

Market development

Steady development in the service markets

Service market activity during January-September 2018 was in line with the corresponding period of the previous year. In the marine markets, transactional service activity remained on a lower than anticipated level in the merchant and offshore segments, while the demand for services was healthy in the cruise and ferry segment. The approaching IMO 2020 sulphur regulations continued to drive demand for environmental retrofit projects. In power plant related services, there was some slowness in demand development in specific countries.

Power generation markets shifting towards smart and flexible technologies

The interest in flexible power generation and storage solutions is growing, as solar and wind become increasingly cost competitive. Utilities are assessing how to integrate such energy sources into their asset base, and are updating their long-term investment plans accordingly. In the emerging markets, currency volatility has resulted in postponed decision-making in certain countries, despite the continued need for flexible baseload capacity to support economic growth and alleviate power shortages.

Energy Solutions' market share

For the twelve months period ending in June, Wärtsilä's market share in the below 500 MW market segment decreased to 17% (21). Global orders for natural gas and liquid fuel power plants increased by 15% to 20.7 GW (18.1). Global orders include all gas turbine and Wärtsilä orders with prime movers over 5 MW in size.

Gradual recovery in marine markets with strong demand for environmental solutions

During January-September 2018, 801 contracts for new vessels were registered (690). In the merchant markets, the positive outlook for LNG trade resulted in robust gas carrier orders, while investments in bulkers and container ships declined partly due to global trade tariff concerns. Overcapacity continued to slow newbuild investments in the offshore industry. Contracting in the cruise and ferry markets remained at a high level. The demand for exhaust gas cleaning systems continued to grow as a result of the approaching IMO 2020 sulphur regulations.

In terms of compensated gross tonnage, South Korea and China remain the largest shipbuilding nations with 39% and 32% of all confirmed contracts respectively. Japan and Italy accounted for 14% and 4% respectively of the global total.