

WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY-JUNE 2008

OLE JOHANSSON, PRESIDENT & CEO

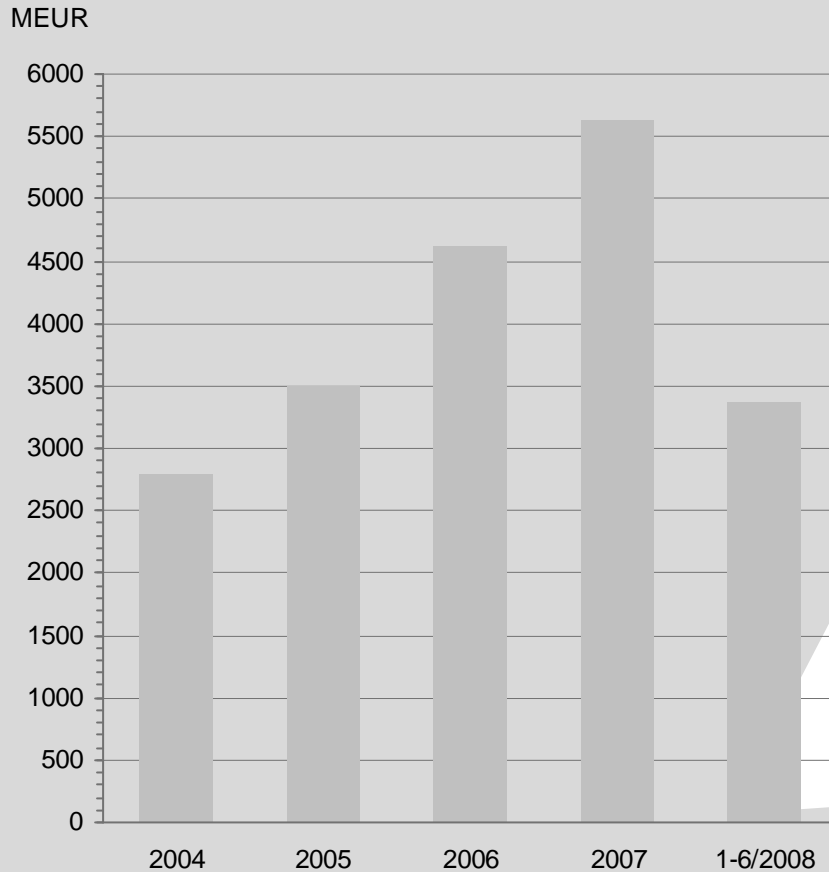
24 JULY 2008

Excellent second quarter

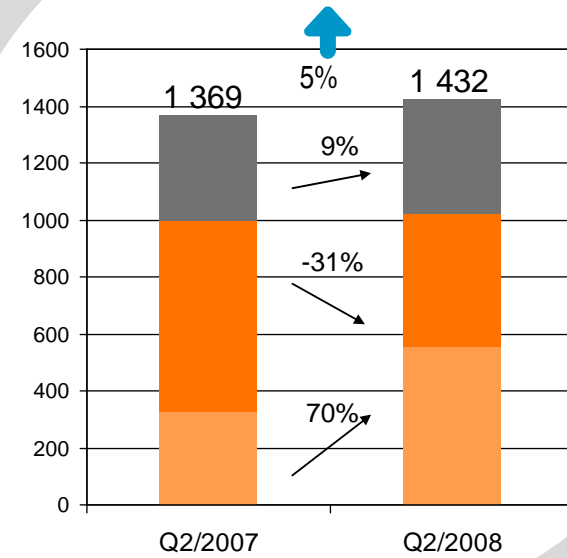


- Net sales +37%
- Operating result (EBIT) +67%, 11.2% of net sales
- Strong activity in Power Plants offsets lower orders in Ship Power
- EPS 0.96 (0.54)
- Strong cash flow

