

WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY-SEPTEMBER 2010

OLE JOHANSSON, PRESIDENT & CEO

20 OCTOBER 2010

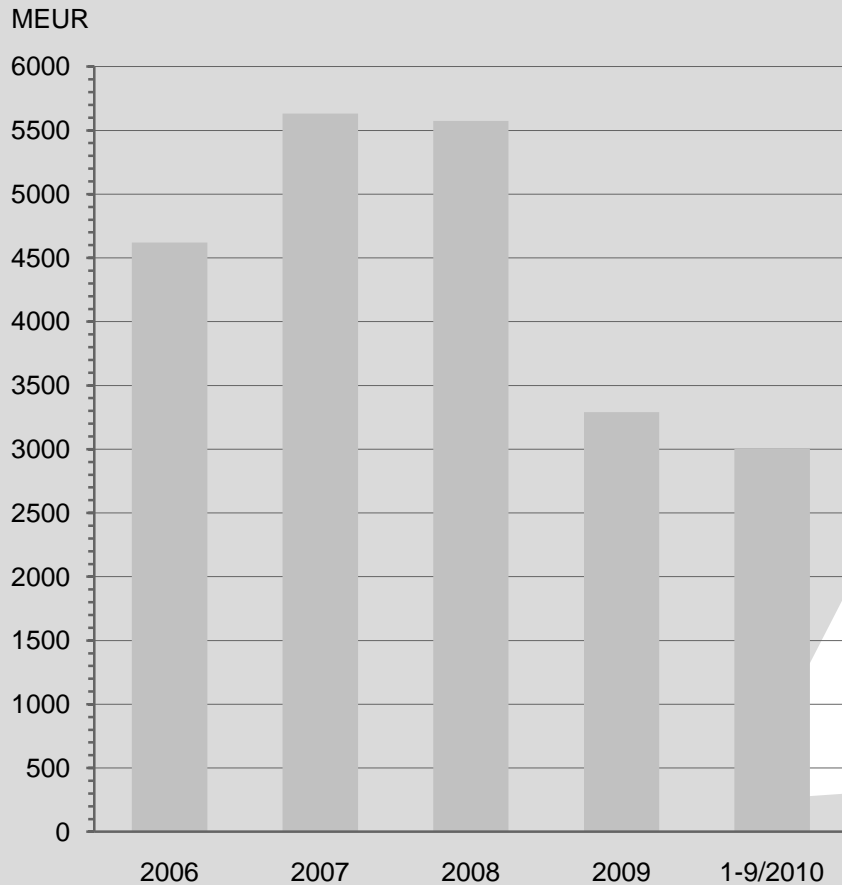
Q3/10 Highlights



- Order intake EUR 1,004 million (+38%)
- Net sales EUR 1,039 million (-11%)
- Operating result* EUR 117 million (-13%),
11.2% of net sales
- EPS* EUR 0.83 (0.87)
- Cash flow from operating activities
EUR 222 million (214)

