

A man with a mustache, wearing a white hard hat with the Wartsila logo, safety glasses, and a blue and orange work jacket, is focused on his work in a factory. He is using a long metal rod to adjust a component on a large, polished metal machine. The background shows industrial structures and lights.

# WÄRTSILÄ CORPORATION INTERIM REPORT JANUARY – SEPTEMBER 2021

26 OCTOBER 2021

HÅKAN AGNEVALL, PRESIDENT & CEO

ARJEN BERENDS, CFO



## ORDER INTAKE, NET SALES, AND PROFITABILITY INCREASED

- Order intake increased by 21%, growth in all businesses
- Good progress in services:
  - Order intake increased by 14%
  - Net sales increased by 20%
- Profitability improved
- Covid-19 continued to have a negative impact on Wärtsilä's business



# BROAD-BASED POSITIVE DEVELOPMENT IN KEY FIGURES

<b>MEUR</b>	<b>7-9/2021</b>	<b>7-9/2020</b>	<b>CHANGE</b>	<b>1-9/2021</b>	<b>1-9/2020</b>	<b>CHANGE</b>
<b>Order intake</b>	<b>1,186</b>	981	21%	<b>3,584</b>	3,240	11%
of which services	<b>595</b>	521	14%	<b>1,903</b>	1,641	16%
<b>Order book</b>				<b>5,325</b>	5,265	1%
of which current year deliveries				<b>1,402</b>	1,196	17%
<b>Net sales</b>	<b>1,103</b>	995	11%	<b>3,181</b>	3,385	-6%
of which services	<b>598</b>	499	20%	<b>1,738</b>	1,602	9%
<b>Book-to-bill</b>	<b>1.07</b>	0.99		<b>1.13</b>	0.96	
<b>Operating result</b>	<b>75</b>	43	77%	<b>170</b>	144	18%
% of net sales	<b>6.8</b>	4.3		<b>5.3</b>	4.3	
<b>Comparable operating result</b>	<b>87</b>	61	43%	<b>199</b>	172	16%
% of net sales	<b>7.9</b>	6.1		<b>6.3</b>	5.1	

# THIRD QUARTER HIGHLIGHTS

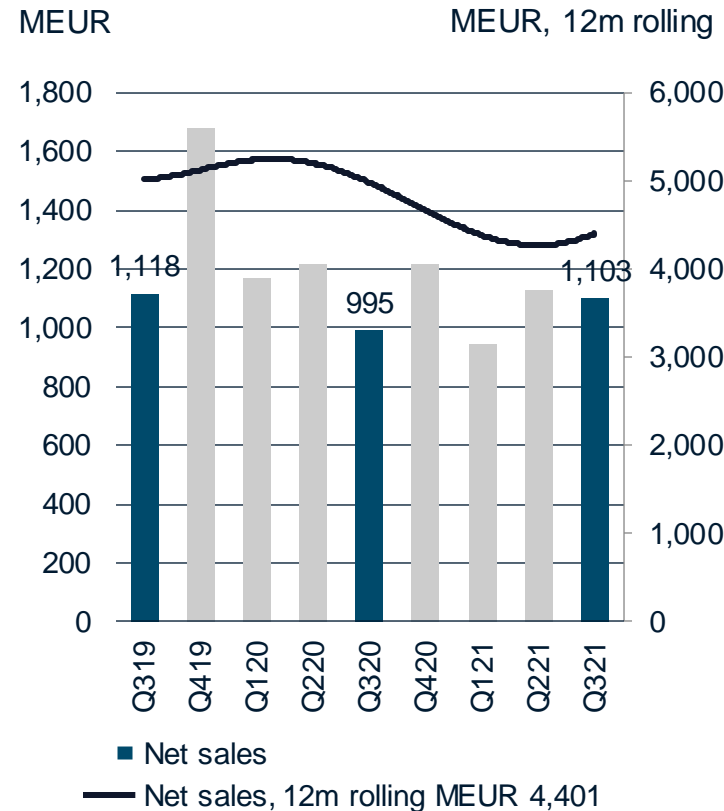
Net sales EUR 1,103 million

- 20% increase in service sales

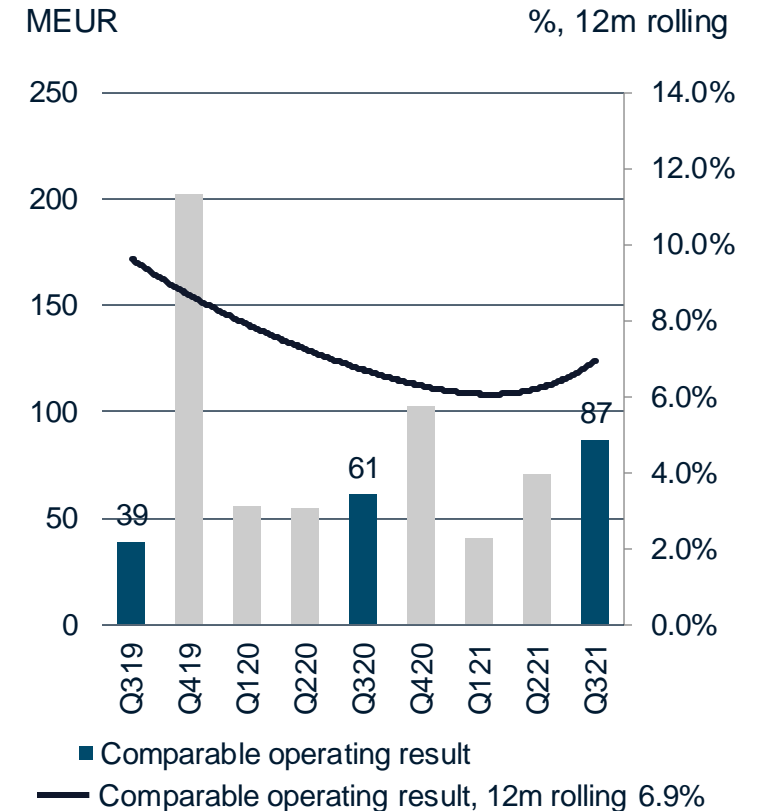
Comparable operating result EUR 87 million

- 43% growth
- More favourable sales mix between equipment and services

## Net sales



## Comparable operating result

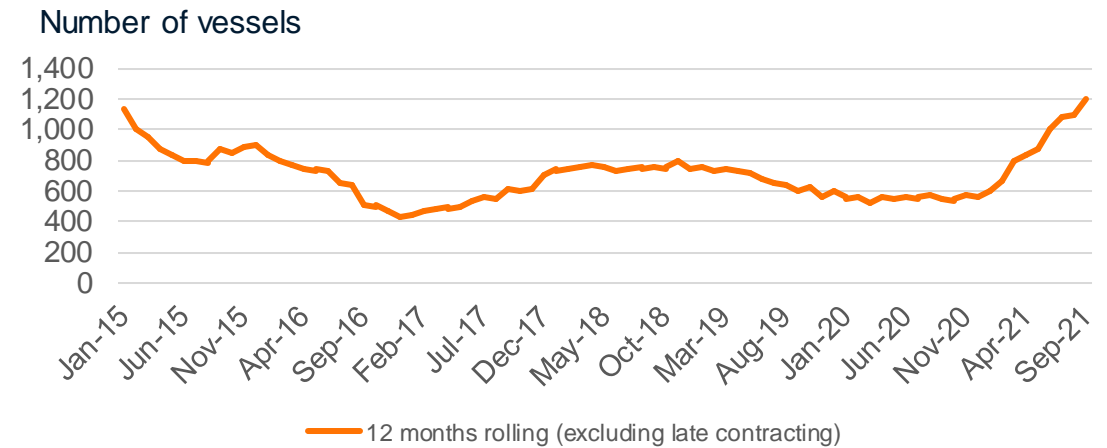


# MIXED ACTIVITY LEVELS IN MARINE MARKET

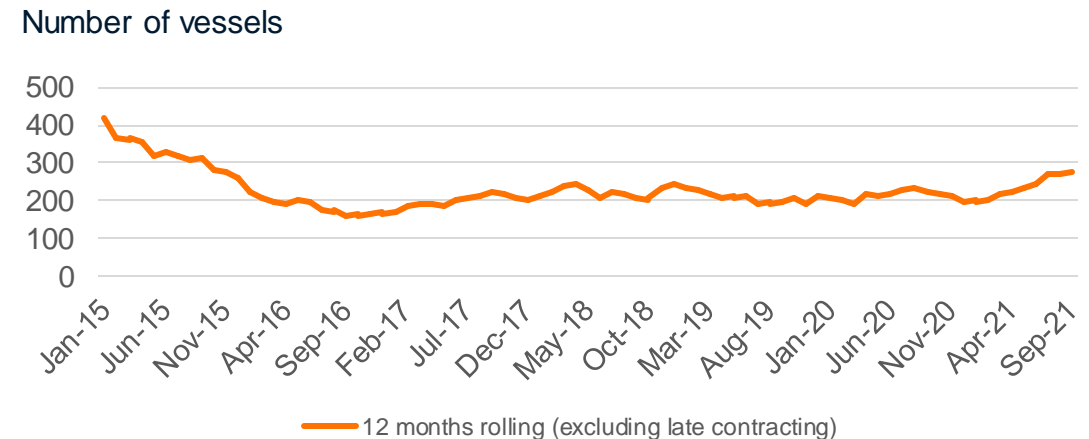
## SIGNIFICANT INCREASE IN VESSEL CONTRACTING MAINLY DRIVEN BY CONTAINERSHIPS

- The number of vessels ordered in the review period increased to 1,402 (505 in the corresponding period in 2020, excluding late reporting of contracts).
- Vessel contracting continued to be driven by containerships, whereas vessel contracting in the cruise and ferry markets remains low.
- There were 297 orders for alternative fuel capable units in the review period, led by LNG fuelled vessels.
- ~50% of the cruise fleet capacity was active at the end of September, up from ~20% at the end of June.

