WÄRTSILÄ CORPORATION

INTERIM REPORT JANUARY-JUNE 2007

OLE JOHANSSON, PRESIDENT & CEO

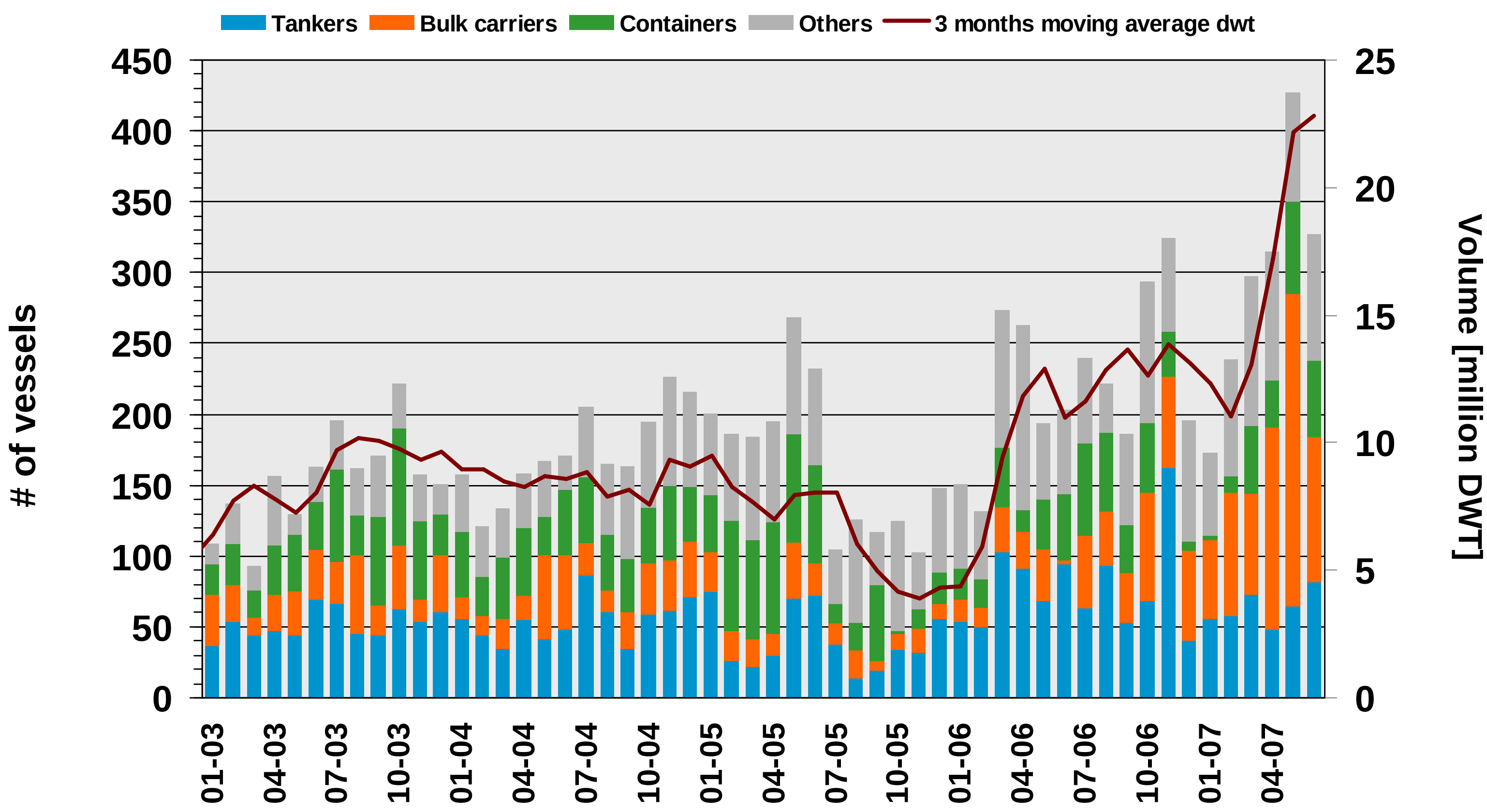
3 AUGUST 2007

Highlights

MEUR	Q2/07	Q2/06	1-6/07	1-6/06	2006
Order intake	1 369	1 190	2 526	2 214	4 621
Order book			5 460	3 772	4 439
Net sales	797	845	1 558	1 437	3 190
Operating result	73	70	136	106	262
% of net sales	9.2	8.3	8.8	7.4	8.2
Profit before taxes	72	204[1]	132	244[2]	447[3]
Earnings/share, EUR	0.54	1.60[1]	0.98	2.15[4]	3.72[4]
Cash flow from operating activities			129	49	302
Gross capital Expenditure			112	116	193

1. Includes Wärtsilä´s share of Ovako´s profit after taxes, EUR 8 million and a capital gain of EUR 124 million from the sale of Assa Abloy B-shares.
2. Includes Wärtsilä's share of Ovako's profit after taxes, EUR 15 million and a capital gain of EUR 124 million from the sale of Assa Abloy B-shares.
3. Includes Wärtsilä's share of Ovako's profit after taxes, EUR 67 million, and a capital gain of EUR 124 million from the sale of Assa Abloy B shares.
4. Includes also deferred tax assets totalling EUR +26 million relating to previously recognized restructuring expenses.

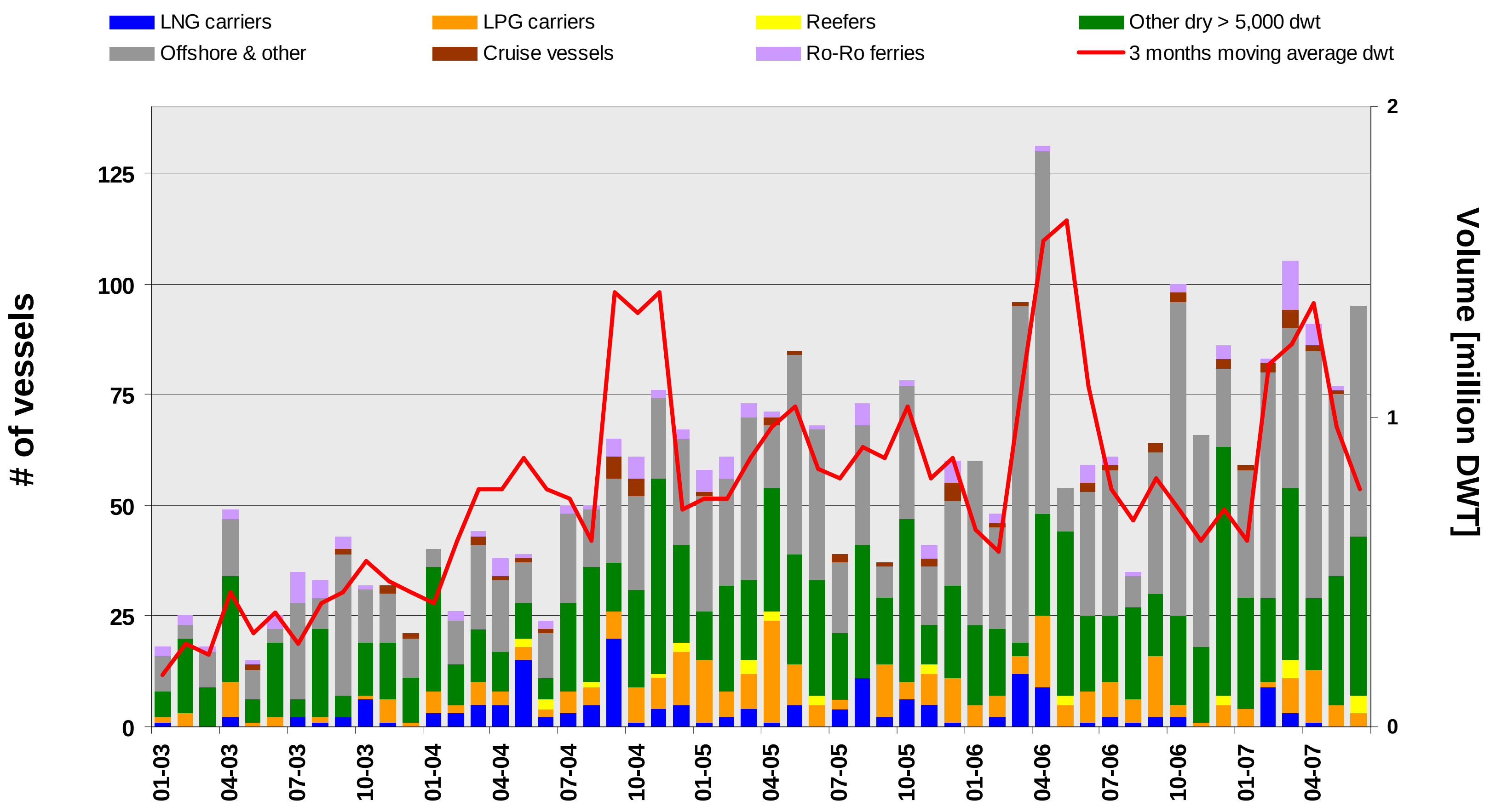
Market development - Ship Power
Vessel orders