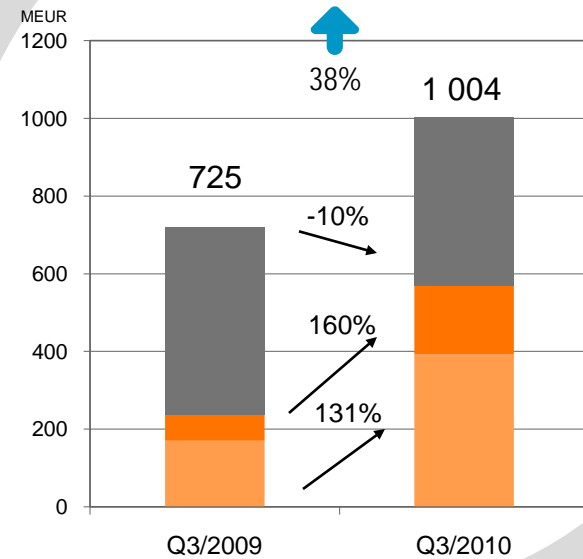
* Excluding nonrecurring items

Strong growth in order intake

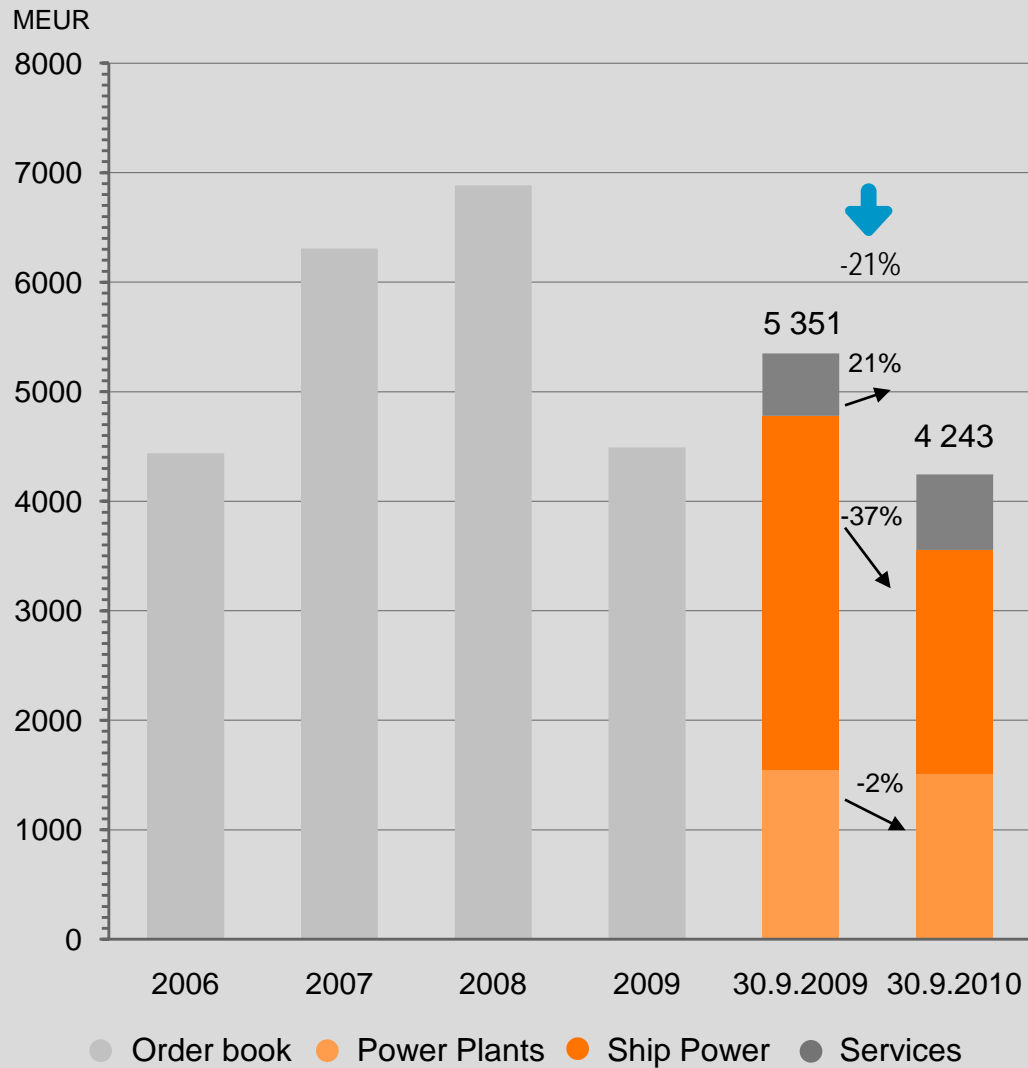


● Order intake ● Power Plants ● Ship Power ● Services

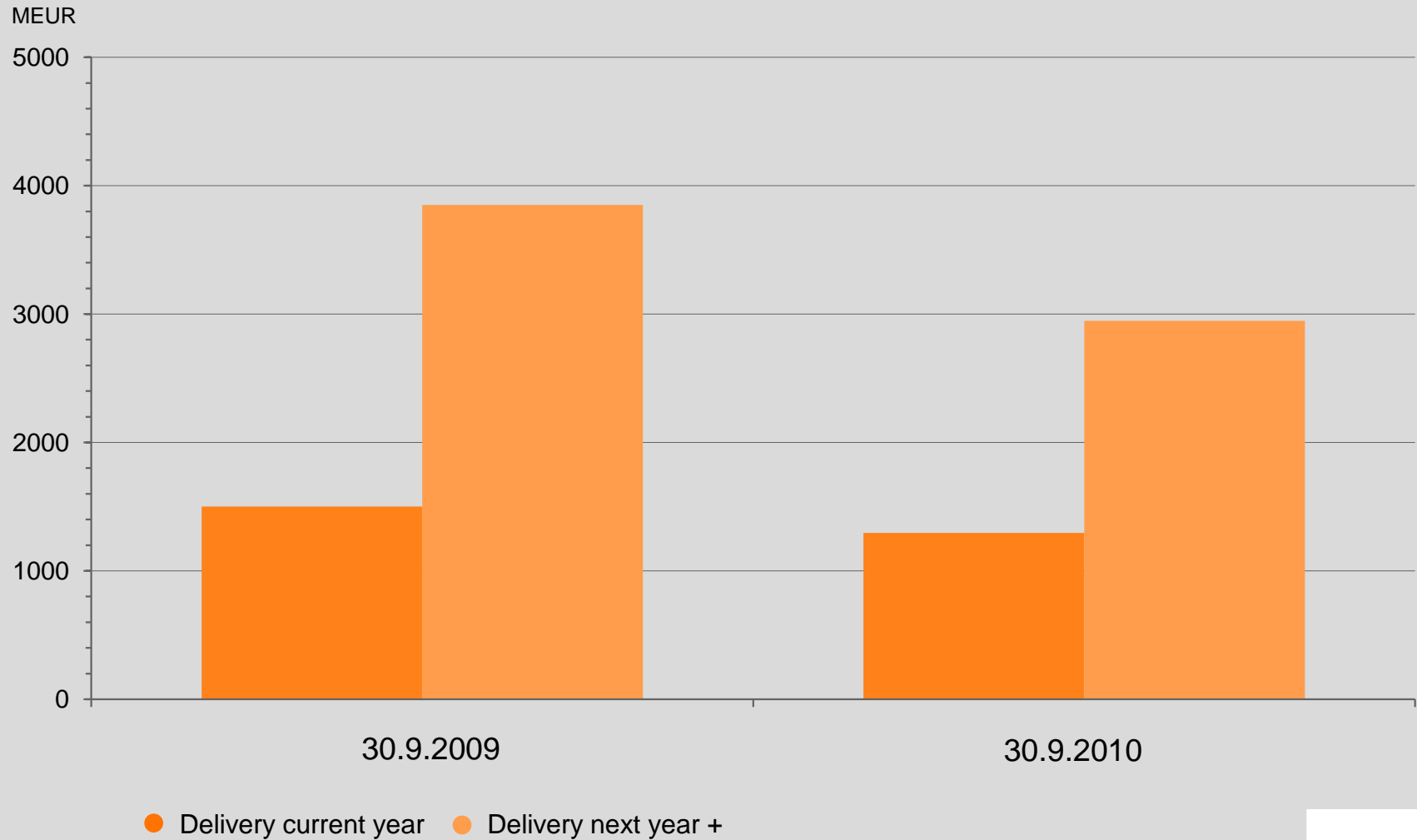
Third quarter development



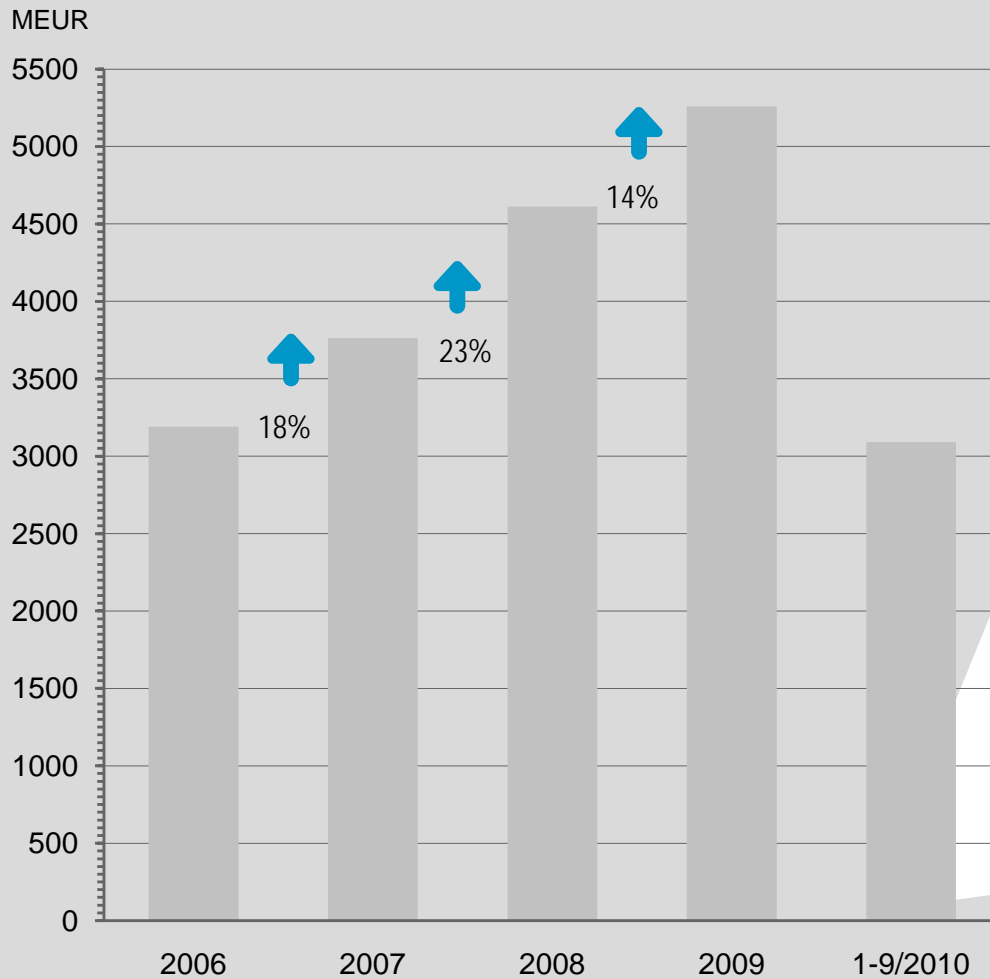
Order book



Order book distribution

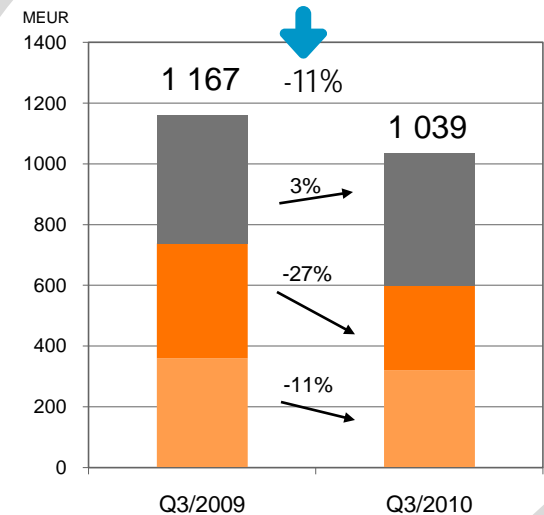


Net sales developed as expected

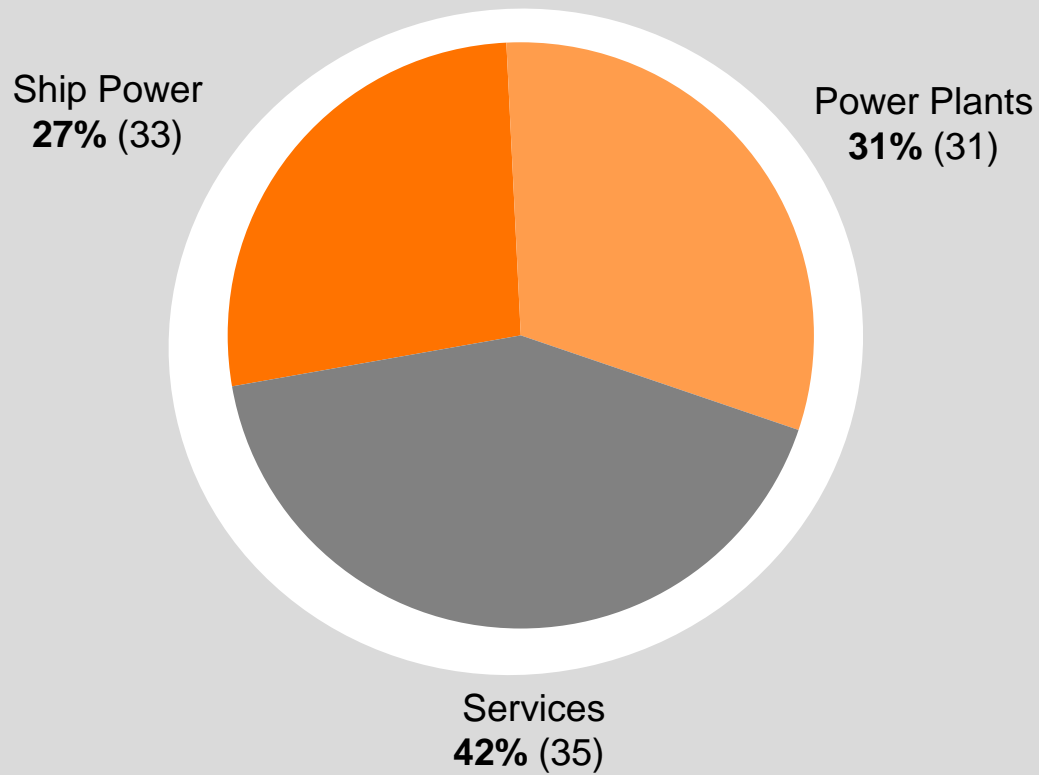


● Net sales ● Power Plants ● Ship Power ● Services

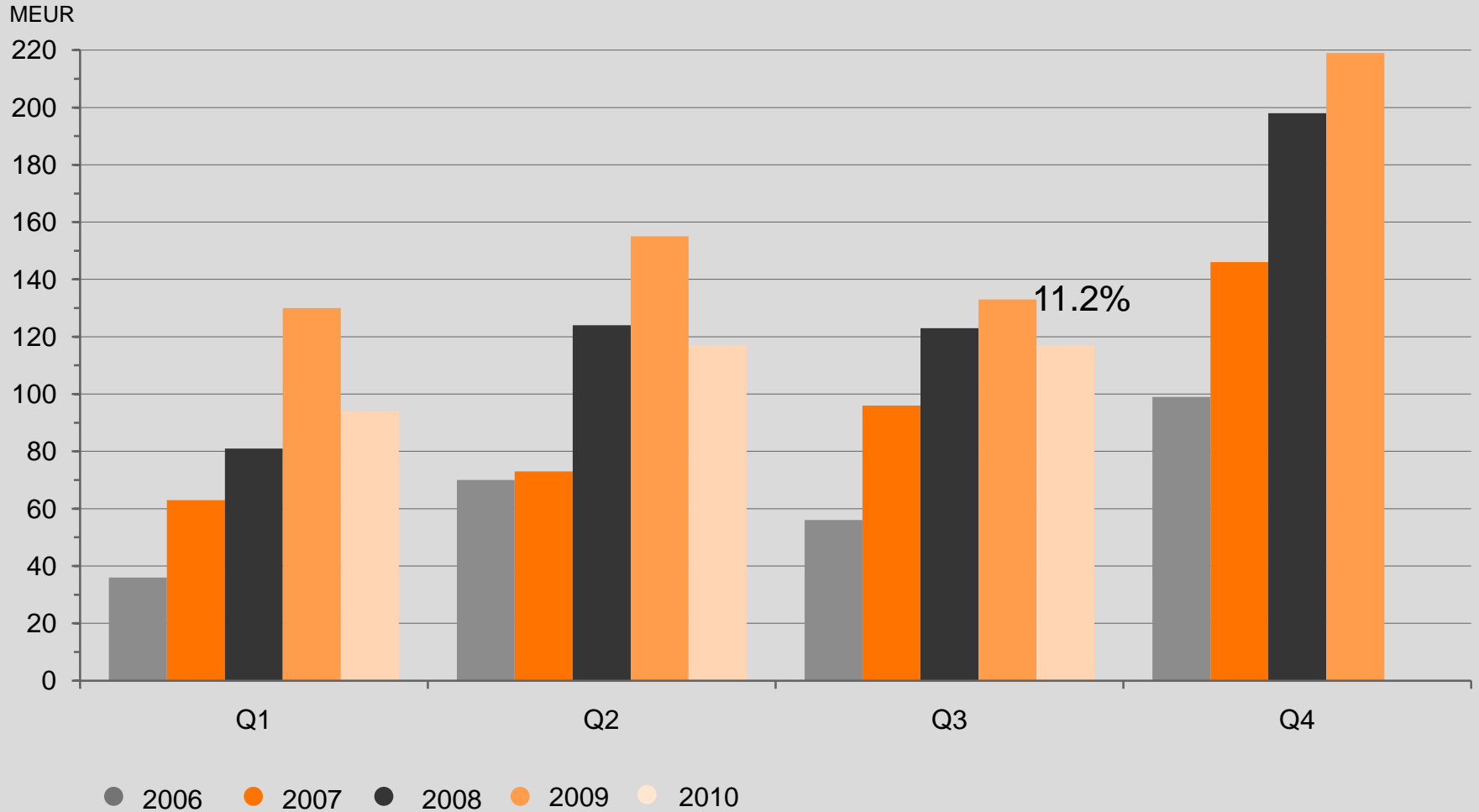
