Wärtsilä Ship Power’s offering covers all key segments

- Merchant
- Offshore
- Cruise and Ferry
- Navy
- Special Vessels
Ship Power order book 30 September 2011
All vessel segments represented

- Merchant: 41%
- Containers: 5%
- Tankers: 10%
- Cargo: 10%
- Ship Design: 2%
- LNG: 5%
- RoRo: 2%
- Offshore: 33%
- Special vessels: 8%
- Cruise & Ferry: 7%
- Navy: 8%

Total EUR 1,740 million (2,038)
The fate of shipping and shipbuilding is tied to global economy

![Graph showing the relationship between sea trade and world GDP from 1966 to 2014 with projected data for 2011-2014. The graph includes a bar chart and a line graph with percentage year-over-year change on the y-axis and years from 1966 to 2014 on the x-axis. The sources are IMF and Clarkson Research Services.](Image)

Source: IMF, Clarkson Research Services
Contracting activity development

- Contracting activity has slowed down during 2011
- However the amount of capital invested in new-buildings remains at the same level as in 2010
- A change in mix of vessels contracted favouring specialized tonnage

Source: Clarkson Research Services
Contracting activity development

Source: Clarkson Research Services

*Contracting activity as per 3rd October 2011
China has gained the top builder position for merchant vessels

Merchant vessels: contracting volumes (DWT), share by region

Source: Wärtsilä’s Marine Market Database (MMDB)
...but is also pushing in other vessel segments

**Offshore vessels: contracting volumes (GT), share by region**

**Special* vessels: contracting volume (GT), share by region**

* Special includes: cruise, ferries (ropax and pax only), dredgers, and tugs

Source: Wärtsilä's Marine Market Database (MMDB)
Contracting activity by ship building region

Number of vessels contracted 2011 (ytd)

- China: 41%
- Korea: 30%
- Japan: 6%
- Europe: 13%
- Rest of World: 10%

DWT contracted 2011 (ytd)

- China: 46%
- Korea: 44%
- Japan: 4%
- Europe: 2%
- Rest of World: 4%

Source: Clarkson Research Services
Shipyards at oversupply - adjustment to new volumes needed

- Fierce competition to obtain new orders
- Greenfield yards are the most affected
- Restructuring programs in place in China

Source: Data for deliveries from Clarkson Research Services, data for scheduled deliveries from Wärtsilä's Marine Market database.
LNG carriers – second big wave started?

The big question:

Are these volumes sustainable over the long run?
Demand for natural gas is expected to grow.

An imbalance between export and import capacity exists today:

- Export capacity set to grow with a number of projects already on the pipeline
- As new export plants start to come onstream more LNG will be available for transportation

Source: Demand for natural gas from BP’s energy outlook, LNG import vs export capacity from Petroleum Economist
Good ordering activity in joint ventures

- Order intake grew significantly in the Korean joint venture Wärtsilä Hyundai Engine Company Ltd (WHEC)
  - 44 orders for LNG carriers have been placed during 2011
  - WHEC received dual-fuel engine orders for 16 LNG vessels during the review period
  - A significant amount of additional orders expected
- Activity on a good level in Chinese joint venture Wärtsilä Qiyao Diesel Company Ltd focusing on auxiliary engine production
- Total order intake in these joint ventures EUR 182 million (68) during Q3/2011
- Wärtsilä’s share of ownership in these companies is 50%, profits will be reported as a share of result in associates and joint ventures
Development and production vessels (example: drillships, FPSO’s):

- Good fundamentals: demand linked to demand for new oil adds and growing demand for energy
- Orders placed linked to exploration and production projects on the pipeline
- IMA* currently identifies 196 projects (at different planning stages) that will require a floating production solution over the coming 10 years
Ship Power outlook

Short term
- Uncertainty over global economy casting shadows of uncertainty in shipping and shipbuilding
- Mix of vessels will continue to favor specialized tonnage
- LNG carriers and Offshore continue to have strong fundamentals
- Interest for gas as a fuel arising in different vessel types (OSV’s, ferries, etc)

Medium term
- New owner base
- Fuel flexibility and fuel efficiency
- Increased interest over LNG powered ships
- Environmental compliance and optimization