Highlights Q2/2014

- Order intake EUR 1,163 million, +9%
- Net sales EUR 1,132 million, -2%
- Book-to-bill 1.03
- EBIT EUR 122 million, 10.8% of net sales (EUR 111 million or 9.6%)
- EPS EUR 0.42 (0.39)
- Prospects revised: EBIT% before non-recurring items expected to be around 11.5%, net sales to grow by around 5%
- Establishment of two joint ventures with China State Shipbuilding Corporation announced in July

EBIT is shown excluding non-recurring items.
Order intake supported by Ship Power and Services

Second quarter development

MEUR

Q2/2013: 1,071 MEUR (9% increase)
Q2/2014: 1,163 MEUR (9% increase)

- Services: 950 MEUR in Q2/2013 (6% increase)
- Ship Power: 421 MEUR in Q2/2013 (12% increase)
- Power Plants: 64 MEUR in Q2/2013 (12% increase)

Order intake supported by Ship Power and Services

- Q1-Q2: 3,142 MEUR
- Q3-Q4: 2,850 MEUR

Order intake by Division:

- Ship Power: 1,071 MEUR (9% increase)
- Power Plants: 1,163 MEUR (9% increase)
- Services: 950 MEUR (6% increase)
Net sales in line with expectations
Net sales by business 1-6/2014

- Ship Power: 38% (28)
- Power Plants: 20% (28)
- Services: 42% (44)
Book-to-bill ratio remains above one

Order intake  Net sales  Book-to-bill

- 2010: Order intake 4,500 MEUR  Net sales 4,000 MEUR  Book-to-bill 0.88
- 2011: Order intake 5,300 MEUR  Net sales 4,400 MEUR  Book-to-bill 1.07
- 2012: Order intake 5,500 MEUR  Net sales 5,200 MEUR  Book-to-bill 1.05
- 2013: Order intake 5,500 MEUR  Net sales 5,200 MEUR  Book-to-bill 1.05
- 1-6/2014: Order intake 3,000 MEUR  Net sales 2,500 MEUR  Book-to-bill 1.07
Profitability developed well

Profitability developed well

Second quarter development

- EBIT before non-recurring items
- EBIT% before non-recurring items
Continued uncertainty in power generation markets
Improvement in power plant quotations

Activity remains focused on gas
Power Plants order intake by customer segment

Review period development
Total EUR 409 million (623)

- Utilities
- Industrials
- IPP’s*

Review period order intake by fuel in MW

- Oil 48%
- Gas 52%

*IPP = Independent Power Producer
Power Plants global order intake

Order intake 1-6/2014: 986 MW (1,113)
Turnkey power plant order from Saudi Arabia

- The 47 MW power plant will be located in the mountain desert close to Taif city
- Equipment will be fast-track delivered by February 2015 and the power plant will enter commercial operation by October 2015
- The power plant consists of five 20-cylinder Wärtsilä 32TS engines designed to operate at outstanding efficiency even in extreme ambient conditions
- Wärtsilä has today over 1,600 MW of installed power plant capacity in Saudi Arabia
Market for gas and liquid based power plants

2013
Total market 73.2 GW (75.4)

- GE: 48.2%
- Siemens: 22.1%
- MHI: 2.9%
- Wärtsilä: 3.3%
- Other: 19.8%

Includes all Wärtsilä power plants and other manufacturers’ gas and liquid fuelled 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.
Marine markets active, especially within the gas carrier segment
Vessel contracting development

Source: Clarkson Research Services, figures exclude late contracting
* CGT= gross tonnage compensated with workload
Vessel contracting in specialised segments

Source: Clarkson Research Services, figures exclude late contracting
Ship Power order intake developed favourably

Review period development
Total EUR 875 million (827)

Gas carriers 37%
Offshore 30%
Cruise and ferry 3%
Navy 5%
Special vessels 4%
Traditional merchant 18%
Others 1%

Q1-Q2 Q3-Q4
Finnlines selects Wärtsilä’s systems to reduce Baltic Sea environmental impact

