Outlook 2008

+ • Orderbook for 2008 solid
  • Service growth continues
  • Power plants market active

- • Economic uncertainty continues
  • Ship orders down
  • Power Plants financing?

 +/- High level of activity and capacity constraints continue

Guidance for 2008 reiterated
Outlook 2009

Orderbook for 2009 approx. 3,800 MEUR
Service continues to grow by 10-15%
Supplier capacity in place
Raw material and component prices peaked

Financial constraints may trigger cancellations and/or postponements
Supplier strength requires monitoring
Slower economic activity may affect shipping and marine services

2009 net sales estimated to grow 10-20%
Balanced portfolio for continued growth
Shipbuilding Trends: Shipyards’ perspective

Orderbook and Contracting

- **X-axis:** Years (1996-2008)
- **Y-axis:** Million DWT

- **Contracts** (grey bars)
- **Size of Orderbook** (orange bars)

Source: Clarkson Research Services
Shipbuilding Trends: Shipyards' perspective

Deliveries

Source: Clarkson Research Services
Shipbuilding trends: Owners’ perspective

Orderbook and share of fleet, MGt

- Crude: Fleet 50%, Orderbook 41%
- Chemical/Products: Fleet 56%, Orderbook 47%
- Pure Chemical: 56%
- LPG: Fleet 27%, Orderbook 44%
- LNG: Fleet 23%
- Other tanker: 27%
- Bulker: Fleet 44%
- General cargo: Fleet 21%
- Other dry: 8%
- Container: Fleet 43%
- Vehicle: Fleet 18%
- RoRo: 10%
- Ferry: 28%
- Cruise: 28%

Source: SAI, The Institute of Shipping Analysis
Shipbuilding trends: Owners’ perspective

Average Newbuilding Prices $/DWT

Source: Clarkson Research Services
Ship Power’s Competitive Edge

A highly diversified customer base

Strong product portfolio

A true lifecycle service provider: from pre-design and sales to delivery, commissioning and after-sales services

Strong on total efficiency: energy, operational, environmental and safety efficiency
Wärtsilä Ship Power’s offering covers all key segments

- Merchant
- Offshore
- Cruise and Ferry
- Navy
- Special Vessels
Ship Power’s Competitive Edge

Segment specific
- Concepts
- Applications
- Project execution models
- System integration capabilities
- Engineering services
- Third party supplies

R&D
- Ship design
- Product engineering
- Strategic purchasing

Wärtsilä components

Merchant
Offshore
Cruise & Ferry
Navy
Special vessels

Engines  Propulsion  Seals & bearings  Automation  Power distribution  Power drives
Ship Design is key to early entry and full lifecycle presence

Wärtsilä’s envisaged lifecycle entry point

Wärtsilä’s historical lifecycle entry point
Owners demanding environmentally sound solutions

Environmental awareness and regulations call for:

- Solutions to reduce emissions (SO$_x$, NO$_x$, CO$_2$ and PM)
- Alternatives to HFO: gas, biofuels, fuel cells
- Flexibility in fuel usage: dual fuel
- Solutions to maximize efficiency of components
- Optimization of vessel design
Power Plants order intake by application

- Flexible baseload: 48%
- Grid stability & peaking: 32%
- Oil & gas: 61%
- Renewable: 3%
- Gas: 36%
- Oil: 2%

Industrial self-generation: 18%

Bar chart showing order intake from 2004 to 1-9/2008 in MEUR.
Power plant business outlook

Electricity demand and economic growth correlate almost 1:1

• Domestic consumption should continue to grow
• Industrial sector demand may decrease

+/- Population growth, rising living standards and substitution should keep electricity demand growing
Wärtsilä’s competitive advantages

- Flexibility of
  - Fuels
  - Plants sizing, modularity
  - Operation mode
  - Delivery scope incl. EPC
  - Operation & Maintenance support
- High product efficiency and reliability
- Global presence and experience from developing world
Value to customer’s business

We become the most valued business partner…

... by understanding Customers’ needs and assembling the appropriate solution to solve them.

Engine Services
- Deutz AG
  Germany, 2005

Automation Services
- Total Automation
  Singapore, 2006

Propulsion Services
- McCall Propeller
  United Kingdom, 2007

Boiler Services
- ICE
  Denmark, 2008

Operations & Management

Reconditioning Services

Training Services

Ship Services

Customers
We are continuously developing our Services network

70 countries • > 160 locations • > 10,000 people • > 7,000 field service forces

Manpower density per country

- 300-500+
- 100-300
- 0-100
We are continuously developing our Services network

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<tr>
<th>Number of Field Service personnel per country</th>
<th>AMERICAS</th>
<th>EUROPE &amp; AFRICA</th>
<th>ASIA &amp; MIDDLE EAST</th>
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70 countries • > 160 locations • > 10’000 people • > 7’000 field service forces
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."
Delivered engine megawatts from own factories

- Ship Power
- Power Plants
- Full-year estimate
Capacity utilization alternative - What if?

Engine, %

As-is

Could-Be

Propulsion, %

As-is

Could-Be

- Services
- Retrofit
- Power Plants
- Ship Power
- Lost
Interchangeability between Marine and Power plant engine

- Sales phase
- 1-2 mo
- 4-7 mo
- Cost %
- Time
- Bill of Material
- Ex Works Delivery
- Configuration frozen

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Competitive landscape is changing

- Performance requirements increase
- Complexity of installations increase
- Uncertainty about fuel price supports engine solutions
- Quality services in high demand

Competition adding engine and propeller capacity
- Hyundai
- MAN
- Rolls Royce
Services competition increasing
- Himsen / Goltens
- MAN investments