# Transcript for "Financial Statements review 2024"

**00:00:00 - 00:00:49**
Camilla Maikola: [silence 00:00:00-00:00:23] Good morning, everyone, and welcome to Kalmar's Q4 results webcast. My name is Camilla Maikola, and I'm from Kalmar's Investor Relations. Today's results will be presented by our president and CEO Sami Niiranen and CFO Sakari Ahdekivi. The presentation will be followed by a Q&A. Please pay attention to the disclaimer as we will be making forward-looking statements. Now, over to you, Sami.

**00:00:55 - 00:01:54**
Sami Niiranen: Thank you very much, Camilla, and good morning, everyone. I'm pleased to share with you Kalmar's fourth-quarter and full-year 2024 results, which demonstrate solid financial performance driven by our focus on operational and commercial excellence. We managed to generate stable revenues and a resilient margin by successfully leveraging Kalmar's leading position in the market and driving excellence in our operations. Even though we have faced slower market activity and a lower order book compared to the previous year. We advanced our strategy towards sustainable growth and focused on building upon a strong foundation. We delivered resilient profitability in both Q4 and the full year 2024, and the order achieved reached a record-high quarterly level in two years. The strong performance reflected the great achievements of the entire Kalmar team, and I want to thank everyone for their efforts.

**00:01:55 - 00:03:05**
Sami Niiranen: There is a lot to be proud of when looking back at our first-year journey as an independent listed company. Demand has remained stable overall, with some fluctuations in different geographical markets and segments. I will come back to this shortly. In addition, the board has proposed a dividend of €1 for each class B share and €0.99 for each class A share. We have also communicated our guidance for 2025 and Sakari will get back to this in his presentation. As mentioned, our orders received in the fourth quarter reached the highest quarterly volume in two years and were €486 million, which is a 20 percent increase compared to last year. The fourth quarter stories received included relatively many large orders related to straddle carriers, and the timing of large orders can affect fluctuations on quarter to quarter level. Demand in ports and terminals remained good globally, while dealer stock levels in the US have come down and the situation is gradually improving.

**00:03:05 - 00:04:10**
Sami Niiranen: Demand has still remained subdued in the distribution customer segment and we don't foresee any short-term significant improvement. Europe remains our largest region in terms of orders, representing 42 percent of our fourth quarter order intake. Our order book remains at a healthy level, and we are confident in our ability to reach our long-term targets. Then moving on to our sales performance. As you can see here, our sales in the fourth quarter were €440 million, and the sales have been on a stable level throughout the year 2024. Europe was clearly the largest region, representing 44 percent of the sales. We have a well-diversified business with four strong customer segments. Our services share of sales was 33 percent in 2024, and our echo portfolio share of sales remained high at 41 percent for the full year, showing the continued strong interest in hybrid and electric solutions among our customers.

**00:04:11 - 00:05:21**
Sami Niiranen: We have a strong footprint in our three main markets, which are Europe, the Americas, and EMEA. As visible on this page, we have a leading sales and service network in our industry with sales in over 120 countries. Today, we have over 1,400 owned service technicians around the globe and four factories which are located in Poland, the US, China, and Malaysia. We also have a strong dealer network, and in 2024, approximately 34 percent of our sales came via dealers. Let's then take a look at the overall market environment. Market indicators are showing modest growth overall. However, there are uncertainties related to tariffs in the US, inflation, and geopolitics. The global container throughput has grown more than expected in Q4 and is expected to grow by 2.8 percent in 2025. Indicators for GDP, manufacturing, retail, and wholesale are estimated to grow by roughly three percent this year.

**00:05:24 - 00:06:28**
Sami Niiranen: If you then take a closer look at our large base of over 14,500 connected equipment around the world. By following the running hours of this equipment, we get a good view of the activity and demand in different regions. Year after year, we see mostly positive or neutral activity development in our main markets, Europe and the US, reflecting the stable demand picture overall. The quarter-on-quarter developments from Q3 to Q4 are affected by relatively many bank holidays in Q4, such as Christmas and Thanksgiving, which is visible especially in the US numbers. The echo portfolio share of total sales has remained high and was 41

percent in the full year 2024, compared to 35 percent in 2023, which demonstrates our customers' strong interest in electrical and hybrid solutions as well as sustainable service solutions. The fully electric machines' share of equipment orders was nine percent in 2024.

