WÄRTSILÄ CORPORATION
INTERIM REPORT JANUARY-JUNE 2007

OLE JOHANSSON, PRESIDENT & CEO
3 AUGUST 2007
## Highlights

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q2/07</th>
<th>Q2/06</th>
<th>1-6/07</th>
<th>1-6/06</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>1 369</td>
<td>1 190</td>
<td>2 526</td>
<td>2 214</td>
<td>4 621</td>
</tr>
<tr>
<td>Order book</td>
<td></td>
<td>5 460</td>
<td>3 772</td>
<td>4 439</td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>797</td>
<td>845</td>
<td>1 558</td>
<td>1 437</td>
<td>3 190</td>
</tr>
<tr>
<td>Operating result</td>
<td>73</td>
<td>70</td>
<td>136</td>
<td>106</td>
<td>262</td>
</tr>
<tr>
<td>% of net sales</td>
<td>9.2</td>
<td>8.3</td>
<td>8.8</td>
<td>7.4</td>
<td>8.2</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>72</td>
<td>204¹</td>
<td>132</td>
<td>244²</td>
<td>447³</td>
</tr>
<tr>
<td>Earnings/share, EUR</td>
<td>0.54</td>
<td>1.60¹</td>
<td>0.98</td>
<td>2.15⁴</td>
<td>3.72⁴</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>129</td>
<td>49</td>
<td>302</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross capital Expenditure</td>
<td>112</td>
<td>116</td>
<td>193</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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1. Includes Wärtsilä’s share of Ovako’s profit after taxes, EUR 8 million and a capital gain of EUR 124 million from the sale of Assa Abloy B-shares.
2. Includes Wärtsilä’s share of Ovako’s profit after taxes, EUR 15 million and a capital gain of EUR 124 million from the sale of Assa Abloy B-shares.
3. Includes Wärtsilä’s share of Ovako’s profit after taxes, EUR 67 million, and a capital gain of EUR 124 million from the sale of Assa Abloy B shares.
4. Includes also deferred tax assets totalling EUR +26 million relating to previously recognized restructuring expenses.
Market development - Ship Power
Vessel orders

Source: Based on data from Clarkson Research Studies
Market development - Ship Power
Vessel orders - other vessels

Source: Based on data from Clarkson Research Studies
Medium-speed main engines

- Comp. 1: 20% (15)
- Comp. 2: 27% (25)
- Others: 11% (14)
- Wärtsilä: 42% (46)

Total market volume last 12 months:
- 9,400 MW (8,800)

Low-speed main engines

- Comp. 1: 82% (83)
- Comp. 3: 3% (3)
- Wärtsilä: 15% (14)
- Others: 95% (94)

Total market volume last 12 months:
- 29,400 MW (27,700)

Auxiliary engines

- Comp. 1: 20% (15)
- Wärtsilä: 5% (6)
- Others: 95% (94)

Total market volume last 12 months:
- 9,000 MW (7,600)

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. 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.
• Markets continued to be globally active
• The order intake for power plants running on renewable fuels continued actively
• Demand for gas-fired power plants remained at a good level
Market development - Power Plants

Order intake - Power Plants 1-6/07: 1,087 MW (853)

Europe
- Gas: 411 (159)
- Oil: 0 (84)*

Asia
- Gas: 194 (158)
- Oil: 62 (74)

Americas
- Gas: 151 (221)
- Oil: 125 (54)

Africa and Middle East
- Gas: 331 (315)
- Oil: 286 (21)

Gas Oil * Renewable fuels
Order intake continued strong

Second quarter development

- Total order intake
- 1-6 order intake
- Power Plants
- Ship Power
- Services
Order book - growth 45%

Year | Total order book | Power Plants | Ship Power | Services
--- | --- | --- | --- | ---
2003 | 10% | 47% | 53% | 45%
2004 | 3772 | 10% | 47% | 53%
2005 | 4000 | 10% | 47% | 53%
2006 | 5460 | 10% | 47% | 53%
30.6.2006 | 3772 | 10% | 47% | 53%
30.6.2007 | 5460 | 10% | 47% | 53%
Order book distribution - good visibility 2008 and beyond

MEUR

30.6.2006
30.6.2007

Delivery current year
Delivery next year +
Net sales

- Total net sales
- 1-6 net sales
- Power Plants
- Ship Power
- Services

Second quarter development

Q2/2006: 845 MEUR (-6%)
Q2/2007: 797 MEUR (23%)

77% of all net sales were derived from marine business.
Net sales by business 1-6/2007

- **Ship Power**: 36% (29)
- **Power Plants**: 17% (35)
- **Services**: 47% (36)
Net sales 1-6/2007 - Ship Power

- Cruise & Ferry: 15%
- Tankers: 14%
- Bulk carriers: 2%
- Container ships: 15%
- Special vessels & other: 9%
- General cargo: 7%
- LNG: 11%
- Offshore: 26%

- Others: 1000 MEUR
- Tankers: 900 MEUR
- Bulk carriers: 800 MEUR
- Container ships: 700 MEUR
- Special vessels & other: 600 MEUR
- General cargo: 500 MEUR
- LNG: 400 MEUR
- Offshore: 300 MEUR

MEUR
0 100 200 300 400 500 600 700 800 900 1000

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Net sales 1-6/2007 - Services

- Engine Services
- Operation & Management Services
- Automation Services
- Propulsion Services
- Ship Services
- Reconditioning Services
- Training Services
Wärtsilä Services - accelerating growth

- Services growth per Q
- Services share of sales
Delivered engine megawatts from own factories

MW


- Ship Power
- Power Plants
- Full-year estimate
### Cash flow

<table>
<thead>
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<tr>
<td>Cash flow from operating activities</td>
<td>129</td>
<td>49</td>
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</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>-99</td>
<td>55</td>
<td>148</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>-76</td>
<td>-82</td>
<td>-387</td>
</tr>
<tr>
<td>Liquid funds at the end of period</td>
<td>133</td>
<td>137</td>
<td>179</td>
</tr>
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NOTE: 2003 according to FAS, 2004-IFRS
Convertible subordinated debentures treated as equity
Wärtsilä’s prospects for 2007

• Demand in the ship power and energy markets looks likely to remain active for Wärtsilä for the next two quarters.

• Based on the strong order book, Wärtsilä’s net sales are expected to grow this year by around 15%.

• Profitability will exceed 9%.

• Wärtsilä’s profitability varies considerably between the quarters as will be the case also this year.

• Wärtsilä sees further possibilities for growth in 2008.