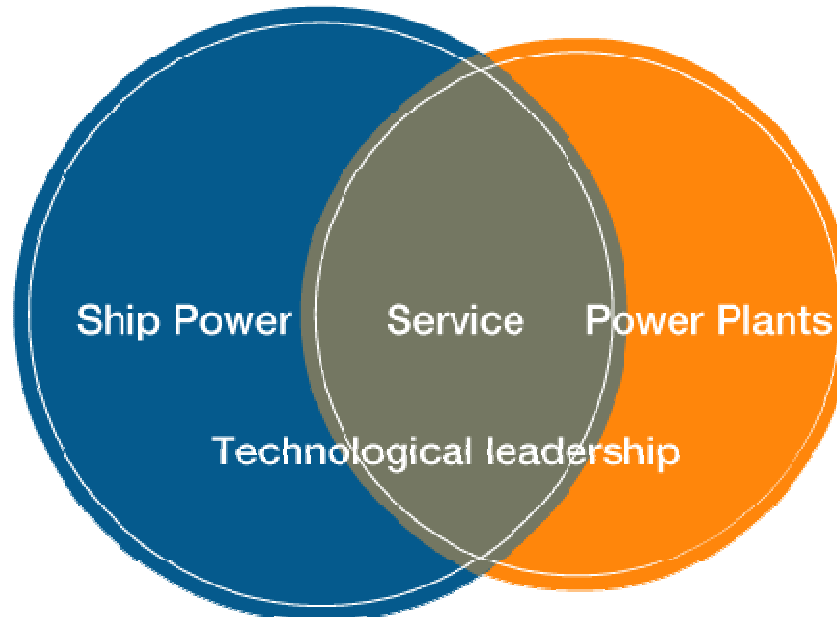


Wärtsilä Corporation

Corporate presentation 2005

Wärtsilä operates in two markets



- Ship Power and Service – growth through increased product range and acquisitions
- Power Plants – focus on the growing decentralized power generation market
- Technological leadership

Energy

Capture opportunities and
make things happen

Excellence

Do things better than
anyone else in our industry

Excitement

Foster openness, respect and trust
to create excitement

1834

Wärtsilä is established in the municipality of Tohmajärvi.

1898

The sawmill and iron works company is renamed Wärtsilä Ab.

1936

Wärtsilä acquires the Onkilahti engineering workshop in Vaasa.

1938

Wärtsilä signs a licence agreement and the first diesel engine sees the light of day in Turku in 1942.

1965

The company is renamed Oy Wärtsilä Ab.

1978

Acquisition of 51% of the NOHAB diesel business and the remaining shares are acquired in 1984.

1984

Wärtsilä quoted on the London stock exchange.

1988

A company is set up in India and floated on the Bombay stock exchange.

1989

Wärtsilä Diesel acquires SACM and Stork Werkspoor B.V. This company is renamed Stork-Wärtsilä Diesel B.V.

1990

Wärtsilä merged into Lohja Corporation, later renamed Metra Corporation.

1991

Imatra Steel is created when Ovako AB is split up between its owners, Metra and SKF.

1999

The split-up of the Cummins-Wärtsilä joint venture.

2000

Wärtsilä NSD and John Crane-Lips sign an alliance. Metra group renamed as Wärtsilä Corporation.

2003

Wärtsilä and Volvo Penta to cooperate.

2004

Wärtsilä's Chinese propeller company started production.

1995

Wärtsilä Diesel and Cummins Engine Company Inc. set up a joint venture.

1997

Wärtsilä NSD Corporation is created.

2001

Wärtsilä sells its holding in Sanitec. Wärtsilä takes ownership of service company Ciserv AB and Sermet Oy.

2002

The Ciserv-group expands in Singapore, Denmark and Canada. Wärtsilä acquires John Crane-Lips, which operates within Wärtsilä under the name Wärtsilä Propulsion.

Group key figures 2004

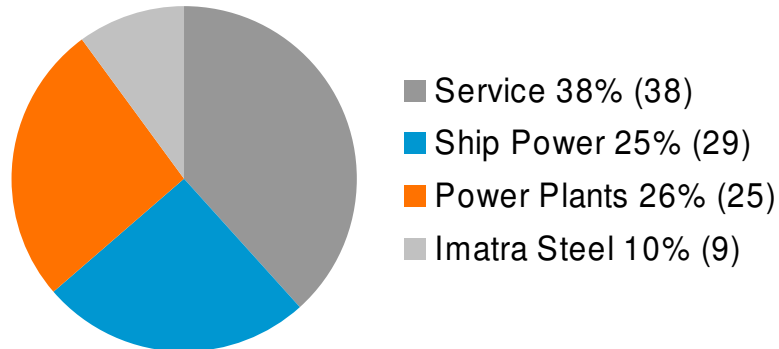


<u>MEUR</u>	<u>2004</u>	<u>2003²</u>
Net sales	2,478.2	2,357.5
Operational EBITA ¹	158.8	127.0
Operating income	239.8	-18.4
Profit before taxes	236.5	-34.4
EPS, EUR	1.75	-0.44

¹EBITA is the operating profit before amortization of goodwill on consolidation.

²Includes restructuring provision of EUR 130 million.

Net sales by business 2004



Wärtsilä's worldwide network

Wärtsilä is close to its customers through subsidiaries in roughly 60 countries.



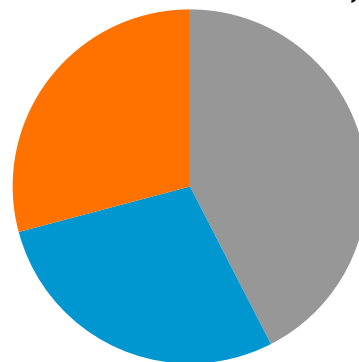
Power Businesses



<u>MEUR</u>	<u>2004</u>	<u>2003</u>	<u>Change</u>
Net sales	2,224.7	2,155.8	3.2%
EBIT	111.6	-35.0 ¹	
% net sales	5.0%	-1.6%	
Order intake	2,791.4	2,148.7	29.9%
Order book end of period	1,855.3	1,245.0	49.0%

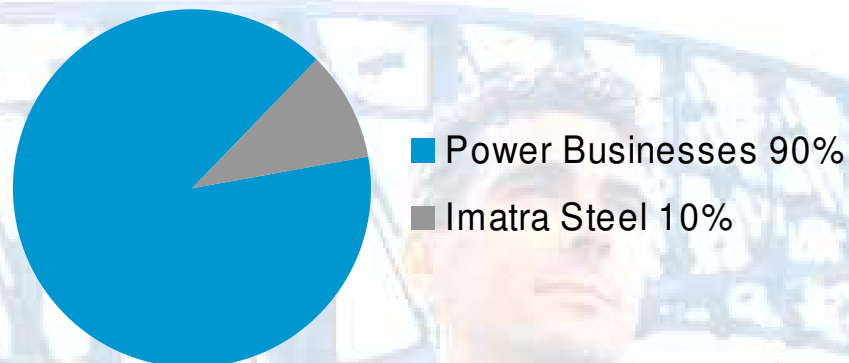
¹ Includes restructuring provision of EUR 130 million.

