

WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY-SEPTEMBER 2013

BJÖRN ROSENGREN, PRESIDENT & CEO

24 OCTOBER 2013



Highlights Q3/2013



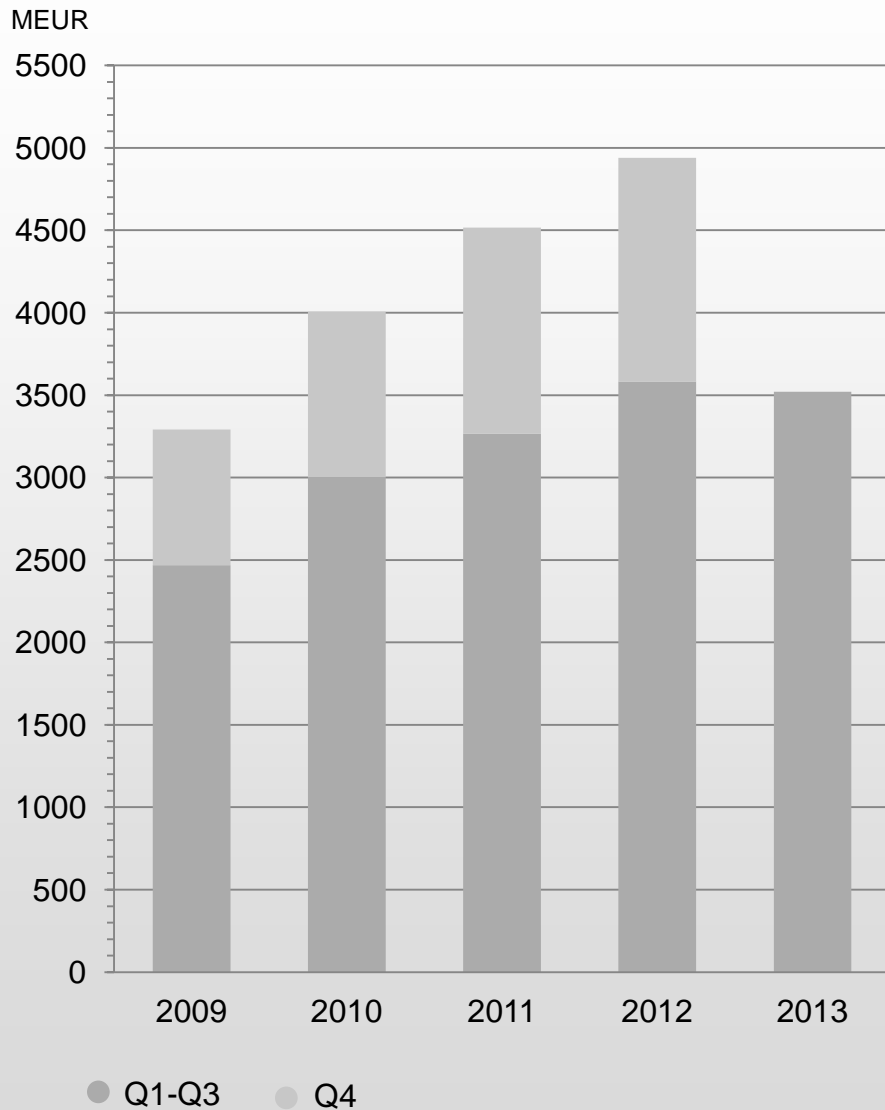
- Order intake EUR 1,097 million, -14 %
- Net sales EUR 1,209 million, +11%
- Book-to-bill 0.91
- EBITA EUR 146 million, 12.1% of net sales
- EBIT EUR 138 million, 11.4% of net sales
- EPS EUR 0.48
- Cash flow from operating activities EUR 139 million
- Net sales growth guidance specified to 0-5% (previously 0-10%)

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

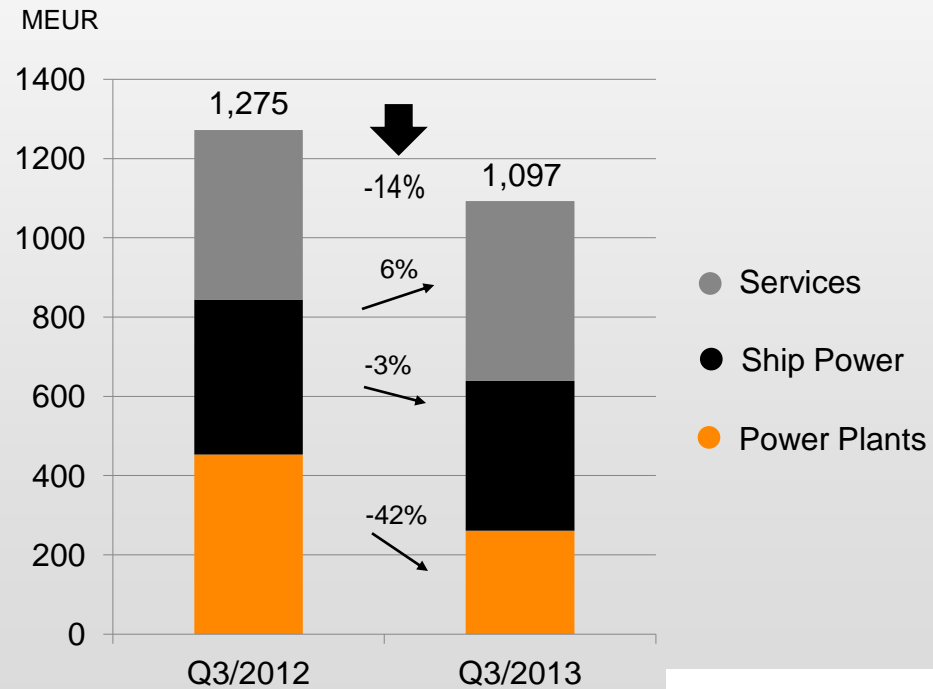
EBIT is shown excluding non-recurring items

Certain comparison figures in this presentation have been restated due to changes in pension accounting

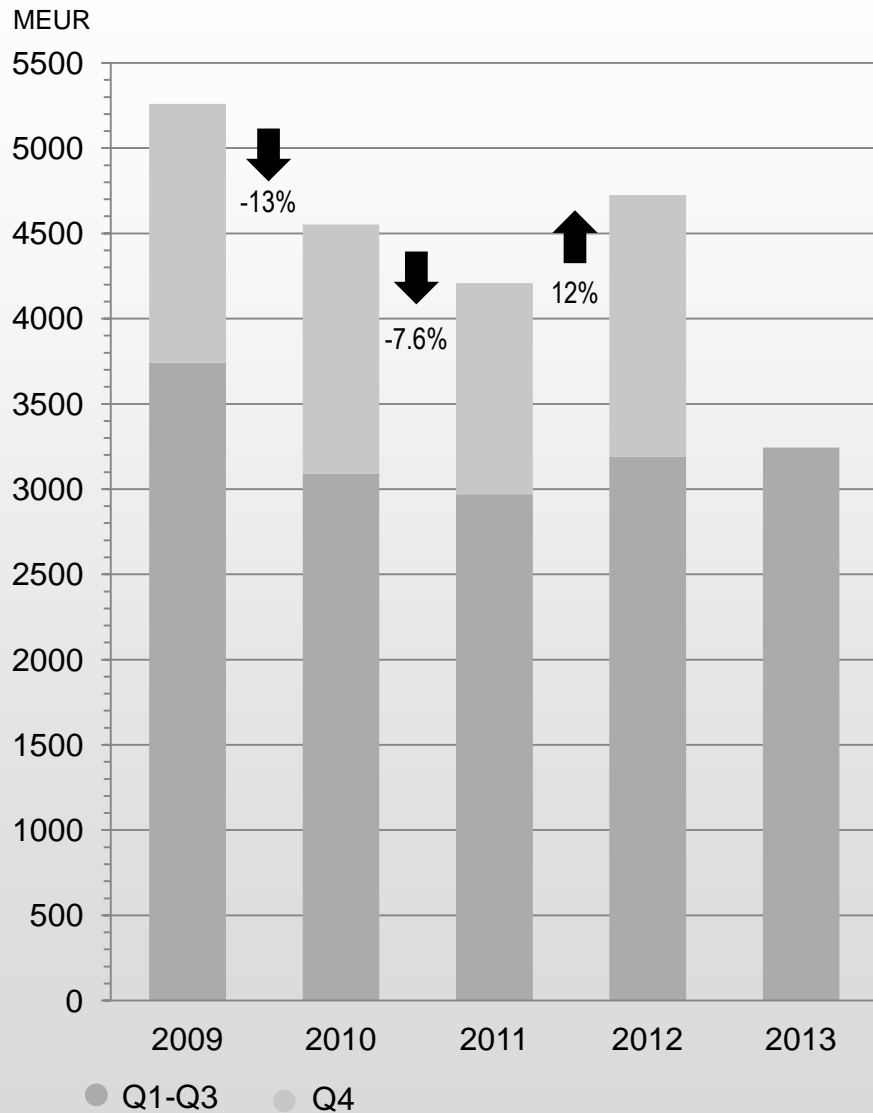
Order intake impacted by customer decision-making



