

WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY-MARCH 2007

OLE JOHANSSON, PRESIDENT & CEO

4 MAY 2007

First quarter highlights

MEUR	Q1/07	Q1/06	Change	2006
Net sales	761	592	29 %	3 190
Operating income	63	36	77 %	262
% of net sales	8.3	6.1		8.2
Income before taxes	60	40 ¹		447 ²
Earnings/share, EUR	0.44	0.55 ³		3.72
Cash flow from operating activities	79	-2		302
Gross capital Expenditure	42	40		193

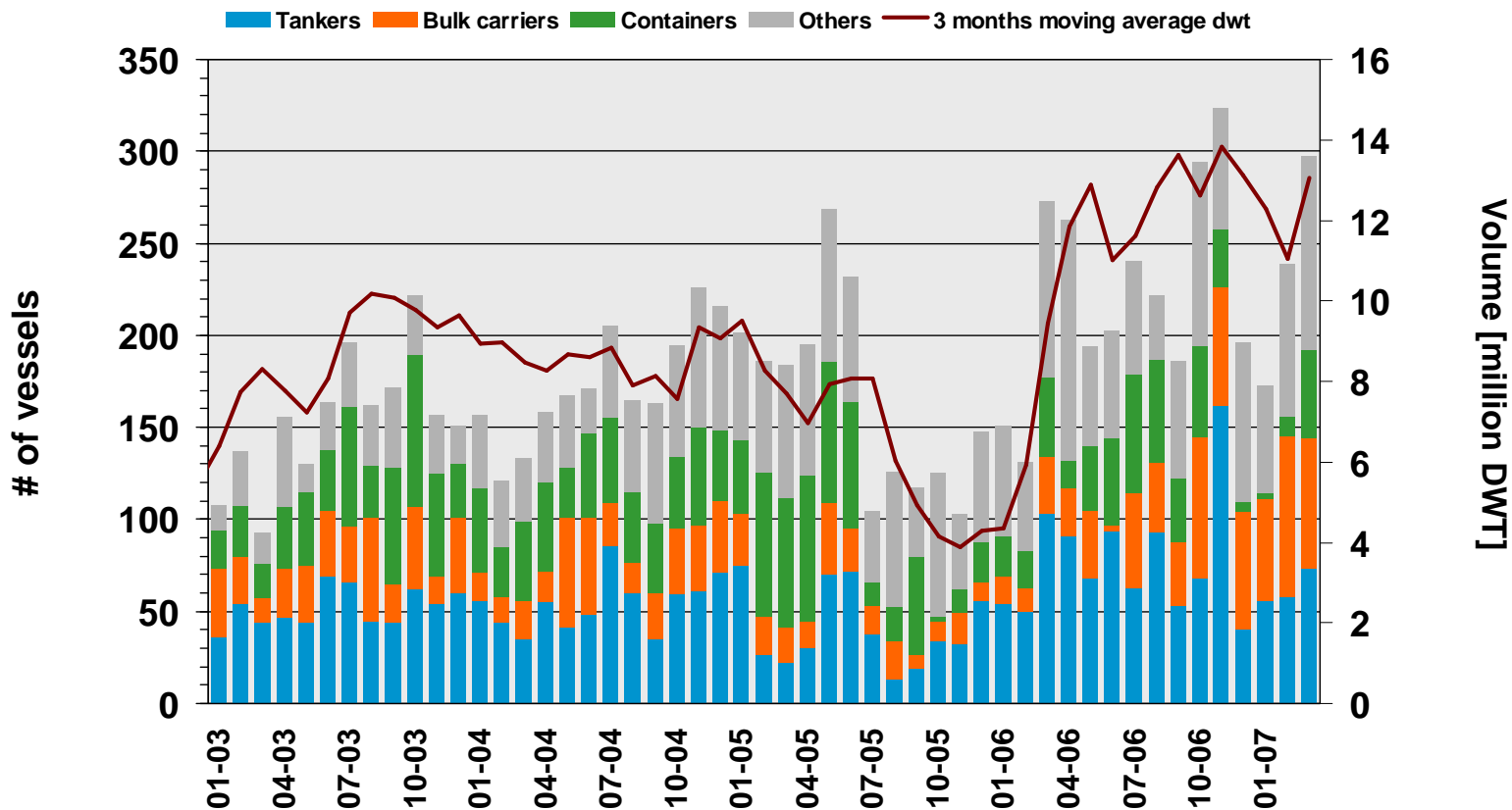
1 The January-March 2006 result includes Wäertsilä's share of Ovako's profit after taxes EUR 7 million.

2 The 2006 Result includes Wäertsilä's share of Ovako's profit after taxes, EUR 67 million, and a capital gain of EUR 124 million from the sale of Assa Abloy B shares.

3 The January-March 2006 result includes deferred tax assets totalling EUR +26 million relating to previously recognized restructuring expenses.

