

# WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY-SEPTEMBER 2012

BJÖRN ROSENGREN, PRESIDENT & CEO

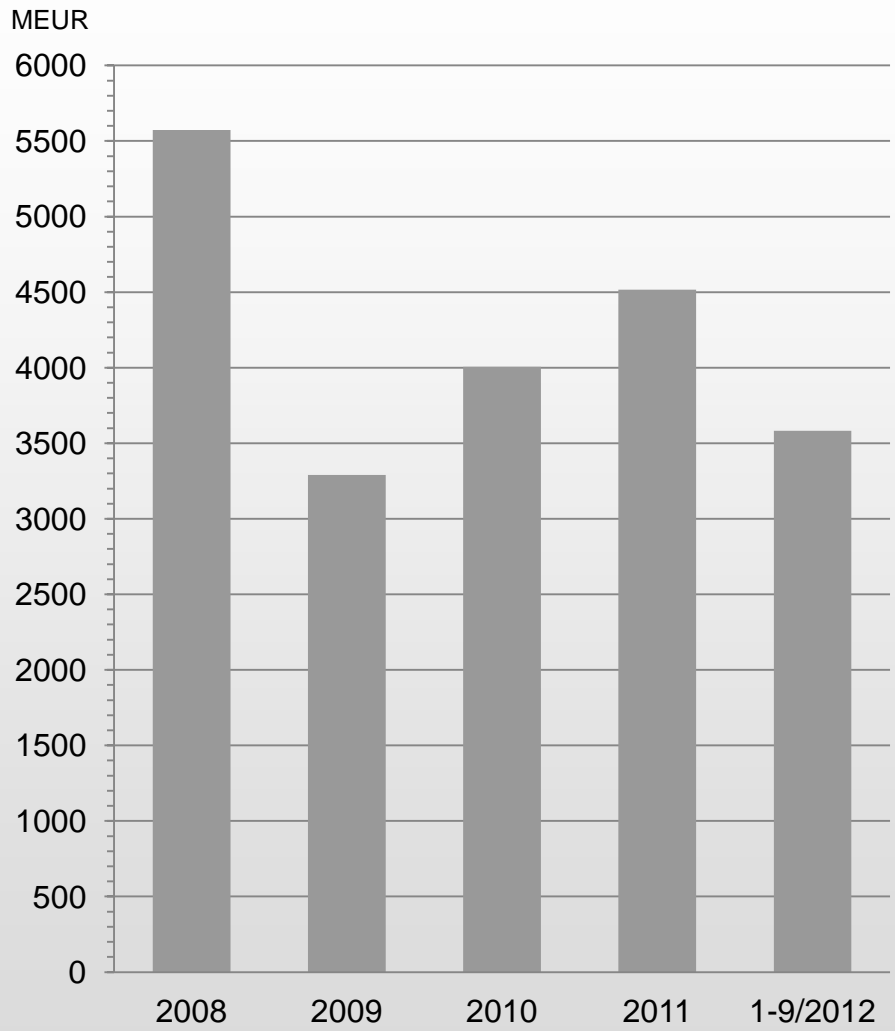
17 OCTOBER 2012



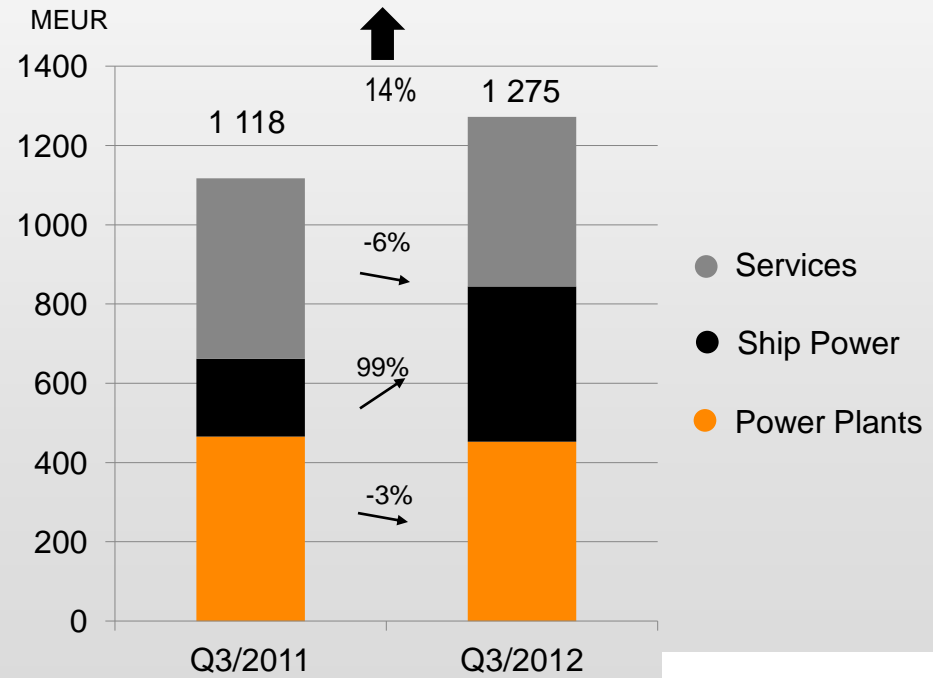
- Prospects for 2012 improved
  - Net sales to grow by 10-15%
  - Profitability to be 10.5-11%
- Order intake EUR 1,275 million, +14%
- Net sales EUR 1,087 million, +28%
- Book-to-bill 1.17 (1.31)
- EBIT EUR 113 million, 10.4% of net sales
- EBITA EUR 122 million, 11.2% of net sales
- EPS EUR 0.38 (0.26)
- Cash flow from operating activities EUR 121 million (219)

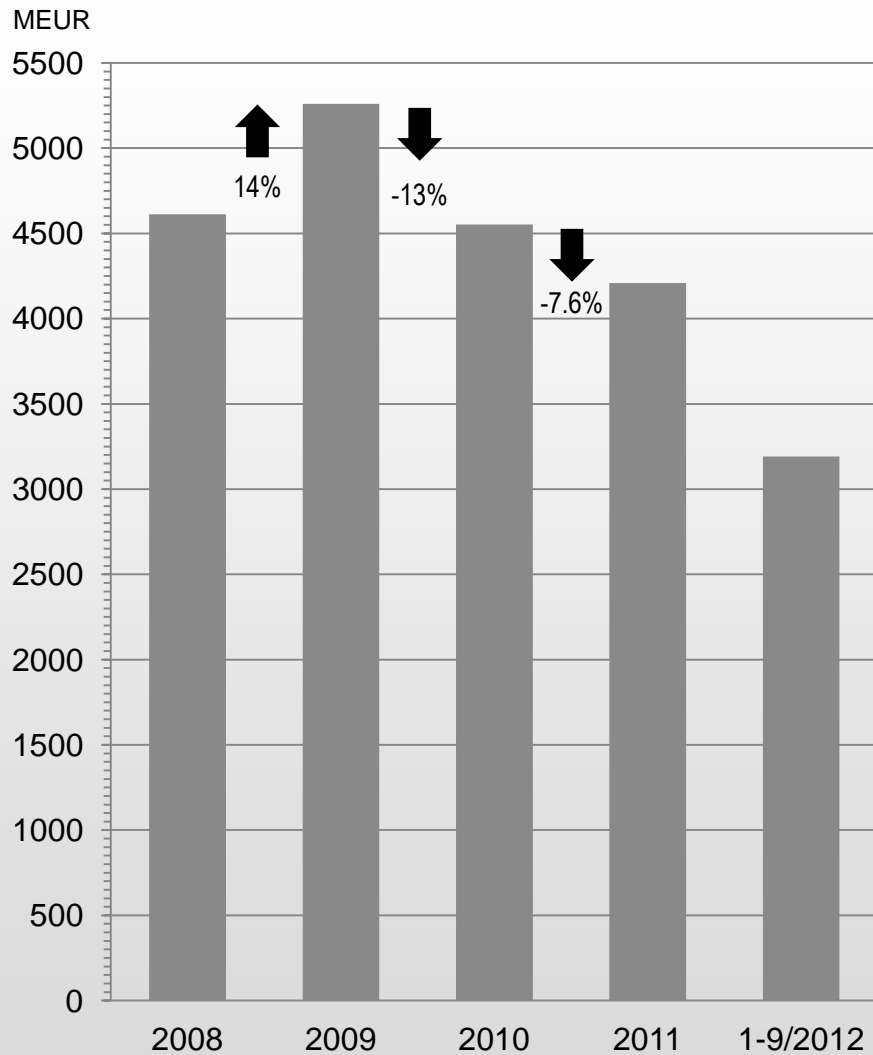
EBIT is shown excluding non-recurring items.

EBITA is shown excluding non-recurring items and intangible asset amortisation related to acquisitions.