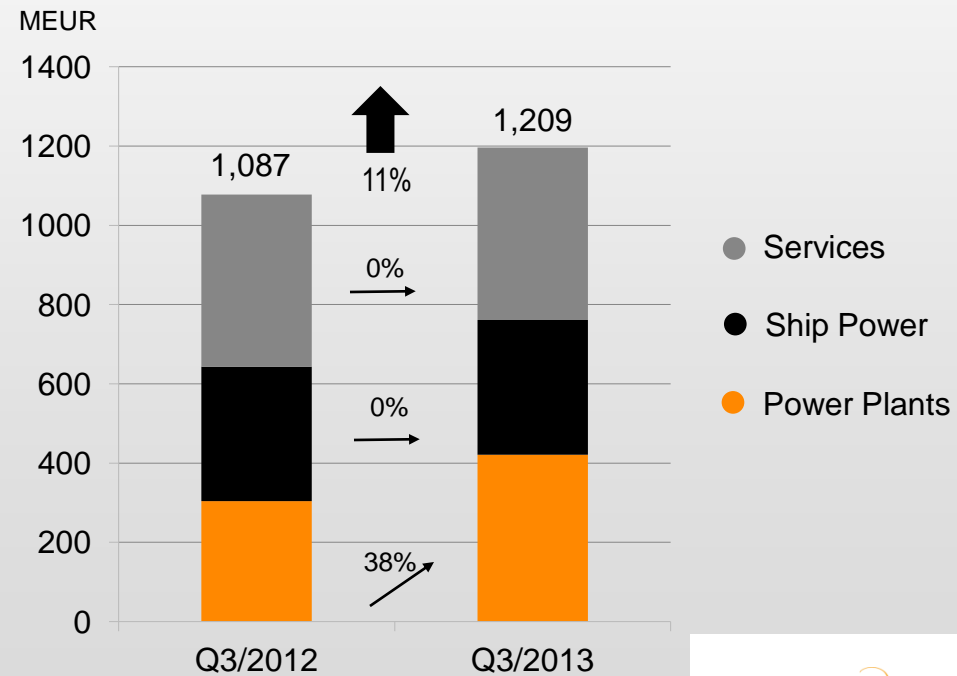
Third quarter development



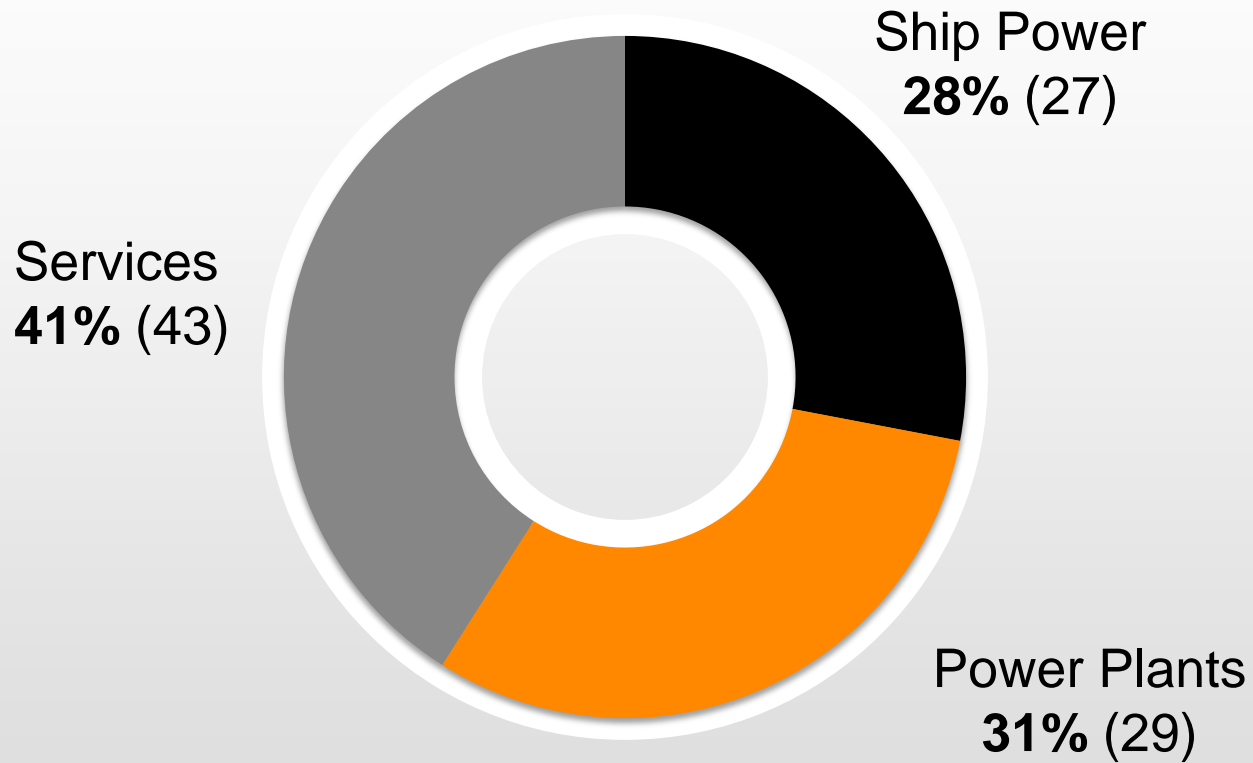
Net sales developed according to expectations



