



SOLID FINANCIAL POSITION SUPPORTS OUR GROWTH AGENDA

15 CAPITAL
MARKETS
DAY HELSINKI
FINLAND

Marco Wirén,
CFO & Executive Vice President



Business model based on growth opportunities and flexibility

Faster than global GDP growth

Strong position in growing markets supported by solid service business

Flexible cost base

Outsourced manufacturing model with low fixed costs

Capital light expansion strategy

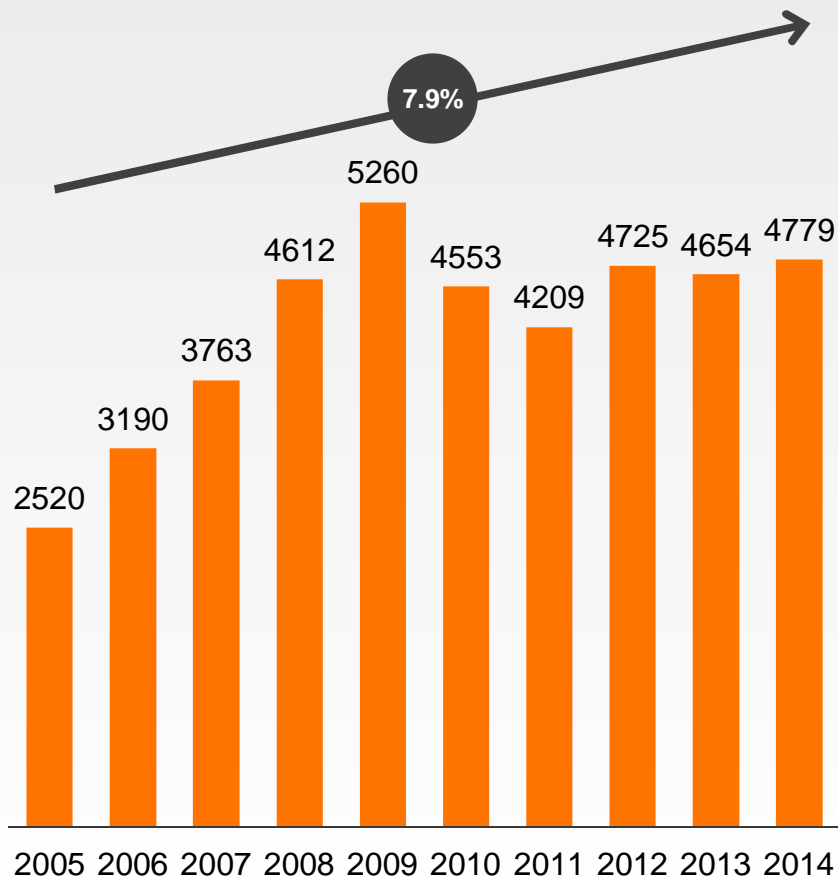
Low capital expenditure requirements, expansion through joint ventures

Strong financial position

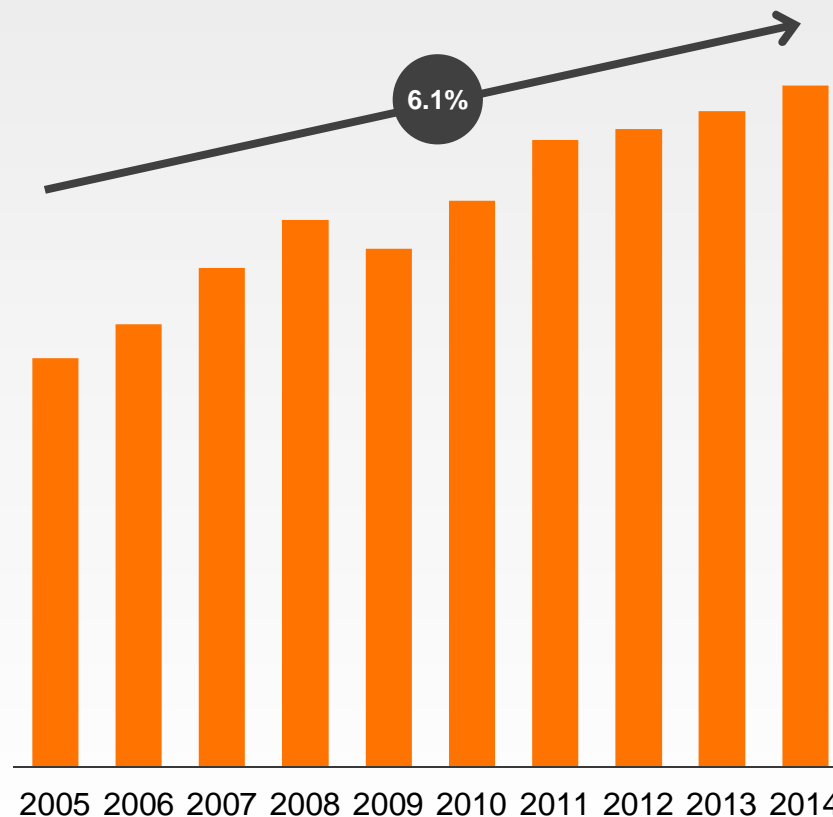
Customers advances create good cash flow generation. Low gearing supports M&A.