**00:06:29 - 00:07:34**
Sami Niiranen: We see significant potential for electric equipment, but the order growth has been sluggish towards the end of the year. Last year, 2024 was a year of sustainable innovations with many launches related to electrification. We introduced a new range of electric empty container handlers which are designed to minimize energy losses and optimize energy accumulation. We also started a pilot project of the Electric Grid Stacker at APM Terminals Suez Canal Container Terminal, with the goal of advancing the electrification of terminal operations across the industry. Additionally, we unveiled our new Kalmar Ottawa T2 electric Terminal tractor, which is now available for sale. In 2024, we also decided to expand our innovation center in Ljungby, Sweden by building a world-class test center. We announced our partnership with Elon Road to build a 200-meter electric road at our Ljungby Innovation Center to pilot dynamic charging of electric vehicles.

**00:07:35 - 00:08:46**
Sami Niiranen: Additionally, we introduced our new Kalmar 2.0 digital platform for Kalmar equipment owners, and we have implemented a wide-scale installation of our Kalmar Collision Warning system on straddle carriers of key customers. Worth mentioning also that in 2024, our total R&D spend was 3.1 percent of our total sales. To summarize, both our equipment and service segments performed well in 2024. Demand has remained stable in both segments for almost two years now, and profitability in both segments was at a good level in 2024, with 12.9 percent in equipment and 17.5 percent in services. We are fully committed to our performance targets for 2028, which include a five percent sales growth per annum over the cycle and a 15 percent comparable operating profit margin. Thank you all for now. Next, I will hand over to my colleague Sakari. [silence 00:08:37-00:08:47]

**00:08:48 - 00:10:19**
Sakari Ahdekivi: Thank you, Sami, and good morning to everyone also from my side. I am pleased to report to you that our financial profile has remained strong, which gives us excellent possibilities to target growth as we move forward. Our order book has a healthy level of €955 million. If we think about the orders received during 2024, it continued on a stable level around €400 million per quarter for the first three quarters. With then a strong uptick in Q4 as several larger orders reached decision points, and we were successful in winning those orders. Our business performance has been successful, and we are pleased to deliver a 12.6 percent comparable operating profit margin. This is up slightly from the 12.4 percent in 2023 and this is despite 16 percent lower sales. Our leverage is low at 0.3 times, and our cash conversion has been strong at 104 percent. This is defined as the operating cash flow before finance and taxes compared to EBITDA.

**00:10:26 - 00:11:50**
Sakari Ahdekivi: Our equipment demand has remained sequentially stable for almost two years, and this is still the case for the underlying demand. However, the equipment division ended the year on a very strong note in terms of orders with relatively many large orders, one in Q4 as I said before. Equipment segment profitability remained at a good level. However, the product mix and volume have had some impact in the fourth quarter. The profitability has remained very good despite the lower sales, and this is thanks to successful commercial performance both on the sales side as well as on our sourcing side. [silence 00:11:17-00:11:24] Services. The fourth quarter was also very good. The order book, orders received, and sales all reached the highest quarterly levels in the last two years. Service sales have remained stable. Level with the previous year, which is providing resilience both in terms of sales and profitability.

**00:11:51 - 00:13:22**
Sakari Ahdekivi: We are strongly focused on growing our service business and have already made significant progress in 2024 through new partnerships and investments in sustainable growth. Of course, in Q4, we saw a very nice order intake growth of 15 percent. The service segment's profitability has also improved significantly if you compare the fourth quarter with the same period in the previous year, we reached 17.5 percent compared to 14.6 percent in the previous year. Here it has to be said though that there were a few one-off restructuring costs in Q4 in '23, which a little bit skews the comparison. Services profitability for the full year was also 17.5 percent, which is a good level, but we do see room for further improvement in services. We have been able to perform well despite the lower sales volumes, mainly thanks to improved business performance including sales mix, price management, and direct cost improvements on our sourcing, as well as a cost structure in the fixed cost, which we adapted already earlier to the anticipated lower sales volumes.

