



WÄRTSILÄ CORPORATION

Wärtsilä's year 2023



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. www.wartsila.com

Wärtsilä's purpose is to enable sustainable societies through innovation in technology and services.

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This is Wärtsilä



Wärtsilä has a significant role in decarbonisation transformation



PURPOSE

Enabling sustainable societies through innovation in technology and services

COMMITTED TO TARGETS

Financial targets

- 5% annual organic growth
- 12% operating margin
- <0.5 gearing
- ≥50% dividend of earnings

Set for 30 – decarbonisation targets

- A product portfolio ready for zero carbon fuels
- Carbon neutral in our own operations

ENERGY

Intermittent sources of energy require balancing solutions. Until 2030, the balancing power market is expected to grow by almost 20% annually.

MARINE

An unprecedented rate of change is being driven by regulations and the demand for green transport. The aim is to reach net-zero GHG emissions from international shipping by or around 2050.

TARGET POSITION

Shaping the decarbonisation of marine and energy



Leading offering to support our customers in decarbonisation

Fuel-flexible engines enabling decarbonisation

Hybrid and battery solutions for maritime

Energy saving technology for improved vessel performance

Emission abatement technologies including maritime carbon capture

Grid balancing engine solutions and energy storage

Power system modelling & optimisation

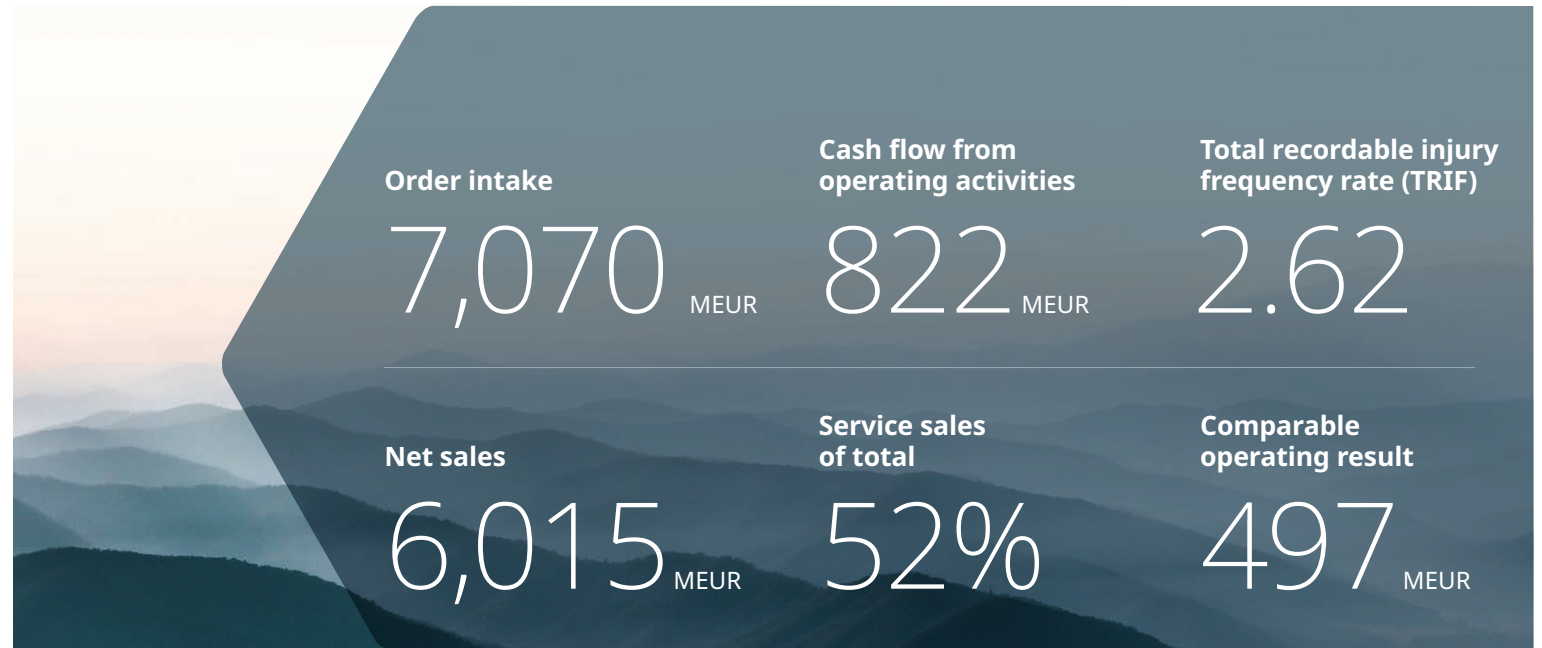
Decarbonisation services

The broadest service network for marine and energy industries

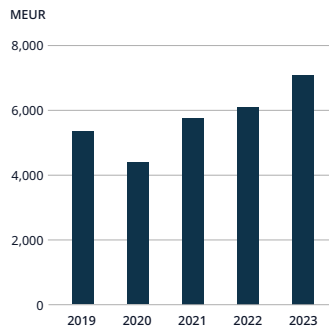
Digital solutions enabling optimised operations and service

Key figures

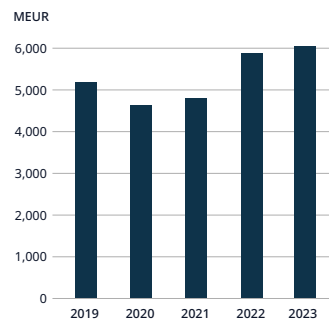
In 2023, order intake increased by 16% to EUR 7,070 million (6,074). Net sales increased by 3% to EUR 6,015 million (5,842), of which 52% related to services. Operating result amounted to EUR 402 million (-26) or 6.7% of net sales (-0.4). Comparable operating result increased by 53% to EUR 497 million (325), which represents 8.3% of net sales (5.6). The Board of Directors proposes that a dividend of EUR 0.32 per share be paid for the financial year 2023. The corporate total recordable injury frequency rate (TRIF) was 2.62 (2.57).



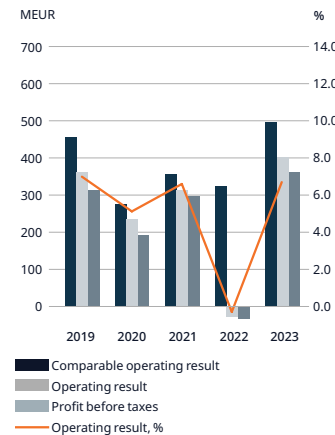
Order intake



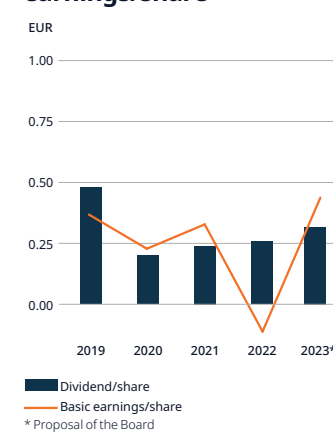
Group net sales development



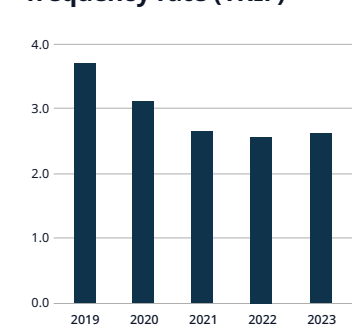
Result



Dividend/share, earnings/share



Total recordable injury frequency rate (TRIF)





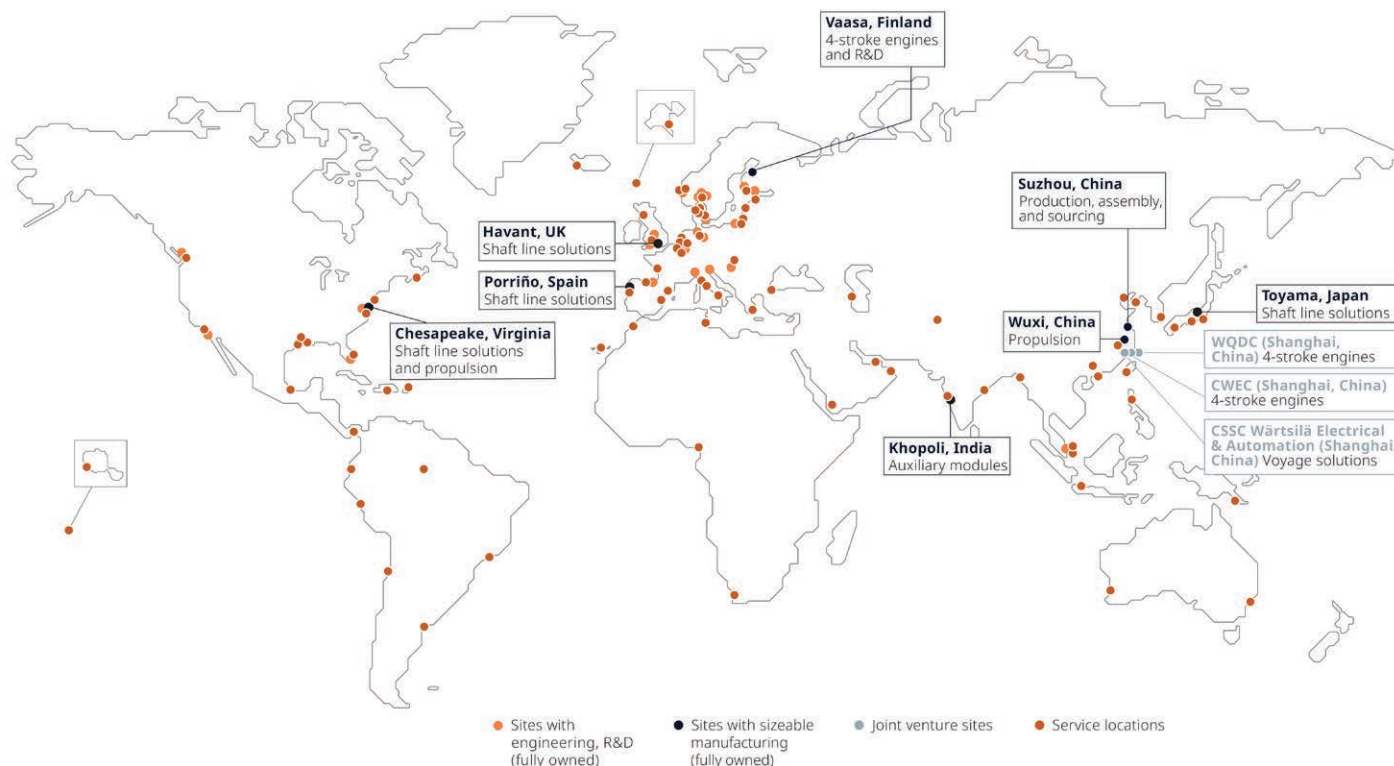
PERSONNEL

17,800

OPERATIONS

in more than 280 locations

in 79 countries

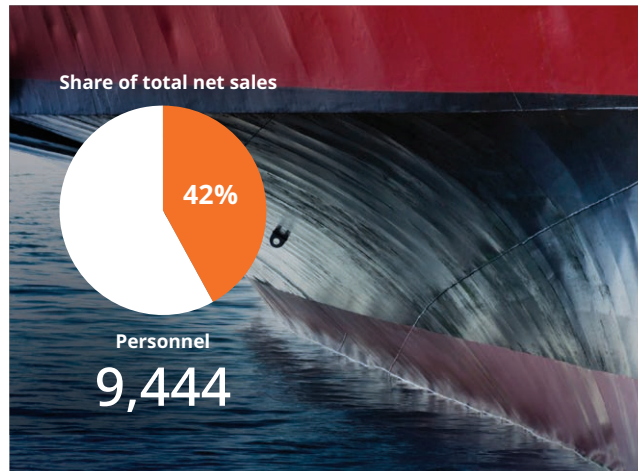


Net sales, geographical



Wärtsilä's position as a global company is reflected in the geographical breakdown of our net sales.