Source: Based on data from Clarkson Research Studies

Market development - Ship Power

Vessel orders - other vessels



Source: Based on data from Clarkson Research Studies

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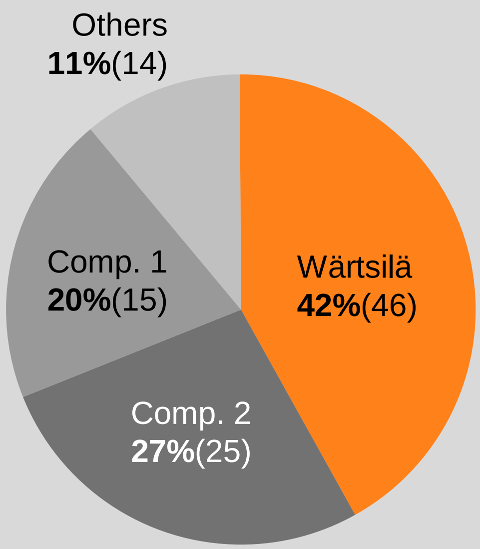
Market development - Ship Power

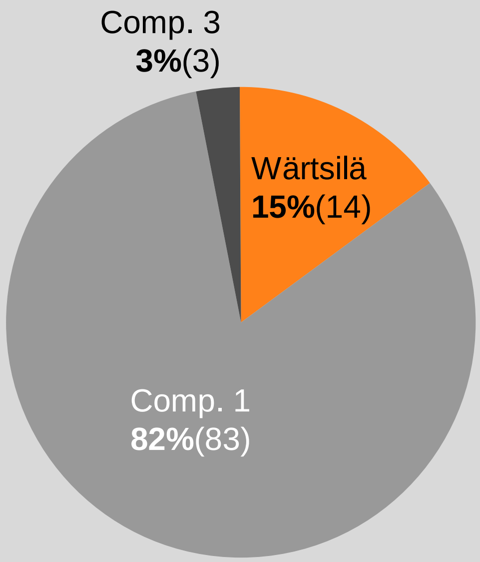
Market position of Wärtsilä's marine engines Q2/2007

Medium-speed main engines



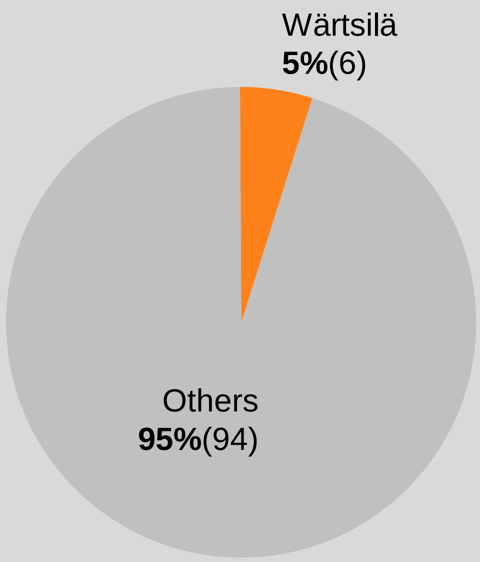
Total market volume last 12 months:
9,400 MW (8,800)

Low-speed main engines



Total market volume last 12 months:
29,400 MW (27,700)

Auxiliary engines



Total market volume last 12 months:
9,000 MW (7,600)

Wärtsilä's own calculation is based on Marine Market Database. Market shares based on installed power, numbers in brackets are from the end of the previous quarter. The total market is based on the volume of the last 12 months. Numbers in brackets reflect the volume of the last 12 months at the end of the previous quarter.

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Market development - Power Plants

- Markets continued to be globally active
- The order intake for power plants running on renewable fuels continued actively
- Demand for gas-fired power plants remained at a good level

