Wärtsilä's Interim Report January-September 2009

INTERIM REPORT JANUARY-SEPTEMBER 2009

The figures in this interim report are unaudited.

THIRD QUARTER 7-9/2009 IN BRIEF

MEUR	7-9/2009	7-9/2008	Change
Order intake	725	1 382	-48%
Net sales	1 167	1 140	2%
Operating result	133	123	9%
% of net sales	11.4%	10.8%	
Profit before taxes	125	127	-2%
Earnings/share, EUR	0.87	0.97	
Cash flow from operating activities	214	49	

REVIEW PERIOD JANUARY-SEPTEMBER 2009 IN BRIEF

MEUR	1-9/2009	1-9/2008	Change	2008
Order intake	2 468	4 750	-48%	5 573
Order book at the end of the period	5 351*)	7 762	-31%	6 883
Net sales	3 741	3 082	21%	4 612
Operating result (EBIT) before nonrecurring restructuring items	419	328	28%	525
% of net sales	11.2%	10.6%		11.4%
Operating result	413			
% of net sales	11.0%			
Profit before taxes	388	333	16%	516
Earnings/share, EUR	2.77	2.42		3.88
Cash flow from operating activities	142	255		278
Interest-bearing net debt at the end of the period	575	369		455
Gross capital expenditure	98	272		366

*) Cancellations amounting to EUR 279 million have been eliminated form the order book during the review period January-September 2009.

MARKET DEVELOPMENT

SHIP POWER

The ship contracting is currently substantially below the high levels of the past years. Despite the signs of recovery indicated by the fundamentals in the world economy, the shipping industry still faces problems with over supply within the major vessel segments. The market activity seen during the recent months has mainly been re-negotiations of existing orders.

There have been postponements in the deliveries of existing vessel orders during the review period. The cancellation rate will probably not reach the level estimated at the beginning of the year but the market will still see considerable rescheduling of orders.

Ship Power market shares

Wärtsilä's market share in medium speed main engines decreased from 40% at the end of the previous quarter to 31%. The company's market share in low speed main engines increased slightly to 13% (11). In auxiliary engines the market shares dropped to 4% (6). Market shares have become more sensitive to individual orders since the total contracting volume is low.

POWER PLANTS

Difficulties in arranging financing continued to impact the ordering activity during the review period. The offering activity continued at a good level.

Power Plants market shares

According to statistics compiled by the Diesel and Gas Turbine magazine, the global market for oil and gas power plants in Wärtsilä's power range declined to 11,570 MW (20,980) between June 2008 and May 2009. The market for gas power plants, including both reciprocating engines and gas turbines, declined to 7,090 MW (15,630), Wärtsilä's share of the market being 13% (8%). The market for heavy fuel oil plants decreased to 3,430 (4,050), Wärtsilä's share being 46% (49). In light fuel oil plants the market decreased to 1.050 MW (1,300) and Wärtsilä's market share was 3% (20). For Wärtsilä the relevant markets for light fuel power plants are the liquid bio-fuels where hardly any plants were ordered.

SERVICES

In the marine industry, the imbalance between vessel capacity and vessel demand prevailed and continued impacting the marine services. During the review period slow development was seen in Asia where capacity adaption through the lay-up of vessels continued. In the power plant services sector several projects are under development in the fields of environmental upgrades and fuel conversions.

Wärtsilä's installed engine base in the Ship Power and Power Plant markets totals over 160,000 MW and consists of thousands of installations distributed throughout the world. Both end markets consist of several customer segments for Services, and Wärtsilä's portfolio is the broadest in the market. These factors limit the impacts of fluctuations in any individual market or customer segment.

ORDER INTAKE

The Group order intake for the third quarter totalled EUR 725 million (1,382), a decrease of 48%.

The order intake for Ship Power totalled EUR 68 million (450), 85% below the corresponding period last year. During the quarter Wärtsilä Ship Power booked orders in the Merchant and the Offshore segments, 49% and 3% of the total order intake respectively. Navy orders represented 7% whereas Cruise&Ferry was 18%, Special vessels 17% and Ship design 6%. The third quarter order intake remained at the same level as in the second quarter of 2009 (EUR 67 million in the second quarter of 2009). For the review period January-September 2009 Ship Power's order intake was EUR 262 million (1,674), a decrease of 84% from the corresponding period last year.