Businesses in brief

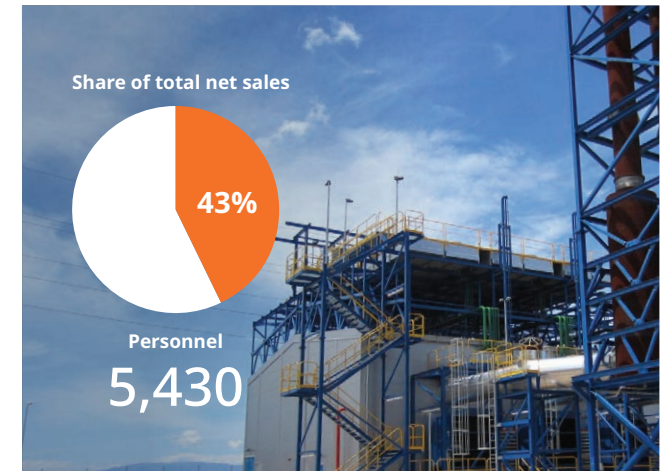


Wärtsilä Marine Power is a global pioneer in power, propulsion and lifecycle solutions for the marine market. We develop industry-leading technologies, advancing maritime's transition to new fuels. We support building a digital ecosystem where all vessels and ports are connected. Ultimately, our broad portfolio of engines, propulsion systems, hybrid technology, digital technologies and integrated powertrain systems delivers the efficiency, reliability, safety, and environmental performance needed to support our customers. Our offering includes real-time insights into operations, performance, and energy use, performance-based agreements, upgrades, lifecycle solutions, and an unrivalled global network of maritime expertise. Together with our customers, we are driving the shipping industry forward on its journey towards a decarbonised and sustainable future.



Wärtsilä Marine Systems supports its customers with high quality products and lifecycle services related to the gas value chain, shaft line solutions, underwater repairs and exhaust treatment including carbon capture. We are committed to providing the latest and most efficient solutions, in line with Wärtsilä's vision for a safe and sustainable future for our customers, our communities and our planet.

To further simplify the organisation and reporting structure, Marine Systems was discontinued as of January 1, 2024. The Gas Solutions business unit was moved to Portfolio Business in preparation for a divestment, while the remaining two Marine Systems business units – Shaft Line Solutions and Exhaust Treatment – were moved to Marine Power. In connection with this, Wärtsilä Marine Power changed its name to Wärtsilä Marine as of January 1, 2024.



Wärtsilä Energy leads the transition towards a 100% renewable energy future. We help our partners to accelerate their decarbonisation journeys through our market-leading technologies and power system modelling expertise. These cover decarbonisation services, future-fuel enabled balancing power plants, hybrid solutions, energy storage and optimisation technology, including the GEMS Digital Energy Platform. Our R&D has a focus on sustainable fuels, ensuring our engines are future-proof and will run on whichever sustainable fuels become the leading choices. Wärtsilä Energy's lifecycle services are designed to increase efficiency, promote reliability, and guarantee operational performance. Our track record comprises 79 GW of power plant capacity and 115+ energy storage systems delivered to 180 countries around the world.

Market fundamentals

Accelerated decarbonisation targets are shaping the marine industry

POLICIES AND REGULATIONS

- IMO target: to reach net zero GHG emissions from international shipping by or around 2050
- Access to capital: EU taxonomy, Poseidon principles and ESG
- Cost of carbon: carbon certificates e.g., EU Fit for 55, IMO carbon levy, and local green policies
- Demand for green sea transport, driven by a small but growing market for green transport driven by corporate carbon reduction pledges

TECHNOLOGY

- Focus on carbon neutral and zero carbon fuels. The switch to carbon neutral and zero carbon fuels will be progressive
- Next steps in abatement technologies, e.g. maritime carbon capture
- Increase in battery systems, hybrid solutions, and energy saving technologies
- Focus on fuel flexibility and upgradeability to increase overall efficiency

CONNECTIVITY AND DATA

- Vessels as data pools - system complexity increasing
- Optimisation solutions based on a holistic view of the entire transport system
- Performance-based agreements with a focus on uptime, reliability, and fuel efficiency
- Cyber security growing in importance

Energy is moving towards a 100% renewable energy future

POLICIES AND REGULATIONS

- EU: Climate neutral by 2050
- USA: Carbon-free electricity production by 2035, net zero emissions by 2050
- China: Carbon neutral by 2060
- Country climate pledges to become more progressive
- RePower EU, The Inflation Reduction Act, Just Energy Transition partnerships

TECHNOLOGY

- Renewables becoming the main source of energy
- Intermittent sources requiring balancing solutions
- Sustainable fuels for balancing power
- Digitalisation creates opportunities for optimising energy costs
- Cyber security growing in importance

GROWING ENERGY DEMAND

- Electricity generation would need to grow by almost 3X, renewables by 8X to reach Net Zero targets by 2050 (Source: IEA World Energy Outlook 2023)
- Gradual replacement of coal and other baseload fossil fuelled energy generation
- Renewables are expected to become the largest source of global electricity by 2025 (Source: IEA Renewables 2023 report)
- Power systems becoming increasingly complex with different types of generation assets

The Wärtsilä Way

The Wärtsilä Way answers three questions in terms of company direction: why, where, and how.

Why

The way forward is guided by the purpose: it describes the reason why our company exists and sets the direction for how everyone at Wärtsilä can make a difference for the world. Wärtsilä's purpose is "Enabling sustainable societies through innovation in technology and services".

Where

The target position, "Shaping the decarbonisation of marine and energy", reflects our ambition as a company: where does Wärtsilä want to be in the long term. Wärtsilä's target position is focused on its customers, people, continuous improvement, and performance.

How

The strategic priorities define Wärtsilä's most important focus areas for reaching the target position. They outline the company's direction in terms of reaching profitable growth and clearly formulate the biggest opportunities for a positive impact on Wärtsilä's performance. Each business and function has its own execution plans, which define the concrete actions they will prioritise over the coming 12 months.

Wärtsilä's values unite everyone in the company and bring the strategy to life by guiding our behaviour when working together. Wärtsilä's values are Customer success, Passion, and Performance.

In our leadership model, we outline our desired leadership behaviours. In leadership, we believe in energising and leading the way, in developing people and teams, and in challenging and supporting change.

In our framework for continuous improvement, we focus on creating customer value and making customers successful, while continuously eliminating waste, improving teamwork, predictability, and performance.



Our values

Wärtsilä values guide our priorities and decision-making in everyday situations. Values are about how we interact and what behaviours we want to role model when collaborating with others.

CUSTOMER SUCCESS

- We are successful by making our customers successful
- We truly understand our customers' business
- We listen to and talk with our customers
- We provide reliability and efficiency

PASSION

- We are proud of our work and celebrate success
- We innovate and find new ways to create value
- We value teamwork and inclusiveness
- We foster candour, respect, and trust
- We engage with energy and drive
- We drive sustainability

PERFORMANCE

- We are committed to safety and zero injuries
- We take ownership and go the extra mile to deliver on our commitments
- We continuously improve and learn something new every day
- We look after Wärtsilä's best interests
- We take pride in quality
- We act with integrity

Our purpose

"Enabling sustainable societies through

We shape our markets by generating transformative results through collaboration, partnerships, market insight, and active engagement in ecosystems.

The long-term environmental, social, and economic impact of our operations drives our priorities and behaviour. We take pride in diversity, providing equal opportunities and demonstrating high ethical standards.

We care about the communities in which we operate, and our people want to make a difference for our customers and partners. We are committed to giving back to society.

innovation in technology and services"

We believe in challenging the status quo. We believe in implementing ideas that result in new solutions and new ways of working.

We are known as a thought leader in the industry. We deliver products and services that are reliable, efficient and which fulfil customer needs.

We believe our customers' success is our success. We serve our customers and partners with a cooperative and data driven approach throughout the entire lifecycle.

Our leadership model

The Wärtsilä Leadership Model supports our strategic growth by outlining the desired leadership behaviours at Wärtsilä. It provides our leaders with direction and guidance on how to collaborate, communicate, and lead in different situations.



Our desired leadership behaviours

ENERGISE AND LEAD THE WAY

- Set the direction. Be clear on prioritisation and performance expectations. Provide support to remove obstacles
- Inspire and engage the team in a transparent dialogue to increase understanding of our direction
- Follow up on agreed actions. Highlight how actions are linked to the strategy and priorities
- Encourage collaboration across the entire Wärtsilä organisation
- Act as we want others to act and role model the behaviours we want

DEVELOP PEOPLE AND TEAMS

- Be yourself and show empathy
- Recognise people's competence & experience and actively build trust
- Create a safe environment where people can grow and perform
- "Go and See" and learn how to create customer value
- Empower and coach the team to reach its best performance
- Invest time to develop people and yourself as a leader

CHALLENGE AND SUPPORT CHANGE

- Foster an environment where we try new ideas and learn from mistakes
- Challenge ways of working. Encourage continuous improvement
- Build an environment where we give and receive feedback
- Give recognition and celebrate success together

Our framework for continuous improvement

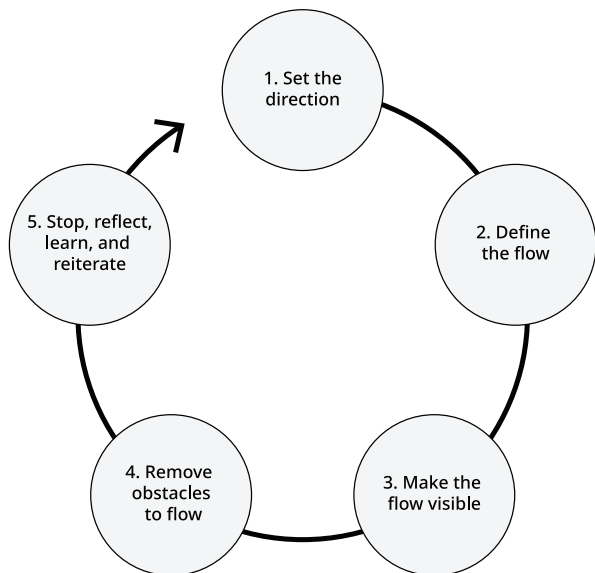
Together with our values and leadership model, our framework for continuous improvement describes how we will reach our target position.

In continuous improvement, we focus on:

- Creating customer value and making our customers successful, while continuously eliminating waste
- Making it easier to work together as a team to serve our customers. Improving predictability and health and safety for our people with less stress
- Creating competitive advantage and improving our performance

We start from our values and let our continuous improvement principles guide us how to think when addressing challenges. We use our methods and tools to create results in our daily business.

Continuous improvement principles



Transform and perform

Wärtsilä's strategy is based on two key themes: Transform and Perform.

