



# WÄRTSILÄ TO ACQUIRE L-3 MARINE SYSTEMS INTERNATIONAL

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# The most complete marine offering on earth



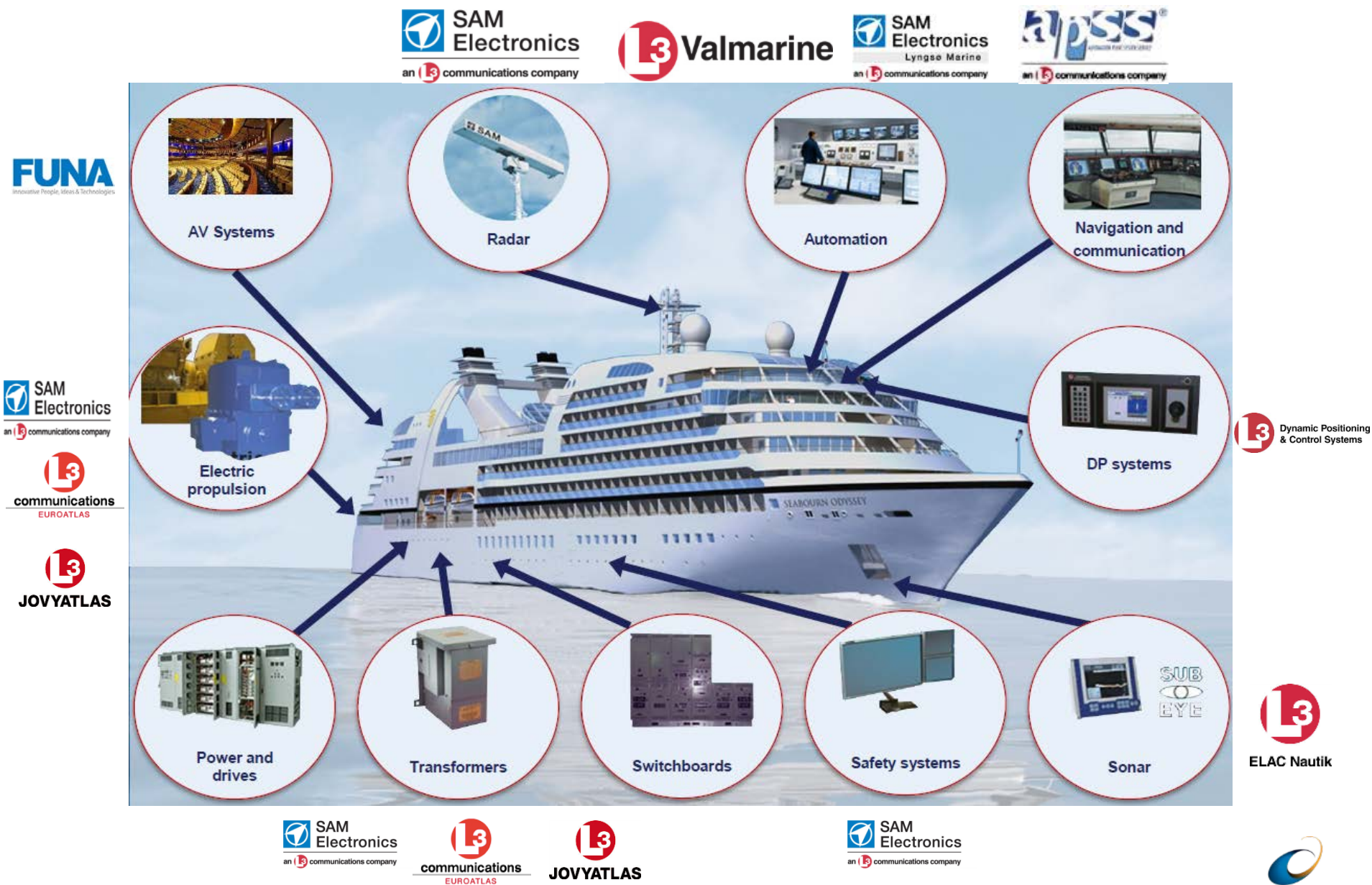


# L-3 Marine Systems International in brief

L-3 Marine Systems International is a market leading company providing navigation and automation equipment, power distribution, integrated solutions and dynamic positioning for both marine and offshore oil & gas –markets.

- No 1 in navigation and automation for cruise and ferries
- Top 2 in navigation and automation for large container vessels
- Top 3 in power distribution for cruise, ferries and mega yachts
- Track record of successful execution with systems delivered to > 15000 vessels
  
- Expected net sales circa MEUR 400 and operating margin of approx. 6,5 % for the year ending Dec 31, 2014
- Headquartered in Hamburg, Germany
- Owned by L-3 Communications Holdings Inc(NYSE listed)
- Employs around 1700+ people worldwide, 38 locations in 14 countries

# Product and technology leadership in key markets



# A Perfect match

- L-3 MSI will increase Wärtsilä Ship Power E&A's focus on **marine market** in addition to offshore oil & gas market.
- By merging Wärtsilä Ship Power E&A and L-3 MSI, we create a powerful electrical and automation business, which is unique in its **competence and breadth of capabilities**.
- Combining this strength with Wärtsilä's engines, propulsion equipment, environmental offering, gas and flow solutions and ship design we create a **unique offering** that is unmatched by the competition.
- The deal is fully in line with **our growth strategy** to become the leading provider of innovative products and integrated solutions in the marine, naval and oil & gas industries.
- Combined offering enables to reach new markets in our E&A offering, e.g cruise, large container ships and LNG carriers.



