Hanna-Maria Heikkinen: Good afternoon ladies and gentlemen. And welcome to this news conference regarding Cargotec's half year report January-June 2017. My name is Hanna-Maria Heikkinen. I'm in charge of Investor Relations.

And today our CEO Mika Vehvilainen will start with a group level development. Then our CFO Mikko Puolakka will continue with the business areas and financials. And then Mikko will conclude with the outlook. And after the presentation there is great possibility to ask questions.

Mika Vehvilainen: Thank you, Hanna-Maria. And good afternoon from my behalf as well. Welcome to the Q2 conference call. Let's start with overall developments and highlights of the Q2. I'm very satisfied for the fact that we are continuously able to improve our operating profit. And that improvement continues both in Hiab and Kalmar during the Q2.

And also I'm very satisfied for the fact that MacGregor has been able to manage the profitability and maintain the profitability at the last year level despite the still strong decline in revenues. Orders received increased in Hiab quite strongly and declined in MacGregor and Kalmar. I will come back to that one in a moment.

Also I'm happy in the terms of the service and software sales is now actually compromising 31% of our total revenue. And I'm especially satisfied with the strong growth we show in software, increase being 26% from the Q2 last year.

Few words about the market environment: as we have discussed already earlier this year, the market environment around global container throughput and World Trade has been better than we actually expected the end of the last year.
And depending a little bit on the source, the volume growth in container output or container traffic is somewhere between four and five per cent. And this is of course good news in the sense that the end market is clearly recovering and shown still relatively strong growth.

Also, the strong interest to what the more the efficient solutions in terms of terminal automation continues to be strong. Having said that one, obviously the market environment around the shipping and container terminals is in a great flux at the moment. We see great consolidation, not just in terms of alliances but actual mergers and acquisitions taking place.

And the whole landscape around the shipping, shipping lines and container business and the terminal operators - this is actually changing quite drastically. In the long run, I do believe that stronger consolidation and better market rationalization will benefit all of the industry's players and hopefully lead for better profitability in that business as well.

However, in the short to medium term of course this brings more uncertainty than this into the market. And it's very visible in terms of our large customers not being ready to take major investment decisions at this stage. And the customer decision making has clearly been quite slow in terms of major investment decisions.

We also see the focus more and more increasingly being terminal automation in so-called brownfield - I.E. automating of the current terminals rather than building entirely new ports at this stage.

In terms of the construction activity, the market actually has remained strong in U.S. and also showing increasingly good signs in Europe. And from Hiab's point of view, that's obviously very visible in the strong order intake we are having.
The marine cargo handling equipment market is still weak. We actually saw some sort of positive end market indications during the Q1. Having looked at then the market situation in Q2, we still see quite a bit of softness there in terms of Baltic Dry Index freight rates, et cetera. And that's also very visible for example in MacGregor demand and also demand for metric or MacGregor services at this stage.

Moving into the orders, obviously highly satisfied that Hiab is going from strength to strength. And a 17% order increase is a good sign of the strong market development. Our orders increased in U.S. in Europe as well as in Asia-Pacific. So all the regions are actually showing strong market development at this stage.

In MacGregor’s case, market obviously still continues to be weak. And we saw further decline in orders. And Mikko will touch this a little bit more in detail in his presentations. In Kalmar, the orders declined compared to last year. The main driver for that one was clearly that no major investment decisions or no larger projects were there for us during the Q2 this year.

The order book is declining. One has to be a little bit cautious with this one because obviously our business mix is shaping more towards the strong growth in a short cycle business whereas the long cycle business, Kalmar projects and automation as well as the MacGregor orders have been declining. So this is the decline of such is not a very good indicator for the revenues as for example, Hiab is growing strongly but obviously with a very much shorter cycle. The order book there is proportionally smaller.

Good, good progress in operating profit. Obviously Hiab going from strength to strength and again, breaking a new record in terms of profitability. And this was against very strong Q2 already from last year.
Kalmar, despite a decline in revenues, was still able to show a good improvement in operating profit, showing that our profit improvement programs are making progress in there as well. And also very satisfactory performance from the MacGregor in terms of managing the profitability level despite difficult situation in the markets and declining revenues.

