

Konecranes Q4 2024

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Kiira: Good morning everyone and welcome to the Konecranes earnings conference. We reported our Q4 earnings and 2024 financial statement release today. My name is Kiira Fröberg, and I'm the head of investor relations at Konecranes. Here with me, I have our usual people, President, and CEO Anders Svensson and CFO Teo Ottola. Before we start, just a kind reminder, please remember that the presentation includes forward-looking statements. Anders will start and talk about the group-level figures. After that, Teo will focus more on the business segment-level numbers. The presentation is followed by a Q&A. As usual, you can send your questions either through the chat function or then through the telephone conference. Thanks a lot. Anders, it's your turn now.

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Anders: Thank you Kiira, and a warm welcome also from my side. The headline of this quarter is a strong end to an excellent year, and our demand environment held up well also in the last quarter of the year. It's the second-highest order intake for a quarter ever, almost at €1.2 billion, and we ended at 26 percent up from the previous year. Our sales execution was also strong in the quarter, and we delivered the highest sales in a single quarter ever, above €1.2 billion. With that strong sales execution, we managed to deliver a new all-time high for a fourth-quarter comparable EBITA margin of 13.2 percent. Free cash flow was really strong and even excellent in the quarter at €170 million, and the 2024 dividend proposal is €1.65 per share. That's €0.30 up from the previous year.

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Anders: I'm now moving to the market environment, and I start with the industrial segments. Even though the macro indicators like the manufacturing PMI and the manufacturing capacity utilization are all showing weakness, we managed to deliver a very strong order intake also in our industrial segment. We move into the Ports market environment. Here we can see that it's remained high container throughput throughout the year and also in the fourth quarter. We can see that reflected also in our order funnel, within ports and activities there; up three percent on a year-on-year comparison. I'm moving to the group order intake and net sales. As I said, a very strong order intake of €1,167 billion, is the second-strongest order intake in a quarter ever, up 26 percent versus the previous year.

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Anders: We saw that Ports were reporting really strong order intake, followed by also strong order intake in Industrial Equipment. If we look at the regions, we saw an increase in EMEA and the Americas, while we saw a decrease in APAC. Sales execution, as I said, new record for a quarterly sales number at €1,213 billion. That's up 5.5 percent versus the previous year, and here we saw improvement in all segments. When we come to the regions, the Americas and APAC were significantly growing, while we saw flattish sales in EMEA versus the previous year. If I then move into our order book, given that we had for the fourth quarter a bit special, very similar order intake and sales-- Normally, sales are higher in the fourth quarter than order intake, so very similar order intake and sales.

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Anders: Then, if we add on to our acquisitions, Peinemann, the order book there, and also the FX effects, we have a growing order book of €41 million in the quarter. If we compare a year-on-year here, we are down €150 million roughly. That's down five percent at the end of the year. If you look at what we will deliver going into 2025 versus what we had in the book for 2024 when we entered into 2024, the difference is €60 million less for the year. It's still a very strong order book from a historical perspective. I'm moving into our group comparable EBITA. Here we delivered the highest ever at €159.5 million for the quarter. That equals a margin of 13.2 percent. That's 150 bps up from the previous year. The improvement was mainly driven by volume, good price inflation management, and strong strategy execution. Gross margin also improved year-on-year.

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Anders: At the end of the year, I think it's appropriate to evaluate our progress toward our financial targets, and I think we can summarize it as a success. I'll start with the group. Here we had a growth target to grow faster than the market, and the market was defined as nominal world GDP growth. For '24 that was roughly four percent, and we achieved a 6.9 percent growth in comparable currencies for the group. We can also see that our margin of 13.1 percent for the full year is clearly within the range of 12 to 15 percent. Looking then at Service and here, we also had a target to grow faster than the market, and we achieved that with a 6.2 percent growth for the full year. Given the volume, the price management, and the strategic initiatives, we managed to improve our margins by 110 bps here, up to 21 percent, so clearly within our profitability range also here.

