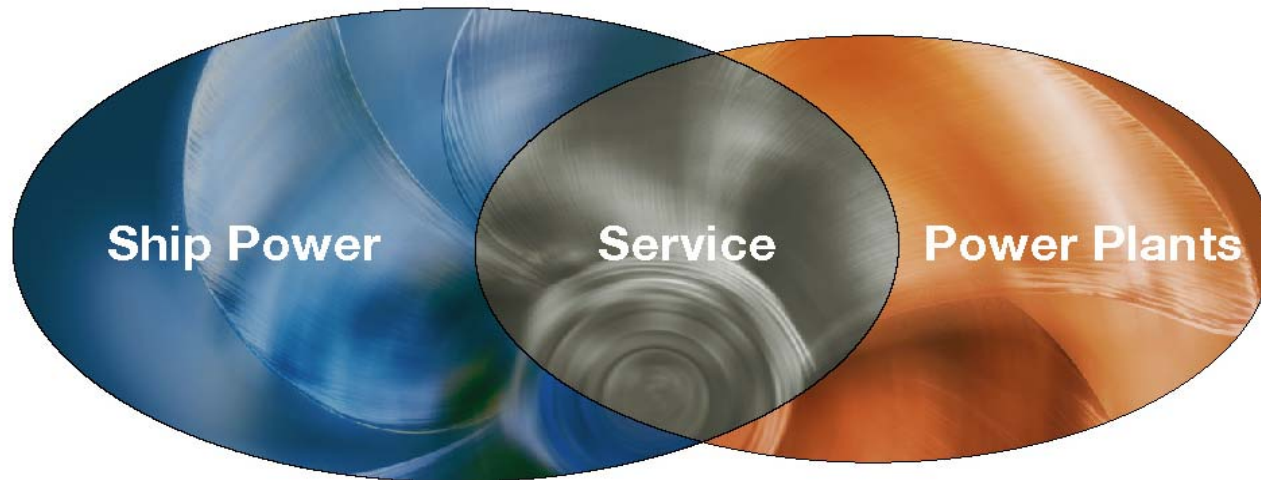




# Wärtsilä Corporation

Interim Report January-June 2004  
Ole Johansson, President & CEO

6 August 2004



## Ship Power

The leading global ship power and service provider.

## Service

Interlinks these two businesses. Service supports Wärtsilä customers throughout the lifecycle of their installation.

## Power Plants

A significant supplier of decentralized power plant solutions and operation and maintenance services.

# Highlights of the reporting period



- Net sales rose 7.4% to EUR 1,103.0 million
- Power Businesses' result improved during Q2
- Order intake and order book on good level
- Propeller production in China started
- The Ciserv-group expanded
- Restucturing of engine manufacturing proceeds as planned



MEUR	Q2/2004	Q2/2003
Net sales	581.3	538.5
Operational EBITA <sup>1</sup>	33.9	22.9
Operating income	27.2	16.2
Profit before taxes	32.2	15.4
EPS, EUR	0.36	0.22

