CRAMO
Q3 2019 PRESENTATION

31st October 2019

Leif Gustafsson, CEO
Aku Rumpunen, CFO

Q3/2019

KEY FIGURES

- **Net sales**: 154.4 (159.6) MEUR
  - -3.2% in reported currencies
  - -1.9% in local currencies
  - -1.9% organic sales growth
- **Comparable EBITA**: 26.5 (31.7*) MEUR or 17.2% (19.9%*) of sales
- **Gross capex**: 21.7 (40.5) MEUR
- **Operative cash flow**: 58.5 (41.6) MEUR
- **Cash flow after investments**: 39.2 (-8.6) MEUR

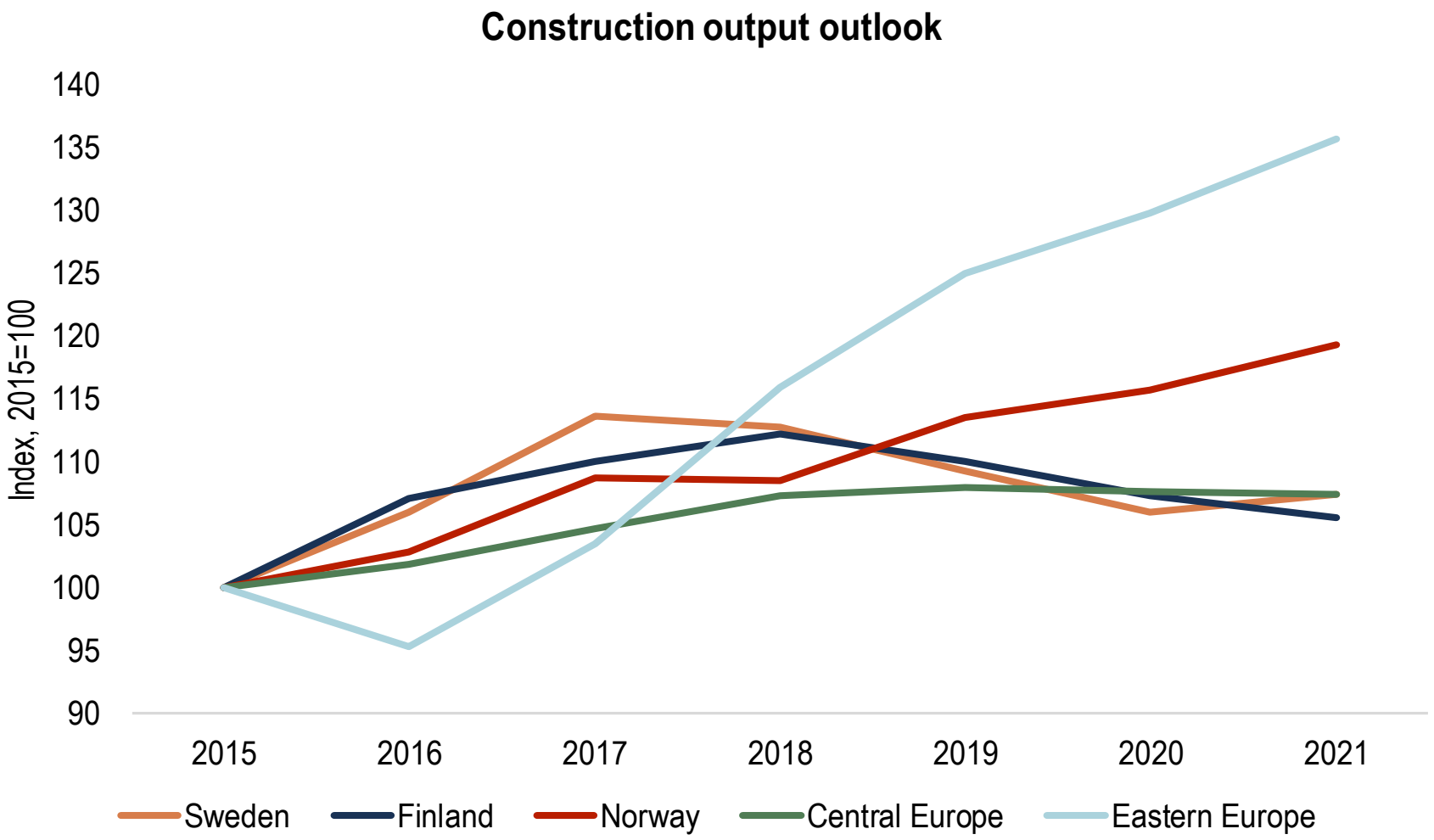
HIGHLIGHTS

- The new strategy, Cramo NXT, was launched on 12 September 2019 at the Capital Markets Day.
- The new financial targets for 2019-2023, and guidance for 2020 (Comparable EBITA > EUR 75 million) were released.
- Cost program initiated during Q3 proceeding according to plans, and is fully executed by the end of 2019. The targeted run-rate cost savings of EUR 10-12 million visible gradually from the fourth quarter of 2019 onwards, and in full effect for 2020

*including IFRS 16 impact

CONSTRUCTION MARKET

MARKET IS EXPECTED TO STILL GROW IN NORWAY AND EASTERN EUROPE



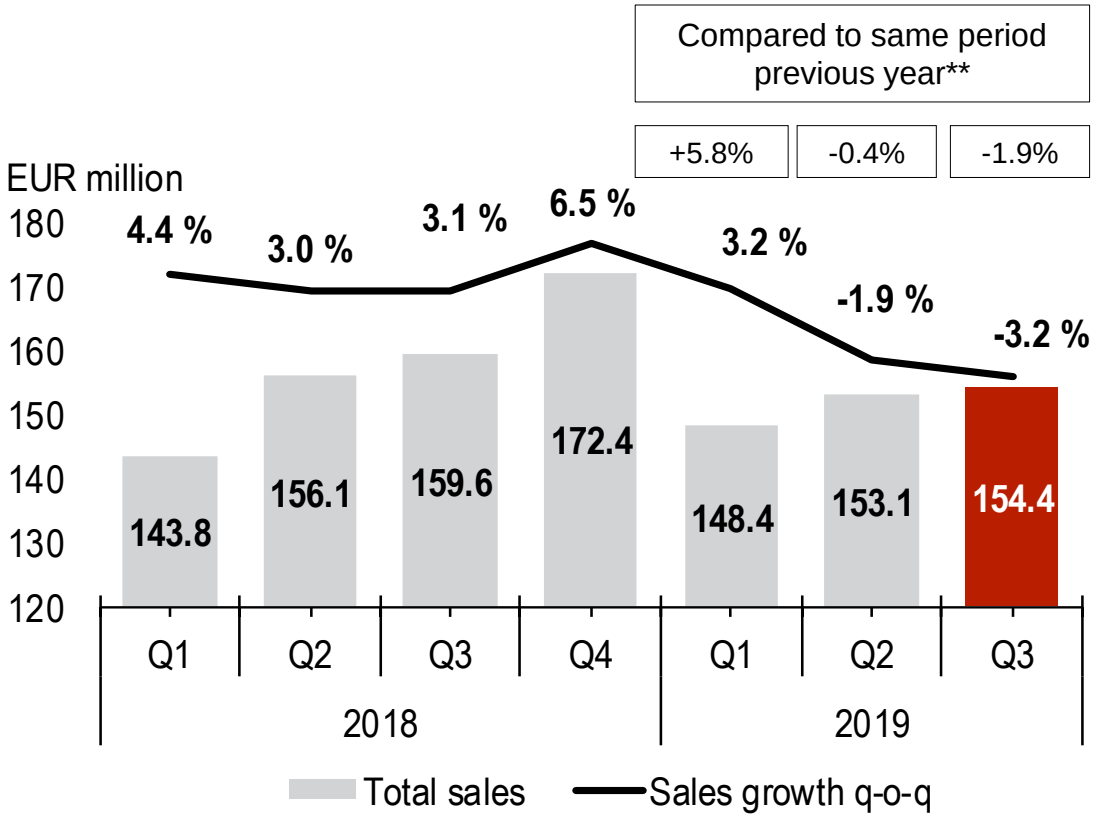
	2019E	2020E
Sweden	-3.2 %	-2.9 %
Finland	-1.9 %	-2.6 %
Norway	4.7 %	1.9 %
Central Europe	0.6 %	-0.3 %
Eastern Europe	7.8 %	3.9 %

