

WÄRTSILÄ 2010 AND BEYOND

OLE JOHANSSON, PRESIDENT & CEO

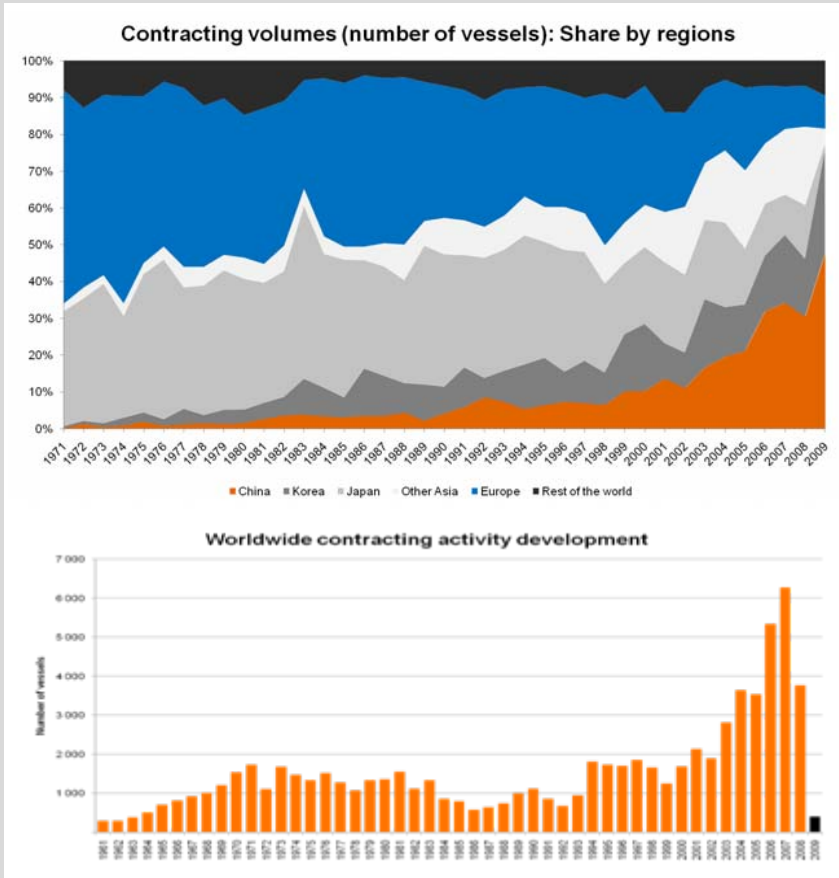


The foundation of Wärtsilä's competitive edge



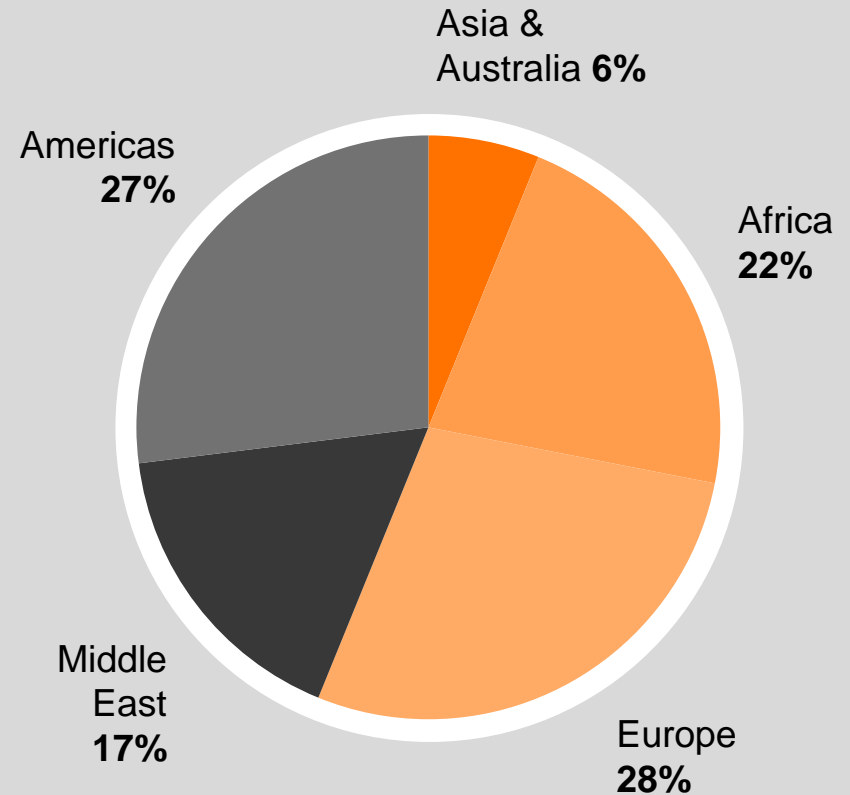
Marine

Shipbuilding will further concentrate in Asia



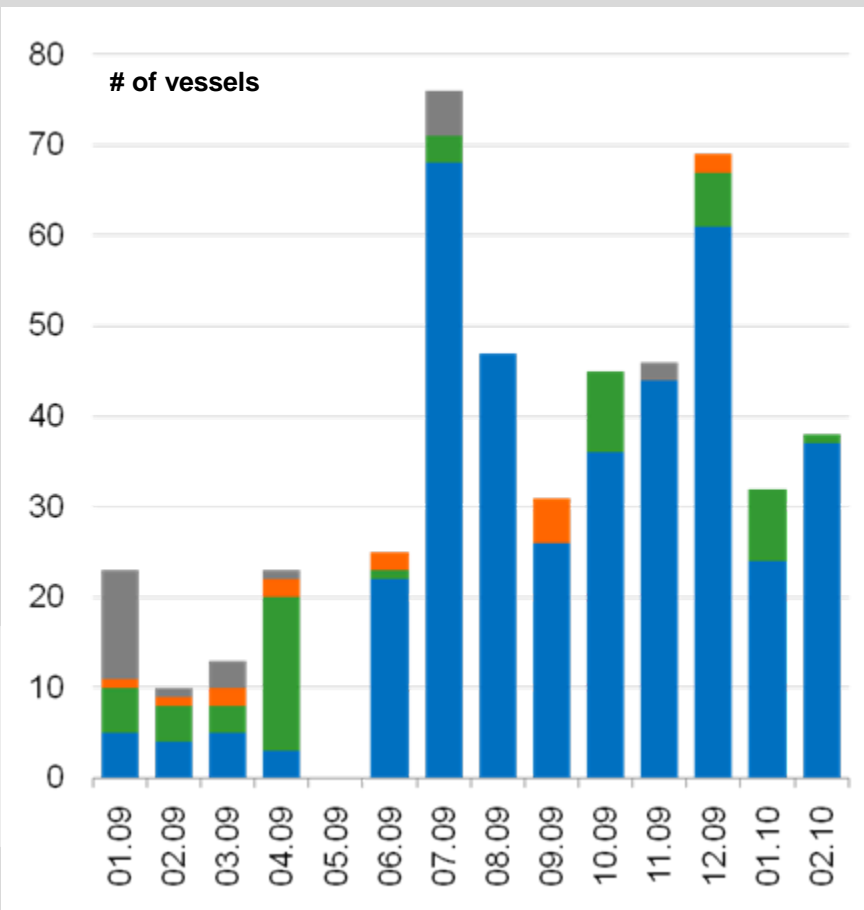
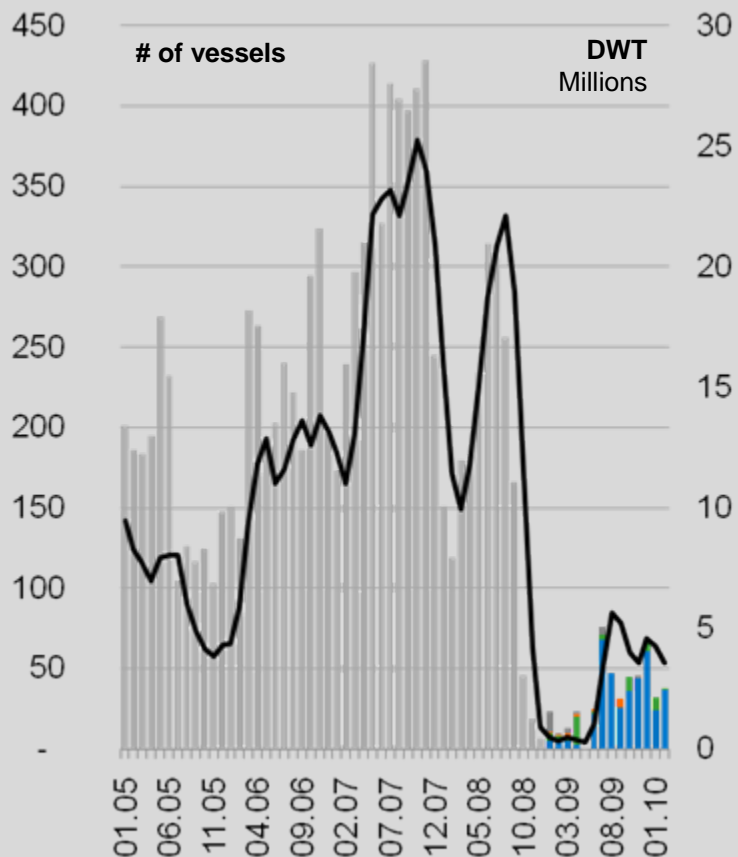
Power Plants

Average net sales by region 2007-2009



Ship Power market - vessel order development

- All vessels
- Merchant
- Offshore
- Cruise and Ferry
- Special vessels
- 3 months moving average in DWT



Source data: Clarkson Research Services

The one certainty:

Our world needs shipping

- Shipping is the enabler of globalisation
- Shipping is the most efficient way of transporting goods and is working to become more efficient

Drivers for growth in shipping:

- Population growth means increased need for energy, commodities, food and water → increased need for transportation
- Decoupling of emerging economies
 - Strong GDP growth
 - Increased living standards
 - Infrastructure development
 - Further industrialisation
- Environment



