Konecranes - Financial statement release 2025

00:00:08 - 00:00:54
Linda Häkkilä: Hello all, and welcome to follow Konecranes Q4 2025 results webcast. My name is Linda Häkkilä. I'm the VP, Investor Relations here at Konecranes, and with me today as our main speakers, we have our 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. As per usual, we will first start with presentations both from our CEO and CFO, and after that, we will start the Q&A session. We are happy to answer your questions through the conference call lines. But now, without any further comments, I would like to hand over to our CEO.

00:00:57 - 00:01:50
Marko Tulokas: Thank you, Linda, and good afternoon, from a cold but very sunny Helsinki. I'd like to start with some general statements. It was a really very strong year for Konecranes, and I'm very, very proud of our team and very proud to be part of the Konecranes team, particularly in a year like 2025. Konecranes has a very sound business model. We've been executing our strategy, and that, of course, in this sort of environment has really showed an improved resilience in our results. It was a very uncertain environment last year. We focused on executing our strategy and focused on the most important things. The year started on uncertain terms, but we acted fast and early. Whether it's on pricing, focus on execution, or tight cost control.

00:01:50 - 00:02:49
Marko Tulokas: Towards the second half of the year, the market environment stabilized, and particularly in the delivery side it was visible and that helped us to finish the year strong. Now, when we look towards 2026, we have a good order book in place. The structure is solid, and our strategy for 2026 has a very good roadmap in place. So, I'm really confident for the year 2026. Now let’s look at how the year turned out and then also how the quarter four looked like. Throughout the year, the demand environment stayed positive overall. There was a lot of positive development in many customer segments, and Konecranes' broad presence in different customer sectors and geographies helped us in this sort of volatile environment.

00:02:49 - 00:03:49
Marko Tulokas: Our orders were strong, particularly in Port Solutions and Industrial equipment, so we grew by almost 12% in comparable terms in 2025 compared to 2024. The demand on Industrial Service was quite a tough demand environment, but even in this environment we were able to strengthen our agreement base. We took very good care of our pricing and ensured that we adjusted our cost base to the prevailing conditions. We also took care of our margins and cost structure, good execution in our project business, and we continue to roll-out our products according to our strategy. That meant that we were able to complete the year with almost a one-percentage-point improvement in comparable EBITA at 14% record-high level.

00:03:49 - 00:04:32
Marko Tulokas: Moving on to quarter four. In quarter four, our orders were also very good. We continued a very solid order intake and also sales, but it's also noteworthy that both decreased against a very strong comparison quarter four of 2024. Orders were down four percent, and net sales were roughly flat in comparable terms. Quarter four in 2024 had a very strong order intake in Port Solutions, but also in Industrial equipment, where both actually had the second-highest quarter of all time in Konecranes. That makes quarter four of '25 also very satisfactory for us.

00:04:33 - 00:05:31
Marko Tulokas: Our order book continued to strengthen, and it was three percentage points higher or seven percentage points in comparable terms. Our profitability improved and increased to 14.1%. It was really a very good project execution in Industrial Service, Industrial equipment, and in Port Solutions. Port Solutions with very good margins, but with the slightly lower volume, and we kept our cost control intact, and had a bit of pricing and tariff tailwind, but less than we had in quarter three. The order book improved, and that means a solid start for 2026. Now, if we look at the market environment, generally, how best to describe it, maybe one way to say that the market and the customers have gotten used to the uncertainty.

00:05:31 - 00:06:40

Marko Tulokas: So, there is a cautious positive development in the capacity utilization rates, as it's visible in this Industrial Service and equipment slide. It shows the capacity utilization rates in the three main market areas, our own funnels, and our customer demand how we see it, European sales funnels are good on a solid level. There are some signs of improvement, but of course customers continue to be rather cautious around this type of volatile environment. In the United States, the previously very strong Industrial equipment funnel has somewhat flattened out, but on the other hand, on the service side, we see some signs of improvement. Customers are starting to use the service that they may have put on hold temporarily during the tariff-related uncertainty. It's too early to say how this actually pans out during this year, but we are optimistic in general about the market environment and continue to be so. In the Asia Pacific, the market continues, and the funnels continue to be on a stable level, but the tough competition continues, particularly from the Chinese competition.