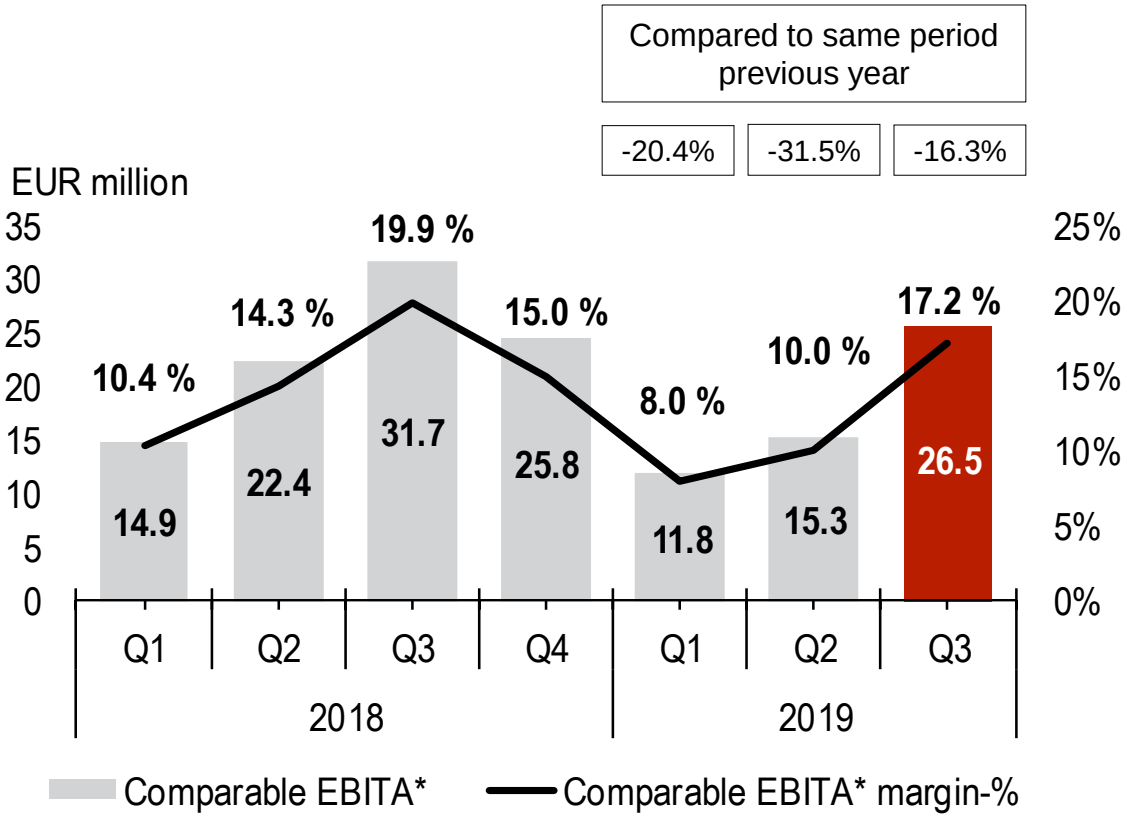
- According to Euroconstruct estimates the construction market growth is seen to be levelling out in Sweden, Finland and Germany
- Growth in Norway is still seen to be strong – main driver civil engineering
- Growth in Eastern Europe is expected to continue but at the slower pace

Sources: Euroconstruct and Forecon

Q3 SALES AND COMPARABLE EBITA

COMPARABLE EBITA* BELOW LAST YEAR





* Excluding IACs with IFRS16 impact
** in local currencies

BUSINESS SEGMENTS

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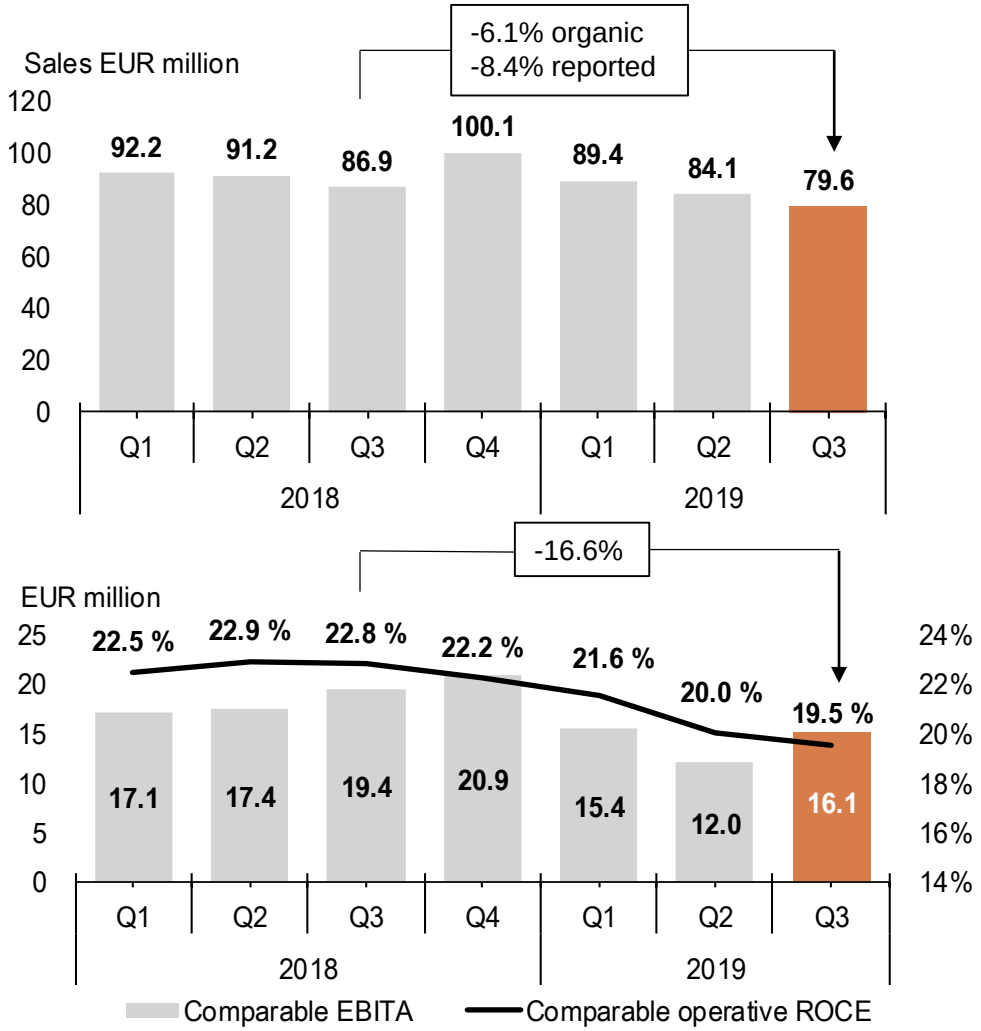
SCANDINAVIA

POSTPONED NEW INDUSTRIAL PROJECTS IN SWEDEN AFFECTED NEGATIVELY ON PROFITABILITY, SOLID PERFORMANCE CONTINUED IN NORWAY

- Decreasing sales in Sweden due to large industrial projects ending and new projects being postponed into late Autumn. Sales development good in Norway led by service sales.
- Driven by the lower topline in Sweden, the segments comparable EBITA decreased by 16.6%. Ongoing cost savings program is proceeding according to plans.
- In Sweden underlying market is still active and growth can be seen in selected regions and customer segments. Two large industrial projects were signed in Q2 and will start contributing positively from the fourth quarter of 2019.
- In Norway market growth is expected to continue driven by growth in civil engineering.
- According to Forecon, equipment rental market is expected to decrease by 1% in Sweden and increase by 4% in Norway in 2020.