In the Power Plants business the continuing challenges in financing for large projects resulted in lower than expected order intake for the third quarter 2009. The order intake totalled EUR 170 million (498), 66 % lower than the corresponding period last year. The order intake was 34% lower than in the previous quarter. Small and medium size projects for the industrial power generation segment were the major contributors to the third quarter order intake. Orders were received in among other Papua New Guinea, Turkey, Italy and Greenland. For the review period January-September 2009 Power Plants' order intake totalled EUR 748 million (1,620), a 54% decrease compared to corresponding period last year.

Order intake for the Services business totalled EUR 483 million (434) in the third quarter, a growth of 11% compared to the corresponding period 2008. Compared to the second quarter, order intake grew by 5% (EUR 458 million in the second quarter of 2009). Wärtsilä signed O&M contracts for three power plants in Brazil, as well as two in Pakistan. Services' order intake for the review period January-September totalled EUR 1,448 million (1,448).

For the review period January-September 2009 Wärtsilä's total order intake amounted to EUR 2,468 million (4,750), which represents a reduction of 48% compared to the corresponding period 2008.

ORDER BOOK

At the end of the review period Wärtsilä's total order book stood at EUR 5,351 million (7,762), a decrease of 31%.

The Ship Power order book stood at EUR 3,230 million (5,010), -36%. During the review period January-September 2009, cancellations of EUR 279 million materialised and were deducted from the order book. The cancellations were mainly within the Merchant and Offshore segments. Wärtsilä sees a cancellation risk of approximately EUR 650 million (EUR 800 million at the end of the previous quarter).

At the end of the review period the Power Plants order book amounted to EUR 1,549 million (2,243), which is 31% lower than at the same date last year.

The Services order book totalled EUR 571 million (505) at the end of the review period, an increase of 13%.

Order intake by business

MEUR	7-9/2009	7-9/2008	Change
Ship Power	68	450	-85%
Power Plants	170	498	-66%
Services	483	434	11%
Order intake, total	725	1 382	-48%

MEUR	1-9/2009	1-9/2008	Change	1-12/2008
Ship Power	262	1 674	-84%	1 826
Power Plants	748	1 620	-54%	1 883
Services	1 448	1 448	0%	1 858
Order intake, total	2 468	4 750	-48%	5 573

Order intake Power Plants

MW	7-9/2009	7-9/2008	Change
Oil	109	680	-84%
Gas	174	157	11%
Renewable fuels	35	35	0%

MW	1-9/2009	1-9/2008	Change	1-12/2008
Oil	879	1 739	-49%	2 029
Gas	468	1 033	-55%	1 240
Renewable fuels	35	80	-56%	80

Order book by business

MEUR	30 Sept. 2009	30 Sept. 2008	Change	2008
Ship Power	3 230*	5 010	-36%	4 486
Power Plants	1 549	2 243	-31%	1 949
Services	571	505	13%	445
Order book, total	5 351	7 762	-31%	6 883

*) Cancellations amounting to EUR 279 million have been eliminated form the order book during the review period January-September 2009.

NET SALES

During the third quarter, Wärtsilä's net sales increased by 2% to EUR 1,167 million (1,140) compared to the corresponding period last year. Net sales for Ship Power totalled EUR 378 million (344), a growth of 10%. Power Plants' net sales for the third quarter totalled 360 million (349), +3%. The third quarter net sales for Services amounted to EUR 424 million (452), -6%.

Wärtsilä's net sales for January-September 2009 grew by 21% and totalled EUR 3,741 million (3,082). Ship Power's net sales grew 29% to EUR 1,230 million (952). Net Sales for Power Plants totalled EUR 1,169 million (797), a growth of 47%. Net sales from the Services business remained stable and on a good level amounting to EUR 1,326 million (1,335). Net sales were evenly distributed between the businesses during the review period January-September 2009. Ship Power accounted for 33%, Power Plants for 31% and Services for 35% of the total net sales.

