WÄRTSILÄ'S INTERIM REPORT JANUARY-SEPTEMBER 2010

WÄRTSILÄ

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THIRD QUARTER 7-9/2010 IN BRIEF

MEUR	7-9/2010	7-9/2009	Change
Order intake	1 004	725	38%
Net sales	1 039	1 167	-11%
Operating result	117	133	-13%
% of net sales	11.2%	11.4%	
Profit before taxes	140	125	
Earnings/share, EUR	0.83	0.87	

REVIEW PERIOD JANUARY-SEPTEMBER 2010 IN BRIEF

MEUR	1-9/2010	1-9/2009	Change	2009
Order intake	3 002	2 468	22%	3 291
Order book at the end of the period	4 243	5 351	-21%	4 491
Net sales	3 091	3 741	-17%	5 260
Operating result	328	419	-22%	638
% of net sales	10.6%	11.2%		12.1%
Profit before taxes	298	388		558
Earnings/share, EUR	2.36	2.82		4.30
Cash flow from operating activities	491	142		349
Interest-bearing net debt at the end of the period	91	575		414
Gross capital expenditure	54	98		152

Operating result and EPS in the above tables are shown excluding nonrecurring items. Wärtsilä recognised EUR 2 million of nonrecurring items related to restructuring measures during the third quarter and a selling profit of EUR 32 million from the divestment of its Sampo Group holding. Wärtsilä recognised EUR 59 million (6) of nonrecurring restructuring items during the review period January-September 2010.

OPERATING ENVIRONMENT AND DEMAND DEVELOPMENT

SHIP POWER

Market recovery continues

During the third quarter, new vessel ordering activity continued to recover with more than 100 vessels being ordered per month. By the end of the third quarter, 1,150 vessels have been ordered which is notably more than for the full year 2009. Contracting activity continued to be good in the bulk carrier segment, supported mainly by Chinese ship owners. Backed by the recovery in trade volumes and attractive new building prices a pick-up was seen in the container vessel segment and this development is expected to continue. Some LNG vessel contracts were signed during the quarter after a long silent period.
Activity in the offshore segment continued to be strong, and recovery in the more specialised tonnage continues.

China continued to strengthen its position in the shipbuilding industry, and for the first time this year China dominated the market both in terms of number of vessels and tonnage (DWT). China's market share in number of vessels was 49%, Korea's 30%, Japan's 7% and Europe's 5%. During the review period, emerging shipbuilding regions, such as Brazil, Russia and the Philippines secured 9% of all contracts.

Ship Power market shares

Wärtsilä’s share of the medium speed main engine market decreased from 37% (at the end of the previous quarter) to 32%. The market share in low speed engines decreased to 12% (15). In the auxiliary engine market Wärtsilä’s share increased to 3% (1).

POWER PLANTS

Good activity in the Power Plants market continues

The Power Plants market activity continued to be at a good level during the third quarter of 2010 and several large and medium size projects were closed. Industrial output is increasing in most emerging markets, which is driving the need for more power generation. The installed base of wind power generation has also increased which is creating need for additional flexible power generation. The financial crisis led to postponing of investments for power generation in 2009 and this is now creating demand for shorter delivery times in several markets.

SERVICES

Services’ customers continue to focus on savings

Although activity in the marine industry has started to recover and the number of idle vessels has decreased there is still pressure to reduce maintenance costs through postponing overhauls and focusing only on essential repairs. At the same time, marine customers are increasingly looking for optimisation of their assets to reduce both costs and their environmental footprint. Rising fuel prices and overcapacity have spurred containership lines to operate more of their ships at slow speeds.
The power plant service market is active, and there is an increased interest in efficiency improvements and the outsourcing of plant operations and management.

ORDER INTAKE

Strong growth in order intake

Wärtsilä’s order intake for the third quarter totalled EUR 1,004 million (725) an increase of 38%. The book-to-bill ratio for the third quarter was 0.97 (0.62).

