

Wärtsilä Corporation Result presentation Q3 2024

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Arjen Berends, CFO

29 October 2024



Improved net sales, profitability and cash flow

- Net sales increased by 18%
- Continued strong order book (7,583 MEUR)
- Comparable operating result increased by 41%
- Good progress in services continued:
 - Service order intake increased by 4%
 - Service net sales increased by 6%
- Strong cash flow from operating activities (296 MEUR)



Good development in key figures

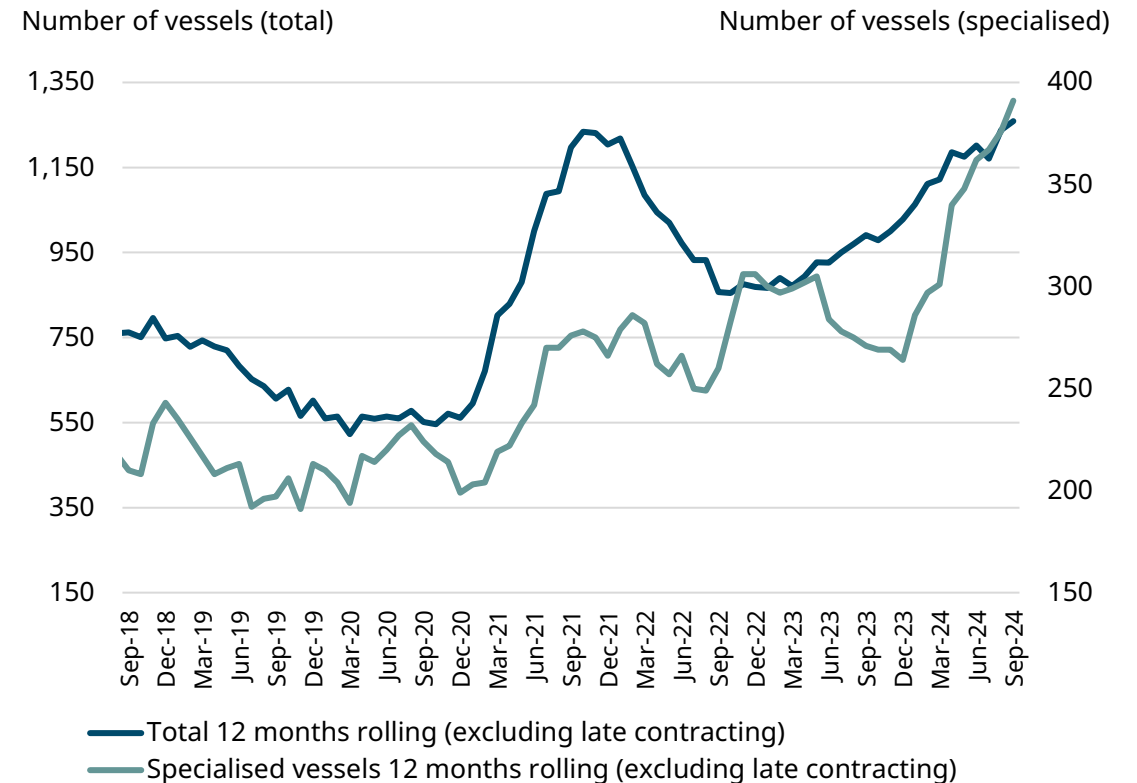
MEUR	7-9/2024	7-9/2023	CHANGE	1-9/2024	1-9/2023	CHANGE
Order intake	1,803	1,787	1%	5,580	5,214	7%
of which services	874	842	4%	2,805	2,644	6%
of which equipment	929	946	-2%	2,776	2,570	8%
Order book				7,583	6,594	15%
of which current year deliveries				1,648	1,570	
Net sales	1,718	1,452	18%	4,595	4,371	5%
of which services	807	762	6%	2,473	2,305	7%
of which equipment	911	690	32%	2,122	2,066	3%
Book-to-bill	1.05	1.23		1.21	1.19	
Comparable operating result	177	125	41%	485	320	51%
% of net sales	10.3	8.6		10.5	7.3	
Operating result	192	117	65%	487	274	77%
% of net sales	11.2	8.0		10.6	6.3	

Marine: market sentiment is positive for Wärtsilä's key segments

Increase in demand for new ships in the third quarter

- The number of vessels ordered in the review period increased to 1,953 (1,356 in the corresponding period in 2023, excluding late reporting of contracts).
- Despite growth in shipyard capacity and output (especially in China and South Korea), newbuild shipyard capacity utilisation remains high, indicating that a shortage of yard capacity still exists.
- Global shipyard capacity is currently at ~70% of 2011 peak level and could increase to 80-85% by 2030 mainly driven by yard reactivations and expansions in China which has accounted for around three quarters of announced capacity increases since 2021.
- The positive trend in interest for alternative fuels continued with 486 orders for alternative fuel capable ships reported between January-September, accounting for 25% (23) of all contracted vessels and 49% (44) of vessel capacity.
- Strong growth in demand and a positive outlook has driven cruise newbuild ordering while containership newbuild investments have increased in recent months as shipowners continue to renew their aging fleets.

Total and specialised vessel contracting



Source: Clarksons Research, 12m rolling contracting as per 4th of October 2024 (+100 gt, excluding late reporting of contracts)

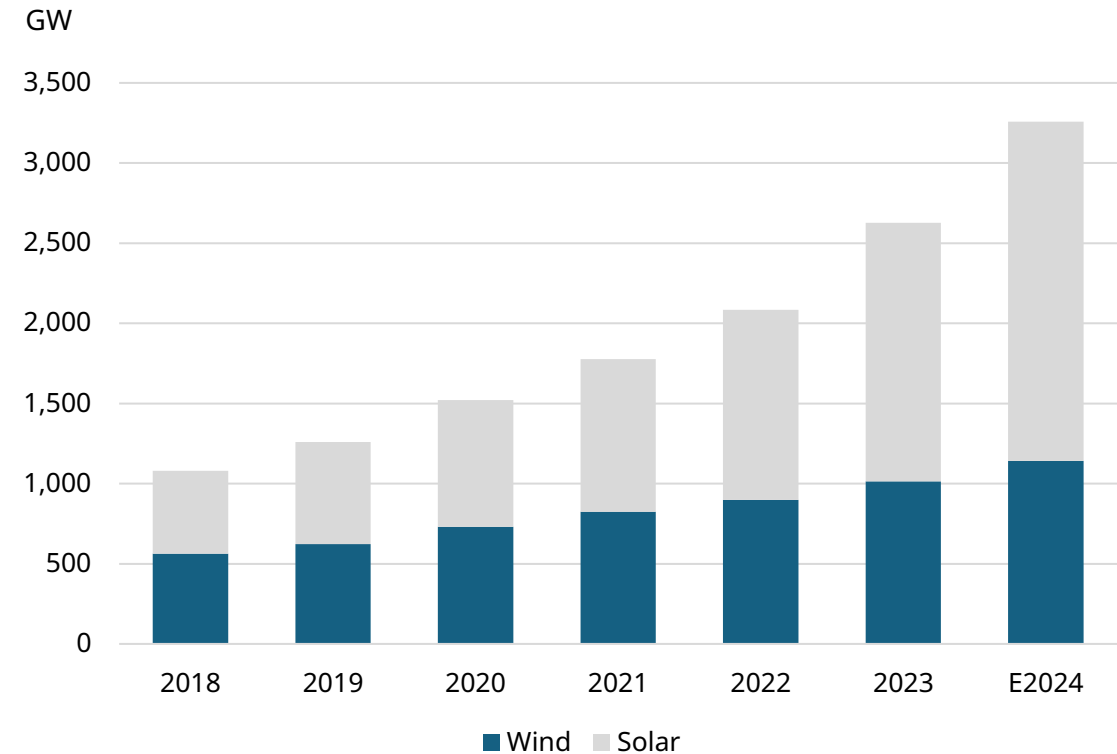
Specialised vessels include LNG carriers, LPG carriers, cruise & ferry, offshore, and special vessels.

Energy: solid long-term market opportunities

Rising protectionism and decreasing inflation impact energy markets in the third quarter

- Macroeconomic development continued to be impacted by protectionism and elevated risks in the geopolitical environment creating uncertainty and slower decision making.
 - The Inflation Reduction Act has boosted the outlook for clean energy deployment in the US, while policies such as domestic content requirements or import tariffs hurt the outlook for the energy transition.
- Global natural gas prices continued to increase moderately.
- The demand for balancing has been strong during 2024, while demand for baseload has been stable.
- In October 2024 DNV's Energy Transition Outlook predicted peak in energy-related emissions to be reached this year.
- The rapid growth of AI is having sizable impact on the global electricity demand for data centers. Today data centers account for approximately 1–2% of global electricity demand, potentially doubling in share by 2026.*

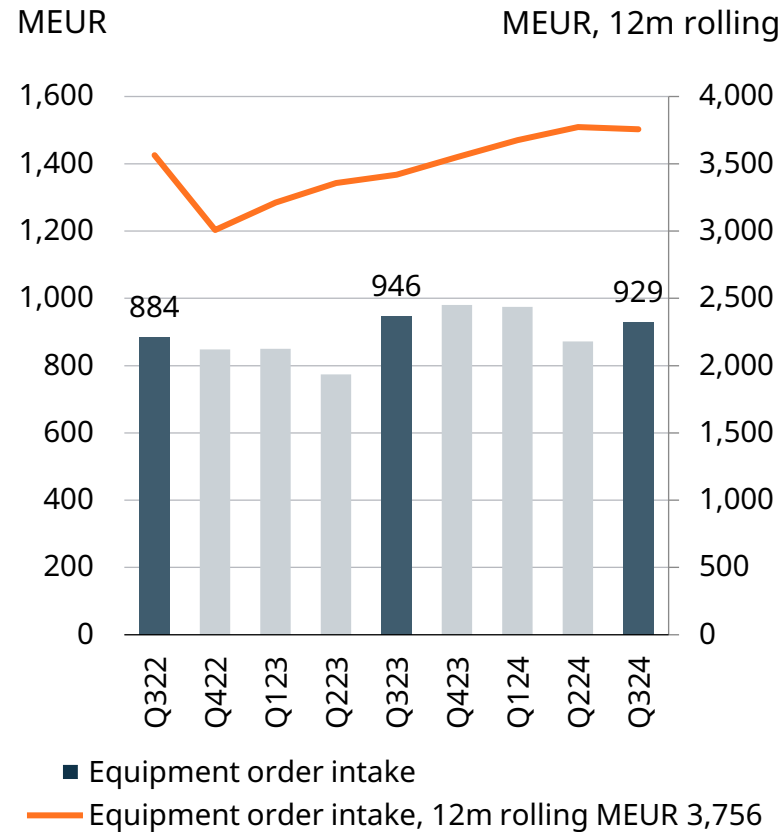
Development on installed wind and solar capacity *