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Anders: We're moving into Industrial Equipment. Here we had a target to grow in line with the market, and we

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achieved that as well. We grew 3.1 percent for the year in Industrial Equipment. Given the strong strategy execution, focusing on profitability and stability, we managed to improve together with pricing 200 bps in the year from seven percent to nine percent, so very strong strategy execution within Industrial Equipment. Then in Ports, we also had a target here to grow quicker than the market, and we achieved that as well. We grew 10.9 percent in comparable currencies. As you can see, we improved 180 bps year-on-year and ended the year at 9.3 for the full year. Also, here we are within the profitability range communicated. In general, all our businesses are performing as per our expectations. I'm now moving to the demand outlook. I'll start with our industrial customer segments.

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Anders: Our demand environment within industrial customer segments has remained good and continues on a healthy level. We can see that has been true for basically the whole of 2024, and we believe that it will continue also going forward. Interest rates, as we have discussed previously, have caused some delays in decision-making for our customers, especially in the larger process crane orders. During this quarter, we also had some nice conversions into order intake within process cranes. The funnel continues to be good, both in terms of number of cases and in total value. We also see new cases coming into the funnel at a good pace, so the underlying seems to be stable. Within port customers, we say that the global container throughput continues on a high level, and long-term prospects related to global container handling remain good overall.

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Anders: We can see here that our order pipeline looks really good, especially in automation cases, but also in other projects. As we know, order intake within this project business fluctuates depending much on customers' decision-making process. We had some nice conversions in this quarter into order intake, and we're also now discussing other projects with our customers. To estimate if we get order intake in Q1, Q2 or Q3 is very difficult, as we have talked about previously, but we have a good funnel that we are working on tightly with our customers. Now we're moving to the financial guidance for 2025. Net sales are expected to remain approximately on the same level in 2025, compared to 2024. The comparable EBITA margin is expected to remain approximately on the same level or to improve in 2025 compared to 2024.

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Anders: As a summary, I think we can say that the fourth quarter was a very good and strong end to an excellent year. We will continue with our strategy execution in terms of both growth initiatives, but also profitability initiatives going forward. We intend to discuss that and also our targets with you guys in the market during our Capital Markets Day in May this year. I also want to mention, as you have noticed, that I have decided to leave Konecranes in mid-July, and the board has immediately initiated the recruitment of a new President and CEO for Konecranes. Our company is in an excellent position, very strong. We have a clear roadmap, and we are executing our strategy. We have dedicated teams around the world to continue to execute that and follow the journey that we are on. I'm fully committed until mid-July to support this and drive this to the best of my abilities. With that, I would like to ask our CFO, Teo Ottola, to come up and talk more about our strengths moving into 2025. Teo? [silence 00:11:27-00:11:34]

00:11:34

Teo: Thank you, Anders. Let's move forward in the presentation. Before we go into the segment numbers, let's take a brief look at the comparable EBITA bridge between Q4 of '24 and Q4 of '23. Here we can see what the numbers look like. We made a €25 million improvement in year-on-year comparison in comparable EBITA. We can start unpacking that a bit with the help of net pricing impact and underlying volume impact as well. The price increases, in comparison to the situation one year ago, were roughly three percent on average. Now that our sales increase was 5.4 percent in year-on-year comparisons, that gives the underlying volume improvement of roughly 2.5 percent in the numbers for Q4 in comparison to the situation a year ago.

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Teo: However, the impact of operating leverage as a result of the underlying volume and net of inflation pricing was roughly on par with each other now in the fourth quarter. It was a very balanced situation from that point of view. Price increases were more than inflation. That generated a positive delta, but also the volume as a result of the operating leverage gave a positive delta roughly in the same amount in the fourth quarter. We did not have any meaningful mix impact on year-on-year comparison now in the fourth quarter. Operational efficiency or execution continued to give a positive delta-- positive sort of profitability improvement or profit improvement in Q4. Even though we did not have a 100 percent clean quarter from the efficiency or operational execution point of view, but still, the overall delta was positive.