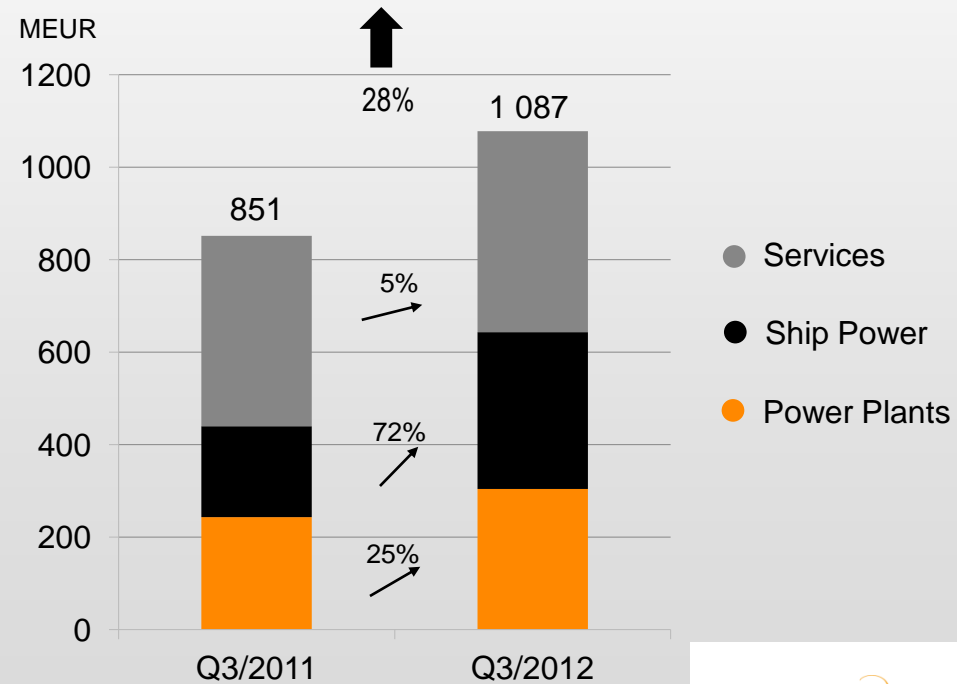


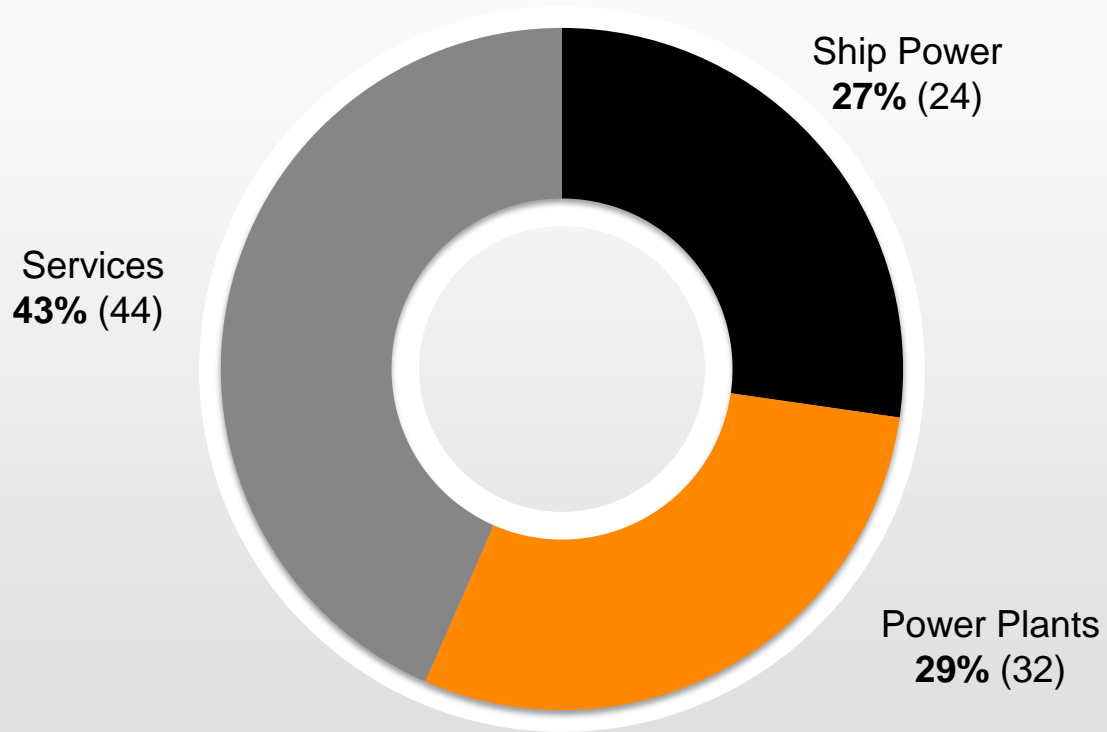
### Third quarter development



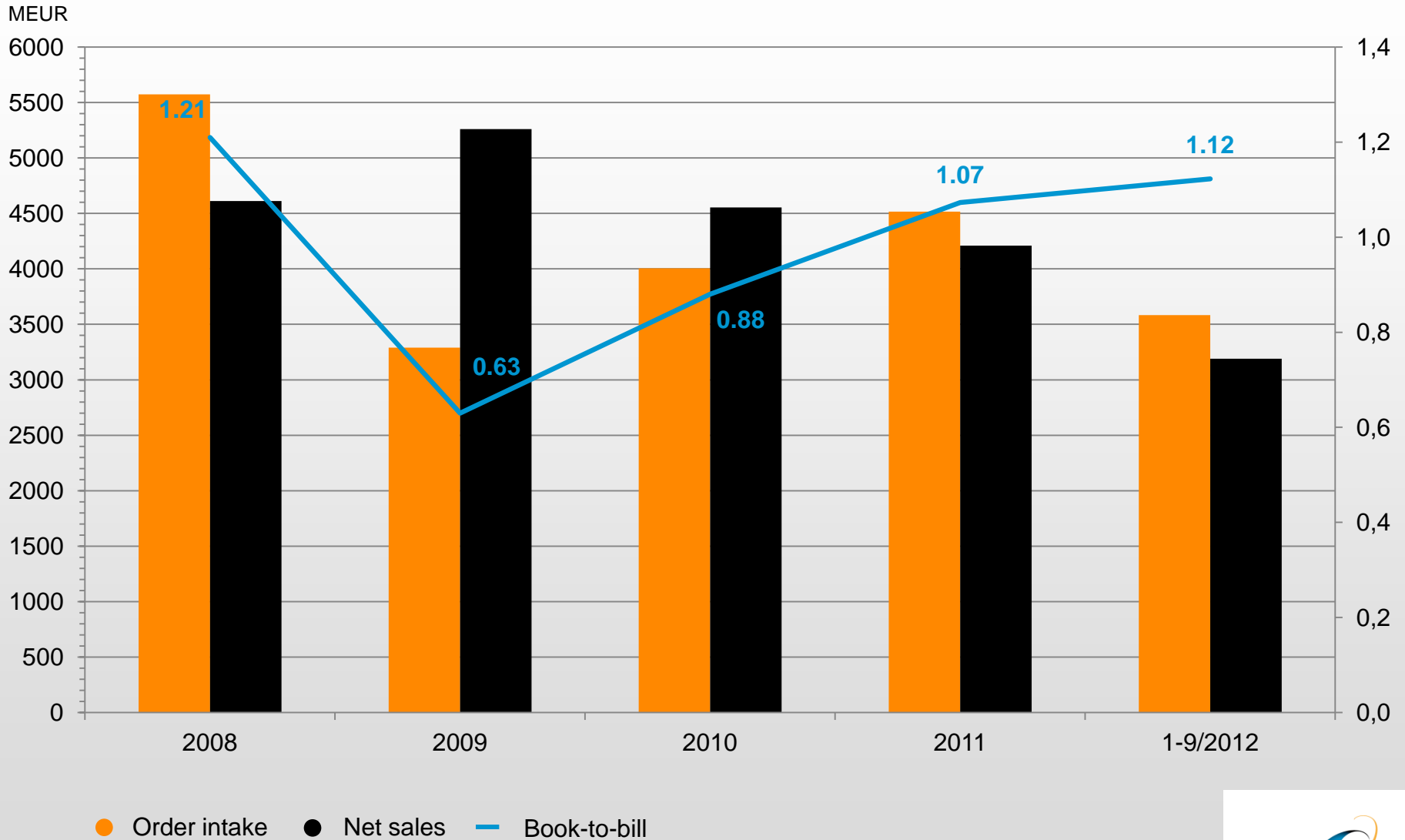


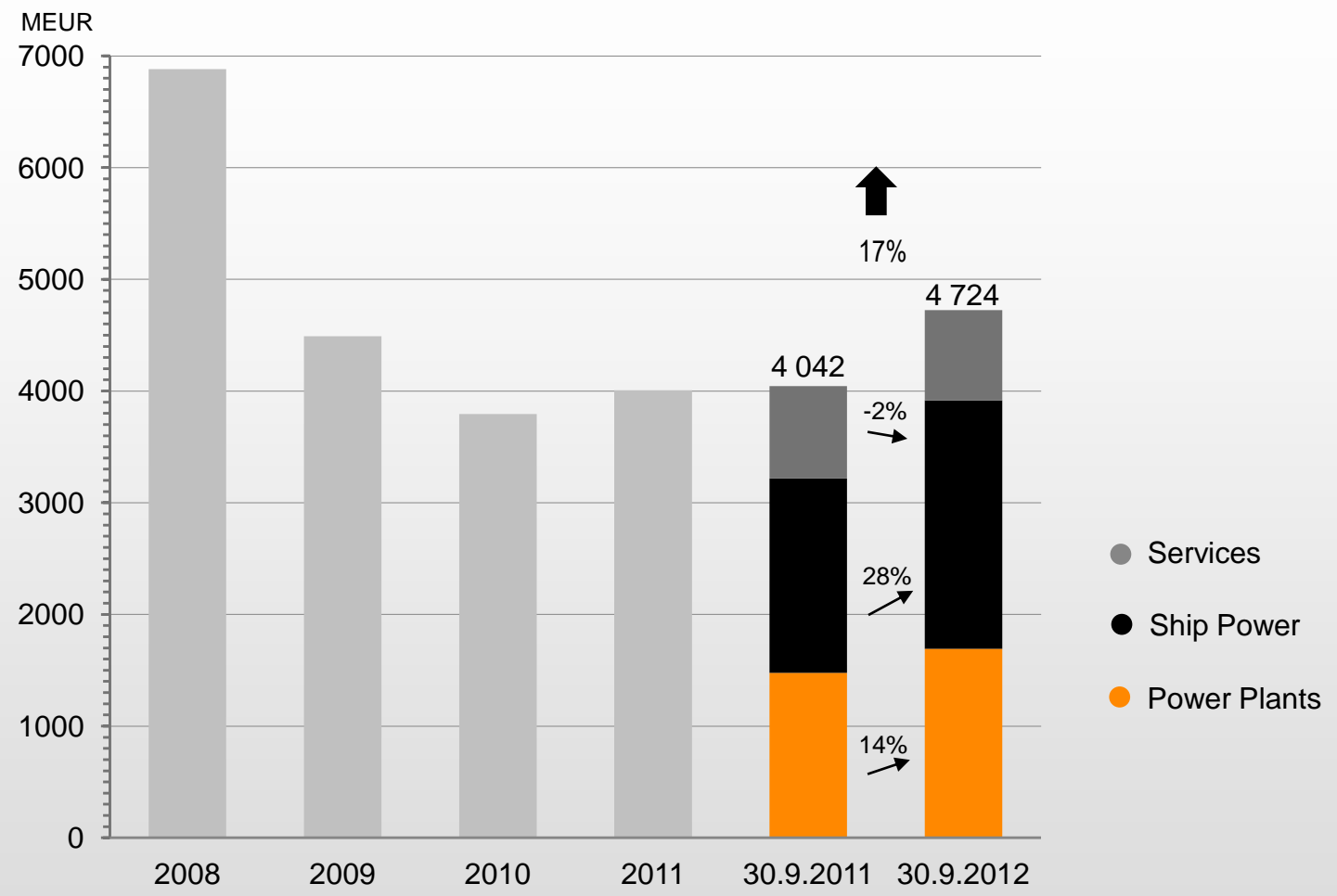
### Third quarter development

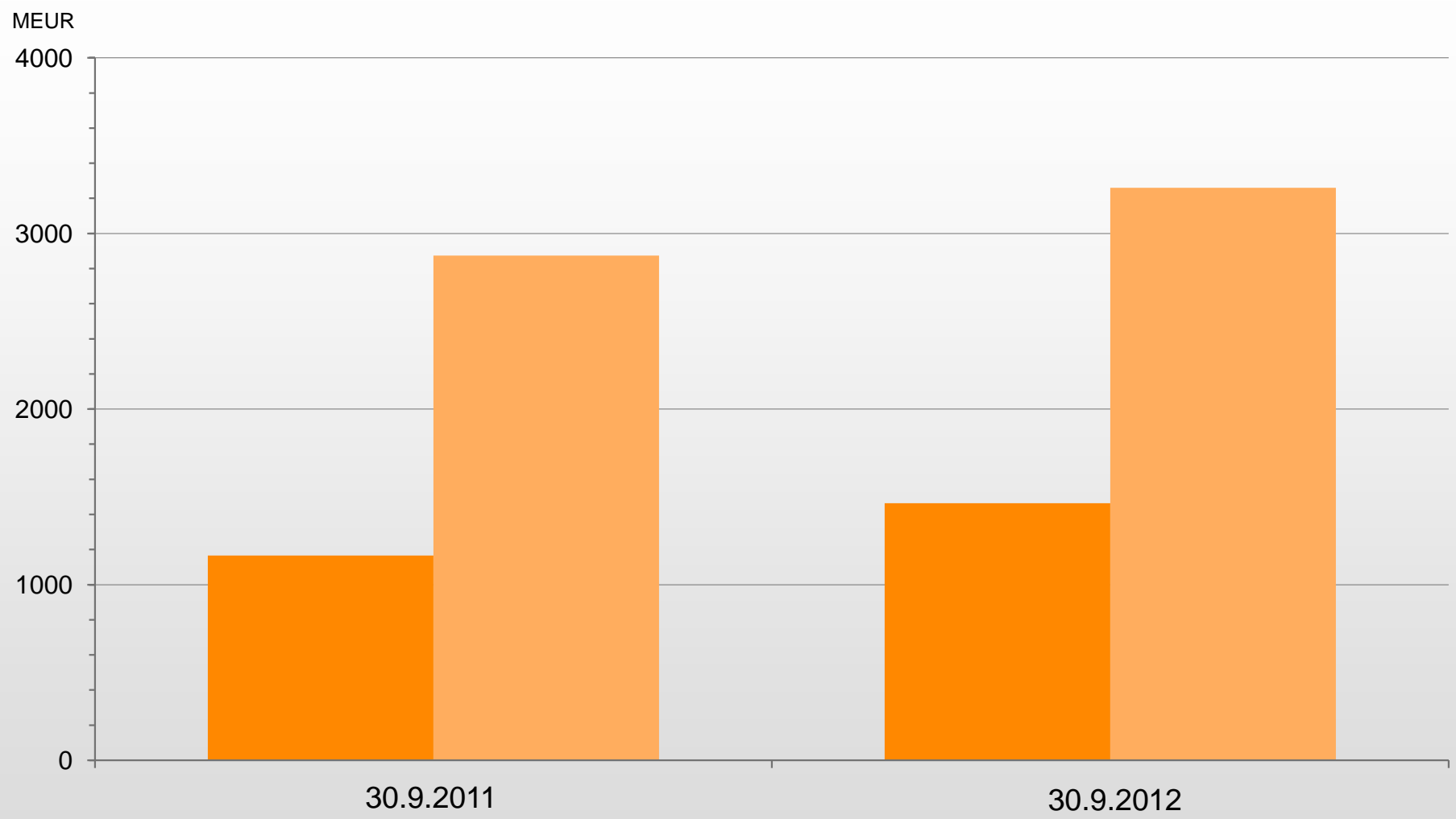




# Book-to-bill ratio remains above one



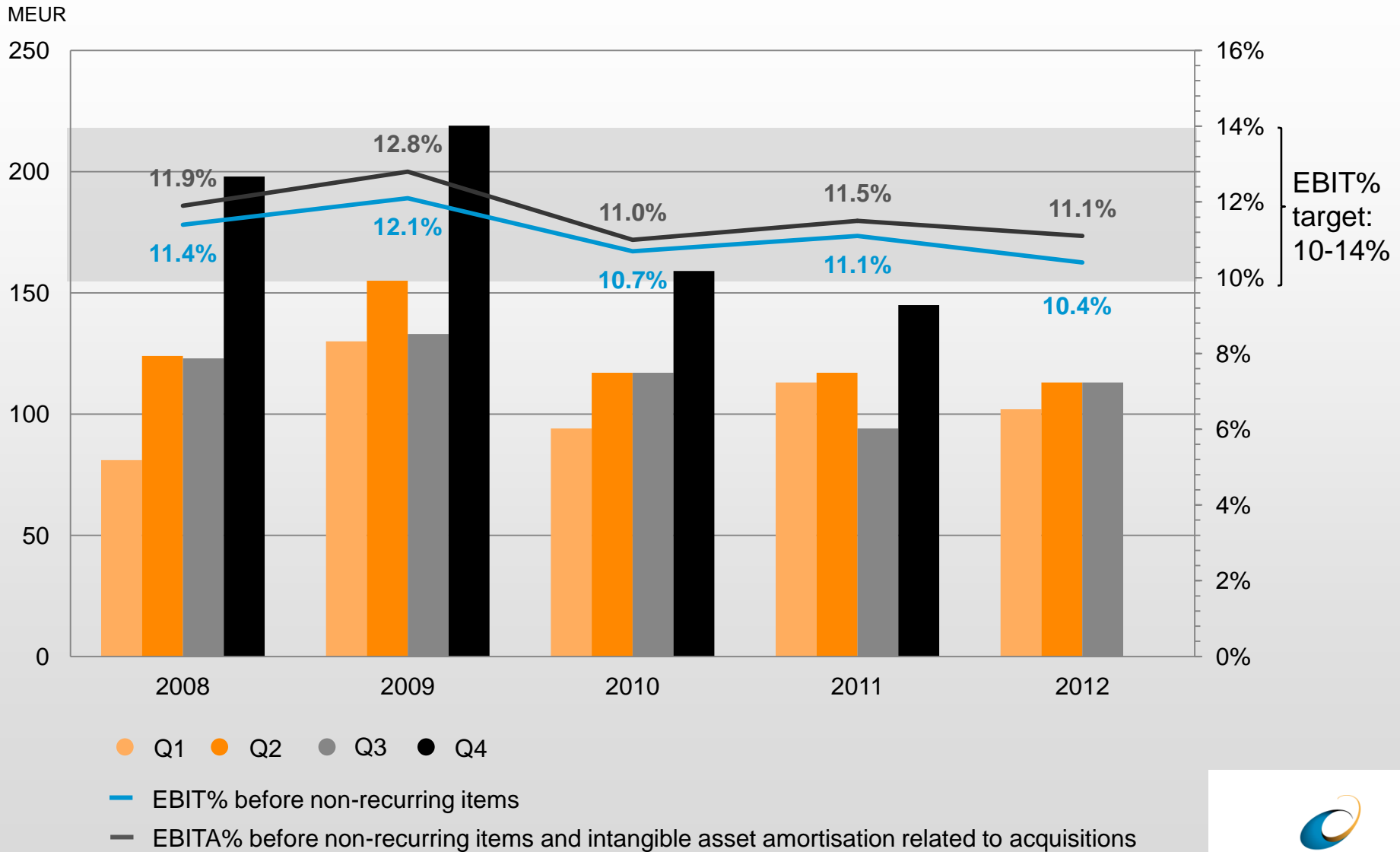




