Wärtsilä Corporation

Half-year Financial Report

January – June 2024

Order intake, profitability and cash flow all improved

Unless otherwise stated, the comparison figures in brackets refer to the corresponding period of the previous year.

Highlights from April–June 2024

- Order intake increased by 10% to EUR 1,854 million (1,687), and the organic growth, which excludes FX impact and the impact of acquisitions and divestments, was 12%
- Service order intake increased by 8% to EUR 982 million (913)
- Net sales increased by 7% to EUR 1,556 million (1,454), and organic growth was 9%
- Book-to-bill amounted to 1.19 (1.16)
- The comparable operating result increased by 63% to EUR 176 million (108), which represents 11.3% of net sales (7.4)
- The operating result increased by 156% to EUR 168 million (66), which represents 10.8% of net sales (4.5)
- Earnings per share increased to 0.20 euro (0.05)
- Cash flow from operating activities increased to EUR 216 million (75)

Highlights from January–June 2024

- Order intake increased by 10% to EUR 3,778 million (3,427), and organic growth was 15%
- Service order intake increased by 7% to EUR 1,931 million (1,802)
- The order book at the end of the period increased by 22% to EUR 7,607 million (6,249)
- Net sales remained stable at EUR 2,877 million (2,919), while organic growth was 1%
- Book-to-bill amounted to 1.31 (1.17)
- The comparable operating result increased by 57% to EUR 308 million (196), which represents 10.7% of net sales (6.7)
- The operating result increased by EUR 137 million to EUR 295 million (158), which represents 10.2% of net sales (5.4)
- Earnings per share increased to 0.34 euro (0.14)
- Cash flow from operating activities increased to EUR 475 million (219)

Key figures

MEUR	4–6/2024	4–6/2023	Change	1–6/2024	1–6/2023	Change	2023
Order intake	**1,854**	1,687	10%	**3,778**	3,427	10%	7,070
of which services	**982**	913	8%	**1,931**	1,802	7%	3,519
of which equipment	**872**	774	13%	**1,847**	1,625	14%	3,550
Order book, end of period				**7,607**	6,249	22%	6,694
Net sales	**1,556**	1,454	7%	**2,877**	2,919	-1%	6,015
of which services	**834**	807	3%	**1,666**	1,543	8%	3,148
of which equipment	**722**	647	12%	**1,211**	1,376	-12%	2,867
Book-to-bill	**1.19**	1.16		**1.31**	1.17		1.18
Comparable adjusted EBITA*	**180**	113	60%	**317**	206	54%	518
% of net sales	**11.6**	7.8		**11.0**	7.1		8.6
Comparable operating result	**176**	108	63%	**308**	196	57%	497
% of net sales	**11.3**	7.4		**10.7**	6.7		8.3
Operating result	**168**	66	156%	**295**	158	87%	402
% of net sales	**10.8**	4.5		**10.2**	5.4		6.7
Result before taxes	**160**	53	200%	**278**	137	103%	364
Earnings per share (EPS), basic and diluted, EUR	**0.20**	0.05		**0.34**	0.14		0.44
Cash flow from operating activities	**216**	75		**475**	219		822
Net interest-bearing debt, end of period				**-250**	462		35
Gearing				**-0.11**	0.23		0.02
Solvency, %				**35.3**	33.5		37.0

*Comparable adjusted EBITA excludes items affecting comparability and purchase price allocation amortisation.

Wärtsilä presents certain alternative performance measures in accordance with the guidance issued by the European Securities and Markets Authority (ESMA). The definitions of these alternative performance measures are presented in the Calculations of financial ratios section.

Wärtsilä's prospects

Marine

Wärtsilä expects the demand environment for the next 12 months (Q3/2024-Q2/2025) to be better than that of the comparison period.

Energy

Wärtsilä expects the demand environment for the next 12 months (Q3/2024-Q2/2025) to be better than that of the comparison period.

Håkan Agnevall, President & CEO: Making progress on the path to financial targets

"The market environment remained stable for Wärtsilä's businesses during the second quarter of 2024. The headwinds for the global economy continued, but economic activity has proven to be relatively resilient.

In the energy market, the quarter was characterised by an increase in protectionist policies, with trade risks elevated by developments such as the recently imposed import tariffs by the US and EU. The market for engine power plants was stable, with good activity especially in the US. The rapid growth of artificial intelligence (AI) is having a sizable impact on the global electricity demand. According to the IEA, data centres consume approximately 1-2% of global electricity at present, potentially doubling in share by 2026. In May, we signed a co-operation agreement with AVK, the largest and fastest-growing supplier of power solutions for data centres in Europe, to deliver on-site power generation for European data centres. The combination of AVK's track record in power system design for data centres and Wärtsilä's leading expertise in designing and manufacturing high-efficiency medium-speed engines has interesting potential moving forward.

Flexible power generation solutions play a vital role in balancing intermittent renewable energy sources. It is crucial for our customers that the solutions we sell are future-proof, and in the case of engine power plants, ready to run on sustainable fuels when these fuels become readily available. In June, Wärtsilä reached a significant milestone by launching the world's first large-scale 100% hydrogen-ready engine power plant concept. This solution can use natural gas today to provide flexibility and balancing, and can be converted to run on hydrogen, thereby future-proofing the journey to net zero.

In the marine market, trade flows continued to be heavily impacted by the sanctions on Russia, and attacks on ships in the Red Sea. Global trade is facing challenges from longer average shipping distances, higher transportation costs, and delays to global supply chains, which have ultimately increased the demand for ship capacity. Investments in new ships during the first half of the year were clearly higher than in the comparison period, and the uptake of alternative fuels remained at a healthy level. Despite a continued increase in shipyard capacity and output, especially in China and South Korea, newbuild ship prices continued to be high, indicating a shortage of yard capacity. Market sentiment continued to develop favourably for Wärtsilä, with momentum building in our key segments, and with decarbonisation-related retrofits and longer trade routes supporting services. For instance, in May, we announced that we will supply the electrical systems needed to convert two Scandlines ferries to a plug-in hybrid solution, the world's largest conversion project of its kind. Ship hybridisation is one of the solutions for decarbonisation, and with this project, we can help Scandlines towards their target of achieving emission-free operations on the route by 2030.

Wärtsilä's order intake in the second quarter increased organically by 12%. Service order intake increased, supported by good activity in Marine. Equipment order intake increased, supported by higher equipment order intake in Marine, Engine Power Plants, and Portfolio Business. Equipment order intake in Energy Storage & Optimisation decreased, resulting from lower battery material prices.

Net sales in the second quarter increased organically by 9%, with growth in both service and equipment. In Energy, the equipment business is lumpy by nature, which means that order intake, as well as revenue recognition, can vary significantly from one quarter to another. We expect that the equipment deliveries in the second half of 2024 will grow faster than the service deliveries. This is driven by equipment deliveries in Energy, both for Engine Power Plants and Energy Storage & Optimisation, being tilted towards the second half of 2024. In Marine, the lead times from equipment order intake to net sales are slightly longer, due to the remaining constraints in shipyard capacity.

The comparable operating result increased by 63% to EUR 176 million with a comparable operating margin of 11.3%. The comparable operating result increased in both Marine and Energy, and also in our businesses to be divested, reported under Portfolio Business. During recent years, Wärtsilä's comparable operating margin percentage has typically reached its high in the fourth quarter of each year. In 2024, we do not expect to see that normal seasonality, given the mix impact from increasing equipment deliveries in the second half of the year.

Cash flow from operating activities significantly improved to EUR 216 million during the second quarter. The improvement in cash flow was driven by a better operating result, but also by our good working capital development. Over the past twelve months, Wärtsilä has generated over a billion euros of cash flow from its operating activities.

In October 2023, we announced a strategic review of Energy Storage & Optimisation to accelerate its profitable growth in a way that benefits customers, employees, and value creation for Wärtsilä shareholders. This review is still ongoing.

We expect the demand environment for the coming 12 months to be better than for the comparison period in both Marine and Energy. Innovation in sustainable technology remains at the heart of Wärtsilä as we continue our focus on helping our customers to continuously improve their environmental and economic performance. We are focused on executing our strategy and remain very well positioned for the transformation towards carbon-neutral shipping and a 100% renewable energy future."

Orders, net sales and profitability

MEUR	4–6/2024	4–6/2023	Change	1–6/2024	1–6/2023	Change	2023
Order intake	**1,854**	1,687	10%	**3,778**	3,427	10%	7,070
Order book, end of period				**7,607**	6,249	22%	6,694
Net sales	**1,556**	1,454	7%	**2,877**	2,919	-1%	6,015
Comparable operating result	**176**	108	63%	**308**	196	57%	497
% of net sales	**11.3**	7.4		**10.7**	6.7		8.3
Operating result	**168**	66	156%	**295**	158	87%	402
% of net sales	**10.8**	4.5		**10.2**	5.4		6.7

Order intake bridge

MEUR	4–6/2024	1–6/2024
2023	**1,687**	**3,427**
Organic	12%	15%
Acquisitions and divestments	0%	0%
FX impact	-3%	-5%
2024	**1,854**	**3,778**

Net sales bridge

MEUR	4–6/2024	1–6/2024
2023	**1,454**	**2,919**
Organic	9%	1%
Acquisitions and divestments	0%	0%
FX impact	-2%	-2%
2024	**1,556**	**2,877**

Development in April–June

Order intake increased by 10%. Service order intake increased by 8%, supported mainly by good service project activity in Marine. Equipment order intake increased by 13%, supported by higher equipment order intake in Marine, Engine Power Plants, and Portfolio Business. Equipment order intake in Energy Storage & Optimisation decreased, resulting from lower battery material prices.

