Konecranes Q3 2025

00:00:00 - 00:00:56
Linda Häkkilä: Hello all, and welcome to follow Konecranes Q3 2025 Results Webcast. My name is Linda Häkkilä. I'm the VP of Investor Relations here at Konecranes. With me today as our main speakers, we have our president and CEO Marko Tulokas, and our CFO, Teo Ottola. Before we proceed, I would like to remind you about the disclaimer, as we might be making forward-looking statements. Here you can see our agenda for today. We will first start with the presentation from our CEO, and he will give us a market update and guide us through the group performance. After that, our CFO, Teo Ottola, will guide us through the Business Area performance and talk about the balance sheet topics. Before we start with the Q&As, our CEO will still summarize the main points of the quarter. Now, without any further comments, I would like to hand over to our CEO.

00:00:59 - 00:02:37
Marko Tulokas: Thank you very much, Linda. I'd like to start by saying that I'm extremely pleased with our performance in quarter three and throughout the year 2025. Konecranes team delivered a very strong quarter in continuation of our solid half-year performance. Under the prevailing market conditions this is an excellent achievement. With this kind of market uncertainty, an order intake growth of 23 percent year-on-year is a very good start for quarter three, or is a very good quarter three. Our demand environment has remained stable despite the market uncertainty, and our sales teams have been able to close well, despite the timing-related hesitation. Our orders are up now by 23 percent year-on-year in comparable currencies, and our order book increased by more than seven percent. The order intake increased in all Business Areas. Our sales amounted to nearly €1 billion in the third quarter. This means a decrease of 5.5 percent year-on-year in comparable currencies. Despite the decrease in sales, we reached a record high EBITA margin of 16.7 percent. That is an increase from the second quarter level of 14.3.

00:02:39 - 00:04:15
Marko Tulokas: Our profitability in the third quarter was supported by good execution as well as some one-off items. We will go through the performance per Business Area later in this presentation. Next, I will again go through some woards on our general market environment. 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 best macro indicators that describe these conditions for the industrial Business Area. From the data, we can see some weakening year-on-year, but still, our order intake in Industrial Service and Industrial Equipment grew in quarter three. That was really driven by good activity in our standard equipment business, as well as some significant modernization and process crane projects. At the same time, within our industrial customers, we have seen somewhat cautious behavior, both in the timing of new orders and delays in project delivery acceptance. Our operating environment continues to be impacted by geopolitical tensions and volatility, especially related to tariffs. Now let's talk about the market environment for Port Solutions.

00:04:16 - 00:05:42
Marko Tulokas: In Port Solutions markets, we continue to see good activity. The container throughput index, which is the main indicator here, continued at a strong level in the third quarter compared to the historical readings. It is now up by three percent year-on-year, and as we say in our demand outlook, the long-term prospects related to container handling or container traffic remain good overall. Next, let's take a look at our sales and order intake development. In the third quarter, the group order intake grew by 23 percent year-on-year in comparable currencies, and that is an increase in all three BAs. Looking at geographical markets, we saw some improvement in our order intake in the Americas and APAC region, as well as some weakening in EMEA. Our sales in the third quarter decreased both in reported terms and comparable currencies, which was mainly driven by the lower order book in Port Solutions. In the third quarter, we saw a decrease in net sales for Industrial Service and Port Solutions, but a very strong delivery performance in Industrial Equipment after a less strong quarter two. On a group level, we saw a decrease in net sales in all regions.

00:05:44 - 00:07:20
Marko Tulokas: Now moving on to the order book. Our order book reached its highest level since quarter one of 2024 and amounted to over €3 billion at the end of the quarter. We saw an increase in Industrial Equipment and Port Solutions, while there was a decrease in Industrial Service. Our book-to-bill has been positive throughout the year, and looking back at our long-term performance, our order book continues to be on a historically good level. Then, finally, looking at the EBITA margin

development, which also reached a record high level. In the third quarter, we generated €165 million of EBITA. This translates to a very strong EBITA margin of 16.7 percent. This performance came from really solid execution as well as some one-off items. An EBITA margin increased year-on-year in all BAs. Industrial Equipment reached its all-time high margin of 14.1 percent in the third quarter, and Industrial Service and Port Solutions also had very good margins of 22.7 and 11.8 percent, respectively. Then let's move on to performance towards our financial targets. Last year was very good for us, and our performance has continued strong also this year.

00:07:20 - 00:08:37
Marko Tulokas: This graph shows the rolling 12-month figures for our sales and EBITA margin, and progress towards our long-term financial targets. Our group sales remain flat, whilst our comparable EBITA margin increased when comparing the last 12 months to the full year 2024. The group's profitability in the rolling 12 months, we are at the lower end of our profitability target range of 13 to 16 percent. We consistently continue to work towards those targets. While increasing our EBITA margin, we also aim to continue to grow our sales faster than the market. In Industrial Service, our steady progress over the last five years continues, and the sales in the rolling 12 months remained relatively stable, but our EBITA margin increased to 21.5 percent. We are already today well in line with our target range, but naturally, it is still closer to the lower end of the bracket. In Industrial Equipment, sales in the rolling 12 months remain flat, and our EBITA margin for the same period decreased compared to the full year 2024. That is mainly due to the weaker H1 and, particularly, the weaker quarter two.