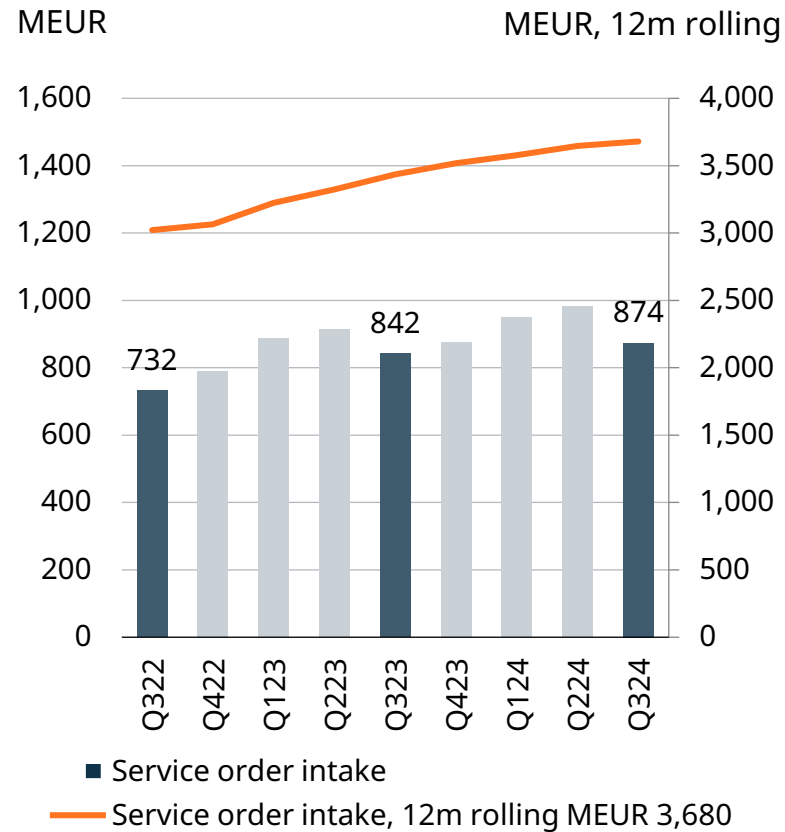
*Source: IEA Renewables 2024 - Renewable Energy Progress Tracker

Organic order intake increased by 4%

Equipment



Services



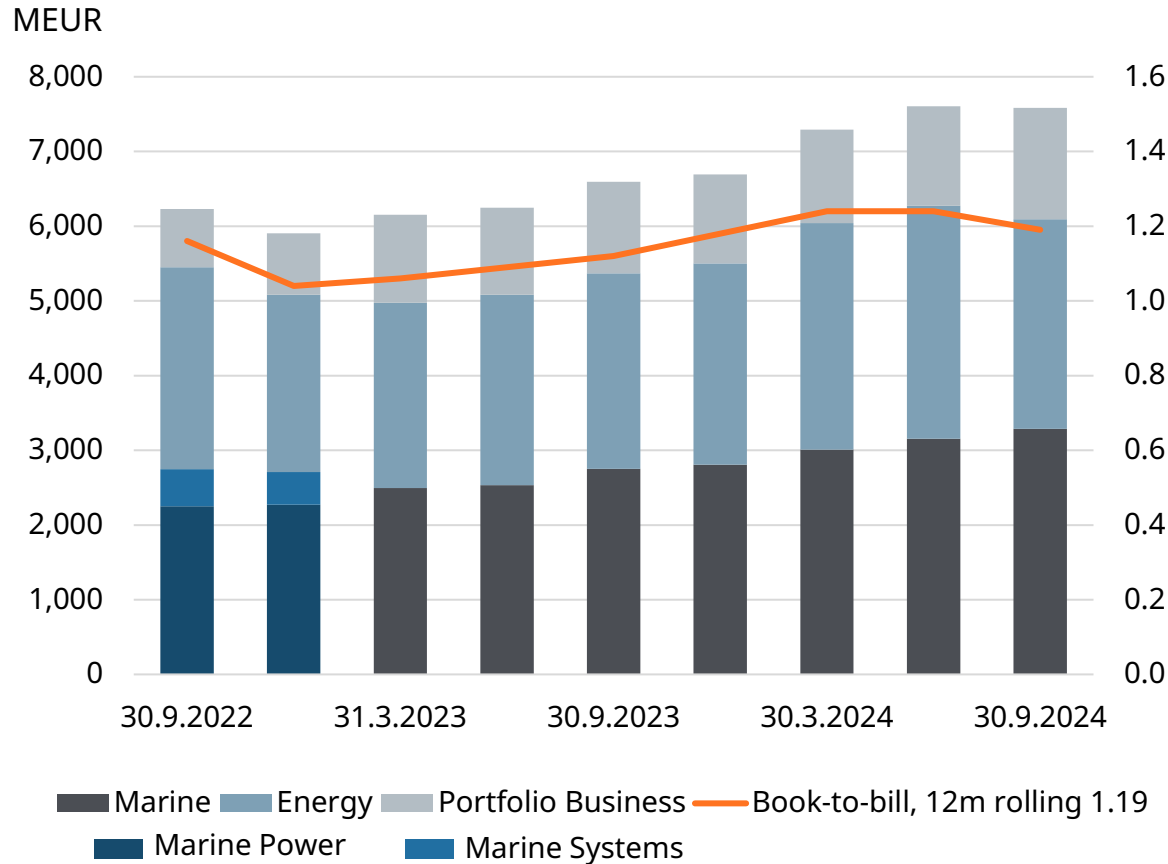
Order intake increased by 1%

Equipment order intake decreased by 2%, primarily driven by timing of Energy Storage & Optimisation orders