### Total vessel contracting



### Specialised vessels



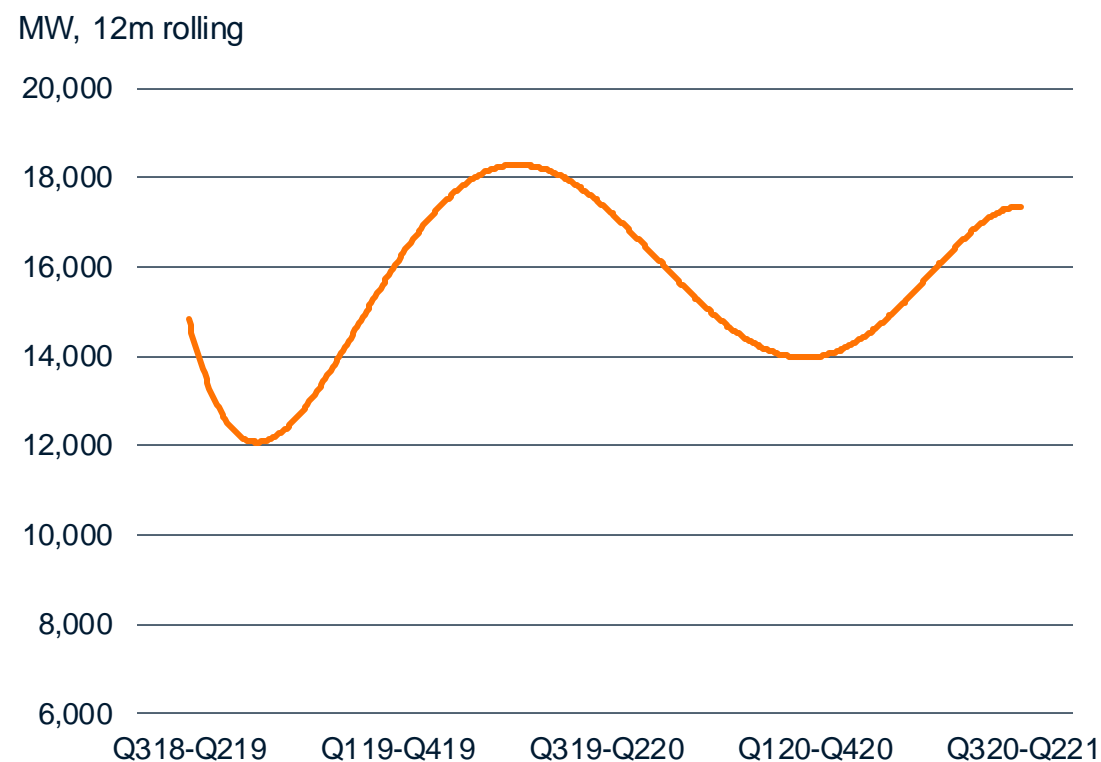
Source: Clarksons Research, 12m rolling contracting as per 5 October 2021 (+100 gt, excluding late reporting of contracts)  
Specialised vessels include LNG carriers, LPG carriers, cruise & ferry, ofshore, and special vessels.

# PANDEMIC STILL IMPACTS ENERGY MARKET NEGATIVELY

## STRONG DEMAND IN THE ENERGY STORAGE MARKET

- The covid-19 pandemic continued to impact negatively the energy market.
- Recovery will most likely take time in a large part of our core markets.
- Activity in the energy storage markets has continued at strong level.
- Wärtsilä's market share decreased to 6% for gas and liquid fuel power plants, while its battery storage solutions maintains a global top 3 position.

### Market for gas and liquid fuel power plants <500 MW

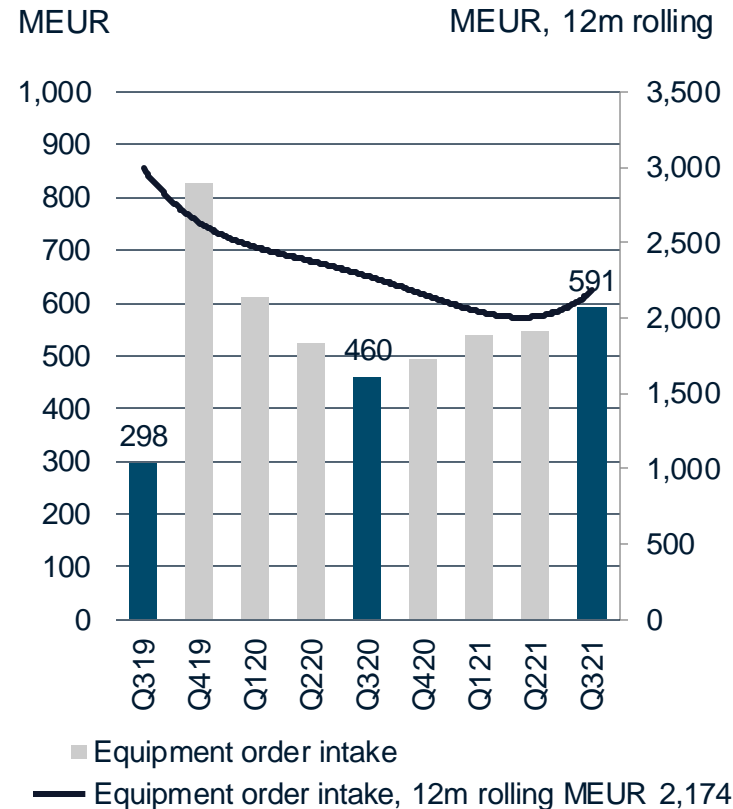


The total market, including also power plants with prime movers above 500 MW, increased by 7% to 43.3 GW during the twelve-month period ending in June 2021 (40.5 at the end of March). The market data includes all Wärtsilä power plants and other manufacturers' gas and liquid fuelled gas turbine based power plants with prime movers below 500 MW, as well as the estimated output of steam turbines for combined cycles. The data is gathered from the McCoy Power Report. The main gas turbine competitors are GE, Siemens, Mitsubishi, and Ansaldo. Other combustion engines are not included.

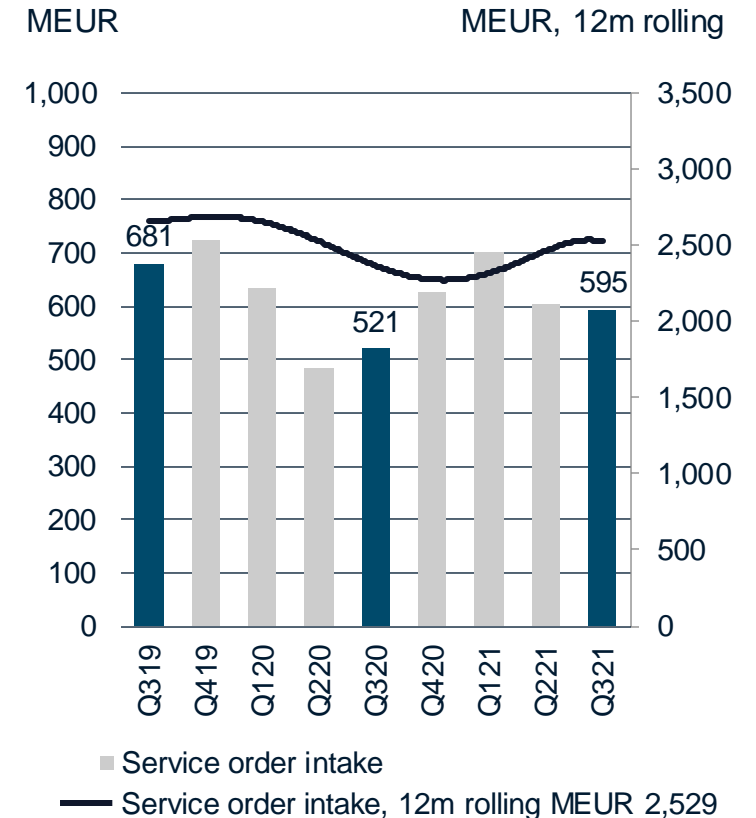
# ORDER INTAKE INCREASED BY 21%

- Order intake increased across all businesses
- Equipment order intake increased by 29%, supported by strong growth in energy storage orders
- Service order intake increased by 14%

