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This release is a summary of Wärtsilä's Interim report January–September 2023. The complete report is attached to this release as a pdf file. It is also available on the company website at www.wartsila.com.

IMPROVED PROFITABILITY, STRONG CASH FLOW AND GOOD DEVELOPMENT IN SERVICES

Highlights from July–September 2023

- Order intake increased by 11% to EUR 1,787 million (1,616), of which organic growth was 18%
- Service order intake increased by 15% to EUR 842 million (732)
- Net sales was stable at EUR 1,452 million (1,433), of which organic growth was 7%
- Book-to-bill amounted to 1.23 (1.13)
- Comparable operating result increased by 53% to EUR 125 million (82), which represents 8.6% of net sales (5.7).
- Operating result increased to EUR 117 million (10), which represents 8.0% of net sales (0.7).
- Basic earnings per share increased to 0.14 euro (0.00)
- Cash flow from operating activities increased to EUR 213 million (100)

Highlights from January–September 2023

- Order intake increased by 18% to EUR 5,214 million (4,436), of which organic growth was 22%
- Service order intake increased by 16% to EUR 2,644 million (2,275)
- Order book at the end of the period increased by 6% to EUR 6,594 million (6,229)
- Net sales increased by 7% to EUR 4,371 million (4,072), of which organic growth was 11%
- Book-to-bill amounted to 1.19 (1.09)
- Comparable operating result increased by 38% to EUR 320 million (232), which represents 7.3% of net sales (5.7)
- Operating result increased by EUR 337 million to EUR 274 million (-62), which represents 6.3% of net sales (-1.5)
- Basic earnings per share increased to 0.28 euro (-0.16)
- Cash flow from operating activities increased to EUR 432 million (-113)

WÄRTSILÄ'S PROSPECTS

Marine

Wärtsilä expects the demand environment for the next 12 months (Q4/2023–Q3/2024) to be similar to that of the comparison period.

Energy

Wärtsilä expects the demand environment for the next 12 months (Q4/2023–Q3/2024) to be better to that of the comparison period.



further improved our performance in many areas. Growth in services continued to support our profitability improvement.

In the energy market, the energy and climate policies around the world continue to evolve towards decarbonisation targets, and the mid-term energy transition outlook remains strong. Due to the higher interest rates and gas price volatility uncertainty remains in the overall investment environment, delaying decision-making especially in the engine power plants business. On the other hand, constraints in global and energy-related supply chains have eased considerably, which has had a positive effect especially in battery energy storage. The energy service business continued to develop well. A good example is the ten-year Guaranteed Asset Performance agreement we signed with US utility Omaha Public Power District. Upon activation, the plant will provide dispatchable balancing power as part of the utility's Power with Purpose project. The initiative is designed to add 400 to 600 MW of utility-scale solar generation and 600 MW of balancing natural gas generation.

In the marine market, the sentiment remained positive for Wärtsilä's key segments. The growing pressure to decarbonise operations continued to drive demand for both newbuild and service. However, capacity limitations at shipyards and increased prices in newbuild continued to dampen the investment appetite in some segments and move the delivery dates of ships further. Good development continued in Marine Power service agreements. We signed, for example, a 15-year Technical Management Agreement with China LNG Shipping (International) Company Ltd that will provide maintenance flexibility for the world's largest shallow draft LNG carrier. In July, the International Maritime Organisation (IMO) revised its strategy on greenhouse gas emission reductions from ships to be more ambitious. The aim is now at least 20%, striving for 30%, emissions reductions by 2030 and net zero by or around 2050. The clear rise in ambition supports Wärtsilä's strategy and accelerates our decarbonisation opportunities as shipping companies need to increase investments to decarbonise operations.

In the third quarter, order intake grew organically at 18%, supported by good development both in equipment and services. In Energy segment, equipment order intake decreased with lower volumes in both thermal power plants and energy storage. In the power plants business, some orders have been moving forward. Net sales of the Group grew organically at 7% with solid growth in services and a decline in equipment. The comparable operating result increased by 53% to EUR 125 million with a comparable operating margin of 8.6%, supported by improving margins among many of our businesses. Cash flow from our operating activities also significantly improved.

