

Wärtsilä Corporation Result presentation Q1 2024

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26 April 2024



Double-digit comparable operating margin and continued strong order intake

- Order intake increased by 11%
 - Supported by good development in Marine order intake (+23%)
- Order book all-time high (7,294 MEUR)
- Comparable operating result increased by 50%
 - Double-digit comparable operating margin
- Good progress in services continued:
 - Service order intake increased by 7%
 - Service net sales increased by 13%
- Strong cash flow from operating activities (258 MEUR)
- Wärtsilä becoming more focused and profitable.
Consolidating to two reporting segments: Marine and Energy.



Good development in key figures

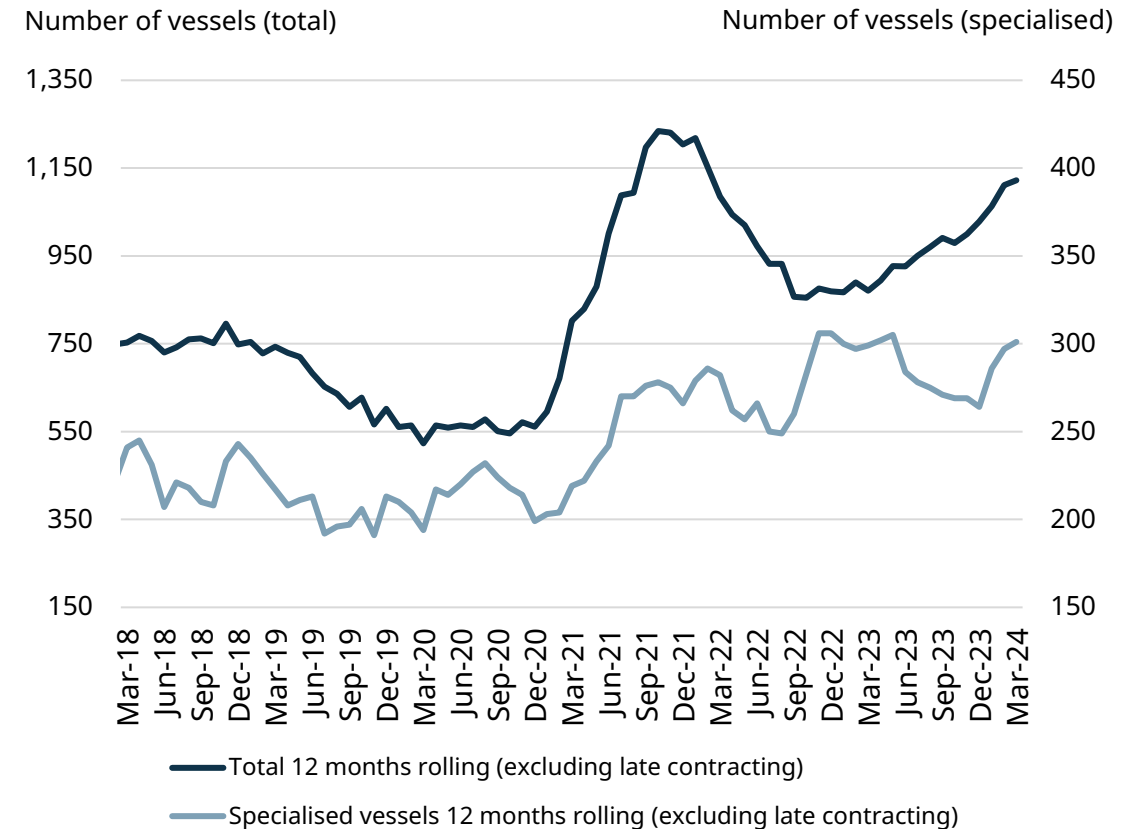
| MEUR | 1-3/2024 | 1-3/2023 | CHANGE |
|------------------------------------|--------------|----------|--------|
| Order intake | 1,924 | 1,739 | 11% |
| of which services | 949 | 889 | 7% |
| of which equipment | 975 | 850 | 15% |
| Order book | 7,294 | 6,153 | 19% |
| of which current year deliveries | 3,864 | 3,325 | |
| Net sales | 1,321 | 1,465 | -10% |
| of which services | 833 | 736 | 13% |
| of which equipment | 489 | 729 | -33% |
| Book-to-bill | 1.46 | 1.19 | |
| Operating result | 127 | 92 | 38% |
| % of net sales | 9.6 | 6.3 | |
| Comparable operating result | 132 | 88 | 50% |
| % of net sales | 10.0 | 6.0 | |

Marine: market sentiment turns more positive for Wärtsilä's key segments

In the first quarter, appetite for new ships increased

- The number of vessels ordered in the review period increased to 411 (255 in the corresponding period in 2023, excluding late reporting of contracts).
- The uptake of alternative fuels remained on a healthy level with 118 orders reported in Q1/2024, accounting for 29% (29%) of all contracted vessels and 45% (45%) of vessel capacity.
- From January 1st, shipping included in the EU emissions trading system adding costs to shipping companies operating in the region or calling EU ports based on their CO2 or CO2-equivalent emissions and incentivises fleet modernisation either through fleet renewal or retrofits.
- Cruise market sentiment increasingly positive due to strong demand for cruises, with the first newbuild orders for large cruise ships announced after four years of low rates.
- Clarksons Research forecasting 1,879 vessels to be ordered in 2024, an increase of ~7% or 130 ships from previous forecast (September 2023).

Total and specialised vessel contracting



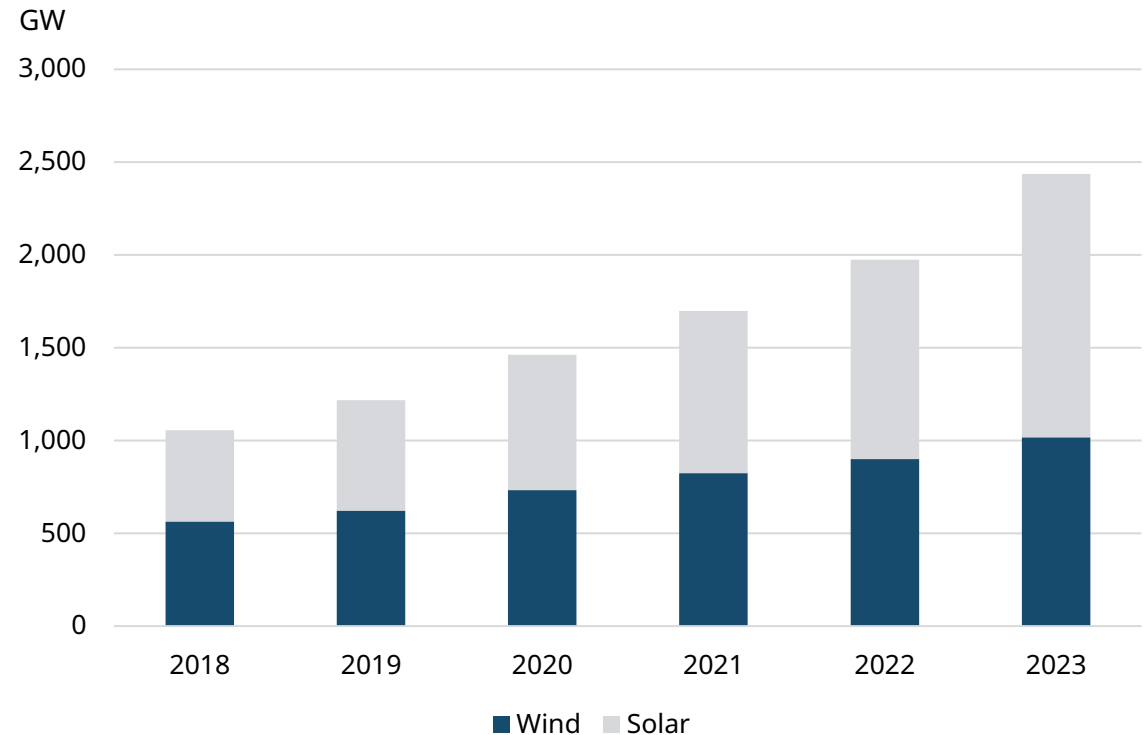
Source: Clarksons Research, 12m rolling contracting as per 4th of April 2024 (+100 gt, excluding late reporting of contracts)
 Specialised vessels include LNG carriers, LPG carriers, cruise & ferry, offshore, and special vessels.

Energy: solid mid to long-term market opportunities

In the first quarter, uncertain market environment continued despite some relief

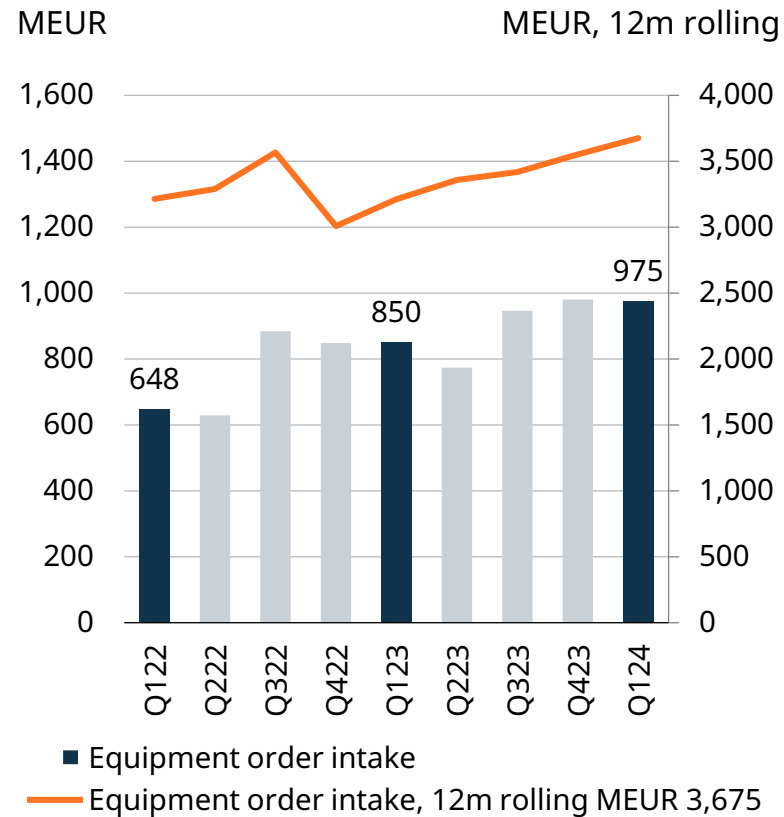
- The increasing share of renewables is the primary driver behind Wärtsilä's balancing and energy storage solutions' demand.
- Global natural gas prices continued to decline towards pre-2021 levels, rendered possibly by increased renewables generation, a warm winter season and muted demand growth.
- Commodity pricing have stabilised, although uncertain geopolitical environment presents price and availability risks.
- The energy transition continues to advance, as shown by another record year of investments in the deployment of clean technologies in 2023.

