

# Wärtsilä Corporation

## Wärtsilä – Power on Land and at Sea

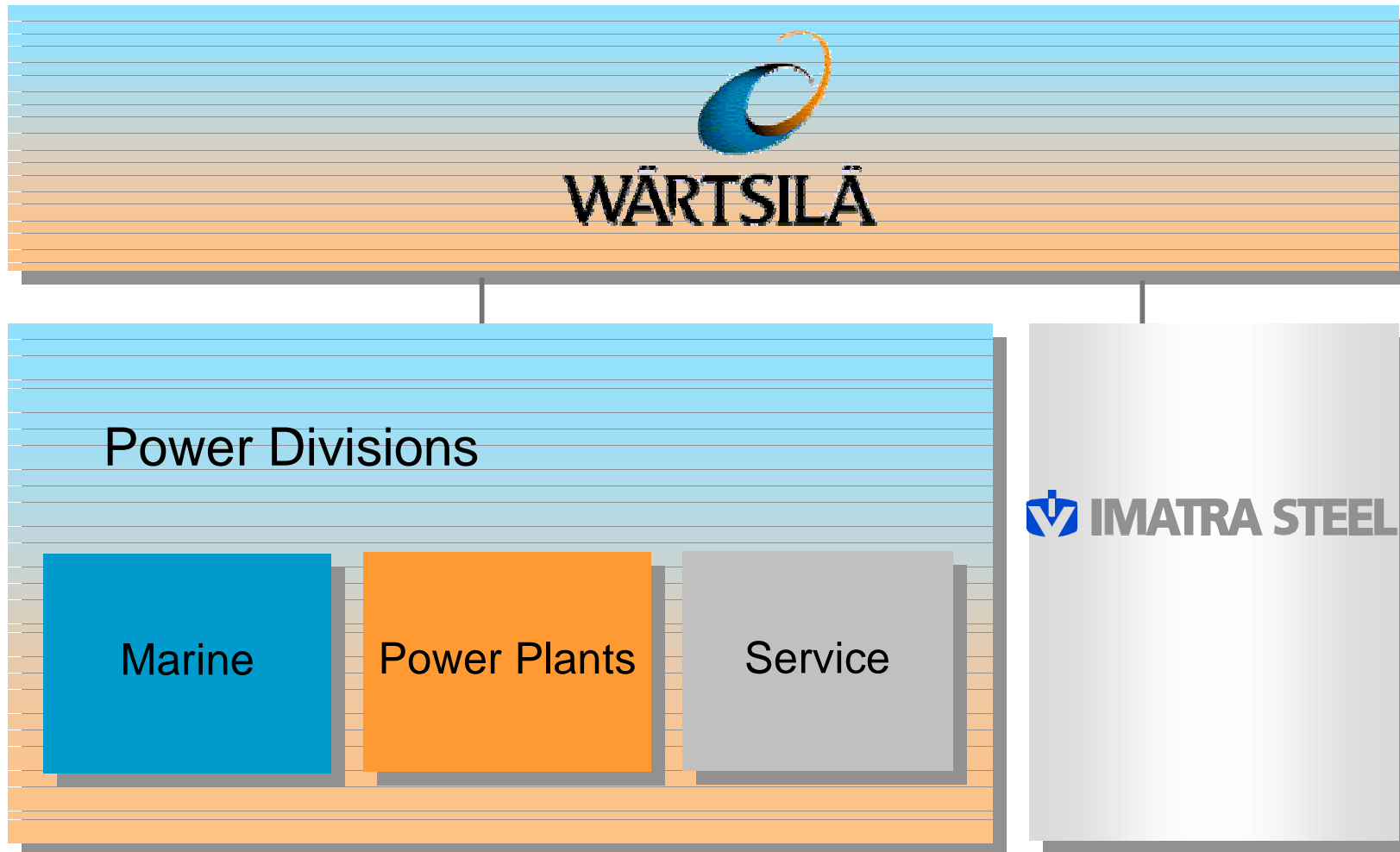


We strive to lead the ship power and distributed power generation markets by providing the most competitive, reliable and environmentally sound solutions.

Our world-wide network of professionals translates these solutions into maximum customer satisfaction and value.



# Group structure



WÄRTSILÄ®

SULZER®

LIPS®

JMT

DEEP SEA SEALS®

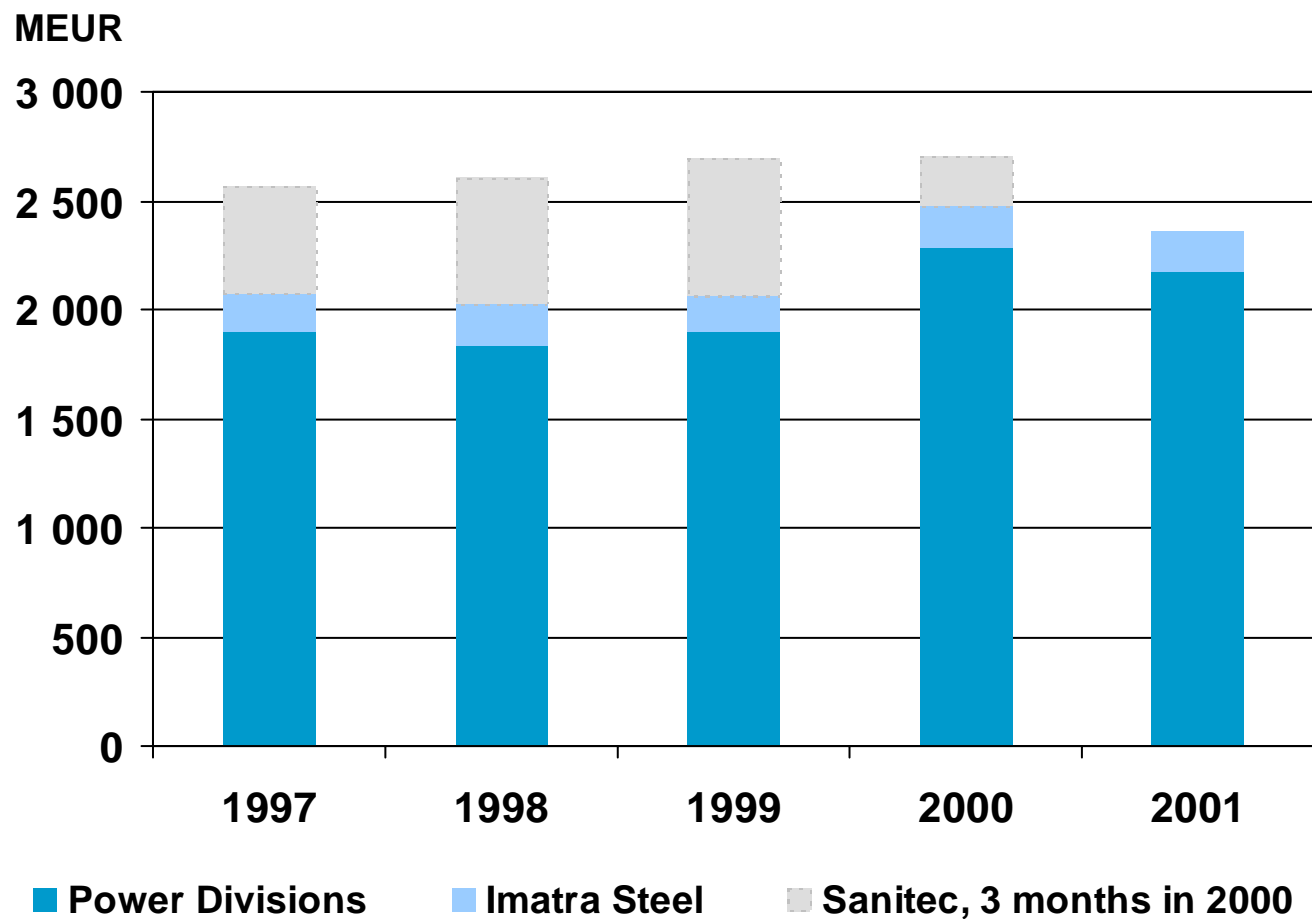
IMATRA STEEL

## Key figures

| MEUR                                 | 2001    | 2000    | Change | 2000*   |
|--------------------------------------|---------|---------|--------|---------|
| Net sales                            | 2,358.7 | 2,706.8 | -12.9% | 2,482.3 |
| Operational EBIT                     | 95.8    | 111.4   | -14.0% | 111.4   |
| Operational profit                   | 523.9   | 367.1   | 42.7%  | 336.8   |
| Profit before<br>extraordinary items | 508.7   | 336.1   | 51.4%  | 320.8   |
| Earnings per share, EUR              | 5.53    | 4.20    |        |         |

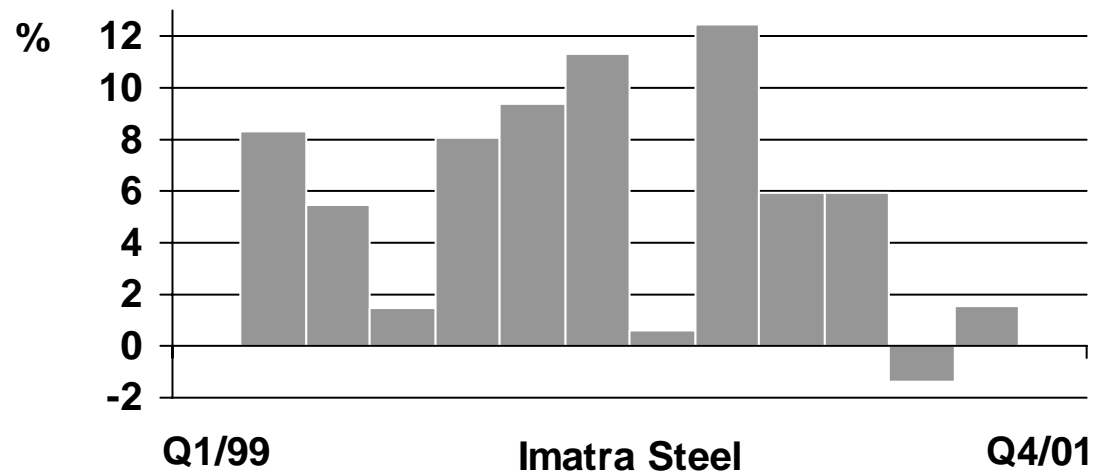
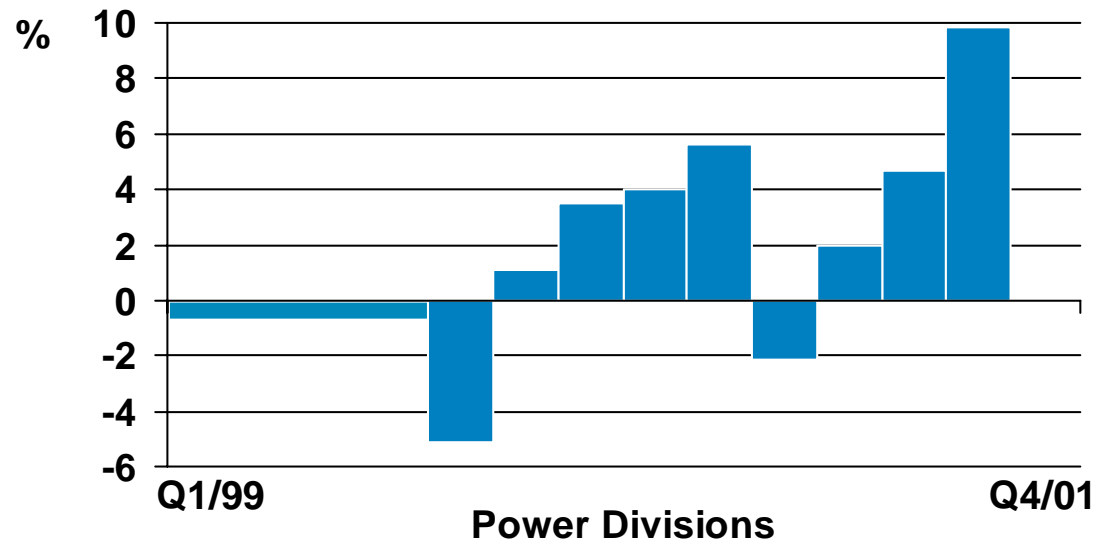
\* Proforma, excl. Sanitec

