

WÄRTSILÄ CORPORATION

CORPORATE PRESENTATION 2011

This is Wärtsilä

**SHIP
POWER**

**POWER
PLANTS**

SERVICES

Our mission, vision, and values

Mission

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

Vision

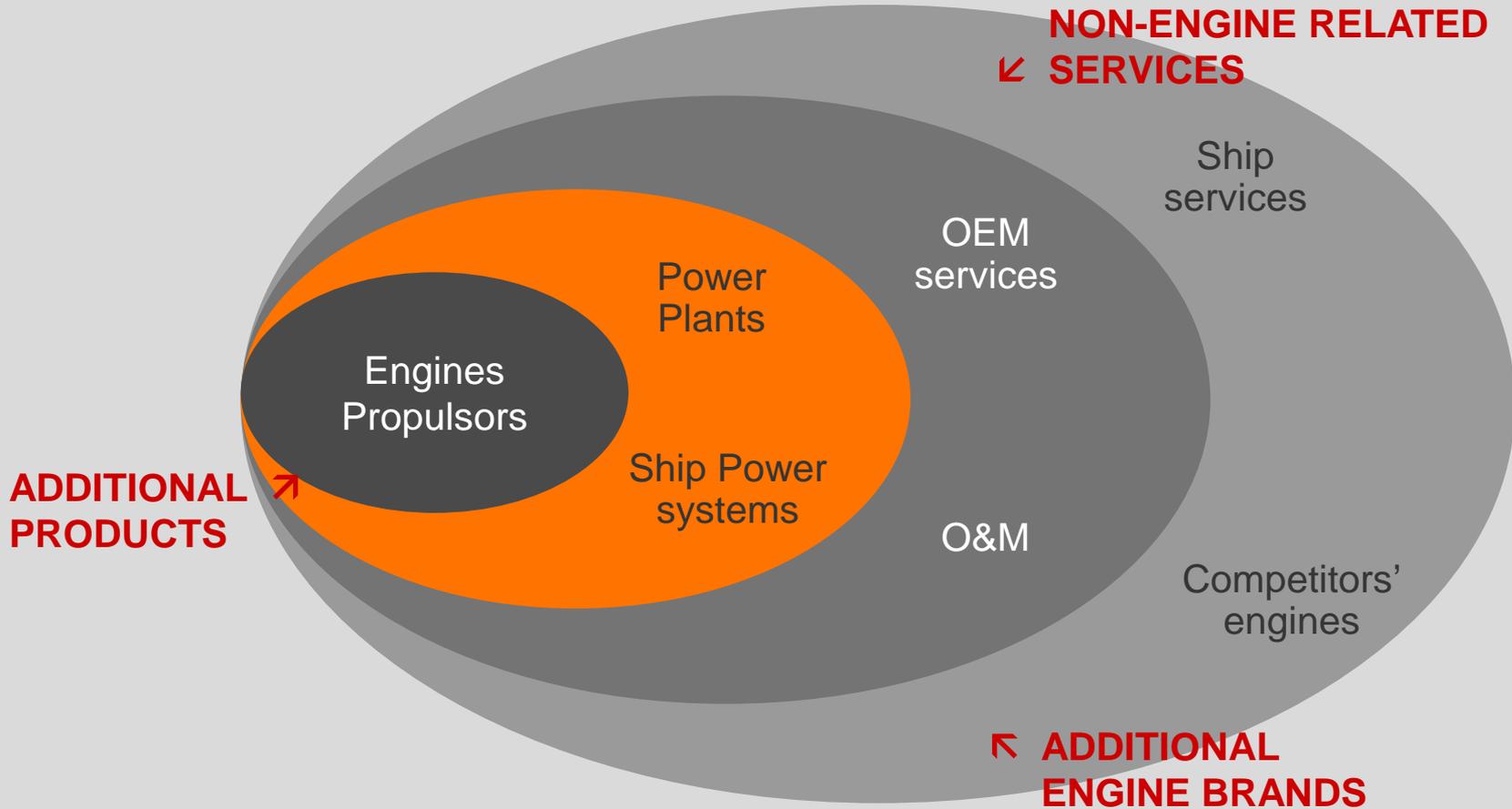
- We will be the most valued business partner of all our customers.

Values

- Energy – Capture opportunities and make things happen
- Excellence – Do things better than anyone else in our industry
- Excitement – Foster openness, respect and trust to create excitement

Our offering

... we are seeking growth beyond the organic growth



Wärtsilä Ship Power

Wärtsilä enhances the business of its customers by providing integrated systems, solutions, and products that are efficient, economically sound, and environmentally sustainable.