All figures exclude IACs and include IFRS16 impact
Organic growth reported in local currencies

Scandinavia has operations in Sweden and Norway with operative capital employed of MEUR 306 at the end of Q3 2019.

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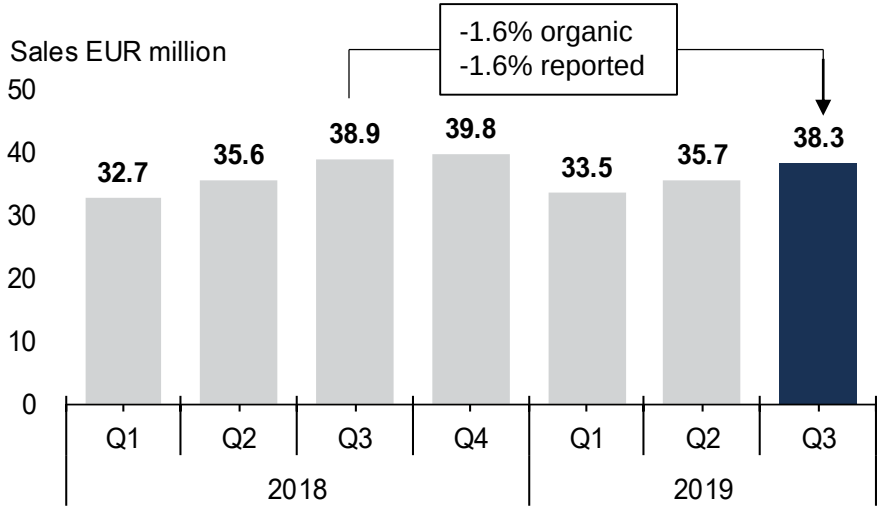
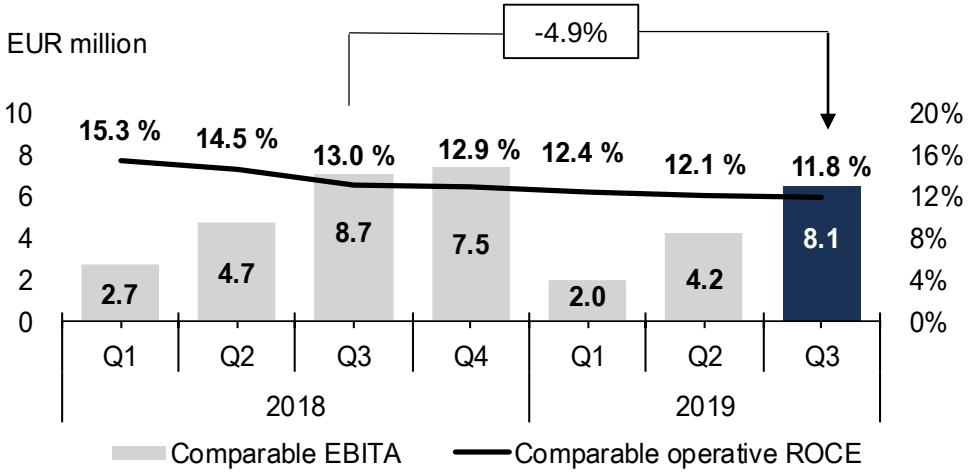
FINLAND AND EASTERN EUROPE

MARKET STABILISATION IMPACTING ON SALES AND PROFITABILITY

- Q3 sales decreased by 1.6% driven by all countries except Lithuania. The market is stabilising in all countries, which is effecting on sales growth. Sales growth in Poland and Estonia levelled out and remained flat in Finland.
- Q3 comparable EBITA amounted to 8.1 (8.7) MEUR. Decrease was mainly due to lower sales performance and different sales mix. In order to ensure future profitability, the cost savings program kicked off in all countries.
- According to Forecon, the equipment rental market is expected to grow by 2% in Finland in 2020. Growth is expected to come outside new residential construction.
- In Estonia, market conditions are still solid, but growth is levelling out. In Lithuania the market is expected to grow, but at a lower pace. In Poland the equipment rental market is stabilising.





All figures exclude IACs and include IFRS16 impact
Organic growth reported in local currencies

Finland and Eastern Europe has operations in four countries with operative capital employed of MEUR 180 at the end of Q3 2019.

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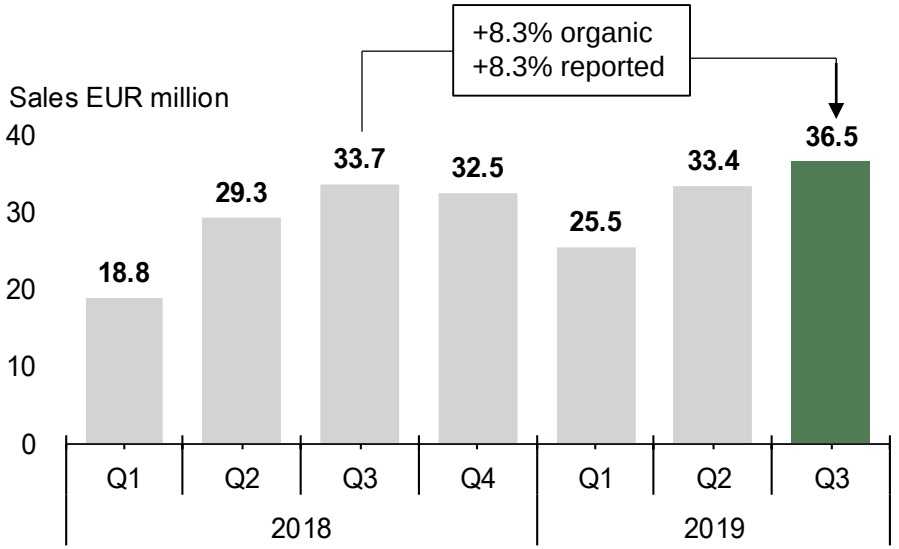
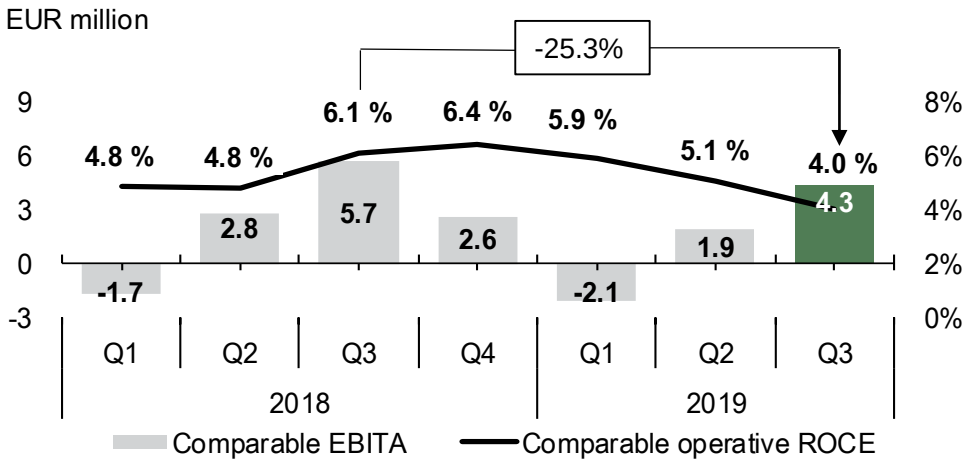
CENTRAL EUROPE

