



Wärtsilä Capital Markets Day

Streamlining for a less cyclical future

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Trieste, Italy, May 31 2005



1. Streamlined capacity and increased flexibility

- Restructuring
- Power Plant focus

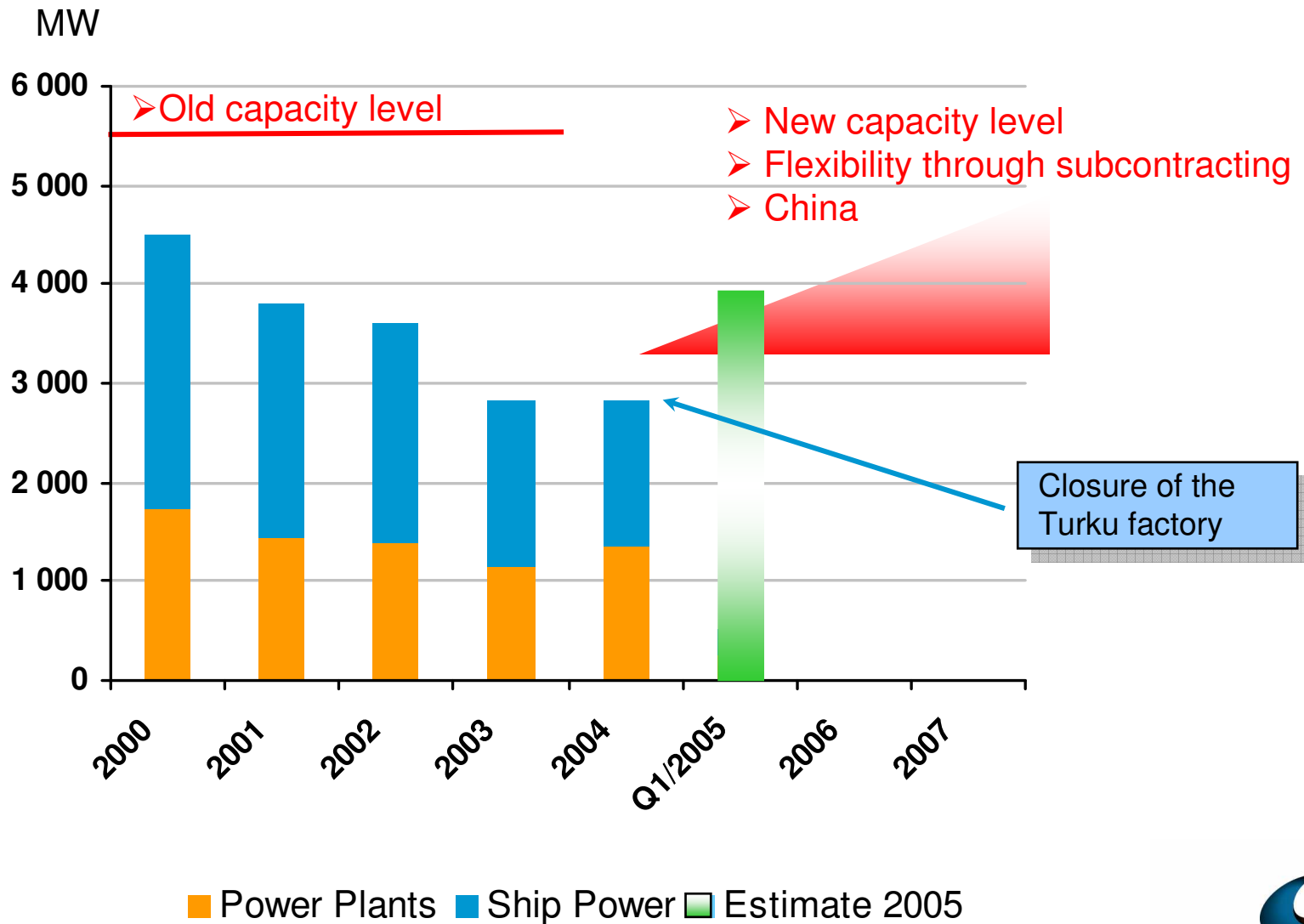
2. Future efficiency and growth

- Future growth
- Product cost

1. Imatra (increased and stable earnings)

