

# Wärtsilä Corporation Half-year result presentation 2024

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## Order intake, profitability and cash flow all improved

- Net sales increased by 7%
- Order intake increased by 10%
- Order book continues at all-time high (7,607 MEUR)
- Comparable operating result increased by 63%
  - Double-digit comparable operating margin
- Good progress in services continued:
  - Service order intake increased by 8%
  - Service net sales increased by 3%
- Strong cash flow from operating activities (216 MEUR)



## Good development in key figures

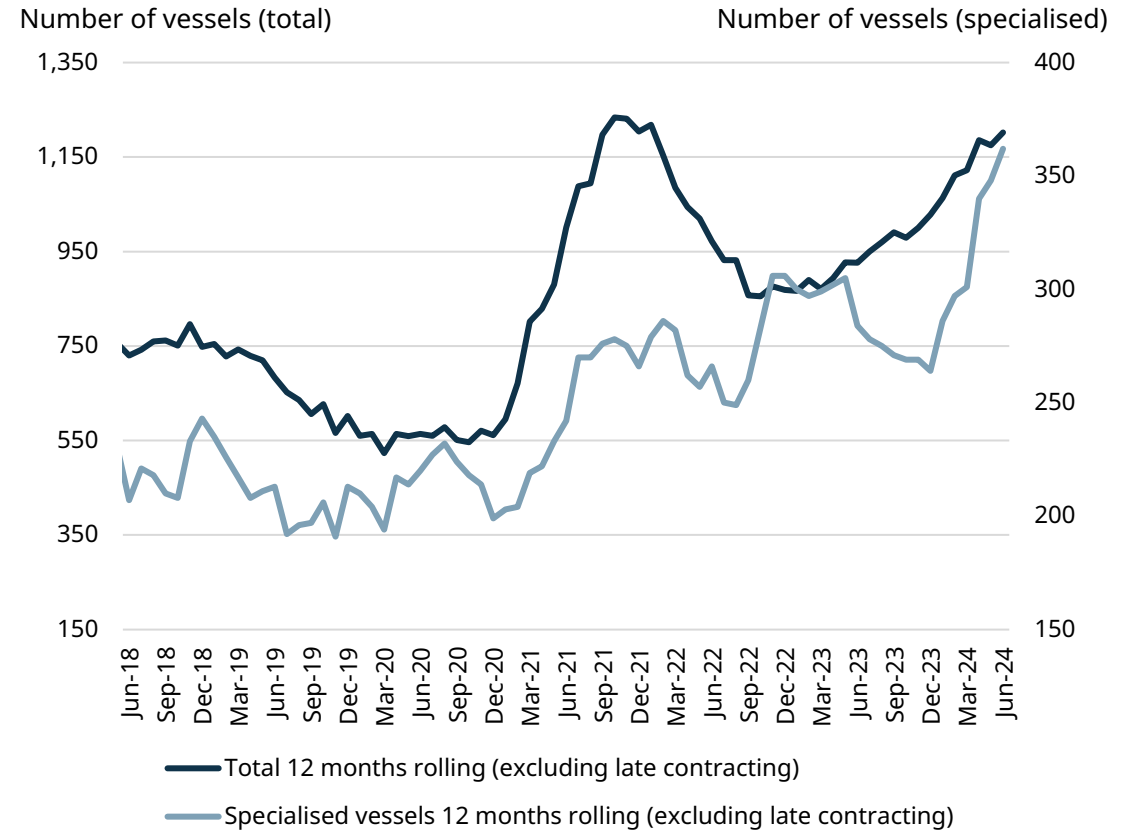
MEUR	4-6/2024	4-6/2023	CHANGE	1-6/2024	1-6/2023	CHANGE
<b>Order intake</b>	<b>1,854</b>	1,687	10%	<b>3,778</b>	3,427	10%
of which services	<b>982</b>	913	8%	<b>1,931</b>	1,802	7%
of which equipment	<b>872</b>	774	13%	<b>1,847</b>	1,625	14%
<b>Order book</b>				<b>7,607</b>	6,249	22%
of which current year deliveries				<b>2,967</b>	2,589	
<b>Net sales</b>	<b>1,556</b>	1,454	7%	<b>2,877</b>	2,919	-1%
of which services	<b>834</b>	807	3%	<b>1,666</b>	1,543	8%
of which equipment	<b>722</b>	647	12%	<b>1,211</b>	1,376	-12%
<b>Book-to-bill</b>	<b>1.19</b>	1.16		<b>1.31</b>	1.17	
<b>Operating result</b>	<b>168</b>	66	156%	<b>295</b>	158	87%
% of net sales	<b>10.8</b>	4.5		<b>10.2</b>	5.4	
<b>Comparable operating result</b>	<b>176</b>	108	63%	<b>308</b>	196	57%
% of net sales	<b>11.3</b>	7.4		<b>10.7</b>	6.7	

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

Continued good appetite for new ships in the second quarter

- The number of vessels ordered in H1 increased to 1,069 (773 in the corresponding period in 2023, excluding late reporting of contracts).
- Investments in new ships were higher than in H1/2023, driven by increasing demand for ship capacity, solid average earnings across cargo segments, low order book mainly in bulk carrier and tanker segments, and continued fleet renewal.
- 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.
- Newbuild ship prices continued to increase. This is despite growth in shipyard capacity and output, especially in China and South Korea, which indicates an ongoing shortage of yard capacity.

## Total and specialised vessel contracting



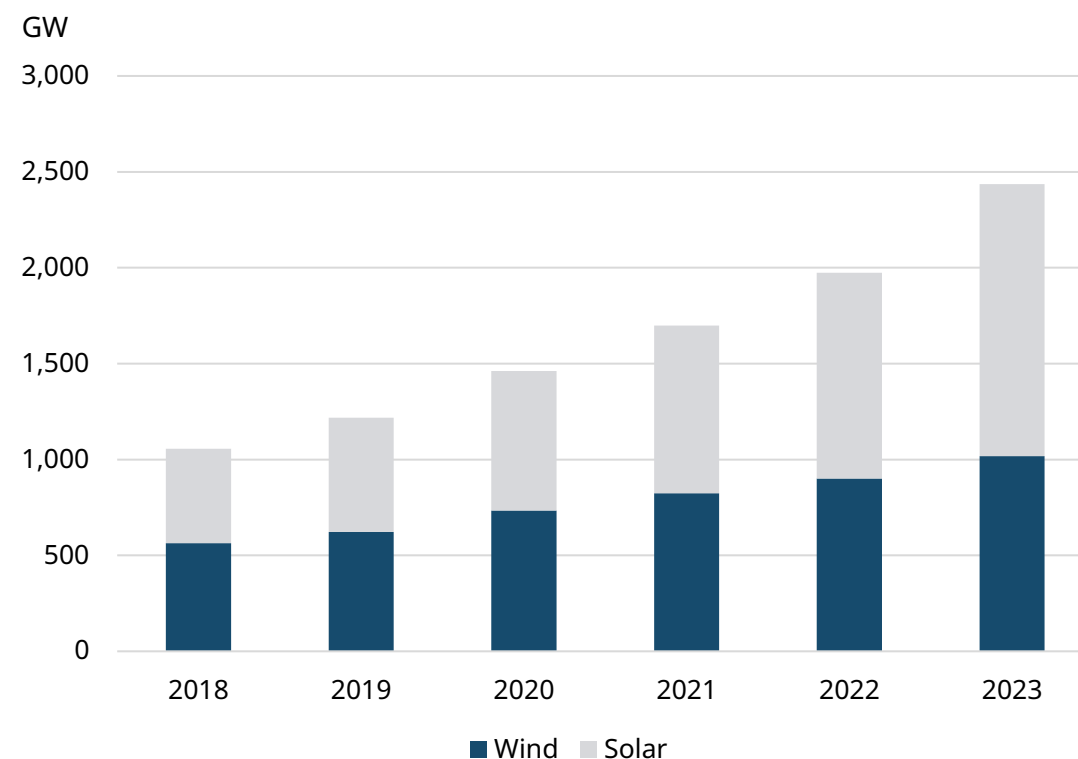
Source: Clarksons Research, 12m rolling contracting as per 3rd of July 2024 (+100 gt, excluding late reporting of contracts)  
Specialised vessels include LNG carriers, LPG carriers, cruise & ferry, offshore, and special vessels.

# Energy: solid mid to long-term market opportunities

Continued uncertainty in the market environment in the second quarter

- Macroeconomic development in Q2 was influenced by 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.
- Global natural gas prices rose in Q2. Commodity pricing overall was stable, despite elevated uncertainty in geopolitical and trade environments.
- The energy transition continues to advance, BloombergNEF expects wind and solar capacity additions to increase by 6% and 32%, respectively, in 2024.
- The rapid growth of AI is having sizable impact on the global electricity demand for data centers. Today data centers account for approximately 1–2% of global electricity demand, potentially doubling in share by 2026.\*

