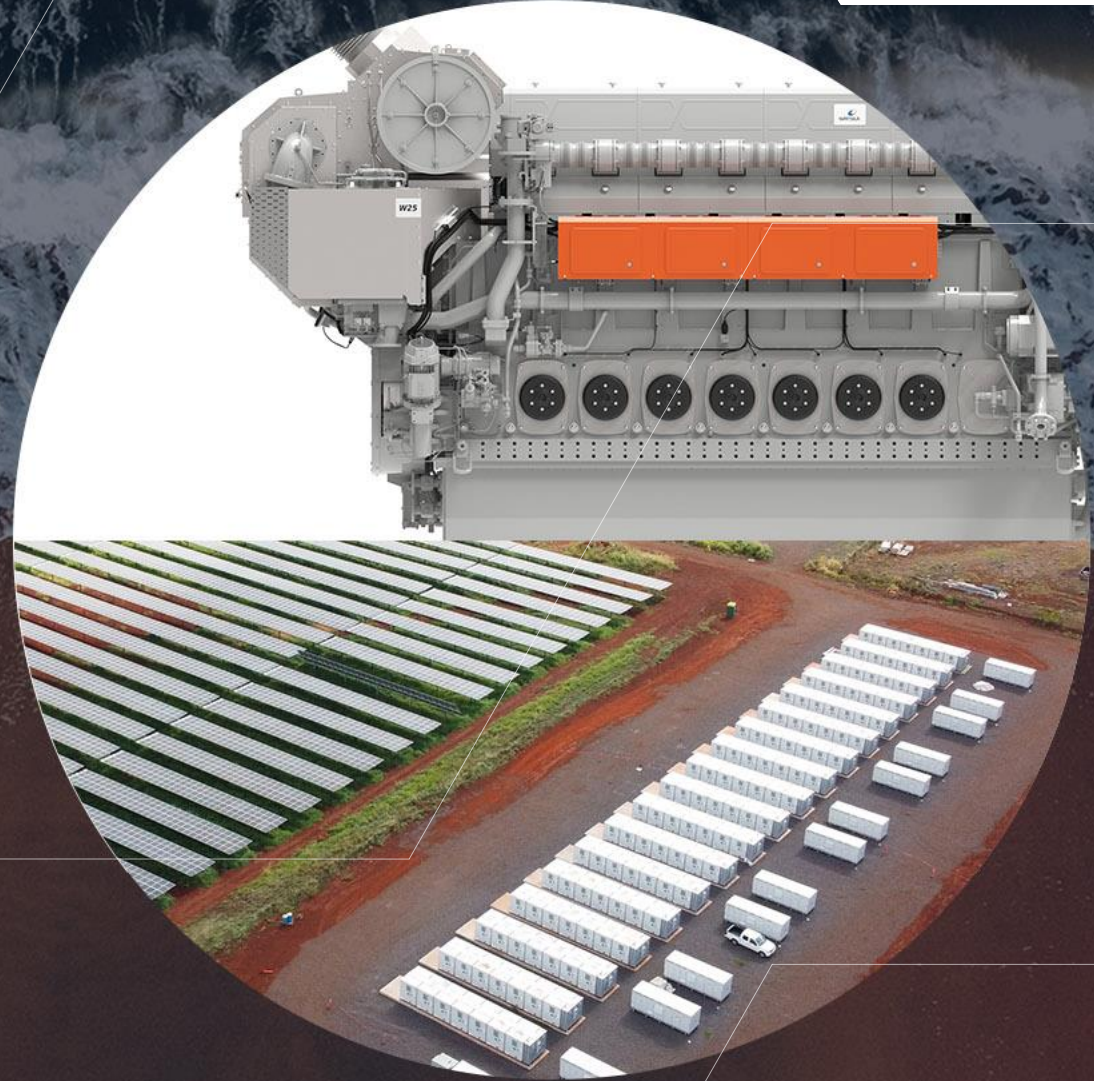


Wärtsilä Corporation

Interim report January–September 2022

Håkan Agnevall, President & CEO

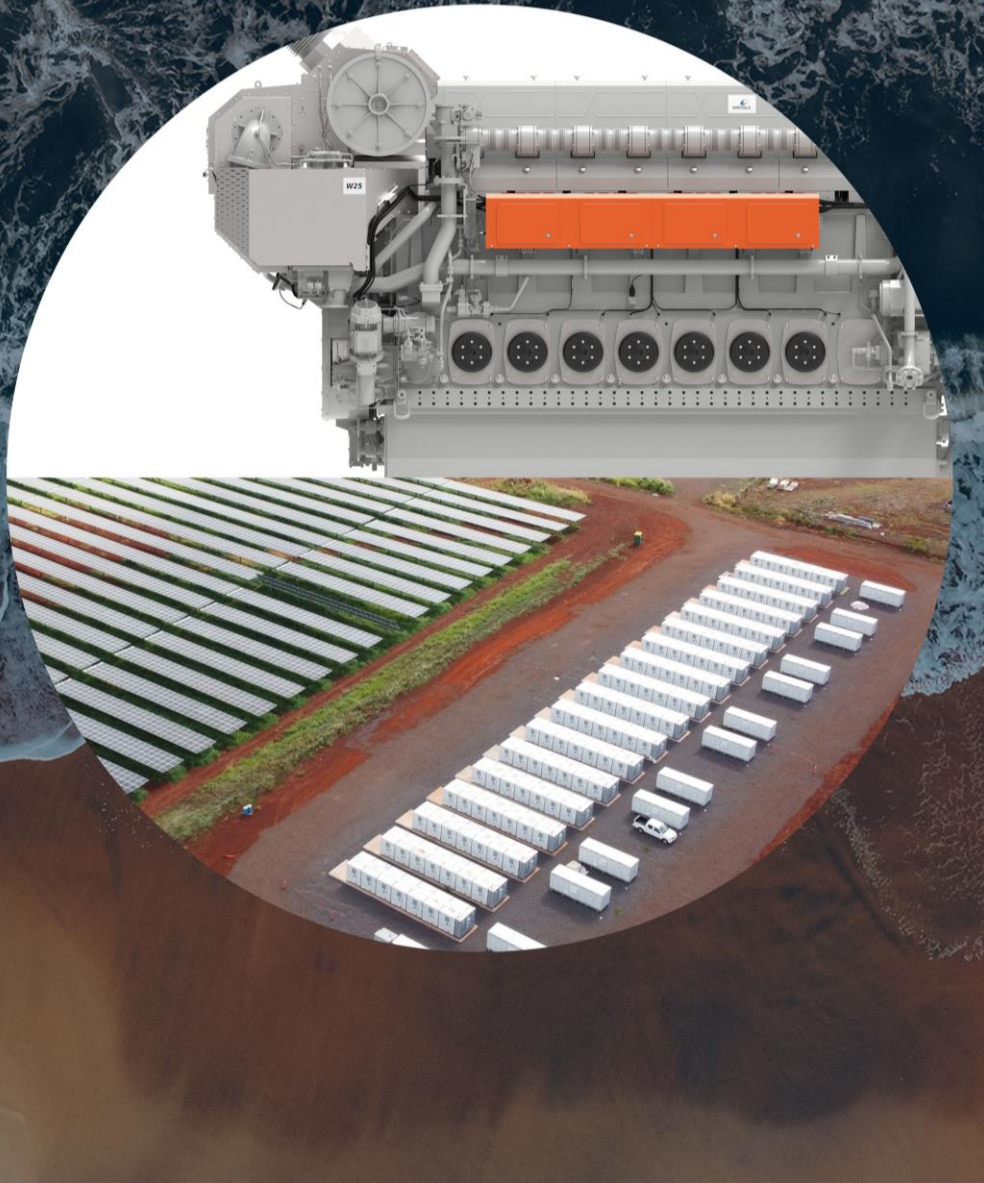
Arjen Berends, CFO



25 October 2022

Good order intake – cost inflation and business mix burdened profitability

- Order intake increased by 36%
- Net sales increased by 30%
- Good progress in services:
 - Service order intake increased by 27%
 - Service net sales increased by 13%
- Comparable operating result decreased by 6%
- Intensifying cost inflation, prevailing disturbances in supply chains, tightening monetary policies, and challenging macro environment are creating turbulence within the global business environment.
- Last week, we announced that we are taking the next step to further strengthen our marine end-to-end lifecycle offering by integrating the Voyage business into Marine Power as a business unit.



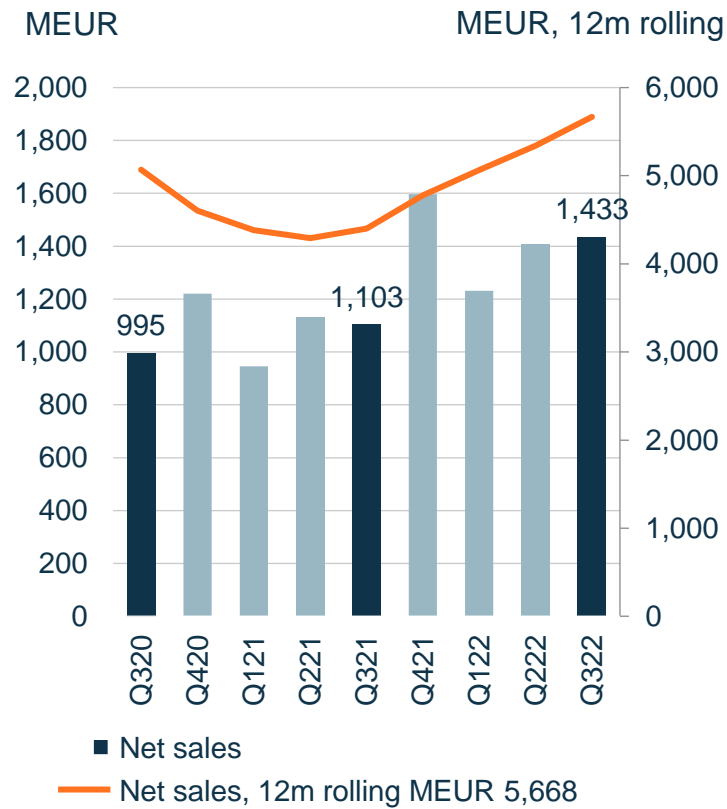
Key figures

MEUR	7-9/2022	7-9/2021	CHANGE	1-9/2022	1-9/2021	CHANGE
Order intake	1,616	1,186	36%	4,436	3,584	24%
of which services	732	578	27%	2,275	1,868	22%
Order book				6,229	5,325	17%
of which current year deliveries				1,651	1,402	18%
Net sales	1,433	1,103	30%	4,072	3,181	28%
of which services	664	589	13%	1,991	1,717	16%
Book-to-bill	1.13	1.07		1.09	1.13	
Operating result	10	75	-87%	-62	170	
% of net sales	0.7	6.8		-1.5	5.3	
Comparable operating result	82	87	-6%	232	199	17%
% of net sales	5.7	7.9		5.7	6.3	

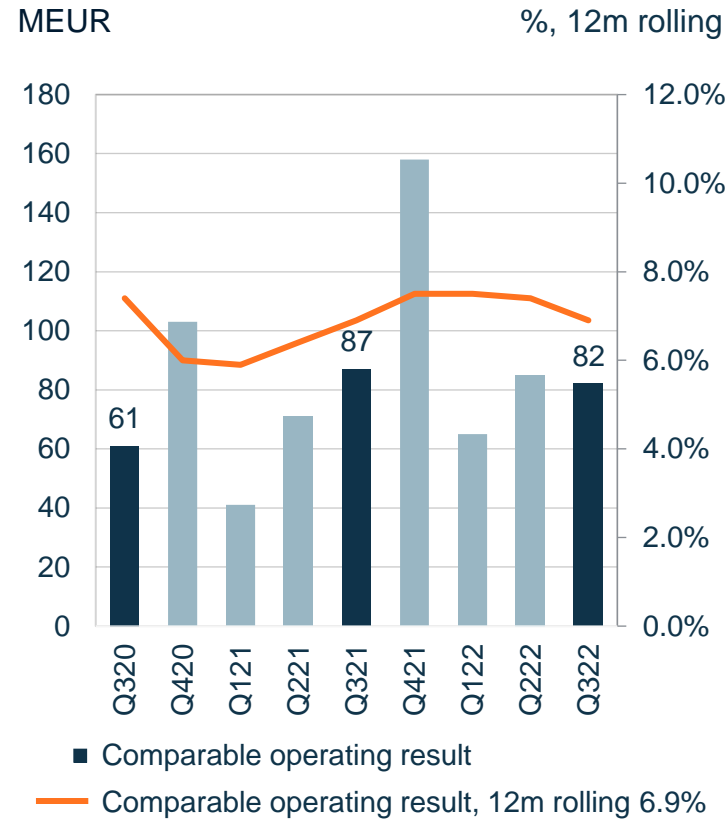
Wärtsilä's financial information for the year 2021 has been adjusted to reflect a change in categorisation between equipment and services in Wärtsilä Marine Power and Wärtsilä Marine Systems. This restatement has no impact on the group's total financial figures.

