

# **WÄRTSILÄ CORPORATION**

**2010 RESULT PRESENTATION**

**OLE JOHANSSON, PRESIDENT & CEO**

**28 JANUARY 2011**



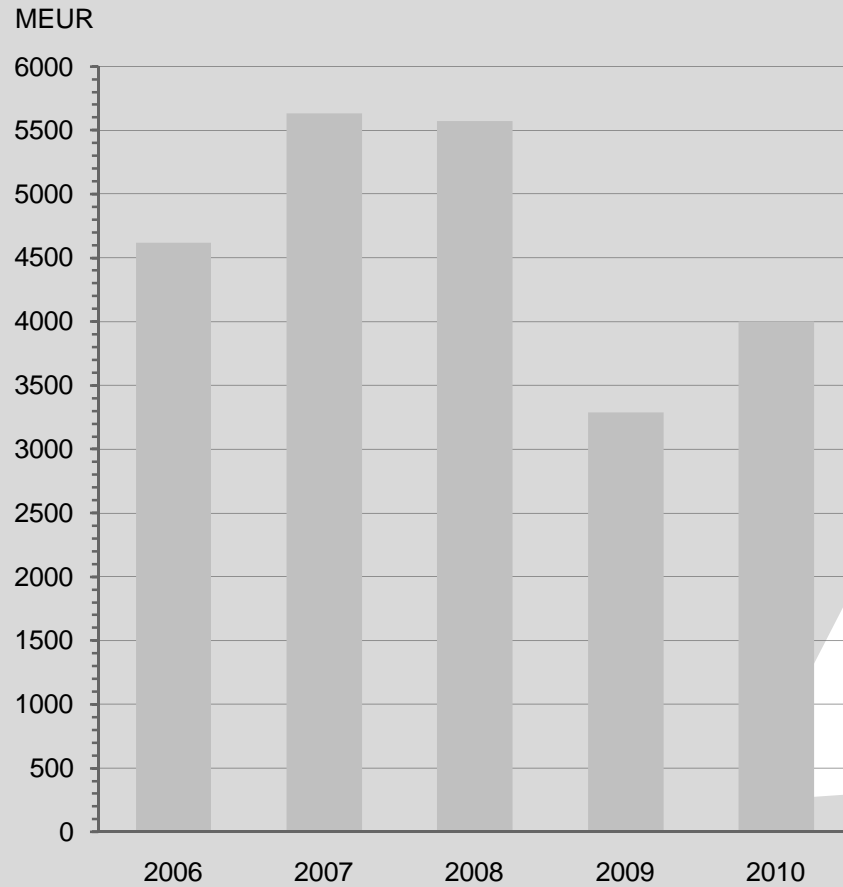
## 2010 – Solid performance at all levels



- Order intake EUR 4,005 million, +22%
- Net sales EUR 4,553 million, -13%
- Operating result EUR 487 million, 10.7% of net sales
- All time high cash flow EUR 663 million (349)
- EPS EUR 3.35 (4.30)
- Dividend proposal 1.75 euro per share (1.75) and extra dividend 1.00 euro per share, total 2.75 euro/share

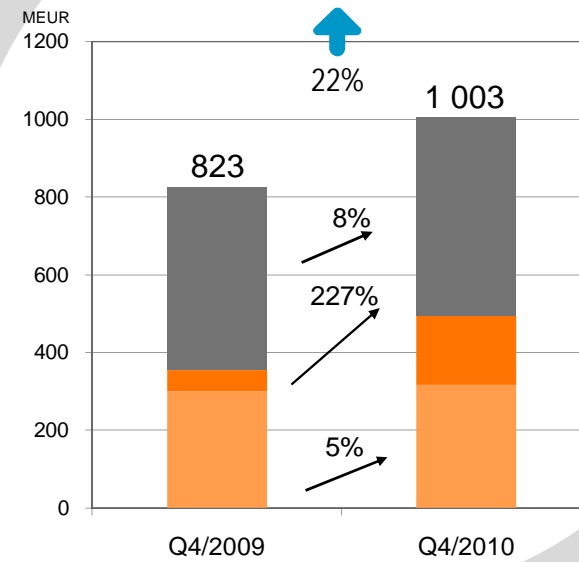
All numbers are shown excluding nonrecurring items and selling profits

