

Investor theme call: Service

Delivering customer value and capturing growth in service while becoming a more stable and profitable company

16 September 2024

Investor theme call: Service

Agenda

1 | **Arjen Berends, Executive Vice President and CFO**

Service is a key driver towards Wärtsilä's financial targets and provides stability

2 | **Andrea Morgante, VP, Marine Performance Services**

Lifecycle agreements are a major growth driver in Marine Services

3 | **Markus Ljungqvist, VP, Energy Services**

Increasing lifecycle agreement coverage and decarbonisation driving future growth

4 | **Q&A**

Service is a key driver towards Wärtsilä's financial targets and provides stability

Service today

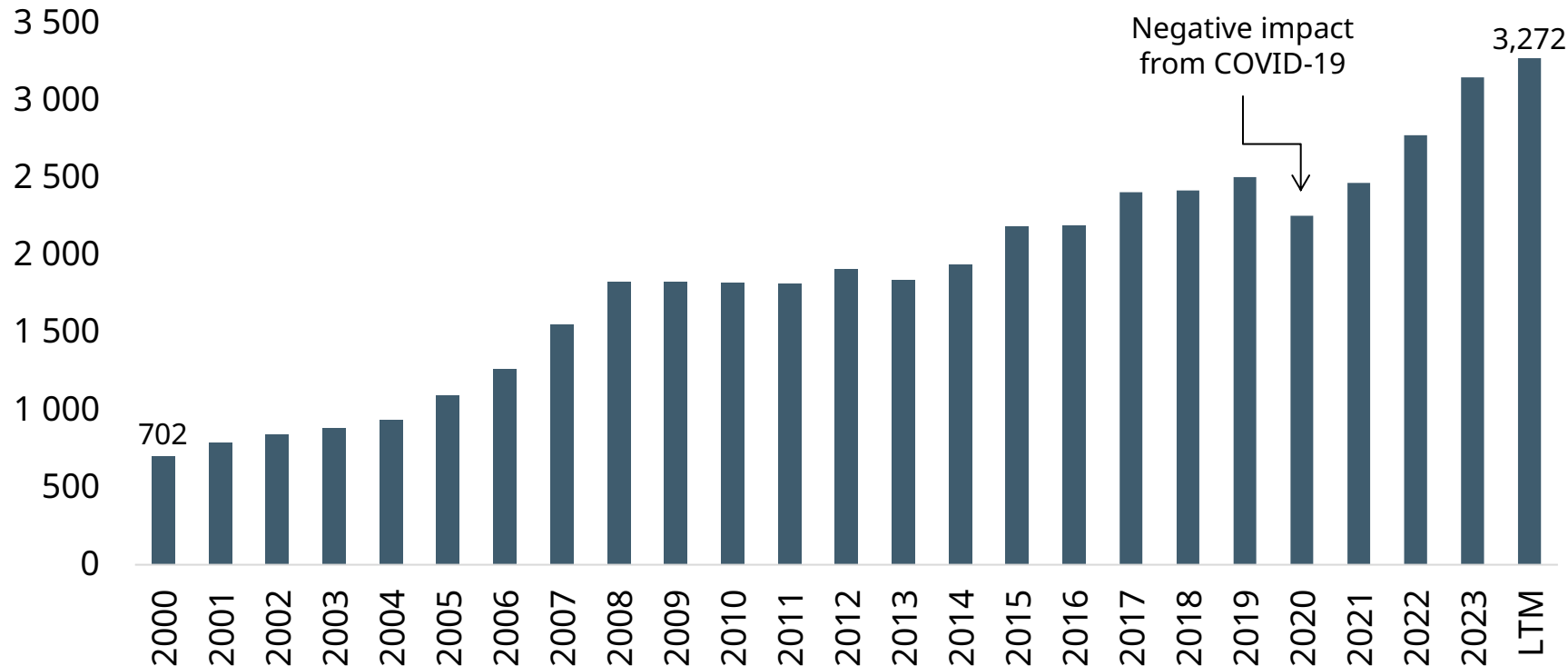
- High customer satisfaction and improved proximity to customers
- Global service network is a key differentiator and a clear competitive advantage
- Resilient sales, profits, and cash flows through cycles

Growth drivers

- Moving up the service value ladder by growing in agreements
- Growing installed base
- Leveraging digitalisation to improve uptime and response times for customers
- Decarbonisation supporting growth in service

Service has provided resilient sales and profits for Wärtsilä over decades

Service Net Sales, EURm¹⁾



>€3.2bn

in LTM service net sales by Q2/2024 with good future growth potential

~30%

of installed base covered by service agreement by Q2/2024

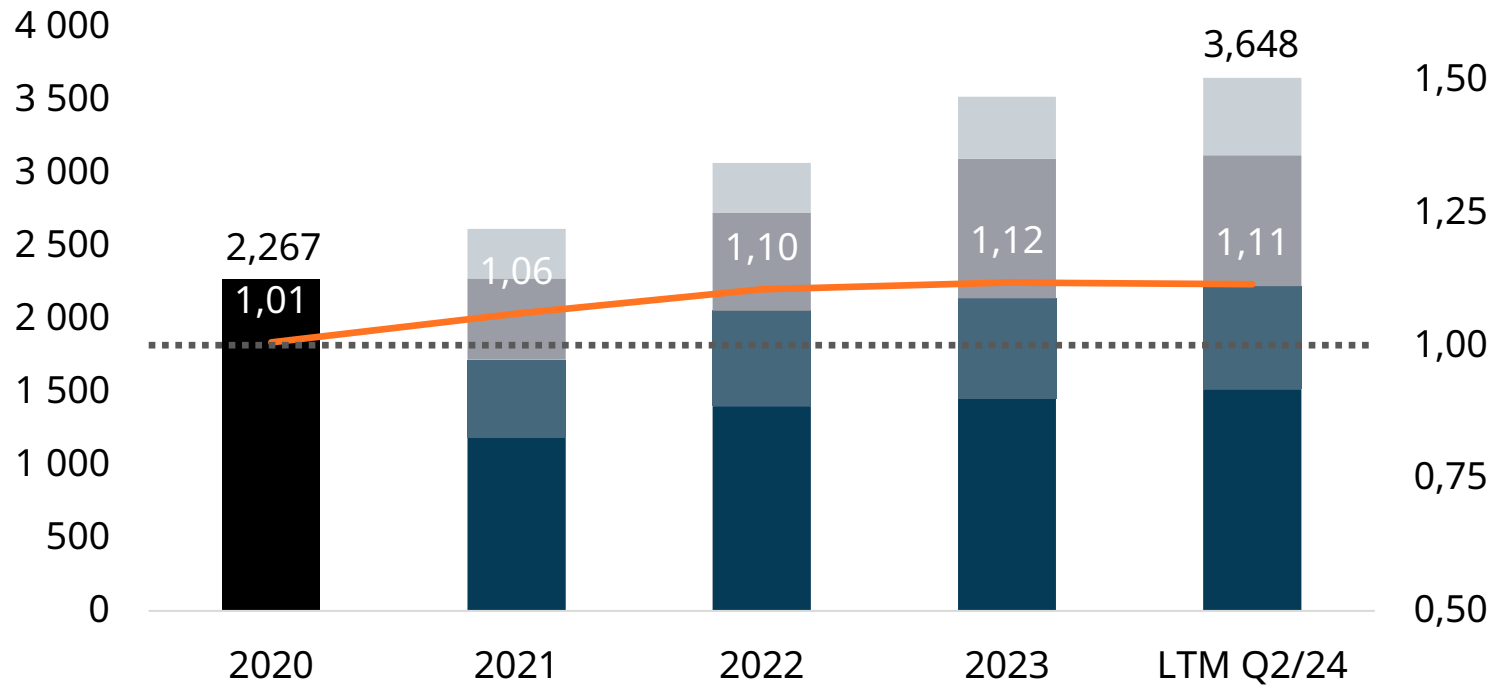
>90%

LTM renewal rate of existing service contracts by Q2/2024

1) Service net sales as reported in Annual Reports 2000-2023, and LTM Q2/2024. 2000-2018 service was reported as its own division and from 2019 onwards as a part of the other reporting segments. Figures reflect the data as per the organisation structure at each point in time and is not adjusted for changes such as acquisitions; LTM = Last twelve months, Q3 2023-Q2 2024.

