

WÄRTSILÄ CORPORATION

HANDELSBANKEN CRANE & MARINE SEMINAR

TIMO KOPONEN

VICE PRESIDENT, FINANCE & CONTROL, SHIP POWER

10.11.2011

This is Wärtsilä

**SHIP
POWER**

**POWER
PLANTS**

SERVICES

Wärtsilä Ship Power's offering covers all key segments

Merchant



Offshore



Cruise and Ferry



Navy

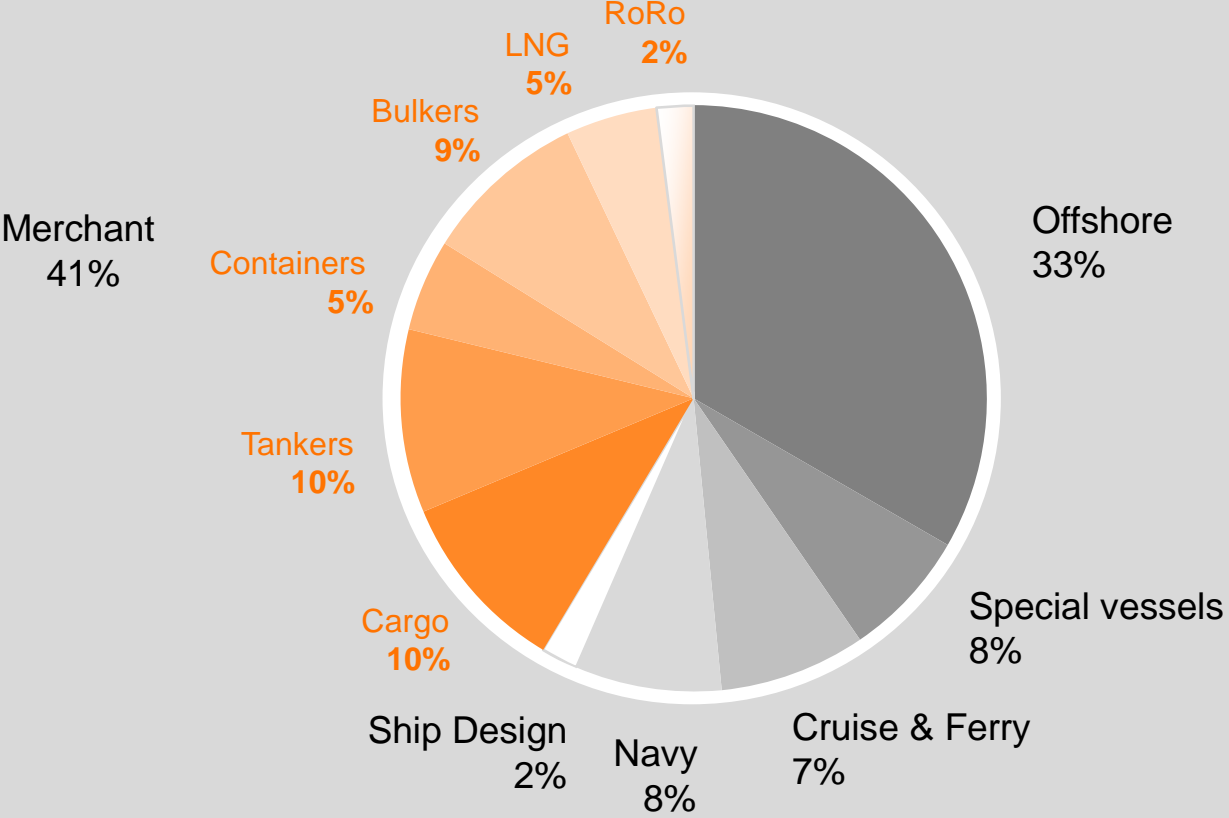


Special Vessels



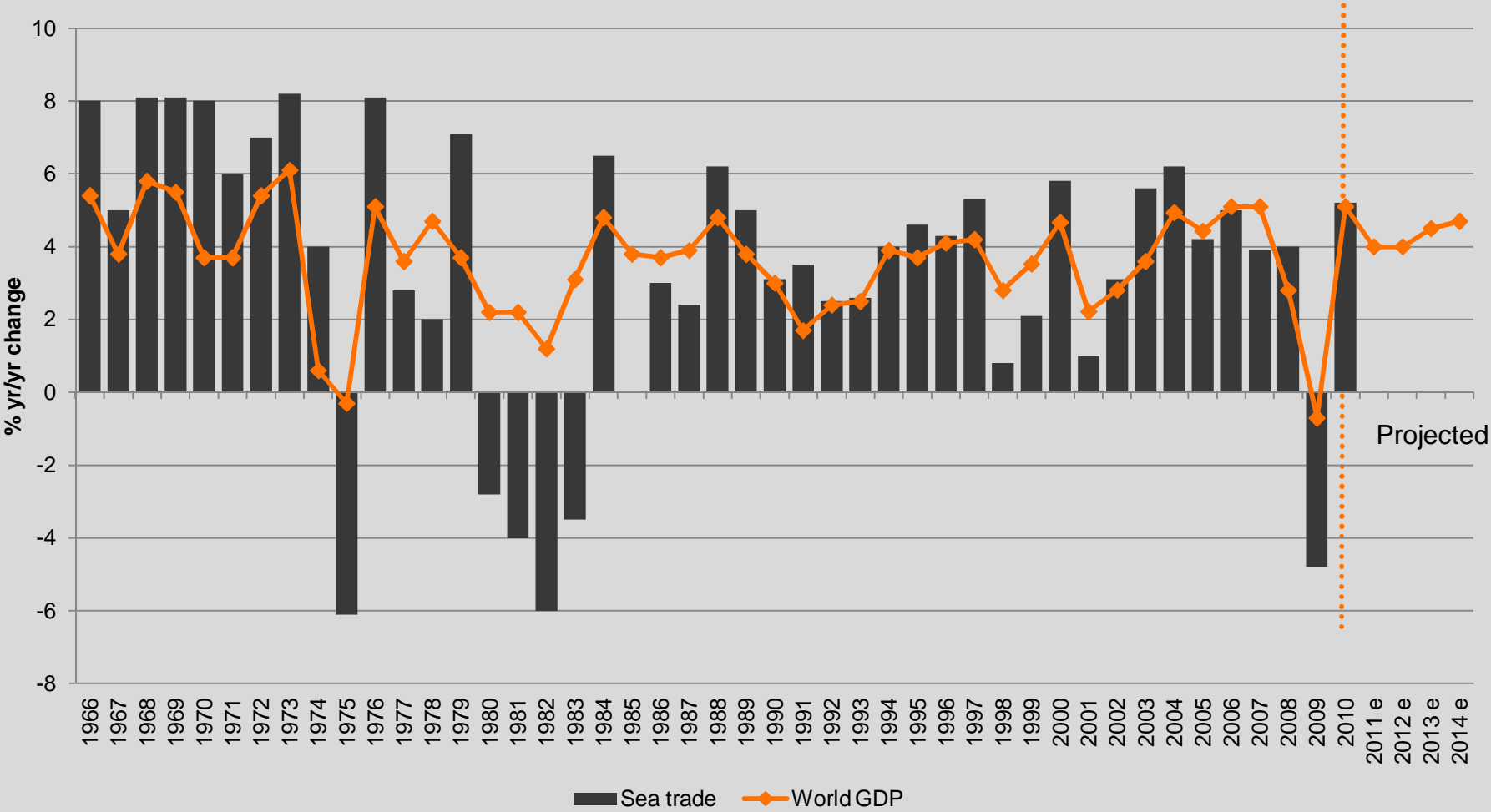
Ship Power order book 30 September 2011

All vessel segments represented



Total EUR 1,740 million (2,038)

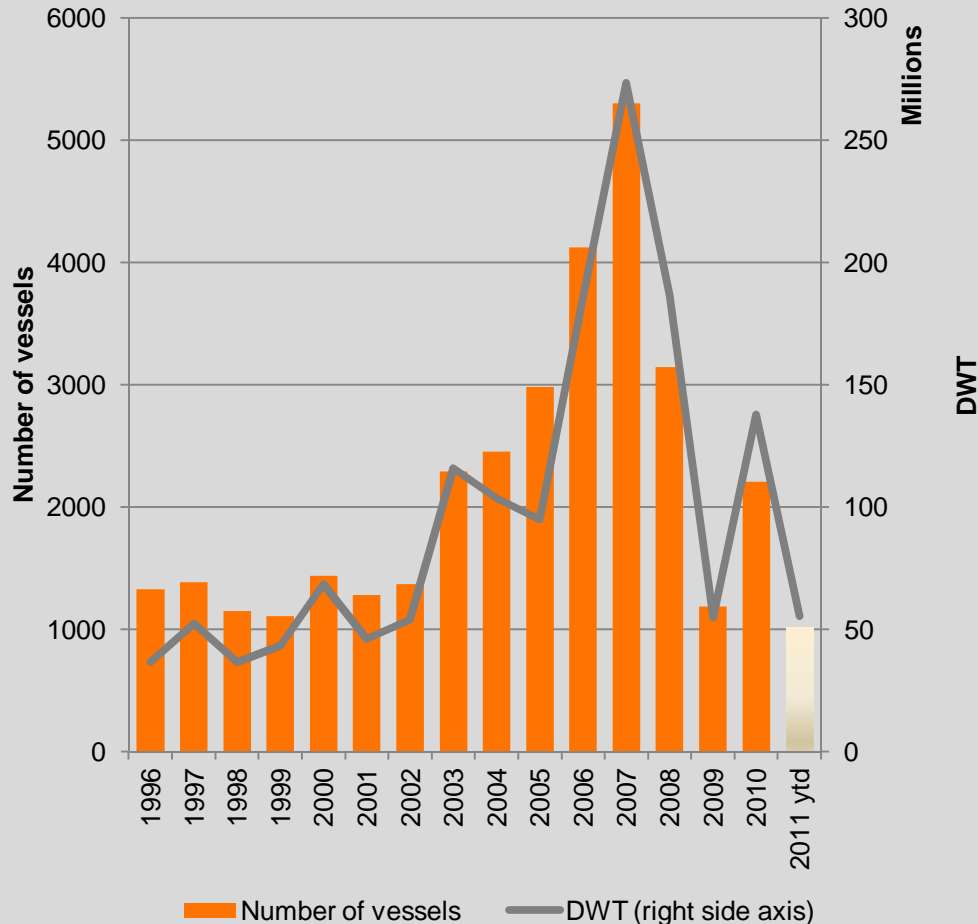
The fate of shipping and shipbuilding is tied to global economy