Third quarter development



Net sales by business 1-9/2010



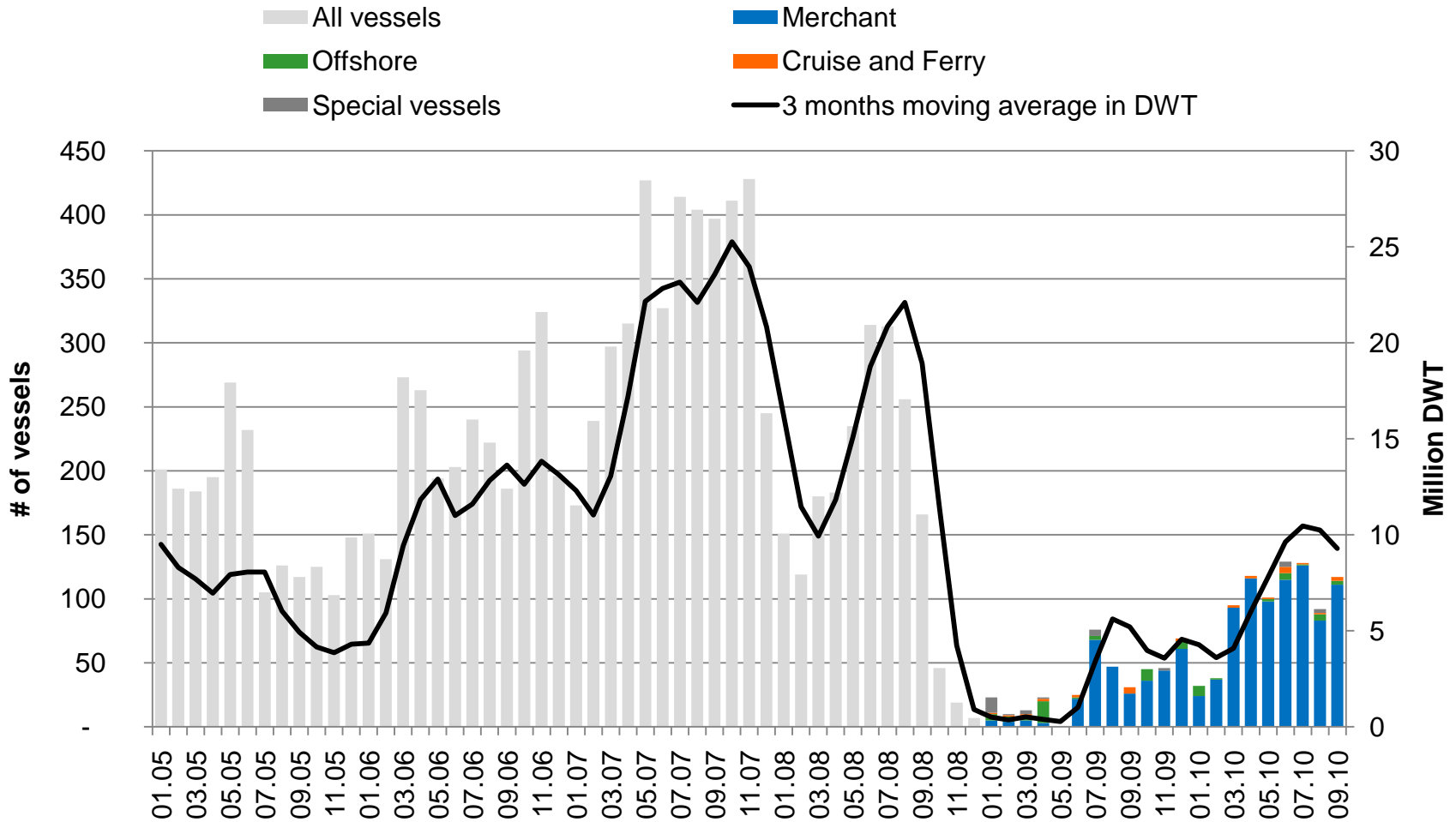
Strong profitability



Operating result before nonrecurring items

Ship Power market – vessel order development

Continued recovery in ordering activity

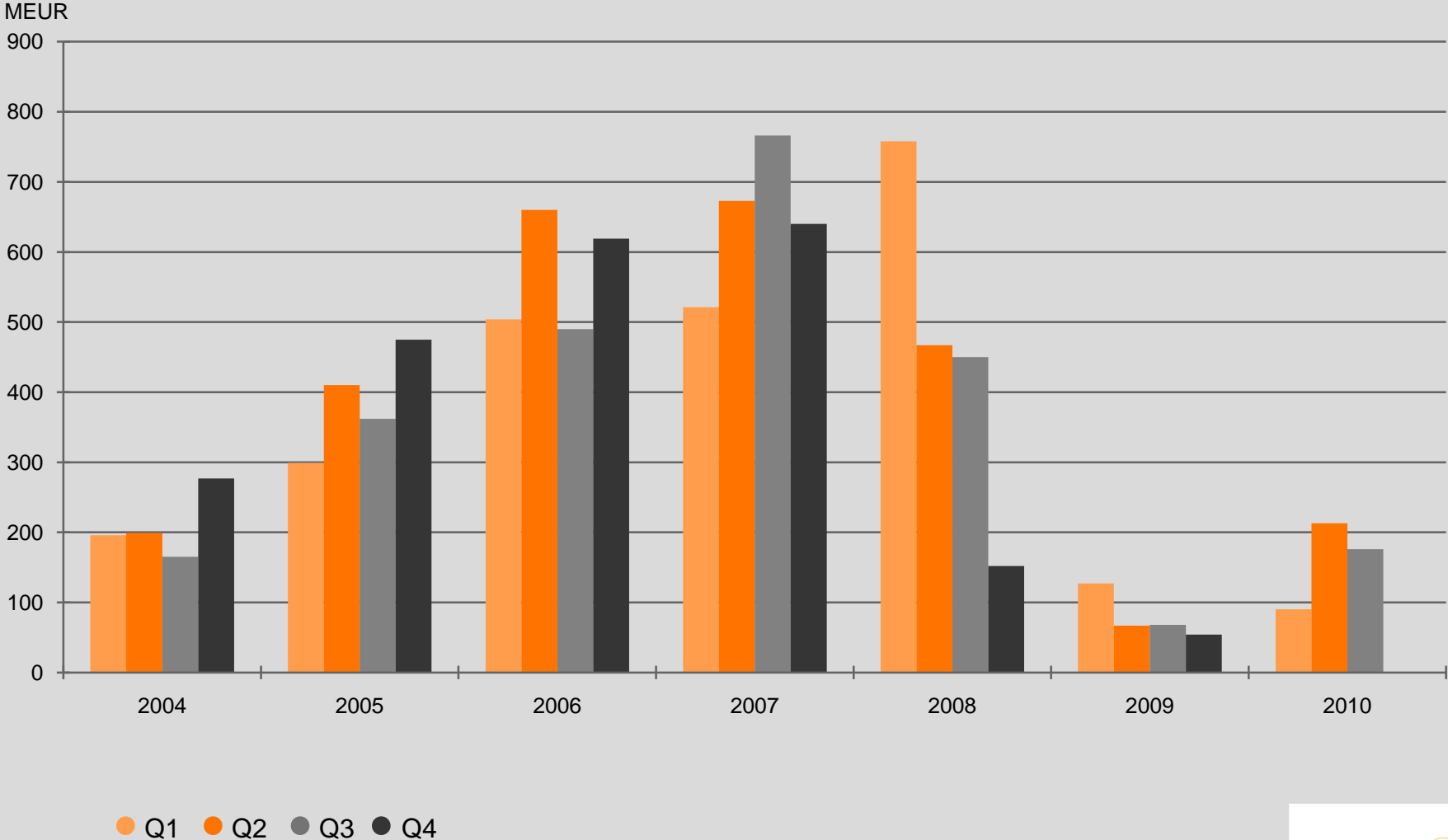


Source: Clarkson Research Services

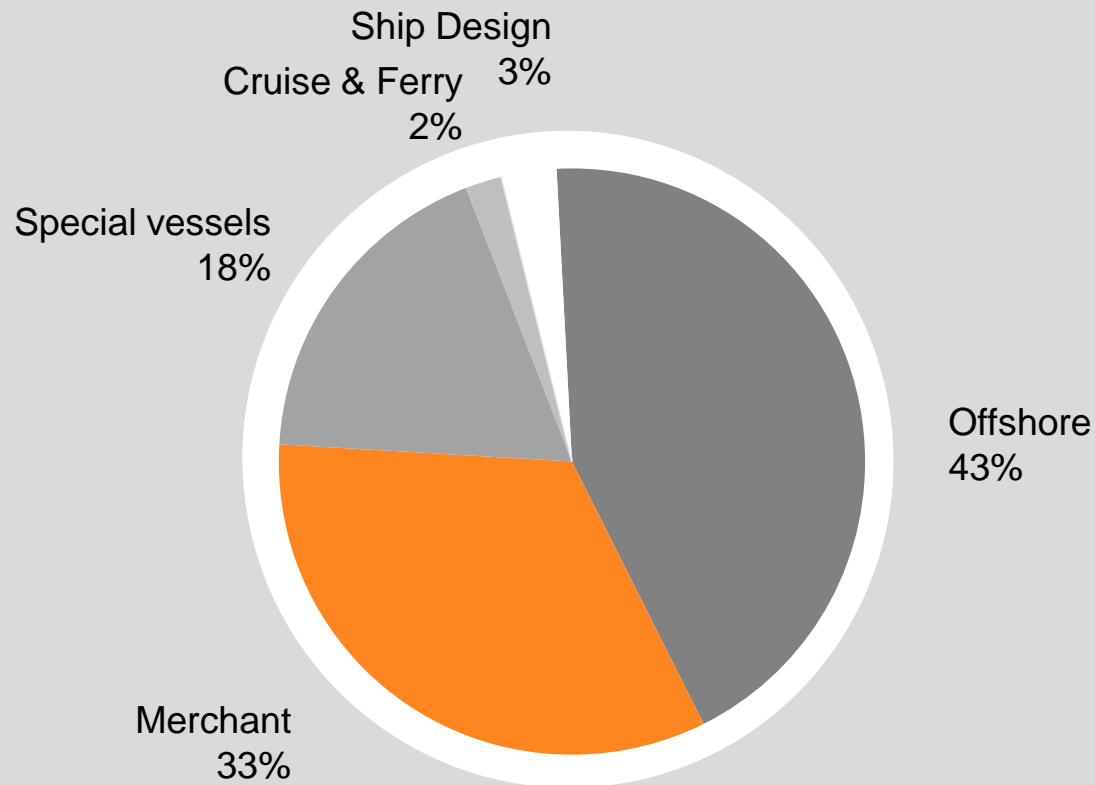


Ship Power order intake

Recovery continued



Ship Power order intake by segment Q3/2010

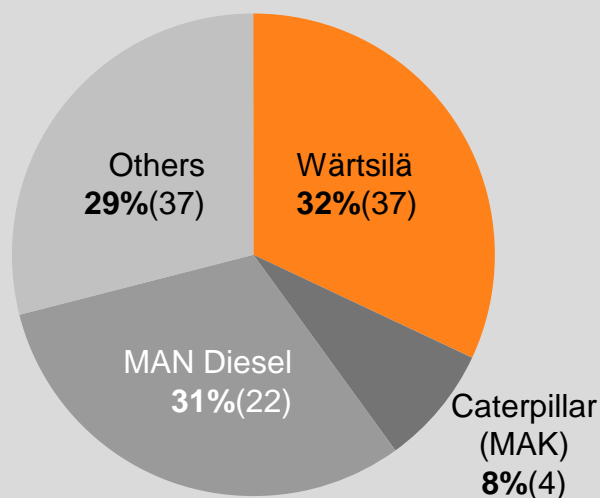


Total EUR 176 million (68)

