



Wärtsilä Corporation

Interim Report January-September 2004

Ole Johansson, President & CEO

28 October 2004

Highlights of the third quarter



- Order intake grew 7,7 %, order book on good level
- Power Businesses result improved clearly during Q3, the operating margin was 6,1%
- New engine Wärtsilä 46F was introduced to the market
- Restructuring of engine manufacturing proceeds as planned

Proposals of The Board of Directors:

- Extra dividend 1 euro/share
- Bonus issue:
 - Two A-shares entitles one new A-share
 - Two B-shares entitles one new B-share



MEUR	Q3/2004	Q3/2003
Net sales	559.0	608.7
Operational EBITA ¹	40.0	32.8
Operating income	33.4	26.1
Profit before taxes	31.7	19.3
EPS, EUR	0.29	0.27

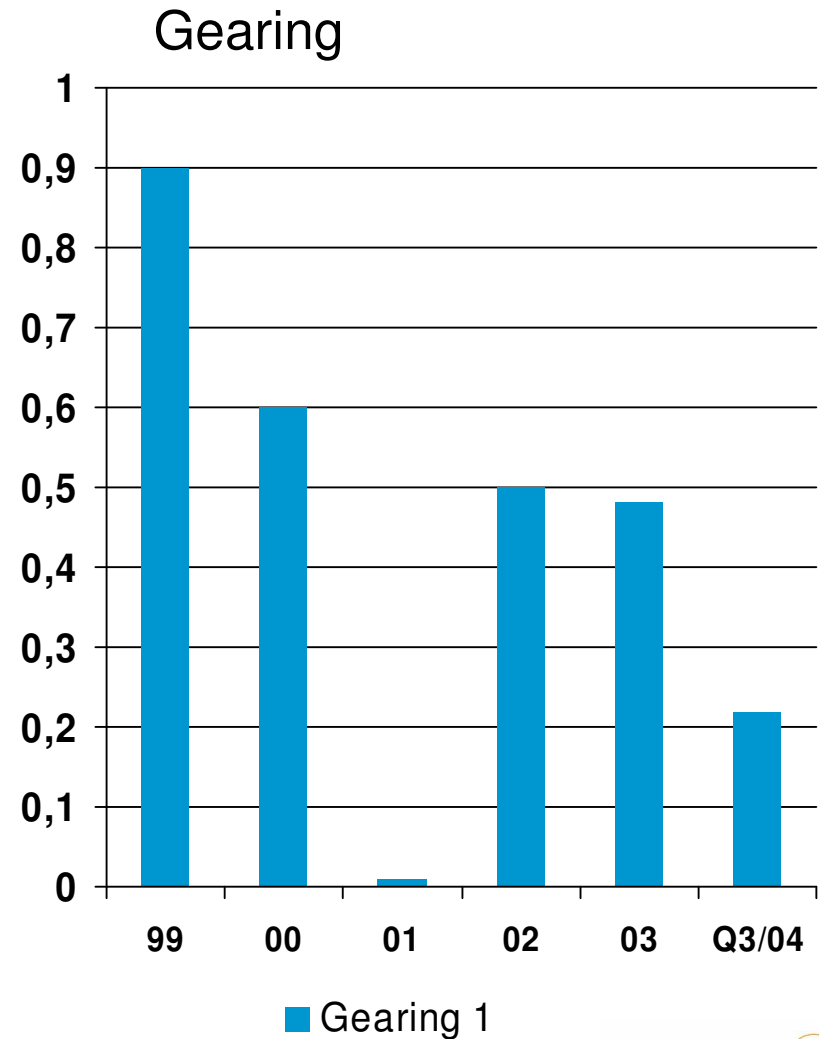
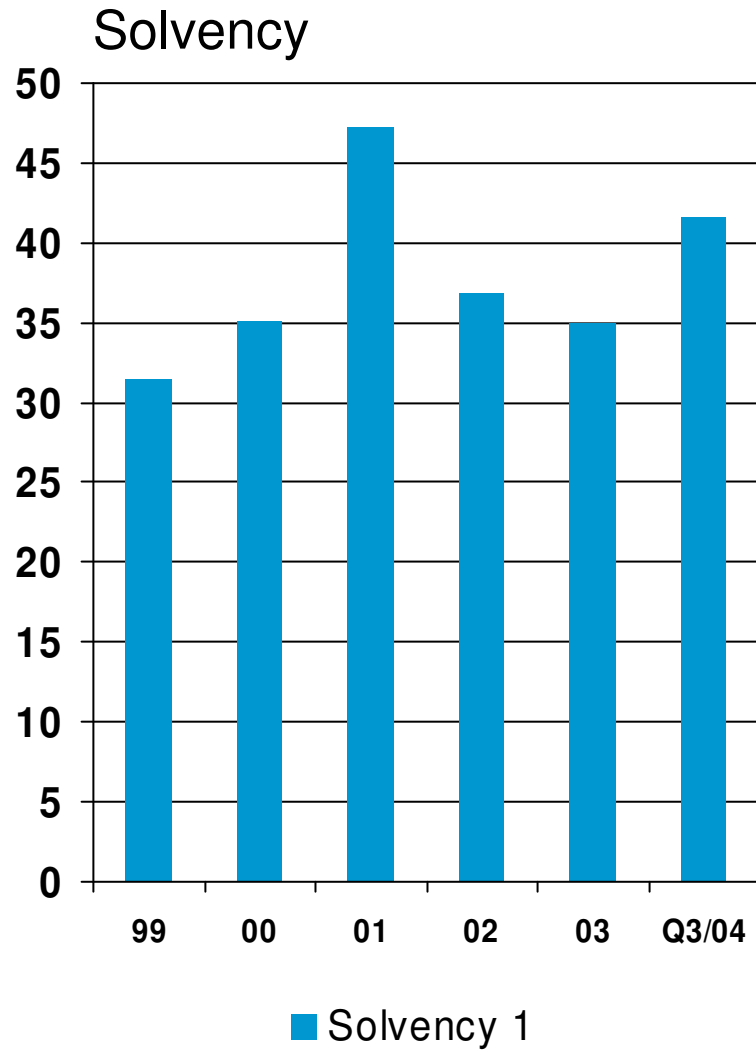
¹EBITA is the operating profit before amortization of goodwill on consolidation.

