# Transcript for " Financial Statements Bulletin 2025"

**00:00:00 - 00:00:31**
Speaker 1: Hi, all. Welcome to this news conference for Wärtsilä's Q4 2025 results. My name is Hanna-Maria Heikkinen. I'm in charge of Investor Relations. Today, our CEO Håkan Agnevall will start with a group highlights. He will continue with the business performance, and after that our CFO Arjen Berends will continue with key financials. After that, we will discuss the dividend proposal and also the outlook. After the presentation, there is a good opportunity to ask questions. Time to start talking.

**00:00:31 - 00:00:40**
Speaker 2: Thank you, Anna Maria. Before you leave, congratulations. You were voted to the most popular investor relations professional in Finland.

**00:00:40 - 00:00:53**
Speaker 1: Thank you, Håkan. First of all, to Håkan, Arjen and all the Wärtsilä management, but also all the analysts and investors who have been engaging in our dialogue and are providing very inspiring questions, thank you.

**00:00:54 - 00:02:14**
Speaker 2: Thank you. Q4 and 2025, I think this has been a great year. We are on a great journey, I would say. If I sum it up in one word, great. However, you also need to look a little beyond, and I will come back to that. If we start with Q4, all-time high operating profit and cash flow. Look at the order intake, and if we focus on energy and marine, it's developing quite positively. Marine order intake increased by eight percent, while the organic growth, which exclude FX impact and impact of acquisition, was actually 11 percent, double-digit. On the energy side, the energy order intake increased by four percent while the organic was 13 percent, so also there double-digit. Now, total order intake, and this is where it gets a little complex. The total order intake for the group was down 11 percent to €2.2 billion due to two drivers. Basically a strong comparison period on Energy Storage. Energy Storage had decent order intake in Q4 2025, but it was very strong in the year before.

**00:02:14 - 00:03:43**
Speaker 2: In general, we continue to have a challenge on order intake and Energy Storage. The second driver for the down 11 percent is the divestment in portfolio business, which we are in a good trajectory divesting the business units but as we take them out, it has an impact, of course, on our overall order intake for the group. Key messages, marine and energy, double-digit organic growth. Now, we also continue to have a strong order book around €8.2 billion, after the elimination of about €900 million related to the divestments. Net sales increased by 8 percent to about €2 billion. We continue the journey of improving our operating profit. Comparable operating results increased by 23 percent to €256 million, and that is 12.8 percent of net sales. Operating results increased by 10 percent to €251 million and that is 12.5 percent of net sales. On services, a lot of attention on services the 12-month rolling book to build continues to be above one. On the energy side it was 1.1 and on the marine side it's 1.01.

**00:03:43 - 00:05:13**
Speaker 2: Cash flow, and I will talk more about that. Strong cash flow from operating activities of €652 million. Strong Q4. If we look at the full year, we have all-time highs in four key metrics, that is in order intake, in net sales, in operating results and in cash flow. A very strong year. Now I will talk through these numbers. I will do it rather quickly because of these effects on portfolio and storage, we are actually making an additional slide this time where we will drill a bit deeper. However, if we start with the group levels order intake, you can clearly see it's down 11 percent, €2.2 billion. Net sales are still up to with eight percent to €2 billion. Book-to-bill also in group level 1.11 clearly above one. Comparable operating results up 23 percent to 12.8 percent. Operating result up ten percent to 12.5 percent of net sales. Then, looking at the full year before we move on. Order intake rather flat at group level. Net sales up seven percent to €6.9 billion. Book-to-bill for the full year, 1.7.

**00:05:13 - 00:06:43**
Speaker 2: Comparable operating results up 20 percent to €829 million, which is 12 percent of net sales. Finally, the operating result up 16 percent to €833 million at 12.1 percent of net sales. That's a milestone. The 12.1, you remember our old financial targets for the whole group we achieved them, and now we move on. Now this is a little breaking down into details because this is the underlying message. This is a full year numbers, let's look at marine and energy combined and then energy storage. Here, you see a little different picture. Order intake was actually up on full year 17 percent to €6.9 billion. If you look at organic growth it's even higher, it's 20 percent.

If we look at service and equipment, it's flat on service, but we do have a FX effect here of about four percent. Equipment is up 43 percent to €3.3 billion. Order book up 18 percent to €6.7 billion and net sales up 12 to €5.5 billion. Organically, it's even up 15 percent. You look at the services, it is actually up six percent, is up 10 percent if you look organically.

**00:06:43 - 00:08:13**
Speaker 2: Equipment up 22 percent and book-to-bill moving to 1.24 and comparable operating results up 21 percent to €758 million, and that is 13.7 percent of net sales. We are on a good path, solid path to reach our targets of 14 percent for marine and energy combined. Now that's all good, developing really well. We do have and continue to have a challenge on storage. You can clearly see it here. Order intake has been a real challenge during 2025. Order intake is down 60 percent to €455 million. If you look at the order book, it's also down 36 percent to €719 million. Net sales down 13 percent to €694 million. Book-to-bill clearly below one at 0.66, and comparable operating results also deteriorated to €24 million, 3.4 percent of net sales. Still, within the three to five percent EBIT span that we've been talking about, the team is doing a good work in executing projects and delivering and doing that in a profitable way though order intake is a major challenge.