Net sales increased by 7%. Service net sales increased by 3%, driven by growth in Marine. Equipment net sales increased by 12%, driven by growth in Marine and Portfolio Business.

The comparable operating result totalled EUR 176 million (108) or 11.3% of net sales (7.4). The comparable operating result was supported by increases in Marine, Energy and Portfolio Business. The comparison period was burdened by a EUR 19 million provision taken for a single sizeable turnkey project in Portfolio Business's Gas Solutions business unit. **The operating result** amounted to EUR 168 million (66) or 10.8% of net sales (4.5). Items affecting comparability amounted to EUR -8 million (-42).

Development in January–June

Order intake increased by 10%. Service order intake increased by 7%, driven by growth in Marine. Equipment order intake increased by 14% supported by higher equipment order intake in Marine, Engine Power Plants, and Portfolio Business. Equipment order intake in Energy Storage & Optimisation decreased, resulting from lower battery material prices.

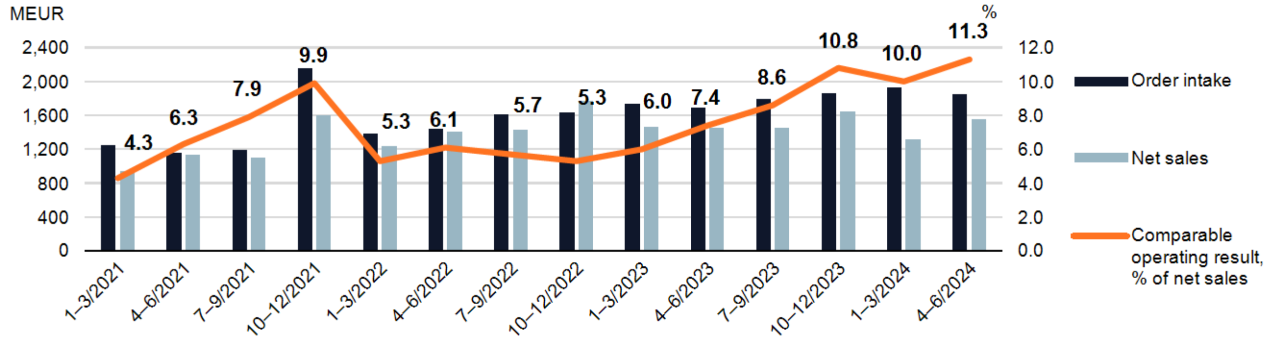
The **order book** at the end of the period increased by 22%. Wärtsilä's current order book for 2024 deliveries is EUR 2,967 million (2,589).

Net sales remained stable. Service net sales increased by 8%, supported by growth in Marine and Energy. Equipment net sales decreased by 12%, with lower equipment net sales in Energy mainly related to the periodisation of deliveries. Of Wärtsilä's net sales, 55% was EUR denominated and 31% USD denominated, with the remainder being split between several currencies.

The comparable operating result totalled EUR 308 million (196) or 10.7% of net sales (6.7). The comparable operating result was supported by increases in Marine, Energy and Portfolio Business. The **operating result** amounted to EUR 295 million (158) or 10.2% of net sales (5.4). Items affecting comparability amounted to EUR -13 million (-38) and were mostly related to the restructuring of engine manufacturing in Europe.

Financial items amounted to EUR -16 million (-21). Net interest totalled EUR 1 million (-9). The result before taxes amounted to EUR 278 million (137). Taxes amounted to EUR -76 million, implying an effective tax rate of 27.2%. The result for the financial period amounted to EUR 203 million (90). Basic earnings per share totalled 0.34 euro (0.14). Return on investments (ROI) was 19.1% (7.7), while the return on equity (ROE) was 17.9% (5.9).

Quarterly development



Financing, cash flow and capital expenditure

MEUR	4–6/2024	4–6/2023	1–6/2024	1–6/2023	2023
Cash flow from operating activities	**216**	75	**475**	219	822
Working capital			**-420**	134	-169
Net interest-bearing debt, end of period			**-250**	462	35
Gearing			**-0.11**	0.23	0.02
Solvency, %			**35.3**	33.5	37.0
Equity/share, EUR			**3.79**	3.43	3.78

Development in April–June

Cash flow from operating activities amounted to EUR 216 million (75), the improvement being mainly driven by a better operating result. Working capital totalled EUR -420 million at the end of the period (-329 at the end of previous quarter). Advances received totalled EUR 850 million (852 at the end of the previous quarter).

Development in January–June

Cash flow from operating activities totalled EUR 475 million (219), the improvement being mainly driven by improved working capital. Working capital totalled EUR -420 million at the end of the period (-169 at the end of 2023). Advances received totalled EUR 850 million (774 at the end of 2023).

Wärtsilä aims to ensure sufficient liquidity at all times through efficient cash management, and by maintaining the availability of sufficient committed and uncommitted credit lines. Refinancing risk is managed by having a balanced and sufficiently long loan portfolio.

Cash and cash equivalents amounted to EUR 1,023 million (819 at the end of 2023). Unutilised committed credit facilities totalled EUR 644 million (644 at the end of 2023).

Wärtsilä's net interest-bearing debt totalled EUR -250 million at the end of the period (35 at the end of 2023). The total amount of short-term debt maturing within the next 12 months is EUR 140 million. Long-term debt amounted to EUR 637 million.

Capital expenditure

Capital expenditure related to intangible assets and property, plant, and equipment amounted to EUR 74 million (67) for the period January–June. Capital expenditure related to acquisitions and investments in securities totalled EUR 0 million (0). Depreciation, amortisation, and impairment amounted to EUR 72 million (114), including depreciation of right-of-use assets of EUR 25 million (25).

In 2024, capital expenditure related to intangible assets and property, plant, and equipment is expected to be at around the same level as depreciation, amortisation, and impairment.

Operating environment

General macro environment

Marginal improvement in global economic outlook
Despite overall economic growth remaining modest, the global economic outlook improved. Higher interest rates and inflation continued to impact the global economy, but economic activity has proven to be relatively resilient. With inflation moderating and global trade growing, the outlook has improved marginally. This has been driven by strong growth in economic activity in the United States and across many emerging economies, while in many advanced economies, especially in Europe, the improvements have been more moderate.

Marine market

Continued good appetite for new ships
Seaborne trade flows continued to be heavily impacted by the sanctions on Russia due to the war in Ukraine, attacks on ships in the Red Sea and the drought affecting the Panama Canal. While restrictions on the use of the Panama Canal have eased, the above conflicts have resulted in longer average shipping distances, higher transportation costs and delays to global supply chains that have resulted in the need for more ship capacity. Passenger traffic volumes have continued to increase, driven by strong demand for cruise vacations globally and seasonality factors in the ferry segment.

As a result of the increasing demand for ship capacity, the low orderbook in bulk carrier and tanker segments, and continued fleet renewal, investments in new ships were clearly higher than in H1/2023. In total, 1069 new ship contracts were signed in H1/2024, compared to 773 contracts signed in H1/2023.

Despite a continued increase in shipyard capacity and output especially in China and South Korea, newbuild ship prices continued to be high, indicating a continued shortage of yard capacity. The uptake of alternative fuels remained at a healthy level with 242 orders reported in H1/2024, accounting for 23% (24) of all contracted vessels and 39% (43) of vessel capacity. Liquified natural gas (LNG) and methanol are still the two most preferred alternative fuel options.

Market sentiment is positive for Wärtsilä's key segments
In the cruise sector, market sentiment was increasingly positive due to the continued strong demand for cruise vacations across regions. The demand for newbuilds was encouraging and was the result of expected growth in cruise passenger volumes. The demand for service was supported by the continued growth in active fleet capacity, as well as interest in efficiency improvements to comply with regulations and to mitigate cost inflation.

In the ferry sector, the appetite for new ship capacity remained stronger than in prior years as ferry operators progressed with their fleet renewal programmes. The higher activity was supported by the aging fleet and a gradual continued recovery in both traffic volumes and operator earnings. The demand for service was supported by the need to have vessels in good operating condition for the coming high season as well as the increase in the number of vessels in operation.

In the offshore sector, global sentiment remained optimistic with high energy prices encouraging more investments in offshore exploration activity, despite some regional scaling back of investments. This has increased the demand for offshore assets, resulting in further asset reactivations and interest in newbuild units. However, newbuild contracting remains limited due to high prices, the cost and availability of finance, and the shortage of yard capacity. The demand for new offshore wind vessel capacity was supported by the continued growth in wind farm investments, although high inflation has hindered final investment decisions for some projects. The utilisation of existing vessels remained strong, especially outside China, due to the high level of wind turbine installations. The demand for service across offshore subsegments was driven by increases in utilisation and day rates throughout the offshore fleet.