The recovery in Ship Power continued and the order intake for the third quarter totalled EUR 176 million (68), 160% above the corresponding period last year. During the quarter, Wärtsilä noted increased activity in the Offshore segment and secured several offshore orders. Wärtsilä is traditionally well positioned in this segment. Some of the orders featured Dual-Fuel engine technology that enables vessels to run on clean LNG fuel, and in general the orders highlighted the success of Wärtsilä’s strategy to be a systems integrator, ship designer and solution provider. The Offshore segment represented 43% of the total orders, Merchant 33%, Special vessels 18%, and Cruise&Ferry and Ship Design represented 2% and 3% respectively. Compared to the second quarter 2010, order intake fell by 17% (EUR 213 million during the second quarter of 2010).

The order intake for Power Plants in the third quarter totalled EUR 393 million (170), which was 131% higher than for the corresponding period last year. During the third quarter, the largest power plant orders were received from the Caribbean, Russia and Bangladesh. Compared to the previous quarter, the Power Plants business order intake decreased by 10% (EUR 437 million in the second quarter of 2010).

Order intake for the Services business totalled EUR 433 million (483) in the third quarter, a decrease of 10% from the corresponding period 2009. Compared to the second quarter, order intake fell 7% (EUR 465 million

in the second quarter of 2010). As an example of the customers' increased focus on cost savings and reducing their environmental footprint, Wärtsilä signed a turnkey contract with Tarbit Shipping of Sweden to convert a product tanker to LNG propulsion. The conversion of the 25,000 dwt product tanker 'Bit Viking' will enable the vessel to qualify for lower emission taxes under the Norwegian government's fund scheme. The project to convert the ship's main propulsion to LNG is the first of its kind in the world.
In the third quarter, Wärtsilä also signed a landmark contract with the A.P. Moller Maersk Group. The order covers the installation of Wärtsilä Slow Steaming Upgrade Kits to 34 more of the company's large container vessels. The upgrade kits will lead to fuel savings as well as reduced CO_2 emissions.
Wärtsilä expects environmental upgrades and conversions to continue.
In the power plant service market Wärtsilä signed several important Operations & Management contracts in Brazil during the quarter. Wärtsilä now has O&M agreements for power plants with a combined output of 1,500 MW in the country. Several contracts were also signed in Europe.

For the review period January-September 2010, Wärtsilä's total order intake amounted to EUR 3,002 million (2,468), which represents an increase of 22% compared to the corresponding period 2009. The book-to-bill ratio for the review period was 0.97 (0.66). Ship Power's order intake was EUR 479 million (262), an increase of 83% from the corresponding period last year. Power Plant's order intake was EUR 1,097 million (748), which is 47% higher than in 2009. Services' order intake for the review period totalled EUR 1,421 million (1,448), a decrease of 2% over the corresponding period in 2009.

ORDER BOOK

At the end of the review period Wärtsilä's total order book stood at EUR 4,243 million (5,351), a decrease of 21%. The Ship Power order book stood at EUR 2,038 million (3,230), -37%. At the end of the review period, the Power Plants order book amounted to EUR 1,517 million (1,549), which is 2% lower than at the corresponding time last year. The Services order book totalled EUR 689 million (571) at the end of the review period, an increase of 21%.

Order intake by business

MEUR	**7-9/2010**	**7-9/2009**	**Change**
Ship Power	176	68	160%
Power Plants	393	170	131%
Services	433	483	-10%
Order intake, total	1 004	725	38%

MEUR	**1-9/2010**	**1-9/2009**	**Change**	**1-12/2009**
Ship Power	479	262	83%	317
Power Plants	1 097	748	47%	1 048
Services	1 421	1 448	-2%	1 917
Order intake, total	3 002	2 468	22%	3 291

Order intake Power Plants

MW	7-9/2010	7-9/2009	Change
Oil	475	109	335%
Gas	393	174	126%
Renewable fuels	0	35	

MW	1-9/2010	1-9/2009	Change	1-12/2009
Oil	1 574	879	79%	1 172
Gas	767	468	64%	800
Renewable fuels	1	35	-97%	35

Order book by business

MEUR	30 Sept. 2010	30 Sept. 2009	Change	31 Dec. 2009
Ship Power	2 038	3 230	-37%	2 553
Power Plants	1 517	1 549	-2%	1 362
Services	689	571	21%	576
Order book, total	4 243	5 351	-21%	4 491

NET SALES

As expected, Wärtsilä's net sales for the third quarter decreased by 11% to EUR 1,039 million (1,167) compared to the corresponding period last year. Net sales for Ship Power totalled EUR 277 million (378), a decrease of 27%. Power Plants' net sales for the third quarter totalled 321 million (360), which is 11% lower than in the corresponding quarter last year. The third quarter net sales for Services amounted to EUR 435 million (424), an increase of 3%.

