

WÄRTSILÄ CORPORATION

RESULT PRESENTATION 2014

29 JANUARY 2015

Björn Rosengren,
President & CEO

Highlights 2014 – good performance in challenging markets

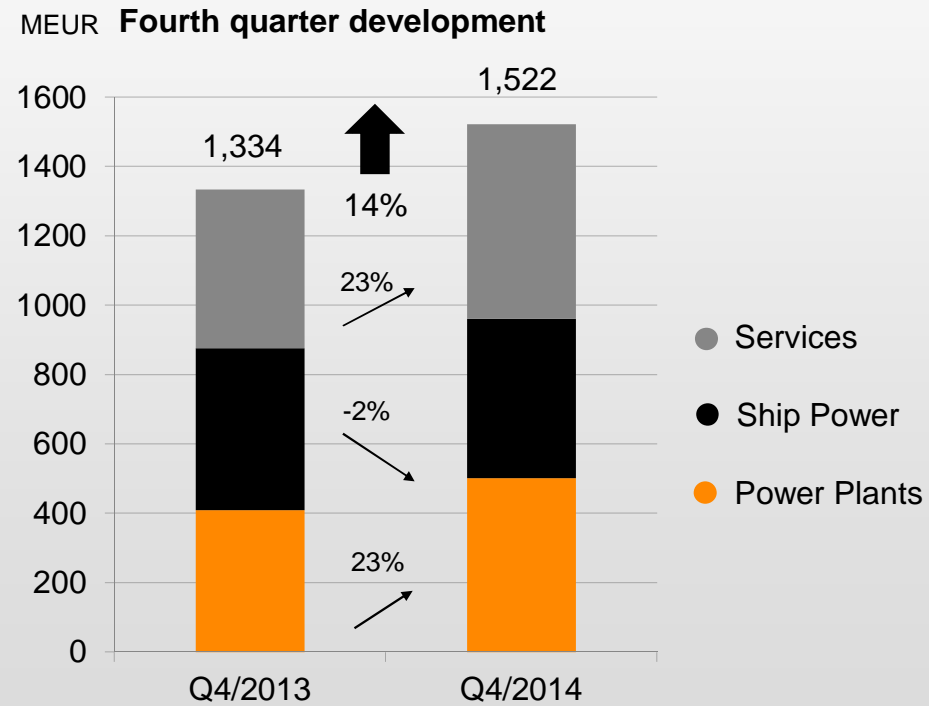
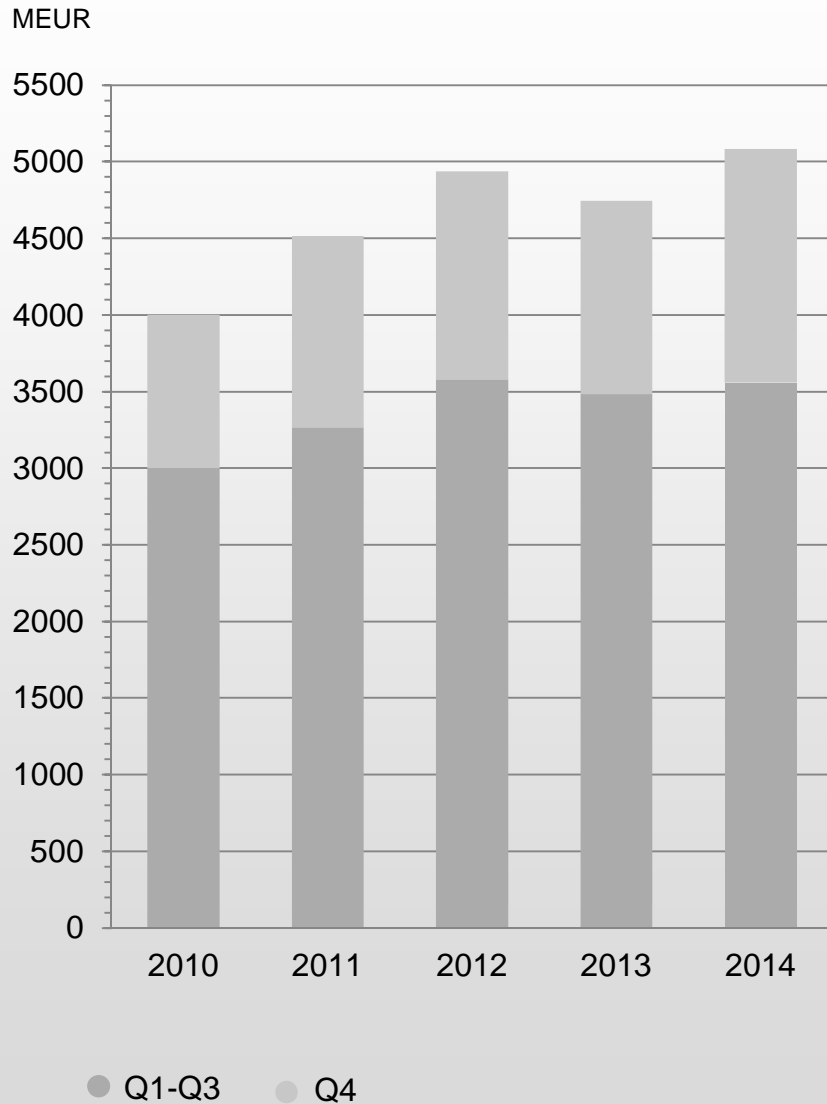


- Order intake EUR 5,084 million, +5%
- Net sales EUR 4,779 million, +4%
- Book-to-bill 1.06 (1.05)
- EBIT EUR 569 million, 11.9% of net sales (EUR 557 million or 12.1%)
- EPS EUR 1.76 (1.98)
- DPS proposal EUR 1.15
- Acquisition of L-3 Marine Systems International announced in December 2014
- Joint venture for 2-stroke engine business finalised in January 2015

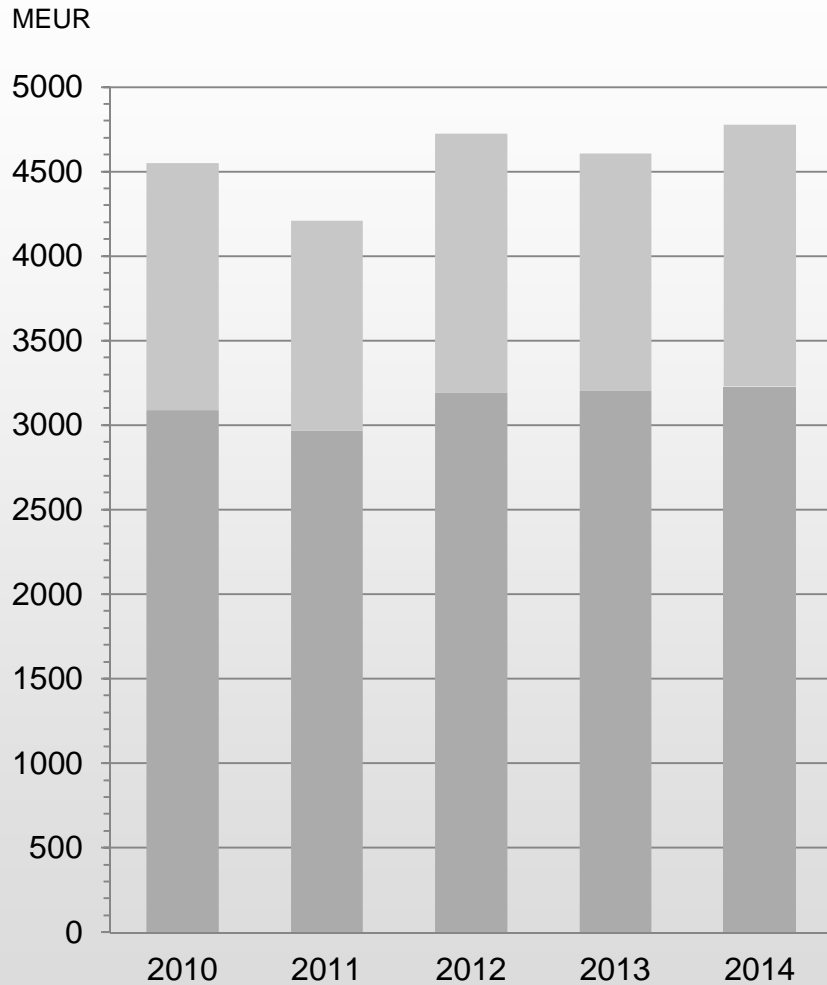
EBIT is shown excluding non-recurring items.

As of the third quarter of 2014, the two-stroke business is reported as discontinued operations. Income statement related comparison figures for 2013 have been restated.