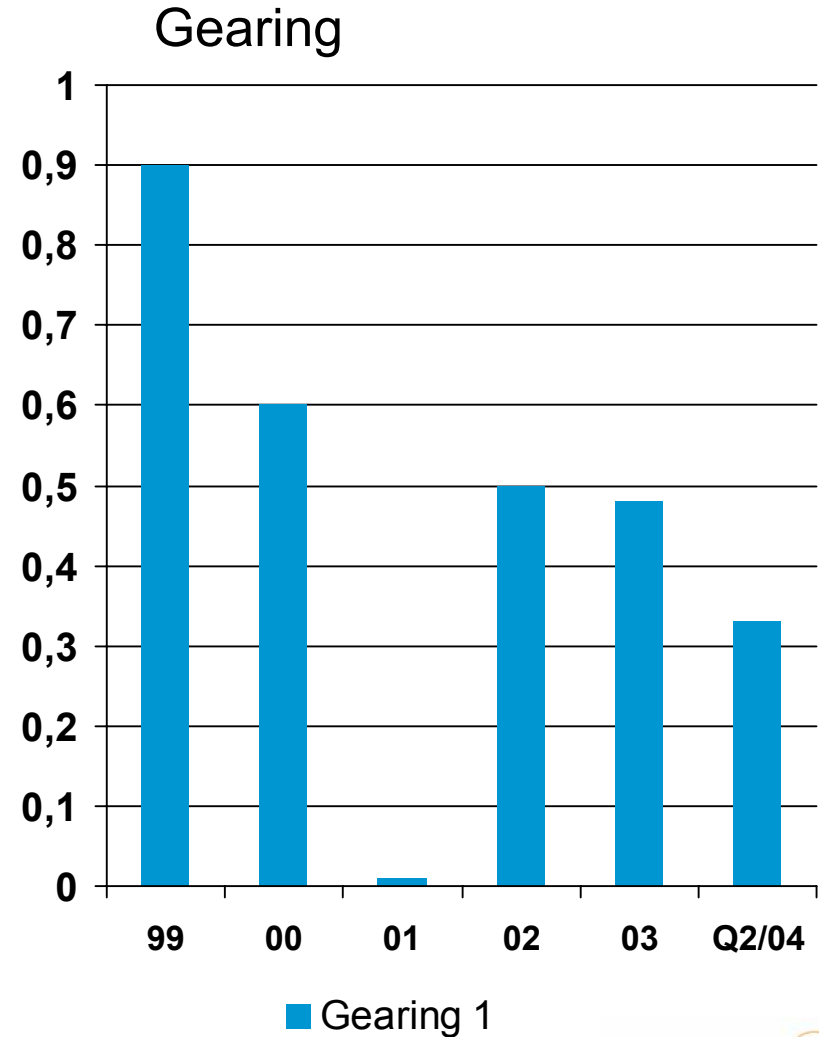
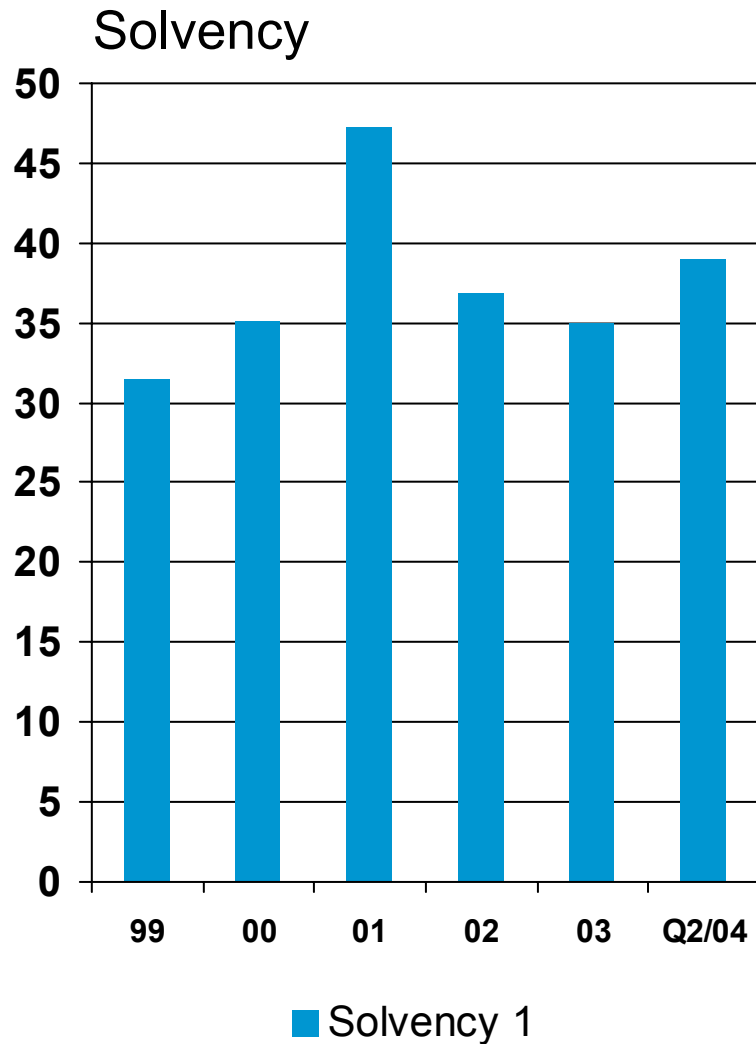
<sup>1</sup>EBITA is the operating profit before amortization of goodwill on consolidation.

MEUR	1-6/2004	1-6/2003	2003
Net sales	1,103.0	1,026.6	2,357.5
Operational EBIT	20.9	25.6	100.0
Operating income	128.6	21.1	-18.4
Profit before taxes	129.6	15.6	-34.4
EPS, EUR	1.54	0.13	-0.66



MEUR	1-6/2004	1-6/2003	2003
Cash flow from operating activities	-5.6	3.9	192.1
Cash flow from investing activities	117.2	-9.3	-22.2
Cash flow from financing activities	-110.8	-44.0	-205.8
Liquid funds at the end of period	150.7	136.5	150.0