Third quarter highlights

Net sales



Comparable operating result



Net sales EUR 1,433 million

- 13% increase in service sales

Comparable operating result EUR 82 million

- 6% decline

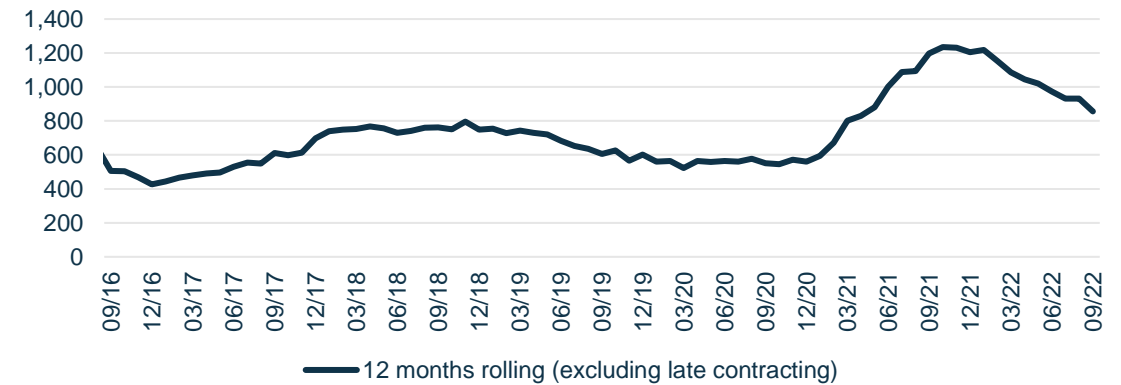
Marine market sentiment continued to improve despite growing macroeconomic concerns

Demand for new ships has moderated as many shipyards are operating at close to full capacity

- The number of vessels ordered in the review period decreased to 1,095 (1,402 in the corresponding period in 2021, excluding late reporting of contracts).
- Vessel contracting was largely driven by containerships and record-high orders for LNG carriers.
- The transition to cleaner fuels continued with 326 orders placed globally for alternative fuel capable vessels, representing 30% (21) of all newbuild contracting in the review period.
- Focus of the cruise sector has now shifted towards improving onboard occupancy levels in a profitable way and mitigating the impact of rising operating costs.
- The active cruise fleet has been well over 90% on average during the quarter.

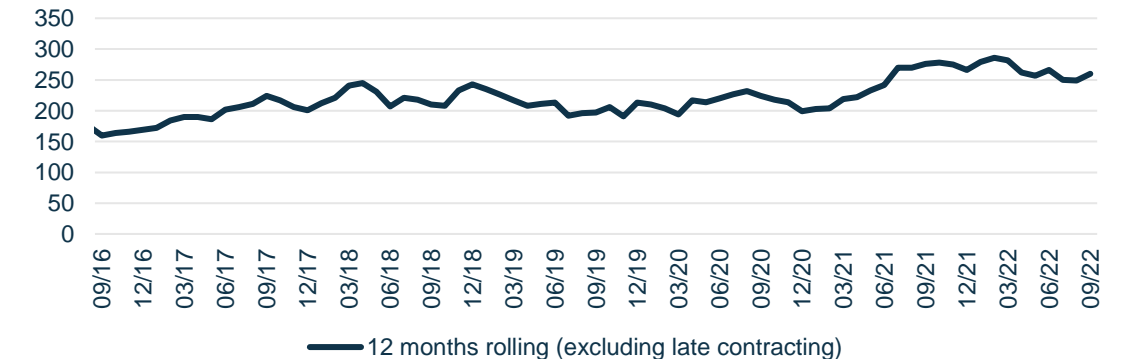
Total vessel contracting

Number of vessels



Specialised vessels

Number of vessels



Source: Clarksons Research, 12m rolling contracting as per 5 October 2022 (+100 gt, excluding late reporting of contracts)
 Specialised vessels include LNG carriers, LPG carriers, cruise & ferry, offshore, and special vessels.

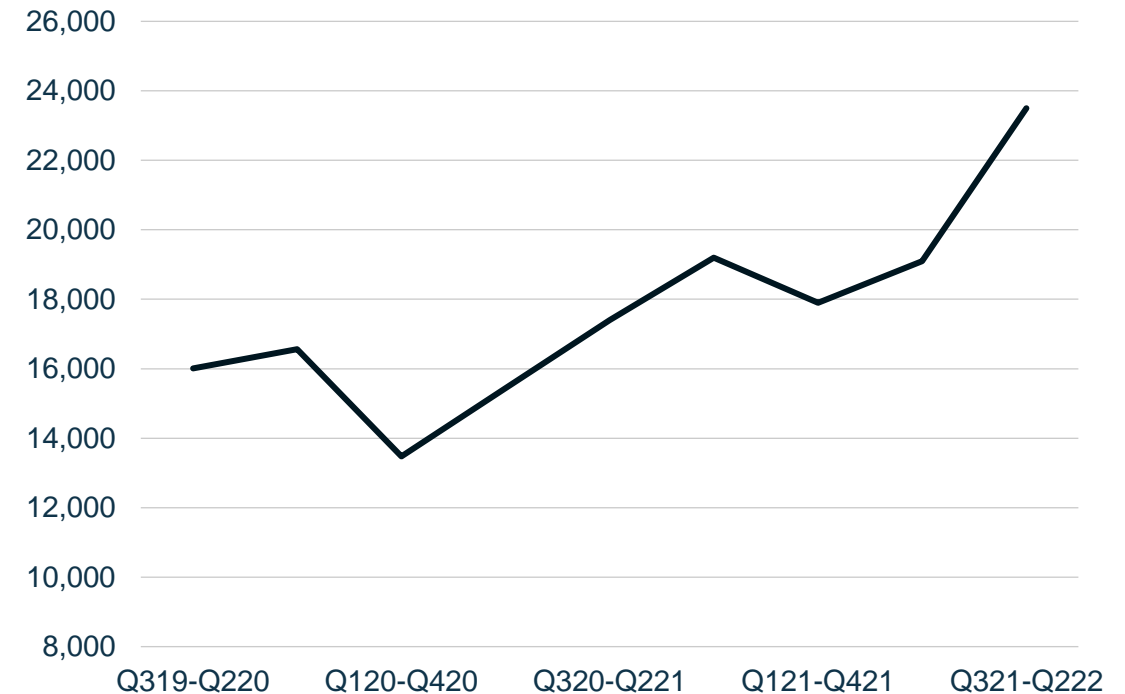
Energy market affected by global cost inflation and price volatility

Good demand for balancing solutions

- The investment environment witnessed higher quotation prices, slower customer decision-making, and considerable uncertainty.
- Supply chains are in turmoil as inflation, exchange rate fluctuations, and trade restrictions shadow global business.
- Decreased pipeline gas flows from Russia to Europe place new constraints and demands on gas trade.
- The Inflation Reduction Act in the USA allocates substantial incentives for renewables, battery energy storage, and other clean energy technologies.
- Growth in the demand for energy storage solutions continued.
- Service growth continued, and customers are showing increasing interest in long-term agreements.
- Wärtsilä's market share in gas and liquid fuelled power plants declined to 7% (9).

Contracting for gas and liquid fuelled power plants <500 MW

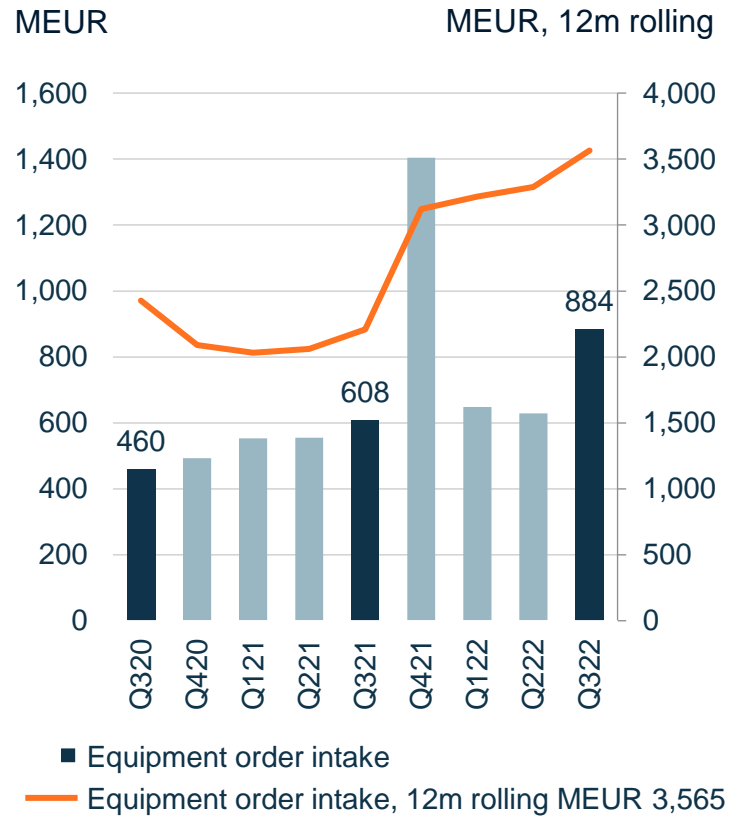
MW, 12m rolling



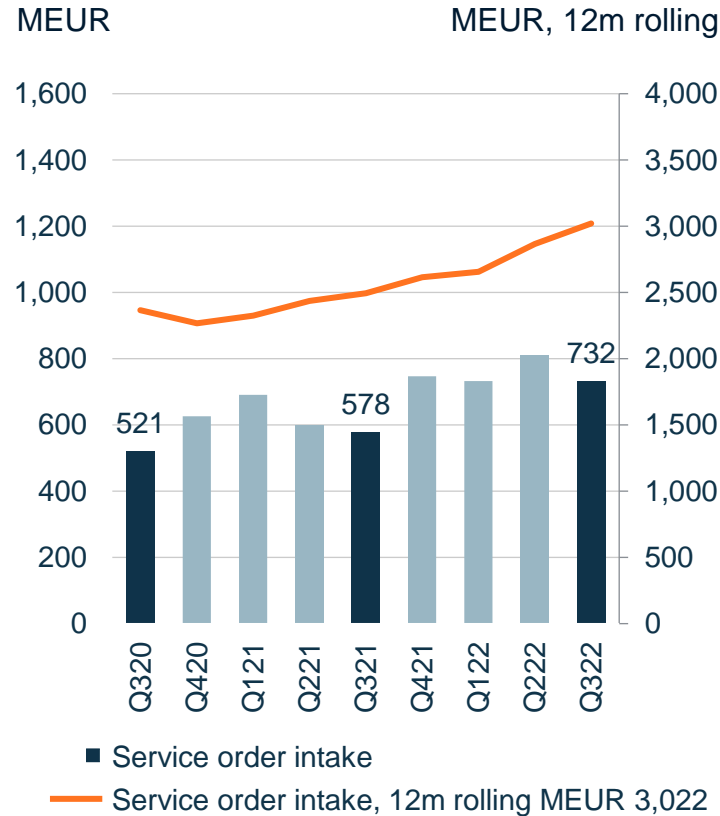
The total market, including also power plants with prime movers above 500 MW, increased by 21% to 56.5 GW during the twelve-month period ending in June 2022 (46.8 at the end of March). The market data includes all Wärtsilä power plants and other manufacturers' gas and liquid fuelled gas turbine based 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 36%

