Wärtsilä Corporation
Financial Statements Bulletin

January-December 2015

Solid development despite challenging market conditions

Fourth quarter highlights

- Order intake decreased 8% to EUR 1,403 million (1,522)
- Net sales increased 3% to EUR 1,590 million (1,549)
- Book-to-bill 0.88 (0.98)
- EBITA EUR 224 million, or 14.1% of net sales (EUR 202 million or 13.1%)
- Operating result before non-recurring items EUR 215 million, or 13.5% of net sales (EUR 196 million or 12.7%)
- Earnings per share 0.79 euro (0.60)
- Cash flow from operating activities EUR 176 million (212)

Highlights of the review period January-December 2015

- Order intake decreased 3% to EUR 4,932 million (5,084)
- Net sales increased 5% to EUR 5,029 million (4,779)
- Book-to-bill 0.98 (1.06)
- EBITA EUR 643 million, or 12.8% of net sales (EUR 594 million or 12.4%)
- Operating result before non-recurring items EUR 612 million, or 12.2% of net sales (EUR 569 million or 11.9%)
- Earnings per share 2.25 euro (1.76)
- Cash flow from operating activities EUR 255 million (452)
- Order book at the end of the period increased 8% to EUR 4,882 million (4,530)
- Dividend proposal 1.20 euro per share

Wärtsilä's prospects for 2016

Wärtsilä expects its net sales for 2016 to grow by 0-5% and its operational profitability (EBIT% before non-recurring items) to be 12.5-13.0%.

Jaakko Eskola, President and CEO

“A solid fourth quarter and continued growth in service volumes supported us in reaching our targets for the year 2015. Net sales grew by 5% and profitability reached 12.2%. Furthermore, the quarterly order intake in the equipment businesses improved sequentially towards year end. Given the challenging operating environment we can be pleased with our performance.

Services’ development was clearly the highlight of the year, with double digit growth in both orders and sales. Our success was driven by a focused sales approach and an enhanced value proposition, as well as by the increasing willingness of our customers to invest in performance optimising services. We will work actively to ensure the continued development of our offering in 2016. Another key focus area will be cash flow development, which this year was negatively affected by the timing of power plant deliveries.

Looking into 2016, we expect the market situation to remain similar to that seen during the previous year. The favourable development of service activity is expected to continue, while conditions in energy markets will remain challenging and the demand for new vessels limited due to overcapacity and low oil prices. Despite our cautious market outlook, we remain well positioned to benefit from the trends of increasing demand for efficiency and changing energy needs. Digitalisation will increasingly drive our business, as we utilise data analytics to further optimise our customers' operations, and our own internal processes and performance. Based on our solid order book and project pipeline, a growing Services business and our focus on continuous improvement, we expect to see some growth in sales and operating margins in the coming year."

Key figures

MEUR	10-12/2015	10-12/2014	Change	1-12/2015	1-12/2014	Change
Order intake	1 403	1 522	-8%	4 932	5 084	-3%
Order book at the end of the period				4 882	4 530	8%
Net sales	1 590	1 549	3%	5 029	4 779	5%
Operating result (EBITA)[1]	224	202	11%	643	594	8%
% of net sales	14.1	13.1		12.8	12.4	
Operating result (EBIT)[2]	215	196	10%	612	569	8%
% of net sales	13.5	12.7		12.2	11.9	
Profit before taxes	199	157		553	494	
Earnings/share, EUR	0.79	0.60		2.25	1.76	
Cash flow from operating activities	176	212		255	452	
Net interest-bearing debt at the end of the period				372	94	
Gross capital expenditure				346	94	
Gearing				0.17	0.05	

[1] EBITA is shown excluding non-recurring items and purchase price allocation amortisation. Wärtsilä recognised non-recurring items amounting to EUR 13 million (30) in the fourth quarter, of which EUR 11 million related to the restructuring programme announced in July and EUR 3 million to acquisitions and other costs. Purchase price allocation amortisation amounted to EUR 9 million (6). During the review period January-December 2015, non-recurring items amounted to EUR 25 million (47), of which EUR 19 million related to the restructuring programme and EUR 6 million to acquisitions and other costs. Purchase price allocation amortisation amounted to EUR 32 million (26).

[2] EBIT is shown excluding non-recurring items.

Market development

Energy Solutions

Challenging conditions in power generation markets

The power generation markets were challenging throughout 2015, as global macro-economic uncertainty limited investments in new power plant capacity. Market volumes remained at a relatively low level, despite the slight increase in global orders for natural gas and liquid fuel power plants. Growth in the emerging markets and the availability of financing continued to support demand. In the industrialised world, electricity consumption was on a low level and economic growth is needed to boost power plant investments. Excess manufacturing capacity as a result of low demand in the marine industry has caused engine manufacturers to focus more on the power plant sector, resulting in increased competition in several markets. Wärtsilä's quotation activity was at a high level in 2015, and remained concentrated on multi-fuel and natural gas based power plants.

Energy Solutions market share

During the first nine months of 2015, global orders for natural gas and liquid fuel power plants up to 500 MW totalled 17.0 GW (16.5), an increase of 3% from the corresponding period of 2014. Wärtsilä's market share was 9.9% (10.5). Global orders include all gas turbine and Wärtsilä orders of prime movers over 5 MW.

Marine Solutions

Contracting volumes remain low

During the period January-December 2015, 1,371 contracts for new vessels were registered (1,711), of which 230 were in the fourth quarter (191). Newbuilding prices have been under pressure throughout the year due to the low demand for new vessels. Contracting activity in the conventional merchant markets was slow. Weak freight rates and overcapacity adversely affected the ordering of container vessels and bulkers, while low oil prices and improved earnings supported tanker contracting. Gas carrier orders remained below the strong volumes seen in 2014, with a total of 92 vessel contracts registered in 2015 (173). Demand in the offshore market declined from the previous year, as depressed oil prices continued to limit investments in exploration and development. There was a good level of contracting for cruise vessels and ferries.

The top three shipbuilding countries continued to control contracting activity in terms of compensated gross tonnage. China and South Korea each secured 30% of the confirmed contracts. Japan's share of the confirmed contracts improved to 27%, thanks to increased domestic ordering activity. Other countries improved their share from the previous year, with 292 orders placed outside the top three shipbuilding countries.

Marine Solutions market shares

Wärtsilä's share of the medium-speed main engine market was 59% (63% at the end of the previous quarter). The market share in auxiliary engines increased to 12% (9% at the end of the previous quarter).

