Order intake growth continued, April - May 2006

- Order intake up by 39% to MEUR 647 (464)
  - Ship Power MEUR 381 (218)
  - Power Plants MEUR 144 (50)
  - Services MEUR 122 (196)

- Orderbook end of May MEUR 3,541 (2,099)

- Forecast for the full year 2006 unchanged

- Net sales for 2007 estimated to grow by 10-15%

- Further growth possible 2008 through capacity increase
We provide lifecycle power solutions to enhance the business of our customers, whilst creating better technologies that benefit both the customer and the environment.
Wärtsilä’s Capital Markets Day 2006
Ship Power market and related services

New sales
EUR billions

Total = EUR 25 - 35 billion

Services*
EUR billions

Total = EUR 10 - 15 billion

* Not exhaustive; some segments not assessed
** Machine room automation only

Source: Marine Equipment Market, Drewry Shipping Consultants; Business and Concept Study, Deltamarin Ltd; Ship Power Market Intelligence estimates; Wärtsilä estimates; Company web sites; McKinsey analysis

Wärtsilä’s Capital Markets Day 2006
The market position of Wärtsilä’s marine engines Q1/2006

Own production

Medium-speed main engines

Wärtsilä 46% (45)
Comp. 1 25%
Comp. 2 16%
Others 13%

Total market volume last 12 months:
7,289 MW (6,676)

Production by licensees

Low-speed main engines

Wärtsilä 27% (24)
Comp. 1 71%
Comp. 2 2%

Total market volume last 12 months:
19,775 MW (22,703)

Own production

Medium-speed auxiliary engines

Wärtsilä 10% (8)
Others 90%

Total market volume last 12 months:
5,500 MW (5,220)

Wärtsilä’s own calculation is based on: Lloyd’s Register – Fairplay, Clarkson’s Research Studies and BRL Shipping Consultants. Market shares based on installed power, numbers in brackets are from Q4/05. The total market is based on the volume of the last 12 months. Numbers in brackets reflect the volume of the last 12 months at the end of the previous quarter.
The market position of Wärtsilä’s propulsor products

Controllable pitch propellers

- Wärtsilä 34% (32)
- Others 66% (68)

Fixed pitch propellers

includes JV

- Wärtsilä 17% (15)
- Others 83% (85)

Gears

Non-reversible only

- Wärtsilä 17% (16)
- Others 83% (84)

Wärtsilä’s own calculation based on: Lloyd’s Register – Fairplay & Wärtsilä Ship Power
Market shares based on number of installations, numbers in brackets are from 3 months ago.
The market position of Wärtsilä’s propulsor and seals products

**Transverse thrusters**
- Wärtsilä: 14% (16)
- Others: 86% (84)

**Steerable thrusters**
- Wärtsilä: 19% (19)
- Others: 81% (81)

**Seals**
- Wärtsilä: 28%
- Others: 72%

Wärtsilä’s own calculation based on: Lloyd’s Register – Fairplay & Wärtsilä Ship Power
Market shares based on number of installations, numbers in brackets are from 3 months ago.
Seals share based on deliveries.
Medium-speed main engines

What’s up?

- LNG
- Higher output demand
- Environmental requirements
- Offshore

- A European battlefield – still!
Medium-speed main engines

Staying competitive in the long run

- Concentrate on core competencies (production architecture)
- Develop subcontractor network
- Corporate supply management
- Automation and control
**Auxiliary engines**

- Preparing for China
- Develop designs for competitiveness

**Medium-speed auxiliary engines**

- Wärtsilä 10% (8)
- Others 90%
Wärtsilä Qiyao Diesel Company Ltd.

2005

Letter of intent 3.2.2005

JV contract 21.4.2005

Business license 3.8.2005

Ground breaking 23.9.2005

2006

Site June 5, 2006

Inauguration June 2006
Low-speed main engines

What’s up?

- Licensee network
- Mitsubishi strategic alliance
- Joint development with Hyundai

Develop market shares
Wärtsilä’s Capital Markets Day 2006

Licensing

H. Cegielski-Poznan S.A., Poznan, Poland

3.Maj dd, Rijeka, Croatia

Nuclebrás Equipamentos Pesados S.A., Nuclep Itaguaí, Brazil

Dalian Marine Diesel Works, Dalian, China
Hudong Heavy Machinery Co., Ltd., Shanghai, China
Yichang Marine Diesel Engine Plant, Yichang, China
China Steel Machinery Corporation, Taiwan

NKK Corporation, Tokyo, Japan
Diesel United Ltd., Aioi, Japan
Mitsubishi Heavy Industries, Ltd., Kobe, Japan
Hitachi Zosen Diesel & Engineering Co., Ltd., Ariake, Japan

Hyundai Heavy Industries Co., Ltd., Ulsan, Korea
Doosan Engine Co., Ltd., Changwon-City, Korea
Propulsors

What’s up?

- Add capacity
- Develop competitiveness
- Innovative designs
- Navy relations
Propulsors

"Move with the markets"

- Foundry in China
- Thruster factory in China
- Gearboxes from India
- Seals in Japan, UK...
Zhenjiang, China

- Wärtsilä-CME Zhenjiang Propeller Co., Ltd.
- Joint venture with CME (China Marine Equipment /CSSC)
- FPP (Fixed pitch propellers)
- Foundry and factory
Wuxi, China (inauguration 29th of June 2005)

- Wärtsilä Propulsion (Wuxi) Co. Ltd.
- Transverse thrusters
- Factory
Wärtsilä’s Capital Markets Day 2006

Khopoli, India

- Manufacturing facility at Khopoli, Maharashtra
- Marine reduction gearboxes
- Components for propeller systems
- Nozzels
Wärtsilä Power Plants

Net plant electrical efficiency 44%

Single-digit NOx emissions

Full plant output at high altitude

Excellent plant availability due to multi-unit installation

High part-load efficiency

Low gas pressure requirement

Minimal water consumption due to closed circuit radiator cooling

Maintenance schedule independent of the number of starts, stops or trips

Fast start-up – 10 minutes from hot standby to full plant load

Full black start capability
Power Plants

”It’s all about energy”

- High energy prices
- Emission regulations
- Reallocation of funds
- Transportation
- Fuel availability
Power Plants

Our offering:

- Fuel flexibility
- High efficiency
- Load following capability
Wärtsilä’s Capital Markets Day 2006

Wärtsilä Services

Lifecycle efficiency requires lifecycle support

Performance optimizers • Upgrades & Modernization • Environmental solutions • Safety & Reliability

Spare parts

CBM

Training

O&M support
Services - accelerating growth

- Services growth per Q
- Services share of sales

% 30 25 20 15 10 5 0

Q1/03 Q2/03 Q3/03 Q4/03 Q1/04 Q2/04 Q3/04 Q4/04 Q1/05 Q2/05 Q3/05 Q4/05 Q1/06

% 60 50 40 30 20 10 0

Wärtsilä’s Capital Markets Day 2006
Redefinition of markets for continuous growth

- Automation
- Multi-brand capabilities
- Broader presence
Thank you!