

WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY- SEPTEMBER 2007

OLE JOHANSSON, PRESIDENT & CEO

30 OCTOBER 2007

Highlights



- Good demand continues in main markets
- Net sales growing 22%
- Profitability further improving
- Strong cash flow

Key figures

MEUR	Q3/07	Q3/06	1-9/07	1-9/06	2006
Order intake	1 514	1 090	4 039	3 304	4 621
Order book			6 162	4 108	4 439
Net sales	933	767	2 491	2 204	3 190
Operating result	96	56	233	162	262
% of net sales	10.3	7.3	9.3	7.4	8.2
Profit before taxes	95	58 ¹	227	163 ²	255 ³
Earnings/share, EUR	0.71	0.40 ¹	1.69	1.42 ²	2.03 ³
Cash flow from operating activities			299	172	302
Gross capital Expenditure			172	142	193

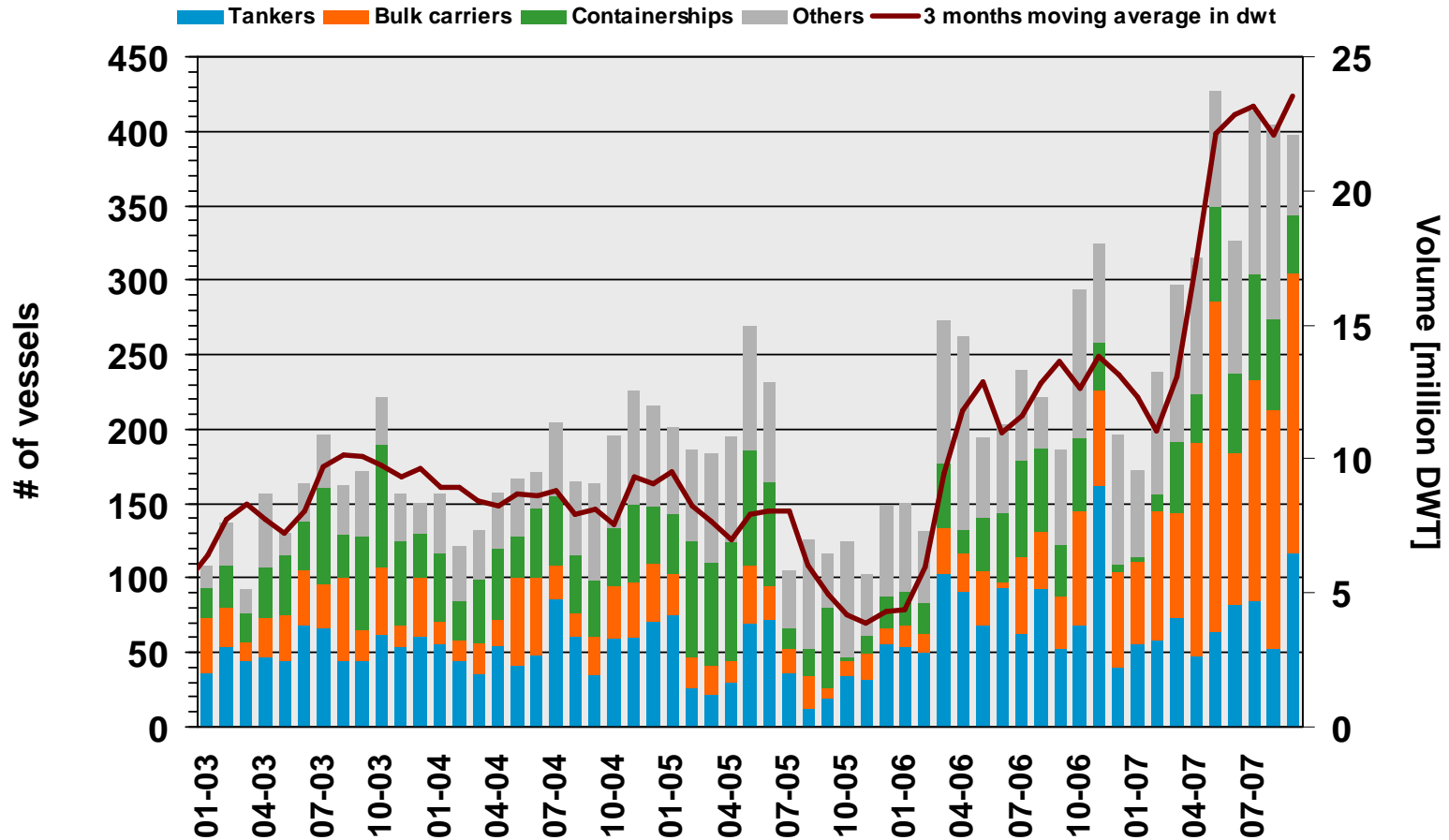
1 For comparability reasons the 7-9/2006 figure does not include Wärtsilä's share of Ovako's profit after taxes, EUR 3 million.

2 For comparability reasons the 1-9/2006 figure does not include Wärtsilä's share of Ovako's profit after taxes, EUR 18 million, and the capital gain of EUR 124 million from the sale of Assa Abloy B shares.

3 For comparability reasons the 2006 figure does not include Wärtsilä's share of Ovako's profit after taxes, EUR 67 million, and the capital gain of EUR 124 million from the sale of Assa Abloy B shares.

