

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

communications

JOVYATLAS





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.





Rationale

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.



Author

Rationale

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.



Author

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





Today we are much more than an engine company



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

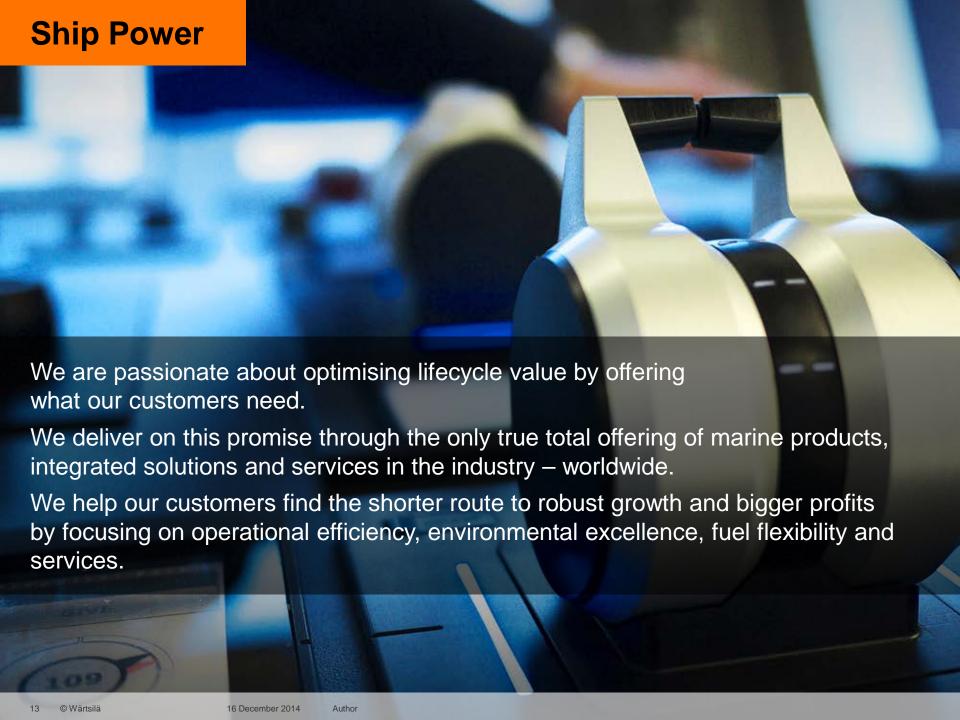
MEUR	2013	2012	2011 ²	2010 ²	2009 ²
Order intake	4 872	4 940	4 516	4 005	3 291
Order book at the end of the period	4 426	4 492	4 007	3 795	4 491
Net sales	4 654	4 725	4 209	4 553	5 260
Operating result ¹	520	515	469	487	638
% of net sales 1	11.2	10.9	11.1	10.7	12.1
Earnings/share, EUR	1.98	1.72	1.44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



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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



Market trends and drivers



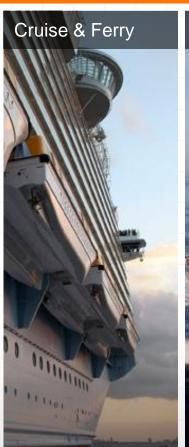
Our offering covers all market segments

Oil & Gas

Shipping









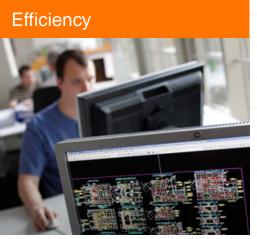


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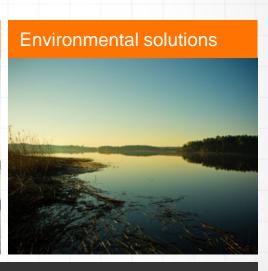
Ship Power's strategic goal

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

Leader in







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











Exhaust Gas Cleaning

Inert Gas

Integrated solutions











Marine Lifecycle Solutions

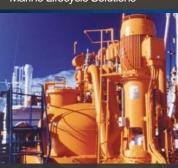
Pumps & Valves

Oil Separation

Power Electric Systems

Project Management

Propulsors











Thank you.