STRONG SALES GROWTH DRIVEN BY KBS INFRA

- The third quarter sales growth was highly driven by KBS Infra
- Q3 comparable EBITA was EUR 4.3 (5.7) million with a 11.7% (17.0%) margin. Main drivers for the lower profitability level were sales mix as well as increased indirect costs and depreciations in KBS due to growth investments.
- The underlying performance in Germany has not reached our targets. Various focused performance improvement actions such as cost base optimisation, fleet and operational efficiency measures and sales actions are ongoing to increase the profitability of business.
- German construction market growth has been slowing down. The market for KBS Infra remains strong and project pipeline looks promising. In Czech Republic and Slovakia market conditions are more competitive and growth is levelling out. In Austria and Hungary market outlook has remained good.





All figures exclude IACs and include IFRS16 impact
Organic growth reported in local currencies

Central Europe has operations in five countries with operative capital employed of MEUR 171 at the end of Q3 2019.

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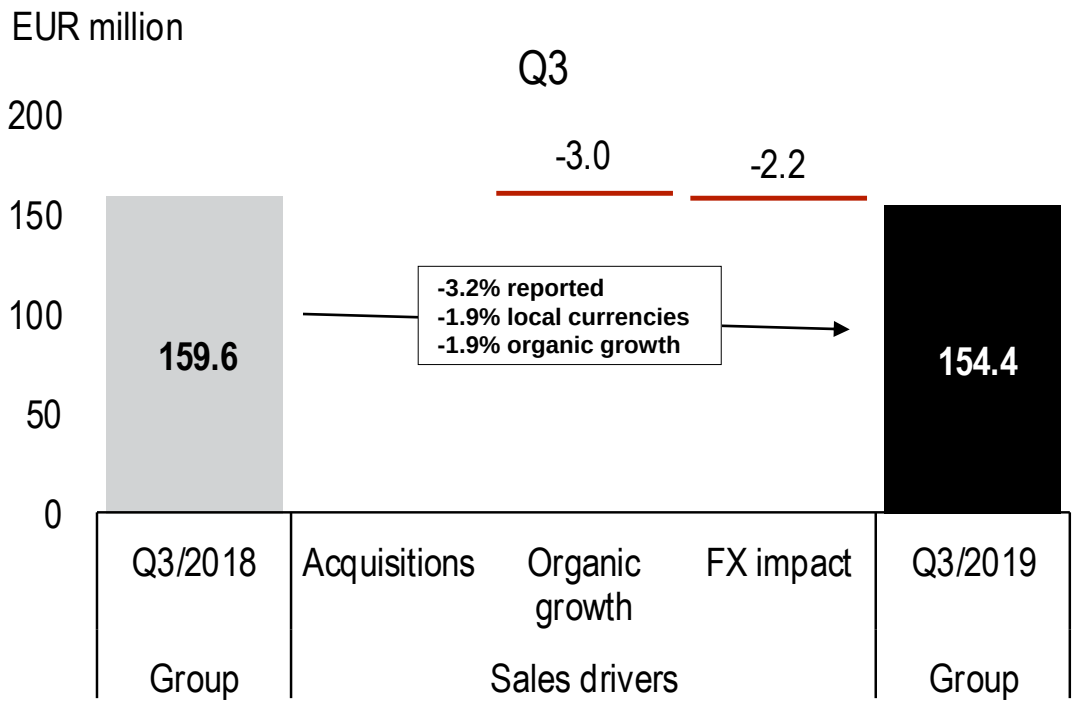
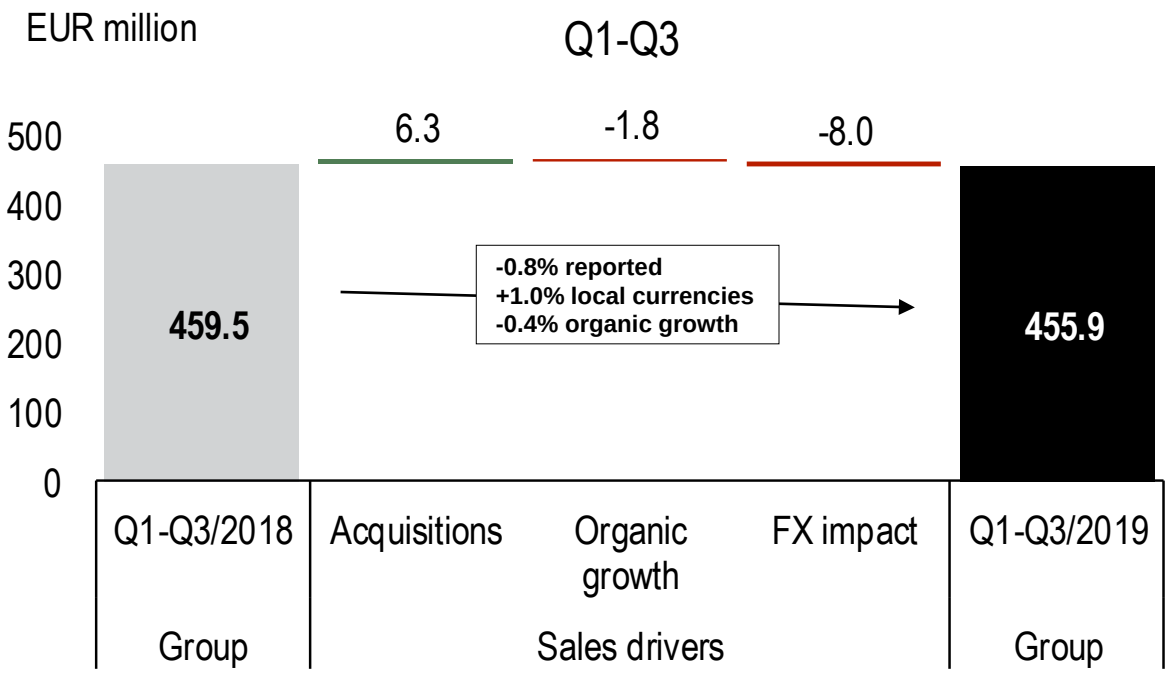
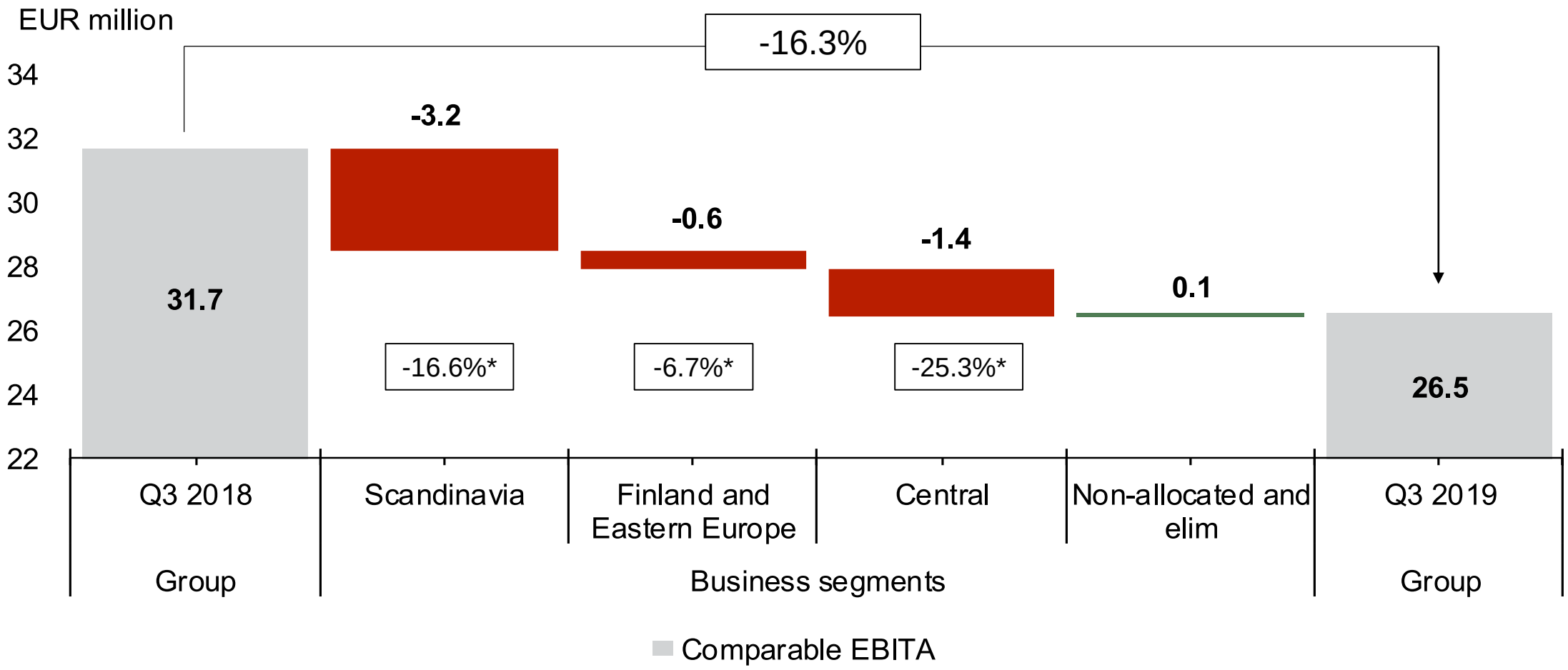
GROUP PERFORMANCE Q3 2019

