Wärtsilä Corporation

Interim Report

January – March 2024

Double-digit comparable operating margin and continued strong order intake

Unless otherwise stated, the comparison figures in brackets refer to the corresponding period of the previous year.

Highlights from January–March 2024

- Order intake increased by 11% to EUR 1,924 million (1,739), and the organic growth was 17%
- Service order intake increased by 7% to EUR 949 million (889)
- Order book at the end of the period increased by 19% to EUR 7,294 million (6,153)
- Net sales decreased by 10% to EUR 1,321 million (1,465), and the organic decrease was 6%
- Book-to-bill amounted to 1.46 (1.19)
- Comparable operating result increased by 50% to EUR 132 million (88), which represents 10.0% of net sales (6.0)
- Operating result increased by EUR 35 million to EUR 127 million (92), which represents 9.6% of net sales (6.3)
- Basic earnings per share increased to 0.14 euro (0.09)
- Cash flow from operating activities increased to EUR 258 million (145)

Key figures

MEUR	1–3/2024	1–3/2023	Change	2023
Order intake	**1,924**	1,739	11%	7,070
of which services	**949**	889	7%	3,519
of which equipment	**975**	850	15%	3,550
Order book, end of period	**7,294**	6,153	19%	6,694
Net sales	**1,321**	1,465	-10%	6,015
of which services	**833**	736	13%	3,148
of which equipment	**489**	729	-33%	2,867
Book-to-bill	**1.46**	1.19		1.18
Comparable adjusted EBITA*	**137**	93	47%	518
% of net sales	**10.4**	6.4		8.6
Comparable operating result	**132**	88	50%	497
% of net sales	**10.0**	6.0		8.3
Operating result	**127**	92	38%	402
% of net sales	**9.6**	6.3		6.7
Result before taxes	**118**	84	41%	364
Basic earnings/share, EUR	**0.14**	0.09		0.44
Cash flow from operating activities	**258**	145		822
Net interest-bearing debt, end of period	**-79**	477		35
Gearing	**-0.04**	0.24		0.02
Solvency, %	**34.8**	33.4		37.0

*Comparable adjusted EBITA excludes items affecting comparability and purchase price allocation amortisation.

Wärtsilä presents certain alternative performance measures in accordance with the guidance issued by the European Securities and Markets Authority (ESMA). The definitions of these alternative performance measures are presented in the Calculations of financial ratios section.

Wärtsilä's prospects

Marine

Wärtsilä expects the demand environment for the next 12 months (Q2/2024-Q1/2025) to be better than that of the comparison period.

Energy

Wärtsilä expects the demand environment for the next 12 months (Q2/2024-Q1/2025) to be better than that of the comparison period.

Håkan Agnevall, President & CEO: Becoming a more focused and profitable company

"Wärtsilä continued to make good progress during the first quarter of 2024. Our profitability improved, cash flow from operations increased and our order book ended up at a new all-time high driven by a continued strong order intake. We also made good progress in services, with service net sales growing by double-digits in both Marine and Energy.

The headwinds for the global economy continued during the quarter. In the energy market, the current macroeconomic situation caused uncertainty and delayed decision-making. On the positive side, the global energy transition advances steadily. The move to renewables, combined with significant volumes of traditional inflexible assets nearing retirement, has resulted in a need for more flexibility in energy systems around the world. This creates ample growth opportunities for Wärtsilä in the mid to long term. In March, we signed a contract continuing our successful collaboration with our customer Lower Colorado River Authority (LCRA) in Texas, USA. We will provide another ten Wärtsilä 50SG engines to LCRA, generating an output of approximately 190 MW. The fast-starting Wärtsilä engines will provide dispatchable power to balance the increasing amount of intermittent renewables introduced into the system.

In the marine market, trade flows around the world have been impacted by the conflicts in the Middle East, the attacks on ships in the Red Sea, and the drought affecting the Panama Canal, which have led to longer average shipping distances, increased transportation costs, and delays to global supply chains. Driven by the increasing demand for ship capacity and decarbonisation-related ship renewal, investments in new ships were clearly higher than in the first quarter of 2023. Higher capacity utilisation and a continued increase in shipyard capacity supported the growth in ship delivery volumes. The market sentiment continued to develop favourably for Wärtsilä's key segments, especially on the passenger side, with good development in passenger volumes creating demand for new vessels in both cruise and ferry. The uptake of alternative fuels remained at a healthy level. From January 1st, shipping has been included in the EU ETS, an emissions trading system that obliges shipping companies operating in the EU to purchase and use emission allowances based on their CO2 or CO2-equivalent emissions. This incentivises shipping companies to reduce emissions and modernise fleets, either through renewals or retrofits. As an established technology leader, and with a wide range of technologies and specialised services Wärtsilä is well positioned to support customers on their decarbonisation journeys.

From the beginning of 2024, we simplified our organisation and reporting structure to two segments, Marine and Energy, both focused on decarbonising their respective industries. Portfolio Business will continue to be reported as other business activities. In the first quarter, Wärtsilä's order intake grew organically at 17% supported by good equipment order intake in Marine and engine power plants, as well as continued growth in service. Net sales decreased organically by 6%. While we saw growth in service net sales, equipment net sales decreased in both Energy and Marine, with the largest decrease in Energy Storage & Optimisation (ES&O).

As we have communicated before, the Energy equipment business is lumpy by nature, which means that order intake, but also revenue recognition, can vary significantly from one quarter to another. In 2024, equipment deliveries and revenue recognition in Energy will be tilted towards the second half of the year, both in engine power plants and ES&O. In Marine, the lead times from equipment order intake to net sales are currently slightly longer, due to remaining constraints in shipyard capacity.

The comparable operating result increased by 50% to EUR 132 million with a comparable operating margin of 10.0%. The improved margin was supported by a more favourable mix between equipment and services, but negatively impacted by lower operating leverage during the quarter. The financial performance also improved in our businesses to be divested reported under Portfolio Business. Cash flow from operating activities significantly improved to EUR 258 million. The improvement was driven by a better operating result, but also by the very good level of received customer payments related to the strong order intake, and strong service sales generating a good inflow of cash.

In October of 2023, we announced a strategic review of ES&O to accelerate its profitable growth in a way that benefits customers, employees, and value creation for Wärtsilä shareholders. This review is still ongoing.

We have continued our significant investments in R&D to develop sustainable and future-proof technologies. During the quarter, we launched Quantum2, a fully integrated high-capacity battery energy-storage system designed and optimised for global large-scale deployment. The high energy density of Quantum2 means fewer units are needed onsite. In February, it was announced that Wärtsilä will be leading a five-year collaboration of more than 200 Finnish companies, industrial organisations, research institutes, and universities. The partners in this "Wide & Intelligent Sustainable Energy" (WISE) project will together develop autonomous zero-emission balancing solutions for the energy transition by utilising data analytics and artificial intelligence, strengthening the Finnish energy sector to become a world-leader in energy innovation.

We expect the demand environment for the coming 12 months to be better than the comparison period in both Marine and Energy. We are on a clear path to reach our financial targets, and we remain very well positioned for the future. We will continue to execute our strategy to make Wärtsilä a stronger, more focused, and more profitable company. 2024 is a special year for Wärtsilä, as it marks our 190th anniversary. Our two centuries have been characterised by continually transforming ourselves and the industries we have operated in, supported by the innovative spirit of our people. The transformation that we are driving today, towards carbon-neutral shipping and to a 100% renewable energy future, is probably the most critical we have faced in our long history, as it is vital for ensuring the sustainable societies of tomorrow."

Orders, net sales and profitability

MEUR	1–3/2024	1–3/2023	Change	2023
Order intake	**1,924**	1,739	11%	7,070
Order book, end of period	**7,294**	6,153	19%	6,694
Net sales	**1,321**	1,465	-10%	6,015
Comparable operating result	**132**	88	50%	497
% of net sales	**10.0**	6.0		8.3
Operating result	**127**	92	38%	402
% of net sales	**9.6**	6.3		6.7

Order intake bridge

MEUR	1–3/2024
2023	**1,739**
Organic	**17%**
Acquisitions and divestments*	**0%**
FX impact	**-7%**
2024	**1,924**

*Related to American Hydro divestment and exit from Russia

Net sales bridge

MEUR	1–3/2024
2023	**1,465**
Organic	**-6%**
Acquisitions and divestments*	**-1%**
FX impact	**-3%**
2024	**1,321**

Development in January–March

Order intake increased by 11%. Service order intake increased by 7%, driven by growth in Marine. Service order intake in Energy decreased, mainly due to the comparison period including a sizeable upgrade project. Equipment order intake increased by 15% driven by growth in Marine and engine power plants.