Source: IMF, Clarkson Research Services



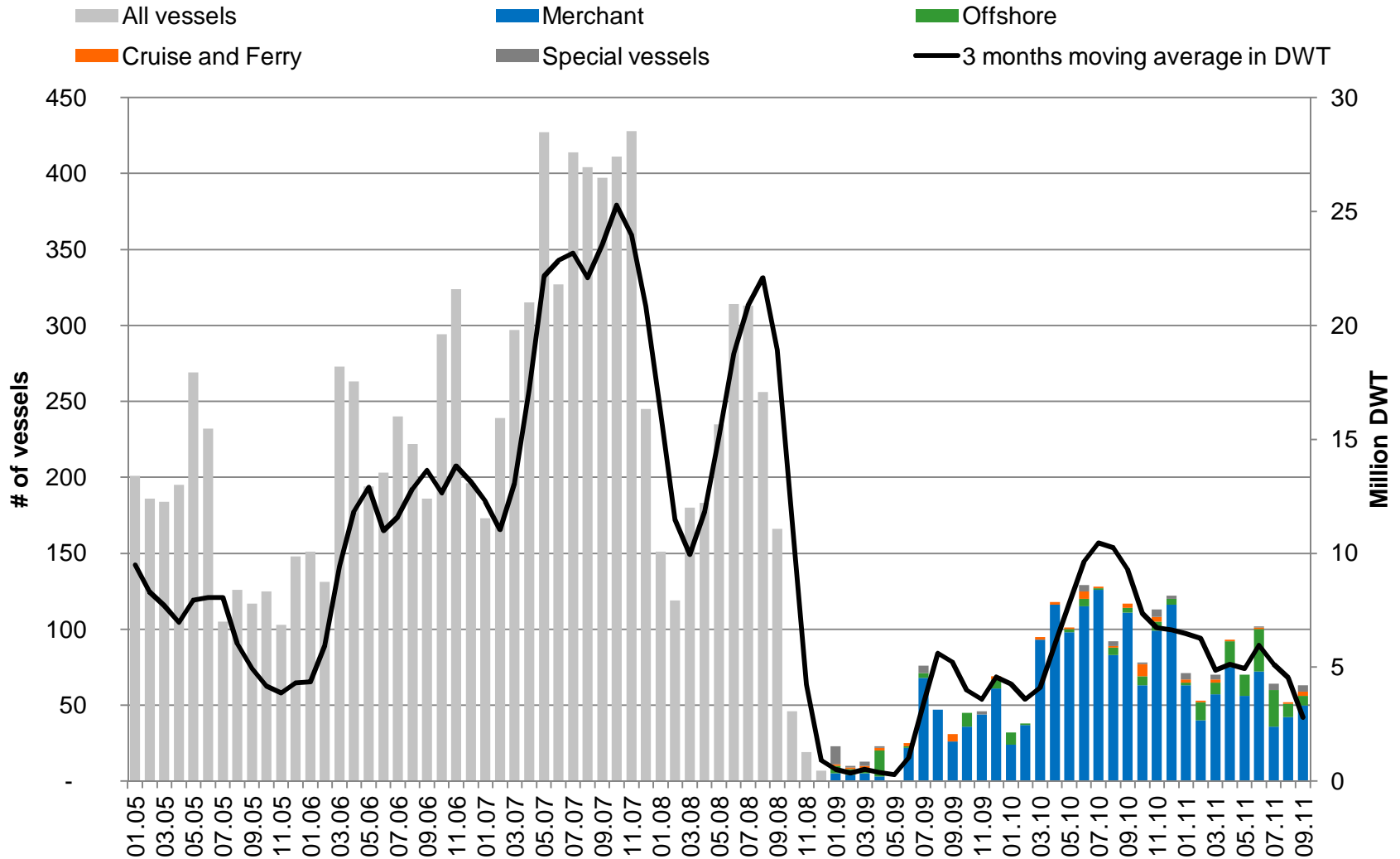
Contracting activity development



- Contracting activity has slowed down during 2011
- However the amount of capital invested in new-buildings remains at the same level as in 2010
- A change in mix of vessels contracted favouring specialized tonnage