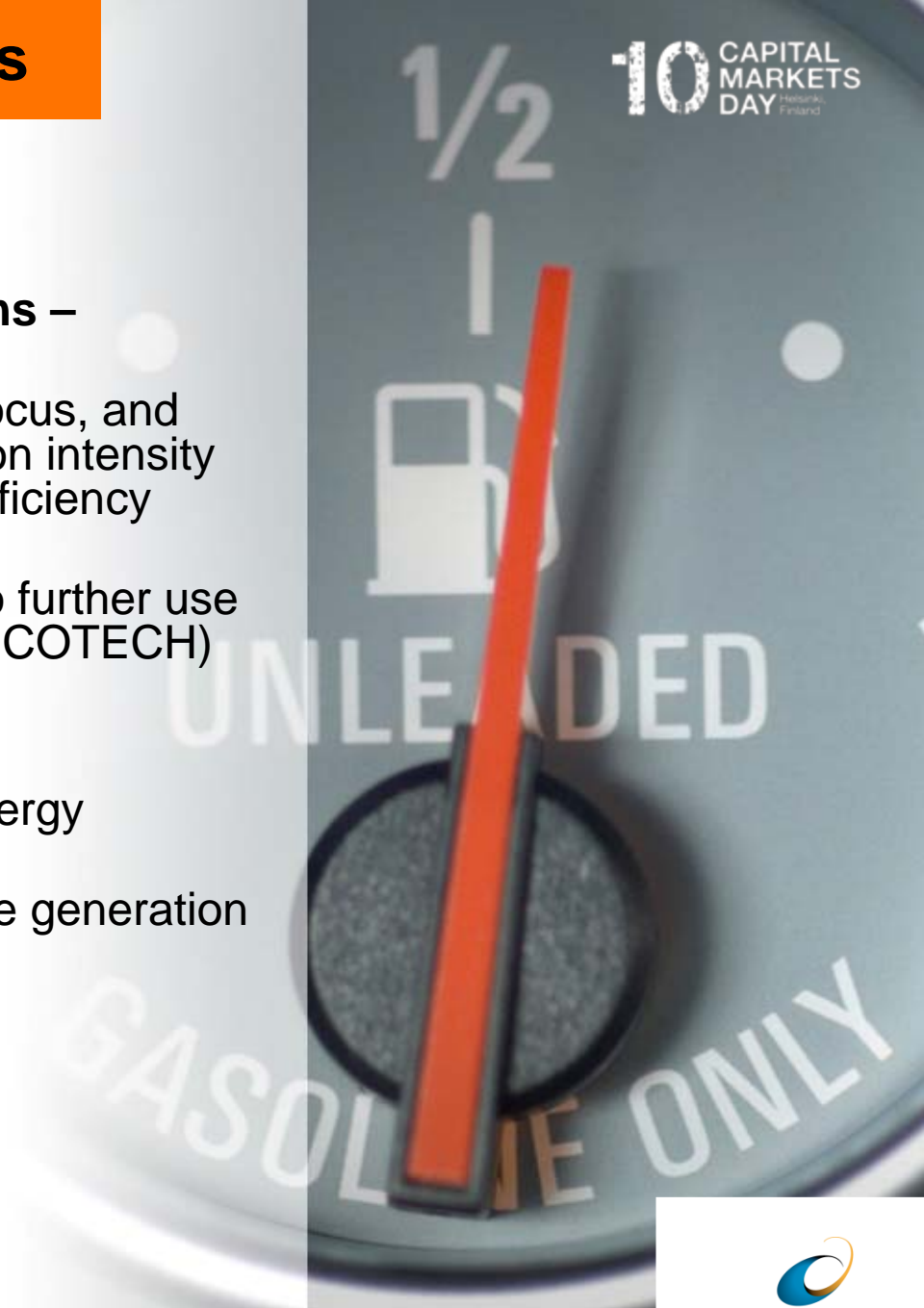
Key requirements for new ships

- From optimised ships to optimising fleet → and allowing ship owners to grow their business
- Minimised operating and voyage costs
- Efficiency: no trade off between environment and economy
- Reliability
- Safety
- Flexibility for load conditions, speed, fuel, navigation



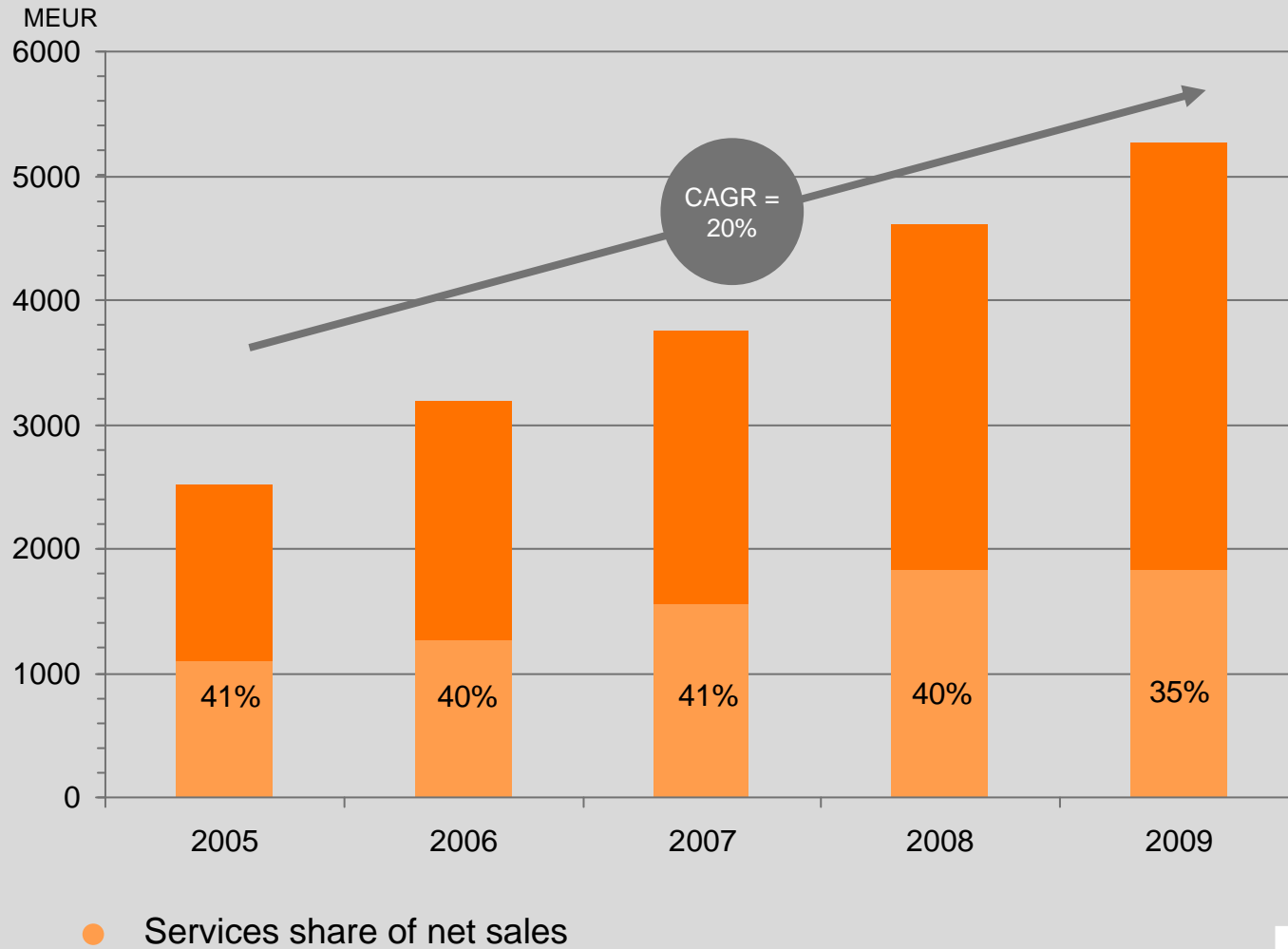
- **Long term increase in electricity demand – need for ENERGY**
 - Electricity demand is increasing faster than primary energy demand
 - Growth in emerging countries - industrialisation
 - Consumer electronics – entertainment, air conditioning etc.
 - Electric vehicles - better overall efficiency, saves primary energy
 - Heat pumps - better overall efficiency, saves primary energy
- **Changes in generation mix as well as consumer behaviour lead to bigger variations in power - need for CAPACITY**
 - Wind and Solar are uncontrollable and largely unpredictable and require significant regulating capacity to support their operation
 - Nuclear and biomass are baseload capacity and cannot be used in capacity management