In the LNG carrier sector, market sentiment remained softer than in previous years, mostly due to the higher gas storage levels in Europe and milder weather, which negatively impacted the demand for LNG carriers, and the growth in supply of new vessels to the market exceeding the growth in demand. However, the healthy demand for newbuild capacity continued to be driven by further investments in expanding LNG liquefaction capacity, especially for projects linked to Qatar. The demand for services continued as a result of the age profile and size of the existing operational fleet.

In the containership sector, the contracting of new ships remained more limited following the record ordering cycle over recent years. Attacks on ships in the Red Sea region have resulted in major ship rerouting activity that has absorbed the excess tonnage available. Coupled with the growing demand for containerised cargo, this has led to higher freight and charter rates. The demand for service was supported by the growth in active fleet capacity and earnings resulting from the prolonged conflict in the Red Sea region.

Across all the above sectors, the growing pressure to decarbonise operations supported the demand for both newbuilds and service. This has resulted in investments in additional fleet capacity, direct fleet replacements, efficiency upgrades or fuel conversions, and maintenance activities to keep the existing fleet compliant and competitive.

Energy market

Continued uncertainty in the energy market
Energy-related macroeconomic development was impacted by protectionist policies, with trade risks elevated by developments such as wide-ranging US tariffs on Chinese imports like steel, aluminium, solar cells, batteries, and electric vehicles and proposed EU tariffs on Chinese-made EVs. The macroeconomy continues to create uncertainty within the overall investment environment, delaying some decisions.

In the second quarter of 2024, global natural gas prices rose. Commodity pricing overall was relatively stable, despite elevated uncertainty in geopolitical and trade environments.

The energy transition continues to advance. After a 25% increase in cumulative installed wind and solar capacity in 2023, BloombergNEF expects wind and solar capacity additions to increase by 6% and 32%, respectively, in 2024. In absolute terms, wind and solar growth is expected to be faster each year until the end of the decade.

In engine power plants, market demand was stable, with thermal balancing playing an important role as a complement to intermittent renewables in addition to continued demand for traditional baseload power. Market demand for services was stable.

In the balancing segment, the pace of the renewable energy transition continues to be an important demand driver. In BloombergNEF's New Energy Outlook 2024, flexible gas capacity plays an important role in both the Economic Transition and Net Zero Scenarios as a complement to intermittent solar and wind. **The baseload segment** remains a strong source of demand for thermal power. Reciprocating engines are an important provider of baseload generation, particularly in remote locations and other locations where access to grid power is uncertain. Baseload generation demand is expected to remain stable.

While the size of the thermal power market is stable, increased competition in the market has led to pressure on new build prices. The macroeconomic environment has made project financing more difficult, with inflation and higher interest rates delaying decision-making.

In battery energy storage, demand is closely linked to the increasing share of intermittent renewables in the energy system, which has continued to progress strongly. According to S&P Global, demand for utility-scale battery storage was 79 GWh in 2023, more than double the amount in 2022. Battery material prices decreased during the second quarter of 2024. BloombergNEF forecasts utility-scale battery storage capacity additions to exceed 100 GWh for the first time in 2024, rising to 300 GWh in 2030, while the IEA estimates 400 to 500 GWh of stationary battery storage demand, including utility and small-scale applications, in 2030.

Sustainability

Sustainability at the core of Wärtsilä's strategy
With a broad range of technologies and specialised services, Wärtsilä is well positioned to support customers on their decarbonisation journey, as well as in preparing for new regulatory requirements. Wärtsilä's R&D efforts continue to focus on the development of advanced environmental technologies and solutions. Wärtsilä's aim is to be able to provide a product portfolio ready for zero-carbon fuels by 2030, and the company is well on track towards the target. In addition to promoting the transition to carbon neutrality for its customers, the company's goal is to become carbon neutral in its own operations by 2030.

Enhancing safety, diversity and wellbeing is also one of Wärtsilä's long-term sustainability focus themes. Safety is a high priority for Wärtsilä, and the company is committed to creating and maintaining a safe and healthy workplace for its employees and partners. Creating an inclusive culture that drives engagement and performance is one of the priorities of the People Strategy. The company is committed to supporting the UN Global Compact and its ten principles with respect to human rights, labour, the environment, and anti-corruption.

Sustainability performance and highlights from Q2/2024
Wärtsilä reached an important milestone in sustainable future fuel product development by investing in new methanol research and engine testing capabilities in its Sustainable Technology Hub in Vaasa, Finland. Sustainable fuels, such as methanol, play a vital role in helping the maritime industry to reduce its greenhouse gas emissions and accelerate the green transition. In addition, Wärtsilä continues with its technology and product development of other sustainable fuels, such as ammonia and pure hydrogen. During the quarter Wärtsilä also launched the world's first large-scale 100% hydrogen-ready power plant solution, to enable the net-zero power systems of tomorrow.

As a step towards the target to become carbon neutral by 2030, solar panels were installed at Wärtsilä's site in Japan. The panels cover the whole roof space, and the generated electricity represents 30 to 40% of the factory's total electricity consumption. This will lead to an annual CO2 emission reduction of around 180 tons.

Wärtsilä's preparations for the EU Corporate Sustainability Reporting Directive (CSRD) are proceeding according to plan. The main activities during the second quarter include a gap analysis to identify the development needs of the reporting content and the preparation of a draft narrative report.

In 2023, Wärtsilä initiated a 4-year health and safety programme 'Success Through Safety'. As part of this initiative, a new safety awareness training to engage frontline employees and their supervisors was developed. In the second quarter, "One Winning Team" training was successfully introduced through train-the-trainer sessions to qualify local facilitators. The first learning workshops took place in May, and by the end of June, over 300 individuals have been trained globally. Wärtsilä is committed to continuing the implementation of this training program and aim to have all front-line employees trained by the end of 2025. In Q2, the corporate total recordable injury frequency rate (TRIF) was 1.92 (2.48).

Wärtsilä above sector average in all relevant ESG indices and rankings
Wärtsilä's ratings in the most relevant sustainable development indices and rankings:

Rating	Scale	Wärtsilä score	Sector average	Year
CDP	D- to A	Climate B- Water C	Climate C Water C	2023
Dow Jones*	0 to 100	63**	21	2023
Ecovadis	0 to 100 Bronze to Platinum	65 Silver	N/A	2024
FTSE Russell	1 to 5	3.5	2.2	2023
MSCI	CCC to AAA	AAA	AA	2024
Sustainalytics	100 to 0	24***	29	2024

*Wärtsilä is listed in DJSI Europe **Percentile ranking in the sector: among the best 3% ***ESG risk rating is scored on 0-100 range, with 0 being the highest and 100 the lowest score

Reporting segment: Wärtsilä Marine

Key figures

MEUR	4–6/2024	4–6/2023*	Change	1–6/2024	1–6/2023*	Change	2023*
Order intake	**901**	771	17%	**1,817**	1,515	20%	3,261
of which services	**595**	520	14%	**1,163**	1,011	15%	2,004
of which equipment	**306**	251	22%	**654**	503	30%	1,257
Order book, end of period				**3,155**	2,535	24%	2,808
Net sales	**759**	701	8%	**1,467**	1,370	7%	2,800
of which services	**514**	483	6%	**1,012**	915	11%	1,862
of which equipment	**245**	218	13%	**455**	455	0%	938
Comparable operating result	**103**	81	27%	**184**	146	26%	312
% of net sales	**13.5**	11.5		**12.5**	10.7		11.2
Operating result	**96**	90	7%	**173**	159	9%	276
% of net sales	**12.7**	12.8		**11.8**	11.6		9.9

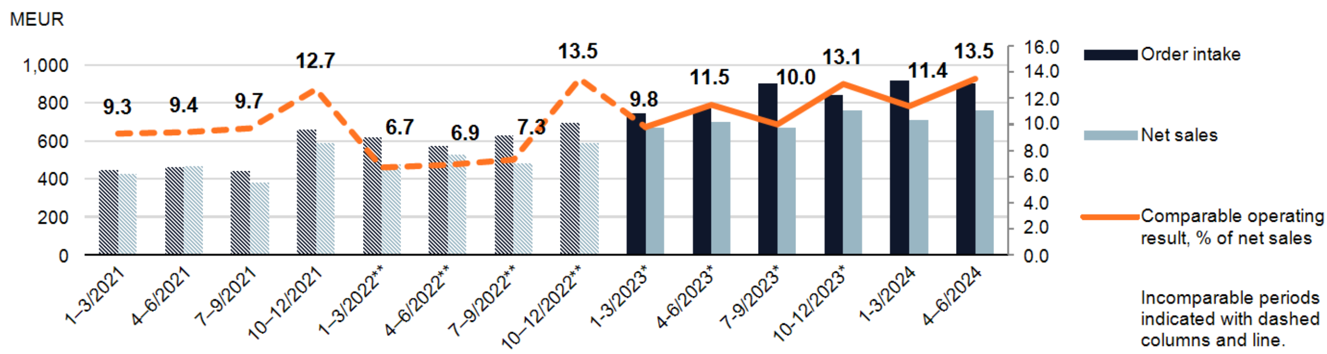
Order intake bridge

MEUR	4–6/2024	1–6/2024
2023*	**771**	**1,515**
Organic	17%	23%
Acquisitions and divestments	0%	0%
FX impact	0%	-3%
2024	**901**	**1,817**

Net sales bridge

MEUR	4–6/2024	1–6/2024
2023*	**701**	**1,370**
Organic	9%	9%
Acquisitions and divestments	0%	0%
FX impact	-1%	-2%
2024	**759**	**1,467**

Quarterly development



*Restated to reflect the redefined organisational structure as of 1 January 2024, as Exhaust Treatment and Shaft Line Solutions business units were moved from Marine Systems to Marine Power, and Marine Power changed its name to Marine.
**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 (after the integration into a new business unit)

Financial development in April–June

Order intake increased by 17%. Service order intake increased by 14%, driven mainly by the merchant and navy segments. Equipment order intake increased by 22%, supported mainly by the cruise and ferry segments.