Order intake growth supported by Ship Power & Services

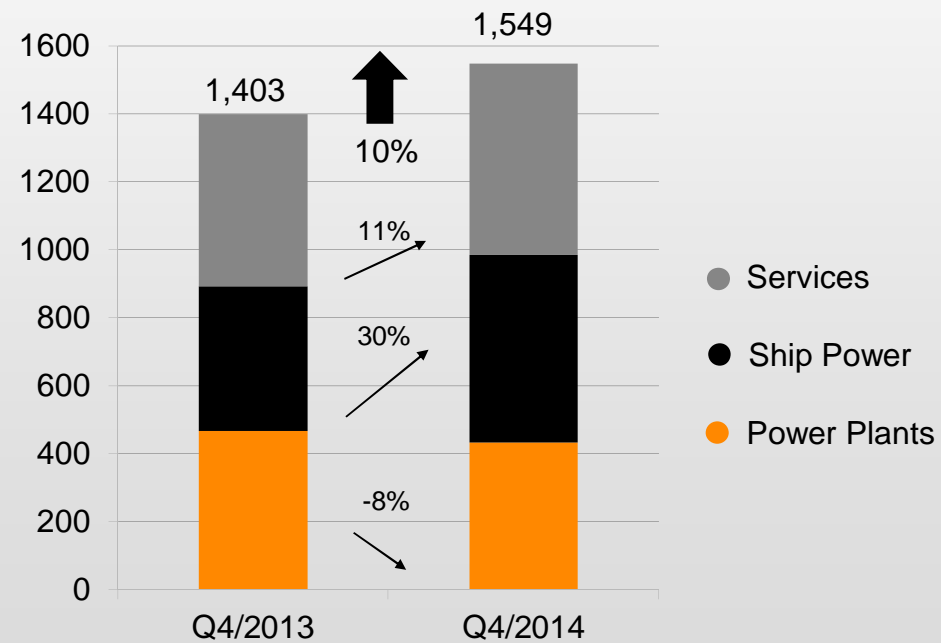


Net sales in line with expectations



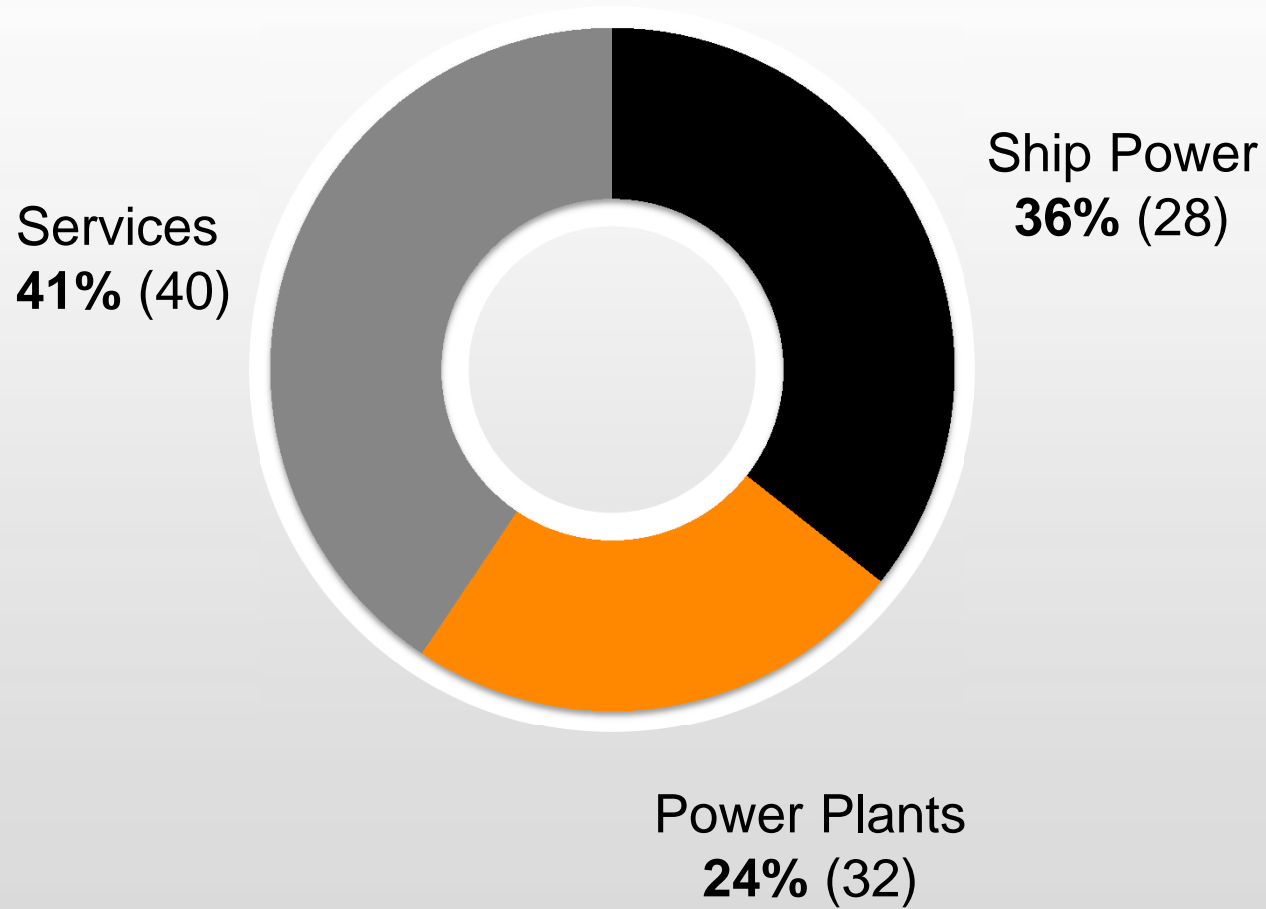
● Q1-Q3 ● Q4

MEUR Fourth quarter development

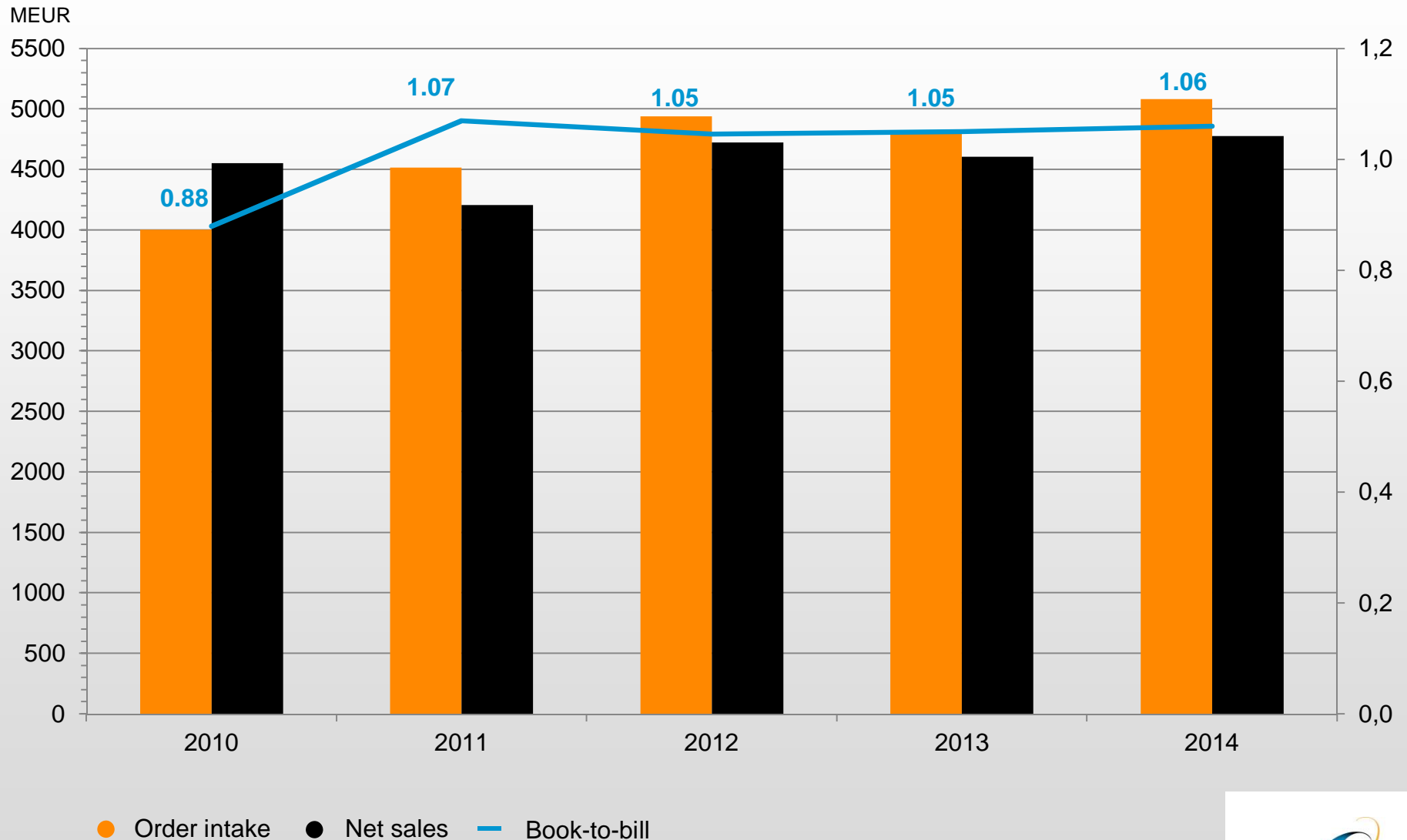


● Services
● Ship Power
● Power Plants

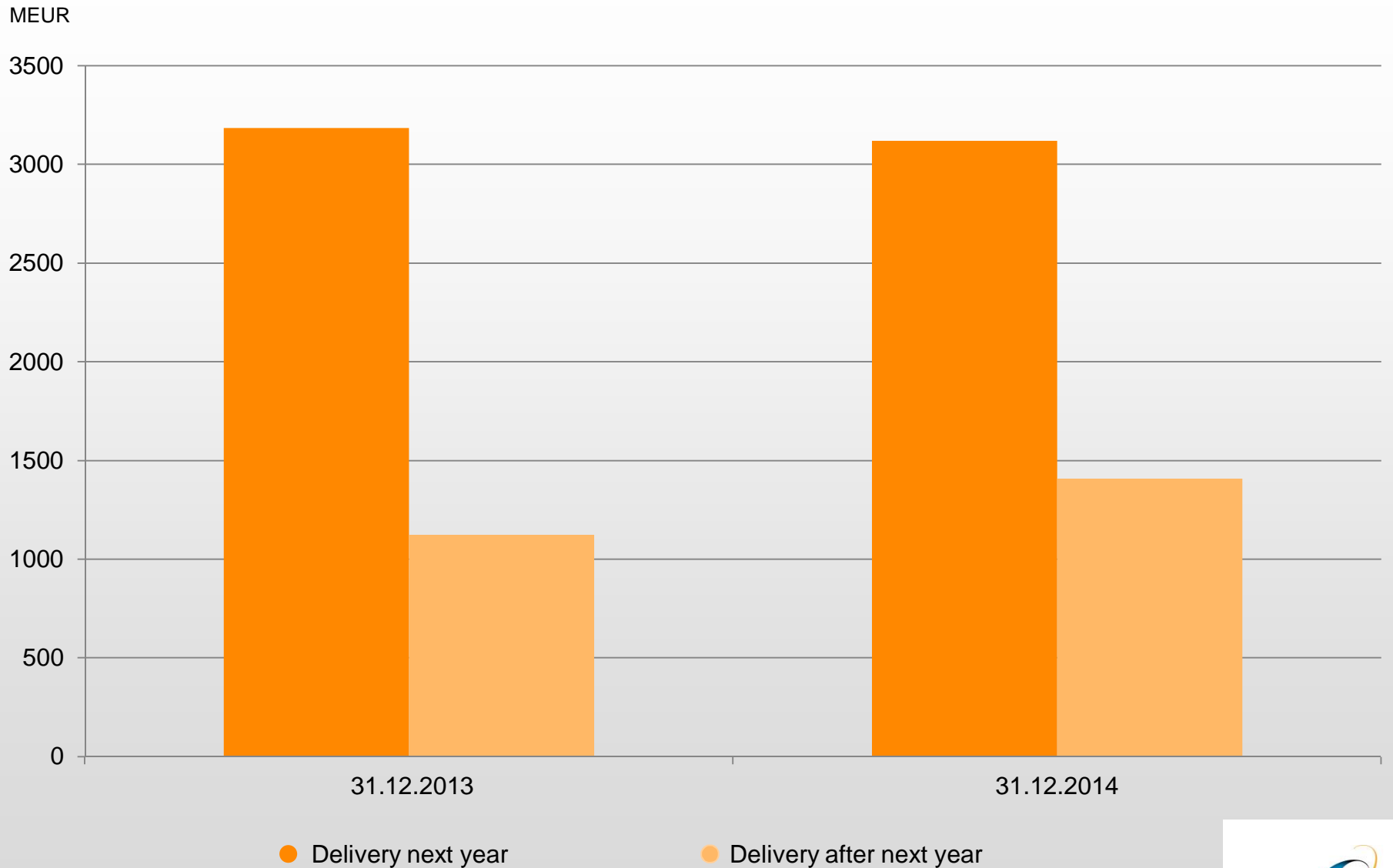
Net sales by business 2014



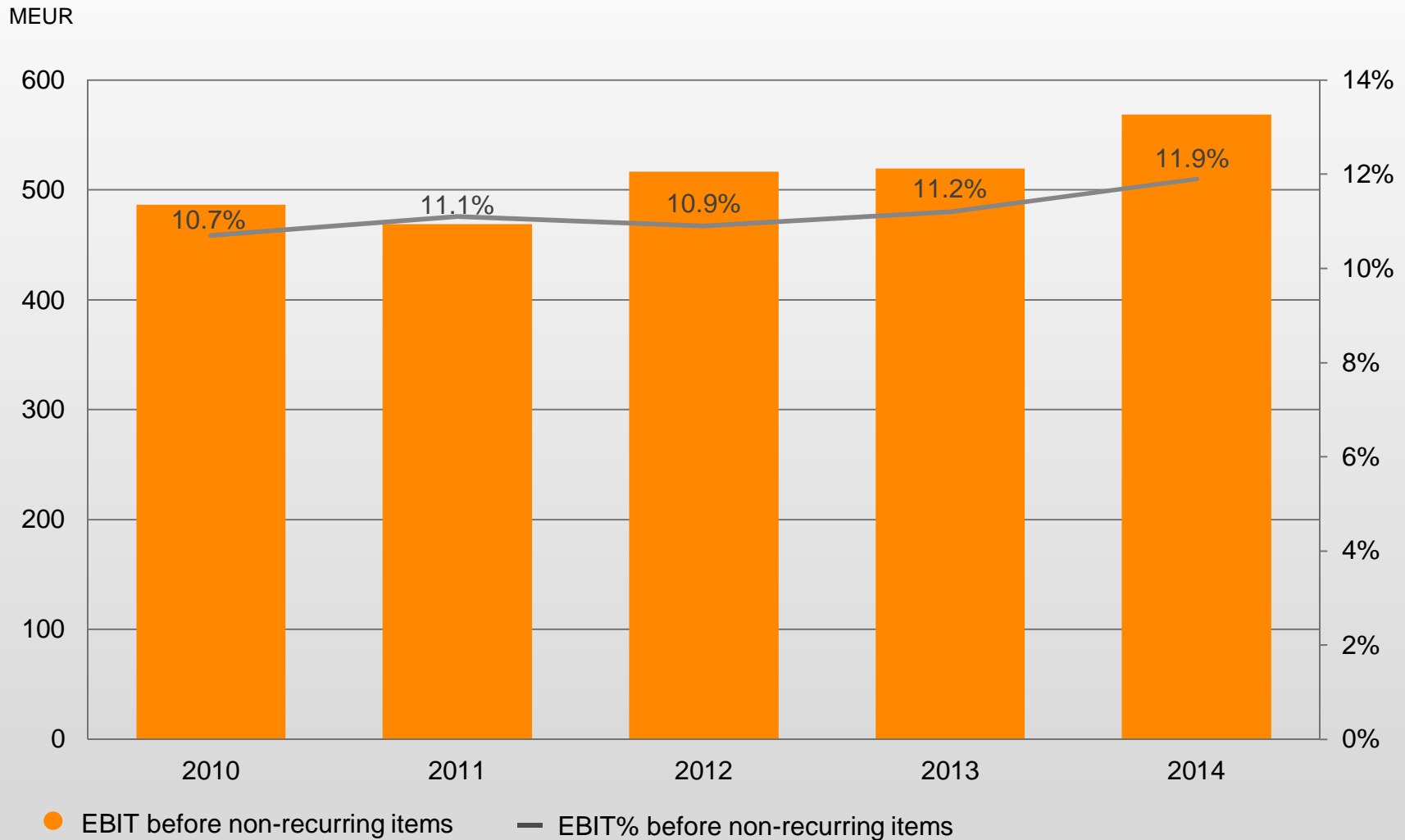
Book-to-bill ratio remains above one



Order book distribution



Profitability at upper end of guidance range



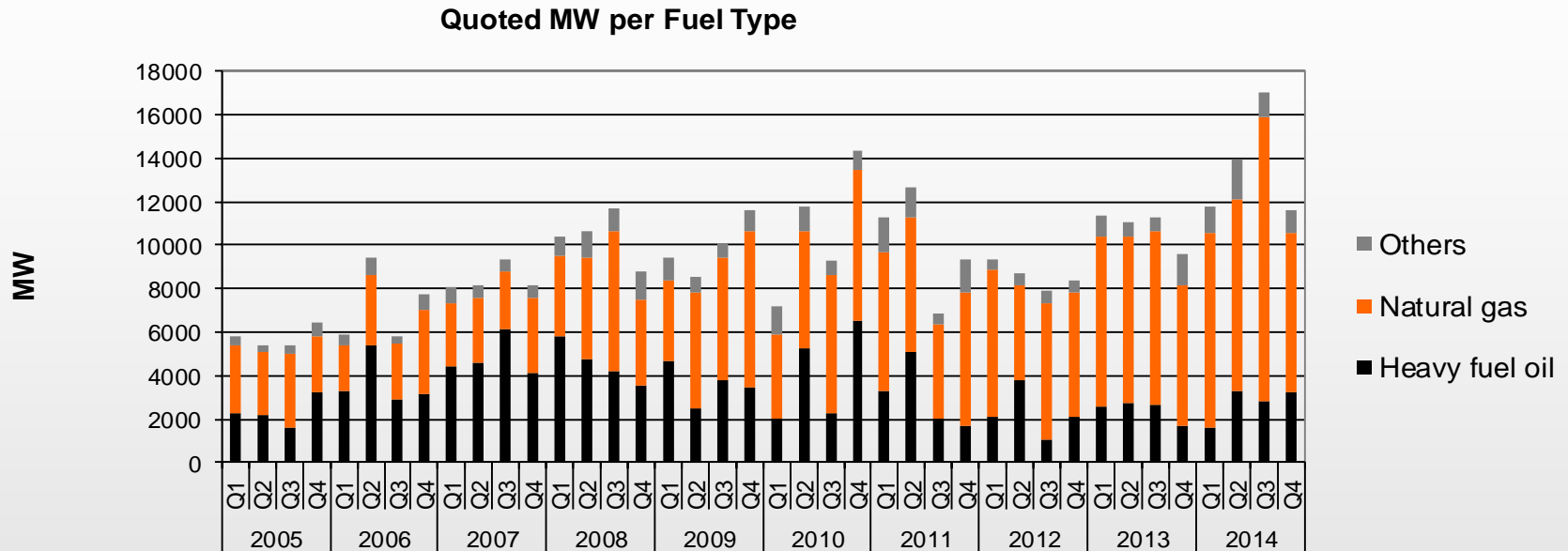