**00:13:24 - 00:15:05**
Sakari Ahdekivi: If we look at the operating profit, this included €42 million of items affecting comparability, of which 32 million were related to the demerger and listing process, and the rest of the around €11 million were related to the Lone Star write-off. The total cost related to the demerger and listing, recorded during the years '23 and '24 totaled €45 million. No further costs related to this are expected as we move forward. As said, we continue to invest in improved profitability and driving excellence in line with our long-term targets. The return on capital employed in the fourth quarter for the full year was 18.7 percent. This is slightly down from previous levels, but it is worth noticing that this includes items affecting comparability which I explained previously, and these had an impact on the ROCE of about 4.1 percentage points. Excluding the IACs, we would have been at the ROCE of close to 23 percent. As a result of our continued good cash generation, our leverage is strong at 0.3 times and our gearing stands at 12 percent.

**00:15:07 - 00:16:50**
Sakari Ahdekivi: Our loan maturity profile shows major maturities in 2026 and '27, but no major financing due in the year 2025. Cash flow remained strong, resulting mainly from the profit generation, but was further supported by a reduction in net working capital through lower inventory levels. If we look a little bit further back in the first half of 2023, our cash flow was burdened by exceptionally high increases in inventories and other working capital items, followed then by very strong cash generation in the second half of '23 and throughout 2024. As I said, our cash conversion rate was 104 percent in 2024. The Board of Directors proposes to the annual general meeting, that of the distributable profit, a dividend of €99 cents for the class A share and €1 for the class B share to be paid for the financial year 2024. In total, this equals €64 million and the effective dividend yield is therefore 3.1 percent. This is in line with the commerce dividend policy of a 30 to 50 percent payout ratio. [silence 00:16:41-00:16:49]

**00:16:50 - 00:17:21**
Sakari Ahdekivi: Then, finally, we announced our guidance for the year 2025. We expect our comparable operating profit margin to be above 12 percent in the year 2025. This is in line with our long-term target of reaching a 15 percent margin in comparable operating profit by 2028. Thank you all. Now I hand over to Camilla.

**00:17:22 - 00:17:37**
Camilla Maikola: Thank you. Now we are ready for the Q&A. I will invite Sami back to the stage as well as Carina Geber-Teir who is heading our Investor Relations. Moderator, we are ready.

**00:17:41 - 00:18:16**
Moderator: If you wish to ask a question, please dial Pound Key five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial Pound Key six on your telephone keypad. [silence 00:17:52-00:18:00] As a reminder, if you wish to ask a question, please dial Pound Key five on your telephone keypad. The next question comes from Mikael Dobell from Nordea. Please go ahead.

**00:18:21 - 00:18:59**
Mikael: Thank you and good morning, everybody. I missed the presentation earlier so apologies if you have already addressed these questions. However, first of all, I would like to ask about the US distribution segment. I think you mentioned that there is still a destocking going on there. It remains a bit of a challenge, although it is a bit improving now just to be able to frame the whole thing. Could you tell us how big the distribution customer segment is as a part of your total sales or deliveries, both globally and in particular in the US? Let's start there.

**00:19:00 - 00:20:08**
Sami Niiranen: Okay. Thank you for the question, Mikael. Let's say, of course, our distribution segments, such as we have visualized in our presentation are one of our key customer segments with around 20 percent share globally of the addressable market that we have. We haven't specified exactly what kind of share is it in different countries. However, of course, keeping in mind that we have our fantastic factory in Ottawa, Kansas, which manufactures terminal tractors, mainly for the US market. A lot of those are going to the distribution segment, of course. The US distribution segment is one of our major segments. As you rightly said, and what we repeated in the presentation as well, it has been a soft year during 2024 definitely. We don't expect any significant quick recovery. However, what we see and foresee with the distribution segment in the US market is a gradual recovery during 2025.

