

# WÄRTSILÄ CORPORATION

## CORPORATE PRESENTATION 2010



# This is Wärtsilä

SHIP  
POWER

POWER  
PLANTS

SERVICES

# Our Mission and Vision

## Mission

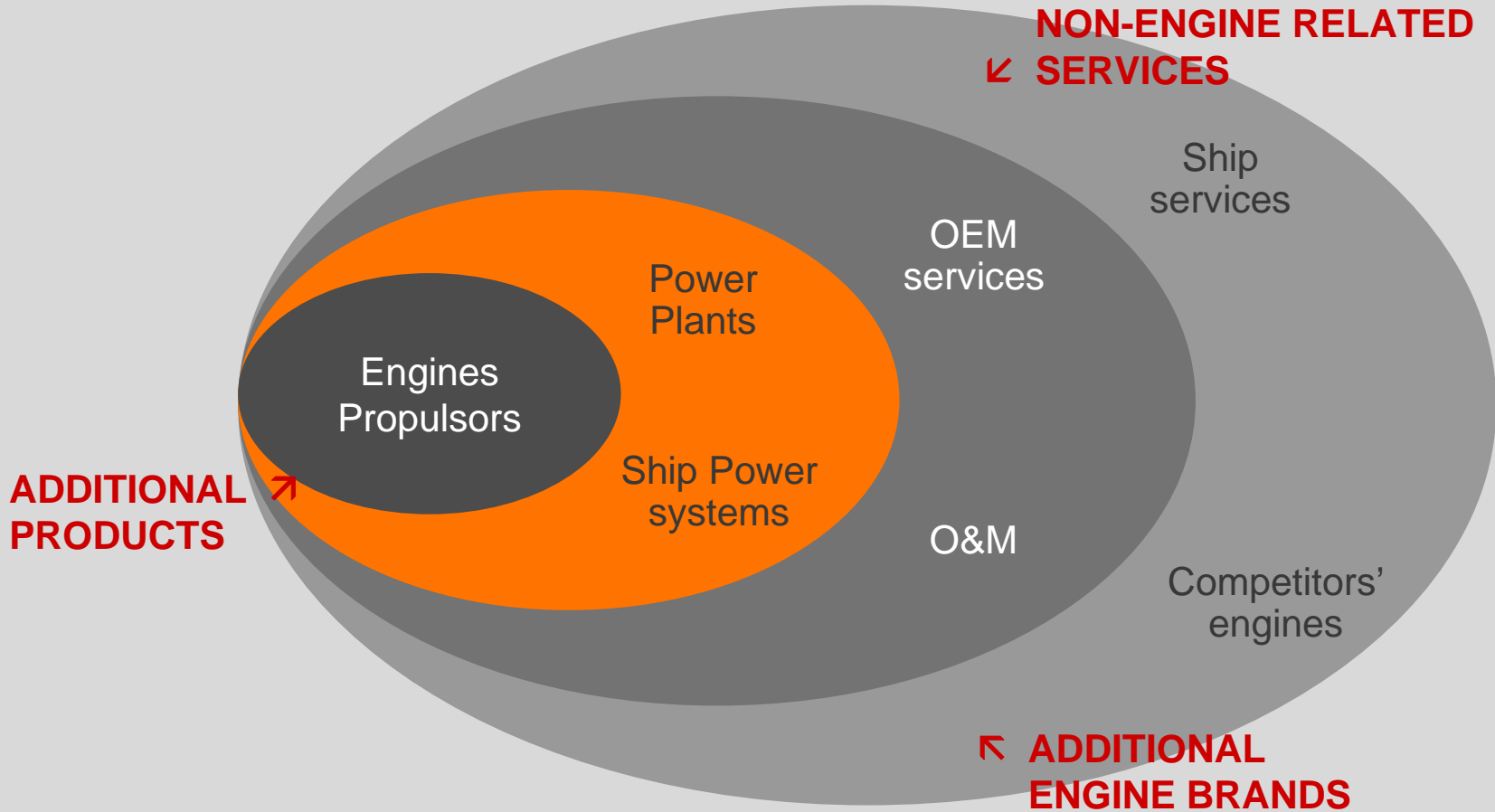
We provide lifecycle power solutions to enhance the business of our customers, whilst creating better technologies that benefit both the customer and the environment.

## Vision

We will be the most valued business partner of all our customers.