Power Businesses, net sales 2004



- Service 42% (41)
- Ship Power 28% (32)
- Power Plants 29% (27)

Personnel by business



Personnel in figures

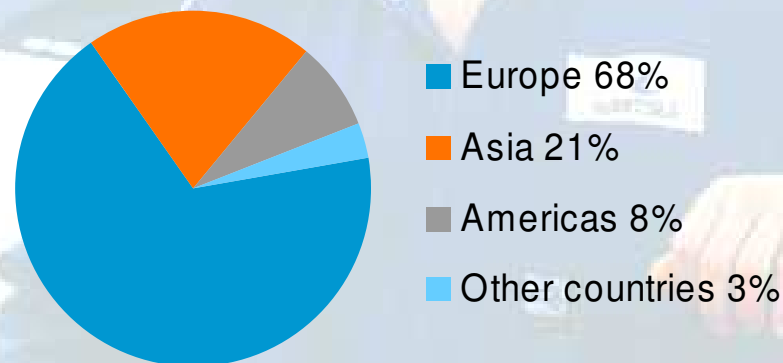
2004

Total number of employees on 31 Dec. 2004	12 475
On average	
Power Businesses	11 133
Imatra Steel	1 228
Group	12 361

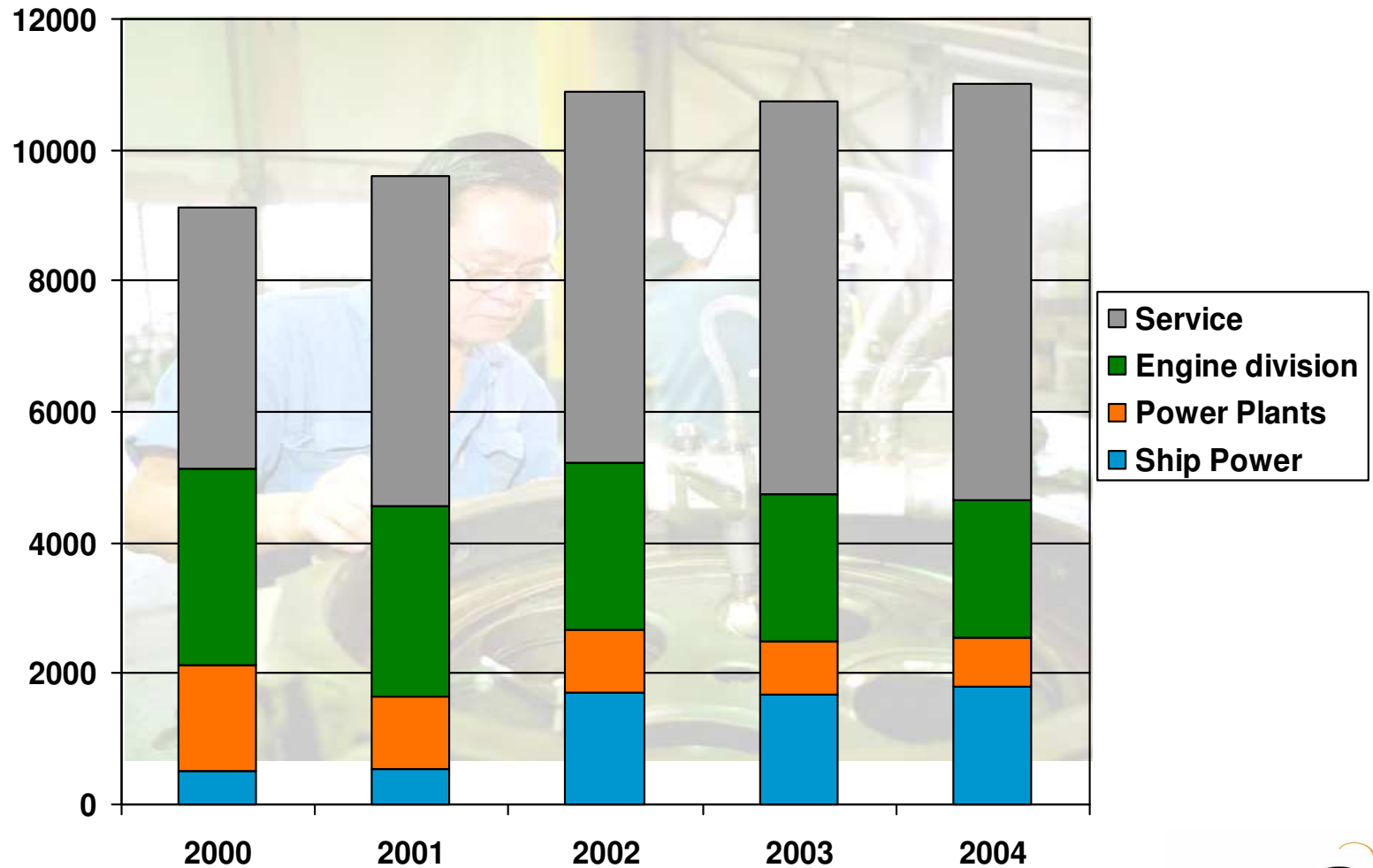
Total wage and salary costs in 2004

EUR 573,3 million

Personnel by market area

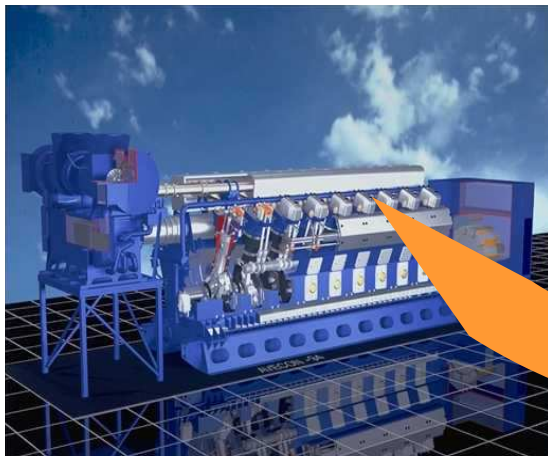
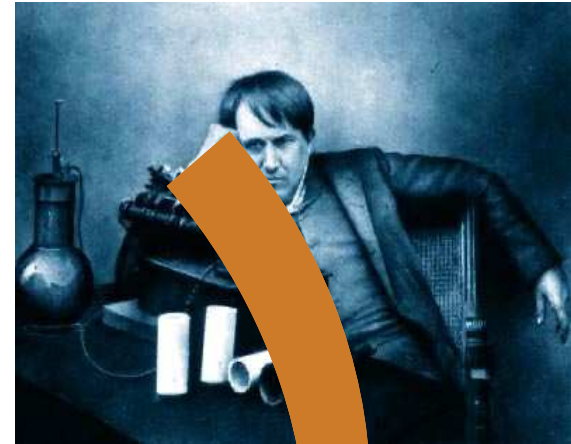