GROUP Q3 AND Q1-Q3 SALES GROWTH VS LY





COMPARABLE EBITA Q3 VS LY

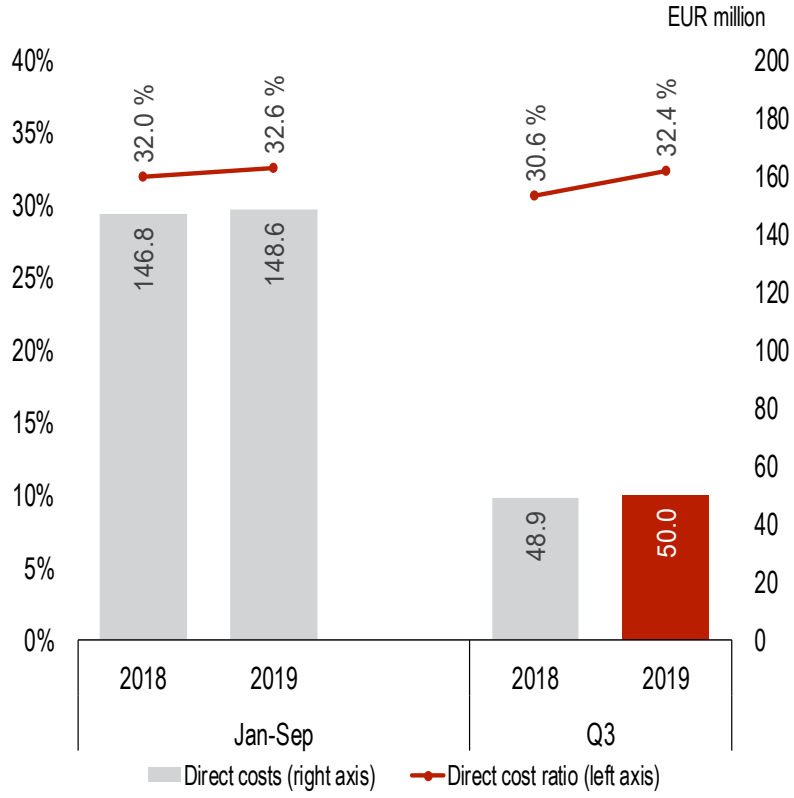


All figures exclude IACs and include IFRS16 impact
* % change compared to same period previous year

