

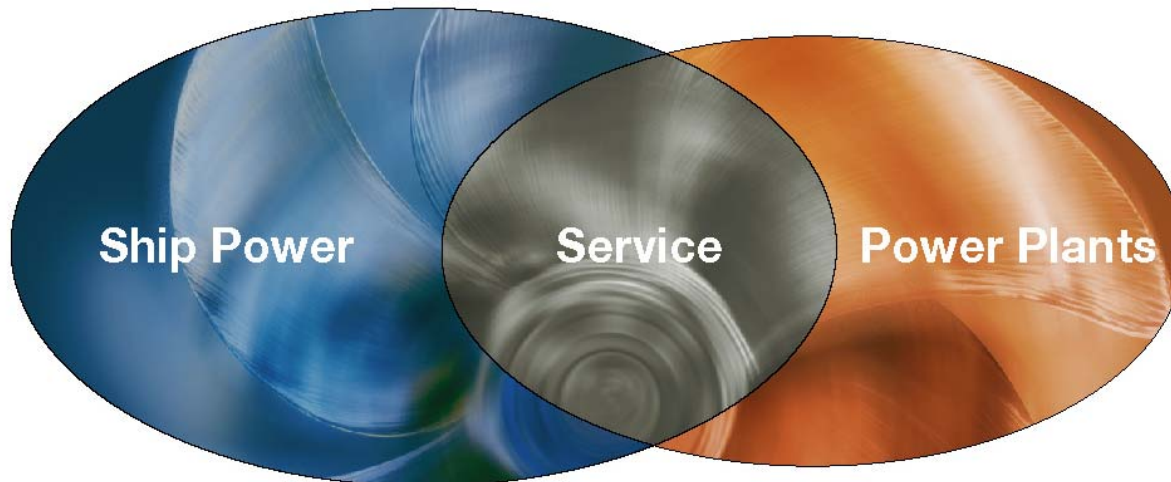
Wärtsilä Corporation

Corporate presentation 2004

170 Years of Excellence



Wärtsilä operates in two markets



Wärtsilä is The Ship Power Supplier for builders, owners and operators of vessels and offshore installations. We are the only company with a global service network to take complete care of customers' ship machinery at every lifecycle stage.

Wärtsilä is a leading provider of power plants, operation and lifetime care services in decentralized power generation.

Energy

Capture opportunities and
make things happen

Excellence

Do things better than
anyone else in your industry

Excitement

Foster openness, respect and trust
to create excitement

170 Years of Excellence

1834

Wärtsilä is established in the municipality of Tohmajärvi.

1898

The sawmill and iron works company is renamed Wärtsilä Ab.

1936

Wärtsilä acquires the Onkilahti engineering workshop in Vaasa.

1938

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

1965

The company is re-named Oy Wärtsilä Ab.

1978

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

1984

Wärtsilä to be quoted on the London stock exchange.

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.

1990

Wärtsilä will be merged into Lohja Corporation, later renamed Metra Corporation.

170 Years of Excellence

1991

Imatra Steel is created when Ovako AB is split up between its owners, Metra and SKF.

1997

Wärtsilä NSD Corporation is created.

2000

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

2003

Wärtsilä and Volvo Penta to cooperate.

1995

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

1999

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

2001

Wärtsilä sells its holding in Sanitec. Wärtsilä takes ownership of service company Ciserv AB.

2002

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

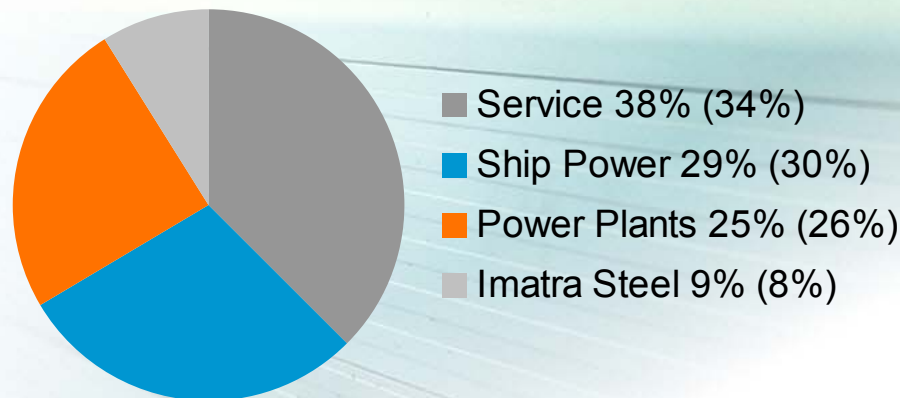
Group key figures 2003

MEUR	2003	2002	Change
Net sales	2,357.5	2,519.0	-6.4%
Operational EBITA ¹	127.0	100.6	26.2%
Operational EBIT	100.0	77.8	28.5%
EBIT	-18.4	188.9	
Result before extraordinary items	-34.4	170.4	
Earnings per share, EUR	-0.66	2.05	

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

The figures for 2002 include MEUR 111.1 one-time profit on sales of Assa Abloy's shares.

Net sales by business 2003



Wärtsilä's worldwide network

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

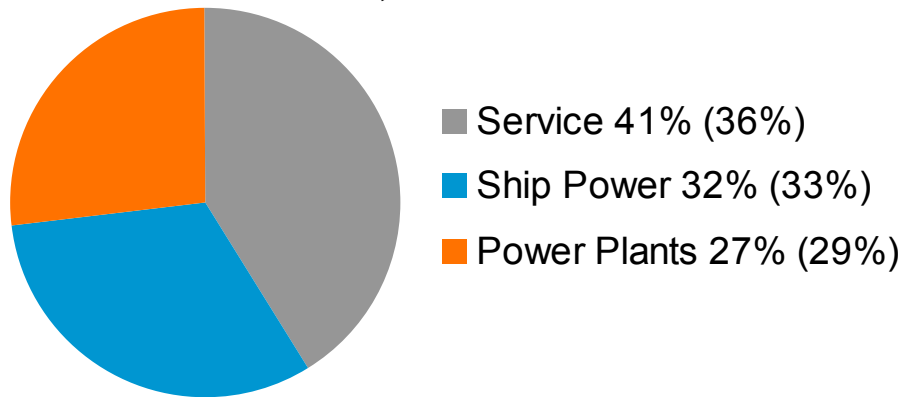


MEUR	2003	2002	Change
Net sales	2,155.8	2,319.9	-7.1%
Operational EBIT	95.0	74.6	
% of net sales	4.4%	3.2%	
Operating result	-35.0 ¹	74.6	
% of net sales	-1.6%	3.2%	
Order intake	2,148.7	1,882.8	14.1%
Order book, end of year	1,245.0	1,206.6	3.2%

