



THIS IS WÄRTSILÄ



WÄRTSILÄ IS A GLOBAL LEADER IN COMPLETE LIFECYCLE POWER SOLUTIONS FOR THE MARINE AND ENERGY MARKETS. BY EMPHASISING TECHNOLOGICAL INNOVATION AND TOTAL EFFICIENCY, WÄRTSILÄ MAXIMISES THE ENVIRONMENTAL AND ECONOMIC PERFORMANCE OF THE VESSELS AND POWER PLANTS OF ITS CUSTOMERS.

VISION: WE WILL BE OUR CUSTOMERS' MOST VALUED BUSINESS PARTNER.

24%

ENERGY SOLUTIONS

Wärtsilä Energy Solutions is a leading global supplier of flexible baseload power plants of up to 600 MW operating on various gaseous and liquid fuels. Our portfolio includes unique solutions for peaking, reserve and load-following power generation, as well as for balancing intermittent power production. Wärtsilä Energy Solutions also provides LNG terminals and distribution systems. As of 2014, Wärtsilä has installed nearly 5,000 power plants in 170 countries around the world.

36%

MARINE SOLUTIONS

Wärtsilä Marine Solutions enhances the business of its marine and oil & gas industry customers by providing innovative products and integrated solutions that are safe, environmentally sustainable, efficient, flexible, and economically sound. Being a technology leader, and through the experience, know-how and dedication of our personnel, we are able to customise solutions that provide optimal benefits to our clients around the world.

41%

SERVICES

Wärtsilä Services supports its customers throughout the lifecycle of their installations by optimising efficiency and performance. We provide the most comprehensive portfolio of services – from spare parts to complete operational and maintenance service – and the broadest service network in the industry, for both the energy and marine markets. We are committed to providing high quality, expert support and the availability of services in the most environmentally sound way possible, wherever our customers are located.

Net sales
1,138 EUR million

Order intake
1,293 EUR million

Nr of employees
978

Net sales
1,702 EUR million

Order intake
1,746 EUR million

Nr of employees
5,603

Net sales
1,939 EUR million

Order intake
2,045 EUR million

Nr of employees
10,692

"The demand for gas and energy efficiency, coupled with environmental considerations, drives our business. We continue to see opportunities for growth and improved profitability by emphasising our strategic focus areas – Smart Power Generation, gas as a fuel and environmental solutions."

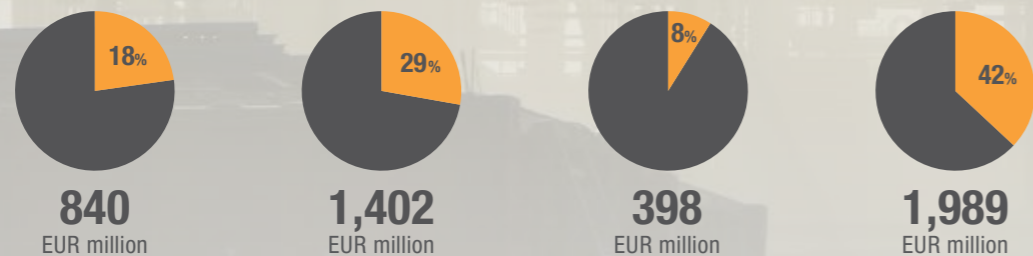
Björn Rosengren, President & CEO

Operating environment

Wärtsilä supports its customers from over 200 locations in nearly 70 countries around the world. In 2014, Wärtsilä's net sales totalled EUR 4.8 billion with approximately 17,700 employees. At the end of the year, Wärtsilä's installed base totalled 181,000 MW.



NET SALES, % of Wärtsilä's total net sales



EMPLOYEES



In other areas net sales totalled EUR 150 million with 91 employees.

MARKET DRIVERS & STRENGTHS

ENERGY SOLUTIONS

The demand for power generation is driven primarily by population growth and economic development. As electricity consumption grows, the demand for both new power generation equipment and replacement equipment for older capacity increases correspondingly. Environmental considerations and infrastructure development drive the demand for gas based power plants. Looking ahead, growth is expected to be higher in non-OECD countries due to increasing industrialisation and improving living standards. In the OECD countries the ageing installed capacity will drive demand for new investments as will stricter environmental regulations and targets to achieve low carbon power systems.

- + Unique operational and fuel flexibility
- + Energy efficiency and emissions compliance
- + Competitive capital cost and EPC capability

MARINE SOLUTIONS

Demand in the shipbuilding and shipping industries is mainly driven by developments within the global economy and the resulting impact on trade and transportation capacity requirements. The price, availability and demand for fuel drives development in the oil & gas industry, while in the general shipping industry, it increases the demand for efficient vessels. Other important drivers include the development of environmental regulations and their impact on the demand for optimised vessel efficiency, environmental solutions and gas as a marine fuel.

- + The broadest portfolio of reliable and high performing products and solutions in the marine and offshore oil & gas industries
- + An unmatched track record in providing gas fuelled vessels with dual-fuel technology and gas systems
- + The most comprehensive selection of options for meeting our customers' needs concerning fuel flexibility, efficiency and environmental requirements
- + A unique synergy between ship design and engineering capabilities that enables maximising vessel efficiency throughout the lifecycle
- + A strong presence in all the major marine and offshore oil & gas segments, allowing us to navigate ship building cycles

SERVICES

The main market driver in the service business is the size and development of the installed equipment base. The need for lifecycle solutions is driven by changes in, for instance, the cost or availability of different fuels, the cost or availability of crew, and/or the level of technical expertise needed to operate the vessels or power plants. Changes in environmental regulations, as well as improved safety aspects, also influence the need for lifecycle solutions. The outsourcing of operations and management to a reliable partner is today an important trend in the power plants service market. It is also becoming a more important driver for marine customers.

- + Long-term relationships with customers and an in-depth understanding of their needs
- + A complete lifecycle offering
- + The broadest service portfolio in the industry
- + A global service network

Corporate strategy

Wärtsilä aims to be the leader in complete lifecycle power solutions for the marine and selected energy markets worldwide.

