



WÄRTSILÄ SERVICES: FOCUSING ON GROWTH AND DIGITALISATION

Pierpaolo Barbone, President Services
& Executive Vice President

Services in a nutshell

In one year:

We serve
12,000
customers

115,000 deliveries,
constituting more than
900,000 line items, packed
in **134,000** packages

117,000
unique
materials
stored

16,300,000 kg
of parts, with a total
volume of **46,700 m³**



66,700
export
declarations

Around **106,000**
transportations making use
of roughly **150** carrier
modalities

We maintain
knowledge
and skills for
350 different
product types

**...One promise to the
customer:**

We offer expertise,
proximity, reliability and
responsiveness for our
customers in the most
sustainable way

Our **3,600** field service
professionals perform
100,000 field services jobs



We provide
20,000
technical
answers

We maintain
450
installations
under long-
term contract

We operate in two strategic markets

Marine & Power Plants

Demand drivers:

- Focus on efficiency of operations
- Strong demand for power generation in developing countries

Growth through:

- Capturing further opportunities within our installed engine base
- Exploring opportunities in the installed base of multiple brands and equipment



Oil & Gas

Demand drivers

- Solid demand for energy
- Pressure to keep production up

Growth through:

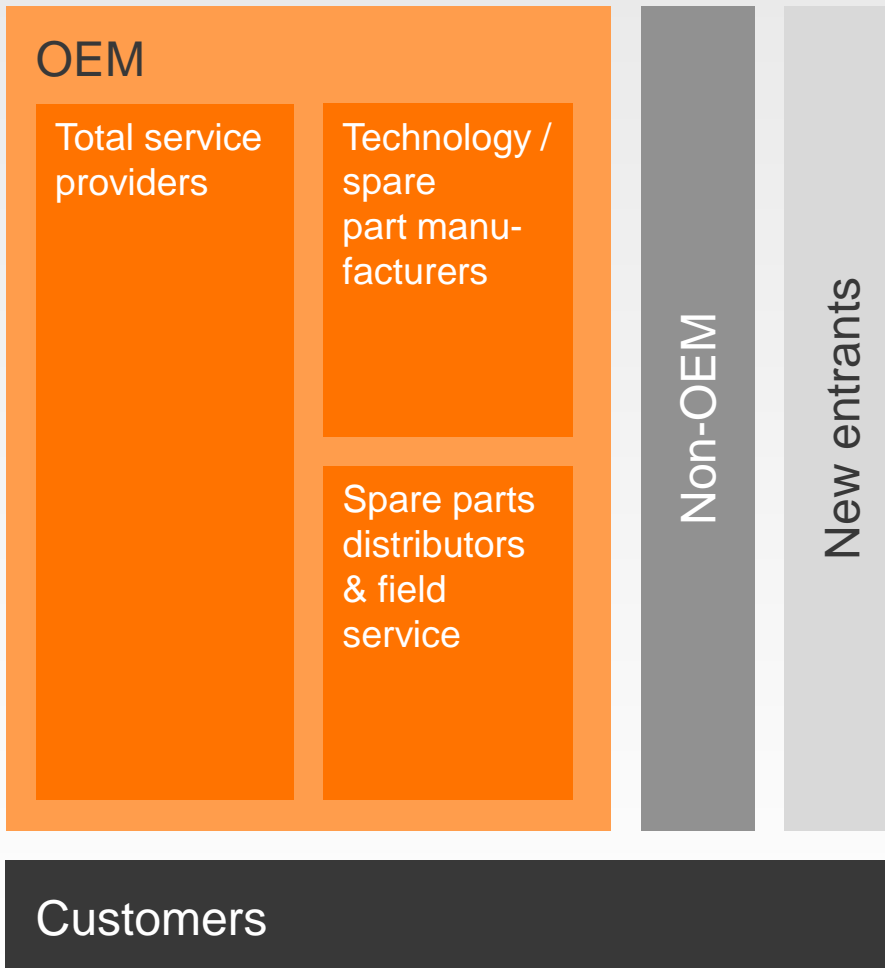
- Building on our installed base in power generation, pumping, and offshore propulsion
- Leveraging existing capabilities



Increasingly shaped by:

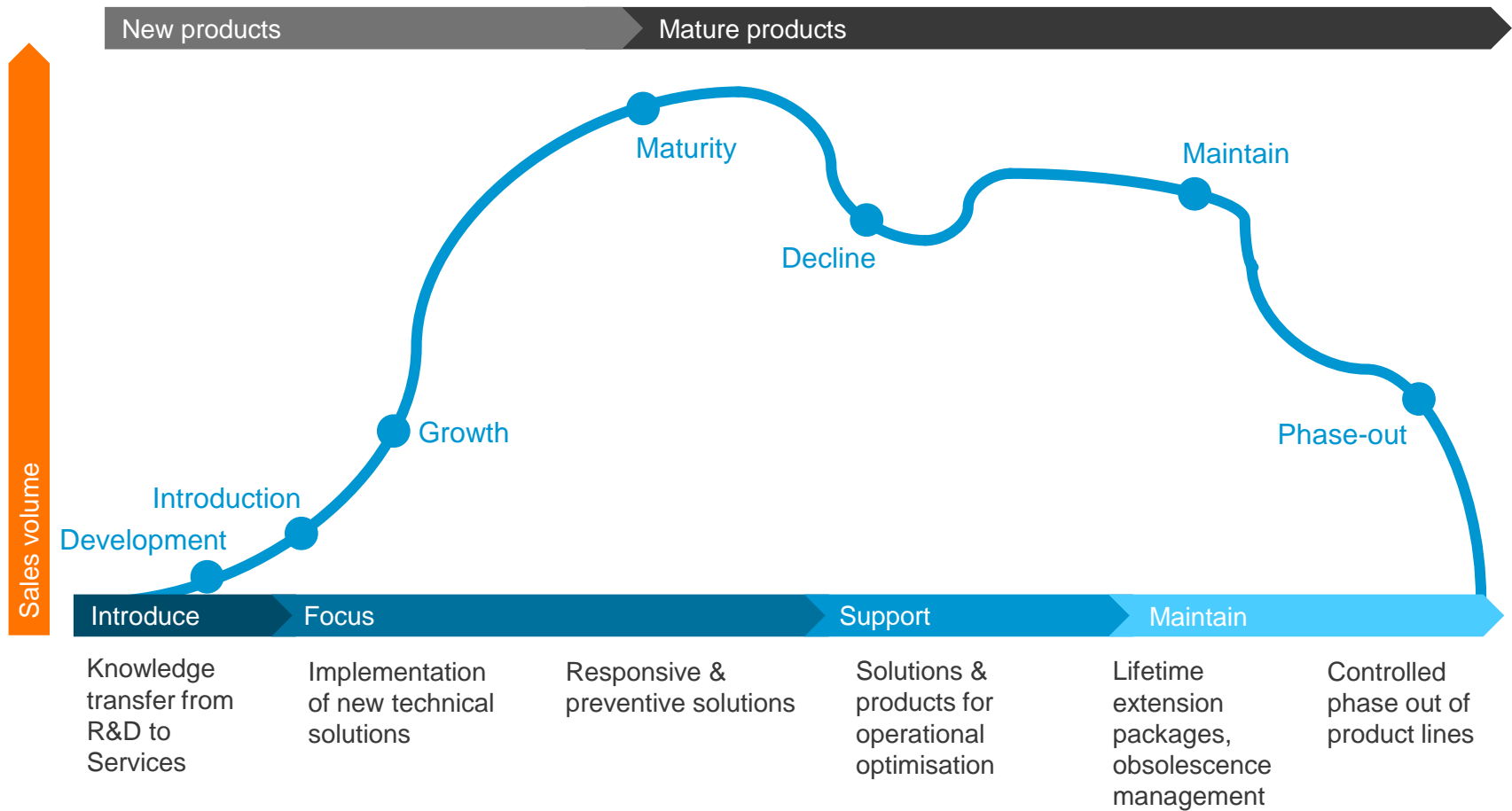
- Complexity, uncertainty and volatility in global economy and politics
- Trade sanctions and trade barriers
- Digital disruption
- Growing importance of gas as a fuel
- New and stricter regulations regarding emissions, safety, and asset efficiency