Development on installed wind and solar capacity

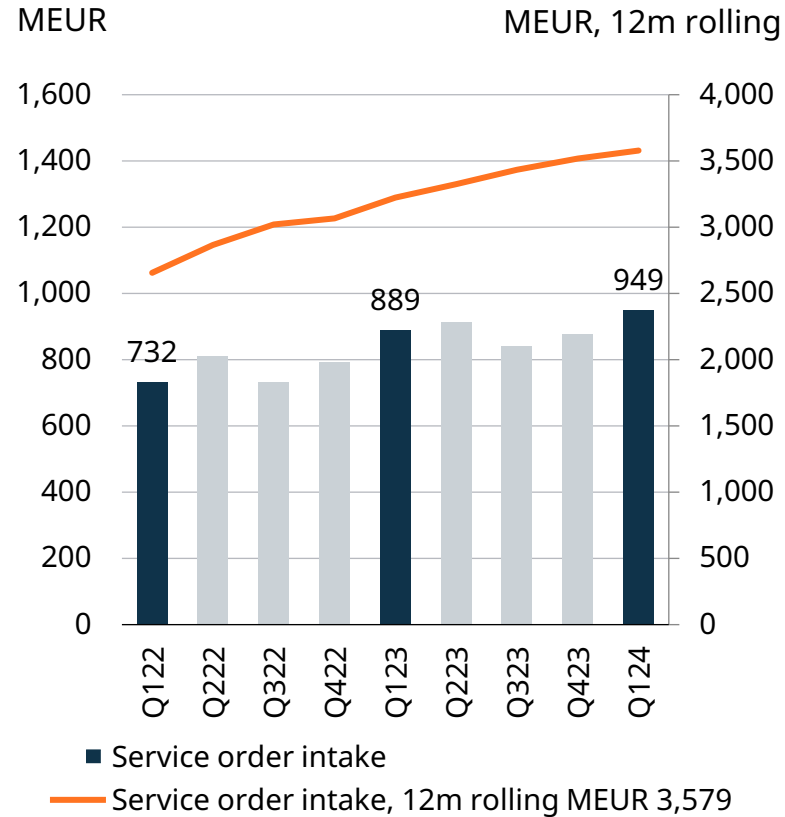


Organic order intake increased by 17%

Equipment



Services



Order intake growth
11%

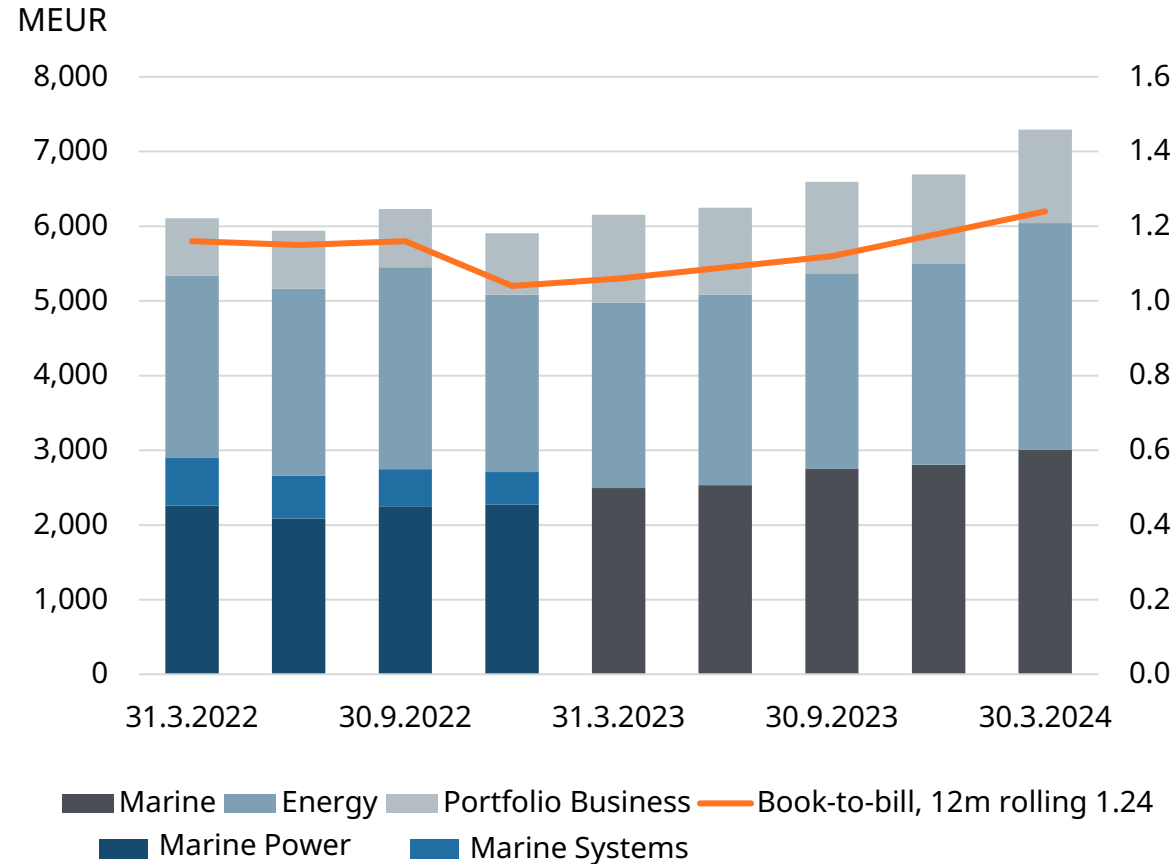
Equipment order
intake increased by
15%

Service order intake
increased by 7%

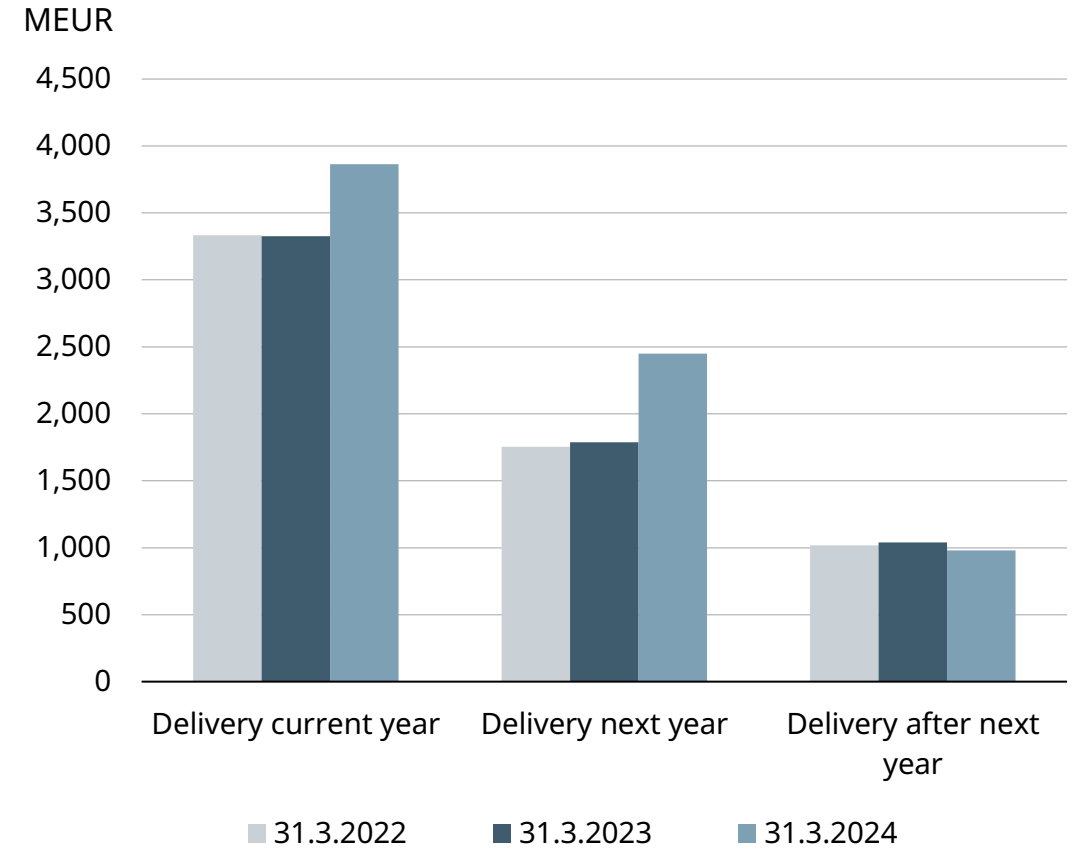
All-time high order book, 2024 deliveries are tilted towards H2 especially in Energy

