

# Transcript for "Konecranes, Half-year financial report, January-June 2025"

**00:00:01 - 00:00:54**

Speaker 1: Hello all, and welcome to follow Konecranes' Q2 2025 Results Webcast. My name is Linda Häkkinen, and I'm the new VP Investor Relations here at Konecranes. With me today as our main speakers we have our new President and CEO, Marko Tulokas, and our CFO, Teo Ottola. Before we proceed with the presentation, I would like to remind you about the disclaimer, as we might be making forward-looking statements. Here, you can see our presenters and agenda for today. First, our CEO will give us an update on the market and group performance. After that, our CFO will guide us through the business area performance and balance sheet topics. After that, we are happy to start the Q&A session and answer your questions. But now, without any further comments, I would like to hand over to our CEO.

**00:00:56 - 00:02:15**

Speaker 2: Thank you, Linda. A warm welcome also on my behalf. It is my great pleasure to deliver the first quarterly report as CEO. I am particularly excited to deliver a report after such a strong quarter of continued solid performance. As this is my first quarter as the CEO of Konecranes, I would like to say a few words about the big picture and remind you all about our growth focus strategy before I start talking about our strong performance in the second quarter. We hosted our Capital Markets Day in May, and we raised our financial targets. We aim to grow our business faster than the market, defined as the nominal GDP growth, and are well-positioned in the global landscape with our unique offering. We have three business areas with clear strategic agendas and a strong position in the marketplace, well-placed to reach our financial targets. Firstly, we have an Industrial Service with its continued agreement-based growth agenda and inorganic expansion strategy. Secondly, Industrial Equipment, with its efficient and renewing product portfolio, is sold globally through a broad dual-channel go-to-market approach.

**00:02:15 - 00:03:49**

Speaker 2: Thirdly, we have Port Solutions with its broadest and deepest offering and with significant service automation and electrification opportunities. Our previous EBITA margin target range was 12 to 15 percent, but in May, CMD, we increased it to 13 to 16 percent, reflecting our confidence for the future. We aim to reach this target as soon as possible, but no later than 2029. Now, looking at our today's earnings, with a record high EBITA margin of 14.3 percent, I can say that we are firmly progressing towards our target. But now, let's look at the most recent performance. The year 2025 started off well, and our performance continued to be strong in the second quarter. Our demand environment remained good despite all the tariff-related uncertainty and macroeconomic volatility. Our orders were up by over 17 percent year-on-year in comparable currencies, and our order intake clearly increased in Industrial Equipment and Port Solutions while it decreased in Industrial Service. Our sales amounted to €1.05 billion in the second quarter. This means an increase of over five percent year-on-year in comparable currencies.

**00:03:52 - 00:05:14**

Speaker 2: I'm really pleased to present that we again reached the record high EBITA margin of 14.3 percent that we had last year. Looking at the sequential development, our EBITA margin clearly increased also from the first quarter by 11.1 percent. Our profitability in the second quarter was supported by good operating leverage. We continue to benefit from our global business model, which provides us with resilience, particularly in this type of market environment. Year-on-year, we benefited from higher volumes, but there was also somewhat of an offsetting impact from a weaker mix. Profitability improved in Industrial Service and Port Solutions, while it decreased in Industrial Equipment. We will go through those performances per business area later in the presentation. Next, I would like to say a few words about the market environment. Now, let's start with our industrial segments. In general, our demand environment remained good despite somewhat weaker macroeconomic data. The capacity utilization rates are the key macro indicators that best describe the operating conditions of the two industrial business areas.

**00:05:16 - 00:06:49**

Speaker 2: From the data, we can see that some weakening is there year-on-year, but still, our order intake in Industrial Equipment grew clearly. However, within our industrial customers, we have seen somewhat cautious behavior, both in the timing of new orders as well as delays in project delivery acceptance. Our operating environment continues to be impacted by geopolitical tensions and volatility, especially and obviously related to tariffs. Now, within our Port Solution segment, we continue to see very good activity. The container throughput index, which is the main indicator here, continued at a very strong level in the second quarter compared to the

historical readings. It is up seven percent year-on-year. And as we do say in our demand outlook, the long-term prospects related to global container handling remain good overall. Now, let's then take a closer look at our sales and order intake development in the next slide. In the second quarter, our group order intake grew by 17 percent year-on-year in comparable currencies. This was mainly driven by Port Solutions, where our order intake increased by almost 42 percent.