Wärtsilä continues to lead the decarbonisation journey with a strong commitment to R&D. We have continued to invest in our engine portfolio to be capable of utilising carbon neutral and zero carbon fuels. As already communicated, we will release our ammonia engine product by the end of the year. We are the market leader in hybrid solutions and we are developing fully electric solutions. In both cases battery storage systems are used on ships. During the quarter, we announced that Incat Tasmania has selected Wärtsilä solutions for the world's first zero emissions lightweight Ro-Pax Ferry. With an overall length of 130 meters, this will also be the biggest battery electric ship ever built. The uniquely designed vessel will be fully battery powered, with e-motor driven Wärtsilä waterjets as the main propulsors.

We expect the demand environment for the coming 12 months to be similar to the comparison period in the Marine (including Marine Power and Marine Systems) business and better than the comparison period in the Energy business. We continue to make steady progress towards our profitability target. As earlier communicated, our profitability during this and the previous year has been burdened by cost inflation, particularly due to projects taken before the acceleration of cost inflation. We have now delivered these projects out of our orderbook. Furthermore, our energy storage business is now profitable (on a 12-month rolling basis) as a result of a successful turnaround. Although partially still at losses, the profitability of the businesses that earlier formed Voyage is also improving, and the turnaround is now on plan. Wärtsilä is a technology leader in the decarbonisation transformation. We are very well positioned for the future and we



KEY FIGURES

MEUR	7-9/2023	7-9/2022	Change	1-9/2023	1-9/2022	Change	2022
Order intake	1,787	1,616	11%	5,214	4,436	18%	6,074
of which services	842	732	15%	2,644	2,275	16%	3,066
of which equipment	946	884	7%	2,570	2,161	19%	3,008
Order book, end of period				6,594	6,229	6%	5,906
Net sales	1,452	1,433	1%	4,371	4,072	7%	5,842
of which services	762	664	15%	2,305	1,991	16%	2,775
of which equipment	690	769	-10%	2,066	2,080	-1%	3,067
Book-to-bill	1.23	1.13		1.19	1.09		1.04
Comparable adjusted EBITA*	130	87	49%	336	250	34%	349
% of net sales	8.9	6.1		7.7	6.1		6.0
Comparable operating result	125	82	53%	320	232	38%	325
% of net sales	8.6	5.7		7.3	5.7		5.6
Operating result	117	10	1123%	274	-62	541%	-26
% of net sales	8.0	0.7		6.3	-1.5		-0.4
Result before taxes	107	7	1377%	245	-67	464%	-32
Basic earnings/share, EUR	0.14	0.00		0.28	-0.16		-0.11
Cash flow from operating activities	213	100		432	-113		-62
Net interest-bearing debt, end of period				356	377		481
Gearing				0.17	0.18		0.23
Solvency, %				35.2	34.5		35.3

*Comparable adjusted EBITA excludes items affecting comparability and purchase price allocation amortisation.

Wärtsilä presents certain alternative performance measures in accordance with the guidance issued by the European Securities and Markets Authority (ESMA). The definitions of these alternative performance measures are presented in the Calculations of financial ratios section.

ANALYST AND PRESS CONFERENCE

A virtual analyst and press conference will be held as a webinar on the same day, Tuesday 31 October 2023, at 10.00 a.m. Finnish time (8.00 a.m. UK time).

If you only wish to view the stream, please register at: <https://www.mediaserver.fi/live/wartsila>

If you plan to view the stream and ask questions in the Q&A session, please register at:

<https://attendee.gotowebinar.com/register/2480103941980089941>

Please register using only one of the links above, not both. Once you have registered, you will receive a confirmation email that includes specific joining instructions.

Please note that there will be no separate audio (phone) line for the event. The Q&A session will use the audio in the GoToWebinar tool itself. In case you are joining via mobile, you may need to install the free GoToWebinar app from the app store.

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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 their environmental and economic performance. Our dedicated and passionate team of 17,500 professionals in more than 240 locations in 79 countries shape the decarbonisation transformation of our industries across the globe. In 2022, Wärtsilä's net sales totalled EUR 5.8 billion. Wärtsilä is listed on Nasdaq Helsinki. www.wartsila.com

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About Wärtsilä

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