Service book-to-bill above 1 with growing net sales

Service Book-to-bill, r12m & Order Intake, EURm¹⁾



>1 book-to-bill (r12m)

in service for every quarter 2020-LTM

55%

service order intake growth 2020-2023,
at 15.8% CAGR

40%

service net sales growth 2019-2023,
at 11.8% CAGR

— Book-to-bill r12m ■ Spare parts ■ Field service ■ Agreements ■ Retrofits and upgrades²⁾

1) Split by category not available before 2021; 2021 data restated to reflect the internal transfer of service activities; 2) Referred to as Service Projects in the interim reports; r12m = Rolling twelve months; LTM = Last twelve months, Q3 2023-Q2 2024

Service is a key driver for growth in net sales and profitability

Drivers of net sales growth¹⁾

- Energy Storage & Optimisation ⊕ ⊕ ⊕
- Marine newbuild driven by decarbonisation ⊕ ⊕
- **Moving up the service value ladder in Marine and Energy** ⊕
- Energy Engine Power Plants new build driven by balancing and baseload ⊕
- Portfolio Business divestments ⊖ ⊖

Drivers of improved profitability¹⁾

- **Moving up the service value ladder in Marine and Energy** ⊕ ⊕ ⊕
 - Marine newbuild driven by decarbonisation ⊕ ⊕
 - Energy Engine Power Plants new build driven by baseload and balancing ⊕ ⊕
 - Energy Storage & Optimisation ⊕
 - Portfolio Business divestments ⊕
 - Continuous improvement
 - Cost inflation & related price adjustments
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Service is a key driver towards Wärtsilä's 12% operating margin target

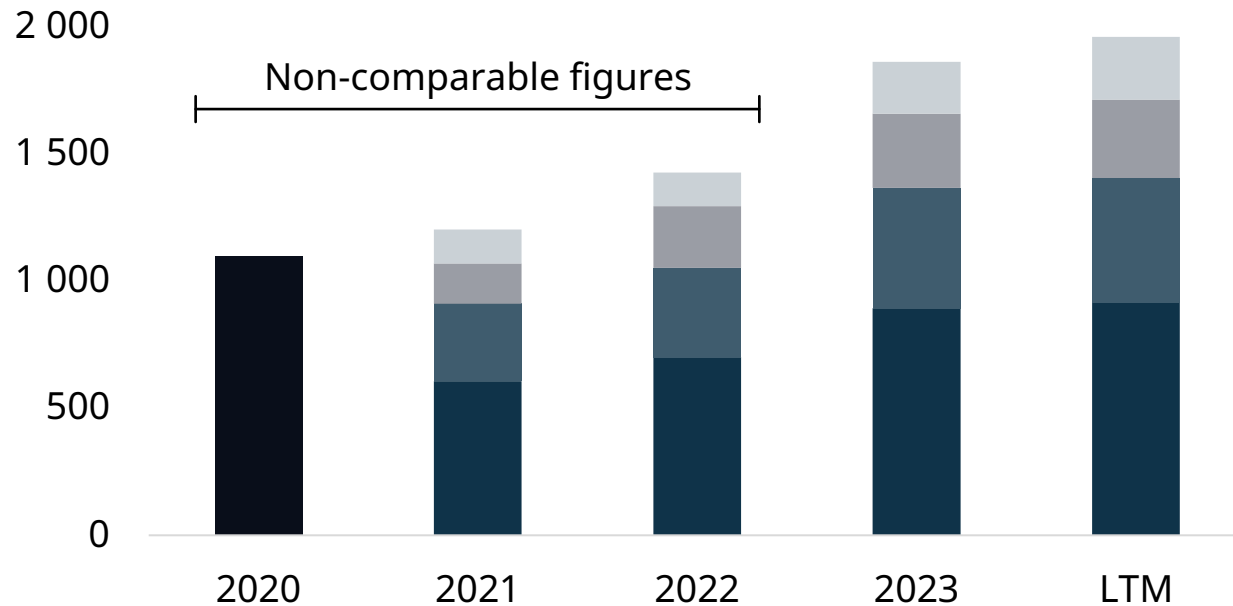
1) As presented in CMD 2023. Plusses indicate the share of absolute service growth

Marine Services

Lifecycle agreements are a major growth driver in Marine Services

Our Services business grew 5% LTM, driven by a solid installed base development, uptake of agreements and decarbonisation-driven retrofits