# Net sales

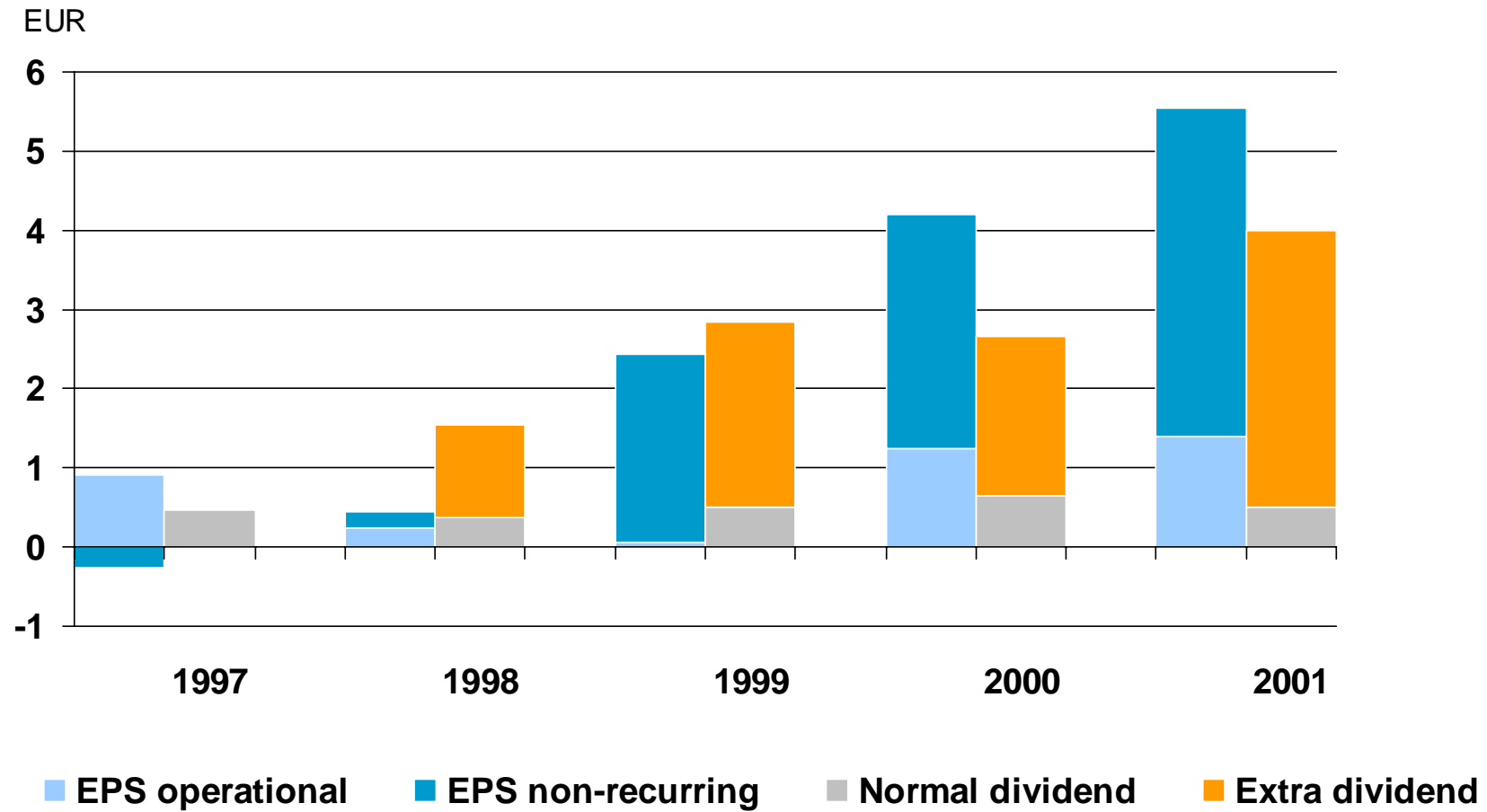


# Divisional profitability

Operating profit/net sales by quarter 1999-2001

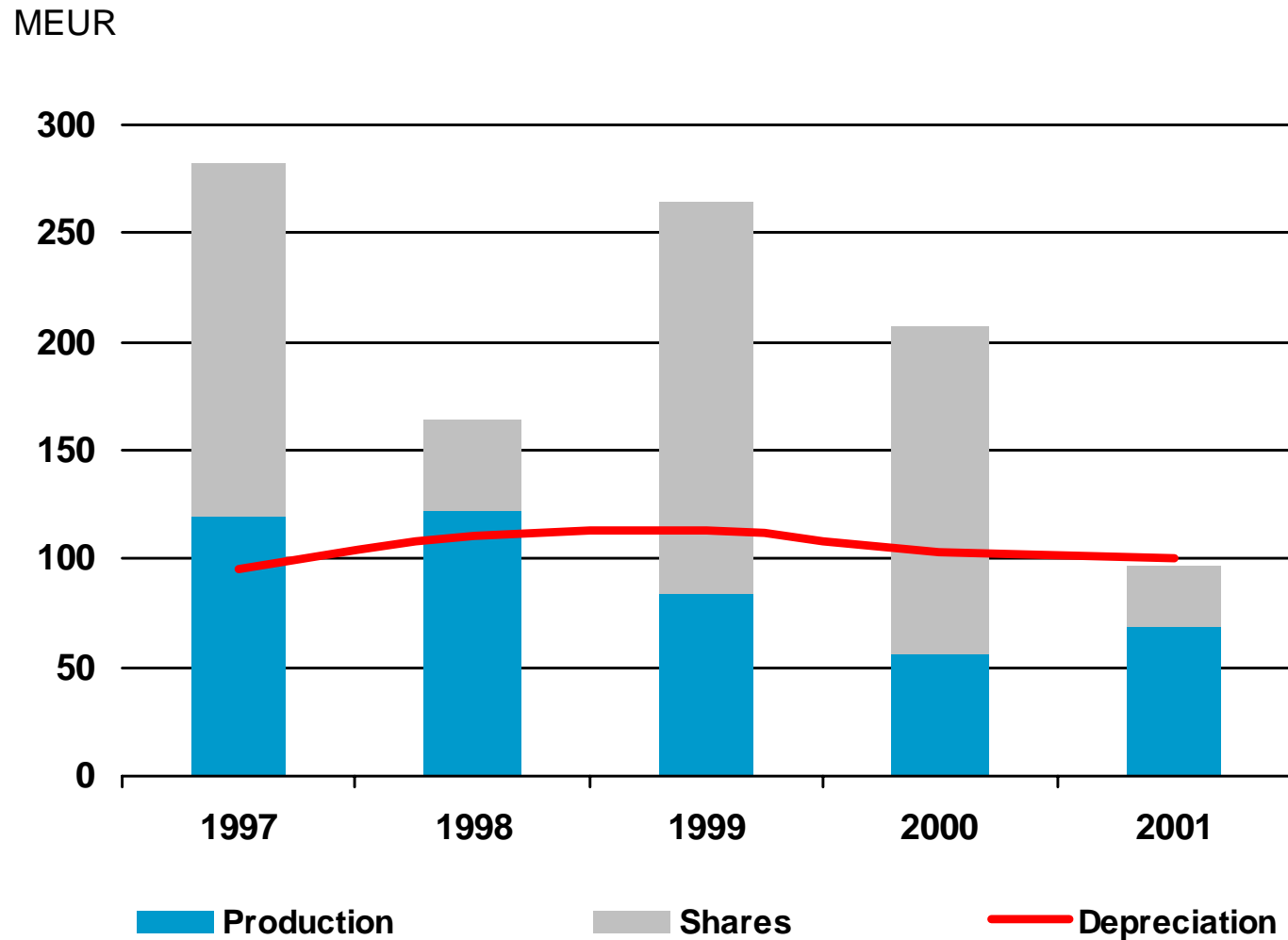


# EPS and dividend/share





# Investments and depreciation



# Wärtsilä Corporation personnel

End of period

|                        | 2001          | 2000          | Change      |
|------------------------|---------------|---------------|-------------|
| <b>Power Divisions</b> | <b>9,738</b>  | <b>9,255</b>  | <b>+483</b> |
| <b>Imatra Steel</b>    | <b>1,384</b>  | <b>1,280</b>  | <b>+104</b> |
| <b>Others</b>          |               | <b>29</b>     | <b>-</b>    |
| <b>Total *</b>         | <b>11,122</b> | <b>10,564</b> | <b>+558</b> |

\* Sanitec not included.

## Power Divisions

- In Marine strong order book and Wärtsilä Propulsion a good foundation
- In Power Plants Latin America strong, growth potential in Europe
- Net sales will increase, operational profitability as in 2001
- Benefits from restructurings in 2003

## Imatra Steel

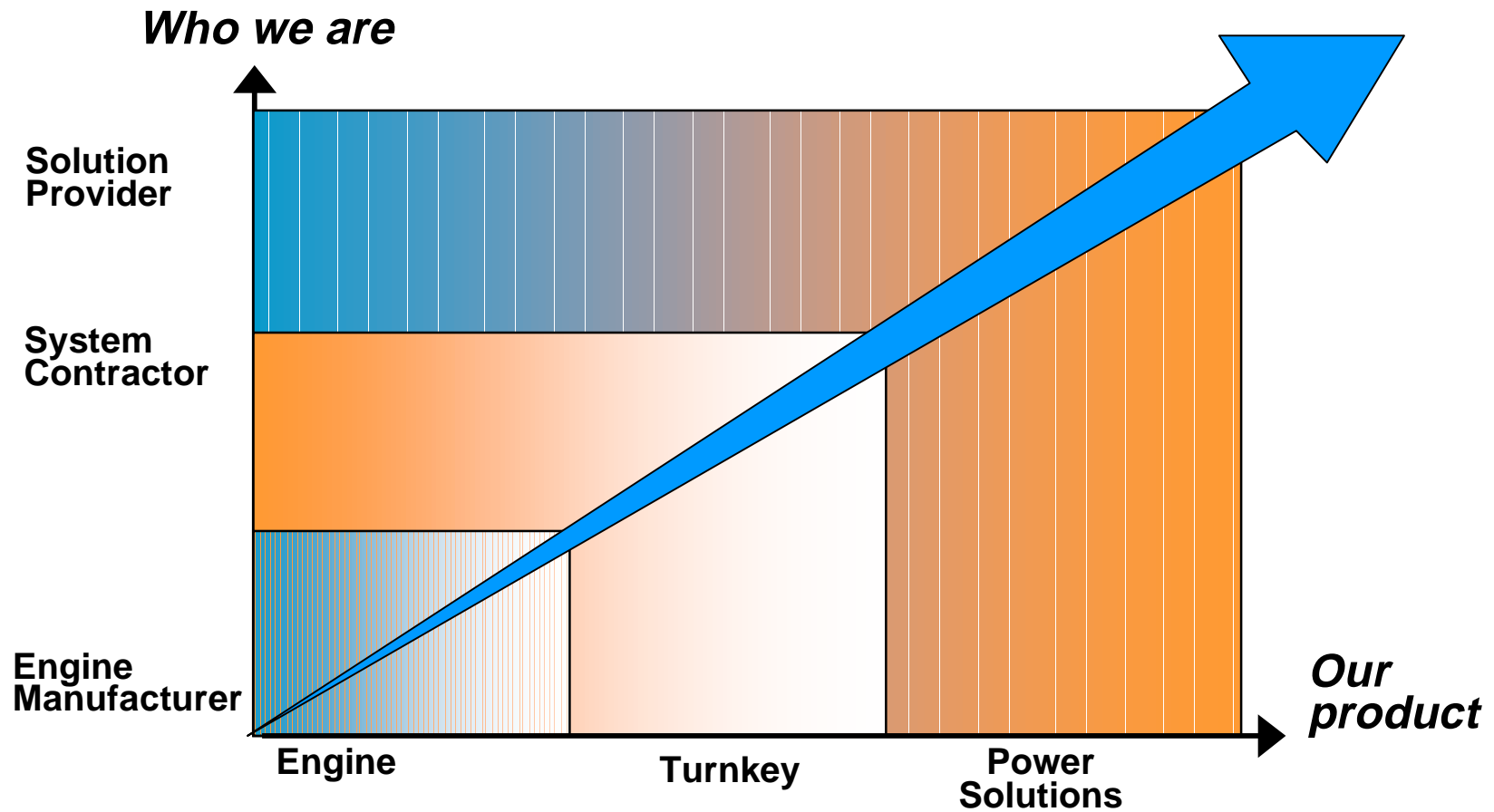
- Uncertain market outlook
- Net sales will increase due to the new forging operations, result will stay on the same level as in 2001