Market development - Ship Power

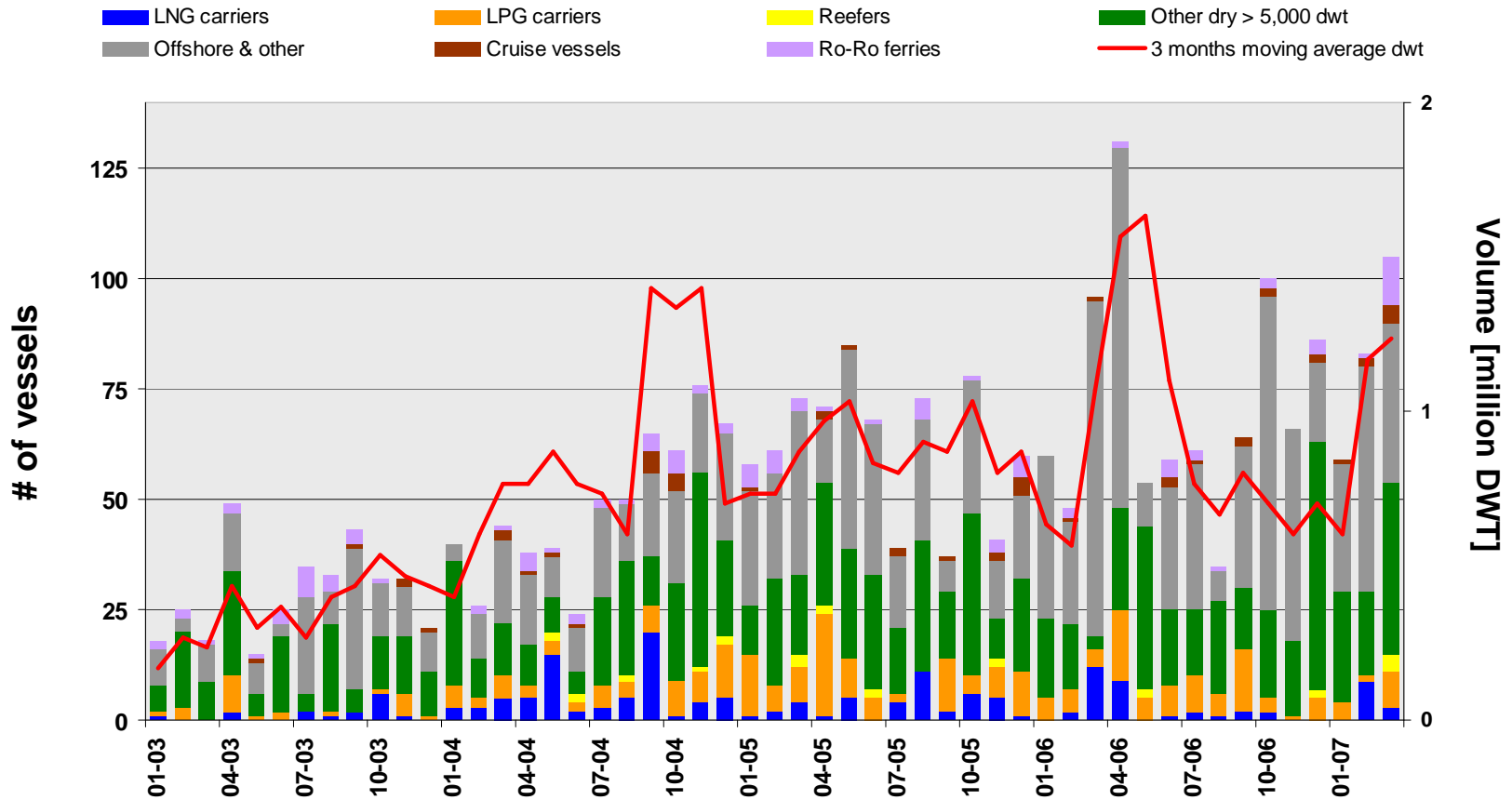
Vessel orders



Source: Based on data from Clarkson Research Studies

Market development - Ship Power

Vessel orders - other vessels

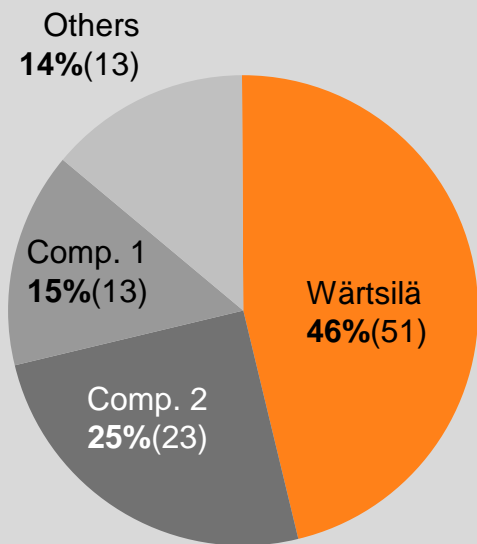


Source: Based on data from Clarkson Research Studies

Market development - Ship Power

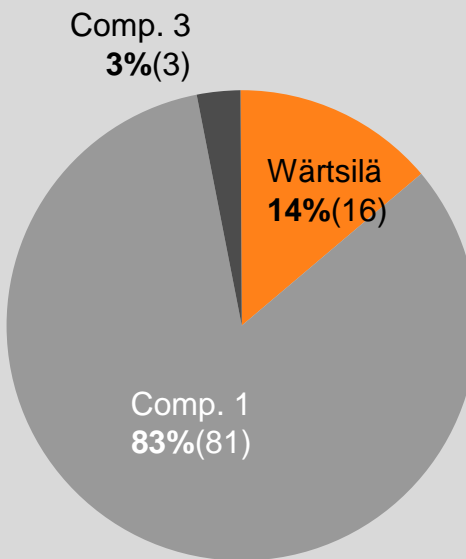
Market position of Wärtsilä's marine engines Q1/2007

Medium-speed main engines



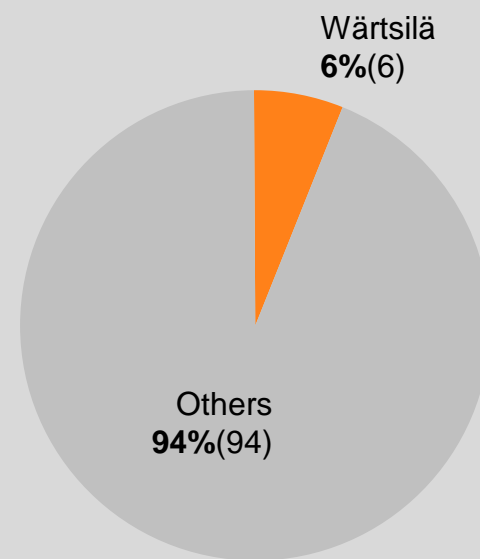
Total market volume last 12 months:
8,800 MW (9,200)

Low-speed main engines



Total market volume last 12 months:
27,700 MW (26,600)

