This is Wärtsilä

SHIP POWER

POWER PLANTS

SERVICES
Our mission, vision, and values

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

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

Values
• Energy – Capture opportunities and make things happen
• Excellence – Do things better than anyone else in our industry
• Excitement – Foster openness, respect and trust to create excitement
Our offering

… we are seeking growth beyond the organic growth
Wärtsilä enhances the business of its customers by providing integrated systems, solutions, and products that are efficient, economically sound, and environmentally sustainable.

Being a truly global organisation with an extensive network, we have the ability to create and supply solutions and large systems, supported by a broad product portfolio.
Our growth strategy

Seek further growth through offering lifecycle solutions for ship owners and operators

Be the leading system integrator in the ship building industry with further enhancement in our offering and capabilities

Complement the system integration success with the best product sales and delivery process in the marine industry

Strategic Goal
Be recognised as the leading solution provider in the marine industry
Market drivers

- Global demand for new vessels, in particular regarding ships built for seaborne cargo transportation, offshore oil exploration and support, cruise and ferry services, and for naval contracting.
- Development of the global economy and its impact on trade and needed transport capacity.
- Fuel price and availability, influenced by global economy, have both a direct and an indirect impact on the shipping and offshore industries.
- Environmental considerations have become another significant factor impacting market behaviour.
- Other drivers:
  - shipyard capacity
  - new build prices
  - decommissioning and scrapping
  - interest and freight rates
We bring to the marine market:

Operational Excellence
→ World-class engineering and project management capabilities support a unique portfolio of solutions
→ One-stop shopping and support services
→ Global presence and the most efficient and reliable design, construction and operation of installations in the marine industry

Environmental Efficiency
→ Highly efficient products developed through technology leadership
→ Design and system integration capabilities (holistic approach) facilitate the identification of optimal solutions
→ Lifecycle approach ensures maximized efficiency throughout all operational profiles and for the entire fleet

Fuel Flexibility
→ Multi-fuel solutions enable the use of, and interchange between, various types of fuel without compromising performance
→ Upgrading / retrofitting possibilities ensure that the owner has full control over fuel choice, with the ability to adapt to new operating environments
Solution provider with an extensive product portfolio

Merchant
Offshore
Cruise & Ferry
Navy
Special vessels

Lifestyle services
Total concepts through:
• R&D
• Ship Design
• Product Engineering
• Strategic Purchasing

System deliveries through:
• System Integration Capabilities
• Project Execution Models
• Engineering Services
• Third Party Supplies

Automation
Power drives
Power distribution
Communication and control
Environmental technologies

Propulsion
Seals & bearings
Engines
Service agreements
Ship Design

Engineerings

Wärtsilä

SHIP POWER
We provide superior value to our customers with our flexible, efficient and environmentally advanced energy solutions, which enable a transition to a more sustainable and modern energy infrastructure.
We are a major supplier of flexible base load power plants operating on various liquid and gaseous fuels.
We provide unique, dynamic solutions for grid stability, reserve, peaking, load following and intermittent power generation.
Our multi-fuel solutions for the Oil & Gas Industry are used for reliable power generation, pumping and compression.

All applications are supported by tailored lifetime operation and maintenance services.
Our target markets and solutions

- Flexible base-load power generation
- Grid stability and peaking
- Industrial self-generation
- Solutions for the oil and gas industry
- Oil, dual-fuel and gas fired power plants
- Liquid biofuel power plants
- Flexible grid stability power plants
- Combined heat & power plants (CHP)
- Pumping and compression applications
Customer support

Development and Financial Services
• Project development
• Financing support
• Carbon finance expertise

World class Project Management
• Global EPC (Engineering, Procurement, Construction) delivery
• Main enablers
  – Modular pre-fabricated power plant product, minimised site work
  – 25-year experience of construction in 90 countries
• Scope of supply flexibility
• Short delivery time

Global service support
• Local service outlets in more than 70 countries
• Long-term operation and/or maintenance agreements
• 24h technical support
• Field service and spare parts