## Development on installed wind and solar capacity\*\*

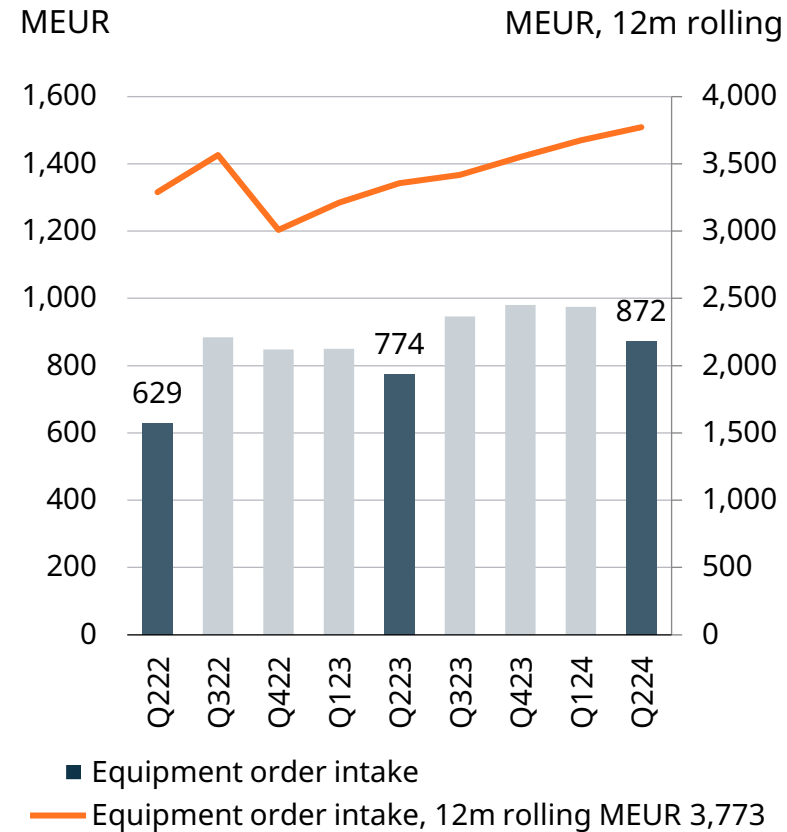


\*Source: IEA

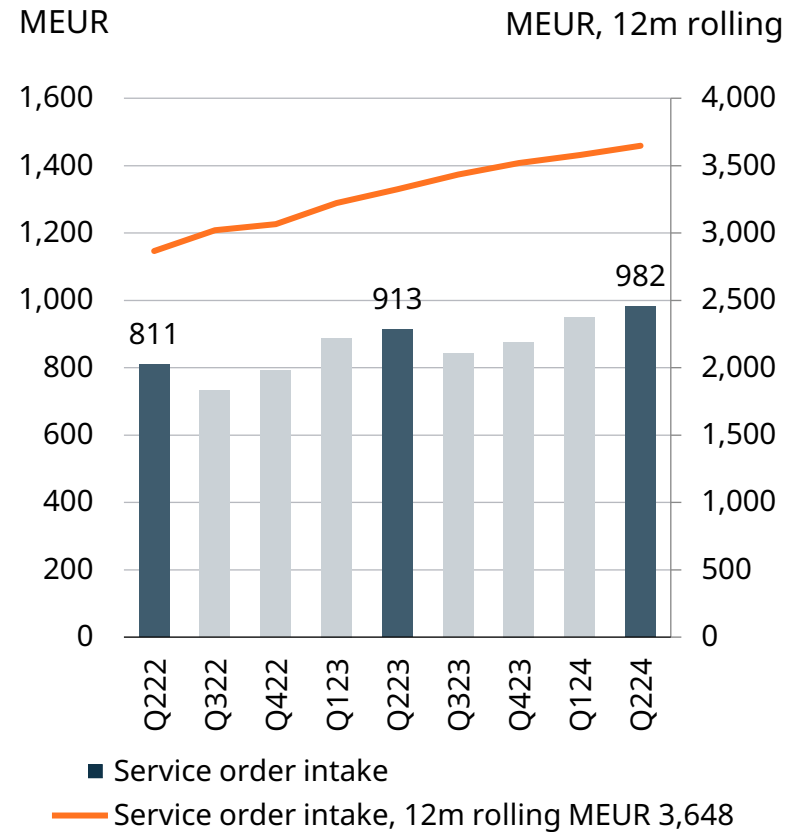
\*\*Source: IRENA (2024), Renewable capacity statistics 2024

# Organic order intake increased by 12%

## Equipment



## Services



Order intake increased by 10%

Equipment order intake increased by 13%

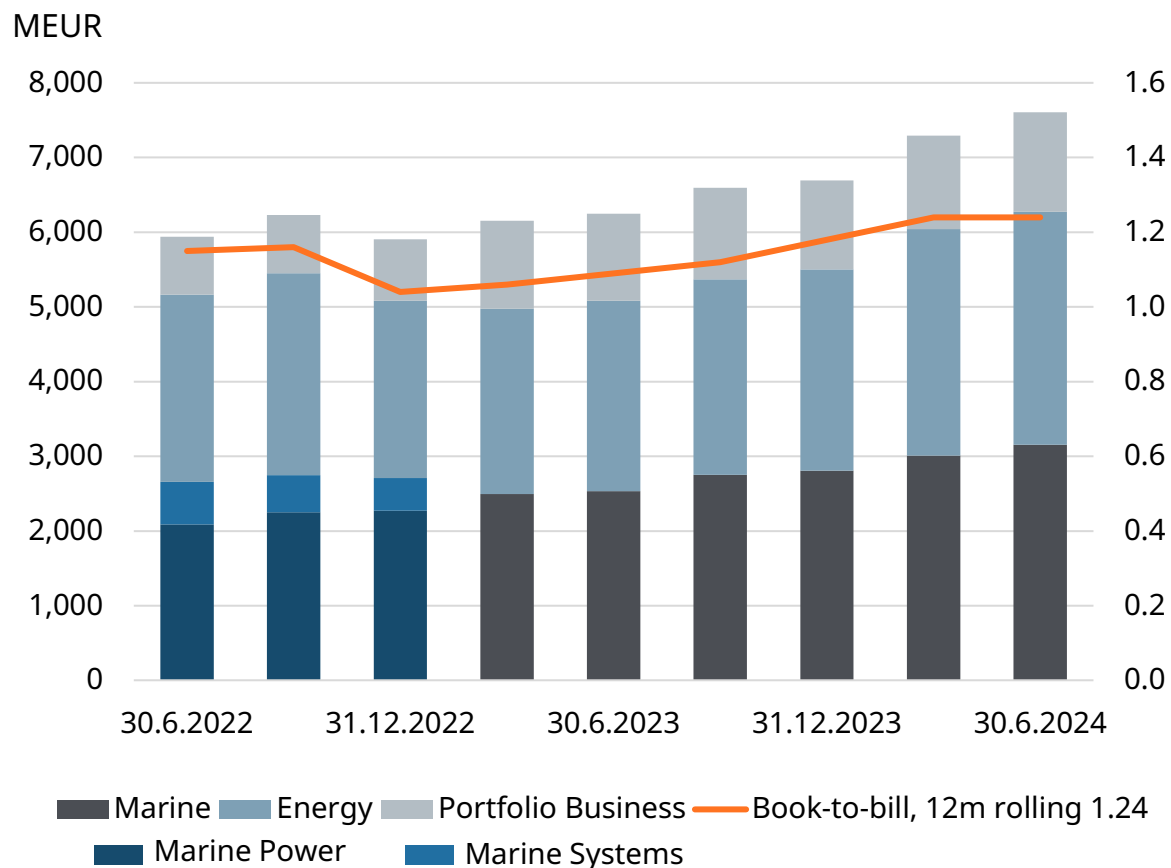
Service order intake increased by 8%



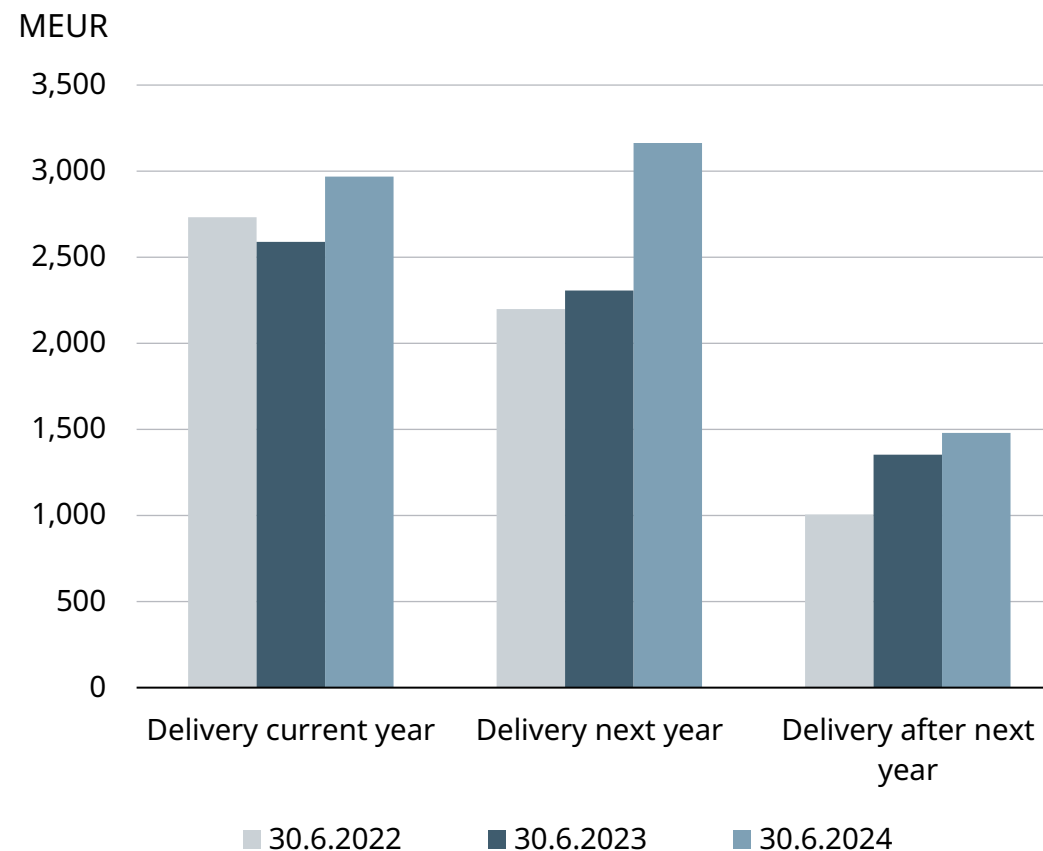
# Record high order book, rolling book-to-bill continues above 1

Order book delivery schedule in Marine is slightly longer due to constraints in shipyard capacity