# Wärtsilä Power Divisions

*Power on Land and at Sea*

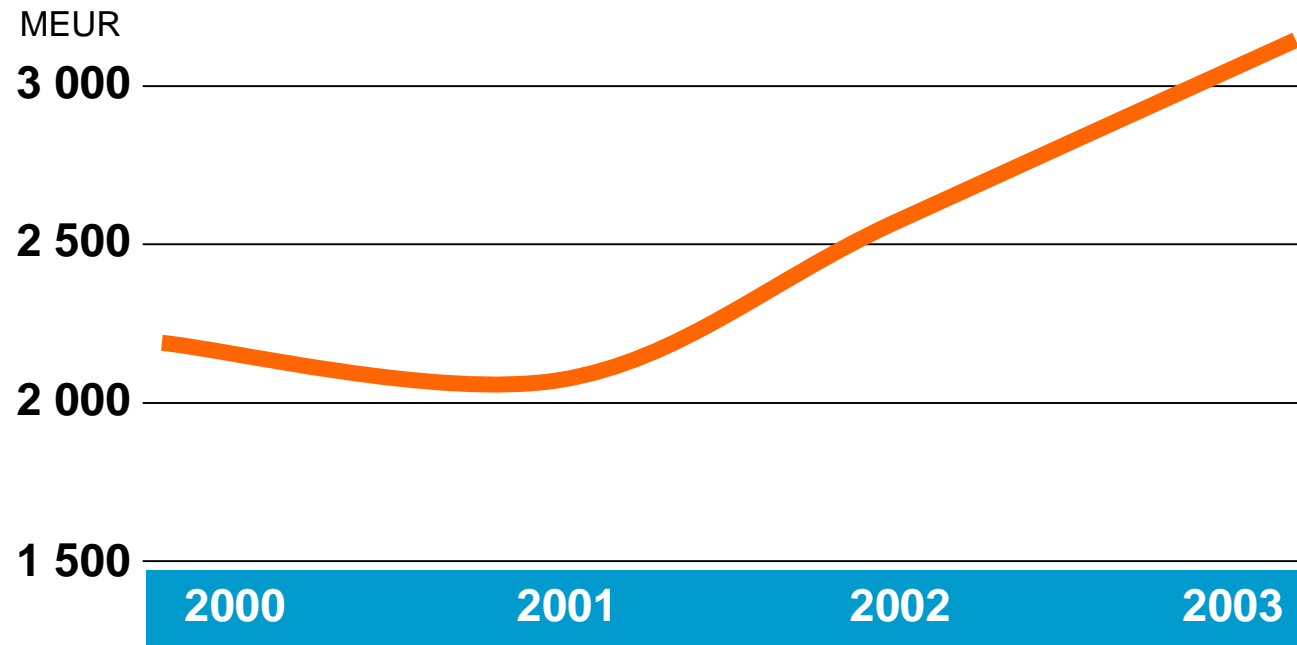


# Strategy of Power Divisions



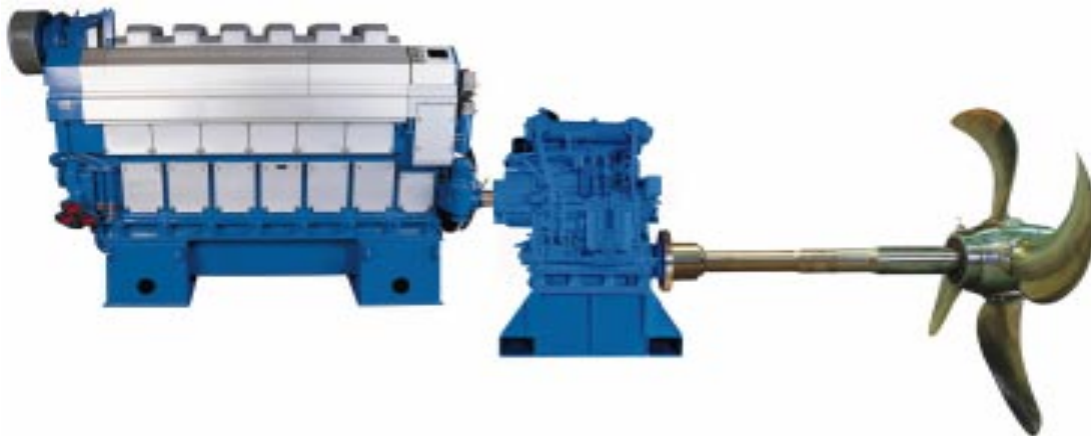
## Financial targets 2003

- Net sales EUR 3 billion
- Operating profit 7-8%



## Operational targets

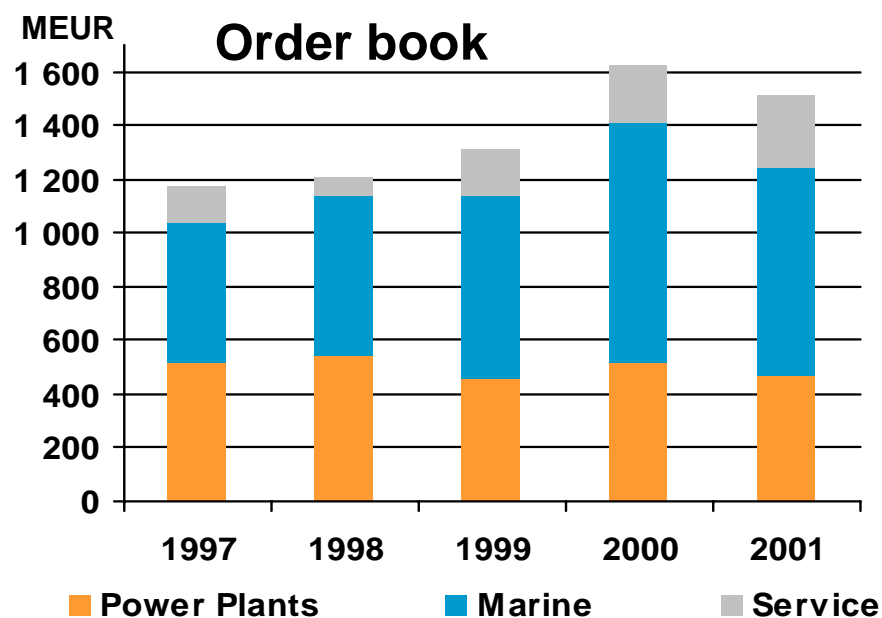
- The leading global ship power supplier
- In Power Plants, to strengthen its global leadership position in large engine based power plants and to generate major growth in renewable energy solutions. Gas power plant deliveries will be half of Wärtsilä's total power plant business.
- In the Marine and Power Plant Divisions to grow 4% a year. Further growth will be achieved through acquisitions.
- Service's annual growth target is 10-15%. The Service business will represent over one-third of total net sales of the Power Divisions.





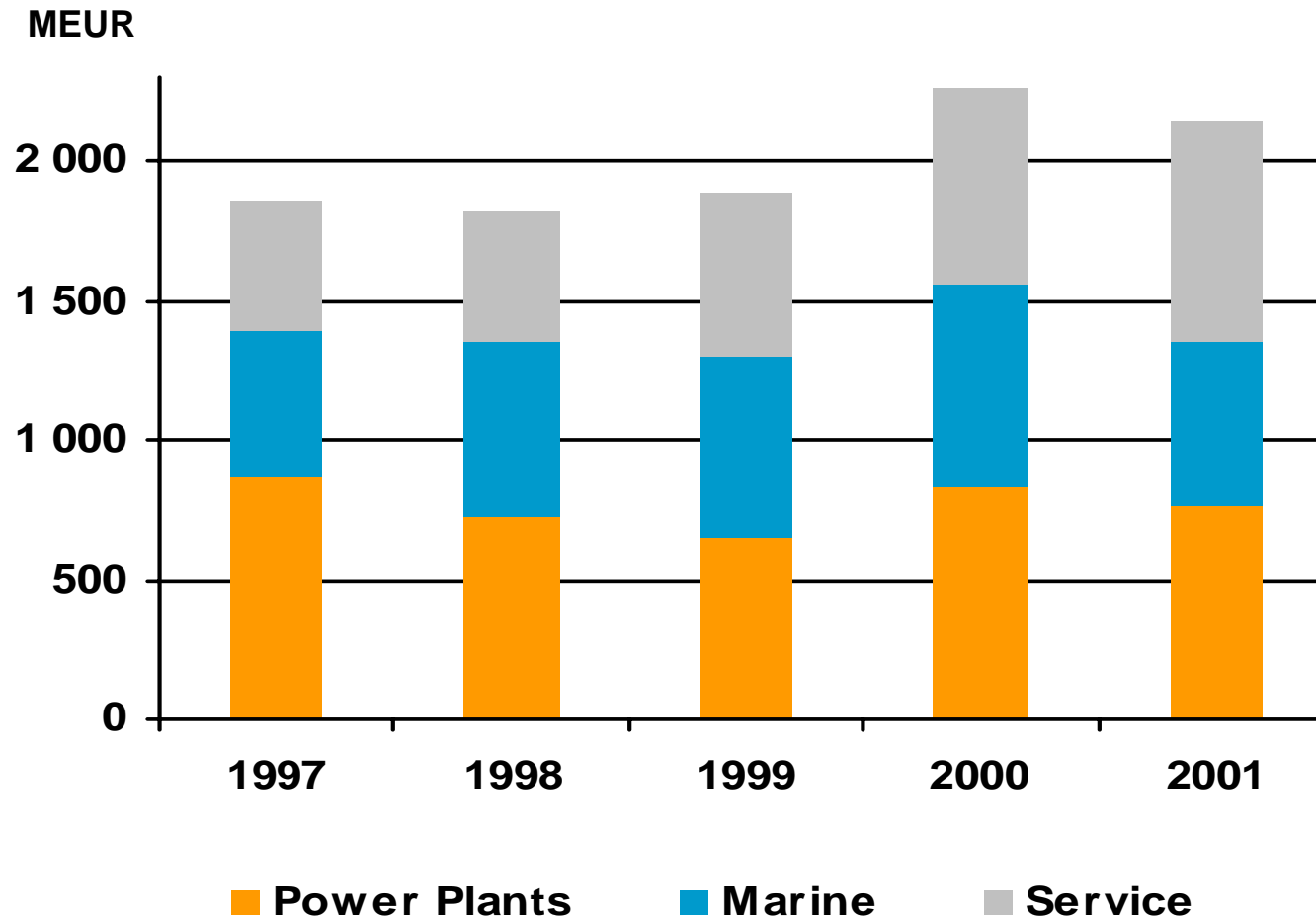
## Power Divisions in figures

| MEUR                      | 2001    | 2000    | Change |
|---------------------------|---------|---------|--------|
| Net sales                 | 2,174.3 | 2,287.8 | -5.0%  |
| Operating profit          | 87.8    | 86.2    | 1.9%   |
| % of sales                | 4%      | 3.8%    |        |
| Order intake              | 2,040.4 | 2,460.6 | -17.1% |
| Megawatts delivered       | 6,172   | 7,495   | -17.7% |
| Order book, end of period | 1,516.5 | 1,624.2 | -6.6%  |

