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Hanna-Maria Heikkinen: Good morning ladies and gentlemen and welcome to this news conference regarding Cargotec's Financial Statements review 2018. 2018 was a strong year in terms of orders received and our strong order backlog gives a good starting point for 2019. However, the profit was below our targets. Today our CEO Mika Vehviläinen will start with a group development and after that our CFO Mikko Puolakka will continue with the business areas, financials, dividend and outlook. Mika, please.

Mika Vehviläinen: Thank you Hanna-Maria and good morning from my behalf as well and thank you for participating for Cargotec 2018 conference call. During 2018 we saw strong demand for our products and solutions especially so in Hiab and in Kalmar. Unfortunately, we were not able to turn that strong demand fully into our targeted profitability and this was especially so in Hiab where we were sort of having suffering partly from the weaker US dollar as well as some of the delivery issues and supply chain challenges in there.

However, there are many positive things to take away from 2018, obviously, we are very pleased with the strong demand and it's clear that the investments we have done in R&D and product and services improvements are paying off in the demand we see for our products and solutions. I am also very pleased with the progress we are making in services at the moment and I will come back to that as well. Also, the software orders were strongly up during 2018. I am also very happy with the progress we are making in port automation and we have signed up five new customers for port automation during 2018. Market environment in Hiab and Kalmar continued to be positive during 2018, we saw relatively robust growth in container traffic by 4.7% during 2018, and market forecast for 2019 and the coming year still indicates more than 4% growth in container throughput in the coming years.

The construction level activity has been in a good level both in Europe as well as in US. And although we see some of that growth somewhat slowing down, we still look at good growth opportunities in construction activities both in Europe and US also during 2019. As we know the MacGregor market situation continues to be difficult and we see orders at historically low level. We saw some improvement happening in the merchant sector but orders still remain at relatively low level. If you look at indicators such that the total fleet size and compare that to the current order book, we see historically low ratios on that one and one would expect the market start to recover with the replacement investments at one stage, but there are no indicators of the growth returning soon in MacGregor environment.

As said, I am very pleased with order intake 18% growth, growth happening in all business areas during the 2018. The growth in Q4 was especially strong with 46% growth in MacGregor although obviously from relatively low base. 24% growth in Hiab, strong demand happening for example in North America and 22% continuing growth in Kalmar. Throughout the whole year, we saw 11% growth in MacGregor, 13% growth in Hiab and 23% growth in Kalmar. This obviously leads to a very strong order backlog, 27% higher than a year ago or more than 400 million stronger order backlog moving from 18 to 19 giving us a good basis to improve our results further in 2019.

As said, sales increased only by 3% and we still experience some delivery challenges especially so in Hiab during the Q4. The operating profit during the Q4 was on solid level 73.5 million, primarily helped by the improvements in Kalmar driven by better delivery situation in there.

Very pleased with the progress we are making in services although the headline number, the reported services number indicates only a 3% growth. If one looks at that a bit more in detail in Kalmar, adjusting for the weaker US dollar and the divestments, the core Kalmar service including spare parts and maintenance grew by 9% during 2018. Hiab also grew by 9% adjusted for the currencies and MacGregor services grew by 5%. The MacGregor growth came almost solely from the acquisition of Rapp Marine and sort of adjusting for the mergers and acquisition MacGregor

services were flat during 2018. As a result of that one, the total services grew by 6% on that one, growth coming as already said from Kalmar and Hiab services and MacGregor services adjusted for the merger and acquisition were flat during 2018.

We also saw very strong progress in services orders 10% and software orders 33% growth in 2018, the software orders growth coming primarily from the growth in automation software orders, these numbers are not adjusted for FX sales or underlying growth in constant currencies would have been even stronger than that one. So, we are well on the way at the moment for our targeted 1.5 billion of revenues in services and software or roughly 40% of the total group revenues. With that one, I would like to hand over to my colleague, CFO Mikko Puolakka who will cover the business areas and further financial data.