# Solvency and gearing



Convertible subordinated debentures treated as equity



# Power Businesses



MEUR	Q2/2004	Q2/2003	Change%
Net sales	517.0	483.2	7.0%
EBIT	21.5	14.0	54.4%
% net sales	4.2%	2.9%	
Order intake	588.3	511.9	14.9%

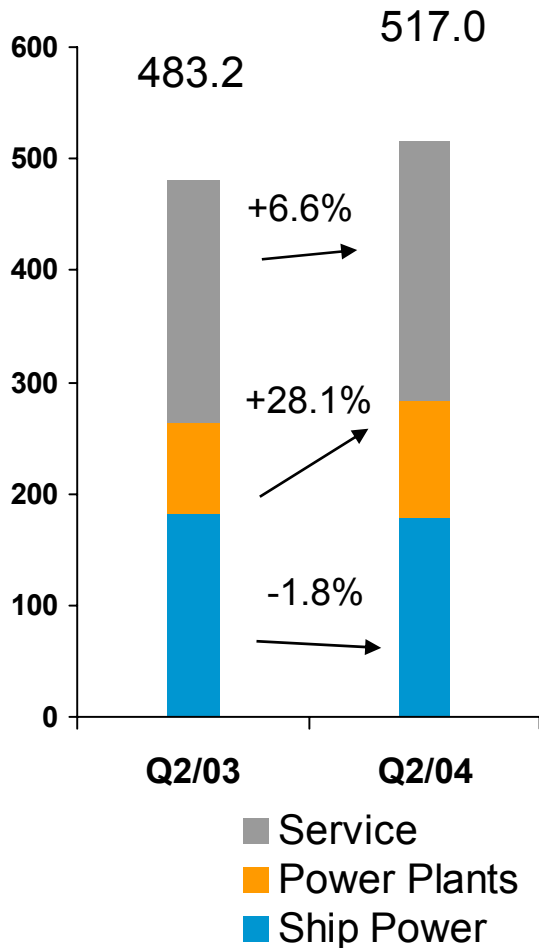
MEUR	1-6/2004	1-6/2003	Change%	2003
Net sales	980.3	916.3	7.0%	2,155.8
EBIT	12.4	22.3	-44.3%	-35.0 <sup>1</sup>
% net sales	1.3%	2.4%		-1.6%
Order intake	1,477.0	1,102.3	34.0%	2,148.7
Order book end of period	1,779.2	1,392.8	27.7%	1,245.0

<sup>1</sup>Includes restructuring provision of EUR 130 million.