Wärtsilä's net sales for January-September 2010 fell by 17% and totalled EUR 3,091 million (3,741). Ship Power's net sales decreased by 32% and totalled EUR 831 million (1,230). Net sales for Power Plants totalled EUR 948 million (1,169), a decrease of 19%. Net sales from the Services business decreased 1% from last year's level and amounted to EUR 1,307 million (1,326). Ship Power accounted for 27%, Power Plants for 31% and Services for 42% of the total net sales.

Of Wärtsilä's net sales for January-September 2010 approximately 70% was EUR denominated, 11% USD denominated, with the remainder being split between several currencies.

Net sales by business

MEUR	7-9/2010	7-9/2009	Change
Ship Power	277	378	-27%
Power Plants	321	360	-11%
Services	435	424	3%
Net sales, total	1 039	1 167	-11%

MEUR	1-9/2010	1-9/2009	Change	1-12/2009
Ship Power	831	1 230	-32%	1 767
Power Plants	948	1 169	-19%	1 645
Services	1 307	1 326	-1%	1 830
Net sales, total	3 091	3 741	-17%	5 260

FINANCIAL RESULTS

The third quarter operating result before nonrecurring expenses was EUR 117 million (133), or 11.2% of net sales (11.4). For the review period January-September 2010, the operating result before nonrecurring expenses was EUR 328 million (419), which is 10.6% of net sales (11.2). Including nonrecurring expenses, the operating result decreased to EUR 269 million or 8.7% of net sales. Wärtsilä recognised EUR 59 million of nonrecurring expenses related to the restructuring measures during the review period January-September 2010.

Financial items amounted to EUR -3 million (-25). Net interest totalled EUR -8 million (-14). Dividends received totalled EUR 6 million (5). The deviation in other financial items is mainly due to gains from exchange rates, which were negative during the corresponding period of 2009. Profit before taxes amounted to EUR 298 million (388). Taxes in the reporting period amounted to EUR 80 million (111). Earnings per share were 2.13 euro (2.77) and equity per share was 15.77 euro (13.86).

BALANCE SHEET, FINANCING AND CASH FLOW

Wärtsilä's cash flow from operating activities was very strong amounting to EUR 491 million (142) in January-September 2010. Net working capital at the end of the period totalled EUR 229 million (511). Advances received at the end of the period totalled EUR 813 million (1,039). Liquid reserves at the end of the period amounted to EUR 578 million (262).

Wärtsilä had interest bearing loans totalling EUR 688 million at the end of September 2010. The existing funding programmes include long-term loans of EUR 599 million, unutilised Committed Revolving Credit Facilities totalling EUR 565 million, and Finnish Commercial Paper programmes totalling EUR 700 million. The total amount of short-term debt maturing within the next 12 months is EUR 89 million.

The solvency ratio was 40.5% (35.4) and gearing was 0.07 (0.43).

HOLDINGS

Wärtsilä owns 7,270,350 B shares in Assa Abloy, or 2.0% of the total. This holding has been booked in the balance sheet at its market value at the end of the reporting period, EUR 135 million. During the third quarter Wärtsilä sold its holding in Sampo Group for EUR 35 million.

CAPITAL EXPENDITURE

Gross capital expenditure in the review period totalled only EUR 54 million (98), which comprised EUR 5 million (15) in acquisitions and investments in securities, and EUR 49 million (82) in production and information technology investments. Depreciation amounted to EUR 87 million (91).