Source: Clarkson Research Services

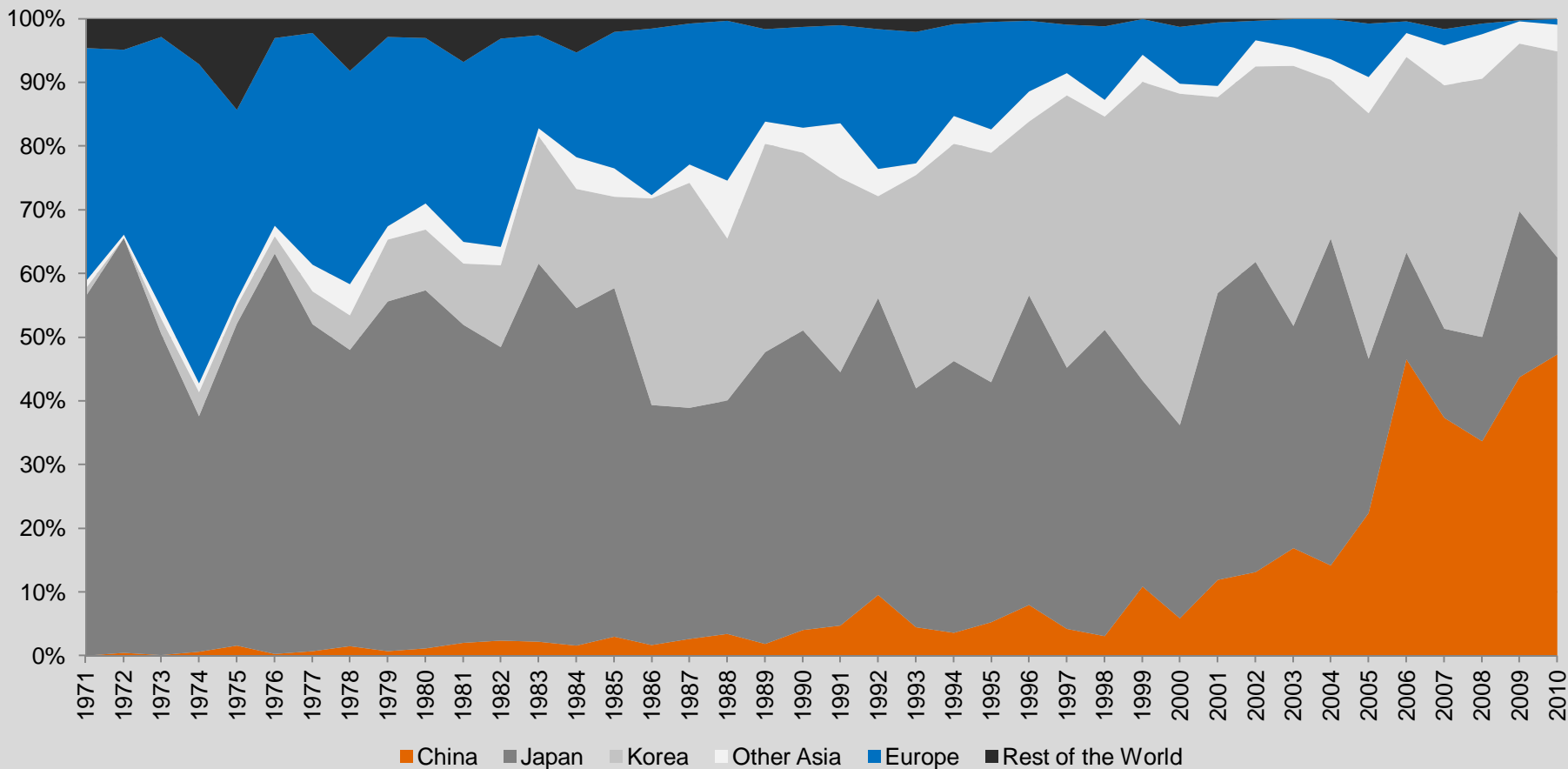
Contracting activity development



Source: Clarkson Research Services
 *Contracting activity as per 3rd October 2011

China has gained the top builder position for merchant vessels

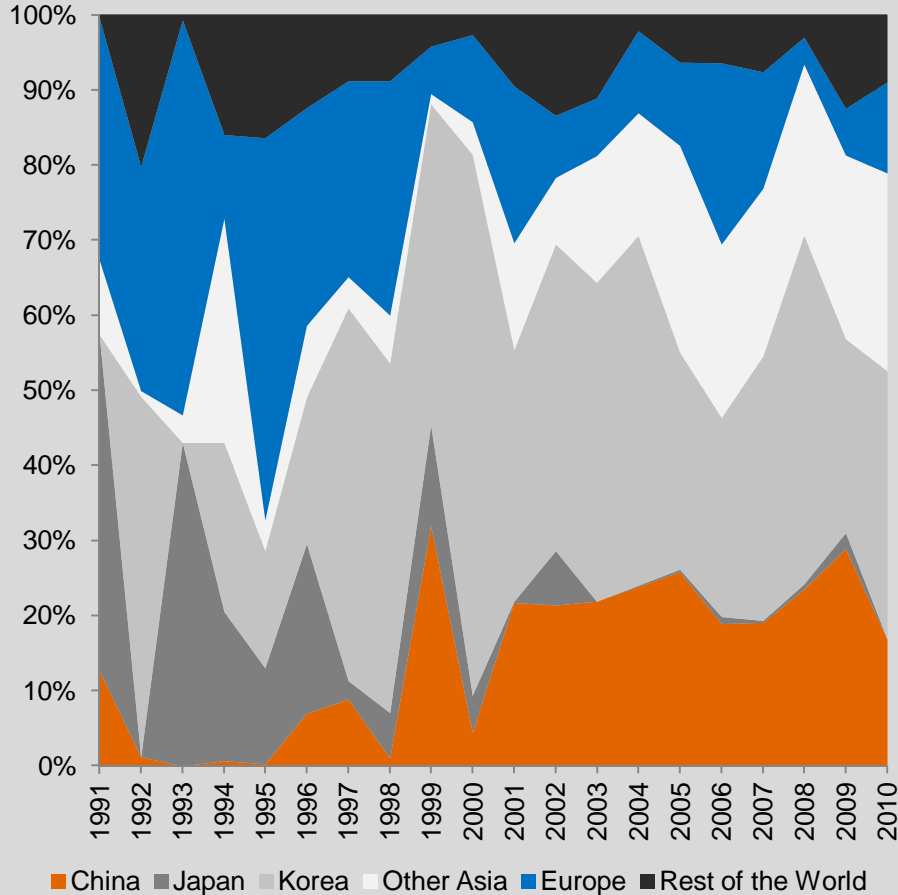
Merchant vessels: contracting volumes (DWT), share by region