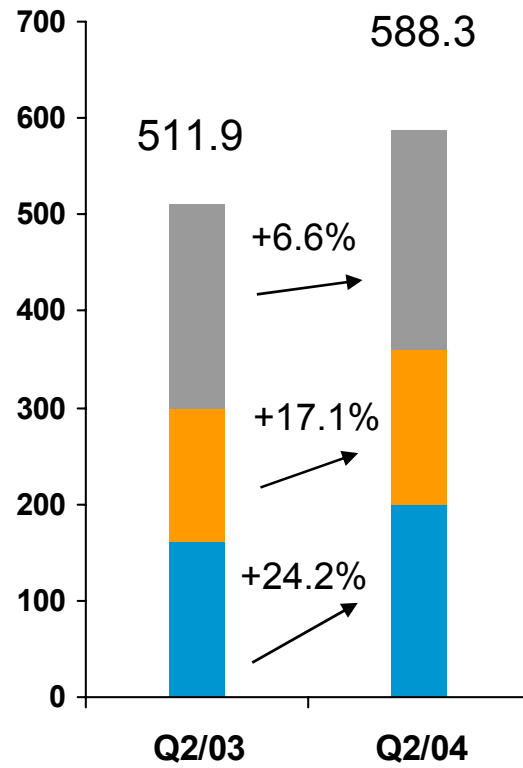
# Power Businesses – Key figures

MEUR

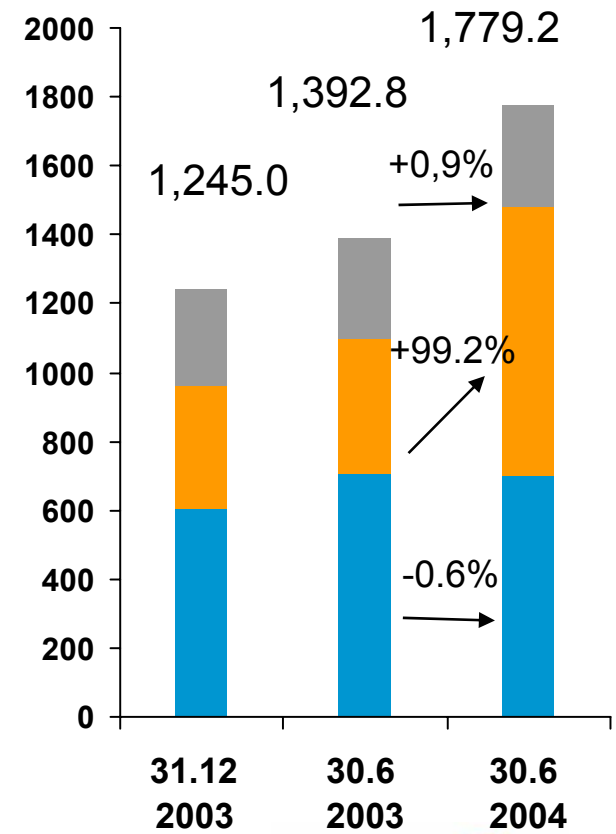
## Net sales



## Order intake

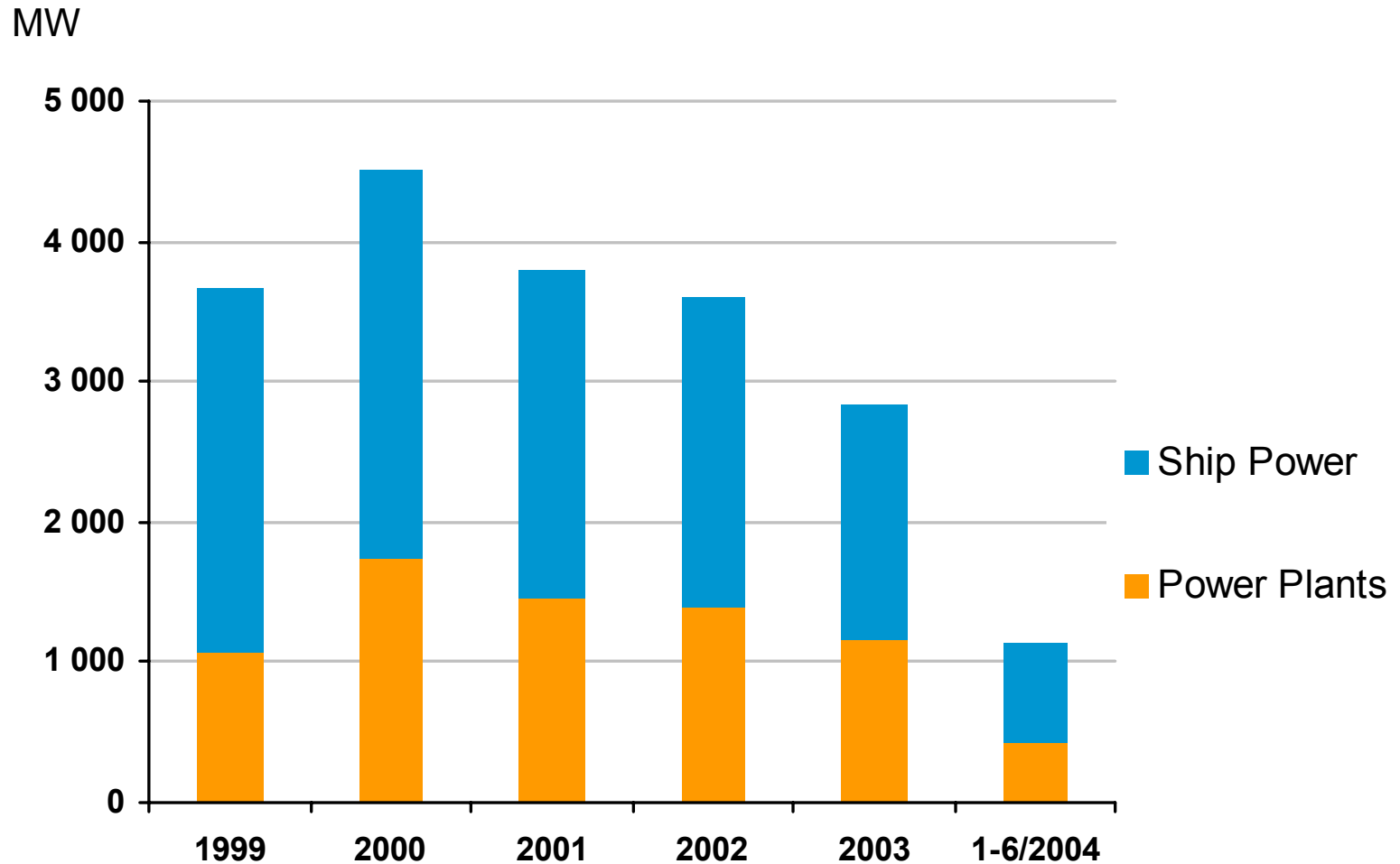


## Order book





# Delivered engine megawatts from Wärtsilä