



Wärtsilä Corporation

Corporate Presentation 2006

- Wärtsilä focuses on the ship power and energy markets with products and solutions as well as services.
- Lifetime support of installations through design, solutions, service, spare parts and operational support.
- Listed on the Helsinki Exchanges, headquarters in Helsinki, Finland.
- The company has more than 12,000 employees in 130 offices in over 60 countries around the globe.
- Market cap of approx. 2,9 billion euros (10.3.2006) and net sales for the financial year 2005 totaled EUR 2,638.8 million.

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.

Ship Power solutions

Growth through new products and increasing presence in Asia

SHIP
POWER

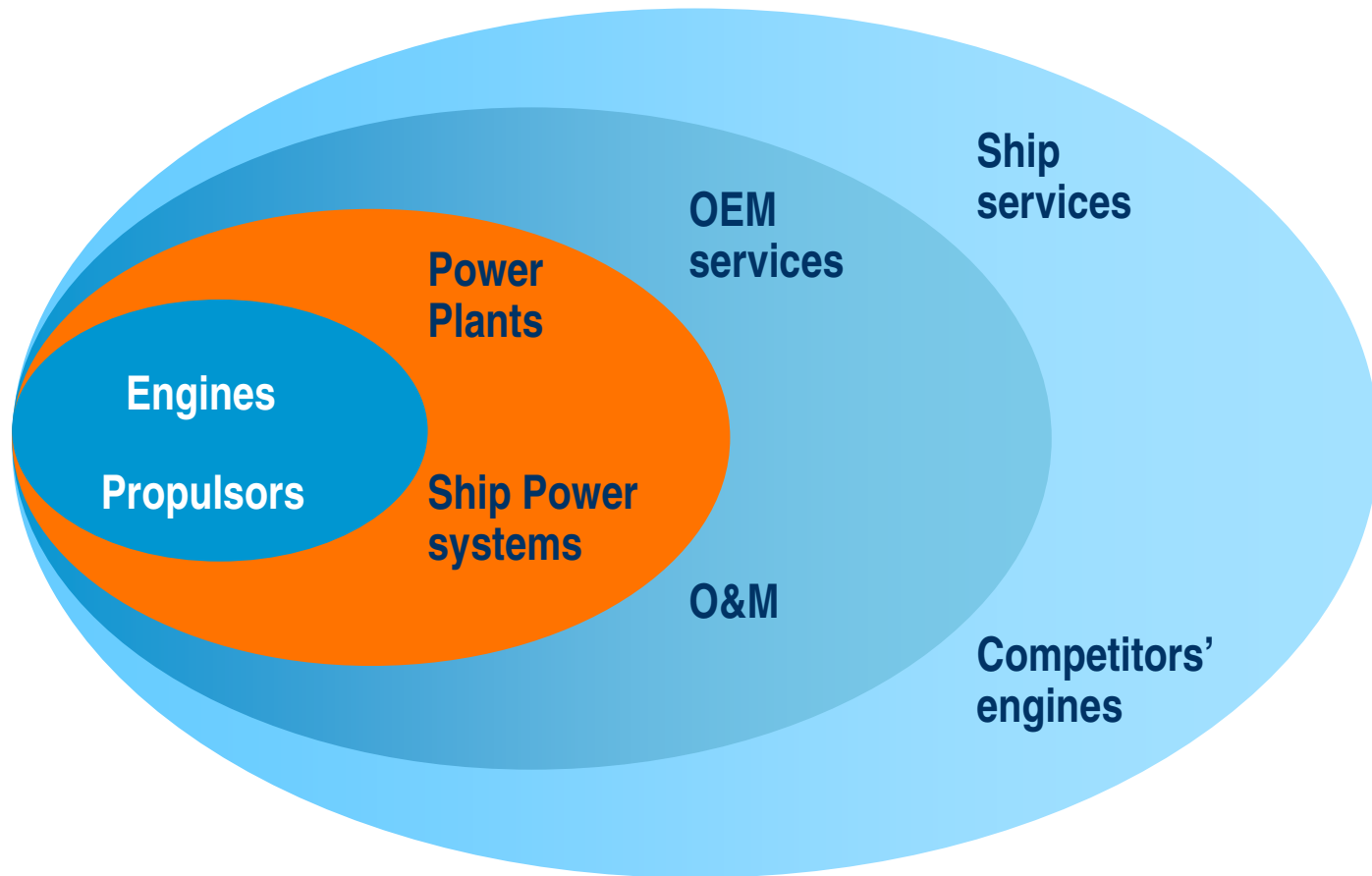
POWER
PLANTS

Power Plant solutions

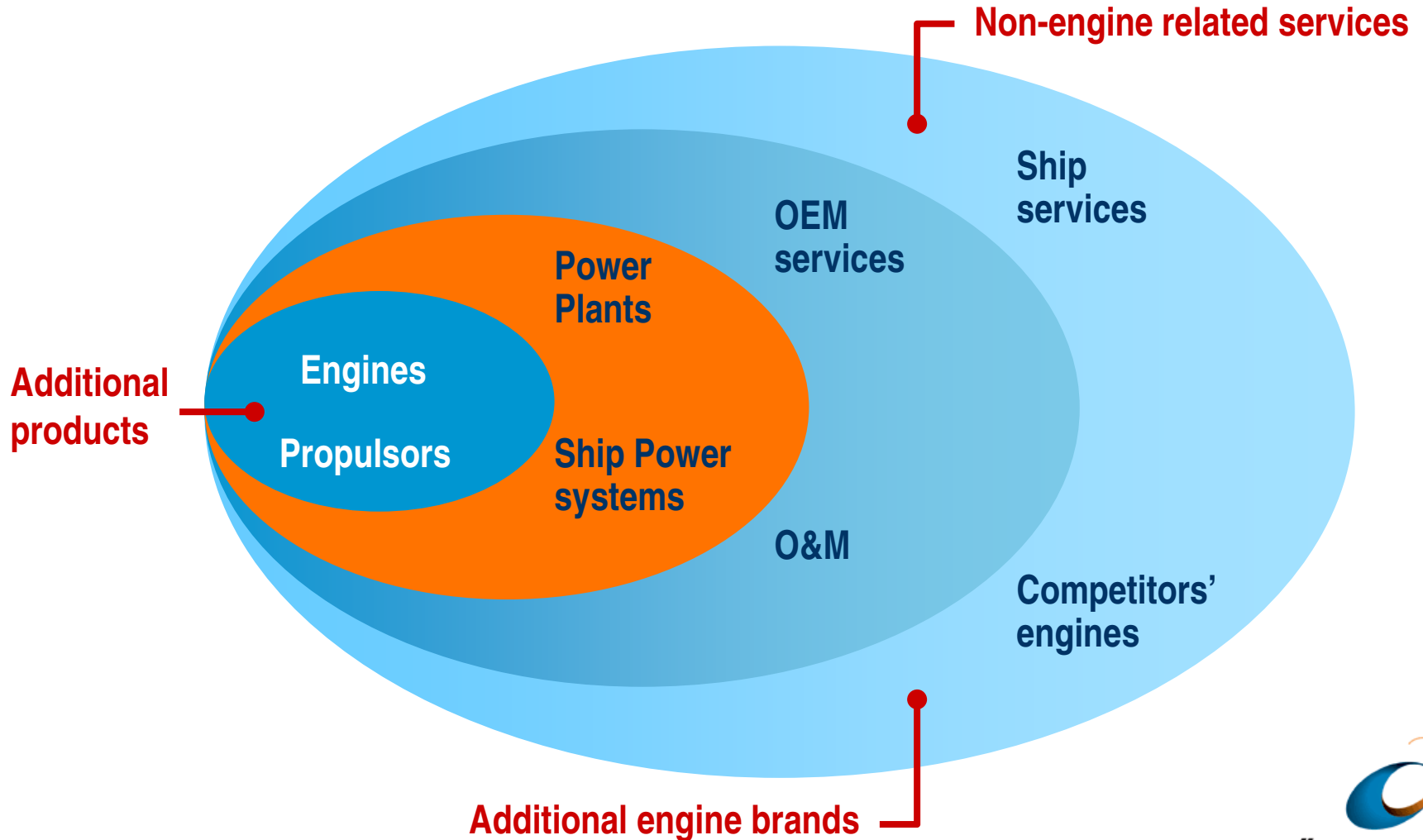
Stronger position in decentralized energy

SERVICES

We are in business to power your business



...and we are seeking growth beyond the organic growth



Energy

