

WÄRTSILÄ CORPORATION INTERIM REPORT JANUARY- SEPTEMBER 2016

[Interim Report Q3 2016 \(pdf\)](#)



Positive development in order intake

“The third quarter of 2016 developed largely in line with our expectations. As anticipated, the concentration of deliveries towards the end of the year resulted in lower sales, which burdened our operating result. We continue to focus on increasing efficiency and flexibility within our organisation.

Although service activity has stabilised at a high level, we remain confident in the positive long-term drivers. In the equipment markets, the demand for new vessels was weak, reflecting the challenges related to overcapacity and low earnings. Nevertheless, improved sentiment in the power generation markets has contributed to the growth in overall order intake. I am pleased to note that a solid project pipeline supports continued momentum in our Energy Solutions

business.

Despite the growth in order intake, lower than anticipated power plant deliveries in the current year has caused us to adjust our guidance for 2016. We now expect a small decline in sales, and estimate profitability to be around 12%.”

Wärtsilä's prospects for 2016

Wärtsilä revised its prospects on 12 October 2016. Wärtsilä now expects its net sales to decline by around 5% and its profitability (comparable operating result as a percent of net sales) to be around 12%. Previously Wärtsilä expected its net sales to grow by 0-5% and its profitability to be 12.5-13.0%.

Third quarter highlights

- Order intake increased 5% to EUR 1,139 million (1,086)
- Net sales decreased 12% to EUR 1,079 million (1,222)
- Book-to-bill 1.06 (0.89)
- Comparable operating result EUR 123 million, or 11.4% of net sales (EUR 160 million or 13.1%)
- Earnings per share 0.43 euro (0.49)
- Cash flow from operating activities EUR 189 million (-5)

Highlights of the review period January–September 2016

- Order intake increased 2% to EUR 3,604 million (3,529)
- Net sales decreased 6% to EUR 3,242 million (3,439)
- Book-to-bill 1.11 (1.03)
- Comparable operating result EUR 330 million, or 10.2% of net sales (EUR 397 million or 11.5%)
- Earnings per share 0.92 euro (1.46)
- Cash flow from operating activities EUR 378 million (78)
- Order book at the end of the period decreased 2% to EUR 5,024 million (5,112)

Key figures

MEUR	7-9/2016	7-9/2015	Change	1-9/2016	1-9/2015	Change	2015
Order intake	1 139	1 086	5%	3 604	3 529	2%	4 932
Order book at the end of the period				5 024	5 112	-2%	4 882
Net sales	1 079	1 222	-12%	3 242	3 439	-6%	5 029

Operating result ¹	122	149	-18%	301	386	-22%	587
% of net sales	11.3	12.2		9.3	11.2		11.7
Comparable operating result	123	160	-23%	330	397	-17%	612
% of net sales	11.4	13.1		10.2	11.5		12.2
Comparable adjusted EBITA	132	170	-22%	356	420	-15%	643
% of net sales	12.3	13.9		11.0	12.2		12.8
Profit before taxes	115	132	-13%	253	354	-29%	553
Earnings/share, EUR	0.43	0.49		0.92	1.46		2.25
Cash flow from operating activities	189	-5		378	78		255
Net interest-bearing debt at the end of the period				384	513		372
Gross capital expenditure				126	314		346
Gearing				0.18	0.26		0.17

¹Items affecting comparability included restructuring costs of EUR 2 million (11) in the third quarter of 2016. During the review period January–September 2016 restructuring costs amounted to EUR 29 million (11), of which EUR 17 million were non-cash write-downs.