Auxiliary engines



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

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

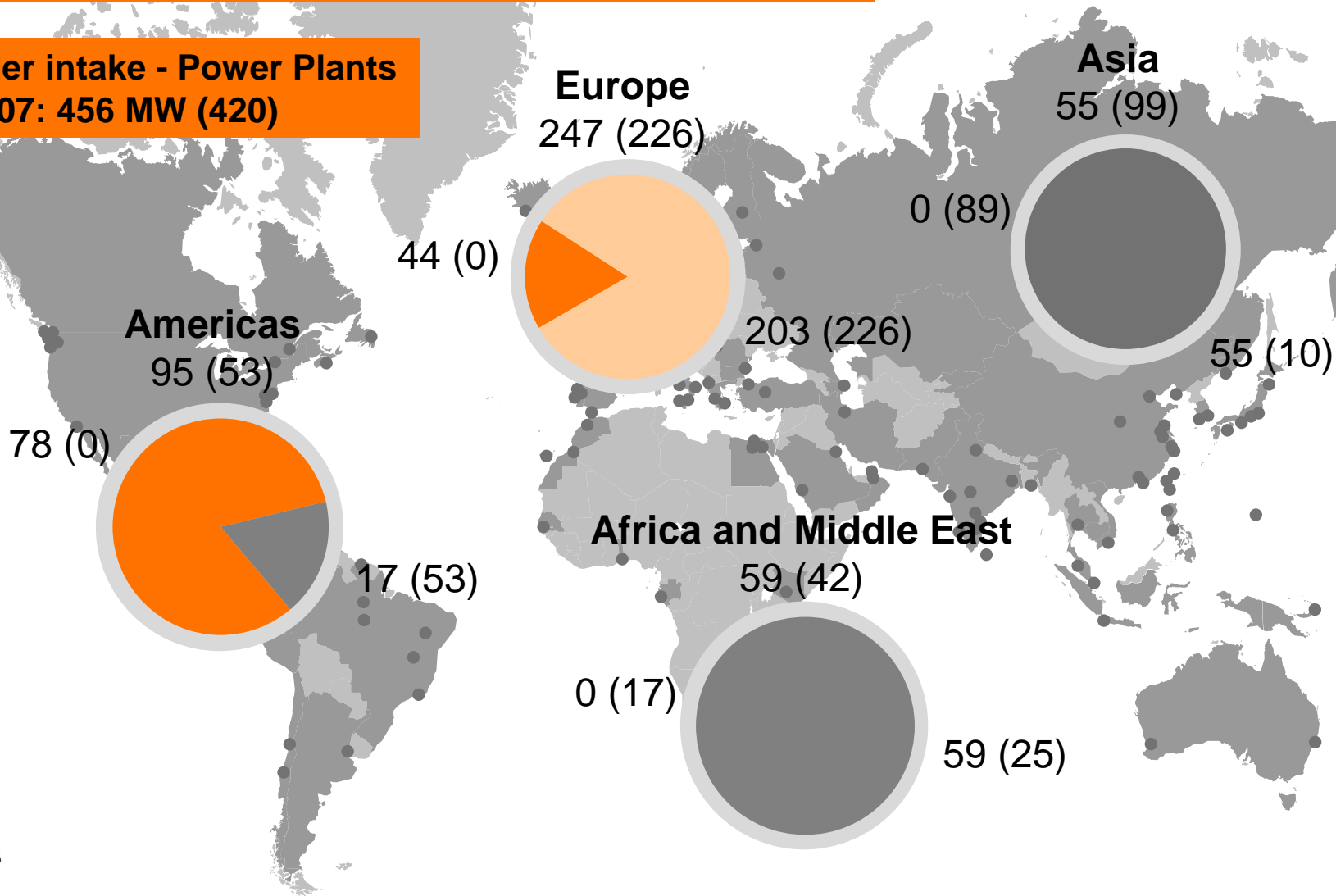


- Demand in the market remained high
- Gas power plants demand was strong
- Renewable fuel power plants continued to offer opportunities
- Demand evenly spread around the world

Market development - Power Plants

Demand evenly spread around the world

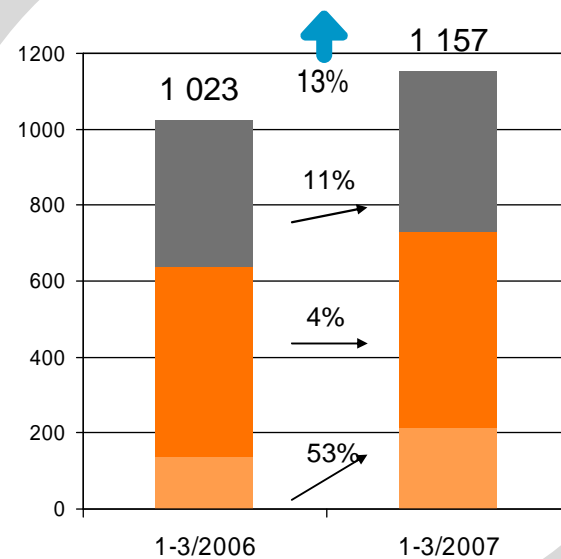
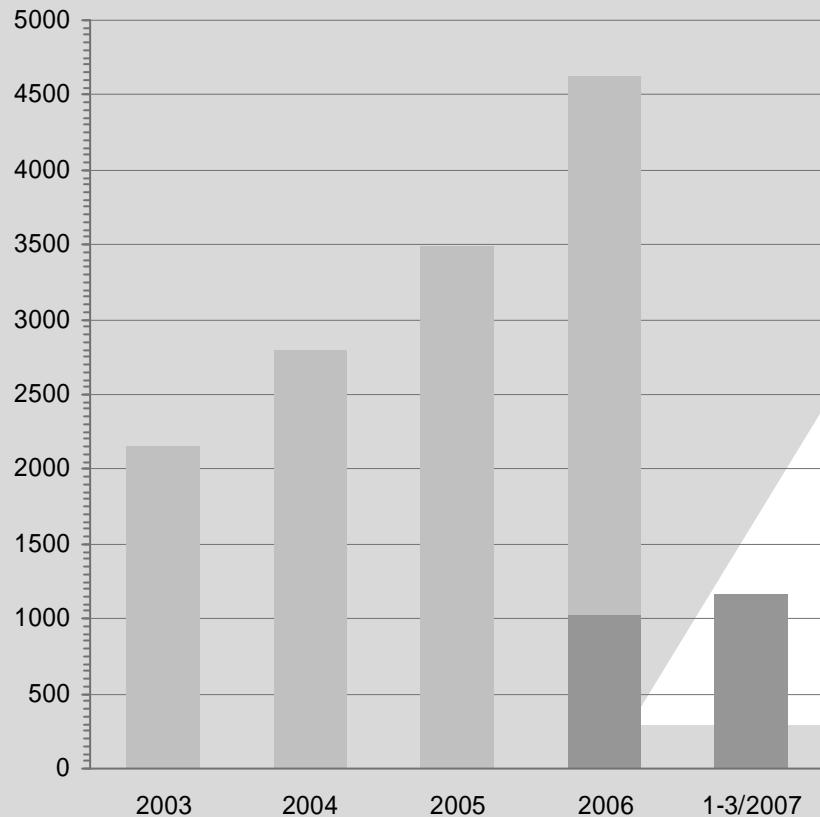
Order intake - Power Plants
Q1/07: 456 MW (420)