Net sales growth exceeds world GDP

Wärtsilä's growth 2005 – 2014

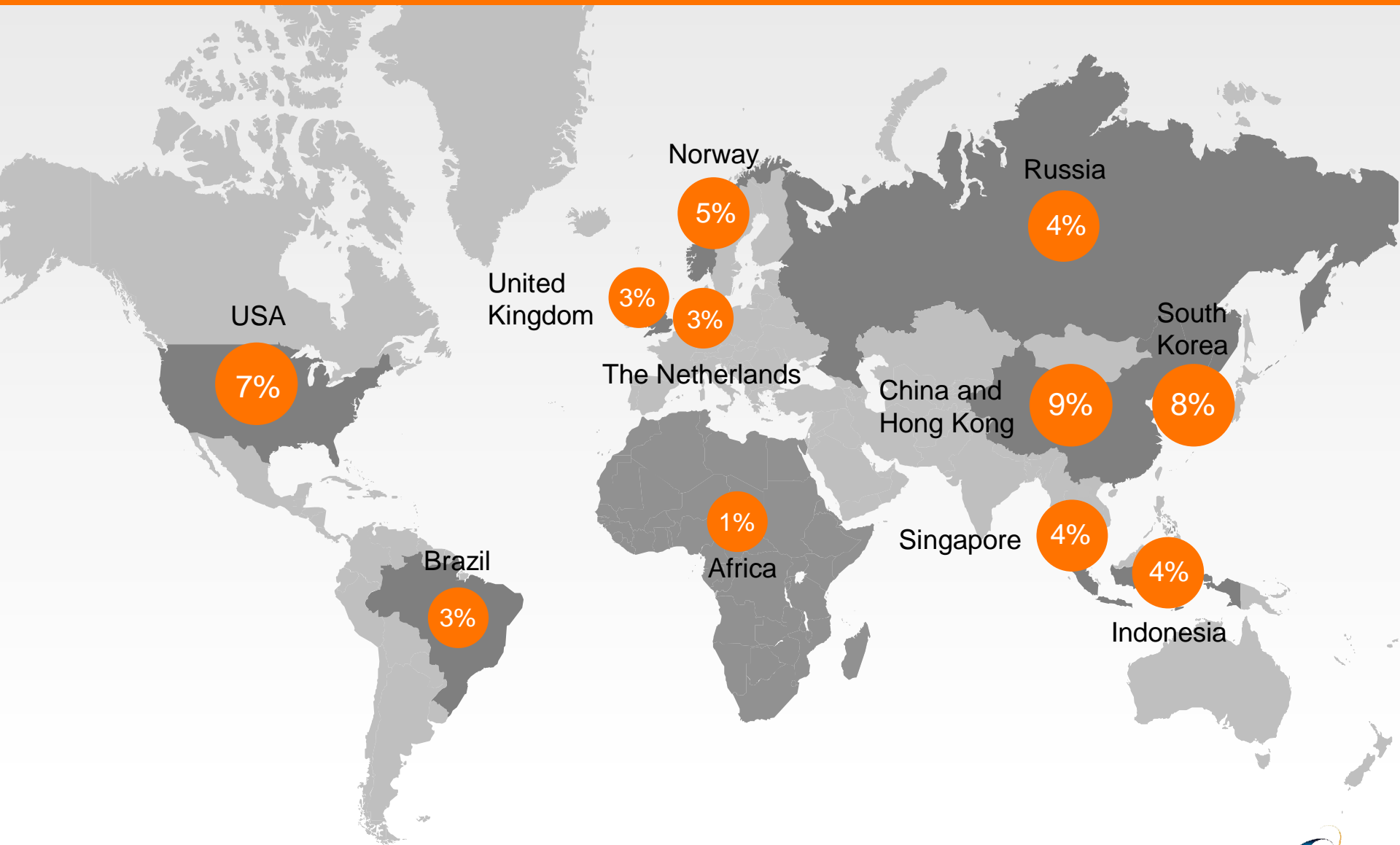


GDP growth 2005 – 2014¹



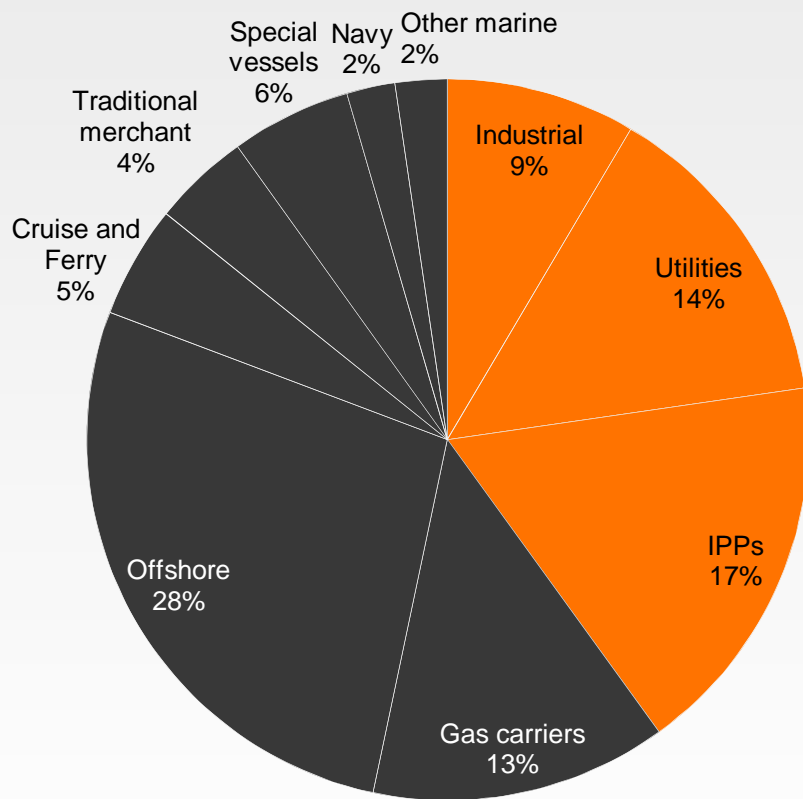
Note 1: World nominal GDP growth, USD denominated, IMF World Economic Outlook October 2014