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Teo: We can see in the picture that the fixed costs were very well under control, so only a very small increase in

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fixed costs. Of course, one thing worth noting here is that we received an R&D grant in Finland in the amount of €3 million roughly in the fourth quarter for the costs that we had already spent earlier. This helps the fixed cost comparison in this picture. Then we can move into the segment data. As usual, let's start with the Service business. Service order intake was €392 million. That is an increase of 3.5 percent year-on-year in comparable currencies. We had growth both in field service and parts. We had growth in all regions. In addition to year-on-year, we also had sequential growth after a slightly lower Q3 order intake. In the agreement base, there was also growth there more than six percent, in comparable currencies.

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Teo: Sales, €419 million, 3.7 percent improvement or increase in a year-on-year comparison in comparable currencies. Also, there is an increase both in field service and parts. There is no significant mix impact in a year-on-year comparison. Then we had also here increase in all regions, so quite balanced from the volume point of view. Order book €436 million, a slight decrease in year-on-year comparison. Comparable EBITA is 20.6 percent. This is 0.4 percentage point improvement in year-on-year comparison, of course, attributable to pricing. Also, higher volume and gross margin increased in the Service business as well. Overall it was a very stable good performance, excellent performance actually in the fourth quarter as well as for the whole year of '24. Industrial Equipment order intake €357 million.

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Teo: That is almost a 28 percent increase in comparable currencies when we take a look at the external orders year-on-year. This increase is supported by one bigger deal that we already announced earlier in the fourth quarter in the heavy end, so the process cranes were impacted positively by that one. When we take a look at the other two business units, so standard cranes and components, we actually had year-on-year order intake growth in those as well. The order intake was good overall across the business units. Of the regions, we had an increase in EMEA and the Americas, but a decrease in Asia Pacific. Then again, the sequential comparison is exciting as well when we take a look at that one. The process cranes increase sequentially as a result of the bigger deal that we reported separately.

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Teo: Standard cranes were more or less flat in a sequential comparison, but components, which are maybe the let's say fastest reacting, were growing also sequentially from the third quarter. Sales are 6.6 percent higher than a year ago. We had a good delivery quarter in the Industrial Equipment also. Then, when we take a look at the order book it is €893 million, which is almost exactly on the same level as we had one year ago. Comparable EBITA is 9.7 percent, as much as 2.7 percentage points higher than a year ago. It's an excellent improvement. Of course, the underlying volume growth was good, so that was supporting it. The R&D grant that I already mentioned was mostly impacting Industrial Equipment, so that is of course helping there as well. Then also the optimization program that we have been having ongoing has continued to yield results in this quarter as well. Then Ports. We're moving there.

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Teo: Order intake is €461 million. This is an excellent level, of course, more than a 50 percent increase on year-on-year comparison. When we again took a look at the business units a bit, we had excellent orders in RTGs. We had very good orders in straddle carriers and port service as well. Overall, one could say that we had a good flow of mid-sized orders in the fourth quarter in the Ports business. When we take a look at more early cyclical business units, lift trucks for example now in Ports case, so lift truck order intake was flattish both year-on-year and Q-on-Q but still on a relatively low level. Sales growth was uh around six percent, and we had a good delivery quarter in the Ports business as well. From the order book point of view, of course, we are behind the situation. A year ago, it was almost nine percent.

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Teo: The good order intake in the fourth quarter was not enough to compensate for the decline from the earlier quarters, as we have seen this kind of development already in the earlier quarters. Comparable EBITA is 9.7 percent here, as well as in the Industrial Equipment. Also, here it is a good improvement, 1.7 percentage points or a very good improvement. Actually, it's due to pricing, underlying volume improvement, and also good strategy execution, meaning that in Ports performance, the operational execution was good in the fourth quarter. Before getting into the Q&A, a couple of comments on the cash flow as well as the balance sheet situation. Actually, net working capital, if we start with that one, continued to develop well, €380 million, nine percent of rolling 12-month sales.

