

90°



180
180 2014

THIS IS WÄRTSILÄ

270°

ENERGY
ENVIRONMENT
ECONOMY

WARTSILA.COM



WÄRTSILÄ



180 180

1834 - 2014 and beyond.

Wärtsilä is a global leader in complete lifecycle power solutions for the marine and energy markets. By emphasising technological innovation and total efficiency, Wärtsilä maximises the environmental and economic performance of the vessels and power plants of its customers. In 2013, Wärtsilä's net sales totalled EUR 4.7 billion with approximately 18,700 employees.

This year Wärtsilä turns 180 years old. Our story begins in the modest Karelian village of Wärtsilä. Through our history, we have grown into a leading supplier of power systems and into a technology innovator on both land and sea. Today we serve our customers in over 200 locations in nearly 70 countries around the world. More than ever we believe Wärtsilä plays an important role in creating technologies that will benefit the world today and in the future.

“WÄRTSILÄ HAS A KEY ROLE TO PLAY IN PROVIDING SUSTAINABLE SOLUTIONS FOR THE SHIPPING AND POWER GENERATION SECTORS. OUR STRATEGIC PRIORITIES ARE WELL IN LINE WITH THE FUNDAMENTAL CHANGES OCCURRING IN OUR END MARKETS.”

*Björn Rosengren,
President & CEO*

CUSTOMER

31%

POWER PLANTS

Wärtsilä is a leading supplier of modern, environmentally advanced, highly efficient, and dynamic power plants that allow the maximum integration of intermittent renewable power generation. We offer multi-fuel power plants, including baseload generation, peaking and load following operation, as well as dynamic system balancing and ultra-fast grid reserve. We serve both the current and future capacity markets. In addition to the technical advantages, our fast track deliveries of complete power plants, together with long-term operation and maintenance agreements, provide our customers with complete solutions – in urban areas as well as in the most demanding remote environments.

28%

SHIP POWER

Wärtsilä enhances the business of its marine and oil & gas industry customers by providing innovative products and integrated solutions that are safe, environmentally sustainable, efficient, flexible, and economically sound. Our solutions are developed based on our customers' needs and include products, systems and services. Being a technology leader, and through the experience, know-how and dedication of our personnel, we are able to customise optimised solutions for the benefit of our clients around the world.

40%

SERVICES

Wärtsilä supports its customers throughout the lifecycle of their installations by optimising efficiency and performance. We provide the most comprehensive portfolio of services and the broadest service network in the industry, for both the energy and marine markets. We are committed to providing high quality, expert support and the availability of services in the most environmentally sound way possible, wherever our customers are located.

Net sales

1,459 MEUR

Order intake

1,292 MEUR

Nr of employees

1,053

Net sales

1,325 MEUR

Order intake

1,662 MEUR

Nr of employees

3,612

Net sales

1,842 MEUR

Order intake

1,885 MEUR

Nr of employees

10,785

Strategy

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 gas power plants as part of our Smart Power Generation concept, in gas-fuelled engines and related systems for the marine market, as well as in medium-scale liquified natural gas (LNG) infrastructure development. We also seek growth in environmental solutions, including exhaust gas cleaning systems for SOx removal and ballast water management systems. Our strengths are our technological leadership, an integrated product and service offering, our close and long-standing customer relationships, and our unparalleled global presence. With our production and supply chain management we constantly seek ways to maintain cost efficiency and high quality – often in co-operation with leading industrial partners in our key growth markets. Our strong focus on R&D allows us to stay at the forefront of technology and innovation in our industry. We are determined to capture growth opportunities within our end markets, while maintaining a solid profitability.

COMMITTED TO SUSTAINABILITY

Our aim is to meet shareholder expectations and contribute towards the well-being of the society. This requires efficient, profitable and competitive company operations. Good economic performance establishes a platform for the other aspects of sustainability – environmental and social responsibility. Our overriding promise is to supply power solutions that offer high efficiency with low environmental load. Our objective is to continuously improve the environmental performance of our products and services, as well as to maintain technological leadership by utilising new technologies and collaborating with our customers and other stakeholder groups. In doing this, we help our customers and society at large to meet the goals of the tightening global environmental regulations and guidelines.

Wärtsilä acts as a good corporate citizen wherever we are active. We are a responsible employer, and we seek to offer our employees a hazard-free, interesting and exciting workplace where openness, respect, trust, equal opportunities and scope for personal development prevail. Supply chain management and development are integral elements of our operations.

POWER PLANTS

Our aim is to be a globally recognised leader in liquid fuel and gas power plants. We will promote the Smart Power Generation concept to the increasingly dynamic and environmentally conscious global energy market to enable more sustainable, affordable, and reliable power systems.

- Maintain our leading position in heavy fuel oil and dual-fuel power plants by enhancing our value proposition as well as by influencing and actively developing selected target markets
- Grow strongly in large utility gas power plants by capturing market share from combustion turbines
- Grow in biofuel power plants by enabling a wide fuel range
- Grow in special applications - nuclear emergency power, combined heat and power, oil & gas and LNG infrastructure - by introducing our value proposition to the selected customer segments

SHIP POWER

Our strategic goal is to be the leading provider of innovative products and integrated solutions to the marine and oil & gas industries. To achieve this we will build on our deep customer understanding.

- Solidify our clear leading position in solutions for gas-fuelled vessels, environmental compliance, and efficiency optimisation
- Further develop our position as the shipbuilding industry's leading systems integrator
- Provide a competitive offering of products for the growing needs of the marine and oil & gas markets
- Seek further growth through the ability to offer the most efficient lifecycle solutions for our customers

SERVICES

Our customers recognise Wärtsilä as being a reliable service partner; competitive, trusted, and easy to deal with.

- Focus on customer needs in order to constantly develop our offering proposition with value-enhancing products
- Support our customers locally through our qualified global field service network
- Support our customers in minimising their environmental footprint and foster a customer-focused quality attitude and a safe way of working

Operating environment

We support our customers globally from over 200 locations in nearly 70 countries around the world.

AMERICAS

1,068
Net sales MEUR  23%
of total net sales

1,068
Nr of employees  10%
of group employees

EUROPE

1,329
Net sales MEUR  29%
of total net sales

10,507
Nr of employees  56%
of group employees

ASIA

1,759
Net sales MEUR  38%
of total net sales

5,628
Nr of employees  30%
of group employees

AFRICA

405
Net sales MEUR  9%
of total net sales

563
Nr of employees  3%
of group employees

OTHER

93
Net sales MEUR  2%
of total net sales

89
Nr of employees  0.5%
of group employees

Nr of employees
18,700

Net sales
EUR 4.7 BILLION

Installed base
182,000 MW

MARKET DRIVERS & STRENGTHS

POWER PLANTS

The demand for power generation is driven primarily by population growth and economic development. As electricity consumption grows, the demand for both new power generation equipment and replacement equipment for older capacity increases correspondingly. Looking ahead, growth is expected to be higher in non-OECD countries due to increasing industrialisation and improving living standards. The demand for gas and dual-fuel driven plants increases along with the introduction of gas networks to the emerging markets.

