WÄRTSILÄ CORPORATION
2006 RESULT PRESENTATION

OLE JOHANSSON, PRESIDENT & CEO
6 FEBRUARY 2007
• Order intake +32.4%
• Order book +52.8%
• Net sales +26.6%
• Operating income +29.2%
• Profitability 8.2% (8.0)
• EPS EUR 3.72 (1.80), EUR 1.49 refers to capital gains
• Good demand continues
Key figures 2006

Net sales by business 2006

| Ship Power | 30.9% (28.2) |
| Power Plants | 29.3% (28.2) |
| Services | 39.7% (43.4) |

<table>
<thead>
<tr>
<th>MEUR</th>
<th>2006</th>
<th>2005*</th>
<th>Change(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>3,189.6</td>
<td>2,520.3</td>
<td>26.6</td>
</tr>
<tr>
<td>Operating income</td>
<td>261.6</td>
<td>202.5</td>
<td>29.2</td>
</tr>
<tr>
<td>% of net sales</td>
<td>8.2</td>
<td>8.0</td>
<td></td>
</tr>
<tr>
<td>Income before taxes</td>
<td>446.8²</td>
<td>212.4¹</td>
<td></td>
</tr>
<tr>
<td>Earnings/share, EUR</td>
<td>3.72</td>
<td>1.80</td>
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</tbody>
</table>

1 The figure in the comparison period includes Imatra Steel's pre-tax profit of EUR 21.4 million and Wärtsilä’s share of Ovako’s profit after taxes EUR 10.4 million.
2 The January – December result 2006 includes Wärtsilä’s share of Ovako’s profit after taxes EUR 18.1 million and a tax-free capital gain of EUR 49.3 million from the sale of Oy Ovako Ab and a capital gain of EUR 123.9 million from the sales of Assa Abloy B shares.

*For comparability reasons net sales and operating income for 2005 are presented without Imatra Steel.
**Key figures**

**Net sales**

- Q4/05: 773.5 MEUR
- Q4/06: 985.9 MEUR
- 2005: 2,520.3 MEUR
- 2006: 3,189.6 MEUR

**Order intake**

- Q4/05: 1,100.5 MEUR
- Q4/06: 1,317.6 MEUR
- 2005: 3,491.1 MEUR
- 2006: 4,621.1 MEUR

**Order book**

- 31.12.2005: 2,905.7 MEUR
- 31.12.2006: 4,438.9 MEUR

- Services: 30.4%, 39.4%, 46.9%
- Power Plants: 10.1%, 30.4%, 22.8%
- Ship Power: 19.7%, 18.7%, 22.8%
Comparable sales by market area 2002 - 2006

MEUR

- Other
- America
- Europe
- Asia

2002 2003 2004 2005 2006
Personnel development 2002 - 2006
Order book distribution – good visibility for 2007 and beyond

- Delivery next year
- Delivery next year +

MEUR

- 31.12.2005
- 31.12.2006
Delivered engine megawatts from own factories

MW

<table>
<thead>
<tr>
<th>Year</th>
<th>Power Plants</th>
<th>Ship Power</th>
<th>Full-year estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>1500</td>
<td>1500</td>
<td>3000</td>
</tr>
<tr>
<td>2002</td>
<td>1500</td>
<td>1500</td>
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<tr>
<td>2006</td>
<td>1500</td>
<td>1500</td>
<td>3000</td>
</tr>
<tr>
<td>E2007</td>
<td></td>
<td></td>
<td>5000</td>
</tr>
</tbody>
</table>
## Strong cash flow

<table>
<thead>
<tr>
<th>Activity</th>
<th>MEUR 2006</th>
<th>MEUR 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operating activities</td>
<td>302.4</td>
<td>76.0</td>
</tr>
<tr>
<td>Cash flow from investing activities</td>
<td>148.0</td>
<td>-178.3</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>-387.0</td>
<td>47.6</td>
</tr>
<tr>
<td>Liquid funds at the end of period</td>
<td>179.4</td>
<td>119.6</td>
</tr>
</tbody>
</table>
Strong financial position enables further growth