■ Gas
■ Oil
■ Renewable fuels

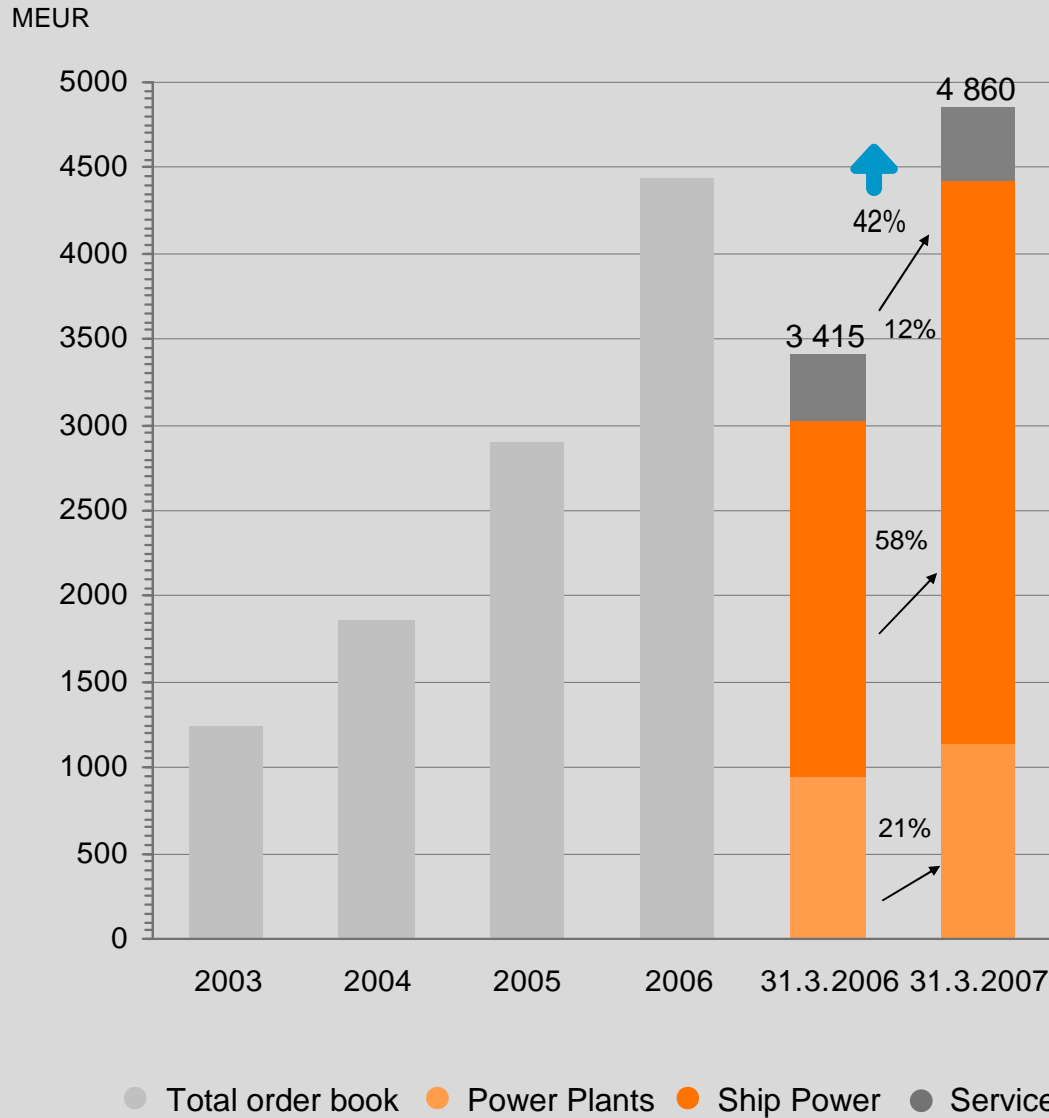
Order intake

MEUR

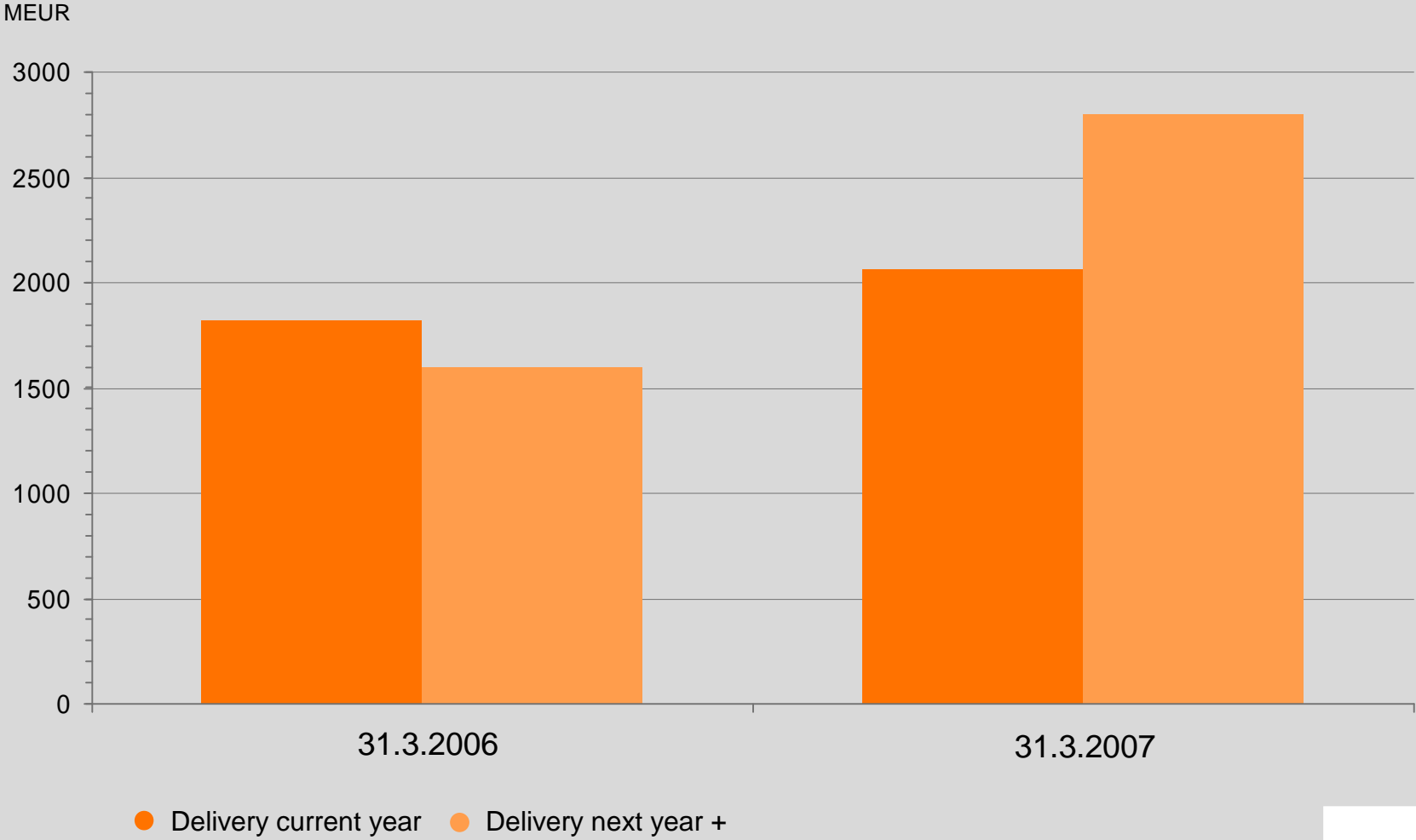


● Total order intake
 ● First-quarter order intake
 ● Power Plants
 ● Ship Power
 ● Services

