Wärtsilä
Shaping the decarbonisation of Marine and Energy
Roadshow presentation
February 2023
MARKET FUNDAMENTALS

**MARINE will move with unprecedented speed towards decarbonisation**

**Policies & regulations**
- IMO target
- Access to capital
- Cost of carbon
- Demand for green sea transport

**Technology**
- Carbon neutral and zero carbon fuels
- Carbon fuels for many years, still
- Abatement technologies
- Battery systems, hybrids & energy saving devices
- Fuel efficiency & flexibility

**Connectivity & data**
- Vessels as data pools
- Optimisation solutions
- Performance-based agreements
- Cyber security
- Autonomous operations

**ENERGY is moving towards a 100% renewables future**

**Policies & regulations**
- EU: Carbon neutral by 2050
- USA: carbon free electricity production by 2035, net zero emissions by 2050
- China: Carbon neutral by 2060

**Technology**
- Wind and solar growing rapidly
- Intermittent sources requiring balancing power
- Sustainable fuels for thermal balancing
- Digitalisation
- Cyber security

**Growing ENERGY demand**
- By 2050, electricity generation expected to grow by 3X, renewables by 8X ¹
- By 2030, balancing power market to grow by 10X ²
- Gradual replacement of coal
- Power systems increasingly complex

1) IEA World Energy Outlook 2021 (Net Zero Emissions Scenario)
2) Bloomberg New Energy Outlook 2020, Wärtsilä estimates
OUR VALUE CREATION POTENTIAL IS BASED ON TWO STRATEGIC THEMES

1 TRANSFORM
Decarbonisation creates new business opportunities

2 PERFORM
Leverage market recovery and growth
TRANSFORM
Decarbonisation creates new business opportunities

- Maritime is going through an unprecedented rate of change, which is accelerated by regulations and the demand for green transport.

- Also, the energy sector is undergoing a massive transformation as decarbonisation and renewables are fundamentally going to change the way energy is generated.

- We are set for performance and have significant value creation potential to drive this transformation as a technology leader.
PERFORM
We are ready to leverage market recovery and growth

#1-3 in global markets

FINANCIAL TARGETS:
- 5% annual organic growth
- 12% operating margin

"SET FOR 30" DECARBONISATION TARGETS:
- carbon neutral in our own operations by 2030
- a product portfolio ready for zero carbon fuels by 2030

Clear financial targets and strong commitment to realise them

Robust capital allocation principles and active portfolio management

Notable opportunity in retrofits and conversions

Extensive service network, positioned for growth both in transactional services and performance-based agreements

Focus on:
- High performing teams
- Performance excellence and robust execution
- Continuous improvement
- Cost structure – actions taken whenever and wherever necessary
OWNERS WILL DECIDE ON TECHNOLOGY PARTNERS NOW:

- Vessel life is 25-30 years
- Critical decision criteria:
  - Multifuel capabilities for blending with green fuels
  - Conversion capabilities for future fuels

MOVE FROM A SINGLE-FUEL INDUSTRY TO A MULTI-FUEL ONE

Distribution of fuel types for Decarbonisation 2050 (1.5°C scenario), exajoule

- Carbon neutral and zero carbon fuels in maritime

![Graph showing distribution of fuel types](source)

Source: DNV Maritime Forecast 2050 model, Wärtsilä internal estimates
Fuel conversions will play a vital role in the fuel transition for both existing and new vessels built during this and next decade. Fuel selection impacts the vessel structure and performance.

<table>
<thead>
<tr>
<th>Fuel type</th>
<th>Key considerations</th>
<th>Fuel price factor (per GJ)</th>
<th>Gross tank size factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heavy Fuel Oil @ 20°C</td>
<td>Standard tank arrangement</td>
<td>1X</td>
<td>1X 4)</td>
</tr>
<tr>
<td>Liquified Natural Gas @ -162°C</td>
<td>Cryogenic system</td>
<td>0.7X 2)</td>
<td>2.4X</td>
</tr>
<tr>
<td>Methanol @ 20°C</td>
<td>Mildly toxic</td>
<td>2.2X-5.4X 3)</td>
<td>1.7X</td>
</tr>
<tr>
<td>Ammonia @ -33°C</td>
<td>Toxic</td>
<td>2.2X-4.5X 3)</td>
<td>3.9X</td>
</tr>
<tr>
<td>Liquid Hydrogen @ -253°C</td>
<td>Highly reactive</td>
<td>2.7X-4.5X 3)</td>
<td>7.3X</td>
</tr>
<tr>
<td>Compressed Hydrogen @350bar</td>
<td>High pressure</td>
<td>1.6X-2.6X 3)</td>
<td>19.5X</td>
</tr>
<tr>
<td>Marine Battery Rack</td>
<td>Marine adaptation</td>
<td>1.3X-2.3X</td>
<td>~40X (future potential ~20X)</td>
</tr>
</tbody>
</table>

