Annual Report 2016

SHAPE AND SHARE

FOR A GREAT DAY AT WORK

CRAMO

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ABOUT THIS REPORT

Cramo's Annual Report 2016 is the Company's first report that makes use of the International Integrated Reporting Framework for integrated reporting. A supplemental GRI report prepared in accordance with GRI G4 guidelines will be published separately and is available on Cramo's website.

SHARING A SOLID FOUNDATION FOR THE FUTURE

The world around us is changing faster than ever, forcing all industries to face not just new kinds of challenges but also opportunities driven by global megatrends. Many companies are having to change their whole business logic in order to survive.

The megatrends with the greatest impact on the operating environment for the equipment and modular space rental business are closely related to demographic changes, urbanisation, climate change and resource scarcity as well as digitalisation. Cramo's business model is based on the responsible sharing of sustainable solutions and other resources. We see this as enabling us to respond to some of the biggest global challenges – together with our customers and other stakeholders. We have much to gain and to give in the sharing economy era.

We strongly believe that a unique, strong brand and a highly customer-focused corporate culture, combined with resource-efficient and safe solutions, will continue to be important success factors for us in the future. These are also central elements in our strategy and, together with our strong market position, enabled us to capture the growth potential of the European equipment and modular space rental markets in 2016. With our solid foundation, we can explore the emerging opportunities in a changing world – and share that potential with all our stakeholders.

2016 - A STRONG YEAR FOR CRAMO

Cramo's performance in 2016 clearly showed the strength of our focused strategy and customer-oriented corporate culture. Successful implementation of our must-win battles enabled us to reach our financial targets. We promise our customers a great day at work and we strive hard to keep our promise by enabling value-adding sharing of solutions, competences and insights with all our stakeholders.

OUR KEY FIGURES IN 2016

712 SALES, MEUR
2015: 668

111 COMPARABLE EBITA, MEUR
2015: 87

15.6 COMPARABLE EBITA MARGIN, %
2015: 13.0

1.70 COMPARABLE EPS, EUR
2015: 1.17

0.75* DIVIDEND PER SHARE, EUR
2015: 0.65
* Board proposal

2,550 AVERAGE NUMBER OF EMPLOYEES
2015: 2,486

13.7 LOST TIME INJURY RATE (LTIR)

14.9 COMPARABLE RETURN ON EQUITY, %
2015: 10.9

DURING THE YEAR

REDI CENTRE URBAN CONSTRUCTION PROJECT WITH 132-METER TOWERS

SRV's REDI Centre in Helsinki is Finland's largest urban construction project ever, consisting of six residential towers, a hotel tower, an office tower and a shopping centre. Cramo is delivering site logistics services to this huge worksite, ensuring that the right building materials are in the right place at the right time safely and efficiently.

OFFICE SPACE FOR TECHNISCHE WERKE LUDWIGSHAFEN

Cramo Adapteo delivered 76 steel and 26 wooden modules for an office building for TWL in Germany. In addition to office space, the solution includes a kitchen, meeting rooms and workspace for training. Air conditioning, safety and emergency lighting, an automated fire detection system and roller shutter shades were also supplied to ensure a safe, permanent-like space.

CRAMO CARE STRATEGY RENEWED

Cramo revisited its sustainability strategy to ensure that sustainability will be embedded even more deeply in all its operations and decision-making.