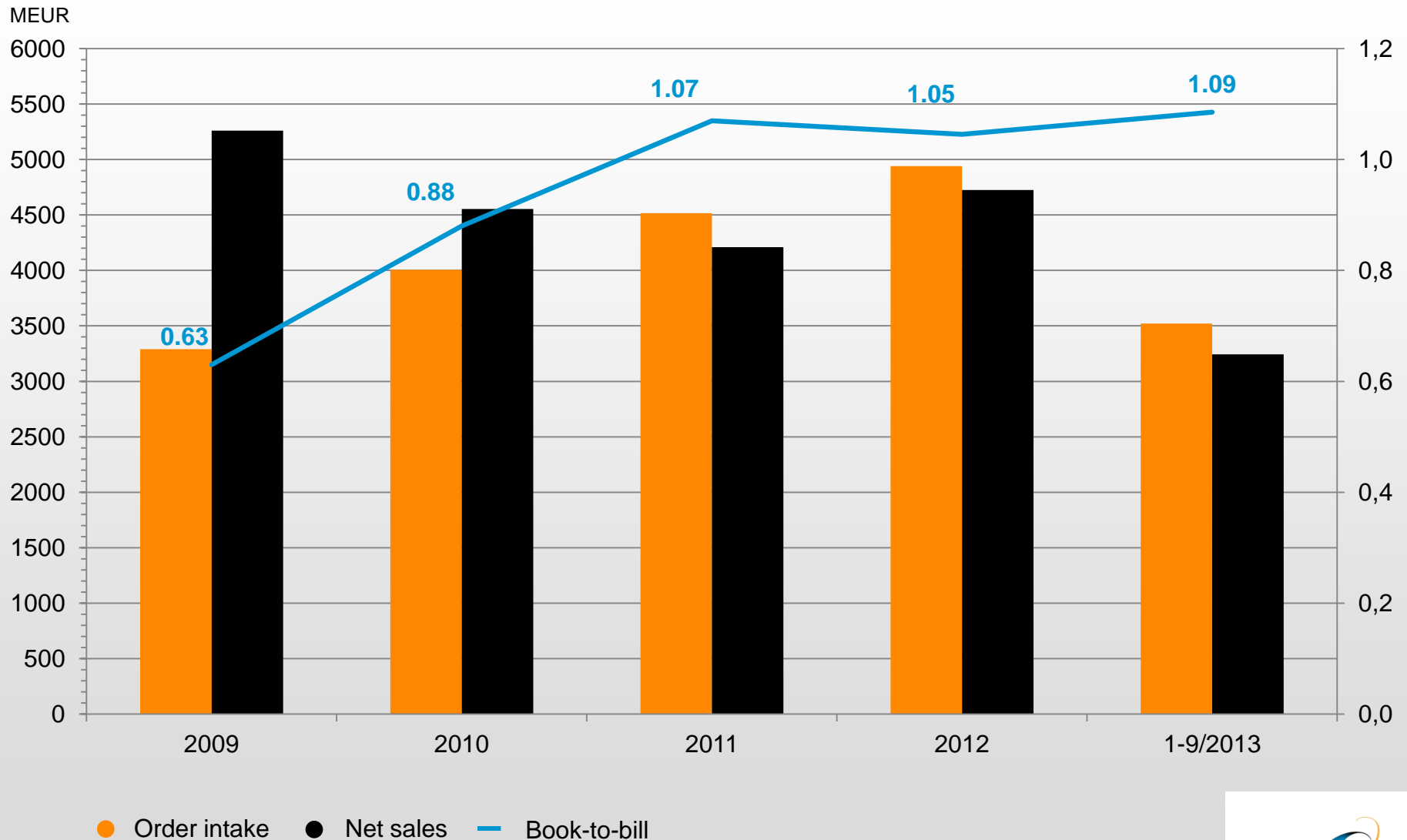
Third quarter development



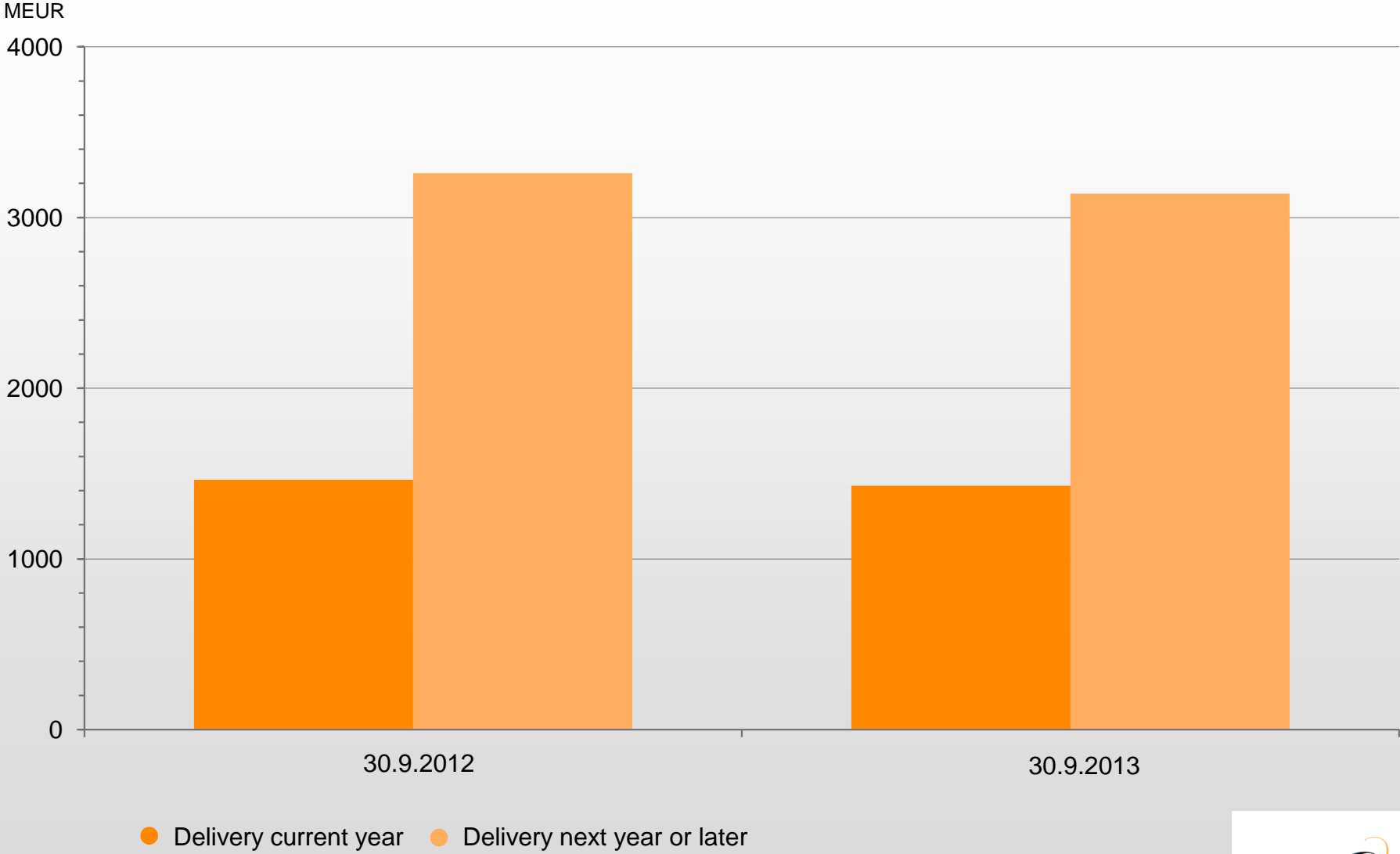
Net sales by business 1-9/2013



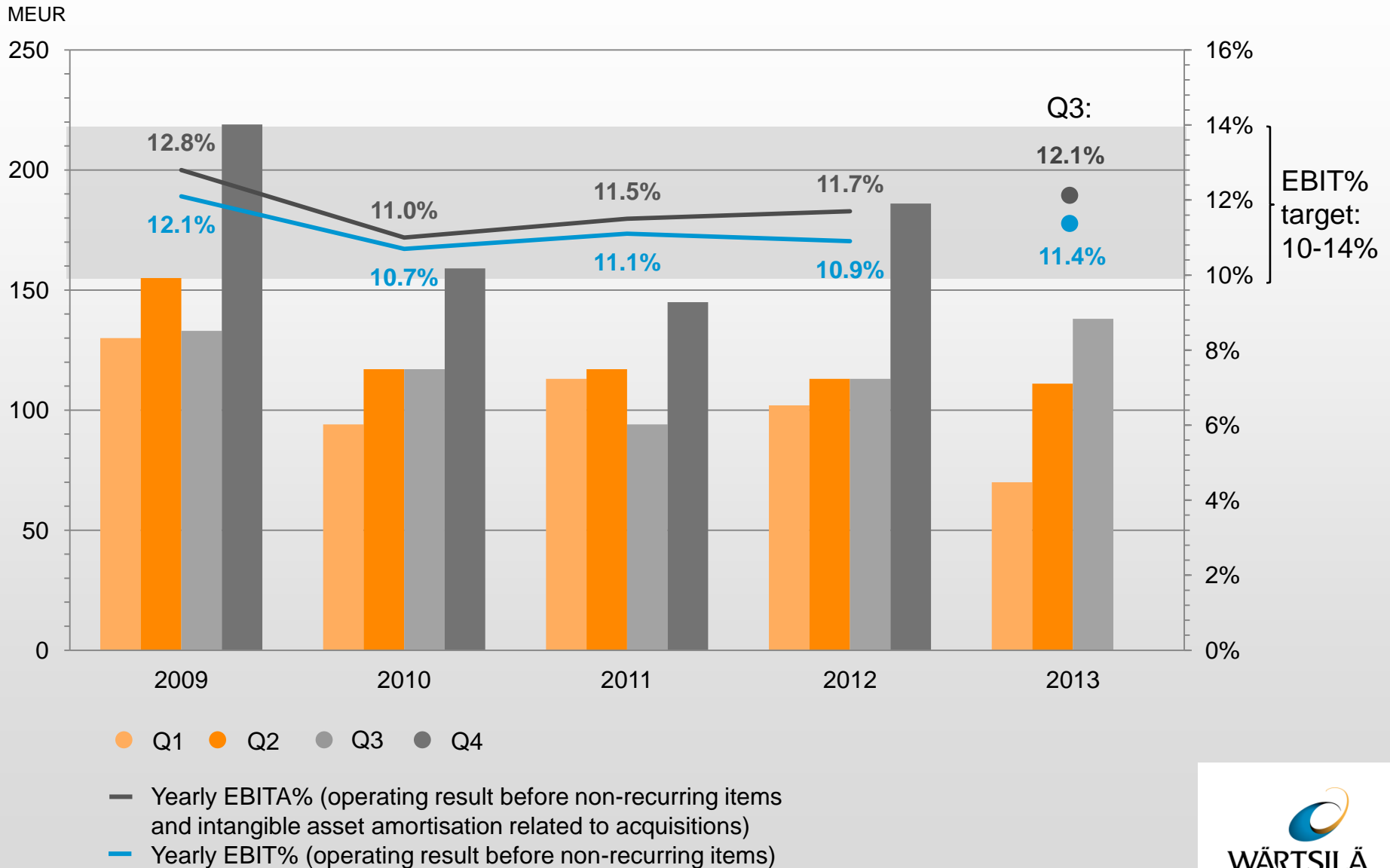
Book-to-bill ratio remains above one



Order book distribution



Profitability

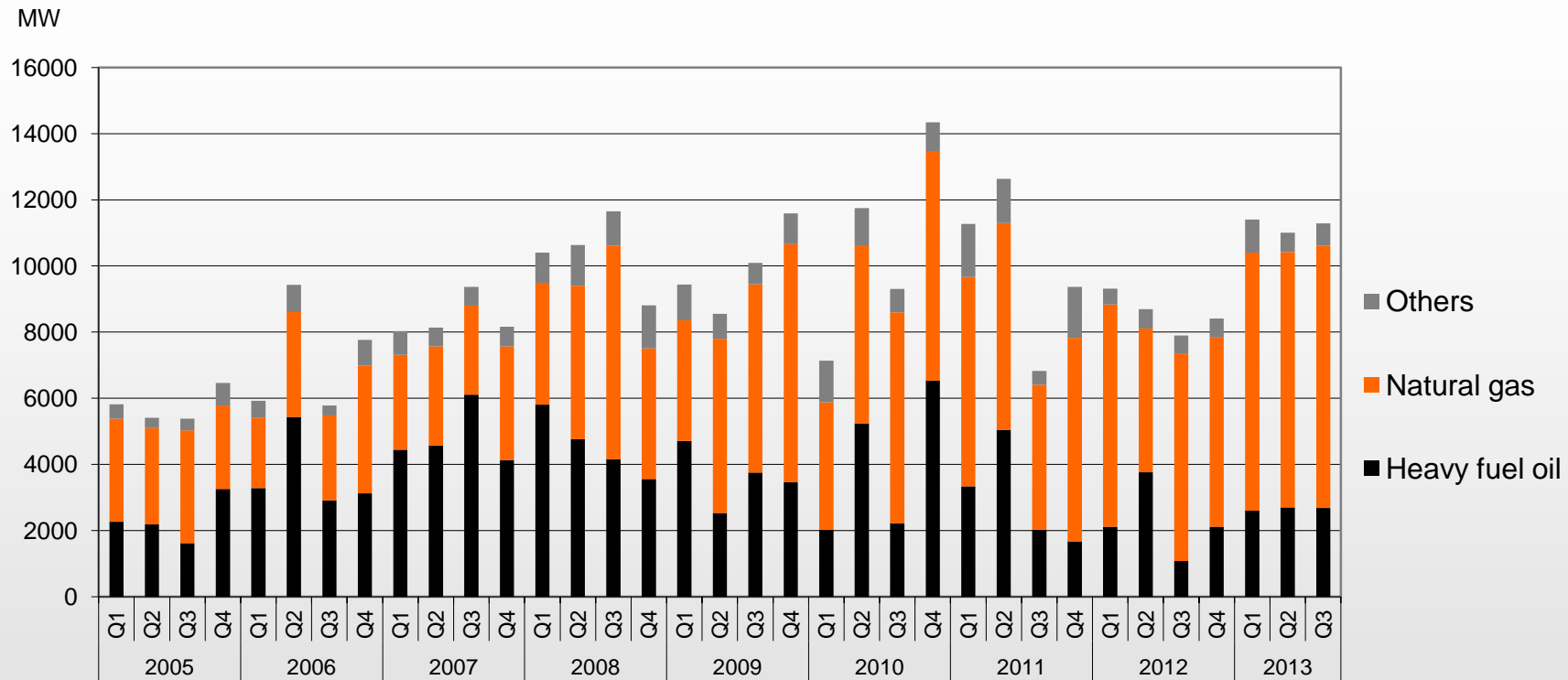




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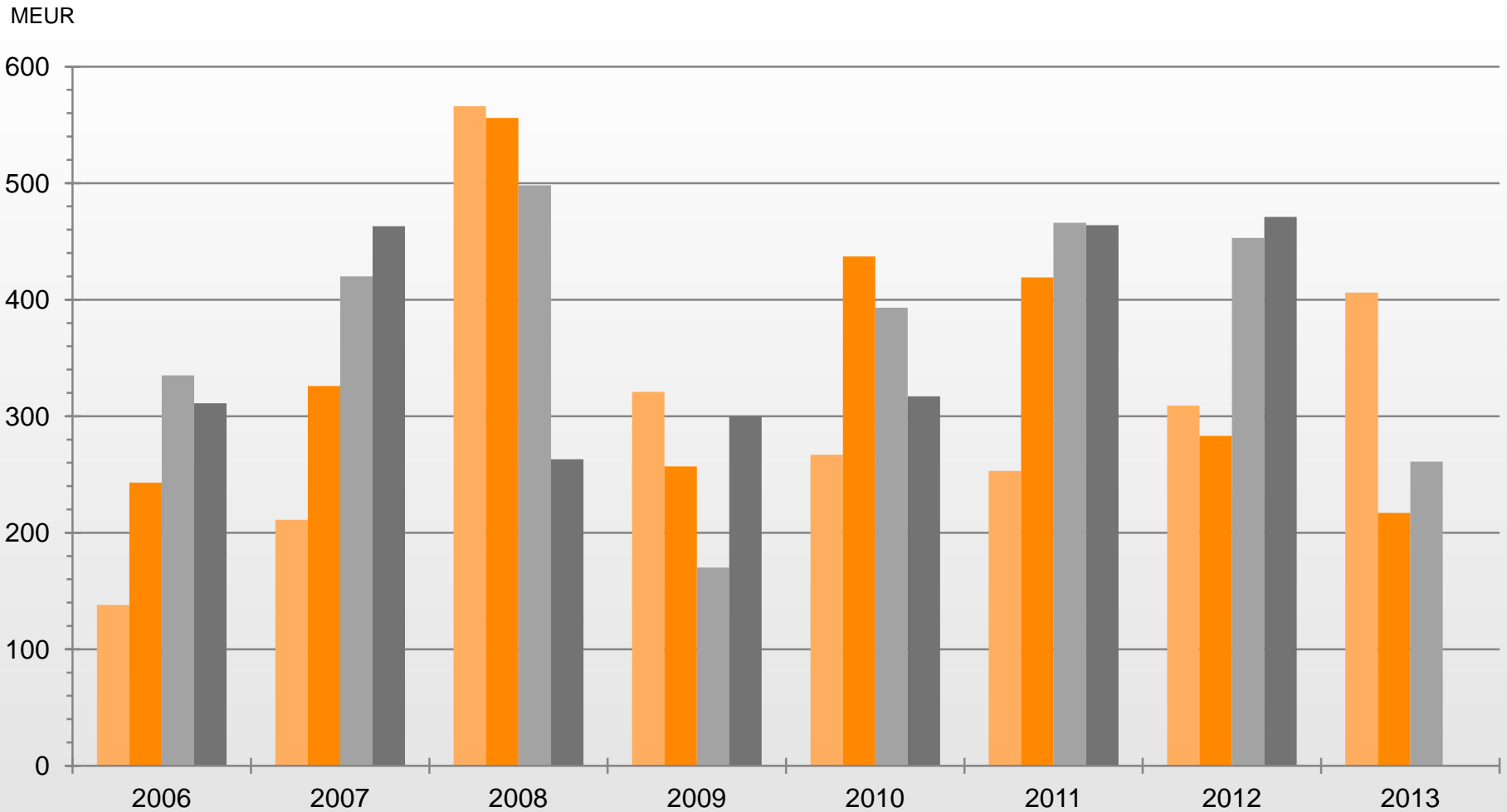
**Moderate activity in
power generation
markets**

