

Wärtsilä Corporation 2005

Ole Johansson, President & CEO

7 February 2006

Mission

We provide lifecycle power solutions to enhance the business of our customers, whilst creating better technologies that benefit both the customer and the environment.

Vision

We will be the most valued business partner of all our customers.



Power Businesses

- Order intake grew 25.1% to EUR 3,491.1 million (2,791.4)
- Order book reached all-time high, EUR 2,905.7 million (1,855.3), up 56.6% on the previous year
- Net sales rose to EUR 2,520.3 million (2,224.7)
- Profitability (EBITA) reached target level 8.0% (3.9)

Group

- EPS EUR 1.80 (1.42)
- The Board of Directors proposes a dividend of EUR 0.90 per share and an extra dividend of EUR 0.60 per share, total EUR 1.50 per share

Ship Power

- The good demand in the shipbuilding industry continued
- Number of orders for full year at good level, declining towards end of the year
- High activity level;
 - Offshore
 - Passenger and RoPax vessels
 - LNG
- Trend from large to smaller vessels in containerships
- Decrease in volume for tankers and bulk carriers
- ➔ Market trend towards smaller vessels favoured Wärtsilä





Power Plants

- Power plant markets active globally
- Global gas power plant market grew
- Wärtsilä's technology in the gas market being recognized

Power Businesses



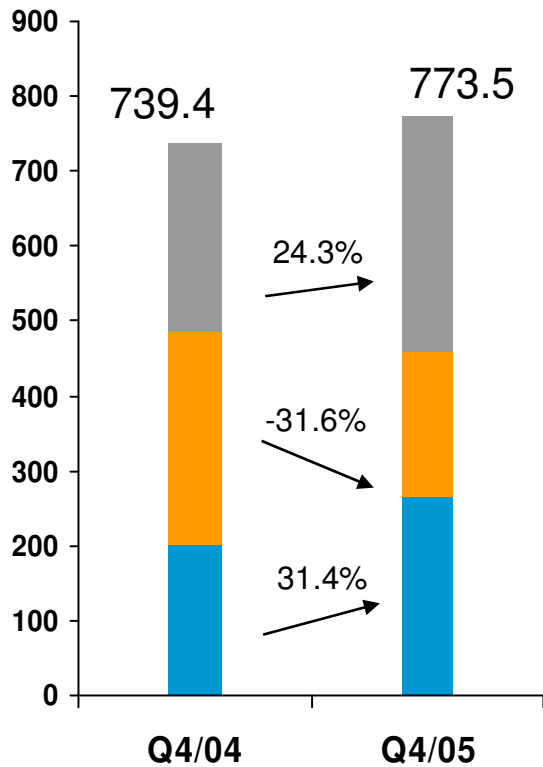
<u>MEUR</u>	<u>Q4/2005</u>	<u>Q4/2004</u>	<u>Change</u>
Net sales	773.5	739.4	4.6%
Operating income	86.1	90.8	-5.2%
% net sales	11.1%	12.3%	
Order intake	1,100.5	716.0	53.7%

<u>MEUR</u>	<u>2005</u>	<u>2004</u>	<u>Change</u>
Net sales	2,520.3	2,224.7	13.3%
Operating income	202.5	87.7	
% net sales	8.0%	3.9%	
Order intake	3,491.1	2,791.4	25.1%
Order book end of period	2,905.7	1,855.3	56.6%

