

**20.11.2007**

# **WÄRTSILÄ CAPITAL MARKETS DAY**

## **CUSTOMER SEGMENTS IN SHIP POWER**

**TIMO KOPONEN  
VP FINANCE&CONTROL, SHIP POWER**

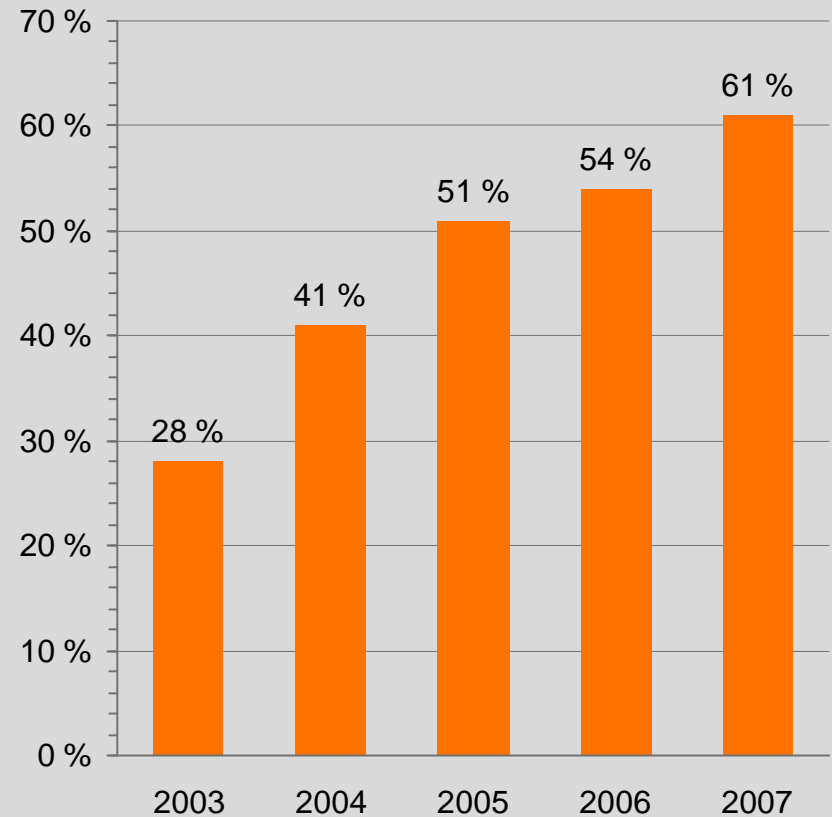


# Why Customer segments ?

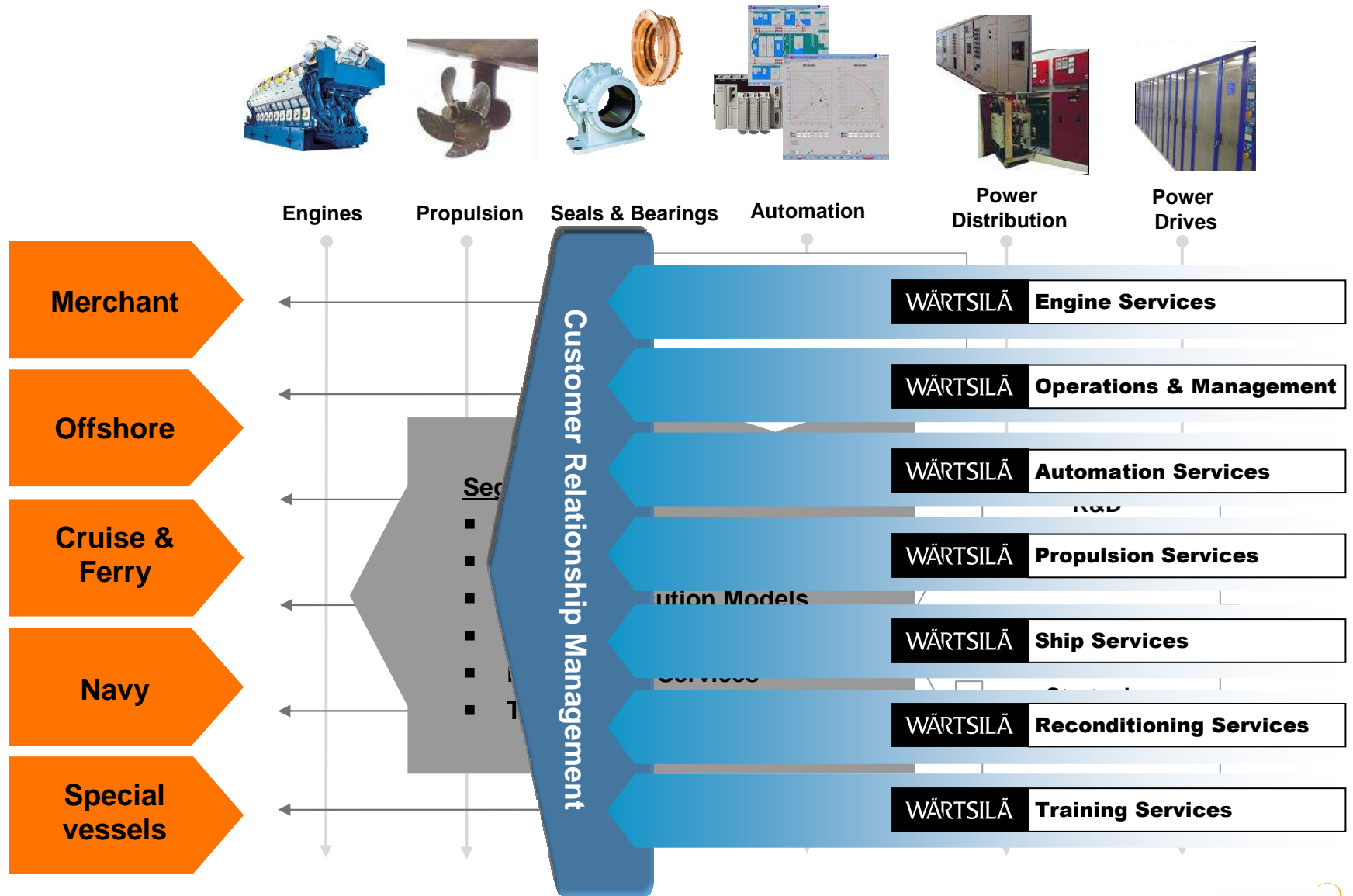
## Background and objectives

- Wärtsilä Ship Power has been very successful in applying product area based business model
- To guarantee the success tomorrow we need even stronger and more intense customer focus with more attractive value proposition
  - from **“CUSTOMERS FOR PRODUCTS”** to **“PRODUCTS FOR CUSTOMERS”**
- Attractive value proposition implies deep knowledge about both customer's and customer's customer businesses and ability to generate solutions which help them to obtain their business goals