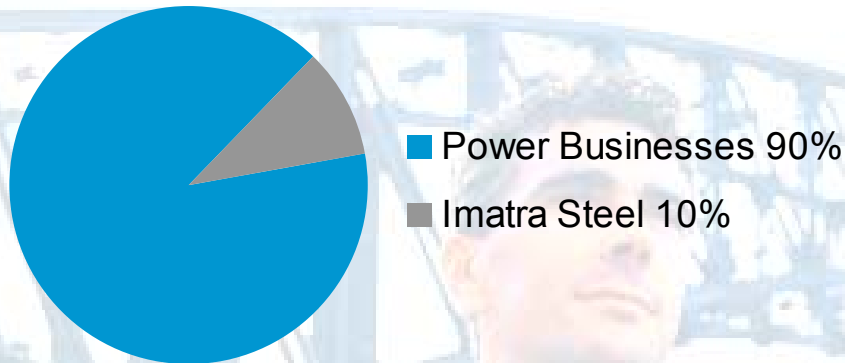
¹ Includes restructuring cost of EUR 130 million.



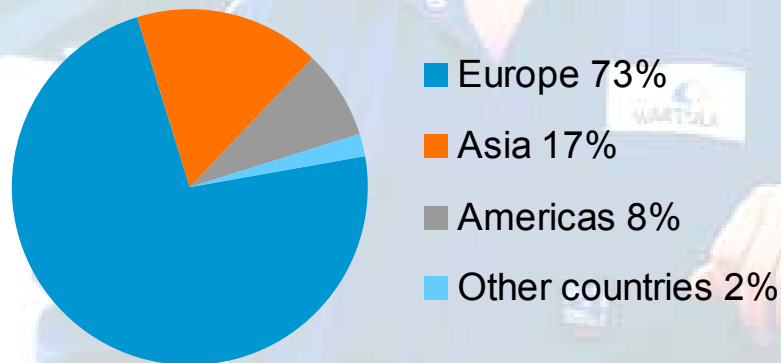
Power Businesses, net sales 2003



Personnel 2003



Personnel by market area



Personnel in figures 2003

Total number of employees on 31 Dec. 2003	12 110
On average	
Power Businesses	10 976
Imatra Steel	1 317
Group	12 293
Average age of employees	34,4 years
Total wage and salary costs in 2003	EUR 554,4 million
Aggregate coverage of profit-sharing and bonus schemes	65%