**00:08:14 - 00:09:40**
Speaker 2: Now looking at our two industries, some comments on the general industry development, starting with marine. The sentiment for our key segments remains on a good level. Overall, contracting in 2025 decreased from the extraordinary activity levels we saw in 2024. The number of vessels ordered in the review period decreased to 2000 about from 2400. One driving factor, the regulatory uncertainty, but also high new build prices and softer market conditions affected negatively the new build investment in some segments. Ordering has been rather uneven across vessel segments, but the appetite in all core segments in Wärtsilä’s crossing core segments, cruise container ships and LNG bunkering vessels has been rather good. Contracting in our key segments are expected by clocks and by ourselves to remain clearly above the ten-year average level. Shipyards’ order books are at the highest level since 2009, and ship building capacity expansion is primarily in China.

**00:09:40 - 00:11:13**
Speaker 2: In January to December, 366 orders for new alternative fuel capable ships were reported. That's about 37 percent of the total, so to say, which is down from 50 percent in the comparison period. That is mainly a mix driven because during the last time there has been a bigger share of tankers and conventional bulk carriers, so to say. The key thing here when we see at the graphs is still the same message. If you look at the overall demand, the forecast from Clarkson is still above the ten-year average. Focusing on vessel core segments, it's clearly above the ten-year average. Energy market, increased demand, drives the energy transition and investments in the energy transition and the transition continues to move forward. Two key themes stood out in energy related macroeconomic development in 2025. One was load growth and the other was tariff-related uncertainty. The investment environment for energy technologies has improved, along with global macroeconomic conditions.

**00:11:13 - 00:12:38**
Speaker 2: In engine power plants, the market demand for equipment and services has been strong. Demand for base load engine power plants is expected to remain stable, with further growth opportunities in data centers. The driver for engine balancing power plants continue to develop favorably. In battery energy storage, the demand is closely linked to the increasing share of intermittent renewables in the energy system, which continues to progress strongly. The US market is still facing regulatory headwinds, though several drivers remain solid, with data centers also for storage as a potential new opportunity going forward. After significant growth driven by solar up to the mid 20s, renewable capacity additions are expecting to decrease slightly in 2026. Growth prospects towards the end of the decade or remain solid. There is still a definitely positive trend. Going through the numbers, looking at the graphs, and now we are back to group level. Organic order intake decreased by four percent. Order intake decreased by 11 percent. As we talked about marine order intake increased by eight percent.

**00:12:38 - 00:14:05**
Speaker 2: Energy order intake increased by four percent. Energy storage though order intake decreased by 40 percent. If we look at equipment overall, equipment order intake decreased by 15 percent, primarily driven by storage and service order intake decreased by five percent. We have a strong order book and rolling book-to-bill continues above one, I think now for the 19th quarter, consecutive quarter. As we talked about, the order book decreased due to the elimination of about €900 million related to divestments in Portfolio Business. Now, this is a new slide that we have added, and our intention is to keep this as a standard slide in our reporting going

forward. We are really trying to describe how our order book will translate into sales going forward. The existing order book will generate sales that are distributed further into the future. Here, you can see the distribution in time of the deliveries of the existing order backlogs for 2024, 2025 and 2026. You clearly see how it is stretching out.

**00:14:05 - 00:15:34**
Speaker 2: We have also given the numbers and the size of the order backlog to help the analysis. There are two driving factors here that you really need to look very careful on. First, we are selling capacity further and further out in time and that is a function of a hot market, so to say. The other major driving factor, as you know in energy we are very much about equipment deliveries and much less on EPC deliveries these days. There are two different revenue recognition models. Basically, the EEQ, you could say the major revenue recognition, it's rather lumpy because it's actually when you deliver the engines. That is different from the EPC way, because in the EPC way, you could say you gradually, continuously over the project recognize sales. These two factors really affect how we think about translating the timing, how we translate the order backlog into sales. Very important going forward. Organic net sales increased by 16 percent. Net sales increased by eight percent. Marine net sales increased by ten and energy net sales increased by 29 percent.

**00:15:34 - 00:17:06**
Speaker 2: On storage, though, net sales decreased by 20 percent. Overall, equipment net sales increased by 15 percent and service net sales remained stable. Profitability continued to improve. Net sales we talked about that increased by eight. Comparable operating result increased by 23 percent, and the comparable operating margin 12 months rolling to 12 percent from previous 10.8 percent. Now, technology and partnership highlights. There are a lot of exciting things happening. That layer it's all about innovation and technology and services, and we are really making progress. First, data center orders. We continue to break into the US and a global also data center market. We talked about it, that off grid data centers really growing in its market, so to say. The power need is in many installations is right in our sweet spot. This is the example from the end of last year, where we got an order for 507 megawatts power plant supplying data center in the US. We continue to grow.