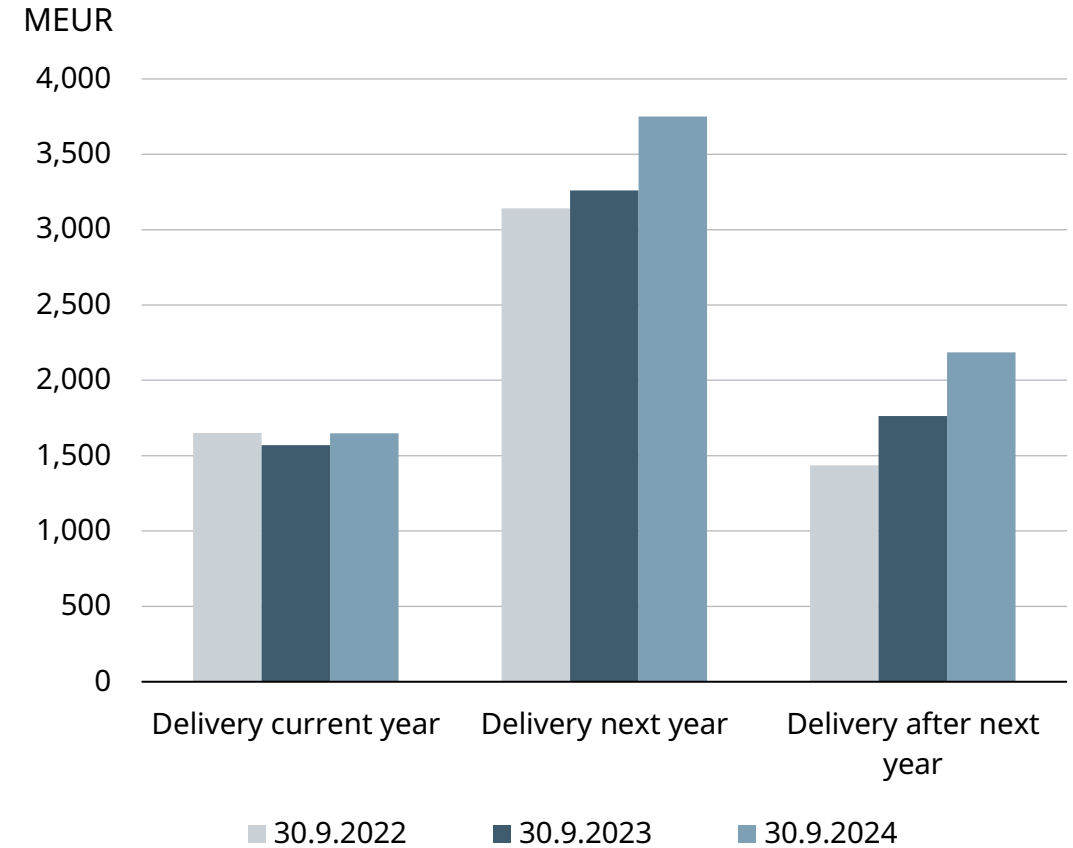
Service order intake increased by 4%

Strong order book, rolling book-to-bill continues above 1

Order book by business



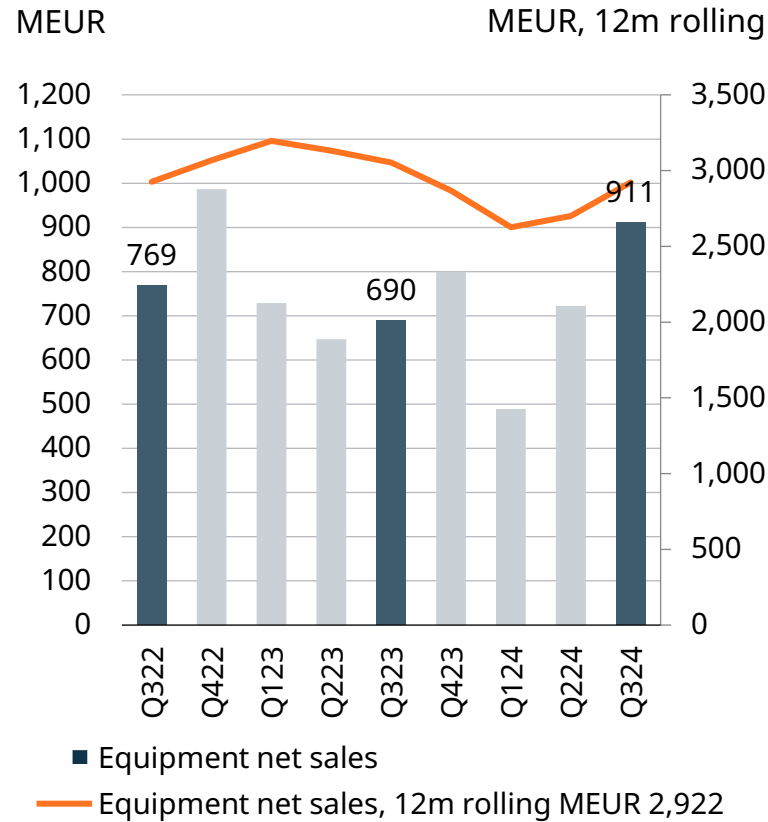
Order book delivery schedule



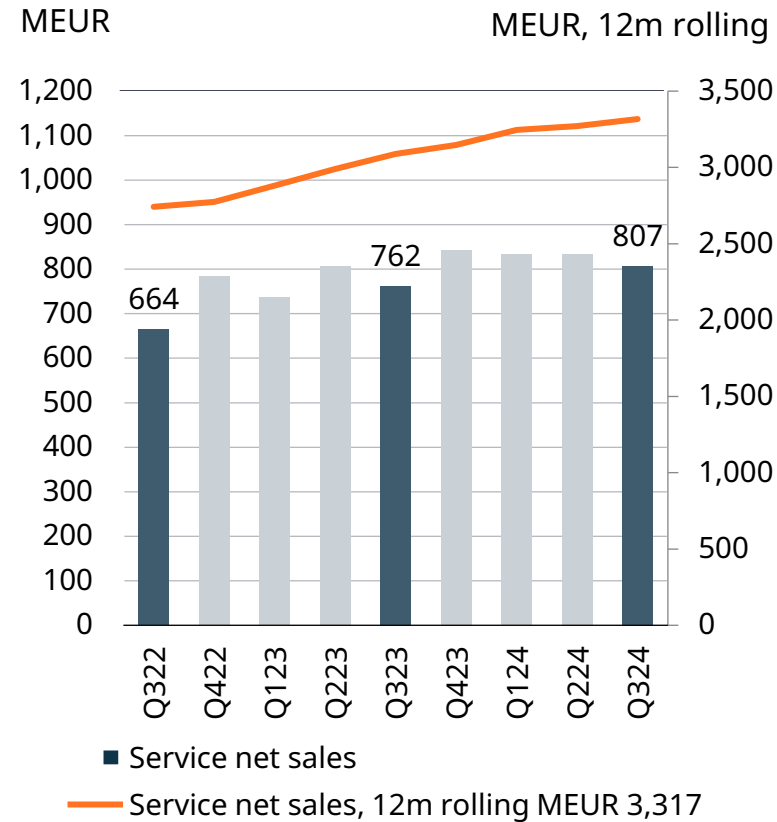
Financial figures for 2023 have been restated to reflect a redefined organisational structure after discontinuation of Marine Systems as a reporting segment as of 1 January 2024. Gas Solutions business unit was moved to Portfolio Business for divestment, and Exhaust Treatment and Shaft Line Solutions 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 increased by 21%

Equipment



Services



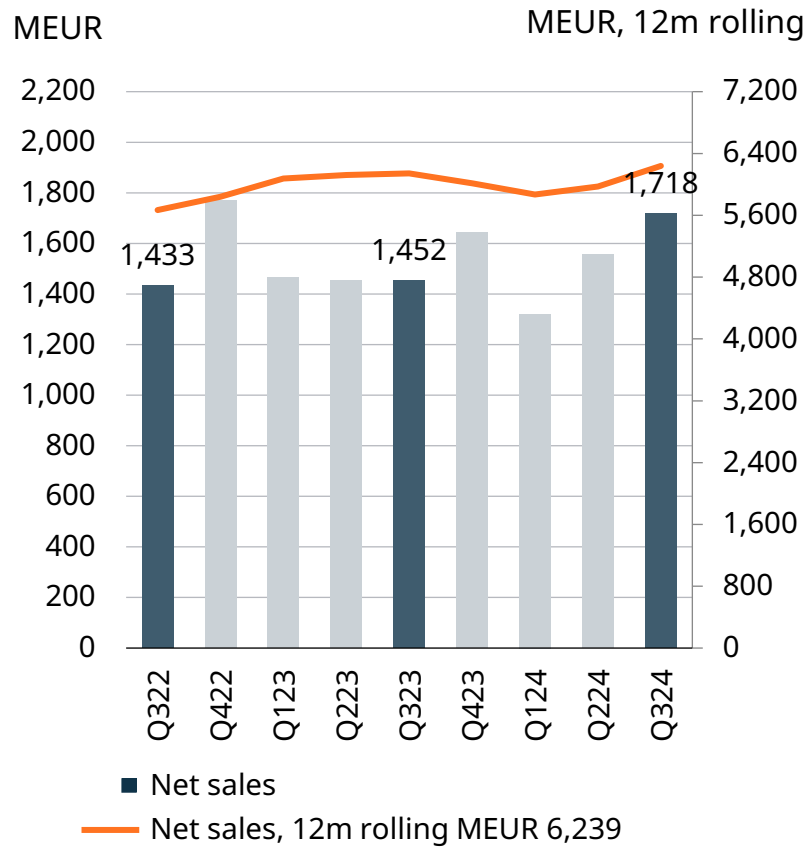
Net sales increased by 18%

Equipment net sales increased by 32%

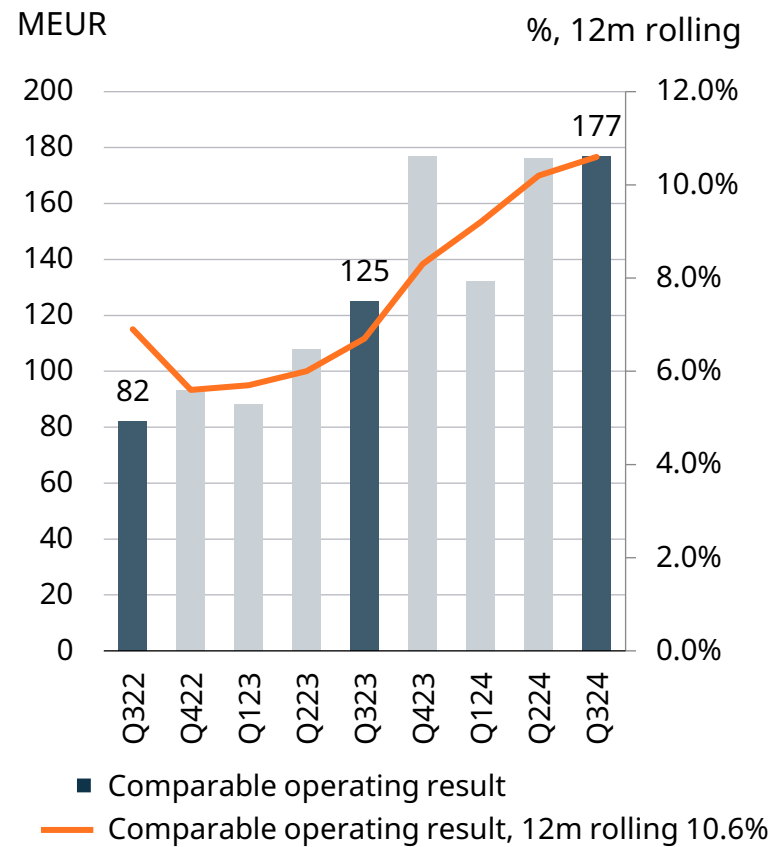
Service net sales increased by 6%

Profitability continued to improve

Net sales



Comparable operating result



Net sales increased by 18%

Comparable operating result increased by 41%

Technology and partnership highlights

Enabling industry decarbonisation

Landmark deal between Wärtsilä and Eidesvik Offshore pioneers growing demand for ammonia in shipping

- Wärtsilä has signed a contract with Norwegian shipowner Eidesvik to supply the equipment for the conversion of an offshore platform supply vessel (PSV) to operate with ammonia fuel.
- Wärtsilä will supply the engine and complete fuel gas supply system and exhaust after-treatment needed for the conversion.
- The vessel, 'Viking Energy', is scheduled for conversion in early 2026 and is expected to start operating on ammonia in the first half of 2026, becoming the world's first ammonia-fuelled in-service ship.
- The order was booked by Wärtsilä in Q3 2024.

Wärtsilä and Aqualetra partner to support Curaçao's decarbonisation with new power plant to balance renewables

- Wärtsilä was again contracted by Aqualetra, Curaçao's government owned utilities company, to provide Engineering, Procurement and Construction (EPC) for a new 38.4 MW power plant capable of providing efficient grid balancing as the level of renewable energy in the system continues to increase.
- Earlier this year, Aqualetra placed an order with Wärtsilä for a Battery Energy Storage System (BESS), and GEMS Digital Energy Platform.
- The order was booked by Wärtsilä in Q3 2024.