Being a truly global organisation with an extensive network, we have the ability to create and supply solutions and large systems, supported by a broad product portfolio.



Our growth strategy

SHIP POWER

Seek further growth through offering lifecycle solutions for ship owners and operators

Be the leading system integrator in the ship building industry with further enhancement in our offering and capabilities

Complement the system integration success with the best product sales and delivery process in the marine industry

Strategic Goal

Be recognised as the leading solution provider in the marine industry



- **Global demand for new vessels**, in particular regarding ships built for seaborne cargo transportation, offshore oil exploration and support, cruise and ferry services, and for naval contracting.
- Development of the global economy and its impact on **trade** and needed **transport capacity**.
- **Fuel price and availability**, influenced by global economy, have both a direct and an indirect impact on the shipping and offshore industries.
- **Environmental** considerations have become another significant factor impacting market behaviour.
- Other drivers:
 - shipyard capacity
 - new build prices
 - decommissioning and scrapping
 - interest and freight rates



We bring to the marine market:

Operational Excellence

- World-class engineering and project management capabilities support a unique portfolio of solutions
- One-stop shopping and support services
- Global presence and the most efficient and reliable design, construction and operation of installations in the marine industry

Environmental Efficiency

- Highly efficient products developed through technology leadership
- Design and system integration capabilities (holistic approach) facilitate the identification of optimal solutions
- Lifecycle approach ensures maximized efficiency throughout all operational profiles and for the entire fleet

Fuel Flexibility

- Multi-fuel solutions enable the use of, and interchange between, various types of fuel without compromising performance
- Upgrading / retrofitting possibilities ensure that the owner has full control over fuel choice, with the ability to adapt to new operating environments

Sustainable and
modern shipping

CUSTOMER

Solution provider with an extensive product portfolio



- Merchant
- Offshore
- Cruise & Ferry
- Navy
- Special vessels

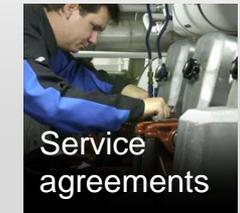
Lifecycle services

Total concepts through:

- R&D
- Ship Design
- Product Engineering
- Strategic Purchasing

System deliveries through:

- System Integration Capabilities
- Project Execution Models
- Engineering Services
- Third Party Supplies





We provide superior value to our customers with our flexible, efficient and environmentally advanced energy solutions, which enable a transition to a more sustainable and modern energy infrastructure.



- We are a major supplier of flexible base load power plants operating on various liquid and gaseous fuels
- We provide unique, dynamic solutions for grid stability, reserve, peaking, load following and intermittent power generation
- Our multi-fuel solutions for the Oil & Gas Industry are used for reliable power generation, pumping and compression

All applications are supported by tailored lifetime operation and maintenance services.

Our target markets and solutions

POWER PLANTS



Flexible base-load power generation



Grid stability and peaking



Industrial self-generation



Solutions for the 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

Development and Financial Services

- Project development
- Financing support
- Carbon finance expertise

World class Project Management

- Global EPC (Engineering, Procurement, Construction) delivery
- Main enablers
 - Modular pre-fabricated power plant product, minimised site work
 - 25-year experience of construction in 90 countries
- Scope of supply flexibility
- Short delivery time

Global service support

- Local service outlets in more than 70 countries
- Long-term operation and/or maintenance agreements
- 24h technical support
- Field service and spare parts

Flexibility both in products and services

- Growth of electricity demand
 - Electrification
 - GDP growth
 - Increasing standard of living
- Search for sustainability
 - Climate change (CO₂)
- Rapid growth of renewable generation
 - Politically created markets & subsidies
- Increasing need for flexibility
 - Increasing daily, weekly and seasonal demand fluctuation
 - Rapid introduction of intermittent renewable energy (wind & solar)
- Changing roles of fuels
 - New coal power plants difficult to permit
 - Emerging nuclear renaissance
 - Gas becoming intermittent and balancing fuel



Smart power generation

Competitive generation cost and high dispatch

- Highest simple cycle electrical efficiency (>46%)
- High efficiency even in hot ambient conditions
- Flexicycle™ (Combined cycle combustion engine plant)
- High part load efficiency
- High plant efficiency over a wide load range due to multiple generating sets

Energy Efficiency

Smart Power Generation

Fuel Flexibility

Continuous choice of the most feasible fuel

- Solutions for
 - liquid and gaseous fuels
 - renewables
- Hedge for the future
 - multi-fuel plants
 - fuel conversions

Multi-tasking plant prepared for future markets

- Unlimited, super fast, reliable starting and stopping with no impact on maintenance schedule
- Fast reserve, load following, peaking and base load
- All ancillary services
- Grid support, wind enabling

Operational Excellence

Preventing the unexpected and optimising our customers operations is our shared passion. We serve you whenever, wherever.