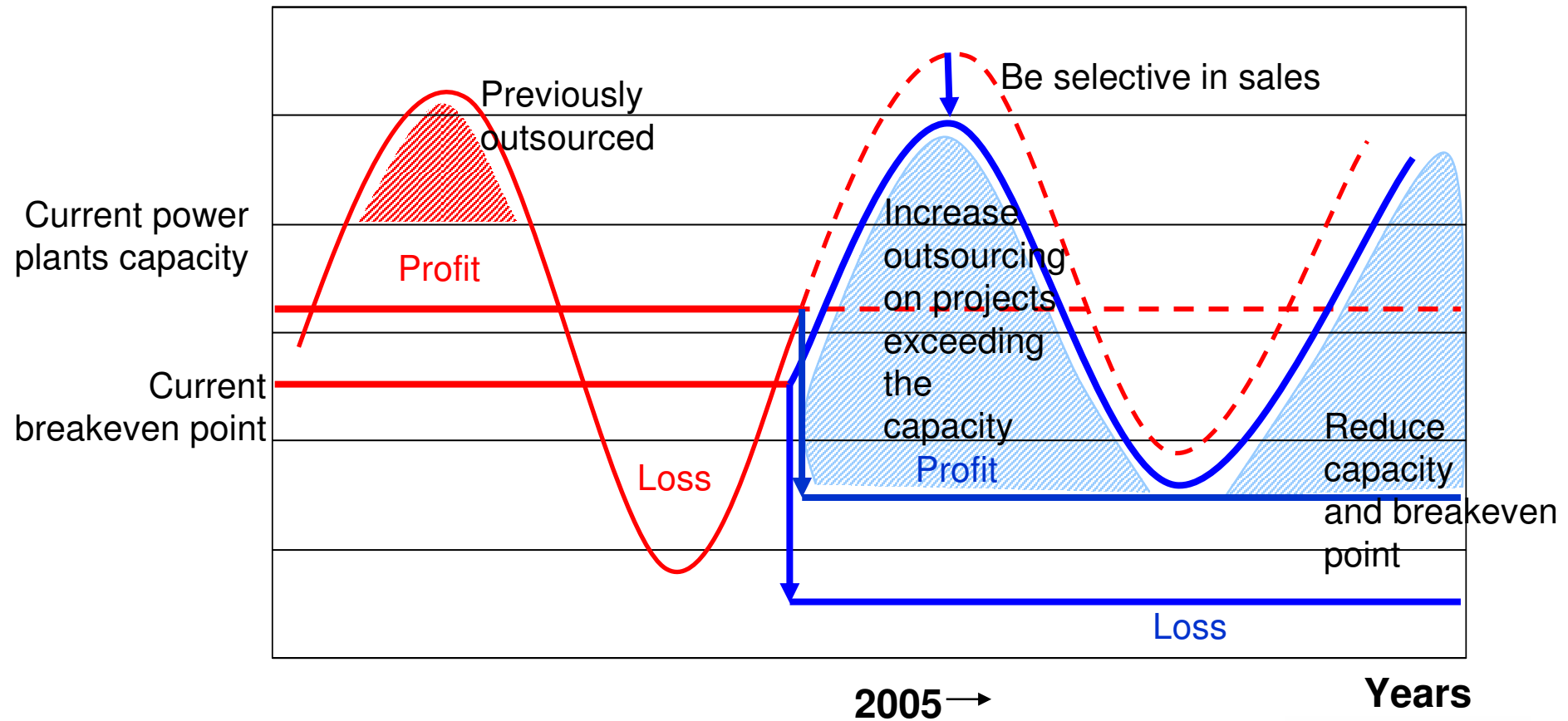


Restructuring target – eliminate overcapacity in manufacturing



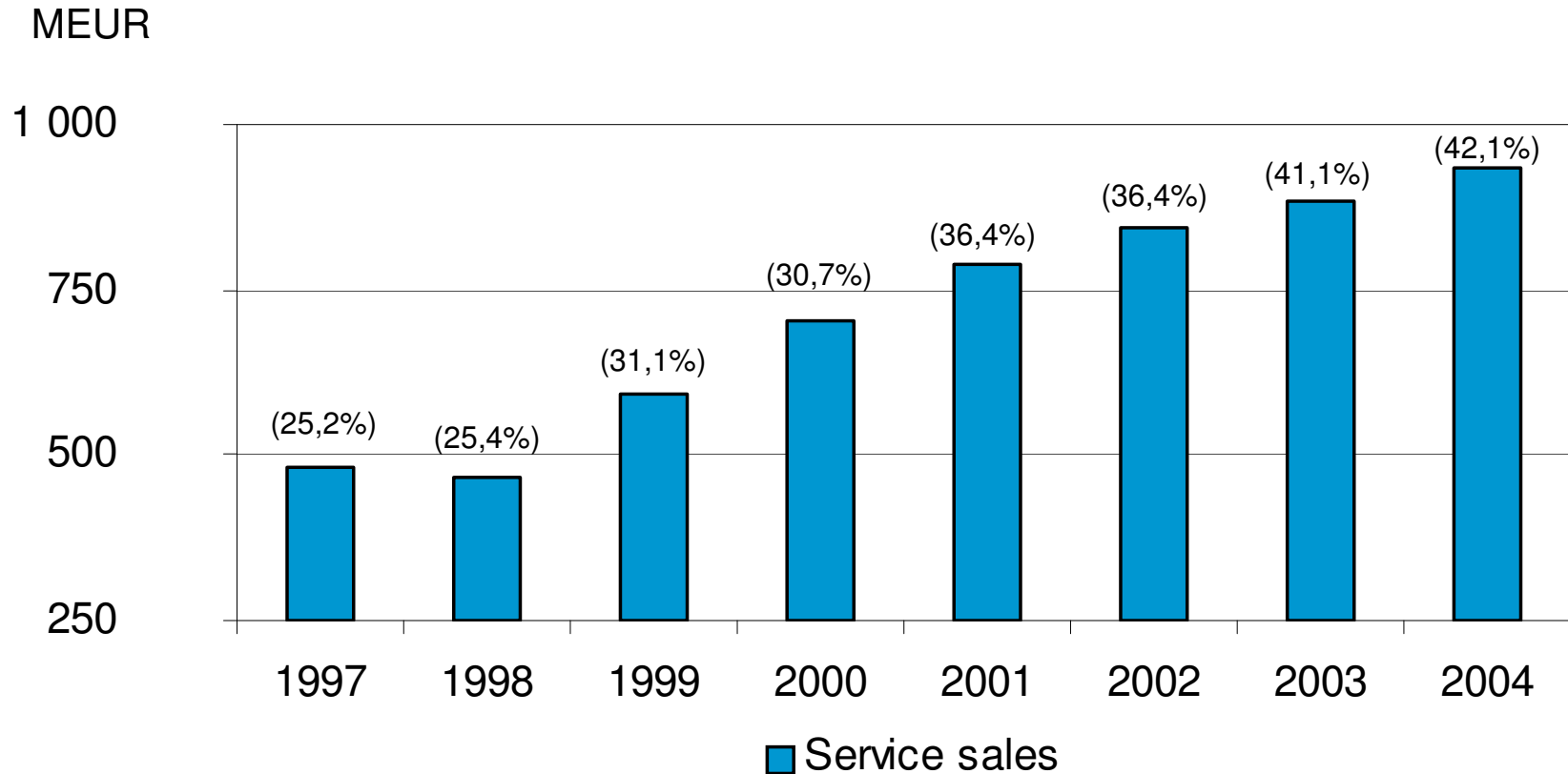
Wärtsilä Power Plants – former and current scenario