● Delivery current year    ● Delivery next year or later



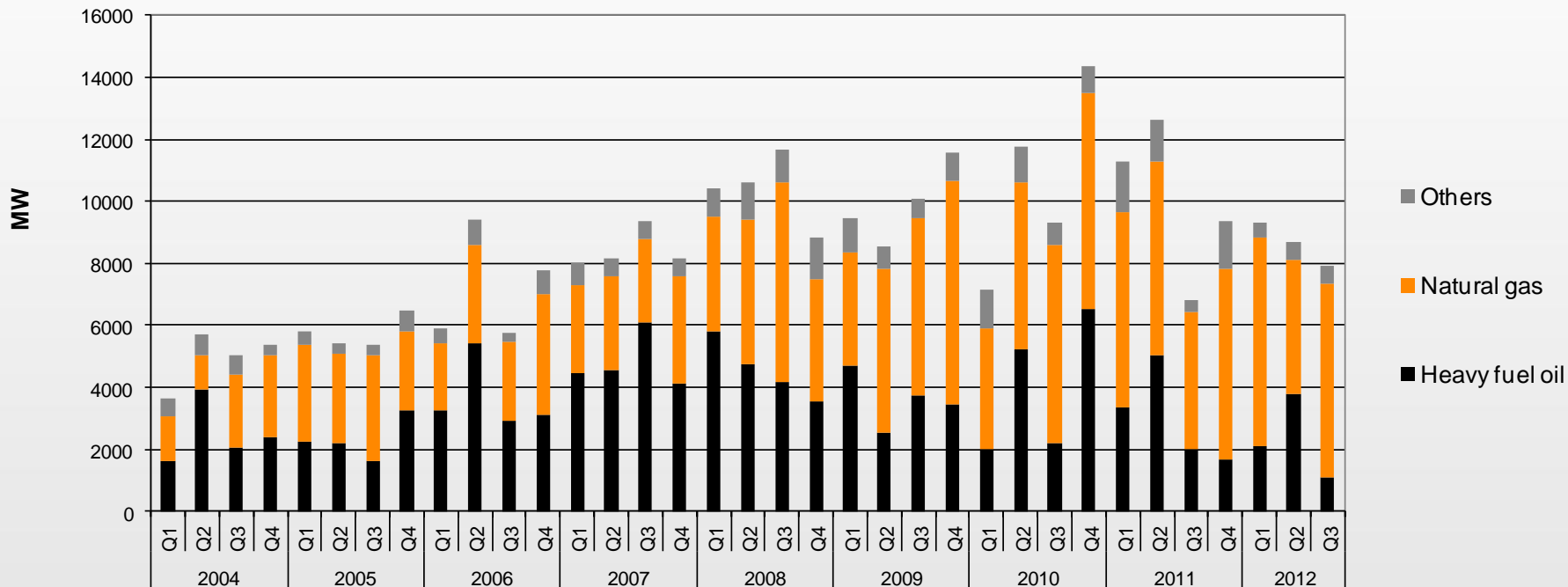






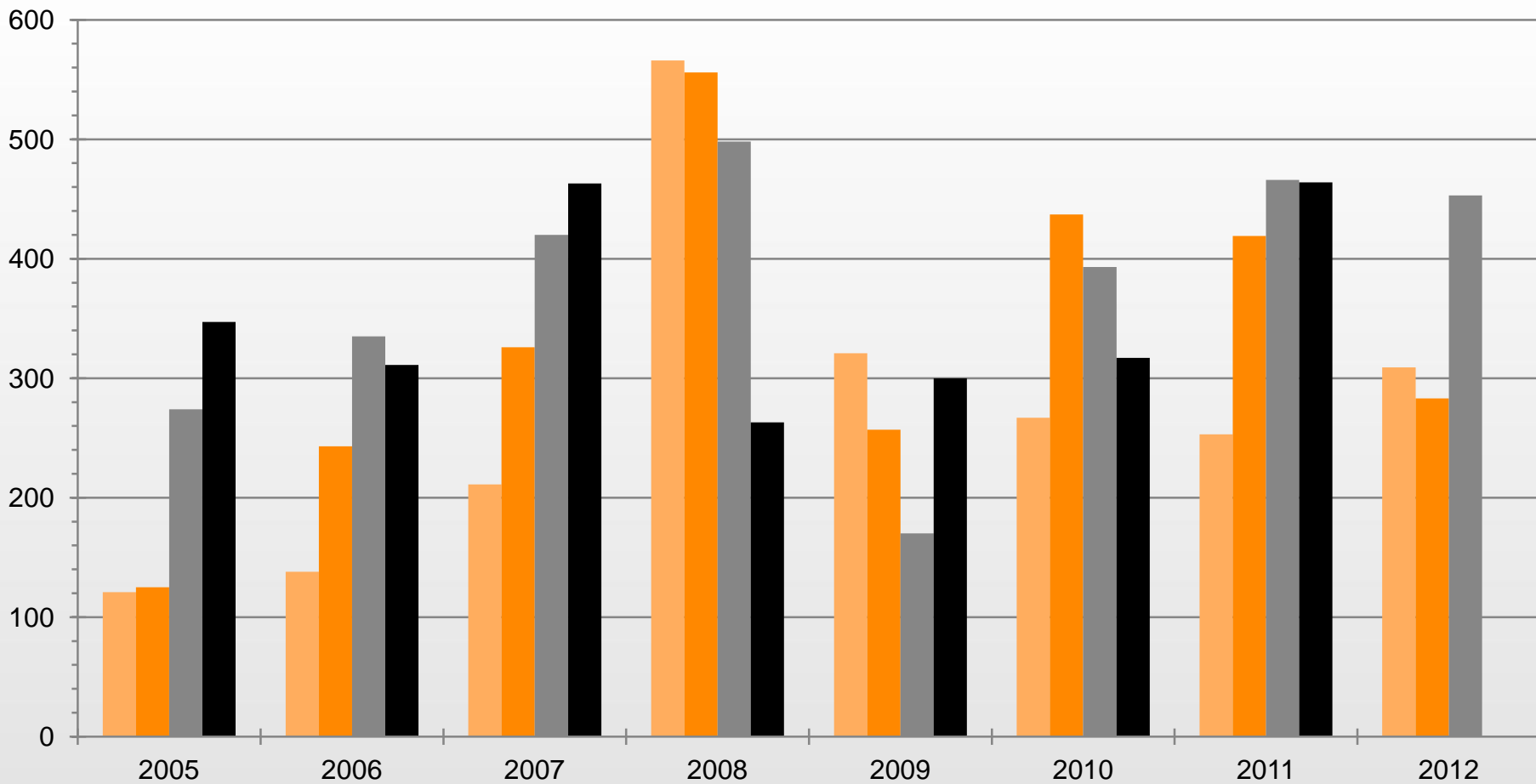
**Record order for  
approx. 600 MW  
power plant  
to Jordan**

**Quoted MW per Fuel Type**



Share of natural gas is consistently increasing.  
Quoted MW for HFO low in Q3.

