

WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY-MARCH 2014

24 APRIL 2014

Björn Rosengren,
President & CEO

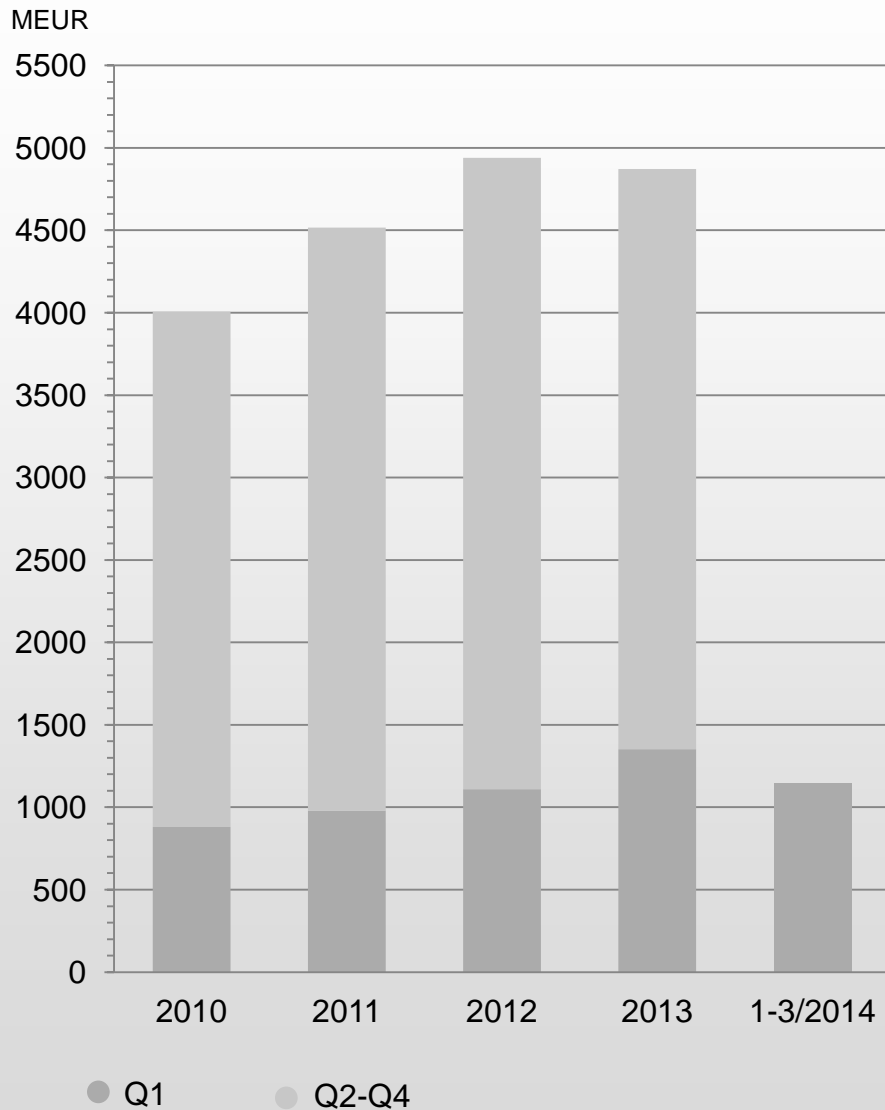
Highlights Q1/2014



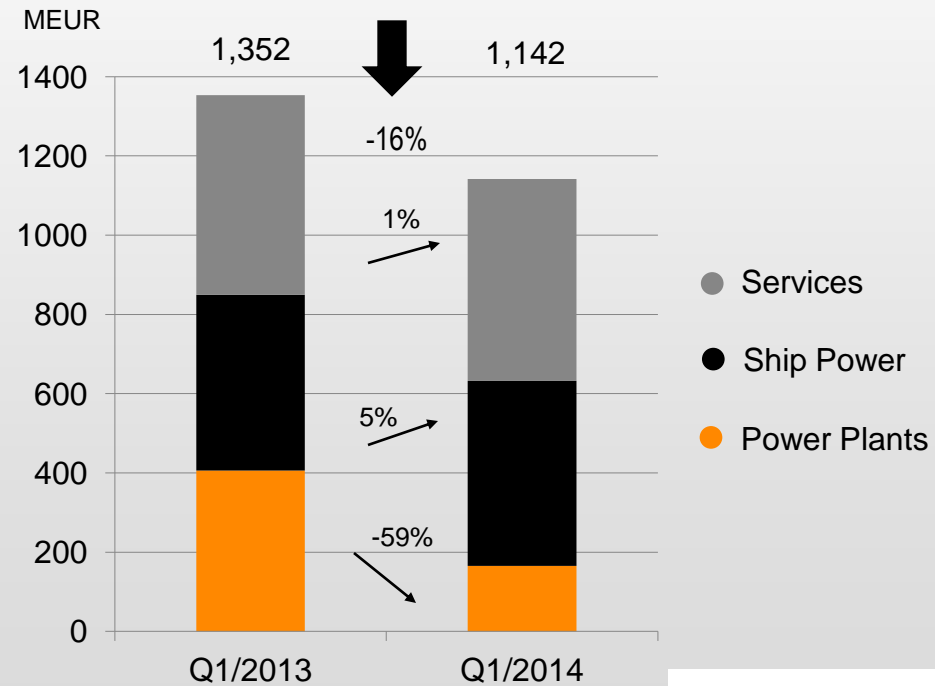
- Order intake EUR 1,142 million, -16%
- Net sales EUR 1,012 million, +15%
- Book-to-bill 1.13
- EBIT EUR 90 million, 8.9% of net sales (EUR 70 million or 8.0%)
- EPS EUR 0.31 (0.37)
- Cash flow from operating activities EUR 111 million (84)
- Efficiency program proceeding according to plan

EBIT is shown excluding non-recurring items.

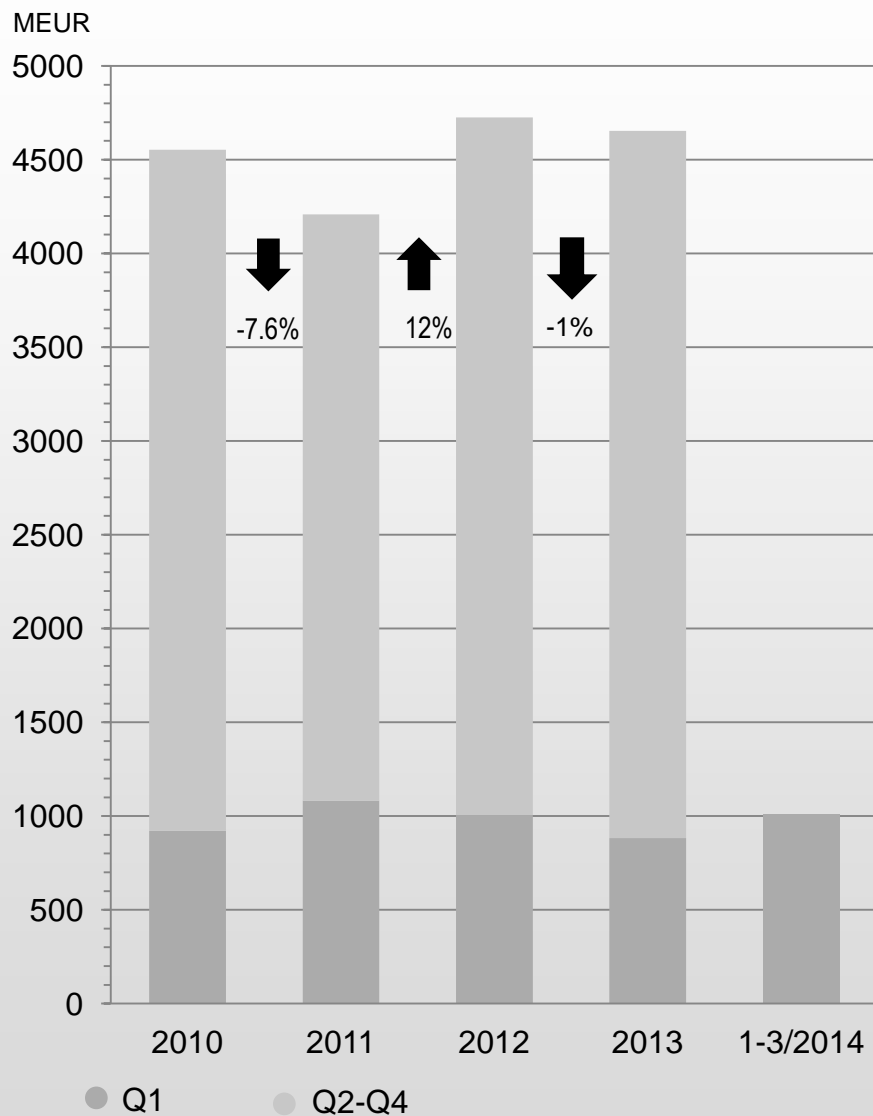
Order intake affected by challenging power plant markets