**00:17:06 - 00:18:40**
Speaker 2: We will deliver 27 engines to provide continuous primary power for a new data center in construction in the US. The onsite power facility will operate with these 27 Wärtsilä 50SG flexible engines, with the power of 507MW. They will run on natural gas that can later be converted to run on sustainable fuels in the future. The order was booked in our order intake in Q4 2025. The equipment will be delivered in 2027. Then, moving to marine, we had our second order for an ammonia engine on the marine side and to Norwegian customer Skarv Shipping cargo vessel. We will provide our advanced vessel 25 Ammonia solution to power a new cargo vessel for Skarv. This vessel will be built at the Huanghai shipyard in China. It will be the first new build to benefit from the solution. This order was also booked in our order intake in the fourth quarter of 2025. You have also seen the other press release that we have made this morning about setting us up for continued growth, further investments in our capacity.

**00:18:40 - 00:20:05**
Speaker 2: We will expand our production capacity in Vaasa, Finland. We will expand the technical capacity with 35 percent to meet the global increase in demand in energy and marine. We will invest about €140 million to further expand our production capacity, with 35 percent in our STH technology center and also in the associated global supply chain. The vast majority of the investment is in STH. This expansion will increase our industrial capacity and strengthen the capacity of the associated global supply chain. The new capacity will be installed within the STH expansion that we announced in April 2025, and it's expected to be commissioned in the first quarter of 2028. A major step for STH in Vaasa, I think overall now the last few years we have invested about €400 million in Wärtsilä facility. However, it's not only about Wärtsilä, we also continue to invest in our service business in a very concrete way in our global spare port distribution center, in Kampen in the Netherlands. That investment is also to continue to support the growth.

**00:20:05 - 00:21:26**
Speaker 2: We will expand our main spare parts distribution center in Kampen by 40 percent and consolidate nearby leased storage facility into Kampen. This is a smaller investment, but very important one. We will invest about €14 million in expanding the facility, and we expect to have it in commission by 2027. Expanding capacity is a lot about the supply chain, as we all know. I really wanted to highlight this partnership agreement that we have signed with one of our key suppliers, Siempelkamp foundry. We have formed a strategic partnership to secure the supply chain to support our continued growth. We strengthen the supply chain by this strategic partnership with Siempelkamp in the supply. They are supplied to us of large cast components for our

engines. As a result, we can in our turn support the growing demand from our customers in the markets in sustainable technologies for the marine and energy sectors. We are also continuing our work on streamlining Wärtsilä becoming a more focused and profitable company.

**00:21:26 - 00:22:46**
Speaker 2: We have made progress in our Portfolio Business divestments. This is nothing new, but we wanted to sum up some metrics here to help you with the analysis of Wärtsilä. As you remember, we divestment ANCS Automation Navigation and Control System to Solix in the divestment was completed in the 1st of July last year. Now the annual revenue of this business was €127 million in 2025, and close to €230 million in 2024. ANCS has also clearly been the most profitable unit of our Portfolio Business, representing about 80 percent of the operating result during the first half of 2025. That was ANCS. Then we had MES, the divestment of Marine Electrical System to Vinci energies that was completed on 31st of October last year. Here the annual revenue of the business was about €92 million in 2025 and €100 million in 2024. The group order book has now been adjusted, in this case, €620 million. It's one big part of the €900 million that I was talking about before.

**00:22:46 - 00:24:12**
Speaker 2: Finally, the divestment of Gas Solution to Mutares is expected to be completed. We've signed, and we expect to complete the transaction in the second quarter this year. The annual revenue of the business was €394 million in 2025, about €300 million in 2024. After these divestments, we have one business unit left, and that is water and waste, a business unit with annual sales of about €50 million. Our ambition is to move ahead and also sign and close during this year. Work is ongoing. Now, looking a little at our businesses, how have they developed. On the marine side, growing ordering takes in net sales, as well as improving our comparable operating results. Order intake up eight percent. We talked about that. Net sales up 10 percent. If we look at the continuous improvement of the profitability, on the positive side, we have higher service and equipment volumes providing better operating leverage. We also have improved new build modules in what we have delivered, positively contributing.

**00:24:12 - 00:25:37**
Speaker 2: On the investment side of the cost side, we do run increased R&D investing into our future. Service continues with the book-to-bill about one. We see 9 percent CAGR on the net sales, and you see the different disciplines here. Then, you notice if you see agreements, it looks like it's going down. It's the blue line there. That is more periodization because agreements, it's a little like project business. It could be a bit lumpy based on periodization. You also see the retrofit business that is really below one now but also there it's project business. We have a positive outlook going forward. We will continue to grow in marine services. Going over to energy, growing order intake as well as significantly improved net sales and comparable operating results, ordering take up four percent. You might think that was not so impressive growth, but I look at the new build side there and look at the orders we announced here just at the beginning of the year.

**00:25:37 - 00:27:10**
Speaker 2: The other week, we announced an additional 550 megawatt plus. It's about periodization of order intake of big orders, so to say. There is a strong underlying demand, and we will come back to that when we give the demand guidance. Net sales up 29 percent here. If we look at the development of the comparable operating result, continue to improve our profitability. Here, the higher equipment volumes provide better operating leverage, and we have a better service margin mix. I can also say that we are building the margins in order backlog, but that will be delivered later to say. On the same side as marine, we are continued to increase in R&D. Also on the energy side, we continue with the service book-to-bill about one we have had for four percent CAGR here. If we look to the right, on the energy side, on the blue dotted line, we had good service agreement order intake at the very last weeks. Prioritization here we were a little lucky, but the overall trend is positive similar to marine you see retrofit here. It's periodization. We see underlying growth going forward.