# Our offering

... we are seeking growth beyond the organic growth





# Wärtsilä Ship Power

We are the leading provider of ship power solutions. We command a strong position in all main marine segments as the supplier of highly rated ship machinery and systems

- **Maintain our leading position** and generate profitable growth in all business segments
- **Broaden and develop** the range of system integration and design, installation and engineering services
- **Strengthen competences**, capabilities and presence in key markets
- **Continuously explore possibilities** to extend our product portfolio and services via acquisitions and partnerships



### Customer needs:

- Customer management
  - Easy to work with
  - Competent personnel
  - Response time
- Trustworthy partner
  - Has good references
  - Reliable
  - Takes responsibility
- Customer understanding
  - Understands customers' business and needs
  - Matching offering that suits the needs
- Efficient systems
  - High quality
  - Innovative



### Wärtsilä provides:

- Continuous response to customer needs, competence and reliability
- Integrated systems, total solutions
- High-quality lifecycle power solutions, maintenance and service suitable to customers
- Enhancements to customers' business through superior energy, operational and environmental efficiency

## Wärtsilä

“Design, build and support innovative high quality lifecycle solutions”

- Innovativeness (energy, efficiency, economy)
- Lifecycle support 24/7
- Design support
- Asset optimisation

- Price
- Quality
- Availability
- Design

## Shipowner/ Operator

“uninterrupted operations with lowest possible operating costs”

## Shipbuilder

“build vessels which meet the requirements with lowest possible cost”

- Price
- Quality
- Availability
- Design



# Our offering covers all key shipping segments

SHIP POWER

Merchant



Offshore



Cruise and Ferry



Navy



Special Vessels



# We have the most extensive product portfolio in the industry

SHIP POWER



Engines



Propulsion



Seals & Bearings



Automation



Power Distribution



Power Drives

Merchant

Offshore

Cruise & Ferry

Navy

Special vessels

Wärtsilä Components

## Segment specific

- Concepts
- Applications
- Project Execution Models
- System Integration Capabilities
- Engineering Services
- Third party supplies

## R&D

Ship design  
Product Engineering  
Strategic Purchasing

**WE ARE A LEADING SUPPLIER OF  
FLEXIBLE POWER PLANTS FOR THE DISTRIBUTED  
POWER GENERATION MARKET**



# Target markets and solutions

## Lifecycle services are provided by Services

## POWER PLANTS



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



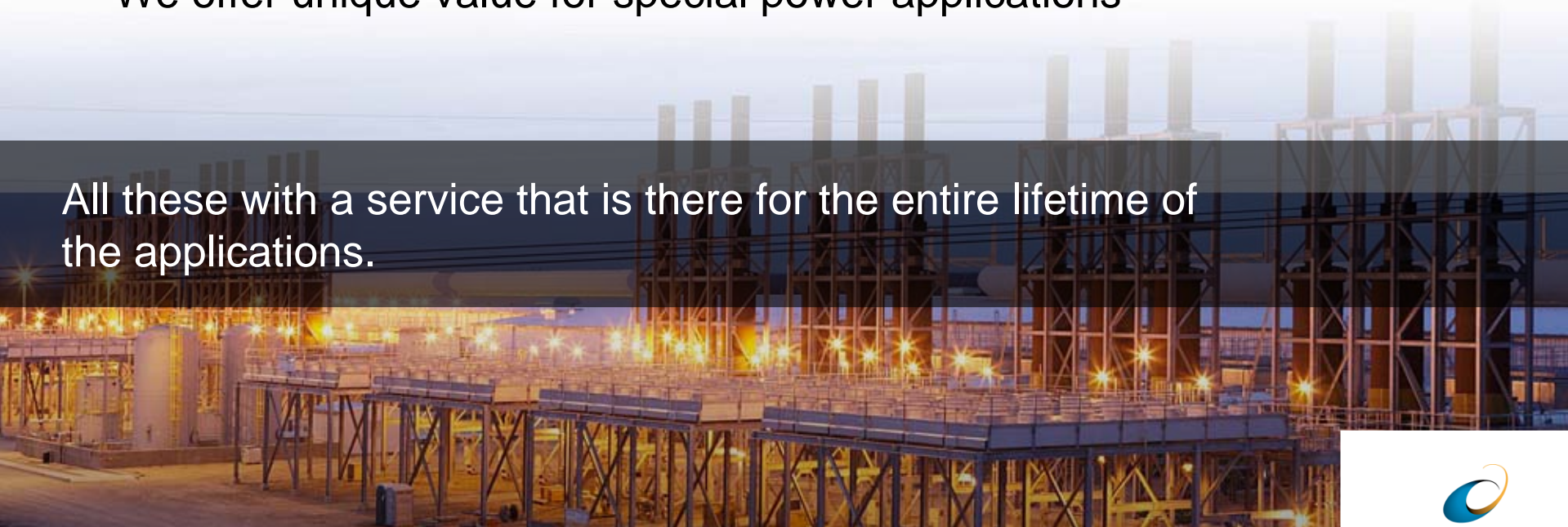
Combined heat & power plants (CHP)