Capital expenditure excluding acquisitions for 2010 will be approximately EUR 95 million, which is well below depreciation. Depreciation for 2010 is expected to be approximately EUR 115 million. Wärtsilä continues to pursue its strategy to expand the Services offering and network, and any acquisition opportunities in this market may affect total capital expenditure for the year.

STRATEGIC STEPS, ACQUISITIONS AND EXPANSION OF NETWORK

In May, Wärtsilä signed a joint venture agreement with the Russian company Transmashholding (TMH) to manufacture modern and multipurpose diesel engines in Russia. The engines, including a new and technically advanced version of the Wärtsilä 20-engine, will be used in shunter locomotives and for various marine and power applications. The two companies will jointly engineer the railway application. Wärtsilä and TMH will also evaluate broadening the activities of the joint venture to include the development and manufacturing of other diesel engine models in the future. The value of Wärtsilä's investment in the joint venture is approximately EUR 30 million and production of the engines is planned to start in 2012.

During the review period, Wärtsilä continued to expand its service network with the inauguration of a new office and workshop facility in Panama.

RESTRUCTURING MEASURES

Following the global financial crisis, Wärtsilä began adjusting its capacity and cost structure in May 2009 to reflect lower demand and intensified these efforts in January 2010.
The first steps taken were to reduce the number of jobs in Ship Power, the business that had been the most severely hit by the market downturn.
In January 2010, measures continued by starting to adapt manufacturing capacity both to the structural changes in the market and to a lower demand environment. Some of the manufacturing capacity has been moved to China and two factories in the Netherlands will be closed. New and more efficient ways to operate have been introduced, thus enabling the closure of smaller units and the consolidation of operations to larger entities in various countries. Temporary lay-offs have mainly been used in Finland and Norway. Lower capacity utilisation has also triggered an evaluation of all Wärtsilä's global staff functions with the aim of streamlining processes, decreasing overlaps, and improving the cost efficiency. After the review period, Wärtsilä has initiated processes to reduce approximately 400 jobs globally in its support functions.

Through all of these measures initiated in different phases, Wärtsilä is reducing the number of personnel by approximately 1,800 employees.

When fully implemented, it is estimated that the reductions will decrease costs by approximately EUR 110-120 million. Of these cost savings, Wärtsilä estimates that about EUR 30 million will materialise by the end of 2010. The rest of the savings will gradually materialise during 2011. The total nonrecurring costs related to the restructuring will be approximately EUR 140 million, out of which EUR 40 million non-cash write-offs were recognised in 2009. In January-September Wärtsilä recorded EUR 59 million nonrecurring items related to restructuring measures.

PERSONNEL

Wärtsilä had 17,704 (18,806) employees at the end of September 2010. On average, the personnel for January-September 2010 totalled 18,116 (18,897). Ship Power employed 974 (1,209) people. Power Plants employed 845 (848) people, Services 11,157 (11,318) and manufacturing and R&D (Wärtsilä Industrial Operations) 4,347 (4,988) people.

Of Wärtsilä's total number of employees, 19% (19) were located in Finland, 7% (9) in the Netherlands and 31% (32) in the rest of Europe. Personnel employed in Asia represented 31% (30), out of which 7% (7) were in China, in India 6% (6), in Singapore 5% (5), and in the rest of the Asia 13% (12).

RESEARCH & DEVELOPMENT

During the quarter, Wärtsilä signed an exclusive agreement with Turboden of Italy to jointly develop, market, and distribute the Wärtsilä Marine Engine Combined Cycle (ECC) product. With the Marine ECC in operation, fuel consumption and exhaust gas emissions will be significantly lowered. Turboden is a Pratt & Whitney Power Systems company. The joint development work will initially focus on applying the technology for ship applications, and is expected to enter the market during 2011.

NEW PRODUCT LAUNCHES

During the third quarter, Wärtsilä launched its new Communication and Control Centre, the first system to integrate the entire vessel's control into one solution.
In September Wärtsilä launched the latest addition to its gas engine portfolio, the Wärtsilä 18V50SG engine. The engine has an electrical output of 18,321 kW, making it the largest gas powered generating set in the world.