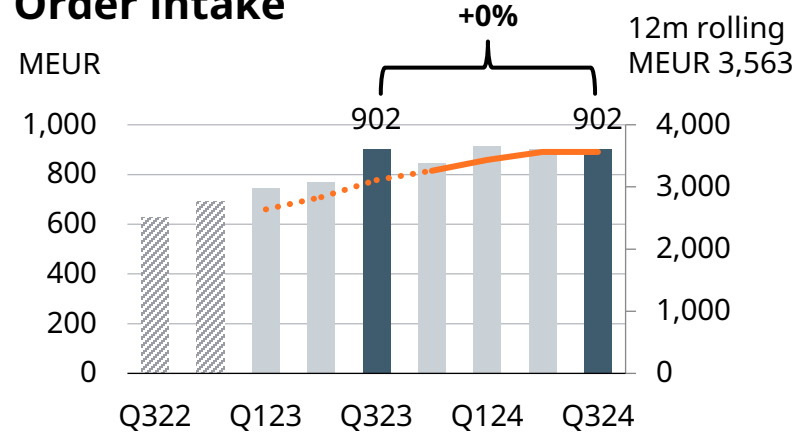
Marine



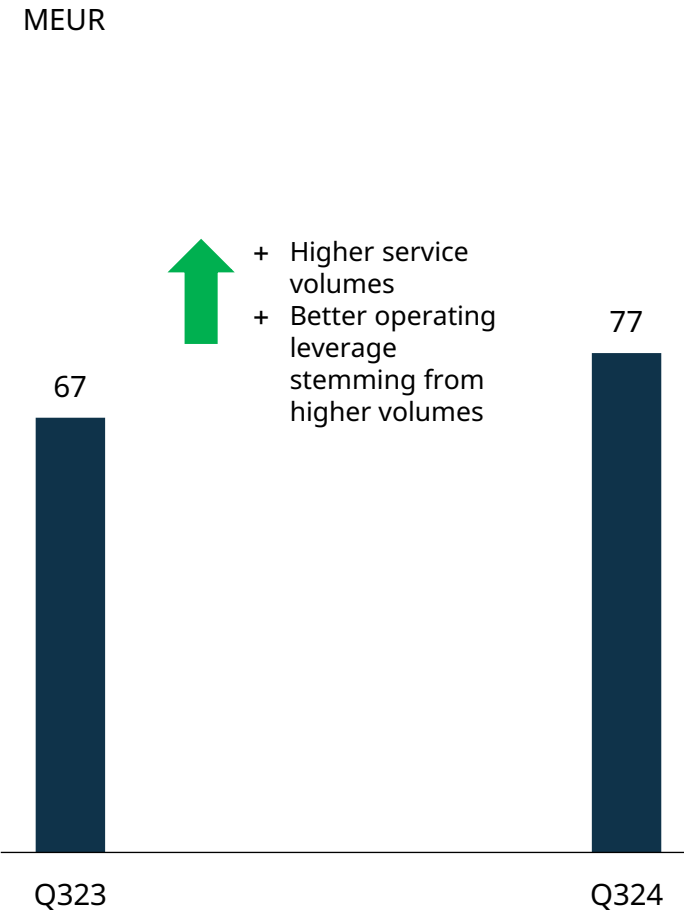
Marine: Good performance continued

Net sales and comparable operating result increased

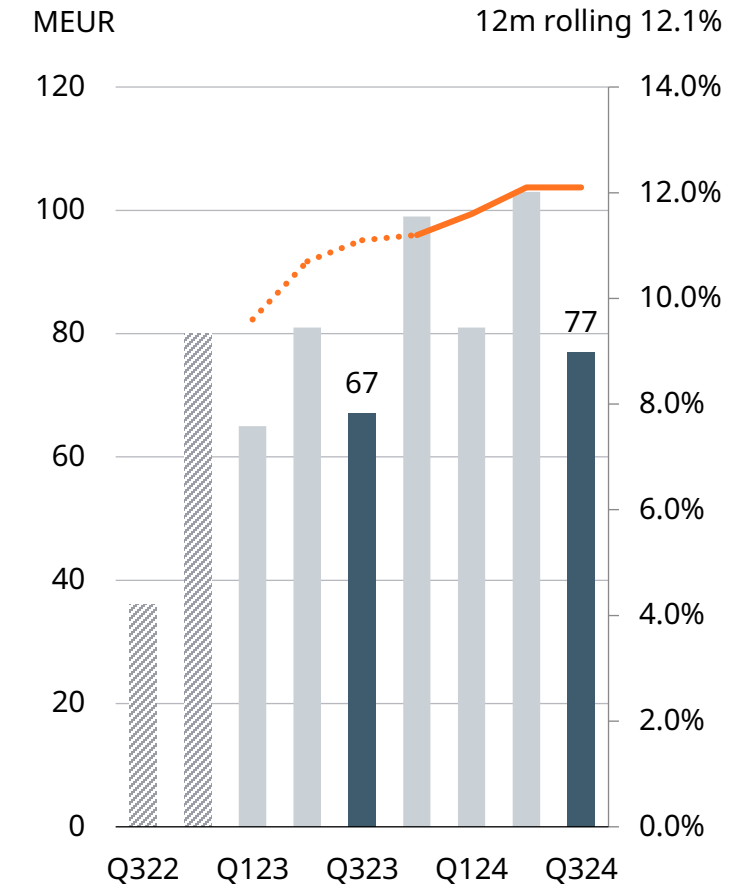
Order intake



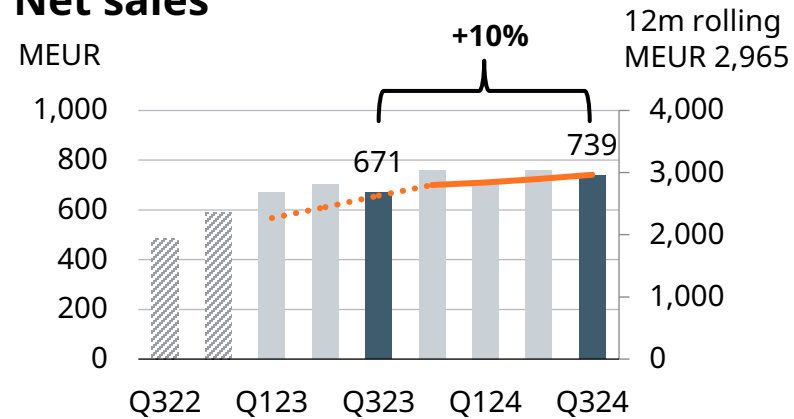
Comparable operating result



Comparable operating result



Net sales



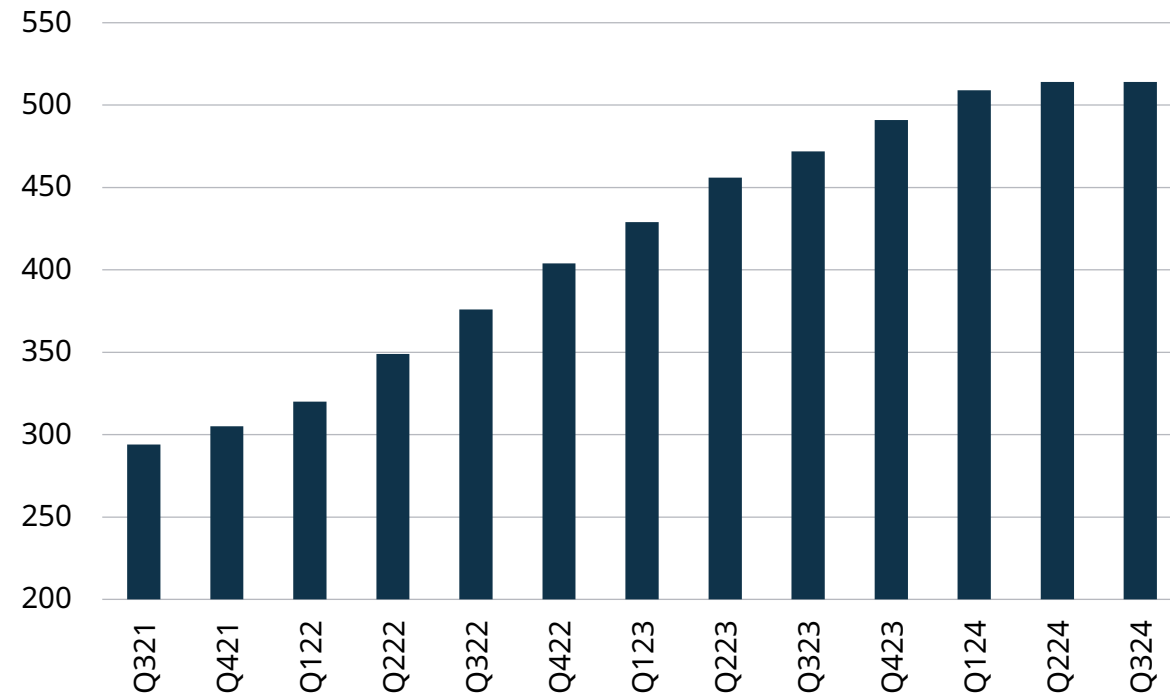
Financial figures for 2023 have been restated to reflect the redefined organisational structure after the discontinuation of Marine Systems as a reporting segment as of 1 January 2024. Exhaust Treatment and Shaft Line Solutions business units were moved from Marine Systems to Marine Power and consequently, Marine Power changed its name to Wärtsilä Marine. Financial figures for 2022 have been 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. As financial figures prior to 2023 have not been restated to account for the current organisational structure, the non-comparable figures are marked with dashed columns and a dashed line.

Good development in Marine service

Marine net sales to agreement installations was stable at over 500 MEUR in Q3

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

MEUR, 12m rolling



Wärtsilä and Royal Caribbean Group sign Lifecycle Agreement to accelerate sustainability goals

- Wärtsilä signed a 5-year Lifecycle Agreement with Royal Caribbean Group covering 37 of the company's cruise ships.
- The agreement is designed to optimise the performance, reliability and availability of the ships' engines, ensuring the highest level of operational efficiency.
- The contract covers both scheduled and unscheduled maintenance, as well as Wärtsilä's Expert Insight service.
- A performance-based model is also implemented, meaning that gains resulting from best operation and maintenance practices will be shared between Royal Caribbean Group and Wärtsilä, further highlighting the collaborative efforts.
- To be booked in Q4 order intake.