**00:20:10 - 00:20:17**

Mikael: Okay. However, you still see inventory levels too high. The destocking is still going on, I would assume.

**00:20:17 - 00:20:50**
Sami Niiranen: Yes. Let's say throughout the whole of 2024 we saw quite a remarkable reduction in inventories. The inventory reduction has continued throughout 2024. Okay. Which in other words, can be called destocking as well. Yes, but I think it's much more on a healthier level as of today compared to a year ago, for instance. Therefore, let's say we can open up a little bit and say that we see some kind of gradual recovery in 2025.

**00:20:52 - 00:21:08**
Mikael: Okay. Good. Then also, again, thinking about your exposure, would you say it's fair to say that around 50 percent of your equipment business relates to reaching stackers and forklifts globally if you think about the equipment business?

**00:21:09 - 00:21:51**
Sami Niiranen: Let's say on the equipment side, we have a portfolio of concrete stackers, forklifts, terminal tractors, broom spreaders, as well as straddle carriers. If you look at the volumes there, of course, the volumes are quite a big part. Yes relates to stackers and forklifts. However, when it comes to forklifts, of course, it's a matter of size. We are not that present in the smaller segment of the forklifts. However, of course, we have a strong position in the medium and heavy part there. However, volume-wise, yes, it's a big portion by not exactly specifying the percentage.

**00:21:52 - 00:22:15**
Mikael: Okay. That's fair. Then just finally from my side, I can get back in the queue. However, thinking about your guidance, I think you're saying that it's going to be above 12 percent. I would assume that you see this as a floor level, that this is what you will definitely reach even if sales decline this year. Is that the way to look at it?

**00:22:16 - 00:22:55**
Sami Niiranen: Yes, I think we have given you guidance last year as well. It's the same philosophy that we apply here as well. Of course, over 12 percent or 12 percent is the flora. That's what we have communicated as well, but of course, 12 percent is an ambitious target and guidance, of course, with all the uncertainties around in the geopolitical context for instance. However, that's how we have narrowed it down to 12 percent. Of course, if you look back to the Q4 result, for instance, or Q3, I think it's pretty much in line with those as well.

**00:22:58 - 00:23:00**
Mikael: Okay. Well, that's fair. Thank you very much.

**00:23:01 - 00:23:01**
Sami Niiranen: Thank you.

**00:23:07 - 00:23:12**
Moderator: The next question comes from Tommy Rello from DNB. Please go ahead.

**00:23:16 - 00:23:42**
Tommy: Hi, it's Tommy from DNB. Very strong orders indeed for the quarter. As you highlighted, we have seen some order announcements later. Can you just maybe talk a little bit about the pipeline and customer decision-making and levels of orders for the coming quarters next first quarter and first half, what you're seeing?

**00:23:42 - 00:24:58**
Sami Niiranen: Yes. Let's start with Q4, which was, of course, a positive highlight as well, that €486 million in orders, the highest number in two years. Of course, it varies from quarter to quarter, but I think we were successful and can be proud actually of our actions winning those orders and market share gains, expanding our territories and portfolio, of course, is one part of our strategy. I think in Q4, we could see a little bit of that as well. Overall, the market demand is pretty much the same as it has been so no major change, is there? However, I think quarter on quarter, it varies going forward or looking forward. In 2025, we see modest growth with uncertainties, though in different regions, and in different customer segments. As we talk about two to three percent growth, if you look at those market indicators or market environment indicators that we showed in the presentation as well in different areas. Container throughput is coming down from quite high levels in 2024, down to 2.8 to 2.9 percent in 2025.

**00:25:04 - 00:25:13**
Tommy: Okay. Thank you. [silence 00:25:05-00:25:13]

**00:25:13 - 00:25:29**
Moderator: As a reminder, if you wish to ask a question, please dial Pound Key five on your telephone keypad. The next question comes from Pony Layton Maki from Danske Bank. Please go ahead.

**00:25:31 - 00:25:50**
Pony Layton: Hi. Thank you. I have a question on the equipment business profitability. It seems that the EBIT margin came down from Q3 while revenues were quite on the same level. The question is why did it decline? Is this explained by mix or what was the reason?