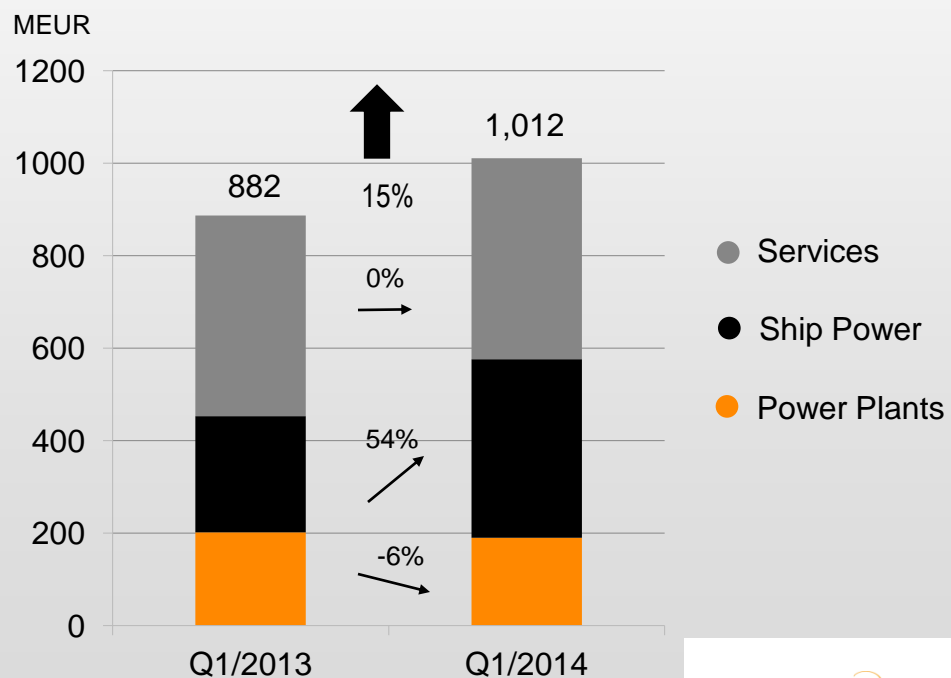
First quarter development



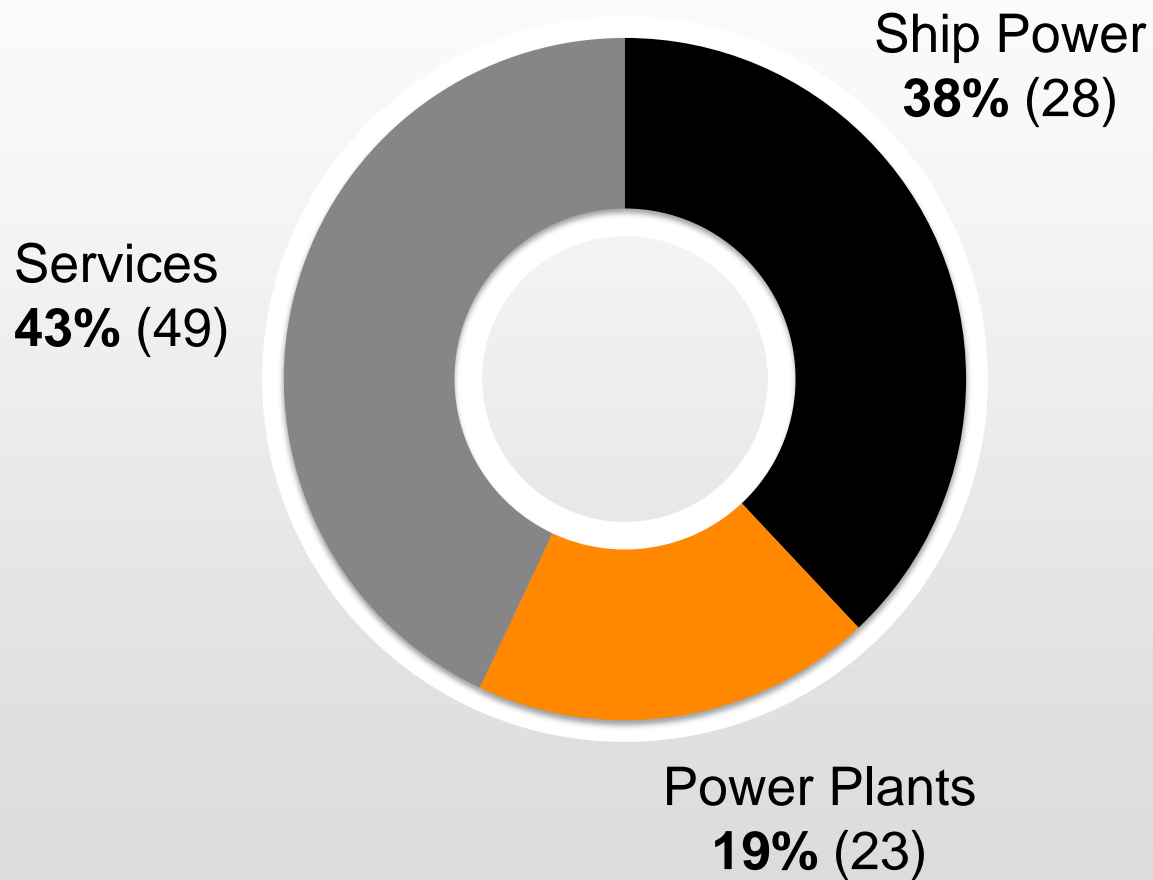
Net sales increased by 15%



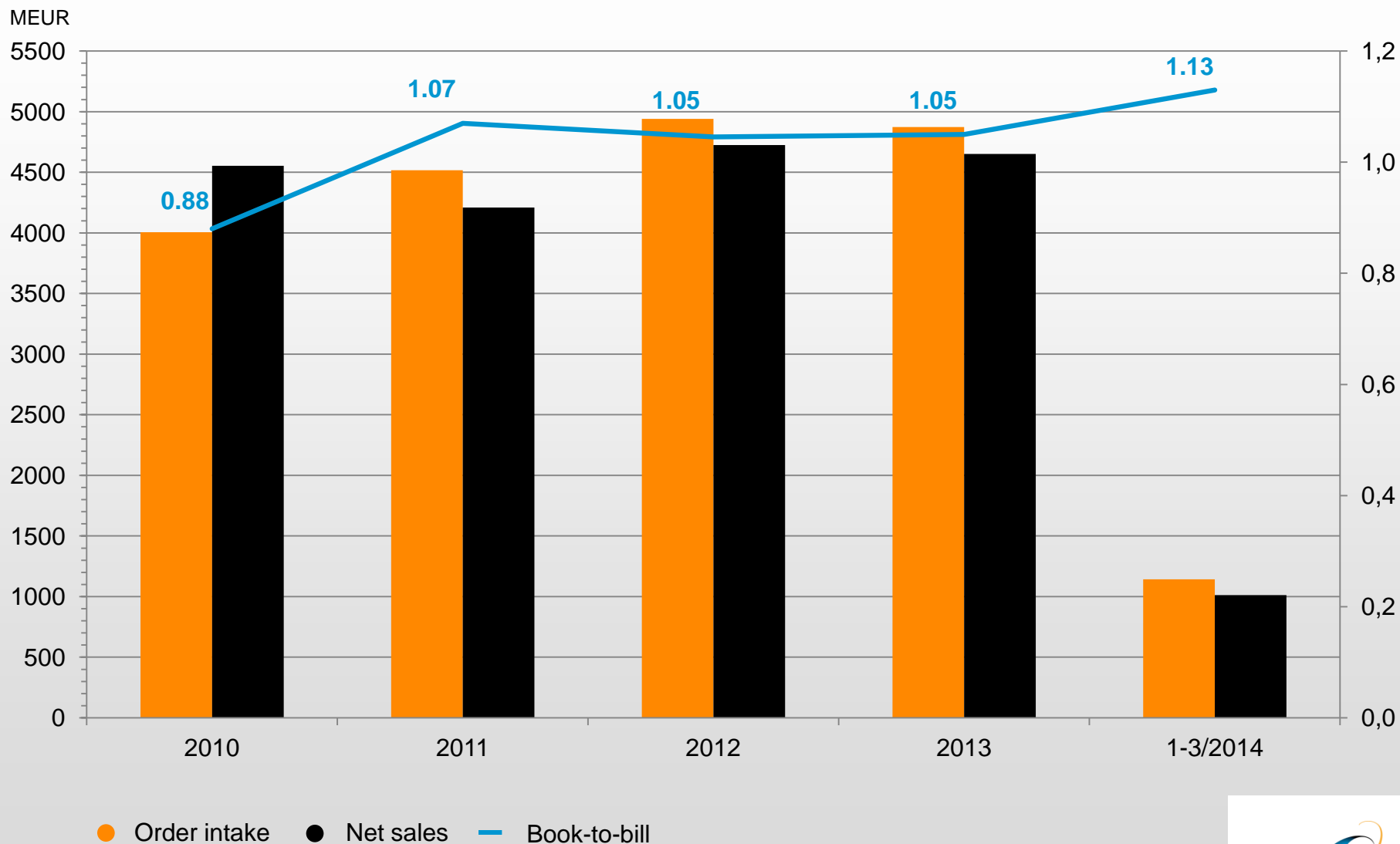
First quarter development



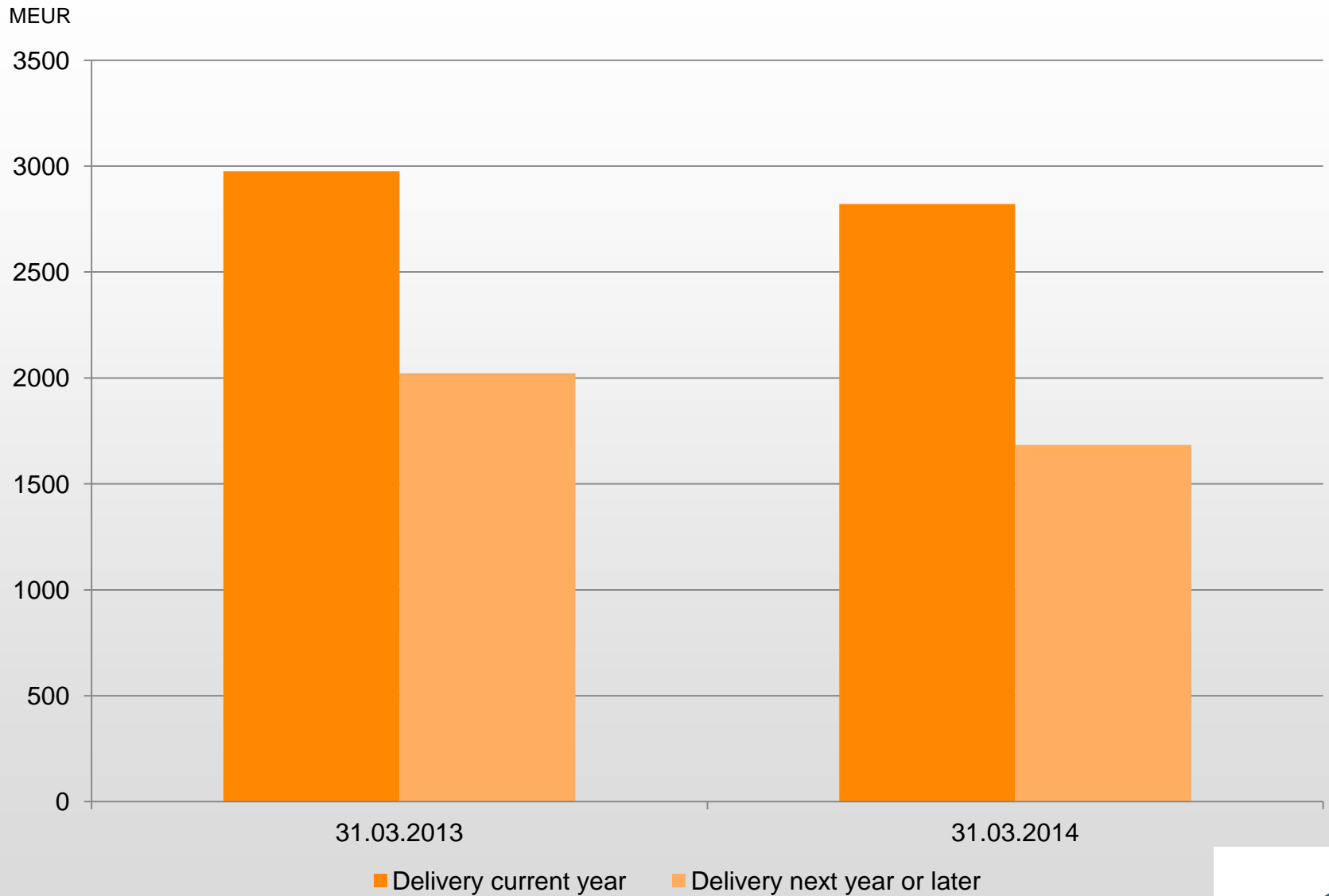
Net sales by business 1-3/2014



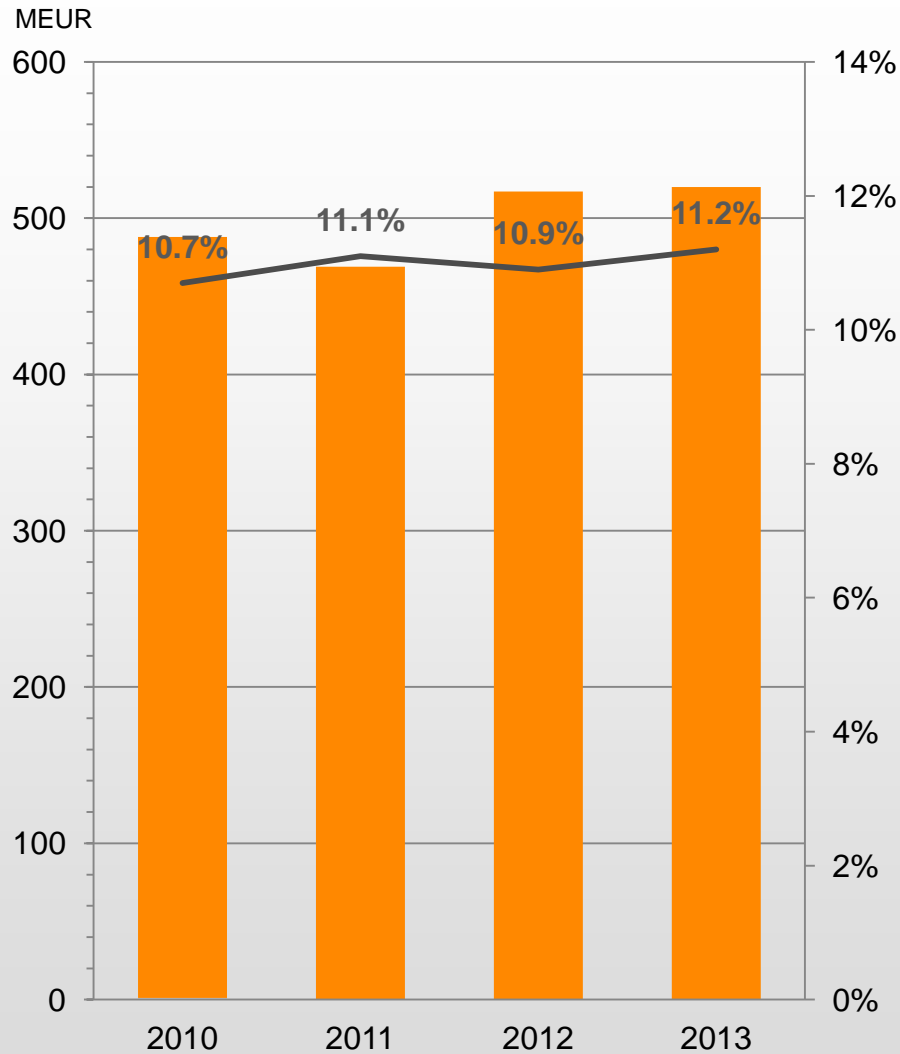
Book-to-bill ratio remains above one



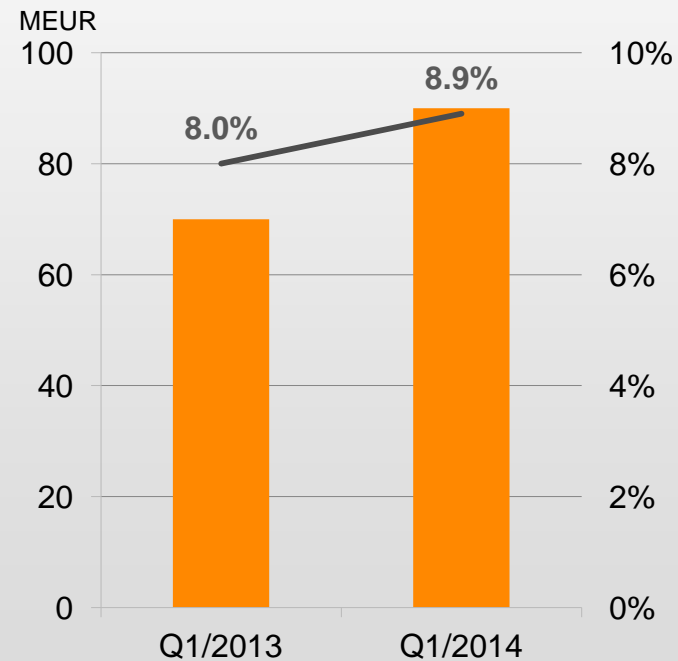
Order book distribution



Profitability in line with expectations