Net sales increased by 8%. Service net sales increased by 6%, supported mainly by the offshore segment. Equipment net sales increased by 13%, supported mainly by the merchant and navy segments.

The **comparable operating result** amounted to EUR 103 million (81) or 13.5% of net sales (11.5). The result was supported by higher service volumes and recovered new build margins, but negatively impacted by the increased R&D cost to support decarbonisation technology development.

Financial development in January–June

Order intake increased by 20%. Service order intake increased by 15%, driven mainly by the merchant, navy and ferry segments. Equipment order intake increased by 30%, supported mainly by the ferry and special vessel segments.

Net sales increased by 7%. Service net sales increased by 11%, supported mainly by the offshore and cruise segments. Equipment net sales remained stable supported by the merchant and navy segments.

The **comparable operating result** amounted to EUR 184 million (146) or 12.5% of net sales (10.7). The result was supported by higher service volumes and recovered new build margins, but negatively impacted by the increased R&D cost to support decarbonisation technology development. The comparable operating margin increased, supported by a more favourable mix between equipment and services, and the recovered new build margins. Items affecting comparability totalled EUR -11 million (13) and were mainly related to the restructuring of engine manufacturing in Europe.

Reporting segment: Wärtsilä Energy

Key figures

MEUR	4–6/2024	4–6/2023	Change	1–6/2024	1–6/2023	Change	2023
Order intake	**705**	750	-6%	**1,479**	1,494	-1%	3,041
of which services	**327**	344	-5%	**647**	677	-4%	1,306
of which equipment	**378**	407	-7%	**833**	818	2%	1,735
Order intake, power plants	**473**	476	-1%	**1,011**	962	5%	1,985
Order intake, energy storage	**232**	275	-16%	**468**	532	-12%	1,056
Order book, end of period				**3,120**	2,548	22%	2,693
Net sales	**617**	633	-2%	**1,069**	1,278	-16%	2,610
of which services	**260**	279	-7%	**551**	536	3%	1,095
of which equipment	**357**	354	1%	**518**	741	-30%	1,515
Net sales, power plants	**404**	440	-8%	**794**	834	-5%	1,684
Net sales, energy storage	**213**	193	11%	**276**	444	-38%	926
Comparable operating result	**65**	45	43%	**115**	78	47%	219
% of net sales	**10.5**	7.1		**10.7**	6.1		8.4
% of net sales, 12 months rolling, energy storage	**2**	-1					1
Operating result	**64**	42	54%	**114**	75	52%	209
% of net sales	**10.4**	6.6		**10.7**	5.9		8.0

Order intake Energy

	4–6/2024	4–6/2023	Change	1–6/2024	1–6/2023	Change
Gas, MW	**165**	98	68%	**425**	262	62%
Oil, MW	**37**	-	100%	**37**	-	100%
Storage, MWh	**1,352**	1,073	26%	**2,347**	1,961	20%
Other*, MW	**56**	-	100%	**56**	-	100%

*Includes biofuel power plants and solar installations

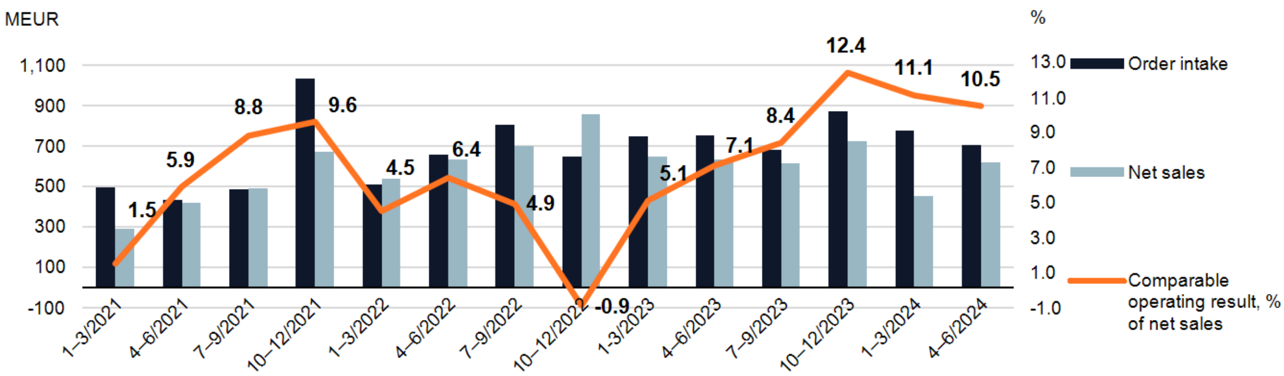
Order intake bridge

MEUR	4–6/2024	1–6/2024
2023	**750**	**1,494**
Organic	-1%	6%
Acquisitions and divestments	0%	0%
FX impact	-6%	-7%
2024	**705**	**1,479**

Net sales bridge

MEUR	4–6/2024	1–6/2024
2023	**633**	**1,278**
Organic	0%	-13%
Acquisitions and divestments	0%	0%
FX impact	-2%	-3%
2024	**617**	**1,069**

Quarterly development



Financial development in April–June

Order intake decreased by 6%. Service order intake decreased by 5%, mainly due to the comparison period having included a few sizable new agreements. Equipment order intake decreased by 7%. Equipment order intake in Engine Power Plants increased, while equipment orders in Energy Storage & Optimisation decreased, resulting from lower battery material prices. The service order book in Energy is at an all-time-high level.

Net sales remained stable. Service net sales decreased by 7%, mainly due to the timing of bigger overhauls in the agreement business. Equipment net sales remained stable. Energy Storage & Optimisation equipment net sales increased, while Engine Power Plants decreased. In 2024, equipment deliveries and revenue recognition in Energy will be tilted towards the second half of the year.

The **comparable operating result** amounted to EUR 65 million (45) or 10.5% of net sales (7.1), supported by recovered new build margins and a favourable revenue mix within services. The comparable operating margin in Energy improved clearly despite an unfavourable mix between equipment and services.

Financial development in January–June

Order intake remained stable. Service order intake decreased by 4%, mainly due to the comparison period having included a few sizable new agreements. Equipment order intake remained stable. Equipment order intake in Engine Power Plants increased, while equipment orders in Energy Storage & Optimisation decreased, resulting from lower battery material prices. More than 80% of the order book at the end of the period consisted of equipment orders (EEQ), compared to 40% going into 2022.

Net sales decreased by 16%. Services net sales increased by 3%, supported by higher volumes in spare parts and upgrade services. Equipment net sales decreased by 30%, due to the periodisation of deliveries between quarters. In 2024, equipment deliveries and revenue recognition in Energy will be tilted towards the second half of the year.

The **comparable operating result** amounted to EUR 115 million (78) or 10.7% of net sales (6.1) supported by recovered new build margins and a favourable revenue mix within services. The comparable operating margin in Energy improved, supported by a favourable mix between equipment and services.

Other business activities: Wärtsilä Portfolio Business

Wärtsilä Portfolio Business consists of business units which are run independently with the aim of accelerating performance improvement and unlocking value through divestments or other strategic alternatives. Currently Portfolio Business includes Automation, Navigation & Control Systems (ANCS), Gas Solutions, Marine Electrical Systems and Water & Waste.

Key figures

MEUR	4–6/2024	4–6/2023*	Change	1–6/2024	1–6/2023*	Change	2023*
Order intake	**248**	166	49%	**482**	418	15%	768
of which services	**60**	50	21%	**121**	114	6%	209
of which equipment	**188**	117	62%	**361**	304	19%	559
Order book, end of period				**1,332**	1,165	14%	1,192
Net sales	**179**	120	49%	**341**	271	26%	604
of which services	**60**	45	34%	**103**	91	13%	191
of which equipment	**119**	76	58%	**238**	180	32%	413
Comparable operating result	**8**	-18	145%	**9**	-29	132%	-34
% of net sales	**4.6**	-15.3		**2.7**	-10.6		-5.7
Operating result	**8**	-66	112%	**8**	-76	111%	-83
% of net sales	**4.4**	-54.6		**2.4**	-28.0		-13.8

*Restated due to organisational changes

Financial development in April–June

Order intake increased by 49%, driven by good development in the Marine Electrical Systems and ANCS business units. Services order intake increased by 21%, while equipment order intake increased by 62%.