Geographically dispersed sales limits dependence on specific economies

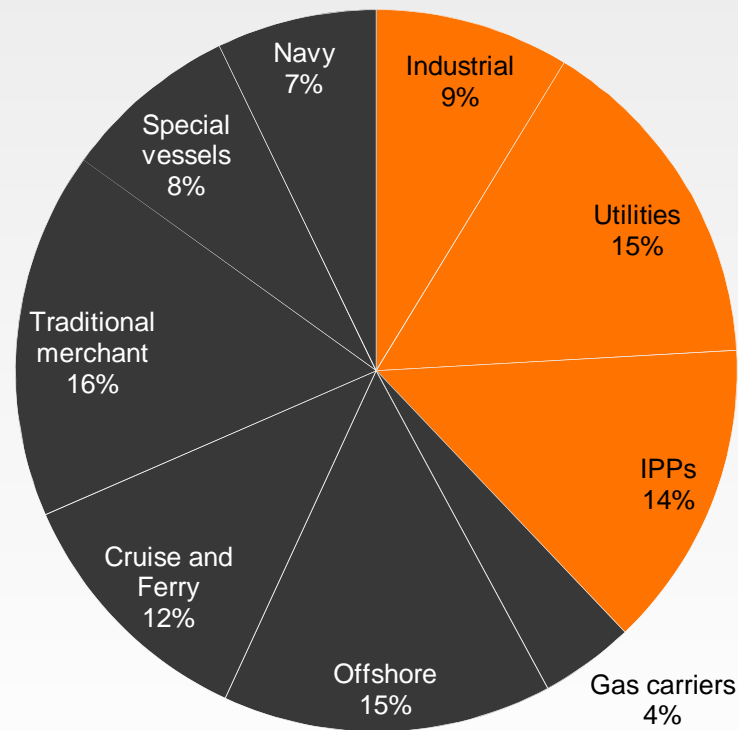


Balanced customer segment exposure

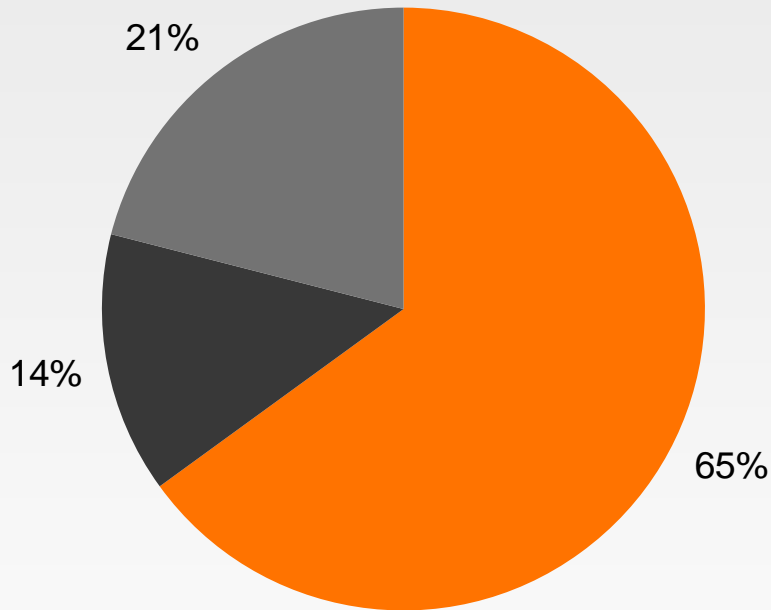
New equipment net sales



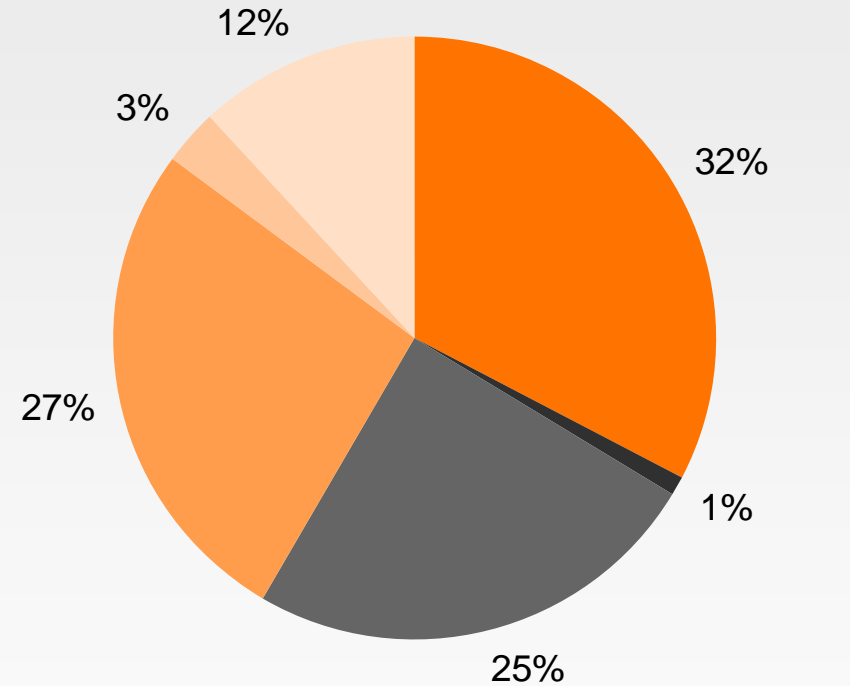
Services net sales



● Power Plants ● Ship Power

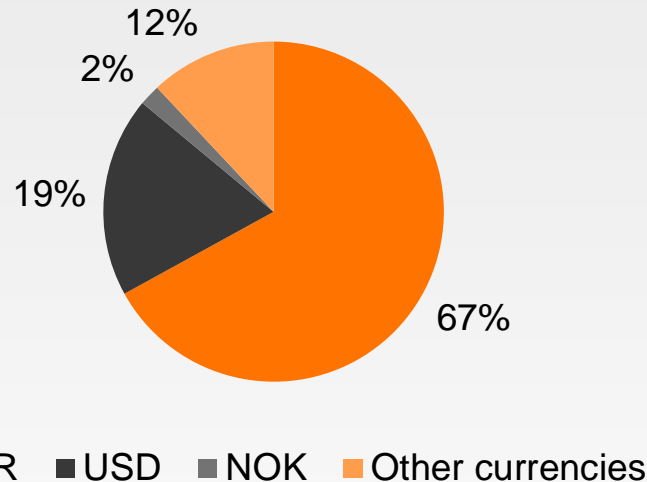


■ Variable
 ■ Semi-fixed
 ■ Fixed



■ Input materials
 ■ Energy
■ External services
 ■ Employee benefit expenses
■ Depreciation and amortisation
 ■ Other operating expenses

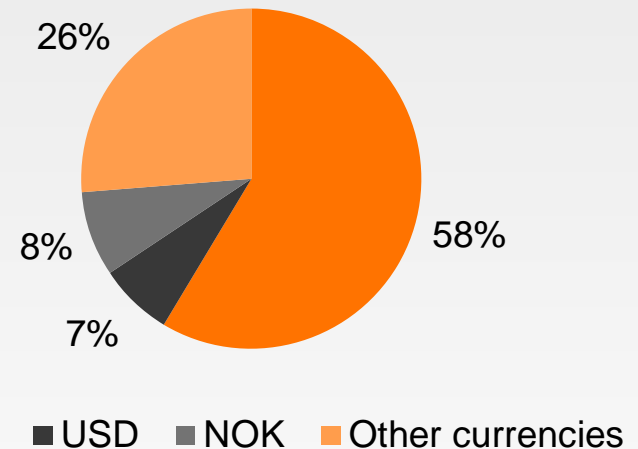
Net sales by currency 2014



Sales currency related principles:

- Equipment sales priced in euro
- Global spare parts price list in euros
- Local service work invoiced in local currency

Operating costs by currency 2014



Sensitivity analysis

Impact of EUR exchange rate compared to other currencies:

- +/- 10% would result in +/- 3.6% change in net sales
- Marginal impact on profitability

Transaction risks, fully hedged

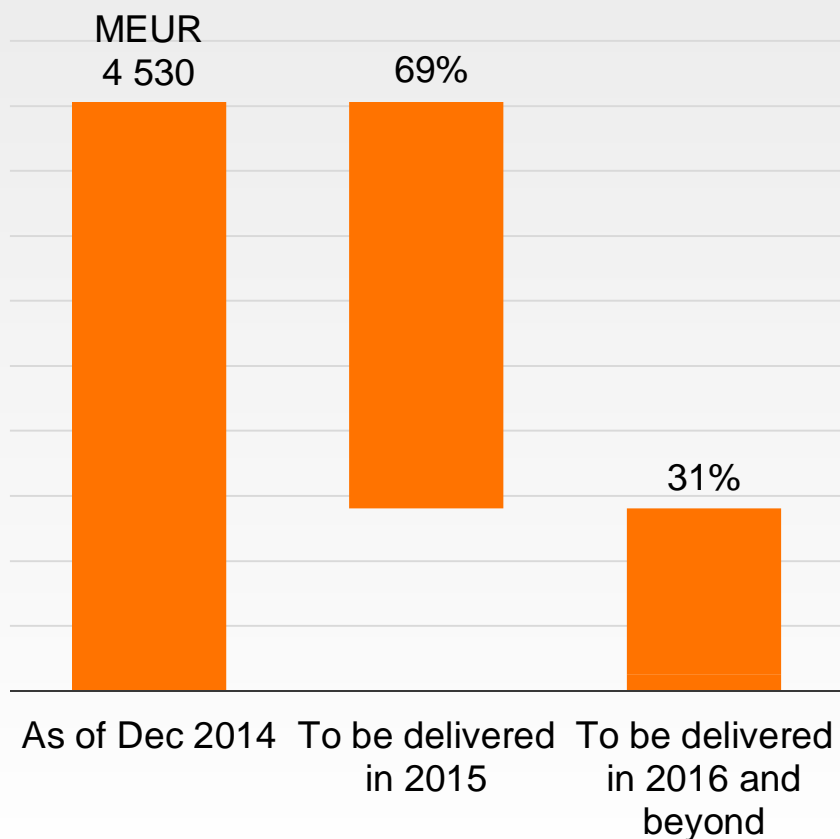
- Equipment and spare parts sales mainly in euro
- Non-euro priced component purchases against the order book

Translation risks limited, not hedged

- Local currency sales in non-euro countries
- Investments and goodwill in non-euro based subsidiaries
- Intragroup funding of subsidiaries in countries with not fully convertible home currencies