We see growth opportunities in gas fuelled power plants as part of our Smart Power Generation concept, in gas fuelled engines and related systems for the marine market, as well as in the development of medium-scale LNG infrastructures. We also seek growth in environmental solutions, including exhaust gas cleaning systems for SO_x removal and ballast water management systems. Our strengths are our technological leadership, an integrated product and service offering, our close and long-standing customer relationships, and our unparalleled global presence. With our production and supply chain management we constantly seek ways to maintain cost efficiency and high quality – often in co-operation with leading industrial partners in our key growth markets. Our strong focus on R&D allows us to stay at the forefront of technology and innovation in our industry. We are determined to capture growth opportunities within our end markets, while maintaining a solid profitability.

COMMITTED TO SUSTAINABILITY

Wärtsilä's aim is to meet shareholder expectations and contribute toward the well-being of the society. This requires efficient, profitable and competitive company operations. Good economic performance establishes

a platform for the other aspects of sustainability – environmental and social responsibility.

Our overriding promise is to supply power solutions that offer high efficiency with low environmental load. Our objective is to continuously improve the environmental performance of our products and services, as well as to maintain technological leadership by utilising new technologies and collaborating with our customers and other stakeholder groups. In doing this, we help our customers and society at large to meet the goals of the tightening global environmental regulations and guidelines.

We act as a good corporate citizen wherever we are active. Our business operations and relations with our stakeholders are governed by our Code of Conduct. Wärtsilä is a responsible employer, and we seek to offer our employees an interesting and exciting workplace where openness, respect, trust, equal opportunities and scope for personal development prevail. A further aim is to offer a hazard-free working environment to our employees and contractors and to minimise the health and safety risks associated with the use of our products and services. Supply chain management and development are integral elements of our operations.

ENERGY SOLUTIONS

Our aim is to be a globally recognised leader in liquid fuel and gas power plants. We will promote Smart Power Generation technology to the increasingly dynamic and environmentally conscious global energy market to enable more sustainable, affordable and reliable power systems. Our strategy is to:

- Maintain our leading position in heavy fuel oil & dual-fuel power plants by enhancing our value proposition, and by influencing and actively developing selected target markets
- Grow strongly in the large utility gas power plant market by capturing market share from combustion turbines
- Grow in the biofuel power plant market by enabling a wide range of fuels
- Grow in special applications – LNG infrastructure, oil & gas, nuclear emergency power and combined heat and power – by introducing our value proposition to selected customer segments

MARINE SOLUTIONS

Our strategic goal is to be the leading provider of innovative products and integrated solutions to the marine and oil & gas industries. To achieve this we will build on our deep customer understanding, and:

- Solidify our leading position in solutions for gas fuelled vessels, environmental compliance and efficiency optimisation
- Further develop our position as the shipbuilding industry's leading systems integrator
- Provide a competitive offering of products for the growing needs of the marine and oil & gas markets
- Seek further growth through the ability to offer the most efficient lifecycle solutions for our customers

SERVICES

Our customers recognise Wärtsilä as being a reliable service partner; namely competitive, trusted, and easy to deal with. Our goal is to:

- Focus on customer needs in order to constantly develop our offering proposition with value-enhancing products
- Support our customers locally through our qualified global field service network
- Grow by expanding our agreements scope in both marine and power plant applications
- Support our customers in minimising their environmental footprint and foster a quality attitude and a safe way of working
- Actively scan the market for acquisitions that allow us to further strengthen our offering

Sustainability

As a global leader in complete lifecycle solutions for the marine and energy markets, Wärtsilä plays a key role in providing environmentally sound solutions and services that enable its customers to develop their businesses in a sustainable way. Wärtsilä supports its solutions globally during their entire lifecycle, often spanning up to 30 years.

WÄRTSILÄ'S SUSTAINABILITY APPROACH

Our commitment to sustainability and responsible business is based on our mission, vision and strategy, which along with our sustainable development objectives create the framework for developing the company's activities and products.

Wärtsilä's strategy is based on three key growth areas, Smart Power Generation, gas as a fuel and environmental solutions, all of which contribute to a more sustainable future in both the energy and the shipping industry.

Our strength is our technological leadership and therefore technology plays a central role in our sustainability work. The Energy Solutions and Marine Solutions businesses focus on developing and providing sustainable solutions for the industries in which they operate, whereas Wärtsilä Services has a key role in supporting our solutions and providing the latest technologies for existing installations through upgrades and modernisation packages.

Suppliers and business partners are an important and integral part of the total value chain of the products and services of Wärtsilä. They are expected to conduct their

businesses in compliance with the same high legal and ethical standards and business practices as Wärtsilä.

THE VALUE OF SUSTAINABLE INNOVATIONS

Our most important contribution to sustainability is to supply environmentally sound solutions and services, which enable our customers to develop their business in a sustainable way. This requires us to continuously invest in technology development and in an ongoing search for new more efficient and environmentally sound solutions.

Innovation in product development and the willingness to explore new technologies is essential in order to meet the current needs of our customers, to be prepared for future requirements, and to remain an industrial frontrunner. We strive to develop environmentally sound products and solutions across a wide front, including technologies related to efficiency improvement, the reduction of gaseous and liquid emissions, waste reduction, noise abatement, as well as effluent and ballast water treatment. Our proactive approach to meeting future demand has resulted in the development

of both primary and secondary abatement technologies, and has broadened the range of usable fuels. The commitment to investing in research and product development benefits Wärtsilä's customers as well as the environment, both in the short-term and over a longer time span.

WÄRTSILÄ'S SUSTAINABILITY GOALS

Wärtsilä's sustainable development is based on three closely interrelated pillars: economic, environmental and social performance. In the field of sustainable development, Wärtsilä's overriding focus is on the following:

- Economic: profitability
- Environmental: environmentally sound products and services
- Social: responsible business conduct

From a sustainability impact point of view, product-related environmental issues are the most significant for Wärtsilä.

THE KEY FEATURES OF WÄRTSILÄ'S ENVIRONMENTALLY SOUND SOLUTIONS INCLUDE:

- + Reliability, safety and long lifetime
- + Solutions to reduce emissions
- + Alternatives to heavy fuel oil
- + Flexibility in fuel use
- + Solutions to maximise efficiency with the lowest lifecycle cost
- + Solutions to minimise water consumption
- + Optimisation of vessel design and operations

The gas ambassador

John Hatley, Americas Vice President, Marine Solutions, expounds on Wärtsilä's past, present and future role in the gas value chain.

