GROWTH AND PROFITABILITY THROUGH SUPERIOR CUSTOMER UNDERSTANDING

PIERPAOLO BARBONE
President, Services & Executive Vice President
Wärtsilä Services Mission
We create lifecycle services with our customers, enhancing their business – whenever, wherever.

Wärtsilä Services Strategic Goal
Our customers recognise Wärtsilä as their services partner; competitive, trusted and easy to deal with.
Improving lifecycle efficiency

Performance optimization
Our customers are currently looking for longer-term efficiency increasing strategies to improve business efficiency and reduce operational expenses.

Preventing the unexpected
Reliable 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, reputation management and the need for energy efficiency are main drivers for our customers to optimize their environmental performance.
Wide range of expertise and services

- Engine services
- Propulsion services
- Electrical & automation services
- Boiler services
- Seals & bearings services
- Environmental services
- Service agreements
- Service projects
- Training services
Wärtsilä Services global network

Widest range of offering and expertise

Installed base
181,000 MW

70 countries, 160 locations, 11,000 service professionals
Key market drivers

- Increased focus on total cost of ownership and lifecycle efficiency
- Changes in environmental regulations
- Growth of gas as a fuel in shipping and in power generation
- Outsourcing of operations and maintenance in service markets
- Accelerating technological development and cost pressure increases demand for expertise
- Development of installed base and fleet utilisation
Running installed base

- Americas:
  - Marine: 14,430 MW
  - Plants: 9,883 MW
  - Total: 24,213 MW

- North Europe:
  - Marine: 14,145 MW
  - Plants: 49,369 MW
  - Total: 63,514 MW

- South Europe & Africa:
  - Marine: 28,765 MW
  - Plants: 43,570 MW
  - Total: 72,335 MW

- Middle East & Asia:
  - Marine: 43,570 MW
  - Plants: 18,166 MW
  - Total: 61,736 MW

Total: 180,988 MW
Installed base under agreements

North Europe
- 3,168 MW
- 277 MW

Middle East & Asia
- 259 MW
- 5,475 MW

South Europe & Africa
- 880 MW
- 3,917 MW

Americas
- 1,850 MW
- 2,891 MW

Marine Plants
- 6,175 MW
- 12,560 MW

Total
- 18,735 MW
STRATEGIC FOCUS AREAS
Strategic focus areas – responding to customer needs

- Develop offering and service based on customer understanding
- Wide range of preventive, responsive and optimizing services and solutions
- Comprehensive agreements and projects optimize customers’ business and ensure availability throughout the lifecycle
- High-quality real-time information and analyses
- Supporting customers in minimizing their environmental footprint
- Expanding our global field services network
- Consolidated spare parts logistics from our central distribution center
Understanding the customer journey

**PRE-SERVICE**
- SERVICE BULLETIN
  - MAINTENANCE MANUAL
  - ACCOUNT/CONTRACT MANAGER
  - 24/7 SERVICE
  - FIELD SERVICE ENGINEER
  - TECHNICAL EXPERT

**SERVICE**
- FIELD SERVICE ENGINEERS
  - MAINTENANCE MANUAL
  - FIELD SERVICE ENGINEER
  - FIELD SERVICE COORDINATOR
  - WÄRTSILA SPARE PARTS

**POST-SERVICE**
- FIELD SERVICE ENGINEER(S)
  - MAINTENANCE MANUAL
  - FIELD SERVICE ENGINEER
  - FIELD SERVICE COORDINATOR
  - WÄRTSILA SPARE PARTS

**CUSTOMER JOURNEY**

**LEGEND**
- Telephone
- Web
- Face-to-face
- Email
- Document
- Social media
- Event
- Mass media
Differentiated service offering by modularization

- We help customers optimize their business throughout their lifecycle
- Our goal is to move our offering from ‘one size fits all’ to serving the customers according to their specific needs
- Customers can select their service level from modular offering
- Strong online services platform to support service offering.

Core services offering available 24/7
- Parts webshop
- Maintenance work
- Technical support
- Technical documentation
- Warranty claims
- Installation related dashboard
  KPI’s

Fulfilling customers needs with current services solutions
Modular service offering providing more choice and additional value
We provide our customers innovative solutions to enable them to improve their feasibility and extend the lifetime of their installations. Results may include e.g. reduced fuel consumption, lower emissions or increased efficiency.