- **Tightening environmental regulations – especially in western countries**
 - Greenhouse gas emissions are in focus, and this favors carbon neutral, low carbon intensity generation (natural gas) and high efficiency generation
 - Local emission requirements lead to further use of secondary cleaning equipment (ECOTECH)
- **Energy security**
 - Domestic fuels receive priority in energy decisions
 - Favors wider fuel mix and renewable generation
 - Independence from oil

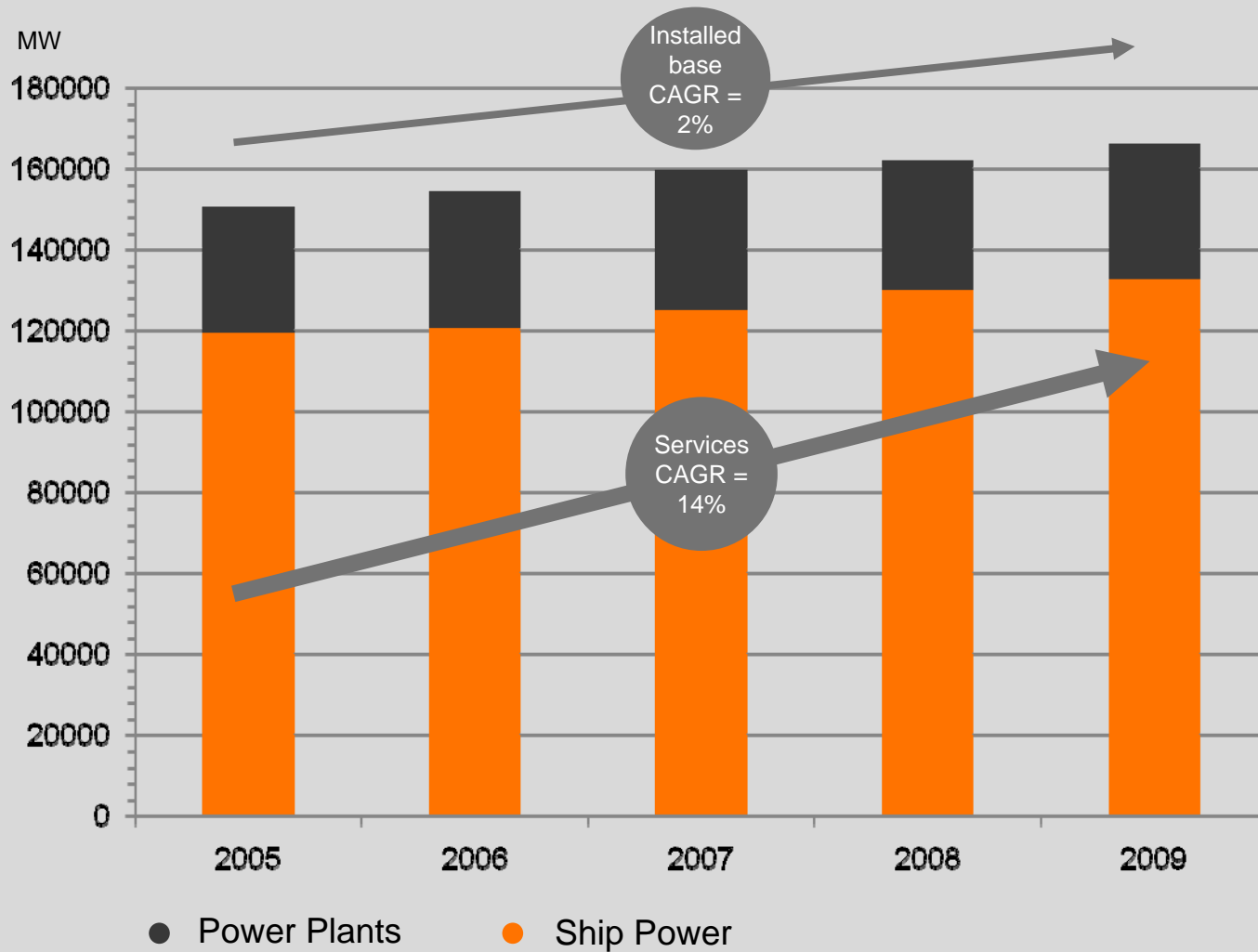


Net sales development

Services share of net sales



Wärtsilä's installed engine base



WÄRTSILÄ Engine Services

WÄRTSILÄ Electrical & Automation

WÄRTSILÄ Propulsion Services

WÄRTSILÄ Boiler Services

WÄRTSILÄ Environmental Services

WÄRTSILÄ Operations & Management

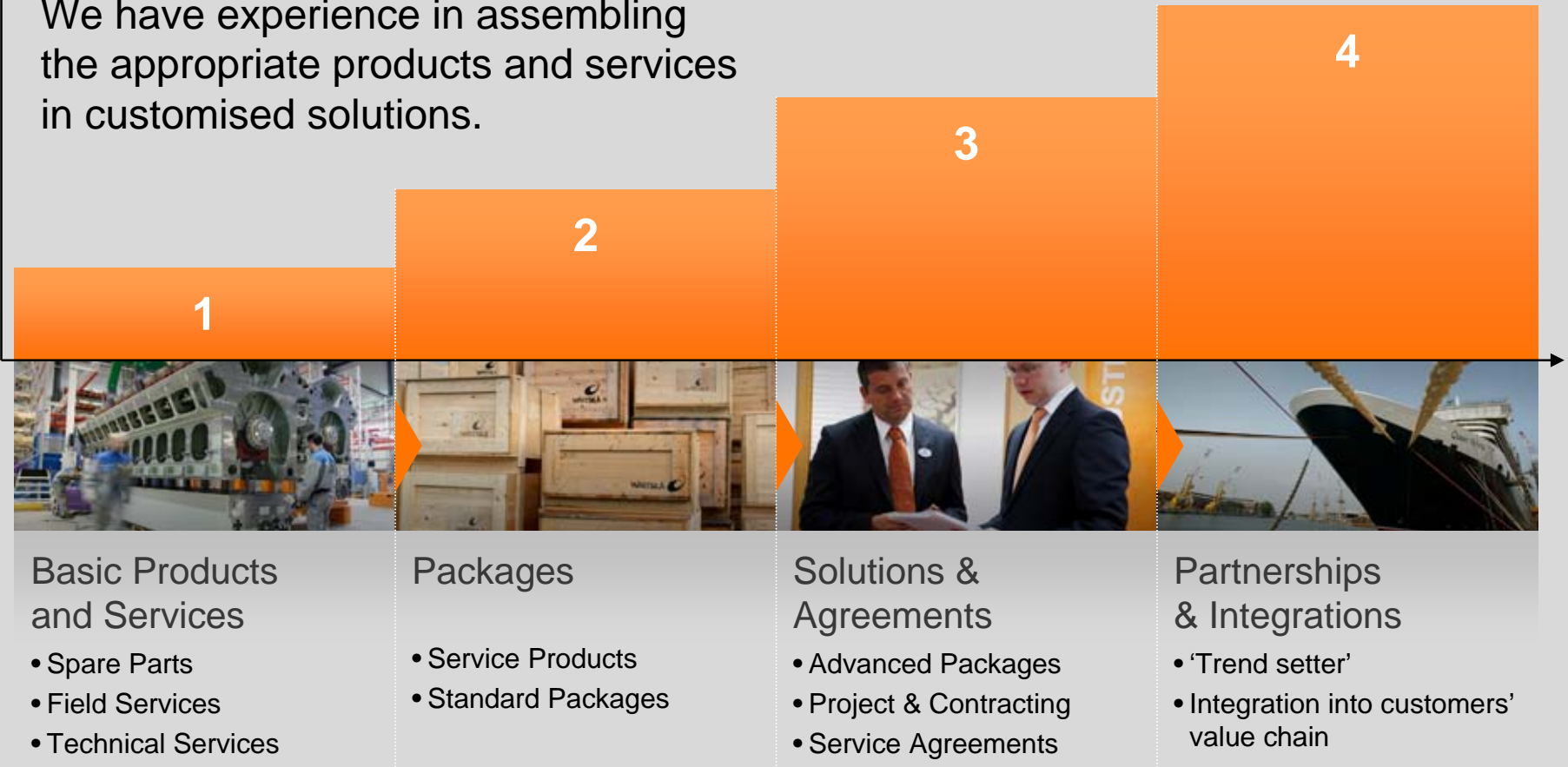
WÄRTSILÄ Training Services

Solutions
Management

Customers

Solution Complexity

We have experience in assembling the appropriate products and services in customised solutions.



