

WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY-JUNE 2010

OLE JOHANSSON, PRESIDENT & CEO

21 JULY 2010

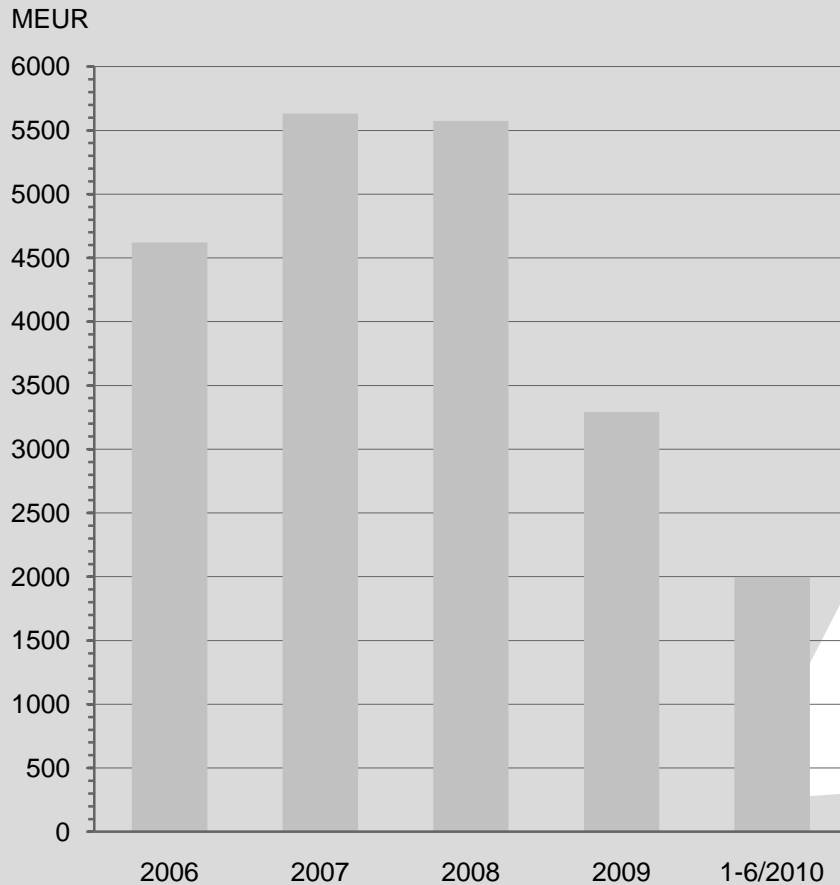
Q2/10 Highlights



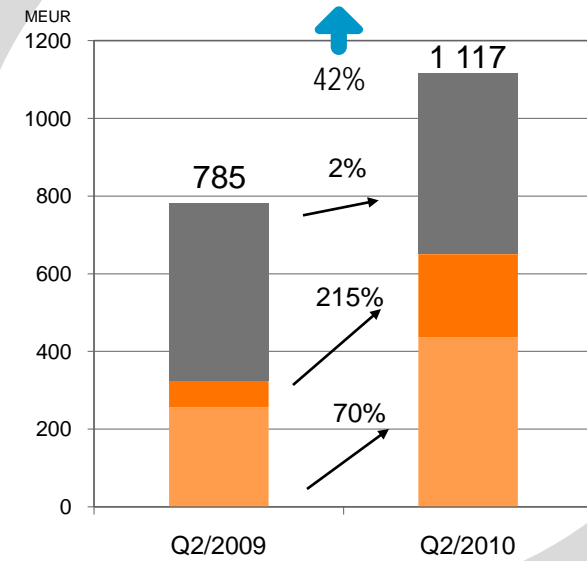
- Order intake EUR 1,117 million (42%)
- Net sales EUR 1,131 million (-15%)
- Operating result* EUR 117 million (-25%),
10.4% of net sales
- EPS* 0.86 euro (1.06)
- Cash flow from operating activities
EUR 89 million (-95)

* Excluding nonrecurring items

Good growth in order intake

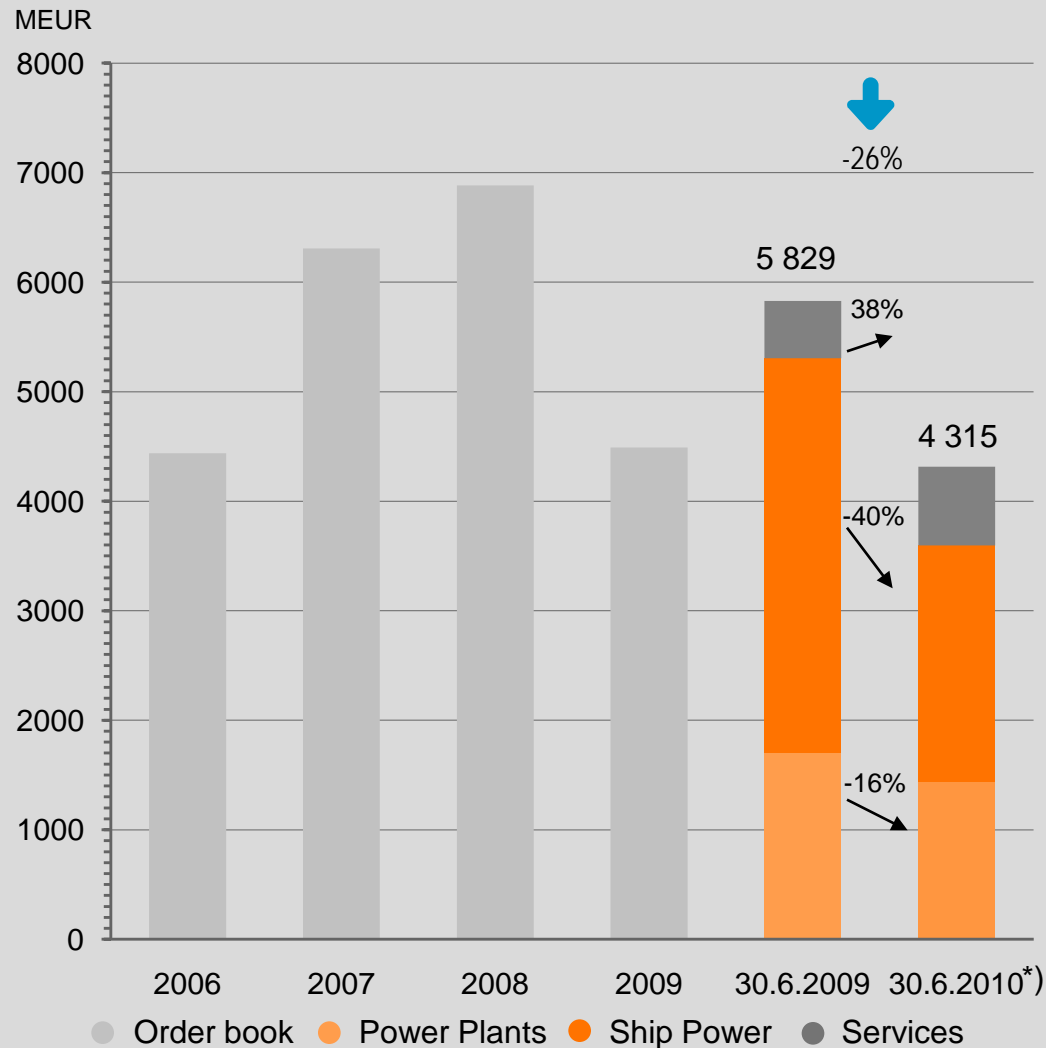


Second quarter development



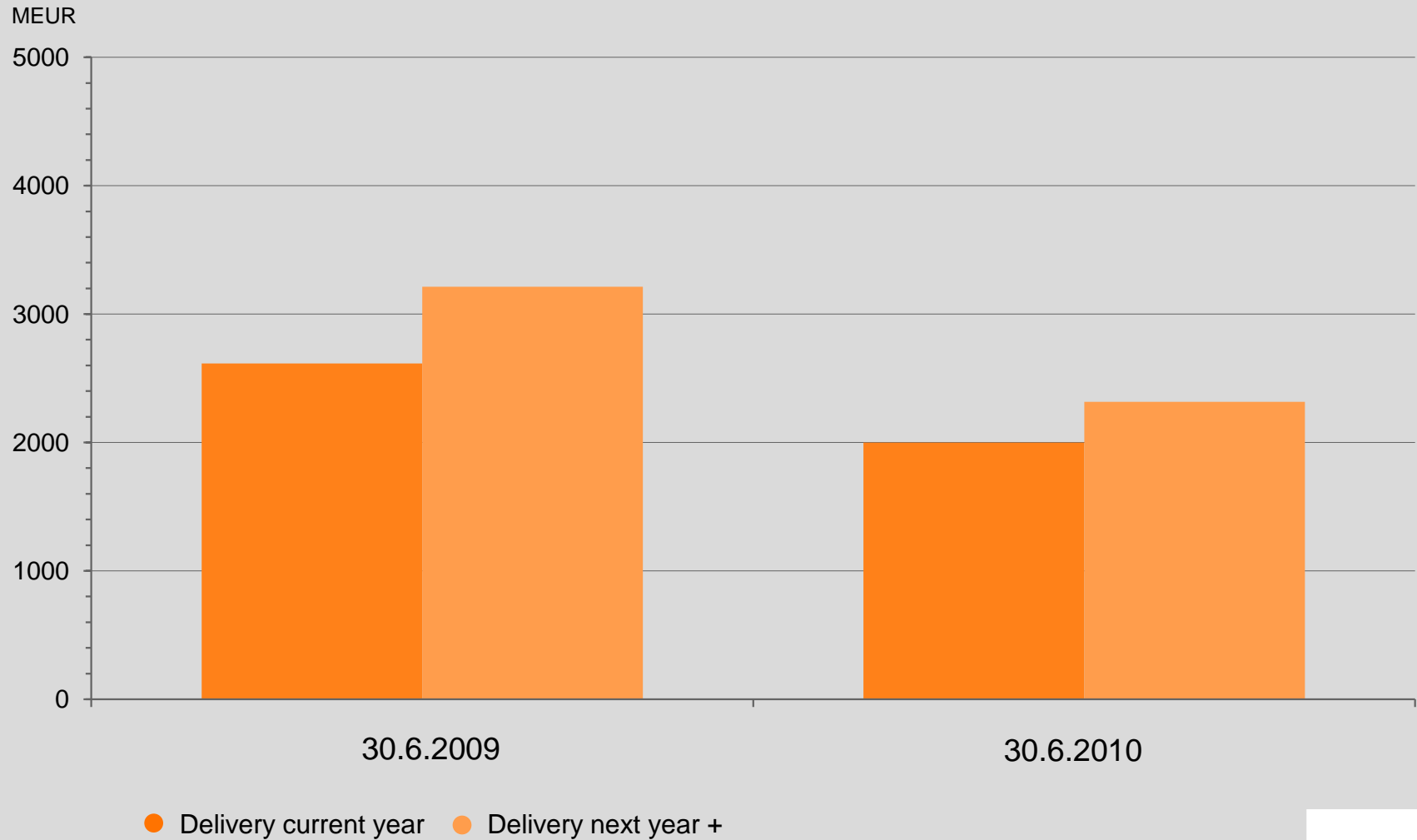
● Order intake
 ● Power Plants
 ● Ship Power
 ● Services