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

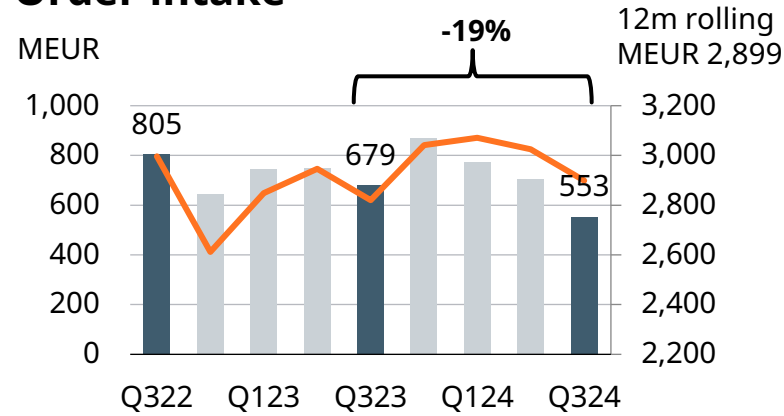
Energy



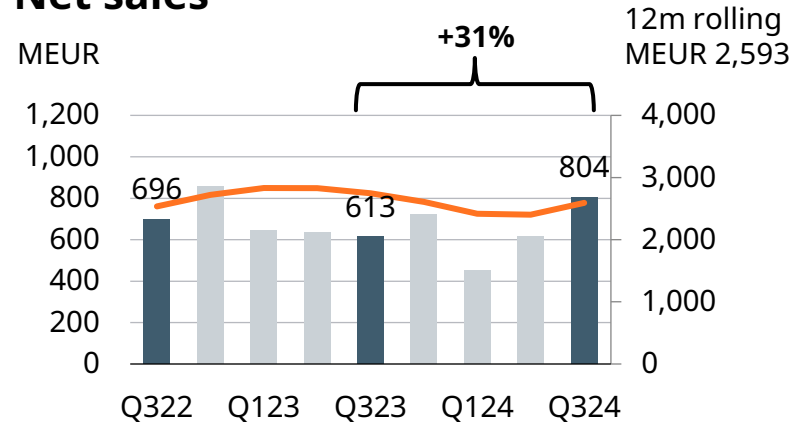
Energy: Comparable operating result increased