The main driver for the profit improvement as we have discussed in the past is not so much on cost, although obviously we have to be adjusting our cost, especially in MacGregor in the market situation. But it has been the investments in our technology and our R&D that has been driving better products, more competitive cost points, more attractive products. And that together with the better project execution has led to the continuously improving gross margins and gross profit in our business. And that's really driving the main improvements in our profitability.

As said, very satisfied with the softwares sales increasing 26%. The software sales increase is primarily driving by the Navis terminal operating systems for the port where we are clear market leader today. And we see the sort of market situation there being fairly good. Obviously more and more terminals are today contemplating about the continuation of in-house systems versus the commercial system is better. Navis is the market leader.

Service sales was a disappointment on a headline level. But if I actually break it down -- I'll look at it a little bit underneath that one. There are few drivers in there. First of all, obviously, as we described earlier, due to the difficult market situation being in MacGregor's shipping lines, the demand for services is still very soft. We stabilized it in Q2 in terms of spare parts. But the maintenance revenues declined further - 18%.

I think this is a sign of either customers delaying maintenance work and at the same time - or making sort of a more maintenance work in-house in there as well. Kalmar actually had a 23 million large crane upgrade project last year that was booked in orders. And that explains the change in services orders. That project has been sort of continuing - has had some issues.
And if you actually exclude the project type services business, Kalmar’s core services business - I.E. the spare parts and maintenance - has actually been growing well this year and is actually on the target at the moment.

Hiab has been growing here today during the first six months. But did not grow here in the Q2. They sort of faced a short term operational issues in some specific countries. But we still see a good growth prospect in Hiab - Hiab services - with all the measures we are taking at this stage. I said already, overall the service and software is now about 31% of the group revenues.

We launched the sort of eco-efficiency and product portfolio in connection of our annual general meet - at the meeting this spring. Very happy to sort of clearly get a good traction on this one.

The investments we are doing in our R&D and technology are actually helping us to build a clear competitive advantage around eco-efficiency and solutions and products where the demand from our markets is clearly increasing. Very happy for the fact that we have now verified and got the certification for taking eco-efficiency and portfolio from the DNW verification agency.

And also very proud of the fact that the leading global rating company, Ecovadis, has awarded us a gold recognition in this category as well. With that one, let's talk about business areas a little bit more specifically. And I'm happy to hand over to Mikko.

Mikko Puolakka: Thank you, Mika. And also warmly welcome from my side. If we start with Kalmar where the quarter two profitability improved despite the lower sales. Orders were 386 million euros, down by 12% from last year's level. We saw an order decline in APAC and in Americas. Actually the EMEA orders increased slightly.
As Mika indicated already earlier, we had a nice development in the software business in Navis where orders were well up. And - but in the large projects and that automation division, we saw a decline. The comparison period includes also the 23 million euros large upgrade order.

Order book was 926 million euros, down 8% from last year's level, very much driven by the automation large project order - low orders. Software sales were up by 26%. And service sales were on last year's level. Sales were 403 million euros, 4% down from last year. Despite lower sales, profitability improved and was 33.2 million euros or 8,2% or our sales.

And the profitability was very much driven up by a favorable mix - I.E. higher software and service sales as well as improved project execution.

Then Hiab - where the second quarter was superior in many terms - record high operating profit. Also very good development in orders. As Mika indicated, orders were growing in all three regions.

We had a very good development in loader cranes and demountables product groups. Sales were on last year's level both in services as well as in equipment and then very good operating profit - 15.6% for second quarter. Already in significant improvement for the already very strong quarter last year. And the profitability is very much driven in Hiab by new product launches as well as slightly lower fixed cost in the second quarter.

Then MacGregor second quarter profitability was on last year's level despite significant decline in sales. Orders increased in EMEA and in Americas and went down in APAC.

There was a 12% increase from the first quarter of this year, driven very much by one large order in MacGregor. We saw a growth in orders in offshore solutions as well as in RoRo business. Sales were 160 million euros - 18% down from last year's second quarter. And profitability
remained on last year’s level. So basically with these ongoing and past cost savings programs, we have been able to offset this 18% decline in sales.

We have several cost savings programs ongoing. And those are proceeding according to the plans. We have the 50 million euro savings program, which is related to indirect procurement and consolidating certain support function activities to Bulgaria.

