



# FOR A GREAT DAY AT WORK

ANNUAL REPORT 2013

C R A M O

60  
YEARS STRONG

# CRAMO – THE LEADING SERVICE PROVIDER IN RENTAL

Since its foundation in 1953<sup>1</sup>, Cramo has grown into one of the industry's leading service providers in equipment rental services and the rental of modular space solutions in the Nordic countries and in Central and Eastern Europe. Group sales in 2013 reached 657.3 (688.4) million euros, and Group EBITA was 79.9 (78.0) million euros.

## CONTENTS

### For a GREAT DAY AT WORK

- 2 Who we are
- 3 What it means
  - 16 We make your daily life easier and more efficient
  - 24 We help you improve your QSE performance
  - 38 We ensure competence and a passion to serve
  - 48 We provide for all your rental needs
- 106 We are always nearby
- 110 We are committed to development

### Why it matters

- 10 Letter from the Chairman
- 11 Interview with the President and CEO
- 13 Where the industry and markets are heading
- 15 What the expert says

### How we deliver on our promise

- 18 Through our strategy
- 20 Through sustainability
- 22 By taking care of quality, safety and the environment
- 26 Through business segments
- 28 Financially in 2013
- 30 Operationally in 2013 – Our must-win battles

### How we ensure clear direction

- 40 Our Corporate Governance
- 44 Our Board
- 46 Our Group Management

### How we delivered results in 2013

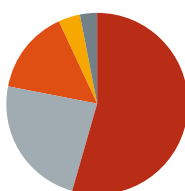
- 50 Contents of the financial review
- 51 Board report
- 57 Financial statements

### 108 How we take care of our shareholders

Back cover How you can reach us

## OUR CUSTOMERS

We serve over 150,000 customers.

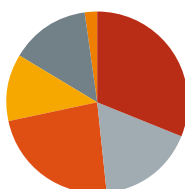


### OUR SERVICE AREAS 2013 (2012) % OF TOTAL SALES

- CONSTRUCTION INDUSTRY 55 (57)
- OTHER INDUSTRIES 24 (22)
- PUBLIC SECTOR 15 (14)
- HOUSEHOLDS 3 (3)
- OTHER 4 (4)

## OUR PRODUCTS

We are a total solutions provider, with more than 200,000 rental items.



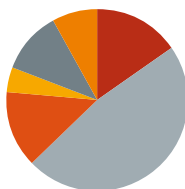
### OUR OFFERING 2013 (2012) % OF TOTAL SALES

- TOOLS 31 (32)
- CONSTRUCTION EQUIPMENT 17 (16)
- ACCESS EQUIPMENT 23 (23)
- MODULAR SPACE 12 (13)
- SITE HUTS 14 (14)
- OTHER 2 (3)

Sales generated from rental-related services have been allocated to product groups.

## OUR PRESENCE

We have a network of 357 depots with 2,500 employees and we serve in 15 countries.<sup>2</sup>



### OUR BUSINESS SEGMENTS 2013 (2012) % OF TOTAL SALES

- FINLAND 15 (16)
- SWEDEN 48 (46)
- NORWAY 14 (12)
- DENMARK 4 (5)
- CENTRAL EUROPE 11 (10)
- EASTERN EUROPE 8 (10)

## OUR VALUES

- Credibility p 4
- Creativity p 6
- Commitment p 8



<sup>1</sup> Rakentajain Konevuokraamo was established in 1953 by the Finnish Association of Construction Engineers  
<sup>2</sup> Own depots in 14 countries. We also operate in Ukraine through our joint venture.



# FOR A GREAT DAY AT WORK

At Cramo, we are working for a new kind of workday – an easier one. Because we think people should feel good about their work and have a chance to enjoy the world they are helping to build – every day.

Our purpose is simple. We start each day by figuring out how to make life easier for our customers. By taking care of their problems today and preventing new ones tomorrow, we give them the freedom to focus on what is good each and every day. This has been our purpose since 1953, when we were established by our customers.<sup>1</sup>

You will find stories throughout this report about how we make sure our customers have a great day at work and comments from them about how we deliver on our promise. You will also find examples of how we have delivered on this promise for the past 60 years.

**Find out more about what we mean when we say we work for  
a GREAT DAY AT WORK.**



Cramo is a main sponsor of



**By pledging to support the United Nations Global Compact, Cramo is committed to upholding and applying ten universal principles in the areas of human rights, labour, the environment and anti-corruption. On the Group level, Cramo has entered a main sponsorship to support SOS Children's Villages.**





#### CREDIBILITY

Since the acquisition of Tidermans Hyrmaskiner in 2011, Cramo has acted as the full rental partner in all equipment for Tornstaden, a modern Gothenburg-based version of the old-time builder.



a GREAT DAY AT WORK means

# – WE CAN FOCUS ON OUR CORE BUSINESS

*Mr Jan Edlund, Managing Director, Byggnads AB Tornstaden, Sweden*

– Cramo's high level of service and quick delivery, combined with modern equipment, are what we value most. I can trust that they do everything they can to make my day run smoothly, and they can provide solutions that reduce our energy consumption. Our agreement with Cramo gives us access to all the equipment we need in our construction projects and allows us to quickly adapt to the current market situation. We can focus on our core business and do not need to tie up capital in equipment.





a GREAT DAY AT WORK means

# – ALL SITE SERVICES FROM ONE CONTRACTOR

*Mr Jussi Heikkilä, Site Manager, Pöyry CM Oy, Finland*

– I know Cramo's personnel and can trust that everything works. They have modern equipment and they know how to use it. It has been great to see how they have learned to work proactively in their role as contractor. We wanted an easy-to-handle solution where, instead of contracting each party separately, one monthly installment covers all the services needed. Getting all our construction site services from one contractor makes our everyday life much easier.



## CREATIVITY

The Kuopio University Hospital renovation project is the first time that Cramo has acted in Finland as the construction site service contractor, taking care of all the services needed on site, from fencing and signage to electricity and lighting; from site heating in the winter to waste disposal and installation of the water supply network; and from temporary staff facilities, their cleaning and heating to site security and snow removal.

– Acting as a full-service contractor was our solution to meet the customer's needs in this specific case. Internally, it will give us lessons on how to further refine the concept, says Mr Henrik Kosonen, Regional Sales Manager at Cramo Finland. The experience has been positive, and the parties have already agreed that Cramo will continue as the construction site service contractor in the second phase of the renovation project.



a GREAT DAY AT WORK means

# – A TRUSTED PROFESSIONAL PARTNER

*Mr Torben Frederiksen, Project Leader, Danish National Police, Denmark*

– Based on my experience with the pavilion in Glostrup, I know that when Cramo is involved in a project, the customer can feel safe and leave the entire project management to them. Whatever happens, you can trust that it is taken as a challenge rather than a problem, to be resolved in the best, most professional way. As a result of their professional work and on-time deliveries, within three months from the start we had new offices that totally fit in with their surroundings and are adapted to the permanent buildings. The Danish National Police also decided to cooperate with Cramo on their upcoming pavilion in Hvidovre.



## COMMITMENT

Cramo delivered a total concept to the Danish National Police's location in Glostrup consisting of additional premises on three storeys using 36 C40 RED modules for a total of 972 m<sup>2</sup>. The project covered everything from handling all authority-related processing, including compliance with stringent Danish fire safety regulations, to installation of the modules according to the design, with interior stairs and a lift. The company also provided IT installation together with a partner. In a subsequent project in Hvidovre municipality, Cramo is responsible for the entire construction management, including the establishment of new exterior parking facilities.





Interior from a multi-level modular office.

# DEAR SHAREHOLDER

I write this Chairman's column with a certain feeling of sadness. A few months ago, I issued a statement indicating I would not stand for re-election to the Board at the next AGM in spring 2014.

The reasons for my stepping down are, I believe, logical. One of the Board's most important duties involves securing good management for the company, in every situation. This also constitutes an obligation for the Board, and in particular for the Chair, to ensure continuity. Next year I will be 70. Within a few years, some of Cramo's top management will reach retirement age. I considered it appropriate to make room for a new Chair, someone who will be well established in the job by the time new top managers need to be elected.

I also see a Cramo that has reached a significant level of stability. In a low, sometimes even hostile market, every key indicator is showing improvement, in all important aspects. Under the Board's supervision, and instituted in part by the Board, management is pushing forward with a number of initiatives, all delivering visible results today, and all continuing to deliver good results, independent of market conditions.

The modern Cramo was born in 2006, when Finnish Rakentajain Konevuokraamo acquired Swedish Cramo. The companies were a good fit, although there were significant differences in their corporate culture and performance.

The merged company quickly adopted a new corporate identity and the Cramo name for all its business. The first few years were fuelled by buoyant markets, up until 2008. Market growth was good, and the new Cramo boosted growth through several add-on acquisitions.

Then, in late 2008, everything came to a standstill. We all know what triggered the economic crisis.

Changing tack for a company of Cramo's nature is not an easy task. Given the nature of the business, the company must support a heavy balance sheet with a relatively large share of debt. This is necessary in order to offer a large and varied rental fleet to our customers. It also means a heavy dependence on high utilisation rates. This is a problem in a shrinking market, and Cramo saw some very difficult times.

In the years since the 2008 crisis, Cramo has made a formidable comeback.

The management has made operational excellence its top priority. This is important in a company which, as described above, was formed through numerous mergers and acquisitions. We can no longer rely on able individual entrepreneurs with large egos running their depots as private fiefdoms. Today we have team players optimising fleet utilisation across depots, regions and countries. It sounds easy, but changing this attitude was crucial.

We have also made good progress in reducing overall risk levels in the company. One milestone was achieved in 2013 when we de-consolidated our Russian operations. We simply merged our operations in Russia with those of our best competitor, Ramirent. We achieved critical mass, which we could not have achieved on our own, without serious risk-taking. And we de-consolidated the inherently risky Russian operations.

In other markets, we concentrated our operations in larger units, using our Best in Town strategy. Through this strategy we have eliminated a number of undersized and therefore risky depots, without losing total sales volume.

We have continued our drive for controlled growth. A few years ago, we ventured into Central Europe, particularly Germany. Having done our operational homework, we can now see the outlines of a solid, profitable Central European business.

The space allotted me here does not allow for a full list of the measures and policies that have shaped today's Cramo. The moves mentioned above are only a few examples of the good work that has been done.

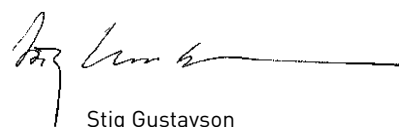
Dear fellow shareholder, from a share value perspective, the ride in recent years has been bumpy and not always a very pleasant one.

And for employees, the past few years have not always been pleasant.

However, hard work has resulted in a new company, a company well on its way to steady growth and improving profits.

It is with a certain feeling of pride that I leave Cramo to younger hands. I am confident in their competence to continue the good work. I intend to demonstrate that confidence by retaining my shareholding in Cramo.

My thanks go to our dedicated personnel and to our loyal shareholders.



Stig Gustavson  
Chairman of the Board





# OPERATIONAL EXCELLENCE BRINGS RESULTS

The strategy Cramo has chosen, with a rigorous focus on operational excellence combined with efficiency measures, resulted in increased profitability and strong cash flow in a difficult market environment. Cramo has a solid foundation for strengthening its competitiveness in the future.

*Your strategic theme is operational excellence. How have you succeeded in delivering on it?*

Within the last few years, we have indeed placed a strong focus on operational efficiency. We have continued to implement our strategy, that is, roll out a uniform business model and efficient processes. I am happy to report that this has proceeded well in all our countries and that our personnel and customers have both welcomed the changes.

This systematic strategy implementation, together with cost savings and the efficiency measures carried out earlier, has clearly improved our profitability and operational efficiency. Meanwhile, our agility has further increased.

Increased operational excellence is also reflected in further enhanced customer service and in easier access to a wider range of products and services with higher reliability of equipment delivery and functionality. At the same time, our capability to keep our customers ahead of the changing competition has continuously improved. We have got closer to our customers; we understand them and their needs today better than before. Our commitment to continuous improvements ensures that our work with operational excellence will go on.

We have also continued rolling out Cramo Care, our framework for coordinating and monitoring the Group's sustainability work, a framework founded on UN Global Compact principles. We

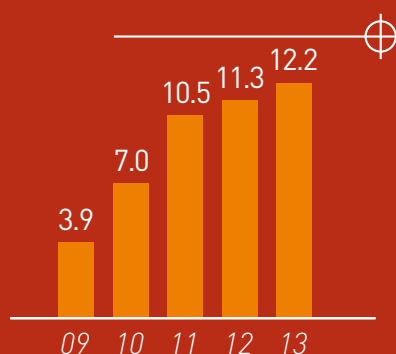
have put great emphasis on safety issues with our own staff as well as with our customers to contribute to greater occupational safety. As a result of continuous improvements in processes and management systems, our Finnish operations were granted an OHSAS 18001 certificate. Our sustainability report, which will be published in March, provides more information on our sustainability work.

*You promise your customers a great day at work. What does that mean in practice?*

We fully acknowledge that our reason for existence is that we contribute to the well-being of our customers and that we add value by adding our values to



## Focus on profitability and stable profit distribution



Improvement in profitability continued in 2013. Successfully implemented cost savings and operational development in line with the company strategy improved the company's earnings.

EBITA ■ % 2009-2013

TARGET ⊕ >15% OF SALES

the relationship. We believe a corporate culture that breathes this vision and our values in every respect each day will also make the difference in our performance. Our slogan "For a great day at work" simply means we will do everything we can to contribute to our customers' success by providing professional hassle-free services and by preventing and solving their problems – making their lives easier.

Obviously we do that through continuous improvements in our operations, for instance, by developing our expertise, customer service, product offering and internal processes. But it is also about our attitude – how we bolster this passion to serve, our ever growing desire to get closer to our customers and better understand them and their needs. The more we know about our customers, their priorities and their everyday working situation, the better we can develop our operations. This is best demonstrated by new rental services such as those for heating and site electricity developed together with our customers for their specific needs.

*Economic uncertainty persisted, although the economy grew more stable in 2013. How did that affect your business?*

I am delighted that, despite the challenging market situation, we achieved good results in Finland, Sweden and Eastern Europe, particularly in the Baltic region and Poland. In our modular space

business, demand remained at a high level in all the Nordic countries as well.

In Central Europe, our transition programme has proceeded as planned. We also strengthened our position in Norway in the spring through acquisitions and by concluding a long-term delivery contract with one of the largest construction companies there. The transfer of Russian operations to a joint venture was also completed in March.

Our results demonstrate that our strategy and contingency plans are working, and I believe our competitiveness in the near future as well as in the long term has been strengthened. Our business indicates good continuity over time.

We will keep our cost levels low in order to further increase profitability as markets improve and sales grow. We will specifically emphasise improvements in the countries with unsatisfactory results, but we will also keep a keen eye on all our other markets.

*Tough times continued in 2013. What is your message for your employees?*

We have faced fierce headwinds for quite a long time. However, I believe these winds are now changing, our sails have been properly trimmed, and we know the right wind angle to sail rapidly. We are ready to sail at high speed once the winds hit our tail.

You have shown tremendous commitment and made a strong

contribution in tough times. Thank you for that. Keep the Cramo spirit up and be prepared for the tailwinds.

*How about your shareholders and investors?*

We are stronger than before. The strategy we have chosen and the on-going actions to improve operational efficiency, profitability and agility are clearly bearing fruit. Our capital structure is stable and our balance sheet is solid. We are one of the leading rental companies in Europe and also one of the oldest and most experienced, celebrating our 60th anniversary this year, with a good presence in all the markets we want to be in. We are trim and agile and, I trust, ready for a positive swing in the markets.

However, we still have tremendous potential for improvement. There are markets where we can increase our market share. There will always be room for improvement in operational excellence.

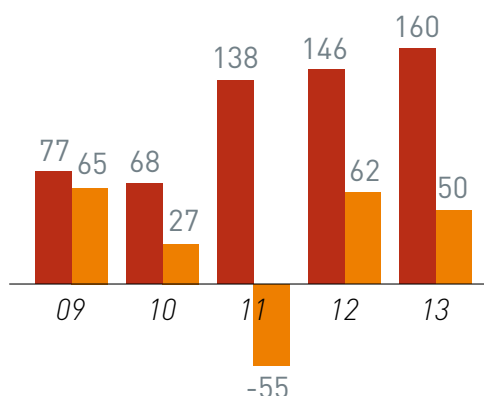
Thank you for your loyalty and trust in us. We will continue our work to generate more stable profits for you.

Sincerely,

  
Vesa Koivula  
President and CEO

Cash flow from operations improved significantly year-on-year. Investment cash flow includes acquisitions of EUR 25.9 million carried out in the first quarter of 2013.

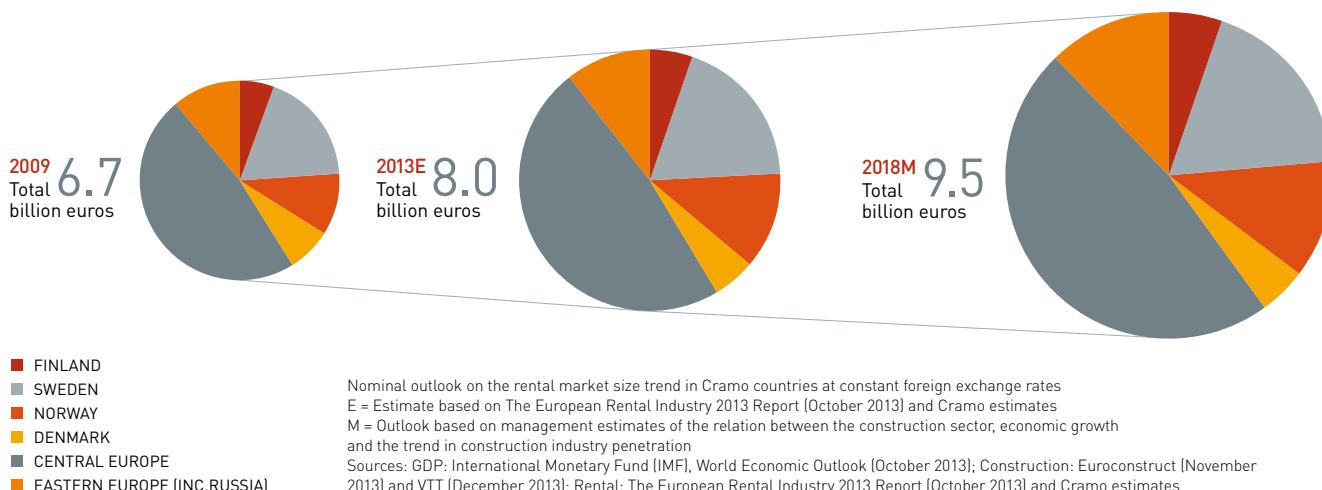
CASH FLOW FROM OPERATIONS ■ MEUR  
AND AFTER INVESTMENTS ■ MEUR





# RENTAL IS A GROWING INDUSTRIAL SERVICE BUSINESS

The European economic recovery was delayed despite the improving international framework and increasing economic activity in the United States and emerging markets. Despite the difficult economic situation, Cramo believes that the positive long-term growth drivers of the equipment rental industry have remained essentially unchanged.



## IMPROVED SENTIMENT IN 2013

Confidence among Europe's equipment rental industry took an upward turn in the third quarter, and the improving confidence level was also sustained in the final quarter of 2013. During the summer and autumn, economic uncertainty in Europe turned into steadier development. However, the demand for equipment rental services did not change significantly during 2013. The estimate for the European rental market growth in 2013 is 0.7% year-on-year.<sup>1</sup>

As with the overall economy, national rental markets across Europe still remained quite heterogeneous. Almost all Cramo markets performed satisfactorily, with the strongest growth in 2013 estimated to have taken place in Norway, Latvia and Lithuania, which had growth levels comparable to those in their national economies, while other countries with a difficult economic climate such as Finland had over a 5% drop in rental activity. Young rental industries like Poland also had a very difficult year due to significant decreases in public infrastructure spending and weak private demand.<sup>1</sup>

Merger and acquisition (M&A) activities remained relatively low in most Cramo countries. In most countries, fierce competition between companies has led to increasing internationalisation. Many large companies, but also medium-sized ones, are looking outside their borders for growth opportunities.<sup>1</sup>

## MODERATE GROWTH TO CONTINUE IN 2014

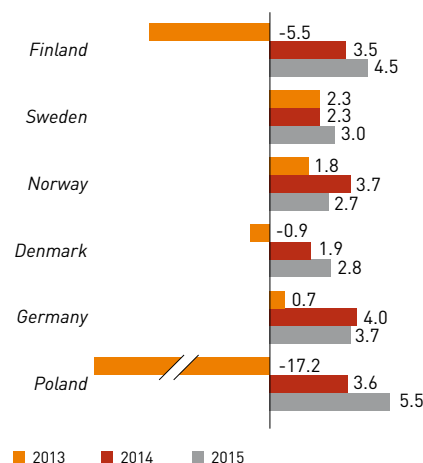
In 2014, moderate growth in rental volumes is expected in most Cramo countries. The outlook for the future is mildly optimistic, and growth is expected to pick up speed in 2015.<sup>1</sup>

Cramo's largest markets, the Nordic countries and Germany, are expected to continue growing at 2–4%, while the Polish market is also expected to see growth of about 4% in 2014.<sup>1</sup>

In the Baltic countries, moderate growth of about 3% is expected while rental volumes in the Czech Republic and Slovakia are projected to decrease slightly in conjunction with declining construction output in 2014.<sup>2</sup>

Many rental companies are expecting rental penetration to increase in the near future, the general sentiment being

## NOMINAL RENTAL MARKET GROWTH ESTIMATES<sup>1</sup> %



<sup>1</sup> The European Equipment Rental Industry 2013 Report, November 2013

<sup>2</sup> Baltic countries, the Czech Republic and Slovakia management estimate

<sup>3</sup> Management estimate

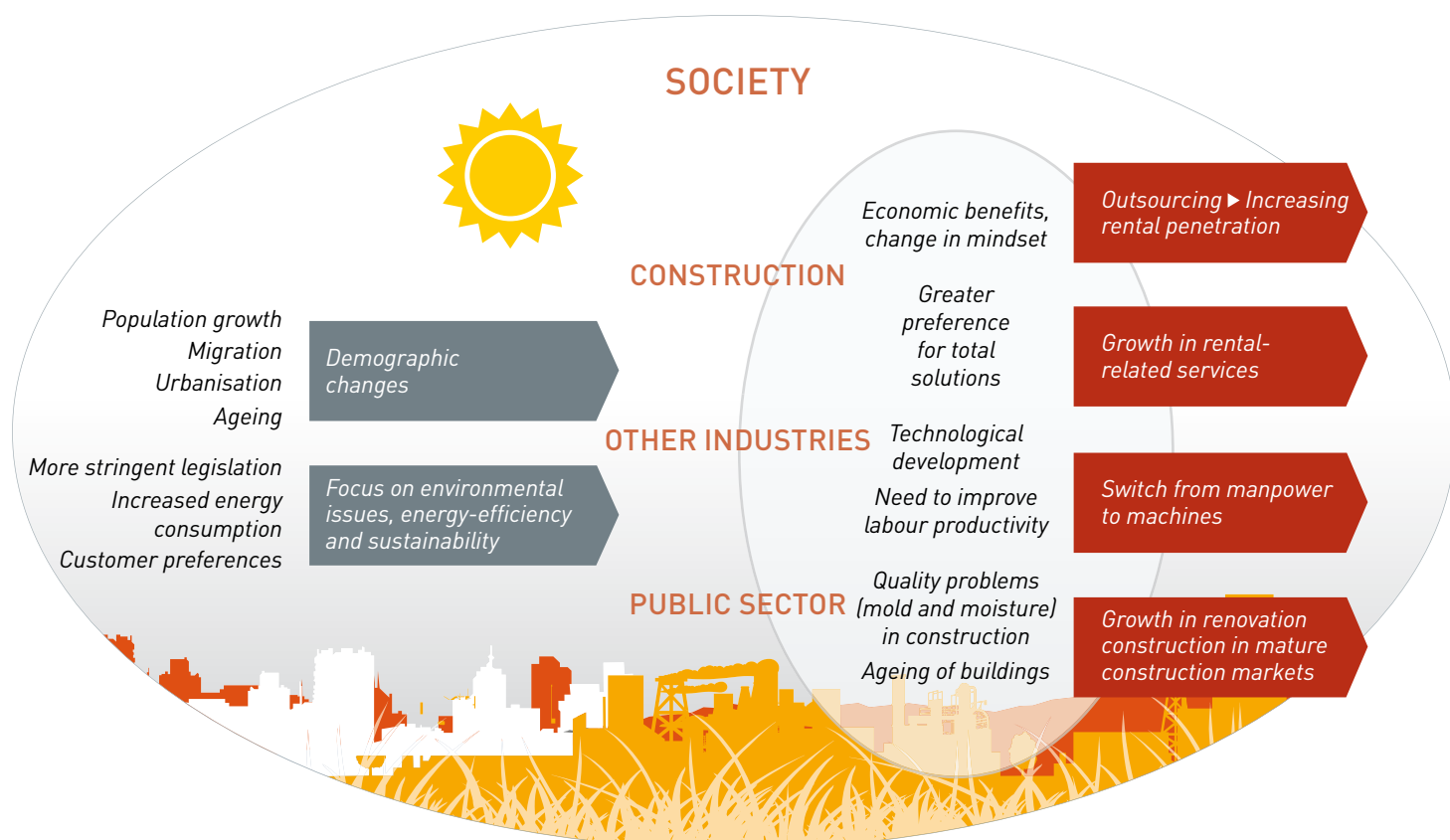
that more customers are experimenting with rental services in a difficult economic environment and that these customers will adopt rental in the long term.<sup>1</sup>

M&A activities are expected to increase.<sup>3</sup>

# LONG-TERM GROWTH DRIVERS IN RENTAL

In recent years, a number of key trends, such as a difficult economic environment and the need for economies of scale and scope, have facilitated a shift towards outsourcing and rental.

**OUR AIM IS TO EXCEL IN OUR ABILITY TO EXECUTE ACROSS EACH OF OUR GROWTH DRIVERS:**



## TO DELIVER SUSTAINED STAKEHOLDER VALUE, CRAMO RESPONDS TO KEY DRIVERS AS FOLLOWS:

We continue to **CREATE OUTSOURCING SOLUTION BUSINESS CAPABILITIES** by developing customer-centric offerings for different types of outsourcing transactions and by further developing our multi-category business model, the Cramo Rental Concept, which combines products and services into new solutions and concepts while ensuring a large range of products and services.

We continue to **EXPAND OUR CUSTOMER BASE** from construction to other industries and the public sector.

We further drive our **OPERATIONAL EXCELLENCE** and maintain a **STRONG BALANCE SHEET** with balanced risk management at all times.

We strengthen our **ENTREPRENEURIAL MANAGEMENT PRACTICES** and company culture and secure management talent.

We turn **SUSTAINABILITY ISSUES** into business opportunities and a competitive advantage.



What the expert says

# THE OUTLOOK INCLUDES BOTH CHALLENGES AND OPPORTUNITIES



**Mr Pekka Pajakkala**  
Chairman  
of the Board  
Senior Partner  
Forecon Oy

Slow growth in construction activity poses new challenges for equipment rental in developed Europe.

Even over the longer term, economic growth in Europe and Finland is anticipated to remain slow when compared to earlier periods. This means that growth in construction activity, too, will be slow and strategies that are based on growing construction activity will be difficult to implement. New construction activity especially suffers from the situation. The demand for new premises is weak as employment improves slowly and the utilisation rate of existing premises is low. Overconstruction in some countries, mainly in Southern Europe, means that the volume of new construction activity in Europe will remain low throughout the decade. Finland experienced overconstruction, too, and, in future, the volume will become more normal, stabilising well under the level from which the downward trend started in 2007.

The situation favours renovation but, even there, growth should remain weak. When it comes to the share of

renovation, Finland is now following the trend already seen in the other Nordic countries and affluent Western European countries. In these countries, clearly more than half of the money spent in residential construction goes on renovation. In business premises, the corresponding figure is approximately fifty percent. Growth in energy-related renovation has been set back by the downward trend in energy prices, including real prices. Although growth in construction activity should remain weak, there is growth potential in the construction equipment rental market: in the market share of rental equipment, in increasing the use of machinery in renovation and in increasing the use of rental equipment in the industrial and service sectors.

## **IN DEVELOPING COUNTRIES, GROWTH IN NEW CONSTRUCTION ACTIVITY POINTS TOWARDS OPPORTUNITIES FOR EQUIPMENT RENTAL COMPANIES**

The situation is very different in developing countries, new EU Member States and Russia. Compared to developed Europe, their economic growth is clearly faster and there are fewer premises and buildings. There is an intensive aspiration to reach the level of the EU's affluent Member States with regard to both gross domestic product and the number of square metres of residential and business space per capita, which means strong growth especially in new construction activity. The situation is the same in infrastructure construction, where

new Member States also receive EU subsidies. In these countries, equipment rental is something of a new phenomenon and there is growth potential in the share of rental services.

## **BETTER OCCUPATIONAL SAFETY AND WORKING CONDITIONS, NEW SERVICES AND SOLUTIONS**

Construction machinery and equipment play a key role in the improvement of occupational safety and working conditions (for example ergonomics, strain, harmful effects of dust and noise). In addition, the overall mechanisation, automation and robotisation of construction activity are important tasks for equipment rental companies. The situation is different from that of an individual construction company or another company in that they are exposed to the risk that the utilisation rate of a machine will remain low. The offering of multifaceted services and solutions both for actual work and for financing is a growth area in the construction equipment rental industry, too. Rapidly evolving devices and applications that utilise digital technology – building information models (BIM), simulation, visualisation, authentication, remote monitoring – make new services and solutions possible and consequently allow the productivity and profitability of the entire construction sector to be improved.

The author is a specialist in the construction business environment and its forecasting and has acted as the Chairman of the Board of Directors and Senior Partner at Forecon Ltd, a spin-off company of VTT Technical Research Centre of Finland since 1 January 2014.

a GREAT DAY AT WORK means

# WE MAKE YOUR DAILY LIFE EASIER AND MORE EFFICIENT

We start each day by figuring out how to make daily life easier for our customers. By taking care of their problems today and preventing new ones tomorrow, we give them the freedom to focus on what is good each and every day.

## ALWAYS NEARBY

With close to 360 strategically positioned depots and by serving sales offices in 15 countries, we are always within easy reach when needed.

## A PASSION TO SERVE

A long history and strong tradition ensure access to the collective competences of 2,500 professionals with Cramo spirit – a passion to serve.



Mr Torben Frederiksen, Project Leader, Danish National Police, talks about their professional partner. [p 8](#)

## RELIABLE DELIVERY

We have over 200,000 pieces of modern, high quality equipment, ensuring a high degree of delivery.



Mr Jyrki Ekonoja, Managing Director, Ekonrak, talks about increased availability. [p 21](#)

## AN EASIER, MORE EFFICIENT DAY

starts with renting.

By renting you can

- focus on your core business
- improve cost efficiency by sharing costs
- increase transparency in budgeting and control
- reduce or expand machinery flexibly to suit your needs
- turn fixed costs into variable costs
- improve access to modern, high quality products and services without keeping them in stock.

## COMMITTED TO DEVELOPMENT

We strive to create new offerings to keep our customers ahead of the changing competition.



Mr Robert Johansson, Project Manager, Sindeman Byggnads, talks about paper-free rental. ▶ p 32



Mr Håkan Sönnnergren, Product Manager, Cramo, talks about passive site huts. ▶ p 23

## RENTAL OBJECTS FOR EVERY POSSIBLE NEED

Cramo offers the widest rental assortment in the market.



Mr Jan Edlund, Managing Director, Byggnads AB Tornstaden, talks about focusing on his core business. ▶ p 4



Mr Jussi Heikkilä, Site Manager, Pöyry, talks about contracting construction site services. ▶ p 6

## HIGH QUALITY AND SAFETY

We maintain great respect for quality, safety and environmental matters. We are the frontrunner for the industry, with ISO certification for quality and environment in the Nordic countries as well as for the work environment in Sweden and Finland.



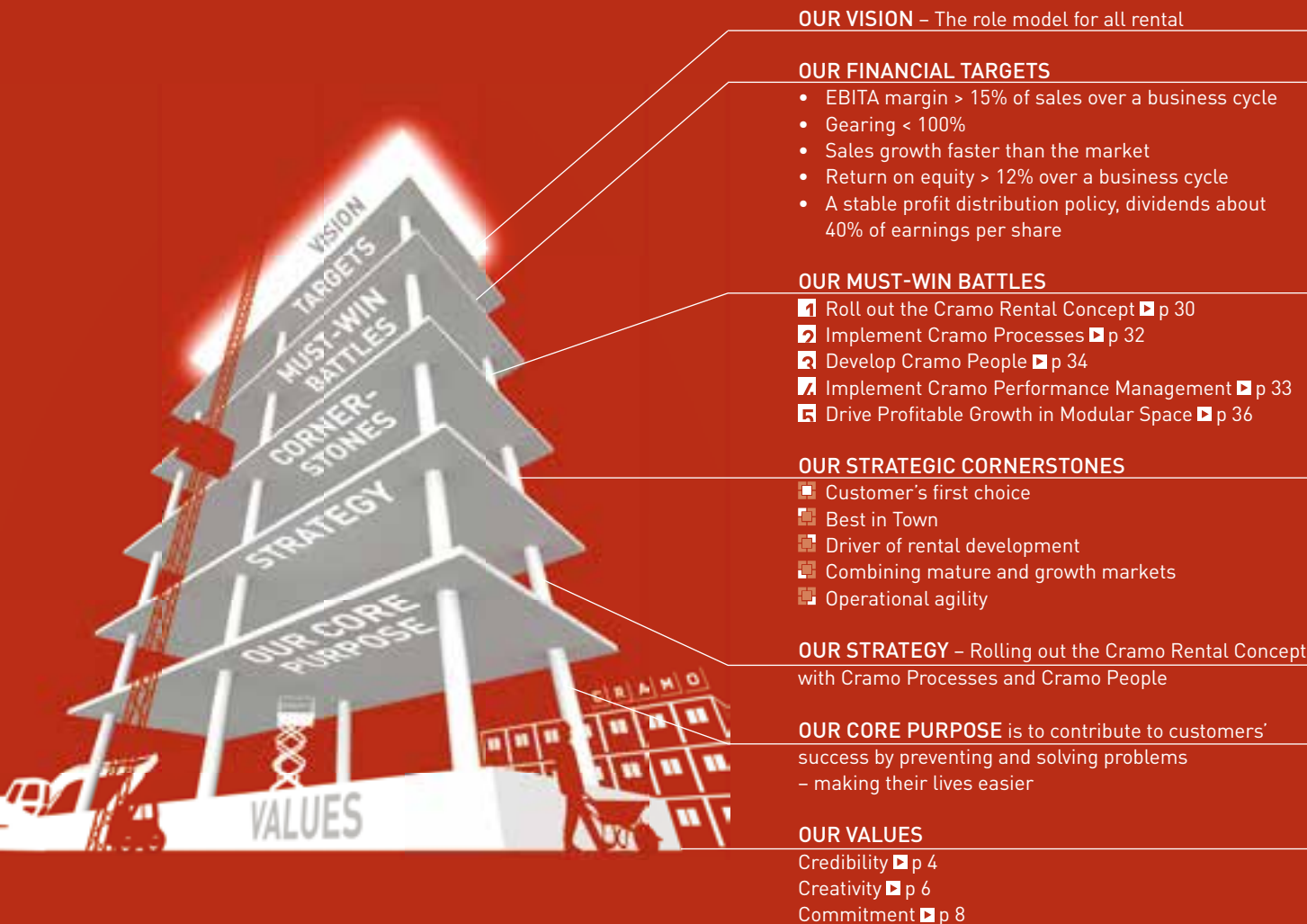
Ms Anne Lise Holth, Principal, Røren School, talks about comfortable modular premises. ▶ p 22



How we deliver on our promise through our **strategy**

# CONTRIBUTING TO OUR CUSTOMERS' SUCCESS

Cramo's strategy work proceeded according to plan, and implementation of its must-win battles neared completion in 2013. However, since some time is still needed to achieve full implementation, we will revisit these battles and our financial targets in spring 2014.



## OUR STRENGTHS

### TOTAL SOLUTIONS PROVIDER

Through the Cramo Rental Concept, an extensive, balanced portfolio with over 200,000 units across four product areas combined with a wide offering of rental-related services.

### STRONG MARKET POSITION

In Northern, Central and Eastern Europe – the second largest rental solution provider in Europe, well positioned in growing rental markets.

### OPERATIONAL EFFICIENCY

Advanced fleet management together with harmonised key processes and rental system.

### MODULAR SPACE OPPORTUNITIES

The leading player in modular space applications in the Nordic markets with growth opportunities in existing and new markets.

### STRONG BRAND

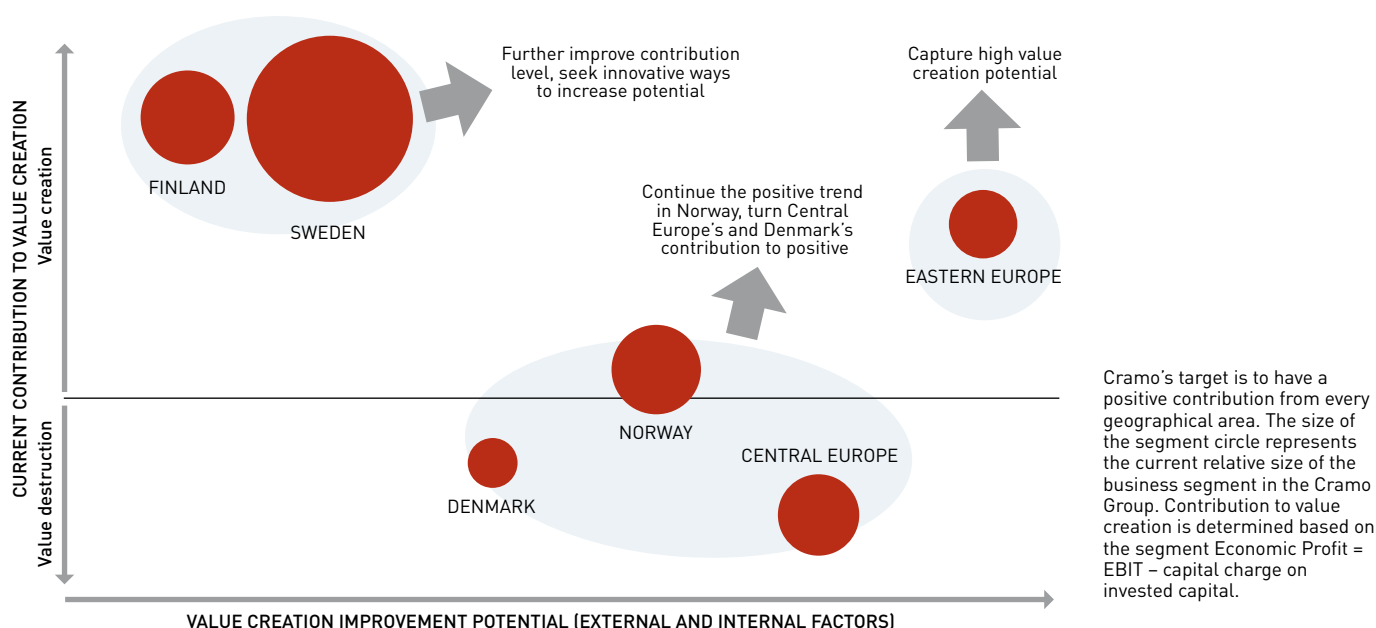
A well-established brand. Cramo is known as a reliable supplier with a

proven track record for short- and long-term rentals and for project and outsourcing agreements.

### FLEXIBLE BUSINESS MODEL

Improved flexibility throughout operations. Modular space, outsourcing agreements and a broad geographical footprint bring stability. A well-balanced use of temporary personnel, implementation of the franchising concept and increased fleet efficiency improve Group agility.

## HOW OUR SEGMENTS CREATE VALUE



### OPERATIONAL EXCELLENCE – OUR STRATEGIC THEME

We shifted our strategic theme gradually from growth to operational excellence in 2011–2012 as we reached the size needed for economies of scale. By that time, after a period of strong growth, we had transformed operations from a domestic company into one of the largest equipment rental service companies in Europe. We had become truly pan-European.

For us, scale means lower costs through harmonised processes and

concepts, pricing power over our suppliers and better utilisation of the fleet Group-wide, which in turn is reflected in our profitability and capability to distribute profit. Thus we focus on

- customer offerings and sales excellence
- operational efficiency and
- capital efficiency.

We drive operational excellence in these areas by implementing our must-win battles, developing our performance management culture and ensuring

well balanced cost and differentiation approaches. In practice, this means harmonised concepts, solutions and processes as well as good control of our fleet and cost level. To be successful, we also strive for a corporate culture that encourages continuous learning and personal development.

We have kept a tight focus, followed our strategy closely, and are now starting to see results. We believe we have created a strong foundation for operational excellence on which we continue to build.

FOCUS AREAS	ACHIEVEMENTS IN 2013	PRIORITIES FOR 2014
Customer offerings and sales excellence	<ul style="list-style-type: none"> <li>• Cramo Rental Concept piloted in Germany: product offering extended to tools and access equipment</li> <li>• Dynamic pricing system implemented in Sweden, first time ever in the European rental industry</li> <li>• Modular space calculation tool to provide best offers for customers implemented</li> </ul>	<ul style="list-style-type: none"> <li>• Further implementation of dynamic pricing system</li> </ul>
Operational efficiency	<ul style="list-style-type: none"> <li>• Harmonising solutions and processes continued: Cramo business platform implemented in Denmark and Germany, implementation of harmonised rental business processes and enterprise resource planning system (ERP) completed in Nordic countries and Central Europe</li> <li>• Speed Rental Concept, paper-free rental to speed up over-the-counter equipment handling in depots, launched in Sweden</li> </ul>	<ul style="list-style-type: none"> <li>• Further implementation of Speed Rental Concept</li> <li>• Fine-tune existing equipment and modular rental processes</li> <li>• Develop new ways to deliver services to our customers</li> </ul>
Capital efficiency	<ul style="list-style-type: none"> <li>• Fleet and stock optimisation system implemented in Sweden optimising equipment in and between depots</li> <li>• Improved time utilisation, strict investment control, consistent divestment programmes and implementation of new fleet transfer process</li> <li>• Further centralisation of purchasing</li> </ul>	<ul style="list-style-type: none"> <li>• Implement fleet performance management</li> <li>• Enhance purchasing processes and consolidate purchasing volumes for non-rental equipment and services</li> <li>• Improve efficiency in repair and maintenance processes</li> </ul>

How we deliver on our promise through **sustainability**

# HELPING TO MEET YOUR SUSTAINABILITY TARGETS

By meeting increasing demands for sustainability and promoting fair, mutually rewarding relations, we create value for all our stakeholders as well as sustainable business.