Power businesses' personnel development 2000 - 2004

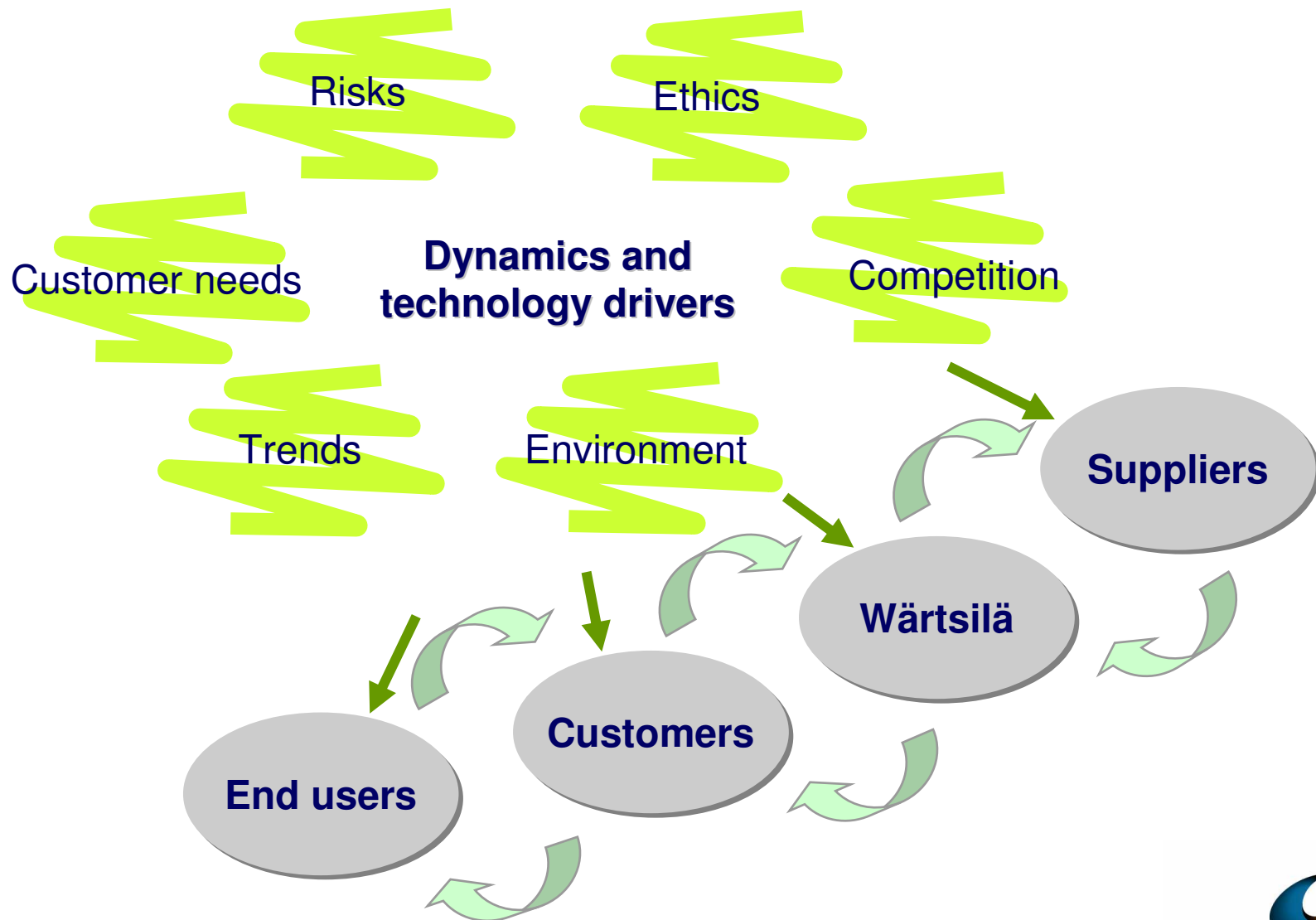


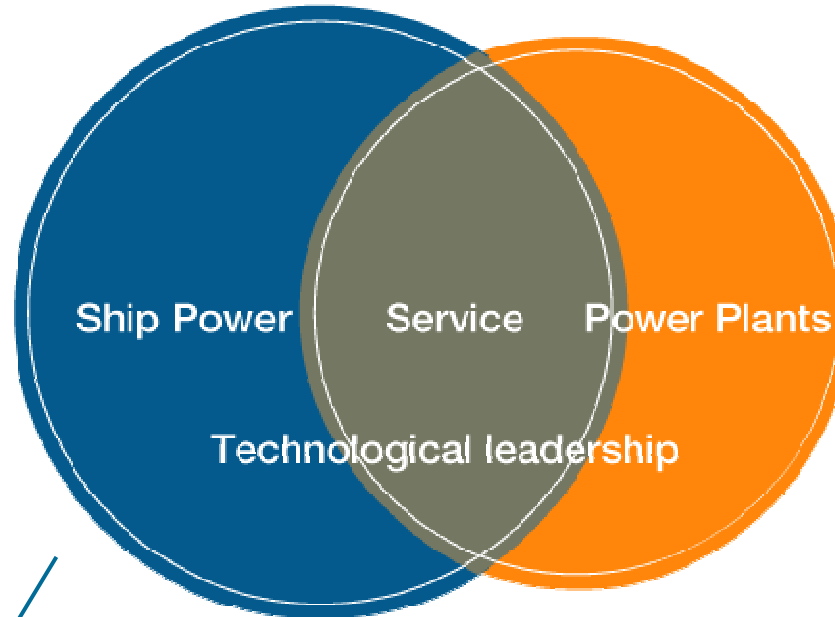
is a proper mixture of

- inventiveness,
- science and art,
- experience and tradition



Impact of technology drivers





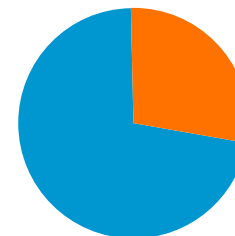
Wärtsilä is The Ship Power Supplier.
Wärtsilä supplies engines, propulsion and control systems for all types of marine vessels and offshore applications.



MEUR	2004	2003	Change
Net sales	631.2	686.1	-8.0%
Order intake	836.7	626.4	33.6%
Order book, end of period	812.7	606.8	33.9%

**Power Businesses
net sales
2004: 2,224.7**

Ship Power: 28%



DID YOU KNOW THIS?

Every third ship sailing the seas today has Wärtsilä equipment installed. This demonstrates our capability, commitment and the trust we enjoy among shipbuilders and ship owners around the world.

Market segments

Seaborne transportation



Offshore oil exploration and support



Cruise and ferry



Naval and governmental



Special vessels



Ship Power businesses

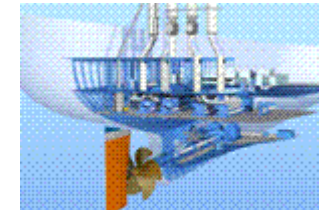
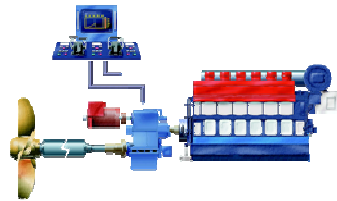
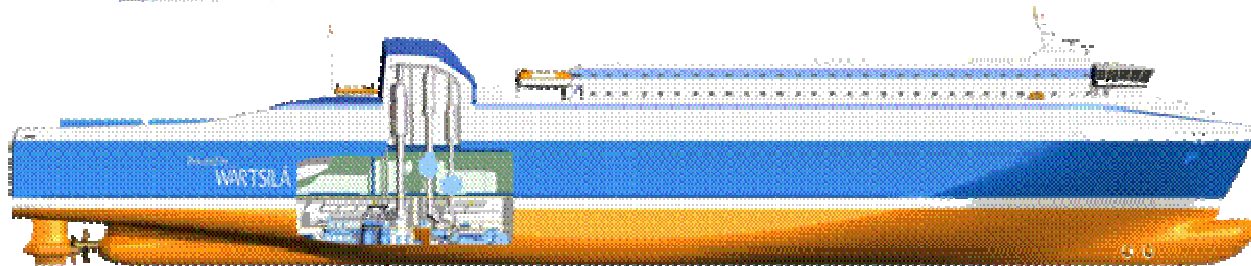
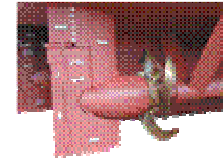
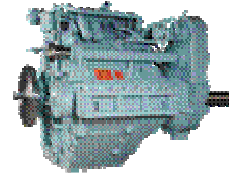
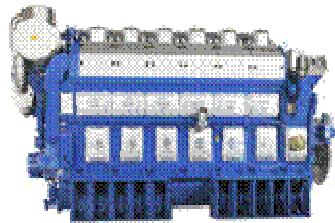
Design