1) Sources: Maersk Mc Kinney Møller Center for Zero Carbon Shipping – Industry transition strategy 2021, Wärtsilä-DNV collaboration; 2) fuel price for e-methane is expected to be in a range similar to e-methanol; 3) fuel price range spans across blue, bio and green-electro equivalent; 4) gross tank estimations based on Wärtsilä experience
WÄRTSILA HYBRID MARKET POSITION

We are maintaining our market leadership in Hybrid Systems

- Number of Hybrid Vessels on order and in operation is ~81 vessels with 115MWh batteries
- Our current market share is 25% for engine-battery hybrid marine projects
- Further growth expected in future years as hybridisation is seen as key enabler for marine decarbonisation
- One proof point of our ability to support our customers' environmental targets is the announced order for hybrid propulsion systems for four new heavy lift vessels.
  - The system will feature a variable-speed Wärtsilä 32 main engine capable of operating with methanol fuel. This will therefore make these ships among the first to be prepared to operate on methanol, a clean burning sulphur-free alternative to conventional fossil-based marine fuels.
  - They will also be the first methanol capable ships to employ a variable speed main engine in a hybrid installation
Together we can create unique customer value and drive decarbonisation of marine power.

**VESSEL AND TRANSPORT EFFICIENCY**

**ENGINE EFFICIENCY**
(MARINE POWER)

- Fuel
- Maintenance
- Energy Management
- Upgrades

**PROPULSION EFFICIENCY**
(MARINE POWER & VOYAGE)

- Power
- Maintenance
- Energy Savings Devices
- Upgrades

**VOYAGE EFFICIENCY**
(INCL PORT OPERATIONS)
(VOYAGE)

- Thrust
- Voyage solutions (Nacos, Fleet Optimisation Solutions (FOS), Port Link...)
- Shallow water
- Water temp / density
- Safety
- Routing & planning
- Wind
- Resistance
- Hull fouling
- Waiting times

Optional for Vessel Fuel Optimisation

Mandatory for Vessel Fuel Optimisation

**Wärtsilä Fuel Consumption Monitoring System + Wärtsilä Data Collection Unit (WDCU)**

Mandatory for Specific Fuel Oil Consumption (SFOC) Optimisation

Optional for Vessel Fuel Optimisation

Torque and Thrust measurement

Maintenance

**Energy Management**

**Upgrades**

**Waves**

**Draught & Trim**

**Resistance**

**Navigation**

**Wind**

**Hull fouling**

**Safety**

**Waiting times**
Vessel contracting forecast

Continuing accelerated fleet renewal supported by the fleet age profile and potential increased consensus over fuelling and technology choices

Accelerating fleet renewal and steady demand growth

Wärtsilä’s order intake in Marine businesses by customer segment in 2022

- Merchant
- Gas carriers
- Cruise & ferry
- Offshore
- Special vessels
- Navy
- Other

Continued firm container & LNG carrier ordering

Includes both orders for equipment and services. The vessel types included in Merchant segment are bulk carriers, cargo-, container-, and RoRo vessels as well as tankers. The vessel types included in Special vessel segment are dredgers, fishing-, inland-, and service vessels as well as tugs.

Source: Clarkson's Research, September 2022
SUPPORTING DECARBONISATION IN ENERGY

- Wind and solar are intermittent power sources
- Flexible balancing power needed to stabilize the power system: balancing power market expected to grow by 10X
- Reciprocating engines ideally suited to provide balancing power
  - Energy efficient
  - Fast ramp up/ramp down
  - Fuel flexible
- Today running on gas, tomorrow on green fuels

THE KEY STEPS TO FRONT-LOAD NET ZERO

1. ADD RENEWABLES
2. ADD THERMAL BALANCING AND ENERGY STORAGE
3. PHASE OUT INFLEXIBLE POWER PLANTS
4. CONVERT TO SUSTAINABLE FUELS
5. PHASE OUT FOSSIL FUELS

Curtailment of renewable energy sources increase due to system inflexibility.
Running hours of legacy power plants decrease.
Keep adding renewables supported by flexibility.
Utilise Power-to-X and flexible thermal plants to provide carbon neutral long-term storage.