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.

To be recognised by customers as their services partner:
competitive, trusted and easy to deal with.

- Wärtsilä Services strategy is to strengthen its leading position in the marine and power plant markets and to broaden its offering in order to better support its customers.
- While focus on growth will continue, greater emphasis will be placed on developing and consolidating the current portfolio and acquired companies to further enhance the value to the customer.

- Companies focus on **efficiency and impact** of their operational expenses
- Accelerating **technological development**
- Increasing appeal of **modernisation and efficiency improvement** projects
- Increasingly **strict environmental regulations** means a strong focus on sustainable solutions
- Increasing complexity and resulting demand for **consultative services**

Wärtsilä's installed engine base in the Ship Power and Power Plants markets totals close to 180,000 MW and consists of thousands of installations distributed throughout the world. Both end markets consist of several customer segments for Services, and Wärtsilä's portfolio is the broadest in the market. These factors limit the impacts of fluctuations in any individual market or customer segment.



Preventing the unexpected

Guaranteed performance and risk management are identified as key needs of our customers. Preventing the unexpected is vital to ensure cost efficiency and smooth operations.

Environmental efficiency

Environmental legislation and the need for energy efficiency are main drivers for our customers to optimise their environmental performance.

Performance optimisation

Our customers are currently looking for longer-term efficiency increasing strategies to improve business efficiency and reduce operational expenses