Equipment orders and deliveries grew clearly in Engine Power Plants

Order intake

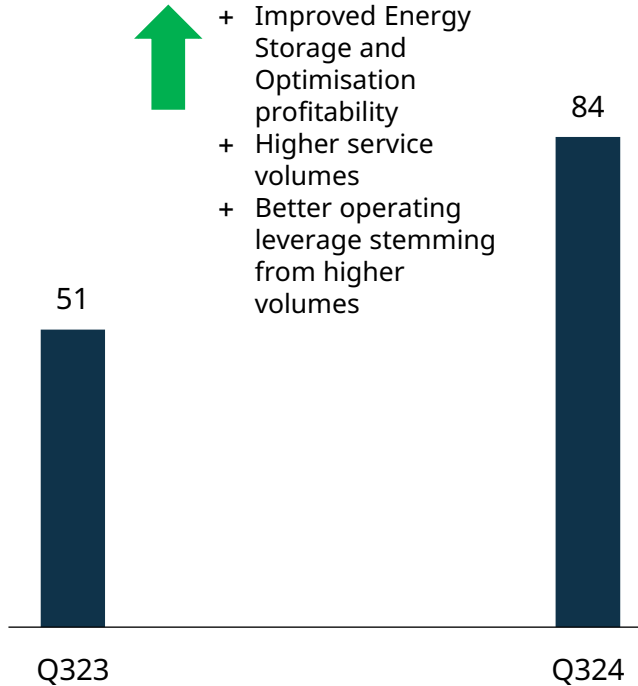


Net sales



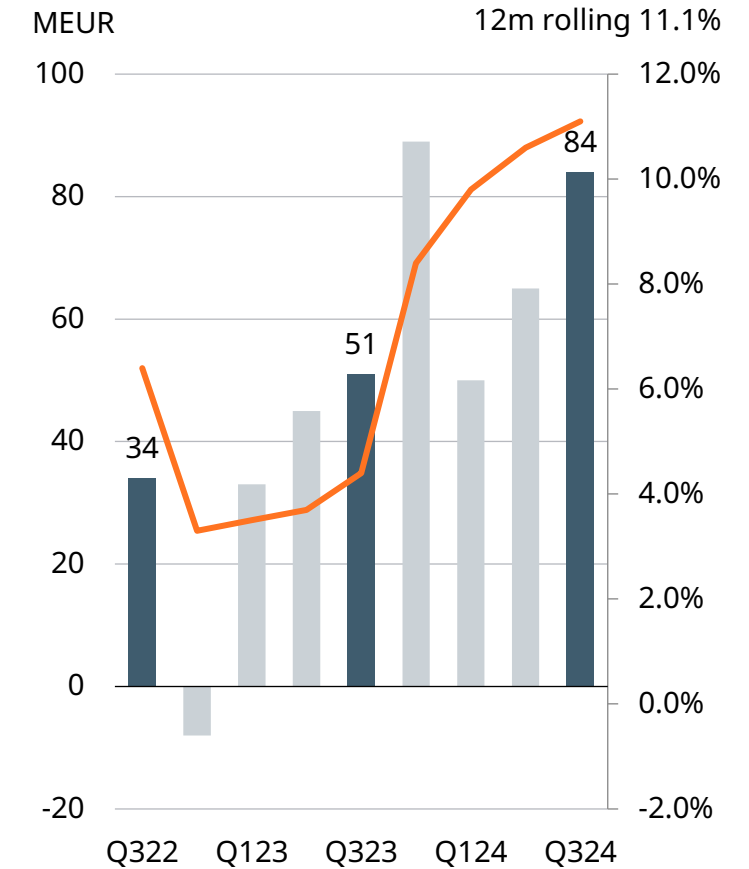
Comparable operating result

MEUR



Comparable operating result

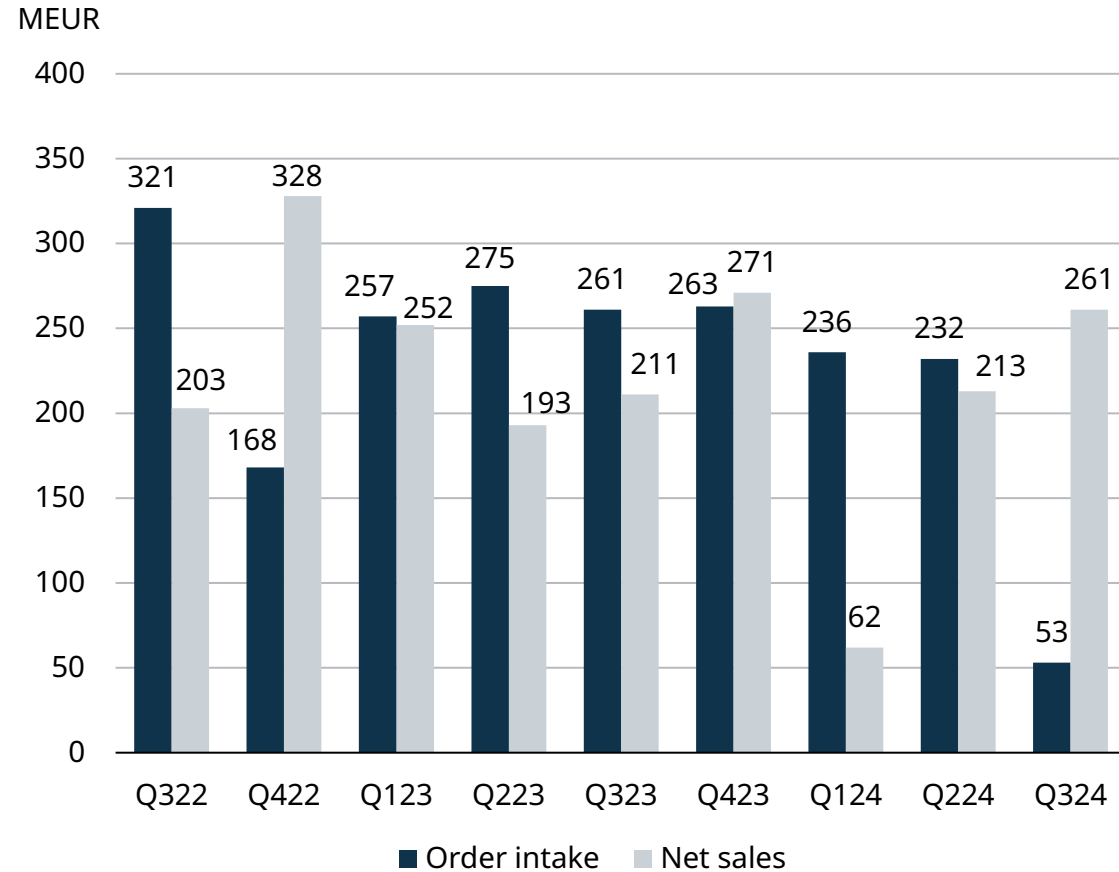
MEUR



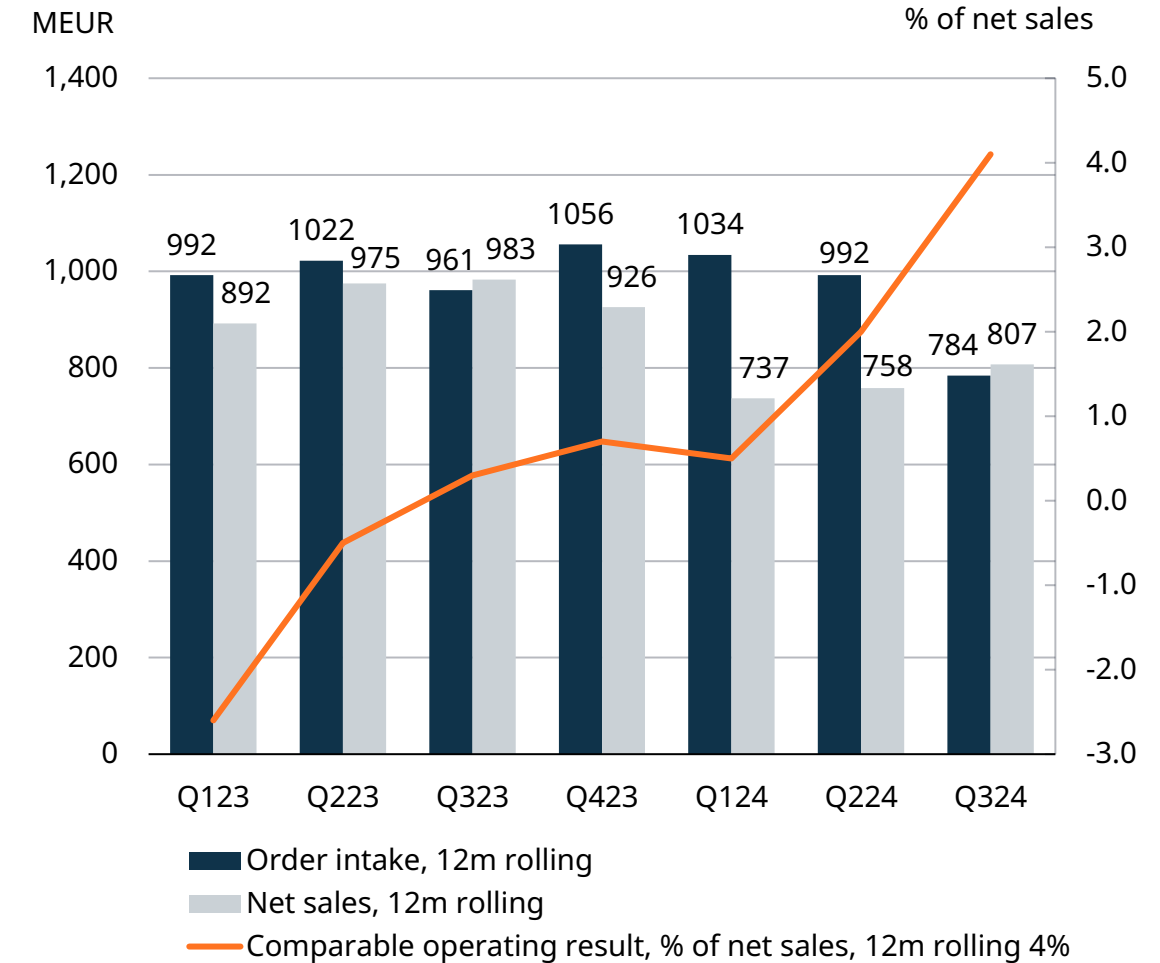


Energy Storage & Optimization: Comparable operating result margin (12m rolling) continued to improve while the order intake is lumpy

Quarterly development

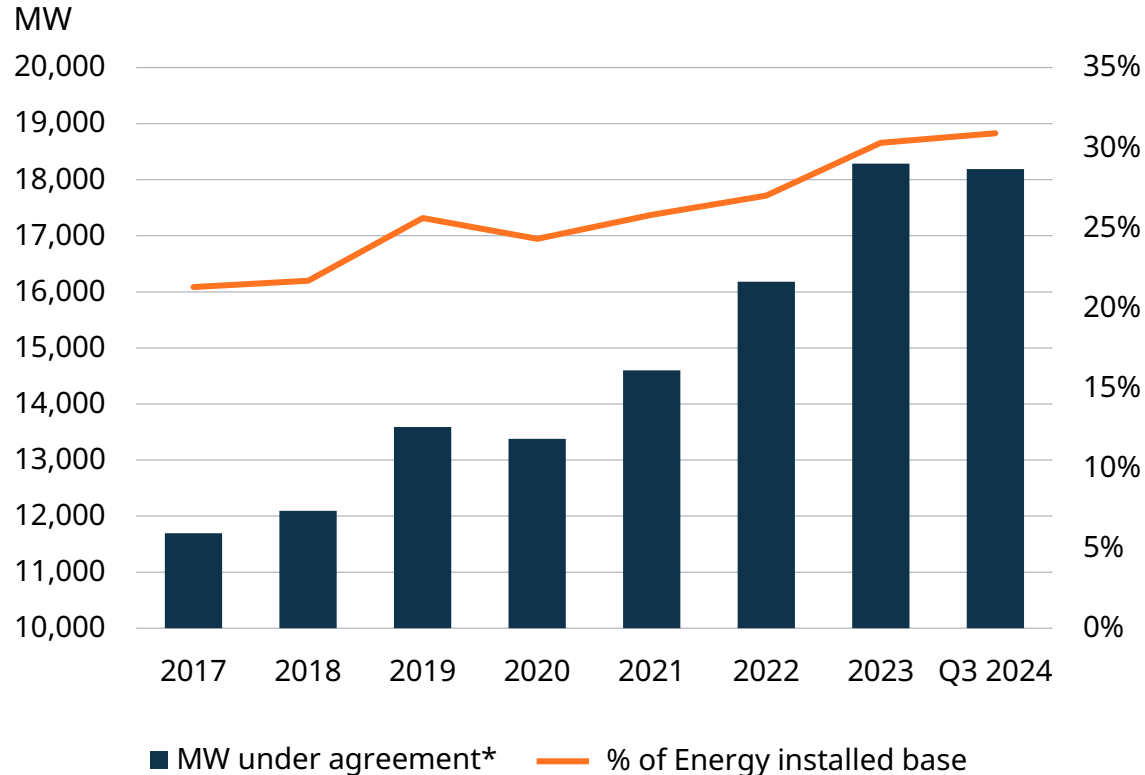


Rolling 12 months development



Agreement coverage in Energy continues to grow

MW under agreement globally

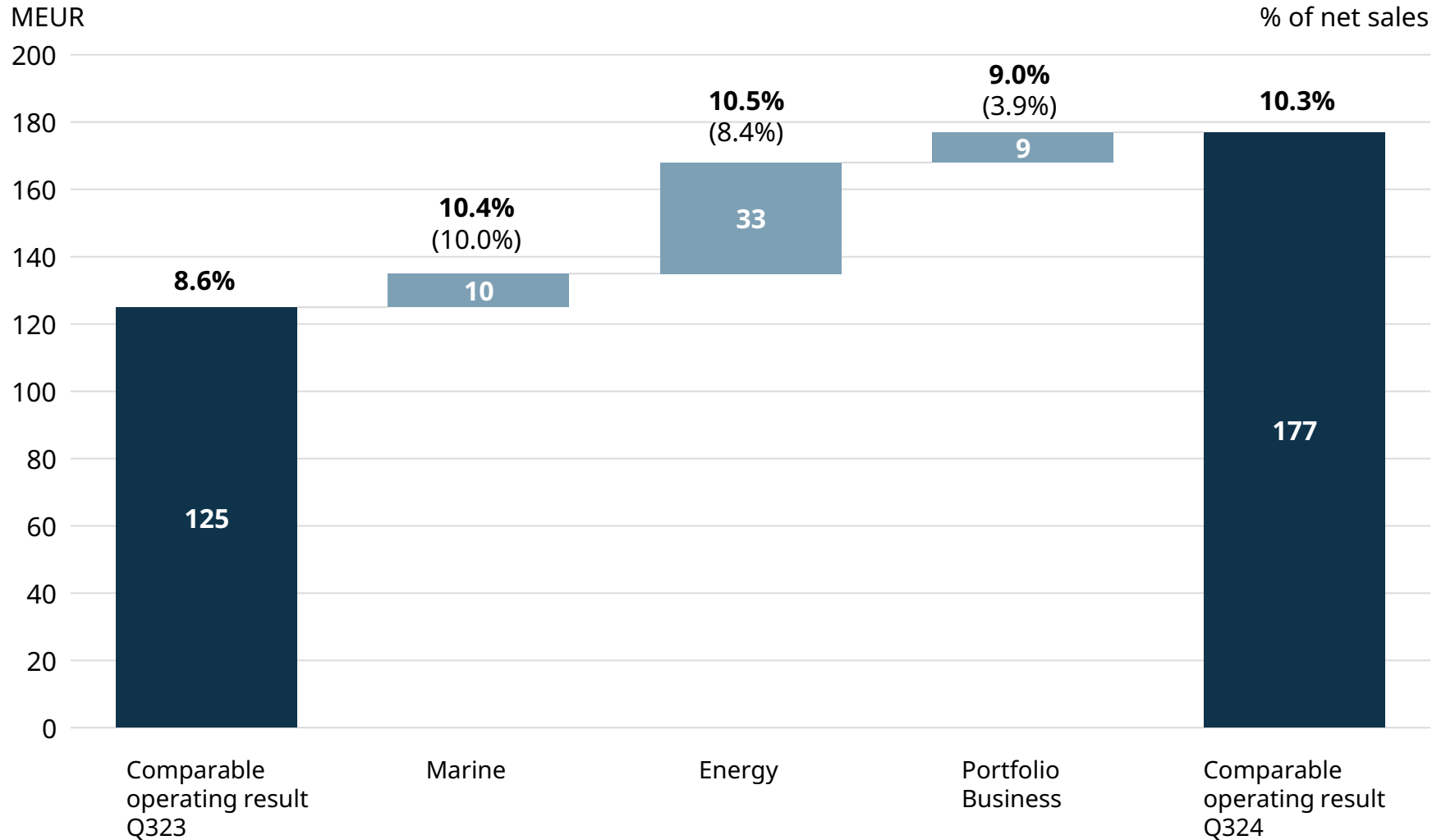


Wärtsilä strengthens commitment to Zambia with O&M agreement renewal for Ndola power plant

- Wärtsilä has signed a renewal of its Operations & Maintenance (O&M) agreement covering the 105 MW power plant owned by Independent Power Producer Ndola Energy Company Ltd (NECL) in Zambia.
- The previous agreement had been in force since 2013.
- The plant operates with twelve Wärtsilä 32 engines, including six equipped with two-stage turbocharging technology. Hydropower is the main source of electricity in Zambia.