Changing competitive landscape requires adapting the way we operate



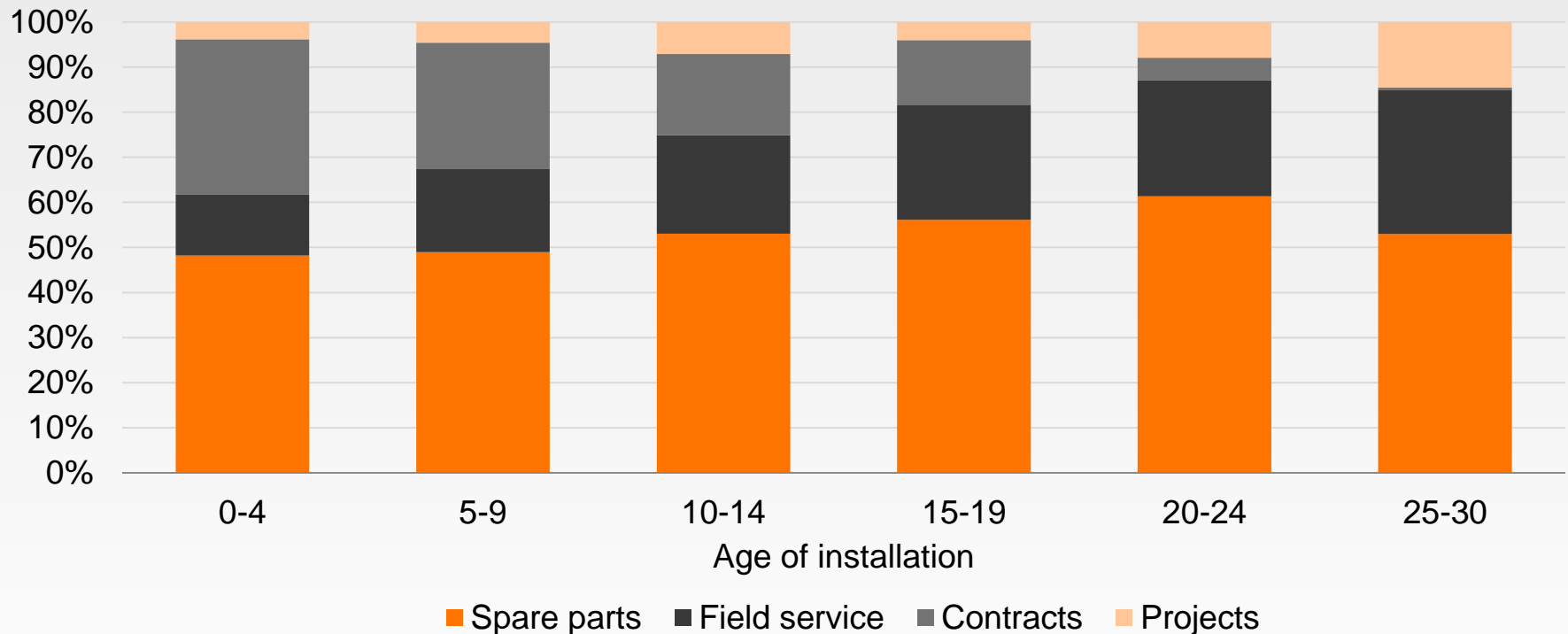
- Increasing our market share through **superior customer service**, improved quality and products that offer **clear customer benefits**
- Changes in customer behaviour and more advanced technology drive **demand for premium services**
- **Digitalisation** is **crucial** for staying competitive and enabling growth
- Extending current products and competences into new markets and making acquisitions require **adapting operating models**

Managing the lifecycle of our installations



Managing the lifecycle: A closer look at our business

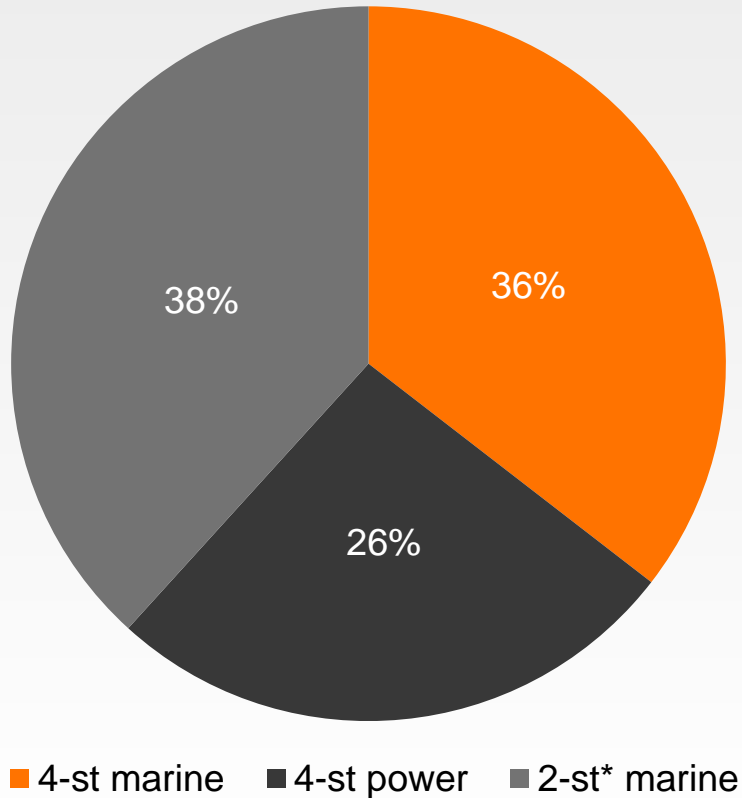
4-stroke sales distribution by age of installation