00:08:38 - 00:09:41
Marko Tulokas: While the quarter two performance for Industrial Equipment left room for improvement, our performance in quarter three was, in turn, exceptionally strong. Also, here, we will continue to work to strengthen the over the cycle performance of the Industrial Equipment business. Then, moving on to the Port Solutions. We have continuously improved our financial performance during the last three years, as you can see from the graph, and we continue to do so in quarter three. Our sales increased in the rolling 12 months compared to 2024, which is already a very good year. Our EBITA margin for quarter three remained at a high level, which resulted in an EBITA margin of 10.8 percent for the rolling 12 months. Needless to say that I'm very pleased with this progress. Now I will hand it over to Teo Ottola, our CFO, for some time, and then I'll return in a moment. [silence 00:09:35-00:09:41]

00:09:42 - 00:11:03
Teo Ottola: Thank you, Marko. Let's move on in the presentation. Before going into the Business Area numbers, let's take a look at the comparable EBITA bridge between Q3 of this year and Q3 of last year. As we have seen, the margin improvement is large in a year-on-year comparison, and when we examine the figures in euros, this translates to a €22 million improvement, which we will unpack a little further next. First, starting with pricing, our prices were approximately two to three percent higher than a year ago, possibly closer to three than two. Nevertheless, this improvement or increase in prices is somewhat less than what we have been having at the beginning of 2025. When we combine this price increase with the fact that our sales declined by more than five percent in a year-on-year comparison, we are looking at a quite significant underlying volume decline in the third quarter compared to the situation a year ago. This creates negative operating leverage, which impacts profits as well. However, there are several positive things supporting our profits.

00:11:03 - 00:12:36
Teo Ottola: First of all, net of inflation pricing was slightly positive in a year-on-year comparison, although the positive impact primarily results from tariff-related price increases. We have increased prices in line with the tariffs. But then, as a result of inventory turns being slow, the benefit comes first, and the cost will be flowing in a little bit later in terms of material consumption. In addition to that, we had a clearly better mix now than we did a year ago. But the biggest explanation of all is the very good execution that we had. The performance of the business was excellent, particularly in project execution, which is most visible in the ports, but also in other Business Areas. When we combine this with the fact that our fixed costs were actually lower than they were a year ago, we were able to create this improvement in EBITA, despite lower sales. When we take a look at the performance a little bit more in detail, we can note that our performance this time was helped by some one-off type of lever things. One of them was that we actually received an R&D grant in Finland in the amount of roughly four million, which was booked in the third quarter.

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00:12:36 - 00:14:04
Teo Ottola: This is of course visible in the fixed cost, which is one of the reasons why fixed costs are now lower than they were a year ago. I already mentioned that the tariff-related price increases and the tailwind we got there, that was less than five million, but several millions anyway. Then we also had also some provision releases within the industrial businesses. Altogether, these amount to roughly €10 million. The next one I'm going to discuss is not a one-off topic. It's normal business practice. As a result of the good project execution within Port Solutions in particular, we were able to release provisions, and that positively impacted our results in the third quarter. Normal business as such, but this quarter was better than average, definitely from that point of view. These are some of the topics that explain the profitability and profits within the third quarter. Let's then move into the businesses and start with service as usual. Here, it's worth noting that, just as in the second quarter, the FX impact is quite big. Let's focus on the numbers using comparable currencies. In Service, order intake grew by almost 9, 8.7 percent.

00:14:04 - 00:15:35
Teo Ottola: This is clearly higher growth than we had in the first half of 2025. This growth was actually supported by some large modernization orders that were already mentioned by Marko as well. But even if we excluded those or the delta as a result of the modernizations, we would still be having growth, even if the majority of the growth is created by these modernization orders. When we take a look at the field service, our order intake declined in a year-on-year comparison, and in parts, it was an increase. Then, taking a look at the regions, we had an increase in the Americas and EMEA, but a decrease in APAC. It's worth noting that the modernization deals took place primarily in the Americas. Agreement base continued to grow more than five percent with comparable currencies, and the order book was slightly lower than what we had a year ago. Net sales grew by only 1.2 percent, which is less than the price increases have been. The underlying volume actually was lower than what we had a year ago. The reason is basically the slowness of order intake in the field service, and we had a decline in sales in the field service within service.

00:15:35 - 00:17:04
Teo Ottola: Spare parts were basically stable in a year-on-year comparison. From a regional point of view, we're stable in EMEA, whereas there is a decrease in the Americas and Asia-Pacific. Comparable EBITA margin improved by more than one percentage point to 22.7 percent, despite the somewhat sluggish sales development. This was primarily driven by very good cost management within the Service business, but to some extent also by pricing, which was partially in relation to these tariff-related price increases and the timing tailwind there. Then, in Industrial Equipment, there was a very good order intake, close to €350 million. That is as much as 26 percent growth in external orders in comparable currencies. When we take a look at this by the business units, we had growth in process cranes and components, but we had a decline in standard cranes. Then, in the regions, there was a decrease in EMEA, whereas the other two regions saw growth. Then the sequential picture, which is important as well. In comparison to the second quarter, we actually saw a significant sequential increase in process crane orders.