- Capture opportunities and make things happen

Excellence

- Do things better than anyone else in our industry

Excitement

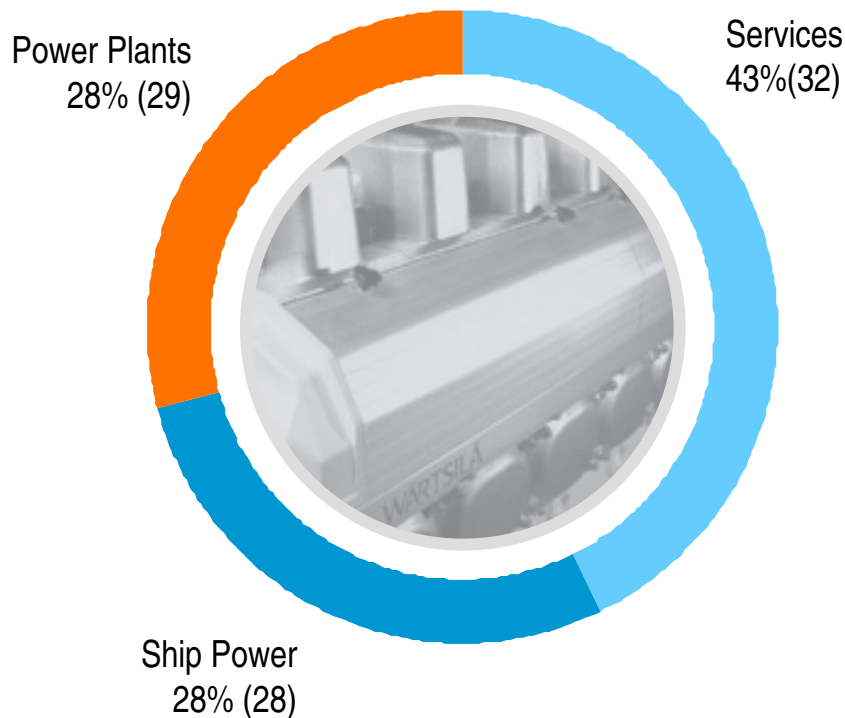
- Foster openness, respect and trust to create excitement



- 1834** Wärtsilä is established in the municipality of Tohmajärvi, Finland.
- 1898** The sawmill and iron works company is renamed Wärtsilä Ab.
- 1936** Wärtsilä acquires the Onkilahti engineering workshop in Vaasa, Finland.
- 1938** Wärtsilä signs a licence agreement and the first diesel engine sees the light of day in Turku, Finland 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 quoted on the London stock exchange.
- 1988** A company is set up in India and floated on the Bombay stock exchange. A factory for assembly of diesel engines is built in Khopoli.
- 1989** Wärtsilä Diesel acquires SACM and Stork Werkspoor B.V. This company is renamed Stork-Wärtsilä Diesel B.V.
- 1990** Wärtsilä merged into Lohja Corporation, later renamed Metra Corporation.

