



## Strategic road map

**President & CEO Ole Johansson**

**Capital Markets Day, 16 June 2006**

## Order intake growth continued, April - May 2006

- Order intake up by 39% to MEUR 647 (464)

■ Ship Power	MEUR 381 (218)
■ Power Plants	MEUR 144 (50)
■ Services	MEUR 122 (196)

- Orderbook end of May MEUR 3,541 (2,099)

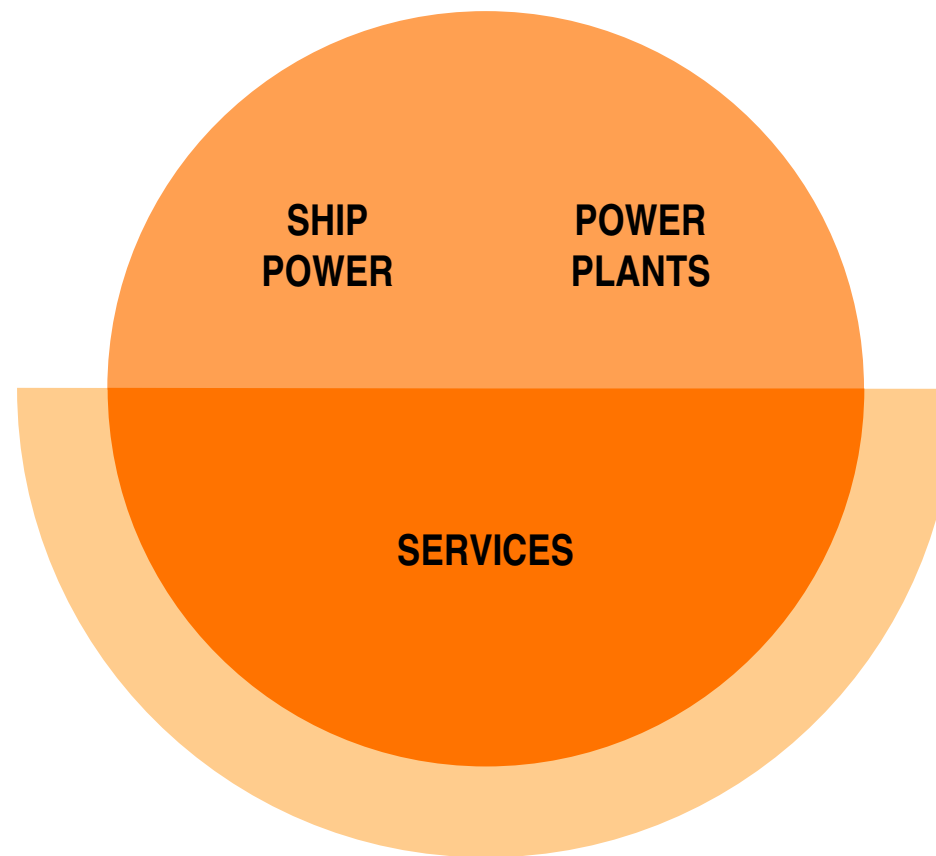
- Forecast for the full year 2006 unchanged



- Net sales for 2007 estimated to grow by 10-15%
- Further growth possible 2008 through capacity increase

# Mission

We provide lifecycle power solutions to enhance the business of our customers, whilst creating better technologies that benefit both the customer and the environment.



# Wärtsilä Ship Power



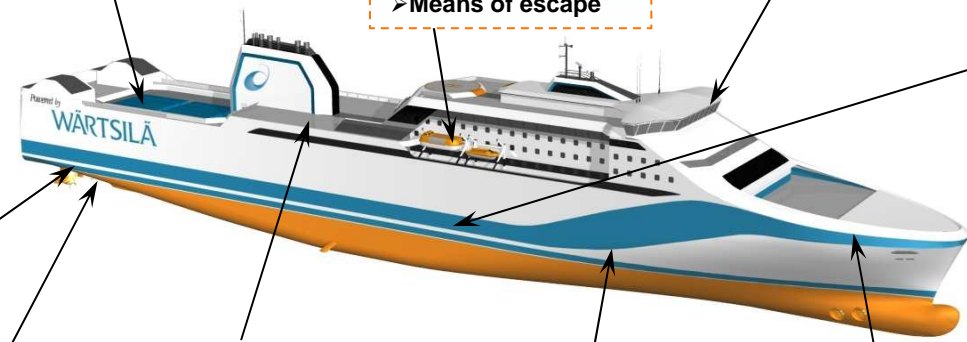
# Growth areas

- Machinery**
- Main engines
  - Power transmission
  - Lube oil Systems
  - Fuel supply
  - Engine cooling boilers
  - Generators
  - Pumps
  - Valves
  - Auxiliary/boiler
  - Heat exchangers
  - Compressors
  - Purifiers
  - Separators