Rolling book-to-bill continues to trend up

Order book by business



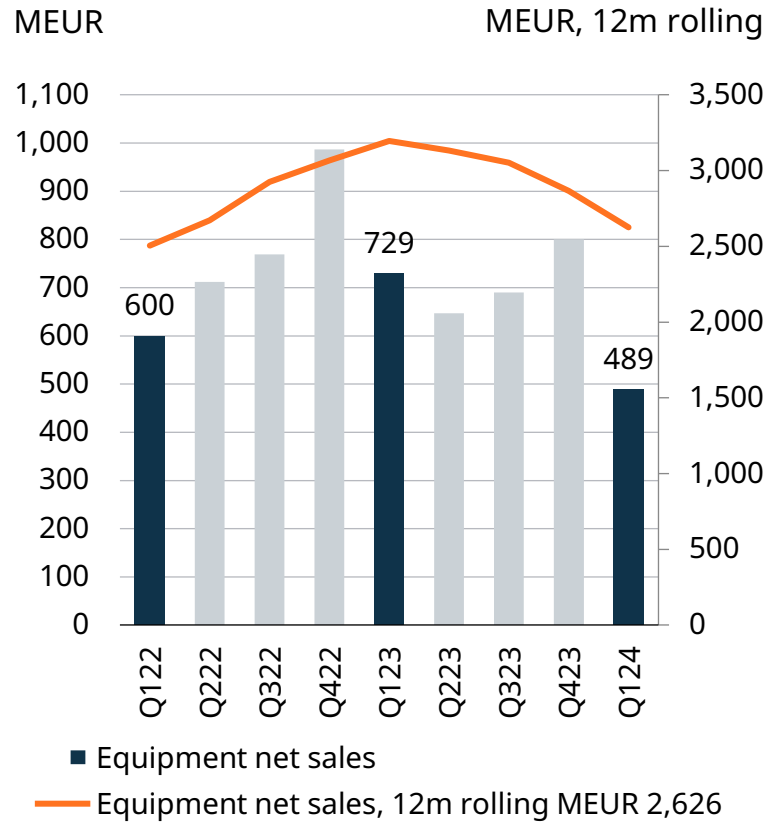
Order book delivery schedule



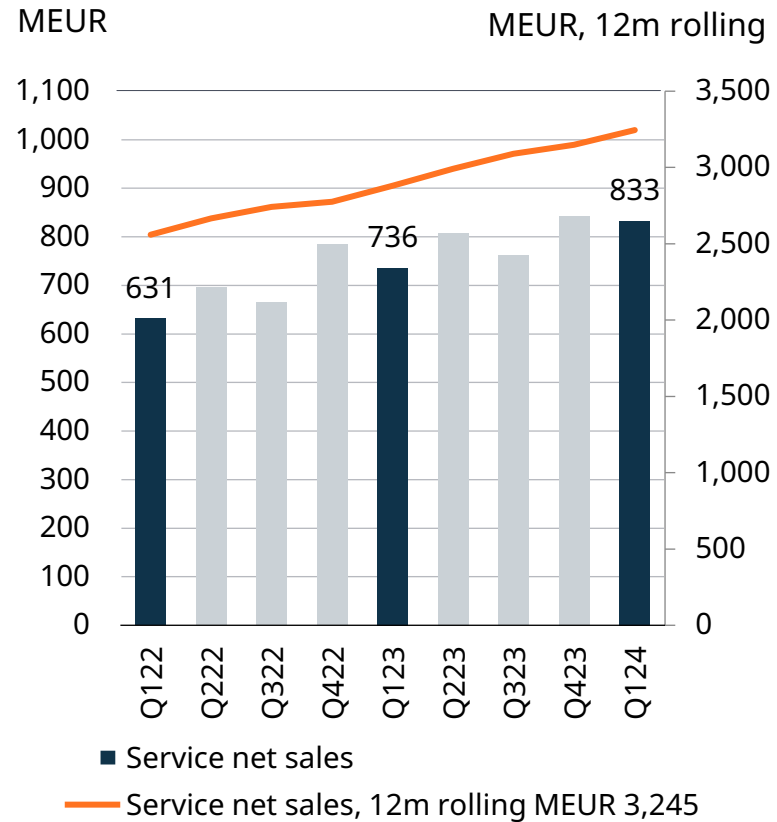
Financial figures for 2023 have been restated to reflect a redefined organisational structure after discontinuation of Marine Systems as a reporting segment as of 1 January 2024. Gas Solutions business unit was moved to Portfolio Business for divestment, and Exhaust Treatment and Shaft Line Solutions business units were moved from Marine Systems to Marine Power and consequently, Marine Power changed its name to Marine as of 1 January 2024. 2022 figures are restated to reflect the redefined organisational change considering the integration of Voyage into Marine Power and moving part of the Voyage business to the Portfolio Business.

Organic net sales decreased by 6%

Equipment



Services



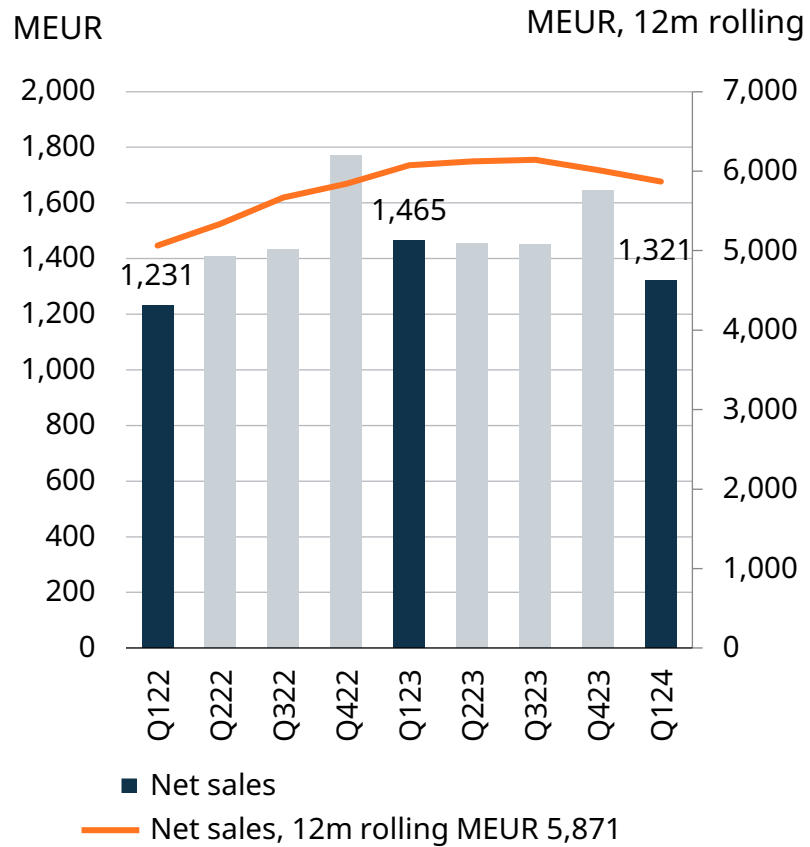
Net sales decreased by 10%

Equipment net sales decreased by 33%

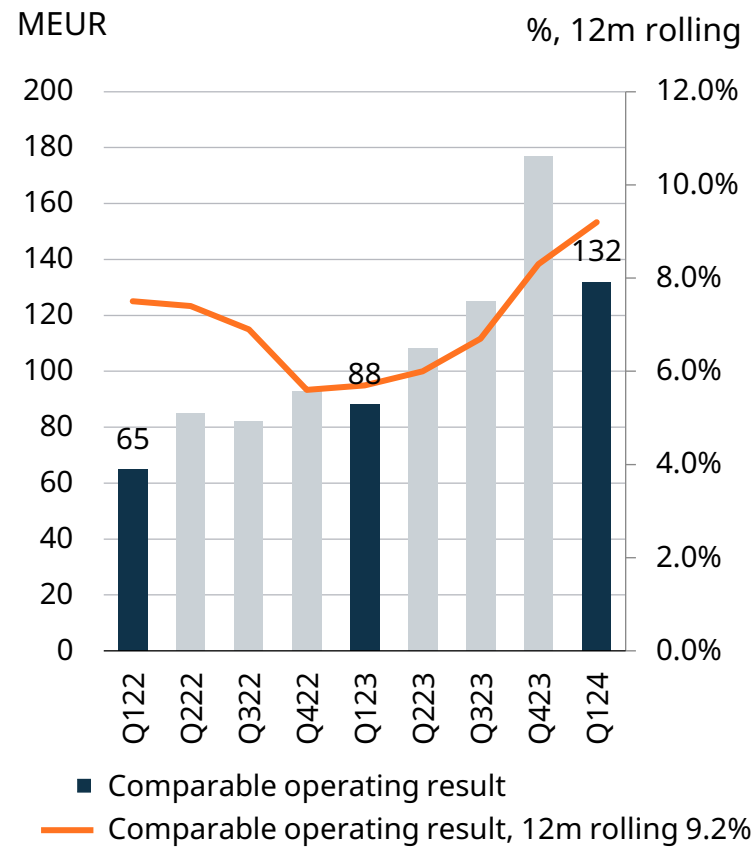
Service net sales increased by 13%

Profitability continued to improve

Net sales



Comparable operating result



Net sales decreased by 10%

Comparable operating result increased by 50%

Technology and partnership highlights

Enabling industry decarbonisation

Wärtsilä-led EUR 200 million collaboration ecosystem to develop autonomous zero-emission balancing solutions for the energy transition

- A 5-year collaboration of more than 200 Finnish companies, industrial organisations, research institutes, and universities.
- The aim of the “Wide & Intelligent Sustainable Energy” (WISE) project is to develop innovative clean energy concepts and autonomous zero-emission balancing solutions by utilising data analytics and artificial intelligence.
- Goal is to offer flexible autonomous power plant concepts by the end of 2028.

Wärtsilä introduces Quantum2 to optimise deployment of large-scale energy storage facilities

- Wärtsilä launched Quantum2, a fully integrated high-capacity battery energy storage system optimised for global large-scale deployment.
- Enables project developers to meet capacity requirements with improved transportation and deployment speed, and unparalleled safety.
- Flexible to include modules from various manufacturers, allowing optimised configuration for each project and supply chains.