1) by 2030. Source: Bloomberg New Energy Outlook 2020, Wärtsilä estimates
Renewable energy plays a key role in energy sector emissions abatement

Estimated growth of the addressable annual markets of thermal balancing (GW) and energy storage (GWh)


Source: BloombergNEF New Energy Outlook 2022,
Wärtsilä estimates at Capital Markets Day 2021
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.
The plant will operate with 18 Wärtsilä 50SG gas engines, which in simple cycle deliver an output of 339 MW.

Initially, the plant will provide baseload power to the grid, but the rapid start-up flexibility of the engines will enable it to take on a grid balancing role as the system’s share of renewable energy increases.

The high overall efficiency level of the plant will reduce emissions, while the ability of the Wärtsilä engines to accept future sustainable fuels as they become available, provides future-proof sustainability for the plant.

Wärtsilä is dedicated to supporting the transition to renewable power throughout the whole of Latin America. To date Wärtsilä has approximately 10.6 GW of installed capacity in 254 power plants with 1,060 engines in seventeen Latin American countries. 2.7 GW of this capacity is covered by Wärtsilä long-term service agreements.
Good demand in energy storage – market expected to grow 30% annually in this decade

Wärtsilä Energy storage

- Long-proven track record of grid scale system installations globally, integrated with wind, solar, hydro & thermal generation.
- Powered by the advanced GEMS Digital Energy Platform, designed to optimise energy system lifetime and energy system economics.
- Thermal balancing and energy storage are complementary technologies: energy storage solutions for shorter firming periods and dispatchable engines for unlimited periods (with high flexibility).
- Business currently loss making, but we aim to turn it profitable within a few years
- Profitability has been improving and the full year comparable operating result margin was approximately -4% in 2022
Wärtsilä is very well-positioned for the decarbonisation transformation

Leader in

- Carbon neutral & zero carbon fuels
  - Available today: biofuels, methanol, up to 25% hydrogen blends
  - 2023: ammonia concept
  - 2025: 100% hydrogen concept

- Hybrid marine installations

- Energy efficient fossil fuels

- Power system optimisation
  - Energy storage
  - Thermal balancing power

Pioneer in

- Marine electric drivetrain

- Marine carbon capture

- Marine optimisation and autonomous solutions

- Partnering for complementary technologies
  - Fuel cells
  - Air lubrication
  - Flettner rotors
WE CONTINUE INVESTING IN INNOVATION TO ENSURE A BROAD, INDUSTRY-LEADING SOLUTION OFFERING

<table>
<thead>
<tr>
<th>Year</th>
<th>R&amp;D expenditure, MEUR</th>
<th>% of net sales</th>
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<tbody>
<tr>
<td>2018</td>
<td>165</td>
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<tr>
<td>2019</td>
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<td>2020</td>
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<td>2021*</td>
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<td>2022</td>
<td>241</td>
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</table>

* Figure in the comparison period 2021 has been restated to reflect a change in the definition of research and development expenditure.
Front-runner in alternative fuel engine technology

<table>
<thead>
<tr>
<th>Engines</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
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<tr>
<td>Diesel</td>
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<td>FAME/HVO(^1)</td>
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<td>LNG</td>
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<td>Bio-methane</td>
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<td>Synthetic methane</td>
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<td>LPG</td>
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<td>Hydrogen blends</td>
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<tr>
<td>Hydrogen 100%</td>
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<tr>
<td>Ammonia</td>
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<tr>
<td>Methanol</td>
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</tbody>
</table>

1) FAME, HVO: biodiesel
New financial targets reflect growth opportunities and increased profitability

<table>
<thead>
<tr>
<th></th>
<th>New targets</th>
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<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>5% annual organic growth</td>
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<tr>
<td><strong>Profitability</strong></td>
<td>12% operating margin</td>
</tr>
<tr>
<td><strong>Capital structure</strong></td>
<td>Gearing below 0.50</td>
</tr>
<tr>
<td><strong>Dividend</strong></td>
<td>At least 50% of earnings</td>
</tr>
</tbody>
</table>
Good growth opportunities in services, energy, and marine new build recovery. Our installed base provides a strong foundation for services growth

Starting point:
Net sales 4,401 MEUR (LTM Q3/2021)

Key drivers

Storage
- Fast growing demand for energy storage and power system optimisation solutions

Services
- Increased share of wallet from existing customers
- Deeper penetration of installed base
- Decarbonisation retrofits
- New business models