**00:06:50 - 00:08:15**

Speaker 2: This is a very good achievement, but it's important to keep in mind that quarterly fluctuation is a very normal feature in the Port Solutions business or in the Port segment. Now, looking at the geographical markets, we did see some improvement in our order intake in EMEA, or Europe, the Middle East, and Africa region, as well as APAC. We did see some weakening in the Americas. Our sales in the second quarter increased in both reported terms and comparable currencies, as you can see from the slide. The improvement in sales was mainly driven by the excellent performance of the Port Solutions. The regional sales development follows the same pattern as the order intake, with EMEA and APAC outperforming the Americas. At the end of the quarter, our order book amounted to €2.9 billion at the end of the quarter and remains on a good level. We did see some weakening in year-on-year reported terms, but in comparable currencies, a slight increase. Industrial Equipment remained flat, while there was a decrease in Industrial Service and Port Solutions. Our book-to-bill has been positive throughout the year 2025.

**00:08:20 - 00:09:57**

Speaker 2: Looking at things from a longer-term perspective, our order book continues to be on a good level historically. Now, let's then take a look at our comparable EBITA margin development, which yet again reached a record high level. [silence 00:08:36-00:08:42] In the second quarter, we generated €150 million of EBITA. This translates into an EBITA margin of 14.3 percent, and that good operating leverage from higher volumes was supporting our profitability while our mix was somewhat weaker. EBITA margin increased year-on-year in Industrial Service and Port Solutions and decreased in Industrial Equipment. Due to the excellent performance, Port Solution's EBITA margin reached its highest quarterly level ever and amounted to 12.6 percent in the second quarter. Industrial Service also delivered a very good EBITA margin of 22.6 percent. Then let's move to the next slide on our performance towards our financial targets. The year 2024 was a very good year, and our performance has continued strong also during this year. This graph shows the rolling 12-month figures for our sales and EBITA margin and progress towards our financial targets.

**00:09:58 - 00:11:25**

Speaker 2: Our group sales continued to grow, the last 12 months being higher than the full year of 2024. Then, looking at our group's profitability in the rolling 12 months, we are at the moment at the lower end of our updated new target range of 13 to 16 percent. Despite the slight decrease in the rolling 12 months, we firmly continue to work towards our target. While increasing the EBITA margin, we also aim to grow our sales faster than the market. Now, looking at the different business areas here separately, in Industrial Service, we see a very nice positive development with both our sales and EBITA margin in the last five years. Our sales in the rolling 12 months remained relatively stable, but our EBITA margin increased to 21.2 percent. We are already today well in line with our updated target trends, but naturally closer still to the lower end of that range. In Industrial Equipment, sales in the rolling 12-month period slightly decreased. Also, EBITA decreased to 7.7 percent, and that was driven by the lower volumes. We have seen some cautious behavior within our industrial customers, particularly in the Americas, and that is also reflected in these figures.

**00:11:27 - 00:12:46**

Speaker 2: Our target EBITA margin range for this business is 8 to 11 percent, and I'm confident that we will reach this target without strategic actions within the indicated timeframe by 2029. The long-term profitability outlook for Industrial Equipment is positive, and that is one of the reasons why the target level was increased in the CMD, or Capital Markets Day. Order intake for Industrial Equipment was strong in the second quarter, and we received multiple large equipment orders from the aviation and aerospace, energy, and metal sectors in all regions, while our component business remained stable. Then, moving on to Port Solutions. Port Solutions was the highlight of the quarter. We have continuously improved our financial performance during the last three years. As you will see from the graph here, our sales have increased in the rolling 12 months compared to 2024, which is already a very good year for our Port Solutions. Our EBITA margin continued to improve and reached its highest level ever. This resulted in an EBITA margin of 10.1 percent in the rolling 12 months.