## Equipment



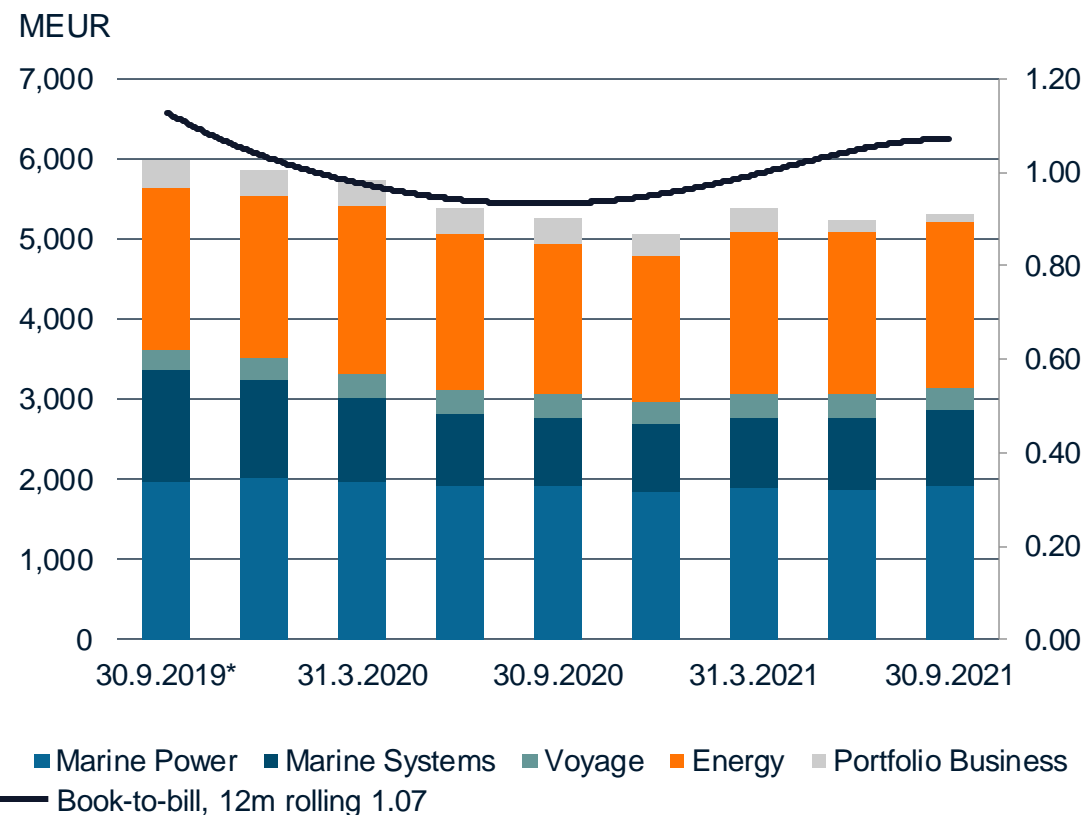
## Services



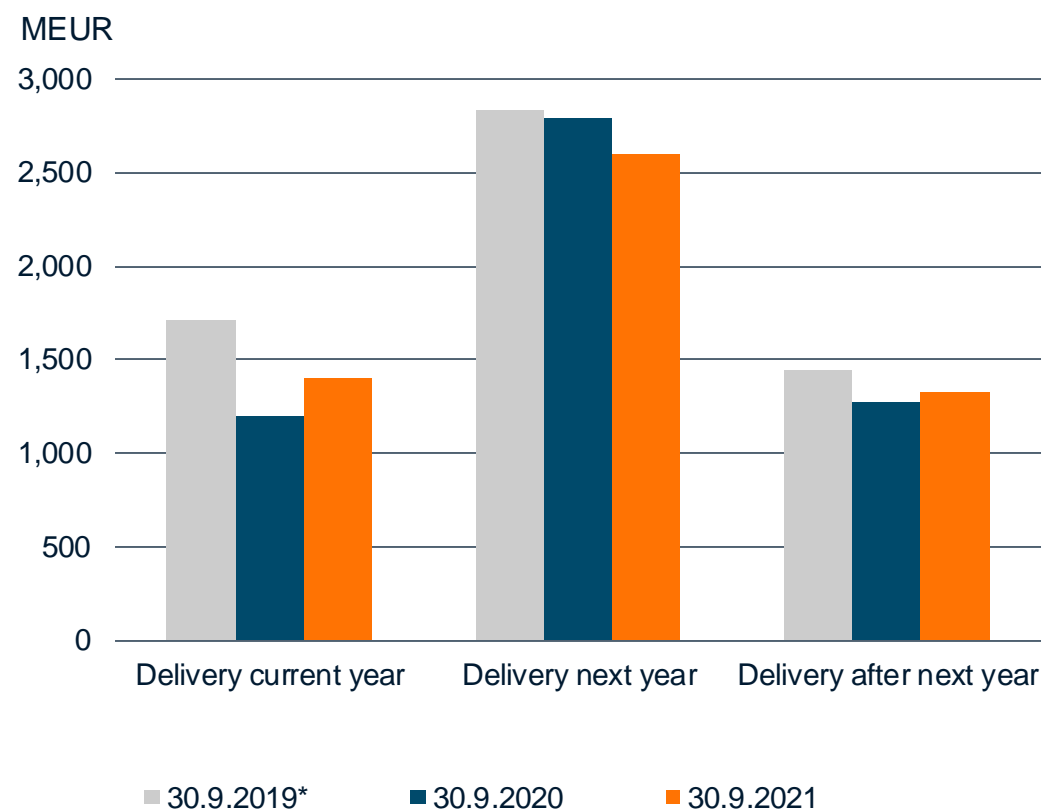
# SLIGHT INCREASE IN ORDER BOOK DESPITE DIVESTMENTS

## BOOK-TO-BILL CONTINUED TO IMPROVE

### Order book by business



### Order book delivery schedule



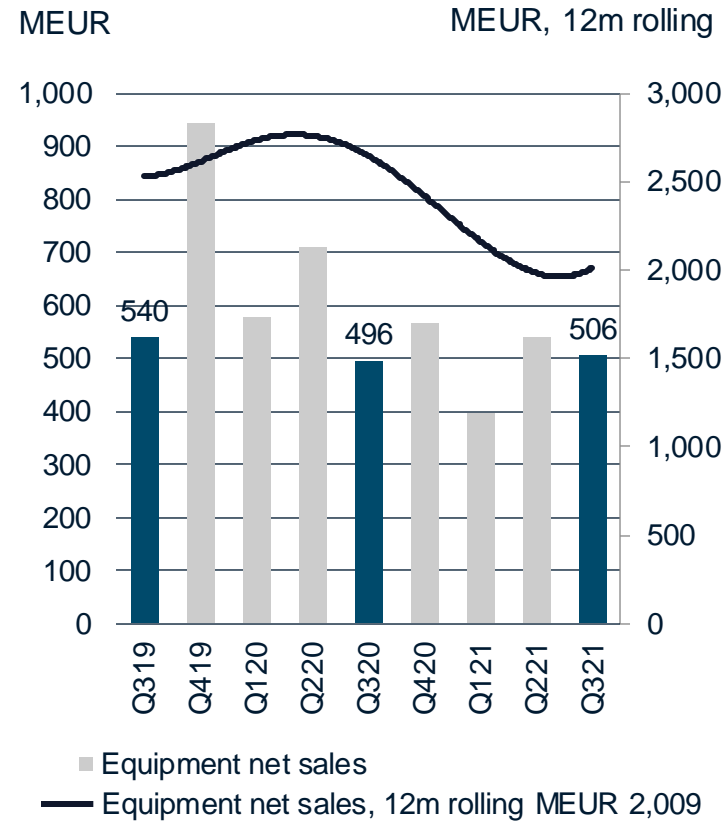
\* As published in the Interim report January -March 2020, order book figures for 2019 have been restated due to stricter requirements for booking new orders.



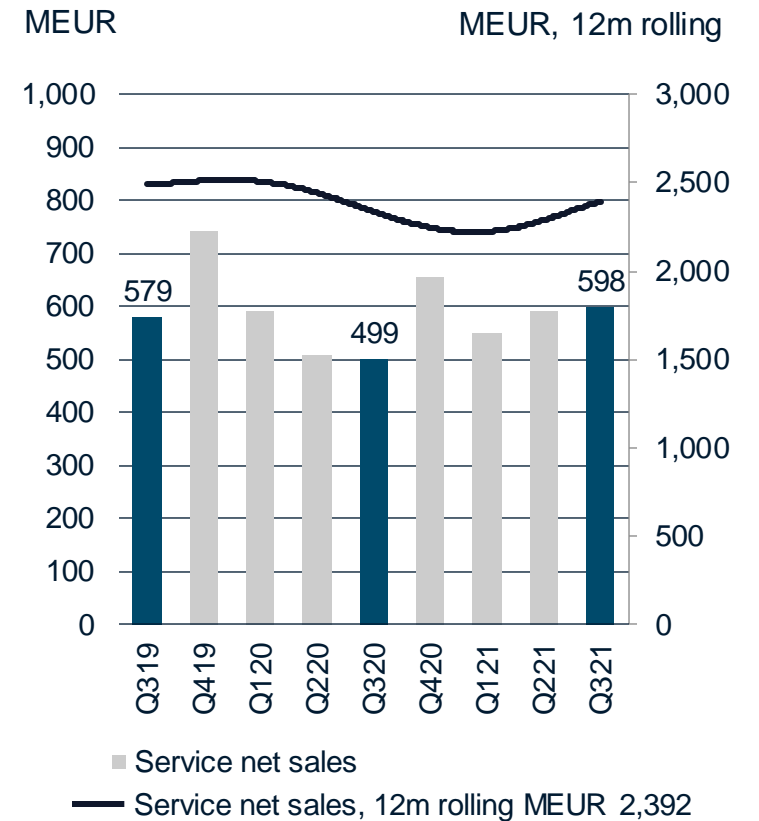
# NET SALES INCREASED BY 11%

- Equipment net sales increased by 2%
- Service net sales increased by 20%

## Equipment



## Services



# TECHNOLOGY AND PARTNERSHIP HIGHLIGHTS

## ENABLING INDUSTRY DECARBONISATION

### Upgraded version of Wärtsilä 20DF dual-fuel engine

- Increased power output, reduced environmental impact, lower fuel consumption, and a wider gas quality span

### Developing ammonia-fuelled vessels

- A joint development programme agreement with Samsung Heavy Industries

### Enabling vessels to operate with zero emissions

- The first vessel fitted with Wärtsilä battery containers commenced operations in the Netherlands

### Carbon capture and storage (CCS) in maritime

- Leading a major workstream of the LINCCS project to bring to market a maritime CCS solution
- Agreement with Solvang ASA on a full-scale pilot retrofit installation of a CCS system on one of Solvang's ethylene carriers



# OUR DECARBONISATION GOALS BY 2030 ARE:

To become carbon neutral in our own operations

To provide a product portfolio which will be ready for zero carbon fuels





AMMONIA  
FUEL TESTS ONGOING

Authorised personnel only.