factories



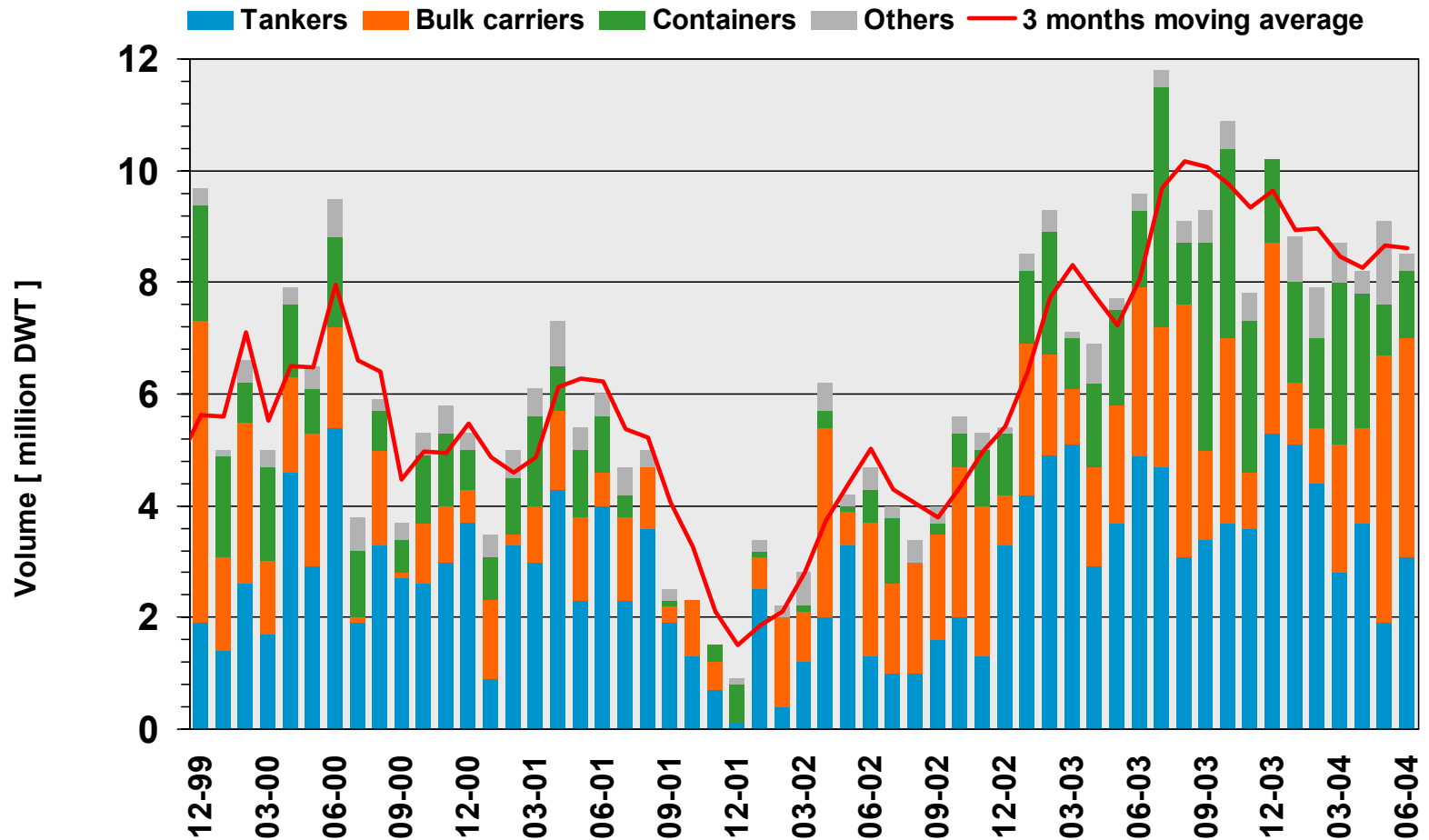
MEUR	Q2/2004	Q2/2003	Change	2003
Net sales	179.1	182.5	-1.8%	686.1
Order intake	199.3	160.4	24.2%	626.4
Order book, end of period	702.0	706.0	-0.6%	606.8



Power Businesses net sales Q2/2004  
EUR 517.0 million.

