Wärtsilä Corporation 2005

Ole Johansson, President & CEO

7 February 2006
Mission
We provide lifecycle power solutions to enhance the business of our customers, whilst creating better technologies that benefit both the customer and the environment.

Vision
We will be the most valued business partner of all our customers.
Highlights of the year 2005

Power Businesses

- Order intake grew 25.1% to EUR 3,491.1 million (2,791.4)
- Order book reached all-time high, EUR 2,905.7 million (1,855.3), up 56.6% on the previous year
- Net sales rose to EUR 2,520.3 million (2,224.7)
- Profitability (EBITA) reached target level 8.0% (3.9)

Group

- EPS EUR 1.80 (1.42)
- The Board of Directors proposes a dividend of EUR 0.90 per share and an extra dividend of EUR 0.60 per share, total EUR 1.50 per share
Markets in 2005 (1/2)

Ship Power

- The good demand in the shipbuilding industry continued

- Number of orders for full year at good level, declining towards end of the year

- High activity level;
  - Offshore
  - Passenger and RoPax vessels
  - LNG

- Trend from large to smaller vessels in containerships

- Decrease in volume for tankers and bulk carriers

Market trend towards smaller vessels favoured Wärtsilä
Markets in 2005 (2/2)

Power Plants

- Power plant markets active globally
- Global gas power plant market grew
- Wärtsilä’s technology in the gas market being recognized
## Power Businesses

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>773.5</td>
<td>739.4</td>
<td>4.6%</td>
</tr>
<tr>
<td>Operating income</td>
<td>86.1</td>
<td>90.8</td>
<td>-5.2%</td>
</tr>
<tr>
<td>% net sales</td>
<td>11.1%</td>
<td>12.3%</td>
<td></td>
</tr>
<tr>
<td>Order intake</td>
<td>1,100.5</td>
<td>716.0</td>
<td>53.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>2,520.3</td>
<td>2,224.7</td>
<td>13.3%</td>
</tr>
<tr>
<td>Operating income</td>
<td>202.5</td>
<td>87.7</td>
<td></td>
</tr>
<tr>
<td>% net sales</td>
<td>8.0%</td>
<td>3.9%</td>
<td></td>
</tr>
<tr>
<td>Order intake</td>
<td>3,491.1</td>
<td>2,791.4</td>
<td>25.1%</td>
</tr>
<tr>
<td>Order book end of period</td>
<td>2,905.7</td>
<td>1,855.3</td>
<td>56.6%</td>
</tr>
</tbody>
</table>
Power Businesses – Key figures

Net sales

Order intake

Order book

MEUR

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Power businesses’ net sales by market area 2001-2005

MEUR

2001 2002 2003 2004 2005

Other
America
Europe
Asia
Power businesses’ personnel development 2001 - 2005
Power Businesses - Order book distribution

MEUR

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Next year delivery</td>
<td>Next year + delivery</td>
</tr>
</tbody>
</table>

© Wärtsilä
Delivered engine megawatts from own factories

MW

Power Plants  Ship Power  Estimate

© Wärtsilä
<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>2,520.3</td>
<td>119.1</td>
</tr>
<tr>
<td><strong>EBITA</strong></td>
<td>202.5</td>
<td>21.8</td>
</tr>
<tr>
<td><strong>% of Net sales</strong></td>
<td>8.0%</td>
<td>18.3%</td>
</tr>
<tr>
<td><strong>Profit before taxes</strong></td>
<td>212.4</td>
<td>217.3</td>
</tr>
<tr>
<td><strong>EPS (EUR)</strong></td>
<td>1.80</td>
<td>1.42</td>
</tr>
</tbody>
</table>
## Cash flow

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>76.0</td>
<td>220.1</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>-178.3</td>
<td>85.0</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>47.6</td>
<td>-284.9</td>
</tr>
<tr>
<td>Liquid funds at the end of period</td>
<td>119.6</td>
<td>169.6</td>
</tr>
</tbody>
</table>
Solvency and gearing

NOTE: 2001-2003 according to FAS, 2004- IFRS
Convertible subordinated debentures treated as equity
Extra dividend
Dividend
EPS

EUR

2001 2002 2003 2004 2005*

*Board's proposal
NOTE: 2001-2003 according to FAS, 2004- IFRS
Businesses
### Ship Power – High level of demand


<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>265.5</td>
<td>202.1</td>
<td>31.4%</td>
</tr>
<tr>
<td>Order intake</td>
<td>475.1</td>
<td>276.5</td>
<td>71.8%</td>
</tr>
</tbody>
</table>

#### 2005 vs 2004

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>710.3</td>
<td>631.2</td>
<td>12.5%</td>
</tr>
<tr>
<td>Order intake</td>
<td>1,545.3</td>
<td>836.7</td>
<td>84.7%</td>
</tr>
<tr>
<td>Order book, end of period</td>
<td>1,658.5</td>
<td>812.7</td>
<td>104.1%</td>
</tr>
</tbody>
</table>