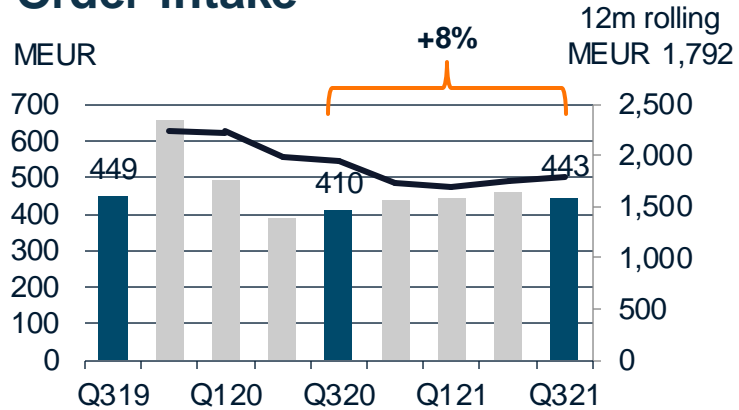


# MARINE POWER

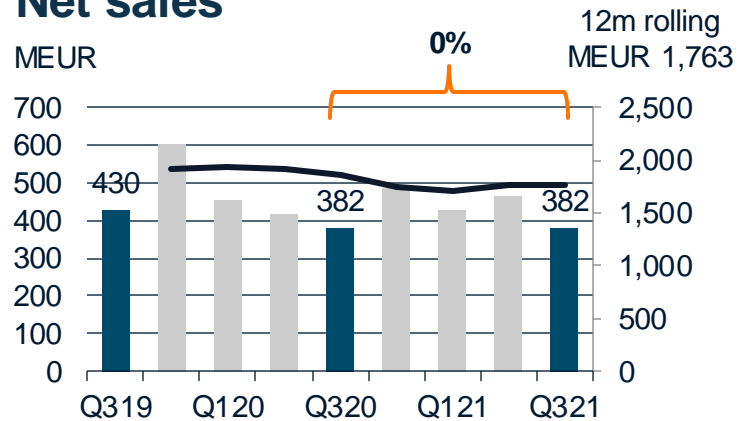
# MARINE POWER: ORDER INTAKE AND COMPARABLE OPERATING RESULT INCREASED

**SERVICE ORDER INTAKE INCREASED BY 29%**

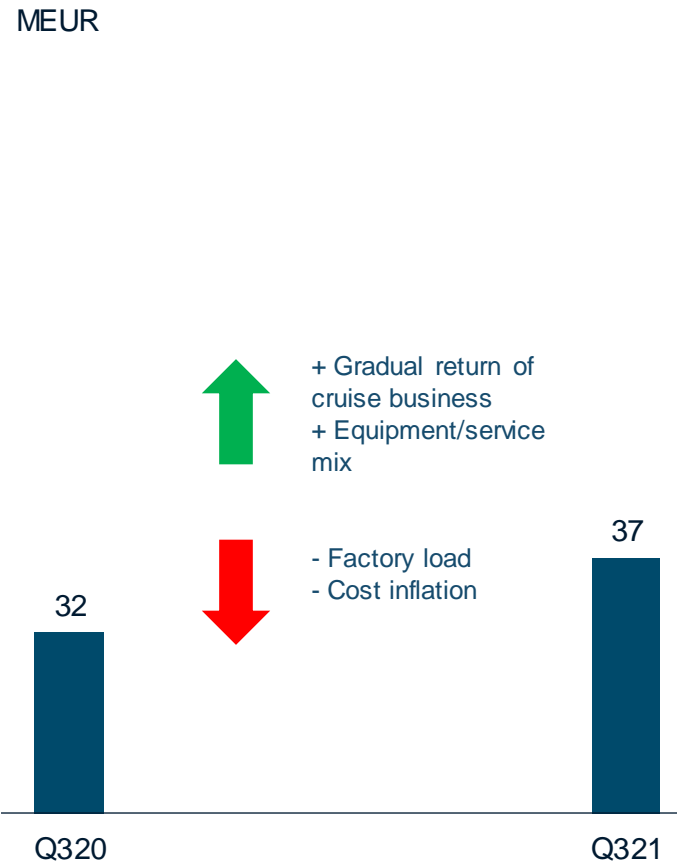
## Order intake



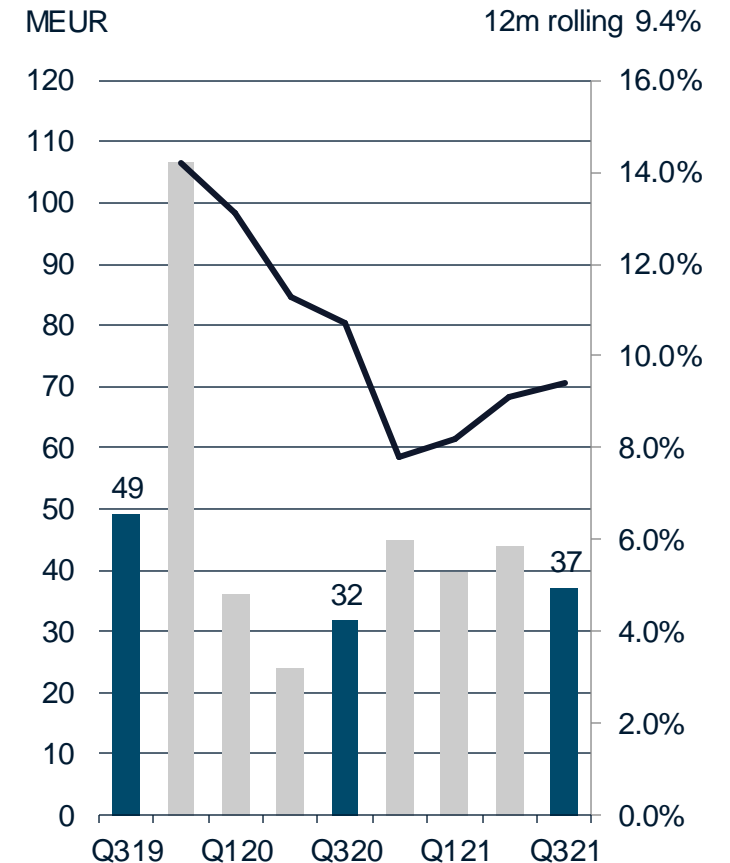
## Net sales



## Comparable operating result



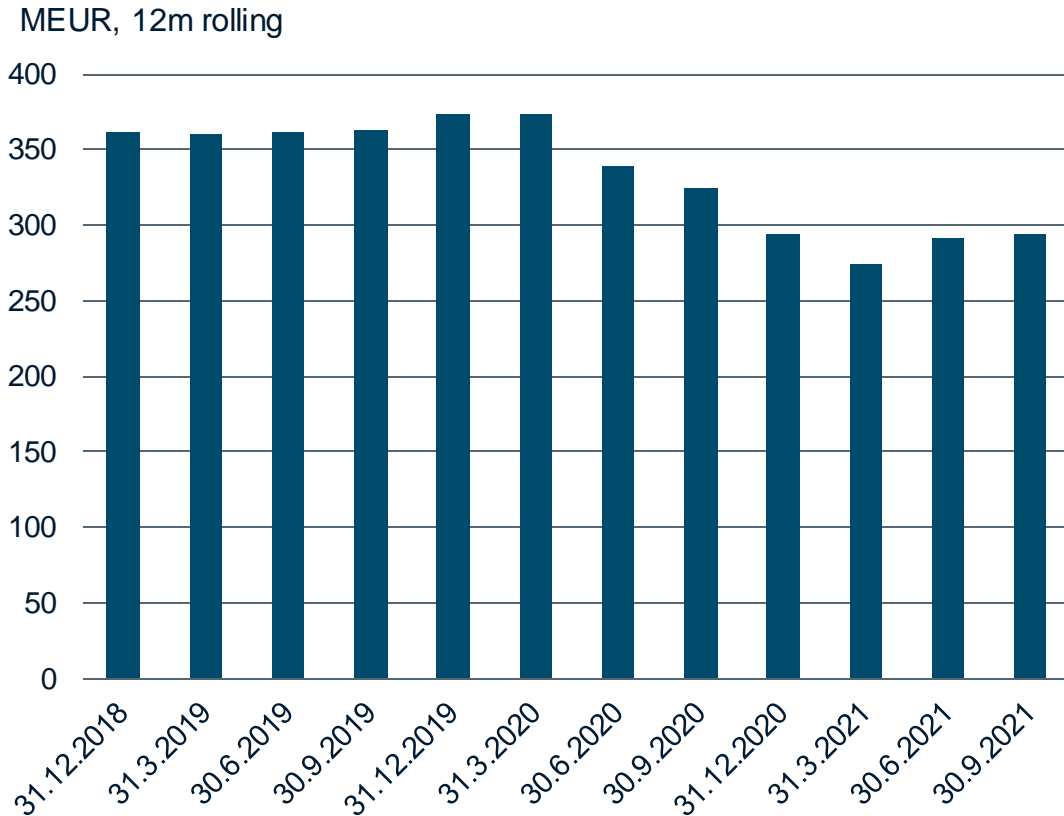
## Comparable operating result





# MARINE POWER SERVICE AGREEMENTS

NET SALES FROM INSTALLATIONS UNDER AGREEMENT STABILISED AFTER A COVID-19 RELATED DECLINE



## Wärtsilä ensures optimal performance and minimal carbon footprint for the world's most environmentally friendly ferry

- Wärtsilä and Wasaline signed a ten-year Optimised Maintenance agreement covering Wasaline's new ferry, the 'Aurora Botnia'
- The agreement includes latest digital solutions based on artificial intelligence to provide effective predictive maintenance support and the ability to identify potential faults before they actually happen
- The service also makes it possible to tune the operation to achieve the lowest possible carbon footprint and minimise unscheduled downtime

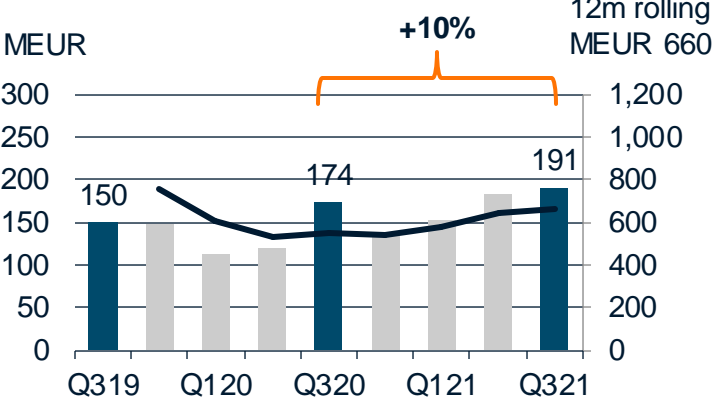


# MARINE SYSTEMS

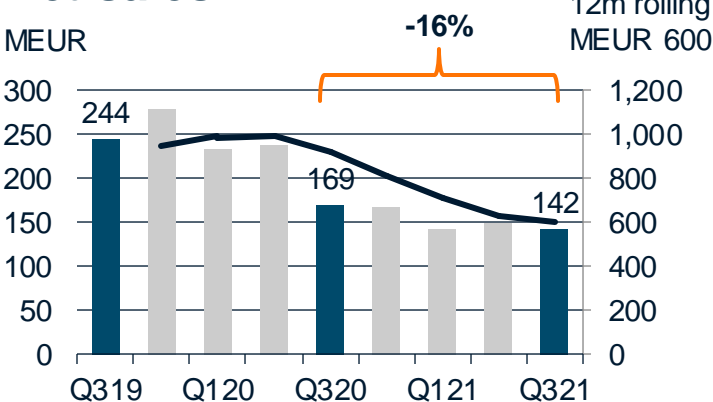
# MARINE SYSTEMS: ORDER INTAKE INCREASED