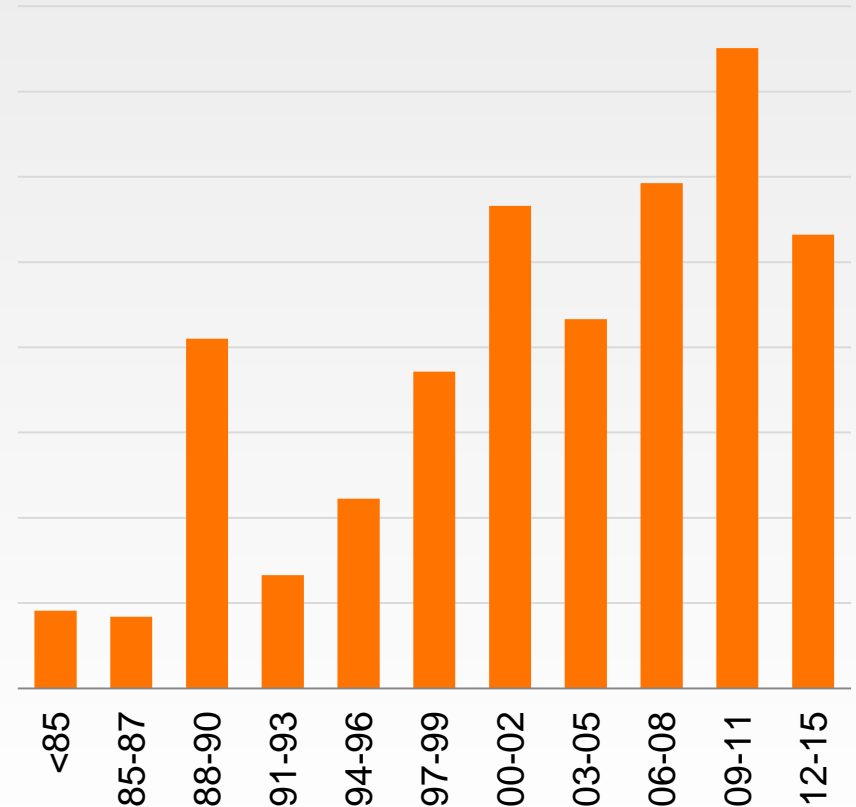
We manage long relationships with our customers