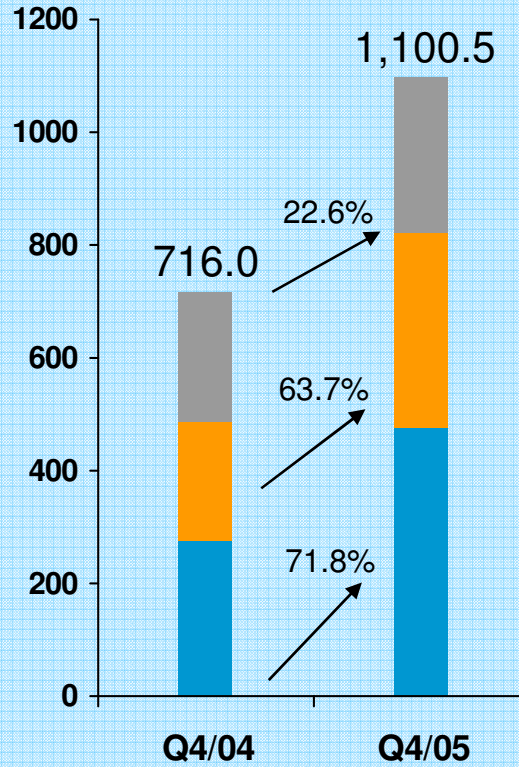
Power Businesses – Key figures

MEUR

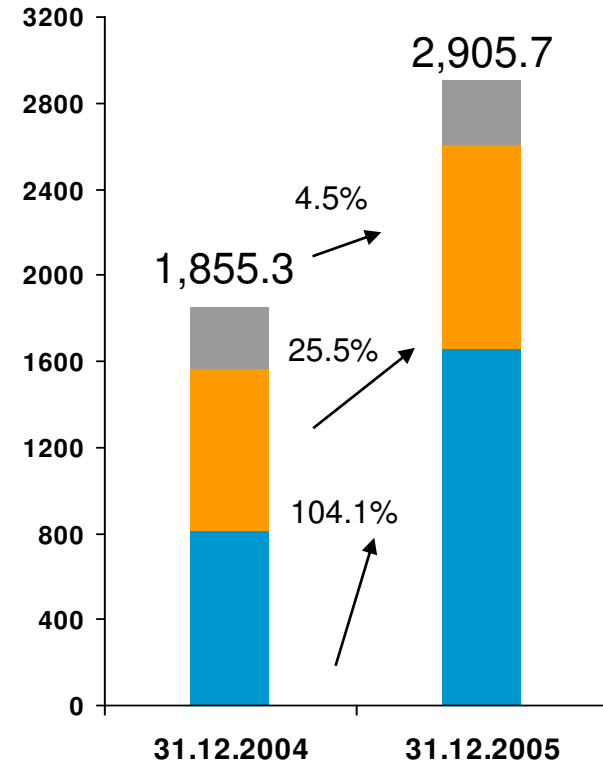
Net sales



Order intake



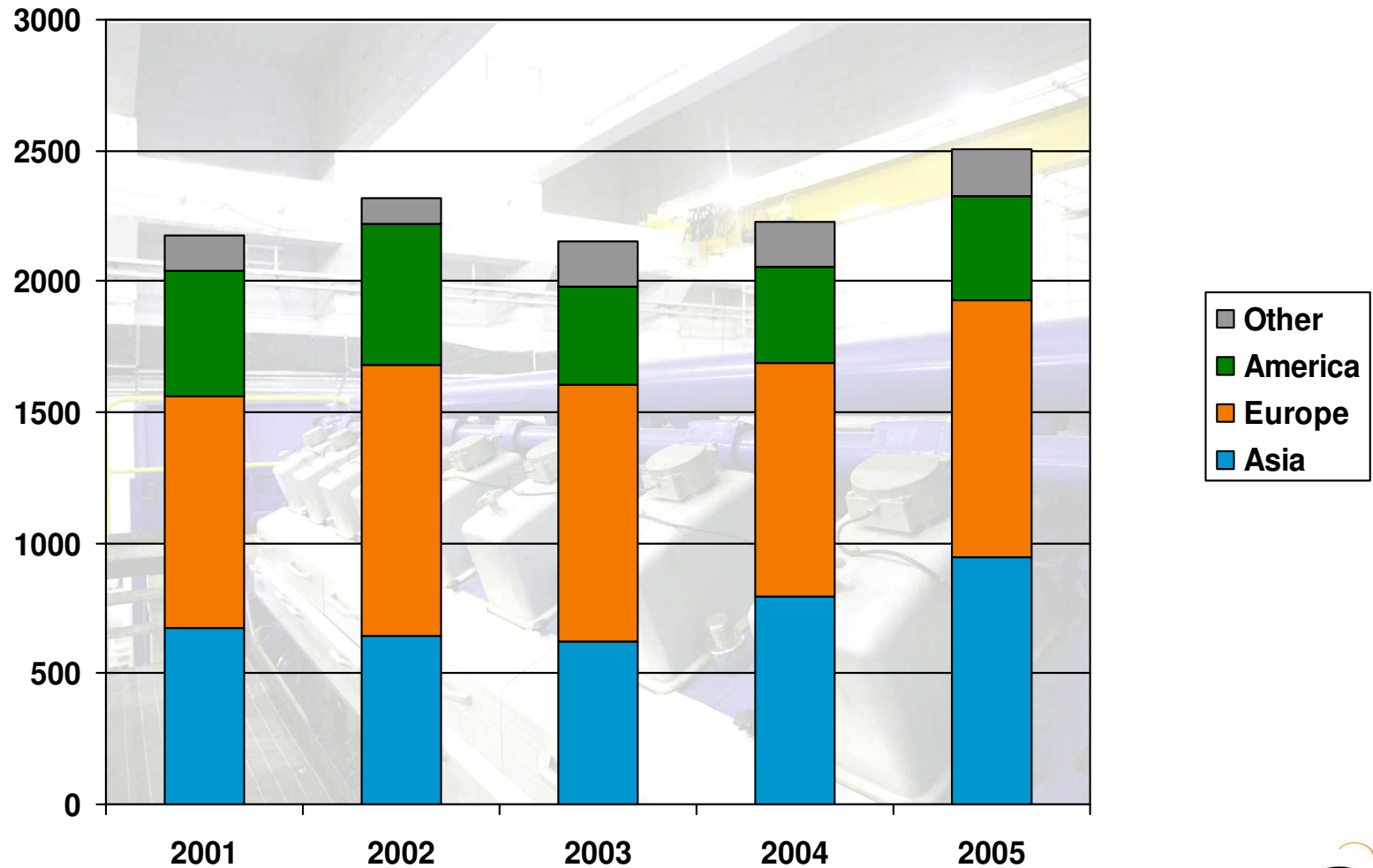
Order book



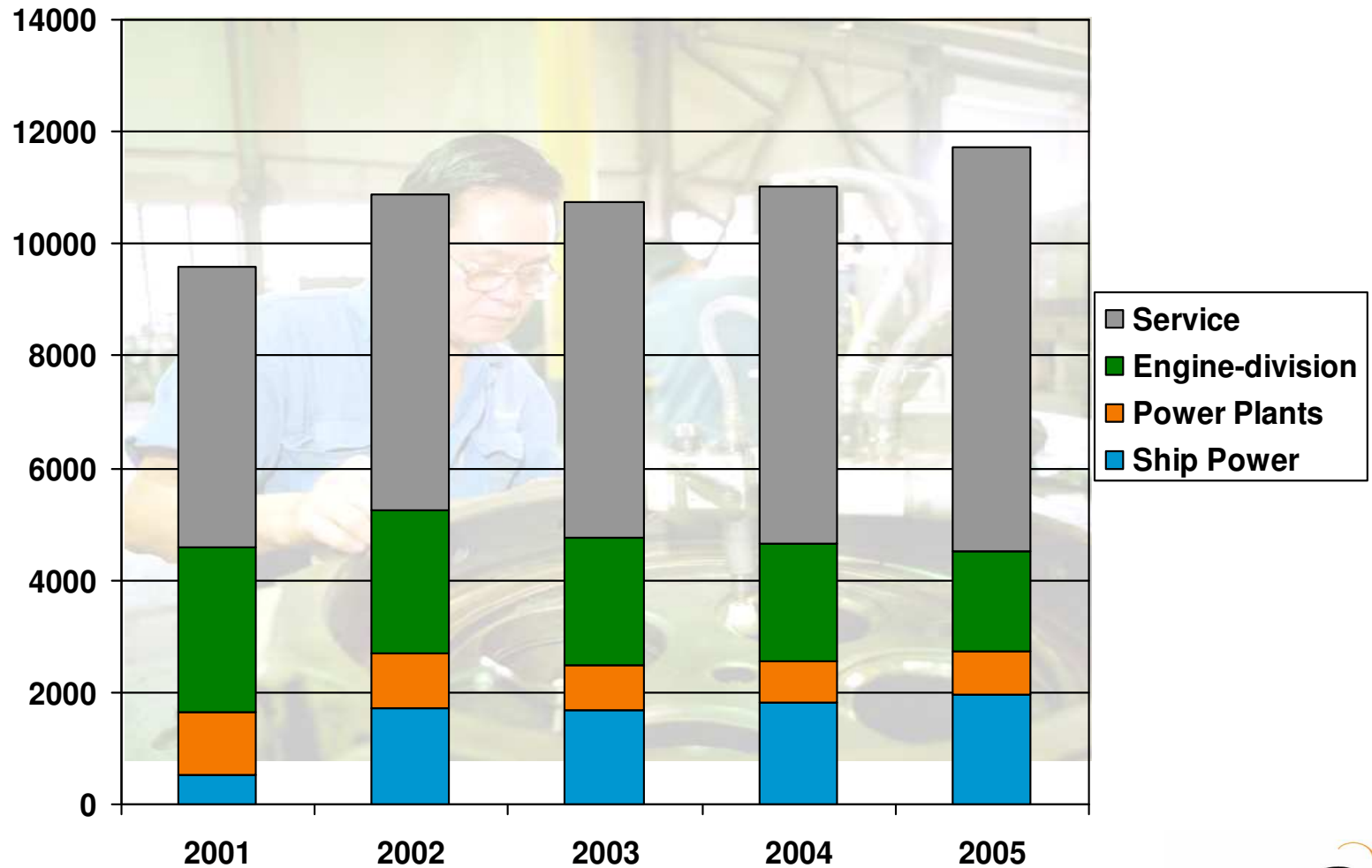
- Service
- Power Plants
- Ship Power

Power businesses' net sales by market area 2001-2005