Order book delivery time



Order book rotation

**NEW
EQUIPMENT
BUSINESS**

SHIP POWER

6 months-1.5 years

POWER PLANTS

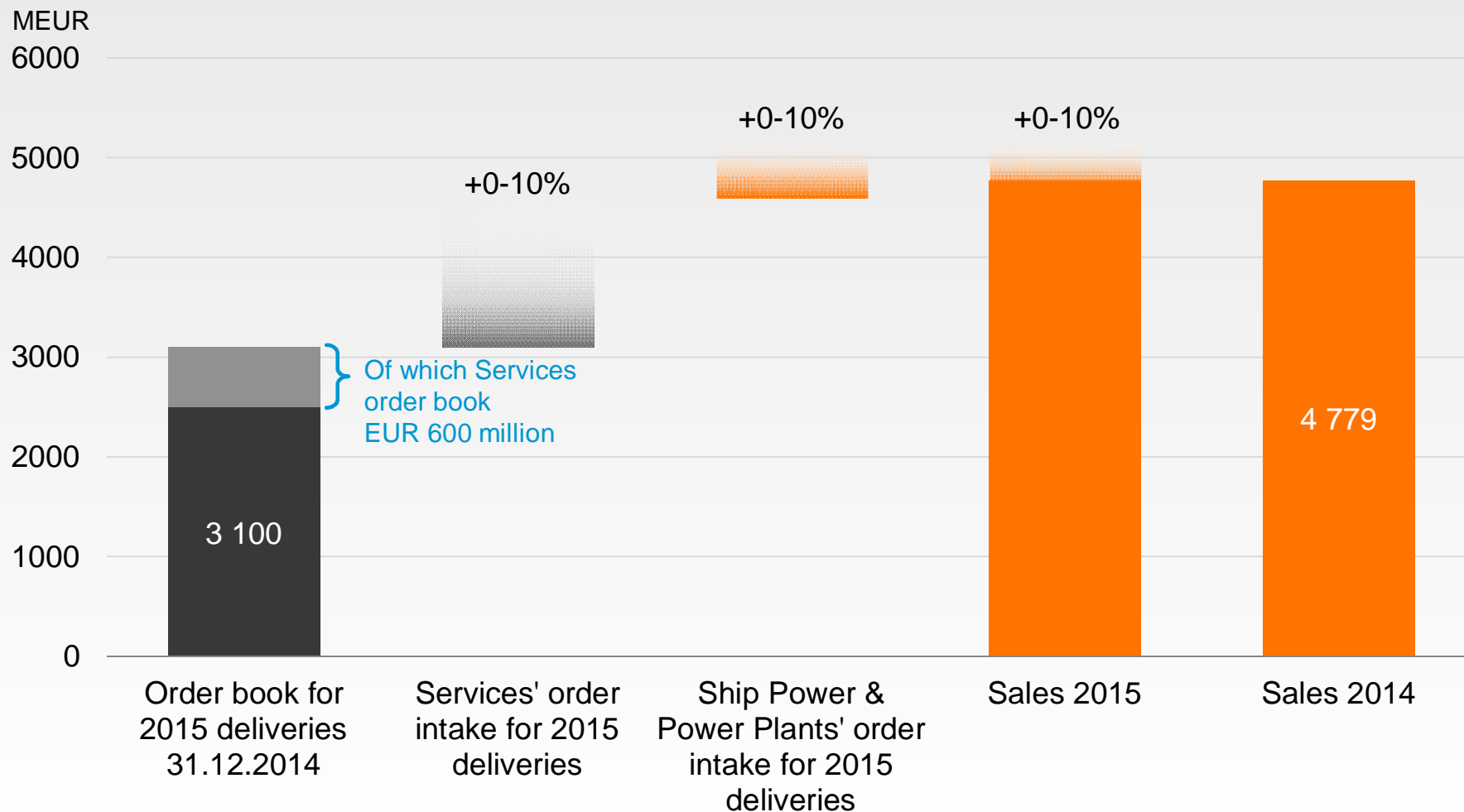
6 months-2 years

**VOLUME
BUSINESS**

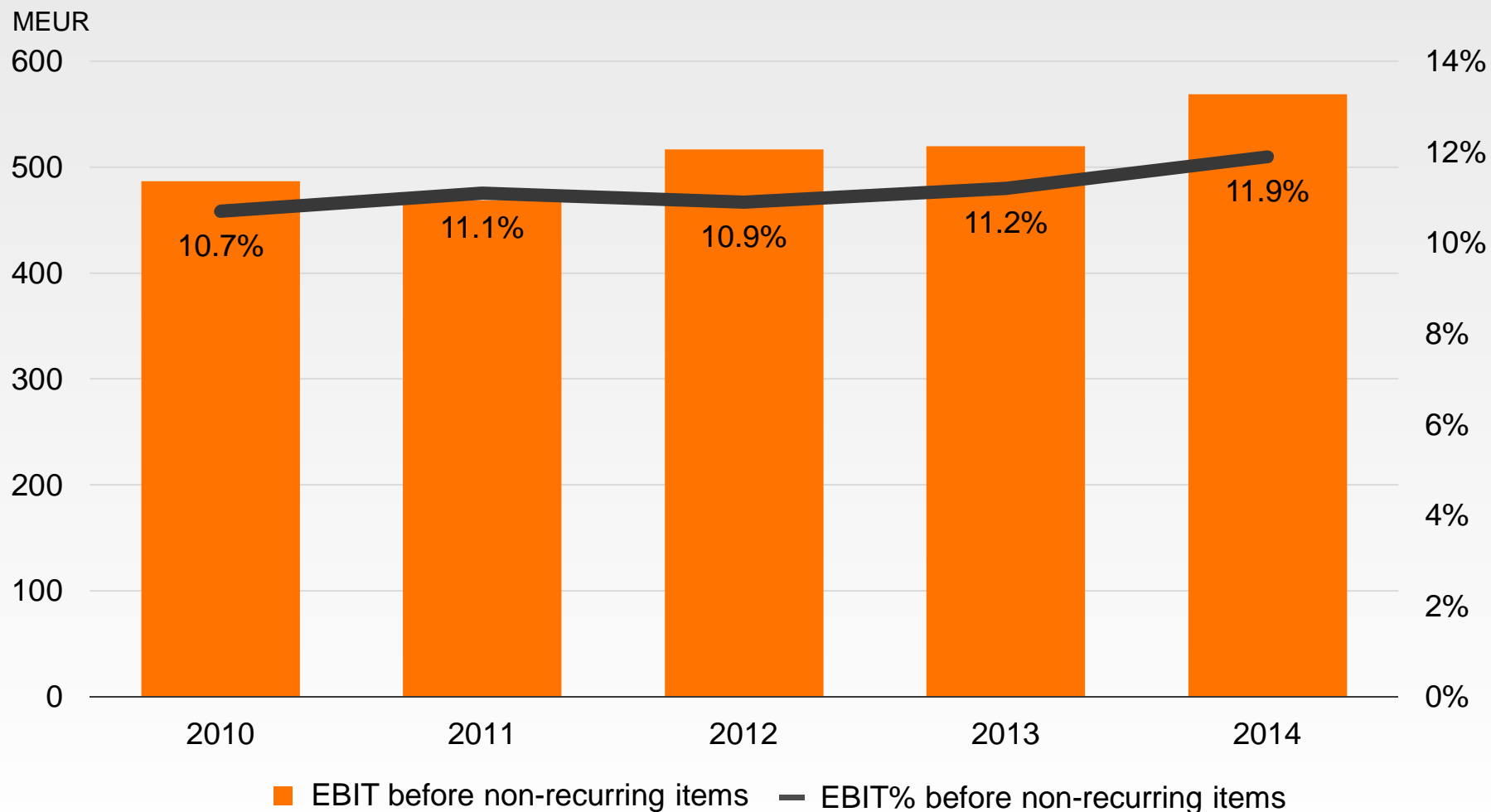
SERVICES

Average 3 months