- Cargo Handling**
- Cranes
  - Hatches
  - Cargo gear

- Safety**
- Life saving appliances
  - Survival craft
  - Emergency equipment
  - Structural fire protection
  - Fire fighting
  - Detection systems
  - Means of escape

- Navigation & Communication**
- Navigation aids
  - External communication
  - IT
  - Emergency



- Electrical**
- Power generation
    - Engines
    - Generators
    - Emergency aggregates
  - Power distribution
    - Switchboards
    - Transformers
    - Supply systems
    - Batteries (UPS)
  - HVAC
  - Automation & Controls**
    - Power management
    - Steering controls
    - Engine controls
    - Lights and switches
    - UMS (unmanned systems)

- Propulsion and manoeuvring**
- Propulsor
  - Steering gear
  - Seals & bearings
  - Rudders and stabilizers

- Environmental**
- Garbage disposal
  - Incinerators
  - Sewage treatment
  - Oil pollution prevention
  - Crude Oil Wash (COW)
  - Oily water separator
  - Gas treatment

- Design & Engineering**
- System engineering
  - System installation
  - System integration
  - Ship design

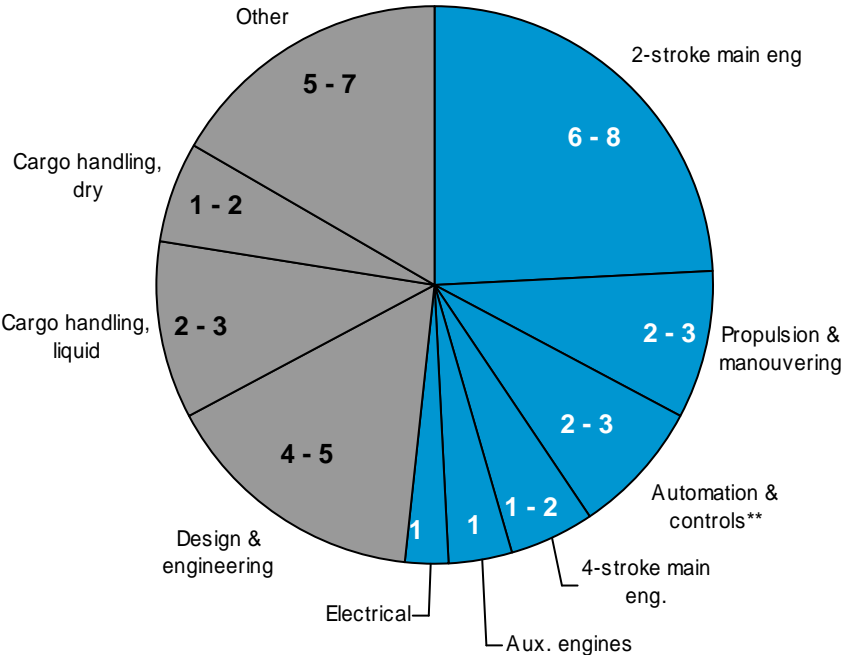
- Deck Machinery**
- Anchors
  - Cables & ropes
  - Capstans
  - Winches (non cargo)