The decarbonisation transformation in both the marine and energy sectors is accelerating. It is made possible by numerous new technologies and alternative fuels. Wärtsilä is set for performance and is well-positioned to drive this transformation.

By the key themes of transforming and performing, we are shaping the decarbonisation of marine and energy.

1 | **TRANSFORM** – attractive growth opportunities at the centre of the decarbonisation transformation

2 | **PERFORM** – a clear path for operational improvements and increased profitability



2002–2010

Lifecycle power solutions
Expansion into propulsion, services acquisitions



2011–2015

Becoming a total solution provider
Expansion into environmental solutions, acquisitions in Electrical & Automation



2016–2020

Smart marine and 100% renewable energy
Digital solutions, end-to-end value chains, divestments



2021–

Shaping the decarbonisation of marine and energy
Customer and services focus, technology leadership, organic growth, continuous improvement

Transform

Attractive growth opportunities at the centre of the decarbonisation transformation

Decarbonisation will transform the world and create new business opportunities, both in marine and energy. In marine, there will be an unprecedented rate of change in newbuild and existing fleets. Regulations and the demand for green transport will accelerate change. In energy, electricity generation would need to grow by almost 3X, and renewables by 8X to reach Net Zero targets by 2050¹. Until 2030, the balancing power market is expected to grow by almost 20% annually².

As a technology leader in the decarbonisation transformation, Wärtsilä has significant value creation potential as a pioneer and leading partner for decarbonisation. The company is the frontrunner in developing technologies which can run on sustainable carbon neutral and zero carbon fuels, such as biofuels, methanol, ammonia, and hydrogen. At the same time, Wärtsilä delivers flexible solutions that maximise energy efficiency for the phase when fossil fuels are still necessary, and solutions that enable increasing the share of renewables in the power system through efficient balancing power.

Wärtsilä has a leading position in power system optimisation, where both energy storage and flexible grid balancing engine power plants play a key role. In marine, Wärtsilä is a market leader in electrification and a pioneer in onboard carbon capture solutions and digital offerings related to marine optimisation. The company is also partnering in offering complementary technologies for the decarbonisation transformation.


1) Source: IEA World Energy Outlook 2023

2) Source: Wärtsilä analysis



1 Wärtsilä launches world-first 4-stroke engine-based ammonia solution, continuing to set the pace for marine decarbonisation

[Read more](#)



2 Wärtsilä named to TIME's 100 Most Influential Companies list

[Read more](#)



3 Commercially operated Wärtsilä engine runs on 25 vol% hydrogen blend, a world first achievement

[Read more](#)



4 First order for carbon capture and storage-ready (CCS-ready) scrubber systems delivered

[Read more](#)

Perform

A clear path for operational improvements and increased profitability

Wärtsilä is on a clear path for operational improvements and increased profitability. The opportunities in decarbonisation and services are driving our organic growth. This is complemented by potential partnerships and synergistic bolt-on acquisitions.

The existing installed base provides a strong foundation for services growth. Moving up the service value ladder has significant growth potential, both in marine and energy. This growth is supported by our strong offering in the transactional services business and performance-based agreements. The green transformation provides notable opportunities for retrofits and conversions.

We focus on performance excellence and robust execution and strive for transparency and accountability in our businesses. All our businesses have a clear profit and loss responsibility, enabling decisions to be made close to where the customer value is created. To create sustainable long-term value, we foster high-performing teams with a focus on continuous improvement. We believe this also helps us to attract and retain the best talent, which we further nurture and develop.

The strong balance sheet and financing structure support strategy execution. Wärtsilä has a clear path to reach its financial targets and has a strong commitment to realising them. With clear capital allocation principles and active portfolio and footprint management, we are set to deliver long-term shareholder value.



#1-3 in global markets

Financial targets:

- 5% annual organic growth
- 12% operating margin
- <0.5 gearing
- ≥50% dividend of earnings

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 needed



Strategic priorities

- 1 Excel in creating customer value**
We continuously evolve our understanding of, and responsiveness to, our customers to make them successful.
- 2 Develop high performing teams that make a difference**
We attract high performing people and excite diverse teams that excel in continuous learning and collaboration. Our leaders provide direction and support, empowering people to act.
- 3 Drive decarbonisation in marine and energy**
We accelerate decarbonisation in marine and energy through innovation, focused investments, and selective partnerships, while also decarbonising our own operations. We provide optimisation solutions and are a thought leader in the industries we serve.
- 4 Capture growth in services**
We excel in transactional and retrofit business. We move up the service value ladder by growing in performance-based agreements.
- 5 Continuously improve our end-to-end value chain**
We continuously improve our end-to-end business to meet customer expectations on quality, lead time and delivery accuracy, while reducing complexity and improving competitiveness. We leverage digitalisation throughout our value chain.

COMPANY TARGETS

NET SALES

Target

5% annual organic growth

Development

In 2023, organic net sales growth was 7% and net sales amounted to EUR 6,015 million.

PROFITABILITY

Target

12% operating margin

Development

In 2023, operating result amounted to EUR 402 million, which represents 6.7% of net sales.

DIVIDEND

Target

At least 50% of earnings

Development

The Board of Directors proposes that a dividend of EUR 0.32 per share be paid for the financial year 2023.

SET FOR 30 DECARBONISATION TARGETS

- A product portfolio ready for zero carbon fuels by 2030
- Carbon neutral in our own operations by 2030

CAPITAL STRUCTURE

Target

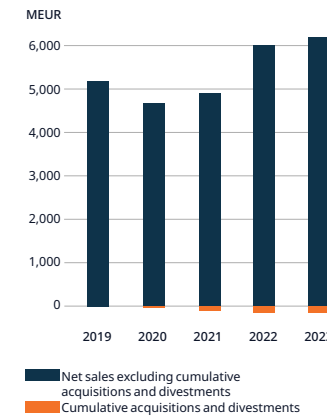
Gearing below 0.50

Development

In 2023, gearing was 0.02.

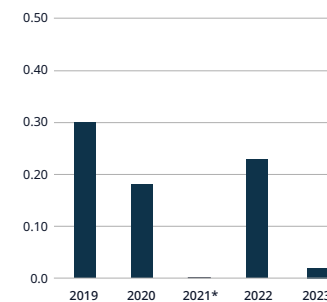
We are an established technology leader in the decarbonisation transformation, and we can make a difference in our industries and the world, while securing financial performance and delivering attractive long-term shareholder value.

Net sales and cumulative acquisitions and divestments



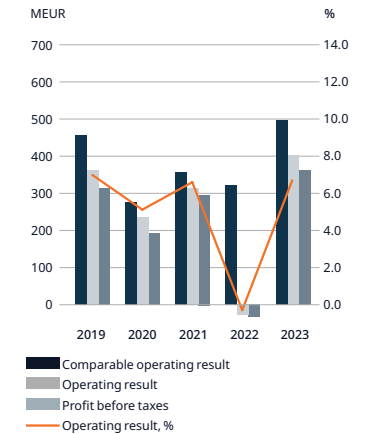
CAGR 2019–2023:
Wärtsilä's net sales +4.6% organically

Gearing

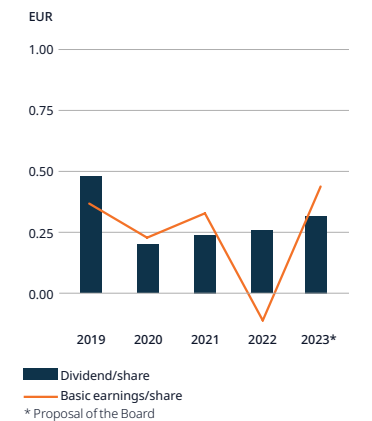


* In 2021, gearing was 0.00

Result



Dividend/share, earnings/share



* Proposal of the Board

Delivering customer value in marine

Decarbonisation is shaping the future of the marine industry, the target being to reach net zero GHG emissions from international shipping by or around 2050. Wärtsilä has the industry's most comprehensive offering for decarbonisation, focusing on fuel flexibility, efficiency optimisation, emission abatement technologies, and digital services. 2050 is a single vessel's lifespan away, and the technology decisions for new vessels are being made now.

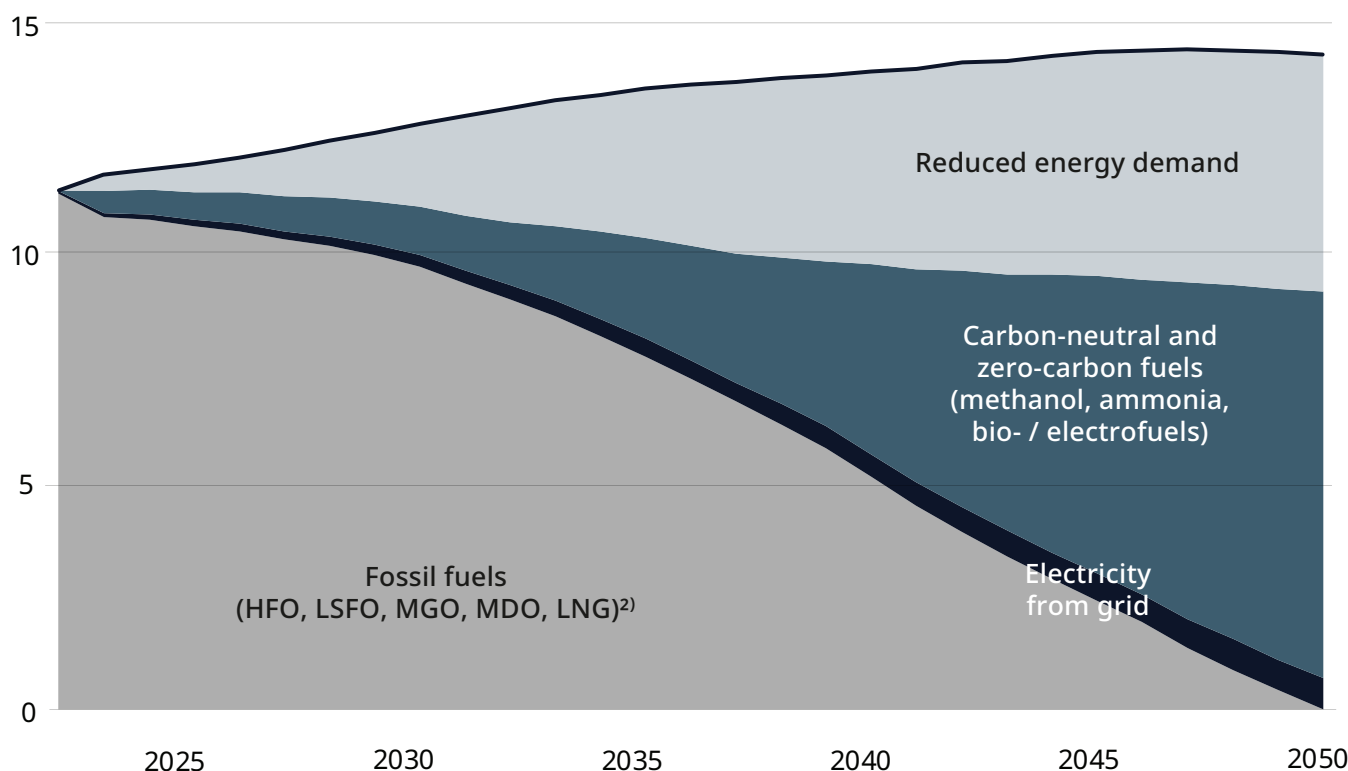
Wärtsilä is developing an unprecedented range of engine and fuel gas supply systems to help ship owners navigate the route to reduced greenhouse gas emissions – fuel flexibility and efficiency being at the centre of our development activities. With Wärtsilä's multifuel technology, ranging from transition fuels to sustainable, 100% green fuels, our customers have a viable upgrade path for the future. Today, Wärtsilä has the most comprehensive development programme for sustainable fuel technologies in the industry, with proven 4-stroke technology for the use of MDO, LNG, LPG, and methanol. In 2023, we introduced the marine sector's first commercially available 4-stroke engine-based solution for ammonia fuel. We aim to deliver a technology concept for 100% hydrogen in 2025.