00:17:04 - 00:18:40
Teo Ottola: Components were more or less flat in a sequential comparison, and standard cranes declined slightly. The order book is clearly higher than what we had at the same time one year ago. Sales grew very nicely by 6.3 percent. Again, with external sales in comparable currencies, after a a little bit lower first half. We had an increase in standard cranes and component sales, but a decrease in process cranes, which then also at the same time meant that product mix was somewhat better than a year ago. Then, when taking a look at the margin, we achieved an excellent EBITA margin of 14.1 percent, representing a significant year-on-year improvement, driven partially by volume growth. The underlying volume in Industrial Equipment improved quite a bit here. There were also some of the one-off items that we already discussed. For example, the R&D grant is mostly visible in Industrial Equipment, but also the good execution, as well as the optimization program we have been running, has been giving benefits this quarter. The mix was also slightly better than a year ago. Port Solutions had a good order intake or an excellent order intake here as well, of more than €450 million, representing a 36 percent growth year-on-year.

00:18:41 - 00:20:02
Teo Ottola: We had very good order intake in yard cranes. This would mean primarily RTGs and

ASCs. If we take a look at the regions, Americas and APAC had an improvement, while EMEA had a decline. Here, I am also taking a look at a little bit of the sequential topic, as well as the so-called short-cycle product categories within Port Solutions. In Lift Trucks, we had year-on-year growth in order intake but sequentially down. Then, from the port service point of view, we had growth both year-on-year and sequentially. Sales were clearly down by almost 19 percent. This was known from the point of view that the order book was lower for the third quarter than a year ago. The order book is overall in good shape, 10 percent higher than it was a year ago. However, the same thing continues for the fourth quarter, just as it did for the third quarter. We have less order book for the fourth quarter now than we had one year ago for the fourth quarter. The order book is more beyond this year or the current year than it was a year ago. The comparable EBITA margin developed very well, 11.8 percent, a 2.2 percent improvement.

00:20:02 - 00:21:29
Teo Ottola: This is obviously not driven by volume, as the volume declined very much, but primarily because of the very good execution supported by some of the provision releases, like said. Then also, the product mix, particularly in Port Solutions, was clearly better than a year ago. Next, I have a couple of comments on the networking capital, cash flow. We actually had net working capital of only €285 million at the end of the third quarter. That's only 6.7 percent of rolling 12-month sales. This is very well in line with our target of being below 10 percent. If we take a look at the delta to situation a year ago, it is primarily in inventories where the decline has come, and then in sequential comparison, it's maybe more accounts receivable. This net working capital development, together with the good result, meant very good free cash flow on record levels this one as well, of more than €200 million. This consequently led to this slide, where we now, during the third quarter, have moved from being in a net debt situation to being in a net cash position. It's not much, but negative gearing, anyway, at the end of the third quarter.

00:21:29 - 00:23:02
Teo Ottola: On the right-hand side, we can then see the return on capital employed, which is 21.7 percent, and this is a comparable number, but also the reported number is more than 20 percent. We have actually added a slide on the US tariffs as well, because that continues to be a relevant discussion topic. On the right-hand side of the slide, we have the Konecranes exposure. These are the numbers that we have already given earlier. The internal volumes from Europe to the US are 180 million or less than 180 million. Then, on top of this internal volume, we obviously also have deliveries of fully assembled port cranes and lift trucks. We are subject to the normal reciprocal tariffs of 15 percent, for example, on complete cranes. However, many of our components, particularly spare parts, are also subject to so-called steel derivatives, where we are then subject to a 50 percent tariff. Also, the tariff codes added now to the steel categories in August were impacting us as well, so that we now have more components and parts within the 50 percent category than what the situation was before. What we have done is that we have increased prices more or less in line with the tariffs.

00:23:03 - 00:24:05
Teo Ottola: We are monitoring the situation. We are monitoring what the competitors are doing and how the customer demand is developing. We are discussing with the suppliers to be able to define the steel content of the components, because that can help us to, in a way, get the tariff, particularly the steel derivative tariffs, on the right level. If we can prove what the share of actual steel is in the components. All in all, we have been able to manage the pricing well. This most likely will become somewhat more challenging going forward, so maybe not all of the tariff increases are possible to put into the customer prices. We do not expect this to have any major impact on the margins, but the situation in the future may be a little bit tighter than it has been so far. This was the last slide that I had, and now I invite Marko back to the stage.

00:24:06 - 00:25:22
Marko Tulokas: Let's see how this works. We had some issues with the first slides earlier, but now this should be working again. Now, let's look at our demand environment and demand outlook. Our demand in the industrial customer segment has remained good and continues on a healthy level. However, the demand-related uncertainty and volatility due to these geopolitical tensions and trade policy tensions remain, particularly in North America. This translates into higher uncertainty both in the timing of the order, as well as some postponement of maintenance activities within industrial customers or Industrial Service customers. Hence, this may also impact the delivery performance or the delivery acceptance of customers. Our sales funnel remains at a strong level, and funnel

development during the quarter was stable. Compared to the previous quarter, the number of new sales cases is slightly down. Then, to our port customers, the global container throughput continues at a high level, and long-term prospects related to global container handling remain good overall.