NOTE: 2002-2003 according to FAS, 2004- IFRS
Convertible subordinated debentures treated as equity
EPS and dividend/share

NOTE: 2002-2003 according to FAS, 2004-IFRS

*Board’s proposal

EUR

2002  2003  2004  2005  2006*

Extra dividend
Dividend
EPS

*Board’s proposal
NOTE: 2002-2003 according to FAS, 2004-IFRS
Vessel orders, # of vessels

Source: Based on data from Clarkson Research Studies
Vessel orders - other vessels, # of vessels

Source: Based on data from Clarkson Research Studies
The market position of Wärtsilä’s marine engines Q4/2006

**Own production**

- **Medium-speed main engines**
  - Wärtsilä 51% (50)
  - Comp. 1 13% (14)
  - Comp. 2 23% (23)
  - Others 13% (13)

  *Total market volume last 12 months: 9,200 MW (9,600)*

- **Low-speed main engines**
  - Wärtsilä 16% (17)
  - Comp. 1 81% (79)
  - Comp. 3 3% (4)

  *Total market volume last 12 months: 26,600 MW (21,900)*

- **Auxiliary engines**
  - Wärtsilä 6% (7)
  - Others 94% (93)

  *Total market volume last 12 months: 7,600 MW (6,700)*

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 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.
The market position of Wärtsilä’s propellers Q4/2006

Controllable pitch propellers

- Wärtsilä 36%(35)
- Others 64%(65)

Fixed pitch propellers (includes JV)

- Wärtsilä 11%(18)
- Others 89%(82)

Steerable thrusters

- Wärtsilä 11%(11)
- Others 89%(89)

Wärtsilä own calculation based on: Lloyd’s Register – Fairplay & Wärtsilä Ship Power
Market shares based on number of installations, numbers in brackets are from the end of the previous quarter.
Global market development

China growing fast in shipbuilding

Vessel orders 2000
67,595,039 dwt

Vessel orders 2004
104,940,490 dwt

Vessel orders 2006
141,589,105 dwt

Market share of dwt. Vessels > 1000gt.
Source: Clarkson Research Studies December 2006
Wärtsilä in China - growing presence

Wärtsilä CME Zhenjiang Propeller Co., Ltd
- Manufacturing of fixed pitch propellers
  (Investments in additional capacity)

Wärtsilä Propulsion (Wuxi) Co., Ltd.
- Manufacturing of steerable thrusters
  (Investments in additional capacity)

Qingdao Qiyao Wärtsilä MHI Linshan Marine Diesel Co Ltd (QMD)
- Manufacturing of low-speed engines
  (Starting operations in 2008)

Wärtsilä Qiyao Diesel Shanghai Co., Ltd.
- Manufacturing of auxiliary gensets
  (Started operations in June 2006)
To meet demand of growing LNG market

- Joint Venture 50/50 with Hyundai Heavy Industries, Korea
- New factory to produce Wärtsilä 50DF (dual-fuel engines)
- Production volume: 100 engines a year
- Additional capacity for LNG-carrier market
- Investment EUR 58 million, Wärtsilä’s share EUR 29 million
- Intended location: South Korea
- Start of operations in the 2nd half of 2008

Wärtsilä Hyundai Engine Company Ltd.
Wärtsilä Ship Power

**Ship Power net sales 2006**

30.9% of total net sales

<table>
<thead>
<tr>
<th><strong>MEUR</strong></th>
<th><strong>Q4/06</strong></th>
<th><strong>Q4/05</strong></th>
<th><strong>Change(%)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>404.3</td>
<td>265.5</td>
<td>52.3</td>
</tr>
<tr>
<td>Order intake</td>
<td>619.5</td>
<td>475.1</td>
<td>30.4</td>
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<table>
<thead>
<tr>
<th><strong>MEUR</strong></th>
<th><strong>2006</strong></th>
<th><strong>2005</strong></th>
<th><strong>Change(%)</strong></th>
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</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>984.7</td>
<td>710.3</td>
<td>38.6</td>
</tr>
<tr>
<td>Order intake</td>
<td>2,270.5</td>
<td>1,545.3</td>
<td>46.9</td>
</tr>
<tr>
<td>Order book*</td>
<td>3,019.7</td>
<td>1,658.5</td>
<td>82.1</td>
</tr>
</tbody>
</table>