## Order book by business



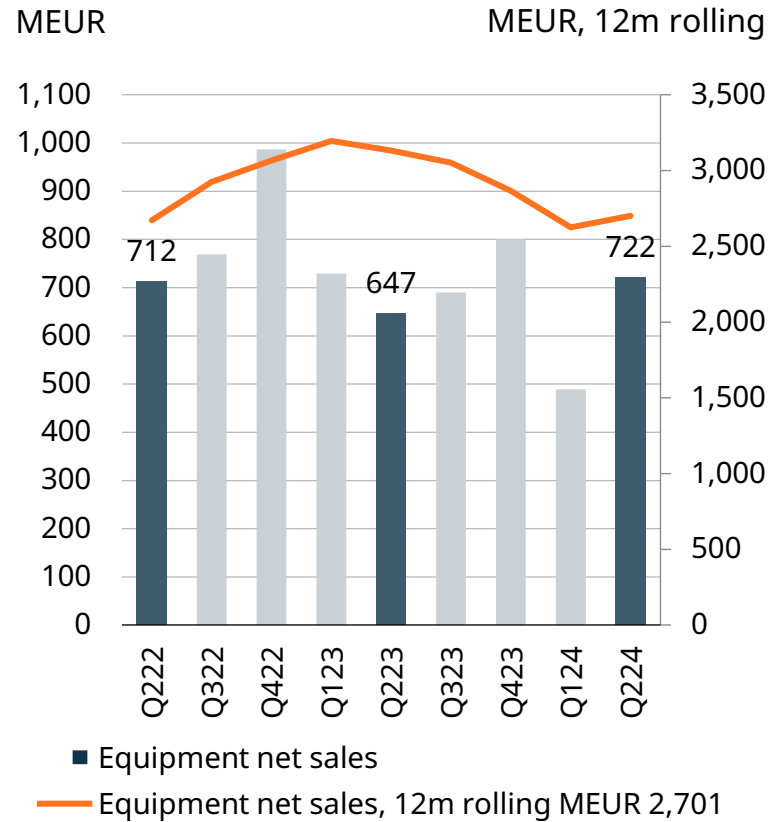
## Order book delivery schedule



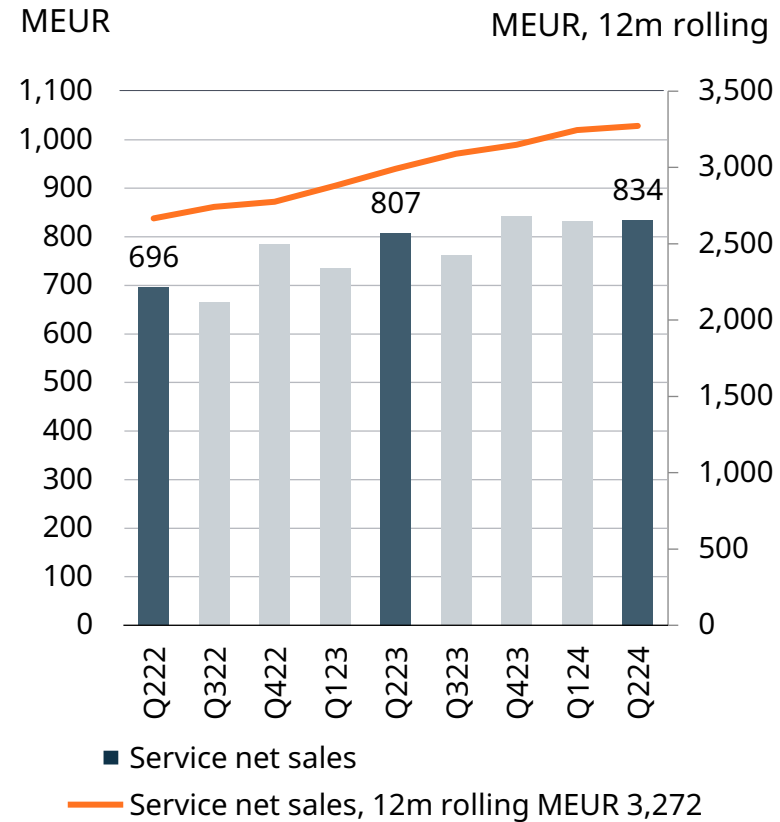
Financial figures for 2023 have been restated to reflect a redefined organisational structure after discontinuation of Marine Systems as a reporting segment as of 1 January 2024. Gas Solutions business unit was moved to Portfolio Business for divestment, and Exhaust Treatment and Shaft Line Solutions business units were moved from Marine Systems to Marine Power and consequently, Marine Power changed its name to Marine as of 1 January 2024. 2022 figures are restated to reflect the redefined organisational change considering the integration of Voyage into Marine Power and moving part of the Voyage business to the Portfolio Business.

# Organic net sales increased by 9%

## Equipment



## Services



Net sales increased by 7%

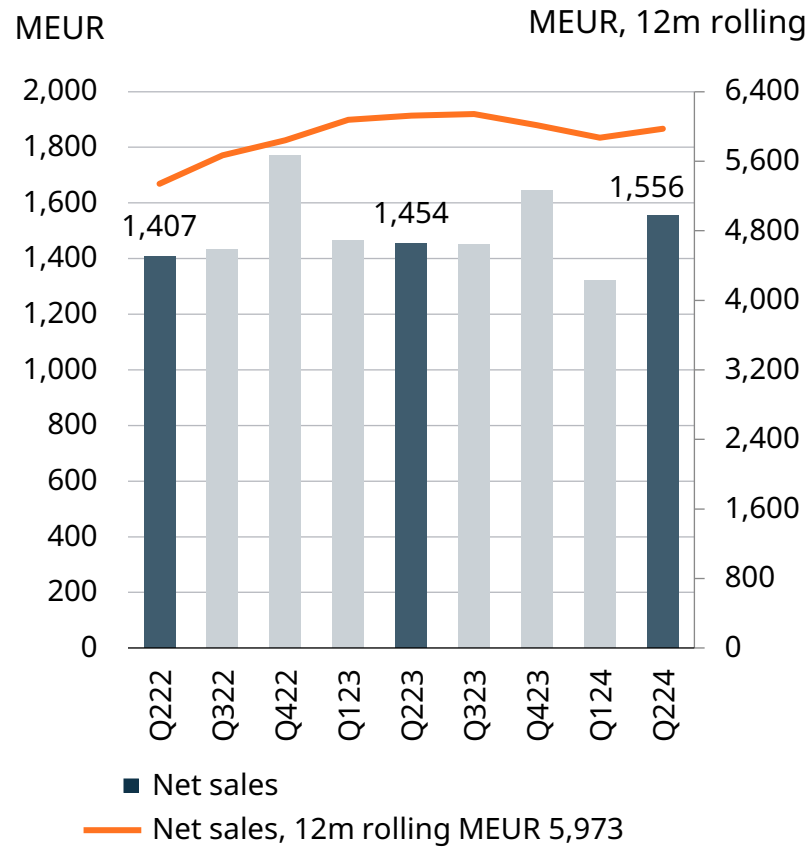
Equipment net sales increased by 12%

Service net sales increased by 3%

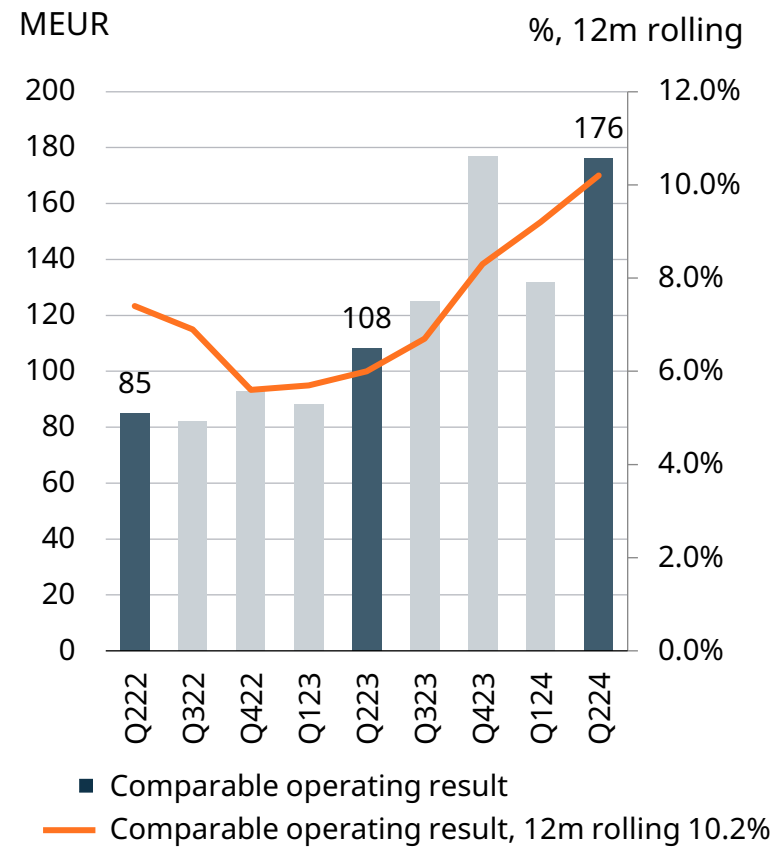


# Profitability continued to improve

## Net sales



## Comparable operating result



Net sales increased by 7%

Comparable operating result increased by 63%

## Technology and partnership highlights

Enabling industry decarbonisation

### Wärtsilä launches world's first large-scale 100% hydrogen-ready engine power plant concept

- 100% hydrogen-ready engine power plant concept based on the Wärtsilä 31 engine platform is certified by TÜV SÜD
- TÜV SÜD's certification consists of three stages and Wärtsilä has now achieved the first stage of the certificate for the conceptual design of its engine power plant.
- The 100% hydrogen-ready engine is expected to be available for orders in 2025, and available for delivery from 2026.

### Wärtsilä and AVK collaborate to deliver on-site power generation for data centres

- Wärtsilä and energy solutions business AVK-SEG have signed a cooperation agreement aimed at meeting data centres' unique power requirements.
- Data centres are essential in ensuring businesses and organisations can store, process, and manage their data and operations securely and efficiently.
- Wärtsilä will provide the engineered equipment and maintenance support.
- Wärtsilä and AVK are currently executing two energy center projects in Ireland.
- The agreement was signed in May 2024.