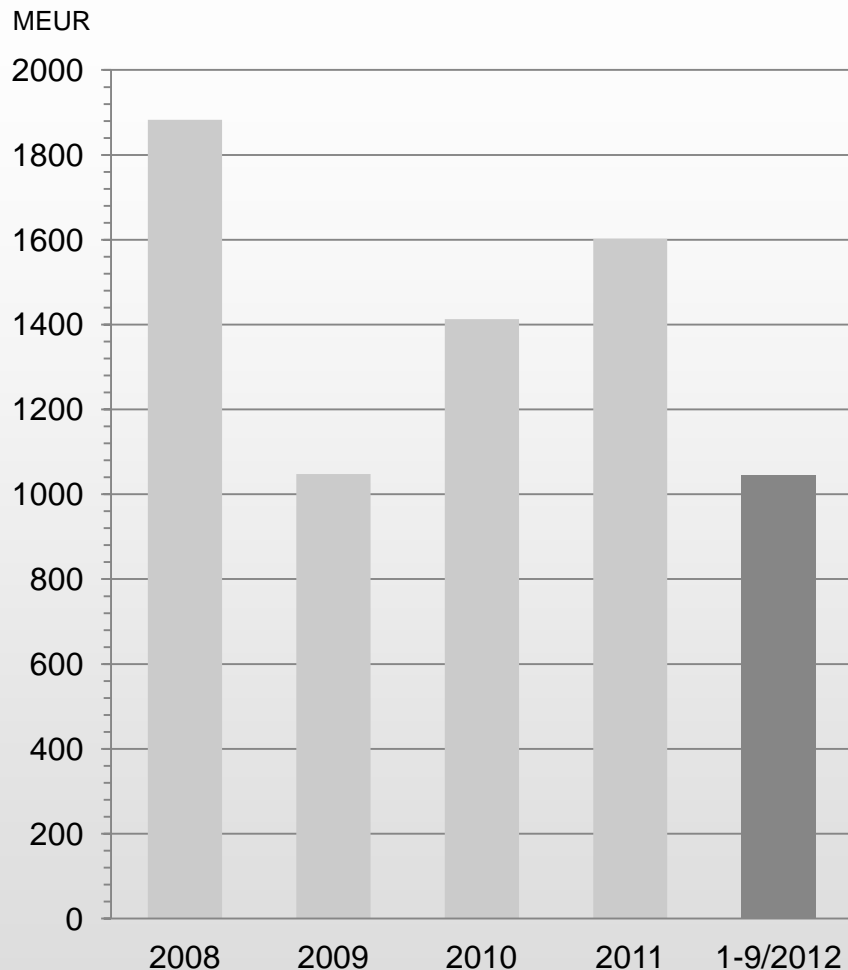
MEUR



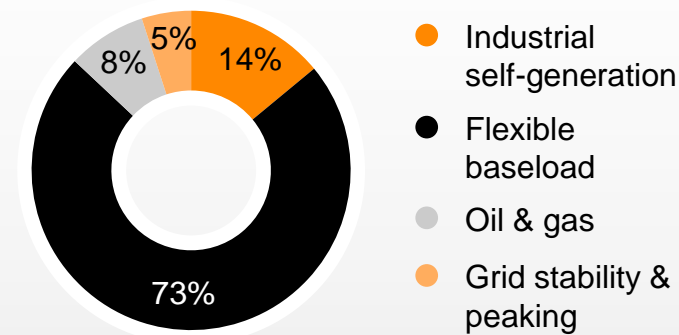
Q1 Q2 Q3 Q4



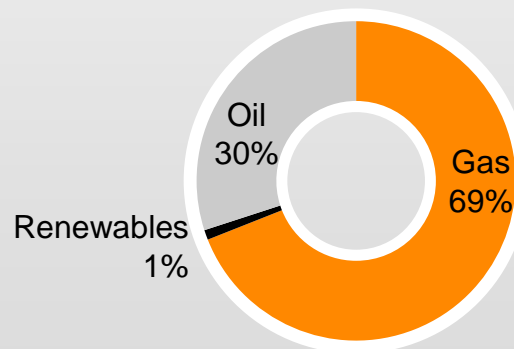
# Order intake by application



**Review period development**  
Total EUR 1,045 million (1,138)

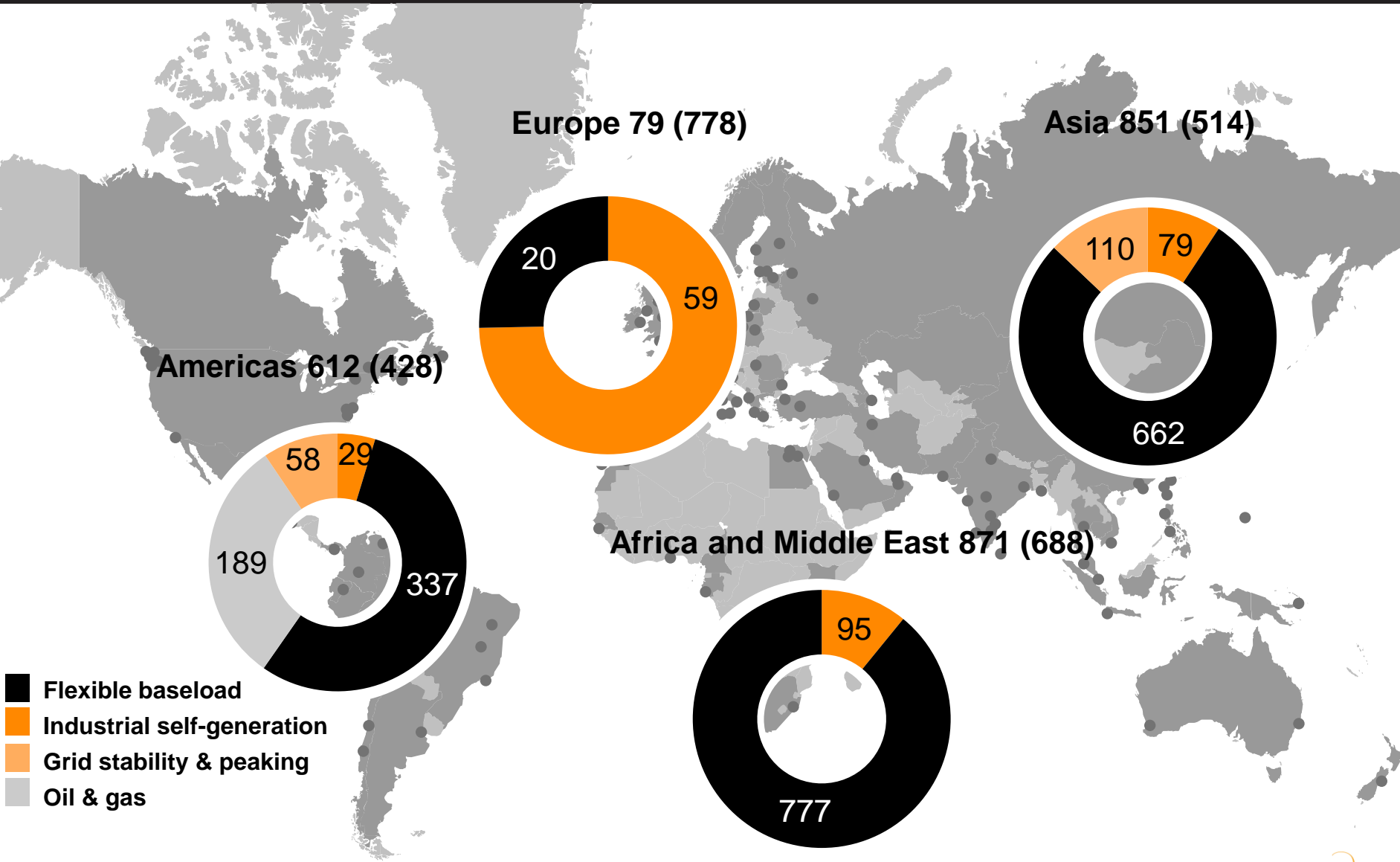


**Review period order intake by fuel in MW**



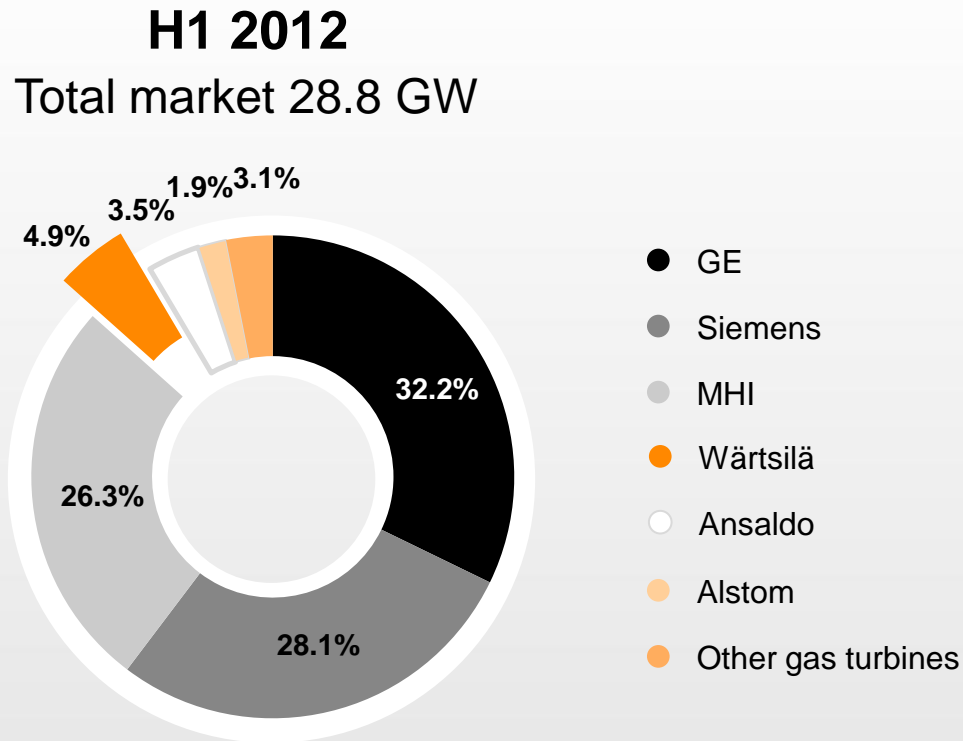


- A consortium headed by Wärtsilä awarded a turnkey contract to build a 573 MW tri-fuel power plant in Jordan
- Wärtsilä's share of overall order USD 334 million
- Scope of supply 38 Wärtsilä 50DF multi-fuel engines
- Tri-fuel capability provides unmatched flexibility, and ensures that Jordan will have a safe, affordable and reliable energy supply
- The plant will initially operate on heavy fuel oil, but Wärtsilä's engine technology enables a seamless transfer to natural gas operation once the infrastructure is in place



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

**Order intake 1-9/2012: 2,414 MW (2,407)**

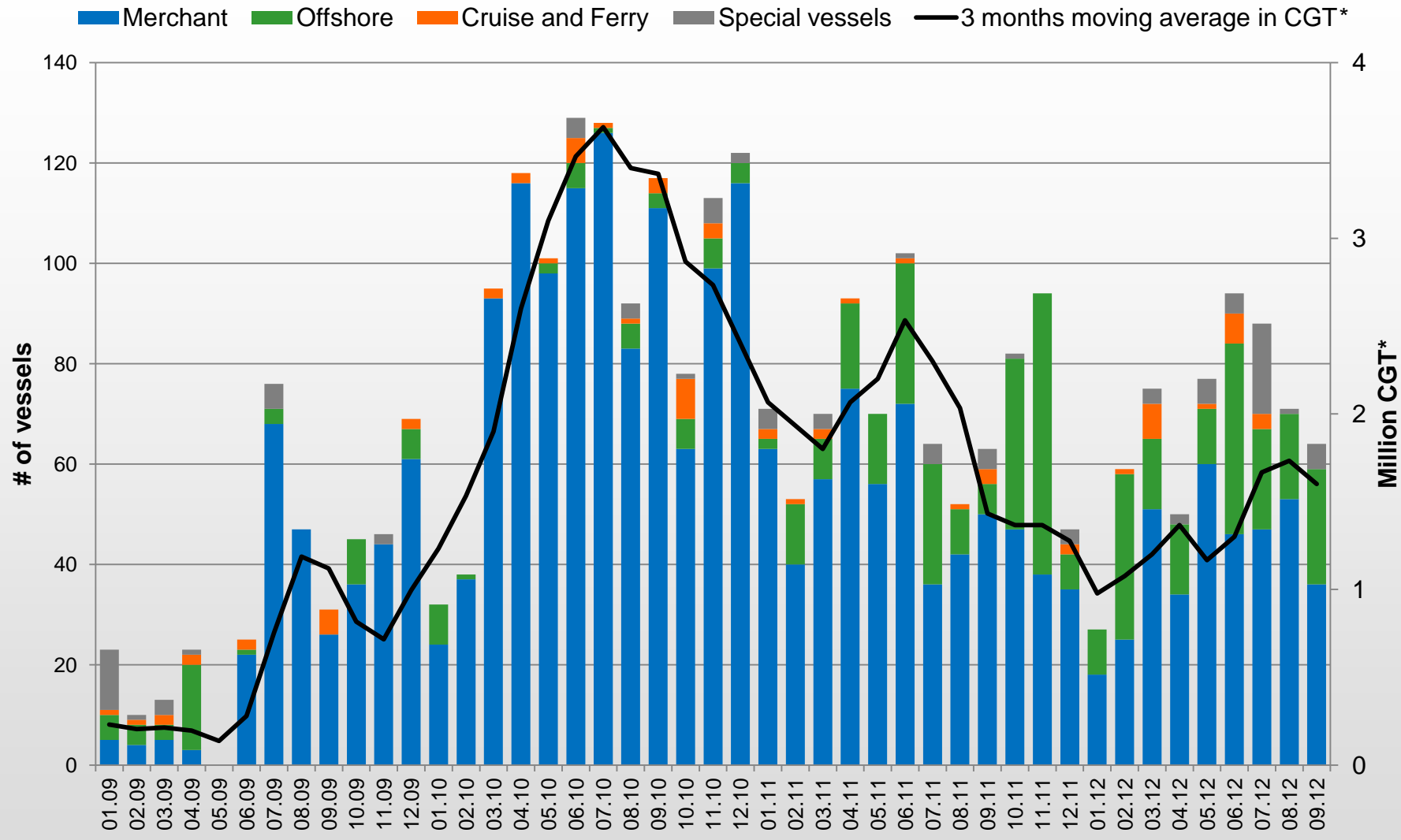


Market data includes all prime mover units over 5 MW and estimated output of steam turbines for combined cycles. The data is gathered from the McCoy Power Report. Other combustion engines not included, in engine technology Wärtsilä has a leading position.