Market development - Ship Power

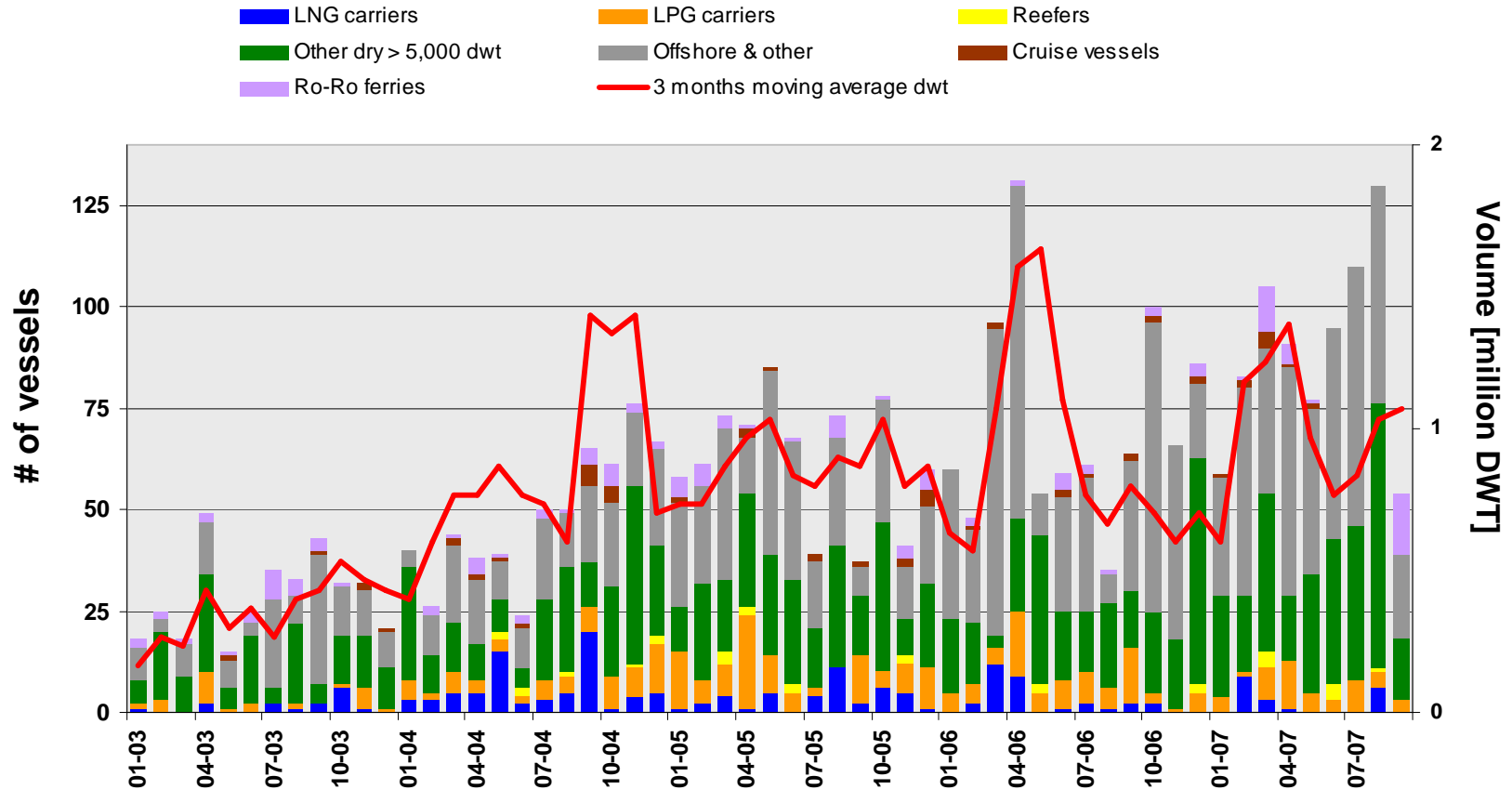
Vessel orders



Source: Based on data from Clarkson Research Studies

Market development - Ship Power

Vessel orders - other vessels

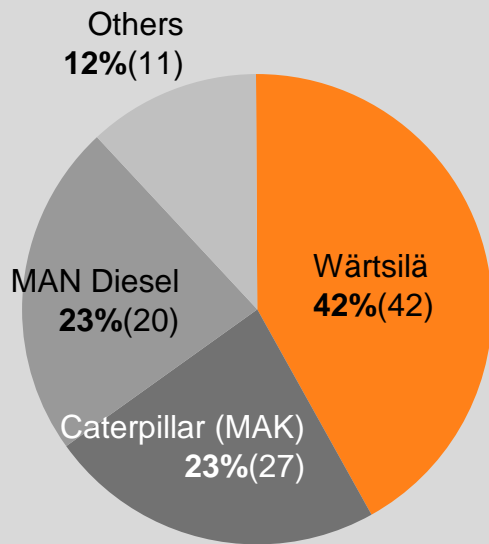


Source: Based on data from Clarkson Research Studies

Market development - Ship Power

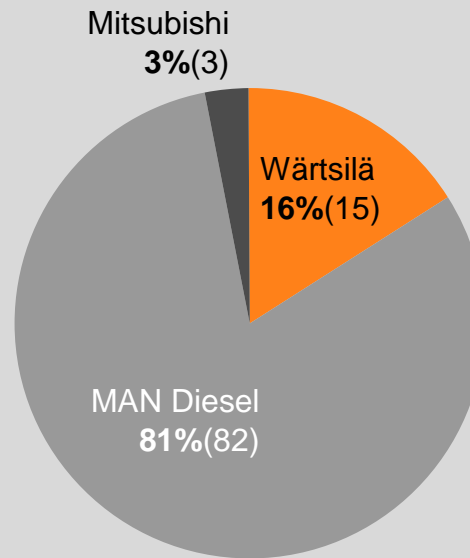
Market position of Wärtsilä's marine engines Q3/2007

Medium-speed main engines



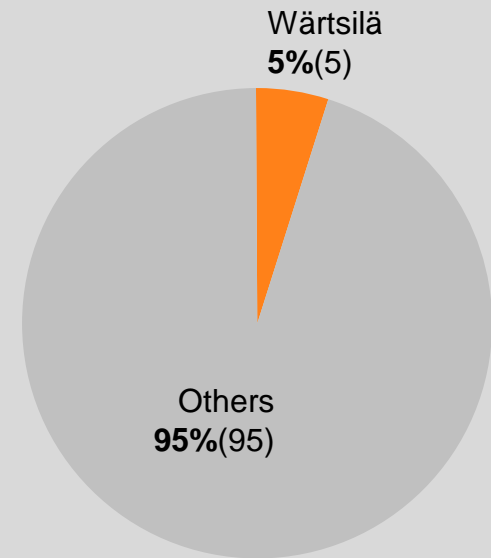
Total market volume last 12 months:
8 700 MW (9 400)

Low-speed main engines



Total market volume last 12 months:
34 100 MW (29 400)

Auxiliary engines



Total market volume last 12 months:
8 200 MW (9 000)

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.

Market development - Power Plants

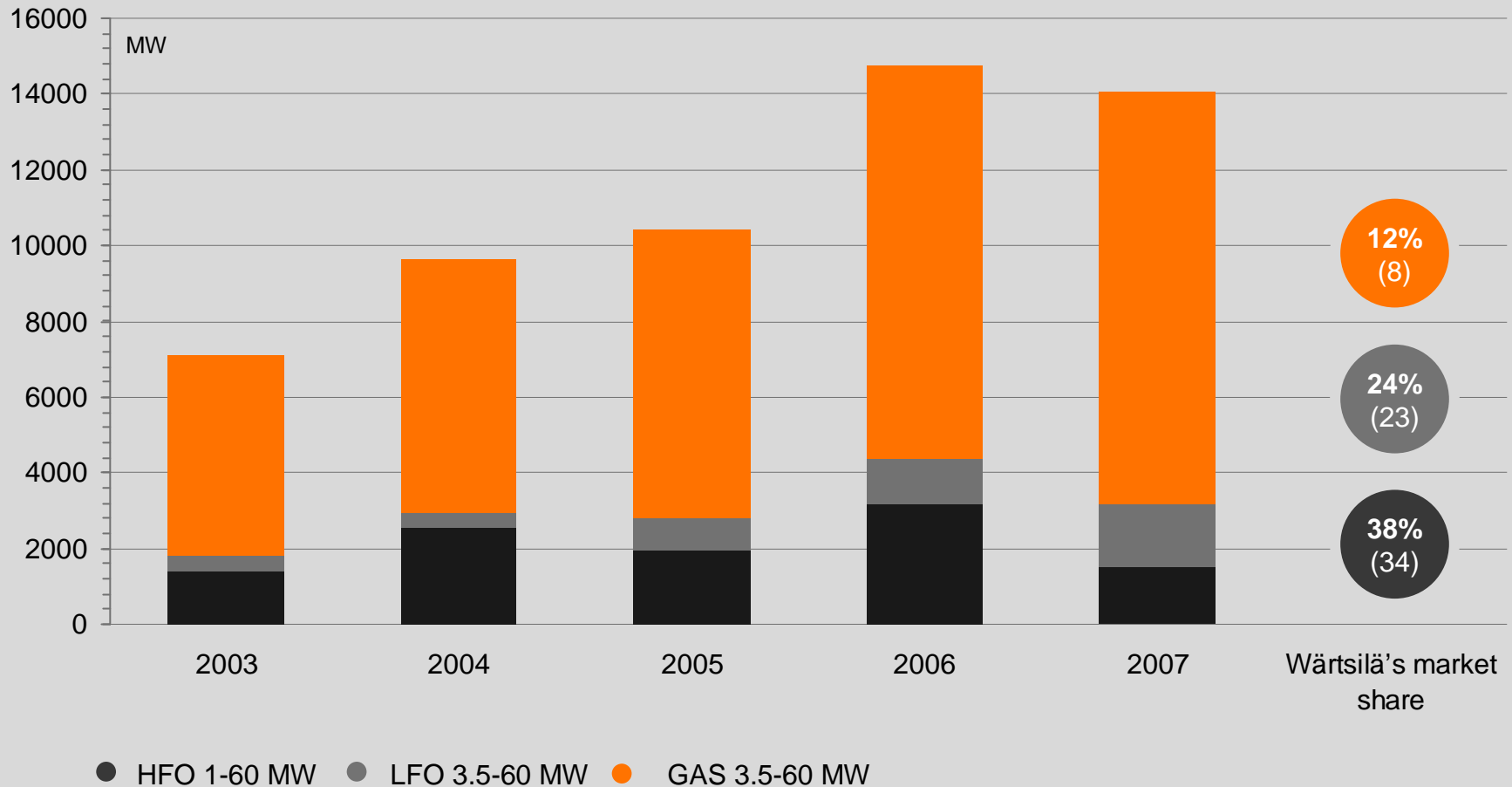


- Markets continued to be globally active
- Demand for oil-fired power plants was strong during the review period
- The order intake for power plants running on renewable fuels continued actively
- Demand for gas-fired power plants remained at a healthy level