Power plant quotation activity remained stable



Share of natural gas is consistently increasing

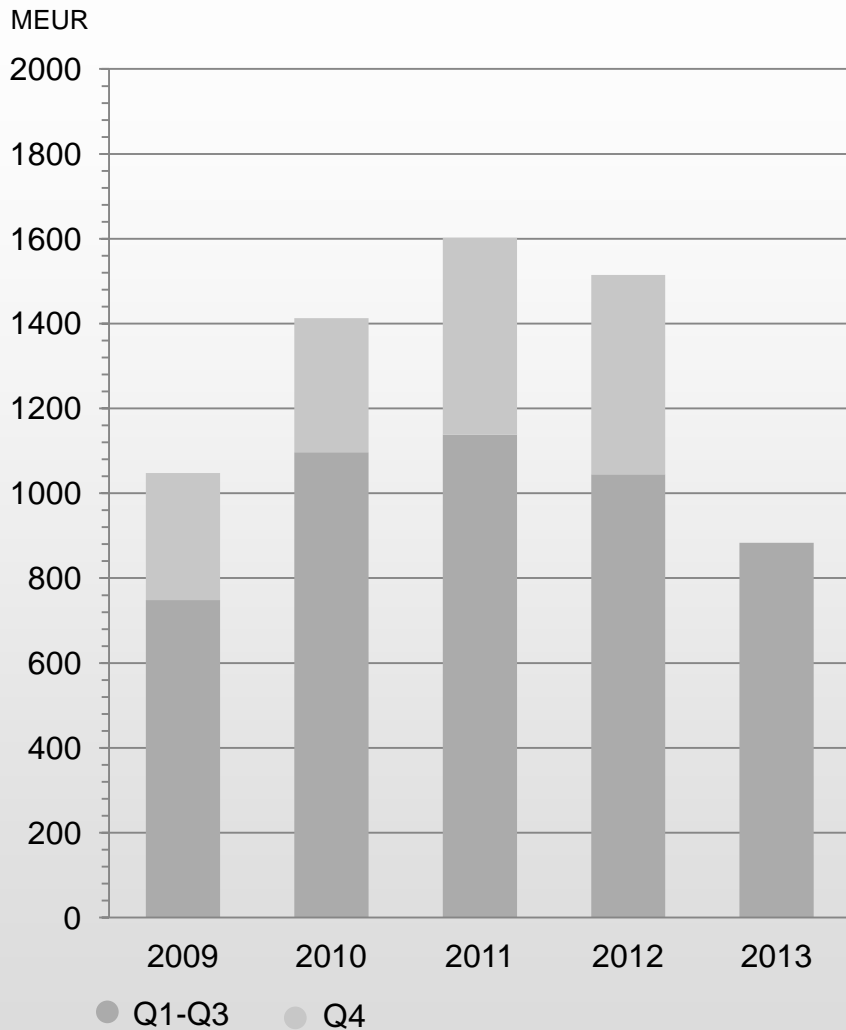
Power Plants quarterly order intake



Q1 Q2 Q3 Q4

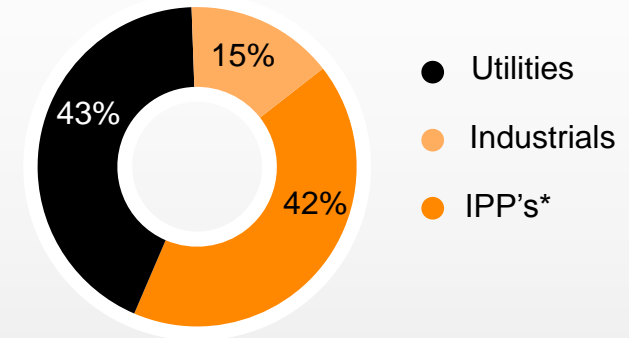


Power Plants order intake by customer segment

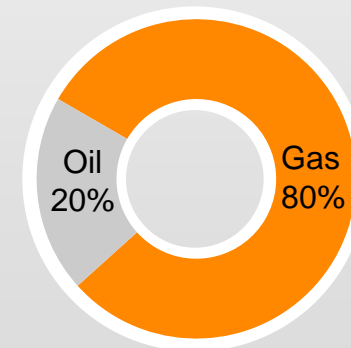


Review period development

Total EUR 884 million (1,045)



Review period order intake by fuel in MW



*IPP = Independent Power Producer

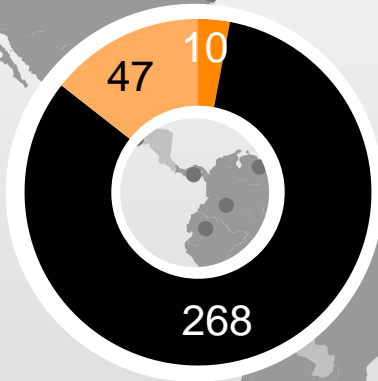
Contract for the largest peaking gas power plant in Indonesia



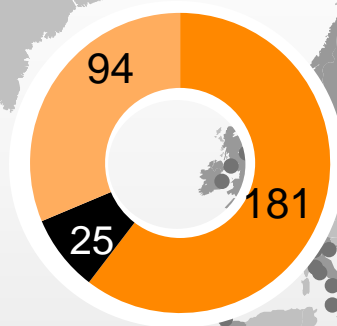
- Supply of engineering and equipment for a 184 MW peaking gas power plant in Indonesia
- Order placed by PT Wijaya Karya, one of Indonesia's biggest construction contractors
- Power will be generated by a total of 19 Wärtsilä 34SG engines and the produced electricity will be used to stabilise the grid
- Wärtsilä's capability to deliver high quality, extremely efficient, and flexible power plant solutions on a fast-track basis were key in receiving the contract

Power Plants - global order intake

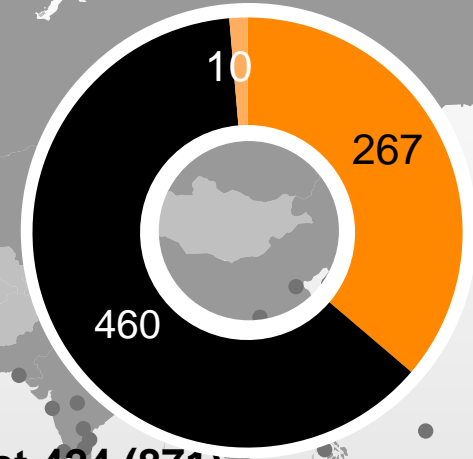
Americas 324 (612)



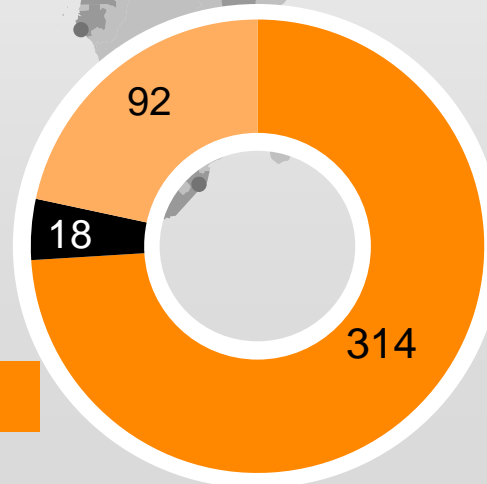
Europe 300 (79)



Asia 738 (851)



Africa and Middle East 424 (871)

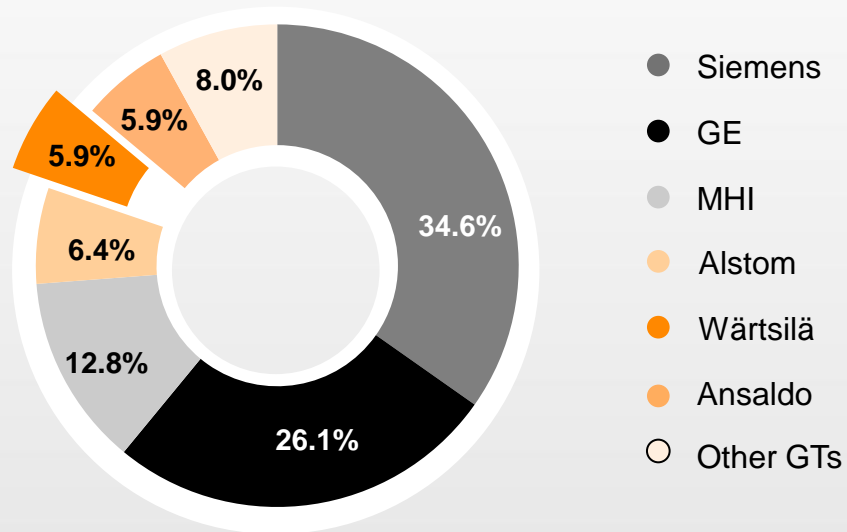


Order intake 1-9/2013: 1,786 MW (2,414)

Market for gas and liquid based power plants

H1 2013

Total market 18.8 GW (28.8)



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

The data is gathered from the McCoy Power Report.

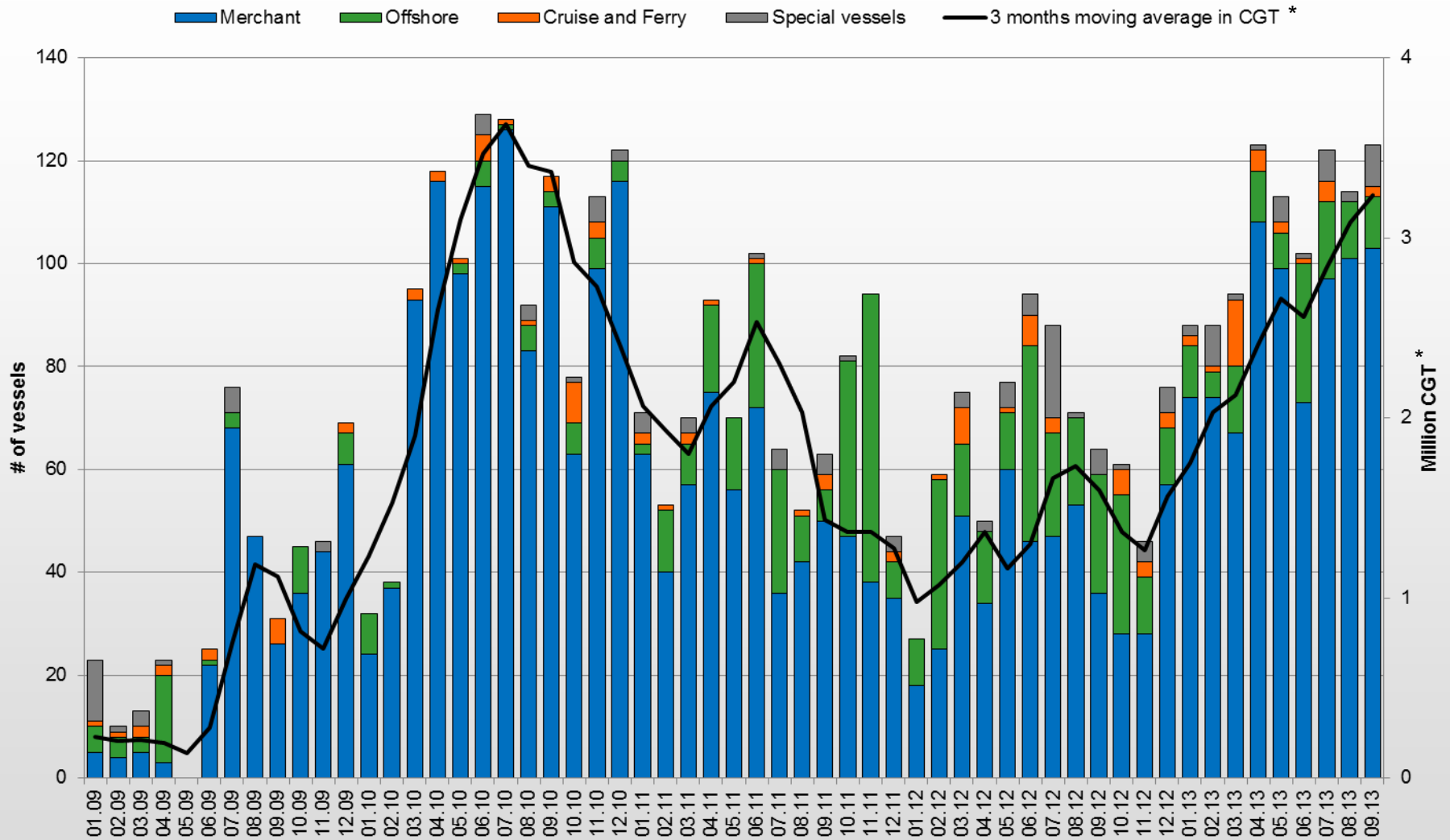
Other combustion engines not included. In engine technology Wärtsilä has a leading position.