## NET SALES AND COMPARABLE OPERATING RESULT DECREASED

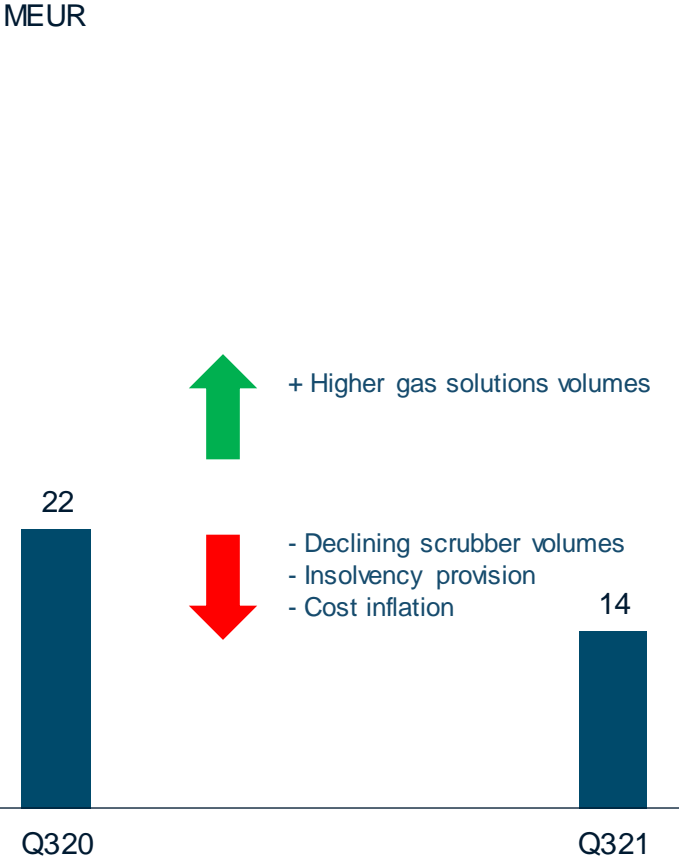
### Order intake



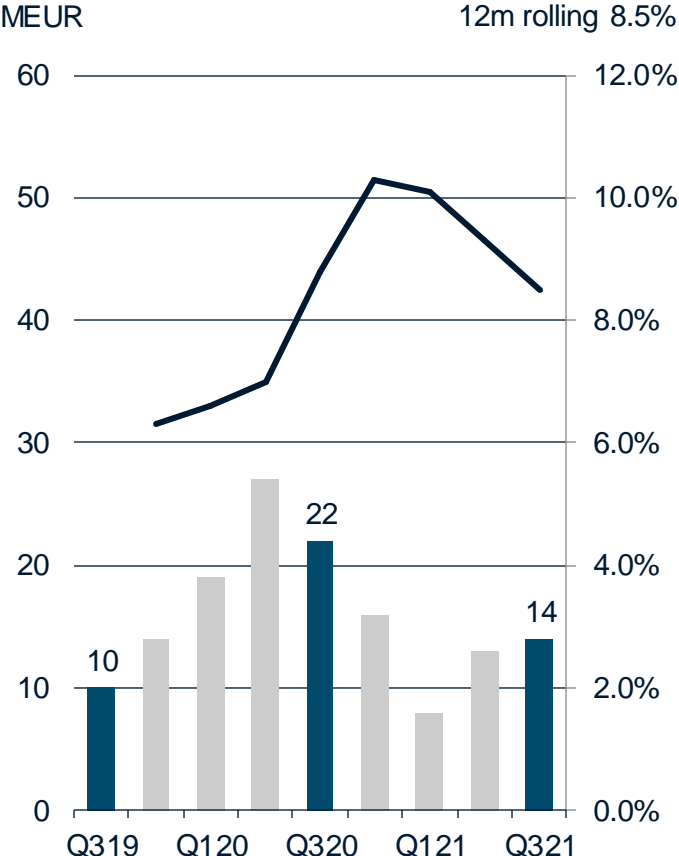
### Net sales



### Comparable operating result



### Comparable operating result





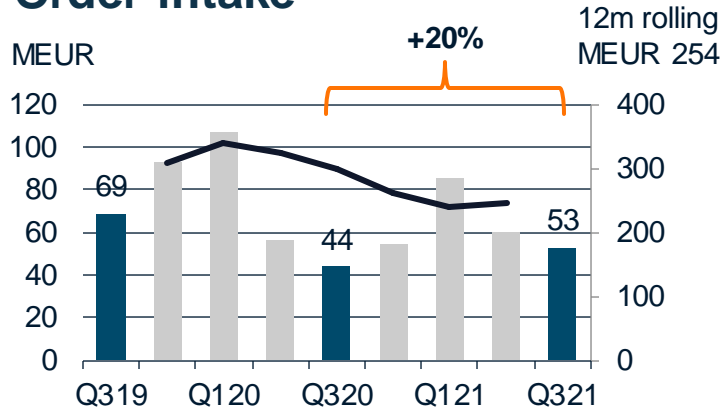


# VOYAGE

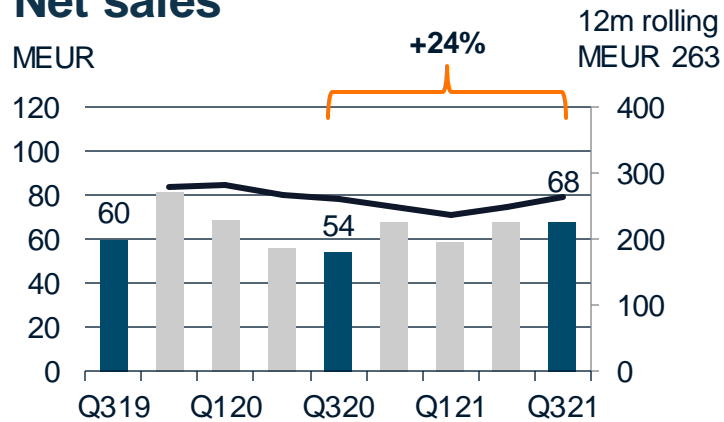
# VOYAGE: ORDER INTAKE AND NET SALES INCREASED

SERVICE ORDER INTAKE INCREASED BY 75%

## Order intake



## Net sales



## Comparable operating result

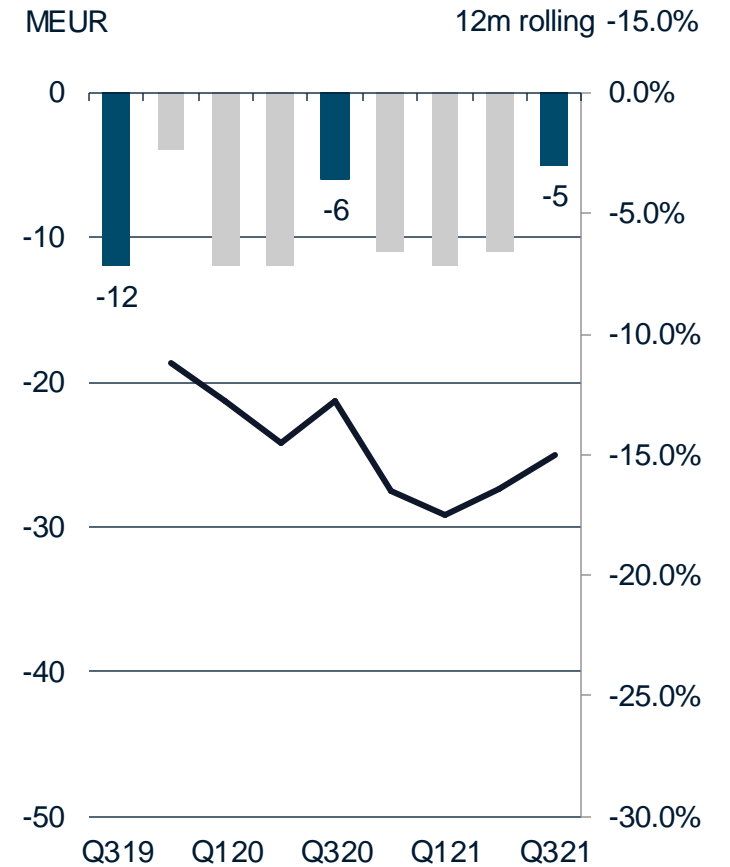


+ Sales volumes up driven by services



- Increased R&D spending  
- Utilisation of staff (covid restrictions)

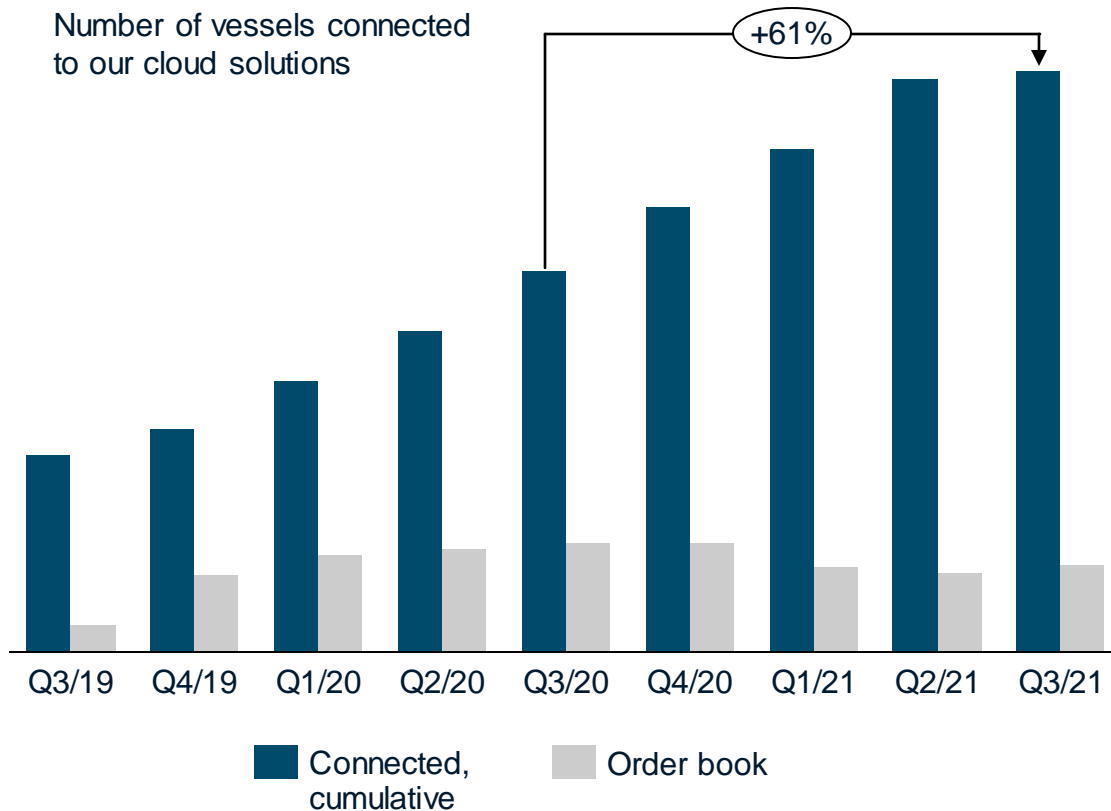
## Comparable operating result





# VOYAGE CLOUD SOLUTION VOLUMES INCREASING

INCREASE OF 61% IN CONNECTED VESSELS



## Wärtsilä's Cloud Simulation Solution now available on Ocean Technologies Group's Ocean Learning Platform

- The learning platform aims to provide the broadest and most comprehensive range of maritime specific digital learning solutions
- Includes instructor-led interactive simulation training, automated assessment solutions, and a growing library of self-directed simulation exercises
- Available to a combined customer pool of over 3,000 shipping companies and training centres, plus over a million seafarers