Market development - Power Plants

Market shares in Power Plants

Target markets per fuel 2003 - 2007



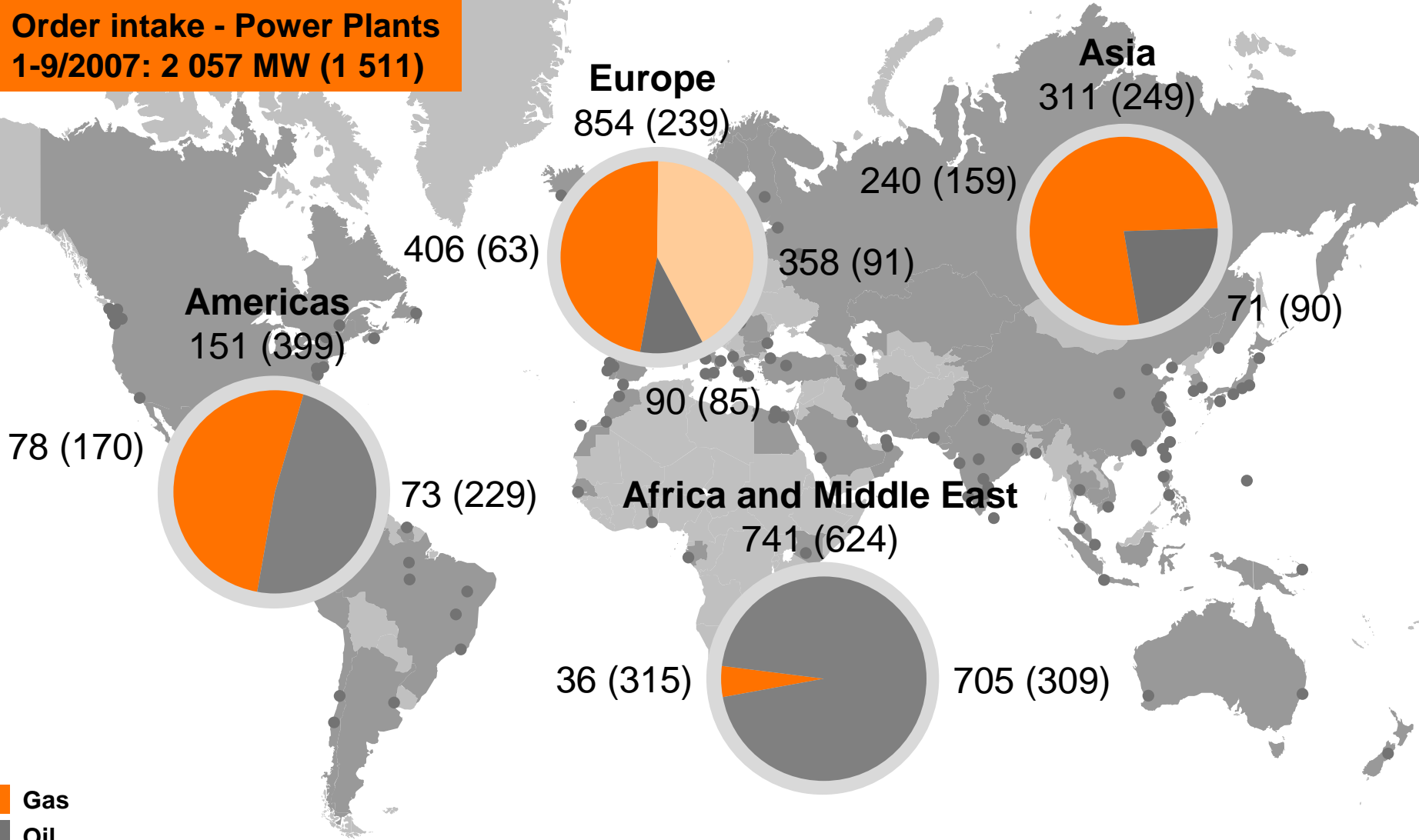
Note I: Wärtsilä's gas power plant target markets have changed after the review period 2005, when Wärtsilä stopped manufacturing and selling high speed engines (power range < 3.5 MW)

Note II: The LFO figure from 2006 onwards includes liquid biofuels

Source: Diesel & Gas turbine worldwide, June 2006-May 2007

Market development - Power Plants

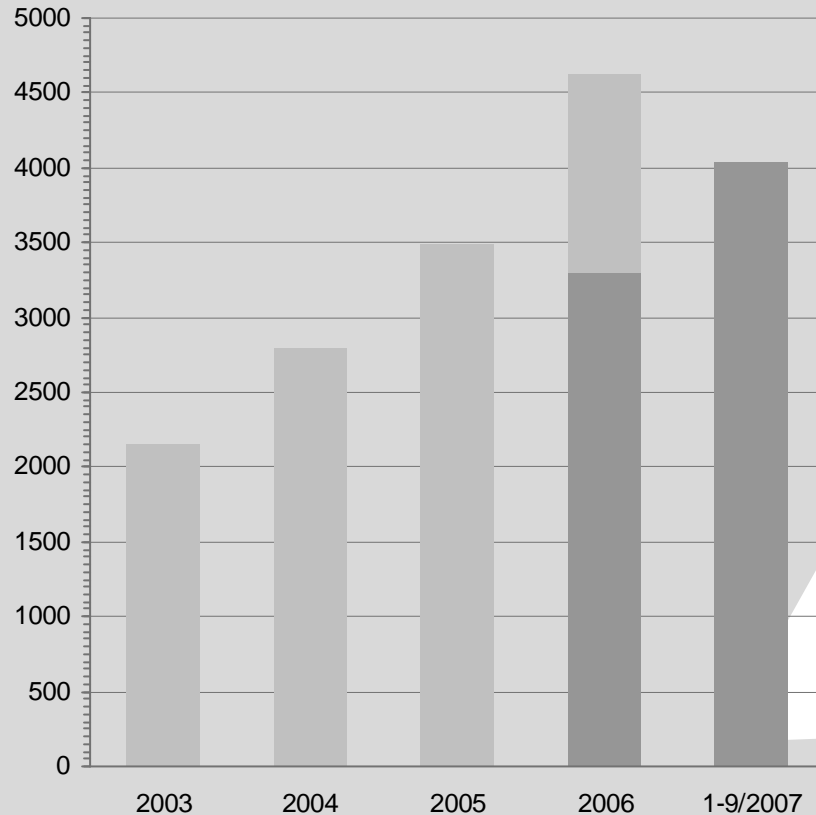
Order intake - Power Plants
1-9/2007: 2 057 MW (1 511)