Net sales by business

MEUR	7-9/2009	7-9/2008	Change
Ship Power	378	344	10%
Power Plants	360	349	3%
Services	424	452	-6%
Net sales, total	1 167	1 140	2%

MEUR	1-9/2009	1-9/2008	Change	2008
Ship Power	1 230	952	29%	1 531
Power Plants	1 169	797	47%	1 261
Services	1 326	1 335	-1%	1 830
Net sales, total	3 741	3 082	21%	4 612

FINANCIAL RESULTS

The third quarter operating result was EUR 133 million (123), 11.4% of net sales (10.8). For the review period January-September 2009, the operating result before nonrecurring expenses rose to EUR 419 million (328), 11.2% of net sales (10.6). Wärtsilä recognised EUR 6 million of nonrecurring expenses related to the adjustment measures taken within the Ship Power business in the second quarter.

Financial items amounted to EUR -25 million (5). Net interest totalled EUR -14 million (-10). Dividends received totalled EUR 5 million (6). Profit before taxes amounted to EUR 388 million (333). Taxes in the reporting period amounted to EUR 111 million (91). Earnings per share were EUR 2.77 (2.42).

BALANCE SHEET, FINANCING AND CASH FLOW

Wärtsilä's third quarter cash flow from operating activities totalled EUR 214 million (49). For January-September 2009 the cash flow from operating activities was EUR 142 million (255). Net working capital decreased by EUR 80 million during the third quarter, the main reason being the favourable development of receivables. Advances received decreased by EUR 104 million during the quarter. Net working capital at the end of the period totalled EUR 511 million (102). Advances received at the end of the period totalled EUR 1,039 million (1,375). Net working capital has been exceptionally low in 2007 and 2008 due to the high amount of advances received. Liquid reserves at the end of the period amounted to EUR 262 million (158).

Net interest-bearing loan capital totalled EUR 575 million (369). Wärtsilä had interest bearing loans totalling EUR 852 million (539) at the end of September 2009. The existing funding programmes include long term loans EUR 622 million, Committed Revolving Credit Facilities totalling EUR 530 million and Finnish Commercial Paper programmes totalling EUR 700 million. At the end of the period non-utilised committed credit facilities totalled EUR 530 million. In addition Wärtsilä has agreed on a EUR 30 million long-term loan that will be disbursed in November 2009. The total amount of short-term debt maturing within the next 12 months is EUR 230 million.

The solvency ratio was 35.4% (34.7) and gearing was 0.43 (0.34).

HOLDINGS

Wärtsilä owns 7,270,350 B shares in Assa Abloy, or 2.0% of the total. This holding has been booked in the balance sheet at its market value at the end of the reporting period, EUR 81 million.

CAPITAL EXPENDITURE

Gross capital expenditure in the review period totalled EUR 98 million (272), which comprised EUR 15 million (162) in acquisitions and investments in securities, and EUR 82 million (110) in production and information technology investments. Depreciation for the review period amounted to EUR 91 million (68).

Capital expenditure for 2009 will be brought down from the previously indicated level of EUR 180 million excluding acquisitions to approximately EUR 160 million including acquisitions (EUR 366 million in 2008).

STRATEGIC ACQUISITIONS, JOINT VENTURES AND EXPANSION OF THE NETWORK

Wärtsilä continued pursuing its strategy of expanding its network with new service facilities in amongst others Ukraine, Cameroon, Hungary, Chile and Dubai. The facilities provide a good base for future service growth and expanding the network will remain one of Wärtsilä's strategic focus areas also in the future.

In May, Wärtsilä acquired 60% of the shares of Wärtsilä Navim Diesel of Italy, thus increasing its ownership of the company to 100%. Wärtsilä Navim Diesel, which specialises in marine sales and service, has a strong market position, particularly in the Cruise & Ferry segment. The transaction resulted in EUR 8 million of new goodwill.

MANUFACTURING

The Ship Power market has substantially weakened since the economic crisis began and the market shift to Asia continues stronger than ever. As a consequence, Wärtsilä is in the process of analysing its manufacturing footprint. Various alternatives are being evaluated for adjusting to these changes in the market. The analysis will comprise all manufacturing units with the major focus being on capacity adjustments in Europe. The impact on different units will be specified during the fourth quarter of 2009 and the first quarter of 2010. Wärtsilä has manufacturing units in Finland, Italy, the Netherlands, Norway, Spain, the United Kingdom, China, India, Japan and Korea.