## CRAMO CARE



## TARGETS FOR CRAMO CARE

- Be the leader in responsibility and customer care

## COMPETITIVE ADVANTAGE

We are convinced that highly dedicated employees are the key factor in driving customer satisfaction and sustainable profits, and have thus implemented initiatives to create attractive working conditions.

As a result of long-term work with sustainability issues, we are able to provide our customers a wide range of sustainable services and solutions that help them not only to meet their sustainability targets but also to optimise their working processes and achieve effective results. Our focus is on safety and energy efficiency, but that also includes areas

60  
YEARS STRONG



Launch of the first Smart Energy savings concept to reduce energy consumption at construction sites in 2009.

We believe sustainable competitiveness in the long term is achieved by caring for our employees, being responsive to customer needs, developing sustainable products and services, and taking sustainability into consideration in the conduct of our own operations.

## CRAMO CARE FOR LONG-TERM, SUSTAINABLE PROFITS

Cramo Care is our framework for coordinating and monitoring sustainability work. Our common values – commitment to being a credible business partner, to customer satisfaction and to creativity for leading-edge solutions – constitute the backbone of this work.

Within the frame of the UN Global Compact, which Cramo has taken part in since 2009, together with Cramo Care, launched in 2010, the company has developed Group-level policies. Our Code of Conduct demonstrates our commitment to business ethics and provides concrete



Mr Josef Tuma  
Managing Director  
Mobest  
Czech Republic

– A trusted partner. I know we can call them anytime and they will do everything to fulfil our needs as fast as possible.

As a result of an expanded product offering and increased focus on our customer approach, Cramo is able to meet the growing and varied demands

of customers while delivering more flexibility and effectiveness in the Czech Republic.





such as occupational health. To be able to develop market-leading sustainability services, we have a structured dialogue and close cooperation with our most demanding and progressive key customers.

We contribute to sustainable development in society by conducting our own operations with consideration to sustainability. Since we want to develop the market, we also take an active part in developing sustainability in the European rental industry. We are creating a competitive advantage from sustainability.

### ACHIEVEMENTS IN 2013

- Step-wise implementation and adaptation of Cramo Care, such as a Group-level system for misconduct reporting
- Compliance with the UN Global Compact included in supplier chain management
- A set of Group-level sustainability indicators and KPIs implemented
- First Global Reporting Initiative (GRI)-based, Group-level sustainability report

### PRIORITIES FOR 2014

- Further roll-out of Cramo Care
- Fuller compliance with GRI-based indicators and KPIs
- More complete Group-wide GRI report
- Improved emissions reporting

guidelines for how we do business. Implementation of our sustainability work is decentralised and adapted to the local business environment.

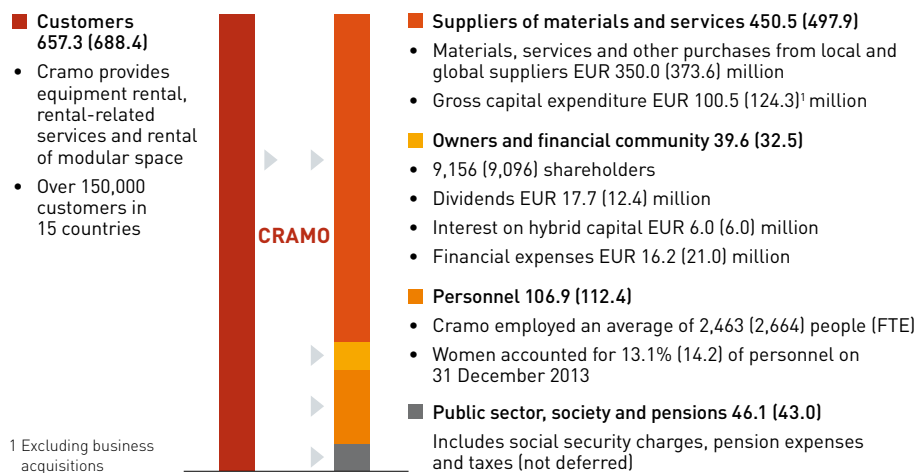
### SUPPORTING COMMUNITIES

Our local-level commitments include support for local charity organisations, schools and sports clubs. Since 2008 we have been a main sponsor of SOS Children's Villages at the Group-level. Starting in 2014, we are focused on supporting SOS Children's Villages in the Baltics and helping local SOS organisations to improve their fundraising capabilities.



Mr Jyrki Ekonoja  
Managing Director  
Ekonoja Oy  
Finland

### CRAMO'S ECONOMIC IMPACTS IN 2013 MEUR



– Cramo Friend has resulted in increased availability and faster deliveries for access equipment, which is extremely important for us as a renovation company.

An initiative from a Rental Manager led to the launch of our newest loyalty programme, Cramo Friend, for small and medium-sized customers in Finland. The

programme, based on an initial deposit, provides members a "sense of belonging", greater discounts and additional VIP features for smaller customers as well.

How we take care of **quality, safety and environment**

# IMPROVED ENVIRONMENTAL PERFORMANCE AND SAFETY

Our commitment on quality, safety and environment enables our customers to improve their working environment, environmental performance and efficiency.



## HIGH QUALITY, SAFE WORKPLACE

Our environmental and quality management systems together with our Group-level QSE Roadmap, launched in 2010 and updated in 2012, ensure that we meet high environmental and quality assurance standards and provide a safe, attractive workplace. Local depots are responsible for operative environmental management and activities.

## SAFE, ENERGY-EFFICIENT SOLUTIONS

Our commitment to the environment, combined with our solid competence in developing safe solutions, has resulted in energy-efficient, cost-effective customer solutions with market-leading environmental performance.

Our rigorous supplier selection system is reflected in modern equipment that meets high quality and safety standards and has a minimum environmental load. Professional advice, explicit instructions and training for equipment maintenance

60  
YEARS STRONG



Modular space operations in Sweden were certified as the first unit of the Group according to ISO 9001 in 1998.

In every aspect of our operations, there is a focus on safety, high quality and responsible environmental stewardship. We work continuously to improve the safety and environmental performance of our operations and customer solutions, throughout the product life-cycle.

## 50% REDUCTION IN ENERGY CONSUMPTION

Røren School and the SFO<sup>1</sup>, with more than 100 pupils in Hokksund, had an urgent need for new premises with neither the money nor time to build a new permanent building. A temporary school was built within a few weeks using energy-efficient modules that enable a 50% reduction in energy consumption without sacrificing comfort or compromising on standards set for permanent buildings.



All Cramo operations in Finland and Sweden have been certified in quality, environment and occupational health and safety. Operations in Denmark and Norway are certified in quality and environment.



**Ms Anne Lise Holth**  
Principal  
Røren School  
Hokksund, Norway

– The people who work here love the new building. It is nice to look at and very comfortable to work in. Our neighbours also really liked the design.

<sup>1</sup> SFO is a voluntary childcare programme provided by municipalities in the fourth grade of primary school in Norway



and safety, together with continuous improvements in processes and quality management systems, contribute to better service, fewer errors, higher productivity and greater occupational safety.

By implementing step-wise improvements such as systematic energy-savings measures in our premises, increasing the use of renewable energy for heating and electricity, having safety systems in place for handling the waste from operations and striving to recycle extensively, we reduce the environmental impact of all our operations.

### ACHIEVEMENTS IN 2013

- Step-wise implementation and adaptation of our Quality, Safety and Environment (QSE) Roadmap, such as OHSAS 18001 certification in safety for Cramo Finland and energy certificates for two modular space projects in Latvia
- First report to the Climate Change Carbon Disclosure project

### PRIORITIES FOR 2014

- Continue QSE Roadmap roll-out
- Initiate work for ISO certification in Latvia and Lithuania



### THE SUN AS AN ENERGY SOURCE

Our commitment to energy-efficient customer solutions led to a collaboration with Light Energy to develop site huts using solar panels as the energy source in 2013. After a pilot project, the solutions for passive site huts will be launched in 2014–2015.

– Helping to reduce energy consumption at construction sites is one of our focus areas.

**Mr Håkan Sönnergren**  
Product Manager  
Cramo AB  
Sweden

– We rely on having people around us who we trust 100%. With Cramo we did not need to worry. They took care of everything fast and very professionally.

**Mr Lars Sandek**  
Project Controller/Supervisor  
AF Group  
Norway



### HELP TO MEET THE HIGHEST STANDARDS

The biggest school project in Norway, the construction site of the new Risløkka competence centre for vocational training in Oslo, suffered damage as a result of a water pipe leak. By taking care of drying damp walls and purifying air as well as heating the site and submitting documentation for services in building moisture and purity before closing the walls, Cramo helped to meet the high standards set for the construction's indoor environment. At the same time, the energy used for heating and drying was environmentally friendly since applied energy, district heating and LPG were used as energy sources.



a GREAT DAY AT WORK means

# WE HELP YOU IMPROVE YOUR QSE PERFORMANCE

We are at the forefront when it comes to quality, safety and environment (QSE). Safety takes top priority in our relations. We work intensively to improve the working environment to help prevent injuries and reduce accidental deaths at our own and at our customer's worksites. We also work to improve the environmental performance of our operations and customer solutions throughout the product life-cycle.

## CRAMO SAFETY

Our occupational health and safety services include fall protection systems; protective guardrails, safety nets and personal protective safety equipment that protect your workers against falling accidents.

## ENERGY-EFFICIENT LIGHTING

With our LED lighting system, you can reduce electricity consumption on your construction site. At the same time, it reduces the need to replace light bulbs. With lighting installed at the main emergency exits, it is also safe to exit from the construction site during a power failure.

## PROTECTION AGAINST VIBRATION AND NOISE INJURIES

We invest in the latest technology and provide equipment with good ergonomics and as low a sound level as possible.

## PRODUCTS FOR ENVIRONMENTALLY SAFE HANDLING

We provide equipment for the safe handling of chemical products. During a project, we can also provide help with waste management.

## CRAMO CONTROL

Our solution for security and access control for construction sites ensures control of who enters the worksite.



### HIGH QUALITY EQUIPMENT THAT MEETS QSE REQUIREMENTS

We provide top quality products and solutions. We have strict procedures and thorough checks before delivery, and monitor them on a regular basis.

### QSE WORK STARTS AT OUR DEPOTS

Our employees help you, whether it involves choosing the right tool for each job or calculating emissions. We make environmental assessments and take care of energy efficiency and waste management.

### ENVIRONMENTAL AND QUALITY MANAGEMENT SYSTEMS

ensure that we comply with the latest environmental and quality assurance standards. We are the frontrunner in the industry, with ISO certification for quality and environment in the Nordic countries as well as for the work environment in Sweden and Finland.

### TRAINING TO RAISE COMPETENCE

We organise internal and external training to enhance security at the worksite and promote proper maintenance and use of equipment.

### ENVIRONMENTALLY RESPONSIBLE OILS AND FUELS

We use environmentally responsible oils and fuels for our equipment.

### SITE HUTS AND MODULE SET-UP WITH LOW ENERGY CONSUMPTION

With our energy-efficient site huts and solutions for daycare, schools and offices, you can reduce your energy use by up to 50% without sacrificing standards and comfort.

How we deliver on our promise through **business segments**

# STRATEGY IMPLEMENTATION BRINGING RESULTS IN EVERY COUNTRY


## SHARE OF GROUP

	SALES			EBITA			GROSS CAPITAL EXPENDITURE			EMPLOYEES, FTE		
	%	MEUR		%	MEUR		%	MEUR		%	NO	
FINLAND		15.4	102.6 (112.7)		21.8	19.3 (21.0)		15.3	19.7 (23.6)		16.7	393 (428)
SWEDEN		47.5	316.7 (322.4)		62.6	55.3 (57.6)		36.4	46.9 (55.2)		33.7	792 (793)
NORWAY		13.6	90.9 (84.2)		7.5	6.6 (5.3)		20.7	26.6 (10.9)		11.0	260 (223)
DENMARK		4.3	28.5 (37.7)		0.0	0.0 (-5.0)		3.5	4.5 (2.4)		4.6	108 (97)
CENTRAL EUROPE <sup>1</sup>		11.2	74.7 (67.0)		-1.2	-1.1 (-0.2)		10.0	12.9 (19.6)		14.8	349 (327)
EASTERN EUROPE <sup>2</sup>		7.9	52.8 (70.3)		9.3	8.2 (6.7)		14.1	18.2 (12.5)		19.2	451 (623)

## SERVICE NETWORK

## ACHIEVEMENTS IN 2013

## SALES BY CUSTOMER SEGMENT 2013 (2012) %

FINLAND	53 (55) depots, of which 16 (19) franchise Hub structure in place  ► p 6, 21	<ul style="list-style-type: none"> <li>Market position strengthened<sup>3</sup></li> <li>Sales decreased partly due to the divestment in March 2012</li> <li>Profitability improved thanks to efficiency measures initiated</li> <li>Fleet utilisation rates improving</li> </ul>	
SWEDEN	120 (124) depots, of which 36 (39) franchise Hub structure in place  ► p 4, 23, 31, 32	<ul style="list-style-type: none"> <li>Clear leading market position maintained<sup>3</sup></li> <li>Relative profitability on a good level thanks to efficiency improvements</li> <li>Dynamic pricing implemented</li> <li>Fleet utilisation rates at a good level</li> </ul>	
NORWAY	31 (31) depots, of which 0 (1) franchise Hub structure almost revised  ► p 22, 23	<ul style="list-style-type: none"> <li>Market position strengthened<sup>3</sup>, profitability improved</li> <li>Sales organisation strengthened, fleet maintenance centralised and the depot network optimised further</li> <li>Integration of outsourcing cases completed</li> </ul>	
DENMARK	7 (7) depots, of which 0 (0) franchise Hub structure in place  ► p 8	<ul style="list-style-type: none"> <li>Market position strengthened<sup>3</sup> in the modular space business</li> <li>Operative result turned positive thanks to centralisation of depots to growth regions carried out towards the end of 2012 and related improvements in sales efficiency</li> <li>Fleet utilisation rates improving</li> </ul>	
CENTRAL EUROPE <sup>1</sup>	83 (88) depots, of which 0 (0) franchise Hub structure initiated, partly in place  ► p 30, 34	<ul style="list-style-type: none"> <li>Sales increased, market position strengthened<sup>3</sup></li> <li>Modification of operations according to the Cramo Rental Concept proceeded well</li> <li>Development of sales and know-how and centralisation of operations continued</li> </ul>	
EASTERN EUROPE <sup>2</sup>	63 (71) depots, of which 3 (11) franchise Hub structure nearly in place  ► p 20, 33, 35, 36	<ul style="list-style-type: none"> <li>Market position maintained in all markets<sup>3</sup></li> <li>Sales decreased mainly due to shift of Russian operations to Fortrent in March</li> <li>Profitability improved clearly due to cost savings achieved earlier and restructuring in Poland, the Czech Republic and Slovakia</li> <li>Fleet utilisation rates improving</li> </ul>	



## MARKETS

CRAMO SALES, MEUR	RENTAL MARKET SIZE 2013 (2012) <sup>4</sup> , MEUR	EQUIPMENT RENTAL FORECAST 2014 (2013) <sup>4</sup> , %	CONSTRUCTION GROWTH FORECAST 2014 (2013) <sup>5</sup> , %	MARKET POSITION ESTIMATE <sup>3</sup>
	430 (455)	+3.5 (-5.5)	+0.5 (-2.7)	Strong #2 in equipment rental, #1 in modular space
	1,529 (1,494)	+2.3 (+2.3)	+1.6 (-0.4)	Strong #1 both in equipment rental and modular space
	965 (947)	+3.7 (+1.8)	+3.6 (+3.7)	#2 in overall rental, #1 in access equipment
	423 (427)	+1.9 (-0.9)	+3.3 (+2.4)	#3 in equipment rental, #1 in modular space
	3,855 (3,827)	+4.0 (+0.7) in Germany	+2.7 (+0.3) in Germany, +1.2 (+0.5) in Austria, +7.4 (+1.3) in Hungary	#3 in Germany, #1 in Austria
	527 (598)	-2+5 (-17+8)	-2 (-3) in Estonia, -6 (+5) in Latvia, +4 (+4, -9) in Lithuania and Poland, -1 (-8) in Slovakia, -4 (-8) in the Czech Republic	#1 in the Baltics, #2 in Poland. In the Czech Republic, and in Slovakia #1 in access equipment and #3 in overall rental

### COMPETITIVE LANDSCAPE

### RENTAL GROWTH ESTIMATE 2014<sup>4</sup>

Two strong players with a number of local and specialist competitors. Modular space product area dominated by a few strong players.

Growth of 3.5% in line with the general economic trend, driven by growth in rental of renovation construction machinery.

Two strong players with a number of local and specialist competitors. Modular space product area dominated by a few strong players.

Growth of 2.3% as prospects for Swedish construction have improved.

Three strong players with a number of local competitors. New local entrants as a result of relatively good financial situation. A few players in modular space product area.

Growth expected to continue at a rate of 3.7% in line with construction growth estimates.

Fragmented markets waiting for consolidation. A few small players in modular space product area.

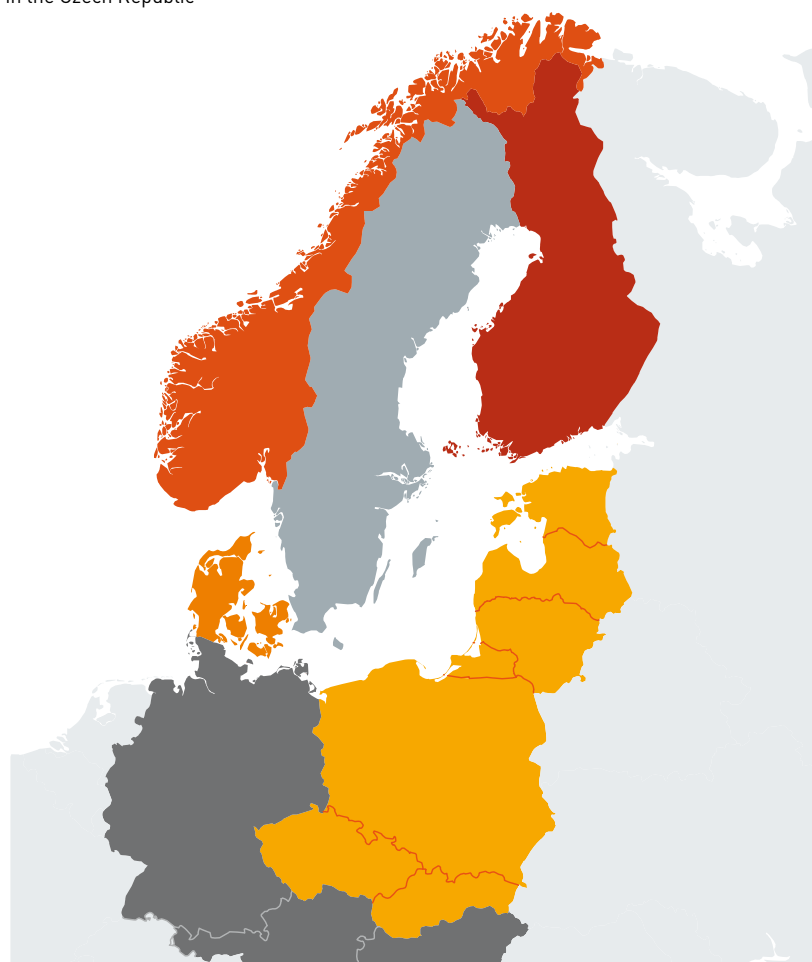
A moderate growth of 1.9% as a result of brightening construction outlook.

Fragmented markets under consolidation: four stronger players in Germany with a number of local smaller specialist competitors.

Growth of 4% in Germany driven by stable construction growth.

Mainly smaller national and local players with a few Western European competitors. Markets in early phase in modular space product area.

Growth of 3% in the Baltic region, growth of 3.6% in Poland, and declines of 1% and 2% in the Czech Republic and Slovakia, respectively.



1 Germany, Austria and Hungary

2 Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia and the Kaliningrad region of Russia as well as a 50% share in the joint venture Fortrent (Russia, excluding the Kaliningrad region, and Ukraine). Cramo's Russian operations, excluding Kaliningrad, were transferred on 1 March 2013 to Fortrent, a joint venture owned and controlled 50/50 with Ramirent and consolidated under the equity method of accounting.

3 Management estimate

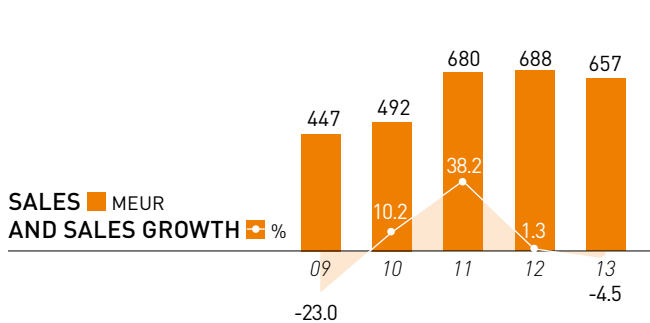
4 Finland, Sweden, Norway and Denmark: ERA European Rental Industry 2013 Report, autumn 2013, and equipment rental forecast 2014 for Finland: VTT December 2013; Central and Eastern Europe: ERA, Cramo Management estimate. Russia is not included in the market size estimate for Eastern Europe.

5 Euroconstruct, Country report, November 2013; the Baltic countries and Kaliningrad: VTT December 2013

How we delivered on our promise **financially in 2013**

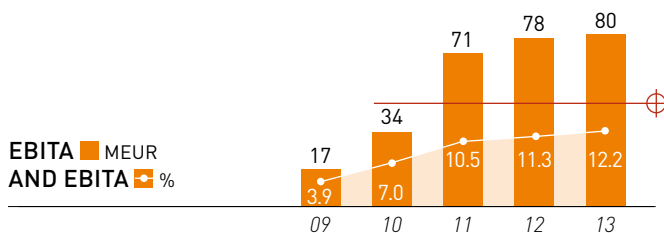
# IMPROVED PROFITABILITY IN CHALLENGING MARKETS

Concentration on operational excellence bore fruit although the environment remained challenging. Cramo succeeded in improving its EBITA margin compared to 2012, from 11.3% to 12.2%. The Board proposes a dividend of EUR 0.60 (0.42) per share for 2013, in line with its profit distribution policy.



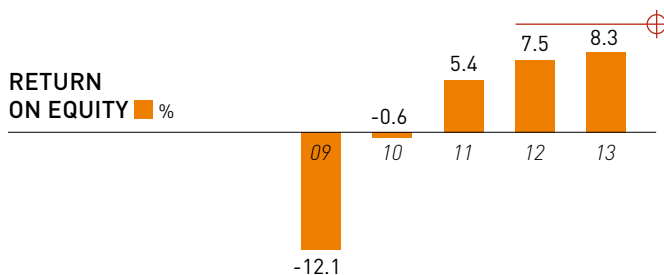
**TARGET:** Sales growth faster than the market

**PERFORMANCE:** Sales target was achieved. Sales decline was 4.5%; sales change in local currency excluding divested operations and restructuring in Russia was -1.5%. Sales were affected by the divestment of modular space production and the customised space rental business in Finland in 2012, by the transfer of Russian operations to a joint venture in March 2013 and by the rationalisation of the depot network in Denmark in late 2012.



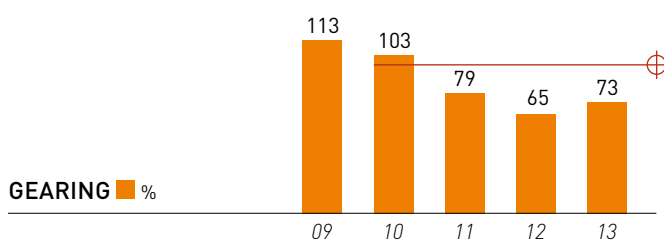
**TARGET:** EBITA margin above 15% of sales over a business cycle

**PERFORMANCE:** EBITA margin target was not achieved although EBITA margin improved to 12.2% as a result of successfully implemented cost savings and other efficiency measures. The implementation of Cramo's strategy has also improved profitability.



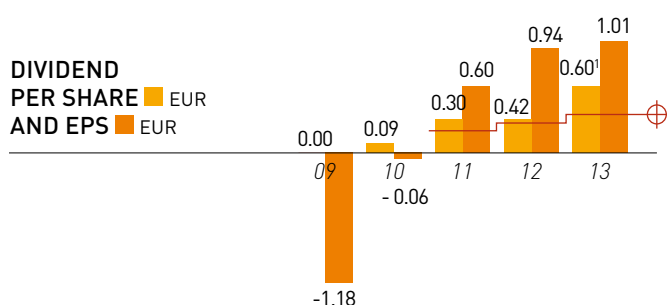
**TARGET:** Return on equity higher than 12% over a business cycle

**PERFORMANCE:** As a result of better profitability return on equity improved to 8.3%. However, it still remained below the target level.



**TARGET:** A maximum gearing of 100%

**PERFORMANCE:** The Group's gearing was 73%, clearly below the target level. Strong cash flow as a result of improving profitability helped to achieve the target despite the acquisition completed in the first quarter and redemption of a EUR 50 million hybrid bond in April.



**TARGET:** Stable profit distribution policy with about 40% of earnings per share paid as dividend.

**PERFORMANCE:** In line with the policy, the Board proposes a dividend of EUR 0.60 per share for the financial year 2013, representing 59.3% of reported earnings per share.

<sup>1</sup> Board proposal

## KEY FIGURES AND RATIOS

	2013	2012	CHANGE, %
<b>Income statement</b>			
Sales, MEUR	657.3	688.4	-4.5
EBITA, MEUR	79.9	78.0	2.4
EBITA, %	12.2	11.3	
Operating profit (EBIT), MEUR <sup>1</sup>	66.8	64.5	3.6
Profit before tax (EBT), MEUR <sup>1</sup>	51.9	44.3	17.4
Profit for the period, MEUR <sup>1</sup>	42.8	38.7	10.4
<b>Balance sheet</b>			
Gearing, %	72.9	65.1	
Equity ratio, %	47.1	48.6	
Net interest-bearing liabilities, MEUR	364.8	346.9	5.2
Total assets, MEUR	1,074.7	1,108.1	-3.0
Shareholders' equity, MEUR	500.6	483.0	3.6
<b>Share-related and other information</b>			
Average personnel	2,463	2,664	-7.5
Number of depots	357	376	-5.1
Return on equity, %	8.3	7.5	
Return on investment, %	7.7	7.3	
Gross capital expenditure, MEUR	129.6	125.1	3.6
of which business combinations, MEUR	29.1	0.8	
Cash flow from operations, MEUR	160.3	146.0	9.8
Cash flow after investments, MEUR	50.3	62.2	-19.2
Earnings per share (EPS) undiluted, EUR <sup>1</sup>	1.01	0.94	8.0
Earnings per share (EPS) diluted, EUR	1.00	0.93	7.4
Dividend per share, EUR	0.60*	0.42	42.9
Equity per share, EUR	11.56	11.58	-0.2
Market capitalisation, MEUR	665.3	332.8	99.9

<sup>1</sup> Comparative figures for 2012 have been adjusted due to the retrospective application of the revised IAS 19 Employee benefits

\* Board proposal

► More on key figures and ratios on page 57 and calculations on page 95



How we delivered on our promise **operationally in 2013**

## WIDER HIGH-QUALITY OFFERING, BETTER SERVICE

As a result of our harmonised business model, we are able to provide our customers easy access to a full range of modern, high-quality rental products and services in all our operating countries. By continuously creating new offerings, we increase our customers' competitiveness.

### Roll out the Cramo Rental Concept



#### TARGETS FOR MUST-WIN BATTLE

- Implement renewed Cramo Rental Concept in all operating countries, using Best in Town task forces in selected areas

#### IMPROVED OPERATIONAL EXCELLENCE

Implementation of the revised Cramo Rental Concept, with its common offering and unified, smarter way to work, has resulted in higher quality of services and positive customer reactions across the operating countries. By creating a highly connected distribution network with efficient logistics and different types of depots, Cramo is able to meet different customer demands for service and equipment availability. At the same

As a total solutions provider, we supply our customers everything from individual items to complete solutions for the largest projects. Our distribution network, with different depot types, is always within easy reach.

#### CLOSER TO A TOTAL SOLUTIONS PROVIDER

Roll-out of our multi-category rental model, the Cramo Rental Concept, continued in Germany. The product and service offering was expanded with tools and access equipment in the Munich area. At the same time centralisation of operations and development of sales and know-how continued according to



– Thanks to Theisen's organisational change into a multi-category supplier, we were now able to take the first important steps towards comprehensive project monitoring at two building sites in the Munich area.

This great success would not have been possible without the new structure and ideas from Cramo.

**Mr Fatmir Hatic**  
Managing Director  
AC Service GmbH  
Esslingen, Germany



time, it has created an excellent base for improved operational efficiency.

As a result of its structured way of working with continuous development, Cramo brings new offerings to the market that meet customer demands today and tomorrow. The company has created a platform for generating long-term growth and sustainable competitiveness.

#### ACHIEVEMENTS IN 2013

- Renewed Cramo Rental Concept rolled out throughout the Group
- Substantial progress achieved particularly in Norway and Germany by establishing a hub structure in Norway and by setting up a new way of working in clusters and expanding the product offering with tools and access equipment in the Munich area

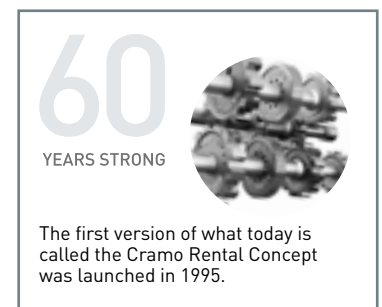
#### PRIORITIES FOR 2014

- Further implementation of the Cramo Rental Concept, specific focus on Germany and Norway
- Focus on further improvement of customer experiences, such as delivery precision and new offerings

Cramo's Best in Town strategy. New access equipment hubs were established in Berlin and Hamburg.

#### HELPING TO SAVE TIME AND MONEY

We want to be the leader in delivering and demonstrating customer value whether it involves customer service, our offering or availability.



– I prefer renting instead of owning equipment because that way I have the right equipment for the work in question and know what to charge the customer for it.

Over the years, Cramo has provided JASAB with equipment and solutions that have saved us time and money.

**Mr Anders Skogström**  
Managing Director  
J A Skogström AB  
Sweden

How we delivered on our promise **operationally in 2013**

## HIGH-QUALITY EQUIPMENT FAST AND ON TIME

Thanks to our efficient, streamlined operational model, we are able to provide our customers faster assistance at our depots with higher reliability of equipment delivery and functionality, and at an attractive cost level.

### Implement Cramo Processes

# 2

#### TARGETS FOR MUST-WIN BATTLE

- Implement the process organisation, Cramo business platform and core processes in selected countries

#### ACHIEVEMENTS IN 2013

- Implementation of a new common rental system finalised in the Nordic countries
- Core processes – equipment and modular space rental as well as fleet management – fine-tuned
- Cross-border process development organisation implemented
- Speed Rental Concept implemented in Sweden

#### PRIORITIES FOR 2014

- Finalise implementation of process organisation in Germany
- Improve process efficiency with concepts like Speed Rental and Cramo's web solution

#### EXCELLENCE IN PLACE

Cramo has developed from a collection of independent local operations into a harmonised operational model with the same processes, systems and metrics in its main markets and has thus significantly shortened the time needed to introduce new business concepts and processes and ensure cost efficiency by benchmarking and comparing its operations.

Cramo's harmonised operational model ensures that our personnel are able to satisfy our customers' demands fast and with precision by sharing uniform processes and best practices on how to operate.

#### EVERY MINUTE COUNTS

We are continually looking for ways to make the rental process faster and better for our customers and our employees. In 2013, our paper-free Speed Rental Concept was launched in Sweden. It will be further implemented in 2014.

– Implementing modern technology like bar code readers and electronic signing in the rental industry as well saves time and is a welcome and creative move by Cramo.

Mr Robert Johansson  
Project Manager  
Sindeman Byggnads AB  
Sweden





# EMPOWERED, ENTREPRENEURIAL RENTAL CENTRES

Increased empowerment and improved awareness of targets and performance at the depot level have simplified life and made work more meaningful for our employees. This is reflected in higher operational fluency, process efficiency and better customer service quality.

## CULTURE OF CONTINUOUS IMPROVEMENT WELL UNDERWAY

Within a few years, Cramo has implemented harmonised reporting and metrics in almost all of its operating countries, which enables benchmarking between depots and thus improves performance and results. At the same time, Cramo is well on its way in developing a competitive advantage from a culture of continuous improvement and learning.

## TARGETS FOR MUST-WIN BATTLE

- Implement Cramo Performance Management Model in all Cramo countries

## ACHIEVEMENTS IN 2013

- Roll-out almost completed in all Cramo countries

## PRIORITIES

- Complete roll-out
- Strengthen performance management culture

## Implement Cramo Performance Management

With our harmonised Performance Management Model, we communicate our most important goals in depots and proactively steer our daily work towards achieving them. Together with increased empowerment, this enables us to immediately address performance gaps identified.

## 100% CERTAINTY

As a result of a local initiative to support sales, Cramo started to track its rented equipment in Poland and double-check that all items had certificates and manuals attached. The target, set at 100% certainty with up-to-date documentation, is monitored monthly, and the practice has had excellent feedback from customers. For example, at one construction site Cramo was the only rental company to pass inspection by the National Labour Inspectorate.

– Providing manuals contributes significantly to work safety and often offers a helping hand, an instant solution for the operator at the construction site.

Mr Wojciech Bundyra  
Depot Manager  
Wrocław  
Cramo Poland



How we delivered on our promise **operationally in 2013**

# CREATING PASSIONATE RENTAL BUSINESS CHAMPIONS

We are well on our way in developing passionate rental champions who understand our customers' needs, sometimes even better than they do, and who have the competence required and a genuine desire to help.

## Develop Cramo People

# 3

### TARGETS FOR MUST-WIN BATTLE

- Develop Cramo People to be passionate rental business champions

### STRENGTHENED PERFORMANCE-DRIVEN CULTURE

By successfully carrying out its corporate game, Cramopol, the company has been able to communicate its strategy and values to all employees. At the same time, the game has generated a lot of suggestions for improvements. With Cramo Dialogue, a model for annual performance reviews, the company helps its employees to achieve their highest potential while Cramo People Survey gives feedback on employee satisfaction.

# 60

YEARS STRONG



The first version of Cramo School was organised in 1995. Today both internal and external training are organised under this framework.

By offering attractive workplaces with good opportunities for competence development and rewards for contributing to our values and goals, we increase employee commitment and loyalty.

### WE ARE A TEAM

As part of its transformation from a family-owned company into a unified part of a pan-European business, Theisen has developed its organisation to be more sales-oriented and focused on leadership. At the same time, the creation of teamwork and a customer-oriented culture with higher employee participation has proceeded well.

– Strengthening our sales activities brings us closer to our customers and thus enables us to take better care of their needs. Our new reporting model ensures that we all get the same information. Decisions are clear and transparent.



**Mr Joachim Drexler**  
Operational Support Administrator  
Theisen Baumaschinen AG  
Germany



Through Cramo Development, a common framework for employee on-boarding, training and skills development, Cramo ensures professionalism and efficiency at all levels of the Group while encouraging the professional and personal development of all employees throughout their career at Cramo. By strengthening its value-based performance-driven culture, the company drives high-level customer satisfaction and long-term sustainable profits.

### ACHIEVEMENTS IN 2013

- The Cramo Training and Career Development Programme further developed; career planning, on-boarding processes and e-learning platform with first common training module included; implementation almost completed in Finland, Sweden, Lithuania and Latvia
- Implementation of other new HR models completed at the country level
- Second round of the One Cramo Share Plan for employees carried out

### PRIORITIES FOR 2014

- Roll out the Cramo Training and Career Development Programme throughout the Group
- Carry out third round of the One Cramo Share Plan for employees

### TARGET ZERO ACCIDENTS

Our vision is zero accidents, and we work systematically with preventive measures. By training our employees and our customers in the proper, safe use of equipment, we enhance work safety and efficiency. For example, in 2013, 38 employees (11%) and 342 customers took part in such training in Lithuania and Latvia.

EMPLOYEES BY COUNTRY (FTE)  
31 DECEMBER 2013 (2012)



– Becoming acquainted with safety requirements and the proper use of equipment enables us to work faster and smoother without the risk of harming ourselves, our health or safety.



**Mr Mindaugas Sutkus**  
Rental Officer  
Verkių Depot, Vilnius  
Cramo Lithuania

KEY FIGURES	2013	2012	Change, %
Average number of employees (FTE)	2,463	2,664	-7.5
Number of employees at year-end (FTE)	2,416	2,555	-5.4
Total number of employees	2,528	2,637	-4.1
permanently employed	2,427	2,520	-3.7
temporarily employed	71	117	-39.3
women	331	375	-11.7
men	2,197	2,262	-2.9
Personnel expenses/employee (EUR 1,000)	56.3	54.0	4.4
Personnel expenses/sales, %	21.1	20.9	1.1
Sick leave days/FTE	7.1	6.9	3.1

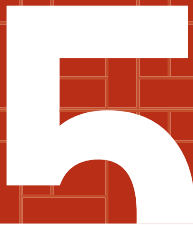


How we delivered on our promise **operationally in 2013**

## SOLVING CUSTOMERS' TEMPORARY SPACE NEEDS

Our modular space expertise and service are cutting-edge. We understand our customers' needs and deliver comprehensive high-quality service efficiently. We show the way with our innovative, ever-evolving modular space offering.

### Drive Profitable Growth in Modular Space



#### TARGETS FOR MUST-WIN BATTLE

- Drive profitable modular space growth in Denmark and Norway  
▶ p 8, 22
- Support to start-up modular space markets

#### PROVIDING EXCELLENT QUALITY AND AGILITY

The harmonisation of sales, marketing, delivery and fleet management processes together with the optimisation of fleet synergies has progressed well. Proven models in the Nordic countries provide an excellent base for fine-tuning operational excellence and for expanding operations in the Baltic countries and Germany. This further increases the stability in Cramo's operations that modular space creates through long-term agreements and a more balanced, varied customer portfolio.

60  
YEARS STRONG



In the early 2000s modular space solutions made a breakthrough in the public sector in Finland.

As a result of systematic organisational development and the transfer of know-how, best practices and operational models, Cramo has inspired and motivated modular space professionals who understand customer needs.

#### COSY PREMISES FOR CHILDREN

To meet the rapidly growing need for daycare space, the city of Tallinn, Estonia, opened six modular groups in three nursery schools in 2013. The modular units meet all the needs of a nursery school and are adapted to fit the surroundings. They comply with all health and safety standards.

– These modular blocks are the first ones specifically built for a daycare centre in Tallinn. This represents a new solution to modernising nursery schools throughout the city and making them more spacious.

Mr Edgar Savisaar  
Mayor of Tallinn  
Estonia





The constant drive to improve and a strict focus on our core business have resulted in an extensive range of standardised modular space solutions that meet different customer needs for temporary premises today and tomorrow cost-effectively and without having to sacrifice comfort, the environment or varying standards in different countries. With our existing energy-efficient modules, and another to be launched in 2014, Cramo sets the pace for the industry.

### ACHIEVEMENTS IN 2013

- Top-quality customer service with harmonised processes in Finland and Sweden
- Development work and expansion well on their way in Denmark and Norway
- First modular space school delivered in Germany

### PRIORITIES FOR 2014

- Successful launch of Adapteo – as the leading modular space specialist
- Improve performance in the Nordic countries by ensuring full use of harmonised processes and concepts
- Take advantage of opportunities in Germany
- Continue expansion in the Baltic countries
- Launch new energy-efficient module

### OPTIMIZED SPACE QUICKLY

In order to position its modular space offering more clearly to meet the specific needs in applications beyond the construction sector as well, Cramo sub-branded its modular space business as Cramo Adapteo in early 2014.

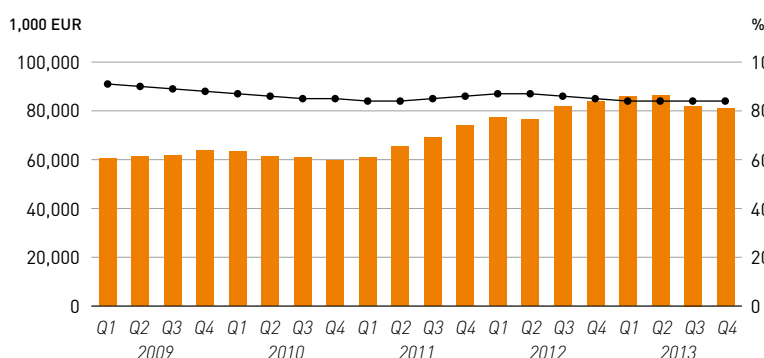
The name Adapteo refers to Cramo's capability to quickly adapt to its customers' varying space needs. It also

reflects the increasing specialisation and professionalisation of modular space as a product and business operation, from providing site huts alone to offering total solutions and services that exceed all the requirements set for permanent buildings while providing greater convenience and functionality.



SALES AND TIME UTILISATION OF MODULAR SPACE IN THE NORDIC COUNTRIES 2009–2013

■ SALES (ROLLING 12 MONTHS) 1,000 MEUR — TIME UTILISATION %



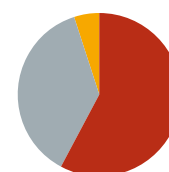
#### Modular space provides stability

Modular space is an attractive business with longer contract lengths, higher utilisation and better margins than in construction rental services on average.

Note: Excluding modular space production and customised module rental businesses in Finland, which were divested in Q1/2012, and the customised modular space portfolio, which was divested in Q1/2010.