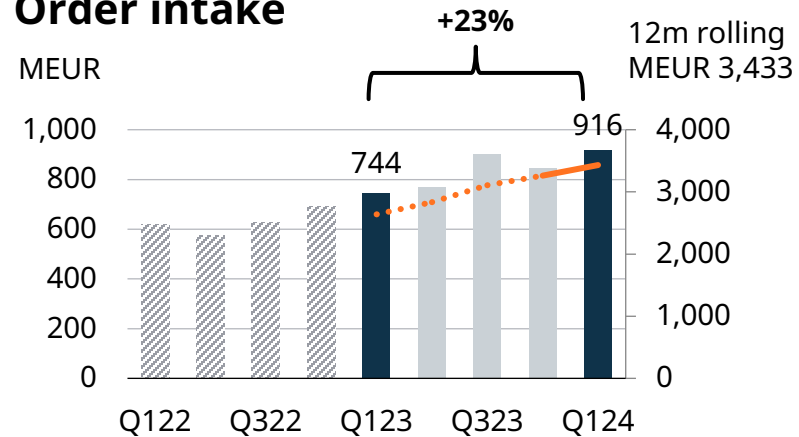
Marine



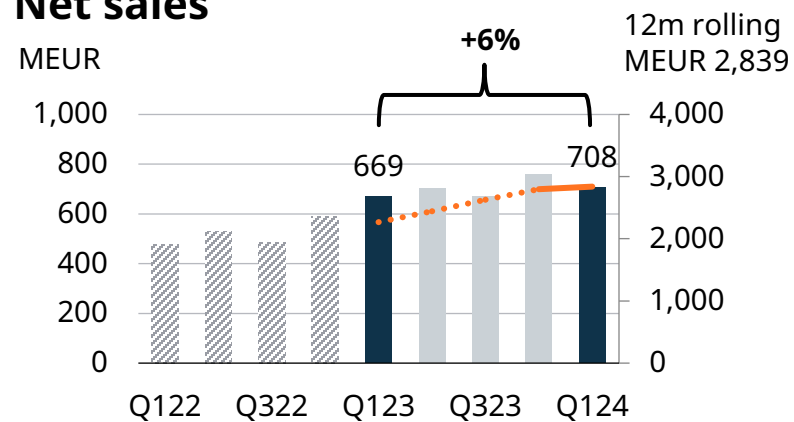
Marine: Good performance continued

Order intake, net sales and comparable operating result increased

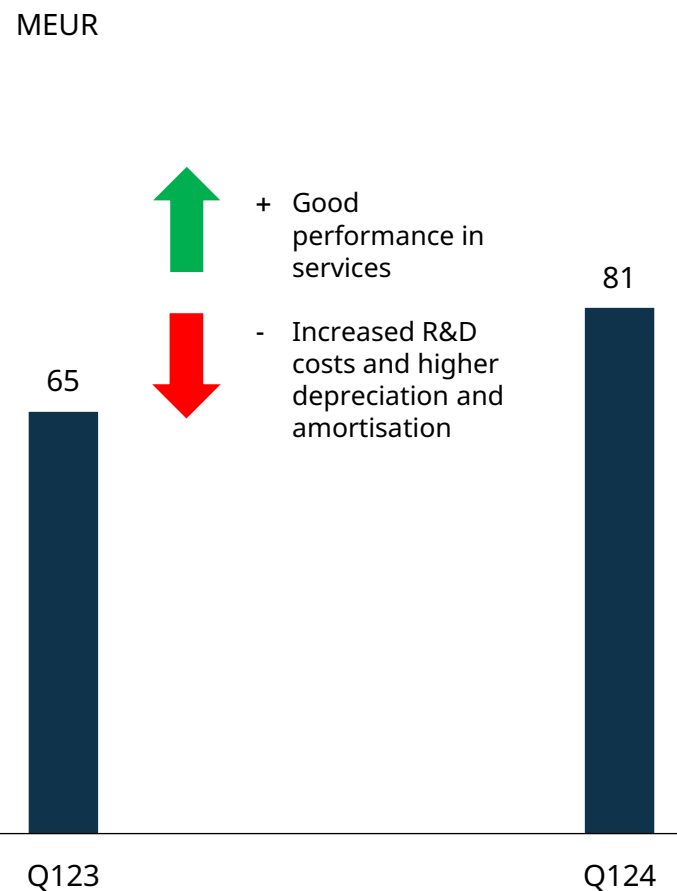
Order intake



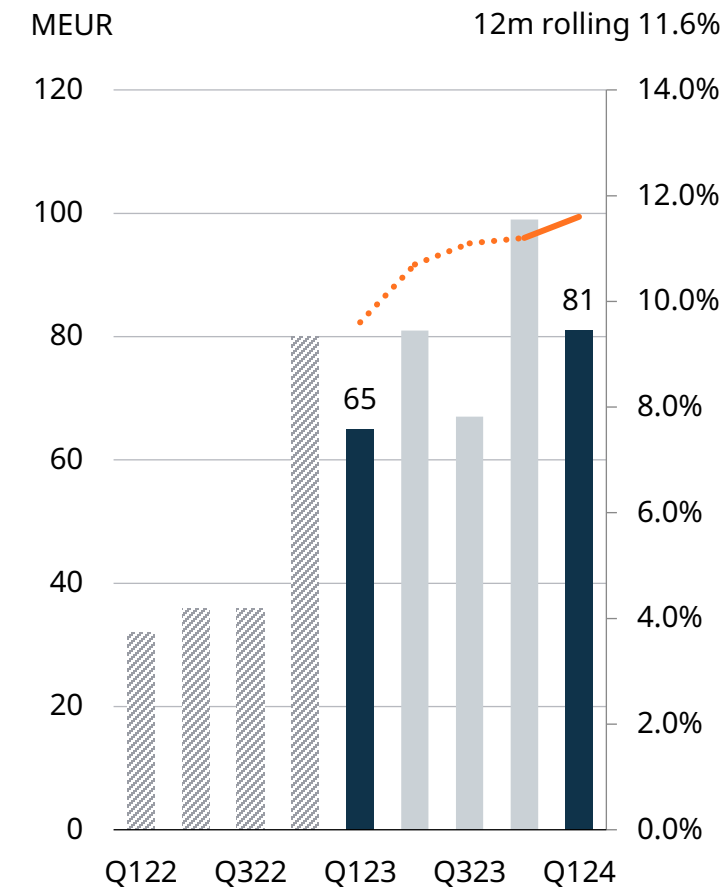
Net sales



Comparable operating result



Comparable operating result



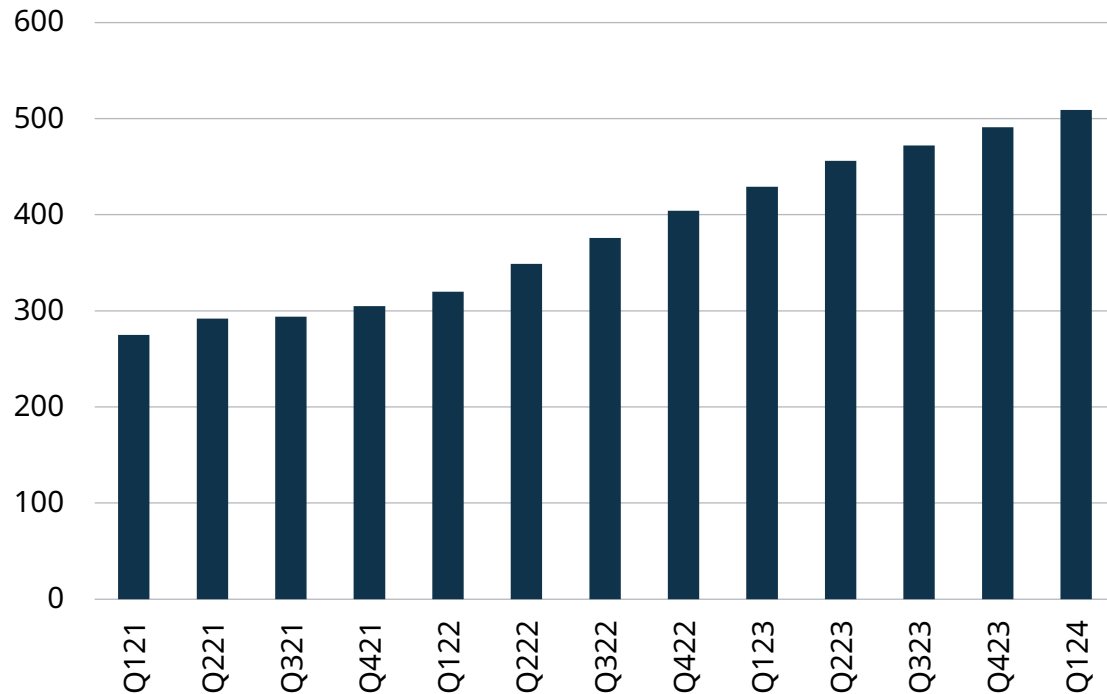
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Good development in Marine service agreements

Marine net sales to agreement installations increased

Net sales to agreement installations (12 month rolling)¹⁾

MEUR, 12m rolling



Wärtsilä Lifecycle Agreement to support optimised low-emission operations for two P&O Ferries vessels

- Wärtsilä has signed a Lifecycle Agreement with UK-based P&O Ferries.
- The 5-year agreement covers two vessels, the M/V Pioneer and the M/V Liberté designed to optimise and ensure minimal impact on operations.
- The scope of the agreement includes parts and maintenance services, maintenance planning, operational support and Wärtsilä's Expert Insight predictive maintenance service.
- The order was booked in Q1 2024.

1) The figures include Marine scope related to 4-stroke, 2-stroke, and propulsion

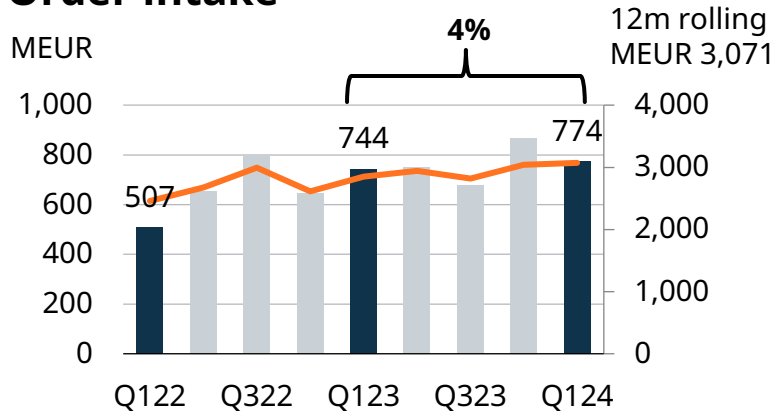
Energy



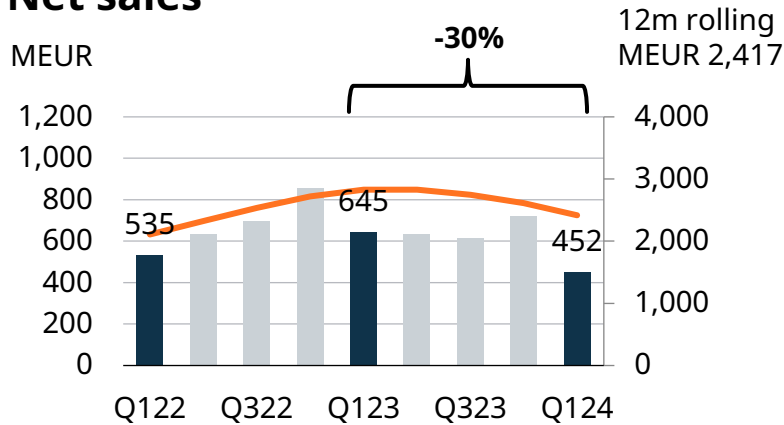
Energy: Comparable operating result increased

Equipment net sales decreased due to the periodisation of deliveries between quarters