# Ship Power market and related services

**ESTIMATES**

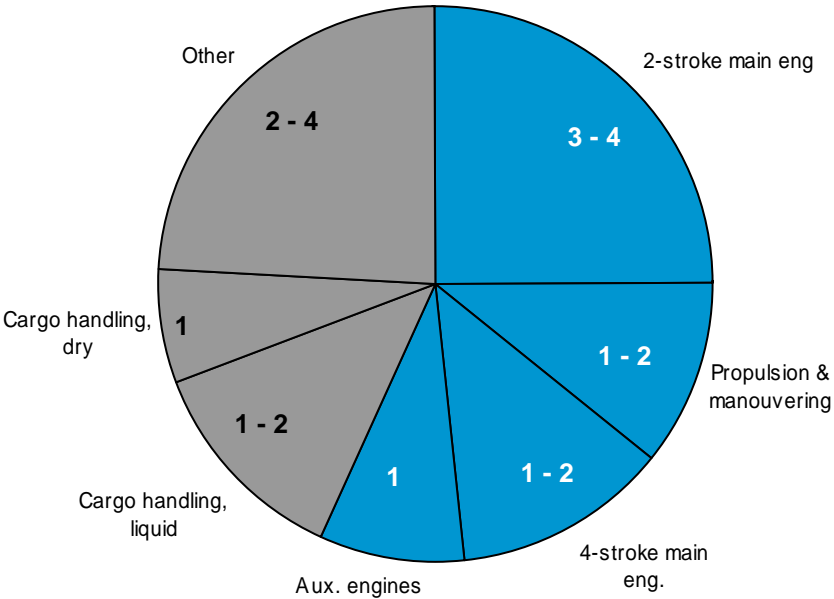
**New sales**  
EUR billions

Total = EUR 25 - 35 billion



**Services\***  
EUR billions

Total = EUR 10 - 15 billion



\* Not exhaustive; some segments not assessed

\*\* Machine room automation only

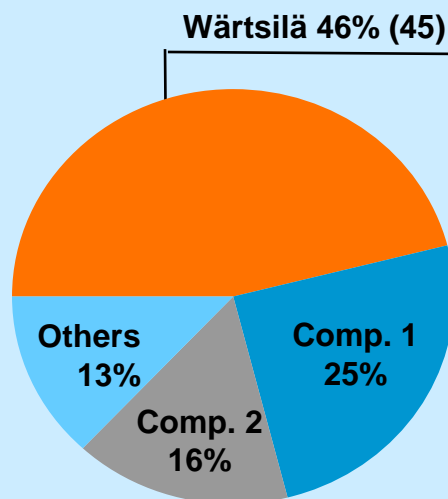
Source: Marine Equipment Market, Drewry Shipping Consultants; Business and Concept Study, Deltamarin Ltd; Ship Power Market Intelligence estimates; Wärtsilä estimates; Company web sites; McKinsey analysis