Flexibility both in products and services
Market trends and drivers

- Growth of electricity demand
  - Electrification
  - GDP growth
  - Increasing standard of living
- Search for sustainability
  - Climate change (CO₂)
- Rapid growth of renewable generation
  - Politically created markets & subsidies
- Increasing need for flexibility
  - Increasing daily, weekly and seasonal demand fluctuation
  - Rapid introduction of intermittent renewable energy (wind & solar)
- Changing roles of fuels
  - New coal power plants difficult to permit
  - Emerging nuclear renaissance
  - Gas becoming intermittent and balancing fuel
Competitive generation cost and high dispatch
- Highest simple cycle electrical efficiency (>46%)
- High efficiency even in hot ambient conditions
- Flexicycle™ (Combined cycle combustion engine plant)
- High part load efficiency
- High plant efficiency over a wide load range due to multiple generating sets

Energy Efficiency
- Multi-tasking plant prepared for future markets
  - Unlimited, super fast, reliable starting and stopping with no impact on maintenance schedule
  - Fast reserve, load following, peaking and base load
  - All ancillary services
  - Grid support, wind enabling

Fuel Flexibility
- Continuous choice of the most feasible fuel
- Solutions for • liquid and gaseous fuels • renewables
- Hedge for the future • multi-fuel plants • fuel conversions

Operational Excellence
Preventing the unexpected and optimising our customers operations is our shared passion. We serve you whenever, wherever.
We provide the broadest portfolio and best services in the industry for both ship power and power plants. We offer expertise, proximity and responsiveness for all customers regardless of their equipment make in the most environmentally sound way.
Our strategic goal

To be recognised by customers as their services partner: competitive, trusted and easy to deal with.

- Wärtsilä Services strategy is to strengthen its leading position in the marine and power plant markets and to broaden its offering in order to better support its customers.
- While focus on growth will continue, greater emphasis will be placed on developing and consolidating the current portfolio and acquired companies to further enhance the value to the customer.
Market drivers

• Companies focus on efficiency and impact of their operational expenses
• Accelerating technological development
• Increasing appeal of modernisation and efficiency improvement projects
• Increasingly strict environmental regulations means a strong focus on sustainable solutions
• Increasing complexity and resulting demand for consultative services

Wärtsilä's installed engine base in the Ship Power and Power Plants markets totals close to 180,000 MW and consists of thousands of installations distributed throughout the world. Both end markets consist of several customer segments for Services, and Wärtsilä's portfolio is the broadest in the market. These factors limit the impacts of fluctuations in any individual market or customer segment.
Preventing the unexpected
Guaranteed performance and risk management are identified as key needs of our customers. Preventing the unexpected is vital to ensure cost efficiency and smooth operations.

Environmental efficiency
Environmental legislation and the need for energy efficiency are main drivers for our customers to optimise their environmental performance.

Performance optimisation
Our customers are currently looking for longer-term efficiency increasing strategies to improve business efficiency and reduce operational expenses.
Wärtsilä Services becomes the most valued business partner by understanding customers’ problems and assembling the appropriate solution to solve them.
We are the only player in the market able to offer our clients 24/7 support, globally, in the fields of logistics, technical support and field service from a single source.
We provide market leading products
- We offer innovative technologies that benefit both the customer and the environment
- Our manufacturing operations are flexible, agile and close to the customer
- We prioritise quality, delivery and cost – in that order
- Through our people we strive to build a strong performance culture, which is the basis for our success
Our strategy

Our top priorities are to secure competitive product quality, delivery accuracy and total cost of ownership for our customers. We emphasise product development and product delivery processes in close co-operation with the customers.

Our strengths

• Innovation
• Competitive product portfolio
• Manufacturing and engineering close to the customer
• Continuous improvement of the product development and product delivery processes
Flexible manufacturing close to customers

Our competitive product portfolio consists of products related to medium-speed engines, low-speed engines, propulsion equipment, electrical & automation equipment, as well as emission abatement & energy efficiency products.

Our products are reliable, lifecycle cost efficient, functional, environmentally compatible, leading in technology and can be integrated into solutions or delivered as stand-alone equipment.