Understanding our 181 GW engine installed base

Wärtsilä's engine installed base



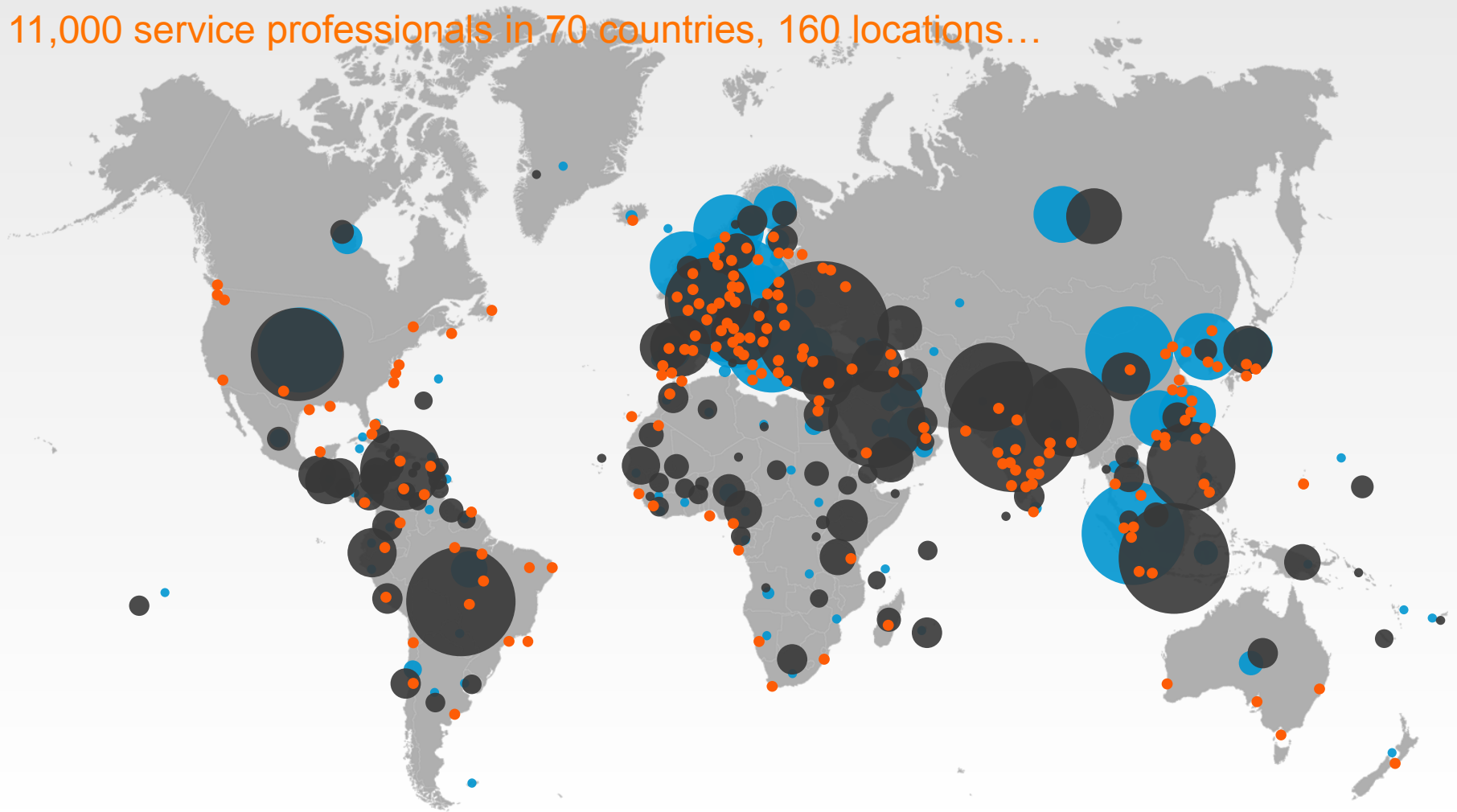
Engine installed base: MW distribution by commissioning year



* 2-stroke now Winterthur Gas and Diesel Ltd. (WinGD), a joint venture between Wärtsilä and CSSC

We are where our customers need us to be

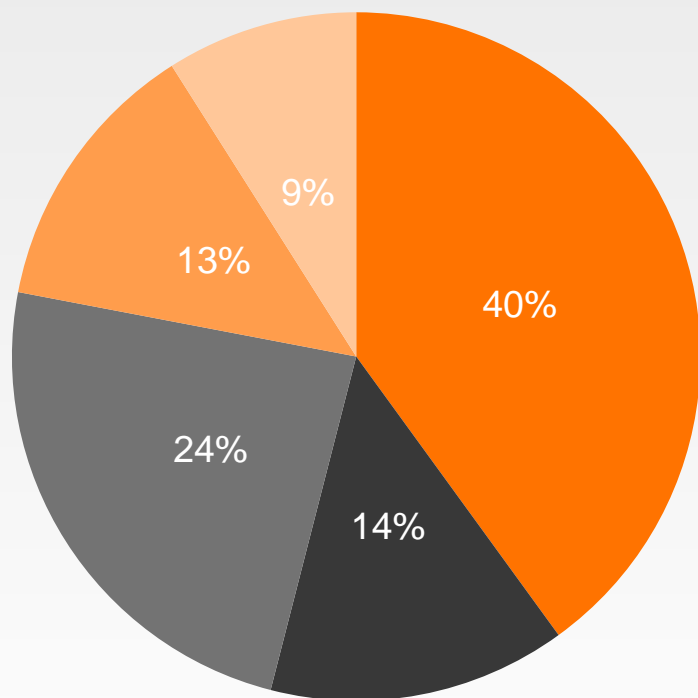
11,000 service professionals in 70 countries, 160 locations...