Services

Strong development in the service markets

Service market activity developed favourably in 2015, with volume growth accelerating during the first half and demand continuing to be high throughout the rest of the year. Activity in the marine industry improved globally. Lower operating costs due to lower fuel prices and the release of pent up demand supported investments in maintenance activities, especially in the merchant segment, while increased demand for propulsion upgrades and thruster retrofits created growth in service projects. Power plant service activity developed well, thanks to increased utilisation of installations under contract and the demand for spare parts in specific regions resulting from the aging installed base. Customer focus on the optimisation of maintenance and performance has increased interest in long-term service agreements in both end markets.

At the end of 2015, Wärtsilä's installed base totalled 181,000 MW. Four-stroke engines accounted for approximately 60% of the installed base and two-stroke engines for approximately 40%.

Order intake

Fourth quarter order intake

Wärtsilä's fourth quarter order intake totalled EUR 1,403 million (1,522), a decrease of 8% from the corresponding period last year. Compared to the previous quarter, the order intake increased by 29% (EUR 1,086 million in the third quarter of 2015). The fourth quarter book-to-bill ratio was 0.88 (0.98).

Order intake for Energy Solutions totalled EUR 366 million (501) in the fourth quarter, which was 27% lower than in the corresponding period last year. Compared to the previous quarter, the order intake more than doubled (EUR 167 million in the third quarter of 2015). Received orders included two power plants of approximately 50 MW from the USA, as well as a 111 MW power plant from Mexico.

Marine Solutions' fourth quarter order intake totalled EUR 465 million (460). Compared to the previous quarter, the order intake increased by 14% (EUR 407 million in the third quarter of 2015). In the gas carrier segment, Wärtsilä received an order to supply gas cargo handling systems to eleven new gas carriers, as well as an order to supply cargo and propulsion systems for a new LNG carrier being built for Saga LNG Shipping. Other noteworthy gas related orders included a contract to supply the main engines, gearboxes, propellers and the fuel gas handling systems for a series of 15 LNG powered inland waterway barges to be chartered by Shell. Wärtsilä also received an order to supply thrusters and auxiliaries for the world's largest crane vessel being built for Heerema Offshore Services in the Netherlands.

Order intake for the Services business totalled EUR 572 million (561) in the fourth quarter, an increase of 2% over the corresponding period last year. Compared to the previous quarter, the order intake increased by 12% (EUR 511 million in the third quarter of 2015) thanks to seasonal demand development and increased market activity in long-term agreements.

Review period order intake

Wärtsilä's order intake for the review period January-December 2015 was EUR 4,932 million (5,084), which represents a decrease of 3% compared to the corresponding period in 2014. The book-to-bill ratio for the review period was 0.98 (1.06).

Order intake for Energy Solutions totalled EUR 1,009 million (1,293) in the review period, a decrease of 22% from the corresponding period last year. Of the orders received, measured in MW, 46% were for gas based power plants. Turkish owners contributed to the high level of activity in Europe, while in the USA several orders were received for peaking and renewable support power plants.

Marine Solutions' review period order intake declined by 8% to EUR 1,599 million (1,746). Considering the general slowdown in vessel contracting and the further weakening of the offshore market, this was a satisfactory result. Order intake for Marine Systems International, acquired during the financial period, developed well. The gas carrier segment represented 38% of the order intake for the review period, while the conventional merchant share was 18% and cruise & ferry accounted for 15%. The special vessels segment represented 10%, the offshore segment 8% and navy 4%. Other orders accounted for 6%. In line with the Marine Solutions strategy, Wärtsilä received several orders for the delivery of integrated solutions. Highlights included the contract to supply engines, controllable pitch propellers, transverse thrusters and an LNGPac gas supply and storage system to the world's first duel-fuelled dredger being built for DEME Group. Other strategically significant orders included the first order for the new generation Wärtsilä 31 engine, which was launched in June. Interest in environmental solutions continued to increase during 2015. A noteworthy order in this respect was the contract to retrofit eleven container vessels owned by Bernhard Schulte GmbH & Co. KG with Wärtsilä Aquarius Ballast Water Management Systems. The development in exhaust gas cleaning systems orders was stable. During 2015, the Wärtsilä 34DF engine strengthened its market position, with three major South Korean shipyards supporting the use of this engine for auxiliary applications in the LNG carrier segment.

Services' order intake for the review period increased by 14%, totalling EUR 2,324 million (2,045), supported by increased demand for service projects and long-term agreements. Larger service projects included an order from Shanghai Electric Power to convert the Maltese Delimara Power Station to operate on natural gas, as well as several propulsion system upgrade projects. Customers with gas fuelled vessels showed particular interest in signing long-term agreements. The signed contracts included a 5-year technical management agreement with Golar Management Oslo for its LNG carrier fleet, and a maintenance agreement with GasLog LNG Services Limited to ensure the reliable operation of GasLog's seven LNG carriers. Power plant related service agreements included a 10-year operations and maintenance agreement for Central Generadora Electrica Huinala's flexicycle power plant, located near Monterrey, Mexico.

Order intake by business

MEUR	10-12/2015	10-12/2014	Change	1-12/2015	1-12/2014	Change
Energy Solutions	366	501	-27%	1 009	1 293	-22%
Marine Solutions[1]	465	460	1%	1 599	1 746	-8%
Services	572	561	2%	2 324	2 045	14%
Order intake, total	1 403	1 522	-8%	4 932	5 084	-3%

[1] Marine Systems International's contribution to order intake was EUR 111 million in the fourth quarter of 2015 and EUR 264 million in the review period January-December.

Order intake Energy Solutions

MW	10-12/2015	10-12/2014	Change	1-12/2015	1-12/2014	Change
Oil	221	189	17%	1 303	980	33%
Gas	528	584	-10%	1 132	1 509	-25%
Order intake, total	749	773	-3%	2 436	2 489	-2%

Order intake in joint ventures

Order intake in the Wärtsilä Hyundai Engine Company Ltd joint venture company in South Korea, and in the Wärtsilä Qiyao Diesel Company Ltd and CSSC Wärtsilä Engine Company Ltd. joint venture companies in China totalled EUR 182 million (306) during the review period January-December 2015. The results of these companies are reported as a share of the result of associates and joint ventures.

Order book

The total order book at the end of the review period amounted to EUR 4,882 million (4,530), an increase of 8%. The Energy Solutions order book decreased by 7%, totalling EUR 1,366 million (1,475). The Marine Solutions order book increased by 16% to EUR 2,558 million (2,213). The Services order book totalled EUR 958 million (842), an increase of 14%.