Main focuses during recent decades



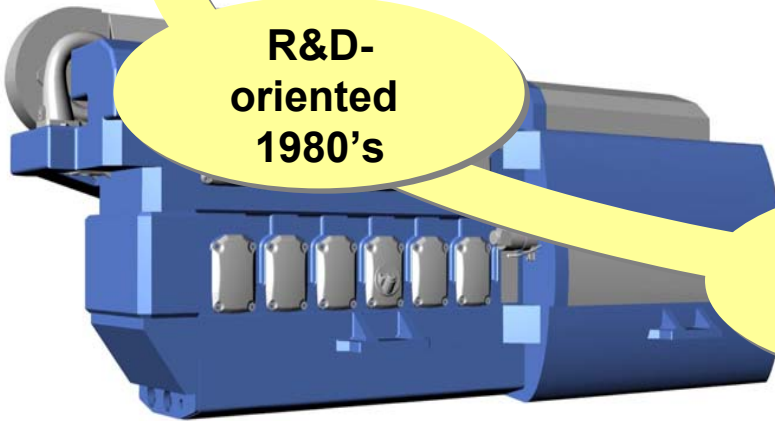
**Quality of living
1990's**



**Sustainable
development
2000's**



**Virtual
products
2010's ?**



**R&D-
oriented
1980's**

**Demand-
driven
1970's**



Continuous investments in R&D secure competitiveness

Environment

Life cycle cost

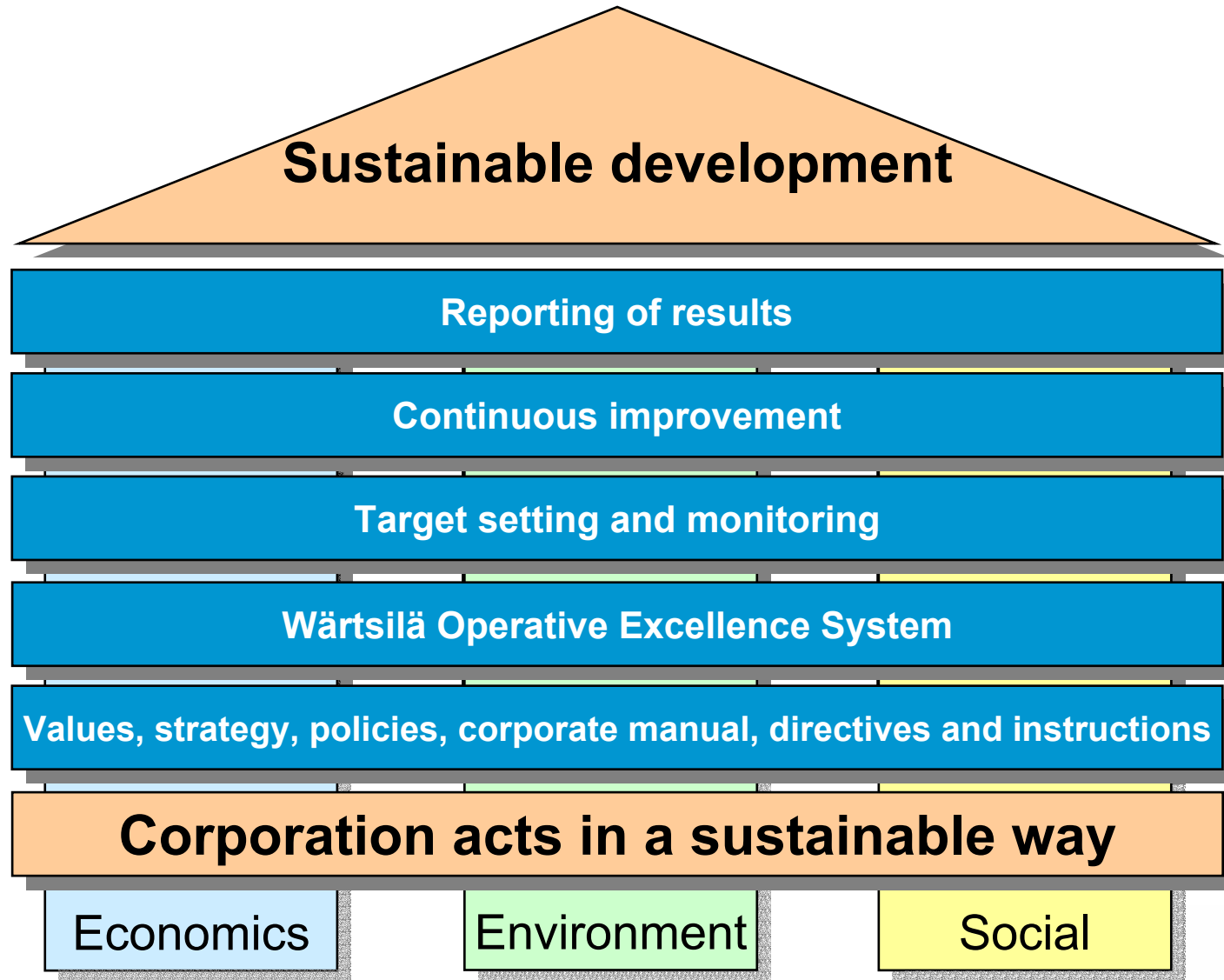
Reliability

Market needs

Product development

Research

Innovations



Wärtsilä is The Ship Power Supplier.
Wärtsilä supplies engines, propulsion and control systems for all types of marine vessels and offshore applications.