00:06:40 - 00:07:42
Marko Tulokas: If you take a look at the Port Solutions segment. Here, the container throughput index, as we have discussed before, is the main indicator, and that continues to be on a very good level overall. Maybe there is some flattening in the growth rate, but it's still very positive. Our funnels are continuing to be good. There are big and small cases in the funnel, and it is good to remember here that, besides the obvious container throughput traffic indicator, there is the long-term prevailing trends in Port Solutions that are driving investments. That comes from the automation trend, the prevailing consolidation trend in that industry, changing the traffic routes driven by the repatriation, and changing manufacturing locations. We continue here to have a positive general view on the market, as we also had last year.

00:07:45 - 00:08:23
Marko Tulokas: Iterating again, a bit more about quarter four, the development against the strong comparison period, and how the past two years have gone, as you see here, because the order intake in quarter four was slightly down from previous year quarter four, but, last year the order intake was actually very good and better than the previous year in the first three quarters. There was a decrease in quarter four in all business areas. Some increase in Europe and some decrease in the Americas and APAC. Actually, the same profile is true for the sales side of things.

00:08:30 - 00:08:58
Marko Tulokas: Next is time to look at the order book situation. We have had a solid above one book-to-bill ratio throughout last year. We've been strengthening our order book throughout the whole of last year, since quarter four of 2024. We have a particularly strong order book situation in Port Solutions. It is positive in Industrial equipment with a also positive mix, but it's also a bit down in Industrial Service.

00:08:58 - 00:10:02
Marko Tulokas: Here you see the profitability development over the last two years, and again compares the quarters to each other. This is really a very strong progress and a very strong execution of our strategy. There is an increase in Industrial Service and Industrial equipment in quarter four, some decrease in Port Solutions. As I stated earlier, that's mainly driven by the volumes. Port Solutions continue to have good margins and good execution, and they also had a very good quarter four last year, some with less tariff tailwind, but still some was visible in quarter four, really good cost management, and a slightly weaker mix in Port Solutions. We are very happy with this 14.1% outcome in quarter four last year. That helped us to reach this, almost a percentage point year-on-year, full-year improvement on profitability.

00:10:06 - 00:11:11
Marko Tulokas: It's time to take a look at how we track our profitable improvement progress or process. This is actually the third consecutive year in all three business areas where we consistently improved our profitability. All three business areas are well within their defined mid-term profitability ranges. We've done this under a rather challenging demand environment. However, at the same time, it is true to say that we have not really had a challenging downturn in terms of volumes yet. As you will see here, there's been pressure on the volumes, and we've seen continuous good profitability improvement. With additional volumes, we are confident that this continues to be a good story. Now I would like to hand over to Teo, and then I'll come back after a few slides to talk about the demand outlook and a couple of other things.

00:11:13 - 00:12:40
Teo Ottola: Thank you, Marko. Let's take a look at some of the business area numbers in more detail. Before going there as usual, let's take a brief look at the comparable EBITA bridge between Q4 '24 and Q4 '25. We had close to one percentage point improvement in the EBITA margin in a year-on-year comparison, and this translates into roughly 5 million euros improvement in EBITA in euros, and let's unpack this now, next a little bit. Pricing impact year-on-year was roughly three percent. Then, when we combined that information, the fact that there was a sales decline in comparable currencies. This represents the underlying volume decline of some four percent or so, which obviously is not good from the profit and profitability point of view. However, net of inflation pricing, mix, and particularly good project execution all worked in a positive manner. As a result of that, the net of all of those impacts is positive by 13 million, as we can see, as a combination of volume pricing mix and variable cost on the slide.

00:12:40 - 00:13:37
Teo Ottola: Fixed costs continued to be well under control, with only a 2 million increase in the year-on-year comparison. Whereas then the translation impact as a result of FX differences was a clearly negative number, minus seven. As a result of all of these ten combined, we end up with the improvement of roughly 5 million euros in year-on-year comparison. Then moving on to the other business areas, starting with Industrial Service. We had order intake of 380 million euros. This is actually a decline in reported currencies, but an improvement of more than two percent in comparable currencies. As already mentioned in connection with the bridge, the FX differences continue to play a big role now in the fourth quarter as well.