Order book by business

MEUR	31.12.2015	31.12.2014	Change
Energy Solutions	1 366	1 475	-7%
Marine Solutions[1]	2 558	2 213	16%
Services	958	842	14%
Order book, total	4 882	4 530	8%

[1] Marine Systems International's order book at the end of December 2015 amounted to EUR 508 million.

Net sales

Wärtsilä's net sales for the fourth quarter increased by 3% to EUR 1,590 million (1,549) compared to the corresponding period last year. Net sales for Energy Solutions decreased by 14% to EUR 374 million (433). Marine Solutions' net sales totalled EUR 598 million (552), 8% higher than in the corresponding quarter last year. Net sales from the Services business increased by 10% to EUR 619 million (564), mainly due to increased project deliveries.

Net sales for January-December 2015 developed in line with guidance, increasing by 5% to EUR 5,029 million (4,779), primarily due to improved service volumes. Net sales development for the Energy Solutions and Marine Solutions businesses was stable, totalling EUR 1,126 million (1,138) and EUR 1,720 million (1,702) respectively. Net sales from the Services business increased by 13% to EUR 2,184 million (1,939), supported by good development in all areas. Of the total net sales, Energy Solutions accounted for 22%, Marine Solutions for 34% and Services for 43%.

Of Wärtsilä's net sales for January-December 2015, approximately 64% was EUR denominated, 21% USD denominated, with the remainder being split between several currencies.

Net sales by business

MEUR	10-12/2015	10-12/2014	Change	1-12/2015	1-12/2014	Change
Energy Solutions	374	433	-14%	1 126	1 138	-1%
Marine Solutions[1]	598	552	8%	1 720	1 702	1%
Services	619	564	10%	2 184	1 939	13%
Net sales, total	1 590	1 549	3%	5 029	4 779	5%

[1] Marine Systems International's contribution to net sales was EUR 108 million in the fourth quarter of 2015 and EUR 263 million in the review period January-December.

Operating result and profitability

The fourth quarter operating result (EBIT) before non-recurring items was EUR 215 million (196), or 13.5% of net sales (12.7). Including non-recurring items, the operating result was EUR 202 million (166), or 12.7% of net sales (10.7). The operating result (EBITA) excluding non-recurring items and purchase price allocation amortisation was EUR 224 million (202), or 14.1% of net sales (13.1). Non-recurring items amounted to EUR 13 million (30) during the fourth quarter, of which EUR 11 million related to the restructuring programme announced in June and EUR 3 million to acquisitions and other costs. Purchase price allocation amortisation amounted to EUR 9 million (6).

For the review period January-December 2015, the operating result (EBIT) before non-recurring items was EUR 612 million (569). This represents 12.2% of net sales (11.9), which is within the guided 12.0-12.5% range. The increase in the operating result was primarily due to higher service volumes, the acquisition of L-3 Marine Systems International, and internal cost reductions. Including non-recurring items, the operating result was EUR 587 million (522) or 11.7% of net sales (10.9). The operating result (EBITA) excluding non-recurring items and purchase price allocation amortisation was EUR 643 million (594), or 12.8% of net sales (12.4). Non-recurring items amounted to EUR 25 million (47) during the review period, of which EUR 19 million related to the restructuring programme and EUR 6 million to acquisitions and other costs. Purchase price allocation amortisation amounted to EUR 32 million (26).

During the review period January-December 2015, financial items amounted to EUR -34 million (-28). The increase in financial items is due to an intragroup loan denominated in Brazilian real, which resulted in unrealised exchange rate losses. Net interest totalled EUR -12 million (-9). Profit before taxes amounted to EUR 553 million (494). Taxes amounted to EUR 124 million (106), implying an effective tax rate of 22.5% (21.4). The profit for the financial period amounted to EUR 451 million (351). Earnings per share were 2.25 euro (1.76) and the equity per share was 11.16 euro (9.94). Return on investments (ROI) was 21.0% (20.3). Return on equity (ROE) was 20.2% (20.0).

Balance sheet, financing and cash flow

Wärtsilä's fourth quarter cash flow from operating activities amounted to EUR 176 million (212). For January-December 2015, the operating cash flow totalled EUR 255 million (452). Working capital totalled EUR 543 million (251) at the end of the review period. The increase was mainly due to the Energy Solutions business, where the timing of deliveries resulted in inventory build-up and increased receivables. Furthermore, advances received at the end of the period declined to EUR 564 million (673) due to lower order intake in the equipment businesses. Cash and cash equivalents at the end of the period amounted to EUR 334 million (571) and unutilised Committed Credit Facilities totalled EUR 679 million (629).

Wärtsilä had interest-bearing debt totalling EUR 724 million (666) at the end of December 2015. The total amount of short-term debt maturing within the next 12 months was EUR 232 million. Long-term loans amounted to EUR 492 million. Net interest-bearing debt totalled EUR 372 million (94) and gearing was 0.17 (0.05). The increase in gearing relates mainly to working capital build up and the acquisition of L-3 Marine Systems International.

Liquidity preparedness

MEUR	31.12.2015	31.12.2014
Cash and cash equivalents	334	571
Unutilised committed credit facilities	679	629
Liquidity preparedness	1 013	1 200
% of net sales (rolling 12 months)	20	25
Less Commercial Papers	130	-
Liquidity preparedness excluding Commercial Papers	883	1 200
% of net sales (rolling 12 months)	18	25

On 31 December 2015, the average maturity of the total loan portfolio was 35 months and the average maturity of the long-term debt was 43 months.

Capital expenditure

Capital expenditure related to intangible assets and property, plant and equipment amounted to EUR 79 million (92) during the review period January-December 2015. The comparison figure includes continuing operations. Capital expenditure related to acquisitions and investments in securities totalled EUR 267 million (2). Depreciation, amortisation, and impairment for the review period amounted to EUR 124 million (115).

In 2016, capital expenditure related to intangible assets and property, plant and equipment is expected to be below depreciation and amortisation.

Research and development, product launches

Wärtsilä has placed a strong emphasis on both product and solution innovation during 2015, particularly in the areas of efficiency improvement, fuel flexibility, and the reduction of environmental impact. The R&D related expenditure totalled EUR 132 million, which represents 2.6% of net sales.

During the first half of 2015, Wärtsilä launched several new innovative ship designs for anchor handling tug supply and platform supply vessels, for various sizes of container feeder vessels and for a new series of LNG carriers. Each design emphasizes fuel economy and performance, and come with optional versions to meet specific needs and the flexibility to choose particular features and solutions.