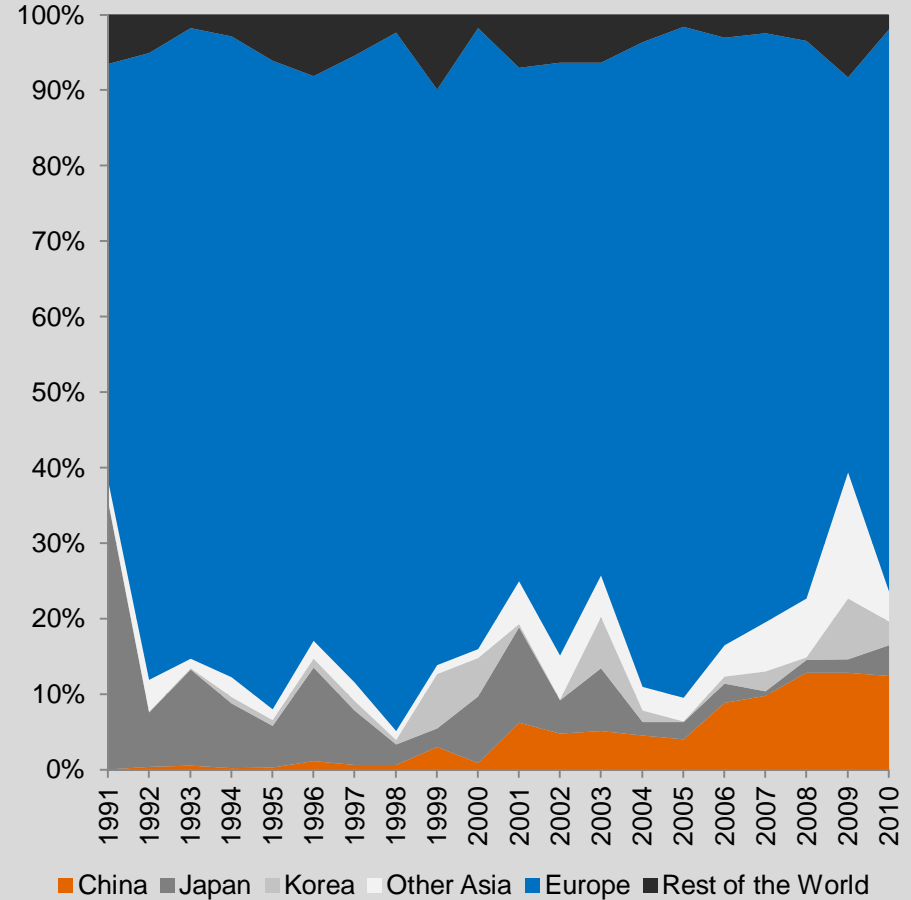
Source: Wärtsilä's Marine Market Database (MMDB)

...but is also pushing in other vessel segments

Offshore vessels: contracting volumes (GT), share by region



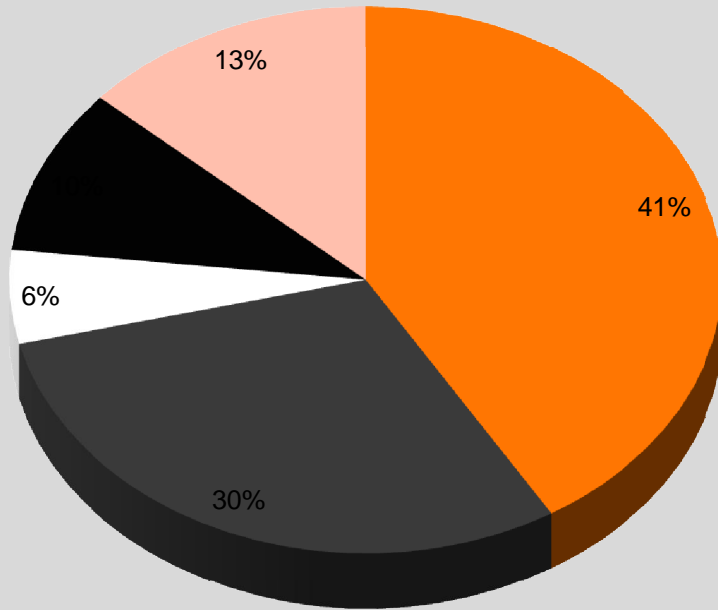
Special* vessels: contracting volume (GT), share by region



* Special includes: cruise, ferries (ropax and pax only), dredgers, and tugs
 Source: Wärtsilä's Marine Market Database (MMDB)

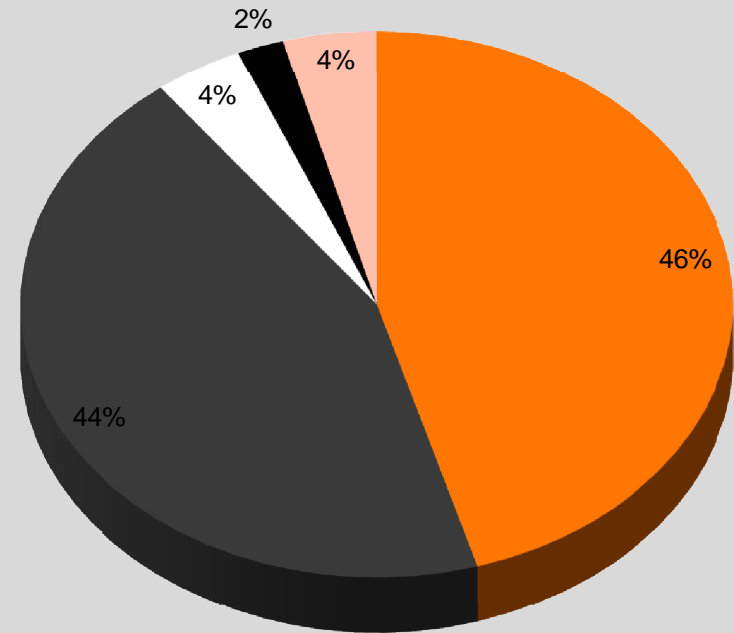
Contracting activity by ship building region

Number of vessels contracted 2011 (ytd)