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Teo: This is very well in line with our target setting of being below 12 percent of rolling 12-month sales, and also net working capital is lower than what it was at the end of Q3. Of course, quite naturally, the accounts

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receivable are more than what they were at the end of Q3, but inventory is significantly less as a result of the good deliveries that we did during the fourth quarter. Net working capital, as well as profitability, are then reflected in the free cash flow. Anders already mentioned, this has continued to be on a very good level in the fourth quarter and the full-year number is €427 million free cash flow. This is clearly above the cash conversion of 100 percent this year. It's very good from that point of view. Then, when we take a look at the gearing and net debt, net debt continued to decrease from the end of the third quarter even if we made the acquisition that Anders also mentioned.

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Teo: The gearing level is now only ten percent at the end of the year. Then also delightfully when we take a look on the right side of the slide, return on capital employed, now this comparable return on capital employed is 20.8 percent. Even if we take the official reported numbers, we are above 20 percent. It's a good development also on that side. That slide concludes the presentation, and then we can go into the Q&A.

00:21:56

Kiira: Thank you, Teo. We are ready for the questions. Let's open the line. Operator, please. [silence 00:22:03-00:22:11]

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Operator: If you wish to ask a question, please dial pound key five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial pound key six on your telephone keypad. [silence 00:22:24-00:22:29] The next question comes from Daniela Costa from Goldman Sachs. Please go ahead. [silence 00:22:35-00:22:38]

00:22:38

Ilaria Buricelli: Hi. Good morning. Thanks for taking my question. Ilaria is here on behalf of Daniela. We wanted to ask, have you seen any market share increase in the US as a result of higher tariffs on cranes in China? Also, how do you see this evolving with the new US administration? Thank you.

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Anders: Yes. Thank you. I think if you look at our performance within the industrial side, both in terms of equipment and in terms of service, we are doing very well in the US. It's very difficult to get market shares there, but we believe that we have taken some market share, especially within Service. If you go to the cranes and the higher tariffs on Chinese STS cranes, which I think you're referring to, then that is not something that we will see a quick effect from. There are not that many STS cranes sold in a year. Normally the sales process is quite long for these projects, and the delivery is two to three years from when the sales are done. We haven't seen any dramatic change in market shares within STS cranes due to the tariffs which will be implemented in, I think, mid-May this year. We haven't seen that. Yes.

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Ilaria Buricelli: Thank you. How has the level of utilization of your installed base moved sequentially?

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Anders: Yes. Utilization of the installed base has continued through the year, you can say, to be below the previous year in terms of productive lifts with the same equipment in the two periods. We can see that it's below. It's a bit in line with other macro indicators. We have, however, then held up, as you have now seen, our order intake throughout the year at a very good level both on the industrial side and the port side. We are performing better than macro indicators and our Truconnect data would show. [silence 00:25:08-00:25:11]

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Ilaria Buricelli: Okay. Thank you. [silence 00:25:12-00:25:15]

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Kiira: Let's then take the next question, please.

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Teo: The next question comes from Antti Kansanen from SEB. Please go ahead. [silence 00:25:24-00:25:27]

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Antti: Hi, guys. It's Antti from SEB. I have two questions. I'll take them one by one. The first one is the demand on the industrial crane side. It's a good growth number, even when excluding the impact of the big orders. You're not really the only company to report a bit of a pickup in industrial demand in Q4. Maybe my question is, have you seen a bit of an increased activity? Then the second theme is that, do you think that this kind of

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potential of tariffs being put up creates some type of let's say a pre-buying impact for clients who want to maybe increase their inventories ahead of any potential tariffs?

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Anders: Yes. Thanks, Antti. I think if you look at our business, we have seen both year-on-year and sequentially both components, the standard cranes and the process cranes are performing very well. Standard cranes are, I think, flattish sequentially, but otherwise, everything is up both year-on-year and sequentially. You asked about the market activity. I think in the US, it's been on a very high level the whole year and maybe lately in waiting for the new administration to come into force, we have seen a somewhat softening in the US activity. We believe that that's related to the administration shift. Then, when you look at Europe, here we see it's been stable and maybe somewhat improved. If you look at the APAC instead, here we see stability. It's been very stable, but on a lower level than we would like it to be, and it hasn't changed basically.