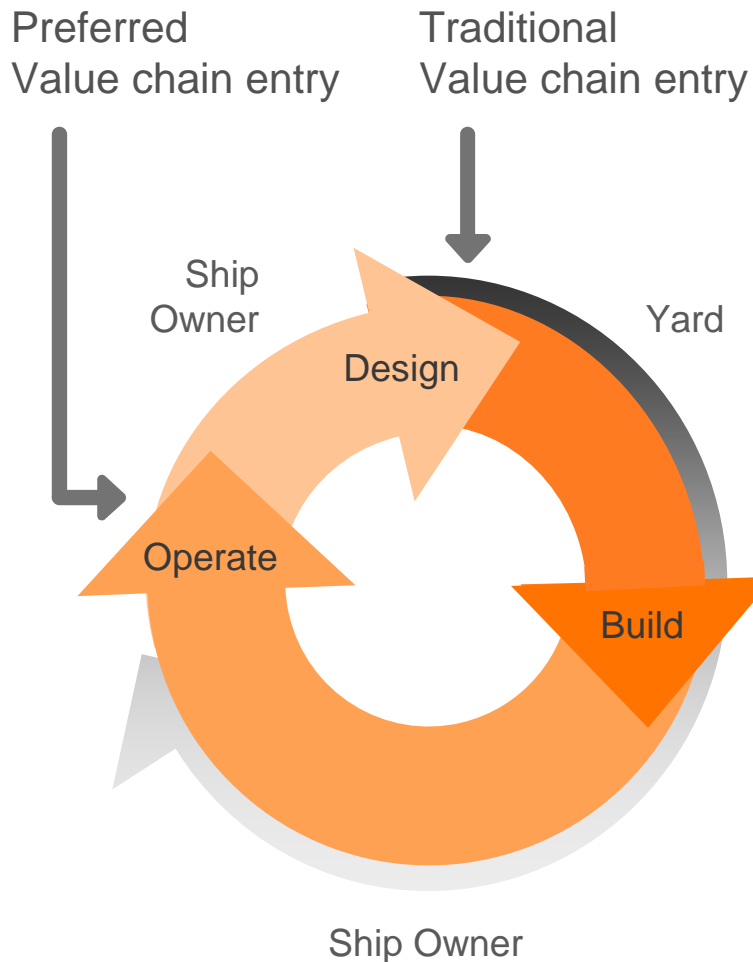
## Package sales of Total sales



# Products for Customers



# Value chain entry point and value proposition



## Focus points;

- Customer specific offering
- Lifecycle support – O&M
- Ship design

Our value proposition shall address all the phases



# Ship Power Customer segments

**Merchant**



**Offshore**



**Cruise  
and ferry**



**Navy**



**Special vessels**



# Merchant

- **Market drivers:**
  - World economy, globalization - demand for transportation, China
  - Need for energy; tankers, LNG carriers
  - Earnings in shipping industry
- **Wärtsilä's main interest in:**
  - Small and mid size vessels, LNG
- **Value proposition:** Unique portfolio and network, ship design
- 41% of the 1-9/2007 order intake
- **Market trends:** new emerging builder countries, bigger vessels

Containers

Tankers

Bulk carriers

LNG carriers

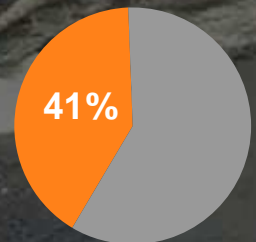
LPG carriers

RoRo vessels

Cargo vessels

Car carriers

1-9/2007 Order intake



# Offshore

- **Market drivers:**
  - Oil&gas price and availability
  - New reservoirs in deeper waters
  - Amount and utilization of production capacity
- **Wärtsilä's main interest in:**
  - Offshore support
  - Production
  - Drilling
- **Value proposition:** The most extensive single source offering and network
- 39% of the 1-9/2007 order intake
- **Market trends:** Emphasis on energy-, operational- and environmental efficiency

FPSO

Semis/TLP

Fixed Platforms

Drill Ships

Drill Rigs

Jack-ups

PSV

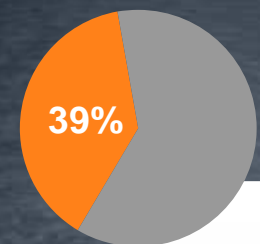
AHTS

Crane vessels

Pipe Layers

Accommodation

1-9/2007 Order intake





# Cruise & Ferry

- **Market drivers:**

- Population growth, increased wealth, international safety
- Increased trade - need for alternatives in transportation
- Earnings in the industry

- **Wärtsilä's main interest in:**

- Cruise and passenger vessels, Ferries and RoPax vessels

- **Value proposition:** The most extensive offering and network in the market, customer care

- 7% of the 1-9/2007 order intake

- **Market trends:** environmental aspects and life cycle cost approach increasingly important

Cruise vessels

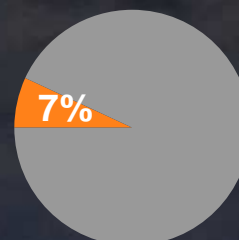
Ferry

RoPax

Yachts

Fast ferries

1-9/2007 Order intake





- **Market drivers:**
  - Security concerns, trade protection, disaster recovery, budgetary resources
- **Wärtsilä's interest in:**
  - In selected vessel types with selected components and life cycle services
- **Value proposition:** strong engineering with extensive life cycle services
- 7% of the 1-9/2007 order intake
- **Market trends:** Blue-water navy reducing due to budget constraints, focus on smaller ships – littoral patrolling