**00:25:51 - 00:26:29**
Sami Niiranen: Yes. Thank you for the question. You answered it I think quite well already. It's about the mix and I think what we guided or specified in Q3 as well is that we didn't expect exactly the same profitability in Q4 compared to Q3. Of course, we had quite a good visibility at that time already towards Q4. For the equipment segment as well. It's still, I would say, a healthy level at 12.1. I would like to maybe broaden it up a little bit and look at the whole year 2024. 12.9 percent was the profitability for the equipment segment, which is a good foundation to build on further.

**00:26:31 - 00:26:49**
Sakari Ahdekivi: If we think about the 12.1 percent overall in the last quarter, I mean, we talk about small differences here because two million is half a percent. I wouldn't read too much into that but yes.

**00:26:50 - 00:27:11**
Pony Layton: Yes. Maybe a follow-up. I mean, which quarter then had a more normal mix for Q3 a bit better than usual, and Q4 a bit kind of lower? Also, what is causing it like the different types of equipment that you are selling? If you could go into more detail with that.

**00:27:11 - 00:27:34**
Sami Niiranen: Yes. It's about the different kinds of equipment I mentioned in our main portfolio, reach stackers, forklifts, terminal tractors, spreaders, and horizontal transportation. It's the mix between those, of course, and then the mix within those specific portfolios as well. Then even bring it up to the regions, of course. There might be some variations between different geographies as well.

**00:27:37 - 00:27:38**
Pony Layton: Okay. Thank you.

**00:27:42 - 00:27:47**
Moderator: The next question comes from Mikael Dobell from Nordea. Please go ahead.

**00:27:49 - 00:28:06**
Mikael: Yes. Hi. Just a couple of follow-ups. Sorry. I didn't quite catch what you said previously about demand in 2025. Did I hear you correctly that you said that you expect some modest growth, but due to three percent for the full year reflected in your orders? Was that the comment?

**00:28:06 - 00:28:49**
Sami Niiranen: No, when it comes to the market environment, the indicators that we presented there, you can see in different customer segments retail and wholesale, and container throughput. It's around two, two and a half, or three percent modest growth is expected in those areas basically. The same applies to the different regions as well. Maybe Europe is a little bit on the lower side closer to two percent, whereas EMEA US can be close to three percent. That is the overall market environment and not indicating as such what will be our orders received or sales development. However, of course, it indicates a GDP growth of a bit more than three percent expected for 2025 as well.

**00:28:49 - 00:28:53**
Sakari Ahdekivi: We don't guide on the expected order growth.

**00:28:53 - 00:29:00**
Mikael: No, of course not. However, how would you describe that?

**00:29:00 - 00:29:06**
Sami Niiranen: Yes. Sorry. Modest growth with uncertainties, I would say. That's how we put it.

**00:29:06 - 00:29:16**
Carina Geber-Teir: As we've said, the demand has sequentially been really stable for quite a while already. In that way, we don't foresee a huge change in the demand picture.

**00:29:18 - 00:29:34**
Mikael: Yes. Okay. However, how would you describe the sales funnel and the quoting activity with your customers right now? Have you seen any changes there across the regions or the products in recent quarters?

**00:29:34 - 00:30:24**
Sami Niiranen: Yes, that's a good question. I think we have opened it up as well. With a little bit quicker decision-making in large investment packages or investment orders, mainly related to straddle carriers, I would say. That is visible in our Q4 order intake numbers as well. That is something that we have seen now in the last couple of months. Then also, of course, to repeat our, let's say, estimated gradual recovery in the terminal tractor business towards the end of the year 2025 or during 2025. That is maybe something that we see as well that this talking hopefully now is this coming to let's say much smaller levels.

**00:30:26 - 00:30:52**
Mikael: Okay. No, that's fair. Then the second question is on pricing. How do you see your selling price is trending currently? Do you plan for additional price increases into 2025 still or do you see pricing up in some regions down in others or how would you describe the overall pricing trends into 2025?

