WÄRTSILÄ'S PROFITABILITY AND RESTRUCTURING

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10 CAPITAL MARKETS DAY Helsinki, Finland

Growth over the cycle 7-8%

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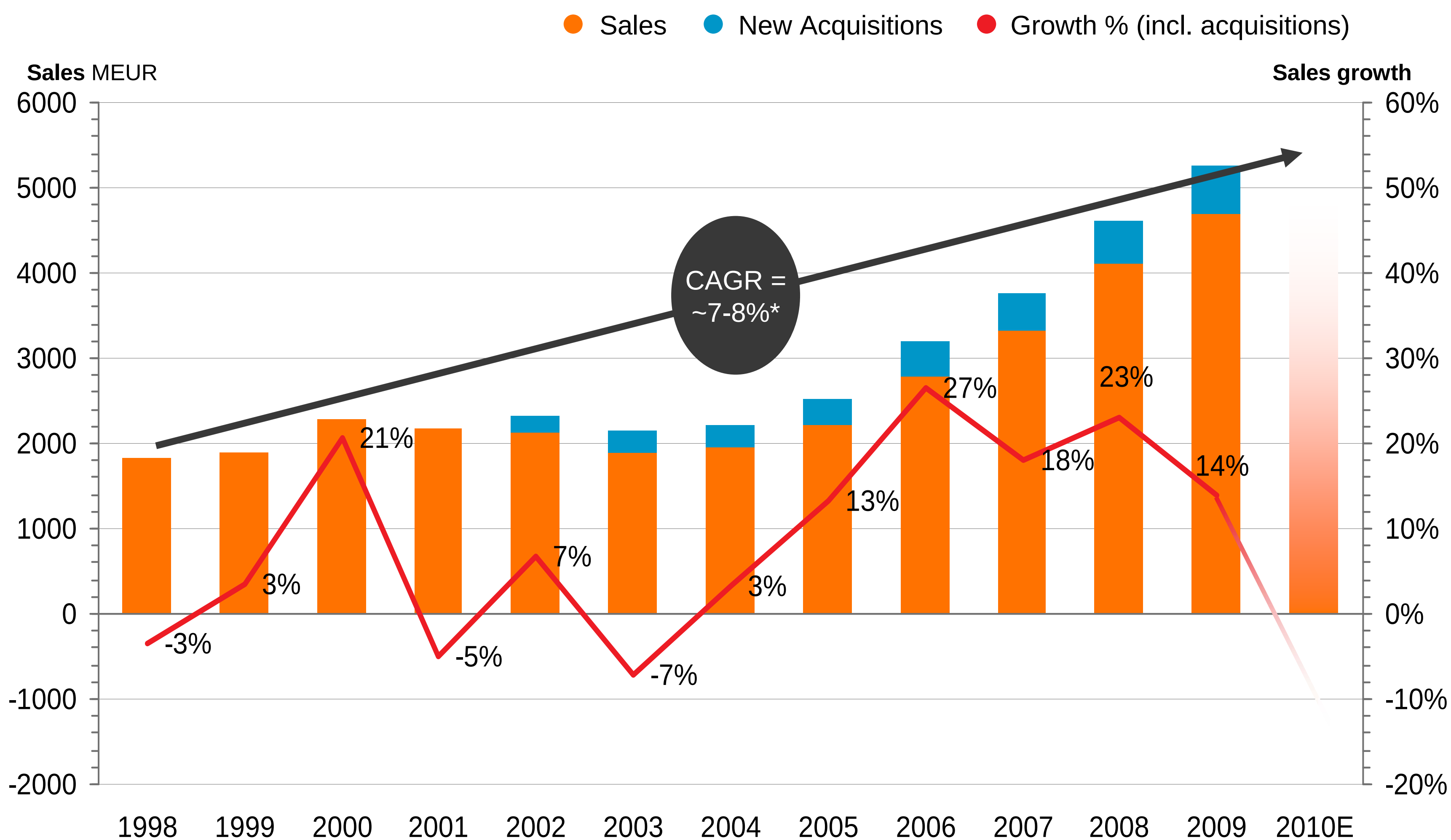

* Including acquisitions
Note: World nominal GDP growth 1998 – 2009 averages 6.04% USD denominated (source: IMF)