00:13:38 - 00:14:48
Teo Ottola: Taking a look at the different parts of the business. Field service orders declined in the year-on-year comparison, whereas parts business increased, and then when we take a look at the regions, EMEA did well. There was an increase, whereas then Asia-Pacific and the Americas both saw a decline in the order intake. The agreement base actually grew by 4.4%. Like Marko already mentioned, the order book decline of seven percent. That's a big number, but in reality, that is almost all, or let's say, everything actually is in relation to the currency changes. Net sales 3.5% higher year-on-year in comparable currencies. The story is very similar to what it is in the order intake. Parts did better than the field service, and among the regions, EMEA did better than Asia Pacific and the Americas.

00:14:48 - 00:15:47
Teo Ottola: Comparable EBITA margin 21.9% on a very good level, 1.3 percentage point improvement year-on-year. The improvement did not obviously come from the volume, as the net sales increase is roughly in line with the pricing change. It actually more came from pricing and good execution, as well as efficient cost management in general. Then moving on to the Industrial equipment. There, we have an order intake increase in comparable currencies of roughly one percent. However, when we take a look at the external orders, this is down slightly by almost one percentage point against fairly tough comparables. The fourth quarter of 24 was very good from the Industrial equipment order intake point of view.

00:15:47 - 00:16:48
Teo Ottola: Of the business units, we had growth in components in an year-on-year comparison, we had a decline in process cranes and standard cranes as well. A slight decline. One could maybe also say that this was flattish in a year-on-year comparison. Of the regions, again, EMEA did fairly well, so increase there. Whereas then we had a decline in the Americas and APAC. In a sequential comparison, taking a look at the business units, component orders actually rose also in a quarterly comparison, so the component orders in the fourth quarter were very good. We had a decline in port cranes, as well as in the year-on-year comparison. Then, standard cranes were fairly flat in a sequential comparison, similar to what they were in a year-on-year comparison as well. Here, our order book rose by two percent, and of course, with comparable currencies, even more.

00:16:48 - 00:17:29
Teo Ottola: Net sales were up three percent roughly. Taking a look at the total volume, or the external volumes, both are roughly three percent up. The sales mix was such that it was a little bit more favorable from the margin point of view, now in the fourth quarter of '25 than a year ago. Then, when

taking a look at the comparable EBITA margin, 11.7%, excellent improvement of more than two percentage points in a year-on-year comparison. Again, good execution, pricing and the already mentioned mix supported the profitability in the fourth quarter.

00:17:32 - 00:18:28
Teo Ottola: Then Port Solutions. Order intake €406 million. This is a decline of roughly 11% in a year-on-year comparison. Of course, against very tough comparables. Also, here, the fourth quarter of '24 was very good from the order intake point of view. When we take a look at different businesses with Port Solutions. Lift trucks actually had good activity, as well as RTGs, and port services were relatively flat in a year-on-year comparison. Then, when taking a look at sequentially, particularly the business units that are more short-cyclical like lift trucks and port service, lift trucks had an increase also in a sequential comparison, so Q4 was higher than Q3 and port service was relatively on the same level in the fourth quarter as in the third quarter, so flat, exactly like year-on-year comparison as well.

00:18:30 - 00:19:26
Teo Ottola: Net sales declined by as much as seven percent in a year-on-year comparison. This was as a result of the order book timing and as such as expected already earlier. Order book, however, is clearly higher than it was a year ago. Thanks to good order intake that has been there basically throughout the whole of '25. Comparable EBITA margin, 9.2%. This is a decline of half a percentage point. This primarily comes from the lower volume. Sales were lower than a year ago. Mix did not help here. In ports, it was rather negative than positive in year-over-year comparison, but this was partly offset by very good execution and project execution in the fourth quarter within the ports business.

00:19:30 - 00:20:15
Teo Ottola: Then a couple of comments on the balance sheet side. Let's start with the net working capital. As usual, net working capital has continued to be on a very low level, so there is no meaningful change from the third quarter, obviously, with the structure being a little bit different. Inventories have turned into accounts receivable, but otherwise are very much on the same level. The improvement in comparison to a situation a year ago comes from accounts receivable as well as advanced payments. Then on the right-hand side, we can see the free cash flow, which continues to be on very good record levels, actually also for '25. The cash conversion continues to be clearly above 100%.