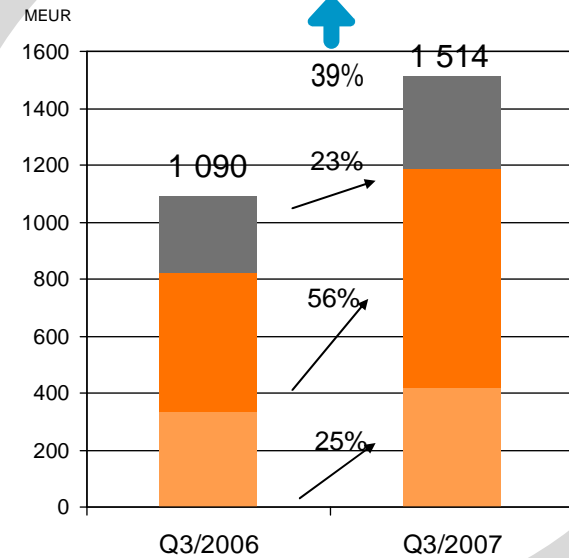
■ Gas
■ Oil
■ Renewable fuels

Order intake continued strong

MEUR

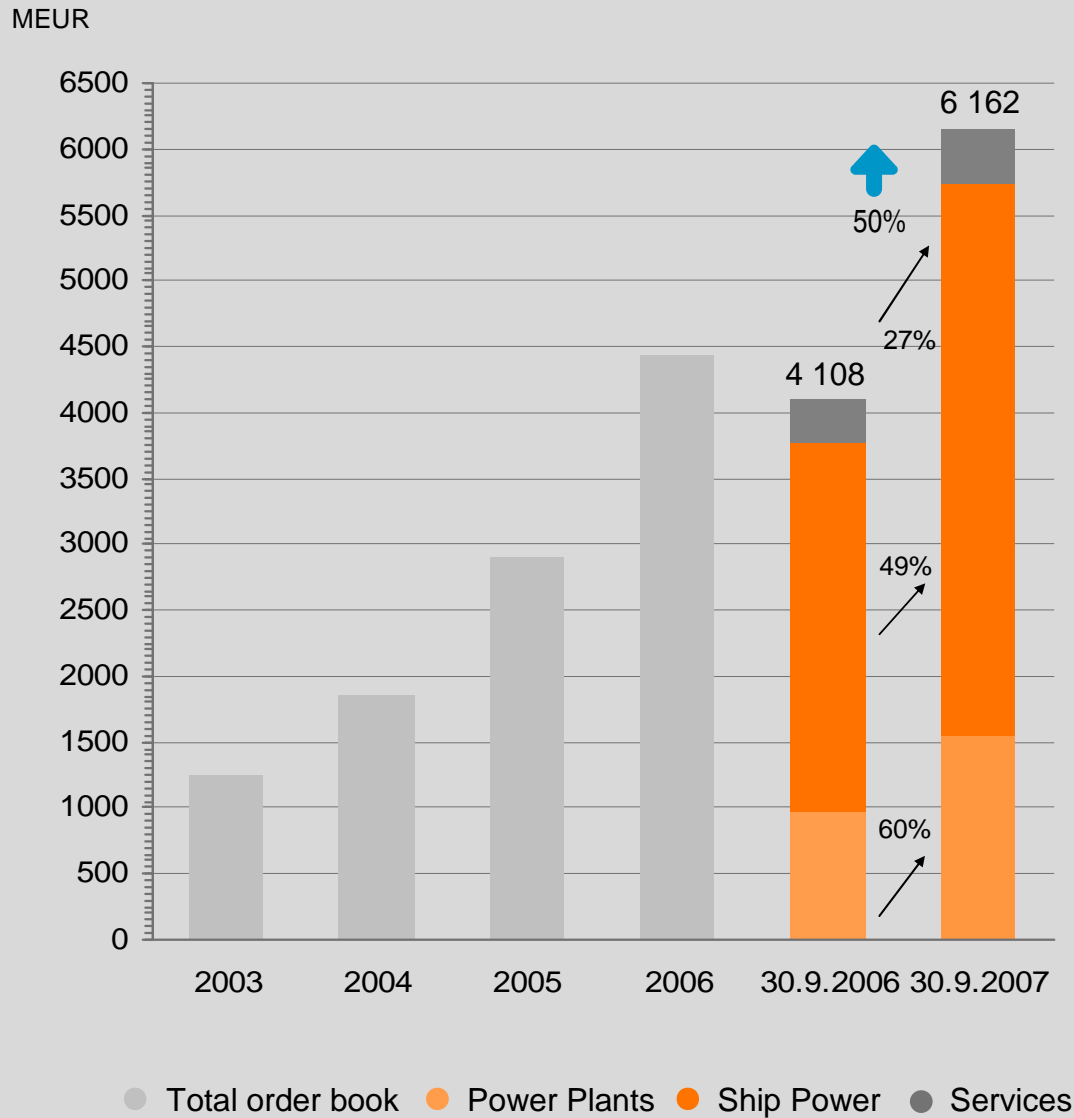


Third quarter development

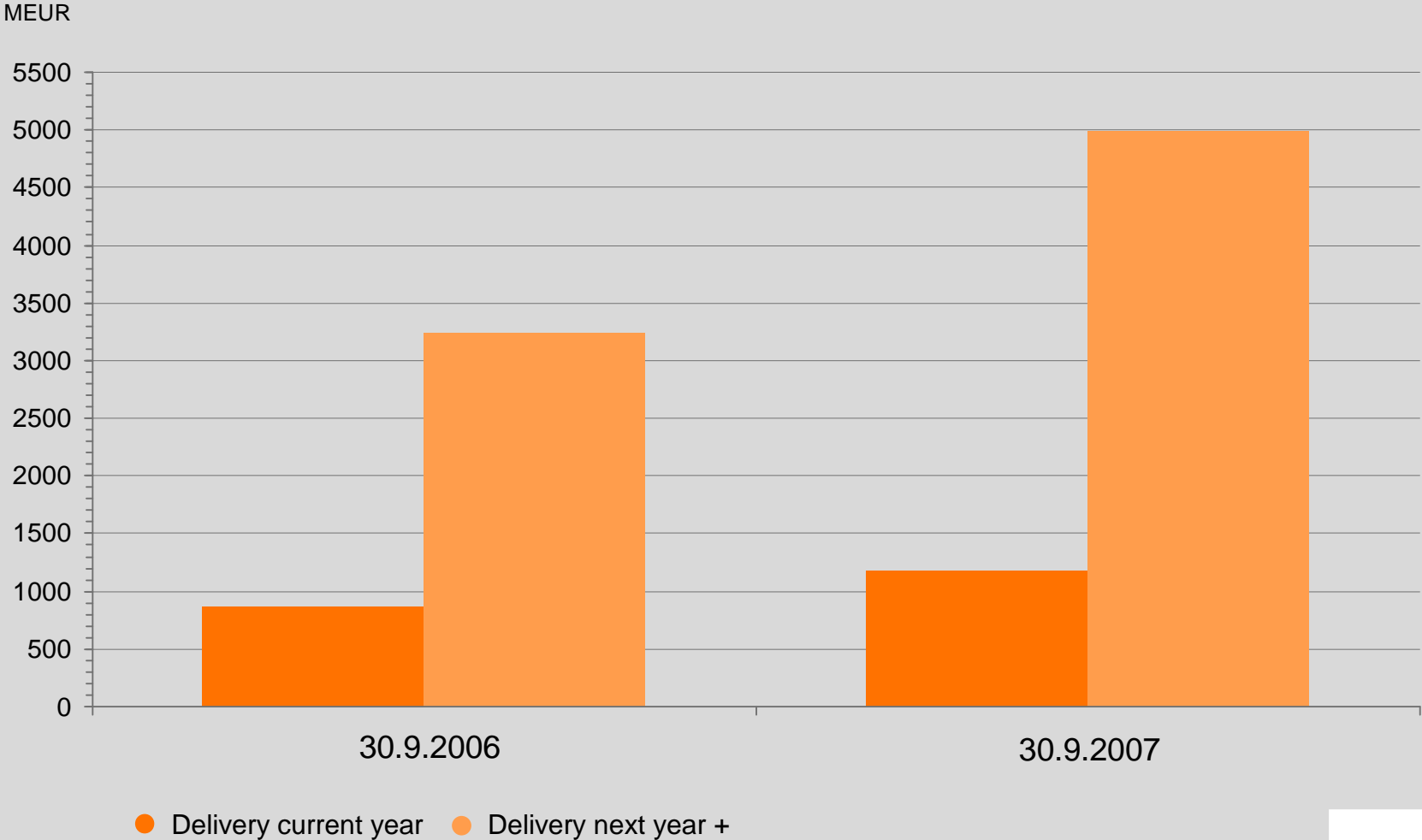