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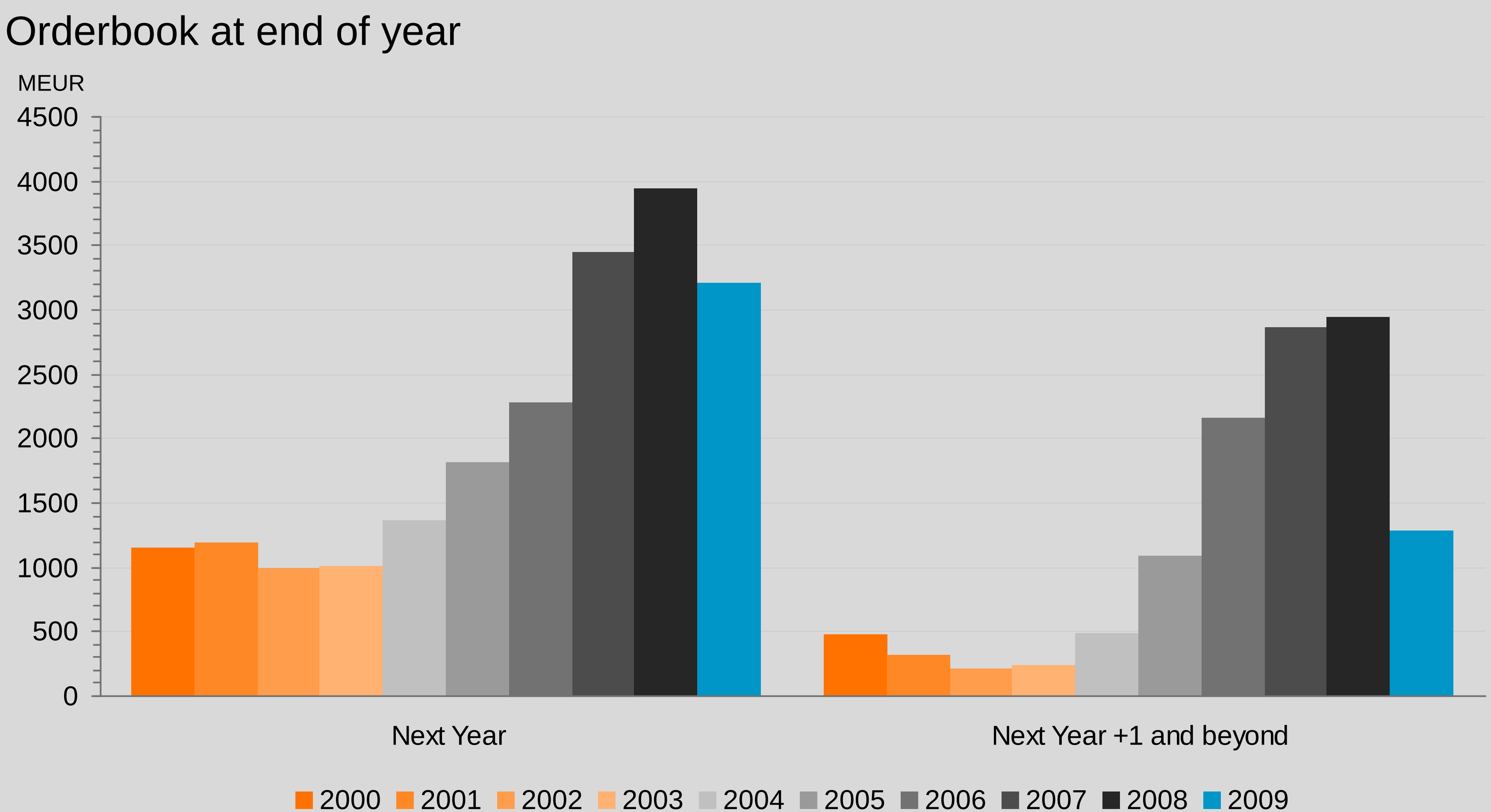
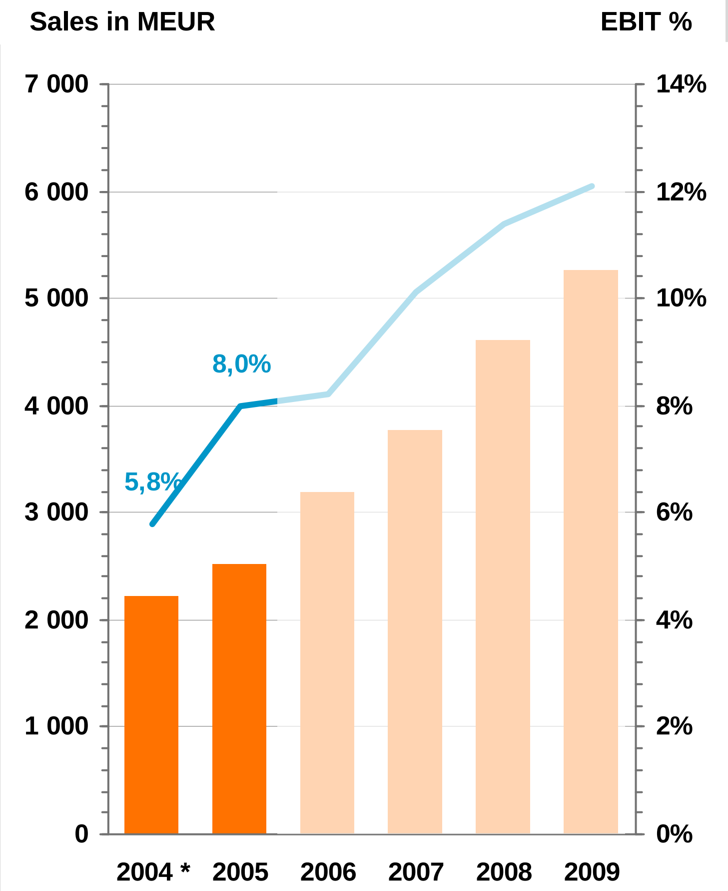
Orderbook back to normal