Thermal balancing
- Increased demand due to coal shut-downs
- Thermal balancing power complementing energy storage

Marine new build market recovery
- Cruise & Ferry and Special Vessel segments in particular

Target:
5% annual organic growth

Limited additional CAPEX needed to facilitate the growth
We will reach our profitability target while maintaining R&D investments at ~3% of net sales

Starting point: Operating margin 5.9% (LTM Q3/2021)

Key drivers

- Marine and Energy Services growth
- Thermal balancing power growth
- Storage growth
- Voyage turnaround and digital growth
- Pricing
- Continuous improvement >0%
- Cost inflation

Target: 12% operating margin

Limited additional CAPEX needed to facilitate the growth
SERVICE NET SALES BY BUSINESS

MEUR

2017 2018 2019 2020 2021 2022

Marine Power  Marine Systems  Voyage  Energy  Portfolio Business  Services

+11%
Performance-based agreements have significant growth potential, both in Marine and Energy

2-5X

Agreements & Performance-based agreements

Baseline 1X

Transactional
- Spare parts
- Field services

25% of installed base

Moving up the service value ladder

Enablers for growth

- Optimised asset performance for our customers
- Leveraging connectivity, big data, machine learning and extensive service network
- Successful experience from several projects in Marine and Energy
Positive development in both Marine and Energy service business

Marine Power net sales from installations under agreement

Energy service agreements

* Includes agreements covering both installed assets and assets to be installed in the future
PROFITABILITY DRIVERS FOR 2023

+ Supporting drivers
- Growth of service business
- Continued decarbonisation push in both the energy and marine markets
- Profitability improvements in Energy Storage and Voyage Business
- Continued cost optimisation
- Strong order book both in new equipment and services
- Lower value of new equipment orders sold with ”pre-war” prices

+ / - Uncertainties
- Geopolitical tensions
- Potential trade restrictions / trade wars
- Covid disruptions deriving from China’s release of restrictions
- Recession risk

- Negative factors
- Wage inflation
- Costs of energy:
  - fuel costs (for testing)
  - gas prices and availability
Strong presence in sustainable development indices

Member of Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Sustainability Yearbook
Member 2021
S&P Global

FTSE4Good

S&P Europe 350 ESG Index
Wärtsilä’s ESG Agenda in brief

**E**

Ambitious decarbonization targets for 2030
- Portfolio ready for zero carbon fuels
- Carbon neutrality in own operations

**S**

Good Corporate Citizen and Responsible Employer
- High ethical standards
- Diversity in focus
- Strive for safety

**G**

Effective Governance model
- Sustainability matters embedded
Sustainability is integrated into our strategy and purpose

Environment
Being a forerunner in sustainable innovation and furthermore reduce emissions in our customers’ operations and in societies overall.

Social
Being a good corporate citizen and responsible employer.

Economic
Meeting customer and shareholder expectations and contributing towards the wellbeing of society.

Purpose
Enabling sustainable societies through innovation in technology and services

- High ethical standards
- Responsible employer offering, interesting and exciting workplace
- Equal opportunities and diversity
- Hazard free working environment

- Innovative solutions for a low carbon economy
- High environmental performance and efficiency
- Partnerships and active engagement in ecosystems

- Efficient, profitable, and competitive company operations

Employee & Community Value

Customer & Community Value

Customer & Shareholder Value

Shaping the decarbonisation of marine and energy

Target Position
Decarbonising our own operations requires a wide range of actions “SET FOR 30”

<table>
<thead>
<tr>
<th>OUR MAIN DECARBONISATION INITIATIVES</th>
<th>2021</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy efficiency measures +/€</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low emission company vehicles +/€</td>
<td></td>
<td></td>
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<tr>
<td>Heat pumps in heating +/€€</td>
<td></td>
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<tr>
<td>R&amp;D and factory engine testings – reduced time +/€</td>
<td></td>
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<tr>
<td>Self-generation and green electricity +++/€€</td>
<td></td>
<td></td>
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<tr>
<td>Simulations and other technologies +/€</td>
<td></td>
<td></td>
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<tr>
<td>Replacing fossil fuels with alternative fuels +++/€€</td>
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</tbody>
</table>

+ GHG reduction potential  € Cost to reduce
Wärtsilä “Set for 30” is progressing well

Variety of concrete actions have been taken – some examples

- Green electricity purchasing fully in use in Finland
- Solar panel investment in Bermeo Spain
- Electric Vehicle policy defined and being rolled out
- Heat pumps installed in server room in Norway
- Electric Forklift policy defined and being rolled out
- Variety of actions identified to reduce engine testing time
- Environmental standards for selecting new facilities in use
- Intelligent energy meters installed in Norway - leakages detected