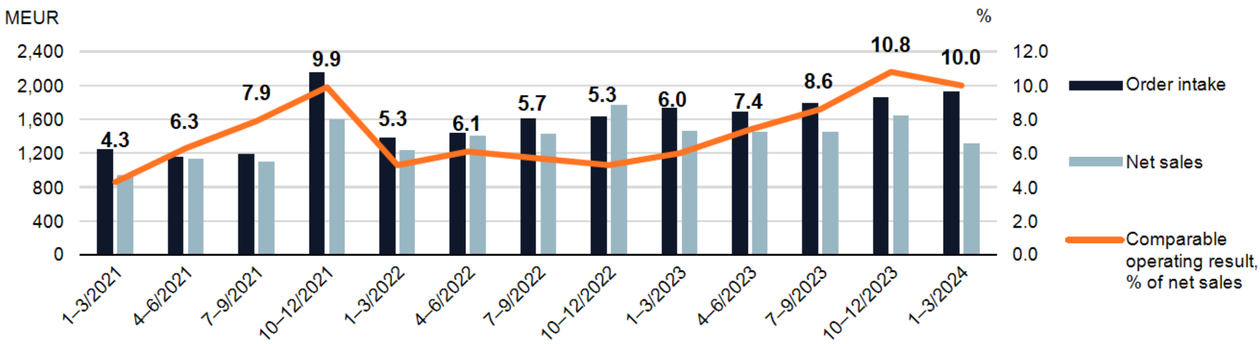
The **order book** at the end of the period increased by 19%. Wärtsilä's current order book for 2024 deliveries is EUR 3,864 million (3,325).

Net sales decreased by 10%. Service net sales increased by 13%, driven by growth in Marine and Energy. Equipment net sales decreased by 33%, with lower equipment net sales in Energy and Marine, mainly related to the periodisation of deliveries between quarters. The largest decrease was in Energy Storage & Optimisation. Of Wärtsilä's net sales, 52% was EUR denominated and 31% USD denominated, with the remainder being split between several currencies.

The comparable operating result totalled EUR 132 million (88) or 10.0% of net sales (6.0). Comparable operating result was supported by increases in Marine, Energy and Portfolio Business. The **operating result** amounted to EUR 127 million (92) or 9.6% of net sales (6.3). Items affecting comparability amounted to EUR -5 million (4) and were mostly related to the restructuring of engine manufacturing.

Financial items amounted to EUR -9 million (-8). Net interest totalled EUR 0 million (-4). The result before taxes amounted to EUR 118 million (84). Taxes amounted to EUR -32 million, implying an effective tax rate of 27.4%. The result for the financial period amounted to EUR 86 million (61). Basic earnings per share totalled 0.14 euro (0.09). Return on investments (ROI) was 16.0% (8.1), while the return on equity (ROE) was 14.3% (7.1).

Quarterly development



Financing, cash flow and capital expenditure

MEUR	1–3/2024	1–3/2023	2023
Cash flow from operating activities	**258**	145	822
Working capital	**-329**	105	-169
Net interest-bearing debt, end of period	**-79**	477	35
Gearing	**-0.04**	0.24	0.02
Solvency, %	**34.8**	33.4	37.0
Equity/share, EUR	**3.58**	3.40	3.78

Development in January–March

Cash flow from operating activities totalled EUR 258 million (145), the improvement being driven by a better operating result, good level of received customer payments, and strong service sales. Working capital totalled EUR -329 million at the end of the period (-169 at the end of 2023). Advances received totalled EUR 852 million (774 at the end of 2023).

Wärtsilä aims to ensure sufficient liquidity at all times through efficient cash management, and by maintaining the availability of sufficient committed and uncommitted credit lines. Refinancing risk is managed by having a balanced and sufficiently long loan portfolio.

Cash and cash equivalents amounted to EUR 872 million (819 at the end of 2023). Unutilised committed credit facilities totalled EUR 644 million (644 at the end of 2023).

Wärtsilä’s net interest-bearing debt totalled EUR -79 million at the end of the period (35 at the end of 2023). The total amount of short-term debt maturing within the next 12 months is EUR 90 million. Long-term loans amounted to EUR 706 million.

Capital expenditure

Capital expenditure related to intangible assets and property, plant, and equipment amounted to EUR 36 million (32) for the period January–March. Capital expenditure related to acquisitions and investments in securities totalled EUR 0 million (0). Depreciation, amortisation, and impairment amounted to EUR 35 million (33), including depreciation of right-of-use assets of EUR 12 million (12).

In 2024, capital expenditure related to intangible assets and property, plant, and equipment is expected to be at around the same level as depreciation, amortisation, and impairment.

Operating environment

General macro environment

Global GDP growth estimated to be restrained
While interest rates appear to have plateaued ahead of a potential moderate decline, inflation and higher interest rates continue to impact the global economy. During the first quarter of 2024, the global economy showed some signs of modest improvement, attributable to the economic performance of the USA and some emerging and developing economies, plus the ongoing fiscal stimulus in China.

Marine

Appetite for new ships increased
The trade flows around the world have been impacted by the conflicts in the Middle East, the attacks on ships in the Red Sea, and the drought affecting the Panama Canal, which have led to increased transportation costs and caused delays to global supply chains. This impact on trade flows has resulted in longer average shipping distances, which has supported the demand for shipping capacity. The recovery in passenger traffic volumes continued, and demand, particularly in cruise vacations, remained strong.

Driven by the increasing demand for ship capacity, the solid average earnings across cargo segments, the low orderbook mainly in bulk carrier and tanker segments, and continued fleet renewal, investments in new ships were clearly higher than in Q1/2023. In total, 411 new ship contracts were signed in the first quarter of the year, compared to the 255 contracts signed in Q1/2023.

Continued increase in shipyard capacity especially in China and South Korea supported the growth in ship delivery volumes compared to Q1/2023. Newbuild ship prices continued to increase, indicating a continued shortage of yard capacity.

The uptake of alternative fuels remained at a healthy level with 118 orders reported in Q1/2024, accounting for 29% (29%) of all contracted vessels and 45% (45%) of vessel capacity. Liquified natural gas (LNG) and methanol are still the two most preferred alternative fuel options.

From January 1st, shipping has been included in the EU ETS, an emissions trading system that obliges shipping companies operating in the EU to purchase and use emission allowances based on their CO2- or CO2-equivalent emissions. This adds costs to shipping companies operating in the region or calling at EU ports, and incentivises fleet modernisation either through fleet renewals or retrofits.

Market sentiment turns more positive for Wärtsilä's key segments
In the cruise sector, market sentiment was increasingly positive due to the strong demand for cruises across regions. The outlook for newbuilds is encouraging, with the first orders for large cruise ships announced after a slow four years. The demand for service was supported by the continued growth in active fleet capacity, as well as interest in efficiency improvements to comply with regulations and to mitigate cost inflation.

In the ferry sector, the interest for new ship capacity rose significantly compared to Q1/2023, as ferry operators progressed with their fleet modernisation programmes. The higher activity was supported by the aging fleet, a gradual continued recovery in traffic volumes and operator earnings. The demand for service was helped seasonally by the need to have vessels in good operating condition for the coming high season.

In the offshore sector, there is growing market optimism, as high energy prices encourage more investments in offshore exploration activity. This has increased the demand for drilling units and support vessels, resulting in further asset reactivations and interest in newbuild units. However, newbuild contracting remains limited due to high prices, the cost and availability of finance, and the lack of yard capacity. The demand for new offshore wind vessel capacity was supported by the continued growth in wind farm capacity investments, although high inflation has hindered final investment decisions for some projects. The utilisation of existing vessels remained strong, especially outside China, due to the high level of turbine installations. The demand for service across offshore subsegments was driven by increases in utilisation and day rates throughout the offshore fleet.