Sales guidance 2015 – some growth expected



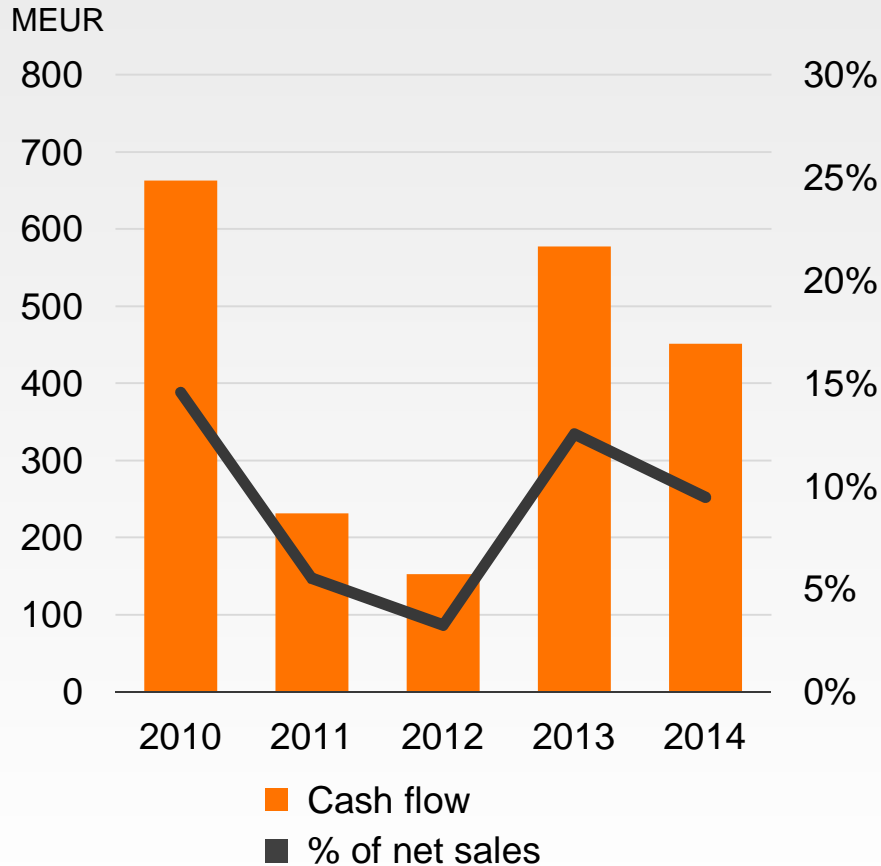
Solid profitability over the cycle



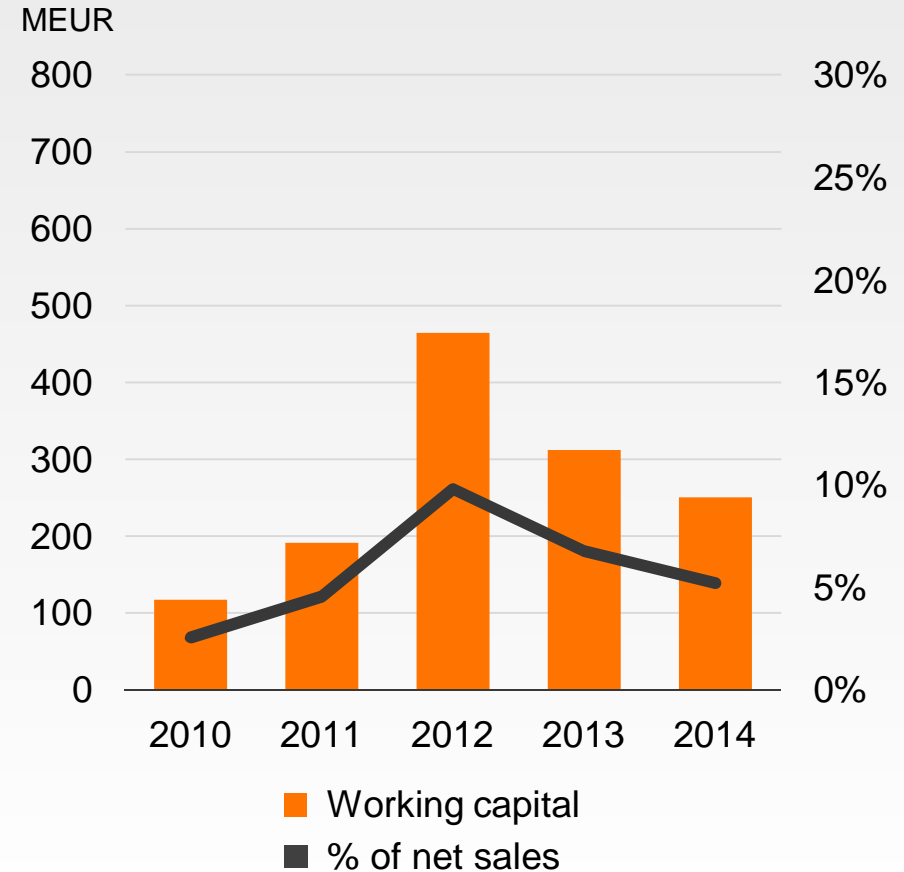
2014 figures include continuing operations. Figures for 2010-2013 include both discontinued and continuing operations.