*Deep Sea Seals
and JMT seals and
bearings*



Controls

*CP and FP
Propellers*



*Efficiency
Rudders*



Water jets



Gears



Wärtsilä engines



Generating set

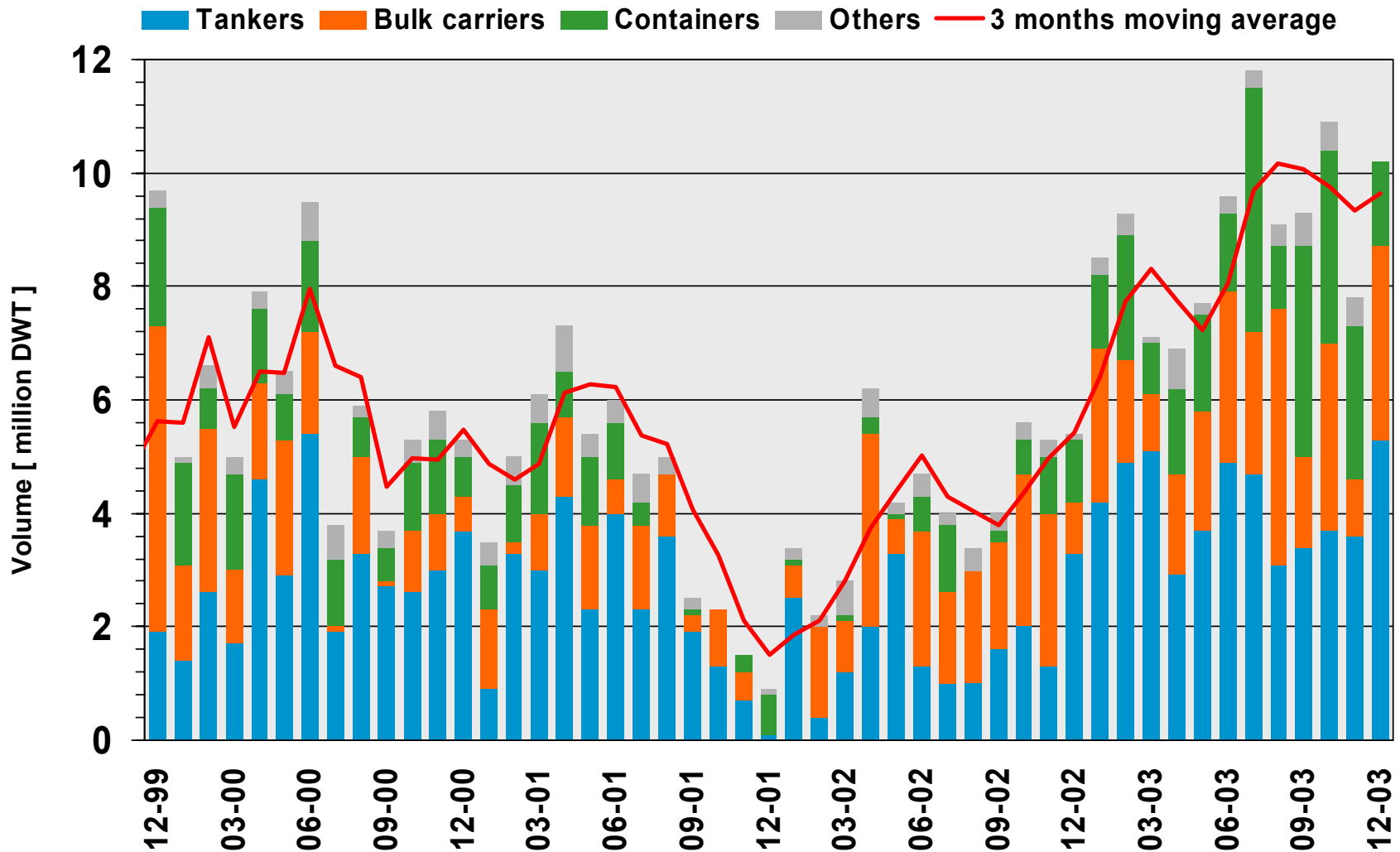


*Transverse
thruster*



*Steerable
thruster*

Vessel orders



Source: Based on data from Clarkson Research Studies

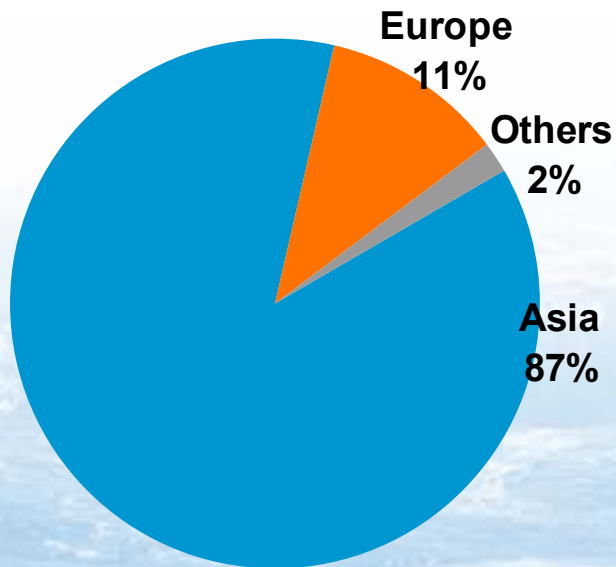
Note: Cargo vessels > 5,000 dwt

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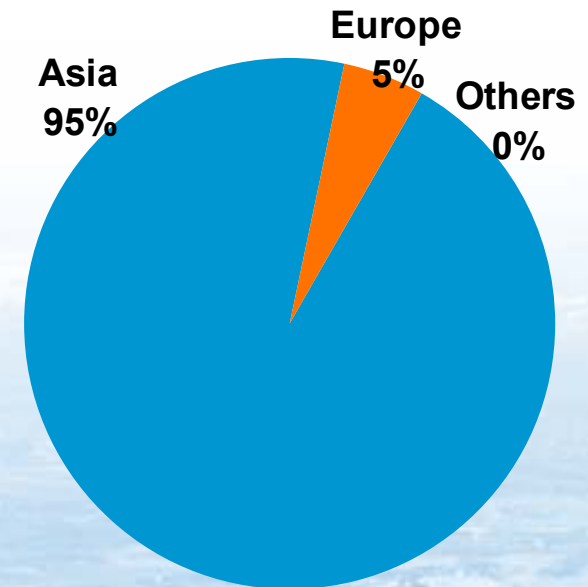
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Global market development

Vessel orders 2000



Vessel orders 2003

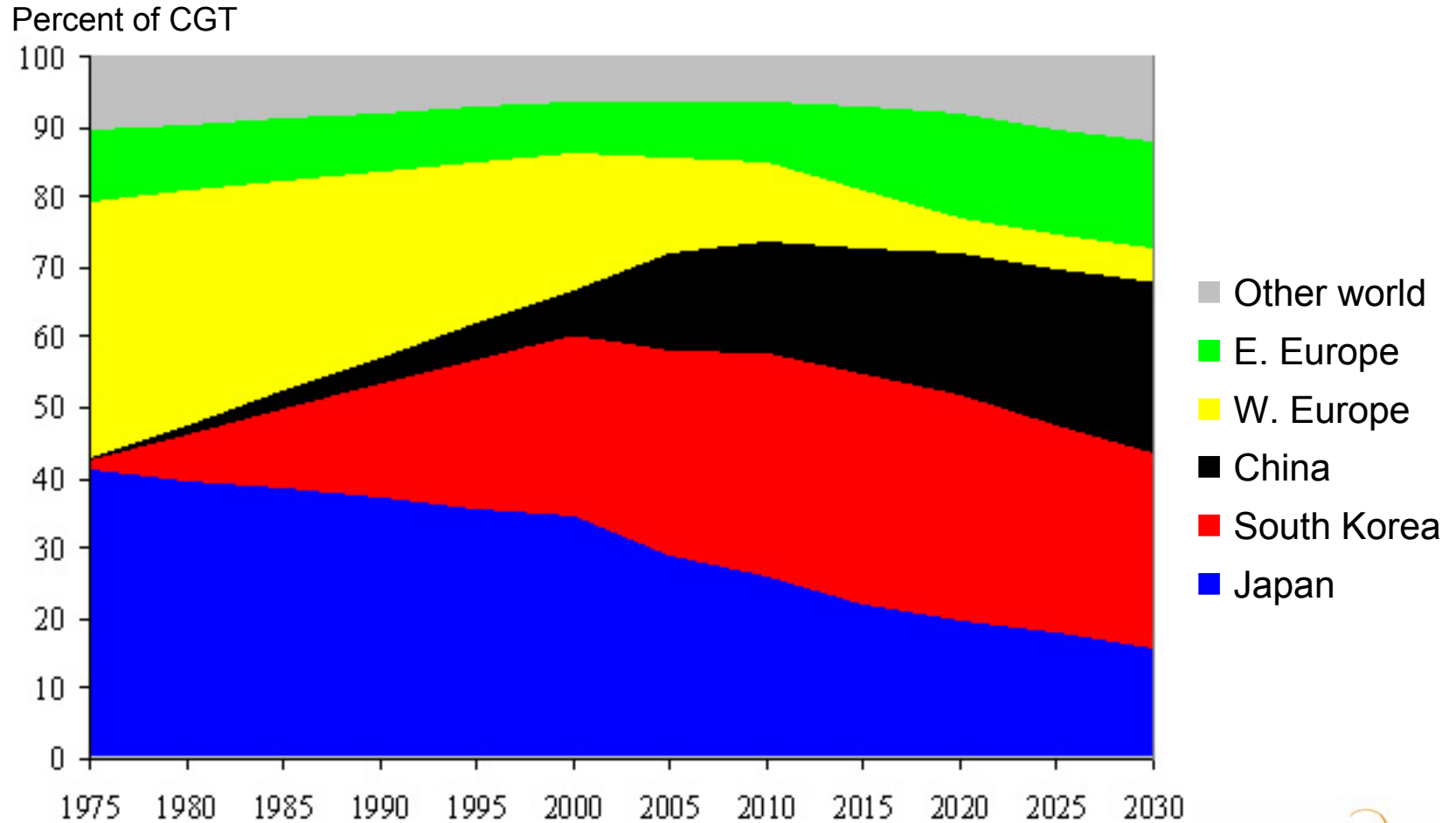


Vessel orders 2000 and 2003, Market share of dwt. Vessels > 100gt.
Source: Lloyd's Register-Fairplay, March 2004

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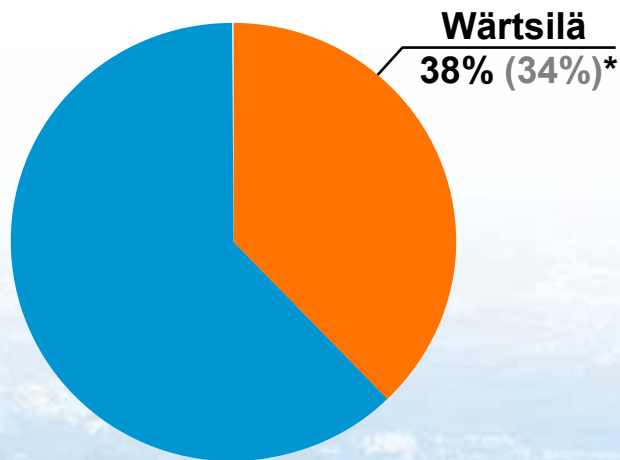
Market share by yard country