Mikko Puolakka: Thank you, Mika, and also good morning from my side. Let's start with Kalmar where the strong order intake continued in quarter four, orders were up by 22%. We got an automation deal in Belfast in Ireland and so far, we have received five automation deals now in 2018. Also, the demand for the mobile equipment especially for the terminal tractors remained very strong in the US market. In Kalmar, the service orders also grew by 15% and here the growth came mainly from upgrades and maintenance projects. Now, Kalmar's order book is above one billion Euros, and this of course offers a very good basis for 2019 revenues and profitability.

Kalmar sales decline by 5% but if we exclude the divestments of Siwertell as well as Kalmar Rough Terrain Container handling businesses, so divestments, then sales improved by 1%. Service sales grew by 5% and with including constant currencies and then eliminating the impact of the divestments. After a kind of slowish start for 2018, Kalmar actually delivered record high operating profit for quarter four, EUR 51 million. The high deliveries with very good mix as well as the cost improvement actions which we started in early part of 2018 were the main contributors for the 11.5% operating profit margin in quarter four.

Then moving to Hiab where the orders have been above EUR 300 million in every quarter during 2018, and Q4 was very high EUR 357 million, 24% growth year on year. If we exclude the Effer acquisition, orders grew 17% organically. Effer has been consolidated into our results from the end of November. We have had very good development in Hiab in all product lines and in our main markets in the US as well as in Europe.

Service orders were up by 11%. And like in Kalmar also, Hiab up starts with very good backlog for 2019. Despite the challenges in our supply chain, we were able to improve sales by 13%. And if we exclude Effer acquisition the quarter four sales growth was 8%. Services sales grew by 10% and this is mostly coming from organic growth. The profitability declined by EUR 5 million and was EUR 34.9 million for quarter four, and this is very much driven by the supply chain issues.

Component shortages leading to higher costs and then unfavourable product mix. The supply chain issues are mainly related to components but also to certain extent to labour availability as well as installation capacity availability. We see gradual improvement in these areas but we expect that this kind of issues continue still to prevail during the first half of 2019.

Then moving to MacGregor where despite the lower markets actually, our book to bill quarter four was above one. Of course, MacGregor orders can be lumpy, so the quarterly order fluctuations can be there. But we got very nice orders in the cruise and cargo vessel area also in the offshore and also the service orders grew respectively high number 19% in quarter four. Sales grew by 5%; and if we exclude the Rapp acquisition in the early part of 2018, then the sales growth was more or less flat in MacGregor. Quarter four operating profit was EUR 3 million negative this is coming very much from the low capacity utilisation in certain product areas, for example RoRo division where we have had fairly low orders in the early part of the year though the orders were improving towards the end of the year. MacGregor full-year operating profit is at breakeven EUR 100 000 positive. We have completed the EUR 13 million savings program in MacGregor, but have started

with additional actions in order to make sure that the profitability remains in black numbers also going forward.

Then a few words about our cost savings programmes. The EUR 50 million programme, companywide programme which we started 2017 is progressing according to the plans. We have so far delivered EUR 21 million savings from this program mainly from indirect procurement savings. As mentioned earlier the EUR 13 million MacGregor savings program has been fully completed and EUR 13 million cost savings are in our books for 2018. In Kalmar, the production transfer from Sweden to Poland has been completed in the early part of the year. Targeted savings were EUR 13 million this year this year or in 2018, we achieved EUR 8 million savings the deviation is coming from the supply chain issues - missing components have led to higher costs. But we are confident that once we have sorted out the supply chain issues, we can reach the EUR 13 million annual savings also here. According to our strategy, we of course then continue also with other productivity improvements actions in business areas as well as in functions.