# Marine

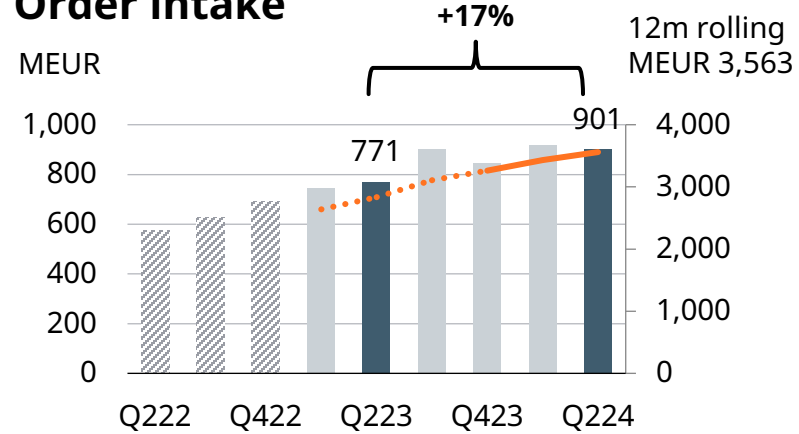




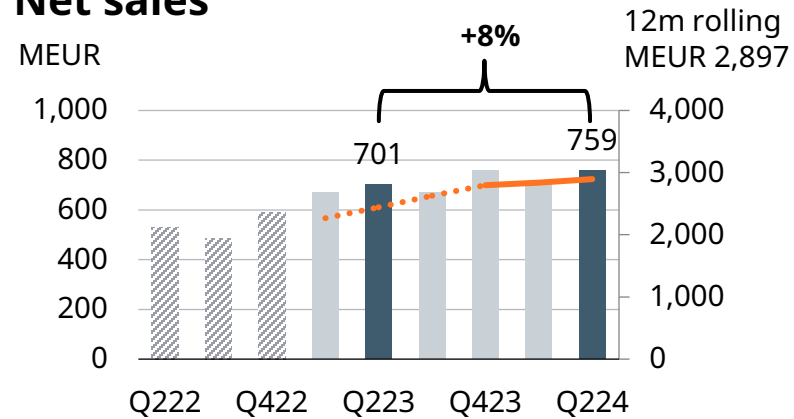
# Marine: Good performance continued

Order intake, net sales and comparable operating result increased

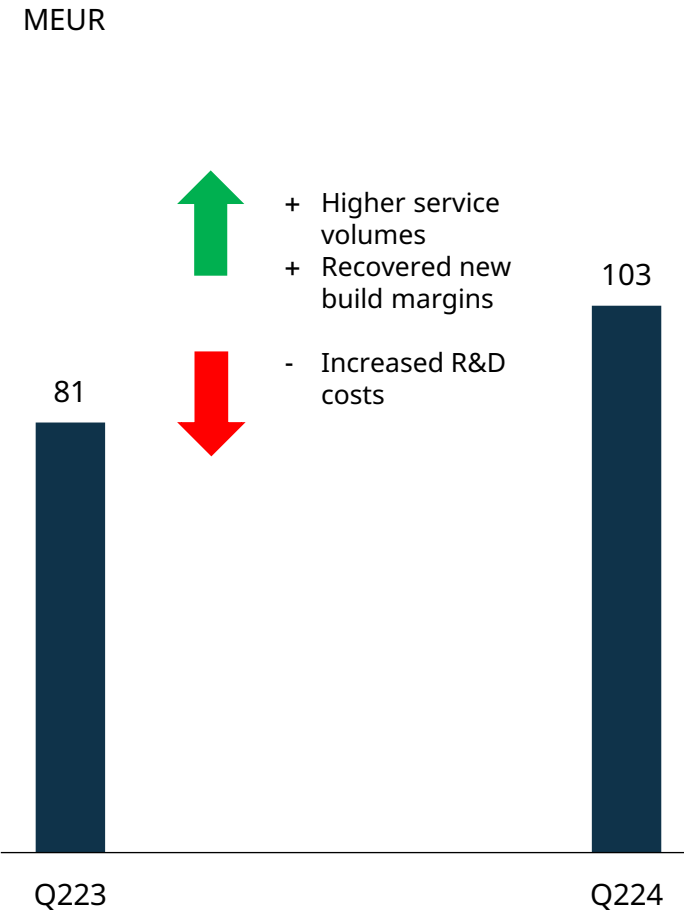
## Order intake



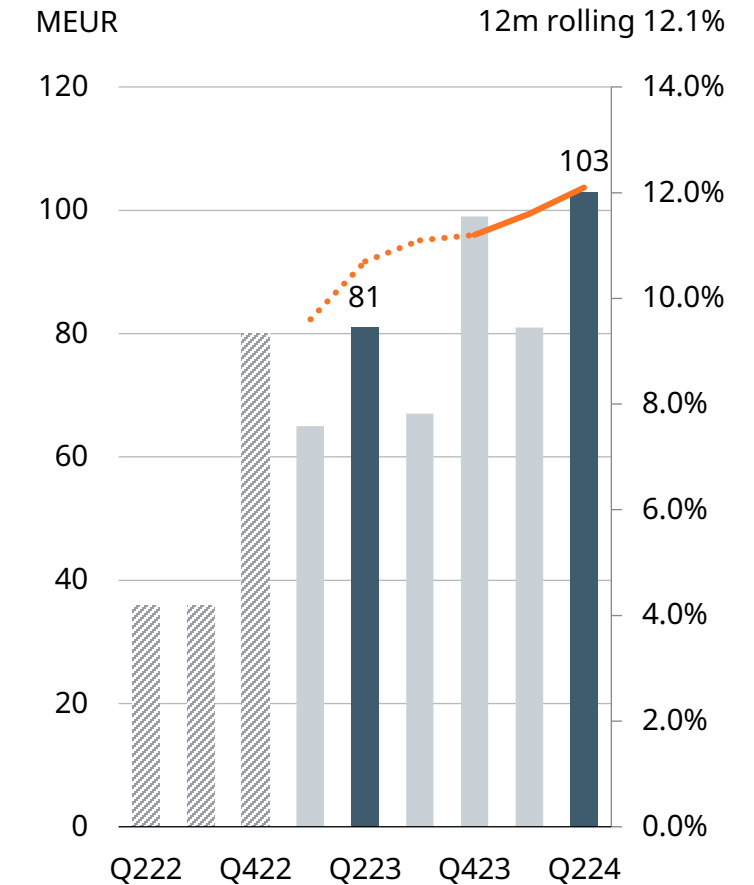
## Net sales



## Comparable operating result



## Comparable operating result



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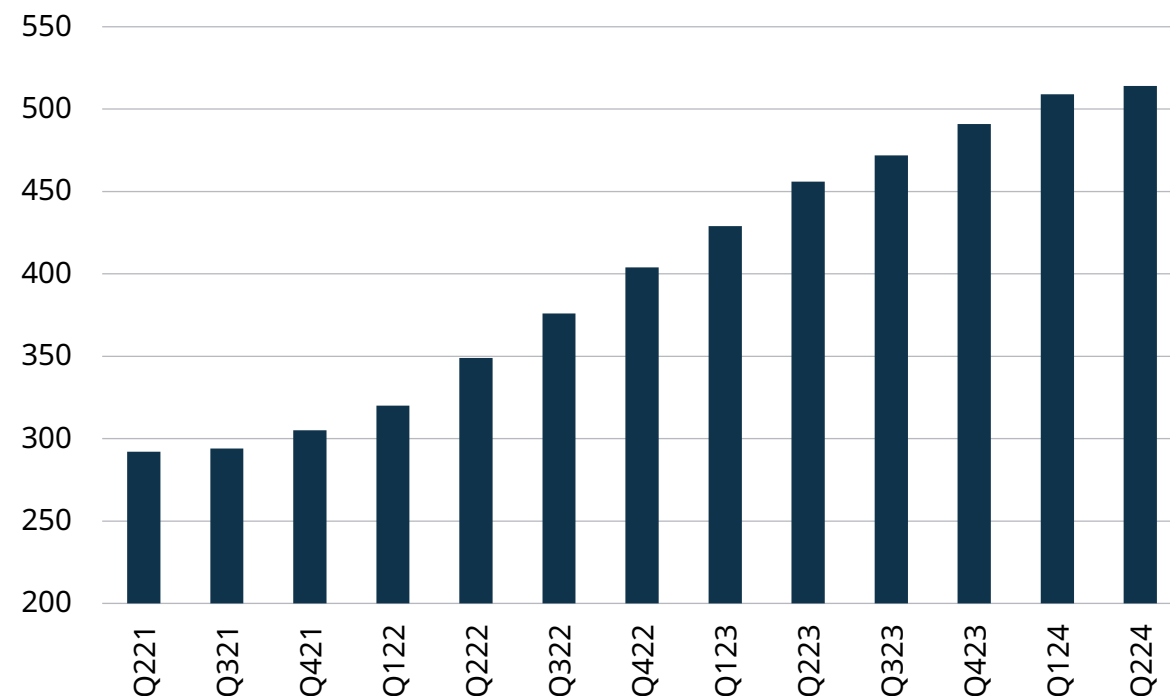
As financial figures prior to 2023 have not been restated to account for the current organisational structure, the non-comparable figures are marked with dashed columns and a dashed line.

## Good development in Marine service

Marine net sales to agreement installations increasing

### Net sales to agreement installations (12 month rolling)<sup>1)</sup>

MEUR, 12m rolling



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

### Success in retrofits

#### Wärtsilä to convert two Scandlines ferries to plug-in hybrid operation

- Wärtsilä will supply the electrical systems needed to convert two ferries to a plug-in hybrid solution.
- The project involves replacing one out of several engines with a new shore-charged electrical system, including a large energy storage system.
- The conversion represents a key element in Scandlines' target to achieve emission-free operations on the route by 2030.
- Wärtsilä continues to be a market leader in hybrid solutions.
- The order was booked in Q2, 2024.