Pumping and compression applications

- We are the leading supplier of flexible HFO power plants
- We offer the most competitive gas power generation for grid stability applications and intermediate power
- We pioneer high efficiency power generation running a wide range of liquid biofuels
- We offer unique value for special power applications

All these with a service that is there for the entire lifetime of the applications.



### FLEXIBILITY

#### Fuel flexibility

- Ability to use available fuels
- Ability to use low cost fuels
- Ability to convert from one fuel to another
- Backup fuel capability

#### Operational flexibility

- Dynamic features
- Continuous baseload

#### Energy efficiency

- High electrical efficiency
- Sustainable power generation and high fuel prices demand and favor high generation efficiency

### SUSTAINABILITY

#### Emission compliance

- Compliance with all norms, incl. California
- Competitive capital cost
- Standardised solutions

#### Modularity

- Professional delivery
- Reliability & Availability
- Proven products
- O&M services



### Power Plant Services

#### Development and Financial Services

- Project development, carbon finance expertise

#### World class Project Management capabilities

- Global EPC
  - Wärtsilä is the only power plant contractor delivering EPC in the whole developing world
- Main enablers
  - Modular pre-fabricated power plant product. Minimised site work
  - 25 year experience constructing in developing countries
- Scope of supply flexibility
- Competitive delivery times

### Support Services

#### Local service for lifecycle support

- Global service network close to most customers
- 24/7 service

#### Supporting our customers with Services agreements

- Supply agreements
- Technical management
- Maintenance agreements
- Asset management

**WE SUPPORT OUR CUSTOMERS THROUGHOUT THE LIFE-CYCLE OF THEIR INSTALLATIONS BY OPTIMISING EFFICIENCY AND PERFORMANCE**

We provide the broadest portfolio and best services in the industry for both ship power and power plants. We offer expertise, proximity and responsiveness for all customers regardless of their equipment make in the most environmentally sound way.

### Market Drivers

- **Technologies and Solutions that address environmental issues.** Environmental concern is increasing and regulations in the marine and power markets are becoming more and more stringent. Wärtsilä Services offers cost efficient compliance solutions and services.
- **Management Services** to help equipment owners monitor the profitability of their investment. Wärtsilä Services offers a wide range of agreements, customised training packages and online solutions.
- **Presence and availability** are some of the most important criteria for service support. Wärtsilä Services builds up its presence, competencies and logistics where the customer needs are.

Wärtsilä Services' strategy is to **strengthen its leading position** in the marine and power plant markets and to **broaden its offering** in order to support its customers better.

While focus on growth will continue, importance is also placed on **developing and consolidating of current portfolio and acquired companies** in order to further optimise customer operations.



WÄRTSILÄ Engine Services

WÄRTSILÄ Propulsion Services

WÄRTSILÄ Electrical & Automation

WÄRTSILÄ Boiler Services

WÄRTSILÄ Environmental Services

WÄRTSILÄ Operations & Management

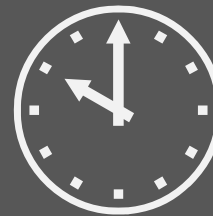
WÄRTSILÄ Training Services

Wärtsilä Services becomes the most valued business partner by understanding customers' problems and assembling the appropriate solution to solve them.

- 70 countries
- > 160 locations
- > 11'000 people
- > 7'500 field service forces



We are the only player in the market able to offer our clients 24/7 support, globally, in the fields of logistics, technical support and field service from a single source.