# Order intake increased

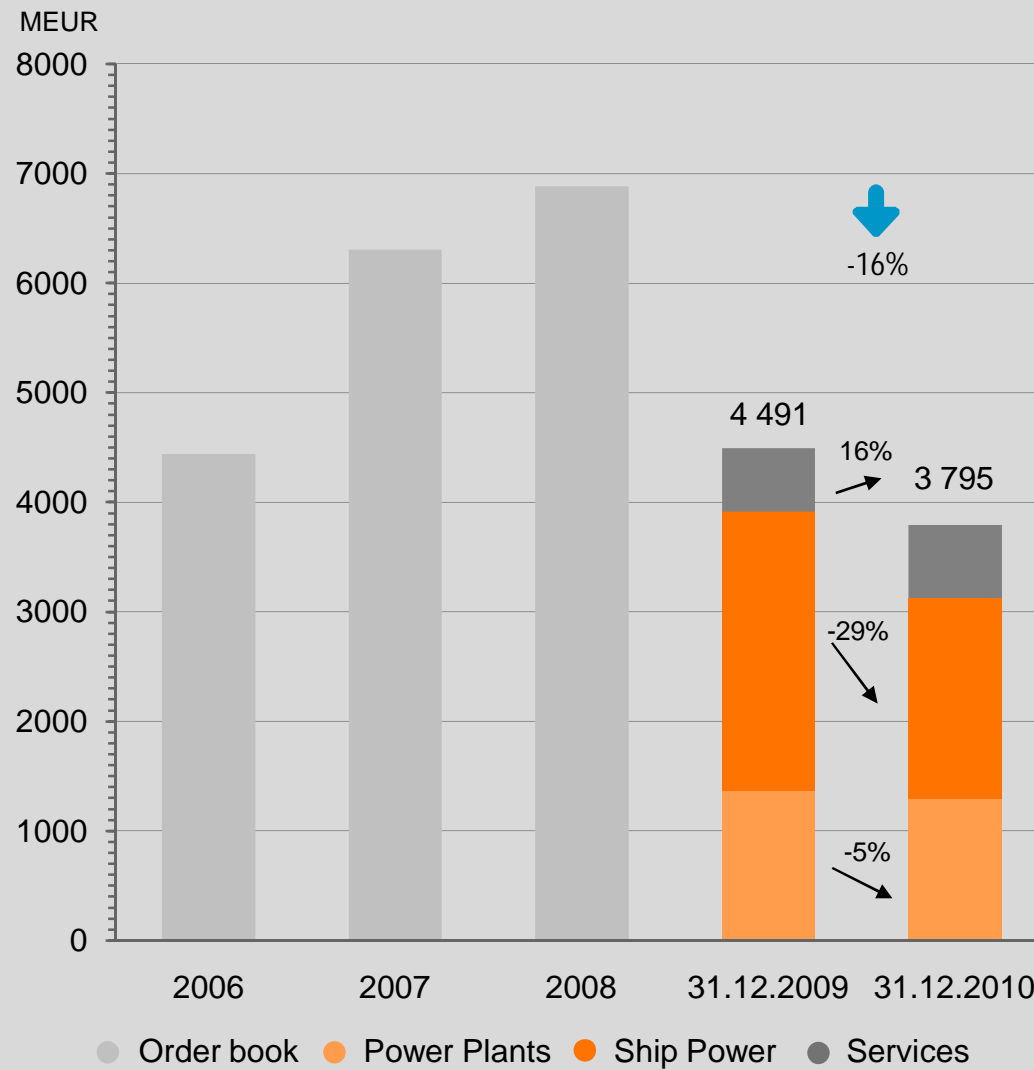


● Order intake ● Power Plants ● Ship Power ● Services

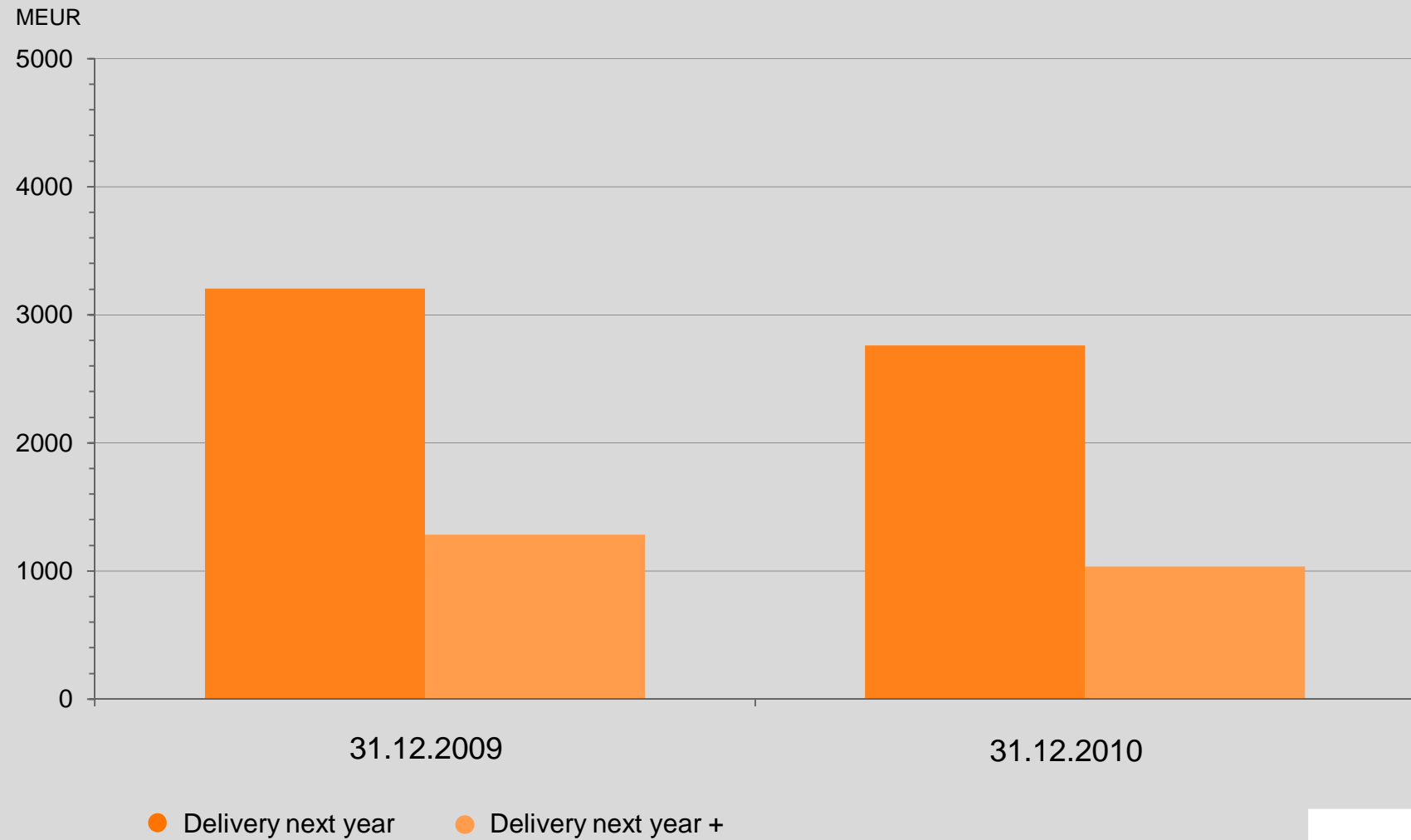
Fourth quarter development



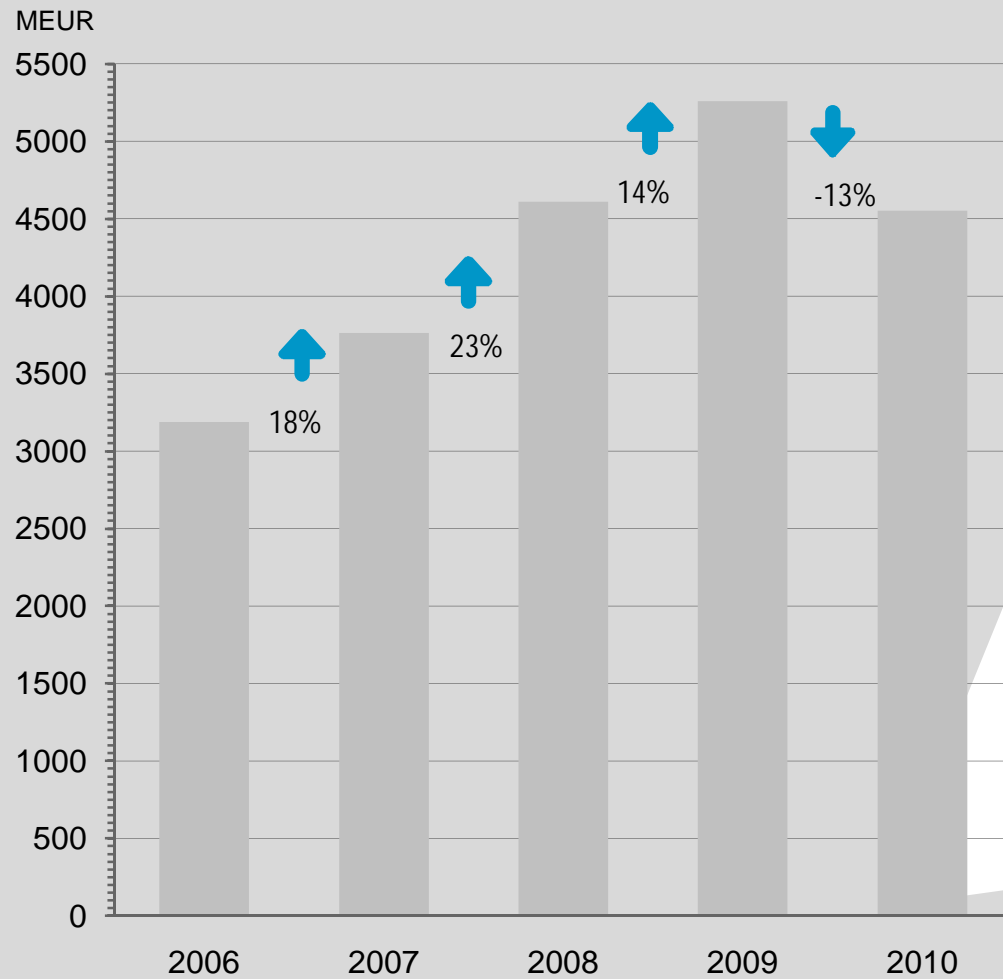
# Order book



# Order book distribution

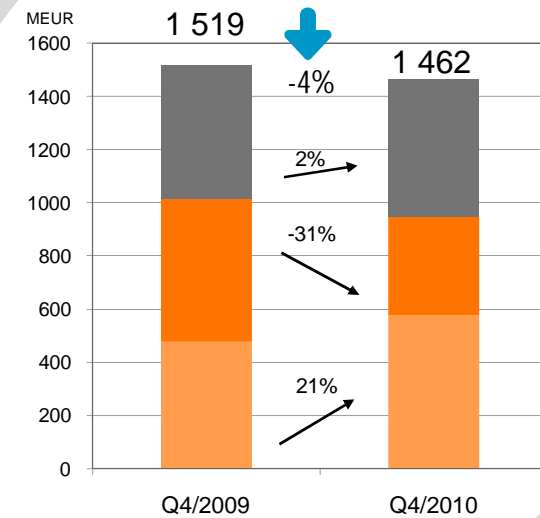


# Net sales developed as expected

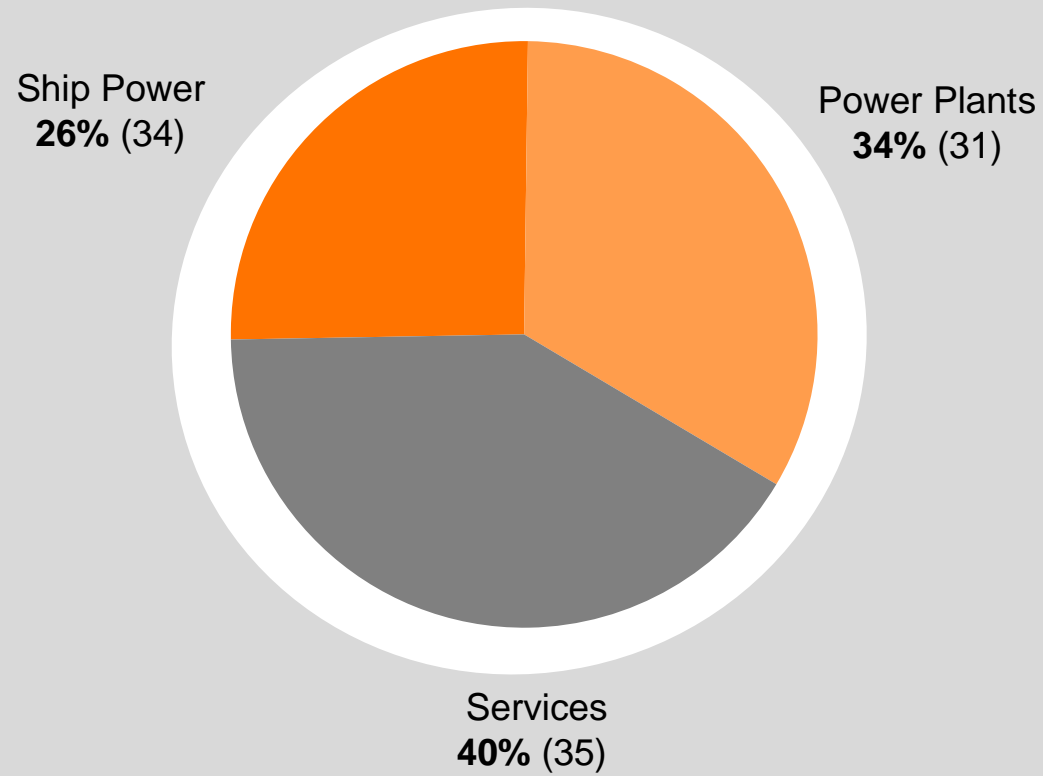


● Net sales ● Power Plants ● Ship Power ● Services

Fourth quarter development

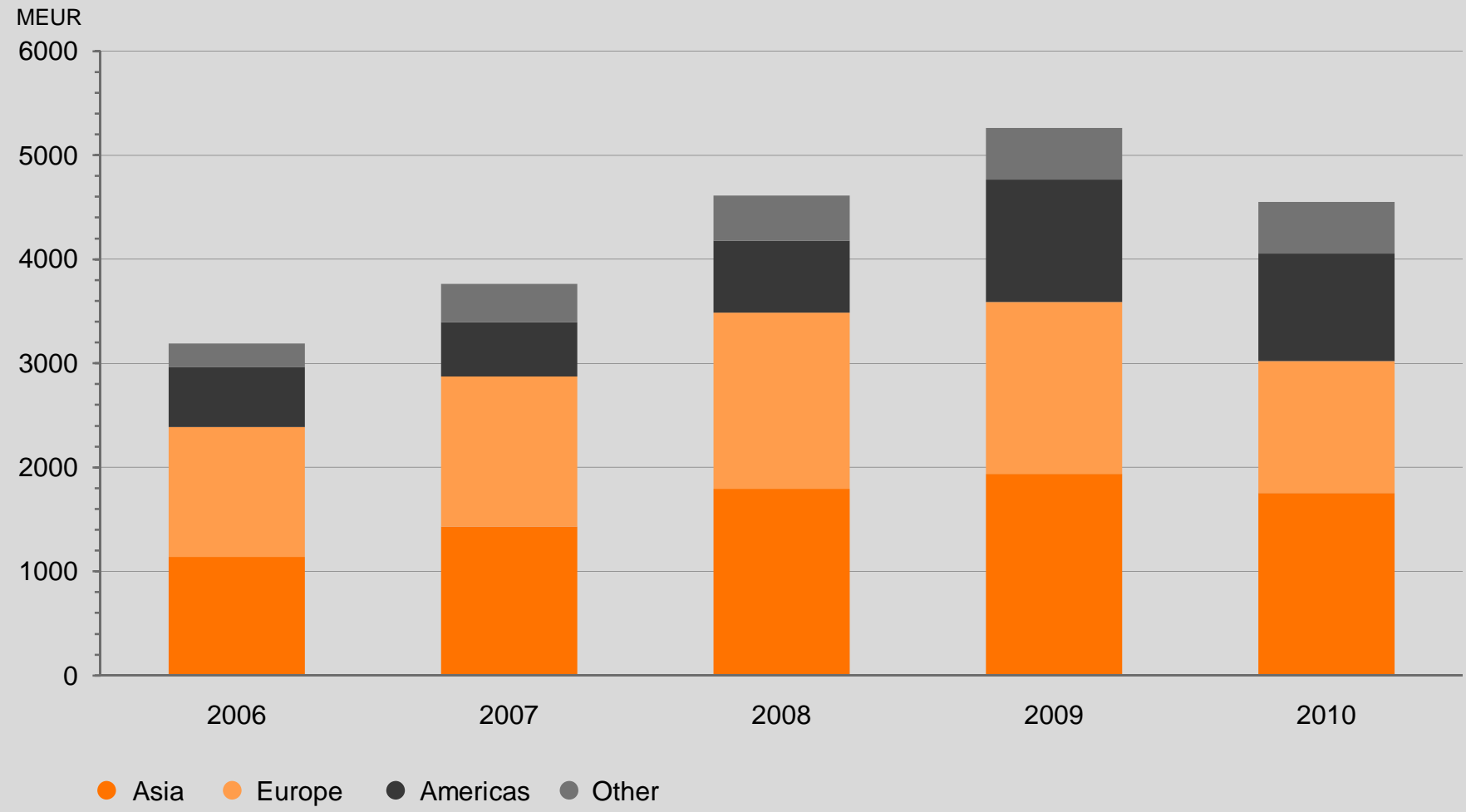


# Net sales by business 2010



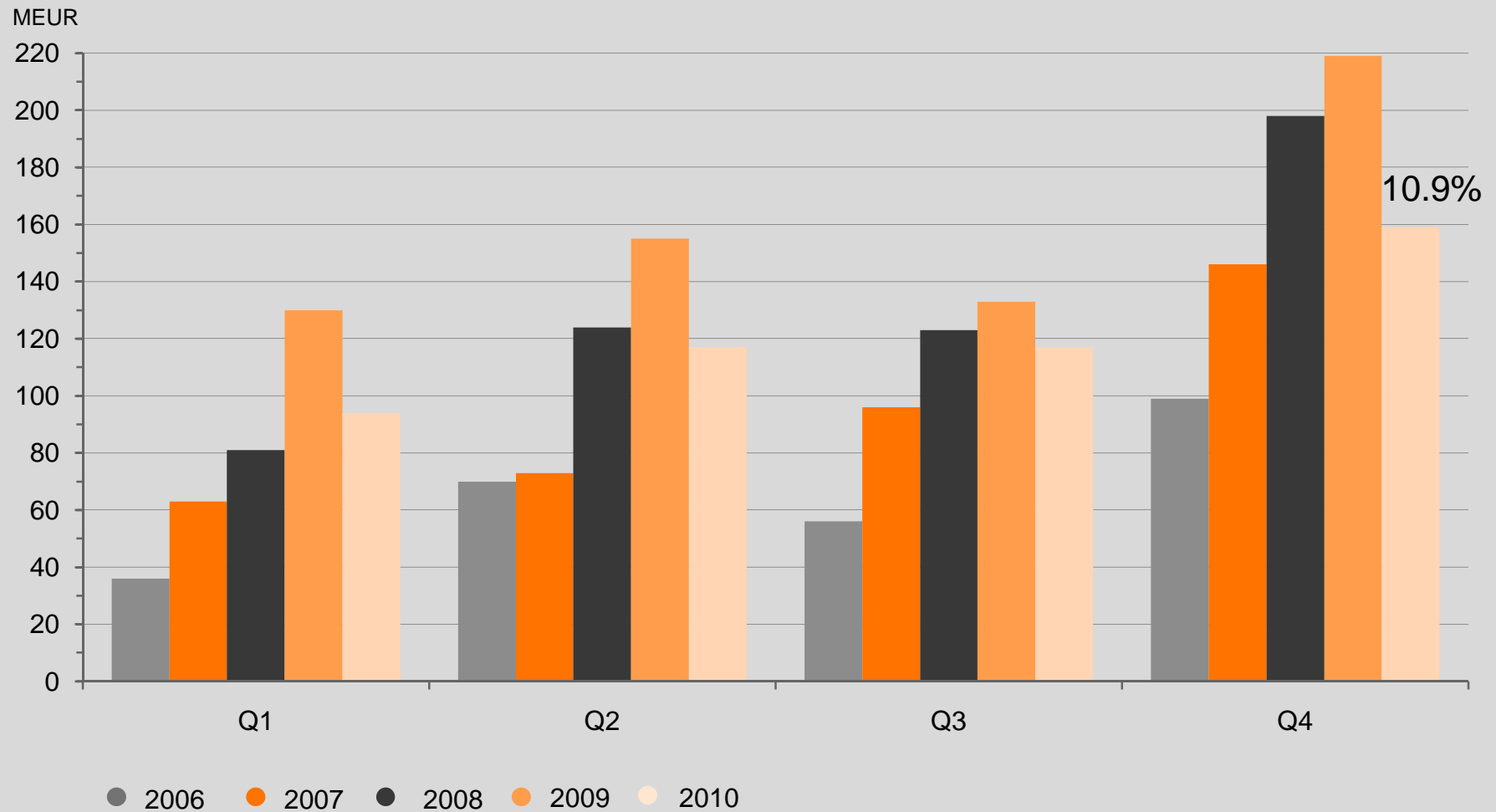
# Net sales by market area

## Strong presence in Asia





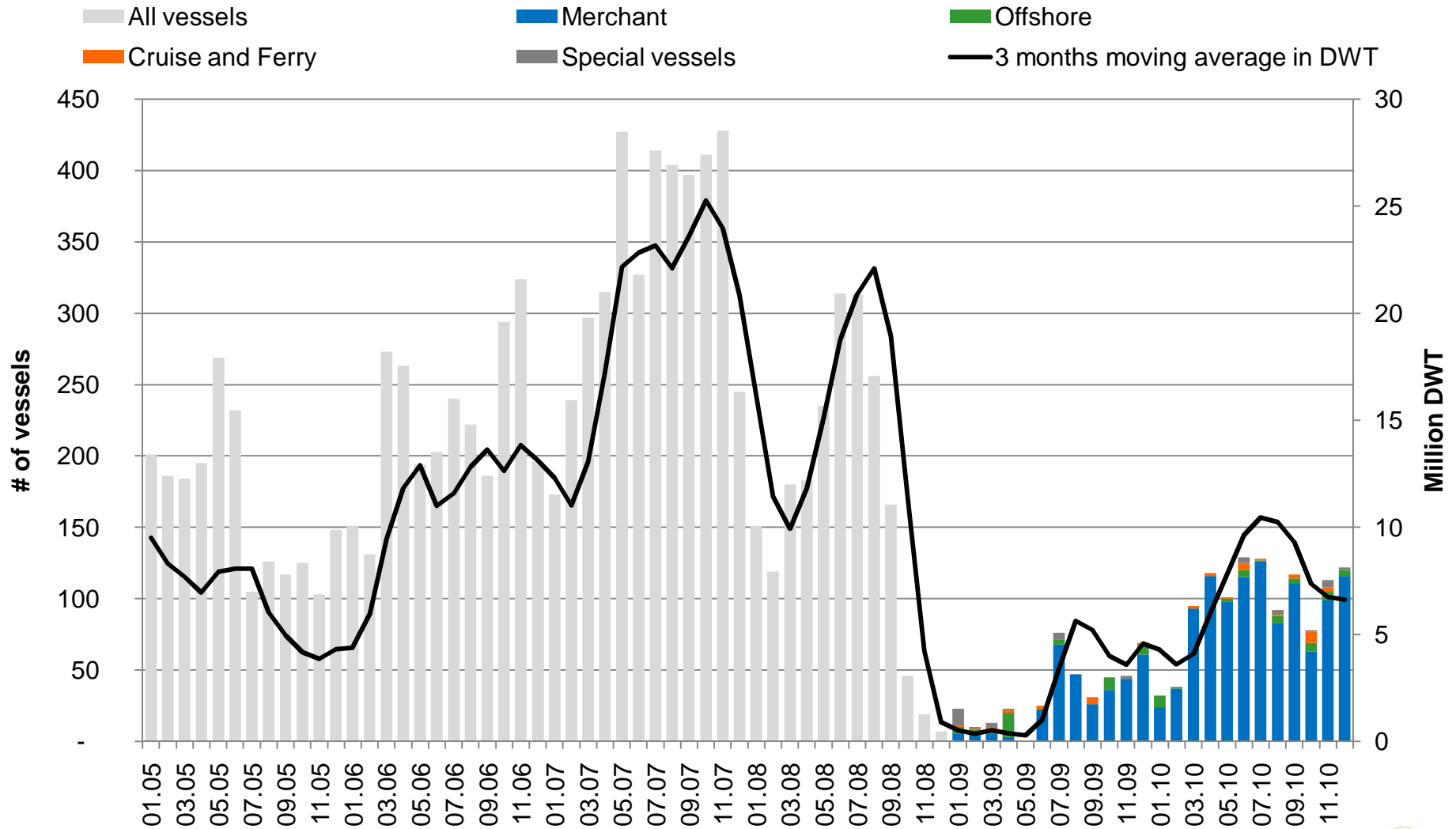
# Solid profitability



Operating result before nonrecurring restructuring items