Then in MacGregor we have the 25 million euros cost savings program. Also very well progressing. That yielded 7 million euros savings in the second quarter. And now year to date, we have been able to make 13 million euros in total from that program as savings.

Kalmar’s production transfer from Sweden to Poland is progressing according to the plans. And as a reminder, we are expecting to yield 13 million euros savings from 2018 onwards from that. We also continue heavily with the product re-design, especially in the Hiab's area but also in Kalmar and MacGregor and also in the project management improvements as we have already been demonstrating in Kalmar’s results this year.

Few words about the financials in January-June. Mika went already through the top line numbers. Couple of items to be noted in the profitability area. Our operating profit excluding the restructuring charges were 72.1 million euros - up by 11% year on year.

But we had quite significant restructuring cost in the second quarter - 11.7 million euros in total. These are mainly related to MacGregor ongoing restructuring charges. And after these we charge the restructuring charges are operating - reporting operating profit was 60.4 million euros - down by 3% year on year.

This is also visible in the earnings per share, which was 0.58 euros for the second quarter. Excluding the restructuring charges, it would be 0.72 euros, +10% year on year.
Our cash flow for the second quarter was 40 million euros, impacted by the lower order intake in Kalmar and MacGregor project business. And that is reflected in lower advance payment.

Also, we had significantly - or I would say, quite much higher working capital needs in certain Kalmar product categories.

As you can remember, we issued new - two new bonds earlier this year. We have also continued our refinancing. We refinanced 300 million euros, revolving credit facility successfully now in June by extending it for five years plus an option of two years. This revolving credit facility is fully undrawn at the moment. Our gearing was 42.7% at the end of June, compared to 36% at the end of last year.

The average interest rate has been declining. Last year - quarter two - it was 2.4%. And now 2.2% as a result of the successful refinancing. And our maturity profile is very balanced. No major repayments coming in front of us in the coming years.

Booking the longer term profitability trends, we have a solid profitability improvement track here, operating profit excluding restructuring charges - 8%. And then return on capital employed 10.2% at the end of June, compared to 8.8% end of last year.

And 2017 outlook, we reiterate our guidance for this year operating profit is expected to improve from last year’s level - I.E. from 250 million euros. And with those words, I hand over back to Hanna-Maria.

Hanna-Maria Heikkinen: Thanks Mika, and Mikko. Now it’s a good possibility to ask some questions. And we will start with potential questions from Ruoholahti at the headquarter. Are there any questions?
Erkki Vesola: Hi. Good afternoon. It's Erkki from Inderes. Actually I would have three questions, if I would take them one by one. First on Kalmar, do you see any other reasons kind of prohibiting terminal investments, be them financial, environmental, permission related, et cetera, in addition to what you just said?

Mikko Puolakka: If I take that one. First of all, when I look at the different drivers, the uncertainty is by far the biggest driver. If I look at in the past, of course, the sort of questions around the risk related to the automation project are clearly declining the automation performance and terminal performance in automated terminals is clearly improving.

And I think the credibility around the systems from technology point of view is increasing. From financial point of view - I only see a positive drivers. The business case is overwhelming good for the sort of terminal operators.

We are looking at about 40% of our fixed operating costs are labour related. And you're able to take more than half of the labor out. Your payback time for this investment is really a question of only a few years. So it's very attractive in that sense. Obviously, this is an industry that has a long traditions. It's not very high clock speed. The profitability of terminal operations has traditionally been very good.

So the sort of - the real kind of pressure to actually change this is not necessarily as large as it is in some other industries where the efficiency requirements have been probably pushing for those changes quicker.

But I think with the consolidation of the shipping lines and the sort of more pricing pressure coming to us - the terminal operations - I would assume that that would even accelerate further the need to efficiency. Environmental issues actually are another positive driver. Generally, there
is an increasing requirements for the port in terms of the environmental impact, noise, pollution, CO2. An automated terminal is just able to operate from an environmental point of view considerably better. And then you raise the permissions - the issue causing that for example in U.S. West Coast, there is a great pressure for more environmental operations which would encourage more automation. But the permits related to port development can be actually long time coming as well. They can easily take quite a lot of time at the moment.