**00:12:46 - 00:14:14**

Speaker 2: Our EBITA margin target range for this business is 9 to 11 percent, and we are well in line with that already. Now we're moving on to the demand outlook. Our demand outlook within the industrial customer

segments has remained good and continues on a healthy level. However, that demand-related uncertainty and volatility due to the geopolitical trade policy tensions remain, particularly in North America. This translates into higher uncertainty in the timing of orders and some postponement of maintenance activities with industrial customers. Our sales funnels remain on a stronger level, and funnel development during the quarter was stable. Comparing against the previous quarter, the number of new sales is slightly down. Then to the port customers. The global container throughput continued on a high level, and long-term prospects related to the global container handling remain good overall. Our pipeline of orders is solid and good, and it contains projects of many different sizes. Then I'll move on to my last slide. I will reiterate our financial guidance for this year.

**00:14:15 - 00:15:16**

Speaker 2: Our net sales are expected to remain at 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. Our performance in the first half of the year has been good, despite the prevailing uncertainty related to the current geopolitical situation and tariffs. Before I hand over to our CFO, Teo Ottola, I would like to say that Konecranes is well-positioned in the current global landscape, with its clear competitive advantages. We have an excellent team in place. Our strong balance sheet provides financial flexibility, and the market continues to provide opportunities for expansion and growth. Thank you very much. Teo, over to you. [silence 00:15:09-00:15:15]

**00:15:16 - 00:16:46**

Speaker 3: Thank you, Marko. Let's move on. Before going into the business area numbers in more detail, let's take a look at the comparable EBITA bridge between Q2 of this year and Q2 of 2024. The improvement from a year ago, Q2 versus Q2, was, in monetary terms, €3 million and in margin, there was no change, as Marko already pointed out as well. There are more differences within the BAs, and we can take a look at those after a while. Before that, we can maybe unpack a little bit the group-level EBITA bridge. The pricing impact in a year-on-year comparison was roughly three percent. When we take into consideration that our sales grew with more than five percent in comparable currencies, we had underlying volume improvement, creating operating leverage and supporting our profits. Net of inflation pricing continued to be slightly positive, like in Q1 as well, but less than, for example, one year ago, but still a positive impact. Whereas, the mix impact was clearly negative in comparison to one year ago. When we take a look at the fixed costs, they have been very well under control.

**00:16:46 - 00:18:07**

Speaker 3: This increase in fixed cost of €3 million that we can see here is actually less than the inflation. This has been done very well. On the other hand, now the FX changes are very big in a quarterly comparison, and the translation impact is creating a big negative variation from the euro terms into our profits in a year-on-year comparison. To sum up, the underlying volume has been up, which has created positive operating leverage that has been largely offset by the FX changes, strengthening the euro. The net of inflation pricing has been slightly positive, but that has been more or less impacted negatively by the product mix. Then fixed costs are under control. This is the summary of the EBITA bridge. Then, on the business areas themselves, particularly regarding Industrial Service and Industrial Equipment, the stronger euro has created big differences between comparable currencies and reported currency numbers. That's why we are talking, maybe even more than usual, of the comparable numbers in the report, particularly regarding service and industrial equipment.

**00:18:07 - 00:19:37**

Speaker 3: But, starting with Industrial Service, our order intake was €381 million. That is down 1.7 percent year-on-year with comparable currencies. We had a decline both in field service as well as in parts of the regions. APAC did well. There was growth. However, when we take a look at the Americas and EMEA, the order intake volumes came down. Agreement-base continued to grow by 4.5 percent on a year-on-year basis in comparison with comparable currencies. The order book also had a decline with comparable currencies. Then sales were €386 million. That is up 2.1 percent in comparable currencies, but a decline in reported currencies. If we take a look at the situation with reported currencies, we had a decrease in field service and in parts. Of the regions, the volumes were flat in Europe, but we had a decrease both in the Americas as well as in APAC. It's good to remember that now, when we take a look at the growth of 2.1 percent, it is less than the price increases have been. In the service business, the underlying volume was slightly down in a year-on-year comparison. The Comparable EBITA margin was 22.6 percent.