- Ship Power 34.6 %

# Vessel orders

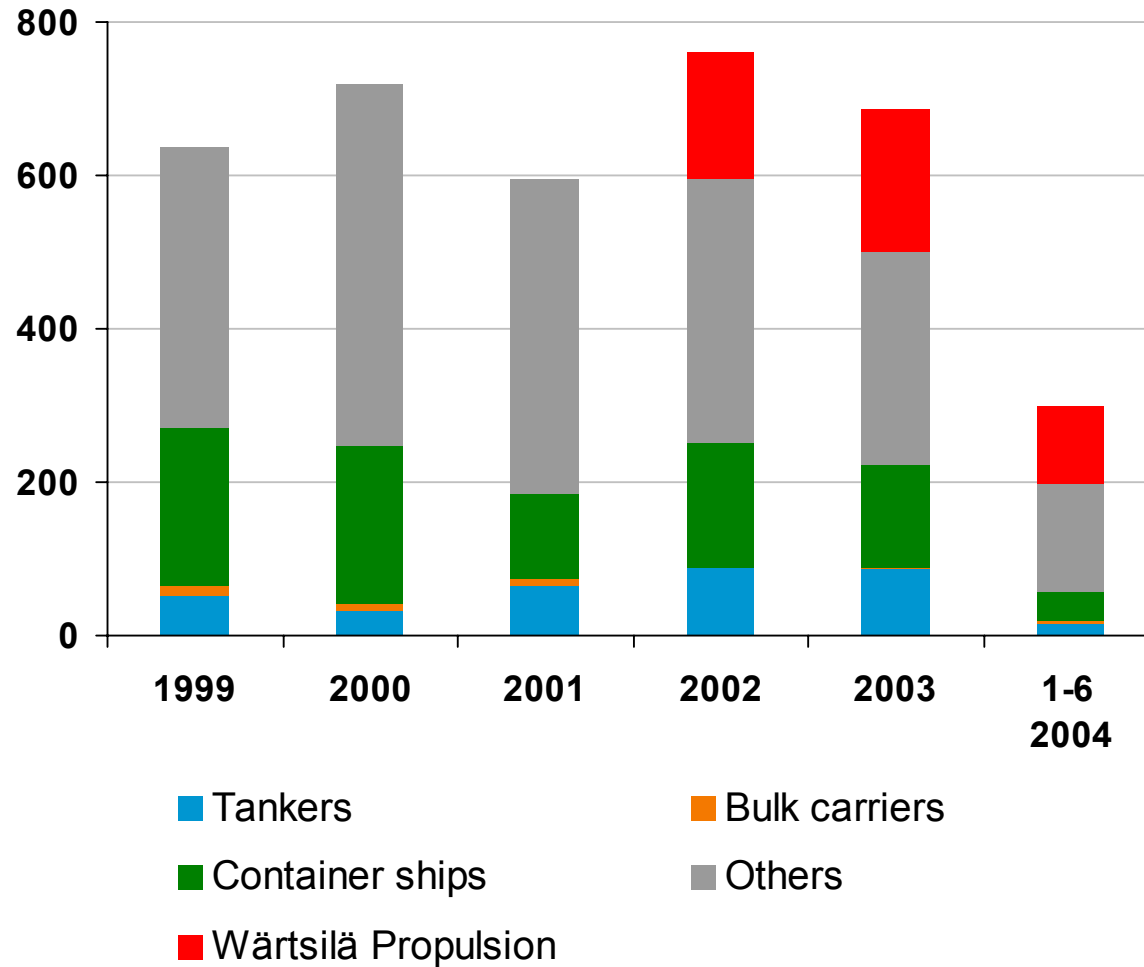


Source: Based on data from Clarkson Research Studies

Note: Cargo vessels > 5,000 dwt

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Q2/2004 presentation

# Net sales of Ship Power by vessel type



	Q2/2004	Q2/2003	Change%	2003
Net sales, MEUR	232.0	217.6	6.6%	885.5
Personnel, end of period	6,193	5,839	6.1%	5,993
Long-term service agreements, MW	9,668	9,867	-2.0%	9,629
O&M (operation and maintenance agreements), MW	2,572	2,182	17.9%	2,289