Marine services net sales, EURm¹⁾



+5%

increase in services net sales LTM Q2 2024

+4%

installed based growth over Q2 2020–Q2 2024²⁾

+15%

growth in OMA and GAP³⁾ agreement sales LTM Q2 2024

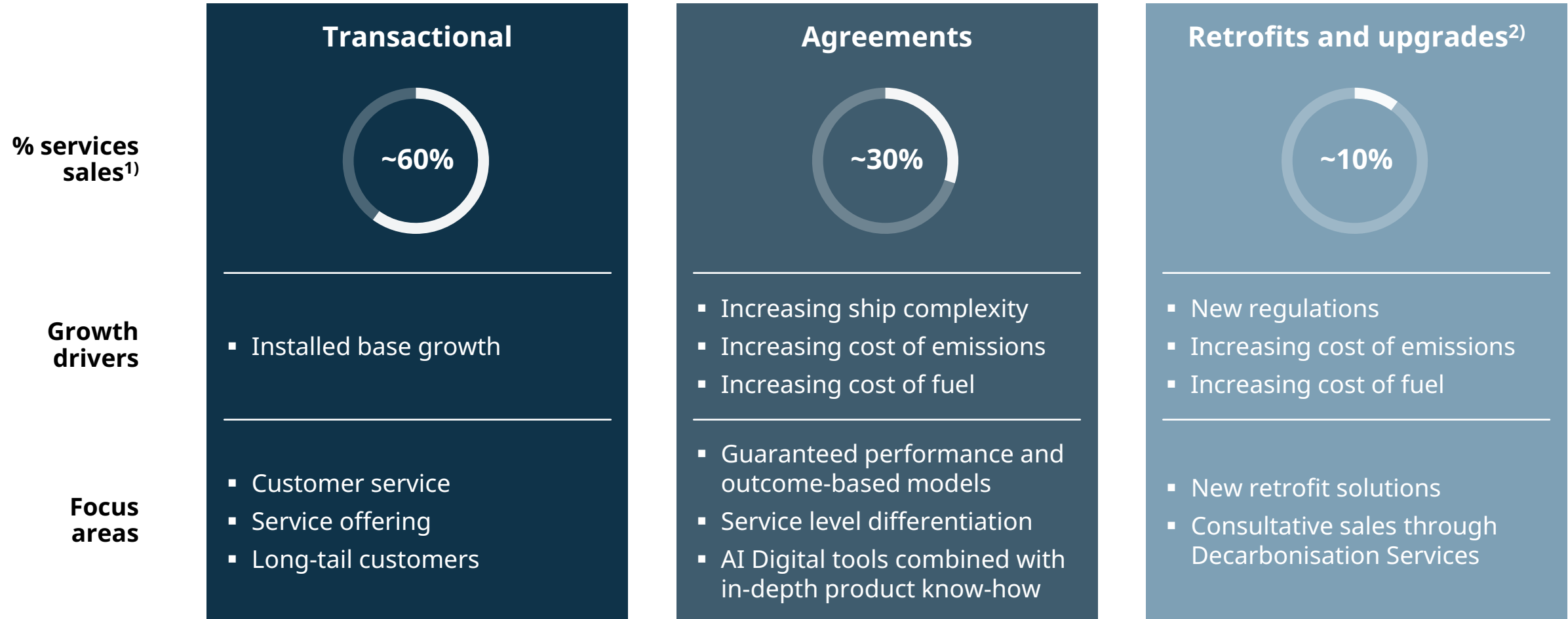
+67%

growth in decarb-driven retrofits order intake LTM Q2 2024

■ Spare parts ■ Field service ■ Agreements ■ Retrofits and upgrades⁴⁾

LTM - Last twelve months, Q3 2023–Q2 2024; 1) Split by category not available before 2021; 2023 data restated to reflect the redefined organisational structure as of 1 Jan 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; 2020-2022 reflect the data as per the organisation structure at that point of time and thus are not comparable with the restated data for 2023 and LTM; 2) Marine 4-stroke and Quantiparts; 3) Sales to installations with an active GAP - Guaranteed asset performance agreement, OMA - Optimised maintenance agreement as per July 2024; covered products are 4-Stroke, 2-Stroke, QuantiParts and Propulsion; 4) Referred to as Service Projects in the interim reports

Services accounts for >60% of Marine sales; we operate through an integrated service framework with three service delivery models



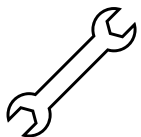
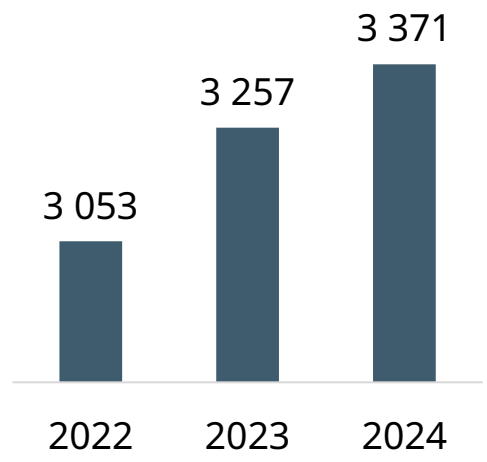
1) Q3 2023–Q2 2024; agreement sales include all spare parts and field services sold to vessels under agreement, plus the agreement fee; 2) Referred to as Service Projects in the interim reports

We have the widest service network in marine



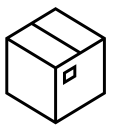
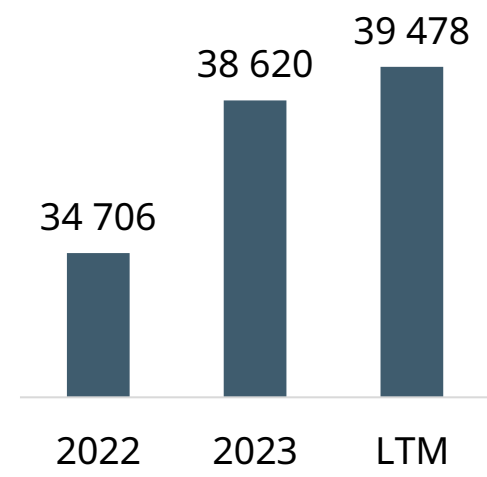
~3,400

professionals in 70+ countries¹⁾



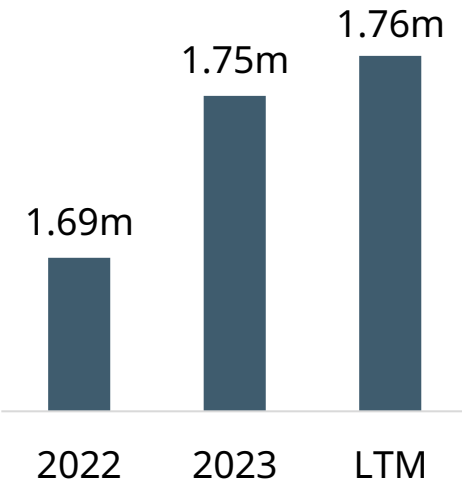
~39,500

marine field service jobs started annually



~1,760,000

marine outbound delivery lines annually²⁾



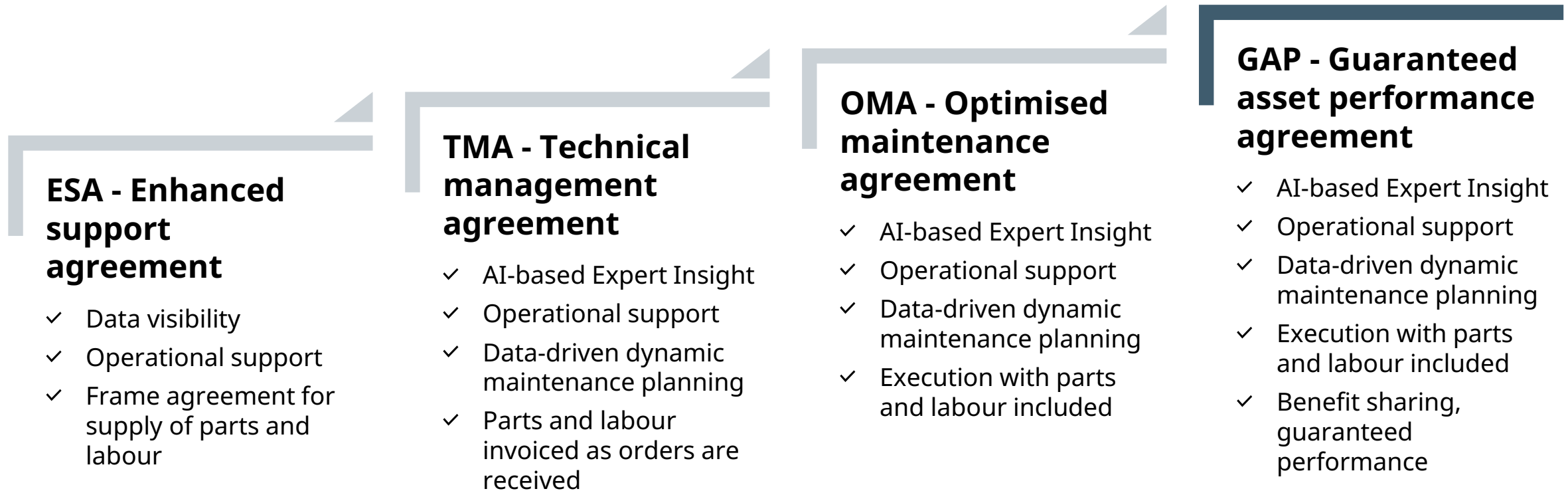
We continuously review our footprint to better serve our customers and access the best talents