WÄRTSILÄ **Engine Services**

WÄRTSILÄ **Propulsion Services**

WÄRTSILÄ **Electrical & Automation**

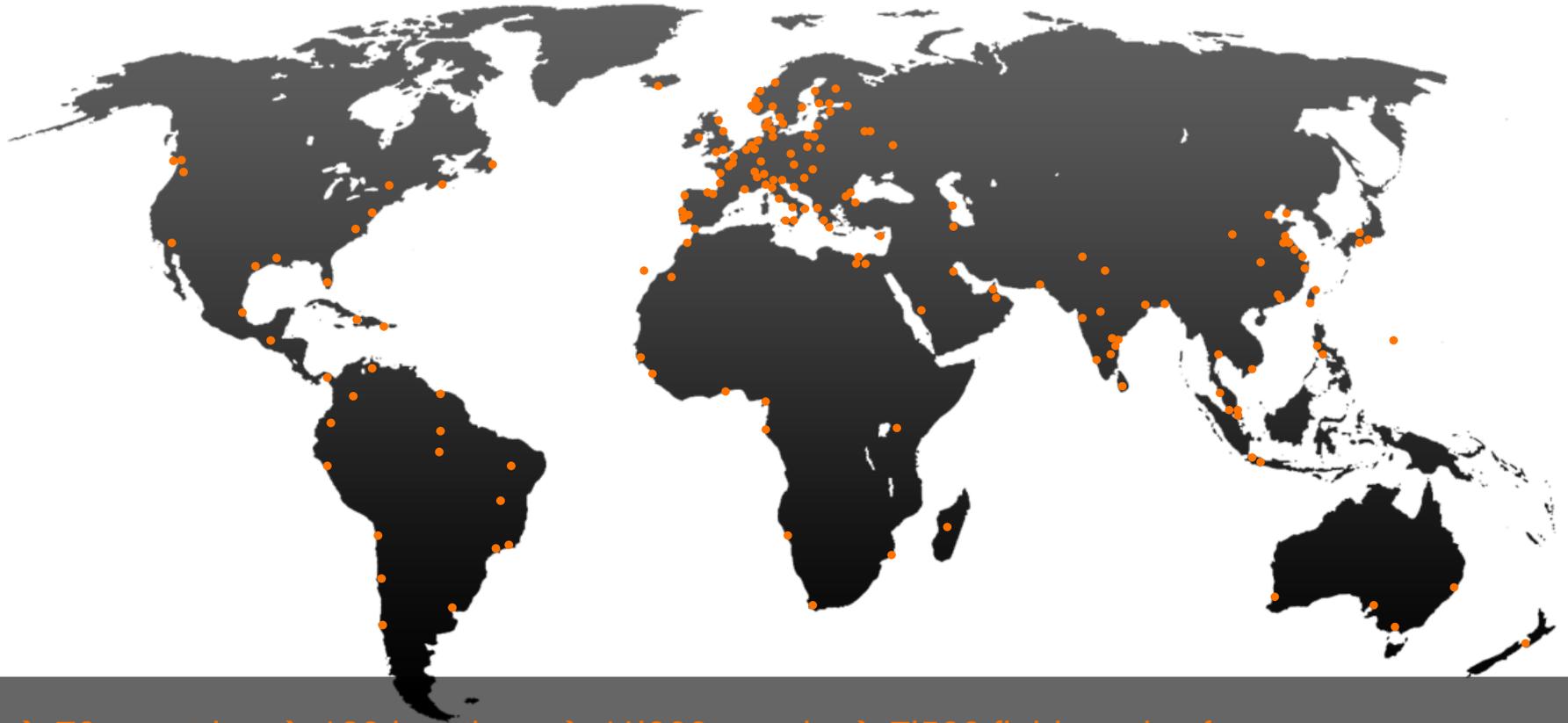
WÄRTSILÄ **Boiler Services**

WÄRTSILÄ **Environmental Services**

WÄRTSILÄ **Service Agreements**

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

- We offer innovative technologies that benefit both the customer and the environment
- Our manufacturing operations are flexible, agile and close to the customer
- We prioritise quality, delivery and cost – in that order
- Through our people we strive to build a strong performance culture, which is the basis for our success





Our top priorities are to secure competitive product quality, delivery accuracy and total cost of ownership for our customers. We emphasise product development and product delivery processes in close co-operation with the customers.

Our strengths

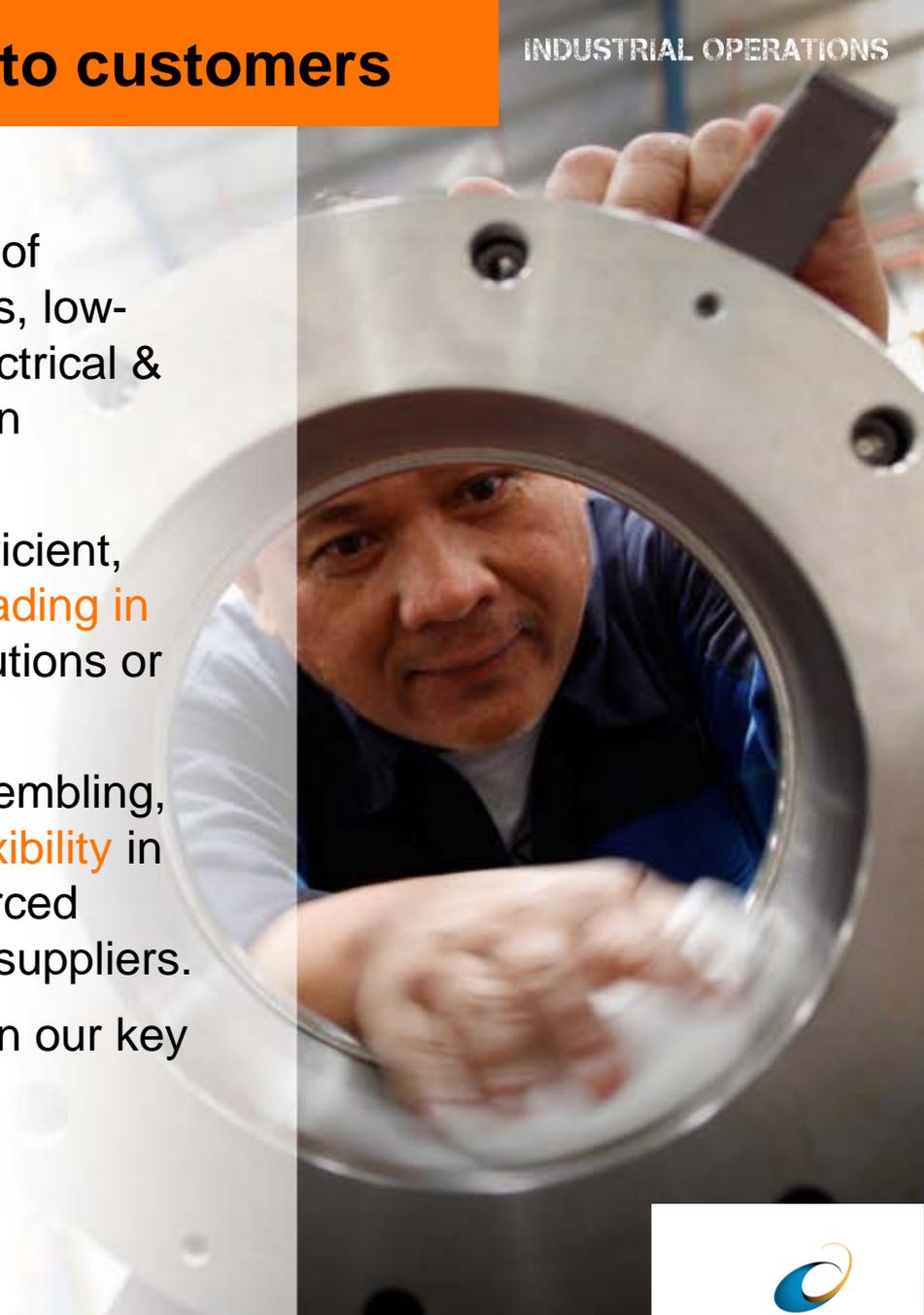
- Innovation
- Competitive product portfolio
- Manufacturing and engineering close to the customer
- Continuous improvement of the product development and product delivery processes