But I would say, talking to the customers, the main issue really is just an overall uncertainty about the industry consolidation. And as I said, with the landscape is actually changing quite fast and drastically. In addition to the alliance development is all we have seen quite a few major M&A moves now taking place.

And really if you look at the traffic for example, within Europe and Asia, at the moment, that business is consolidating at a very fast rate. I would make some sort of comparisons for the U.S. airline industry. There be so after many many years of losses, strong consolidation that has resulted into the more profitability in the business and the potential of starting to sort of witness similar development here, which I think in the long run of course is good, good news for the industry. But it's not helping in the short term decision making.

Erkki Vesola: Thank you. A quarter ago, you were quite optimistic about orders starting or decisions starting to be made during the latter half of this year. Do you still stick to that view?

Mika Vehviläinen: We have number of active negotiations going on. But obviously the timing of those ones is not entirely in our hands at the moment. But there are - there is quite a bit happening in the industry.

And overall obviously we will sort of probably update more on the overall landscaping and the connection of the Capital Market Day in September as well. But there are number of active
discussions and negotiations going on. And we will have to see whether they be landing within this year or then early next year.

Erkki Vesola: Okay, thanks. And then on - a brief one on Hiab. What's your comment on the margin's sustainability where we stand now?

Mika Vehviläinen: I think overall we are tracking well. It's obviously supported by the volumes, but very much driven by the sort of product designs that we are still introducing new products and all the time and the good market demand I think is helping in terms of the competitive pressures as well.

So, but a word of caution of course when you look at the last year as well that Q2 is seasonally the strongest always. The Q3 is seasonally the weakest. So if you look at the development - if I remember correctly, we make more profit on first half of last year than we did in second half. And I would assume the same thing happening again this year.

So you will see the Hiab margins drop in the Q3. It's our seasonally weakest quarter we will have there. So again, I would make the comparison of looking at the development from last year quarter on quarter. You would probably see the similar kind of pattern happening this year as well.

Erkki Vesola: Okay, thanks. And then finally on MacGregor, do you see or foresee shipyards starting to receive orders that would be more favorable for the MacGregor products? Hatches and cranes on board - cranes and so forth.

Erkki Vesola: Better sales overall?

Mikko Puolakka: Yes, I mean first of all, I’m happy for the fact that this is now our third quarter we are increasing sequentially. But we are still down in year on year. And some of these orders are not necessarily in the core of that one. The demand especially around the general cargo ships and
the interest is clearly up at the moment. And there are more inquiries - more activity on that one. And that will ultimately turn into orders. But the speed of those orders is still a question mark.

So it's absolutely right that in terms of hatch covers, cranes, et cetera, the market has been very weak. We see the end market recovering. This is a number of inquiries going up. But the timing of those orders is still a bit of a question mark.

Erkki Vesola: Thank you very much.

Hanna-Maria Heikkinen: Thank you. Do we have further question here in Ruoholahti? If not, then we will continue with the international questions.

Operator: Thank you. If you would like to ask a question, please signal by pressing star, one on your touch-tone keypad. If you are using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. One second. Please press star, one to ask a question. Our first question comes from the line of Nordea, Manu Rimpelä. Your line is open. Please go ahead.

Manu Rimpelä: Good afternoon. My first question would be on the services business. So this is to help us understand a bit better the lack of growth we see now in Q1 and in Q2 if you look at the service business.

And what are you doing to address this, because I remember you have been kind of focusing on that sort of business and hoping to get that pick up. So are you seeing an issue there and that you need to address? Or is it just more related to something else? Can you just elaborate on that please?
Mikko Puolakka: Yes, good afternoon Manu. So service is at the first an issue. We of course having services is the situation around the MacGregor - an especially merchant area there. And shipping lines are clearly our saving at the moment. There is a delay in dry docking as much as possible. There is an increase in scrapping that leads to the cannibalization of spare parts. More in-house maintenance is done versus outsource maintenance. So the market remains soft. And that's of course visible in the MacGregor services and really driven primarily by the market there.

And as I already said, spare parts - we are kind of seeing settling down or leveling out. But the maintenance demand was still down by 18% - if I remember correctly - on Q2, which means that there - shipping lines are saving in maintenance - either doing it in-house or in some cases just sort of pushing back the maintenance overall. And that is very much a market driven.