Long-term trends in market shares by yard country



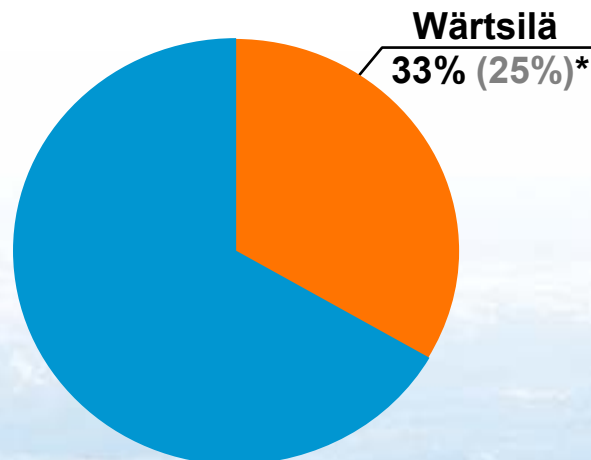
Wärtsilä's marine engine market position

Medium speed main engines



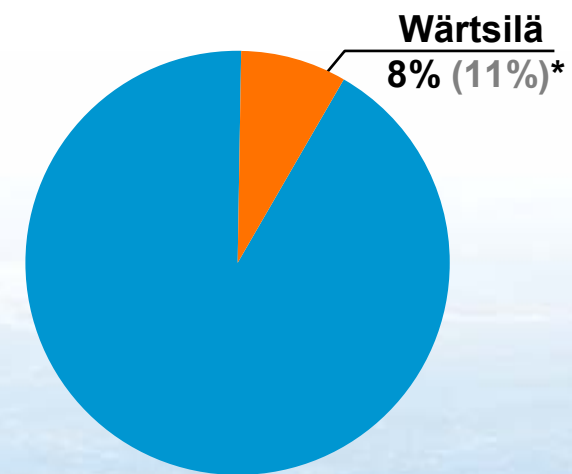
Total market volume:
3 182 MW *
(2 774 MW) *

Low speed main engines



Total market volume:
13 521 MW *
(7 521 MW) *

Auxiliary engines



Total market volume:
3 431 MW *
(2 842 MW) *

Medium speed main engines (includes Diesel Electric), orders June 02 – May. 03.
Note! Diesel engines and gas turbines > 0.5 MW. Figures between brackets indicate last year's results
* Estimate. Source: Diesel & Gas Turbine Worldwide - issue 11-03.

Wärtsilä and CSSC/CME joining forces

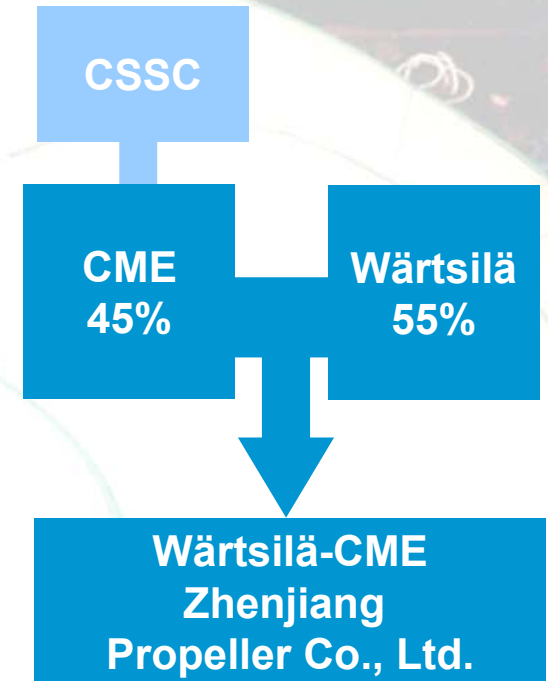
Wärtsilä-CME Zhenjiang Propeller Co., Ltd.

- one of the leading propeller manufacturers in China
- market share 35% in China
- well-known propeller brands Lips and Kaida

LIPS **FP PROPELLERS**

CSSC

- The leading shipbuilding group in China
- 14 shipyards



- For Wärtsilä, licensing brings the company close to its customers.
- This is of critical importance as the global hub of shipbuilding is gradually shifting to Asia.
- We have granted a license to sell, manufacture and service Sulzer low-speed, 2-stroke diesel engines to fourteen companies.
- The license rights are valid for a certain territory.

*Biggest Sulzer
12RTA96C
length: 23,2 m
width: 4,48 m
height: 13,52 m
weight: 2,050 tons
output: 68,640 kW*



*P&O Nedlloyd Southampton
6,690 TEU containership*



WÄRTSILÄ

Wärtsilä's licensees

H. Cegielski-Poznan, Poland

Zgoda, Poland

3.Maj, Croatia

Isotta Fraschini Motori, Italy

Hyundai, Korea
HSD Engine, Korea

Dalian, China
Yichang, China

Hudong, China

China Steel Machinery Corp, Taiwan

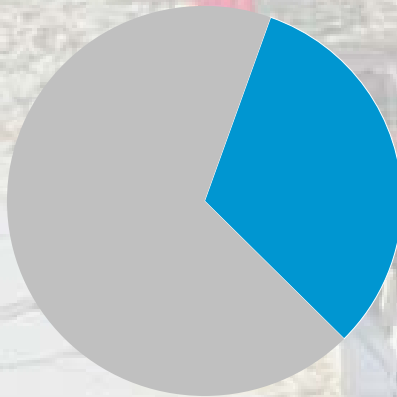
Hitachi Zosen, Japan

Diesel United, Japan

Mitsubishi, Japan

NKK, Japan

MEUR	2003	2002	Change
Net sales	686.1	772.9	-11.2%
Order intake	626.4	522.8	19.8%
Order book at end of the year	606.8	662.6	-8.4%