Strong order intake continued

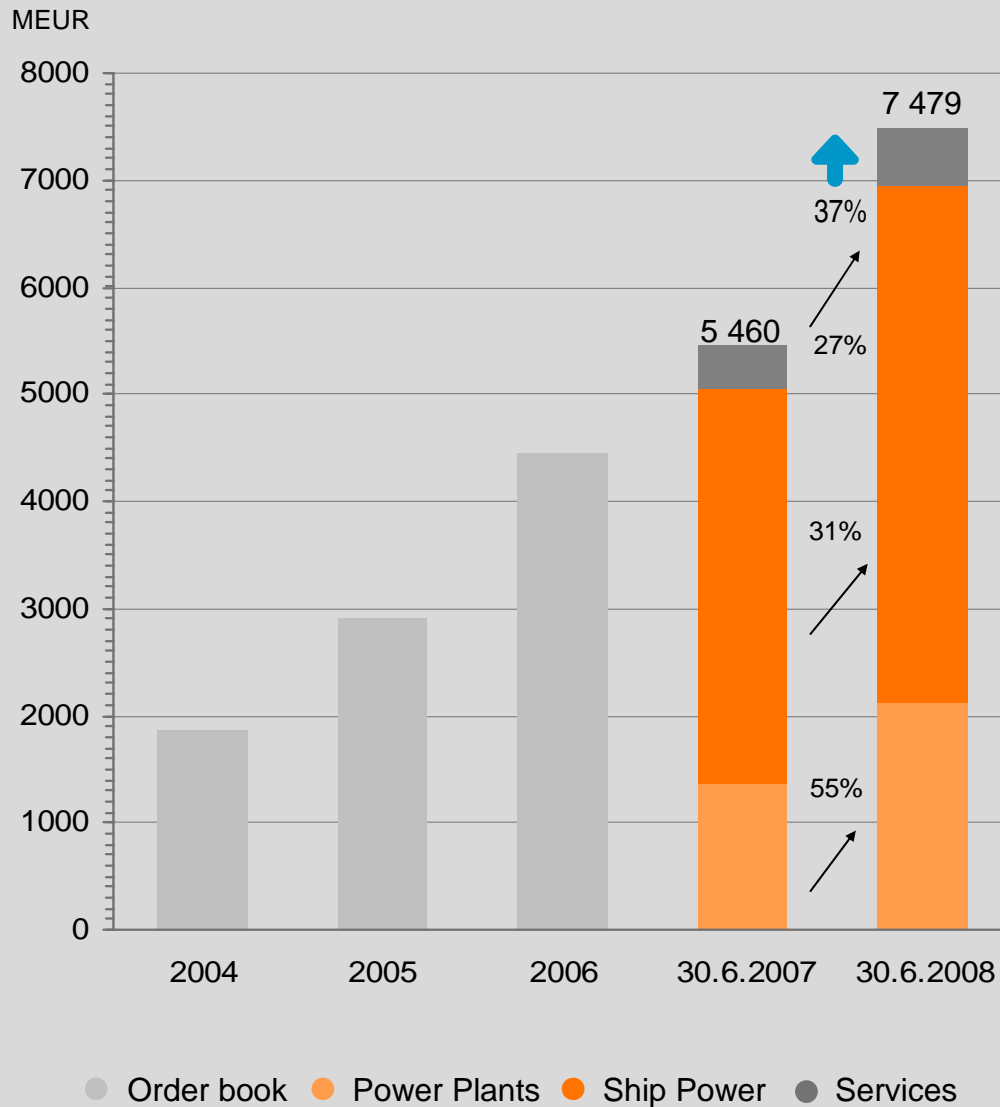


Second quarter development

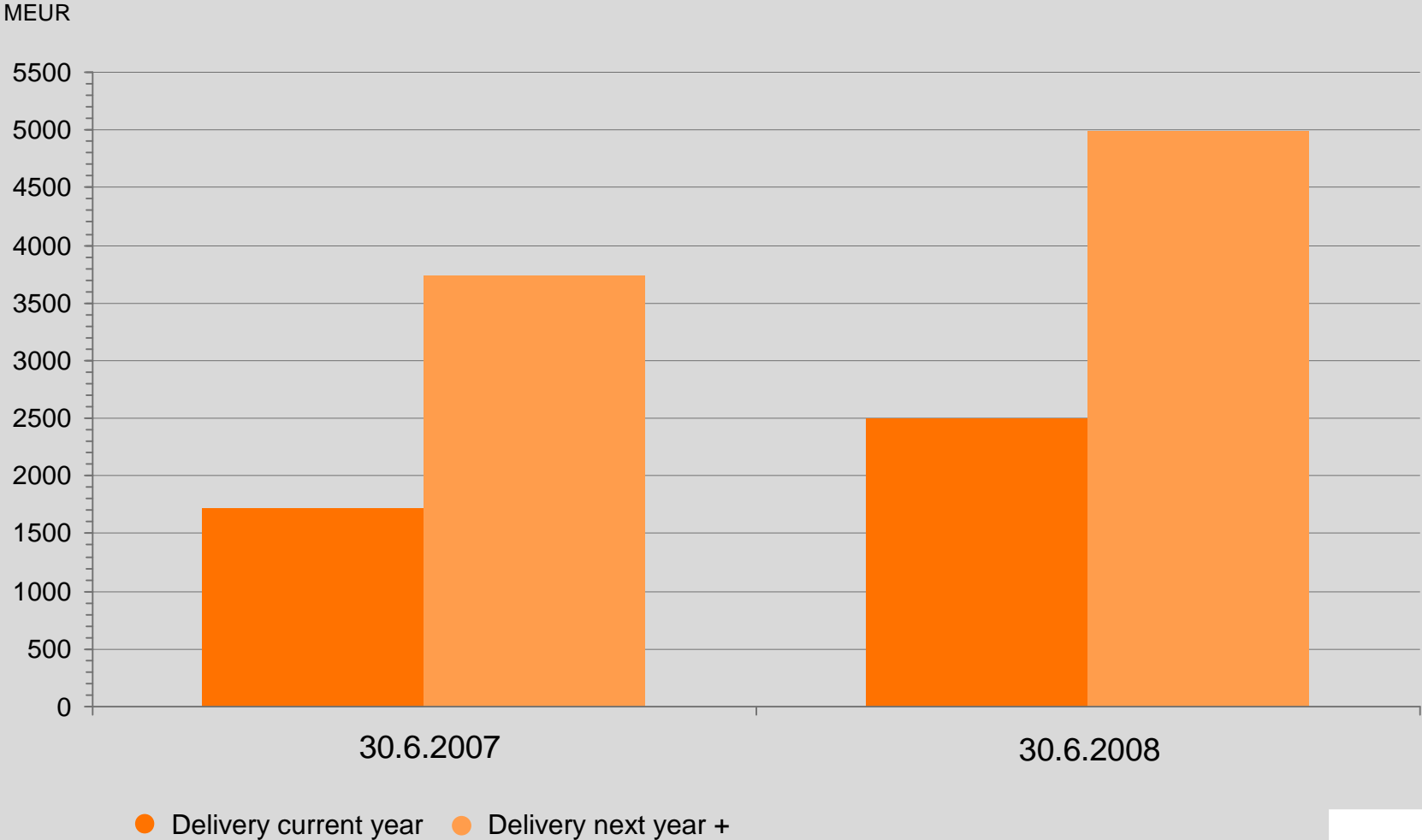


● Order intake ● Power Plants ● Ship Power ● Services

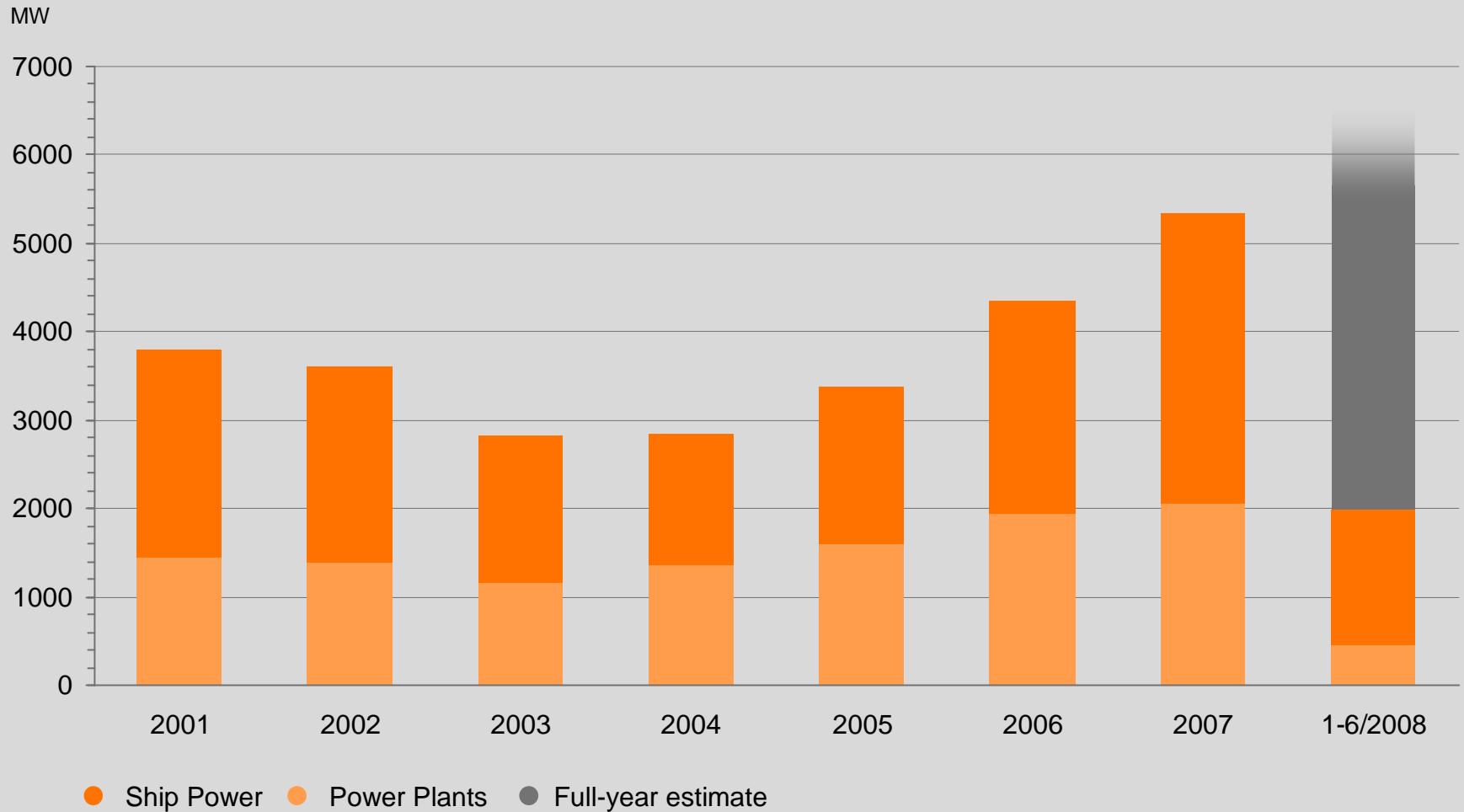
Order book at new record level