2014 EBIT and EBIT% include continuing operations. Figures for 2010-2013 include both discontinued and continuing operations.



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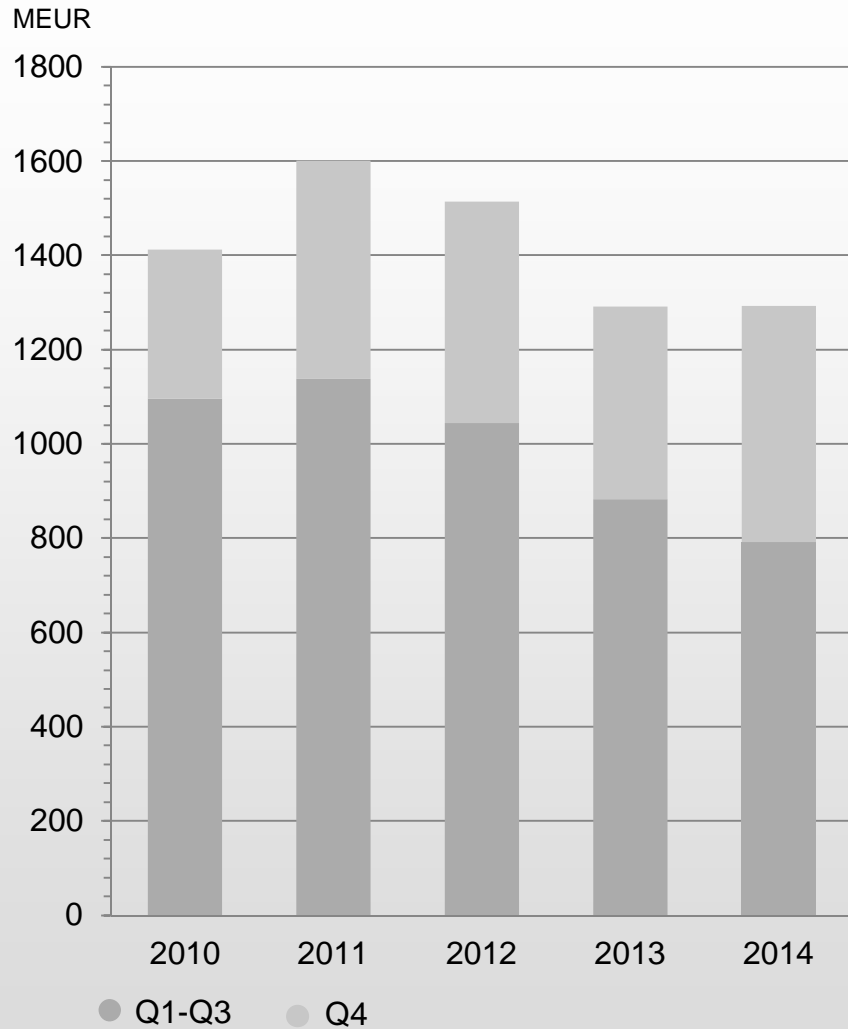
Power plant market activity improved in the second half

Power Plants quotations strong in 2014



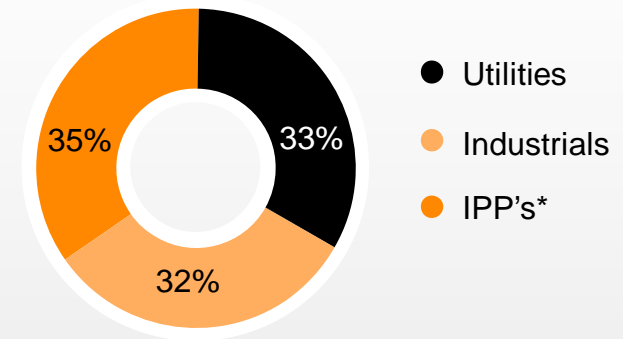
70% of quotations for gas based installations

Power Plants order intake stable despite challenges

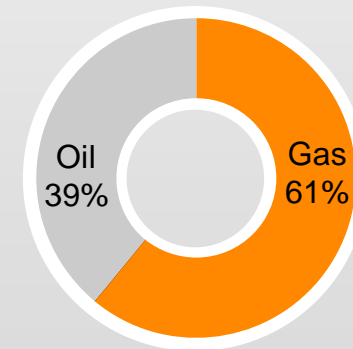


Review period development

Total EUR 1,293 million (1,292)