LTM - Last twelve months, Q3 2023-Q2 2024; 1) Billable field services and workshop personnel as per Q2 2024, including Marine and Energy; 2) One delivery can include one or multiple lines to for the same customer, one line includes a material number and its quantity

We increase sales and profits by moving up our service value ladder

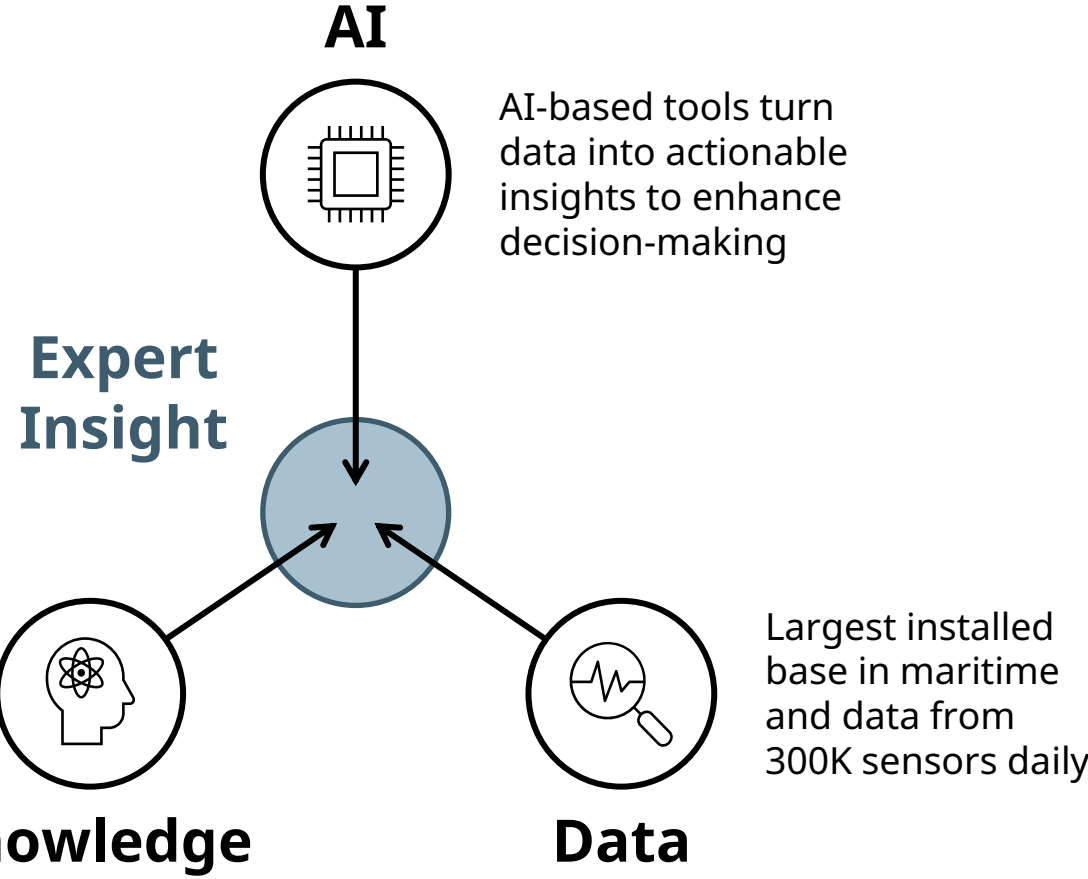
From 1x¹⁾

Up to 2-3x¹⁾



1) Sales EUR/kW relative to transactional

Combining data analytics capabilities with product know-how, we augment customer value



2,450 cases handled by Expertise Centers LTM, saving our customers tens of millions of euros

Largest installed base in maritime and data from 300K sensors daily



Expert Insight, our digital solution for performance analytics and remote problem solving, provides unique value to customers and is **offered exclusively as part of our service agreements**; it is a key enabler to move up the service value ladder

Service agreements enable maximum fleet efficiency and uptime



Reliability and uptime have increased while unforeseen maintenance events have decreased; with early anomaly detection, enabled by Expert Insight service, we expect to deliver further improvements in all these areas



Head of Fleet Asset Management, major cruise line



11

Expertise Centres, providing 24/7 remote technical support to agreement customers



40 million

datapoints collected on average every day from a connected vessel



>90%

issues resolved remotely



EUR >60m

fuel savings on a cruise fleet over a 6-year contract period



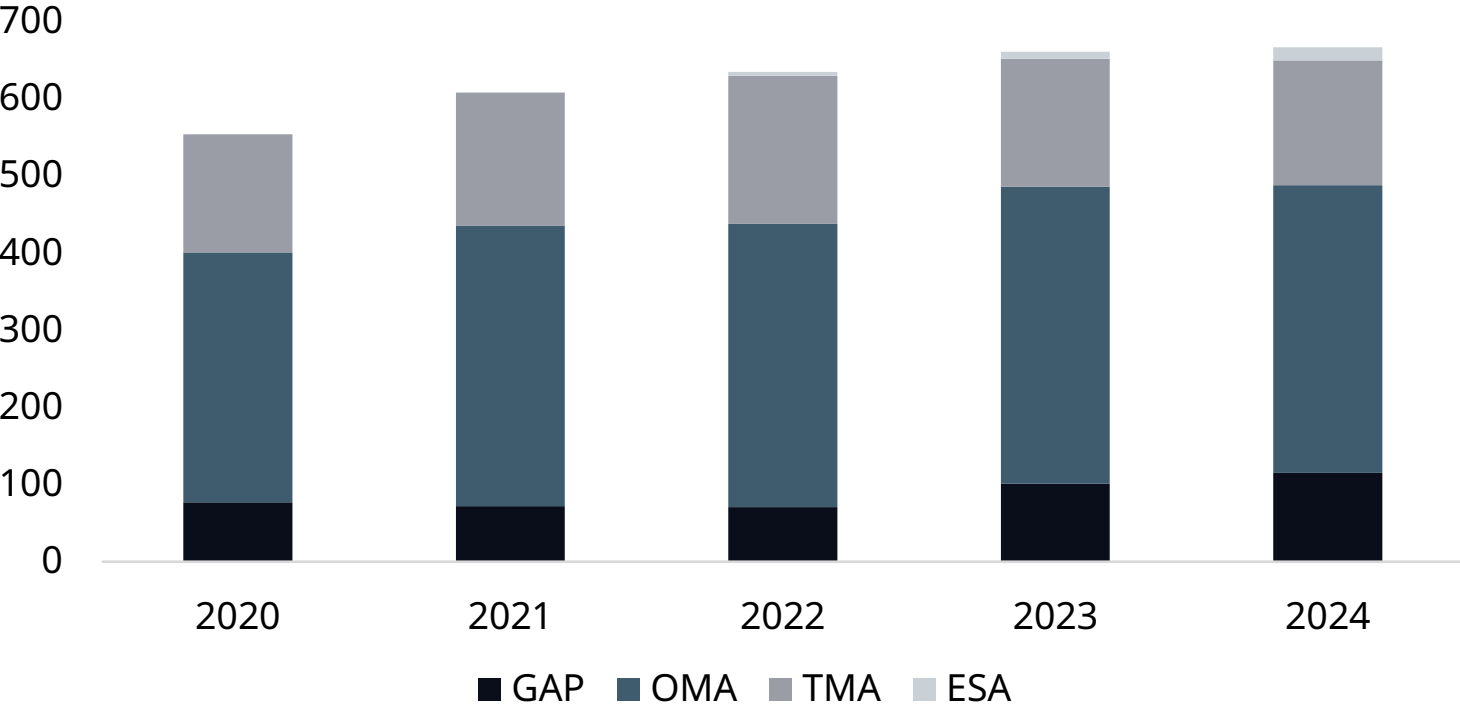
25-30%

average reduction in planned/unplanned maintenance¹⁾

1) Analysis on 160 LNG carriers with an active GAP - Guaranteed asset performance or OMA - Optimised maintenance agreement