**00:19:37 - 00:21:01**

Speaker 3: This is an improvement of half a percentage point, which is a very good achievement given that the underlying volume has been down. The profitability has been positively impacted by a net of inflation pricing,

but also by good cost management. The gross margin on a year-on-year comparison was more or less flat in the second quarter. Then, moving into the Industrial Equipment, here we had an order intake of €318 million. That is up almost nine percent year-on-year. When we take a look at that by business unit, we had a year-on-year comparison increase in process cranes as well as components. But, the standard crane orders declined in the year-on-year comparison. In the regions, EMEA and APAC saw increasing volumes, whereas the Americas was down. Then, in the sequential comparison, in comparison to the first quarter, we had a decline both in standard cranes and in components. Whereas, process cranes were roughly on the same level and even a little bit higher than what we had in volume in the first quarter. The order book is more or less flat, with reported currencies.

**00:21:02 - 00:22:36**

Speaker 3: When we take a look at the book-to-bill, it continues to be above one also for the second quarter. Sales was 300 million, and this one is down by almost five percent in the year-on-year comparison. We had a decrease basically in all of the main business units. We also had a decrease in all of the regions. We have continued to have delivery challenges there, so that we have been having delays in deliveries. These have largely been a result of the customer delays, so customer sites have not been ready. However, some topics are up to our own performance. The comparable EBITA margin was 6.3 percent. This is clearly down in the year-on-year comparison. It is primarily driven by the underlying volume decline, but also the performance or execution was not necessarily as smooth as it was one year ago in the second quarter. Gross margin is naturally down with this profitability from the situation one year ago. Then, in Port Solutions, there's an excellent set of numbers. As Marko already pointed out, order intake was €436 million. That is more than 40 percent growth year-on-year. We had good order intake across different product categories.

**00:22:37 - 00:23:51**

Speaker 3: Automation-related RTGs and Mobile Harbor Cranes had good order intake in the second quarter. In the regions, Americas and EMEA improved. Asia-Pacific was down. When taking a look at the so-called short cyclical business units, like lift trucks, we had an order intake increase both year-on-year as well as Q&Q. When we take a look at Port Service, the volume was more or less flat in the year-on-year comparison and somewhat declining in a Q&Q comparison. Sales were also very good at €408 million. That is 18 percent growth in a year-on-year comparison. The deliveries went very well during the second quarter in the ports business. Comparable EBITA margin was on a very strong level at 12.6 percent, more than two percentage points higher than a year ago. That's excellent profitability. It was primarily driven by the underlying volume improvement as a result of the operating leverage. But, we also had good execution across the business units within Port Solutions. Gross margin here is flat in a year-on-year comparison.

**00:23:54 - 00:25:12**

Speaker 3: Then, when we go into the balance sheet and cash flow topics, let's start with net working capital, as we usually do. Net working capital at the end of the second quarter was €354 million. This is 8.2 percent of rolling 12-month sales and is well in line with our new target of being below 10 percent of the rolling 12-month sales. As you can see, the trend has also been quite good in the previous quarters. Now, regarding the second quarter, it is worth noting that a significant portion of the results is due to currency changes. On the other hand, from the liability side, accounts receivable and inventories were slightly higher than at the end of Q1. However, the cash flow was very good in the second quarter at 180 million. The rolling 12-month number is high, and our cash conversion continues to be nicely above 100 percent. Then, as the last slide before the Q&A, gearing and return on capital employed, our net debt amounted to 166 million at the end of the second quarter. It's a gearing of only nine percent, which is in line with the numbers that we have been having during the past couple of quarters.

**00:25:12 - 00:25:31**

Speaker 3: Return on capital employed is also more or less in line with the Q1 number, at about 22 percent. With these comments, we can then move into the Q&A. [silence 00:25:25-00:25:31]

**00:25:31 - 00:25:44**

Speaker 1: Thank you for the presentation, CEO and CFO. Now we are ready to start the Q&A session, and we will start by taking questions from the conference call lines. Operator, we are ready to start taking questions.