Ship Power market

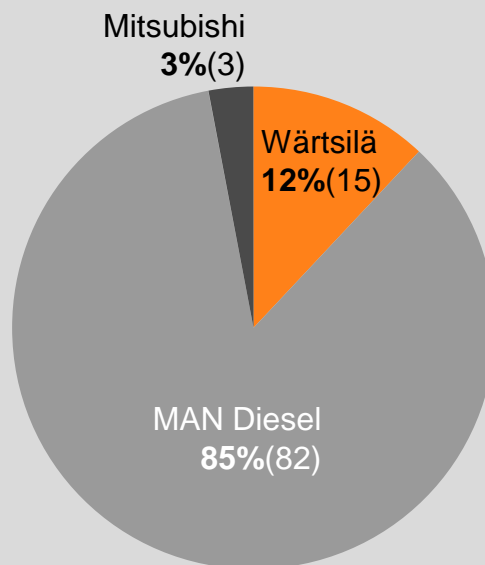
Market position of Wärtsilä's marine engines

Medium-speed main engines



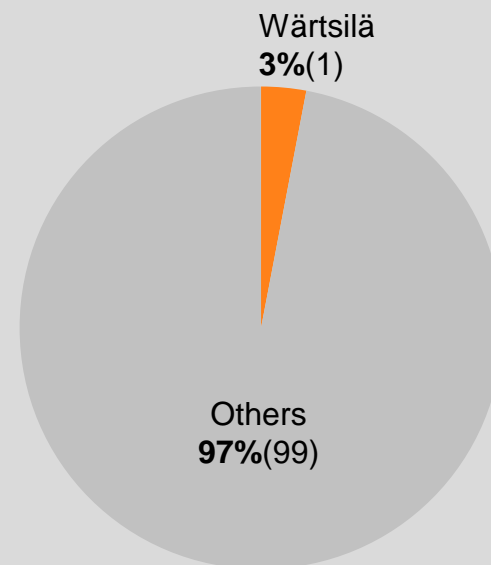
Total market volume last 12 months:
914 MW (553)

Low-speed main engines



Total market volume last 12 months:
6,752 MW (5,667)

Auxiliary engines

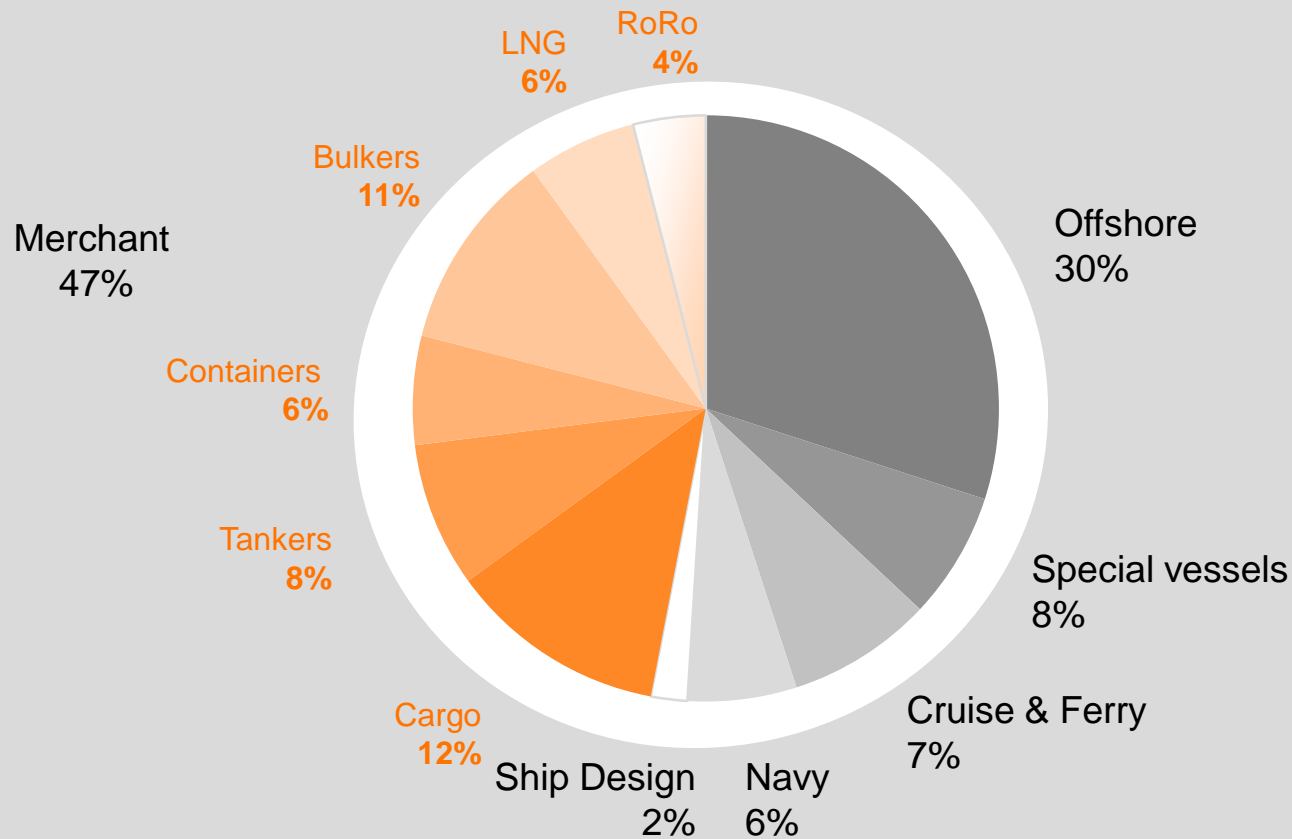


Total market volume last 12 months:
2,775 MW (1,795)