Order intake

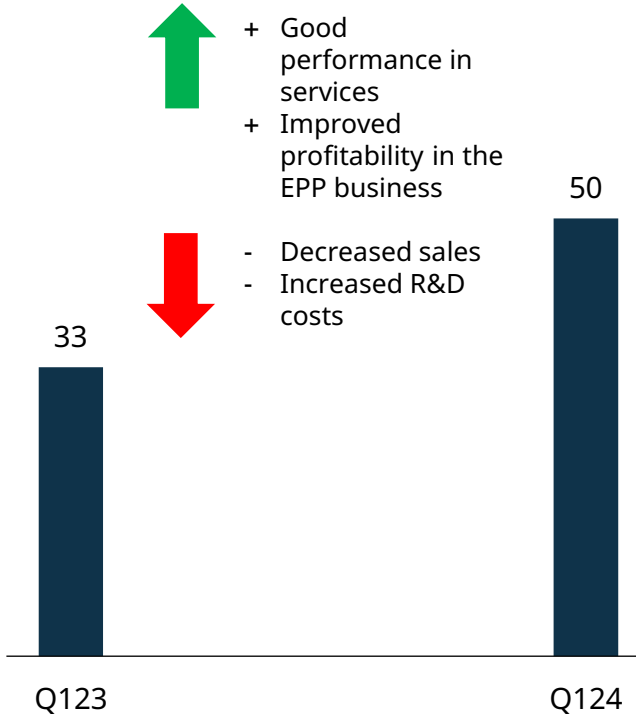


Net sales



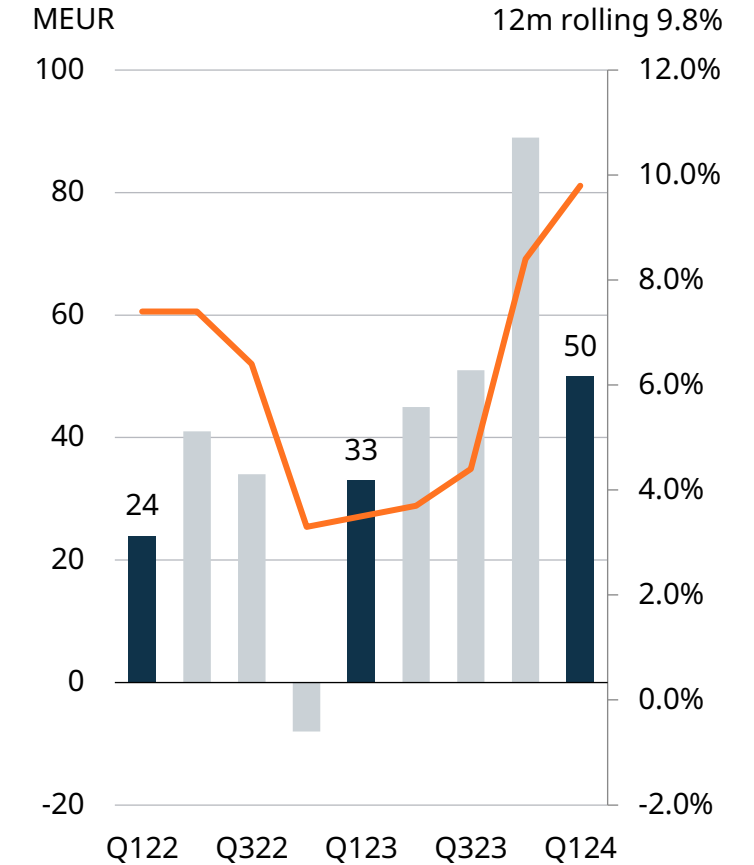
Comparable operating result

MEUR



Comparable operating result

MEUR

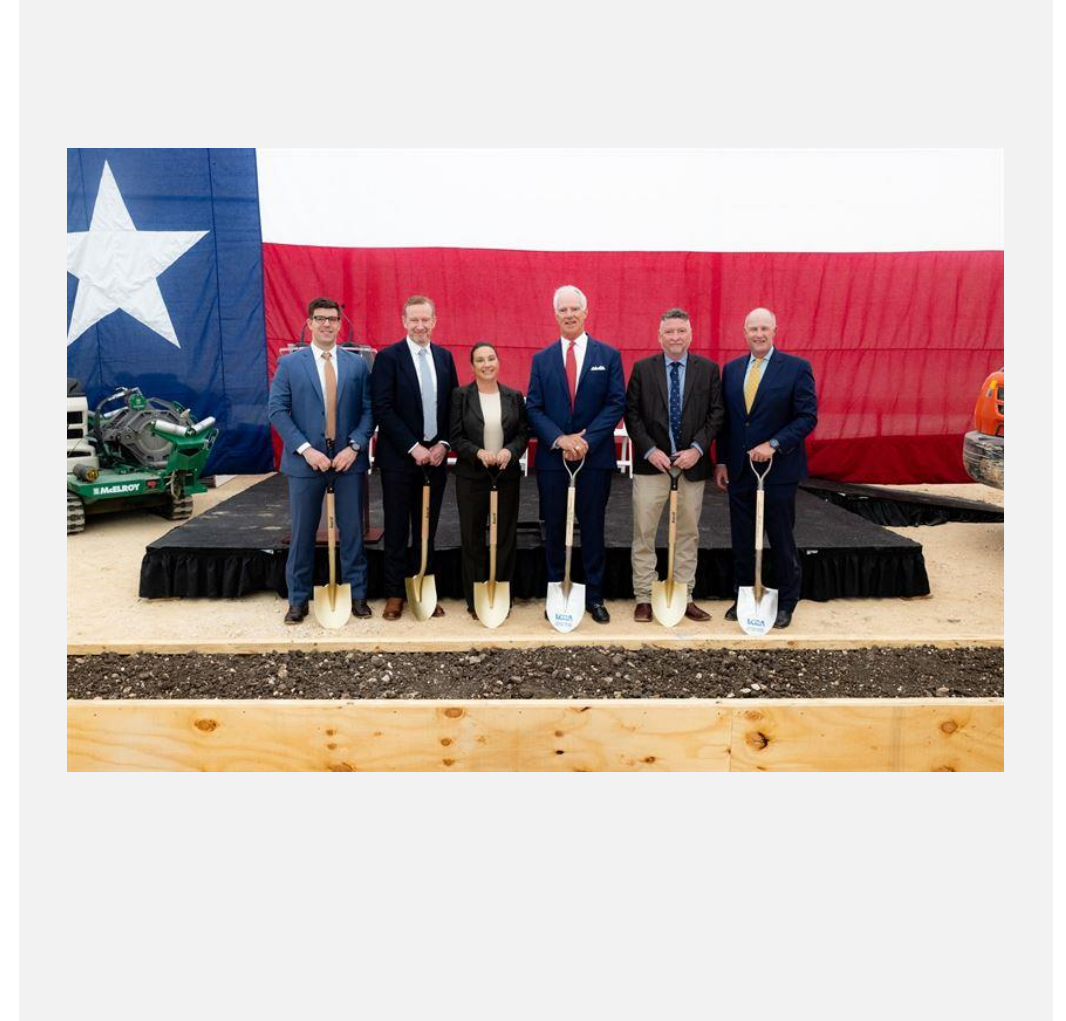


Wärtsilä engines again the choice for major Texas utility power plant project

- Wärtsilä awarded a major contract by the Lower Colorado River Authority (LCRA), providing wholesale power to the Texas power grid.
- Following an earlier order by LCRA for 10 engines generating an output of ~190 MW in 2022, the new order for 10 new 50SG engines will double the earlier output.
- LCRA Executive Vice President and COO of Wholesale Power states:

"We appreciate Wärtsilä's track record in supplying efficient and reliable engines. The flexibility of the Wärtsilä engines is particularly important in providing the rapid ramp-up of power needed for our new peaker plant, which will be called upon to quickly come online when other generation is not available to meet the power demand in our growing state."

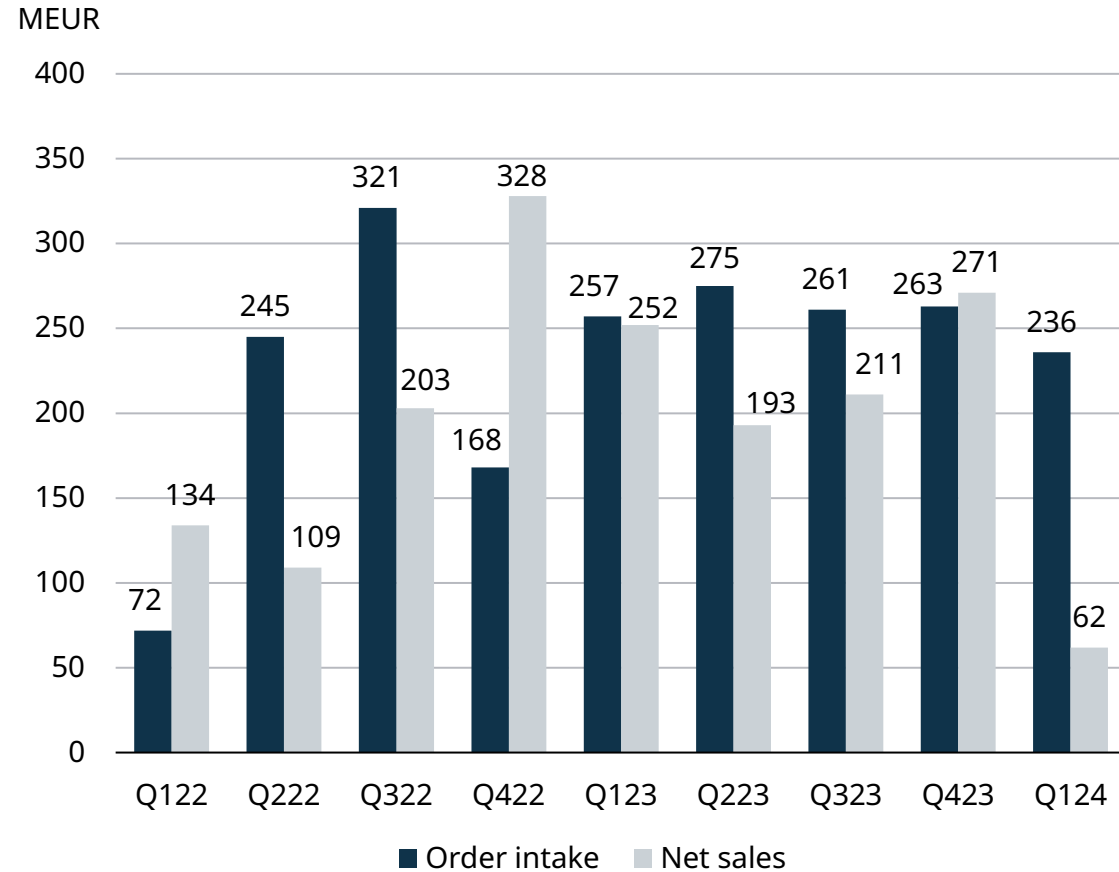
- The order was booked in Q1 2024.