Equipment



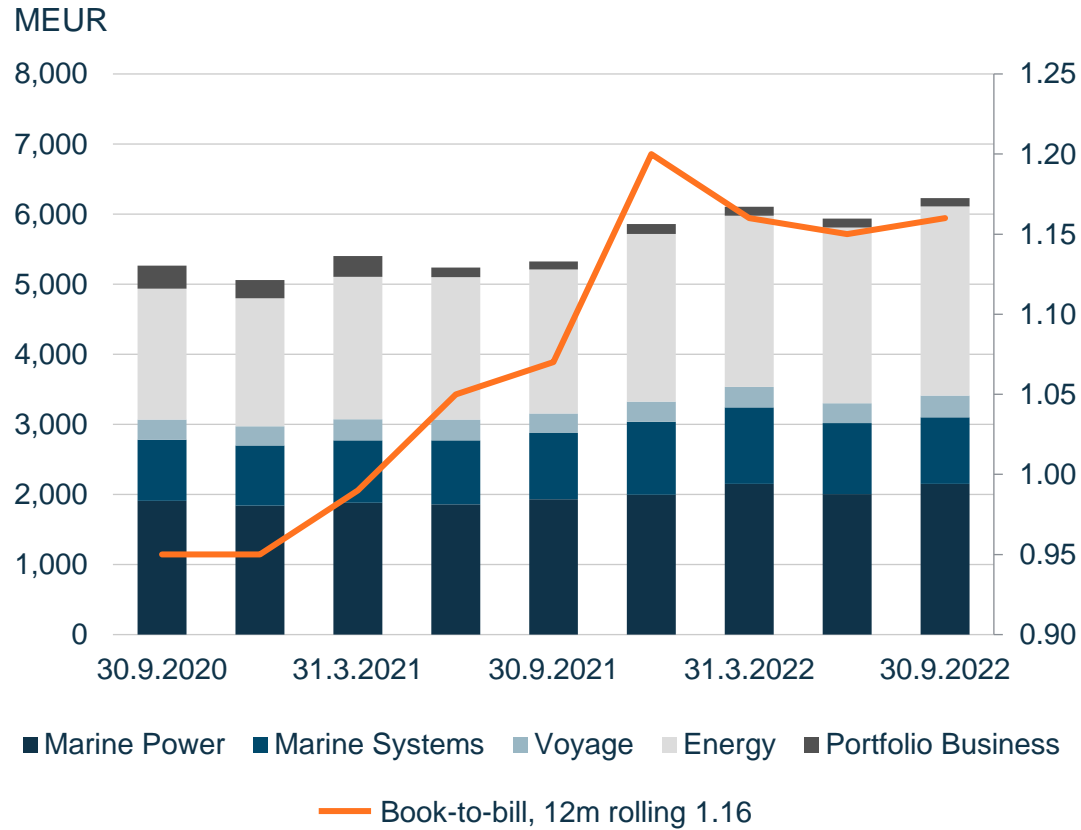
Services



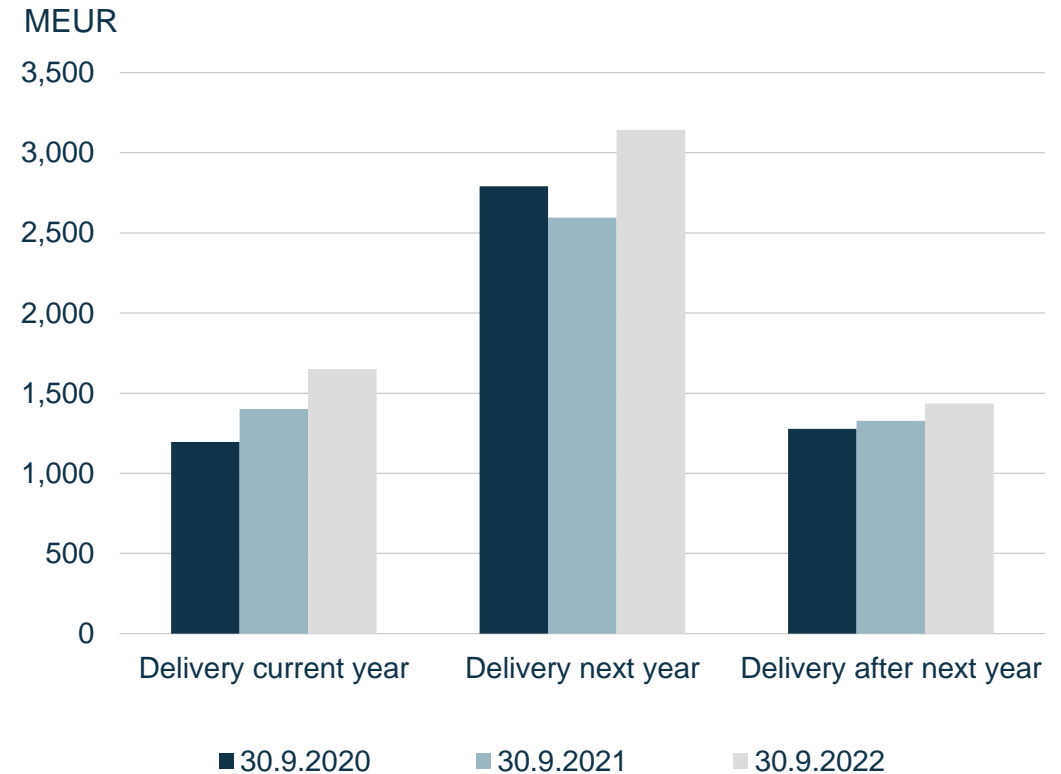
- Equipment order intake increased by 45%
- Service order intake increased by 27%

Strong order book

Order book by business

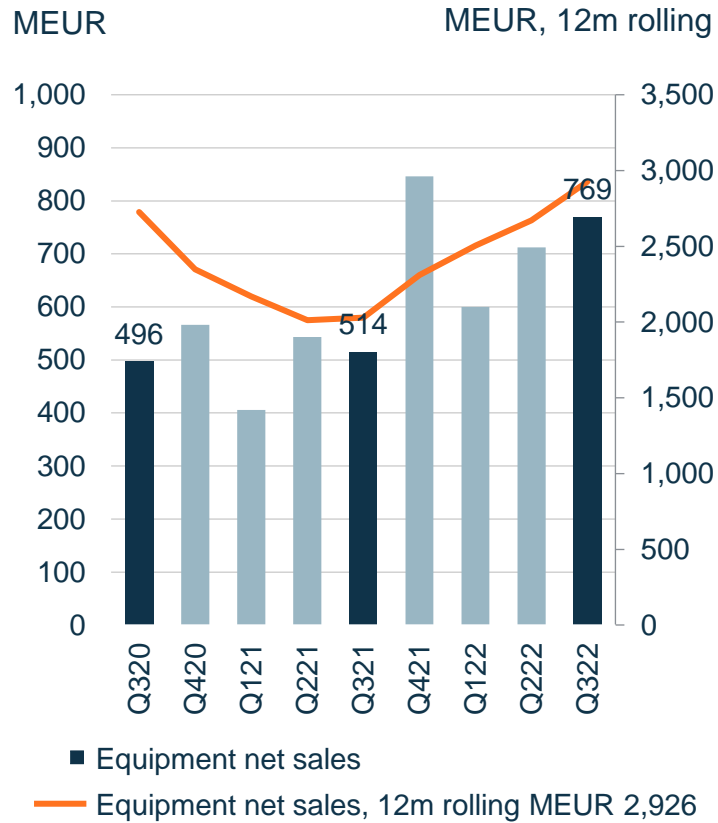


Order book delivery schedule

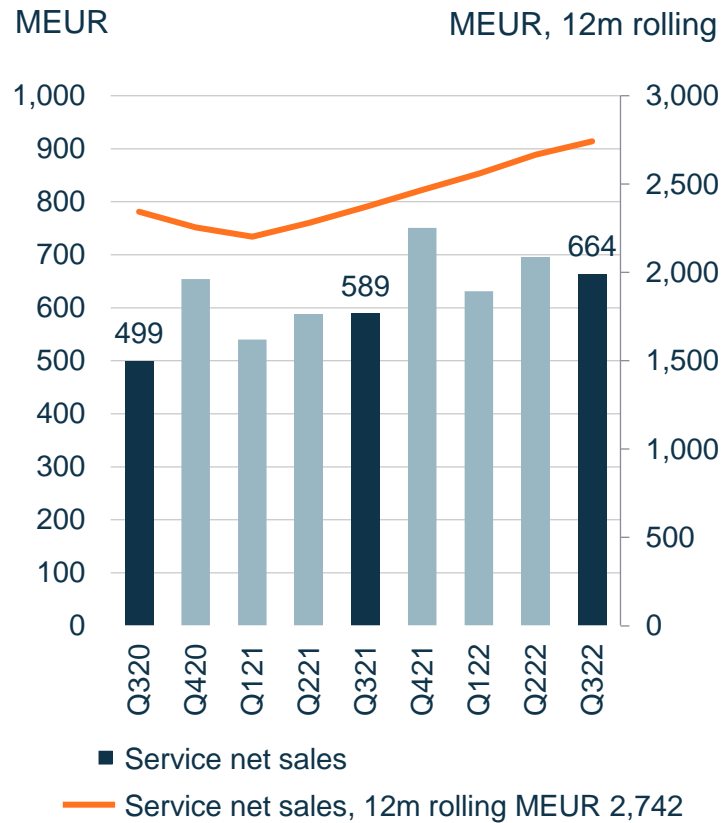


Net sales increased by 30%

Equipment



Services



- Equipment net sales increased by 49%
- Service net sales increased by 13%



Technology and partnership highlights

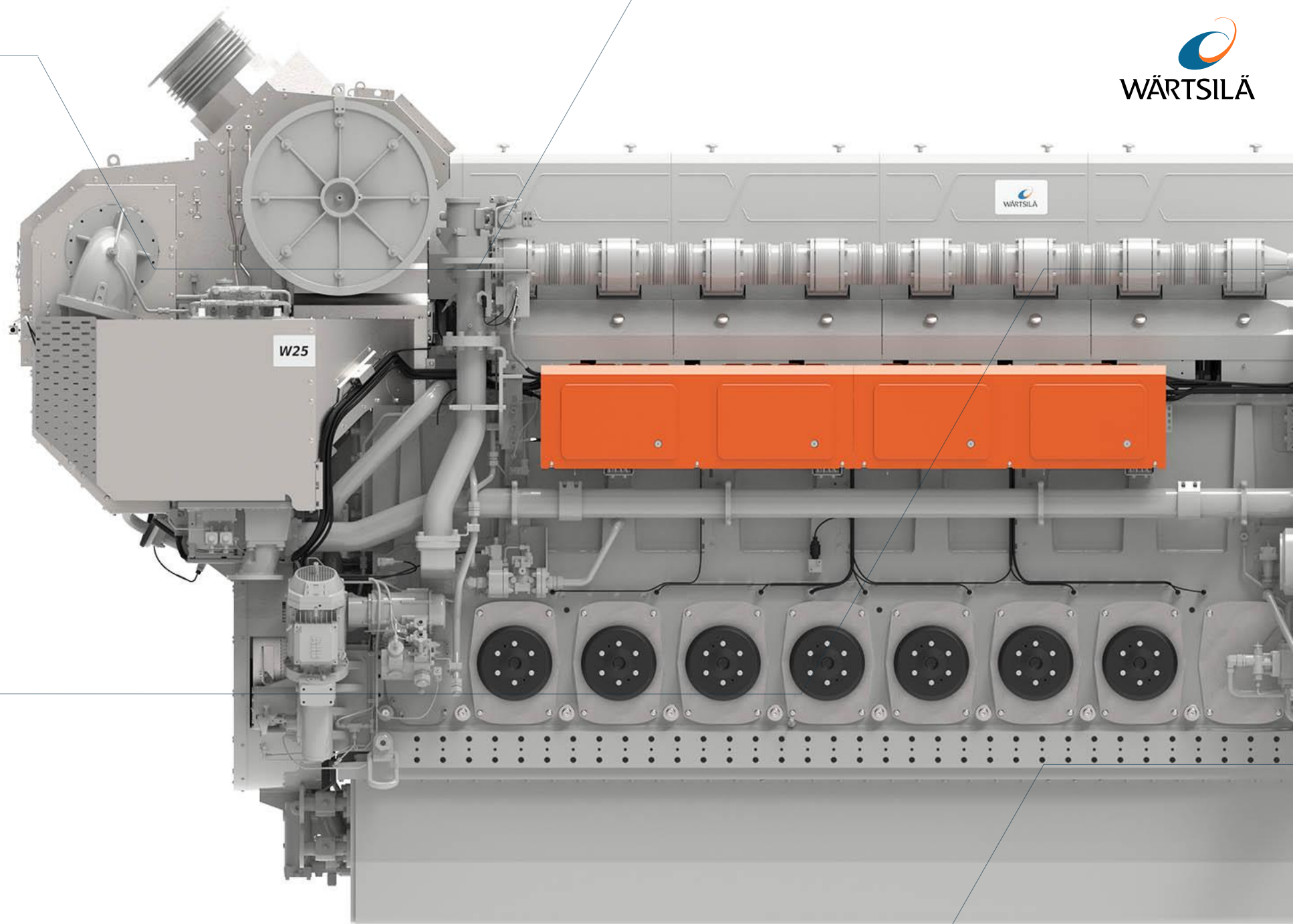
Enabling industry decarbonisation

Launch of the Wärtsilä 25 engine – efficiency leader in its range

- Modularity offers shipowners and operators maximised flexibility, while efficiency and fuel economy delivers minimised emissions.
- Already capable of operating on diesel, LNG, or on either gas or liquid carbon-neutral biofuels, and easily upgraded to operate with future carbon-free fuels
- Preparedness for fuel conversions for fuels like ammonia and methanol

DFDS deploys Wärtsilä's SPECS technology

- DFDS' ro-ro Selandia Seaways – which operates on a busy and challenging route – has been retrofitted with smart technology to provide 360° situational awareness.
- Smart Panoramic Edge Camera System (SPECS) eliminates blind spots by providing a 360° vessel view, enhancing safety and enabling crew to make better operational decisions based on real-time data.