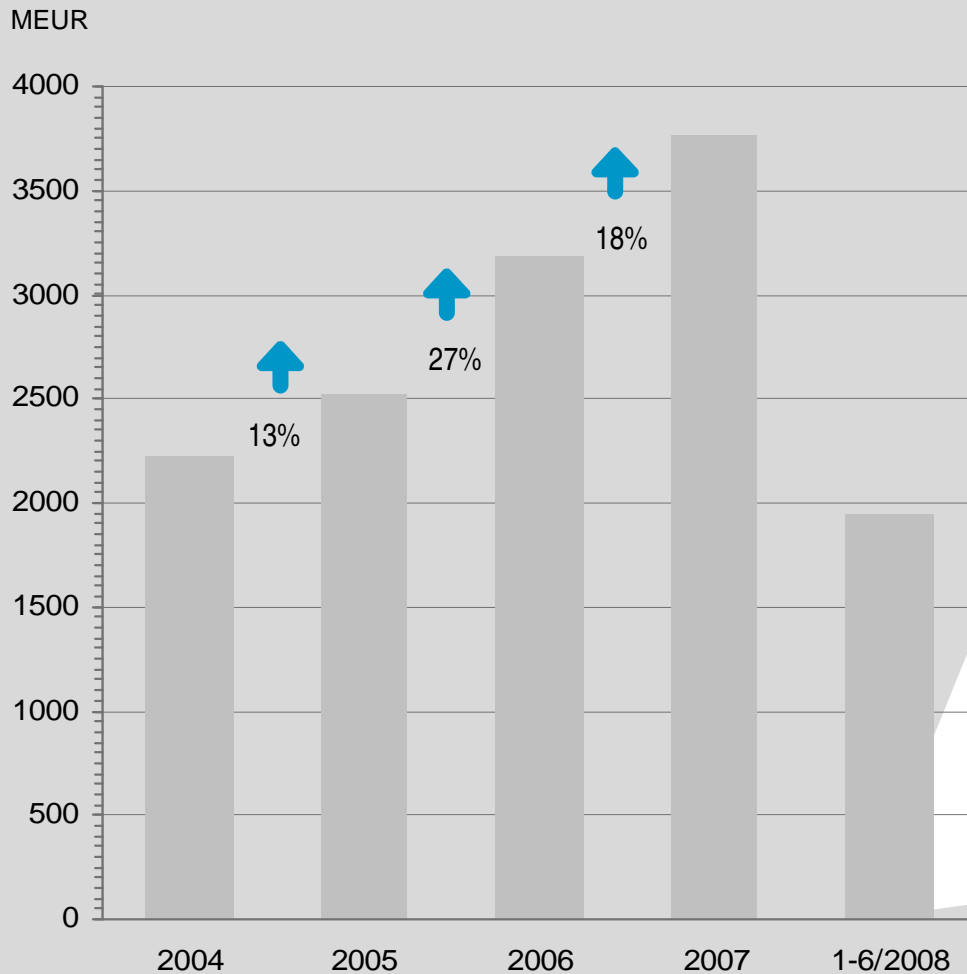
Order book distribution



Delivered engine megawatts from own factories

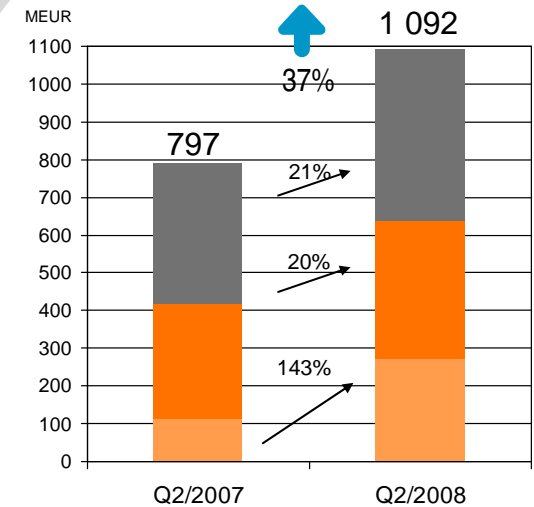


Net sales growing according to plan



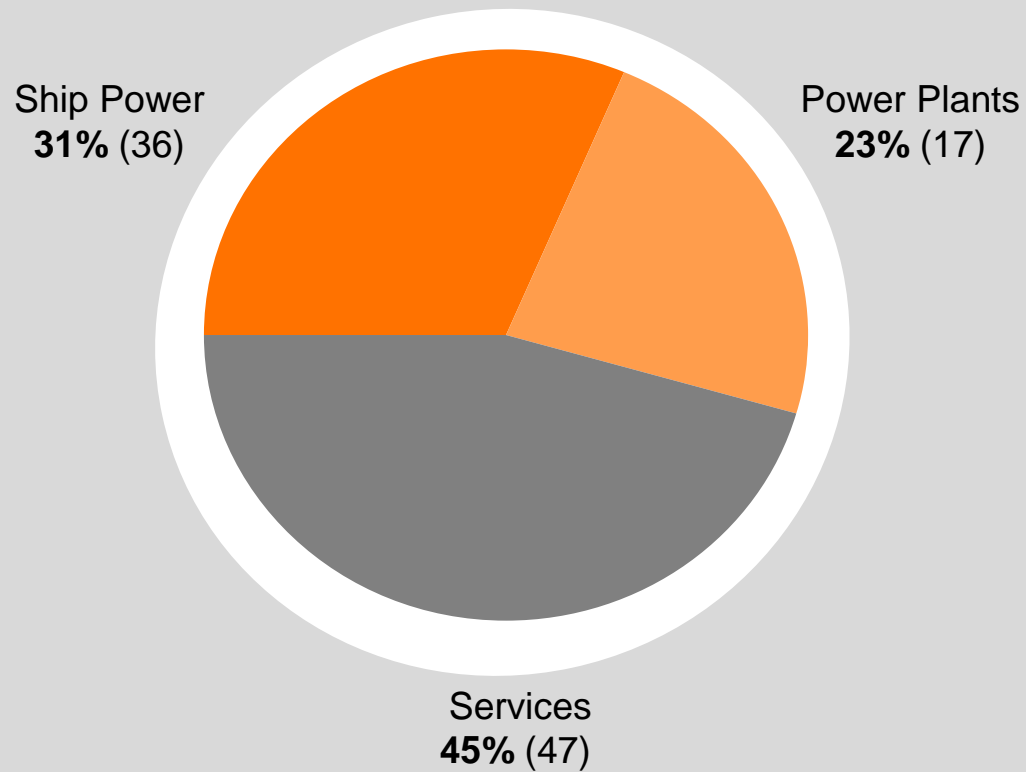
● Net sales ● Power Plants ● Ship Power ● Services

