

Wärtsilä Corporation

Interim Report January-September 2005

Ole Johansson, President & CEO

28 October 2005

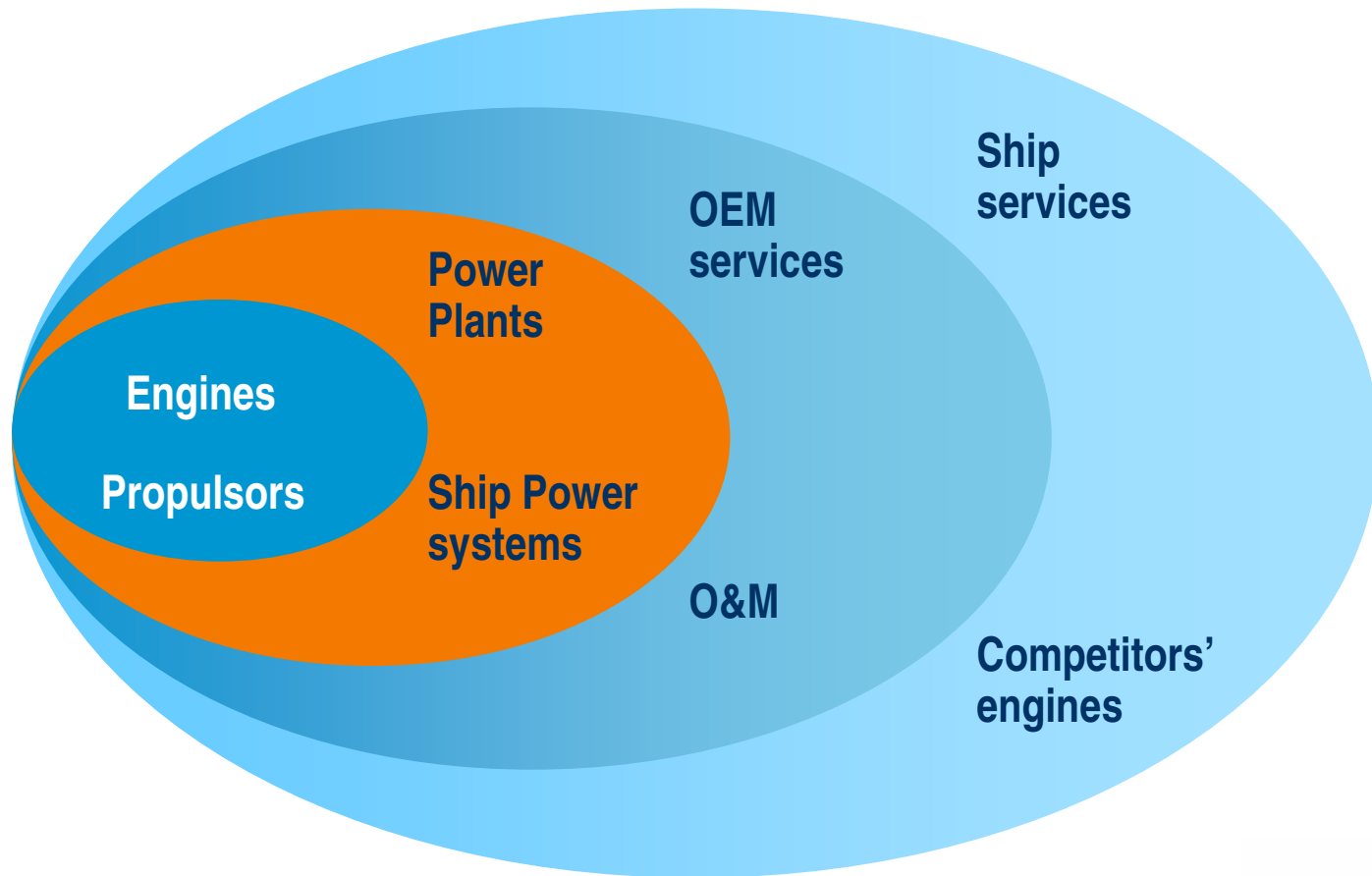
Mission

We provide lifecycle power solutions to enhance the business of our customers, whilst creating better technologies that benefit both the customer and the environment.