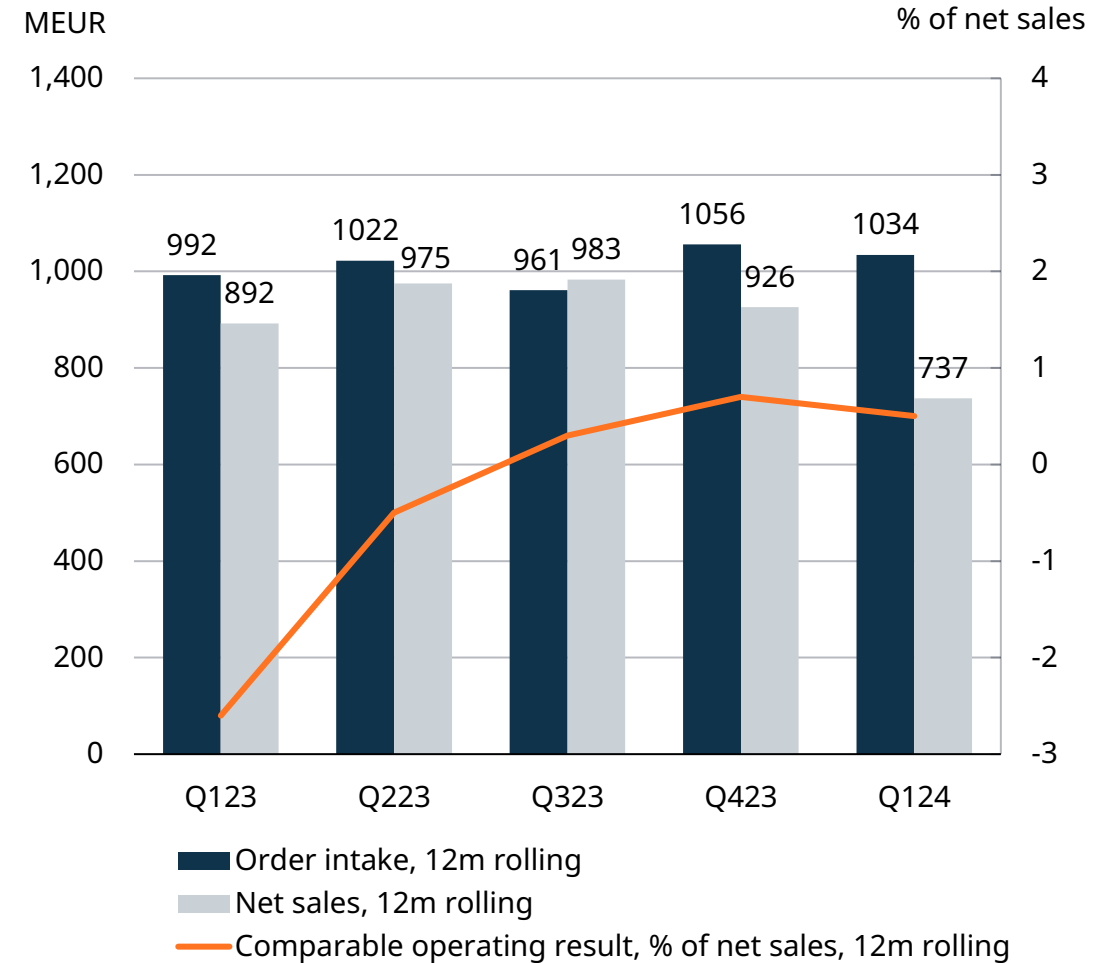
Energy Storage & Optimization: Comparable operating result margin (12m rolling) positive

Low net sales due to the periodisation of project deliveries

Quarterly development

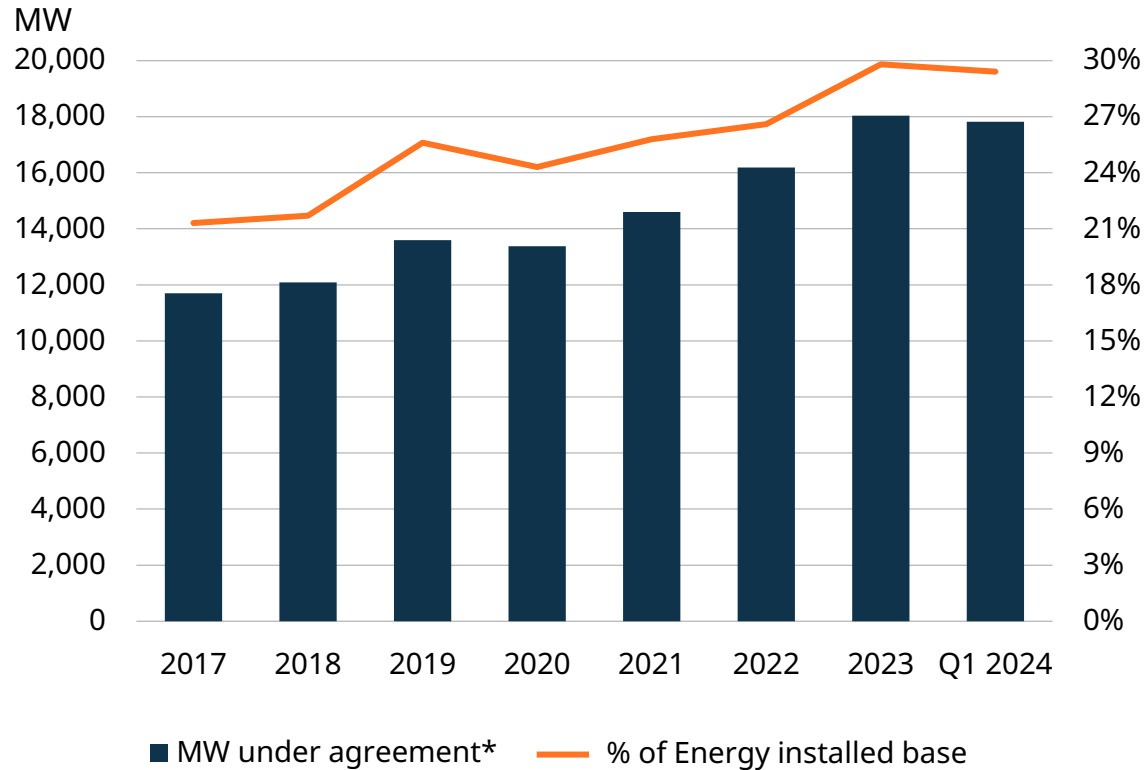


Rolling 12 months development



Energy service agreements at a good level

MW under agreement globally

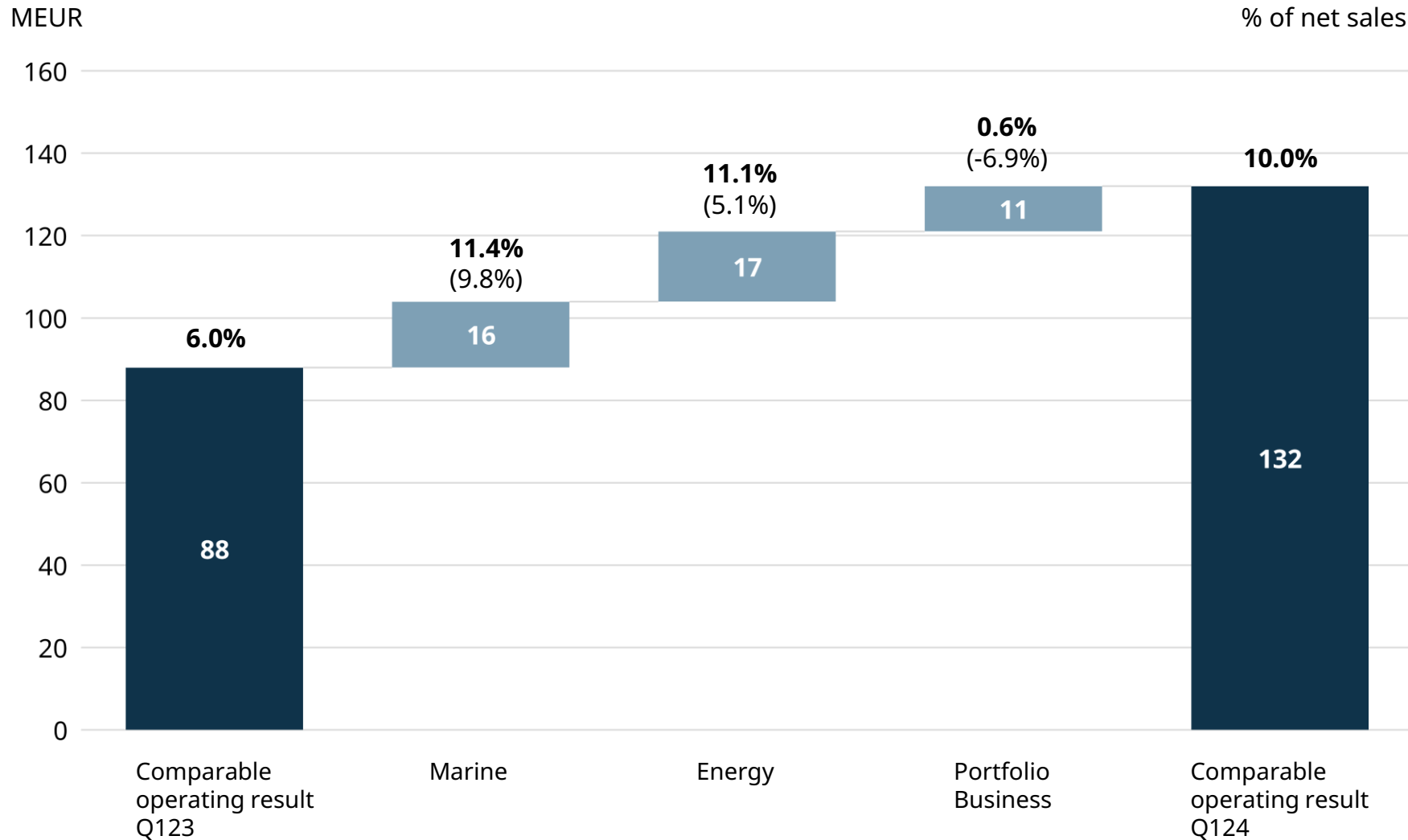


* Includes agreements covering both installed assets and assets to be installed in the future

Good agreement coverage

- 29% of installed base under agreement
- Reduction in MWs under agreement in Q1 2024 affected by periodisation of agreement renewal negotiations
- Maintaining high renewal rate for existing agreements: >90% renewal rate shows high customer satisfaction