MEUR	1-9/2004	1-9/2003	2003
Net sales	1,662.0	1,635.4	2,357.5
Operational EBIT	54.3	51.7	100.0
Operating income	162.0	47.2	-18.4
Profit before taxes	161.2	34.9	-34.4
EPS, EUR	1.83	0.40	-0.66



MEUR	1-9/2004	1-9/2003	2003
Cash flow from operating activities	89.6	62.6	192.1
Cash flow from investing activities	106.9	-13.0	-22.2
Cash flow from financing activities	-202.5	-126.3	-205.8
Liquid funds at the end of period	144.0	109.1	150.0

Solvency and gearing



Convertible subordinated debentures treated as equity

Power Businesses



MEUR	Q3/2004	Q3/2003	Change%
Net sales	505.1	568.4	-11.1%
EBIT	30.9	26.9	14.7%
% net sales	6.1%	4.7%	
Order intake	598.4	555.8	7.7%

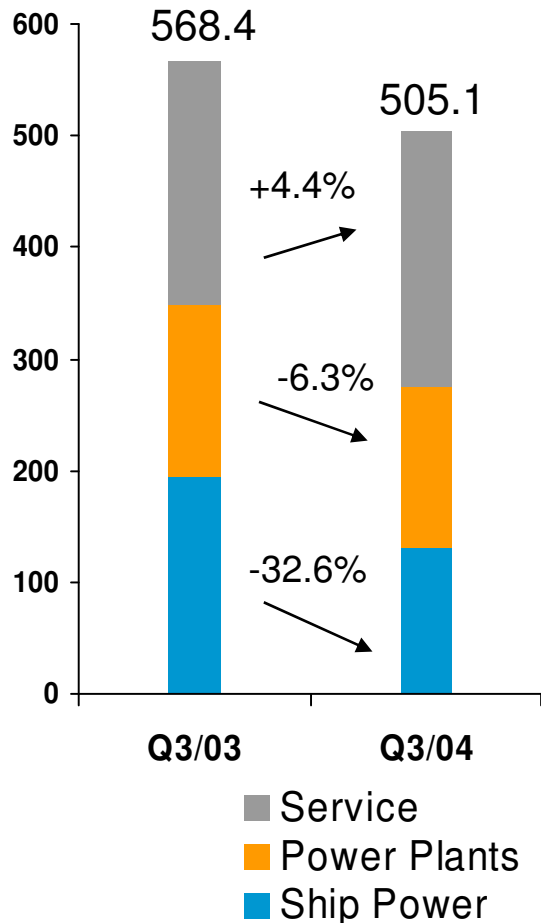
MEUR	1-9/2004	1-9/2003	Change%	2003
Net sales	1,485.4	1,484.9	0.0%	2,155.8
EBIT	43.3	49.2	-12.0%	-35.0 ¹
% net sales	2.9%	3.3%		4.4%
Order intake	2,075.4	1,658.1	25.2%	2,148.7
Order book end of period	1,870.3	1,405.1	33.1%	1,245.0

¹Includes restructuring provision of EUR 130 million.