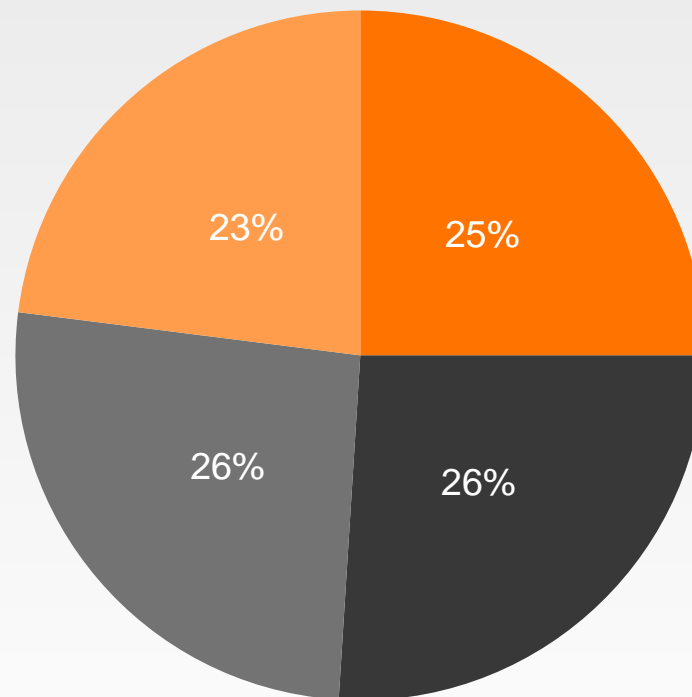
- Marine installed base by operating country
- Power installed base by operating country
- Service locations