Balance sheet and capital allocation

Cash flow from operating activities



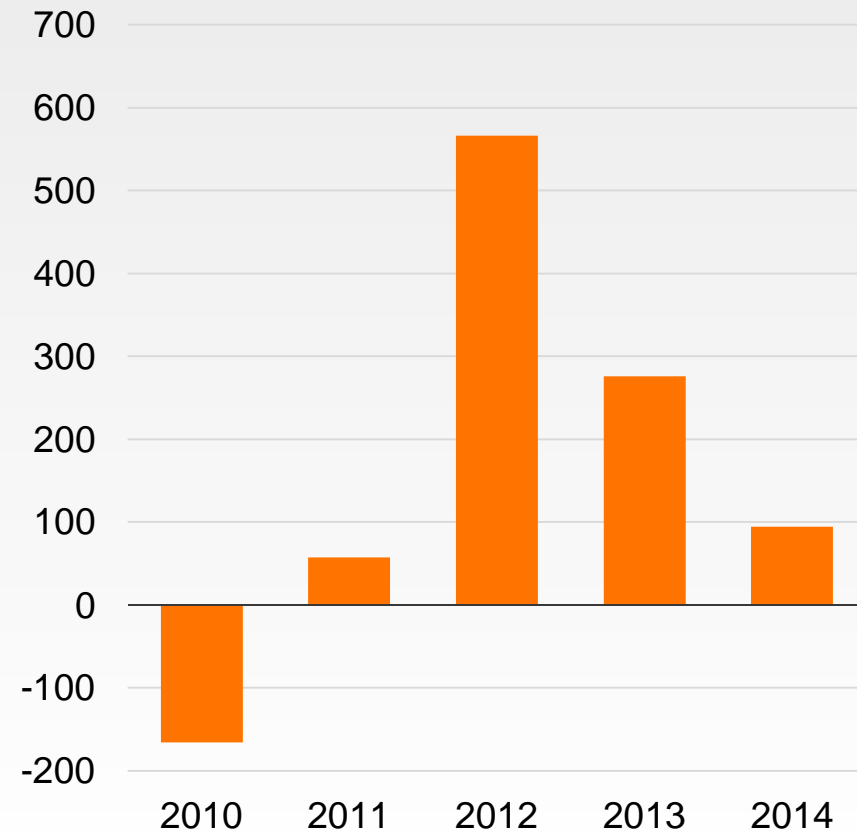
Working capital



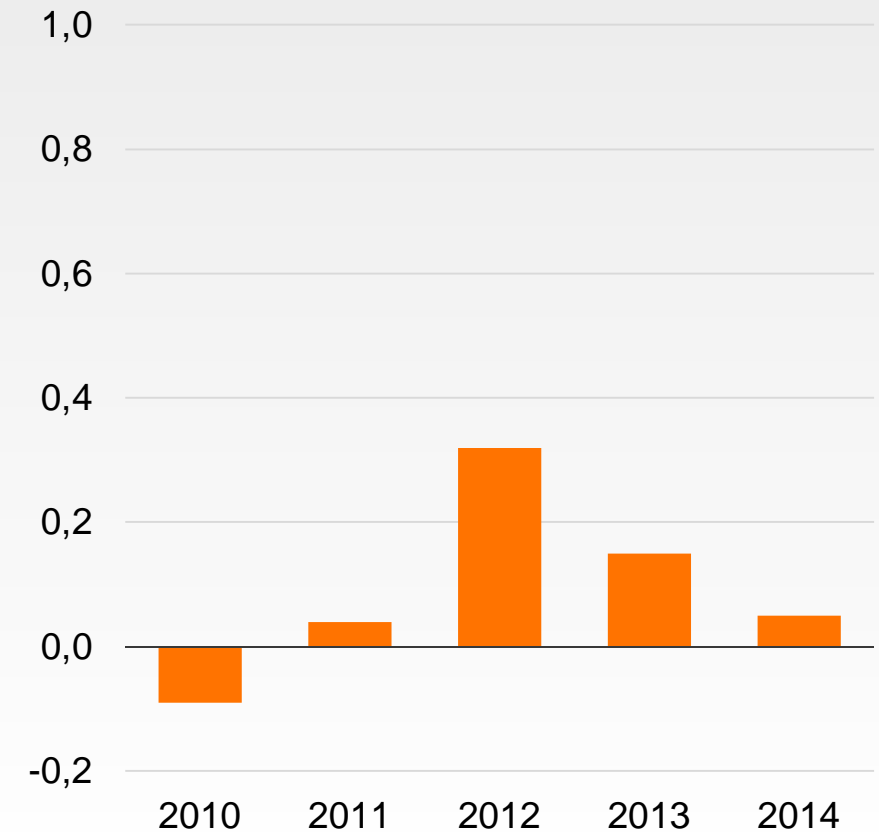
Net debt and gearing on a low level

Net debt

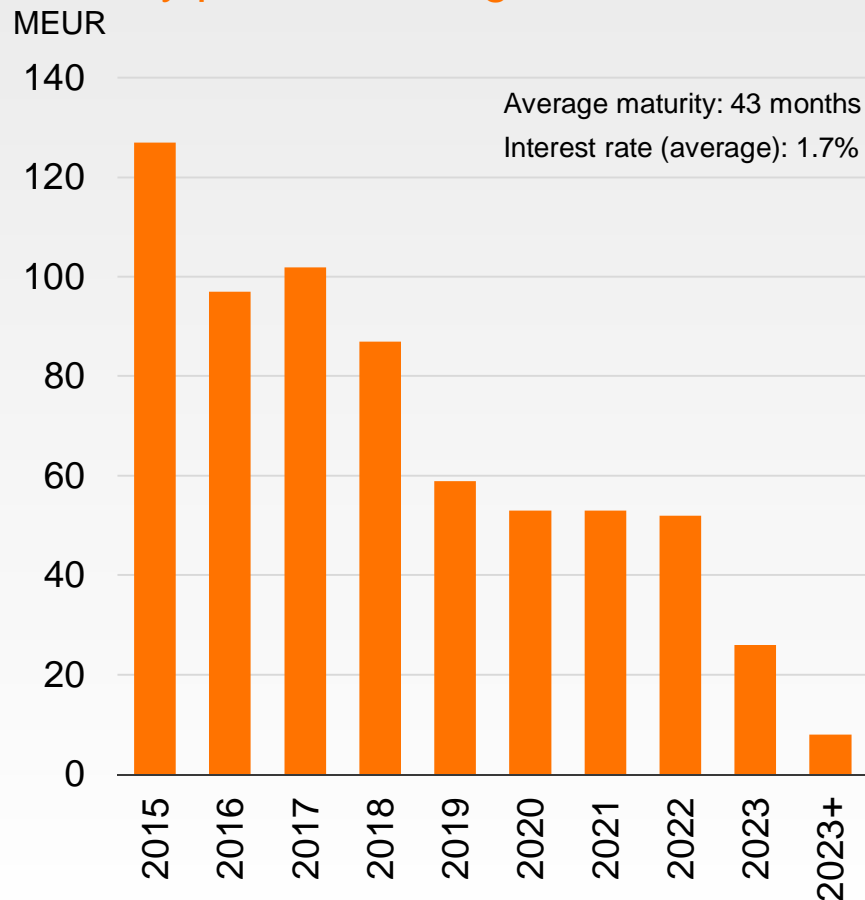
MEUR



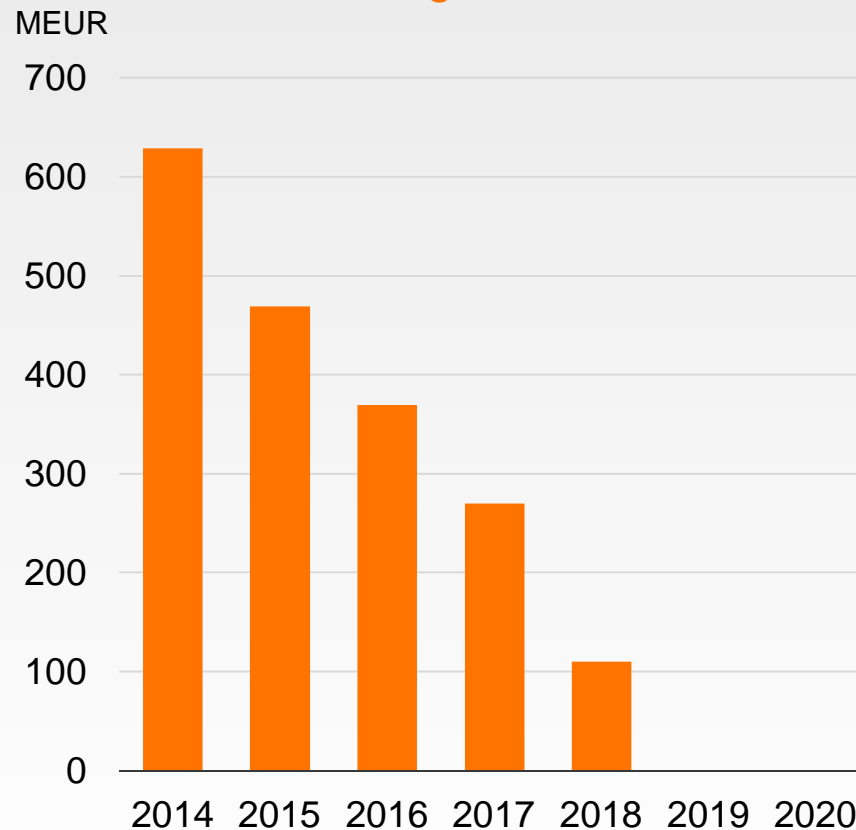
Gearing



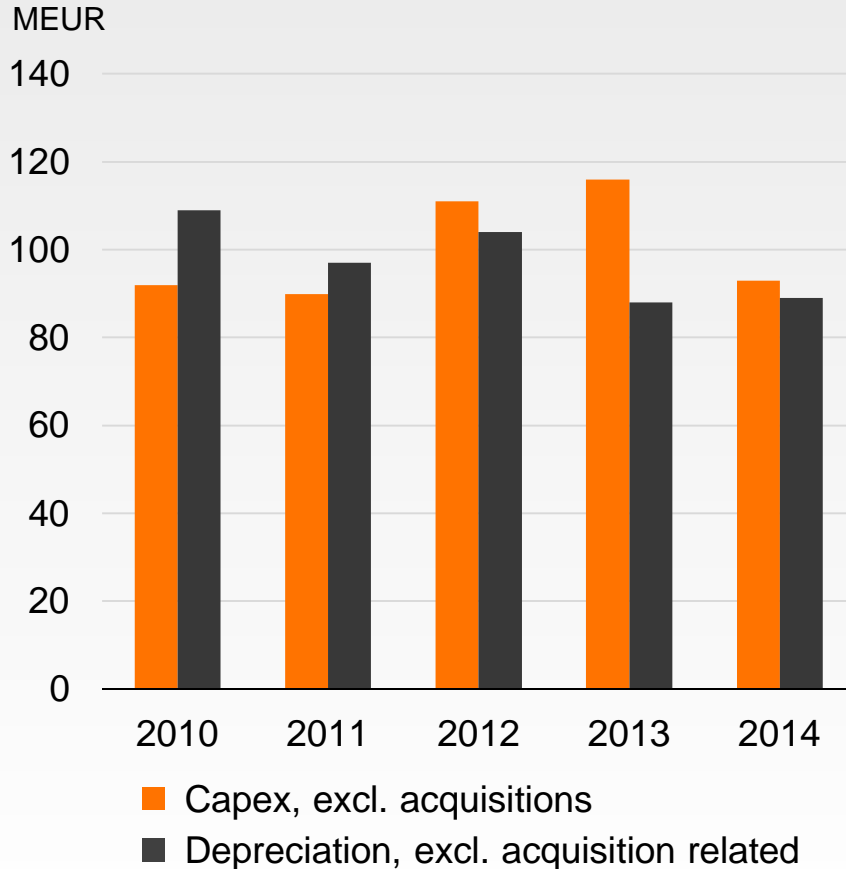
Maturity profiles of long-term loans



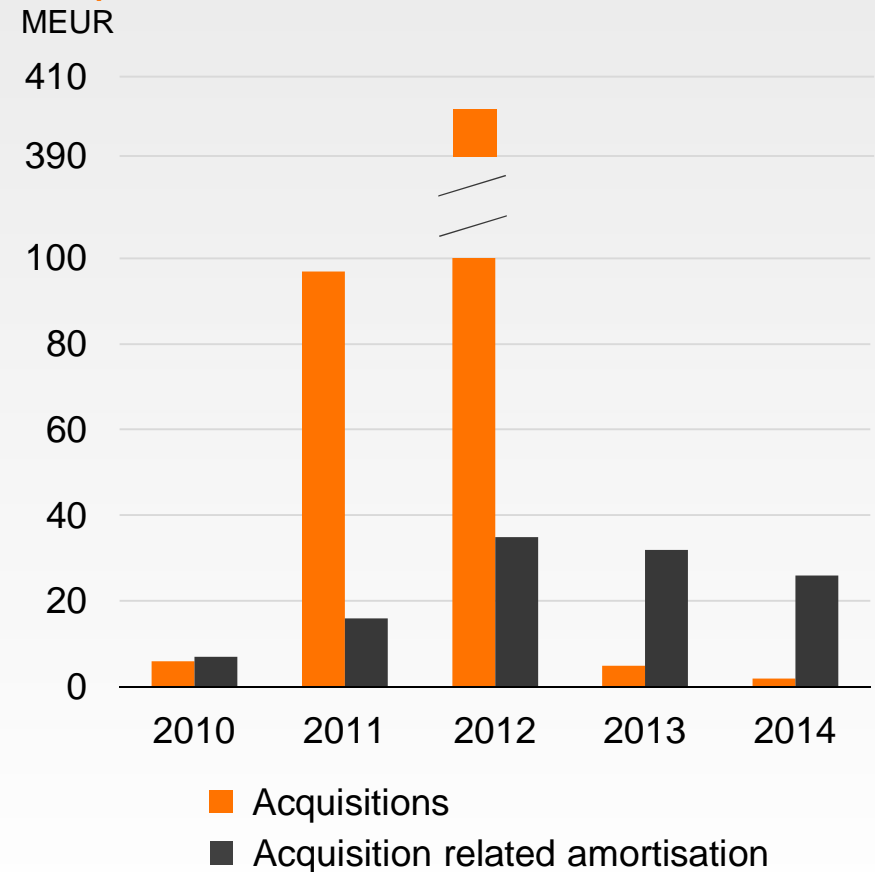
Committed revolving credit facilities



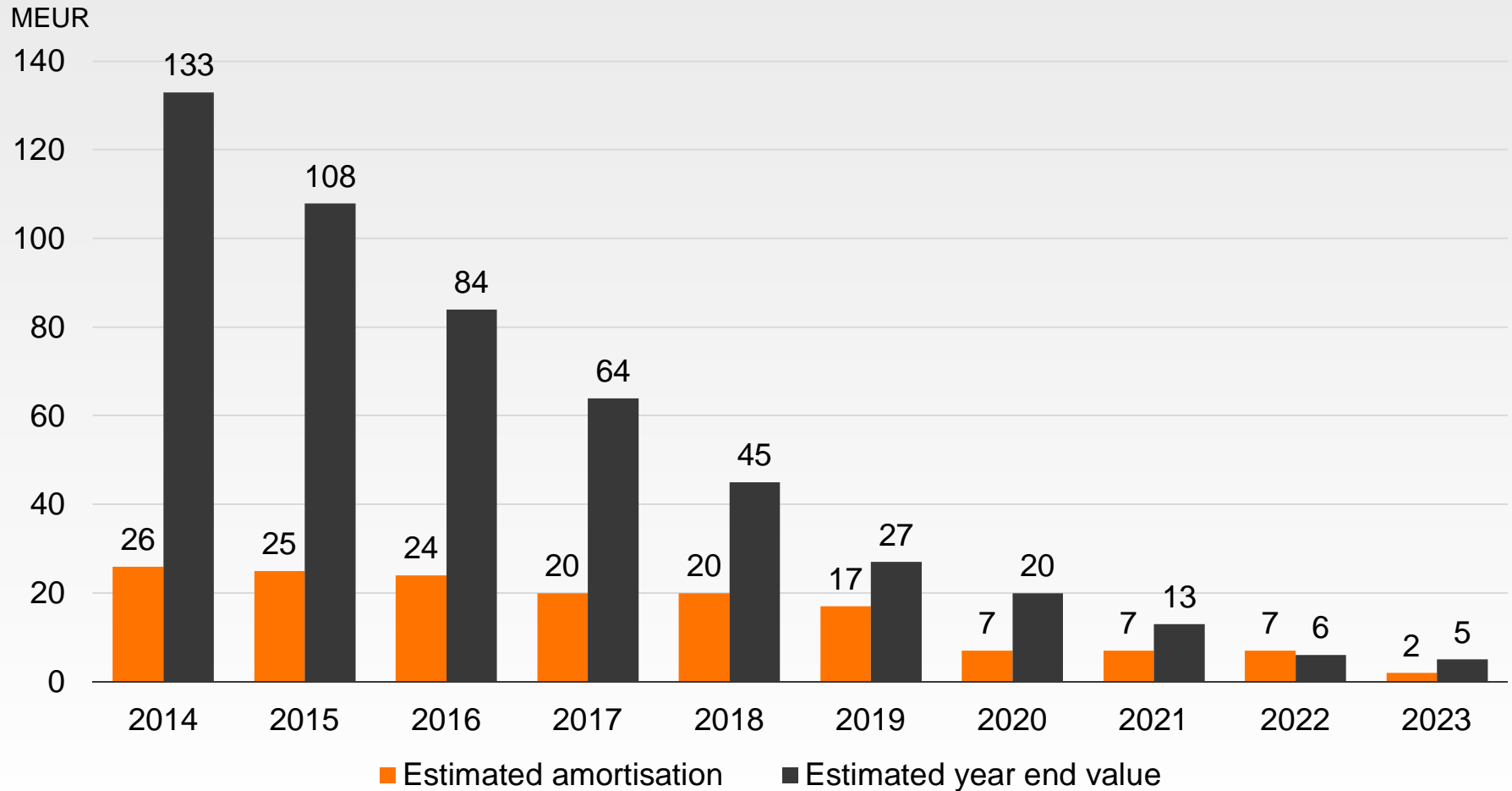
Capital expenditure & depreciation



Acquisitions



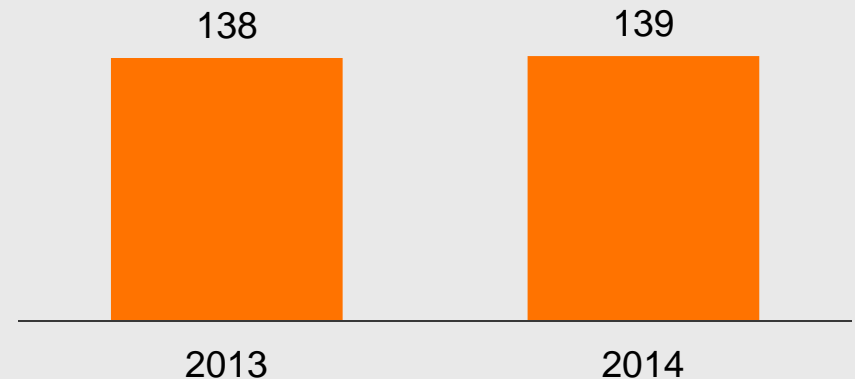
Development of surplus values going forward



Priorities going forward

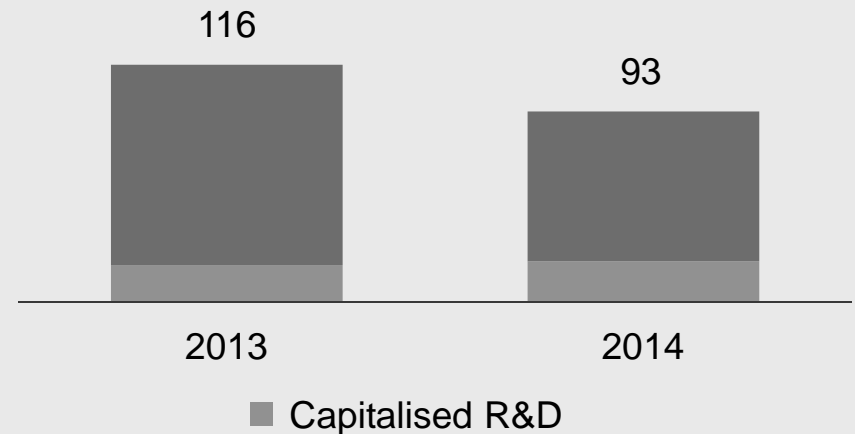
R&D

- Total efficiency
- Cost of ownership