**00:27:12 - 00:28:28**
Speaker 2: Storage. In storage, on the positive note we had a revived order intake development after three slow quarters, and however it was clearly below the exceptionally high comparison period in the fourth quarter of 2024. This is why you see the order intake is down with 40 percent. Now we do have a challenge overall through the 2025 on order intake. Let's be very frank about that. Net sales was down as a consequence of that with 20 percent. If we look on profitability which has decreased on the positive side, as I talked about very solid execution of the projects, In the backlog by a strong team, but the lower volumes and also R&D. We continue to invest in R&D is affecting the profitability negatively. Here's the bridge Q4, Q and Q so to say and how the different businesses are developing. If from the group we go from 11.3 percent to 12.8 percent comparable operating results, marine is up from 11.8 to 13 percent.

**00:28:28 - 00:28:52**
Speaker 2: Energy is also up from 15.1 to 16 percent and storage down then from 6.9 percent to 4.3 percent. Portfolio is actually executing well, improving 3.7 to 7.4 percent, and overall the comparable operating results increased by 23 percent now. Hi, and over to you.

**00:28:54 - 00:29:59**
Speaker 3: Thank you, Hakan. Very happy to talk about other key financials as they look all very, very good. Very happy with that. If we start with operating cash flow €652 million for the quarter and 1.6 for the full year, both on the quarter and the full year, it's an all-time high. As Hakan also mentioned earlier. The previous all-time high is actually also on the slide, it's 1.2 billion in 2024. Great support from the profitability to the cash flow. Let's say you can see it on the EBITDA line, which is clearly getting higher and that of course, over time will convert into operating cash, as well as, let's say, the working capital. Working capital, in fact, is actually at an all-time low as well. A big element in the working capital is, of course, the advances. It's about 1.3 and a little more. If you exclude the advances from the working capital, still, I would say it's a very good working capital level. It's about €80 million positive compared to, let's say, two years ago at the start of let's say 2024, it was €600 million.

**00:29:59 - 00:31:12**
Speaker 3: Working capital, excluding advances, being 600 million at that time, now about 80. It's not just the advances that help us, but it's also all the good work that we are doing in other areas of working capital. A clear highlight on this slide is this the ROCE clearly going up. It's close to double, I would say from the previous year. That is really driven by also good profitability development and in particular also a very good working capital development. Solvency, I'm also very happy with. Let's say, I think it's a couple of years ago that we had a number above 40. Now we have 40.5, up from 37.4 last year. Earnings per share also here, an all-time high at 1.06. I can only say that I'm super happy with these numbers. If we look at the trend and let's say all trends go in the right direction, cash flow clearly, let's say the orange trend is up and the working capital trend is down. Also, good to remark here that let's say the five-year average working capital to net sales line.

**00:31:12 - 00:32:37**
Speaker 3: The dotted line on the right side graph is now, for the first time, in a negative number, -0.6. Just for reference, at the end of Q2, I think we had 2.4, if I remember right. Let's say going well on a long term basis as well. If we then move to dividend, the board will propose to the AGM or has proposed to the AGM basically a base dividend of 0.54 euro cents to be paid in two installments, and then an extraordinary dividend of 0.52 euro cents altogether, making up 100 percent of EPS at €1.06. Final slide from my side. Solid progress towards the financial targets. If we start at the Marine and Energy combined graph in the top left corner. First, very good growth. Organically 15 percent, Newbold was 25 percent and service was nine percent. In both areas, really good growth. Also, the Orange Line, 13.8 percent on the operating margin, really improving significantly, I would say in Q4 on a rolling 12 month basis Q3 was 13.2 percent. One year ago, at the end of 2024, we had 12.8 percent. It is one full percent up year-on-year.

**00:32:37 - 00:33:17**
Speaker 3: On energy storage, as Hakan also explained, already, we have been suffering from, let's say, low order intake. That translates, then, of course, also in lower sales and that has a consequence of, let's say, absolute profitability as well. Still, having said that, let's say the performance was at an acceptable level, 3.3 percent, which is within the range of the financial targets for energy storage, three to five percent operating margin. Gearing it further goes down. I don't need to comment too much about that. I think the dividend distribution I just mentioned. With these words back to you, Hakan on the outlook.

**00:33:22 - 00:34:19**
Speaker 2: Let's look at the guidance. On the marine side, we expect the demand environment in the coming 12 months to be similar to that of the comparison period. Please note that the last 12 months have been very, very strong. The demand continues on a very good level, driven by our core segments. On the energy side, we expect the demand environment for the next 12 months to be better than the comparison period and driven not only by data centers but by balancing power other base load, so better demand environment. On energy storage, we expect the demand environment next 12 months to be better. Also, of course, coming from a very low level but particular in the energy storage, we know that the current geopolitical uncertainty particularly impacts this business and may affect the growth.