Born and raised on the coast in Seattle, Washington, John Hatley's life was always going to revolve around the sea. Boating ran in his family and he would see commercial traffic such as coastal freighters and barges passing by their home daily.

"I was indoctrinated from a very young age to the water," he describes, "and all the activities related to it. And as a young man I was fortunate enough to receive a congressional nomination for the US Marine Academy at King's Point."

Thus began an education that would provide John with the perfect springboard into a career in the marine industry. After graduating from King's Point in 1976, another unique opportunity arose: a graduate scholarship from the Society of Architects and Engineers. He used this to pursue his developing interest in ship design, entering the University of Michigan Master's programme to study Naval Architecture and Marine Engineering.

Achieving his master's degree at Michigan in 1980 (with high honours), John began his career in a combination role, working for shipping companies and a well-known naval architecture firm. "Combining my design background with

ship operations knowledge has been the give and take of my working life," John explains. "I've had a rotation in the ship operations field, in the ship design field, with ship owners, investors, business development, and at shipyards, providing insights across these business windows."

ON LAND

In the 80s, John became more and more involved in ship operations internationally, including a period in ship construction at Samsung with sailing time as a Chief Engineer in global shipping trades. Having worked on the move and overseas a great deal, it was around this time that he began to hear the call of the shore.

The offer of a senior position at Wärtsilä was both a logical step and a form of renewal. "Now I could go back and put everything to use: my naval architecture training, my knowledge of ship design, and my experience with ship operations ranging from large, two-stroke engines – the most powerful engines in the world – spanning all the way down to four-stroke diesels, electrical automation, and propulsion. I went from handling a slice of the pie to a whole menu of items. So I took the opportunity and it's been terrific."



"Wärtsilä addresses the whole gas value chain from market source to consumption, covering the entire energy spectrum."

THE ENTIRE GAS VALUE CHAIN

The gas value chain extends from the initial gas exploration and drilling processes to the production and liquefaction of LNG, which then has to be transported to storage and distribution facilities, and finally to the end users who utilise LNG in their operations. Wärtsilä has products and solutions that are relevant to each of these stages. The main application areas of both current activity and future promise include: cargo handling equipment for gas carriers, as well as engines and inert gas systems; small and medium sized LNG receiving terminals, which can be also offered as turnkey deliveries; complete fuel gas handling systems for all types of gas fuelled vessels; complete LNG handling solutions for small-scale LNG carriers as well as bunkering vessels; and onshore LNG production plant solutions for small and medium sized liquefaction capacities. The terminals Wärtsilä supplies can also be integrated with power plants, another important part of the value chain, completing the circle.

John has a way with metaphor, and sees the progress of LNG technology as generational: "The largest 50-centimeter bore gas engines were designed for the high power needs of LNG carriers crossing the oceans. That's the grandfather. The father is represented by the 34-bore gas engines, which were originally intended to serve as generator engines for steam ships running on natural gas, but soon became the choice for power generation on land. And then today's grandson: the 20-series engine, a lower-power solution for both smaller vessels and generator set applications. This latest series completes a power band that now spans a broad market: the smaller river and lake vessels, much larger vessels along the coastlines, and, with our newest low pressure two-stroke addition, the large ocean-going vessels."

As well as the development of gas in the marine sphere, John is equally keen to point out Wärtsilä's parallel work with gas in land-based power generation. "In the 90s, when the company really went in to reciprocating gas engines," he says, "gas was a substitute for lower efficiency steam-turbine engines that had been the choice from the 70s and 80s."

"That was the traditional choice," he explains. "However, that technology and market space can equally apply to power utilities, where the generation of electrical power would enjoy similar benefits from the use of gas. This is why we've seen gas become such a popular choice for balancing renewables. And you have to remember: the engine doesn't know if it's afloat at sea or on solid ground. It can function perfectly well in either case. So, in joining this company, suddenly a new market opened up to me in power generation."

HOME AT LAST

There is an infectious zeal to the way John describes the current business environment for both shipping and power generation, along with Wärtsilä's potential within it. It's little wonder he has earned the nickname of "gas ambassador" for the company. John's newfound capacity to exploit the full quota of his skills evidently arrived at an exciting moment for the marine industry in general.

At Wärtsilä, he found himself in a position to witness the convergence of diverse expertise on the LNG value chain. "This company is now uniquely positioned globally, with an incredibly expansive breadth," he enthuses. "We address the whole gas value chain, from gas receipt to liquefaction, marine transport logistics, storage, regasification, and consumption in power plants for electricity production."

A short talk with John Hatley demonstrates that Wärtsilä approaches the market with more than just this expansive technology offering. There are passionate experts behind this story, and their actions are navigating the industry toward a new course: its destination is the sustainable age of shipping.

■ Read the complete story at: www.wartsila.com/ar2014



Entrepreneurs of innovation

Wärtsilä gains a competitive advantage by introducing innovative industrial design solutions.

node, noun, a point at which subsidiary parts originate or centre

Located on the campus of Helsinki's Aalto University, the Wärtsilä Innovation Node's superficially relaxed exterior belies the importance and intensity of the work that takes place here, just as the Finnish education system itself has consistently been ranked as one of the world's best, despite lacking the near-manic pace and rigidly enforced discipline seen in other countries seeking similar results.

The location of Wärtsilä's R&D hub on this site is no accident, as Ilari Kallio, Vice President of R&D at Marine Solutions' 4-stroke business line, explains to us.

"We've seen some great results," he enthuses. "We provide them with a topic related to our strategy and the students explore it from an entirely new angle – always with the intention of developing a concept that could be translated into a new product, service or business model."

This isn't innovation for innovation's sake, as a recent project providing smartphone-based assistance for service engineers demonstrates. Using the advanced communication capabilities of handheld devices as an alternative to the storage of paper manuals and written notes to instruct new service operators, the project might very well soon see fully-fledged development into an integral component of Wärtsilä's service offering.

user experience, noun, the overall experience of a person using a product such as a website or computer application, especially in terms of how easy or pleasing it is to use

"End user understanding is critical in modern business," Juhana Arkio, Marine Solutions' Manager, Industrial Design, tells us. "For Wärtsilä, this means gaining a competitive advantage by introducing innovative industrial design solutions."