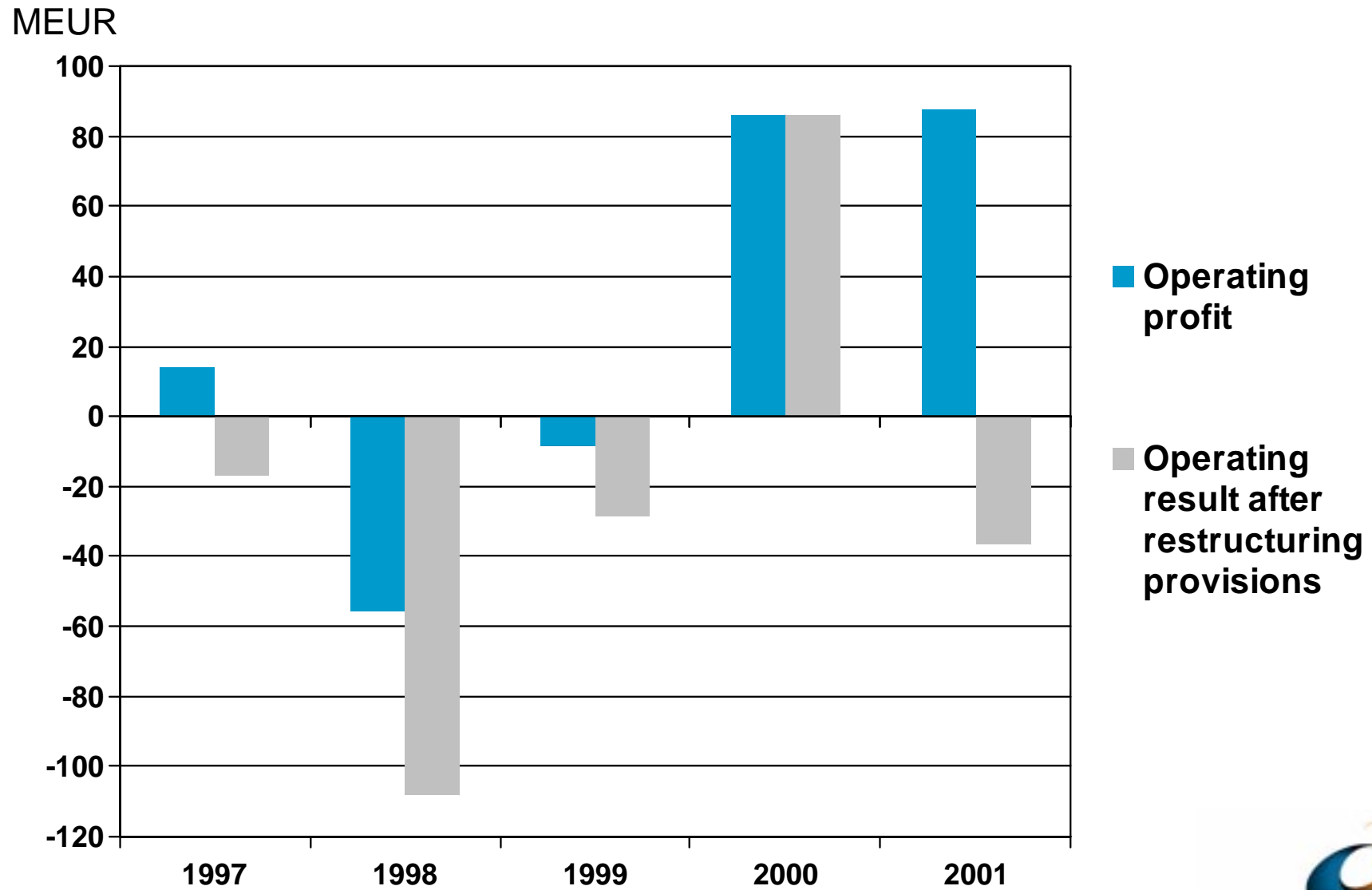




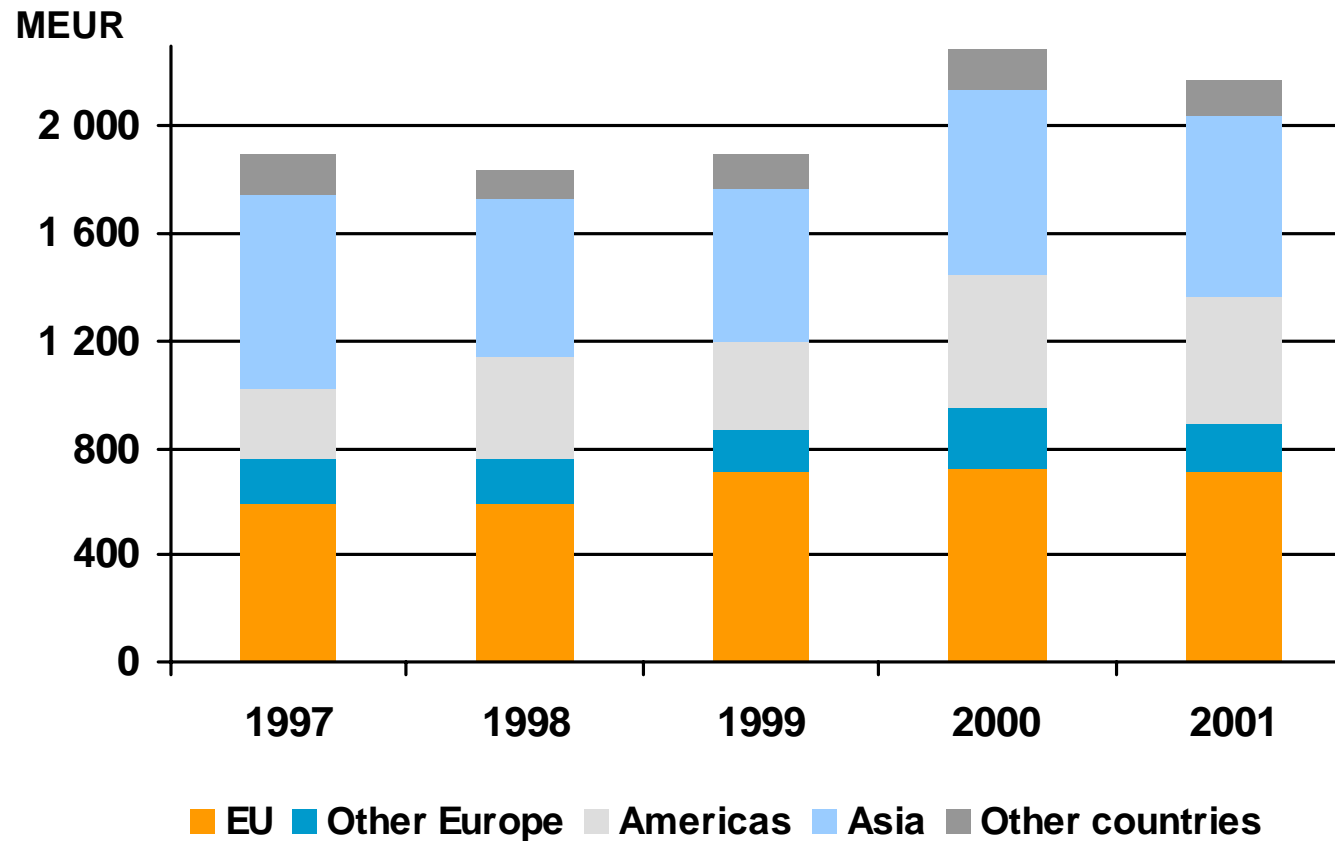
# Power Divisions net sales



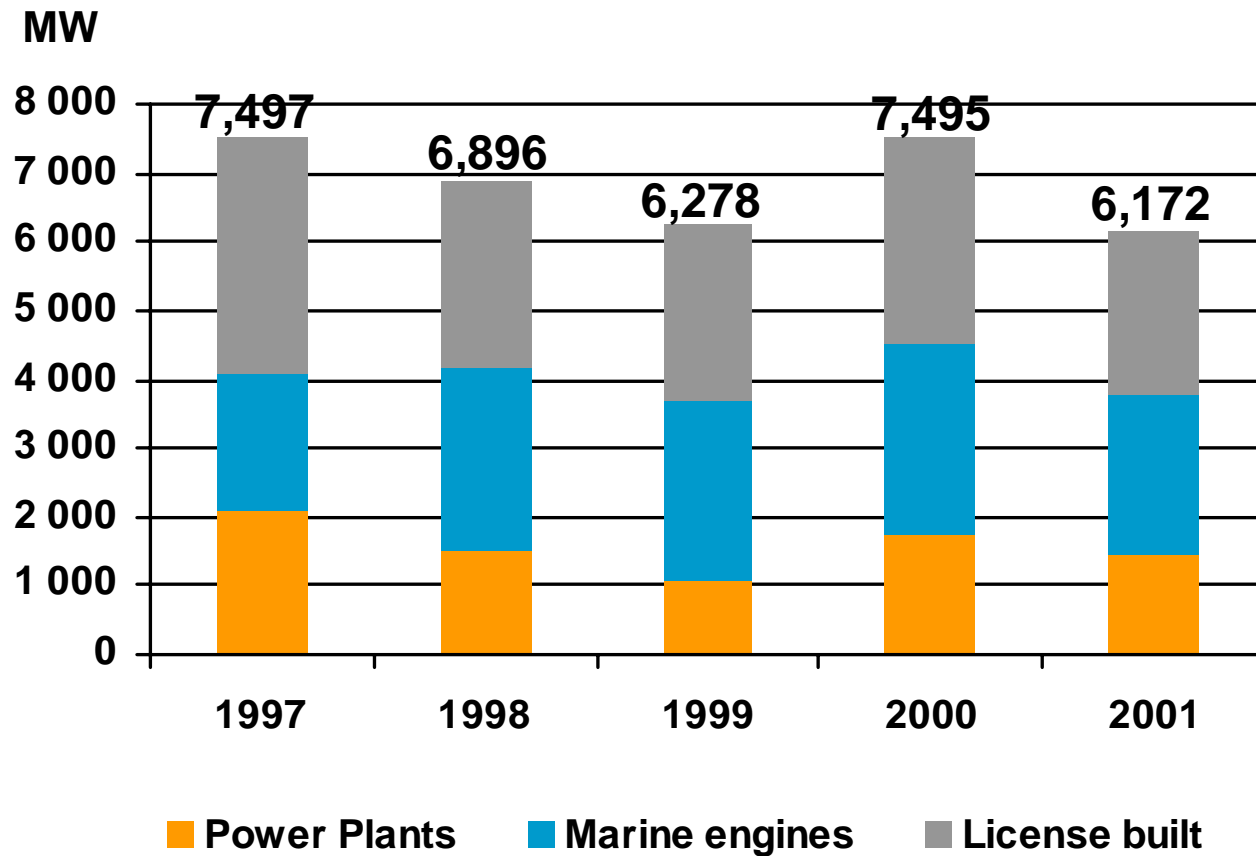
# Power Divisions operating profit



# Power Divisions net sales by market



# Megawatts delivered



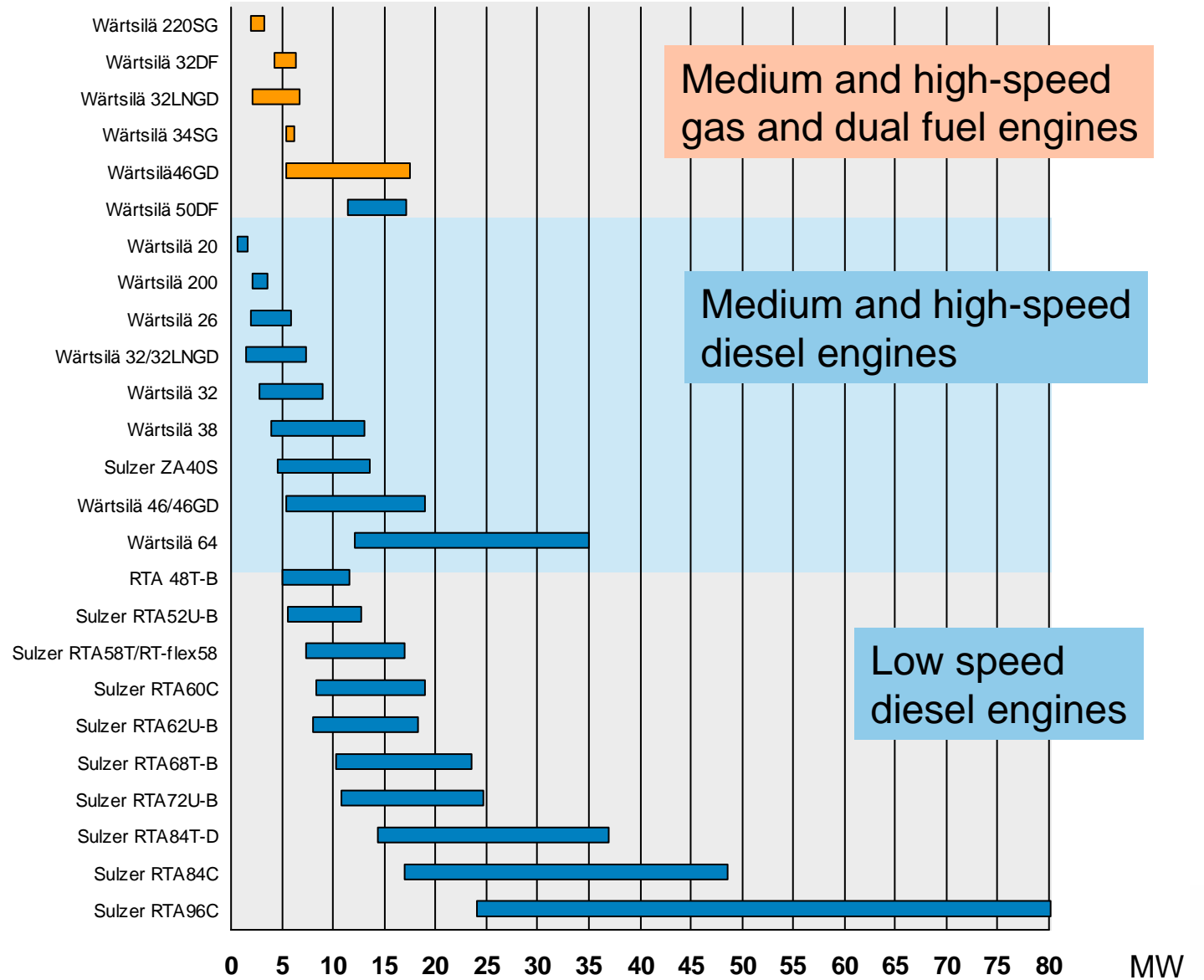
# Sales and service worldwide



- Wärtsilä company
- Representative



# Wärtsilä engine portfolio



# The Ship Power Supplier

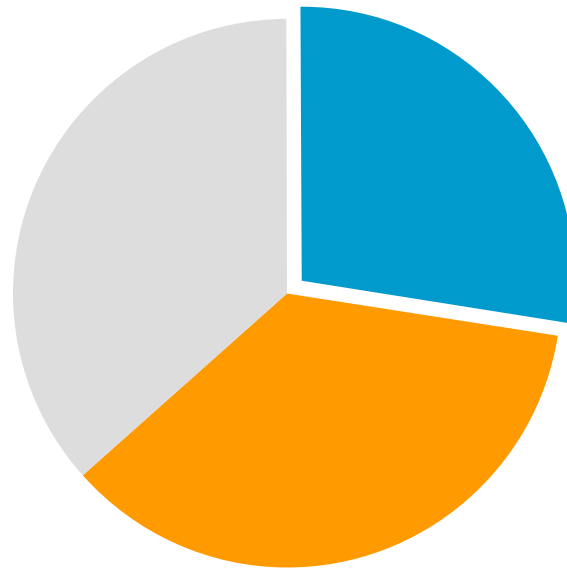


Wärtsilä supplies ship machinery, propulsion and manoeuvring solutions and maintenance services for all types of marine vessels and offshore applications.



## Marine Division in figures

| EUR mill.                           | 2001  | 2000  | Change % |
|-------------------------------------|-------|-------|----------|
| <b>Net sales</b>                    | 595.1 | 719.7 | -17.3%   |
| <b>Order intake</b>                 | 476.8 | 878.9 | -45.8%   |
| <b>MW delivered<br/>by Wärtsilä</b> | 2,346 | 2,768 | -15.3%   |
| <b>by licensees</b>                 | 2,378 | 2,990 | -20.5%   |
| <b>Order book, end of period</b>    | 769.6 | 888.1 | -13.3%   |



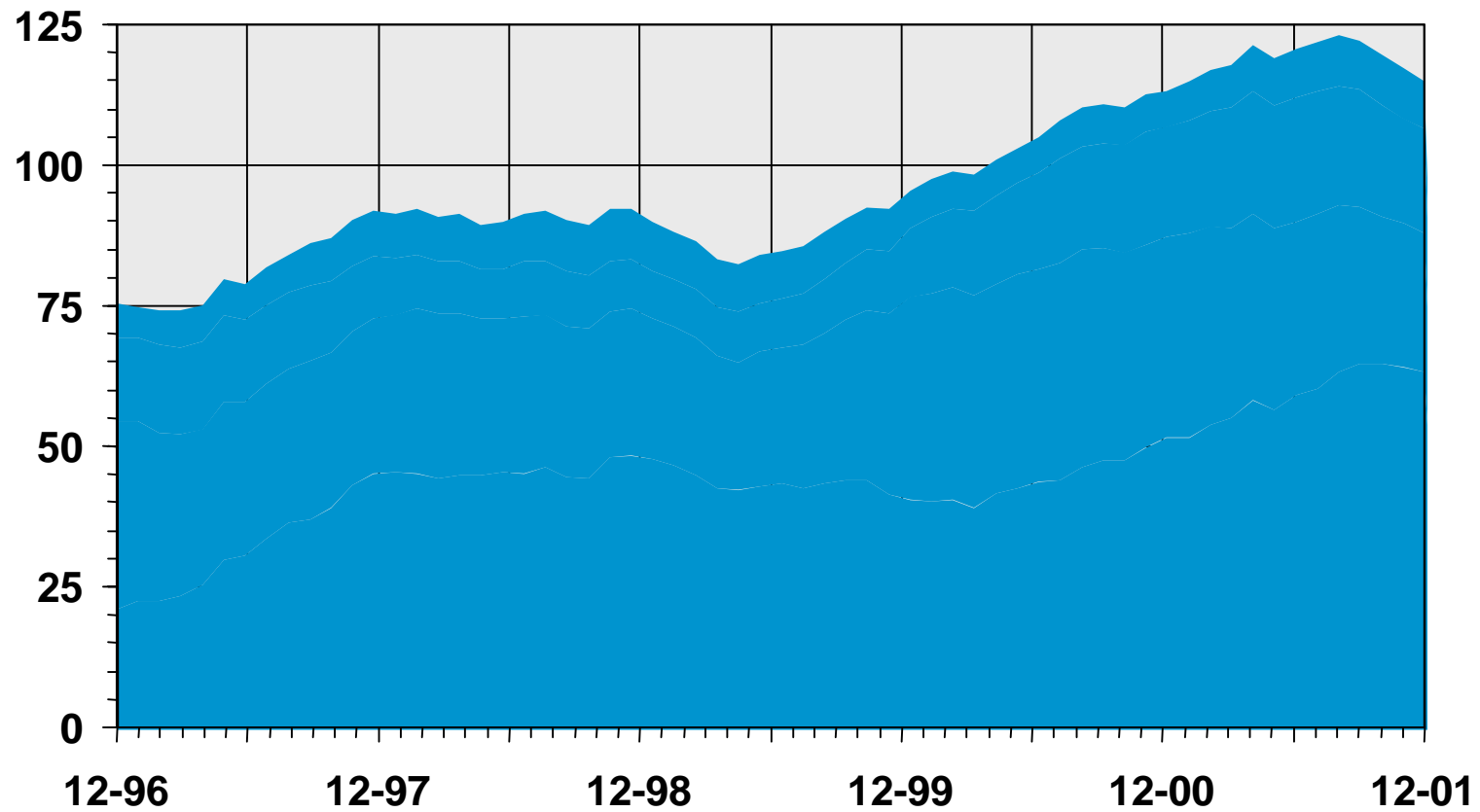
Power Divisions net sales 2001  
MEUR 2,174.3

■ Marine 27%



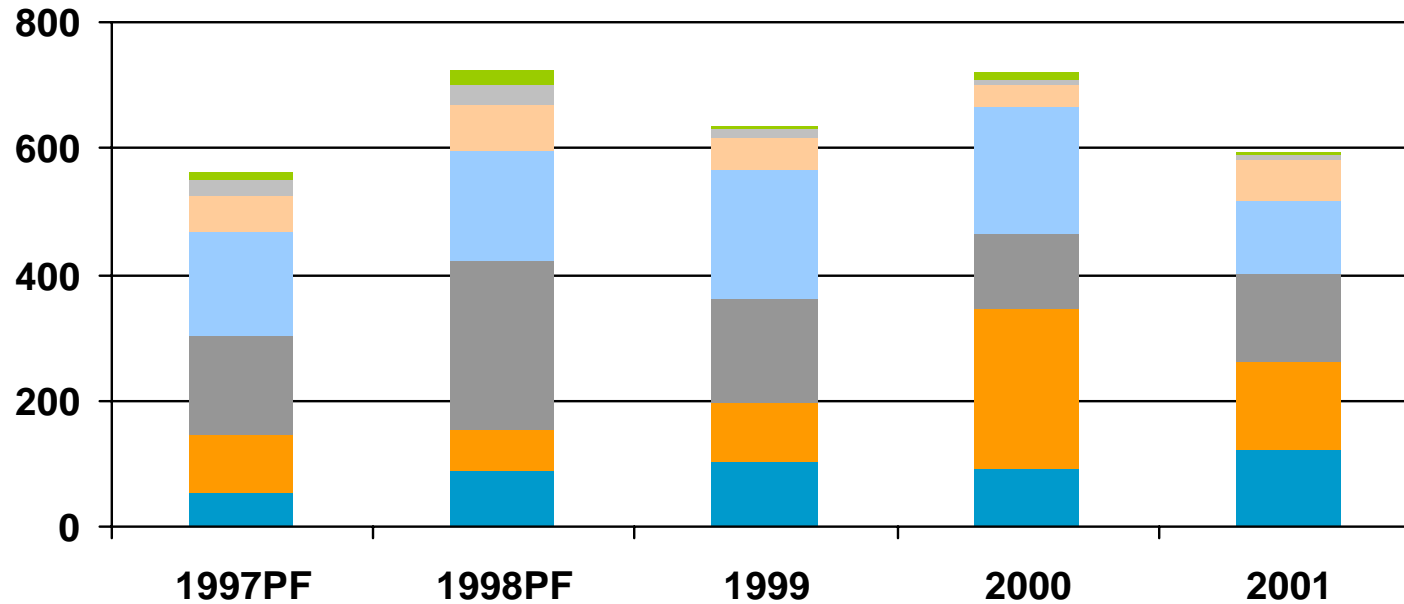
# Order book of world's shipyards

million DWT



# Net sales breakdown of Wärtsilä marine engines

MEUR



- Other
- Bulk carriers
- Tankers
- General cargo & container vessels
- Offshore, special, fishing & navy vessels
- Ferries
- Cruise ships