**WE PROVIDE MARKET LEADING PRODUCTS**





# Our product value propositions

## Wärtsilä products are

- Market leading in technologies that benefit both the customer and the environment
- Fit for solution integration
- High quality and reliable
- Cost efficient over the total lifecycle
- Energy efficient and performing
- Functional and suitable for the full range of fuels
- Provided with dedicated automation
- Constructed for easy manufacturing and servicing
- Safe

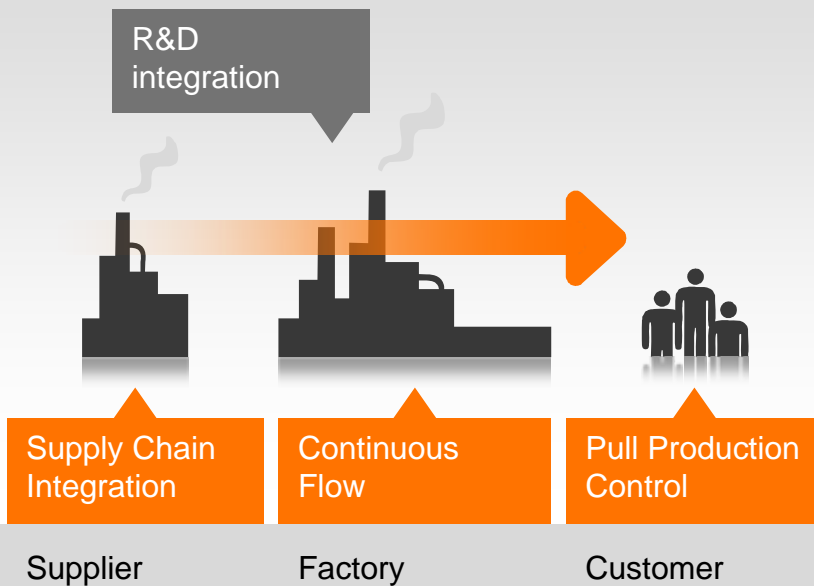
# Wärtsilä's manufacturing philosophy

“Being the provider of highly rated products for our Ship Power and Power Plants businesses. Our operational targets are Quality, Delivery and Cost, in that order.”

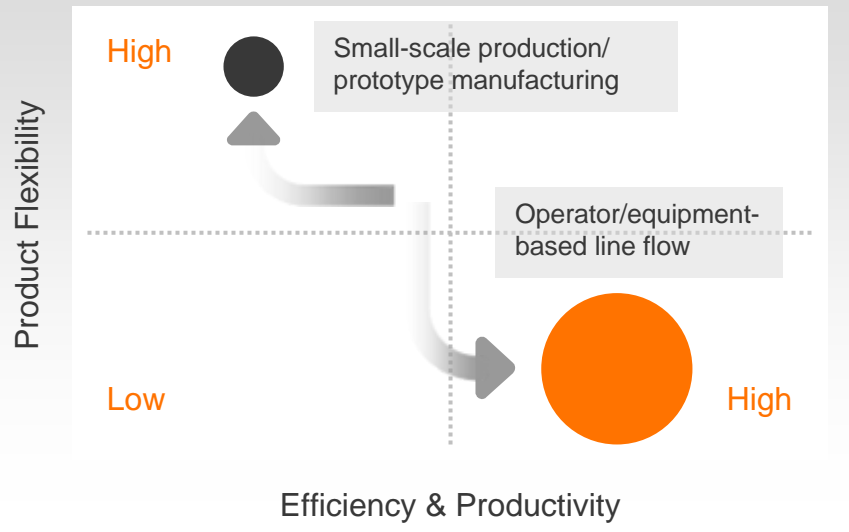
Examples:

## Our Manufacturing Process:

Information & Material flow



## Our Manufacturing Concept:



● Size = Indicative volume

# Manufacturing footprint

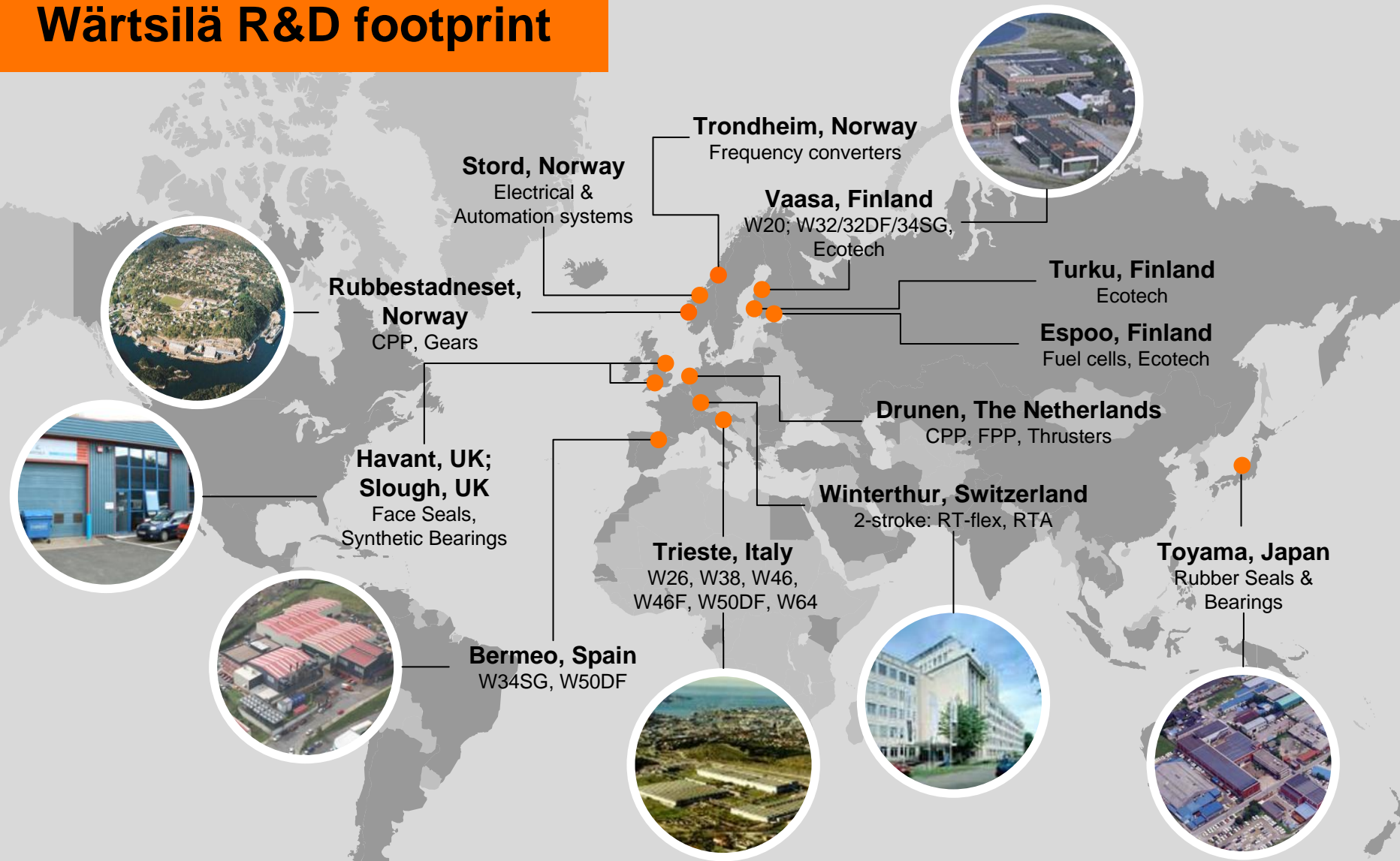




# Research & Development

- Wärtsilä develops, designs and manufactures competitive products and solutions for the marine and energy markets.
- In our Research & Development activities the objective is to achieve a leading position in engine and propulsion technology, specifically in the areas of environmental technology, reliability, lifecycle costs and automation.
- The product portfolio derives from our own engineering as well as from co-operation with the strategic partners.

# Wärtsilä R&D footprint



**WIO R&D** ~740 employees  
R&D spending 2010: EUR 141 million  
Continuous strong focus on R&D and life cycle solutions will further strengthen Wärtsilä's position as technology leader



# Sustainability has a key role in our strategy

## Wärtsilä and sustainability





# Wärtsilä in sustainability indices

SRI RESEARCH  
Index

**WARTSILA**  
is included in



The **Ethibel Excellence Index®** consists of some 280 companies stocks from Europe, North America and Asia-Pacific. It consists of companies showing, on the basis of Vigeo ratings, above-average performance in terms of social and environmental sustainability and meeting the ethical criteria establishes by the independent organisation Forum Ethibel.

[www.vigeo.com](http://www.vigeo.com)

SRI RESEARCH  
Index

**WARTSILA**  
is included in



The **Ethibel Pioneer Index®** consists of some 200 companies stocks from Europe, North America and Asia-Pacific. It consists of companies showing, on the basis of Vigeo ratings, the most outstanding scores in terms of social and environmental sustainability and meeting the ethical criteria establishes by the independent organisation Forum Ethibel.

[www.vigeo.com](http://www.vigeo.com)

SRI RESEARCH  
Index

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The **ASPI Eurozone®** index consists of the 120 listed Eurozone companies that perform best in social and environmental terms. The stocks are selected on the basis of Vigeo ratings.