- Fuel flexibility and versatility
- Minimised environmental impact
- Reliability



Capex

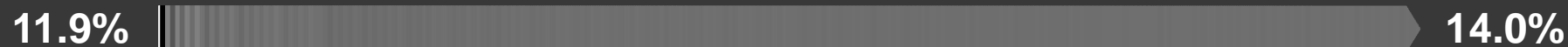
- Secure quality of our equipment
- Capex for 2015, excluding growth, expected to be in line with depreciation and amortisation



Strengthening market position through partnerships and acquisitions

- Reinforcing core competences through divestments and new partnerships
- Improving offering and market presence through acquisitions
- Priorities going forward
 - Proceed with setting up of the CSSC Wärtsilä Engine Co. Ltd joint venture company
 - Finalise L3 MSI acquisition and ensure smooth integration
 - Pursue further M&A opportunities in Ship Power and Services

Focus on reaching our long-term profitability target



Streamlining

Group efficiency program implemented during 2014

Increasing accountability

Setup of business line driven organisation

Pricing

Securing value based and market driven pricing

Productivity

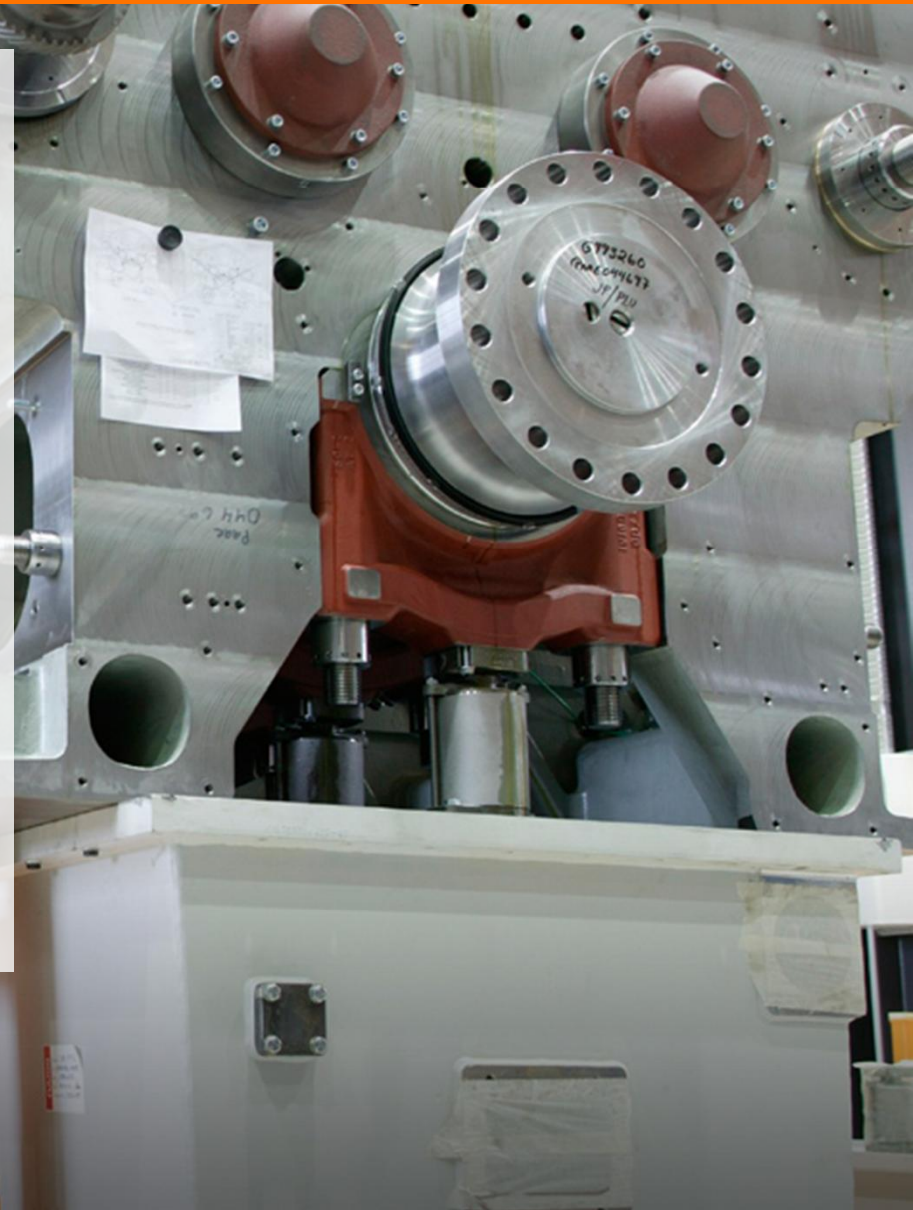
Optimising lead times and focusing on continuous process improvement

Ensuring competitiveness

Investing into technological leadership

Growth is on our agenda

- Strategic focus areas provide organic growth opportunities
 - Gas as a fuel
 - Environmental solutions
 - Smart Power Generation
 - Medium scale LNG infrastructure
- Focus on growth markets
 - Local manufacturing and joint ventures
- Acquisitions support growth targets
 - L-3 MSI acquisition enables access to new markets



Thank you!



WÄRTSILÄ

www.wartsila.com