During the quarter, Wärtsilä launched the Wärtsilä Ballast Water Treatment solution which provides customers with a reliable means to respond to the requirements set by the International Maritime Organization, and to additional requirements by maritime authorities.

The new Propulsion Condition Monitoring Service, adapted from the remote monitoring architecture Wärtsilä developed for its engine monitoring service, is the first of its kind in the marine propulsion market

SUSTAINABLE DEVELOPMENT

Wärtsilä is well positioned to reduce emissions and the use of natural resources, thanks to its various technologies and specialised services. Wärtsilä continues to focus on the development of advanced environmental technologies. During the review period Wärtsilä started a joint project, the aim of which is to develop an innovative compact selective catalytic reduction (SCR) system especially tailored to operations involving 2-stage turbocharging. Wärtsilä also joined the World Bank-led Global Gas Flaring Reduction organisation, which strives to reduce the flaring or burning of natural gas associated with oil production, thereby reducing greenhouse gas emissions.

SHARES AND SHAREHOLDERS

SHARES ON HELSINKI EXCHANGES

30 Sept. 2010	Number of shares	Number of votes	Number of shares traded 1-9/2010
WRT1V	98 620 565	98 620 565	78 094 206

1 Jan. – 30 Sept. 2010	High	Low	Average 1)	Close
Share price	48.50	28.19	36.86	47.87

1) Trade-weighted average price

	30 Sept. 2010	30 Sept. 2009
Market capitalisation, EUR million	4,721	2,905
Foreign shareholders	49.4%	49.5%

DECISIONS TAKEN BY THE ANNUAL GENERAL MEETING

Wärtsilä's Annual General Meeting held on 4 March 2010 approved the financial statements and discharged the members of the Board of Directors and the company's President & CEO from liability for the financial year 2009. The Meeting approved the Board of Directors' proposal to pay a dividend of 1.75 euro per share. The dividend was paid on 16 March 2010.

The Annual General Meeting decided to change the eighth article of the Articles of Association so that the publication of the notice for the general meeting will be no later than three weeks, but at least nine (9) days before the record date of the general meeting. The change is due to a change in the Finnish Limited Liability Companies Act.

The Annual General Meeting decided to change the fourth article of the Articles of Association so that the maximum number of members of the Board of Directors was increased to ten, and that the Board of Directors consists of 5-10 members.

The Annual General Meeting decided that the Board of Directors shall have nine members. The following were elected to the Board: Ms Maarit Aarni-Sirviö, Mr Kaj-Gustaf Bergh, Mr Alexander Ehrnrooth, Mr Paul Ehrnrooth, Mr Ole Johansson, Mr Antti Lagerroos, Mr Bertel Langenskiöld, Mr Mikael Lilius and Mr Matti Vuoria.

The firm of public auditors KPMG Oy Ab was appointed as the company's auditors.

The Annual General Meeting authorised the Board to resolve on donations of EUR 1,500,000 at the maximum to be made to universities during 2010. The primary recipient of the donations is Aalto University.

ORGANISATION OF THE BOARD OF DIRECTORS

The Board of Directors of Wärtsilä Corporation elected Antti Lagerroos as its chairman and Matti Vuoria as the deputy chairman. The Board decided to establish an Audit Committee, a Nomination Committee and a Compensation Committee. The Board appointed from among its members the following members to the Committees:

Audit Committee:

Chairman Antti Lagerroos, Maarit Aarni-Sirviö, Alexander Ehrnrooth, Bertel Langenskiöld

Nomination Committee:

Chairman Antti Lagerroos, Kaj-Gustaf Bergh, Paul Ehrnrooth, Matti Vuoria

Compensation Committee:

Chairman Antti Lagerroos, Bertel Langenskiöld, Mikael Lilius, Matti Vuoria

RISKS AND BUSINESS UNCERTAINTIES

No major changes occurred in Wärtsilä's business environment in the third quarter and Wärtsilä expects that its business environment will continue to improve.

Although the risks have decreased substantially, the main risks within Ship Power remain the slippage of shipyard delivery schedules, as well as the risk of cancellation of existing orders.