**00:30:52 - 00:31:48**
Sami Niiranen: Yes, I would describe it as a normal type of adjustment. Nothing extraordinary. I would say that we experienced this during the last couple of years, 2022 and so, but of course, it varies between different portfolios and different divisions that we have in our company service, for instance, services. Of course, they do implement price increases but pretty much on the normal level and so do the capital equipment machine divisions as well. Then of course we might have some specific product launches, of course, or introducing new features on the products that might initiate some kind of pricing action as well. It's a little bit mixed picture, but I would say we are on pretty much normal levels. I would say similar to 2024.

**00:31:51 - 00:31:58**
Mikael: Okay. In 2024, just remind us, I mean, what kind of average price increases did you push through?

**00:31:59 - 00:32:15**
Sami Niiranen: Yes, it's a true thing. Of course, what we pushed through or what we indicated. Then what will be the final materialized number, we talk about a few percentage points depending on the portfolio and the division.

**00:32:15 - 00:32:26**
Sakari Ahdekivi: Then of course, one thing to add is that it's not only about price, it's also about our cost base and what we can do on the sourcing side, which is the other side of the margin equation.

**00:32:27 - 00:33:06**
Mikael: Yes. Of course. I was just actually coming to that. How do you see underlying costs overall trending? If you consider your key cost items like personnel or components, logistics, and what you have , how do you see that trending into 2025? Is it an increase of an average of two to three percent as well there or more or less? Also, could you remind us of your cost initiatives and savings initiatives and what kind of year-over-year delta we should assume from those in 2025 compared to 2024?

**00:33:07 - 00:33:49**
Sakari Ahdekivi: Yes, if I start with the obvious one. I mean, as I said, we had the fixed cost reduction program that was initiated in Q4 2023, which we carried out at the end of '23 and the beginning of '24. There we achieved the 35 million cost reduction on our fixed cost base. However, then, of course, we have our driving excellence

program where we are targeting the gross savings or improvement of 50 million over the next few years. That is, of course, ongoing and on track.

**00:33:49 - 00:34:21**
Sami Niiranen: Yes. This 50 million cost efficiency program, of course, we have mentioned it before as well, that it's building from a couple of areas sourcing. Sourcing is, of course, the biggest part, I would say. Then we have the process improvement side. We have the operating model reviews, which partly has been implemented with factories already. Then, of course, the commercial side, I mean, the active pricing management is also in that 50 million cross-efficiency improvement programs.

**00:34:24 - 00:34:33**
Mikael: Out of that, how much would you expect to achieve in 2025? Did you have any gains in 24 already coming through on your earnings?

**00:34:33 - 00:35:02**
Sami Niiranen: Yes. Well underway. It's proceeding according to the plan. What we have said and the same is still valid is that 50 million cross-efficiency improvements by 2026. In the next two years, and, of course, we started our actions already in Q3 and Q4 last year. We will come back to you with a little bit more details on that in our Q1 reporting during this year.

**00:35:04 - 00:35:09**
Mikael: Okay. Then on the underlying cost, Sakari.

**00:35:09 - 00:35:46**
Sakari Ahdekivi: Well, underlying cost. I would say that on the salary side, of course, there's an inflationary component there. If we just think about the market for the components that we source in, of course, there are inflationary pressures there as well. However, to counter that, we have our sourcing actions and then the end result is the sum of those two. It depends on how successful we are with driving excellence and the sourcing part of that program.

**00:35:48 - 00:35:52**
Mikael: Okay, good. Many thanks for your help.

**00:35:57 - 00:36:02**
Moderator: The next question comes from Andy Cansenan from SEB. Please go ahead.

**00:36:06 - 00:36:52**
Andy: Good morning guys. It's Andy from SEB. A couple of clarifications from me, and sorry if I missed part of the early part of the presentation, but on the demand and order side, especially on the equipment side, I mean, you talk about sequentially stable demand and a stable market outlook. However, if we just look at the second half, I mean, there's a clear sequential step up from the first half order. I wanted to clarify still a bit, is there some type of seasonality in the business? Is it something to do with potential price increases turn of the year, or how should we read this kind I think there's a little bit of a difference between the growth numbers and what you are talking about on being sequentially stable.