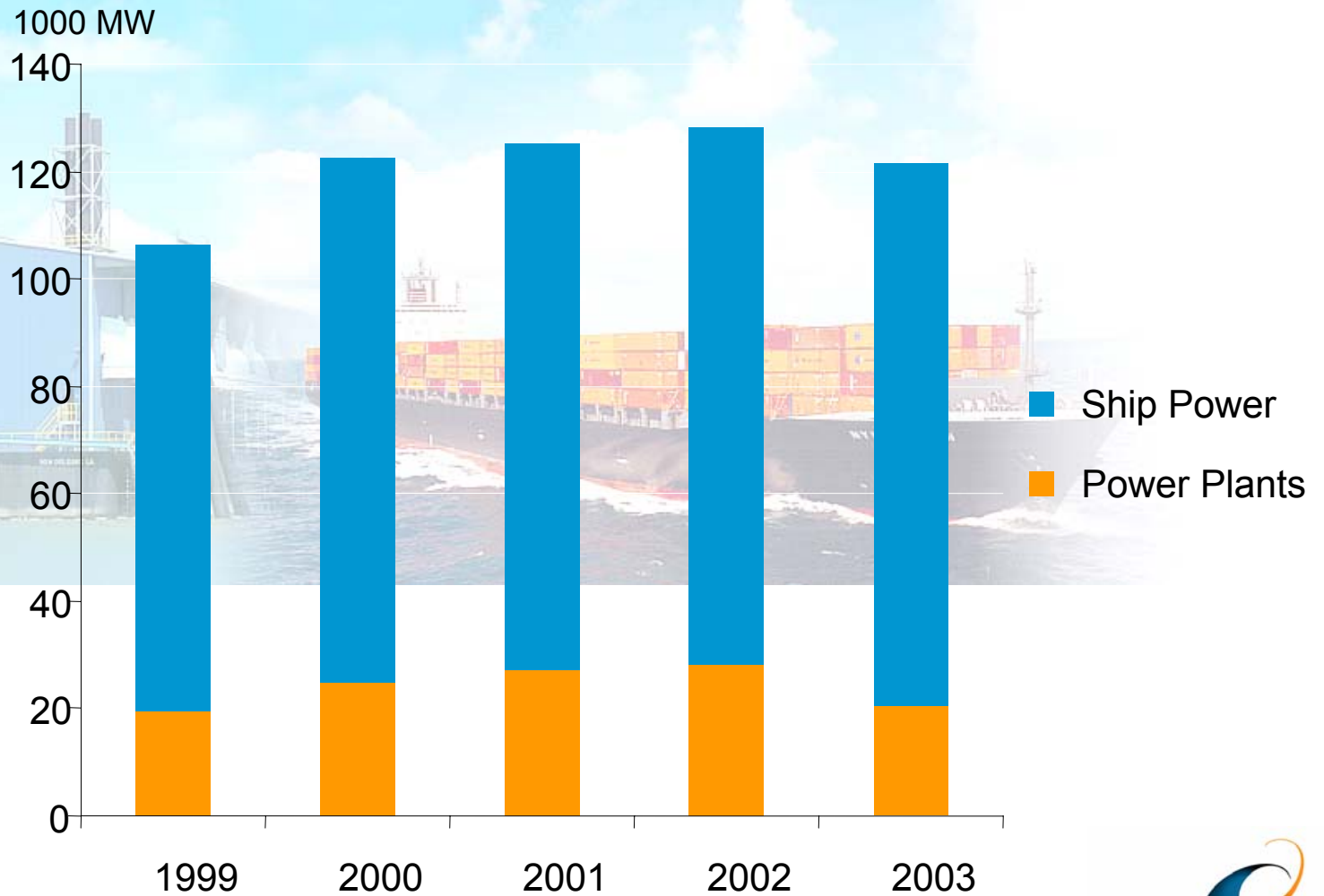
**Power Businesses,
net sales 2003
totally EUR 2,155.8 million.**

■ Ship Power 32%

Every third vessel has
Ship Power equipment
supplied by Wärtsilä.

Active engine base

Active engine base 130 GW



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.



Developing the service business – major trade routes

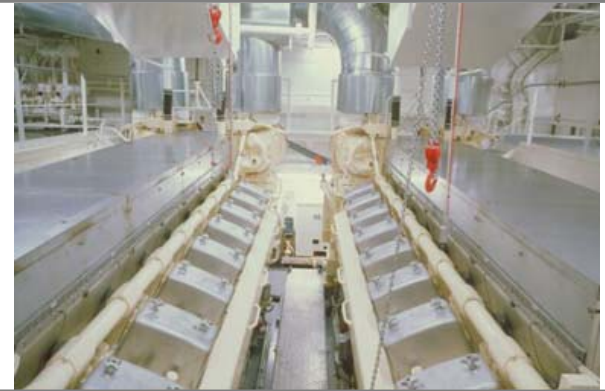
Five acquired and two Wärtsilä established CISERV companies since 2001.



The Total Service Supplier

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

	2003	2002	Change
Net sales, MEUR	885.5	843.4	5.0%
Personnel, end of year	5 993	5 644	6.2%
Long-term service agreements, MW	9,629	9,756	-1.3%
O&M (operations and maintenance) -agreements, MW	2,289	2,056	11.3%