Sales



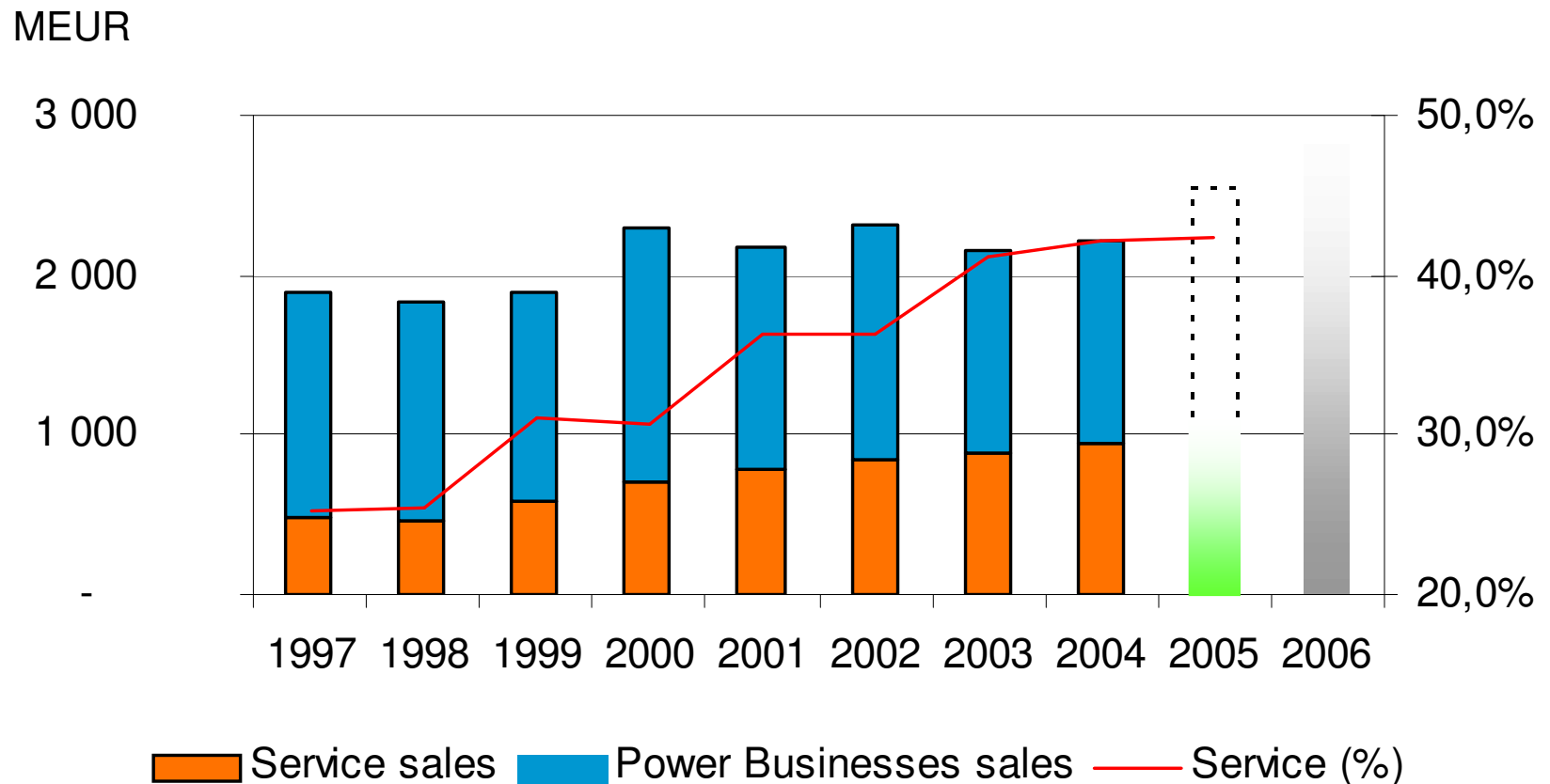
- **Streamlined offering**
- **Outsourced customer engineering**
- **Slim organization**
 - closure of France
 - sales of high speed products to Waukesha
 - production facilities and 70 people to Mitsubishi
- **Order intake 2004 > 1000 MEUR**