SALES OF MODULAR SPACE BY SERVICE AREA 2013

% OF GROUP SALES



- PUBLIC SECTOR 58
- OTHER INDUSTRIES 37
- CONSTRUCTION INDUSTRY 5

a GREAT DAY AT WORK means

# WE ENSURE COMPETENCE AND A PASSION TO SERVE

We know the difference between doing a job for a paycheck and doing it out of a passion to serve, and would never settle for anything but the latter. In everything we do, we have a genuine desire to help. By taking care of our people, we create Cramo Spirit and an attractive workplace, with dedicated employees who have a passion to serve.

## HEALTH AND SAFETY IS OUR FIRST PRIORITY

Our vision is zero accidents in our workplaces, and we work systematically with preventive measures. We work actively to promote a healthy lifestyle among our employees.



Mr Mindaugas Sutkus,  
Rental Officer at  
Cramo Lithuania, talks  
about safety training.

▣ p 35

## ATTRACTING THE SHARPEST MINDS AND THE BRIGHTEST SPIRITS

We offer attractive, creative workplaces with good opportunities for skills development.

## CRAMO PEOPLE SURVEY

Our Group-level employee survey is carried out in all our operating countries every two years, providing valuable information about our employees' views and about areas for improvement.

## CRAMO DEVELOPMENT

Our common framework for employee on-boarding, training and skills development encourages professional and personal development throughout their career, thus ensuring professionalism and efficiency at all levels.





### THE GUNNAR GLIFBERG AWARD

of EUR 15,000 provides young rental professionals in our Group with an opportunity to take part in an international management training programme.

### CRAMO DIALOGUE

Our structured approach to performance reviews ensures that every employee has an annual review in order to establish personal development plans and targets.

### OUR COMMUNICATING STRATEGY AND WAY OF WORKING

Our corporate game, Cramopol, provides an engaging way to convey our strategy and values to all our employees. It also builds team spirit and generates plenty of suggestions for improvement.

### REWARDING EMPLOYEES THROUGH THE ONE CRAMO SHARE PLAN

We encourage employees to become shareholders and reward them for contributing to our values and goals through the plan.

### CRAMO SCHOOL AND CRAMO ACADEMY

Our training programmes are closely aligned with our strategy and are based on a 70:20:10 philosophy: 70% learning by doing, 20% learning from others, 10% classroom learning.



Mr Joachim Drexler, Operational Support, Theisen, talks about their customer-focused organisation.

 p 34

How we ensure **clear direction**

# CONSISTENT AND TRANSPARENT CORPORATE GOVERNANCE

Corporate Governance at Cramo is based on Finnish law and the Company's Articles of Association. The Group complies with the rules of NASDAQ OMX Helsinki Ltd and the Finnish Corporate Governance Code.

Cramo issues Corporate Governance and Remuneration Statements, which are available on the Group's website along with more detailed information about corporate governance and remuneration

► [www.cramo.com](http://www.cramo.com) ► Investors ► Corporate Governance

Cramo prepares annual financial statements and interim reports conforming to Finnish law which are published in Finnish and English. The International Financial Reporting Standards (IFRS) were adopted in 2005.

## BOARD OF DIRECTORS

Cramo's Board of Directors has defined its roles and responsibilities in the Working Order of the Board and in the Group's Operating Principles. If necessary, the Board's charter is revised and modified annually in conjunction with the first meeting of the Board after the election of its members at the Annual General Meeting.

## MEMBERS OF THE BOARD IN 2013

At the Annual General Meeting 2013, the following people were re-elected to the Board of Directors: Mr Stig Gustavson,

Ms Helene Biström, Mr Eino Halonen, Mr Victor Hartwall, Mr Jari Lainio and Mr Esko Mäkelä. Mr Erkki Stenberg was elected as a new Board member. The Board's convening meeting elected Mr Gustavson as Chairman of the Board and Mr Halonen as Deputy Chairman of the Board. Member attendance at the meetings is shown below, and member independence is presented on pages 44–45.

## WORK OF THE BOARD IN 2013

Cramo's Board meets regularly, about once a month, according to a set schedule. In 2013, the Board met nine times. One meeting was held as a conference call.

Two permanent committees, the Audit Committee and the Nomination and Compensation Committee, assist the Board. The Board elects the committee members and appoints the committee chairmen. The Board confirms the central duties and operating principles of both committees in a written charter.

## AUDIT COMMITTEE

The Audit Committee assists the Board in its supervisory responsibilities in line with the Finnish Corporate Governance Code. At its constitutive meeting on 26 March 2013, Mr Eino Halonen was appointed Chairman of the Audit Committee, with Mr Victor Hartwall and Mr Esko Mäkelä elected as members. The Audit Committee met four times in 2013.

## NOMINATION AND COMPENSATION COMMITTEE

The Nomination and Compensation Committee is tasked with preparing a proposal for the Board members and their remuneration to be presented to the Annual General Meeting. It also prepares a proposal to the Board for the President and CEO's appointment and his/her employment terms.

At its constitutive meeting on 26 March 2013, Mr Stig Gustavson was appointed Chairman of the Nomination and Compensation Committee, with Ms Helene Biström, Mr Jari Lainio and Mr Erkki Stenberg elected as members. On 25 June two new members were appointed to the Committee: Mr Peter

## CRAMO'S BOARD MEMBERS' ATTENDANCE AT MEETINGS AND REMUNERATION RECEIVED IN 2013 ON A CASH-BASIS

Name	Position	Board meeting attendance	Shares EUR	Fees EUR	Board total EUR	Audit Committee		Nomination and Compensation Committee		Total EUR	Number of shares purchased with the Board's fee
						Attendance	Fees EUR	Attendance	Fees EUR		
Stig Gustavson	Chairman	9/9	34,997	35,003	70,000			3/3	3,000	73,000	3,552
Eino Halonen	Deputy Chairman	9/9	22,494	22,506	45,000	4/4	4,000			49,000	2,283
Helene Biström	Member	9/9	17,498	17,502	35,000			3/3	3,000	38,000	1,776
Victor Hartwall	Member	9/9	17,498	17,502	35,000	3/3	3,000	1/1	1,000	39,000	1,776
Jari Lainio	Member	9/9	17,498	17,502	35,000			3/3	3,000	38,000	1,776
Esko Mäkelä	Member	9/9	17,498	17,502	35,000	4/4	4,000			39,000	1,776
Erkki Stenberg <sup>1</sup>	Member	6/8	17,498	17,502	35,000			2/2	2,000	37,000	1,776
J.T. Bergqvist <sup>2</sup>	Member	1/1				1/1	1,000			1,000	
Peter Therman	External committee member							1/2	1,000	1,000	
Tom von Weymarn	External committee member							2/2	2,000	2,000	
<b>Total</b>			<b>144,983</b>	<b>145,018</b>	<b>290,000</b>		<b>12,000</b>		<b>15,000</b>	<b>317,000</b>	<b>14,715</b>

<sup>1</sup> Since 26 March 2013

<sup>2</sup> Until 26 March 2013

Therman and Mr Tom von Weymarn. Mr Therman and Mr von Weymarn are not members of the Board. On 24 September, after Mr Stig Gustavson announced he would be unavailable to run in the election of the Board at the Annual General Meeting in 2014, Ms Helene Biström was elected Chairman of the Committee, and Mr Gustavson continued to serve as a member. The Nomination and Compensation Committee met three times in 2013.

## PRESIDENT AND CEO

The Managing Director, who also acts as the President and CEO, is in charge of the Company's day-to-day management in accordance with the Finnish Companies Act and related legislation, instructions and orders given by the Board.

## REMUNERATION FOR BOARD SERVICES

In 2013 the General Meeting approved the following annual remuneration for

Board services:

- Chairman of the Board EUR 70,000
- Deputy Chairman of the Board EUR 45,000
- Other Board members EUR 35,000

50% of the annual remuneration is paid in Cramo Plc shares, purchased in the market on behalf of the Board members, and 50% is paid in cash. The remuneration may also be paid by transferring the company's own shares. In the event a purchase of shares cannot be carried out for reasons related either to the Company or a Board member, the annual remuneration shall be paid entirely in cash. In addition, the remuneration for each Committee meeting was EUR 1,000. Reasonable travel expenses were reimbursed as per invoice.

The Board members are not covered by the Company's stock option scheme, bonus scheme or pension schemes. No shares or share-related rights

were granted to Board members as remuneration during the financial period, except those specified on the page to the left.

## REMUNERATION REMUNERATION PRINCIPLES

Cramo provides competitive remuneration to attract and engage talented employees and to promote the company's financial success. Remuneration is based on predetermined and measurable performance and result criteria. The Group's strategy, strategic cornerstones, must-win battles and long-term financial targets are taken into account in remuneration schemes. Management and key personnel remuneration is based on an individual compensation package that is in compliance with local regulations and includes all taxable fringe benefits. The package components include a fixed base salary, short-term incentive scheme and long-term incentives.

## REMUNERATION OF THE PRESIDENT AND CEO

Written service contract approved by the Board	<ul style="list-style-type: none"> <li>• Compensation package includes a fixed annual base salary, a profit-based incentive tied to the Group's financial targets and/or personal targets set by the Board. Remuneration also includes fringe benefits such as a car and a phone.</li> </ul>	<ul style="list-style-type: none"> <li>• In 2013, the maximum bonus paid to the President and CEO was 75% of base salary.</li> <li>• The President and CEO participates in all Cramo stock option incentive schemes and share-based incentive plans.</li> </ul>
Notice period and retirement age	<ul style="list-style-type: none"> <li>• The notice period for the service contract is six months, during which time he/she receives a full salary.</li> <li>• The retirement age is 63.</li> </ul>	<ul style="list-style-type: none"> <li>• In case the contract is terminated by the employer, there may also be a severance payment of 18 months' salary.</li> </ul>

## REMUNERATION PAID TO THE PRESIDENT AND CEO AND GROUP MANAGEMENT TEAM IN 2013, EUR CASH-BASED\*

Name	Fixed annual base salary	Profit-based incentives	Fringe benefits	Share-based payment	Post-employment benefits	2013 Total	2012 Total
President and CEO	354,890	261,000	25,970	250,455	83,946	976,261	931,821
Group management team	1,200,675	237,912	84,016	631,586	13,996	2,168,185	2,889,469
<b>Total</b>	<b>1,555,564</b>	<b>498,912</b>	<b>109,986</b>	<b>882,041</b>	<b>97,942</b>	<b>3,144,446</b>	<b>3,821,289</b>

\* Cash-based means that the variable parts of remuneration are based on the 2012 performance and were paid in 2013

450 employees enrolled in the second round of the One Cramo Share Plan in 2013, with a weighted average savings percentage of 3.3% at the Group-level.

#### SHORT-TERM AND LONG-TERM INCENTIVE SCHEMES

Element	Target group	Objective	Link to strategy/performance measures	Realisation in 2013
<b>Short-term incentive: Variable pay</b>	The Group management team members, managers and key personnel	To support the achievement of Cramo's financial targets by enhancing a strong performance culture.	Variable pay is tied to the achievement of financial targets for the Group and operating countries, which are determined by the Board. The targets are set annually, and any compensation is paid once a year after the end of the financial period. The amount of the variable pay depends on the Group's financial performance based mainly on Economic Profit.	Variable pay paid in 2013 (based on 2012 financial performance) amounted to EUR 261,000 for the President and CEO and EUR 237,912 for the Group management team members.
<b>Long-term incentive: Stock options 2006–2011</b>	About 100 key employees, including Group management team members	To support achievement of the Group's long-term targets by attracting and retaining people identified as key employees.	The value of the reward is determined by Cramo Plc's share price. The reward supports the maximisation of shareholder value.	A total of 819,658 stock options 2006C and 2009 were exercised in 2013.
<b>Long-term incentive: Performance Share Plan 2012–2014</b>	About 60 managers and key employees, including the Group management team	To support the achievement of the Group's long-term goals by attracting and retaining people identified as key employees.	The reward from the Plan for the discretionary period 2013 was based on Cramo Group's key figure earnings per share (EPS). The maximum reward to be paid on the basis of discretionary period 2013 could have corresponded to the value of 326,000 Cramo Plc shares.	In 2013, the target achievement level was about 30%, leading to a total reward payment of approximately 98,000 Cramo Plc shares, including a part to be paid in cash in spring 2016.
<b>Long-term incentive: One Cramo Share Plan</b>	All Cramo employees	To encourage employees to become shareholders in Cramo and to reward employees for their efforts in working towards Cramo's targets and strengthen the tie between Cramo shareholders and employees.	The monthly saving is 2–5% of each participant's monthly gross salary, with the total amount of all savings from the Plan Period not exceeding EUR 4 million.	A total of 450 employees in 11 countries joined during the second round of the programme, with average monthly savings of 3.3%. As a result of the first round, employees held a total of 59,081 Cramo Plc shares at the end of 2013 (0 in 2012). The total savings was EUR 0.7 million.

#### PENSION BENEFITS

<b>Directors</b>	<ul style="list-style-type: none"> <li>Finnish pension legislation offers a flexible retirement age ranging from age 63 to 68 without any full pension limits.</li> </ul>	<ul style="list-style-type: none"> <li>Directors participate in local pension systems for each operating country which provide a retirement benefit based on years of service and earnings according to the prescribed statutory system.</li> </ul>
<b>President and CEO and Group management team</b>	<ul style="list-style-type: none"> <li>The President and CEO and one Group management team member also participate in a contribution-based voluntary pension system.</li> </ul>	<ul style="list-style-type: none"> <li>In 2013, the expenses of the voluntary pension system were as follows: EUR 83,496 for the President and CEO and EUR 13,996 for one member of the Group management team, totalling EUR 97,492.</li> </ul>

► The consolidated financial statements, note 28 on pages 88–91 and on [www.cramo.com](http://www.cramo.com) > Investors > Corporate Governance



## INTERNAL CONTROL AND RISK MANAGEMENT REGARDING FINANCIAL REPORTING

Internal control over financial reporting is part of the overall internal control system at Cramo. The Enterprise Risk Management (ERM) framework, tailored to Cramo Group's business needs, provides the overall framework for the Group's internal control and risk management. Internal control over financial reporting strives to provide reasonable assurance that the Group's financial reporting is reliable and that external financial reporting is prepared in accordance with legislation, International Financial Reporting Standards (IFRS) and other requirements set for listed companies.

### ROLES AND RESPONSIBILITIES

The Board bears ultimate responsibility for the appropriate arrangement of internal control over financial reporting. The Board supervises and approves annual financial statements and interim reports. The Audit Committee assists the Board of Directors in overseeing the effectiveness of established internal control and risk management principles. In practice, the President and CEO and OpCo (operating country) managers are in charge of performing internal control activities for financial reporting. They are supported in this task by the CFO, the Group Finance and Development function and OpCo financial management.

### RISK ASSESSMENT, CONTROL AND MONITORING

Cramo has established objectives for reliable financial reporting in order to identify financial reporting risks. Within the risk assessment process, Cramo identifies and analyses risks to achieving financial reporting objectives as a basis for determining how those risks should be managed. The risks identified are managed through control activities which are set throughout the organisation, at all levels and in all functions.

In order to ensure the effectiveness of internal control regarding financial reporting, monitoring is conducted by the Board, the Audit Committee, the President and CEO, the CFO and the Group Finance and Development function, Internal Audit, the Group management team and OpCo managers and controllers.

### GENERAL DEVELOPMENT ACTIVITIES IN 2013

While implementing Cramo Group's strategy, the Group management team

established a framework for translating operational excellence into action. The framework is based on the Group's strategy, must-win battles and evaluation of strategic and operational risks. The main drivers of operational excellence are customer offerings and sales excellence, process efficiency and capital efficiency.

In addition, the Group management team also completed the implementation of the Group's risk appetite model in 2013. This was done by setting measures for different factors of the Group's risk appetite while assessing risk appetite through the shareholder value model and the different drivers of shareholder value. The Finance and Development function helped in the overall assessments. The implementation and utilisation of the risk appetite model continue in different ways in 2014.

In 2013, Cramo also continued the launch of the One Cramo Enterprise Rental application and further improved the Cramo Business intelligence (CraBi) reporting tool in order to further advance the harmonisation and development of the Group's control and reporting.

### DEVELOPMENT ACTIVITIES RELATED TO FINANCIAL REPORTING IN 2013

There was an emphasis on pricing and cost control as well as cash flow in 2013. Treasury processes were also streamlined and the implementation of the new treasury management system was completed.

The Group Internal Audit function continued to review the key operative processes in selected OpCos in order to further develop control maturity. In addition, OpCo follow-up reviews were conducted when required. Depot-level internal audits were continued as an on-going control activity.

The Group's Finance and Development function also completed a pre-study of the Group's new consolidation and reporting system and launched the updated Financial Manual.

### PRIORITY AREAS IN 2014

Cramo's controlling and steering model is aimed at adding value to the business. This is achieved through forward-looking analysis, simplification, prioritisation and participation. Focus areas will be the further harmonisation of finance and treasury processes, competitive financing and Cramo performance management.

The Group Finance and Development function will implement the new consolidation and reporting system (Hyperion Financial Management) in order

to further strengthen the integrity of the Group's financial reporting.

In 2014, internal control will also include monitoring of control activities in selected OpCos. The selection of OpCos for review will be risk-based, and the review will be performed by Group financial management, Country Group controllers and the Group Internal Audit function. Improvement measures will be identified and implemented in order to further advance control maturity. The depot audit programme will continue as a sustained control activity.

## INSIDER ADMINISTRATION

Cramo observes the Insider Guidelines issued by NASDAQ OMX Helsinki Ltd. Cramo's internal insider rules are regularly updated and made available to all permanent insiders as well as other employees. Euroclear Finland Ltd maintains an insider register for Cramo's permanent insiders. Cramo requires that its employees and partners comply with the Insider Guidelines. Coordination and control of insider affairs are included in the responsibilities of the CFO.

## EXTERNAL AUDITORS

The Company has a minimum of one and a maximum of two authorised public accountants (APA) or firms of authorised public accountants, chartered by the Central Chamber of Commerce of Finland. Their term of office expires at the end of the Annual General Meeting following their election. If the AGM elects only one auditor, which is not a firm of authorised public accountants chartered by the Central Chamber of Commerce, it must elect one deputy auditor.

APA Mr Erkka Talvinko was appointed the auditor in charge, and the firm of authorised public accountants Ernst & Young Oy was elected at the Annual General Meeting on 26 March 2013 as the Company's auditor to serve for a term ending at the end of the next Annual General Meeting in 2014. Ernst & Young Oy has served as the auditor of the Company since 2006.

### TOTAL COMPENSATION FOR EXTERNAL AUDITING

EUR 1,000	2013	2012	Change, %
Audit fees	913	887	3.0
Tax consultation	173	152	13.9
Other services	38	55	-30.4
Total	1,125	1,094	2.8

How we ensure **clear direction**

# OUR BOARD OF DIRECTORS

31 DECEMBER 2013



Stig Gustavson



Helene Biström



Eino Halonen

## Stig Gustavson

Chairman since 2007, Board member since 2006, Member of the Nomination and Compensation Committee  
Born 1945, Finnish citizen, Dr. Tech. (hon.) and M.Sc. (Eng.)  
**Primary work experience:**  
President and CEO, Konecranes Plc 1994–2005; President, KONE Cranes division 1988–1994; various executive positions with major Finnish companies 1969–1988

### Current positions of trust:

Board Chairman: Konecranes Plc, Svenska Handelsbanken AB (publ) Regional Bank Finland, Technology Academy Foundation, Åhlström Capital Oy, ÅR Packaging AB  
Board Deputy Chairman: Mercantile Oy Ab, Dynea Oy  
Supervisory Board member: Mutual Pension Insurance Company Varma  
Senior Regional Advisor: IK Investment Partners

**Cramo shares on 31 Dec 2013:**  
117,240 (31 Dec 2012: 113,688)  
Deemed independent of the Company and its major shareholders.

## Helene Biström

Board member since 2011, Chairman of the Nomination and Compensation Committee  
Born 1962, Swedish citizen, M.Sc. (Eng.)  
Managing Director, Norrenergi AB  
**Primary work experience:**  
Senior Executive Vice President and Head of Business Group Pan Europe, Vattenfall AB 2009–2010; Member of Executive Group Management, Vattenfall 2007–2010; Vice Head, Vattenfall Business Group Nordic 2007–2008; Head of Business unit Nordic heat, Vattenfall 2004–2007; Board chairman, Forsmark (2009–2010), Ringmarks (2009–2010), Vattenfall Eldistribution (2007–2009)

### Current positions of trust:

Board member: KTH Royal Institute of Technology, Swedish District Heating Association, Candyking Holding AB  
**Cramo shares on 31 Dec 2013:**  
5,216 (31 Dec 2012: 3,440)  
Deemed independent of the Company and its major shareholders.

## Eino Halonen

Deputy Chairman since 2007, Board member since 2003, Chairman of the Audit Committee  
Born 1949, Finnish citizen, B.Sc. (Econ.)

### Primary work experience:

President and CEO, Suomi Mutual Life Assurance Company 2000–2007

### Current positions of trust:

Board member: Metsäliitto Cooperative

### Cramo shares on 31 Dec 2013:

16,626 (31 Dec 2012: 14,343)  
Deemed independent of the Company and its major shareholders.

Erkki Stenberg



Jari Lainio



Victor Hartwall



Esko Mäkelä

#### Victor Hartwall

Board member since 2010,  
Member of the Audit Committee  
Born 1966, Finnish citizen,  
M.Sc. (Econ.)  
Managing Director,  
K. Hartwall Invest Oy Ab  
**Primary work experience:**  
Deputy Managing Director,  
Lankapaja Oy 2001–2006;  
Controller, K. Hartwall Oy Ab  
1999–2001; Product Manager,  
K. Hartwall Oy Ab 1995–1999  
**Current positions of trust:**  
Board Chairman: Lankapaja Oy  
Board member: K. Hartwall Oy  
Ab, K. Hartwall Invest Oy Ab,  
Malmgårds bryggeri Ab  
**Cramo shares on 31 Dec 2013:**  
55,253 [31 Dec 2012: 38,477]  
Deemed independent of the  
Company, but not independent  
of a major shareholder.

#### Erkki Stenberg

Board member since 2013,  
Member of Nomination and  
Compensation Committee  
Born 1950, Finnish citizen,  
Undergraduate of agriculture  
and forestry  
Senior Advisor, LVI-Dahl Ltd  
**Primary work experience:**  
CEO, LVI-Dahl Ltd 1995–2012;  
CEO, Suomen LVI-Tukku Ltd  
1984–1994; Various positions,  
Huber Ltd 1976–1983  
**Cramo shares on 31 Dec 2013:**  
1,776 [31 Dec 2012: 0]  
Deemed independent of  
the Company and its major  
shareholders.

#### Esko Mäkelä

Board member since 2007,  
Member of the Audit Committee  
Born 1943, Finnish citizen,  
M.Sc. (Eng.), MBA  
**Primary work experience:**  
Executive Vice President, CFO,  
YIT Corporation 1987–2006  
**Current positions of trust:**  
Board Chairman: Everalis Oy  
Board member: Convergens Oy  
**Cramo shares on 31 Dec 2013:**  
12,469 [31 Dec 2012: 10,693]  
Deemed independent of  
the Company and its major  
shareholders.

#### Mika Puitinen

Secretary to the Board  
(not a Board member).

#### Jari Lainio

Board member since 2009,  
Member of the Nomination and  
Compensation Committee  
Born 1955, Finnish citizen,  
Construction Engineer  
Managing Director, Lainio &  
Laivoranta Ltd., Managing  
Director, Rakennustoimisto  
Lainio & Laivoranta Ltd.  
**Primary work experience:**  
Managing Director,  
Rakennustoimisto Laivoranta Ltd.  
1989–1994; Technical Director,  
Rakennustoimisto Laivoranta Ltd.  
1986–1989; Managing Director,  
Rakennustoimisto Lainio &  
Laaksonen Ltd. 1982–1986  
**Current positions of trust:**  
Board Chairman:  
Rakennusteollisuus RT,  
Lounais-Suomi  
Board member: Turun  
Rakentamistaidon edistämissäätiö  
**Cramo shares on 31 Dec 2013:**  
7,692 [31 Dec 2012: 5,916]  
Deemed independent of  
the Company and its major  
shareholders.

How we ensure **clear direction**

# OUR GROUP MANAGEMENT<sup>1</sup>

31 DECEMBER 2013



**Vesa Koivula**  
President and CEO since 2003  
Born 1954, Finnish citizen,  
M.Sc. (Eng.)  
Employed by Cramo since 2003  
**Primary work experience:**  
Managing Director, Fiskars Inha  
Ähtäri Works 2001–2003; Deputy  
Managing Director, Fiskars  
Inha Ähtäri Works 1995–2001;  
Managing Director, Morus Oy  
1992–1995  
**Other positions of trust:**  
Board Chairman: European  
Rental Association (ERA)  
Board member: Marinetek Group Oy  
**Cramo shares on 31 Dec 2013:**  
123,761 (31 Dec 2012: 122,744).



**Martti Ala-Härkönen**  
CFO since 2006  
Born 1965, Finnish citizen,  
Dr.Sc. (Econ.), Lic.Sc. (Tech.)  
Member of the Group  
management team since 2006  
Employed by Cramo since 2006  
**Primary work experience:**  
SVP, Finance and Administration,  
WM-data Oy 2004–2006; CFO,  
SVP Business Development, Novo  
Group Plc 1998–2003; Finance  
Manager, Manager Corporate  
Finance, Postipankki Plc  
1995–1998  
**Cramo shares on 31 Dec 2013:**  
57,610 (31 Dec 2012: 57,203).



**Erik Bengtsson**  
Executive Vice President,  
Scandinavia since 2013;  
Managing Director, Cramo  
Sweden since 2008  
Born 1969, Swedish citizen,  
M.Sc.  
(Industrial Engineering)  
Member of the Group  
management team since 2008  
Employed by Cramo since 2005  
**Primary work experience:**  
Region Manager East, Cramo  
Sverige AB 2005–2008; Sales  
Manager, Toyota materials  
handling (BT Svenska) 2001–2005;  
Production Engineer and Field  
Sales, Parker Hannifin 1995–2001  
**Cramo shares on 31 Dec 2013:**  
3,000 (31 Dec 2012: 1,000).



**Tatu Hauhio**  
Executive Vice President,  
Eastern Europe since 2013;  
Managing Director, Cramo  
Finland since 2006  
Born 1970, Finnish citizen,  
M.Sc. (Econ.)  
Member of the Group  
management team since 2006  
Employed by Cramo since 2004  
**Primary work experience:**  
Director for Project Rental  
and foreign operations, RK  
Group 2004–2005; Business  
Development Director, Suomen  
Projektivuokraus Oy 2003;  
IT consultancy, quality and risk  
management positions,  
Cap Gemini Oy 1997–2002  
**Other positions of trust:**  
Chairman: Finnish Technical  
Traders (Machine Rental)  
Board member: Fortrent Ltd.  
**Cramo shares on 31 Dec 2013:**  
13,686 (31 Dec 2012: 13,432).

<sup>1</sup> The new organisation was effective as of 1 February 2013





**Dirk Schlitzkus**  
Executive Vice President,  
Central Europe since 2013;  
Managing Director,  
Theisen Group since 2011  
Born 1964, German citizen,  
Attorney at law  
Member of the Group  
management team since 2011  
Employed by Cramo since 2011  
**Primary work experience:**  
Member of the Board of Directors,  
Theisen Baumaschinen AG since  
2007; Managing Director, Theisen  
Baumaschinen Group since  
1998; Company Lawyer, Theisen  
Baumaschinen Group 1994–1998  
**Cramo shares on 31 Dec 2013:**  
234 (31 Dec 2012: 0).

**Per Lundquist**  
Senior Vice President,  
Operations since 2013  
Born 1967, Swedish citizen,  
M.Sc. (Eng.)  
Member of the Group  
management team since 2010  
Employed by Cramo since 2010  
**Primary work experience:**  
CIO/Director IT, Toyota Material  
Handling Group 2004–2010;  
Key Account Manager, Sogeti AB  
2000–2004; Project Manager/  
System Architect, Cap Gemini  
Telecom and Media Lab Atherton  
CA USA 1999–2000; Project  
Manager/System Architect, Cap  
Gemini Sverige AB 1996–1999;  
Research Engineer, Linköping  
University Hospital 1993–1996  
**Cramo shares on 31 Dec 2013:**  
219 (31 Dec 2012: 0).

**Martin Holmgren**  
Senior Vice President,  
Fleet Management since 2013  
Born 1967, Swedish citizen,  
B.Sc. (Business Administration)  
Member of the Group  
management team since 2009  
Employed by Cramo since 2003  
**Primary work experience:** Product  
Area Manager Fleet Management,  
Cramo AB 2003–2008; Business  
Development Manager, Telia Mobile  
2000–2003; Supply Chain Manager,  
ABB 1998–2000; Site Manager,  
Platzer Bygg 1989–1995  
**Other positions of trust:** Board  
Chairman: Fellesutleie AS  
**Cramo shares on 31 Dec 2013:**  
3,000 (31 Dec 2012: 3,000).

**Petri Moksén**  
Senior Vice President,  
Modular Space since 2013  
Born 1971, Finnish citizen,  
M.Sc. (Civil Eng.)  
Member of the Group  
management team since 2013  
Employed by Cramo since 2008  
**Primary work experience:**  
Director, Modular Space,  
Cramo Plc 2008–2012; Head  
of Department, YIT Construction  
Ltd. 2004–2007; Development  
Manager, YIT Construction Ltd.  
2001–2003; Project Engineer  
and various other positions;  
YIT Construction Ltd. 1996–2000  
**Cramo shares on 31 Dec 2013:**  
254 (31 Dec 2012: 0).

**Aku Rumpunen**  
Senior Vice President, Group  
Business Control since 2013  
Born 1974, Finnish citizen,  
M.Sc. (Economics), M.Sc.  
(Geography)  
Member of Group management  
team since 2013  
Employed by Cramo since 2012  
**Primary work experience:**  
Business controller, Financial  
manager, YIT Construction Ltd.  
2003–2012  
**Cramo shares on 31 Dec 2013:** 0  
(31 Dec 2012: 0).

a GREAT DAY AT WORK means

# WE PROVIDE FOR ALL YOUR RENTAL NEEDS

Easy access to a full range of modern, high quality products and services makes the difference. We are a total rental solutions provider from start to finish. With one of the largest rental fleets in Europe, consisting of over 200,000 units, we have the capacity to supply everything from individual items to complete solutions for the largest projects.

## A FULL RANGE OF ACCESS EQUIPMENT

We have equipment from 4 to 50 meters in working height, with more than 13,000 items.

## EQUIPMENT FOR ROAD AND CONSTRUCTION WORK

Our extensive selection of construction equipment comprises some 8,000 items.

## TOOLS FROM STANDARD EQUIPMENT TO SPECIAL MACHINES

As a full range supplier and one-stop shop for our customers, we have almost 140,000 tools available.

## BUILDING SITE PREMISES

We offer premises for accommodation, project offices, changing rooms, sanitation and storage, with a total of about 30,000 units.

## WIDE RANGE OF SERVICES TO COMPLEMENT RENTAL

We are with you every step of the way, from planning to final clean-up. We ensure that your site or temporary premises are functioning and tidy throughout.

## OUR CREATIVE SOLUTIONS

bring together our various services and products designed for specific needs and situations, such as security and access, safety, air quality management, heating and humidity control at construction sites, energy saving and total accommodation solutions.

## QUICK ASSEMBLY AND FLEXIBLE SOLUTIONS

for offices, schools, daycare and accommodation. Our modular space solutions are an alternative to long-term investment and meet the standards for permanent constructions.

We have a total of about 14,000 units.



Mr Torben Frederiksen,  
Project Leader, Danish National  
Police, talks about their  
professional partner. ▶ p 8



Ms Anne Lise Holth, Principal  
at Røren School, Norway,  
talks about their comfortable  
premises. ▶ p 22

# FINANCIAL REVIEW

## CONTENTS

### 51 BOARD OF DIRECTORS' REPORT

#### FINANCIAL STATEMENTS OF THE GROUP

57	Key figures and ratios
58	Consolidated balance sheet
59	Consolidated income statement
60	Changes in consolidated statement of equity
61	Consolidated cash flow statement
62	Notes to the consolidated financial statements

#### FINANCIAL STATEMENTS OF THE PARENT COMPANY

98	Parent's balance sheet
99	Parent's income statement
100	Parent's cash flow statement
101	Notes to the parent's financial statements

### 105 SIGNATURES

### 105 AUDITORS' REPORT

62	Note 1.	Accounting policies relating to the consolidated financial statements
71	Note 2.	Segment reporting
73	Note 3.	Goodwill and other intangible assets
74	Note 4.	Tangible assets
74	Note 5.	Assets held for sale
75	Note 6.	Impairment testing of goodwill and other intangible assets with indefinite useful lives
76	Note 7.	Available-for-sale financial assets
76	Note 8.	Fair values of financial assets and liabilities
78	Note 9.	Non-current and current receivables
78	Note 10.	Inventories
78	Note 11.	Cash and cash equivalents
79	Note 12.	Share capital and equity funds
79	Note 13.	Interest-bearing liabilities
81	Note 14.	Financial risk management
84	Note 15.	Deferred taxes
86	Note 16.	Other non-current liabilities
86	Note 17.	Trade and other payables
86	Note 18.	Collaterals and contingent liabilities
86	Note 19.	Other operating income
86	Note 20.	Materials and services
86	Note 21.	Employee benefit expenses
87	Note 22.	Depreciation and impairment
87	Note 23.	Other operating expenses
87	Note 24.	Financial income and expenses
88	Note 25.	Income tax expense
88	Note 26.	Other non-cash corrections
88	Note 27.	Earnings per share
88	Note 28.	Share-based payments
91	Note 29.	Joint ventures
92	Note 30.	Related party transactions
93	Note 31.	Business combinations
93	Note 32.	Balance sheet transferred to joint venture
94	Note 33.	Retirement benefit obligations
94	Note 34.	Events after balance sheet date
95	Note 35.	Calculation of the key figures and ratios
95	Note 36.	Shares and shareholders
97	Note 37.	Group companies



# BOARD OF DIRECTORS' REPORT ON THE 60TH YEAR OF OPERATION

Cramo specialises in equipment rental services and the rental of modular space. Its equipment rental services comprise construction machinery and equipment rentals, as well rental related services. These rental-related services include construction site and installation services.

Cramo is one of the leading service providers in the Nordic countries and Central and Eastern Europe. At the end of 2013, equipment rental services were provided through a network of 357 (376) depots, of which 55 (69) were entrepreneur-managed.

At the end of the financial year, Cramo Group consisted of the parent company Cramo Plc, which provides group-level services, and, as operating companies, its wholly-owned subsidiaries in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Germany, Austria and Hungary. Cramo Plc also owns a company in Sweden and Belgium which offer group-level services. In addition, Cramo owns 50% of Fortrent, a joint venture launched with Ramirent that operates in Russia and Ukraine.

## OPERATING ENVIRONMENT

The demand for construction and equipment rental services began to decrease in the second half of 2012, and the market situation remained difficult in early 2013. However, since the summer of 2013, economic uncertainty gave way to more stable development in Europe.

Differences between markets continue to be significant. In Finland, construction is estimated to have decreased by 3%. In Sweden, construction is estimated to have remained at the previous year's level or decreased slightly. In its November forecast, Euroconstruct estimates construction to have decreased by 3% in Estonia, by 9% in Poland and by 8% in the Czech Republic and Slovakia. Construction is estimated to have increased by 3–4% in Norway and by 4–5% in Latvia and Lithuania. According to Euroconstruct's estimate, construction in Denmark increased by approximately 2%. However, according to local estimates, the market decreased. In Germany, construction is estimated to have remained at the previous year's

level or increased slightly. In Russia, construction is estimated to have decreased slightly.

The European Rental Association (ERA) estimates equipment rental to have decreased in Finland, Denmark and Poland and increased in Sweden, Norway and Germany.

The estimates for 2014 are more favourable.

## BUSINESS REVIEW

The past year was Cramo's 60th year of operation. Established in the small market of Finland, the company has developed into one of the largest equipment rental companies in Europe. After its strong expansion in recent years, Cramo has focused on improving its operational efficiency.

Cramo Group's business segments are Finland, Sweden, Norway, Denmark, Central Europe (Germany, Austria and Hungary) and Eastern Europe (Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia and the Kaliningrad region in Russia as well as a 50% share of the profit of the joint venture Fortrent in accordance with the equity method of accounting).

In 2013, Cramo Group's consolidated sales decreased by 4.5% to EUR 657.3 million. Finland generated 15.4% (16.2) of total consolidated sales, Sweden 47.5% (46.4), Norway 13.6% (12.1), Denmark 4.3% (5.4), Central Europe 11.2% (9.6) and Eastern Europe 7.9% (10.1). The distribution includes sales between segments.

In addition to segment information, Cramo reports on the order book value for modular space. In the modular space business, demand has continued to be high in the Nordic countries.

The work to improve efficiency has produced results. Despite the weak market situation and the decrease in sales, Cramo Group achieved its profitability goal for 2013. The company's relative profitability improved, particularly in the second half of the year. Successfully implemented cost savings and operational development in line with the company strategy improved the company's result. The cost savings were targeted at fixed costs and capital costs.

In 2013, the company recorded a good result in Finland, Sweden and Eastern Europe. In Norway, profitability developed favourably, and Denmark recorded a positive result. The centralisation of depots to growth regions in late 2012 and the related improvement in sales efficiency improved profitability in Denmark. In Eastern Europe, the result of the joint venture company in Russia, Fortrent, had a positive effect on profitability.

Efficiency improvement has primarily meant consistent business practises and efficient processes across the Group. In 2013, the company made good progress in the implementation of consistent operating methods in all of its countries of operation, and its reformed range of services was well received among customers. Cramo expanded its range of products and services in Central Europe, particularly in tools and lifting equipment, and the first modular spaces for school use were delivered in the summer. The Cramo Rental Concept also means the development of sales and competence and the centralisation of operations in line with the Best in Town strategy.

Cramo signed an agreement on the acquisition of the rental business operations of Lambertsson AS and Kranpunkten AS in Norway, which took effect on 1 February 2013. In the business transactions, the rental fleet and personnel are outsourced to Cramo, and long-term delivery contracts are signed with the Peab Group in Norway. As part of the arrangement, Cramo also acquired other new customers.

Cramo and Ramirent completed the establishment of their joint venture in Russia on 7 March 2013. Excluding the Kaliningrad region, Cramo's operations in Russia and Ukraine were transferred to the joint venture. Fortrent Group is owned and controlled equally by the two companies, and the parent company is a Finnish limited liability company. To reach equal ownership, Cramo paid Ramirent a cash contribution of EUR 9.2 million in connection with the closing of the transaction. All of the units of both companies have been combined, and the implementation of joint operating methods progressed as planned in the

second half of the year. At the end of the integration process, the merger of all business units in Russia into one company took effect in January 2014.

Cramo Management Ltd merged into Cramo Plc on 28 February 2013.

## SALES AND PROFIT

In 2013, Cramo Group's consolidated sales decreased by 4.5% to EUR 657.3 (688.4) million. In local currencies, sales decreased by 4.2%. Sales were weakened by the divestment of Cramo's modular space production and customised space rental businesses in Finland in March 2012 as well as the transfer of its Russian operations to the joint venture on 1 March 2013. In addition, the reorganisation of the depot network in Denmark in the second half of 2012 had a negative effect on sales. Sales change in local currencies, excluding divested operations and restructuring in Russia, was -1.5%.

EBITA was EUR 79.9 (78.0) million. EBITA margin improved in line with targets and was 12.2% (11.3) of sales. Comparable EBITA before non-recurring items was EUR 80.5 (78.5) million, or 12.2% (11.4) of sales.

EBITDA was EUR 173.8 (179.6) million, or 26.4% (26.1) of sales.

EBIT was EUR 66.8 (64.5) million, or 10.2% (9.4) of sales. The Group's credit losses and credit loss provisions in 2013 were EUR 4.8 (6.0) million. The result includes EUR 0.8 (2.0) million in impairment losses on the fleet. Expenses related to share-based payments totalled EUR 1.7 (2.6) million. Net financial expenses in 2013 were EUR 14.9 (20.2) million.

Profit before taxes was EUR 51.9 (44.3) million, and profit for the period was EUR 42.8 (38.7) million.

The effective tax rate for Cramo was 17.7% (12.5) in 2013. In the fourth quarter, the Tax Administration issued a residual tax decision of EUR 9.7 million for Cramo, concerning the years 2009–2012. According to the decision, the interest income from Cramo's financing company in Belgium should have been taxed in Finland. Cramo paid taxes in Belgium. The company considers the decision to be unfounded and will appeal. The company has not recognised the taxes payable through profit or loss.

Earnings per share were EUR 1.01 (0.94) and comparable earnings per share before non-recurring items were EUR 1.02 (0.83). Diluted earnings per share were EUR 1.00 (0.93).

Return on investment (rolling 12 months) was 7.7% (7.3). Return on equity (rolling 12 months) was 8.3% (7.5).

The sales of Fortrent Group for the period between 1 March 2013 and 31 December 2013 were EUR 42.5 (47.0) million. Compared to the pro forma figures for 2012, sales decreased in 2013 as a result of the market situation being weaker than expected and the Russian rouble weakening against the euro. For 1 March–31 December 2013, EBITA for Fortrent Group was EUR 4.5 (5.7) million, or 10.6% (12.1) of sales, and the result for the period was EUR 1.1 (0.3) million. Share of profit or loss of the joint venture is presented above EBITDA in the consolidated income statement in accordance with the equity method of accounting.

## CAPITAL EXPENDITURE, DEPRECIATION AND AMORTISATION

Gross capital expenditure was EUR 129.6 (125.1) million, of which EUR 29.1 (0.8) million is related to acquisitions and business combinations. Of acquisitions and business combinations, EUR 10.5 million is related to the joint venture in Russia and EUR 18.6 million to business acquisitions in Norway.

Reported depreciation and impairment on tangible assets and assets available for sale totalled EUR 93.9 (101.6) million.

Amortisation and impairment resulting from acquisitions and divestments totalled EUR 13.2 (13.6) million in the review period. In the first quarter, Cramo recorded a non-recurring impairment of EUR 1.7 million related to the business operations transferred to Fortrent. This impairment is presented under EBITA in Cramo Group's consolidated income statement.

At the end of the financial year, goodwill totalled EUR 165.4 (169.7) million.

## FINANCIAL POSITION AND BALANCE SHEET

In 2013, cash flow from operating activities improved year-on-year and was EUR 160.3 (146.0) million. Cash flow from investing activities was EUR -110.0 (-83.8) million, and cash flow from financing activities was EUR -55.0 (-73.2) million. The Group's cash flow after investments was EUR 50.3 (62.2) million.

