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

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

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

Net sales EUR 1,433 million
- 13% increase in service sales

Comparable operating result

Comparable operating result EUR 82 million
- 6% decline
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.

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

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 order intake increased by 45%
- Service order intake increased by 27%
Strong order book

Order book by business

Order book delivery schedule

Marine Power  Marine Systems  Voyage  Energy  Portfolio Business

Book-to-bill, 12m rolling 1.16
Net sales increased by 30%

- 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
MEUR
+33%
12m rolling MEUR 2,406
0
200
400
600
800
Q320 Q121 Q321 Q122 Q322

Comparable operating result
MEUR
+ Strong service sales
12m rolling 10.5%
0
10
20
30
40
50
60
70
80
Q320 Q121 Q321 Q122 Q322

Net sales
MEUR
+21%
12m rolling MEUR 2,010
0
200
400
600
800
Q320 Q121 Q321 Q122 Q322

Comparable operating result
MEUR
Cost inflation, affecting especially material, component, transportation, and test fuel costs
Component unavailability
High energy prices
12m rolling 10.5%
0
10
20
30
40
50
60
70
80
Q320 Q121 Q321 Q122 Q322

Strong service sales
- Cost inflation, affecting especially material, component, transportation, and test fuel costs
- Component unavailability
- High energy prices
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.
Marine Systems
Marine Systems: net sales and comparable operating result increased
Order intake decreased

Order intake

<table>
<thead>
<tr>
<th>Quarter</th>
<th>MEUR</th>
<th>12m rolling</th>
<th>MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q320</td>
<td>174</td>
<td>772</td>
<td></td>
</tr>
<tr>
<td>Q121</td>
<td>191</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q321</td>
<td>174</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q122</td>
<td>126</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q322</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

-34% decrease

Comparable operating result

<table>
<thead>
<tr>
<th>Quarter</th>
<th>MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q321</td>
<td>14</td>
</tr>
<tr>
<td>Q322</td>
<td>17</td>
</tr>
</tbody>
</table>

+30

12m rolling MEUR 753

Comparable operating result

<table>
<thead>
<tr>
<th>Quarter</th>
<th>MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q320</td>
<td>22</td>
</tr>
<tr>
<td>Q121</td>
<td>14</td>
</tr>
<tr>
<td>Q321</td>
<td>17</td>
</tr>
<tr>
<td>Q122</td>
<td></td>
</tr>
<tr>
<td>Q322</td>
<td></td>
</tr>
</tbody>
</table>

+ Higher sales volumes

- Unfavourable sales mix between equipment and services

12m rolling 7.5%

Net sales

<table>
<thead>
<tr>
<th>Quarter</th>
<th>MEUR</th>
<th>12m rolling</th>
<th>MEUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q320</td>
<td>169</td>
<td>753</td>
<td></td>
</tr>
<tr>
<td>Q121</td>
<td>142</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q321</td>
<td>184</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q122</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q322</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

+30% increase

12m rolling MEUR 772
Voyage
Voyage: order intake increased
Russia exit impacted sales and profitability negatively

**Order intake**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Order intake (MEUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q320</td>
<td>44</td>
</tr>
<tr>
<td>Q121</td>
<td>53</td>
</tr>
<tr>
<td>Q321</td>
<td>63</td>
</tr>
<tr>
<td>Q122</td>
<td>83</td>
</tr>
<tr>
<td>Q322</td>
<td></td>
</tr>
</tbody>
</table>

**Comparable operating result**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Comparable operating result (MEUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q321</td>
<td>44</td>
</tr>
<tr>
<td>Q322</td>
<td>53</td>
</tr>
</tbody>
</table>

**Net sales**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net sales (MEUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q320</td>
<td>54</td>
</tr>
<tr>
<td>Q121</td>
<td>68</td>
</tr>
<tr>
<td>Q321</td>
<td>61</td>
</tr>
<tr>
<td>Q122</td>
<td></td>
</tr>
<tr>
<td>Q322</td>
<td></td>
</tr>
</tbody>
</table>

**Comparable operating result**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Comparable operating result (MEUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q321</td>
<td>44</td>
</tr>
<tr>
<td>Q322</td>
<td>53</td>
</tr>
</tbody>
</table>

- Closure of profitable Russian turnkey business
- Cost inflation

-15.8% 12m rolling
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
- MEUR
- Q320: 319
- Q121: 486
- Q321: 805
- Q122: 0
- Q322: 0
- 12m rolling MEUR: 2,997

Comparative operating result
- MEUR
- Q321: 43
- Q322: 34
- 12m rolling: 6.4%

Net sales
- MEUR
- Q320: 347
- Q121: 487
- Q321: 696
- Q122: 0
- Q322: 0
- 12m rolling MEUR: 2,535

Comparative operating result
- Q321: 43
- Q322: 34
- 12m rolling: 6.4%
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

