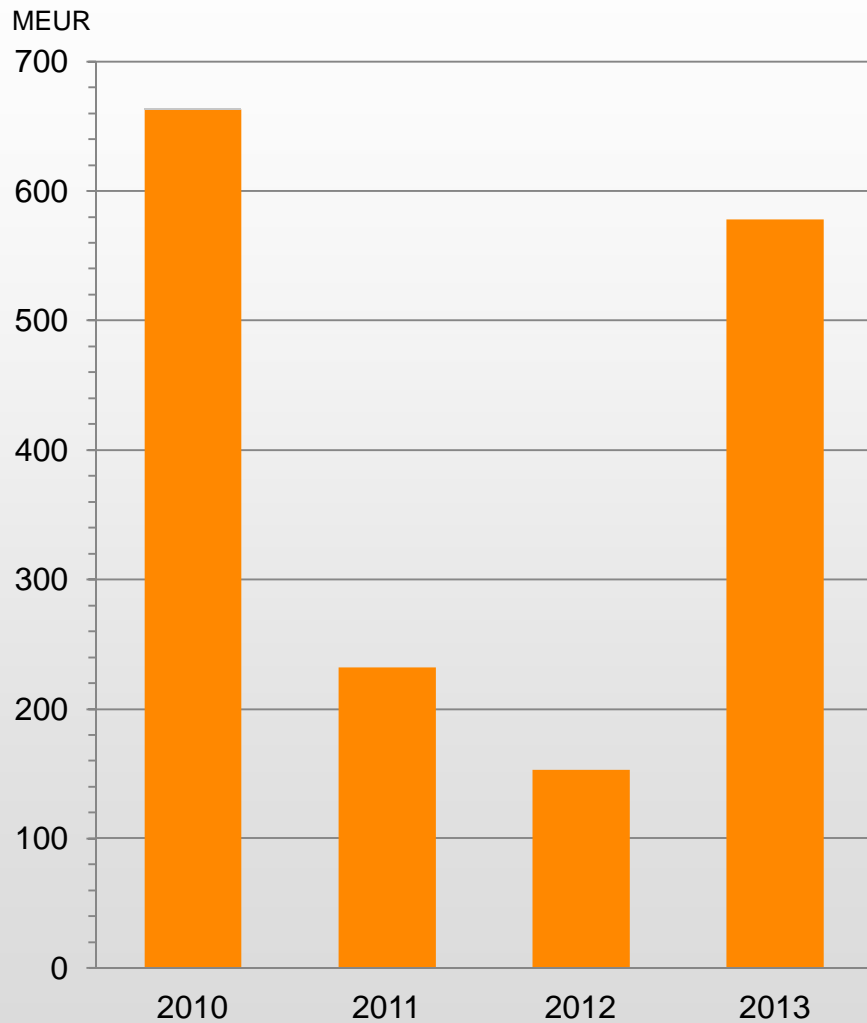
** Source Bloomberg



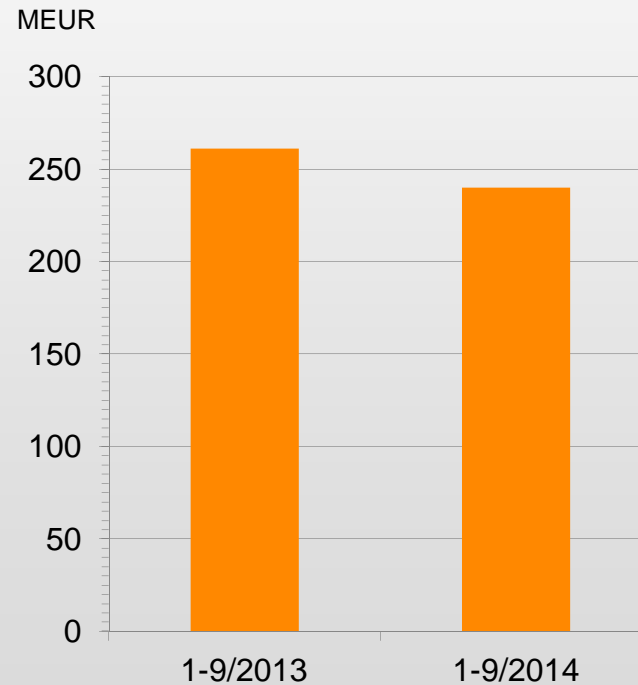
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**Solid financial
standing**