Our **competitive product portfolio** consists of products related to medium-speed engines, low-speed engines, propulsion equipment, electrical & automation equipment, as well as emission abatement & energy efficiency products.

Our products are reliable, lifecycle cost efficient, functional, environmentally compatible, **leading in technology** and can be integrated into solutions or delivered as stand-alone equipment.

Our manufacturing focuses mainly on assembling, test running and finishing of products. **Flexibility** in capacity is guaranteed through an outsourced business model using a broad network of suppliers.

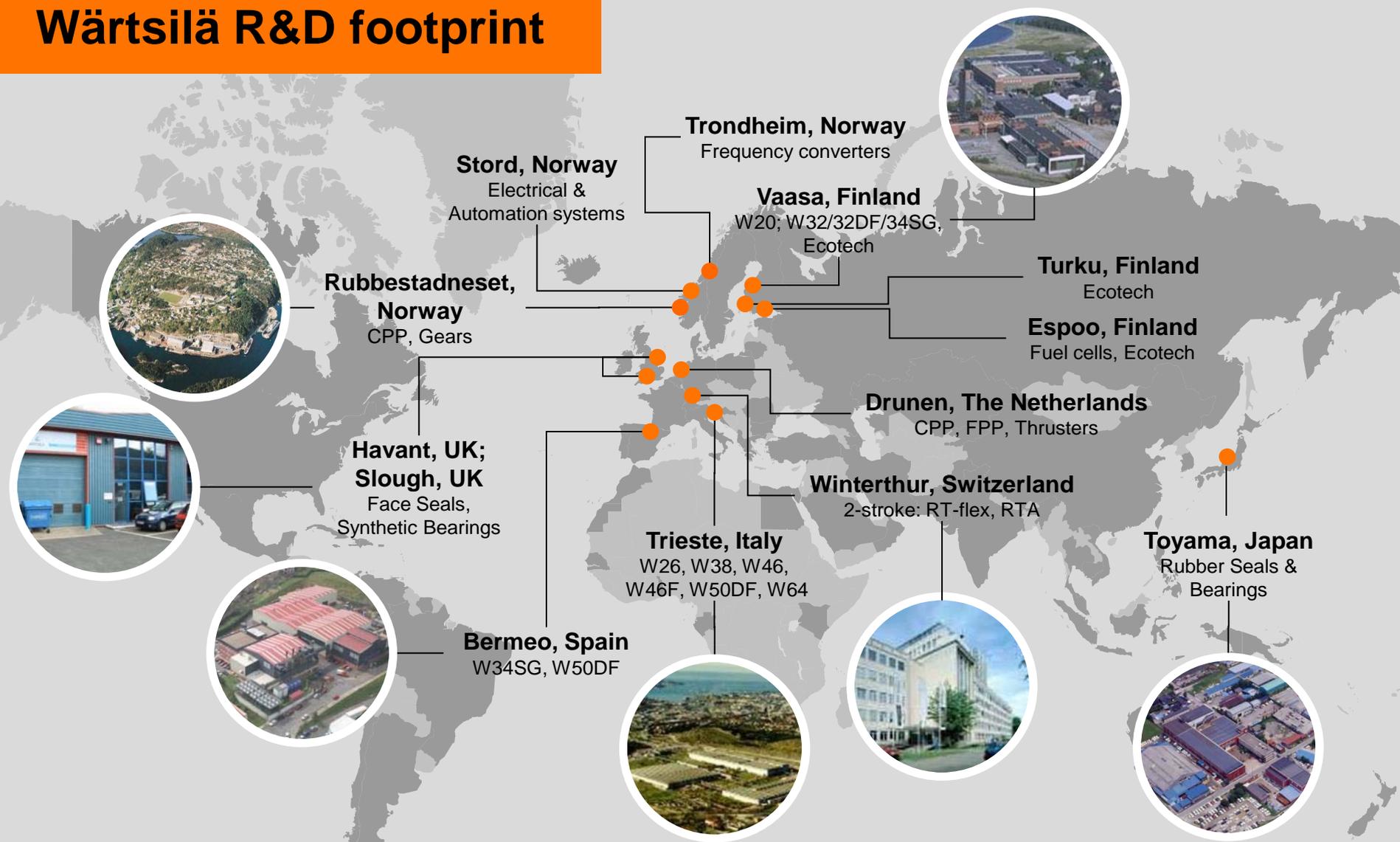
We will continue to expand our presence in our key markets, especially in the BRIC countries.