Order book unchanged compared to the previous quarter

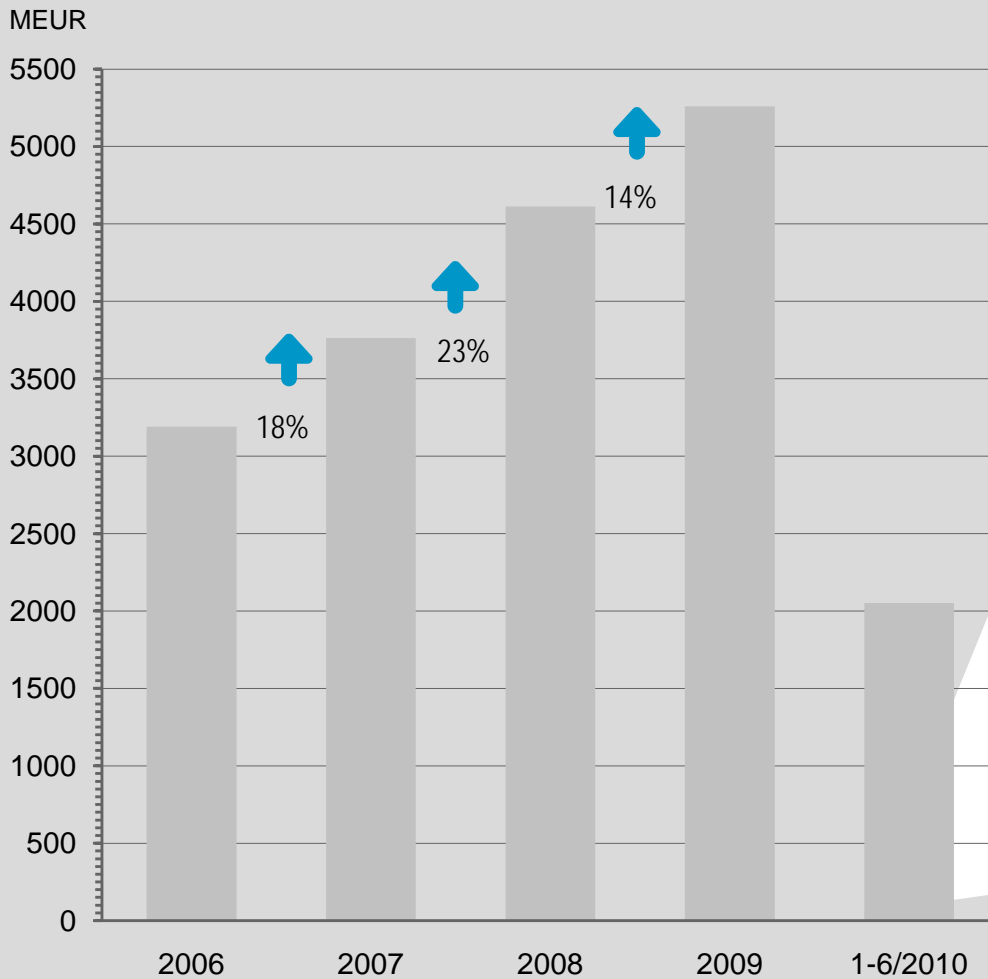


*) Cancellations amounting to EUR 162 million have been deducted from the order book during the review period.