**00:36:53 - 00:38:05**
Sami Niiranen: Yes. Let's start with the demand. Yes, it is overall stable. I think it's quite well in line actually with last year's statement of having a flutter mark in 2024, 2025 compared to the previous year 2023, so we are still there. What I mentioned in the beginning is that I'm happy with our actions and proactive actions on winning orders and the decision-making on the larger packages has quickened. That was obvious. Maybe okay, that is part of the reflection on the Q4 higher order intake as well. Of course the value of these larger packages is remarkable and they will affect our intake. However, overall, the demand picture is pretty much the same as before. However, as we speak, we are actively implementing and executing our growth strategy toward 2028. Of course, market share gains by being more active in different areas with different products. Of course, that is part of it. The other parts are related to electrification and service growth, of course.

**00:38:06 - 00:38:19**
Sami Niiranen: Maybe on the orders in Q4 it is good to remember a good performance.Also on the service side, I would say. There are some contracts included in that order intake as well.

**00:38:21 - 00:38:39**
Andy: However, just to be kind of mindful of what you guys can do in the following quarters on the equipment orders. Is there any seasonality? Would a Q4 be somehow more active in getting decisions through from your client and how should one think about that?

**00:38:39 - 00:39:08**
Sami Niiranen: Yes, I forgot to mention that or answer that. No seasonality as such. No clear let's say cycle effect either. Because of course, we have four main customer segments. They are quite diverse. Then we do have different regions and geographies as well so we don't see that. No correlation to let's say at Christmas time or the end of the year type of phenomenon.

**00:39:10 - 00:39:28**
Carina Geber-Teir: Basically two things in Q4 and if you look at Q4 and Q3, we say a little bit quicker decision-making, and we now can say that the gradual improvement in the kind of distribution customer segment. I think those two things, if you read those into the comments, you see a little bit of a difference.

**00:39:28 - 00:39:37**
Sakari Ahdekivi: Then a couple of these larger ones and service also with a maintenance contract.

**00:39:37 - 00:39:38**
Sami Niiranen: Yes.

**00:39:39 - 00:39:51**
Andy: Okay. Then the last one is on this larger package deal that you are referring to. Is this something that the deliveries stretch multiyear or is this still expected to deliver during 2025? What do you book in Q4?

**00:39:52 - 00:40:03**
Sami Niiranen: It varies a little bit. However, I would say the maturity if you look at Q3, Q4, larger deals, for instance, the majority of them will be delivered during 2025.

**00:40:06 - 00:40:08**
Andy: Okay, good to know. Thank you very much.

**00:40:08 - 00:40:15**
Sami Niiranen: Thank you. [silence 00:40:09-00:40:15]

**00:40:15 - 00:40:21**
Moderator: The next question comes from Pony Layton Maki from Danske Bank. Please go ahead.

**00:40:23 - 00:40:35**
Pony Layton: Hi. Thanks. I just wanted to ask about the writedown related to the Lone Star acquisition that you made in 2023. Why did you do that? Did something change in the acquired business?

**00:40:40 - 00:41:01**
Sakari Ahdekivi: Well, at the time, the acquisition was made to strengthen our electric portfolio and to speed up our advances in that area. That was the rationale for that. Now the right off was done purely for financial reasons.

**00:41:05 - 00:41:14**
Pony Layton: Okay, thanks. [silence 00:41:06-00:41:12]

**00:41:14 - 00:41:19**
Moderator: There are no more questions at this time. I hand the conference back to the speakers.

**00:41:22 - 00:41:34**
Camilla Maikola: Thank you all for joining today, we will get back to you on 29th April again, when we will publish our Q1 results. Thank you all.

**00:41:34 - 00:41:34**
Sami Niiranen: Thank you.

**00:41:34 - 00:41:34**
Carina Geber-Teir: Thank you.

**00:41:34 - 00:41:35**
Sakari Ahdekivi: Thank you.