Service Sales vs Total Power Businesses



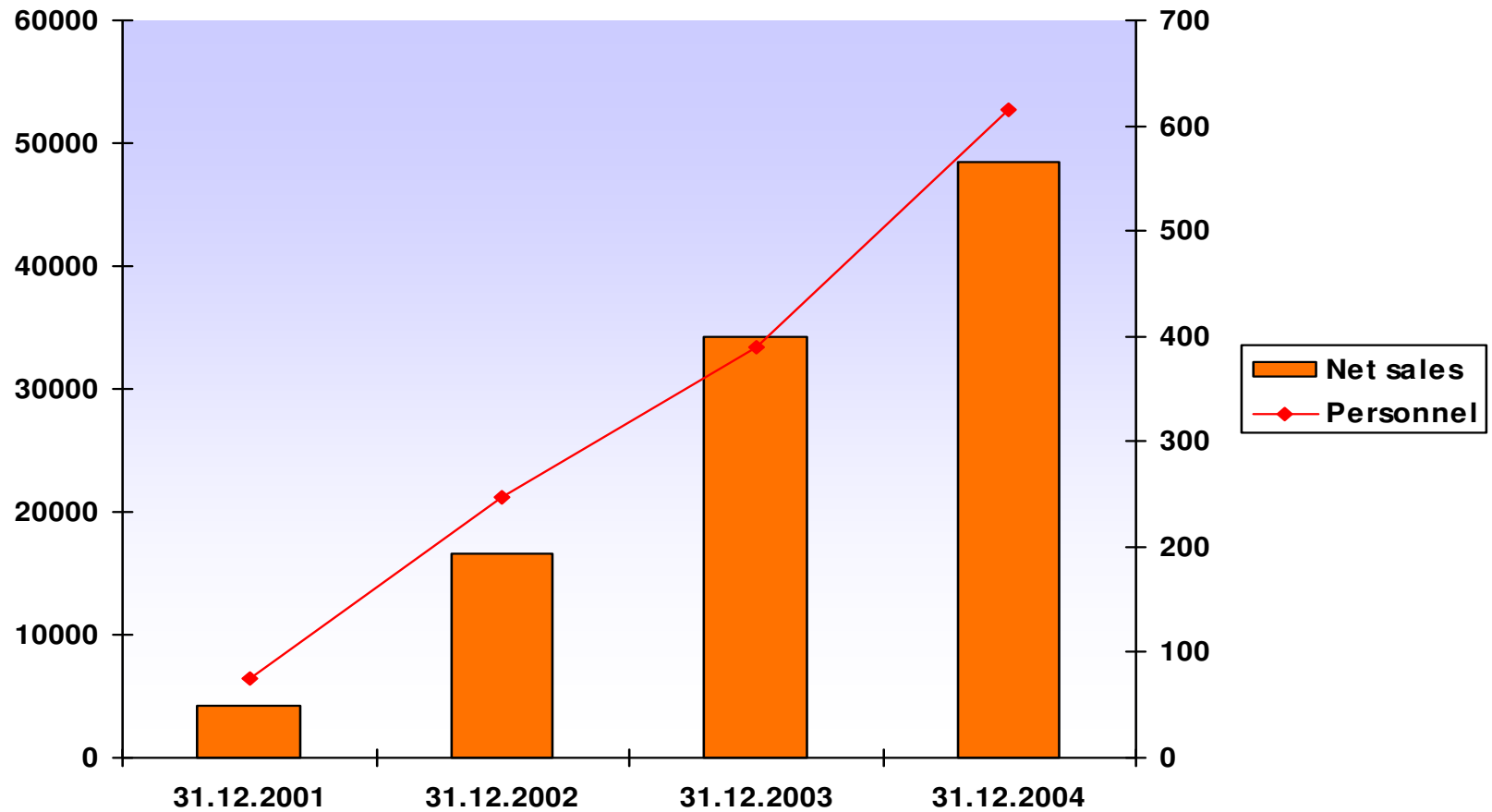
Note: Service sales as a % of total Power Businesses sales in parenthesis above the bar

Service Sales vs Total Power Businesses



Note: Data for 2005-06 is only for indicative purposes and should not be considered as Wärtsilä guidance

