Ship Power’s offering covers all key segments

- Merchant
- Offshore
- Cruise and Ferry
- Navy
- Special Vessels
Shipping and shipbuilding demand depends on global economy

Underlying demand to grow modestly

Source: IMF, Clarkson Research Services
Contracting activity development

- Contracting activity has slowed down during 2012
- Finance and poor freight markets are clouding recovery
- A change in mix of vessels contracted is favouring specialised tonnage
- Offshore importance is growing

Source: Clarkson Research Services
Contracting activity development

Source: Clarkson Research Services
*Contracting activity as per 3rd November 2012
Shipbuilding has moved to Asia
China has gained the top merchant builder position…

Merchant contracting volumes (DWT): share by region

Source: Wärtsilä’s Internal Marine Market Database (MMDB)
Asian builders are diversifying their product mix

Weak merchant shipbuilding demand forcing builders to look for new growth avenues

- South Korean yards have shifted their focus from low to high value segments i.e. offshore, LNG and ultra large containerships
- Chinese builders entering new segments i.e. gas and offshore support vessels
- Japanese position remains weak, hugely impacted by a strong currency which has affected new business in local yards

Source: Clarkson Research Services
Contracting by builder country, No. of vessels 2012 YTD

- China: 40%
- South Korea: 19%
- Japan: 12%
- Brazil: 6%
- Europe: 5%
- Rest of world: 18%

Contracting by builder country, CGT 2012 YTD

- China: 37%
- South Korea: 33%
- Japan: 12%
- Brazil: 5%
- Europe: 8%
- Rest of world: 5%
Shipyard overcapacity – how to adapt?

- Deliveries growing faster than seaborne trade
- Order book declining more rapidly
- Yards have to re-think their strategies if they are to survive
- Restructuring unavoidable?

Source: Data for deliveries from Clarkson Research Services, data for scheduled deliveries from Wärtsilä’s Marine Market database
LNGC – current slow down, but near-term optimism

- New build potential looks promising
- Long liquefaction project list → boosting enquiries
- Closure of nuclear plants in Asia and Europe brings good news to this market

Source: Clarkson Research Services
A view on the fundamentals of LNG transport

- 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
Joint venture ordering activity

- Order intake in the South Korean joint venture producing dual-fuel engines and the Chinese joint venture producing auxiliary engines totalled EUR 175 million (216) during the review period January-September 2012.

- Wärtsilä’s share of ownership in these companies is 50%, profits are reported as a share of result in associates and joint ventures.

Joint venture order intake
(Wärtsilä Hyundai Engine Company Ltd and Wärtsilä Qiyao Diesel Company Ltd)

Ship Power order intake
Offshore contracting activity – healthy market

- High oil price above US$100 driving strong exploration and production activity
- Oil and gas fields are getting deeper, harsher and more remote, stimulating demand requirement for high spec units
- Long term energy demand remains positive for both oil and gas, more so for gas
- Strong regional field developments, i.e. Brazil, East Africa, Gulf of Mexico and Asia Pacific

Development vessels include: survey, mobile drilling and construction vessels
Production vessels include: mobile production and logistics vessels
Support vessels include: AHTS, PSV, rescue salvage vessels
Source: Clarkson Research Services. November 2012
• Contract to supply main generating engines and thrusters for six new deep water drill ships to be built in Brazil
• Each ship will be powered by six 16-cylinder Wärtsilä 32 main generating sets and six thrusters
• Considerations in the award of the contract:
  – Strong presence and support capabilities in Brazil
  – Considerable experience in supplying propulsion equipment for operations in demanding offshore conditions
Increasing activity in scrubber markets

- Wärtsilä has to date 45 exhaust gas cleaning scrubbers delivered or on order, for a total of 23 vessels
- Price range EUR 1-5 million, depending on size of vessel and technology of equipment
- Wärtsilä’s scrubber portfolio is the widest in the market and consists of:
  - Open-loop scrubbers, well established
  - Closed-loop scrubbers, in operation and new projects under delivery
  - Hybrid scrubbers, first orders received
Key trends and drivers

**Short term**
- Uncertainty over global economy casting shadows of uncertainty in shipping and shipbuilding
- Mix of vessels will continue to favor specialised 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 optimisation
OUR STRATEGIC GOAL
To be recognised as the leading solutions provider in the marine industry for:

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

LEADER IN

THROUGH OFFERING

- Lifecycle solutions for ship owners and operators
- Enhanced system integration for the ship building industry
- The best product sales and delivery process for the marine industry
IR Contact:
Pauliina Tennilä
Director, Investor Relations
Tel. +358 (0) 40 570 5530
E-mail: pauliina.tennila@wartsila.com