Business per industry segment and region

Net sales split – H1 2015



- Power
- Offshore
- Merchant
- Cruise & Ferry
- Special Vessels & Navy

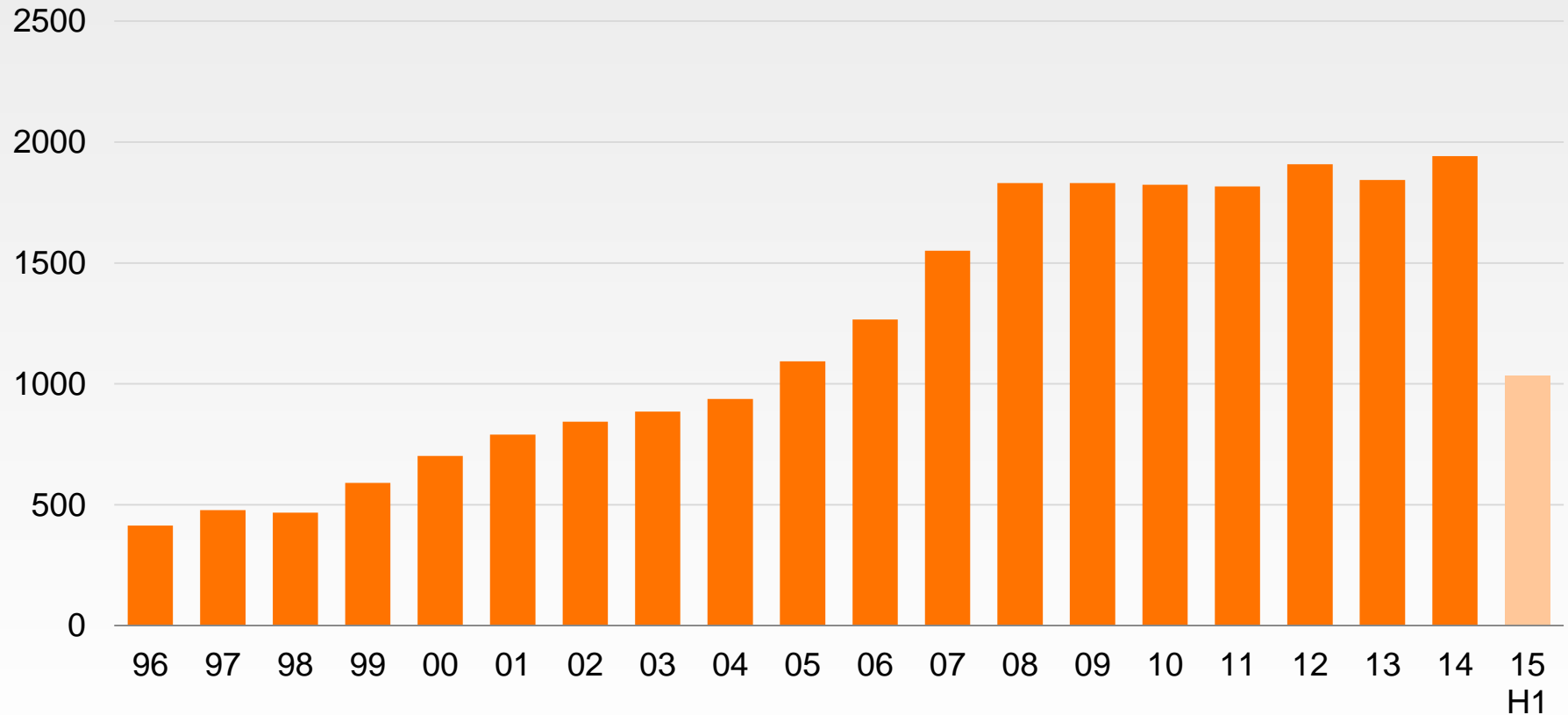


- Middle-East and Asia
- Americas
- Northern Europe
- Southern Europe and Africa

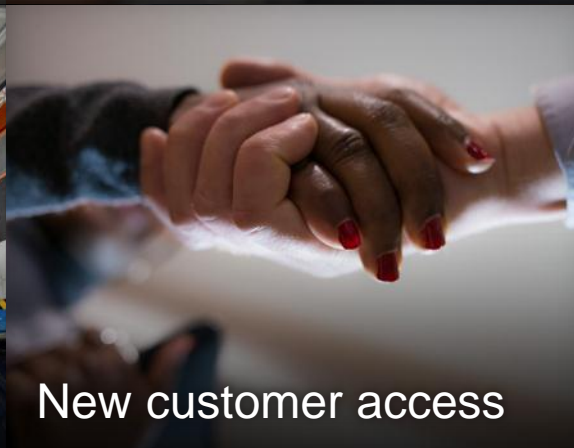
A solid business in a challenging environment

Net sales development

MEUR



The only way forward is growth



We will grow by

- Doing more business with existing customers
- Exploring opportunities within new customer segments by leveraging current competences
- Acquiring businesses in growing markets

Customer focus is key

Customer first

We will nourish our partnerships with the existing customer base by focusing on improved:

- Time to quote
- Delivery accuracy
- Quality of field service

Access to new customers

We will seek to grow our customer base organically and through acquisitions by leveraging our existing competences.

- Exploring opportunities in the installed base of multiple brands and equipment



Asset & lifecycle management

We will continue to develop and commercialise our portfolio of value-adding services:

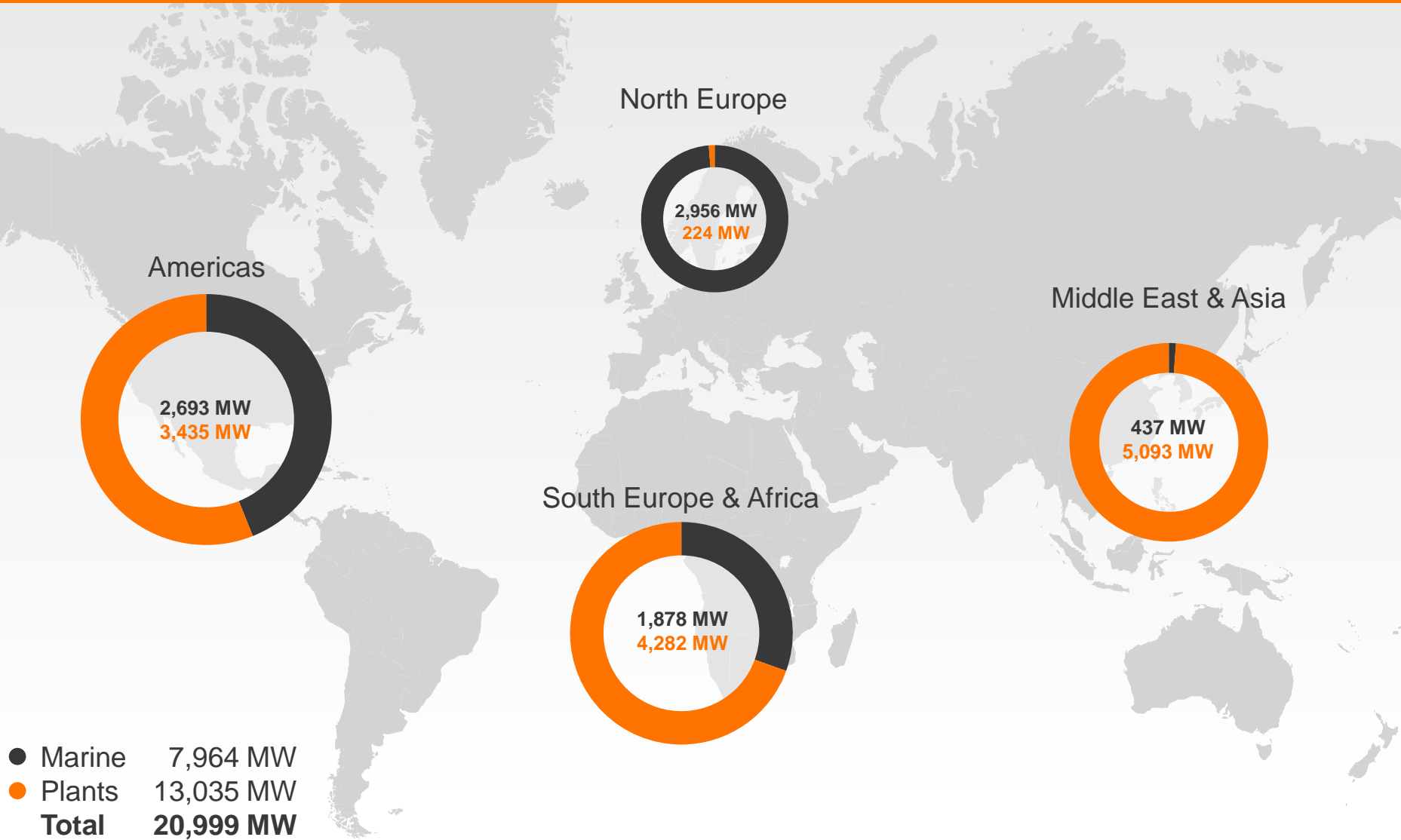
- Asset performance management agreements
- Retrofits
- Upgrading of installed base