00:25:22 - 00:26:48
Marko Tulokas: Our pipeline of orders is good and contains projects of different sizes. I'll reiterate our financial guidance for this year. Our net sales is expected to remain approximately at the same level in 2025 compared to 2024. We continue to expect that our comparable EBITA margin will remain approximately at the same level or to improve in 2025 compared to the last year. Now, before we start the Q&A, I'd like to go over three themes that we are leveraging to build on our strong foundation and to continue to drive the long-term profitable growth. Historically, looking at the long term or long run, these have been and are the fundamentals behind our success. They are the ones that are still very relevant today and will continue to provide us with further runway also into the future. First of all, our Konecranes customer base is diverse and global. Our dual-channel market approach gives us the most comprehensive access to customers globally and to different segments. Our broad product and service lifecycle offering continues to give us an advantage when catering to customers' wide needs.

00:26:48 - 00:28:01
Marko Tulokas: It creates stability against customer segments, demand volatility, and helps us to address specific customer segments within those markets. This approach to the market, our offering and our customer excellence culture is critical, but it's also personally something that I am passionate about, and I want to continue to foster. Then secondly, I would like to emphasize the lifecycle approach of Konecranes. Developing a service and lifecycle approach over decades has been, and is very much in the Konecranes DNA. We are not only providing equipment to our customers, but also taking care of them during their lifetime. That long-term customer relationship and focus on servicing all makes and models feeds our service sales funnel continuously with equipment and service products. This cornerstone in our operating model has served us well, but it continues to provide a further runway for growth and efficiency. The lifecycle approach is naturally a way of doing business, but it's also the only sustainable way to operate in today's world.

00:28:03 - 00:28:48
Marko Tulokas: Thirdly, it is the technology leadership. Konecranes has been the innovator in this market, and reinforcing our technological leadership continues to be crucial. Focusing on technology, innovation and development allows us to differentiate our offering from our competitors. It creates more value for our customers and helps us to leverage the lifecycle approach even more in the future. In conclusion, we have a strong foundation and great teams in place to build on our success and drive for expansion and growth. Thank you very much for your attention. Now we move on to the Q&A. Linda, go ahead.

00:28:48 - 00:29:02
Linda Häkkilä: Thank you, Marko, for the presentation, and thank you, Teo, also. Now we are ready to start the Q&A session. We will first start taking questions through the conference call lines. Operator, we are ready to start taking questions.

00:29:06 - 00:29:28
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. The next question comes from Daniela Costa from Goldman Sachs. Please go ahead.

00:29:31 - 00:30:05
Daniela Costa: Good afternoon. Thank you for taking my questions. I want to ask about two things. First, I guess starting with the growth in Industrial Equipment, given that you mentioned the capacity utilization figures in the beginning, which haven't yet started any big recovery. Can you talk about what drove you? Were there any particular verticals? Was there some pre-buying on the components or market share gains or something that has caused the strength there, and how sustainable do you see that going forward? That's first, then I'll ask the other one after.

00:30:09 - 00:31:14
Marko Tulokas: Maybe the key reason or the main point is to say this. You refer to the segments of the verticals, although the general capacity utilization may not be more on the contraction or

reinvestment level. However, there are several verticals that are quite strong at the moment and drive demand. I just name a few. The obvious one, I guess, on everybody's lips is the defense segment. That has been a topic for quite a while already. In the third quarter, we not only saw more opportunities in the funnel, but we also started to see quite a few actual orders in that segment. That is a clear example. There are other areas where the long-term investment trend, for other reasons than just productivity or capacity utilization, is strong. Maybe aviation is another example of where there's quite a lot of investment activity, and there are a few others. That is one of the key reasons why we continue to have a solid order intake there.

00:31:14 - 00:31:43
Marko Tulokas: Then, finally, I would also say similarly, during the broad segment, when we talk about larger investments or bigger projects, particularly on the process crane side, they tend to take quite a while to decide and for the customers to make the investment decision and then place the order. Therefore, it is not always easy to forecast or to predict. Secondly, it is not always exactly in line with the macroeconomic indicators.

00:31:45 - 00:32:42
Daniela Costa: Thank you. The second one is on Port Solutions. I think in many calls before, you've talked about the opportunity on the whole STS situation in the US, with the replacement of Chinese cranes and tariffs there. However, the US is just proposing an even bigger scope of what they could be putting in terms of tariffs on China. I know that about a year ago, you said that you were building a supply chain, domestically, there for the STS. Can you talk a little bit about, let's assume this, the 100% on STS and 115, the remaining port equipment would go through, where do you stand now in terms of building the capabilities to supply and to get a share of this opportunity domestically? Are there any side effects elsewhere in the world where you are seeing any increase in competition from the Chinese? Just give us a picture of how this has changed, given the scope seems to be changing, or what will be included there.