First quarter development



- EBIT before non-recurring items
- EBIT% before non-recurring items

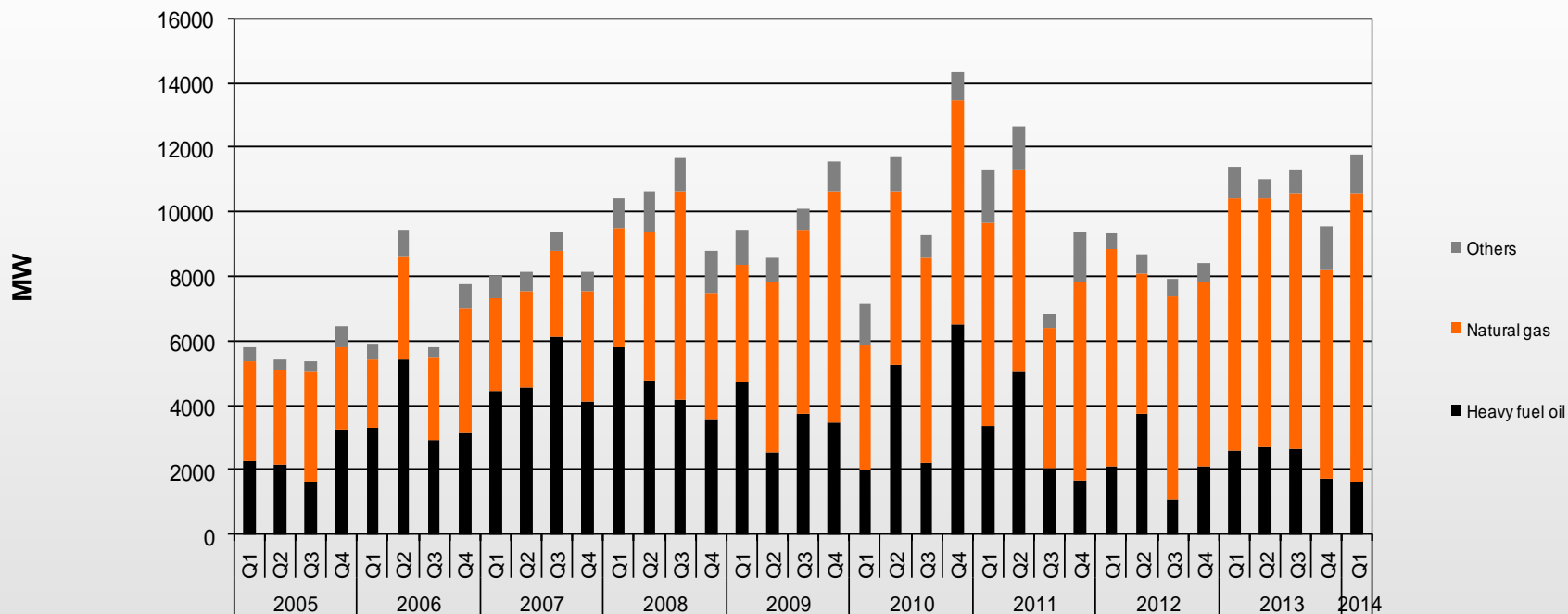


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**Continued uncertainty
in the power
generation markets**

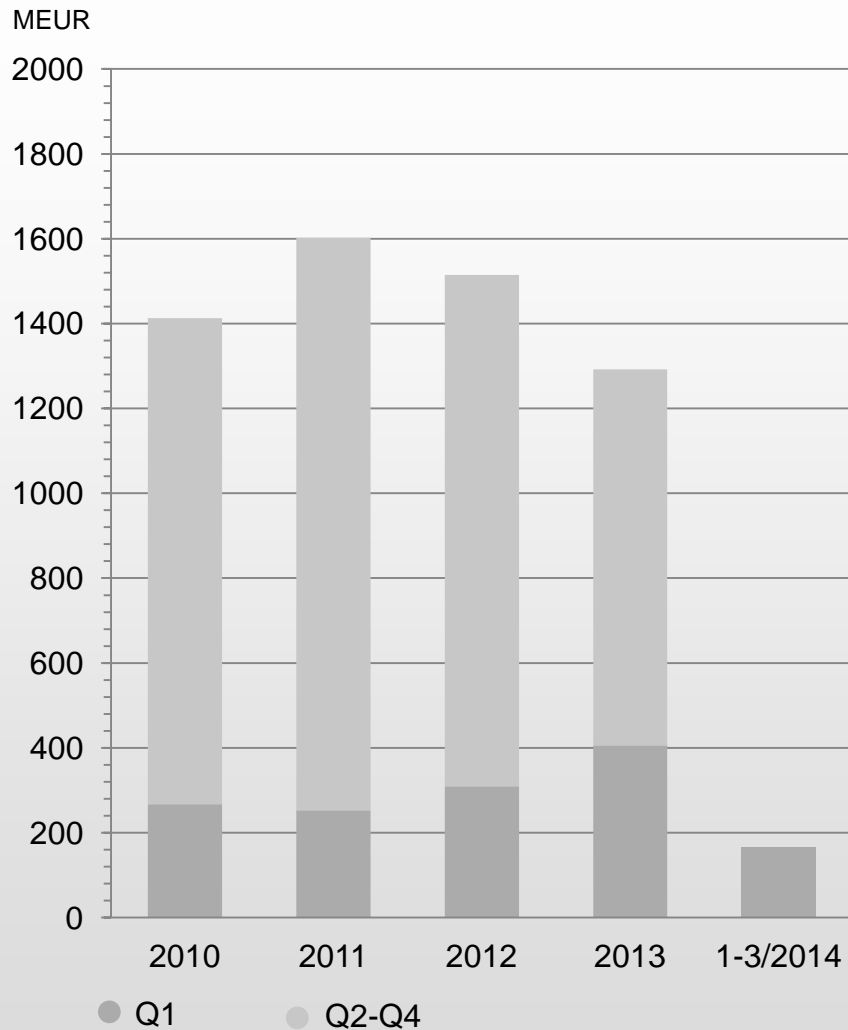
Power Plants quotation activity remains on a good level

Quoted MW per Fuel Type



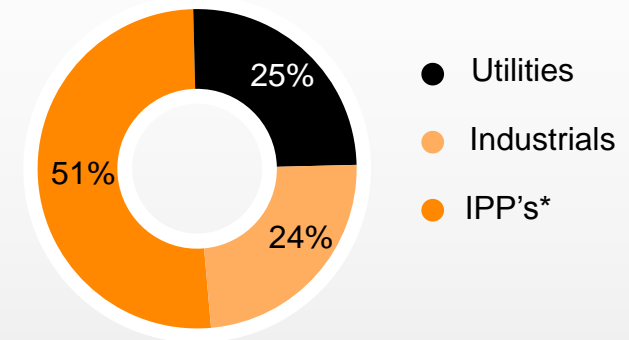
The share of natural gas is consistently increasing.