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**Good activity in all
major vessel
segments**

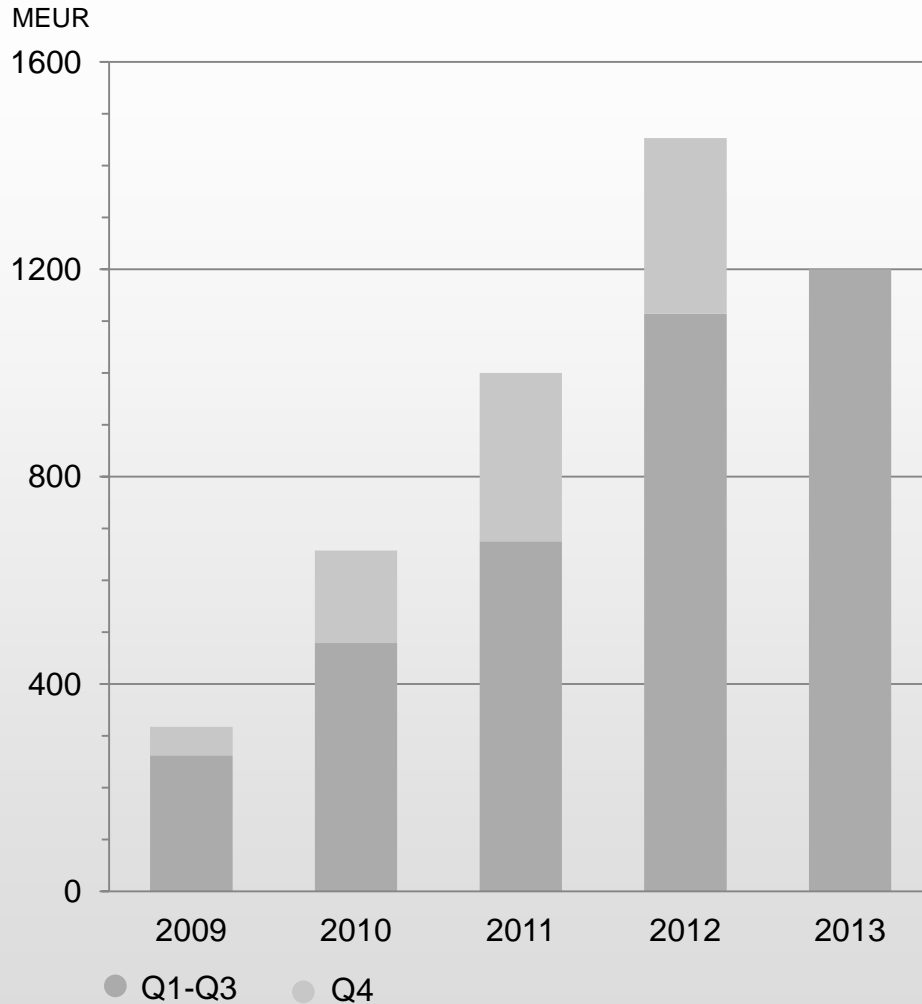
Good activity in vessel contracting continues



Source: Clarkson Research Services

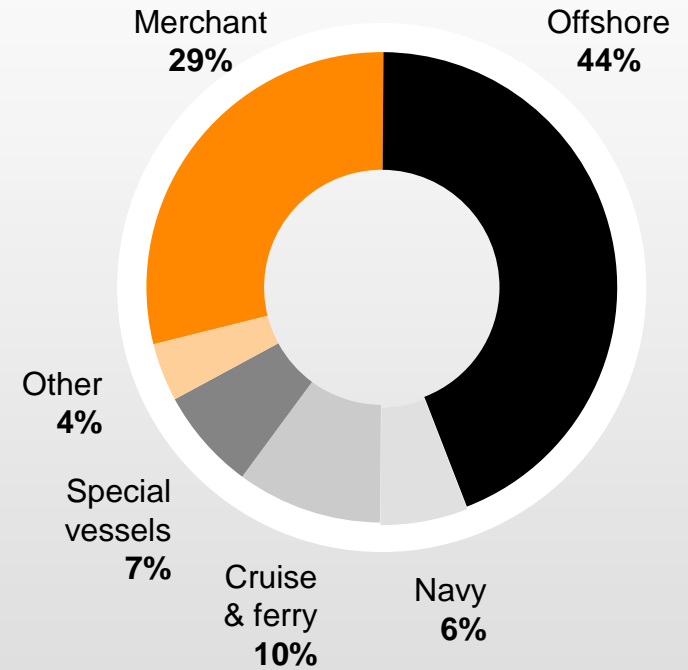
* CGT= gross tonnage compensated with workload

Ship Power order intake by segment



Review period development

Total EUR 1,200 million (1,114)

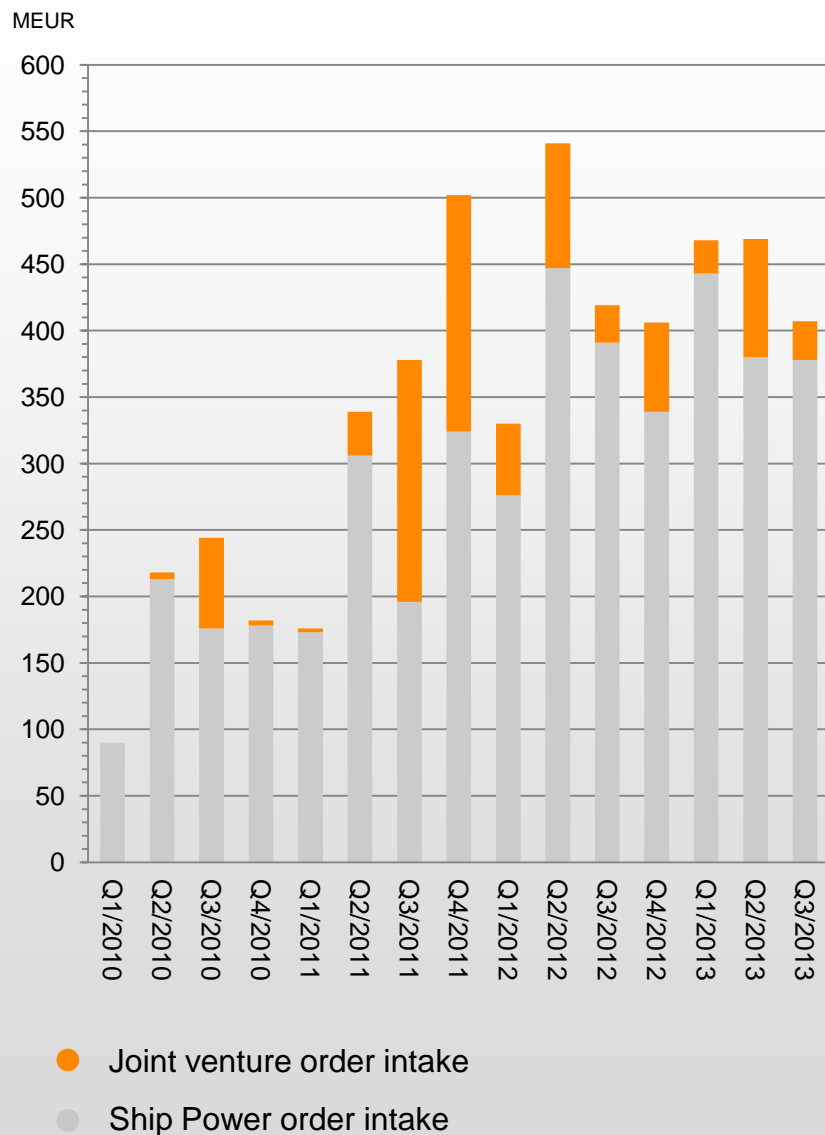


Offshore ordering continued active



- Order to supply the propulsion solutions for six new offshore pipe laying vessels to be built by IHC Merwede for Subsea 7 and Seabras Sapura
- The scope of supply for each ship comprises six 8-cylinder Wärtsilä 32 engines and a series of thrusters
- Key in the award of the contract:
 - ability to secure easy and quick changing of the underwater demountable thrusters
 - ability to meet the tight delivery schedule with equipment and machinery that provide the necessary quality, reliability and efficiency

Joint venture ordering activity

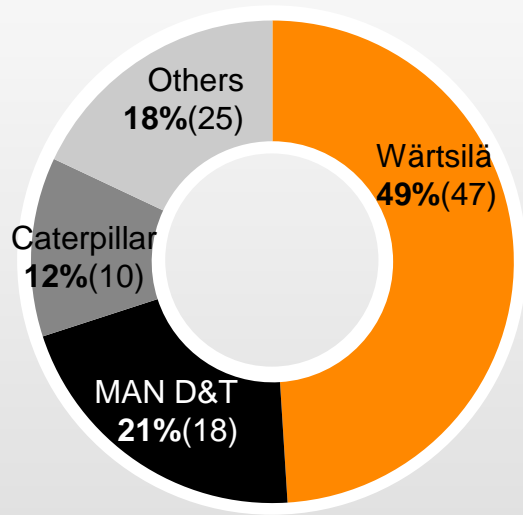


- Order intake in **Wärtsilä Hyundai Engine Company Ltd** in South Korea, and **Wärtsilä Qiyao Diesel Company Ltd** in China totalled EUR 143 million (175) during the review period January-September 2013
- Wärtsilä's share of ownership in these companies is 50%, and the results are reported as a share of result of associates and joint ventures

Ship Power Market

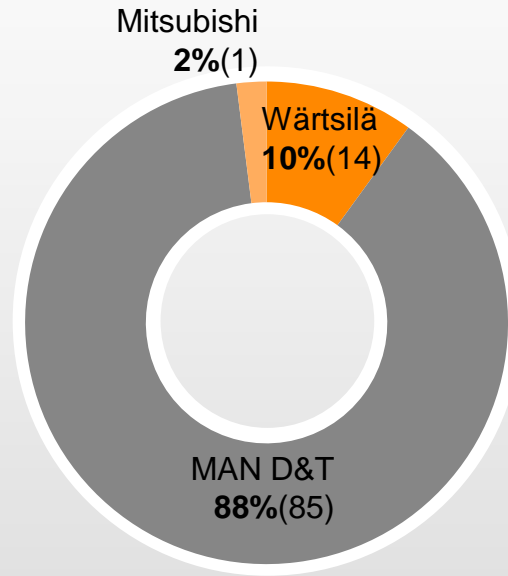
Market position of Wärtsilä's marine engines

Medium-speed main engines



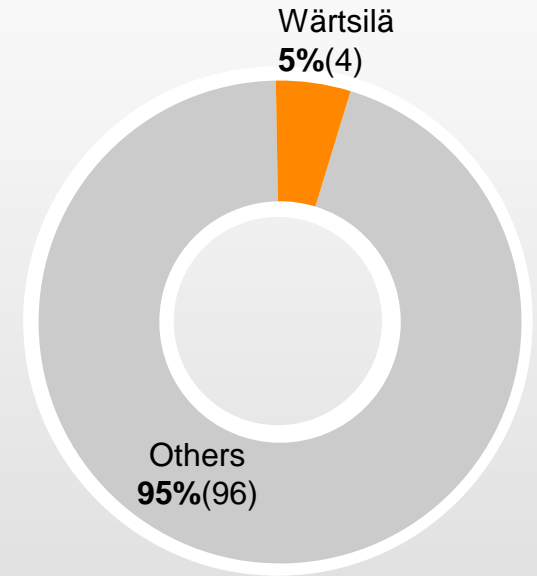
Total market volume last 12 months:
4,438 MW (4,850)

Low-speed main engines



Total market volume last 12 months:
20,540 MW (13,214)

Auxiliary engines



Total market volume last 12 months:
5,024 MW (3,800)