**Power Businesses,
net sales 2003
totally EUR 2,155.8 million.**

■ Service 41%

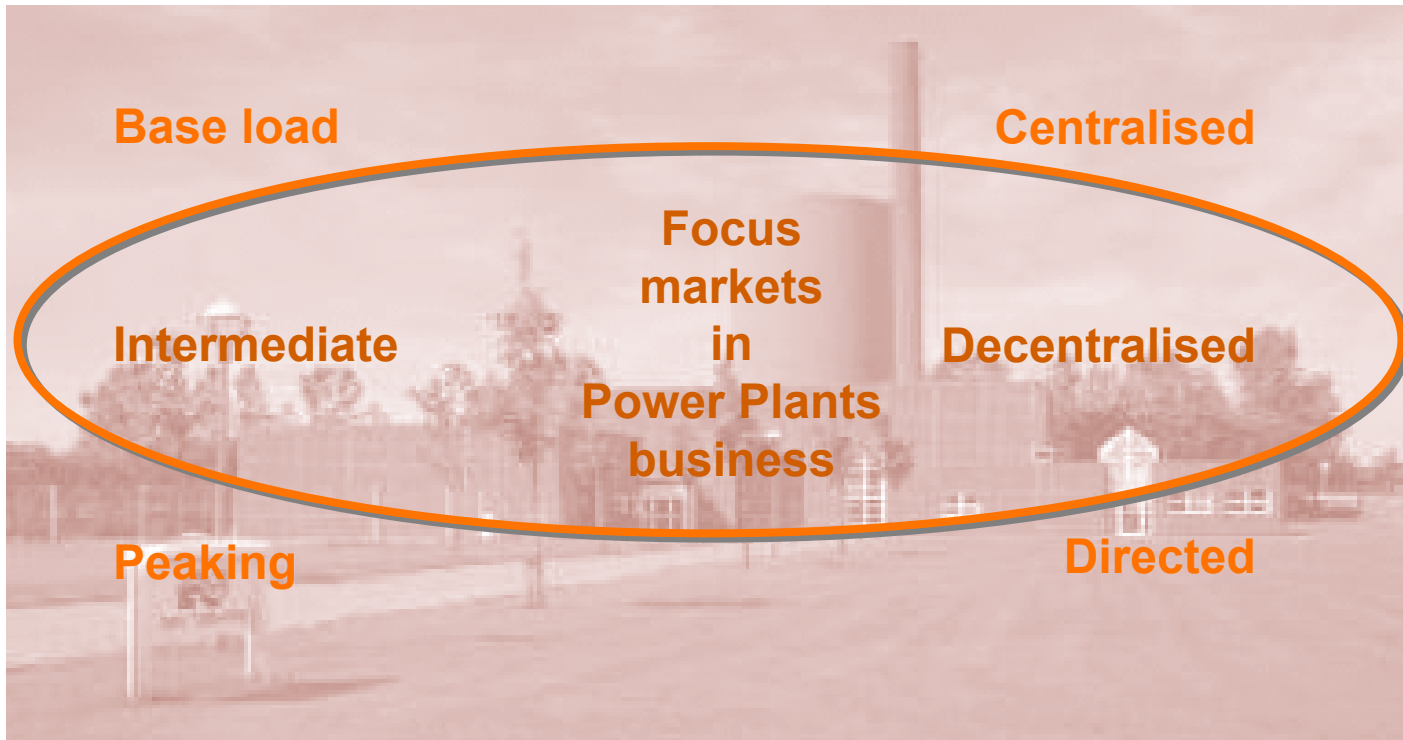
Wärtsilä is a leading supplier of power plants for decentralized power generation. We offer power plant solutions based on oil, gas and dual-fuel engines.



Wärtsilä's focus in Power Plants business

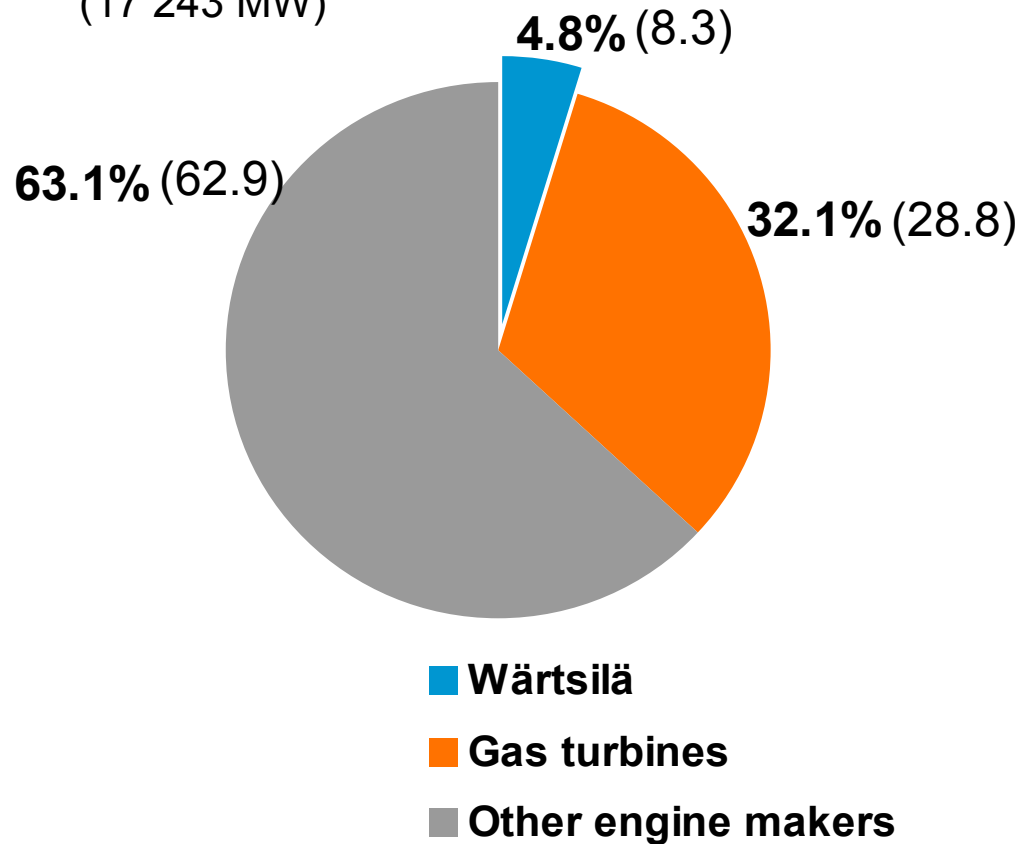
**Operational
perspective**

**Infrastructure
perspective**



Reciprocating engine and gas turbine orders to power plants

Total market: 17 096 MW
(17 243 MW)