- Re-location of equipment & installations
- Plant extensions
- Fuel conversions
- Solutions for environmental compliance
- Upgrades and modernisations
- Survey and consultancy services
When it comes to trustworthiness, some organisations treat the word simply as lip service. But I think that Wärtsilä’s people gave it a whole new meaning by being honestly engaged in making good decisions. I trusted what they said and the performance we received at the end of the project is a reflection of that hard work, dedication and trust.

Michael Fibich
Capex MRC Manager
Technip’s Subsea

The Challenge
- The vessel’s AVR system did not meet its demanding response times needed during major load changes
- Improve the vessel’s power plant performance, so that the staff feel that they can rely on it
- The new system had to meet the latest requirements for excitation control on a dynamic positioning vessel
- Vessel needed to be able to continuously maintain its dynamic positioning capabilities during operations

Solution
- Upgrade of the automatic voltage regulation (AVR) system including all AVR design
- Modification of the generators
- Getting approval from the American Bureau of Shipping (ABS)

Results
- Operators now have a reliable and stable platform for their ship systems
- Generators now react very quickly to load changes
- AVR system is now secure and compliant with the latest requirements
- Through a fully redundant power plant the vessel can continuously maintain its dynamic positioning capabilities

AVR upgrade secures dynamic positioning for Global 1200 heavy lift and pipelaying vessel

- Our operators really do feel they now have a reliable and stable platform
Wärtsilä operates and maintains power plants, marine and offshore installations, ensuring reliable performance from receiving fuel to supplying energy.

- Tailored agreements – clients can choose from different levels of partnership
- A sustainable partnership that extends the lifetime of an installation, improves efficiency and reduces expenses
Flexible power plant with maintenance agreement

- High engine efficiency means very favourable lifecycle costs for a Wärtsilä solution

Wärtsilä engine technology has proven to be very effective at meeting the challenges of a dynamic ERCOT (Electric Reliability Council of Texas) market. We see continued value in investments in flexible, efficient combustion engines to serve the needs of our member cooperatives, and we are very pleased to work with Wärtsilä on our Red Gate Power Project.

John Packard
Manager of Generation,
South Texas Electric Cooperative

Overview

In December 2012 Wärtsilä signed the contract to engineer and supply a large 225 MW power plant to South Texas Electric Cooperative (STEC) in the USA. The power plant will be located in Hidalgo County, Texas and is scheduled to be in commercial operation by summer 2014.

The natural gas fuelled power plant will help STEC to meet the growing demand for electricity in South Texas. The power plant is designed to meet BACT (Best Available Control Technology) pollution standards as mandated by the United States Clean Air Act.

Maintenance agreement

The agreement provides a number of benefits:

- Optimised maintenance for long-term plant availability, reliability and efficiency
- Technical and operational assistance with maintenance planning, technical advisors, spare parts and an on-site inventory
- Technical, parts and risk sharing support

STEC Red Gate power plant

- Powered by 12 Wärtsilä 50SG engines running on natural gas ensuring a total output of 225 MW
- Flexibility, quick start-up capability, superior load following and favourable lifecycle costs
- High efficiency engines result in fewer emissions of CO2 than simple cycle gas turbine solutions
- High simple cycle efficiency achieved with minimal water consumption
Wärtsilä Central distribution center

- Managing the entire logistics chain of Wärtsilä OEM parts, from order intake to customer delivery
- Annual spare parts sales volume around 1 billion euro – 180 000 deliveries
- Approx. 200 employees
- Fast response times and cost effective, on-time deliveries
- Close proximity to harbours and major airports
Ensuring quality of field services

OEM quality of field services offers customers:
• Access to OEM engineering and knowledge
• Certified maintenance and repair methodologies
• Access to latest upgrades and technologies
• A single reliable OEM source for a wide range of equipment and systems
• Same quality standards all around the globe

Competent field services experts:
• Experts available for fuel oil or gas operated installations
• Professional skills management system for all field services employees

Health and safety in focus:
• Global “Zero Injury” vision and strategy
• Trained and certified field services professionals
• Safe business premises for employees and partners
FINANCIAL SITUATION
Solid business in a challenging environment

Net sales development

MEUR

2500

2000

1500

1000

500

0

Business per industry segment and region

Q3/2013

- Power: 38%
- Offshore: 23%
- Merchant: 15%
- Marine Other: 12%

Q3/2013

- Middle-East and Asia: 29%
- Northern Europe: 25%
- Southern Europe and Africa: 21%
- Americas: 25%
From responding to preventing

• Solid business, yet market continues to be challenging

• Continued focus on improving profitability

• Customer understanding in focus for extended offering and services