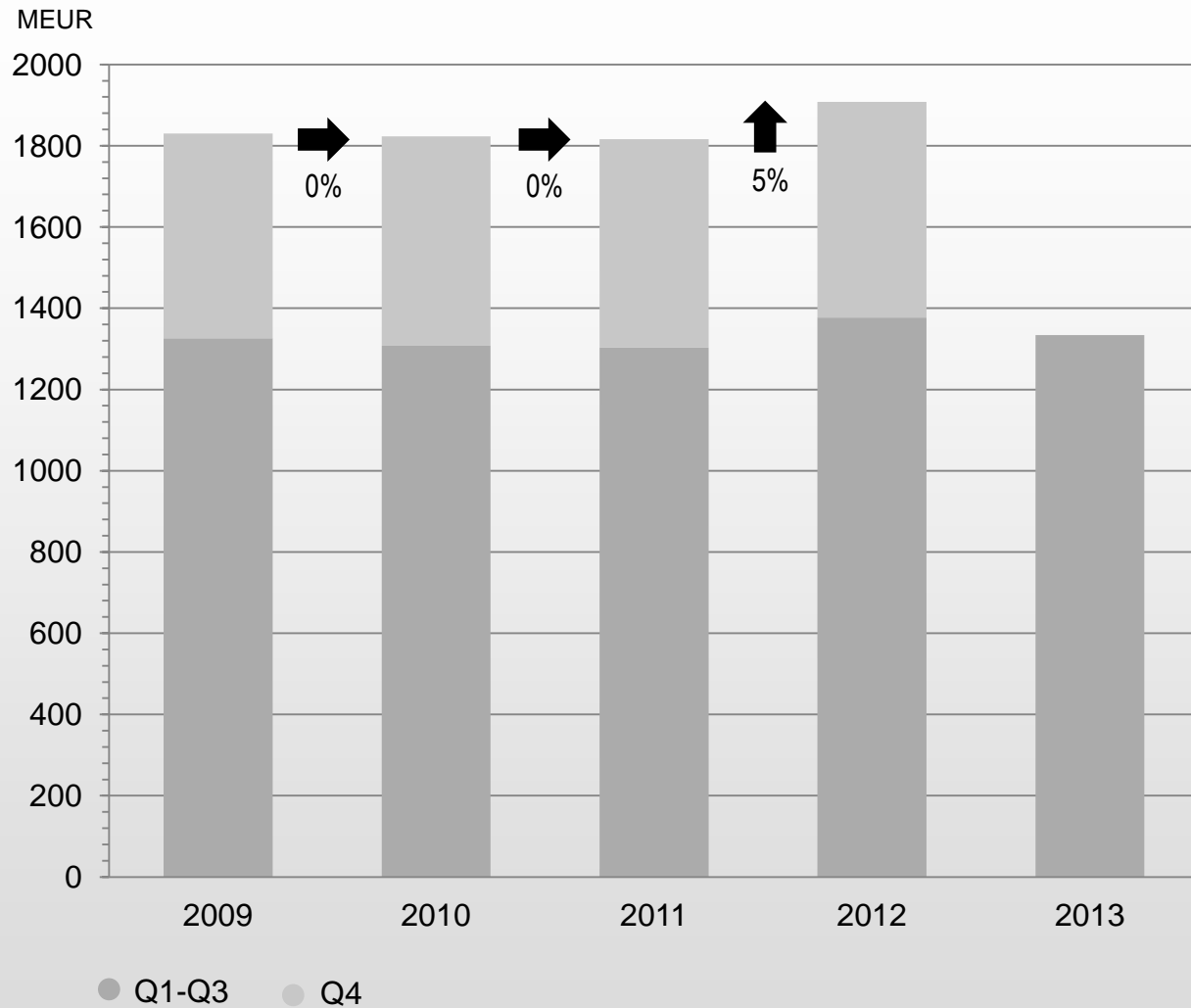
Wärtsilä's market shares are calculated on a 12 months rolling basis, numbers in brackets are from the end of the previous quarter. The calculation is based on Wärtsilä's own data portal.

A dark, monochromatic photograph of industrial machinery, featuring large pipes, valves, and structural components. The lighting is dramatic, highlighting the metallic surfaces and creating deep shadows. An orange semi-transparent box is overlaid on the left side of the image, containing a quote and text.

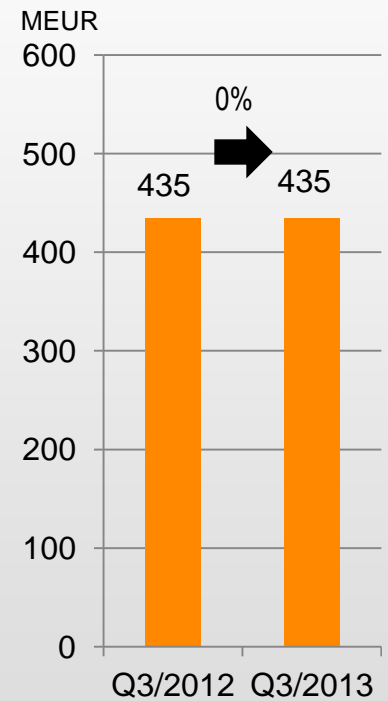
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**Stable
development in
the service
markets**