Order book distribution

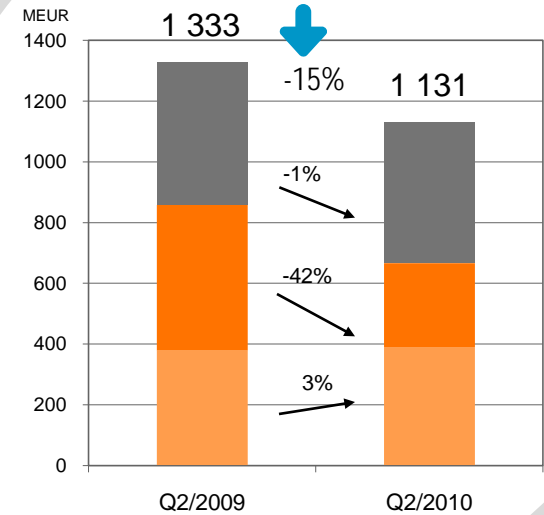


Net sales developed as expected

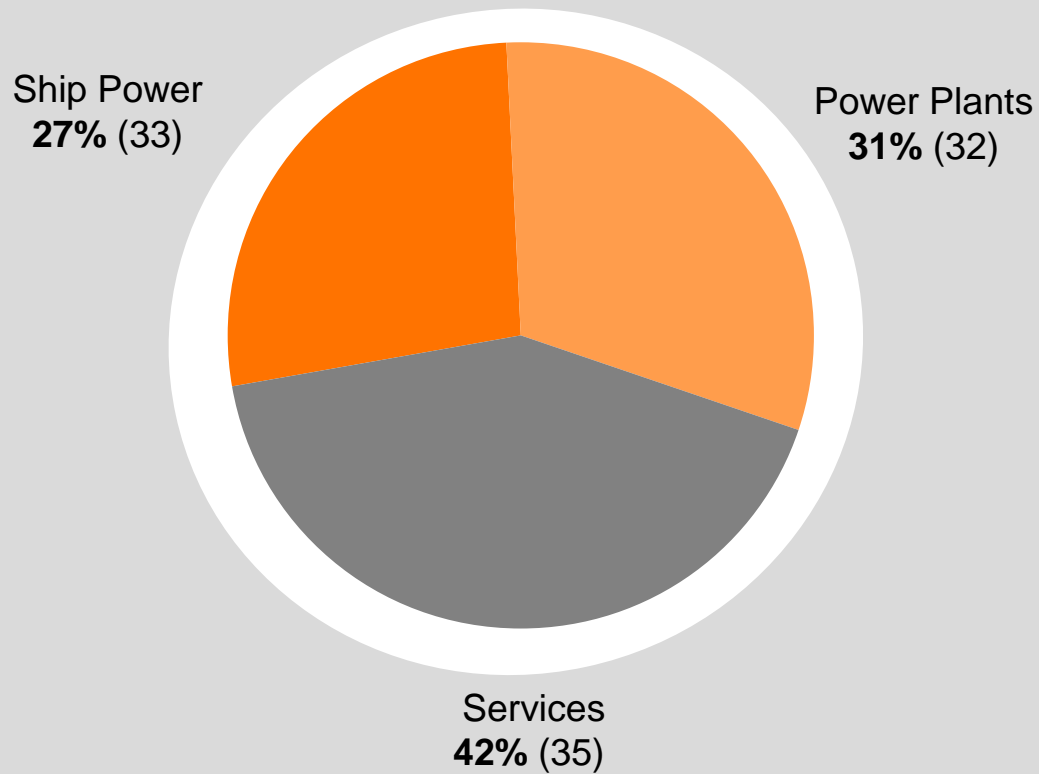


● Net sales ● Power Plants ● Ship Power ● Services

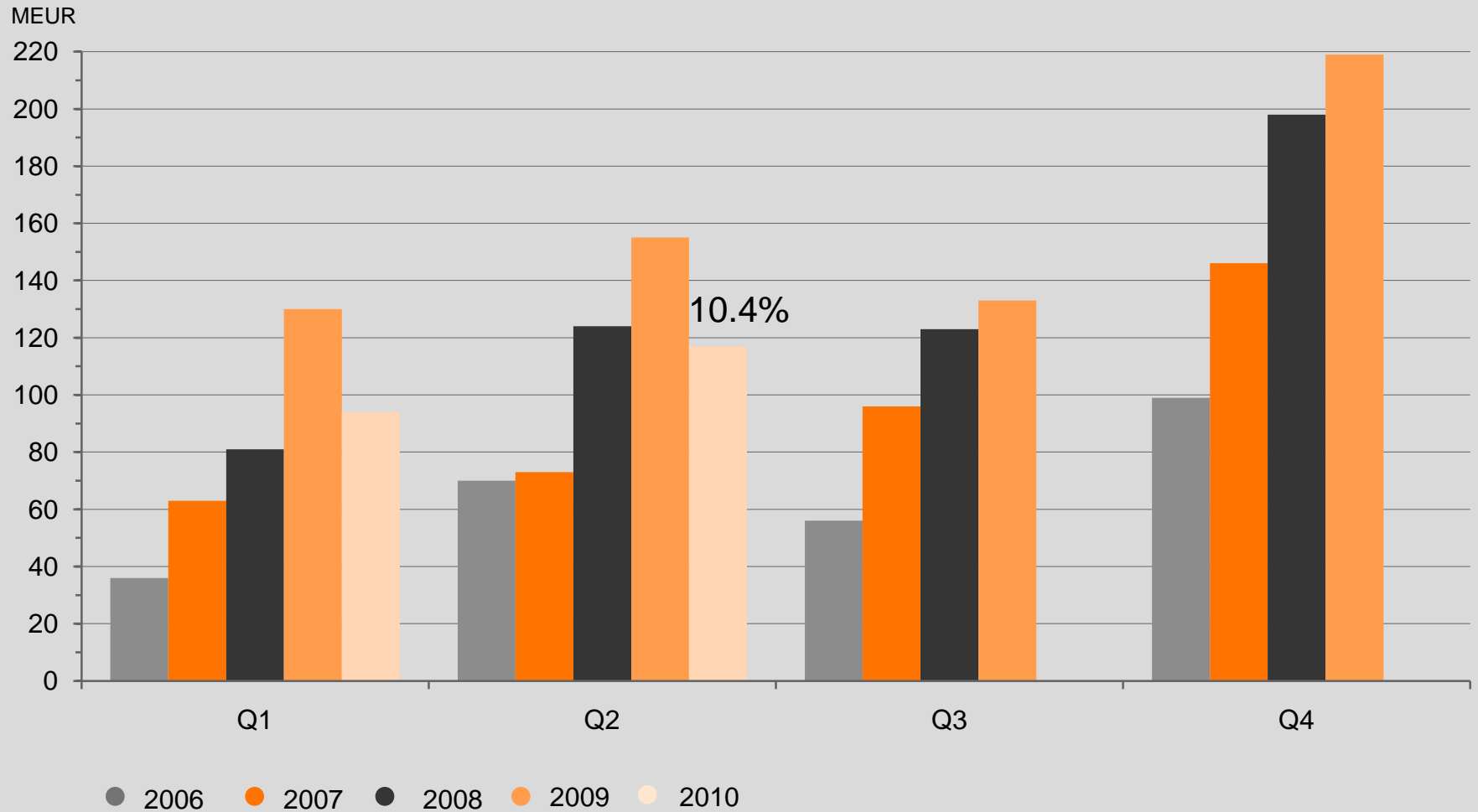
Second quarter development



Net sales by business 1-6/2010



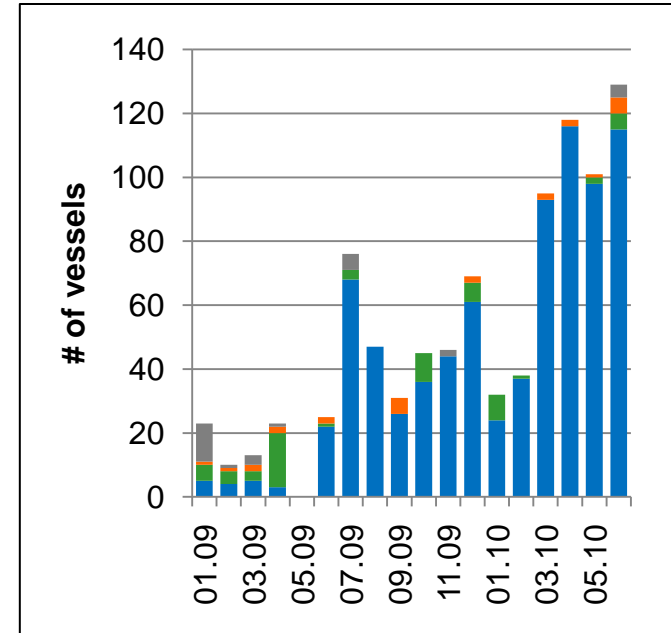
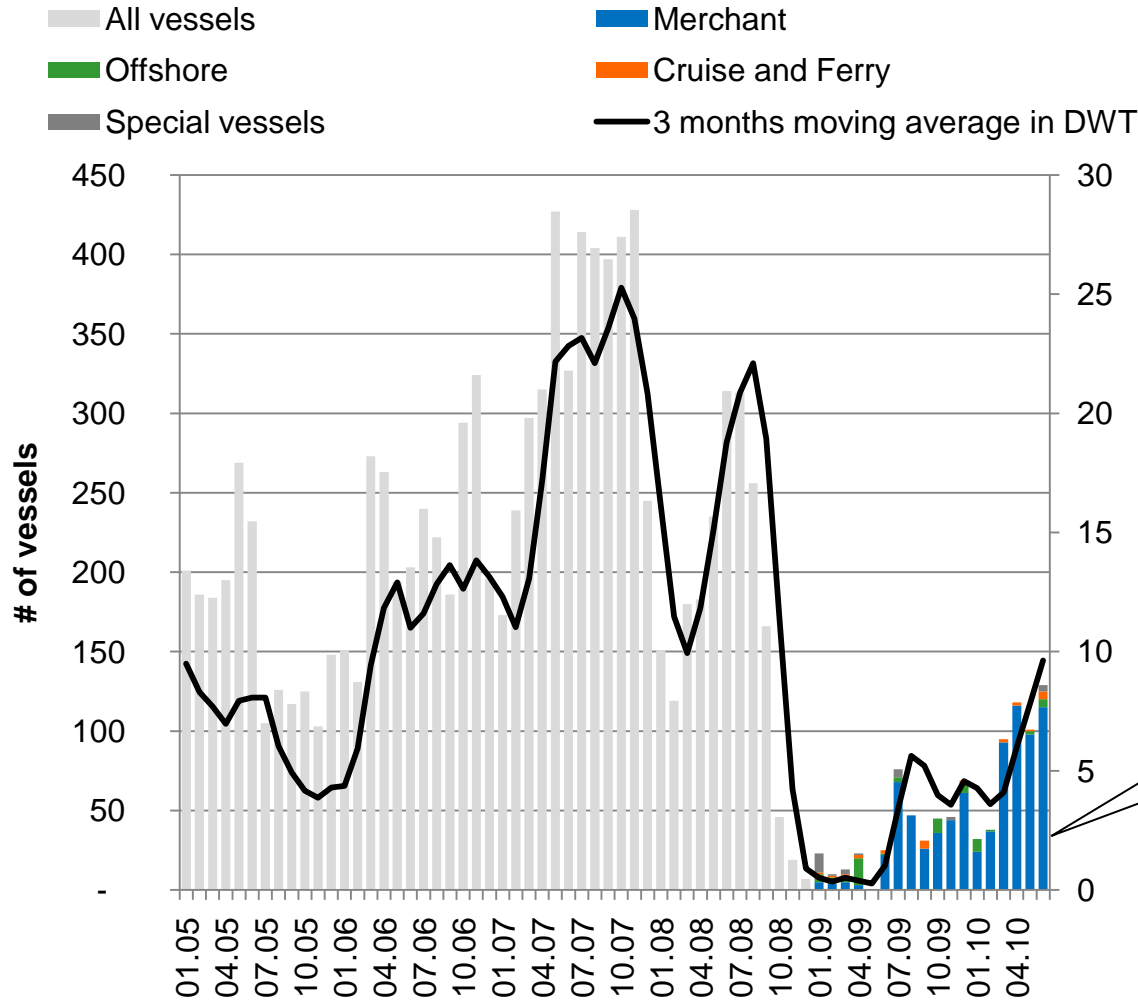
Good profitability



Operating result before nonrecurring items

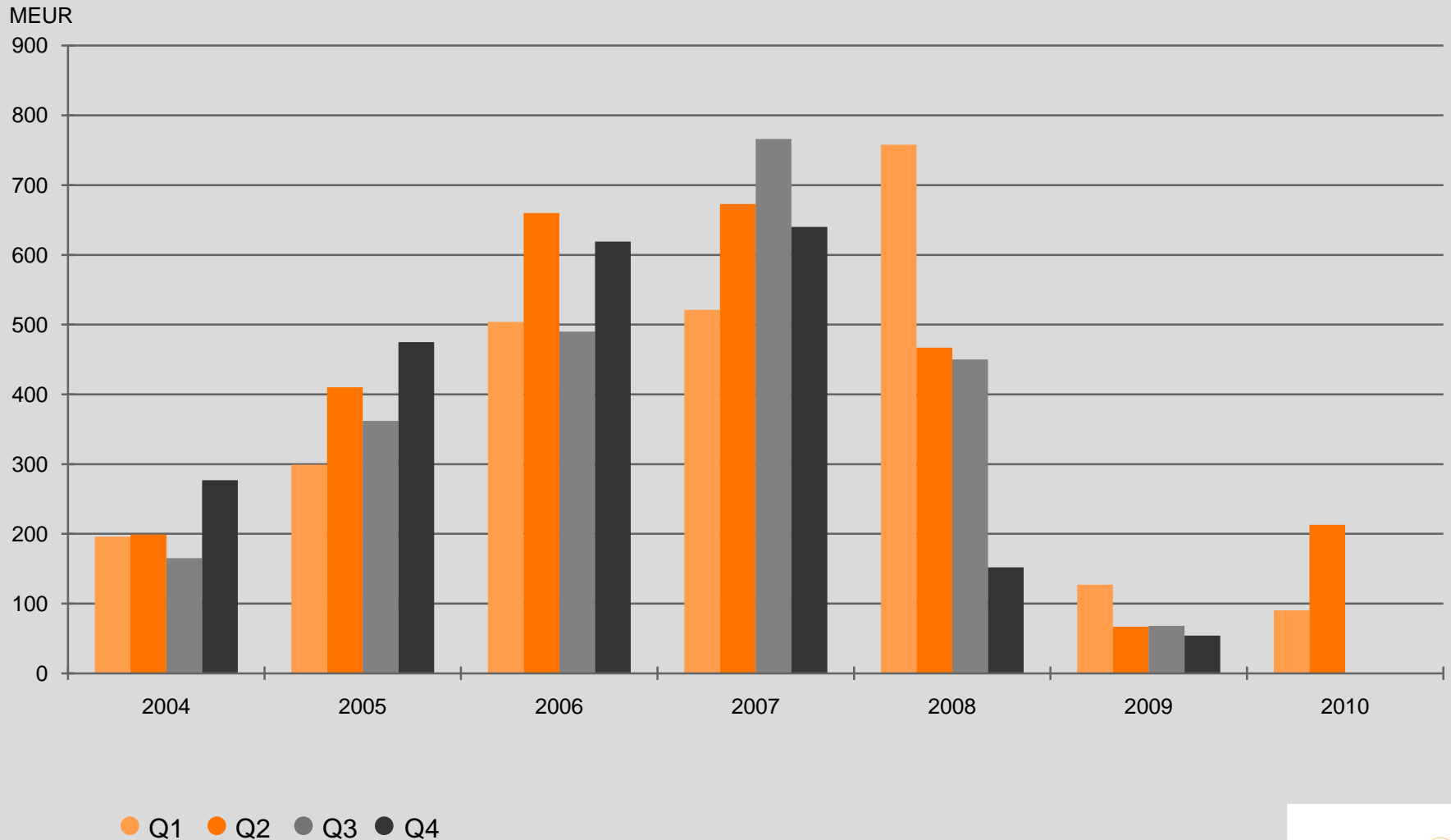
Ship Power market - vessel order development