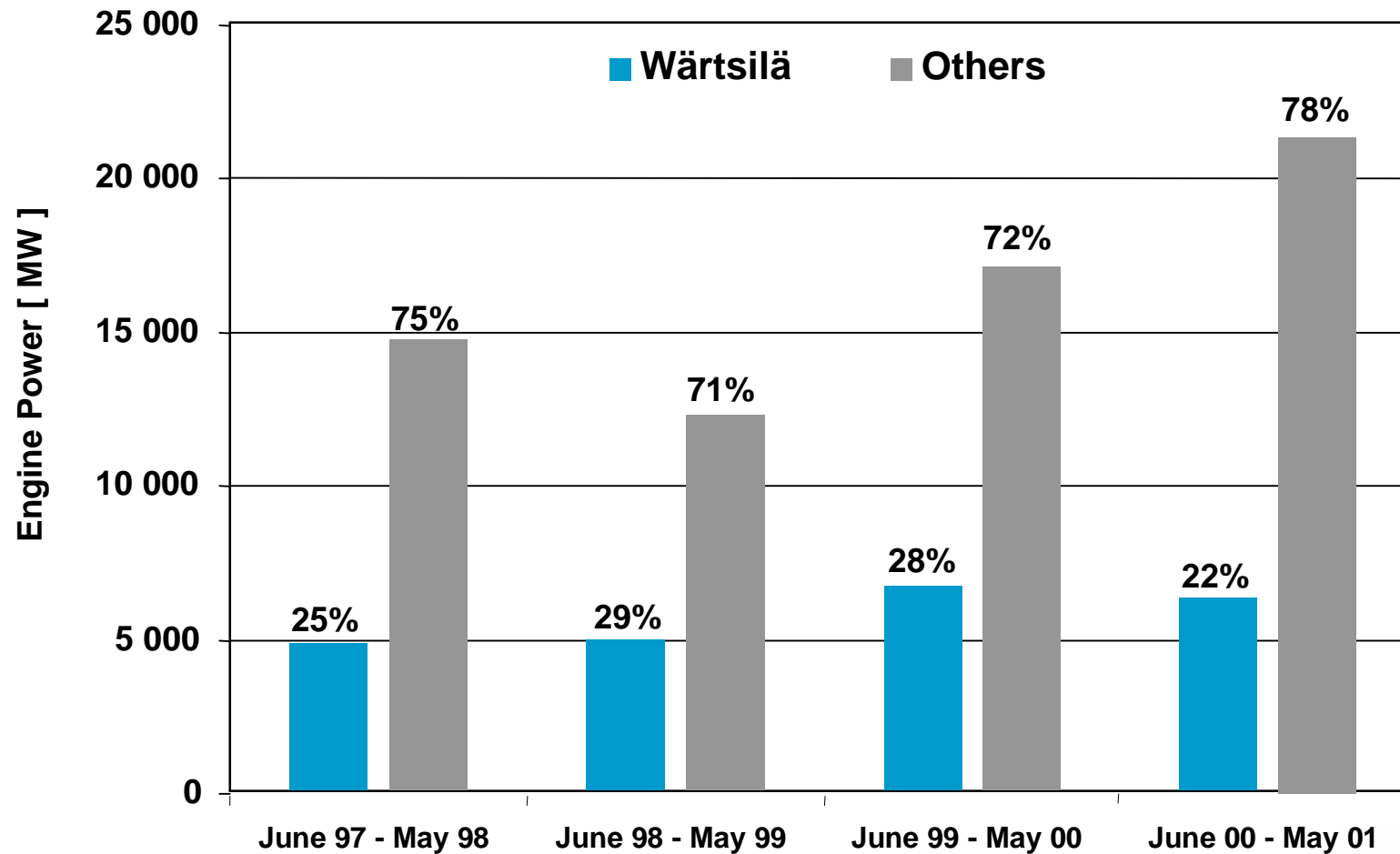
Note: 1997 & 1998 including Grandi Motori Trieste



**WÄRTSILÄ**

# Marine engine market share

High-, medium- and low-speed marine engines  
Main & auxiliary engines



Source: Diesel & Gas Turbine Worldwide  
Issue 11-98 to 11-01  
Diesel engines and gas turbines > 0.5 MW

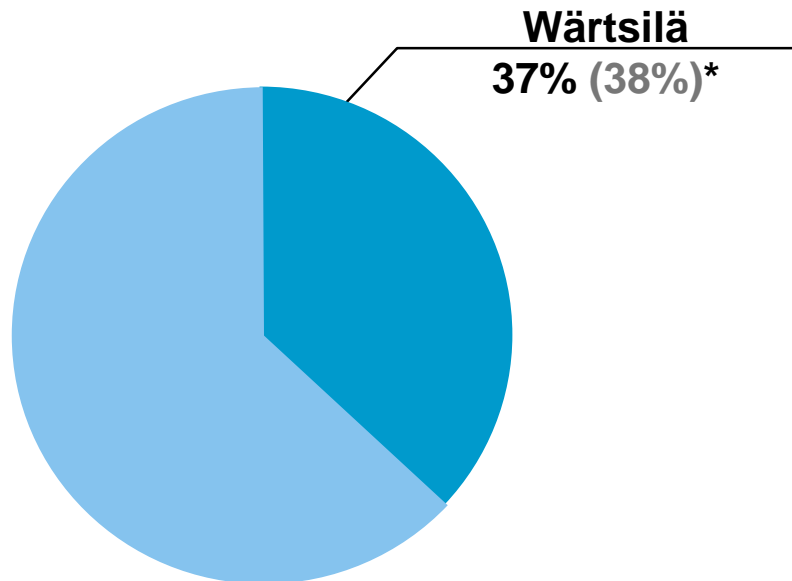


# Marine engine market share

## Medium- and low-speed main engines

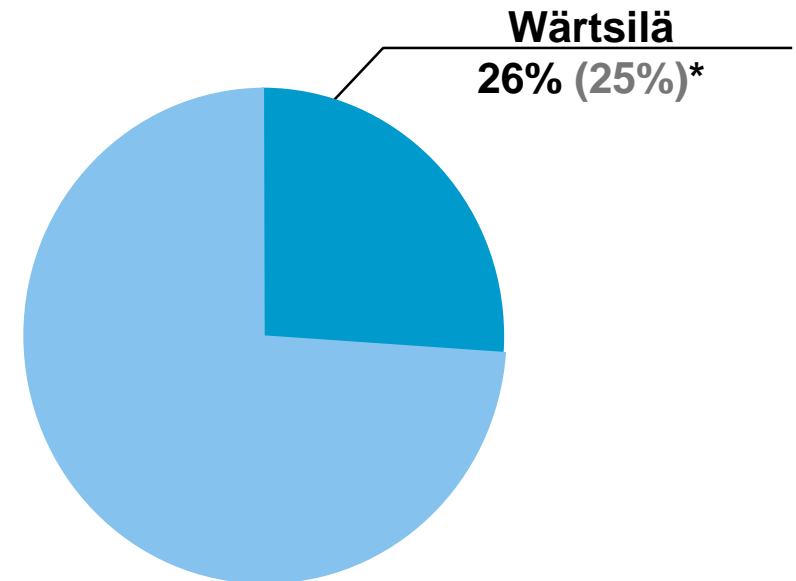
Orders June 00 - May 01

### Medium-speed engines



Total market volume: 4,902 MW\*

### Low-speed engines



Total market volume: 14,677 MW\*

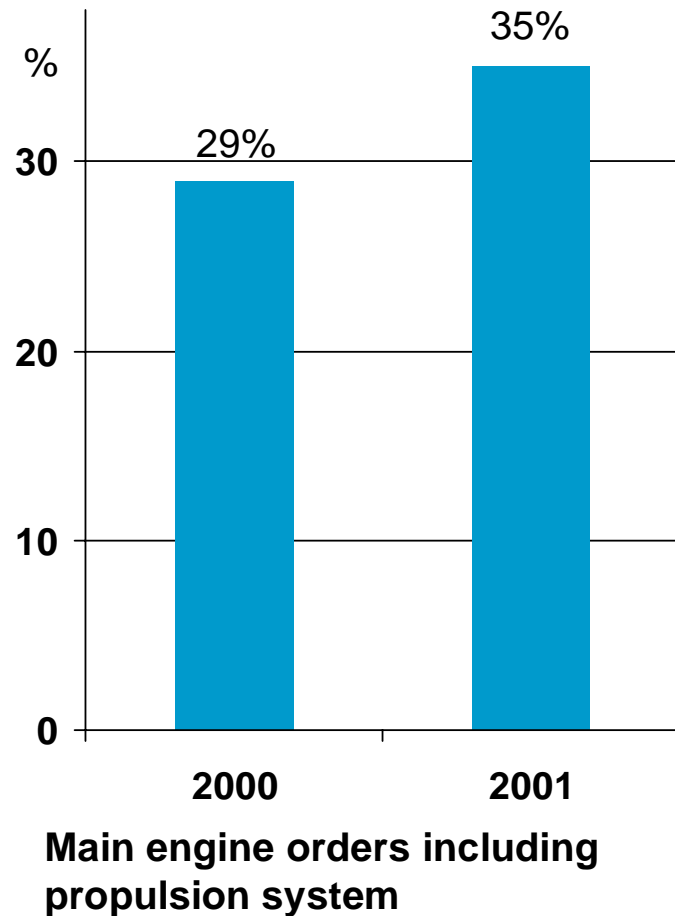
\* Estimate

Source: Diesel & Gas Turbine Worldwide - Issue 11-01

Notes: Diesel engines and gas turbines > 0.5 MW

Figures between brackets indicate last year's results

## John Crane-Lips acquisition strengthens Wärtsilä's leading market position



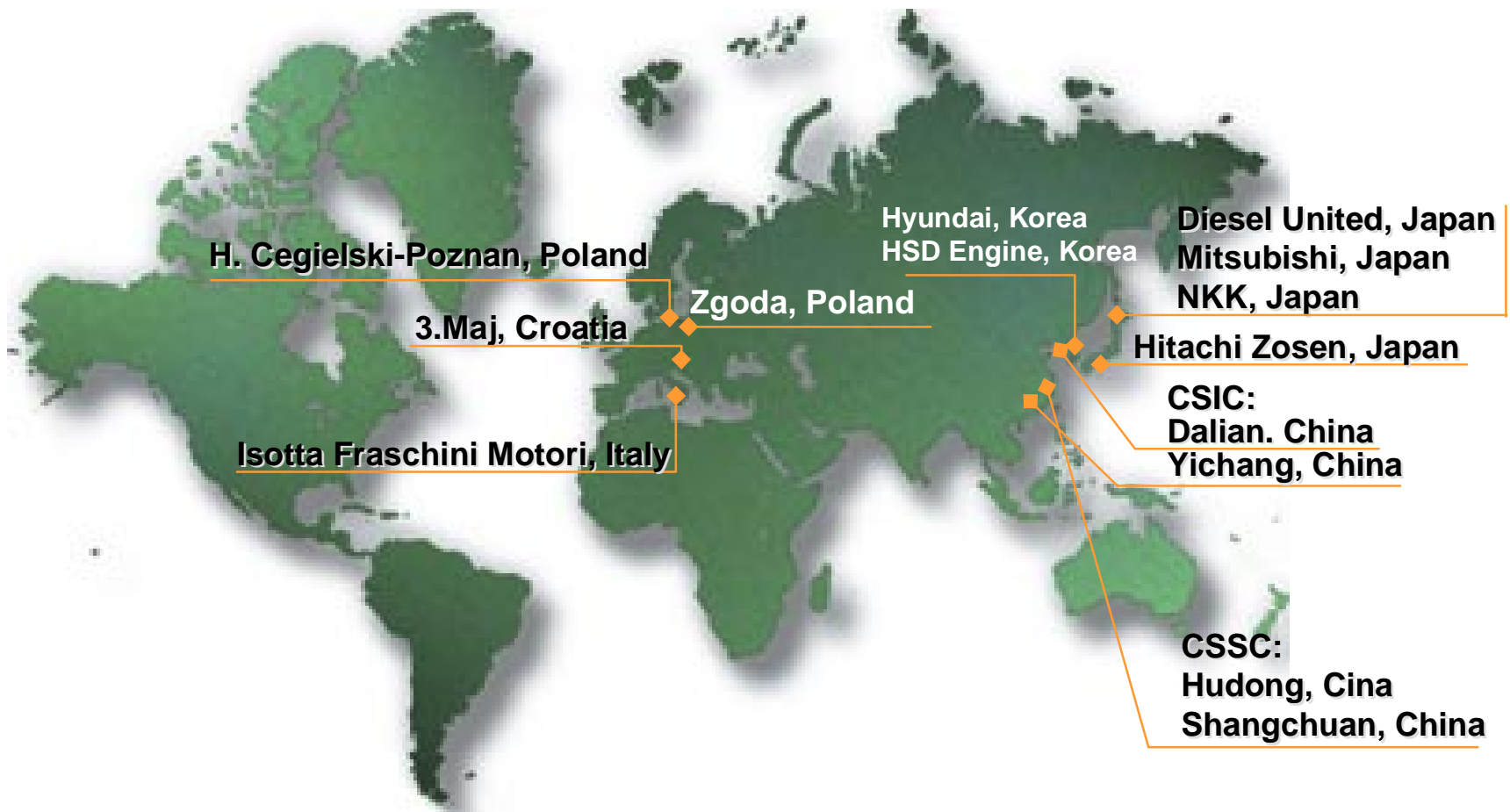
- Increases Marine Division's annual net sales about EUR 235 million
- Price EUR 350 million
- In the first year earnings neutral, and cash flow positive
- The deal was closed on 15 April 2002

# The Ship Power Supplier

Wärtsilä's goal is to become the leading provider of total marine propulsion systems in the world.