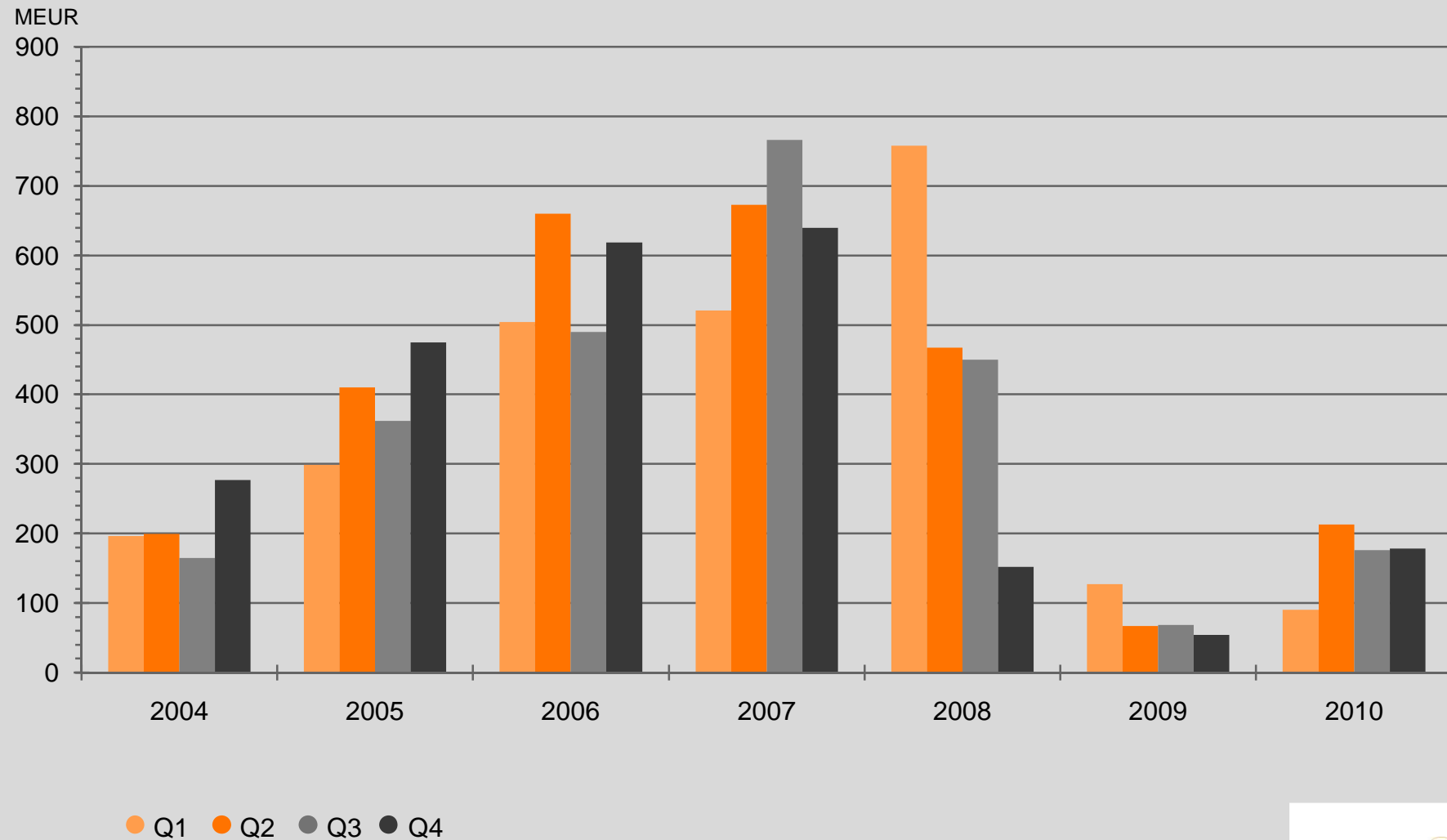
# Ship Power market – vessel order development

## 2010 contracting activity stronger than expected



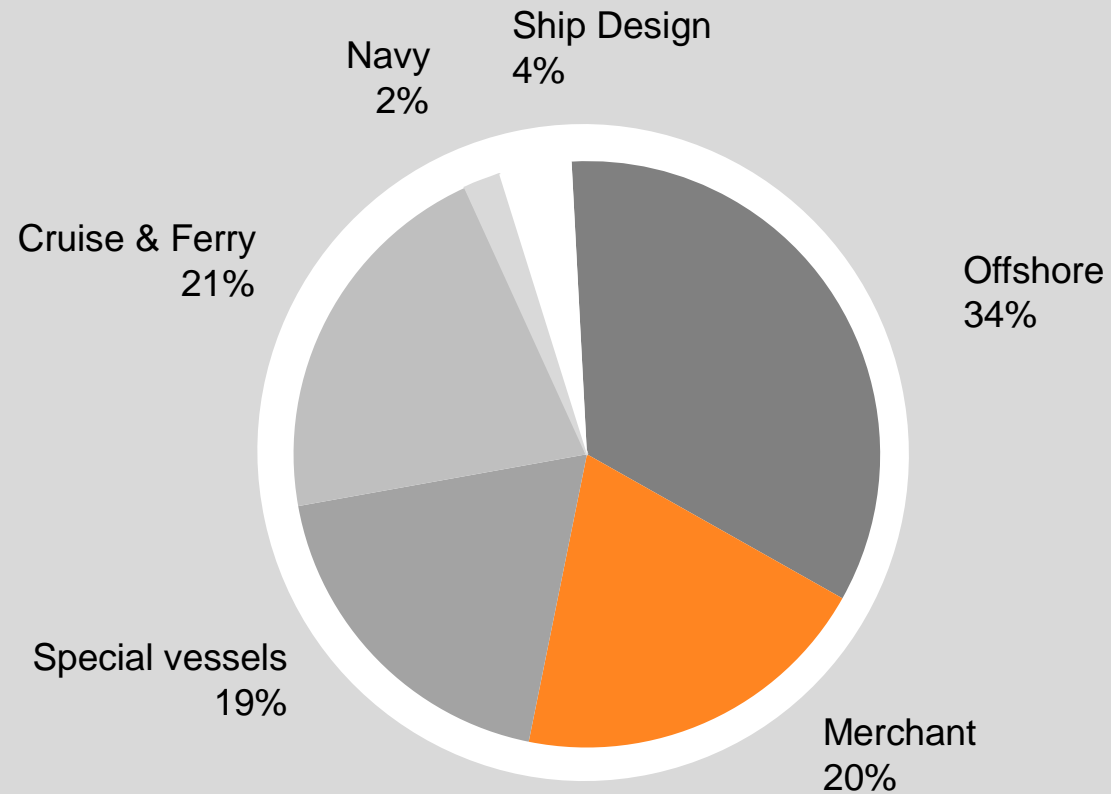
Source: Clarkson Research Services

# Ship Power quarterly order intake



# Ship Power order intake by segment Q4/2010

## Offshore strongest segment

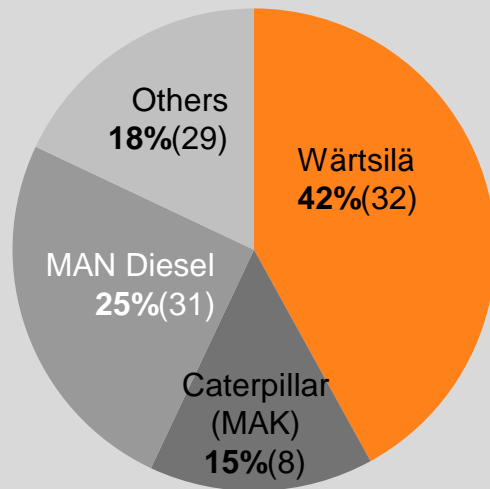


Total EUR 178 million (54)

# Ship Power market

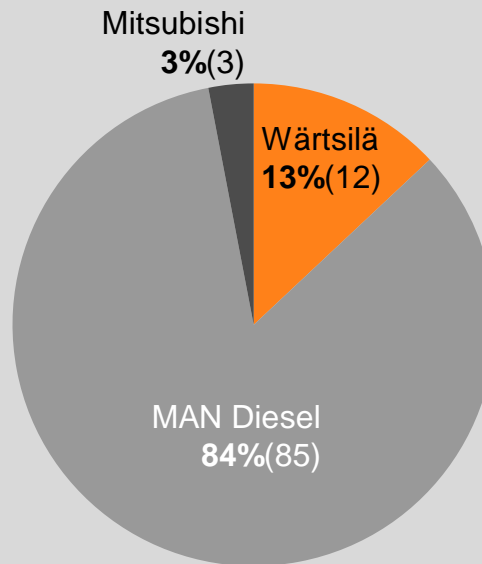
## Market position of Wärtsilä's marine engines

### Medium-speed main engines



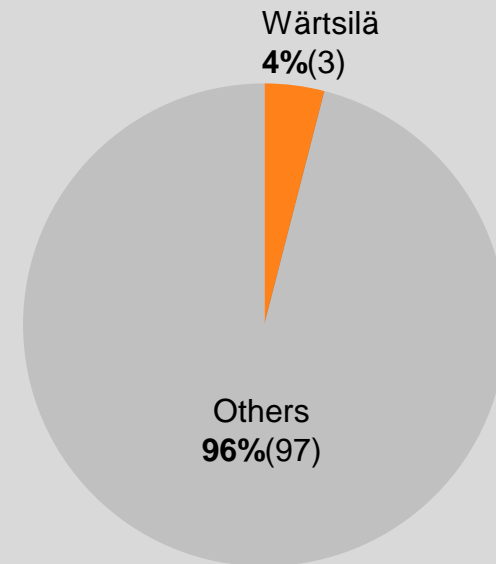
Total market volume last 12 months:  
1,639 MW (914)

### Low-speed main engines



Total market volume last 12 months:  
15,681 MW (6,752)