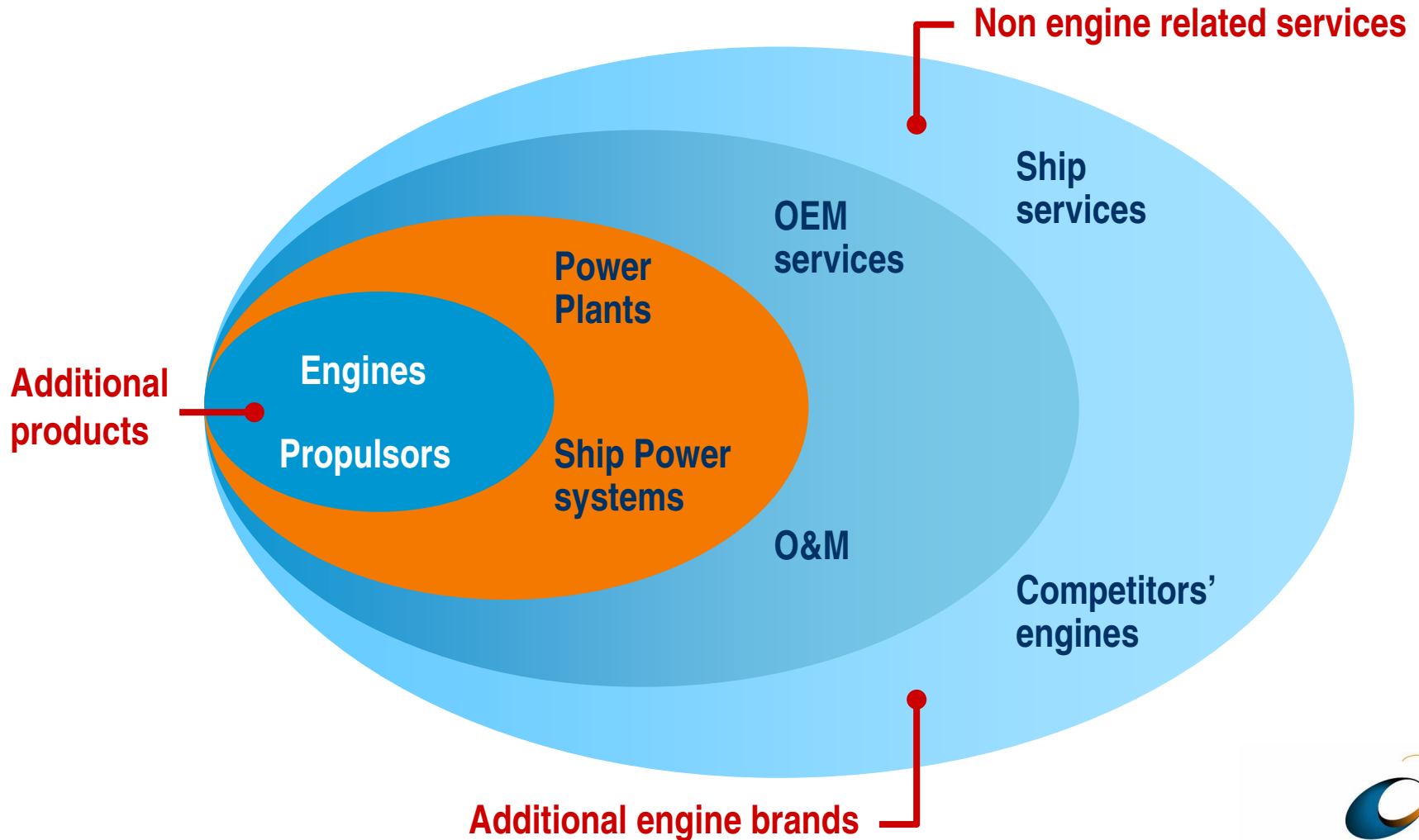
Vision

We will be the most valued business partner of all our customers.

We are in business to power your business



...and we are seeking growth beyond the organic growth



Highlights of the third quarter, Power Businesses



- Demand for Ship Power and Power Plant solutions was strong
- Accelerating growth in Service business
- Order intake grew 45.5% to EUR 870.8 million (598.4)
- Net sales grew 20.3% to EUR 607.8 million (505.1)
- Profitability (EBITA) 7.2%



<u>MEUR</u>	<u>Q3/2005¹</u>	<u>Q3/2004</u>
Net sales	607.8	559.0
Operating income	43.5	38.3
Profit before taxes	36.9	36.5
EPS, EUR	0.32	0.24

<u>MEUR</u>	<u>1-9/2005¹</u>	<u>1-9/2004</u>	<u>2004</u>
Net sales	1,865.3	1,662.0	2,478.2
Operating income	138.2	8.0	112.0
Profit before taxes	129.4	114.7	217.3
EPS, EUR	1.05	0.74	1.42

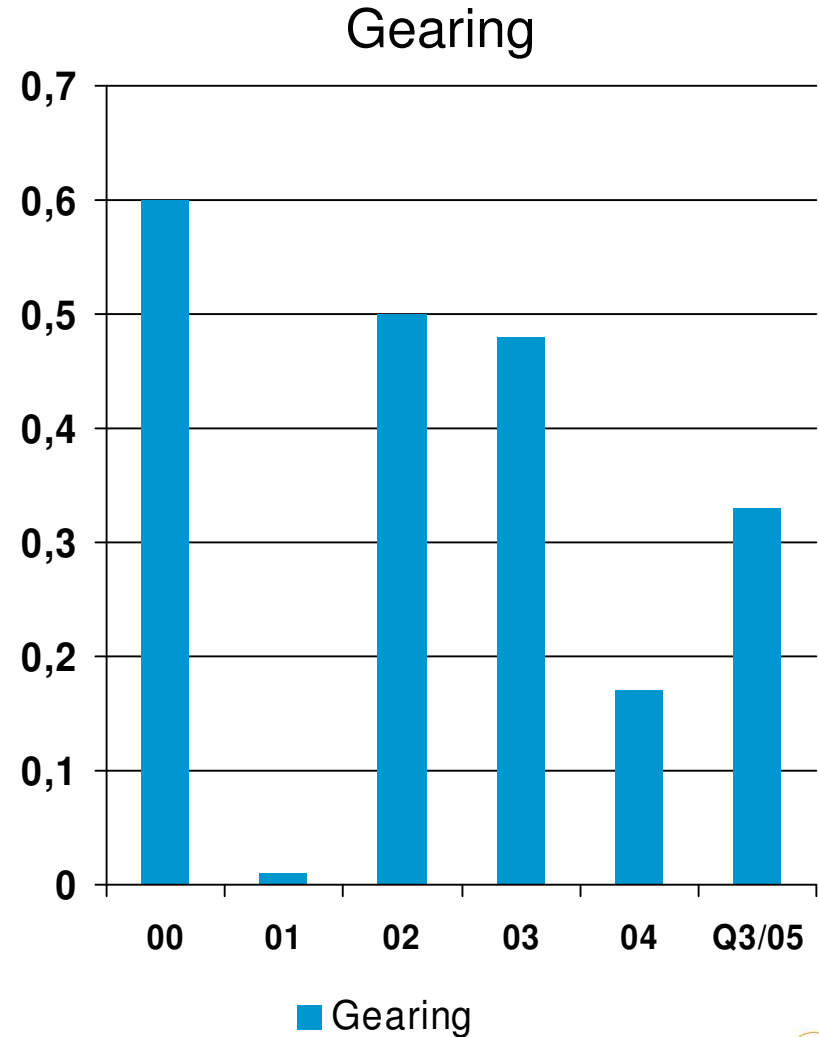
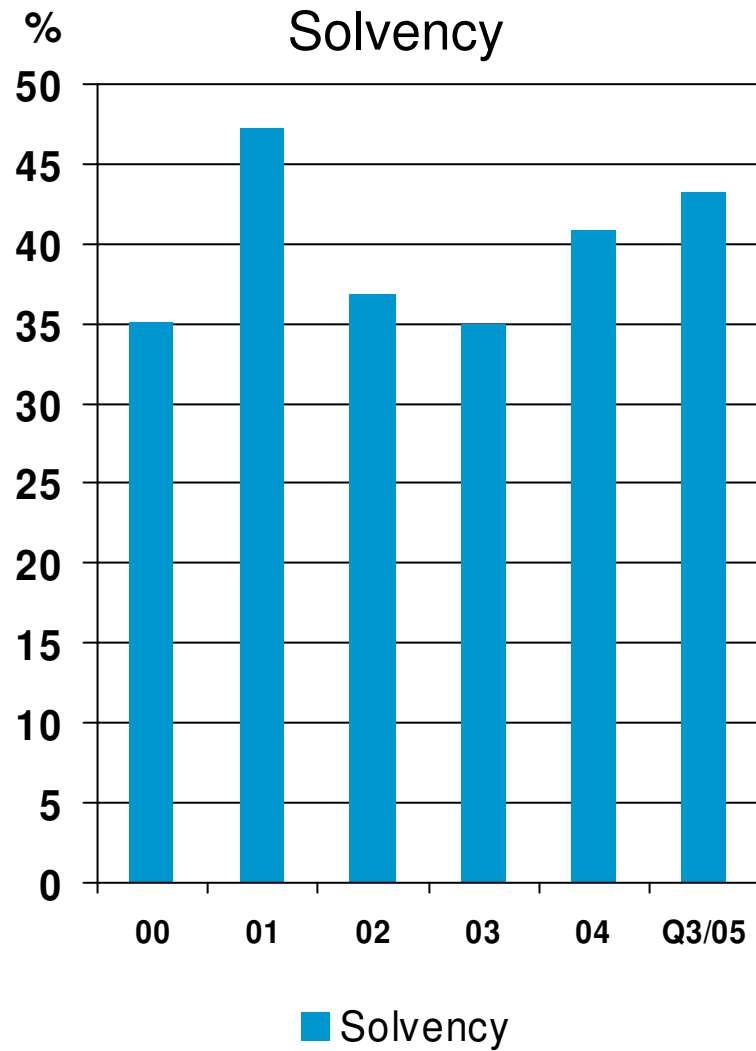
¹ Imatra Steel became part of Oy Ovako Steel Ab, a new steel company that began operating on 10 May 2005. The company has been accounted for as an associated company from 1 May 2005. In the interim report Imatra Steel is consolidated as a subsidiary for four months of the full reporting period.