There are a number of things we are of course doing in MacGregor to enhance and accelerate our services business. But you operate with a very sort of head winds in terms of market. If I look at Kalmar numbers - as I said, this is looking with distorted by the - by this project type of service business, especially at the large - 23 million large crane upgrades that beat record in Q2 last year. And that is winding down now.

If I look at the core Kalmar services business, which is very much in our focus area, which is the combination of spare parts and related maintenance, that's actually showing a good growth year on year, both in Q1 and Q2 at the moment. And we are hitting our plans on that one.

Hiab services was growing in year to date. But the Q2 was leveling out a little bit. It was a disappointment. We looked into this one quite a bit in detail. There were certain issues related to logistics and delivery of spare parts that were actually prohibited by this cyber-attack with some of our logistic service providers.
We had certain issues with the tools deployment in certain countries. And the upgrade in the systems and processes - so bits and pieces in here and there sort of slowed down the development. But overall I'm still optimistic and positive about the good work we are doing in Hiab services.

So despite the headline number not showing particularly good numbers, I'm still pretty happy when I look at overall the progress we are making. And we are making the right measures. And it's mostly visible also in our numbers at the moment.

Manu Rimpelä: Okay. Thank you. And then another question. Moving to Kalmar, how do you see the - obviously we talked about already the bigger automation orders and those being postponed. And we hope to see them for the - maybe for some 12 months now.

But how do you see - if you look at the underlying business, excluding these larger orders, what kind of direction is it taking? And if this is the kind of mode that traditional mobile equipments - are you seeing any acceleration in that aspect? Kind of underlying environment seems to still be improving?

Mika Vehviläinen: I would say it is mostly stable at the moment. So when I look at our sort of sales funnel and we have a very good sort of deployment of sales force now in place in Kalmar. So we see the sales funds of them remains strong. I don't think it's necessarily increased from the last quarter as such. But it remains stable in there. It didn't show any particular strengths as well.

So very clearly when you look at the Q2 numbers, it's a lack of major orders and then sort of leveling out of them. And none of the other businesses sort of showed any particular sign of strengths either. So that didn't help.
In mobile equipment I am - when you look at the Kalmar revenues, then as well - Mikko already sort of hinted in that one - we did have some delivery issues there that partly let those sort of sales decline there.

We - I think as we have described in the past, the ramping up the Polish factor and the combination of bringing the volumes from Sweden to Poland has not been without certain operative issues. And we were not able to execute on all the deliveries at the end of the Q2. That was somewhat visible on the Kalmar softer sales.

And that's also actually impacted negatively to cash flow as Mikko was saying. So our inventory levels for the end of the quarter were higher than we'd typically see on that one. But that was really our own goal. So to say, not to do anything with the market.

Manu Rimpelä: Okay, and then the final question may be more directed to Mikko. The cost service programs slide to so with base of three ongoing programs. So just give us a basing of how do you see the kind of P&L impact of those cost savings coming in over the next three years?

Mikko Puolakka: Well, I would say that if we think first one the 50 million euro cost savings - so the majority of that will start to be visible from 2020 onwards. But I hope that we can see some millions during this year already from the indirect procurement part. And that will then accelerate in 2018 and 2019.

And for - what comes to the business services operations, I would say that their main weight would be towards 2019, 2020. For MacGregor, basically this 25 million is fully visible during this year. And then the Kalmar's 13 million would be visible in - from 2018 onwards.
Manu Rimpelä: And just to clarify the MacGregor and Kalmar’s of the P&L in terms of the run rate because savings will be achieved by the end of 2017. So will they still kind of have a positive contribution in 2018 as well?

Mika Vehviläinen: Well, yes basically the run rate savings should be visible already. If you compare 2017 MacGregor fixed costs to 2016, this 25 million is fully visible in 2017. And the run rate - run rate if you - if we compare now the run rate for the first 6 months of 2017, that is 13 million euros lower compared to the cost run rate of 2016 - January, June.

Manu Rimpela: Okay, thank you. No further questions.

Johan Eliason: Yes, hi. This is Johan. Just a question on Kalmar and on the service development areas as it is related to these crane refurbishment big project you had lost here. Is that just a revenue issue? Or did I understand there was some sort of margin issues with this type of refurbishment or crane operates?