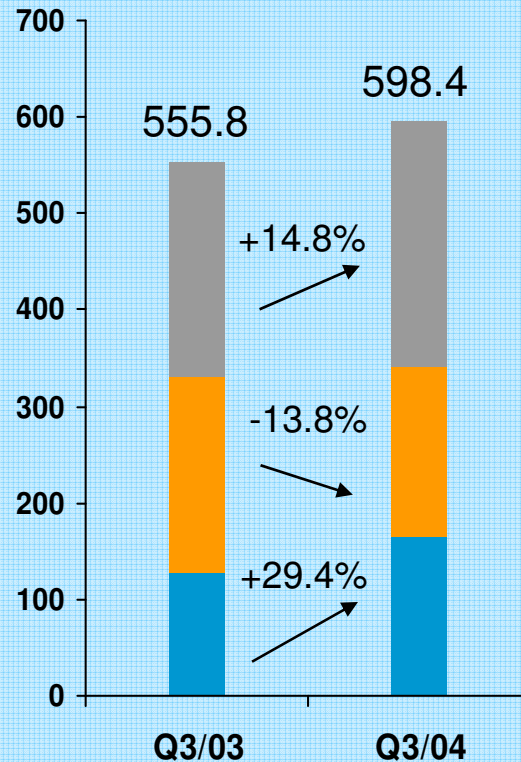
Power Businesses – Key figures

MEUR

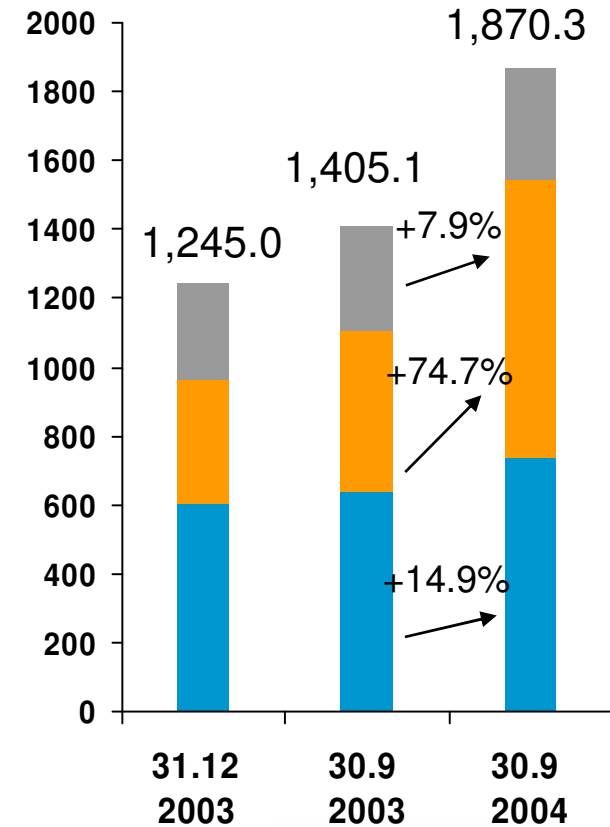
Net sales



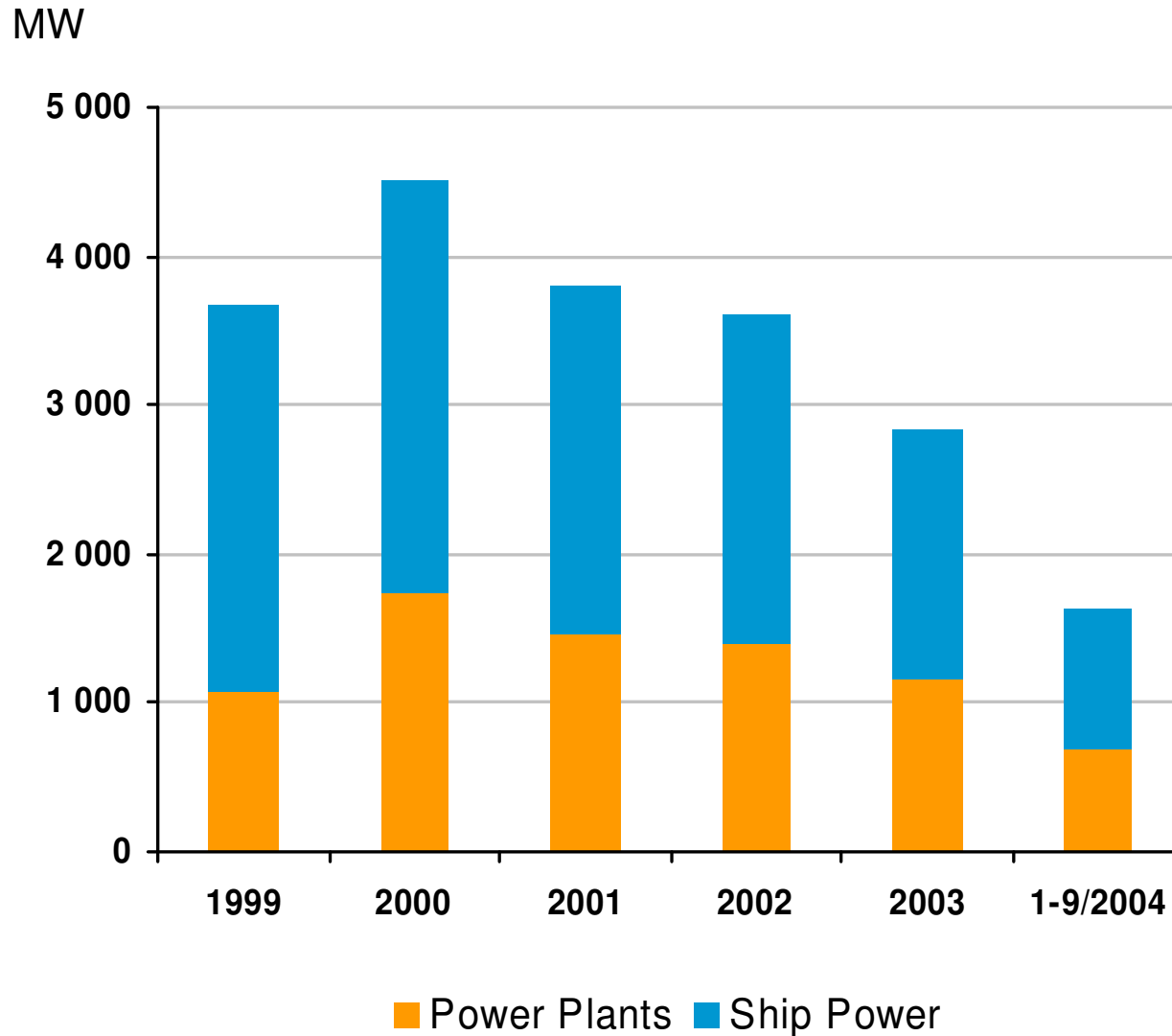