Order book



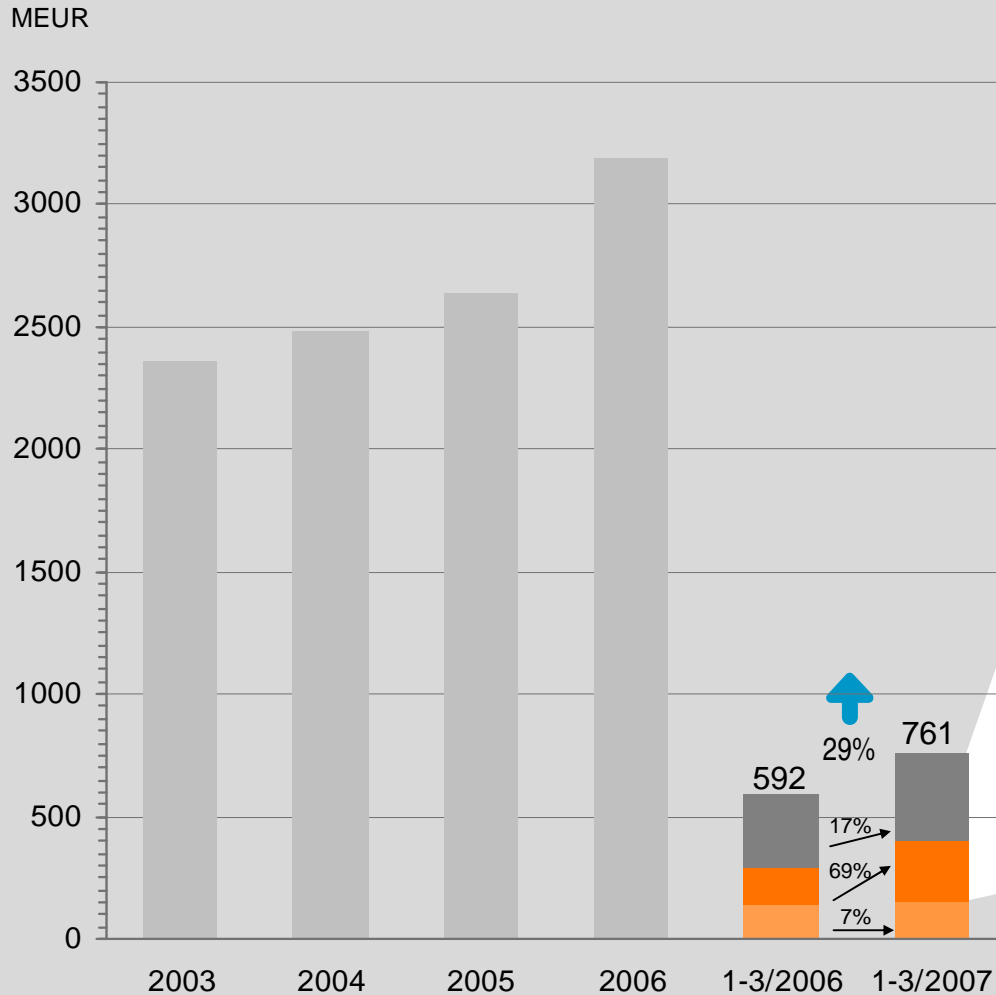
Order book distribution



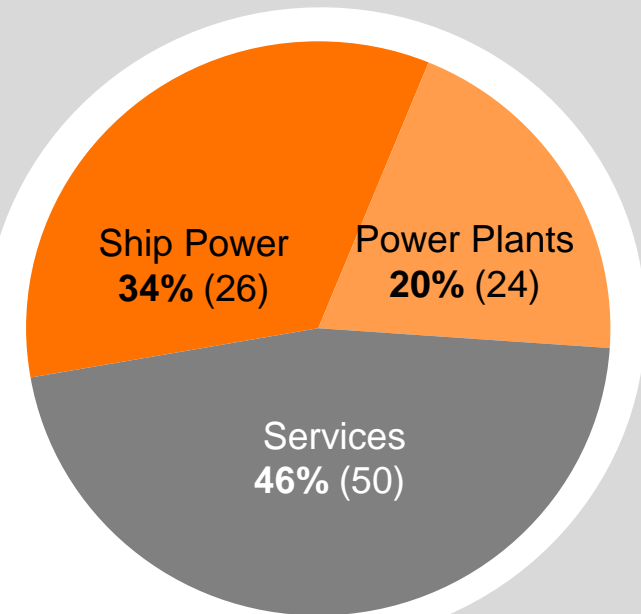
● Delivery current year ● Delivery next year +



Net sales

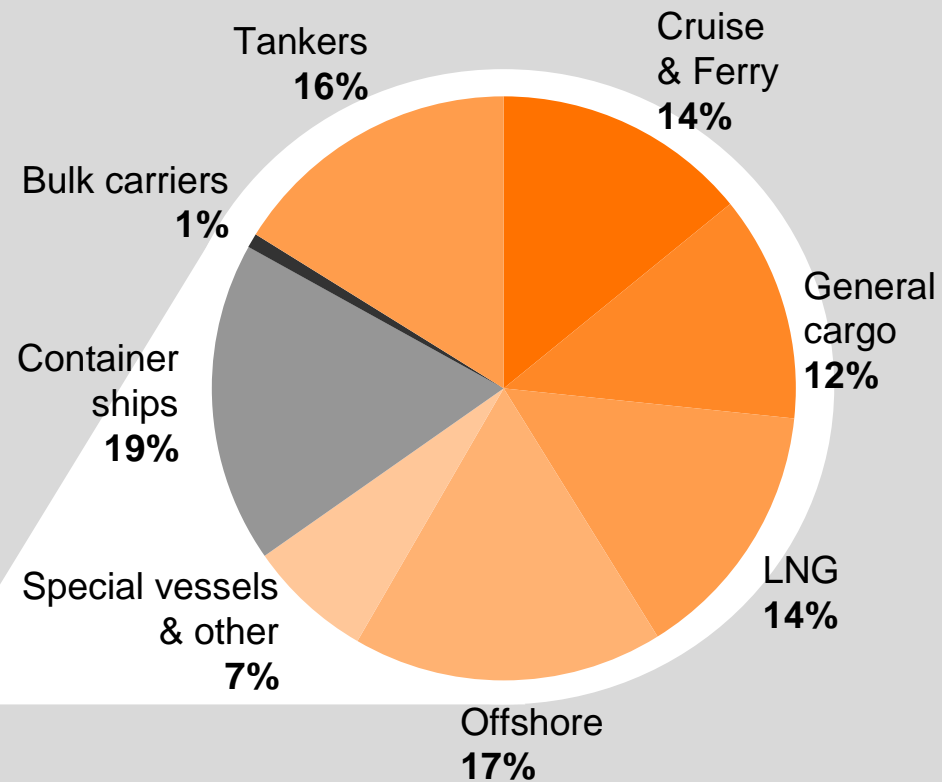
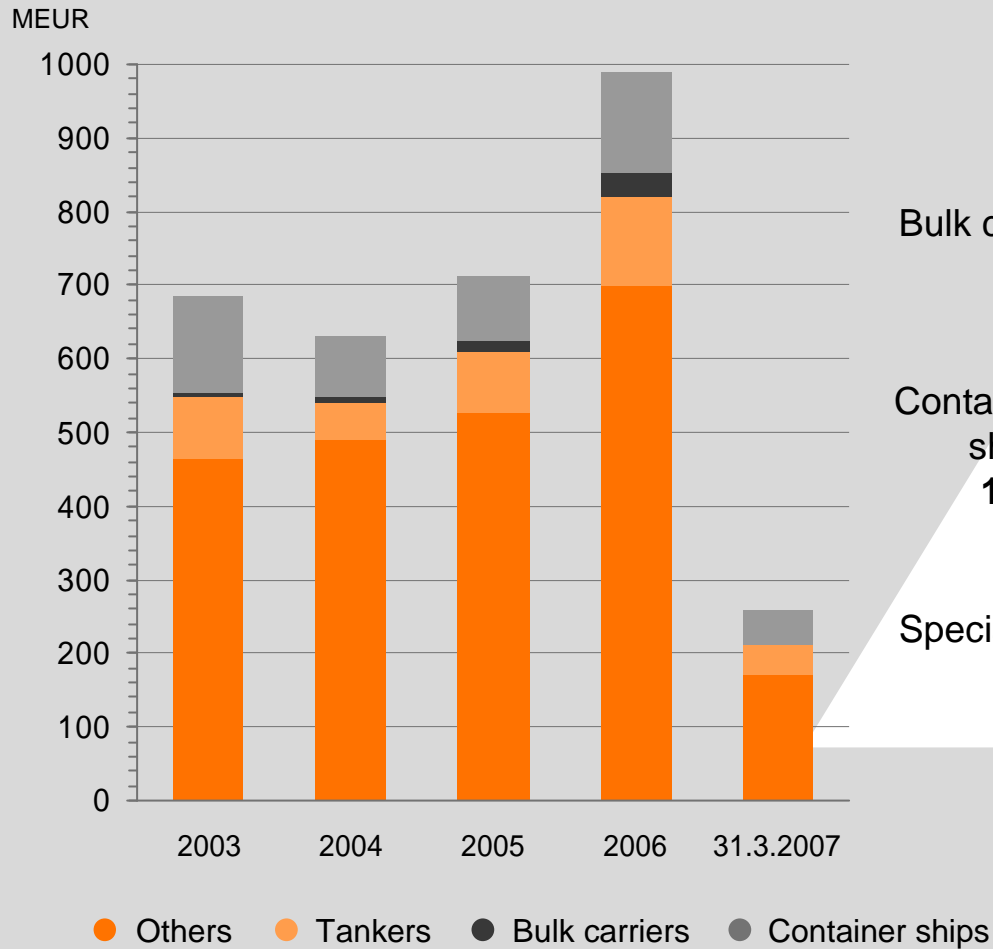


