WÄRTSILÄ CORPORATION
INTERIM REPORT JANUARY-JUNE 2013

BJÖRN ROSENGREN, PRESIDENT & CEO
18 JULY 2013
Highlights Q2/2013

- Order intake EUR 1,071 million, -11%
- Net sales EUR 1,152 million, +5%
- Book-to-bill 0.93
- EBITA EUR 119 million, 10.3% of net sales
- Operating result (EBIT) EUR 111 million, 9.6% of net sales
- EPS EUR 0.39 (0.38)
- Cash flow from operating activities EUR 38 million

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 development

Second quarter development

- Services
- Ship Power
- Power Plants
Net sales developed according to expectations

- Net sales in line with our expectations
- Second quarter development
- MEUR

2009 2010 2011 2012 1-6/2013

-13% -7.6% 12%

1 099 1 152

1-6/2013 Q2/2012 Q2/2013

Services Ship Power Power Plants
Net sales by business 1-6/2013

- Ship Power: 28% (25)
- Power Plants: 28% (30)
- Services: 44% (45)
Book-to-bill ratio remains above one
Solid order book supports guidance

<table>
<thead>
<tr>
<th>Date</th>
<th>Delivery current year</th>
<th>Delivery next year or later</th>
</tr>
</thead>
<tbody>
<tr>
<td>30.6.2012</td>
<td>2000 MEUR</td>
<td>3000 MEUR</td>
</tr>
<tr>
<td>30.6.2013</td>
<td>3000 MEUR</td>
<td>3000 MEUR</td>
</tr>
</tbody>
</table>
Profitability

![Graph showing profitability over years](image)

- EBIT% (operating result before non-recurring items)
- EBITA% (operating result before non-recurring items and intangible asset amortisation related to acquisitions)

**EBIT% target:** 10-14%
Power plant market activity stable
Power Plants – quoted MW per fuel type

Share of natural gas is consistently increasing.
Power Plants quarterly order intake

MEUR

2006 2007 2008 2009 2010 2011 2012 2013

Q1 Q2 Q3 Q4
Power Plants order intake by customer segment

Review period development
Total EUR 623 million (591)

- Utilities: 10%
- Industrials: 43%
- IPP’s: 47%

Review period order intake by fuel in MW
- Oil: 18%
- Gas: 82%

Graph showing order intake by customer segment from 2009 to 1-6/2013.
Major gas engine power plant order from Russia

- The 110 MW natural gas fuelled power plant unit in Tikhvin, Leningrad region, will be the first of its kind in Russia
- Wärtsilä will supply the technology and engineering, supported by installation and commissioning assistance
- The solution will provide a reliable and efficient electricity supply for large industrial consumers, while meeting the highly variable load requirements with extreme flexibility and fast response
Power Plants - global order intake

Order intake 1-6/2013: 1,113 MW (1,401)
Market for gas and liquid based power plants

2012
Total market 75.4 GW

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.
Ship Power market activity showing signs of improvement
Vessel order development

Source: Clarkson Research Services
* CGT= gross tonnage compensated with workload
Ship Power order intake by segment

Review period development
Total EUR 822 million (723)

- Merchant: 33%
- Offshore: 43%
- Special vessels: 8%
- Cruise & ferry: 7%
- Navy: 4%
- Other: 4%
Harvey Gulf to use Wärtsilä’s integrated solution

- Order to supply an integrated solution for a new multipurpose support vessel
- Scope of supply includes the engines, a turnkey installation of the Wärtsilä Control & Communication Centre (3C) and the complete electrical and automation system
- Included in the comprehensive solution is a five year service agreement covering up to 9 vessels, which includes all Harvey Gulf vessels recently fitted with Wärtsilä equipment
- Wärtsilä’s integrated solution enables optimisation of the operational, environmental and economic performance of the vessel
Order intake in Wärtsilä Hyundai Engine Company Ltd in South Korea, and Wärtsilä Qiyao Diesel Company Ltd in China totalled EUR 113 million (148) during the review period January-June 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
- Wärtsilä 47% (48)
- MAN D&T 18% (19)
- Caterpillar 10% (4)
- Others 25% (29)

Low-speed main engines
- MAN D&T 85% (83)
- Wärtsilä 14% (15)
- Mitsubishi 1% (2)

Auxiliary engines
- Wärtsilä 4% (4)
- Others 96% (96)

Total market volume last 12 months:
- Medium-speed main engines: 4,850 MW (4,691)
- Low-speed main engines: 13,214 MW (9,569)
- Auxiliary engines: 3,800 MW (3,728)

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.
Stable development in service markets
Services net sales development

Second quarter development
Services net sales by quarter
Services net sales distribution 1-6/2013

- Spare parts: 53% (53)
- Field service: 23% (24)
- Contracts: 16% (14)
- Projects: 8% (9)

Total EUR 899 million (942)
Good demand for service agreements in Africa

- 3-year O&M agreement signed with Central Termica de Ressano Garcia for the company’s gas engine power plant in Mozambique
  - The power plant will help meet the country’s growing demand for electricity
- 10-year O&M agreement signed with Ndola Energy Company Ltd for the NECL power plant in Zambia
  - The power plant will significantly contribute towards Zambia achieving a more diversified energy mix
- Wärtsilä’s O&M and other service agreements cover more than 17 GW of generating capacity in both marine and land-based installations globally, of which 29 such agreements are in Africa
Development of Power Plants service agreements

- O&M and maintenance agreements
- Power Plants deliveries
- % of delivered MWs
Fleet utilisation

Anchored Vessels & Fleet Development*

Fleet Average Speed, knots**

*Source Bloomberg (AISLive). More than 25,000 vessels (>299 GT) covered.
** Source Bloomberg
Cash flow from operating activities
Net working capital development
Good development in advances received

MEUR

0% 5% 10% 15% 20% 25%

0 200 400 600 800 1000 1200 1400 1600 1800 2000


Net working capital / 12 months rolling net sales

* Working capital / 12 months rolling net sales
At the end of the reporting period, drawn revolving credits amounted to 0 euro. Drawn short-term loans include EUR 239 million Finnish Commercial Papers. The total amount of Finnish Commercial Paper Programs was EUR 700 million (uncommitted).
Continuous focus on R&D

WÄRTSILÄ’S R&D EXPENSES

- 10-year loan totalling EUR 150 million granted by the European Investment Bank in June
- The loan will fund R&D and innovation activities in several European countries
- Wärtsilä’s R&D activities focus on improving the efficiency, reliability and environmental performance of our engine technology
Financial position

Solvency

Gearing

© Wärtsilä
33 © Wärtsilä
• **Power Plants**: The overall market for natural gas and liquid fuel based power generation in 2013 is expected to be similar to that of 2012.

• **Ship Power**: The outlook for the shipping and ship building market in 2013 is cautious, although market conditions are expected to be better than in 2012. The contracting mix is expected to be largely in line with that seen in 2012, favouring contracting in the offshore and specialised vessel segments.

• **Services**: The overall service market outlook remains stable.
Prospects for 2013 unchanged

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