He goes on to outline the industrial design procedures that his team and himself have instituted, product by product, to bring the end user closer to the centre of solution planning.

We begin with a number of annotated diagrams collectively known as a comprehensive design specification. "This is the result of deep research into the environment in which the product will be used," Juhana explains. "In preparing this study, we need to ask the core questions: 'What is needed?' 'What are

"The Innovation Node's placement is one way for us to get fresh ideas and maintain a connection to society in a wider sense."

the boundaries of our planning?' It's not just legislation or regulations, though of course these play a part. This specification takes into account the user, the market and the technology to bring together all the 'design thinking' Wärtsilä brings to the table."

We go on to look at the products that have profited from this in-depth research. In Wärtsilä's new 4-stroke engines, not only do we see the outer visual identity of the engines, but also the design work encompassing every aspect of how human beings encounter and interact with the product. "As you can see," Juhana continues, "this is a truly end-to-end approach to design. Everything that can be considered and optimised for the user in this product has been. We're really adding value through design."

entrepreneurial, adjective, having the spirit, attitude or qualities of an entrepreneur; enterprising

For Ilari, the key to how R&D functions at Wärtsilä is 'entrepreneurial thinking'. "If I see an opportunity or synergy with some other business line, there's nothing that hinders me from capturing that synergy. Organisational structure doesn't have to limit collaboration if you see there is a benefit."

In addition, Ilari reaffirms that company strategy provides the direction for their work. "The broad strokes are," he explains, "decided at the management level. Directions like gas, fuel flexibility and Smart Power Generation are established there. But as they pass down through the organisation, these decisions translate into a huge variety of different opportunities."

Juhana confirms that in the world of cutting-edge industrial design, the very same principle applies: "At any innovation seminar, at least 80% of the core content is about end-user and customer studies. In our case, though, we have to go beyond even what the customer, or anyone else, is able to tell us in the here and now." When all is said and done, the customer is the purpose of creating innovation. At the Innovation Node, this means finding new ways to add value at each stage of the product life cycle, and looking ever onwards to the solutions of the future.

■ Read the complete story at:
www.wartsila.com/ar2014



'Because I am a Girl'

Wärtsilä's personnel helps to drive change for the better for girls in developing countries.

In early 2014, Wärtsilä personnel in Finland selected a charitable initiative for the company to support. The combination of a well-chosen partner, a strong group effort, and a unique internal initiative should help drive change for the better for girls in developing countries.

Plan International's 'Because I am a Girl' campaign aims to support millions of girls in getting the education, skills and support they need to transform their lives and the world around them. Wärtsilä employees in Finland selected the campaign from a number of other worthy causes to be a joint initiative between personnel and the company as a whole.

PUSHING FOR GENDER EQUALITY AND IMPROVING LIVES

Plan International works with millions of children in 86,000 communities in 51 developing countries across the world and is continuously looking for new ways and

opportunities to advance the achievement of gender equality and girls' rights.

Through the 'Because I am a Girl' campaign, Plan's projects will address the barriers to girls completing a quality education of at least nine years, as well as equip them with the assets they need to safeguard their future, promote gender equality and improve their lives.

"Collaborations like this really help to further the aims of the campaign", explained Susanna Saikkonen, Plan's Director of Corporate Partnerships in Finland. "This partnership with Wärtsilä and its employees in Finland is a very important one for us and will help both in fundraising and in spreading our message even further."

THE DIRECT FUNDRAISING INITIATIVE

The practical arrangements of the donation programme were launched for personnel at Wärtsilä's headquarters in April, and continued onwards to Vaasa and Turku in

October. These took the form of what is known as a ParticipAid programme: a voluntary charity framework.

Personnel was invited to make either a one-time or monthly donation, which would be automatically deducted from their net salary. These one-time donations were then matched by Wärtsilä, who pledged to double every euro donated, passing on the final sum of € 27,146 to Plan in December.

This arrangement of deductions from employee salaries for charitable purposes is one of the first of its kind for Wärtsilä. Both parties hope that the combination of a well-chosen partner, a strong group effort, and a unique internal initiative will drive change for the better for the girls affected by these hardships.

Supporting girls' education is one of the single best investments we can make to help end poverty. Did you know, for example, that:

- *62 million girls are unable to go to school and that every year in higher education increases a girl's future income by 15–25%.*
- *Every day, close to 40,000 girls get married and a third of them are under 18 years old.*



Get involved

Find out more about the 'Because I am a Girl' campaign: <http://plan-international.org/girls>



Explore Wärtsilä's 2014

Discover the year's most important events and initiatives at www.wartsila.com/ar2014.

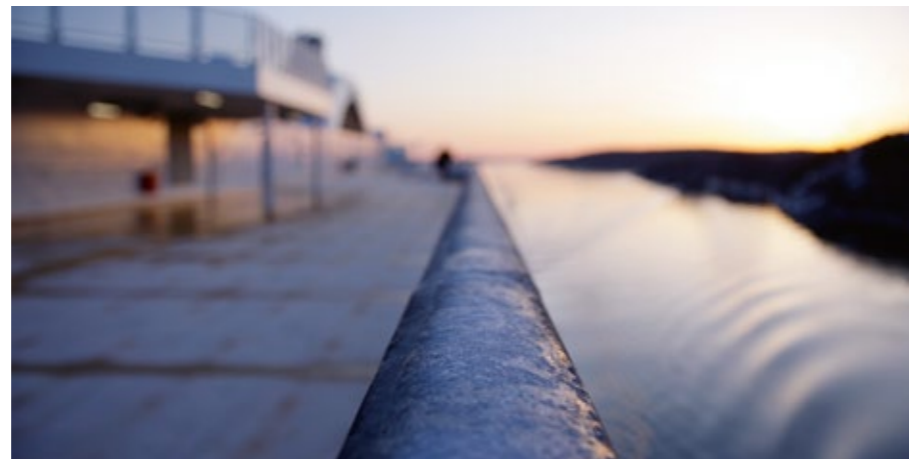


RENEWABLE RENAISSANCE

Operators need generators that start quickly, run efficiently and ramp up and down whenever needed. Wärtsilä provides the means for integrating clean, green power sources.

