Wärtsilä operates in two markets

- Ship Power and Service – growth through increased product range and acquisitions
- Power Plants – focus on the growing decentralized power generation market
- Technological leadership
Values

Energy
Capture opportunities and make things happen

Excellence
Do things better than anyone else in our industry

Excitement
Foster openness, respect and trust to create excitement
1834 Wärtsilä is established in the municipality of Tohmajärvi.

1898 The sawmill and iron works company is renamed Wärtsilä Ab.

1934 Wärtsilä acquires the Onkilahti engineering workshop in Vaasa.

1936 Wärtsilä signs a licence agreement and the first diesel engine sees the light of day in Turku in 1942.

1938 Wärtsilä Diesel acquires SACM and Stork Werkspoor B.V. This company is renamed Stork-Wärtsilä Diesel B.V.

1938 Wärtsilä is quoted on the London stock exchange.

1942 Acquisition of 51% of the NOHAB diesel business and the remaining shares are acquired in 1984.

1950 Wärtsilä merged into Lohja Corporation, later renamed Metra Corporation.


1988 A company is set up in India and floated on the Bombay stock exchange.

1989 Wärtsilä Diesel acquires SACM and Stork Werkspoor B.V. This company is renamed Stork-Wärtsilä Diesel B.V.
1991
Imatra Steel is created when Ovako AB is split up between its owners, Metra and SKF.

1995
Wärtsilä Diesel and Cummins Engine Company Inc. set up a joint venture.

1999
The split-up of the Cummins-Wärtsilä joint venture.

2000
Wärtsilä NSD and John Crane-Lips sign an alliance. Metra group renamed as Wärtsilä Corporation.

2001
Wärtsilä sells its holding in Sanitec. Wärtsilä takes ownership of service company Ciserv AB and Sermet Oy.

2002
The Ciserv-group expands in Singapore, Denmark and Canada. Wärtsilä acquires John Crane-Lips, which operates within Wärtsilä under the name Wärtsilä Propulsion.

2003
Wärtsilä and Volvo Penta to cooperate.

2004
Wärtsilä’s Chinese propeller company started production.
Group key figures 2004

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>2,478.2</td>
<td>2,357.5</td>
</tr>
<tr>
<td>Operational EBITA¹</td>
<td>158.8</td>
<td>127.0</td>
</tr>
<tr>
<td>Operating income</td>
<td>239.8</td>
<td>-18.4</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>236.5</td>
<td>-34.4</td>
</tr>
<tr>
<td>EPS, EUR</td>
<td>1.75</td>
<td>-0.44</td>
</tr>
</tbody>
</table>

¹EBITA is the operating profit before amortization of goodwill on consolidation.

²Includes restructuring provision of EUR 130 million.

Net sales by business 2004

- Service 38% (38)
- Ship Power 25% (29)
- Power Plants 26% (25)
- Imatra Steel 10% (9)
Wärtsilä’s worldwide network

Wärtsilä is close to its customers through subsidiaries in roughly 60 countries.
### Power Businesses

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>2,224.7</td>
<td>2,155.8</td>
<td>3.2%</td>
</tr>
<tr>
<td>EBIT</td>
<td>111.6</td>
<td>-35.0¹</td>
<td></td>
</tr>
<tr>
<td>% net sales</td>
<td>5.0%</td>
<td>-1.6%</td>
<td></td>
</tr>
<tr>
<td>Order intake</td>
<td>2,791.4</td>
<td>2,148.7</td>
<td>29.9%</td>
</tr>
<tr>
<td>Order book end of period</td>
<td>1,855.3</td>
<td>1,245.0</td>
<td>49.0%</td>
</tr>
</tbody>
</table>

¹ Includes restructuring provision of EUR 130 million.

### Power Businesses, net sales 2004

- **Service**: 42% (41)
- **Ship Power**: 28% (32)
- **Power Plants**: 29% (27)
Personnel

Personnel by business

- Power Businesses 90%
- Imatra Steel 10%

Personnel by market area

- Europe 68%
- Asia 21%
- Americas 8%
- Other countries 3%

Personnel in figures 2004

- Total number of employees on 31 Dec. 2004: 12,475
- On average:
  - Power Businesses: 11,133
  - Imatra Steel: 1,228
  - Group: 12,361
- Total wage and salary costs in 2004: EUR 573.3 million
Power businesses’ personnel development 2000 - 2004

- **Service**
- **Engine division**
- **Power Plants**
- **Ship Power**


- **Y-axis**: Number of personnel
- **X-axis**: Years

- **Legend**
  - Service: Grey
  - Engine division: Green
  - Power Plants: Orange
  - Ship Power: Blue
Successful product and solution

is a proper mixture of

- inventiveness,
- science and art,
- experience and tradition
Wärtsilä is The Ship Power Supplier. Wärtsilä supplies engines, propulsion and control systems for all types of marine vessels and offshore applications.
**Ship Power**