## Market position and growth prospects

- L-3 MSI has **respected products** and market leadership position in cruise & ferry for automation and navigation based on strong relationships and track record
  - Firmly the market leader with estimated 40–60% market share
- **Strengthen position** in sophisticated DP3 offshore applications
- Increased offering in gas-fuelled vessels
- Wärtsilä can offer a **wide reach to Asian markets**, especially China, and L-3 MSI offers a **stronger foothold in the US**
- **After sales and customer support** will continue to generate steady revenues through growing installed base and utilising Wärtsilä network.



## Technology and expertise

- Complements Wärtsilä's resources in automation and navigation. **Automation is key** for system integration and in **improving efficiency** of our customer's operations
- Provides Wärtsilä with **in-house dynamic positioning (DP)**
  - Long track record in DP, especially mainstream OSVs
- Joint offering with Wärtsilä's **new medium voltage drive** enables a competitive solution for vessels with high propulsion power requirements
- **Proven track record** on system integration in both units.
- Combination of sales, engineering and manufacturing footprint gives more flexibility to respond market needs.

# Key transaction highlights

## Transaction value

- EV 285 MEUR

## Deal structure

- Share deal
- 100% cash consideration

## Funding


- Fully funded from existing cash resources and credit facilities

## Timetable

- Acquisition expected to close Q2 2015
- Pending merger control clearance in the EU and South Korea