Focus areas for agreements:

- Marine: LNG carriers, cruise
- Oil and gas: offshore drilling and production, OSV's
- Power Plants



Installed base under agreements



A photograph of a control room or industrial monitoring station. In the foreground, a man with glasses, wearing a grey and orange Wartsila uniform, is seated at a desk with multiple computer monitors. He is looking at the screens, which display various data visualizations like graphs and charts. In the background, another person is visible, also working at a computer. The room is filled with technical equipment and monitors.

Digitalisation: leading the industry in the digital fields

Megatrends that drive digitalisation



Digitalisation in industrial services

- Through partnerships with common business goals, digitalisation can help our customers' business top line growth.
- New opportunities emerge at all stages from design to operations support, creating new business models and making old ones more efficient.
- Digitalisation enhances customer engagement, enabling a seamless and rewarding customer experience.
- Digitalised services can improve performance throughout the installation lifecycle.

Creating customer value through digitalised services



Improving customers' business top line with a co-growth approach

Customer value creation is a partnership in which digital technology and analytical skills of human experts are combined to achieve a common goal.

Wärtsilä's focus areas for digital value creation

1.
Customer
engagement

2.
Intelligent
engines and
components

3.
Digital
maintenance
services

4.
Virtual
concepts

5.
Asset
performance
optimisation

Wärtsilä's focus areas for digital value creation

1.

Customer engagement

- Digitalisation enables new forms of customer engagement.
- Increasingly sophisticated digital services offer value and empowerment.
- User experience is expected to be seamless and intuitive.

2.

Intelligent engines and components

- Breakthrough innovations emerge from exploiting intelligent technologies.
- Key components will be equipped with track and trace features enabling them to alert when issues arise.
- In intelligent engines, components communicate with each other and self-optimize based on this communication.

Wärtsilä's focus areas for digital value creation

3. Digital maintenance services

- Interactive and real-time data helps secure and optimise the operation of power plants and vessels.
- Utilising this data can help predict maintenance and competence needs well in advance, enabling better planning.
- Transparency of real-time data from order to invoicing.

4. Virtual concepts

Solutions based on 3D design can offer new ways to benefit from real-time information and knowledge to:

- Enhance technical assistance
- Support maintenance and servicing
- Enable new types of virtual training concepts from video training to holograms and augmented reality.
- Increase the availability of selected components through 3D printing.

Wärtsilä's focus areas for digital value creation

5. Asset Performance Optimization

- Focus shifting from maintenance and servicing to more comprehensive optimisation of customer business.
- Wärtsilä's asset performance optimisation concepts are designed to optimise e.g. an installation's energy efficiency, or even the management of an entire fleet.
- This will be done by integrating advanced dynamic voyage planning, ship efficiency advisory services and energy analysis, as well as extensive condition monitoring of the main equipment into one consolidated solution.



The technical enabler behind Wärtsilä's performance optimisation concepts is a single ecosystem.

Summary

- We will seek business growth within our installed base and explore opportunities in new markets where we can leverage our existing competences
- Our focus is on strengthening our leadership in lifecycle services
- We will continue investing in the development of new digital solutions and services that create value for our customers and enable us to grow together with them



Thank You



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www.wartsila.com