- + Unique operational and fuel flexibility
- + Energy efficiency and emissions compliance
- + Competitive capital cost and EPC capability
- + Global service organisation

SHIP POWER

Demand in the shipbuilding and shipping industries is mainly driven by developments within the global economy and the resulting impact on trade and transportation capacity requirements. High fuel prices drive the development in the oil & gas industry, while in the general shipping industry they increase the demand for efficient vessels. Another important factor is the demand for environmental solutions and gas as a marine fuel that stems from environmental regulations.

- + The broadest portfolio of reliable and high performing products and solutions in the marine and offshore oil & gas industries, supported by the industry's strongest global service network
- + Track record in providing gas-fuelled vessels with our dual-fuel technology and gas systems
- + A comprehensive selection of options for meeting our customers' needs concerning fuel flexibility, efficiency, and environmental requirements
- + A strong presence in all major segments in the industry

SERVICES

The main market driver in the service business is the size and development of the active engine base. Changes in environmental regulations, improved safety aspects, as well as changes in, for instance, the cost or availability of different fuels drive the demand for lifecycle solutions. The outsourcing of operations and management is today an important trend in the power plant service market. In the future, this may also become a more important driver for marine customers.

- + Long-term relationships with customers and an in-depth understanding of their needs
- + A complete lifecycle offering
- + The broadest service offering in the industry
- + A global service network

Introducing flexibility

In February 2013, Wärtsilä received an order from Portland General Electric Company (PGE) to supply a 220 MW power plant being built near Clatskanie in the state of Oregon, USA with 12 Wärtsilä 50SG natural-gas-fuelled engines and related auxiliary equipment.

In terms of their annual energy needs in the Portland area, PGE experiences a fair bit of seasonal variation: it is still a winter-peaking utility, due to heating loads. On a daily basis, it also has a fairly standard loading profile, with morning and afternoon peaks.

Traditionally PGE has relied on hydro resources to provide flexibility, but the share of generation provided by hydro is declining over time. Where before PGE depended on mid-Columbia hydro contracts for load-following functions in its generation system, more and more of those resources are now switching to a short-term market basis or serving their native loads.

PGE's Integrated Resource Plan showed that they needed products that would provide ancillary services, including load following, regulating margin, spinning reserve and non-spinning reserve.

Wärtsilä's engines cover all of these needs. The plan that was proposed for the Port Westward Unit 2 plant complements PGE's portfolio very well. The power generation they have currently is more traditional, and wasn't designed to be ramped up and down throughout its load range at a fast rate. This capability was something PGE needed to add to their system to maintain flexibility as more wind energy is integrated into their system.

GAS ON HAND

Fuel storage was critical to the success of this project because traditional pipelines need to have the gas

scheduled a day in advance. You need to predict how much gas you are going to use the next day and be responsible for balancing it if you deviate from that. Having access to an underground reservoir close to their facility was a key driver for this location and for this kind of technology to be added to PGE's system. There is very limited available capacity in the existing pipelines so PGE will need to use what capacity they have to inject gas into the storage reservoir during off-peak periods in order to have it available when needed for this plant.

So, with natural gas the fuel of choice, it became about selecting a technology. The Wärtsilä system PGE decided on provides three critical services that they were looking for to develop their portfolio:

- Peaking service during the winter and summer periods
- Load following throughout the year
- Wind integration service throughout the year

The biggest benefit the Wärtsilä 50SG engines provide for PGE's system is in allowing them to maintain compliance with their commitments to renewable energy, and as those commitments increase over time, they also allow PGE's customers to benefit from a more renewable-focused electricity portfolio. ■

■ **Read the full story at: www.wartsilastories.com**

“An internal analysis done by our power group demonstrated how important flexible technology would be for PGE in the future.”

Rick Tetzloff, Senior Project Manager, Portland General Electric Company



Demonstrating the superiority of its value proposition will enable Wärtsilä Power Plants to achieve its strategic goals of growing in the large gas power plant market for utilities and maintaining its leading position in heavy fuel oil and dual-fuel power plants.

KEY FACTS

- + Guaranteed performance
- + High energy efficiency
- + Unique fuel and operational flexibility

The age of safe gas in shipping begins now

In January 2013, M/S Viking Grace's maiden voyage marked a major step in extending the use of natural gas in shipping. It is the first large passenger cruise ferry ever to run on liquefied natural gas (LNG), and includes several unique features making it inherently safe and environmentally sound.

The Baltic Sea, located between Central and Northern Europe, is one of the busiest maritime areas in the world, and is especially vulnerable to environmental pollution. Because of this, the Baltic Sea will be among the first areas in the world to see stricter regulations imposed regarding sulphur and nitrogen oxides (SOx and NOx). Stricter SOx limits are due to come into force in 2015 and NOx limits will follow soon after.

For M/S Viking Grace these dates are of no significance; it makes the grade already, years in advance of the coming changes. From an emissions perspective, it is the world's most environmentally sound large ferry. Compared to traditional diesel-powered ferries, its SOx emissions are close to zero when running on LNG. Particulate emissions are almost non-existent, and NOx and CO₂ emissions are reduced by 80% and 20% respectively compared to its diesel-powered equivalents.

"We hope and feel that this ship has been a strong signal for the whole industry," says Kari Granberg, the Project Manager from Viking Line, the ship's owner. Since the launch, engineers around the world have been pouring in to witness first hand how the age of safe gas in shipping will look.

ENVIRONMENTAL SOLUTIONS BEYOND THE CHOICE OF FUEL

Opting for gas was not the only environmental choice

Viking Line made when commissioning this ship. For example, during the warm summer months the extremely cold temperature of liquefied gas is utilised in the air conditioning system. To minimise disturbance to the residents of the abundant summer cottages along the ship's route and maximise passenger comfort, the ship is equipped with Wärtsilä's Compact Silencer System. This solution reduces engine noise, particularly in the unpleasant lower frequencies. Thanks to its advanced five-blade propellers the ship is practically without vibration.