MEUR

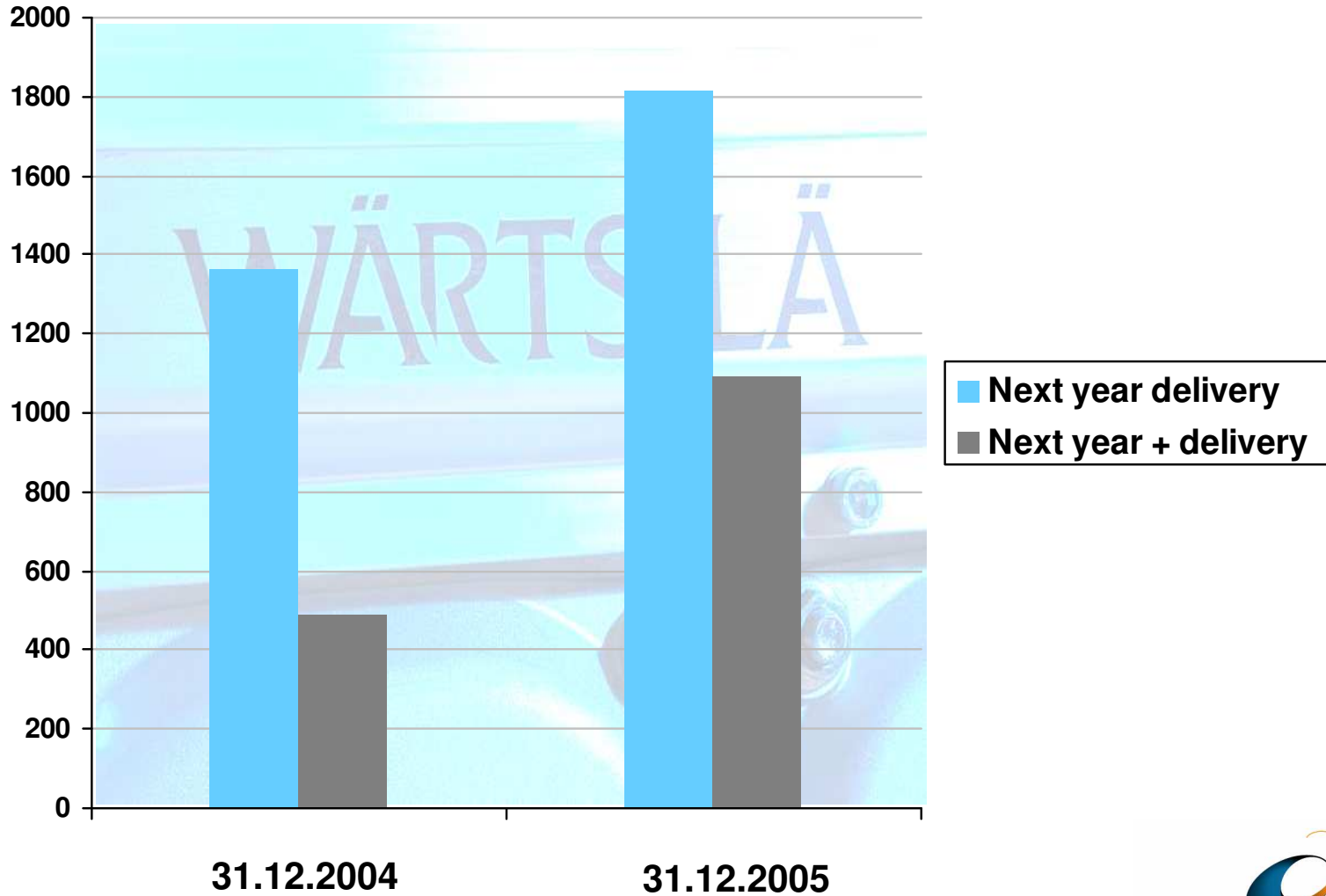


Power businesses' personnel development 2001 - 2005



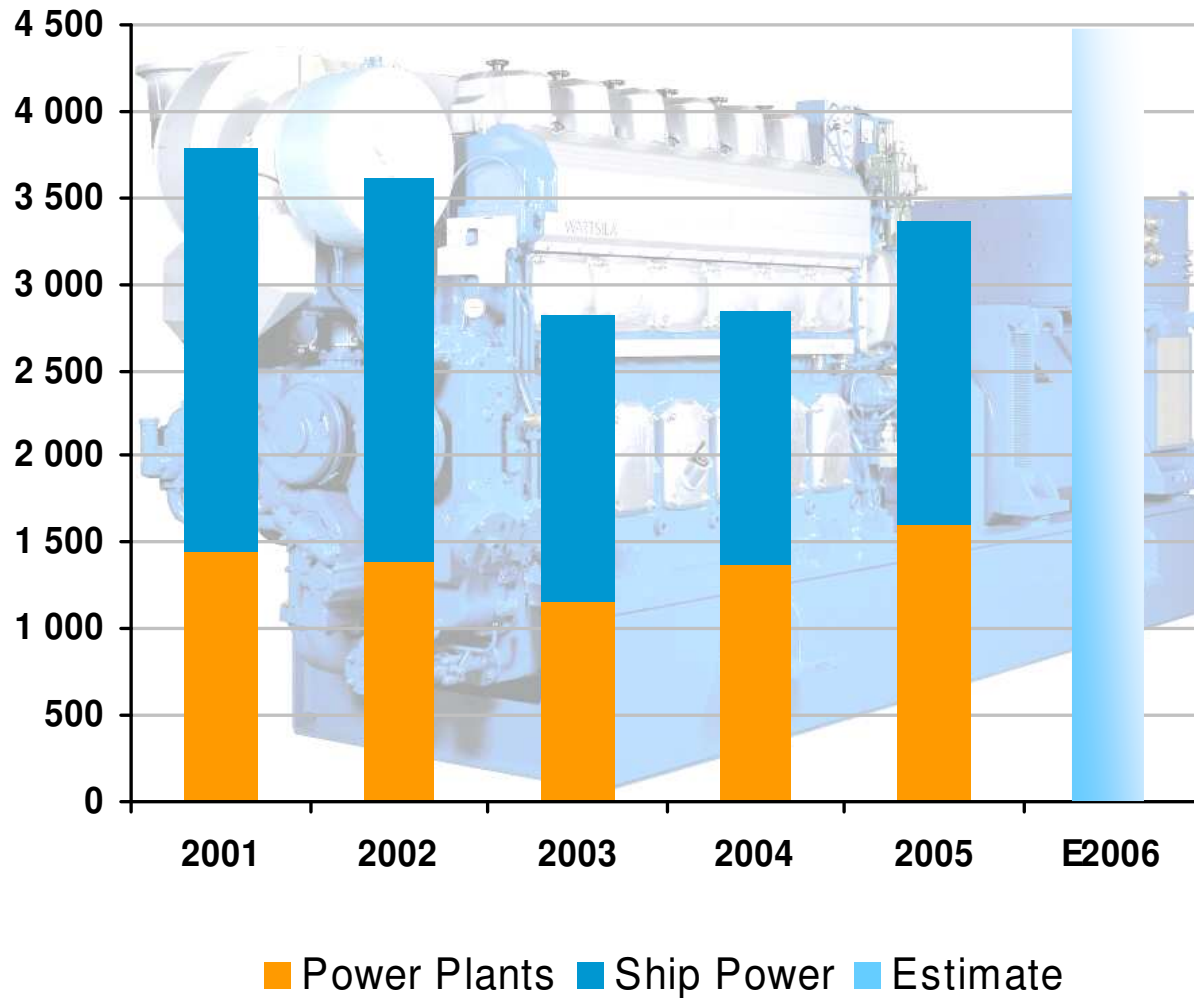
Power Businesses - Order book distribution

MEUR



Delivered engine megawatts from own factories

MW



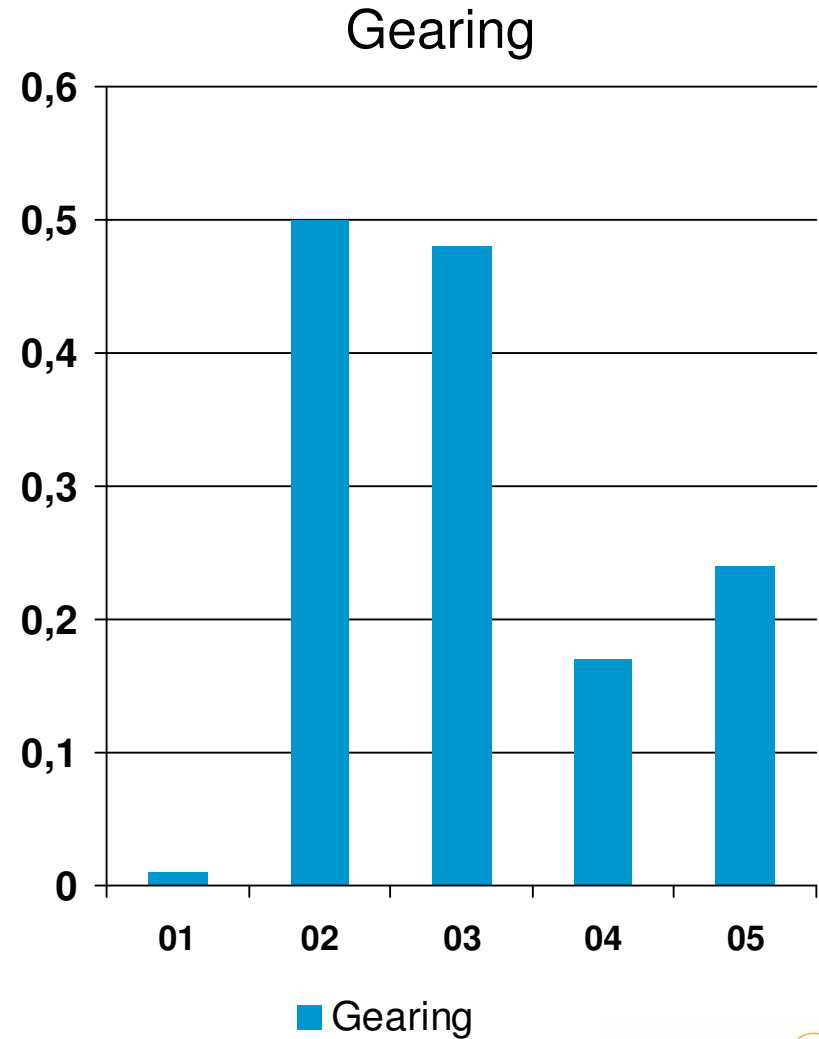
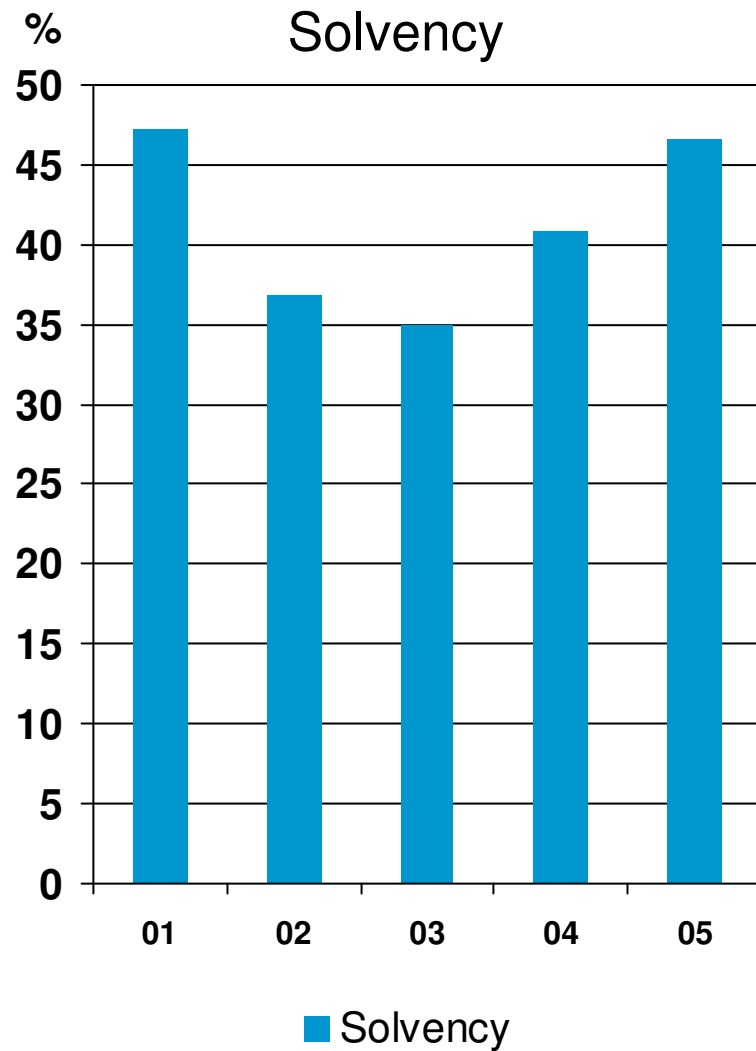