At the end of the financial year, the Group's balance sheet included EUR 4.4 (33.9) million in assets available for sale. In 2012, the items included EUR 30.4 million in assets to be transferred to the joint venture Fortrent in Russia.

On 31 December 2013, Cramo Group's net interest-bearing liabilities

totalled EUR 364.8 (346.9) million. At the end of the financial year, gearing was 72.9% (65.1).

Of the Group's variable-rate loans, EUR 91.0 (91.0) million were hedged by interest rate swaps on 31 December 2013. Hedge accounting is applied to EUR 91.0 (91.0) million of these interest rate hedges. On 31 December 2013, Cramo Group had undrawn committed credit facilities (excluding leasing facilities) totalling EUR 199.3 (230.8) million, of which non-current facilities represented EUR 184.0 (200.0) million and current facilities EUR 15.3 (30.8) million.

At the end of the financial year, tangible assets amounted to EUR 606.6 (615.0) million of the balance sheet total. The balance sheet total on 31 December 2013 stood at EUR 1,074.7 (1,108.1) million. The equity ratio was 47.1% (48.6).

Rental liabilities associated with off-balance sheet operational leasing agreements totalled EUR 23.6 (36.1) million on 31 December 2013. Off-balance sheet liabilities for office and depot rents totalled EUR 114.7 (116.7) million. The Group's investment commitments amounted to EUR 17.3 (9.4) million, the majority of which is related to the acquisition of modular space.

On 29 April 2013, Cramo Plc redeemed its EUR 50 million hybrid bond (equity bond under IFRS) following the permitting conditions of the bond.

## STRATEGIC AND FINANCIAL TARGETS

Cramo's strategic cornerstones include being the customer's first choice, being Best in Town in its field, driving the development of the rental sector and achieving operational agility. Another cornerstone is combining the operational models and best practices of mature and growth markets.

Cramo's financial targets are: an EBITA margin of more than 15% of sales over a business cycle, a maximum gearing of 100%, faster growth of sales than that of the market and a return on equity higher than 12% over a business cycle. In profit distribution, its target is to follow a stable profit distribution policy and pay approximately 40% of earnings per share (EPS) for a period as dividends.

Achieving these targets requires the roll-out of a uniform Cramo Rental Concept and harmonised key processes in all markets as well as expanding the modular space business outside Finland and Sweden more strongly than before.

## MANAGEMENT TEAM

Cramo reformed its organisation in January 2013. Operationally, the new organisation has three market areas: Scandinavia (Sweden, Norway, Denmark), Eastern Europe (Finland, Estonia, Latvia, Lithuania, Poland) and Central Europe (Germany, Austria, Hungary, Czech Republic, Slovakia). Cramo's business segments, as reported externally, remained unchanged.

In addition to the President and CEO, Cramo Plc's Group Management Team comprised the following people at the end of the financial year: Erik Bengtsson, Executive Vice President, Scandinavia, and Managing Director, Cramo Sweden; Tatu Hauhio, Executive Vice President, Eastern Europe, and Managing Director, Cramo Finland; Dirk Schlitzkus, Executive Vice President, Central Europe, and Managing Director, Theisen Group (Germany, Austria, Hungary); Per Lundquist, Senior Vice President, Operations (information management, HR, marketing and communications, and the harmonisation of the Group's business concepts and processes); Martin Holmgren, Senior Vice President, Fleet Management; Martti Ala-Härkönen, CFO, also responsible for corporate planning, M&A, legal affairs and investor relations; Petri Moksén, Senior Vice President, Modular Space; and Aku Rumpunen, Senior Vice President, Group Business Control.

## PERSONNEL

During the review period, the Group had an average of 2,463 (2,664) employees. In addition, the Group employed an average of approximately 150 (167) people hired from a staffing service. At the end of the period, Group staff numbered 2,416 (2,555) as full-time equivalent (FTE) employees.

Cramo Group's flexible operational model includes the use of not only permanent personnel, but also work force hired from a staffing service. The proportion of permanent personnel to work force hired from a staffing service as well as their numbers are constantly adjusted based on the market situation.

The total amount of salaries and fees paid was EUR 105.3 (109.9) million.

The geographical distribution of employees at the end of the period was as follows: 416 (453) employees in Finland, 832 (832) in Sweden, 260 (223) in Norway, 108 (97) in Denmark, 349 (327) in Central Europe and 451 (623) in Eastern Europe.

The company continued to implement consistent training and career development models in personnel development. In addition, safety training was increasingly offered to employees and customers. The goal is to introduce a consistent model across the Group during 2014.

## SHARES AND SHARE CAPITAL

On 31 December 2013, Cramo Plc's share capital as registered in the Finnish Trade Register was EUR 24,834,753.09, and the number of shares was 42,844,333. Cramo Plc holds 316,288 of these shares.

As a result of the option programme 2006C, the number of Cramo Plc shares increased by 546,038 new shares during 2013. These shares were entered in the Finnish Trade Register on 14 February 2013. The share subscription period for the option programme 2006C ended on 31 January 2013, and a total of 1,131,627 shares were subscribed with its stock options. As a result of the option programme 2009, the number of Cramo Plc shares increased by a total of 273,620 new shares during 2013. In addition, in the fourth quarter, a total of 782,626 new shares were subscribed on the basis of the option programme 2009. These shares were entered in the Finnish Trade Register after the review period, on 16 January 2014, and trading in them began on 17 January 2014. The share subscription period for the option programme 2009 ended on 31 December 2013, and a total of 1,056,246 shares were subscribed with its stock options. The subscription payments are included in the invested unrestricted equity fund.

## CURRENT INCENTIVE SCHEMES

On 31 December 2013, the Group had granted its key personnel a total of 778,500 stock options 2010 and 827,000 stock options 2011. Trading in stock options 2010 began on the main list of NASDAQ OMX Helsinki Ltd on 1 October 2013, and their subscription period ends on 31 December 2014.

The share-specific subscription prices for the stock options after dividends distributed in 2013 (EUR 0.42) are as follows: EUR 13.00 for stock options 2010, and EUR 6.58 for stock options 2011. In the 2010 option programme, each stock option entitles its holder to subscribe for 1.3 new Cramo Plc shares. In the 2011 option programme, each stock option entitles its holder to subscribe for 1 new share.

In the One Cramo incentive scheme for the Group's permanent employees, employees are offered an opportunity to save a maximum of 5% of their salary, and the accumulated savings are used for share purchases. The first savings period of the incentive scheme began on 1 October 2012 and ended on 30 September 2013. A person participating in the plan acquires one additional share for every two savings shares purchased

### PERSONNEL BY SEGMENT AT THE END OF 2013

	Number of employees (FTE)		Percentage of total personnel	
	2013	2012	2013	2012
Finland	393	428	16.3	16.8
Sweden	792	793	32.8	31.0
Norway	260	223	10.8	8.7
Denmark	108	97	4.5	3.8
Central Europe	349	327	14.4	12.8
Eastern Europe	451	623	18.7	24.4
Group activities	63	64	2.6	2.5
of which in the parent company	23	24	1.0	0.9
<b>Group total</b>	<b>2,416</b>	<b>2,555</b>	<b>100.0</b>	<b>100.0</b>

### PERSONNEL AGE DISTRIBUTION

	Number of employees (FTE)		Percentage of total personnel	
	2013	2012	2013	2012
-23	87	123	3.6	4.8
24-35	694	766	28.7	30.0
36-45	712	747	29.5	29.2
46-59	774	775	32.0	30.3
60-	149	143	6.2	5.6
<b>Group total</b>	<b>2,416</b>	<b>2,555</b>	<b>100.0</b>	<b>100.0</b>

if he or she owns the shares purchased during the savings period and his or her employment is in effect on 15 May 2016. The second period began on 1 October 2013 and ends on 30 September 2014.

The share-based incentive scheme for Cramo Plc's key employees consists of three discretionary periods: the calendar years 2012, 2013 and 2014. The reward from the plan for the discretionary period 2012 was based on Cramo Group's earnings per share (EPS) key indicator and will be paid in spring 2015. The rewards for 2012 equal the approximate worth of 42,000 shares in Cramo Plc. The reward for the discretionary period 2013 is also based on the earnings per share (EPS) key indicator and will be paid in the spring of 2016. The rewards for 2013 equal the approximate worth of 94,000 shares in Cramo Plc.

### ANNUAL GENERAL MEETING 2013 AND BOARD AUTHORISATIONS

Cramo Plc's Annual General Meeting was held in Helsinki on 26 March 2013. The Annual General Meeting adopted the consolidated financial statements and the parent company's financial statements for the financial year 2012 and discharged the members of the Board of Directors and the President and CEO from liability. The Annual General Meeting decided, as proposed by the Board of Directors, that a dividend of EUR 0.42 per share be paid from the distributable funds.

Dr Stig Gustavson, Mr Eino Halonen, Mr Jari Lainio, Mr Esko Mäkelä, Mr Victor Hartwall and Ms Helene Biström were re-elected to the Board of Directors, and Mr Erkki Stenberg was elected as a new member.

The Annual General Meeting confirmed the remuneration payable to the chairman of the Board of Directors as EUR 70,000, to the deputy chairman as EUR 45,000 and to the other members of the Board as EUR 35,000 per year. It was decided that 50% of the annual remuneration will be paid in Cramo Plc shares purchased on the market on behalf of the Board members. In addition, it was decided that all Board members are entitled to a compensation of EUR 1,000 per attended Board committee meeting. Reasonable travel expenses will be refunded.

Ernst & Young Oy, Authorised Public Accountants, was appointed as Cramo Plc's auditor, with Mr Erkki Talvinko as the responsible auditor.

The Annual General Meeting authorised the Board of Directors to decide on the repurchase of the

company's own shares and their acceptance as pledge. The total number of own shares to be acquired or accepted as pledge must not exceed 4,100,000. Own shares can be acquired otherwise than in proportion to the shareholdings of the shareholders, and no more than 400,000 of these shares may be used in the company's incentive schemes. The authorisation is effective until the close of the next Annual General Meeting, but no later than 26 September 2014.

The Annual General Meeting authorised the Board of Directors to decide on a share issue, which includes the right to decide on the transfer of the company's own shares, as well as on the granting of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Finnish Limited Liability Companies Act. The shares issued will be new shares of the company, and a maximum of 4,100,000 shares may be issued. These shares cannot be used for incentive schemes. The authorisation is valid for five years from the decision of the Annual General Meeting.

The Annual General Meeting authorised the Board of Directors to decide on donations to the total maximum amount of EUR 20,000 for charitable or corresponding purposes. The authorisation is effective until the close of the next Annual General Meeting.

### CHANGES IN SHAREHOLDINGS

During the review period, Cramo Plc received the following notifications pursuant to Section 5 of Chapter 9 of the Finnish Securities Markets Act: K. Hartwall Invest Oy Ab's total holding of shares and votes in Cramo Plc decreased below one-twentieth (1/20) on 7 May 2013. At the time of the notification, K. Hartwall Invest Oy Ab's total holding was 2,000,000 shares, or 4.70% of Cramo Plc's shares and voting rights.

On 26 September 2013, Hartwall Capital Oy Ab's total holding of share capital and voting rights in Cramo Plc decreased below 15%. At the time, its proportion of voting rights and share capital was 10.55%, and it held a total of 4,491,702 shares. On 26 September 2013, Hartwall Capital Oy Ab announced that the agreement of 25 March 2010 on the voting rights of the shares in Cramo Plc had been terminated on 26 September 2013. In the agreement, Hartwall Capital Oy Ab decided on the use of the parties' voting rights in Cramo Plc.

The Construction Engineers' Foundations' total holding of shares and

votes in Cramo Plc decreased below 5% on 14 October 2013. At the time, the Construction Engineers' Foundations' total holding was 2,129,422 shares, or 4.97% of shares and votes in Cramo Plc.

### CORPORATE GOVERNANCE AND AUDITORS

At the end of the financial year, Cramo Plc's Board of Directors was composed of Dr Stig Gustavson, Mr Eino Halonen, Mr Jari Lainio, Mr Esko Mäkelä, Mr Victor Hartwall, Ms Helene Biström and Mr Erkki Stenberg.

Mr Eino Halonen (Chairman), Mr Victor Hartwall and Mr Esko Mäkelä comprised the Audit Committee. Ms Helene Biström (Chairman), Dr Stig Gustavson, Mr Jari Lainio, Mr Erkki Stenberg, Mr Peter Therman and Mr Tom von Weymarn comprised the Nomination and Compensation Committee.

Dr Stig Gustavson, Mr Eino Halonen, Mr Jari Lainio, Mr Esko Mäkelä, Mr Victor Hartwall, Mr J.T. Bergqvist and Ms Helene Biström comprised the Board of Directors until the Annual General Meeting of 26 March 2013.

On 31 December 2013, the Board members and the President and CEO held, either directly or through companies in which they exercise control, a total of 540,033 shares in Cramo Plc, which represents 1.26% of the company's shares and votes, and a total of 95,000 stock options.

The company's auditors were Ernst & Young Oy, Authorised Public Accountants, with Mr Erkki Talvinko, APA, as the responsible auditor.

Dr Stig Gustavson, Chairman of the Board of Directors of Cramo Plc, announced on 24 September 2013 that he would not be available in the election of the Board of Directors at the next Annual General Meeting. Dr Gustavson continues to serve as Chairman of the Board of Directors until the end of his term. The Board of Directors announced that, contingent on a majority of its current members being re-elected at the next Annual General Meeting, it intends to elect its current member Helene Biström as the new Chair. In addition, the Board decided to appoint Helene Biström as Chair of the Nomination and Compensation Committee. Stig Gustavson, the former chairman of the committee, will continue as a member until the next Annual General Meeting. The Nomination and Compensation Committee comprises the following persons: Ms Helene Biström (Chair), Dr Stig Gustavson, Mr Jari Lainio, Mr Erkki Stenberg, Mr Peter Therman and Mr Tom



von Weymarn. Mr Peter Therman and Mr Tom von Weymarn were appointed to the Nomination and Compensation Committee on 25 June 2013. They are not members of the Board of Directors.

Cramo Plc observes the Finnish Corporate Governance Code, which entered into force on 1 October 2010. Cramo Plc's insider guidelines are based on the Finnish Securities Market Act, rules and regulations issued by the Financial Supervision Authority, and the insider guidelines of the stock exchange. Euroclear Finland Ltd maintains an insider register of Cramo Plc's permanent insiders. Information on their holdings is also available on Cramo Plc's website.

The Corporate Governance statement for 2013 issued by Cramo Plc's Board of Directors and the remuneration statement for 2013 are available on the Cramo Plc website.

## ESSENTIAL RISKS AND UNCERTAINTIES

In addition to global economic developments, the main sources of uncertainty in Cramo's business are related to the economic cycles and financial development of each country, fluctuations in interest and exchange rates, availability of financing, credit loss risks, the success of the Group's acquisitions and information system projects, personnel-related risks, availability of competent management, recruitment-related risks, tax risks and other business risks.

The increasing economic uncertainty may be reflected in Cramo's operations as decreased demand in one or several market areas, fiercer competition, lower rental prices, higher financial expenses, financial difficulties experienced by customers and increasing credit losses. In addition, economic uncertainty increases the impairment risks to the balance sheet values.

## STRATEGIC RISKS

The Group's operations are closely linked to general economic development and the construction and property markets. Unfavourable development in these markets may have a negative impact on the Group's operations, profit and financial position. Efforts have been made to reduce the risks related to demand and price development by dividing the operations into different product and customer segments and by reducing dependence on a single geographical market.

The construction industry is characterised by seasonal fluctuations,

and the Group's sales and profit vary by quarter in a manner that is typical of equipment rental operations.

The modular space business is less dependent on economic cycles than the equipment rental business. The Group also strives to minimise the impact of economic trends through continually optimising its rental fleet utilisation rate.

Expansion and business development are partly based on acquisitions. The risks in acquisitions are related to knowledge of local markets and regulations, customers, key personnel and suppliers, among other factors. Expansion into new geographical areas exposes the Group to cultural, political, economic, regulatory and legal risks. The goal is to take these risks into consideration through careful preparation and particularly by investing in the integration of acquisitions.

In addition, there are risks associated with the amount, allocation and timing of the Group's investments and with other strategic business decisions. The goal is to control investment-related risks by applying a careful approval process for investments, optimising fleet use across the Group, financing some investments through operative leasing, and using external and internal indicators to forecast future market development, among other measures. These indicators that illustrate the future are monitored by country company on a monthly basis. Strategy follow-up also includes an actively monitored set of forward-looking indicators to give an early indication of any changes in the market conditions or the company's operations.

## OPERATIVE RISKS

The Group's most significant operative risks include those associated with business operations and staff, contract risks, occupational safety risks, IT-related risks, risks related to compliance with laws and regulations and risks related to the Group's administrative principles. In order to control the most significant strategic and operative risks, the Group and its subsidiaries have their own contingency plans. In 2013, Det Norske Veritas granted OHSAS 18001 certification to Cramo Finland for its occupational health and safety management system.

## ECONOMIC AND FINANCING RISKS

The objective of economic and financing risk management is to safeguard the company's high-quality external and internal financial reporting and the availability of Group financing and to

minimise the adverse effects that changes in the operating environment and financial markets have on the Group's profit and financial position.

The Group's primary financial risks are cash flow interest rate risk, currency rate risk, credit risk and liquidity risk. To manage the interest rate risk, the Group's loans and investments have been spread between fixed-rate and variable-rate instruments. Derivative contracts, such as interest rate swaps, are also used to manage the interest rate risk. The exchange rate risk mainly comprises net investments in foreign units and currency-denominated loans, with currency forwards as hedging instruments.

The Group's financing policy specifies the responsibilities and procedures of the financing function as well as the targets and principles of hedging. The Group's country-specific financing is handled in a centralised manner, primarily through internal Group loans.

## TRANSACTION RISKS

The Group's transaction risks include risks related to equipment rental and uninterrupted operations, among other risks, which can be managed by means of insurance. Comprehensive insurance coverage is an essential part of Cramo Group's risk management.

## ENVIRONMENTAL RISKS

Environmental responsibility is an important part of Cramo's business model. The Group is able to reduce the environmental load of construction by maintaining high utilisation rates for its equipment. Cramo's environmental responsibility involves ensuring that its rental and modular space solutions are of a high quality and carefully serviced and overhauled. The environmental load caused by equipment manufacture and use is taken into consideration in equipment purchases, and the load is minimised by delivering equipment fully tested and without unnecessary packaging.

Long equipment life cycles are maintained through careful maintenance. Material generated by equipment to be disposed of is recycled as comprehensively as possible.

Regional profit centres are responsible for the appropriate storage and reprocessing of chemicals and hazardous waste. Cramo's operations in Sweden, Denmark and Norway have been certified in accordance with the ISO 14001 environmental system and the ISO 9001 quality system. In

Finland, Cramo's quality assurance and operational system is based on the ISO 9001:2000 quality certificate issued by Det Norske Veritas.

Cramo publishes a separate sustainability report, which provides information on environmental management and corporate responsibility. The report will be published during the spring, and it will be also be available in electronic format on the Cramo website. The report is not verified by a third party.

## OUTLOOK FOR 2014

Eurozone economies are expected to take an upward turn in 2014. Growth is expected particularly in the second half of the year. Euroconstruct forecasts that construction in Finland will increase by 0.5%. However, according to the Confederation of Finnish Construction Industries RT, the market will continue to decrease. Construction is expected to increase by 2–4% in the other Nordic countries, Germany, Poland and Lithuania. However, local economic forecasts have become more cautious in Norway at the beginning of 2014, which is likely to weaken the growth in the demand for construction and equipment rental services. Construction is estimated to decrease by 2% in Estonia, by 6% in Latvia and by 4–5% in the Czech Republic and Slovakia. Construction in Russia continues to be strongly focused on new construction and is estimated to increase by approximately 2%.

The European Rental Association (ERA) is expecting equipment rental to increase in all of Cramo's main market areas in 2014. ERA estimates that the equipment rental market will grow by 2–4% in the Nordic countries.

In the long term, the equipment rental market is expected to grow faster than the construction market. Changes in demand usually follow those in construction with a delay and may be strong. In addition to construction, the demand for equipment rental services is affected by industrial investments and the rental penetration rate. The need to improve profitability in construction and the increasingly strict environmental and health requirements related to construction are some of the factors that make rental services more attractive.

Cramo's Board of Directors estimates that (Guidance on Group outlook): "In 2014, Cramo Group's EBITA margin will continue to improve compared to 2013. Cramo Group's sales is also expected to grow in 2014, however, exact sales is exposed to changing exchange rates."

## PROFIT DISTRIBUTION POLICY AND THE BOARD OF DIRECTORS' PROPOSAL FOR PROFIT DISTRIBUTION

Cramo Plc's goal is to follow a stable profit distribution policy and to pay approximately 40% of earnings per share (EPS) for a period as a dividend.

On 31 December 2013, Cramo Plc's total distributable funds were EUR 171,264,670.70, including EUR 37,503,294.37 of retained earnings. Cramo Plc's profit for the financial period was EUR 18,621,877.38.

The Board of Directors proposes to the Annual General Meeting to be held on 1 April 2014 that a dividend of EUR 0.60 per share be paid for the financial year 1 January to 31 December 2013 and the rest of the distributable funds be carried forward in equity.

## SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No significant events have occurred after the review period.

# KEY FIGURES AND RATIOS

KEY FIGURES ON FINANCIAL PERFORMANCE		2013	2012 <sup>2</sup>	2011	2010	2009
Sales	MEUR	657.3	688.4	679.9	492.1	446.7
Change -%	%	-4.5	+1.3	+38.2	+10.2	-23.0
Operating profit/loss	MEUR	66.8	64.5	54.3	27.4	-11.5
% of sales	%	10.2	9.4	8.0	5.6	-2.6
Profit/loss before taxes <sup>1</sup>	MEUR	51.9	44.3	32.2	4.8	-34.2
% of sales	%	7.9	6.4	4.7	1.0	-7.7
Profit/loss for the year <sup>1</sup>	MEUR	42.8	38.7	23.5	-2.2	-39.9
% of sales	%	6.5	5.6	3.5	-0.4	-8.9
Return on equity <sup>1</sup>	%	8.3	7.5	5.4	-0.6	-12.1
Return on investment <sup>1</sup>	%	7.7	7.3	6.6	3.7	-1.2
Equity ratio	%	47.1	48.6	44.4	38.7	37.4
Gross capital expenditure	MEUR	129.6	125.1	262.5	86.2	31.9
% of sales	%	19.7	18.2	38.6	17.5	7.1
of which business combinations	MEUR	29.1	0.8	115.4	32.7	0.4
Equity	MEUR	500.6	532.6	493.9	368.5	338.4
Net interest-bearing liabilities	MEUR	364.8	346.9	390.4	383.0	383.7
Gearing	%	72.9	65.1	78.7	103.4	113.4
Average number of personnel	No.	2,463	2,664	2,580	2,083	2,356

<sup>1</sup> Comparative figures for 2012 have been adjusted due to the retrospective application of the revised IAS 19 Employee benefits

<sup>2</sup> 2012 key figures have been calculated before reclassification of Russian business as assets and liabilities to be transferred to joint venture according to IFRS 5

## PER-SHARE RATIOS

Earnings per share <sup>1,3</sup>	EUR	1.01	0.94	0.60	-0.06	-1.18
Earnings per share diluted <sup>1,2,3</sup>	EUR	1.00	0.93	0.60	-0.06	-1.16
Shareholders' equity per share <sup>3</sup>	EUR	11.56	11.58	10.83	9.50	8.58
Dividend per earnings <sup>1</sup>	%	59.3*	44.8	49.9	Neg.	0.0
Dividend per share <sup>3</sup>	EUR	0.60*	0.42	0.30	0.09	0.00
Trading volume of shares <sup>3</sup>	No.	23,736,696	16,900,991	30,446,719	18,051,757	42,673,720
% of total number	%	55	40	74	53	126
Adjusted average number of shares <sup>3</sup>	No.	42,297,421	41,356,347	39,098,751	33,596,870	33,794,653
Adjusted number of shares at year-end <sup>3</sup>	No.	43,310,671	41,708,387	41,122,798	33,596,870	33,596,870
P/E ratio		15.2	8.5	13.2	Neg.	Neg.
Effective dividend yield	%	3.9*	5.3	3.8	0.5	0.0
Market capitalisation of share capital	MEUR	665.3	332.8	327.8	585.0	367.6
Average price <sup>3</sup>	EUR	12.21	9.77	11.89	12.84	6.97
Closing price at year-end <sup>3</sup>	EUR	15.36	7.92	7.91	17.23	10.83
Lowest quotation <sup>3</sup>	EUR	7.98	7.04	5.68	9.97	4.32
Highest quotation <sup>3</sup>	EUR	16.83	13.03	20.23	17.56	11.80

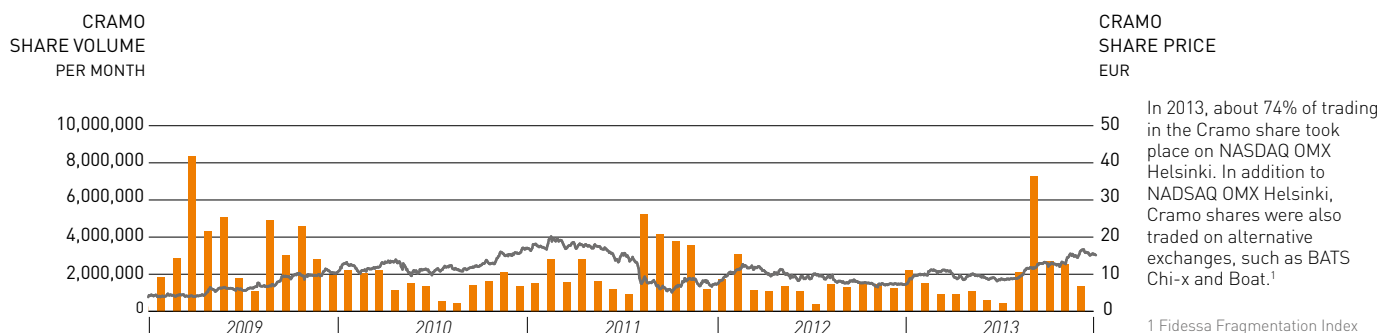
<sup>1</sup> Comparative figures for 2012 have been adjusted due to the retrospective application of the revised IAS 19 Employee benefits

<sup>2</sup> Adjusted by the dilution effect of stock options and share plans

<sup>3</sup> Comparative figures for 2010 and 2009 have been adjusted retrospectively for the bonus element of the rights issue completed in April 2011

\* The Board proposes to the Annual General Meeting a dividend of EUR 0.60

## CRAMO SHARE PRICE TREND AND TRADING VOLUME



# CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	31 Dec 2013	31 Dec 2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	4	606,625	615,034
Intangible assets	3	266,452	281,486
Deferred tax assets	15	14,820	14,604
Available-for-sale financial assets	7	347	349
Investments in joint ventures	29	17,475	97
Loan receivables	9	20,250	
Trade and other receivables	9	1,129	1,071
<b>Total non-current assets</b>		<b>927,099</b>	<b>912,641</b>
<b>Current assets</b>			
Inventories	10	7,841	9,689
Trade and other receivables	9	127,236	136,435
Income tax receivables		1,343	4,794
Derivative financial instruments	14	2,053	303
Cash and cash equivalents	11	4,770	10,340
<b>Total current assets</b>		<b>143,243</b>	<b>161,562</b>
Assets held for sale	5	4,369	3,540
Assets to be transferred to joint venture	32		30,392
<b>TOTAL ASSETS</b>		<b>1,074,710</b>	<b>1,108,136</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		24,835	24,835
Other reserves		318,742	304,373
Fair value reserve		119	119
Hedging fund		-6,726	-8,144
Translation differences <sup>1</sup>		-2,288	7,500
Retained earnings <sup>1</sup>		165,900	154,324
Equity attributable to owners of the parent company		500,582	483,007
Hybrid capital			49,630
<b>Total equity</b>	<b>12</b>	<b>500,582</b>	<b>532,637</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	13	269,881	271,713
Derivative financial instruments	14	6,001	8,861
Deferred tax liabilities	15	75,337	80,188
Retirement benefit obligations	33	1,644	1,574
Other non-current liabilities	16	3,341	752
<b>Total non-current liabilities</b>		<b>356,204</b>	<b>363,087</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	13	99,719	87,577
Derivative financial instruments	14	422	1,347
Trade and other payables	17	112,022	119,460
Income tax liabilities		5,761	1,055
<b>Total current liabilities</b>		<b>217,923</b>	<b>209,439</b>
Liabilities to be transferred to joint venture	32		2,974
<b>Total liabilities</b>		<b>574,127</b>	<b>575,499</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,074,710</b>	<b>1,108,136</b>

<sup>1</sup> Comparative figures for 2012 have been adjusted due to the retrospective application of the revised IAS 19 Employee benefits



# CONSOLIDATED INCOME STATEMENT

EUR 1,000	Note	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
<b>Sales</b>		<b>657,315</b>	<b>688,391</b>
Other operating income	19	10,007	11,321
Production for own use	20		3,657
Materials and services	20	-228,002	-241,301
Employee benefit expenses	21	-138,732	-143,728
Other operating expenses	23	-127,385	-138,763
Depreciation and impairment on tangible assets and assets held for sale	22	-93,868	-101,571
Share of profit of joint ventures	29	613	43
Amortisation and impairment resulting from acquisitions and disposals	22	-13,150	-13,569
<b>Operating profit<sup>1</sup></b>		<b>66,799</b>	<b>64,479</b>
Financial income	24	1,356	818
Financial expenses <sup>2</sup>	24	-16,213	-21,041
Total financial income and expenses <sup>2</sup>		-14,857	-20,223
<b>Profit before taxes<sup>2</sup></b>		<b>51,941</b>	<b>44,257</b>
Income taxes	25	-9,160	-5,508
<b>Profit for the year<sup>2</sup></b>		<b>42,781</b>	<b>38,749</b>
Attributable to Owners of the parent company		42,781	38,749
<b>Earnings per share for profit attributable to owners of the parent company</b>		<b>42,781</b>	<b>38,749</b>
Basic, EUR <sup>2</sup>	27	1.01	0.94
Diluted, EUR <sup>2</sup>	27	1.00	0.93
<b>CONSOLIDATED COMPREHENSIVE INCOME STATEMENT</b>			
Profit for the year		42,781	38,749
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Actuarial gain or loss on retirement benefit obligations		-88	-209
Total items that will not be reclassified to profit or loss		-88	-209
Items that may be reclassified subsequently to profit or loss:			
Change in hedging fund, net of tax		1,418	-2,976
Share of other comprehensive income of joint ventures, net of tax		-4,386	
Change in translation differences, net of tax		-13,450	15,387
Total items that may be reclassified subsequently to profit or loss		-16,418	12,411
Total other comprehensive income, net of tax		-16,506	12,202
<b>Total comprehensive income for the year</b>		<b>26,275</b>	<b>50,951</b>
Attributable to Owners of the parent company		26,275	50,951
		<b>26,275</b>	<b>50,951</b>

1 Effective from the year 2013 reporting the share of profit/loss of joint venture is presented above operating profit. Due to retrospective application of the change in accounting policy, operating profit for the comparative year 2012 has been adjusted.

2 Based on the revised IAS 19 standard Employee benefits, effective from year 2013, actuarial losses resulting from the changes in assumptions used in the valuation of pension liabilities are recognised immediately in other comprehensive income. Due to retrospective application, financial expenses for 2012 have been decreased by EUR 0.2 million.

# CHANGES IN CONSOLIDATED STATEMENT OF EQUITY

	Attributable to owners of the parent company										
EUR 1,000	Share capital	Share issue	Other reserves	Fair value reserve	Hedging fund	Trans- lation difference <sup>2</sup>	Invested unre- stricted equity	Retained earnings <sup>2</sup>	Total	Hybrid capital	Total equity
At 1 Jan 2012	24,835	17	186,926	119	-5,168	1,041	113,797	122,654	444,222	49,630	493,851
Translation difference						6,460		8,102	14,562		14,562
Tax on translation difference <sup>1</sup>								616	616		616
Hedging fund					-2,976				-2,976		-2,976
Profit for the year								38,749	38,749		38,749
Comprehensive income					-2,976	6,460		47,467	50,951		50,951
Exercise of share options		-17					3,650		3,633		3,633
Dividend distribution								-12,374	-12,374		-12,374
Share-based payments								2,576	2,576		2,576
Hybrid capital								-6,000	-6,000		-6,000
Changes within equity			-300				300				
At 31 Dec 2012	24,835		186,626	119	-8,144	7,500	117,747	154,324	483,007	49,630	532,637
At 1 Jan 2013	24,835		186,626	119	-8,144	7,500	117,747	154,324	483,007	49,630	532,637
Translation difference						-9,789		-7,577	-17,366		-17,366
Tax on translation difference <sup>1</sup>								-470	-470		-470
Actuarial gain or loss on retirement benefit obligation								-88	-88		-88
Hedging fund					1,418				1,418		1,418
Profit for the year								42,781	42,781		42,781
Comprehensive income					1,418	-9,789		34,646	26,275		26,275
Exercise of share options							14,069		14,069		14,069
Dividend distribution								-17,747	-17,747		-17,747
Share-based payments								1,347	1,347		1,347
Hybrid capital including transaction costs								-6,370	-6,370	-49,630	-56,000
Changes within equity			300					-300			
At 31 Dec 2013	24,835		186,926	119	-6,726	-2,288	131,816	165,900	500,582		500,582

<sup>1</sup> Unrecognised tax asset on equity hedge value change

<sup>2</sup> Comparative figures for 2012 have been adjusted due to the retrospective application of the revised IAS 19 Employee benefits

Further information about share capital and equity funds is given in note 12

# CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	Note	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
<b>Cash flow from operating activities</b>			
Profit before tax		51,941	44,048
Non-cash adjustments			
Depreciation, amortisation and impairment	22	107,018	115,140
Share of profit of joint ventures	29	-613	-43
Other non-cash corrections	26	-6,246	-340
Transfer to cash flow from investing activities		-1,734	-3,039
Finance cost (net)	24	14,857	20,432
Operating profit before changes in working capital		165,223	176,197
Change in working capital			
Change in inventories		2,031	-649
Change in trade and other receivables		10,712	8,676
Change in trade and other payables		-3,695	4,966
Cash generated from operations		174,271	189,190
Interest paid		-14,594	-20,368
Interest received		1,262	804
Other financial items		5,373	-8,993
Income taxes paid		-6,059	-14,641
<b>Net cash flow from operating activities</b>		<b>160,253</b>	<b>145,992</b>
<b>Cash flow from investing activities</b>			
Investments in tangible and intangible assets		-103,484	-123,746
Sale of tangible and intangible assets		19,442	18,852
Acquisition of joint ventures		-9,901	
Acquisition of subsidiaries and business operations, net of cash acquired		-16,033	-804
Disposal of subsidiaries and business combinations			21,922
<b>Net cash flow from investing activities</b>		<b>-109,976</b>	<b>-83,776</b>
<b>Cash flow from financing activities</b>			
Change in interest-bearing receivables		-121	2,528
Change in finance lease liabilities		-29,755	-39,353
Proceeds from interest-bearing liabilities		55,000	100,540
Repayments of interest-bearing liabilities		-12,508	-122,131
Hybrid capital		-56,000	-6,000
Proceeds from share options exercised		6,141	3,633
Dividends paid	12	-17,747	-12,374
<b>Net cash flow from financing activities</b>		<b>-54,990</b>	<b>-73,157</b>
<b>Change in cash and cash equivalents</b>		<b>-4,713</b>	<b>-10,941</b>
Cash and cash equivalents at beginning of the year		10,340	22,532
Cash to be transferred to joint venture			-2,005
Exchange differences		-857	754
<b>Cash and cash equivalents at year-end</b>	11	<b>4,770</b>	<b>10,340</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. ACCOUNTING POLICIES RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS

### COMPANY PROFILE

Cramo is a service company specialising in equipment rental services, as well as the rental of modular space. Cramo operates in fifteen countries in the Nordic and in Central and Eastern Europe with 357 depots and 2,463 employees.

The Group's parent company, Cramo Plc, is a Finnish public limited company, established in accordance with Finnish legislation, and its Business ID is 0196435-4. The address of Cramo Plc's registered office is Kalliosolantie 2, 01740 Vantaa. Cramo Plc has its listing on the main list of NASDAQ OMX Helsinki Ltd.

A copy of the consolidated financial statements is available on the internet at [www.cramo.com](http://www.cramo.com) or can be obtained at the parent company's head office, address Kalliosolantie 2, 01740 Vantaa.

In its meeting on 11 February 2014, the Board of Directors approved these consolidated financial statements for issue. According to the Finnish Companies Act, the shareholders have the opportunity to approve or reject the financial statements at the Annual General Meeting held after their publication. Furthermore, the Annual General Meeting can decide on modifications to be made to the financial statements.

### BASIS OF PREPARATION

The consolidated financial statements of Cramo have been prepared in accordance with International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) and the SIC and IFRIC interpretations valid on 31 December 2013. In the Finnish Accounting Act and ordinances based on the provisions of the Act, IFRS refer to the standards and their interpretations adopted in accordance with the procedures laid down in regulation (EC) No.1606/2002 of the European Parliament and of the Council. The notes of the consolidated financial statements also conform to the demands of the Finnish accounting and corporate

legislation which supplement the IFRS.

The consolidated financial statements have been prepared under the historical cost convention, except the available-for-sale financial assets, which have been recognised at fair value and share-based payments measured at fair value at the grant date (granted option rights and share plans). The information in the financial statements is presented in thousands of euros.

The preparation of financial statements in accordance with IFRSs requires the performance of certain assessments by the Group management and data about the judgements they have made. The data about such judgements the management have used in applying the Group's accounting principles for the preparation of financial statements and which affect the consolidated financial statements most significantly is presented in Accounting Principles under the section "Accounting principles requiring the management's judgement and the principal uncertainties of estimates."

### APPLIED THE NEW AND REVISED IFRSS

The Group has applied the following new and revised standards and interpretations effective from 1 January 2013:

- IAS 1 *Financial Statement Presentation – Presentation of Items of Other Comprehensive Income*. The most significant change is the requirement for grouping of items presented in OCI. Items that could be classified (or 'recycled') to profit or loss at a future point in time could be presented separately from items that will never be reclassified. The amendment affected presentation of OCI.
- Amendments to IAS 19 *Employee Benefits*. The amended standard removed the possibility of applying a so-called corridor method. This change affected the fact that the actuarial gains and losses can no longer be recognised over the average remaining service period to the extent that they exceed the greater of 10% of the defined benefit obligation or 10% of the market value. The revised standard requires actuarial gains and

losses are recognised immediately in other comprehensive income in the period in which they arise. This change had no material impact on the Group's financial statements as the Group has not applied the so-called corridor method, but actuarial gains and losses have been recognised immediately in the income statement. Interest costs and the expected return on assets have been replaced by net interest cost of the net defined liability, which is recognised in profit or loss as finance items. The amended standard has been applied prospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The comparable period in 2012 have been adjusted to the revised standard.

- Revised to IAS 28 *Investments in Associates and Joint Ventures*. As a consequence of the new IFRS 11, the revised standard requires to account for investments in joint ventures in addition to associates using the equity method. Application of this revised standard had no impact on consolidated financial statements.
- IFRS 10 *Consolidated Financial Statement*. According to the existing principles in the new standard, control has been defined as a key factor when determining whether an entity should be included to the Group's consolidated Financial Statements. The standard also provides additional guidance on the determination of control where this is difficult to assess. This change had no impact on the consolidated financial statements.
- IFRS 11 *Joint Arrangements*. The standard focuses on accounting for joint arrangements, the rights and obligations rather than its legal form. Joint arrangements are two types: joint operations and joint ventures. In addition, the standard requires that joint arrangements must be accounted for using single accounting method, equity method. This change had no impact on the consolidated financial statements.
- IFRS 12 *Disclosure of Interest in Other Entities*. The standard includes the disclosure requirements for interests in other entities, including joint



ventures. The new standard expanded disclosures of the Group's interests in joint ventures.

- IFRS 13 *Fair Value Measurement*. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source requirements for fair value measurement and disclosure requirements. The use of the fair value is not expanded, but the standard provides guidance on how to measure fair value under IFRS when fair value is permitted or required by another standard. This change had no impact on the Group's disclosures.
- *Annual Improvements to IFRSs 2009–2011*, may 2012. Impacts vary from standard to standard, but did not have a significant effect on the consolidated financial statements.

## CONSOLIDATION PRINCIPLES

### SUBSIDIARIES

The consolidated financial statements include the parent company, Cramo Plc, and those subsidiaries over which the Group has control. The Group has control of an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All the facts and circumstances shall be considered when assessing the control. The investor shall reassess whether it controls an investee if facts and circumstances indicate that there are changes of the elements of control. Power means that the investor has existing rights that give it the current ability to direct the relevant activities, ie the activities that significantly affect the investee's return. Acquired subsidiaries are consolidated from the date on which control is transferred to the Group, and are no longer consolidated from the date that control ceases. The subsidiaries are listed in note 38.

The Group's mutual holding of shares is eliminated by the purchase method. The acquisition cost is based on the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange. The separately identifiable assets, liabilities and contingent liabilities of the acquisition are estimated at their fair value at the acquisition date, without deducting non-controlling interest. The excess of the costs of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the

fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

All of the Group's intercompany transactions, receivables, liabilities and unrealised gains, as well as its internal profit distribution are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. The distribution of the financial year's profit or losses to the owners of the parent company and the non-controlling interest is presented in a separate income statement, and the distribution of the comprehensive income to the owners of the parent company and the non-controlling interest is presented with the statement of comprehensive income. The non-controlling interest's share of capital and reserves is presented in the balance sheet as a separate item as part of the shareholders' equity. The non-controlling interest's share of the accumulated losses is limited to the amount of non-controlling investment.

### JOINT VENTURES

The consolidated financial statements include those entities in which the Group has a joint control. Investments in joint ventures are accounted for in the consolidated financial statements under the equity method. The Group's share of the profit or loss of joint ventures is shown in the consolidated statement of income as a separate line above EBITDA. Group's investments in the joint ventures upon the date of acquisition, adjusted for changes in the joint ventures equity after the date of acquisition, are shown in the consolidated statement of financial position under "Shares in joint ventures". The share of and joint ventures net income includes also the revaluations of the previously held interest in connection with step acquisitions.