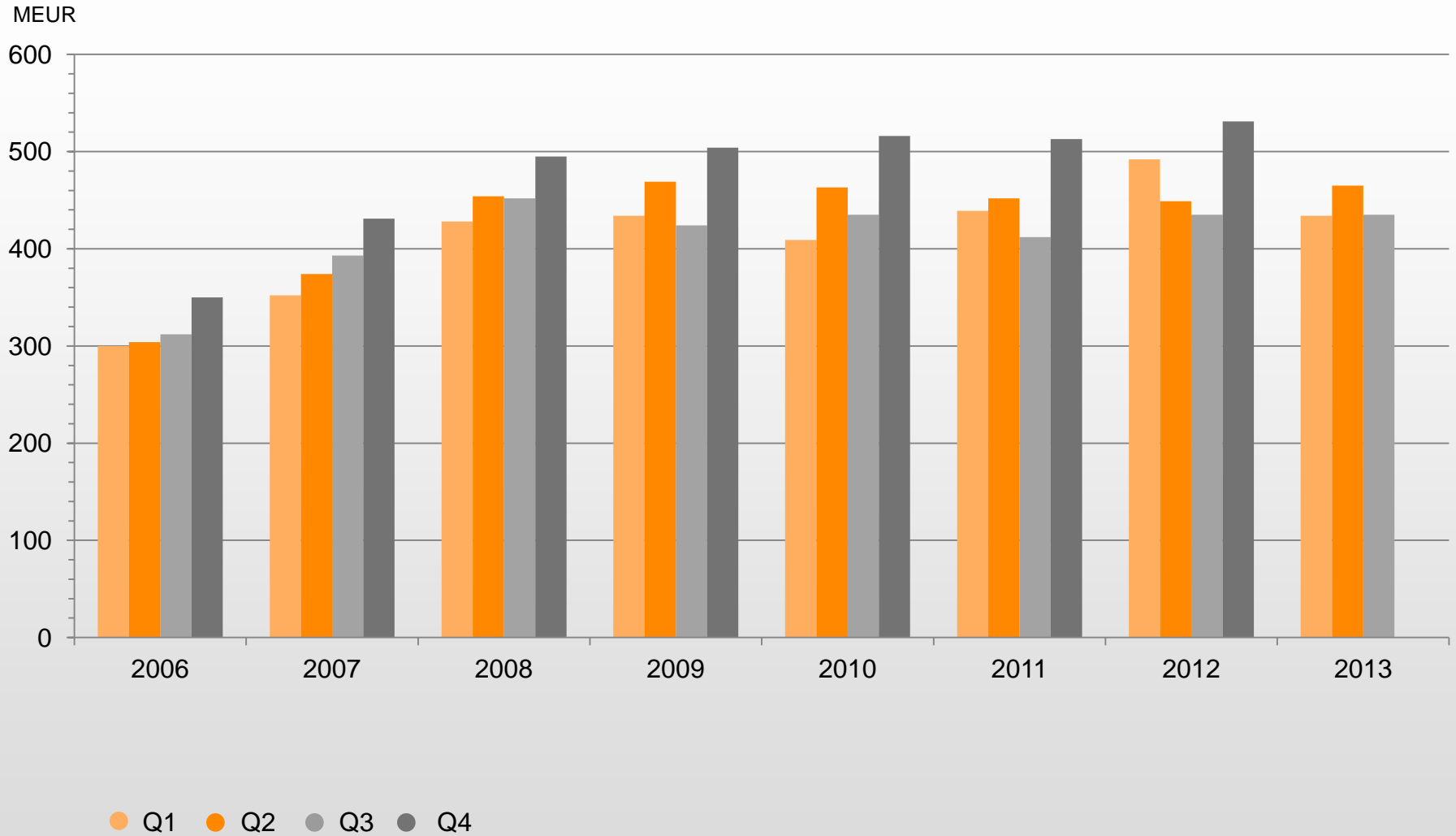
Services net sales development



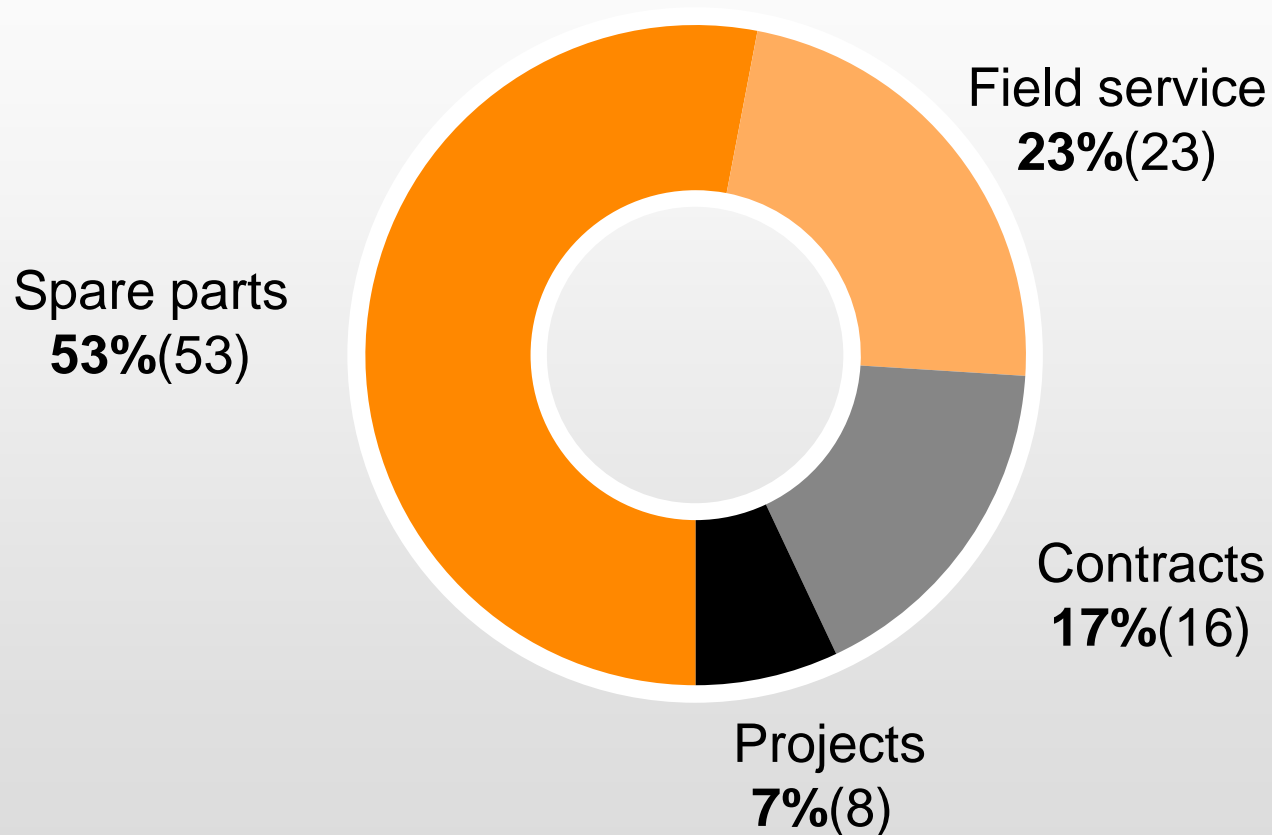
Third quarter development



Services net sales by quarter



Services net sales distribution 1-9/2013



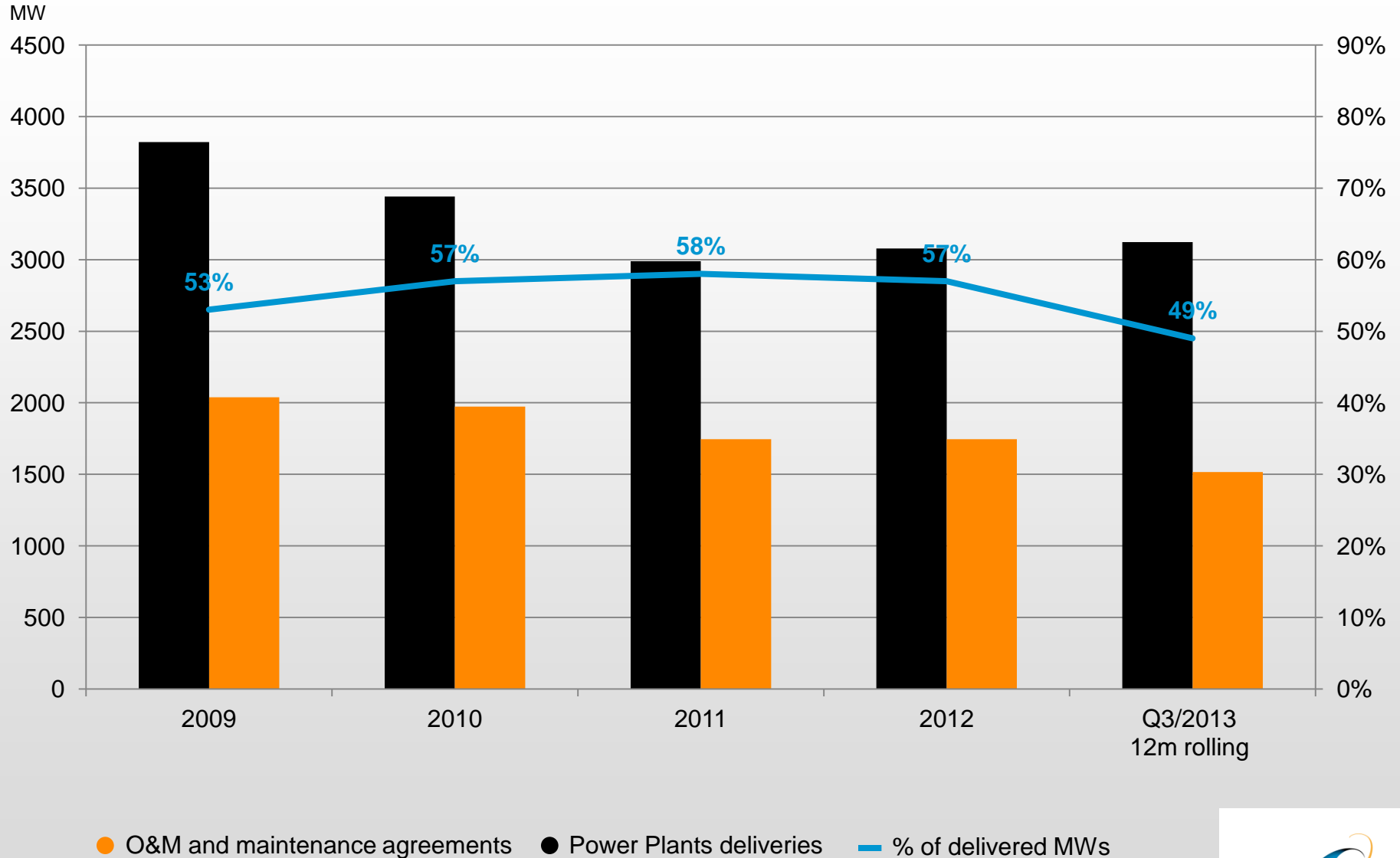
Total EUR 1,334 million (1,377)

First major service agreement signed in Australia



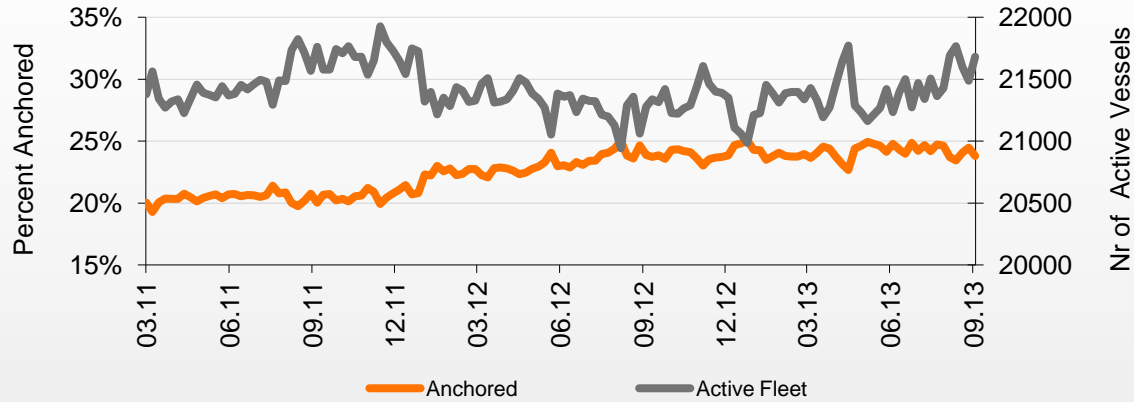
- 10-year service agreement signed with Energy Developments Ltd of Australia to maintain the McArthur River Mine power plant
- The 53 MW power plant supplies power to the McArthur River zinc mine, with electricity generated by six Wärtsilä 34SG engines running on natural gas
- The service agreement includes a guarantee for the plant's availability to generate power based on pre-planned scheduled maintenance periods

Development of Power Plants service agreements

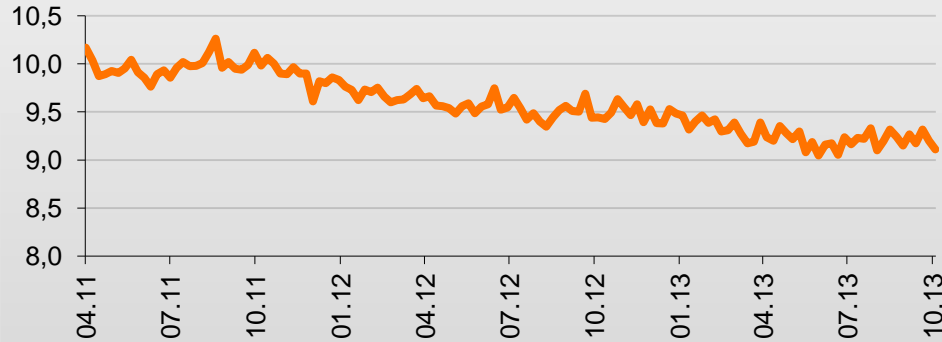


Fleet utilisation

Anchored Vessels & Fleet Development*



Fleet Average Speed, knots**



* Source Bloomberg (IHS AIS Live). The database covers more than 25 000 vessels (>299 GT).

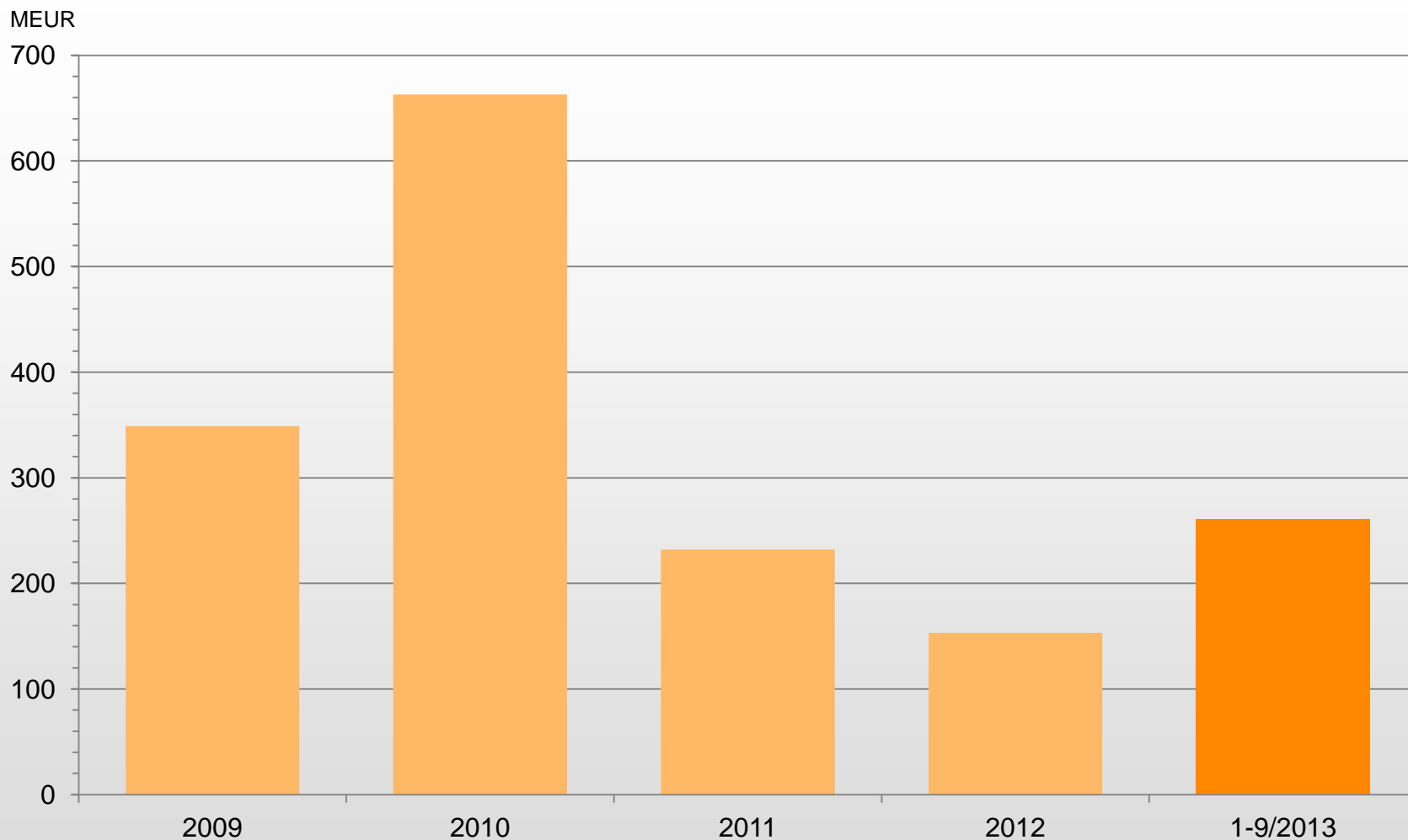
** Source Bloomberg

A dark, monochromatic photograph of industrial machinery, featuring large pipes, valves, and structural components. The lighting is dramatic, highlighting the metallic surfaces and creating deep shadows. The overall tone is professional and industrial.