Power Plants order intake by customer segment

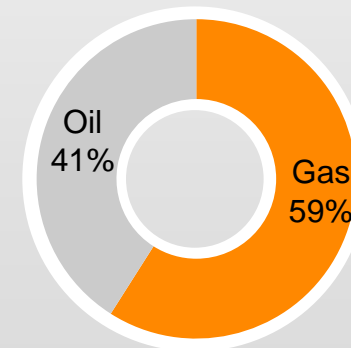


Review period development

Total EUR 165 million (406)



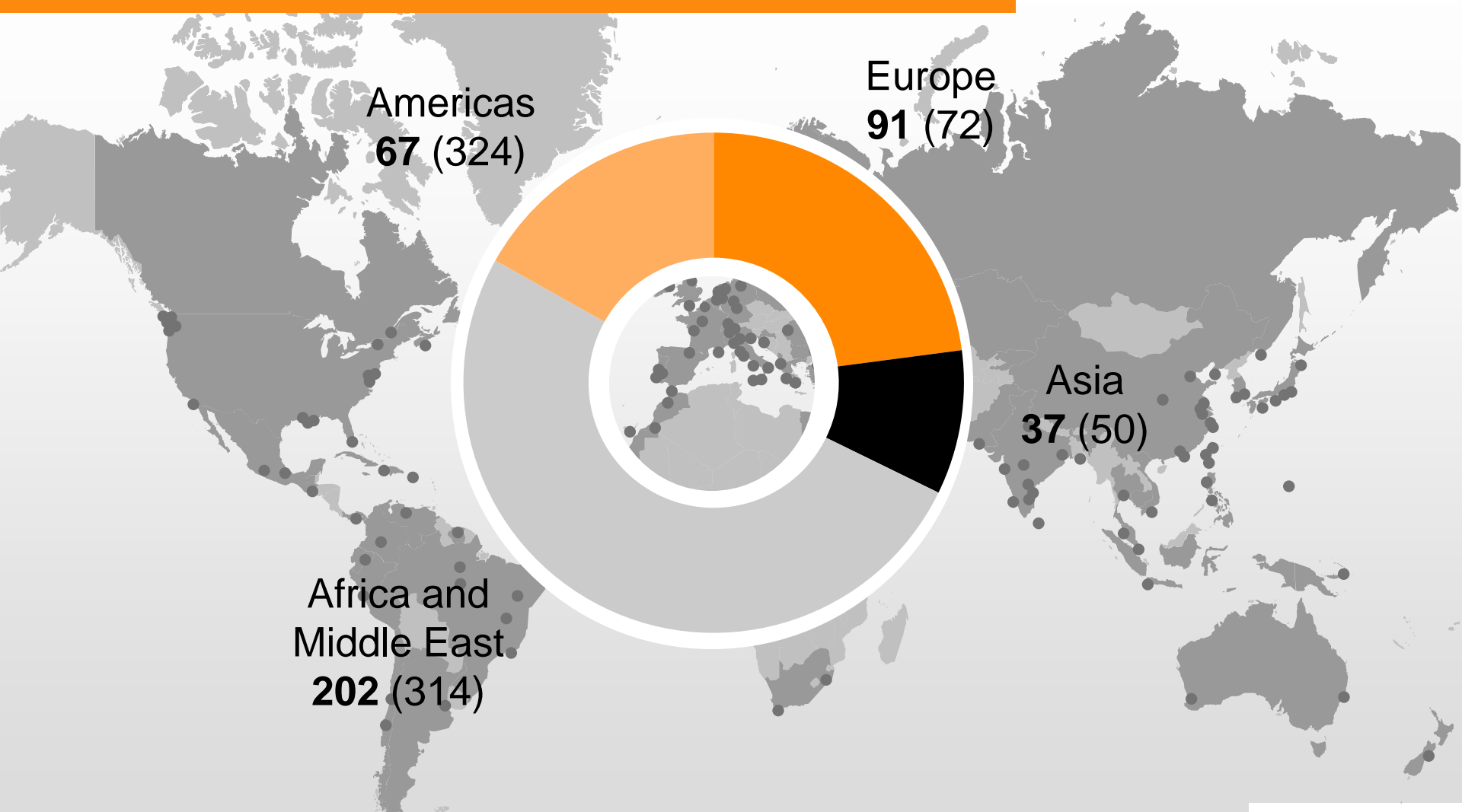
Review period order intake by fuel in MW



*IPP = Independent Power Producer

Power Plants global order intake

Africa and Middle East the most active region

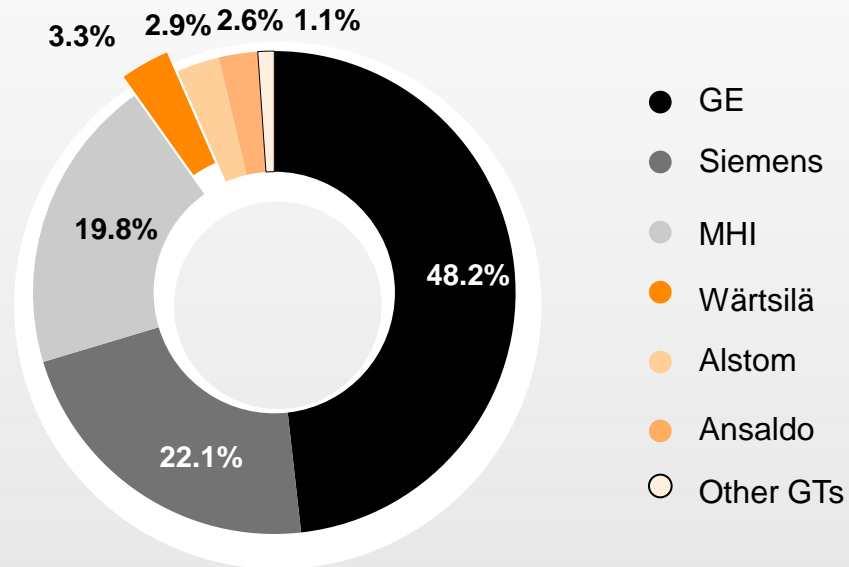


Order intake 1-3/2014: 396 MW (760)

Market for gas and liquid based power plants

2013

Total market 73.2 GW (75.4)



Includes all Wärtsilä power plants and other manufacturers' gas and liquid fuelled power plants with prime movers above 5 MW, as well as estimated output of steam turbines for combined cycles.

The data is gathered from the McCoy Power Report.

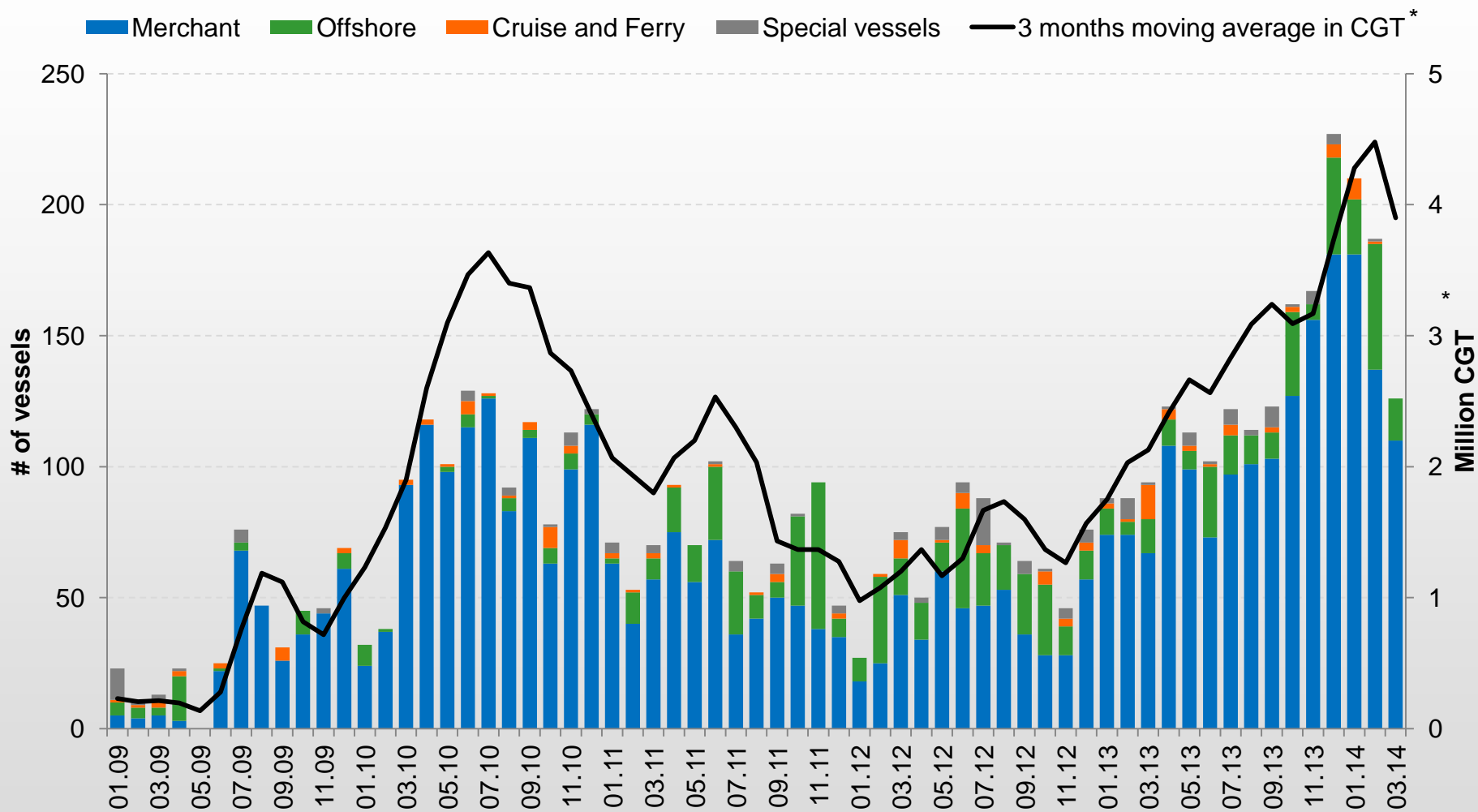
Other combustion engines not included. In engine technology Wärtsilä has a leading position.