Second quarter development

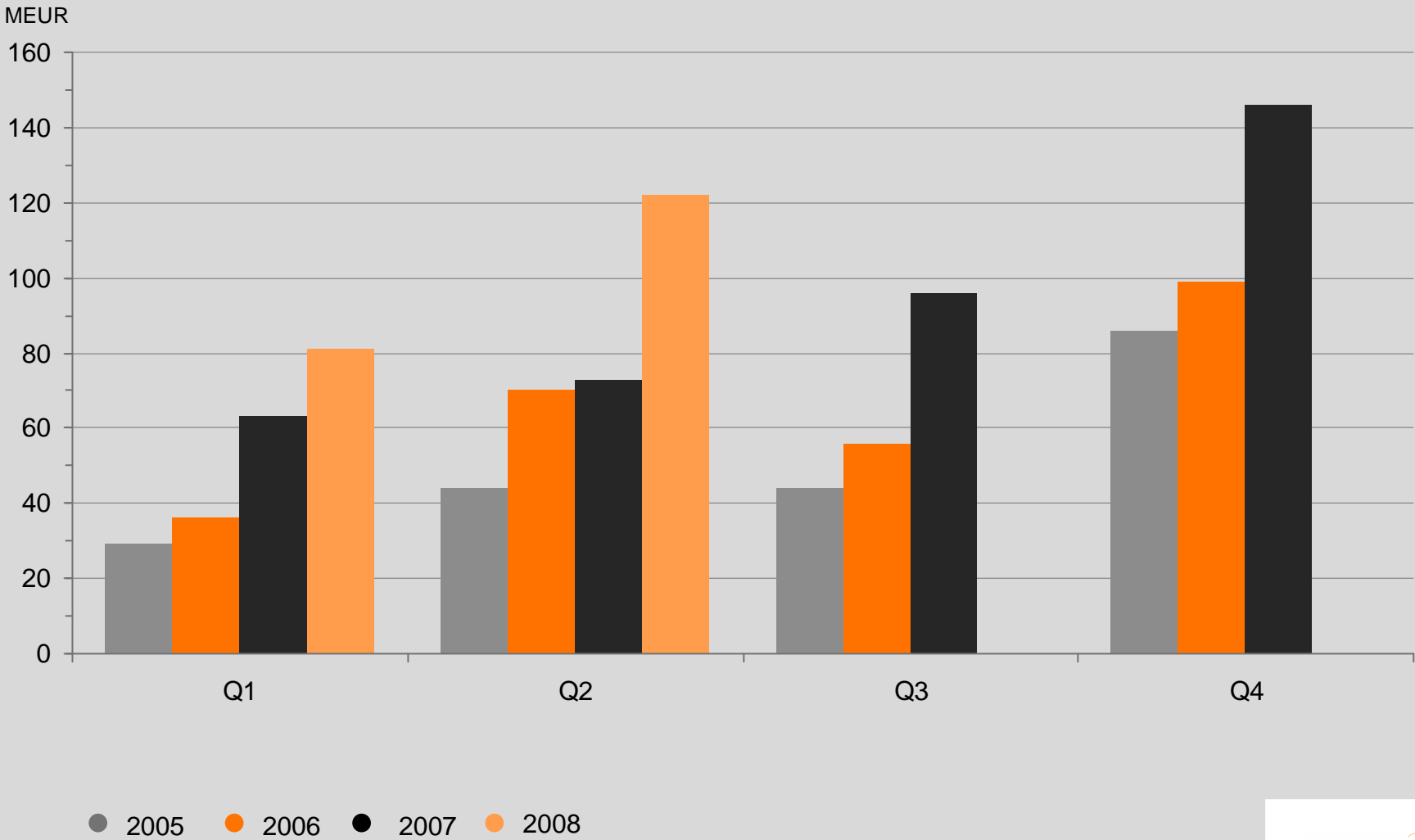


Services brings stability to new equipment sales

Net sales by business 1-6/2008



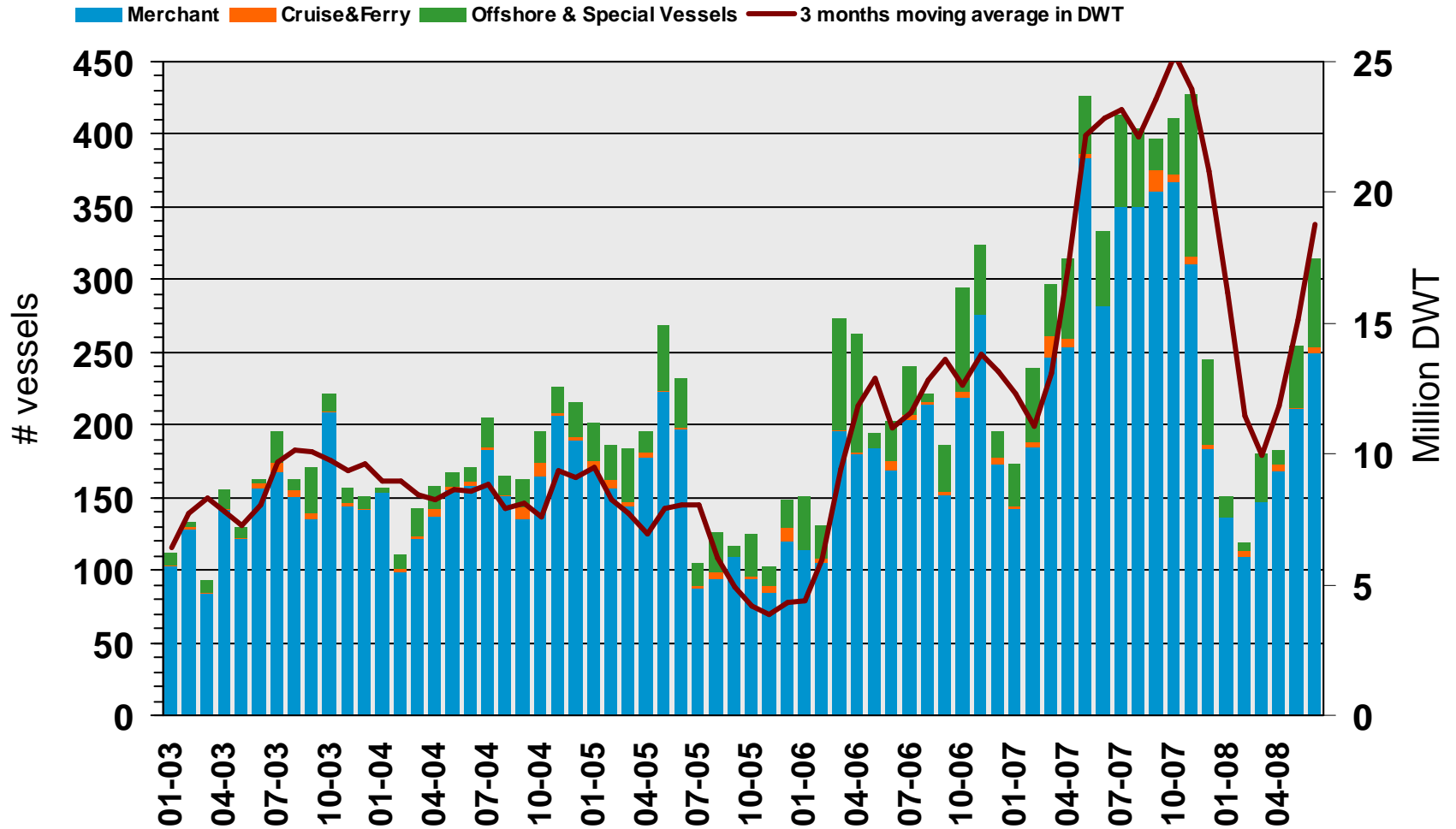
Strong operating profit in the second quarter