**00:25:47 - 00:26:09**

Speaker 4: If you wish to ask a question, please dial the pound key five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial the pound key six on your telephone keypad. The next question comes from Daniela Costa from Goldman Sachs. Please go ahead.

**00:26:11 - 00:27:06**

Speaker 5: Good afternoon. Thank you for taking my questions. I have two questions. The first one just relates to your guidance for the full year for sales to be more or less at the same level as last year. This is due to what you've done already in the first half and how your orders have been improving over the last 12 months. How do you get to sort of what I guess is a mid-to-high single-digit decline implied for the second half in your guidance? Can you talk through what the things are that we need to think about that are the headwinds into the second half? That's my first question. The second question is just to follow up on whether you could provide any help in terms of how to think about the FX impact for the full year. On the back of that, you commented on Q2, but given what we've seen on currency so far, if they were to stay where they are, what would be the headwind for the full year? Thank you.

**00:27:07 - 00:28:08**

Speaker 2: Maybe I'll take the first one and you continue on the second. I understand your question, and it's a natural and obvious one since we performed in terms of the sales volumes. Net sales well in the first half. That how come is our full-year guidance, still more or less flat sales. There is a good reason for that. That is our order book at this time of year, compared to last year at the same time, is significantly more than 100 million less than it was last year at the same time. Since we have been growing in the first half of the year with more than five percent with comparable currencies, it is an obvious conclusion that the second half is therefore can be lower. There are market-related concerns that we were alluding to earlier, and that is particularly true for the customers' delivery acceptance. That is the simple answer to the first question related to volume.

**00:28:09 - 00:29:32**

Speaker 3: Maybe I build on what Marko said regarding the order book, that even though now the order book as a whole is more or less on the same level as it was earlier. When we take a look at the order book that we have for deliveries for the second half of the year that it is more than 100 million less than what we had one year ago for the second half of the year. This creates the underlying, in a way, negative delta into the H2 sales, as you, I think, pointed out yourself, as well as a reason for the timing issue. Regarding the FX, there is translation, and then there is transaction impact. When we take a look at the translation impact, the rule of thumb that we had been using earlier as well is probably still valid. When you take a look at the impact on sales, the impact on profits is roughly the same in percentages. Now that we have the EBITA bridge, you can always see the translation impact also from the bridge. This time it was eight million, which is maybe even a little bit more than the overall currency changes to sales. Sometimes it varies a little bit depending on where we are making, in relative terms, better profits and lower profits.

**00:29:32 - 00:31:04**

Speaker 3: But the basic rule is that you can estimate it based on that one. But one has to make an estimate of the currencies, which is very difficult. Then, when we take a look at the transaction impact, it is impacting our margin, and not only the reported euros. The volume to be used as a base can probably be referred to as the volume that we have been using as an exposure for the tariffs between the EU and the US. There we have been talking about the volume that is less than 180 million. It's less than 50 for spare parts in service, about 100 million for Industrial Equipment, and then some 30 million or so for port service, particularly for spare parts there as well. The same number of transactions can be used as a basis for transaction impact. Every 10 percent change in euro-dollar would be some 15 plus million. The hedging rates that we have been using for the second quarter have been good. The hedging rates will be somewhat weaker for the third quarter and for the fourth quarter than what we have been using for the second quarter. Without going into more details regarding numbers, but the level now in the second quarter was very good.

**00:31:05 - 00:31:09**

Speaker 5: Good. The 15 million you mentioned, is it pre-hedging or post-hedging?

**00:31:10 - 00:31:39**

Speaker 3: That is post-hedging because it is the underlying volume. This is the impact that will come through after the hedging. Now, when I'm saying that the Q2 hedging rate was good, it means that we have not seen that negative impact in our margin yet, because we have been well hedged. We will be hedged for the third quarter as well, but to a lesser extent, and then even less in the fourth quarter.