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**Marine market
activity on a
healthy level**

Good activity in vessel contracting

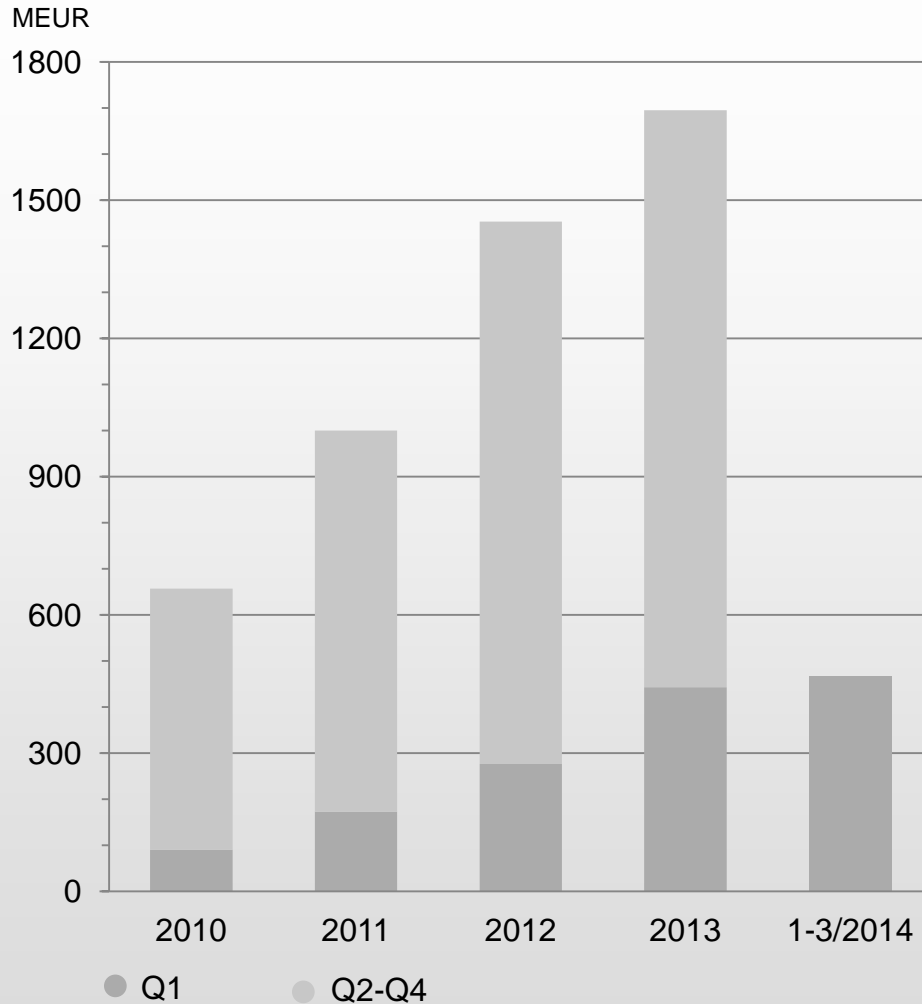


Source: Clarkson Research Services

* CGT= gross tonnage compensated with workload

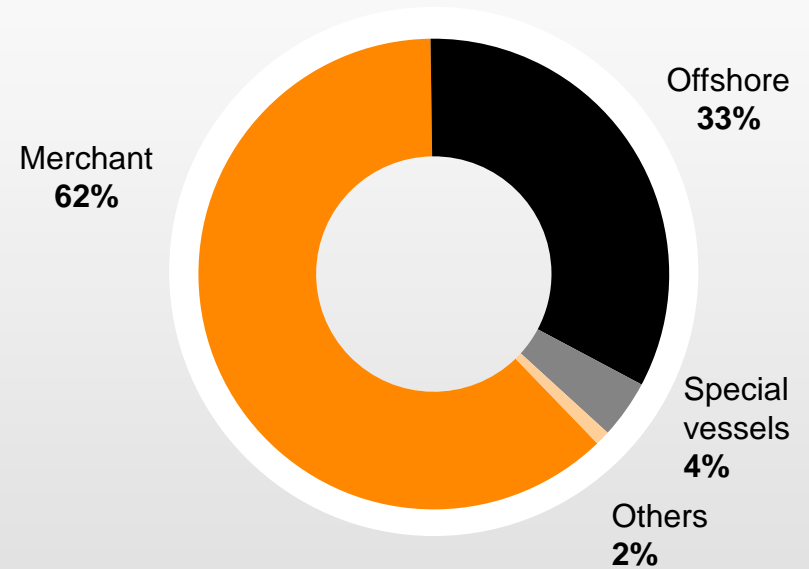


Ship Power order intake by segment

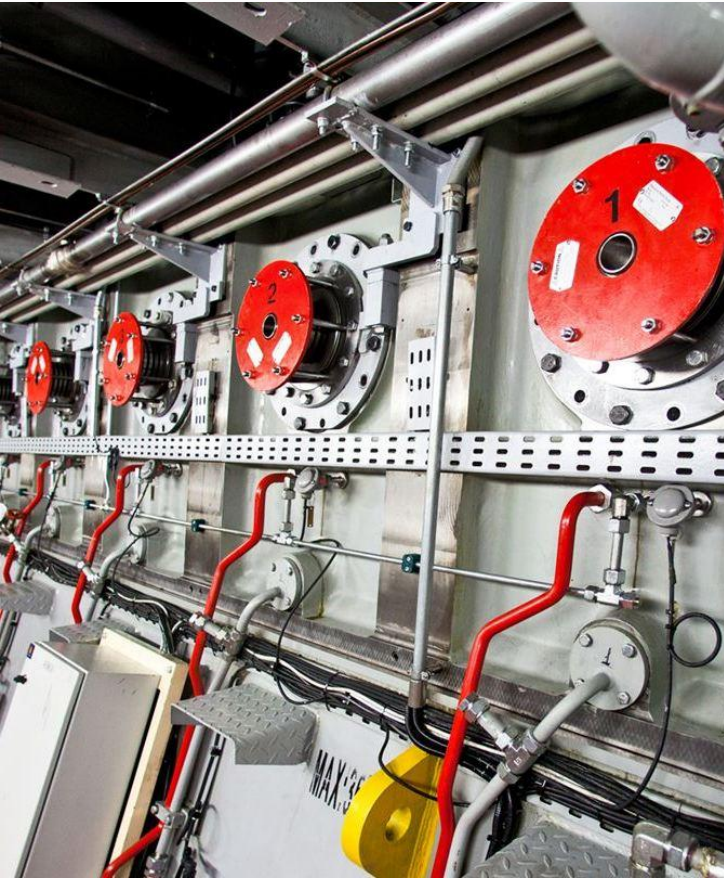


Review period development

Total EUR 467 million (443)

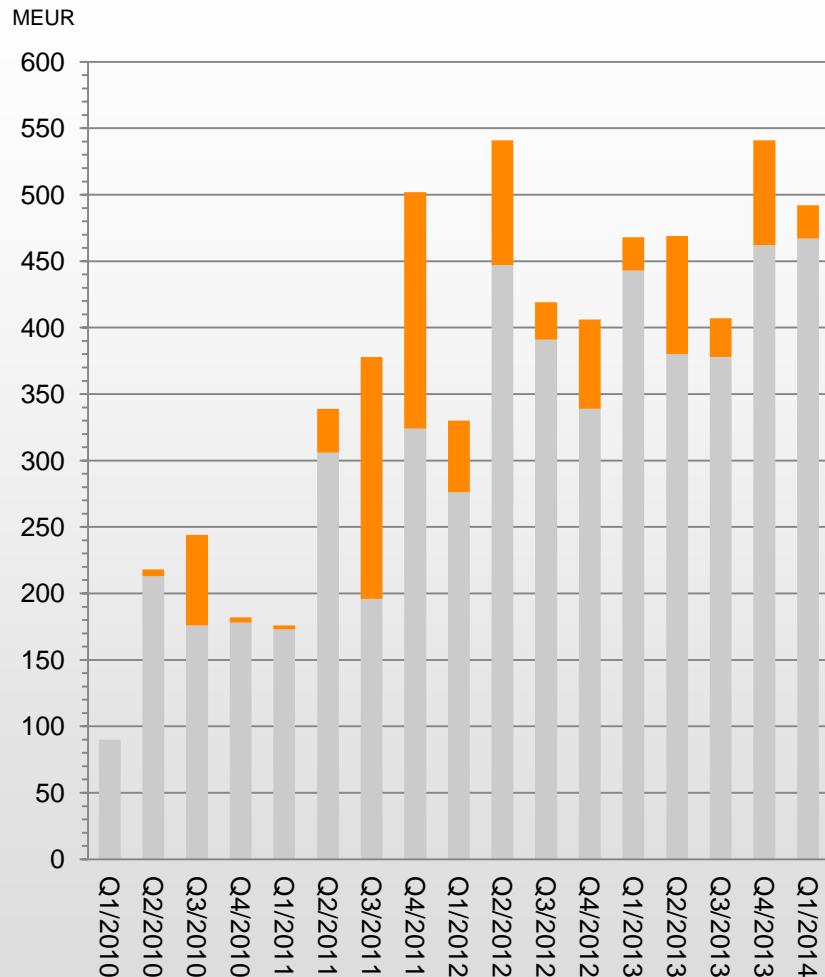


Wärtsilä's 2-stroke, dual-fuel engine chosen to power a new LNG carrier



- Order received for Wärtsilä's 2-stroke, dual-fuel engine and gas valve unit
- The vessel will be built in China for the Chinese ship owner and operator Zhejiang Huaxiang Shipping Co. Ltd.
- Benefits of low-pressure, dual-fuel technology for two stroke engines include:
 - Reduced capital expenditure and gains in operating expenditure
 - Compliance with IMO Tier III emission regulations without exhaust gas cleaning systems when operating in gas mode

Joint venture ordering activity



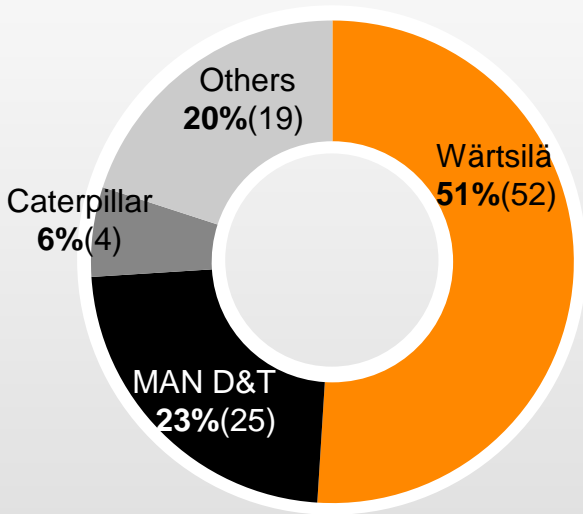
- Joint venture order intake totalled EUR 25 million (25) during January-March 2014
- Wärtsilä's share of ownership in these companies is 50%, and the results are reported as a share of result of associates and joint ventures

- Joint venture order intake, includes figures from Wärtsilä Hyundai Engine Company Ltd. and Wärtsilä Qiyao Diesel Company Ltd.
- Ship Power order intake

Ship Power market

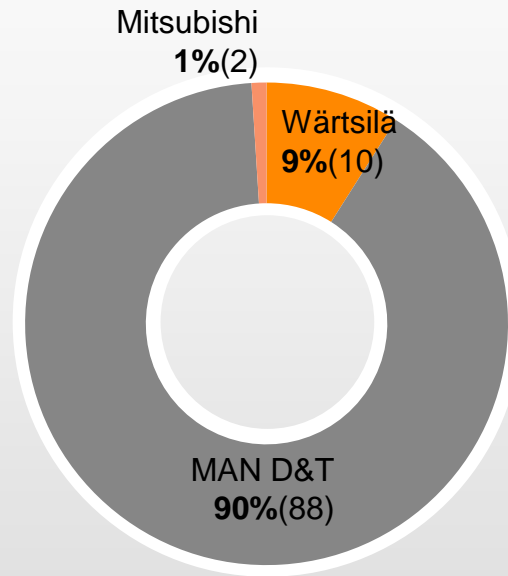
Market position of Wärtsilä's marine engines