Frigates

Corvettes

Patrol vessels

Aircraft carriers

Destroyers

Support vessels

Submarines

1-9/2007 Order intake

7%

# Special vessels

- **Market drivers:**
  - Trade growth; port operations and facilities
  - Environmental issues
  - Need for alternatives in transportation
- **Wärtsilä's main interest in:**
  - Wärtsilä strongly present on broad basis
- **Value proposition:** Extensive offering
- 6% of the 1-9/2007 order intake
- **Market trends:** lifecycle services, environmental aspects

Fishing vessels

Tugs

Dredgers

Ice Breakers

Research vessels

Service vessels

Work boats

Inland Water  
ways

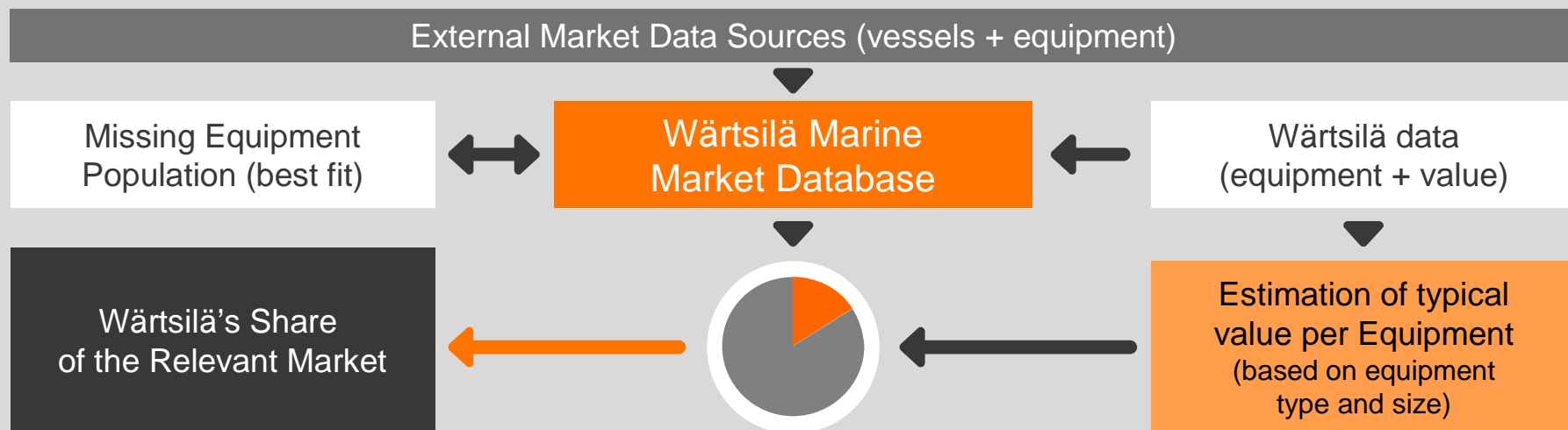
1-9/2007 Order intake

6%

# Market share reporting from 1.1.2008

## The Methodology

- **Vessel Equipment:** based on market data. All the vessels we monitor will be populated with main engine, auxiliary engine, propulsion systems as well as other components in **Wärtsilä offering**.
- **Financial Figures:** all equipment (Wärtsilä and competitors') will be linked with an average sales value (e.g. Euro/kW)
- **Calculation and reporting of Market Shares:** will be made for the Merchant, Offshore, Cruise & Ferry segment, Navy and Special Vessels segments



# Merchant Vessels – LNG Tanker

## 155000 cbm LNG Tanker:

- Wärtsilä is providing four 4-stroke medium speed diesel/generators for the diesel electric installation;
- Another supplier is providing the single propeller
- Wärtsilä's share of the market = 90%