**00:34:19 - 00:34:49**

Speaker 2: Then we make the general comment that we underline that the current high external uncertainties make forward-looking statements challenging. Due to high geopolitical uncertainty, the changing landscape of global trade and the lack of clarity related to tariffs. There are risks of postponement in investment decisions and of global economic activity slowing down. Okay, that was the presentation.

**00:34:49 - 00:35:06**
Speaker 1: Thank you, Hakan and Arjen. Now we will continue with the Q&A. Kindly, I ask all the panelists to start with one question, and then we can continue with the follow-up questions after everybody has had the possibility to ask one question first, handing over to the operator, please.

**00:35:06 - 00:35:24**
Speaker 4: If you wish to ask a question, please dial Pound Key five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial Pound Key six on your telephone keypad. The next question comes from Daniela Costa from Goldman Sachs. Please go ahead.

**00:35:25 - 00:36:05**
Speaker 5: Hi. Good morning. Thank you for taking my question and then the follow-up. I wanted to start on getting a little more color on the 35 percent capacity increase. I guess a couple of items are related to that, but how much of that is already things that you have? Let's say on 1Q 28, you will open up? How much of that is already covered by things that you have on the backlog? Would we have any margin impacts before 1Q 28 because you're hiring people? How should we think about, sort of like, any financial implications before you open? Starting with that, and then I'll ask for a follow-up.

**00:36:05 - 00:36:22**
Speaker 2: I think now what we can say is, well, we are starting to open up our backlog. I'm referring to the slide that we presented here. It's a new standard slide going forward, but I don't think it has reached 2028 yet. I think it's a bit early to open up there.

**00:36:24 - 00:36:26**
Speaker 3: Of course, we have orders for 28 already.

**00:36:26 - 00:37:00**
Speaker 2: We have orders for 28. For certain parts of our offering, I mean, engine types, we have different engine types. If you want to order a new engine of that particular type, the delivery date is definitely in 2028. Then we have other engine types that we can deliver at the end of this year. It's a mixed situation. I think that is as precise as we will go. On the cost side, I think that will not affect our profitability in a major way going forward, so to say.

**00:37:01 - 00:37:23**
Speaker 5: Got it. Thank you. As a follow-up, can you talk a little bit about, like, how prices per megawatt have evolved, 25 versus 24? In the general trend you're seeing, given the demand has been so strong, particularly both for engines and turbines and everyone in this supply chain, to have an idea of how the mix is also maybe improving going forward.

**00:37:23 - 00:37:47**
Speaker 2: No. As I briefly mentioned before, I think the margins in our order backlog are going up. It is a very vibrant demand side, and so that leads to some pricing realization. I don't want to go into the details, but it's developing. The margins are...

**00:37:47 - 00:37:48**
Speaker 3: Positive.

**00:37:50 - 00:37:51**
Speaker 5: Thank you.

**00:37:53 - 00:37:58**
Speaker 4: The next question comes from Akash Gupta, from J.P. Morgan. Please go ahead.

**00:38:00 - 00:38:59**
Speaker 6: Hi. Good morning, Hakan, Arjen, and Hanna-Maria. My question is on your announcement on

increasing capacity by 35 percent. Again, when we look at the other power equipment makers, the decision is not surprising. I think what is different is, on other guys, we have a lot of visibility from firm orders, backlog, and some slot reservations, while at Wartsila, based on what you have reported, we don't yet see that. I wanted to ask, like, what has changed in the last few months that led to this announcement of a 35 percent increase in capacity? Is this more of a bottleneck on these 50SG engines that have been commonly used by data centers based on your order announcement or anything that is in the pipeline? Any clarity that you can provide behind this capacity expansion would be great.

**00:38:59 - 00:40:17**
Speaker 2: First, please note that we communicate around our technical capacity. Presently, when you see that in our Q&A document, which we also posted in 2025, we have been operating around 75 percent of our technical capacity. Now the expansion is to expand the technical capacity by 35 percent. You understand we are coming from one level and going to another level over a few years. That's one important element to look into. Why do we do this? You could also say already in April last year, we took one step. We announced the €50 million and where we started to expand, and now we continue. The drivers are several. On the energy side, data centers are clearly a driver, and it is certainly there. We have several opportunities in various stages of maturity. You also saw we started the year in a very strong way. It's not only about data centers. On the balancing power, the narrative is playing out still in the US, still in some other countries as well.

**00:40:17 - 00:41:16**
Speaker 2: You could say the traditional base load is that we have strong demand in Southeast Asia, and in Latin America. It's a strong underlying demand situation overall in energy. On the marine side, we continue to operate as we talked about even though we guide similarly. This is on a very high level for us and on a good level. We continue to see strength in cruise. We continue to see sea strength in offshore and special vessels to a certain extent, and containers as well. It's more than data centers and the expansion. Just also to clarify, it's not only for W50. W50 is the standard energy engine, so you're right from that perspective. This expansion is not for W50 only, clearly.

**00:41:19 - 00:41:22**
Speaker 3: The engine is very flexible, so you can swap slots easily.

**00:41:23 - 00:41:26**
Speaker 2: Thank you for clarifying. The engine is very flexible, so you can run different engine models.