<u>MEUR</u>	<u>1-9/2005</u>	<u>1-9/2004</u>	<u>2004</u>
Cash flow from operating activities	14.0	93.3	220.1
Cash flow from investing activities	-179.5	103.9	85.0
Cash flow from financing activities	125.1	-203.5	-284.9
Liquid funds at the end of period	133.2	145.5	169.6

Solvency and gearing



NOTE: 2000-2003 according to FAS, 2004- IFRS
Convertible subordinated debentures treated as equity

Power Businesses



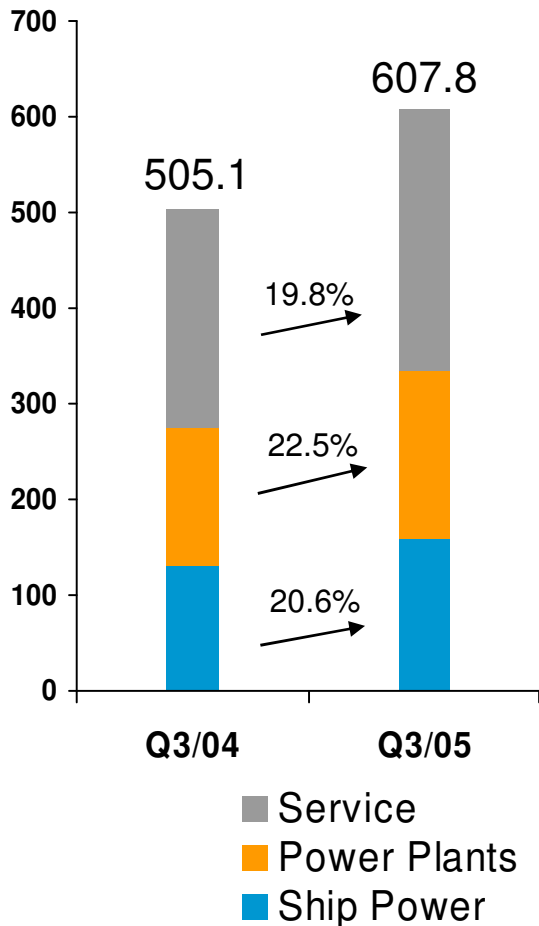
<u>MEUR</u>	<u>Q3/2005</u>	<u>Q3/2004</u>	<u>Change%</u>
Net sales	607.8	505.1	20.3%
Operating income	43.5	35.8	21.8%
% net sales	7.2%	7.1%	
Order intake	870.8	598.4	45.5%

<u>MEUR</u>	<u>1-9/2005</u>	<u>1-9/2004</u>	<u>Change%</u>	<u>2004</u>
Net sales	1,746.8	1,485.4	17.6%	2,224.7
Operating income	116.4	-3.2		87.7
% net sales	6.7%	-0.2%		3.9%
Order intake	2,390.6	2,075.4	15.2%	2,791.4
Order book end of period	2,544.7	1,870.3	36.1%	1,855.3