In the LNG carrier sector, the demand for newbuild capacity continued to be driven by further investments in expanding LNG liquefaction capacity, especially for projects linked to Qatar. However, the demand for LNG was negatively affected by milder weather and higher storage levels, leading to lower charter rates for the LNG carriers compared to Q1/2023 but overall the LNG carrier market remains fairly balanced. The demand for services continued to be driven by growth in the existing operational fleet.

In the containership sector, the contracting of new ships remained more limited following the record ordering cycle over the past years and the challenging earnings outlook due to a worsening supply-demand balance. The attacks on ships in the Red Sea region have resulted in major rerouting activity, providing temporary support to the sector supply-demand balance. The growth in active fleet capacity, and the impact of the Red Sea conflict on earnings, supported the demand for service.

Across all the above sectors, the growing pressure to decarbonise operations supported the demand for both newbuilds and service. This has resulted in investments in additional fleet capacity, direct fleet replacements, efficiency upgrades or fuel conversions, and maintenance activities to keep the existing fleet compliant and competitive.

Energy

The uncertain energy market environment continued despite some relief during the quarter
Constraints in global and energy-related supply chains have continued to ease. However, the macroeconomic development caused uncertainty within the overall investment environment, delaying decision-making.

In the first quarter of 2024, global natural gas prices continued to decline towards pre-2021 levels, rendered possible by a warm winter season, muted demand growth and increased renewable generation. Commodity pricing overall has stabilized, although geopolitical uncertainty presents price and availability risks for some materials and products.

The energy transition continues to advance, as shown by another record year of investments in the deployment of clean technologies in 2023, and a 25% increase in cumulative installed wind and solar capacity in 2023. Wind and solar capacity additions are expected to post another record year in 2024.

In engine power plants, demand was stable, with thermal balancing playing an important role as a complement to intermittent renewables in addition to continued demand for traditional baseload power. Demand for services continued at a good level.

Global orders for natural gas and liquid-fuelled power plants* increased by 1% to 11.0 GW during the twelve-month period ending in December 2023 (10.9 GW at the end of June 2023).

In the balancing segment, the pace of the renewable energy transition continues to be an important driver of demand. According to BNEF, global investment in the energy transition reached USD 1.8 trillion in 2023, a new high that is up 17% from 2022 and is largely due to increased investments in renewable energy, electric vehicles, and hydrogen. Demand for thermal balancing is expected to continue to be driven by these investments and given the historical relationship between installed renewables capacity and demand for thermal balancing, market sentiment is positive. **The baseload segment** continued to be a strong source of demand for thermal power and represented about half of the addressable market in 2023. Reciprocating engines remain an important source of baseload generation, particularly in remote locations and other locations where access to grid power is uncertain. Baseload generation demand is expected to remain stable and continue to complement the growing demand for renewable balancing.

While the size of the thermal power market is stable, increased competition in the market has led to pressure on new build prices. The macroeconomic environment has made project financing more difficult, with inflation and higher interest rates delaying decision-making.

In battery energy storage, the demand is closely linked to the increasing share of intermittent renewables in the energy system, which has continued fast progress. According to S&P Global, demand for utility-scale battery storage was 79 GWh in 2023, more than double the amount in 2022. Lithium prices were relatively stable in Q1/2024, after decreasing significantly in the preceding 12 months. The IEA estimates 400 to 500 GWh of stationary battery storage demand, including utility and small-scale applications, in 2030.

*Global orders include prime movers over 5 MW in size in up to 400 MW gas turbine plants and engine plants of all sizes. The gas turbine data is gathered from the McCoy Power Report and is reported with a one quarter delay due to data availability. Engine data is collected from press releases and Wärtsilä sales teams.

Sustainability

Sustainability at the core of Wärtsilä's strategy

With a broad range of technologies and specialised services, Wärtsilä is well positioned to support customers on their decarbonisation journey, as well as in preparing for new regulatory requirements. Wärtsilä's R&D efforts continue to focus on the development of advanced environmental technologies and solutions. Wärtsilä's aim is to be able to provide a product portfolio ready for zero-carbon fuels by 2030, and the company is well on track towards the target. In addition to promoting the transition to carbon neutrality for its customers, the company's goal is to become carbon neutral in its own operations by 2030.

Enhancing safety, diversity and wellbeing is also one of Wärtsilä's long-term sustainability focus themes. Safety is a high priority for Wärtsilä, and the company is committed to creating and maintaining a safe and healthy workplace for its employees and partners. Creating an inclusive culture that drives engagement and performance is one of the priorities of the People Strategy. The company is committed to supporting the UN Global Compact and its ten principles with respect to human rights, labour, the environment, and anti-corruption.

Sustainability performance and highlights from Q1/2024

As part of the future fuel R&D programme and developing concepts for utilising ammonia as an engine fuel, Wärtsilä introduced an Ammonia Fuel Supply System (AFSS) for ships able to operate with ammonia fuel. In line with shipping's transition to decarbonised fuels, ammonia is widely seen as one of the most promising new fuel alternatives offering a significant reduction in CO2 emissions and other air pollutants.

Wärtsilä is conducting R&D and factory engine testing related to alternative fuels. The second test period with synthetic fuel (eHFO) in Wärtsilä's engine laboratory was completed according to plan, the aim being to test the characteristics of the eFuel and its potential impacts on, for example, engine performance. To produce synthetic fuels, renewable hydrogen and CO_2 are used. In addition, Wärtsilä is running weekly customer factory acceptance tests with methanol. An ethanol test run as a proof case that the needed technology is ready and available, was also completed during the quarter.

Wärtsilä is continuing preparations for the EU Corporate Sustainability Reporting Directive (CSRD). Following the materiality assessment conducted in 2023, the reporting content based on the European Sustainability Reporting Standards (ESRS) was defined. As a next step, the sustainability reporting process and its alignment with the financial reporting procedures will be reviewed.

Safety performance is closely monitored at Wärtsilä and the long-term goal is to reach zero injuries. In 2023, Wärtsilä initiated a 4-year health and safety programme 'Success Through Safety'. One of the focus areas of the programme is to enhance employee safety. In the first quarter, Wärtsilä released an improved digital tool, Job Safety Analysis, for Field Service to support risk assessment when working at customer sites and on vessels. The goal is to enable more thorough risk assessment in a simplified manner and utilise the latest Wärtsilä safety guidelines. In Q1, the corporate total recordable injury frequency rate (TRIF) was 1.74 (2.53).

Wärtsilä above sector average in all relevant ESG indices and rankings

Wärtsilä's ratings in the most relevant sustainable development indices and rankings:

Rating	Scale	Wärtsilä score	Sector average	Year
CDP	D- to A	Climate B- Water C	Climate C Water C	2023
Dow Jones*	0 to 100	63**	21	2023
FTSE Russell	1 to 5	3.5	2.2	2023
MSCI	CCC to AAA	AAA	AA	2023
Sustainalytics	100 to 0	24***	29	2024

*Wärtsilä is listed in DJSI Europe **Percentile ranking in the sector: among the best 3% ***ESG risk rating is scored on 0-100 range, with 0 being the highest and 100 the lowest score

Reporting segment: Wärtsilä Marine

Key figures

MEUR	1–3/2024	1-3/2023*	Change	2023*
Order intake	**916**	744	23%	3,261
of which services	**568**	492	16%	2,004
of which equipment	**348**	252	38%	1,257
Order book, end of period	**3,008**	2,493	21%	2,808
Net sales	**708**	669	6%	2,800
of which services	**498**	432	15%	1,862
of which equipment	**209**	237	-12%	938
Comparable operating result	**81**	65	24%	312
% of net sales	**11.4**	9.8		11.2
Operating result	**77**	69	11%	276
% of net sales	**10.8**	10.3		9.9