- 1991** Imatra Steel is created when Ovako AB is split up between its owners, Metra and SKF.
- 1995** Wärtsilä Diesel and Cummins Engine Company Inc. set up a joint venture.
- 1997** Wärtsilä NSD Corporation is created.
- 1999** The split-up of the Cummins-Wärtsilä joint venture.
- 2000** Wärtsilä NSD and John Crane-Lips sign an alliance. Metra group renamed as Wärtsilä Corporation.
- 2001** Wärtsilä sells its holding in Sanitec. Wärtsilä takes ownership of service company Ciserv AB and Sermet Oy.
- 2002** The Ciserv-group expands. Wärtsilä acquires John Crane-Lips, which operates within Wärtsilä under the name Wärtsilä Propulsion.
- 2003** Wärtsilä and Volvo Penta to cooperate.
- 2004** Wärtsilä's Chinese propeller company starts production.
- 2005** Wärtsilä acquires DEUTZ- marine engine service business.

Net sales by business 2005



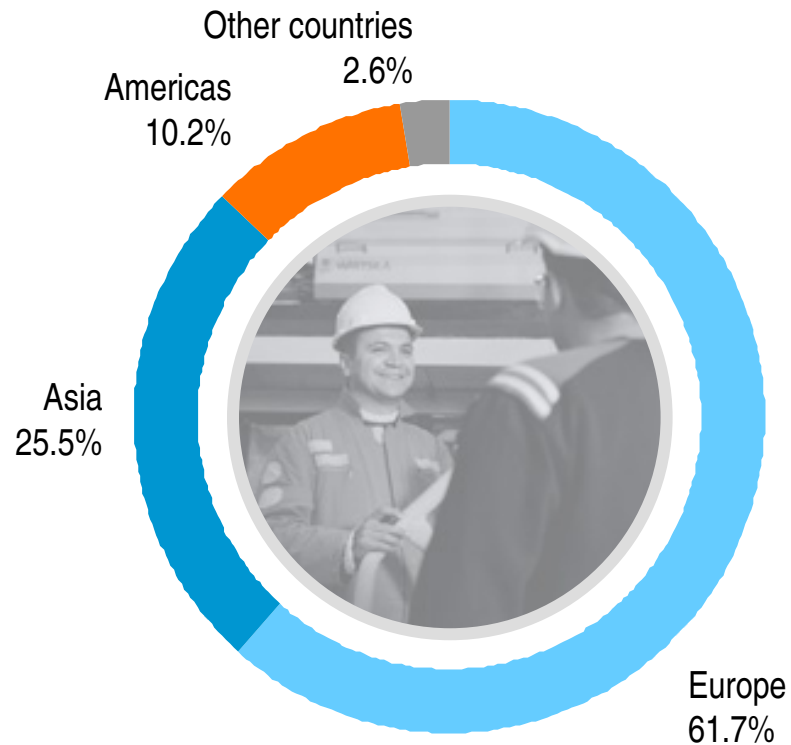
			2005	2004
MEUR	Power Businesses	Imatra Steel	Group	Group
Net sales	2,520.3	119.1	2,638.8	2,478.2
EBITA	202.5	21.8	224.3	112.0
% of net sales	8.0%	18.3%	8.5%	4.5%
Profit before taxes			212.4	217.3
EPS (EUR)			1.80	1.42

Wärtsilä's worldwide network

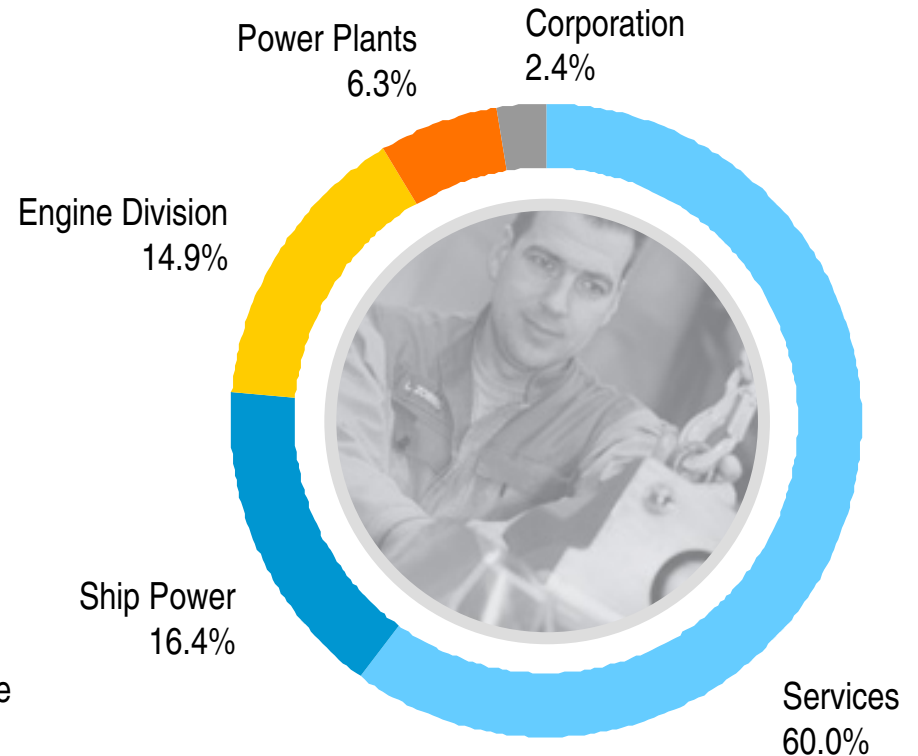
Wärtsilä is close to its customers through subsidiaries in roughly 60 countries.