# The market position of Wärtsilä's marine engines Q1/2006

## Own production

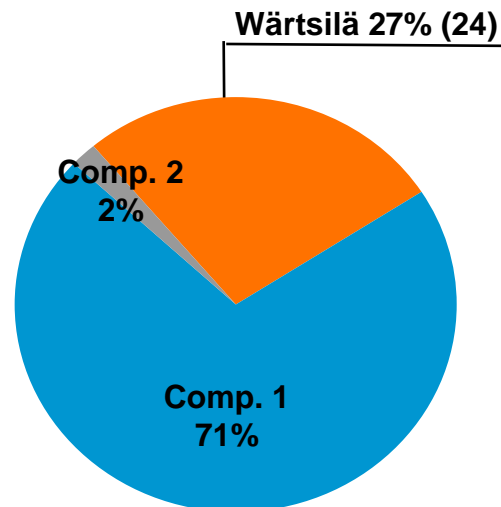
### Medium-speed main engines



**Total market volume last 12 months:**  
7,289 MW (6,676)

## Production by licensees

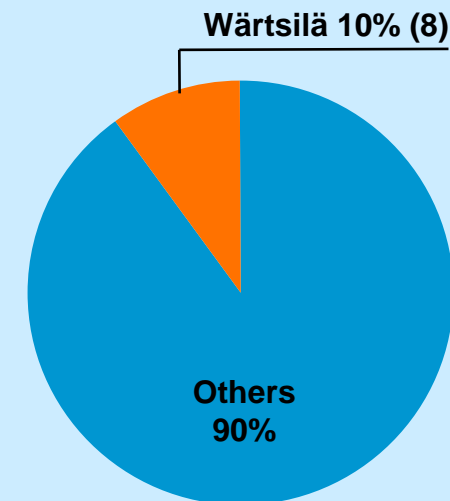
### Low-speed main engines



**Total market volume last 12 months:**  
19,775 MW (22,703)

## Own production

### Medium-speed auxiliary engines

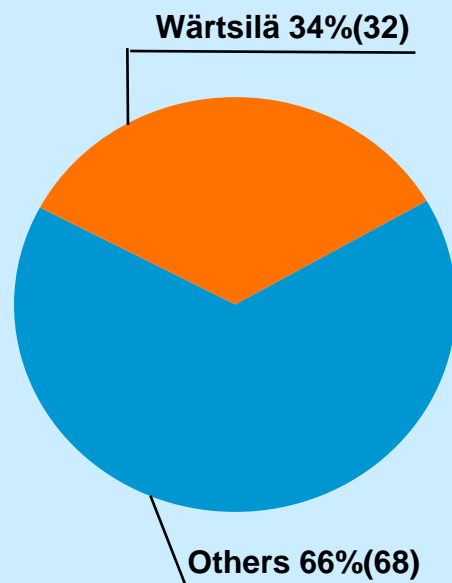


**Total market volume last 12 months:**  
5,500 MW (5,220)

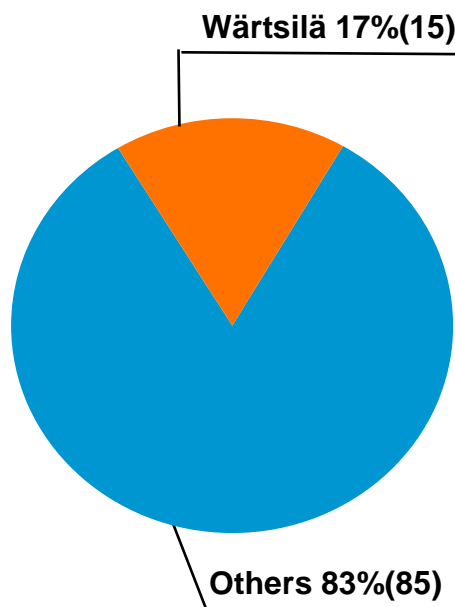
Wärtsilä's own calculation is based on: Lloyd's Register – Fairplay, Clarkson's Research Studies and BRL Shipping Consultants. Market shares based on installed power, numbers in brackets are from Q4/05. The total market is based on the volume of the last 12 months. Numbers in brackets reflect the volume of the last 12 months at the end of the previous quarter.

# The market position of Wärtsilä's propulsor products

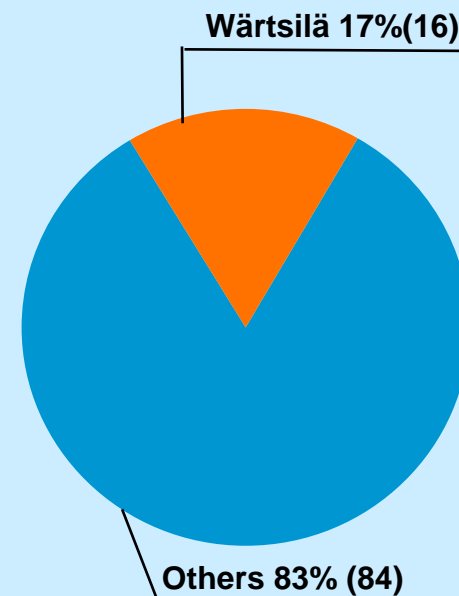
## Controllable pitch propellers



## Fixed pitch propellers *includes JV*



## Gears *Non-reversible only*

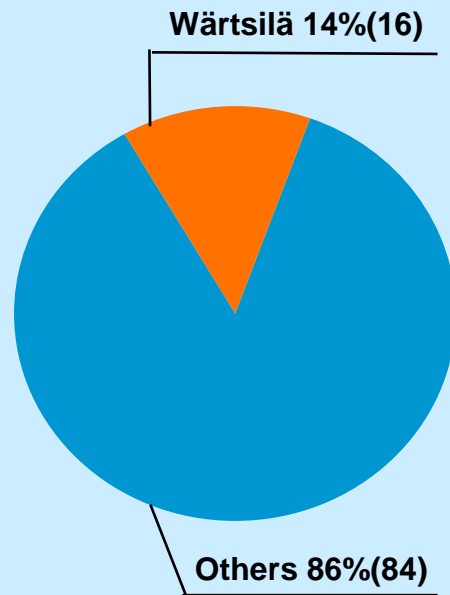


Wärtsilä's own calculation based on: Lloyd's Register – Fairplay & Wärtsilä Ship Power  
Market shares based on number of installations, numbers in brackets are from 3 months ago.

