WÄRTSILÄ CORPORATION
INTERIM REPORT JANUARY-MARCH 2008

OLE JOHANSSON, PRESIDENT & CEO
25 APRIL 2008
This is Wärtsilä

SHIP POWER

POWER PLANTS

SERVICES
Highlights

• Demand continued strong
• Order intake +67%
• Net sales +12%
• Operating result (EBIT) +28%, 9.6% of net sales
• Strong cash flow
First quarter order intake all time high

First quarter development

Order intake  Power Plants  Ship Power  Services


MEUR

First quarter order intake all time high
Order book exceeding EUR 7 billion

- 2004: Order book = 1500 MEUR
- 2005: Order book = 2500 MEUR
- 2006: Order book = 4000 MEUR
- 31.3.2007: Order book = 5000 MEUR
- 31.3.2008: Order book = 7219 MEUR

- 2004: Services = 49%
- 2005: Services = 46%
- 2006: Services = 36%
- 31.3.2007: Services = 49%
- 31.3.2008: Services = 60%

Approx. 45% of order book due for delivery 2008

Delivery current year
Delivery next year +
Advances received reflect order book strength
Net sales developed according to plan

First quarter development

- Net sales: 761 MEUR, 12% increase from 1-3/2007
- Power Plants: 645 MEUR, 22% increase from 1-3/2007
- Ship Power: 116 MEUR, -5% decrease from 1-3/2007
- Services: 170 MEUR, 17% increase from 1-3/2007

Net sales developed according to plan:

- 2004: 2150 MEUR, 13% increase
- 2005: 2750 MEUR, 27% increase
- 2006: 3300 MEUR, 18% increase
- 2007: 3900 MEUR
Services constitute a considerable share of net sales

Net sales by business 1-3/2008

- Ship Power: 29% (34)
- Power Plants: 21% (20)
- Services: 50% (46)
EBIT develops positively
Quarterly profitability fluctuations remain
Ship Power market - vessel order development

Source data: Clarson Research Services
Ship Power market - merchant vessel order development

Source data: Clarson Research Services
Ship Power - market development
Market position of Wärtsilä’s marine engines Q1/2008

Medium-speed main engines
- Others 14%(12)
- MAN Diesel 26%(27)
- Caterpillar (MAK) 24%(23)
- Wärtsilä 36%(38)

Low-speed main engines
- Mitsubishi 3%(3)
- MAN Diesel 84%(81)
- Wärtsilä 13%(16)

Auxiliary engines
- Wärtsilä 6%(6)
- Others 94%(94)

Wärtsilä’s own calculation is based on Marine Market Database. Market shares based on installed power, numbers in brackets are from the end of the previous quarter.
Ship Power order intake - activity continued at high levels

- Merchant: 52%
- Offshore: 21%
- Cruise & Ferry: 13%
- Special vessels: 13%
- Navy: 1%

Graph showing MEUR from 2004 to 1-3/2008.
Ship Power order intake - Merchant segment 1-3/2008

- Merchant: 52%
- Bulkers: 15%
- Cargo: 10%
- RoRo: 10%
- Container: 5%
- Tankers: 12%

The chart shows the distribution of ship power order intake for different segments in the Merchant segment from 2004 to 1-3/2008.
Ship Power - net sales 1-3/2008

- **Merchant**: 42%
- **Offshore**: 25%
- **Cruise & Ferry**: 19%
- **Special vessels**: 9%
- **Navy**: 5%

Bar chart showing net sales from 2004 to 1-3/2008 in MEUR.
Power Plants order intake - high demand in all segments

- Flexible baseload: 54%
- Grid stability & peaking: 36%
- Industrial self-generation: 5%
- Oil & gas: 5%
- Renewable: 2%
- Gas: 54%
- Oil: 44%
Power Plants - order intake by region

Order intake 1-3/2008: 1,004 MW (425)

- Americas: 747 (95) MW
  - Flexible baseload: 387 MW
  - Industrial self-generation: 360 MW
  - Grid stability & peaking: 21 MW

- Europe: 151 (216) MW
  - Flexible baseload: 113 MW
  - Industrial self-generation: 38 MW
  - Grid stability & peaking: 3 MW

- Asia: 57 (55) MW
  - Flexible baseload: 45 MW
  - Industrial self-generation: 4 MW

- Africa and Middle East: 50 (59) MW
  - Flexible baseload: 38 MW
  - Industrial self-generation: 12 MW

Colors:
- Flexible baseload
- Industrial self-generation
- Oil & gas
- Grid stability & peaking
**Power Plants - net sales 1-3/2008**

- **Flexible baseload**: 54%
- **Industrial self-generation**: 31%
- **Grid stability & peaking**: 1%
- **Oil & gas**: 14%

**Graph Details**
- **MEUR**: 0, 100, 200, 300, 400, 500, 600, 700, 800, 900, 1000
Services - strong growth continued

First quarter development

- 2004: 900 MEUR (17% growth)
- 2005: 1,060 MEUR (16% growth)
- 2006: 1,240 MEUR (22% growth)
- 2007: 1,450 MEUR
- 1-3/2008: 1,600 MEUR

1-3/2007: 352 MEUR (22% growth)
1-3/2008: 428 MEUR
Added capabilities support growth

Wärtsilä Services becomes the most valued business partner…

Engine Services
Automation Services
Propulsion Services
Operations & Management
Reconditioning Services
Training Services
Ship Services
Boiler Services

… by understanding Customers’ needs and assembling the appropriate solution to solve them.
### Strong cash flow

<table>
<thead>
<tr>
<th>Cash Flow Category</th>
<th>1-3/08</th>
<th>1-3/07</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>75</td>
<td>79</td>
<td>431</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>-35</td>
<td>-38</td>
<td>-214</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>100</td>
<td>-72</td>
<td>-95</td>
</tr>
<tr>
<td>Liquid funds at the end of period</td>
<td>432</td>
<td>148</td>
<td>296</td>
</tr>
</tbody>
</table>
Financial position

Solvency

- 2004: 40%
- 2005: 45%
- 2006: 45%
- 2007: 45%
- 1-3/2008: 30%

Gearing

- 2004: -0.10
- 2005: -0.05
- 2006: 0.00
- 2007: 0.00
- 1-3/2008: 0.00

Convertible subordinated debentures treated as equity
• An active Ship Power market is foreseen for at least the second quarter 2008, during the third quarter it is expected that a slowdown will be seen within the Merchant segment

• Power Plant market situation remains good, continued high ordering activity in all segments for at least the next two quarters. No signs of a slowdown

• Services business activity will continue strong
Wärtsilä’s prospects 2008 reiterated

- Based on the strong order book, Wärtsilä’s net sales are expected to grow by about 25% in 2008
- Wärtsilä’s profitability varies considerably from one quarter to another
- Full-year profitability will exceed 11%
Looking ahead

… we are seeking growth beyond the organic growth