## FOREIGN CURRENCY TRANSLATION

Items concerning the performance and financial position of the Group's units are measured using the currency of the primary economic environment in which the entities operate ("the functional currency"). The consolidated financial information is presented in euros, which is the functional and presentation currency of the parent company.

### FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded in the functional currency using the rate of exchange prevailing at the transaction date. In practice, it

is often necessary to use a rate that is close to the rate of the transaction date. Foreign currency monetary items are translated into the functional currency using the rates of the last trading day of the reporting period. Foreign currency non-monetary items, which have been recognised at fair value, are translated into the functional currency using the rate of fair value measurement date. Otherwise, non-monetary items are translated using the rate of the transaction date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are reported through profit and loss. The foreign exchange gains and losses from operating activities are included in the respective items above operating profit. The currency exchange gains and losses are included in the finance income and financing costs except for exchange differences for those loans, which are set as hedges for the net investments made in foreign entities and which are effective as such. These exchange differences are stated in other items of the comprehensive income and the accumulated exchange differences are presented as a separate item in equity until the foreign entity is partially disposed of or sold.

## TRANSLATING THE CURRENCY OF THE FINANCIAL STATEMENTS OF FOREIGN ENTITIES

Income statements of foreign entities are translated into euros at the weighted average exchange rates for the year, while balance sheets are translated using the exchange rates of the last trading day of the reporting period. The translation of the profit (loss) for the period using different rates in the income statement and the balance sheet causes a translation difference in the balance sheet which is recognised in equity and whose adjustment is recognised in other items of the comprehensive income. The translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and the translation of the accumulated equity items after the acquisition as well as the change in hedging result of net investments made in them are recognised in other items of the comprehensive income. When a subsidiary is partially or completely sold, the accumulated translation differences are recognised as part of capital gain or loss. The translation differences generated before 1 January 2004, which is when the Group transferred to IFRSs, have been recognised in

retained earnings in accordance with the exemption rule allowed by IFRS 1 at the time the Group transferred to these standards, and they will not later be recognised through profit and loss in connection with the sale of a subsidiary. Since the date of this transfer, the translation differences created while preparing the consolidated financial statements have been presented in equity as a separate item.

Since 1 January 2004, the fair value adjustments and goodwill arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity in the functional currency of the entity. They are translated into euros at the rate of the last trading day of the reporting period. The goodwill and fair value adjustments which have occurred before 1 January 2004 are stated in euros.

## INTANGIBLE ASSETS

### GOODWILL

Goodwill represents the excess of the cost of an acquisition at the date of the transaction over the net fair value of the Group's share of the separately identifiable assets, liabilities and contingent liabilities of the subsidiary acquired after 1 January 2004. In addition, the acquisition cost includes other costs caused directly by the acquisition, such as expert remuneration where acquisition has taken place before 1.1.2010. The goodwill arising from the acquisitions before 2004 represents the book value of the previous financial reporting framework, which has been used as a deemed cost in accordance with IFRSs. Goodwill is not amortised but tested annually for impairment, and whenever there is an indication that the asset may be impaired. For this purpose, goodwill is allocated to cash-generating units. Goodwill is carried at cost less accumulated impairment losses.

### CUSTOMER RELATIONSHIPS AND DEPOT NETWORK

Initial measurement of customer relationships has been prepared by applying the Multi-period Excess Earnings Method. The depot network has been measured based on estimated benefit gained, compared to the earnings of a depot in the normal course of business with the earnings of a start-up depot.

### BRAND AND CO-BRAND

The Group's main brand is "Cramo", which useful life has been defined indefinite because there is no foreseeable

limit to the period over which the asset is expected to generate cash flows. The Cramo brand is not amortised but tested annually for impairment. The Cramo brand has been considered a corporate-level asset and for testing purposes the brand is reallocated to cash generating units annually based on sales. The reallocation of assets to units is presented in note 6. The brand is carried at cost less accumulated impairment losses.

In acquisitions brand related to acquired entity transfers to Cramo Group. The fair value of co-brand has been determined by applying the relief-from-royalty method regardless of whether the Group intends to use the brand. The co-brand is of a temporary nature and they are amortised on a straight-line basis over the economic useful lives of 1–10 years. The co-brand has bigger importance right after the acquisition. The co-brand is allocated to same segment as the acquired entity.

### RESEARCH AND DEVELOPMENT

Research expenditure is recognised as an expense as incurred. Development costs are capitalised when an entity can demonstrate the technological and commercial feasibility of a product and the cost can be measured reliably. Other development expenditures are recognised as expenses.

Currently the development work the entity is performing is of such a nature that it does not fulfil the criteria of capitalisation and thus the development costs are recognised as expense as incurred.

### OTHER INTANGIBLE ASSETS

Intangible assets are recorded in the balance sheet initially at cost if the cost can be reliably measured and if it is probable that the anticipated future economic benefit resulting from the asset will benefit the Group. Those intangible assets with a finite useful life are amortised through profit and loss on a straight-line basis over their expected lives. Intangible assets with indefinite useful lives are not amortised but tested annually for impairment.

Amortisation periods for intangible assets are:

Customer relationships	3–10 years
Depot network	20 years
Co-brands	1–10 years
Other intangible assets	2–8 years

Amortisation of an intangible asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable

of operating in the manner intended by management. The depreciation of intangible assets ceases when the asset is classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

## TANGIBLE ASSETS

All tangible assets are stated at cost less accumulated depreciation and less any impairment losses. This cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset when it is probable that the future economic benefits associated with the item will flow to the Group, and the cost can be measured reliably. The expenditure on repairs and maintenance of tangible assets are recognised as expense when incurred.

Tangible assets are depreciated on a straight-line basis over the estimated economic useful lives as follows:

Buildings and structures	15–50 years
For rental:	
• Modular space	10–15 years
• Machinery and equipments	3–10 years
Machinery and equipment for services	6–10 years
Machinery and equipments for own use	3–6 years
Other tangible assets	3–10 years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciations of the rental machinery and equipment begin when they are available for rent.

The residual value and useful life of the assets are reviewed at least at the end of each financial year and, if necessary, adjusted to reflect any changes in expectations of economic value.

The depreciation of tangible assets ceases when the asset is classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Gains or losses on decommissioning and disposal are recognised through profit and loss and shown in line "Other Operating Income"

## GOVERNMENT GRANTS

Grants from the government are recognised as reductions of the carrying amount of tangible assets where there is a reasonable assurance that the grant will be received and the Group will comply with all inherent

conditions. Grants are recognised in the income statement in the form of smaller depreciation over the economic life of the related asset. Research and development grants and grants received as reimbursement for actual costs are charged to profit during the period in which the right to collect the grant emerge. Grants such as these are presented in other operating income.

## IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

The Group assesses at each balance sheet date whether there are indications that the carrying amount of an asset may not be recoverable. If such indications exist, the recoverable amount of the asset in question will be measured. In addition, the recoverable amount will be estimated annually from the following assets whether there are indications of impairment or not: goodwill, intangible assets with indefinite useful lives and in-process intangible assets. For the purposes of assessing impairment, assets are examined at the level of cash-generating units, i.e. at the lowest level that is mainly independent of other units and for which there are separately identifiable cash flows, largely independent from those of corresponding units.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use is determined by reference to discounted future cash flows expected to be generated by the asset. The discount rate used is pre-tax and reflects the time value of money and asset specific risks.

Impairment loss is recognised when the carrying amount of the asset is greater than its recoverable amount. Impairment loss is charged directly to the income statement. If a cash-generating unit is subject to an impairment loss, it is allocated first to decrease the goodwill and subsequently, to decrease the other assets of the unit. At recognition of the impairment loss, the useful life of the assets amortised is reassessed. Impairment loss from other assets than goodwill is reversed in the case that a change has occurred in the estimates used in measuring the recoverable amount of the asset. The increased carrying amount must not, however, exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. Previously recognised impairment loss of goodwill is not reversed in any circumstance.

## RENTAL CONTRACTS

### LESSEE

The rental agreements concerning tangible assets where the Group carries a significant share of the risks and rewards incidental to ownership are classified as financial leasing contracts. Assets acquired through financial leasing are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The tangible assets acquired under finance leases are depreciated over the economic useful life of the asset or the lease term, if there is uncertainty about acquisition of ownership at the end of the rental period. The payable leasing rates are divided into the interest element of the finance cost and the decrease in liabilities over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Rental liabilities are included in financial liabilities.

Leases where the risks and rewards of ownership are retained by the lessor are treated as operating leases. Other operating lease payments are treated as rentals and charged to the income statement on a straight-line basis over the lease term.

### LESSOR

The Group leased assets whose risks and rewards of ownership have essentially been transferred to the lessee are treated as financial leasing contracts and recognised as receivables in the balance sheet. Receivables are recognised at their present value. Other assets not leased under financial leasing contracts are included in tangible assets in the balance sheet. They are depreciated over their useful lives in the same way as corresponding tangible assets in the company's own use are.

Rental revenue recognition is presented in Accounting Principles under the section "Principles of revenue recognition".

## FINANCIAL ASSETS AND LIABILITIES

### FINANCIAL ASSETS

The Company classifies its financial assets in the following categories; a) financial assets at fair value through profit and loss, b) loans and receivables, and c) available-for-sale investments. The classification of assets is performed upon the initial recognition and determined in line with the aim of the

asset, and re-evaluation is done on a regular basis. Assets with maturities under 12 months are included in balance sheet under current assets, and those with maturities over 12 months under non-current assets.

#### a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless hedge accounting is applied. Assets in this category are classified as current assets.

#### b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans are shown as a separate line, and other receivables are classified as trade and other receivables in the balance sheet in note 9.

#### c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date, in which case they are included in current assets.

Purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss.

Financial assets carried at fair value through profit and loss, are initially recognised at fair value, and transaction costs are expensed in the income statement. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest rate method.

All unrealised gains and losses arising from changes in the fair value of available-for-sale securities are

1 recognised in equity. When securities  
2 classified as available-for-sale are  
3 sold or impaired, the accumulated fair  
4 value adjustments recorded in equity  
5 are included in the income statement in  
6 financial income and expenses.

7 Financial assets are derecognised  
8 when the rights to receive cash flows  
9 from the investment have expired or have  
10 been transferred, and the Group has  
11 substantially transferred all risks and  
12 rewards of ownership.

## 13 IMPAIRMENT 14 OF FINANCIAL ASSETS

15 The book values of assets are reviewed  
16 regularly, at least annually, in order  
17 to assess whether an asset has been  
18 impaired. The Group assesses at each  
19 balance sheet date whether there is  
20 objective evidence that a financial asset  
21 or a group of financial assets is impaired.  
22 In assessing impairment both external  
23 and internal sources, of information are  
24 considered. External sources include a  
25 significant decline in market value that  
26 is not result of the passage of the time  
27 or a normal use of the assets or increase  
28 in interest rates. Internal sources of  
29 information include evidence of the  
30 obsolescence of, or damage to, an asset.

31 In the case of equity securities  
32 classified as available for sale, a  
33 significant or prolonged decline in the  
34 fair value of the security below its cost  
35 is considered as an indicator that the  
36 securities are impaired. If any such  
37 evidence exists for available-for-sale  
financial assets, the cumulative loss –  
measured as the difference between  
the acquisition cost and the current fair  
value, less any impairment loss on that  
financial asset previously recognised in  
profit or loss – is removed from equity  
and recognised in the income statement.  
Impairment losses recognised in the  
income statement on equity instruments  
are not reversed through the income  
statement.

## 38 FINANCIAL LIABILITIES

39 Financial liabilities are initially recognised  
40 at fair value, and transaction costs are  
41 included in the initial carrying amount.  
42 Subsequently, all financial liabilities are  
43 measured at amortised cost using the  
44 effective interest rate method. Financial  
45 liabilities are included in both current and  
46 non-current liabilities. Unless the Group  
47 has a non-contingent right to postpone  
the amortisation of a liability by a  
minimum of 12 months from the balance  
sheet date, it is classified as current.

Borrowing costs are recognised in  
the accounting period during which they

have incurred. Credit fees related to  
loan commitments are recognised as  
transaction costs to the extent that it is  
probable that the total loan commitment  
or a part of it will be raised. This  
means that the fee is recognised in the  
balance sheet until the loan is raised.  
In connection with the drawdown, the  
credit fee related to loan commitments  
is recognised as part of the transaction  
costs. To the extent that it is probable  
that the loan commitment will not be  
raised, the credit fee is recognised as  
prepaid expense in respect of the liquidity  
related services and is accrued for period  
of the loan commitment.

For the measurement policies of the  
fair values of all financial assets and  
liabilities, refer to note 8 Fair values of  
financial assets and liabilities.

## 40 DERIVATIVE FINANCIAL 41 INSTRUMENTS AND 42 HEDGING ACTIVITIES

Derivatives are initially recognised at fair  
value on the date a derivative contract is  
entered into, and are subsequently re-  
measured at their fair value. The method  
of recognising the resulting gain or loss  
depends on whether the derivative is  
designated as a hedging instrument,  
and if so, the nature of the item being  
hedged. The Group designates certain  
derivatives as either:

- a) Hedges of the fair value of recognised  
liabilities (fair value hedge);
- b) Hedges of a particular risk associated  
with a recognised liability or a highly  
probable forecast transaction (cash  
flow hedge); or
- c) Hedges of a net investment in a  
foreign operation (net investment  
hedge).

The Group documents, at the  
inception of the transaction, the  
relationship between hedging  
instruments and hedged items, as well  
as its risk management objectives and  
strategy for undertaking various hedging  
transactions. The Group also documents  
its assessment, both at hedge inception  
and on an ongoing basis, of whether  
the derivatives that are used in hedging  
transactions are highly effective in  
offsetting changes in fair values or cash  
flows of hedged items.

The effective portion of changes in  
the fair value of derivatives that are  
designated and qualify as cash flow  
hedges are recognised in equity. The  
gain or loss relating to the ineffective  
portion is recognised immediately in  
the income statement and classified in  
finance cost.

Amounts accumulated in equity are  
recognised in the income statement in  
the periods when the hedged item affects  
profit or loss. The gain or loss relating to  
the effective portion of an interest rate  
swap hedging variable rate borrowings  
is recognised in the income statement  
within finance costs. When a hedging  
instrument expires or is sold, or when a  
hedge no longer meets the criteria for  
hedge accounting, any cumulative gain  
or loss existing in equity at that time  
remains in equity and is recognised when  
the forecast transaction is ultimately  
recognised in the income statement.  
When a forecast transaction is no longer  
expected to occur, the cumulative gain  
or loss that was reported in equity is  
immediately transferred to the income  
statement within finance cost.

Derivatives, for which hedge  
accounting is not applied are measured  
at fair value through profit and loss.  
Changes in the fair value of these  
derivative instruments are recognised  
immediately in the income statement,  
and classified in finance cost.

The fair values of various derivative  
instruments used for hedging purposes  
are disclosed in note 14. Movements on  
the hedging reserve in shareholders' equity  
are shown in note 12. The full fair  
value of a hedging derivative is classified  
as a non-current asset or liability when  
the remaining hedged item is more than  
12 months; it is classified as a current  
asset or liability when the remaining  
maturity of the hedged item is less than  
12 months. Derivatives, for which hedge  
accounting is not applied, are classified  
as a current asset or liability.

## 43 INVENTORIES

Inventories are measured at the lower  
of cost and net realisable value. Cost is  
determined using the first-in, first-out  
(FIFO) method. The cost of inventories  
shall comprise all costs of purchase  
including transport, handling and  
other costs directly attributable to the  
acquisition. Net realisable value is the  
estimated selling price in the ordinary  
course of business, less the cost of selling.

## 44 TRADE RECEIVABLES

Trade receivables are recognised in the  
amount of their initial billing. Impairment  
is recognised when there is objective  
evidence suggesting that impairment  
loss has been identified. In addition,  
impairment is recognised if there is  
otherwise some evidence of the debtor's  
insolvency, bankruptcy or liquidation.  
Credit losses are recognised as an  
expense in the income statement.



## CASH AND CASH EQUIVALENTS

Cash and cash equivalents, which include cash accounts and short-term cash deposits at banks, have maturities of up to three months. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

## NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets or a group of disposed items and the assets and liabilities related to discontinued operations are reclassified as held for sale if their amount corresponding to their carrying amount will accrue principally from the sale of assets instead of continuing use. The conditions for the classification of a held for sale asset are considered to be met when its sale is very probable and the asset or the group of disposed items is directly saleable in its current condition under general and customary conditions after management has committed itself to the sale and the transaction is expected to occur within a year of the classification.

Immediately before being classified as held for sale, the assets or the assets and liabilities of the disposed groups are measured according to the applicable IFRSs. From the date of the classification, the assets held for sale or groups of disposed items are measured at their carrying amount or at the lower of the fair value, less costs to sell. Depreciation of these assets is ceased on the date of classification.

The Group of disposed items include assets which are not included in the scope of the IFRS 5 valuation regulation, and liabilities are measured according to the applicable IFRSs also after the date of classification.

The result of discontinued operations is presented as a separate item in the Group's consolidated income statement. Assets held for sale, groups of disposed items, items related to assets held for sale and recognised in other items of the comprehensive income and the liabilities included in the groups of disposed items are presented separately from other items in the balance sheet.

## EQUITY

### SHARE CAPITAL ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

Equity shares are presented as issued share capital. Costs related to the issue of equity instruments or to an

acquisition are presented as a reduction in share capital.

When a company of the Group purchases own shares, the amount paid and the directly attributable incremental costs are shown as a deduction, net of tax, in equity from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid and any directly attributable incremental costs (net of taxes) are deducted from retained earnings within equity. Cramo Management Oy merged to parent company on 28 February 2013. After the merger, the treasury shares held by Cramo Management Oy are presented in Cramo Plc's retained earnings as a deduction of equity.

In the option plans as well as in directed share issues in 2011, the proceeds gained from share subscriptions, adjusted by possible transaction costs, are recorded according to the conditions of the plans into the invested unrestricted equity fund.

### HYBRID BOND

A hybrid bond is an equity bond with no maturity that is subordinated to a company's other debt instrument. However, it is senior to other equity instruments. The interest on hybrid bond is paid if the Annual General Meeting decides to pay a dividend or in other ways to distribute capital to shareholders. If a dividend is not paid the company has the right to decide on the possible payment of interest at its own discretion. Non-payable interest accumulates and is disclosed as off-balance sheet commitment. Payable interest is presented as a reduction of equity and as liability from the date the liability to pay arises to the date it is paid. Hybrid bond do not confer to holders the right to vote at shareholder meetings.

On 29 April 2013, Cramo redeemed the EUR 50 million hybrid bond.

### PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the Group has a present legal or constructive obligation, as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the present value of the required costs to cover the obligation. For the calculation of the present value, the chosen discount rate is one that reflects the time value of money and the risks included in the obligation at the time of observation. If it

is possible to receive reimbursement for part of the obligation from a third party, the reimbursement is stated as a separate asset when receipt is practically certain.

A contingent liability is a possible obligation, incurred as a result of earlier events, whose existence is, confirmed only when an uncertain event outside the control of the Group is realised. An existing liability that does not likely require the fulfilment of a payment obligation or whose amount cannot be reliably measured is also considered a contingent liability. Contingent liability is disclosed in note 18.

## EMPLOYEE BENEFITS

### RETIREMENT BENEFIT OBLIGATIONS

Pension plans are classified as defined benefit or defined contribution plans. In defined contribution plans, the Group makes fixed payments to separate entities. The Group has no legal or constructive obligation to make additional payments if the party receiving them is unable to pay the pension benefits in question. All arrangements that do not fulfil these conditions are considered defined benefit pension plans. The payments made to defined contribution pension plans are recognised in the income statement in the accounting period to which the payment pertains.

The Group currently operates only such defined benefit pension plans, in which all beneficiaries are already retired. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation is calculated by using discount rate, which reflects the market yield of high quality corporate bonds. Net interest cost of the net defined liability is recognised in the income statement as finance costs. Remeasurements from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income as they occur.

### SHARE-BASED PAYMENTS

The Group has the following share-based compensation plans: stock options, performance share plan and share savings plan. For stock option plans the total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Any non-market

1 conditions, such as service period, affect  
2 the estimation of the total number of  
3 options. The fair value of the option plans  
4 is defined using the Black-Scholes option  
5 pricing model. The amount of the fair  
6 value is allocated as an expense over the  
7 vesting period and the corresponding  
8 adjustment is charged to equity. On each  
9 reporting date, the Group revises its  
10 estimates of the number of options that  
11 are expected to become exercisable and  
12 recognises the impact of the revision  
13 of original estimates, if any, in the  
14 income statement with a corresponding  
15 adjustment to equity.

16 The Group has a performance  
17 share plan as part of the incentive  
18 and commitment program for the  
19 key personnel of the company and  
20 its subsidiaries. The plan offers the  
21 target group an opportunity to earn the  
22 company shares as a reward on the basis  
23 of achievement of targets established  
24 for the performance criteria. The plan  
25 includes three discretionary periods,  
26 calendar years 2012, 2013 and 2014.  
27 There shall be a maximum total of  
28 1,000,000 shares that shall be given as  
29 reward on the basis of the entire plan,  
30 including a cash proportion needed for  
31 taxes and tax-related costs arising from  
32 the reward to the key employees on  
33 the book-entry registration date of the  
34 shares. The rewards shall be paid to the  
35 key employees approximately two years  
36 after the confirmation of the reward  
37 in January 2015, January 2016 and  
January 2017, if the service conditions  
are met. The fair value of the equity-  
settled payment is determined at grant  
date and expensed during the vesting  
period, the corresponding amount being  
charged to equity. The total amount to  
be expensed over the vesting period  
is determined based on the Group's  
estimate on the number of the shares  
that are expected to be vested by the end  
of the vesting period. The impact of any  
non-market vesting conditions (EPS-  
target) has been excluded, but they are  
included in the assumptions about the  
number of shares that are expected to  
be distributed. On each reporting date  
the Group revises its estimate on the  
number of shares that are expected to  
be distributed. The impact of the revision  
of the original estimates is recognized in  
the income statement. The fair value of  
the cash-settled payment is measured  
on each reporting date and presented  
as a liability. The cash-settled payment  
is recognised as an expense during  
the vesting period. Any changes in the  
estimates are recognised in the income  
statement.

The Group operates a share savings  
plan. The first 12 months plan period  
ended on 30 September 2013. A second  
12 months plan period started on 1  
October 2013. The aim of the plan is to  
encourage the employees to become  
shareholders of the company and  
reward them for their efforts in working  
towards Cramo's goals. During the  
plan period the participants can save  
2-5% of their monthly gross salary.  
The total amount of all savings from  
the plan period may not exceed EUR 4  
million. The savings are automatically  
used to purchase company shares for  
the participants quarterly after each  
publication date of the interim results  
during the plan period. The participant  
will receive one free matching share for  
every two acquired savings shares, if the  
participant holds the acquired shares  
until the end of the designated holding  
period; first plan period 15 May 2016  
and second plan period 15 May 2017. An  
additional requirement for receiving the  
matching shares is that the participant's  
employment has not been terminated  
before the end of the designated holding  
period. The matching shares will be paid  
in 2016/2017 partly in company shares  
and partly in cash. The cash part is  
intended to cover the tax and other tax  
related costs arising from the reward  
to the participant. The fair value of the  
equity-settled payment is determined  
at the date of acquisition of the savings  
shares. The fair value of the cash-settled  
part of the reward is determined at the  
acquisition of the savings shares and re-  
measured on each reporting date. The  
expenses of the share savings plan are  
recognized during the vesting period.

## PRINCIPLES OF REVENUE RECOGNITION

The revenue presented includes the fair  
value of revenues acquired through the  
sale of goods and services adjusted by  
indirect tax, discounts and the exchange  
differences of currency sales.

## RENTAL INCOME

Rental revenues from the rental  
agreements of machines, devices and  
modular space are recognised as income  
in equal items over the lease term.

The sales of modular space, which  
also include a rental agreement with the  
third party, and when the modular space  
has been sold to a finance company  
on a repurchase commitment, has  
been considered a lease agreement,  
because the significant risks and  
rewards incidental to ownership are not  
considered to transfer to the finance

company. The proceeds of the sale of  
the buildings with the related rental  
agreements are recognised as rental  
income over time. Interest on the liability  
is calculated using the effective interest  
rate method.

When assets are leased out under  
a finance lease, the lease income is  
recognised over the term of using the  
net investment method, which reflects a  
consistent periodic rate of return. Capital  
gain is recognised in a manner similar to  
sale of goods.

## GOODS AND SERVICES SOLD

Sales of goods are recognised when  
the significant risks and rewards of  
ownership, interests and control have  
been transferred to the buyer. This  
mainly occurs in connection with the  
contractual transfer of the goods.  
Revenues from the services are  
recognised in the accounting period  
during which the service is performed.

## INTEREST AND DIVIDENDS

Interest income is recognised using the  
effective interest rate method. Dividend  
yield is recognised when the right to  
dividend is established.

## BORROWING COSTS

Borrowing costs are recognised as an  
expense when incurred. Borrowing costs  
directly attributable to the acquisition,  
construction or production of qualifying  
asset are capitalised as part of the asset.

## TAXES BASED ON TAXABLE INCOME AND DEFERRED TAXES

Tax expense consists of the taxes based  
on taxable income and deferred taxes for  
the current accounting period. Taxes are  
recognised through profit and loss, except  
when they relate directly to equity or the  
items recognised in the comprehensive  
income statement. In such cases, tax is  
also charged to these items. The taxes  
based on taxable income for the current  
accounting period are calculated for  
taxable profit on the basis of the effective  
tax rate of each country.

Deferred taxes are calculated for  
temporary differences between the book  
values of assets and liabilities and the tax  
basis of assets and liabilities. Deferred  
tax liabilities are not recognised,  
however, if they are attributable to the  
initial recognition of an asset or liability  
in a transaction other than business  
combination and the transaction, at  
the time it occurs, does not affect the  
accounting profit or taxable profit.

The deferred tax for investments in  
subsidiaries and associated companies

is recognised, except when the Group is able to determine the timing of the temporary difference and it is probable that the temporary difference will not be cancelled in the foreseeable future.

The most significant temporary differences arise from the depreciation of tangible assets items; the measurement of derivative financial instruments at fair value; unutilised tax losses and fair value adjustments made in connection with acquisitions.

Deferred taxes are calculated using the tax rates enacted by the final day of the reporting period or those which have, in practice, been accepted by the final day of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## DIVIDEND DISTRIBUTION

The dividend proposed by the Board of Directors to the Annual General Meeting has not been deducted from equity; instead, dividends will be recognised after a decision has been made on the matter at the Annual General Meeting.

## EBITA

IAS 1 *Presentation of Financial Statements* does not define the concept of operating profit. The Group uses the term EBITA for operating profit and has defined it in the following way: operating profit is a net amount which is formed when other operating income and share of profit of joint ventures are added to revenue and when the following expenses are deducted from it: materials and services adjusted by the changes in the inventories of finished goods and work in progress, employee benefit expenses, depreciation and possible impairment losses (except for intangible assets attributable to acquisitions) and other operating expenses. All other income statement items aside from those mentioned above are presented under operating profit. Exchange differences and the changes in fair value of derivatives are included in operating profit if they arise from operating items; otherwise they are recognised in financial items.

## ACCOUNTING POLICIES REQUIRING DISCRETION BY MANAGEMENT AND CRITICAL FACTORS OF UNCERTAINTY ASSOCIATED WITH ESTIMATES

Estimates and assumptions regarding the future have to be made during the

preparation of financial statements, and the outcome may differ from the estimates and assumptions made. Furthermore, the application of accounting policies requires consideration.

## MANAGEMENT CONSIDERATION IN CHOOSING AND APPLYING ACCOUNTING POLICIES TO FINANCIAL STATEMENTS

It is the duty of the Group's management to make judgements relating to the choice and application of the accounting policies of the financial statements. This is especially true in those cases where the operative IFRSs allow alternative ways of recognition, measurement or presentation.

The most significant sector in which the management has applied the above-described discretion regards rental agreements of tangible assets (with the Group as lessee). The Group has both financial leasing contracts and rental agreements classified as other types of leases.

## FACTORS OF UNCERTAINTY ASSOCIATED WITH ESTIMATES

The estimates made when preparing the financial statements are based on the management's best knowledge of current events and actions at balance sheet date. Forming the background of these estimates are previous experiences and assumptions of the future which are considered the most probable at the date of the financial statement's preparation. These assumptions concern, among other things, the development of the Group's sales and level of costs. The management together with business units follow the realisation of these assessments and assumptions and the changes in background factors regularly using several internal as well as external sources of information. Possible changes to estimations and assumptions are recorded in accounting in the reporting period during which one or both of them are adjusted and in all consecutive years.

The critical assumptions concerning the future and the factors of uncertainty associated with estimates made on the final day of the reporting period which cause a significant risk to the stability of the Group's book value of assets and liabilities during the following financial year are presented below. The Group's management consider these sections of the financial statements the most crucial, because the accounting principles involved are the most complicated from the point of view of the Group and

their application requires the use of significant estimations and assumptions more than any other in, for example, the measurement of assets. Furthermore, the effects of possible changes on the actual facts behind these assumptions and assessments are expected to be the greatest.

## Impairment testing

In order to observe possible impairment and to prevent it, the Group performs annual tests of goodwill, intangible assets not yet available for use and intangible assets with indefinite useful life. In addition, any signs of impairment are carefully estimated following the principles described above in accounting policies. The recoverable amounts of the cash generating units are defined using calculations based on value in use. In these calculations, cash flows are based on the financial plans approved by the management which cover a period of 5 years.

More information on the sensitivity of recoverable amounts to changes in used assumptions is provided in the note 6 Impairment testing of goodwill and other intangible assets with indefinite useful life.

## Income taxes

The Group is subject to tax in several countries. Determining the Group's income tax requires significant assessment. The quantification of the final tax for many transactions and calculations of normal business is uncertain. Deferred taxes are presented in note 15 Deferred taxes.

## Share-based payments

The Group has share-based compensation plans. The fair value of options is estimated on the grant date using the Black-Scholes model and basing the assessment on certain assumptions. The assumptions relate, among other things, to expected dividend yield, volatility and term. These variables make fair value estimation of options difficult. The fair value of reward shares in the performance share plan is based on the share price on the grant date and the valuation does not involve high degree of estimation. Instead, the determination of the fair value of matching shares in the One Cramo Share savings plan includes certain assumption relating to expected dividend yield and cost of equity and debt. These variables make fair value estimation difficult. These assumptions are described in note 28 Share-based payments.

## 1 Valuation of the rental equipment fleet

The optimisation of the rental equipment fleet's utilisation rate is managed on the Group level. The valuation of the rental equipment fleet is based on calculations of value in use, taking into account the possibility of transferring it to another entity of the Group. The preparation of these calculations requires estimations.

## 7 Determining the fair value of the assets acquired through business combinations

With regard to tangible assets, the Group's financial department and if necessary the Fleet Management make the comparisons to the market prices of corresponding assets, as well as estimate of the decrease in value attributable to the age, wear and tear and other similar factors of acquired assets. The determination of the fair value of intangible assets is based on assessments concerning the cash flows of assets, because information on the sales of similar assets has not been available. More information on the measurement of intangible assets acquired through business combinations is presented in note 31 Business combinations. The management believes that the estimations and assumptions used are a sufficiently accurate basis for the determination of fair value. In major business combinations, the Group utilises an outside advisor to estimate the fair values of tangible and intangible assets. Furthermore, possible signs of impairment in both tangible and intangible assets are discussed and considered at the least at each balance sheet date.

## 25 APPLYING THE NEW 26 AND REVISED IFRSS

IASB has published the following new or revised standards and interpretations which the Group has not yet applied. They will be adopted in the Group from the date they come into force or, if that date is not the first day of the financial year, from the beginning of the next financial year after it has come into effect.

- IFRS 9 *Financial Instruments* and amendments to IFRS 9 (mandatory effective date open). When complete the IASB project, originally consisting of three phases, will replace current standard IAS 39 *Financial Instruments: Recognition and Measurement*. The first phase of IFRS 9, issued in November 2009, covers the guidance on classification of financial assets and valuation: the measurement depends on contractual cash flow characteristics and company's

business model. The second phase, issued in October 2010, covers the classification and measurement of financial liabilities and is largely based on requirements of current IAS 39. However, IASB is still considering limited amendments to the already issued IFRS 9 guidance on the classification and measurement of financial assets. The other incomplete issues concerns impairment and general hedge accounting. IASB has decoupled accounting for macro hedging from IFRS 9 and it will progressed as a separate project. Due to the incomplete sections, for the time being it is not possible to assess the final effects of the standard on the consolidated financial statements. The standard has not yet been endorsed for application in the EU.

- IAS 32 *Financial Instruments: Presentation* amendment to *Netting Financial assets and Liabilities* (effective for financial periods beginning on or after 1 January 2014). The amendment clarifies the rules concerning the presentation of financial assets and liabilities as net amounts and provides further application guidance. The amendment will not have a material effect on the Group's financial statements. The revised standard has not yet been endorsed for application in the EU.
- IAS 36 *Impairment of assets* amendment to *Recoverable Amount Disclosures for Non-Financial Assets* (effective for financial periods beginning on or after 1 January 2014). The amendment clarifies the disclosure requirements relating to those cash-generating units, which were subject to impairment charges. The revised standard has not yet been endorsed for application in the EU.
- IAS 39 *Financial Instruments: Recognition and Measurement* amendment to *Novation of Derivatives and Continuation of Hedge Accounting* (effective for financial periods beginning on or after 1 January 2014). The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to hedging instrument in order to achieve clearing for that instrument. The amendment covers novations that need to meet specific criteria's in order to continue hedge accounting under the exception. The revised standard has not yet been endorsed for application in the EU.



## 2. SEGMENT REPORTING

The business segment structure reflects the Group's internal reporting structure, in which equipment rental and modular space businesses have been combined under the management of each country. The modular space business is also monitored at product group level. In addition to segment information, Cramo has continued to report the order book value for modular space.

Consequently, Cramo Group's business segments in 2013 were as follows:

- Finland
- Sweden
- Norway
- Denmark
- Central Europe
- Eastern Europe\*

\* Cramo and Ramirent closed the forming of their joint venture, Fortrent, in order to combine their business operations in Russia and Ukraine on 7 March 2013. The sales of Fortrent are no longer included in the Cramo Group's sales, but Cramo's share (50 per cent) of the profit of the period is reported above EBITDA of the Eastern Europe business segment in accordance with the equity method of accounting.

In all of its business segments, Cramo provides modern rental solutions through the Cramo Concept. Under the Cramo Concept, construction companies and customers in trade, industry and the public sector, as well

as private customers, are provided with machinery, equipment and modular space through different rental solutions and services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on EBITA which refers to operating profit before amortisation and impairment on intangible assets resulting from acquisitions. According to management's view, this is the most appropriate measure when comparing how the segment performance and the performance of other companies engaged in the same industry stand vis-à-vis each other. The Group management, as chief operating decision maker, is responsible for the abovementioned decisions about resource allocation and performance assessments.

Segment assets and liabilities are business items that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to segment on a reasonable basis. However, Group financing (including finance costs and finance income), income taxes as well as other items that are managed on a group basis are not allocated to operating segments. Capital expenditure refers to the additions to segment assets that are expected to be used during more than one period (tangible assets, intangible assets and acquisitions/business combinations).

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

### BUSINESS SEGMENTS 2013

EUR 1,000	Finland	Sweden	Norway	Denmark	Central Europe	Eastern Europe	Non-allocated	Eliminations	Total Group
<b>Income statement</b>									
External revenue	101,421	310,017	90,891	28,103	74,120	52,763			657,315
Inter-segment revenue	1,157	6,653	25	408	531	64		-8,837	
<b>Total revenue</b>	<b>102,577</b>	<b>316,670</b>	<b>90,916</b>	<b>28,512</b>	<b>74,652</b>	<b>52,826</b>		<b>-8,837</b>	<b>657,315</b>
Depreciation	-15,609	-40,211	-14,015	-4,611	-8,875	-10,845	-347	646	-93,868
Share of profit of joint ventures			47			566			613
<b>EBITA</b>	<b>19,312</b>	<b>55,334</b>	<b>6,600</b>	<b>30</b>	<b>-1,062</b>	<b>8,204</b>	<b>-8,766</b>	<b>297</b>	<b>79,948</b>
Amortisation and impairment resulting from acquisitions and disposals	-2,282	-4,621	-2,098		-1,722	-719	-1,708		-13,150
Net finance items									-14,857
<b>EBT</b>									<b>51,941</b>
Income taxes									-9,160
<b>Profit for the year</b>									<b>42,781</b>
<b>Segment assets and liabilities</b>									
Intangible assets	38,980	121,437	25,520	825	27,941	21,812	29,938		266,452
Tangible and other assets	110,658	371,717	93,748	42,548	69,297	94,145	20,778	-12,108	790,783
Investments in joint ventures			128			17,347			17,475
<b>Total assets</b>	<b>149,638</b>	<b>493,154</b>	<b>119,396</b>	<b>43,373</b>	<b>97,238</b>	<b>133,303</b>	<b>50,716</b>	<b>-12,108</b>	<b>1,074,710</b>
<b>Non-interest bearing liabilities</b>	<b>19,523</b>	<b>107,680</b>	<b>28,688</b>	<b>9,768</b>	<b>11,449</b>	<b>10,733</b>	<b>27,701</b>	<b>-11,013</b>	<b>204,527</b>
<b>Other disclosures</b>									
Capital expenditure	19,709	46,919	26,613	4,511	12,897	18,192	776		129,616
Number of employees 31 Dec	393	792	260	108	349	451	63		2,416
Average number of employees	437	783	257	104	342	478	63		2,463

### VALUE OF OUTSTANDING ORDERS FOR THE SALES AND RENTAL OF MODULAR SPACE 2013

EUR 1,000	Finland	Sweden	Norway	Denmark	Central Europe	Eastern Europe	Non-allocated	Eliminations	Total Group
Sales	335								335
Rental	20,320	50,427	4,975	9,141					84,863
<b>Total</b>	<b>20,656</b>	<b>50,427</b>	<b>4,975</b>	<b>9,141</b>					<b>85,199</b>

## BUSINESS SEGMENTS 2012

EUR 1,000	Finland	Sweden	Norway	Denmark	Central Europe	Eastern Europe	Non-allocated	Eliminations	Total Group
<b>Income statement</b>									
External revenue	112,468	317,461	84,167	37,451	66,592	70,252			688,391
Inter-segment revenue	197	4,898		233	380	11		-5,720	
<b>Total revenue</b>	<b>112,666</b>	<b>322,359</b>	<b>84,167</b>	<b>37,684</b>	<b>66,973</b>	<b>70,263</b>		<b>-5,720</b>	<b>688,391</b>
Depreciation	-16,958	-41,258	-11,517	-5,073	-9,598	-17,494	-347	674	-101,571
Share of profit of joint ventures			43						43
<b>EBITA</b>	<b>20,975</b>	<b>57,578</b>	<b>5,319</b>	<b>-5,022</b>	<b>-236</b>	<b>6,722</b>	<b>-7,565</b>	<b>277</b>	<b>78,048</b>
Amortisation and impairment resulting from acquisitions and disposals	-2,286	-5,282	-1,064	-1,994	-1,813	-1,130			-13,569
Net finance items									-20,223 <sup>1</sup>
<b>EBT</b>									<b>44,257<sup>1</sup></b>
Income taxes									-5,508
<b>Profit for the year</b>									<b>38,749<sup>1</sup></b>

<sup>1</sup> Due to the retrospective application of the revised IAS 19 Employee benefits the net finance items for 2012 were decreased by EUR 209 thousands.