The fleet under Wärtsilä service agreement keeps expanding and shifting towards higher-tier agreements

Fleet under agreement as end of Q2 over 2020-2024, # ships¹⁾



LTM - Last twelve months, Q3 2023–Q2 2024; 1) Agreement scope including 4-stroke and 2-stroke engines; Ship Electrical Solutions, Propulsions, Voyage, Exhaust Treatment excluded; GAP - Guaranteed asset performance agreement, OMA - Optimised maintenance agreement, TMA - Technical management agreement, ESA - Enhanced support agreement; figures as per end of June of each year; 2) In MW terms, 4-stroke installed base, excluding QuantiParts

>90%
renewal rate LTM Q2 2024

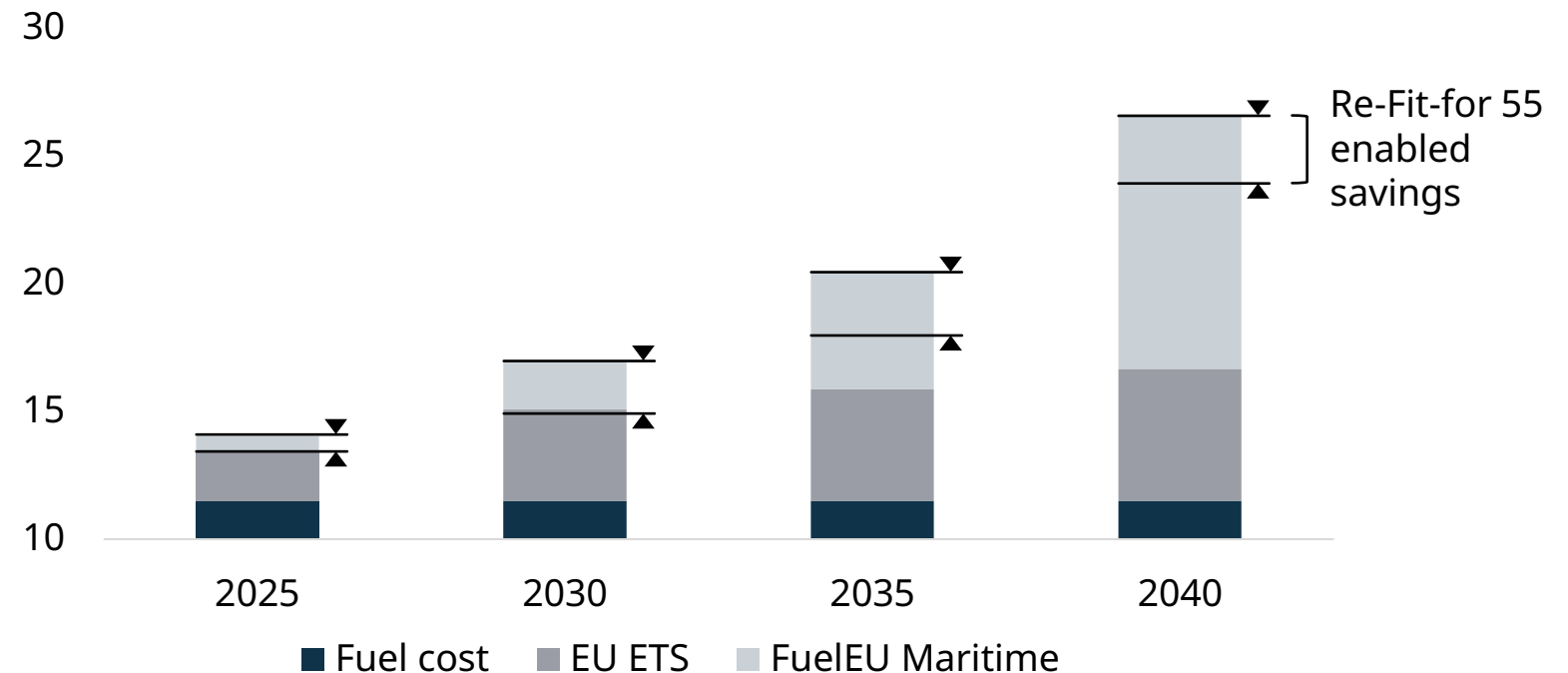
29%
of our engine installed base is under agreement²⁾

24%
sales to agreement vessels in 2023 were linked to GAP

13%
growth in sales to agreement vessels LTM Q2 2024

Combining decarb-driven retrofits and service agreements will strengthen our partnership with customers throughout the vessel lifecycle

Fuel- and emission-related costs for an LNG carrier sailing 50% of time in EU, EURm⁴⁾



1) Greenhouse Gases; 2) Conversion from Dual-Fuel to Spark-Ignited Gas technology; Spark-Ignited Gas has 73% lower GHG emissions vs Dual-Fuel; 3) Dual Fuel Diesel Electric; 4) 161 cbm LNG carrier, EU Allowance at 70 EUR/ton in 2025 gradually increasing to 130 EUR/ton in 2040; 23k tons annual fuel consumption, 11k tons subject to EU Fit-for-55

EU Fit-For-55 regulations will introduce financial penalties to GHG¹⁾ emission for vessels operating in EU / EEA from 2025

In 2024, Wärtsilä launched **Re-fit for 55**, an engine conversion package²⁾ to reduce emissions on DFDE³⁾ LNG carriers

The **first orders** were placed by a major energy company

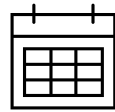
Wärtsilä and Royal Caribbean Group sign a Lifecycle Agreement



Five-year GAP - Guaranteed Asset Performance agreement covering **37 cruise ships**



Designed to optimise engine performance, emissions reliability and availability



Covering both **scheduled and unscheduled** maintenance



Based on Wärtsilä's **Expert Insight**, delivered through Wärtsilä global Expertise Centres



Performance-based model: gains from best maintenance will be shared between Royal Caribbean and Wärtsilä



Collaborations, with longtime partners like Wärtsilä, serve as a cornerstone in our joint efforts to accelerate reliable and sustainable operations and future initiatives. It provides a solid framework for sustained collaboration and will have a meaningful impact on ensuring our fleet's sustainable operations, which is vitally important for us and our industry



Palle Laursen
EVP and Head of Marine
for Royal Caribbean Group

Our Services business will continue to grow driven by climbing of the service value ladder and decarbonisation-driven retrofits