Then few words about the total company financials. The full year orders almost EUR 3.8 billion 18% growth, almost EUR 2 billion order backlog. And as Mika referred already earlier, we expect to deliver roughly 80% of this backlog now in 2019. Operating profit EUR 243.8 millions; our restructuring cost were EUR 54 million. And here the largest items was the non-cash EUR 30 million re-evaluation of the Rainbow Heavy Industries share ownership. Earnings per share EUR 1.66 per share and excluding the restructuring cost EUR 2.35.

Then short summary about 2017 to 2018 profit bridge. If we start from Kalmar, Kalmar improved profitability by EUR 10.5 million. Sales were slightly higher. However, the main improvement came from the cost and productivity improvement actions which we have done continuously throughout the 2018. The biggest gap or deviation is coming from Hiab, almost EUR 23 million lower profitability compare to 2017. And the main driver here is the weakness in US dollar against euro. This is contributing roughly EUR 20 million to this EUR 23 million deviation. The rest is coming

from higher costs due to the supply chain challenges as well as unfavourable product mix due to the same reason. And in MacGregor, the profitability was almost EUR 11 million lower. We have been cutting costs by EUR 13 million but this is not entirely compensating the 6% sales decline.

Our cash flow improved towards quarter four, quarter four was EUR 86 million and the full year EUR 128 million. And the biggest impact is coming here from the supply chain-related issues especially growth in working capital. Our inventories are now higher because of the missing components and delayed deliveries. Also in MacGregor, the advance payments have been decreased quite significantly. If you look total company, our advance payments are down by EUR 34 million, primarily in MacGregor.

Return on capital employed was 8% for 2018. This is down from last year's 9.6%. Here the biggest impact is again coming from the restructuring costs excluding the EUR 54 million restructuring cost, the ROCE would have been 10%.

Cargotec's board of directors is proposing a dividend of EUR 1.1 per B-share for 2018. This is 66% dividend payout ratio and roughly 4.1% dividend yield. Dividend would be paid in two parts; the first part in March and the second part in October. And this would be the fifth consecutive year when we would have been growing the dividend.

And then outlook for 2019, for 2019 we expect that Cargotec's operating profit – or comparable operating profit improves from 2018. And in 2018 it was EUR 242.1 million. We also introduced from 1<sup>st</sup> January a new alternative performance measure, the comparable operating profit. And in this comparable operating profit, we exclude restructuring costs like we have done also in the past, and in addition to that other significant items, which may impact comparability of our results between periods. This kind of items could be for example acquisition-related costs.

And with those words I would then handover back to Hanna-Maria for the Q&As.

Hanna-Maria Heikkinen: Thank you, Mikko. Thank you, Mika. Now there is a possibility to ask questions and we will start with the potential questions from Ruoholahti. Are there any questions here? If not, then we will continue with the international questions.

Operator: If you would like to ask a question, please signal by pressing star one on your telephone keypad. That is star one to ask a question. We can now take our first question from Leo Carrington from Credit Suisse. Please go ahead.

Leo Carrington: Good morning. Thanks for taking my question. In terms of the supply chain issue, please answer what changes lead to December's profit warning, how these issues evolved during the quarter and why you think this has been a such stubborn issue. And also, I wonder can we interpret that your slightly better result versus expectations from December implies slight improvement?

Mika Vehviläinen: Thank you for your question, Leo, and good morning. The situation evolved such that we knew that we had a considerable challenge in Q4 meeting the delivery forecast, we had originally set for that one. And whilst in Kalmar side, as you can see from the numbers, we started to have the better delivery situation, although we still have room for improvement, they are missing still some key components.

The situation in Hiab has especially continued to be difficult, and it became quite obvious after the November that the uphill was too steep for us to reach the deliveries, especially in Hiab side; and that then led to the change in the profit guidance in December. The situation has not markedly changed from that one. Kalmar situation is somewhat better, we can see that. And what of course helps Kalmar is that we deliver complete equipment or vehicles from there; whereas in Hiab side, we are not only restrained by our own supply situations and some of the labour availability issues we have in our factories but also by the downstream where obviously most of the Hiab products

are components, so you also need to have the truck available. As you probably well know the industry is also suffering from the availability of the trucks and the installation capacity continues to be the issue there as well. And those are both contributing for more difficult situation in Hiab compared to the Kalmar as well. We expect that situation to gradually improve now in the first half, but obviously, we are not out of the situation. Some of those challenges will continue in the first half of 2019.