Order intake



Order book



Delivered engine megawatts from Wärtsilä factories



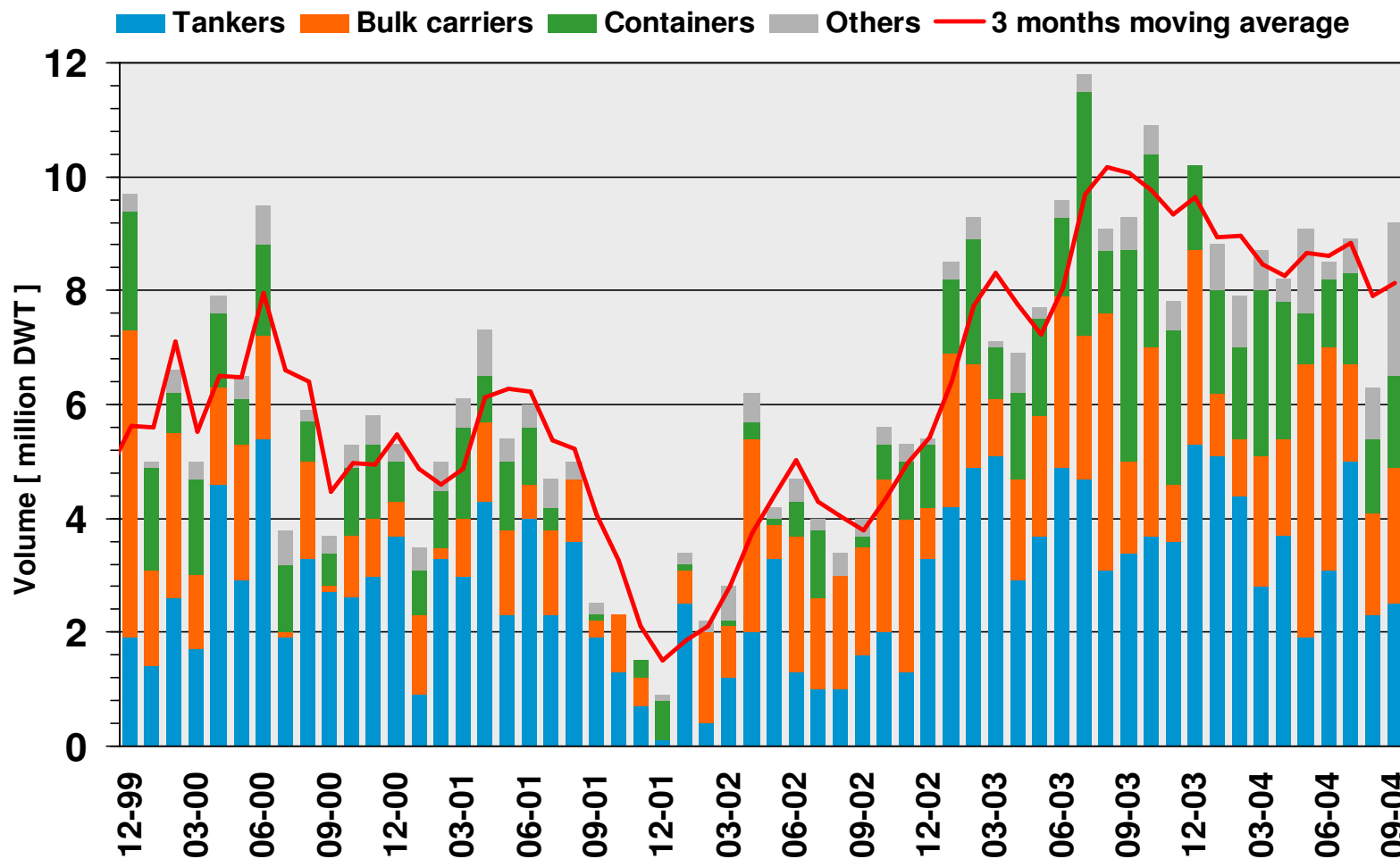
MEUR	Q3/2004	Q3/2003	Change	2003
Net sales	131.0	194.4	-32.6%	686.1
Order intake	165.0	127.5	29.4%	626.4
Order book, end of period	736.0	640.5	14.9%	606.8



Power Businesses net sales Q3/2004
EUR 505.1 million.