SAFETY COMES FIRST

Assuring the safety of the gas technology employed was a key concern in the Viking Grace project. This is a busy ferry line, so the ship needs to be bunkered within a single hour. At the same time, thousands of passengers and hundreds of vehicles are being loaded and unloaded. To ensure safety, everything from the double-walled pipes and engine room arrangements to the location of the LNG tanks had to be carefully planned. ■

■ Read the full story at: www.wartsilastories.com

SCOPE OF SUPPLY

- + Four 8-cylinder in-line Wärtsilä 50DF dual-fuel main engines
- + Two 2,300 kW bow thrusters and a 1,500 kW stern thruster
- + Two stainless steel fixed-pitch built-up-type main propellers
- + Complete propeller shaft lines with shaft-line seal systems
- + LNGPac™ storage and supply system
- + Gas Valve Unit – Enclosed Design (GVU-ED™)

GAS
LNG

M/S Viking Grace is the first large passenger cruise ferry ever to run on liquefied natural gas and includes several unique features making it inherently safe and environmentally sound.



"Together we showed the world that gas can be applied to any ship."

*Sören Karlsson, General Manager,
Gas Systems, Ship Power, Wärtsilä*



From the ocean to the green corridor

In 2013, a number of coinciding developments signalled that the tipping point for liquefied natural gas (LNG) is approaching. Wärtsilä, as an early backer of LNG for both marine and land-based applications, is seizing the moment to expand its own offering into a new area: infrastructure.

LNG has been labelled a fuel of the future for years now. Offering global availability and significant environmental benefits, the reasoning has always been sound, but with commitment from industrial and political decision makers required for its widespread adoption, along with significant investments into infrastructure, LNG's time has been coming a while.

Today, with North American shale gas on everyone's lips, we are in the midst of what some have termed the "gas revolution". LNG has begun to appear in the headlines of the world's media, and commentators are elaborating publicly more and more about what these three letters could mean for the geopolitical status quo. Fuel prices may have dropped as a consequence of the newly available shale resources, but transportation is still seen as a challenge. Liquefaction of gas is a key enabler. Wärtsilä's acquisition of Hamworthy in 2012, as well as substantially increasing its offering of environmental solutions, put the company in a unique position to help break the deadlock.

WÄRTSILÄ'S BUSINESSES CONVERGE ON TORNIO

The key enabler was Hamworthy's expertise in small-scale regasification and liquefaction plants, their long experience in gas-handling solutions, and their many references for both offshore and land-based applications using similar and related technologies.

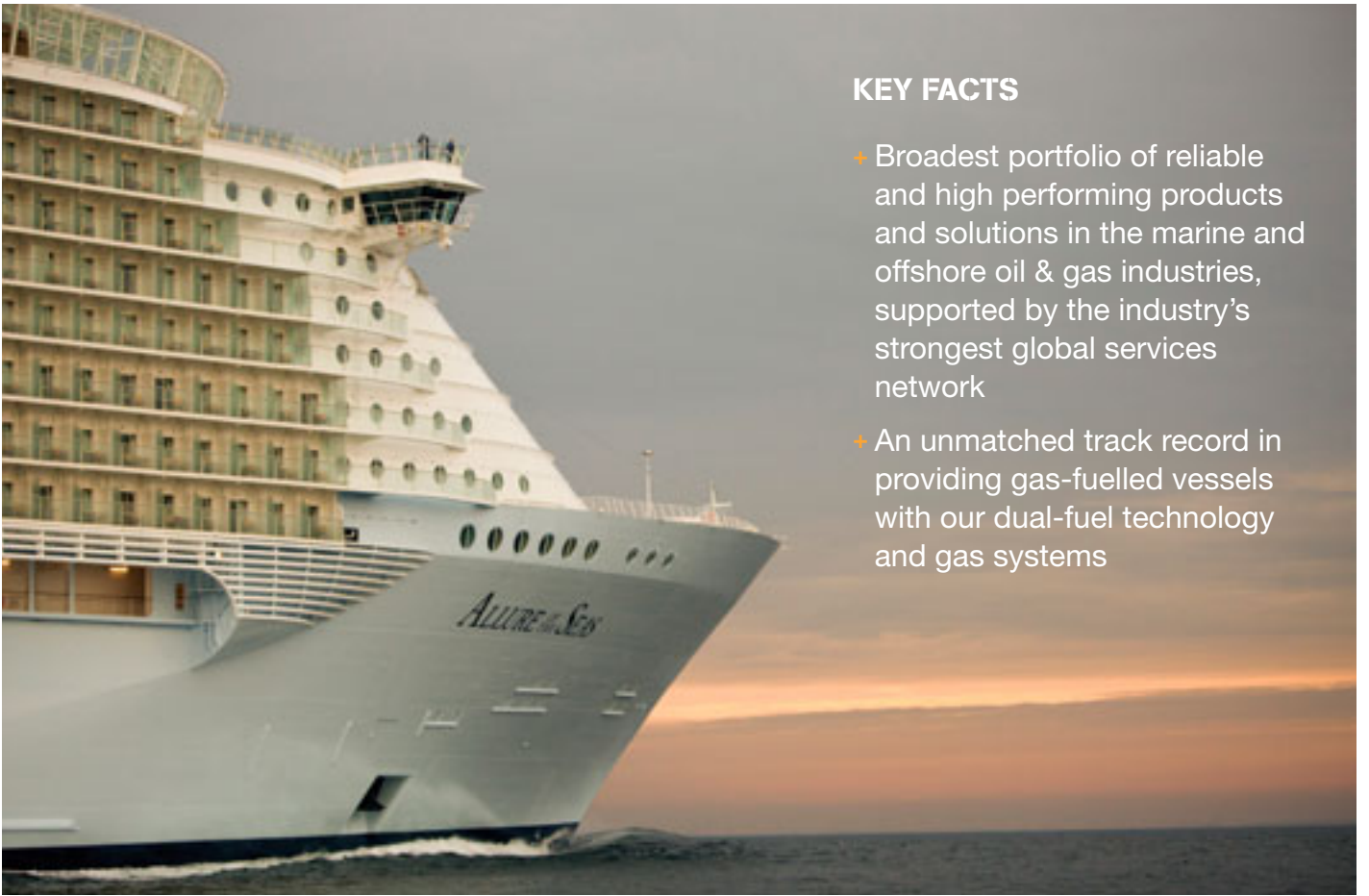
For Wärtsilä, this provided the opportunity to plug a vital gap in the LNG supply chain, and the first case came from a surprising direction; the Power Plants business.

The energy demands on Wärtsilä's doorstep – in Tornio, Northern Finland – provide a textbook example of how certain usages such as industrial applications can provide a valid, cost-effective basis for installing LNG infrastructure, which can then potentially serve other customer segments.