Net sales increased by 49%, driven by good development in all business units. Services net sales increased by 34%, while equipment net sales increased by 58%.

The **comparable operating result** amounted to EUR 8 million (-18) or 4.6% of net sales (-15.3), due to good development in all business units. The comparison period was negatively impacted by a EUR 19 million provision taken for a single sizeable turnkey project in the Gas Solutions business unit.

Financial development in January–June

Order intake increased by 15%, driven by good development in the Marine Electrical Systems and ANCS business units. Services order intake increased by 6%, while equipment order intake increased by 19%.

Net sales increased by 26%, driven by good development in all business units. Services net sales increased by 13%, while equipment net sales increased by 32%.

The **comparable operating result** amounted to EUR 9 million (-29) or 2.7% of net sales (-10.6). The increase was supported by good development in all business units. The comparison period was negatively impacted by a provision taken for a single sizeable turnkey project in the Gas Solutions business unit. Items affecting comparability totalled EUR -1 million (-47).

Risks and business uncertainties

General macro environment

The ongoing war in Ukraine and the conflict in the Middle East have resulted in a range of risks to the demand and supply environment of various commodities globally. Deepening geopolitical tensions have increased risks related to further geopolitical fragmentation and have resulted in higher uncertainty to the macroeconomic outlook. Business operations globally are being impacted by continued inflationary pressure, changing trade flows and volumes, tighter monetary policies, concerns over the health of the Chinese economy, rising protectionism, the sanctions in place and planned against Russia, and the rising trade tensions between China and the West. These factors are all contributing to the uncertainty in projected global economic growth. Further escalation of any of the forementioned factors could result in increased uncertainty over future demand for the equipment and services provided by Wärtsilä. Furthermore, the volatility of the geopolitical environment, and the enforcement of sanctions or embargos, pose a risk to the company’s customer relations and international business activities. With the rapidly growing use of data in shipping and shipbuilding, as well as in the energy markets, cyber threats can potentially result in various forms of financial, operational, or reputational damage to the business. Changes in the regulatory environment, financiers' policies, or market sentiment could negatively impact the availability and cost of financing for Wärtsilä and Wärtsilä’s customers, which could result in a lower demand for Wärtsilä's solutions.

Marine markets

The shipping and shipbuilding markets are under increasing pressure to reduce carbon emissions due to regional regulations such as the EU’s Fit for 55, the revised and more ambitious greenhouse gas strategy from the International Maritime Organisation, green financing, and the individual sustainability goals of end-customers. This, coupled with longer trade distances resulting from increased geopolitical tensions and disruptions at key waterways, may lead to increased costs for shipowners and operators that cannot be fully passed on to end customers.

The constraints on shipyard capacity, the development and deployment of sustainable future technologies, a lack of clarity at the global level around decarbonisation-related financial incentives, and the need to find the optimal timing of investments based on financial feasibility and compliance with emission regulations may affect the investment appetite of ship owners and operators. This concerns both newbuilding programmes and the management of existing fleets and may pose a risk of the global shipping fleet not reaching the targeted emissions reductions.

Ship owners and operators as well as shipyards may face risks to their business profitability due to the limited ability or desire of people to travel, a lower demand for goods because of continued high inflation or economic slowdown, as well as higher voyage, operating and financing costs. Highly indebted shipowners, operators or shipyards may not withstand the potential risk of slower than expected growth in demand, higher financing costs or a lowered credit rating.

In the offshore oil and gas industry, uncertainty around the longer-term demand for crude oil, oil price volatility, and the pressure to decarbonise are pushing oil majors to re-evaluate their spending on exploration activities and operational costs. This may lead to lower demand for offshore drilling or support assets, and can hinder newbuild investments due to concerns regarding residual asset values.

Energy markets

The overarching trend in the energy markets is the transition to renewable energy sources such as wind and solar. The pace of this shift is the principal driver in the growth of battery energy storage and thermal balancing technologies. New technology innovations, as well as the price and availability of fuels and raw materials, affect Wärtsilä’s business. High and volatile gas prices directly impact the relative competitiveness of the portfolio against other generating technologies, especially in thermal baseload plants. Similarly, policies related to the energy and electricity markets have direct and indirect impacts on future energy capacity and the generation mix. For example, energy and climate policy may speed up or delay the energy transition. Recent years have highlighted the impact of geopolitical tensions on energy market policy and investment decisions. Concentrated supply chains in some countries and the tight competitive situation impose direct risks on Energy. Energy commodities and supply chains have been at the heart of trade policy lately, presenting risks for all energy technologies. Competition between and among energy technologies presents price pressure. Uncertainty related to any of the aforementioned factors tends to delay investment decisions.

Legal cases

The Group is a defendant in a number of legal cases that have arisen out of, or are incidental to, the ordinary course of its business. These lawsuits mainly concern issues such as contractual and other liability, labour relations, property damage, and regulatory matters. From time to time, the Group receives claims of different amounts and with varying degrees of substantiation. There is currently one unusually sizeable claim. It is the Group’s policy to provide for amounts related to the claims as well as for litigation and arbitration matters when an unfavourable outcome is probable, and the amount of loss can be reasonably estimated.

The annual report contains a more detailed description of Wärtsilä’s risks and risk management.

Additional information

Decisions taken by the Annual General Meeting

Wärtsilä's Annual General Meeting was held on 7 March 2024 at Messukeskus, Helsinki. The Meeting approved the financial statements for the year 2023, reviewed the Remuneration Report 2023 for Governing Bodies, and discharged the members of the Board of Directors and the company's President & CEO from liability for the financial year 2023.

Decisions taken by the Annual General Meeting can be seen from Wärtsilä's website.

Dividend distribution
The Annual General Meeting approved the Board of Directors' proposal to pay a dividend of EUR 0.32 per share. The dividend shall be paid in two instalments. The first instalment of EUR 0.16 per share was paid on 18 March 2024. The second instalment of EUR 0.16 per share shall be paid on 18 September 2024.

Shares

In January–June, the number of shares traded on Nasdaq Helsinki was 115,185,797 shares, equivalent to a turnover of EUR 1,821 million. Wärtsilä's shares are also traded on alternative exchanges, including Turquoise, BATS, Chi-X and CBOE DXE. The total trading volume on these alternative exchanges amounted to 51,270,429 shares.

The number of Wärtsilä's shares outstanding as at 30.6.2024 was 589,080,815, and the number of treasury shares was 2,642,575.

Wärtsilä’s Half-year Financial Report January‒June 2024

This half-year financial report is prepared in accordance with IAS® Standard 34 (Interim Financial Reporting) using the same accounting policies and methods of computation as in the annual financial statements for 2023, except for the new and amended IFRS® Accounting Standards stated below. All figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

This half-year financial report is unaudited.

Use of estimates

Preparation of the financial statements in accordance with the IFRS Accounting Standards requires management to make judgements, estimates, and assumptions that affect the valuation of the reported assets and liabilities, as well as other information, such as contingent assets and liabilities and the recognition of income and expenses in the statement of income. Although these continuously evaluated judgements, estimates, and assumptions are based on management’s past experience and best knowledge of current events and actions, as well as expectations of future events, actual results may differ from the estimates.

For Wärtsilä, the most significant judgements, estimates, and assumptions made by the management relate to, for example, revenue recognition, especially project estimates for long-term projects and agreements, impairment testing, valuation of trade receivables, contract assets and inventories, determining the length of lease terms, defined benefit pension obligations, recognition of warranty provisions and provisions for litigation, and uncertain tax positions. In addition, valuation of assets held for sale requires the use of estimates.

Organisational changes

As of 1 January 2024, business units Exhaust Treatment and Shaft Line Solutions have been transferred from Wärtsilä Marine Systems to Wärtsilä Marine Power, and business unit Gas Solutions has been transferred from Marine Systems to Wärtsilä Portfolio Business. Consequently, Wärtsilä Marine Systems no longer constitutes an organisational unit or a reporting segment, and the name of Marine Power has been changed to Marine.

The segment-related comparison figures for 2023 have been restated to reflect the current organisational structure. The segment-related comparison figures for 2022 (available in Quarterly figures) have not been restated accordingly, they represent the organisational structure as it was at the end of 2023.

Own shares and equity-settled share-based payments

At the beginning of 2024, the total amount of own shares held by the Company was 2,700,000. The shares are to be used for pay-outs under the share-based incentive programmes of Wärtsilä Corporation. During the year, 57,425 own shares were used to settle share-based payments resulting in the total amount of 2,642,575 at the end of the reporting period.

Wärtsilä has long-term incentive schemes, which can be settled in company shares. These unvested shares are issuable when certain pre-defined conditions in the incentive programmes are met during a timeframe set in the incentive programmes’ conditions. If the settlement were to happen at the reporting date, it would result in issuing 368,986 shares. These shares are considered as potential ordinary shares causing dilutive effect on the EPS.