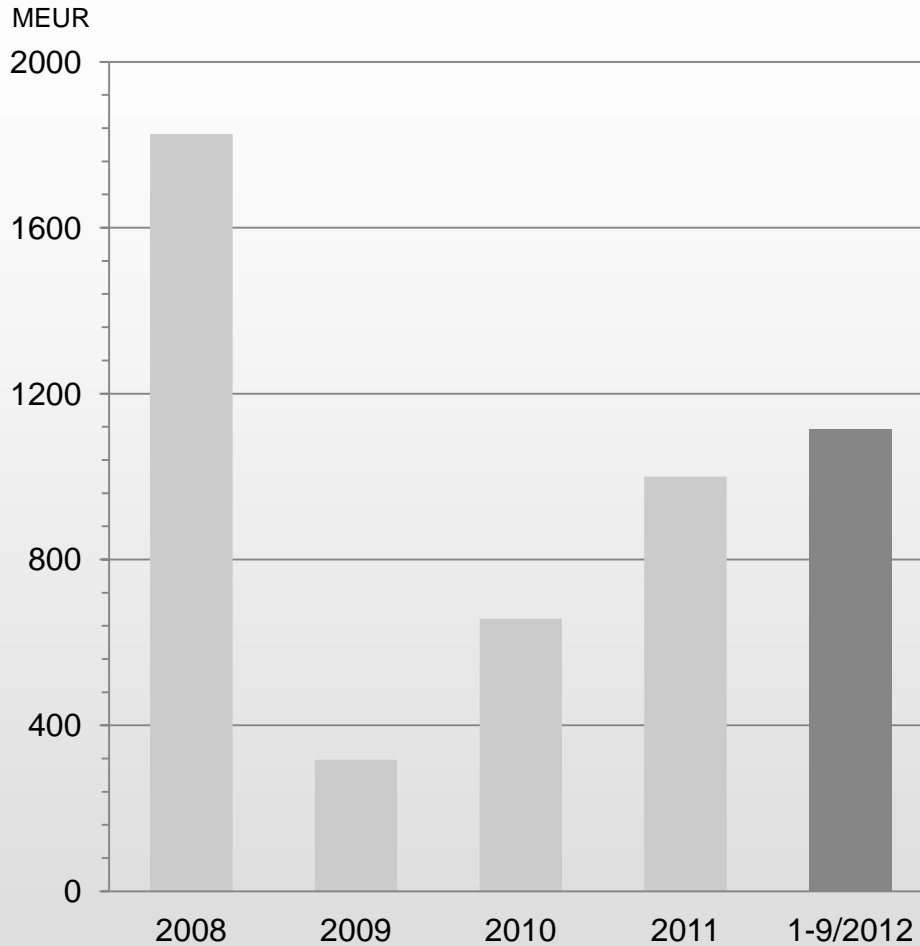


**Ship Power's  
year-on-year  
performance strong**



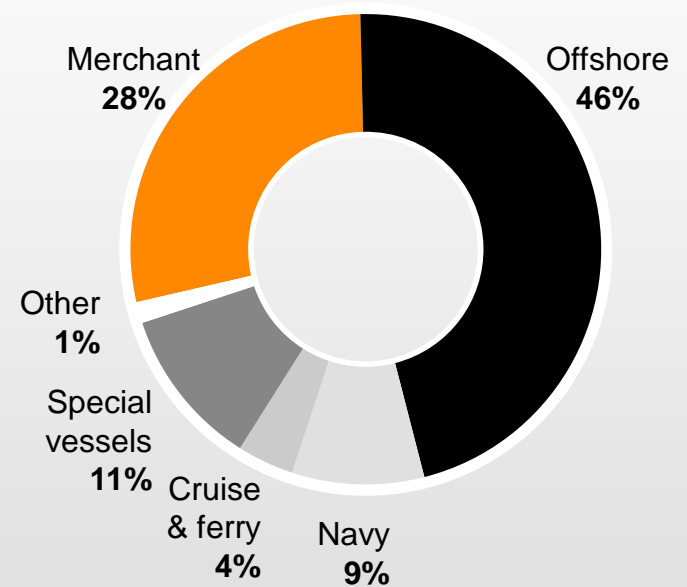
Source: Clarkson Research Services  
\*CGT= gross tonnage compensated with workload





## Review period development

Total EUR 1,114 million (675)

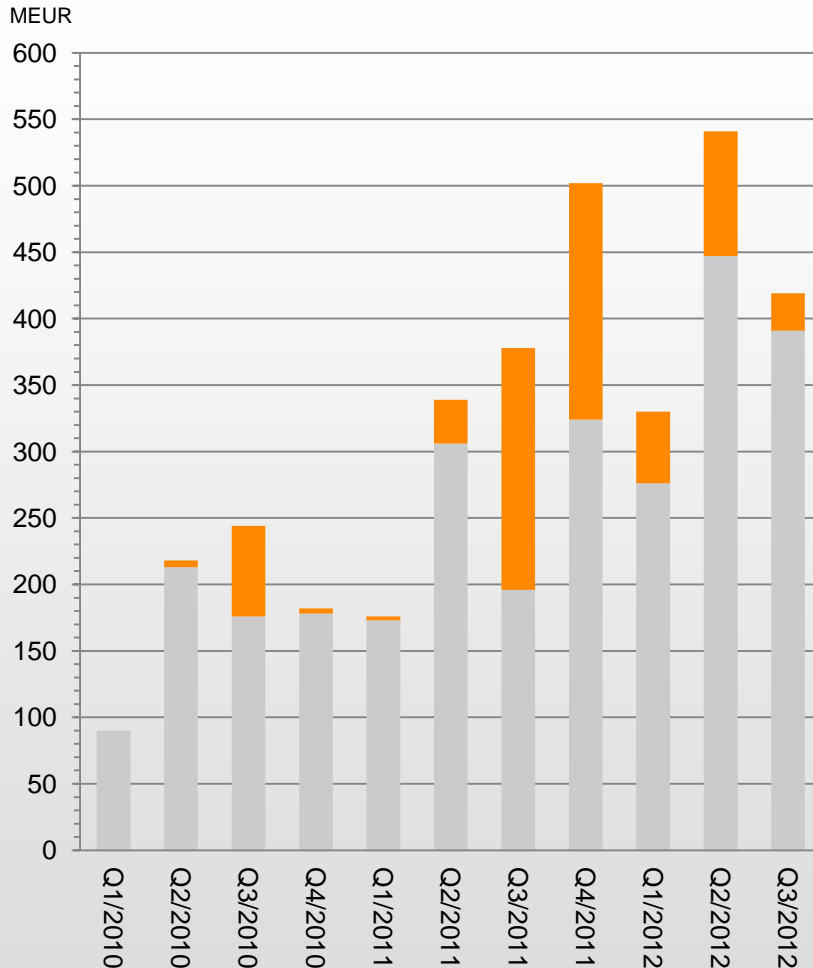




- Contract to supply main generating engines and thrusters for six new deep water drill ships to be built in Brazil
- Each ship will be powered by six 16-cylinder Wärtsilä 32 main generating sets and six thrusters
- Considerations in the award of the contract:
  - Strong presence and support capabilities in Brazil
  - Considerable experience in supplying propulsion equipment for operations in demanding offshore conditions



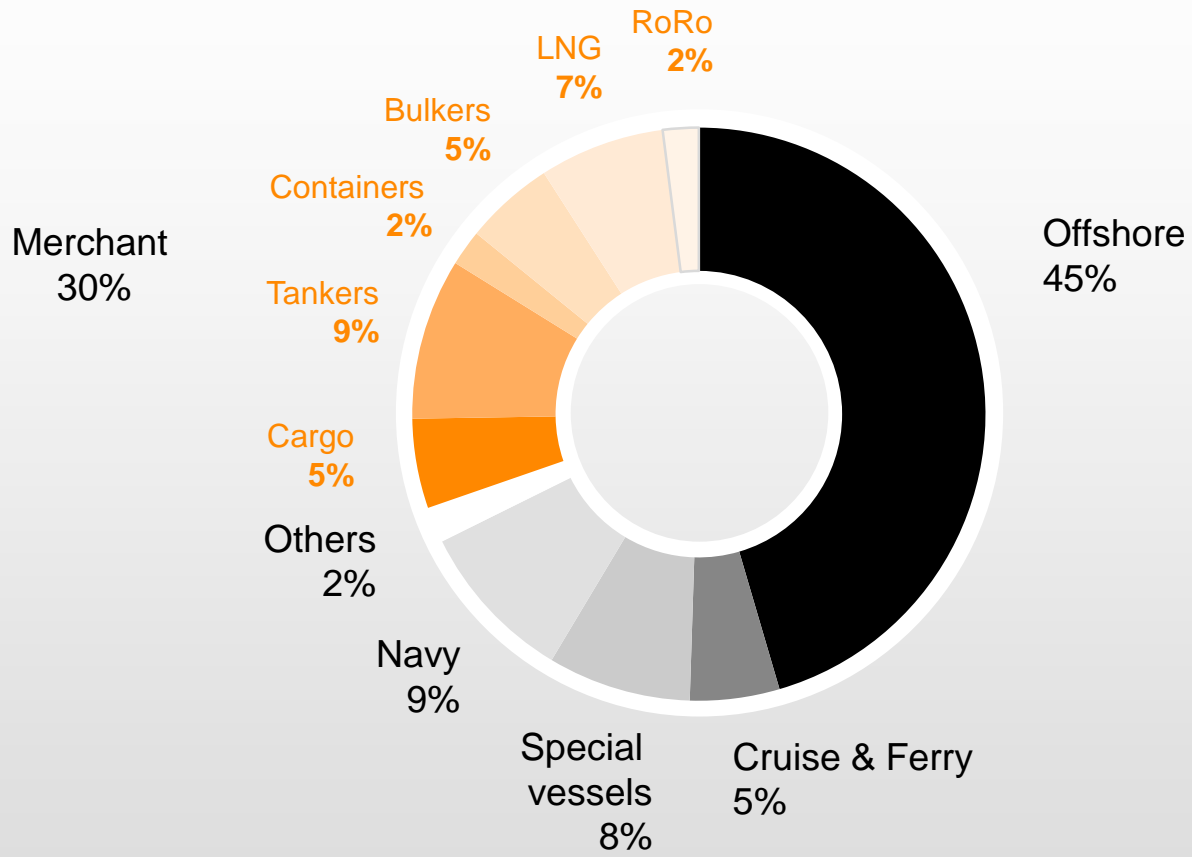
- Wärtsilä has to date 45 exhaust gas cleaning scrubbers delivered or on order, for a total of 23 vessels
- Price range EUR 1-5 million, depending on size of vessel and technology of equipment
- Wärtsilä's scrubber portfolio is the widest in the market and consists of:
  - Open-loop scrubbers, well established
  - Closed-loop scrubbers, in operation and new projects under delivery
  - Hybrid scrubbers, first orders received



- Order intake in the South Korean joint venture producing dual-fuel engines and the Chinese joint venture producing auxiliary engines totalled EUR 175 million (216) during the review period January-September 2012
- Wärtsilä's share of ownership in these companies is 50%, profits are reported as a share of result in associates and joint ventures

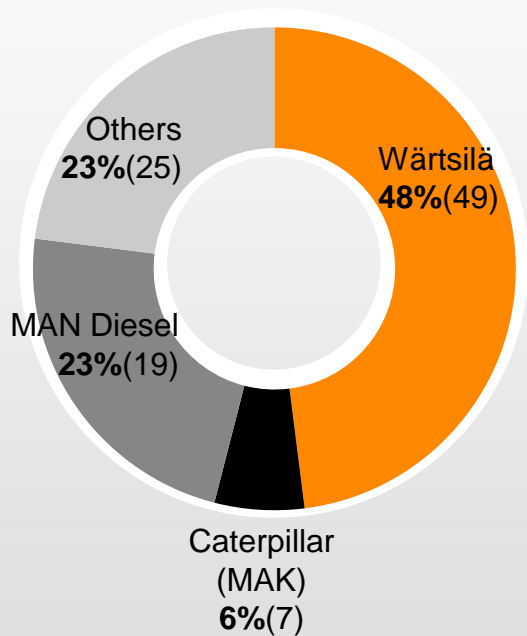
- Joint venture order intake  
(Wärtsilä Hyundai Engine Company Ltd and Wärtsilä Qiyao Diesel Company Ltd)
- Ship Power order intake