TAKING THE GREEN CORRIDOR GLOBAL

With LNG infrastructure now in a phase of development both in Europe and the Americas, Asian markets are also demonstrating considerable interest. This is mostably demonstrated by the bilateral co-operation pact to stimulate trade and investment opportunities in oil and LNG signed between Canada and Japan in October. The tone has been set, and announcements of further initiatives look set to appear with increasing frequency. By all appearances, the future has arrived. ■

■ [Read the full story at: www.wartsilastories.com](http://www.wartsilastories.com)



KEY FACTS

- + Broadest portfolio of reliable and high performing products and solutions in the marine and offshore oil & gas industries, supported by the industry's strongest global services network
- + An unmatched track record in providing gas-fuelled vessels with our dual-fuel technology and gas systems

Ship Power is uniquely positioned for growth driven by the increasing availability and use of gas as a marine fuel, the introduction of new environmental regulations, and the increased demand for more efficient vessels as a result of rising fuel costs.

"After acquiring Hamworthy, we have gained strength in LNG-handling; regasification, liquefaction, and the core technology know-how."

Vesa Riihimäki, President, Power Plants



LNG – a unique possibility

We understand that there is a lot of information out there sometimes. That's why when it comes to our LNG service contracts, we want to explain things in a way that will make the most important points sing out.

Discover what is distinct about the way we serve our customers, why LNG is so important today to the shipping and power industries we serve, and how Wärtsilä is uniquely placed to capitalise on the biggest trend in this area for many years to come.

WE PUT EXPERTISE INTO ACTION

M/S Viking Grace is the first passenger cruise ship in the world to run on LNG. This makes it the most environmentally sound cruise ferry in the world, the stunning result of top-notch engineering and state-of-the-art design.

Wärtsilä's service agreement covers the four Wärtsilä 50DF dual-fuel main engines, as well as the Wärtsilä LNGPac gas system's safety valves.

The overall service target is to extend the intervals between maintenance, optimise the logistics for spare part deliveries, and ensure optimal operating efficiency and fuel consumption, thereby lowering operating costs.

THE IMPORTANCE OF BEING ENVIRONMENTAL

Wärtsilä has enjoyed a long-term service relationship with Eidesvik Offshore ASA, covering multiple vessels, since 2010. Today Eidesvik operates a fleet of 28 modern offshore support vessels within supply, seismic and subsea, with a further large vessel in construction. In 2003 Eidesvik launched the first LNG fuel supply vessel, Viking Energy.

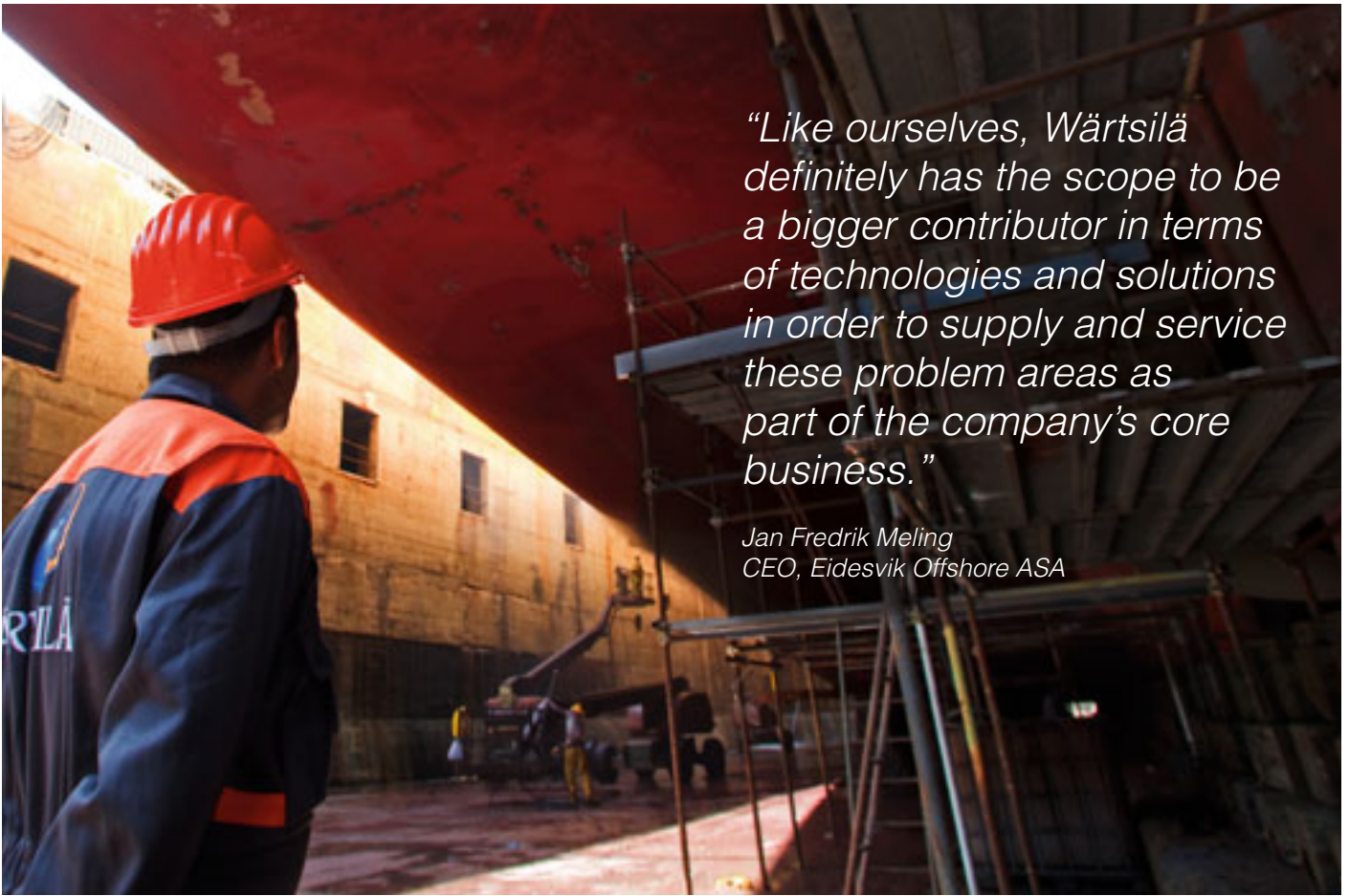
Eidesvik strongly believes that the use of dual-fuel engines combined with other hybrid solutions can

help to avoid unnecessary burning of heavy fuel and therefore a great deal of pollution.