- Ship Power 25.9 %

Vessel orders



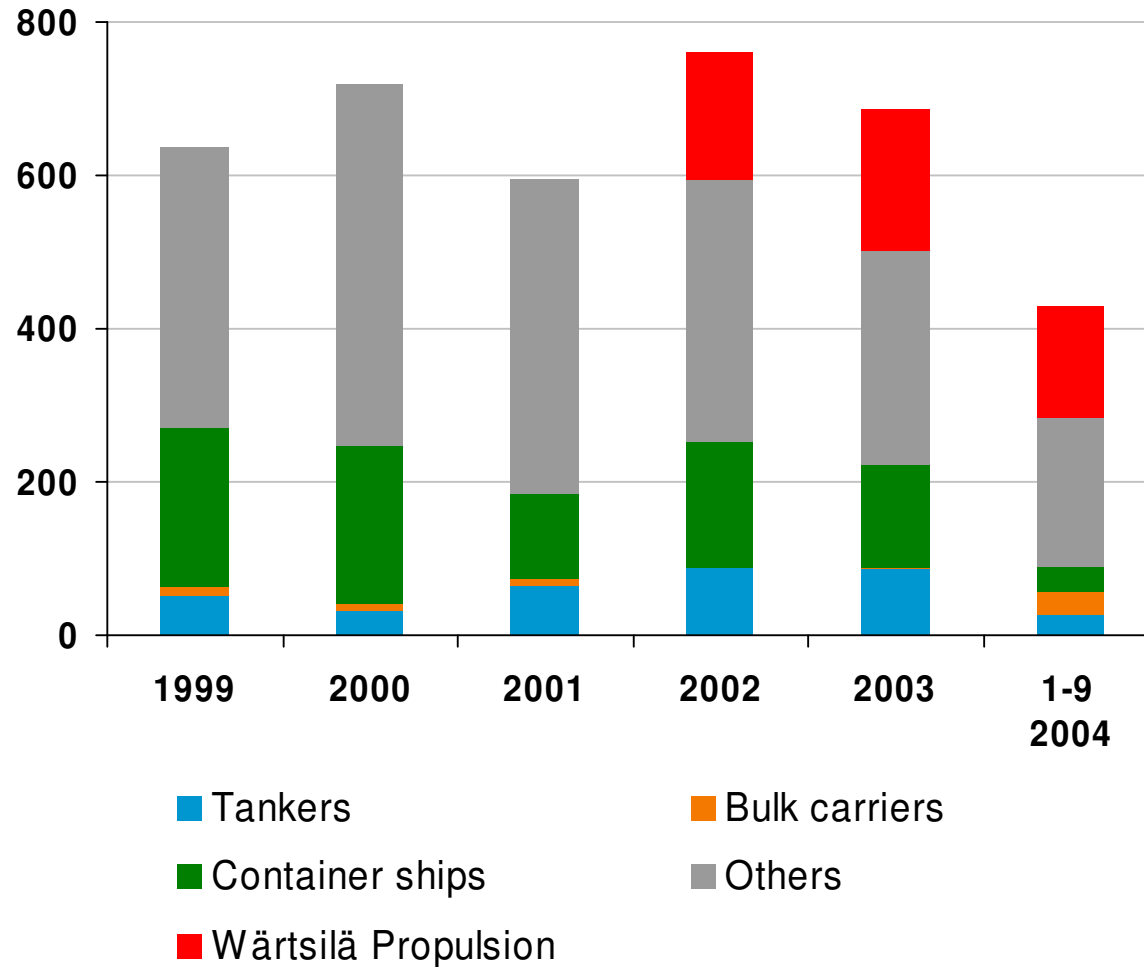
Source: Based on data from Clarkson Research Studies

Note: Cargo vessels > 5,000 dwt

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Q3/2004 presentation

Net sales of Ship Power by vessel type



	Q3/2004	Q3/2003	Change%	2003
Net sales, MEUR	228.3	218.7	4.4%	885.5
Personnel, end of period	6,303	5,938	6.1%	5,993
Long-term service agreements, MW	9,611	9,780	-1.7%	9,629
O&M (operation and maintenance agreements), MW	2,596	2,215	17.2%	2,289