# Ship Power order book 30 September 2012



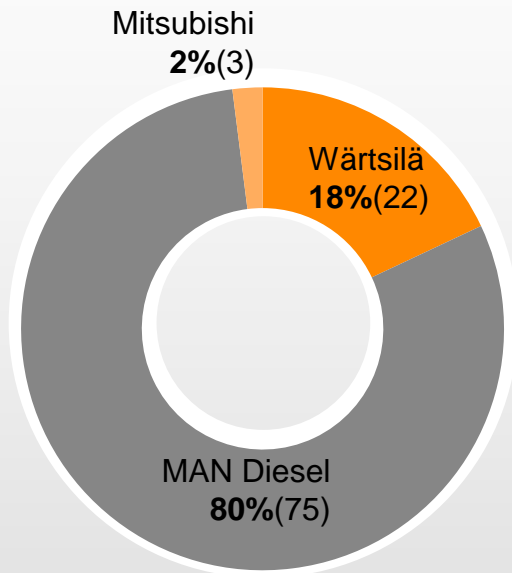
# Market position of Wärtsilä's marine engines

Medium-speed main engines



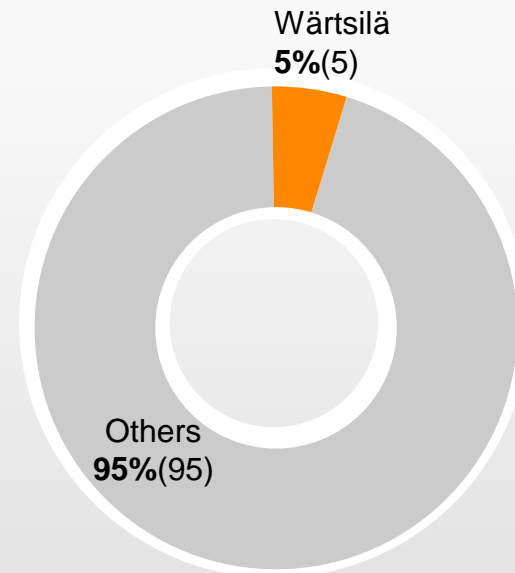
Total market volume last 12 months:  
4,481 MW (5,156)

Low-speed main engines



Total market volume last 12 months:  
8,498 MW (11,984)

Auxiliary engines



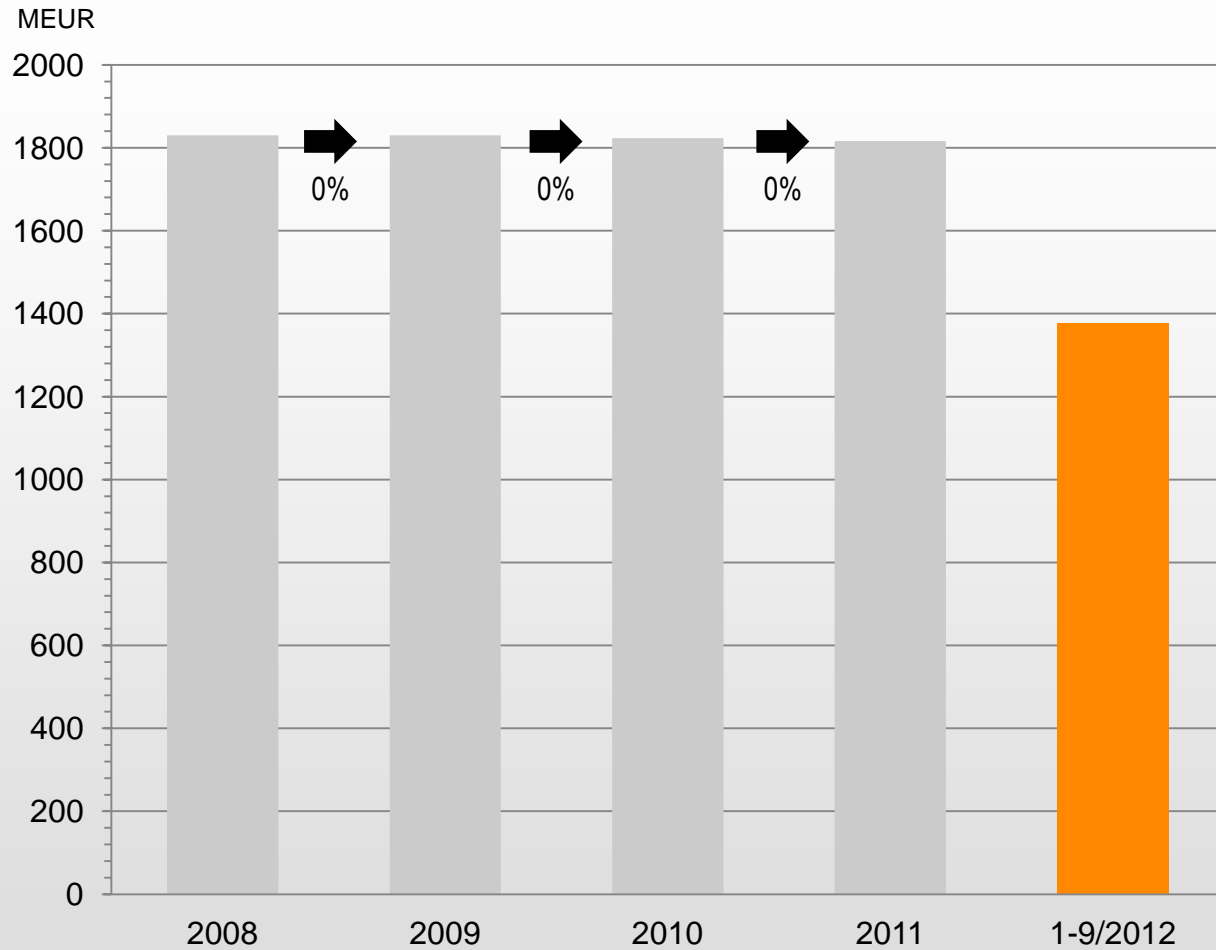
Total market volume last 12 months:  
3,367 MW (3,501)

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.

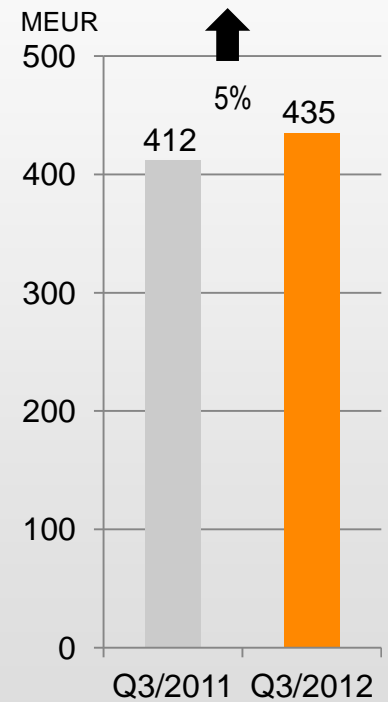


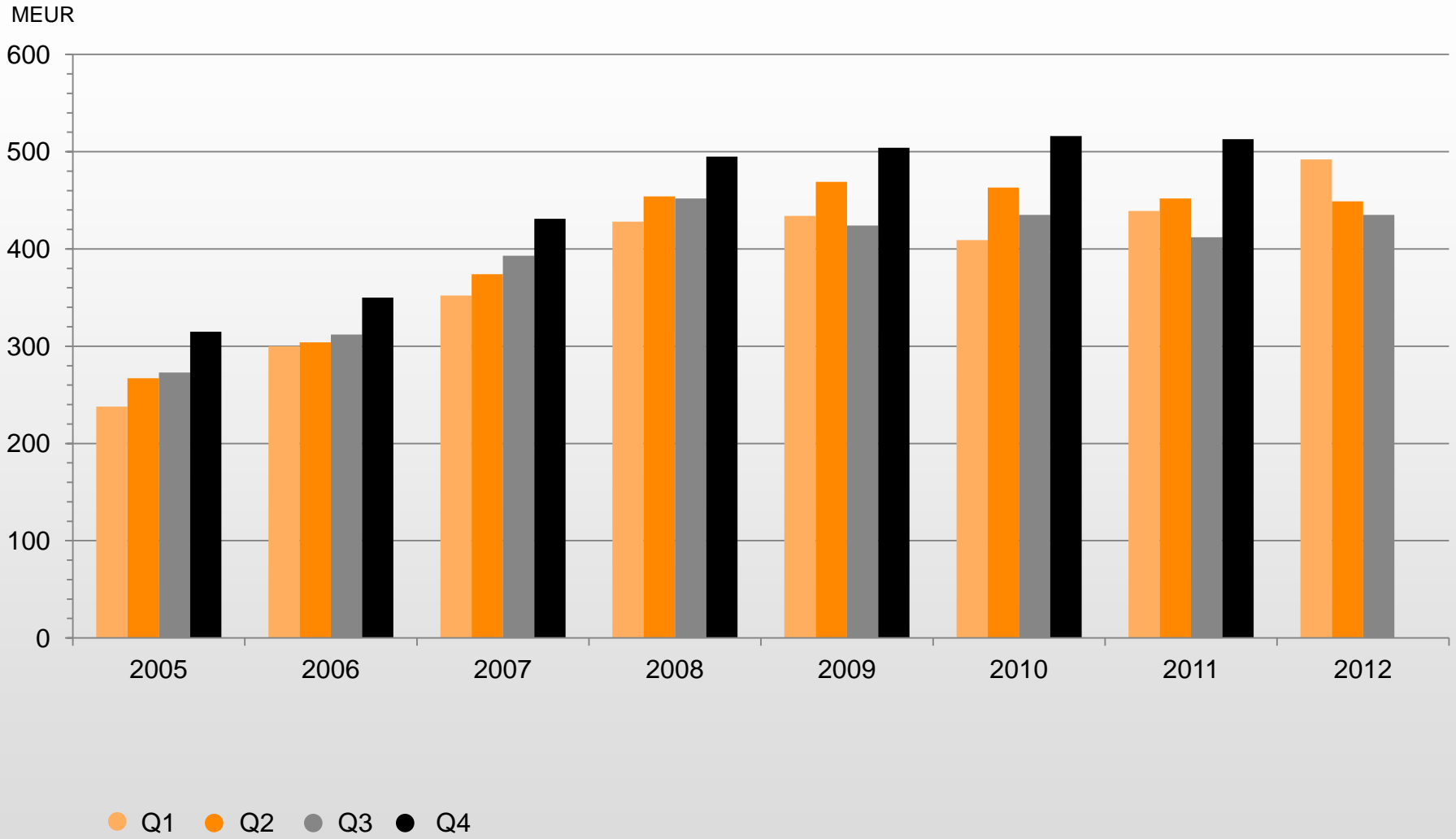


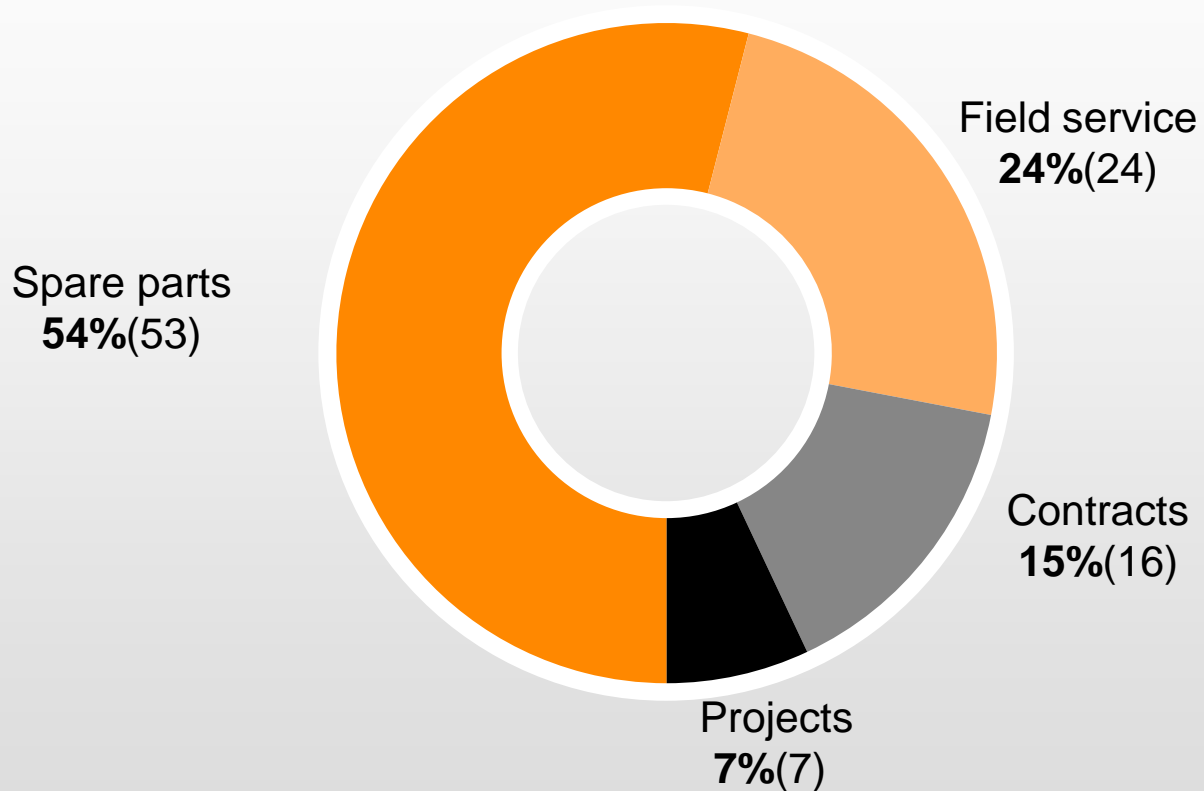
**Services growth  
trend continues,  
up 6% year to date**