In the Power Plant business, the consequences from the financial crisis can still be seen in the timing of closing bigger projects.

In Services, the biggest risk continues to be the uncertainty in the marine markets.

The annual report for 2009 contains a thorough description of Wärtsilä's risks and risk management.

MARKET OUTLOOK

In the marine industry, contracting activity is expected to improve slightly. A shift in the mix of vessel types ordered is expected as contracting for bulk carriers decreases from current levels and containership ordering continues to increase. The outlook for offshore contracting activity is positive with strong demand expected to materialise in new orders.

Even though markets have bottomed out, the prevailing conditions will result in ordering volumes being maintained at lower levels than during the previous peak years. Competition and price pressures among shipbuilding suppliers will remain intense. Wärtsilä expects Ship Power's order intake in 2010 to clearly improve over 2009.

The power generation market recovery is expected to continue. The recovery will happen in varying pace in different regions and countries. The emerging markets are anticipated to be in the forefront of the recovery and the Flexible baseload and Grid stability & peaking segments are expected to pick-up first. A recovery in Western Europe and in USA is not expected during 2010. Wärtsilä expects Power Plants' order intake in 2010 to clearly improve over 2009.

Services development is expected to remain steady. Though the size of the active fleet remains stable, the scrapping of older tonnage and its replacement with new tonnage, which is still under warranty and has lower maintenance needs, may impact Services. Power plant installations continue to be run at high operating levels. Environmental compliance and economic considerations have been the main drivers of this business, and will remain so in the foreseeable future. Wärtsilä is continuously developing its portfolio accordingly. Customers are increasingly looking for remote management and optimisation of their assets, as this allows them to simultaneously reduce both their costs and environmental footprint. Wärtsilä also sees an increased interest in maintenance partnerships, which reduce the fixed costs for its marine, offshore and power plant customers.

WÄRTSILÄ'S PROSPECTS FOR 2010 IMPROVED

Based on the current order book and a stable service business we expect net sales to decline by approximately 15 percent in 2010 and our operational profitability (EBIT% before nonrecurring items) to be better than earlier expected and to exceed 10%.

WÄRTSILÄ INTERIM REPORT JANUARY – SEPTEMBER 2010

This interim financial report is prepared in accordance with IAS 34 (Interim Financial Reporting) using the same accounting policies and methods of computation as in the annual financial statements for 2009. All figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

Use of estimates

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and other information, such as contingent liabilities and the recognition of income and expenses in the income statement. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates.

Of the amended International Financial Reporting Standards (IFRS) and interpretations mandatory as of 1 January 2010 the following are applicable on the Group reporting:

- Revised IFRS 3 Business Combinations
- Amendment to IAS 27 Consolidated and Separate Financial Statements
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items
- IFRIC 18 Transfers of Assets from Customers
- Amendments to IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives

The adaption of the revised standards and interpretations does not have any material effect on the interim report.

This interim report is unaudited.

CONDENSED INCOME STATEMENT

MEUR	1-9/2010	1-9/2009	2009
Net sales	3 091	3 741	5 260
Other income	31	39	50
Expenses	-2 769	-3 279	-4 559
Depreciation and impairment	-87	-91	-165
Share of profit of associates and joint ventures	3	5	6
Operating result	269	413	592
Financial income and expenses	-3	-25	-34
Net income from assets available for sale	32		
Profit before taxes	298	388	558
Income taxes	-80	-111	-161
Profit for the financial period	218	277	396
Attributable to:			
Owners of the parent	210	273	389
Non-controlling interest	8	4	8
Total	218	277	396
Earnings per share attributable to equity holders of the parent company:			
Earnings per share, EUR (basic and diluted)	2,13	2,77	3,94

STATEMENT OF COMPREHENSIVE INCOME

Profit for the financial period	218	277	396
Other comprehensive income after tax:			
Exchange differences on translating foreign operations	12	13	18
Investments available for sale	7*	21	34
Cash flow hedges	4	24	20
Share of other comprehensive income of associates and joint ventures			1
Other comprehensive income for the period	23	58	73
Total comprehensive income for the period	240	336	469
Total comprehensive income attributable to:			
Owners of the parent	232	331	460
Non-controlling interest	9	5	9
	240	336	469