Continued recovery in ordering activity

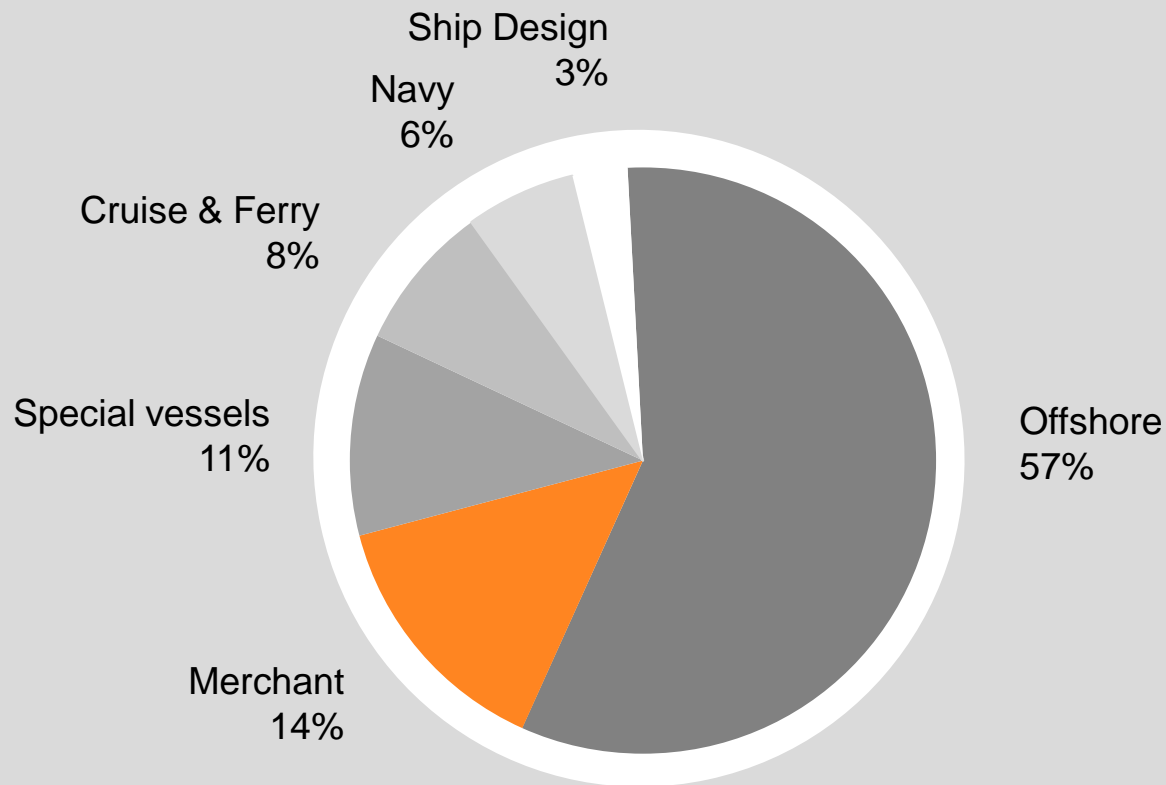


Source: Clarkson Research Services

Ship Power order intake – clear signs of pick-up



Ship Power order intake by segment Q2/2010

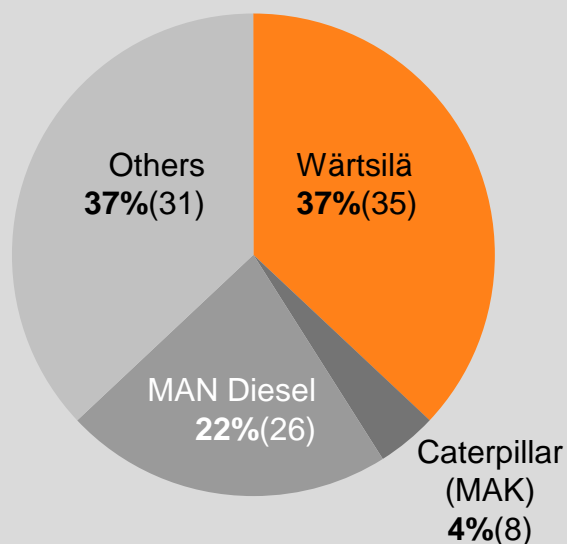


Total EUR 213 million (67)

Ship Power market

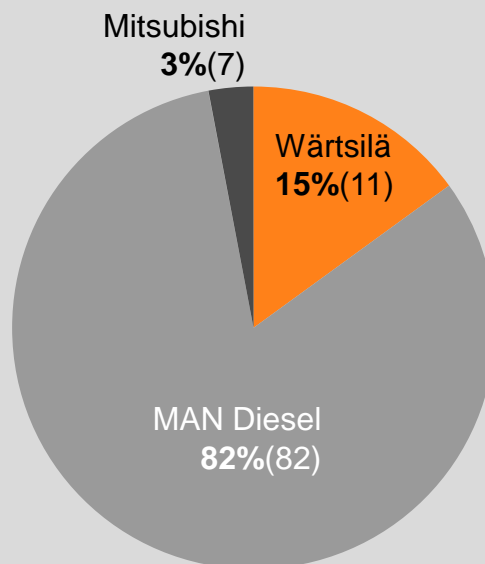
Market position of Wärtsilä's marine engines

Medium-speed main engines



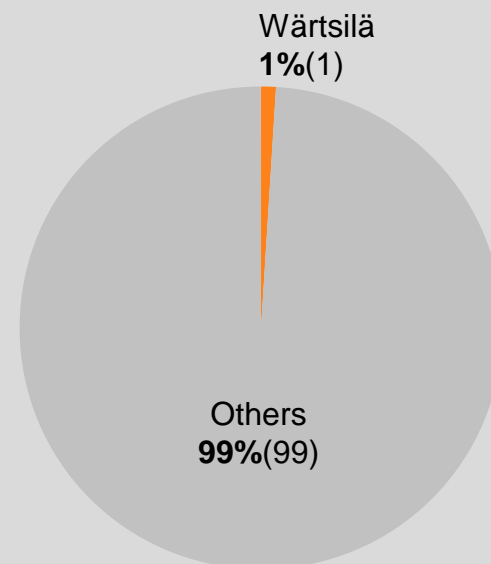
Total market volume last 12 months:
553 MW (1,138)

Low-speed main engines



Total market volume last 12 months:
5,667 MW (6,206)

Auxiliary engines

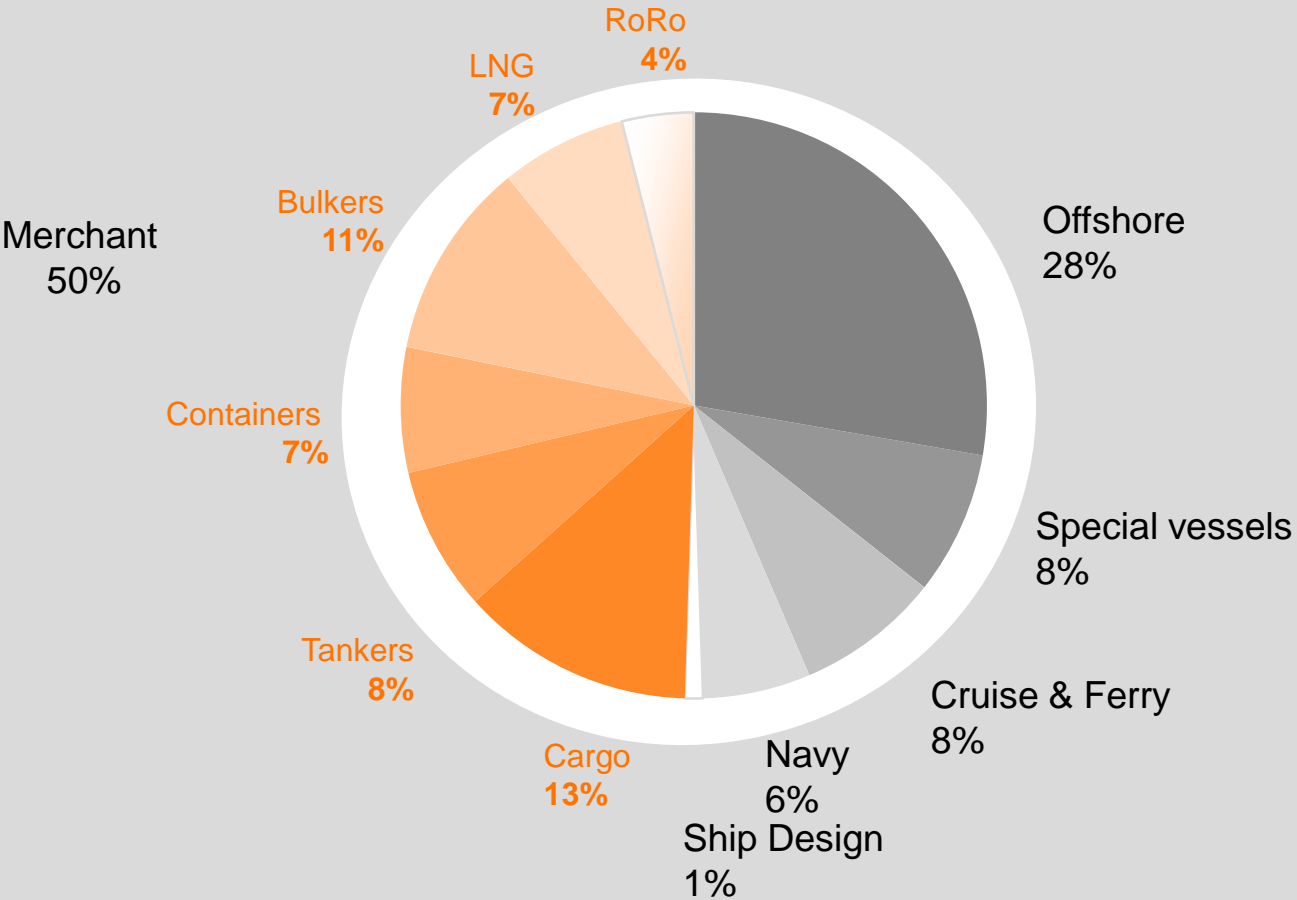


Total market volume last 12 months:
1,795 MW (2,311)