### Segment assets and liabilities

Intangible assets	41,139	128,956	27,341		28,053	22,759	33,240		281,486
Tangible and other assets	112,283	387,633	97,429	43,859	69,453	77,464	9,550	-1,511	796,160
Investments in joint ventures			97						97
Assets to be transferred to joint venture						30,392			30,392
<b>Total assets</b>	<b>153,423</b>	<b>516,589</b>	<b>124,866</b>	<b>43,859</b>	<b>97,505</b>	<b>130,615</b>	<b>42,789</b>	<b>-1,511</b>	<b>1,108,136</b>
Non-interest bearing liabilities	20,822	111,379	28,105	9,935	14,374	8,941	28,100	-8,421	213,236
Non-interest bearing liabilities to be transferred to joint venture						2,974			2,974
<b>Total non-interest bearing liabilities</b>	<b>20,822</b>	<b>111,379</b>	<b>28,105</b>	<b>9,935</b>	<b>14,374</b>	<b>11,915</b>	<b>28,100</b>	<b>-8,421</b>	<b>216,210</b>
<b>Other disclosures</b>									
Capital expenditure	23,585	55,206	10,900	2,433	19,566	12,527	860		125,078
Number of employees 31 Dec	428	793	223	97	327	623	64		2,555
Average number of employees	512	804	222	122	311	630	63		2,664

## VALUE OF OUTSTANDING ORDERS FOR THE SALES AND RENTAL OF MODULAR SPACE 2012

EUR 1,000	Finland	Sweden	Norway	Denmark	Central Europe	Eastern Europe	Non-allocated	Eliminations	Total Group
Sales	765			1,148					1,913
Rental	21,008	49,236	7,758	9,593					87,596
<b>Total</b>	<b>21,774</b>	<b>49,236</b>	<b>7,758</b>	<b>10,741</b>					<b>89,509</b>

## INFORMATION ABOUT PRODUCTS AND SERVICES

EUR 1,000	2013	2012
Rental revenue	496,440	517,738
Rental-related services	112,662	116,516
Trading revenue	47,173	50,693
Trading revenue, own production		1,634
Sale of used modular space	1,040	1,811
<b>Total revenue</b>	<b>657,315</b>	<b>688,391</b>

### 3. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Other intangible assets							Total
		Cramo-brand	Co-brands	Customer relationships	Depot network	Non-competition agreement	Other intangible assets	Software	
EUR 1,000									
Acquisition cost									
At 1 Jan 2012	192,406	29,500	8,352	48,128	71,233	6,648	2,257	12,127	370,651
Exchange differences	4,936		123	1,213	1,754	195	12	1,004	9,238
Additions								845	845
Business acquisitions (note 31)					233				233
Reductions	-348		-106	-1,074	-2,229	-132	-684	-53	-4,626
Reclassification between asset categories					-524		283	-5	-247
Assets to be transferred to joint venture (note 32)	-39		-346	-2,639	-669	-493		-14	-4,201
At 31 Dec 2012	196,955	29,500	8,023	45,628	69,797	6,219	1,868	13,904	371,894
Accumulated depreciation, amortisation and impairment									
At 1 Jan 2012	-27,087		-2,232	-25,124	-17,948	-4,816	-1,658	-3,217	-82,083
Exchange differences	-132		-53	-756	-526	-141	-10	-71	-1,689
Reductions			106	1,074	2,229	132	473	42	4,056
Reclassification between asset categories					524		-391	9	143
Assets to be transferred to joint venture (note 32)			346	2,364	669	493		2	3,875
Depreciation (note 22)							-66	-1,074	-1,140
Amortisation resulting from acquisitions (note 22)			-1,545	-5,945	-3,559	-744			-11,794
Impairment loss (note 22)				-324	-1,451				-1,775
At 31 Dec 2012	-27,219		-3,379	-28,711	-20,062	-5,076	-1,652	-4,309	-90,407
Acquisition cost									
At 1 Jan 2013	196,955	29,500	8,023	45,628	69,797	6,219	1,868	13,904	371,894
Exchange differences	-5,791		-162	-1,508	-2,047	-286	-17	148	-9,663
Additions							25	1,180	1,206
Business acquisitions (note 31)	973			2,397					3,371
Reductions							-460		-460
Reclassification between asset categories							10	263	272
At 31 Dec 2013	192,138	29,500	7,861	46,517	67,751	5,933	1,426	15,495	366,622
Accumulated depreciation, amortisation and impairment									
At 1 Jan 2013	-27,219		-3,379	-28,711	-20,062	-5,076	-1,652	-4,309	-90,407
Exchange differences	434		125	1,256	665	253	17	115	2,866
Reductions							476	3	479
Reclassification between asset categories							-8	-267	-275
Depreciation (note 22)							-81	-1,309	-1,391
Amortisation resulting from acquisitions (note 22)			-1,313	-5,729	-3,483	-566			-11,091
Impairment loss (note 22)			-102			-248			-350
At 31 Dec 2013	-26,786		-4,668	-33,184	-22,880	-5,637	-1,249	-5,767	-100,170
Net book value:									
At 1 Jan 2012	165,319	29,500	6,119	23,004	53,285	1,832	599	8,909	288,567
At 31 Dec 2012	169,736	29,500	4,645	16,917	49,736	1,142	216	9,596	281,486
At 31 Dec 2013	165,352	29,500	3,193	13,333	44,871	296	177	9,729	266,452

Net book value of goodwill and intangible assets decreased by EUR 15.0 million from EUR 281.5 million to EUR 266.5 million in 2013. Decrease in net book value was mainly due to annual amortisations and depreciation (EUR 12.5 million) and impairment loss on intangible assets (EUR 0.4 million) in Norway related to acquisition related non-competition agreement and brand value. Business combinations and other investments increased the net book value by EUR 4.6 million. Exchange differences decreased net book value by EUR 6.8 million.

#### 4. TANGIBLE ASSETS

EUR 1,000	Land	Buildings and improvements	Machinery and equipment	Uncompleted purchases	Total
<b>Acquisition cost</b>					
At 1 Jan 2012	2,162	23,766	993,531	116	1,019,575
Exchange differences	56	490	32,425	4	32,974
Additions		1,956	120,427	1,034	123,417
Business acquisitions (note 31)			583		583
Reductions	-123	-3,585	-75,625	-9	-79,341
Reclassification between asset categories	20	-1,885	-1,555	-75	-3,495
Reclassification to/from assets held for sale (note 5)			-282		-282
Assets to be transferred to joint venture (note 32)	-148	-1,110	-41,233	-357	-42,848
At 31 Dec 2012	1,966	19,632	1,028,272	712	1,050,583
<b>Accumulated depreciation and impairment</b>					
At 1 Jan 2012	-15	-12,904	-384,442		-397,360
Exchange differences		-287	-15,584		-15,872
Reductions		1,675	50,277	9	51,961
Reclassification between asset categories		3,690	0		3,691
Reclassification to/from assets held for sale (note 5)			169		169
Assets to be transferred to joint venture (note 32)		313	21,721		22,035
Depreciation (note 22)	-21	-1,940	-96,460		-98,420
Impairment loss (note 22)		-202	-1,540	-9	-1,751
At 31 Dec 2012	-36	-9,654	-425,858		-435,548
<b>Acquisition cost</b>					
At 1 Jan 2013	1,966	19,632	1,028,272	712	1,050,583
Exchange differences	-96	-688	-39,486	-42	-40,312
Additions		2,273	97,011	52	99,336
Business acquisitions (note 31)			15,190		15,190
Reductions		-33	-51,182		-51,215
Reclassification between asset categories	-35	2,262	84,524	179	86,929
Reclassification to/from assets held for sale (note 5)			881		881
At 31 Dec 2013	1,835	23,446	1,135,210	900	1,161,391
<b>Accumulated depreciation and impairment</b>					
At 1 Jan 2013	-36	-9,654	-425,858		-435,548
Exchange differences	11	408	20,258		20,676
Reductions		-274	39,605		39,331
Reclassification between asset categories		-3,645	-82,804		-86,449
Reclassification to/from assets held for sale (note 5)			-416		-416
Depreciation (note 22)		-1,439	-90,190		-91,629
Impairment loss (note 22)			-731		-731
At 31 Dec 2013	-25	-14,605	-540,137		-554,766
<b>Net book value:</b>					
At 31 Dec 2012	2,147	10,861	609,090	116	622,214
At 31 Dec 2012	1,930	9,978	602,414	712	615,034
At 31 Dec 2013	1,811	8,841	595,073	900	606,625

Net book value of tangible assets decreased by EUR 8.4 million from EUR 615.0 million to EUR 606.6 million in 2013. The net book value decreased mainly due to exchange differences, which decreased net book value by EUR 19.6 million. Investments (EUR 99.4 million) and business acquisitions (EUR 15.2 million) were above the level of depreciation and impairment losses (EUR 92.4 million) and asset reductions (EUR 11.9 million) by EUR 10.3 million.

Machinery and equipment includes assets acquired through finance lease contracts. Acquisition cost of such equipment at the end of period was EUR 119.2 (191.3) million, accumulated depreciation EUR 53.3 (82.0) million and net book value EUR 65.9 (109.3) million.

#### 5. ASSETS HELD FOR SALE

EUR 1,000	2013	2012
Net book value at 1 Jan	3,540	6,680
Exchange differences	233	10
Additions	1,207	149
Reclassification to/from assets held for sale	-465	112
Reductions	-28	-3,150
Impairment loss (note 22)	-118	-260
Net book value at 31 Dec	4,369	3,540



## 6. IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

### The allocation of goodwill and other intangible assets with indefinite useful lives

Goodwill and other intangible assets with indefinite useful lives acquired through business combinations have been allocated to cash-generating units for impairment testing. A CGU encompasses the business operations of the segment in each country, except for Central Europe, Latvia and

Lithuania, and Czech Republic and Slovakia. Central Europe consists of business in Germany, Austria and Hungary. The Cramo brand has been considered as a corporate-level asset which is annually allocated to CGUs for impairment on the basis of CGU sales. Sales is believed to best reflect the future cash inflows the brand generates.

Goodwill and the Cramo brand have been allocated to CGUs as follows:

EUR 1,000	2013		2012	
	Goodwill	Cramo brand	Goodwill	Cramo brand
Finland	29,771	5,149	29,771	5,467
Sweden	91,689	15,894	94,649	15,643
Norway	17,847	4,563	19,204	4,084
Denmark		1,431		1,829
Central Europe	9,946		9,946	
Estonia	11,806	843	11,806	844
Latvia and Lithuania	948	809	948	702
Poland	3,347	516	3,413	599
The Czech Republic and Slovakia		296		333
<b>Total</b>	<b>165,352</b>	<b>29,500</b>	<b>169,736</b>	<b>29,500</b>

### Results and basis for impairment testing

Goodwill is tested for impairment annually, or on a more frequent basis should there be an indication of a potential impairment. The latest impairment test has been performed in December 2013. The test was based on the balance sheet as at 31 October 2013. In impairment testing the assets of a CGU are compared to its recoverable amount. The recoverable amount of a CGU has been determined based on value in use which is calculated by using the discounted cash flow method. The cash flow projections used in the calculations are based on the next year's financial budget and the forecasts for the subsequent four years approved by management. The cash flow projections, covering all together a period of five years, are based on experience as well as on the estimated future development of the markets. The projections are in line with the external

information to the extent such projections are available. Management has approved the plans upon which the impairment tests are based. Cash flows are calculated from 2013 onwards with post tax-cash flows and discount rate is disclosed both on a post-tax and pre-tax basis. In previous year the cash flows have been calculated pre-tax and these cash flows have been discounted to present value with discount rate reflecting the risks associated with the cash flows.

The results of impairment test indicate no need for impairment loss, since recoverable amount exceeds carrying amount of assets in each cash generating unit.

The key assumptions related to impairment test of 2013 and 2012 is presented in the tables below.

Key assumptions used in value-in-use calculations:

2013	EBITA-%	Compound annual growth rate five-year period, %	Growth rate beyond the five-year period, %	Discount rate before tax, %	Discount rate after tax, %
Finland	18.4–21.9	2.4	1.0	8.49	6.95
Sweden	17.4–20.4	3.2	1.0	8.68	6.92
Norway	10.7–13.4	4.9	1.0	9.66	7.28
Denmark	3.0–9.8	3.5	1.0	9.16	7.47
Central Europe	3.0–11.6	8.9	1.0	9.76	7.25
Eastern Europe	6.4–24.9	2.9–10.8	2.0	8.72–10.10	7.38–8.61

2012	EBITA-%	Compound annual growth rate five-year period, %	Growth rate beyond the five-year period, %	Discount rate, %
Finland	17.6–22.2	2.3	1.0	8.05
Sweden	17.6–22.4	3.4	1.0	8.05
Norway	9.0–13.7	5.0	1.0	8.50
Denmark	3.9–8.3	-4.4	1.0	8.95
Central Europe	5.0–10.7	6.2	1.0	8.50
Eastern Europe	5.0–25.4	3.0–4.9	2.0	8.65–10.00

### EBITA margin

The Group's profitability improved in 2013. Utilisation rates and prices remained on average stable, but cost level was lowered, which led to improved relative profitability. Market conditions and efficiency improvements are expected to gradually improve the profitability in majority of the CGUs during the forecasting period. Profitability level used in terminal value calculation reflects moderate historical level.

### Growth rate for the five year period

Future growth estimates are mainly based on higher utilisation rates and investments. Sales is expected to reach an annual average growth rate of 2.4–10.8% in 2014–2018. In the Nordic countries the annual average

growth rate is expected to vary between 2.4–4.9%, depending on the unit. In Central Europe the growth in sales is expected to be the strongest, an annual average rate of 8.9% in 2014–2018. In Eastern-Europe, the annual average growth rate is expected to be 2.9–10.8%.

### Growth rate beyond the five years

The growth rate beyond five years for Eastern Europe countries equals two percent per year and for the Nordic and Central Europe businesses equals one percent per year. This is predicted to reflect a moderate long-term inflation level.

## Fleet mobility

The value-in-use calculations take into account the possible plans for the adjustments of rental fleet through both sales and transfers between the countries.

## Discount rate

Forecasted cash flows are discounted to present value with CGU specific discount rate. Cramo Group's weighted average cost of capital (WACC) constitutes the basis for the determination of the discount rate. Cost of capital includes assumptions for capital structure, risk-free interest rate, risk premium, cost of debt and equity and equity beta. In determining

the CGU-specific discount rates the weighted average cost of capital is increased by a CGU specific risk factor, which includes assumptions for country, currency and price risks inherent to CGU.

## Sensitivity analysis of the main assumptions

The figures below represent the maximum changes of the main assumptions, for each assumption separately, after which the carrying amount of the unit equals its recoverable amount. In the sensitivity analysis, each parameter was varied independently whilst holding the other parameters constant.

	Change in EBITA margin Max. decrease in %-units	Compound annual growth rate, five- year period Max. decrease in %-units	Growth rate beyond five-year period Max. decrease in %-units	Discount rate Max. increase in %-units	The amount by which the recoverable amount exceeds the carrying amount, EUR million	The amount by which the recoverable amount exceeds the carrying amount, %-range
Finland	-8.9	-13.4	-9.5	5.3	130.2	50-100
Sweden	-7.7	-12.5	-8.2	4.7	356.0	50-100
Norway	-2.4	-4.9	-2.2	1.6	30.2	20-50
Denmark	-0.2	-0.6	-0.2	0.2	0.9	0-10
Central Europe	-0.8	-1.6	-0.6	0.4	9.2	10-20
Eastern Europe	-7.3- -0.3	-13.3- -0.6	-9.8- -0.2	0.2-5.4	0.4-19.0	0-100

## 7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

EUR 1,000	2013	2012
At 1 Jan	349	350
Exchange differences	-2	1
Disposals		-2
At 31 Dec	347	349
Total non-current available-for-sale financial assets	347	349

During 2013 and 2012, the Group has not reclassified financial assets at fair value through profit and loss or financial assets at amortised cost.

Available-for-sale financial assets consist of shares in As Oy Saarihely, Golf Sarfrik, Rym Shok Oy and Ehitustööriist OÜ as well as of unquoted shares in telephone companies. The unquoted shares in telephone companies are measured at historical cost. The value of other shares is based either on the assessment of an external expert or on the reference from the market.

## 8. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

EUR 1,000	Note	Financial asset/liability at fair value through profit and loss	Loans and other receivables	Available- for-sale financial assets	Loans and other liabilities	Hedge accounted derivatives	Book value	Fair value	Fair value hierarchy
At 31 Dec 2013									
<b>Non-current financial assets</b>									
Interest-bearing receivables	29		20,250				20,250	20,250	2
Available-for-sale financial investments	7			347			347		-
Derivative financial instruments	14								
Trade and other receivables	9		1,039				1,039		-
<b>Current financial assets</b>									
Derivative financial instruments	14	2,053					2,053	2,053	2
Trade and other receivables	9		108,436				108,436		-
Cash and short-term deposits	11		4,770				4,770	4,770	2
<b>Total</b>		<b>2,053</b>	<b>134,495</b>	<b>347</b>			<b>136,895</b>		
<b>Non-current financial liabilities</b>									
Interest-bearing liabilities	13				269,881		269,881	272,293	2
Derivative financial instruments	14					6,001	6,001	6,001	2
Other non-current liabilities	16				2,759		2,759		-
<b>Current financial liabilities</b>									
Interest-bearing liabilities	13				99,719		99,719	99,719	2
Derivative financial instruments	14	422					422	422	2
Trade and other payables	17				56,893		56,893		-
<b>Total</b>		<b>422</b>			<b>429,252</b>	<b>6,001</b>	<b>435,675</b>		

EUR 1,000 At 31 Dec 2012	Note	Financial asset/liability at fair value through profit and loss	Loans and other receivables	Available- for-sale financial assets	Loans and other liabilities	Hedge accounted derivatives	Book value	Fair value	Fair value hierarchy
<b>Non-current financial assets</b>									
Available-for-sale financial investments	7			349			349		-
Derivative financial instruments	14								
Trade and other receivables	9		1,071				1,071		-
<b>Current financial assets</b>									
Derivative financial instruments	14	303					303	303	2
Trade and other receivables	9		114,461				114,461		-
Cash and short-term deposits	11		10,340				10,340	10,340	2
<b>Total</b>		<b>303</b>	<b>125,872</b>	<b>349</b>			<b>126,524</b>		
<b>Non-current financial liabilities</b>									
Interest-bearing liabilities	13				271,713		271,713	271,621	2
Derivative financial instruments	14					8,861	8,861	8,861	2
Other non-current liabilities	16				47		47		-
<b>Current financial liabilities</b>									
Interest-bearing liabilities	13				87,577		87,577	87,577	2
Derivative financial instruments	14	1,347					1,347	1,347	2
Trade and other payables	17				59,903		59,903		-
<b>Total</b>		<b>1,347</b>			<b>419,240</b>	<b>8,861</b>	<b>429,448</b>		

#### Available-for-sale financial assets

Available-for-sale financial assets consist of shares in As Oy Saarihely, Golf Sarfvik and Rym Shok Oy as well as of unquoted shares in telephone companies. The unquoted shares are measured at historical cost due to missing markets, and because the Group has no intention to sell these shares. The value of other shares is based either on the assessment of an external expert or on the reference from the market.

#### Derivative financial instruments

The fair value of forward contracts is determined by using the forward rates of 31 December for respective contracts. For interest rate swaps the fair value is computed by discounting the future cash flows using the market rates at annual closing. If the market value given by a counterparty is utilised, company produces also its own calculation using generally accepted valuation methods.

#### Interest-bearing receivables and liabilities

The fair value of loans and loans receivable is based on the discounted cash flows. The rate used for measurement, is the rate which would apply for the Group's new external financing and investments. The overall rate consists of risk free rate and the risk premium for the company. The fair

value of leasing contracts is computed by discounting the cash flows with a rate corresponding with similar contracts.

#### Trade and other receivables and liabilities

The fair value of trade and other receivables and liabilities corresponds with the historical cost. The effect of discounting is not relevant due to short maturity of the instrument.

#### Fair value hierarchy disclosures for each class of financial instruments:

Effective 1 January 2013, the Group adopted IFRS 13 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements according to the fair value measurement hierarchy.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

## 9. NON-CURRENT AND CURRENT RECEIVABLES

EUR 1,000	2013	2012
<b>Non-current receivables</b>		
Interest-bearing non-current receivables		
Loan receivables from joint ventures (see note 29)	20,250	
Non-interest-bearing non-current receivables		
Pension assets (see note 33)	90	
Other receivables	1,039	1,071
<b>Total</b>	<b>1,129</b>	<b>1,071</b>
<b>Non-current receivables, total</b>	<b>21,379</b>	<b>1,071</b>
<b>Current receivables</b>		
Interest-bearing current receivables		
Other receivables	14	26
Non-interest-bearing current receivables		
Trade receivables	97,839	111,916
Other receivables	10,583	2,519
Prepaid expenses and accrued income	18,800	21,973
<b>Total</b>	<b>127,222</b>	<b>136,409</b>
<b>Current receivables, total</b>	<b>127,236</b>	<b>136,435</b>

Trade receivables are non-interest-bearing and are generally on 14–60 day terms.

A total amount of EUR 4,806 (6,048) thousands of trade receivables has been recognised in the income statement as impairment losses. See below for the movements in the provision for impairment of receivables. For further guidance, see credit risk note 14.

EUR 1,000	2013	2012
<b>Movements in the provision for impairment of receivables</b>		
<b>At 1 Jan</b>	<b>7,121</b>	<b>7,931</b>
Exchange differences	-229	211
Charge for the period (+) / income (-)	-849	1,000
Assets to be transferred to joint venture		-2,021
<b>At 31 Dec</b>	<b>6,043</b>	<b>7,121</b>

The balance sheet values best correspond to the amount which is the maximum credit risk exposure before deducting the fair value of collateral in case other contractual parties fail to meet their obligations related to the financial instruments. The manner in which the Group operates does not require the obtaining of collateral in respect of trade and other receivables. Trade and other receivables do not contain any significant concentration of credit risk. The management considers that the carrying amount of trade and other receivables approximates their fair value.

Material items included in prepaid expenses and accrued income relate to uninvoiced revenue accrual and prepaid premises, insurance, personnel and leasing expenses.

EUR 1,000	2013	2012
<b>Ageing analysis of trade receivables</b>		
Trade receivables, not due at reporting date	70,751	81,472
Trade receivables 1–30 days overdue	20,204	22,288
Trade receivables 31–60 days overdue	3,299	3,877
Trade receivables 61–90 days overdue	1,403	1,257
Trade receivables 91–180 days overdue	1,388	1,170
Trade receivables more than 180 days overdue	795	1,852
<b>Total</b>	<b>97,839</b>	<b>111,916</b>

EUR 1,000	2013	2012
<b>Trade receivables by currencies</b>		
EUR	24,927	25,532
SEK	45,559	56,979
NOK	14,174	16,928
DKK	7,299	6,309
PLN	2,141	2,540
RUB	127	198
Other	3,612	3,430
<b>Total</b>	<b>97,839</b>	<b>111,916</b>

Trade receivables are arising from a large number of customers and are mainly denominated in SEK, EUR and NOK, therefore mitigating the concentration of risk.

## 10. INVENTORIES

EUR 1,000	2013	2012
Materials and supplies	7,803	9,499
Work in progress	37	190
<b>Total</b>	<b>7,841</b>	<b>9,689</b>

At the end of the period, inventories have been written down by EUR 194 (211) thousands to correspond to their net realisable value. The amount of write-down is recognised in materials and services in the income statement.

## 11. CASH AND CASH EQUIVALENTS

EUR 1,000	2013	2012
Cash in hand and at banks	4,770	10,340
<b>Total</b>	<b>4,770</b>	<b>10,340</b>

Cash and cash equivalents include cash in hand and bank deposits available at call. Cash and cash equivalents have original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Cash to be transferred to joint venture has been deducted from 2012 group reported cash.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At 31 December 2012, the Group had available EUR 199,3 (230,8) million of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the abovementioned figures for cash in hand and at banks at 31 December 2013 and 31 December 2012.



## 12. SHARE CAPITAL AND EQUITY FUNDS

EUR 1,000 Movements during the year	Number of shares	Share capital	Share issue	Other reserves	Total
At 1 Jan 2012	41,439,086	24,835	17	300,723	325,575
Exercise of share options	585,589		-17	3,650	3,633
At 31 Dec 2012	42,024,675	24,835		304,373	329,208
Exercise of share options	819,658			14,069	14,069
Changes within equity				300	300
At 31 Dec 2013	42,844,333	24,835		318,742	343,577

Cramo Plc has currently two option right plans in force at 31 December 2013 and other share plans. Analysis of the share-based payments is given in note 28.

Each share entitles the holder to one vote at the Annual General Meeting and to an equal dividend. At the balance sheet date share capital was fully paid and entered in the trade register.

### Other reserves

Other reserves include the exercise price of new shares and the premium received on exercise of share options and other share issues under the old Limited Companies Act.

EUR 1,000 Movements during the year	Fair value reserve	Hedging fund	Total
At 1 Jan 2012	119	-5,168	-5,049
Cash flow hedges			
Fair value gains in period		-3,941	-3,941
Tax on fair value losses		965	965
At 31 Dec 2012	119	-8,144	-8,025
Cash flow hedges			
Fair value gains in period		2,860	2,860
Tax on fair value losses		-1,172	-1,172
Effect of change in tax percent		-270	-270
At 31 Dec 2013	119	-6,726	-6,607

### Fair value reserve

The fair value reserve includes fair value changes of assets classified as available-for-sale financial assets.

### Hedging fund

The Group applies hedge accounting for some interest rate derivatives that are designated as cash flow hedges. The effective portion of changes in the fair value of those derivatives is recognised in hedging fund. The gain or loss relating to the ineffective portion is recognised immediately in the income statement and classified within finance expenses.

### Translation differences

Translation differences arise from the consolidation of the results of subsidiaries outside the Euro zone.

At the balance sheet date the Group had not hedged any foreign currency denominated equity. The foreign exchange difference arising from the hedge canceled 2012 is recognised in equity under translation differences. The gain or loss relating to the ineffective portion is recognised immediately in the income statement and classified in finance expenses.

### DIVIDENDS

The Board proposes to the AGM a dividend of EUR 0.60 (0.42) per share for year 2013.

## 13. INTEREST-BEARING LIABILITIES

EUR 1,000 Non-current interest-bearing liabilities	2013		2012	
	Book value	Fair value	Book value	Fair value
Syndicated bank loan	139,476	139,476	122,679	122,679
Bond	99,538	101,950	99,460	99,369
Other bank loans	100	100	250	250
Repurchase liabilities	202	202	202	202
Finance lease liabilities	30,565	30,565	49,121	49,121
<b>Total</b>	<b>269,881</b>	<b>272,293</b>	<b>271,713</b>	<b>271,621</b>
<b>Current interest-bearing liabilities</b>	<b>Book value</b>		<b>Book value</b>	
Other bank loans	12,738		4,877	
Pension loans			1,271	
Finance lease liabilities	11,177		24,782	
Commercial papers	75,804		56,646	
<b>Total</b>	<b>99,719</b>		<b>87,577</b>	
<b>Total interest-bearing liabilities</b>	<b>369,600</b>		<b>359,289</b>	

Book values of current liabilities approximate their fair values. All bank loans are at floating rate and thus their fair values do not differ materially from their carrying amounts. Pension loans and repurchase liabilities are at fixed rate and their fair values are calculated by discounting contract amounts with the market rate.

Other bank loans mainly consist of overdraft limits and hire purchase liabilities.

At the year end the Group had available undrawn committed credit facilities totalling EUR 199.3 (230.8) million, of which long-term EUR 184.0 (200.0) million and short-term EUR 15.3 (30.8) million.

The main financial covenants of the syndicated loan facility are the net debt to EBITDA ratio and gearing. In addition, there are other general terms

related to the loan facility. Net debt is the actual value on a testing date and EBITDA is calculated as accumulated EBITDA of the previous 12 months including pro forma EBITDA of the acquisitions and business combinations made during the period. Taking pro forma EBITDA of the acquisitions and business combinations into account balances the growth of Net Debt caused by acquisitions and business combinations and results somewhat lower values for Net Debt to EBITDA. However, 2013 figures include only minor pro forma adjustments, while 2012 did not include any. Gearing is calculated by dividing the net debt by the total equity. Net debt to EBITDA determines the applied margin for the syndicated loan quarterly. The maximum values of the financial covenants will change during the loan period. The maximum and actual values of the financial covenants as at 31 December 2013 are presented below:

EUR 1,000	Actual 2013	Actual 2012	Maximum value of covenants	
			2012	2013–
Net debt to EBITDA, maximum	2.09	1.93	3.50	3.50
Gearing, maximum	72.88	65.14	120.00	115.00

The following table presents a sensitivity analysis of financial covenants with the actual values at 31 December 2013. The table shows the maximum deviation of each essential parameter before breaking the financial covenant value.

EUR millions	Net debt Max increase	EBITDA Max decrease	Equity Max decrease
Net debt to EBITDA, maximum	245.11	70.03	–
Gearing, maximum	210.84	–	183.34

Key figures have been calculated before reclassification of Russian business as assets and liabilities to be transferred to joint venture according to IFRS 5.

EUR 1,000	2014	2015	2016	2017	2018	2019+	Total
<b>Interest-bearing liabilities mature as follows, 2013</b>							
Syndicated bank loan		139,476					139,476
Bond					99,538		99,538
Other bank loans	12,738	92	8				12,838
Pension loans							
Repurchase liabilities					202		202
Finance lease liabilities	11,177	15,641	7,857	3,189	1,859	2,019	41,742
Commercial papers	75,804						75,804
<b>Total</b>	<b>99,719</b>	<b>155,209</b>	<b>7,865</b>	<b>3,189</b>	<b>101,599</b>	<b>2,019</b>	<b>369,600</b>

EUR 1,000	2013	2014	2015	2016	2017	2018+	Total
<b>Interest-bearing liabilities mature as follows, 2012</b>							
Syndicated bank loan			122,679				122,679
Bond						99,460	99,460
Other bank loans	4,877	124	63	63			5,127
Pension loans	1,271						1,271
Repurchase liabilities						202	202
Finance lease liabilities	24,782	19,065	13,683	9,103	4,094	3,176	73,903
Commercial papers	56,646						56,646
<b>Total</b>	<b>87,577</b>	<b>19,189</b>	<b>136,425</b>	<b>9,166</b>	<b>4,094</b>	<b>102,838</b>	<b>359,289</b>

#### Finance lease liabilities

The Group has entered into financial leases on certain vehicles and items of machinery. These leases have an average life of between three and five years. Financial lease liabilities mainly have floating rates based on market rates between one and three months. Tables below specify the future minimum cash flows under financial leases by maturity and by currency as at 31 December.

EUR 1,000	2013	2012
<b>Finance lease liabilities by currency</b>		
SEK	21,202	32,586
NOK	8,976	15,122
EUR	6,344	15,252
Other	5,220	10,943
<b>Total</b>	<b>41,742</b>	<b>73,903</b>

EUR 1,000	2013	2012
<b>Gross finance lease liabilities – minimum lease payments</b>		
Payable < 1 year from balance sheet date	14,978	26,084
Payable 1–5 years from balance sheet date	26,430	47,762
Payable > 5 years from balance sheet date	2,031	3,204
<b>Total</b>	<b>43,439</b>	<b>77,050</b>
Future finance charges on finance leases	1,697	3,147
<b>Present value of minimum future finance lease payments</b>	<b>41,742</b>	<b>73,903</b>

Weighted average maturity and interest rates for interest-bearing liabilities	2013		2012	
	Maturity, years	Interest, %	Maturity, years	Interest, %
Bank loans	2.0	1.98	3.0	1.93
Bank loans including interest rate swaps	2.0	3.33	3.0	3.53
Pension loan	–	–	0.4	4.75
Bond	4.2	4.50	5.2	4.50
Finance leases	1.9	2.33	1.9	2.72
Repurchase liabilities	4.6	4.08	5.6	4.08
Commercial papers	0.2	0.89	0.3	1.49
<b>Total</b>	<b>2.8</b>	<b>2.94</b>	<b>2.9</b>	<b>3.28</b>

## 14. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The objective of the Group's risk management is to minimise the negative effects on the Group's financial performance caused by changes in financial markets. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury function (Group Treasury). The Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units according to the Treasury policy approved by the Board. The objective of treasury management is to secure sufficient funding for business operations, avoiding financial constraints at all times, to provide business units with financial services, to minimise the costs of financing, to manage financial risks (currency, interest rate, liquidity and funding, credit and operational risks) and to provide the management with information on the financial position and risk exposures of Cramo and its business units. In addition, Group Treasury actively monitors the actual values of Group's financial covenants and anticipated financial headroom in relation to maximum values of these financial covenants as part of the Group's business planning.

### MARKET RISK

#### Interest rate risk

Fluctuations in market interest rates have an effect on consolidated interest outflows and the fair value of interest-bearing receivables, loans payable and derivative instruments. The objective of interest rate risk management is to mitigate the impact of interest rate changes on the income statement, balance sheet and cash flow, while also taking into account the market value of net debt.

The Group's interest rate risk arises mainly from its long-term borrowings. The Group is mainly exposed to cash flow interest rate risk, which arises from

liabilities at variable rates and is partly off-set by the bond with fixed interest rate. At the balance sheet date, 52.0% (54.9) of outstanding interest-bearing liabilities were at fixed interest rates when including the effect of derivatives used. During 2013 the Group's borrowings were denominated in the EUR, in 2012 also in the SEK. The currency specification of financial lease liabilities is presented in table later in this note. The weighted average fixing period for loan portfolio was 2.5 years (2.8 years). The Treasury Policy states the limit for the portion of fixed interest to be 20–60% of the whole loan portfolio and duration to stay in a range from one to three years.

The Group manages its cash flow interest rate risk by using interest rate swaps in accordance with the Treasury Policy. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The nominal value of the Group's interest rate swaps was EUR 91.0 million at 31 December 2013 (2012: EUR 91.0 million). IAS 39 hedge accounting was applied to a part of these interest rate swaps representing a total nominal value of EUR 91.0 (EUR 91.0) million. The maturity structure of these derivatives is presented in a table following in this note.

For interest rate sensitivity analysis in accordance with IFRS 7, if interest rates at 31 December 2013 on EUR-denominated borrowings had been 1% higher/lower with all other variables held constant, pre-tax profit for the year would have been EUR 1.3 (1.2) million lower/higher, as a result of changes in the interest flows on floating rate borrowings and hedging instruments and the change of market value of the non-hedge accounted interest rate swaps; other components of equity would have been EUR 4.0 (4.2) million higher/lower, as a result of a change in the fair value of interest rate swaps for which hedge accounting is applied. The following table illustrates the sensitivity analysis.

MEUR	2013				2012			
	Income statement		Equity		Income statement		Equity	
Effect of change in interest rates	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%
Interest-bearing liabilities	-2.0	2.0			-1.9	1.9		
Interest rate derivatives								
Hedge accounted	0.7	-0.7	4.0	-4.0	0.7	-0.7	4.2	-4.2
Non-hedge accounted								
<b>Total</b>	<b>-1.3</b>	<b>1.3</b>	<b>4.0</b>	<b>-4.0</b>	<b>-1.2</b>	<b>1.2</b>	<b>4.2</b>	<b>-4.2</b>

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing liabilities and their average interest rates are presented in note 13.

#### Foreign exchange risk

The Group operates internationally and is exposed to risks arising from foreign exchange rate fluctuations, primarily from exposures with respect to the Swedish crone. Foreign exchange risk arises primarily from internal funding and net investments in foreign operations as well as from recognised assets and liabilities.

Since Cramo has subsidiaries outside the euro zone, the euro denominated value of the shareholders' equity is exposed to fluctuations in exchange rates. Equity changes caused by movements in foreign exchange rates are shown as a translation difference in the Group consolidation. The Group Treasury regularly monitors and evaluates the translation risk. In 2013 the Group had not hedged any foreign currency denominated equity. The foreign exchange difference arising from the hedge cancelled 2012 is recognised in equity under translation differences.

Foreign exchange risk arising from internal funding, recognised assets and liabilities is managed primarily through forward contracts. A table following in this note presents the maturity structure of these derivatives. The changes in the fair value of derivatives are recognised in the income statement.

Sales in Group companies are carried out in the functional currency of the local entities. These transactions do not expose the Group to significant foreign exchange risk. Purchases are carried out both in Euros and local currencies. The currency risk arising from purchases is considered insignificant. Hence, according to the Treasury Policy, future purchase commitments are not hedged.

Sensitivity analysis, in accordance with IFRS 7, aims to represent the sensitivity of the consolidated income and equity with respect to foreign exchange rate fluctuations. The open euro exposure against other functional currencies arises from account payables, leasing liabilities in other than local currency, as well as from the open exposure of the Group Treasury.

The following table presents the Group's currency exposure and the sensitivity effects to profit before tax results in the income statement and to equity. The sensitivity calculation is based on a change of 5% in the Euro exchange rate against all the functional currencies that the Group operates in.

EUR 1,000	SEK	NOK	Other currencies total	Total
<b>Translation risk and hedging 31 Dec 2013</b>				
Equity exposed to translation risk	363,356	30,985	33,008	427,349
<b>Open exposure</b>	<b>363,356</b>	<b>30,985</b>	<b>33,008</b>	<b>427,349</b>
<b>Sensitivity analysis, 5% depreciation of each currency against euro</b>				
Equity exposed to translation risk	-18,168	-1,549	-1,650	-21,367
<b>Total</b>	<b>-18,168</b>	<b>-1,549</b>	<b>-1,650</b>	<b>-21,367</b>

EUR 1,000	SEK	NOK	Other currencies total	Total
<b>Translation risk and hedging 31 Dec 2012</b>				
Equity exposed to translation risk	347,862	33,725	32,771	414,358
Lending designated as part of net investment			15,497	15,497
<b>Open exposure</b>	<b>347,862</b>	<b>33,725</b>	<b>48,268</b>	<b>429,855</b>
<b>Sensitivity analysis, 5% depreciation of each currency against euro</b>				
Equity exposed to translation risk	-17,393	-1,686	-1,595	-20,674
Lending designated as part of net investment			-775	-775
<b>Total</b>	<b>-17,393</b>	<b>-1,686</b>	<b>-2,370</b>	<b>-21,449</b>

During previous years a proportion of the Group's SEK -denominated borrowing has been designated as a hedge of the net investment in the Group's Swedish subsidiaries. This hedge was cancelled during 2012. The foreign exchange loss of EUR 0.8 million aroused from the hedge during 2012 was recognised in translation differences, in shareholders' equity. The cumulative effect into translation differences at 31.12.2013 totalled to EUR -0.9 [-0.9] million.

During previous years also a proportion of the Group's RUB-denominated lending to its subsidiaries (31 December 2012 EUR 15.5) million has been designated as a part of the net investment in the respective subsidiaries. The fair value of the lending at 31 December 2012 was EUR -2.5 million. In 2013 the cumulative foreign exchange loss of EUR 2.3 million on translation of the borrowing to base currency is recognised in income statement, as the respective companies were transferred to a new joint-venture Fortrent. See more about the joint-venture in note 29.

EUR 1,000	SEK	NOK	Other currencies total	Total
<b>Transaction risk and hedging 31 Dec 2013</b>				
Transaction exposure	535	49,519	38,185	88,239
Hedges	-542	-45,737	-42,183	-88,462
<b>Open exposure</b>	<b>-7</b>	<b>3,782</b>	<b>-3,998</b>	<b>-223</b>
<b>Sensitivity analysis, 5% depreciation of each currency against euro</b>				
Transaction exposure	-27	-2,476	-1,909	-4,412
Hedges	27	2,287	2,109	4,423
<b>Total</b>		<b>-189</b>	<b>200</b>	<b>11</b>

EUR 1,000	SEK	NOK	Other currencies total	Total
<b>Transaction risk and hedging 31 Dec 2012</b>				
Transaction exposure	35,768	49,354	69,396	154,518
Hedges	-35,073	-49,331	-68,867	-153,271
<b>Open exposure</b>	<b>695</b>	<b>23</b>	<b>529</b>	<b>1,247</b>
<b>Sensitivity analysis, 5% depreciation of each currency against euro</b>				
Transaction exposure	-1,788	-2,468	-3,470	-7,726
Hedges	1,754	2,467	3,443	7,664
<b>Total</b>	<b>-35</b>	<b>-1</b>	<b>-26</b>	<b>-62</b>



## Price risk

The Group holds a minor amount of unquoted shares, which do not expose to material price risk. The Group is not exposed to commodity price risk.

EUR 1,000 Fair values 31 Dec 2013	Positive fair value	Negative fair value	Net fair value
FX forward contracts	2,053	-422	1,632
Interest rate swaps, cash flow hedges		-6,001	-6,001
<b>Total</b>	<b>2,053</b>	<b>-6,422</b>	<b>-4,369</b>
<b>Non-current portion</b>			
Interest rate swaps, cash flow hedges		-6,001	-6,001
<b>Non-current portion</b>		<b>-6,001</b>	<b>-6,001</b>
<b>Current portion</b>	<b>2,053</b>	<b>-421</b>	<b>1,632</b>

EUR 1,000 Fair values 31 Dec 2012	Positive fair value	Negative fair value	Net fair value
FX forward contracts	303	-1,347	-1,044
Interest rate swaps, cash flow hedges		-8,861	-8,861
<b>Total</b>	<b>303</b>	<b>-10,208</b>	<b>-9,905</b>
<b>Non-current portion</b>			
Interest rate swaps, cash flow hedges		-8,861	-8,861
<b>Non-current portion</b>		<b>-8,861</b>	<b>-8,861</b>
<b>Current portion</b>	<b>303</b>	<b>-1,347</b>	<b>-1,044</b>

EUR 1,000 Nominal values of derivative financial instruments	2013	2012
FX forward contracts	107,349	184,809
Interest rate swaps	91,000	91,000
<b>Total</b>	<b>198,349</b>	<b>275,809</b>

The derivatives used in 2013 and 2012 were currency forward contracts and interest rate swaps. These were used for hedging purposes in line with the Group's hedging policy.

The fair value of currency derivatives and non-hedge accounted interest rate derivatives has been recognised in the income statement. The fair value of hedge accounted interest rate derivatives has been recognised equity, as net of tax, and other items of comprehensive income. At 31 December 2013 the open derivative exposure reflects well the exposure retained during the financial year.

EUR 1,000 Derivative instruments mature as follows, 2013	2014	2015	2016	2017	2018	2019+	Total
Currency derivative instruments	107,349						107,349
Interest rate derivative instruments					40,000	51,000	91,000
<b>Total interest derivative instruments</b>	<b>107,349</b>				<b>40,000</b>	<b>51,000</b>	<b>198,349</b>

EUR 1,000 Derivative instruments mature as follows, 2012	2013	2014	2015	2016	2017	2018+	Total
Currency derivative instruments	184,809						184,809
Interest rate derivative instruments						91,000	91,000
<b>Total interest derivative instruments</b>	<b>184,809</b>					<b>91,000</b>	<b>275,809</b>

## CREDIT RISK

The Group's policy identifies counterparty credit rating requirements and principles of investment for clients, investment transactions and derivative financial instruments. The Group has no significant credit risk concentrations since it has a broad clientele, which is geographically spread over a wide area. Credits are granted to companies and private persons, which have proper credit information. The Group's maximum

exposure to credit risk is represented by the fair values of receivables and other financial assets at 31 December 2013.

The maturity structure of accounts receivables is presented in note 9.

Also the credit losses and increase of provision for bad debts are presented in note 9. Receivables do not include significant credit risk concentrations.

## REFUNDING AND LIQUIDITY RISK

The Group Treasury manages the Group's liquidity risk and ensures flexibility in funding by maintaining availability under committed credit lines. The Group uses diverse funding sources and borrowings are primarily long-term. The Group has committed borrowing facilities or other lines of credit that it can access to meet liquidity needs. At 31 December 2013 undrawn committed credit facilities totalled EUR 199.3 [230.8] million.

In order to decrease the refinancing risk the Group aims to diversify the maturity structure of its interest-bearing debt and negotiates new

committed credit lines well in advance of need. The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative instruments are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

EUR 1,000					
Maturities of financial liabilities at 31 Dec 2013					
	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total
<b>Derivatives</b>					
FX forward contracts, outflow	-421				-421
FX forward contracts, inflow	2,053				2,053
Interest rate swaps, outflow	-2,192	-2,198	-5,991	-1,377	-11,758
Interest rate swaps, inflow	265	317	2,829	1,118	4,529
<b>Derivatives, net</b>	<b>-295</b>	<b>-1,881</b>	<b>-3,162</b>	<b>-259</b>	<b>-5,597</b>
Accounts payable and other non-interest bearing liabilities	-112,022				-112,022
Borrowings (excl. finance lease liabilities)	-95,736	-146,680	-109,683		-352,099
Finance lease liabilities	-14,978	-13,155	-13,275	-2,031	-43,439
Repurchase liabilities	-8	-8	-226		-242
<b>Total</b>	<b>-222,744</b>	<b>-159,843</b>	<b>-123,184</b>	<b>-2,031</b>	<b>-507,802</b>

EUR 1,000					
Maturities of financial liabilities at 31 Dec 2012					
	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total
<b>Derivatives</b>					
FX forward contracts, outflow	-891				-891
FX forward contracts, inflow	378				378
Interest rate swaps, outflow	-2,328	-2,198	-6,599	-2,927	-14,052
Interest rate swaps, inflow	188	173	518	205	1,084
<b>Derivatives, net</b>	<b>-2,653</b>	<b>-2,025</b>	<b>-6,081</b>	<b>-2,722</b>	<b>-13,481</b>
Accounts payable and other non-interest bearing liabilities	-121,899				-121,899
Borrowings (excl. finance lease liabilities)	-71,776	-9,077	-140,069	-100,675	-321,597
Finance lease liabilities	-31,018	-14,987	-27,843	-3,203	-77,051
Repurchase liabilities	-8	-8	-24	-207	-247
<b>Total</b>	<b>-224,701</b>	<b>-24,072</b>	<b>-167,936</b>	<b>-104,085</b>	<b>-520,794</b>

## CAPITAL STRUCTURE

The Group's objectives when managing capital structure are to safeguard the Group's ability to continue as a going concern and to maintain the optimum capital structure. The targets for capital structure are determined by the Board of Directors. The Group's treasury regularly monitors the development of the capital structure.