Engineering

Project management

Commissioning

Lifetime support



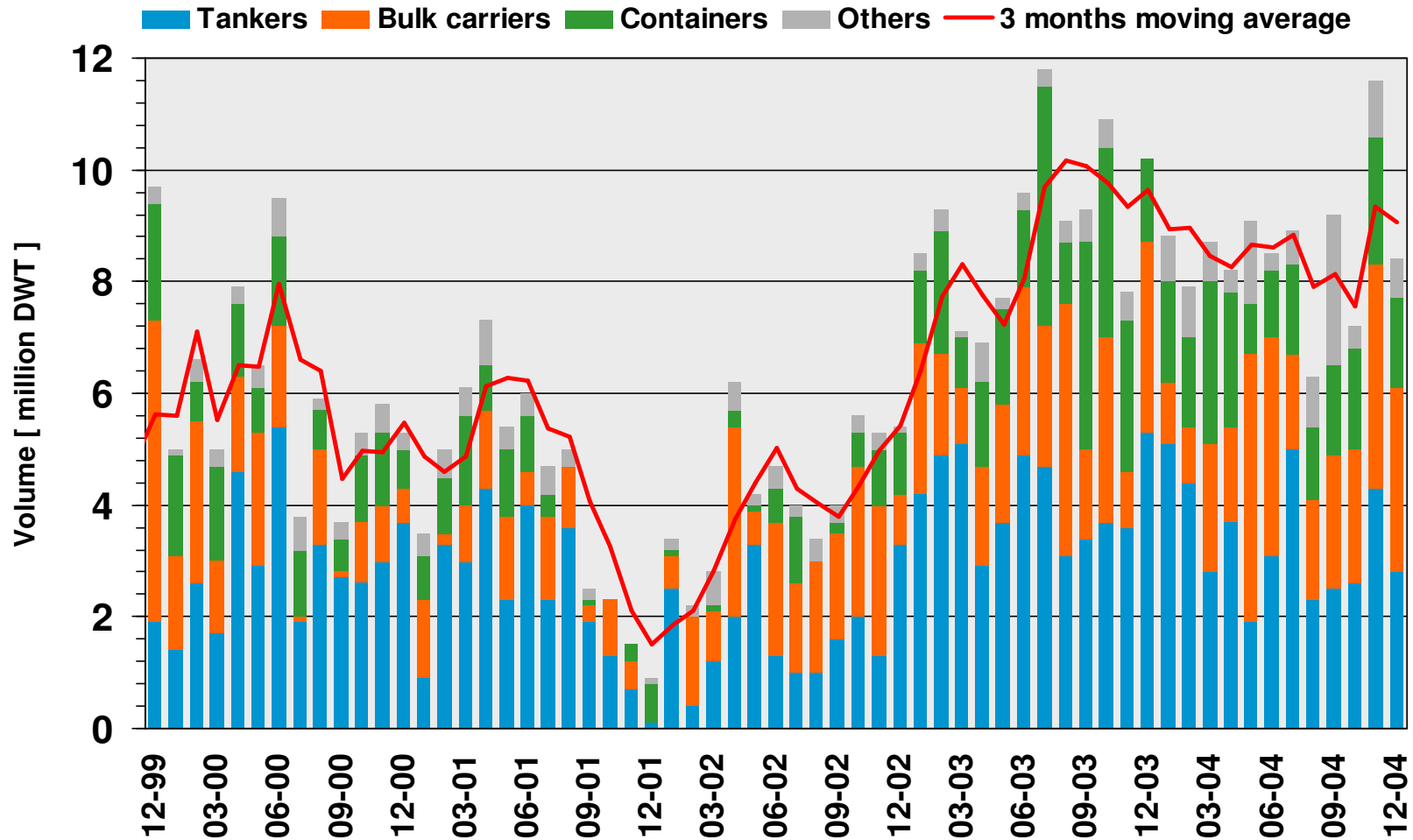
2-stroke

4-stroke

Propulsion

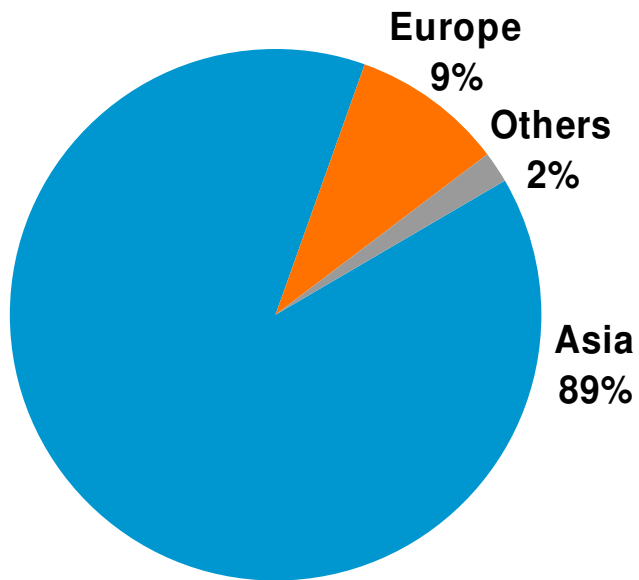
Solutions

Vessel orders

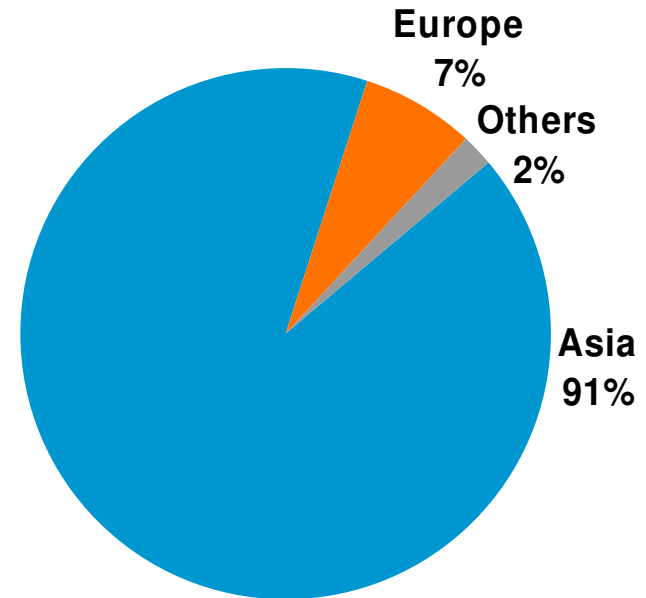


Source: Clarkson Research Studies
Note: Cargo vessels > 5,000 dwt
Corporate presentation 2005
© Wärtsilä