● 2005 ● 2006 ● 2007 ● 2008

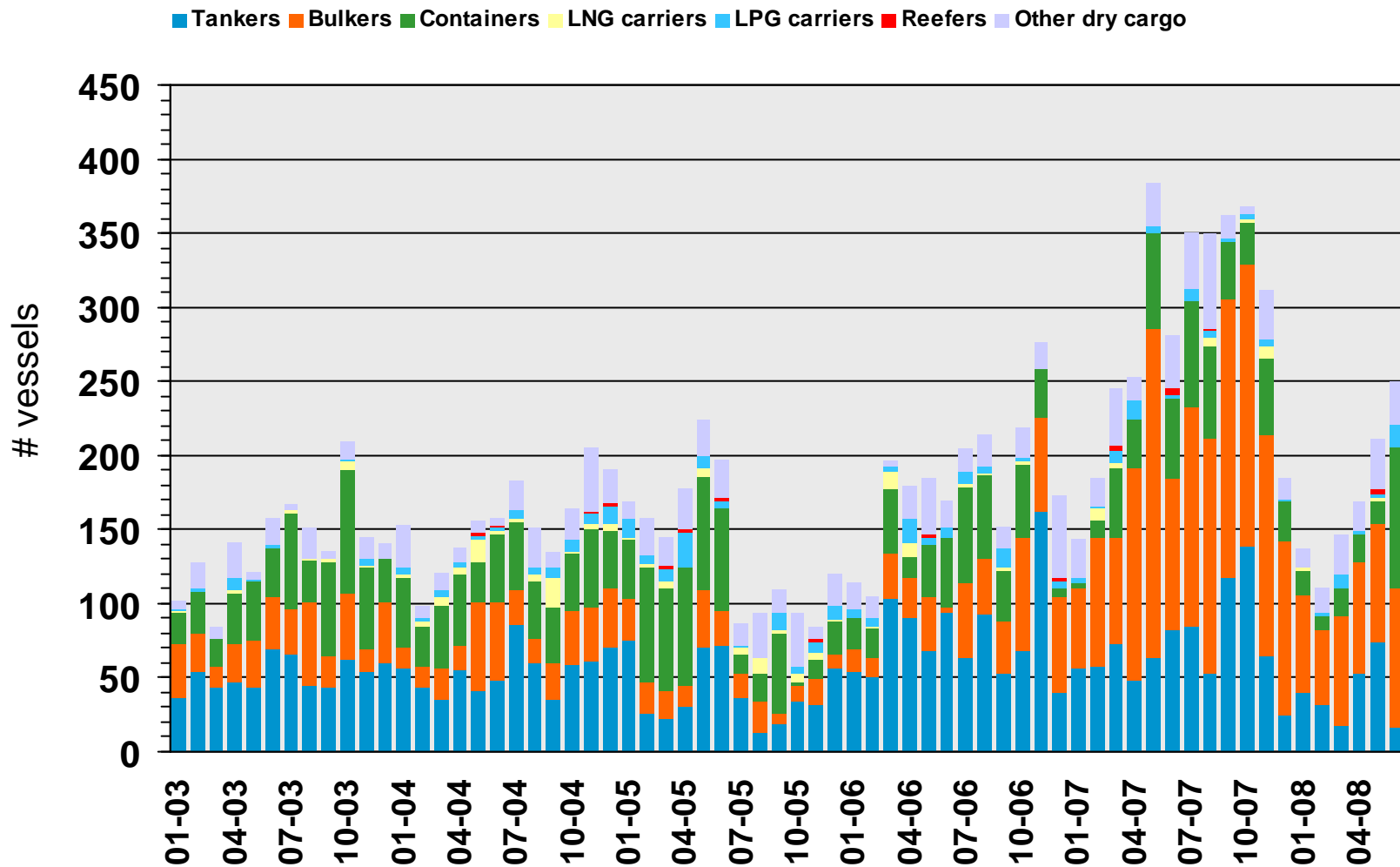


Ship Power market - vessel order development



Source data: Clarkson Research Services

Ship Power market - merchant vessel order development

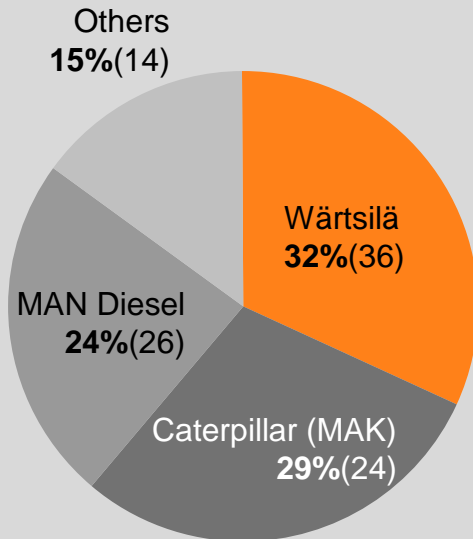


Source data: Clarkson Research Services

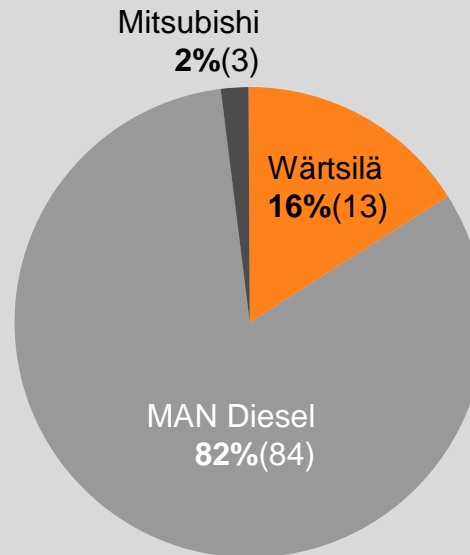
Ship Power - market development

Market position of Wärtsilä's marine engines Q2/2008

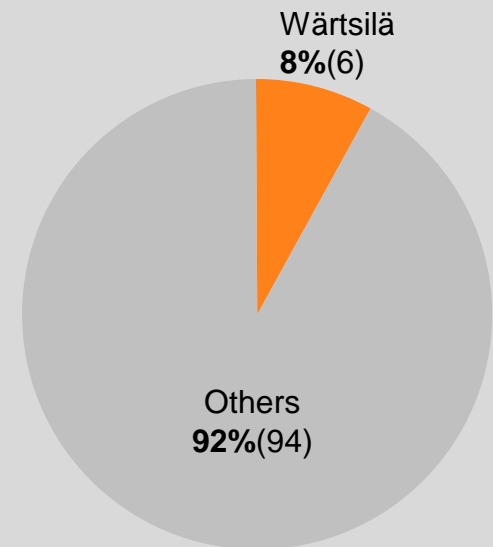
Medium-speed main engines



Low-speed main engines



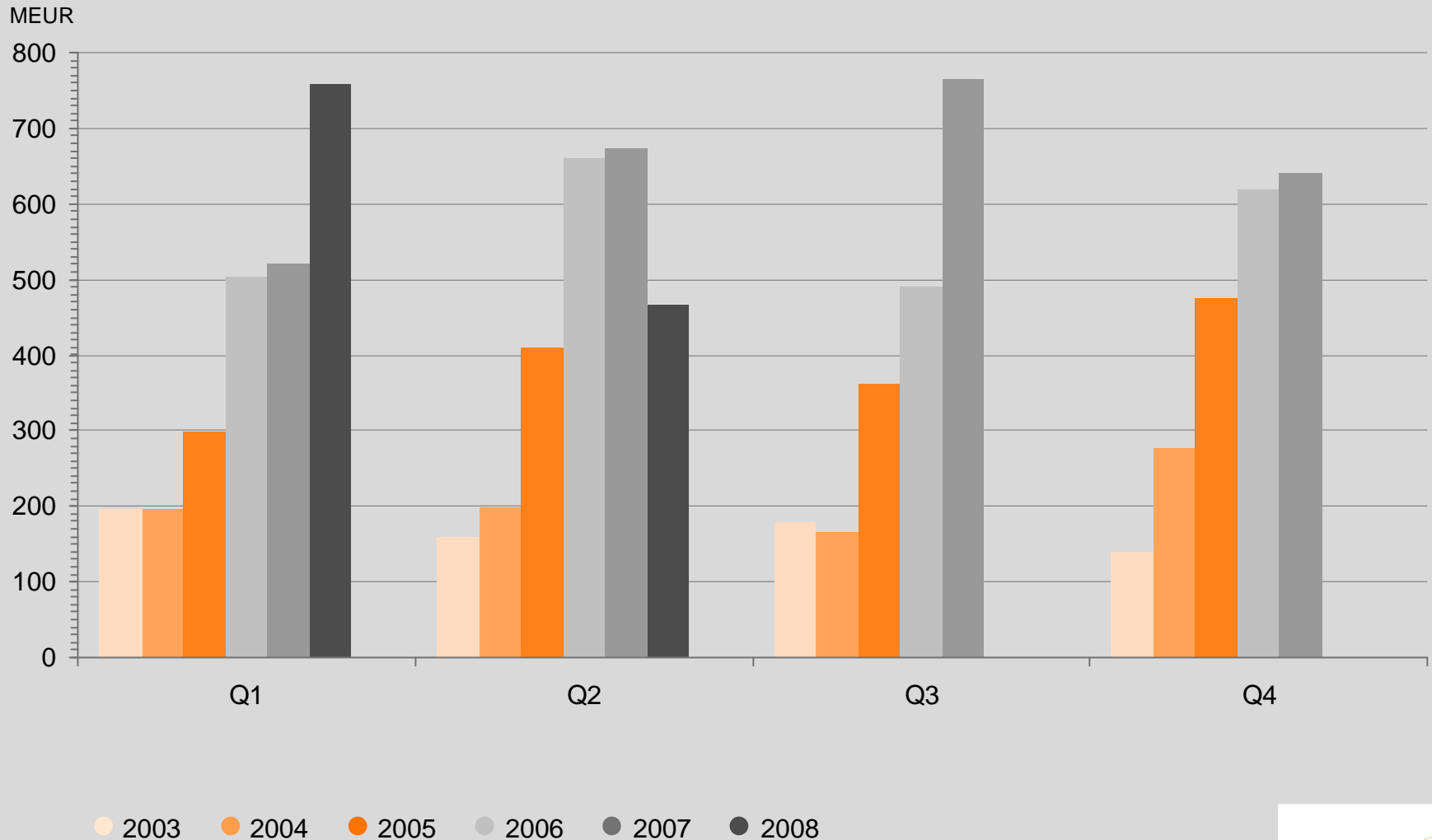
Auxiliary engines



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.

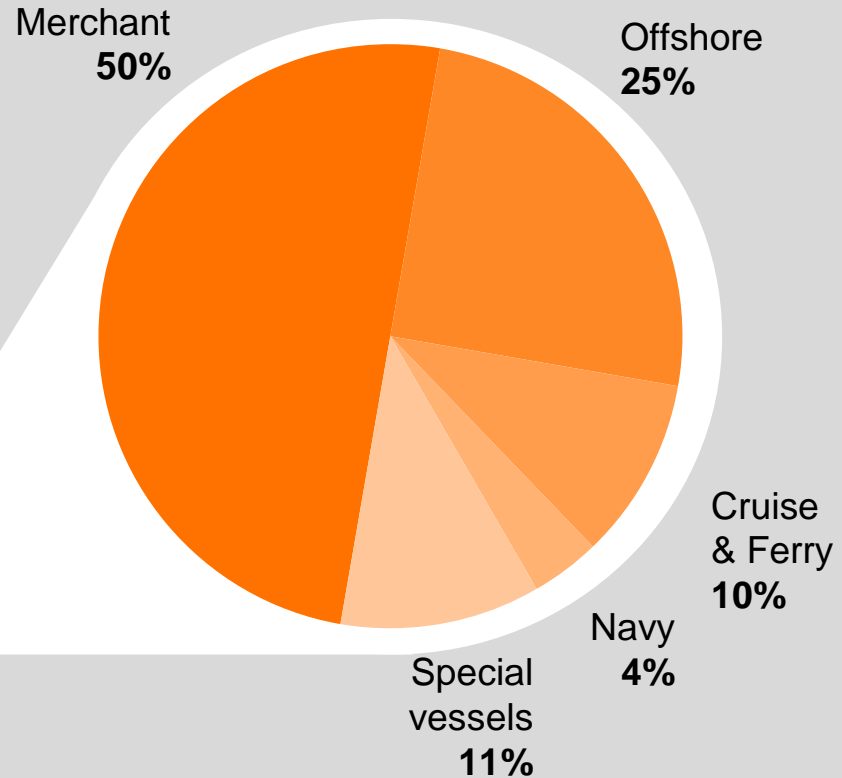
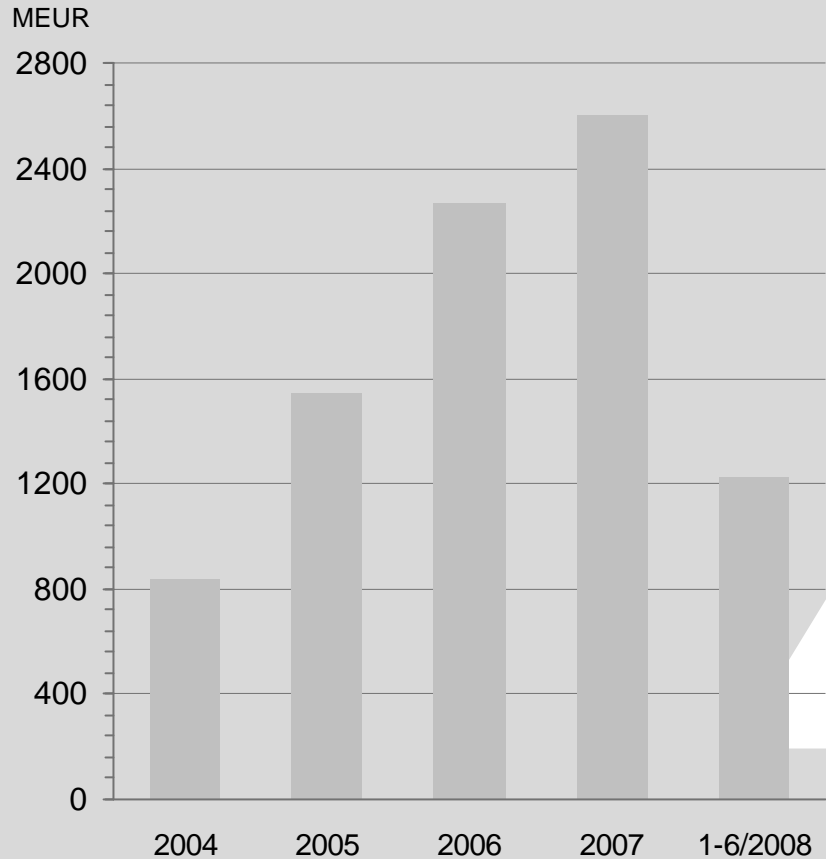
Ship Power quarterly order intake