In May, Wärtsilä announced that the market leading Wärtsilä 50DF engine had been successfully tested and certified to run on ethane (LEG) fuel. The extensive test programme was carried out by Wärtsilä in close collaboration with Evergas, a world renowned owner and operator of seaborne petrochemical and liquid gas transport vessels.

The Wärtsilä 31 engine was launched in June. The new engine model has significant reduced maintenance requirements, while raising fuel efficiency, fuel flexibility, and operational optimisation to levels beyond anything else currently available. The Wärtsilä 31 has been recognised by Guinness World Records as being the world’s most efficient 4-stroke diesel engine, with diesel fuel consumption as low as 165 g/kWh.

In September, Wärtsilä introduced the latest addition to its thruster product portfolio, the Wärtsilä WST-14 steerable thruster, aimed primarily at inland waterway cargo vessel applications. The space-saving compact design will provide increased reliability and efficiency, while also lowering costs.

In October, Wärtsilä announced that a consortium comprised of Wärtsilä, GoodFuels Marine, and Boskalis will head a two year pilot programme to accelerate the development of sustainable, scalable and affordable marine bio-fuels. The programme’s focus will be on identifying suitable marine biofuels, securing industry certification, and preparing the building blocks for large-scale production.

Also in October, Wärtsilä introduced a new LNG storage and regasification barge concept. This innovative solution provides a flexible means of meeting small to medium scale requirements where pure land-based LNG options are limited. The Wärtsilä Mobile LNG can easily be combined with a barge-mounted power plant having an output capacity of up to 250 MW. Alternatively, it can be used to supply conventional land-based power plants. The Wärtsilä Mobile LNG solution will make LNG available to new consumer segments, bringing clean energy to areas with limited or no access to the national electricity grid.

In November, Wärtsilä announced the expansion of its Smart Power Generation portfolio by introducing the capability to use propane as fuel for power generation. Replacing heavy fuel oil with propane enables significant reductions in carbon dioxide and other emissions from power plants.

Also in November, Wärtsilä launched Wärtsilä Genius services, a new digital service portfolio. The new portfolio will enable real-time optimisation of customers' assets, improve predictability, and help the solving of issues through the use of digital solutions and data analytics. Wärtsilä also introduced an innovative new seal for stern tubes and thrusters that can be fully serviced underwater, thereby offering customers increased uptime and lifecycle efficiency.

Strategy

Wärtsilä aims at profitable growth by providing advanced technologies and lifecycle solutions to its marine and energy market customers.

Increasing environmental awareness and changing energy needs are affecting the way that our customers operate. With our integrated products and services, we are well positioned today to respond to the need for energy efficient and flexible solutions. We will meet the increasing demand for gas based technologies with our industry leading multiple fuel products and LNG solutions. We will leverage our project management and engineering competences to achieve growth by offering our customers new and innovative solutions. Our growth ambitions are supported by our superior global service network.

With our production and supply chain management, we constantly seek ways to provide high quality and maintain cost efficiency - often in co-operation with leading industrial partners in our key growth markets. Our market driven investments in R&D and our focus on digitalisation create a strong foundation for securing and strengthening our position at the forefront of technological innovation. This innovative culture, together with our constant emphasis on safety, diversity, and high ethical standards, attract skilled and committed people and lead to a high performing organisation. Our entrepreneurial drive, customer focus, and passion for doing right not only create new opportunities and environmentally sustainable solutions, but also bring value to all our stakeholders.

Strategic projects, acquisitions, joint ventures and expansion of the network

The agreement between Wärtsilä and China State Shipbuilding Corporation (CSSC) for the take-over of Wärtsilä's 2-stroke engine business was finalised in January. Winterthur Gas & Diesel Ltd is owned 70% by CSSC and 30% by Wärtsilä.

The acquisition of L-3 Marine Systems International (MSI) from the NYSE-listed L-3 Communications Holdings Inc. was finalised and control of the company transferred to Wärtsilä with effect from 1 June 2015. Integration is proceeding according to plan and MSI's financial development in 2015 was somewhat better than expected. Further information on the acquisition can be found in the tables of the financial statements bulletin.

In July, Wärtsilä established a subsidiary to trade spare parts for classic 4-stroke Wärtsilä engines. QuantiParts B.V., fully owned by Wärtsilä, operates from the Netherlands and serves customers in the marine, locomotive and power plant industries worldwide.

In October, Wärtsilä Services expanded into a new market segment, offering a comprehensive package of seals, bearings and associated solutions to hydropower installations and industrial plants worldwide.

Construction of the CSSC Wärtsilä Engine (Shanghai) Co. Ltd factory in Lingang, Shanghai is proceeding according to plan. The ground breaking ceremony for the erection of the factory took place on the 28th of October. The first engines are expected to be ready for delivery by the end of 2016.

Restructuring programmes

The organisational adjustments in Marine Solutions announced in July, whereby approximately 600 jobs were planned to be reduced globally, are progressing according to plan. In taking these measures, Wärtsilä seeks annual savings in the region of EUR 40 million, which are expected to materialise fully by the end of 2016. The non-recurring costs related to the restructuring measures will be approximately EUR 25-30 million, of which EUR 19 million was recognised in 2015.

Personnel

Wärtsilä had 18,856 (17,717) employees at the end of December 2015. The number of personnel has declined by 381 from the end of the previous quarter as a result of the ongoing restructuring measures. On average, the number of personnel for January-December 2015 totalled 18,565 (18,042). Marine Solutions employed 6,847 (5,603) people, Energy Solutions 959 (978) and Services 10,592 (10,692). The increase in the number of Marine Solutions employees relates mainly to the acquisition of L-3 Marine Systems International.

Of Wärtsilä's total number of employees, 19% (20) were located in Finland and 39% (34) elsewhere in Europe. Personnel employed in Asia represented 28% (31) of the total, personnel in the Americas 10% (10), and personnel in other countries 4% (4).

Changes in management

Wärtsilä's Board of Directors appointed Mr Jaakko Eskola (57) M.Sc. (Eng.) as the new President and CEO of Wärtsilä Corporation. He assumed the position on 1 November 2015, succeeding Mr Björn Rosengren who left the company to become the CEO of Sandvik.

Mr Roger Holm (43) M.Sc. (Econ.) was appointed President of Marine Solutions, Executive Vice President and a member of the Board of Management, effective from 1 November 2015.

Mr Pierpaolo Barbone (58) M.Sc. (Eng.) was appointed Deputy to the CEO as of 1 November 2015. He assumed this responsibility in addition to his existing position as President of Services, Executive Vice President.