● Total order intake ● 1-9 order intake ● Power Plants ● Ship Power ● Services

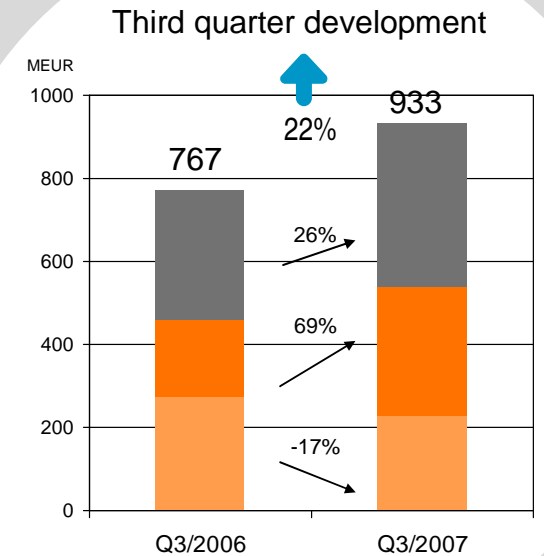
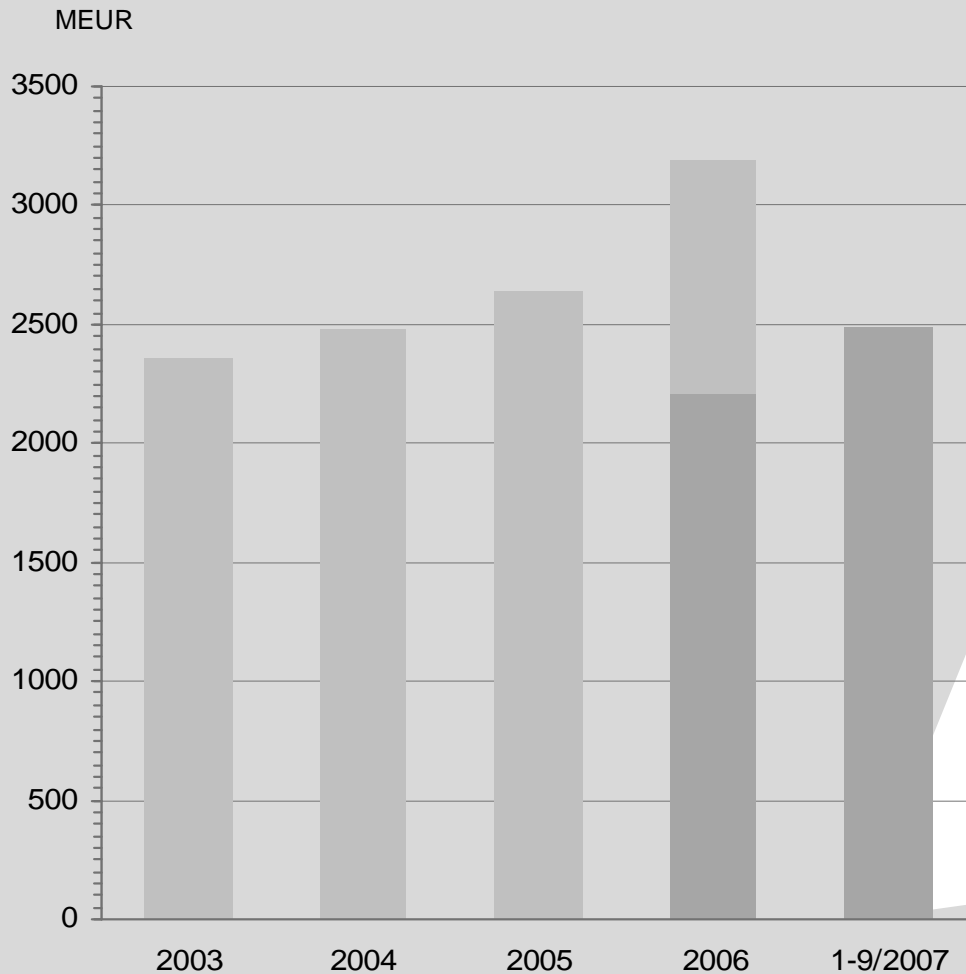
Order book - growth 50%