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

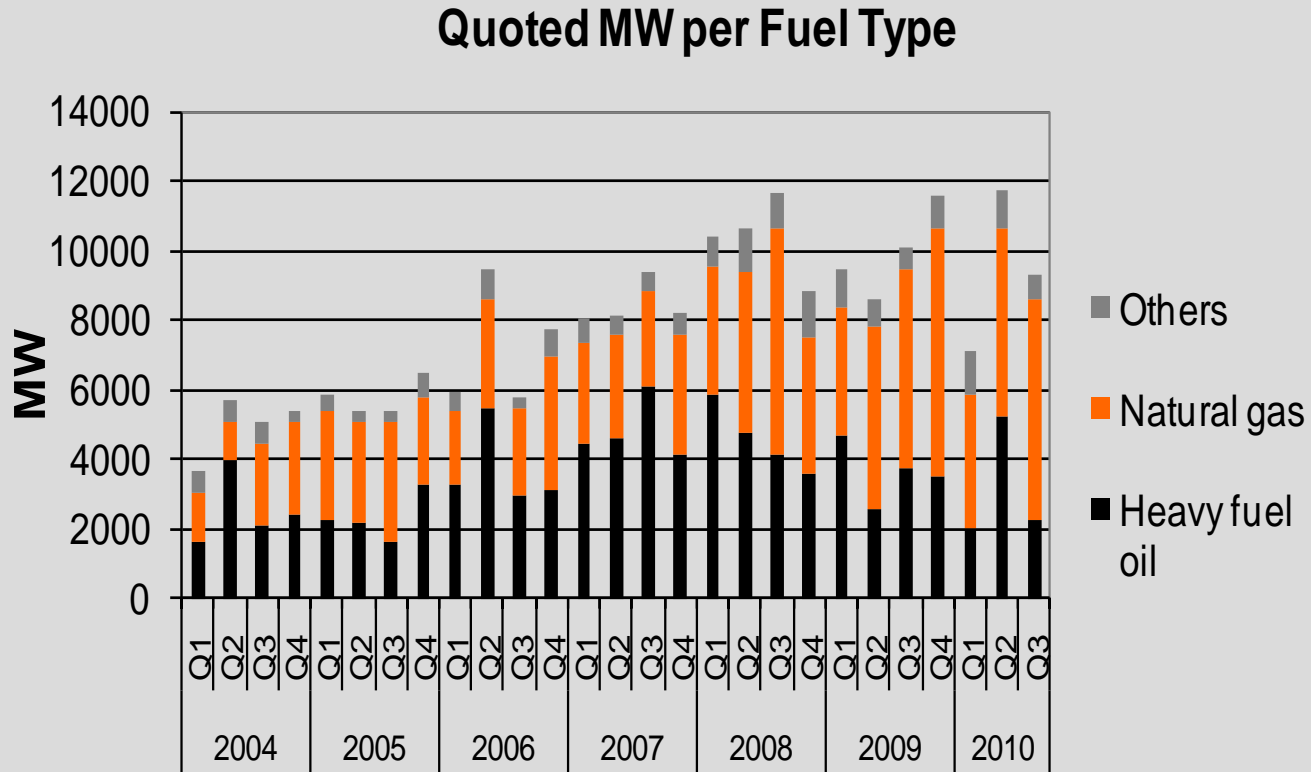
Ship Power order book Sept. 30, 2010

All vessel segments represented



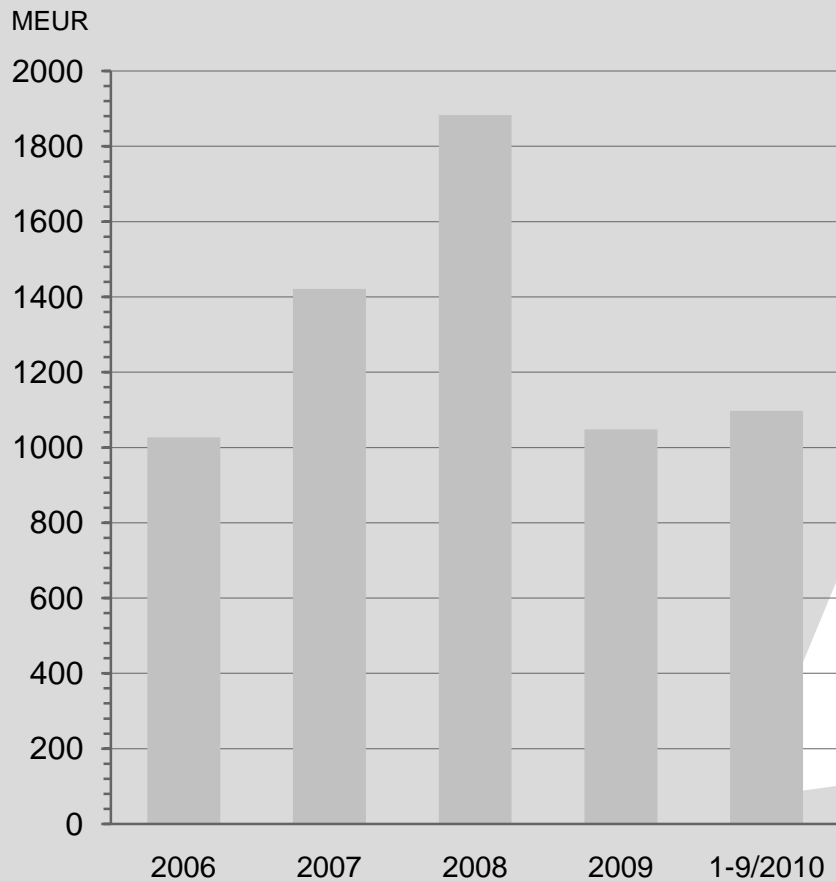
Total EUR 2,038 million (3,230)

Power Plants - Market demand remains strong

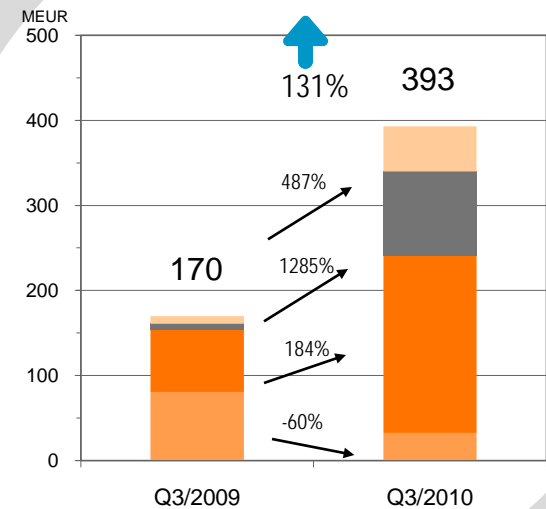


Share of natural gas is consistently increasing

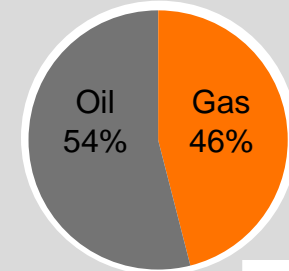
Power Plants order intake by application



Third quarter development

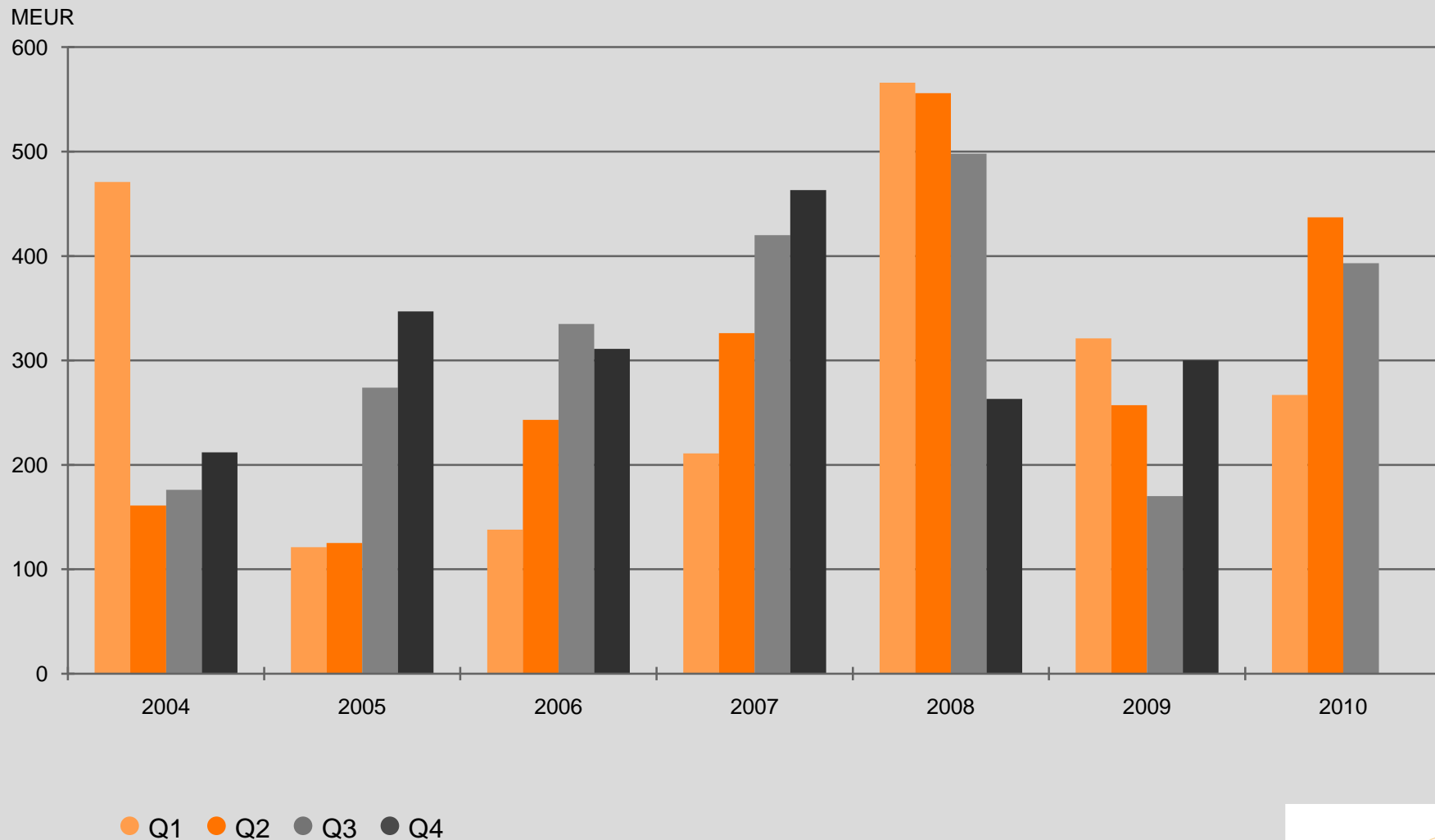


Order intake by fuel Q3/2010



- Order intake
- Industrial self-generation
- Flexible baseload
- Grid stability & peaking
- Oil & Gas