Our manufacturing focuses mainly on assembling, test running and finishing of products. Flexibility in capacity is guaranteed through an outsourced business model using a broad network of suppliers.

We will continue to expand our presence in our key markets, especially in the BRIC countries.
• Wärtsilä develops, designs and manufactures competitive products and solutions for the marine and energy markets.

• In our Research & Development activities the objective is to achieve a leading position in engine and propulsion technology, specifically in the areas of environmental technology, reliability, lifecycle costs and automation.

• The product portfolio derives from our own engineering as well as from co-operation with the strategic partners.
Wärtsilä R&D footprint

- Trieste, Italy: W26, W38, W46, W46F, W50DF, W64
- Bermeo, Spain: W34SG, W50DF
- Vaasa, Finland: W20; W32/32DF/34SG, Ecotech
- Winterthur, Switzerland: 2-stroke: RT-flex, RTA
- Stord, Norway: Electrical & Automation systems
- Rubbestadneset, Norway: CPP, Gears
- Havant, UK; Slough, UK: Face Seals, Synthetic Bearings
- Turku, Finland: Ecotech
- Espoo, Finland: Ecotech
- Drunen, The Netherlands: CPP, FPP, Thrusters
- Toyama, Japan: Rubber Seals & Bearings

WIO R&D ~740 employees
R&D spending 2010: EUR 141 million
Continuous strong focus on R&D and life cycle solutions will further strengthen Wärtsilä’s position as technology leader
Sustainability has a key role in our strategy

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<thead>
<tr>
<th>Values</th>
<th>Energy</th>
<th>Excellence</th>
<th>Excitement</th>
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<tbody>
<tr>
<td>Economic responsibility</td>
<td>Profitable, competitive and efficient business operations</td>
<td>Creation of financial added value to direct stakeholders</td>
<td>Greater well-being in local communities</td>
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<td>Environmental responsibility</td>
<td>Sustainable use of natural resources</td>
<td>Prevention of pollution</td>
<td>Environmentally sound products and services</td>
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<td>Social responsibility</td>
<td>Responsible corporate citizenship</td>
<td>Well-being at work and personnel development</td>
<td>Safe working environment</td>
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Wärtsilä’s vision, mission, strategy and goals

Wärtsilä’s sustainable development programme

Continuous improvement and reporting

Wärtsilä’s stakeholders

Principles
- Operating principles
- Corporate policies
- Corporate manual
## Financial highlights

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<tbody>
<tr>
<td>Order intake</td>
<td>4 005</td>
<td>3 291</td>
<td>5 573</td>
<td>5 633</td>
</tr>
<tr>
<td>Order book at the end of the period</td>
<td>3 795</td>
<td>4 491</td>
<td>6 883</td>
<td>6 308</td>
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<tr>
<td>Net sales</td>
<td>4 553</td>
<td>5 260</td>
<td>4 612</td>
<td>3 763</td>
</tr>
<tr>
<td>Operating result¹</td>
<td>487</td>
<td>638</td>
<td>525</td>
<td>380</td>
</tr>
<tr>
<td>% of net sales¹</td>
<td>10.7</td>
<td>12.1</td>
<td>11.4</td>
<td>10.1</td>
</tr>
<tr>
<td>Profit before taxes</td>
<td>548</td>
<td>558</td>
<td>516</td>
<td>372</td>
</tr>
<tr>
<td>Earnings/share, EUR¹</td>
<td>3.35</td>
<td>4.30</td>
<td>3.88</td>
<td>2.74</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>663</td>
<td>349</td>
<td>278</td>
<td>431</td>
</tr>
<tr>
<td>Gross capital expenditure</td>
<td>98</td>
<td>152</td>
<td>366</td>
<td>231</td>
</tr>
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¹ 2009 and 2010 figures exclude nonrecurring restructuring items and selling profits.
Net sales by market area
Strong presence in Asia
Solid profitability

*) Operating result before nonrecurring restructuring items
Personnel development

- Services
- Ship Power
- Power Plants
- Industrial Operations
- Administration
Wärtsilä expects its net sales for 2011 to grow 3-5% and operational profitability (EBIT% before nonrecurring items) to be around 11%.