[www.vigeo.com](http://www.vigeo.com)



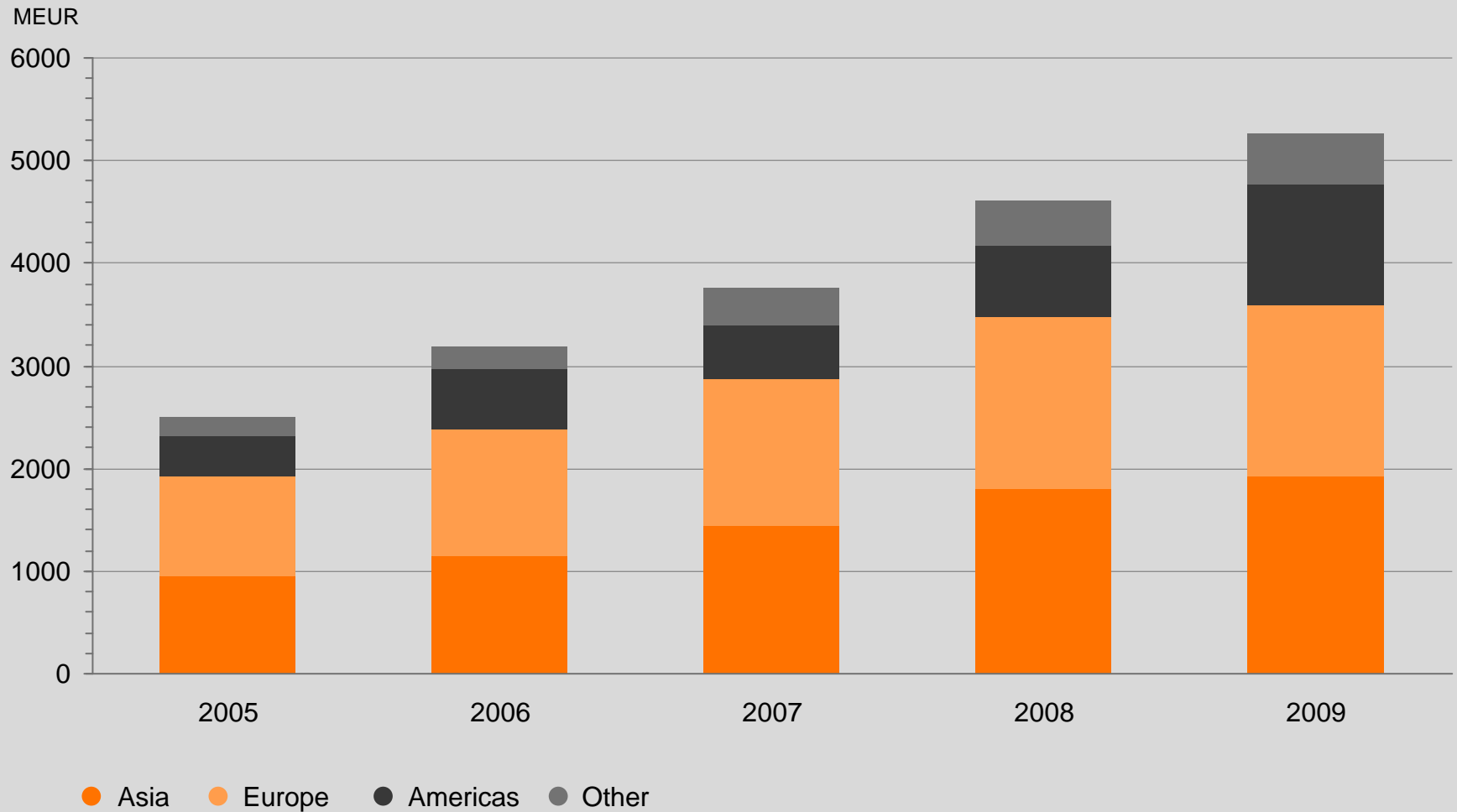
# Financial highlights

MEUR	2009	2008	2007	2006
Order intake	<b>3 291</b>	5 573	5 663	4 621
Order book at the end of the period	<b>4 491 <sup>*)</sup></b>	6 883	6 308	4 439
Net sales	<b>5 260</b>	4 612	3 763	3 190
Operating result before nonrecurring restructuring items	<b>638</b>	525	380	263
% of net sales	<b>12.1</b>	11.4	10.1	8.2
Operating result	<b>592</b>			
% of net sales	<b>11.2</b>			
Profit before taxes	<b>558</b>	516	372	255
Earnings/share, EUR	<b>4.30 <sup>1)</sup></b>	3.88	2.74	2.03
Cash flow from operating activities	<b>349</b>	278	431	302
Gross capital expenditure	<b>152</b>	366	231	193

1) Earnings per share excluding nonrecurring items (EPS including nonrecurring items total EUR 3.94).