SIX WORLD FIRSTS IN SHIPPING

Wärtsilä will provide solutions to various ground-breaking shipping projects that emerged during 2014. These projects include the world's first CNG carrier and several LNG-fuelled vessels.



THE BILLION DOLLAR RESCUE

Wärtsilä closed ranks to salvage Deepsea Aberdeen, and Odfjell Drilling's 1.2 billion dollar contract.

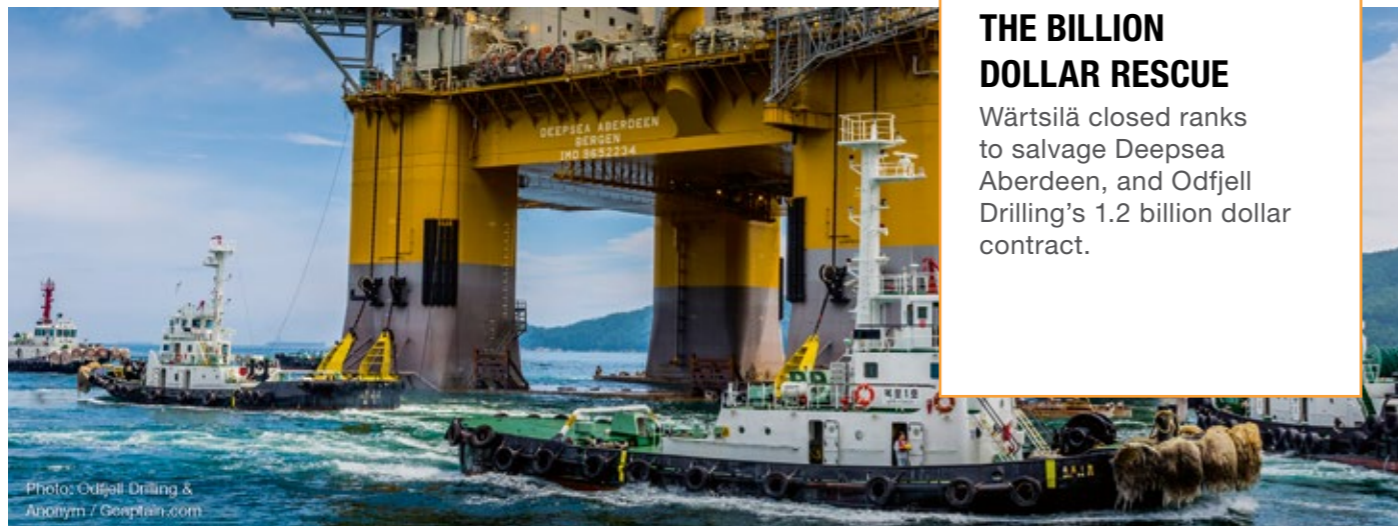


Photo: Odfjell Drilling & Anonym / Geoplan.com



SUSTAINABLE SHIPPING VISION

Shipping is one of the most sustainable means of transport available to us. Wärtsilä's main themes of sustainable shipping are fleet optimisation, total vessel efficiency, sustainable fuels and fuel flexibility, minimised emissions and vessel safety.

WE CARE – THE NEXT STEP TOWARDS ZERO

Safety is a priority for Wärtsilä, and for several years we have been moving steadily closer to our target of zero work-related injuries. We have made good progress during that time, typically managing a 20-25% reduction in incidents annually.



DIVERSITY MEANS PROGRESS

A changing business environment requires wider global presence and collaboration with varied stakeholders both within and outside the company. Wärtsilä takes a collaborative approach to building awareness of diversity.

BIOGAS CUTS OSLO'S EMISSIONS

The EU aims to reach a level of 20% renewable energy production by 2020. Wärtsilä helps Norway to become the first "carbon neutral" state in the world.



2014 at a glance

2014 was a year of refocusing on Wärtsilä's core areas of expertise, and on developing our business through new partnerships and acquisitions. Wärtsilä's performance was in line with the company's long-term targets and with the guidance set for the year.

Net sales increased by 4% to

4,779 EUR million

Of the total net sales, Energy Solutions accounted for 24%, Marine Solutions for 36% and Services for 41%.

Profitability was

11.9 %

The operating result before non-recurring items was EUR 569 million.

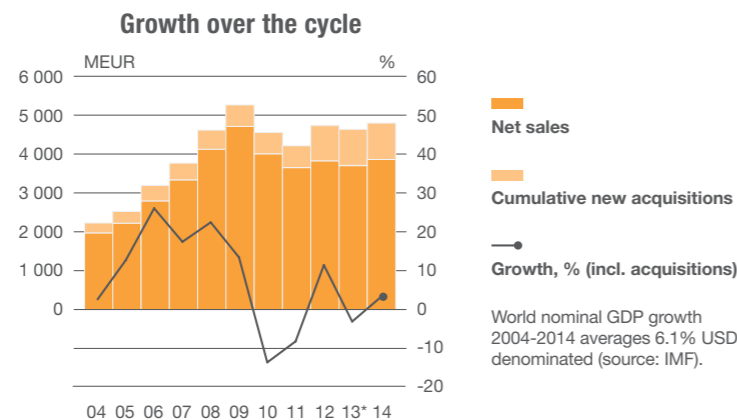
Order intake increased by 5% to

5,084 EUR million

The total order book at the end of the financial period stood at

4,530 EUR million

an increase of 5%.



* Restated, figures include continuing operations.

26.3. Wärtsilä contracted to supply world's first LNG fuelled icebreaker with dual-fuel engines.

29.12. Wärtsilä donated a marine engine to Nelson Mandela Metropolitan University in South Africa.

18.7. Wärtsilä signed an agreement to establish a joint venture with China State Shipbuilding Corporation, which will take over Wärtsilä's 2-stroke engine business.