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 June 30, 2010

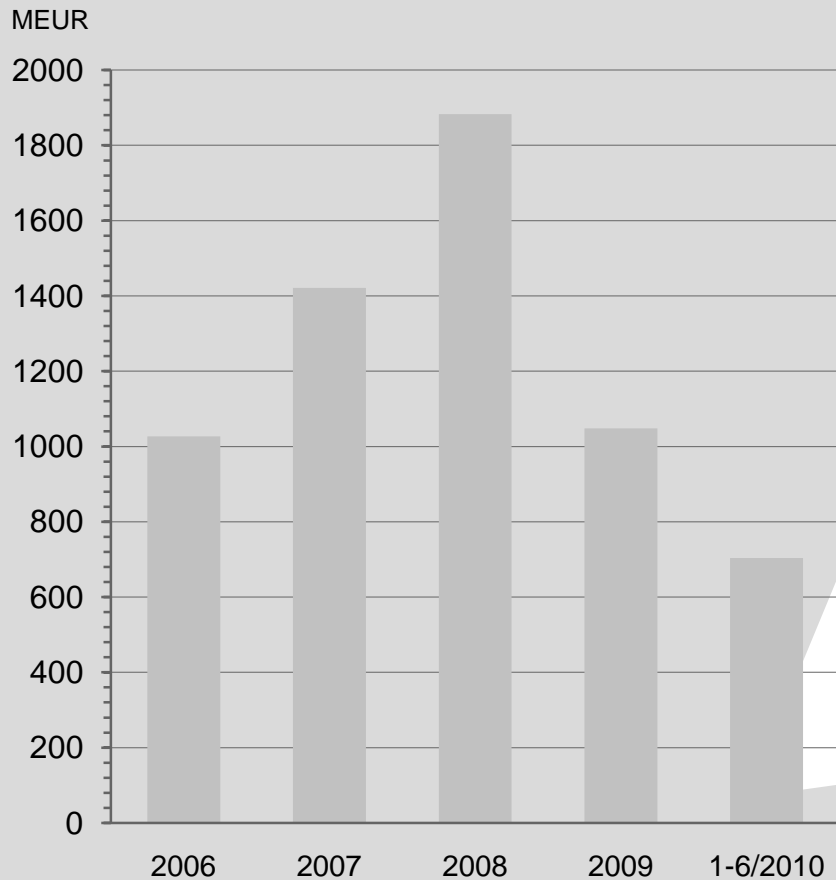
All vessel segments represented



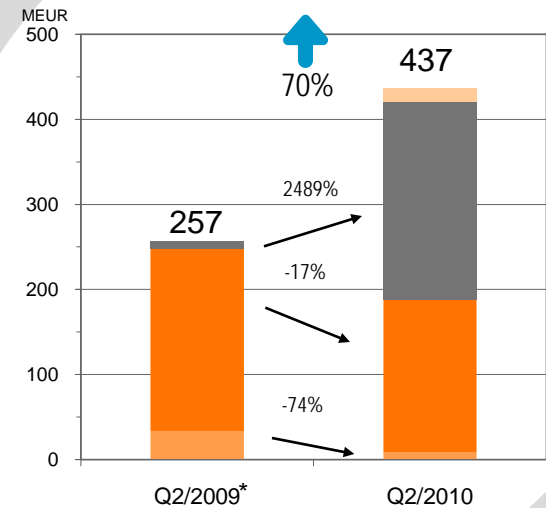
Total EUR 2,157 million (3,602)