	Share of absolute service growth	Services	Proof points
Addressable market	⊕ ⊕ ⊕	Decarb-driven retrofits and upgrades	✓ +67% decarb-driven retrofit order intake LTM
	⊕	Growing installed base	✓ +4% installed based over Q2 2020-Q2 2024 ¹⁾
Market share	⊕ ⊕	Moving up the service value ladder	<ul style="list-style-type: none"> ✓ +26% sales to agreement fleet from Jan 2023, growing share of high-tier agreements ✓ Leading maritime players select us as their lifecycle service partner ✓ Retrofits and upgrades combined with extensions and expansions of agreements

LTM - Last twelve months, Q3 2023–Q2 2024; 1) Marine 4-stroke and Quantiparts

Energy Services

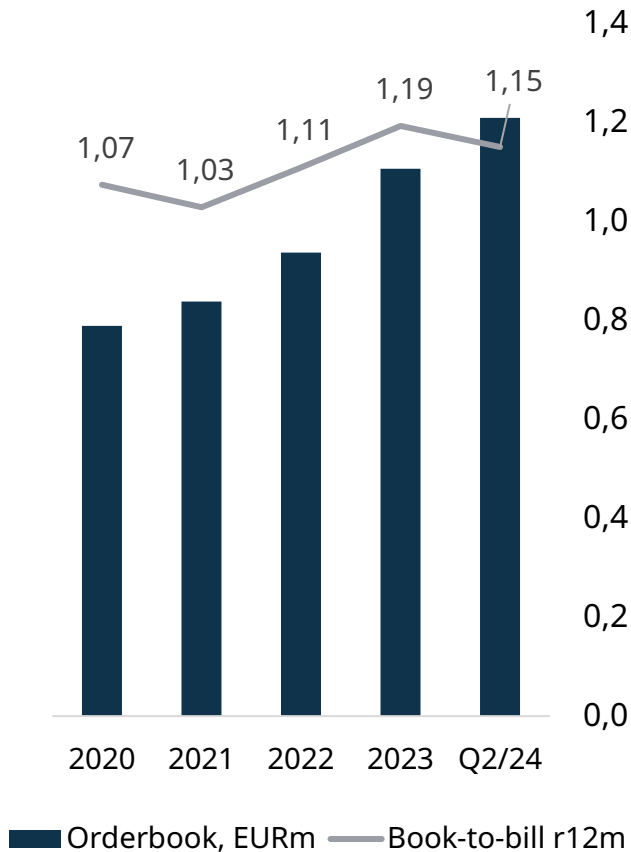
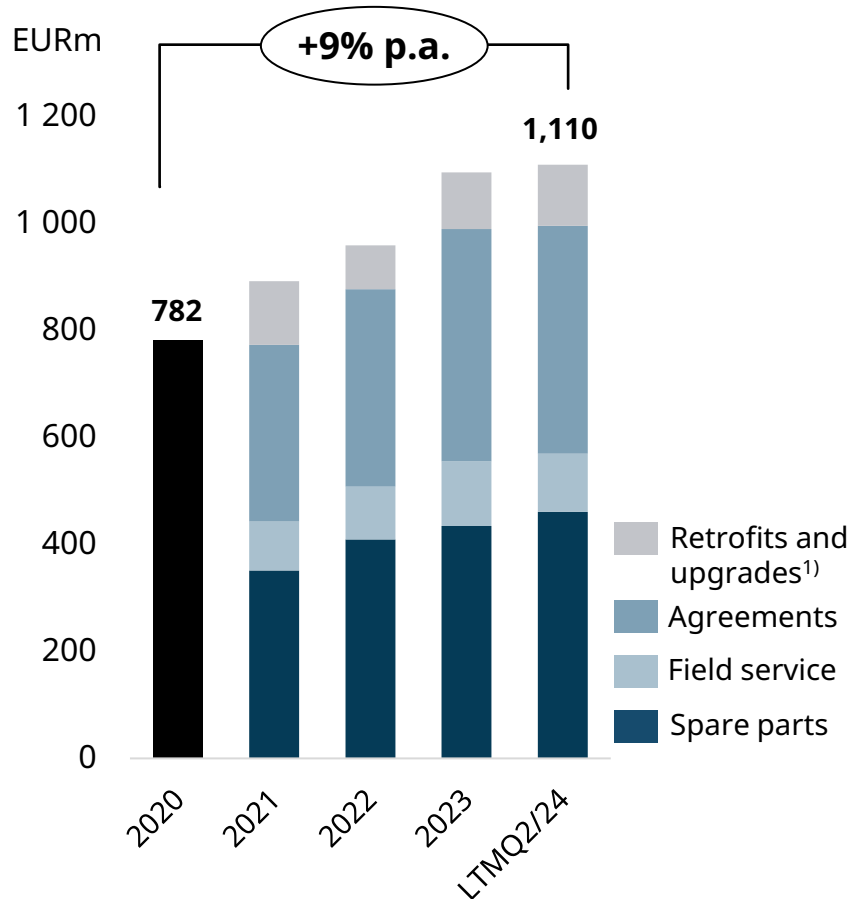
Increasing lifecycle agreement coverage
and decarbonisation driving future growth



Solid services performance continues

Growing Service Net sales

All time high orderbook & strong book-to-bill



+24% total Services sales
2021-LTM Q2/2024

+29% Service agreements sales
2021-LTM Q2/2024

+40% total orderbook
2020-2023

Energy services growth drivers remain solid

- Increasing agreement coverage
- Growing installed base
- Upgrades & sustainable fuel conversion demand
- Growth potential in outcome-based and decarbonisation agreements
- Stable total running hours

1) Referred to as Service Projects in the interim reports

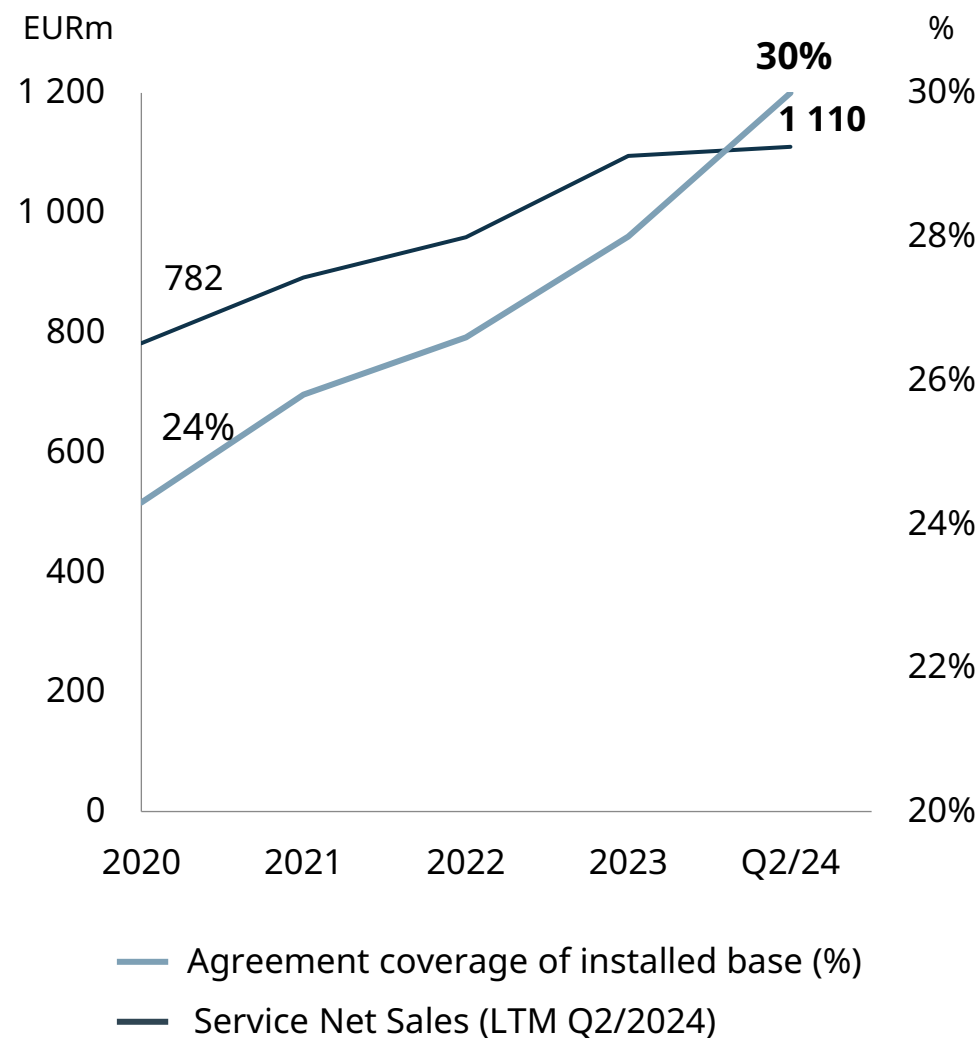
Increasing agreement coverage is supporting growth