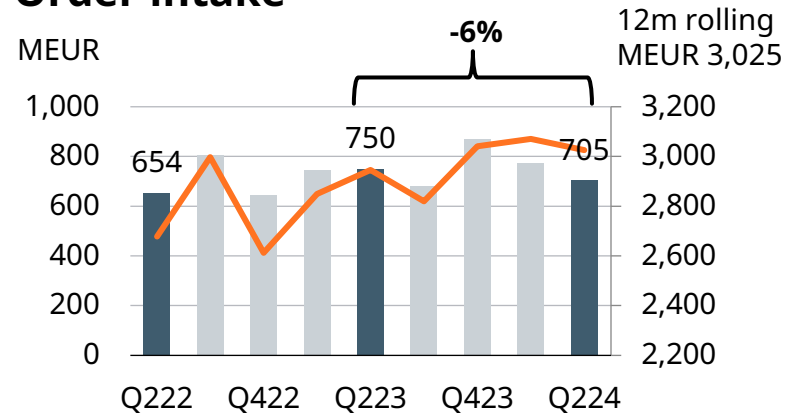
# Energy



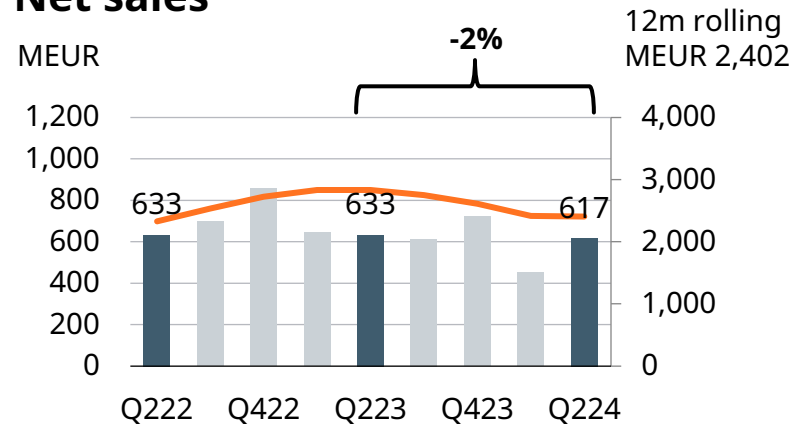
# Energy: Comparable operating result increased

Equipment order intake decreased driven by lower orders in ES&O while orders in EPP increased