00:32:43 - 00:34:15
Marko Tulokas: Maybe I'll start, and then you can complement, in case I forget some part of the question. First of all, the recent development in those tariffs that was announced in early October, which is not yet, in our understanding, completely clear on what is the scope or application. Secondly, it is not clear how many tariffs are being applied, so there is uncertainty about the final solution. That is something that needs to be and must be clarified for us and for the market in the end. However, that doesn't take away the essence of your question, which was that have we been preparing. The answer is that we continue to prepare for the possibility of manufacturing in the States. We have been looking mainly based on subcontractors and utilization of our own existing facilities, and the industrial team that we have in the States, which is more than 2000 people today and in several manufacturing sites. We have an opportunity to explore that too. However, that is the local US-made scope. There is a gradual, partial move to that eventual outcome, which means that they are products that would be manufactured in Europe or other parts of Asia.

00:34:15 - 00:34:44
Marko Tulokas: There we have even more activities going on and readiness for suppliers as it is already today. I recall that your last part of your question was whether we do see increasing activity elsewhere. To some extent, that might be the right answer, and that is maybe more towards the other parts of Asia as well as in the Southern Hemisphere.

00:34:45 - 00:35:32
Teo Ottola: Maybe to add on to this competition elsewhere topic, if we talk about the STS, we need to remember that the market share for the Chinese competitor is also globally very high. This, in a way, may increase the competition elsewhere, but the market share already is there for the competition. This competition is also outside the US. Then, if one takes a look at the RTG, the situation is that our relative market share in the US is significantly bigger than what it is for STS and would be the same elsewhere. These two products are, from this geographical split point of view, a little bit different.

00:35:34 - 00:35:41
Daniela Costa: Got it. Thank you very much. [silence 00:35:34-00:35:41]

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00:35:41 - 00:35:47
Operator: The next question comes from Panu Laitinmäki from Danske Bank. Please go ahead.

00:35:50 - 00:36:25
Panu Laitinmäki: Hi. Thanks for taking my questions. I have two questions. Firstly, on the margin outlook. Obviously, Q3 was strong and had some one-off positives you mentioned, and it was above your long-term target. However, how should we think about Q4 going forward, given that you kept the guidance where the low end of having margins at the same level as last year would imply quite a lower margin for Q4, if I were to read it directly? Could you explain how we should expect margins to develop going forward?

00:36:27 - 00:36:27
Marko Tulokas: Maybe you could start with this, and then I'll follow.

00:36:27 - 00:37:32
Teo Ottola: Okay, I can. The short answer to the question of whether we expect the fourth-quarter margin to be equal to the third-quarter margin is no. We are expecting the fourth quarter to be lower than the third quarter. The third quarter was high. There are these topics we were discussing; and there are about 10 million or so, clear one-offs. One can say the product mix was very good. This may not be a one-off, but that doesn't necessarily mean it will repeat itself in the same way. Then, productivity, efficiency, or execution, whichever term we prefer, was particularly good in the third quarter. Maybe from that perspective, Q3 was a bit exceptional. Unfortunately, other than what we have in the guidance and what has now been concluded between our expectation on Q3 versus Q4, we do not communicate more on that.

00:37:36 - 00:38:11
Panu Laitinmäki: Okay. Thank you. Another one is on the order intake outlook. It's a bit mixed. If I listen to you, you say that there are fewer new cases coming to the pipeline, and you've flagged increased uncertainty in the market. However, on the other hand, we saw pretty good orders in Industrial Equipment. You've mentioned these strong verticals. What should we expect going forward? Is it kind of driven by these strong verticals, as patent on the macro implies, or are you seeing some pressure from the macro going forward?

00:38:12 - 00:38:54
Marko Tulokas: When we look at these new sales trends and so forth, they tend to fluctuate slightly from month to month. That's maybe something that we don't need to pay too much attention to. However, generally speaking, you could remember that we operate in so many customer segments that, quite well, kind of evens out these fluctuations in the different segments. Now we are helped by certain strong segments that are making up for the general, somewhat gloomy picture. However, it can be simply stated that our sales funnels on the industrial side are stable and are at a good level on average.

00:38:59 - 00:39:23
Teo Ottola: Perhaps to build on that, as you pointed out, the sales funnels are basically stable, and the number of new cases is slightly down. There's nothing major there. However, the average size of the case is slightly up, and that's why the funnel as a whole looks fairly stable, despite all the macro discussions and topics that are present.

00:39:26 - 00:39:32
Panu Laitinmäki: Okay. Thank you. [silence 00:39:26-00:39:32]

00:39:32 - 00:39:38
Operator: The next question comes from Antti Kansanen from SEB. Please go ahead.

00:39:41 - 00:40:08
Antti Kansanen: Hi guys. It's Antti from SEB. I have a couple of questions as well. I'll start with something Teo said on the EBITA bridge, that you may have had a temporary benefit from tariff-related price hikes. I didn't fully understand what you meant by you would benefit first and what you

were referring to regarding the cost impact that might come later. Could you provide a bit more clarity on that one, please?