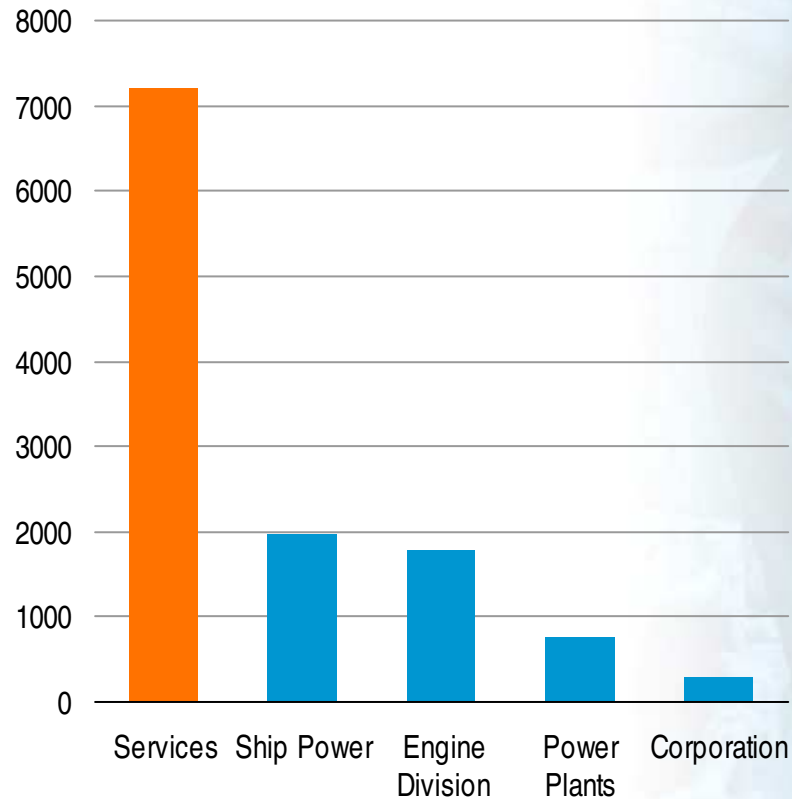
Personnel by market area



Personnel by business



Total **12,008** at 31.12.2005



Total wage and salary costs in 2005
EUR 540.0 million

- Wärtsilä's target is technology leadership in reliability, operating economy, automation and environmental technologies.
- For customers this means fewer upgrades, better control over business and investments, and lower risks.
- R&D focus areas;
 - Continuous development of new engine versions
 - Total system design
 - Integration
 - Automation
- Partnering with research institutes and other companies (e.g. Mitsubishi Heavy Industries, Hyundai Heavy Industries).



Wärtsilä sustainability

Wärtsilä's stakeholders

Values:

Energy

Excellence

Excitement

Continuous improvement and reporting

Financial responsibility

- Profitable, competitive and efficient business operations
- Creation of financial value added to direct stakeholders
- Greater well-being in local communities

Environmental responsibility

- Sustainable use of natural resources
- Prevention of pollution
- Environmentally sound products and services
- Certified environmental management systems

Social responsibility

- Responsible corporate citizenship
- Well-being at work and personnel development
- Safe working environment
- Product safety

Principles:

Operating principles

Corporate policies

Corporate manual

Wärtsilä's sustainable development programs

Wärtsiläs Vision, Mission, Strategy ad Goals



Wärtsilä Ship Power

Wärtsilä provides ship machinery, propulsion and maneuvering solutions for builders, owners and operators of all types of marine vessels and offshore applications.

Wärtsilä contributes to optimizing the customers business by providing solutions over the lifecycle of the installation from design to construction and operation.

Markets in 2005

- The good demand in the shipbuilding industry continued
- High activity level in offshore, passenger and RoPax vessels and LNG
- Trend from large to smaller containerships
- Decrease in order volume for tankers and bulk carriers

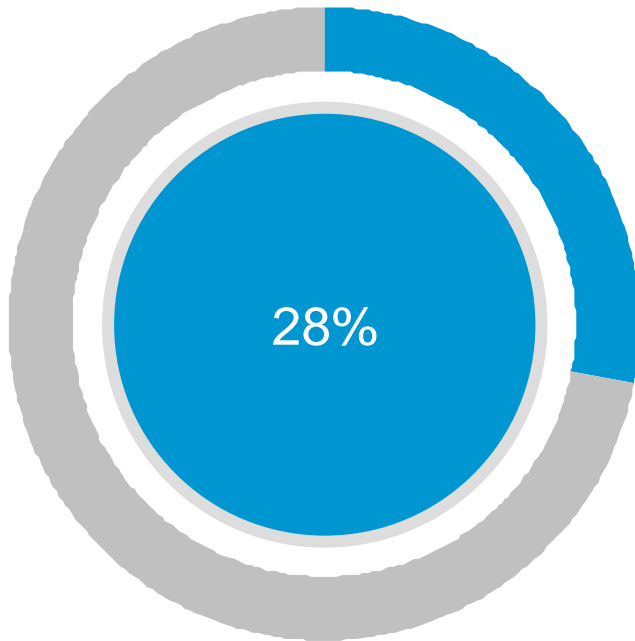
Market outlook for 2006

- Demand remains strong, however uncertainty in general shipbuilding market increases
- Active segments are offshore, LNG and cruise & ferry