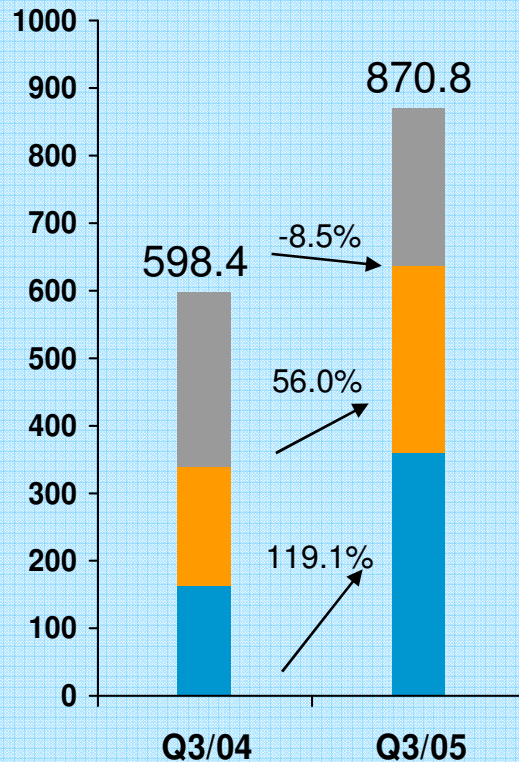
Power Businesses – Key figures

MEUR

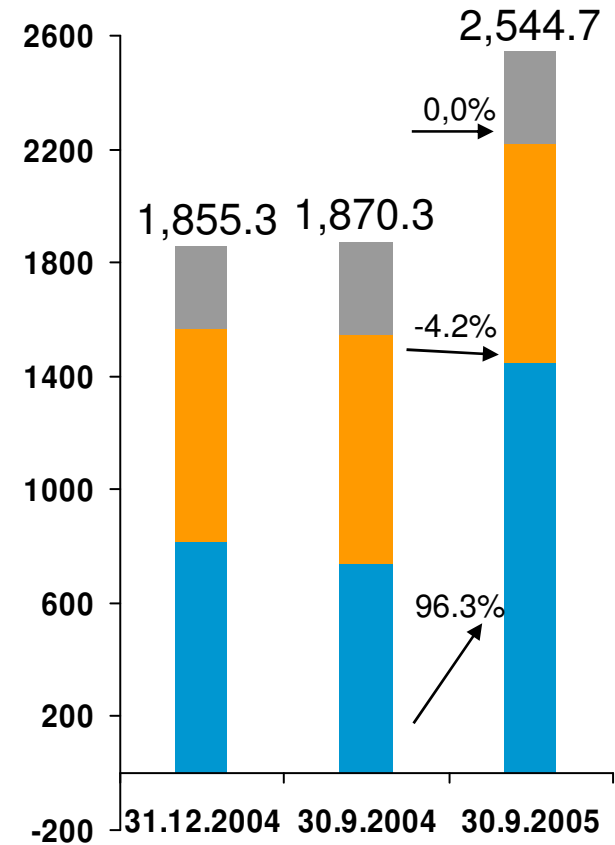
Net sales



Order intake

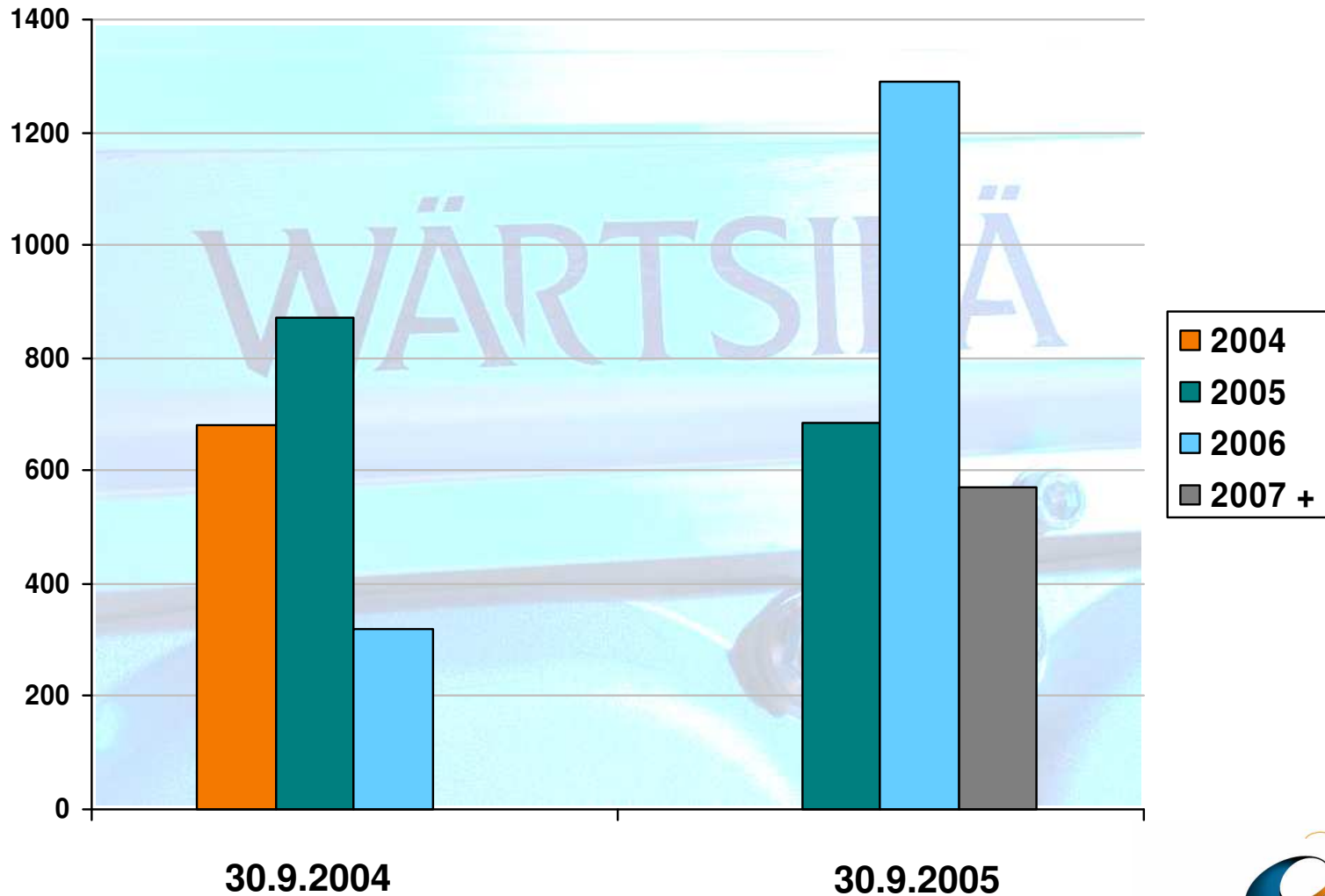


Order book



Power Businesses - Order book distribution

MEUR



Delivered engine megawatts from own factories

MW