Power Plants order intake by application

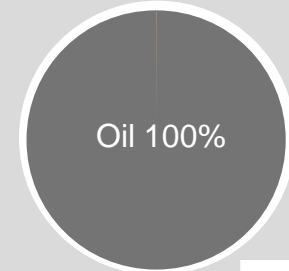


Second quarter development



* No orders from Oil & Gas industry in Q209

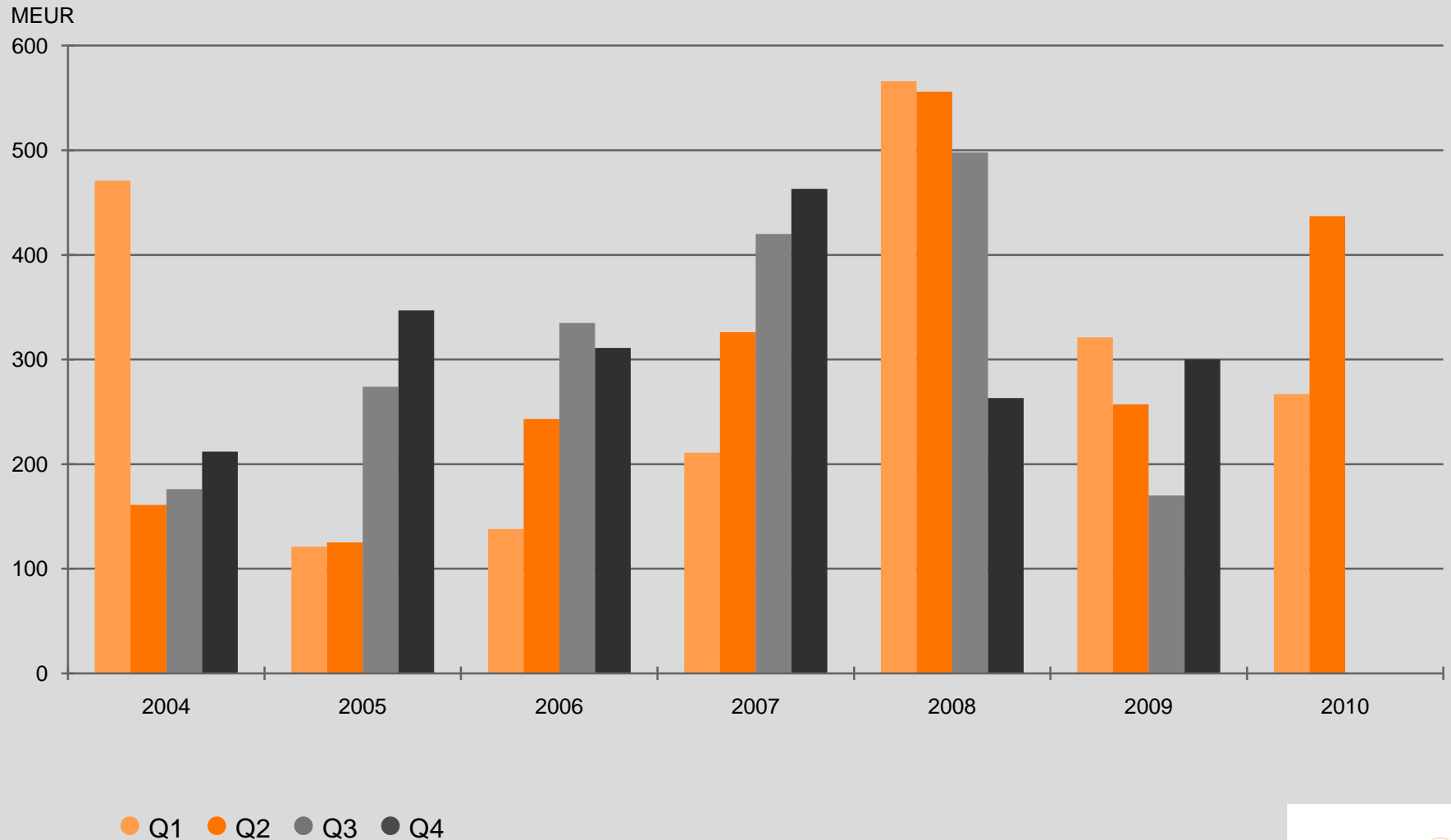
Order intake by fuel Q2/2010



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

Power Plants quarterly order intake

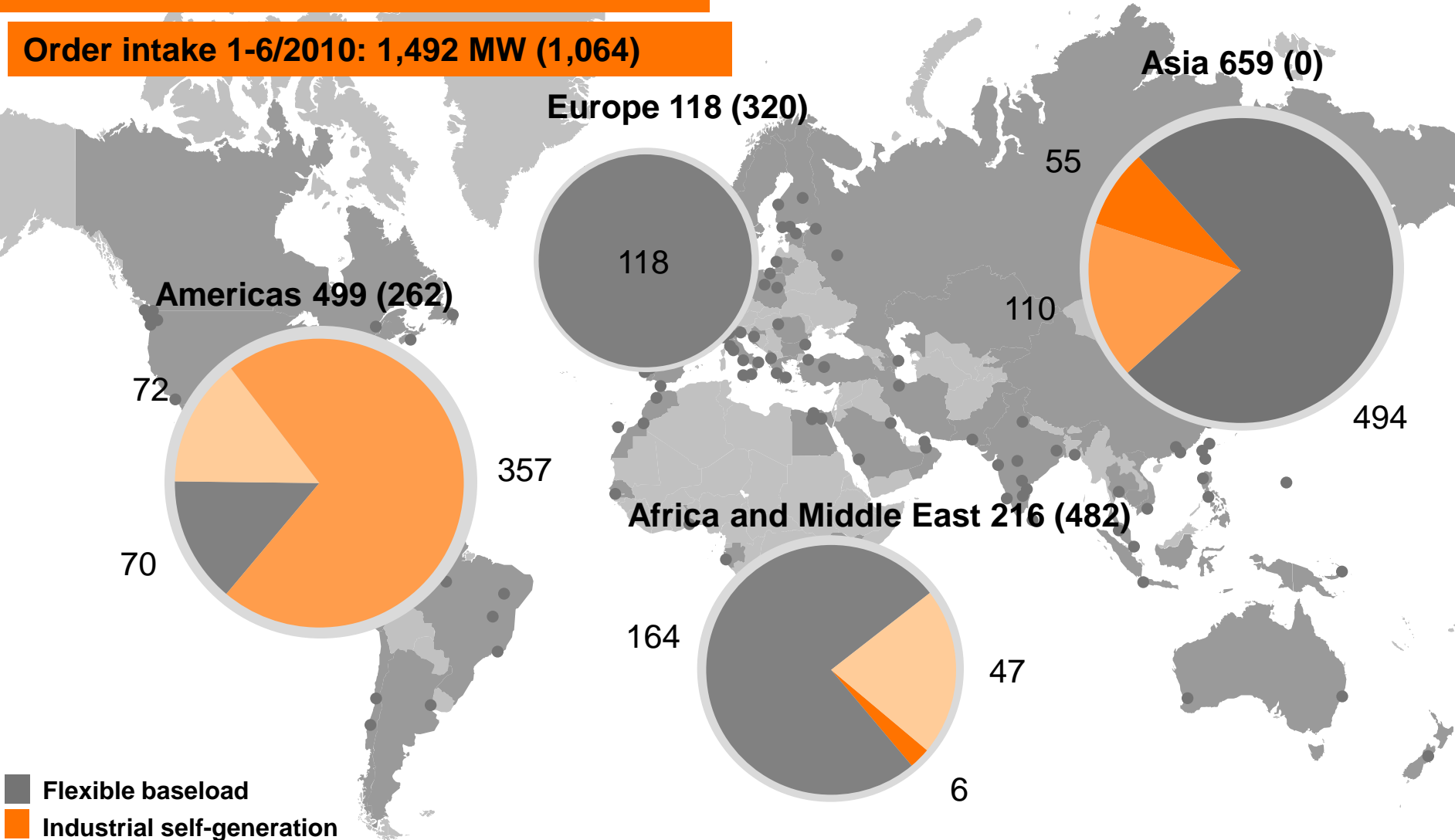
Strongest order intake since mid 2008



Power Plants order intake

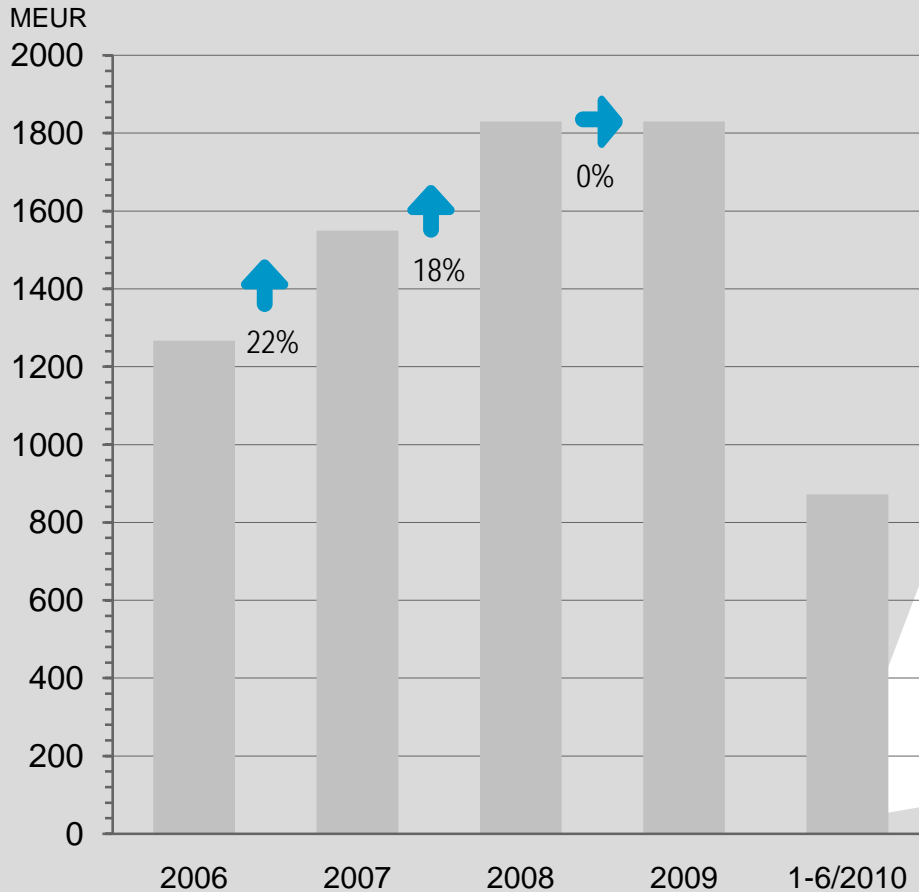
Asia strongest region

Order intake 1-6/2010: 1,492 MW (1,064)

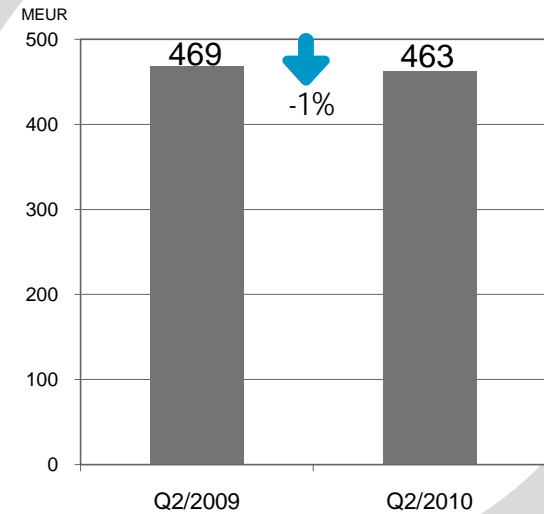


- Flexible baseload
- Industrial self-generation
- Oil & gas
- Grid stability & peaking