China Korea Japan Europe Rest of World

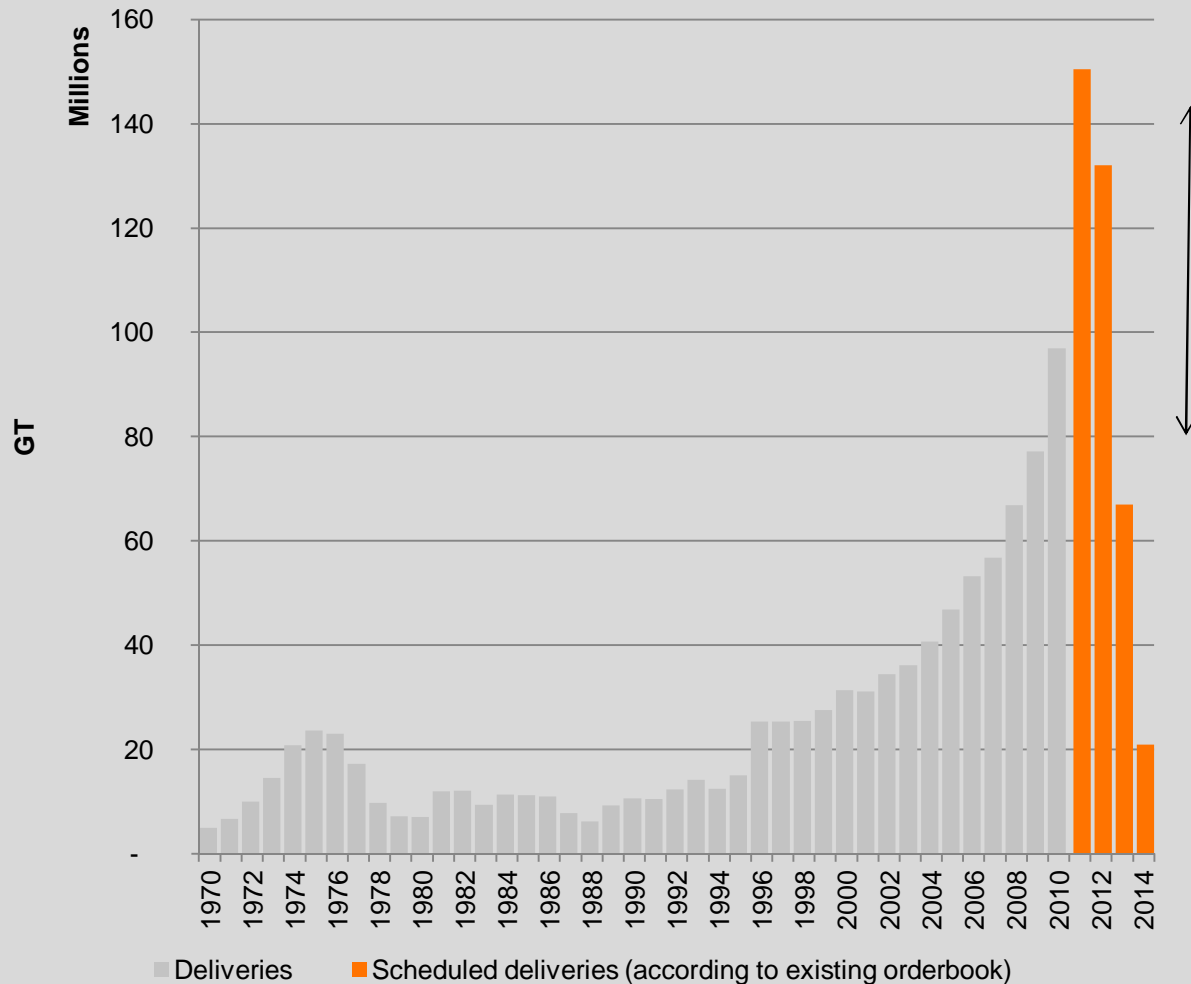
DWT contracted 2011 (ytd)



China Korea Japan Europe Rest of World

Source: Clarkson Research Services

Shipyards at oversupply - adjustment to new volumes needed



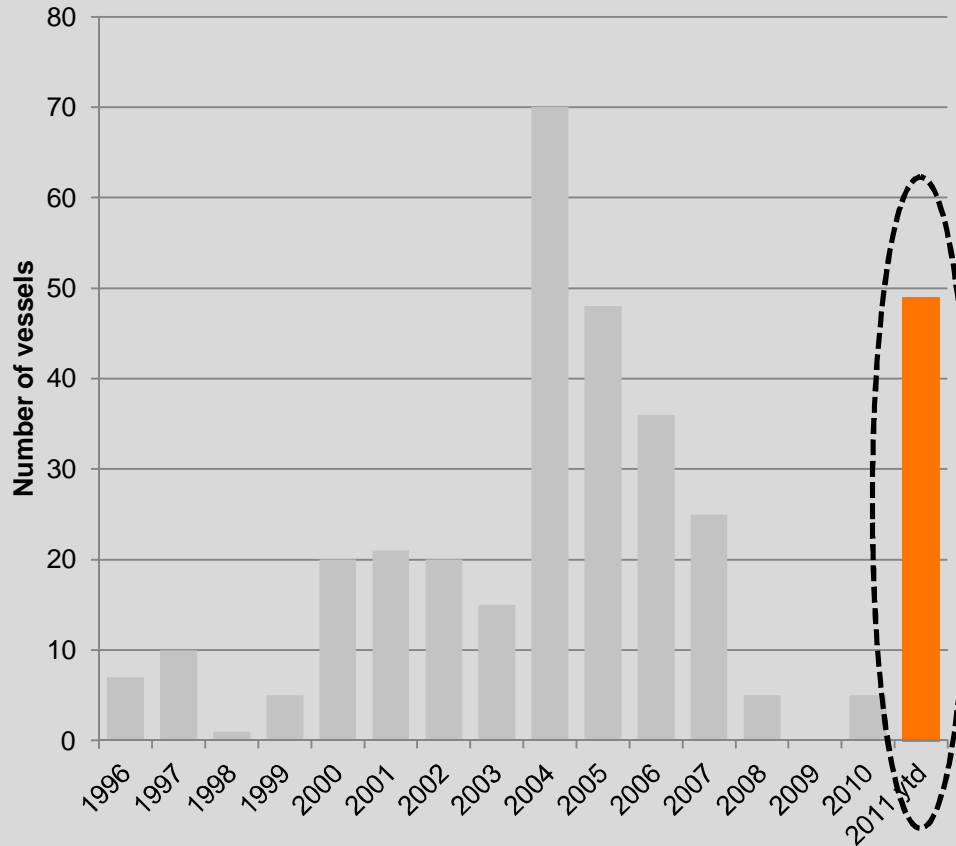
Overcapacity?