Ship Power – strong order intake

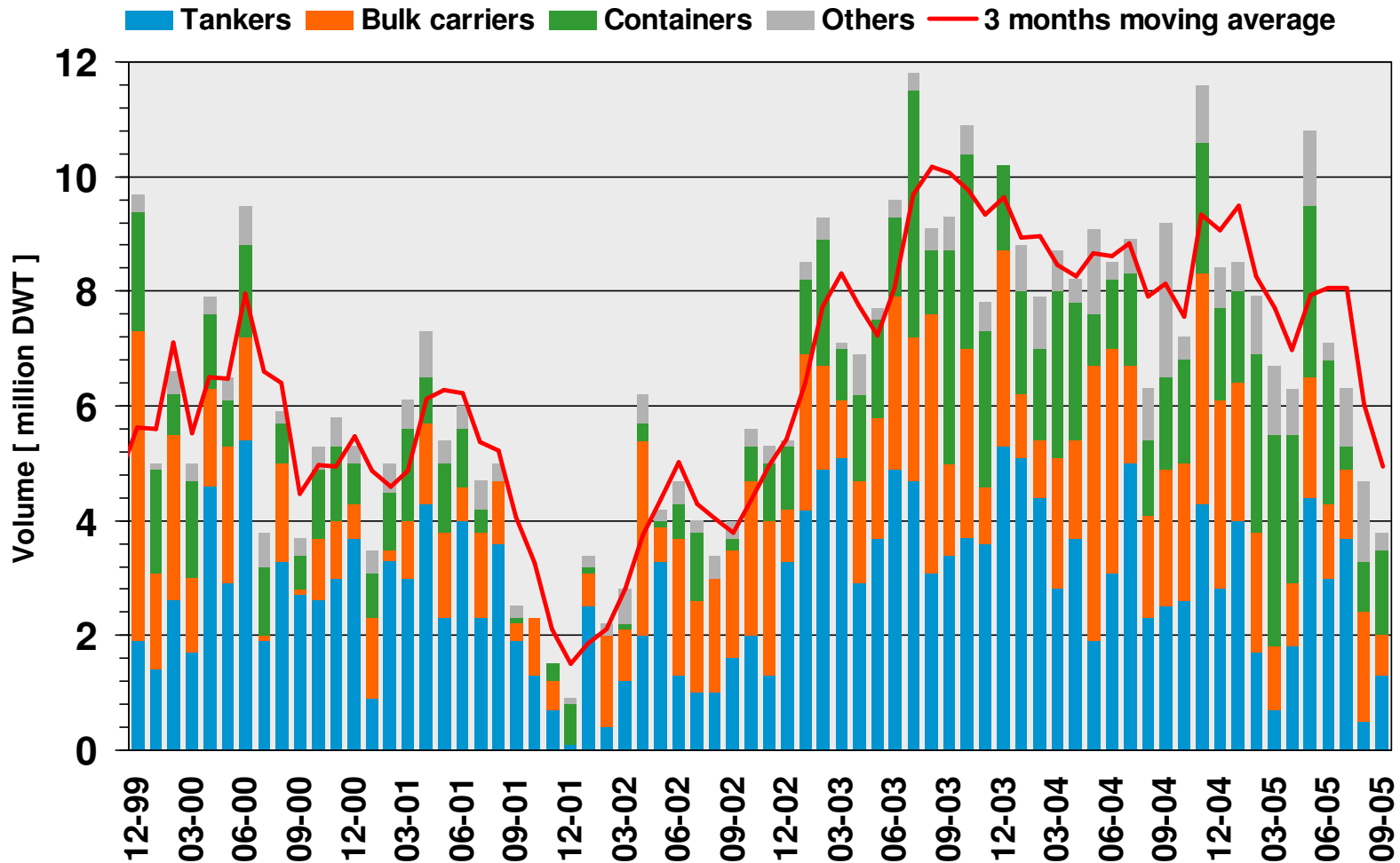
<u>MEUR</u>	<u>Q3/2005</u>	<u>Q3/2004</u>	<u>Change</u>	<u>2004</u>
Net sales	158.0	131.0	20.6%	631.2
Order intake	361.5	165.0	119.1%	836.7
Order book, end of period	1,444.5	736.0	96.3%	812.7



Power Businesses net sales Q3/2005
EUR 607.8 million.