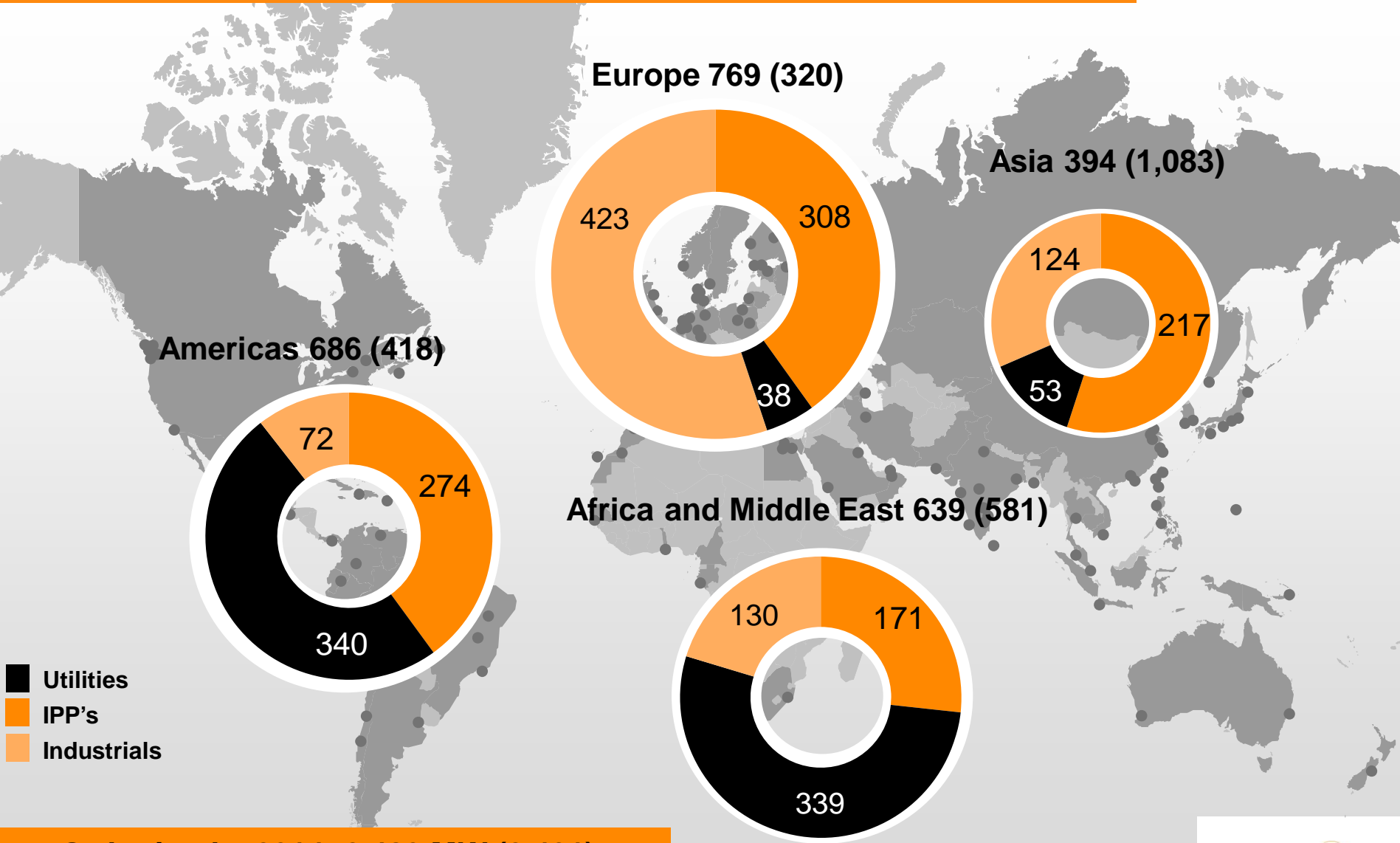


Review period order intake by fuel in MW



*IPP = Independent Power Producer

Power Plants orders well distributed globally



Order intake 2014: 2,489 MW (2,401)

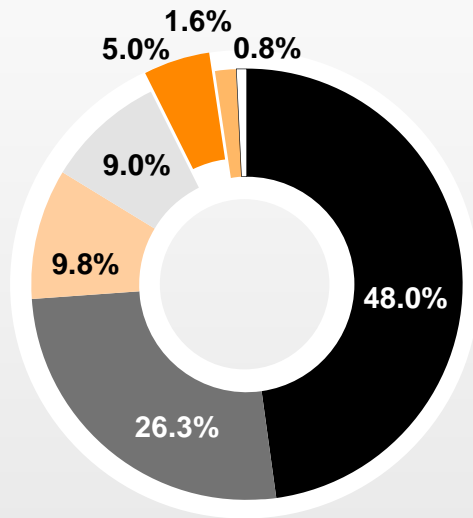
Orders for 11 industrial power plants from Russia



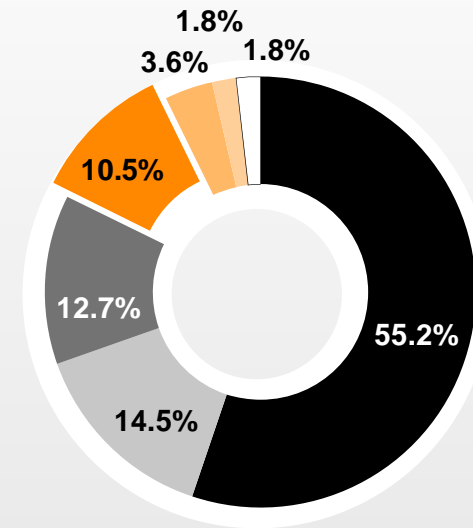
- Order placed by EUROCEMENT group
- Scope of supply: 36 natural gas-fired Wärtsilä 34SG engines with a combined capacity of 314 MW
- The plants will produce electricity for cement factories and work in parallel with the grid
- Wärtsilä's total installed power generation capacity in Russia is approximately 1,000 MW

Market for gas and liquid fuel based power plants 1-9/2014

Total market
37.7 GW (38)



Market <500MW
16.5 GW (25)



GE
 Siemens
 Alstom
 MHI
 Wärtsilä
 Ansaldo
 Other GTs

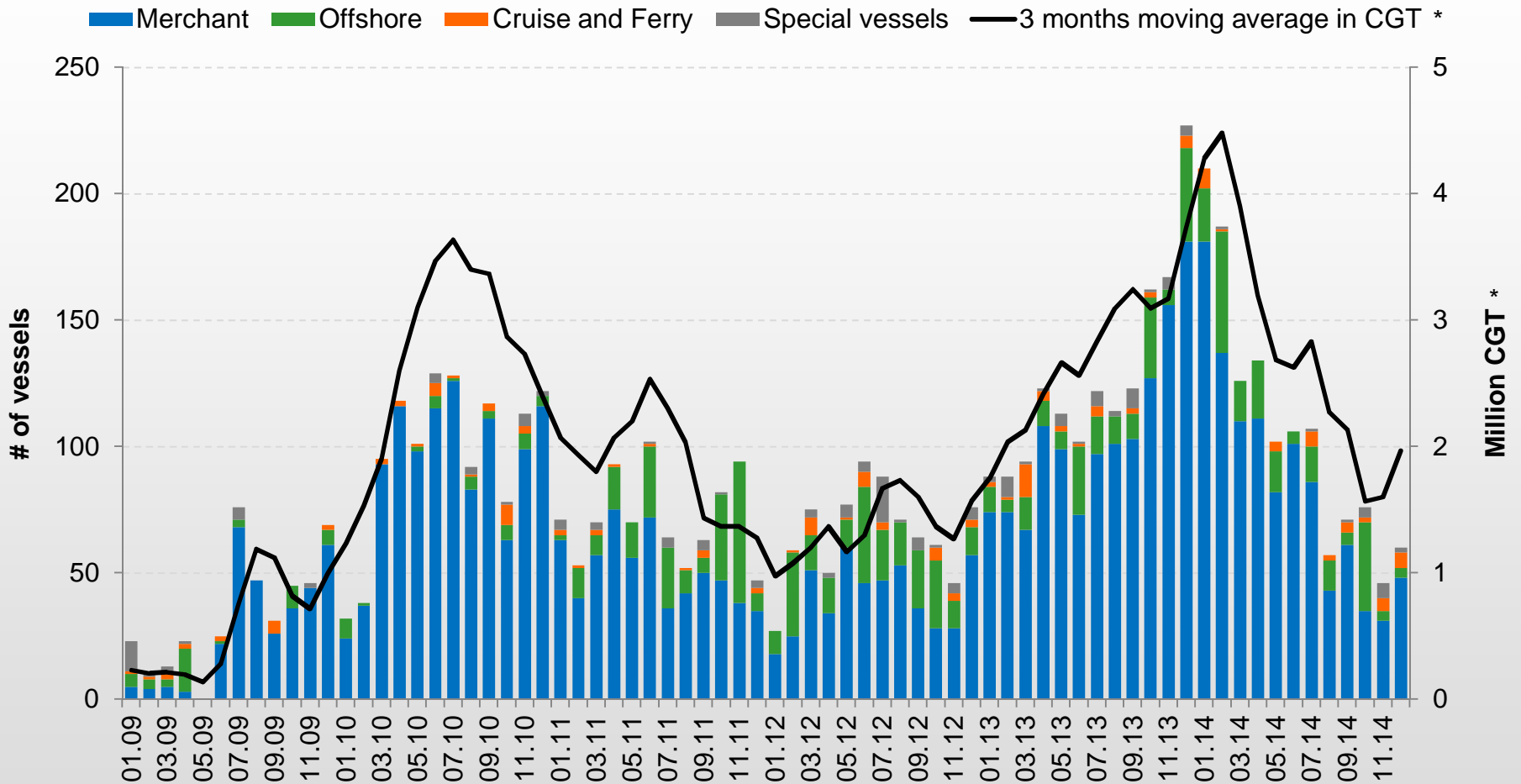
Market data includes all Wärtsilä power plants and other manufacturers' gas and liquid fuelled turbine based power plants with prime movers above 5 MW, as well as estimated output of steam turbines for combined cycles. The data is gathered from the McCoy Power Report. Other combustion engines not included. In engine technology Wärtsilä has a leading position.



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**Ship Power order
intake supported by
activity in gas carriers
and cruise vessels**

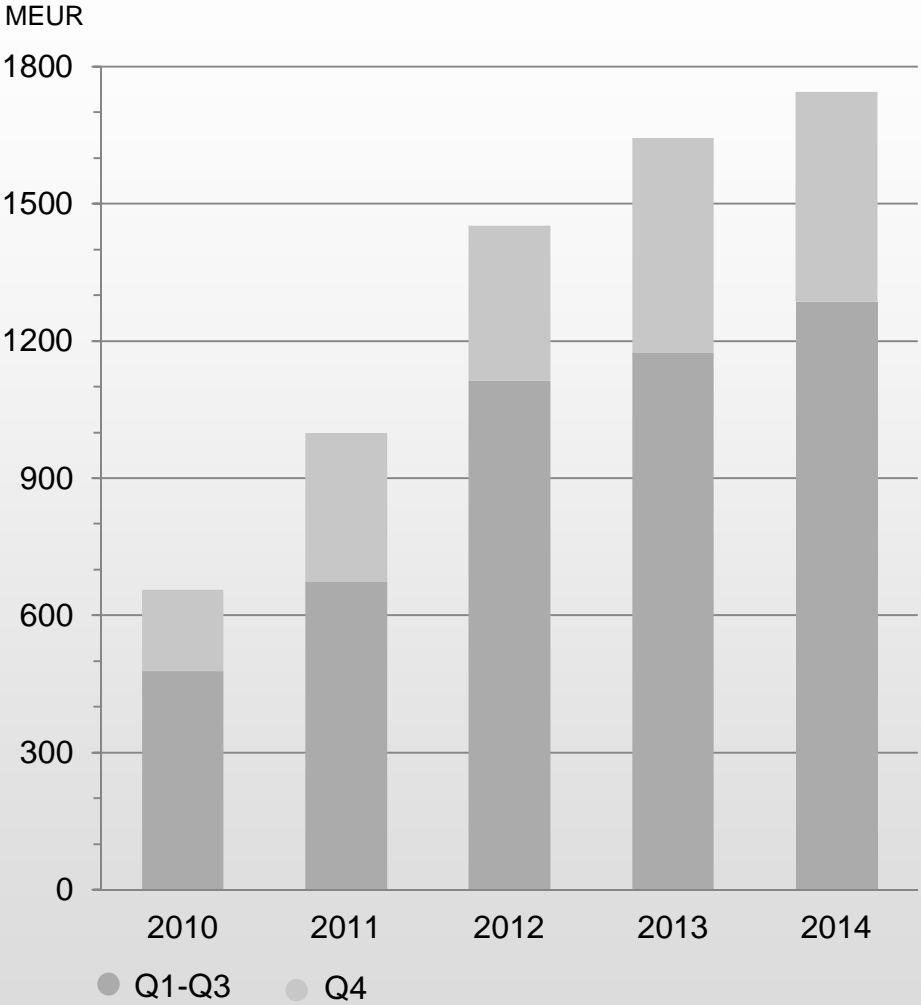
Slowdown in vessel contracting



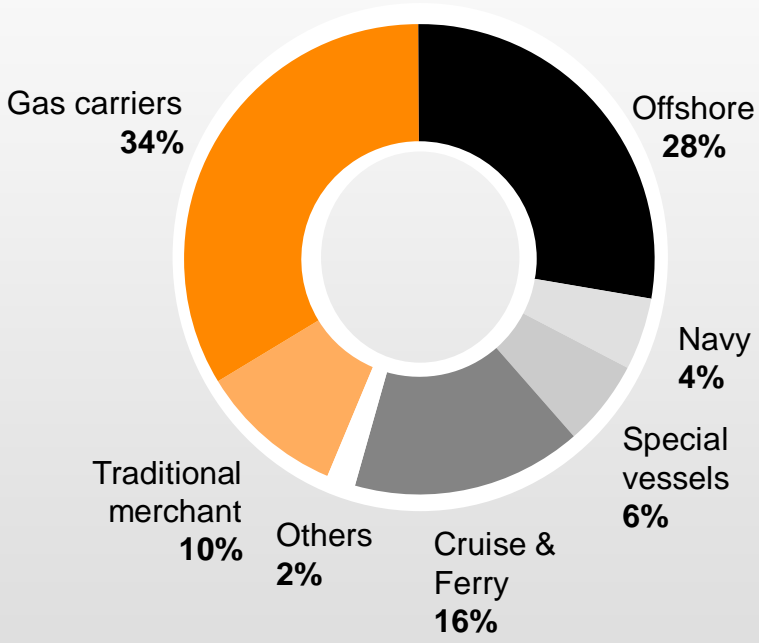
Source: Clarkson Research Services, figures exclude late contracting