Comparable operating result improved – growth in all segments



Comparable operating result increased by 50%

Other key financials

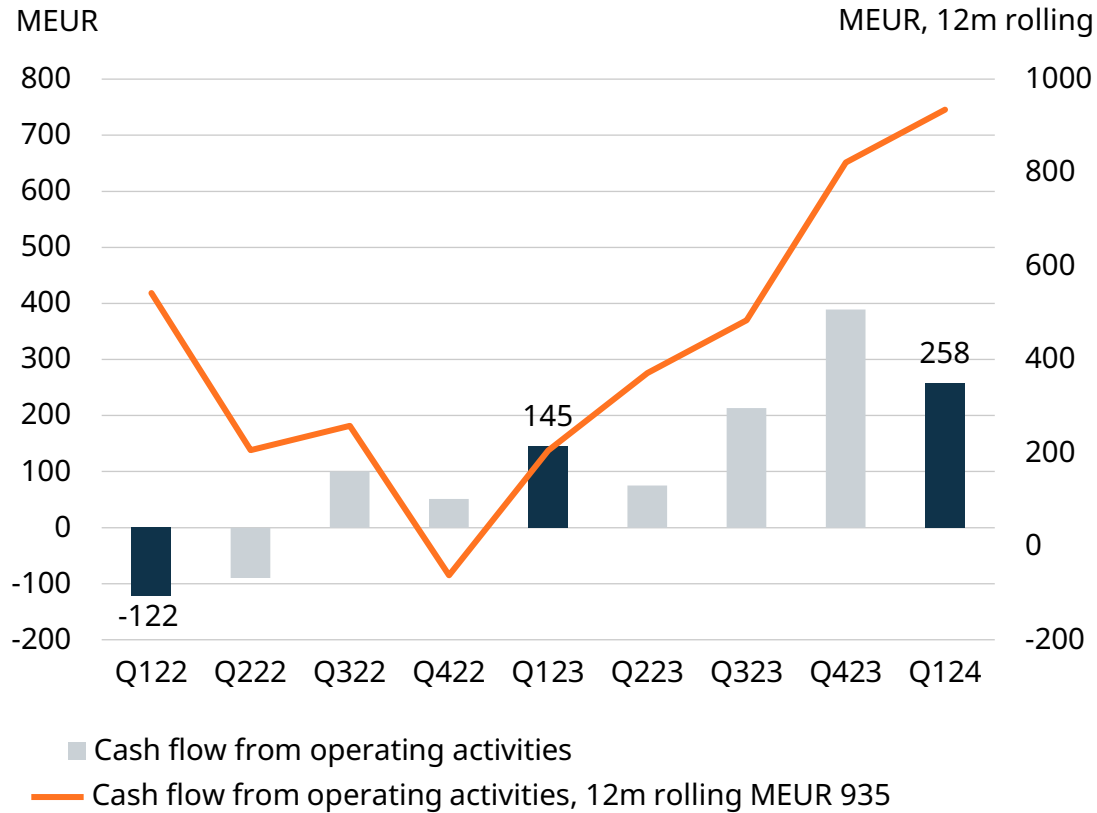


Other key financials: Strong cash flow from operating activities

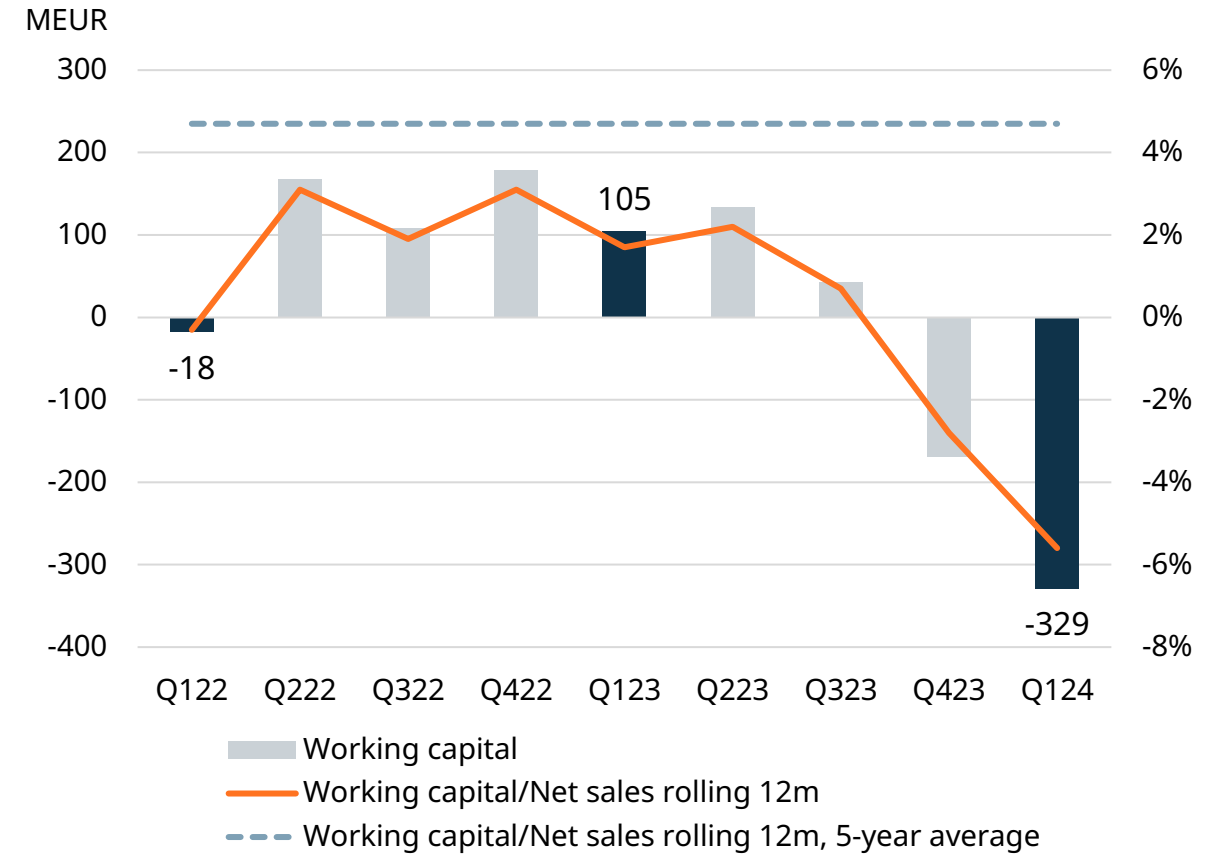
| MEUR | 1-3/2024 | 1-3/2023 |
|--|--------------|----------|
| Cash flow from operating activities | 258 | 145 |
| Working capital | -329 | 105 |
| Net interest-bearing debt | -79 | 477 |
| Gearing | -0.04 | 0.24 |
| Solvency, % | 34.8 | 33.4 |
| Basic earnings/share, EUR | 0.14 | 0.09 |

Strong cash flow from operating activities

Cash flow from operating activities



Working capital to net sales ratio





Prospects

Marine

- Wärtsilä expects the demand environment for the next 12 months (Q2/2024-Q1/2025) to be better than that of the comparison period.

Energy

- Wärtsilä expects the demand environment for the next 12 months (Q2/2024-Q1/2025) to be better than that of the comparison period.

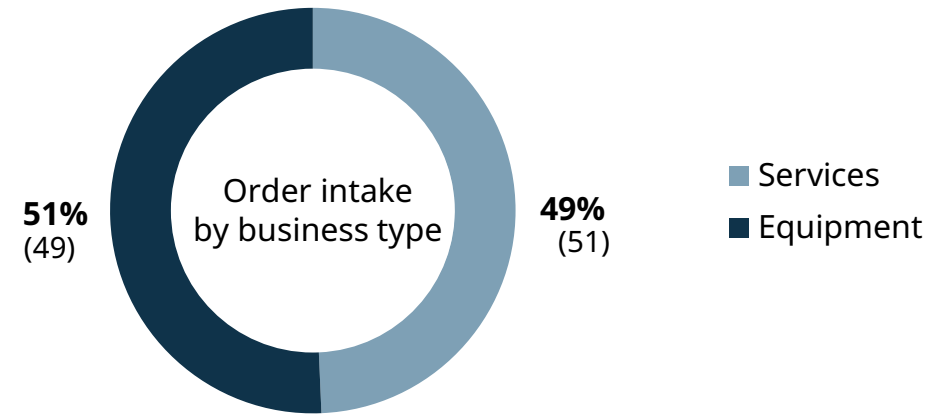
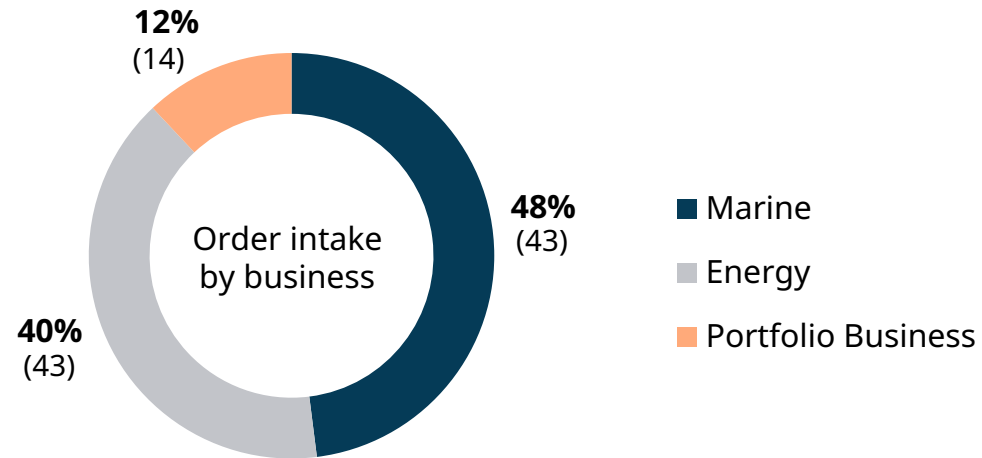
Q&A



Appendix

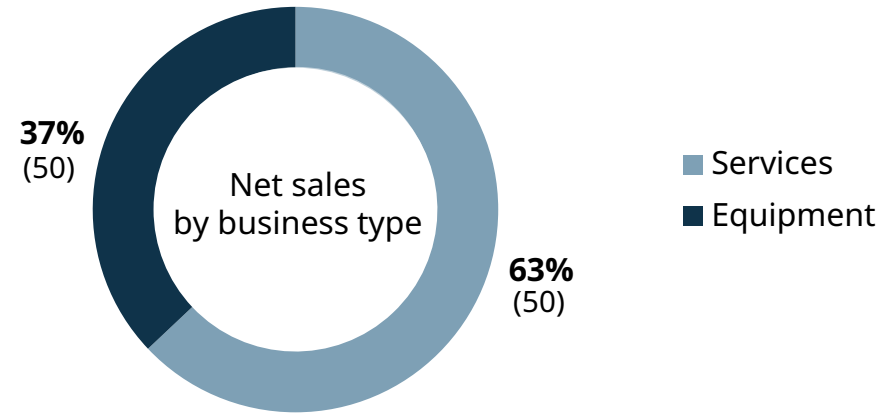
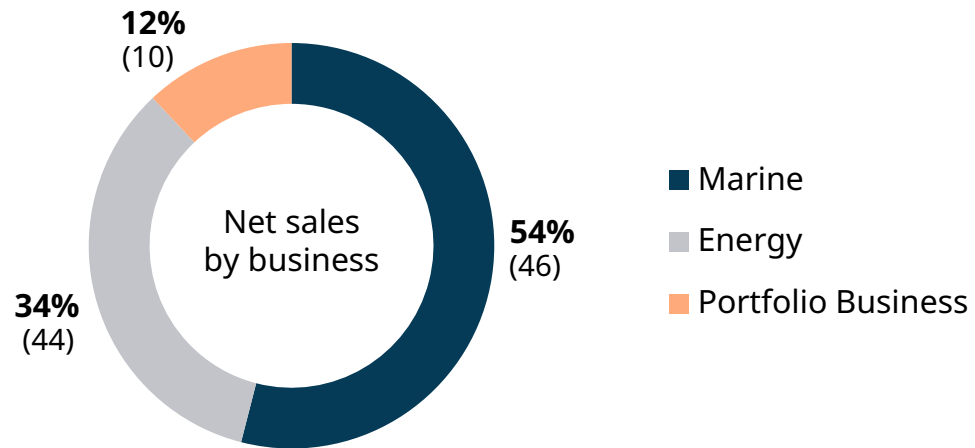
Order intake