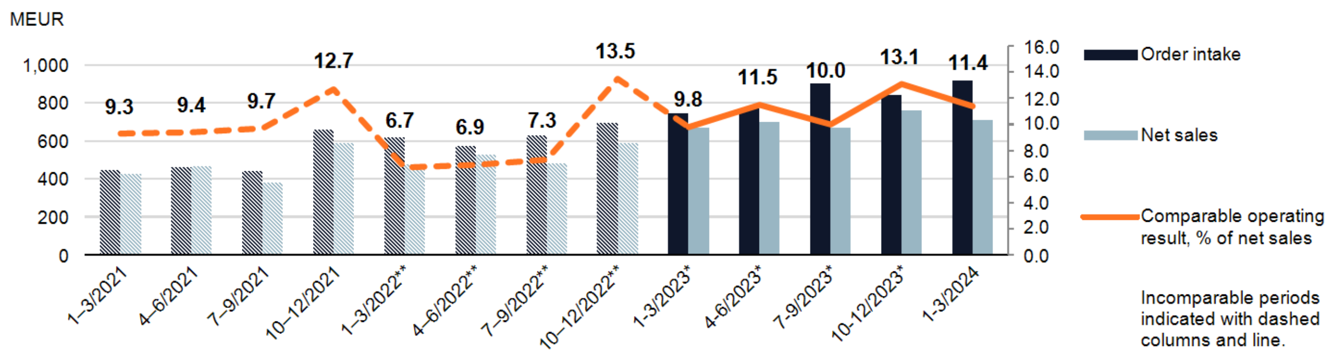
Order intake bridge

MEUR	1–3/2024
2023*	**744**
Organic	**29%**
Acquisitions and divestments	**0%**
FX impact	**-6%**
2024	**916**

Net sales bridge

MEUR	1–3/2024
2023*	**669**
Organic	**8%**
Acquisitions and divestments	**0%**
FX impact	**-2%**
2024	**708**

Quarterly development



*Restated to reflect the redefined organisational structure as of 1 January 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.
**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 (after the integration into a new business unit)

Financial development in January–March

Order intake increased by 23%. Service order intake increased by 16%, driven mainly by the cruise, ferry and navy segments. Equipment order intake increased by 38%, supported mainly by the special vessel, merchant and ferry segments.

Net sales increased by 6%. Service net sales increased by 15%, supported mainly by the cruise and offshore segments. Equipment net sales decreased by 12% due to the periodisation of deliveries between quarters.

The **comparable operating result** amounted to EUR 81 million (65) or 11.4% of net sales (9.8). The comparable operating result was supported by good performance in services, but negatively impacted by increased R&D costs to support the development of decarbonisation technology, as well as increased depreciation and amortisation. The comparable operating margin was supported by a more favourable business mix between equipment and services. Items affecting comparability totalled EUR -4 million (4) and were mainly related to the restructuring of engine manufacturing.

Reporting segment: Wärtsilä Energy

Key figures

MEUR	1–3/2024	1–3/2023	Change	2023
Order intake	**774**	744	4%	3,041
of which services	**319**	333	-4%	1,306
of which equipment	**455**	411	11%	1,735
Order intake, power plants	**538**	487	11%	1,985
Order intake, energy storage	**236**	257	-8%	1,056
Order book, end of period	**3,033**	2,483	22%	2,693
Net sales	**452**	645	-30%	2,610
of which services	**291**	258	13%	1,095
of which equipment	**161**	387	-58%	1,515
Net sales, power plants	**390**	394	-1%	1,684
Net sales, energy storage	**62**	252	-75%	926
Comparable operating result	**50**	33	53%	219
% of net sales	**11.1**	5.1		8.4
% of net sales, 12 months rolling, energy storage	**1**	-3		1
Operating result	**50**	34	49%	209
% of net sales	**11.1**	5.2		8.0

Order intake Energy

	1-3/2024	1-3/2023	Change
Gas, MW	**260**	**164**	59%
Oil, MW	**-**	**-**	
Storage**, MWh	**995**	**888**	12%
Other*, MW	**-**	**-**	

*Includes biofuel power plants and solar installations
**Comparison period has been restated to nameplate MWh, indicating the actual scope instead of the contracted scope

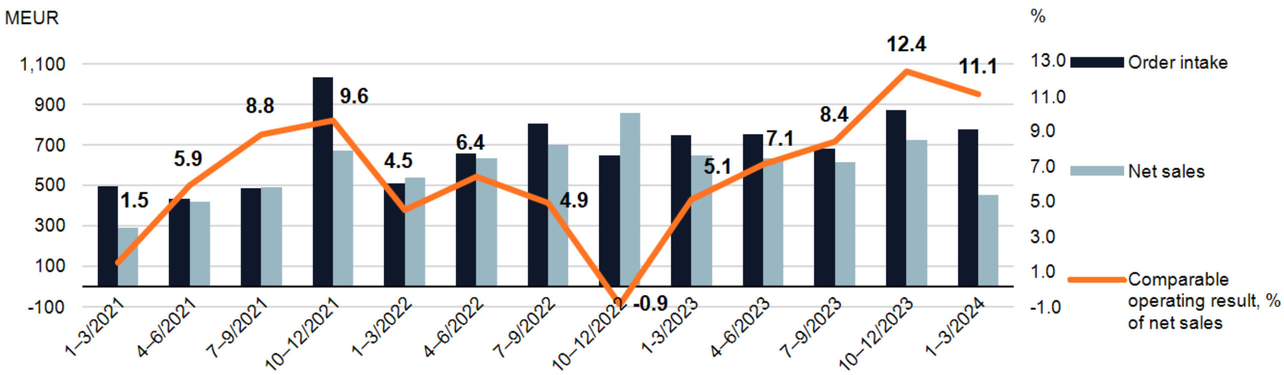
Order intake bridge

MEUR	1–3/2024
2023	**744**
Organic	**13%**
Acquisitions and divestments	**0%**
FX impact	**-9%**
2024	**774**

Net sales bridge

MEUR	1–3/2024
2023	**645**
Organic	**-26%**
Acquisitions and divestments	**0%**
FX impact	**-4%**
2024	**452**

Quarterly development



Financial development in January–March

Order intake increased by 4%. Service order intake decreased by 4%, mainly due to the comparison period including a sizeable upgrade project and several agreement renewals. Equipment order intake increased by 11%, driven by higher orders in engine power plants while orders in Energy Storage & Optimisation slightly decreased.

Net sales decreased by 30%. Services net sales increased by 13%, supported by high activity in transactional and long-term agreement services. Equipment net sales decreased by 58%, due to the periodisation of deliveries between quarters. The largest decrease was in Energy Storage & Optimisation. In 2024, deliveries and revenue recognition in Energy will be tilted towards the second half of the year.

The **comparable operating result** amounted to EUR 50 million (33) or 11.1% of net sales (5.1) supported by good performance in services and improved profitability in the engine power plant business. The comparable operating result in Energy Storage & Optimisation was impacted by low volumes. The comparable operating margin in Energy was supported by a more favourable mix between equipment and services.

Other business activities: Wärtsilä Portfolio Business

Wärtsilä Portfolio Business consists of business units which are run independently with the aim of accelerating performance improvement and unlocking value through divestments or other strategic alternatives. Currently Portfolio Business includes Automation, Navigation & Control Systems (ANCS), Gas Solutions, Marine Electrical Systems and Water & Waste.

Key figures

MEUR	1–3/2024	1-3/2023*	Change	2023*
Order intake	**234**	252	-7%	768
of which services	**61**	65	-6%	209
of which equipment	**173**	187	-8%	559
Order book, end of period	**1,252**	1,177	6%	1,192
Net sales	**162**	151	7%	604
of which services	**43**	46	-6%	191
of which equipment	**118**	104	13%	413
Comparable operating result	**1**	-10	110%	-34
% of net sales	**0.6**	-6.9		-5.7
Operating result	**0**	-10	104%	-83
% of net sales	**0.3**	-6.8		-13.8

*Restated due to organisational changes

Financial development in January–March

Order intake decreased by 7%, as a result of a lower order intake in the Gas Solutions business unit compared to a strong comparison period. Services order intake declined by 6%, while equipment order intake decreased by 8%.

Net sales increased by 7% driven mainly by good development in the Automation, Navigation & Control Systems business unit. Services net sales decreased by 6%, while equipment net sales increased by 13%.

The **comparable operating result** amounted to EUR 1 million (-10) or 0.6% of net sales (-6.9). The increase was the result of good development in all business units.