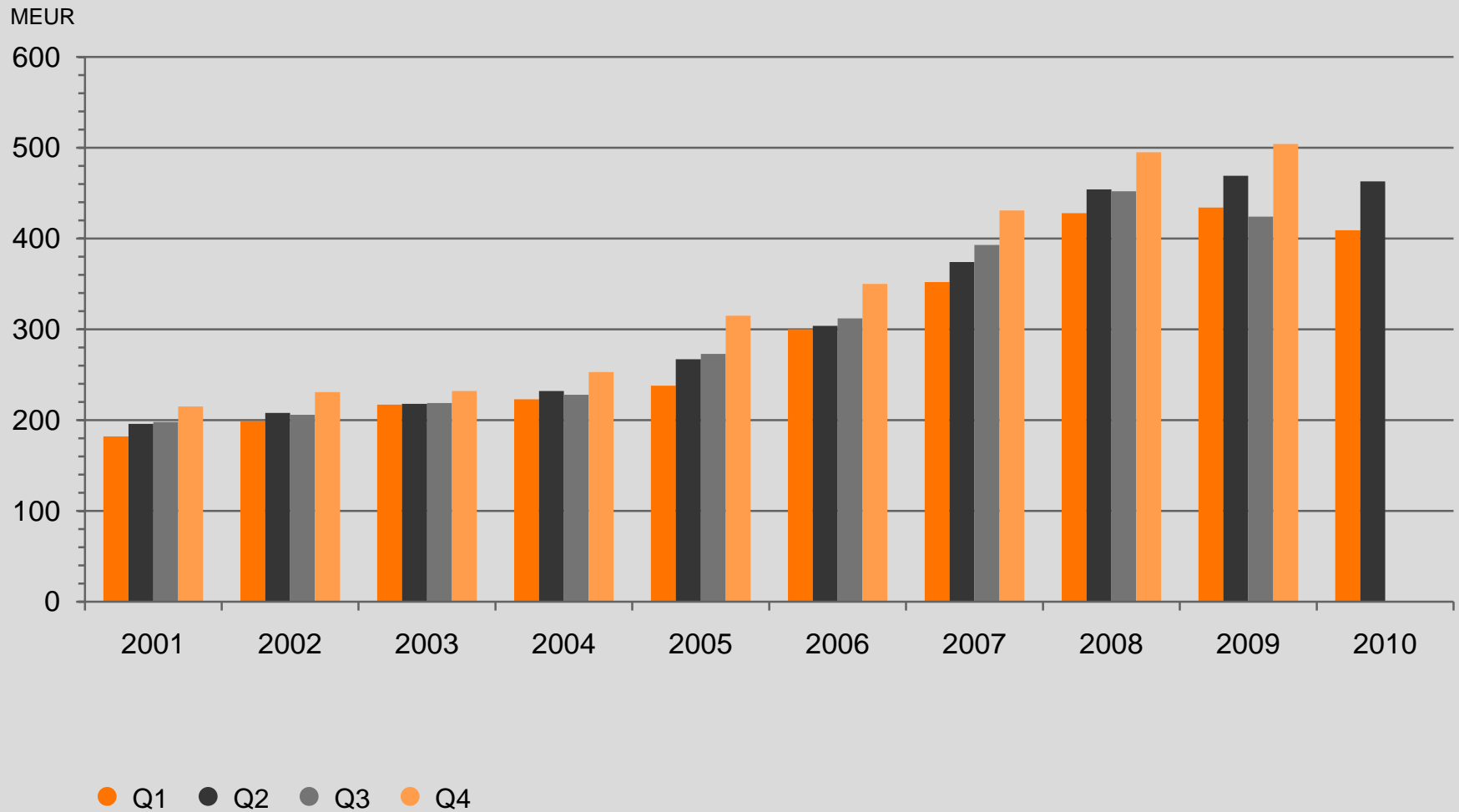
Services – Net sales steady



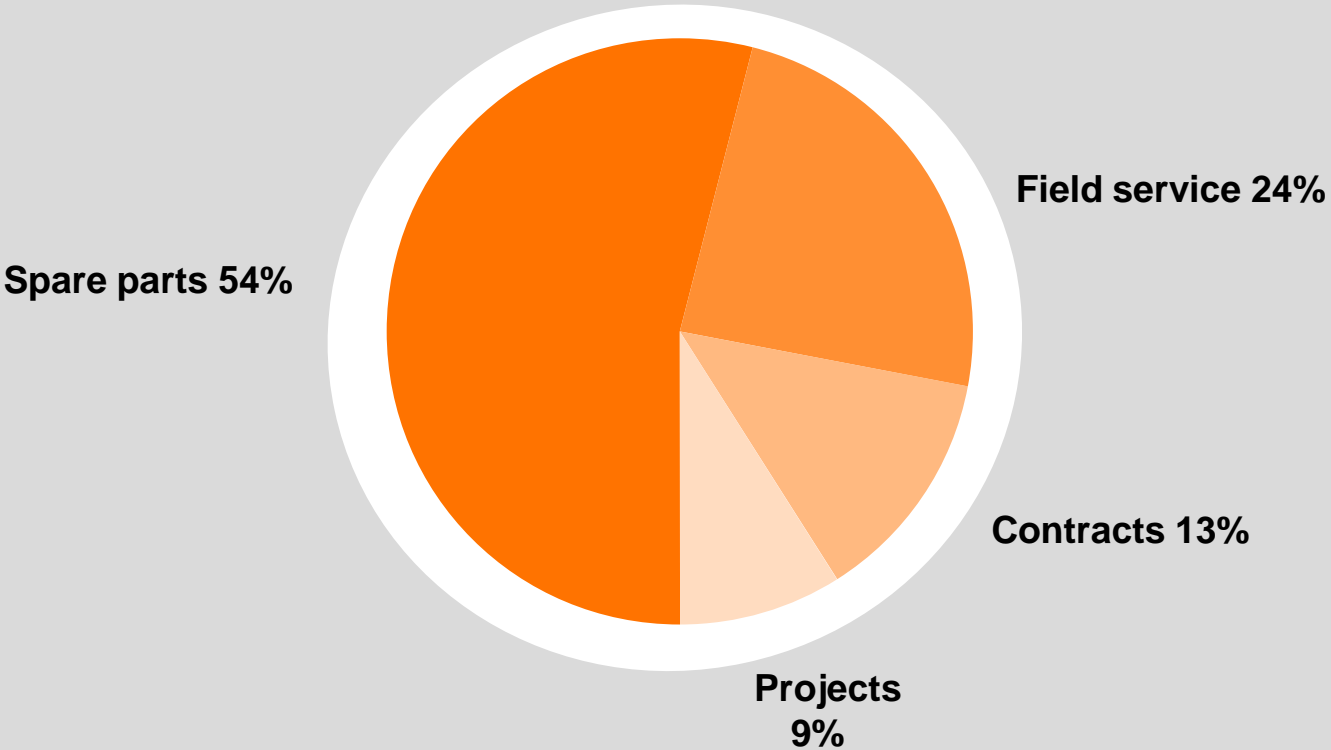
Second quarter development



Services – Net sales per quarter

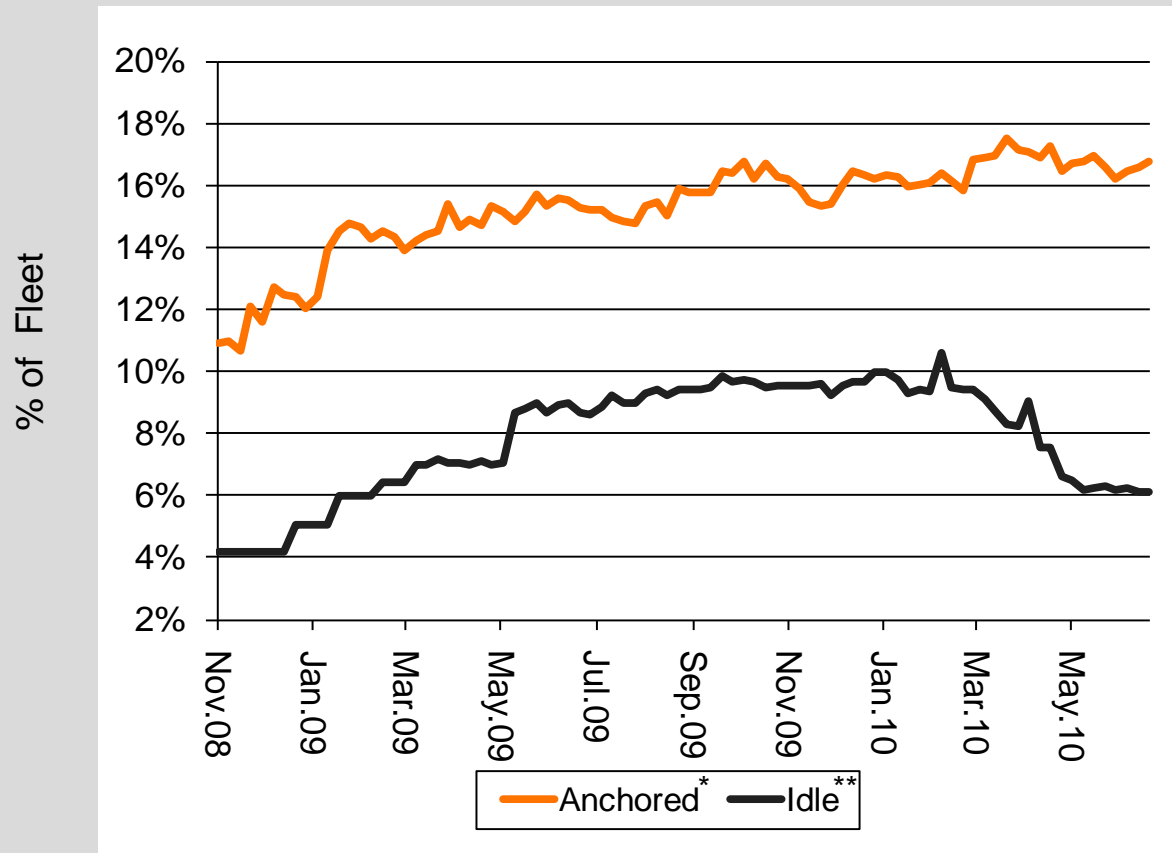


Services – Net sales distribution 1-6/2010



Services

Level of laid-up vessels starting to normalise



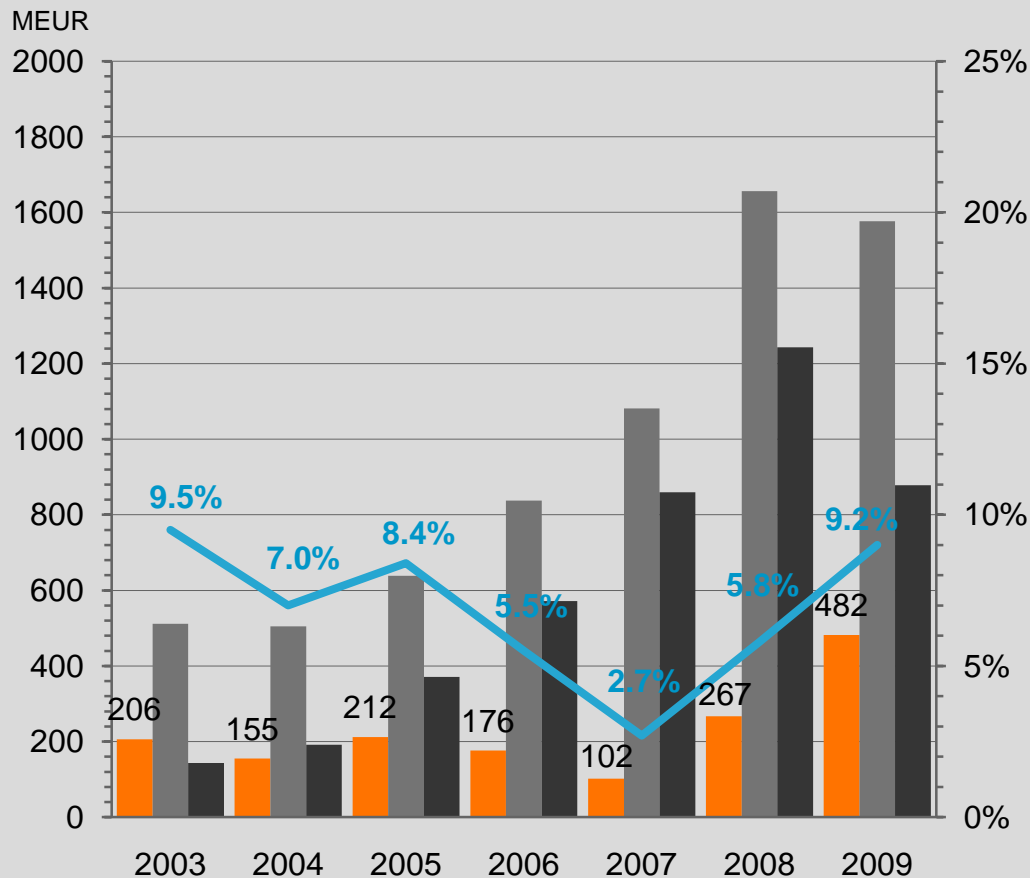
* Anchored (reported navigation status at anchor). Source Bloomberg (AISLive). More than 25 000 vessels (>299 GT) covered.

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

Strong cash flow

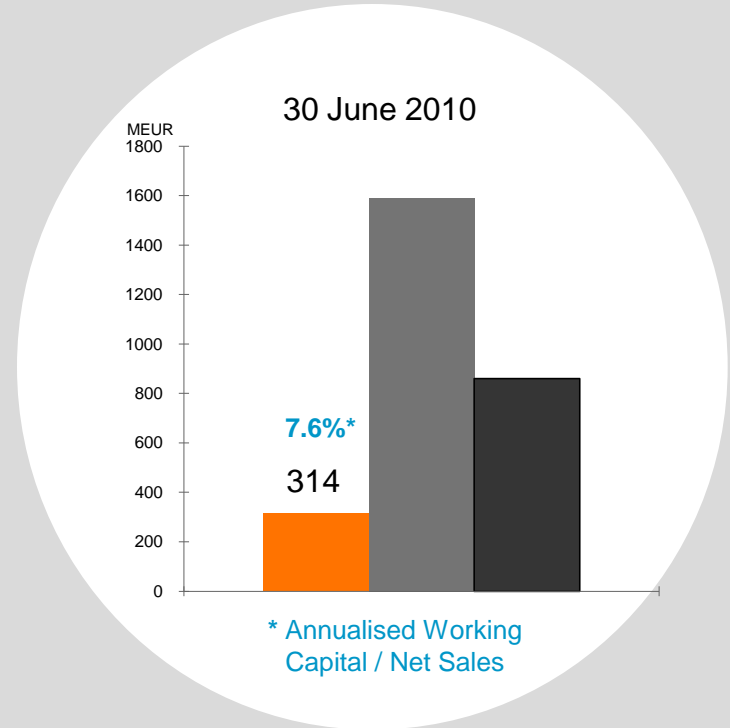
| MEUR | 4-6/10 | 4-6/09 | 1-6/10 | 1-6/09 | 2009 |
|--|--------|--------|--------|--------|------|
| Cash flow from operating activities | 89 | -95 | 270 | -72 | 349 |
| Cash flow from investing activities | -14 | -44 | -25 | -90 | -163 |
| Cash flow from financing activities | -3 | 108 | -171 | 81 | -140 |
| Cash and cash equivalents at end of period | 331 | 118 | 331 | 118 | 244 |