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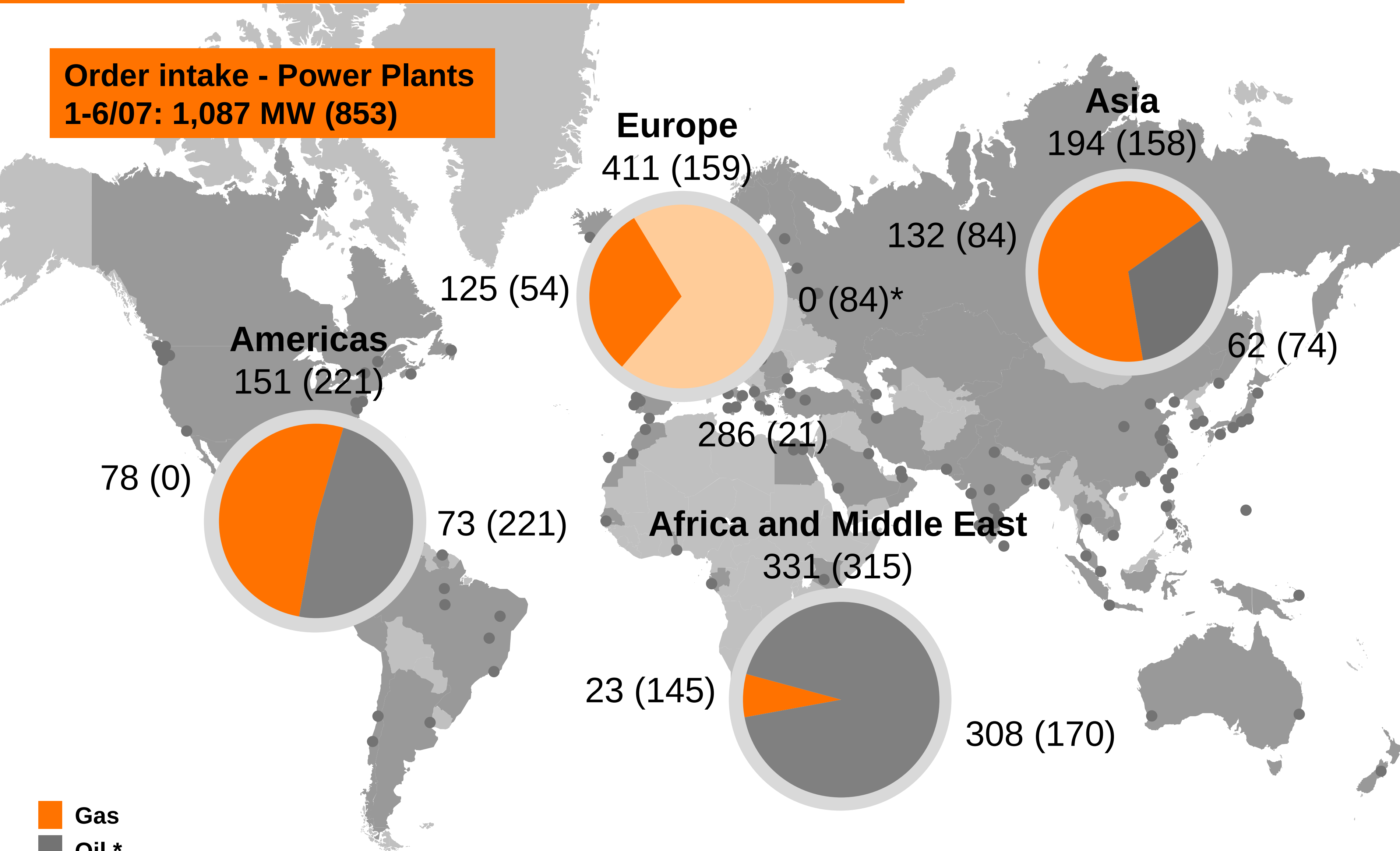
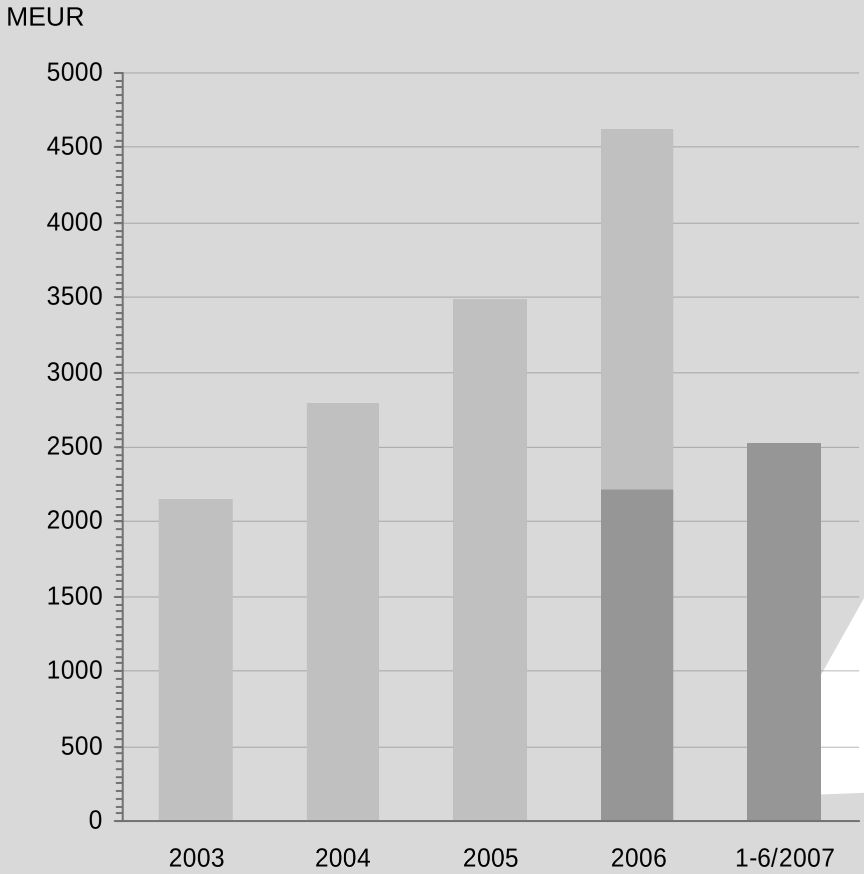
Market development - Power Plants

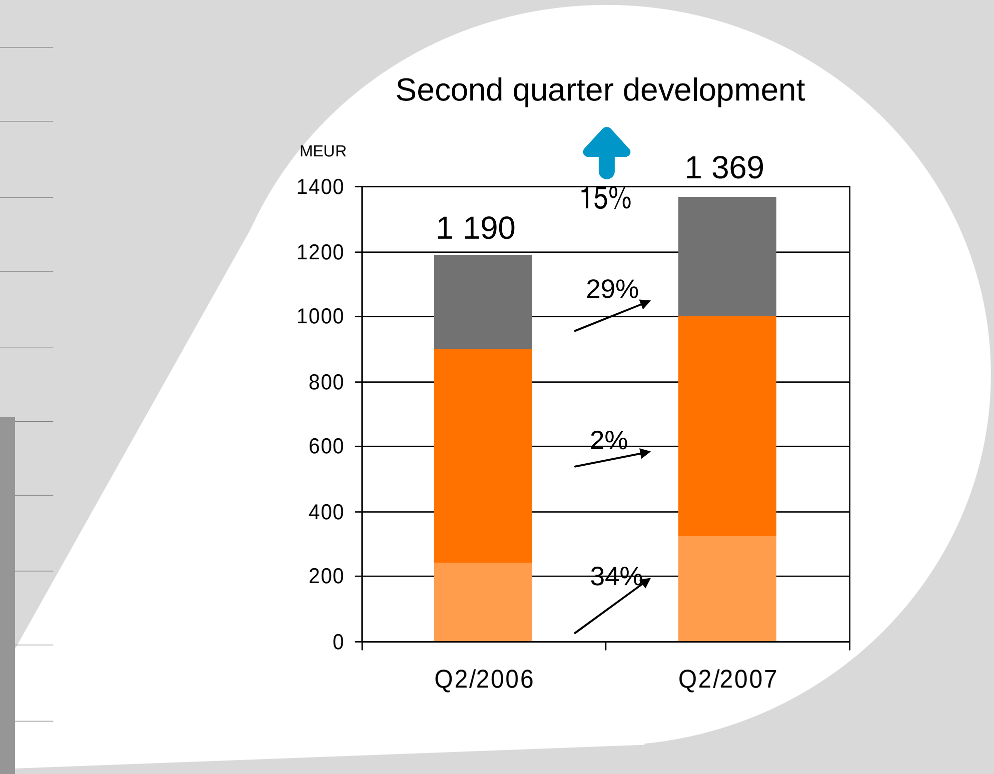
Order intake - Power Plants
1-6/07: 1,087 MW (853)