- Fierce competition to obtain new orders
- Greenfield yards are the most affected
- Restructuring programs in place in China

Source: Data for deliveries from Clarkson Research Services, data for scheduled deliveries from Wärtsilä's Marine Market database

LNG carriers – second big wave started?

LNG contracting activity

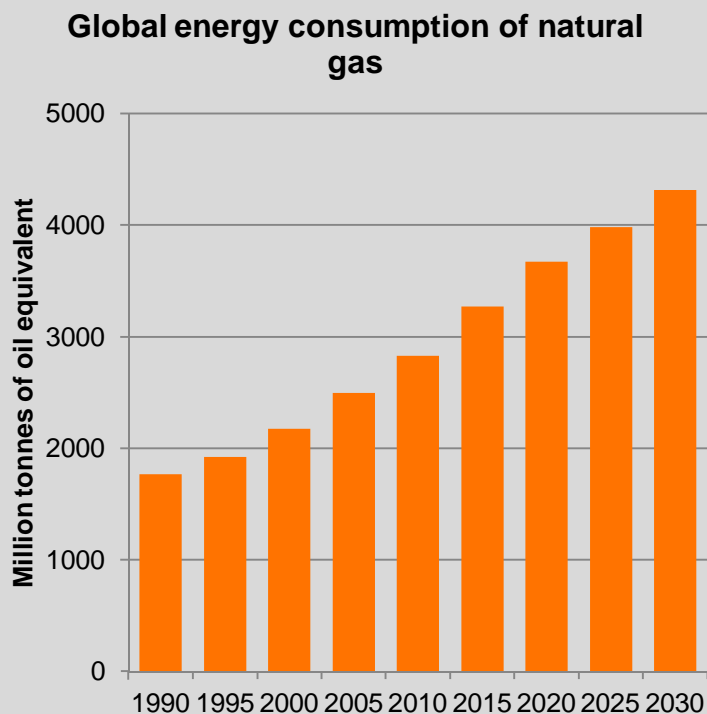


The big question:

Are these volumes sustainable over the long run?

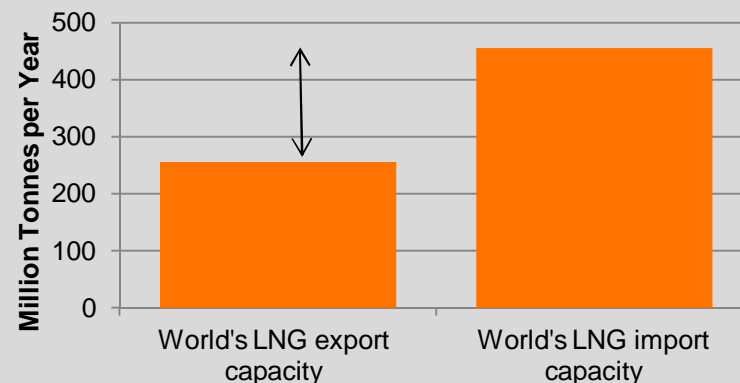
A view on the fundamentals of LNG transport

- Demand for natural gas is expected to grow



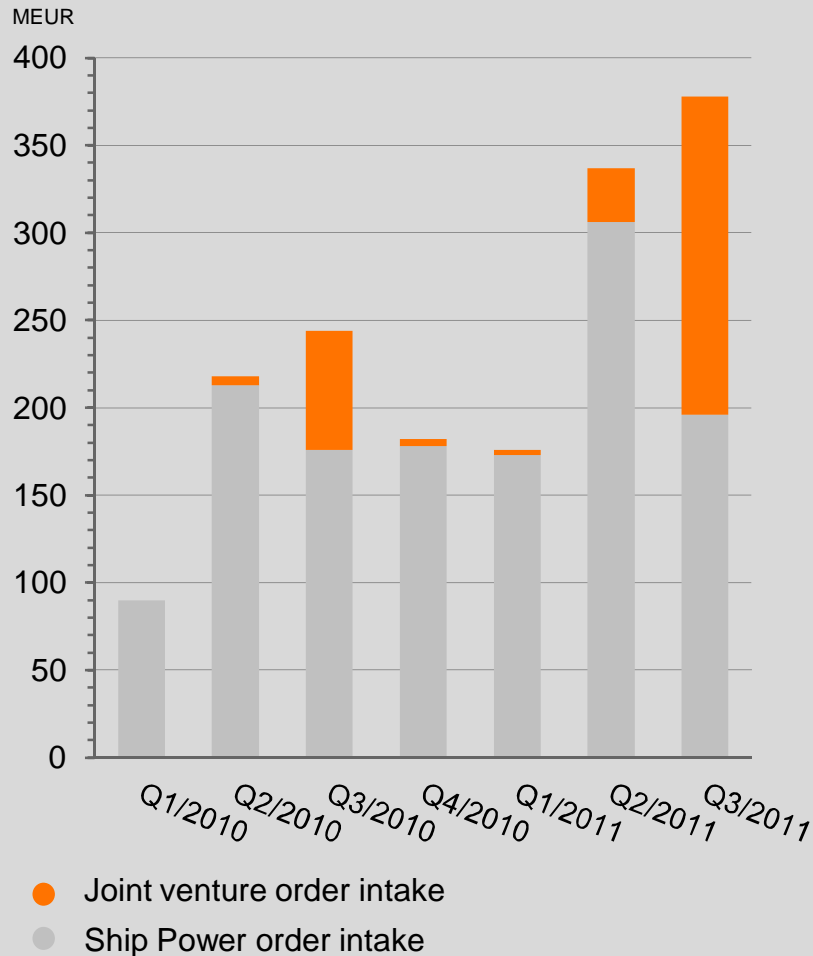
An imbalance between export and import capacity exists today:

- Export capacity set to grow with a number of projects already on the pipeline
- As new export plants start to come onstream more LNG will be available for transportation



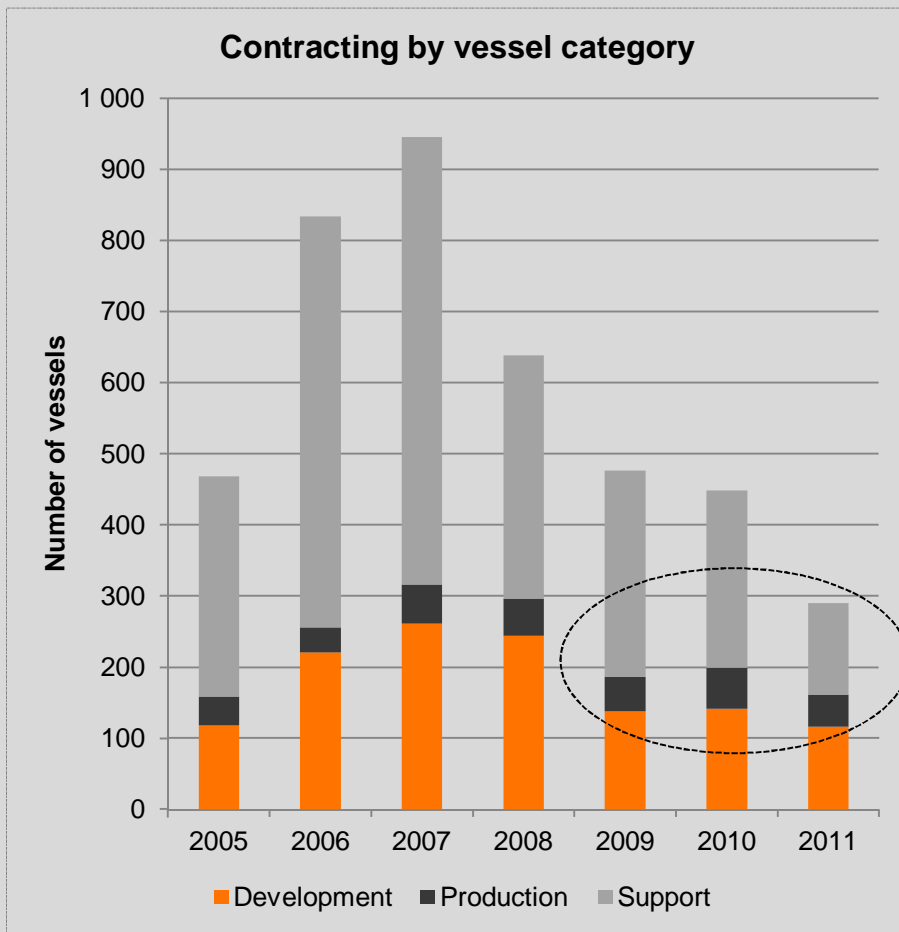
Source: Demand for natural gas from BP's energy outlook, LNG import vs export capacity from Petroleum Economist

Good ordering activity in joint ventures



- Order intake grew significantly in the Korean joint venture Wärtsilä Hyundai Engine Company Ltd (WHEC)
 - 44 orders for LNG carriers have been placed during 2011
 - WHEC received dual-fuel engine orders for 16 LNG vessels during the review period
 - A significant amount of additional orders expected
- Activity on a good level in Chinese joint venture Wärtsilä Qiyao Diesel Company Ltd focusing on auxiliary engine production
- Total order intake in these joint ventures EUR 182 million (68) during Q3/2011
- Wärtsilä's share of ownership in these companies is 50%, profits will be reported as a share of result in associates and joint ventures

Offshore contracting activity – market remained healthy



Development and production vessels
(example: drillships, FPSO's):

- Good fundamentals: demand linked to demand for new oil adds and growing demand for energy
- Orders placed linked to exploration and production projects on the pipeline
- IMA* currently identifies 196 projects (at different planning stages) that will require a floating production solution over the coming 10 years

Development vessels include: survey, mobile drilling and construction vessels

Production vessels include: mobile production and logistics vessels

Support vessels include: AHTS, PSV, rescue salvage vessels

Source: Clarkson Research Services. September 2011

*IMA = International Maritime Associates

Ship Power outlook

Short term

- Uncertainty over global economy casting shadows of uncertainty in shipping and shipbuilding
- Mix of vessels will continue to favor specialized tonnage
- LNG carriers and Offshore continue to have strong fundamentals
- Interest for gas as a fuel arising in different vessel types (OSV's, ferries, etc)

Medium term

- New owner base
- Fuel flexibility and fuel efficiency
- Increased interest over LNG powered ships
- Environmental compliance and optimization



WÄRTSILÄ

IR Contact:

Pauliina Tennilä

Director, Investor Relations

Tel. +358 (0) 40 570 5530

E-mail: pauliina.tennila@wartsila.com

WARTSILA.COM