- 2006 new record year in orders received
- Offshore and LNG dominated new orders

* End of period
Services growth per Q

Services share of sales

% %
Strong growth continued

- Offering complemented with automation services

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<tr>
<td>Net sales</td>
<td>350.4</td>
<td>315.0</td>
<td>11.2</td>
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<th>2005</th>
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<tr>
<td>Net Sales</td>
<td>1,266.5</td>
<td>1,093.1</td>
<td>15.9</td>
</tr>
<tr>
<td>Personnel*</td>
<td>8 539</td>
<td>7 200</td>
<td>18.6</td>
</tr>
</tbody>
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* End of period
Power Plants - order intake 2006: 2,158 MW (2,075)

- Europe: 408 (308)
  - Europe: 163 (104)
  - Europe: 245 (204)
  - Europe: 526 (705)
- Americas: 407 (325)
  - Americas: 170 (9)
  - Americas: 237 (317)
- Africa and Middle East: 710 (552)
  - Africa and Middle East: 373 (106)
  - Africa and Middle East: 337 (446)
- Asia: 633 (889)
  - Asia: 108 (184)

Gas
Oil

© Wärtsilä
Power Plants - target markets per fuel 2002 - 2006

Note I: Wärtsilä’s gas power plant target markets have changed since Wärtsilä stopped manufacturing and selling high speed engines (power range < 3.5 MW)
Note II: The 2006 LFO figure includes liquid biofuels.
Source: Diesel & Gas turbine worldwide, June 2005-May 2006
Gas power plant market

Note I: Wärtsilä’s gas power plant target markets have changed since Wärtsilä stopped manufacturing and selling high speed engines (power range < 3,5 MW)

Note II: The 2006 LFO figure includes liquid biofuels.

Source: Diesel & Gas turbine worldwide, June 2005-May 2006
Power Plants order intake by segment

Order intake by segment, MEUR

Order intake by segment, MW

- Industrial self generation
- Grid base load
- Ancillary services
Wärtsilä Power Plants

**Power Plants net sales**

- **29.3%** of total net sales

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<tr>
<td>Net sales</td>
<td>227.8</td>
<td>193.7</td>
<td></td>
<td>17.6</td>
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<tr>
<td>Order intake</td>
<td>311.4</td>
<td>346.6</td>
<td></td>
<td>-10.1</td>
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<tr>
<td>Net Sales</td>
<td>934.2</td>
<td>710.3</td>
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<td>31.5</td>
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<tr>
<td>Order intake</td>
<td>1,027.3</td>
<td>865.2</td>
<td></td>
<td>18.7</td>
</tr>
<tr>
<td>Order book*</td>
<td>1,061.4</td>
<td>943.9</td>
<td></td>
<td>12.4</td>
</tr>
</tbody>
</table>

- Gas power plants over 50% of total order intake
  - biggest gas orders from Azerbaijan, US and Africa
- High demand in oil and liquid biofuels as well
  - orders for more than 160 MW biofuel power plants to Italy

* End of period
Wärtsilä’s holdings

ASSA ABLOY

• Wärtsilä owns 7,270,350 B shares or 2.0% (4.7) of Assa Abloy shares.

• The holding’s market value EUR 119.8 million (31 December 2006).

OVAKO

• During the reporting period the operating companies of Oy Ovako Ab were sold.

• Wärtsilä has recorded a tax-free capital gain of EUR 49.3 million.
Wärtsilä’s prospects in 2007

- Demand in the ship power and energy markets will remain active for Wärtsilä for at least the first half of 2007.

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

- Profitability will exceed 9%.

- Wärtsilä sees further possibilities for growth in 2008.