Net sales by business Q1/2007

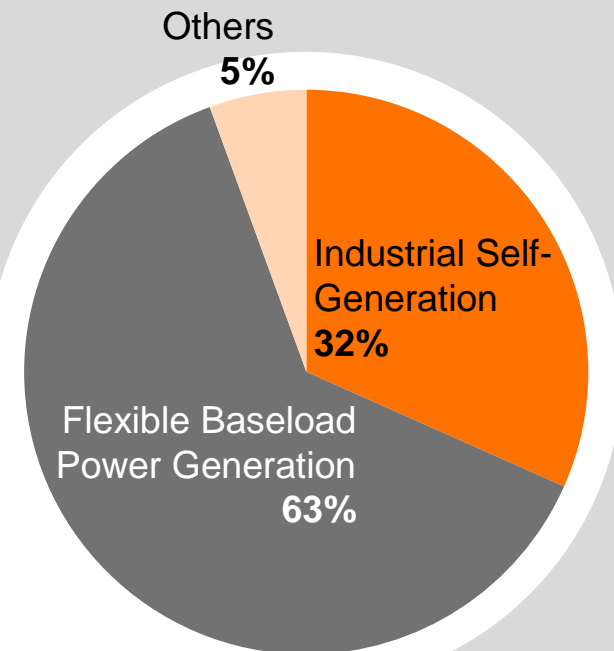
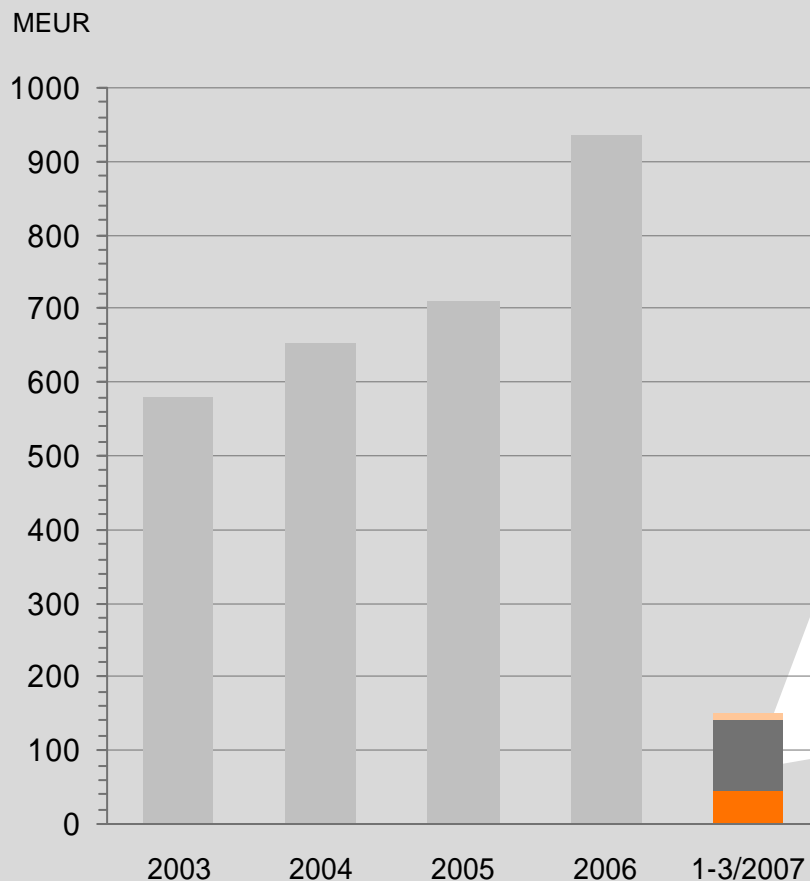