- 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 in sustainability indices



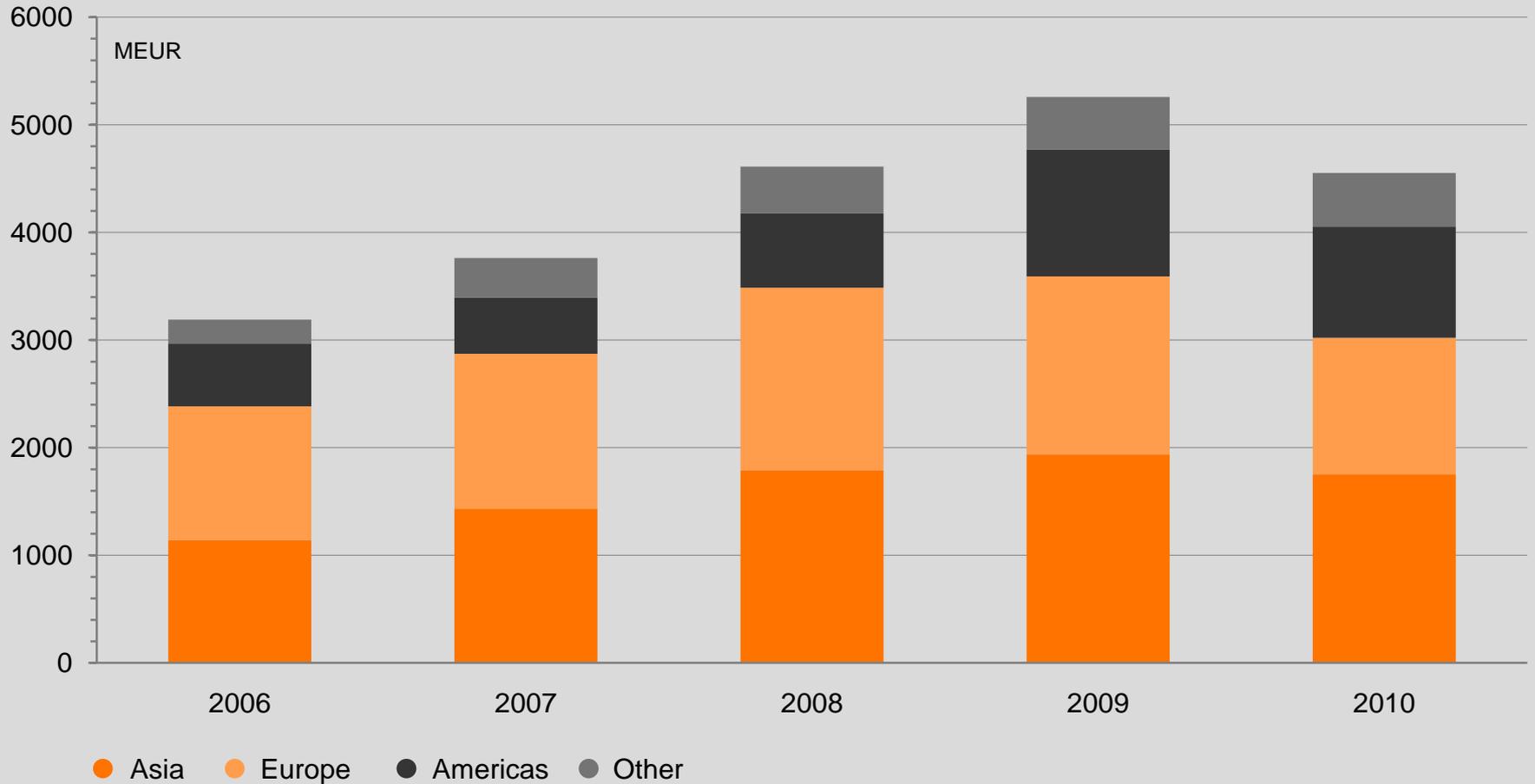
Financial highlights

MEUR	2010	2009	2008	2007
Order intake	4 005	3 291	5 573	5 633
Order book at the end of the period	3 795	4 491	6 883	6 308
Net sales	4 553	5 260	4 612	3 763
Operating result ¹	487	638	525	380