## Order intake

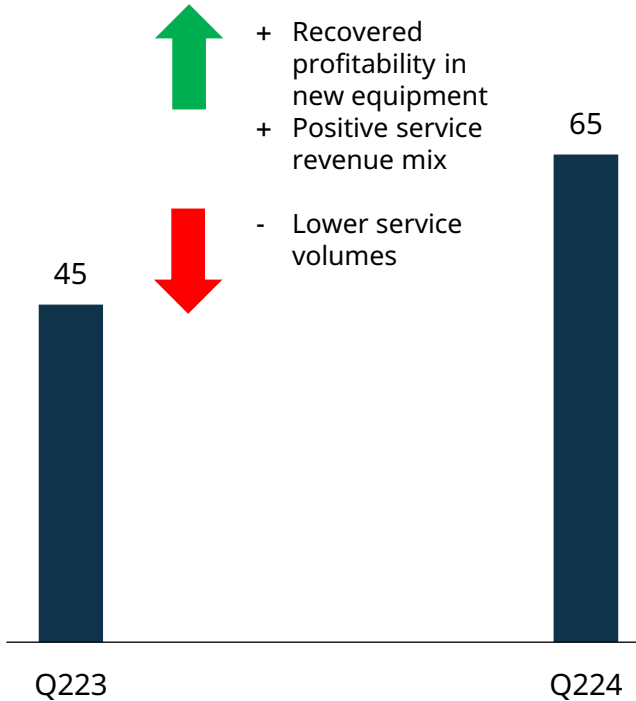


## Net sales

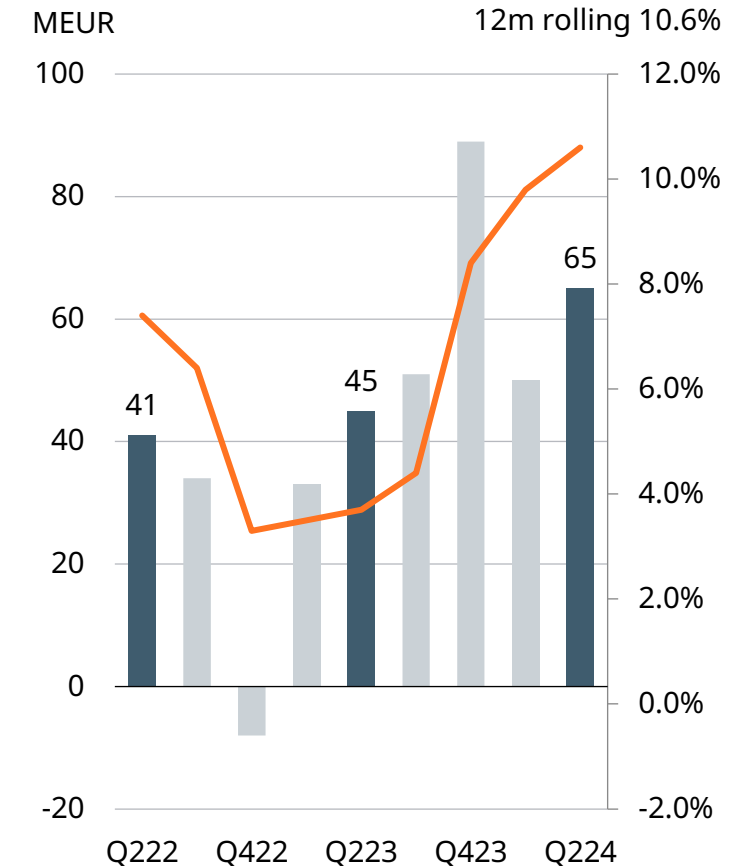


## Comparable operating result

MEUR



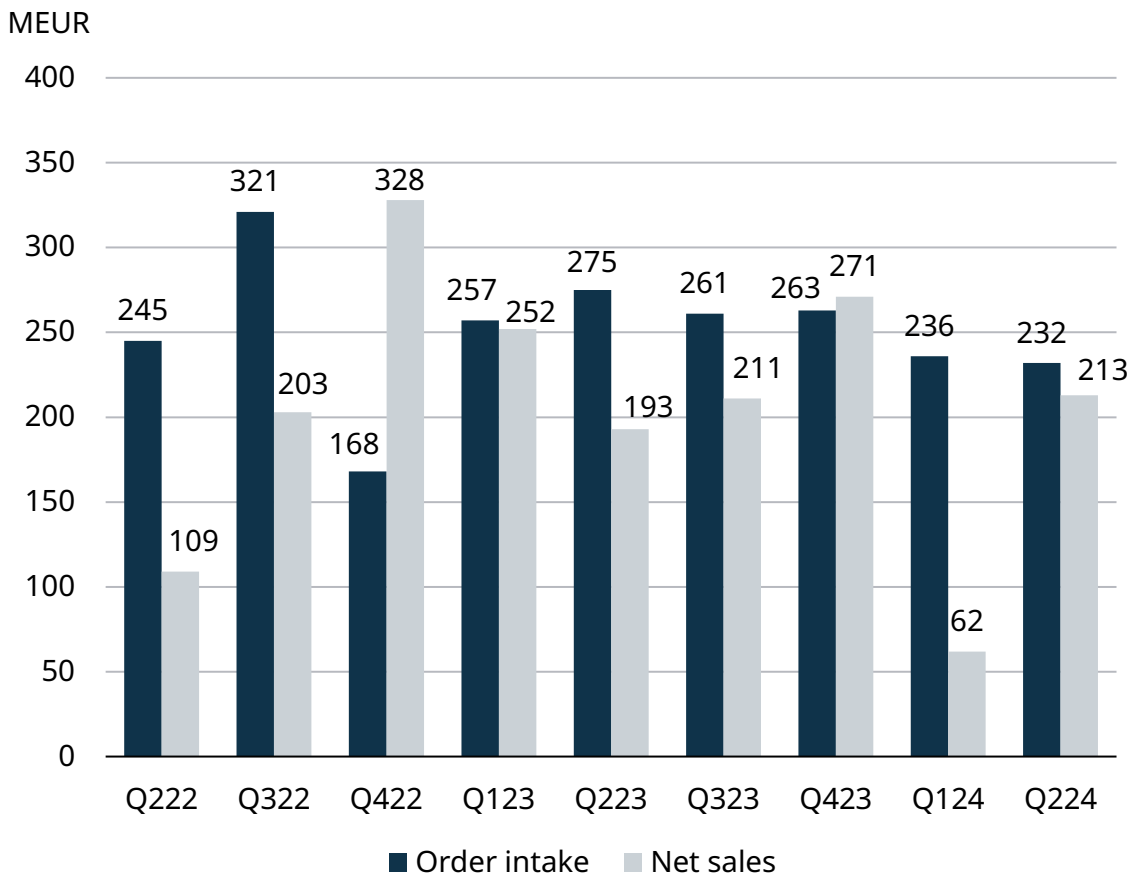
## Comparable operating result



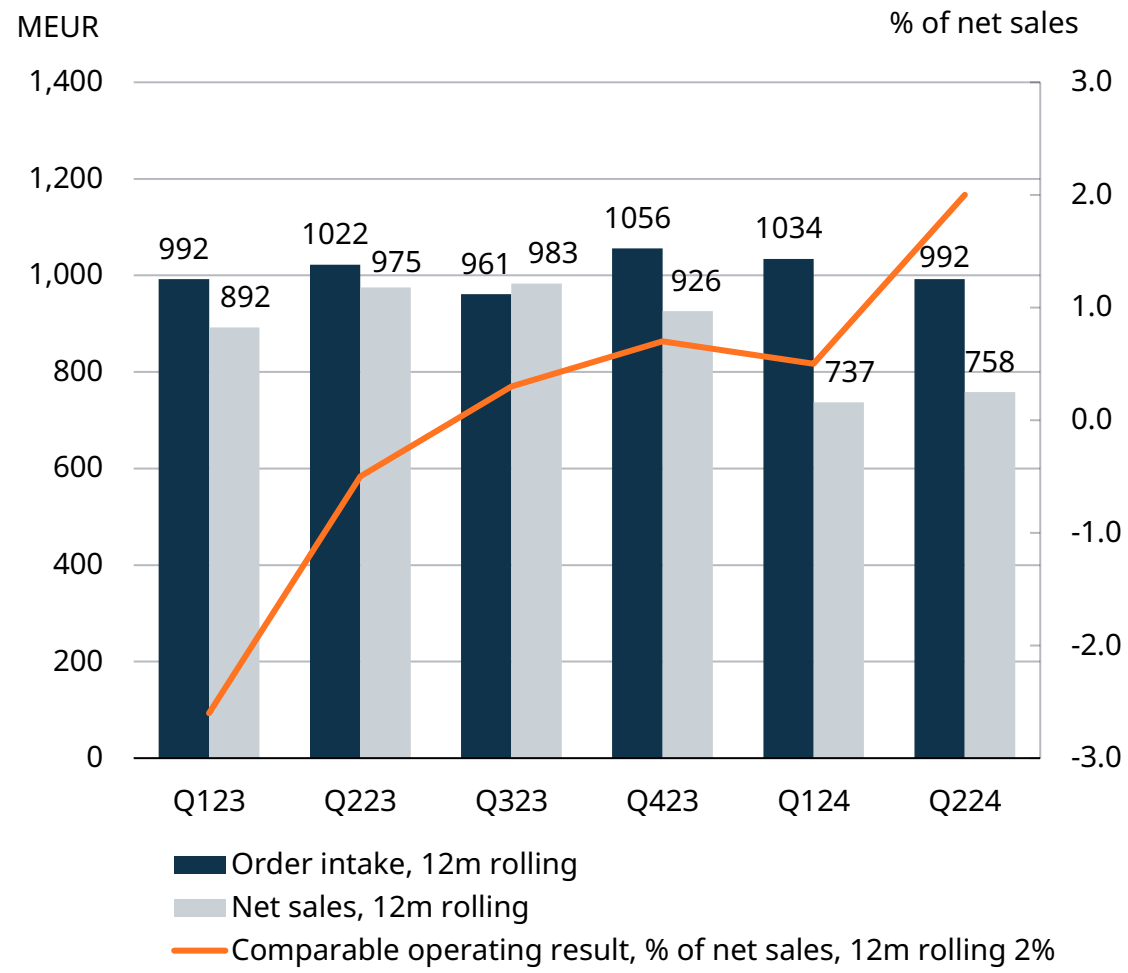


# Energy Storage & Optimization: Comparable operating result margin (12m rolling) continued to improve

## Quarterly development

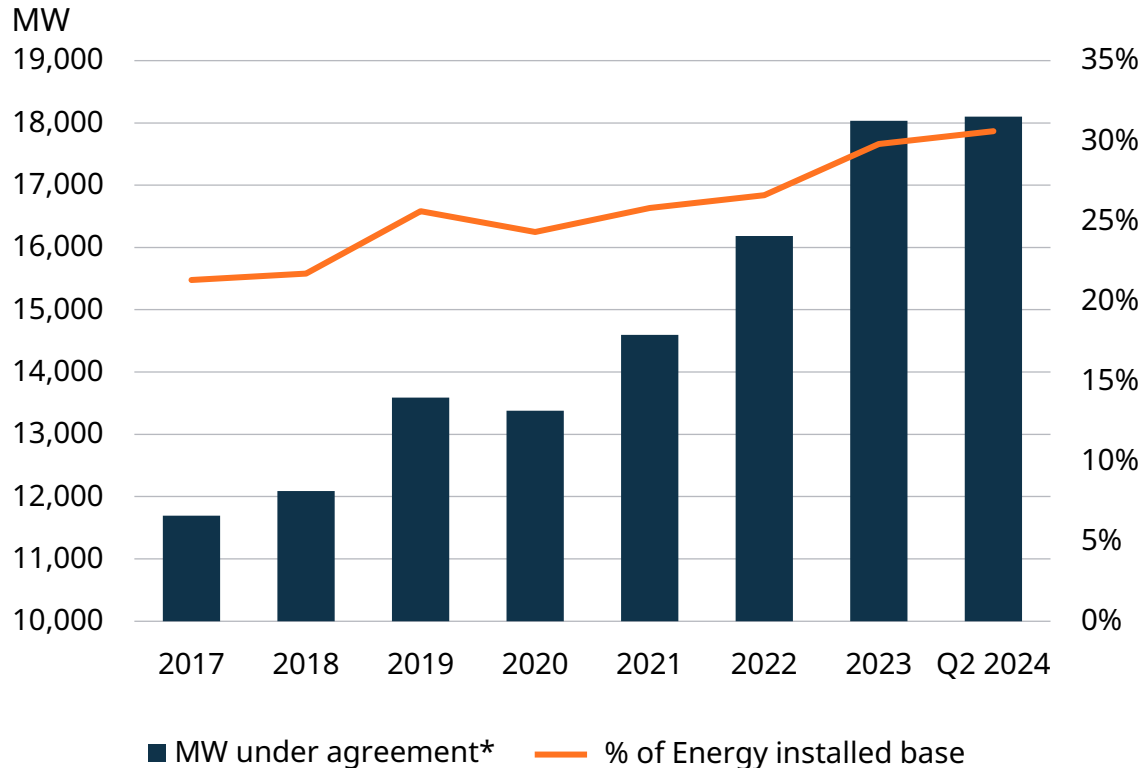


## Rolling 12 months development



# Energy service agreements coverage continues to improve

## MW under agreement globally

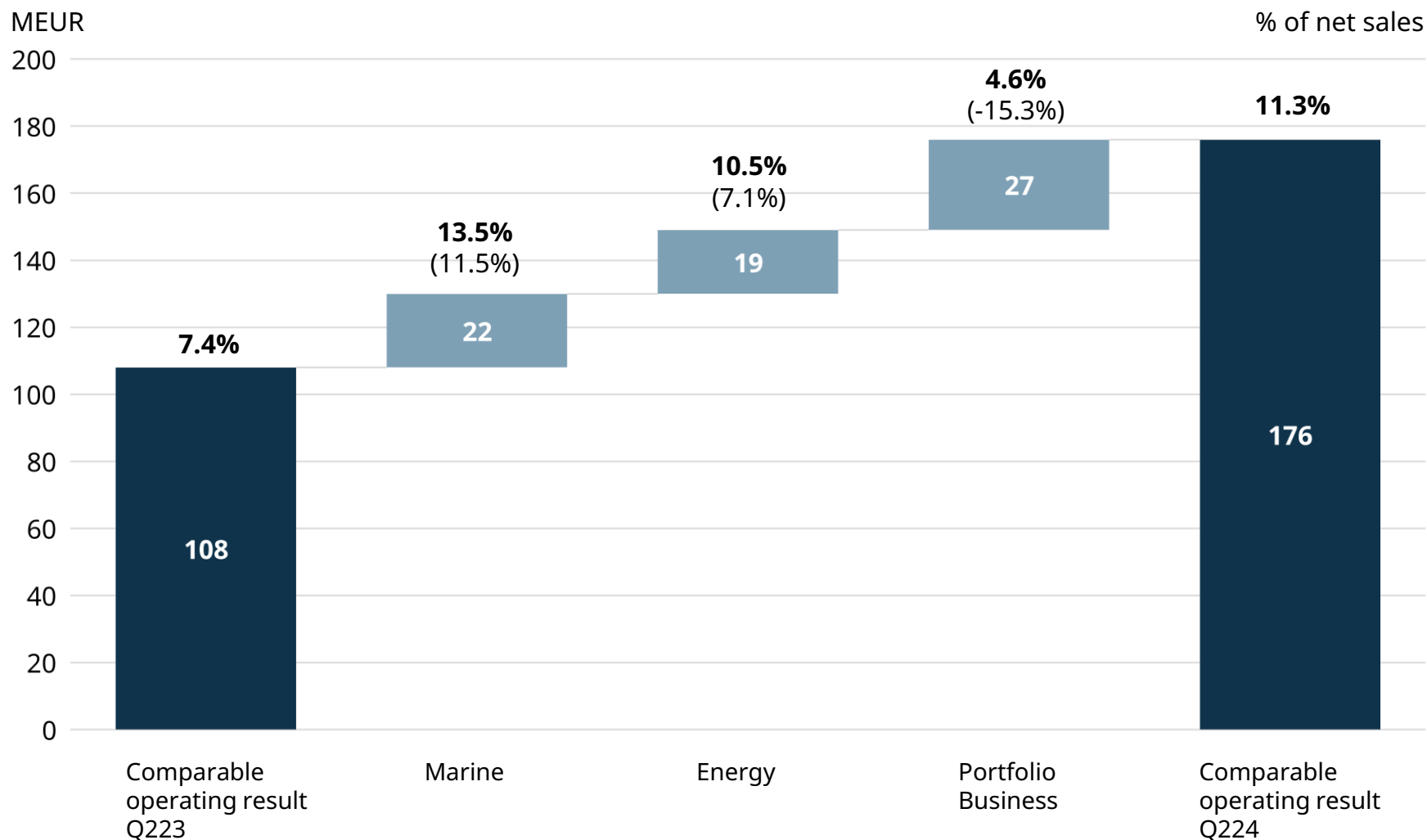


## Wärtsilä service agreement central to maintaining Nigerian cement plant's production schedule

- Wärtsilä has signed a ten-year Operations and Maintenance (O&M) Agreement for a captive power plant providing the energy for a Nigerian cement producing facility.
- The new cement plant is owned by Mangal Industries and is located in Kogi State, Nigeria.
- The O&M agreement is designed to ensure the reliable maintaining of the facility's cement production target of three million metric tons per year.
- The order was booked in Q2, 2024.

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

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



Comparable operating result increased by 63%

Comparable operating margin-% typically reaches its high in Q4. In 2024, we do not expect to see that, given the mix impact from increasing Energy equipment deliveries in H2.

\*In Portfolio Business, 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.