Risks and business uncertainties

General macro environment

The ongoing war in Ukraine and the conflict in the Middle East have resulted in a range of risks to the demand and supply environment of various commodities globally. Deepening geopolitical tensions have increased risks related to further geopolitical fragmentation and resulted in higher uncertainty to the macroeconomic outlook. Business operations globally are being impacted by continued inflationary pressure, changing trade flows and volumes, tighter monetary policies, concerns over the Chinese economy, rising protectionism, and the sanctions in place and planned against Russia. These factors are all contributing to the uncertainty in projected global economic growth. Further escalation of any of the forementioned factors could result in increased uncertainty over future demand for the equipment and services provided by Wärtsilä. Furthermore, the volatility of the geopolitical environment, and the enforcement of sanctions or embargos, pose a risk to the company's customer relations and international business activities. With the rapidly growing use of data in shipping and shipbuilding, as well as in the energy markets, cyber threats can potentially result in various forms of financial, operational, or reputational damage to the business.

Marine markets

The shipping and shipbuilding markets are under increasing pressure to reduce carbon emissions due to regional regulations such as EU Fit for 55, the revised and more ambitious greenhouse gas strategy from the International Maritime Organisation, green financing, and the individual sustainability goals of end-customers. This, coupled with longer trade distances resulting from increased geopolitical tensions and disruptions at key waterways, may lead to increased costs for shipowners and operators that cannot be fully passed on to end customers.

The development and deployment of suitable future technologies, a lack of clarity at the global level around decarbonisation-related financial incentives, and the need to find the optimal timing of investments based on financial feasibility and compliance with emission regulations may affect the investment appetite of ship owners and operators. This concerns both newbuilding programmes and the management of existing fleets.

Ship owners and operators face risks to their business profitability due to the limited ability or desire of people to travel, a lower demand for goods because of continued high inflation or economic slowdown, as well as higher voyage, operating and financing costs. Highly indebted shipowners or operators may not withstand the potential risk of slower than expected growth in demand, higher financing costs or a lowered credit rating.

In the offshore oil and gas industry, uncertainty around the longer-term demand for crude oil, oil price volatility and the pressure to decarbonise are pushing oil majors to re-evaluate their spending on exploration activities and operational costs. This may lead to lower demand for offshore drilling or support assets, and can hinder newbuild investments due to concerns regarding residual asset values.

Energy markets

The overarching trend in the energy markets is the transition to renewable energy sources such as wind and solar. The pace of this shift is the principal driver in the growth of battery energy storage and thermal balancing technologies. New technology innovations, as well as the price and availability of fuels and raw materials, affect Wärtsilä's business. High and volatile gas prices directly impact the relative competitiveness of the portfolio against other generating technologies, especially in thermal baseload plants. Similarly, policies related to the energy and electricity markets have direct and indirect impacts on future energy capacity and the generation mix. For example, energy and climate policy may speed up or delay the energy transition. Recent years have highlighted the impact of geopolitical tensions in energy market policy and investment decisions. Concentrated supply chains in some countries and the tight competitive situation impose direct risks on Energy. Energy commodities and supply chains have been at the heart of trade policy lately, presenting risks for all energy technologies. Competition between and among energy technologies presents price pressure. Finally, uncertainty related to any of the aforementioned factors tends to delay investment decisions.

Legal cases

The Group is a defendant in a number of legal cases that have arisen out of, or are incidental to, the ordinary course of its business. These lawsuits mainly concern issues such as contractual and other liability, labour relations, property damage, and regulatory matters. From time to time, the Group receives claims of different amounts and with varying degrees of substantiation. There is currently one unusually sizeable claim. It is the Group's policy to provide for amounts related to the claims as well as for litigation and arbitration matters when an unfavourable outcome is probable, and the amount of loss can be reasonably estimated.

The annual report contains a more detailed description of Wärtsilä's risks and risk management.

Additional information

Decisions taken by the Annual General Meeting

Wärtsilä's Annual General Meeting was held on 7 March 2024 at Messukeskus, Helsinki. The Meeting approved the financial statements for the year 2023, reviewed the Remuneration Report 2023 for Governing Bodies, and discharged the members of the Board of Directors and the company's President & CEO from liability for the financial year 2023.

Decisions taken by the Annual General Meeting can be seen from Wärtsilä's website.

Dividend distribution
The Annual General Meeting approved the Board of Directors' proposal to pay a dividend of EUR 0.32 per share. The dividend shall be paid in two instalments. The first instalment of EUR 0.16 per share was paid on 18 March 2024. The second instalment of EUR 0.16 per share shall be paid on 18 September 2024.

Shares

In January–March, the number of shares traded on Nasdaq Helsinki was 56,197,596 shares, equivalent to a turnover of EUR 776 million. Wärtsilä's shares are also traded on alternative exchanges, including Turquoise, BATS, Chi-X and CBOE DXE. The total trading volume on these alternative exchanges amounted to 21,774,578 shares.

The number of Wärtsilä's shares outstanding as at 31.3.2024 was 589,080,815, and the number of treasury shares was 2,642,575.

Wärtsilä's Interim Report January–March 2024

This interim report is prepared in accordance with IAS® Standard 34 (Interim Financial Reporting) using the same accounting policies and methods of computation as in the annual financial statements for 2023, except for the new and amended IFRS® Accounting Standards stated below. All figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

Use of estimates

Preparation of the financial statements in accordance with the IFRS Accounting Standards requires management to make judgements, estimates, and assumptions that affect the valuation of the reported assets and liabilities, as well as other information, such as contingent assets and liabilities and the recognition of income and expenses in the statement of income. Although these continuously evaluated judgements, estimates, and assumptions are based on management's past experience and best knowledge of current events and actions, as well as expectations of future events, actual results may differ from the estimates.

For Wärtsilä, the most significant judgements, estimates, and assumptions made by the management relate to, for example, revenue recognition, especially project estimates for long-term projects and agreements, impairment testing, valuation of trade receivables, contract assets and inventories, determining the length of lease terms, defined benefit pension obligations, recognition of warranty provisions and provisions for litigation, and uncertain tax positions. In addition, valuation of assets held for sale requires the use of estimates.

Organisational changes

As of 1 January 2024, business units Exhaust Treatment and Shaft Line Solutions have been transferred from Wärtsilä Marine Systems to Wärtsilä Marine Power, and business unit Gas Solutions has been transferred from Marine Systems to Wärtsilä Portfolio Business. Consequently, Wärtsilä Marine Systems no longer constitutes an organisational unit or a reporting segment, and the name of Marine Power has been changed to Marine.

The segment-related comparison figures for 2023 have been restated to reflect the current organisational structure. The segment-related comparison figures for 2022 (available in Quarterly figures) have not been restated accordingly, they represent the organisational structure as it was at the end of 2023.

Own shares and equity-settled share-based payments

At the beginning of 2024, the total amount of own shares held by the Company was 2,700,000. The shares are to be used for pay-outs under the share-based incentive programmes of Wärtsilä Corporation. During the year, 57,425 own shares were used to settle share-based payments resulting in the total amount of 2,642,575 at the end of the reporting period.

Wärtsilä has long-term incentive schemes, which can be settled in company shares. These unvested shares are issuable when certain pre-defined conditions in the incentive programmes are met during a timeframe set in the incentive programmes' conditions. If the settlement were to happen at the reporting date, it would result in issuing 302,228 shares. These shares are considered as potential ordinary shares causing dilutive effect on the EPS.

Number of shares outstanding on 1 January 2024	**589,023,390**
Share-based payments settled in company shares	57,425
Number of shares outstanding on 31 March 2024	**589,080,815**
Weighted average number of shares outstanding during the period	**589,044,214**
Weighted average number of dilutive potential ordinary shares during the period	
Unvested shares	302,228
Weighted average number of shares outstanding during the period to be used in the calculation of diluted EPS	**589,346,442**

New and amended Accounting Standards

In 2024, the Group has adopted the following new and amended Accounting Standards issued by the International Accounting Standards Board (IASB):

Amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendments will have no impact on the consolidated financial statements.

Amendments to IFRS 16 Leases specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction. The amendments will have no impact on the consolidated financial statements.