- **Gas**
- **Oil ***
- **Renewable fuels**

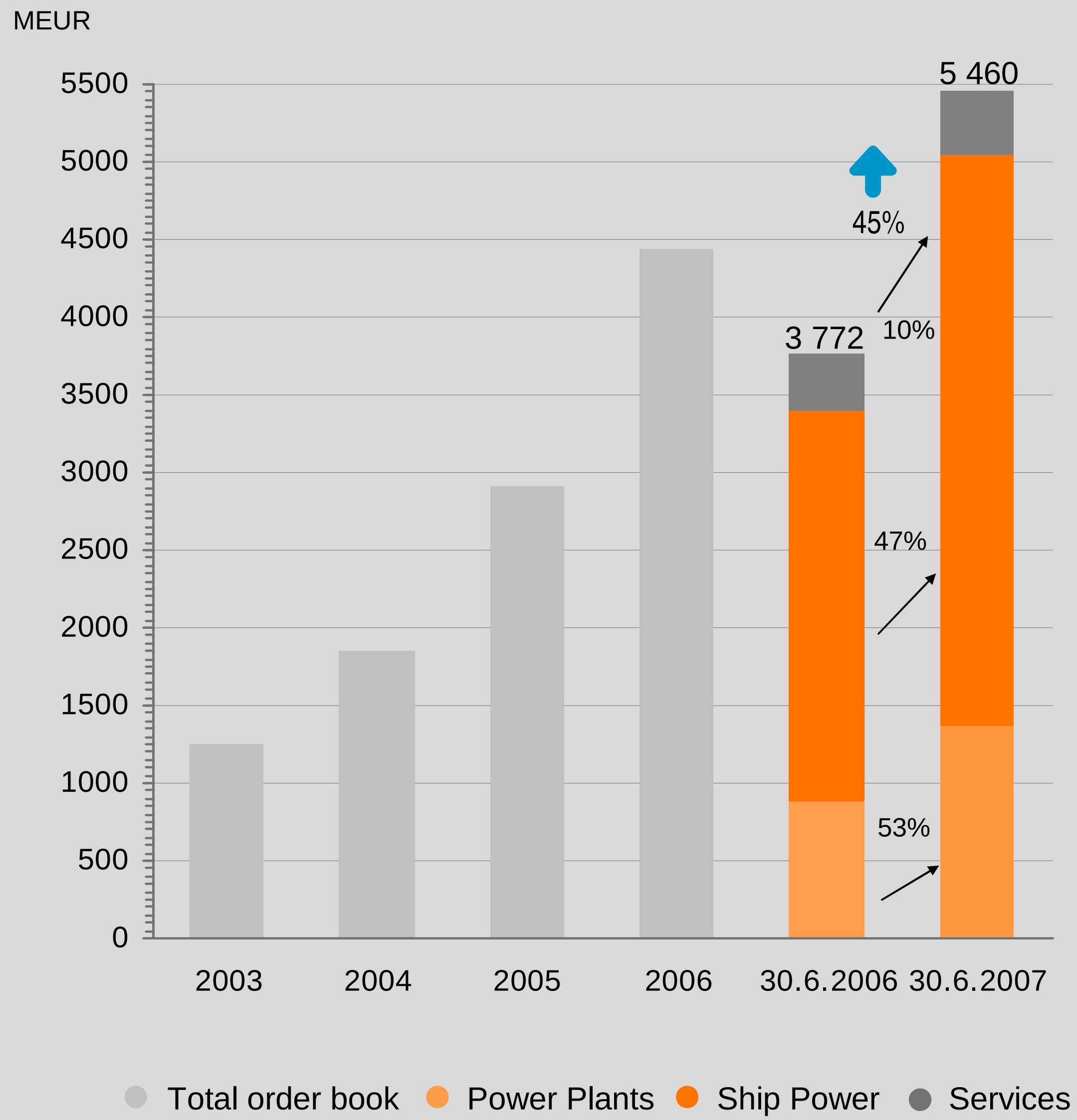
Order intake continued strong



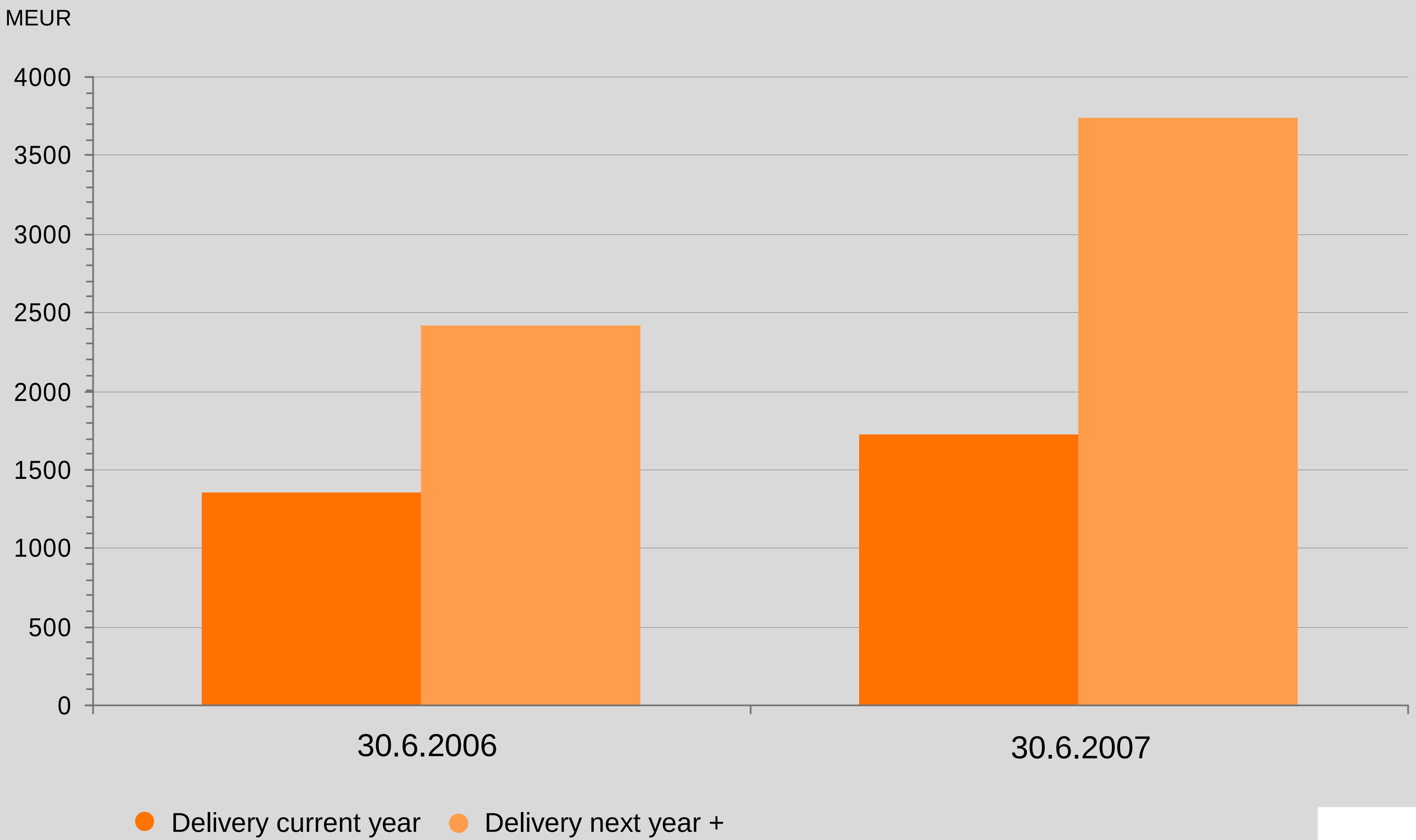


Total order intake 1-6 order intake