## Other key financials

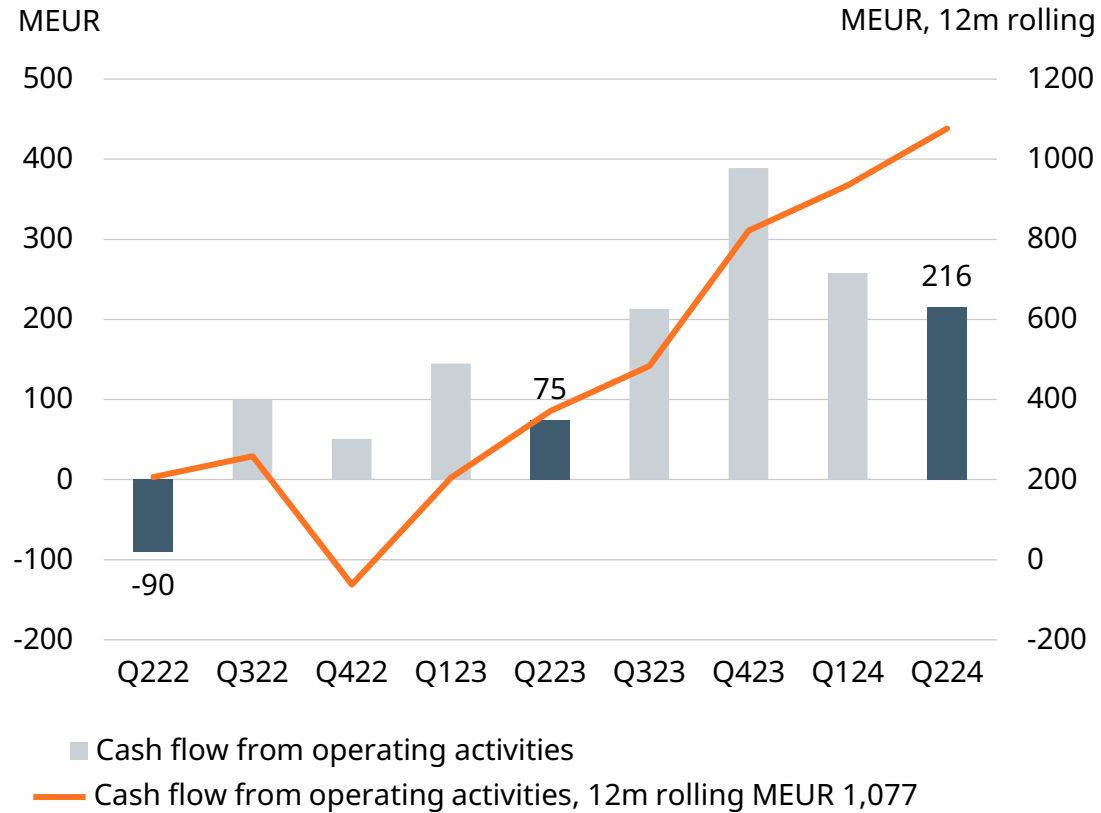


## Other key financials: Strong cash flow from operating activities

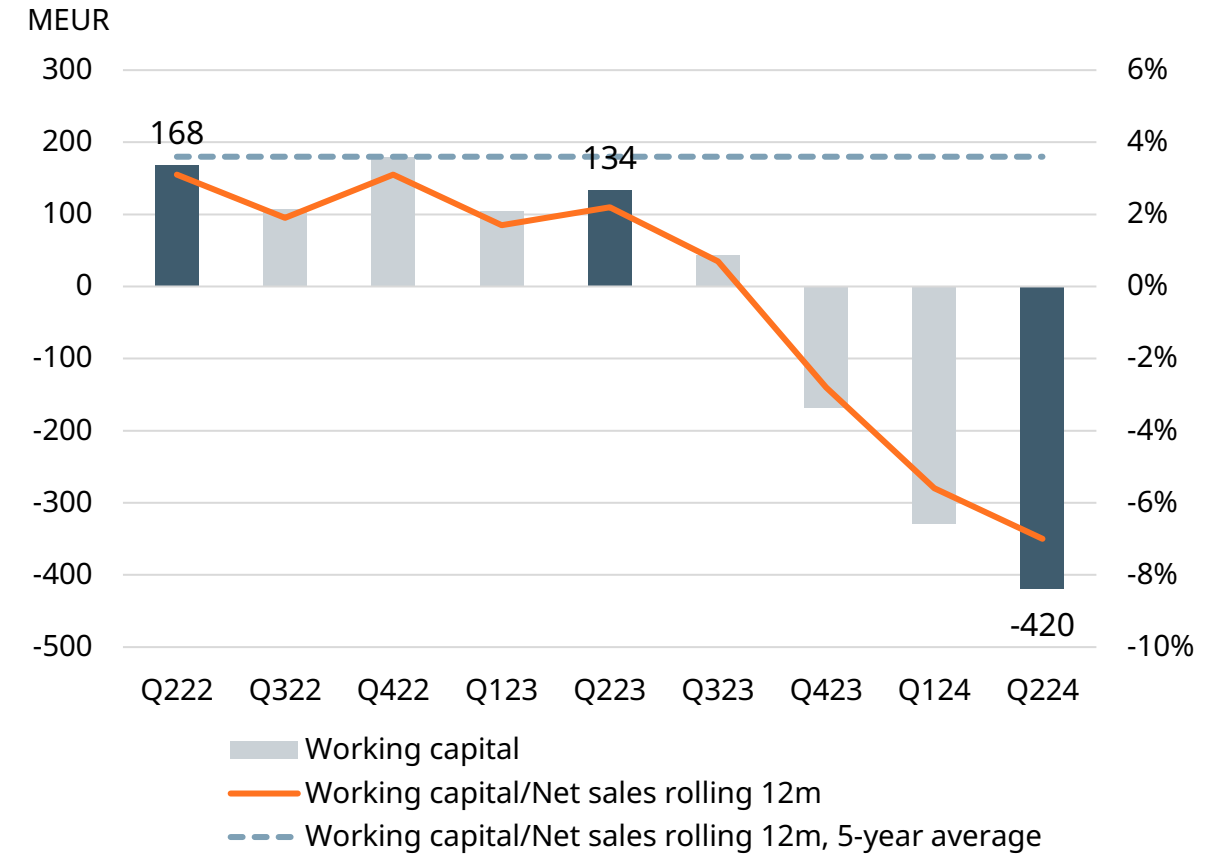
MEUR	4-6/2024	4-6/2023	1-6/2024	1-6/2023
Cash flow from operating activities	216	75	475	219
Working capital			-420	134
Net interest-bearing debt			-250	462
Gearing			-0.11	0.23
Solvency, %			35.3	33.5
Earnings per share (EPS), basic and diluted, EUR	0.20	0.05	0.34	0.14

# Strong cash flow from operating activities

## Cash flow from operating activities



## Working capital to net sales ratio





## Prospects

### Marine

- Wärtsilä expects the demand environment for the next 12 months (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.



## Q&A

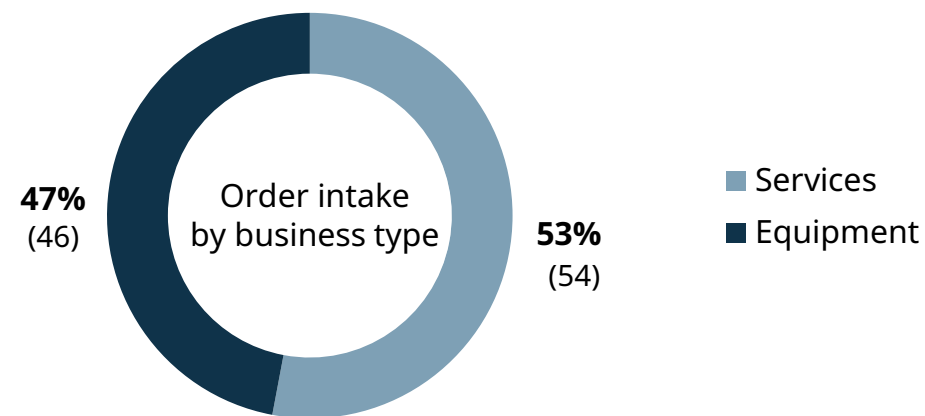
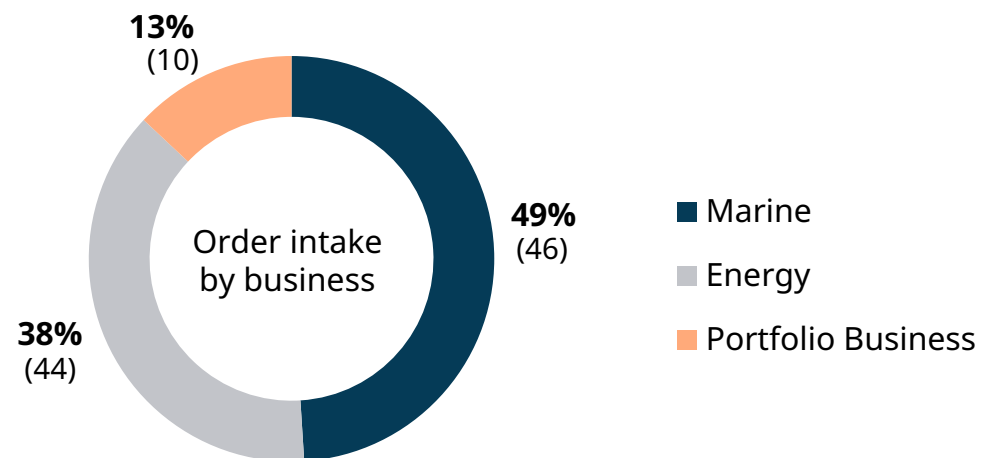


# Appendix



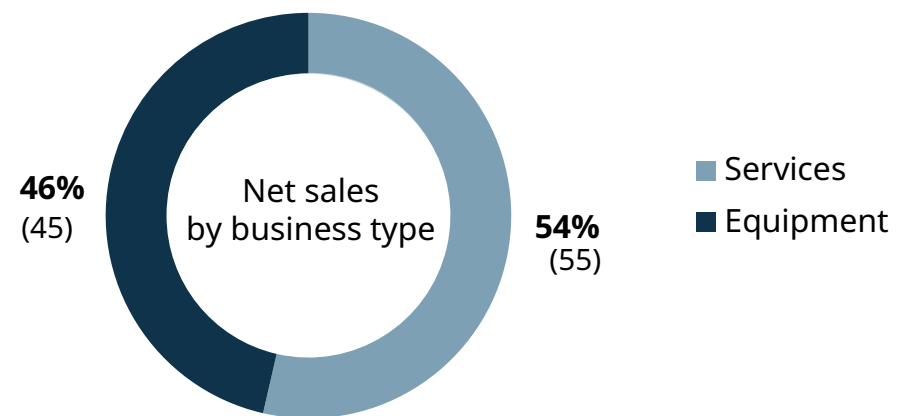
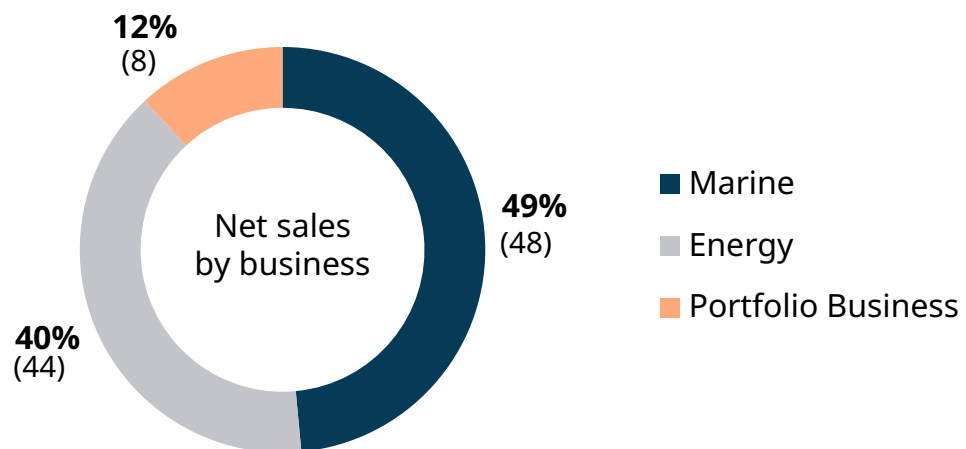
# Order intake