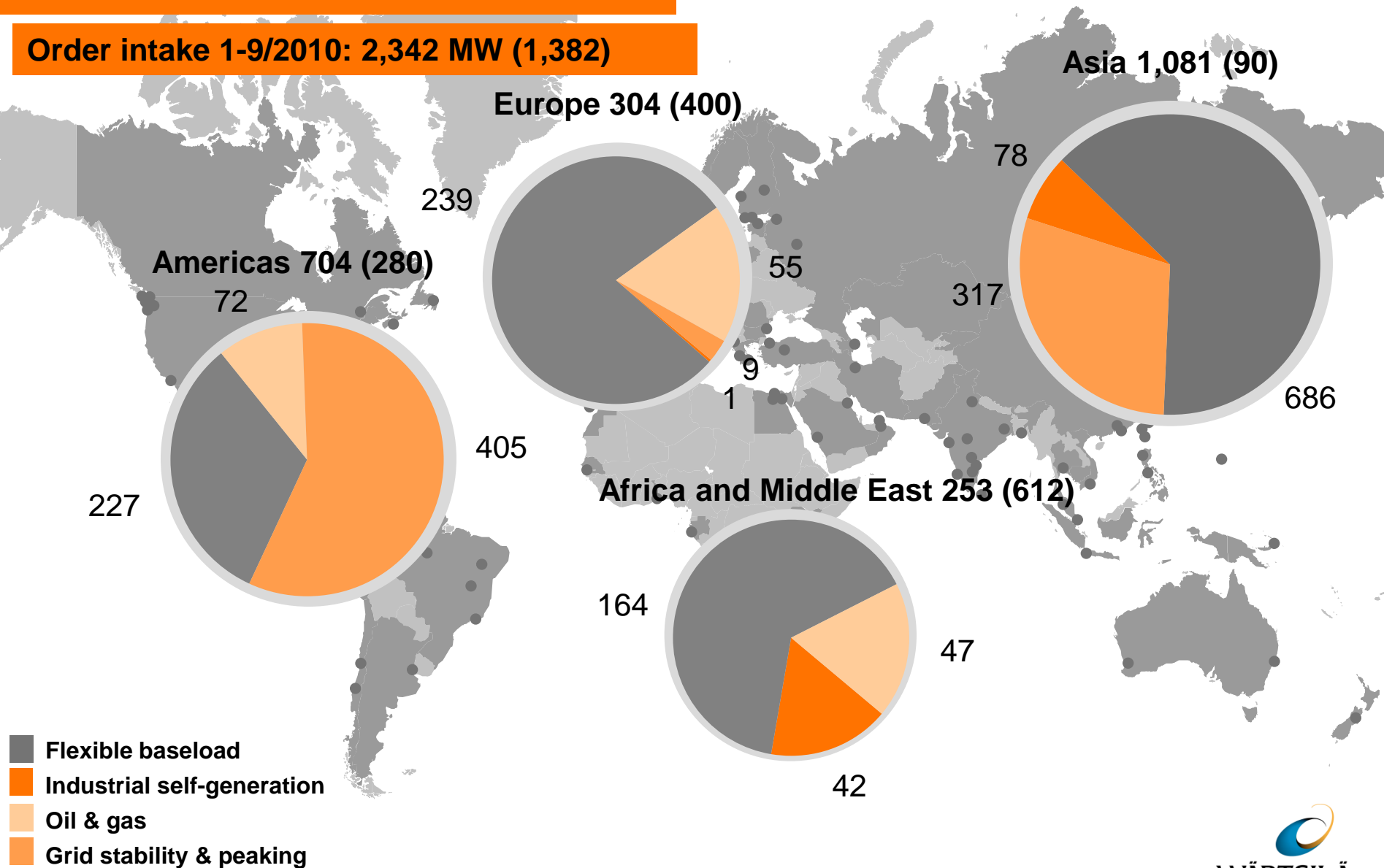
Power Plants quarterly order intake



Power Plants order intake

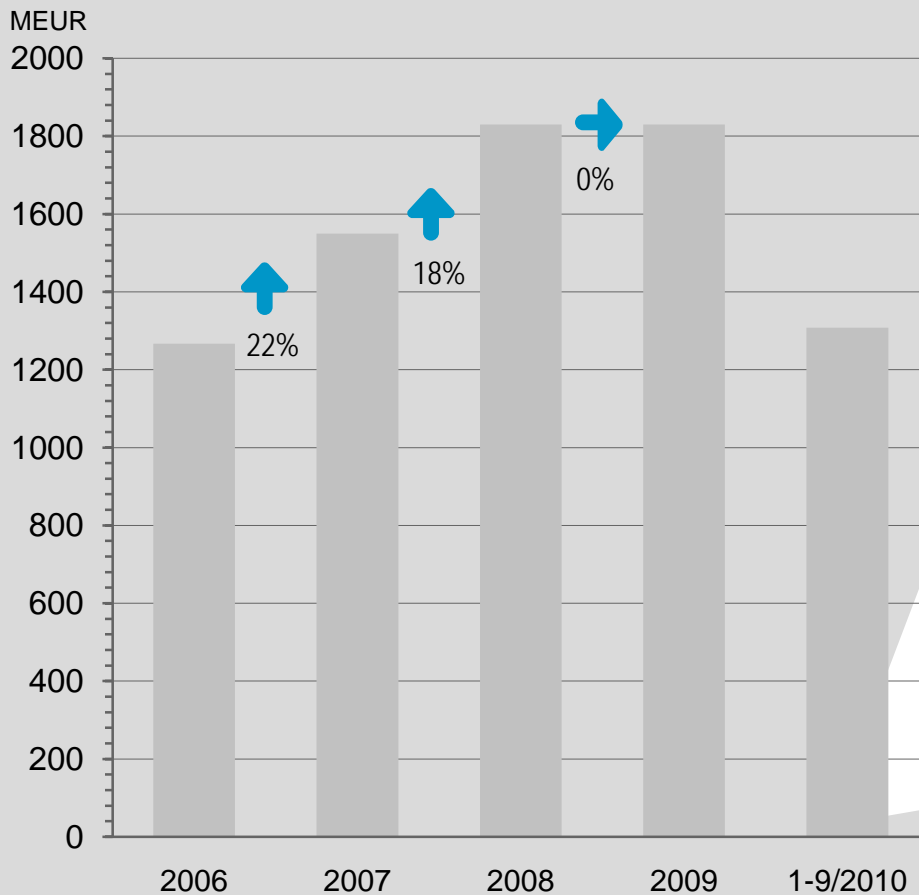
Asia strongest region

Order intake 1-9/2010: 2,342 MW (1,382)

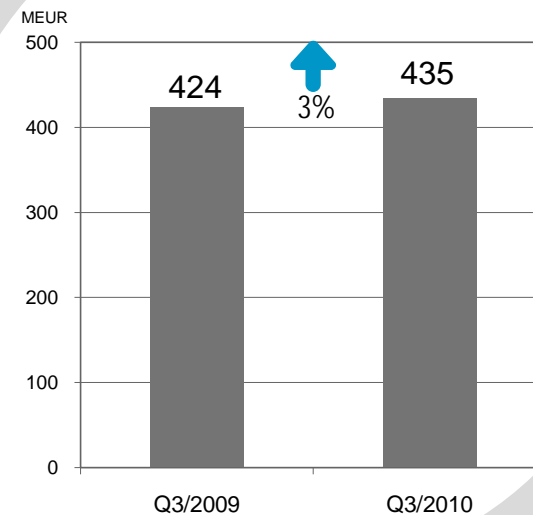


- Flexible baseload
- Industrial self-generation
- Oil & gas
- Grid stability & peaking