**00:41:26 - 00:41:26**
Speaker 3: Correct.

**00:41:28 - 00:41:37**
Speaker 6: This 75 percent of technical capacity, on total engines, I mean including marine and energy both together, or is it only energy?

**00:41:37 - 00:41:42**
Speaker 2: Total, both marine and energy.

**00:41:45 - 00:41:50**
Speaker 4: The next question comes from Uma Samlin from Bank of America. Please go ahead.

**00:41:52 - 00:42:25**
Speaker 7: Hi. Good morning, everyone. Thank you very much for taking my question. I just have one on the service opportunities for your data center orders. So far, it seems like most of the orders you booked are more on the OE side. How should we think about the service opportunities? I presume that a lot of the data center developers are not keen to do service themselves. How should we think about that? Like the timing of those opportunities and the pricing power you have there. Thank you.

**00:42:26 - 00:43:12**
Speaker 2: I think that there will be a strong service business, first, because these plants will operate 24/7 with high requirements and uptime reliability. That is a strong base for a good service business. Within the data center customers, some want to go to full O&M, where we do the operation and maintenance. Some want to do a little more for themselves. There is not one solution that fits all. We will adapt. If you sum it all up, there's strong potential for service business there now. That has not started to accumulate in order intake yet.

**00:43:14 - 00:43:20**
Speaker 3: It's a baseload opportunity. Baseload is good. The more running hours, the more service.

**00:43:22 - 00:43:27**
Speaker 7: When can we expect to see that coming into your orders?

**00:43:27 - 00:43:46**
Speaker 2: As we said, I'd say a little similar, like on the new build side that we are in negotiation with customers and service agreements. These negotiations are in various stages of maturity, and some of these will materialize this year.

**00:43:48 - 00:43:50**
Speaker 7: Thank you very much; I appreciate that.

**00:43:53 - 00:43:57**
Speaker 4: The next question comes from Vlad Sergievskii from Barclays. Please go ahead.

**00:43:58 - 00:44:24**
Speaker 8: Good morning, and thank you very much for taking my question. Could I ask you about the marine service business? The order intake growth rate slowed a bit from obviously very impressive levels historically. What is your outlook there? What's driving the slowdown, and perhaps what would be a potential impact from the reopening of the Red Sea on the service opportunity that you have? Thank you very much.

**00:44:24 - 00:45:17**
Speaker 2: You're right, Vlad. If you look at Q on Q, we are down. I think there are a couple of drivers. One is that in Q4 2024, we had a big order from Royal. That creates this effect. Then there is also some periodization. I mentioned that earlier on the agreement side, things moving from one quarter to the other. Similar also on the retrofit side. A bit of periodization from one quarter to the other. There is also a bit of FX. It's mainly US dollar exposure. Those are combined. Our underlying message, and I'm reiterating it, is that we are above one, and we have a positive outlook on the growth of the service business also in marine.

**00:45:19 - 00:45:27**
Speaker 8: Very helpful. Anything you can comment on about the impact of the Red Sea reopening? Is it meaningful for your business? Is it not at all?

**00:45:27 - 00:46:34**
Speaker 2: What will happen? What I hear now is that there are some major liners, they are testing. Everybody's very much focused on the safety side. It's pretty obvious that right now people have been running longer hauls in South Africa. If you go back to the Red Sea, that will reduce the route that you travel. However, the whole Red Sea has not been a major driver for service growth. I would say there have been some additions, but it's not a major driver. There are some other elements because some people are also saying that the operators will go slower to try to compensate. They will try to keep some of the fleet. They will not just scrap out vessels. I think the dynamic is a little hard to predict what will happen. It will have some impact on our service base, but not a major one.

**00:46:34 - 00:46:54**
Speaker 3: Not majorly. Also, good to remind you here that the majority of the vessels that sail through the Suez Canal have a two-stroke main engine, and that's the main engine running. We have a lot of auxiliary engines in the merchant fleet, but typically they don't run. Less or more typically on a journey.

**00:46:54 - 00:46:56**
Speaker 2: There are not many cruise vessels going through the Suez Canal.

**00:46:57 - 00:46:59**
Speaker 3: No, definitely not now.

**00:47:01 - 00:47:03**
Speaker 8: That's a very helpful context. Thanks, gentlemen.

**00:47:05 - 00:47:09**
Speaker 4: The next question comes from John Kim from Deutsche Bank. Please go ahead.

**00:47:11 - 00:47:48**
Speaker 9: Good morning. Congrats on the results. Thanks for the opportunity. If we could go back to slide five, where we talk about where you're indexed in the contracting trends. It looks like you're addressing about 25 percent of the overall market, just kind of correlating the two graphs up at the one on top, one on the bottom, on that kind of better indexation over the next three years. Is it fair to assume that there are production slots on these vessel classes already within the contracting numbers? The mix is skewing in your favor over the next three years. Or am I reading too much into this?

**00:47:50 - 00:48:17**
Speaker 3: Okay, if I understand your question right. Let's say it is on these upper lines on the '26, '27, '28. Do we already have contracts to be part of that? I would say the answer is yes, because let's say our order books, as you could also see from the other side, are getting longer and longer also in marine. Clearly, let's say we have orders for '27 to '28. They are part of those lines.