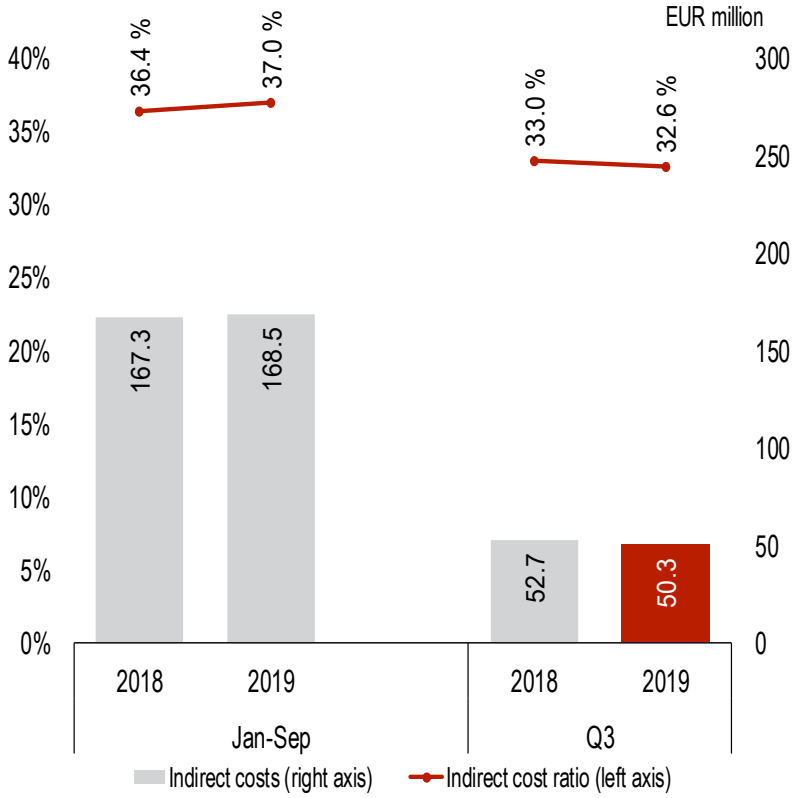
COST BASE DEVELOPMENT

COST PROGRAM PROCEEDING ACCORDING TO PLAN. NO MATERIAL EFFECTS YET VISIBLE IN Q3

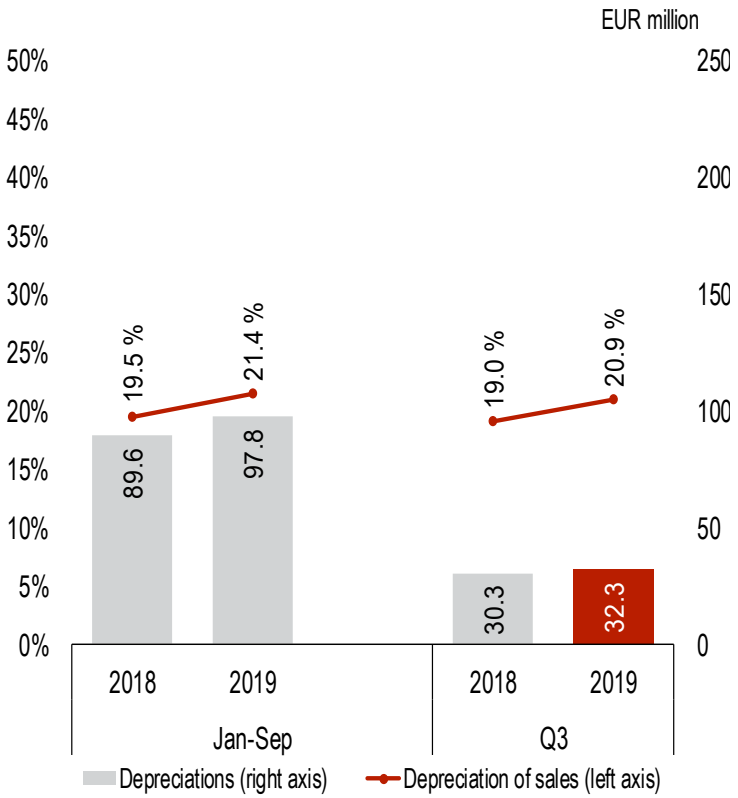
DIRECT COST [1]



INDIRECT COST [2]

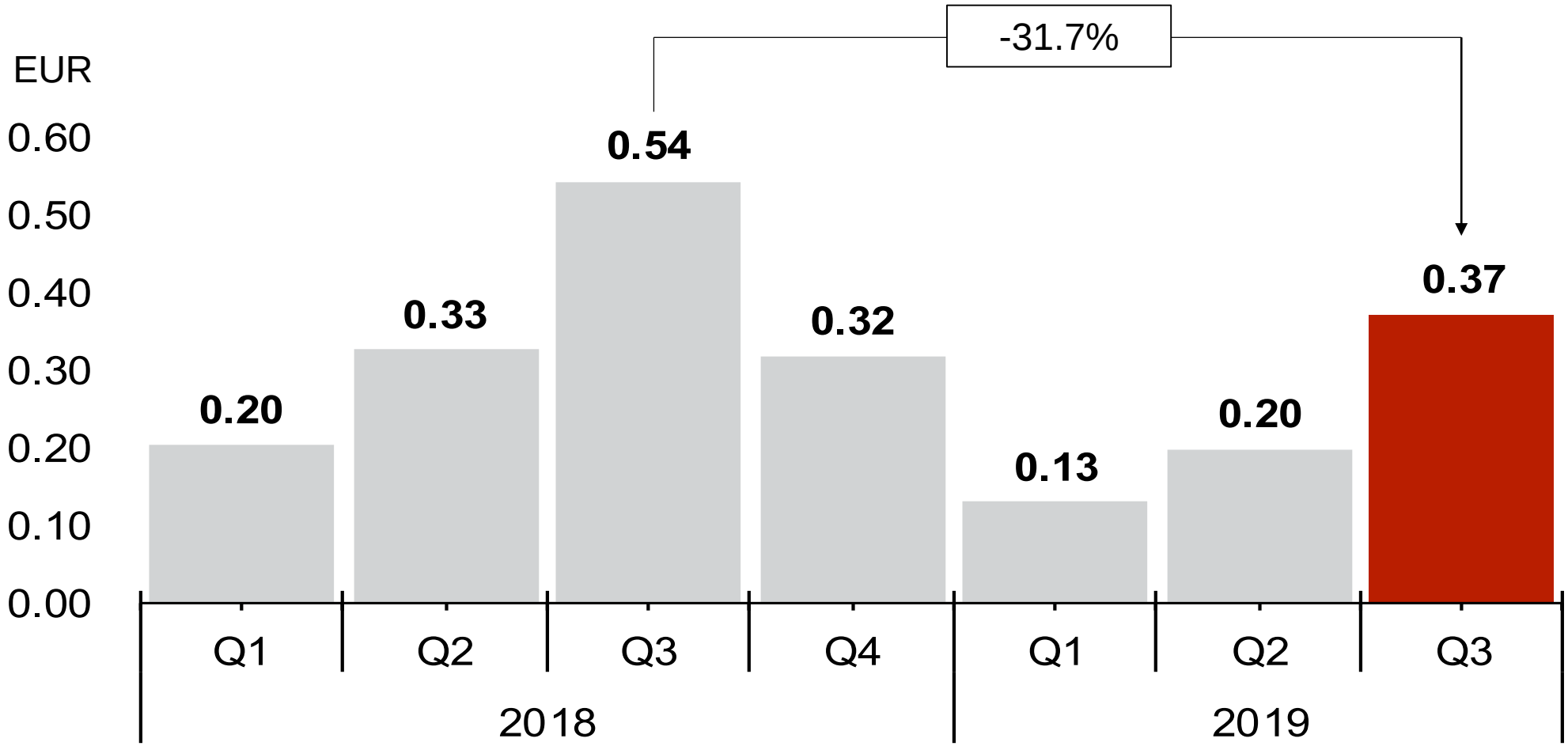


DEPRECIATIONS



All figures exclude IACs and include IFRS16 impact
1 Direct cost refers to income statement line ”Materials and services”
2 Indirect cost refers to income statement lines ”Employee benefit expenses” and ”Other operating expenses”

