A STRATEGY THAT PAYS OFF

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Agenda

1. Strategic focus
2. Market environment
3. Competitive landscape
   - Competition
   - R&D
   - Hamworthy
4. Our future
5. Cases
Strategic focus

Ship Power’s strategic goal
To be recognised as the leading provider of innovative products and integrated solutions in the marine and offshore oil & gas industry.

LEADER IN

- **Efficiency**
- **Gas and dual-fuel solutions**
- **Environmental solutions**

THROUGH OFFERING

- Lifecycle solutions for ship owners and operators
- Integrated solutions for the shipbuilding industry, owners and operators
- The most competitive products and delivery process for the marine industry
The most complete marine offering on earth
MARKET ENVIRONMENT
Drivers support activity in shipping and offshore

Seaborne trade follows GDP

Oil price development support offshore

Source: Clarkson Research Services, IMF
Contracting Activity Development - Merchant

Source: Clarkson Research Services,
Contracting Activity Development - Specials

Source: Clarkson Research Services, only 'ship-shaped' offshore vessels reported
China and S.Korea continue to be dominant shipbuilding countries

The gap in market share of deliveries between Chinese and Korean yards is likely to reduce going forward. This is due to the relatively good forward order book cover at Korean yards as a result of the large proportion of contracts won for vessels with high CGT coefficients.

Source: Clarkson Research Services
ClarkSea index and newbuilding prices still on low levels

Key points

- Newbuilding prices are attractive
- Financing, some signs of easing can be seen across the industry

Source: Clarkson Research Services

*The ClarkSea Index is a weighted average of tanker, bulk carrier, containership and gas carrier earnings.

Newbuilding Price Index (Jan 1988 = 100)
Fundamental shift in the economics of shipping

The cost of fuel for ships
(Based on Aframax tanker, 1 year TC rate and Rotterdam bunker price)

Source: Clarkson Research Services

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COMPETITIVE LANDSCAPE
Why do our customers choose us?

The fundamentals has not changed just the order of importance

Wärtsilä does:

- Continuously responsive to customer needs, competent and reliable
- Integrated system supplier, total solution provider
- Provide high-quality life-cycle power solutions, maintenance and service suitable to customers
- Enhancing customers’ business through superior energy, operational and environmental efficiency

Customer needs:

- Customer understanding
  - Understands customers business and needs
  - Matching offering that suits the needs
- Trustworthy partner
  - Has good references
  - Reliable
  - Takes responsibility
- Customer management
  - Easy to work with
  - Competent personnel
  - Response time
- Efficient systems
  - High quality
  - Innovative
The competition has changed.
Our expertise in the gas value chain

Exploration & Drilling
- LNG fuel gas systems for OSVs
- On- & Offshore small scale liquefaction
- Antiflaring/VOC
- Oil separation
- Gas FPSO

Production & liquefaction
- Offshore small scale liquefaction
- Antiflaring/VOC
- Oil separation
- Gas FPSO

Transport & storage
- LNG fuel gas systems
- LPG, LEG & LNG cargo handling

Receiving terminals & regasification
- Jetty & Floating regasification
- Bunkering & barges
- Receiving terminals

Distribution & transport to the users
- Gas/LNG distribution/logistics
- Feed gas to Power plants

* LNG terminal & Regasification (FSRU/JRU)
* Distribution & transport
* Small-scale LNG plants
* LNG carrier
* LPG/LEG/LNG tanker
* LNG receiving terminal
* LNG fuelled vessels
* Oil tanker with VOC
* LNG bunkering & barges
* LNG carrier
* FPSO Flare recovery
* Oil separation
* Gas FPSO
* Jetty & Floating regasification
* Bunkering & barges
* Receiving terminals
* Gas/LNG distribution/logistics
* Feed gas to Power plants
R & D

2S dual-fuel engines

New 4S engine portfolio

Wärtsilä 3C

Medium voltage power drive

LNGPac™ ISO

System integration at its best Evergas

New generation X engines

WST – 45U

BWMS aquarius

EGC

Gas reformer

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Dual-fuel applications – references