IT'S A CHANGING WORLD

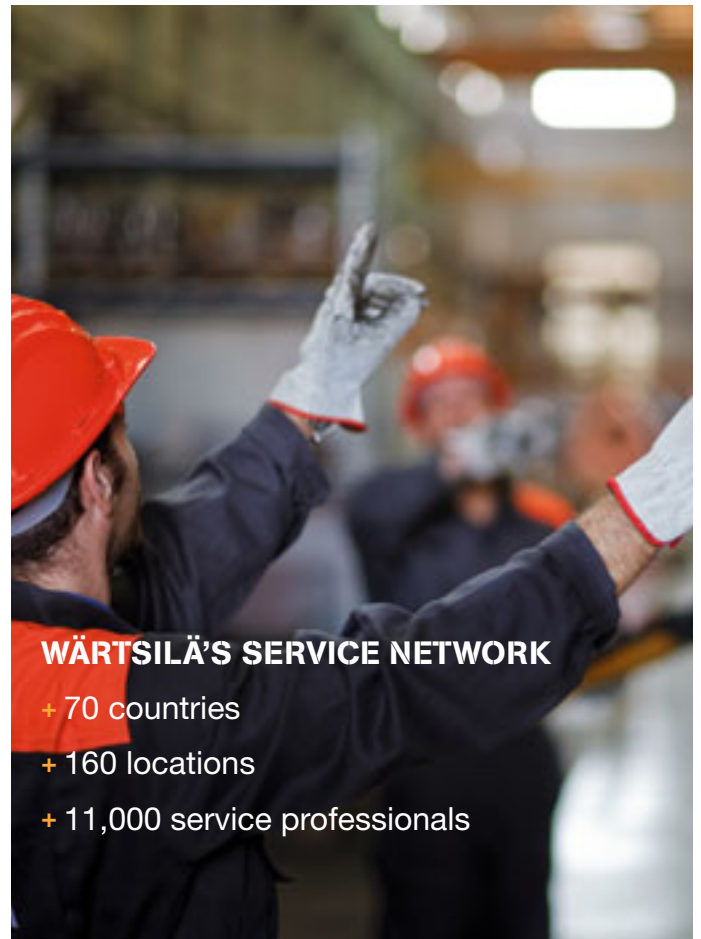
- Gas consumption expected to increase >30% by 2035
- Long-term growth mainly driven by power production
- CO₂ emissions reduced by 60% compared to coal
- Highest demand growth in emerging economies/non-OECD countries
- Mismatch between location of resources and consumers ■

■ Read the full story at: www.wartsilastories.com



“Like ourselves, Wärtsilä definitely has the scope to be a bigger contributor in terms of technologies and solutions in order to supply and service these problem areas as part of the company’s core business.”

*Jan Fredrik Meling
CEO, Eidesvik Offshore ASA*



Wärtsilä has a strong position in the service market with the most comprehensive portfolio of services and broadest service network in the industry. The size and scope of the Services business provides a platform for further growth.

WÄRTSILÄ'S SERVICE NETWORK

- + 70 countries
- + 160 locations
- + 11,000 service professionals

Sustainability

As a global leader in complete lifecycle solutions for the marine and energy markets, Wärtsilä has a key role in providing sustainable solutions for the shipping and energy sectors. We support our solutions globally during their entire lifecycle.

A SUSTAINABLE APPROACH THROUGHOUT THE LIFECYCLE OF OUR PRODUCTS AND SOLUTIONS

This creates the basis for our sustainability work, which is supported by our commitment to responsible business conduct. Our commitment to sustainability and responsible business is based on our mission, vision, and strategy, which along with our sustainable development objectives create the framework for developing the company's activities and products. Wärtsilä's strategy is based on three key growth areas, Smart Power Generation, gas as a fuel and environmental solutions, all of which contribute to a more sustainable future in both the energy and the shipping industry.

Our strength is our technological leadership and therefore technology plays a central role in our sustainability work. The Power Plants and Ship Power businesses focus on developing and providing sustainable solutions for the industries in which they operate, whereas Wärtsilä Services has a key role in supporting our solutions and providing the latest technologies for existing installations through upgrades and modernisation packages.

Wärtsilä conducts its business in a responsible way and expects high ethical standards also from its business partners.

VALUE OF SUSTAINABLE INNOVATIONS

Our most important contribution to sustainability is to supply environmentally sound solutions and services, which enable our customers to develop their business in a sustainable way. This requires us to continuously invest in technology development and in an ongoing search for new more efficient and environmentally sound solutions.

Investing in research and product development benefits Wärtsilä's customers as well as the environment. Wärtsilä gives strong priority to developing and applying technologies that reduce the environmental impacts of its products. In order to meet the needs of our customers, to be prepared for future requirements and to remain an industrial frontrunner, Wärtsilä's product development must be at all times innovative, determined, and willing to explore new technologies. We strive to develop environmentally sound products and solutions across a wide front, including technologies related to efficiency improvement, the reduction of gaseous and liquid emissions, waste reduction, noise abatement as well as effluent and ballast water treatment. With a proactive approach to meeting future demands, Wärtsilä has developed both primary and secondary abatement technologies and broadened the range of usable fuels.

WÄRTSILÄ'S SUSTAINABILITY GOALS

Wärtsilä's sustainable development is based on three closely interrelated pillars: economic, environmental, and social performance. In the field of sustainable development, Wärtsilä's overriding focus is on the following:

- Economic: profitability
- Environment: environmentally sound products and services
- Social: responsible business conduct

From a sustainability impact point of view, product-related environmental issues are the most significant for Wärtsilä.



**KEY FEATURES OF WÄRTSILÄ'S
ENVIRONMENTALLY SOUND
SOLUTIONS INCLUDE**

- + Reliability, safety and a long lifetime
- + Solutions to reduce emissions
- + Alternatives to heavy fuel oil
- + Flexibility in fuel use
- + Solutions to maximise efficiency with lowest lifecycle cost
- + Solutions to minimise water consumption
- + Optimisation of vessel design and operations

SUSTAINABILITY HIGHLIGHTS 2013

10 JAN



The new P-63 FPSO vessel, featuring Wärtsilä 50DF dual-fuel engines, the first such ship to produce more than 100 MWe of power with gas engines, completed the full 100% load tests.

13 JAN

Maiden Voyage of M/S Viking Grace, the world's largest LNG-fuelled passenger vessel, powered by Wärtsilä.



4 FEB

Wärtsilä contracted to supply a 220 MW natural gas fuelled power plant in Oregon, USA, to accommodate rapidly changing input levels of renewable energy sources to the grid.



2 JUL



Wärtsilä, together with CEVA Logistics, were winners of the Lean & Green Star Award 2013 for their successful efforts to reduce CO₂ emissions by 60% at Wärtsilä's warehousing operations.

10 JUL



The largest power plant running exclusively on natural gas engines on the African continent, was inaugurated in Sasolburg, South Africa.