**00:48:17 - 00:48:24**
Speaker 9: Sorry, Arjen. My question is actually more on the production slots in the yards because capacity is still an issue.

**00:48:25 - 00:48:30**
Speaker 3: Can you repeat the question? Because then, most likely I misunderstood it.

**00:48:31 - 00:48:43**
Speaker 9: Sure. Within those orders or that pipeline, do you have visibility on production slots? Are the art constraints still valid, or are these already planned in the yards for the next three years?

**00:48:44 - 00:49:23**
Speaker 2: I would say it's a mix. It depends on what type of vessel you're ordering. If you take a cruise, for instance, I think the slots are pulling out longer and longer in time. Whereas on certain bulk cars or tankers, there are shorter lead times. To Arjen's point, when we talk about Wärtsilä supporting or delivering to the shipyards. If you look at '26, '27, we clearly have in our auto backlog deliveries for yard slots in '26, '27 and '28 as well.

**00:49:24 - 00:49:26**
Speaker 9: Okay. Thank you.

**00:49:29 - 00:49:33**
Speaker 4: The next question comes from Sven Weier from UBS. Please go ahead.

**00:49:35 - 00:50:13**
Speaker 10: Good morning. Thanks for taking my questions. The first one is just following up on the announced capacity expansion. I was just wondering, if you say we raised technical capacity by 35 percent , should we assume that this is also raising the revenue potential by at least 35 percent? Given where the prices per megawatt are heading. I was also wondering why the expansion is only completed in Q1 2028. Because I think it's probably a bit more of a brownfield. Why is this taking, like, two years? That's the first one. Thank you.

**00:50:13 - 00:51:14**
Speaker 2: Over time, if you expand a certain capacity, it will translate to revenues from that perspective. I know you know this then. We have a production schedule that is factory-related. Then we have our project schedule, which relates to when we deliver to customers in the projects. Sometimes there is not a perfect correlation, year by year. As we expand capacity, revenues will go up as well. Then, of course, with the twist, which is positive, maybe from a revenue perspective, if you have EPC, then it's Engine Plus. Now, we are not changing our strategy. Our focus is still having a majority of EEQ and less EPC, but we will still have EPC. Then you get a leverage on the engine capacity that you have. Sorry, your second question.

**00:51:15 - 00:51:17**
Speaker 3: Was on the capacity, why only in early 28?

**00:51:17 - 00:51:55**
Speaker 2: That's what I'm asking my team as well. Let's go faster. But I'm more serious now. I think there is lead time for equipment that we need, for instance, in our testing facilities. This is big power equipment. There is a certain lead time. The concrete needs to dry before you put certain things in. Since the team is doing a great job in trying to do a lot of things and squeeze it in but there is a limit to what you can do in one space, so to say. Believe me, we have really tried to accelerate here.

**00:51:56 - 00:51:58**
Speaker 3: To add, let's say the supply chain needs to follow, right?

**00:51:58 - 00:52:10**
Speaker 2: Very good one. I think the supply chain, as we all know, is critical. However, I would say, the partnership that we announced with Siempelkamp. We wanted to make that point to show it.

**00:52:10 - 00:52:11**
Speaker 3: There's one example.

**00:52:11 - 00:52:32**
Speaker 2: That we are working very actively with our supply chain. That's just one example. We have good dialogue with our core suppliers, and we have long-term relationships. It's a major work. We should not diminish the importance. Step by step, we are in a good role here to be able to go live at the beginning of 2028.

**00:52:32 - 00:52:41**
Speaker 3: If you have a nice factory with capacity, but you miss some parts, then you still cannot make engines. We need to make sure that the supply chain can follow.

**00:52:42 - 00:53:11**
Speaker 10: That makes sense, maybe on the energy margin itself. Obviously an impressive outcome here, but when you look at GEV and Siemens Energy, they've obviously given new long-term margin outlooks for the divisions that obviously look quite nice. What I was wondering, I mean, are you planning kind of a capital markets day for this year, where you also intend to give us revised new, longer term margin targets, at least for the energy business?

**00:53:11 - 00:53:21**
Speaker 2: I think this is a very relevant question. We fully understand it. We will have to come back and answer it. I don't have the answer today, but clearly we understand the logic for the question.

**00:53:22 - 00:53:24**
Speaker 10: Okay. Thank you.

**00:53:26 - 00:53:30**
Speaker 4: The next question comes from Max Yates from Morgan Stanley. Please go ahead.

**00:53:31 - 00:54:23**
Speaker 11: Good morning. I am just sorry to come back on this capacity extension. You talked about the fact that this was in addition to the announcement that you announced last year. I guess if we just look at kind of the base in terms of what you're delivering today, it looks like kind of 1.2GW in terms of deliveries when I back it out of your revenues. I'm just thinking about what the total technical capacity increase is when we include this latest round, but also what went before. And I guess I'm trying to tie it back to this year in terms of megawatts. It looks like your orders are roughly around 2.3 billion. Is that the kind of end technical capacity that we should be thinking of in terms of what you can deliver when we look out to 2028?