Set for 30
<table>
<thead>
<tr>
<th><strong>Wärtsilä’s focus on social responsibility</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strong ethical culture</strong></td>
</tr>
<tr>
<td>🔄 Fair competition</td>
</tr>
<tr>
<td>🔄 Trade compliance</td>
</tr>
<tr>
<td>🔄 Anti-corruption</td>
</tr>
<tr>
<td>🔄 Human and Labour Rights</td>
</tr>
<tr>
<td>✪ Clear policies and instructions</td>
</tr>
<tr>
<td>✪ Ethical training programmes and transparent communication</td>
</tr>
<tr>
<td>✪ Effective compliance programmes</td>
</tr>
<tr>
<td><strong>A responsible employer</strong></td>
</tr>
<tr>
<td>🔄 Equal opportunities and diversity</td>
</tr>
<tr>
<td>🔄 Fair employment practices</td>
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<tr>
<td>🔄 Well-being of our employees</td>
</tr>
<tr>
<td>🔄 Talent and leadership development</td>
</tr>
<tr>
<td>✪ Global policies and processes</td>
</tr>
<tr>
<td>✪ Training programmes and effective communication</td>
</tr>
<tr>
<td>✪ Co-operation and consultation with our employees</td>
</tr>
<tr>
<td><strong>A Safe place to work</strong></td>
</tr>
<tr>
<td>🔄 Strong safety culture</td>
</tr>
<tr>
<td>🔄 Providing means for safe work</td>
</tr>
<tr>
<td>🔄 Product design principles</td>
</tr>
<tr>
<td>✪ Employee and leadership engagement</td>
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<tr>
<td>✪ Consistent safety competencies</td>
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<tr>
<td>✪ High quality tools and protective equipment</td>
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<tr>
<td>✪ Robust risk assessment practices</td>
</tr>
<tr>
<td>✪ Incident reporting and investigation</td>
</tr>
<tr>
<td>✪ Emergency preparedness</td>
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<tr>
<td><strong>Responsible value chain</strong></td>
</tr>
<tr>
<td>🔄 Human and Labour Rights</td>
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<tr>
<td>🔄 Compliance</td>
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<tr>
<td>🔄 Anti-corruption</td>
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<tr>
<td>✪ Clear supplier requirements</td>
</tr>
<tr>
<td>✪ Supplier assessment process</td>
</tr>
<tr>
<td>✪ Setting contractual obligations</td>
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<tr>
<td>✪ Monitoring the supplier performance</td>
</tr>
<tr>
<td>✪ Taking necessary actions in case of non-compliance</td>
</tr>
</tbody>
</table>
Wärtsilä’s Governance Model

Annual General Meeting
The Annual General Meeting is Wärtsilä’s ultimate decision-making body.

Board of Directors
The Board of Directors consists of eight members elected by the Annual General Meeting. They are responsible for the strategic management of the company.

President & CEO
The Board of Directors appoints the President & CEO, who is in charge of the operative, day-to-day management of the company.

Board of Management
The Board of Management supports the President & CEO.

Thematic Boards
Thematic Boards preparing and aligning for Board of Management decision on topical matters like strategy, sustainability, cyber, etc

External Audit
Elected by the Annual General Meeting to audit the consolidated and parent company financial statements and accounting records, and the administration of the parent company.

Internal Audit
Analyses the company’s operations and processes, as well as the effectiveness and quality of its supervision mechanisms. The function reports at regular intervals to the Audit Committee.

Shareholders’ Nomination Board
The Nomination Board prepares matters pertaining to the appointment and remuneration of the Board of Directors.

Audit Committee
The committee’s responsibilities include monitoring the financial reporting process and the efficiency of the internal control, internal audit, and risk management systems.

People Committee
The committee’s responsibilities include preparing matters concerning the nomination and remuneration of the President & CEO, the CEO’s deputy, if any and the members of the Board of Management.
SIGNIFICANT VALUE CREATION POTENTIAL

PURPOSE
ENABLING SUSTAINABLE SOCIETIES THROUGH INNOVATION IN TECHNOLOGY AND SERVICES

ENERGY
Intermittent sources of energy require balancing solutions. By 2030, the balancing power market is expected to grow >10X.

MARINE
An unprecedented rate of change driven by regulations and demand for green transport. 50% GHG reduction in shipping by 2050.