Wärtsilä is preparing for a commercial release of carbon capture & storage (CCS) in 2025. Wärtsilä has CCS-ready scrubbers available already today.

Wärtsilä's fleet optimisation and safety solutions manage voyage performance with real-time decision support, helping our customers in achieving optimised routing and port operations with tangible fuel savings.

Sustainable fuel uptake scenario for net-zero in 2050¹⁾

Total energy consumption, EJ



1) Source: DNV Maritime Forecast 2050

2) HFO (Heavy Fuel Oil), LSFO (Low Sulphur Fuel Oil), MGO (Marine Gas Oil), MDO (Marine Diesel Oil), LNG (liquefied natural gas)

HIGHLIGHTS 2023 | Delivering customer value in marine

The new and improved Wärtsilä 31DF engine

Wärtsilä has introduced a new ultra-low emissions version of its already efficient [Wärtsilä 31DF engine](#). On a weighted average, it can reduce methane emissions by 41 percent more than the standard W31DF engine, which has already the lowest emission levels on the market.



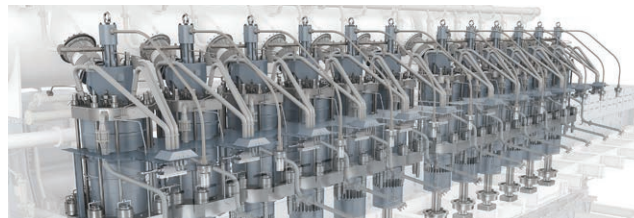
Wärtsilä introduced a world-first radical derating retrofit solution – the Wärtsilä Fit4Power – for two-stroke engines, to extend the emissions-compliant lifetime of merchant vessels.

[Read more](#)



State-of-the-art simulation technology for Furetank

Wärtsilä will supply Swedish shipping company Furetank's new maritime educational centre with a simulation training lab, providing the most sophisticated technology available and [state-of-the-art simulation services for crews](#) to receive training, assessments, and certification.



Wärtsilä introduces another four methanol engines to its portfolio

Wärtsilä announced it will add the Wärtsilä 20, Wärtsilä 31, Wärtsilä 46F and Wärtsilä 46TS to its portfolio of engines capable of operating with methanol fuel, setting a new industry benchmark with the [broadest methanol engine portfolio](#) currently on the market.

Power for the biggest battery electric ship ever built

Wärtsilä's battery electric propulsion system and waterjets will power a new fully battery-powered ferry built by Incat Tasmania for their long-term customer, Buquebús. The battery modules and energy storage system package are four times larger than on any electric/hybrid ship currently operating, and with an overall length of 130 metres, the ferry will be the largest ever vessel of its type, and also the [world's first zero emissions, lightweight catamaran](#).



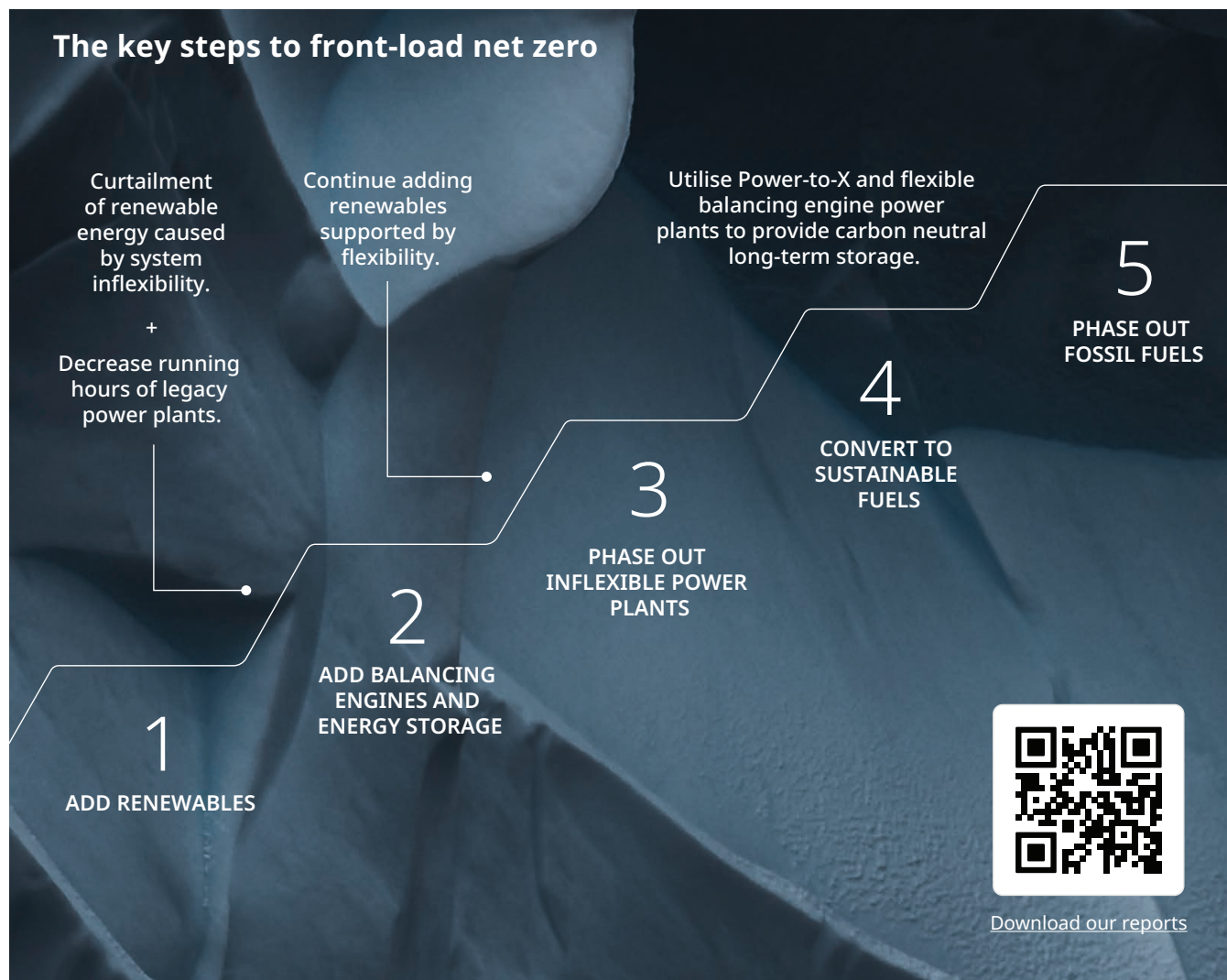
Delivering customer value in energy

Wärtsilä offers energy storage, flexible engine power plant solutions providing both balancing power and baseload generation, and lifecycle services to enable an optimised transition to renewable energy. Due to the intermittency of wind and solar, the transition to a 100% renewable energy future requires balancing solutions. Our market-leading technologies enable the addition of an increasing amount of renewables to power systems safely, to futureproof our customers' assets, and to reduce costs and emissions. With our deep understanding of power systems and different generation technologies, we support our customers on their path towards decarbonised operations.

Flexible balancing power capacity, like engines and energy storage, complement each other and can quickly react to the changes in the volatile energy system – providing the needed flexibility and stability to ensure the maximum utilisation of renewables.

Our engine power plants can already use 100% synthetic and carbon-neutral methane and methanol. They are also capable of using hydrogen/natural gas blends containing up to 25% hydrogen. Wärtsilä is developing a full-scale 100% hydrogen plant design in 2025 and a 100% hydrogen pilot in 2026.

As the share of renewables in the energy mix grows, more balancing power is needed. Our 190+ power system studies have shown that careful planning of power systems can save billions and rapidly reduce CO₂ emissions. We create value through our extensive knowledge of power systems and from integrating different energy solutions and assets. With our leading digital energy platform, GEMS, we can help our customers optimise different assets, at the lowest overall energy cost.



HIGHLIGHTS 2023 | Delivering customer value in energy

Contractor for one of Australia's largest energy storage projects

Origin Energy selected Wärtsilä as the contractor to deliver the first phase, 460 megawatts (MW) and 920 megawatt hours (MWh), of what will be one of Australia's largest energy storage projects and Wärtsilä's largest single energy storage deal to-date.



Wärtsilä's rigorous, worst-case scenario testing program for the GridSolv Quantum system has set a new standard for fire safety testing in the energy storage industry.

[Read more](#)



Studying the feasibility of Power-to-X fuels

Wärtsilä published a study looking into the [economic feasibility of Power-to-X fuels](#) for power generation. The study examines the entire value chain of P2X fuels, analyses cost predictions, and provides detailed analysis of P2X fuels in energy systems via Wärtsilä's extensive modelling capabilities.

Calling for energy market reform in Europe

Wärtsilä published a study "[Energy Market Redesign: For a Decarbonised Europe](#)", outlining the critical measures which must be introduced to attract investments into flexible balancing power capacity and deliver an affordable and reliable transition to net zero power systems in the EU. Wärtsilä's modelling found, that Europe will require at least 1,100 GW of renewable capacity by 2030 to continue its decarbonisation journey and ensure energy security. However, for a renewable-based system of this scale to run reliably, it must be supported by 19 GW of new flexible gas capacity and 50 GW of energy storage to deliver power at times of low generation.



Supporting Indonesia's decarbonisation journey

Wärtsilä is strengthening support to Indonesian customers and the country's net zero targets. In 2023, Wärtsilä received an order for [generating sets](#) for two Indonesian power plants from KEPCO E&C and a second renewal of [Guaranteed Asset Performance agreement](#) from Antam. Wärtsilä also inaugurated its [new workshop and Land & Sea Academy](#) training facilities in Jakarta.

Delivering customer value in services

Wärtsilä's industry-leading service network is a key enabler for maximum uptime, reliability, and total lifecycle solutions, all of which ensure customer success. The network provides preventive, responsive, and optimised service, as well as lifecycle upgrades and remote support throughout the lifecycle of an installation. With our quality field service professionals around the globe, we can provide our customers with timely support wherever needed.

Wärtsilä has significant growth opportunities in all steps of the service value ladder. In transactional services, we support our customers by leveraging digital solutions for customer intelligence and automated lead management. We deliver enhanced performance through optimised maintenance and performance-based agreements, where we share the operational risk and guarantee the agreed performance by leveraging connectivity, big data, and analytics. The green transition is expected to provide a potential growth of +2X for retrofits and conversions of Wärtsilä's running engine fleet by 2030.

About 30% of our engine installed base is covered by service agreements with further growth opportunities. The renewal rate of existing service contracts is around 90%, which is a proofpoint that our services create value for our customers.