Other new or amended Accounting Standards already effective do not have a significant impact on the consolidated financial statements or other disclosures.

Later, the Group will adopt the following amended standards issued by IASB:

Supplier Finance Arrangements* amends IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments increase the transparency of supplier finance arrangements and their effects on liabilities, cash flows and exposure to liquidity risk. The amendments merely increase the amount of disclosed information.

Lack of Exchangeability* amends IAS 21 The Effects of Changes in Foreign Exchange Rates. The amendment specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. The amendments will have no impact on the consolidated financial statements.

New Accounting Standard **IFRS 18 Presentation and Disclosure in Financial Statements*** improves the quality of financial reporting by requiring defined subtotals in the statement of profit or loss and disclosure about management-defined performance measures, as well as adding new principles for aggregation and disaggregation of information. The standard merely changes the presentation of disclosed information and increases the amount of disclosed information.

Other new or amended Accounting Standards not yet effective are not expected to have a significant impact on the consolidated financial statements or other disclosures.

* Not yet endorsed for adoption by the European Commission as of 31 March 2024.

This interim report is unaudited.

Condensed statement of income

MEUR	1–3/2024	1–3/2023	2023
Net sales	**1,321**	1,465	6,015
Other operating income	**11**	27	96
Expenses	**-1,172**	-1,363	-5,516
Result from net position hedges		-5	-9
Depreciation, amortisation and impairment	**-35**	-33	-193
Share of result of associates and joint ventures	**2**	1	9
Operating result	**127**	92	402
Financial income and expenses	**-9**	-8	-37
Result before taxes	**118**	84	364
Income taxes	**-32**	-23	-95
Result for the reporting period	**86**	61	269
Attributable to:			
equity holders of the parent company	**85**	55	258
non-controlling interests	**1**	6	12
	86	61	269
Earnings per share attributable to equity holders of the parent company:			
Earnings per share (EPS), basic, EUR	**0.14**	0.09	0.44
Earnings per share (EPS), diluted, EUR	**0.14**	0.09	0.44

Condensed statement of comprehensive income

MEUR	1–3/2024	1–3/2023	2023
Result for the reporting period	**86**	61	269
Other comprehensive income, net of taxes:			
Items that will not be reclassified to the statement of income			
Remeasurements of defined benefit liabilities	**-1**		1
Total items that will not be reclassified to the statement of income	**-1**		1
Items that may be reclassified subsequently to the statement of income			
Exchange rate differences on translating foreign operations			
for equity holders of the parent company	**-2**	-21	-25
for non-controlling interests			-2
transferred to the statement of income		-11	-11
Associates and joint ventures, share of other comprehensive income			-2
Cash flow hedges	**-17**	-4	24
Tax on items that may be reclassified to the statement of income	**4**	1	-2
Total items that may be reclassified to the statement of income	**-17**	-36	-19
Other comprehensive income for the reporting period, net of taxes	**-18**	-36	-17
Total comprehensive income for the reporting period	**68**	25	252
Total comprehensive income attributable to:			
equity holders of the parent company	**67**	24	247
non-controlling interests	**1**	1	4
	68	25	252

Condensed statement of financial position

MEUR	31.3.2024	31.3.2023	31.12.2023
Non-current assets			
Intangible assets	**1,689**	1,680	1,675
Property, plant and equipment	**309**	302	307
Right-of-use assets	**263**	267	255
Investments in associates and joint ventures	**35**	29	33
Other investments	**18**	19	19
Deferred tax assets	**216**	193	212
Other receivables	**50**	80	51
Total non-current assets	**2,581**	2,571	2,551
Current assets			
Inventories	**1,538**	1,421	1,485
Other receivables	**1,928**	2,144	1,943
Cash and cash equivalents	**872**	439	819
Total current assets	**4,337**	4,004	4,247
Assets held for sale	**5**	52	5
Total assets	**6,923**	6,627	6,803
Equity			
Share capital	**336**	336	336
Other equity	**1,770**	1,672	1,888
Total equity attributable to equity holders of the parent company	**2,106**	2,008	2,225
Non-controlling interests	**9**	7	8
Total equity	**2,115**	2,014	2,232
Non-current liabilities			
Lease liabilities	**230**	232	224
Other interest-bearing debt	**476**	413	515
Deferred tax liabilities	**64**	48	69
Other liabilities	**323**	251	318
Total non-current liabilities	**1,093**	943	1,126
Current liabilities			
Lease liabilities	**44**	44	44
Other interest-bearing debt	**46**	233	76
Other liabilities	**3,625**	3,372	3,326
Total current liabilities	**3,715**	3,649	3,445
Total liabilities	**4,808**	4,593	4,571
Liabilities directly attributable to assets held for sale		20	
Total equity and liabilities	**6,923**	6,627	6,803

Condensed statement of cash flows

MEUR	1–3/2024	1–3/2023	2023
Cash flow from operating activities:			
Result for the reporting period	**86**	61	269
Adjustments for:			
depreciation, amortisation and impairment	**35**	33	193
financial income and expenses	**9**	8	37
gains and losses on sale of intangible assets and property, plant and equipment and other changes	**-1**		-1
share of result of associates and joint ventures	**-2**	-1	-9
income taxes	**32**	23	95
other non-cash flow adjustments	**3**	-8	-4
Cash flow before changes in working capital	**162**	116	581
Changes in working capital	**140**	58	350
Cash flow from operating activities before financial items and taxes	**302**	173	931
Financial items and paid taxes	**-44**	-28	-109
Cash flow from operating activities	**258**	145	822
Cash flow from investing activities:			
Investments in shares and acquisitions			-1
Net investments in property, plant and equipment and intangible assets	**-34**	-31	-146
Proceeds from sale of shares in subsidiaries, associated companies and other investments			8
Cash flow from investing activities	**-34**	-31	-138
Cash flow from financing activities:			
Repayments to non-controlling interests		-5	-5
Repurchase of own shares			-10
Proceeds from non-current debt			176
Repayments and other changes in non-current debt	**-87**	-108	-321
Changes in current loans and other changes	**-3**	47	8
Dividends paid	**-82**	-68	-156
Cash flow from financing activities	**-171**	-134	-308
Change in cash and cash equivalents, increase (+)/decrease (-)	**53**	-20	375
Cash and cash equivalents at the beginning of the reporting period*	**819**	464	464
Exchange rate changes	**-1**	-4	-19
Cash and cash equivalents at the end of the reporting period*	**872**	440	819

* Cash and cash equivalents include the cash and cash equivalents pertaining to assets held for sale.

Condensed statement of changes in equity

MEUR	Total equity attributable to equity holders of the parent company: Share capital	Share premium	Translation difference	Fair value reserve	Remeasurements of defined benefit liabilities	Retained earnings	Non-controlling interests	Total equity
Equity on 1 January 2024	**336**	**61**	**-188**	**31**	**-4**	**1,989**	**8**	**2,232**
Total comprehensive income for the reporting period			**-3**	**-14**	**-1**	**85**	**1**	**68**
Transactions with equity holders of the parent company and non-controlling interests								
Dividends paid						**-188**		**-188**
Share-based payments						**3**		**3**
Equity on 31 March 2024	**336**	**61**	**-191**	**17**	**-6**	**1,888**	**9**	**2,115**

MEUR	Total equity attributable to equity holders of the parent company: Share capital	Share premium	Translation difference	Fair value reserve	Remeasurements of defined benefit liabilities	Retained earnings	Non-controlling interests	Total equity
Equity on 31 December 2022	336	61	-156	9	-5	1,889	12	2,146
Restatement due to IAS 12						1		1
Equity on 1 January 2023	336	61	-156	9	-5	1,891	12	2,148
Total comprehensive income for the reporting period			-28	-3		55	1	25
Other changes							-5	-5
Transactions with equity holders of the parent company and non-controlling interests								
Dividends paid						-153		-154
Share-based payments						1		1
Equity on 31 March 2023	336	61	-183	6	-5	1,793	7	2,014

Segment information

Wärtsilä's reportable segments are Marine and Energy. Furthermore, Wärtsilä reports Portfolio Business as other business activities.

The segment related comparison figures for 2023 have been restated to reflect the current organisational structure.