# Licensees worldwide



# Power for a Changing World



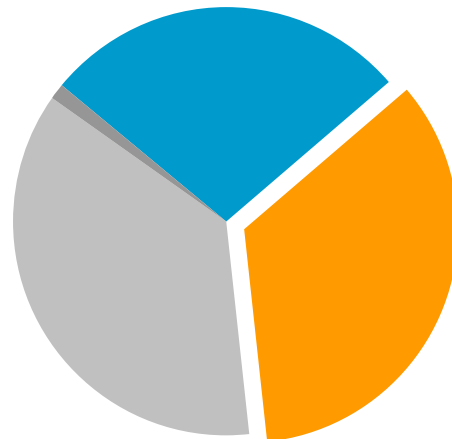
Wärtsilä delivers power plant solutions from 1 to 300 MW. These power plants are used for baseload, peak load, CHP, gas compression and pumping applications. The range covers gas- and oil fired plants as well as patented combustion technology for renewable energy. Deliveries include turnkey construction and long-term maintenance and operation.





# Power Plants

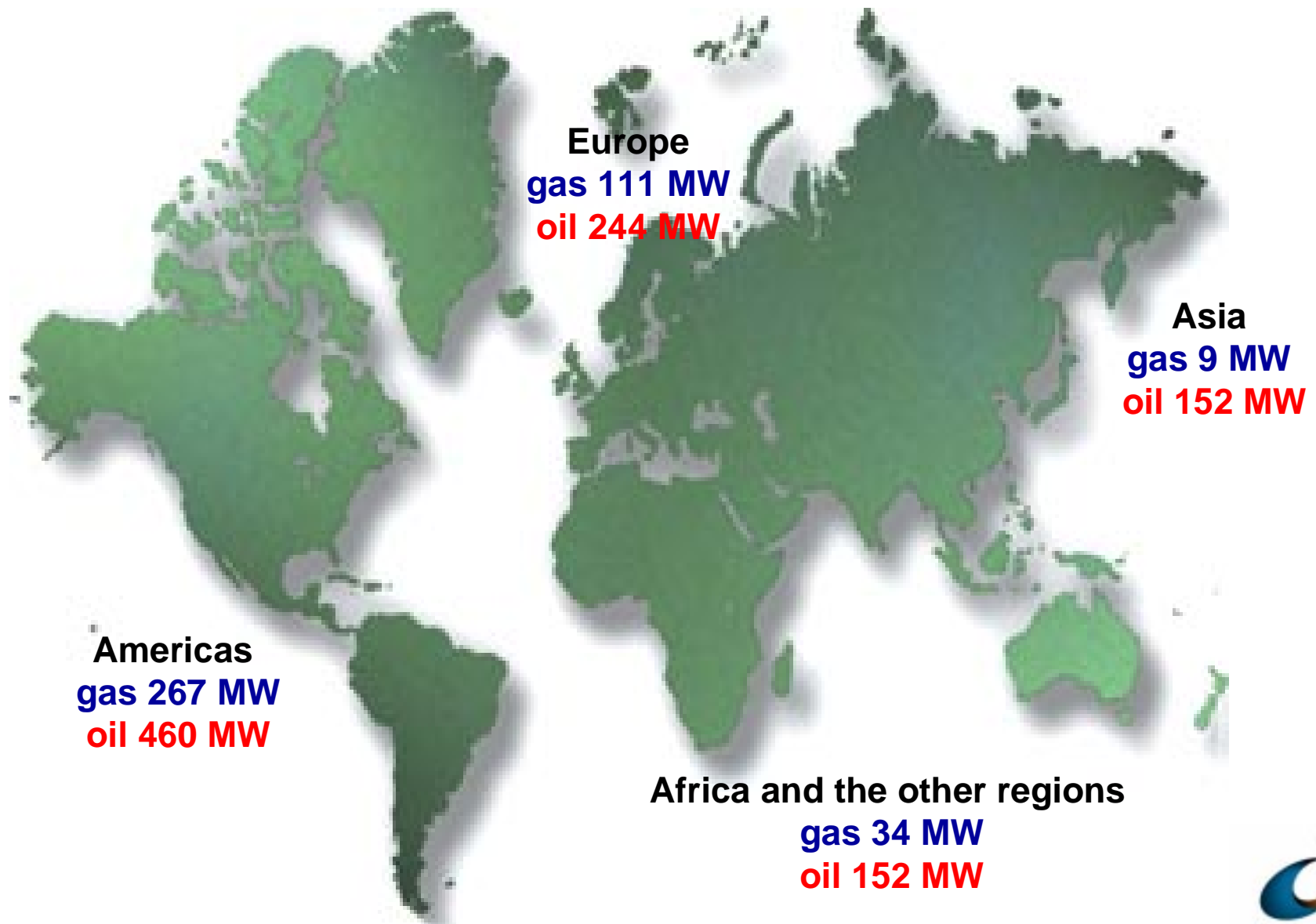
| MEUR                      | 2001    | 2000    | Change |
|---------------------------|---------|---------|--------|
| Net sales                 | 760.6   | 834.6   | -8.9%  |
| Order intake              | 658.6   | 851.0   | -22.6% |
| Order intake MW           | 1,430.5 | 1,929.2 | -25.9% |
| of which gas power plants | 421.7   | 232.0   | 81.8%  |
| Order book                | 467.7   | 518.5   | -9.8%  |



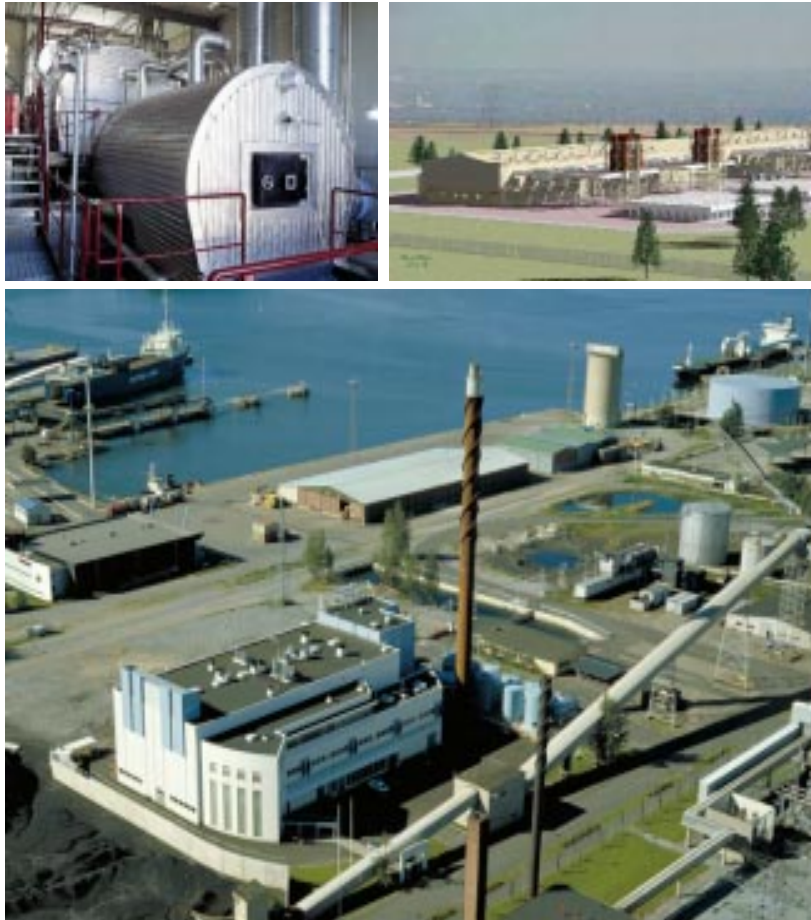
**Power Divisions net sales 2001  
EUR 2,174.3 mill.**

■ **Power Plants 35%**

# Power plant orders 2001



# Decentralized power generation



## Cogeneration

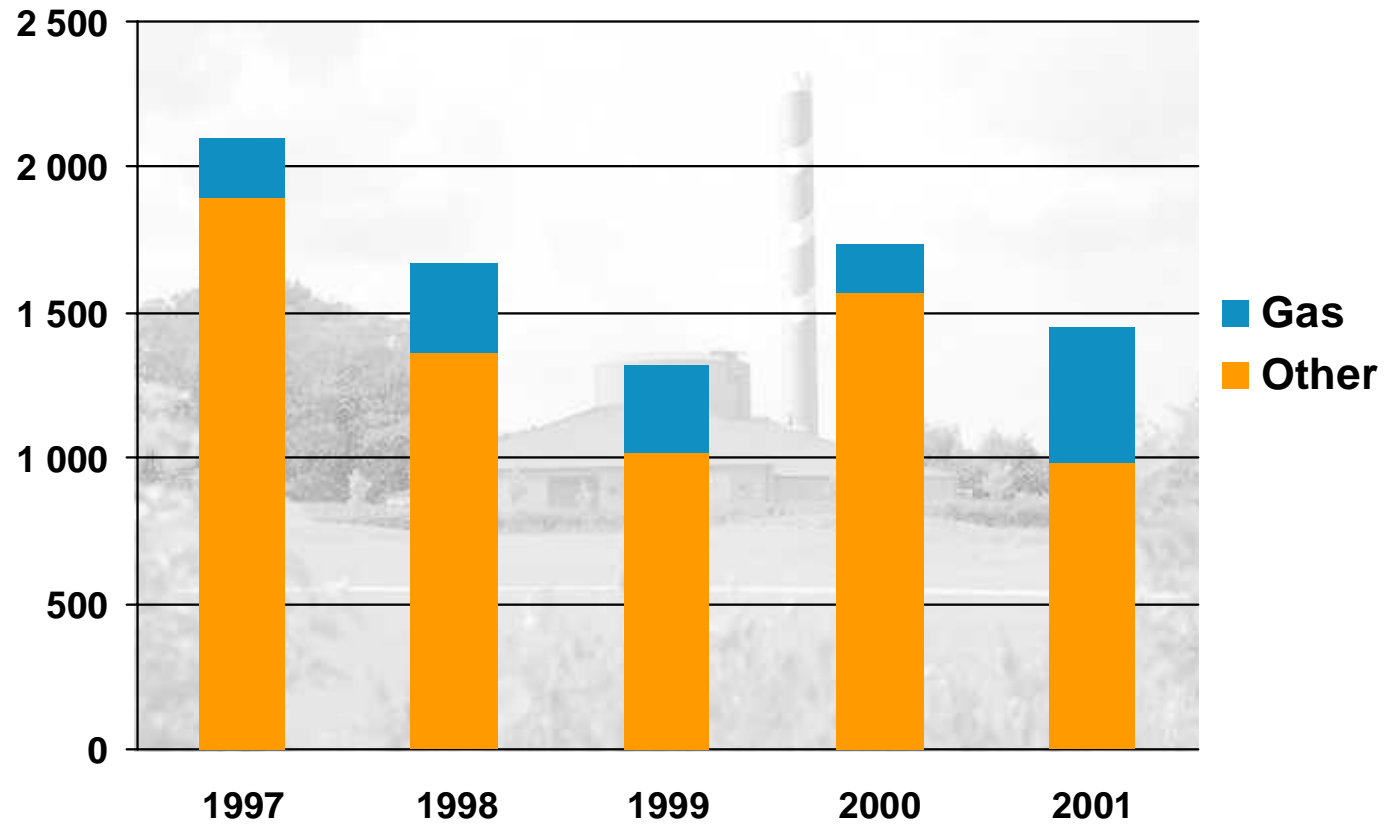
- in industrial countries gas and bio fuels
- Sermet acquisition supports the strategy

## Base load

- in the developing countries oil and advanced emulsified fuels
- the delivery of 160 MW power plant to Guatemala