Medium-speed main engines



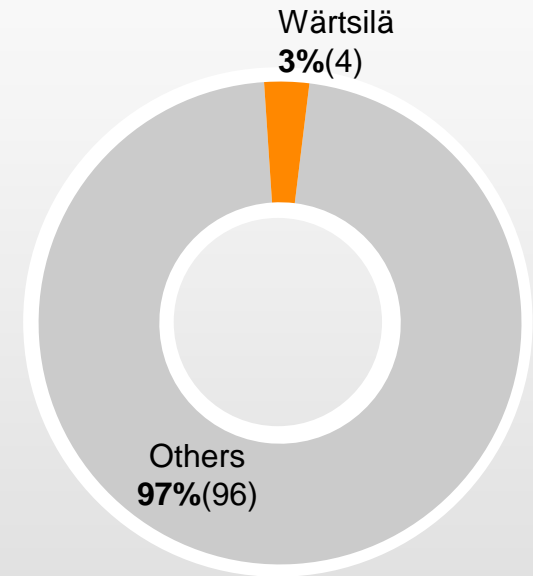
Total market volume last 12 months:
3,787 MW (4,137)

Low-speed main engines



Total market volume last 12 months:
31,017 MW (22,935)

Auxiliary engines



Total market volume last 12 months:
6,895 MW (5,966)

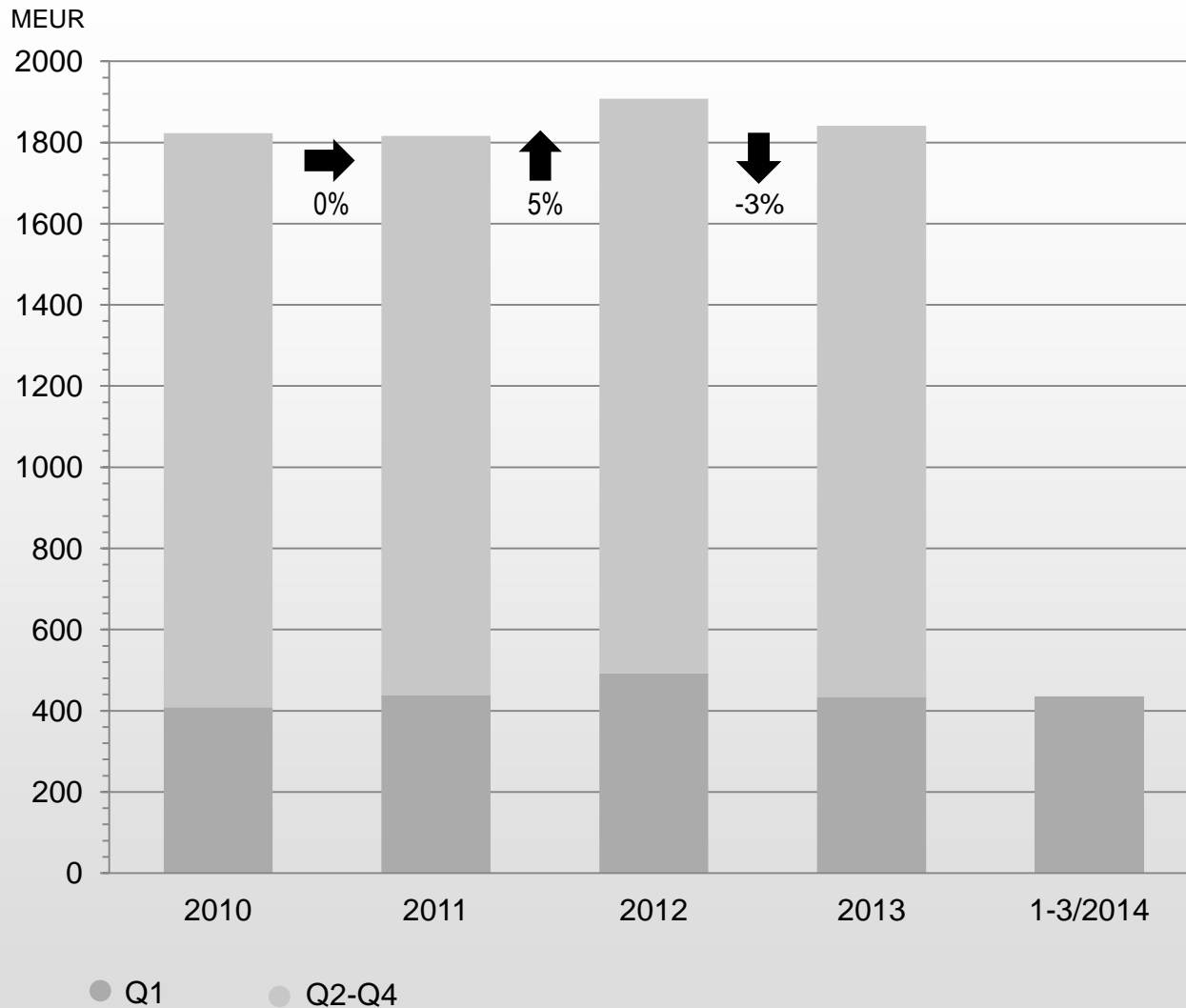
Wärtsilä's market shares are calculated on a 12 months rolling basis, numbers in brackets are from the end of the previous quarter. The calculation is based on Wärtsilä's own data portal.



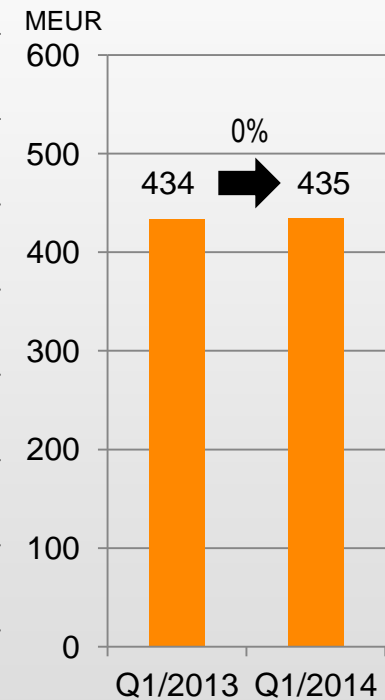
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**Steady demand
in marine and
power plant
service markets**

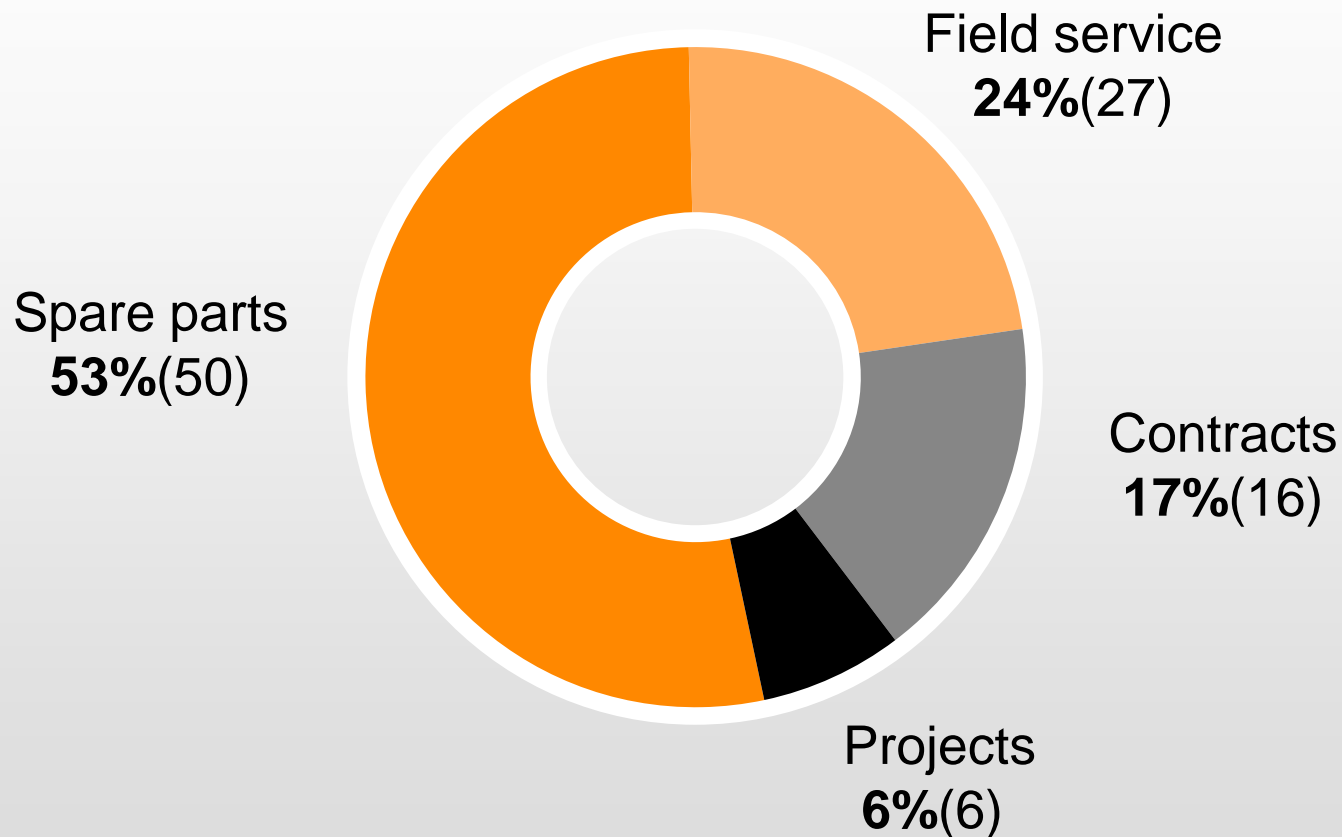
Services net sales development stable



First quarter development



Services net sales distribution 1-3/2014



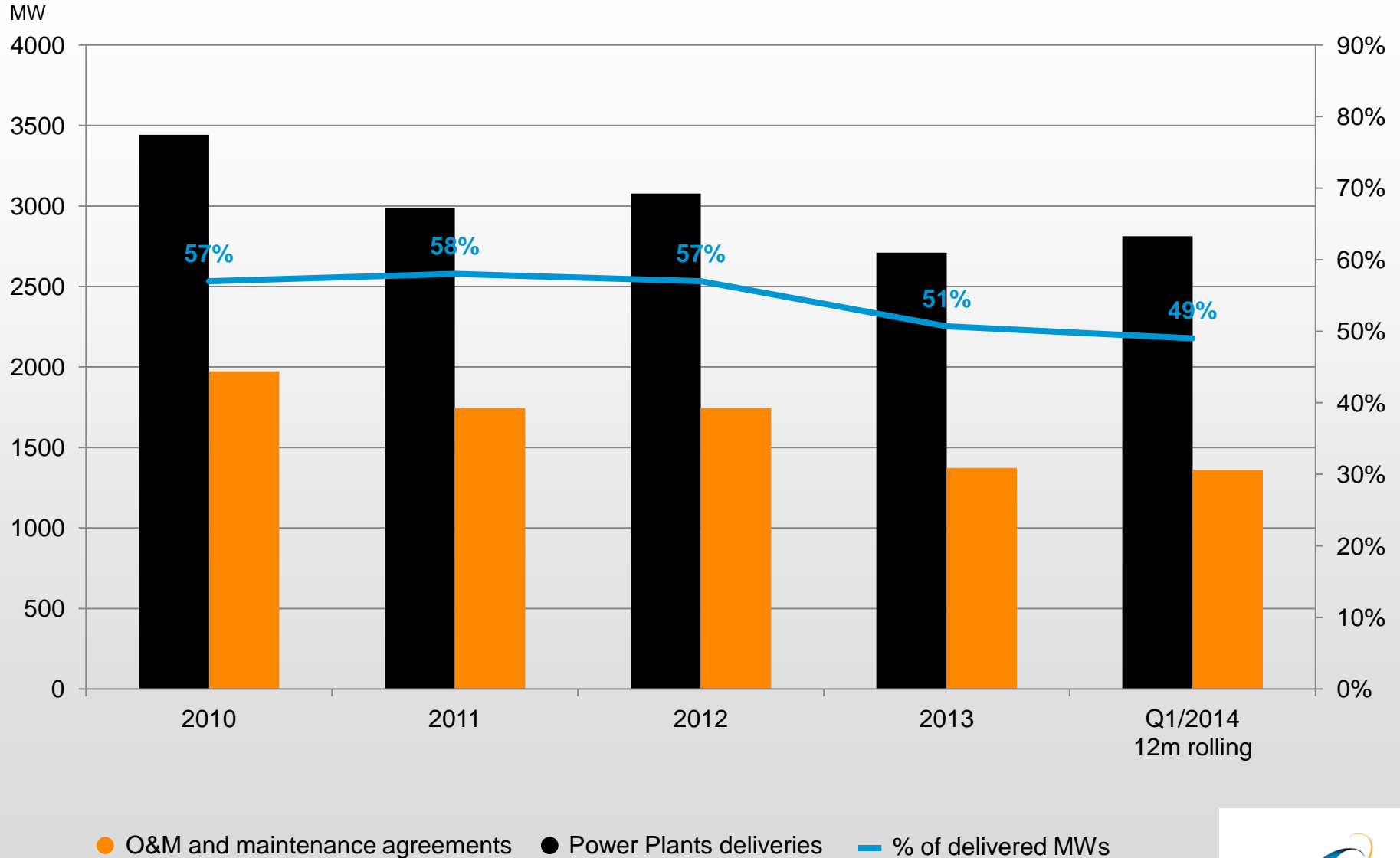
Total EUR 435 million (434)