Number of shares outstanding on 1 January 2024	**589,023,390**
Share-based payments settled in company shares	57,425
Number of shares outstanding on 30 June 2024	**589,080,815**
Weighted average number of shares outstanding during the period	**589,062,515**
Weighted average number of dilutive potential ordinary shares during the period	
Unvested shares	368,986
Weighted average number of shares outstanding during the period to be used in the calculation of diluted EPS	**589,431,501**

New and amended Accounting Standards

In 2024, the Group has adopted the following new and amended Accounting Standards issued by the International Accounting Standards Board (IASB):

Amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendments have no impact on the consolidated financial statements.

Amendments to IFRS 16 Leases specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction. The amendments have no impact on the consolidated financial statements.

Supplier Finance Arrangements amends IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments increase the transparency of supplier finance arrangements and their effects on liabilities, cash flows and exposure to liquidity risk. The amendments merely increase the amount of disclosed information.

Other new or amended Accounting Standards already effective do not have a significant impact on the consolidated financial statements or other disclosures.

Later, the Group will adopt the following new and amended standards issued by IASB:

Lack of Exchangeability* amends IAS 21 The Effects of Changes in Foreign Exchange Rates. The amendment specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. The amendments will have no impact on the consolidated financial statements.

New Accounting Standard IFRS 18 Presentation and Disclosure in Financial Statements* improves the quality of financial reporting by requiring defined subtotals in the statement of profit or loss and disclosure about management-defined performance measures, as well as adding new principles for aggregation and disaggregation of information. The standard merely changes the presentation of disclosed information and increases the amount of disclosed information.

Other new or amended Accounting Standards not yet effective are not expected to have a significant impact on the consolidated financial statements or other disclosures.

* Not yet endorsed for adoption by the European Commission as of 30 June 2024.

Condensed statement of income

MEUR	4–6/2024	4–6/2023	1–6/2024	1–6/2023	2023
Net sales	**1,556**	1,454	**2,877**	2,919	6,015
Other operating income	**17**	17	**28**	44	96
Expenses	**-1,367**	-1,328	**-2,539**	-2,691	-5,516
Result from net position hedges	**-3**	1	**-4**	-5	-9
Depreciation, amortisation and impairment	**-37**	-81	**-72**	-114	-193
Share of result of associates and joint ventures	**3**	3	**4**	4	9
Operating result	**168**	66	**295**	158	402
Financial income and expenses	**-8**	-12	**-16**	-21	-37
Result before taxes	**160**	53	**278**	137	364
Income taxes	**-43**	-24	**-76**	-47	-95
Result for the reporting period	**117**	30	**203**	90	269
Attributable to:					
equity holders of the parent company	**116**	27	**201**	82	258
non-controlling interests	**1**	2	**2**	8	12
	117	30	**203**	90	269
Earnings per share attributable to equity holders of the parent company:					
Earnings per share (EPS), basic and diluted, EUR	**0.20**	0.05	**0.34**	0.14	0.44

Condensed statement of comprehensive income

MEUR	4–6/2024	4–6/2023	1–6/2024	1–6/2023	2023
Result for the reporting period	**117**	30	**203**	90	269
Other comprehensive income, net of taxes:					
Items that will not be reclassified to the statement of income					
Remeasurements of defined benefit liabilities			**-1**		1
Total items that will not be reclassified to the statement of income			**-1**		1
Items that may be reclassified subsequently to the statement of income					
Exchange rate differences on translating foreign operations					
for equity holders of the parent company	**11**	4	**9**	-17	-25
for non-controlling interests		-1		-1	-2
transferred to the statement of income				-11	-11
Associates and joint ventures, share of other comprehensive income		-2		-2	-2
Cash flow hedges	**-4**	2	**-21**	-2	24
Tax on items that may be reclassified to the statement of income	**-1**	-1	**3**		-2
Total items that may be reclassified to the statement of income	**7**	2	**-10**	-34	-19
Other comprehensive income for the reporting period, net of taxes	**7**	2	**-11**	-34	-17
Total comprehensive income for the reporting period	**124**	32	**192**	56	252
Total comprehensive income attributable to:					
equity holders of the parent company	**122**	33	**190**	57	247
non-controlling interests	**1**	-1	**2**	-1	4
	124	32	**192**	56	252

Condensed statement of financial position

MEUR	30.6.2024	30.6.2023	31.12.2023
Non-current assets			
Intangible assets	**1,706**	1,655	1,675
Property, plant and equipment	**307**	300	307
Right-of-use assets	**258**	262	255
Investments in associates and joint ventures	**38**	30	33
Other investments	**18**	19	19
Deferred tax assets	**223**	202	212
Other receivables	**52**	65	51
Total non-current assets	**2,602**	2,534	2,551
Current assets			
Inventories	**1,605**	1,485	1,485
Other receivables	**1,948**	2,205	1,943
Cash and cash equivalents	**1,023**	505	819
Total current assets	**4,576**	4,195	4,247
Assets held for sale	**13**	5	5
Total assets	**7,190**	6,735	6,803
Equity			
Share capital	**336**	336	336
Other equity	**1,894**	1,684	1,888
Total equity attributable to equity holders of the parent company	**2,230**	2,020	2,225
Non-controlling interests	**8**	7	8
Total equity	**2,238**	2,026	2,232
Non-current liabilities			
Lease liabilities	**227**	229	224
Other interest-bearing debt	**410**	495	515
Deferred tax liabilities	**59**	43	69
Other liabilities	**299**	277	318
Total non-current liabilities	**996**	1,044	1,126
Current liabilities			
Lease liabilities	**44**	45	44
Other interest-bearing debt	**96**	203	76
Other liabilities	**3,816**	3,416	3,326
Total current liabilities	**3,957**	3,664	3,445
Total liabilities	**4,952**	4,708	4,571
Total equity and liabilities	**7,190**	6,735	6,803

Condensed statement of cash flows

MEUR	4–6/2024	4–6/2023	1–6/2024	1–6/2023	2023
Cash flow from operating activities:					
Result for the reporting period	**117**	30	**203**	90	269
Adjustments for:					
depreciation, amortisation and impairment	**37**	81	**72**	114	193
financial income and expenses	**8**	12	**16**	21	37
gains and losses on sale of intangible assets and property, plant and equipment and other changes			**-1**	-1	-1
share of result of associates and joint ventures	**-3**	-3	**-4**	-4	-9
income taxes	**43**	24	**76**	47	95
other non-cash flow adjustments	**2**	-11	**4**	-19	-4
Cash flow before changes in working capital	**203**	132	**366**	248	581
Changes in working capital	**46**	-21	**186**	37	350
Cash flow from operating activities before financial items and taxes	**249**	112	**552**	285	931
Financial items and paid taxes	**-33**	-37	**-77**	-65	-109
Cash flow from operating activities	**216**	75	**475**	219	822
Cash flow from investing activities:					
Investments in shares and acquisitions					-1
Net investments in property, plant and equipment and intangible assets	**-37**	-35	**-72**	-66	-146
Proceeds from sale of shares in subsidiaries, associated companies and other investments		7		7	8
Cash flow from investing activities	**-37**	-27	**-71**	-58	-138
Cash flow from financing activities:					
Repayments to non-controlling interests				-5	-5
Repurchase of own shares		-10		-10	-10
Proceeds from non-current debt		101		101	176
Repayments and other changes in non-current debt	**-11**	-104	**-98**	-212	-321
Changes in current loans and other changes	**-1**	47	**-4**	94	8
Dividends paid	**-15**	-10	**-97**	-78	-156
Cash flow from financing activities	**-27**	24	**-198**	-110	-308
Change in cash and cash equivalents, increase (+)/decrease (-)	**152**	71	**205**	51	375
Cash and cash equivalents at the beginning of the reporting period*	**872**	440	**819**	464	464
Exchange rate changes		-6	**-1**	-10	-19
Cash and cash equivalents at the end of the reporting period*	**1,023**	505	**1,023**	505	819

* Cash and cash equivalents include the cash and cash equivalents pertaining to assets held for sale.

Condensed statement of changes in equity

	Total equity attributable to equity holders of the parent company						Non-controlling interests	Total equity
MEUR	**Share capital**	**Share premium**	**Translation difference**	**Fair value reserve**	**Remeasurements of defined benefit liabilities**	**Retained earnings**		
Equity on 1 January 2024	**336**	**61**	**-188**	**31**	**-4**	**1,989**	**8**	**2,232**
Total comprehensive income for the reporting period			**9**	**-18**	**-1**	**201**	**2**	**192**
Transactions with equity holders of the parent company and non-controlling interests								
Dividends paid						**-188**	**-2**	**-190**
Share-based payments						**4**		**4**
Equity on 30 June 2024	**336**	**61**	**-180**	**13**	**-5**	**2,006**	**8**	**2,238**

	Total equity attributable to equity holders of the parent company						Non-controlling interests	Total equity
MEUR	**Share capital**	**Share premium**	**Translation difference**	**Fair value reserve**	**Remeasurements of defined benefit liabilities**	**Retained earnings**		
Equity on 31 December 2022	336	61	-156	9	-5	1,889	12	2,146
Restatement due to IAS 12						1		1
Equity on 1 January 2023	336	61	-156	9	-5	1,891	12	2,148
Total comprehensive income for the reporting period			-26	-2		82	2	56
Other changes						-9	-5	-14
Transactions with equity holders of the parent company and non-controlling interests								
Dividends paid						-153	-1	-155
Repurchase of own shares						-10		-10
Share-based payments						1		1
Equity on 30 June 2023	336	61	-181	8	-5	1,802	7	2,026

Segment information

Wärtsilä's reportable segments are Marine and Energy. Furthermore, Wärtsilä reports Portfolio Business as other business activities.