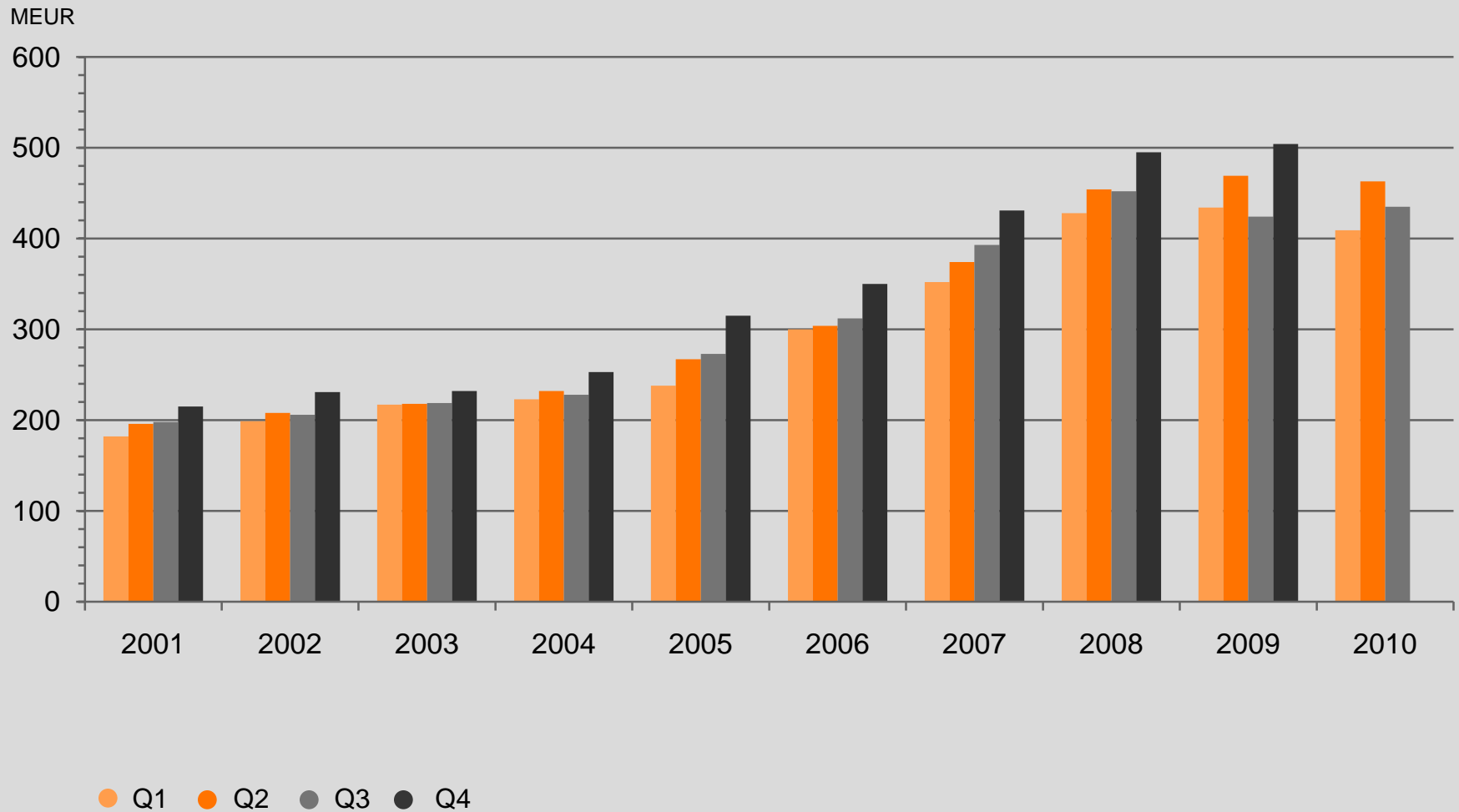
Services – Net sales stable



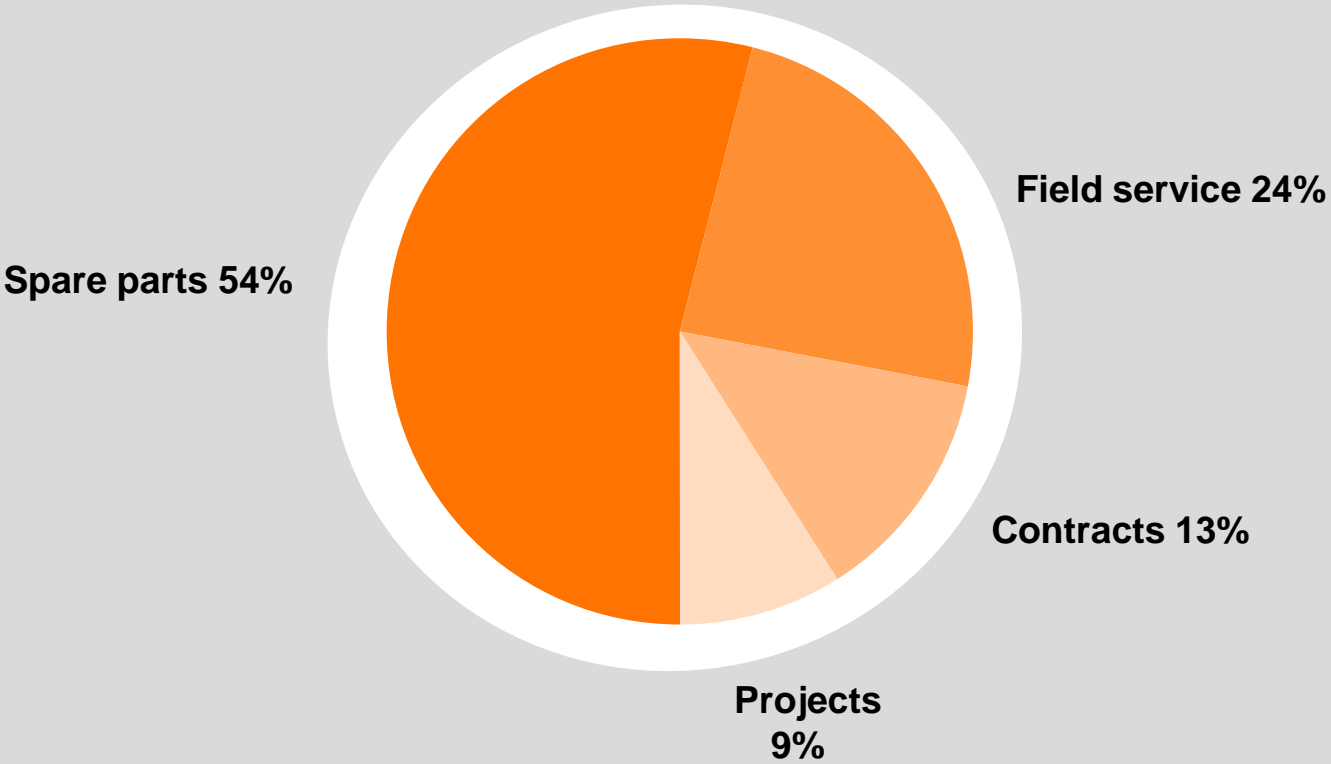
Third quarter development



Services – Net sales per quarter

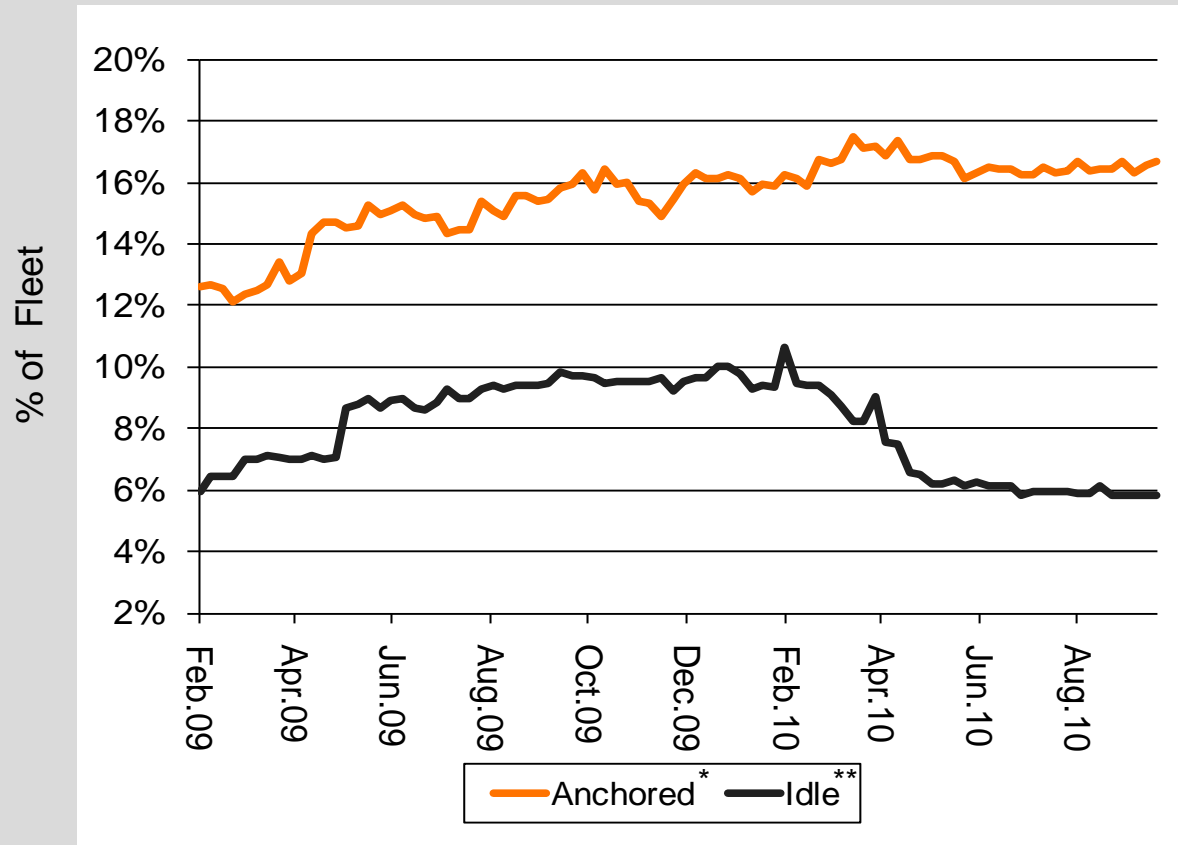


Services – Net sales distribution 1-9/2010



Services

Level of laid-up vessels normalised



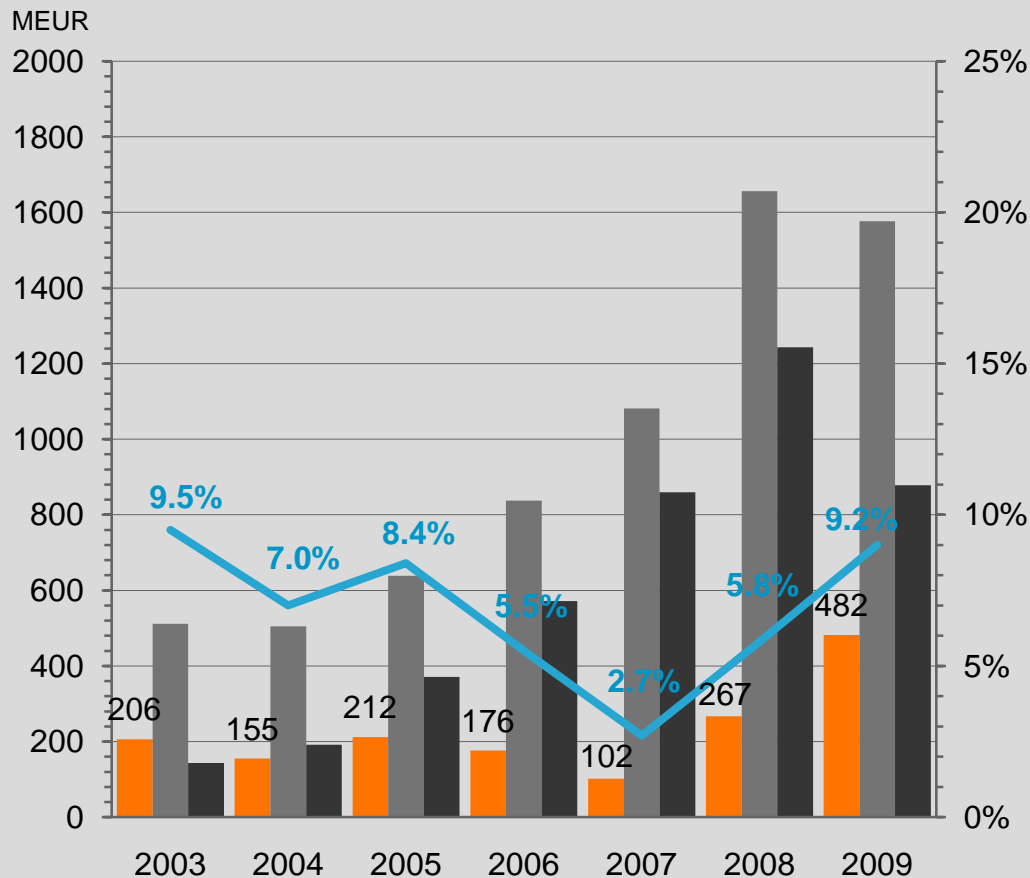
* Anchored (reported navigation status at anchor). Source Bloomberg (AISLive). More than 25 000 vessels (>299 GT) covered.

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

All time high cash flow

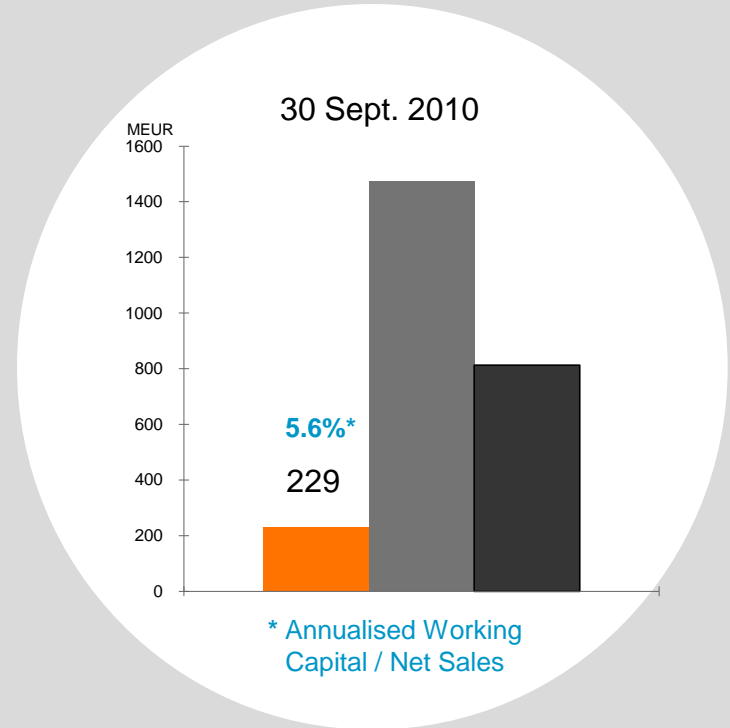
MEUR	7-9/10	7-9/09	1-9/10	1-9/09	2009
Cash flow from operating activities	222	214	491	142	349
Cash flow from investing activities	21	-23	-3	-113	-163
Cash flow from financing activities	11	-45	-159	36	-140
Cash and cash equivalents at end of period	578	262	578	262	244