Leo Carrington: Okay. Thank you. That is very helpful. And if I may ask a second. The group's adjusted central cost line has been coming down since 2016 and 2017; do you see the 2018's 34 million of central adjusted EBIT as a level that can be sustained in the future?

Mikko Puolakka: Thanks for the question, I would say around – it has been around this kind of EUR 35-40 million. It depends a bit on the development programs which we have, but approximately EUR 35 million would be kind of good proxy for that.

Leo Carrington: Okay, thank you very much.

Operator: We can now take our next question from Johan Eliason from Kepler Chevreaux. Please go ahead.

Johan Eliason: Yeah, hi, this is Johan here. Just a question on currencies. You mentioned in the Hiab that you had a 20 million headwind. Was this in anyway related to receivables revaluation because of currency changes or was this the underlying impact from the net cash flows?

And secondly on that, at current rate, what do you foresee then for currencies in '19? Is it a headwind of similar size or has it turned into tailwind? And then thirdly, Mika, I think, you said when we met in December that you had taken six automation orders and now you're talking about five

new automation customers. Is it just that one of the orders were with an existing client or what is the difference here? Thank you.

Mikko Puolakka: Yeah, if I start. So, basically, the currency impact is coming from the transaction impact. So, it is not about revaluating or evaluating the receivables. So, it is very much as we are delivering products from Europe to US, we have the cost base in euro and sales price in US dollar. We of course hedge the backlog and the orders what we have in, but some of these hedges have been done in the early part of the year and we have been delivering those products in the latter part of the year. So, actually despite improved or strengthened US dollars towards the end of the year, we had still some deliveries which were hedged with fairly low US dollar rate. What comes to 2019, I wish I would have the crystal ball of course, but if we would assume that US dollar, Euro would be on this kind of level, I would not expect too much kind of headwind nor also tailwind for 2019. So, if the US dollar, Euro remains on this kind of level, we should see at least less negative impact than in '18.

Mika Vehviläinen: And regarding the automation question, you do have a good memory on that one. I have to confess that I think I got little bit ahead of myself because the last order that I mentioned, the sixth one, actually we only booked that now during the Q1 order intake. I think some of the paperwork still took...while the process. By end of January we had six orders, five of them landed officially on 2018. All of them are new customers for us.

Johan Eliason: Excellent. And how does the pipeline look for automation orders? Another five, six to come this year, you think?

Mika Vehviläinen: It is always hard to predict on the customer investment behaviours. I think if you look at what we said about the market environment, we still see primarily deals to be phaes deals where the original and initial investments are lower our customer score around the automation on the phased investment areas. But I would say the pipeline is still there. The activity level around

the automation is relatively good, but always very hard to predict the actual sort of timing of the deals and obviously whether you win them or somebody else will.

Johan Eliason: It seems like Konecranes won the significant deal in Israel. Were there any specific reasons why they took the deal and you didn't get it?

Mika Vehviläinen: That one you have to ask from customers. Overall, I think it is also good indication that automation market is active at the moment. And overall the market is now progressing.

Johan Eliason: Okay, and then finally. Any update on TTS or are we still waiting for the Chinese approval Q1?

Mika Vehviläinen: We are still expecting the Chinese approval on Q1. And based on the understanding and the discussions, I think we are fairly confident on getting that approval during the Q1.

Johan Eliason: Okay, thanks.

Operator: We can now take our next question from Manu Rimpelä from Nordea. Please go ahead.