% of net sales ¹	10.7	12.1	11.4	10.1
Profit before taxes	548	558	516	372
Earnings/share, EUR ¹	3.35	4.30	3.88	2.74
Cash flow from operating activities	663	349	278	431
Gross capital expenditure	98	152	366	231

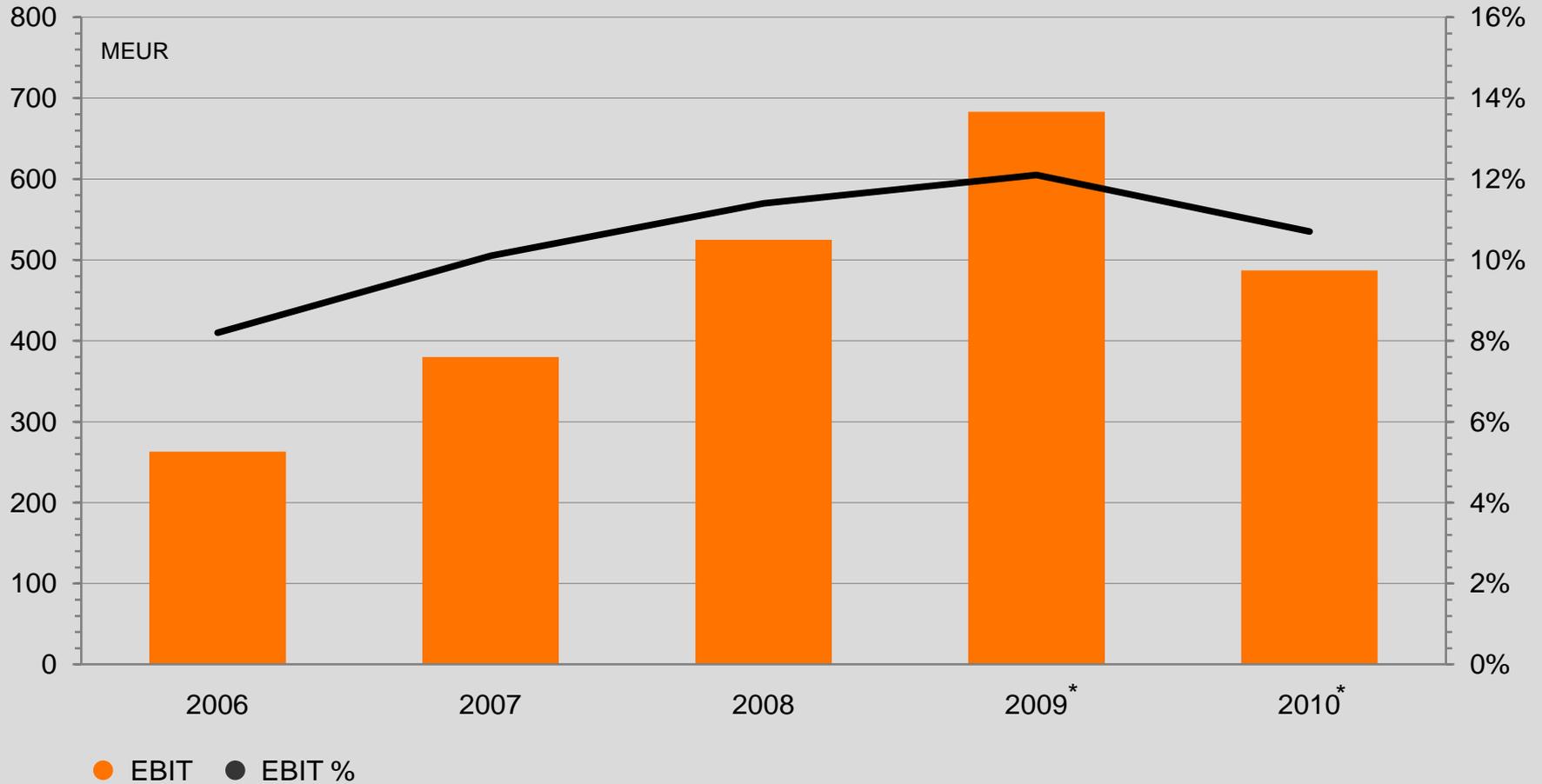
¹ 2009 and 2010 figures exclude nonrecurring restructuring items and selling profits.