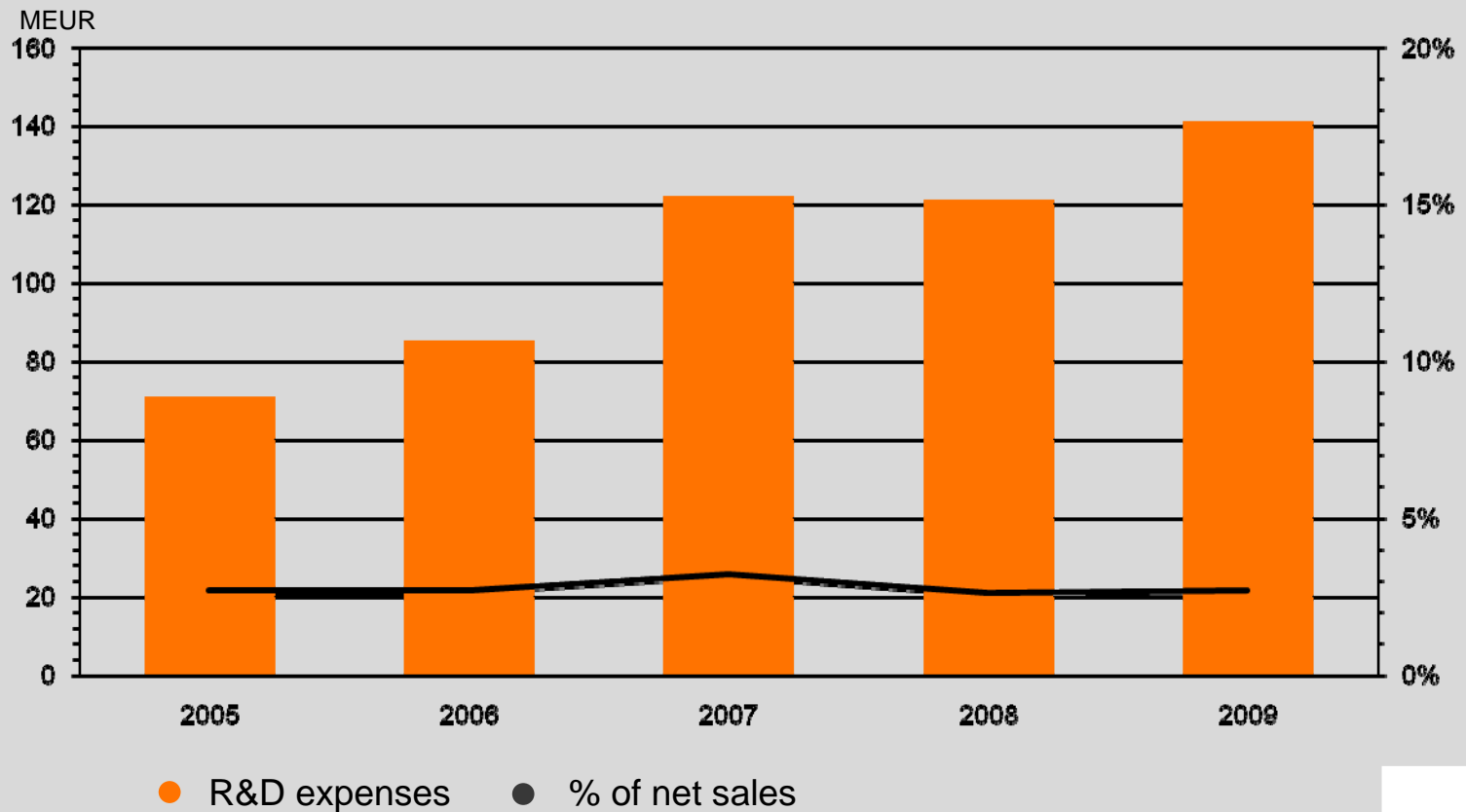
Customer focus = our focus

ENERGY EFFICIENCY

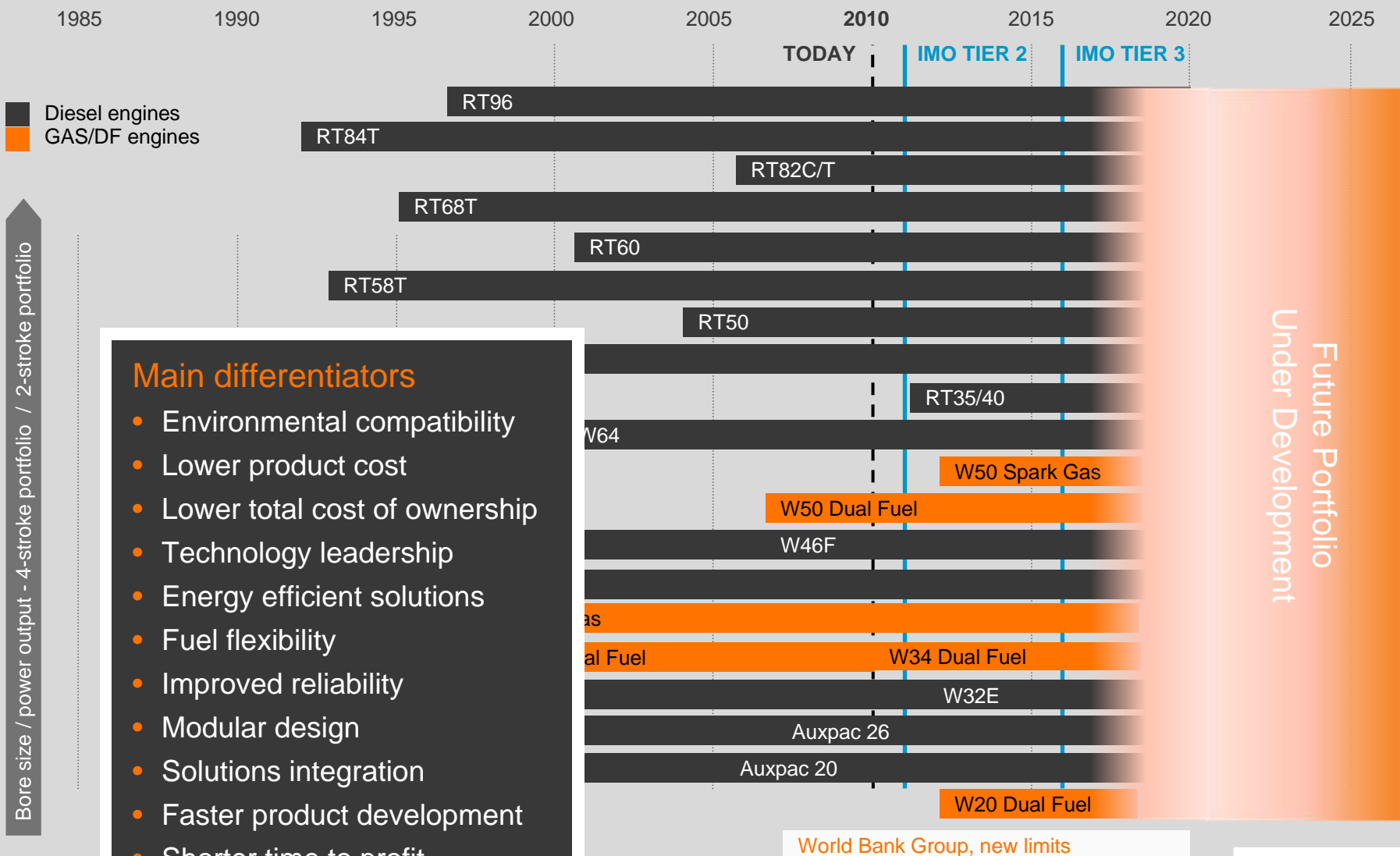
ULTRA LOW EMISSIONS

RELIABILITY

LIFE CYCLE COST



Wärtsilä engine portfolio & focus areas

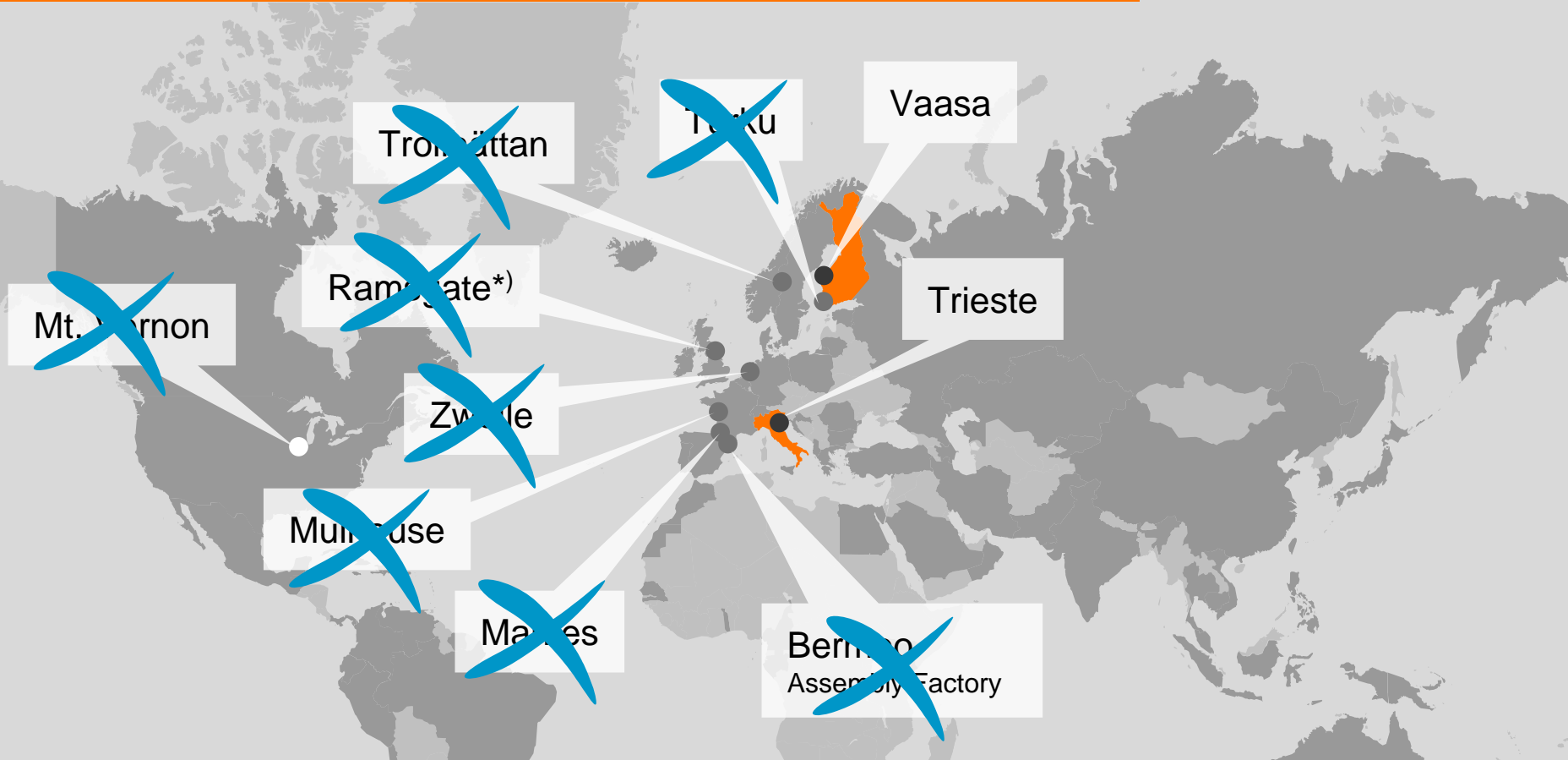


More competitiveness in large gas plants

- 20V34SG with higher output was introduced in 2009
- 18V50SG, new pure gas engine for large gas plants coming to market introduction in 2010
- Optimised large gas power plant solutions both for simple cycle and combined cycle applications
- Grid stability optimisation – further operational flexibility

Fuel flexibility development

- Continued development on HFO and Natural gas products (conversions, lifecycle cost optimisation for multi fuel plants)
- Continue the development of liquid biofuels – vegetable oils and food industry process byproducts
- R&D for the use of solid biomass through gasification process



- Decreasing market demand required restructuring
- Task to reduce the capacity but still maintain the possibility to go up to 5000 MW if needed
- Flexibility of production required for remaining factories