The segment related comparison figures for 2023 have been restated to reflect the current organisational structure.

MEUR	4–6/2024	4–6/2023	1–6/2024	1–6/2023	2023
Net sales					
Marine	**759**	701	**1,467**	1,370	2,800
Energy	**617**	633	**1,069**	1,278	2,610
Portfolio Business	**179**	120	**341**	271	604
Total	**1,556**	1,454	**2,877**	2,919	6,015
Depreciation, amortisation and impairment					
Marine	**-25**	-23	**-48**	-45	-100
Energy	**-9**	-8	**-17**	-16	-33
Portfolio Business	**-3**	-49	**-7**	-53	-60
Total	**-37**	-81	**-72**	-114	-193
Share of result of associates and joint ventures					
Marine	**3**	3	**4**	4	9
Total	**3**	3	**4**	4	9
Operating result					
Marine	**96**	90	**173**	159	276
Energy	**64**	42	**114**	75	209
Portfolio Business	**8**	-66	**8**	-76	-83
Total	**168**	66	**295**	158	402
Operating result as a percentage of net sales (%)					
Marine	**12.7**	12.8	**11.8**	11.6	9.9
Energy	**10.4**	6.6	**10.7**	5.9	8.0
Portfolio Business	**4.4**	-54.6	**2.4**	-28.0	-13.8
Total	**10.8**	4.5	**10.2**	5.4	6.7
Comparable operating result					
Marine	**103**	81	**184**	146	312
Energy	**65**	45	**115**	78	219
Portfolio Business	**8**	-18	**9**	-29	-34
Total	**176**	108	**308**	196	497
Comparable operating result as a percentage of net sales (%)					
Marine	**13.5**	11.5	**12.5**	10.7	11.2
Energy	**10.5**	7.1	**10.7**	6.1	8.4
Portfolio Business	**4.6**	-15.3	**2.7**	-10.6	-5.7
Total	**11.3**	7.4	**10.7**	6.7	8.3

Net sales by geographical areas

MEUR	4–6/2024	4–6/2023	1–6/2024	1–6/2023	2023
Europe	**513**	433	**976**	881	1,954
Asia	**412**	471	**755**	828	1,678
The Americas	**445**	412	**831**	917	1,757
Other	**186**	138	**314**	292	627
Total	**1,556**	1,454	**2,877**	2,919	6,015

Service net sales

MEUR	4–6/2024	4–6/2023	1–6/2024	1–6/2023	2023
Marine, service	**514**	483	**1,012**	915	1,862
Energy, service	**260**	279	**551**	536	1,095
Portfolio Business, service	**60**	45	**103**	91	191
Total	**834**	807	**1,666**	1,543	3,148

Measures of profit and items affecting comparability

MEUR	4–6/2024	4–6/2023	1–6/2024	1–6/2023	2023
Comparable adjusted EBITA	**180**	113	**317**	206	518
Purchase price allocation amortisation	**-5**	-5	**-9**	-10	-20
Comparable operating result	**176**	108	**308**	196	497
Items affecting comparability:					
Social plan costs	**-1**	1	**-1**	2	-42
Impairment and write-downs		-37		-37	-43
Gains and losses on disposal of assets				12	11
Other costs	**-7**	-6	**-12**	-14	-21
Items affecting comparability, total	**-8**	-42	**-13**	-38	-95
Operating result	**168**	66	**295**	158	402

Items affecting comparability include EUR 7 million of costs related to the restructuring of engine manufacturing in Europe and EUR 6 million of other costs.

Assets held for sale

Wärtsilä has classified certain non-current assets relating to ending the 4-stroke engine manufacturing in Trieste, Italy as assets held for sale.

In July 2022, Wärtsilä announced its plan to ramp down manufacturing in Trieste, Italy and to centralise its 4-stroke engine manufacturing in Europe to Vaasa, Finland. Engine manufacturing in Trieste belongs to Marine.

All assets held for sale are valued at the lower of book value or fair value.

Disaggregation of revenue

Revenue from contracts with customers is derived over time and at a point in time from the following revenue types.

Net sales by revenue type and timing of satisfying performance obligations

MEUR	4–6/2024	4–6/2023	1–6/2024	1–6/2023	2023
At a point in time					
Products	**383**	357	**803**	732	1,475
Goods and services	**194**	175	**353**	332	697
Projects	**401**	358	**738**	681	1,450
Total	**978**	890	**1,894**	1,745	3,622

Over time					
Projects	**399**	367	**623**	822	1,688
Long-term agreements	**179**	197	**360**	352	705
Total	**578**	564	**983**	1,174	2,393
Total	**1,556**	1,454	**2,877**	2,919	6,015

Product sales consist of sales of spare parts and standard equipment, for which the revenue is recognised at a point in time when the control of the product has transferred to the customer, in general upon delivery of the goods.

Goods and services -type of revenue involves short-term field service jobs, including the delivery of a combination of service and equipment. The revenue is recognised at a point in time when the service is rendered.

Projects are of both short- and long-term duration. Depending on the contract terms and the duration of the project, the revenue is recognised at a point in time or over time. In large-scale system or equipment deliveries which require engineering, for example power plants and gas solutions construction contracts, the revenue is recognised over time. Revenue from tailor-made equipment delivery projects is recognised at a point in time when the control of the equipment is transferred, in general upon delivery, and revenue from service-related projects, such as modernisation and upgrade projects is recognised over time.

Long-term agreements include long-term operating and maintenance agreements for which the revenue is recognised over time.

Intangible assets and property, plant and equipment

MEUR	1–6/2024	1–6/2023	2023
Intangible assets			
Carrying amount on 1 January	**1,675**	1,680	1,680
Changes in exchange rates	**14**	-2	-3
Acquisitions and disposals		-25	-25
Additions	**43**	41	95
Amortisation and impairment	**-25**	-64	-97
Decreases and reclassifications		25	25
Carrying amount at the end of the reporting period	**1,706**	1,655	1,675
Property, plant and equipment			
Carrying amount on 1 January	**307**	304	304
Changes in exchange rates		-2	-2
Acquisitions and disposals		-8	-8
Additions	**32**	25	54
Depreciation and impairment	**-22**	-24	-46
Decreases and reclassifications	**-9**	5	5
Carrying amount at the end of the reporting period	**307**	300	307

Additional impairment testing of cash generating unit Marine Systems

Due to the new organisational structure, Wärtsilä performed an intermediate impairment testing of goodwill during the first quarter of 2024 for cash generating unit (CGU) Marine Systems. As a result of the impairment test, no impairment loss for the CGU was recognised for the reporting period ended 31 March 2024. Going forward, impairment testing of goodwill is only conducted on Marine, Energy and Portfolio Business level, as Marine Systems no longer constitutes an organisational unit nor a reportable segment.

Leases

MEUR	1–6/2024	1–6/2023	2023
Land and buildings, right-of-use assets			
Carrying amount on 1 January	**246**	248	248
Changes in exchange rates	**-1**	-3	-3
Additions	**27**	36	50
Depreciation and impairment	**-22**	-23	-45
Decreases and reclassifications	**-2**	-4	-5
Carrying amount at the end of the reporting period	**248**	253	246
Machinery and equipment, right-of-use assets			
Carrying amount on 1 January	**9**	10	10
Additions	**4**	3	6
Depreciation and impairment	**-3**	-3	-6
Decreases and reclassifications			-1
Carrying amount at the end of the reporting period	**10**	9	9
Lease liabilities			
Carrying amount on 1 January	**268**	266	266
Changes in exchange rates	**-1**	-3	-2
Additions	**31**	38	56
Interest expenses		1	2
Payments	**-25**	-24	-48
Other adjustments	**-2**	-5	-6
Carrying amount at the end of the reporting period	**271**	274	268
Amounts recognised in statement of income			
Depreciation and impairment	**-25**	-26	-51
Interest expenses	**-5**	-4	-8
Expense – short-term leases	**-15**	-16	-31
Expense – leases of low-value assets	**-3**	-3	-6
Expense – variable lease payments	**-5**	-5	-9

Gross capital expenditure

MEUR	1–6/2024	1–6/2023	2023
Investments in securities and acquisitions			1
Investments in intangible assets and property, plant and equipment	**74**	67	148
Total	**74**	67	149

Net interest-bearing debt

MEUR	30.6.2024	30.6.2023	31.12.2023
Lease liabilities, non-current	**227**	229	224
Other interest-bearing debt, non-current	**410**	495	515
Lease liabilities, current	**44**	45	44
Other interest-bearing debt, current	**96**	203	76
Total interest-bearing liabilities	**778**	972	858
Interest-bearing receivables	**-4**	-4	-4
Cash and cash equivalents	**-1,023**	-505	-819
Total interest-bearing assets	**-1,027**	-509	-823
Total net interest-bearing debt	**-250**	462	35

Financial ratios

	1–6/2024	1–6/2023	2023
Earnings per share (EPS), basic and diluted, EUR	**0.34**	0.14	0.44
Equity per share, EUR	**3.79**	3.43	3.78
Solvency ratio, %	**35.3**	33.5	37.0
Gearing	**-0.11**	0.23	0.02
Return on investment (ROI), %	**19.1**	7.7	13.9
Return on equity (ROE), %	**17.9**	5.9	12.3

The financial ratios include assets and liabilities pertaining to assets held for sale.