Manu Rimpelä: Good morning. It is Manu Rimpelä from Nordea. My first question would be on the supply chain impact in 2018. Would you be able to quantify that in terms of sales and EBIT?

Mika Vehviläinen: It is fairly significant amount and probably more than we expected in the early part of the year. And especially if I look at the Hiab, it is almost we would say partly sort of vicious cycle in the sense that what has happened when the delivery times got extended is that the dollar impact was higher than we probably expected earlier part of the year because we were still shipping

equipment that we had booked on the earlier part of the year with lower dollar rate and impact on the US dollar was still visible in the Q4. The other issue that came as a result of the extended delivery time of course is that the price increases that we have now pushed through in our pricing list, etc., of course, only becoming effective with the newer equipment deliveries as well. So, there was a delay in the pricing realisation as well coming from that one. And then there obviously been direct costs associated with extra labour, logistics, etc., resulting in the availability of the components. So, it is very difficult to put a precise number, but I would say that it is clearly probably in the neighbourhood of 10 to 20 million Euros in Hiab's case directly impacting the result. Then the currency itself was another 20 million as Mikko already said.

Mikko Puolakka: I would say in Hiab's case, closer to 20 million than 10 million, the sales impact.

Manu Rimpelä So, that is 20 million loss in sales or 20 million lost in EBIT?

Mikko Puolakka: 20 million in sales.

Manu Rimpelä Okay. And then if you look at the group level, so I mean you had the guidance of EBIT to improve – or was it to be stable compared to the previous year level, and then we ended lower. So, is it fair to say that kind of all of that difference is just due to the supply chain issues or was there something else included in that difference as well?

Mika Vehviläinen: Well, I would say that if you go through by business area compared to our assumptions in the late 2017, obviously, MacGregor landed lower than we expected. One needs to remember that the market expectation was bit more optimistic at the late 2017, early 2018. And we saw actually ship order improvements in the Q1 and partly in Q2, but then the market sort of slowed down again and, obviously, we missed our targets in MacGregor by about 10 million as you can see from the changes in there. Then Kalmar was pretty much according to our assumptions. They had a very good recovery in the second half of the year. But the biggest miss came clearly

from Hiab which was a combination of the currency being the biggest contributor. Even against our assumptions, the currency impact was higher than we anticipated in 2018. And then the delivery issues impact coming from multiple areas that I already described was probably the single biggest contributor. And even though the delivery situation started to improve towards the end of the year. They did not improve enough for us to recover from the position we found ourselves in the sort of the middle part of the year.

Manu Rimpelä: Okay. And then a question on the backlogs. So, I mean you now provide – or you side the backlog is up to 27% year over year and you also provided us that around 80% of the backlog will be delivered this year. So, how does that compare to the situation at the end of – or at the start of 2018?

Mika Vehviläinen: Actually exactly same number 80%. It was also 80% the previous year, so that hasn't changed. Overall, I would say that the backlog is of good quality at the moment especially in the Kalmar and Hiab's side.

Manu Rimpelä: Okay. And then the final question in terms of the backlog margins. Do you see any difference in that compared to the starting point of start of 2018?

Mika Vehviläinen: No, it is a good quality backlog. And if you look at the growth in orders in Kalmar, obviously, we saw strong growth in automation orders. But we also saw a strong growth in the mobile equipment part as well which is a good quality business for us. Both of them increased roughly at the same amount actually. So, it is coming from both. And in Hiab's case, the delivery mix towards the end of the year was actually not favourable for us and we were able to deliver more on the lower margin equipment. That means that in a way you could say the backlog in Hiab is probably better than it was at the same time previous year.

Manu Rimpelä: Thank you.

Operator: As a reminder, if you would like to ask a question, please press star one. We can now take our next question from Magnus Kruber from UBS. Please go ahead.

Magnus Kruber: Hi, good morning. Magnus from UBS. Could you give us some colour on the targeted savings from your group wide 2020 savings programme to come in 2019?