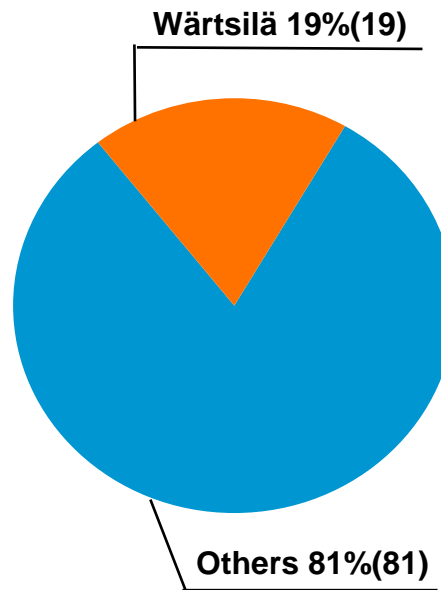


# The market position of Wärtsilä's propulsor and seals products

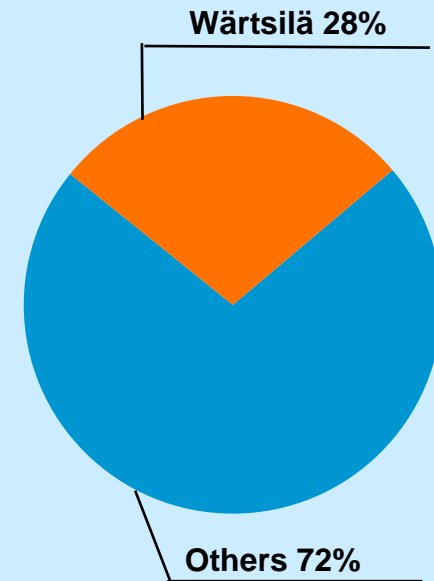
## *Transverse thrusters*



## *Steerable thrusters*



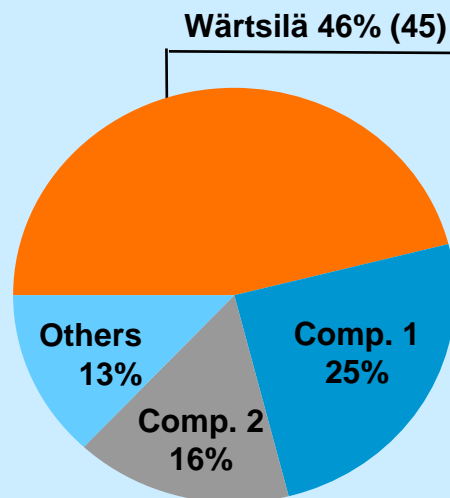
## *Seals*



Wärtsilä's own calculation based on: Lloyd's Register – Fairplay & Wärtsilä Ship Power  
Market shares based on number of installations, numbers in brackets are from 3 months ago.  
Seals share based on deliveries.

# Medium-speed main engines

## Medium-speed main engines



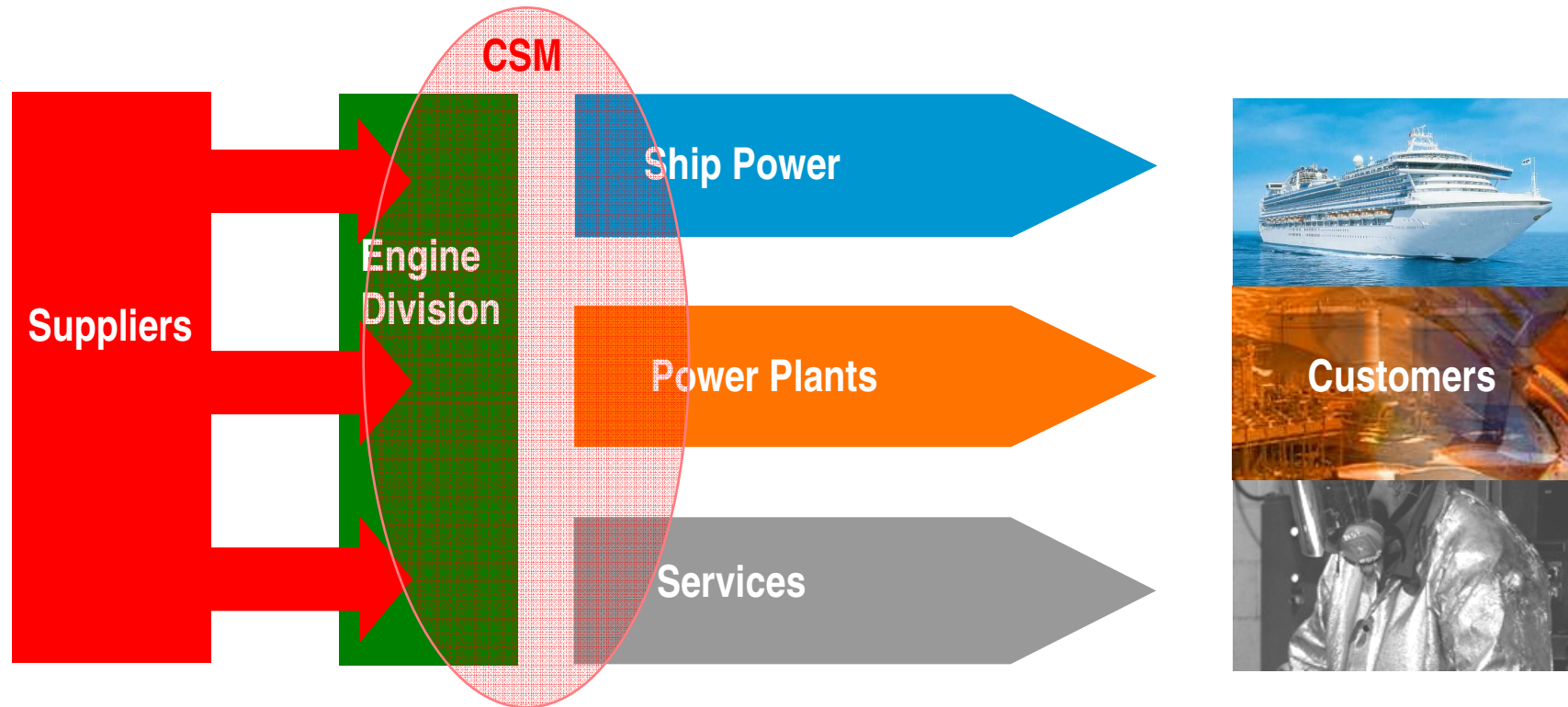
## What's up?