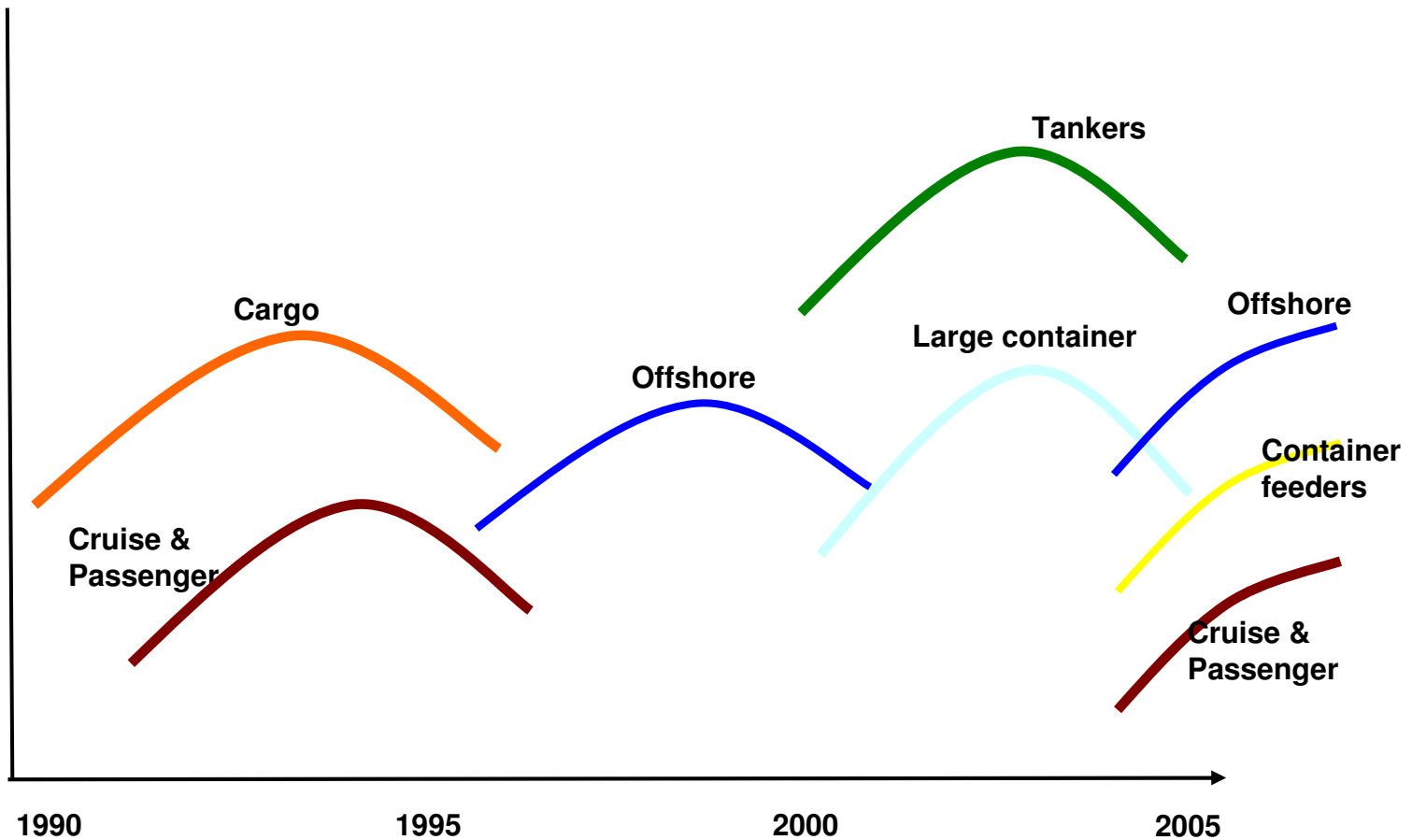
- Ship Power 26%

Vessel orders



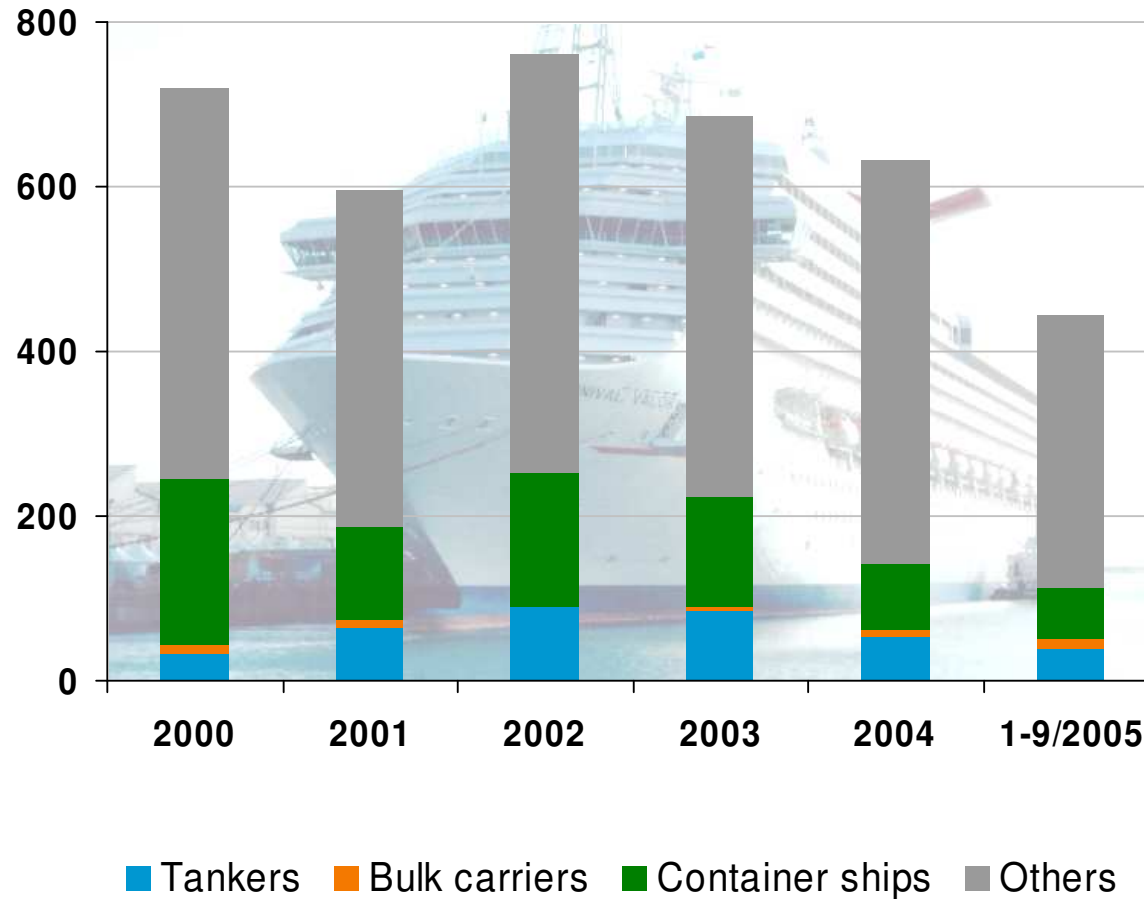
Source: Clarkson Research Studies
Note: Cargo vessels > 5,000 dwt

Vessel orders



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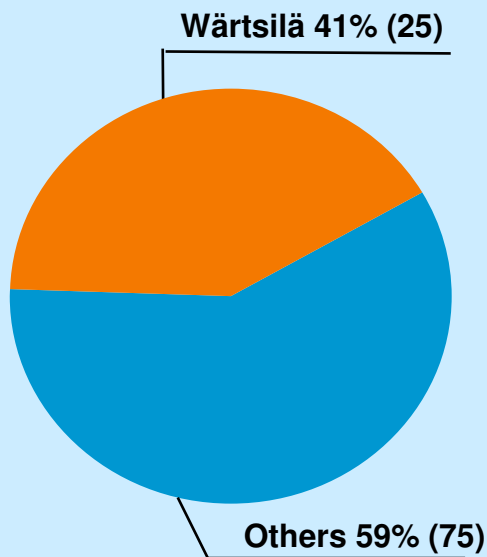
Net sales of Ship Power by vessel type



The market position of Wärtsilä's marine engines Q3/2005

Own production

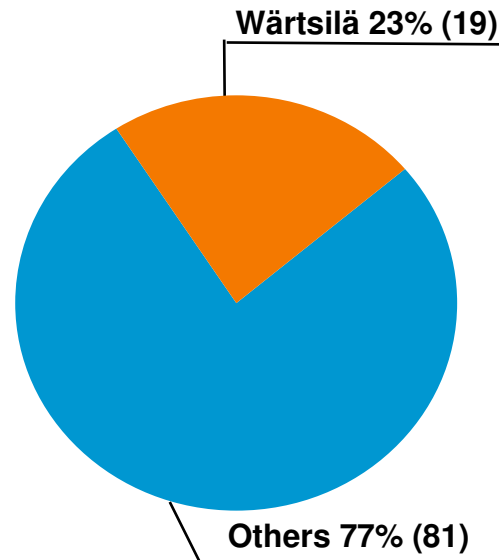
Medium speed main engines



Total market volume last 12 months:
5,393 MW (4,372)

Production of licensees

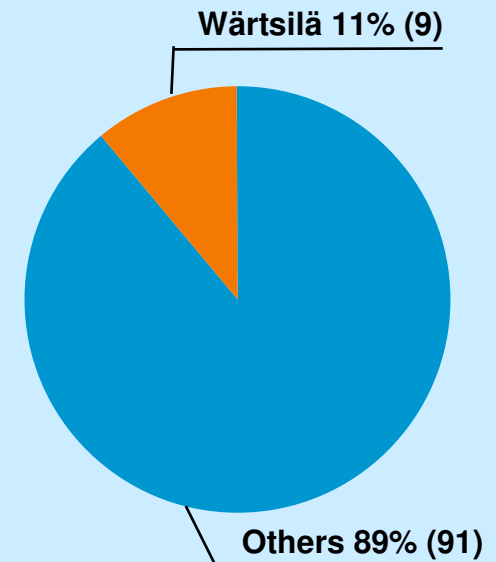
Low speed main engines



Total market volume last 12 months:
25,483 MW (29,255)

Own production

Medium speed auxiliary engines



Total market volume last 12 months:
3,500 MW (3,700)

Wärtsilä's own calculation is based on: Lloyd's Register – Fairplay, Clarkson's Research Studies and BRL Shipping Consultants.
Market shares based on installed power, numbers in brackets are from 12 months ago.