RESEARCH & DEVELOPMENT

After performing successfully in a series of tests, the Wärtsilä sulphur oxides (SOx) scrubber has been granted the Sulphur Emission Control Area (SECA) Compliance Certificate by the classification societies Det Norske Veritas and Germanischer Lloyd.

PERSONNEL

In May, Wärtsilä Ship Power announced that it had initiated the formal process to reduce 400-450 jobs. The negotiations were initiated to adjust to the substantially weakened global marine market situation. The annual savings from these measures will be approximately EUR 30 million. The effect of the savings will start to materialise gradually from the second half of 2009, and will take full effect by the end of 2010. In the second quarter Wärtsilä recognised EUR 6 million of nonrecurring expenses in its operating result related to the adjustment measures taken in the Ship Power business. Altogether, Wärtsilä Ship Power employs sales, project management, engineering services and ship design personnel in 30 countries.

Wärtsilä had 18,806 (18,268) employees at the end of September. The average number of personnel during January-September 2009 totalled 18,897 (17,386). Services had 11,318 employees (10,623), a growth of

7%. The growth is mainly due to the expansion of the network, recruitments in relation to new O&M contracts and the commissioning of Wärtsilä Ship Power's and Power Plants' all time high deliveries.

SUSTAINABLE DEVELOPMENT

In the third quarter Wärtsilä signed the United Nations Global Compact initiative and was registered as a participant by the UN Global Compact Office. With this action Wärtsilä further consolidates its commitment to sustainable business practices, and to the compact's underlying principles in the areas of human rights, labour, the environment and anti-corruption.

CHANGES IN MANAGEMENT

The following appointments have been made to Wärtsilä Corporation's Board of Management, with effect from 1 August 2009:
Christoph Vitzthum (40) MSc (Econ.) has been appointed Group Vice President, Services.
Vesa Riihimäki (43) MSc (Eng.) has been appointed Group Vice President, Power Plants and a member of the Board of Management.

SHARES AND SHAREHOLDERS

SHARES ON HELSINKI EXCHANGES

30 September 2009	Number of Shares	Number of votes	Number of shares traded 1-9/2009
WRT1V	98,620,565	98,620,565	110,203,929

1. Jan - 30 Sept 2009	High	Low	Average 1)	Close
Share price	30.91	15.81	22.78	27.38

1) Trade-weighted average price

	30 Sept. 2009	30 Sept. 2008
Market capitalisation, EUR million	2,700	2,905
Foreign shareholders	46.2%	49.5%

DECISIONS TAKEN BY THE ANNUAL GENERAL MEETING

Wärtsilä's Annual General Meeting held on 11 March 2009 approved the financial statements and discharged the members of the Board of Directors and the company's President & CEO from liability for the financial year 2008. The Meeting approved the Board of Directors' proposal to pay a dividend of EUR 1.50 per share totalling EUR 148 million. Dividends were paid on 23 March 2009.

The Annual General Meeting decided that the Board of Directors shall have six members. The following were elected to the Board: Ms Maarit Aarni-Sirviö, Mr Kaj-Gustaf Bergh, Mr Kari Kauniskangas, Mr Antti Lagerroos, Mr Bertel Langenskiöld and Mr Matti Vuoria.

The firm of authorised public accountants KPMG Oy Ab, was appointed as the company's auditors.

ORGANISATION OF THE BOARD OF DIRECTORS

The Board of Directors of Wärtsilä Corporation elected Antti Lagerroos as its chairman and Matti Vuoria as the deputy chairman. The Board decided to establish an Audit Committee, a Nomination Committee and a Compensation Committee. The Board appointed from among its members, the following members to the Committees:

Audit Committee:

Chairman Antti Lagerroos, Maarit Aarni-Sirviö, Bertel Langenskiöld

Nomination Committee:
Chairman Antti Lagerroos, Matti Vuoria, Kaj-Gustaf Bergh

Compensation Committee:
Chairman, Antti Lagerroos, Matti Vuoria, Bertel Langenskiöld

RISKS AND BUSINESS UNCERTAINTIES
Due to the uncertainty in the shipping industry the main risks in Ship Power remain the slippage of ship yard delivery schedules and it seems probable that some orders will be rescheduled or cancelled. As a result of this development, Wärtsilä sees a cancellation risk of approximately EUR 650 million.