Good order intake for Q2/08

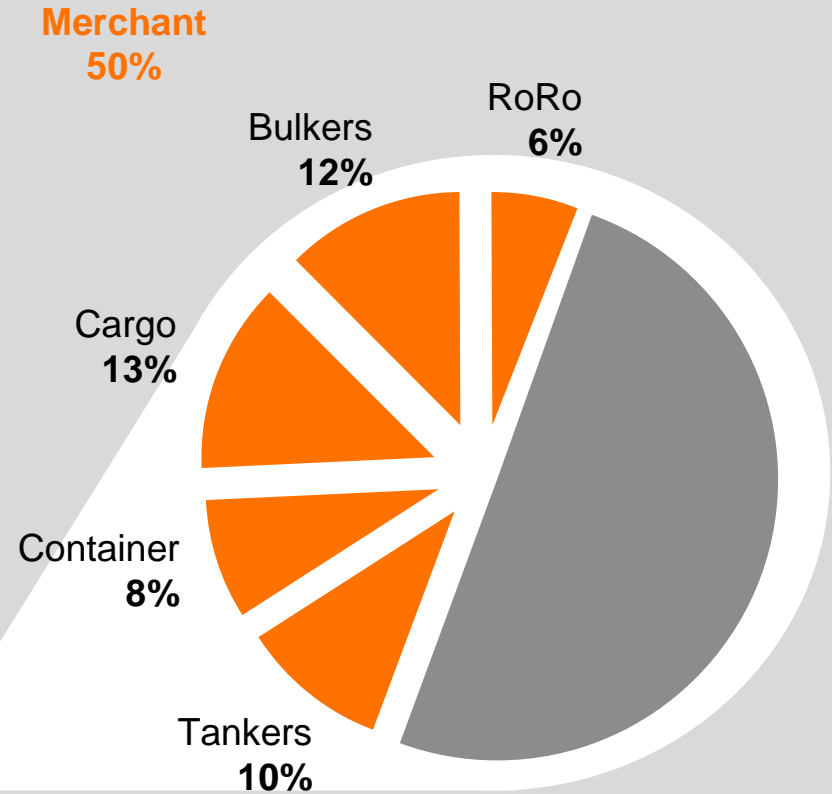
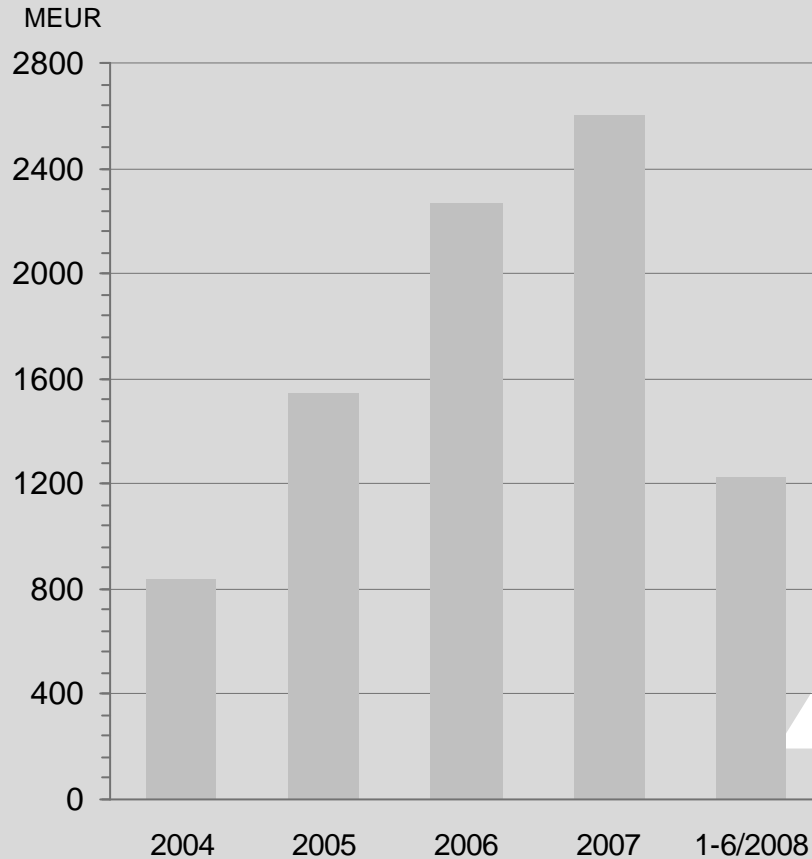