Ciserv net sales and personnel development





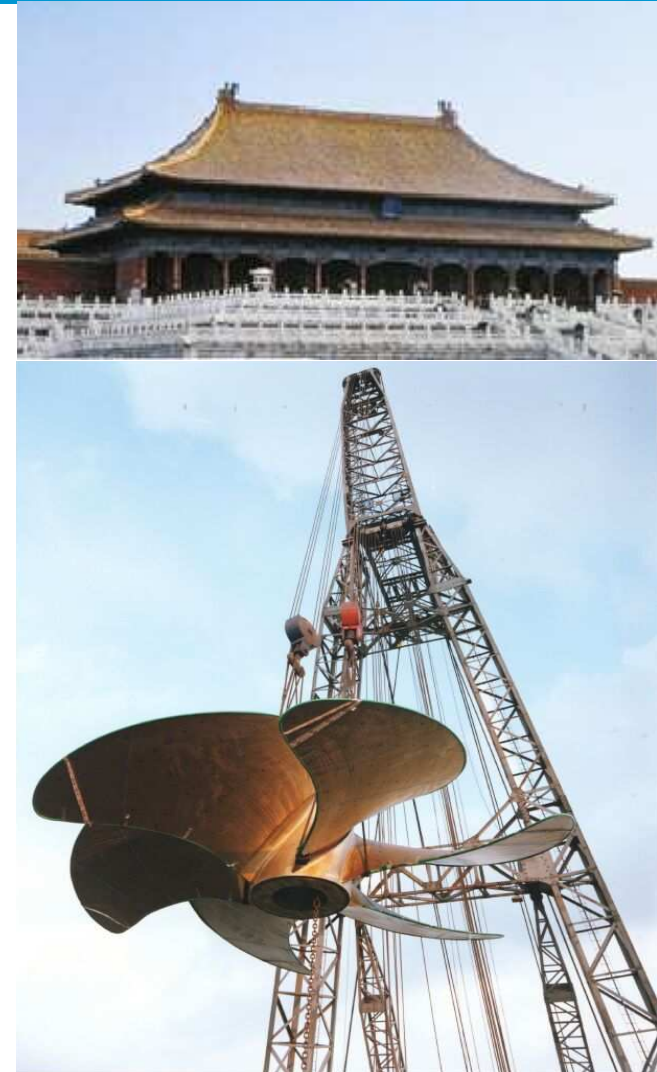
Auxpac



46F

2) Initiatives on the Asian market

- Majority owned joint venture propeller manufacturing company in China with CME Zhenjiang Propeller Co Ltd.
- Transvere thrusters factory in China. Investment EUR 6.6 million
- Letter of intent with China Shipbuilding Industry Corporation (CSIC), 50/50 joint venture marine auxiliary engines manufacturing company in China
- Subsupplier/Sourcing network for own production
- Marine reduction gear factory in India



Imatra Steel into new Ovako



PRO FORMA 2004

MEUR

Net sales	1.284
EBITDA	133
Operating income	86
Net Capital Employed	533
Total assets	836

- Productivity in Imatra Steel improved through modernisation of the base metallurgical line
- In February Wärtsilä, Rautaruukki and the Swedish SKF signed a Memorandum of Understanding of a new long steel company
- Wärtsilä's holding is 26.5%
- Consolidated to Ovako 1.5.2005
- Ovako has the critical mass to participate in European restructuring
- Current good cycle gives good start to the new Ovako. Demand for special steels has remained buoyant and delivery volumes of both steels and forgings has increased