### Auxiliary engines



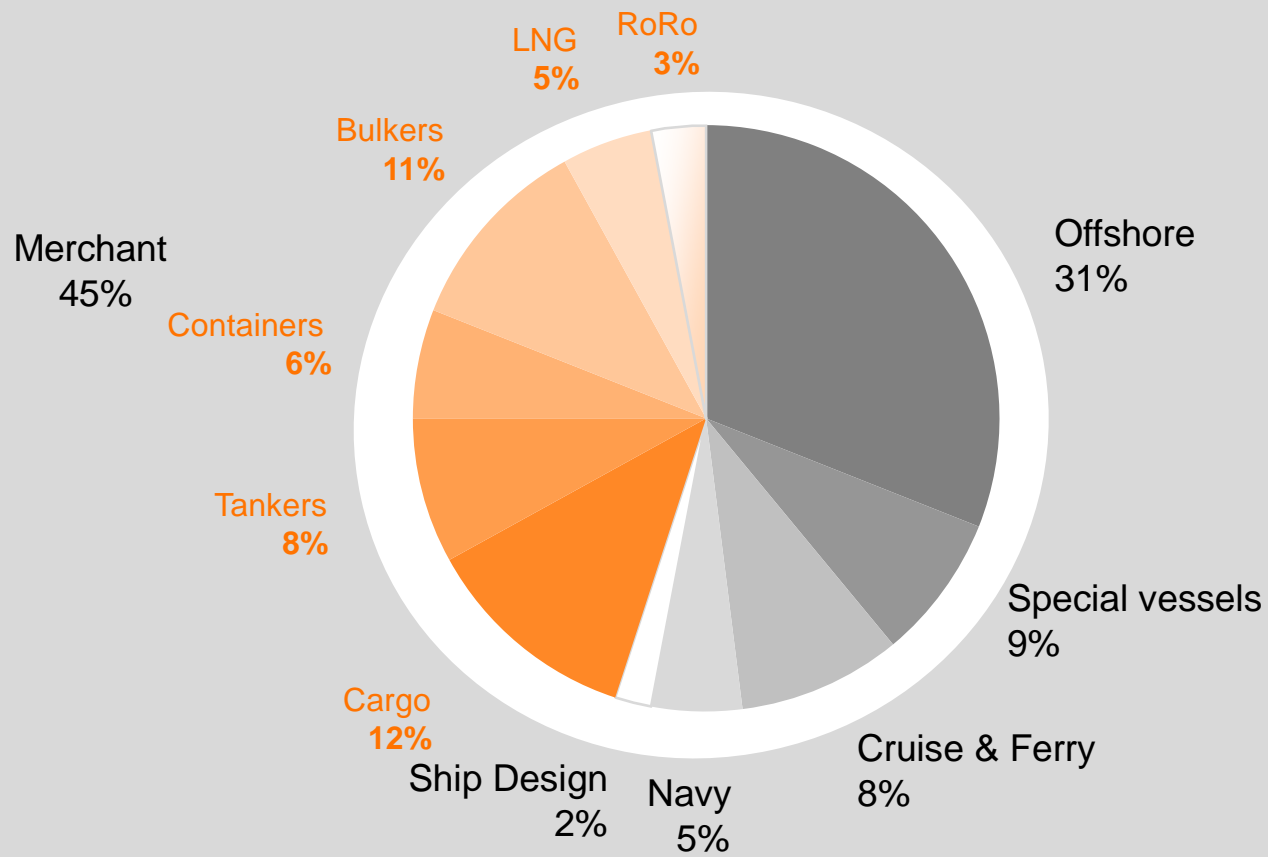
Total market volume last 12 months:  
3,880 MW (2,775)

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 Dec. 31, 2010

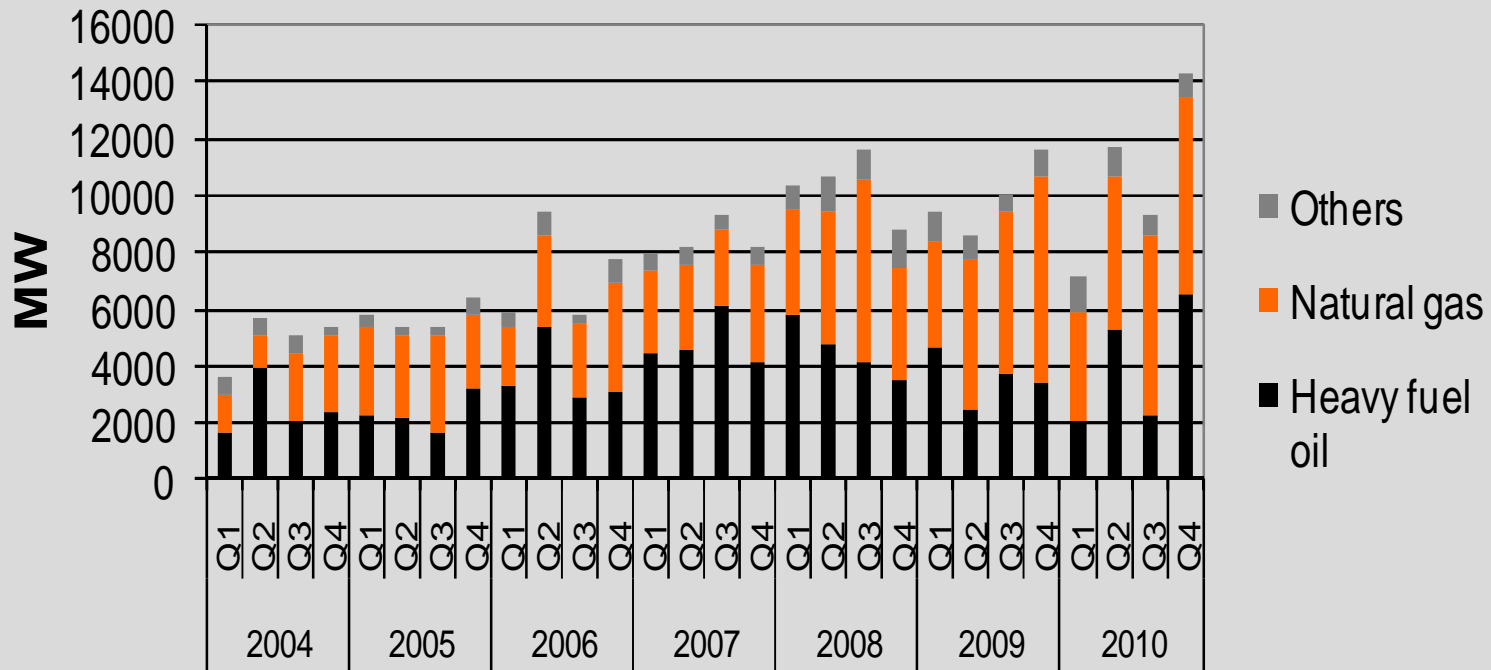
## All vessel segments represented



Total EUR 1,825 million (2,553)

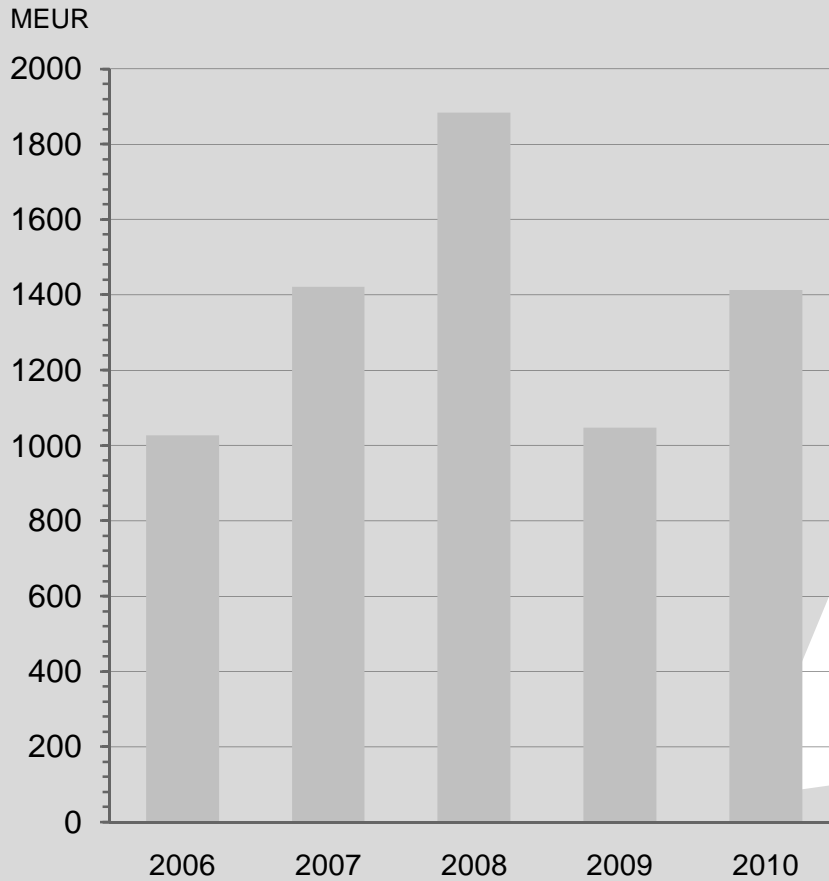
# Power Plants - Market demand remains strong