MEUR	Power Businesses	Imatra Steel	2005 Group	2004 Group
Net sales	2,520.3	119.1	2,638.8	2,478.2
EBITA	202.5	21.8	224.3	112.0
% of Net sales	8.0%	18.3%	8.5%	4.5%
Profit before taxes			212.4	217.3
EPS (EUR)			1.80	1.42



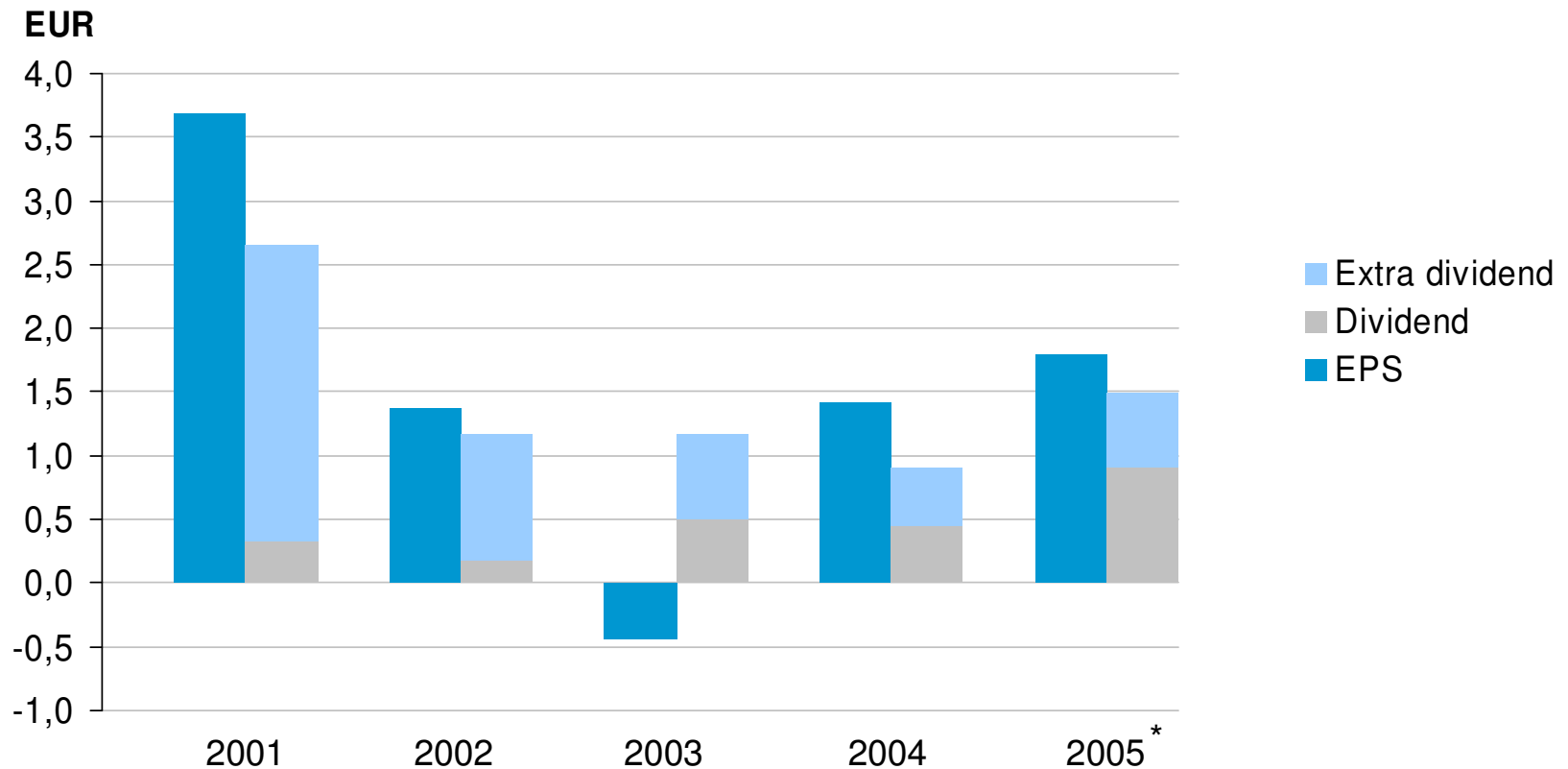
<u>MEUR</u>	<u>2005</u>	<u>2004</u>
Cash flow from operating activities	76.0	220.1
Cash flow from investing activities	-178.3	85.0
Cash flow from financing activities	47.6	-284.9
Liquid funds at the end of period	119.6	169.6

Solvency and gearing



NOTE: 2001-2003 according to FAS, 2004- IFRS
Convertible subordinated debentures treated as equity

EPS and dividend/share



*Board's proposal

NOTE: 2001-2003 according to FAS, 2004- IFRS

Businesses

Ship Power – High level of demand



MEUR	Q4/2005	Q4/2004	Change
Net sales	265.5	202.1	31.4%
Order intake	475.1	276.5	71.8%

MEUR	2005	2004	Change
Net sales	710.3	631.2	12.5%
Order intake	1,545.3	836.7	84.7%
Order book, end of period	1,658.5	812.7	104.1%

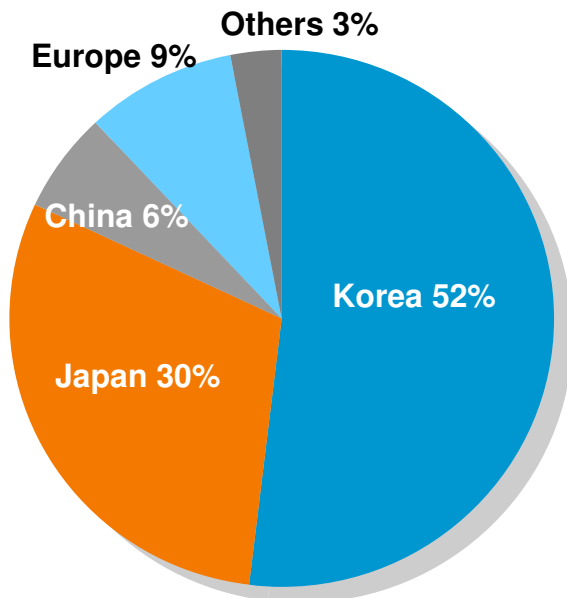
**Power Businesses
net sales
2005: 2,520.3
Ship Power: 28%**