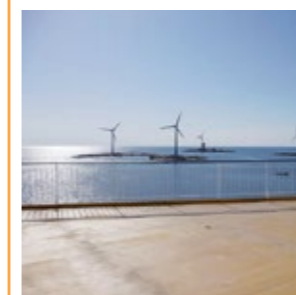
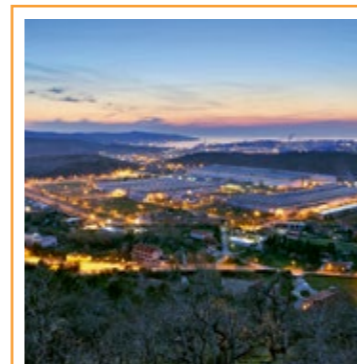
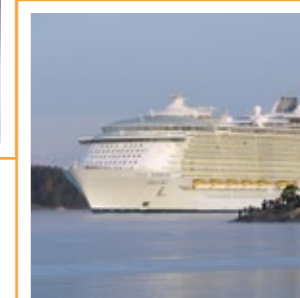
10.1. Wärtsilä wins its first order for a turnkey liquefied natural gas (LNG) receiving terminal to be built in Tornio, Finland.

16.12. Wärtsilä announced the acquisition of L-3 Marine Systems International to strengthen its position in automation and electrical systems.

30.9. Wärtsilä India Ltd. exceeded 4 million working hours without Lost Time Injuries.



12.6. Wärtsilä signed a 10-year maintenance and technical support agreement with Royal Caribbean Cruises Ltd covering 36 vessels, which demonstrates the increasing interest for marine service agreements.



12.5. International Energy Agency (IEA) report finds combustion engines competitive in enabling wind and solar energy.

19.5. The ordering of dual-fuel engines and related systems for gas carriers and other vessel types was active throughout the year. Noteworthy orders included the contract to supply an integrated solution for three multigas carriers being built for the Danish operator Evergas.

Consolidated statement of income

MEUR	2014	Restated 2013
Continuing operations		
Net sales	4 779	4 607
Change in inventories of finished goods & work in progress	-240	190
Work performed by the Group and capitalised	14	12
Other operating income	52	65
Material and services	-2 392	-2 658
Employee benefit expenses	-1 113	-1 073
Depreciation, amortisation and impairment	-115	-120
Other operating expenses	-489	-513
Share of result of associates and joint ventures	26	28
Operating result	522	537
as a percentage of net sales	10.9	11.7
Dividend income	1	1
Interest income	4	3
Other financial income	8	15
Interest expenses	-13	-17
Other financial expenses	-27	-22
Net income from available-for-sale financial assets		25
Profit before taxes	494	544
Income taxes	-106	-119
Profit for the financial period from the continuing operations	389	425
Loss for the financial period from the discontinued operations	-37	-31
Net profit for the financial period	351	393
Attributable to:		
equity holders of the parent company	347	391
non-controlling interests	5	3
	351	393
Earnings per share attributable to equity holders of the parent company (basic and diluted):		
Earnings per share, continuing operations, EUR	1.95	2.15
Earnings per share, discontinued operations, EUR	-0.19	-0.16
Earnings per share, EUR	1.76	1.98

Consolidated statement of comprehensive income

MEUR	2014	2013
Net profit for the financial period	351	393
Other comprehensive income, net of taxes:		
Items that will not be reclassified to the statement of income		
Remeasurement of defined benefit liability	-29	-9
Tax on items that will not be reclassified to the statement of income	4	-1
Total items that will not be reclassified to the statement of income	-25	-10
Items that may be reclassified subsequently to the statement of income		
Exchange rate differences on translating foreign operations	56	-72
Exchange rate differences on translating foreign operations for non-controlling interests	4	
Available-for-sale financial assets		
measured at fair value		1
transferred to the statement of income		-25
Cash flow hedges		
measured at fair value	-85	-22
transferred to the statement of income	12	-2
Tax on items that may be reclassified to the statement of income		
Available-for-sale financial assets		
transferred to the statement of income		6
Cash flow hedges		
measured at fair value	24	7
transferred to the statement of income	-4	1
Total items that may be reclassified to the statement of income	5	-107
Other comprehensive income for the financial period, net of taxes	-20	-117
Total comprehensive income for the financial period	332	276
Total comprehensive income attributable to:		
equity holders of the parent company	323	275
non-controlling interests	9	2
	332	276

Figures in consolidated statement of other comprehensive income include both continuing and discontinued operations.

Consolidated statement of financial position

Assets

MEUR	31.12.2014	31.12.2013
Non-current assets		
Goodwill	909	914
Intangible assets	271	321
Property, plant and equipment	421	434
Investment properties	14	15
Investments in associates and joint ventures	90	103
Available-for-sale financial assets	16	15
Interest-bearing investments	1	1
Deferred tax assets	144	128
Trade receivables	15	
Other receivables	4	5
Total non-current assets	1 884	1 935
Current assets		
Inventories	1 156	1 367
Interest-bearing receivables	1	1
Trade receivables	1 186	1 146
Current tax receivables	42	33
Other receivables	338	339
Cash and cash equivalents	571	388
Total current assets	3 294	3 274
Assets held for sale	102	
Total assets	5 280	5 209

Equity and liabilities

MEUR	31.12.2014	31.12.2013
Equity		
Share capital	336	336
Share premium	61	61
Translation differences	-30	-85
Fair value reserve	-66	-13
Actuarial gains and losses	-65	-43
Retained earnings	1 723	1 587
Total equity attributable to equity holders of the parent company	1 960	1 844
Non-controlling interests	45	40
Total equity	2 005	1 884
Liabilities		
Non-current liabilities		
Interest-bearing debt	537	571
Deferred tax liabilities	64	84
Pension obligations	100	107
Provisions	51	40
Advances received	77	86
Other liabilities	2	4
Total non-current liabilities	832	892
Current liabilities		
Interest-bearing debt	129	94
Provisions	242	204
Advances received	596	827
Trade payables	436	375
Current tax liabilities	51	81
Other liabilities	934	853
Total current liabilities	2 388	2 434
Total liabilities	3 220	3 325
Liabilities directly attributable to assets held for sale	55	
Total equity and liabilities	5 280	5 209

Figures in consolidated statement of financial position include both continuing and discontinued operations.