Vessel orders 2000



Vessel orders 2004

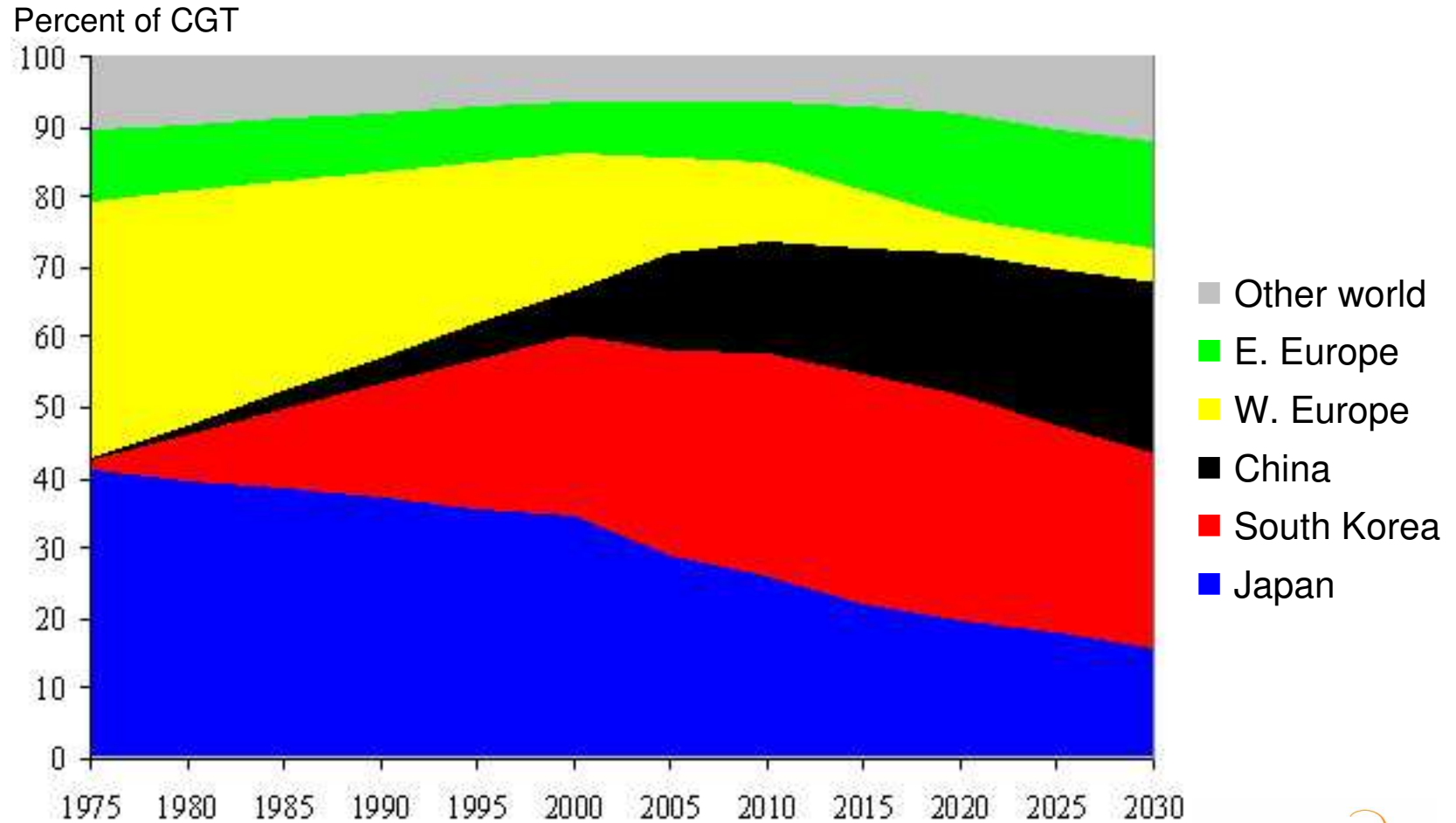


Vessel orders 2000 and 2004, Market share of dwt. Vessels > 100gt.
Source: Lloyd's Register-Fairplay, February 2005

Corporate presentation 2005
© Wärtsilä

Market share by ship building country

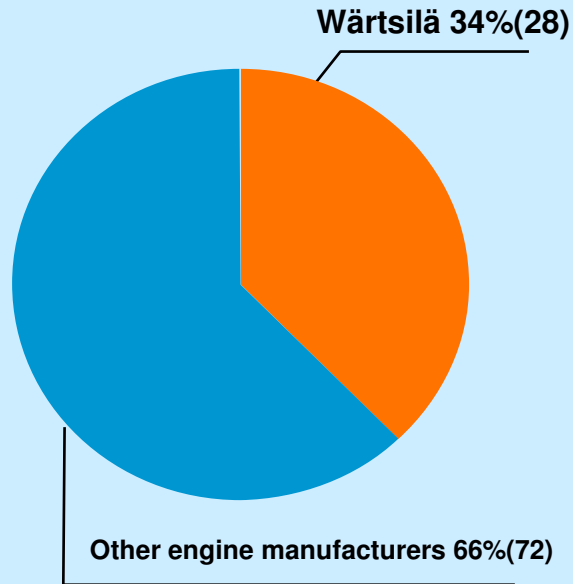
Long-term trends in market shares by ship building country



The market position of Wärtsilä's marine engines 2004

Own production

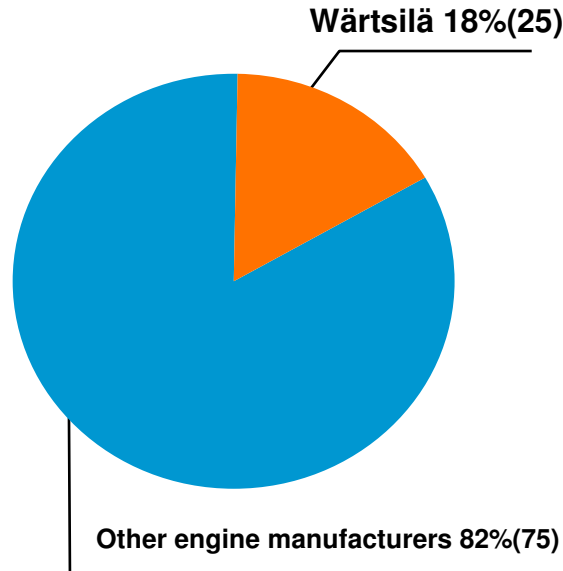
Medium speed main engines



Total market volume:
3,990 MW (3,462)