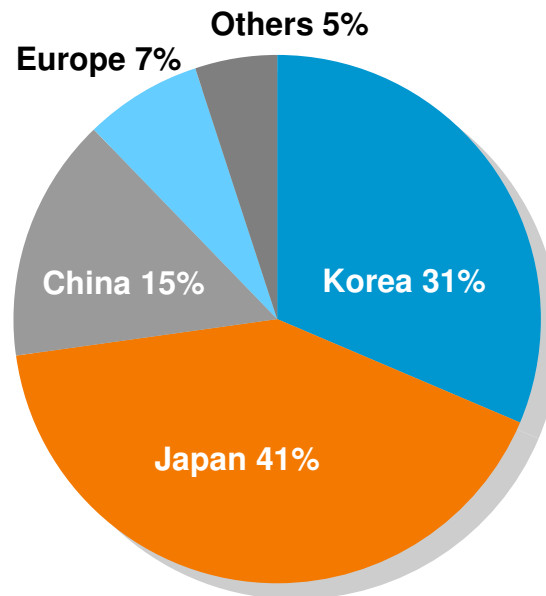
WÄRTSILÄ

Global Market Development

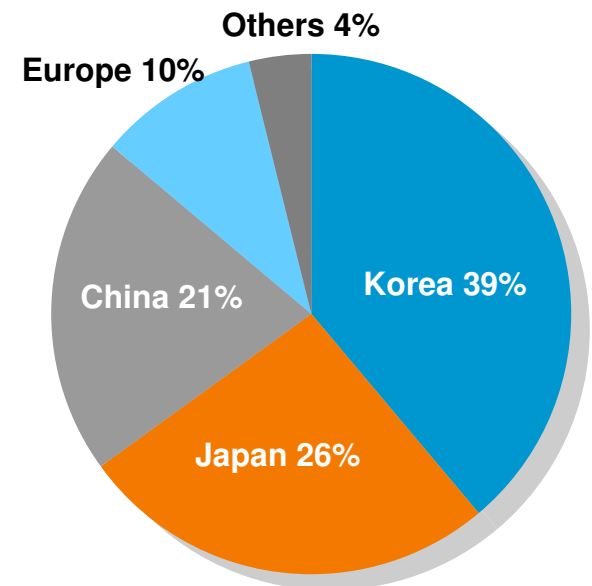
Vessel orders 2000



Vessel orders 2004

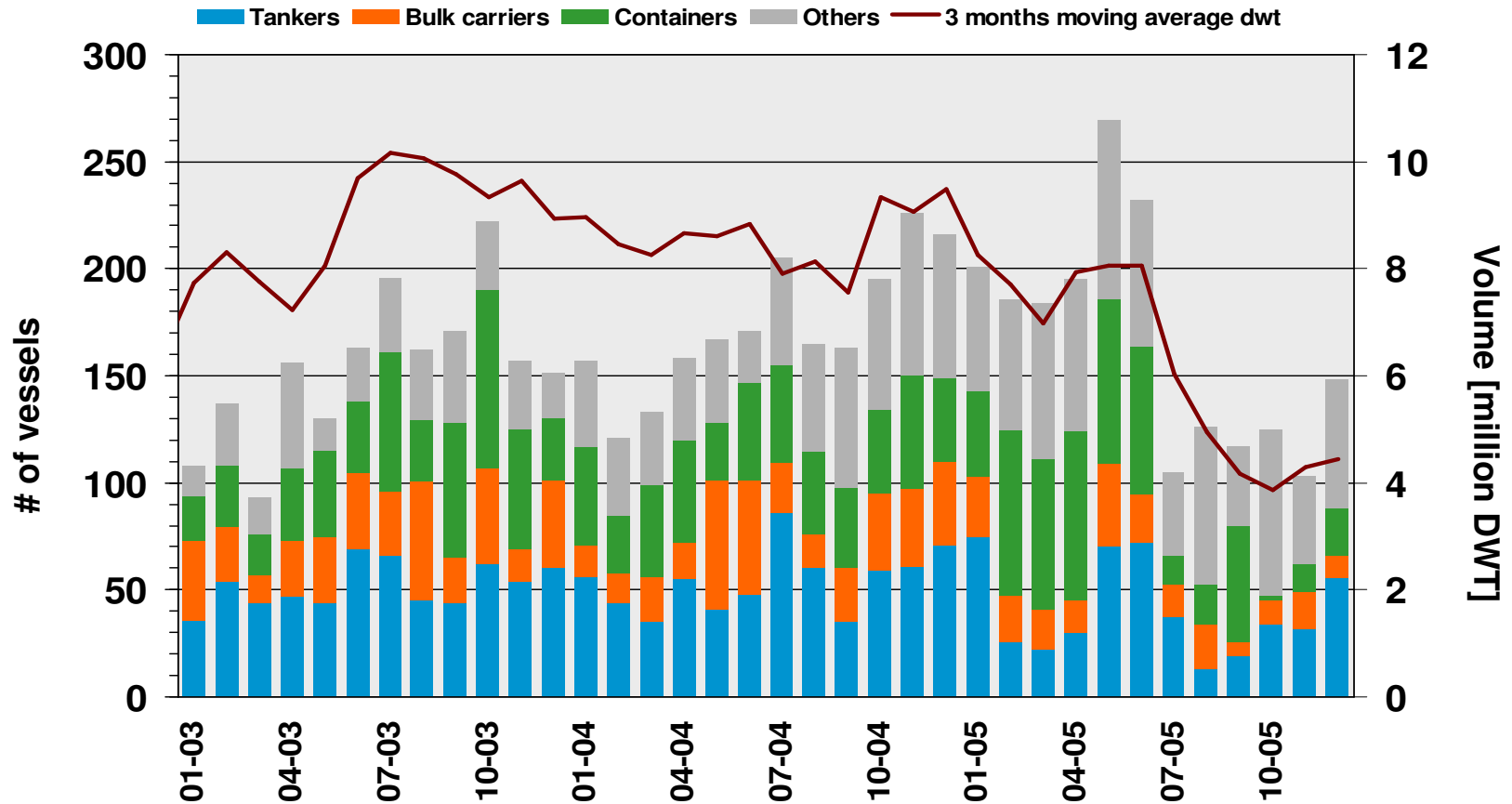


Vessel orders 2005



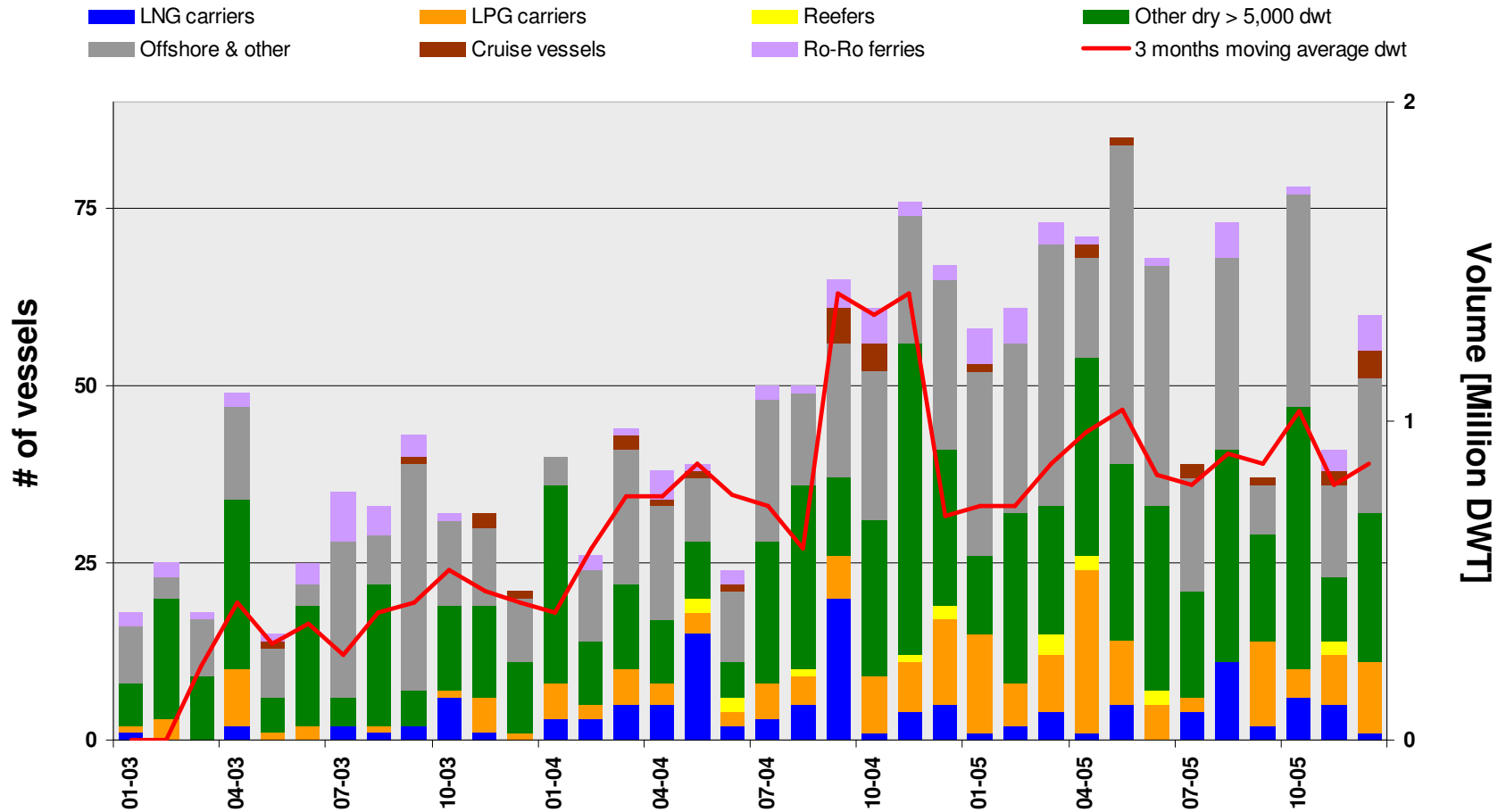
Market share of dwt. Vessels > 100gt.
Source: Lloyd's register - Fairplay, December 2005