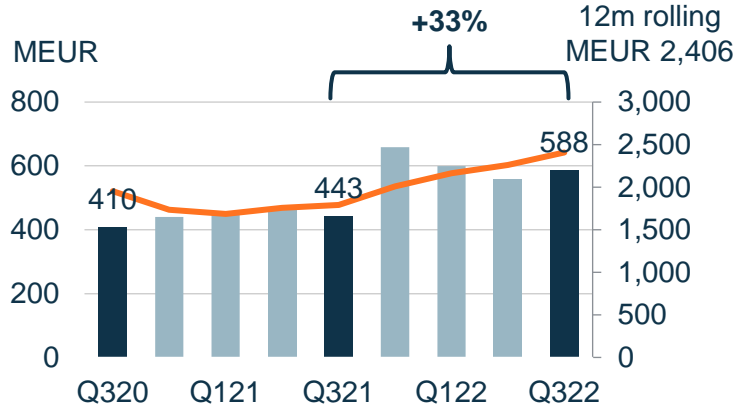


Marine Power

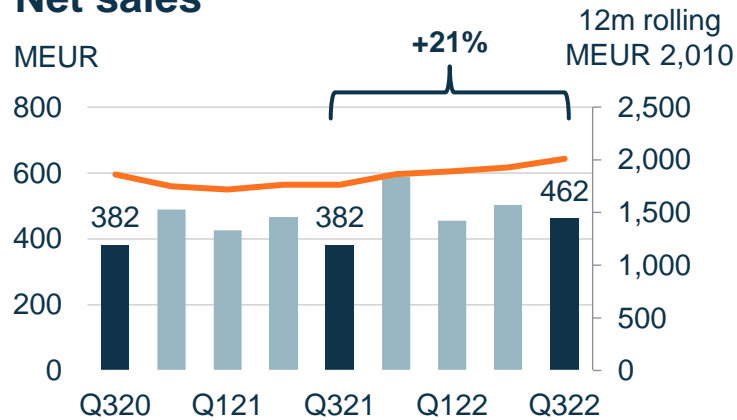
Marine Power: all key figures improved

Service order intake increased by 21%

Order intake

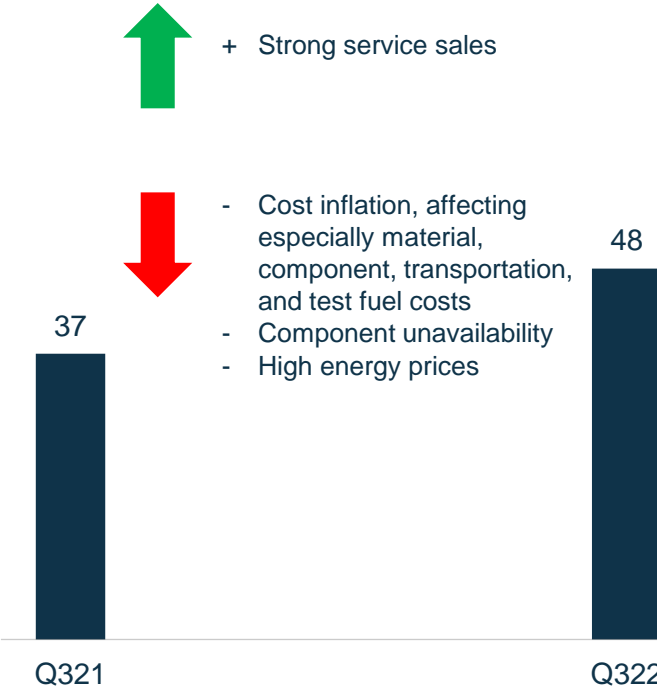


Net sales



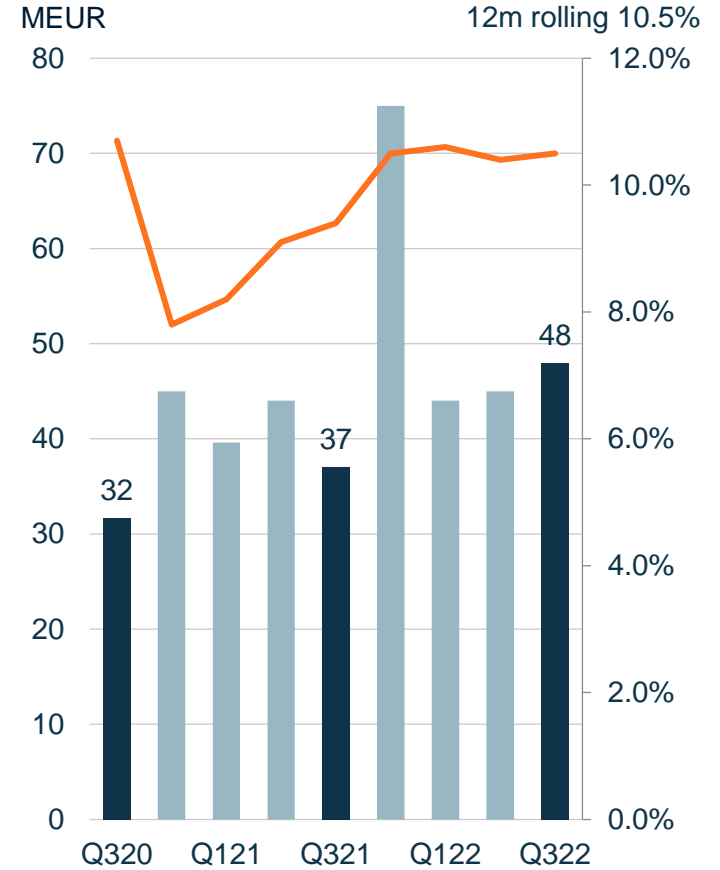
Comparable operating result

MEUR



Comparable operating result

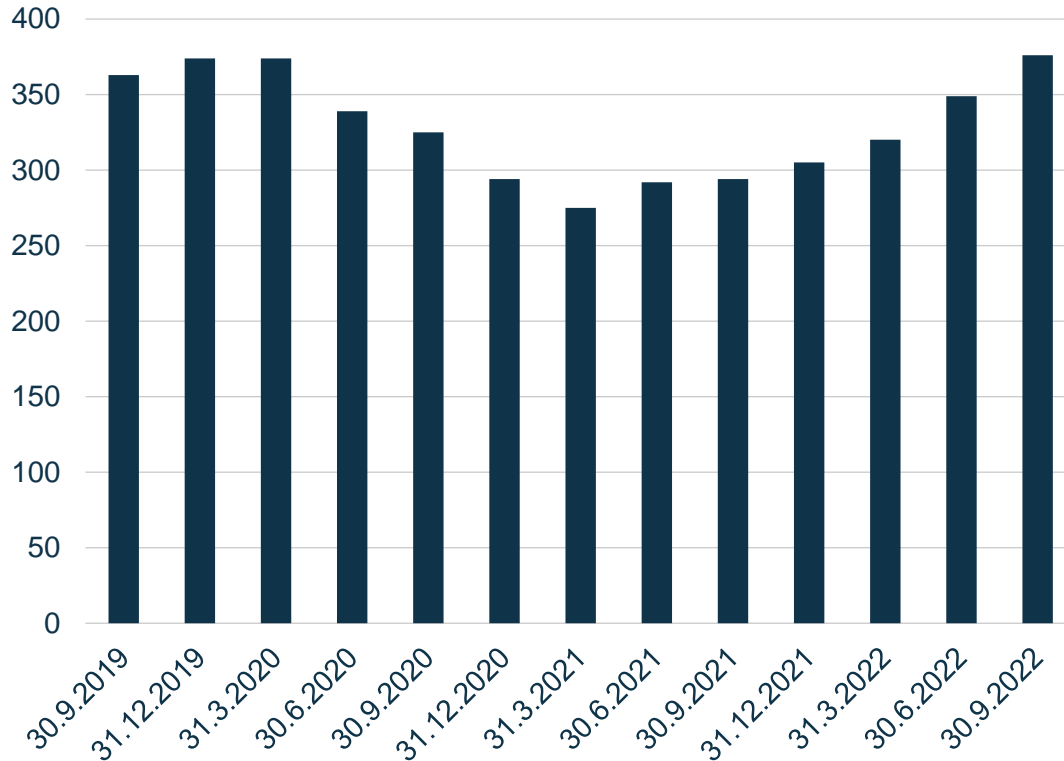
MEUR



Marine Power service agreements

Net sales from installations under agreement strongly increasing

MEUR, 12m rolling



CBO Group and Wärtsilä sign Decarbonisation Service agreement to speed up fleet sustainability

- Wärtsilä and Rio de Janeiro based Companhia Brasileira de Offshore (CBO) have signed an agreement for Decarbonisation Modelling.
- The objective is to support and accelerate CBO's journey towards decarbonised operations for its fleet of offshore support vessels, which is one of the largest in its segment in Brazil.
- A detailed analysis of both short- and long-term solutions, including digitalisation, energy efficiency and energy saving devices, hybridisation, and future alternative marine fuels, with a particular focus on the viability of ethanol fuel

WÄRTSILÄ

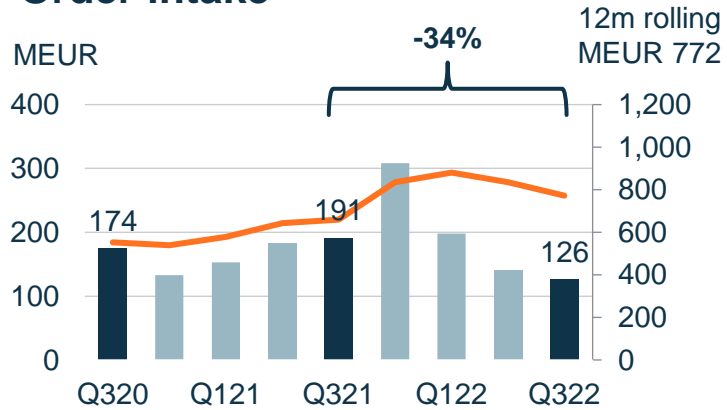
Marine Systems



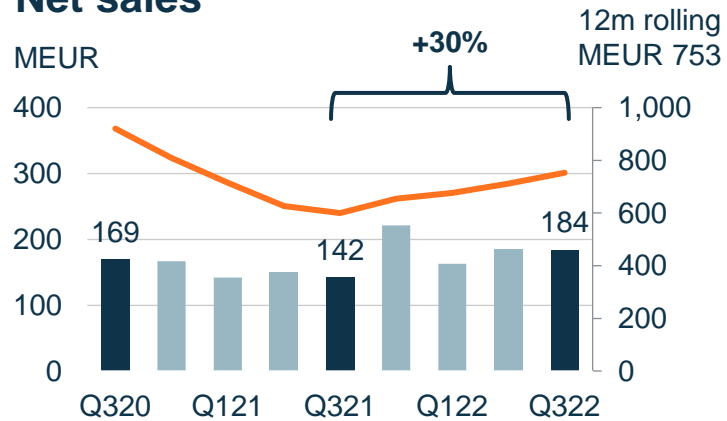
Marine Systems: net sales and comparable operating result increased