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

Cash flow from operating activities

Third quarter development

- Cash flow from operating activities
- Cash flow from operating activities, 12m rolling MEUR 258
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.
Appendix
Order intake
Third quarter development

Order intake by business
- Marine Power: 36% (37)
- Marine Systems: 50% (42)
- Voyage: 5% (4)
- Energy: 8% (16)
- Portfolio Business: 1% (1)

Order intake by business type
- Services: 45% (49)
- Equipment: 55% (51)
Net sales
Third quarter development

- Marine Power: 32% (35)
- Marine Systems: 49% (44)
- Voyage: 13% (13)
- Energy: 4% (6)
- Portfolio Business: 2% (2)

Net sales by business type:
- Services: 46% (53)
- Equipment: 54% (47)
Order intake

- **Marine Businesses**
  - EUR 798 million (686)
  - 29% (26) Spare parts
  - 16% (14) Field service
  - 13% (12) Service agreements
  - 13% (10) Service projects
  - 67% (61) Equipment

- **Energy**
  - EUR 805 million (486)
  - 41% (40) Spare parts
  - 16% (17) Field service
  - 13% (12) Service agreements
  - 4% (5) Service projects
  - 3% (4) Equipment

Net sales

- **Marine Businesses**
  - EUR 707 million (591)
  - 30% (31) Spare parts
  - 16% (17) Field service
  - 15% (17) Service agreements
  - 14% (17) Service projects
  - 15% (17) Equipment

- **Energy**
  - EUR 696 million (487)
  - 67% (55) Spare parts
  - 14% (17) Field service
  - 2% (7) Service agreements
  - 3% (4) Service projects
  - 15% (17) Equipment
## January–September order intake by customer segment

<table>
<thead>
<tr>
<th>Marine Businesses</th>
<th>Gas carriers</th>
<th>Cruise &amp; ferry</th>
<th>Offshore</th>
<th>Navy</th>
<th>Special vessels</th>
<th>Merchant</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Marine Power</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>17% (9)</td>
<td>23% (34)</td>
<td>2% (5)</td>
<td>3% (9)</td>
<td>18% (23)</td>
<td>37% (20)</td>
<td>0% (0)</td>
</tr>
<tr>
<td>Services</td>
<td>16% (19)</td>
<td>21% (17)</td>
<td>14% (14)</td>
<td>7% (10)</td>
<td>12% (13)</td>
<td>28% (25)</td>
<td>2% (2)</td>
</tr>
<tr>
<td><strong>Marine Systems</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>28% (61)</td>
<td>2% (5)</td>
<td>1% (1)</td>
<td>31% (2)</td>
<td>10% (0)</td>
<td>12% (30)</td>
<td>16% (0)</td>
</tr>
<tr>
<td>Services</td>
<td>3% (3)</td>
<td>8% (9)</td>
<td>6% (6)</td>
<td>28% (27)</td>
<td>7% (7)</td>
<td>46% (43)</td>
<td>3% (5)</td>
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<tr>
<td><strong>Voyage</strong></td>
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<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>0% (1)</td>
<td>28% (30)</td>
<td>10% (8)</td>
<td>1% (4)</td>
<td>5% (16)</td>
<td>19% (18)</td>
<td>37% (22)</td>
</tr>
<tr>
<td>Services</td>
<td>1% (3)</td>
<td>27% (30)</td>
<td>6% (5)</td>
<td>1% (2)</td>
<td>5% (6)</td>
<td>50% (53)</td>
<td>11% (1)</td>
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<tr>
<td><strong>Energy</strong></td>
<td>Utilities</td>
<td>Independent Power Producers</td>
<td>Industrials</td>
<td>Other</td>
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</tr>
<tr>
<td>Equipment</td>
<td>35% (34)</td>
<td>52% (56)</td>
<td>13% (9)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>40% (34)</td>
<td>27% (28)</td>
<td>23% (28)</td>
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</table>
Energy storage order intake and net sales

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Order Intake</th>
<th>Net Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1/2021</td>
<td>160</td>
<td>10</td>
</tr>
<tr>
<td>Q2/2021</td>
<td>130</td>
<td>30</td>
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<tr>
<td>Q3/2021</td>
<td>280</td>
<td>115</td>
</tr>
<tr>
<td>Q4/2021</td>
<td>150</td>
<td>170</td>
</tr>
<tr>
<td>Q1/2022</td>
<td>70</td>
<td>130</td>
</tr>
<tr>
<td>Q2/2022</td>
<td>240</td>
<td>110</td>
</tr>
<tr>
<td>Q3/2022</td>
<td>320</td>
<td>200</td>
</tr>
</tbody>
</table>

MEUR
Orders received for Energy equipment globally

Equipment order intake 1-9/2022:
MEUR 1,136 (755)