COMMITTED TO TARGETS

FINANCIAL TARGETS
- 5% annual organic growth
- 12% operating margin

“SET FOR 30” – DECARBONISATION
- A product portfolio ready for zero carbon fuels
- Carbon neutral in own operations

TARGET POSITION
SHAPING THE DECARBONISATION OF MARINE & ENERGY

LEADING OFFERING TO SUPPORT OUR CUSTOMERS IN DECARBONISATION

FUEL FLEXIBLE ENGINES ENABLING DECARBONISATION
BATTERY, ENERGY SAVING, AND EMISSION ABATEMENT TECHNOLOGIES
THERMAL BALANCING AND ENERGY STORAGE
ENERGY EFFICIENCY & POWER SYSTEM OPTIMISATION
THE WIDEST SERVICE NETWORK IN THE INDUSTRY
DIGITAL SOLUTIONS ENABLING OPTIMISED OPERATIONS AND SERVICE
Advantages of Wärtsilä power plants over combined cycle gas turbines

Faster startup time
- Combined cycle gas turbines can take over 30 minutes to start, whereas combustion engine power plants can start and reach full load in less than 5 minutes

Advantages of modularity
- Combustion engine power plants are comprised of multiple generating units

Better part-load efficiency and flexibility
- Unlike gas turbines, Wärtsilä engine power plants have near full range capability of emissions-compliant turndown

Better pulse-load efficiency and profitability
- Combustion engine power plants are dispatchable and can adjust load daily, ramping up and down with demand

Higher ramp rate
- Ramp rate = the rate at which a power plant can increase or decrease output
- Wärtsilä engines can ramp at over 100%/minute. For combined cycle gas turbines, typical ramp rates are around 10%/minute.

Derating due to ambient temperature
- Combustion engines are less sensible to temperature and humidity

Fuel flexibility
- Gas turbines have reduced availability and output when running on fuel oils

Lower water consumption
- A combined cycle gas turbine power plant (CCGT) with a recirculating system = 780 liters/MWh.
- Wärtsilä combustion engine power plant operating in simple cycle on natural gas = 3 liters/MWh.
Financial development in Q4
A challenging year with strong annual growth

- Order intake increased by 6%
- Net sales increased by 22%
- Good progress in services:
  - Service order intake increased by 17% and exceeded equipment order intake in absolute terms
  - Service net sales increased by 12%
- The comparable operating result declined by 9%
  - Supported by higher sales volumes
  - Burdened by cost inflation, less favourable sales mix between equipment and services and a cost provision of EUR 40 million related to the Olkiluoto nuclear project
- Orderly exit from the Russian market completed
- Plan announced to centralise our 4-stroke manufacturing in Vaasa, Finland and to scale down manufacturing in Trieste, Italy
- Decided to integrate the Voyage business into Marine Power to strengthen the end-to-end offering and to accelerate the turnaround
## Key figures

<table>
<thead>
<tr>
<th></th>
<th>MEUR</th>
<th>10-12/2022</th>
<th>10-12/2021</th>
<th>CHANGE</th>
<th>1-12/2022</th>
<th>1-12/2021</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Order intake</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,638</td>
<td>2,150</td>
<td>-24%</td>
<td>6,074</td>
<td>5,735</td>
<td>6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>791</td>
<td>747</td>
<td>6%</td>
<td>3,066</td>
<td>2,615</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Order book</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5,906</td>
<td>5,859</td>
<td>1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3,871</td>
<td>3,763</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,770</td>
<td>1,597</td>
<td>11%</td>
<td>5,842</td>
<td>4,778</td>
<td>22%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>784</td>
<td>751</td>
<td>4%</td>
<td>2,775</td>
<td>2,467</td>
<td>12%</td>
</tr>
<tr>
<td><strong>Book-to-bill</strong></td>
<td></td>
<td>0.93</td>
<td>1.35</td>
<td></td>
<td>1.04</td>
<td>1.20</td>
<td></td>
</tr>
<tr>
<td>Operating result</td>
<td></td>
<td>37</td>
<td>144</td>
<td>-75%</td>
<td>-26</td>
<td>314</td>
<td>-108%</td>
</tr>
<tr>
<td>% of net sales</td>
<td></td>
<td>2.1</td>
<td>9.0</td>
<td></td>
<td>-0.4</td>
<td>6.6</td>
<td></td>
</tr>
<tr>
<td>Comparable operating result</td>
<td></td>
<td>93</td>
<td>158</td>
<td>-41%</td>
<td>325</td>
<td>357</td>
<td>-9%</td>
</tr>
<tr>
<td>% of net sales</td>
<td></td>
<td>5.3</td>
<td>9.9</td>
<td></td>
<td>5.6</td>
<td>7.5</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.
Fourth quarter highlights