HIGHLIGHTS 2023 | Delivering customer value in services



Maintenance flexibility for China LNG Shipping vessel

Wärtsilä and China LNG Shipping (International) Company Ltd. (CLSICO) signed a 15-year Technical Management Agreement for the ‘Dapeng Princess’, the world’s largest shallow draft LNG carrier. With constant data monitoring and maintenance support for the three Wärtsilä 34DF dual-fuel engines and gas valve units, Wärtsilä will ensure the vessel’s operational reliability and maintenance planning flexibility.

Wärtsilä now offers carbon capture and storage (CCS) feasibility studies to shipowners and operators in another milestone on the journey to develop CCS technologies.

[Read more](#)

Supporting efforts towards net zero carbon emissions in the US

Wärtsilä and Omaha Public Power District signed a ten-year Guaranteed Asset Performance agreement, covering a 150 MW plant in Omaha, Nebraska. The plant will provide balancing power as part of the utility’s Power with Purpose project, an initiative designed to add 400-600 MW of solar generation and 600 MW of natural gas generation.

Long-term collaboration in Brazil

Wärtsilä and Rio Amazonas Energia (RAESA) signed an Operations & Maintenance agreement to provide full operations and maintenance support for the Cristiano Rocha power plant in Manaus, Brazil. The agreement strengthens the relationship already in place between Wärtsilä and RAESA, which entered into a Guaranteed Asset Performance agreement in 2019 to assist the plant to run with 100% natural gas.

Wärtsilä and Raízen to study ethanol as a marine fuel

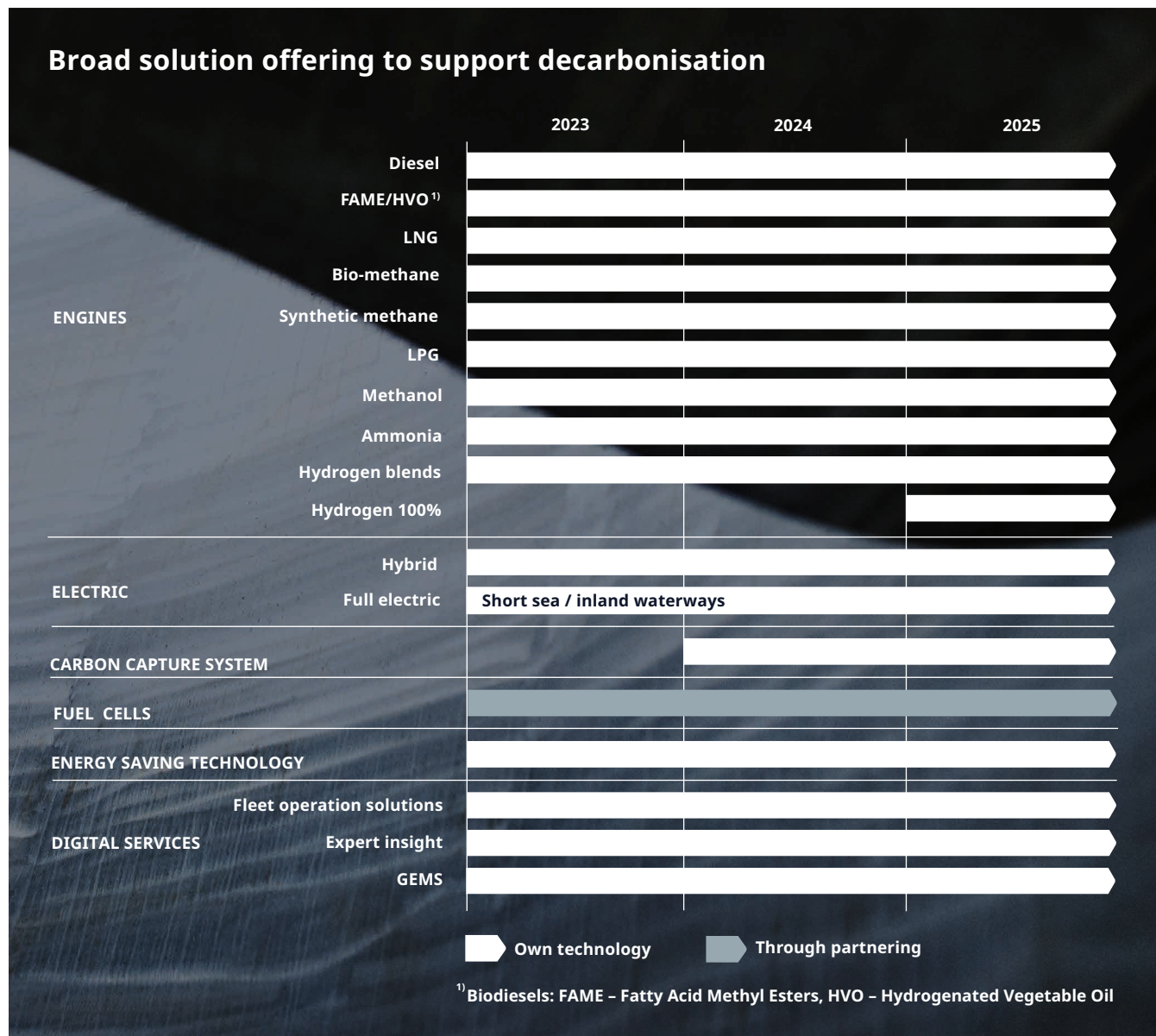
Wärtsilä has signed a strategic partnership agreement for decarbonisation modelling with Raízen, a Brazilian energy company. The agreement aims to build and implement a fleet-wide decarbonisation plan with a particular interest in the future introduction of ethanol as a marine fuel.

Delivering customer value through leading R&D and partnerships

At Wärtsilä, we believe that there will be a need for a broad array of solutions to decarbonise marine and energy. Different solutions will be used in different applications and in different geographies. There will be a gradual shift to new technologies, blending different types of fuel. Our in-house focus will remain on the development of core technologies. Through partnering with technology providers, we can ensure a broad solution offering for our customers.

We continue to see strong synergies between marine and energy in research and development (R&D) and manufacturing of the new technologies. To accelerate the decarbonisation technology development, we have increased our R&D investments from the historical average of ~3% of net sales to ~4%.

- Proactive dialogue on our customers' specific technology roadmap
- The competence and experience to engage in a credible customer dialogue on "all" technologies
- Solution offering for "most" technologies
- Leveraging leadership in core technologies and partnering for complementary technologies



An aerial photograph of a coastal city, likely Turku, Finland, featuring a large body of water in the foreground, a forested island, and a cityscape with various buildings and a church spire in the background under a blue sky with scattered clouds.

Sustainability

Sustainability at Wärtsilä

Our sustainability approach

Wärtsilä is a purpose-driven organisation, with sustainability at the core of both our purpose and strategy. Along with our values, principles, and sustainability objectives, they create the framework for a strong drive towards decarbonisation and responsible business practices. Our [sustainability strategy](#) is based on three closely interrelated pillars: economic, environmental, and social performance. We aim to be a profitable company that contributes to sustainable societies by being a forerunner in advanced solutions, while demonstrating

high ethical, health, and safety standards. With our strong emphasis on decarbonising the marine and energy markets, innovative and efficient solutions play a central role in our positive contribution towards a low carbon future. Wärtsilä businesses focus on developing and providing solutions and services that maximise the environmental and economic performance of fleets and individual vessels, power plants, and entire energy systems. This focus is further enhanced through the use of lifecycle data, analytics, and artificial intelligence.

Our sustainability targets express our focus areas and provide information on Wärtsilä's performance. They are set under three long-term focus themes. The targets are dynamically set, which allows us to re-evaluate the feasibility of the targets in case of major changes, and to add new targets when needed, on an annual basis. All the targets have nominated target owners, who prepare action plans, oversee their implementation, and report on the proceedings.

Wärtsilä's sustainability approach

PURPOSE

Enabling sustainable societies through innovation in technology and services

SUSTAINABILITY STRATEGY

VALUES

Customer success

Passion

Performance

Economic

Meeting customer and shareholder expectations

Contributing to the well-being of society

Efficient, profitable and competitive operations

Environmental

Innovative solutions for decarbonisation

Technology leadership through R&D

High environmental performance and efficiency

Active engagement in ecosystems

Social

High ethical standards

Responsible employer

Equal opportunities and diversity

Safe working environment

Enhanced product safety

Supply chain development

PRINCIPLES

Code of Conduct

Corporate policies

Corporate manual

SUSTAINABILITY MANAGEMENT

Sustainability targets

Management systems, tools and practices

Sustainability measuring, reporting, external assurance

Stakeholder dialogue and collaboration



Towards carbon neutrality

Decarbonisation in our operations, and the products and solutions we deliver.



Enhancing safety, diversity and wellbeing

Driving safety as a top priority and creating wellbeing for our employees, business partners, and the societies we engage with.



An active and responsible member of society

Being a responsible company with high ethical standards, and engaging with key stakeholders to enhance sustainability.

Wärtsilä is included in several sustainability indices. In 2023, Wärtsilä qualified for the Dow Jones Sustainability Index (DJSI) Europe for the eighth year in a row. We are also included in the FTSE4Good Index Series, Solactive Europe Corporate Social

Responsibility Index, MSCI ACWI ESG Leaders Index, S&P Europe 350 ESG Index, ECPI ESG Indices, OMX GES Sustainability Finland Index, and the STOXX Global ESG Leaders Index. More information can be found on our [website](#).

Sustainability governance

Sustainability is governed by the Board of Directors and the Board of Management. The Board of Directors oversees implementation of the sustainability agenda and reviews major related issues annually. Wärtsilä's Board of Management has overall responsibility for sustainability performance and approves guiding group-level policies and action plans. Wärtsilä's sustainability targets, and the company's progress towards them, are reviewed by the Board of Management and Board of Directors at least once a year. The business and global function management teams ensure the execution of target actions.

In addition to the Board of Management's weekly and monthly meetings, there are ten thematic Boards, as well as Business Reviews and Functional Reviews for each Global Function three times a year. Sustainability issues are discussed within the Corporate Affairs Board, which is sponsored from the Board of Management by the Executive Vice President, Corporate Relations and Legal Affairs, and in Functional reviews. Sustainability-related issues for the Corporate Affairs Board meetings are prepared by the cross-functional Corporate Relations and Sustainability Committee. In 2023, the committee convened four times and the Corporate Affairs Board twice.

Wärtsilä's sustainability function is responsible for providing the necessary information to management, identifying development needs, as well as for coordinating sustainability programmes and preparing instructions. The function cooperates closely with the businesses, human resources, legal affairs and compliance, and central supply management. It also collects and consolidates sustainability data from the subsidiaries and is responsible for sustainability reporting. The Non-Financial Report is prepared together with Wärtsilä's Finance and Control.



Sustainability management and material topics

Wärtsilä's sustainability is systematically managed through group-level policies, management systems, and practices in place for material sustainability topics and impacts. The management approach covers procedures, processes, and systems to manage and monitor material topics.

Guiding principles	Management areas	Material topics
<ul style="list-style-type: none"> Code of Conduct QEHS Policy Policy of human rights, equal opportunities, and fair employment practices Corporate Manual 	<ul style="list-style-type: none"> People and culture Product design Environmental management Occupational health and safety management Responsible business conduct Supply chain management 	<ul style="list-style-type: none"> Emissions Compliance with laws and regulations Economic performance Training and education Occupational health and safety

The guiding principles lay the foundation for uniform management practices. Our [Code of Conduct](#) defines common rules for all employees and provides guidance on our approach to responsible business practices. [The Quality, Environmental, Health and Safety Policy](#) sets principles for managing the environmental impacts of our products and services. The policy on [human rights, equal opportunities and fair employment practices](#) creates a common framework for employee practices in all group companies. It covers human and labour rights, equal opportunities, well-being at work, non-harassment, and remuneration. The Corporate Manual also includes other policies, such as [anti-corruption](#), compliance reporting, and supply management policies. The purpose of the manual is to safeguard compliance with relevant legislation, and to provide further guidance concerning daily business conduct.