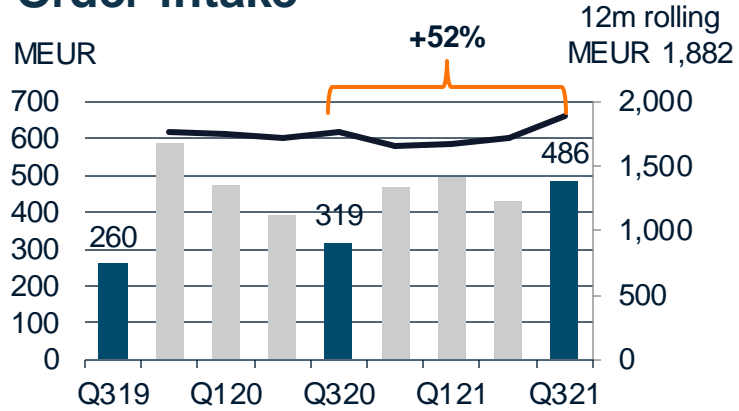


# ENERGY

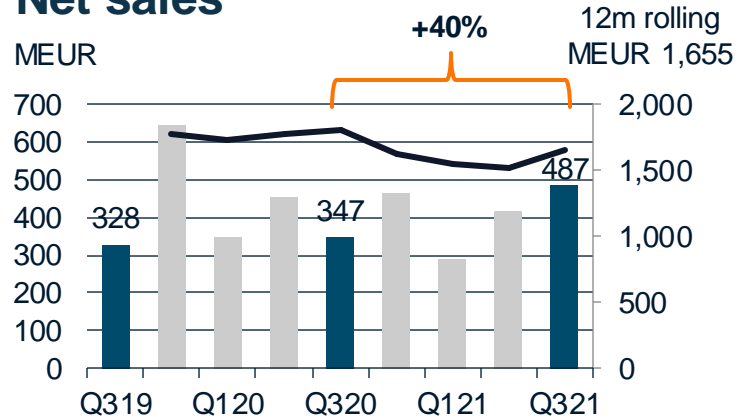
# ENERGY: ORDER INTAKE, NET SALES AND COMPARABLE OPERATING RESULT INCREASED

SERVICE ORDER INTAKE DECREASED BY 4%

## Order intake

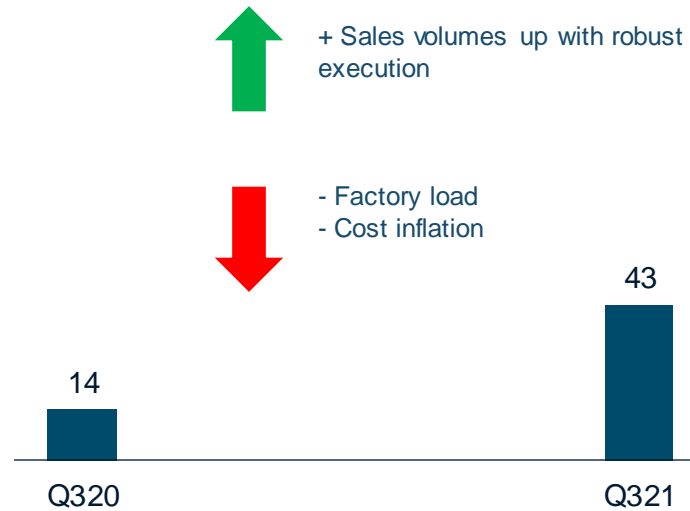


## Net sales



## Comparable operating result

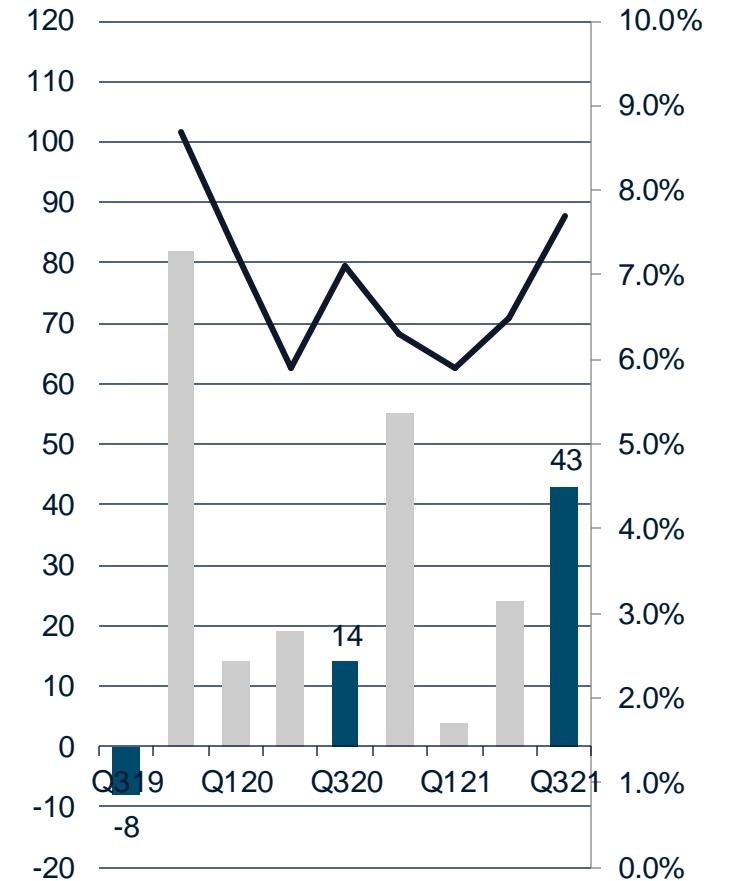
MEUR



## Comparable operating result

MEUR

12m rolling 7.7%



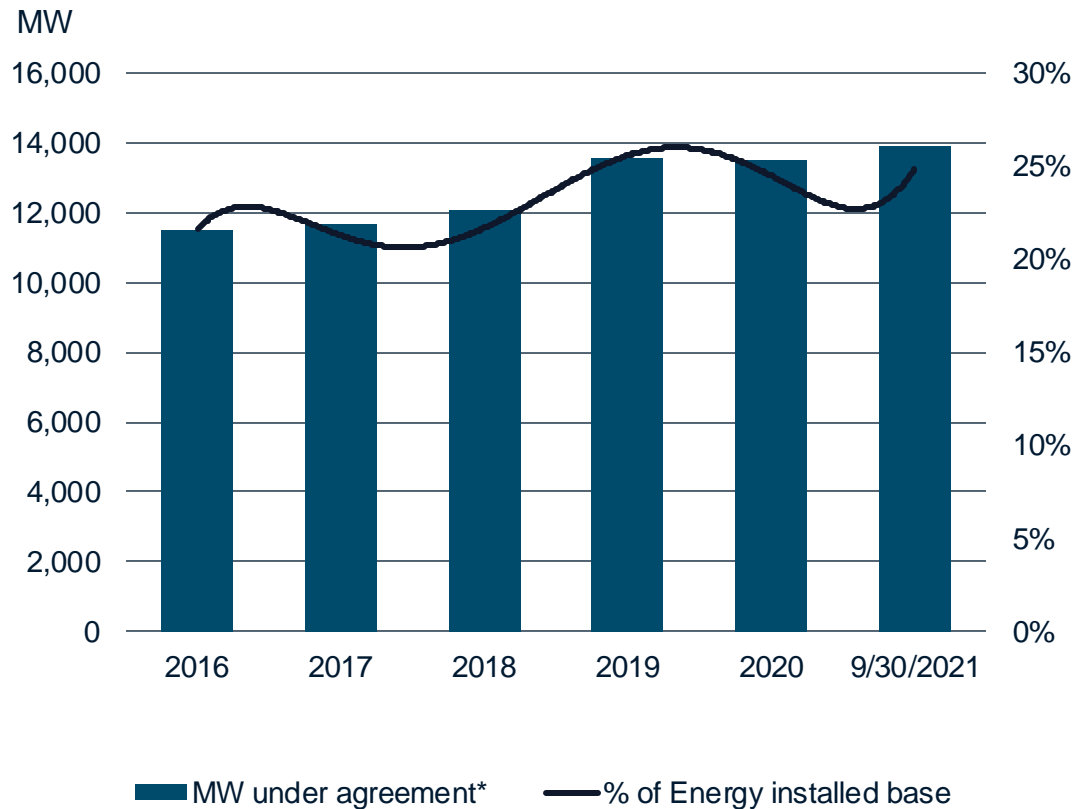


## **Wärtsilä will supply a battery energy storage system to one of Australia's leading integrated energy companies, AGL Energy Limited**

- The order of more than 100 MEUR is the first placed under a framework agreement signed between Wärtsilä and AGL in 2020 for the supply of energy storage projects
- The 250 MW / 250 MWh system will be installed at the Torrens Island in South Australia
- When installed, the system will support a broad portfolio of generating assets, both thermal and renewable, and help Australia to decarbonise and transition towards 100% renewable energy future

# ENERGY SERVICE AGREEMENTS

INSTALLED BASE COVERED BY LONG-TERM SERVICE AGREEMENTS INCREASING



## Renewal of long-term O&M agreement provides reliable power supply to leading Nigerian cement producer Lafarge Africa Plc