**00:54:23 - 00:55:03**
Speaker 2: Here, we will not be so explicit. For instance, we will not give out the megawatts. I know some competition is doing that. We are very happy because we make a lot of analyses of those data. We would rather not give out that data. That's why we are talking about where we are moving in relationship to our technical capacity. As I said, 2025 full year, 0.75 percent of technical, and then beginning of 2028, once we have commissioned this, we will have a technical capacity that is 1.35. So to say so you see where we are coming from and where we are going.

**00:55:03 - 00:55:05**
Speaker 3: It's about 80 percent up from the operating level.

**00:55:05 - 00:55:06**
Speaker 2: Correct.

**00:55:08 - 00:55:16**
Speaker 11: Okay. But we shouldn't assume that you had a given capacity; you increased it last year, and then this 35 percent comes on top of 35 percent.

**00:55:17 - 00:55:45**
Speaker 2: That can be clear. The April announcement, €50 million, you could say that is also coming online in connection with this additional 140. It's not on top. You could say we are going from 0.75 in 2025 to 1.35 at the beginning of 2028. That is including all the investments that we have announced.

**00:55:46 - 00:56:36**
Speaker 11: Okay. Maybe one quick clarification. When we look at your data, when you look at your orders this quarter in energy, in new equipment, you did 520MW. It looks like it was almost entirely that data center order that you booked, and yet the value per megawatt on the orders is only about 0.7 million per megawatt. I'm just trying to square the fact that we're talking about pricing on these data center orders being good. We're seeing huge numbers in terms of dollars per kilowatt coming out of the gas turbines, guys. Yet when I very simply look at your Q4 number, which I know is mostly the data centers, I don't see that kind of uplift. If you can help us understand. It doesn't look like you're getting a huge price uplift to these data center customers based on what you book this quarter.

**00:56:36 - 00:56:50**
Speaker 2: Well, I can say, and I restate, we have definitely improved our order backlog. We are on a good journey there. I would rather say it shows that we are very competitive.

**00:56:54 - 00:56:57**
Speaker 11: What does that mean? Sorry. That means you're pricing aggressively versus the other.

**00:56:58 - 00:57:04**
Speaker 2: No, we can improve our profitability and be very competitive with the gas turbine competition.

**00:57:05 - 00:57:06**
Speaker 3: Also with other engine manufacturers.

**00:57:09 - 00:57:10**
Speaker 11: Okay, understood. Thank you very much.

**00:57:10 - 00:57:24**
Speaker 2: For clarity, I understand your analysis, but I should also say it. We are fully clear there was more than data sent to orders, but the data center was a major chunk of the ordering, so from that perspective, you're right.

**00:57:27 - 00:57:33**
Speaker 4: The next question comes from Panu Laitinmäki from Danske Bank. Please go ahead.

**00:57:35 - 00:58:01**
Speaker 12: Thanks for taking my question. I actually wanted to ask about the same topic. It seems that in Q4 the majority of the energy equipment orders were the single data center order. Just a bit surprised, why didn't you get more of the other orders? Was it just timing, or was it tariff-related delays, or did you increase pricing so much that there were delays, or what caused this?

**00:58:02 - 00:58:51**
Speaker 2: First, this is a project. Energy is a project business. Power plants, whether they go for data centers or balancing power, you negotiate. Sometimes you don't close the deal at the end of December or on the 20th of December. You close it on the 15th of January instead. That's why I underlined, Look at how we started the year

with 550 megawatts. One is clearly the biggest one there is for utility. That the demand is driven by data centers. The smaller one, I would say it's one of our traditional ones. You can say it's balancing the borderline baseload. I think that's the answer to your question. It's about prioritization.

**00:58:53 - 00:58:59**
Speaker 12: Okay.

**00:58:59 - 00:59:00**
Speaker 3: No, go ahead.

**00:59:02 - 00:59:23**
Speaker 12: If I can ask about a follow-up, what does your pipeline in energy equipment orders look like? If you have a directional comment, like if things go as you plan in the first half or full year this year, will it be like half of orders coming from data centers, all of balancing, or any comments? What does it look like?

**00:59:23 - 00:59:28**
Speaker 2: We don't go into those details. The only thing I can point to is the guidance that it will be better.

**00:59:28 - 00:59:31**
Speaker 3: It looks good. Otherwise we would not extend capacity either.

**00:59:34 - 00:59:45**
Speaker 2: Let's look at how we expand capacity, how we communicate. We increased the guidance. We give an extra dividend. We are on the road.

**00:59:47 - 00:59:48**
Speaker 12: Okay. Thanks.

**00:59:50 - 01:00:19**
Speaker 1: We are running out of time. We still have one additional slide. It's regarding our data center theme call, which is taking place next week. It's an excellent opportunity to continue the discussion. What are the opportunities in growing our data center market? Besides Hakan and Arjen, I'm very happy that Anders Lindberg, president of our energy business, will also join the call. Hopefully you can also be there. Our Q1 report will be published on April 28th. Thank you.

**01:00:19 - 01:00:24**
Speaker 2: Thank you for today. Warm welcome to our data center call. Looking forward to that.

**01:00:24 - 01:00:25**
Speaker 3: Thank you.