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Teo: Maybe adding a bit on that one regarding the-- for example, European situation, because that is usually something that is being discussed. The situation continues to be the same as it has been, so we can say that the northern part of Europe, including the UK, actually has been doing fairly well from the other intake point of view. Eastern Europe, the eastern part of Europe, has not been doing that, maybe the southern part is not that well either. Then of course, the German situation, which is important from our point of view, continues to be for us better than the macro data shows. It's not fantastic because the macro data is really, really down and has been for quite some time.

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Teo: Then when we take a look at the funnels in particular, so the sales funnels for industrial, particularly the standard cranes where it is maybe most meaningful, the final values continue to be good. Then, when we take a look at the number of new cases that are coming in, at least they have not increased. Then of course there are regional differences, like Anders was mentioning that the US has been very strong and Europe has been weaker. Of course, some kind of balancing at some point in time may happen there.

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Anders: The effect of the tariffs that might be there has not been seen in any increased or decreased activity.

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Teo: Yes, pre-buying because of tariffs before they may be in place can be difficult from the customer's point of view.

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Antti: Okay. That's clear. The second thing was on the Service margins. If I remember correctly, a year ago you had a bit of a soft Q4. There were some extra costs related to-- was it the holiday seasons and such? I think the Q4 margin this time, at least, was a little bit below what I had expected. Was there something kind of seasonal impacting the margins negatively, or did we just have too optimistic expectations on it?

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Anders: I think this is very seasonal, especially this year. We had very relatively few working days, which means always in the fourth quarter, we have a lot to deliver. Then we need to pay overtime to get those deliveries done with Thanksgiving, Christmas in the middle of the week, et cetera. There were many days that sort of fell away from the normal working days. There's productivity from that with the increased cost for us which like last year, but maybe even more this year, impacts the profitability of Service. Then sequentially, we also had a mix. We have more field service than parts, always in the fourth quarter. It's quite natural, with lower margins on worked hours than on spare parts, for example. It's basically in line with our expectations. [silence 00:30:32-00:30:35]

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Antti: All right. Thank you very much. That's all from me.

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Kiira: Thank you.

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Teo: Thank you.

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Kiira: Let's then take the next question, please.

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Operator: The next question comes from Mikael Doepel from Nordea. Please go ahead.

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Mikael: Thank you and good afternoon everybody. I have a question on the Service side and also then on the pricing overall. If we stick with Service and follow up on the margin discussion just earlier, if you look into this year, what can you do to improve the margins from here? You have improved the margin already quite a bit in this business overall, but what are the levers to drive further margin enhancement within the service segment?

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Anders: Yes. One clear thing that we are working on is improving our productivity. That means, with artificial intelligence, for example, planning our deliveries to customers, and planning our workforce efficiency to maximize the output from each of our service technicians. Then we have launched new products, and we are continuing to launch new products with added services with the simpler service contracts, as we discussed earlier in the year. This is to suit more of our customers so that we can then sign more service agreements, which is the base basically for driving Service growth going forward. We're working on all of these areas to improve both our top-line growth, but also over time with a good volume leverage and making sure that we manage inflation with pricing. We are confident in continuing our journey with Service profitability also going forward. [silence 00:32:28-00:32:32]

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Mikael: That's clear. I guess in terms of expectations into 2025, we talked about the customer utilizations in various industries being a bit of a headwind, and you have managed that in a very good way in 2025. I guess you are targeting continued growth into this year even though you have these headwinds.

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Anders: Within Service, we are definitely targeting continued growth also in this year.

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Mikael Doepel: Then the other question was on the pricing overall. How do you see the pricing going into 2025 across the business segments? Where do you see pressure down and pressure up, and also if you could relate that to what kind of cost inflation overall you expect for the year? [silence 00:33:22-00:33:25]

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Anders: Labor inflation was quite high in 2024 for around high four, maybe five percent even. We expect labor inflation to be somewhat lower this year. We have had some tailwind in a couple of quarters here. It's less now at the end, of steel and raw material prices being lower than they were one year ago, and we don't expect that, that never continues over time. It's always somewhat a bit tailwind and somewhere a bit of a headwind. Given that we are not estimating material inflation going forward, we will make sure that we compensate the total inflation with pricing going forward. That applies to basically all of our businesses. Then there can be regional differences like you say. Maybe it's more difficult to compensate in APAC because there is increased competition in that market, and maybe in other markets it's a bit simpler to compensate for pricing.