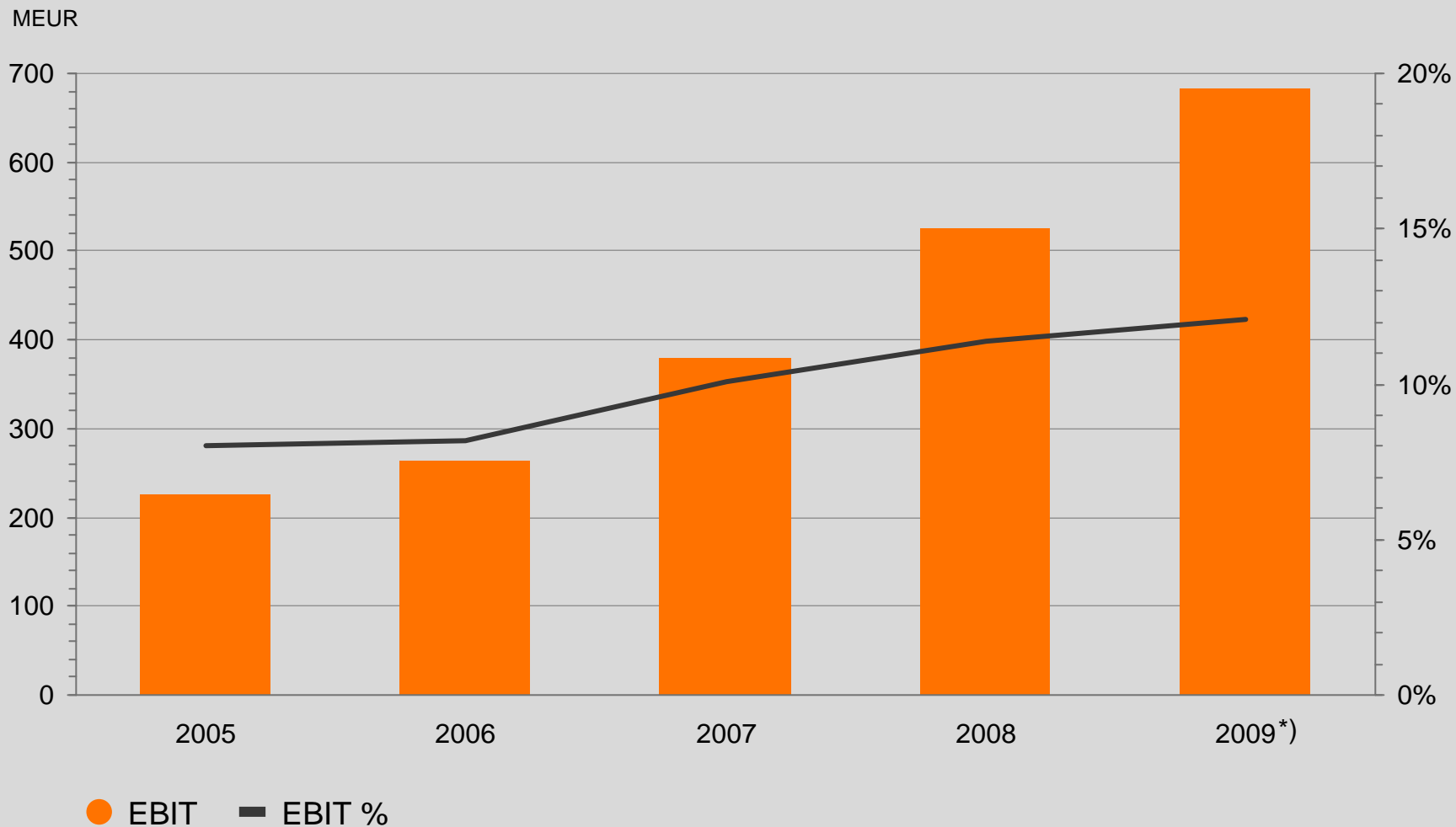
\*) Cancellations amounting to EUR 410 million have been eliminated from the order book during the review period January-December 2009.