Production of licensees

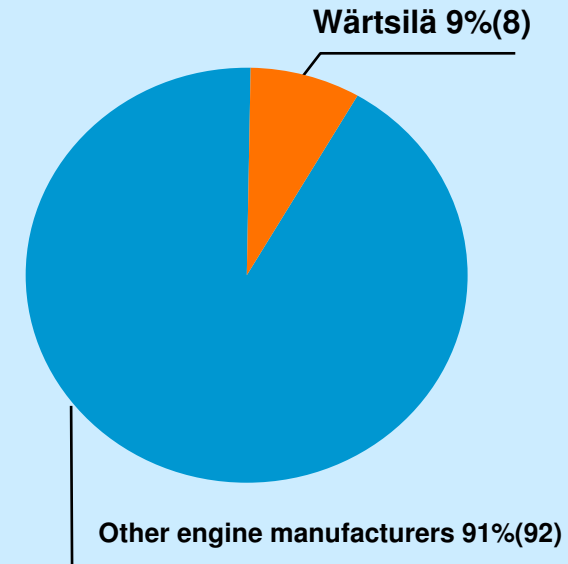
Low speed main engines



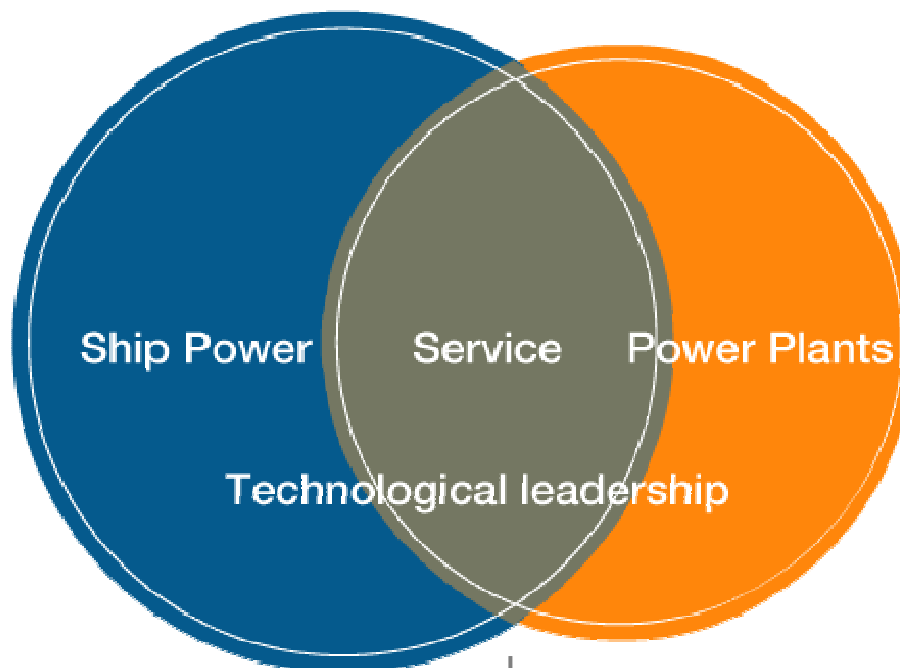
Total market volume:
24,863 MW (28,727)

Own production

Auxiliary engines



Total market volume:
3,544 MW (4,325)

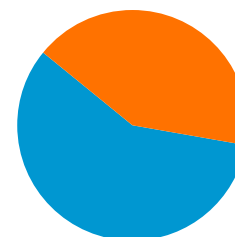


Wärtsilä provides service and reconditioning both for ship machinery and power plants. Wärtsilä is expanding its service business by providing innovative services that support its customers' business, service for several engine brands in key ports, long-term service contracts, predictive and condition based maintenance, and operations and maintenance contracts.



	2004	2003	Change%
Net Sales, MEUR	936.8	885.5	5.8%
Personnel, end of period	6,378	5,993	6.4%
Long-term service agreements, MW	9,609	9,629	-0.2%
O&M (operation and maintenance agreements), MW	2,569	2,289	12.2%

**Power Businesses
net sales
2004: 2,224.7
Service: 42%**



DID YOU KNOW THIS?

Installations and engines connected to a Wärtsilä remote monitoring centre and utilizing condition based maintenance (CBM) services, benefit from up to 15% extended maintenance intervals. Extended intervals directly increase the plant availability and productivity



Developing the service business – major trade routes

Six acquired and four Wärtsilä established CISERV companies since 2001



The Total Service Supplier

A power system is a long-term investment. Wärtsilä's Total Service strategy, therefore, is to add value to its customers' business by maximizing the performance, availability and reliability of the power system during its entire lifecycle.