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

Comparable operating result improved – increase in all businesses: Marine, Energy and Portfolio Business



Comparable operating result increased by 41%

Other key financials

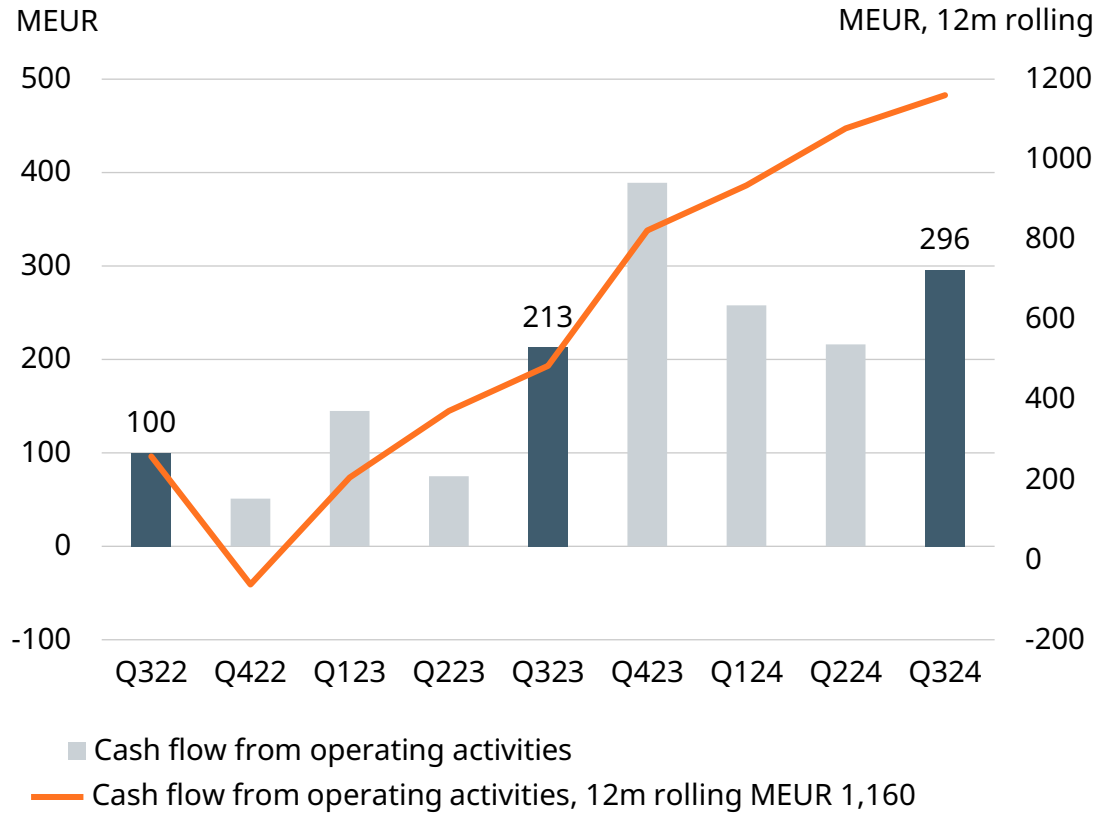


Other key financials: Strong cash flow from operating activities

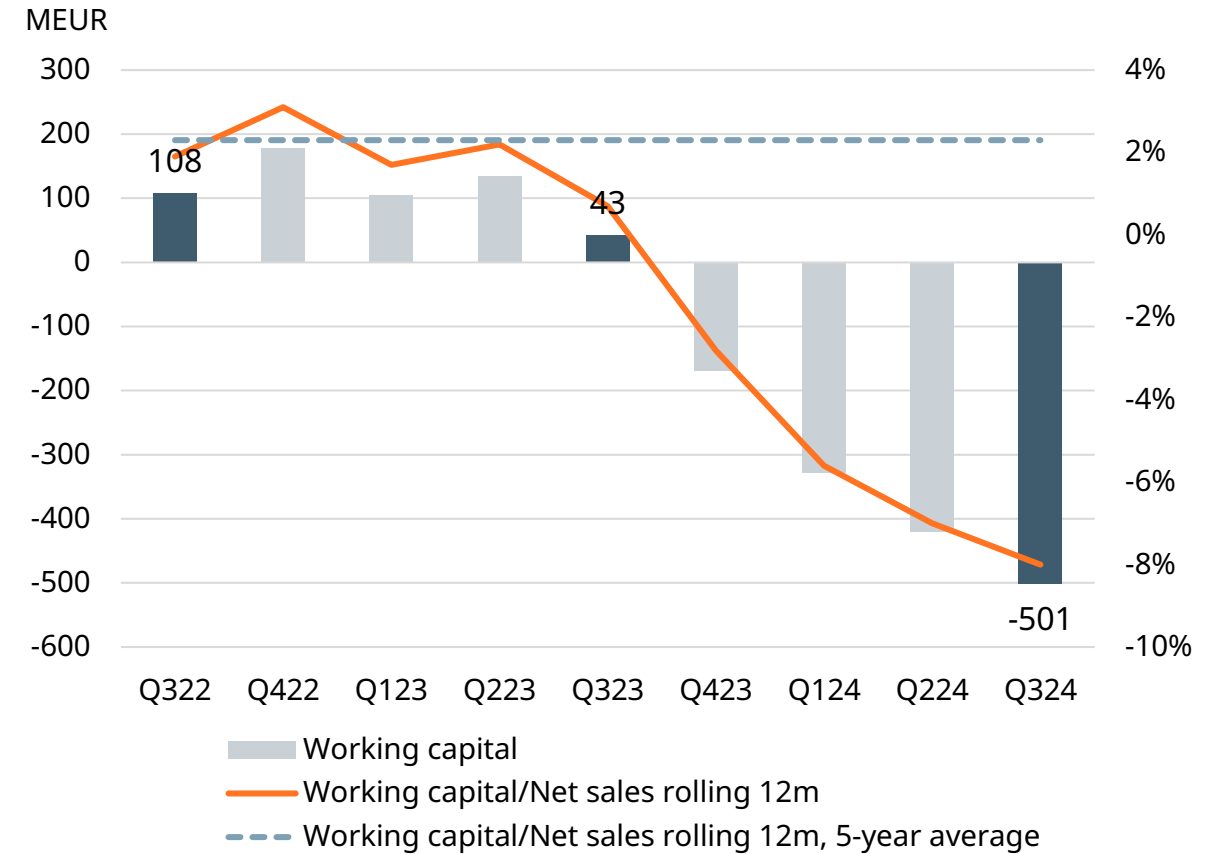
MEUR	6-9/2024	6-9/2023	1-9/2024	1-9/2023
Cash flow from operating activities	296	213	770	432
Working capital			-501	43
Net interest-bearing debt			-405	356
Gearing			-0.17	0.17
Solvency, %			36.9	35.2
Earnings per share (EPS), basic and diluted, EUR	0.24	0.14	0.58	0.28

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 (Q4/2024–Q3/2025) to be better than that of the comparison period.

Energy

- Wärtsilä expects the demand environment for the next 12 months (Q4/2024–Q3/2025) to be better than that of the comparison period.



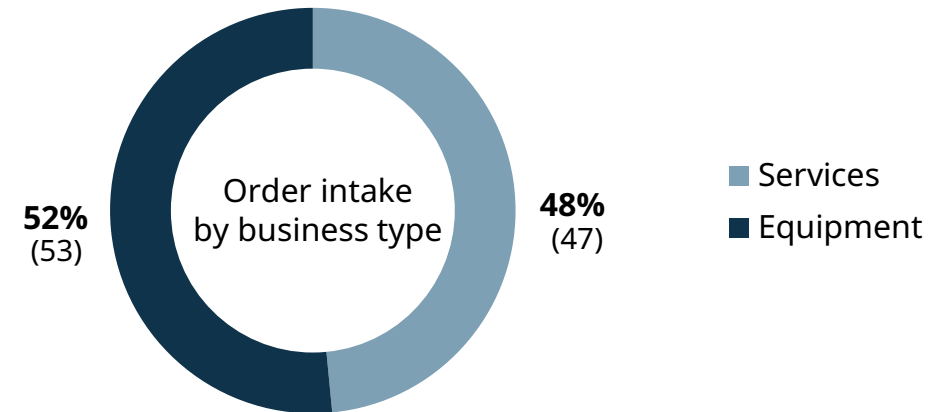
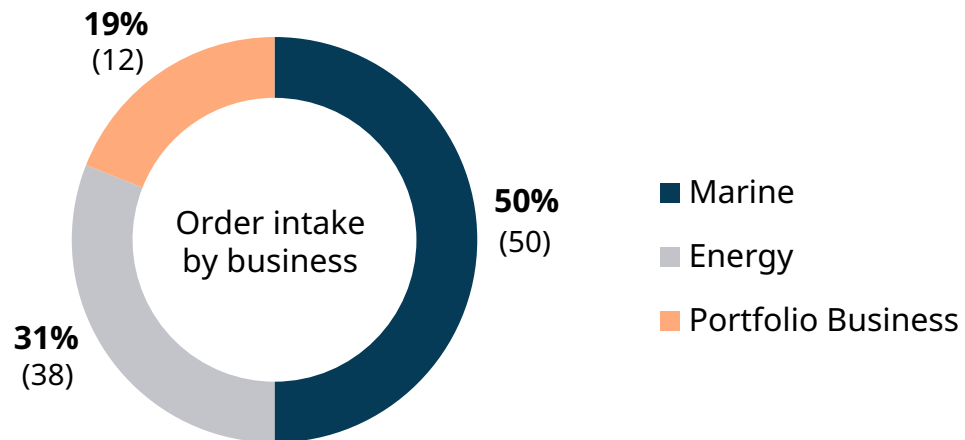
Q&A



Appendix

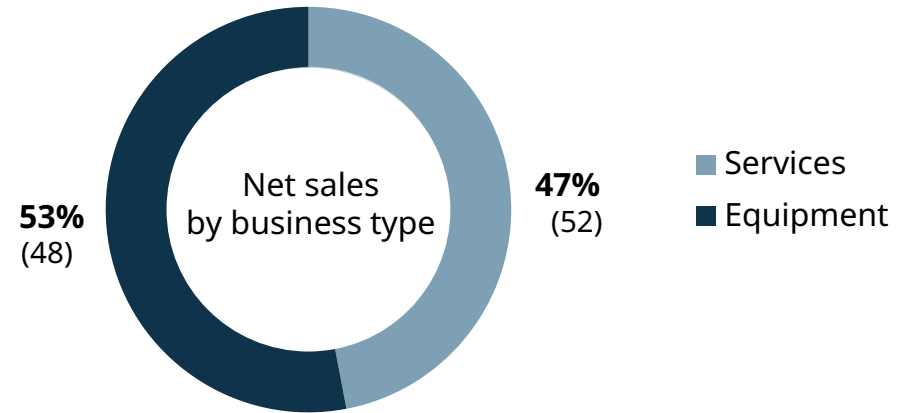
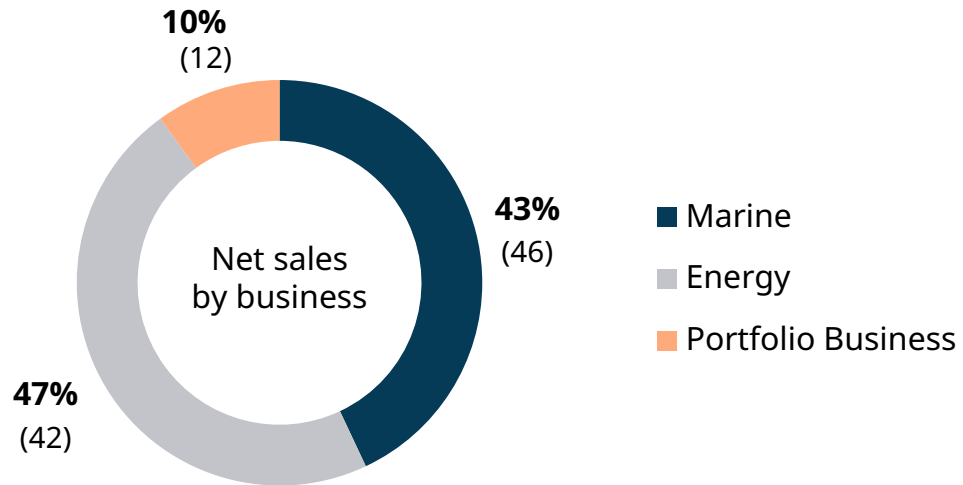
Order intake