00:20:17 - 00:20:55
Teo Ottola: Then, consequently, as a result of the cash flow, our balance sheet from the net debt point of view looks very strong, or actually, we have net cash in the amount of more than 160 million at the end of the year. Then, finally, from the balance sheet point of view, the return on capital employed on comparable terms was 22.1% at the end of '25. I will invite Marko back to talk about the outlook for '26.

00:20:57 - 00:21:49
Marko Tulokas: Thank you very much, Teo. Now there is the outlook for '26, but before that, some other additional things, of course, our solid progress, the very nice development, strong cash flow, and balance sheet have two outcomes. Our board of directors is proposing to the AGM a split with a one-to-three ratio. That is due to the high price and to enhance the liquidity of the shares. We also have the board proposing to the AGM that we increase our dividend from the previous year's €1.65 level to €2.25 per share for 2025, which is very much in line with our stable to increasing dividend policy.

00:21:52 - 00:22:57
Marko Tulokas: Now to the demand outlook. Although there is volatility in the marketplace, we expect several sectors to keep the demand up. In the industrial customer segment, we expect the demand environment to remain at a healthy level. For the port customers, the container throughput continues to be on high level, as we saw before. There are these long-term prospects in that business. In general, the long-term drivers and trend are supporting a strong container handling demand in the future. The outlook continues to be good. At the same time, it is good to keep in mind that this uncertainty is related to geopolitical decisions, trade policy decisions, and the tensions, which remain high, and they may have a positive and negative impact due to our demand picture that may also come quite quickly. However, generally speaking, we have a positive outlook on the market.

00:23:00 - 00:23:50
Marko Tulokas: Finally, let's look at our financial guidance. We have a starting order book that is better, as was already elaborated on by Teo and me earlier. The demand outlook is stable, so we have a confident but realistic picture of the demand environment. We are also conscious of the market uncertainty. We expect our net sales to remain approximately at the same level or to increase in 2026 compared to 2025. As you saw, our margins have been developing very well in '25, and we expect these margins to remain approximately on the same level also in 2026 compared to 2025. With that, I thank you all very much, and we can move to the questions and answers. Thank you.

00:23:50 - 00:24:01
Linda Häkkilä: Thank you, Marko and Teo, for the presentations. Now we will start the Q&A session. Operator, we are ready to take questions.

00:24:04 - 00:24:28
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.

00:24:29 - 00:24:53
Daniela Costa: Hi. Good morning. I have three questions, if possible. First, how do you see the mix in Port Solutions going forward? I know you mentioned here that it was slightly disadvantageous. I don't know if it's just one of these quarters or, given the nature of the equipment, maybe more larger equipment, if that's something that will continue, and then I'll ask my other questions right after.

00:25:02 - 00:25:07
Marko Tulokas: The port mix going into next year it is approximately flat, or neutral the impact. I guess that is Teo hopefully your conclusion also.

00:25:08 - 00:25:35
Teo Ottola: That is actually my conclusion also, and I think that what you are referring to with the larger equipment. We have been talking about that potentially mix might be weaker going forward in case the product, or let's say the demand, moves more towards the heavier equipment. However, that has not happened to the extent that we would be expecting a deterioration in the mix for this year.

00:25:35 - 00:25:36
Marko Tulokas: Right.

00:25:36 - 00:25:59
Daniela Costa: Got it. Then, I guess we have seen in some regions quite steep moves on things like steel prices. Can you talk us through a little bit about how we should think about that, given the lag between orders and sales? The pricing that you're putting out at the moment, do you expect that to be a headwind in the shorter term, or not really you can pass it all through?

00:26:01 - 00:26:04
Marko Tulokas: Your question was particularly about steel prices, right?

00:26:05 - 00:26:05
Daniela Costa: Yes.

00:26:05 - 00:27:15
Marko Tulokas: The steel prices throughout 2025 have been approximately flat, and there's actually a slight positive or from our point of view, positive. In that, there's actually a somewhat lower quarter-one steel price rate than there was in quarter four of 2025. The outlook is or the forecast is that there would be a minor increase in steel prices in 2026. But of course, only time will show how that will materialize. Our approach has been and continues to be so, as steel is for many of our products a reasonably significant cost component and we will pass on steel costs in our prices. That's how all our pricing systems and our configurations have been built. Finally, there are some regulatory developments in the market, and this CBAM is one of them, that of course, eventually that CBAM

regulation, although it has no direct impact on our products and so forth, that that may drive steel costs up in the longer term, but that's not in the immediate visibility at the moment.