<table>
<thead>
<tr>
<th>MEUR</th>
<th>2004</th>
<th>2003</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>631.2</td>
<td>686.1</td>
<td>-8.0%</td>
</tr>
<tr>
<td>Order intake</td>
<td>836.7</td>
<td>626.4</td>
<td>33.6%</td>
</tr>
<tr>
<td>Order book, end of period</td>
<td>812.7</td>
<td>606.8</td>
<td>33.9%</td>
</tr>
</tbody>
</table>

**Power Businesses**

Net sales
2004: 2,224.7

*Ship Power: 28%*

*Did you know this?*
Every third ship sailing the seas today has Wärtsilä equipment installed. This demonstrates our capability, commitment and the trust we enjoy among shipbuilders and ship owners around the world.
Market segments

- Seaborne transportation
- Offshore oil exploration and support
- Cruise and ferry
- Naval and governmental
- Special vessels
Ship Power businesses

Design

Engineering

Project management

Commissioning

Lifetime support

2-stroke

4-stroke

Propulsion

Solutions

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Vessel orders

Source: Clarkson Research Studies
Note: Cargo vessels > 5,000 dwt
Corporate presentation 2005
© Wärtsilä
Vessel orders 2000

- Asia: 89%
- Europe: 9%
- Others: 2%

Vessel orders 2004

- Asia: 91%
- Europe: 7%
- Others: 2%

Source: Lloyd’s Register-Fairplay, February 2005
Market share by ship building country

Long-term trends in market shares by ship building country

Percent of CGT

Sources: MSR-Consult, Clarkson Research Studies, Lloyd's Register-Fairplay
Corporate presentation 2005
© Wärtsilä
The market position of Wärtsilä’s marine engines 2004

**Own production**

*Medium speed main engines*

- Wärtsilä 34% (28)
- Other engine manufacturers 66% (72)

*Total market volume: 3,990 MW (3,462)*

**Production of licensees**

*Low speed main engines*

- Wärtsilä 18% (25)
- Other engine manufacturers 82% (75)

*Total market volume: 24,863 MW (28,727)*

**Own production**

*Auxiliary engines*

- Wärtsilä 9% (8)
- Other engine manufacturers 91% (92)

*Total market volume: 3,544 MW (4,325)*

Wärtsilä own calculation based on: Lloyd’s Register – Fairplay, Clarkson’s Research Studies and BRL Shipping Consultants
Wärtsilä provides service and reconditioning both for ship machinery and power plants. Wärtsilä is expanding its service business by providing innovative services that support its customers’ business, service for several engine brands in key ports, long-term service contracts, predictive and condition based maintenance, and operations and maintenance contracts.
## Service

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
<th>Change%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales, MEUR</td>
<td>936.8</td>
<td>885.5</td>
<td>5.8%</td>
</tr>
<tr>
<td>Personnel, end of period</td>
<td>6,378</td>
<td>5,993</td>
<td>6.4%</td>
</tr>
<tr>
<td>Long-term service agreements, MW</td>
<td>9,609</td>
<td>9,629</td>
<td>-0.2%</td>
</tr>
<tr>
<td>O&amp;M (operation and maintenance agreements), MW</td>
<td>2,569</td>
<td>2,289</td>
<td>12.2%</td>
</tr>
</tbody>
</table>

**Power Businesses**

**net sales**

2004: 2,224.7

**Service: 42%**

**DID YOU KNOW THIS?**

Installations and engines connected to a Wärtsilä remote monitoring centre and utilizing condition based maintenance (CBM) services, benefit from up to 15% extended maintenance intervals. Extended intervals directly increase the plant availability and productivity.
Developing the service business – major trade routes

Six acquired and four Wärtsilä established CISERV companies since 2001

- Vancouver
- Los Angeles
- Gothenburg
- Denmark
- Estonia
- Netherlands
- Dubai
- Singapore
- Korea
- Singapore
A power system is a long-term investment. Wärtsilä’s Total Service strategy, therefore, is to add value to its customers’ business by maximizing the performance, availability and reliability of the power system during its entire lifecycle.

- **Condition Based Maintenance**

- **Reconditioning**
The Total Service Supplier

- WLSA – Wärtsilä Land and Sea Academy
- Online services
- Operations & Maintenance
In the end of 2004 the active engine base was 135 GW. After DEUTZ acquisition early 2005 it increased to 148 GW.
Wärtsilä is a leading supplier of power plants for decentralized power generation. We offer power plant solutions based on oil, gas and dual-fuel engines.
Power Plants