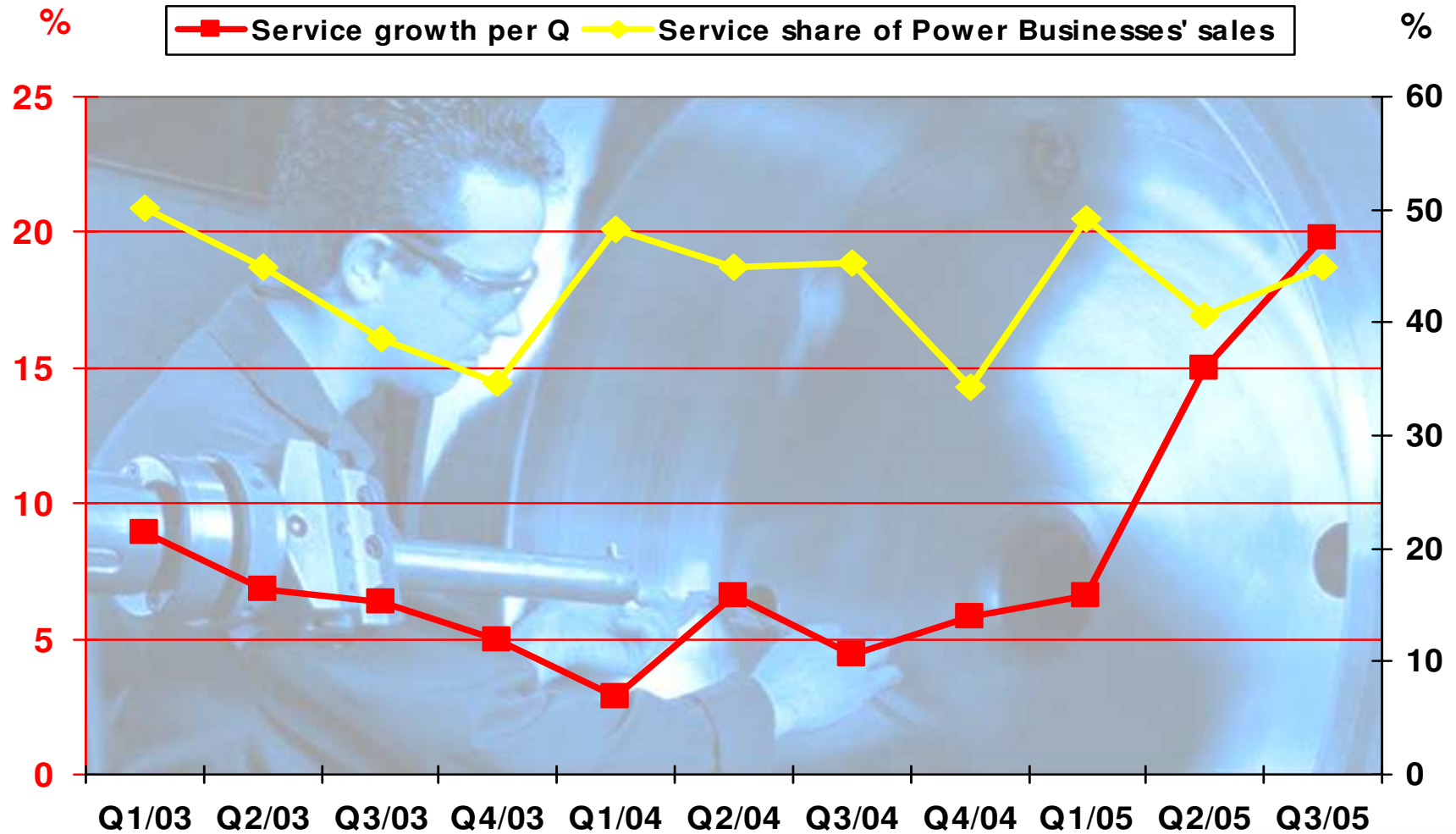
	Q3/2005	Q3/2004	Change%	2004
Net sales, MEUR	273.4	228.3	19.8%	936.8
Personnel, end of period	6.937	6.303	10.1%	6.378
Long-term service agreements, MW	9,540	9,611	-0.7%	9,609
O&M (operation and maintenance agreements), MW	2,659	2,596	2.4%	2,569



Power Businesses net sales Q3/2005
EUR 607.8 million.

- Service 45%

Accelerating Service growth



Power Plants - significant growth in gas power plant orders

MEUR	Q3/2005	Q3/2004	Change	2004
Net sales	176.4	144.0	22.5%	651.9
Order intake	274.0	175.6	56.0%	1,019.5
Order intake, MW				
heavy fuel oil	307	337	-9.0%	1,664
gas	291	157	84.9%	649
BioPower, MWth	21	31	-32.4%	110
Order book, end of period	774.6	808.7	-4.2%	752.4