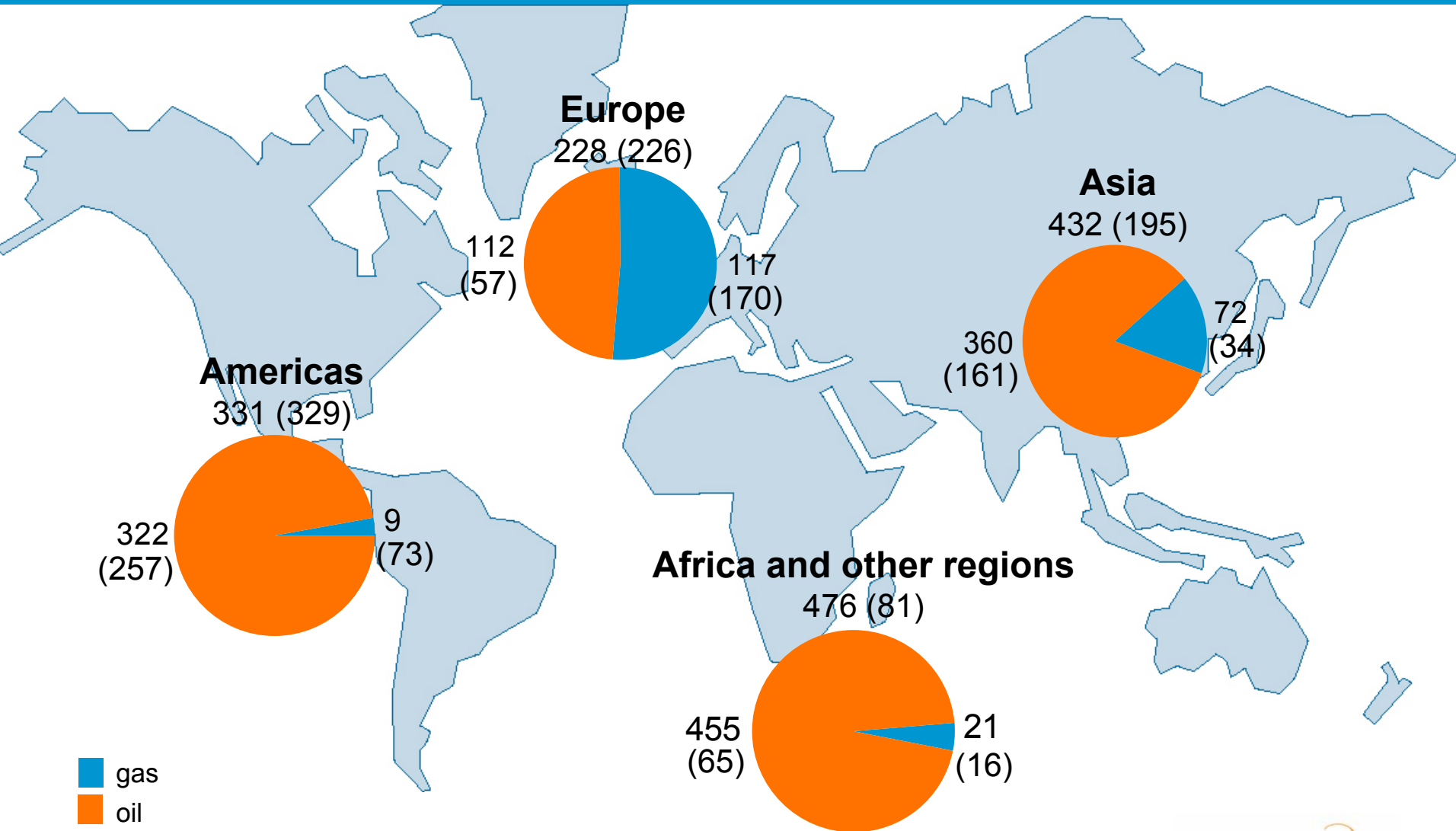
From June 02 to May 03.

Source: Diesel & Gas Turbine Worldwide, Wärtsilä
Figures between brackets indicate last year's results

Unit size: 1-60 MW

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Power Plants, order intake 2003: 1,468 MW (832)



Decentralised power production

Baseload power plants

Wärtsilä offers both stationary and floating baseload power plants with multifuel capability. High efficiency, low emissions and proven long-term reliability have made Wärtsilä the leader in the demanding 1-300 MW market segment.



Peaking/intermediate power plants

are designed to run parallel to the transmission grid when demand is at its highest. The power system is modularized in 3–15 MW units, for plants with outputs up to 200 MW.



Standby power plants

are designed for fast-track power outputs from 2 MW to 40 MW, marks the latest development in modern distributed power solutions.



Combined heat and power plants

The 3–100 MW CHP power plants incorporate both power generation and heat recovery, which raises the total plant efficiency up to 90%.



Flexible power generation

Mechanical drives

Wärtsilä Mechanical drives are based on proven Wärtsilä engines tuned to meet the special needs of gas compression and pumping 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 BioEnergy or BioPower plants, in the 3–25 MW_{th} 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.



MEUR	2003	2002	Change
Net sales	577.5	666.0	-13.3%
Order intake	639.3	427.9	49.4%
Order intake (MW)	1,468	832	76.4%
HFO	1,249	539	131.6%
gas	219	293	-25.2%
Biopower, MW _{th}	133	107	25.3%
Order book at the end of the year	357.2	255.2	40.0%



Power Businesses' net sales 2003 totally EUR 2,155.8 million.

■ Power Plants 27%

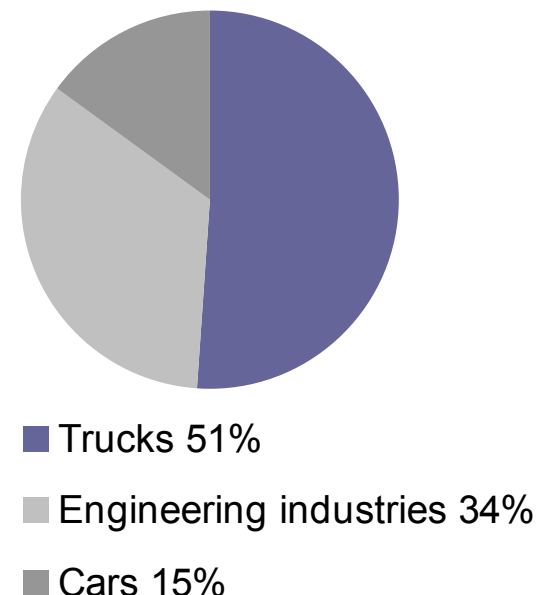


Special Steel and Forged Components

Modernization of the base metallurgical line at the Imatra Steel Works will further enhance product quality, strengthen competitiveness and raise the service capabilities of the Works.

Key figures, MEUR	2003	2002	Change
Net sales	202.7	200.4	1.2%
Operational EBIT	5.1	3.2	59.1%
% of net sales	2.5%	1.6%	
Operating profit	0.7	3.2	
% of net sales	0.3%	1.6%	

**Imatra Steel's
net sales by market
segment 2003**



- Wärtsilä owns 4.7% of Assa Abloy shares.
- Holding's market value
EUR 176.7 million (16 March 2004).
- Book value in group balance sheet
EUR 41.8 million.



Power Divisions

- Demand in traditional passenger ship and RoPax markets picking up
- Record demand in low-speed engine market expected to slow down
- Signs of recovery in power plant market
- Service will grow at last year's level. Unfavourable exchange rates will intensify pressure on prices.
- Impact of capacity reductions visible in 2005
- Net sales of Power Divisions will increase and operational profitability will slightly improve
- 7-8% operating margin target will be reached by end of 2005.

Imatra Steel

- Demand improves. Net sales will grow. Investments and streamlining measures will improve result.