■ Condition Based Maintenance



■ Reconditioning

The Total Service Supplier



- **WLSA – Wärtsilä Land and Sea Academy**

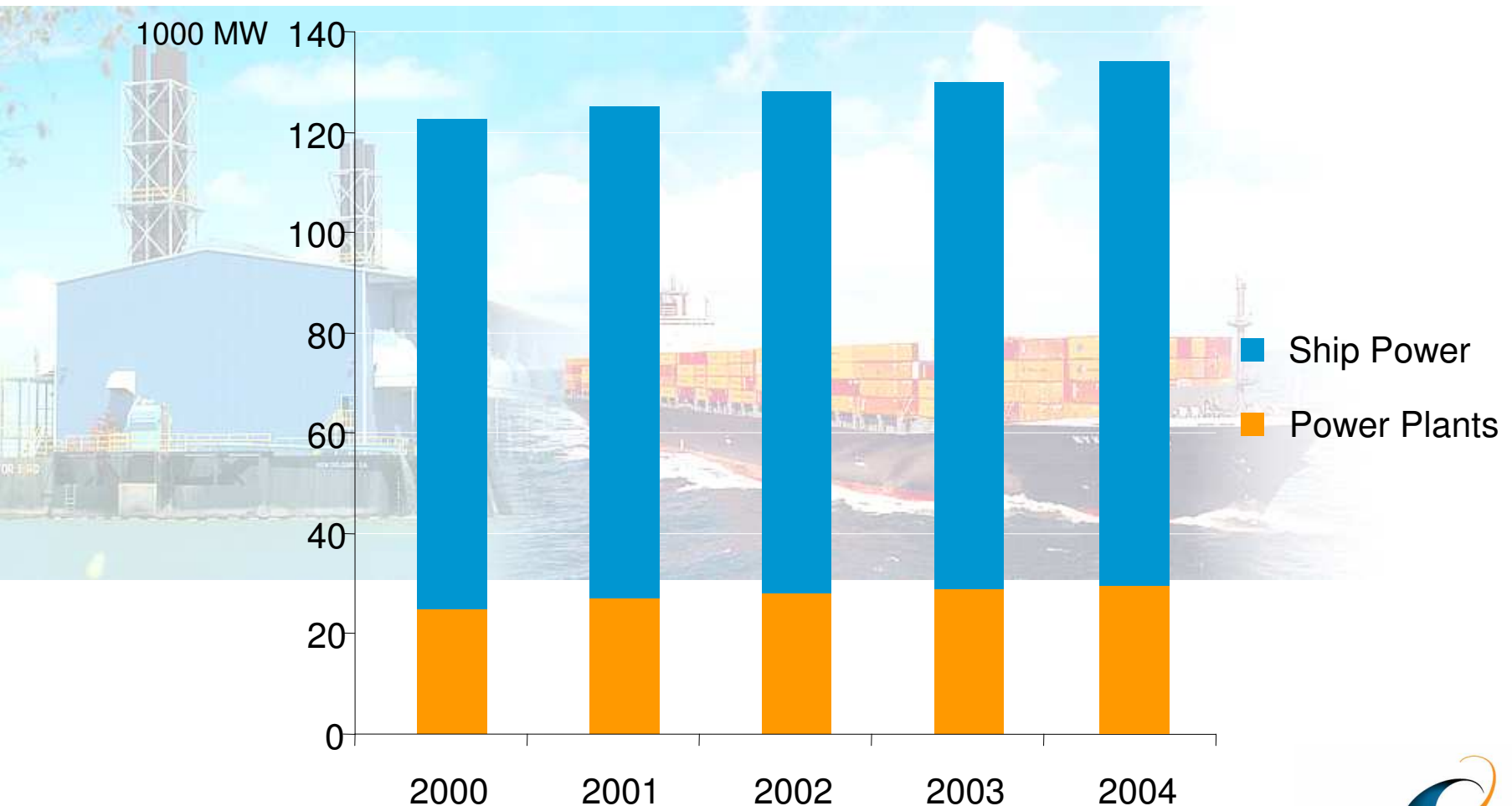
- **Online services**

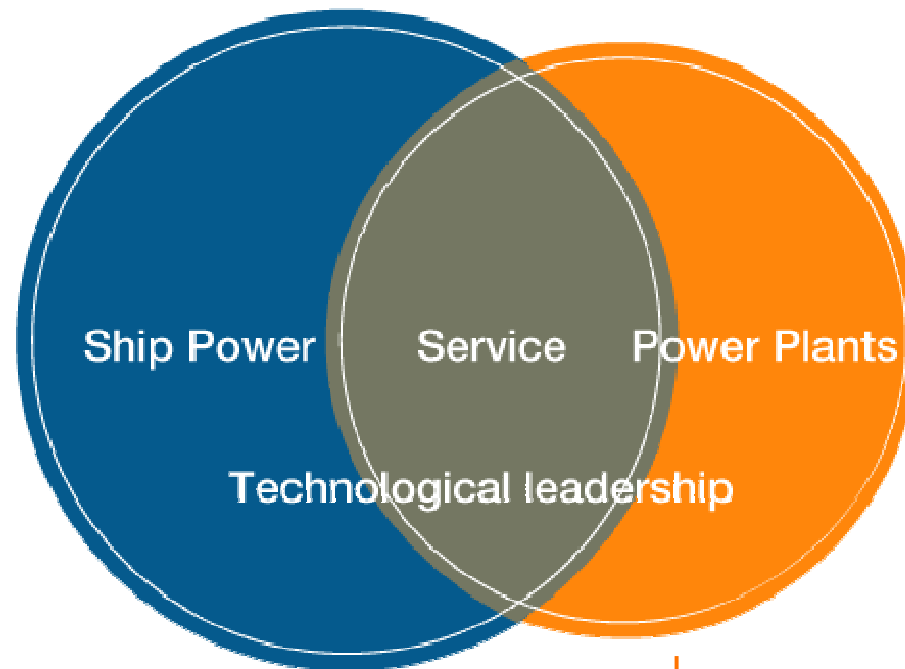


- **Operations & Maintenance**

Active engine base

In the end of 2004 the active engine base was 135 GW.
After DEUTZ acquisition early 2005 it increased to 148 GW.





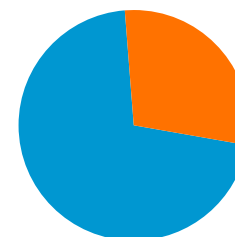
Wärtsilä is a leading supplier of power plants for decentralized power generation. We offer power plant solutions based on oil, gas and dual-fuel engines.



MEUR	2004	2003	Change
Net sales	651.9	577.5	12.9%
Order intake	1,019.5	639.3	59.5%
Order intake, MW			
heavy fuel oil	1,664	1,249	33.2%
gas	649	219	196.6%
BioPower, MWth + MWe	110	133	-17.7%
Order book, end of period	752.4	357.2	110.6%

**Power Businesses
net sales
2004: 2,224.7**

Power Plants: 29%

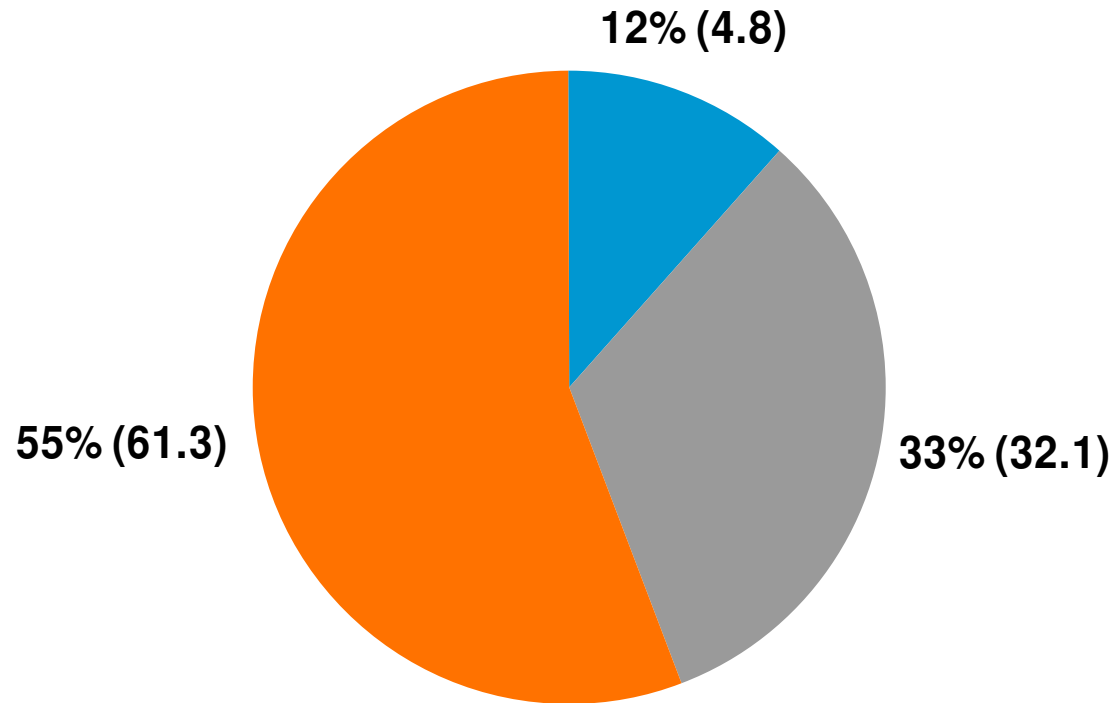


DID YOU KNOW THIS?

*Wärtsilä has delivered over 33,000 MW of power plants.
In Wärtsilä multi-fuel engines the fuel can be switched over
from one fuel to the other during operation*

Reciprocating engine and gas turbine orders to power plants

Total market size: 19,464 MW
(17,096)