MEUR	1–3/2024	1–3/2023	2023
Net sales			
Marine	**708**	669	2,800
Energy	**452**	645	2,610
Portfolio Business	**162**	151	604
Total	**1,321**	1,465	6,015
Depreciation, amortisation and impairment			
Marine	**-24**	-21	-100
Energy	**-8**	-8	-33
Portfolio Business	**-3**	-4	-60
Total	**-35**	-33	-193
Share of result of associates and joint ventures			
Marine	**2**	1	9
Total	**2**	1	9
Operating result			
Marine	**77**	69	276
Energy	**50**	34	209
Portfolio Business		-10	-83
Total	**127**	92	402
Operating result as a percentage of net sales (%)			
Marine	**10.8**	10.3	9.9
Energy	**11.1**	5.2	8.0
Portfolio Business	**0.3**	-6.8	-13.8
Total	**9.6**	6.3	6.7
Comparable operating result			
Marine	**81**	65	312
Energy	**50**	33	219
Portfolio Business	**1**	-10	-34
Total	**132**	88	497
Comparable operating result as a percentage of net sales (%)			
Marine	**11.4**	9.8	11.2
Energy	**11.1**	5.1	8.4
Portfolio Business	**0.6**	-6.9	-5.7
Total	**10.0**	6.0	8.3

Net sales by geographical areas

MEUR	1–3/2024	1–3/2023	2023
Europe	**464**	448	1,954
Asia	**344**	357	1,678
The Americas	**386**	505	1,757
Other	**128**	154	627
Total	**1,321**	1,465	6,015

Service net sales

MEUR	1–3/2024	1–3/2023	2023
Marine, service	**498**	432	1,862
Energy, service	**291**	258	1,095
Portfolio Business, service	**43**	46	191
Total	**833**	736	3,148

Measures of profit and items affecting comparability

MEUR	1–3/2024	1–3/2023	2023
Comparable adjusted EBITA	**137**	93	518
Purchase price allocation amortisation	**-5**	-5	-20
Comparable operating result	**132**	88	497
Items affecting comparability:			
Social plan costs			-42
Impairment and write-downs			-43
Gains and losses on disposal of assets		11	11
Other costs	**-5**	-8	-21
Items affecting comparability, total	**-5**	4	-95
Operating result	**127**	92	402

Items affecting comparability include EUR 3 million of costs related to the restructuring of engine manufacturing in Europe and EUR 2 million of other costs.

Assets held for sale

Wärtsilä has classified certain non-current assets relating to ending the 4-stroke engine manufacturing in Trieste, Italy as assets held for sale.

In July 2022, Wärtsilä announced its plan to ramp down manufacturing in Trieste, Italy and to centralise its 4-stroke engine manufacturing in Europe to Vaasa, Finland. Engine manufacturing in Trieste belongs to Marine.

All assets held for sale are valued at the lower of book value or fair value.

Disaggregation of revenue

Revenue from contracts with customers is derived over time and at a point in time from the following revenue types.

Net sales by revenue type and timing of satisfying performance obligations

MEUR	1–3/2024	1–3/2023	2023
At a point in time			
Products	**420**	375	1,475
Goods and services	**159**	157	697
Projects	**338**	323	1,450
Total	**916**	855	3,622

Over time			
Projects	**224**	455	1,688
Long-term agreements	**181**	155	705
Total	**405**	610	2,393
Total	**1,321**	1,465	6,015

Product sales consist of sales of spare parts and standard equipment, for which the revenue is recognised at a point in time when the control of the product has transferred to the customer, in general upon delivery of the goods.

Goods and services -type of revenue involves short-term field service jobs, including the delivery of a combination of service and equipment. The revenue is recognised at a point in time when the service is rendered.

Projects are of both short- and long-term duration. Depending on the contract terms and the duration of the project, the revenue is recognised at a point in time or over time. In large-scale system or equipment deliveries which require engineering, for example power plants and gas solutions construction contracts, the revenue is recognised over time. Revenue from tailor-made equipment delivery projects is recognised at a point in time when the control of the equipment is transferred, in general upon delivery, and revenue from service related projects, such as modernisation and upgrade projects is recognised over time.

Long-term agreements include long-term operating and maintenance agreements for which the revenue is recognised over time.

Intangible assets and property, plant and equipment

MEUR	1–3/2024	1–3/2023	2023
Intangible assets			
Carrying amount on 1 January	**1,675**	1,680	1,680
Changes in exchange rates	**4**	-10	-3
Acquisitions and disposals			-25
Additions	**21**	20	95
Amortisation and impairment	**-12**	-13	-97
Decreases and reclassifications		3	25
Carrying amount at the end of the reporting period	**1,689**	1,680	1,675
Property, plant and equipment			
Carrying amount on 1 January	**307**	304	304
Changes in exchange rates		-1	-2
Acquisitions and disposals			-8
Additions	**14**	11	54
Depreciation and impairment	**-11**	-10	-46
Decreases and reclassifications	**-1**	-3	5
Carrying amount at the end of the reporting period	**309**	302	307

Additional impairment testing of cash generating unit Marine Systems

Due to the new organisational structure, Wärtsilä performed an intermediate impairment testing of goodwill during the first quarter of 2024 for cash generating unit (CGU) Marine Systems. As a result of the impairment test, no impairment loss for the CGU was recognised for the reporting period ended 31 March 2024. Going forward, impairment testing of goodwill is only conducted on Marine, Energy and Portfolio Business level, as Marine Systems no longer constitutes an organisational unit nor a reportable segment.

Leases

MEUR	1–3/2024	1–3/2023	2023
Land and buildings, right-of-use assets			
Carrying amount on 1 January	**246**	248	248
Changes in exchange rates	**-1**	-2	-3
Additions	**22**	22	50
Depreciation and impairment	**-11**	-11	-45
Decreases and reclassifications	**-2**		-5
Carrying amount at the end of the reporting period	**255**	258	246
Machinery and equipment, right-of-use assets			
Carrying amount on 1 January	**9**	10	10
Additions	**1**	1	6
Depreciation and impairment	**-1**	-1	-6
Decreases and reclassifications			-1
Carrying amount at the end of the reporting period	**9**	9	9
Lease liabilities			
Carrying amount on 1 January	**268**	266	266
Changes in exchange rates		-2	-2
Additions	**23**	24	56
Interest expenses	**-1**		2
Payments	**-13**	-12	-48
Other adjustments	**-2**		-6
Carrying amount at the end of the reporting period	**275**	276	268
Amounts recognised in statement of income			
Depreciation and impairment	**-12**	-12	-51
Interest expenses	**-2**	-2	-8
Expense – short-term leases	**-7**	-8	-31
Expense – leases of low-value assets	**-2**	-2	-6
Expense – variable lease payments	**-3**	-3	-9

Gross capital expenditure

MEUR	1–3/2024	1–3/2023	2023
Investments in securities and acquisitions			1
Investments in intangible assets and property, plant and equipment	**36**	32	148
Total	**36**	32	149

Net interest-bearing debt

MEUR	31.3.2024	31.3.2023	31.12.2023
Lease liabilities, non-current	**230**	232	224
Other interest-bearing debt, non-current	**476**	413	515
Lease liabilities, current	**44**	44	44
Other interest-bearing debt, current	**46**	233	76
Total interest-bearing liabilities	**796**	921	858
Interest-bearing receivables	**-4**	-4	-4
Cash and cash equivalents	**-872**	-439	-819
Cash and cash equivalents pertaining to assets held for sale		-1	
Total interest-bearing assets	**-876**	-444	-823
Total net interest-bearing debt	**-79**	477	35

Financial ratios

	1–3/2024	1–3/2023	2023
Earnings per share (EPS), basic, EUR	**0.14**	0.09	0.44
Earnings per share (EPS), diluted, EUR	**0.14**	0.09	0.44
Equity per share, EUR	**3.58**	3.40	3.78
Solvency ratio, %	**34.8**	33.4	37.0
Gearing	**-0.04**	0.24	0.02
Return on investment (ROI), %	**16.0**	8.1	13.9
Return on equity (ROE), %	**14.3**	7.1	12.3

The financial ratios include assets and liabilities pertaining to assets held for sale.