Ship Power order intake 1-6/2008

Merchant segment still dominant

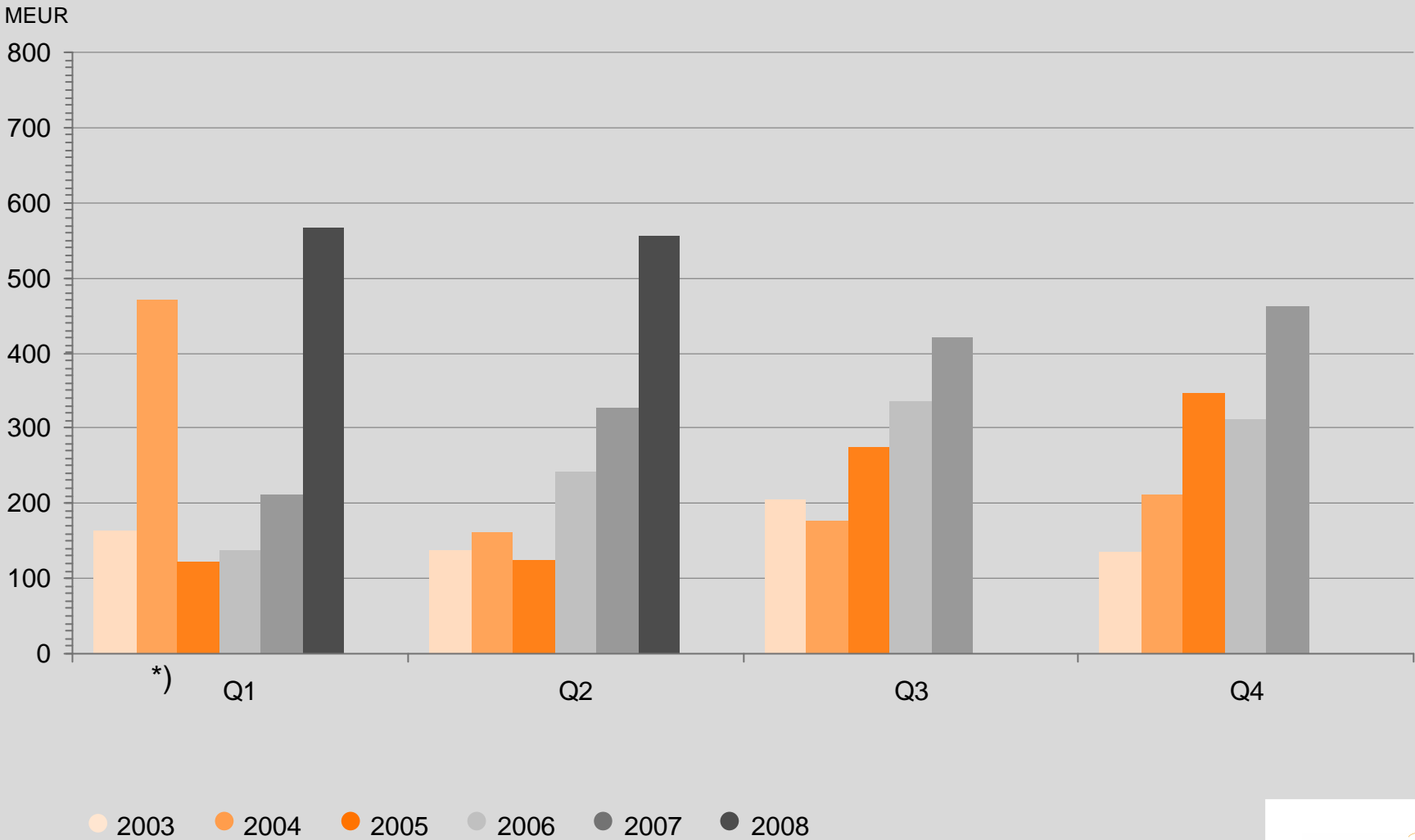


Merchant segment order distribution



Power Plants quarterly order intake

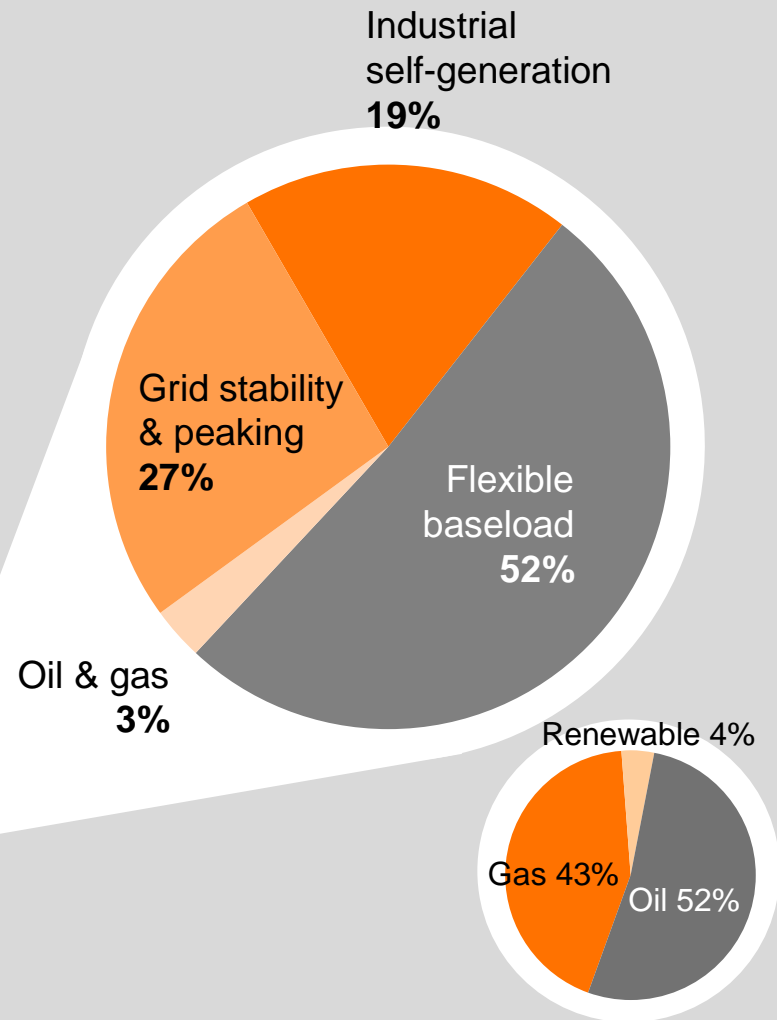
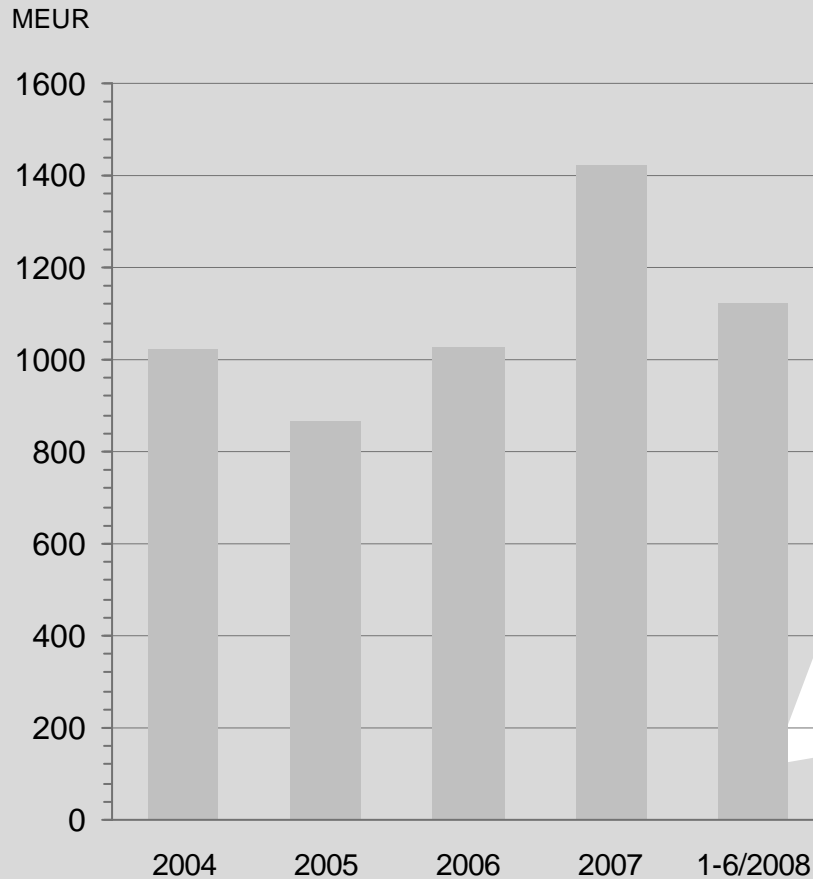
High ordering activity continued



*) 2004 Iraq-orders



Power Plants order intake



Several important orders received

- Third order from the A-3 energy auction conducted in Brazil in 2007
- Tri-fuel power plant order to Togo
- First order in the world for Combined Heat and Power plant running on jatropha

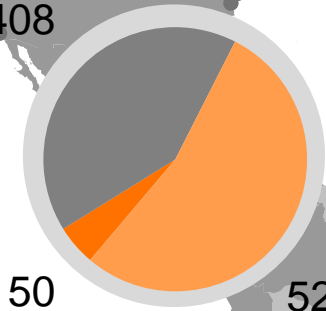


Power Plants - order intake by region

Order intake 1-6/2008: 1,980 MW (1,087)

Americas 986 (151)

408



50

528

Europe 303 (411)

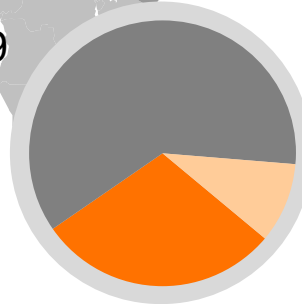
258



45

Africa and Middle East 520 (331)

319

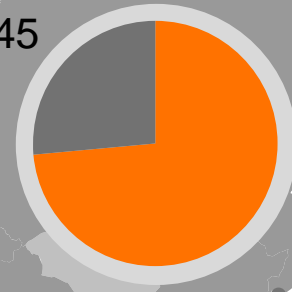


151

50

Asia 171 (194)

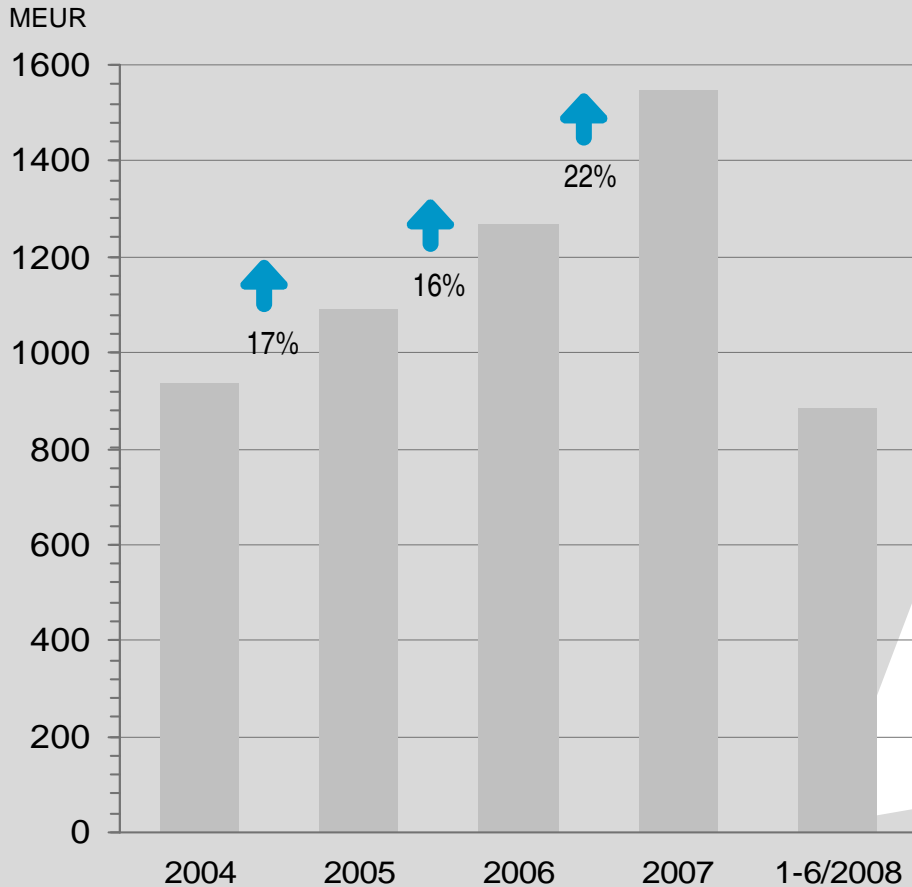
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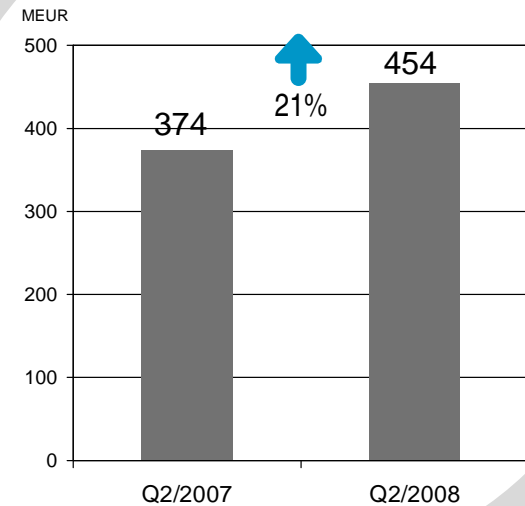
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- Flexible baseload
- Industrial self-generation
- Oil & gas
- Grid stability & peaking