**Power Businesses**

*net sales*

2005: 2,520.3

*Ship Power: 28%*
Global Market Development

Vessel orders 2000
- Korea 52%
- Japan 30%
- China 6%
- Europe 9%
- Others 3%

Vessel orders 2004
- Japan 41%
- Korea 31%
- China 15%
- Europe 7%
- Others 5%

Vessel orders 2005
- Japan 26%
- Korea 39%
- China 21%
- Europe 10%
- Others 4%

Market share of dwt. Vessels > 100gt.
Source: Lloyd's register - Fairplay, December 2005
Vessel Orders, # of vessels

Source: Based on data from Clarkson Research Studies

© Wärtsilä
Vessel Orders, other vessels # of vessels

Source: Based on data from Clarkson Research Studies

© Wärtsilä
Net sales of Ship Power by vessel type

© Wärtsilä
The market position of Wärtsilä’s marine engines Q4/2005

**Own production**

*Medium speed main engines*

- Wärtsilä 45% (34)
- Comp. 1 24%
- Comp. 2 18%
- Others 13%

*Total market volume last 12 months:*

- 6,676 MW (3,990)

*Production by licensees*

*Low speed main engines*

- Wärtsilä 24% (18)
- Comp. 1 73%
- Comp. 2 3%

*Total market volume last 12 months:*

- 22,703 MW (24,863)

*Own production*

*Medium speed auxiliary engines*

- Wärtsilä 8% (9)
- Others 92%

*Total market volume last 12 months:*

- 5,220 MW (3,540)

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 12 months ago.
## Services

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q4/2005</th>
<th>Q4/2004</th>
<th>Change%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>315.0</td>
<td>253.3</td>
<td>24.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MEUR</th>
<th>2005</th>
<th>2004</th>
<th>Change%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>1,093.1</td>
<td>936.8</td>
<td>16.7%</td>
</tr>
<tr>
<td>Personnel, end of period</td>
<td>7 200</td>
<td>6 378</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

**Power Businesses**  
**net sales**  
2005: 2,520.3  
Services: 43 %
Services-development

- DEUTZ marine service acquisition

- Acquisition of automation company Gerhardt Holding Co. Inc, USA

- New service companies in key ports: Hong Kong and Tallinn

- First global O&M contract in maritime industry with Reederei Blue Star GmbH
Active engine base development

MW

2001 2002 2003 2004 2005
## Power Plants

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<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>193.7</td>
<td>283.0</td>
<td>-31.6%</td>
</tr>
<tr>
<td><strong>Order intake</strong></td>
<td>346.6</td>
<td>211.7</td>
<td>63.7%</td>
</tr>
<tr>
<td><strong>Order intake, MW</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>heavy fuel oil</td>
<td>489</td>
<td>252</td>
<td>93.9%</td>
</tr>
<tr>
<td>gas</td>
<td>345</td>
<td>207</td>
<td>66.5%</td>
</tr>
<tr>
<td><strong>BioPower, MWth + MWe</strong></td>
<td>17</td>
<td>36</td>
<td>-51.4%</td>
</tr>
<tr>
<td><strong>MEUR</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>710.3</td>
<td>651.9</td>
<td>9.0%</td>
</tr>
<tr>
<td><strong>Order intake</strong></td>
<td>865.2</td>
<td>1,019.5</td>
<td>-15.1%</td>
</tr>
<tr>
<td><strong>Order intake, MW</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>heavy fuel oil</td>
<td>1,134</td>
<td>1,664</td>
<td>-31.9%</td>
</tr>
<tr>
<td>gas</td>
<td>924</td>
<td>649</td>
<td>42.3%</td>
</tr>
<tr>
<td><strong>BioPower, MWth + MWe</strong></td>
<td>117</td>
<td>110</td>
<td>6.7%</td>
</tr>
<tr>
<td>Order book, end of period</td>
<td>943.9</td>
<td>752.4</td>
<td>25.5%</td>
</tr>
</tbody>
</table>

**Power Businesses net sales**

*2005: 2,520.3*

*Power Plants: 28%*
Power Plant Market 1-60 MW Unit Size
Reciprocating Engines

Inside the columns, Wärtsilä’s share in percentage

Source: Diesel and Gas Turbine Magazine
Power Plants - order intake 1-12/2005: 2,075 MW (2,313)

Europe
- Gas: 308 (402)
- Oil: 204 (100)
- Total: 512 (502)

Africa and Middle East
- Gas: 552 (1,125)
- Oil: 106 (44)
- Total: 658 (1,169)

Asia
- Gas: 889 (439)
- Oil: 184 (290)
- Total: 1,073 (729)

Americas
- Gas: 325 (347)
- Oil: 317 (193)
- Total: 642 (540)

 newData:
- Gas: 11,600 (10,824)
- Oil: 10,000 (9,824)
- Total: 21,600 (20,624)

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Power Plants - Some selected orders from 2005