**00:31:40 - 00:31:47**

Speaker 5: Got it. Thank you very much. [silence 00:31:41-00:31:47]

**00:31:47 - 00:31:53**

Speaker 2: The next question comes from Antti Kansanen from SEB. Please go ahead.

**00:31:57 - 00:32:22**

Speaker 6: Hi guys. It's Antti from SEB. Two questions from me. I am taking them one by one. The first is that I wanted to clarify something that you talked about on the conference call, referring to delays in project delivery acceptance and some caution overall within the industrial clients in the US. Could you talk a little bit more about this? What is causing these delays and this kind of hesitancy?

**00:32:24 - 00:33:44**

Speaker 2: You'll give your second question later. I'll start with that first. That's good because I like them one by one. Otherwise, I forget the first one. Thank you, Antti. What is meant by that. There are two reasons for that. That is not only a US topic, it's somewhat visible in Europe also. But, it is of course's partly because customers have other equipment that they need to complete their site, which might be congested because of logistical delays. In customs cannot be cleared from customs or on the ocean somewhere, and so forth. They have complications in completing the deliveries because the logistics chains are maybe not working as perfectly as they normally would. The second reason is that there are some customer segments, I guess in the US it's more broad, whereas in Europe it is in certain industrial segments. They may not need the facility, since they cannot use it as early as they might have done beforehand. They are slowing down the completion of the delivery. As cranes, Industrial Equipment is typically one of the last things that gets put into a facility and commissioned, and that has an impact on the delivery acceptance. Did that answer your question?

**00:33:44 - 00:34:12**

Speaker 6: Yes, that answers the question. I guess when you talked about that, you had a less kind of a backlog expected to be delivered in the second half compared to a year ago. You don't expect that the slowness that we've not been seeing in the delivery will kind of be offset in the second half. That you are not seeing a kind of postponement from the first to the second half, and this is more of an ongoing theme that continues throughout this year. Am I reading it correctly?

**00:34:12 - 00:34:50**

Speaker 2: I get your point. First of all, what we were referring to as more than 100 is more ports related to Industrial Equipment. Secondly, in Industrial Equipment, it is very difficult to see that in advance. We can't estimate what you are asking, whether that will be less in the second half than it has been in the first. From all the kinds of unknown decisions or decisions that will still be made, that will have an impact one way or another. We can't make an assumption there at the moment, and therefore, we have not said that we'll get some additional sales or an upswing from speeding up deliveries. That is the honest answer.

**00:34:52 - 00:35:19**

Speaker 6: Okay. Then the last question for me is related to the Port Solutions Q2 EBITA margin, which is particularly strong here. I just wanted to dig a little bit deeper into it. Is there something that is a little bit of a one-off in nature in terms of having a very rich sales mix or having an exceptionally strong execution? Is there something that you wanted to flag out so that we do not extrapolate too much into coming quarters?

**00:35:21 - 00:35:56**

Speaker 3: Execution has been good, but not exceptionally good. One could maybe say so. It is not like a very exceptional quarter from that point of view. However, it was a better execution than a year ago, for example, in ports. Unlike in Industrial Equipment, we were referring to the other direction. Then, from the mix point of view, it was not particularly good. But, volume and the smooth sailing from the margin point otherwise are the reasons behind the margin improvement.

**00:35:58 - 00:36:19**

Speaker 6: Yes, because I was thinking, Teo, maybe you already said that kind of short-cycle lift truck business is showing some signs of coming back. I would assume that's been quite poor also in Q2 deliveries. Wouldn't that be further support for margins and mix going forward if that business becomes stronger?

**00:36:20 - 00:36:33**

Speaker 3: Structurally, it would be a mix improving, but not to a massive extent. It would be an improvement, but not necessarily one that one would see in the numbers.

**00:36:36 - 00:36:43**

Speaker 6: All right. Thank you very much. [silence 00:36:36-00:36:43]

**00:36:43 - 00:36:49**

Speaker 3: The next question comes from Panu Laitinmäki from Danske Bank. Please go ahead.