00:27:15 - 00:27:31
Daniela Costa: Got it. Thank you. Then the final one, just in terms of, as you have obviously very strong free cash flow. Looks like a decent size comes from the payables within working capital. Can you talk a little bit about exactly what that is and how we should think about payables going forward?

00:27:33 - 00:27:38
Marko Tulokas: I'm not quite sure what your question was. Are you talking about the capital allocation of our balance sheet in general?

00:27:38 - 00:27:39
Daniela Costa: No, free cash flow.

00:27:42 - 00:27:49
Marko Tulokas: Yes, are you referring to the dividend policy only or to the question of other means of distributing the cash?

00:27:50 - 00:27:59
Daniela Costa: No, I'm just actually asking about free cash flow. Within your cash flow statement, there is a big positive of payables in the working capital.

00:28:00 - 00:28:01
Marko Tulokas: Yeah fair enough.

00:28:02 - 00:29:07
Teo Ottola: Maybe commenting on the net working capital as a whole. So now, at the end of '25, we are on a very beneficial level, and we are several percentage points better than the mid-term target, which is that we should be below 10% of rolling 12-month sales in net working capital. Now we are clearly below that. The situation is very beneficial from the net working capital point of view. If the question is that, is that something exceptional, or will it stay here, or will it even improve? One could maybe say that, in the midterm perspective, this is on the better side of the average. Maybe the overall in a way level on a long term basis could be even a little bit higher for net working capital, but we definitely so that we aim to be below the 10% threshold of the rolling 12 month sales.

00:29:07 - 00:29:38
Teo Ottola: Then of course, we will need to allow volatility in both directions, as we are now seeing a very good situation. It may be that in some quarters we are seeing a little bit worse situation. So, the payables, accruals, and advanced payments, all in combination is very important. I would still stress the importance of the advanced payment, so this is a lot customer project timing related and how the net working capital develops from one quarter to another one.

00:29:38 - 00:29:39
Daniela Costa: Thank you very much.

00:29:40 - 00:29:40
Marko Tulokas: Thank you.

00:29:44 - 00:29:50
Operator: The next question comes from Antti Kansanen from SEB. Please go ahead.

00:29:53 - 00:30:16
Antti Kansanen: Thanks, guys. It's Antti from SEB. A few questions from me as well. I'll start with the guidance of flat to growing sales, and especially on the Port Solutions side, how much of the backlog do you currently have? Do you expect to convert revenues during '26, or if you don't want to give the number, how does that compare to the situation a year ago?

00:30:17 - 00:30:39
Teo Ottola: We may not give the direct number for the first question, but if we take a look at the

overall order book, now that we have at the end of '25 for '26 and compare that to how much order book we had one year ago for 25, the difference is now more than 100 million.

00:30:40 - 00:30:41
Marko Tulokas: For all three BAs.

00:30:41 - 00:31:20
Teo Ottola: For all three BAs. Then it is fair to say that the ports business is a clear majority of that, particularly now that the FX differences are impacting so much to the order book of the service business. That basically means it is the same number or maybe even slightly more for ports than what it is on the group level. This is, of course, with reported currency. If you take a look at comparable currencies, Marko showed both numbers. Then, of course, that number is higher, about twice as high, not for ports but for the group.

00:31:22 - 00:31:52
Antti Kansanen: Yes, sure. I was also thinking on the guidance. If we talk about, let's say, on the lower end of it, that your sales will be on the same level as in '25. Would that imply actually that volumes would be down, I don’t know clearly? But anyways, one would assume, that Teo, you talked about the net price impact on Q4, one would assume that positive pricing continues into '26. How should we think about that volume pricing trend in the backlog?

00:31:52 - 00:32:39
Marko Tulokas: Of course, we were saying earlier, the starting point is positivity with the stronger order book, and of course, we have stable funnels that we look with a positive mind. There is all the reason to be positive about the demand environment and the volumes also. At the same time, there are some question marks Teo mentioned. One of them is the currency rate. The other one is related to the general development of the market environment overall. What we are trying to say with our guidance is that we have a good starting point for the year, and we look at the volume development positively, but being appropriately, let's say, cautious about it also in this environment.