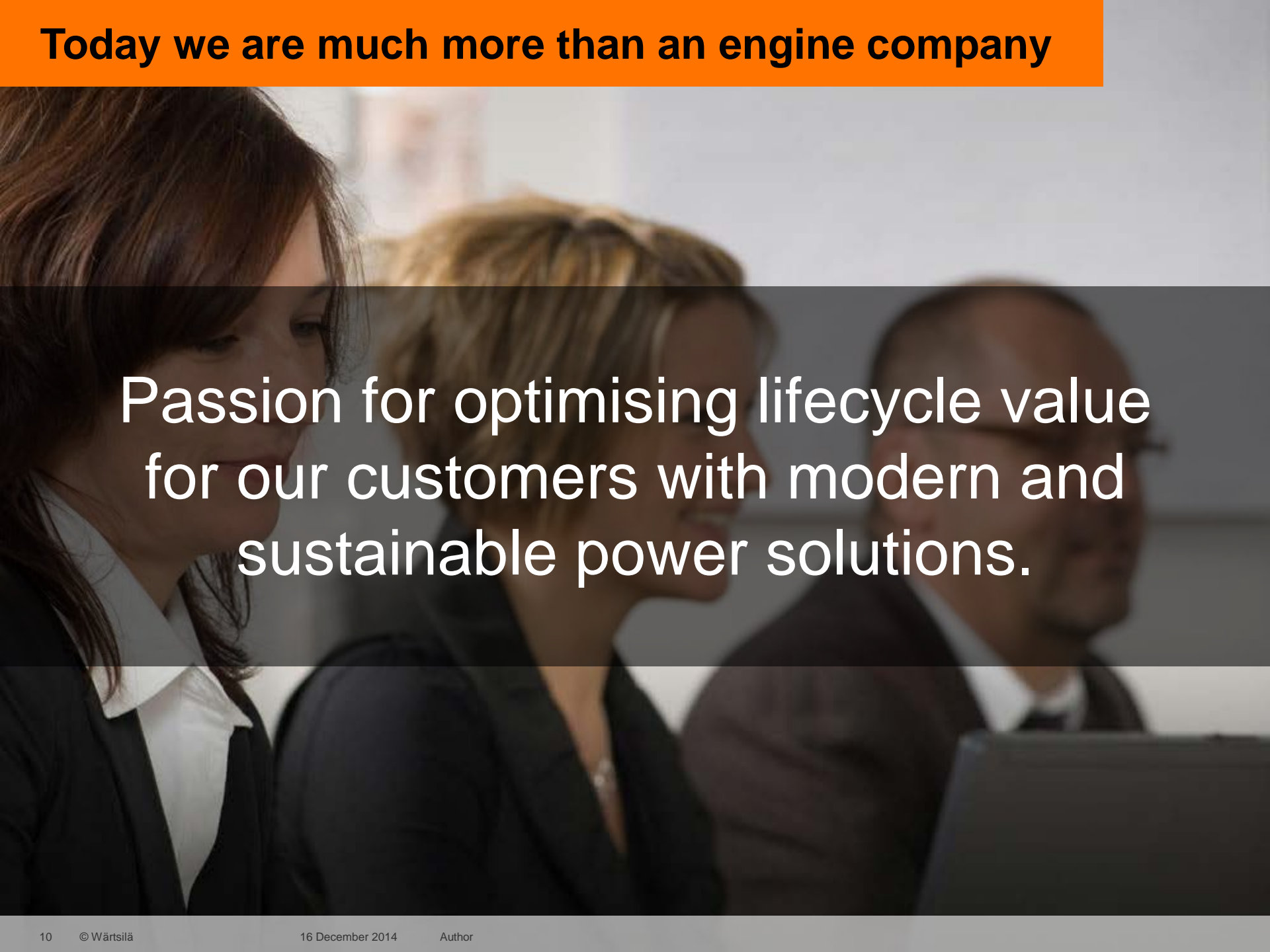


## Next steps

The background image shows an industrial facility, possibly a refinery or chemical plant, with various structures, pipes, and storage tanks. The scene is captured during sunset or sunrise, with a bright sun low on the horizon, casting a warm, orange glow over the entire scene. The sky is a mix of orange and yellow, and the water in the foreground is dark and calm. The industrial structures are silhouetted against the bright sky, creating a high-contrast image. The overall mood is serene yet industrial.

EU & Korea merger control filing  
Estimated clearance from merger control in Q2 2015  
Integration execution starts after closing

**Today we are much more than an engine company**

A photograph of three business professionals in an office setting. In the foreground, a woman with dark hair is looking down at a laptop. Behind her, another woman with blonde hair is also looking at the laptop. To the right, a man with glasses is looking at the laptop. The image is slightly blurred, focusing on the text overlay.

Passion for optimising lifecycle value  
for our customers with modern and  
sustainable power solutions.

# The most complete marine offering on earth





# Wärtsilä in brief

- Wärtsilä is a global leader in complete lifecycle power solutions for the marine and energy markets.
- Net sales in 2013 EUR 4.7 billion with approx. 18,700 employees
- Operations in 200 locations in 70 countries around the world
- Listed on the Nasdaq OMX Helsinki stock exchange

MEUR	2013	2012	2011 <sup>2</sup>	2010 <sup>2</sup>	2009 <sup>2</sup>
Order intake	4 872	4 940	4 516	4 005	3 291
Order book at the end of the period	4 426	4 492	4 007	3 795	4 491
Net sales	4 654	4 725	4 209	4 553	5 260
Operating result <sup>1</sup>	520	515	469	487	638
% of net sales <sup>1</sup>	11.2	10.9	11.1	10.7	12.1
Earnings/share, EUR	1.98	1.72	1.44	1.96	1.97

1) Figures exclude non-recurring items

2) The figures in the comparison years 2009–2011 have not been restated according to the revised IAS 19

We are passionate about optimising lifecycle value by offering what our customers need.

We deliver on this promise through the only true total offering of marine products, integrated solutions and services in the industry – worldwide.

We help our customers find the shorter route to robust growth and bigger profits by focusing on operational efficiency, environmental excellence, fuel flexibility and services.

# Market trends and drivers

- Development of the global economy drives marine trade and transportation growth
- Environmental regulations drive demand for environmental solutions and gas as a marine fuel
- Increasing focus on energy efficiency and environmental performance

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The development of efficient vessels, environmental solutions and gas technology will be our priority in meeting the evolving needs of our customers.



# Our offering covers all market segments

## Oil & Gas

### Offshore



## Shipping

### Merchant



### Cruise & Ferry



### Navy



### Special vessels



# Ship Power's strategic goal

To be recognised as the leading provider of innovative products and integrated solutions in the marine and oil & gas industry.

Leader in

Efficiency



Gas and dual-fuel solutions



Environmental solutions



Through offering

- Lifecycle solutions for ship owners and operators
- Integrated solutions for the shipbuilding industry, owners and operators
- The most competitive products and delivery process for the marine industry



# THE MOST COMPLETE MARINE OFFERING ON EARTH



Automation



Ballast Water Management



Compressors



Engines & Generating Sets



Exhaust Gas Cleaning



Gas Systems



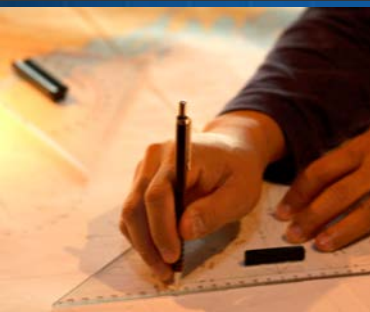
Gears



Inert Gas



Integrated solutions



Marine Lifecycle Solutions



Oil Separation



Power Electric Systems



Project Management



Propulsors



Pumps & Valves



Seals, Bearings & Stern Tubes



Services



Ship Design



Waste & Fresh Water Management



**Thank you.**



**WÄRTSILÄ**