# Power plant deliveries

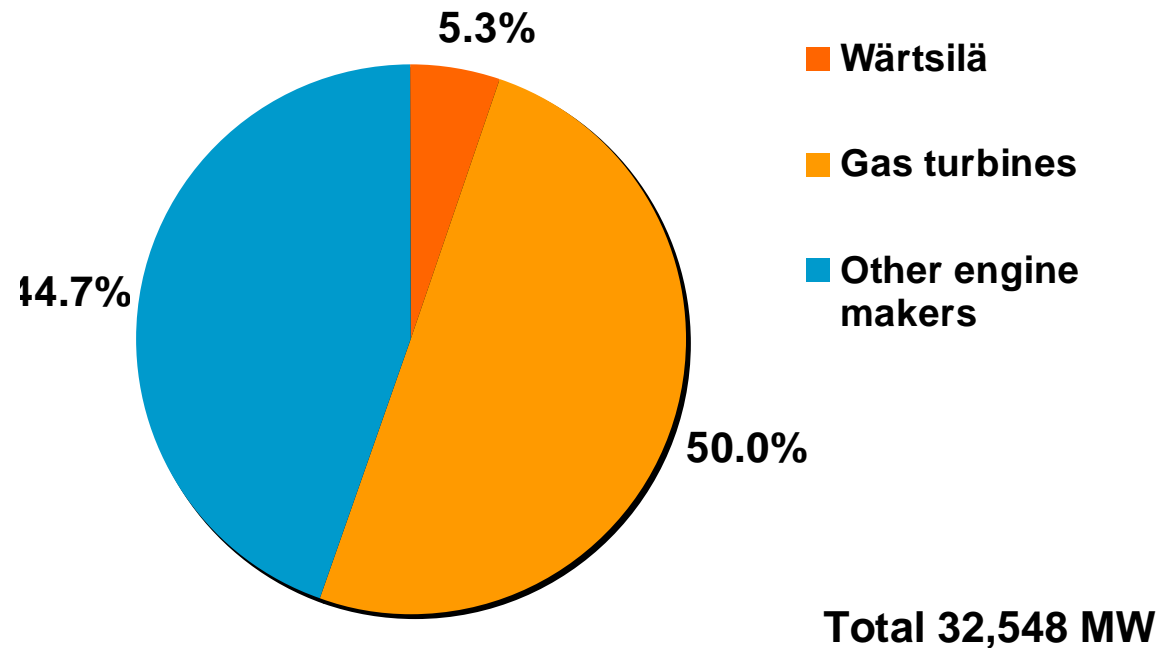
MW delivered



# Power Plants market share

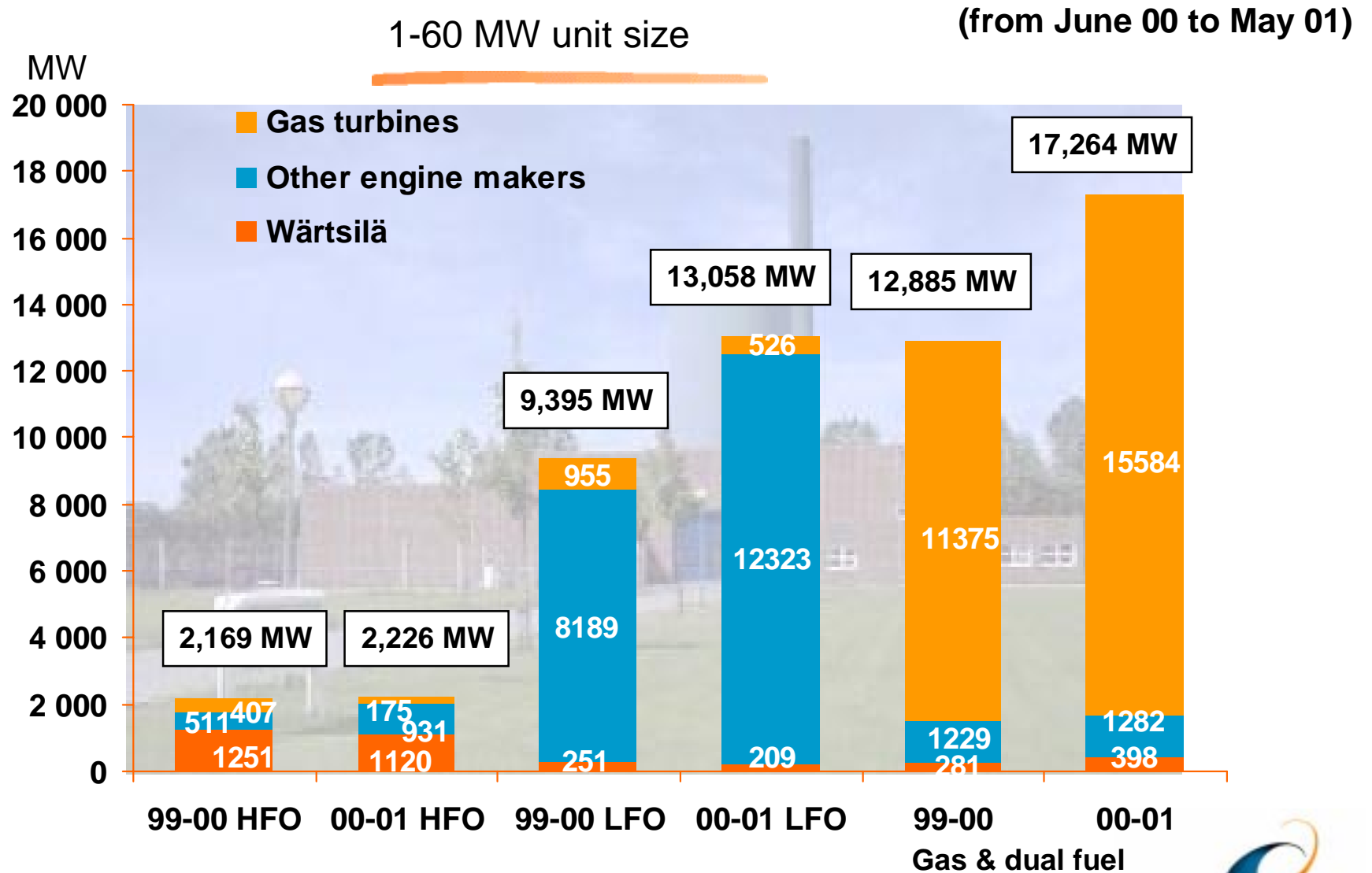
Reciprocating engine and gas turbine orders to power plants from June 00 to May 01.

## 1-60 MW Unit Size



Source: Diesel & Gas Turbine Worldwide, Wärtsilä

# Reciprocating engine and gas turbine orders to power plants



Source:  
Diesel & Gas Turbine  
Worldwide, Wärtsilä



# Energy from bio mass



## Wärtsilä Bio Power

- Strong growth potential
- Acquisition of Sermet:
  - patented rotating BioGrate product
  - bio fuel expertise



Decentralised bio boilers  
and power plants.



# Total Service Provider



Wärtsilä's service and operations business builds on the Group's global base of installed engines and power plants. With this activity the Group supports its customers throughout the lifecycle of these products. Wärtsilä is close to its customers, through subsidiaries in some 60 countries





| MEUR                     | 2001  | 2000  | Change |
|--------------------------|-------|-------|--------|
| Net sales                | 790.4 | 702.0 | 12.6%  |
| Personnel, end of period | 5,026 | 4,485 | 12.1%  |
| O&M agreements, MW       | 1,698 | 1,262 | 34.5%  |



**Power Divisions net sales 2001  
EUR 2,174.3 mill.**

■ **Service 36%**

# Total Service Provider



- OEM parts
- Field service
- Workshop & ship repair services
- Upgrading & modernization
- Technical support
- Operation support
- Training

# Total Service Provider



## Operations & Maintenance

- More than 300 O&M service agreements
- Specified scope of service products and additional benefits
- Mutual commitment over a certain period in order to ensure and optimise the customer's targets for operation & maintenance

# Total Service Provider



## Operations & Maintenance

- Wärtsilä currently operates over 85 plants, with a total output of some 1,700 MW.
- Project O&M mobilisation
- Maintenance planning, plant performance and efficiency monitoring
- Integrated logistic support and inventory management
- Production and budgeting
- Human resource administration





# Total Service Provider



## Acquisitions

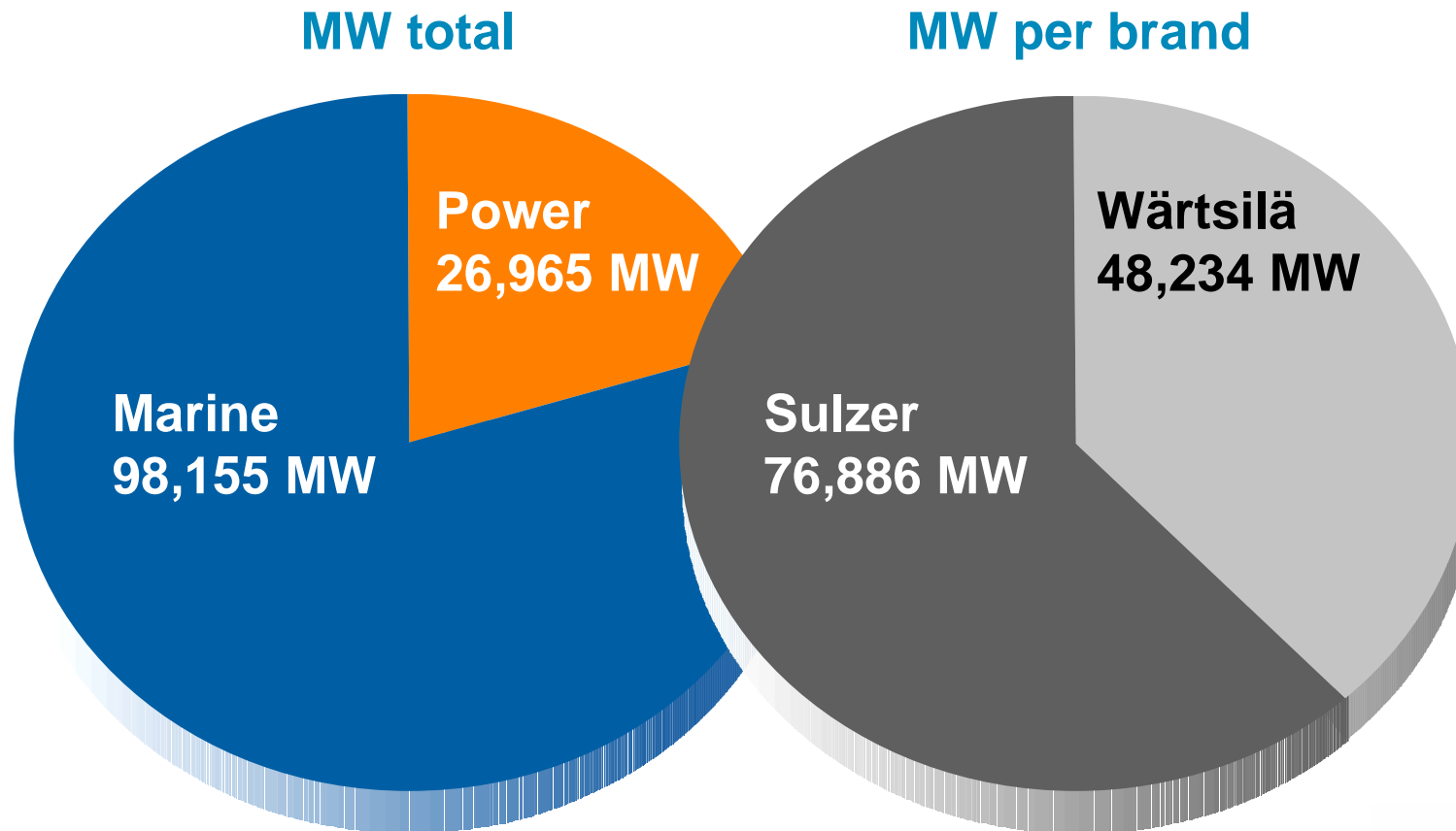
- strategic expansion of product portfolio
- increase market share

## Growth strategy

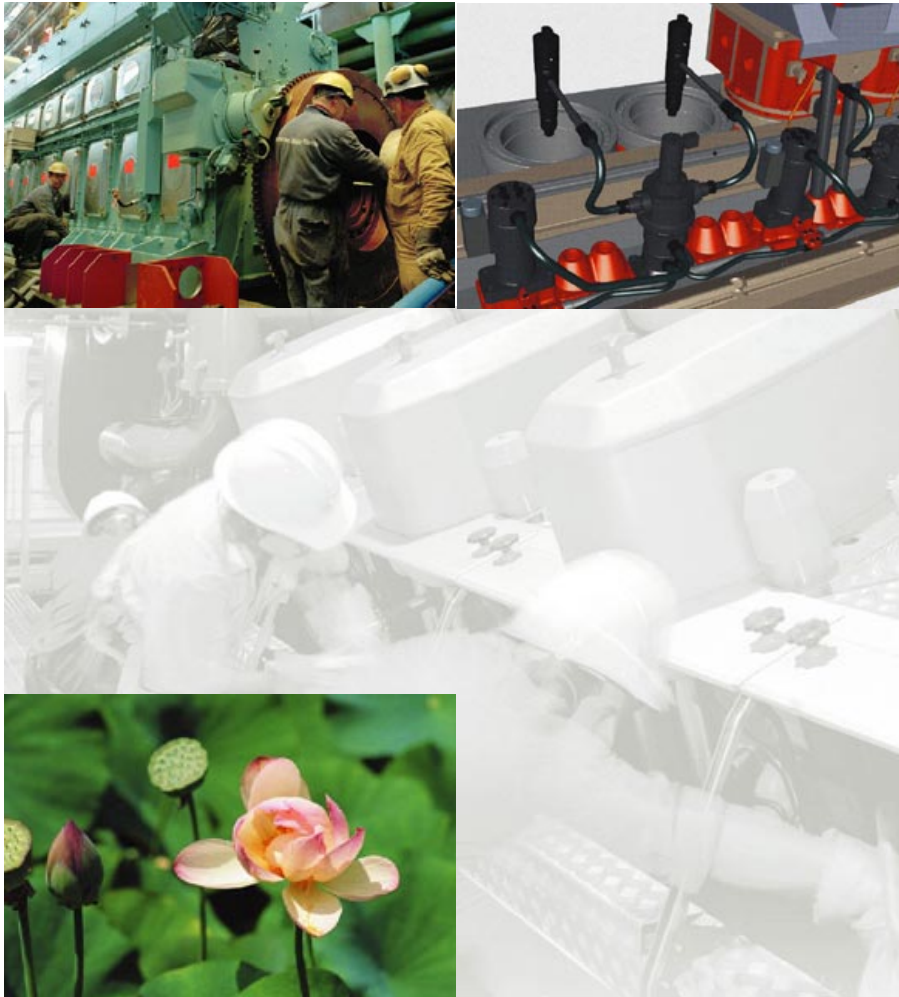
- objective 10-15% p.a.
- acquisitions part of the strategy

# Total Service Provider

Engine base: 125,120 MW



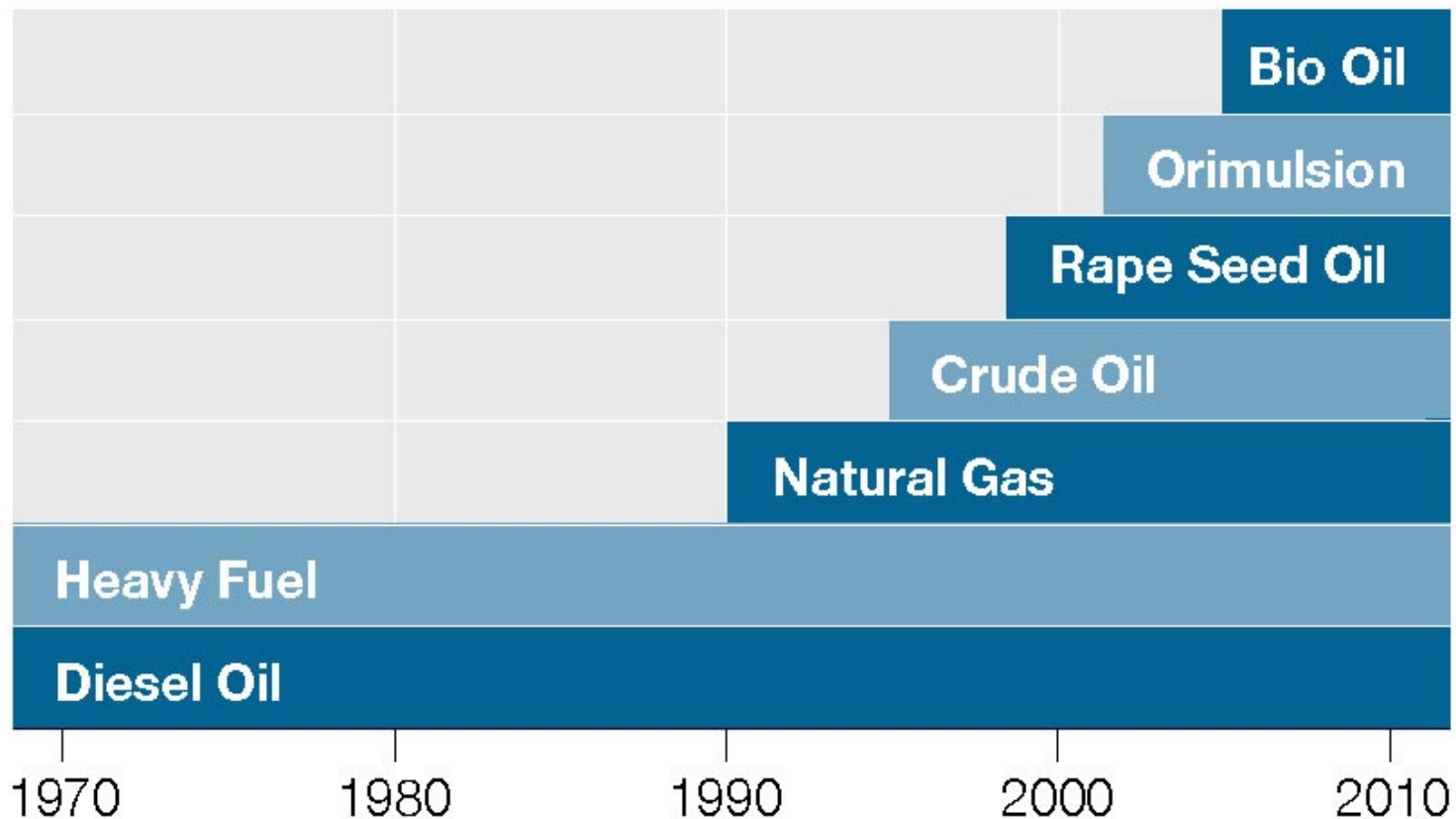
# Technological leadership



Wärtsilä designs and develops low-speed, medium-speed and high-speed diesel engines, medium-speed and high-speed gas engines, propulsion and manoeuvring equipment, related systems and technology, applying these to the needs of the market.