Personnel

	1–6/2024	1–6/2023	2023
On average	**17,992**	17,633	17,666
At the end of the reporting period	**18,224**	17,553	17,807

Contingent liabilities

MEUR	30.6.2024	30.6.2023	31.12.2023
Mortgages	**10**	10	10
Chattel mortgages and other pledges and securities	**12**	13	13
Total	**22**	23	23
Guarantees and contingent liabilities			
on behalf of Group companies	**1,201**	1,009	997
Nominal amounts of lease liabilities			
Low-value lease liabilities	**13**	12	12
Short-term lease liabilities	**3**	3	4
Leases not yet commenced, but to which Wärtsilä is committed		12	14
Residual value guarantee	**90**	90	90
Total	**1,306**	1,126	1,117

Nominal values of derivative instruments

MEUR	Total amount	of which closed
Non-deliverable forwards	**6**	
Interest rate swaps	**170**	
Cross currency swaps	**145**	
Foreign exchange forward contracts	**2,185**	**1,049**
Total at the end of the reporting period	**2,507**	**1,049**

In addition, the Group had copper swaps amounting to 1,305 tons.

Fair values

Fair value measurements at the end of the reporting period:

MEUR	Carrying amounts of the statement of financial position items	Fair value
Financial assets		
Other investments (level 3)	**18**	**18**
Interest-bearing investments, non-current (level 2)	**4**	**4**
Other receivables, non-current (level 2)	**1**	**1**
Derivatives (level 2)	**25**	**25**
Financial liabilities		
Interest-bearing debt, non-current (level 2)	**637**	**632**
Derivatives (level 2)	**48**	**48**

Quarterly figures

MEUR	4–6/ 2024	1–3/ 2024	10–12/ 2023	7–9/ 2023	4–6/ 2023	1–3/ 2023	10–12/ 2022	7–9/ 2022	4–6/ 2022
Order intake									
Marine	**901**	**916**	844	902	771	744			
Marine Power							693	627	575
Marine Systems							126	89	131
Energy	**705**	**774**	868	679	750	744	646	805	654
Portfolio Business	**248**	**234**	144	207	166	252	173	95	81
Total	**1,854**	**1,924**	1,856	1,787	1,687	1,739	1,638	1,616	1,440
Order book at the end of the reporting period									
Marine	**3,155**	**3,008**	2,808	2,751	2,535	2,493			
Marine Power							2,273	2,250	2,087
Marine Systems							434	499	572
Energy	**3,120**	**3,033**	2,693	2,620	2,548	2,483	2,376	2,702	2,506
Portfolio Business	**1,332**	**1,252**	1,192	1,222	1,165	1,177	823	779	772
Total	**7,607**	**7,294**	6,694	6,594	6,249	6,153	5,906	6,229	5,936
Net sales									
Marine	**759**	**708**	759	671	701	669			
Marine Power							589	484	527
Marine Systems							207	159	166
Energy	**617**	**452**	720	613	633	645	856	696	633
Portfolio Business	**179**	**162**	165	168	120	151	118	94	81
Total	**1,556**	**1,321**	1,644	1,452	1,454	1,465	1,770	1,433	1,407
Share of result of associates and joint ventures	**3**	**2**	2	2	3	1	3	2	
Comparable adjusted EBITA	**180**	**137**	182	130	113	93	99	87	91
as a percentage of net sales	**11.6**	**10.4**	11.1	8.9	7.8	6.4	5.6	6.1	6.4
Depreciation, amortisation and impairment	**-37**	**-35**	-45	-34	-81	-33	-56	-51	-34
Purchase price allocation amortisation	**-5**	**-5**	-5	-5	-5	-5	-5	-6	-5
Comparable operating result	**176**	**132**	177	125	108	88	93	82	85
as a percentage of net sales	**11.3**	**10.0**	10.8	8.6	7.4	6.0	5.3	5.7	6.1
Items affecting comparability, total	**-8**	**-5**	-49	-8	-42	4	-56	-72	-10
Operating result	**168**	**127**	128	117	66	92	37	10	75
as a percentage of net sales	**10.8**	**9.6**	7.8	8.0	4.5	6.3	2.1	0.7	5.3
Financial income and expenses	**-8**	**-9**	-8	-9	-12	-8	-2	-2	-2
Result before taxes	**160**	**118**	120	107	53	84	35	7	72
Income taxes	**-43**	**-32**	-24	-25	-24	-23	-7	-4	-20
Result for the reporting period	**117**	**86**	96	82	30	61	28	3	52
Earnings per share (EPS), basic and diluted, EUR	**0.20**	**0.14**	0.16	0.14	0.05	0.09	0.05	0.00	0.09
Gross capital expenditure	**39**	**36**	51	31	35	32	49	37	40
Investments in securities and acquisitions			1						4
Cash flow from operating activities	**216**	**258**	389	213	75	145	51	100	-90

Working capital (WCAP) at the end of the reporting period	**-420**	**-329**	-169	43	134	105	179	108	168
Personnel at the end of the reporting period									
Marine	**10,817**	**10,657**	10,602	10,530	10,441	10,369			
Marine Power							9,157	9,200	9,158
Marine Systems							1,584	1,575	1,565
Energy	**5,571**	**5,460**	5,430	5,416	5,380	5,342	5,320	5,309	5,247
Portfolio Business	**1,835**	**1,792**	1,774	1,750	1,732	2,002	1,520	1,501	1,577
Total	**18,224**	**17,909**	17,807	17,696	17,553	17,713	17,581	17,585	17,547

The segment related comparison figures for 2023 have been restated to reflect the current organisational structure.

Calculations of financial ratios

Operating result
Net sales + other operating income – expenses – depreciation, amortisation and impairment +/– share of result of associates and joint ventures

Earnings per share (EPS), basic

$$\frac{\text{Result for the reporting period attributable to equity holders of the parent company}}{\text{Number of shares outstanding, average over the reporting period}}$$

Earnings per share (EPS), diluted

$$\frac{\text{Result for the reporting period attributable to equity holders of the parent company}}{\text{Number of shares outstanding, average over the reporting period + number of potential ordinary shares with dilutive effect}}$$

Items affecting comparability
Certain income and expenses are presented as items affecting comparability when they have significant impact on the consolidated statement of income. Items affecting comparability consist of income and expenses, which result from restructuring activities aiming to adjust the capacity of Wärtsilä’s operations. They may also include other income and expenses incurred outside Wärtsilä’s normal course of business, such as impairment charges, acquisition related costs, settlements recorded as a result of legal proceedings with third parties or unforeseen obligations from earlier discontinued businesses.

Comparable operating result
Operating result – items affecting comparability

Comparable adjusted EBITA
Operating result – items affecting comparability – purchase price allocation amortisation

Gross capital expenditure
Investments in securities and acquisitions + investments in intangible assets and property, plant and equipment

Net interest-bearing debt
Non-current and current lease liabilities + non-current and current other interest-bearing debt – interest-bearing receivables – cash and cash equivalents

Equity per share

$$\frac{\text{Equity attributable to equity holders of the parent company}}{\text{Number of shares outstanding at the end of the reporting period}}$$

Solvency ratio

$$\frac{\text{Equity}}{\text{Total equity and liabilities – advances received}} \times 100$$

Gearing

$$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Equity}}$$

Return on investment (ROI)

$$\frac{\text{Result before taxes + interest and other financial expenses}}{\text{Total equity and liabilities – non-interest-bearing liabilities – provisions, average over the reporting period}}$$

Return on equity (ROE)

$$\frac{\text{Result for the reporting period}}{\text{Equity, average over the reporting period}}$$

Order intake
Total amount of orders received during the reporting period to be delivered either during the current reporting period or thereafter.

Order book
The presentation in value of orders that are placed by customers but not yet delivered. For service agreements, only the expected net sales for the next 24 months are included in the order book.

Working capital (WCAP)
(Inventories + trade receivables + current tax receivables + other non-interest-bearing receivables)
– (trade payables + advances received + pension obligations + provisions + current tax liabilities + other non-interest-bearing liabilities – dividend payable)

18 July 2024
Wärtsilä Corporation
Board of Directors