Power Plants Ship Power Services

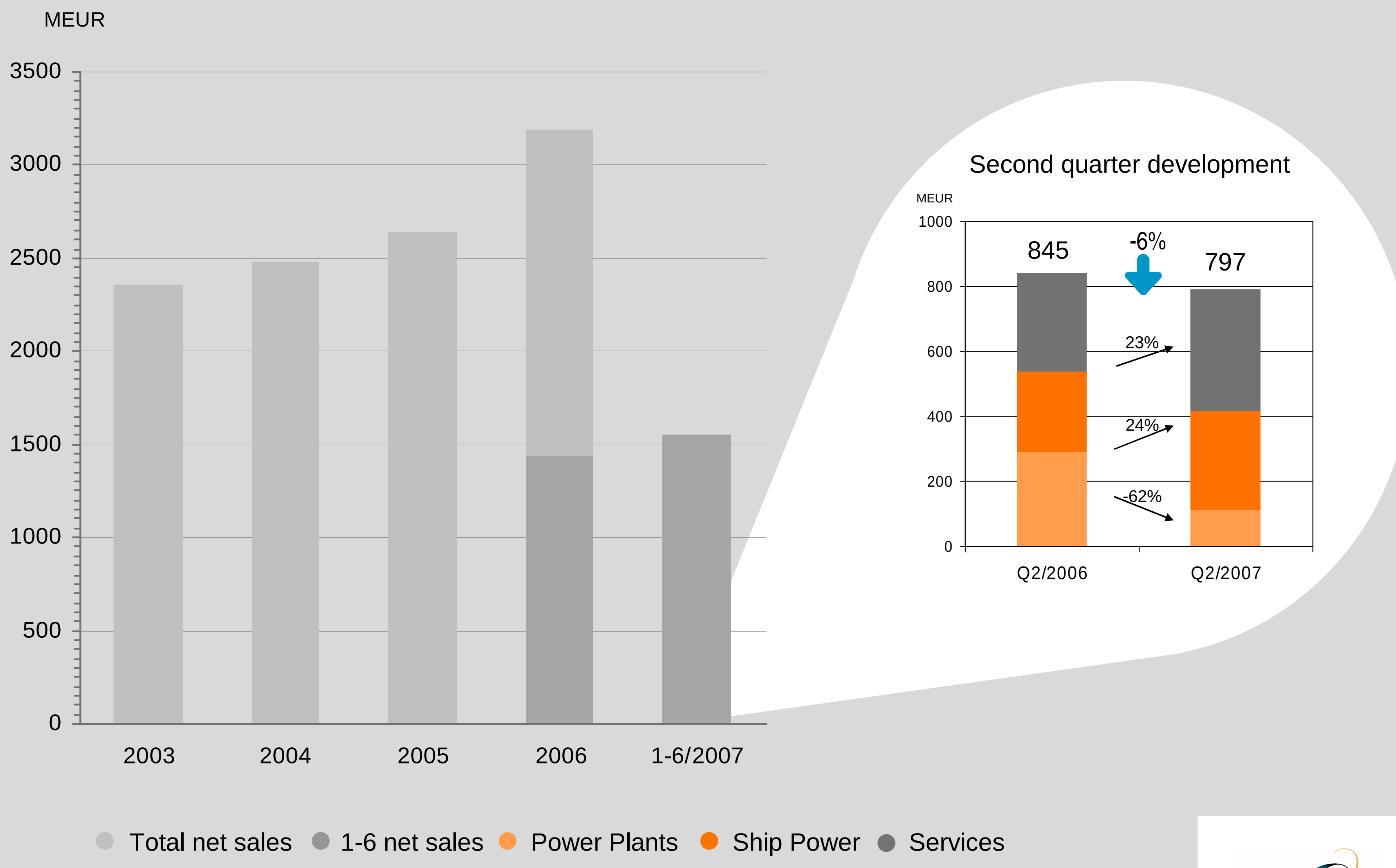
Order book - growth 45%



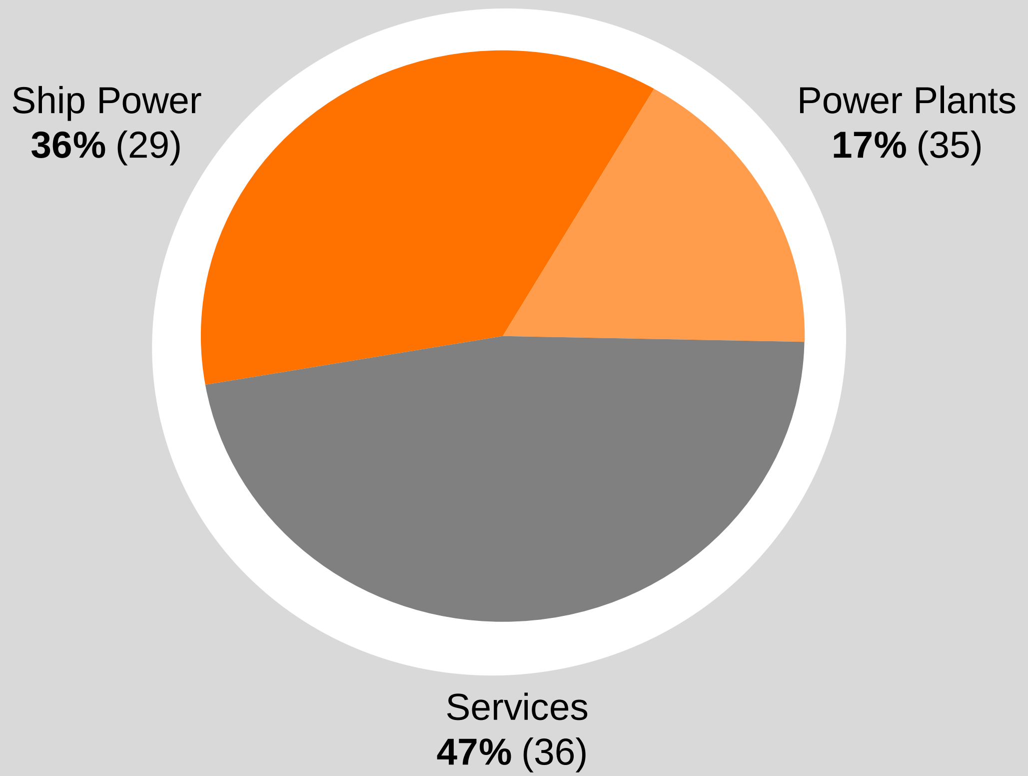
Order book distribution - good visibility 2008 and beyond