Order intake decreased

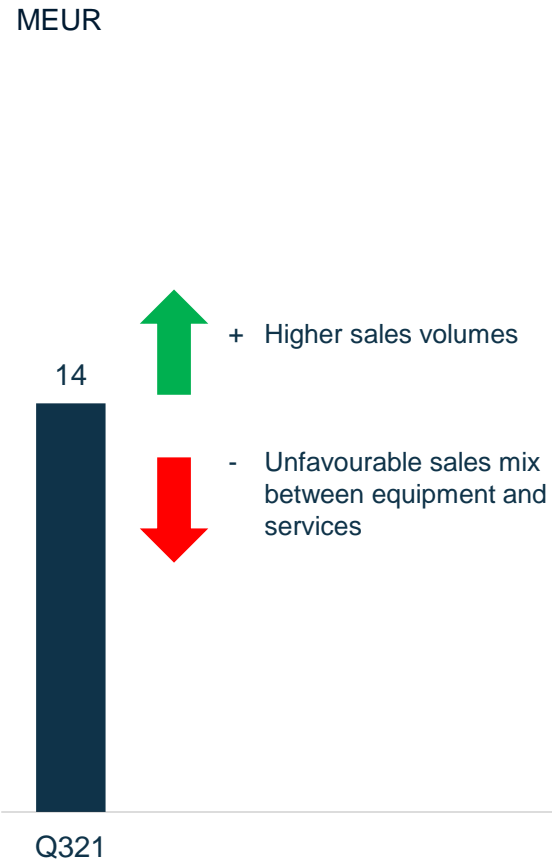
Order intake



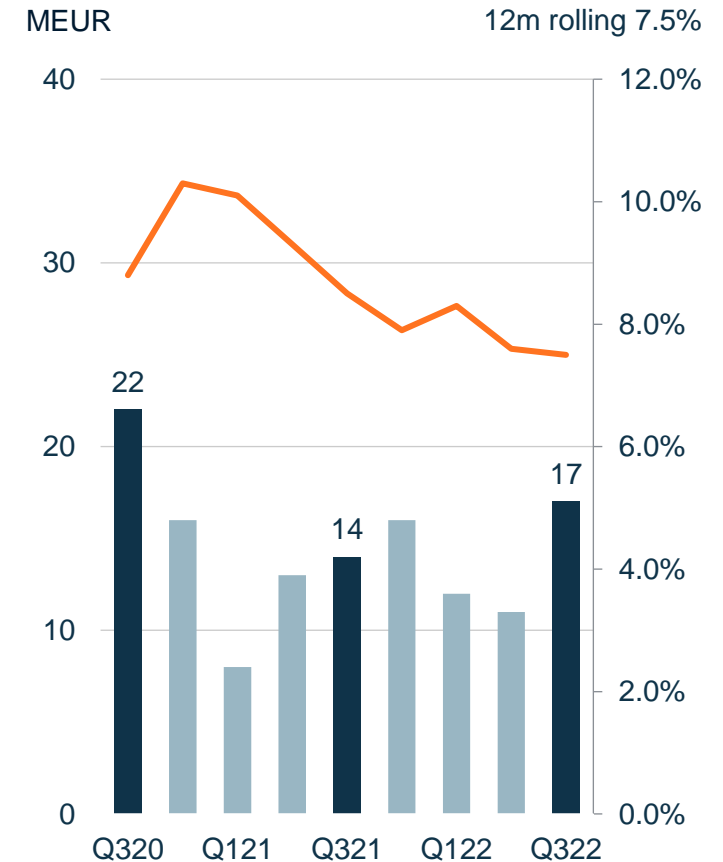
Net sales



Comparable operating result



Comparable operating result



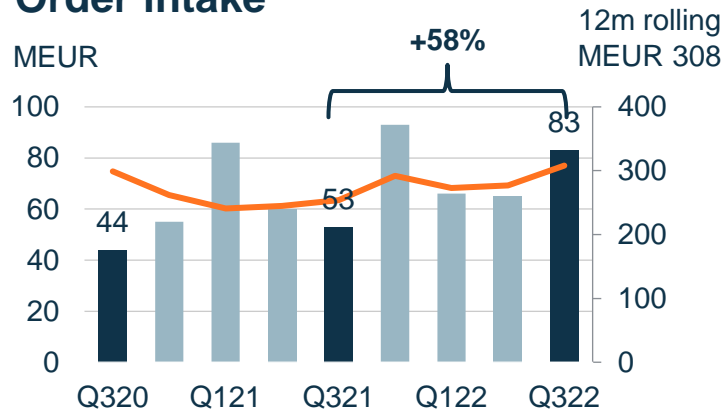
Voyage



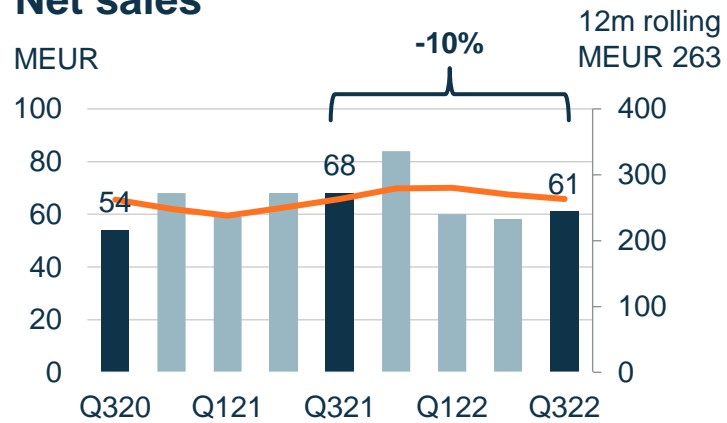
Voyage: order intake increased

Russia exit impacted sales and profitability negatively

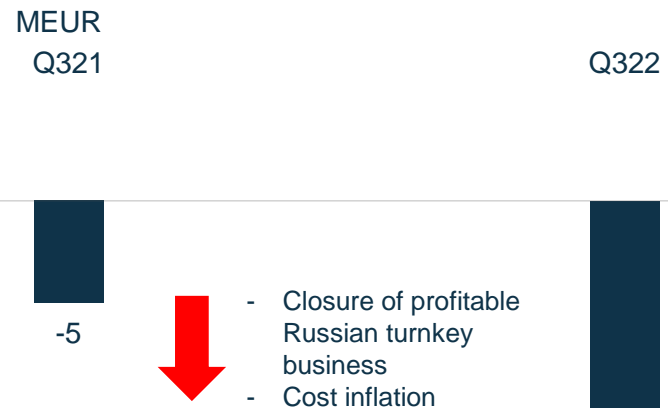
Order intake



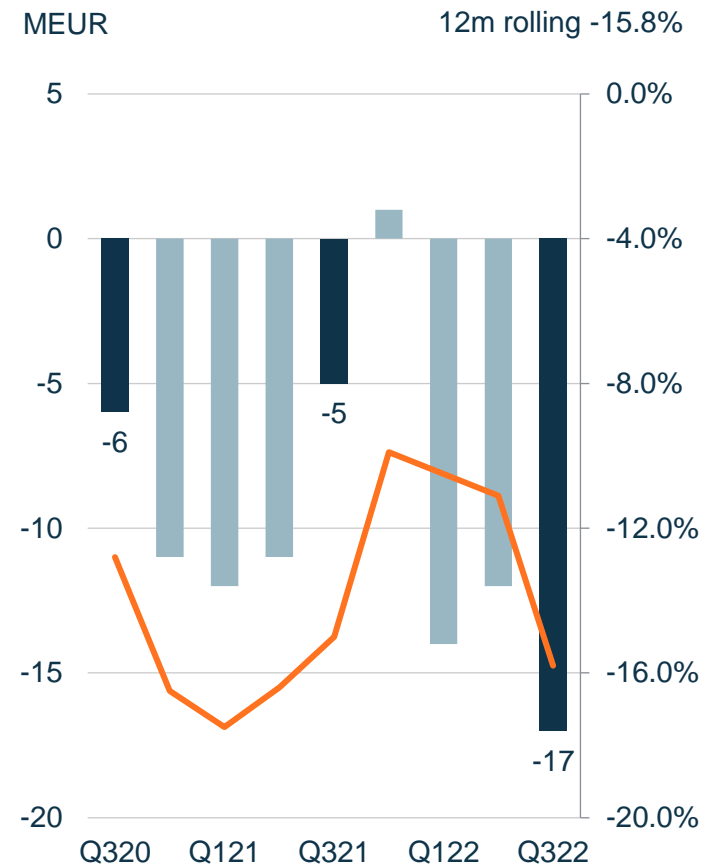
Net sales



Comparable operating result

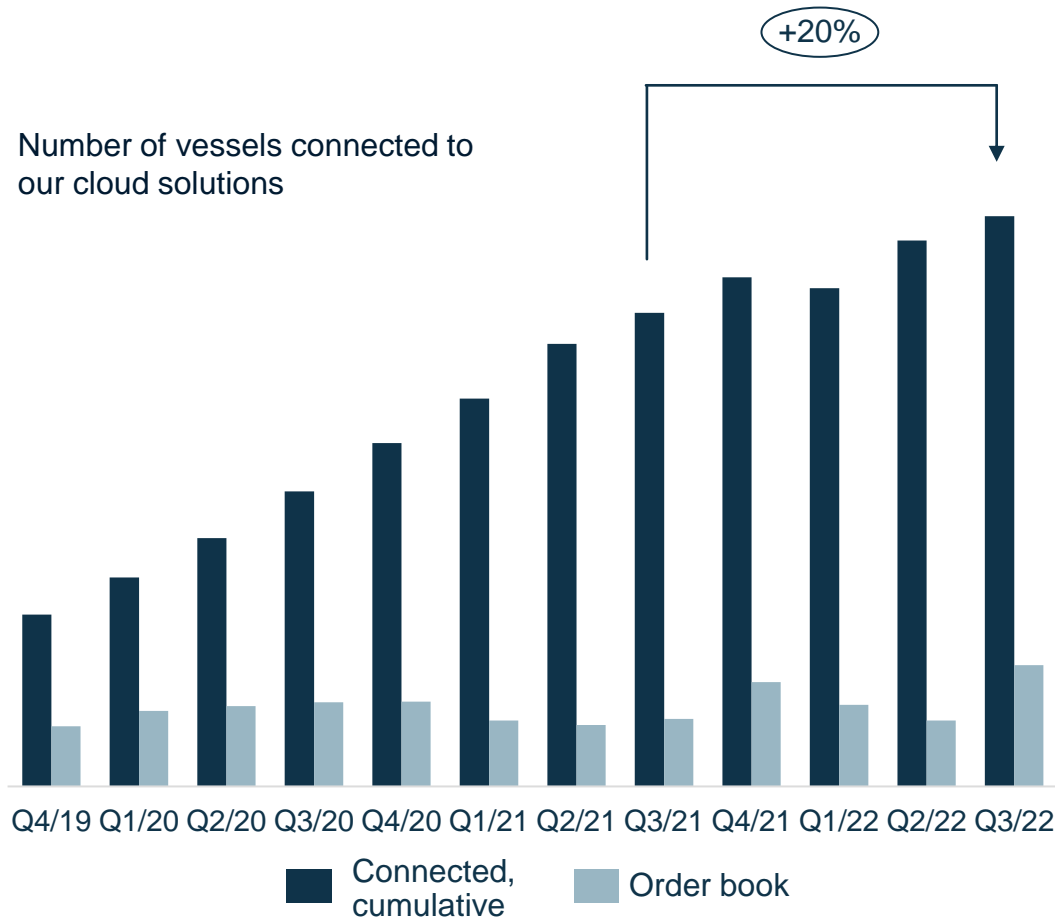


Comparable operating result



Voyage cloud solutions

Increase of 20% in connected vessels



Wärtsilä to digitalise Associated British Ports' maritime operations

- Voyage has signed a contract for a five-year framework agreement with Associated British Ports (ABP) to digitalise operations at its 21 ports.
- The project aims to accelerate the digital transformation of port calls and operations, making them as efficient, sustainable and safe as possible.
- Programme includes Just-In-Time solutions, machine learning and AI to optimise port-calls and drive sustainability.