Sustainability risk management

Wärtsilä identifies and assesses on an annual basis its sustainability risks, including climate change risks, in both its strategic and operative risk assessments. In general, sustainability risks, both strategic and operational, are assessed to be low for Wärtsilä. Based on the sustainability risk assessment we conducted in 2021, the most relevant strategic risks for Wärtsilä are related to ethical business conduct, regulatory compliance, understanding customer sustainability demand, financing, and climate change impacts. In 2023, Wärtsilä carried out a development project on climate related disclosures based on the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. TCFD reporting supports companies in identifying, reporting on, and responding to risks and opportunities arising from the business' exposure to climate change. The aim of the project was to increase Wärtsilä's reporting readiness in terms of climate risk and opportunity by utilising scenario assessments, and to identify and remove some of the reporting gaps. Climate risks and opportunities were assessed on a qualitative basis in two different scenarios.

Stakeholder engagement

Active engagement with our stakeholders is vital for the development of our business activities, as well as for exchanging information, building long-lasting relationships, and contributing to sustainable societies. At the corporate level, our most important stakeholders are our customers, owners, suppliers, employees, and society in general. Wärtsilä subsidiaries define their own primary stakeholders. In addition to those mentioned above, these typically include residents close to production plants, educational institutes, and public authorities. We engage with our stakeholders in numerous ways, including meetings and events, joint projects, communication channels, and collaboration platforms.

We also participate and hold memberships in organisations that are significant to the company's business strategies and markets. We engage in activities organised by various international and

national organisations and associations through our daily work, board and working group activities, as well as meetings, seminars, and conferences. More information regarding our activities with stakeholders, engagement channels, and memberships can be found on our [website](#).

Preparing for mandatory and standardised sustainability reporting

As part of the European Union's Action Plan on Financing Sustainable Growth, and the need to improve access to information on investment risks and opportunities from sustainability issues, the Corporate Sustainability Reporting Directive (CSRD) took effect in January 2023. Until now, Wärtsilä, like many large, listed companies with over 500 employees, has prepared a separate sustainability report, with sustainability information also reported in the Board of Director's report as required by the Non-Financial Reporting Directive (NFRD). The CSRD replaces the NFRD and sets specific, standardised requirements on sustainability information to be reported in the management report as a sustainability statement.

During 2023, Wärtsilä began preparations for the forthcoming mandatory reporting. As a first step, we conducted the required double materiality assessment in order to define the most material sustainability issues to be included in the reporting. Wärtsilä's first CSRD report will be published in 2025 covering data from the 2024 financial year.

“During 2023, we actively monitored and prepared for the upcoming sustainability regulation, while advancing our sustainability agenda, including our decarbonisation targets.”

Marko Vainikka, Vice President, Corporate Relations and Sustainability

Supply chain management

Suppliers and business partners are an important and integral part of the total value chain for Wärtsilä's products and services. The supply base is extensive with around 26,500 active supplier accounts, with most key suppliers being located in Europe. We expect our suppliers to conduct their businesses in compliance with the same high legal and ethical standards and business practices as ours. Wärtsilä has mandatory [supplier requirements](#) for areas of compliance with legislation, environmental aspects, quality, occupational health and safety management, social performance, and cyber security. Compliance with these requirements is assessed, both in the selection and onboarding of new suppliers, as well as in the company's continuous supplier performance management. The supplier requirements are included in our standard supply agreements. In addition, we have product and service-specific requirements, for which compliance is assessed as part of the above-mentioned continuous supplier performance management process.




In the supplier assessment, we utilise a number of methods and tools. These include online and offline questionnaires, global

database searches, onsite evaluations, and various audits, which are completed with mitigation plans being made together with the suppliers for any findings identified. The supplier assessment is completed with a supplier rating being applied. The responsible category management teams carry out the assessment together with other functions within Wärtsilä and with the suppliers. More information concerning our supplier assessment process is available on our [website](#).

Commitments and principles

Wärtsilä has signed the United Nations Global Compact initiative and supports its ten principles with respect to human rights, labour, the environment, and anti-corruption. We are committed to aligning our strategy, culture, and day-to-day operations with these principles, and to engaging in collaborative projects that advance sustainable development. Our Code of Conduct and sustainability approach provide the main framework for promoting the principles within our sphere of influence. In 2023, Wärtsilä joined the UN Global Compact Business & Human Rights Accelerator programme to support the company's human rights efforts.

Wärtsilä also contributes in a positive way to several of the United Nations Sustainable Development Goals (SDGs) through our purpose and strategy, targets, policies, initiatives, innovations, and partnerships. We are committed to developing solutions, together with our stakeholders, that solve the societal challenges laid out in the SDGs, while also generating new business opportunities. In particular, we play a vital role in driving the decarbonisation of the energy and marine sectors. We have reviewed all the SDGs and their targets and have identified priority goals for Wärtsilä. These are most notably SDG7 Affordable and Clean Energy, SDG9 Industry, Innovation and Infrastructure, and SDG13 Climate action.

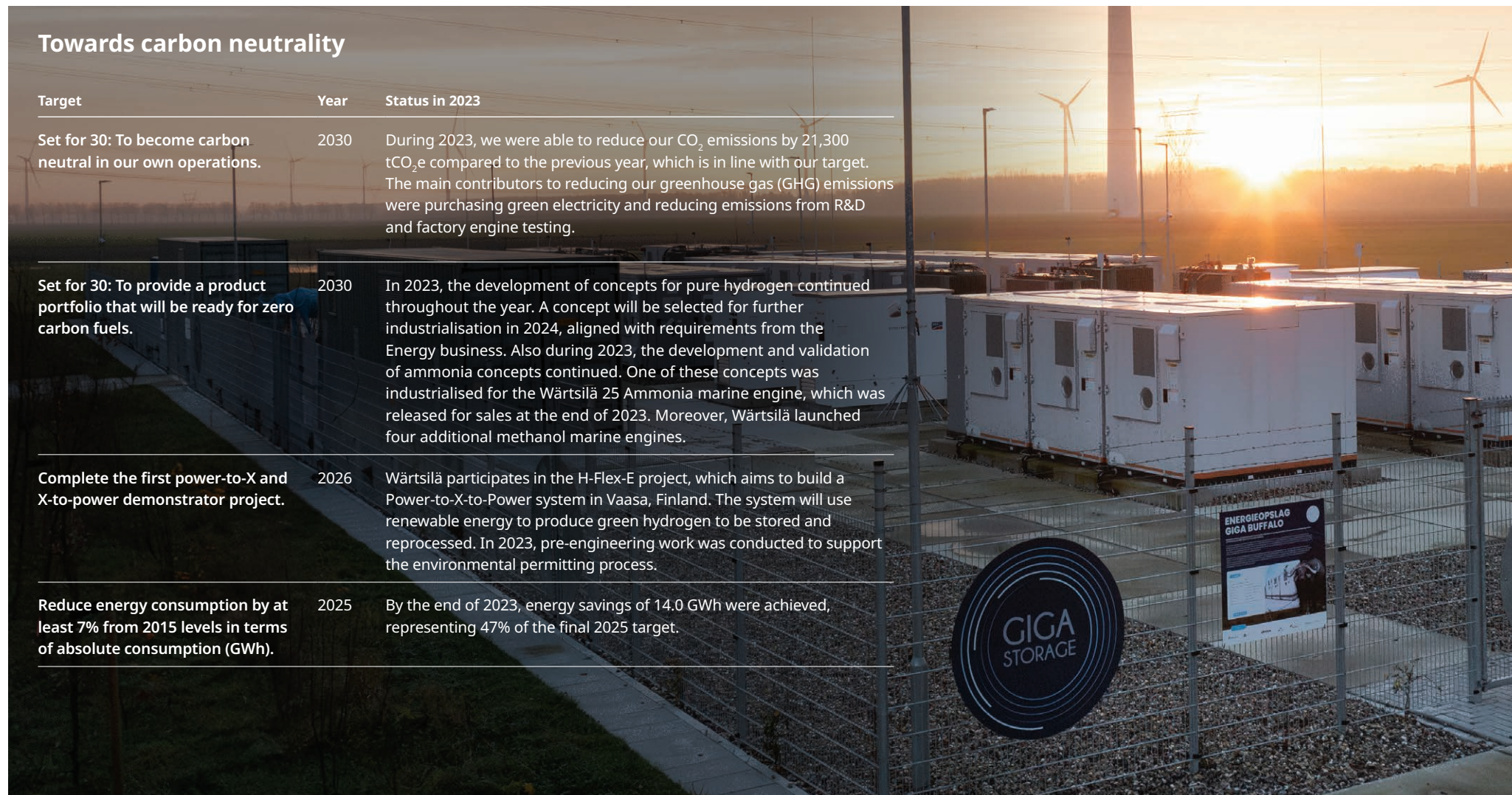
SDG	How we contribute
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> • Energy solutions towards a 100% renewable future • Thermal balancing and energy storage • Energy efficiency and power system optimisation • Decarbonisation services and modelling • Future fuels research and development
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none"> • Sustainable innovations • R&D investments and partnerships • Infrastructure projects • Manufacturing employment • Upgrades and retrofits
 <p>13 CLIMATE ACTION</p>	<ul style="list-style-type: none"> • Purpose and strategy • 'Set for 30' decarbonisation targets and programme • Decarbonisation technology, solutions, and services • Clean fuels research • Power system modelling • Partnerships and projects

We also participate in several voluntary initiatives, agreements, and commitments including the Finnish Energy Efficiency Agreement, and sustainable business coalitions such as the [ZEEDS initiative](#) and the [Getting to Zero Coalition](#).

Sustainability targets

Towards carbon neutrality

Target	Year	Status in 2023
Set for 30: To become carbon neutral in our own operations.	2030	During 2023, we were able to reduce our CO ₂ emissions by 21,300 tCO ₂ e compared to the previous year, which is in line with our target. The main contributors to reducing our greenhouse gas (GHG) emissions were purchasing green electricity and reducing emissions from R&D and factory engine testing.
Set for 30: To provide a product portfolio that will be ready for zero carbon fuels.	2030	In 2023, the development of concepts for pure hydrogen continued throughout the year. A concept will be selected for further industrialisation in 2024, aligned with requirements from the Energy business. Also during 2023, the development and validation of ammonia concepts continued. One of these concepts was industrialised for the Wärtsilä 25 Ammonia marine engine, which was released for sales at the end of 2023. Moreover, Wärtsilä launched four additional methanol marine engines.
Complete the first power-to-X and X-to-power demonstrator project.	2026	Wärtsilä participates in the H-Flex-E project, which aims to build a Power-to-X-to-Power system in Vaasa, Finland. The system will use renewable energy to produce green hydrogen to be stored and reprocessed. In 2023, pre-engineering work was conducted to support the environmental permitting process.
Reduce energy consumption by at least 7% from 2015 levels in terms of absolute consumption (GWh).	2025	By the end of 2023, energy savings of 14.0 GWh were achieved, representing 47% of the final 2025 target.