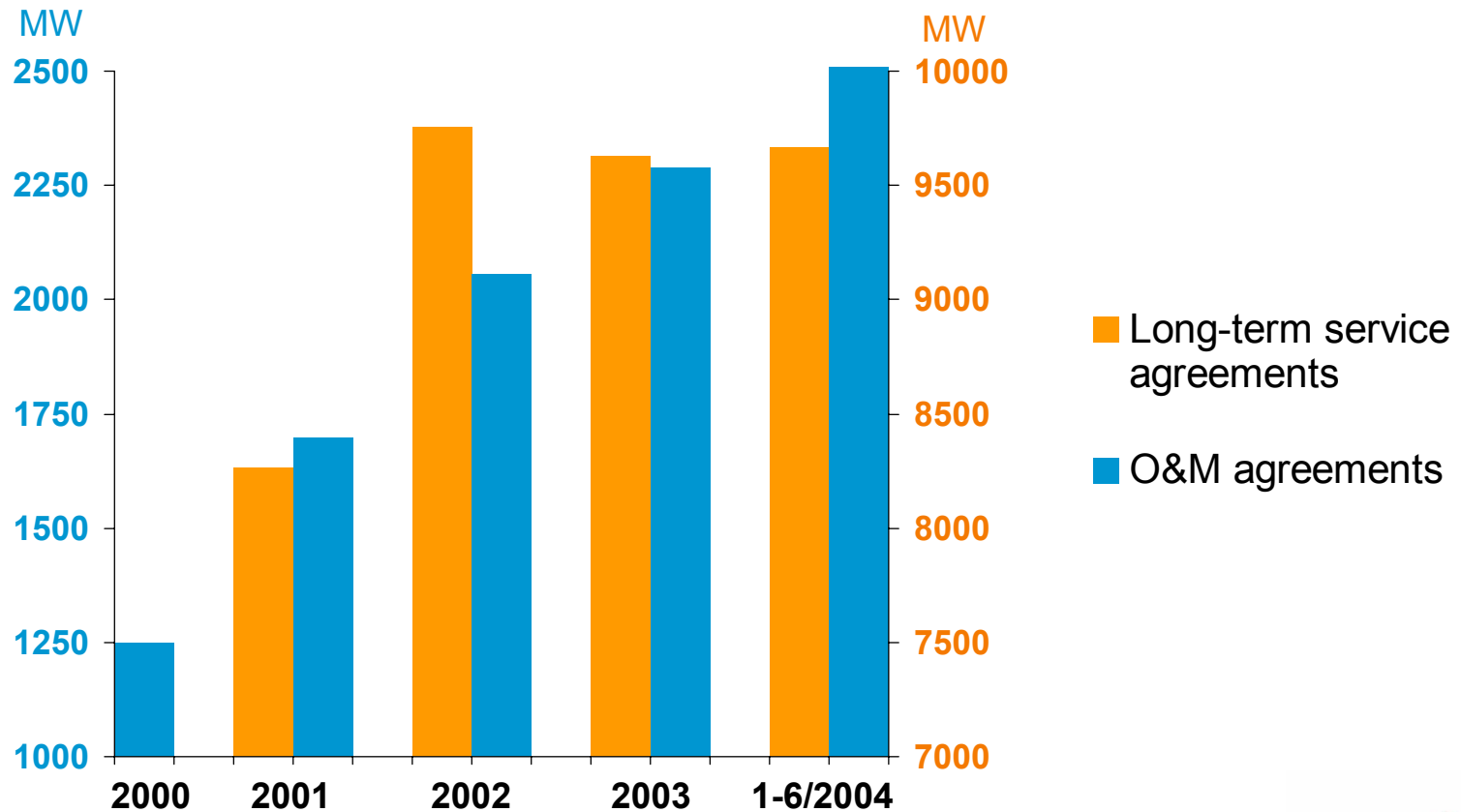


Power Businesses net sales Q2/2004  
EUR 517.0 million.

- Service 44.9%

# Long-term service and O&M agreements

- Active engine base 130,000 MW.
- Long-term service and O&M agreements cover 12,240 MW.