Personnel

	1–3/2024	1–3/2023	2023
On average	**17,871**	17,674	17,666
At the end of the reporting period	**17,909**	17,713	17,807

Contingent liabilities

MEUR	31.3.2024	31.3.2023	31.12.2023
Mortgages	**10**	10	10
Chattel mortgages and other pledges and securities	**13**	17	13
Total	**23**	27	23
Guarantees and contingent liabilities			
on behalf of Group companies	**1,204**	1,013	997
Nominal amounts of lease liabilities			
Low-value lease liabilities	**12**	11	12
Short-term lease liabilities	**3**	3	4
Leases not yet commenced, but to which Wärtsilä is committed	**1**	21	14
Residual value guarantee	**90**	90	90
Total	**1,311**	1,138	1,117

Nominal values of derivative instruments

MEUR	Total amount	of which closed
Non-deliverable forwards	**4**	
Interest rate swaps	**168**	
Cross currency swaps	**153**	
Foreign exchange forward contracts	**2,091**	**1,004**
Total at the end of the reporting period	**2,417**	**1,004**

In addition, the Group had copper swaps amounting to 1,000 tons.

Fair values

Fair value measurements at the end of the reporting period:

MEUR	Carrying amounts of the statement of financial position items	Fair value
Financial assets		
Other investments (level 3)	**18**	**18**
Interest-bearing investments, non-current (level 2)	**4**	**4**
Other receivables, non-current (level 2)	**1**	**1**
Derivatives (level 2)	**23**	**23**
Financial liabilities		
Interest-bearing debt, non-current (level 2)	**706**	**701**
Derivatives (level 2)	**43**	**43**

Quarterly figures

MEUR	1–3/ 2024	10–12/ 2023	7–9/ 2023	4–6/ 2023	1–3/ 2023	10–12/ 2022	7–9/ 2022	4–6/ 2022	1–3/ 2022
Order intake									
Marine	**916**	844	902	771	744				
Marine Power						693	627	575	620
Marine Systems						126	89	131	112
Energy	**774**	868	679	750	744	646	805	654	507
Portfolio Business	**234**	144	207	166	252	173	95	81	141
Total	**1,924**	1,856	1,787	1,687	1,739	1,638	1,616	1,440	1,380
Order book at the end of the reporting period									
Marine	**3,008**	2,808	2,751	2,535	2,493				
Marine Power						2,273	2,250	2,087	2,261
Marine Systems						434	499	572	638
Energy	**3,033**	2,693	2,620	2,548	2,483	2,376	2,702	2,506	2,442
Portfolio Business	**1,252**	1,192	1,222	1,165	1,177	823	779	772	766
Total	**7,294**	6,694	6,594	6,249	6,153	5,906	6,229	5,936	6,107
Net sales									
Marine	**708**	759	671	701	669				
Marine Power						589	484	527	477
Marine Systems						207	159	166	148
Energy	**452**	720	613	633	645	856	696	633	535
Portfolio Business	**162**	165	168	120	151	118	94	81	71
Total	**1,321**	1,644	1,452	1,454	1,465	1,770	1,433	1,407	1,231
Share of result of associates and joint ventures	**2**	2	2	3	1	3	2		
Comparable adjusted EBITA	**137**	182	130	113	93	99	87	91	72
as a percentage of net sales	**10.4**	11.1	8.9	7.8	6.4	5.6	6.1	6.4	5.9
Depreciation, amortisation and impairment	**-35**	-45	-34	-81	-33	-56	-51	-34	-122
Purchase price allocation amortisation	**-5**	-5	-5	-5	-5	-5	-6	-5	-7
Comparable operating result	**132**	177	125	108	88	93	82	85	65
as a percentage of net sales	**10.0**	10.8	8.6	7.4	6.0	5.3	5.7	6.1	5.3
Items affecting comparability, total	**-5**	-49	-8	-42	4	-56	-72	-10	-212
Operating result	**127**	128	117	66	92	37	10	75	-147
as a percentage of net sales	**9.6**	7.8	8.0	4.5	6.3	2.1	0.7	5.3	-11.9
Financial income and expenses	**-9**	-8	-9	-12	-8	-2	-2	-2	
Result before taxes	**118**	120	107	53	84	35	7	72	-147
Income taxes	**-32**	-24	-25	-24	-23	-7	-4	-20	5
Result for the reporting period	**86**	96	82	30	61	28	3	52	-142
Earnings per share (EPS), basic, EUR	**0.14**	0.16	0.14	0.05	0.09	0.05	0.00	0.09	-0.24
Earnings per share (EPS), diluted, EUR	**0.14**	0.16	0.14	0.05	0.09	0.05	0.00	0.09	-0.24
Gross capital expenditure	**36**	51	31	35	32	49	37	40	35
Investments in securities and acquisitions		1						4	1

Cash flow from operating activities	**258**	389	213	75	145	51	100	-90	-122
Working capital (WCAP) at the end of the reporting period	**-329**	-169	43	134	105	179	108	168	-18
Personnel at the end of the reporting period									
Marine	**10,657**	10,602	10,530	10,441	10,369				
Marine Power						9,157	9,200	9,158	9,065
Marine Systems						1,584	1,575	1,565	1,554
Energy	**5,460**	5,430	5,416	5,380	5,342	5,320	5,309	5,247	5,073
Portfolio Business	**1,792**	1,774	1,750	1,732	2,002	1,520	1,501	1,577	1,659
Total	**17,909**	17,807	17,696	17,553	17,713	17,581	17,585	17,547	17,351

The segment related comparison figures for 2023 have been restated to reflect the current organisational structure.

Calculations of financial ratios

Operating result
Net sales + other operating income – expenses – depreciation, amortisation and impairment +/– share of result of associates and joint ventures

Earnings per share (EPS), basic

$$\frac{\text{Result for the reporting period attributable to equity holders of the parent company}}{\text{Number of shares outstanding, average over the reporting period}}$$

Earnings per share (EPS), diluted

$$\frac{\text{Result for the reporting period attributable to equity holders of the parent company}}{\text{Number of shares outstanding, average over the reporting period + number of potential ordinary shares with dilutive effect}}$$

Items affecting comparability
Certain income and expenses are presented as items affecting comparability when they have significant impact on the consolidated statement of income. Items affecting comparability consist of income and expenses, which result from restructuring activities aiming to adjust the capacity of Wärtsilä's operations. They may also include other income and expenses incurred outside Wärtsilä's normal course of business, such as impairment charges, acquisition related costs, settlements recorded as a result of legal proceedings with third parties or unforeseen obligations from earlier discontinued businesses.

Comparable operating result
Operating result – items affecting comparability

Comparable adjusted EBITA
Operating result – items affecting comparability – purchase price allocation amortisation

Gross capital expenditure
Investments in securities and acquisitions + investments in intangible assets and property, plant and equipment

Net interest-bearing debt
Non-current and current lease liabilities + non-current and current other interest-bearing debt – interest-bearing receivables – cash and cash equivalents

Equity per share

$$\frac{\text{Equity attributable to equity holders of the parent company}}{\text{Number of shares outstanding at the end of the reporting period}}$$

Solvency ratio

$$\frac{\text{Equity}}{\text{Total equity and liabilities – advances received}} \times 100$$

Gearing

$$\frac{\text{Interest-bearing liabilities – cash and cash equivalents}}{\text{Equity}}$$

Return on investment (ROI)

$$\frac{\text{Result before taxes + interest and other financial expenses}}{\text{Total equity and liabilities – non-interest-bearing liabilities – provisions, average over the reporting period}}$$

Return on equity (ROE)

$$\frac{\text{Result for the reporting period}}{\text{Equity, average over the reporting period}}$$

Order intake
Total amount of orders received during the reporting period to be delivered either during the current reporting period or thereafter.

Order book
The presentation in value of orders that are placed by customers but not yet delivered. For service agreements, only the expected net sales for the next 24 months are included in the order book.

Working capital (WCAP)
(Inventories + trade receivables + current tax receivables + other non-interest-bearing receivables)
– (trade payables + advances received + pension obligations + provisions + current tax liabilities + other non-interest-bearing liabilities – dividend payable)

25 April 2024
Wärtsilä Corporation
Board of Directors