* CGT= gross tonnage compensated with workload

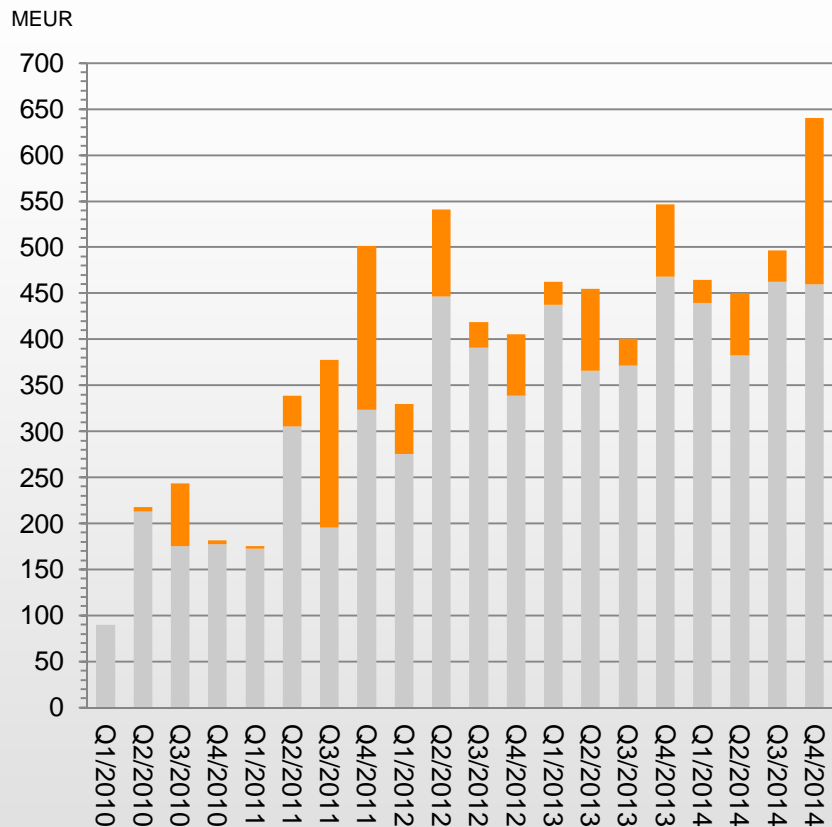
6% growth in Ship Power order intake



Review period development
Total EUR 1,746 million (1,644)



Joint venture ordering activity



- Joint venture order intake totalled EUR 306 million (222) during January-December 2014
- In November Wärtsilä Hyundai Engine Company Ltd. received a major order to supply 54 dual-fuel engines for arctic LNG carriers for the Yamal project in Russia

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

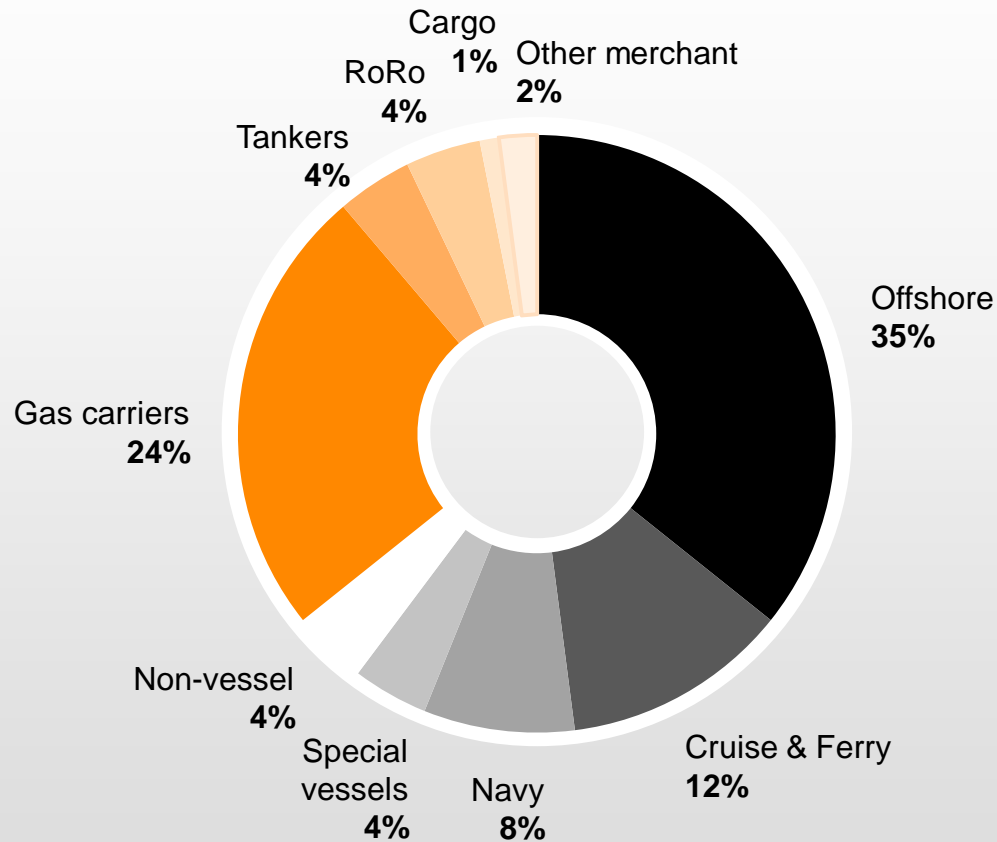
Wärtsilä's share of ownership in these companies is 50%, and the results are reported as a share of result of associates and joint ventures

Orders for integrated solutions increasing



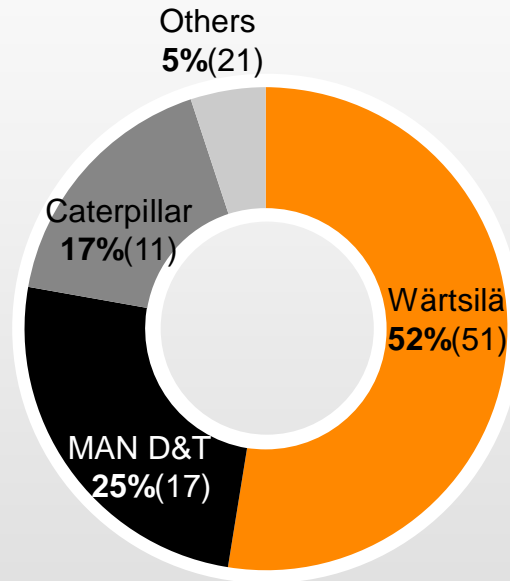
- Order received for 6 integrated solutions to Anchor Handling Tug Supply vessels, being built for Maersk Supply Service A/S
- Scope of supply: complete power generation solution, electrical distribution and drives, vessel automation and propulsion
- The fully integrated systems will provide optimal power, efficiency, versatility and redundancy, with the lowest operating expenditures and a minimal environmental impact

Ship Power order book 31 December 2014



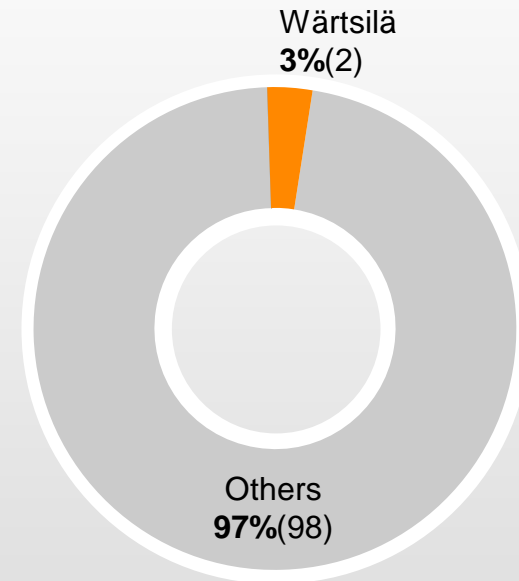
Strong position in marine engine market

Medium-speed main engines



Total market volume last 12 months:
4,484 MW (4,554)

Auxiliary engines



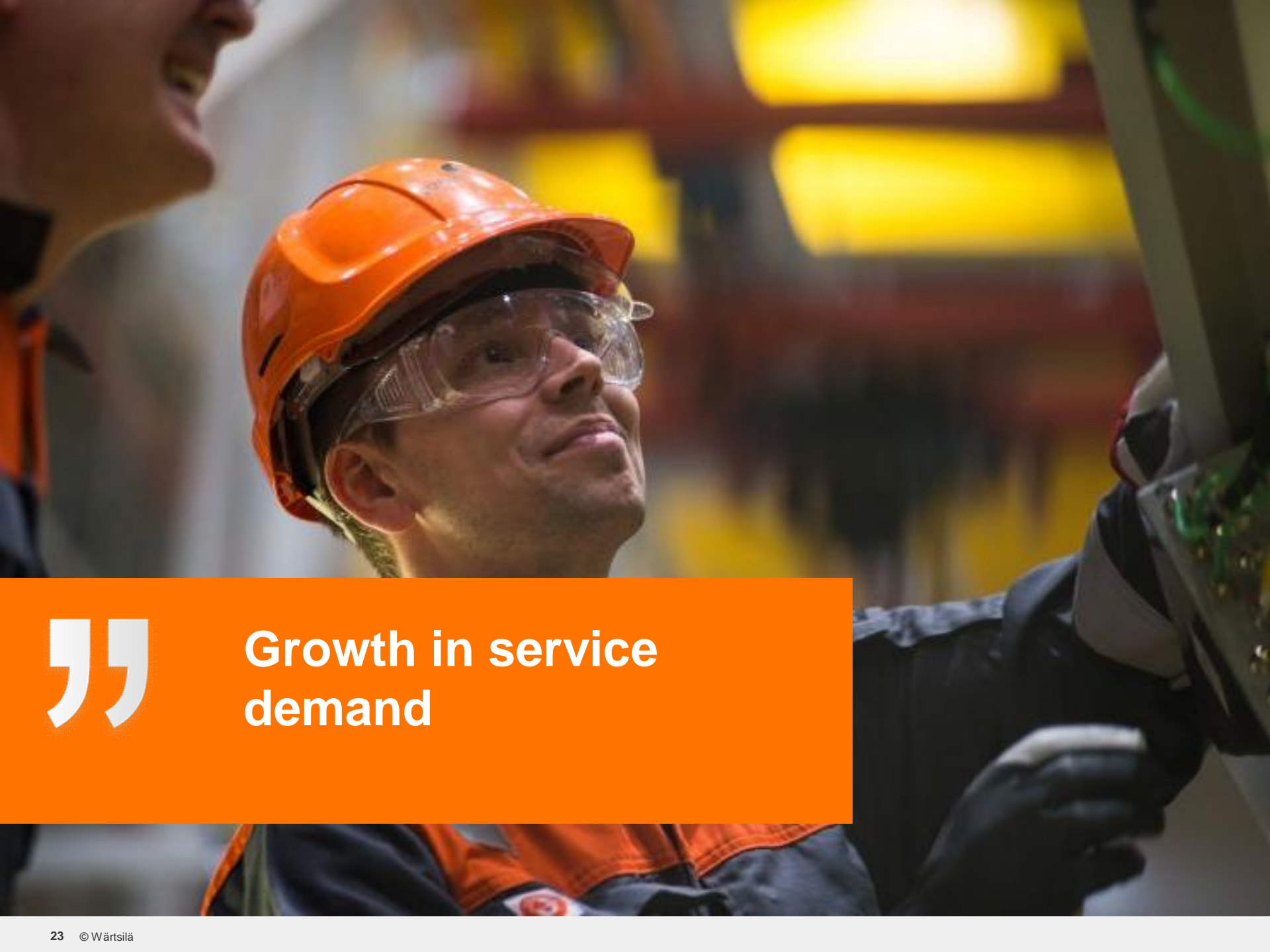
Total market volume last 12 months:
6,682 MW (7,628)

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.