00:40:08 - 00:41:10
Teo Ottola: Yes. The reason is that when we increase prices at the time when we start to import goods, for example, in this case, to the US. First of all, we have old inventory in the US, which is with the old prices. That's one thing. Another thing is that when you use the average price in the inventory, it tends to be so that material consumption comes through at a different time than when the sales number comes. This may create a mismatch, which we are here also seeing. That's good when it works like this. However, the reality is that we have not tried to gain anything on the tariffs as such. The disadvantage will be coming a little later. It can take a while, depending on the component being discussed. In service, it will come quicker. In equipment, it will come a little bit later. However, it will balance itself over time.

00:41:13 - 00:41:30
Antti Kansanen: Okay. However, it doesn't sound like this would be a major driver of any margin fluctuation that we're seeing, for example, on the Industrial Equipment side, which was obviously a significant step up from the second quarter, and maybe there will be a slight step down. However, this is not a massive driver on the margin.

00:41:31 - 00:41:55
Teo Ottola: The overall number, as I mentioned, is less than five million, and it is split basically between Industrial Equipment and Service. From that point of view, it's also not a massive driver. Plus, it will probably not vanish in one quarter. It will take a little bit. It's like rolling in a way, in terms of impact, due to the average price we have in practice from the inventory management point of view.

00:41:58 - 00:42:14
Antti Kansanen: Okay. Maybe a second kind of clarification, that 10 million or so that you are kind of flagging as an EBITA one-offs this quarter, that's mainly on Industrial Equipment, impacting mainly the Industrial Equipment division. Am I correct?

00:42:15 - 00:42:37
Teo Ottola: That is correct. The tariff-related price tailwind we just discussed is more in Industrial Equipment than in Services. This is because the impact comes through more quickly in Service and more slowly in Industrial Equipment, and the R&D grant, which is the other big topic, is primarily within Industrial Equipment.

00:42:39 - 00:43:11
Antti Kansanen: Okay. Then the second question, maybe this is a similar topic, but project execution on the port side. If I remember correctly, the margins on the ports for the previous quarter were also very good, compared to historical performance. I didn't remember that you flagged the mix back then, but that was also a good execution, and now it continues on the port side. Is there something that we should consider as a kind of structural improvement, something that we can extrapolate going forward, or are we still waiting to see whether this is sustained?

00:43:16 - 00:44:23
Marko Tulokas: I'll start again. First of all, in the ports execution, one thing that is obvious is that these are big projects, and when you deliver a big project, you make certain provisions for it, the risks and execution. In this particular quarter some of those provisions were released, hence that is also relative to the sales. So the volume impact wasn't as big. It has some mix impact, but the underlying reason is the same, that our project execution has been on rather conditions. There haven't been any significantly difficult projects. That of course,, in the nature of the business, we cannot guarantee that that would not happen at all. However, I believe our project management capability has been consistently improving over the last few years. In that way, we are kind of confident that we can do that quite well now. However, it doesn't remove the fact that in such a business, some risk is also involved.

00:44:23 - 00:45:10
Teo Ottola: The main point from our point of view is to able to have this improvement trend, so that every now and then, a quarter is better, and then maybe, also worse. However, when the trend is in

the right direction from the project execution perspective, then things are good from our point of view. From the mix point of view, there probably isn't anything structural that needs to be taken into consideration. We have consistently been saying that we want to grow more in port services than in other areas. However, as long as we have good order intake from the equipment point of view, this will not be visible in one quarter or even in one year. This is a much longer project to change that structure.

00:45:13 - 00:45:43
Antti Kansanen: Okay. Then the last one for me is on the order side. I guess there were a couple of bigger ones that you flagged both on Industrial Services, on the process cranes side, obviously on the ports as well. However, it's a bit of an active quarter in terms of big projects. Is there something explaining the timing, or am I just reading too much into it? You also mentioned that the average case size is growing, so was this a particularly active big project quarter for some particular reason or just a coincidence?

00:45:50 - 00:46:44
Marko Tulokas: Coincidence may not be the word that I would use. It's part of a consistent and continuous work, and working on the funnel. The timing of the orders, because customer-related reasons sometimes of course happens, it's not entirely under our control, for sure. Maybe I'll answer that, mainly related to the process crane business. You see that the process crane business orders were particularly good. In that case, I would say that we had in the same quarter several quite successful larger projects, whether it is in power or aviation or to some extent also elsewhere. That is maybe a slightly larger than usual quarter. However, that doesn't take away that both in the ports and in the industrial process crane side, there are still further opportunities in the funnel also. It was just that the timing, particularly, in the process crane was good.

00:46:45 - 00:47:08
Teo Ottola: I would say that it would be a little bit difficult to find the connection between decision-making, timing, and something that has happened in the world from the macro point of view, or even from the macro point of view to us. Hence, coincidence is not the right word, but there is probably not a big scheme behind that would explain this timing.

00:47:10 - 00:47:12
Antti Kansanen: Okay. Thank you very much.