Elimination of overcapacity in 2004 set a base EBIT of 8%



Streamlined capacity and increased outsourcing improved our overall long-term profitability

- The following restructuring measures were completed in 2004 and had a significant impact on the profitability in the following years;
  - Closure of the Turku factory in Finland
    - Moving the volumes to Trieste
  - Refocus of the Power Plants business
    - Closure of the Mulhouse plant
      - Production of high-speed engines sold
    - Streamlined offering
    - Outsourced Power Plant engineering

* 2004 according to IFRS, restructuring costs adjusted

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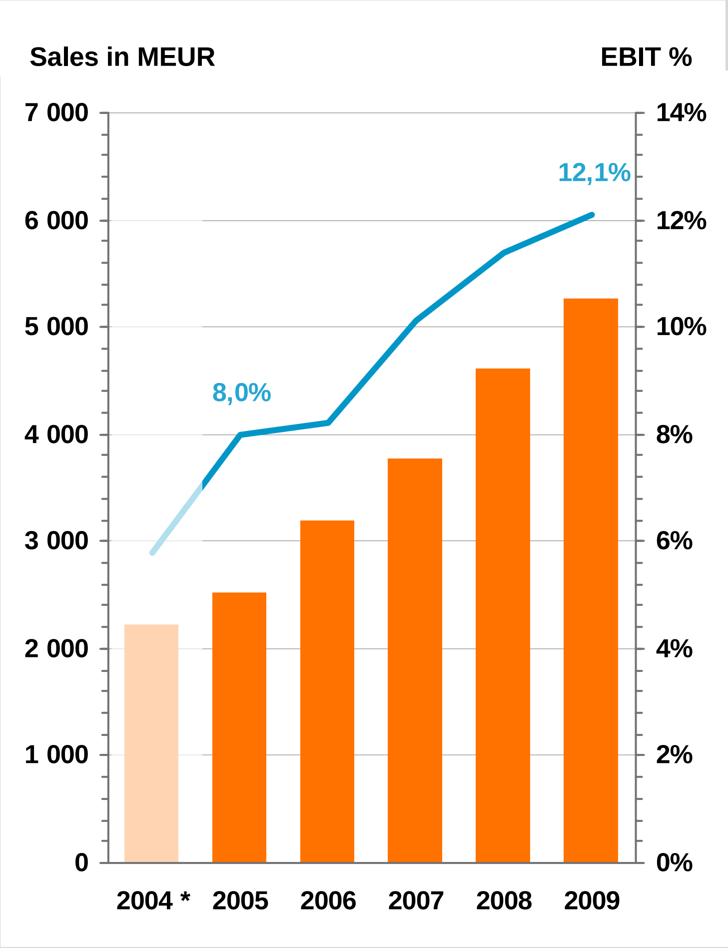
Top of the cycle EBIT above 12%