Wärtsilä strengthens its position in automation and electrical systems



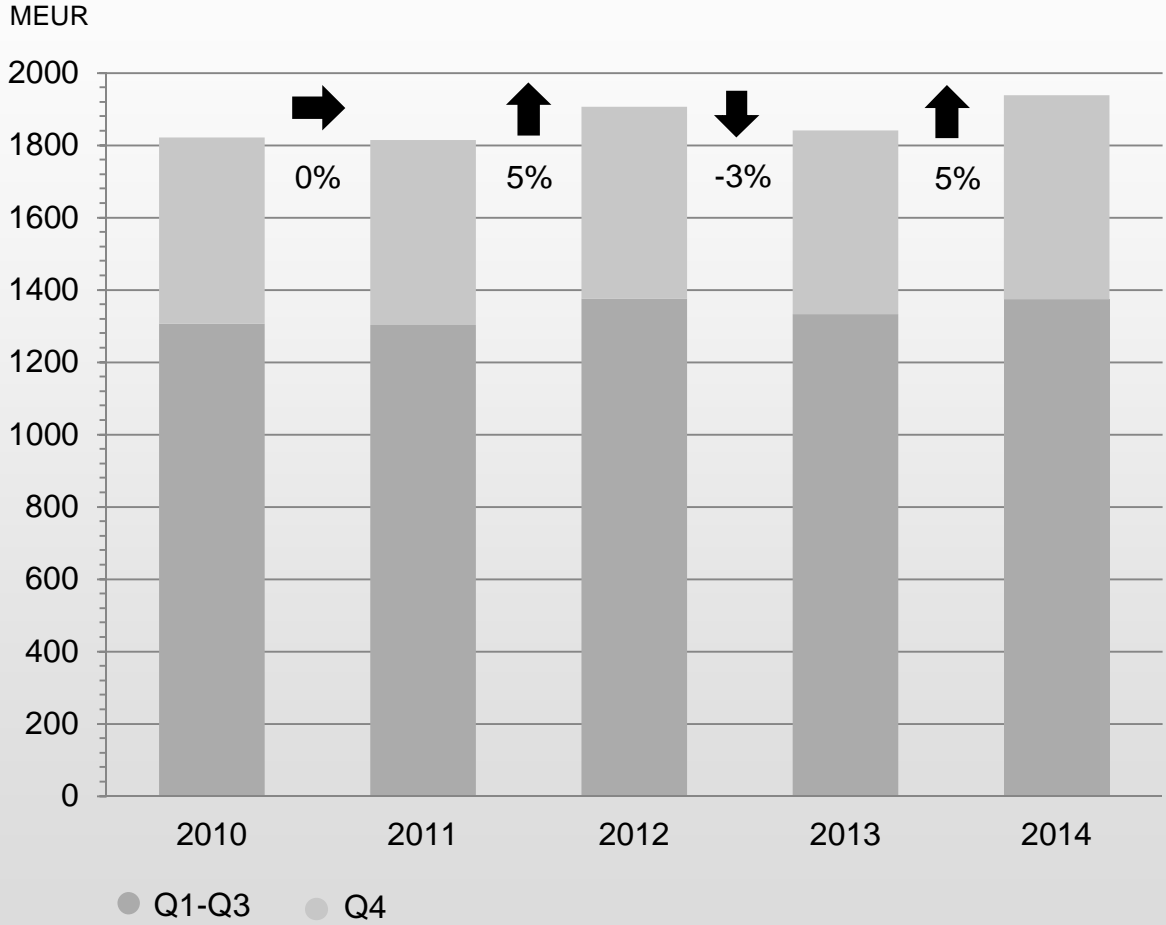
- L-3 MSI is a global supplier of automation, navigation and electrical systems to the marine, naval and offshore markets
- Transaction value EUR 285 million (enterprise value), subject to customary adjustments
- Financing for the deal will be from existing cash resources and credit facilities
- The acquisition is subject to clearance from the regulatory authorities, and is expected to be closed during the second quarter of 2015
- The acquisition is expected to be EPS accretive as of 2015



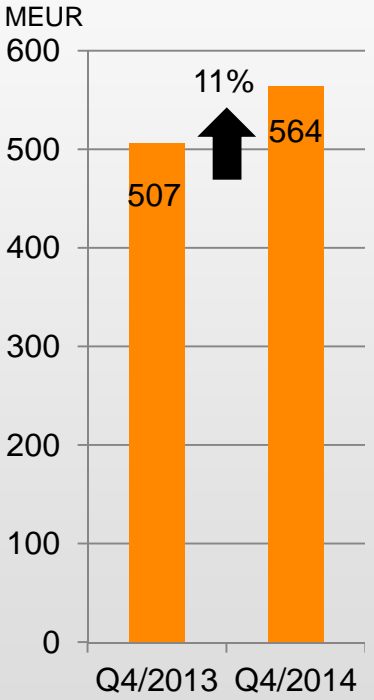
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**Growth in service
demand**

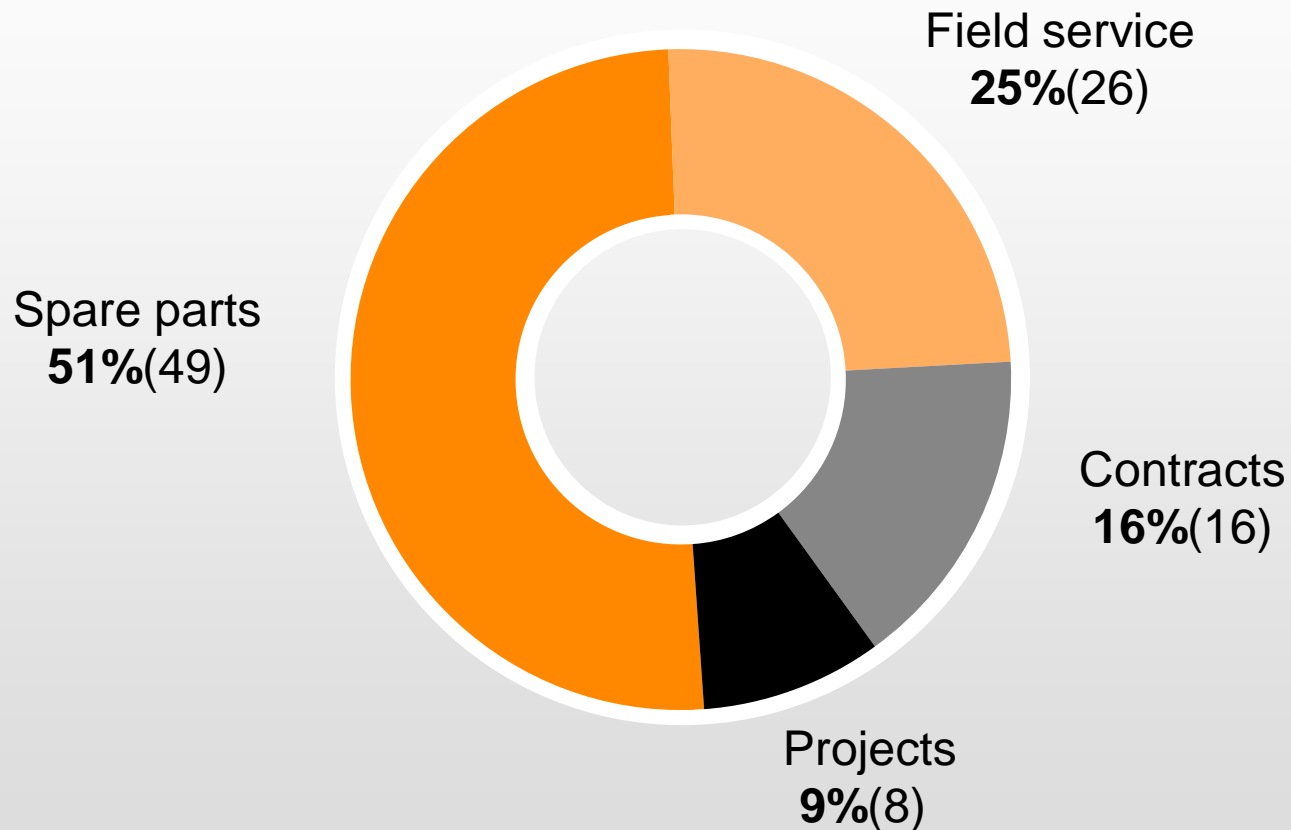
All-time high fourth quarter supported Services sales growth



Fourth quarter development



Services net sales distribution 2014



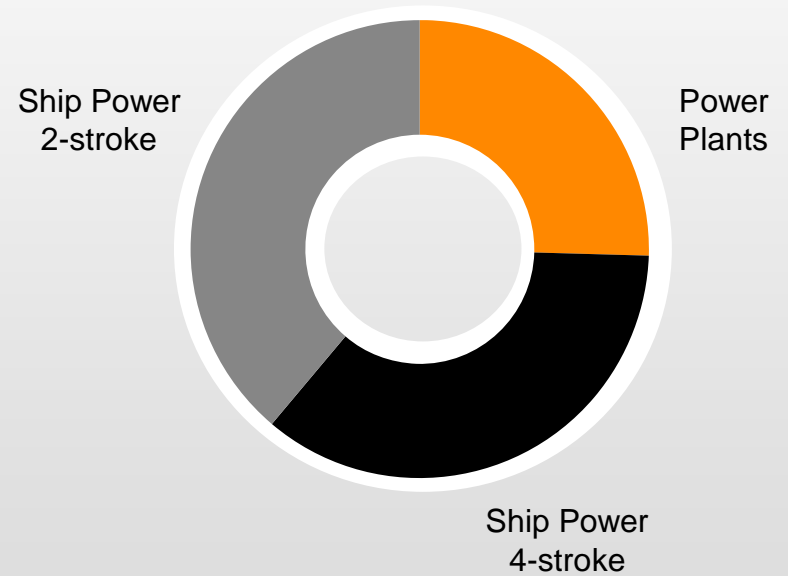
Total EUR 1,939 million (1,842)