## Quoted MW per Fuel Type

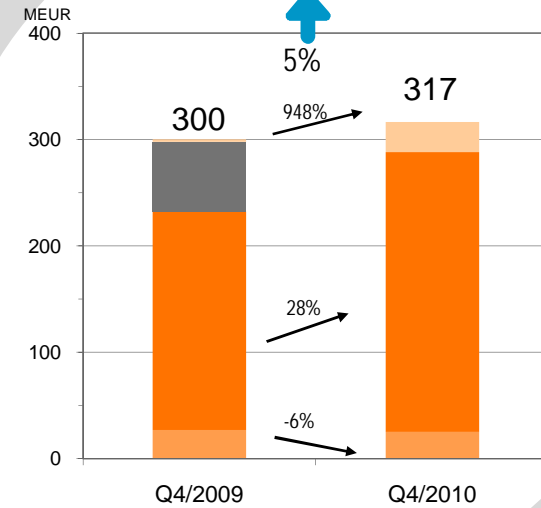


Share of natural gas is consistently increasing

# Power Plants order intake by application

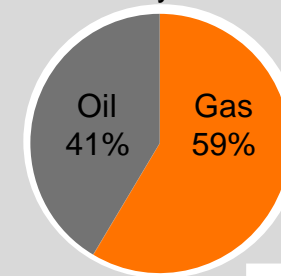


Fourth quarter development



No orders from Grid stability and peaking in Q4/2010

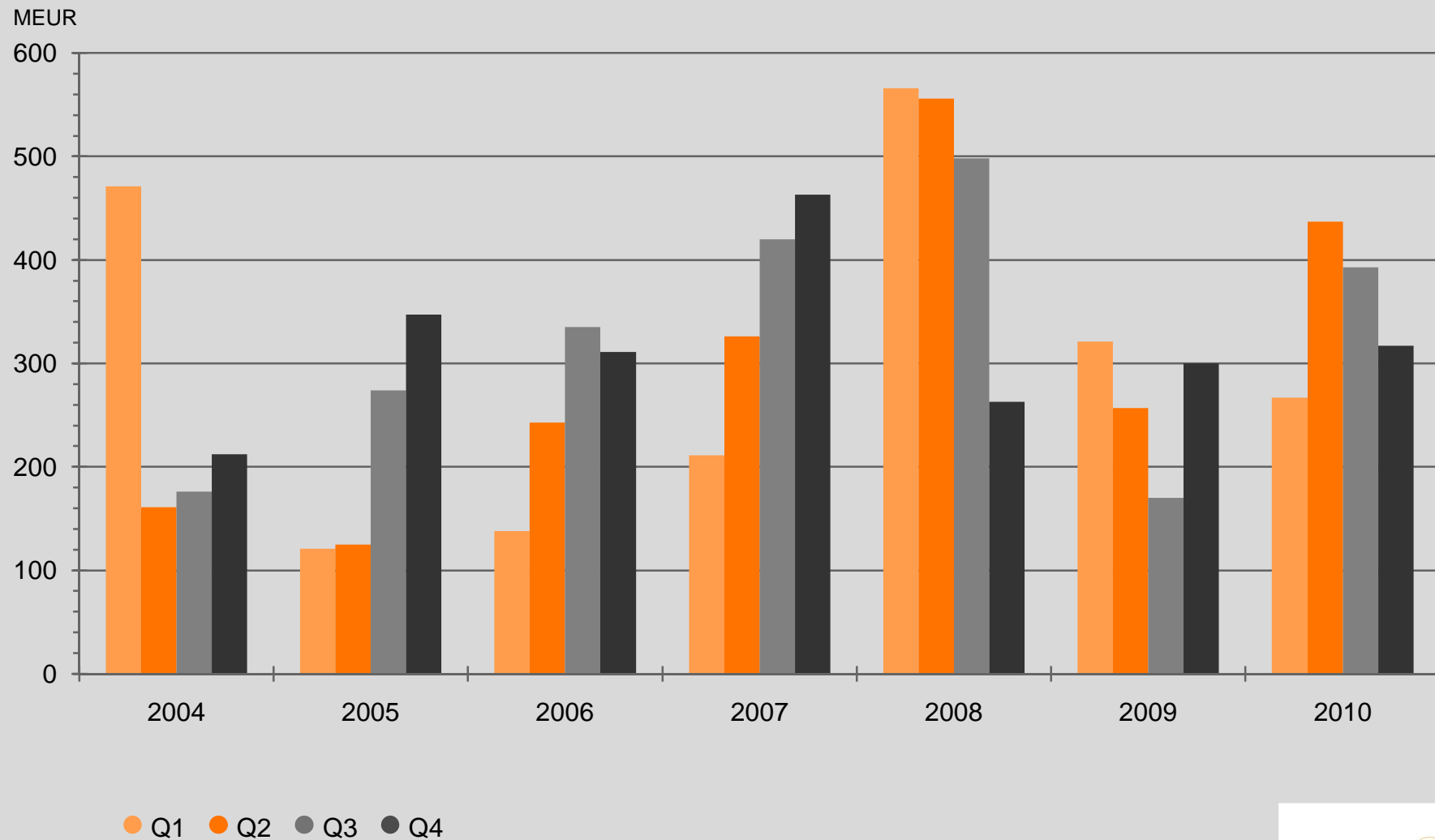
Order intake by fuel Q4/2010



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



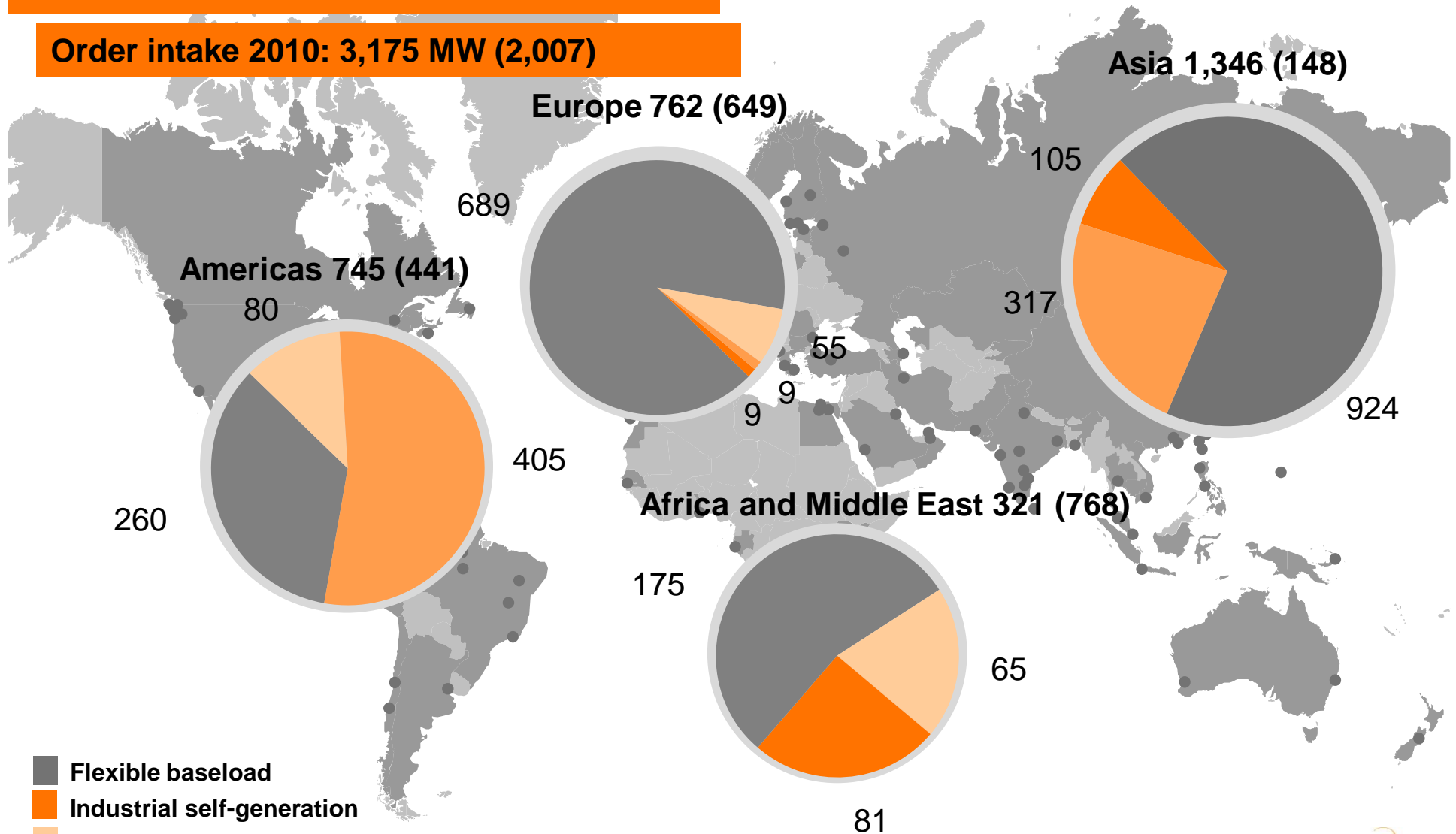
# Power Plants quarterly order intake



# Power Plants order intake

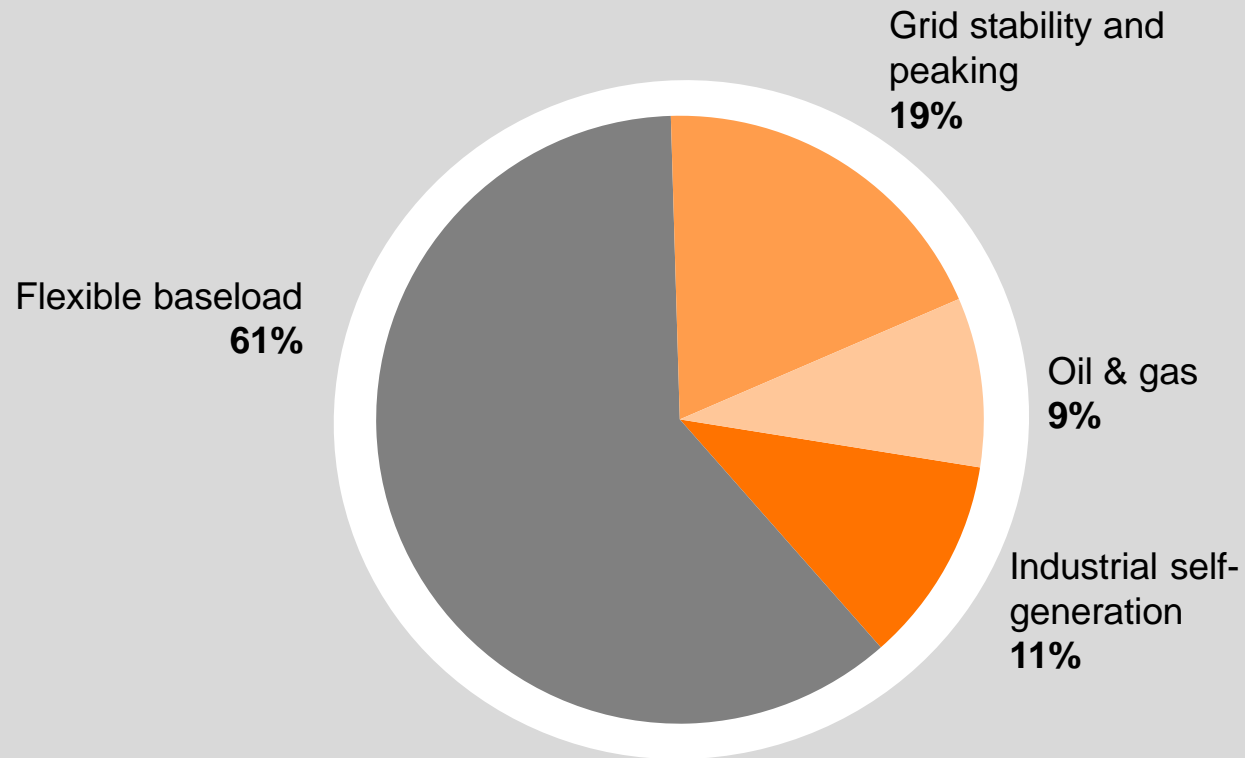
## Asia strongest region

Order intake 2010: 3,175 MW (2,007)



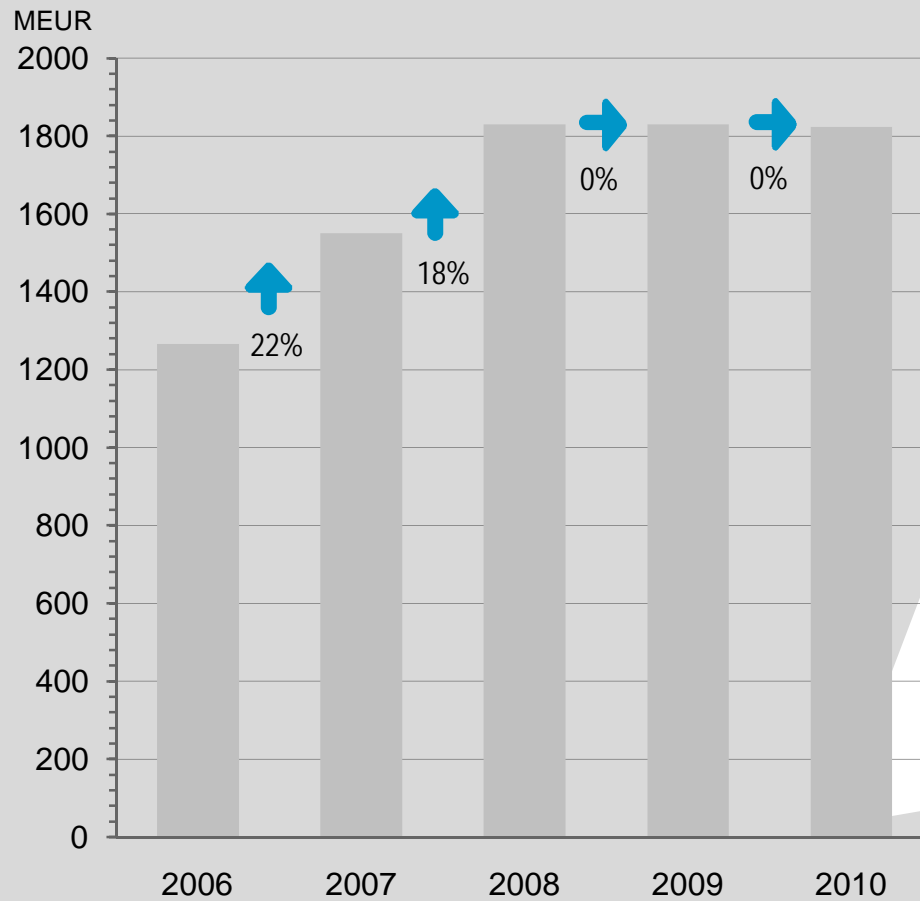
- Flexible baseload
- Industrial self-generation
- Oil & gas
- Grid stability & peaking

# Power Plants order book Dec. 31, 2010

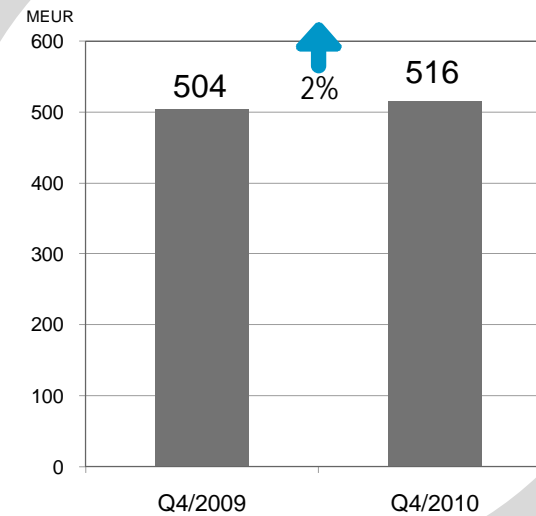


Total EUR 1,299 million (1,362)