Consolidated statement of cash flows

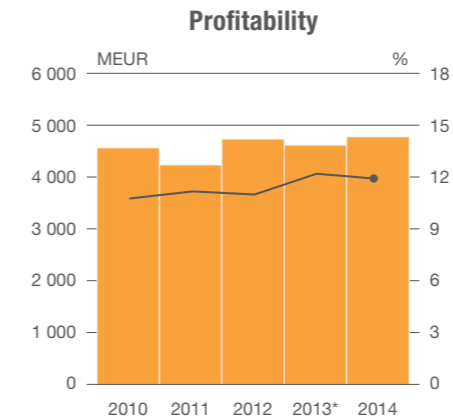
MEUR	2014	2013
Cash flow from operating activities:		
Net profit for the financial period	351	393
Adjustments for:		
Depreciation, amortisation and impairment	119	123
Financial income and expenses	28	19
Gains and losses on sale of intangible assets and property, plant and equipment and other changes	2	-29
Share of result of associates and joint ventures	-24	-22
Income taxes	99	113
Cash flow before changes in working capital	574	598
Changes in working capital:		
Receivables, non-interest-bearing, increase (-) / decrease (+)	-52	-64
Inventories, increase (-) / decrease (+)	206	-88
Liabilities, non-interest-bearing, increase (+) / decrease (-)	-122	211
Changes in working capital	32	60
Cash flow from operating activities before financial items and taxes	606	658
Financial items and taxes:		
Interest and other financial income	29	23
Interest and other financial expenses	-36	-7
Income taxes paid	-147	-97
Financial items and paid taxes	-154	-81
Cash flow from operating activities	452	578
Cash flow from investing activities:		
Investments in associates and joint ventures		-1
Investments in available-for-sale financial assets	-1	-4
Investments in property, plant and equipment and intangible assets	-99	-129
Proceeds from sale of property, plant and equipment and intangible assets	14	7
Proceeds from sale of available-for-sale financial assets	16	34
Loan receivables, increase (-) / decrease (+), and other changes	-1	13
Dividends received	1	1
Cash flow from investing activities	-71	-79
Cash flow after investing activities	381	499
Cash flow from financing activities:		
Contribution by non-controlling interests		16
Proceeds from non-current debt	100	153
Repayments and other changes in non-current debt	-81	-157
Current loans, increase (+) / decrease (-)	-18	-135
Dividends paid	-211	-202
Cash flow from financing activities	-210	-324
Change in cash and cash equivalents, increase (+) / decrease (-)	172	176
Cash and cash equivalents at the beginning of the financial period	388	225
Exchange rate changes	12	-13
Net change in cash effect from discontinued operations	1	
Cash and cash equivalents at the end of the financial period	571	388

Figures in consolidated statement of cash flows include both continuing and discontinued operations.

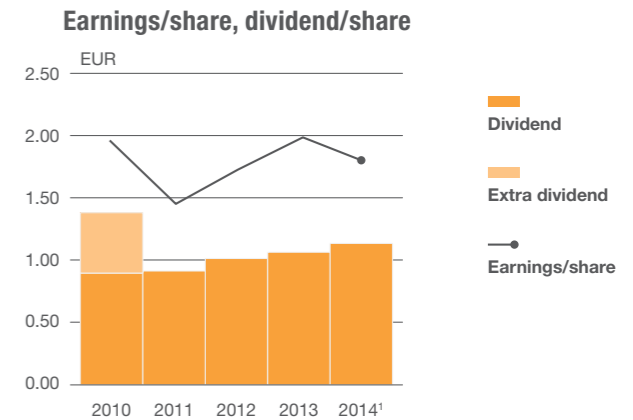
Why invest in Wäertsilä?

Our strengths are our technological leadership, an integrated product and service offering, our close and long-standing customer relationships, and our unparalleled global presence.

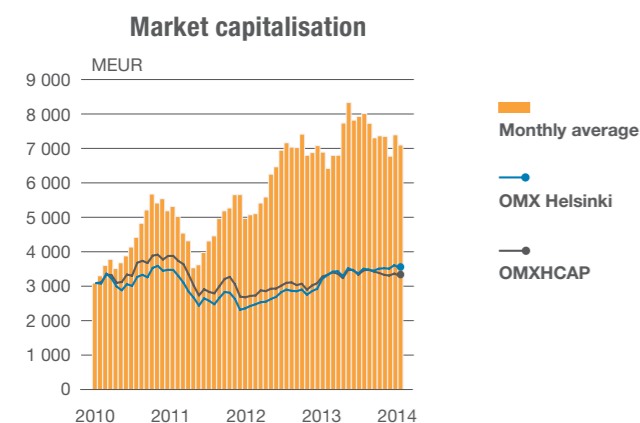
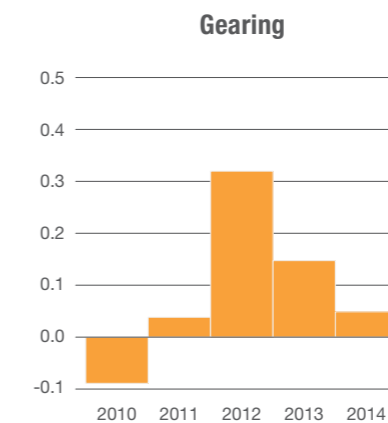
- Solid demand drivers: increasing transportation needs, growing demand for electricity and flexible capacity, the service requirements of a growing installed base and increasing focus on environmental considerations
- Global reach, exposure to two different end markets and a stable Services business reduces market risk exposure
- Strong position in the services markets with the widest network and offering in the industry
- Flexibility in adjusting capacity to market demand through an assembly based manufacturing model
- Synergies gained from shared manufacturing facilities and research & development
- Strong financial position and a focus on profitable growth



* Restated, figures include continuing operations.