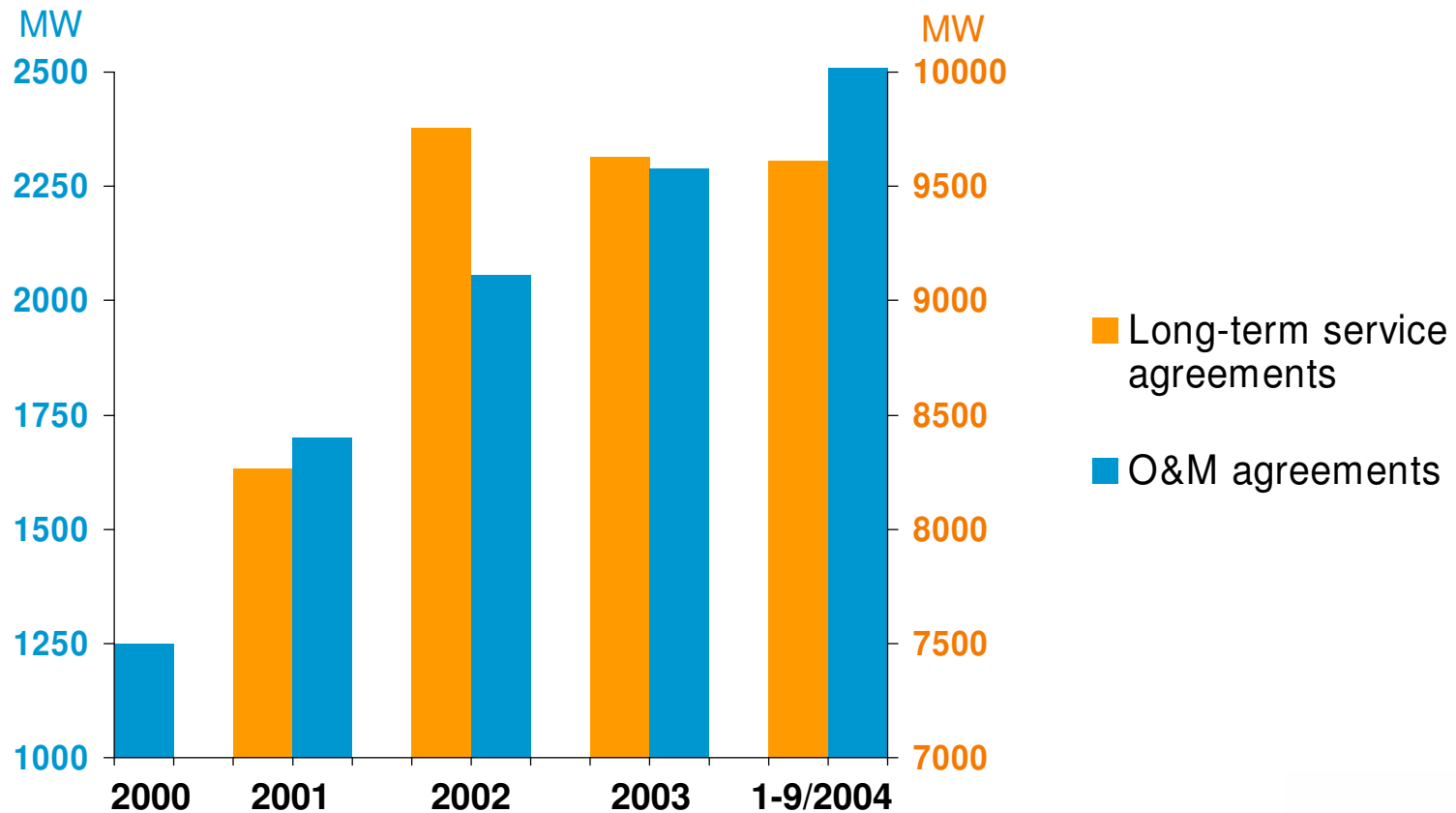


Power Businesses net sales Q3/2004
EUR 505.1 million.