In the Power Plant business, the impact from the financial crisis can mainly be seen in timing of bigger projects.

In Services, the biggest risks still relate to a further deterioration of the underlying situation within the shipping industry leading to larger scale lay-ups of ships, which could reduce demand for maintenance and services within this segment.

The current market situation has impacted the whole supply chain and Wärtsilä is monitoring the stability of its supplier base. The risk level has not significantly changed during the period.

The annual report for 2008 contains a thorough description of Wärtsilä's risks and risk management.

MARKET OUTLOOK
Maritime freight rates are still on low levels. The lower new building prices have attracted some owners to contract new vessels. The overall situation is still challenging and it is difficult to judge which direction the markets will take next. Wärtsilä's activity in many segments of shipping is valuable as the weakness in some segments is likely to continue at least another two years.

Wärtsilä Power Plants estimates to see improved order intake levels along with the financing sector recovery and remains in a good position to maintain its market shares.

Services continues stable and the large installed base, extensive network, as well as the need for environmental upgrades provide a solid market base.

WÄRTSILÄ'S PROSPECTS FOR 2009 REITERATED
Despite the risk of cancellations and the nonrecurring restructuring items booked in the second quarter, the order book for 2009 should support a 10-20 percent growth in net sales for 2009, which would maintain profitability at last year's good level.

WÄRTSILÄ INTERIM REPORT JANUARY - SEPTEMBER 2009

This interim financial report is prepared in accordance with IAS 34 (Interim Financial Reporting) using the same accounting policies and methods of computation as in the annual financial statements for 2008. All figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

Use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and other information, such as contingent liabilities and the recognition of income and expenses in the income statement. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates.

IFRS amendments

Of the amended International Financial Reporting Standards (IFRS) and interpretations mandatory as of 1 January 2009 the following are applicable to the Group reporting:

- IFRS 8 Operating Segments
- IAS 23 Borrowing Cost
- IAS 1 Presentation of financial Statement
- IFRIC 16 Hedges of Net Investment in a foreign Operation

The adaption of the revised standards and interpretations does not have any material effect on the interim report.

This interim report is unaudited.

CONDENSED INCOME STATEMENT

MEUR	1-9/2009	1-9/2008	2008
Net sales	3 741	3 082	4 612
Other income	39	16	26
Expenses	-3 279	-2 702	-4 015
Depreciation and impairment	-91	-68	-99
Share of profit of associates and joint ventures	5		
Operating result	413	328	525
Financial income and expenses	-25	5	-9
Profit before taxes	388	333	516
Income taxes	-111	-91	-127
Profit for the financial period	277	242	389
Attributable to:			
Owners of the parent	273	236	380
Non-controlling interest	4	6	9
Total	277	242	389
Earnings per share attributable to equity holders of the parent company:			
Earnings per share, EUR	2,77	2,42	3,88
Diluted earnings per share, EUR	2,77	2,42	3,88

STATEMENT OF COMPREHENSIVE INCOME

	1-9/2009	1-9/2008	2008
Profit for the financial period	277	242	389
Other comprehensive income after tax:			
Exchange differences on translating foreign operations	13	-3	-27
Investments available for sale	21	-32	-37
Cash flow hedges	24	-20	-44
Share of other comprehensive income of associates and joint ventures			-1
Other income/expenses			6
Other comprehensive income for the period	58	-54	-103
Total comprehensive income for the period	336	188	286
Total comprehensive income attributable to:			
Owners of the parent	331	181	277
Non-controlling interest	5	7	9
	336	188	286