# Services – Net sales stable

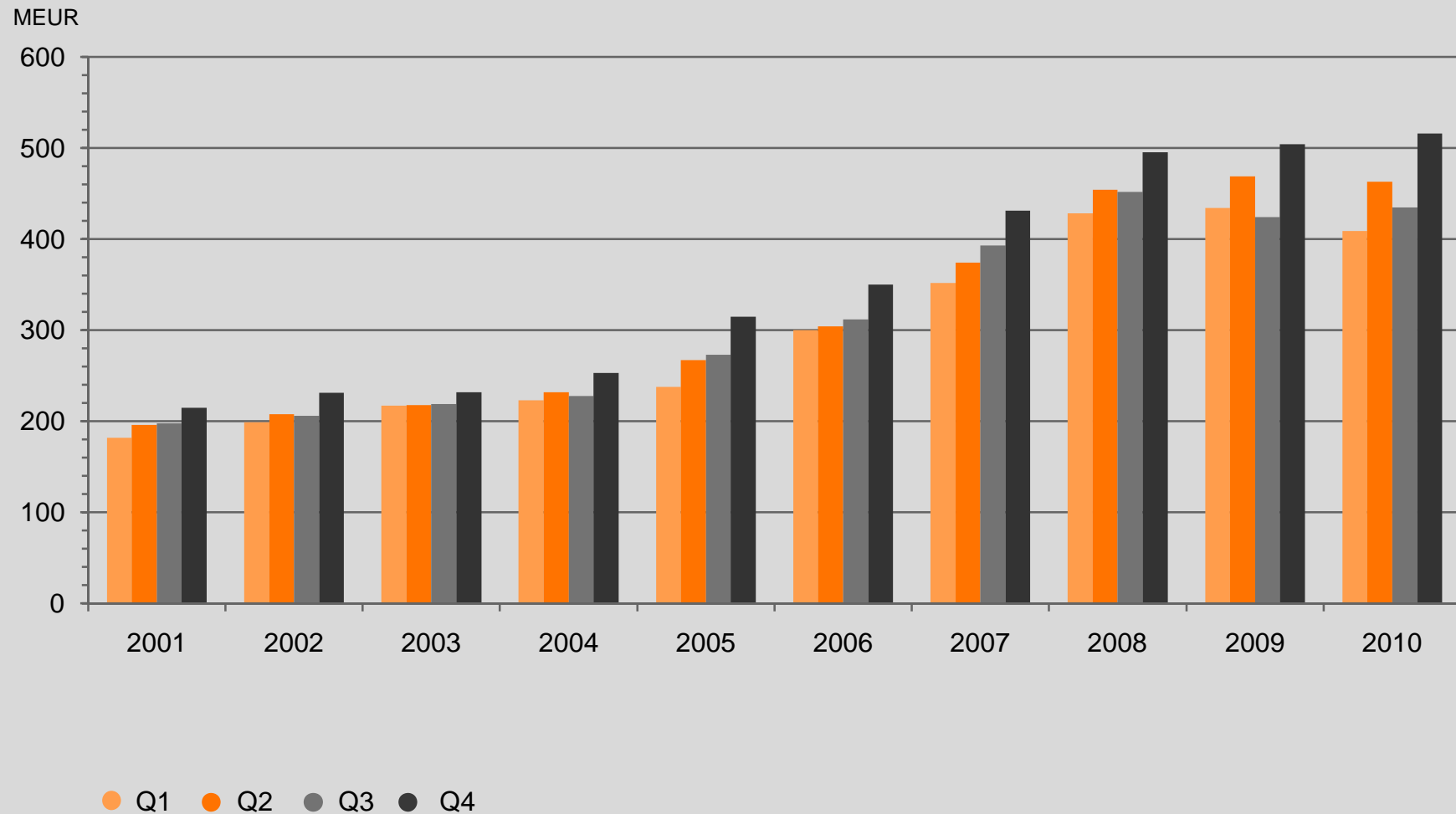


Fourth quarter development

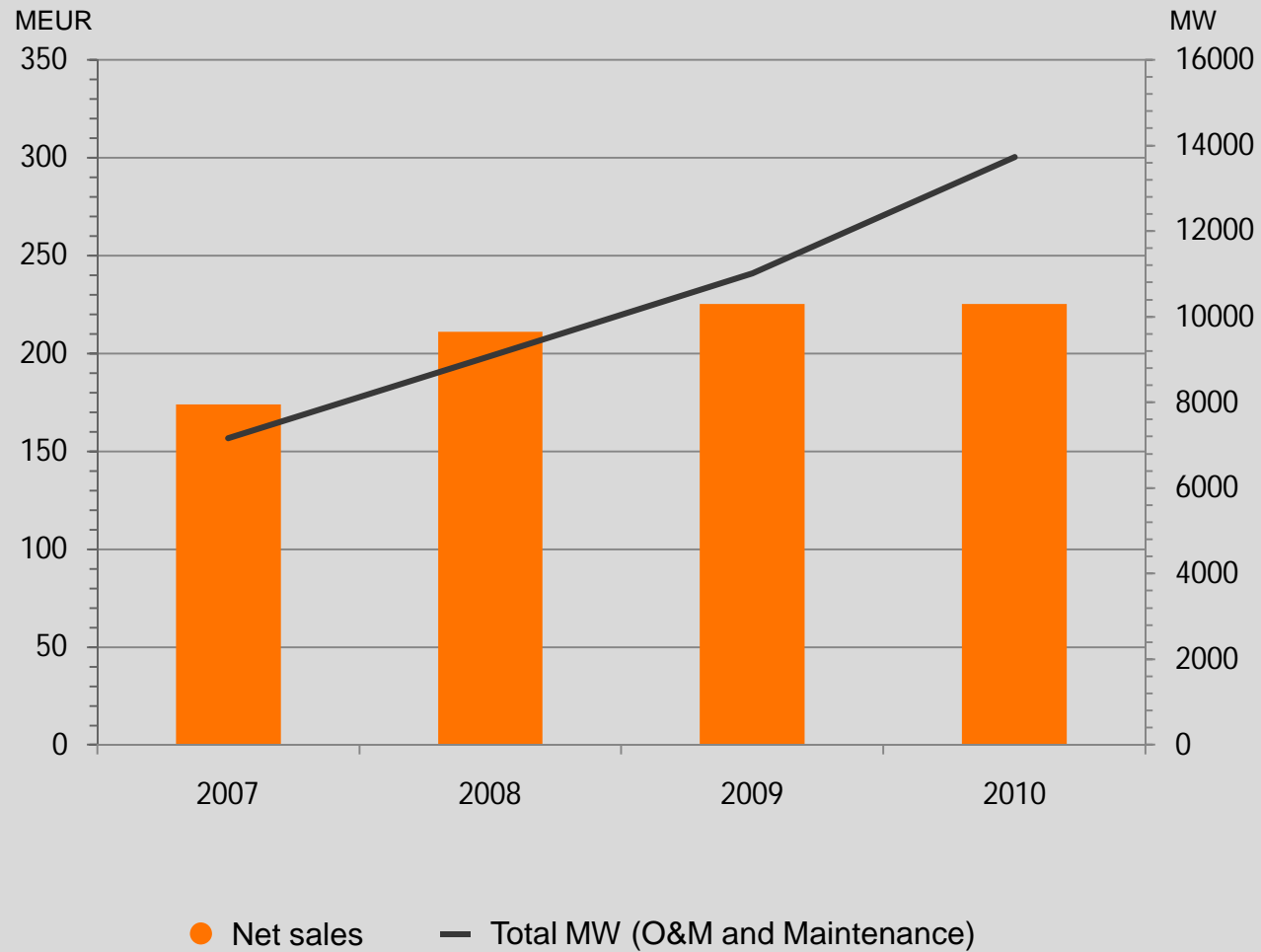


# Services – Net sales by quarter

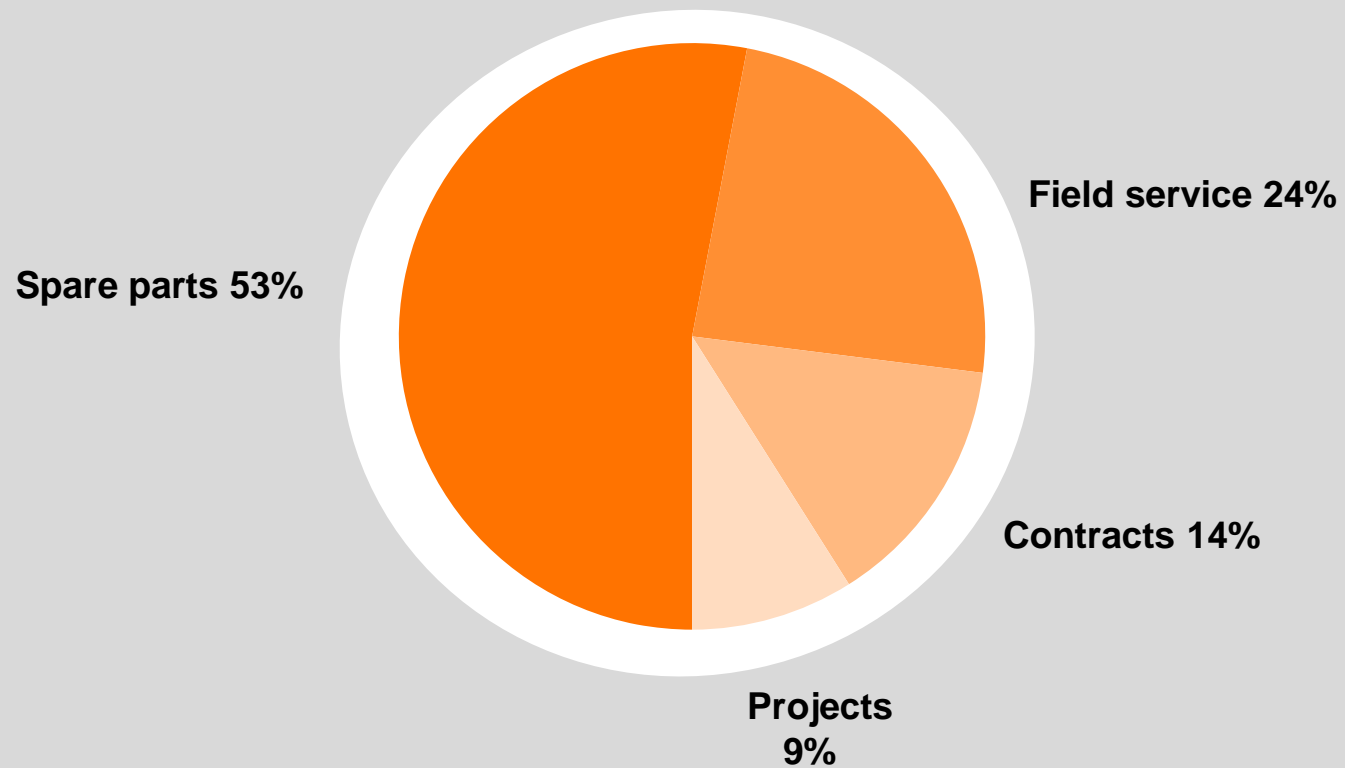
## Q4/2010 all time high



# Service contract development



# Services – Net sales distribution 2010



# Services installed engine base Dec. 31, 2010

Total installed base  
176,015 MW

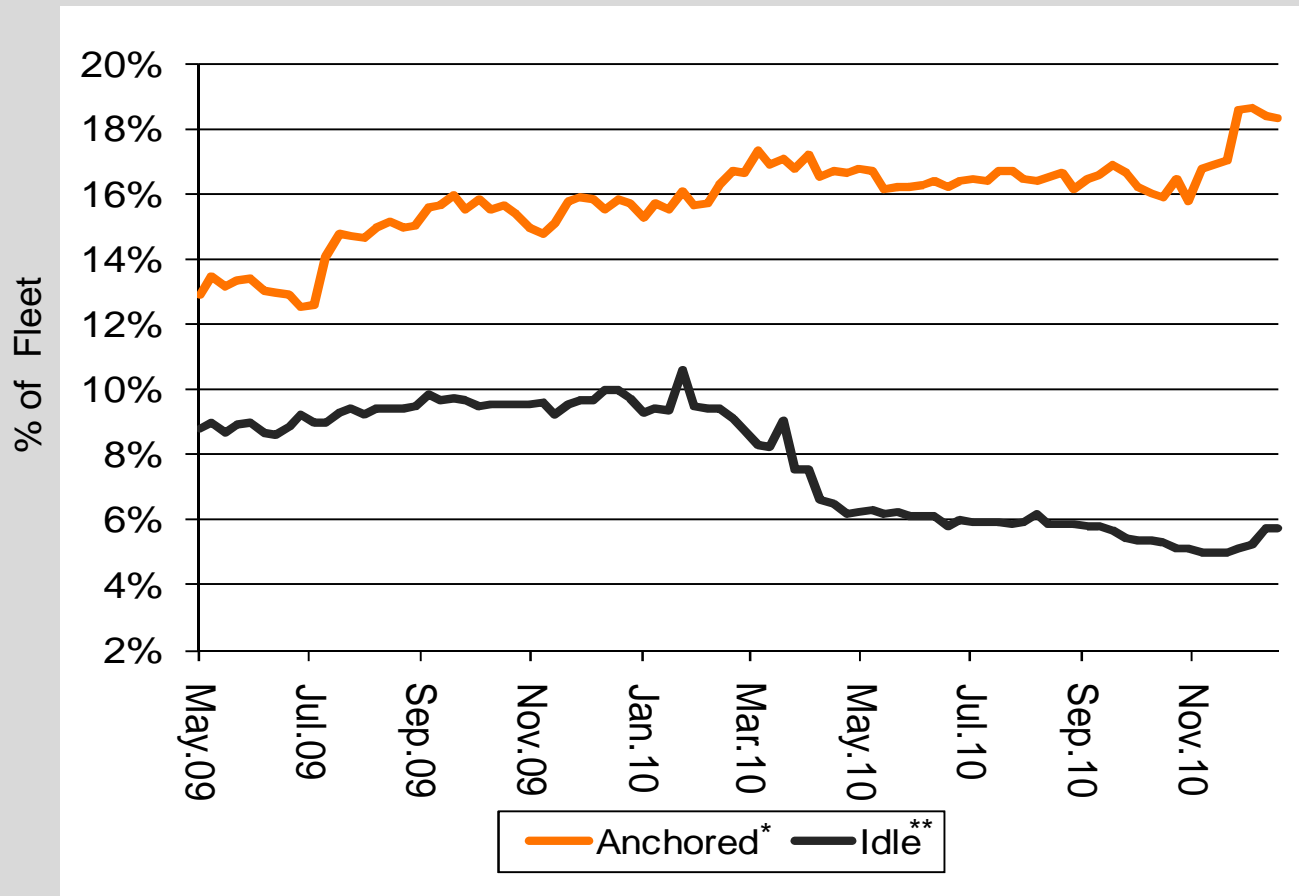


In addition to Engine Services, Wärtsilä's Services portfolio includes:  
Electrical & Automation Services, Propulsion Services, Boiler Services,  
Environmental Services, O&M and Training Services



# Services

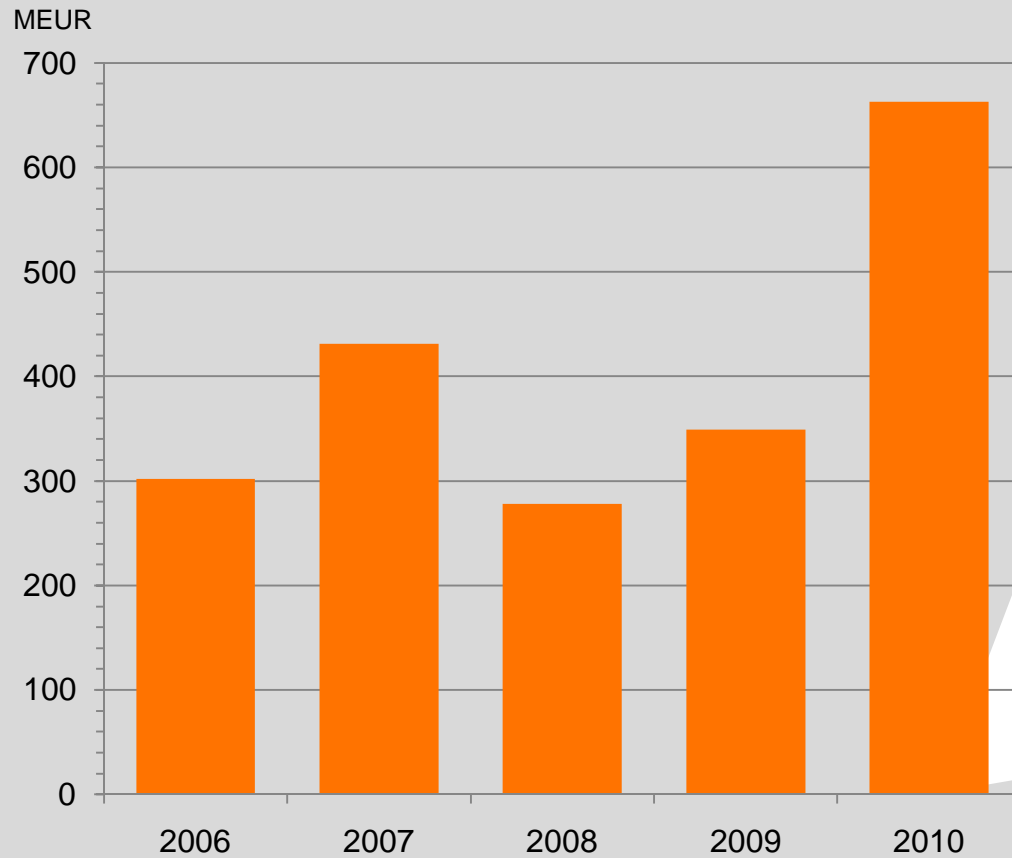
## Laid up vessels decreased from early 2010



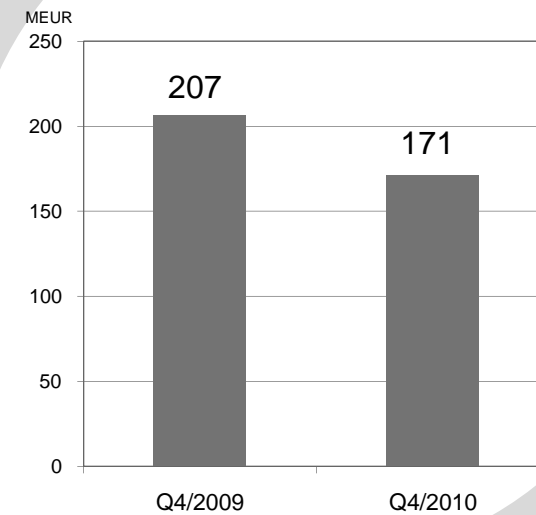
\* Anchored (reported navigation status at anchor). Source Bloomberg (AISLive). More than 25 000 vessels (>299 GT) covered.