MEUR	2005	2004	Change
Net sales	710.3	631.2	12.5%
Order intake	1,545.3	836.7	84.7%
Order book*	1,658.5	812.7	104.1%

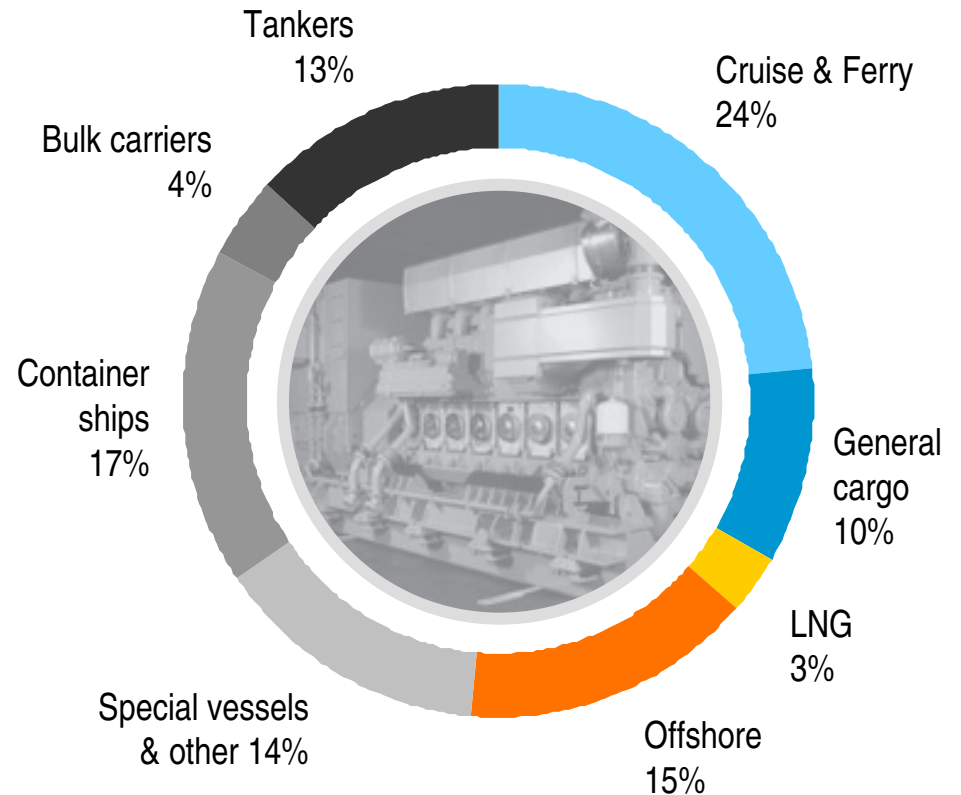
* End of period

Ship Power net sales



of Power Businesses net sales

Ship Power net sales per segment



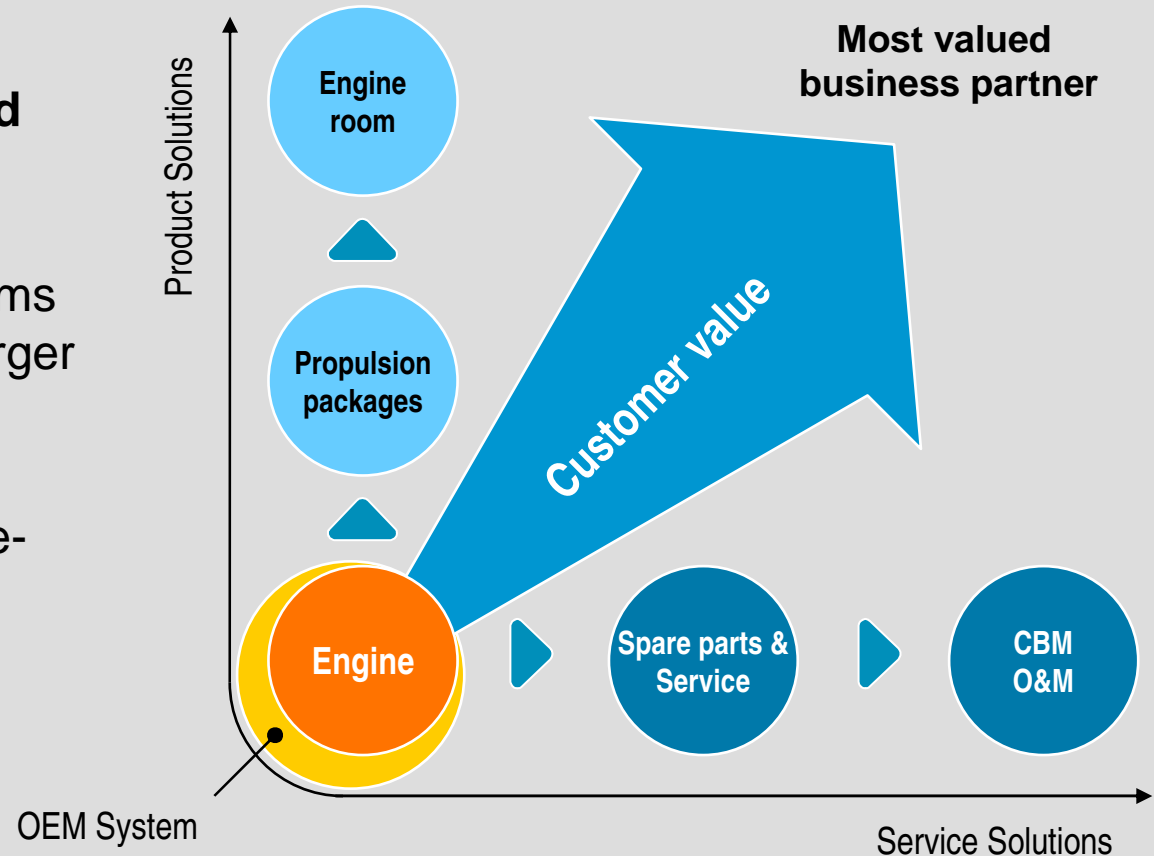
Maintain leading position and grow further by:

- Broadening the product offering through organic growth, partnerships and acquisitions.
- Focus on product technology leadership and a broad service offering.
- Increase capabilities in automation, electronics and ship design.
- Strengthen presence in key geographical markets.



Strategic steps to expand the market offering and create customer value:

- Integration of sub-systems and components into larger power solutions.
- Value-in-use service solutions that reduce life-cycle operation costs.



Product areas

- 2-stroke
- 4-stroke
- Propulsion
- Solutions

Related services

- Design
- Engineering
- Project management
- Commissioning
- Lifetime support



- The world economy, trade and needed transport capacity drive shipping and shipbuilding demand.
- Wärtsilä market driver is the global demand for new vessels which are based on seaborne transportation, offshore oil exploration and support, cruise and ferry demand as well as naval contracting.
- The demand for new vessels is also affected by shipyard capacity, ship prices, scrapping, oil prices, interest rates, freight rates and environmental aspects.



Ship owners and operators

Lowest operating costs over the lifetime of the vessel.

- Reliability
- Availability
- Life-cycle costs
- 2nd hand value
- Relationships
- Operational support
- Ease of maintenance

Reliable, operationally economical and environmentally sound solutions.

Shipbuilders

Build vessels that meet the owners' requirements at the lowest cost.

- Price
- On-time delivery
- Engineering
- Project management
- Documentation
- Local support
- Ease of installation
- Standardization

Cost competitive, easy-to-assemble and on-time deliveries.

Market segments

Seaborne transportation



Offshore oil exploration and support



Cruise and ferry



Naval and governmental



Special vessels





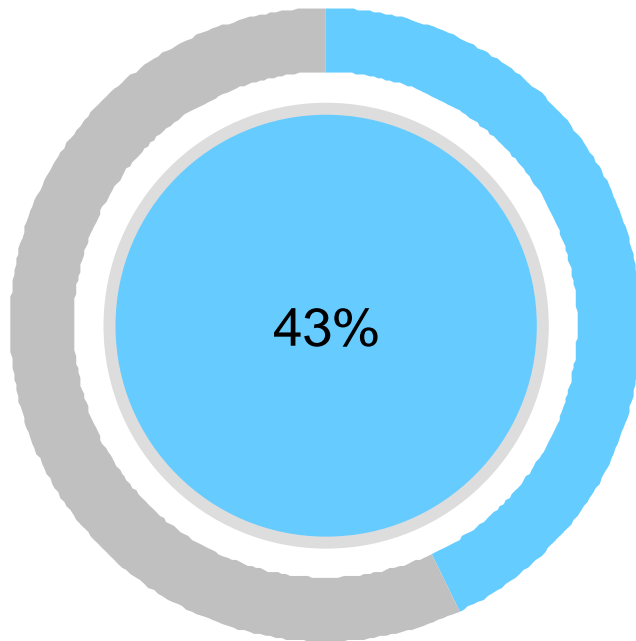
Wärtsilä Services

Services continuously develop innovative products and services for all our markets and all Wärtsilä engine types and power systems.

We also provide services for other makes of equipment on board vessels as well as comprehensive ship service in key ports.

Our Services deliver efficiency solutions for an installation throughout its lifecycle.

Services net sales



of Power Businesses net sales

MEUR	2005	2004	Change
Net sales	1,093.1	936.8	16.7%
Personnel*	7,200	6,378	12.9%

Our wide range of Services provides innovative solutions that optimize the lifecycle efficiency of installed equipment.