Net working capital development

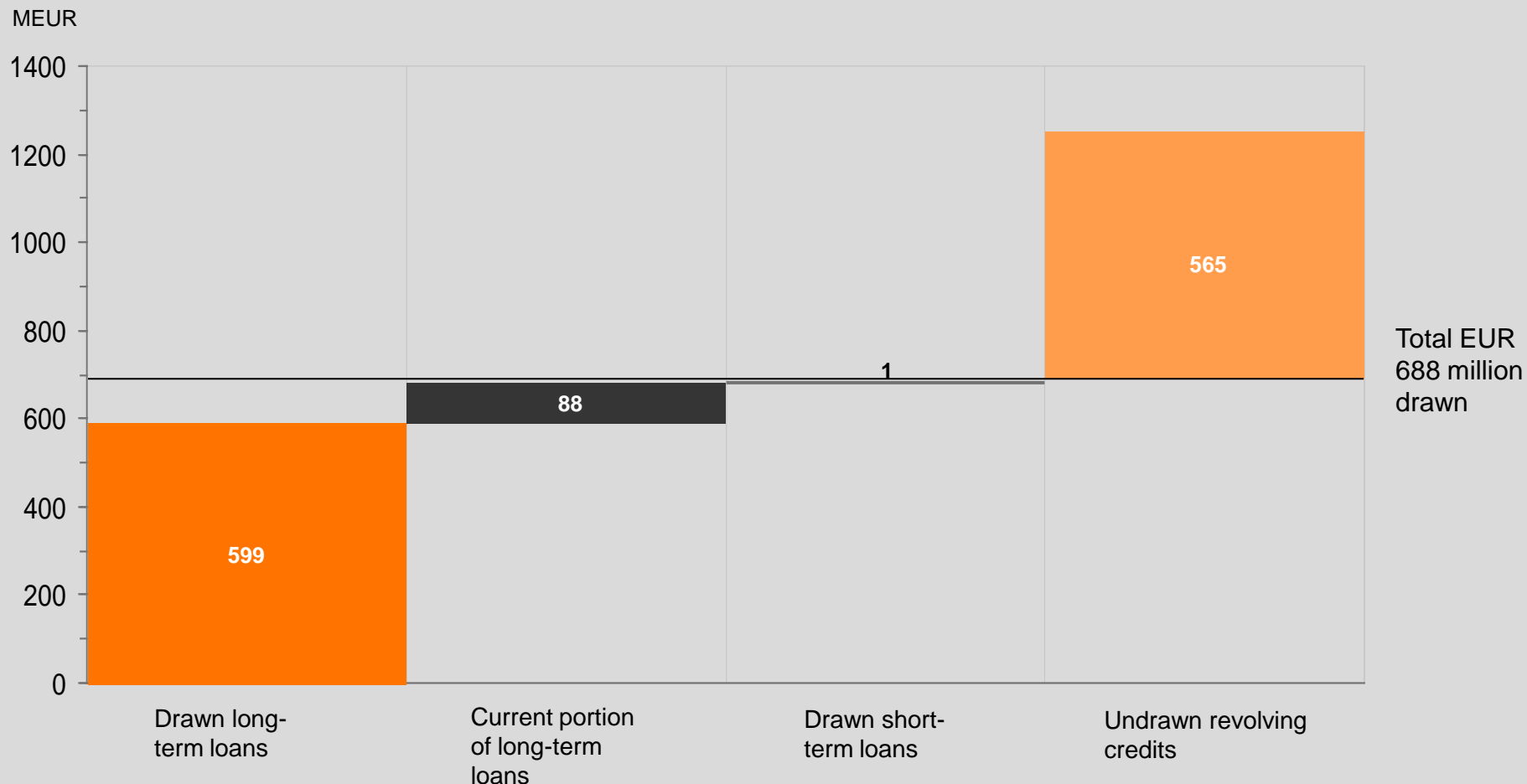


● Working Capital
 ● Total Inventories
 ● Advances Received
 — Working Capital / Net Sales

All figures relate to the Power Businesses



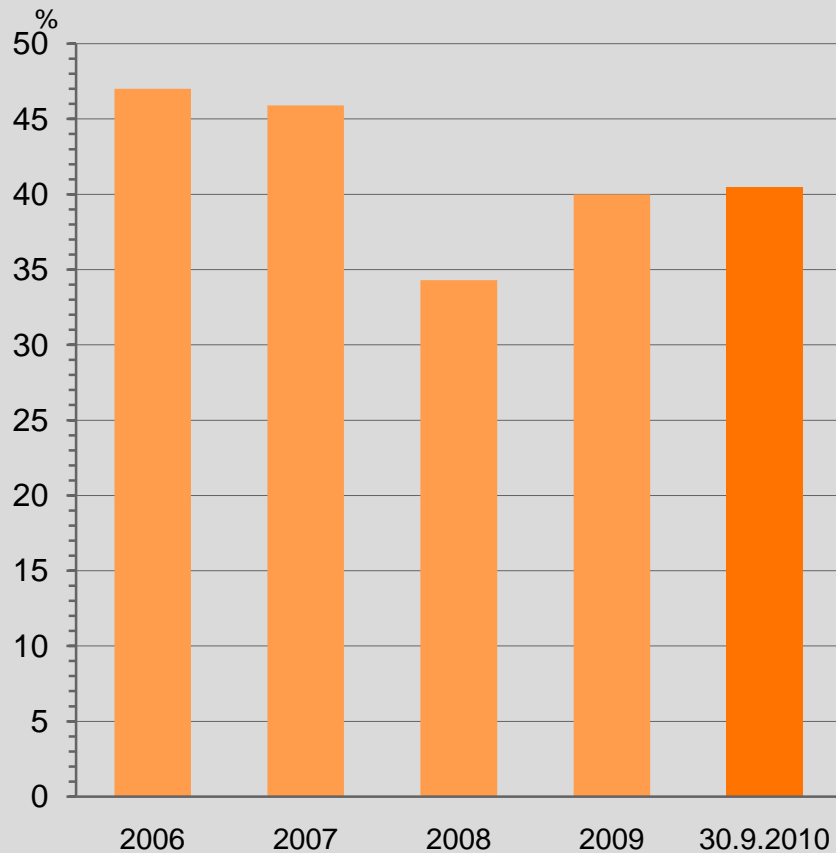
Committed loans Sept. 30, 2010



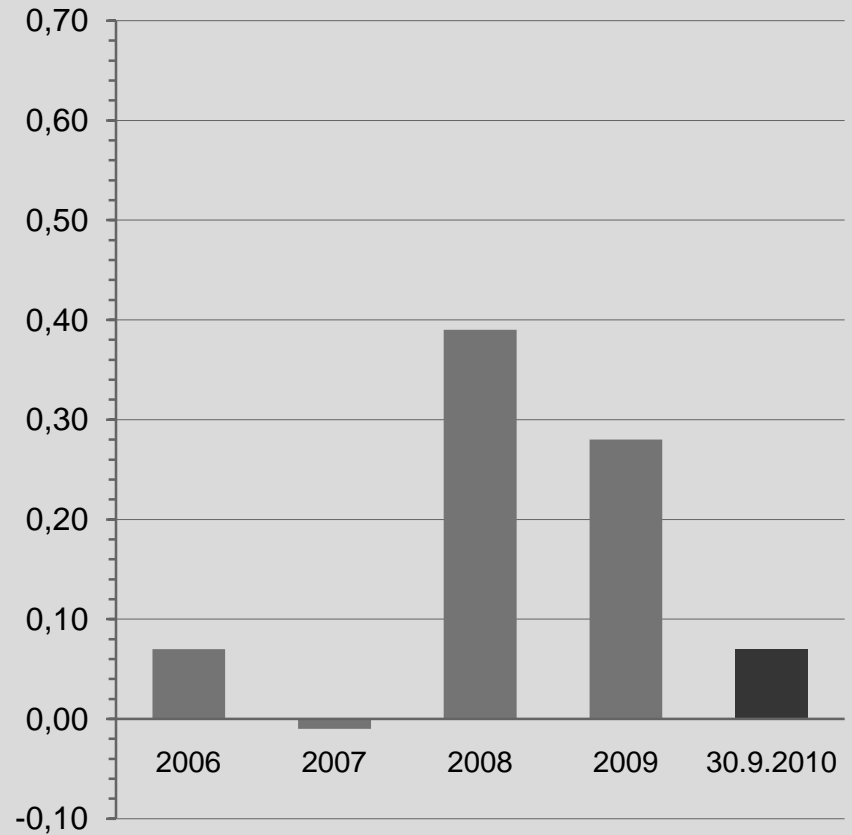
At the end of the reporting period, drawn revolving credits amounted to 0 euros. In addition, there are Finnish Commercial Paper Programs of EUR 700 million (uncommitted).

Financial position

Solvency



Gearing

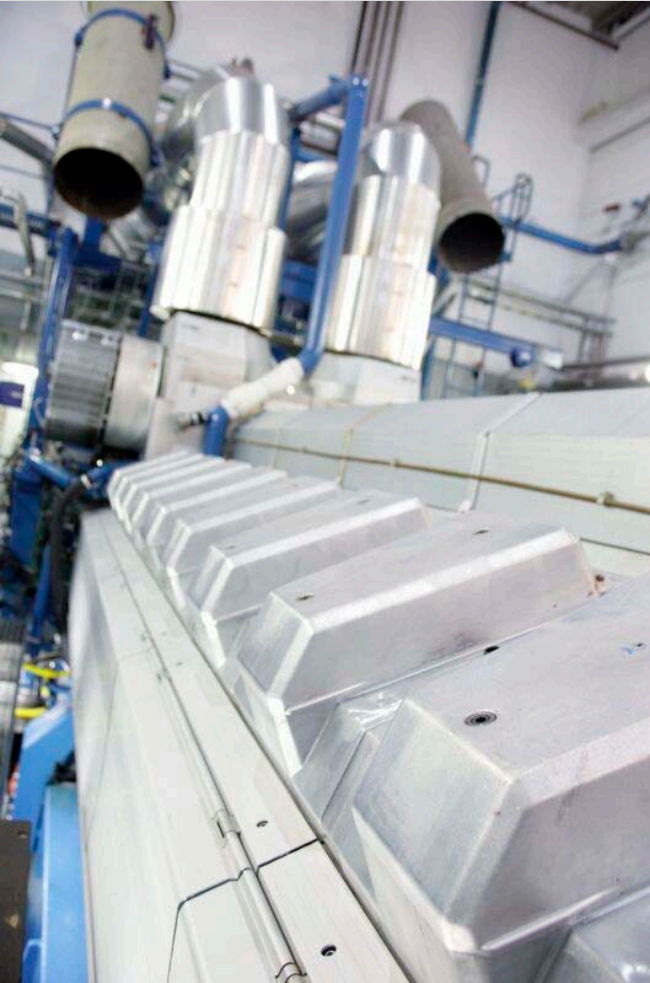


Restructuring measures

- **May 2009:** Ship Power adjustment program
- **January 2010:** Adaption of manufacturing capacity initiated
- **October 2010:** Processes initiated for reduction of 400 jobs in global staff functions

Impacts of all restructuring measures

- Personnel to be reduced by approx. 1,800 employees
- Total cost savings approx. EUR 110-120 million, of which EUR 30 million to materialise in 2010 and the rest gradually in 2011.
- Total non-recurring costs EUR 140 million, of which 40 million recognised in 2009. In January-September 2010 Wärtsilä recorded EUR 59 million nonrecurring items related to restructuring measures.



- **Ship Power:** Ordering volumes will remain at lower levels than during peak years. Competition and price pressure will remain intense. Wärtsilä Ship Power's order intake in 2010 expected to clearly improve over 2009.
- **Power Plants:** The power generation market recovery is expected to continue in 2010. Wärtsilä Power Plants' order intake in 2010 expected to clearly improve over 2009.
- **Services:** Services development is expected to remain steady. Scrapping of older tonnage and its replacement with new tonnage may impact Services. Power plant installations continue to be run at high operating levels. Increased interest in maintenance partnerships seen.

Prospects for 2010 improved



- Net sales expected to decline by approximately 15 percent.
- Operational profitability (EBIT% before nonrecurring items) expected to be better than earlier estimated and to exceed 10%.



WÄRTSILÄ

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