This is Wärtsilä

POWER PLANTS

SHIP POWER

SERVICES
Growth in net sales

Second quarter development

- Services
- Ship Power
- Power Plants

2008: 4500 MEUR (14%)
2009: 5000 MEUR (-13%)
2010: 4500 MEUR (-7.6%)
2011: 5000 MEUR
1-6/2012: 5500 MEUR

Q2/2011: 11099 MEUR (6%)
Q2/2012: 11099 MEUR (6%)

1-6/2012: 1036 MEUR (-1%)
Q2/2012: 1099 MEUR (34%)

Power Plants: 4500 MEUR
Ship Power: 2000 MEUR
Services: 2000 MEUR

Net sales by business 1-6/2012

- Ship Power: 25% (24)
- Power Plants: 30% (34)
- Services: 45% (42)
Target markets and solutions

- Flexible base-load power generation
- Grid stability and peaking
- Industrial self-generation
- Solutions for 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
Order intake by application

Review period development
Total EUR 591 million (672)

- Industrial self-generation: 9%
- Flexible baseload: 16%
- Oil & gas: 67%
- Grid stability & peaking: 9%

Review period order intake by fuel in MW

- Oil: 39%
- Gas: 61%

Power plants
Global order intake

Order intake 1-6/2012: 1,401 MW (1,487)
Market data includes all prime mover units over 5 MW and estimated output of steam turbines for combined cycles. The data is gathered from the McCoy Power Report.

In engine technology, Wärtsilä has a leading position.* Other combustion engines figures based partly on Wärtsilä's own estimate.
Market trends and drivers

- GDP growth, electrification and increasing standard of living drive the growth of electricity demand
- Demand for sustainability and focus on climate change
- Rapid growth of intermittent renewable generation
- Increasing daily, weekly and seasonal demand fluctuation increase the need for flexibility
- Changing roles of fuels
  - New coal power plants difficult to permit in the western countries
  - Increasing role of gas, especially as a balancing fuel
  - The future of nuclear is uncertain

The world needs affordable, clean, flexible and reliable power.
The only complete marine offering

- Service agreements
- Ship Design
- Communication and control
- Flow & Gas Solutions
- Propulsion
- Environmental Solutions
- Automation
- Engines
- Seals & bearings
- Power distribution
- Power drives

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**Vessel order development**

Source: Clarkson Research Services

* CGT= gross tonnage compensated with workload
Order intake increased by 51%

Review period development
Total EUR 723 million (479)

- Offshore 43%
- Merchant 32%
- Special vessels 7%
- Navy 12%
- Cruise & ferry 4%
- Other 2%
Key trends and drivers

- High oil prices represent a risk for global economic growth; however, they also stimulate investments in exploration and production for oil and gas.
- Expansion of emerging economies continues to support growth of demand for transportation of raw materials and energy.
- Ship owner base is shifting to Asia.
- Environmental regulations drive demand for environmental solutions and gas as a marine fuel.
- Increasing focus on energy efficiency and environmental performance.

The development of environmental solutions and gas technology will be our priority in meeting the evolving needs of our customers.
Wärtsilä Services global network
Widest range of offering and expertise
Installed base
180,000 MW
Net sales by quarter

MEUR

Q1 Q2 Q3 Q4
Net sales distribution 1-6/2012

- **Spare parts**: 53% (54)
- **Field service**: 24% (23)
- ** Contracts**: 14% (15)
- **Projects**: 9% (8)

Total EUR 942 million (890)
Development of Power Plants service agreements

<table>
<thead>
<tr>
<th>Year</th>
<th>O&amp;M and maintenance agreements (%)</th>
<th>Power Plants deliveries (%)</th>
<th>% of delivered MWs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>31%</td>
<td>23%</td>
<td>115%</td>
</tr>
<tr>
<td>2009</td>
<td>53%</td>
<td>57%</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>57%</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>58%</td>
<td>58%</td>
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</tr>
<tr>
<td>1-6/2012</td>
<td>31%</td>
<td>31%</td>
<td>120%</td>
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</tbody>
</table>
Anchored* & Idle Vessels**, percent of fleet

Fleet Average Speed***, knots

* Source Bloomberg (AISLive). More than 25,000 vessels (>299 GT) covered.
** Idle (no movement for 19 days for containerships, others 35 days). Source Lloyd’s MIU. Around 15,000 vessels (>299 GT) covered.
*** Source Bloomberg
Current key market drivers

- Growth of gas as a fuel in power generation and in shipping
- Stricter environmental regulations
- Increased focus on total cost of ownership
- Accelerating technological development
- High demand for expertise
• **Power Plants**: The power generation market is expected to remain active in 2012.

• **Ship Power**: Full year vessel contracting expected to be somewhat lower than in 2011. Robust contracting activity is expected for the offshore, gas carrier, and other specialised vessel markets.

• **Services**: The merchant marine segments are still expected to be under pressure, as overcapacity in the market continues to impact the potential for services in this area. The power plant service market is expected to develop steadily.
Wärtsilä expects its net sales for 2012 to grow by 5-10% and its operational profitability (EBIT% before non-recurring items) to be 10-11%.