Net sales EUR 1,770 million
- 4% increase in service sales

Comparable operating result EUR 93 million
- 41% decline
Order intake decreased by 24%

- **Equipment order intake decreased by 40% from an all-time high quarter last year**
- **Service order intake increased by 6%**
Strong order book, rolling book-to-bill still above 1
### January–December 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>14% (7)</td>
<td>23% (28)</td>
<td>2% (3)</td>
<td>11% (9)</td>
<td>14% (21)</td>
<td>35% (31)</td>
<td>0% (0)</td>
</tr>
<tr>
<td>Services</td>
<td>15% (17)</td>
<td>21% (19)</td>
<td>15% (14)</td>
<td>9% (10)</td>
<td>11% (13)</td>
<td>27% (24)</td>
<td>1% (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>23% (35)</td>
<td>2% (4)</td>
<td>1% (1)</td>
<td>35% (34)</td>
<td>7% (2)</td>
<td>17% (18)</td>
<td>15% (6)</td>
</tr>
<tr>
<td>Services</td>
<td>3% (3)</td>
<td>8% (8)</td>
<td>6% (5)</td>
<td>30% (26)</td>
<td>6% (9)</td>
<td>43% (43)</td>
<td>4% (5)</td>
</tr>
<tr>
<td><strong>Voyage</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>0% (1)</td>
<td>25% (22)</td>
<td>10% (7)</td>
<td>7% (15)</td>
<td>4% (5)</td>
<td>19% (28)</td>
<td>34% (22)</td>
</tr>
<tr>
<td>Services</td>
<td>0% (3)</td>
<td>28% (28)</td>
<td>5% (6)</td>
<td>1% (2)</td>
<td>5% (6)</td>
<td>50% (53)</td>
<td>12% (2)</td>
</tr>
<tr>
<td><strong>Marine Businesses, in total</strong></td>
<td>14% (16)</td>
<td>19% (19)</td>
<td>9% (8)</td>
<td>14% (15)</td>
<td>10% (12)</td>
<td>29% (27)</td>
<td>5% (4)</td>
</tr>
<tr>
<td>Equipment</td>
<td>15% (17)</td>
<td>18% (19)</td>
<td>3% (3)</td>
<td>18% (19)</td>
<td>11% (13)</td>
<td>28% (25)</td>
<td>8% (5)</td>
</tr>
<tr>
<td>Services</td>
<td>13% (14)</td>
<td>20% (18)</td>
<td>13% (12)</td>
<td>11% (12)</td>
<td>10% (12)</td>
<td>31% (29)</td>
<td>2% (2)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Energy</th>
<th>Utilities</th>
<th>Independent Power Producers</th>
<th>Industrials</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>42% (49)</td>
<td>45% (42)</td>
<td>12% (9)</td>
<td>1% (1)</td>
</tr>
<tr>
<td>Services</td>
<td>38% (33)</td>
<td>28% (31)</td>
<td>24% (27)</td>
<td>11% (10)</td>
</tr>
</tbody>
</table>
Board of Management

Håkan Agnevall, President & CEO
Arjen Berends, Chief Financial Officer
Tamara de Gruyter, President, Wärtsilä Marine Systems
Kari Hietanen, Corporate Relations and Legal Affairs
Roger Holm, President, Wärtsilä Marine Power
Teija Sarajärvi, Human Resources
Board of Directors

Tom Johnstone CBE, Chair of the Board, President and CEO of AB SKF 2003–2014

Risto Murto, Deputy Chair of the Board, President & CEO of Varma Mutual Pension Insurance Company

Karen Bomba, President of Smiths Interconnect 2017–2020


Karin Falk, President, Husqvarna Construction Division

Johan Forssell, President and CEO of Investor AB

Mats Rahmström, President & CEO of Atlas Copco AB

Tiina Tuomela, CFO, Uniper SE
## Largest shareholders 31 January 2023 (Euroclear)