6 AUG

Wärtsilä Brazil listed as one of the 30 best companies to work for in Rio de Janeiro, Brazil, according to Great Place to Work® in 2013.



12 APR



Wärtsilä 34DF dual-fuel engines received certification of emission standard compliance from the US Environmental Protection Agency.

10 OCT



Wärtsilä Power Plants' two technical papers awarded - at Power-Gen Asia 2013 and the Asian Power Awards 2013.

6-9 MAY

Wärtsilä's GasReformer product was recognised by the Offshore Technology Conference with the 2013 Spotlight award for reducing offshore oil and gas sector operating costs while benefiting the environment.



29 OCT

The first Wärtsilä closed loop scrubber, installed on Containership VII, received a compliance certificate.



22 MAY

Wärtsilä contracted to supply Russia's largest engine power plant, running on natural gas.



16 DEC

Wärtsilä AQUARIUS®EC Ballast Water Management System granted IMO Type Approval.



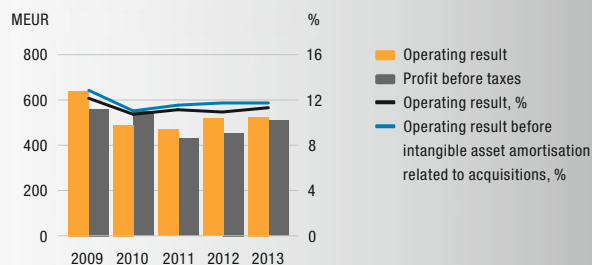
FINANCIAL KEY FIGURES

HIGHLIGHTS OF 2013

Wärtsilä's performance was impacted by the uncertainty in the global economy. In the power plant markets, global economic policies and fluctuations in emerging market currencies delayed customer decision-making. Activity in the marine markets improved significantly during the year. Competitive new building prices, combined with the increased fuel efficiency of modern vessels, attracted investments in the merchant segment and oil price levels sustained activity in the offshore industry. Due to the continued good demand for power plant related services, service markets remained stable.

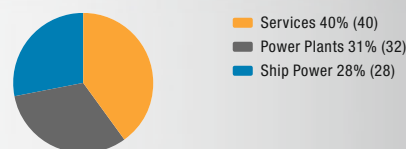
- Net sales decreased by 1% during the financial period, totalling EUR 4,654 million (4,725).
- Profitability reached 11.2% of net sales. The operating result before non-recurring items totalled EUR 520 million (517).
- Earnings per share amounted to EUR 1.98 (1.72).
- Wärtsilä's order intake for the financial period was EUR 4,872 million (4,940), which represents a decrease of 1%.
- The order book at the end of the financial period stood at EUR 4,426 million, a decrease of 1%.
- Power Plants: Order intake totalled EUR 1,292 million (1,515), a decrease of 15%. Net sales decreased by 3% to EUR 1,459 million, which represents 31% of Wärtsilä's total net sales.
- Ship Power: Order intake totalled EUR 1,662 million (1,453), an increase of 14%. Net sales increased by 2% to EUR 1,325 million, 28% of Wärtsilä's total net sales.
- Services: Order intake decreased by 4% to EUR 1,885 million (1,961). Net sales decreased by 3% to EUR 1,842 million, 40% of Wärtsilä's total net sales.

Result

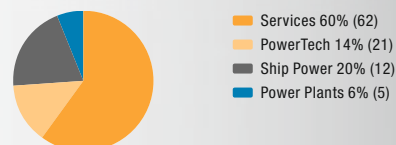


Operating result before non-recurring items.

Net sales by business



Personnel by business



FINANCIAL TARGETS

NET SALES

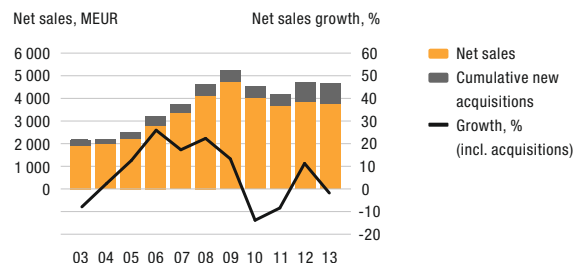
Target

Our target is to grow faster than global GDP.

Development in 2013

In 2013, Wärtsilä's net sales decreased by 1% to EUR 4,654 million. Wärtsilä's CAGR 2003-2013 was 8%.

Growth over the cycle



World nominal GDP growth 2003-2013 averages 6.8% USD denominated (source: IMF).

PROFITABILITY

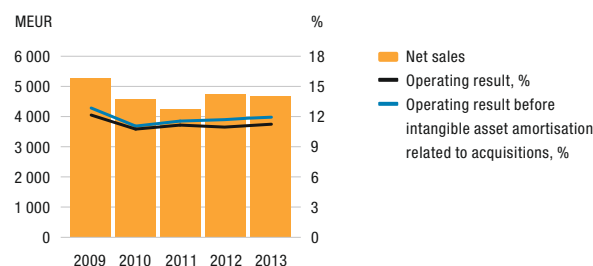
Target

Our operating profit margin (EBIT%) target is 14% at the peak of the cycle. At the trough of the cycle, our target is to keep the operating profit margin above 10%.

Development in 2013

In 2013, our operating profit was EUR 520 million, 11.2% of net sales.

Operating profit margin (EBIT%)



Figures are shown before non-recurring items.

CAPITAL STRUCTURE

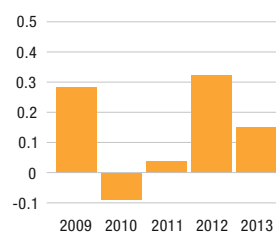
Target

Our target is to maintain gearing below 0.50.

Development in 2013

In 2013, our gearing was 0.15.

Gearing



DIVIDEND

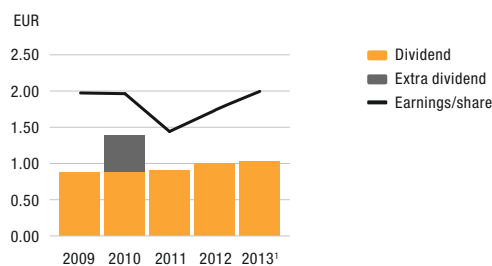
Target

Our target is to pay a dividend equivalent to 50% of earnings.

Development in 2013

The Board of Directors proposes that a dividend of 1.05 euro per share be paid for the financial year 2013, which represents 53% of operational earnings.

Earnings/share, dividend/share



¹ Proposal by the Board 2013.