● Total net sales ● Power Plants ● Ship Power ● Services

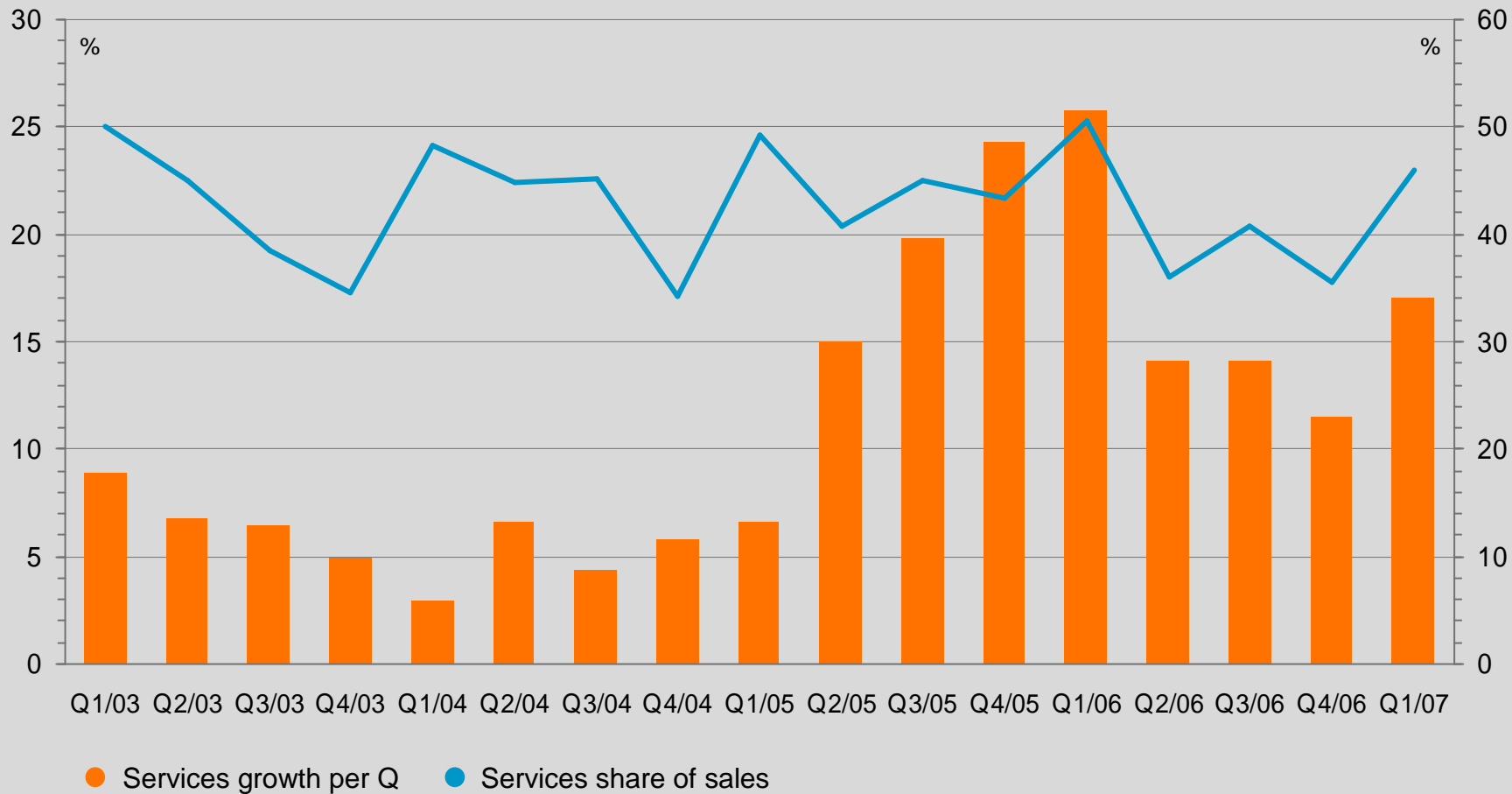
Net sales - Ship Power



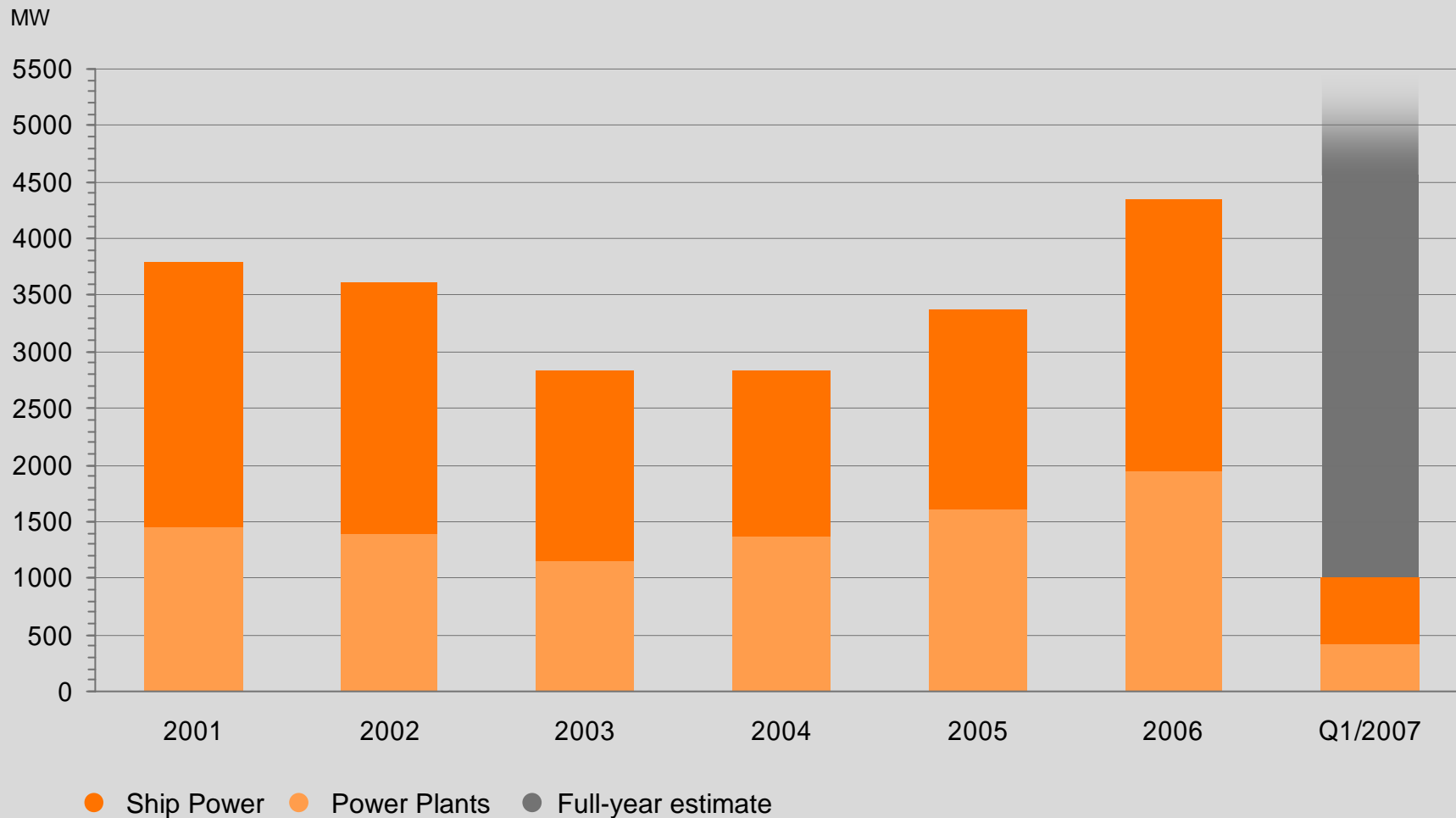
Net sales - Power Plants



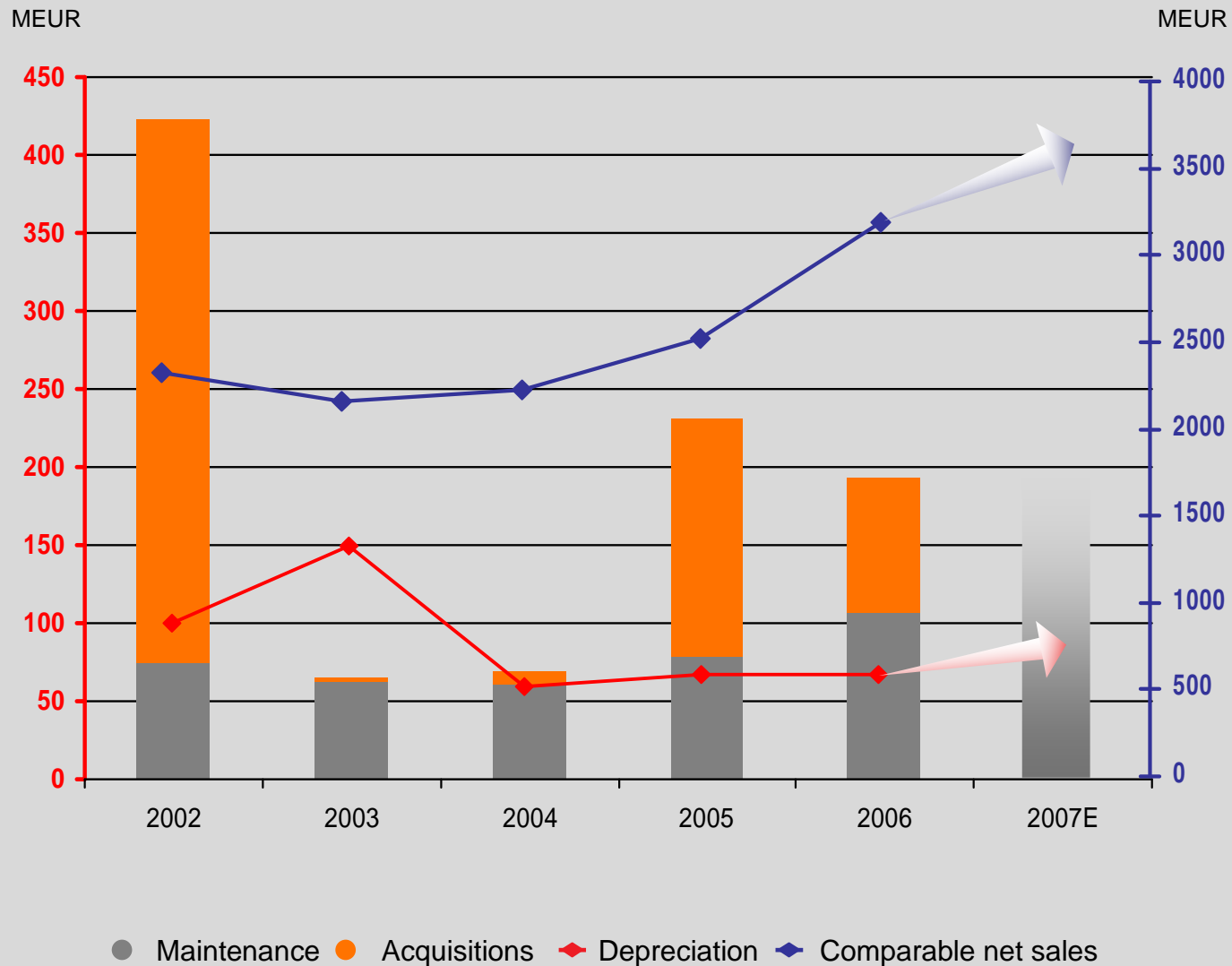
Wärtsilä Services



Delivered engine megawatts from own factories



Volume growth reflected in Capex



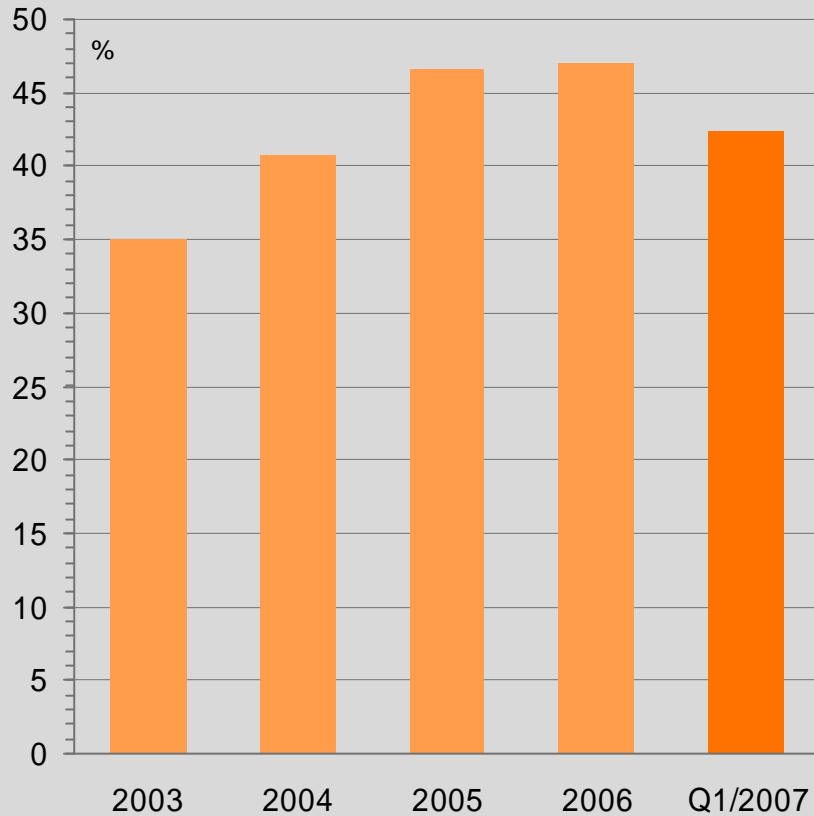
Cash flow



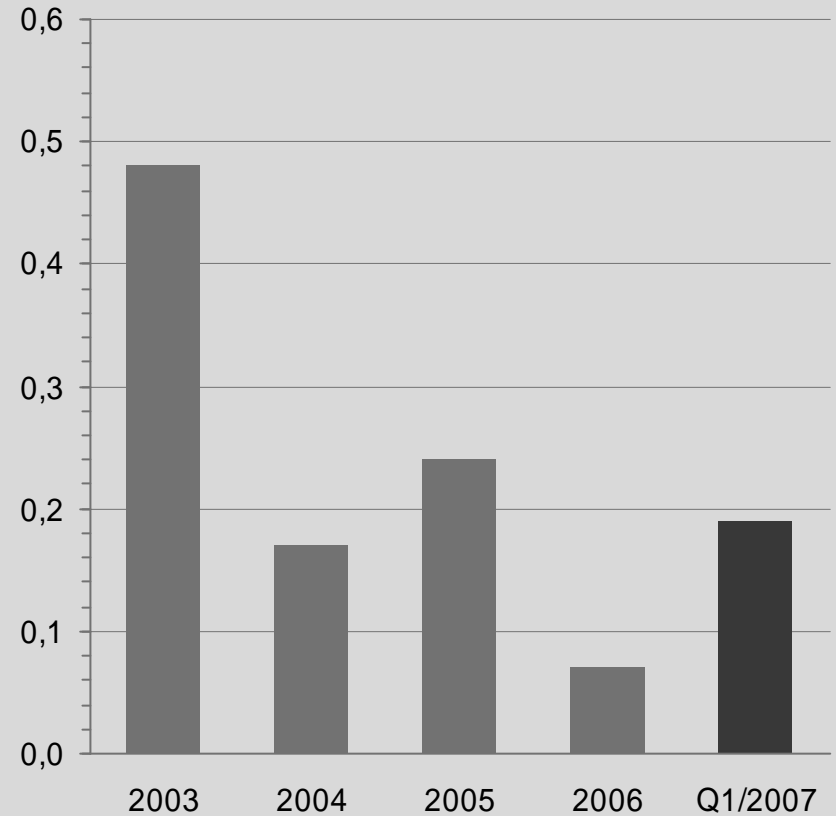
<u>MEUR</u>	<u>Q1/07</u>	<u>Q1/06</u>	<u>2006</u>
Cash flow from operating activities	79	-2	302
Cash flow from investing activities	-38	-29	148
Cash flow from financing activities	-72	27	-387
Liquid funds at the end of period	148	115	179

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's profitability varies considerably between the quarters as will be the case also this year.
- Wärtsilä sees further possibilities for growth in 2008.



WÄRTSILÄ