<table>
<thead>
<tr>
<th>#</th>
<th>Name</th>
<th>Shares</th>
<th>Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Invaw Invest AB</td>
<td>104,711,363</td>
<td>17.70%</td>
</tr>
<tr>
<td>2</td>
<td>Varma Mutual Pension Insurance Company</td>
<td>31,768,252</td>
<td>5.37%</td>
</tr>
<tr>
<td>3</td>
<td>Ilmarinen Mutual Pension Insurance Company</td>
<td>12,826,503</td>
<td>2.17%</td>
</tr>
<tr>
<td>4</td>
<td>Elo Keskinäinen Työeläkevakuutusyhtiö</td>
<td>6,802,000</td>
<td>1.15%</td>
</tr>
<tr>
<td>5</td>
<td>The Social Insurance Institution of Finland</td>
<td>5,517,730</td>
<td>0.93%</td>
</tr>
<tr>
<td>6</td>
<td>Svenska Litteratur-sällskapet i Finland Rf</td>
<td>5,171,277</td>
<td>0.87%</td>
</tr>
<tr>
<td>7</td>
<td>State Pension Fund</td>
<td>4,700,000</td>
<td>0.79%</td>
</tr>
<tr>
<td>8</td>
<td>Holdix Oy Ab</td>
<td>4,139,400</td>
<td>0.70%</td>
</tr>
<tr>
<td>9</td>
<td>Jenny and Antti Wihuri Foundation</td>
<td>2,700,000</td>
<td>0.46%</td>
</tr>
<tr>
<td>10</td>
<td>Samfundet Folkhälsan i Svenska Finland rf</td>
<td>2,458,200</td>
<td>0.42%</td>
</tr>
<tr>
<td></td>
<td>Nominee registered</td>
<td>198,789,793</td>
<td>33.60%</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>591,723,390</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>
Wärtsilä in brief
KEY FIGURES 2022

Order intake
6,074 MEUR

Net sales
5,842 MEUR

Comparable operating result
325 MEUR
5.6% of net sales

Operating result
-26 MEUR
-0.4% of net sales

Cash flow from operating activities
-62 MEUR

Personnel
17,600

For investor meeting requests, please contact:

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janine.tourneur@wartsila.com
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Maija Hongas
Senior Manager, Investor relations
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+358 10 709 3178

Tiia Tikkanen
Investor relations specialist
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+358 10 709 1630

General inquiries:
investor.relations@wartsila.com
Clear financial targets and strong commitment to realise them

Robust capital allocation principles and active portfolio management

Notable opportunity in retrofits and conversions

Extensive service network, positioned for growth both in transactional services and performance-based agreements

• High performing teams
• Performance excellence and robust execution
• Continuous improvement
• Cost structure – actions taken when necessary

Strong track record in innovations

Investing ~3% of net sales on R&D yearly

Today: engines run on biofuels, methanol, up to 25% hydrogen blends

By 2023: pure ammonia fuel engine concept ready

By 2025: pure hydrogen fuel engine concept ready

Financial targets

Net sales
5% annual organic growth

Profitability
12% operating margin

Capital structure
Gearing below 0.50

Dividend
Distribute a dividend of at least 50% of earnings

Capturing opportunities arising from decarbonisation

Marine
• Increasing environmental regulations
• Demand for green sea transport, driven by companies’ environmental commitments to their customers
• Need for fuel flexible engines

Energy
• Country climate pledges
• Coal phase-out
• Renewables growth and the consequent need for balancing power and energy storage
• Need for fuel flexible engines

Strong track record in innovations

Investing ~3% of net sales on R&D yearly

Today: engines run on biofuels, methanol, up to 25% hydrogen blends

By 2023: pure ammonia fuel engine concept ready

By 2025: pure hydrogen fuel engine concept ready

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• Demand for green sea transport, driven by companies’ environmental commitments to their customers
• Need for fuel flexible engines

Energy
• Country climate pledges
• Coal phase-out
• Renewables growth and the consequent need for balancing power and energy storage
• Need for fuel flexible engines
MAIN COMPETITORS

ENGINES
- MAN
- Himsen
- Rolls-Royce
- INNIO

OTHER MARINE SOLUTIONS
- Kongsberg
- Alfa Laval
- GE
- Siemens
- Schottel

OTHER ENERGY SOLUTIONS
- GE
- Siemens
- Tesla
- Fluence

CUSTOMER BASE

MARINE BUSINESSES
- Ship owners
- Ship operators
- Ship management companies
- Charterers
- Shipyards
- Port authorities

ENERGY
- Utilities
- Independent Power Producers (IPPs)
- Industrial customers
For more information, call us or visit our Investors page

Next upcoming IR events
- 23 February 2023, Roadshow in London (by Handelsbanken)
- 7 March 2023, Carnegie conference in Stockholm
- 9 March 2023, Annual General Meeting
- 30 March 2023, Pre-silent call with CFO

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