

Wärtsilä Corporation STOCK EXCHANGE RELEASE 27.9.2006 at 11.00 am EET

WÄRTSILÄ, CHINA SHIPBUILDING INDUSTRY CORPORATION AND MITSUBISHI HEAVY INDUSTRIES IN JOINT MANUFACTURING OF LOW-SPEED ENGINES IN CHINA

Wärtsilä, China Shipbuilding Industry Corporation (CSIC) and Mitsubishi Heavy Industries (MHI) are establishing a joint venture to manufacture large, low-speed marine engines in China. CSIC will hold 50% of the joint venture, Wärtsilä 27% and Mitsubishi 23%. The investment will total around 75 million euros, spread over several years. Production is scheduled to start during the fourth quarter of 2008.

The joint venture will be called Qingdao Qiyao Wärtsilä MHI Linshan Marine Diesel Co Ltd (QMD). The start-up of the joint venture is subject to final approvals, which are expected to be received by the end of October 2006.

Central to Wärtsilä's growth strategy

"Our aim is to better serve the shipbuilding industry in China and thereby strengthen our market position in the low speed engines in rapidly growing Chinese shipbuilding market. The QMD factory is a practical demonstration of our strategy of working through partnerships to bring the aspirations of the partners into reality", says Mr Ole Johansson, President and CEO of Wärtsilä.

"For CSIC, the QMD factory is much more than increased manufacturing capacity. It enables CSIC to further develop the technological capabilities of its ship machinery industry; an objective which is greatly facilitated by international co-operation with strong technological partners such as Wärtsilä and MHI. Improved technological capabilities will, in turn, also encourage technical innovation among CSIC employees that will raise the competitiveness of Chinese shipbuilding and grow its market share," says Mr Li Chang Yin, President of CSIC.

"Developments such as the QMD factory will raise the reputation of Mitsubishi UE engines in world shipbuilding markets while extending the Mitsubishi UE engine business in an important country that is a rising dragon in shipbuilding. It will also bring more opportunities to offer Mitsubishi UE engines to shipowners in the world," says Mr Hiroo Uchimura, General Manager, Industrial Energy Power Systems Department of MHI.

Strong demand in China

The Chinese shipbuilding industry is growing rapidly and currently requires more engines than can be manufactured locally. As China has set itself the target of being the world's leading shipbuilding country by 2020, demand for low-speed engines is increasing correspondingly. QMD will primarily serve Chinese shipyards, it will also be able to export engines to other shipbuilding markets such as Europe and India.

Co-operation continues

The QMD joint venture continues the co-operation started by Wärtsilä and CSIC in 2005 to produce auxiliary engines. With MHI Wärtsilä is co-operating in the form of a strategic alliance to develop two-stroke marine diesel engines.

Two-stroke engines with Wärtsilä and MHI licences

The QMD factory will produce large marine engines for Chinese shipyards. It will develop, manufacture and sell a new generation of energy-saving and environmentally-friendly low-speed two-stroke marine engines under licence from Wärtsilä and MHI. The factory will

be built in the Shanghai area, where CSIC is setting up a marine industry cluster.

Local supplier network

The QMD factory will use local suppliers as much as possible. It will thus do much to add both to the local economy while channelling the transfer of technology that will support local companies in raising and maintaining their production to world-class standards. The technological importance of QMD factory will also be enhanced through its use by Wärtsilä and MHI for the research and development testing of new engines, further emphasizing its technological importance.

About Wärtsilä Corporation

Wärtsilä enhances the business of its customers by providing them with complete lifecycle power solutions. When creating better and environmentally compatible technologies, Wärtsilä focuses on the marine and energy markets with products and solutions as well as services. Through innovative products and services, Wärtsilä sets out to be the most valued business partner of all its customers. This is achieved by the dedication of 13,000 professionals manning 130 Wärtsilä offices in over 60 countries around the world.

About China Shipbuilding Industry Corporation

China Shipbuilding Industry Corporation (CSIC) is the largest group in China in the field of merchant and military ships, marine engineering and marine equipment which it designs, manufactures and sells. CSIC consists of more than 100 subsidiaries, including six shipyards, 48 industrial enterprises and 28 research institutes. Its factories manufacture many types of ship equipment and include four major engine factories. The total number of CSIC employees in China is 160,000.

About Mitsubishi Heavy Industries Ltd

Mitsubishi Heavy Industries, Ltd (MHI), headquartered in Tokyo, Japan, is one of the world's leading heavy machinery manufacturers, with consolidated sales of 2,790 billion yen (approx. EUR 19 billion) in fiscal 2005. MHI's operations encompasses shipbuilding, steel structures, power plants, chemical plants, steel plants, environmental equipment, industrial and general machinery, aircraft, space rocketry and air-conditioning systems. It has 32,600 employees.

For the marine industry, MHI supplies a wide range of products, including diesel engines, turbines, boilers, propellers, deck machinery, water jets and pumps. The company supplies high-, medium- and low-speed diesel engines and provides related services for various types of vessels.

A press conference will be held in Hamburg at 11.00 am CET and can be viewed on the Internet at the following address:

<http://wcast.goodmood.tv:80/wip/directlink.do?newbrowser=1&pid=1203198>

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