# Net sales by market area



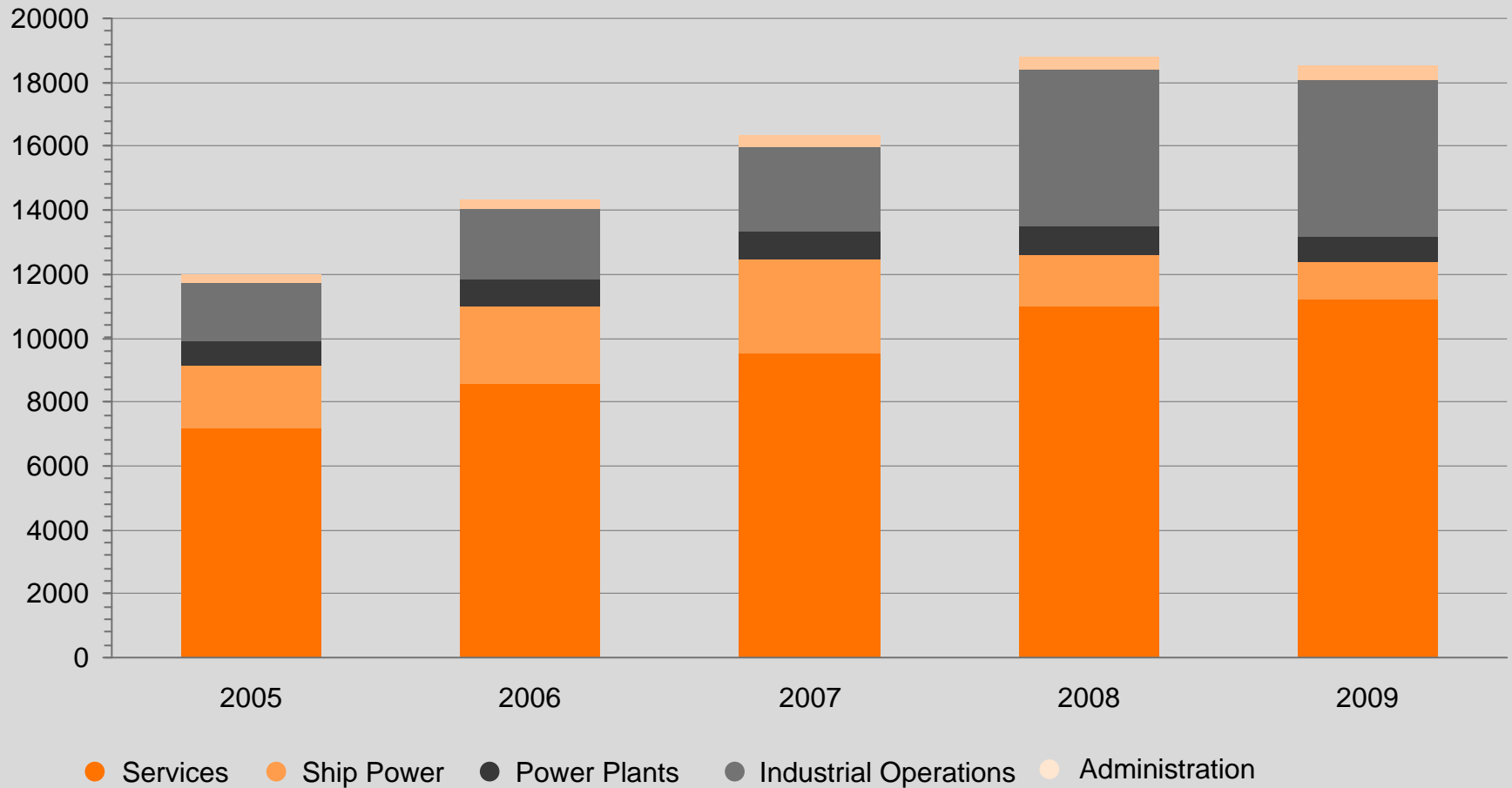


# Improved profitability



\*) Operating result before nonrecurring restructuring items

# Personnel development



# Prospects for 2010



Due to low demand in the shipbuilding sector we expect net sales to decline by 10-20 percent in 2010. As a result of a stable service business, good demand for power plants and proper adaption of capacity, our operational profitability (EBIT% before nonrecurring items) should be between 9-10%, well within the upper end of our long-term target range.



**WÄRTSILÄ**