Mr Javier Cavada Camino (40) Ph.D. (Eng.) was appointed President of Energy Solutions, Executive Vice President and a member of the Board of Management, effective from 4 November 2015. The previous President of Energy Solutions, Mr Rakesh Sarin (60), retired having reached his statutory retirement age earlier in the year.

Sustainable development

Thanks to its various technologies and specialised services, Wärtsilä is well positioned to reduce exhaust emissions and the use of natural resources. Wärtsilä's R&D efforts continue to focus on the development of advanced environmental technologies and solutions. The company is committed to supporting the UN Global Compact and its principles with respect to human rights, labour, the environment and anti-corruption. Wärtsilä's share is included in several sustainability indices.

Shares and shareholders

During January-December 2015, the volume of trades on Nasdaq Helsinki was 113,736,958 shares, equivalent to a turnover of EUR 4,529 million. Wärtsilä's shares are also traded on alternative exchanges, such as Chi-X, Turquoise and BATS. The total trading volume on these alternative exchanges was 76,773,406 shares.

Shares on Nasdaq Helsinki

31.12.2015	Number of shares and votes	Number of shares traded 1-12/2015
WRT1V	197 241 130	113 736 958

1.1. - 31.12.2015	High	Low	Average [1]	Close
Share price	44.97	33.22	39.83	42.15

[1] Trade-weighted average price

	31.12.2015	31.12.2014
Market capitalisation, EUR million	8 314	7 315
Foreign shareholders, %	51.9	48.1

Flagging notifications

During the review period January-December 2015, Wärtsilä was informed of the following changes in ownership:

On 10 September, BlackRock, Inc. increased its holding in Wärtsilä. Following the transaction BlackRock, Inc. owned 10,019,838 shares or 5.08% of Wärtsilä's share capital and total votes.

Decisions taken by the Annual General Meeting

Wärtsilä's Annual General Meeting held on 5 March 2015 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 2014. The

Meeting approved the Board of Directors' proposal to pay a dividend of EUR 1.15 per share. The dividend was paid on 16 March 2015.

The Annual General Meeting decided that the Board of Directors shall have eight members. The following were elected to the Board: Maarit Aarni-Sirviö, Kaj-Gustaf Bergh, Sune Carlsson, Tom Johnstone, Mikael Lilius, Risto Murto, Gunilla Nordström and Markus Rauramo.

The firm of public auditors KPMG Oy Ab was appointed as the company's auditor for the year 2015.

Authorisation to repurchase and distribute the Company's own shares

The Board of Directors was authorised to resolve to repurchase a maximum of 19,000,000 of the Company's own shares. The authorisation to repurchase the Company's own shares shall be valid until the close of the next Annual General Meeting, however no longer than for 18 months from the authorisation of the shareholders' meeting.

The Board of Directors was authorised to resolve to distribute a maximum of 19,000,000 of the Company's own shares. The authorisation for the Board of Directors to distribute the Company's own shares shall be valid for three years from the authorisation of the shareholders' meeting and it cancels the authorisation given by the General Meeting on 6 March 2014. The Board of Directors is authorised to resolve to whom and in which order the Company's own shares will be distributed. The Board of Directors is authorised to decide on the distribution of the Company's own shares otherwise than in proportion to the existing pre-emptive right of the shareholders to purchase the Company's own shares.

Organisation of the Board of Directors

The Board of Directors of Wärtsilä Corporation elected Mikael Lilius as its chairman and Sune Carlsson as the deputy chairman. The Board decided to establish an Audit Committee, a Nomination Committee and a Remuneration Committee. The Board appointed from among its members the following members to the Committees:

Audit Committee: Chairman Markus Rauramo, Maarit Aarni-Sirviö, Risto Murto

Nomination Committee: Chairman Mikael Lilius, Kaj-Gustaf Bergh, Sune Carlsson, Risto Murto

Remuneration Committee: Chairman Mikael Lilius, Maarit Aarni-Sirviö, Tom Johnstone

Board of Directors' dividend proposal

The Board of Directors proposes that a dividend of 1.20 euro per share be paid for the financial year 2015. The parent company's distributable funds total 1,052,581,243.14 euro, which includes 276,747,007.02 euro in net profit for the year. There are 197,241,130 shares with dividend rights. The dividend will be paid to shareholders who are registered in the list of shareholders maintained by Euroclear Finland Ltd on the record date, which is 7 March 2016. The dividend payment date proposed by the Board is 14 March 2016. The Annual Report 2015, including the financial review and the review by the Board of Directors, will be available on the company website www.wartsila.com and at www.wartsilareports.com during week 6.

Risks and business uncertainties

Slow decision-making in areas with limited or no economic growth represents the primary risk for demand development in the power generation markets. Delays in customers' investments decisions can occur also in regions with geopolitical tension or significant currency fluctuations. Low oil prices continue to affect the national infrastructure developments in oil and gas producing economies, especially in the Middle East and Russia. Although oil importing countries benefit from low oil prices, short-term price swings do not trigger investment decisions as power plant investment decisions are based on long-term fuel price forecasts. In the industrial segment, investment decisions are impacted by commodity price and demand developments. Competition from engine manufacturers continues to create price pressure.

The business environment for the shipping and shipbuilding industry remains challenging. The weak short-term global economic outlook, overcapacity, and low demand for cargo tonnage are the main obstacles for recovery in the conventional shipping markets. Low oil prices, an oversupply of oil and gas, and reduced capital expenditure from oil companies continue to limit offshore investments. Reduced newbuild prices may push yards to squeeze suppliers on price. Vessel owners are negotiating extensions to existing delivery contracts, which represents a risk to shipyard order books. The risk of cancellations appears to be more limited.

In the Services business, the slow economic growth and political instability in specific regions are the main risks for demand development. The challenging conditions in specific marine market segments are also seen as a potential risk.

The Group is a defendant in a number of legal cases that have arisen out of, or are incidental to, the ordinary course of its business. These lawsuits mainly concern issues such as contractual and other liability, labour relations, property damage, and regulatory matters. The Group receives from time to time claims of different amounts and with varying degrees of substantiation. There is currently one unusually sizeable claim. It is the Group's policy to provide for amounts related to the claims, as well as for litigation and arbitration matters, when an unfavourable outcome is probable and the amount of the loss can be reasonably estimated.

The annual report contains a more detailed description of Wärtsilä's risks and risk management.