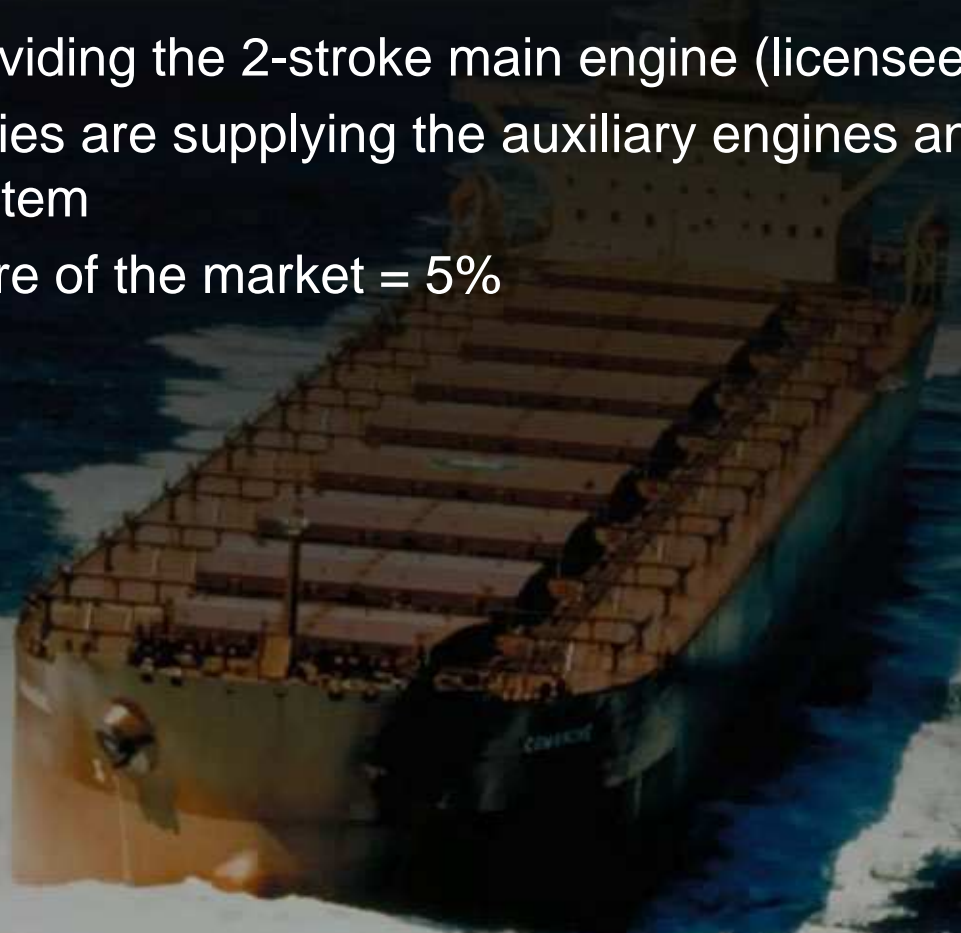




# Merchant Vessels – Bulk Carrier

## 56000 DWT Bulk Carrier:

- Wärtsilä is providing the 2-stroke main engine (licensee manufactured);
- Other companies are supplying the auxiliary engines and the propulsion system
- Wärtsilä's share of the market = 5%



# Offshore-AHTS

## AHTS (Anchor Handling Tug Supply):

- Wärtsilä is the supplier of two 4-stroke medium speed main engines, two propellers with nozzle, complete shaft-line and gearbox;
- Other companies are providing the auxiliary machinery and auxiliary propulsion system for the dynamic positioning
- Wärtsilä's share of the market = 78%

# Cruise & Ferry – 23000 GRT Passenger & Cargo

## 23000 GRT Passenger & Cargo Vessel:

- Wärtsilä is the supplier of 4-stroke medium speed main engines and 4-stroke medium-speed auxiliary machinery;
- Another company is supplying the propulsion system (propellers and thrusters for maneuvering)
- Wärtsilä's share of the market = 59%





# Special Vessels – Tug

## Tug Boat:

- Wärtsilä is the supplier of two 4-stroke medium speed main engines and the complete twin propulsion unit (Steerable Thrusters)
- Another company is supplying the auxiliary engines
- Wärtsilä's share of the market = 89%