Order book distribution

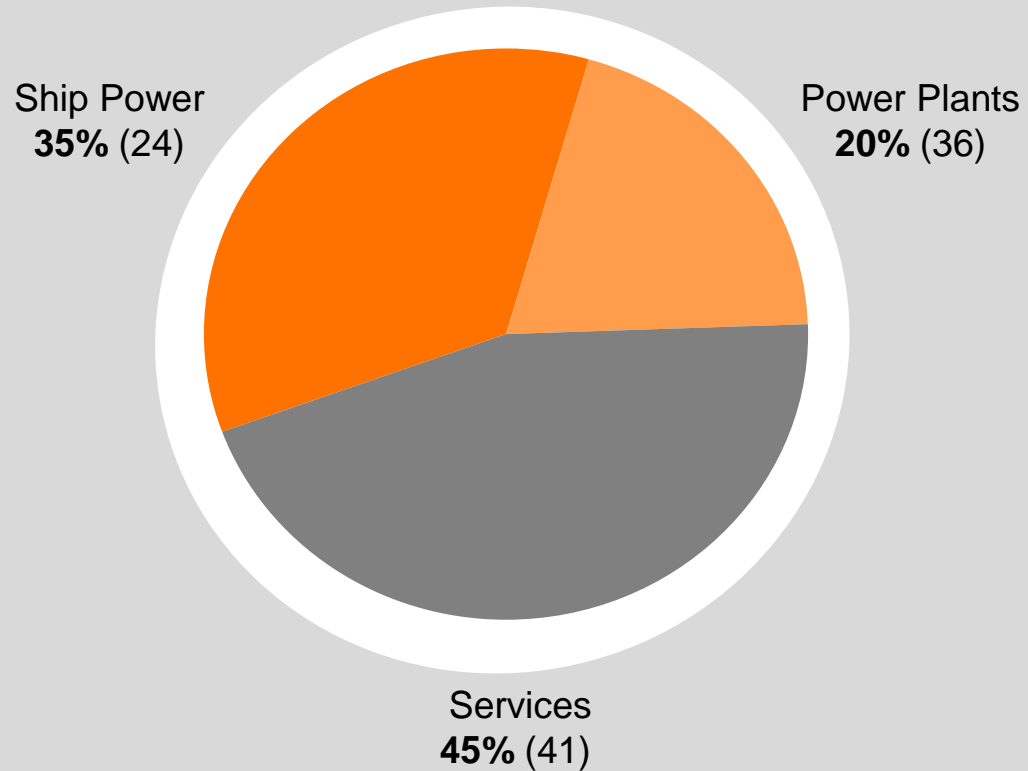


Net sales

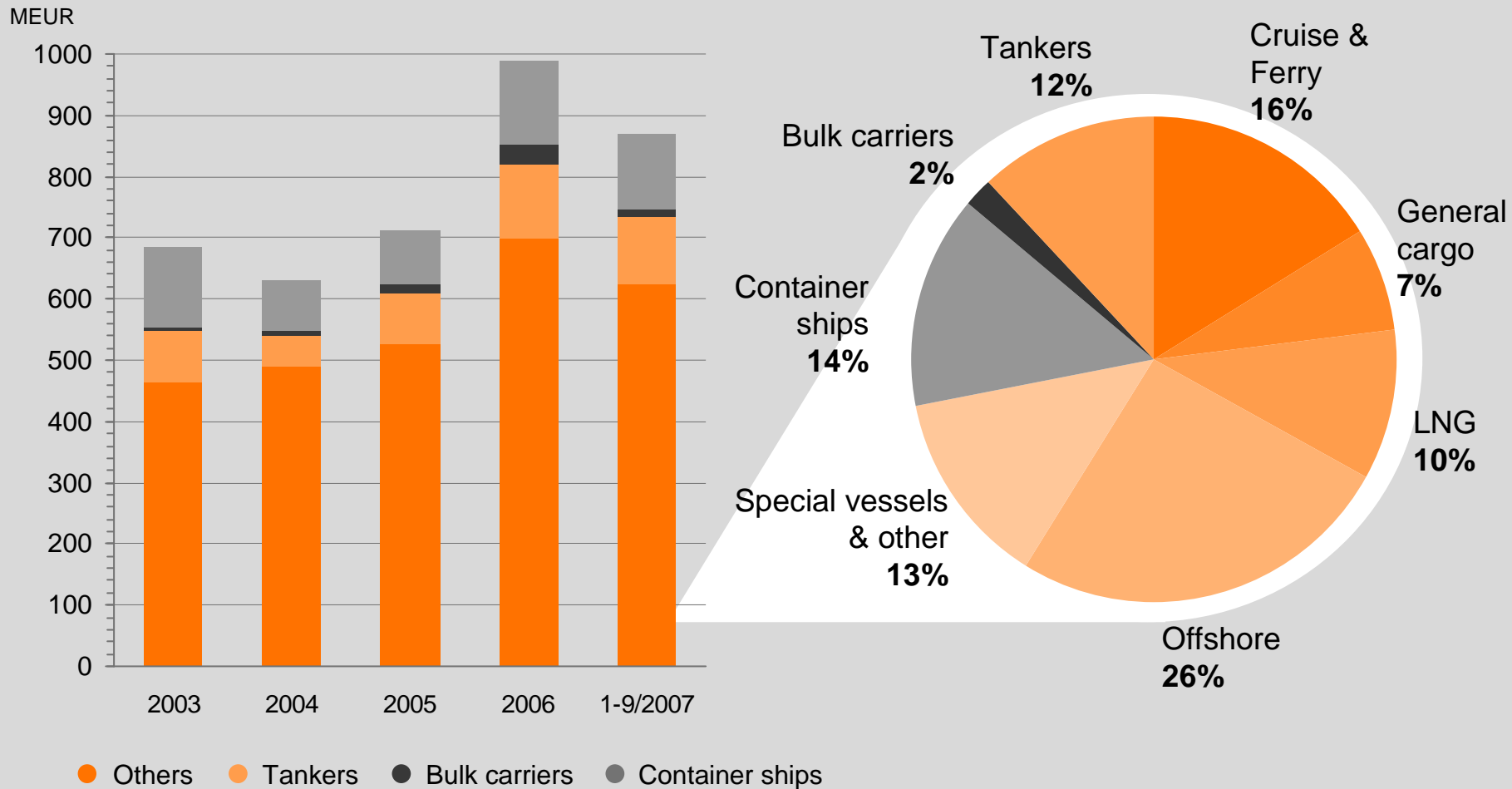


● Total net sales ● 1-9 net sales ● Power Plants ● Ship Power ● Services

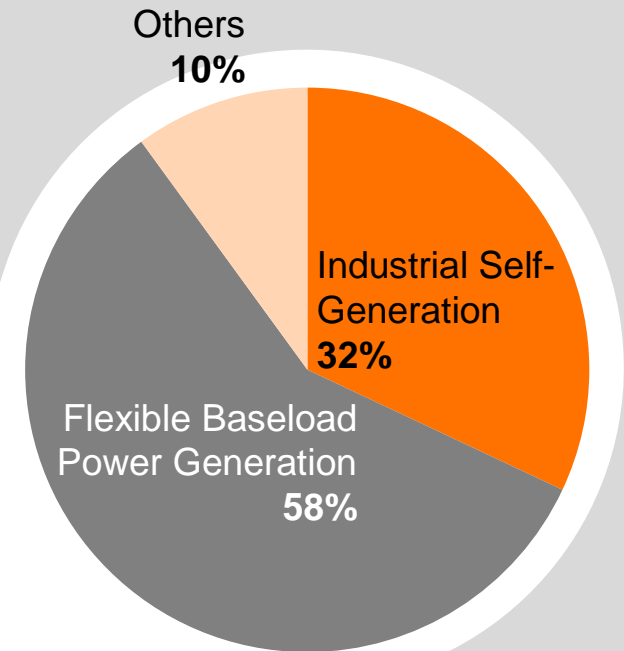
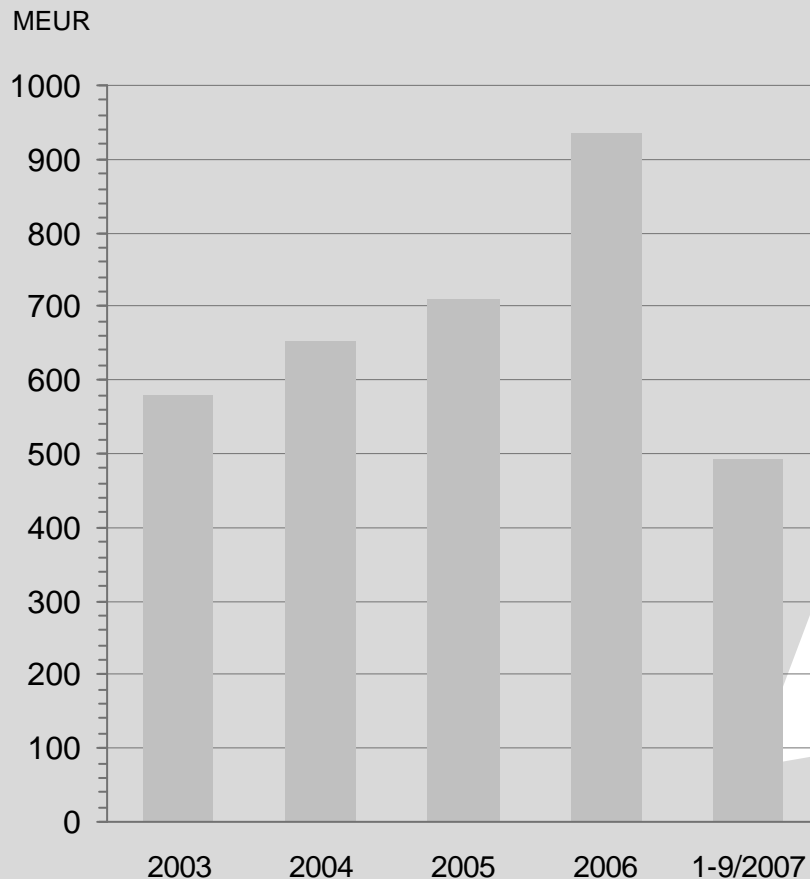
Net sales by business 1-9/2007