- LNG
- Higher output demand
- Environmental requirements
- Offshore



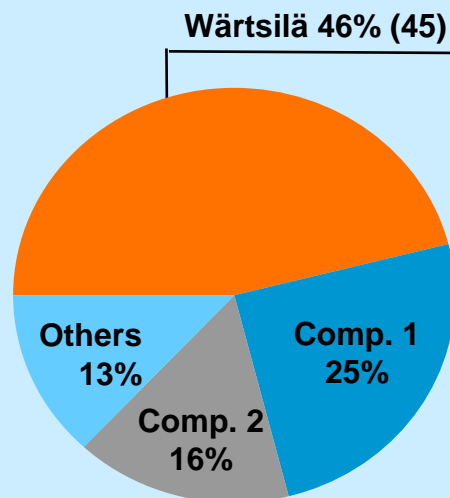
- A European battlefield – still!

# Corporate supply management



# Medium-speed main engines

## *Medium-speed main engines*

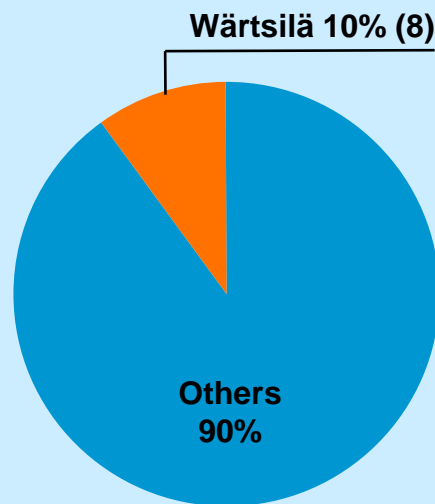


## Staying competitive in the long run

- Concentrate on core competencies (production architecture)
- Develop subcontractor network
- Corporate supply management
- Automation and control

# Auxiliary engines

## *Medium-speed auxiliary engines*



- Preparing for China
- Develop designs for competitiveness

# Wärtsilä Qiyao Diesel Company Ltd.



**2005**

Letter of  
intent  
3.2.2005

JV contract  
21.4.2005

Business  
license  
3.8.2005

Ground  
breaking  
23.9.2005

**2006**

Site  
June 5, 2006

Inauguration  
June 2006

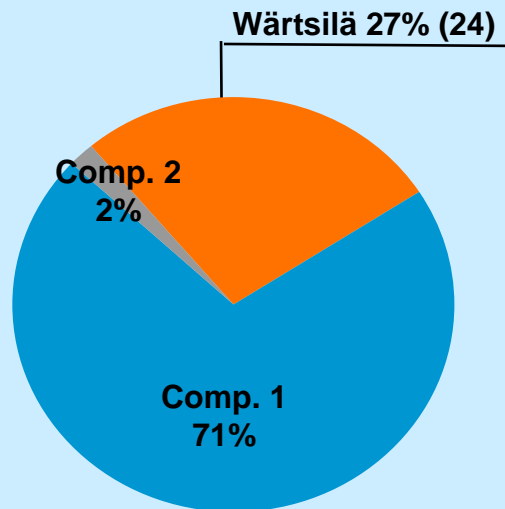


Wärtsilä's Capital Markets Day 2006



# Low-speed main engines

## Low-speed main engines



## What's up?

- Licensee network
- Mitsubishi strategic alliance
- Joint development with Hyundai



Develop market shares

# Licensing







## What's up?

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- Add capacity
- Develop competitiveness
- Innovative designs
- Navy relations



”Move with the markets”

- Foundry in China
- Thruster factory in China
- Gearboxes from India
- Seals in Japan, UK...