Installed base of 150 GW

Services business net sales 1,093 million euros

Global service network with 7,200 employees

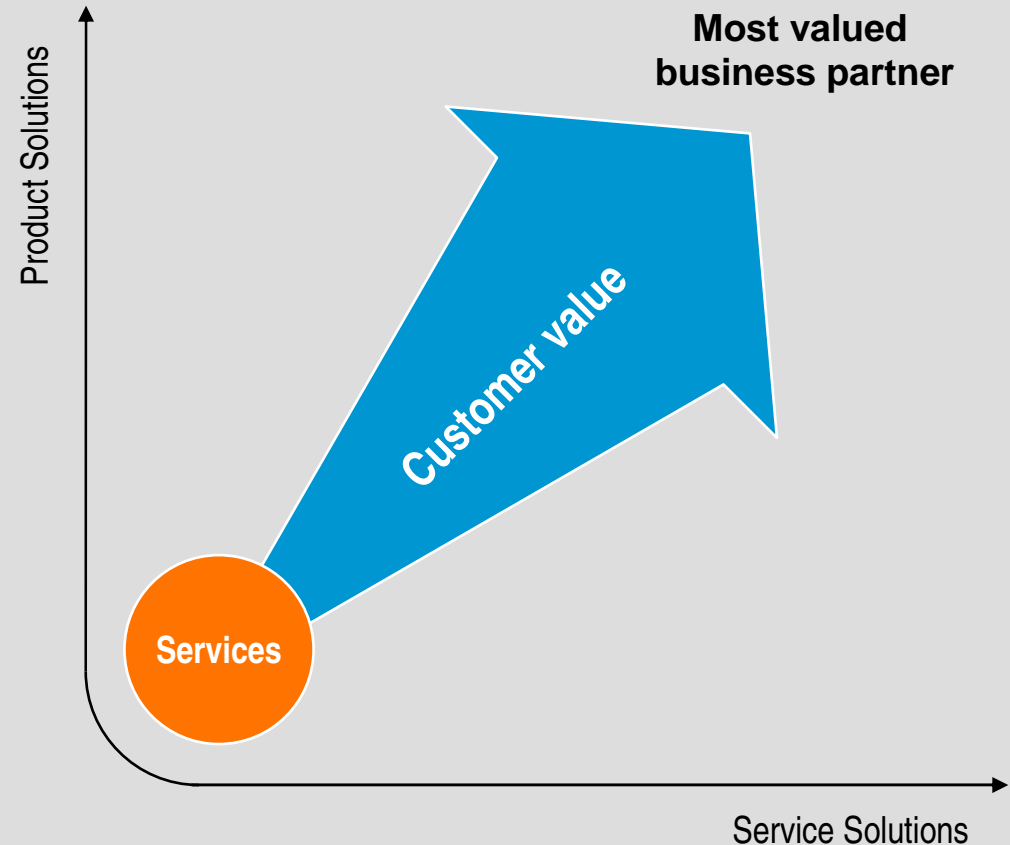
* End of period

Maintain leading position and grow further by:

- Developing the customer base, the service scope, and through strategic acquisitions.
- Dual approach where the service business expands within the installed engine base as well as moving into new markets outside the traditional marine/power segments.

Strategic steps to expand the market offering and create customer value:

- Broadening scope of support and services worldwide.
- State-of-the-art service products and tailored solutions.
- Continuous development of human capital.



Service categories

- Spare parts
- O&M support
- Field service
- Technical support
- Performance optimizers
- Environmental solutions
- CBM
- Training
- Online services



- Lifecycle efficiency focusing on availability, reliability and economy of equipment and installations.
- Environment, operational and equipment performance.
- Operations and management outsourcing.



Total Service

- for all Ship Power and Power Plants segments and customers

Service market is primarily

- Wärtsilä's installed (OEM) engine base

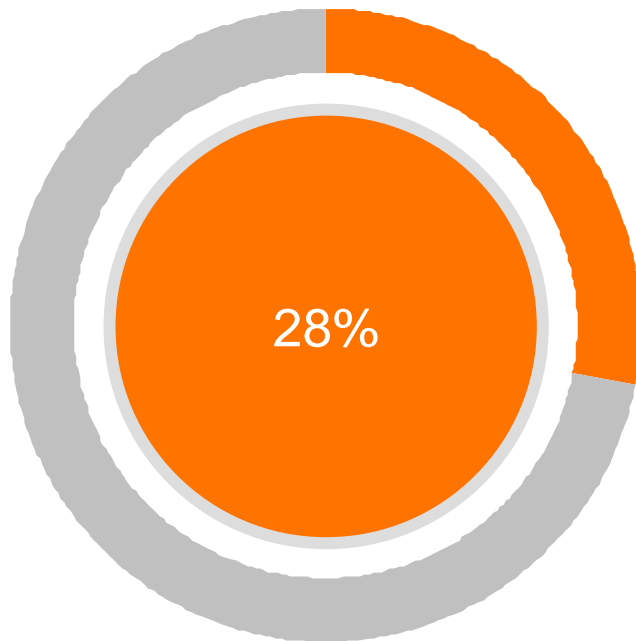


Wärtsilä Power Plants

Wärtsilä is a leading supplier of power plants for the decentralized power generation market. Wärtsilä offers power plant solutions based on oil, gas and dual-fuel engines, as well as biomass-fuelled heat and power plants.

At the end of 2005 Wärtsilä had delivered a total of 34,000 MW_e of base and intermediate load Power plants in the power range of 1-300 MW_e.

Power Plants net sales



of Power Businesses net sales

MEUR	2005	2004	Change
Net sales	710.3	651.9	9.0%
Order intake	865.2	1,019.5	-15.1%
Order book*	943.9	752.4	25.5%

Markets in 2005

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

Market outlook for 2006

- The power plant market continues to be globally active
- Demand remains stable for HFO market and growing demand for gas