Market outlook

The market for liquid and gas fuelled power generation is expected to remain challenging as economic uncertainty continues. Despite slower economic growth in the emerging markets, growth in electricity demand and the availability of international funding for infrastructure projects will continue to support power plant investments. In the OECD countries, low economic growth continues to limit demand for new power plants, and in Europe the unfinished new electricity market design is delaying investments. Low gas prices and positive developments in electricity market designs are driving the demand in North America. The megatrend towards distributed, flexible, gas-fired power generation continues to gain ground globally. The increasing deployment of intermittent renewable power, such as wind and solar, requires investments in flexible solutions to balance the power systems. Electricity markets are being developed to reward the necessary flexibility, thereby enabling new profitable investments. Wärtsilä's systematic market development work in these markets will continue to bring forward the benefits of Smart Power Generation.

The outlook for the shipping and shipbuilding markets remains challenging, with oversupply limiting demand for newbuild vessels and low oil prices continuing to impact investments in offshore exploration and development. Gas carrier contracting is expected to remain at a normalised level due to the continued demand for LPG in Asia. The outlook for the cruise and ferry segment remains positive thanks to economic recovery in Europe and the United States, as well as increased interest for cruises in Asia. The importance of fuel efficiency and environmental regulations are clearly visible. Increased environmental awareness and the regulatory environment is driving interest in gas as a marine fuel in the broader marine markets.

The service market outlook is positive with growth opportunities in selected regions and segments. An increase in the installed base of medium-speed engines and propulsion equipment, as well as the shift to gas based technology, offsets the slower service demand for older installations and uncertainty regarding short-term demand development in the merchant marine segment. The favourable impact of low oil prices on operating costs is expected to continue to support the demand for service work on installations operating on oil based fuels. In the offshore segment, the growth in the installed base during recent years is expected to partially compensate for the challenging outlook in certain regions. The service outlook for gas fuelled vessels remains favourable. Service demand in the power plant segment continues to be good with an especially positive outlook in the Middle East and Africa. Customers in both the marine and power plant markets continue to show healthy interest in long-term service agreements.

Wärtsilä Financial Statements Bulletin 2015

This financial statements bulletin 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 2014. 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 statement of income. 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

No new or updated IFRS standards have been adopted in 2015.

Wärtsilä Corporation has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial period, from the beginning of the subsequent financial period.

- Amendment to *IAS 1 Presentation of Financial Statements*: Disclosure Initiative* (effective for financial periods beginning on or after 1 January 2016). The amendments are designed to encourage companies to apply judgement in determining what information to disclose in the financial statements. For example, the amendments clarify the application of the materiality concept and judgement when determining where and in what order information is presented in the financial disclosures. The interpretation will have no significant impact on Group's consolidated financial statements.

- New *IFRS 15 Revenue from Contracts with Customers** (effective for financial periods beginning on or after 1 January 2018): IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue guidance, including *IAS 18 Revenue*, *IAS 11 Construction Contracts* and *IFRIC 13 Customer Loyalty Programmes.* Under IFRS 15 an entity shall recognise revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group is currently assessing the impact of IFRS 15.

- New *IFRS 9 Financial Instruments** (effective for financial periods beginning on or after 1 January 2018): IFRS 9 replaces the existing guidance in *IAS 39 Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group is assessing the impact of IFRS 9.

* Not yet endorsed for use by the European Union as of 31 December 2015.

The annual figures in this financial statements bulletin are audited.

Consolidated statement of income

MEUR	2015	2014
Continuing operations		
Net sales	5 029	4 779
Change in inventories of finished goods & work in progress	-77	-240
Work performed by the Group and capitalised	6	14
Other operating income	51	52
Material and services	-2 603	-2 392
Employee benefit expenses	-1 159	-1 113
Depreciation, amortisation and impairment	-124	-115
Other operating expenses	-553	-489
Share of result of associates and joint ventures	17	26
Operating result	587	522
Dividend income		1
Interest income	2	4
Other financial income	10	8
Interest expenses	-13	-13
Other financial expenses	-32	-27
Profit before taxes	553	494
Income taxes	-124	-106
Profit for the financial period from the continuing operations	429	389
Profit/loss for the financial period from the discontinued operations	22	-37
Net profit for the financial period	451	351
Attributable to:		
Equity holders of the parent company	444	347
Non-controlling interests	7	5
	451	351
Earnings per share attributable to equity holders of the parent company (basic and diluted):		
Earnings per share, continuing operations, EUR	2.14	1.95
Earnings per share, discontinued operations, EUR	0.11	-0.19
Earnings per share, EUR	2.25	1.76

Consolidated statement of other comprehensive income

MEUR	2015	2014
Net profit for the financial period	451	351
Other comprehensive income, net of taxes:		
Items that will not be reclassified to the statement of income		
Remeasurements of defined benefit liabilities	7	-29
Tax on items that will not be reclassified to the statement of income	-2	4
Total items that will not be reclassified to the statement of income	5	-25
Items that may be reclassified subsequently to the statement of income		
Exchange rate differences on translating foreign operations	23	56
Exchange rate differences on translating foreign operations for non-controlling interests	2	4
Cash flow hedges		
measured at fair value	-23	-85
transferred to the statement of income	21	12
Tax on items that may be reclassified to the statement of income		
Cash flow hedges		
measured at fair value	4	24
transferred to the statement of income	-5	-4
Total items that may be reclassified to the statement of income	21	5
Other comprehensive income for the financial period, net of taxes	26	-20
Total comprehensive income for the financial period	477	332
Total comprehensive income attributable to:		
Equity holders of the parent company	468	323
Non-controlling interests	9	9
	477	332

Consolidated statement of financial position, assets

MEUR	31.12.2015	31.12.2014
Non-current assets		
Goodwill	1 103	909
Intangible assets	361	271
Property, plant and equipment	418	421
Investment properties	13	14
Investments in associates and joint ventures	89	90
Available-for-sale financial assets	15	16
Interest-bearing investments	17	1
Deferred tax assets	157	144
Trade receivables	14	15
Other receivables	28	4
Total non-current assets	2 215	1 884

Current assets		
Inventories	1 200	1 156
Interest-bearing receivables		1
Trade receivables	1 394	1 186
Current tax receivables	51	42
Other receivables	396	338
Cash and cash equivalents	334	571
Total current assets	3 374	3 294
Assets held for sale		102
Total assets	5 589	5 280