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Anders: As a whole, we compensate for inflation with a small surplus to make sure it's not diluting our business. Then we target to get the improved margins primarily from higher efficiency in our own businesses and also from volume leverage.

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Teo: Maybe as a summary, as Anders told, the price increases will be there most likely in '25 as well. We will need to increase prices because of inflation. Inflation is most likely going to be lower for labor than it was in '24. In some cases, it may actually be somewhat higher in material because of this daily impact that Anders mentioned. We benefited a bit in some product categories because of the long lead time of the materials, and now that is balancing out. The material inflation may be in some cases a little bit higher than what it was. Price increases will need to be done also in '25.

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Mikael Doepel: Right. In terms of your order backlog, I would assume that the margins there are also higher compared to what you delivered in 2024.

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Anders: Our backlog margin is at the same level or better, basically.

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Mikael Doepel: Okay. That's great. Thank you very much.

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Anders: Thank you.

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Kiira: Thank you. Let's take the next question, please. [silence 00:35:50-00:35:56]

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Operator: The next question comes from Panu Laitinmäki from Danske Bank. Please go ahead.

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Panu: A couple of questions, firstly, on the margin guidance. You expect it to be at the same level or higher. Can you give more color on the assumptions behind that? How does it play out divisionally in your expectations? I assume the mix will improve if you grow services faster than ports, which has a lower order book. Can you kind of give any color? Do you expect margins to increase in all the businesses, or how do you expect this to happen?

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Anders: We always target to grow all of our businesses and increase margins in all of our businesses. That's a given, but as you say, we believe that Service will have good growth next year and then the mix will improve, and that will help the group margin as well. We will continue to execute our optimization program within primarily Industrial Equipment. We expect that to yield roughly €10 million in improvements in 2025. If you remember, in '23 and '24, it was €11 million in each year, so 22 together then. We expect another 10 in 2025. Then there are other areas where we will improve during or due to our strategy execution. That's not part of the optimization program, for example, within Ports and within Service, in productivity, in planning, et cetera. With all these initiatives, together with the new products that we have launched during 2024, we are confident to improve our margins in 2025, even if the top line should be flat.

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Panu: Thanks. Just to clarify €10 million is for Industrial Equipment or the total of industrial business.

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Anders: Basically, Industrial Equipment.

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Panu: All right. Thanks. Then I just wanted to ask about the kind of order or demand outlook in the Industrial Equipment. You describe the regional developments, but what about the customer segments? Which have been the strongest for you, and which are the weakest? Yes, that's the question.

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Anders: Yes. The strongest, I would say, are power and logistics. They have held up very well or at a very good level. Then, stable is at a decent or good level even, general manufacturing, mining, and chemicals. Then on the weaker side, we have seen, for example, paper and forest, but also construction and engineering. [silence 00:38:46-00:38:49]

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Panu: Okay. That's all for me. Thank you.

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Anders: Thank you.

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Kiira: Thank you. Let's now take the next question, please, again. [silence 00:38:55-00:38:58]

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Operator: The next question comes from Johan Eliason from Kepler Cheuvreux. Please go ahead. [silence 00:39:04-00:39:09]

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Johan: Hello, this is Johan from Kepler Cheuvreux. Thanks for taking my questions. I'll start with the tariffs coming back to-- ship-to-shore seems not to if I understand you correctly come into effect in May this year rather than August last year. I also understand that all of you and your competitors are producing these big steel

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structures in China. Is there any way that you will not be impacted by these tariffs as well on new orders or the existing backlog for the ship-to-shore into the US?