Net working capital development

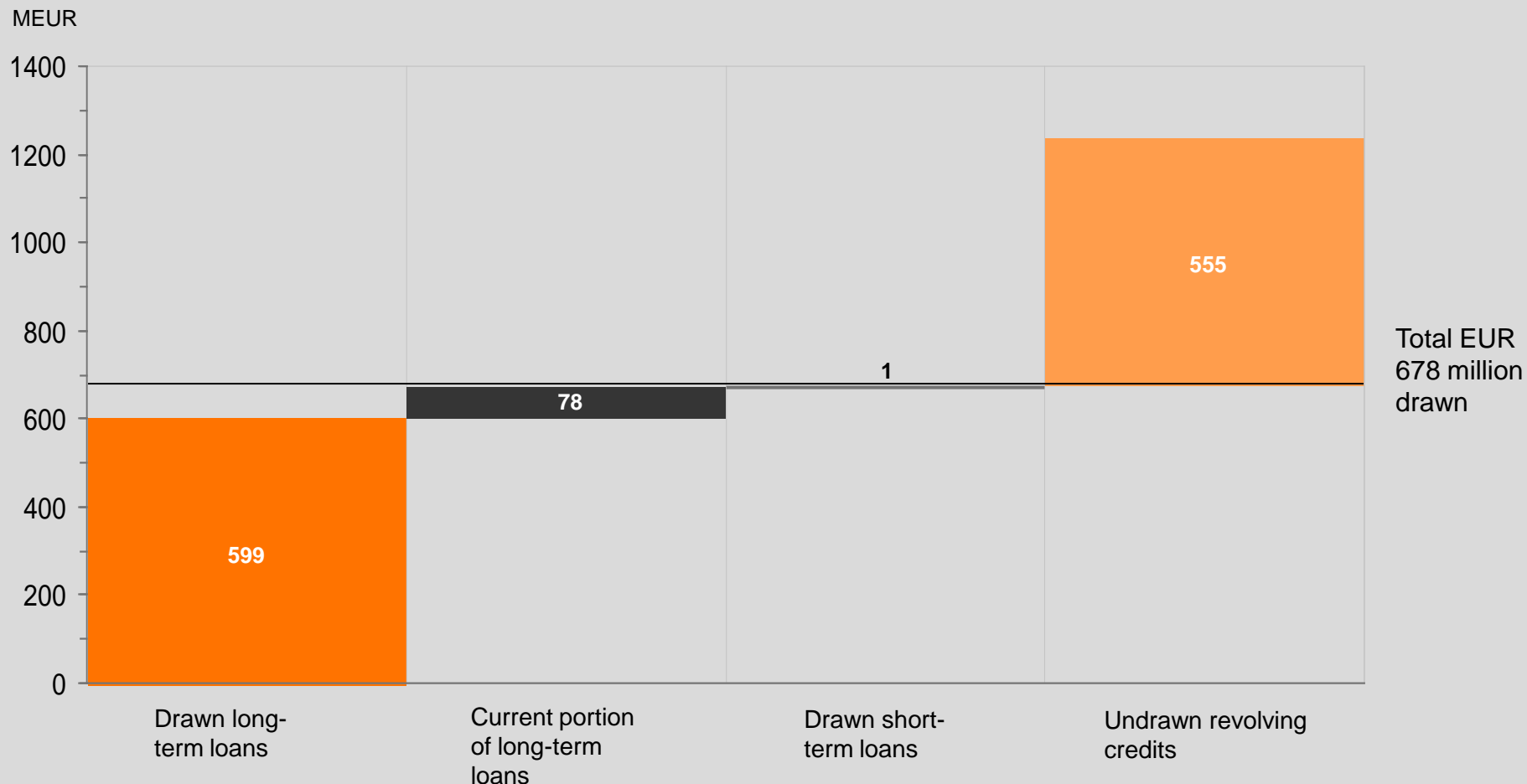


● Working Capital
 ● Total Inventories
 ● Advances Received
 — Working Capital / Net Sales

All figures relate to the Power Businesses



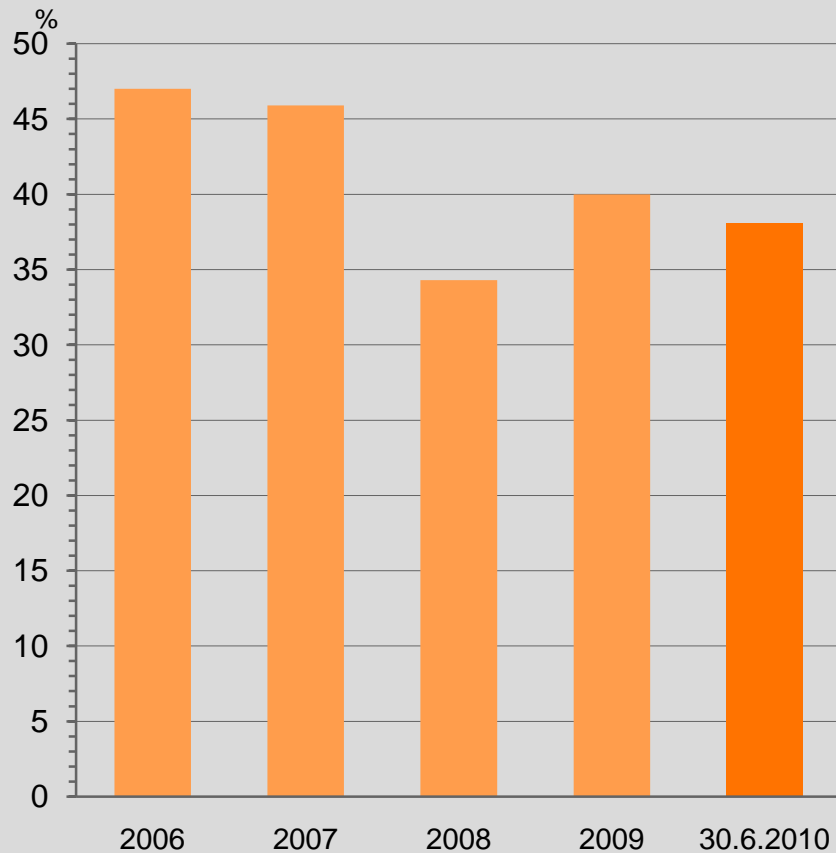
Committed loans June 30, 2010



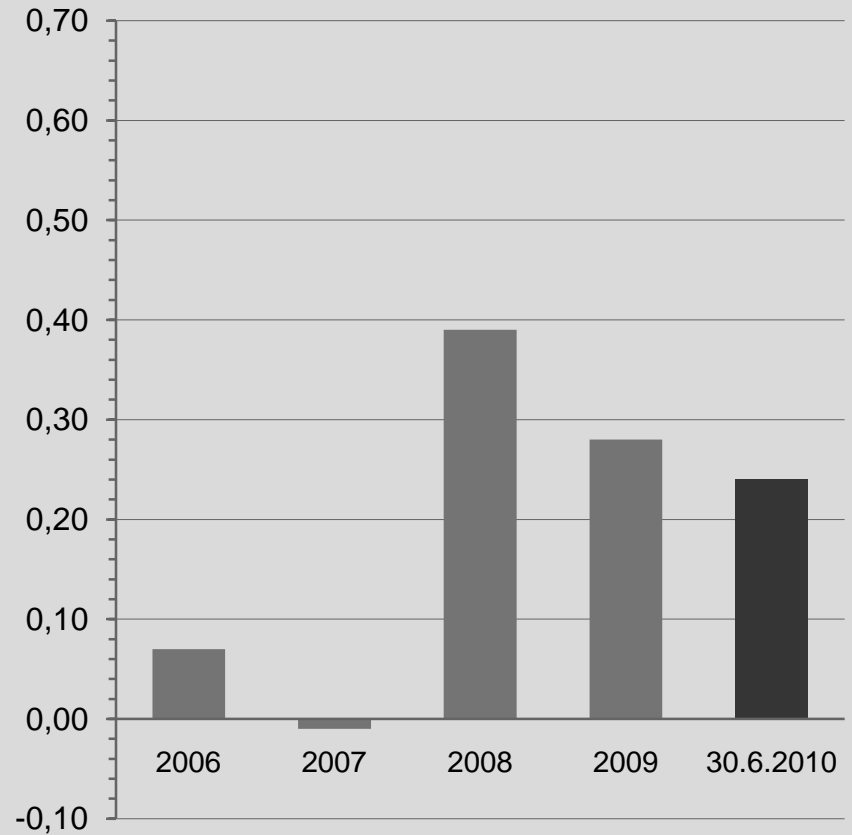
At the end of the reporting period, drawn revolving credits amounted to 0 euros. In addition there are Finnish Commercial Paper Programs of EUR 700 million (uncommitted).

Financial position

Solvency



Gearing



Restructuring programmes

Initiated 2009

- **Ship Power adjustment program**
- Reduction of 400-450 jobs
- Expected annual savings of EUR 30 million, will take full effect by the end of 2010
- Programme proceeding according to plan, majority of savings have materialised

Initiated 2010

- **Reducing manufacturing capacity**
- Plans to reduce 1,400 jobs globally within the Group during 2010 (570 in the Netherlands)
- Expected annual savings of approx. EUR 80-90 million, with full effect in the first half of 2011
- Implementation:
 - Closure of Drunen and DTS in Zwolle entering implementation stage. The entire restructuring of the production will be finalised by the end of 2010.
 - The W20-generating set production in Vaasa has been moved to China
 - Various restructuring measures in other locations
- **Adjusting staff functions** - Programme proceeding according to plan



- **Ship Power:** Ordering volumes will remain at lower levels than during the previous peak years. Competition and price pressure will remain intense. Order intake expected to clearly improve compared to 2009.
- **Power Plants:** The power generation market recovery is expected to continue in 2010. Order intake estimated to improve in 2010.
- **Services:** Uncertainty will continue in 2010 with regards to larger service projects. 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 reiterated



- Net sales expected to decline by 10-20 percent.
- Operational profitability (EBIT% before nonrecurring items) between 9-10%, well within the upper end of our long-term target range.



WÄRTSILÄ

IR Contact:

Joséphine Mickwitz

Director, Investor Relations

Tel. +358 (0)10 7095216

E-mail:

josephine.mickwitz@wartsila.com

WARTSILA.COM