CONSOLIDATED STATEMENT OF INCOME

MEUR	2013	%	Restated 2012	%
Net sales	4 654	100.0	4 725	100.0
Change in inventories of finished goods & work in progress	187		-30	
Work performed by the Group and capitalised	19		15	
Other operating income	85		68	
Material and services	-2 696		-2 527	
Employee benefit expenses	-1 104		-1 094	
Depreciation, amortisation and impairment	-123		-139	
Other operating expenses	-543		-543	
Share of result of associates and joint ventures	22		9	
Operating result	500	10.7	483	10.2
Dividend income	1		2	
Interest income	3		4	
Other financial income	15		9	
Interest expenses	-17		-22	
Other financial expenses	-22		-25	
Net income from available-for-sale financial assets	25		1	
Profit before taxes	507		453	
Income taxes	-113		-109	
Profit for the financial period	393	8.5	344	7.3
Attributable to:				
Equity holders of the parent company	391		339	
Non-controlling interests	3		5	
	393		344	
Earnings per share attributable to equity holders of the parent company:				
Earnings per share (basic and diluted), EUR	1.98		1.72	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MEUR	2013	Restated 2012
Profit for the financial period	393	344
Other comprehensive income, net of taxes:		
Items that will not be reclassified to the statement of income:		
Remeasurement of defined benefit liability	-9	-2
Tax on items that will not be reclassified to the statement of income	-1	1
Total items that will not be reclassified to the statement of income	-10	-1
Items that may be reclassified subsequently to the statement of income:		
Exchange rate differences on translating foreign operations	-72	-14
Available-for-sale financial assets		
measured at fair value	1	3
transferred to the statement of income	-25	-1
Cash flow hedges		
measured at fair value	-22	9
transferred to the statement of income	-2	9
Tax on items that may be reclassified to the statement of income:		
Available-for-sale financial assets		
transferred to the statement of income	6	
Cash flow hedges		
measured at fair value	7	-2
transferred to the statement of income	1	-2
Total items that may be reclassified to the statement of income	-107	1
Other comprehensive income for the financial period, net of taxes	-117	
Total comprehensive income for the financial period	276	344
Total comprehensive income attributable to:		
Equity holders of the parent company	275	339
Non-controlling interests	2	5
	276	344

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

MEUR	31.12.2013	%	Restated 31.12.2012	%
Non-current assets				
Goodwill	914		942	
Intangible assets	321		317	
Property, plant and equipment	434		456	
Investment properties	15		14	
Investments in associates and joint ventures	103		90	
Available-for-sale financial assets	15		44	
Interest-bearing investments	1		1	
Deferred tax assets	128		112	
Other receivables	5		24	
	1 935	37.2	2 000	39.7
Current assets				
Inventories	1 367		1 322	
Interest-bearing receivables	1		1	
Trade receivables	1 146		1 128	
Current tax receivables	33		27	
Other receivables	339		334	
Cash and cash equivalents	388		225	
	3 274	62.8	3 036	60.3
Total assets	5 209	100.0	5 036	100.0

EQUITY AND LIABILITIES

MEUR	31.12.2013	%	Restated 31.12.2012	%
Equity				
Share capital	336		336	
Share premium	61		61	
Translation differences	-85		-12	
Fair value reserve	-13		21	
Actuarial gains and losses	-43		-34	
Retained earnings	1 587		1 393	
Total equity attributable to equity holders of the parent company	1 844	35.4	1 766	35.1
Non-controlling interests	40	0.8	26	0.5
Total equity	1 884	36.2	1 791	35.6
Liabilities				
Non-current liabilities				
Interest-bearing debt	571		545	
Deferred tax liabilities	84		95	
Pension obligations	107		99	
Provisions	40		38	
Advances received	86		88	
Other liabilities	4		3	
	892	17.1	868	17.2
Current liabilities				
Interest-bearing debt	94		249	
Provisions	204		228	
Advances received	827		607	
Trade payables	375		385	
Current tax liabilities	81		40	
Other liabilities	853		868	
	2 434	46.8	2 377	47.2
Total liabilities	3 325	63.8	3 245	64.4
Total equity and liabilities	5 209	100.0	5 036	100.0

CONSOLIDATED STATEMENT OF CASH FLOWS

MEUR	2013	Restated 2012
Cash flow from operating activities:		
Profit for the financial period	393	344
Adjustments for:		
Depreciation, amortisation and impairment	123	139
Financial income and expenses	19	31
Gains and losses on sale of fixed assets and other changes	-29	-16
Share of result of associates and joint ventures	-22	-9
Income taxes	113	109
Cash flow before changes in working capital	598	598
Changes in working capital:		
Assets, non-interest-bearing, increase (-) / decrease (+)	-64	-234
Inventories, increase (-) / decrease (+)	-88	-6
Liabilities, non-interest-bearing, increase (+) / decrease (-)	211	-38
Changes in working capital	60	-278
Cash flow from operating activities before financial items and taxes	658	320
Financial items and taxes:		
Interest and other financial income	23	14
Interest and other financial expenses	-7	-71
Income taxes paid	-97	-110
Financial items and paid taxes	-81	-167
Cash flow from operating activities	578	153
Cash flow from investing activities:		
Acquisitions		-392
Investments in associates and joint ventures	-1	-7
Investments in available-for-sale financial assets	-4	-3
Investments in property, plant and equipment and intangible assets	-129	-111
Proceeds from sale of property, plant and equipment and intangible assets	7	12
Proceeds from sale of shares in associates and joint ventures		23
Proceeds from sale of available-for-sale financial assets	34	3
Loan receivables, increase (-) / decrease (+), and other changes	13	2
Dividends received	1	2
Cash flow from investing activities	-79	-471
Cash flow after investing activities	499	-318
Cash flow from financing activities:		
Contribution by non-controlling interests	16	
Proceeds from non-current borrowings	153	158
Repayments and other changes in non-current loans	-157	-92
Loan receivables, increase (-) / decrease (+)		4
Current loans, increase (+) / decrease (-)	-135	69
Dividends paid	-202	-186
Cash flow from financing activities	-324	-47
Change in cash and cash equivalents, increase (+) / decrease (-)	176	-365
Cash and cash equivalents at the beginning of the financial year	225	592
Exchange rate changes	-13	-2
Cash and cash equivalents at the end of the financial year	388	225