The Group monitors capital on the basis of the gearing ratio. Gearing is calculated as the ratio of interest-bearing liability to total equity. In April 2013 Cramo exercised its right to call the EUR 50 hybrid bond issued in 2009. During 2013 one of the essential targets of the Group was to keep the gearing ratio still low even after the hybrid bond call. This target was met (gearing at 31 Dec 2013 72.9%, 31 Dec 2012 65.1%). Without calling the hybrid bond would gearing ratio at 31 Dec 2013 have decreased to 57.2%.\*

The net interest-bearing liabilities of the Group at 31 December 2013 totalled EUR 364.8 million, while at 31 December 2012 they were EUR 346.9 million. During 2013 the net interest-bearing liabilities increased by EUR 17.9 million.

Net debt and gearing are represented in the table below.

EUR 1,000	2013	2012
Interest-bearing liabilities	369,600	359,289
Cash and cash equivalents	-4,770	-10,340
Cash to be transferred to joint venture		-2,005
<b>Net interest-bearing liabilities</b>	<b>364,830</b>	<b>346,944</b>
<b>Total equity</b>	<b>500,474</b>	<b>532,637</b>
<b>Gearing, %*</b>	<b>72.9</b>	<b>65.1</b>

\* Key figures have been calculated before reclassification of Russian business as assets and liabilities to be transferred to joint venture according to IFRS 5.

## 15. DEFERRED TAXES

Deferred tax assets and liabilities as presented in the balance sheet

EUR 1,000	2013	2012
Deferred tax asset	14,820	14,604
Deferred tax liabilities	75,337	80,188
<b>Deferred tax liabilities net</b>	<b>60,517</b>	<b>65,584</b>

Change in deferred tax liabilities and assets recognised in the balance sheet

EUR 1,000	2013	2012
<b>Deferred tax liabilities net at beginning of the year</b>	<b>65,584</b>	<b>70,087</b>
Acquired and disposed subsidiaries	230	
Items recognised in the income statement	-5,090	-6,283
Items recognised in other comprehensive income	1,442	-965
Exchange rate differences	-1,649	2,176
Assets and liabilities to be transferred to the joint venture		569
<b>Deferred tax liabilities net at year end</b>	<b>60,517</b>	<b>65,584</b>

Movements in deferred tax assets and liabilities

EUR 1,000	1 Jan 2013	Recognised in income statement	Recognised in other com- prehensive income	Acquisitions and disposals	Exchange difference	31 Dec 2013
<b>Deferred tax assets</b>						
Tax losses carried forward	3,223	7,315			-625	9,913
Financial leases	5,187	-4,333			-265	589
Fair value of hedging fund	2,643		-1,442			1,200
Exchange rate differences of net investments	287	-287				
Derivative financial instruments	308	279				587
Elimination of internal profit	1,608	-427				1,181
Retirement benefit obligations	131	10			-2	139
Other temporary differences	1,217	471		-230	-249	1,211
<b>Total</b>	<b>14,604</b>	<b>3,028</b>	<b>-1,442</b>	<b>-230</b>	<b>-1,141</b>	<b>14,820</b>
<b>Deferred tax liabilities</b>						
Depreciation difference	50,132	3,210			-2,257	51,085
Financial leases	6,626	-2,235			-172	4,219
Exchange rate differences of net investments	287	-287				
Derivative financial instruments	74	336				411
Valuation of assets to fair value in business combinations	23,018	-3,649			-359	19,010
Undistributed retained earnings	0	532				532
Other temporary differences	51	31			-2	80
<b>Total</b>	<b>80,188</b>	<b>-2,062</b>			<b>-2,790</b>	<b>75,337</b>
<b>Deferred tax liabilities net</b>	<b>65,584</b>	<b>-5,090</b>	<b>1,442</b>	<b>230</b>	<b>-1,649</b>	<b>60,517</b>

EUR 1,000	1 Jan 2012	Recognised in income statement	Recognised in other com- prehensive income	Acquisitions and disposals	Exchange difference	Assets and liabilities to be transferred to the joint venture	31 Dec 2012
<b>Deferred tax assets</b>							
Tax losses carried forward	5,937	-2,714					3,223
Financial leases	8,306	-3,494			375		5,187
Fair value of hedging fund	1,677		965				2,643
Exchange rate differences of net investments	969	-682					287
Derivative financial instruments	433	-125					308
Elimination of internal profit	1,912	-304					1,608
Retirement benefit obligations	78	53					131
Other temporary differences	1,934	328			59	-1,104	1,217
<b>Total</b>	<b>21,246</b>	<b>-6,938</b>	<b>965</b>		<b>434</b>	<b>-1,104</b>	<b>14,604</b>
<b>Deferred tax liabilities</b>							
Depreciation difference	49,949	-1,215			1,862	-464	50,132
Financial leases	9,601	-3,274			299		6,626
Exchange rate differences of net investments	969	-682					287
Derivative financial instruments	179	-105					74
Valuation of assets to fair value in business combinations	28,885	-6,315			503	-55	23,018
Other temporary differences	1,750	-1,630			-53	-16	51
<b>Total</b>	<b>91,333</b>	<b>-13,221</b>			<b>2,611</b>	<b>-535</b>	<b>80,188</b>
<b>Deferred tax liabilities net</b>	<b>70,087</b>	<b>-6,283</b>	<b>-965</b>		<b>2,176</b>	<b>569</b>	<b>65,584</b>

Deferred tax liability is recognised for the annual profits in the Estonian subsidiary corresponding to the half of the profit in line with the new dividend distribution policy for future earnings. No deferred tax liability on the previous years' undistributed earnings has been recognised, because the distribution is in the control of the Group and such distribution is not probable within foreseeable future.

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The group did not recognise deferred tax asset of EUR 4,451 (3,064) thousands of the current year tax losses in respect of subsidiaries that are currently making loss.

## 16. OTHER NON-CURRENT LIABILITIES

EUR 1,000	2013	2012
<b>Other non-current liabilities</b>		
Advances received	582	705
Other non-current liabilities	2,759	47
<b>Total</b>	<b>3,341</b>	<b>752</b>

## 17. TRADE AND OTHER PAYABLES

EUR 1,000	2013	2012
Trade payables	49,231	51,641
Advances received	10,225	9,598
Accrued expenses and deferred income	44,904	49,959
Other current liabilities	7,662	8,261
<b>Total</b>	<b>112,022</b>	<b>119,460</b>

Material items included in accrued expenses and deferred income consist of personnel expenses and periodised customer bonuses.

The management considers that the carrying amount of trade and other liabilities approximates their fair value.

Terms and conditions of the above liabilities:

- Trade payables are non-interest bearing and are normally settled on 14–60 day terms
- Other current liabilities are non-interest bearing and have an average term of three months
- For explanations on the Group's credit risk management processes, refer to note 14.

## 18. COLLATERALS AND CONTINGENT LIABILITIES

EUR 1,000	2013	2012
<b>Collateral given on own behalf</b>		
<b>Debts, secured by collateral</b>		
Finance lease liabilities	41,742	73,903
<b>Collateral given</b>		
Pledges, finance lease	65,868	109,314
<b>Other contingent liabilities</b>		
Contingent interest liability on hybrid capital*		4,027
Investments	17,271	9,445
Other contingent liabilities	2,008	2,790

\* In April 2013 Cramo Plc exercised its right to call the EUR 50 million hybrid bond issued in 2009 with a coupon rate of 12.0% per annum. The bond had no maturity but the company had the right to call the bond after four years. The first call was possible on 29 April 2013, when the coupon rate would have risen to 15.0%. Obligation to pay cumulated interest to the investors came into effect when the board declared payment of dividend.

Joint venture contingent liabilities see note 29.

EUR 1,000	2013	2012
<b>Commitments to office and depot rents</b>		
Payable < 1 year from balance sheet date	27,574	28,841
Payable 1–5 years from balance sheet date	74,436	72,864
Payable > 5 years from balance sheet date	12,681	15,029
<b>Total</b>	<b>114,690</b>	<b>116,734</b>

EUR 1,000	2013	2012
<b>Operational lease payments</b>		
Payable < 1 year from balance sheet date	12,226	15,586
Payable 1–5 years from balance sheet date	11,401	20,484
<b>Total</b>	<b>23,627</b>	<b>36,069</b>

The Group has entered into commercial leases on certain vehicles and items of machinery. These leases have an average life of between three and five years. The maximum maturity of operational lease payments is five years. Operational lease liabilities mainly have floating rates and are based on Euribor, Stibor, Nibor or Cibor varying between 1 and 3 months.

## 19. OTHER OPERATING INCOME

EUR 1,000	2013	2012
Net capital gain on sale of tangible assets	6,313	2,916
Gain on sale of business operations		2,199
Purchase price adjustment of Theisen		1,650
Reversal of earn-out payment for business combinations	1,281	
Rent on premises	715	569
Income from insurance companies	326	140
Other income	1,372	3,847
<b>Total</b>	<b>10,007</b>	<b>11,321</b>

## 20. MATERIALS AND SERVICES

EUR 1,000	2013	2012
Cost of sub-rental and rental-sharing	-38,052	-39,791
Cost of goods sold	-36,888	-42,947
Repair and maintenance cost	-48,864	-45,714
Transportation cost	-51,959	-54,671
Cost of external services	-52,240	-58,178
<b>Total</b>	<b>-228,002</b>	<b>-241,301</b>
Production for own use		3,657

## 21. EMPLOYEE BENEFIT EXPENSES

EUR 1,000	2013	2012
Wages and salaries, including restructuring costs 588 t€	-105,260	-109,910
Social security costs	-23,099	-22,543
Share-based payment transaction expense	-1,668	-2,620
Pension costs – defined contribution plans	-8,705	-8,656
<b>Total</b>	<b>-138,732</b>	<b>-143,728</b>
<b>Average number of personnel</b>	<b>2,463</b>	<b>2,664</b>
<b>Average number of personnel in joint ventures</b>	<b>372</b>	

The employee benefits of the Group's management are disclosed in note 30 and information concerning share based payments are presented in note 28. Joint ventures, see note 29.



## 22. DEPRECIATION AND IMPAIRMENT

EUR 1,000	2013	2012
Depreciation of tangible assets	-91,629	-98,420
Depreciation of intangible assets	-1,391	-1,140
<b>Total depreciation</b>	<b>-93,019</b>	<b>-99,560</b>
Impairment loss of tangible assets	-731	-1,751
Impairment loss of assets held for sale	-118	-260
<b>Depreciation and impairment loss related to tangible and intangible assets</b>	<b>-93,868</b>	<b>-101,571</b>
Amortisation on intangible assets resulting from acquisitions	-11,091	-11,794
Impairment loss related to intangible assets resulting from acquisitions	-350	
Impairment loss on disposals*	-1,708	-1,775
<b>Amortisation and impairment loss resulting from acquisitions and disposals</b>	<b>-13,150</b>	<b>-13,569</b>
<b>Total depreciation, amortisation and impairment losses</b>	<b>-107,018</b>	<b>-115,140</b>
Depreciation of tangible assets	-91,629	-98,420
Depreciation of intangible assets	-1,391	-1,140
Amortisation of intangible assets resulting from acquisitions	-11,091	-11,794
<b>Total depreciation and amortisation</b>	<b>-104,110</b>	<b>-111,354</b>
Impairment loss of tangible assets	-731	-1,751
Impairment loss of assets held for sale	-118	-260
Impairment loss related to intangible assets resulting from acquisitions	-350	-1,775
Impairment loss on disposals*	-1,708	
<b>Total impairment losses</b>	<b>-2,907</b>	<b>-3,786</b>
<b>Total depreciation, amortisation and impairment losses</b>	<b>-107,018</b>	<b>-115,140</b>

\* In 2013 was recorded an impairment loss of EUR 1,708 thousand related to business operations transferred to the Russian joint venture Fortrent.

## 23. OTHER OPERATING EXPENSES

EUR 1,000	2013	2012
Rent for premises	-32,426	-32,606
Other expenses for premises	-13,194	-13,970
Operational leases	-17,424	-23,109
Bad debts	-4,806	-6,048
Marketing	-8,664	-9,209
Temporary staff	-10,742	-11,319
Other personnel related expenses	-9,854	-10,556
Other administrative and operating expenses	-30,274	-31,946
<b>Total</b>	<b>-127,385</b>	<b>-138,763</b>
<b>Audit fees</b>		
Authorised Public Accountants Ernst & Young		
Audit fees	-913	-887
Tax consultation	-173	-152
Other services	-38	-55
<b>Total</b>	<b>-1,125</b>	<b>-1,094</b>
<b>Other auditing firms</b>		<b>-29</b>

## 24. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2013	2012
Interest income on loans receivable and cash and cash equivalents	1,262	804
Other financing income	94	14
<b>Incomes total</b>	<b>1,356</b>	<b>818</b>
Interest expenses on financial liabilities measured at amortised cost	-10,521	-12,005
Interest expenses on financial leases	-1,819	-3,531
Interest income and expenses on interest rate derivatives, cash flow hedges	-2,060	-1,833
Interest income and expenses on interest rate derivatives, non-hedge accounted		-710
Change in fair value of interest rate derivatives, non-hedge accounted		-576
Change in fair value of foreign exchange rate derivatives, non-hedge accounted	2,389	140
Other exchange rate differences	-2,337	5
Arrangement and commitment fees relating to interest-bearing loans	-1,673	-2,159
Other financing expenses	-192	-372
<b>Expenses total</b>	<b>-16,213</b>	<b>-21,041</b>
<b>Net financial incomes and expenses</b>	<b>-14,857</b>	<b>-20,223</b>

In accordance with the Treasury Policy, the Group uses interest rate swaps as the hedging instruments designated as cash flow hedges. All terms of these hedges match with the terms of the hedged instrument (loan). Hedges are effective and therefore no gains or losses arising from ineffectiveness have been recognised in net finance expenses during the period.

## 25. INCOME TAX EXPENSE

EUR 1,000	2013	2012
Current tax	-14,200	-11,067
Tax from previous financial periods	-50	-724
Change in deferred taxes	5,090	6,283
<b>Total</b>	<b>-9,160</b>	<b>-5,508</b>

The difference between income taxes at the domestic tax rate in Finland 24.5% and income taxes recognised in the consolidated income statement is reconciled as follows:

Profit before tax <sup>1</sup>	51,941	44,257
Tax calculated with domestic corporate tax rate	-12,697	-10,792
Foreign subsidiaries divergent tax rate +/-	2,823	-959
Tax from the previous financial periods	-50	-724
Change in tax rates	1,782	9,576
Non-taxable income	377	
Non-deductible expenses	-1,452	-646
Share of result of joint ventures reported net of taxes	139	
Tax losses for which no deferred income tax asset was recognised	-4,451	-3,064
Utilisation of previously unrecognised tax losses	371	1,822
Recognition of previously unrecognised tax losses	1,984	
Other items	2,014	-721
<b>Taxes in income statement</b>	<b>-9,160</b>	<b>-5,508</b>
<b>Group's effective tax rate, %</b>	<b>17.6</b>	<b>12.4</b>

<sup>1</sup> Comparative figure for 2012 has been adjusted due to the retrospective application of the revised IAS 19 Employee benefits

Deferred taxes have been recalculated due to the following changes in tax rates: Finland 2013: from 24.5% to 20% (Sweden 2012: from 26.3% to 22%).

## 26. OTHER NON-CASH CORRECTIONS

EUR 1,000	2013	2012
Net capital gain on sale of tangible assets	-6,313	-2,916
Share-based payments	1,347	2,576
Reversal of earn-out payment for business combinations	-1,281	
<b>Total</b>	<b>-6,246</b>	<b>-340</b>

## 27. EARNINGS PER SHARE

EUR 1,000	2013	2012
<b>Profit for the year attributable to owners of the parent company</b>	<b>42,781</b>	<b>38,749*</b>
Number of shares		
<b>Basic weighted average number of shares outstanding</b>	<b>42,297,421</b>	<b>41,356,347</b>
Effect of options and share plans granted	441,148	230,753
<b>Diluted weighted average number of shares outstanding</b>	<b>42,738,569</b>	<b>41,587,100</b>
Earnings per share from profit attributable to owners of the parent company		
Basic, EUR	1.01	0.94*
Diluted, EUR	1.00	0.93*

\* Comparative figures for 2012 have been adjusted due to the retrospective application of the revised IAS 19 Employee benefits. As a result profit for the year 2012 has improved by EUR 209 thousand.

Basic earnings per share is calculated by dividing the net profit attributable to owners of the parent company by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of all shares to assume conversion of all potentially dilutive shares. The Group operates share option schemes and other share plans with a dilutive effect, which increases the number of the shares. The share options have a dilutive effect when their exercise price is lower than the fair value of a share.

The dilutive effect is the number of the shares which has to be issued without consideration. With the proceeds from the exercise of stock options the Group could not issue the same number of shares at fair value. The fair value of a share is based on the average share price during the period.

## 28. SHARE-BASED PAYMENTS

### STOCK OPTIONS

During the financial year Cramo had stock options 2006C, 2009, 2010 and 2011 in operation. Under the plans the Board of Directors is authorised to grant up to 4 million stock options to the key employees of Cramo Group or to the subsidiary of Cramo for future grants. The options are forfeited if

the employee leaves the Group before the options vest. When the exercise period has commenced, the options can be freely transferred or exercised. Key characteristics and terms of Cramo option schemes are listed in the table below.

Options Basic information	Stock Options 2006C	Stock Options 2009	Stock Options 2010	Stock Options 2011
Annual General Shareholders' Meeting date	20-Nov-06	26-Mar-09	13-Apr-10	24-Mar-11
Initial grant date	10-Nov-08	02-Nov-09	04-Nov-10	31-Oct-11
Maximum number of stock options	1,000,000	1,000,000	1,000,000	1,000,000
The number of shares subscribed by one option	1.3	1.3	1.3	1
Initial exercise price, EUR	5.56	11.06	14.79	7.30
Dividend adjustment	Yes	Yes	Yes	Yes
Current exercise price, EUR*	-	10.13	13.00	6.58
Beginning of exercise period, date (vesting)	01-Oct-11	01-Oct-12	01-Oct-13	01-Oct-14
End of exercise period, date (expiration)	31-Jan-13	31-Dec-13	31-Dec-14	31-Dec-15
Maximum contractual life, years	4.2	4.2	4.2	4.2
Remaining contractual life, years	-	-	1.0	2.0
Number of persons 31 Dec 2013	Expired	Expired	75	99

\* The exercise price is deducted by the amount of the dividend distributed annually

Options	Stock Options	Stock Options	Stock Options	Stock Options		Weighted average exercise price in EUR*	Weighted average remaining life, years
Changes during the period 2013	2006C	2009	2010	2011	Total		
<b>1 Jan 2013</b>							
Outstanding at the beginning of the period	428,046	816,500	889,500	928,000	3,062,046	9.70	
<b>Changes during the period</b>							
Granted							
Forfeited			111,000	101,000	212,000	9.94	
Exercised	420,030	812,500			1,232,530	8.78	
Expired	8,016	4,000			12,016	7.49	
Weighted average share price, EUR**	9.62	12.21	14.71	–			
<b>31 Dec 2013</b>							
Outstanding at the end of the period			778,500	827,000	1,605,500	9.69	1.5
Exercisable at the end of the period			778,500		778,500	13.00	

\* Exercise price in the beginning of the period is status at 31 Dec 2012. Exercise price for the options forfeited during the period is based on the status at 31 Dec 2013.

Exercise price for the options exercised during the period is based on the realised exercise price.

\*\* Weighted average price for the company share during the reporting period or partial instrument term within

Options	Stock Options 2006		Stock Options	Stock Options	Stock Options		Weighted average exercise price in EUR*	Weighted average remaining life, years
Changes during the period 2012	2006B	2006C	2009	2010	2011	Total		
<b>1 Jan 2012</b>								
Outstanding at the beginning of the period	737,000	876,500	857,000	934,500	964,000	4,369,000	11.69	
<b>Changes during the period</b>								
Granted					5,000	5,000	7.00	
Forfeited			40,500	45,000	41,000	126,500	10.42	
Exercised		448,454				448,454	6.23	
Expired	737,000					737,000	22.05	
Weighted average share price, EUR**	–	9.77	–	–	–			
<b>31 Dec 2012</b>								
Outstanding at the end of the period		428,046	816,500	889,500	928,000	3,062,046	9.70	1.2
Exercisable at the end of the period		428,046	816,500			1,244,546	9.04	

\* Exercise price in the beginning of the period is status at 31 Dec 2011. Exercise price for the options forfeited during the period is based on the status at 31 Dec 2012. Exercise price for the options exercised during the period is based on the realised exercise price.

\*\* Weighted average price for the company share during the reporting period or partial instrument term within

## PERFORMANCE SHARE PLAN

The Board of Directors of Cramo Plc has at its meeting on 23 March 2012 agreed to establish a performance share plan (the Plan). The Plan was established as a part of the incentive and commitment program for the key personnel of the company and its subsidiaries. The Plan offers the target group the opportunity to earn the company shares as a reward on the basis of achievement of targets established for the performance criteria. The Plan includes three discretionary periods, calendar years 2012, 2013 and 2014.

There shall be a maximum total of 1,000,000 shares that shall be given as reward on the basis of the entire Plan, including a cash proportion needed for taxes and tax-related costs arising from the reward to the key employees on the book-entry registration date of the shares.

The rewards shall be paid to the key employees approximately two years after the confirmation of the reward, in January 2015, January 2016 and January 2017.

The key data and changes in the amounts of share ownership plan in the 2013 financial year are presented in the tables below. Since the cash component of the share reward is also recognised as a share-based expense, the amounts below are presented in gross terms, i.e. the share reward figures include both the reward paid in shares and a number of shares corresponding to the amount of the reward paid in cash.

Performance share plan Basic information	Discretionary Period 2012	Discretionary Period 2013	Total
Maximum number of shares			1,000,000
Dividend adjustment	–	–	
Grant date	25-Jun-12	15-Apr-13	
Beginning of earning period	01-Jan-12	01-Jan-13	
End of earning period	31-Dec-12	31-Dec-13	
End of restriction period	31-Jan-15	31-Jan-16	
Vesting conditions	EPS	EPS	
	Service period	Service period	
Maximum contractual life, years	2.6	2.8	
Remaining contractual life, years	1.1	2.1	
Number of persons at the end of the reporting year	58	58	
Payment method	Cash & Equity	Cash & Equity	

Performance share plan Changes during the period 2013	Discretionary Period 2012**	Discretionary Period 2013**	Weighted remaining life in years
<b>1 Jan 2013</b>			
Outstanding at the beginning of the period*	315,500		
<b>Changes during the period*</b>			
Granted		319,000	
Forfeited	35,000	6,000	
Exercised			
Expired			
<b>31 Dec 2013</b>			
Outstanding at the end of the period*	280,500	313,000	
Achievement of reward target, %	15	30	
Corresponding number of reward shares	42,075	93,900	1.8

\* Maximum number of shares received if the reward target was 100% met.

\*\* The number of shares is presented in gross terms, i.e. the share reward figures include both the reward paid in shares and a number of shares corresponding to the amount of the reward paid in cash.

Performance share plan Changes during the period 2012	Discretionary Period 2012**	Weighted remaining life in years
<b>1 Jan 2012</b>		
Outstanding at the beginning of the period		
<b>Changes during the period*</b>		
Granted	318,500	
Forfeited	3,000	
Exercised		
Expired		
<b>31 Dec 2012</b>		
Outstanding at the end of the period*	315,500	
Achievement of reward target, %	15	
Corresponding number of reward shares	47,325	2.1

\* Maximum number of shares received if the reward target was 100% met.

\*\* The number of shares is presented in gross terms, i.e. the share reward figures include both the reward paid in shares and a number of shares corresponding to the amount of the reward paid in cash.

#### Determination of fair value

Inputs to the fair value determination of the share plans granted during the financial year 2013 are listed in the table below. The fair value of the equity-settled payment has been determined at grant date and the fair value is expensed during the vesting period. The fair value of the cash-settled payment is revalued on each reporting date and expensed during the vesting period. The total fair value of the rewards is based on the achievement of 30% of the target and the company's estimate on December 31, 2013 as to the number of shares to be eventually vesting.

Performance share plan Valuation parameters	Discretionary Period 2013
Share price at grant date, EUR	9.64
Expected dividends, EUR	0.43
Fair value of the equity-settled component per share, EUR	9.21
Fair value of the cash-settled component per share on 31 Dec 2013, EUR	15.36
Total fair value on 31 Dec 2013, EUR thousands	1,015

## ONE CRAMO SHARE PLAN

### One Cramo Share Plan 2013–2014

The Board of Directors of Cramo Plc approved the terms of the One Cramo Share Plan (the "Plan") for the commencing Plan Period during the financial year 2013. The aim of the Plan is to encourage Cramo employees to become shareholders in the Company and reward the employees for their efforts in working towards Cramo's goals. Another objective is to strengthen the tie between Cramo shareholders and employees.

446 of Cramo's employees participated in the Plan and the participation percentage was approximately 19%. During the Plan Period (1 October 2013–30 September 2014) the participants can save 2%–5% of their monthly gross salary. The average savings percent was approximately 3%. The total amount of all savings from the Plan Period may not exceed EUR 4 million. The estimated savings for the whole Plan Period is EUR 600 thousand.

The savings are automatically used to purchase Cramo shares for the participants quarterly, after the publication date of the interim results

during the Plan Period, at market price. The participant will receive one free matching share for every two acquired savings shares, if the participant holds the acquired shares from the Plan Period until the end of the designated holding period, 15 May 2017. An additional requirement for receiving the matching shares is that the participant's employment has not been terminated before the end of the designated holding period. The matching shares will be paid in 2017 partly in company shares and partly in cash. The cash part is intended to cover the tax and other tax-related costs arising from the reward to the participant.

In accordance with IFRS 2 the matching shares that are equity-settled are valued at the date of acquisition of the savings shares. The cash-settled part of the reward will be evaluated to the fair value at each reporting date. The expenses of the Plan will be recognised on the vesting-period ending in 2017.

The 2013–2014 Plan had no effect on the company's result and financial position on 31 December 2013.

At the end of the financial year 2013, 446 participants remained in the plan.



### One Cramo Share Plan 2012–2013

During the One Cramo Share Plan 2012–2013 all together 471 participants saved up to EUR 719 thousand, which shall entitle to approximately 29,540 matching shares in spring 2016. The key data and changes in the amounts of share ownership plan in the 2013 financial year are presented in the tables below.

One Cramo share plan Basic information	One Cramo 2012–2013
Grant date	22-Feb-13
Vesting date	15-May-16
Maximum contractual life, years	3.2
Remaining contractual life, years	2.4
Number of persons at the end of the reporting year	471
Payment method	Cash & Equity
<b>One Cramo share plan Changes during the period 2013</b>	<b>One Cramo 2012–2013*</b>
<b>1 Jan 2013</b>	
Outstanding at the beginning of the period	
<b>Changes during the period</b>	
Granted	30,501
Forfeited	961
Exercised	
Expired	
<b>31 Dec 2013</b>	
Outstanding at the end of the period	29,540

\* The number of shares is presented in gross terms, i.e. the matching share figures include both the reward paid in shares and a number of shares corresponding to the amount of the reward paid in cash.

### Determination of fair value

Inputs to the fair value determination of the One Cramo Share Plan granted during the financial year 2013 are listed in the table below. The fair value of the equity-settled payment has been determined at grant date and the fair value is expensed during the vesting period. The fair value of the cash-settled payment is revalued on each reporting date and expensed during the vesting period. The total fair value of the rewards is based on the company's estimate on December 31, 2013 as to the number of shares to be eventually vesting.

One Cramo share plan Valuation parameters	One Cramo 2012–2013
Share price at grant date, EUR	11.78
Share price at reporting period end, EUR	15.36
Cost of equity, %	10.13
Holding period, years	2.9
Interest expense (one share), EUR	0.92
Expected dividends, EUR	0.74
Fair value of the equity-settled component per share, EUR	7.37
Fair value of the cash-settled component per share on 31 Dec 2013, EUR	15.36
Total fair value on 31 Dec 2013, EUR thousands	299

### EUR 1,000

#### Effect of Stock Options and Share Plans on the result and financial position

Expenses for the financial period, share-based payments	1,668
Expenses for the financial period, share-based payments, equity-settled	1,347
Liabilities arising from share-based payments on 31 Dec 2013	366

## 29. JOINT VENTURES

### Reconciliation of summarised financial information

EUR 1,000	Fortrent	Fellesutleie AS	Total
Summarised financial information	2013	2013	2013
<b>Opening net assets 1 Jan</b>			
Contribution in kind	40,153	193	40,153
Profit for the period	1,131	94	1,225
Other comprehensive income	-8,772	-31	-8,803
<b>Closing net assets 31 Dec</b>	<b>32,512</b>	<b>255</b>	<b>32,767</b>
Interest in joint venture (50%)	16,256	128	16,384
Transaction costs	1,091		1,091
<b>Carrying amount of investment</b>	<b>17,347</b>	<b>128</b>	<b>17,475</b>

Cramo and Ramirent closed the forming of a joint venture in order to combine their business operations in Russia and Ukraine on 7 March 2013. The parent company of the joint venture was created on 6 th of November 2012 under a newly established Finnish limited liability company Fortrent Oy (former Eastbound Machinery Oy), to which Cramo and Ramirent contributed their respective Russian and Ukrainian subsidiaries' shares as contribution in kind. The joint venture is owned and controlled jointly by Cramo (50%) and Ramirent (50%). Cramo presents its share of the profit of the joint venture using the equity method of accounting above EBITDA.

Cramo's Russian subsidiaries' assets and liabilities were classified as "to be transferred to joint venture" on 31.10.2012 (note 32).

In order to reach equal ownership, Cramo paid to Ramirent a cash contribution of approximately EUR 9.2 million in connection with the

closing of the transaction in the first quarter 2013. Cramo reported an impairment loss of EUR 1.7 million in the first quarter 2013. The impairment loss is presented in the non-allocated items.

In addition to contribution in kind, Cramo and Ramirent have granted loans total of EUR 40.5 million to the joint venture.

The Group has also 50% share in a joint venture Fellesutleie AS. The company became part of the Group as a result of Stavdal acquisition. The company operates in machinery rental in Norway. Fellesutleie AS has been consolidated to the Group since 30 June 2011 using the equity method of accounting. Cramo presents its share of profit of the joint venture above EBITDA.

EUR 1,000	Fortrent	Fellesutleie AS
Summarised balance sheet	2013	2012
<b>Current asset</b>		
Cash and cash equivalents	4,514	190
Other current assets (excluding cash)	10,287	70
<b>Total current assets</b>	<b>14,801</b>	<b>238</b>
<b>Interest-bearing liabilities</b>	<b>-</b>	<b>-</b>
Deferred tax liability	91	65
Other current liabilities	4,747	18
<b>Total current liabilities</b>	<b>4,747</b>	<b>83</b>
<b>Non-current assets</b>		
Goodwill	8,436	
Intangible assets relating to PPA	9,952	
Other non-current asset	45,956	994
Deferred tax asset	3,393	
<b>Total non-current assets</b>	<b>67,737</b>	<b>994</b>
<b>Interest bearing liabilities</b>	<b>40,500</b>	<b>958</b>
Deferred tax liability	4,778	
<b>Total non-current liabilities</b>	<b>45,278</b>	<b>958</b>
<b>Net assets</b>	<b>32,512</b>	<b>191</b>

Fortrent has commitments amounting to EUR 0,4 million.

### 30. RELATED PARTY TRANSACTIONS

EUR 1,000	2013	2012
<b>Executive remuneration</b>		
<b>Compensation to President and CEO</b>		
Salaries, bonuses and fringe benefits	642	553
Post-employment benefits	84	84
Share-based payments	250	295
<b>Total</b>	<b>976</b>	<b>932</b>
<b>Compensation to the Group management team</b>		
Salaries, bonuses and fringe benefits	1,523	1,783
Post-employment benefits	14	16
Share-based payments	632	1,090
<b>Total</b>	<b>2,168</b>	<b>2,889</b>
<b>Total compensation to President and CEO and other Group management</b>	<b>3,144</b>	<b>3,821</b>

The value of share-based payments represents the IFRS 2 expense of the stock options and performance share plan granted to the President and CEO and other Group management.

The retirement age for the President and CEO is 63 years. In addition to the statutory pension system, Cramo offers a voluntary pension insurance for the President and CEO and one of the Group management team members. The notice period of the President and CEO's service contract is 6 months, during which time he receives a full salary. In case that the contract is terminated by the employer, there can additionally be a severance payment of 18 months salary.

EUR 1,000	Fortrent	Fellesutleie AS
Summarised statement of comprehensive income	2013*	2012
<b>Revenue</b>	<b>42,535</b>	<b>380</b>
Materials and services	-11,695	
Other expenses	-16,149	-257
Depreciation	-10,239	
<b>EBITA</b>	<b>4,452</b>	<b>159</b>
Amortisation	-972	
Interest expense	-1,056	
Other financial expenses	-279	-40
<b>EBT</b>	<b>2,146</b>	<b>131</b>
Income taxes	-1,015	-34
<b>Profit for the year</b>	<b>1,131</b>	<b>87</b>
Other comprehensive income	-8,772	
<b>Total comprehensive income</b>	<b>-7,641</b>	<b>87</b>

\* Reporting period 1 March 2013–31 December 2013

EUR 1,000	2013	2012
<b>Compensation to Board members</b>		
Stig Gustavson	73	73
Helene Biström	38	38
Eino Halonen	49	48
Victor Hartwall	39	38
Jari Lainio	38	38
Esko Mäkelä	39	38
Erkki Stenberg	37	
Peter Therman	1	
Tom von Weymarn	2	
J.T. Bergqvist	1	38
<b>Total</b>	<b>317</b>	<b>311</b>

An amount of EUR 145 (127) thousand of the Board fees has been paid in the form of Cramo shares.

#### Related party transactions

Tatu Hauhio, Executive Vice President, Eastern Europe, and Managing Director, Cramo Finland is a joint-owner of Kiinteistö Oy Hosionrinne, to which Cramo paid real estate rents amounting to EUR 1,694 (1,690) thousand in 2013.

#### Loans to related parties

EUR 1,000	2013	2012
<b>Loans to joint ventures</b>		
<b>1 Jan</b>		
Loans granted during the period	20,250	
Amortisations during the period		
Accrued interest	475	
Paid interest	-475	
<b>31 Dec</b>	<b>20,250</b>	

Cramo Plc has granted a loan to its joint venture Fortrent in 2013.

## 31. BUSINESS COMBINATIONS

### BUSINESS COMBINATIONS 2013

Cramo's Norwegian subsidiary Cramo AS acquired 1 February 2013 rental assets of Lambertsson AS and Kranpunkten AS. At the same time Cramo AS made a long-term rental agreement with Peab in Norway.

In 2013 the acquired business increased Group sales by approximately EUR 11 million. The Group sales would have increased EUR 1.2 million and EBITA would have been same, if the acquisition had been completed 1 January 2013.

Total consideration includes EUR 4.0 million contingent consideration, which is paid based on three years' sales development after acquisition. In 2013 contingent consideration has been reversed EUR 1.3 million, which is shown in other operating income.

The acquisition values have been converted to euros by using the exchange rates prevailing at the acquisition date. The total translation differences compared with the year-end rates amount to negative EUR 2.3 million as Norwegian krona has weakened against euro during the year.

EUR 1,000	2013
<b>Consideration</b>	
Cash	16,834
Contingent consideration	4,035
<b>Total consideration</b>	<b>20,869</b>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	
<b>Identifiable assets</b>	
Customer relationships	2,696
Tangible assets	17,086
Inventories	260
<b>Total identifiable assets</b>	<b>20,043</b>
<b>Assumed liabilities</b>	
Other liabilities	269
<b>Total liabilities assumed</b>	<b>269</b>
<b>Total identifiable net assets</b>	<b>19,774</b>
<b>Goodwill</b>	<b>1,095</b>

### BUSINESS COMBINATIONS 2012

Cramo Sverige AB acquired 1 July 2012 rental assets and brand of Maskincity i Oskarshamn AB.

In 2012 the acquired business increased Group sales by EUR 0.4 million. The Group sales would have increased EUR 0.4 million and EBITA by EUR 0.1 million, if the acquisition had been completed 1 January 2012.

The acquisition values have been converted to euros by using the exchange rates prevailing at the acquisition date. The translation differences compared with the year-end rates amount to EUR 18 thousand.

EUR 1,000	2012
<b>Consideration</b>	
Cash	798
<b>Total consideration</b>	<b>798</b>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	
<b>Identifiable assets</b>	
Depot network	228
Tangible assets	570
<b>Total identifiable assets</b>	<b>798</b>
<b>Total liabilities assumed</b>	<b>-</b>
<b>Total identifiable net assets</b>	<b>798</b>
<b>Goodwill</b>	<b>-</b>

## 32. BALANCE SHEET TRANSFERRED TO JOINT VENTURE

EUR 1,000	31 Dec 2013		31 Dec 2013
<b>ASSETS</b>		<b>LIABILITIES</b>	
<b>Non-current assets</b>		<b>Non-current liabilities</b>	
Tangible assets	20,813	Deferred tax liabilities	535
Intangible assets	326		
Deferred tax assets	1,103		
<b>Total non-current assets</b>	<b>22,242</b>	<b>Total non-current liabilities</b>	<b>535</b>
<b>Current assets</b>		<b>Current liabilities</b>	
Inventories	1,078	Trade and other payables	2,439
Trade and other receivables	5,059		
Income tax receivables	7		
Cash and cash equivalents	2,005		
<b>Total current assets</b>	<b>8,149</b>	<b>Total current liabilities</b>	<b>2,439</b>
<b>TOTAL ASSETS</b>	<b>30,392</b>	<b>TOTAL LIABILITIES</b>	<b>2,974</b>
<b>In addition to those transferable business includes:</b>			
Group liabilities	20,168		
Translation differences	-1,789		

### 33. RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations as presented in the balance sheet as follows:

EUR 1,000	2013	2012
<b>Liabilities in the balance sheet</b>		
Defined pension benefits	1,601	1,574
Other long-term employee benefits	43	
<b>Total</b>	<b>1,644</b>	<b>1,574</b>
<b>Assets in the balance sheet</b>		
Defined pension benefits (see note 9)	90	
<b>Total</b>	<b>90</b>	

The Group operates a number of retirement benefit plans in accordance with local conditions and practises in the countries in which it operates. Most of the retirement benefit plans are defined contribution plans. Currently there are two retirement benefit plans in Germany and Sweden that are classified as defined benefit plans.

The defined benefit plan in Germany was transferred to the Group as part of Theisen acquisition. The pension obligations are directly at the Group's own responsibility and there are no funded assets. The plan applies to already retired former employees of Theisen Group.

The defined benefit plan in Sweden applies to retired former employees. The plan is funded.

The amounts recognised in the balance sheet are determined as follows:

EUR 1,000	2013	2012
Present value of funded obligations	1,181	
Fair value of plan assets	-1,271	
Excess of funded plans	-90	
Present value of unfunded obligations	1,601	1,574
<b>Total deficit of defined benefit plans</b>	<b>1,511</b>	<b>1,574</b>

Defined benefit obligation has changed during the period as follows:

EUR 1,000	2013	2012
<b>Net book value at 1 Jan</b>	<b>1,574</b>	<b>1,448</b>
Additions	-90	
Benefits paid	-145	-150
Interest cost	47	67
Remeasurements	125	209
<b>Net book value at 31 Dec</b>	<b>1,511</b>	<b>1,574</b>

Expense in the income statement has been defined as follows:

EUR 1,000	2013	Restated 2012
Financial expenses	47	67
<b>Total</b>	<b>47</b>	<b>67</b>

Remeasurements charged (+) or credited (-) to equity in other comprehensive income as follows:

EUR 1,000	2013	Restated 2012
<b>Remeasurements</b>		
Gain (-) / Loss (+) from change in financial assumptions	-27	215
Experience gains (-) / losses (+)	152	-6
<b>Total</b>	<b>125</b>	<b>209</b>

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

%	2013	2012
Discount rate	3.30	3.10
Expected salary increase rate	0.00	0.00
Expected pension increase rate	2.00	2.00

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is

	Change in assumption	Effect of increase in assumption on the obligation	Effect of decrease in assumption on the obligation
Discount rate	0.50%	Decrease by 4.0%	Increase by 4.3%
Pension growth rate	1.00%	Increase by 2.8%	Decrease by 2.7%
Life expectancy	1 year	Increase by 6.4%	Decrease by 6.6%

Expected maturity analysis of undiscounted pension benefits:

EUR 1,000	Less than a year	Between 1–2 years	Between 2–5 years	Over 5 years	Total
<b>At 31 Dec 2013</b>					
Pension benefits	142	137	384	1,473	2,136

In Sweden the ITP pension plans operated by Alecta are multi-employer benefit plans. It has not been possible to receive sufficient information for the calculation of obligation and assets by employer from Alecta and due to that the plan has been treated as a defined contribution plan in the financial statements. In addition, the Group has defined benefit plans in Norway which are not significant and those plans are considered to be treated as defined contribution plans.

### 34. EVENTS AFTER BALANCE SHEET DATE

No significant events have occurred after the balance sheet date.