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Anders: On the existing backlog, we have-- that our customers will take the cost of the increased prices if they are delivered after mid-May this year. Then, we can produce these in other places as well. We can produce these steel structures in Eastern Europe, for example. We can produce them in China. We have also communicated that we are setting up a network to be able to manufacture these also in the US. Still, the difference between US-made and Chinese-made is huge in terms of cost. Still, there's not a huge amount of BABA requests from customers. We have these requests. We are discussing with our customers some of these potential orders. But we should consider that even if it's a 25 percent tariff on those, the difference in cost of producing in the US versus producing in China is higher than that 25 percent tariff.

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Johan: Yes, I guess the steel cost is one big delta still in these cranes. Then, if we look at all of these other tariff ideas left and right, can you sort of remind us a little bit about how your sourcing looks like in North America and Europe? How big a share of your sourcing in these regions would potentially be impacted by any potential import tariffs?

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Teo: By far, the biggest flow that we have between these potential trade blocks is then the flow of goods from Europe to the US. This volume is actually roughly the same as to which we have been referring to when we have been talking about transaction impact. We are talking about €130 million, €140 million on an annual basis that is being moved, components, spare parts, and those kinds of things from the EU or Euro area, let's put it this way, to the US. Then, of course, in addition to that volume, we do have volumes to the US from China, for instance, and some other places as well. For example, the volume from China is significantly smaller. It's a really small part in comparison to the volume from Europe nowadays because there already have been, to some extent, tariffs that have in a way impacted those flows.

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Teo: Then, if we take a look at this potential impact on us, this €130 million, €140 million, we have to remember that if we take a look at the competition in the US and this one is now in relation to Industrial Equipment and standard type hoists and cranes. Much of the competition also has the topic that they may be importing stuff from Europe. Its impact on the competitive situation is not crystal clear, but the underlying volume that we are talking about is roughly this one. Then, of course, there are-- We discussed already the port heavy cranes. There are of course lift trucks then where we do not have manufacturing capacity in the US. There of course can be a situation that should there be tariffs, some of the US competitors might have an advantage over us, at least on a short-term basis, in those cases.

00:43:30

Anders: In general, we would say that we would not be worse off than basically anyone else in our industry. Especially when it comes to industrial products, there is no competition basically that has an advantage due to the supply chain towards our supply chain. As Teo mentioned, maybe in Ports within lift trucks, but that's the only one in that case, even though some of that supply chain also comes from either the EU or China for most companies. We believe that the exposure from a competition point of view is quite low for us. It would rather hit the inflation and end consumer in the US, but we are working continuously to improve our supply chains and be better at this. If you look in general, we have basically benefited from tariffs. It sounds strange, but it causes movement in supply chains normally.

00:44:27

Anders: When supply chains move, manufacturing capacity moves. That normally calls for investments in new cranes in new places. That benefits us, underlying the global growth in the world. It also causes new or increased capacity in shipping routes that need then investments, which is also underlying beneficial for our businesses.

00:44:57

Johan Eliason: Yes. That's a very fair statement, I think, in your case. Just tidying up, is there any sort of-- if there are potential tariffs into Europe as a sort of offset of the US potential tariffs? Do you have any significant sort of import into Europe from the US?

00:45:22

Teo: No, we do not have any significant imports from the US to Europe. Of course, there have been these

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discussions on the Northern American continent. We have trade between the US and Canada, for instance. In this case, it is so that we are actually exporting from the US to Canada. This kind of volume flow exists but to Europe, not significantly.

00:45:49

Johan Eliason: Okay. Thank you very much.

00:45:50

Anders: Thank you.

00:45:51

Kiira: Thank you. Now, it's time for the next question, please. [silence 00:45:55-00:46:09] It's all quiet. Can we have the next question, please? [silence 00:46:13-00:46:19]

00:46:19

Speaker 1: There are some technical difficulties. Just a second.

00:46:21

Kiira: No problem. In the meantime, maybe we can take a couple of questions from the chat. The first one is related to the main investment or acquisitions planned for '25. What are the main investment acquisition plans for this year?