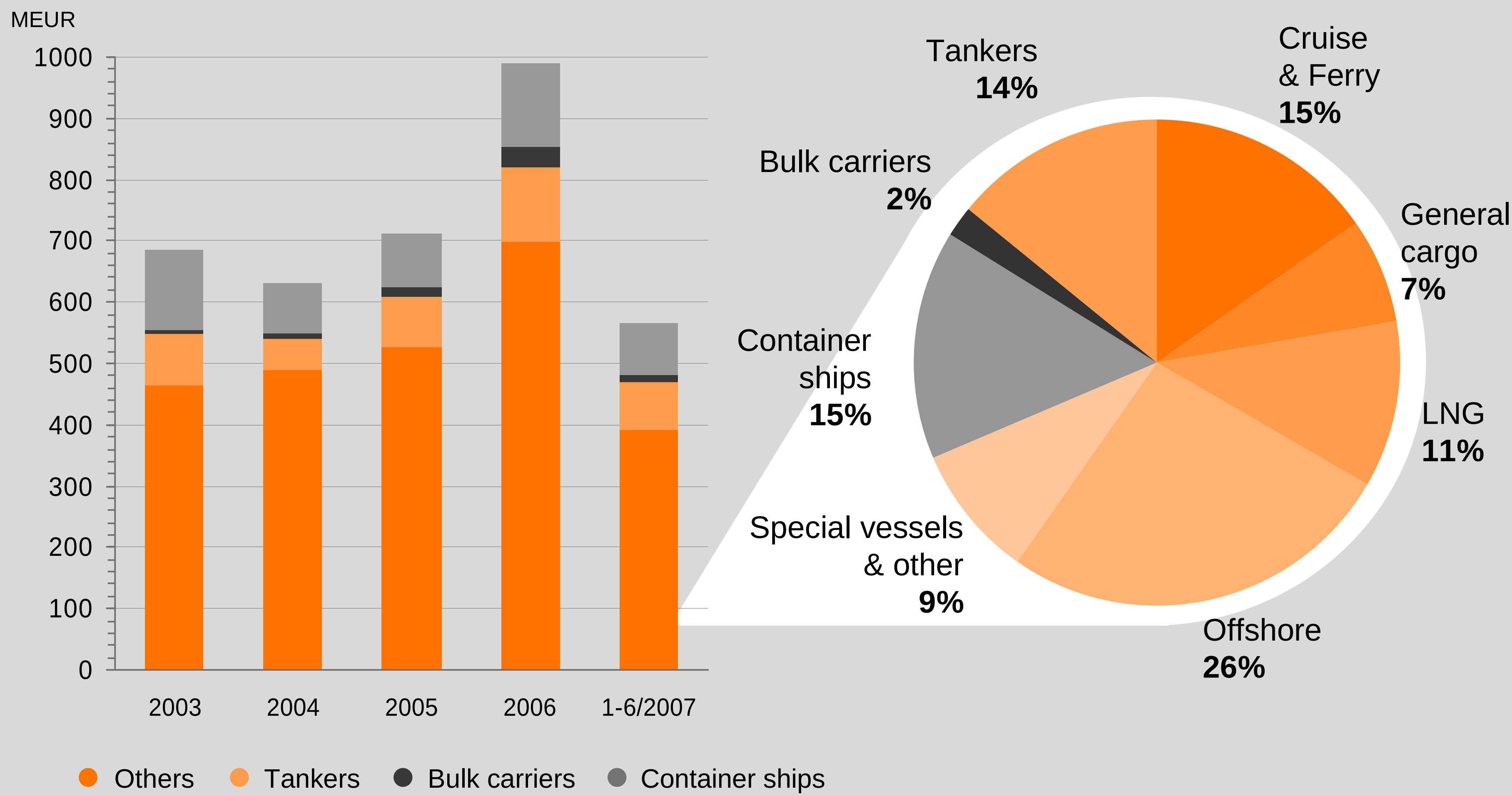
Net sales


MEUR
3500
3000
2500
2000
1500
1000
500
0
2003
2004
2005
2006
1-6/2007
Second quarter development
MEUR
1000
800
600
400
200
0
845
-6%
797
23%
24%
-62%
Q2/2006
Q2/2007
Total net sales
1-6 net sales
Power Plants
Ship Power
Services

Net sales by business 1-6/2007



Net sales 1-6/2007 - Ship Power



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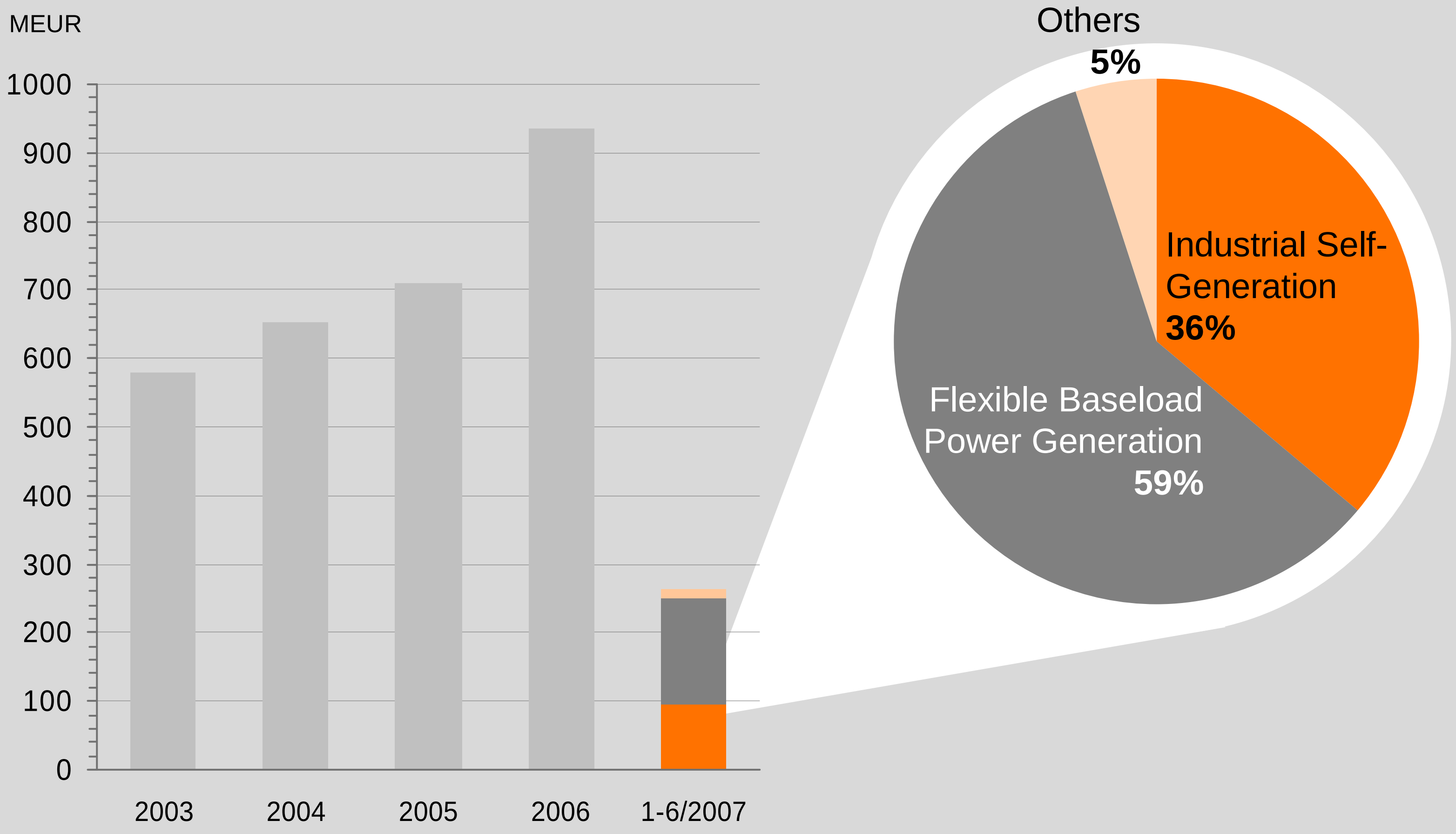
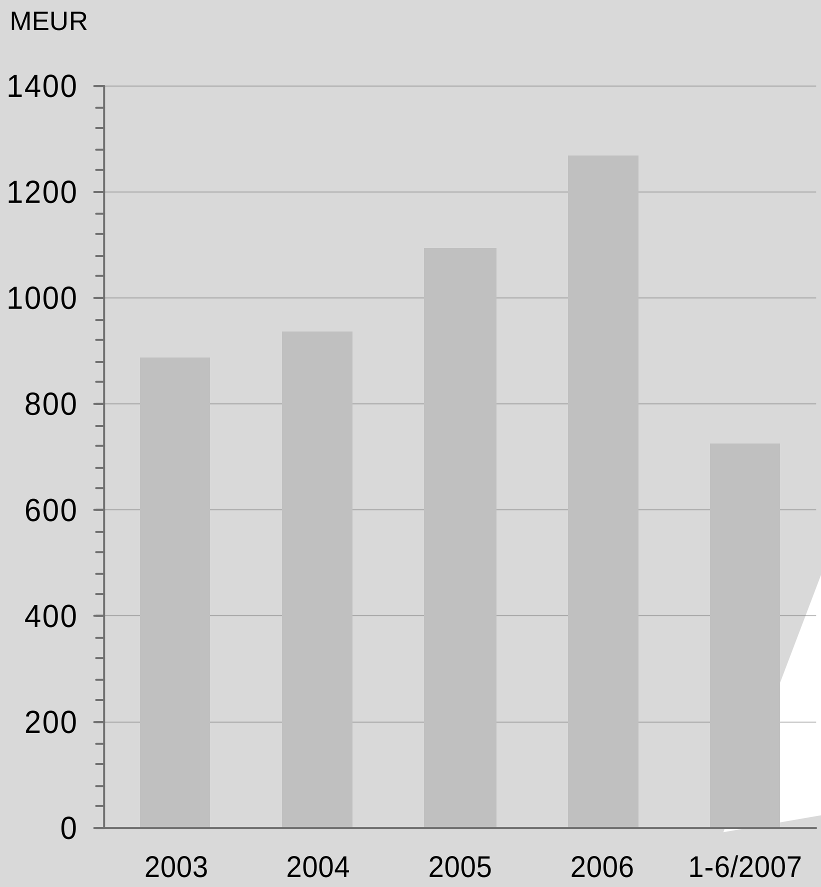
Net sales 1-6/2007 - Power Plants