Consolidated statement of financial position, equity and liabilities

MEUR	31.12.2015	31.12.2014
Equity		
Share capital	336	336
Share premium	61	61
Translation differences	-6	-30
Fair value reserve	-70	-66
Remeasurements of defined benefit liabilities	-36	-65
Retained earnings	1 916	1 723
Total equity attributable to equity holders of the parent company	2 201	1 960
Non-controlling interests	41	45
Total equity	2 242	2 005
Liabilities		
Non-current liabilities		
Interest-bearing debt	492	537
Deferred tax liabilities	102	64
Pension obligations	161	100
Provisions	46	51
Advances received	77	77
Other liabilities	2	2
Total non-current liabilities	880	832
Current liabilities		
Interest-bearing debt	232	129
Provisions	223	242
Advances received	487	596
Trade payables	510	436
Current tax liabilities	82	51
Other liabilities	933	934
Total current liabilities	2 467	2 388
Total liabilities	3 347	3 220
Liabilities directly attributable to assets held for sale		55
Total equity and liabilities	5 589	5 280

Consolidated statement of cash flows

MEUR	2015	2014
Cash flow from operating activities:		
Net profit for the financial period	451	351
Adjustments for:		
Depreciation, amortisation and impairment	124	119
Financial income and expenses	34	28
Gains and losses on sale of intangible assets and property, plant and equipment and other changes	-27	2
Share of result of associates and joint ventures	-17	-24
Income taxes	124	99
Cash flow before changes in working capital	688	574
Changes in working capital:		
Receivables, non-interest-bearing, increase (-) / decrease (+)	-193	-52
Inventories, increase (-) / decrease (+)	79	206
Liabilities, non-interest-bearing, increase (+) / decrease (-)	-229	-122
Changes in working capital	-343	32
Cash flow from operating activities before financial items and taxes	346	606
Financial items and taxes:		
Interest and other financial income	45	29
Interest and other financial expenses	-29	-36
Income taxes paid	-108	-147
Financial items and paid taxes	-91	-154
Cash flow from operating activities	255	452
Cash flow from investing activities:		
Acquisitions	-258	
Investments in associates and joint ventures	-9	
Investments in available-for-sale financial assets		-1
Investments in property, plant and equipment and intangible assets	-79	-99
Proceeds from sale of property, plant and equipment and intangible assets	13	14
Proceeds from sale of available-for-sale financial assets	1	16
Loan receivables, increase (-) / decrease (+), and other changes		-1
Disposal of discontinued operations, net of cash	44	
Dividends received		1
Cash flow from investing activities	-288	-71
Cash flow after investing activities	-33	381
Cash flow from financing activities:		
Proceeds from non-current debt	50	100
Repayments and other changes in non-current debt	-112	-81
Loan receivables, increase (-) / decrease (+)	-16	
Current loans, increase (+) / decrease (-)	110	-18
Dividends paid	-242	-211
Cash flow from financing activities	-210	-210
Change in cash and cash equivalents, increase (+) / decrease (-)	-243	172

Cash and cash equivalents at the beginning of the financial period	571	388
Exchange rate changes	5	12
Net change in cash effect from discontinued operations		1
Cash and cash equivalents at the end of the financial period	334	571

Consolidated statement of changes in equity

	Total equity attributable to equity holders of the parent company							Non-controlling interests	Total equity
MEUR	Share capital	Share premium	Translation difference	Fair value reserve	Remeasurements of defined benefit liabilities	Retained earnings	Total		
Equity on 1 January 2014	336	61	-85	-13	-43	1 587	1 844	40	1 884
Translation differences			56				56	4	59
Cash flow hedges									
net change in fair value, net of taxes				-61			-61		-61
transferred to the statement of income, net of taxes				8			8		8
Defined benefit plans					-22		-22		-22
Other changes						-4	-4		-4
Other comprehensive income			56	-53	-22	-4	-23	4	-20
Profit for the financial period						347	347	5	351
Total comprehensive income for the financial period			56	-53	-22	343	323	9	332
Total transactions with the owners of the company									
dividends paid						-207	-207	-3	-210
Equity on 31 December 2014	336	61	-30	-66	-65	1 723	1 960	45	2 005

								Non-controlling interests	Total equity
	Total equity attributable to equity holders of the parent company								
MEUR	Share capital	Share premium	Translation difference	Fair value reserve	Remeasurements of defined benefit liabilities	Retained earnings	Total		
Equity on 1 January 2015	336	61	-30	-66	-65	1 723	1 960	45	2 005
Translation differences			23				23	2	25
Cash flow hedges									
net change in fair value, net of taxes				-20			-20		-20
transferred to the statement of income, net of taxes				16			16		16
Defined benefit plans					29	-24	5		5
Other comprehensive income			23	-4	29	-24	24	2	26
Profit for the financial period						444	444	7	451
Total comprehensive income for the financial period			23	-4	29	420	468	9	477
Total transactions with the owners of the company									
dividends paid						-227	-227	-13	-240
Equity on 31 December 2015	336	61	-6	-70	-36	1 916	2 201	41	2 242

Acquisitions

L-3 Marine Systems International

On 31 May 2015 Wärtsilä acquired L-3 Marine Systems International (MSI) from NYSE-listed L-3 Communications Holdings Inc. The preliminary consideration of the transaction is EUR 293 million.

MSI has extensive experience in supplying automation, navigation and electrical systems, dynamic positioning technology, as well as sonar and underwater communications technology for a variety of vessel types and offshore installations. Wärtsilä's strong position in the development of technologies that enhance operational efficiency will be further strengthened with the addition of MSI's broad range of capabilities.

The following tables summarise the preliminary amounts for the consideration paid for MSI, the cash flow from the acquisition and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

Preliminary consideration	MEUR
Consideration transferred	293
Total consideration transferred	293

Preliminary cash flow from the acquisition	MEUR
Consideration paid in cash	293
Cash and cash equivalents of the acquired companies	-36
Total cash flow from the acquisition	258

Provisional values of the assets and liabilities arising from the acquisition	MEUR
Intangible assets	132
Property, plant and equipment	8
Inventories	129
Trade and other receivables	70
Deferred tax assets	23
Cash and cash equivalents	36
Total assets	398
Provisions	19
Pension obligations	65
Trade payables and other liabilities	146
Deferred tax liabilities	46
Total liabilities	277
Total net assets	121
Preliminary goodwill	172

The preliminary fair values of acquired identifiable intangible assets at the date of acquisition (including technology, customer relationships and trademarks) amounted to EUR 132 million. The fair value of current trade receivables and other receivables is approximately EUR 70 million. The fair value of trade receivables does not include any significant risk.

The preliminary goodwill of EUR 172 million reflects the value of know-how and expertise in marine electrical & automation. Wärtsilä foresees that the new unit will capture new market opportunities and improve the operational efficiency of its customers. The goodwill recognised for MSI is not tax deductible.