Services distribution per business 2014

Net sales
Total EUR 1,939 million



Installed base
Total 181,000 MW

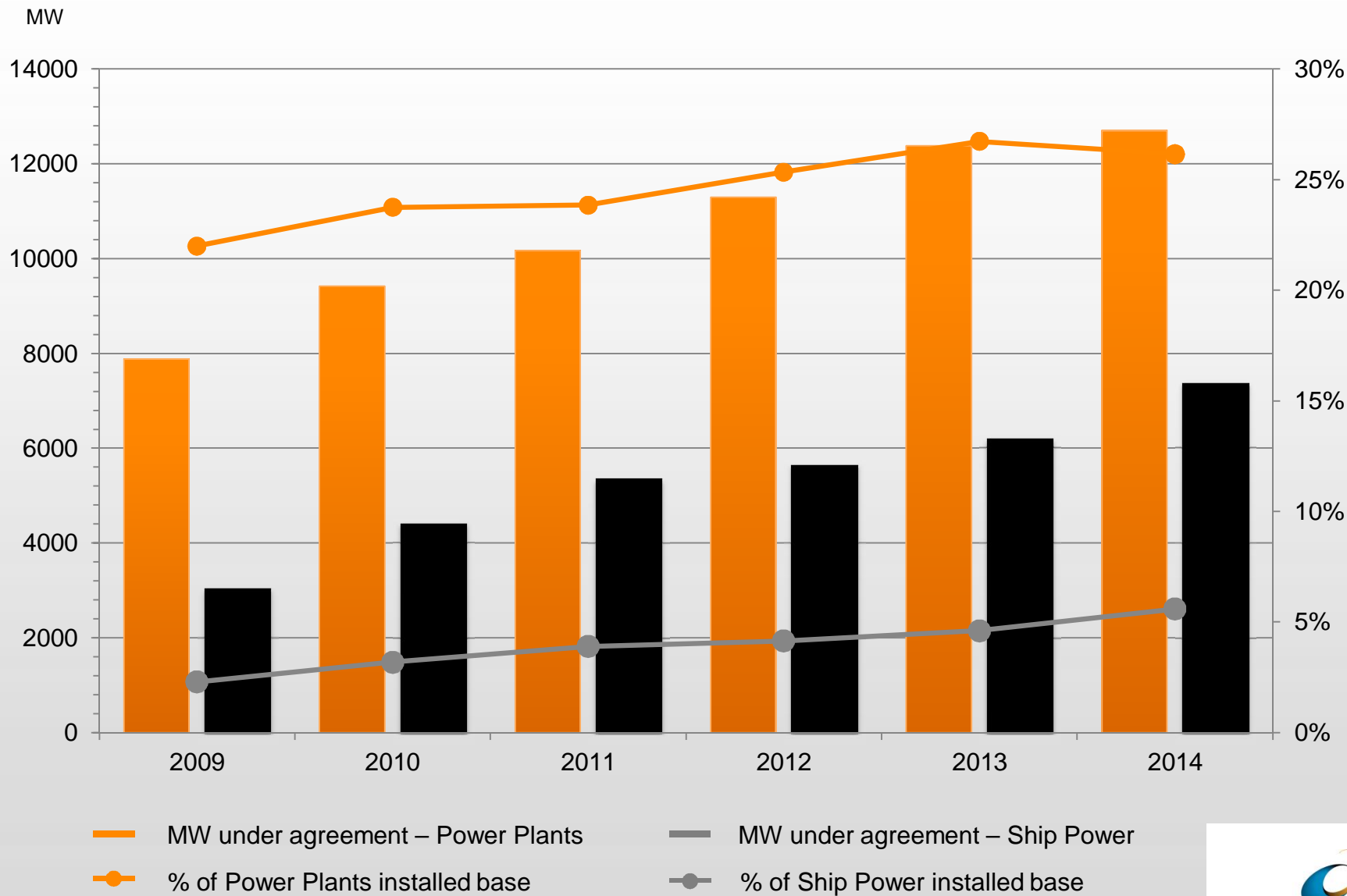


Growing interest in marine service agreements



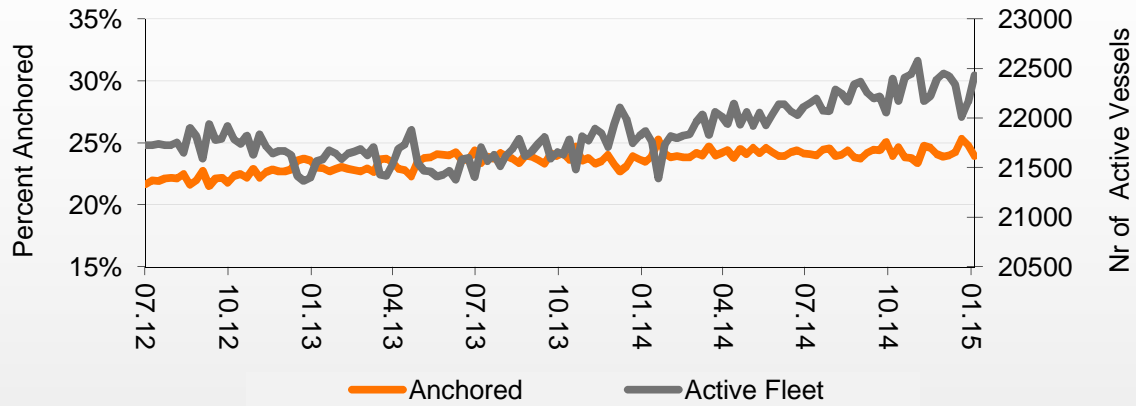
- Service contracts bring flexibility to operations through optimised maintenance planning
- Several agreements signed during 2014 in various vessel segments, including:
 - 10-year maintenance and technical support agreement with Royal Caribbean Cruises Ltd covering 36 vessels
 - 3-year service agreement with Dutch dredging and marine contractor Van Oord
 - 5-year technical maintenance agreement with three Greek LNG carrier owners for a total of 15 vessels
 - 6-year maintenance agreement for 15 of Wagenborg's dry cargo carriers