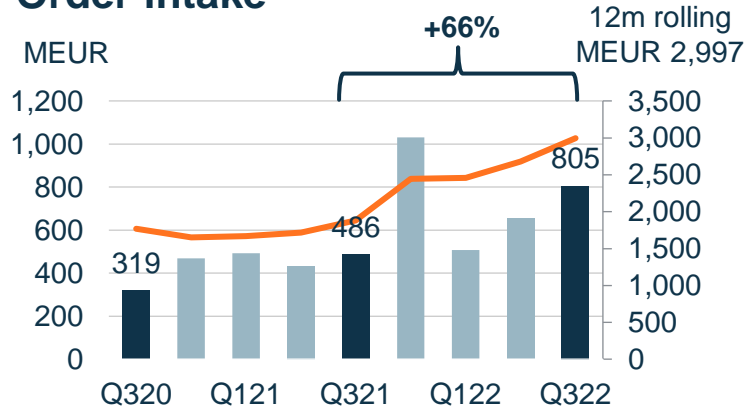
Energy



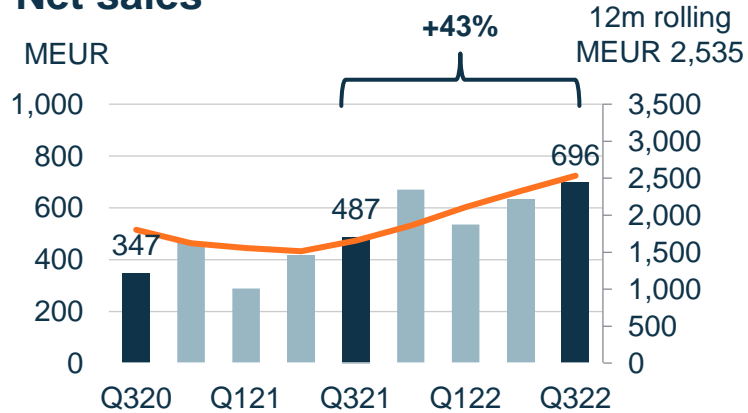
Energy: order intake and net sales increased

Comparable operating result declined

Order intake

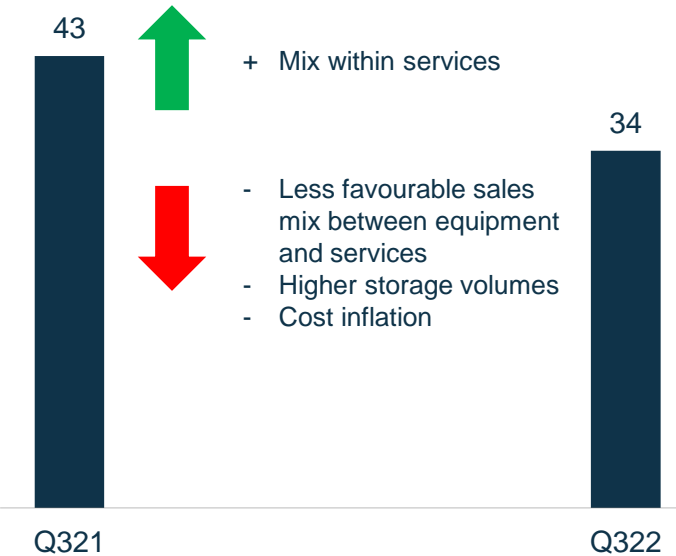


Net sales



Comparable operating result

MEUR

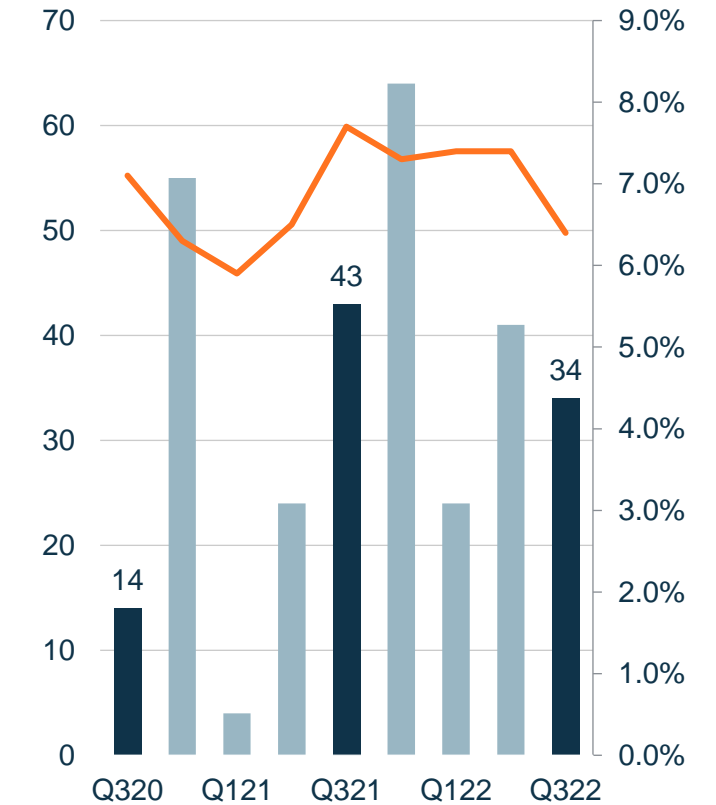


- + Mix within services
- Less favourable sales mix between equipment and services
- Higher storage volumes
- Cost inflation

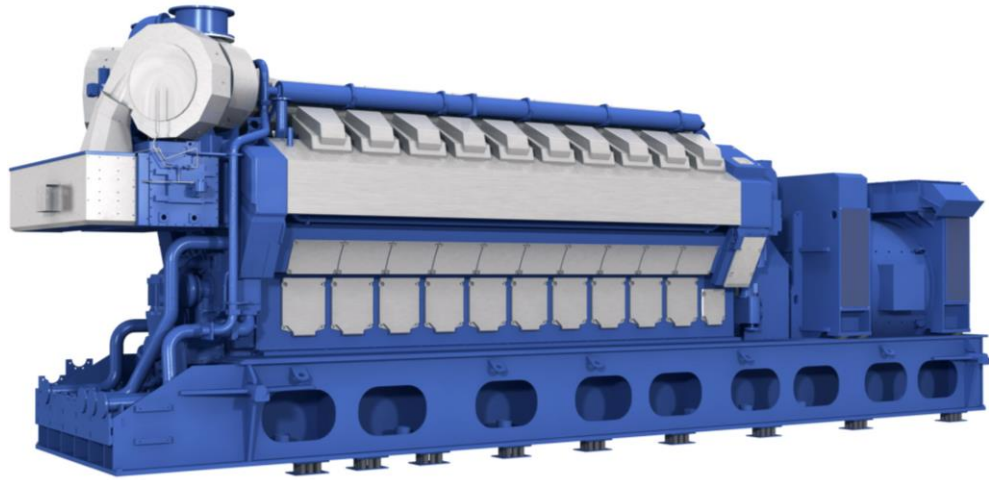
Comparable operating result

MEUR

12m rolling 6.4%



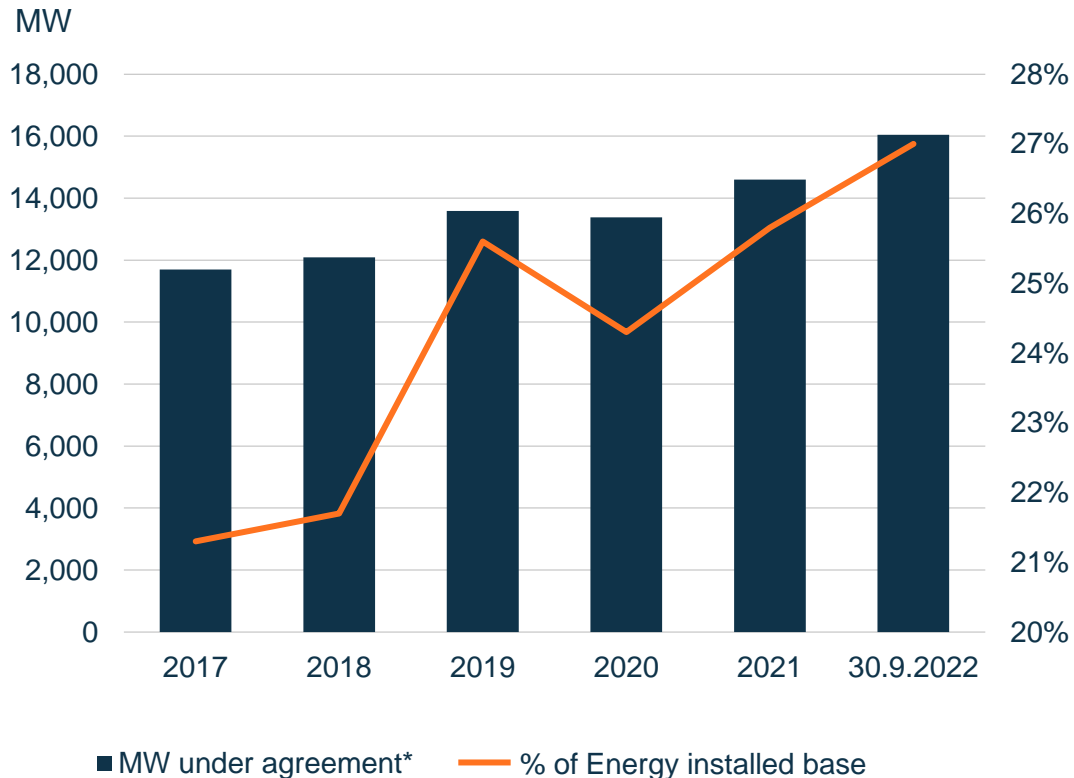
Wärtsilä to support integration of renewables into Japan's power mix by providing balancing power gas engines



- The new Japanese plant will operate with ten Wärtsilä 34SG gas engines. It will replace a 100 MW combined cycle gas turbine that was formerly located on the project site.
- The fast-starting engines will provide the grid balancing and peaking capabilities needed as Japan increases its share of energy from renewable sources.
- The main purpose of the utility-scale power plant is hedging market price fluctuations, and it will also enable participation in the recently launched cross-regional balancing market.
- Japan is committed to addressing climate change and has set a target to have its share of renewable energy within the power mix increased to 36 - 38 percent by 2030.

Energy service agreements

Installed base covered by long-term service agreements increasing



Wärtsilä to provide automation upgrade and long-term service agreement for a power plant in Cameroon

- Wärtsilä will carry out an upgrading project of the electrical and automation systems to ensure optimal reliability of the Kribi power plant in the Republic of Cameroon.
- The 216 MW plant has been in operation for nearly ten years, operating with 13 Wärtsilä 50DF dual-fuel engines running primarily on natural gas.
- Wärtsilä will support the customer’s operational and maintenance performance with a 10-year long-term service agreement.