Mika Vehviläinen: It’s primarily revenue issue but related to this one large order, it certainly didn’t help in terms of margin either. It has not been the most successful project we’ve been running. There’s not a significant impact. But it certainly has a deteriorating affect.

Johan Eliason: So that’s should have the margin now going forward if it’s now finished or...

Mikko Puolakka: It's not finished at - well, actually, I think we plan to target to end that towards the end of this year.
Johan Eliason: Okay. And then on Hiab - continues to exceed everybody's expectations. And you continue to sort of try to reduce our expectations. And you talked about when the margins were good in Q1 that you want to expand that business now more into emerging markets. And that would entail some costs associated with that. Have we seen anything from that yet or...

Mika Vehviläinen: No, I would say that's stay tuned on that one. We are working actively on that one.

Johan Eliason: So we should expect those activities to start to potentially impact the margins more towards the second half of this year or into next year?

Mika Vehviläinen: Or - mostly this is sort of - we do inorganic - we are looking at inorganic growth. So, you know, the tests - they will always take time in terms of closing, et cetera. So I think you will be primarily looking at 18 numbers.

Johan Eliason: Okay, good. And then just in this quarter, you don't update us on this 600 million profit improvement target for Kalmar. How see you on that one right now?

Mika Vehviläinen: Well, I mean in a way that's visible in the numbers if you look at the Kalmar improvement as well. But I think we will give you a bit more updated detail on that one in connection with the Capital Markets Day in September.

Johan Eliason: Okay, good. That was all of my questions. Thank you.

Mikko Puolakka: Thank you, Johan.

Operator: Our next question comes from the line of HSBC, Philip Saliba. Your line is open. Please go ahead.
Philip Saliba: Hi. Just a few questions left from my side, one being related to restructuring costs. Could you maybe tell us what we should expect in H2? First question. And then secondly, you've talked about some inquiries for MacGregor. We've seen now an uptake already in H1 in terms of orders.

When would you expect orders to be placed potentially at MacGregor? So is it still the usual delay or let's say, six months after the ship has been ordered? And also, if we look particularly at the segment which is relevant for your containers, what have you seen there most recently?

Mika Vehvilainen: Mikko, you take the restructuring. I can handle - talk about the MacGregor then.

Mikko Puolakka: Okay. So cumulatively, we have incurred now in the first half of this year approximately 14 million euros restructuring charges. And for the full year I would say that if you used 20 million as a number, I guess that's a good enough proxy for this year's restructuring charges. So 40 million year to date. And for full year, 25.

Mika Vehvilainen: And MacGregor - if I start with the container ships first. At that market, I think there has been a number of these large, large container ships ordered that are being delivered. Some of the deliveries have been postponed due to the consolidation of the shipping line.

We see the demand shifting to the so-called Reefer so I.E. smaller container vessels. So if you look at the number of ships ordered, that looks still pretty good. But one has to remember that the value by ship is actually declining pretty rapidly. So I would say that the outlook on the container side is not particularly rosy.

The market segment that this is obviously doing well for us - still is the RoRo and car ferries remains to be strong and where we see the best opportunities to recover at this stage - these so-called general cargo ships area where there are active projects and inquiries taking place.
The timing - actual timing of the orders is obviously a little bit uncertain as we have very often said in MacGregor, it's a long cycle business. So roughly speaking from ship order to our equipment order, it's about six months. And then it's another six to 18 months from that into deliveries.

Obviously with the demand being cut down so drastically now the throughput times in the shipyard for example are likely to be faster. So some of this actually might come through faster than we have seen in last few years. But that's a little bit early still to say. But then opportunities for faster realization of orders and revenues is still.

But effectively, you know, anything that you look at in terms of the ship order towards the end of this year is more likely to then result revenue in MacGregor in 2019 rather than in 2018.

Philip Saliba: Okay, thank you very much.

Mika Vehvilainen: Thank you.

Operator: Our next question comes from the line of Danske Bank, Antti Suttelin. Your line is open.

Antti Suttelin: Yes, thank you. It's about Kalmar. And I would just be interested to know how much were this kind of big orders that now we're lacking a year ago, just to get a feel of how the underlying business went.