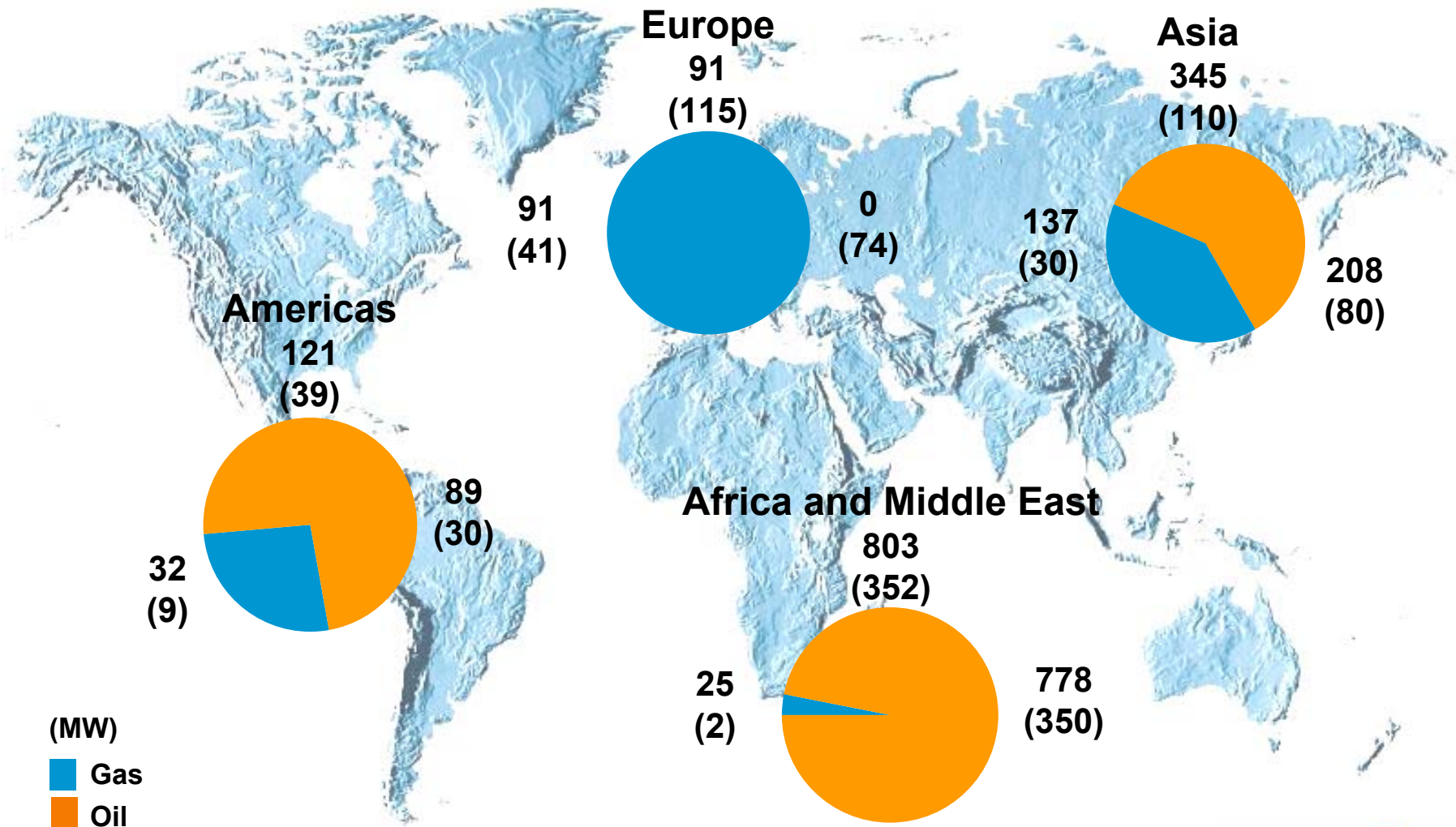
MEUR	Q2/2004	Q2/2003	Change	2003
Net sales	104.5	81.5	28.1%	577.5
Order intake	161.4	137.8	17.1%	639.3
Order intake, MW				
heavy fuel oil, MW	292	238	22.7%	1,249
gas, MW	77	50	54.0%	219
BioPower, MW <sup>th</sup>	0	46		133
Order book, end of period	778.7	391.0	99.2%	357.2



Power Businesses net sales Q2/2004  
EUR 517.0 million.

■ Power Plants 20.2%

# Power plant order intake 1-6/2004: 1,359 MW (616)\*



(MW)

■ Gas  
■ Oil

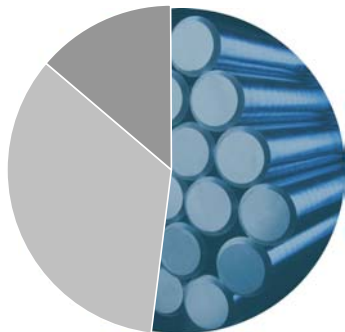
\*In brackets order intake for 1-6/2003



## Key figures

MEUR	Q2/2004	Q2/2003	Change	2003
Net sales	64.5	55.5	16.2%	202.7
Operating income	5.6	2.2	150.5%	0.7
% of net sales	8.7%	4.0%		0.3%

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



- Trucks 52%
- Engineering industries 34%
- Cars 14%

- Improved result due to the investment in the base metallurgical line, streamlining measures and implemented price increases.
- In the special engineering steel market demand for both steels and forgings increased.

# Outlook for the rest of the year 2004



## Power Businesses

- Full-year forecast unchanged i.e. net sales will grow and profitability will improve slightly. The uncertain political situation in Iraq is a risk factor.

## Imatra Steel

- Net sales increases and operational income improves.



**WÄRTSILÄ**