Vessel Orders, # of vessels



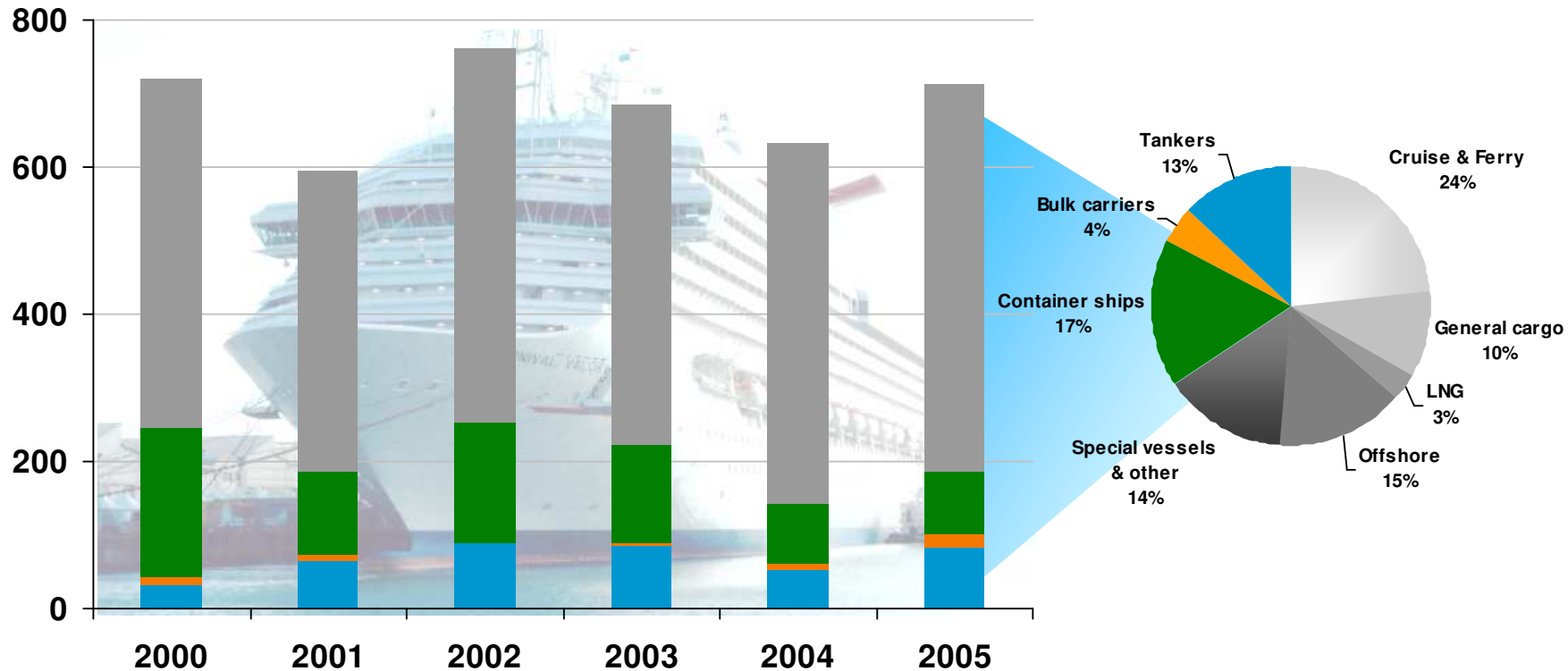
Source: Based on data from Clarkson Research Studies

Vessel Orders, other vessels # of vessels



Source: Based on data from Clarkson Research Studies

Net sales of Ship Power by vessel type

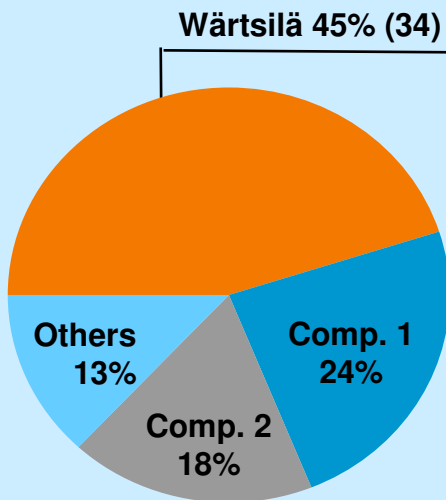


■ Tankers
 ■ Bulk carriers
 ■ Container ships
 ■ Others

The market position of Wärtsilä's marine engines Q4/2005

Own production

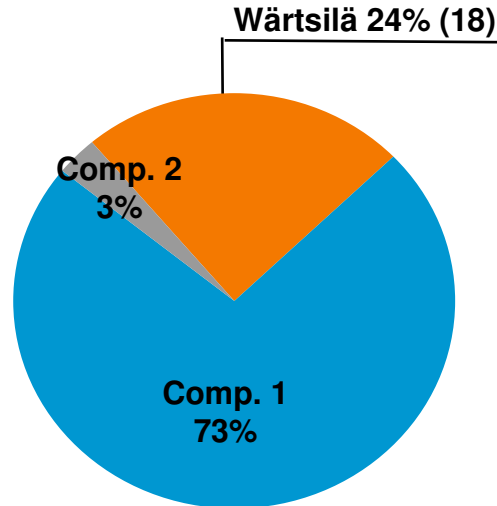
Medium speed main engines



Total market volume last 12 months:
6,676 MW (3,990)

Production by licensees

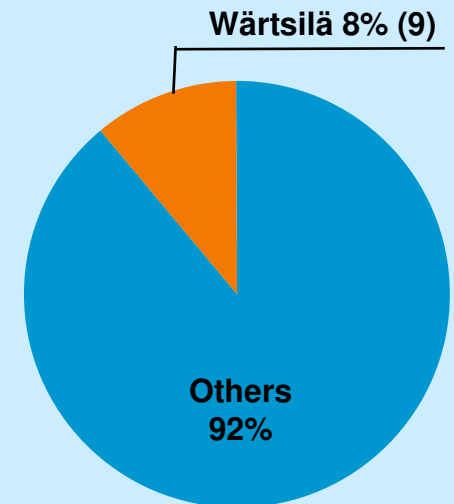
Low speed main engines



Total market volume last 12 months:
22,703 MW (24,863)

Own production

Medium speed auxiliary engines



Total market volume last 12 months:
5,220 MW (3,540)

Wärtsilä's own calculation is based on: Lloyd's Register – Fairplay, Clarkson's Research Studies and BRL Shipping Consultants.
Market shares based on installed power, numbers in brackets are from 12 months ago.



MEUR	Q4/2005	Q4/2004	Change%
Net sales	315.0	253.3	24.3%

MEUR	2005	2004	Change%
Net Sales	1,093.1	936.8	16.7%
Personnel, end of period	7 200	6 378	12.9%

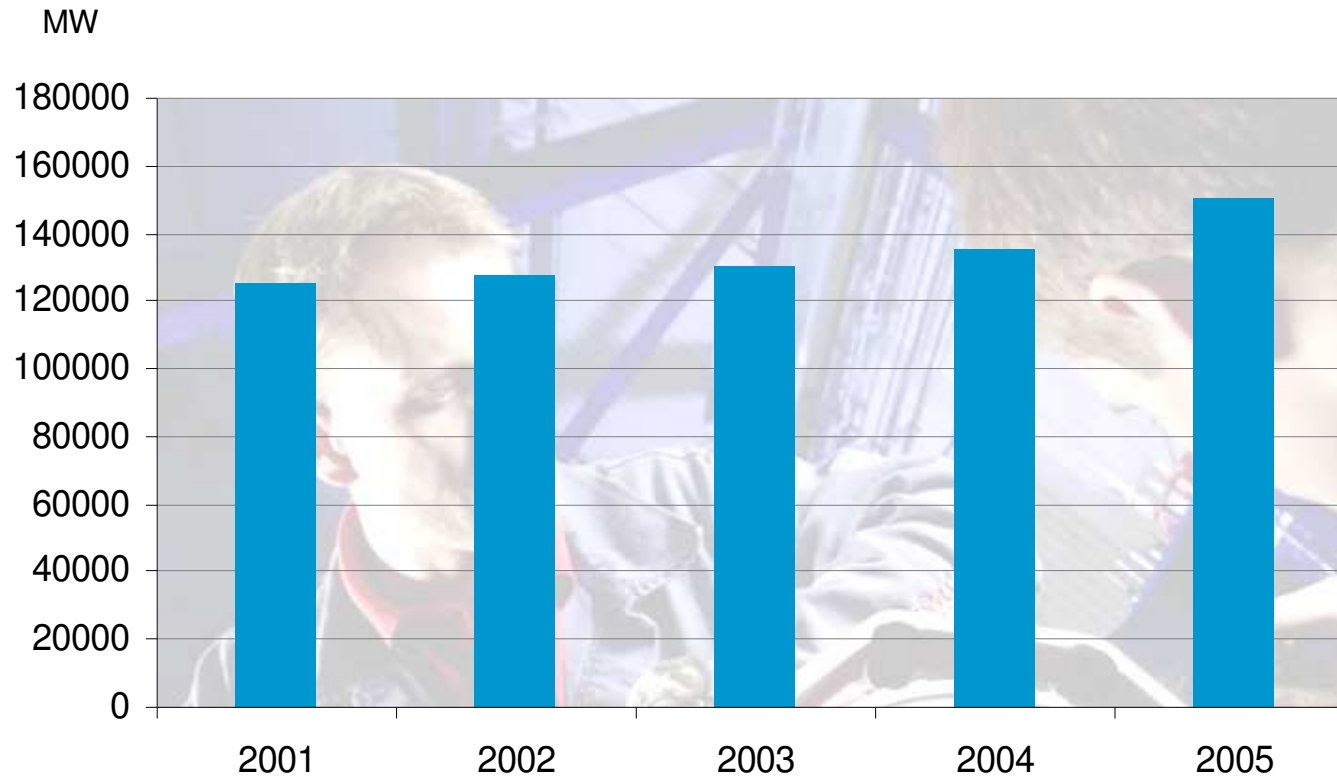
**Power Businesses
net sales
2005: 2,520.3
Services: 43 %**