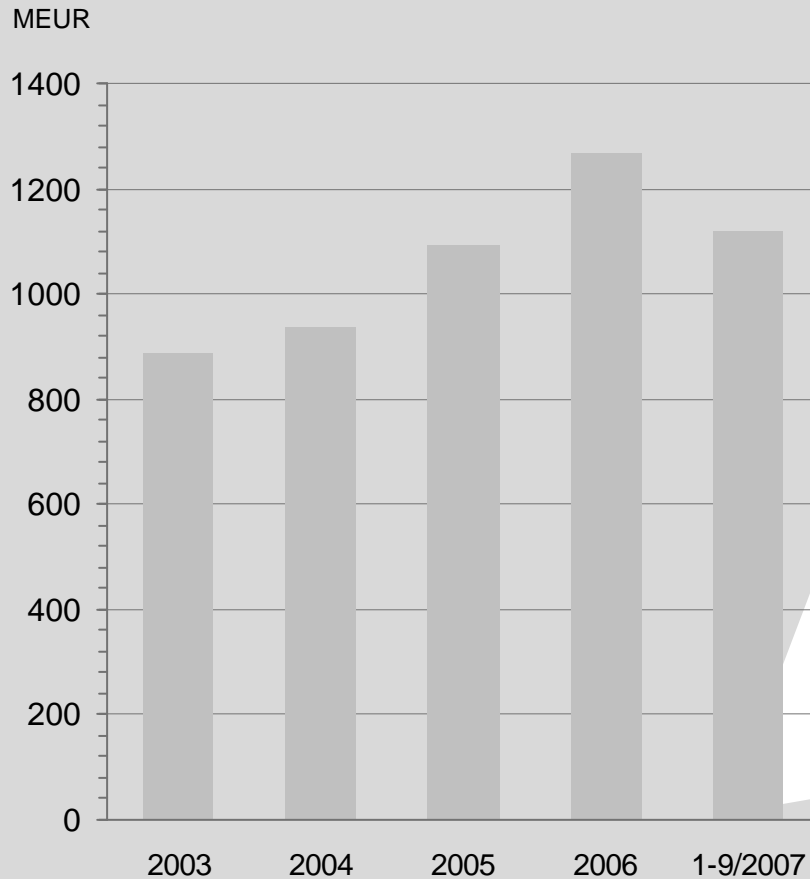
Net sales 1-9/2007 - Ship Power



Net sales 1-9/2007 - Power Plants

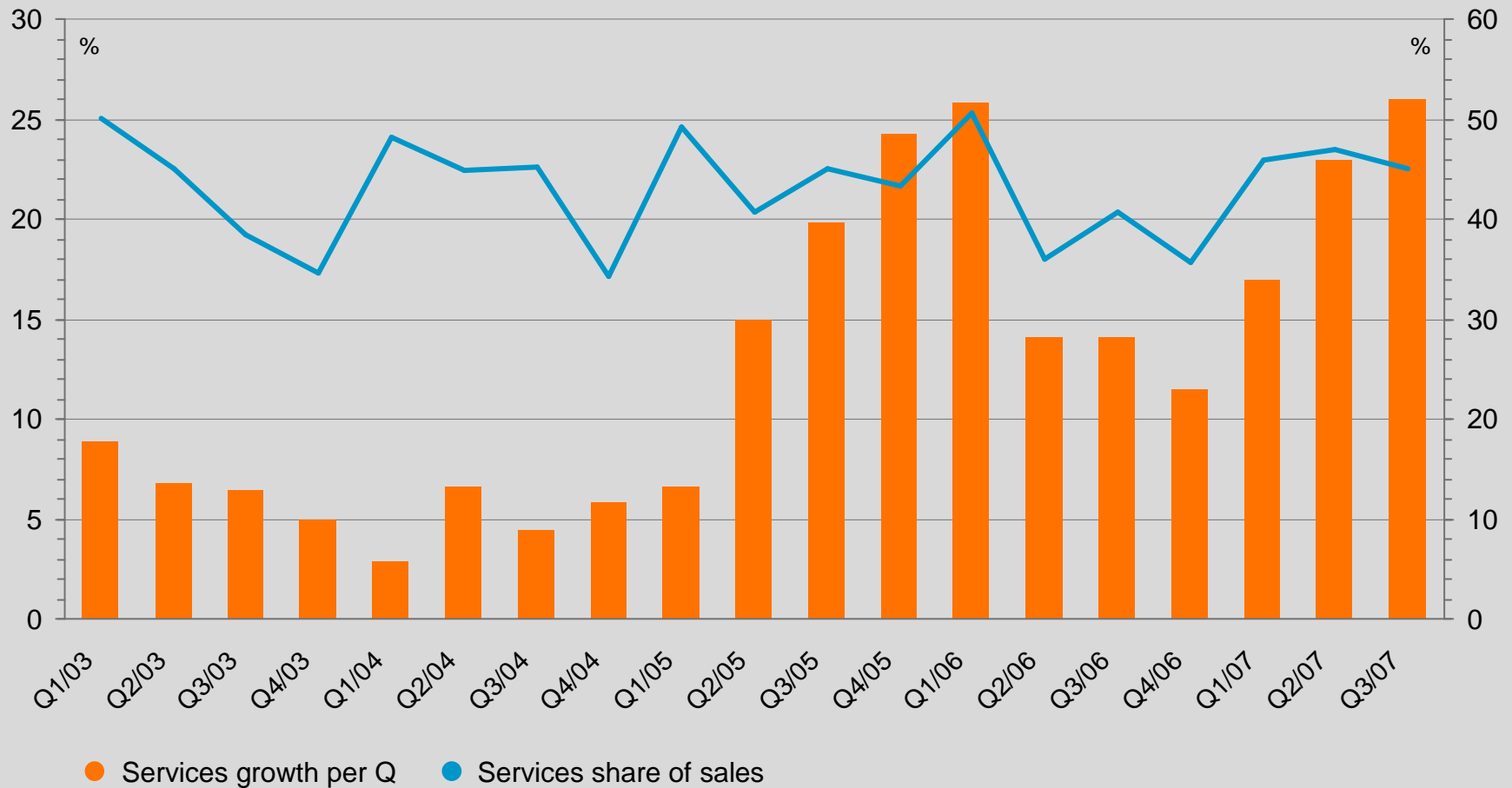


Net sales 1-9/2007 - Services

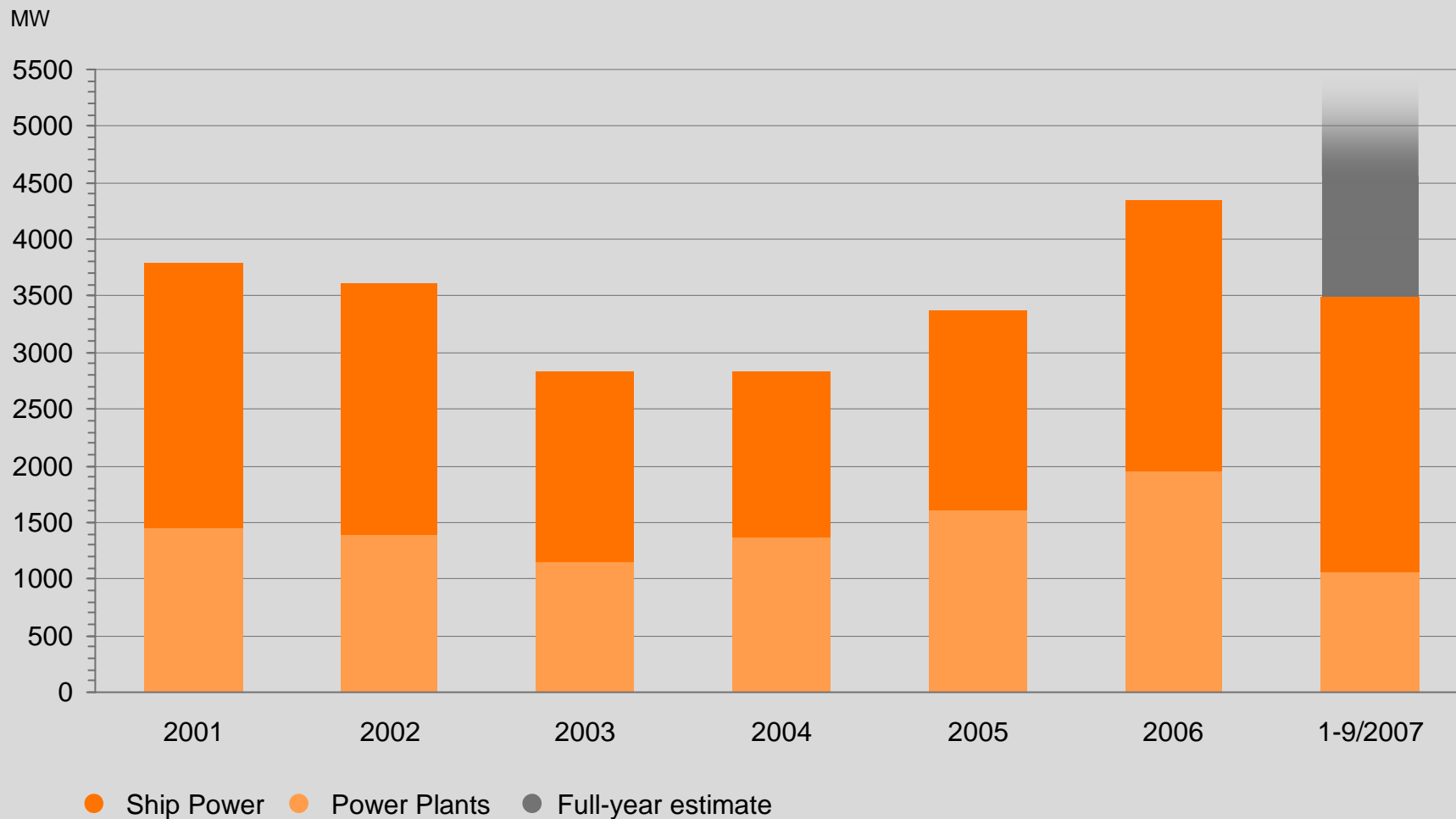


- Engine Services
- Operation & Management Services
- Automation Services
- Propulsion Services
- Ship Services
- Reconditioning Services
- Training Services

Wärtsilä Services - solid growth



Delivered engine megawatts from own factories



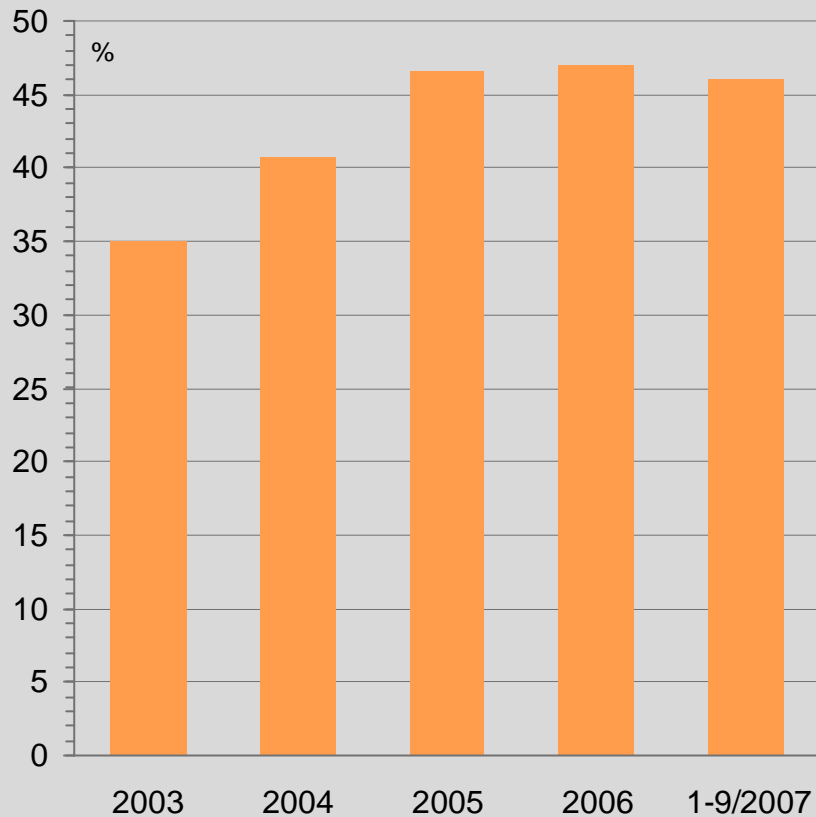
Cash flow