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

Other key financials

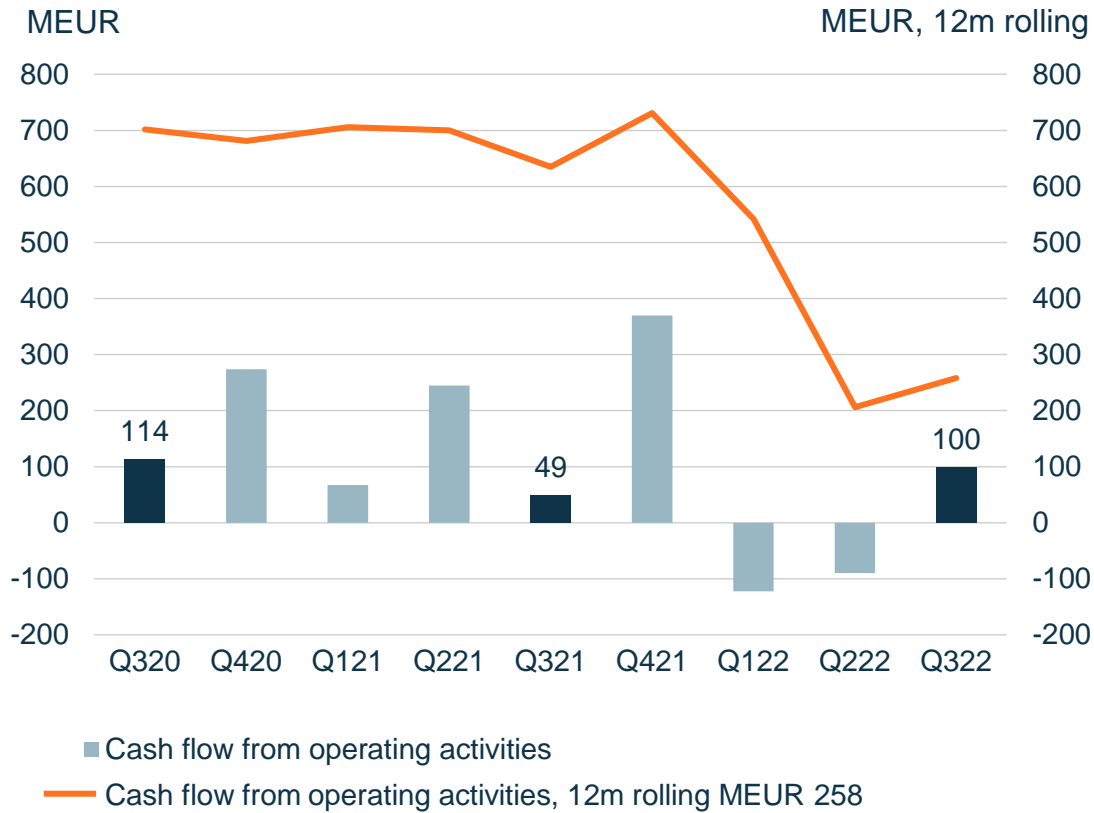


Other key financials

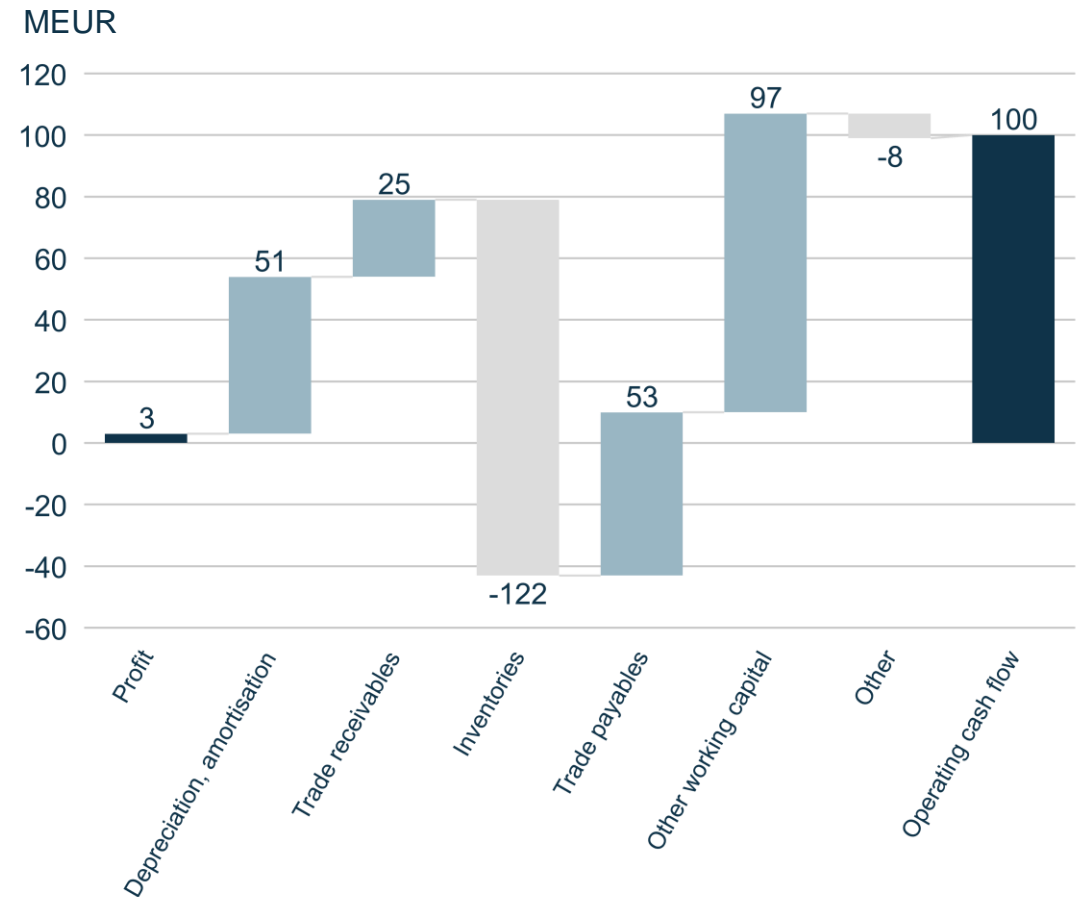
MEUR	7-9/2022	7-9/2021	1-9/2022	1-9/2021
Cash flow from operating activities	100	49	-113	360
Working capital			108	107
Net interest-bearing debt			377	309
Gearing			0.18	0.14
Solvency, %			34.5	39.3
Basic earnings/share, EUR	0.00	0.08	-0.16	0.19

Cash flow from operating activities increased

Cash flow from operating activities



Third quarter development





Prospects

Wärtsilä expects the demand environment in the fourth quarter to be weaker than that of the corresponding period in the previous year. Wärtsilä's order intake in the comparison period, last quarter of 2021, was at an all-time high. For the full year 2022, the demand is expected to be slightly higher than in the previous year. The prevailing market conditions make the outlook uncertain.

Q&A

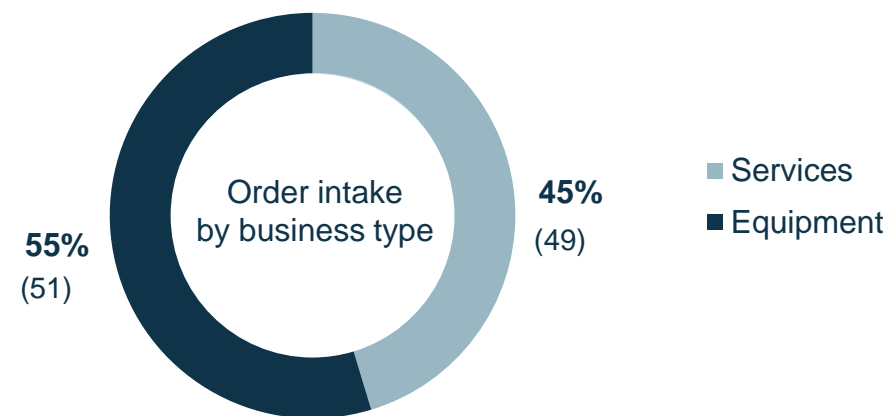
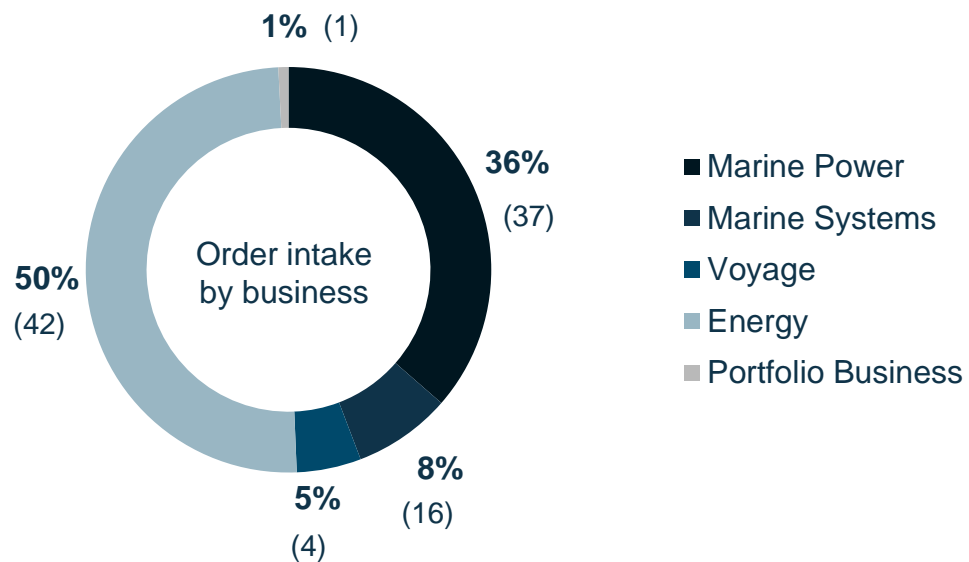


Appendix



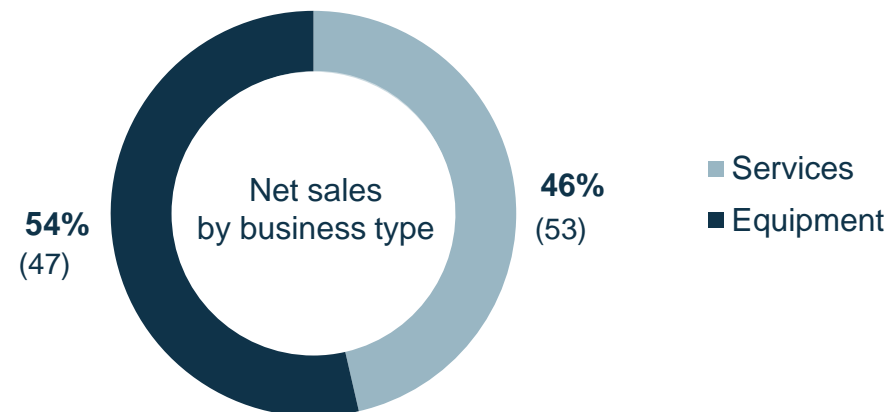
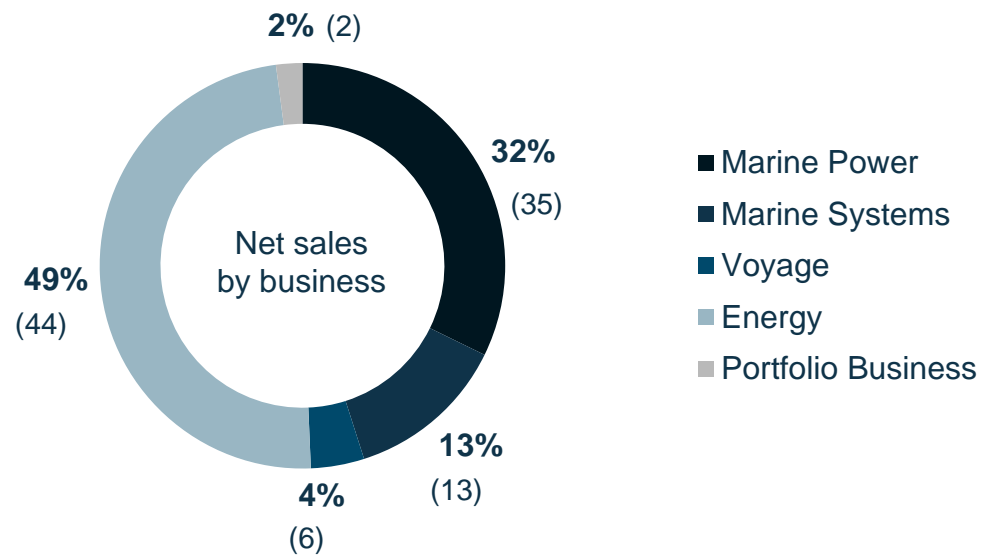
Order intake