Net sales by market area

Strong presence in Asia

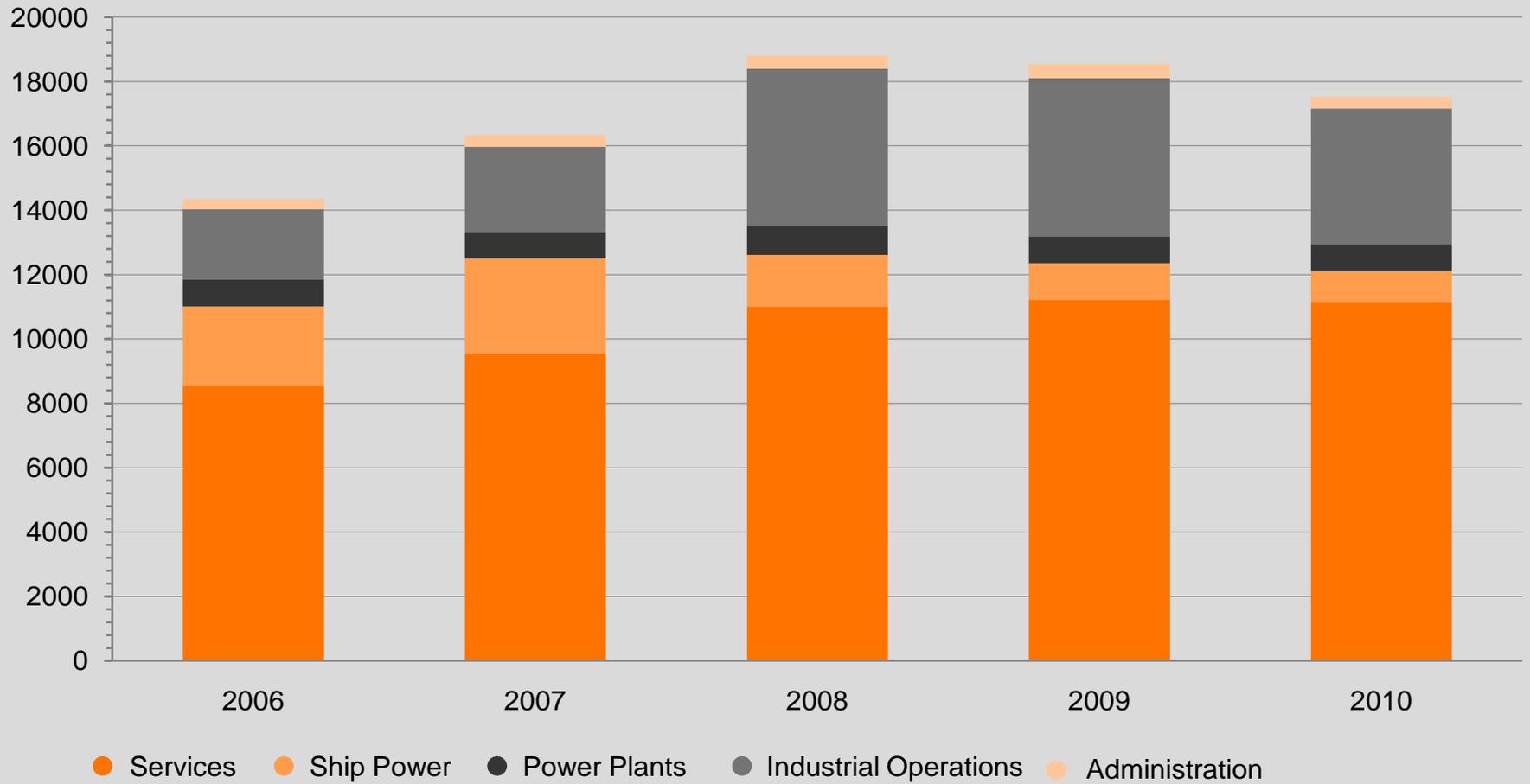


Solid profitability



*) Operating result before nonrecurring restructuring items

Personnel development



Prospects for 2011



Wärtsilä expects its net sales for 2011 to grow 3-5% and operational profitability (EBIT% before nonrecurring items) to be around 11%.

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