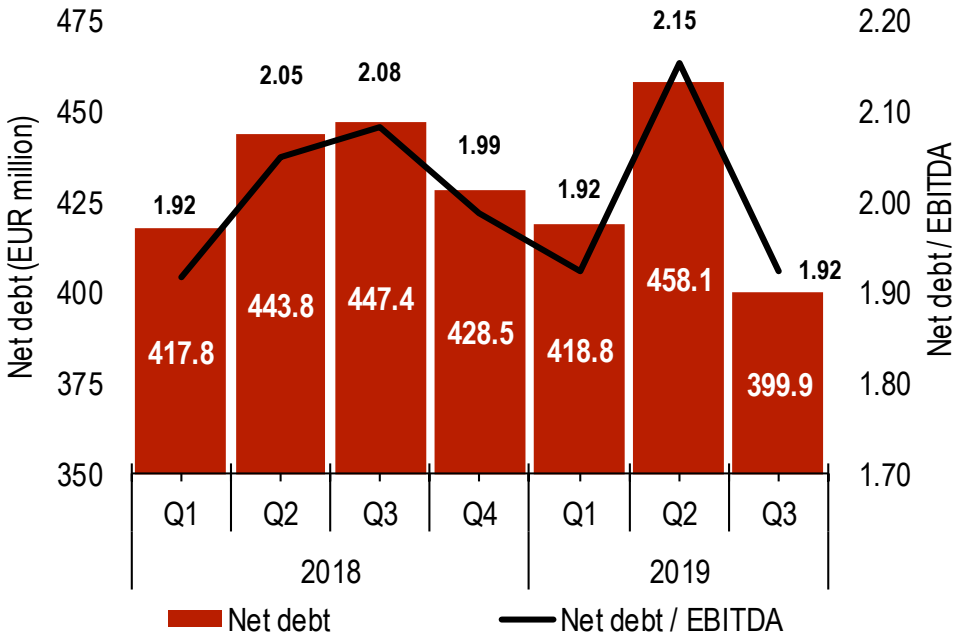
COMPARABLE EPS DEVELOPMENT



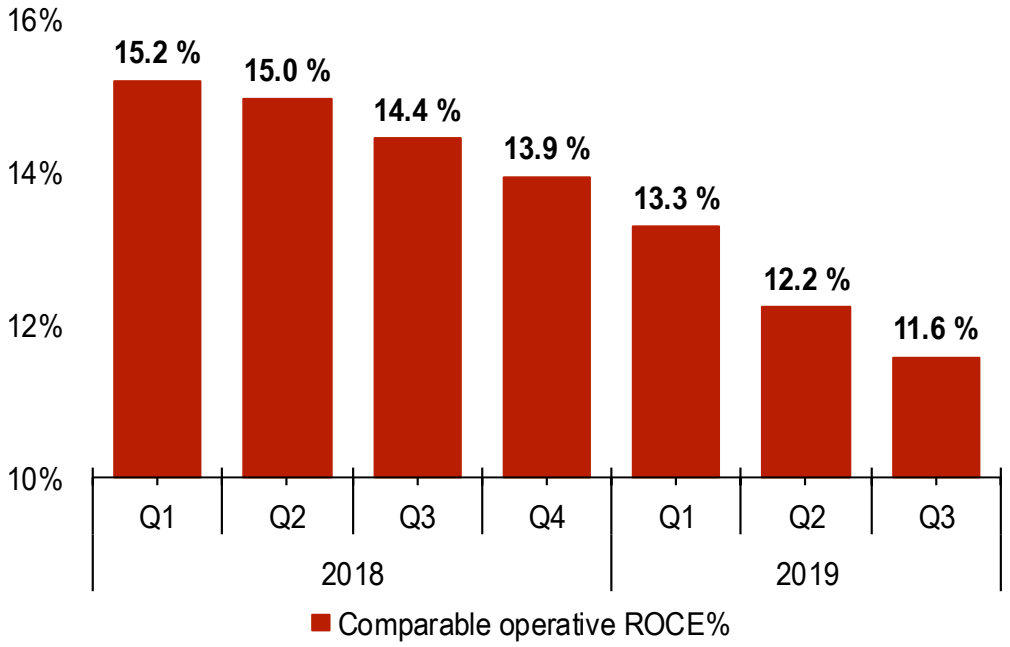
Figures exclude IACs and include IFRS16 impact

LEVERAGE AND COMPARABLE OPERATIVE ROCE %

LEVERAGE



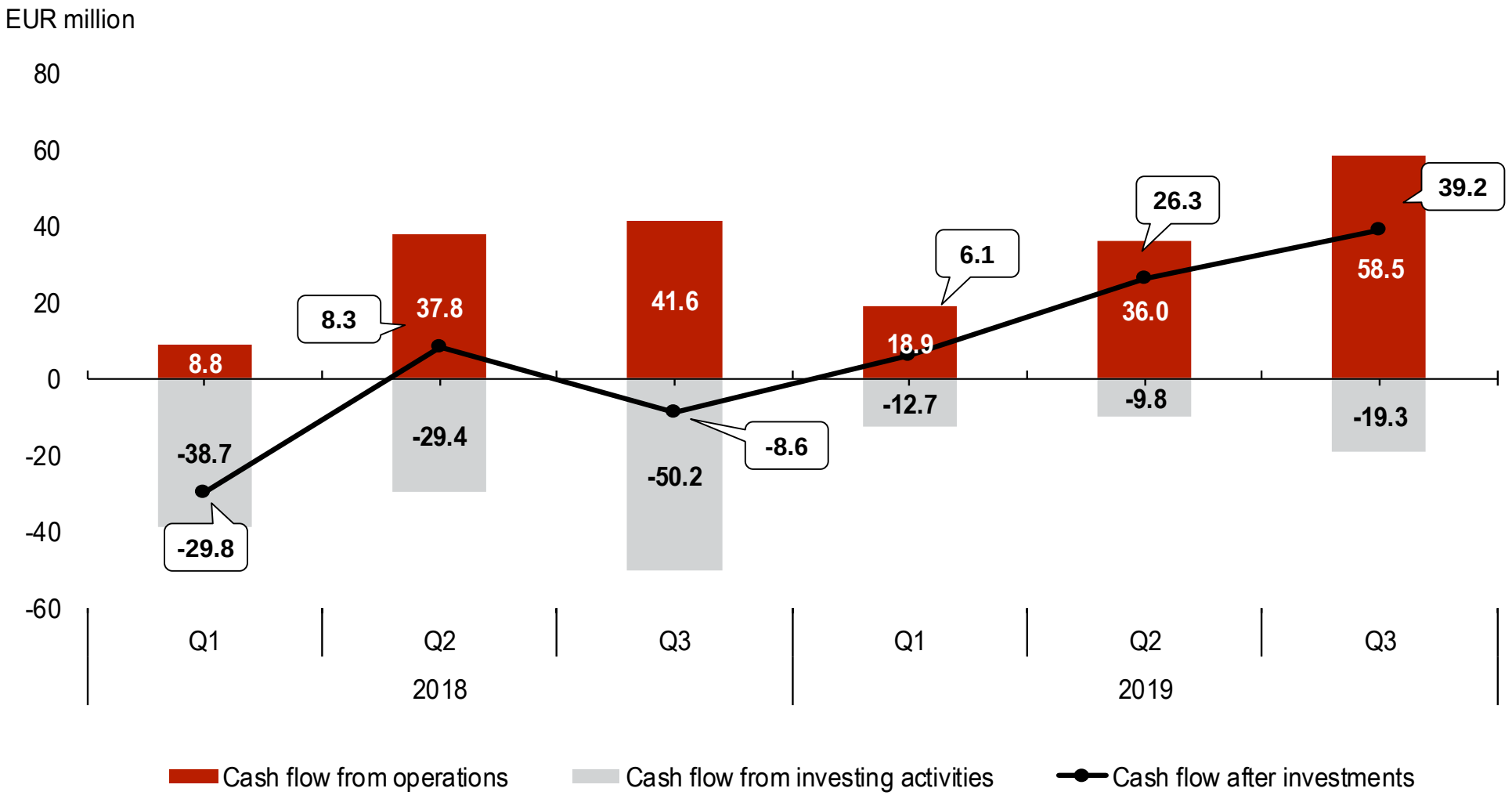
COMPARABLE OPERATIVE ROCE %



Historical net debt / EBITDA Q1-Q4/2018 illustrative for continuing operations
Comparable operative ROCE % is calculated based on EBITA (rolling 12 months) divided by operative capital employed (12 month average). Operative capital employed is calculated by deducting goodwill and other intangible assets from the capital employed.