**BANGLADESH**
- Narsingdi, Comilla
- BaseLoad
- Types: GAS, 4xW34SG, 10xW20V34SG
- Output: 4 x 87 MW, 1 x 104.7 MW

**BRAZIL**
- 2 x Manaus
- BaseLoad
- Types: DUAL FUEL, 2pcs of 5x18V46
- Output: 2 x 85 MW

**CAMBODIA**
- 2 x Phnom Penh
- BaseLoad
- Types: HFO, 6xW18V32, 2xW18V32
- Output: 1 x 47.8 MW, 1 x 16.1 MW

**DOMINICAN REPUBLIC**
- Pimentel
- BaseLoad
- Types: HFO, 4x18V32C
- Output: 31.4 MW

**AZERBAIJAN**
- Sheki, Xatchmaz, Nakhtchivan, Baku, Astara
- BaseLoad
- Types: GAS, 4pcs of 10xW34SG, 10xW20V34SG
- Output: 4 x 87 MW, 1 x 104.7 MW

**RUSSIA**
- Varandey
- BaseLoad
- Type: CRUDE-OIL, 4xW18V32
- Output: 32 MW

**PAKISTAN**
- Khairpur, Iskendarabad
- BaseLoad
- Types: DUAL FUEL, 2x18V50DF
- Output: 1 x 18 MW, 1 x 27 MW

**BANGLADESH**
- Shahid Mohammadi, Shahid Mostafavi
- BaseLoad, Mechanical Drives
- Types: GAS, 2x20V34SG, 3x20V34SG
- Output: 1 x 18.5 MW, 1 x 27 MW

**JAPAN**
- Tsuchiura-City
- BaseLoad
- Type: LFO, 5xW18V32
- Output: 41.4 MW

**DOMINICAN REPUBLIC**
- Pimentel
- BaseLoad
- Type: HFO, 5xW18V32
- Output: 41.4 MW

**PAKISTAN**
- Dera Ghazi Khan
- BaseLoad
- Types: GAS, 3x20V34SG
- Output: 1 x 18.5 MW, 1 x 27 MW

**RUSSIA**
- Varandey
- BaseLoad
- Type: HFO, 6xW20V32, 6xW20V32
- Output: 1 x 45.3 MW, 1 x 46.7 MW

**BANGLADESH**
- Narsingdi, Comilla
- BaseLoad
- Types: GAS, 2x16V34SG, 3x20V34SG
- Output: 1 x 13.9 MW, 1 x 26.2 MW

**SAUDI ARABIA**
- 2 x Riyadh
- BaseLoad
- Types: HFO, 6xW18V32, 2xW18V32
- Output: 1 x 47.8 MW, 1 x 16.1 MW

**ITALY**
- Conselice, ValSenales
- BaseLoad, Intermediate
- Type: BIO-OIL, 2x18V46, 1x6L20
- Output: 1 x 34.2 MW, 1 x 0.8 MW

**IRAN**
- Shahid Mohammadi, Shahid Mostafavi
- BaseLoad, Mechanical Drives
- Types: GAS, 2x20V34SG, 3x20V34SG
- Output: 1 x 18 MW, 1 x 27 MW

**PAKISTAN**
- Khairpur, Iskendarabad
- BaseLoad
- Types: HFO, 4x18V32C
- Output: 31.4 MW

**ITALY**
- Conselice, ValSenales
- BaseLoad, Intermediate
- Type: BIO-OIL, 2x18V46, 1x6L20
- Output: 1 x 34.2 MW, 1 x 0.8 MW

**RUSSIA**
- Varandey
- BaseLoad
- Type: CRUDE-OIL, 4xW18V32
- Output: 32 MW

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**PAKISTAN**
- Dera Ghazi Khan
- BaseLoad
- Types: GAS, 3x20V34SG
- Output: 1 x 18.5 MW, 1 x 27 MW
The new company was accounted for as an associated company from 1st of May 2005.

Wärtsilä’s ownership in the company is 26.5%. Wärtsilä’s share of the associated company’s result was EUR 10.4 million (5-12/2005).

The holding’s balance sheet value EUR 106.1 million (31st December 2005).

Wärtsilä has granted a shareholders’ loan of EUR 21.2 million to Ovako.

Wärtsilä owns 4.7% of Assa Abloy shares.

The holding’s market value EUR 229.9 million (31st December 2005).
Ship Power

- Demand remains strong, however uncertainty in general shipbuilding market increases

- Active segments in shipbuilding are offshore, LNG and cruise & ferry

Power Plants

- The power plant market continues to be globally active

- Demand remains stable for HFO market and growing demand for gas
Demand in the ship power and energy markets looks likely to remain favourable for Wärtsilä for at least the first half of the current year.

Based on the strong order book, Wärtsilä’s net sales are expected to grow this year by as much as 20%.

The profitability level reached in 2005 will remain.

Net sales growth is expected to continue in 2007.
THANK YOU!