00:32:39 - 00:33:12
Teo Ottola: Logically, you are right. If the sales were flat in a year-on-year comparison and the order book for this year is 100 million more than what it was for last year, then it would mean that the in and out volume would be lower, which could be, let's say, depending on various things. Now we need to remember what we are saying regarding the overall market outlook is that the sales funnels in the various businesses continue to be good, they continue to be stable and on a good level.

00:33:12 - 00:33:35
Antti Kansanen: Yes, that's clear. The second question was on profitability, and maybe a reminder on the tariff-related pricing tailwinds that were kind of notable on previous quarter and still there in Q4. How should we think about the impacts of those going forward? Maybe fading away. Any guidance on that?

00:33:35 - 00:34:08
Marko Tulokas: They repeated also on quarter four after being visible in quarter three and quarter two, but not to the same extent. As we have also said before, the expectation is that they will go away or deteriorate over time, and of course, it actually continued throughout the whole year, and there was a positive sign to us. We expect that you will not see a similar positive tailwind going forward, but it should not have a significant negative impact on the margins either.

00:34:13 - 00:34:38
Antti Kansanen: Okay, that makes sense. The last question, and I guess, Marko, you all almost started to answer on the capital allocation side. Obviously, there's a clear increase in the ordinary dividend, but the balance sheet is getting stronger and stronger, and capital allocation has been a bit of a discussion point. Any updates on further distribution, buybacks, or anything like that?

00:34:38 - 00:35:45
Marko Tulokas: Yes, I was so eager to start answering that question already, so I was pre-empting that. Our approach has not changed that. We have several potential means for the use of that cash. We are working on all of them. One of the obvious ones is the potential acquisitions. As we've said

before, that has been a big part of Konecranes' history, and it continues to be so in our future, also the inorganic part of the growth. We have a funnel of different-sized opportunities that we are actively exploring, and it's more of a timing question of when we can realize those. For that, for sure, we want to have maneuvering room and the increase in the dividend that was announced today, of course, that is our view in no way jeopardizing the maneuvering room that we have going forward, given the available cash, and that, of course, our ability to leverage the company. Would you like to add something to that?

00:35:46 - 00:35:46
Teo Ottola: No, thank you.

00:35:47 - 00:35:47
Marko Tulokas: Okay, good.

00:35:49 - 00:35:51
Antti Kansanen: All right. Thanks so much.

00:35:55 - 00:36:00
Operator: The next question comes from Mikael Doepel from Nordea. Please go ahead.

00:36:03 - 00:36:26
Mikael Doepel: Thank you. Good afternoon, everybody. Thanks for taking my questions. A couple of them, I'll take them one by one. If we can start to talk a bit about the net of inflation pricing. I think you mentioned it was positive still in Q4 of last year. How do you think about 2026? If we put tariffs aside, how do you think about pricing net of inflation?

00:36:26 - 00:36:31
Marko Tulokas: Maybe since you were going through the bridge. You may want to continue on this also.

00:36:31 - 00:37:19
Teo Ottola: Yes, the basic commentary here is the same as it has been. We believe that we will be able to push cost inflation into the customer prices. Then, of course, the tariffs may change, and the currency rates may change. But, if we take a look at the overall underlying inflation, the idea is that we will be pushing that into the customer prices. In the past years, we have been able to do that in some cases, maybe a little bit even more than the cost of inflation. We believe that we can balance the situation from that point of view. However, maybe it is not a good idea to expect a continuous net of inflation price benefit in '26 or further.

00:37:23 - 00:37:39
Mikael Doepel: Okay, that makes sense. Talking about cost and just to follow up, do you have any meaningful cost efficiency measures ongoing now that could support margins into this year? Anything tangible you could mention on that side?