Key elements driving the profitability increase

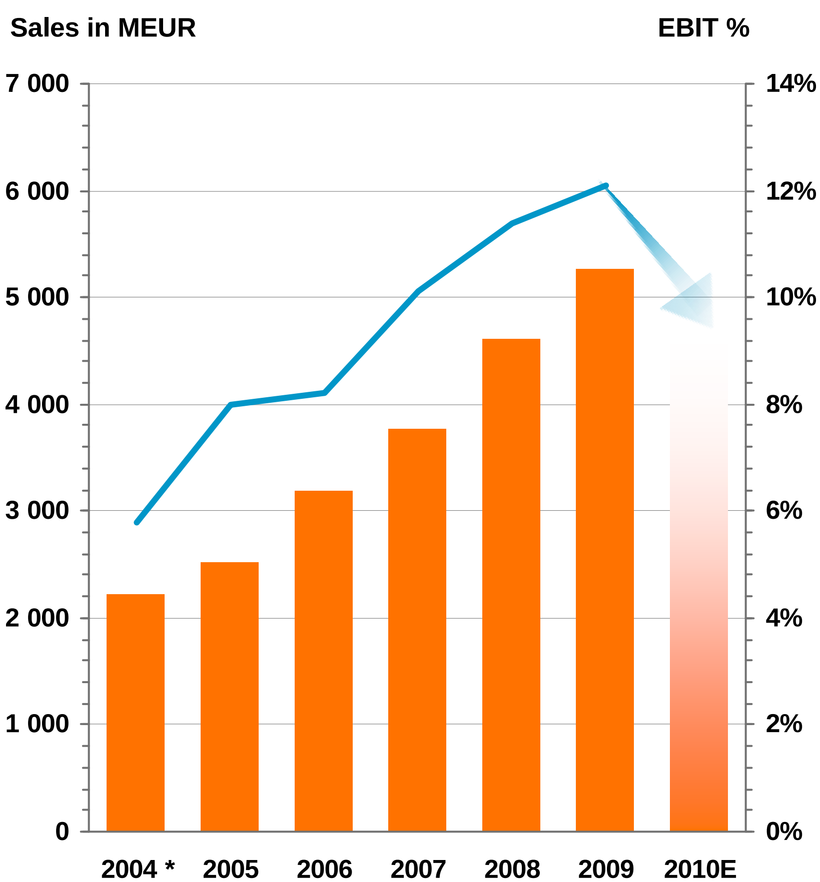
- Leveraging the market upturn in Ship Power and Power Plants, while managing the supply chain and capacity
- Validated technology for power plants and increased project size
- Service sales increased through engine base growth and broad offering
- Cost efficiency
- Increased flexibility through outsourcing

While…

- R&D spendings increased

* 2004 according to IFRS, restructuring costs adjusted

Profitability target 8-10%
+/- 2% over the cycle



Elements of a more robust business model

- Business mix more stable
  - Offering in all businesses broadened, latest addition Ship Design
  - Services' share of sales will increase
  - Global presence increased
    - 14 greenfield companies established since 2005 with combined sales of approx. MEUR 80 in 2009
    - Bolt on acquisitions fuel growth
  - Multiple fuel offering (fuel oils, bio-oil, gas, multi-fuel)
- Capacity outsourcing in Industrial Operations will continue
- Moving production towards growth markets

* 2004 according to IFRS, restructuring costs adjusted

Ongoing restructuring measures

Adjust Ship Power organisation

- Impact on all Ship Power personnel in all functions globally
- Reduction of 400-450 jobs
- Expected annual savings of EUR 30 million, with full effect by the end of 2010
- Restructuring costs of EUR 6 million, all recognised in 2009

Reduce manufacturing capacity

- Manufacturing of propellers in Drunen and components in Zwolle, is planned to end
- In Vaasa, the W20-generating set production is planned to end
- Plans to reduce 1,400 jobs globally within the Group during 2010
  - 570 of these in the Netherlands, the rest will mainly impact manufacturing
- Expected annual savings of EUR 80-90 million, with full effect in the first half of 2011
- Restructuring costs of approx. EUR 140 million, including non-cash write-offs of approx. EUR 50 million of which EUR 40 million recognised in 2009