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

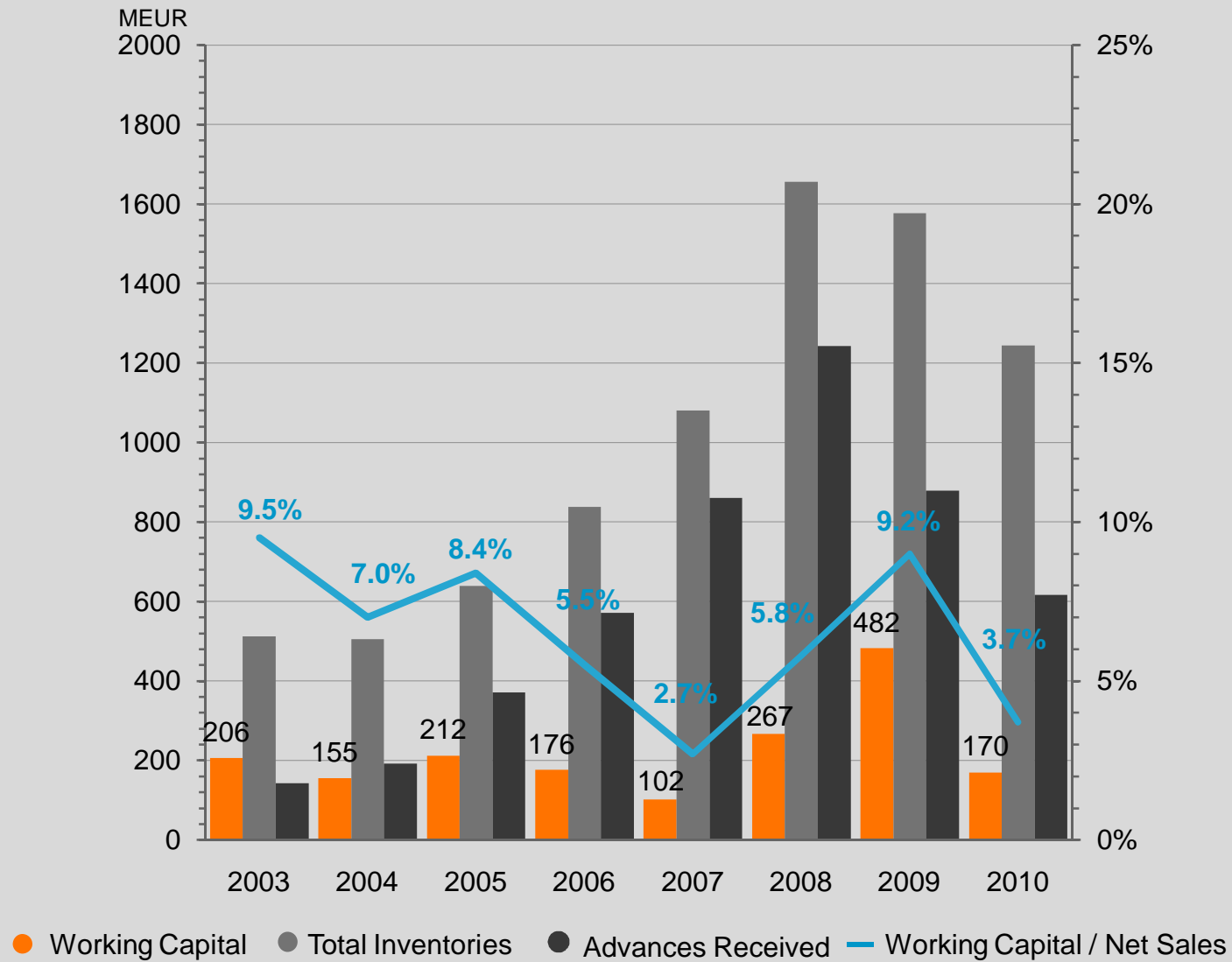
# All time high cash flow from operating activities



Fourth quarter development

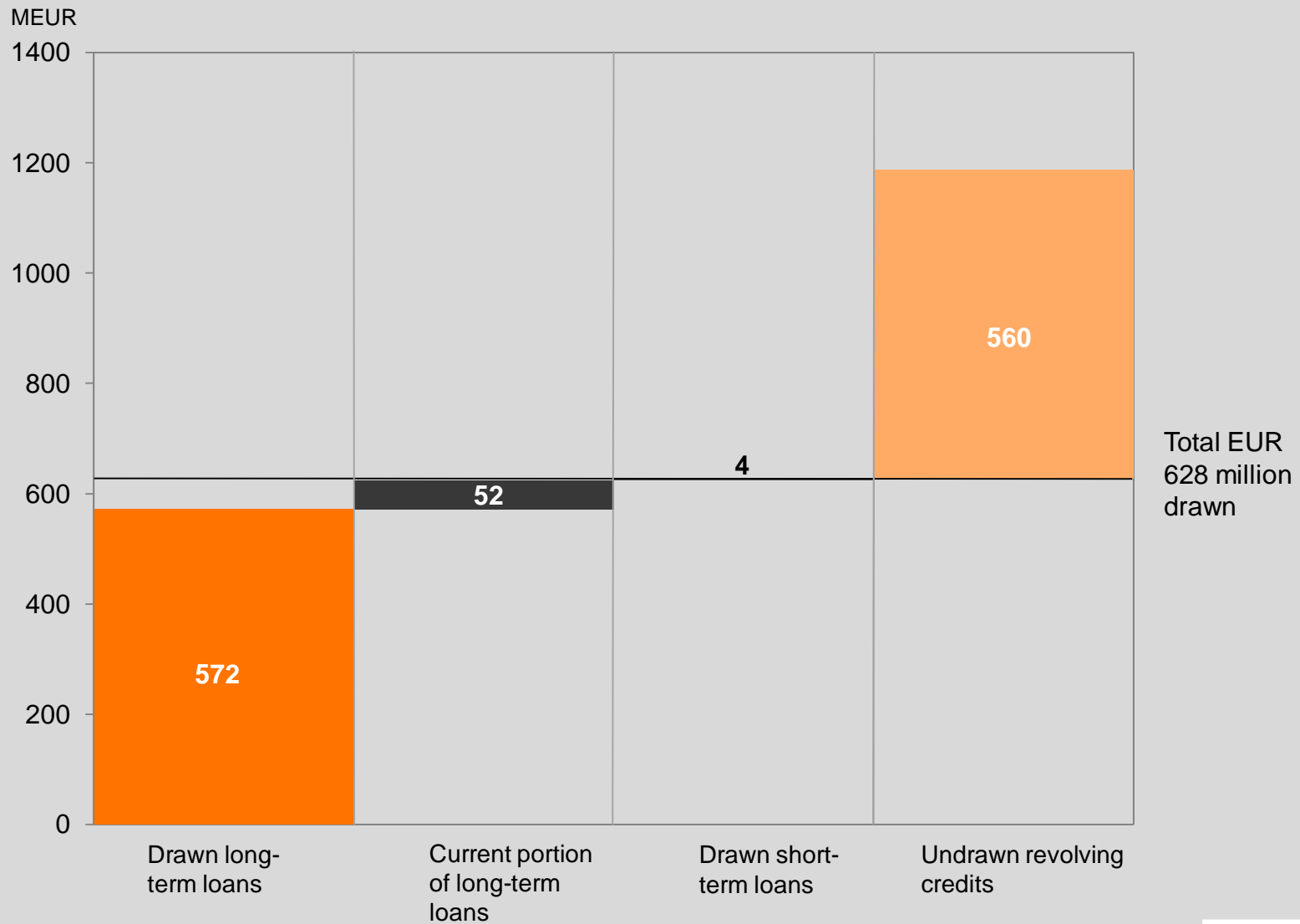


# Working capital development



All figures relate to the Power Businesses

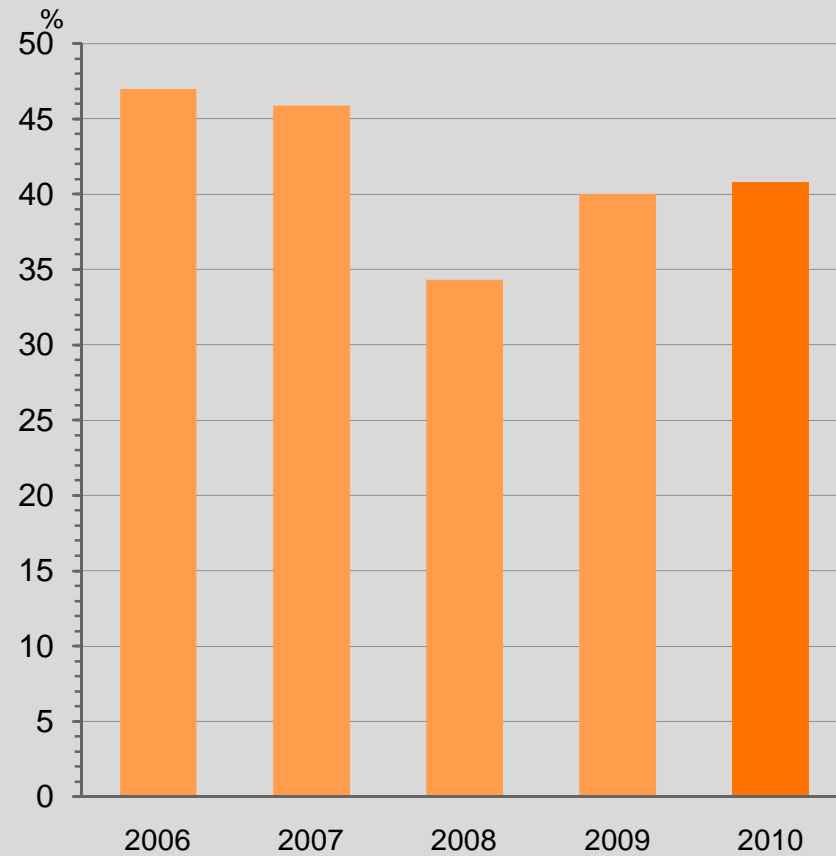
# Committed loans Dec. 31, 2010



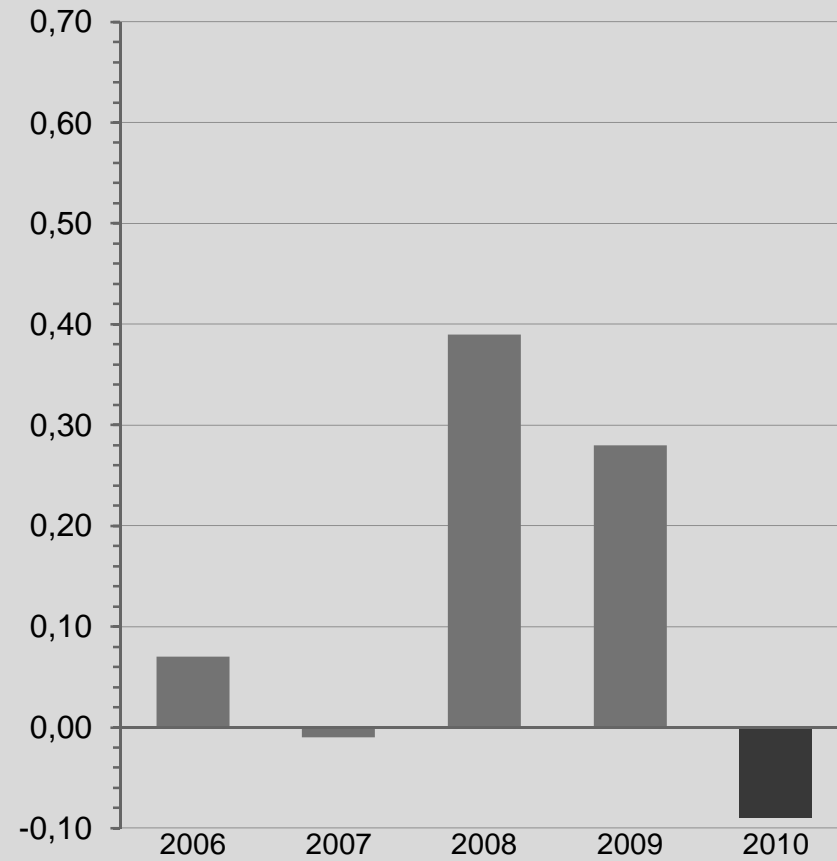
At the end of the reporting period, drawn revolving credits amounted to 0 euros. In addition, there are Finnish Commercial Paper Programs of EUR 700 million (uncommitted).