Third quarter development



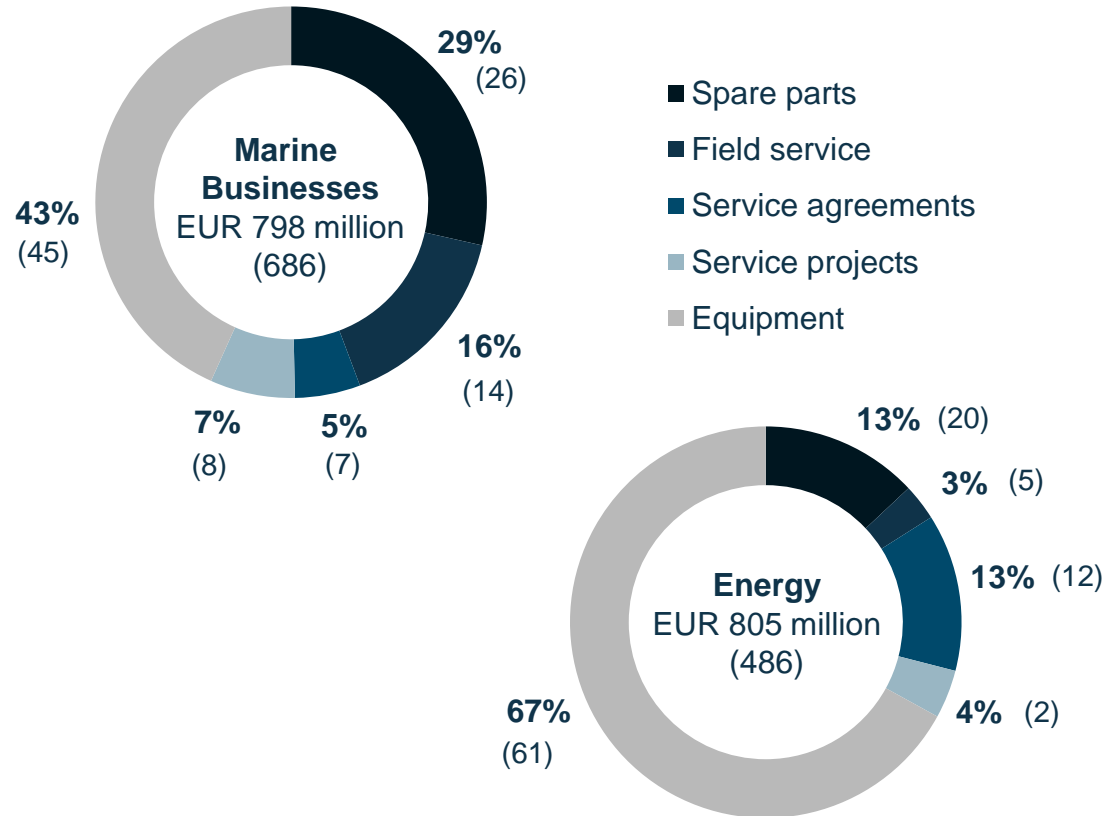
Net sales

Third quarter development

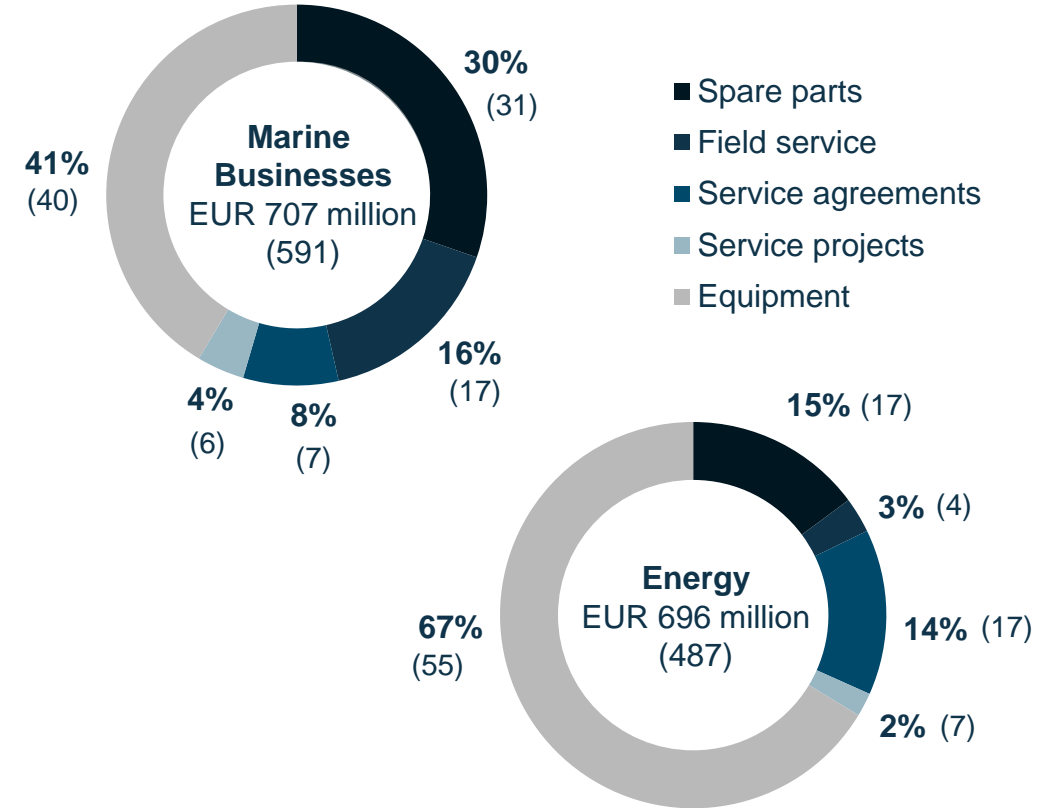


Third quarter development by business type

Order intake



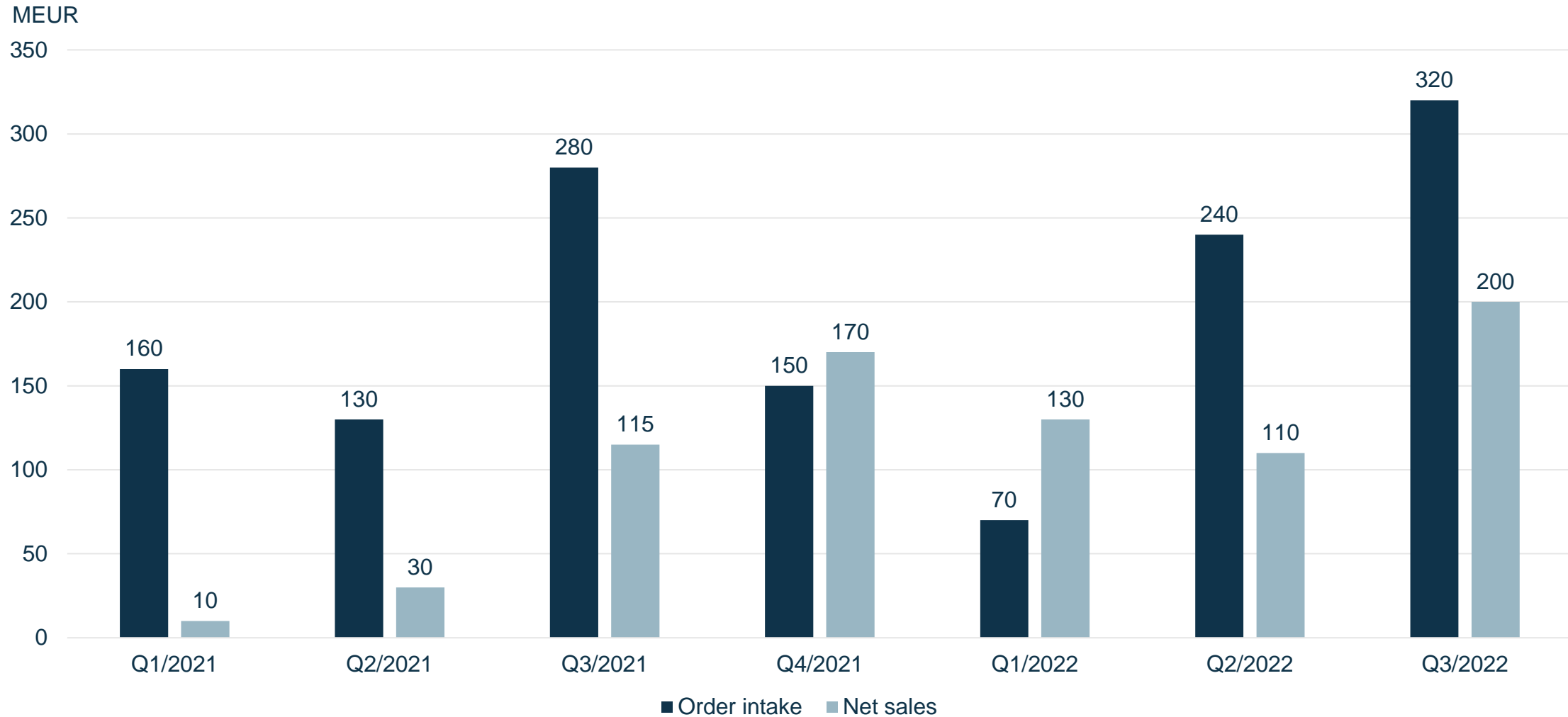
Net sales



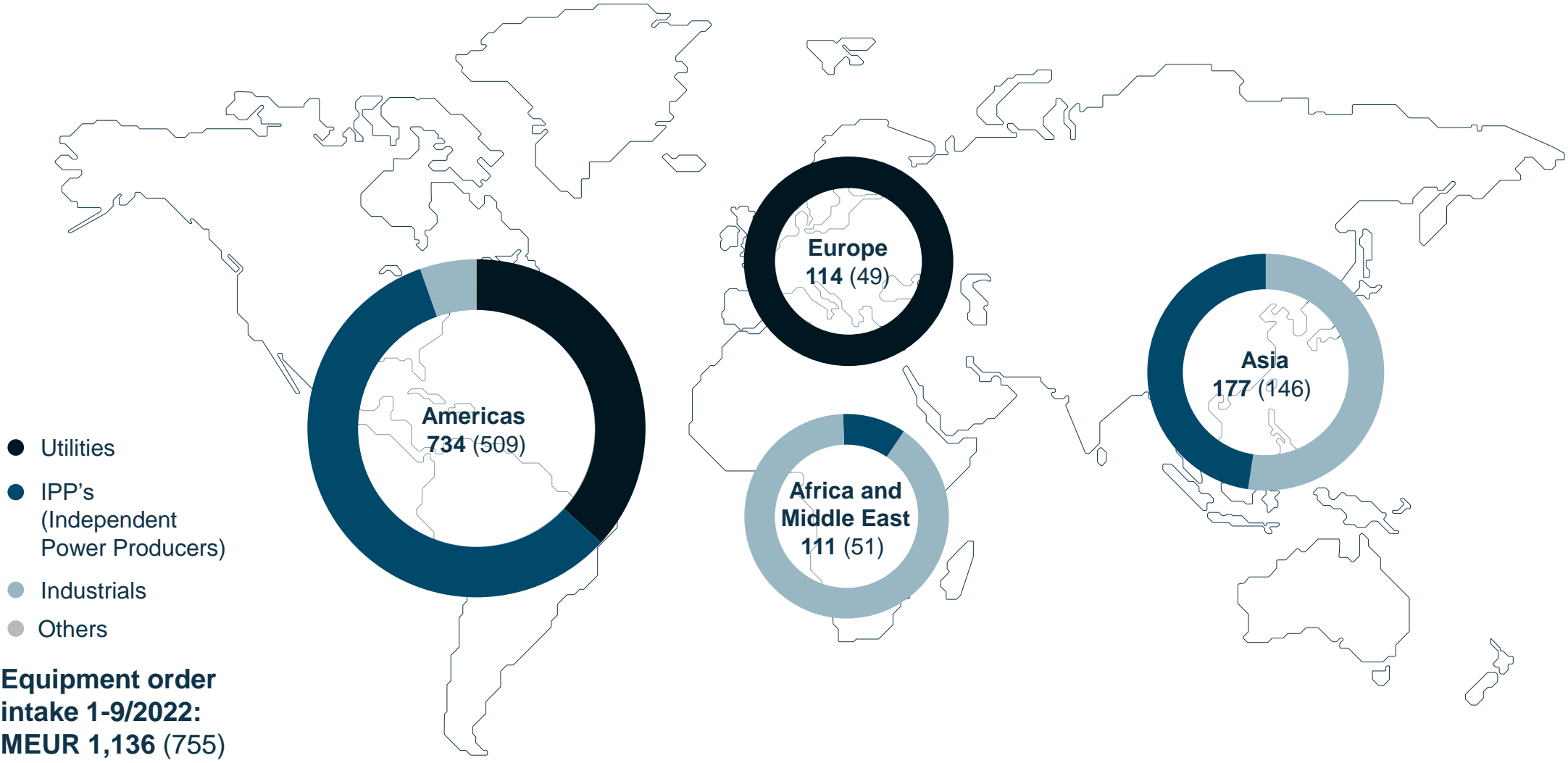
January–September order intake by customer segment

Marine Businesses	Gas carriers	Cruise & ferry	Offshore	Navy	Special vessels	Merchant	Other
Marine Power							
Equipment	17% (9)	23% (34)	2% (5)	3% (9)	18% (23)	37% (20)	0% (0)
Services	16% (19)	21% (17)	14% (14)	7% (10)	12% (13)	28% (25)	2% (2)
Marine Systems							
Equipment	28% (61)	2% (5)	1% (1)	31% (2)	10% (0)	12% (30)	16% (0)
Services	3% (3)	8% (9)	6% (6)	28% (27)	7% (7)	46% (43)	3% (5)
Voyage							
Equipment	0% (1)	28% (30)	10% (8)	1% (4)	5% (16)	19% (18)	37% (22)
Services	1% (3)	27% (30)	6% (5)	1% (2)	5% (6)	50% (53)	11% (1)
Energy							
		Utilities	Independent Power Producers		Industrials	Other	
Equipment		35% (34)	52% (56)		13% (9)	0% (0)	
Services		40% (34)	27% (28)		23% (28)	9% (10)	

Energy storage order intake and net sales



Orders received for Energy equipment globally



- Utilities
- IPP's (Independent Power Producers)
- Industrials
- Others



WÄRTSILÄ