Third quarter development



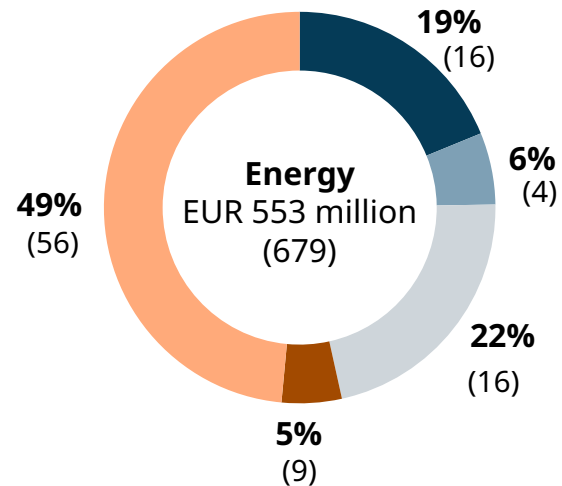
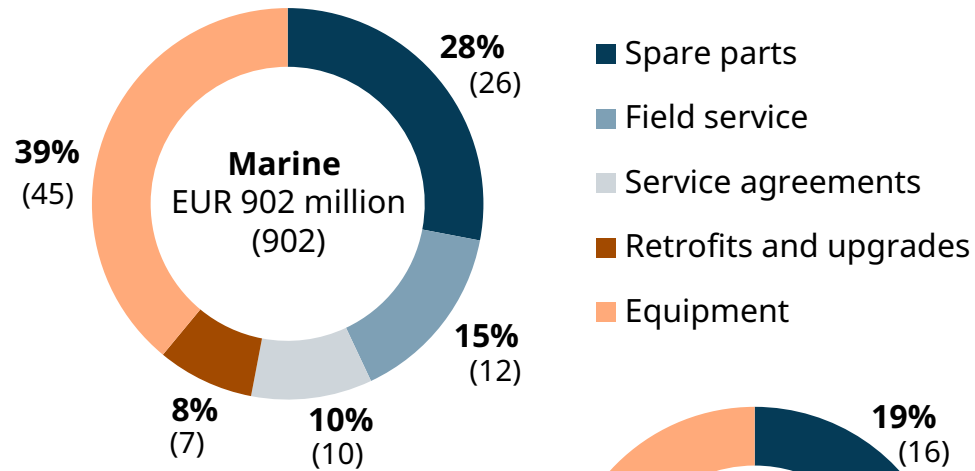
Net sales

Third quarter development

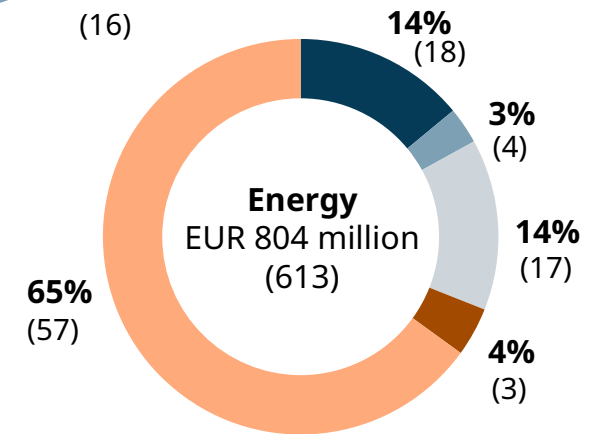
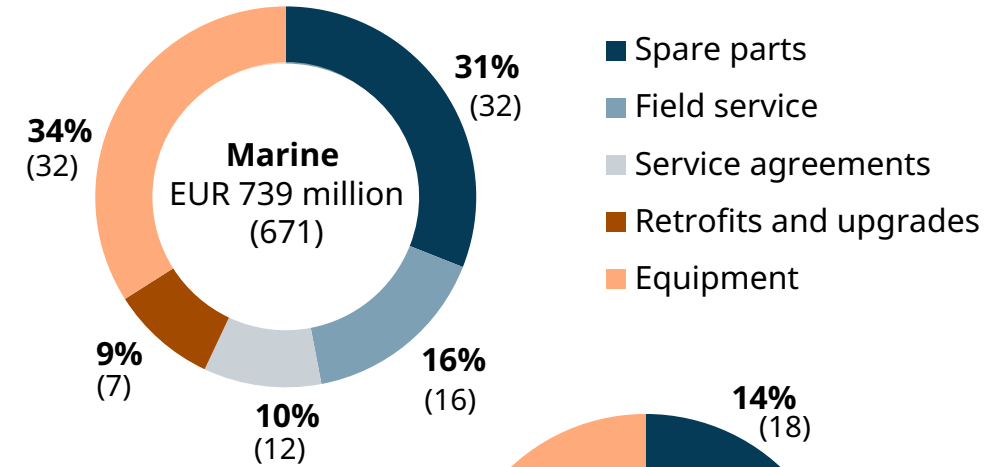


Third quarter development by business type

Order intake



Net sales

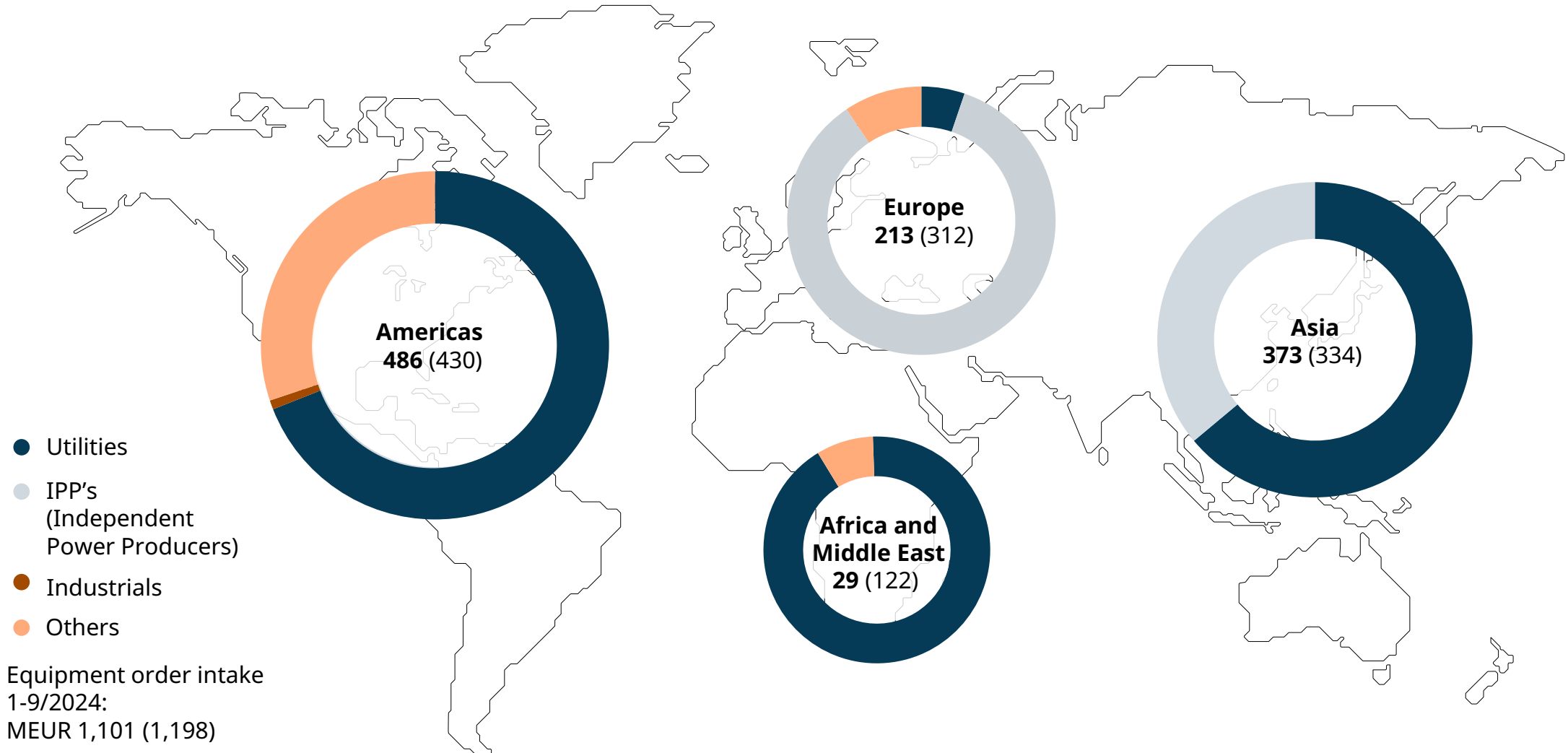


January–September order intake by customer segment

Marine	Gas carriers	Cruise & ferry	Offshore	Navy	Special vessels	Merchant	Other
Equipment	6% (9)	23% (26)	5% (6)	6% (10)	11% (3)	44% (42)	4% (4)
Services	13% (14)	22% (22)	17% (18)	11% (8)	10% (11)	26% (25)	1% (2)
Total	10% (12)	22% (23)	13% (13)	9% (9)	11% (8)	33% (31)	2% (3)

Energy	Utilities	Independent Power Producers	Industrials	Other
Equipment	56% (59)	29% (30)	0% (10)	15% (0)
Services	32% (33)	33% (32)	23% (22)	12% (13)
Total	32% (33)	33% (32)	23% (22)	12% (13)

Orders received for Energy equipment globally





WÄRTSILÄ