## Zhenjiang, China

- Wärtsilä-CME Zhenjiang Propeller Co., Ltd.
- Joint venture with CME (China Marine Equipment /CSSC)
- FPP (Fixed pitch propellers)
- Foundry and factory



# Wärtsilä Propulsion (Wuxi) Co., Ltd.

## Wuxi, China (inauguration 29th of June 2005)

- Wärtsilä Propulsion (Wuxi) Co. Ltd.
- Transverse thrusters
- Factory

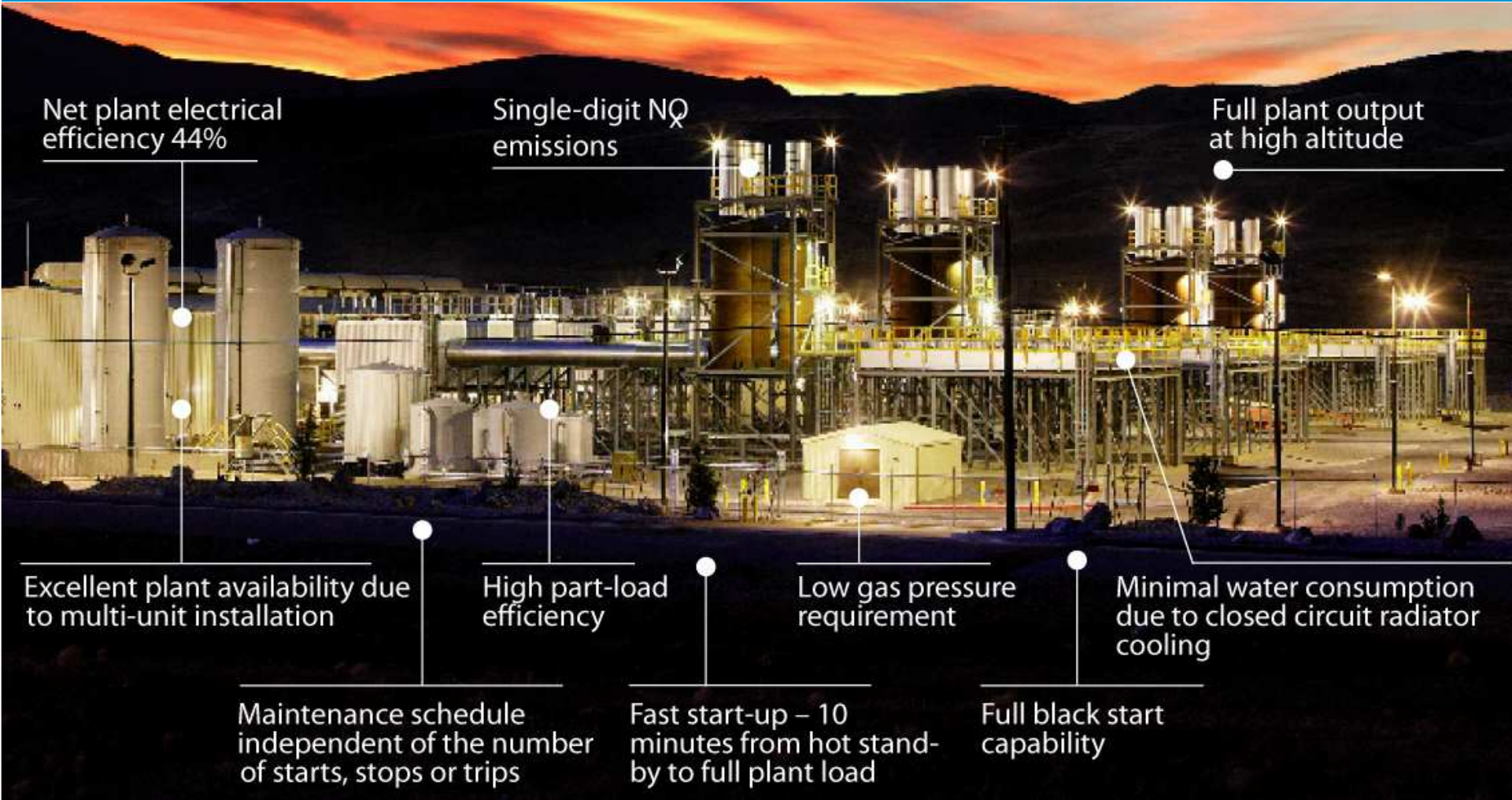


## Khopoli, India

- Manufacturing facility at Khopoli, Maharashtra
- Marine reduction gearboxes
- Components for propeller systems
- Nozzels