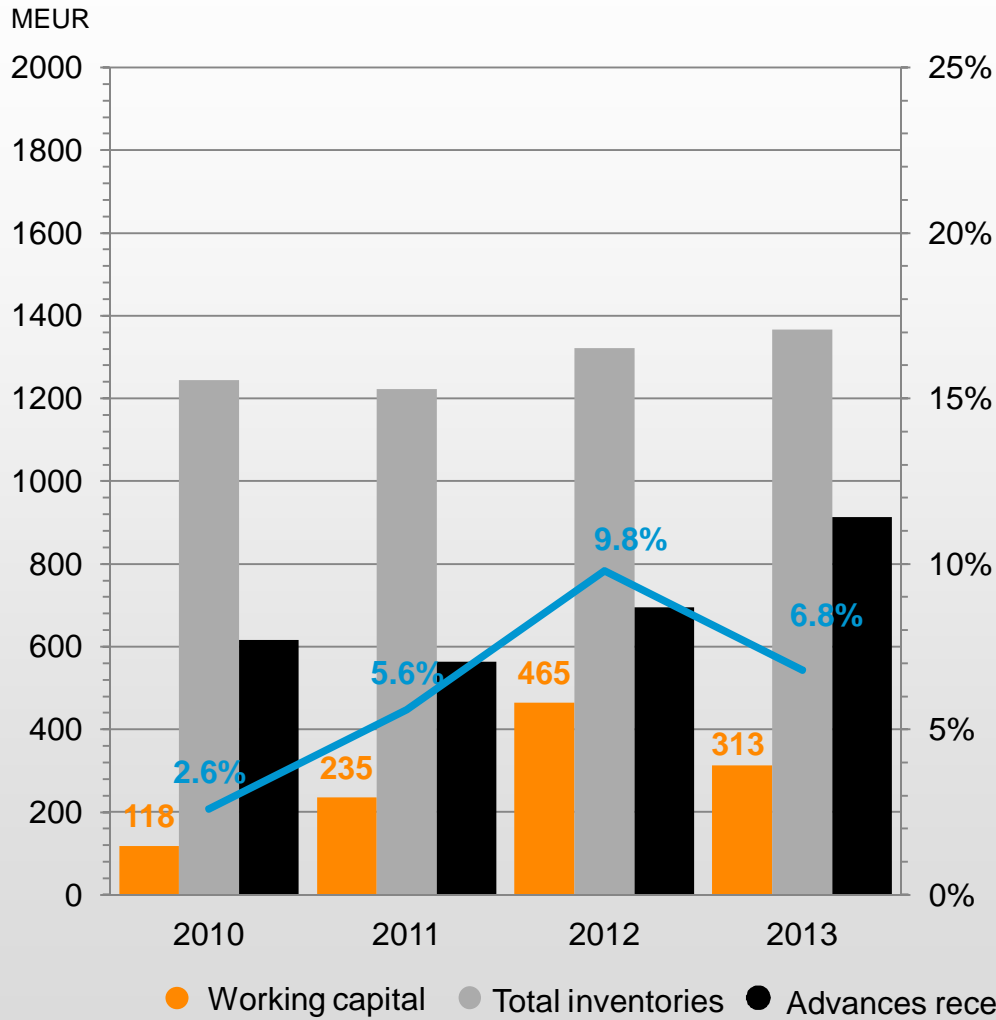
Cash flow from operating activities



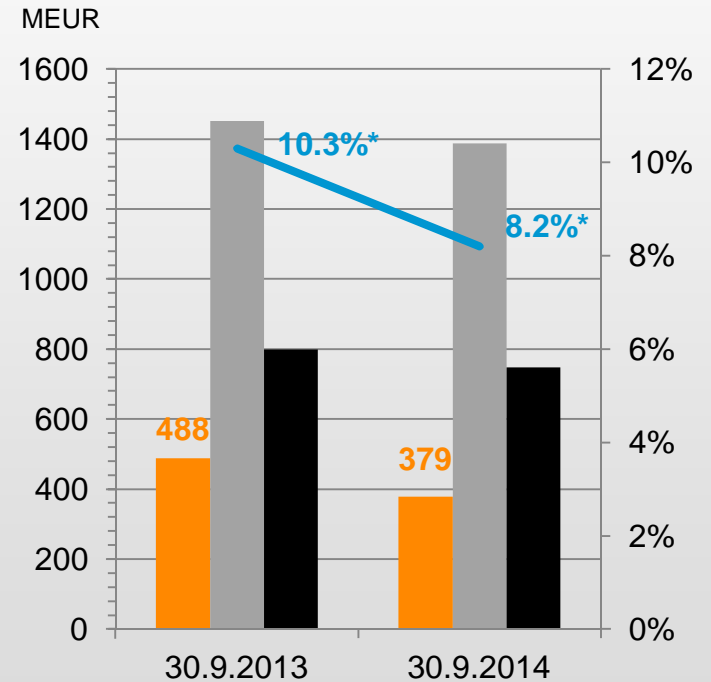
Review period development



Focus on working capital development

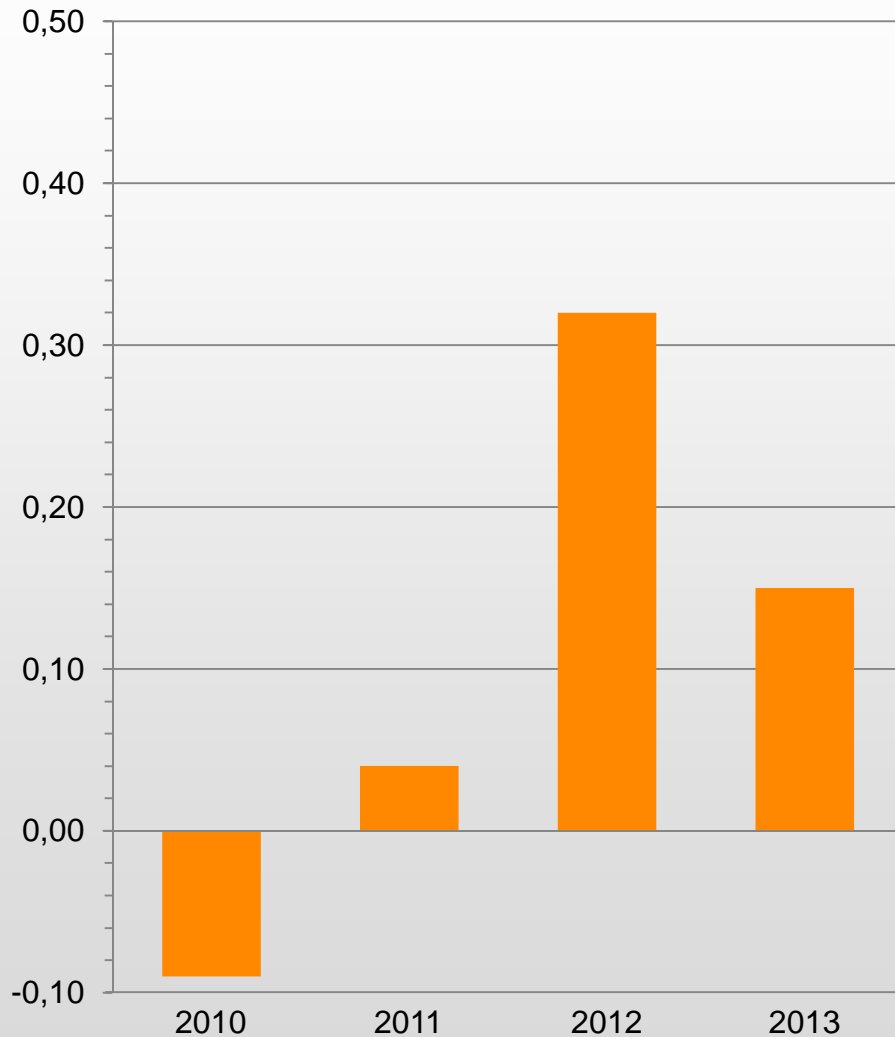


Review period development

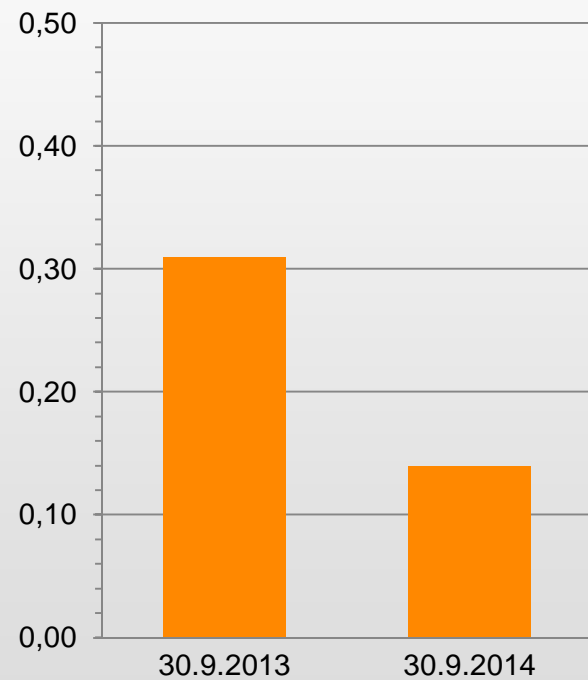


* Working capital / 12 months rolling net sales

Gearing remains low



Review period development





- **Power Plants:** Power generation markets closely follow the global macroeconomic development. Based on the difficult market situation seen during the three first quarters of the year and the revised GDP forecasts for 2014, the overall market for liquid and gas fuelled power generation is expected to continue to be challenging.
- **Ship Power:** Overcapacity continues to affect the demand for traditional merchant vessels. In the offshore segment, the contracting of drilling units and certain support vessels is expected to continue on a lower level. The outlook for gas carriers remains positive, although the recent strong ordering volumes may affect activity in the short term.
- **Services:** The overall service market outlook remains stable, with positive developments in selected regions.

Prospects for 2014 revised



Wärtsilä estimates its profitability for 2014 (EBIT% before non-recurring items) to be 11.5-12.0%. Wärtsilä reiterates its expectation that net sales will grow by around 5%.



WÄRTSILÄ

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