- The agreement covers the 100 MW Lafarge Ewekoro power plant, which provides a dedicated supply of electricity to the company's concrete and cement manufacturing processes
- The scope of the agreement includes the operating crew, performance guarantees, plant availability, and spare parts

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





## **OTHER KEY FINANCIALS**

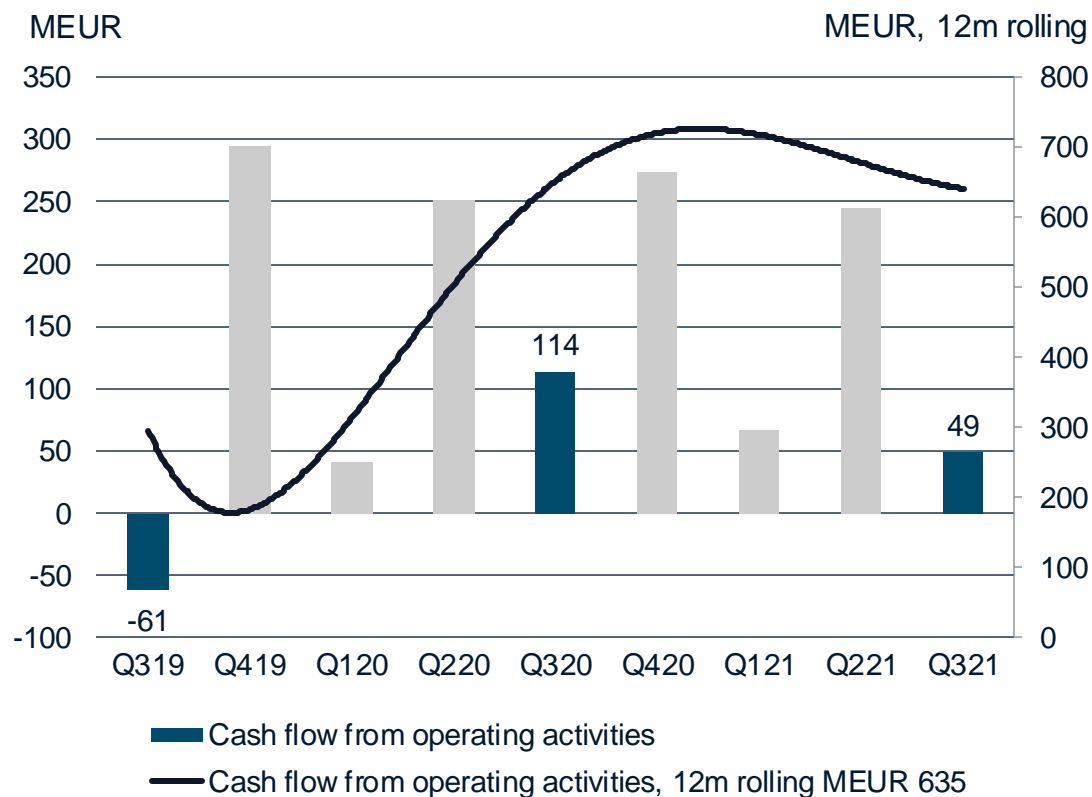
# OTHER KEY FINANCIALS

<b>MEUR</b>	<b>7-9/2021</b>	<b>7-9/2020</b>	<b>1-9/2021</b>	<b>1-9/2020</b>
<b>Cash flow from operating activities</b>	<b>49</b>	114	<b>360</b>	407
<b>Working capital</b>			<b>107</b>	431
<b>Net interest-bearing debt</b>			<b>309</b>	678
<b>Gearing</b>			<b>0.14</b>	0.33
<b>Solvency, %</b>			<b>39.3</b>	36.0
<b>Basic earnings/share, EUR</b>	<b>0.08</b>	0.04	<b>0.19</b>	0.13

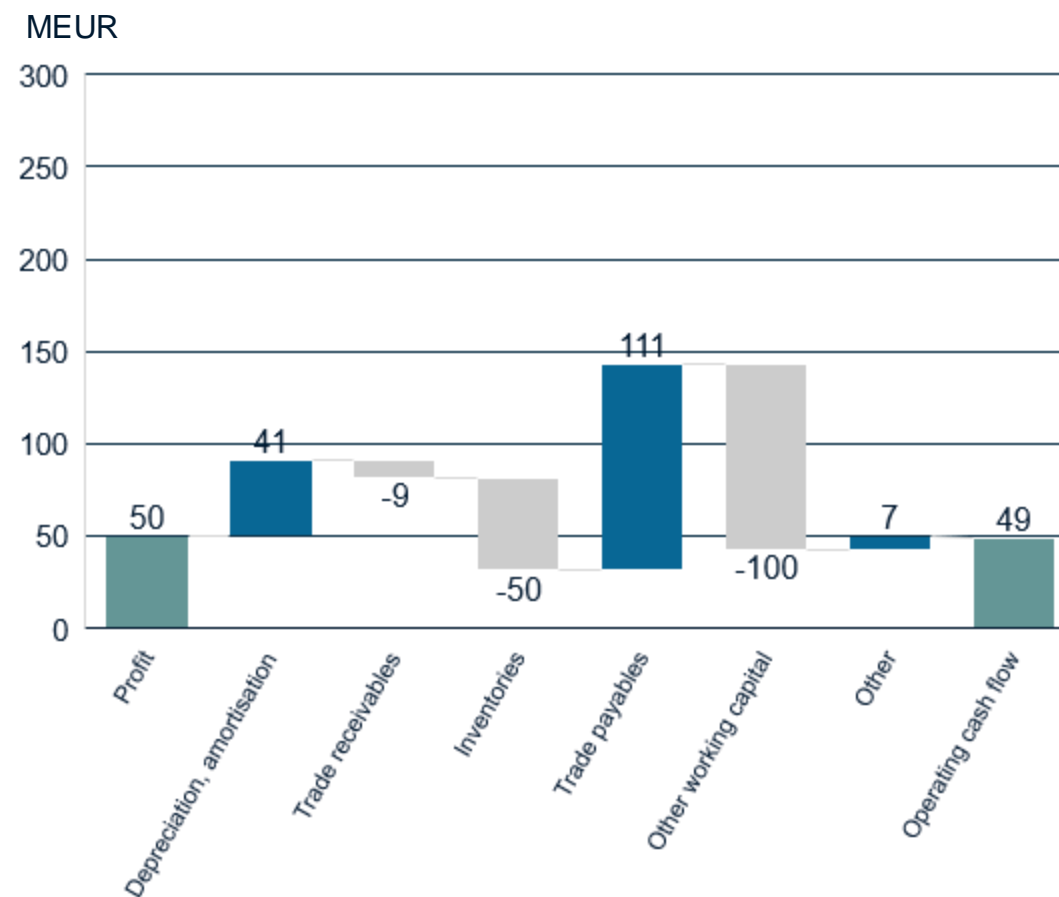
# CASH FLOW FROM OPERATING ACTIVITIES DECREASED

HIGHER WORKING CAPITAL TO SUPPORT NEAR-TERM DELIVERIES

## Cash flow from operating activities



## Third quarter development







# PROSPECTS

While market conditions remain uncertain, we expect the demand environment for our offering in the fourth quarter to be considerably better than that of the corresponding period in the previous year.



SAVE THE DATE:

**WÄRTSILÄ CAPITAL MARKETS DAY**  
**18 NOVEMBER 2021**

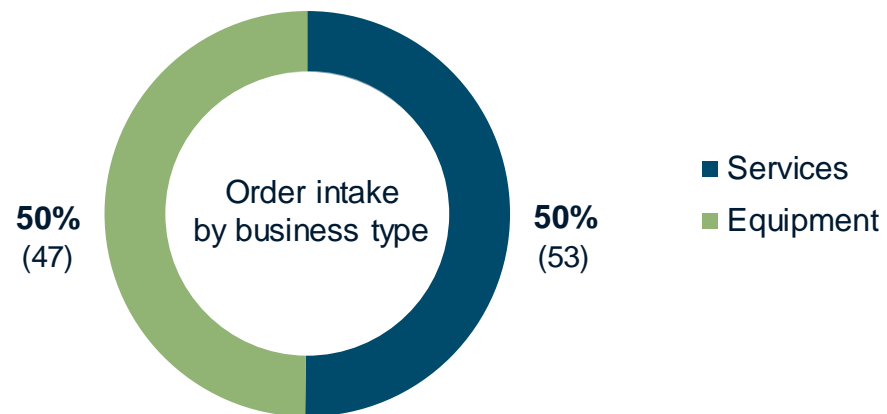
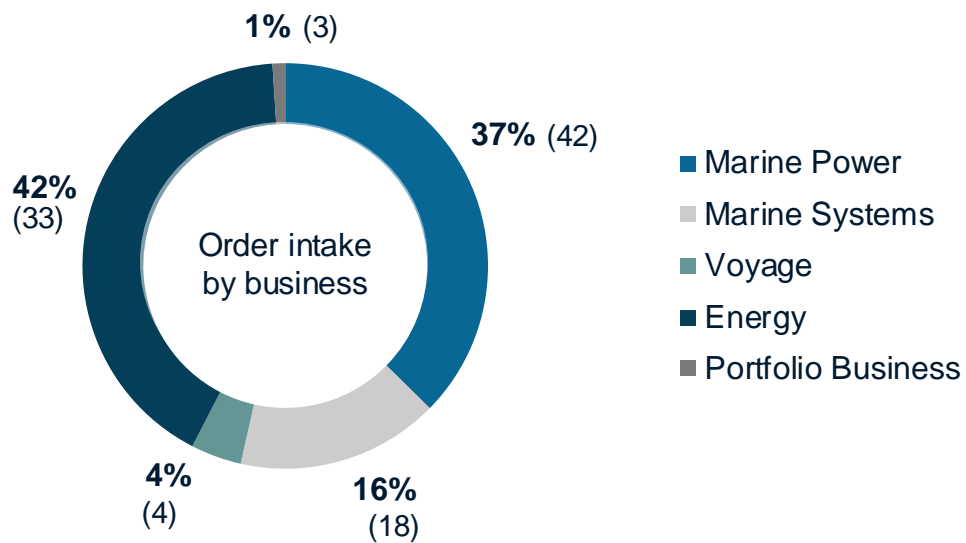