00:47:12 - 00:47:13
Marko Tulokas: If you find out, please let us know.

00:47:16 - 00:47:17
Antti Kansanen: I'll do that. Thank you.

00:47:20 - 00:47:37
Operator: As a reminder, if you wish to ask a question, please dial pound key five on your telephone keypad. The next question comes from Tom Skogman from DNB Carnegie. Please go ahead.

00:47:42 - 00:48:02
Tom Skogman: Hello. This is Tom from DNB Carnegie. Sorry for asking about the margin guidance, but the January to September margin is already one percentage point higher than it was one year ago. Is there any reason you did not change the guidance to improve that we should be aware of as a risk element for Q4?

00:48:03 - 00:48:08
Marko Tulokas: Tom, since Teo has the previous related question, you can start on these.

00:48:10 - 00:48:56
Teo Ottola: We are not expecting anything dramatic in the fourth quarter that would be somehow deviating from the normal course of business significantly. I guess that it is rather that we would be saying that the third quarter was a little bit on the higher side because of the topics that we have been discussing. This year's fourth quarter is like many, many other years, fourth quarters as well. It is a

combination of primarily of mix, and then the underlying volume. This balance is very important from the margin development point of view as well.

00:48:57 - 00:49:35
Tom Skogman: Okay. If they're looking at kind of building blocks for 2026, I would just like to get a bit of clarification when I do my own EBIT bridge. To my understanding, there is no cost-cutting program ongoing for next year, so what would you like to guide when it comes to fixed costs? Is this modernization of products a negative or a positive for next year, since, as you have indicated, you have both the new and the old generation of products in manufacturing next year?

00:49:36 - 00:50:06
Marko Tulokas: I didn't quite get the last part, so I'll let you answer that. However, when it comes to the fixed things, we don't guide the fixed cost per se. However, there is some tail end to this industrial restructuring program that remains. When it comes to fixed costs, we are closely observing the demand environment. We have also, during this year, made adjustments to the organization as needed based on the demand environment.

00:50:06 - 00:50:22
Teo Ottola: I suppose the other question, if I understood Tom correctly, was whether the product renewal and launch in Industrial Equipment will be a positive or negative for 2026 compared to 2025?

00:50:24 - 00:51:52
Marko Tulokas: Sorry, Tom, I didn't quite get that. First of all, those launches are now progressing basically to the second launch year. This year, the launch has been towards the second half, proceeding all the time better, the amount of products that we are converting is catching up. is probably a good way to say it. That is proceeding quite satisfactorily, I would say. Now we have in all three regions the new wire rope hoists available also. In that sense, the readiness is there. As I think I explained last time, when you have a new product, you run it in manufacturing for some time, and you will run two products in parallel. That has the tendency to increase manufacturing costs. Secondly, you have some product cost, variable cost related to timing to catch up with the old legacy product that has been in the market for quite a while. In both accounts, we still have some costs next year on the new product that are higher than those of the existing product. However, we are moving ahead quite well on that. We have been kind of preparing for that for the most part, so I wouldn't take that as a very significant consideration.

00:51:55 - 00:52:23
Tom Skogman: Okay. Then, on the big tariffs on RTG cranes, I don't understand why we discussed the STS cranes so much. Isn't the RTG crane the big opportunity for you in the US? That is many more high-margin products than STS cranes, and the Chinese companies have been very strong there as well. In that product, you have already set up to deliver quickly, basically.

00:52:23 - 00:52:43
Marko Tulokas: Yes, that is true. At the same time, although we don't exactly comment on the competitors' market share here in the region, the Chinese competition in this case is not as big on the RTGs as it is in the STSs. That's maybe the main answer to your questions.

00:52:43 - 00:53:00
Tom Skogman: Do you expect a clear increase in market share in RTG crane orders in 2026 and 2027 if these current tariffs are holding up, basically?

00:53:00 - 00:53:14
Marko Tulokas: No. I think, like I said, the Chinese competition that this is facing is not big on RTGs in the same way as they are on STSs. That's probably as much as we can say on that market's topics.

00:53:16 - 00:53:26
Tom Skogman: You don't want to disclose at all. As I've understood, the Chinese do not have 50 percent of the market, but 30 to 40 percent of the market in the US. Isn't that right?

00:53:30 - 00:53:31
Marko Tulokas: Yes, not on the RTGs.

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00:53:34 - 00:53:54
Tom Skogman: Finally, electrification is like a big theme. All companies that operate within electrification saw pretty good growth at the moment. However, most of these are big end customers for you. You see that they are expanding and ordering cranes from you.

00:53:56 - 00:54:02
Marko Tulokas: I think the line is a little bit pbad. Did you ask what are the big customers...

00:54:13 - 00:54:18
Tom Skogman: In general, electrification is a very strong sector when you look at engineering, and you have a lot of sales. It could be Hitachi, it could maybe be Siemens or whatever. However, what types of products do you see strong demand for?