Mikko Puolakka: Basically, when started this programme in 2017, we outlined that out of this total 50 million Euros, roughly 30 million is coming from the indirect procurement savings. Out of this 30 million, we have now generated during these last two years 21 million Euros. So, we expect approximately 10 million from the indirect procurement savings still to come in '19. Then the other part is related to the consolidation of the back-office activities to our service centre and we said also in 2017 that the savings from that will materialise more towards the end of the savings period, i.e., starting from 2020 onwards. So, I don't expect from the back-office consolidation yet major savings in '19. So, mostly the savings for '19 are coming from the indirect procurement savings, approximately 10 million Euros.

Magnus Kruber: Brilliant. Thank you very much, very clear. Also, continued a very solid demand in Hiab in the quarter. Could you give some colour on what the product groups driving these, any particular ones sticking out or is it more broad-based?

Mika Vehviläinen: Actually, it is very broad-based and all products groups growing in orders and there were no significant differences between the orders. And geographically, US was particularly strong in Q4, but we saw again growth also in EMEA.

Magnus Kruber: Brilliant. Thank you so much. That is all from me. Thank you.

Operator: We can now take our next question from Antti Suttelin from Danske Bank.

Antti Suttelin                Hi, this is Antti and I would like to hear your thoughts really on the automation at the Kalmar and the competitive landscape there. Do you think there is any difference between the suppliers offering automated port solutions - yourself, then Konecranes, then the Chinese and the other guys; are they all offering the same or are there any significant differences between the offerings in these companies, please?

Mika Vehviläinen:        I would say so that at this stage you have two companies, ourselves and Konecranes who have a fairly wide ranged system capabilities. Obviously, we are strong believers at our automation technology, proven by those six deals that we have now got, is the best in the market and at the moment we have invested significantly on that one for years to come and the complex automation cases tend to land with us. The Chinese are formidable competition. They have a very competitive hardware offering, if I say so, and they relied on the external parties today to provide the automation technology for them. It is no secret that I am sure that the Chinese competitors will develop in their automation and software capabilities further on that one and I would see that probably in the longer run you will see sort of three companies offering automation systems; ourselves, ZPMC and Konecranes. Then you have of course automation project capabilities coming especially from ABB which is another, but they obviously then need to partner with the equipment providers. The key issue I think at this stage is not so much necessarily the competitive landscape but the market projections and how fast the automation penetration will happen.

Antti Suttelin:                Sure, interesting. And who are the companies that supply software at for example to the Chinese equipment makers?

Mika Vehviläinen:        Well, in our case, for example, NAVIS which offers the - sort of fully automated terminal operating system and the only commercial product in the market. We also partner with Chinese in terms of the Chinese automation cases in China are utilising NAVIS software in their

automation projects. Then you have a number of smaller Asian as well as the sort of western software companies that had the point solutions for particular needs and particular parts of the automation.

Antti Suttelin: Okay. Then to Mikko, just that I understand the cost cutting programme. When you say that 21 million savings were generated, what do you mean? Is this cost-base change 2018 versus 2017 or is this a run rate at the end of 2018?

Mikko Puolakka: This is basically comparing the costs to the end of 2016 cost level. So, basically 21 million Euros lower. For example, logistics costs, some travelling costs have been reduced, office-related costs and so on. So, this is coming from different kind of categories, but overall 21 million Euros lower costs compared to 2016. Partially helping, for example, MacGregor and the other BAs also to offset some of these supply chain or volume-related issues but not full compensating, for example in MacGregor's case.

Antti Suttelin: Yeah, okay, that is clear. That is all. Thank you.

Operator: Again, if you would like to ask a question, please press star one. We can now take our next question from Antti Kansanen from SEB. Please go ahead.