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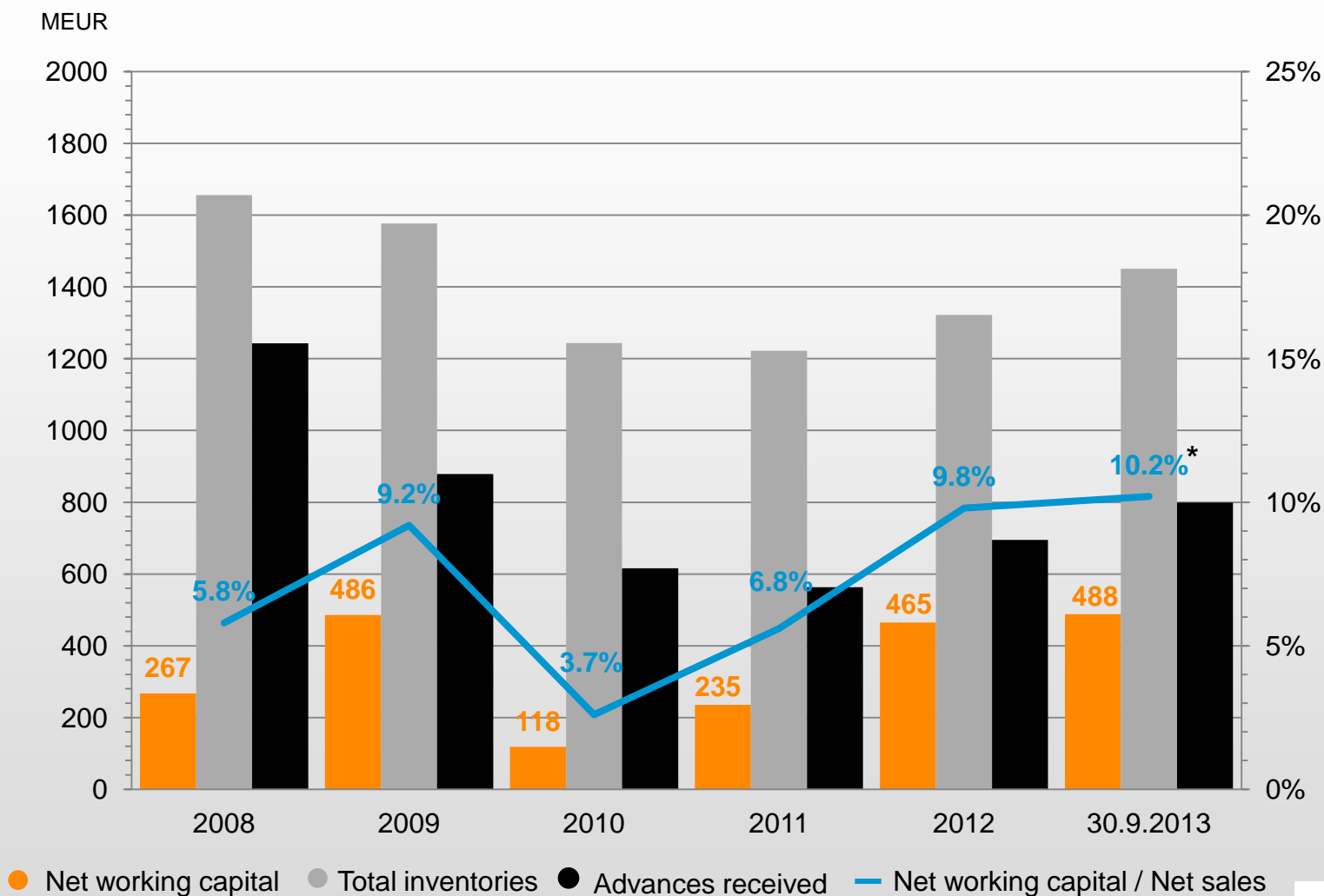
**Solid financial
position**

Cash flow from operating activities



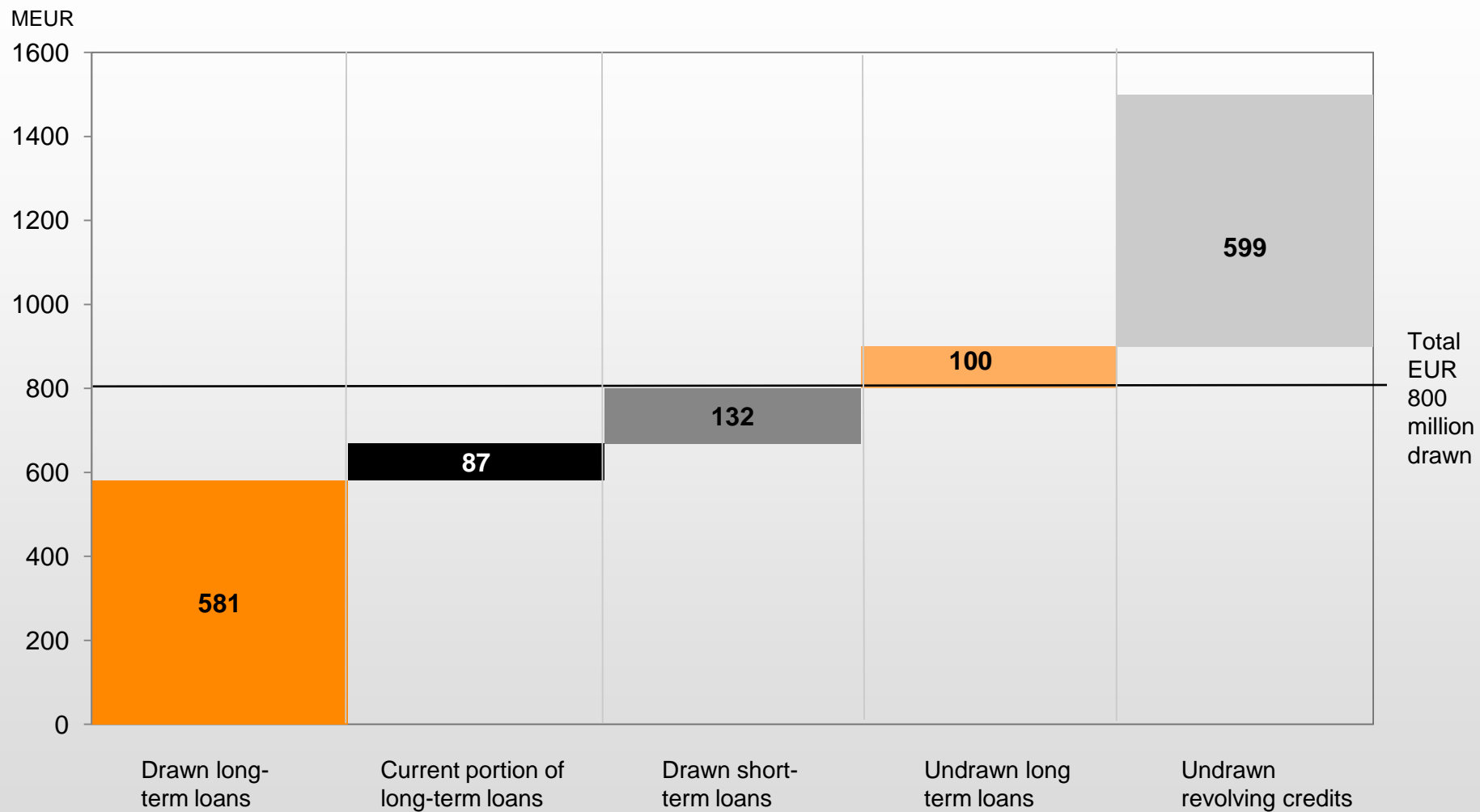
Working capital

Good development in advances received



* Working capital / 12 months rolling net sales

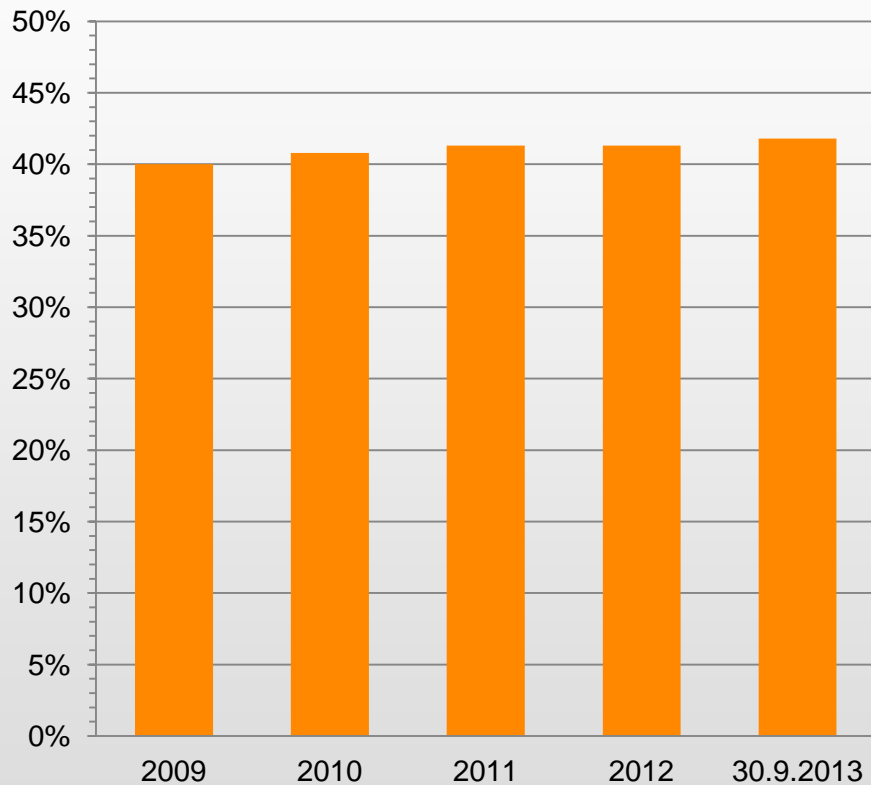
Committed loans 30 September 2013



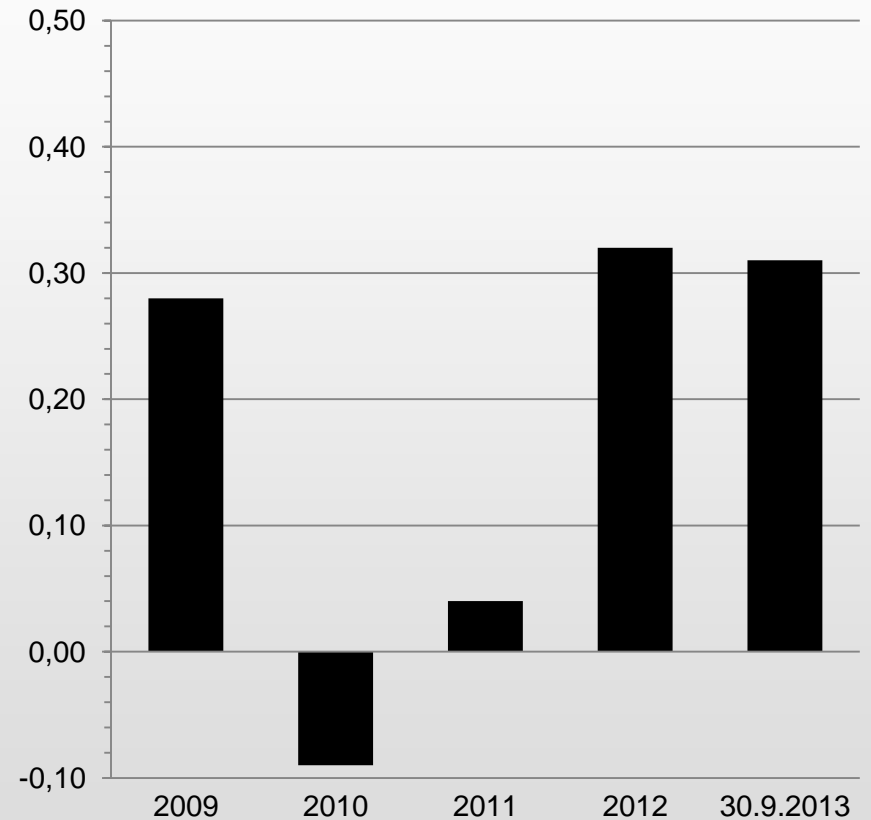
At the end of the reporting period, drawn revolving credits amounted to 0 euro. Drawn short-term loans include EUR 123 million Finnish Commercial Papers. The total amount of Finnish Commercial Paper Programs was EUR 700 million (uncommitted).

Financial position

Solvency



Gearing





- **Power Plants:** Based on weaker global ordering statistics in the first half-year, the overall market for natural gas and liquid fuel based power generation in 2013 is expected to decline.
- **Ship Power:** The outlook for the shipping and shipbuilding market in 2013 has improved. Overall, the contracting mix is expected to be more balanced than in 2012, with activity in all major vessel segments.
- **Services:** The overall service market outlook remains stable.

Prospects for 2013 revised

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Wärtsilä expects its net sales for 2013 to grow by 0-5% (previous estimate 0-10%) and its operational profitability (EBIT% before non-recurring items) to be around 11%.



WÄRTSILÄ

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