



Wärtsilä's Interim Report January–March 2024

Wärtsilä Corporation, Stock exchange release 26 April 2024 at 08:30 UTC+2

Wärtsilä's Interim Report January–March 2024

This release is a summary of Wärtsilä's Interim Report January–March 2024. The complete report is attached to this release as a pdf file. It is also available on the company website at www.wartsila.com.

DOUBLE-DIGIT COMPARABLE OPERATING MARGIN AND CONTINUED STRONG ORDER INTAKE

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)

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."

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
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.

ANALYST AND PRESS CONFERENCE

A virtual analyst and press conference will be held as a webinar today, on Friday 26 April 2024, at 10.00 a.m. Finnish time (8.00 a.m. UK time).

Participating via the web

Register and login to the web interface via the web address below. When you register, you are prompted to participate as a listener or as an active Q&A participant. Once the event starts, the event page will switch to the presentation mode automatically.

wartsila.videosync.fi/q1-2024/register

If you are participating via the web, you can enter the Q&A que by clicking the raise hand button on the bottom-right corner of the video/audio player. Once the event host announces your name, please open your microphone from the bottom-left corner of the video/audio player to be able to be heard.

Participating via the teleconference

Please use the teleconference dial-in option only if you experience issues with the web participation or your organisations firewalls set limitations for the web participation.

You can access the teleconference by registering on the link below. After the registration you will receive an email with the dial-in numbers and your personal PIN code to access the conference.

palvelu.flik.fi/teleconference/?id=50048991

If you are participating via the dial-in teleconference, you can enter the que by clicking *5 (star-five) in the telephone keypad, and if you want to withdraw your question, click *6 (star-six) respectively.

A recording of the webcast will be available on the company website as soon as possible after the event.

For further information, please contact:

Arjen Berends

Executive Vice President & CFO

Tel. +358 10 709 5444

arjen.berends@wartsila.com

Hanna-Maria Heikkinen

Vice President, Investor Relations

Tel. +358 10 709 1461

hanna-maria.heikkinen@wartsila.com

For press information, please contact:

Anne Alarotu

Head of External Communications

Tel. +358 50 487 1308

anne.alarotu@wartsila.com

Wärtsilä in brief

Wärtsilä is a global leader in innovative technologies and lifecycle solutions for the marine and energy markets. We emphasise innovation in sustainable technology and services to help our customers continuously improve environmental and economic performance. Our dedicated and passionate team of 17,800 professionals in more than 280 locations in 79 countries shape the decarbonisation transformation of our industries across the globe. In 2023, Wärtsilä's net sales totalled EUR 6.0 billion. Wärtsilä is listed on Nasdaq Helsinki. www.wartsila.com

[Wärtsilä Interim Report January–March 2023](#)

 **Print**