QUARTERLY CASH FLOW

CASH FLOW AFTER INVESTMENTS CLEARLY AHEAD OF LAST YEAR



Cash flow from continuing operations (2018 excluding IFRS16 impact)

CONCLUSION AND OUTLOOK 2019

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MARKET OUTLOOK

Scandinavia

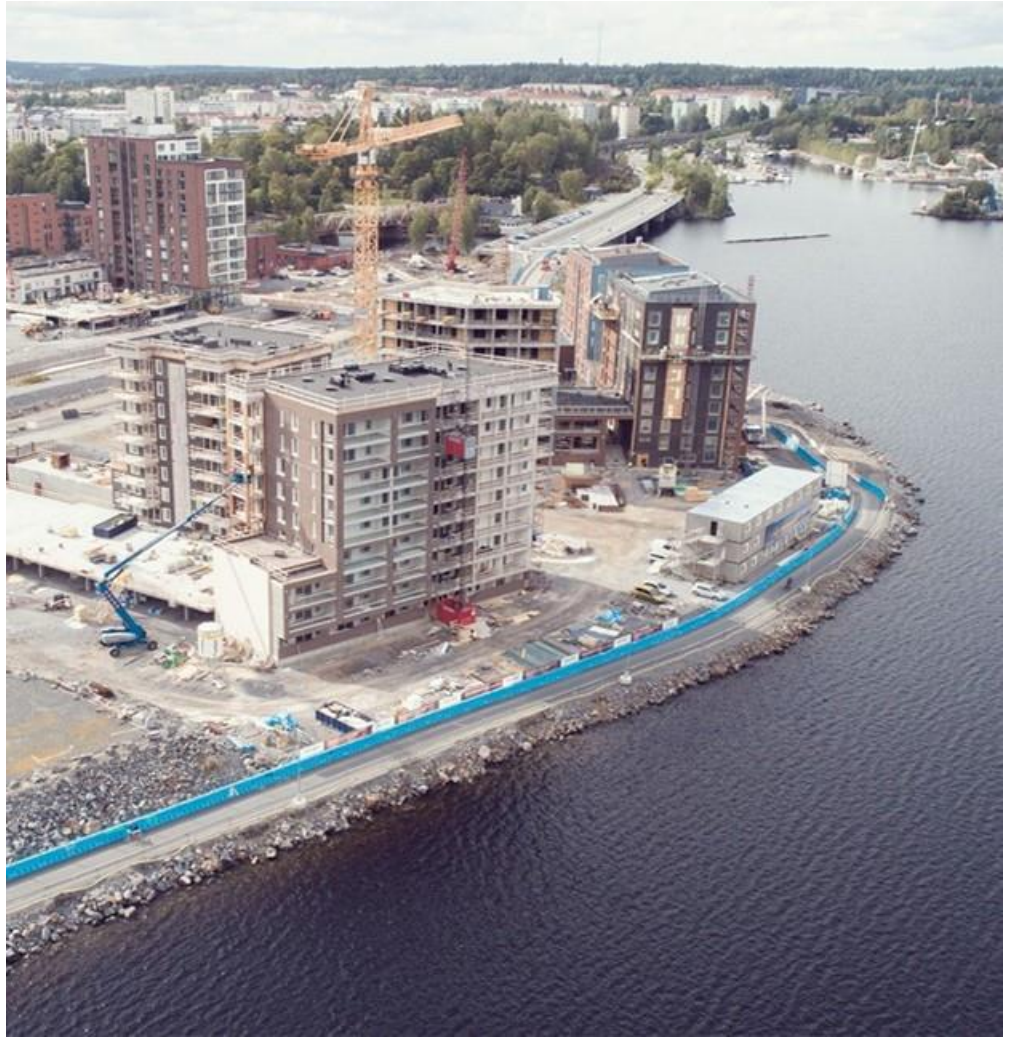
- Forecon estimates that the rental market in 2020 will decrease 1% in Sweden and grow 4% in Norway
- The construction market in 2020 is estimated to decrease by 3% in Sweden and increase by 2% in Norway.

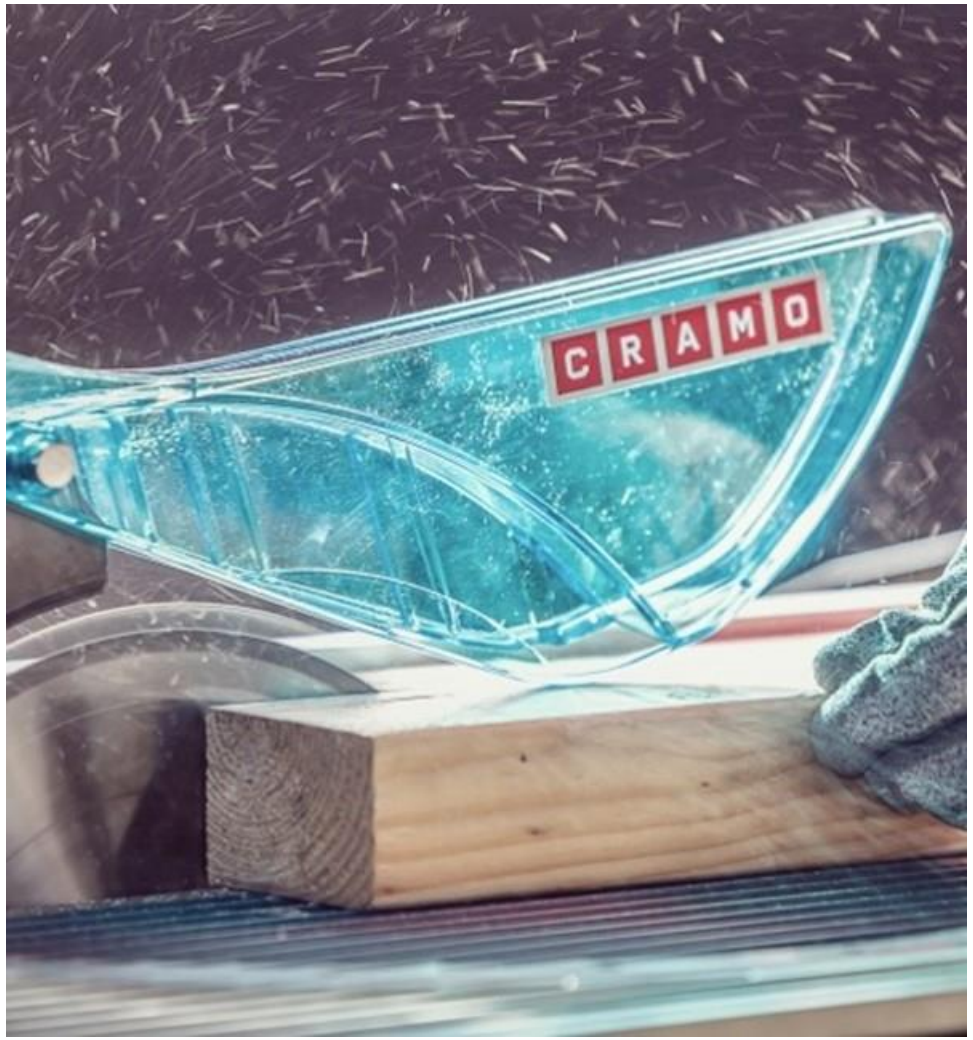
Finland and Eastern Europe

- The rental market in Finland and Lithuania is estimated to increase by 2% in 2020 while a 2% decrease is expected in Estonia
- The construction market in 2020 is estimated to decrease by 3% in Finland

Central Europe

- In Germany construction market has been slowing down. In Czech Republic and Slovakia market growth is stabilising. The market growth has remained good in Austria and Hungary.



CONCLUSIONS

- Q3 performance was largely as expected
- Cash flow generation was very strong during the quarter and net debt reduced by 58 MEUR during Q3
- Cost program initiated during Q3 is proceeding according to plans, fully executed by the end of 2019. The targeted run-rate cost savings of EUR 10-12 million visible gradually from the fourth quarter of 2019 onwards, and in full effect for 2020
- Market environment is levelling out in many countries, however many growth opportunities seen
- The new strategy and financial targets for 2019-2023 were presented in CMD on 12th September
- Guidance for 2020: Comparable EBITA for 2020 will be above EUR 75 million