
Slowdown signs - Wartsila adjusts its ship power business

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It is reported that ship power business of Wartsila Corporation will initiate formal process to realign its organisation and resources to adjust to the substantially weakened global marine market situation.

As per report negotiations will affect all of Wärtsilä Ship Power's personnel in all functions globally. The number of jobs to be reduced is 400 to 450 of which approximately 80 are in Finland.

In taking these measures, Wärtsilä is looking for annual savings of approximately EUR 30 million. The effect of the savings will start to materialize gradually from the second part of 2009 and will take full effect by the end of 2010. Wärtsilä reiterates its prospects for 2009.

Mr Jaakko Eskola group vice president Ship Power said that "The situation in the shipping industry has changed dramatically during the past six months and we have taken all possible measures to avoid job cuts."

He added that "As the market outlook continues to be very challenging, we must find cost-saving measures that ensure the Ship Power organisation's ability to maintain its competitiveness and efficiency, while at the same time, not jeopardizing customer commitments."

Due to the global economic crisis, the shipping industry and shipbuilding markets have collapsed after a long period of high demand. In the period January to April 2009, the order intake of Ship Power plunged to EUR 135 million a drop of 86% as compared to the corresponding period a year earlier. There is overcapacity in all major vessel segments. In addition to lowered demand, there are risks related to delivery of existing orders as well as order postponements. Wärtsilä sees a potential risk of Ship Power order cancellations amounting to approximately EUR 1,000 million. During the period January-April 2009, cancellations of EUR 75 million materialised and were deducted from the order book.

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