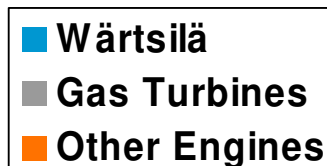


Unit size: 1-60 MW

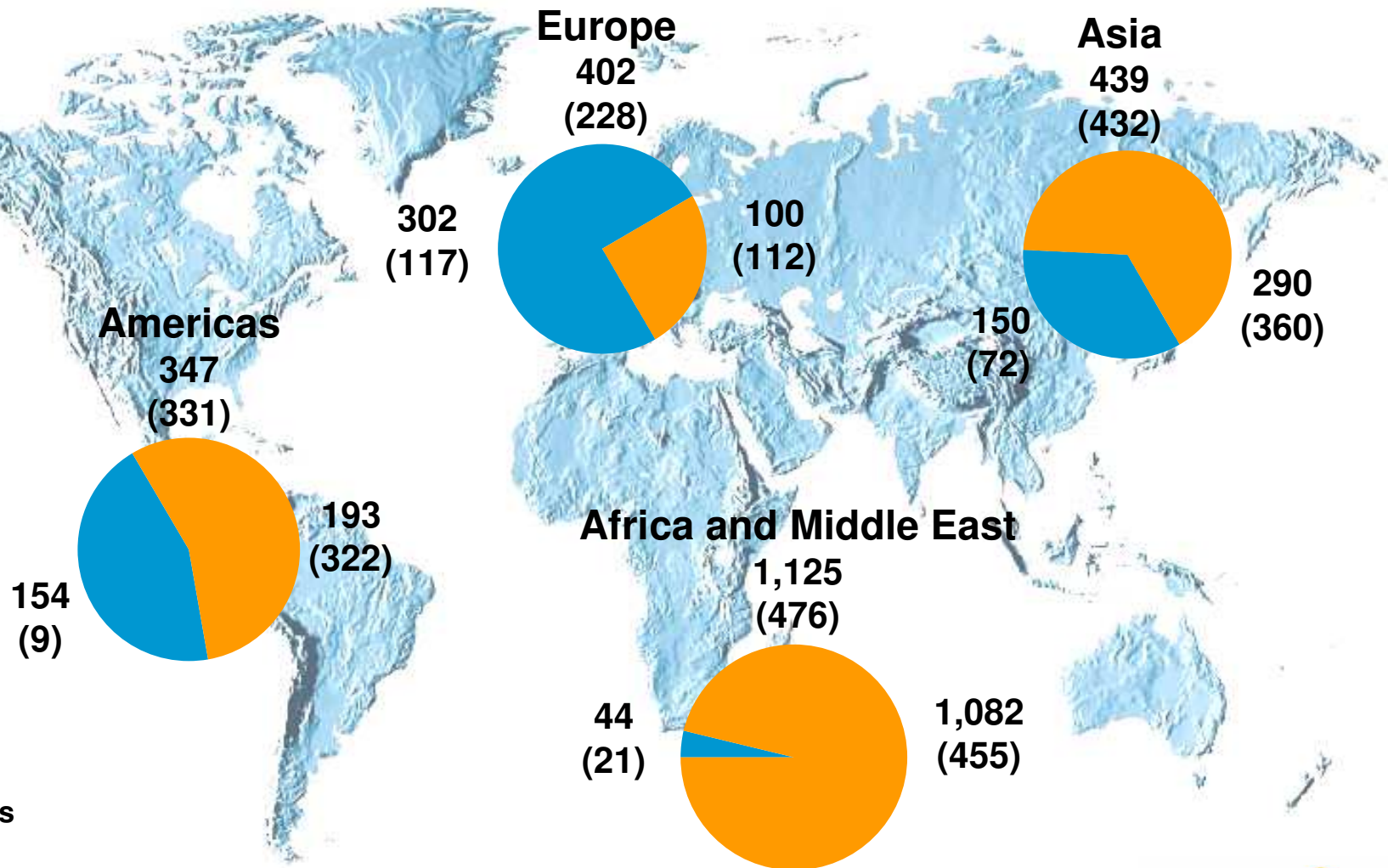
Timeframe: June 03 – May 04

Figures from previous year in brackets

Source: Diesel & Gas Turbine Worldwide



Power plant order intake 2004: 2,313 MW (1,468)*



MW

■ Gas
■ Oil

*In brackets order intake for 2003

Flexible solutions for decentralized power generation

Oil power plants

Wärtsilä oil power plants range from 1 to 300 MW. High efficiency, low emissions and proven long-term reliability make the plants suitable for stationary and floating baseload, as well as stand-by applications.



Gas power plants

Wärtsilä's 4-150 MW gas power plants are designed for optimal performance in a wide variety of decentralized power production in both peaking and intermediate applications, giving full output at high altitudes and in hot ambient conditions.



Combined heat & power plants

Wärtsilä's 4–100 MW combined heat and power (CHP) plants incorporate both power and heat generation. The total plant efficiencies rise to even above 90%.



Flexible solutions for decentralized power generation

Oil & Gas Industry

For the oil and gas industry Wärtsilä provides prime movers for power generation and oil/gas field applications. The engines can run on light fuel oil, heavy fuel oil, crude oil or natural gas. Dual-fuel solutions are also available.



Biopower

The biomass-fuelled BioEnergy or BioPower plants in the 1-17 MWth power range either produce thermal energy for district heating or for drying and other industrial processes, or they can be built as combined heat and power plants.



Power plant services

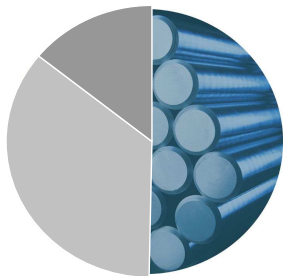
Our power plant services add value to our customers' businesses at every stage in the lifecycle of their installation.





<u>MEUR</u>	<u>2004</u>	<u>2003</u>	<u>Change</u>
Net sales	254.4	202.7	25.5%
Operating income	20.4	0.7	
% net sales	8.0%	0.3%	

Imatra Steel's net sales by market segment 2004

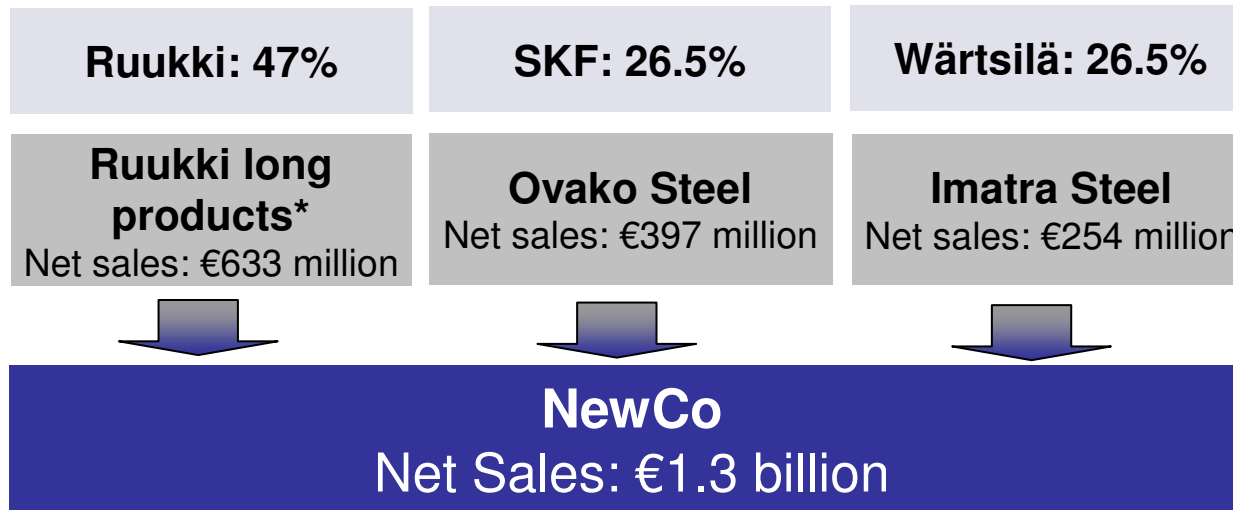


- Trucks 50.2%
- Engineering industries 35.5%
- Cars 14.3%

- Demand for both forgings and steels grew strongly in the special engineering steels market in Europe during 2004
- Steel production worldwide rose to new records
- Growth in demand and production raised prices causing temporary shortages

Long Steel Businesses to merge

- Thursday 17 February 2005 Wärtsilä Corporation, Rautaruukki Corporation and AB SKF signed a Memorandum of Understanding expressing their intension to combine long steel businesses into a jointly owned new comany.
- Transaction is subject to signing of definitive agreements and relevant regulatory approvals. Definitive agreements are expected to be signed by June 30, 2005
- NewCo will be a leading European long steel producer of engineering steels to the rolling bearing, heavy vehicle, automotive and general engineering industries with 18 production sites in six countries
- Jarmo Tonteri, currently CEO of Fundia AB, will be appointed as CEO of NewCo



NewCo currently has 5,200 employees. It will be domiciled in Helsinki, Finland and have its headquarters in Stockholm, Sweden

*Excluding reinforcing business

- Supports Wärtsilä's strategy to focus on core businesses, clarifies the group structure
- Short term Group EBIT marginally down, EPS unchanged
- Upside on EPS through synergies
- Annual net sales will decrease
 - Imatra Steel 2004 sales €254 million
- Capital release of €25-30 million following the planned refinancing of NewCo debt
 - Solvency will improve
- Pro forma book value of Wärtsilä's investment approximately €100 million following refinancing

- Wärtsilä owns 4.7% of Assa Abloy shares.
- Holding's market value EUR 217.3 million (31 December 2004).
- Book value in group balance sheet EUR 41.8 million.





Power Businesses

- Full-year sales will increase 10-15% based on strong order book.
- Profitability to fluctuate during quarters, first being weakest.
- Long-term profitability target reached by end of 2005. Wärtsilä adopted the new international accounting and reporting standards (IFRS) at the beginning of the current year. Under IFRS, the comparable profitability target (EBITA) is above 8%.

Imatra Steel

- Net sales increases and profitability improves.

THANK YOU!



WÄRTSILÄ