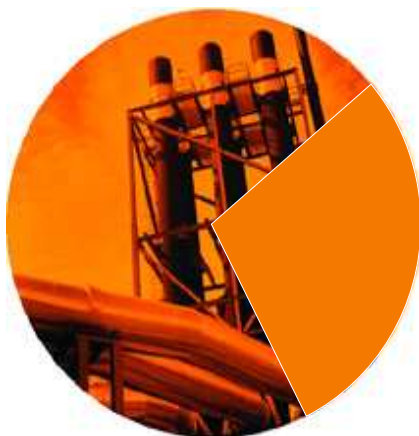
- Service 45,2%

Long-term service and O&M agreements

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



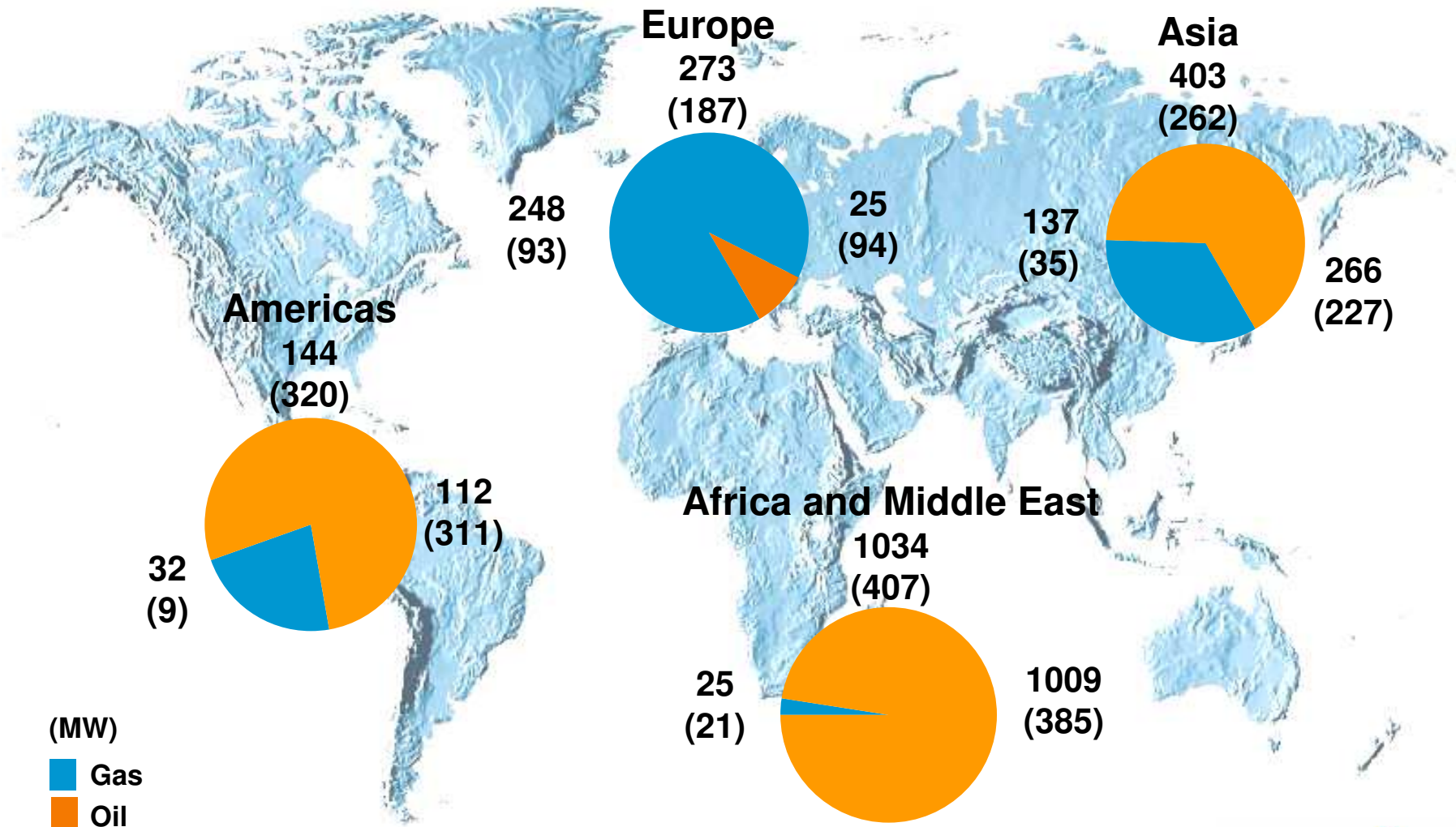
MEUR	Q3/2004	Q3/2003	Change	2003
Net sales	144.0	153.7	-6.3%	577.5
Order intake	175.6	203.7	-13.8%	639.3
Order intake, MW				
heavy fuel oil, MW	337	484	-30.2%	1,249
gas, MW	157	75	109.2%	219
BioPower, MW th	31	0		133
Order book, end of period	808.7	462.9	74.7%	357.2



Power Businesses net sales Q3/2004
EUR 505.1 million.

■ Power Plants 28.5%

Power plant order intake 1-9/2004: 1,854 MW (1,175)*



(MW)

■ Gas
■ Oil

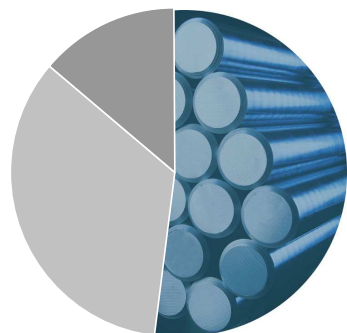
*In brackets order intake for 1-9/2003



MEUR	Q3/2004	Q3/2003	Change
Net sales	54.2	40.6	33.5%
Operating income	2.5	-0.8	
% of net sales	4.7%	-2.1%	

MEUR	1-9/2004	1-9/2003	Change	2003
Net sales	177.3	151.1	17.3%	202.7
Operating income	11.0	-1.9		0.7
% net sales	6.2%	-1.3%		0.3%

Imatra Steel's net sales by market segment 2003



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

- Net sales grew due to improvement in demand and price increases.
- In the special engineering steel market demand continued strong. Especially deliveries to the truck industry kept growing.

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.
- The EUR 130 million restructuring provision is confirmed sufficient.

Imatra Steel

- Net sales increases and operational income improves.