# Wärtsilä Power Plants





”It’s all about energy”

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- High energy prices
- Emission regulations
- Reallocation of funds
- Transportation
- Fuel availability



Our offering:

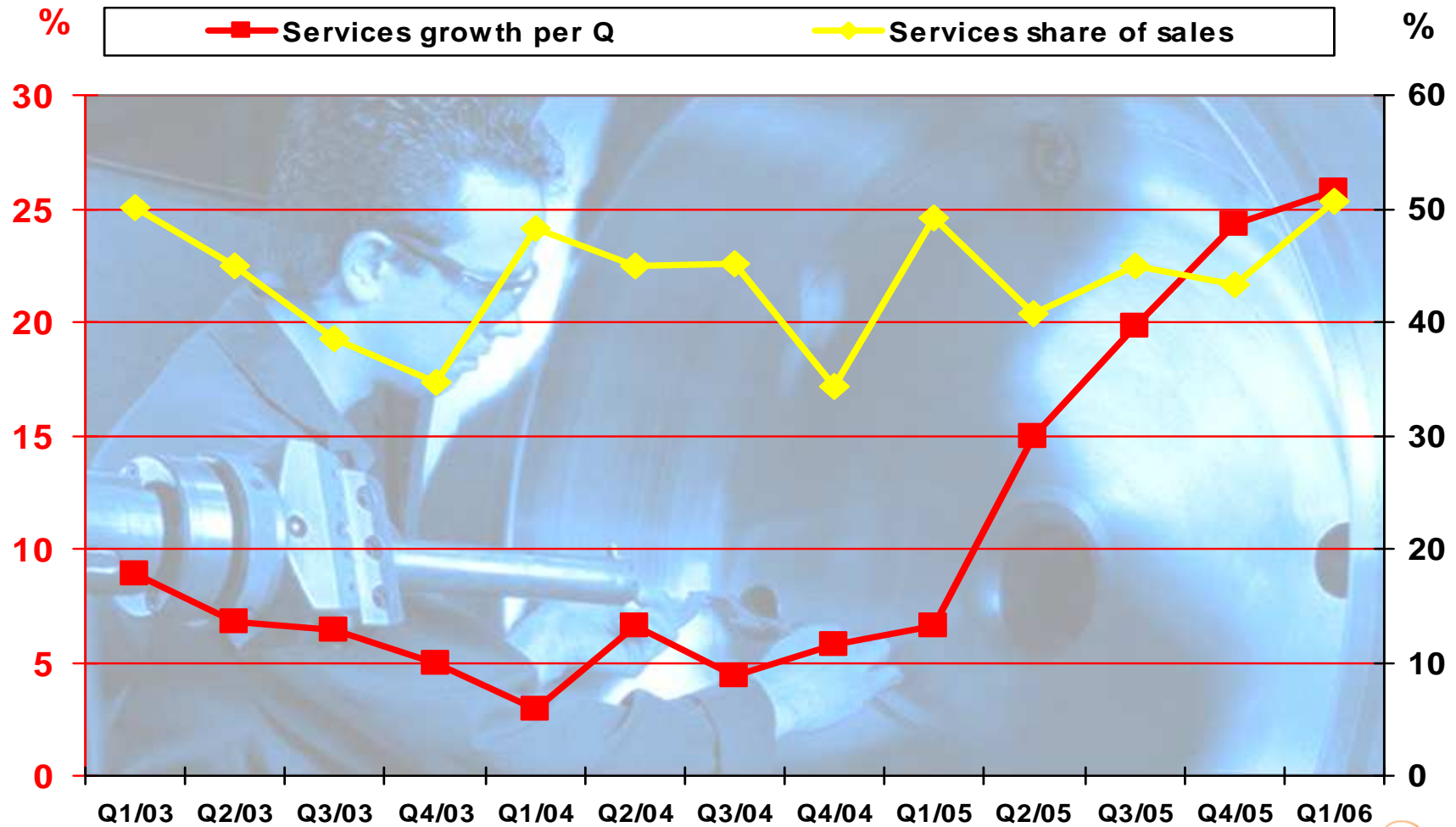
- Fuel flexibility
- High efficiency
- Load following capability



# Wärtsilä Services



# Services - accelerating growth



## Redefinition of markets for continuous growth

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- Automation
- Multi-brand capabilities
- Broader presence



Thank you!



**WÄRTSILÄ**