00:37:39 - 00:38:49
Marko Tulokas: Maybe two things I will mention. First of all, the topic that we have discussed in the past is the ongoing Industrial equipment cost efficiency program that we earlier announced that will continue until the end of 2025. On that note, we can say that we are still continuing that, and we expect that to continue to bring us additional benefits also during this year. The second answer to that is that when it comes to adjusting our cost structure to the prevailing market conditions, that is what we did early last year. Also, that in all accounts, whether it's the SG&A or the cost that we have on the group level, or for example, in service, the costs that are directly related to customer projects. That is business as usual for us, and that we've done in 2025, and we continue to do the same in '26 if the market environment demand so requires. Beyond those two things, we don't have anything specific to discuss right now.

00:38:51 - 00:39:18
Mikael Doepel: Okay, that's great. Then, finally, I think you mentioned in your opening remarks that you talked about the Industrial Service business and said it was a bit of a tough environment within

that business. Let's talk a bit about what you see there specifically happening across the regions, across the customer segments, and how you expect 2026 to develop.

00:39:41 - 00:40:09
Marko Tulokas: When we look at Industrial Service in general, if I start from just the market activity how it looks, one thing that we've discussed earlier, and we also can measure is how our remote connections what we call the TrueConnect product. How much activity the customer is having with our cranes, which of course then means how much manufacturing or production activity there is. Those productivity rates were down last year, the whole year. They also ended with a negative sign of somewhere between six and seven percent compared to the previous year in terms of the general use of the cranes. That's a fairly good proxy or explanation. Also, due to how our productivity in service develops for those particular customers, and that has a correlation to how our service business is actually developing.

00:40:33 - 00:41:07
Marko Tulokas: That tells more that there is in this sort of environment, where the customers have uncertainty of which direction the world is going, they have the tendency to hold back on not urgent or not critical measures they won't do the things that have to be done to make sure the equipment is productive and safe. That was a phenomena last year and had a certain impact to the service business. It is obvious that you cannot do that for a very long time. Those equipment has to be taken care of, so that is something that usually returns. The other positive aspect is that we kept on increasing or improving our agreement base, which is essentially the growth engine for the service and very important. That grew more than 4 percent, 4 and a half percent, last year, and that is what we consider, and I consider very important, as a service core.

00:41:07 - 00:41:56
Marko Tulokas: Then, finally, I would say that, and sorry for the long answer, easy to get excited on the topic. On the service side, there is a lot of positive demand drivers, like there is in the ports demand side, in the long term. Whether it is the demographic trend of having less people doing this sort of thing or the automation trend that is also prevailing in some of the segments there the outsourcing that similarly to ports is actually prevalent in many of the industrial segments and many others. That also in the long-term are drivers for Industrial Service and efficiency drivers too.

00:41:56 - 00:41:59
Teo Ottola: If I may add a little bit of additional color.

00:41:59 - 00:42:01
Marko Tulokas: I thought that I answered the whole thing already because that was very long.

00:42:01 - 00:43:23
Teo Ottola: That was very good, but I will maybe add one more thing. When we have previously been saying that the differences between regions tend to be bigger than the differences between customer segments in our demand. Now it may be that there start to be relatively big differences in demand pictures between different customer segments, and there are maybe a couple of indications of that one. One of them is that the thing that we have been discussing also earlier that for example, in North America or in the US, there has been a little bit slowness on the service and equipment business. On the other hand, has been maybe even surprisingly strong, which would in a way maybe indicate that some of the segments are doing well and they are buying equipment and some others have maybe a little bit more issues with the utilization, and they are maybe saving on non-essential service. Also, the fact that our service spare parts are doing better than the field service may be an indication of the same thing. Of course, the tariff thing, et cetera, can impact the spare part pricing and inflate it a little bit, but that doesn't explain the whole thing. These changes may be there happening a little bit because of defense and because of power, and those specifically, let's say buoyant segments currently.

00:43:25 - 00:43:28
Mikael Doepel: Okay, that's super helpful. Thank you very much.

00:43:33 - 00:43:52
Operator: As a reminder, if you wish to ask a question, please dial pound key five on your telephone

keypad. There are no more questions at this time, so I hand the conference back to the speakers for any closing comments.

00:43:53 - 00:44:11
Linda Häkkilä: Thank you everyone for following our webcast event today, and thank you for asking such great questions. Konecranes will publish its Q1 results at the end of April. Until then, I want to wish you all a very lovely springtime. Thank you.

00:44:11 - 00:44:11
Marko Tulokas: Thank you.

00:44:11 - 00:44:12
Teo Ottola: Thank you very much.