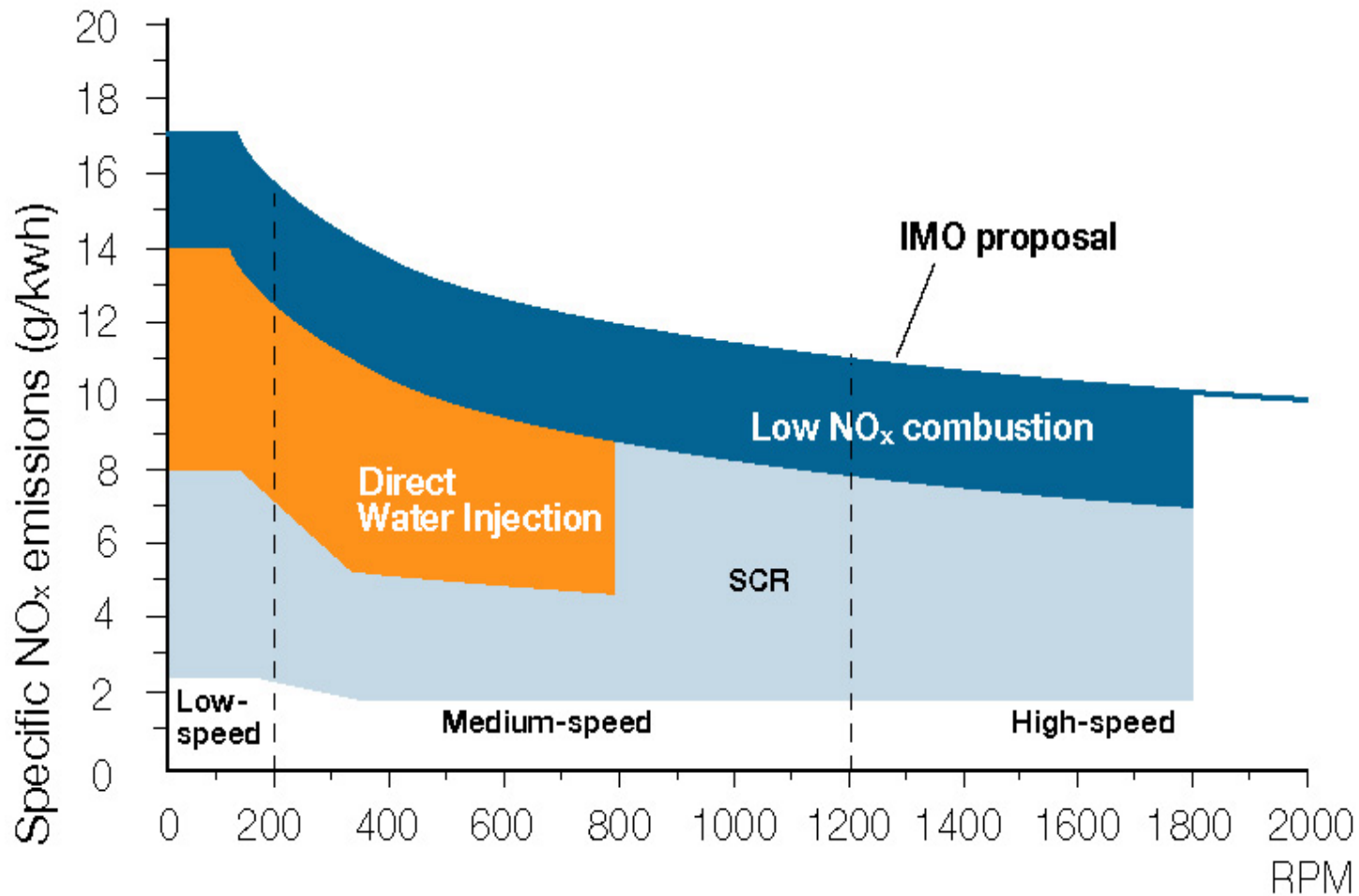
# Status of fuel versatility

## Wärtsilä engines 2001

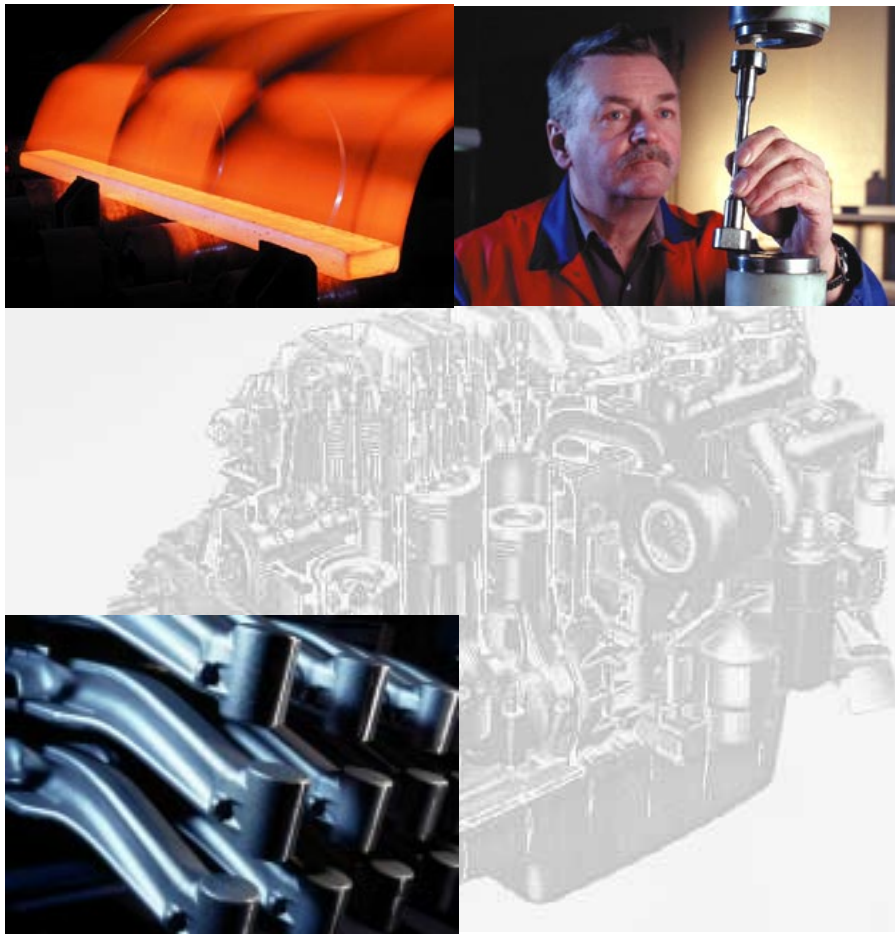




# NOx emission compliance of Wärtsilä engines



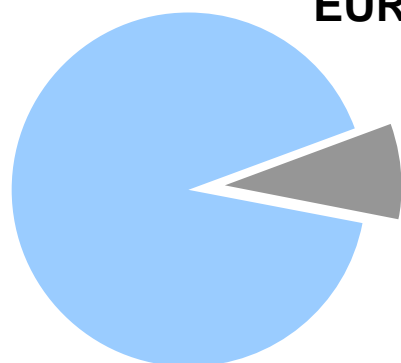
## *A Skilful Niche Player*



Imatra Steel is Wärtsilä's special engineering steels company. Imatra Steel produces round, square and flat special steel bars, forged engine and front axle components, leaf springs and tubular stabilizer bars. The company's customers are European automotive and mechanical engineering companies

| EUR mill.        | 2001  | 2000  | Change |
|------------------|-------|-------|--------|
| Net sales        | 186.4 | 194.1 | -4.0%  |
| Operating profit | 6.4   | 17.4  | -63.2% |
| % of net sales   | 3.4%  | 9.0%  |        |

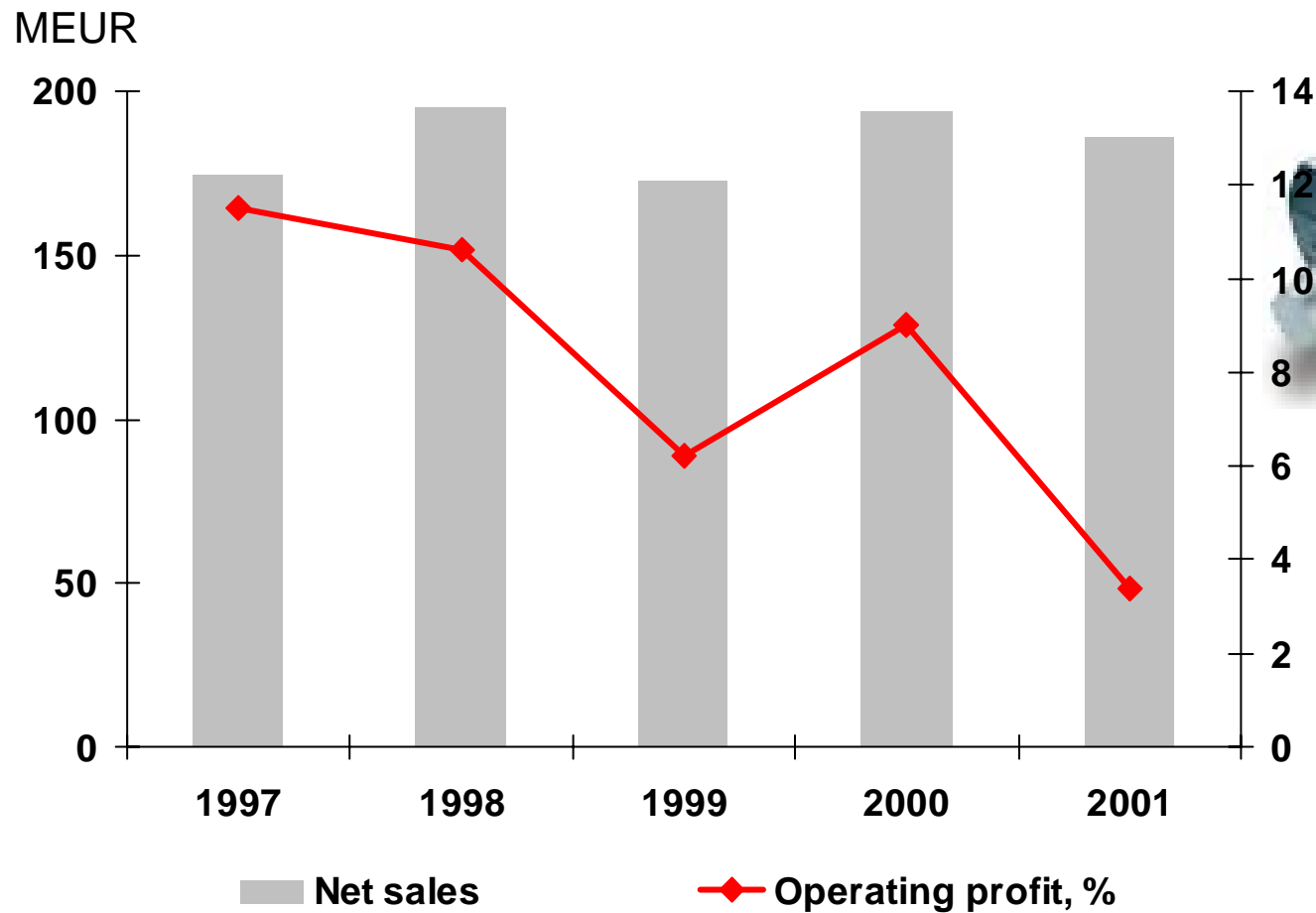
**Wärtsilä net sales 2001  
EUR 2,358.7 mill.**



■ Imatra Steel 8%

- Demand began to decline, measures to adjust capacity
- Truck production in Europe -8%
- Renewal of the base metallurgical process at the Imatra Steel Works started
- Scottish Stampings strengthens forging operations

# Imatra Steel's net sales and operating profit



# Holdings - Resources for developing core business




## **Assa Abloy**

Wärtsilä owns 7.9% of Assa Abloy's shares and plays an active shareholder's role on the Board of Directors.

This holding gives Wärtsilä the opportunity to strengthen the Group's financial structure and to develop the Power Divisions.

Wärtsilä's share of market capitalisation EUR 395.6 mill.  
(10 June, 2002)

# Wärtsilä Corporation



Wärtsilä Corporation is the leading global ship power supplier and a major provider of solutions for decentralised power generation and of supporting services.

In addition Wärtsilä operates a Nordic engineering steel company Imatra Steel and manages a substantial holding to support the development of its core business.