CONDENSED BALANCE SHEET

MEUR	30 Sep. 2009	30 Sep. 2008	31 Dec. 2008
Non-current assets			
Intangible assets	791	794	793
Property, plant and equipment	465	408	446
Equity in associates and joint ventures	53	43	41
Investments available for sale	134	120	106
Deferred tax receivables	77	73	85
Other receivables	26	18	26
	1 545	1 456	1 498
Current assets			
Inventories	1 843	1 638	1 656
Other receivables	1 285	1 286	1 392
Cash and cash equivalents	262	158	197
	3 390	3 082	3 245
Assets	4 935	4 538	4 743
Shareholders' equity			
Share capital	336	336	336
Other shareholders' equity	1 031	753	848
Total equity attributable to equity holders of the parent	1 367	1 089	1 184
Minority interest	12	14	15
Total shareholders' equity	1 379	1 102	1 199
Non-current liabilities			
Interest-bearing debt	622	439	448
Deferred tax liabilities	89	83	86
Other liabilities	284	611	394
	994	1 133	927
Current liabilities			
Interest-bearing debt	230	99	216
Other liabilities	2 331	2 203	2 400
	2 561	2 302	2 616
Total liabilities	3 556	3 436	3 544
Shareholders' equity and liabilities	4 935	4 538	4 743

CONDENSED CASH FLOW STATEMENT

MEUR	1-9/2009	1-9/2008	2008
Cash flow from operating activities:			
Profit before taxes	388	333	516
Depreciation and impairment	91	68	99
Financial income and expenses	25	-6	9
Selling profit and loss of fixed assets and other adjustments	-8	-2	2
Share of profit of associates and joint ventures	-5	-1	
Changes in working capital	-204	-62	-250
Cash flow from operating activities before financial items and taxes	289	331	377
Net financial items and income taxes	-147	-75	-99
Cash flow from operating activities	142	255	278
Cash flow from investing activities:			
Investments in shares and acquisitions	-15	-131	-198
Net investments in tangible and intangible assets	-82	-103	-168
Proceeds from sale of shares	-19	9	30
Cash flow from other investing activities	4	7	8
Cash flow from investing activities	-113	-219	-329
Cash flow from financing activities:			
New long-term loans	229	211	260
Amortization and other changes in long-term loans	-67	-55	-4
Changes in short term loans and other financing activities	30	91	129
Dividends paid	-156	-411	-412
Cash flow from financing activities	36	-164	-26
Change in liquid funds, increase (+) / decrease (-)	65	-127	-76
Cash and cash equivalents at beginning of period	197	296	296
Joint ventures' cash and cash equivalents		-8	-18
Fair value adjustments, investments		1	1
Exchange rate changes	-1	-4	-6
Cash and cash equivalents at end of period	262	158	197

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

MEUR	Total equity attributable to equity holders of the parent					Minority interest	Total equity
	Share capital	Share issue premium	Translation differences	Fair value and other reserves	Retained earnings		
Shareholders' equity on 1 January 2009	336	61	-27	50	764	15	1 199
Dividends					-148	-8	-156
Total comprehensive income for the period			16	41	274	5	336
Shareholders' equity on 30 September 2009	336	61	-11	91	890	12	1 379
Shareholders' equity on 1 January 2008	336	61	3	127	788	10	1 325
Dividends					-408	-3	-411
Total comprehensive income for the period			-3	-52	236	7	188
Shareholders' equity on 30 September 2008	336	61	0	75	617	14	1 102

GEOGRAPHICAL DISTRIBUTION OF NET SALES

MEUR	Europe	Asia	Americas	Other	Group
Net sales 1-9/2009	1 120	1 385	907	329	3 741
Net sales 1-9/2008	1 119	1 201	471	291	3 082

INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT

MEUR	1-9/2009	1-9/2008	2008
Intangible assets			
Book value at 1 January	793	646	646
Changes in exchange rates	16	-3	-30
Acquisitions	12	156	191
Additions	13	22	29
Depreciation and impairment	-43	-28	-42
Disposals and intra-balance sheet transfer		1	-1
Book value at end of period	791	794	793
Property, plant and equipment			
Book value at 1 January	446	377	377
Changes in exchange rates	1	2	-3
Acquisitions	1	9	9
Additions	69	88	139
Depreciation and impairment	-49	-40	-57
Joint ventures' opening balances		-20	-6
Disposals and intra-balance sheet transfer	-4	-7	-13
Book value at end of period	465	408	446