Our strategic focus to increase lifecycle agreement coverage is generating growth in Energy



Anders Lindberg
President, Energy



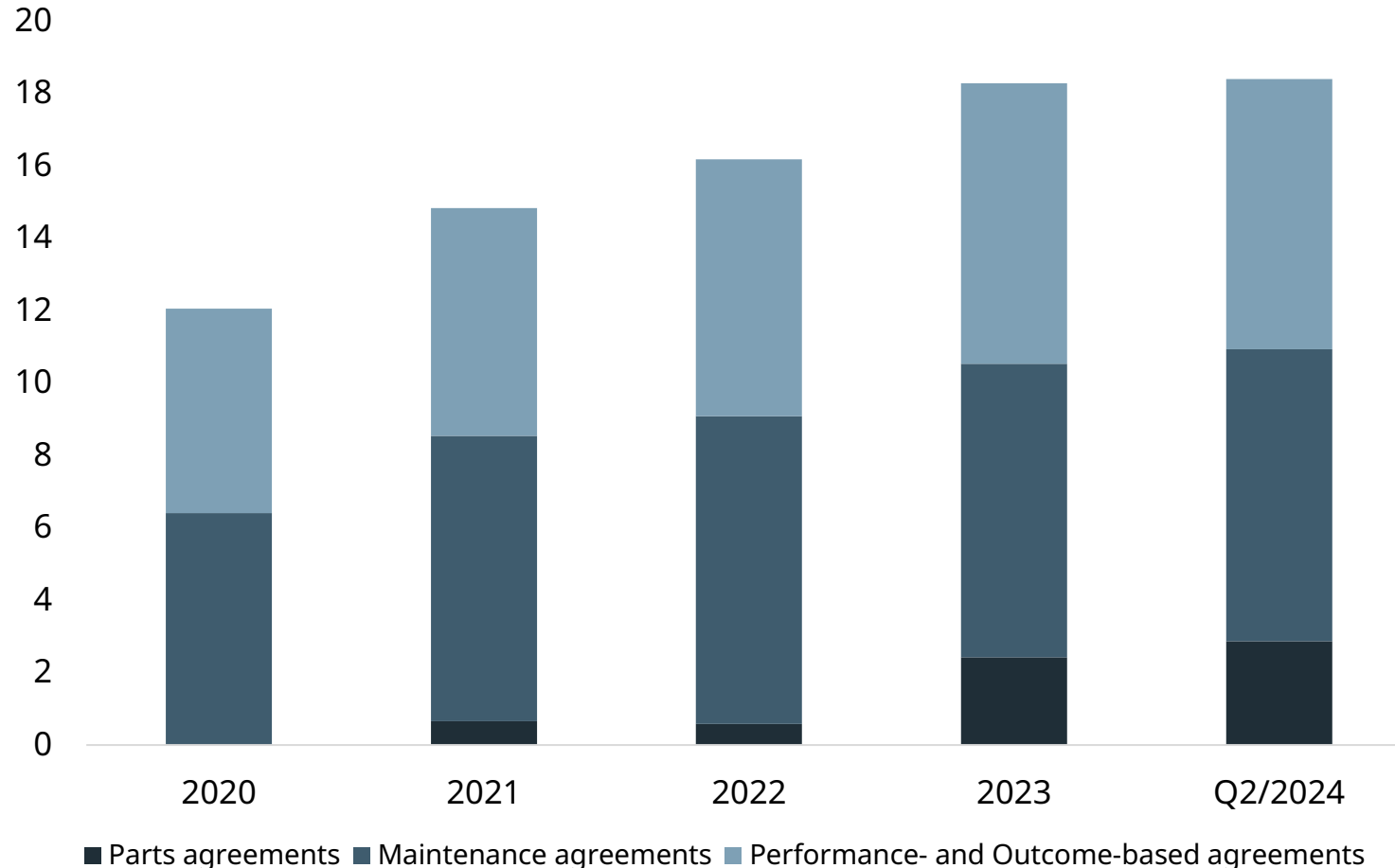
Increasing share of agreement customers in our installed base
30% agreement coverage

High agreement renewal rate for existing customers
>90% renewal rate LTM Q2/24

Sales to installations under agreement account for
56% of net sales (2023)

Adding value by moving up the service value ladder

Installations under agreement as end of Q2 over 2020-2024, GW



Portfolio of agreements with performance guarantees **>7 GW**

Installations under agreement (GW) have grown by **52%**

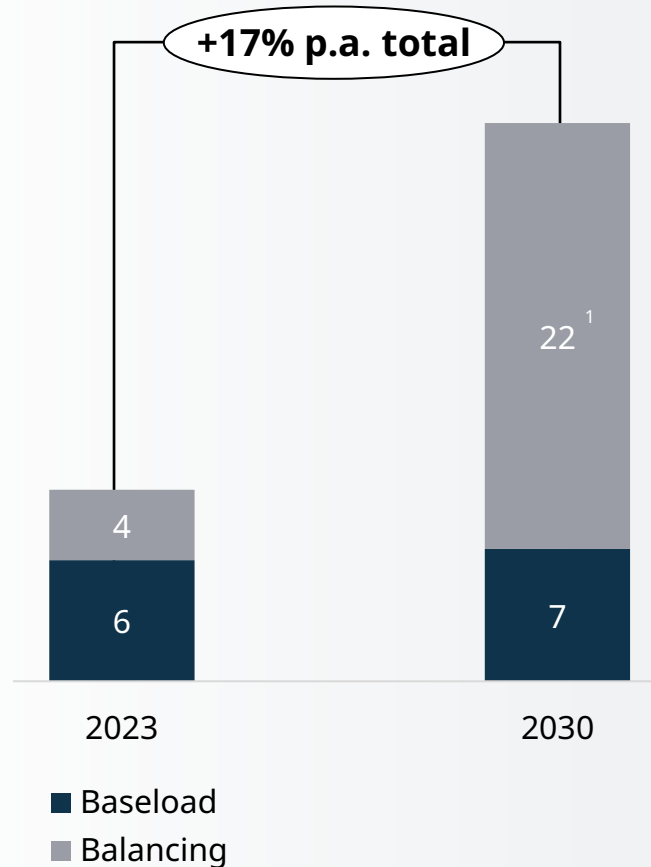
The new parts agreement concept, Parts Predict, has grown quickly to **3 GW** due to high interest from existing transactional customers