During 2015 the Group incurred acquisition-related costs of EUR 2 million related to external legal fees and due diligence costs. The costs have been included in the other operating expenses in the consolidated statement of income. The total acquisition-related costs are EUR 4 million.

During June-December, MSI contributed EUR 264 million to order intake and EUR 263 million to net sales. Contribution to the operating result of the Group was EUR 14 million. If the acquisition had occurred on 1 January 2015, management estimates that consolidated net sales would have been EUR 5,197 million. The impact in the consolidated operating result for the reporting period would not have been significant. In determining these amounts, management has assumed that the fair value adjustments, which arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

Disposals

The sale of the two-stroke engine business to the joint venture Winterthur Gas & Diesel Ltd (WinGD) was completed in January. Wärtsilä's ownership of WinGD is 30% and China State Shipbuilding Corporation's (CSSC) ownership is 70%. As a result of the sale transaction, a profit of EUR 24 million has been recognised in profit for the financial period from the discontinued operations.

The two-stroke business was classified as discontinued operations in the third quarter of 2014, including the transfer of non-current assets held for sale and liabilities directly attributable to them on separate rows in the statement of financial position.

Profit for the financial period from the discontinued operations

MEUR	2015
Discontinued operations	
Expenses	-2
Profit on sale of shares	24
Profit for the financial period	22
Earnings per share, discontinued operations, EUR	0.11

Cash flows from the discontinued operations

MEUR	2015
Cash flow from investing activities	44
Change in cash and cash equivalents, increase (+) / decrease (-)	44

Net sales by geographical areas

MEUR	2015	2014
Europe	1 566	1 402
Asia	2 051	1 989
The Americas	1 006	840
Other	407	548
Total	5 029	4 779

Intangible assets and property, plant & equipment

MEUR	2015	2014
Intangible assets		
Carrying amount on 1 January	1 180	1 235
Changes in exchange rates	28	22
Acquisitions	304	
Additions	14	36
Amortisation and impairment	-60	-51
Disposals and reclassifications	-1	
Reclassifications to assets held for sale		-61
Carrying amount at the end of the financial period	1 464	1 180
Property, plant and equipment		
Carrying amount on 1 January	434	449
Changes in exchange rates	-1	7
Acquisitions	8	
Additions	65	62
Depreciation and impairment	-63	-63
Disposals and reclassifications	-12	-10
Reclassifications to assets held for sale		-8
Carrying amount at the end of the financial period	431	434

Gross capital expenditure

MEUR	2015	Restated 2014
Investments in securities and acquisitions	267	2
Intangible assets and property, plant and equipment	79	92
Total	346	94

The two-stroke business was classified as discontinued operations in September 2014. Figures in this table for comparison period include continuing operations.

Net interest-bearing debt

MEUR	2015	2014
Non-current liabilities	492	537
Current liabilities	232	129
Loan receivables	-18	-1
Cash and cash equivalents	-334	-571
Total	372	94

Financial ratios

	2015	2014
Earnings per share (basic and diluted), EUR	2.25	1.76
Equity per share, EUR	11.16	9.94
Solvency ratio, %	44.6	43.5
Gearing	0.17	0.05
Return on investment (ROI), continuing operations, %	21.0	20.3
Return on equity (ROE), continuing operations, %	20.2	20.0

Personnel

	2015	2014
On average	18 565	18 042
At the end of the financial period	18 856	17 717

Contingent liabilities

MEUR	2015	2014
Mortgages	10	10
Chattel mortgages and other pledges and securities	27	26
Total	37	36
Guarantees and contingent liabilities		
on behalf of Group companies	743	746
Nominal amount of rents according to leasing contracts		
payable within one year	29	25
payable between one and five years	76	66
payable later	29	23
Total	876	859

Nominal values of derivative instruments

MEUR	Total amount	of which closed
Interest rate swaps	185	
Inflation hedges	1	
Foreign exchange forward contracts	2 205	678
Total	2 390	678

Fair values

Fair value measurements at the end of the financial period:

MEUR	Carrying amounts of the statement of financial position items	Fair value
Financial assets		
Available-for-sale financial assets (level 3)	15	15
Interest-bearing investments, non-current (level 2)	17	17
Other receivables, non-current (level 2)	27	27
Derivatives (level 2)	9	9
Financial liabilities		
Interest-bearing debt, non-current (level 2)	492	503
Derivatives (level 2)	32	32

Condensed statement of income, quarterly

MEUR	10–12/2015	7–9/2015	4–6/2015	1–3/2015	10–12/2014	7–9/2014
Continuing operations						
Net sales	1 590	1 222	1 230	988	1 549	1 117
Other operating income	18	12	13	7	17	10
Expenses	-1 379	-1 058	-1 081	-868	-1 375	-964
Depreciation, amortisation and impairment	-33	-32	-30	-29	-30	-29
Share of result of associates and joint ventures	6	5	5	2	4	7
Operating result	202	149	137	100	166	141
Financial income and expenses	-2	-17	3	-18	-9	-12
Profit before taxes	199	132	140	82	157	129
Income taxes	-41	-35	-31	-18	-27	-31
Profit for the financial period from the continuing operations	159	97	109	64	129	98
Profit/loss for the financial period from the discontinued operations				22	-9	-13
Net profit for the financial period	159	97	109	86	121	85
Attributable to:						
Equity holders of the parent company	157	95	107	85	118	84
Non-controlling interests	2	2	2	1	3	1
	159	97	109	86	121	85
Earnings per share attributable to equity holders of the parent company (basic and diluted):						
Earnings per share, continuing operations, EUR	0.79	0.49	0.54	0.32	0.64	0.50
Earnings per share, discontinued operations, EUR				0.11	-0.04	-0.07
Earnings per share, EUR	0.79	0.49	0.54	0.43	0.60	0.43

Calculation of financial ratios

Earnings per share (EPS)

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

Equity per share

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

Solvency ratio

$$\frac{\text{Equity}}{\text{Total equity and liabilities – advances received}} \times 100$$

Gearing

$$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Equity}}$$

Return on investment (ROI)

$$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total equity and liabilities – non-interest-bearing liabilities – provisions, average over the financial period}} \times 100$$

Return on equity (ROE)

$$\frac{\text{Net profit for the financial period}}{\text{Equity, average over the financial period}} \times 100$$

Working capital (WCAP)

(Inventories + trade receivables + income tax receivables + other non-interest-bearing receivables) – (trade payables + advances received + pension obligations + provisions + income tax liabilities + other non-interest-bearing liabilities)

EBITA

Operating result – non-recurring items – purchase price allocation amortisation

26 January 2016
Wärtsilä Corporation
Board of Directors