Services Net Sales – 20% organic growth



Second quarter development



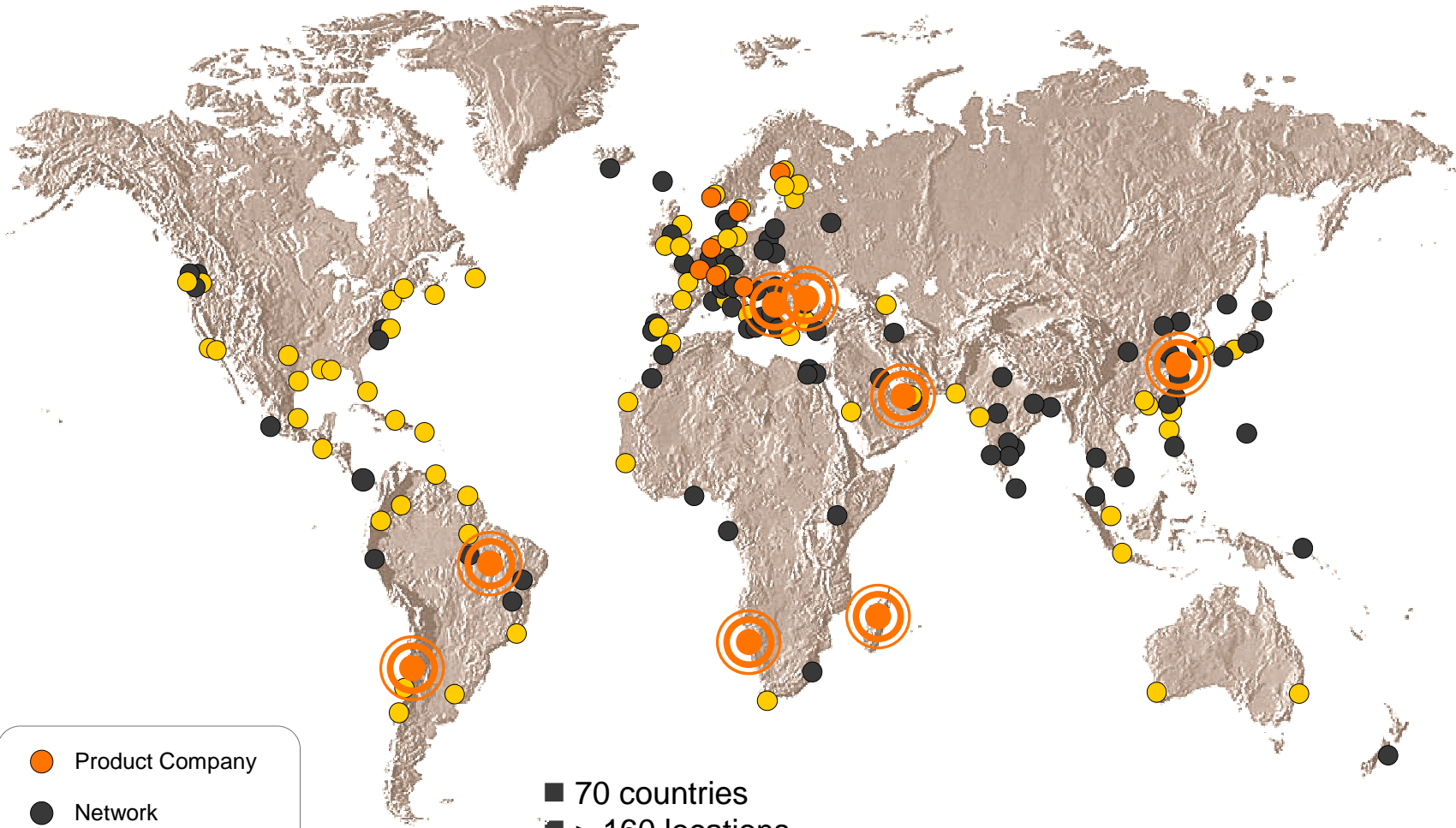
Added capabilities support growth

Wärtsilä Services becomes the most valued business partner...



... by understanding **Customers' needs** and assembling the appropriate solution to solve them.

Expansion of the global Services network continued



Acquisitions in 2008



- Maritime Service AS in Norway - ship service, mechanical and reconditioning services
- International Combustion Engineering A/S in Denmark and UAE - project engineering, service and repair of steam boilers and ancillary burner systems
- Christophel Mess- und Regeltechnik GmbH in Germany - design, delivery and service of automation systems
- Agreement signed to acquire Vik-Sandvik in Norway - design and engineering services to ship owners and yards

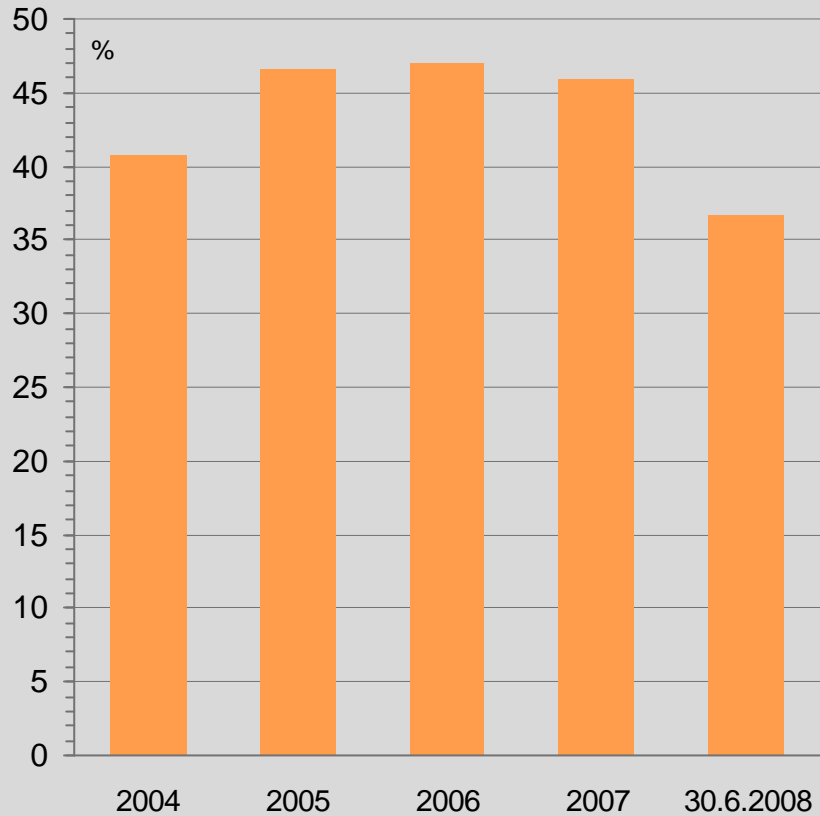
Strong cash flow continued



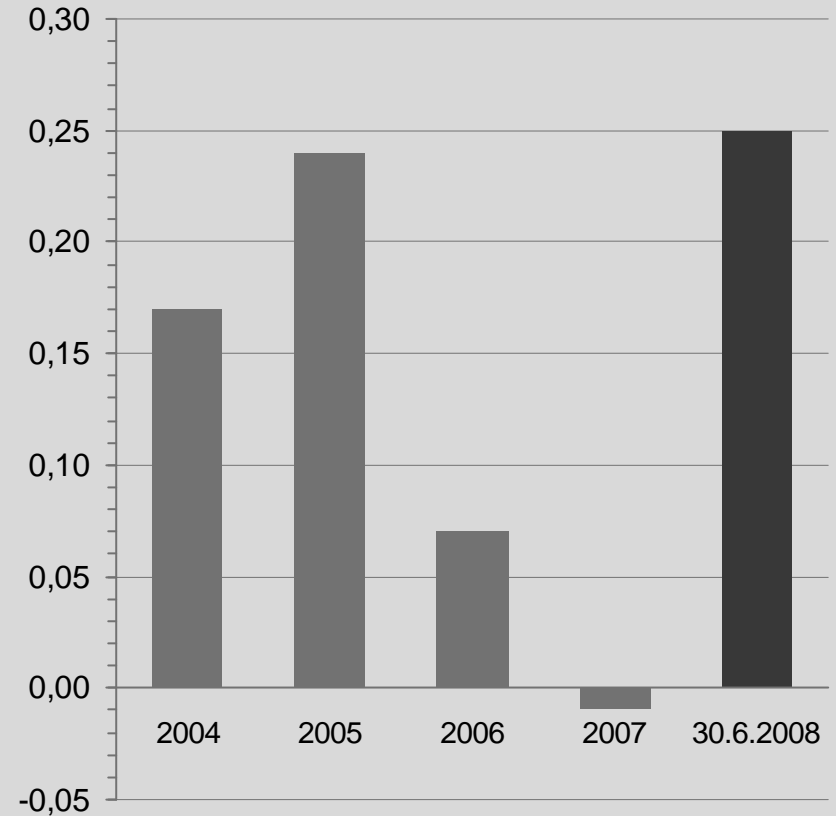
<u>MEUR</u>	<u>1-6/08</u>	<u>1-6/07</u>	<u>2007</u>
Cash flow from operating activities	207	129	431
Cash flow from investing activities	-75	-99	-214
Cash flow from financing activities	-266	-76	-95
Liquid funds at the end of period	156	133	296

Financial position

Solvency



Gearing



Convertible subordinated debentures treated as equity

Market outlook remains favourable



- Ship Power; in Q3 ordering activity expected to continue at Q2 good level, slowdown foreseen Q4. Shorter visibility overall
- Power Plants; market situation remains good, continued high ordering activity expected in all segments for the remaining part of the year
- Stable growth in Services continues

Wärtsilä's prospects for 2008 reiterated



- Based on the strong order book, Wärtsilä's net sales are expected to grow by about 25% in 2008
- Wärtsilä's profitability varies considerably from one quarter to another
- Full-year profitability will exceed 11%



WÄRTSILÄ