Where we are today

Adjust Ship Power organisation

- 365 people have left/been transferred
- 80% of savings realised
- Targets will be realised, full effect by end 2010

Reduce manufacturing capacity

- Negotiations with Dutch unions initiated
- Provision of 40 MEUR will be made on Group level according to IFRS rules
- Remaining reservations will be taken as local negotiations will start (50 MEUR cash, 10 non-cash)

Adjust support functions

- Support functions will be streamlined for lower volumes

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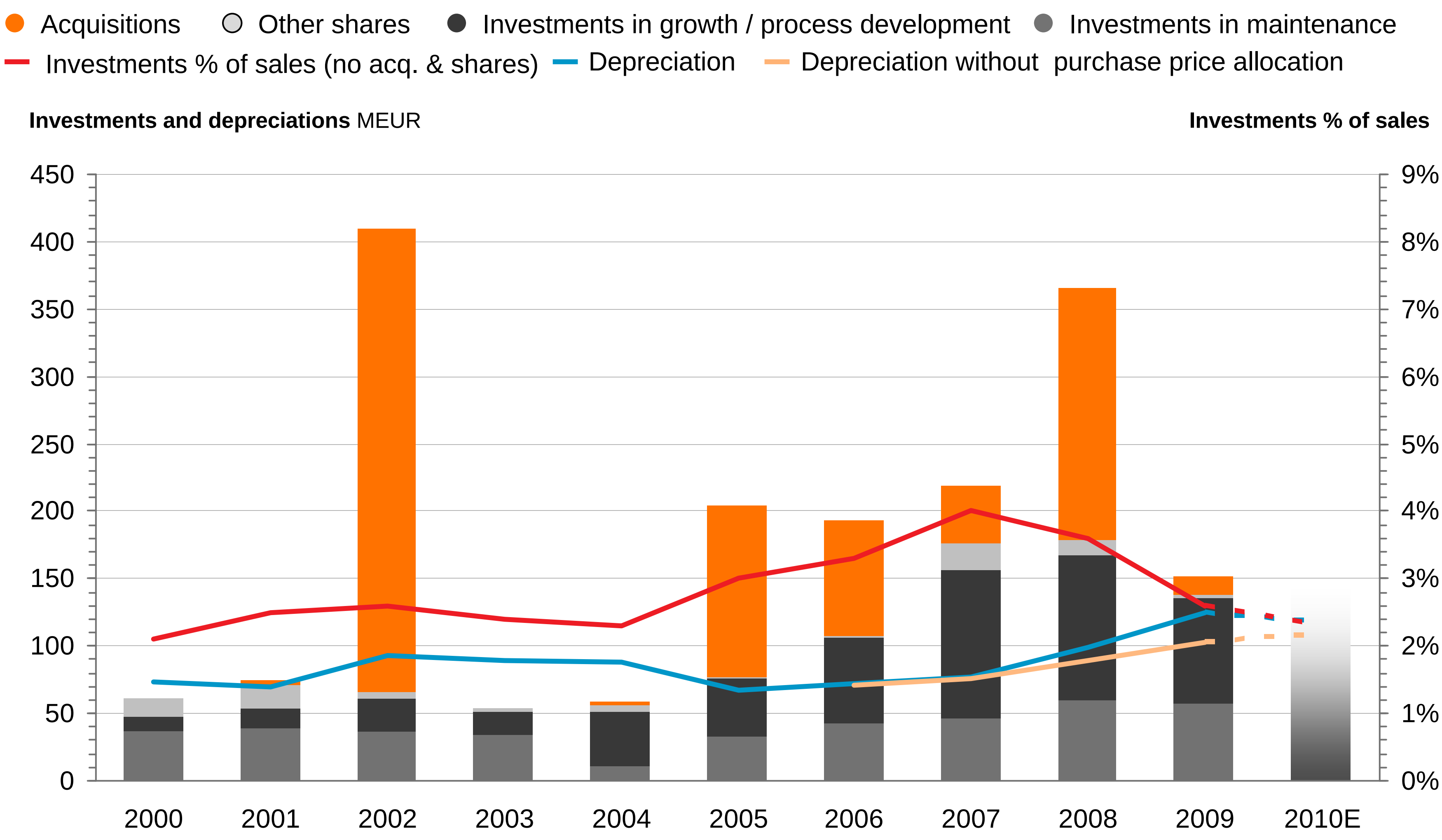
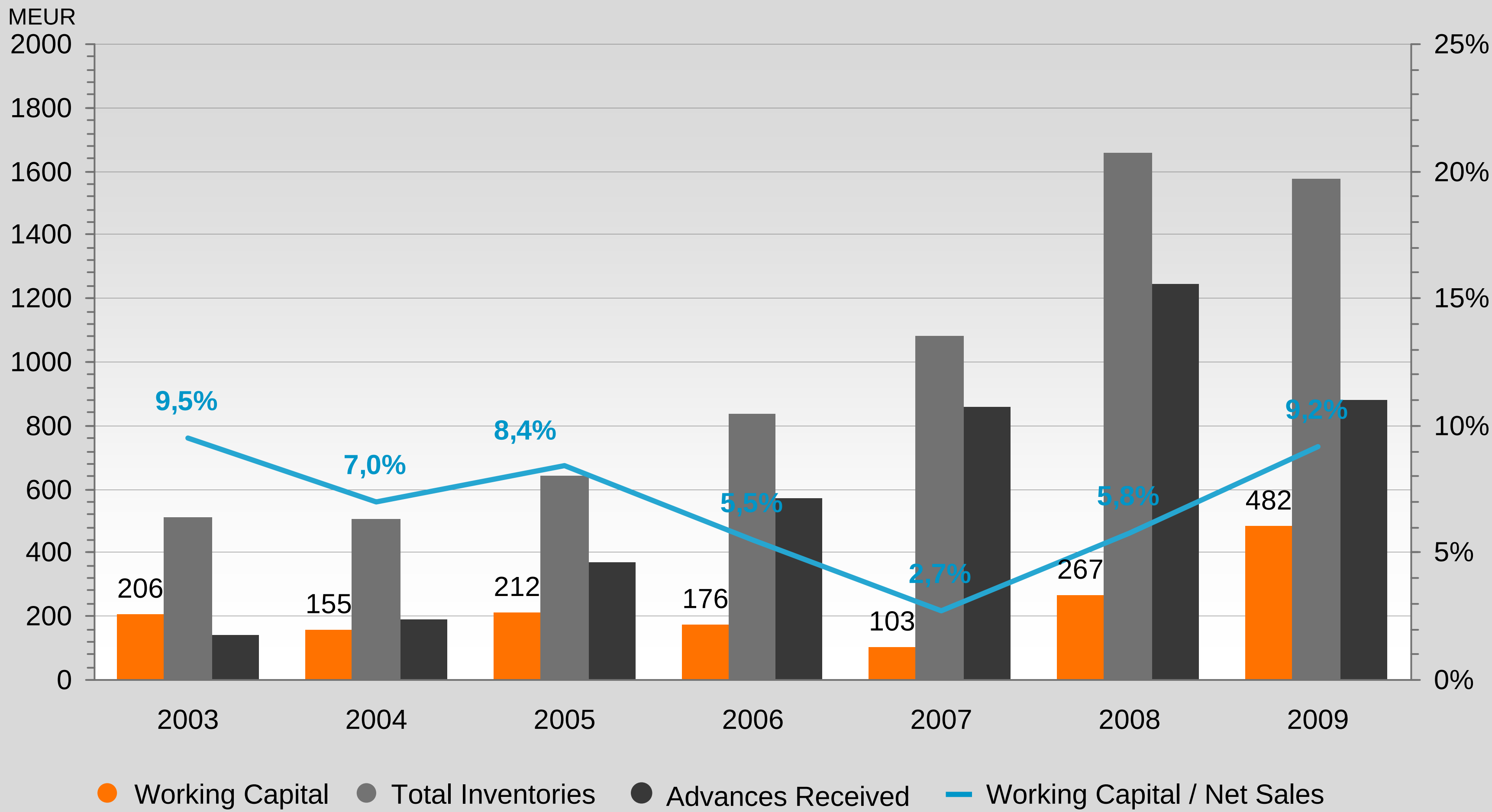
Investment CAPEX analysis