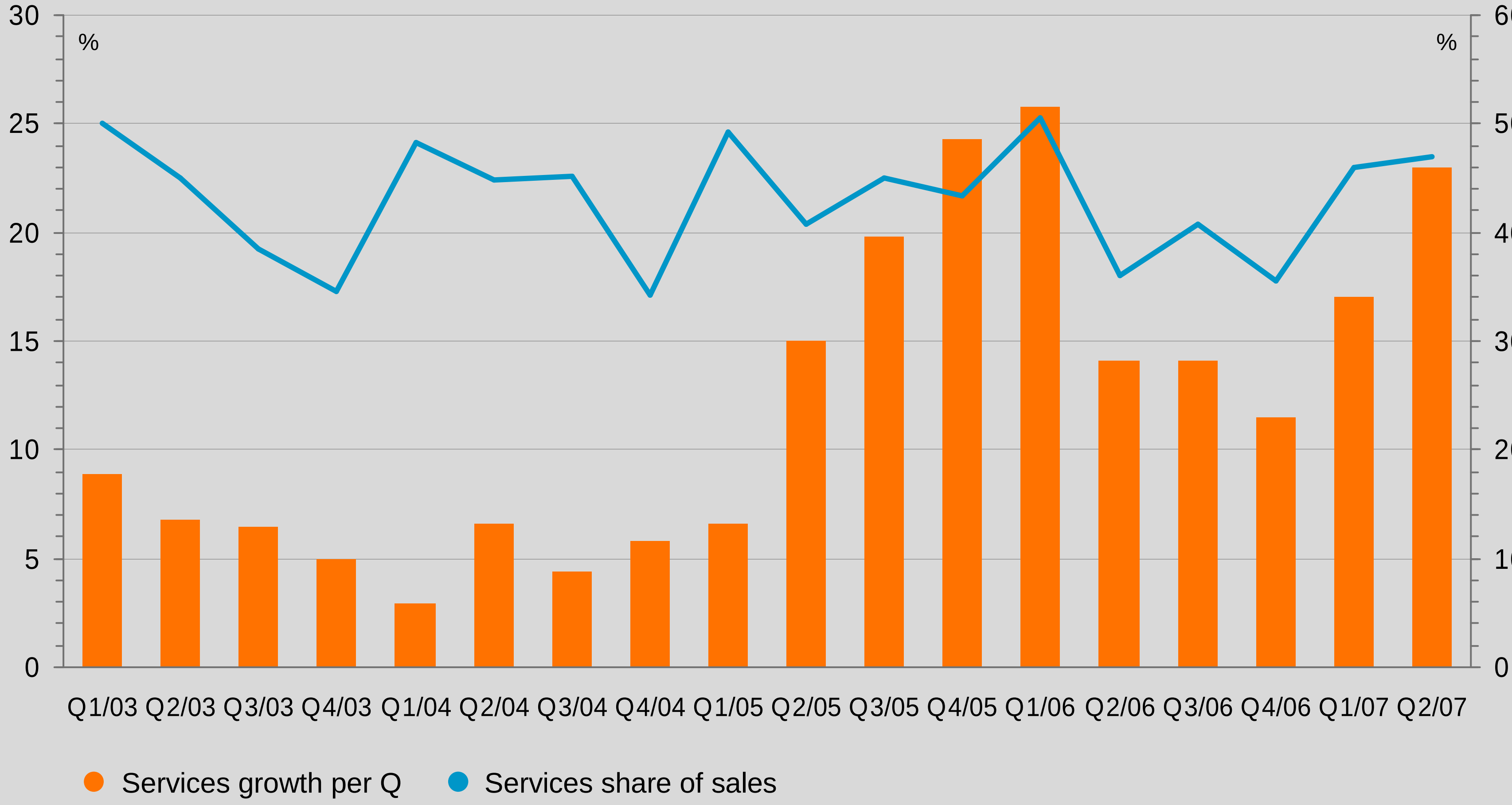


Net sales 1-6/2007 - Services

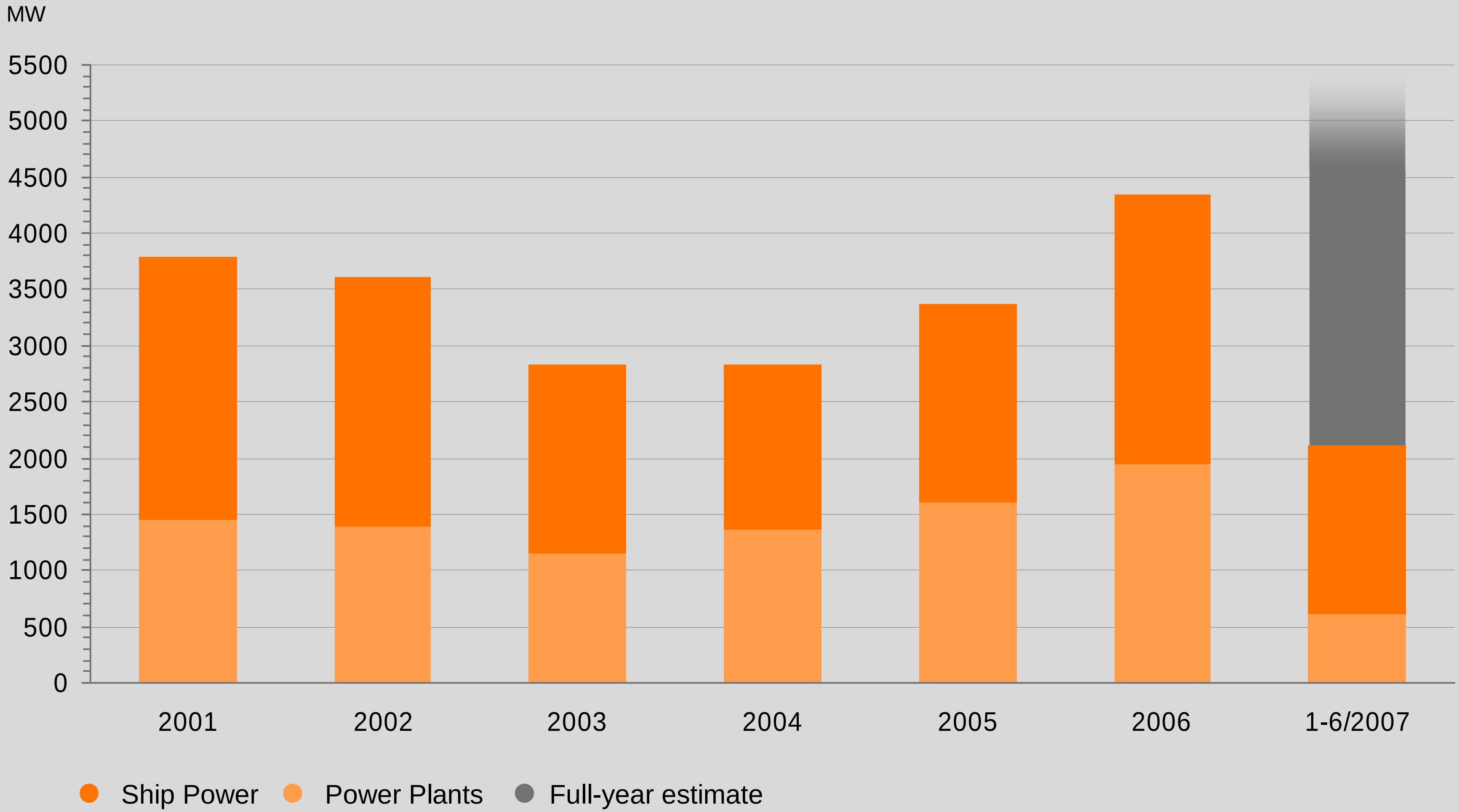


- Engine Services
- Operation & Management Services
- Automation Services
- Propulsion Services
- Ship Services
- Reconditioning Services
- Training Services

Wärtsilä Services - accelerating growth



Delivered engine megawatts from own factories



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Cash flow

MEUR	1-6/07	1-6/06	2006
Cash flow from operating activities	129	49	302
Cash flow from investing activities	-99	55	148
Cash flow from financing activities	-76	-82	-387
Liquid funds at the end of period	133	137	179

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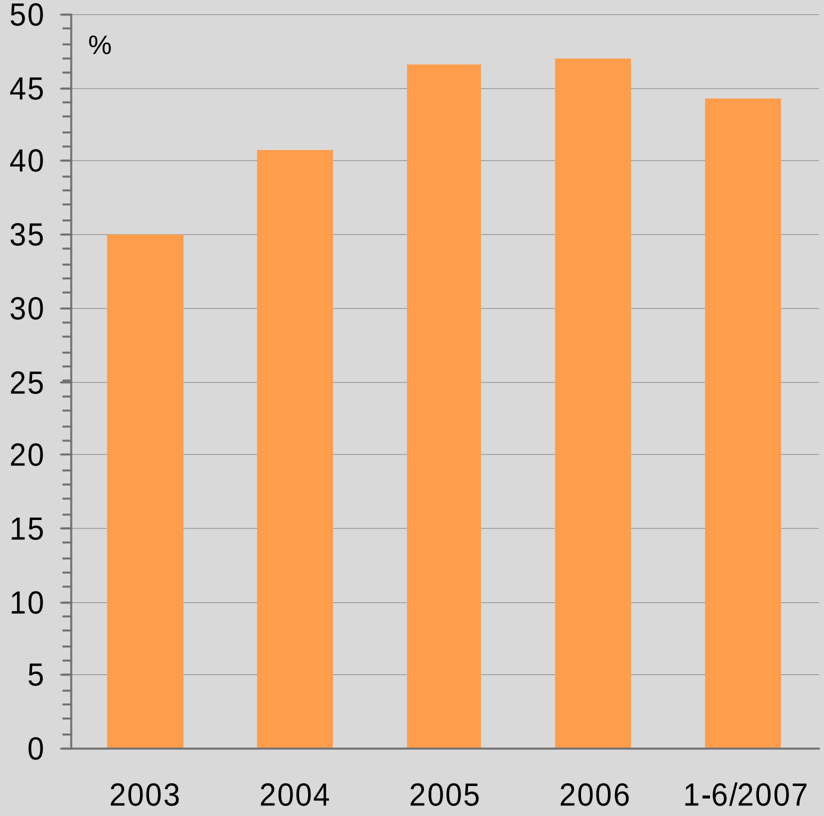