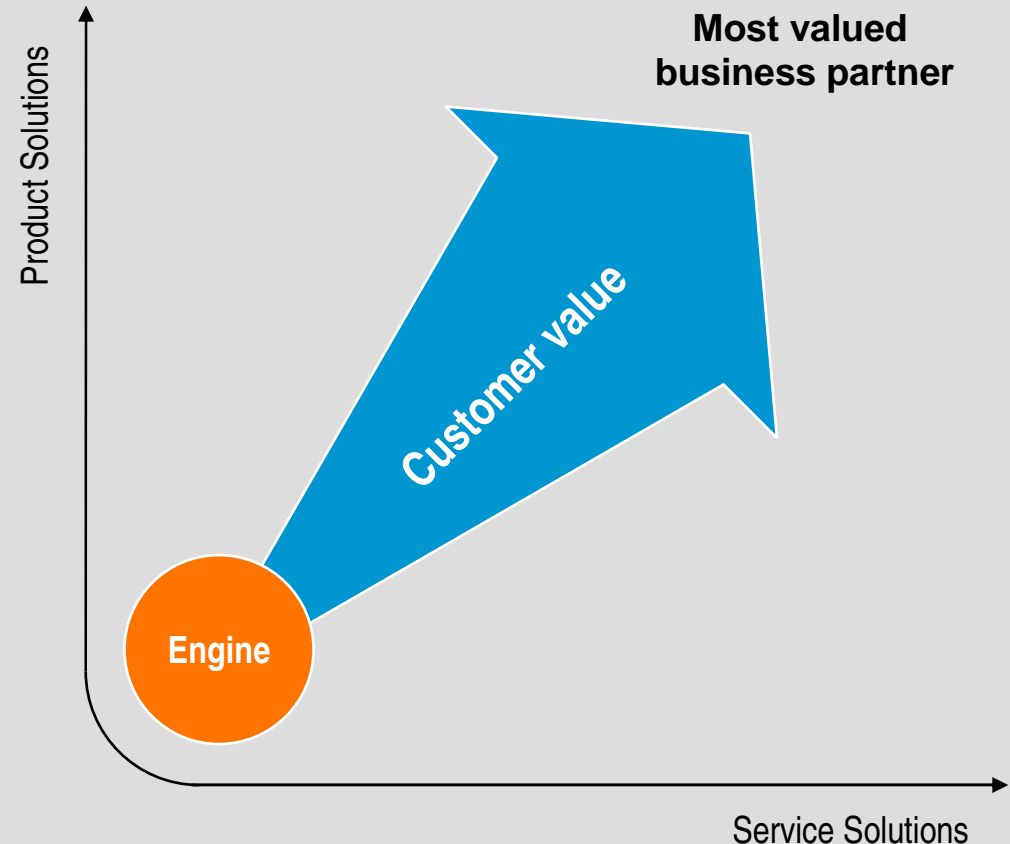
* End of period

- Maintain leading position in the heavy fuel oil market segment by active market monitoring through the global network
- Look for growth in:
 - the gas power plant segment in developing countries
 - Wärtsilä's well known home markets
 - gas infrastructure grows rapidly
 - the western world peaking/ancillary services power plant applications
 - Wärtsilä's gas power plant dynamic parameters make a real difference
 - the oil and gas industry
 - the industry is booming and investing
 - Wärtsilä's product portfolio meets most pumping, compression and power plant application needs
 - biopower sector in Europe



Strategic steps to expand the market offering and create customer value:

- Serving markets with new as well as conversions of existing oil power plants into gas power plants.
- Focusing on the biopower sector in Europe, which has clear potential for growth.
- Focusing on value creation and first-time quality.



Product areas

- Oil power plants
- Gas power plants
- Combined heat & power plants
- Oil & gas applications
- Biopower (bio-oil & biomass)

Related services

- Spare parts
- Maintenance
- Remote condition monitoring
- Long-term operation of power plants



- Strong growth in world economy boosts need for electricity.
- Oil price rises and tightening environmental norms favor high-efficiency products.
- Electricity consumption growth rates fairly high in developing world – demand steady in HFO market largely dominated by Wärtsilä.
- Oil and gas industry investments in LNG, vessels and terminals and gas pipelines lead to demand turning towards gas also in developing countries.

Energy Production (Electricity & Heat)

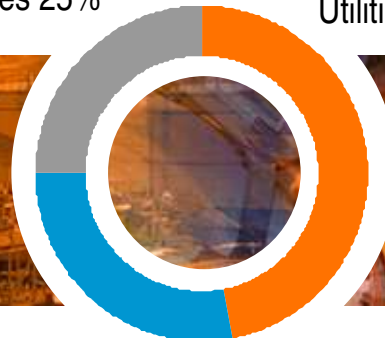
- IPP/Utility/Municipality
 - Core business
 - Profitability
 - ROI
 - Availability
 - Support
 - Performance - Long-term

Industrial Manufacturing (Cement, Paper, etc.)

- Industry
 - Non-core business
 - Savings
 - Profitability
 - Reliability
 - Peace of Mind
 - Response time

Industries 25%

Utilities 47%



IPP's 28%



Market segments



Oil power plants

Heavy fuel oil fired
base load power
plants
1...300 MW



Gas power plants

Power plants
fired by gas
4...150 MW



Combined heat & power plants

1...100 MW
(CHP) plants



Oil & Gas applications

Solutions for field
power generation
and oil/gas pumping
Most fuel oils,
including crude oil,
natural gas and
associated gases,
also dual-fuel



Biopower

Main fuel is wet
northern wood
based solid
biomass
BioPower plants
1...5 MWe
electricity
1...17 MWth heat

OVAKO

- The new company started its operations on the 10th of May 2005. Wärtsilä's ownership in the company is 26.5%.
- The holding was accounted for as an associated company from 1st of May 2005. 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.
- In March 2006 Wärtsilä announced that it is looking at strategic options, which might include total or partial divestment of the holding.

ASSA ABLOY

- Wärtsilä owns 4.7% of Assa Abloy shares.
- The holding's market value EUR 229.9 million (31st December 2005).

- 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!



WÄRTSILÄ