Australian FPSO optimises propeller design



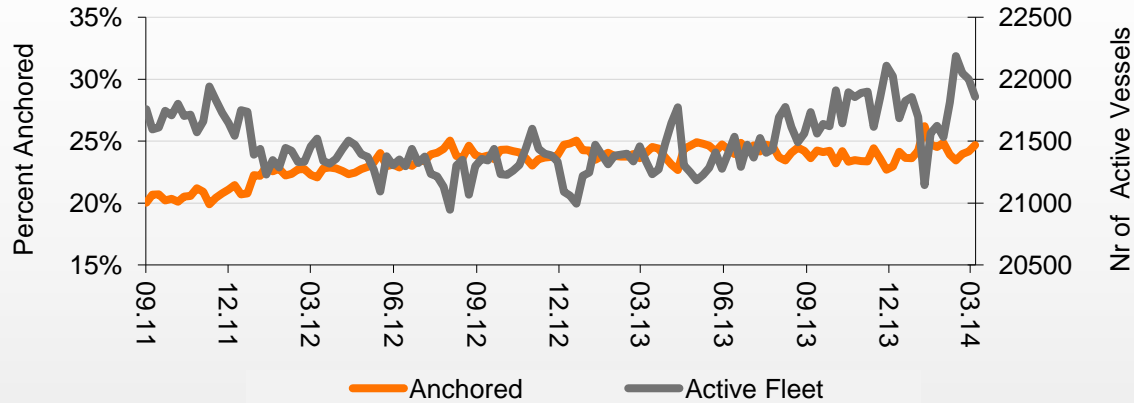
- Order for the technical design and installation of a new fixed pitch propeller for an FPSO conversion project
- The vessel is operated by Woodside Energy Ltd, an independent Australian oil and gas company
- Fast-track project execution a key customer requirement
- The major benefit of the new propeller is increased vessel speed

Development of Power Plants service agreements

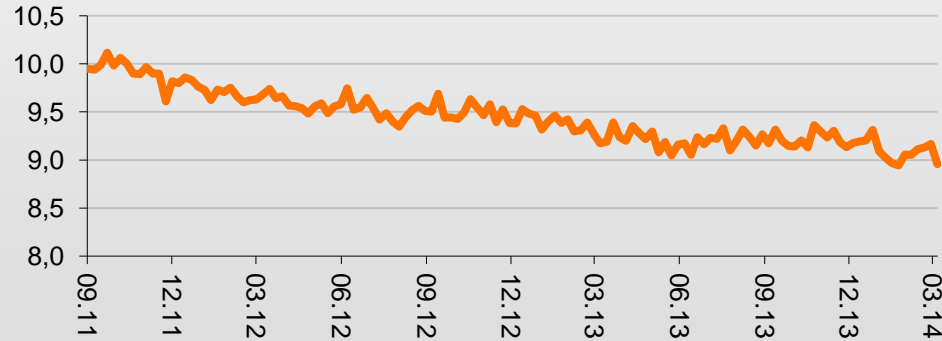


Fleet utilisation

Anchored Vessels & Fleet Development*

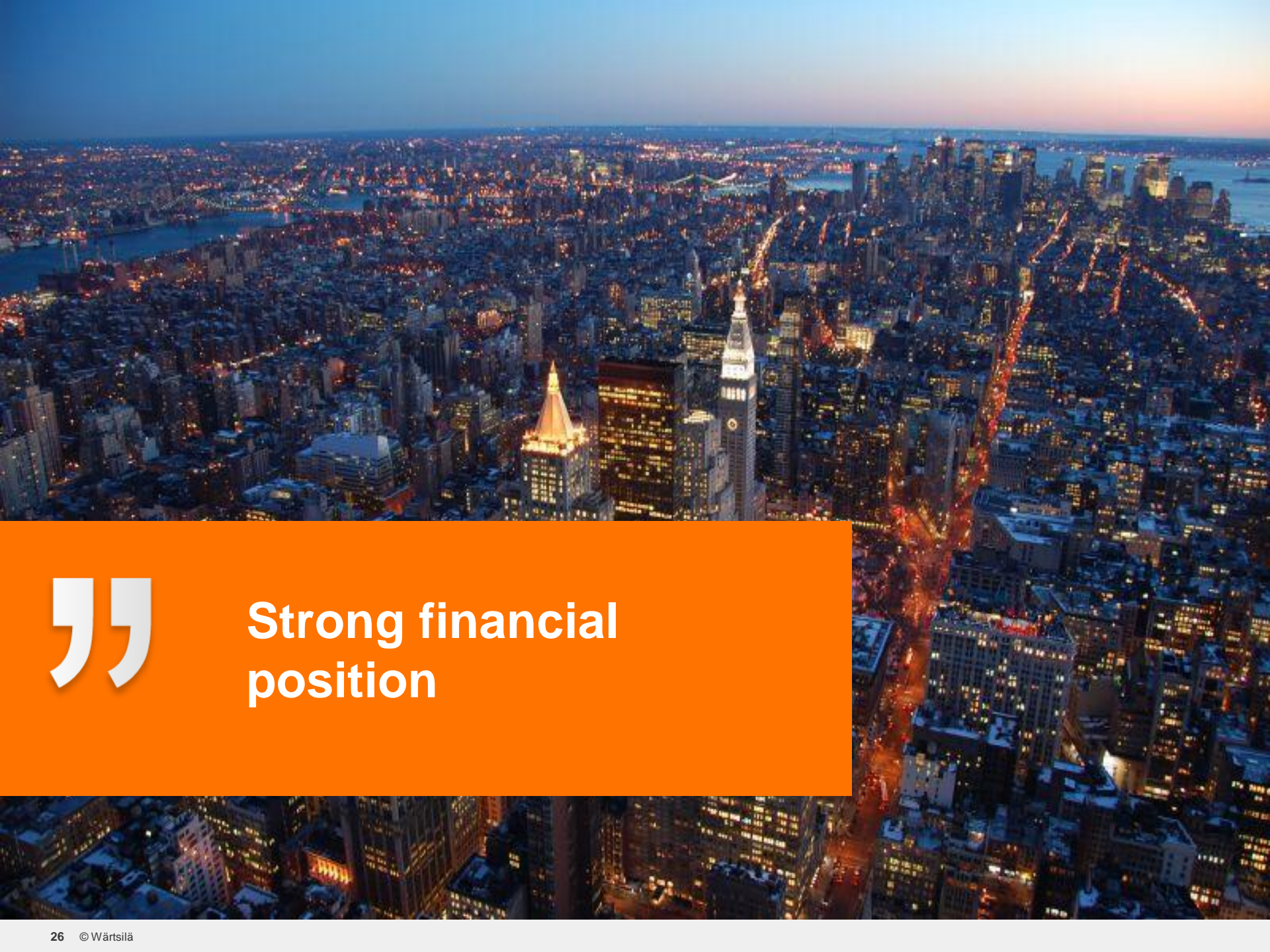


Fleet Average Speed, knots**



* Source Bloomberg. Sample of more than 25 000 vessels (>299 GT) covered by IHS AIS Live.

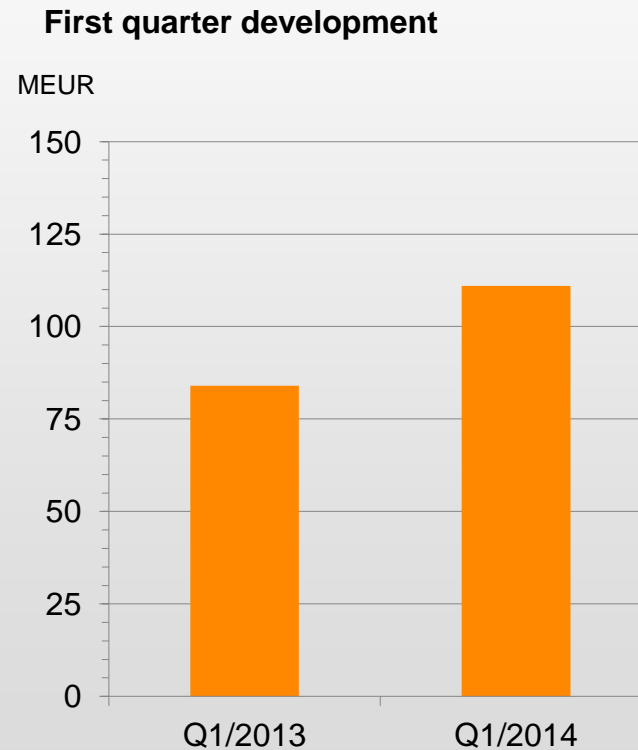
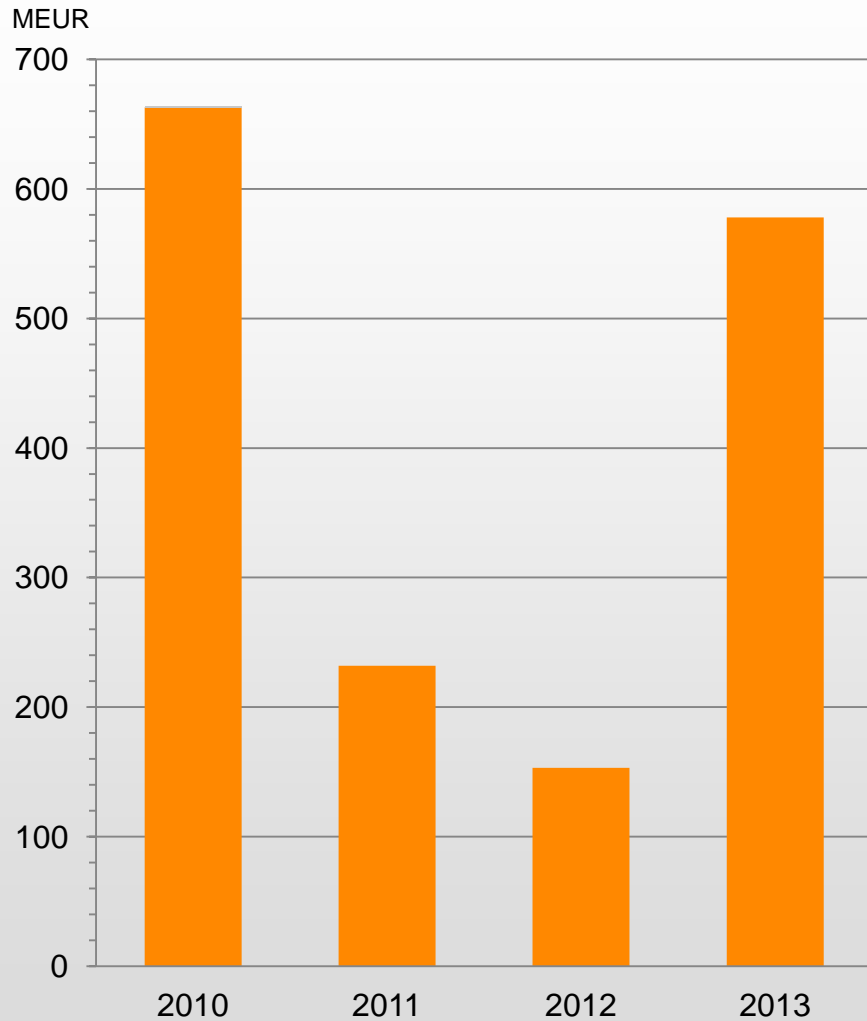
** Source Bloomberg