00:54:18 - 00:55:20
Marko Tulokas: Okay. You're asking for our demand from that segment that benefits from the electrification. Sorry, I misunderstood you. I understood our electrification of the products. That is a one-demand driver that, when the whole world is moving towards electrification, automation, and more in that way, more sustainable, and then that drives demand in different ways, more directly and indirectly. This indirect demand that is coming from the investments in the more sustainable machines and so forth, is also driving demand in these customer segments. They are, however, generally speaking, not as large or as big crane users as many others. However, it is true that you can see positive demand also in those segments and, in some cases, also quite large pieces of equipment. I guess the answer to your question is that, yes, that is certainly a one-demand driver also.

00:55:22 - 00:55:26
Tom Skogman: What about gas turbines? The gas turbine manufacturers are investing massively at the moment, for instance.

00:55:43 - 00:56:17
Marko Tulokas: Gas turbines are one way, besides wind, nuclear, hydro, and a number of other things, to generate electricity. We have seen it historically also that demand is moving from one technology to another, and now it is more, maybe on gas, wind, nuclear and so forth. That is true. However, on the other hand, there is a reduction in the other side at the same time in the other technologies. Those are typically the users for those types of equipment for gas turbines. They are rather large pieces of equipment or bigger projects because of the technology involved.

00:56:17 - 00:56:30
Tom Skogman: Okay. Thank you. [silence 00:56:18-00:56:30]

00:56:30 - 00:56:35
Speaker 4: The next question comes from Mikael Doepel from Nordea. Please go ahead.

00:56:37 - 00:57:19
Mikael Doepel: Thank you. Good afternoon, everybody. Just a follow-up on the order intake here. I guess what you're saying is that you had a few big orders in the quarter across all segments. However, you're also saying that you have a fairly good pipeline of projects, both in ports and Industrial Equipment. I'm trying to get my head around. Looking at the numbers in Q3, 1.1 billion, how would you describe that? Is that normal in your view, or is it exceptionally strong, or how should we think about the level of orders in the quarter, when we think ahead from here?

00:57:19 - 00:57:23
Marko Tulokas: You're referring to the Q3.

00:57:23 - 00:57:24
Mikael Doepel: Yes, exactly.

00:57:25 - 00:58:23
Marko Tulokas: That was the same topic that we discussed a moment ago. I would maybe reiterate, first of all, the really strong funnel. It's maybe not what we said earlier. We have a stable funnel, and

there are large opportunities also in the funnel, as there have been in the first half of this year. That hasn't changed. It is the timing question of when those actually are realized. That is not something extraordinary, they have always existed there, and they are just more kind of timing-related topics when they actually mature and so forth, particularly for the industrial side of things. It was a good quarter, also from a bigger project point of view, and hence the large order intake. However, as it was stated by us earlier, we had a very stable order intake in the other areas, broadly speaking, and growth in the agreement based and growth in basic service. In that way, in many ways, it's a very important thing.

00:58:26 - 00:58:38
Mikael Doepel: Okay, and on that topic, actually, I missed what Teo said there in the beginning on Industrial Equipment, when you talked about the sequential order intake increase. Could you just repeat that place on the Industrial Equipment?

00:58:38 - 00:59:06
Teo Ottola: Sequentially, we actually had a very big increase in process cranes. On the heavier side, we were more or less flat on the components. Then the standard cranes were slightly down. Standard cranes were actually down both sequentially and year-on-year. Whereas, the process cranes this time have done well in the third quarter, so it was up both year-on-year as well as Q-on-Q.

00:59:06 - 00:59:08
Marko Tulokas: We did not have a very good year last year.

00:59:10 - 00:59:30
Teo Ottola: Maybe against easier comparables, that is correct. Components, which is maybe the most important one, taking a look at it from the demand point of view, have been up year-on-year and a flattish sequentially. It's very hard to conclude anything significant from that one, either.

00:59:32 - 00:59:42
Mikael Doepel: Okay. That's clear. Thank you very much. [silence 00:59:34-00:59:42]

00:59:42 - 00:59:49
Operator: There are no more questions at this time. I hand the conference back to the speakers for any closing comments.

00:59:49 - 01:00:13
Linda Häkkilä: Thank you very much for all your questions. We have covered a lot of different topics, but I would still have one question left here in the chat. Can you please talk about the Ship-To-Shore cranes opportunity? Where can you produce outside of China? Do you need any additional Capex to start new production, or is it possible to use the existing plants?

01:00:15 - 01:00:58
Marko Tulokas: For the STS cranes, we have, and we have also had the possibility to produce those products also in this time zone in several places. There are two locations in APAC and Southeast Asia, where we are also working on a subcontracting-based model to produce STS cranes. Therefore, that is not something new as such. That is a typical thing for us, that we have to make sure that we have several kinds of channels in place all the time. Now, because of this situation, we have been accelerating those activities or those projects to define the subcontractors.

01:00:59 - 01:01:10
Linda Häkkilä: Thank you, Marko. I think this concludes our session today. I want to thank you all for following our webcast. I want to thank Marko and Teo, and wish you all a lovely evening. Thank you.

01:01:10 - 01:01:11
Marko Tulokas: Thank you very much.

01:01:11 - 01:01:12
Teo Ottola: Thank you very much.