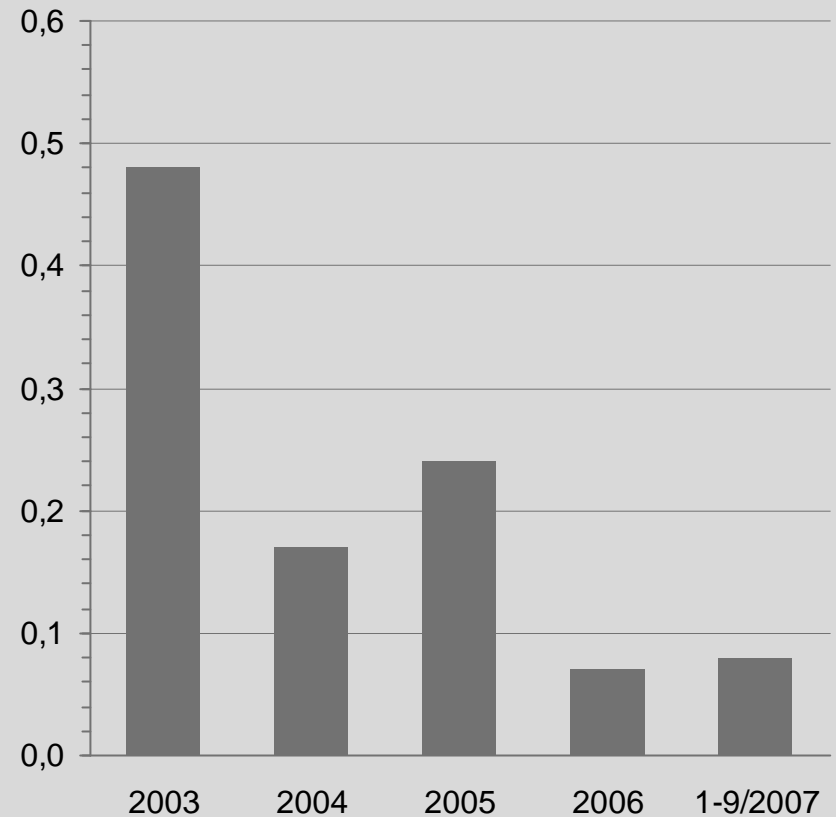
<u>MEUR</u>	<u>1-9/07</u>	<u>1-9/06</u>	<u>2006</u>
Cash flow from operating activities	299	172	302
Cash flow from investing activities	-159	29	148
Cash flow from financing activities	-115	-174	-387
Liquid funds at the end of period	202	143	179

Financial position

Solvency



Gearing



NOTE: 2003 according to FAS, 2004- IFRS
Convertible subordinated debentures treated as equity



- 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 sees further possibilities for growth in 2008



WÄRTSILÄ