## 35. CALCULATION OF THE KEY FIGURES AND RATIOS

### KEY FIGURES ON FINANCIAL PERFORMANCE:

$$\text{Return on equity, \%} = \frac{\text{Profit for the period}}{\text{Total equity (average)}} \times 100$$

$$\text{Return on investment, \%} = \frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Balance sheet total - non-interest-bearing liabilities (average)}} \times 100$$

$$\text{Equity ratio, \%} = \frac{\text{Total equity}}{\text{Balance sheet total - advance payments received}} \times 100$$

$$\text{Net interest-bearing liabilities} = \text{Interest-bearing liabilities - cash and cash equivalents}$$

$$\text{Gearing, \%} = \frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$$

$$\text{Personnel on average} = \text{The average number of employees at the end of each calendar month during the accounting period, adjusted with the number of part-time employees}$$

### PER-SHARE RATIOS:

$$\text{Earnings per share (EPS)} = \frac{\text{Net income attributable to the shareholders of the parent company}}{\text{Average number of issue-adjusted shares during the period}}$$

$$\text{Shareholders' equity per share} = \frac{\text{Shareholders' equity}}{\text{Number of issue-adjusted shares at the end of the period}}$$

$$\text{Dividend per share} = \frac{\text{Dividend distribution for the period}}{\text{Number of issue-adjusted shares at the end of the period}}$$

$$\text{Dividend per earnings, \%} = \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

$$\text{Effective dividend yield, \%} = \frac{\text{Dividend per share}}{\text{Issue-adjusted closing price at the end of the period}} \times 100$$

$$\text{Price/earnings ratio (P/E)} = \frac{\text{Issue-adjusted closing price at the end of the period}}{\text{Earnings per share}}$$

$$\text{Market capitalisation} = \text{Number of shares at the end of the period} \times \text{closing price at the end of the period}$$

## 36. SHARES AND SHAREHOLDERS

	2013		2012	
	No	EUR 1,000	No	EUR 1,000
Shares	42,844,333	24,835	42,024,675	24,835

All shares are issued, registered and fully paid. Each share entitles the holder to one vote.

### Shareholders

The Group had 9,156 shareholders in the share register as at 31 December 2013.

Major shareholders 31 Dec 2013	Number of shares	%	Voting rights	%
Hartwall Capital Oy Ab	4,491,702	10.48	4,491,702	10.48
Rakennusmestarien Säätiö (Construction engineers' fund)	2,129,422	4.97	2,129,422	4.97
Nordea Nordenfonden	1,251,507	2.92	1,251,507	2.92
Varma Mutual Pension Insurance Company	968,387	2.26	968,387	2.26
Odin Finland	825,518	1.93	825,518	1.93
Fondita Nordic Micro Cap	775,000	1.81	775,000	1.81
Investment Fund Aktia Capital	600,000	1.40	600,000	1.40
OP-Focus Non-UCITS Fund	477,744	1.12	477,744	1.12
OP-Delta Fund	468,605	1.09	468,605	1.09
OP-Finland Value Fund	451,741	1.05	451,741	1.05
Nordea Life Assurance Finland Ltd	403,000	0.94	403,000	0.94
Rakennusmestarit ja -insinöörit AMK RKL ry	391,220	0.91	391,220	0.91
Nordea Nordic Fund	374,142	0.87	374,142	0.87
Savings Bank Finland Fund	348,648	0.81	348,648	0.81
Ilmarinen Mutual Pension Insurance Company	346,931	0.81	346,931	0.81
OP-Finland Small Firms Fund	289,325	0.68	289,325	0.68
Investment Fund Taaleritehdas Arvo Markka Osake	245,000	0.57	245,000	0.57
Mariatorp Oy	225,000	0.53	225,000	0.53
Wipunen Varainhallinta Oy	225,000	0.53	225,000	0.53
K. Hartwall Invest Oy	200,000	0.47	200,000	0.47
SEB Finlandia Fund	180,100	0.42	180,100	0.42
Helsingin Rakennusmestarit ja -insinöörit AMK ry	173,973	0.41	173,973	0.41
Lindström Kim	161,030	0.38	161,030	0.38
Investment Fund Aktia Nordic	150,000	0.35	150,000	0.35
Mutual Insurance Company Pension-Fennia	145,000	0.34	145,000	0.34
Other	11,000,868	25.68	11,000,868	25.68
Nominee registered	15,537,301	36.26	15,537,301	36.26
<b>Transferred to book-entry securities system total</b>	<b>42,836,164</b>	<b>99.98</b>	<b>42,836,164</b>	<b>99.98</b>
<b>Not transferred to book-entry securities system total</b>	<b>8,169</b>	<b>0.02</b>	<b>8,169</b>	<b>0.02</b>
<b>Total</b>	<b>42,844,333</b>	<b>100.00</b>	<b>42,844,333</b>	<b>100.00</b>



**Distribution of shareholding by size range 31 Dec 2013**

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of share capital
1–100	2,221	24.26	129,365	0.30
101–1000	5,247	57.31	1,997,760	4.66
1001–10 000	1,510	16.49	3,850,308	8.99
10 001–100 000	138	1.51	3,727,683	8.70
100 001–500 000	30	0.33	6,849,068	15.99
500 001–	10	0.11	26,281,980	61.34
<b>Transferred to book-entry securities system total</b>	<b>9,156</b>	<b>100.00</b>	<b>42,836,164</b>	<b>99.98</b>
<b>Not transferred to book-entry securities system total</b>			<b>8,169</b>	<b>0.02</b>
<b>Total</b>			<b>42,844,333</b>	<b>100.00</b>

**Distribution of shareholding by sector 31 Dec 2013**

Shareholding by sector	Number of shares	% of share capital	Number of votes	% of votes
Corporations	7,660,550	17.88	7,660,550	17.88
Financial and insurance corporations	20,573,035	48.02	20,573,035	48.02
General Government	1,488,918	3.48	1,488,918	3.48
Non-profit institutions	3,443,507	8.04	3,443,507	8.04
Households	7,055,280	16.47	7,055,280	16.47
Foreign shareholders	2,614,874	6.10	2,614,874	6.10
<b>Transferred to book-entry securities system total</b>	<b>42,836,164</b>	<b>99.98</b>	<b>42,836,164</b>	<b>99.98</b>
<b>Not transferred to book-entry securities system total</b>	<b>8,169</b>	<b>0.02</b>	<b>8,169</b>	<b>0.02</b>
<b>Total</b>	<b>42,844,333</b>	<b>100.00</b>	<b>42,844,333</b>	<b>100.00</b>

**Shareholding of Board members and CEO of the Group**

On 31 December 2013, the Board members and the President and CEO held, either directly or through companies in which they exercise control, a total of 540,033 Cramo Plc shares, representing 1.26% of the company's shares and votes, and a total of 95,000 stock options.

**Insider guidelines**

Cramo Plc observes the Finnish Corporate Governance Code that entered into force on 1 October 2010. Cramo Plc's insider guidelines are based on the Finnish Securities Markets Act, rules and regulations issued by the Financial Supervision Authority, and the insider guidelines of the stock exchange. Euroclear Finland Ltd maintains an insider register of Cramo Plc's permanent insiders, whose holdings are also available on Cramo Plc's website.

### 37. GROUP COMPANIES

The Group consists of Cramo Plc and the following subsidiaries.

Subsidiaries	Domicile	% of shares	
		Parent company	Group
Cramo A/S	Glostrup	Denmark	100
Cramo AS	Oslo	Norway	100
Cramo AS Estonia	Tallinn	Estonia	100
Cramo Finance NV	Antwerp	Belgium	99.9
Cramo Finland Oy	Vantaa	Finland	63.3
Cramo Holding BV	Amsterdam	Netherlands	100
Cramo Instant AB	Sollentuna	Sweden	100
Cramo JV Oy	Vantaa	Finland	100
Cramo Kaliningrad OOO	Kaliningrad	Russia	100
Cramo New Holding AB	Sollentuna	Sweden	100
Cramo Production Oy	Ylöjärvi	Finland	100
Cramo s.r.o.	Prague	the Czech Republic	100
Cramo SK s.r.o.	Bratislava	Slovakia	100
Cramo AB	Sollentuna	Sweden	100
Cramo UAB	Vilnius	Lithuania	100
Construction Vehicles Karvina s.r.o.	Karvina	the Czech Republic	100
SIA Cramo	Riga	Latvia	100
Suomen Tähtivuokraus Oy	Vantaa	Finland	100
Theisen Baumaschinen AG	Feldkirchen	Germany	100
Cramo Services AB	Sollentuna	Sweden	100
Cramo Dutch Holding BV	Rotterdam	Netherlands	100
Cramo Scaffolding Oy	Kemi	Finland	100
Cramo Sp. z o.o.	Warszawa	Poland	100
Ehitustööriist OÜ	Tallinn	Estonia	100
Mupol Förvaltnings AB	Stockholm	Sweden	100
Theisen Építőipari Munkagép Kölcsönző Kft.	Budapest	Hungary	100
Theisen Mietpark Baumaschinen GmbH	Wien	Austria	100
Theisen Mietpark Baumaschinen KG	Wien	Austria	100

The Group has ownership in the following joint ventures. See more in note 29. Joint ventures.

There are no associated companies in the Group.

Joint ventures	Domicile	% of shares	
		Parent company	Group
Fellesutleie AS	Oslo	Norway	50
Fortrent Oy	Vantaa	Finland	50

# BALANCE SHEET OF THE PARENT COMPANY (FAS)

EUR 1,000	Note	31 Dec 2013	31 Dec 2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	2	666	443
Tangible assets	2	479	518
Investments			
Shares in Group companies	2	343,293	574,574
Shares in other companies	2	119	119
Non-current receivables	3	379,373	92,459
<b>Total non-current assets</b>		<b>723,931</b>	<b>668,113</b>
<b>Current assets</b>			
Current receivables	4	284,483	135,315
Cash and cash equivalents		240	5
<b>Total current assets</b>		<b>284,723</b>	<b>135,320</b>
<b>TOTAL ASSETS</b>		<b>1,008,654</b>	<b>803,434</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		24,835	24,835
Share premium		3,331	3,331
Invested unrestricted equity		133,761	119,693
Retained earnings		18,881	31,800
Profit for the period		18,622	7,308
<b>Total equity</b>	5	<b>199,431</b>	<b>186,967</b>
<b>Appropriations</b>	6	<b>116</b>	<b>60</b>
<b>Provisions</b>	7	<b>314</b>	<b>80</b>
<b>Liabilities</b>			
Non-current liabilities	8	451,535	450,039
Current liabilities	8	357,259	166,289
<b>Total liabilities</b>		<b>808,794</b>	<b>616,328</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,008,654</b>	<b>803,434</b>

# INCOME STATEMENT OF THE PARENT COMPANY (FAS)

EUR 1,000	Note	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
<b>Sales</b>	9	1,102	715
Other operating income	10	323	36
Personnel expenses	11	-3,628	-3,384
Depreciation and impairment	12	-130	-126
Other operating expenses	13	-6,074	-5,135
<b>Operating loss</b>		<b>-8,406</b>	<b>-7,894</b>
Financial income	14	96,624	59,988
Financial expenses	14	-82,424	-80,671
Total financial income and expenses		14,201	-20,683
<b>Profit/Loss before extraordinary items</b>		<b>5,794</b>	<b>-28,577</b>
Extraordinary income	15	13,034	35,886
<b>Profit before appropriations and taxes</b>		<b>18,829</b>	<b>7,309</b>
Appropriations	16	-56	-1
Income taxes	17	-151	
<b>Profit for the year</b>		<b>18,622</b>	<b>7,308</b>

# CASH FLOW STATEMENT OF THE PARENT COMPANY (FAS)

EUR 1,000	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
<b>Cash flow from operating activities</b>		
Profit before taxes	18,829	7,309
Non-cash adjustments		
Depreciation	130	126
Financial income and expenses	-14,201	20,683
Other non-cash corrections	33	81
Extraordinary items	-13,034	-35,886
Operating loss before change in working capital	-8,244	-7,688
Change in working capital <sup>1</sup>	10,507	242
Cash generated from operations	2,263	-7,446
Taxes paid	-151	
Dividends received	56,851	26,761
Interest received	8,511	6,384
Interest and other financial expenses paid	-17,848	-38,018
<b>Net cash flow from operating activities</b>	<b>49,626</b>	<b>-12,319</b>
<b>Cash flow from investing activities</b>		
Investments in tangible and intangible assets	-315	-6
Sale of tangible and intangible assets		15
Acquisition of subsidiaries	-9,346	-15,751
Non-current loans granted	-375,736	
Proceeds from repayments of non-current loans	62,490	
Current loans granted	-70,247	-15,000
Proceeds from repayments of current loans	134,355	6,820
<b>Cash flow used in investing activities</b>	<b>-258,798</b>	<b>-23,922</b>
<b>Cash flow from financing activities</b>		
Proceeds from share options exercise	6,141	3,633
Proceeds from non-current liabilities	218,108	174,449
Payment of non-current liabilities	-211,347	-186,893
Proceeds from current liabilities	322,337	406,732
Payment of current liabilities	-110,322	-356,968
Dividends paid	-17,747	-12,374
<b>Net cash flow from financing activities</b>	<b>207,170</b>	<b>28,579</b>
<b>Change in cash and cash equivalents</b>	<b>-2,003</b>	<b>-7,662</b>
Cash and cash equivalents at beginning of the year	5	7,667
Cash from merger	20	
Exchange rate difference	2,217	
Cash and cash equivalents at year end	240	5
<sup>1</sup> Change in working capital		
Increase (-)/decrease (+) in short-term receivables	14,476	-2,074
Increase (+)/decrease (-) in short-term non-interest bearing liabilities	-3,970	2,316
<b>Total</b>	<b>10,507</b>	<b>242</b>



# PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS (FAS)

## 1. ACCOUNTING PRINCIPLES

### Measurement of tangible assets

Tangible assets are recorded at cost, including fixed manufacturing costs less depreciation according to plan. Maintenance and repair costs are recognised as expenses in the year in which they are incurred.

Depreciation according to plan is calculated, based on Group-wide principles, on a straight-line basis over the expected useful lives of the assets.

### Depreciations according to plan are as follows:

Buildings and structures	20 years
Machinery and equipment	3–6 years
Other tangible assets	10 years
Intangible assets	5 years

### Items denominated in foreign currencies

Assets and liabilities denominated in currencies other than those of the euro zone are translated into euros at the exchange rates prevailing at the date of the transactions. Exchange gains and losses are recognised through profit and loss.

### Appropriations

The accumulated difference between planned and book depreciation is shown under appropriations.

### Deferred taxes

Deferred tax liabilities and assets are not entered into the company's balance sheet. Deferred tax liabilities and assets significant to the company are disclosed in the notes.

### Revenue and revenue recognition

Revenue consists of service charges to subsidiaries. Sales are recognised on an accrual basis. In calculating revenue, sales are recorded net of indirect taxes, discounts and rebates.

### Other operating income

Other operating income includes, among other things, rental income and contributions received as well as gain/loss from mergers. Other operating income is recognised on an accrual basis.

### Pension schemes

Pensions are accounted as expense for the period they incurred. There are no uncovered pension liabilities. The pension scheme is based on pension insurance in compliance with the Employees' Pensions Act and the Employment Pensions Fund. The contractual retirement age for the President and CEO is 63 years.

### Extraordinary items

Extraordinary items include income and expenses which are based on material and non-frequent transactions departing from ordinary business or changes of accounting policies as well as received and given Group contributions.

### Valuation of financial derivative instruments

Financial instruments are measured according to Accounting Act 5:2§, at the lower of acquisition cost and net realisable value.

### Income taxes

Income taxes for the financial year and the previous financial years are recognised through taxes in profit and loss.

## 2. NON-CURRENT ASSETS

TANGIBLE ASSETS EUR 1,000	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Total tangible assets
Acquisition cost at 1 Jan 2013	339	40	264	191	834
Additions			4		4
Acquisition cost at 31 Dec 2013	339	40	268	191	838
Accumulated depreciation		-30	-115	-171	-316
Depreciation for the financial year 2013		-5	-38		-43
Net book value at 31 Dec 2013	339	5	115	20	479
Acquisition cost at 1 Jan 2012	339	40	262	719	1,360
Additions			2		2
Reclassification between FA type				-528	-528
Acquisition cost at 31 Dec 2012	339	40	264	191	834
Accumulated depreciation		-25	-77	-171	-272
Depreciation for the financial year 2012		-5	-38		-43
Net book value at 31 Dec 2012	339	10	149	20	518

INTANGIBLE ASSETS			
EUR 1,000	Intangible rights	Other capitalised longterm expenditure	Total intangible assets
<b>Acquisition cost at 1 Jan 2013</b>	<b>81</b>	<b>513</b>	<b>594</b>
Additions	258	52	310
Acquisition cost at 31 Dec 2013	340	565	905
Accumulated depreciation	-77	-75	-152
Depreciation for the financial year 2013	-11	-76	-87
<b>Net book value at 31 Dec 2013</b>	<b>252</b>	<b>414</b>	<b>666</b>
<b>Acquisition cost at 1 Jan 2012</b>	<b>77</b>		<b>77</b>
Additions	4		4
Disposals		-15	-15
Reclassification between FA type		528	528
Acquisition cost at 31 Dec 2012	81	513	594
Accumulated depreciation	-69		-69
Depreciation for the financial year 2012	-8	-75	-83
<b>Net book value at 31 Dec 2012</b>	<b>4</b>	<b>438</b>	<b>443</b>

#### ACCUMULATED DEPRECIATION DIFFERENCE EUR 1,000

##### Machinery and equipment

Accumulated difference in total depreciation and depreciation according to plan at 1 Jan.

Increase in accumulated depreciation difference for the period of 1 Jan–31 Dec.

Accumulated difference in total depreciation and depreciation according to plan at 31 Dec.

	2013	2012
	60	58
	56	1
	116	60

Change in depreciation difference of machinery and equipment 1 January–31 December includes depreciation difference received through mergers.

### 3. NON-CURRENT RECEIVABLES

EUR 1,000	2013	2012
<b>From Group companies</b>		
Loan receivables*	357,137	89,599
<b>From others</b>		
Loan receivables**	20,250	
Prepaid expenses and accrued income	1,986	2,861
<b>Total</b>	<b>379,373</b>	<b>92,459</b>

### 4. CURRENT RECEIVABLES

EUR 1,000	2013	2012
<b>From Group companies</b>		
Loan receivables	49,316	117,768
Accounts receivables	409	478
Prepaid expenses and accrued income*	226,476	15,713
<b>From others</b>		
Accounts receivables	109	0
Other receivables	8,015	267
Prepaid expenses and accrued income	158	1,089
<b>Total</b>	<b>284,483</b>	<b>135,315</b>
<b>Prepaid expenses and accrued income</b>		
<b>From Group companies</b>		
Accrued interest	562	780
Other prepaid expenses and accrued income*	225,914	14,933
<b>From others</b>		
Prepaid taxes	10	6
Other prepaid expenses and accrued income	149	1,083
<b>Total</b>	<b>226,634</b>	<b>16,802</b>

\* Cramo Plc has decided to centralise all of the Group's Treasury functions with the parent company and gradually unwind Cramo Finance NV's operations. Cramo Plc is responsible for the financing of subsidiaries from 1 October 2013. In addition Cramo Plc decided to reduce the Cramo Finance NV's restricted equity by EUR 223,557 thousands. Return of equity is recognised as a receivable at balance sheet date.

\*\* Loan receivable from joint venture Fortrent Oy. For joint venture, see consolidated financial statement in note 29.

INVESTMENTS	Shares in Group companies	Shares in other companies	Total investments
EUR 1,000			
<b>Acquisition cost at 1 Jan 2013</b>	<b>574,574</b>	<b>119</b>	<b>574,693</b>
Additions	14,709		14,709
Disposals	-223,633		-223,633
Impairment	-22,356		-22,356
<b>Net book value at 31 Dec 2013</b>	<b>343,293</b>	<b>119</b>	<b>343,413</b>
<b>Acquisition cost at 1 Jan 2012</b>	<b>584,206</b>	<b>119</b>	<b>584,325</b>
Additions	17,256		17,256
Disposals	-1,650		-1,650
Impairment	-25,238		-25,238
<b>Net book value at 31 Dec 2012</b>	<b>574,574</b>	<b>119</b>	<b>574,693</b>

For shares and shareholdings, see consolidated financial statements in note 37.

### 5. EQUITY

EUR 1,000	2013	2012
Share capital at 1 Jan/31 Dec	24,835	24,835
Share premium fund at 1 Jan/31 Dec	3,331	3,331
Invested unrestricted equity at 1 Jan	119,693	116,043
Exercise of share options, option program 2006C	3,369	3,650
Exercise of share options, option program 2009	10,700	
<b>Invested unrestricted equity at 31 Dec</b>	<b>133,761</b>	<b>119,693</b>
Retained earnings at 1 Jan	39,108	44,174
Own shares received in subsidiary merger	-2,480	
Dividend distribution	-17,747	-12,374
<b>Retained earnings at 31 Dec</b>	<b>18,881</b>	<b>31,800</b>
Profit for the year	18,622	7,308
<b>Total equity</b>	<b>199,431</b>	<b>186,967</b>
<b>Distributable funds</b>		
Retained earnings at 31 Dec	18,881	31,800
Profit for the year	18,622	7,308
Invested unrestricted equity	133,761	119,693
<b>Total</b>	<b>171,265</b>	<b>158,801</b>

SHARE CAPITAL	2013 No.	EUR	2012 No.	EUR
Share capital	42,844,333	24,834,753.09	42,024,675	24,834,753.09

#### Option rights

Details about current option programmes and incentive schemes are disclosed in the consolidated financial statements, note 28.

### 6. APPROPRIATIONS

EUR 1,000	2013	2012
Accumulated depreciation difference	116	60

## 7. PROVISIONS

EUR 1,000	2013	2012
Other provisions	314	80

Other provisions include the cash reward of the share plans payable during the financial periods 2015–2016 and the related social costs.

## 8. LIABILITIES

EUR 1,000	2013	2012
<b>Non-current liabilities</b>		
Hybrid bond		50,000
Bonds	100,000	100,000
Loans from credit institutions	141,000	125,000
Loans from group companies	210,535	175,039
<b>Total</b>	<b>451,535</b>	<b>450,039</b>
<b>Current liabilities</b>		
<b>To Group companies</b>		
Liabilities to Group companies*	250,511	93,929
Accounts payables	139	409
Accrued liabilities and deferred income	12,589	8,460
<b>Total</b>	<b>263,239</b>	<b>102,797</b>
<b>To others</b>		
Loans from credit institutions	12,723	4,495
Accounts payables	243	437
Accrued liabilities and deferred income	5,130	1,704
Commercial papers	75,804	56,646
Other current liabilities	121	209
<b>Total</b>	<b>94,020</b>	<b>63,492</b>
<b>Total current liabilities</b>	<b>357,259</b>	<b>166,289</b>
<b>Total liabilities</b>	<b>808,794</b>	<b>616,328</b>
<b>NON-INTEREST BEARING AND INTEREST BEARING LIABILITIES</b>		
<b>Non-current</b>		
Interest bearing	451,535	450,039
<b>Total</b>	<b>451,535</b>	<b>450,039</b>
<b>Current</b>		
Interest bearing	339,038	155,070
Non-interest bearing	18,222	11,219
<b>Total</b>	<b>357,259</b>	<b>166,289</b>
<b>ACCRUED LIABILITIES AND DEFERRED INCOME</b>		
<b>To Group companies</b>		
Interest expenses	4,989	5,083
Other accruals	7,600	3,376
<b>Total</b>	<b>12,589</b>	<b>8,460</b>
<b>To others</b>		
Interest expenses	4,063	821
Personnel expenses	812	829
Other accruals	254	54
<b>Total</b>	<b>5,130</b>	<b>1,704</b>
<b>Total</b>	<b>17,719</b>	<b>10,163</b>

\* Cramo Plc has decided to centralise all of the Group's Treasury functions with the parent company and gradually unwind Cramo Finance NV's operations. Cramo Plc is responsible for the financing of subsidiaries from 1 October 2013. Due to the refinancing of intra group loans, Cramo Plc has a liability to Cramo Finance NV.

### NON-CURRENT LIABILITIES, MATURITY < 5 YEARS

Bonds	100,000
-------	---------

## 9. SALES BY GEOGRAPHICAL SEGMENTS

EUR 1,000	2013	2012
<b>Service Charges</b>		
Finland	321	116
Sweden	347	260
Norway	105	29
Denmark	101	8
Central Europe	105	9
Eastern Europe	124	294
<b>Total</b>	<b>1,102</b>	<b>715</b>

## 10. OTHER OPERATING INCOME

EUR 1,000	2013	2012
Rental of premises	23	22
Merger gain	203	
Other	97	14
<b>Total</b>	<b>323</b>	<b>36</b>

## 11. PERSONNEL EXPENSES

EUR 1,000	2013	2012
Wages and salaries	-2,905	-2,600
Pensions	-591	-422
Other statutory employer contributions	-132	-362
<b>Total</b>	<b>-3,628</b>	<b>-3,384</b>
<b>Average number of personnel</b>		
Clerical personnel	24	22
<b>Executive remuneration</b>		
Wages and salaries with fringe benefits		
President and CEO	-642	-553
Management team	-499	-552
Board members	-317	-311
<b>Total</b>	<b>-1,458</b>	<b>-1,417</b>

## 12. DEPRECIATION AND IMPAIRMENT

EUR 1,000	2013	2012
Depreciation according to plan on intangible assets	-87	-83
Depreciation according to plan on tangible assets	-43	-43
<b>Total</b>	<b>-130</b>	<b>-126</b>

## 13. OTHER OPERATING EXPENSES

EUR 1,000	2013	2012
Premises expenses	-307	-331
Investor relations	-410	-463
Expert services	-2,765	-876
Intra-Group services	-1,411	-1,841
Other administrative expenses	-1,180	-1,624
<b>Total</b>	<b>-6,074</b>	<b>-5,135</b>
<b>Audit fees</b>		
Authorised Public Accountants Ernst&Young Oy		
Audit fees	-139	-65
Tax consultation	-98	-143
Other services	-38	-55
<b>Total</b>	<b>-276</b>	<b>-263</b>

#### 14. NET FINANCIAL ITEMS

EUR 1,000	2013	2012
<b>Dividend income</b>		
From Group companies	56,851	26,761
From others	0	0
<b>Total dividend income</b>	<b>56,851</b>	<b>26,761</b>
<b>Interest income</b>		
From Group companies	8,861	11,070
From others	480	25
<b>Total interest income</b>	<b>9,341</b>	<b>11,095</b>
<b>Interest expenses</b>		
To Group companies	-7,666	-8,398
To others	-18,370	-22,252
<b>Total interest expenses</b>	<b>-26,036</b>	<b>-30,649</b>
<b>Other financial expenses</b>		
Impairment on non-current investments	-22,356	-25,238
Other financial expenses	-1,696	-2,184
<b>Total financial expenses</b>	<b>-24,052</b>	<b>-27,422</b>
<b>Exchange gains and losses</b>		
To Group companies	-11,320	6,454
To others	9,416	-6,922
<b>Total exchange gains and losses</b>	<b>-1,903</b>	<b>-468</b>
<b>Net financial items</b>	<b>14,201</b>	<b>-20,683</b>

#### 15. EXTRAORDINARY ITEMS

EUR 1,000	2013	2012
Group contributions received	13,034	36,030
Monetary contribution given to subsidiary		-145
<b>Total extraordinary items</b>	<b>13,034</b>	<b>35,886</b>

#### 16. APPROPRIATIONS

EUR 1,000	2013	2012
<b>Depreciation difference, increase (-)/ decrease (+):</b>		
Intangible assets	-32	0
Machinery and equipment	-24	-1
<b>Total</b>	<b>-56</b>	<b>-1</b>

#### 17. INCOME TAXES

EUR 1,000	2013	2012
Current tax	3,193	8,827
Taxes on extraordinary income	-3,193	-8,827
Tax from previous financial periods	-151	
<b>Total</b>	<b>-151</b>	

#### 18. COLLATERALS AND CONTINGENT LIABILITIES

EUR 1,000	2013	2012
<b>COLLATERALS GIVEN</b>		
Collaterals given on behalf of the Group companies		
Guarantees given	16,082	26,806
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>Leasing liabilities</b>		
Leasing liabilities in the following year	100	119
Subsequent leasing liabilities	117	140
Leasing liabilities are 3–4 year contracts without redemption clauses.		
<b>Rental liabilities</b>		
Rental liabilities in the following year	1,788	1,777
Subsequent rental liabilities	5,961	7,696
Rental liabilities of business premises are 10-year contracts without redemption clauses.		
<b>Investment commitments</b>		
Investment commitments in the following year	1,054	1,500
Subsequent investment commitments		1,275
<b>OTHER OFF-BALANCE SHEET FINANCIAL COMMITMENTS</b>		
Accrued interest of Hybrid bond		4,027

Hybrid bond is presented in consolidated financial statements, see note 18.

#### 19. INTEREST RATE AND CURRENCY DERIVATIVES

EUR 1,000	2013		2012	
	Notional value	Fair value	Notional value	Fair value
<b>INTEREST RATE DERIVATIVES</b>				
Interest rate swap	91,000	-6,001	91,000	-8,861
Negative fair value		-6,001		-8,861
<b>CURRENCY DERIVATIVES</b>				
Forward contracts	107,349	1,632	184,809	-956
Positive fair value		2,053		303
Negative fair value		-421		-1,259

Financial derivative instruments of parent company which are valid at the closing date, will mature during financial years 2014–2019.

Financial derivative instruments consist of interest rate derivatives and currency derivatives. The forward exchange agreements designate as hedges of cash flow changes in foreign currency. Interest rate swaps are recognised under hedge accounting. The effects of hedge instruments are recognised in the income statement as an adjustment to interest expenses which are based on the hedged item.

#### 20. DEFERRED TAXES

EUR 1,000	2013	2012
Deferred tax asset from negative depreciation provisions	4	4
Deferred tax asset on tax losses carried forward	6,411	4,446
	<b>6,415</b>	<b>4,450</b>
Deferred tax liability from depreciation difference	-23	-15
Deferred tax liability from provisions	-63	-20
	<b>-86</b>	<b>-34</b>
<b>Total</b>	<b>6,329</b>	<b>4,416</b>

Deferred tax assets and liabilities are not included in the balance sheet.

# SIGNATURES

Vantaa, 11 February 2014

*Stig Gustavson*

*Eino Halonen*

*Erkki Stenberg*

*Helene Biström*

*Victor Hartwall*

*Jari Lainio*

*Esko Mäkelä*

*Vesa Koivula*  
*President and CEO*

## AUDITOR'S REPORT

### TO THE ANNUAL GENERAL MEETING OF CRAMO PLC

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Cramo PLC for the financial period 1.1.–31.12.2013. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

### RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE PRESIDENT AND CEO

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the President and CEO shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on

the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the President and CEO are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

### OPINION ON THE COMPANY'S FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

### OTHER OPINIONS

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the members of the Board of Directors of the parent company and the President and CEO should be discharged from the liability for the financial period audited by us.

Vantaa, 14 February 2014

Ernst & Young Oy  
Authorized Public Accountant Firm

*Erkka Talvinko*  
Authorized Public Accountant



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How we take care of **our shareholders**

# UP-TO-DATE INFORMATION FOR EVERYONE

Cramo's investor relations seek to support the correct valuation of the company's share by providing capital markets with current information about the company's business, strategy and financial position. In its investor communications, Cramo follows the principle of impartiality and publishes all investor information including its annual report on its website in Finnish and English.

Cramo observes a three-week silent period prior to the publication of its results. At other times, we are happy to answer the enquiries of analysts and investors by phone or email, or at the investor meetings arranged.

## ANNUAL GENERAL MEETING

**Time:** Tuesday, 1 April 2014  
at 10.00 am (EET)

**Venue:** Finlandia Hall

**Address:** Mannerheimintie 13 e,  
Congress Wing, Hall A, Helsinki, Finland.  
Admission of registered shareholders  
begins at 9.00 am

Shareholders who wish to attend the AGM must be registered on 20 March 2014 in the company's shareholders' register held by Euroclear Finland Ltd. Shareholders must also give prior notice of their attendance to the company by 27 March 2014 at 6.00 pm. Such notice can be given:

- on the company website:  
[www.cramo.com](http://www.cramo.com)
- by phone +358 10 661 1242  
(Mon–Fri 8.00 am–6.00 pm)
- by fax to +358 10 661 1298
- in writing to Cramo Plc,  
"Annual General Meeting",  
Kalliosolantie 2, FI-01740 Vantaa,  
Finland

Any proxy documents should be delivered as originals prior to the final date for registration. If a shareholder wishes to bring up a matter for consideration by the Annual General Meeting, they must present the matter in writing to the Board of Directors at the latest four weeks prior to the publication of the notice in order for the matter to be included in the notice convening the meeting.

## DIVIDEND PAYMENT

In accordance with the company's profit distribution policy, the Board proposes a dividend of EUR 0.60 per share for the financial year 2013, representing 59.3% of reported earnings per share. A dividend of EUR 0.42 was paid for the financial year 2012, representing 45.1% of reported earnings per share.

## ANALYST RESEARCH

According to the information available to the company, analysts in the service of at least the following banks and brokerage firms have made investment analyses of Cramo in 2013: ABG Sundal Collier, Carnegie, Danske Markets, Evli Bank Plc, Handelsbanken Capital Markets, Inderes, Nordea Markets, Pareto Securities Oy, Pohjola Bank plc and SEB Enskilda Equities. Cramo takes no responsibility for the opinions expressed.

## CHANGE OF ADDRESS

If your address or account number for dividend payment changes, we ask that you send written notification of this to the particular register holding your book entry account.

### If you have any questions, please contact

Vesa Koivula, President and CEO  
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Merja Naumanen, IR Communication Officer  
tel: +358 10 661 1211  
email: [merja.naumanen@cramo.com](mailto:merja.naumanen@cramo.com)

### Financial documents can be obtained from Cramo Plc

Kalliosolantie 2, FI-01740 Vantaa, Finland  
tel: +358 10 661 1211  
email: [investor.relations@cramo.com](mailto:investor.relations@cramo.com)

### Investor information:

■ [www.cramo.com](http://www.cramo.com) ► Investors

Releases for 2013:

■ [www.cramo.com](http://www.cramo.com) ► Investors ► Releases

Annual report,  
electronic version

Week 10  
2014

1 April  
2014

Annual General  
Meeting

Interim report for  
January–March

8 May  
2014

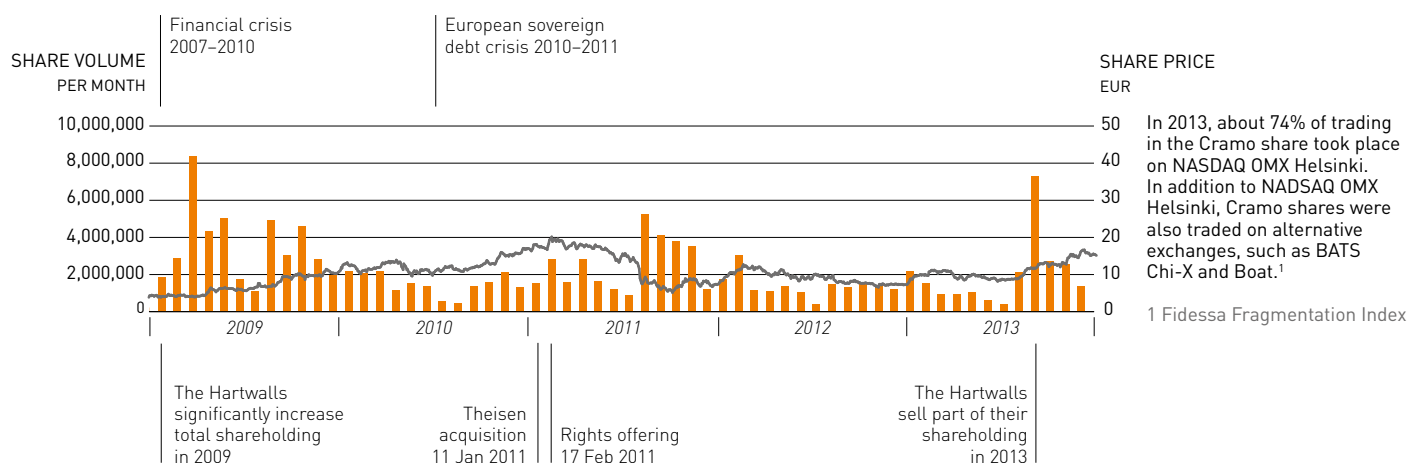
6 August  
2014

Interim report for  
January–June

Interim report for  
January–September

29 October  
2014

## CRAMO SHARE PRICE TREND AND TRADING VOLUME



### SHARE INFORMATION

- Listed at the NASDAQ OMX Helsinki Ltd
- List: Nordic Mid Cap
- Trading code: CRA1V
- ISIN code: FI0009900476
- Sector: Industrials
- Industry: Trading Companies & Distributors
- Number of shares 31 December 2013: 42,844,333
- Listing date: 1 August 1988

2006C option programme, the number of Cramo shares increased by 546,038 new shares in 2013. As a result of the 2009 option programme, the number of Cramo shares increased by 273,620 new shares. In the fourth quarter, 782,626 new shares were subscribed based on the 2009 option programme. These shares were registered in the Finnish Trade Register on 17 January 2014. The subscription prices have been reported under the invested unrestricted equity fund. ▶ Pages 41–42 and 88–91.

### SHAREHOLDERS

Cramo had 9,096 shareholders as of 1 January 2013 and 9,156 as of 31 December 2013. ▶ The largest shareholders, page 95. Shares held by the management team: [www.cramo.com](http://www.cramo.com)  
▶ Investors ▶ Share ▶ Insiders

### MANAGEMENT AND EMPLOYEE INTEREST ON 31 DECEMBER 2013

At year-end, the members of the Board of Directors, the President and CEO and other members of the Cramo management team and their interested parties held a total of 617,817 Cramo Plc shares (2,771,805 in 2012), representing about 1.44% (6.60) of the total shares and voting rights in the company.

At year-end, as a result of the first phase of the One Cramo Share Plan, employees held a total of 59,081 Cramo Plc shares (0 in 2012), representing about 0.14% (0) of the total shares and voting rights in the company.

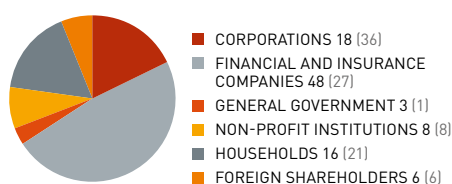
### VALID BOARD AUTHORISATIONS

▶ Board of Directors' report, pages 51–56.

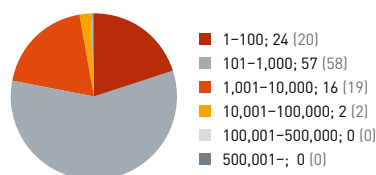
### CHANGES IN SHARE CAPITAL

As a result of share subscriptions based on stock options 2006C and 2009, the number of Cramo Plc's shares increased by 819,658 to 42,844,333 shares in 2013. Based on the subscriptions with the

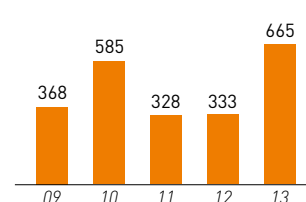
SHAREHOLDING BY SECTOR  
31 DECEMBER 2013 [2012] % OF SHARES



SHAREHOLDING BY SIZE  
31 DECEMBER 2013 [2012] %



MARKET CAPITALISATION ON NASDAQ  
OMX HELSINKI 2009–2013 MEUR



a GREAT DAY AT WORK means

## WE ARE COMMITTED TO DEVELOPMENT

Businesses are evolving. Our best efforts come from understanding our customer's everyday situations as well as they themselves do. We keep an open mind and are thus able to continuously create new business models and offerings to keep our customers ahead of the changing competition. We want to be the role model for all rental.

### TURNKEY ONE CALL AWAY

We have developed turnkey modular space solutions, from designing facilities and completing the building permit process to assembling the modules at the customer's site.

### ADAPTIVE TO EVERY NEED

Our modular space solutions allow your premises to adjust flexibly to your requirements and contract or expand based on your needs. The modules can be built free-standing or connected to existing buildings on one, two or more floors.



## TEMPORARY PREMISES FAST

Our modular space solutions provide you with the perfect functional temporary space solution quickly, whether you need space for an office, school, daycare centre or other application. If the ground is hardened and electricity, water and sewage are in place, ready-to-use premises are available with a very short lead time from order to delivery without sacrificing standards, comfort or the environment.

## ENERGY EFFICIENCY

Our green modular space solutions enable you to reduce greenhouse gas emissions by up to 70%. Solutions are heated using environmentally responsible heat sources such as waterborne floor and ceiling heating. Modules are well insulated with carbon-controlled ventilation and can be fitted with solar panels. Heat loss levels meet the requirements for low-energy buildings.

## INNOVATIVE SOLUTIONS

One example of our innovativeness is our C40 RED modules, developed specifically to comply with new requirements and needs in the Danish modular markets. Their design is more stylish and they meet the most stringent fire safety regulations. Modules can be used to create three-storey buildings.

## NEW MODULAR SPACE SOLUTIONS

We continue to improve and develop our new modular space solutions with structures that fully comply with new, more stringent energy requirements.



# WANT A GREAT DAY AT WORK? RENT FROM CRAMO

## You can

- 1. Get rental items for every possible need.**  
Cramo offers the widest rental assortment in the market.
- 2. Be sure of reliable delivery.**  
With over 200,000 pieces of modern, high quality equipment, we ensure a high level of delivery.
- 3. Reach us when you need to.**  
With close to 360 strategically positioned depots and by serving in 15 countries, we are always within easy reach when needed.
- 4. Have a true partner.**  
A long history and strong tradition ensure access to the collective competences of 2,500 professionals with Cramo spirit – a passion to serve.
- 5. Trust in the high quality, safety and environmental friendliness of our products and services.**  
We are the frontrunner in the industry, with ISO certification for quality and environment in the Nordic countries as well as for the work environment in Finland and Sweden.
- 6. Keep ahead of the changing competition.**  
We are committed to development and strive to create new business models and offerings to improve your operations.

**Have a great day at work – contact us!**



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Tel +358 10 661 10

**GROUP OPERATIONAL CENTRE**  
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Sweden  
Tel +46 8 623 5400

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Ukraine  
Tel +3 8044 495 83 15  
[www.fortrent.net](http://www.fortrent.net)