GROSS CAPITAL EXPENDITURE

GROSS CAPITAL EXPENDITURE

MEUR	1-9/2009	1-9/2008	2008
Investments in securities and acquisitions	15	162	198
Intangible assets and property, plant and equipment	82	110	168
Group	98	272	366

During the review period investment in the enlargement of propulsion equipment manufacturing in the Netherlands and China amounted to EUR 7 million, and Wärtsilä had commitments related to the enlargements amounting to EUR 1 million at the end of the review period. Wärtsilä centralises warehousing and logistics of spare parts by investing in a new distribution centre in the Netherlands. The investments to the new distribution centre amounted to EUR 3 million during the review period and commitments related to the investment were EUR 63 million at the end of the review period.

INTEREST-BEARING LOAN CAPITAL

MEUR	30 Sep. 2009	30 Sep. 2008	31 Dec. 2008
Long-term liabilities	622	439	448
Current liabilities	230	100	216
Loan receivables	-15	-12	-12
Cash and bank balances	-262	-158	-197
Net	575	369	455

FINANCIAL RATIOS

	1-9/2009	1-9/2008	2008
Earnings per share, EUR	2,77	2,42	3,88
Equity per share, EUR	13,86	11,04	12,01
Solvency ratio, %	35,4	34,7	34,3
Gearing	0,43	0,34	0,39

PERSONNEL

	1-9/2009	1-9/2008	2008
On average	18 897	17 386	17 623
At end of period	18 806	18 268	18 812

CONTINGENT LIABILITIES

MEUR	30 Sep. 2009	30 Sep. 2008	31 Dec. 2008
Mortgages	56	13	61
Chattel mortgages	9	7	10
Total	66	21	71
Guarantees and contingent liabilities			
on behalf of Group companies	809	436	664
on behalf of associated companies	8		
Nominal amount of rents according			
to leasing contracts	81	74	87
Total	897	510	751

NOMINAL VALUES OF DERIVATIVE INSTRUMENTS

MEUR	Total amount	of which closed
Interest rate swaps	90	
Foreign exchange forward contracts	1 411	285
Currency options, purchased	52	

COMMODITY DERIVATIVES

	Amount in metric tons	of which closed
Oil swaps	4 275	
Copper futures	300	

CONDENSED INCOME STATEMENT, QUARTERLY

MEUR	7-9/2009	4-6/2009	1-3/2009	10-12/2008	7-9/2008	4-6/2008
Net sales	1 167	1 333	1 241	1 530	1 140	1 092
Other income	20	13	5	10	6	5
Expenses	-1 026	-1 167	-1 087	-1 313	-996	-953
Depreciation and impairment	-31	-30	-30	-31	-26	-21
Share of profit of associates and joint ventures	3	1	1	1	-1	1
Operating result	133	149	130	197	123	124
Financial income and expenses	-9	-9	-7	-14	5	7
Profit before taxes	125	141	123	183	127	131
Income taxes	-38	-39	-34	-36	-30	-36
Profit for the financial period	87	102	89	147	97	96
Attributable to:						
Owners of the parent	86	100	87	144	95	94
Non-controlling interest	1	2	1	3	3	2
Total	87	102	89	147	97	96
Earnings per share attributable to equity holders of the parent company:						
Earnings per share, EUR	0,87	1,01	0,89	1,46	0,97	0,96

CALCULATION OF FINANCIAL RATIOS

Earnings per share (EPS)

$$\frac{\text{Profit for the period attributable to equity holders of the parent company}}{\text{Adjusted number of shares over the period}}$$

Equity per share

$$\frac{\text{Equity attributable to equity holders of the parent company}}{\text{Adjusted number of shares at the end of the period}}$$

Solvency ratio

$$\frac{\text{Shareholders' equity}}{\text{Balance sheet total - advances received}} \times 100$$

Gearing

$$\frac{\text{Interest-bearing liabilities - cash and bank balances}}{\text{Shareholders' equity}}$$

21 October 2009
Wärtsilä Corporation
Board of Directors

WARTSILA.COM