Mika Vehvilainen: Mikko, you want to take it or - I think the only big order that we lost in Q2 was the 23 million crane upgrade. There were a number of sort of medium sized project that were not
reported separately. But I would say that if you take out the project business, the rest of the business was sort of - pretty much on the sort of...

Mikko Puolakka: Last year's...

Mika Vehvilainen: Last year's level, overall. Didn't show any growth, either.

Antti Suttelin: So if I take off the 23 million, I still get 7% annual decrease in the order volume for Kalmar.

Mika Vehvilainen: Yes, there were a number of discuss - what we call horizontal transports that is larger RTG and shuttle orders that sort of were in the millions or lower tens of millions numbers that we were also lacking this year. And these were not necessarily reported separately or announced separately.

Antti Suttelin: Okay, I see. Would you say that customers are currently postponing expansion projects or even replacement projects as they think what to do?

Mika Vehvilainen: I think if we see kind of see general hesitation in there and then one behavior maybe that we could point out that we're now seeing is that they actually are splitting the orders into smaller pieces. And if I use one example here with this deal that we announced - it was for the Virginia port, the one that Konecranes had a large automatic stacking crane order.

We actually won the horizontal transportation part of that in new hybrid technology shuttles. But the way the order actually landed is that they ordered - was it 10 machines if I remember correctly - as the first phase. And the value of that order was 13 million.
And then we had an option for another 40 machines. So overall if you look at that one, it was about close to 50 million order. But only 10 million or 13 million of that one of 50 million landed in the Q2. And I was maybe a little bit trying to hint to us that direction as well.

When we look at these automation projects that we are now looking into, many of them are towards so-called brownfield operators. We are actually being expect customers to start then replace or refurbish part of the port bit by bit. So it wouldn't surprise to me that - if some of these automation orders coming in would also land us actually at the smaller one time sort of orders rather than the bigger ones.

We already see that for example, if you look at the London Gateway or Los Angeles port trade back, which both are multi hundred of million businesses for us. But we generally don't record that sort of orders in our books on that one.

So I guess that's maybe a sign of the customers being careful as well that we have seen sort of smaller, one time orders coming for potentially larger deployments as well.

Antti Suttelin: Yes, and just on the overall situation at for us now, we see currently as you also point out that increasing container throughput which should be positive for capacity utilisation. But that does it mean that we are not quite there where customers would have to invest that in the capacity expansion in terms of capacity utilization?

Mika Vehvilainen: Yes, it's a very good point. So I mean, if you look at the underlying drivers, I would say if anything, they are stronger now. So then as you said yourself, the volume growth is there. The new larger ships are arriving. And more and more of them will come through the traffic. So that's the less we know.
And the curse of the logistic industry of course is that it’s not the overall capacity but it’s the peak capacity that drives the investments. And these larger ships require 30% increase in yard capacity. That’s happening as we speak. And then the outside pressures that they’re already part of the earlier question in terms of the environment and others. So I don’t see that any of the drivers that would push for this investments have gone away. Rather vice versa at this stage. But it’s very clearly that the uncertainty around the industrial landscape is slowing down the decision making now.

Antti Suttelin: Yes, and there is no market share changes like the Chinese becoming stronger in automation and that impacting your orders?

Mika Vehvilainen: Not outside China. We are aware of one or two automation projects going on in China. We are - have a fairly good visibility on those because we are still providing the operating - automated terminal operating system even into those projects. But they are - how would I say - very well protected investments.

And our capability to try to participate in those deals is not particularly good. So if you take those ones, then you could of course say that right now, we are at that - sort of at the market share. But I would say overall in automation projects and business where you have those sort of ones and twos - talking about market shares - at this stage is not particularly accurate or productive.

Antti Suttelin: Yes, okay. Thank you.

Mika Vehvilainen: Thank you.

Hanna-Maria Heikkinen: It seems like that there are no...

Operator: If there are no further questions, I'll back the call over to our speaker. Please go ahead.
Hanna-Maria Heikkinen: Thank you. It seems like that there are no additional questions. I'd like to remind you of our Capital Markets Day which will be on September 12 in London. So let's meet there then. Thank you.

Mikko Puolakka: Thank you.

Mika Vehviläinen: Thank you.