Enhancing safety, wellbeing, and diversity

Target	Year	Status in 2023
Reach the long-term goal of zero injuries.	Long-term target	In 2023, the corporate lost-time injury frequency rate (LTIF) was 1.59, and the total recordable injury frequency rate (TRIF) 2.62. In 2023, we initiated a new four-year safety programme 'Success through safety'.
Achieve an employee engagement index above 80%.	2023	The last Wärtsilä global engagement survey, MyVoice, was conducted in 2022 with an employee engagement index score of 80%. The next survey will be conducted in autumn 2024.
Personnel development – reach 100% Development Discussion completion rate.	2023	By the end of 2023, altogether 100% of the company's employees had completed development discussions.
Diversity – increase the share of females in the workforce to 20%.	2023	In 2023, the share of female employees was 17.6%.
Reach equal pay for males and females as specified (100%).	2023	During 2023, we achieved 100% equal pay for males and females*.

*Based on active employees, converted into 1FTE (full-time equivalent, 100% working time), excluding trainees and top management.

An active and responsible member of society

Target	Year	Status in 2023
Achieve a Code of Conduct training coverage of 100% to ensure commitment to the Code of Conduct throughout the organisation.	Continuous target	As at the end of 2023, the Code of Conduct training coverage was 93% of all employees.



This is Wärtsilä

/ Sustainability

/ Financials

Financials



FIVE YEARS IN FIGURES

Wartsilä provides certain financial performance measures, which are accounting measures that are not defined by IFRS Accounting Standards. These alternative performance measures, such as comparable operating result, comparable adjusted EBITA, cash flow from operating activities, and gearing, are followed and used by management to measure the Group's performance and financial position. In addition, Wartsilä's targets of financial performance are linked to, for example, comparable operating result and gearing. Thus, these alternative performance measures provide useful information to the capital markets. The alternative performance measures should not be evaluated in isolation from the corresponding Accounting Standards measures. The alternative performance measure calculation definitions are disclosed in Calculations of financial ratios.

MEUR	2023	2022	2021	2020	2019
Net sales	6,015	5,842	4,778	4,604	5,170
of which outside Finland	% 98.3	99.2	98.5	97.9	98.5
Exports from Finland	2,060	1,975	1,845	1,702	1,933
Personnel on average	17,666	17,482	17,461	18,307	19,110
of which in Finland	3,957	3,808	3,687	3,706	3,868
Order book	6,694	5,906	5,859	5,057	5,878
From the consolidated statement of income					
Depreciation, amortisation and impairment	193	263	162	174	180
Share of result of associates and joint ventures	9	6	3	3	-9
Comparable operating result	497	325	357	275	457
as a percentage of net sales	% 8.3	5.6	7.5	6.0	8.8
Operating result	402	-26	314	234	362
as a percentage of net sales	% 6.7	-0.4	6.6	5.1	7.0
Comparable adjusted EBITA	518	349	388	308	498
as a percentage of net sales	% 8.6	6.0	8.1	6.7	9.6
Financial income and expenses	-37	-6	-18	-43	-47
Result before taxes	364	-32	296	191	315
as a percentage of net sales	% 6.1	-0.5	6.2	4.2	6.1
Result for the financial period	269	-58	193	133	218
as a percentage of net sales	% 4.5	-1.0	4.0	2.9	4.2
From the consolidated statement of financial position					
Non-current assets	2,551	2,558	2,539	2,427	2,518
Current assets	4,247	3,997	3,982	3,706	3,797

Assets held for sale	5	54	2	99	82
Total equity attributable to equity holders of the parent company	2,225	2,136	2,315	2,177	2,396
Non-controlling interests	8	12	8	11	14
Interest-bearing debt	858	949	973	1,327	1,096
Non-interest-bearing liabilities	3,713	3,489	3,227	2,648	2,824
Liabilities directly attributable to assets held for sale		22		68	68
Total equity and liabilities	6,803	6,608	6,523	6,232	6,398
From the consolidated statement of cash flows					
Cash flow from operating activities	822	-62	731	681	232
Cash flow from investing activities	-138	-151	-128	-55	-95
Cash flow from financing activities	-308	-289	-580	-44	-256
Gross capital expenditure	149	161	143	117	122
as a percentage of net sales	% 2.5	2.8	3.0	2.5	2.4
Research and development expenditure	258	241	196*	153	164
as a percentage of net sales	% 4.3	4.1	4.1*	3.3	3.2
Dividends paid	188**	153	142	118	284
Financial ratios					
Earnings per share (EPS), basic	EUR 0.44	-0.11	0.33	0.23	0.37
Earnings per share (EPS), diluted	EUR 0.44	-0.11	0.33	-	-
Dividend per share	EUR 0.32**	0.26	0.24	0.20	0.48
Dividend per earnings	% 73.2**	-234.9	73.2	88.2	130.8
Interest coverage	9.2	7.3	15.0	7.1	7.7
Return on investment (ROI)	% 13.9	0.1	9.7	7.1	11.5
Return on equity (ROE)	% 12.3	-2.6	8.6	5.8	9.0
Solvency ratio	% 37.0	35.3	38.6	38.1	40.8
Gearing	0.02	0.23	0.00	0.18	0.30
Equity per share	EUR 3.78	3.62	3.92	3.68	4.05
Working capital (WCAP)	EUR -169	179	-100	257	732

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

* Figure in the comparison period 2021 has been restated to reflect a change in the definition of research and development expenditure.

** Proposal of the Board of Directors.

CALCULATIONS OF FINANCIAL RATIOS

Operating result

Net sales + other operating income – expenses +/- result from net position hedges – depreciation, amortisation and impairment +/- share of result of associates and joint ventures

Earnings per share (EPS), basic

Result for the financial period attributable to equity holders of the parent company

Number of shares outstanding, average over the financial period

Earnings per share (EPS), diluted

Result for the financial period attributable to equity holders of the parent company

Number of shares outstanding, average over the financial 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 recognised 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

Total of non-current and current lease liabilities + total of non-current and current other interest-bearing debt – interest-bearing receivables – cash and cash equivalents

Equity per share

Equity attributable to equity holders of the parent company

Number of shares outstanding at the end of the financial period

Solvency ratio

Total equity

Total equity and liabilities – advances received

x 100

Gearing

Interest-bearing liabilities – cash and cash equivalents

Total equity

Return on investment (ROI)

Result before taxes + interest and other financial expenses

Total equity and liabilities – non-interest-bearing liabilities – provisions, average over financial period

x 100

Return on equity (ROE)

Result for the financial period

Total equity, average over the financial period

x 100

Order intake

Total amount of orders received during the financial period to be delivered either during the current financial 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)

Interest coverage

$$\frac{\text{Result before taxes + depreciation, amortisation and impairment + interest and other financial expenses}}{\text{Interest and other financial expenses}}$$

Dividend per share

$$\frac{\text{Dividends paid for the financial period}}{\text{Number of shares outstanding at the end of the financial period}}$$

Dividend per earnings

$$\frac{\text{Dividend per share}}{\text{Earnings per share (EPS), basic}} \times 100$$

Effective dividend yield

$$\frac{\text{Dividend per share}}{\text{Adjusted share price at the end of the financial period}} \times 100$$

Price/earnings (P/E)

$$\frac{\text{Adjusted share price at the end of the financial period}}{\text{Earnings per share (EPS), basic}}$$

Price/carrying amount per share (P/BV)

$$\frac{\text{Adjusted share price at the end of the financial period}}{\text{Equity per share}}$$

PRIMARY FINANCIAL STATEMENTS

Consolidated statement of income

MEUR	2023	2022	Note
Net sales	6,015	5,842	2.1., 2.2.
Other operating income	96	70	2.3.
Material and services	-3,419	-3,671	2.4.
Employee benefit expenses	-1,456	-1,359	2.5.
Result from net position hedges	-9	-12	
Depreciation, amortisation and impairment	-193	-263	3.5.
Other operating expenses	-641	-638	2.3.
Share of result of associates and joint ventures	9	6	6.5.
Operating result	402	-26	
as a percentage of net sales	6.7	-0.4	
Financial income	31	30	5.1.
Financial expenses	-68	-37	5.1.
Result before taxes	364	-32	
Income taxes	-95	-26	2.6.
Result for the financial period	269	-58	
Attributable to:			
equity holders of the parent company	258	-64	2.7.
non-controlling interests	12	6	
	269	-58	
Earnings per share attributable to equity holders of the parent company:			

Earnings per share (EPS), basic, EUR	0.44	-0.11	2.7.
Earnings per share (EPS), diluted, EUR	0.44	-0.11	2.7.

Consolidated statement of comprehensive income

MEUR	2023	2022	Note
Result for the financial period	269	-58	
Other comprehensive income:			
Items that will not be reclassified to the statement of income			
Remeasurements of defined benefit liabilities	1	39	
Tax on items that will not be reclassified to the statement of income		-8	
Total items that will not be reclassified to the statement of income	1	31	
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	-25	-31	
for non-controlling interests	-2	-1	
transferred to the statement of income	-11	-2	
Associates and joint ventures, share of other comprehensive income	-2	-1	
Cash flow hedges			
measured at fair value	20	33	5.5.
transferred to the statement of income	4	3	
Tax on items that may be reclassified to the statement of income			
Cash flow hedges			
measured at fair value	-2	-7	
transferred to the statement of income	-1	-1	
Total items that may be reclassified to the statement of income	-19	-7	
Other comprehensive income for the financial period, net of taxes	-17	23	
Total comprehensive income for the financial period	252	-35	

Total comprehensive income attributable to:		
equity holders of the parent company	247	-40
non-controlling interests	4	5
	252	-35

Consolidated statement of financial position

MEUR	31.12.2023	31.12.2022	Note
Assets			
Non-current assets			
Goodwill	1,273	1,288	3.1.
Other intangible assets	402	392	3.2.
Property, plant and equipment	307	304	3.3.
Right-of-use assets	255	258	3.4.
Investments in associates and joint ventures	33	29	6.5.
Other investments	19	19	5.2.
Interest-bearing investments	4	4	5.2.
Deferred tax assets	212	197	4.6.
Trade receivables	2	11	4.2., 5.2.
Other receivables	46	57	4.3.
Total non-current assets	2,551	2,558	
Current assets			
Inventories	1,485	1,361	4.1.
Trade receivables	991	1,102	4.2., 5.2.
Current tax receivables	35	33	
Contract assets	630	729	4.2.
Other receivables	287	309	4.3.
Cash and cash equivalents	819	461	5.3., 5.4.
Total current assets	4,247	3,997	
Assets held for sale	5	54	6.4.
Total assets	6,803	6,608	
Equity and liabilities			
Equity			
Share capital	336	336	5.5.
Share premium	61	61	5.5.