# Financial position

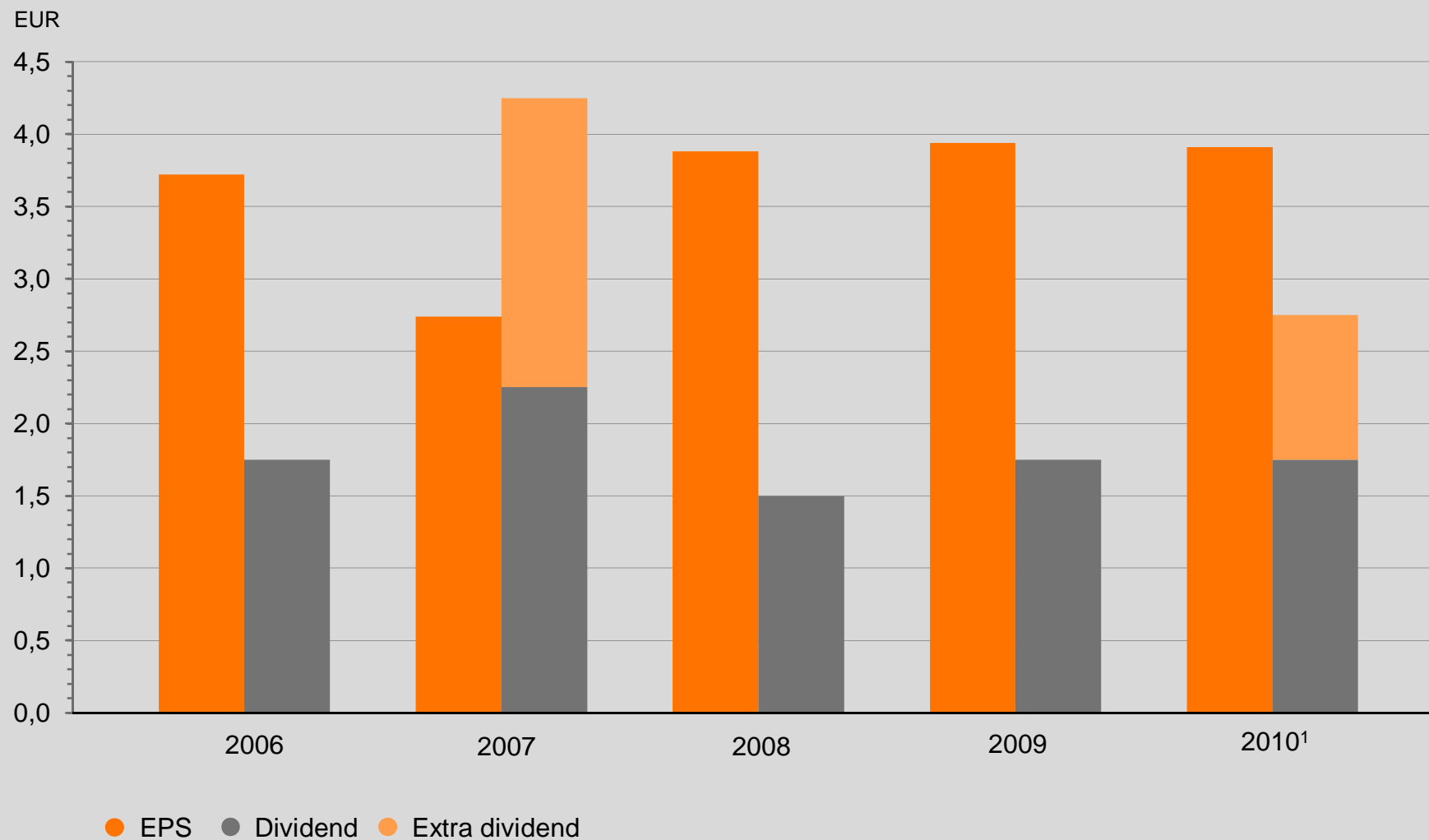
## Solvency



## Gearing



# EPS and dividend/share



1 Dividend 2010 - Proposal of the Board

EPS figures include nonrecurring items & selling profits

# Restructuring measures

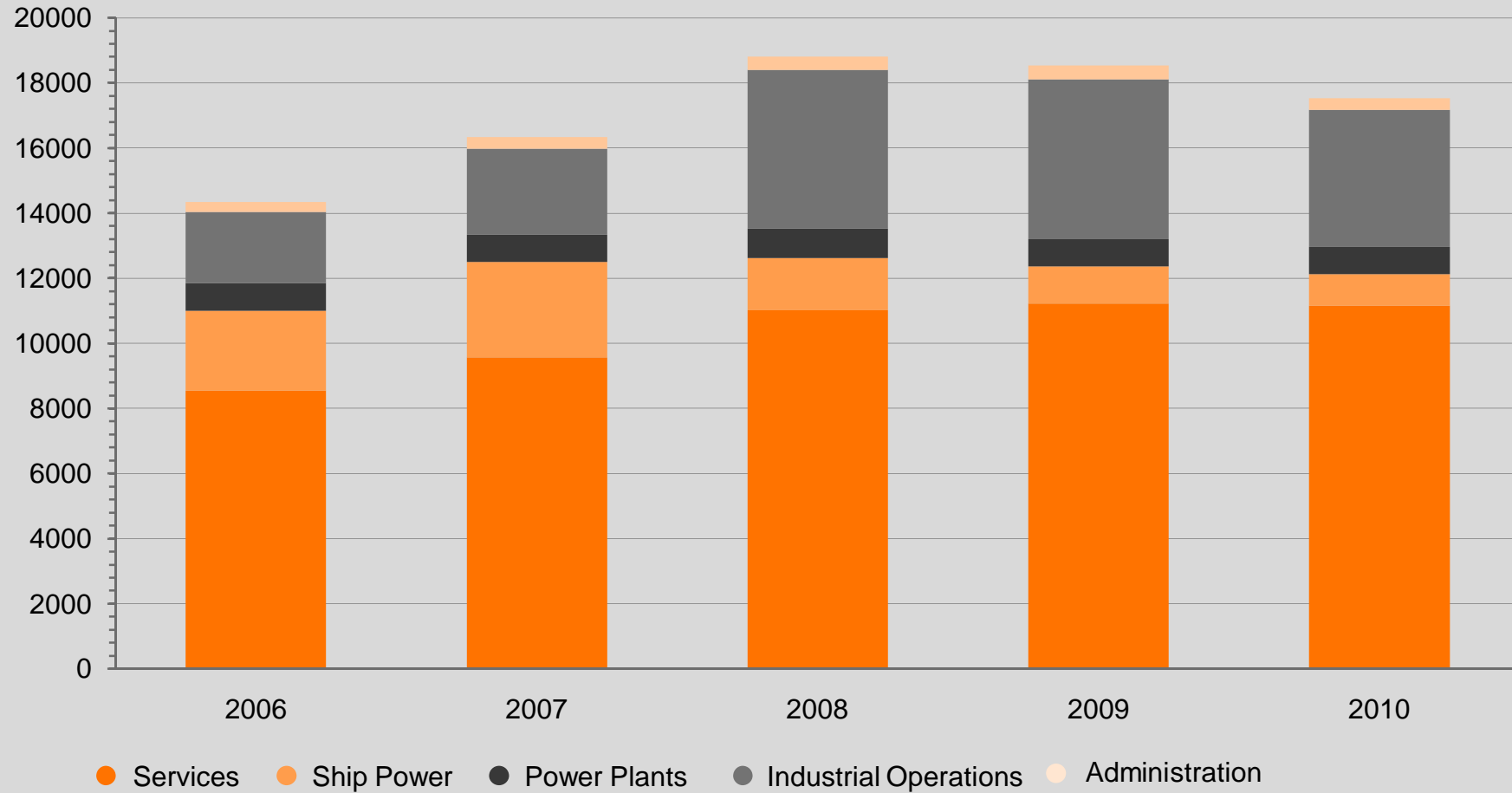
## Restructuring measures

- **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 130 million, of which EUR 60 million have materialised by the end of 2010 and the remainder will gradually materialise in 2011.
- Total non-recurring costs EUR 150 million, of which 40 million recognised in 2009. In January-December 2010 Wärtsilä recorded EUR 75 million nonrecurring items related to restructuring measures. EUR 35 million, out of which EUR 10 million is non-cash, will be recognised during the first half of 2011.

# Personnel decreased



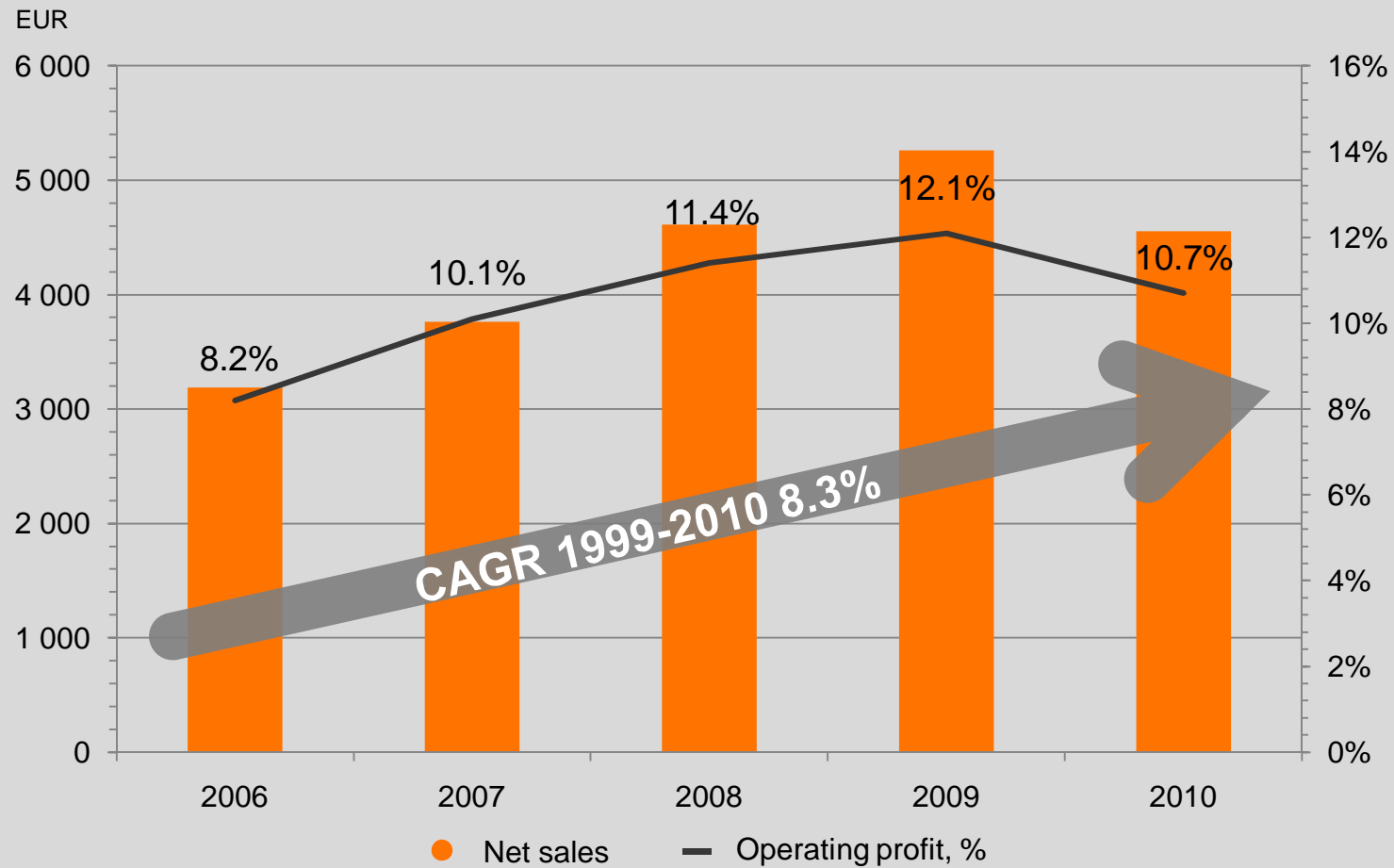


# Market outlook



- **Ship Power:** Competition and price pressure among shipbuilding suppliers will continue. Order intake in 2011 expected to be moderately better than in 2010.
- **Power Plants:** Recovery in the power generation market is expected to continue in 2011. Order intake estimated to remain at a good level in 2011.
- **Services:** A sustainable recovery in the marine service market expected to begin during 2011. Power plant installations will continue to be run at high operating levels.

# Long-term growth and profitability



# Prospects for 2011



Wärtsilä expects its net sales for 2011 to grow 3-5% and operational profitability (EBIT% before nonrecurring items) to be around 11%.

# Long-term financial targets redefined



- Target to grow faster than global GDP
- Operating profit margin (EBIT%) target:
  - 14% at the peak of the cycle
  - maintain above 10% at the trough
- Gearing below 50%
- Our target is to pay a dividend equivalent to 50% of earnings per share

Wärtsilä's electronic Annual Report 2010 will be published during week 6, 2011 on our website. For more information please see the IR calendar at [www.wartsila.com](http://www.wartsila.com).



# WÄRTSILÄ

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