KEY FIGURES

MEUR	2013	Q4 / 2013	Q3 / 2013	Q2 / 2013	Q1 / 2013	Restated 2012	2011 ²
Net sales	4 654	1 533	1 209	1 152	882	4 725	4 209
Power Plants	1 459	468	421	369	202	1 498	1 365
Ship Power	1 325	425	340	315	245	1 301	1 022
Services	1 842	507	435	465	434	1 908	1 816
Depreciation and amortisations	-123	-29	-30	-32	-32	-139	-113
Operating result ¹	520	201	138	111	70	517	469
Operating result ¹ , %	11.2	14.2	11.4	9.6	8.0	10.9	11.1
Profit before taxes	507	181	126	104	96	453	429
Earnings per share, EUR	1.98	0.74	0.48	0.39	0.37	1.72	1.44
Balance sheet total	5 211	5 211	5 030	5 038	4 990	5 036	4 600
Interest-bearing liabilities, gross	276	276	581	549	668	794	652
Cash and cash equivalents	388	388	254	219	205	225	592
ROI, %	21.2	-	-	-	-	20.4	20.4
Gearing	0.15	0.15	0.31	0.40	0.42	0.32	0.04
Order book, end of period	4 426	4 426	4 568	4 763	4 998	4 492	4 007
Order intake	4 872	1 351	1 097	1 071	1 352	4 940	4 516
Year-end market capitalisation	7 055	-	-	-	-	6 454	4 402
Personnel, number at end of period	18 663	18 663	18 776	18 620	18 674	18 887	17 913

¹ Figures exclude non-recurring items.

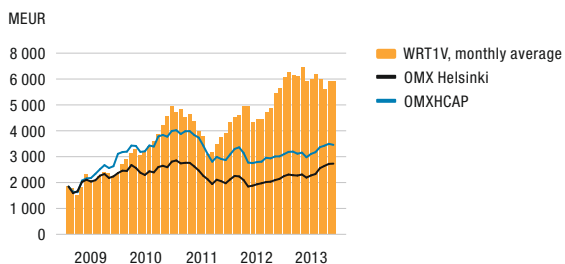
² The 2011 figures have not been restated according to the revised IAS 19.

KEY FIGURES FOR WÄRTSILÄ SHARE

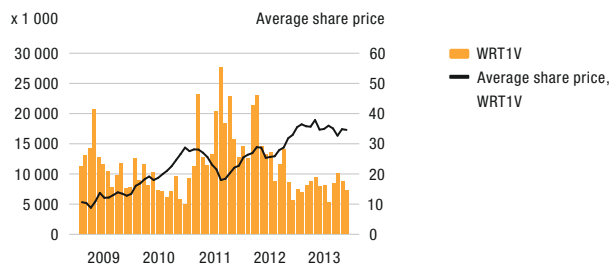
		2013	2012	2011	2010	2009
Earnings per share (EPS)	EUR	1.98	1.72	1.44	1.96	1.97
Book value of equity per share	EUR	9.35	8.95	8.30	8.30	7.59
Dividend per share	EUR	1.05 ¹	1.00	0.90	1.38	0.88
Dividend per earnings	%	53.0	58.1	62.7	70.3	44.4
Dividend yield	%					
WRT1V		2.94	3.06	4.03	4.82	6.23
Price per earnings (P/E)						
WRT1V		18.1	19.0	15.5	14.6	7.1
Price to book-value (P/BV)						
WRT1V		3.1	3.7	2.7	3.4	1.9
Adjusted number of shares	x 1 000					
end of financial year		197 241	197 241	197 241	98 621	98 621
on average		197 241	197 241	197 241	98 621	98 621

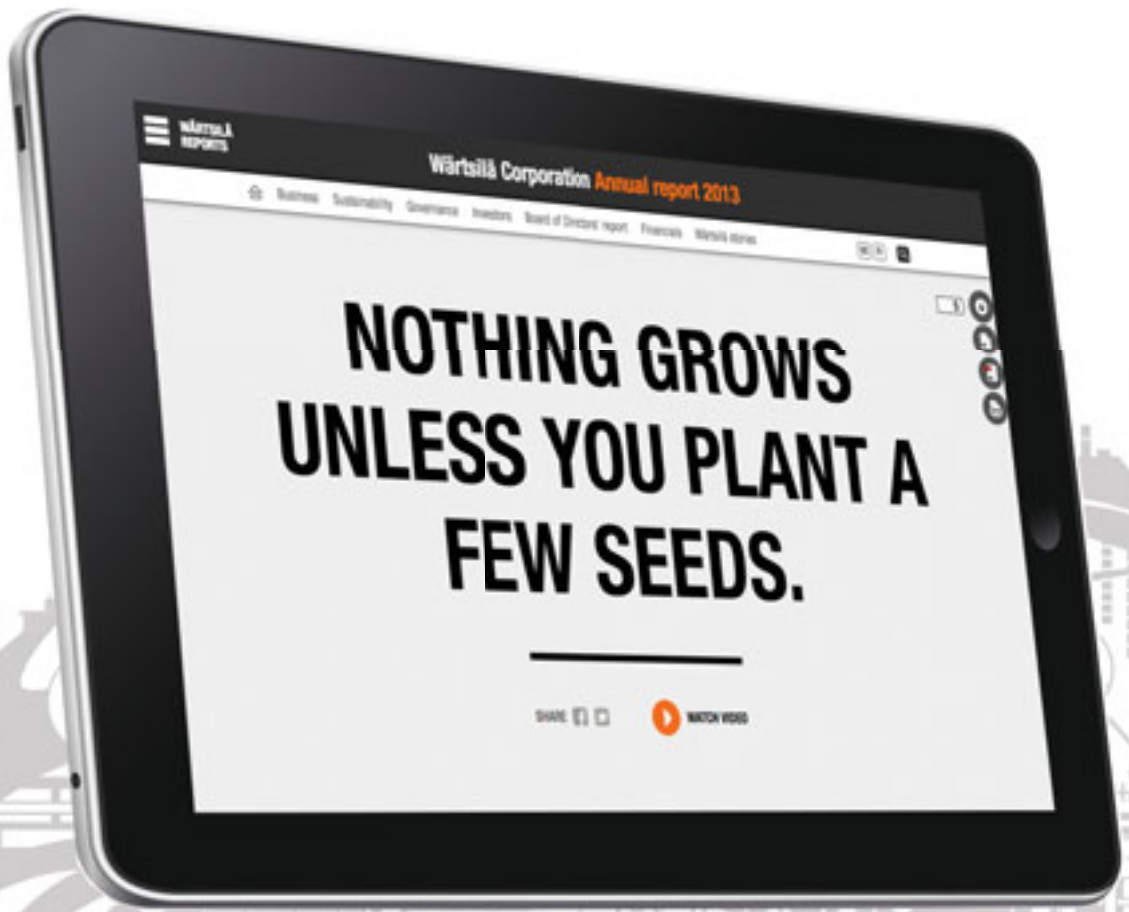
¹ Proposal of the Board of Directors.

Market capitalisation



Traded shares/month





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