¹ Proposal by the Board 2014



WÄRTSILÄ ON THE CAPITAL MARKETS 2014

- Wäertsilä's shares are listed on the Nasdaq Helsinki Large Cap list under the trading code WRT1V
- At the end of 2014, Wäertsilä's total number of shares was 197,241,130, and the number of shareholders was approximately 42,280
- Foreign shareholding, including nominee-registered shares, represented 48% at the end of the year

REPORTING YEAR 2015

Q1 23.04.2015
 Q2 17.07.2015
 Q3 22.10.2015
 Q4 28.01.2016

LONG-TERM TARGETS

- Grow faster than global GDP
- Reach an operating profit margin (EBIT%) of 14% at the peak of the cycle and maintain operating profit margin above 10% at the trough of the cycle
- Maintain gearing below 0.50
- Pay a dividend equivalent to 50% of earnings over the cycle

Find more information at:
www.wartsila.com/investors

Key figures

MEUR	2014	Q4 / 2014	Q3 / 2014	Restated** Q2 / 2014	Restated** Q1 / 2014	Restated** 2013	Restated* 2012
Net sales	4 779	1 549	1 117	1 116	997	4 607	4 725
Energy Solutions	1 138	433	282	233	190	1 459	1 498
Marine Solutions	1 702	552	363	415	371	1 309	1 301
Services	1 939	564	472	468	435	1 842	1 908
Depreciation and amortisations	-115	-30	-29	-27	-29	-120	-139
Operating result ¹	569	196	142	132	98	557	517
Operating result ¹ , %	11.9	12.7	12.7	11.8	9.8	12.1	10.9
Profit before taxes	494	157	129	119	89	544	453
Earnings per share, EUR	1.76	0.60	0.43	0.42	0.31	1.98	1.72
Balance sheet total	5 280	5 280	5 090	5 119	5 042	5 209	5 036
Interest-bearing liabilities, gross	666	666	679	697	633	665	794
Cash and cash equivalents	571	571	400	345	242	388	225
ROI, %	18.7	-	-	-	-	21.2	20.4
Gearing	0.05	0.05	0.14	0.19	0.22	0.15	0.32
Order book, end of period	4 530	4 530	4 674	4 420	4 384	4 311	4 492
Order intake	5 084	1 522	1 309	1 138	1 115	4 821	4 940
Year-end market capitalisation	7 315	-	-	-	-	7 055	6 454
Personnel, number at end of period	17 717	17 717	17 817	17 876	18 159	18 315	18 887

¹ Figures exclude non-recurring items.

* The figures in the comparison period 2012 have been restated during 2013 according to the revised IAS 19.

** Figures related to the statement of income have been restated due to the reclassification of the two-stroke business as discontinued operations.

Contact information

INFORMATION ON WÄRTSILÄ CORPORATION:



MR ATTE PALOMÄKI

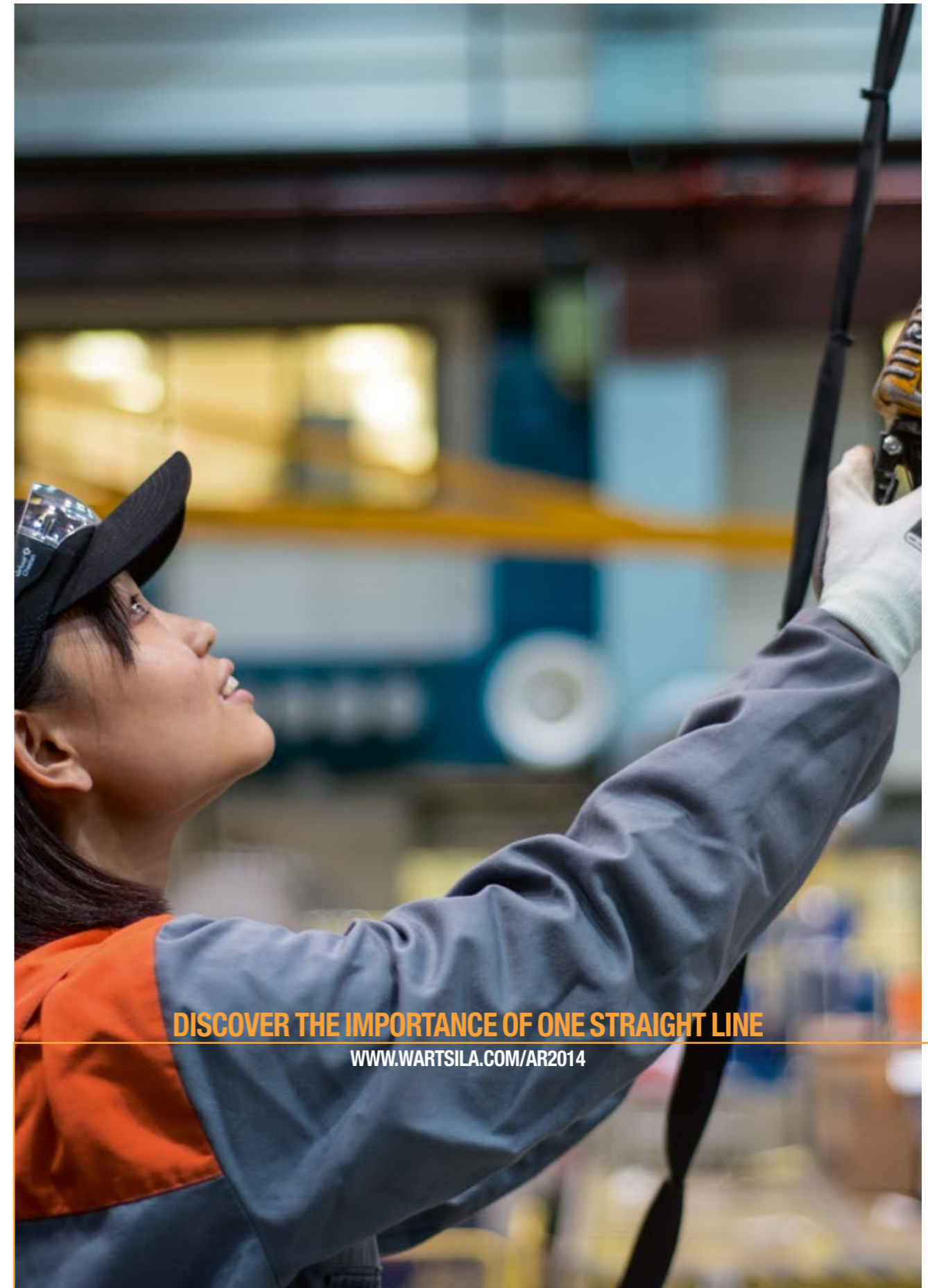
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