Translation differences	-188	-156	5.5.
Fair value reserve	31	9	5.5.
Remeasurements of defined benefit liabilities	-4	-5	4.7.
Retained earnings	1,989	1,891	
Total equity attributable to equity holders of the parent company	2,225	2,136	
Non-controlling interests	8	12	
Total equity	2,232	2,148	
Liabilities			
Non-current liabilities			
Lease liabilities	224	223	3.4., 5.4.
Other interest-bearing debt	515	517	5.2., 5.4., 5.6.
Deferred tax liabilities	69	65	4.6.
Pension obligations	83	89	4.7.
Provisions	93	85	4.5.
Contract liabilities	126	60	4.2.
Other liabilities	16	5	3.4., 4.4.
Total non-current liabilities	1,126	1,044	
Current liabilities			
Lease liabilities	44	43	3.4., 5.4.
Other interest-bearing debt	76	166	5.2., 5.4., 5.6.
Provisions	279	311	4.5.
Trade payables	686	1,041	4.4., 5.2., 5.6.
Current tax liabilities	75	51	
Contract liabilities	1,534	1,145	4.2.
Other liabilities	751	636	3.4., 4.4.
Total current liabilities	3,445	3,394	
Total liabilities	4,571	4,438	
Liabilities directly attributable to assets held for sale		22	6.4.
Total equity and liabilities	6,803	6,608	

Consolidated statement of cash flows

MEUR	2023	2022	Note
Cash flow from operating activities:			
Result for the financial period	269	-58	
Adjustments for:			
Depreciation, amortisation and impairment	193	263	3.5.
Financial income and expenses	37	6	5.1.
Gains and losses on sale of intangible assets and property, plant and equipment and other changes	-1	23	
Share of result of associates and joint ventures	-9	-6	6.5.
Income taxes	95	26	2.6.
Other non-cash flow adjustments	-4	26	
Cash flow before changes in working capital	581	281	
Changes in working capital:			
Receivables, non-interest-bearing, increase (-) / decrease (+)	209	-422	
Inventories, increase (-) / decrease (+)	-134	-207	4.1.
Liabilities, non-interest-bearing, increase (+) / decrease (-)	275	370	
Changes in working capital	350	-259	
Cash flow from operating activities before financial items and taxes	931	22	
Financial items and taxes:			
Interest income	13	4	
Interest expenses	-23	-14	
Other financial income and expenses	-17	9	
Income taxes paid	-82	-83	
Financial items and paid taxes	-109	-84	
Cash flow from operating activities	822	-62	
Cash flow from investing activities:			
Acquisitions	-1	-4	6.2.

Other investments		-1	5.2.
Investments in property, plant and equipment and intangible assets	-148	-156	3.2., 3.3.
Proceeds from sale of property, plant and equipment and intangible assets	3	18	3.2., 3.3.
Proceeds from sale of shares in subsidiaries	7	-10	6.3.
Proceeds from sale of other investments	1		
Cash flow from investing activities	-138	-151	
Cash flow after investing activities			
	683	-213	
Cash flow from financing activities:			
Repayments to non-controlling interests	-5		
Repurchase of own shares	-10		
Proceeds from non-current debt	176		
Repayments and other changes in non-current debt	-321	-145	5.6.
Loan receivables, increase (-) / decrease (+)	1	1	
Current loans, increase (+) / decrease (-)	7		
Dividends paid	-156	-145	
Cash flow from financing activities	-308	-289	
Change in cash and cash equivalents, increase (+) / decrease (-)	375	-501	
Cash and cash equivalents at the beginning of the financial period*	464	964	
Exchange rate changes	-19	1	
Cash and cash equivalents at the end of the financial period*	819	464	

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

Consolidated statement of changes in equity

MEUR	Total equity attributable to equity holders of the parent company							Non-controlling interests	Total equity
	Share capital	Share premium	Translation differences	Fair value reserve	Remeasurements of defined benefit liabilities	Retained earnings	Total		
Equity on 31 December 2022	336	61	-156	9	-5	1,889	2,135	12	2,146
Restatement due to IAS 12						1	1		1
Equity on 1 January 2023	336	61	-156	9	-5	1,891	2,136	12	2,148
Result for the financial period						258	258	12	269
Other comprehensive income									
Translation differences			-27				-27	-2	-29
Translation differences transferred to the statement of income			-6				-6	-5	-11
Cash flow hedges									
net change in fair value, net of taxes				19			19		19
transferred to the statement of income, net of taxes				3			3		3
Defined benefit plans					1		1		1
Other comprehensive income, total			-33	22	1		-10	-7	-17
Total comprehensive income for the financial period			-33	22	1	258	247	4	252
Transactions with equity holders of the parent company and non-controlling interests									
Dividends paid						-153	-153	-3	-156
Repurchase of own shares						-10	-10		-10
Share-based payments						4	4		4
Other changes								-5	-5
Equity on 31 December 2023	336	61	-188	31	-4	1,989	2,225	8	2,232

MEUR	Total equity attributable to equity holders of the parent company							Non-controlling interests	Total equity
	Share capital	Share premium	Translation differences	Fair value reserve	Remeasurements of defined benefit liabilities	Retained earnings	Total		
Equity on 31 December 2021	336	61	-122	-18	-36	2,094	2,315	8	2,323
Restatement due to IAS 12						1	1		1
Equity on 1 January 2022	336	61	-122	-18	-36	2,095	2,316	8	2,324
Result for the financial period						-64	-64	6	-58
Other comprehensive income									
Translation differences			-31				-31	-1	-32
Translation differences transferred to the statement of income			-2				-2		-2
Cash flow hedges									
net change in fair value, net of taxes				25			25		25
transferred to the statement of income, net of taxes				2			2		2
Defined benefit plans					31		31		31
Other comprehensive income, total			-33	27	31		24	-1	23
Total comprehensive income for the financial period			-33	27	31	-64	-40	5	-35
Transactions with equity holders of the parent company and non-controlling interests									
Dividends paid						-142	-142	-2	-144
Share-based payments						2	2		2
Equity on 31 December 2022	336	61	-156	9	-5	1,891	2,136	12	2,148

Complete set of financial statements can be found in the Annual Report 2023.

190 YEARS OF WÄRTSILÄ HISTORY

1834-1939

IT ALL BEGAN WITH A SAWMILL...

1834

A sawmill is established in Wärtsilä, a small village in Northern Karelia on **April 12, 1834**.

The sawmill rapidly expands into an iron works company.



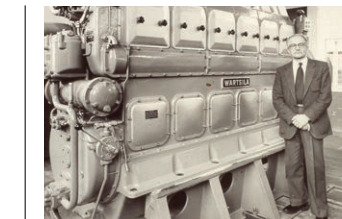
1935



Wärtsilä's headquarters move from Karelia to Helsinki, Finland.

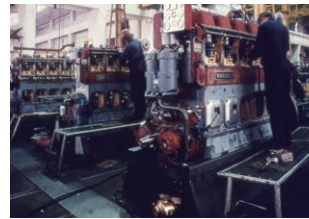
1949

Wärtsilä becomes the biggest industrial company in Finland with over 11,000 employees.



Wärtsilä makes the decision to start designing our own diesel engines. Wilmer Wahlstedt, a young civil engineer, is called to Vaasa to lead the work.

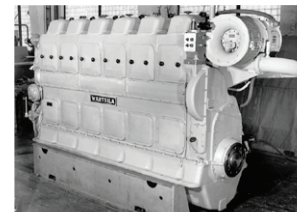
1959



The first Wärtsilä-designed diesel engine, the Wärtsilä **Vasa 14**, is started for the first time.

1954

1960



The first commercial engines, the Wärtsilä **Vasa 614** with six cylinders, are delivered to a car ferry sailing between Finland and Sweden.

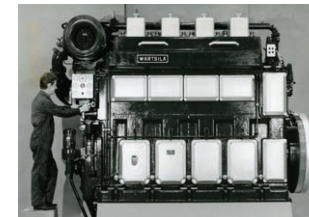
1970-1999

WÄRTSILÄ SHIFTS FOCUS TO POWER SUPPLY IN BOTH MARINE AND ENERGY MARKETS

1970s

Wärtsilä enters the energy industry. With some modifications to our engine a separate line for power plants is created and we sign our first energy deal in 1973 in Tanzania.

Meanwhile, our fuel research intensifies and we launch the **first-ever 4-stroke engine operating on heavy fuel oil**.



1995

After a decade of developing dual-fuel (DF) technology, we introduce our **breakthrough DF engine**.

1925

Company president **Wilhelm Wahlforss** starts developing Wärtsilä into a multi-sector company by acquiring Finnish shipyards and companies. This marks our entry in the marine industry.



1938

Wärtsilä's **diesel engine era begins** as we sign a licence agreement with Friedrich Krupp Germania Werft AG in Germany.

1978 1980s

The long crisis in the global marine industry leads Wärtsilä to withdraw from ship building. Focus on power supply for marine and energy is strengthened.

Wärtsilä's **manufacturing operations go international** as we acquire Swedish NOHAB diesel business.



1997

Our engine portfolio grows to **slow-speed engines** as we acquire New Sulzer Diesel. This makes us a global leader in the ship engine business.

2000–2019

A TOTAL SOLUTIONS PROVIDER GROWS INTO AN INDUSTRY THOUGHT LEADER

2020 —

SHAPING THE DECARBONISATION OF MARINE AND ENERGY

2000s

Wärtsilä acquires several component providers which makes us capable of delivering the **entire marine engine system**.

We expand in Asia; Wärtsilä starts several joint ventures in China.

2009

Wärtsilä is listed among the **100 most sustainable corporations** in the world for the first time.

Wärtsilä joins the United Nations' *Global Compact* initiative.

2001

Remote monitoring of our customers' assets turns into a real business as we start offering Condition Based Maintenance as a preventive maintenance service.

2012

Wärtsilä delivers the **first-ever hybrid power generation system** for a vessel.

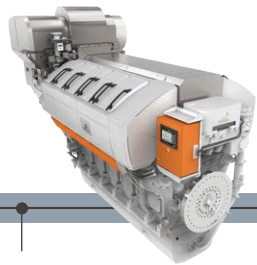
2015

Launch of the Wärtsilä 31 engine that gets acknowledged by Guinness World Records as the **world's most efficient 4-stroke diesel engine**.

For the first time, we convert our customer's engines to run on methanol.



MOST EFFICIENT 4-STROKE DIESEL ENGINE



2018

Wärtsilä starts researching **Power-to-X** as an important technology on the path towards decarbonisation.

2016

Wärtsilä focuses on integrating energy systems and balancing power while expanding its energy storage capabilities to lead the industry towards a 100% renewable energy future.



Clearway solar and storage power plant in Miliani, Hawaii.

In marine, we make strategic acquisitions to strengthen our energy management and analytics offering.

2019

We unveil our **purpose** "Enabling sustainable societies with innovations in technology and services."

2020s



We take a leading role in transforming our industries; we reach milestones in decreasing emissions of engine-based power supply, while developing hybrid solutions where energy storage systems support engine and renewables-based power production.

2021



We commit to become carbon-neutral in our own operations and provide a product portfolio ready for zero-carbon fuels by 2030.

We launch a major test programme to develop **carbon-free** power generation solutions with hydrogen and ammonia.

2022

We launch the **Wärtsilä 32 methanol engine** and the new **Wärtsilä 25 engine**, the first Wärtsilä engine to run on **ammonia**.

Wärtsilä's **Sustainable Technology Hub** opens in Vaasa, welcoming our partners to accelerate marine and energy decarbonisation together.



2023

Wärtsilä is chosen to power the world's largest battery electric ship.

Wärtsilä is named on the **TIME100 Most Influential Companies of 2023** list.

Our engines can use hydrogen/natural gas blends containing up to 25% hydrogen. We are developing a full-scale 100% hydrogen plant design in 2025 and a 100% hydrogen pilot in 2026.



2024

We celebrate our **190th anniversary**.

Contact us

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Follow us



WÄRTSILÄ

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.

