
Wartsila Q3 net sales up by 22% YoY

Wednesday, 29 Oct, 2008

Finnish engine maker Wartsila said that it expects to see cancellations of ship engine orders due to the financial crisis after it reported third quarter earnings in line with expectations. Order intake fell by 9% YoY to EUR 1,382 million as against EUR 1,514 million, net sales grew by 22% YoY to EUR 1,140 million as against EUR 933 million, operating income grew by 28% YoY to EUR 123 million from EUR 96 million.

Highlights of the review period January to September 2008 period

1. Order intake – EUR 4,750 million, up by 18%
2. Order book – EUR 7,762 million, up by 26% YoY
3. Net sales – EUR 3,082 million, up by 24% YoY
4. Operating result – EUR 327 million, up by 40% YoY
5. Profitability – 10.6%

Mr Ole Johansson president & CEO of Wartsila said that "The accelerating financial crisis has changed the economic landscape dramatically. The implications for Wärtsilä have, however, been rather limited. For the first nine months of this year our order intake grew 18% and the order book is 26% higher than a year ago. We see activity continuing high in Power Plants and the funding of many future projects in the pipeline appears to be secure. For ship power, however, the third quarter confirmed our earlier expectation that the demand is slowing down as the uncertainty regarding future shipping rates and conditions increase. The effects of possible cancellations, due to the uncertainty on the shipbuilding markets, are expected to be approximately 10% of Wärtsilä's total order book value. We reiterate our prospects for 2008 and the record high order book gives a good basis also for the 2009 activities."

Based on the strong order book, Wärtsilä's net sales are expected to grow by about 25% in 2008. Wärtsilä's profitability varies considerably from one quarter to another. The full year operating margin will exceed 11%.

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