*) As part of Wärtsilä-Cummins JV

Vaasa - 500+ project

Trieste – 3000+ project



Shanghai



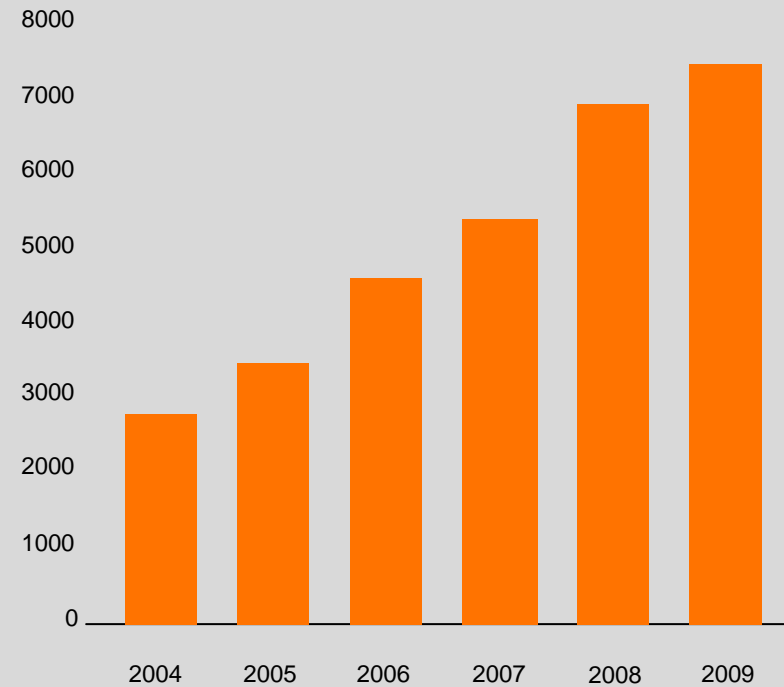
From cell assembly



To line assembly

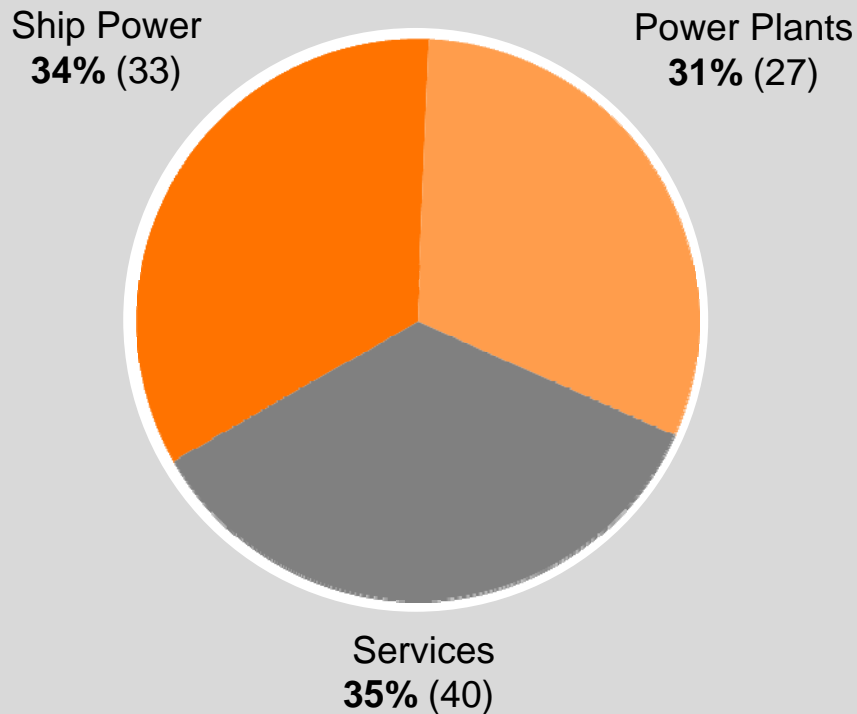
MW delivered by Wärtsilä

TripleE

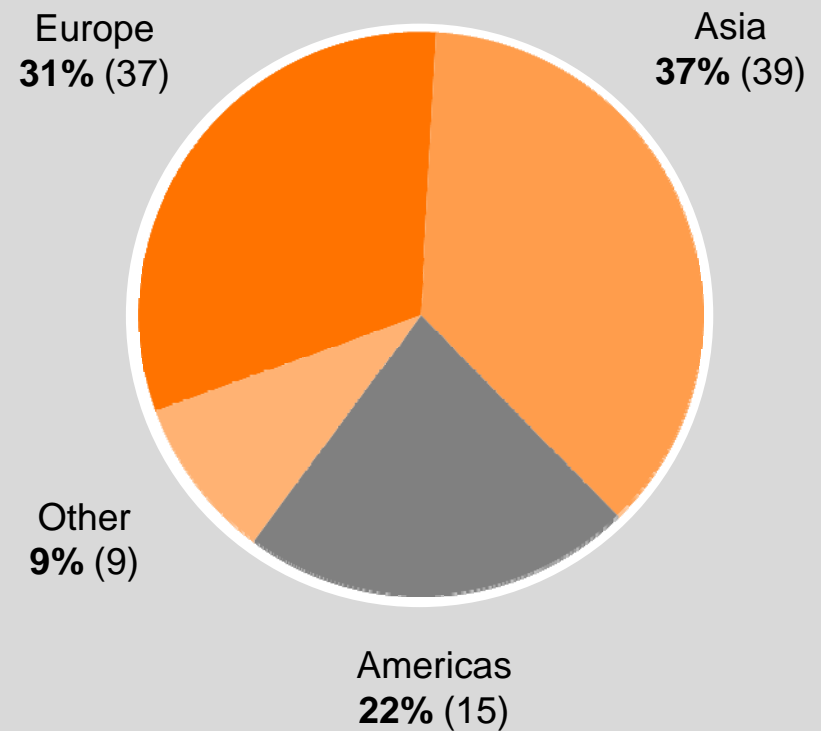


Global presence and broad offering support future growth

Net sales by business



Net sales by geography





WÄRTSILÄ