**00:36:52 - 00:37:19**

Speaker 7: Thanks. I have two questions. Firstly, on the service order intake. The growth turned negative to minus two percent. Could you talk a bit about why this was and what you expect going forward? Also, regionally, I can understand the US softening, but it's maybe a bit surprising to see Europe down as well. Do you think this is a change in the bigger trend?

**00:37:19 - 00:38:19**

Speaker 2: Maybe I can start, and then you can continue if you choose. First of all, it is related to something that we'll be discussing in the Industrial Equipment. This is also visible in the planned service order intake site, where customers are a bit more choosy in North America, particularly, but somewhat also in Europe. They choose what they order, and because of uncertainty in the market or because of actual lower requirements, they may not be ordering as much as they have in the past. However, I still like to say that there is a noteworthy increase in the agreement base, which was more than five percent, if I remember. The underlying service, which is the most important thing, is agreement-based growth that is there. It was five percent year-on-year and one percent sequentially. That is a positive thing. However, you can see that at the moment, there is, with some customers, apprehension due to the order service.

**00:38:21 - 00:38:55**

Speaker 3: It is a good question as to why there is some softness in EMEA as well. When we take a deeper look at that, we notice that there is, for example, a spare part-related decline in EMEA, which may be a temporary topic. Whereas the field service, in relative terms, has been doing better. It may be too early to say if this is any kind of trend or not. However, it is a valid question to be followed up on in the coming quarters.

**00:38:57 - 00:39:26**

Speaker 7: Okay. Thank you. Then the second question is on the port's orders, which were really good in Q2. You pointed out that it's always kind of volatile between quarters, but how do you see this going forward? How optimistic are you about the kind of coming quarters? Do you think Q2 was kind of only about timing, or is it already reflecting maybe positive market share developments for you, given the tariffs and everything that's happening?

**00:39:29 - 00:40:02**

Speaker 2: As I said earlier, there are good opportunities of different sizes in the funnel, and the underlying market, the container traffic throughput index, is increasing. There is a good long-term perspective, but the timing is a question. Then, as you know, we don't guide order intake as such on a quarterly or an annual level with more detail than that. However, there are opportunities in the funnel. It's quite a lumpy business, as we have several times stated, so you can't really draw conclusions based on one quarter.

**00:40:04 - 00:40:11**

Speaker 7: Okay. Thank you. [silence 00:40:05-00:40:11]

**00:40:11 - 00:40:27**

Speaker 4: As a reminder, if you wish to ask a question, please dial the pound key five on your telephone keypad. The next question comes from Mikael Dopel from Nordea. Please go ahead.

**00:40:30 - 00:40:59**

Speaker 8: Thank you. Good afternoon, everybody. I have two questions, please. I'll take them one by one. Firstly, coming back to the guidance, as you pointed out, sales will probably decline year-on-year in the second half. However, margins were also down a bit in the first half, and you're guiding for the improving margins. I'm just wondering if volumes come down, then what's going to be the key margin driver for the second half compared to the first? Let's start at that point.

**00:41:01 - 00:42:24**

Speaker 3: If we take a look at the second half in particular, in comparison to last year's second half and this

year's first half. There are a couple of positive things. One of them is the product mix. We are expecting that from the margin point of view, the mix will be better as a result of, in relative terms, a lower share of port sales in comparison to, for example, service and also Industrial Equipment. The ports have been having a very good first half now. The other one is the execution slash productivity. We have now been referring to both Q1 and Q2, to some extent, to lower productivity, particularly in Industrial Equipment. However, we are expecting that the productivity will be better from that point of view in the second half. Then there are also a couple, or at least one, negative lever, which is the currencies that we already talked about. The hedging rate will be somewhat weaker in the third quarter and in the fourth quarter than it has been. At least these three are there that are impacting in different directions in comparison to the previous first half.

**00:42:26 - 00:42:54**

Speaker 8: Okay. Now that's clear. Thank you. Then secondly, there's been some news about the US banning the STS imports from China. I'm wondering whether this has impacted your discussions with potential new clients in any way? What are you hearing from the ground currently on this topic? Also, do you see this potentially spreading into other segments of cranes as well?