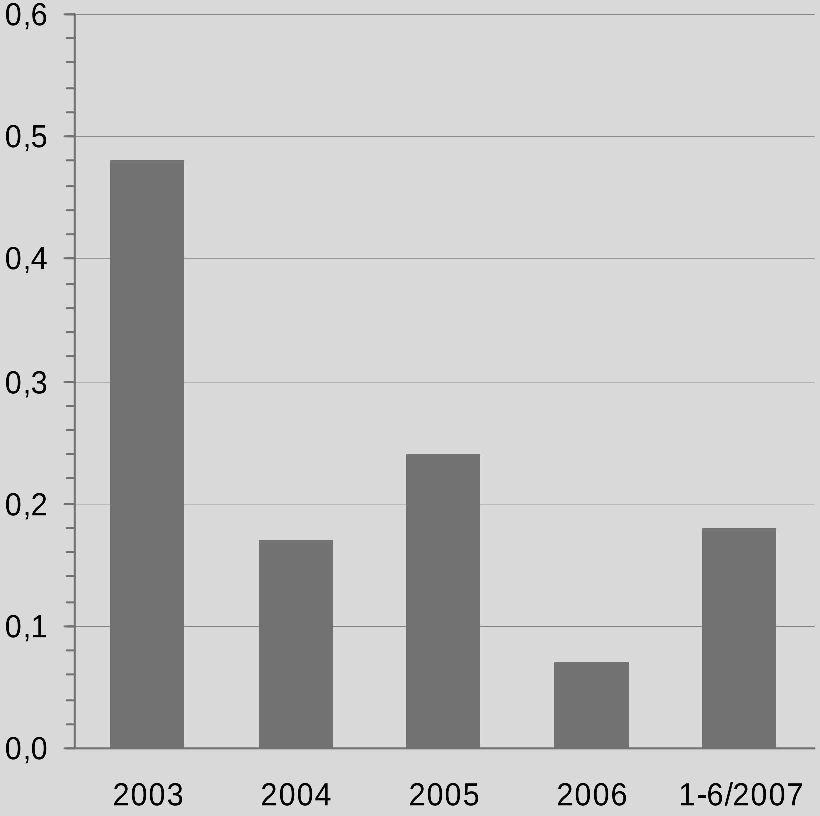
Financial position

Solvency



Gearing



NOTE: 2003 according to FAS, 2004- IFRS
Convertible subordinated debentures treated as equity

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Wärtsilä's prospects for 2007

- Demand in the ship power and energy markets looks likely to remain active for Wärtsilä for the next two quarters.
- Based on the strong order book, Wärtsilä's net sales are expected to grow this year by around 15%.
- Profitability will exceed 9%.
- Wärtsilä's profitability varies considerably between the quarters as will be the case also this year.
- Wärtsilä sees further possibilities for growth in 2008.

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