- Order to supply exhaust gas cleaning systems to six Finnlines vessels operating in the Baltic and North Sea
- Wärtsilä’s scrubber systems enable compliance with the new environmental regulations when operating on heavy fuel oil
- The systems are also compliant with the water discharge criteria set by regulators
- Wärtsilä has to date a total of 105 systems delivered or on order, for 55 vessels
Joint venture ordering continues active

- Joint venture order intake totalled EUR 92 million (113) during January-June 2014
- 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

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

Ship Power order intake
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.
Services customers interest in long-term partnerships increasing
Services net sales development remains stable

Second quarter development

Q1-Q2 Q3-Q4

Q2/2013 Q2/2014

465 1% 468

MEUR

2010 2011 2012 2013 1-6/2014

0% 5% -3%

Q1 - Q2

Q3 - Q4

MEUR
Services net sales distribution 1-6/2014

- Field service: 25% (27)
- Contracts: 17% (16)
- Projects: 6% (7)
- Spare parts: 52% (50)

Total EUR 903 million (899)
Strong interest for services agreements in LNG industry

- Technical management agreements covering a total of 15 vessels signed with three Greek LNG ship owners during Q2/2014
- The agreement will enable higher availability, increased engine performance and optimised maintenance intervals
- The service outlook for gas fuelled vessels remains favourable going forward
Development of new Power Plants service agreements

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

2009: 53%
2010: 57%
2011: 58%
2012: 57%
2013: 51%
Q2/2014: 31%

MW

2009 2010 2011 2012 2013 Q2/2014

12m rolling
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
Solid financial standing
Favourable development in operating cash flow

Review period development

- 2010
- 2011
- 2012
- 2013

- 1-6/2013
- 1-6/2014
Focus on working capital development

**Working capital**

- 2010: 118 MEUR (2.6%)
- 2011: 235 MEUR (5.6%)
- 2012: 465 MEUR (9.8%)
- 2013: 313 MEUR (6.7%)

**Total inventories**

- 2010: 30 MEUR
- 2011: 50 MEUR
- 2012: 100 MEUR
- 2013: 150 MEUR

**Advances received**

- 2010: 0 MEUR
- 2011: 0 MEUR
- 2012: 0 MEUR
- 2013: 0 MEUR

**Working capital / Net sales**

- 2010: 2.6%
- 2011: 5.6%
- 2012: 9.8%
- 2013: 6.7%

**Review period development**

- 30.6.2013: 506 MEUR (10.9%)
- 30.6.2014: 339 MEUR (7.1%)

* Working capital / 12 months rolling net sales
Gearing remains low

Review period development

- 2010
- 2011
- 2012
- 2013

- 30.6.2013
- 30.6.2014
• **Power Plants:** Power generation markets closely follow the global macro-economic situation. Based on the market challenges seen during the first half year and the revised GDP forecasts for 2014, the overall market for liquid and gas fuelled power generation is expected to continue to be challenging.

• **Ship Power:** Offshore activity is anticipated to continue; however a decline in the contracting of drilling units and certain support vessels may be seen. The shipping markets are expected to remain active, especially within the gas carrier segment, although the contracting of traditional merchant vessel orders is likely to decline.

• **Services:** The overall service market outlook remains stable, with positive developments in selected regions.
Wärtsilä and China State Shipbuilding Corporation to join forces in 2-stroke engine joint venture

- Wärtsilä and China State Shipbuilding Corporation (CSSC) have signed an agreement to establish a joint venture, which will take over Wärtsilä’s 2-stroke engine business.
- CSSC will own 70% and Wärtsilä 30% of the business.
- Responsibility for servicing Wärtsilä’s 2-stroke engines will remain with Wärtsilä Services.
- The deal will have a positive effect on Wärtsilä’s continuing operations.
- The closing of the transaction is subject to the required regulatory approvals, which are expected in the first quarter of 2015.
Wärtsilä estimates its profitability for 2014 to be around 11.5%, due to the two-stroke business transaction. Net sales are expected to grow by around 5%. 