### Third quarter development





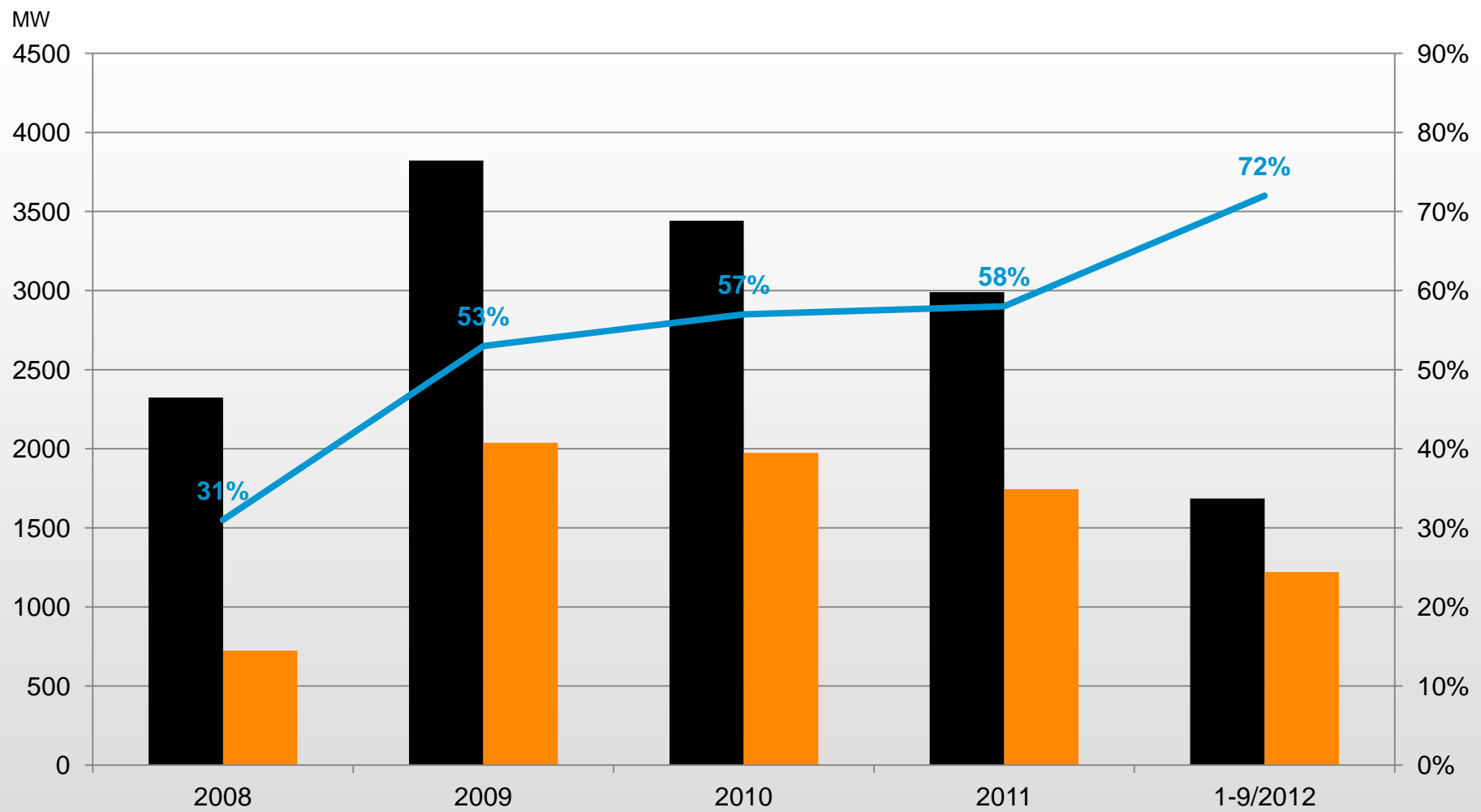


Total EUR 1,377 million (1,303)



- Power plants customers' interest in Operations & Maintenance (O&M) agreements continues
  - 10-year O&M agreement signed with Gulf Power Ltd, a subsidiary of Gulf Energy Ltd, a market leader in the Kenyan energy sector
    - Agreement will cover the full operations, maintenance and servicing of the power plant
    - Eighteenth service agreement in Africa
- Wärtsilä has over 16 GW of generating capacity under O&M or other services agreements globally, covering over 500 marine and land-based installations

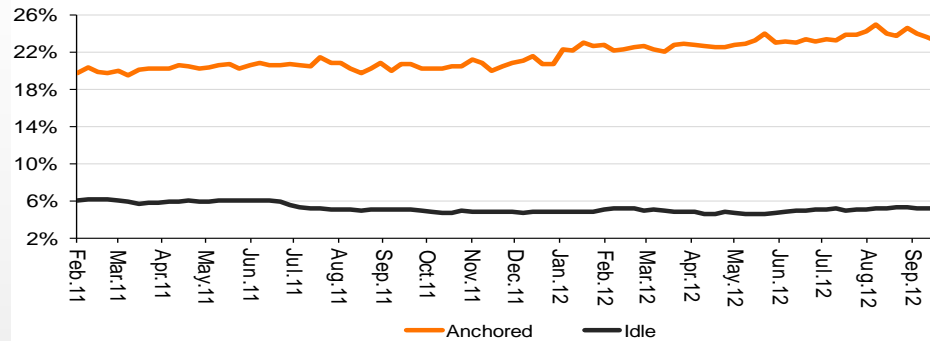
# Development of Power Plants service agreements



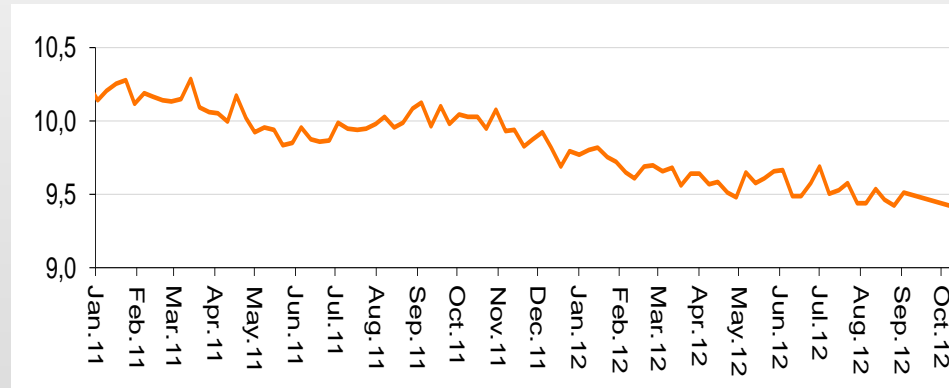
● O&M and maintenance agreements   ● Power Plants deliveries   — % of delivered MWs



## Anchored\* & Idle Vessels\*\*, percent of fleet



## Fleet Average Speed\*\*\*, knots

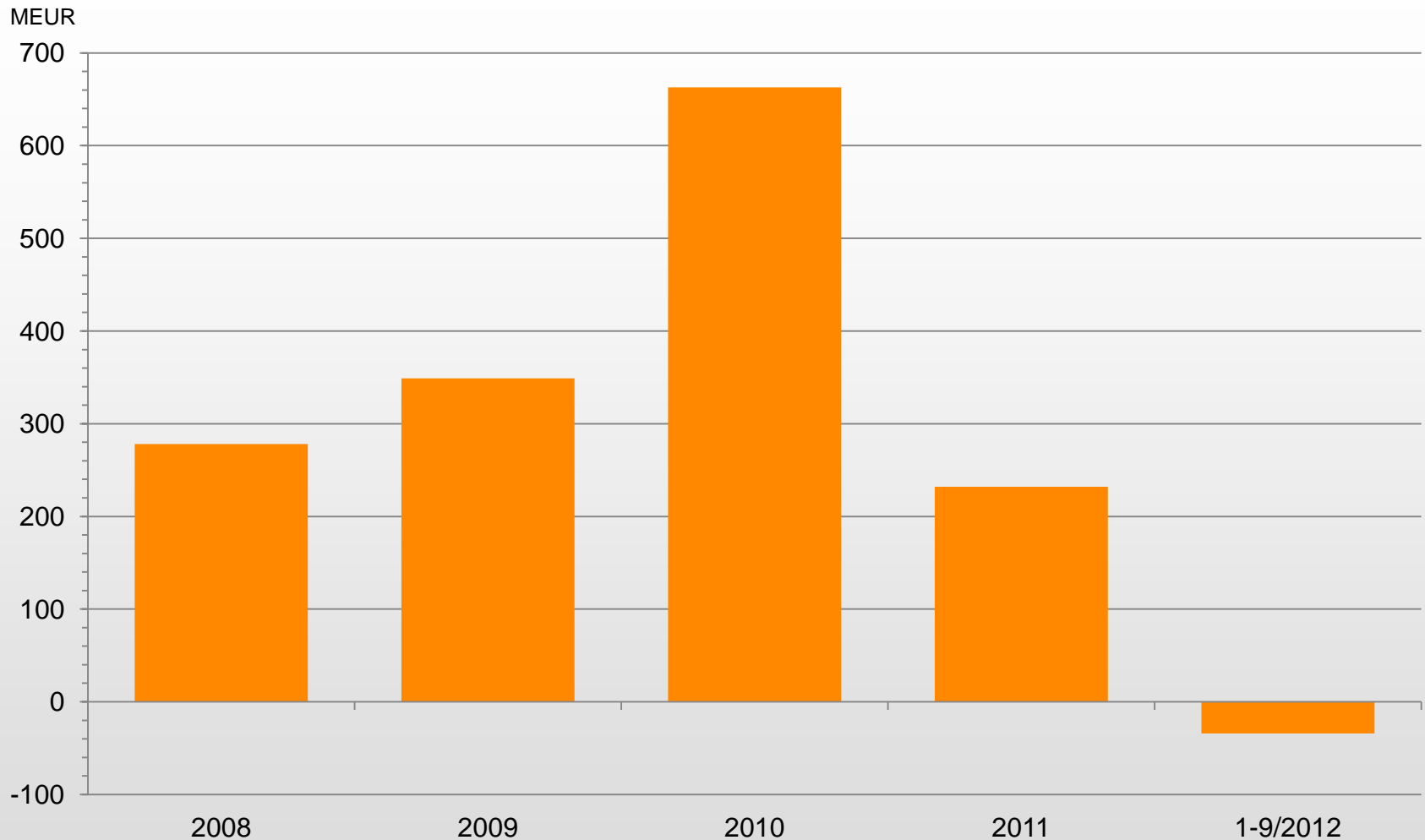


\* Source Bloomberg (AISLive). More than 25 000 vessels (>299 GT) covered.