Development of service agreements

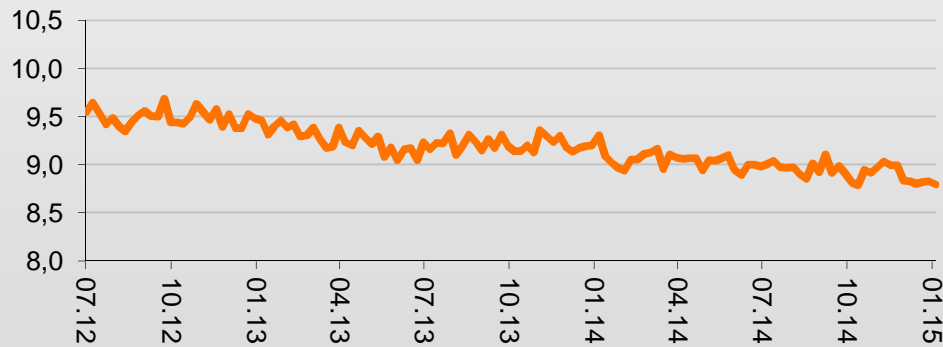


Fleet utilisation

Anchored Vessels & Fleet Development*



Fleet Average Speed, knots**



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

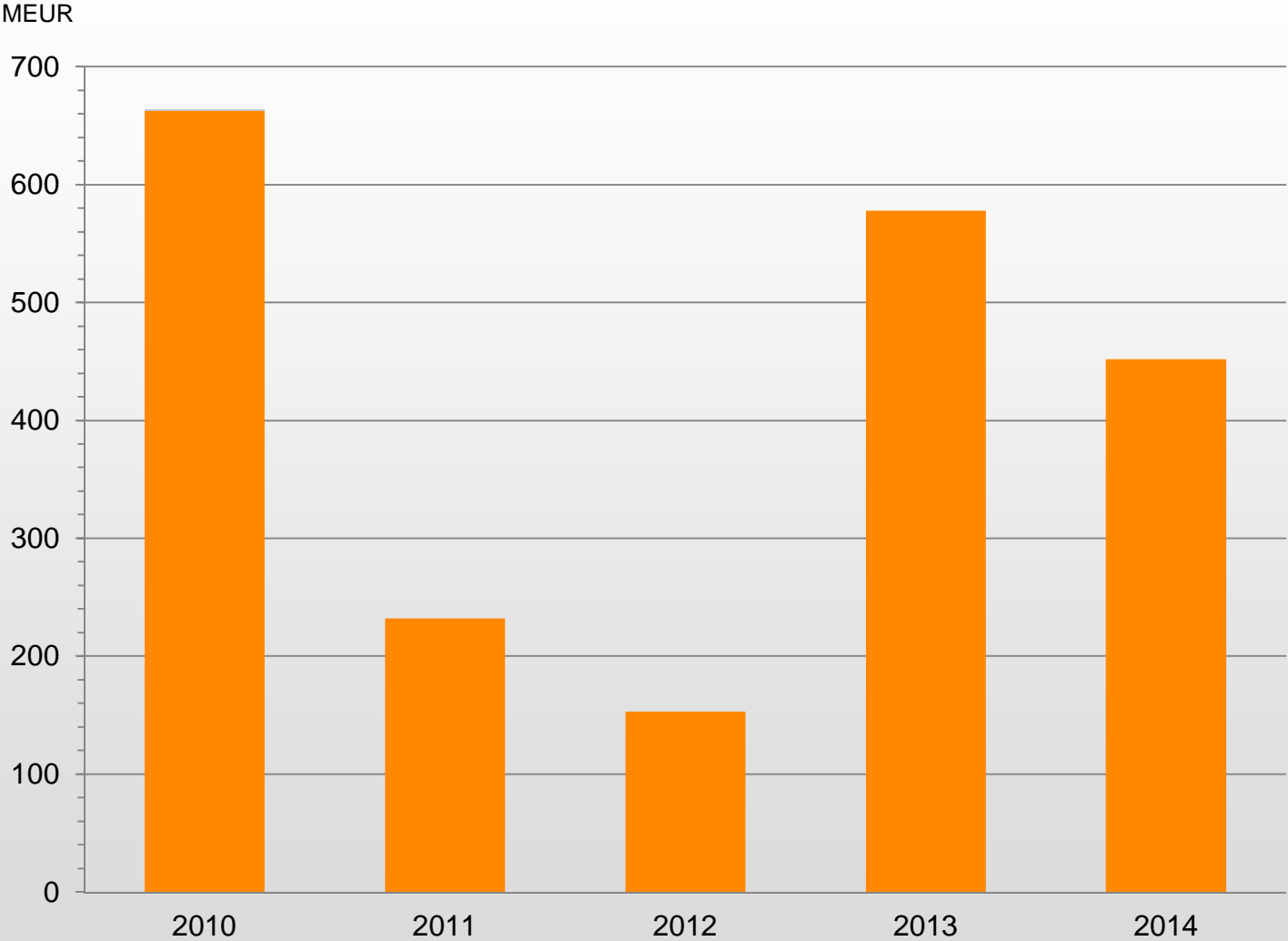
** Source Bloomberg



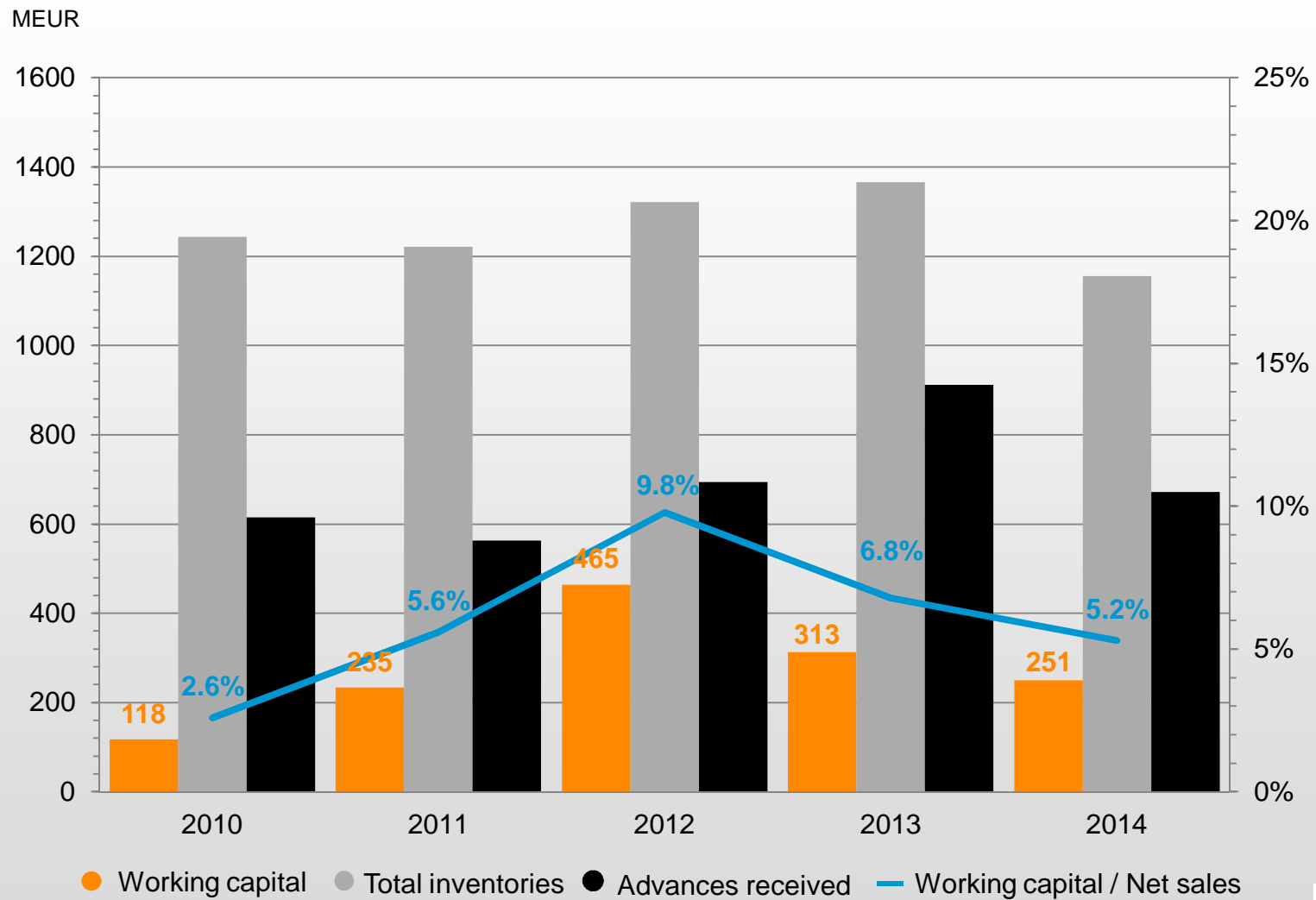
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Solid financial standing

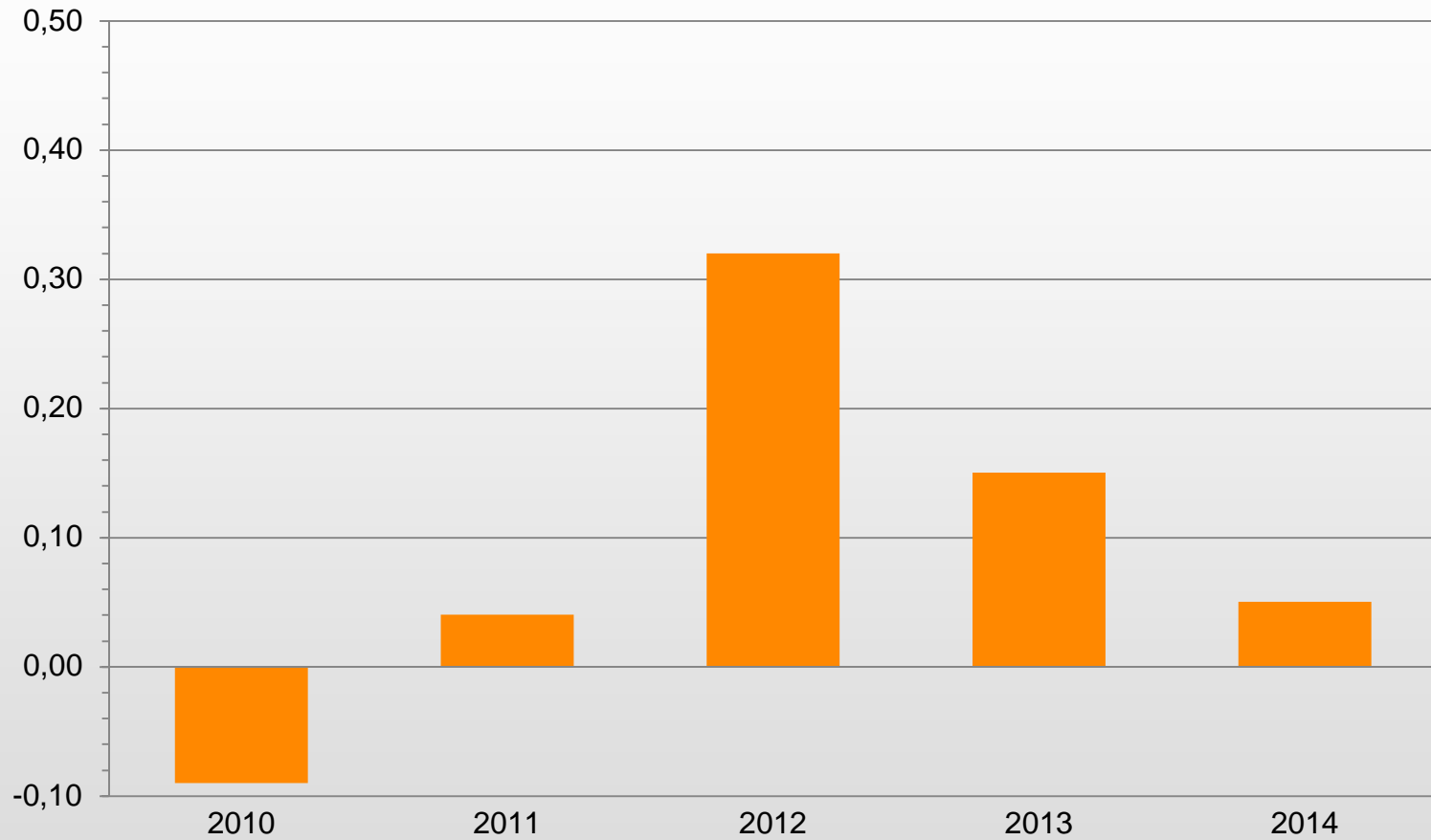
Cash flow from operating activities



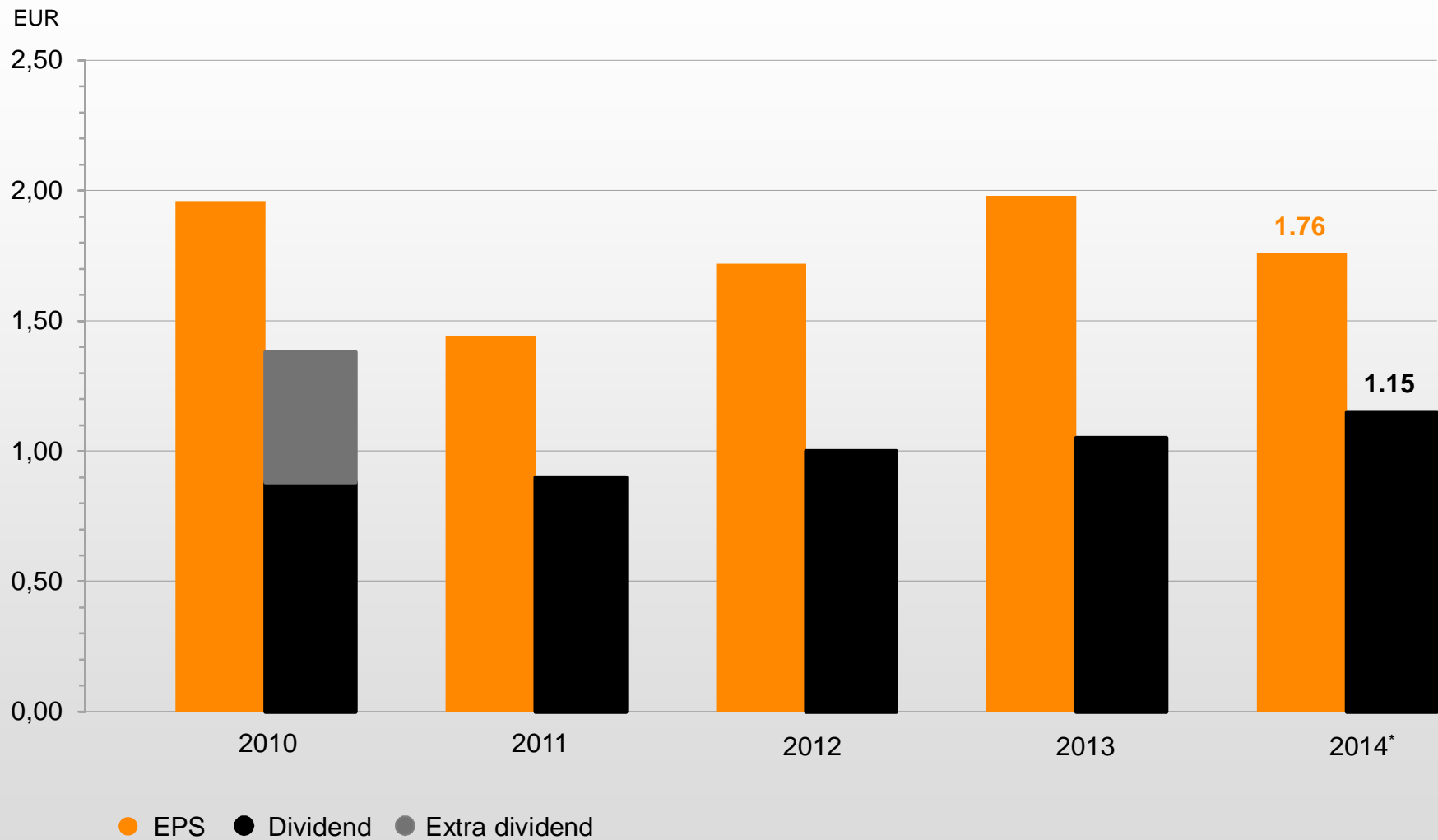
Working capital developed well



Gearing remains low



EPS and dividend per share



*Dividend 2014 - Proposal of the Board



- **Power Plants:** The overall market for liquid and gas fuelled power generation is expected to continue to be challenging. Ordering activity remains focused on emerging markets and countries benefiting from a stronger US dollar.
- **Ship Power:** The outlook for shipping and shipbuilding is cautious, due to the current uncertainties in the market. Low oil prices are expected to limit the demand for offshore vessels. The outlook for gas carriers continues to be positive. The importance of fuel efficiency and environmental regulations are clearly visible, driving interest in environmental solutions and gas as a marine fuel for the broader marine markets.
- **Services:** The overall service market outlook remains stable. The service outlook for offshore and gas fuelled vessels remains favourable. Demand for services in the power plant segment continues to be good. Marine and power plant customers show healthy interest in long-term service agreements.



Wärtsilä expects its net sales for 2015 to grow by 0-10% and its operational profitability (EBIT% before non-recurring items) to be between 12.0-12.5%.



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