# APPENDIX

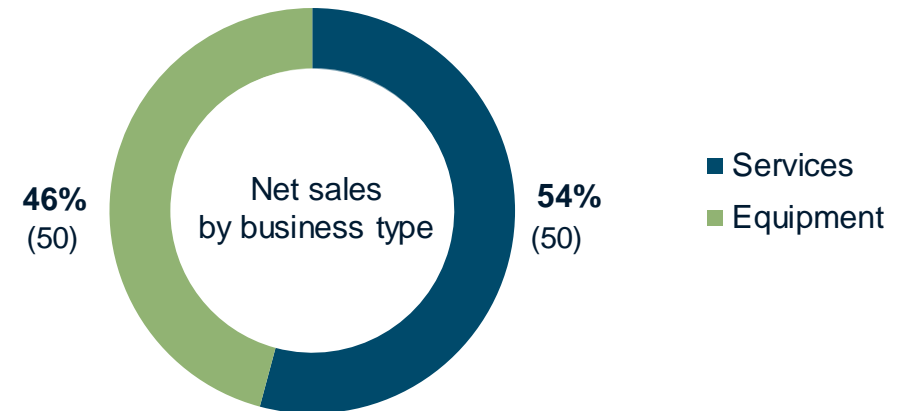
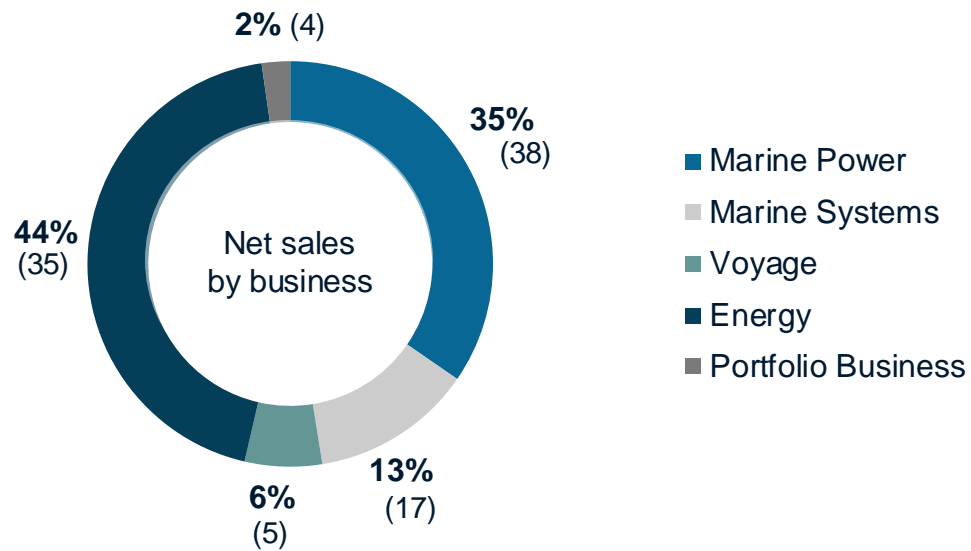
# ORDER INTAKE

## THIRD QUARTER DEVELOPMENT



# NET SALES

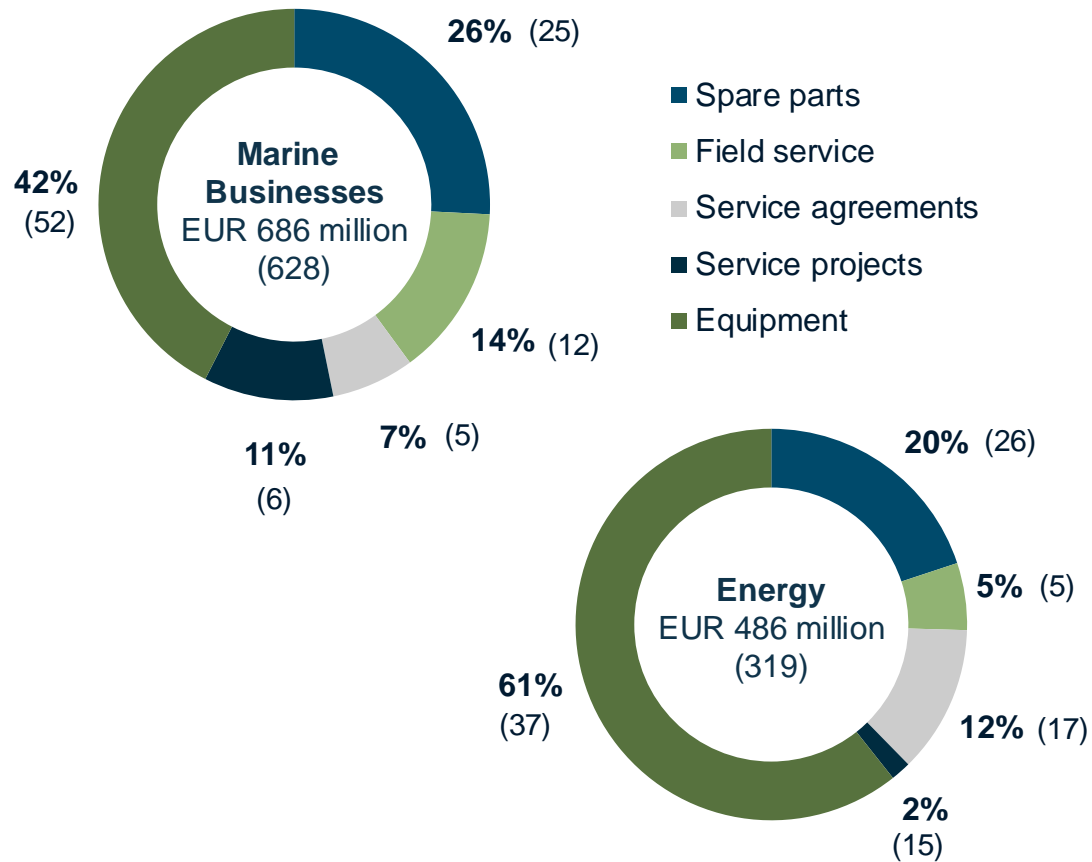
## THIRD QUARTER DEVELOPMENT



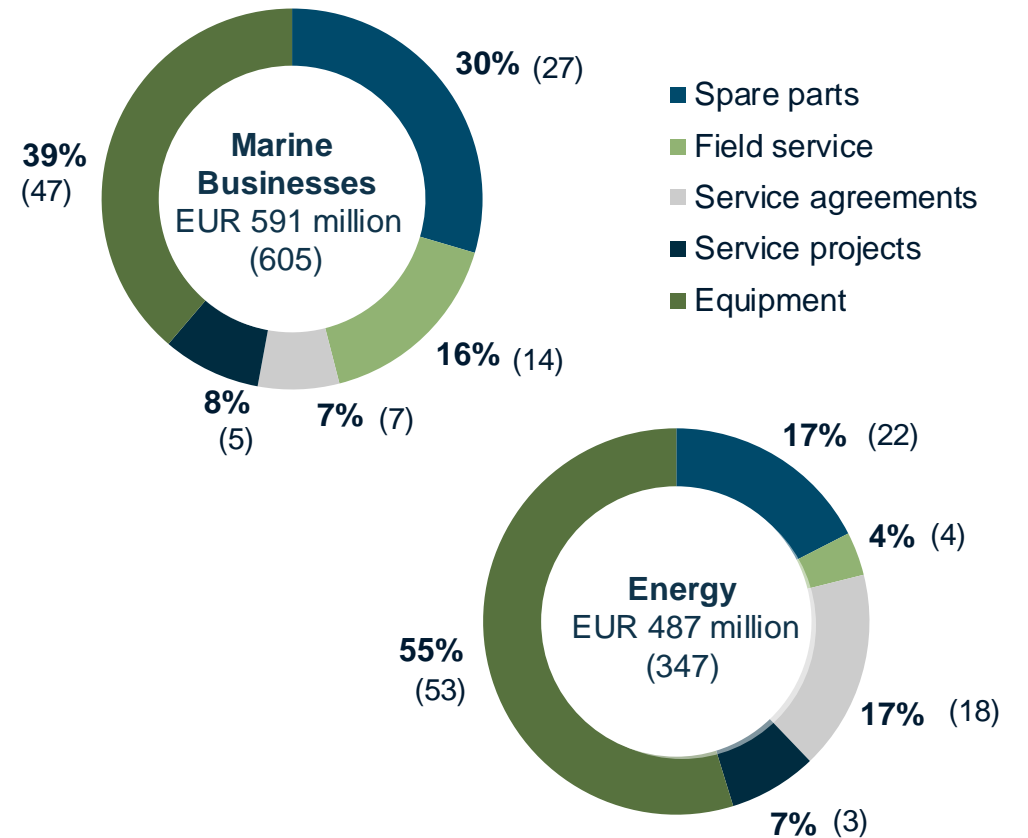


# THIRD QUARTER DEVELOPMENT BY BUSINESS TYPE

## Order intake



## Net sales



# JANUARY–SEPTEMBER ORDER INTAKE BY CUSTOMER SEGMENT

Marine Businesses	Gas carriers	Cruise & ferry	Offshore	Navy	Special vessels	Merchant	Other
<b>Marine Power</b>							
Equipment	7% (5)	33% (39)	5% (5)	17% (10)	23% (26)	15% (14)	0% (1)
Services	19% (17)	19% (12)	13% (15)	7% (12)	14% (16)	26% (26)	2% (2)
<b>Marine Systems</b>							
Equipment	61% (24)	5% (5)	1% (1)	2% (4)	0% (1)	30% (30)	0% (36)
Services	3% (2)	8% (7)	6% (4)	28% (32)	7% (13)	43% (39)	5% (2)
<b>Voyage</b>							
Equipment	1% (1)	30% (29)	8% (7)	4% (5)	16% (17)	18% (21)	22% (20)
Services	3% (3)	30% (25)	5% (8)	2% (3)	6% (6)	53% (55)	1% (0)
<b>Energy</b>							
		<b>Utilities</b>	<b>Independent Power Producers</b>		<b>Industrials</b>		<b>Other</b>
Equipment		34% (24)	56% (56)		9% (20)		0% (0)
Services		34% (34)	28% (26)		28% (28)		10% (12)



# ORDERS RECEIVED FOR ENERGY EQUIPMENT GLOBALLY