Solid foundation for future growth in Energy Services

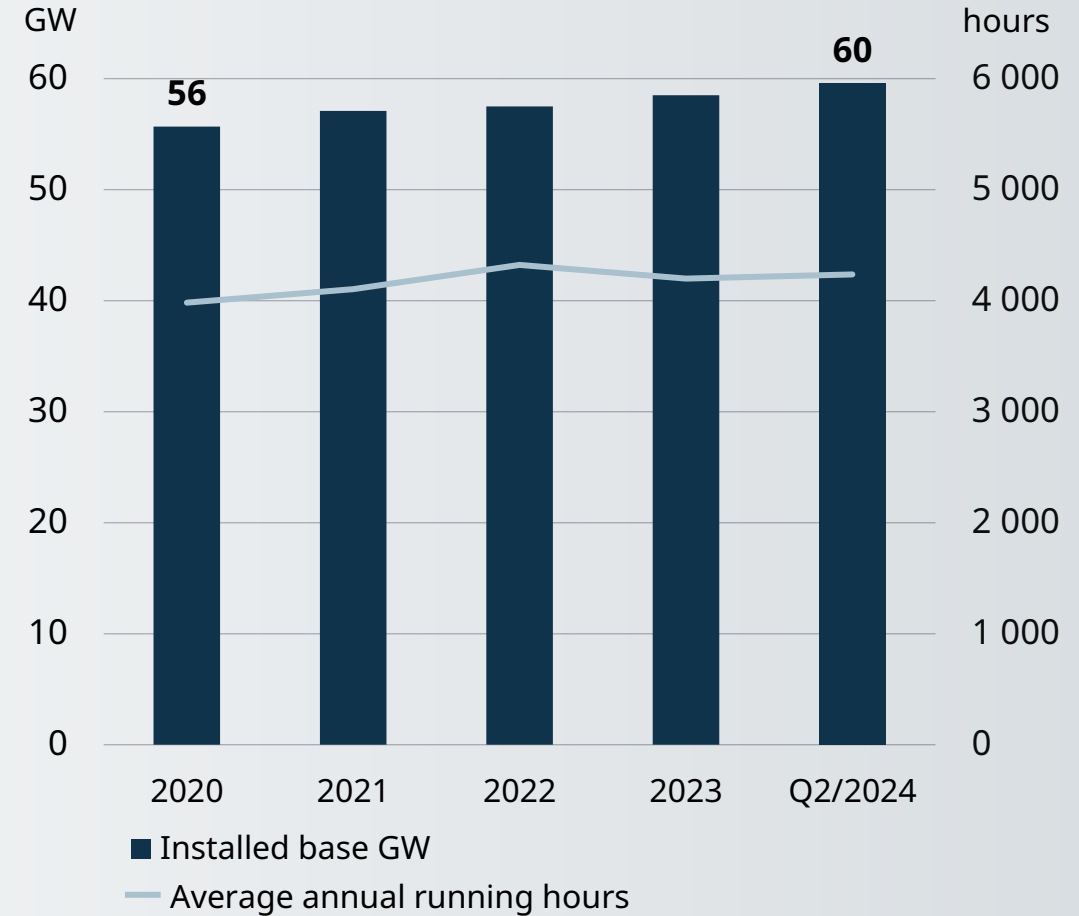
Addressable market (annual, GW)

Engine power plant market and operating installed base continue to grow

Running hours have remained stable



Wärtsilä operating installed base (GW)



1) Balancing forecast based on BloombergNEF forecast on wind and solar capacity additions, and estimated share of balancing capacity compared to renewables growth.

Decarbonisation Services provide new growth opportunities

Decarbonisation Services optimises microgrids by integrating



Energy Management Systems



Engine Power Plants



Battery Energy Storage



Customer's renewable power generation



into outcome-based agreements

Our target customers are captive microgrids in the industrial segment and small-scale island utilities, with requirements in:

grid efficiency, reliability, and sustainability

Our modelling shows that customers face challenges with optimising microgrids even at low renewable penetrations. As share of renewables grow, grid reliability constraints further complicates optimisation for **lowest CO2 and Levelised Cost of Electricity**



Out of our installed base, approximately 23% or **14 GW is addressable for Decarbonisation Services.**

In addition, as a part of new microgrid investments, we see an increasing interest for decarbonisation services

Recently signed contracts showcase the need for optimisation solutions in hybrid microgrids as the share of renewables grow



QIT Madagascar Minerals S.A, Rio Tinto group, Madagascar

Renewal of existing O&M¹ agreement expanded with a Decarbonisation Agreement. Wärtsilä will provide optimal dispatch of the engines, battery energy storage and renewable assets with Wärtsilä's GEMS Digital Energy Platform. The new agreement targets high reliability and efficiency while reducing emissions and producing notable cost savings.

"The renewed agreement allows us take advantage of Wärtsilä's competence in power system optimisation and use renewables in the most efficient way, supporting Rio Tinto's decarbonisation objectives and sustainable mining vision."



Aqualectra, Curaçao

Aqualectra is an existing customer operating three Wärtsilä engine power plants. Wärtsilä supports the customer in expansion of renewable energy capacity and the reduction of carbon emissions. Wärtsilä will provide grid stability and reliability mitigating the risk of brownouts and blackouts.

"Aqualectra's strategic objective is to provide the community with affordable, sustainable, and reliable electricity. The Wärtsilä solution will support all these objectives through reducing generation costs, enabling the integration of renewables, and decreasing CO2 emissions, while providing high reliability."

1) Operation & Maintenance

Investments in autonomous power plants, digitalisation, and sustainable fuels drive future service potential in Energy

Autonomous power plants

Remote and autonomous operation of power plants through digital, automation, and engine technologies



Increased cost competitiveness for balancing power applications. Driving customer value through optimisation and increased flexibility

Digital infra & data-driven services

Integrated connectivity and analytics platform to deliver advanced data-driven services and lifecycle performance



Enabler for sustainable lifecycle performance through decarbonisation, reliability, and autonomy

Clean energy production

Carbon neutral/e-fuel based power plants



Driver for sustainable fuel conversions. Building on our strong track record of 1.7 GW gas conversions in 25 countries with future ability to convert to hydrogen, ammonia, ethanol and methanol



Wärtsilä invests in strategic research programs that drive service business growth and profitability

Energy Services future growth driven by growing installed base and capturing opportunities in decarbonisation

	Share of absolute service growth	Services	Proof points
Addressable market	⊕	Growing installed base	✓ +7% installed base over 2020–Q2/2024
	⊕	Increasing opportunities in Outcome based and Decarbonisation Services	✓ First deals signed with Decarbonisation Services in different segments
	⊕	Sustainable fuels future potential	✓ 1.7GW gas conversions delivered in 25 countries
Market share	⊕ ⊕ ⊕	Capturing growth in services by moving up the service value ladder	✓ +29% Service agreement sales from 2021 to LTM Q2/2024
			✓ +34% GW in performance- and outcome-based agreements over 2020–Q2/2024



WÄRTSILÄ