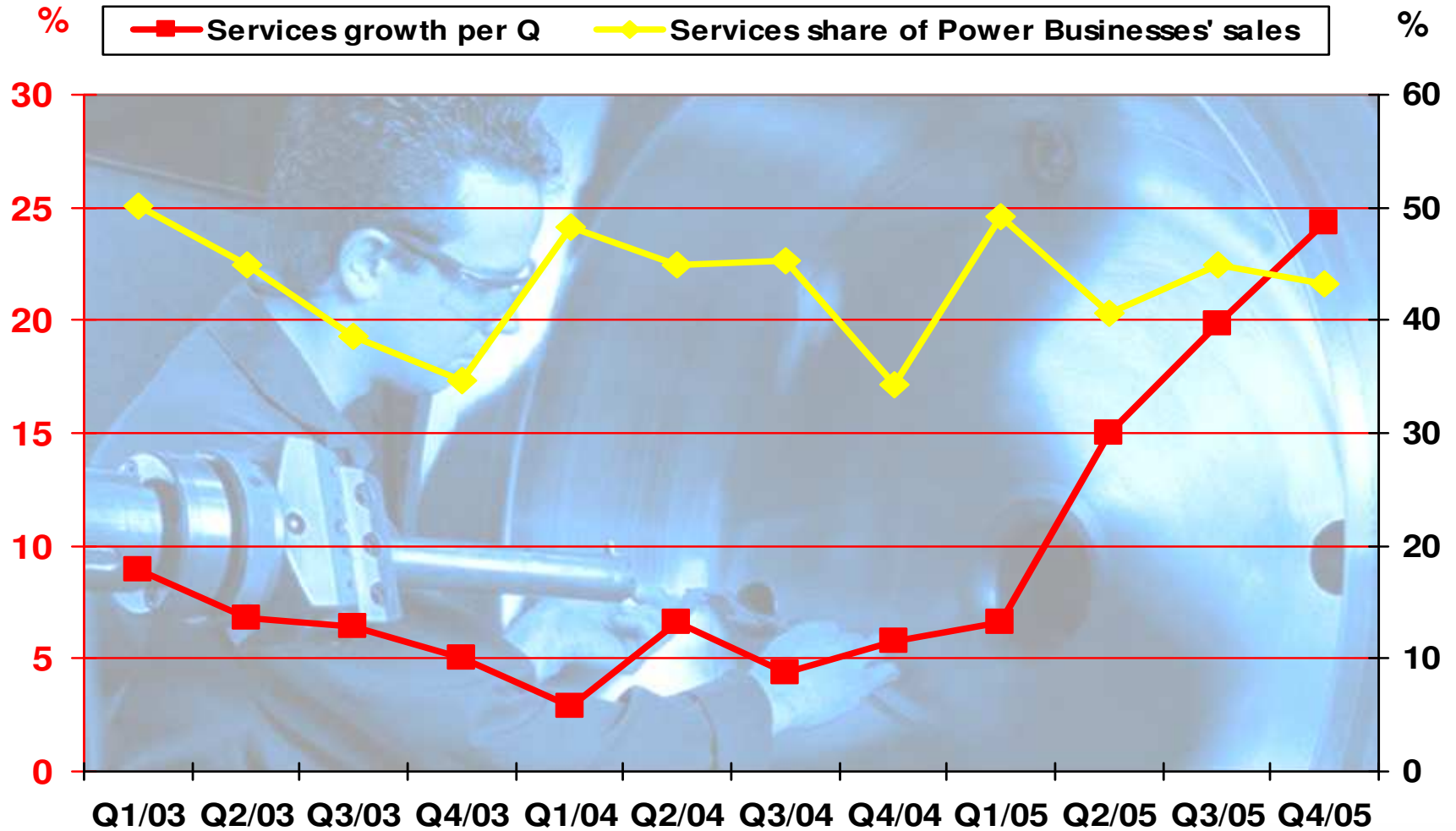


- DEUTZ marine service acquisition
- Acquisition of automation company Gerhardt Holding Co. Inc, USA
- New service companies in key ports: Hong Kong and Tallinn
- First global O&M contract in maritime industry with Reederei Blue Star GmbH

Active engine base development



Services - accelerating growth



Power Plants

MEUR	Q4/2005	Q4/2004	Change
Net sales	193.7	283.0	-31.6%
Order intake	346.6	211.7	63.7%
Order intake, MW			
heavy fuel oil	489	252	93.9%
gas	345	207	66.5%
BioPower, MWth + MWe	17	36	-51.4%

**Power Businesses
net sales
2005: 2,520.3**

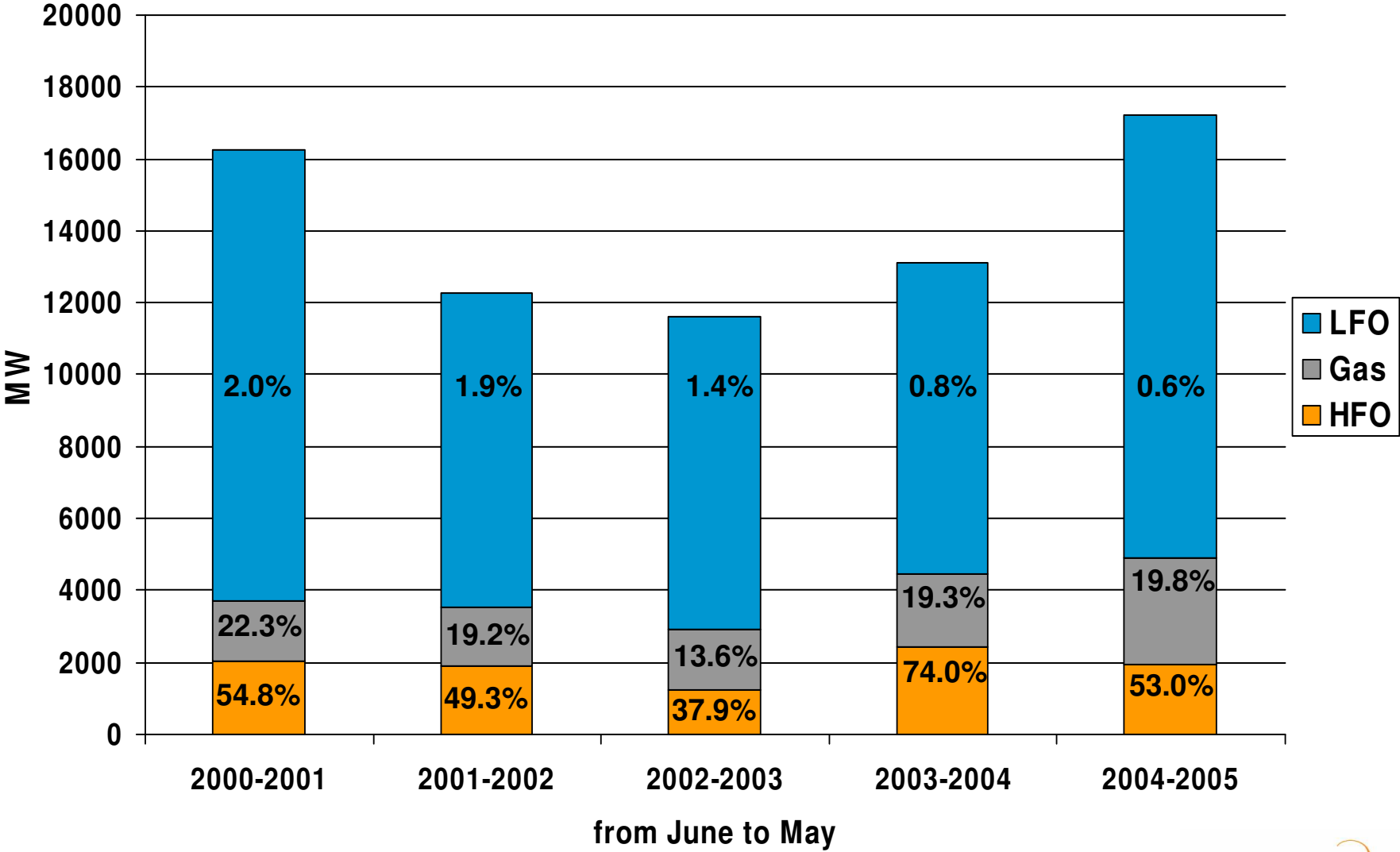
Power Plants: 28 %

MEUR	2005	2004	Change
Net sales	710.3	651.9	9.0%
Order intake	865.2	1,019.5	-15.1%
Order intake, MW			
heavy fuel oil	1,134	1,664	-31.9%
gas	924	649	42.3%
BioPower, MWth + MWe	117	110	6.7%
Order book, end of period	943.9	752.4	25.5%