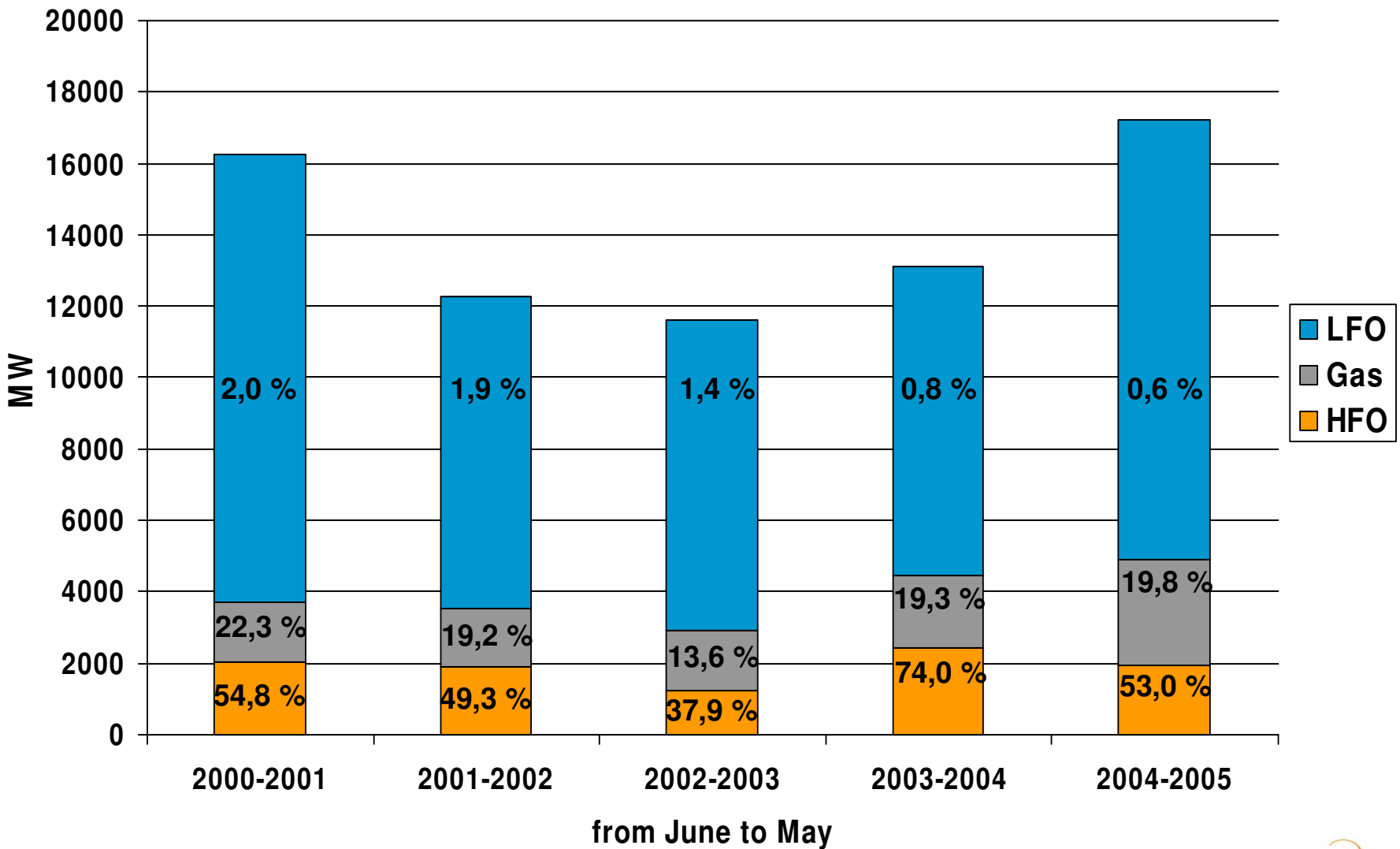


Power Businesses net sales Q3/2005
EUR 607.8 million.

- Power Plants 29%

Power Plant Market 1-60 MW Unit Size

Reciprocating Engines

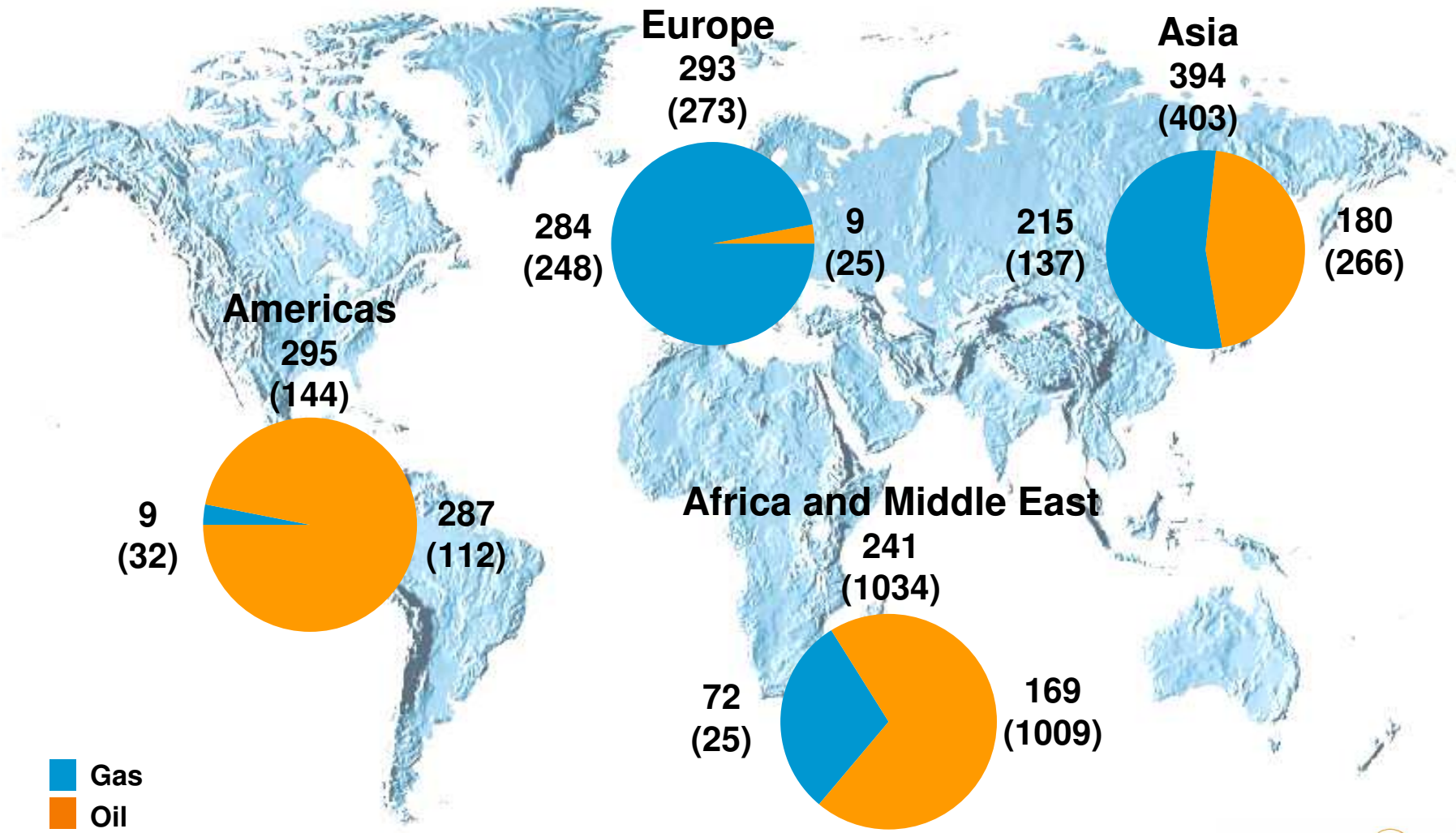


Inside the columns, Wärtsilä's share in percentage

Source: Diesel and Gas Turbine Magazine



Order intake 1-9/2005: 1,224 MW (1,854)



OVAKO

- The new company was accounted for as an associated company from 1st of May 2005.
- Wärtsilä's ownership in the company is 26.5%. Wärtsilä's share of the associated company's result was EUR 9.6 million (5-9/2005).
- The holding's balance sheet value EUR 103.9 million.
- Wärtsilä has granted a shareholders' loan of EUR 21.2 million to Ovako.

ASSA ABLOY

- Wärtsilä owns 4.7% of Assa Abloy shares.
- The holding's market value EUR 202.8 million (30th September 2005).

Prospects in 2005 and 2006



- The net sales of the Wärtsilä Power Businesses for the current year are estimated to grow approximately 15%.
- The full-year profitability (EBITA) of the Power Businesses is expected to be around 8%.
- Net sales in 2006 are estimated to increase by about 10% based on the current strong order book and lively market activity.
- Profitability (EBITA) in 2006 is estimated to improve slightly.

THANK YOU!



WÄRTSILÄ