- **Merchant**
  - **LNGC**
    - 130 vessels
    - 520 engines
  - **Multigas Carrier**
    - 5 vessels
    - 20 engines

- **Navy**
  - **Conversion**
    - 1 Chem. Tanker
    - 2 engines
  - **Coastal Patrol**
    - DF-propulsion
    - DF main and auxiliary engines

- **Offshore**
  - **OSV’s**
    - 21 vessels
    - 70 engines
  - **Production**
    - 1 platform
    - 8 FPSO’s etc.
    - 1 FSO
    - 33 engines

- **Others**
  - **TUG**
    - 2 vessel
    - 2 engines each
    - Mechanical drive
  - **Guide Ship**
    - 1 vessel /engine
    - IWW
      - 2 vessel
      - 3 engines

- **Cruise & Ferry**
  - **LNG Cruise ferry**
    - 1 vessels
    - 4 engines
    - Complete gas train
  - **LNG ferries**
    - 4 ferries
    - 16 engines
    - **Conversion**
      - 1 ferry
      - 2 engines

- **Power Plants**
  - **DF Power Plant**
    - 64 installations
    - 331 engines
    - Output 4040 MW
    - Online since 1997

>1,000 engines → >7,000,000 running hours
Hamworthy has proven to be a high quality acquisition

Hamworthy has transformed us into a market leading **environmental player** with proprietary technologies for water treatment, exhaust gas cleaning and ballast water management.

We are now a **gas competence house** – not only gas engines and fuel gas, but very much also operation critical gas processing and handling solutions for gas transportation, offshore and oil & gas.

Hamworthy’s **financial performance** has met our expectations; supported by the activity in the gas and offshore markets, and the upcoming market for EGC and BWMS, our target of "doubling the sales within the next five years" seems well achievable.
Our future

Gas fueled installations / vessels
We will maintain our clear leadership in powering and equipping gas fuelled installations/vessels as market grows across vessel types, regions, and applications.

Energy efficiency and Environmental performance
We leverage on an expanding portfolio of innovative products and system integration capabilities.
The most complete marine offering on earth
LNG FUELLED PSV OFFERING OPERATIONAL SAVINGS AND ENVIRONMENTAL BENEFITS

Shipowner: Harvey Gulf International Marine
Shipyard: TY offshore
Design: STX Marine inc.
Delivery: 2014

Scope of supply
- Dual-fuel machinery
- Electrical and automation package
- Complete propulsion system
- Power management system
- Complete LLC power distribution system
- LNG fuel storage and handling components
CUSTOMIZED DESIGN AND FULLY INTEGRATED EQUIPMENT SOLUTION

Shipowner: Armada Offshore Mpsv Limited
Shipyard: Fujian Mawei Shipbuilding Ltd
Design: Wärtsilä Ship Design
Delivery: 2015

Scope of supply
- Initial, basic and detail design
- Engines
- Electrical and automation package
- Complete propulsion system
- Complete LLC power distribution system
STQ – environmentally advanced ferries

**Shipowner:** Société des traversiers du Québec
**Shipyard:** Chantier Davie Canada
**Delivery:** 2015

**Scope of supply**
- Dual-fuel machinery
- Electrical and automation package including 3C
- Complete propulsion system
- LNG fuel storage and handling components
- Site management and commissioning
Siem Symphony

LNG PSV OPTIMIZED TO ENHANCE EFFICIENCY AND OPERATIONAL SAFETY

Shipowner: Siem Offshore
Shipyard: Hellesøy Verft
Design: Wärtsilä Ship Design
Delivery: 2014

Scope of supply

- Initial, basic and detail design
- Dual-fuel machinery
- Electrical and automation package
- Complete propulsion system
- Power management system
- Complete LLC power distribution system
- LNG fuel storage and handling components
First order
- June 2013 for SuperSpeed II
- Delivery in Q2/2014

Second order
- September 2013 for SuperSpeed I, Color Magic and Color Fantasy
- Delivery in Q4/2014

Scope of supply
- 4 x open loop scrubber for each ship

Retrofit services
- Basic design
- Detail design
- Plan approval coordination with Class and Flag
- Supervision during installation