Antti Kansanen: Hi, it is Antti from SEB. Thanks for taking my question. Regarding Hiab and the unfavourable business mix, was this caused by the supply chain issues and should we expect this kind of continue throughout the first half of this year as you are working your way to improve the supply chain and kind of the mix improvement would be more in the latter part of the year, or will there be a reversal effect already in the first half of the year? Just trying to understand how the profitability in the division would trend during the year.

Mika Vehviläinen: Yeah, things will obviously not change dramatically from the 1<sup>st</sup> January onwards, but we are expecting a gradual improvement. So, I think you will see a gradual improvement that will happen from the early part of the year towards the summer in these cases. So, hopefully by the second half, we are in a much better shape on these areas. So, gradual improvement throughout the first half.

Antti Kansanen: Alright. And what was the mix – what was the product or the product groups that you delivered less on Q4 compared to less profitable products?

Mika Vehviläinen: If I would take one example on that one, it is one of the major sort of bottlenecks has been the Stargard, Polish Facility which is manufacturing loader cranes where we have suffered both from the lack of key components such as hydraulic cylinders and also some labour shortages with the Polish Labour market being relatively hot at the moment, and those have contributed. The other issue with loader cranes of course is the installation capacities, also the downstream challenges are probably most visible, especially in that area with the installation capacity and trucks availability also impacting that one. That is probably the single biggest contributor into the lower mix order intake, and that product category has been very strong but we have not been unfortunately fulfilled the requirements there.

Antti Kansanen: Alright, thank you. The second question regarding NAVIS, how you see the competitive landscape. Are you just mainly winning against in-house systems and would you kind of – would it be good to have a more commercial solutions in the market to kind of drive the market towards – away from in-house system to more of a commercial external operating systems or would an increased competition in the commercial side actually be a negative for NAVIS going forward?

Mika Vehviläinen: The key issue for NAVIS and the main competitor for NAVIS very clearly is the in-house systems. So, roughly half of the market is commercial today as I think the commercial is now getting over the half, and NAVIS' market share is extremely strong on that side. The key issue

for us is to convince the main larger operators to actually convert into commercial platforms rather than in-house development. We saw good example of that one last year when COSCO is converting now their systems and standardising on the NAVIS software. And are working through this one I think we have seen the similar development in other industries where gradually the in-house development will be replaced by commercial off-the-shelf software programmes. But these are long term projects and very difficult decisions for the main operators to do.

Antti Kansanen: All right. Very clear. That's all from me. Thanks.

Operator: Next question comes from Karl Bokvist from ABG Sunder Collier. Please go ahead.

Karl Bokvist: Good morning, thanks for taking my question. I have a question concerning Kalmar and deliveries during the quarter. If we exclude the structural effects and just look at organic growth, it seems to be perhaps flattish. I was just wondering, are you seeing any delivery issues there and do you expect this to be pick up given your strong backlog?

Mika Vehviläinen: We certainly saw still delivery issues in Kalmar. We are experiencing delivery issues in Kalmar as well. And the strong demand of course is putting further challenges on that front. But I would say that the one big benefit of course in Kalmar compared to Hiab is that once you have the equipment ready and sort of the downstream is fairly straightforward because you can ship a complete vehicle into the customer so you don't experience similar bottlenecks in the downstream as in Hiab. But we still suffer from some of the components availabilities there as well, but we have been able to push through the deliveries better in the Kalmar side that we have been able to do in Hiab side during the Q4. But the order backlog also in mobile equipment has clearly been growing. And in certain product categories, we are actually fully booked in terms of production capacities all the way to the summer.

Karl Bokvist: Okay. Good to know. And when it comes to the – we talked about this a lot now, but do you think that the bottleneck issues in Kalmar will be more quickly addressed compared to those in Hiab?

Mika Vehviläinen: I would say that more likely so, – and as the indication in Q4 already – as I said, the biggest different system more straightforward downstream on that one – and obviously also I would say that the Kalmar production situation is somewhat better than the Hiab, but there are still similar issues in both of them.