**00:42:55 - 00:43:50**

Speaker 2: Yes, I can take that, Teo. I'll start again. It is something that is an underlying and ongoing discussion with the customers more broadly. However, the fact is that it is too unclear or unknown what policy is related to that. Then, good to keep in mind that, particularly when you mentioned STS cranes, these are very large cranes and very large projects with multi-year deliveries. Even the global capacity is somewhat limited to go about on a massive scale, renewing the American fleet of STS cranes. Even the underlying annual demand is quite a feat, and it takes some time. Although that is certainly not only a talk, but there can be an opportunity, it is something that is not imminent and immediate.

**00:43:53 - 00:43:59**

Speaker 8: Sure. Thank you very much. [silence 00:43:54-00:43:59]

**00:43:59 - 00:44:04**

Speaker 4: The next question comes from Antti Kansanen from SEB. Please go ahead.

**00:44:10 - 00:44:37**

Speaker 6: Thanks for taking a follow-up. It's a very quick one on the port side, where you mentioned that the backlog for second-half deliveries is down by more than 100 million. How would you face the backlog then for 2026? Do you expect growth on a year-over-year basis on what comes from backlog, or is it stretching longer into 2027, 2028, and forward?

**00:44:40 - 00:45:04**

Speaker 3: Without going into the specifics, there is a gap in the order book for the second half of this year. I may summarize by saying that 2026 looks quite okay from the deliveries point of view, based on the order book that we have now. There are deals beyond that as well, but not to an exceptional degree, one would maybe say.

**00:45:05 - 00:45:17**

Speaker 6: Would you also want to comment on anything on the backlog margins, given that we are now seeing this kind of strong margin coming through on ports? Would you be optimistic that 2026 looks good from that front as well?

**00:45:18 - 00:46:10**

Speaker 3: At least, we have not tried to make any major change from the margin point of view. The overall conclusion is that our order book margins are in line with the margins that we are delivering with at this point of time. The idea is to be able to keep it that way, including the tariffs, which are of course from the complete crane deliveries point of view. This doesn't have a direct impact on us that much because it's usually the customer who pays the import duty part. But, both that and the FX have an impact on the competitiveness of our offering, which to a large extent comes from the EU. That has to be taken into consideration, but it hasn't impacted our order book as of this point.

**00:46:14 - 00:46:20**

Speaker 6: Okay. Thank you. [00:46:12-00:46:19]

**00:46:20 - 00:46:25**

Speaker 4: There are no more questions at this time. I hand the conference back to the speakers.

**00:46:26 - 00:46:45**

Speaker 1: Thank you, operator. As it seems that we do not have any further questions on the conference call lines, I will be taking one question through the chat function. Could you please give us an update on your most current views on the opportunity in the United States related to the legislation restricting Chinese access to the markets?

**00:46:47 - 00:47:40**

Speaker 2: I believe this is somewhat similar to the question that was asked about the states. That's a good and very valid topic to ask, and therefore it's good to repeat also from a slightly different angle. I assume that the person who asked the question is also mostly referring to the heavier end of the equipment and ship-to-shore cranes. I repeat that there is an opportunity, but there is no visibility at the moment of when and how it will be taken into effect. Even if it were, then the timing and the scale of the whole conversion from Chinese products to Western-made products would be a multi-year exercise. It's very large in scale, also from a supply chain point of view. Although it is a relevant question and an opportunity in the long term, it is not something that is imminent.

**00:47:41 - 00:48:04**

Speaker 1: Thank you very much. It seems that we do not have any further questions. This concludes our Q&A session for today. I want to thank everyone for actively following our webcast. Before we close the event, I would like to remind you that Konecranes will report its Q3 report on October 23rd. Thank you and have a lovely summer.

**00:48:05 - 00:48:05**

Speaker 2: Thank you.

**00:48:05 - 00:48:06**

Speaker 3: Thank you.