*of which transferred to income statement EUR -21 million

CONDENSED BALANCE SHEET

MEUR	30 Sep. 2010	30 Sep. 2009	31 Dec. 2009
Non-current assets			
Intangible assets	773	791	779
Property, plant and equipment	449	465	457
Equity in associates and joint ventures	61	53	56
Investments available for sale	156	134	151
Deferred tax receivables	98	77	88
Other receivables	30	26	15
	1 568	1 545	1 548
Current assets			
Inventories	1 473	1 843	1 577
Other receivables	1 092	1 285	1 287
Cash and cash equivalents	578	262	244
	3 143	3 390	3 108
Assets	4 711	4 935	4 655
Shareholders' equity			
Share capital	336	336	336
Other shareholders' equity	1 220	1 031	1 160
Total equity attributable to equity holders of the parent	1 556	1 367	1 496
Minority interest	22	12	16
Total shareholders' equity	1 578	1 379	1 512
Non-current liabilities			
Interest-bearing debt	599	622	591
Deferred tax liabilities	93	89	93
Other liabilities	242	284	258
	934	994	941
Current liabilities			
Interest-bearing debt	89	230	73
Other liabilities	2 110	2 331	2 129
	2 199	2 561	2 202
Total liabilities	3 133	3 556	3 143
Shareholders' equity and liabilities	4 711	4 935	4 655

CONDENSED CASH FLOW STATEMENT

MEUR	1-9/2010	1-9/2009	2009
Cash flow from operating activities:			
Profit before taxes	298	388	558
Depreciation and impairment	87	91	165
Financial income and expenses	3	25	34
Selling profit and loss of fixed assets and other adjustments	-31	-8	-7
Share of profit of associates and joint ventures	-3	-5	-6
Changes in working capital	333	-204	-179
Cash flow from operating activities before financial items and taxes	687	289	564
Net financial items and income taxes	-195	-147	-215
Cash flow from operating activities	491	142	349
Cash flow from investing activities:			
Investments in shares and acquisitions	-5	-15	-16
Net investments in tangible and intangible assets	-44	-82	-133
Proceeds from sale of shares	36	-19	-21
Cash flow from other investing activities	9	4	7
Cash flow from investing activities	-3	-113	-163
Cash flow from financing activities:			
New long-term loans	37	229	263
Amortization and other changes in long-term loans	-24	-67	-106
Changes in short term loans and other financing activities	2	30	-141
Dividends paid	-175	-156	-156
Cash flow from financing activities	-159	36	-140
Change in cash and cash equivalents, increase (+) / decrease (-)	329	65	47
Cash and cash equivalents at beginning of period	244	197	197
Exchange rate changes	5	-1	
Cash and cash equivalents at end of period	578	262	244

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

MEUR	Total equity attributable to equity holders of the parent					Minority interest	Total equity
	Share capital	Share issue premium	Translation differences	Fair value and other reserves	Retained earnings		
Shareholders' equity on 1 January 2010	336	61	-6	99	1 006	16	1 512
Dividends					-173	-2	-175
Total comprehensive income for the period			11	10	210	9	240
Shareholders' equity on 30 Sep. 2010	336	61	5	110	1 044	22	1 578
Shareholders' equity on 1 January 2009	336	61	-27	50	764	15	1 199
Dividends					-148	-8	-156
Total comprehensive income for the period			16	41	274	5	336
Shareholders' equity on 30 Sep. 2009	336	61	-11	91	890	12	1 379

GEOGRAPHICAL DISTRIBUTION OF NET SALES

MEUR	Europe	Asia	Americas	Other	Group
Net sales 1-9/2010	896	1 130	719	346	3 091
Net sales 1-9/2009	1 120	1 385	907	329	3 741

INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT

MEUR	1-9/2010	1-9/2009	2009
Intangible assets			
Book value at 1 January	779	793	793
Changes in exchange rates	16	16	26
Acquisitions		12	12
Additions	10	13	24
Depreciation and impairment	-32	-43	-62
Disposals and intra-balance sheet transfer			-14
Book value at end of period	773	791	779
Property, plant and equipment			
Book value at 1 January	457	446	446
Changes in exchange rates	9	1	3
Acquisitions		1	1
Additions	40	69	112
Depreciation and impairment	-54	-49	-103
Disposals and intra-balance sheet transfer	-3	-4	-2
Book value at end of period	449	465	457

GROSS CAPITAL EXPENDITURE

MEUR	1-9/2010	1-9/2009	2009
Investments in securities and acquisitions	5	15	16
Intangible assets and property, plant and equipment	49	82	136
Group	54	98	152

Wärtsilä centralises warehousing and logistics of spare parts by investing in a new distribution centre in the Netherlands. The investments to the new distribution centre amounted to EUR 16 million during the review period and commitments related to the investment were EUR 17 million at the end of the review period.

INTEREST-BEARING LOAN CAPITAL

MEUR	30 Sep. 2010	30 Sep. 2009	31 Dec. 2009
Long-term liabilities	599	622	591
Current liabilities	89	230	73
Loan receivables	-19	-15	-6
Cash and bank balances	-578	-262	-244
Net	91	575	414

FINANCIAL RATIOS

	1-9/2010	1-9/2009	2009
Earnings per share, EUR (basic and diluted)	2,13	2,77	3,94
Equity per share, EUR	15,77	13,86	15,17
Solvency ratio, %	40,5	35,4	40,0
Gearing	0,07	0,43	0,28

PERSONNEL

	1-9/2010	1-9/2009	2009
On average	18 116	18 897	18 830
At end of period	17 704	18 806	18 541

CONTINGENT LIABILITIES

MEUR	30 Sep. 2010	30 Sep. 2009	31 Dec. 2009
Mortgages	56	56	56
Chattel mortgages	18	9	10
Total	74	66	66
Guarantees and contingent liabilities			
on behalf of Group companies	619	809	678
on behalf of associated companies	9	8	8
Nominal amount of rents according			
to leasing contracts	75	81	77
Total	703	897	763

NOMINAL VALUES OF DERIVATIVE INSTRUMENTS

MEUR	Total amount	of which closed
Interest rate swaps	20	
Foreign exchange forward contracts	1 252	299
Currency options, purchased	27	7
Currency options, written	7	7

CONDENSED INCOME STATEMENT, QUARTERLY

MEUR	7-9/2010	4-6/2010	1-3/2010	10-12/2009	7-9/2009	4-6/2009
Net sales	1 039	1 131	922	1 519	1 167	1 333
Other income	13	11	7	11	20	13
Expenses	-910	-1 007	-851	-1 280	-1 026	-1 167
Depreciation and impairment	-29	-28	-30	-73	-31	-30
Share of profit of associates and joint ventures	2		2	1	3	1
Operating result	114	105	49	179	133	149
Financial income and expenses	-6	4		-9	-9	-9
Net income from assets available for sale	32					
Profit before taxes	140	109	49	170	125	141
Income taxes	-35	-31	-14	-51	-38	-39
Profit for the financial period	104	79	35	119	87	102
Attributable to:						
Owners of the parent	101	76	32	115	86	100
Non-controlling interest	3	3	2	4	1	2
Total	104	79	35	119	87	102
Earnings per share attributable to equity holders of the parent company:						
Earnings per share, EUR	1,03	0,77	0,33	1,17	0,87	1,01

CALCULATION OF FINANCIAL RATIOS

Earnings per share (EPS)

$$\frac{\text{Profit for the period attributable to equity holders of the parent company}}{\text{Adjusted number of shares over the period}}$$

Equity per share

$$\frac{\text{Equity attributable to equity holders of the parent company}}{\text{Adjusted number of shares at the end of the period}}$$

Solvency ratio

$$\frac{\text{Shareholders' equity}}{\text{Balance sheet total - advances received}} \times 100$$

Gearing

$$\frac{\text{Interest-bearing liabilities - cash and bank balances}}{\text{Shareholders' equity}}$$

19 October 2010
Wärtsilä Corporation
Board of Directors