<table>
<thead>
<tr>
<th>MEUR</th>
<th>2004</th>
<th>2003</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>651.9</td>
<td>577.5</td>
<td>12.9%</td>
</tr>
<tr>
<td>Order intake</td>
<td>1,019.5</td>
<td>639.3</td>
<td>59.5%</td>
</tr>
<tr>
<td>Order intake, MW</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>heavy fuel oil</td>
<td>1,664</td>
<td>1,249</td>
<td>33.2%</td>
</tr>
<tr>
<td>gas</td>
<td>649</td>
<td>219</td>
<td>196.6%</td>
</tr>
<tr>
<td>BioPower, MWth + MWe</td>
<td>110</td>
<td>133</td>
<td>-17.7%</td>
</tr>
<tr>
<td>Order book, end of period</td>
<td>752.4</td>
<td>357.2</td>
<td>110.6%</td>
</tr>
</tbody>
</table>

Power Businesses
net sales
2004: 2,224.7
Power Plants: 29%

DID YOU KNOW THIS?
Wärtsilä has delivered over 33,000 MW of power plants.
In Wärtsilä multi-fuel engines the fuel can be switched over from one fuel to the other during operation.
Reciprocating engine and gas turbine orders to power plants

Total market size: 19,464 MW
(17,096)

- 55% (61.3)
- 33% (32.1)
- 12% (4.8)

Unit size: 1-60 MW
Timeframe: June 03 – May 04
Figures from previous year in brackets
Source: Diesel & Gas Turbine Worldwide

Corporate presentation 2005
© Wärtsilä
Power plant order intake 2004: 2,313 MW (1,468)*

- Americas: 347 MW (331), Gas 193 (322), Oil 154 (9)
- Europe: 402 MW (228), Gas 302 (117), Oil 100 (112)
- Africa and Middle East: 1,125 MW (476), Gas 44 (21), Oil 1,082 (455)
- Asia: 439 MW (432), Gas 290 (360), Oil 150 (72)

*In brackets order intake for 2003
Flexible solutions for decentralized power generation

**Oil power plants**
Wärtsilä oil power plants range from 1 to 300 MW. High efficiency, low emissions and proven long-term reliability make the plants suitable for stationary and floating baseload, as well as stand-by applications.

**Gas power plants**
Wärtsilä’s 4-150 MW gas power plants are designed for optimal performance in a wide variety of decentralized power production in both peaking and intermediate applications, giving full output at high altitudes and in hot ambient conditions.

**Combined heat & power plants**
Wärtsilä’s 4–100 MW combined heat and power (CHP) plants incorporate both power and heat generation. The total plant efficiencies rise to even above 90%.
Flexible solutions for decentralized power generation

Oil & Gas Industry
For the oil and gas industry Wärtsilä provides prime movers for power generation and oil/gas field applications. The engines can run on light fuel oil, heavy fuel oil, crude oil or natural gas. Dual-fuel solutions are also available.

Biopower
The biomass-fuelled BioEnergy or BioPower plants in the 1-17 MWth power range either produce thermal energy for district heating or for drying and other industrial processes, or they can be built as combined heat and power plants.

Power plant services
Our power plant services add value to our customers’ businesses at every stage in the lifecycle of their installation.
Demand for both forgings and steels grew strongly in the special engineering steels market in Europe during 2004.

Steel production worldwide rose to new records.

Growth in demand and production raised prices causing temporary shortages.
Thursday 17 February 2005 Wärtsilä Corporation, Rautaruukki Corporation and AB SKF signed a Memorandum of Understanding expressing their intention to combine long steel businesses into a jointly owned new company.

Transaction is subject to signing of definitive agreements and relevant regulatory approvals. Definitive agreements are expected to be signed by June 30, 2005.

NewCo will be a leading European long steel producer of engineering steels to the rolling bearing, heavy vehicle, automotive and general engineering industries with 18 production sites in six countries.

Jarmo Tonteri, currently CEO of Fundia AB, will be appointed as CEO of NewCo.

NewCo currently has 5,200 employees. It will be domiciled in Helsinki, Finland and have its headquarters in Stockholm, Sweden.

*Excluding reinforcing business
Implications to Wärtsilä

- Supports Wärtsilä’s strategy to focus on core businesses, clarifies the group structure
- Short term Group EBIT marginally down, EPS unchanged
- Upside on EPS through synergies
- Annual net sales will decrease
  - Imatra Steel 2004 sales €254 million
- Capital release of €25-30 million following the planned refinancing of NewCo debt
  - Solvency will improve
- Pro forma book value of Wärtsilä’s investment approximately €100 million following refinancing
Wärtsilä owns 4.7% of Assa Abloy shares.

Holding’s market value EUR 217.3 million (31 December 2004).

Book value in group balance sheet EUR 41.8 million.
Outlook for the year 2005

Power Businesses

- Full-year sales will increase 10-15% based on strong order book.
- Profitability to fluctuate during quarters, first being weakest.
- Long-term profitability target reached by end of 2005. Wärtsilä adopted the new international accounting and reporting standards (IFRS) at the beginning of the current year. Under IFRS, the comparable profitability target (EBITA) is above 8%.

Imatra Steel

- Net sales increases and profitability improves.
THANK YOU!