Power Plant Market 1-60 MW Unit Size

Reciprocating Engines

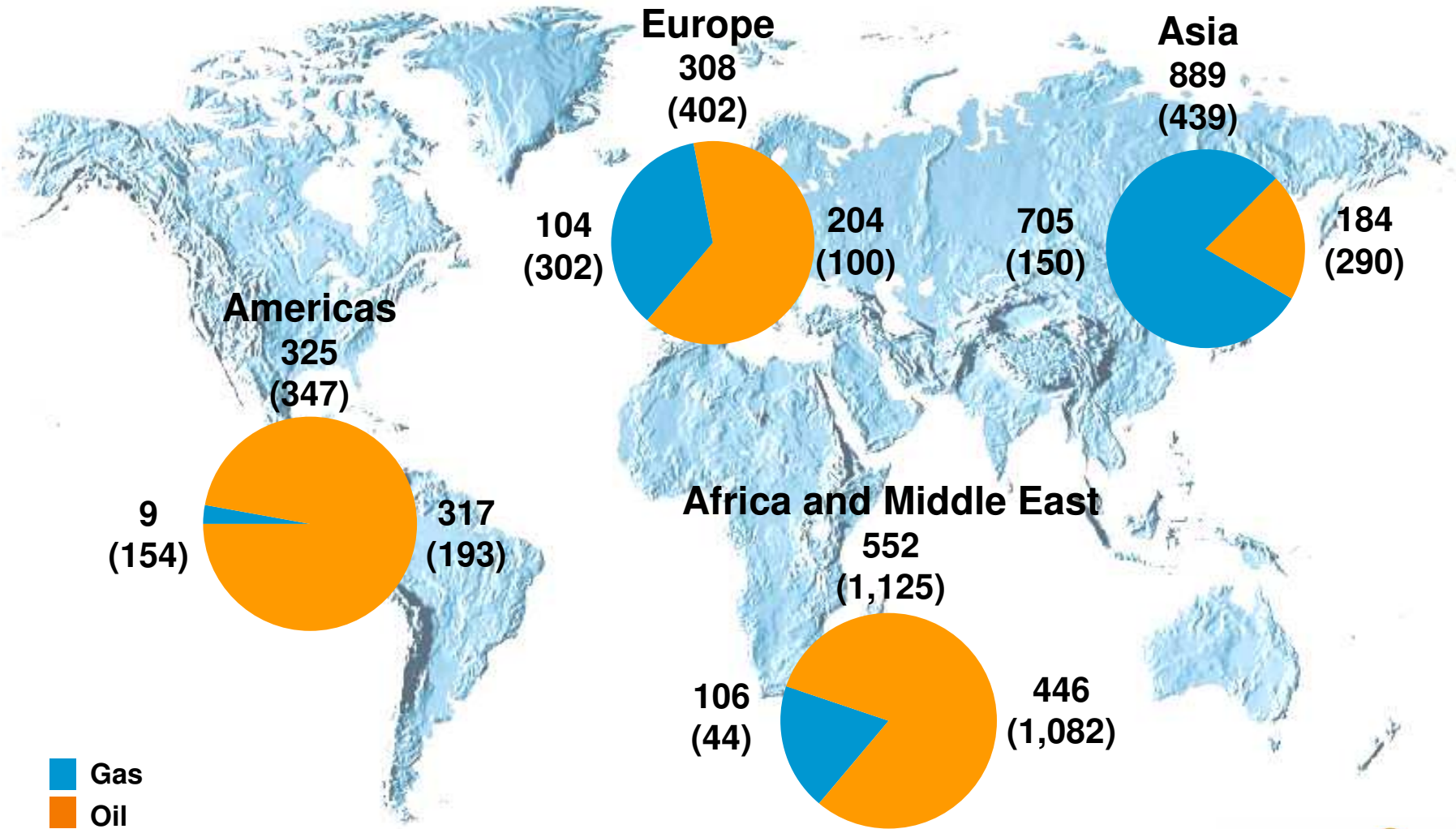


Inside the columns, Wärtsilä's share in percentage

Source: Diesel and Gas Turbine Magazine

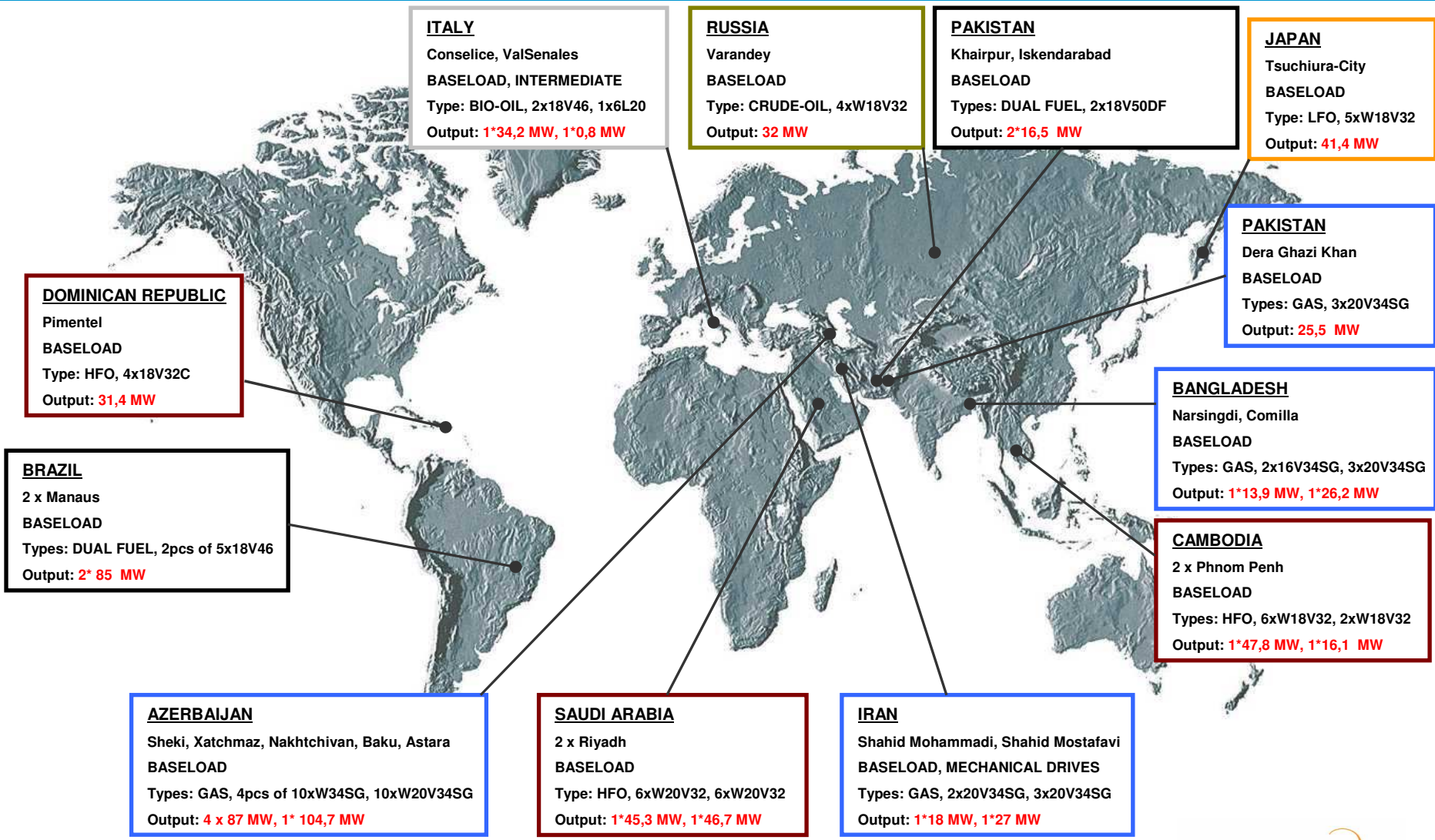


Power Plants -order intake 1-12/2005: 2,075 MW (2,313)



■ Gas
■ Oil

Power Plants - Some selected orders from 2005



OVAKO

- The new company was accounted for as an associated company from 1st of May 2005
- Wärtsilä's ownership in the company is 26.5%. Wärtsilä's share of the associated company's result was EUR 10.4 million (5-12/2005)
- The holding's balance sheet value EUR 106.1 million (31st December 2005)
- Wärtsilä has granted a shareholders' loan of EUR 21.2 million to Ovako

ASSA ABLOY

- Wärtsilä owns 4.7% of Assa Abloy shares
- The holding's market value EUR 229.9 million (31st December 2005)



Ship Power

- Demand remains strong, however uncertainty in general shipbuilding market increases
- Active segments in shipbuilding are offshore, LNG and cruise & ferry

Power Plants

- The power plant market continues to be globally active
- Demand remains stable for HFO market and growing demand for gas



- Demand in the ship power and energy markets looks likely to remain favourable for Wärtsilä for at least the first half of the current year
- Based on the strong order book, Wärtsilä's net sales are expected to grow this year by as much as 20%
- The profitability level reached in 2005 will remain
- Net sales growth is expected to continue in 2007

THANK YOU!



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