First quarter development



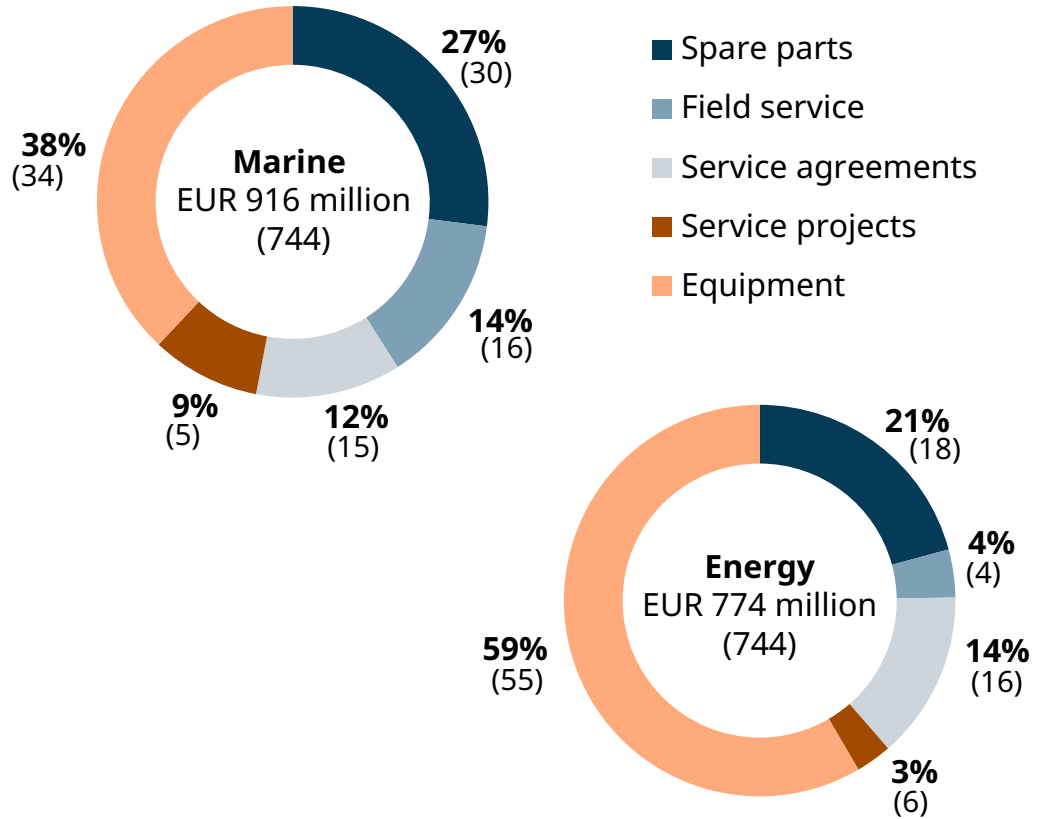
Net sales

First quarter development

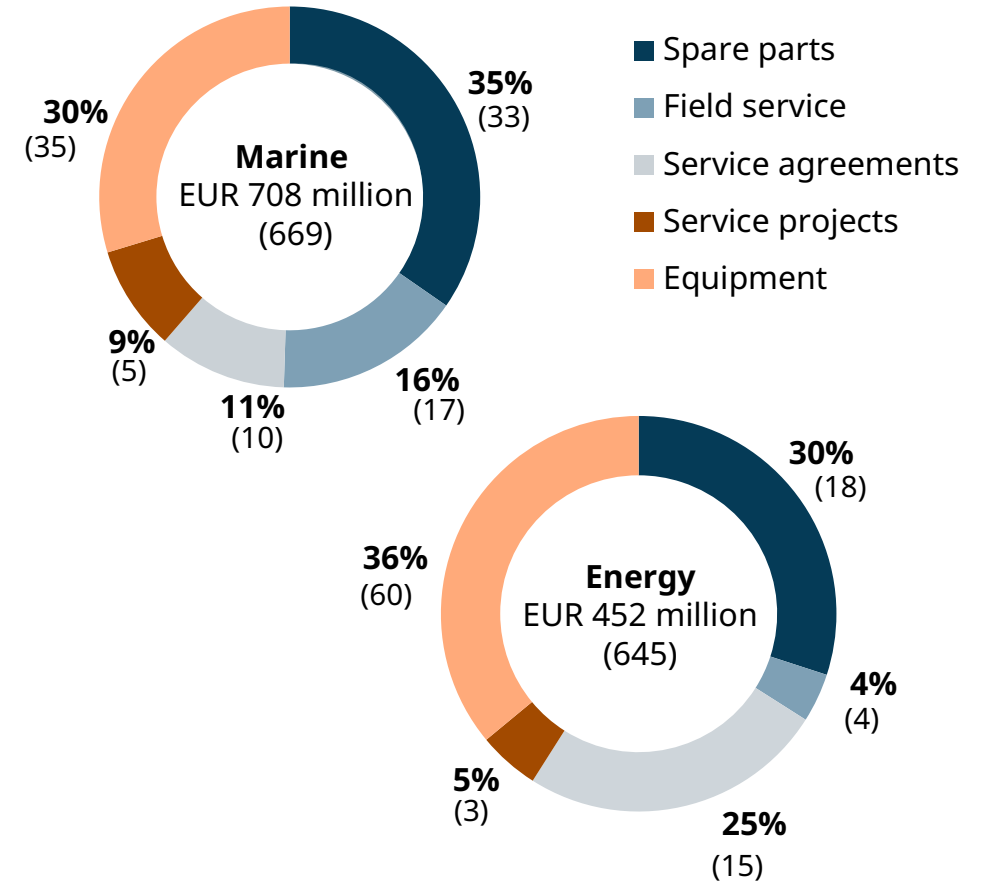


First quarter development by business type

Order intake



Net sales

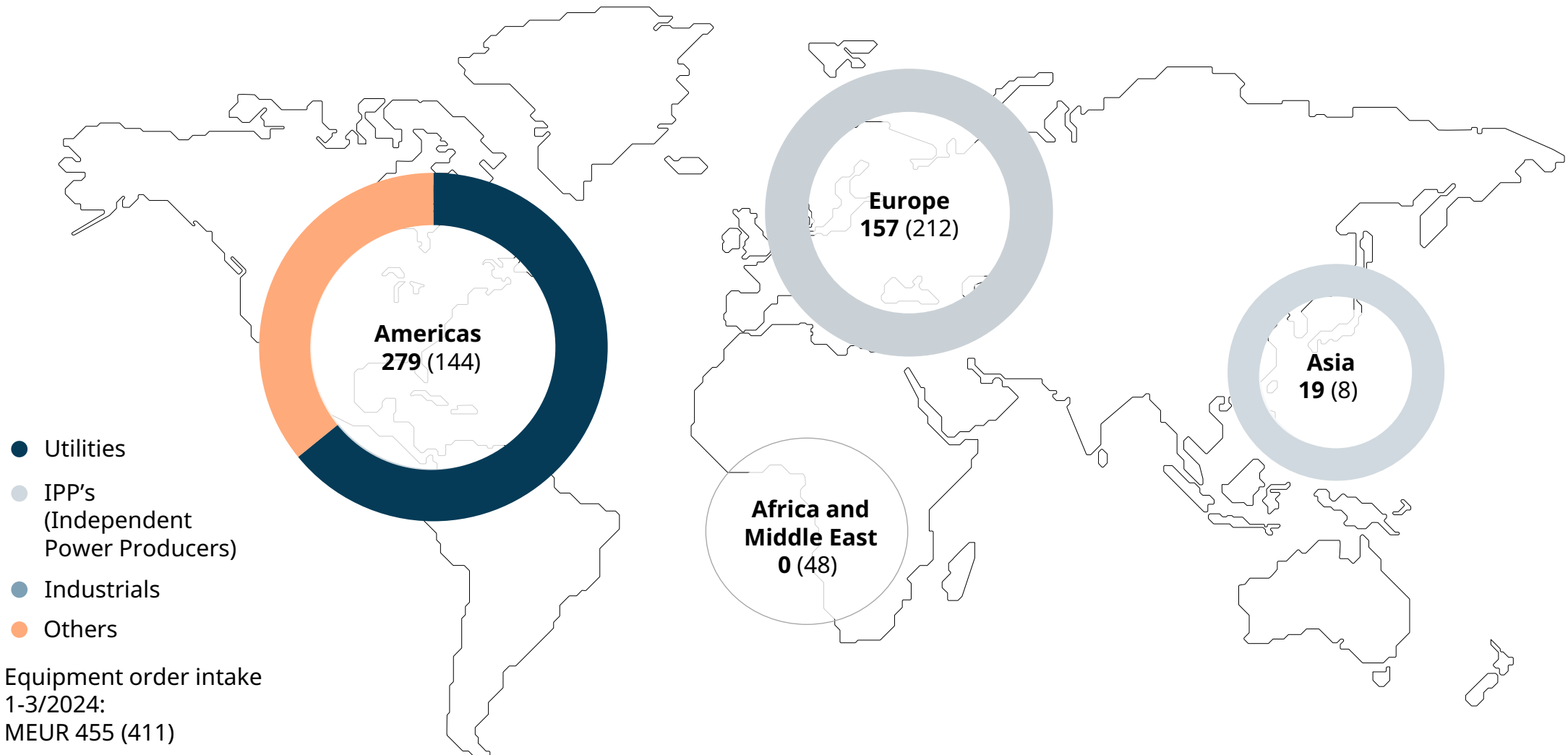


January–March order intake by customer segment

| Marine | Gas carriers | Cruise & ferry | Offshore | Navy | Special vessels | Merchant | Other |
|---------------|---------------------|---------------------------|-----------------|----------------|------------------------|-----------------|---------------|
| Equipment | 4% (12) | 17% (26) | 1% (2) | 5% (18) | 23% (4) | 40% (35) | 10% (3) |
| Services | 15% (19) | 23% (19) | 14% (17) | 10% (8) | 12% (11) | 24% (25) | 1% (2) |
| Total | 11% (17) | 21% (21) | 9% (12) | 8% (11) | 16% (8) | 30% (29) | 4% (2) |

| Energy | Utilities | Independent Power Producers | Industrials | Other |
|---------------|------------------|------------------------------------|--------------------|----------------|
| Equipment | 39% (55) | 39% (44) | 0% (1) | 22% (0) |
| Services | 28% (39) | 26% (30) | 27% (18) | 19% (3) |
| Total | 35% (48) | 33% (37) | 11% (9) | 21% (6) |

Orders received for Energy equipment globally





WÄRTSILÄ