Implications to Wärtsilä

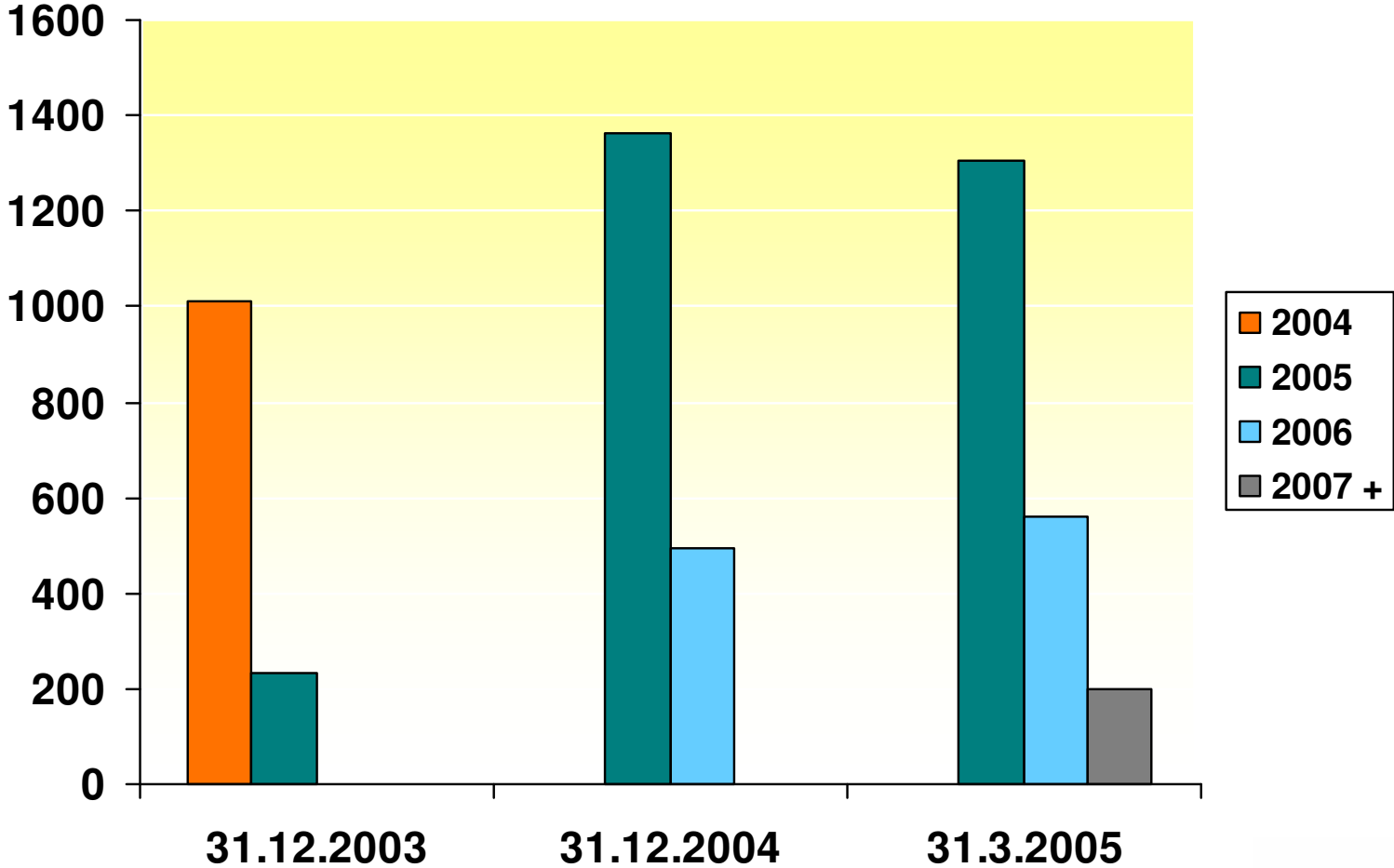
Imatra Steel

MEUR	Q1/2005	2004
EBIT	17	24
PRO FORMA: Ovako		
MEUR		
EBIT		86
26.5%		~23

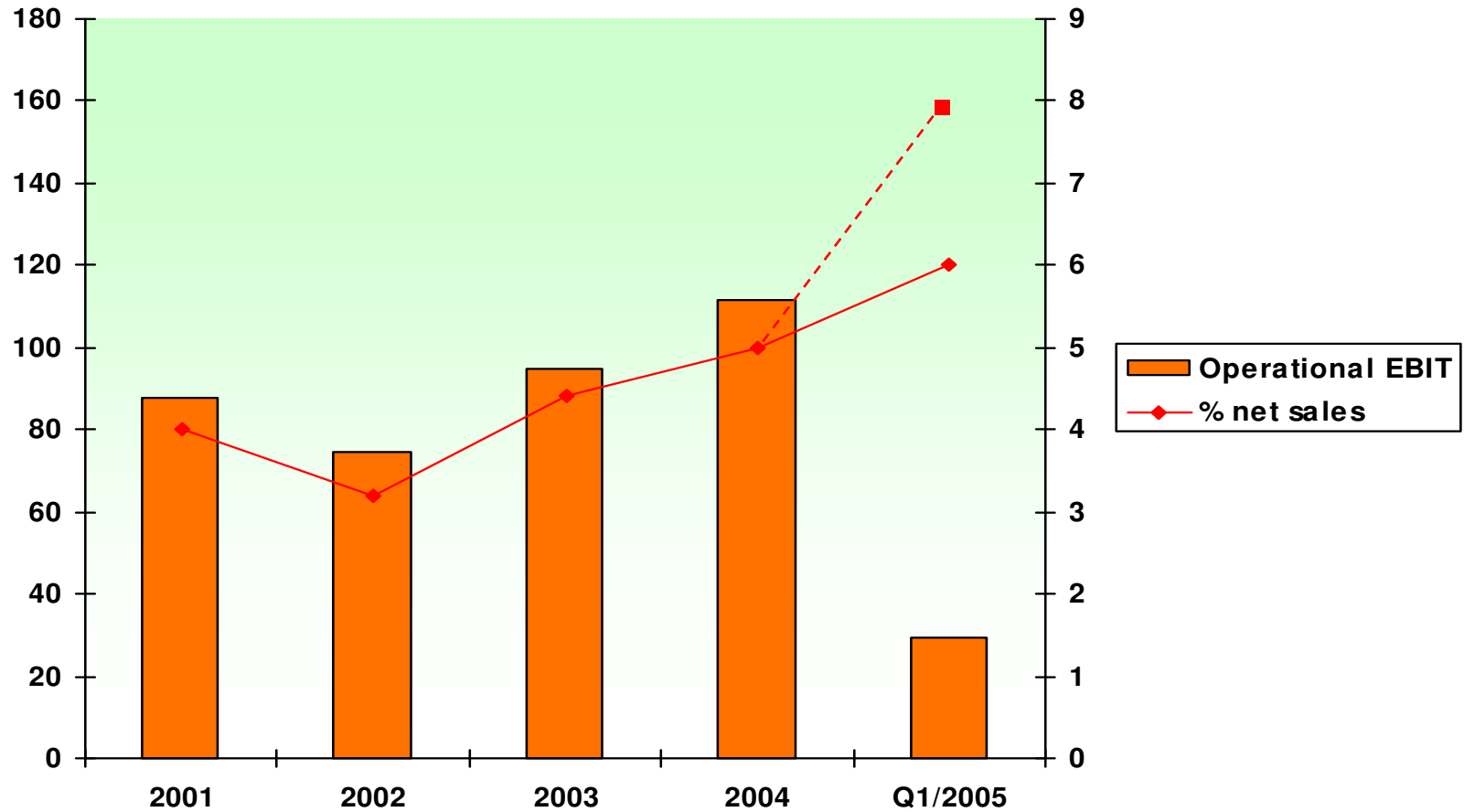
- Supports Wärtsilä's strategy to focus on core businesses, clarifies the group structure
- Upside on EPS through synergies (approx 40 million of synergies within 3 years)
- Annual net sales will decrease -Imatra Steel 2004 sales €254 million
- Capital release of €25-30 million following the planned refinancing of NewCo debt -Solvency will improve
- Pro forma book value of Wärtsilä's investment approximately €110 million following refinancing
- Q2
 - April into Wärtsilä
 - May-June into Ovako

Power Businesses order book

MEUR



Power Businesses operational EBIT and profitability



Note: the dashed line indicates the margin outlook for 2005
2001-2004 according to FAS and 2005 according IFRS