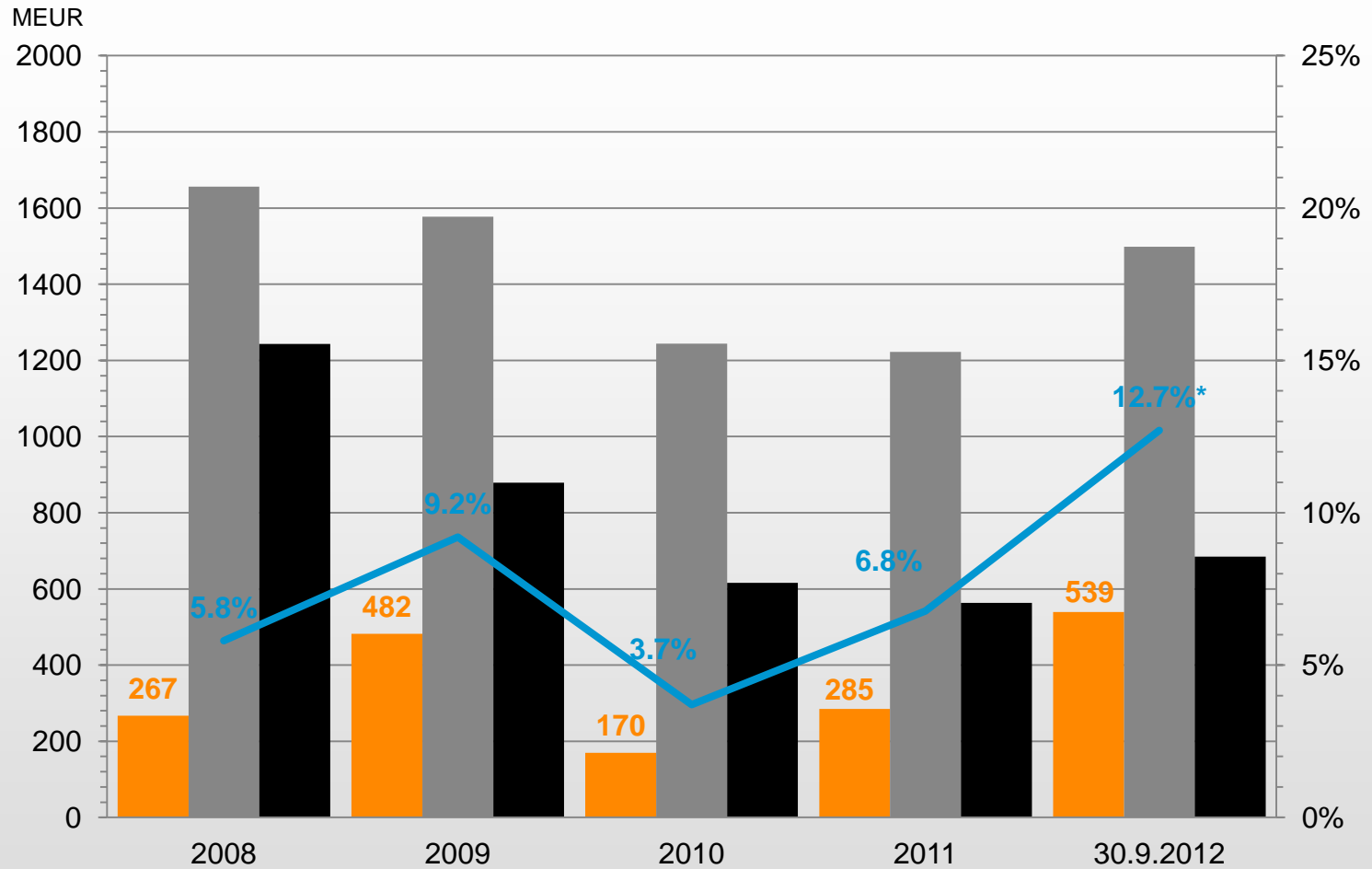
\*\* Idle (no movement for 19 days for containerships, others 35 days). Source Lloyd's MIU. Around 15 000 vessels (>299 GT) covered.

\*\*\* Source Bloomberg

# Cash flow from operating activities

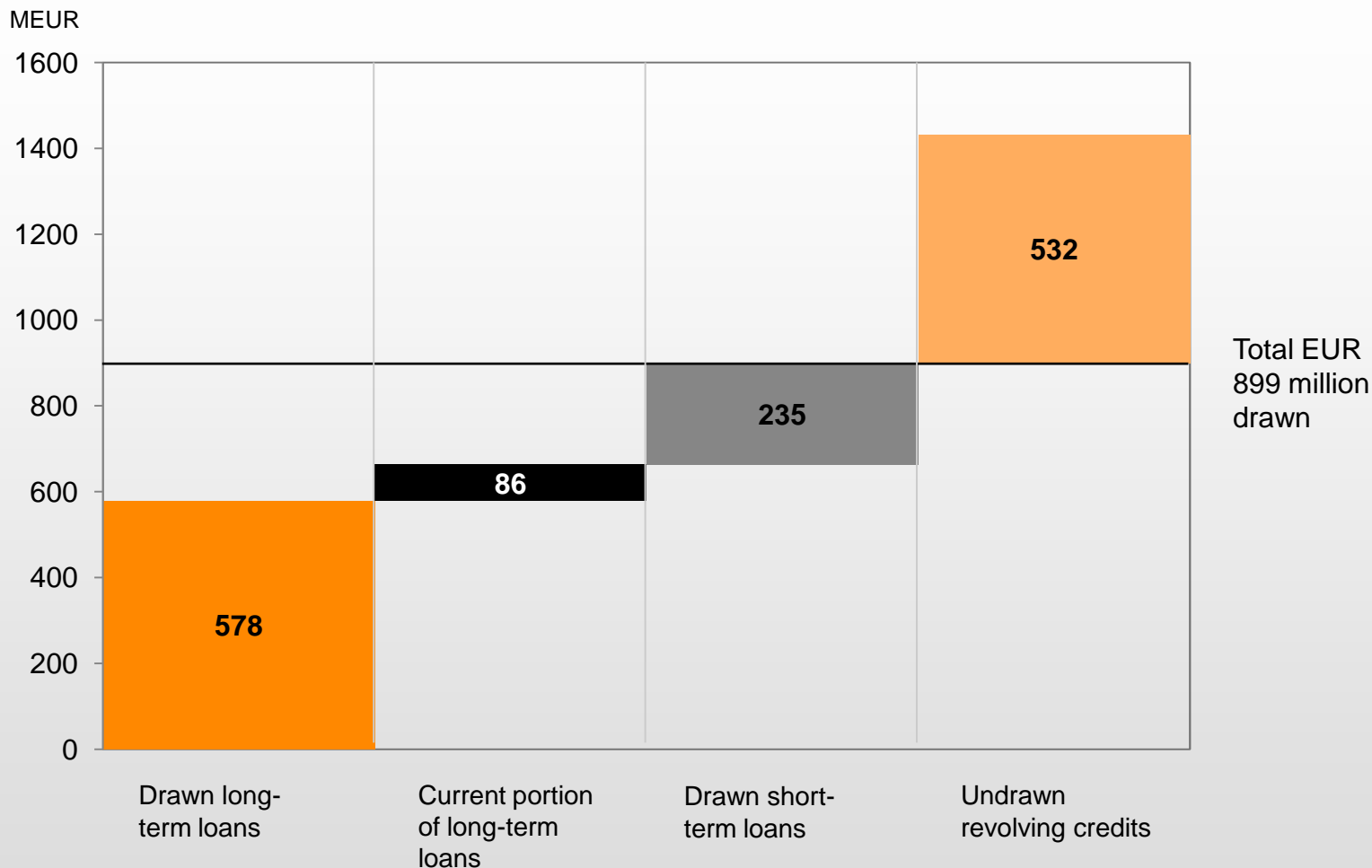






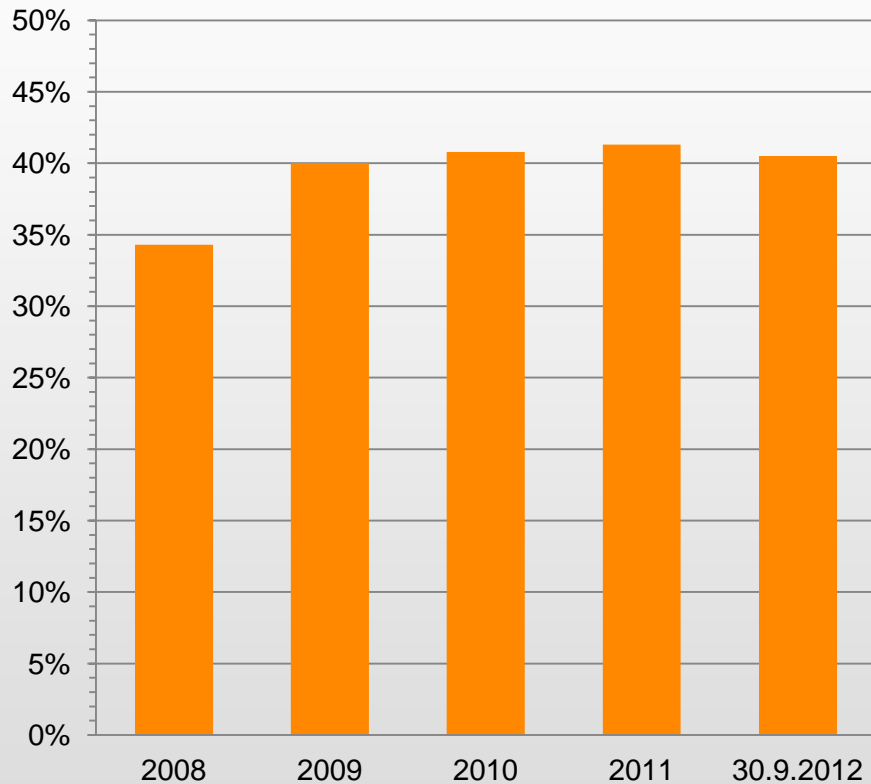
● Net Working Capital ● Total Inventories ● Advances Received — Net Working Capital / Net sales

\* Working Capital / Annualised Net Sales

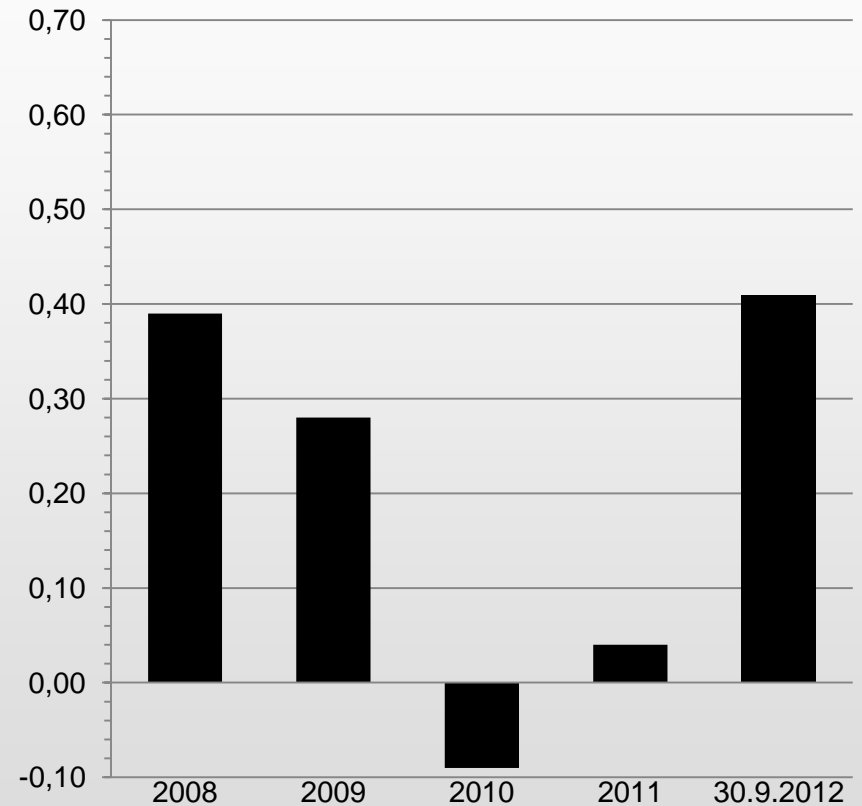


At the end of the reporting period, drawn revolving credits amounted to 0 euro.  
 Drawn short-term loans include EUR 218 million Finnish Commercial Papers.  
 The total amount of Finnish Commercial Paper Programs was EUR 700 million (uncommitted).

## Solvency



## Gearing





- Change of organisational set up within Ship Power and Wärtsilä Industrial Operations to strengthen competitiveness and to serve customers more effectively
- Aim to further increase the flexibility of operations and ensure faster decision making
- Ship Power is now organised by products consisting of 4-stroke, 2-stroke, Propulsion, Flow & Gas, Environmental, and Solutions
- WIO has been renamed PowerTech and it now consists of Product Center 4-stroke and Central Operations
- No job reductions planned based on the changes in the organisational structure
- New set up became effective 1 October 2012



- **Power Plants:** The power generation market is expected to remain active in 2012.
- **Ship Power:** Robust contracting activity is expected for the offshore, gas carrier, and other specialised vessel markets. Full year vessel contracting expected to be lower than in 2011.
- **Services:** The outlook for the overall service market is stable despite the continued uncertainty in the global economy.

”

Wärtsilä expects its net sales for 2012 to grow by 10-15% (previously 5-10%) and its operational profitability (EBIT% before non-recurring items) to be 10.5-11% (previously 10-11%).



# WÄRTSILÄ

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