00:46:41

Anders: Yes. It hasn't really changed. The M&A strategy remains what it is. We focus on Service bolt-on acquisitions, both within the industrial side and also within the port side. Then we're looking to sort of neighboring product offerings if there's anything that could complete our offering. We also look into geographical coverage, if we have white spots where we believe that we could invest in acquisition and then get a better foothold of that market rather than going in a different direction to that market, be it indirect, for example. Those are the sorts of directions where we direct our M&A capacity and our teams to work. Of course, given our cash position and net debt position, we also are evaluating other things such as extra dividends, share buybacks and what have you.

00:47:44

Kiira: Good. Then another question on the new products that were launched this year. Could you comment on the traction of the new X-series?

00:47:55

Anders: Yes. The new X-series has been rolled out in different geographies consistently during the last year and also during this year. We have good traction, and we get very good feedback from customers on the lower headroom S-hoists and also the X-series crane. The feedback has been very positive from customers.

00:48:21

Operator: The next question comes from Tom Skogman from Carnegie. Please go ahead. [silence 00:48:26-00:48:31]

00:48:31

Tom Skogman: Yes. Hello, this is Tom from Carnegie. I wonder whether there are some early signs of companies now considering investing in the US that you start to see, some concrete kind of plans. [silence 00:48:44-00:48:47]

00:48:47

Anders: Sorry, I missed a question a bit. [crosstalk 00:48:48-00:48:50]

00:48:48

Kiira: Early signs of companies--

00:48:50

Teo: On investing in the US--

00:48:51

Kiira: Yes.

00:48:52

Teo: By companies. [crosstalk 00:48:52-00:48:53]

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00:48:53

Anders: Big customers. Yes, I think there's been for quite some time. There's been a drive towards more investments in the US, likewise with Mexico, for example. There's been massive investments in Mexico over the last couple of years. I think that regionalization has been going on for quite some time. I don't think it has escalated due to the new administration, but I think that is a trend that has been there and most likely will continue to be there also going forward. [silence 00:49:25-00:49:33]

00:49:33

Kiira: Tom, can you hear us? Do you have further questions?

00:49:38

Speaker 1: [inaudible 00:49:36-00:49:37].

00:49:39

Kiira: Okay. Can we then take the next question if we still have in the line, please?

00:49:46

Speaker 1: Yes. [silence 00:49:47-00:49:50]

00:49:50

Operator: The next question comes from Erkki Vesola, from Inderes. Please go ahead.

00:49:57

Erkki: Hi, guys. It's Erkki from Inderes. Just coming back to the €40 million to €50 million optimization program you have had in IE and Service. Could you specify the EBITA impact you had in '24 and Q4 in particular, and then your expectations for '25 in these divisions?

00:50:19

Teo: The impact for '24 was roughly the same amount that we have been talking about for quite some time, so say €11 million or so. We are expecting around €10 million to materialize year-on-year additional improvement in '25. The fourth quarter number was maybe a little bit lower than the average from the program, but there was a positive impact of the program in the fourth quarter as well.

00:50:49

Erkki: You do not want to disclose how much these were in both in IE and in Service?

00:50:54

Teo: No, not the exact number. I guess we can say that by far the biggest part of that was in industrial--

00:51:03

Kiira: Yes. The €11 million--

00:51:04

Teo: Virtually everything.

00:51:05

Kiira: Yes.

00:51:05

Teo: Yes.

00:51:06

Kiira: Industrial Equipment. The same refers to the €10 million in '25, so that's Industrial Equipment related. The Service benefits came in already a long time ago.

00:51:18

Erkki: Okay. That's all from me. Thanks.

00:51:21

Kiira: Thank you.

00:51:21

Anders: Thank you.

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00:51:23

Kiira: That was our last question for today. It's time to conclude, and it's also time to thank you all for your active participation and good questions. As a reminder, Konecranes Q1 interim report will be out on April 24th. Back in the studio then. Have a great day. Thanks.

00:51:45

Anders: Thank you.

00:51:45

Teo: Thank you.

00:51:46

Anders: Bye bye.