Second quarter development



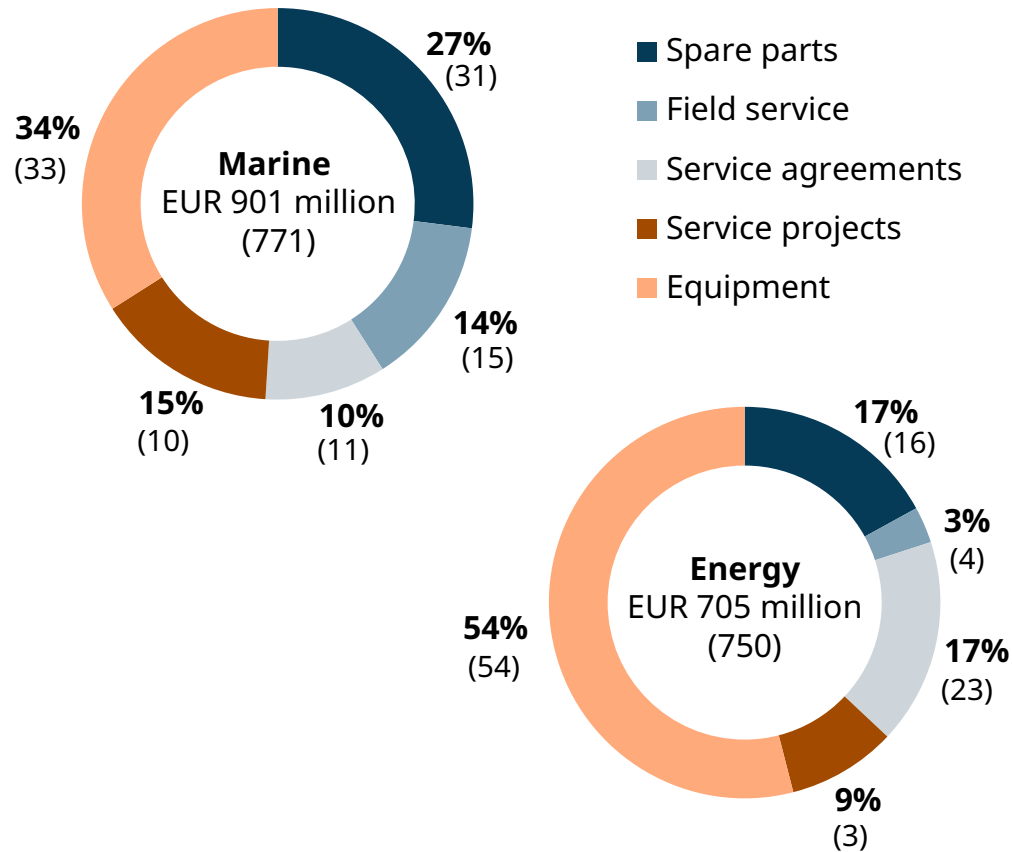
# Net sales

## Second quarter development

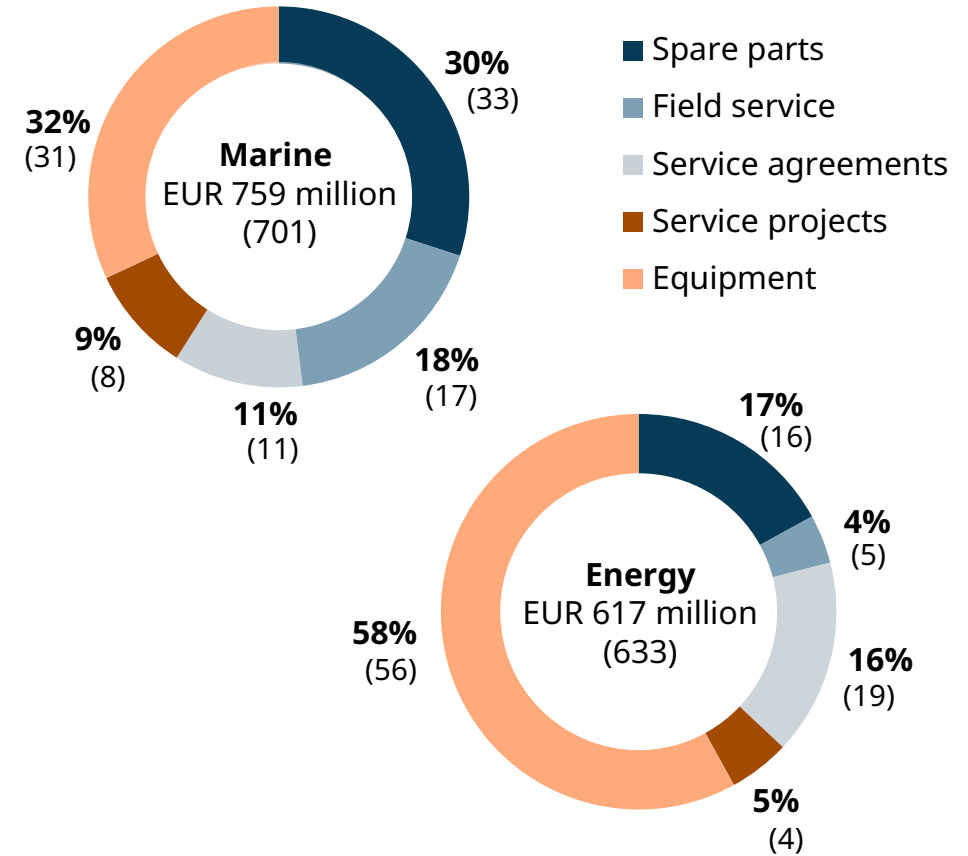


## Second quarter development by business type

### Order intake



### Net sales

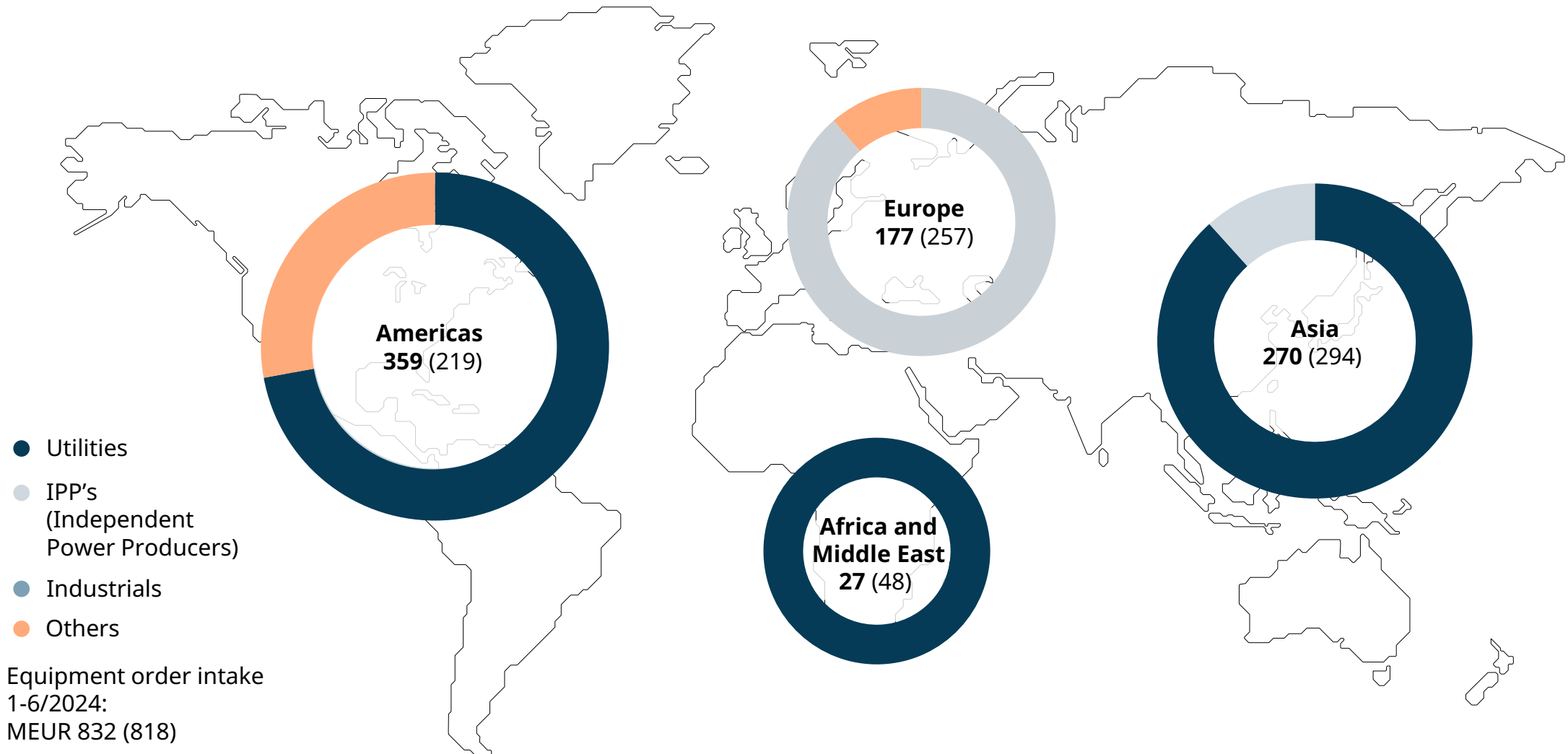


## January-June order intake by customer segment

Marine	Gas carriers	Cruise & ferry	Offshore	Navy	Special vessels	Merchant	Other
Equipment	5% (8)	27% (22)	5% (5)	6% (12)	13% (5)	38% (45)	6% (3)
Services	14% (15)	23% (22)	15% (17)	10% (8)	11% (11)	26% (26)	1% (2)
<b>Total</b>	<b>11% (12)</b>	<b>24% (22)</b>	<b>11% (13)</b>	<b>9% (9)</b>	<b>12% (9)</b>	<b>30% (32)</b>	<b>3% (2)</b>

Energy	Utilities	Independent Power Producers	Industrials	Other
Equipment	63% (74)	23% (24)	0% (2)	14% (0)
Services	29% (33)	33% (33)	24% (22)	13% (13)
<b>Total</b>	<b>48% (56)</b>	<b>27% (28)</b>	<b>11% (11)</b>	<b>14% (6)</b>

# Orders received for Energy equipment globally







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