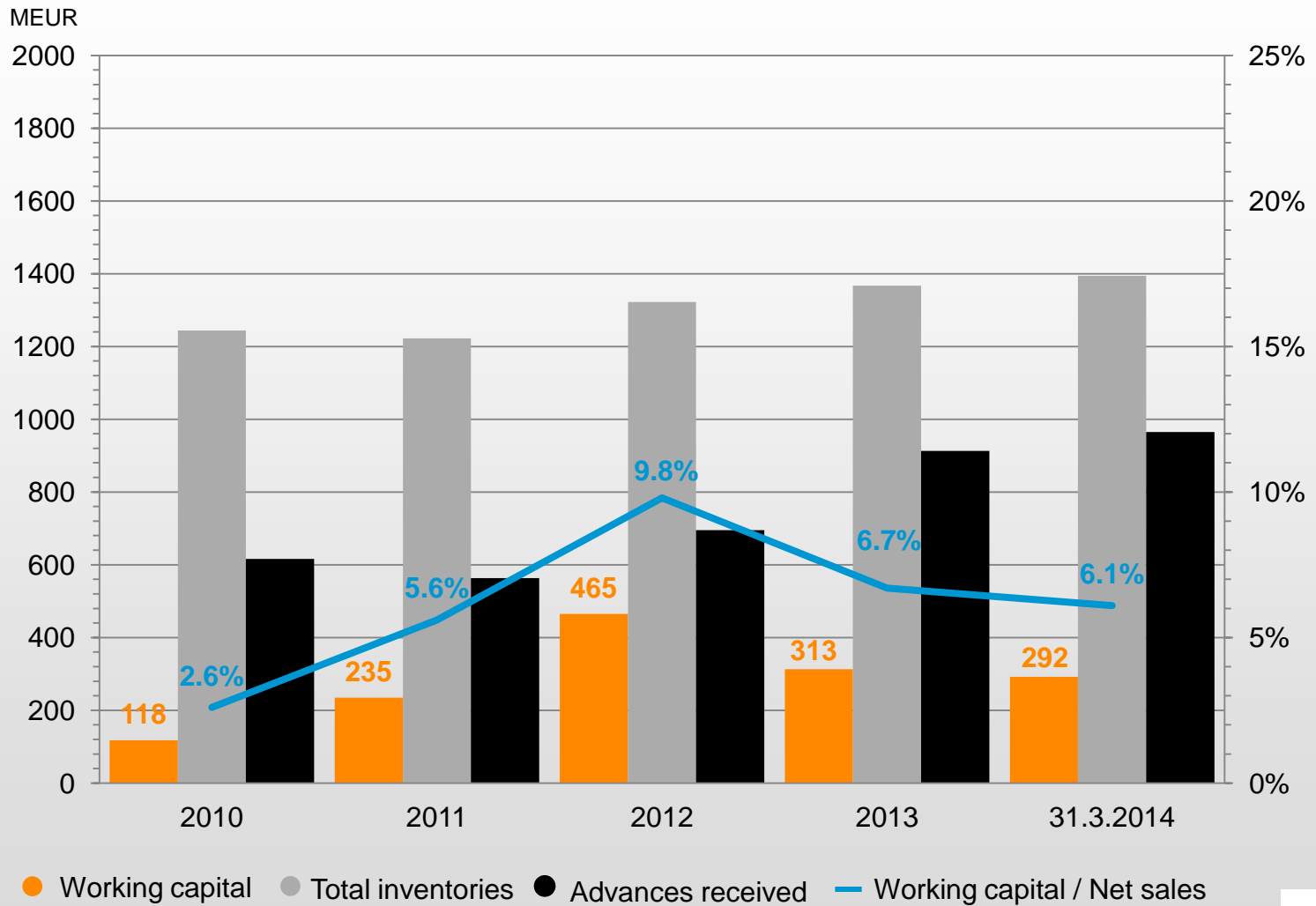
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**Strong financial
position**

Favourable development in operating cash flow

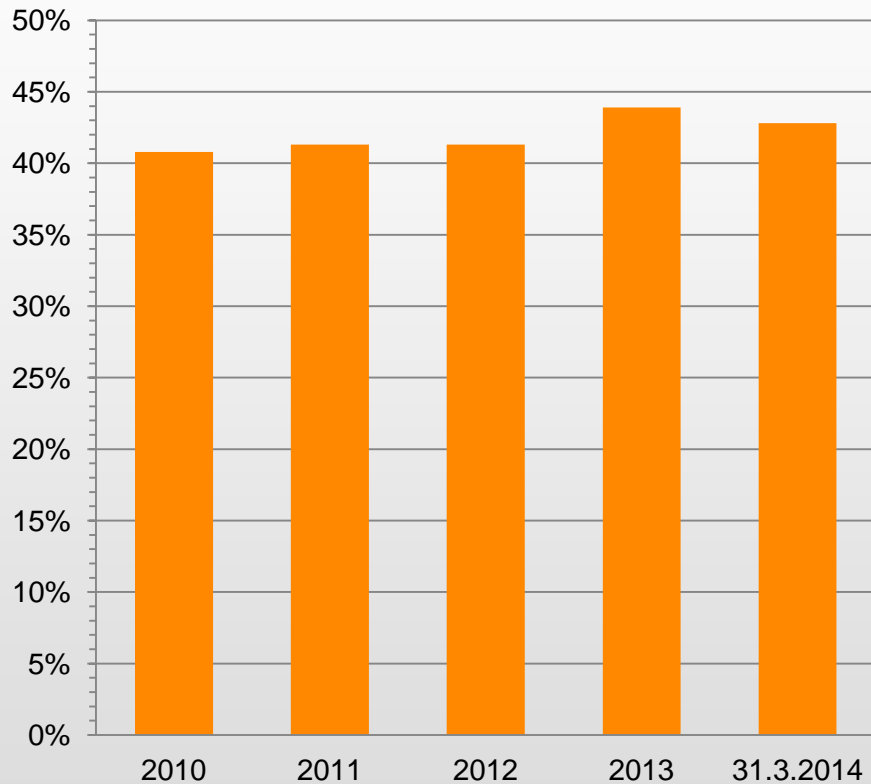


Focus on working capital development

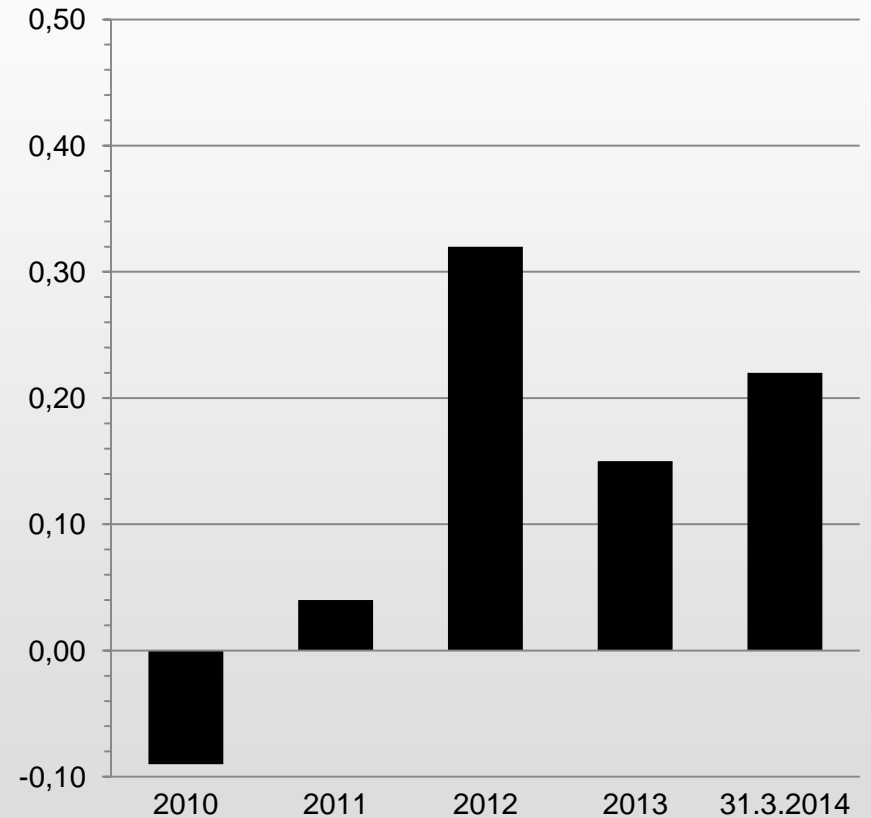


Financial position

Solvency



Gearing





- **Power Plants:** Although customers are still delaying their decision-making, the forecasted GDP growth in 2014 is expected to result in a slightly improved overall market for liquid and gas fuelled power generation. Ordering activity remains focused on the emerging markets.
- **Ship Power:** The main drivers supporting activity in the shipping and offshore sectors are in place. Overall contracting is expected to be in line with that seen in 2013, keeping in mind the prevailing overcapacity and the market's limited capacity to absorb new tonnage.
- **Services:** The overall service market outlook remains stable.

Prospects for 2014 unchanged



Wärtsilä expects its net sales for 2014 to grow by 0-10% and its operational profitability (EBIT% before non-recurring items) to be around 11%.



WÄRTSILÄ

IR Contact:

Natalia Valtasaari

Director, Investor Relations

Tel. +358 (0) 40 187 7809

E-mail: natalia.valtasaari@wartsila.com

WARTSILA.COM