Karl Bokvist: Okay. Good to know. And then just the final one. What is your view in terms of net working capital going forward; do you still expect to see that the inventories will increase or, – of course, this is mostly related to stocking and things like that, but do you think that you will be able to lower your net working capital going forward?

Mikko Puolakka: Of course, part of our net working capital development is related to the volume as such, but, as also mentioned in the presentation, we have some five to ten days higher inventories compared to kind of normal situation so that if you calculate from our top line, top line five to ten days means 50-100 million even in the working capital. So, definitely, as we can remove these supply chain related bottlenecks, we would expect also that, for example, the inventory days would improve.

And then the other question is that how the overall volume would develop going forward. But definitely we target to improve the working capital days as removing the supply chain issues.

Karl Bokvist: Okay. Thank you very much.

Operator: We will now take our next question from Magnus Kruber from UBS. Please go ahead.

Magnus Kruber: Hi, Magnus here, there are two other little bit broader questions. From your Kalmar customers, do you hear that the vessel deployment strategies with the three alliances are changing even now two years after the formation of the alliances?

Mika Vehviläinen: Haven't heard specifically, but I think one thing is clearly that has happened and confirmed by our customers with stronger consolidation, both M&A and this alliances, is that balance of power between the shipping lines and ports, I think in kind of first time in the history, is now more favourable towards the shipping lines where they are able to now exert pricing power towards the terminal operators. I think in the long run this is good news for us because that will drive further efficiency requirements from the terminal operators and that will then drive the demand for investments for automation and other efficiency measures and services from us as well.

Magnus Kurber Okay, got it. Thank you. And then also, we have seen many other global truck companies making sizeable cuts to the backlog from speculative orders, not only in the US; is that something you could suffer from as well? What kind of down payment does the customer has to make when they are placing an order with you for a crane for example?

Mika Vehviläinen: Yeah, it is something that we certainly keep an eye on at the moment because of the longer lead times, etc. At this stage, for example, US when I look at our mobile equipment and other inventories, our distributor or sort of distribution stocks are actually record low at the moment. So, very clearly there is a strong underlying demand driving the development. Something to be watched of course all the time and see how that develops.

Magnus Kruber: Thank you so much.

Operator: We can now take our next question. Please state your name before posing your question.

Erkki Vesola: Hi, it is Erkki from Inderes. About the profit guidance. I mean considering that you start the year with 27% higher order backlog, 80% to be delivered in 2019, like last year, giving you EUR 340 million head start to this process in 2018, is there any reason why your 2019 sales would not be not clearly up year on year? And if there is no reason, this would make the profit guidance a little modest considering all the challenges that you had last year, that you had at least partly overcome?

Mika Vehviläinen: When I look at the 2019, obviously, we expect improvement coming from both Hiab and Kalmar. We still expect MacGregor market situation to remain difficult; and, obviously, we will then have the TTS acquisition and closing coming in. We would need to come back to that one once we have more clarity on that one. But the main profitability driver obviously are Hiab and Kalmar and that is really a factor of the as you said yourself order backlog, improving delivery capabilities, the US dollar and euros if that stays roughly on that levels is neutral for this year and then we have a number of this efficiency and productivity programs coming out as well that should help us in driving the profitability in 2019.

Erkki Vesola: Yes, but is some sales improvement more or less required in order to reach the improvement?

Mika Vehviläinen: Sorry, you were breaking up in the beginning of the question, would you mind repeating that?

Erkki Vesola: Is sales improvement a prerequisite for EBIT improvement this year?

Mika Vehviläinen: I think that the profit improvement will come from all of those components.

Erkki Vesola: Fair enough, thank you.

Operator: There are no further questions on the line at this time. I would now like to turn the call back to the host.

Hanna-Maria Heikkinen: Thank you. Thank you for the good questions and good answers. We will publish our Q1 report on 25<sup>th</sup> April. See you then. Thank you.