- Maintenance CAPEX has historically been low, and always below depreciation

Working capital development



All figures relate to the Power Businesses

Services working capital is stable

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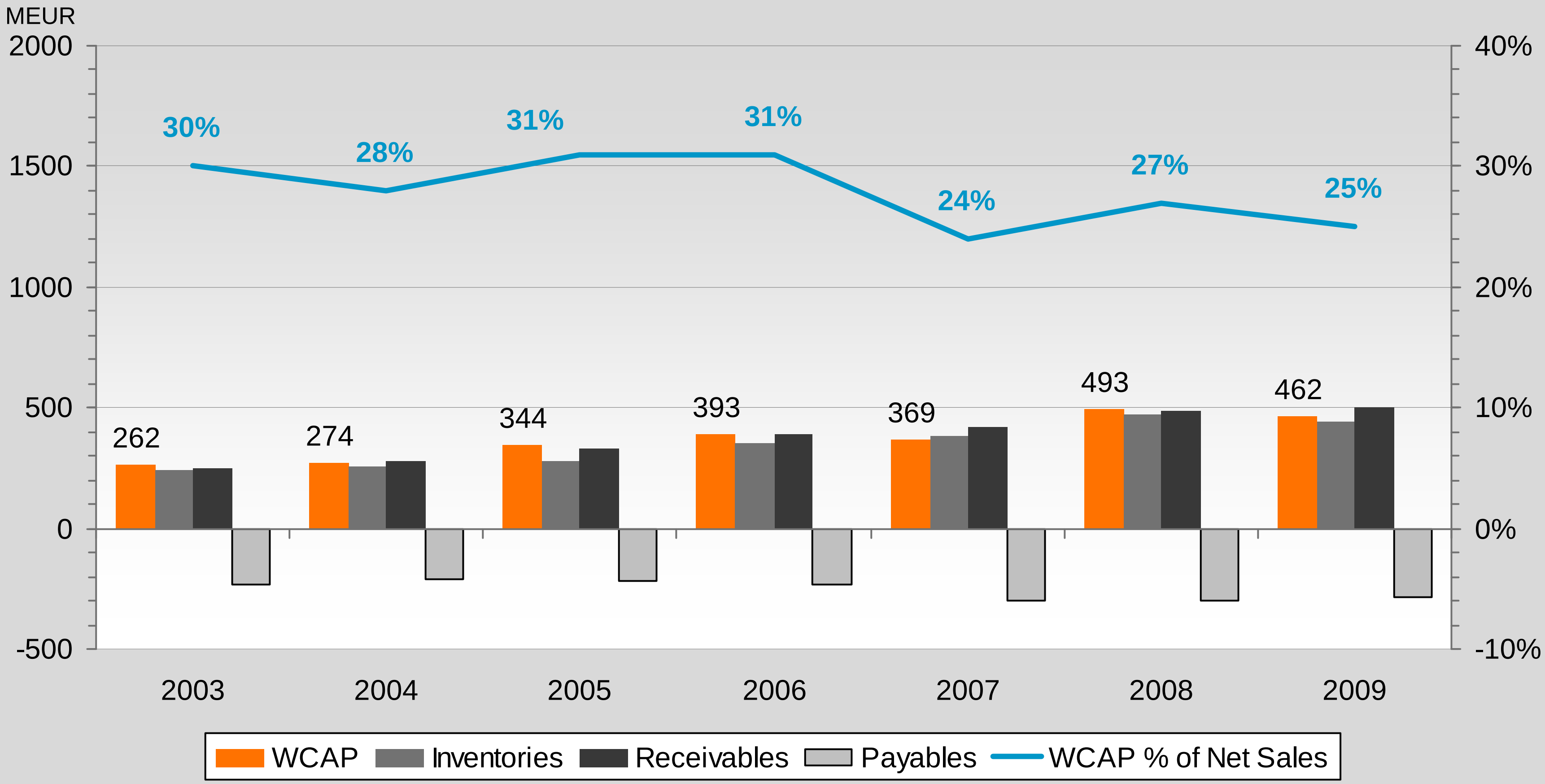

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Prospects for 2010

Driven by

- a significant service business,
- stable demand for power plants, and
- initiated restructuring measures

... we expect

- Net sales to decline by 10 – 20%,
- EBIT (before nonrecurring items) to be between 9 and 10%, and
- Free cash flow to be clearly positive

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