150,000

CUSTOMERS, SERVING THEM THROUGH

324

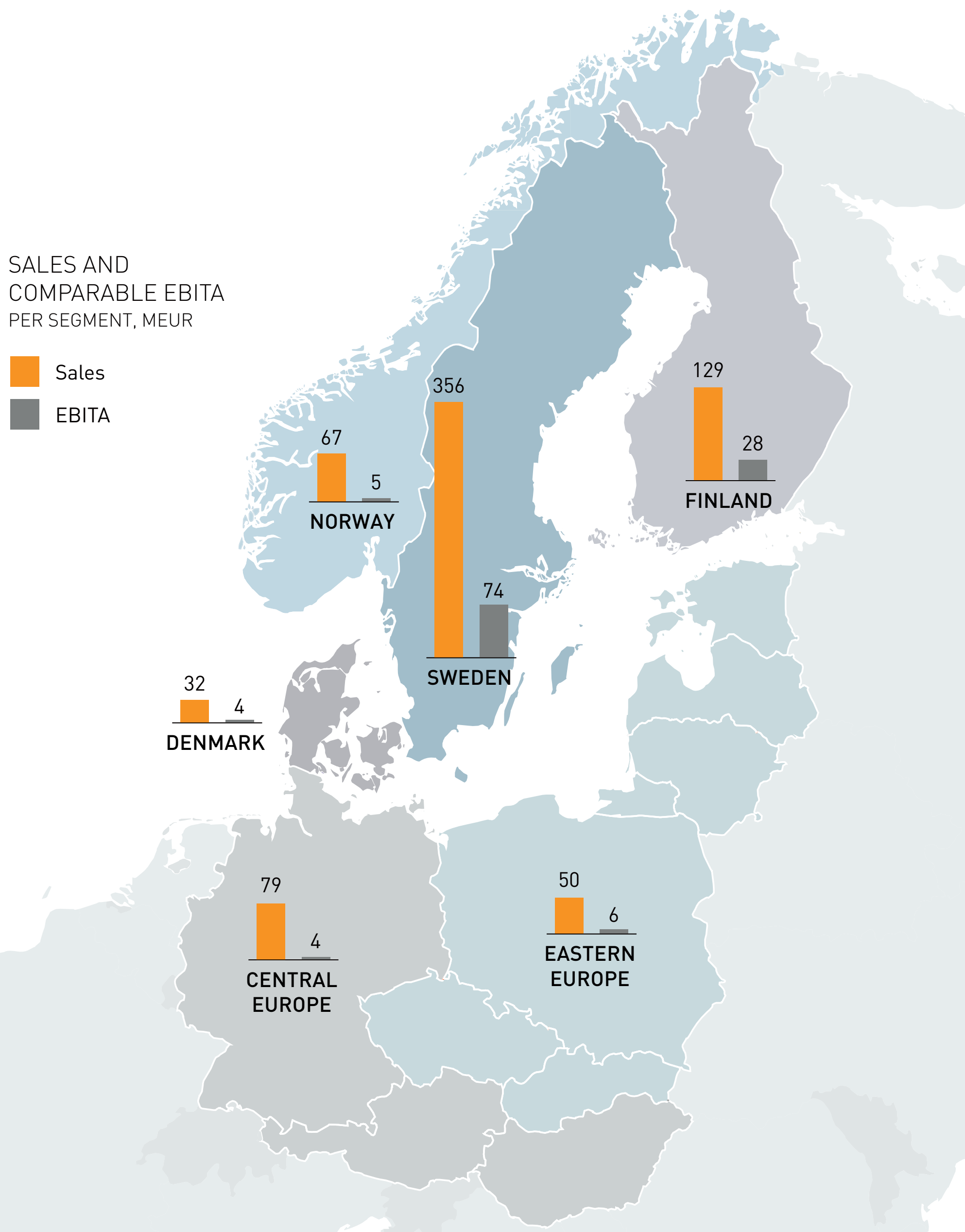
DEPOTS IN

15

COUNTRIES WITH OVER

230,000

RENTAL UNITS



CRAMO ADAPTEO AT BAUMA 2016

To increase visibility and enhance its position in Germany and other Central European markets, Cramo Adapteo participated in Bauma 2016, the world's leading trade fair for construction, held in Munich, Germany.

Photo: Kalle Meyer

FOCUS ON SAFETY

The range of safety and protection products offered by Cramo has been expanded in recent years to meet the growing demand. Cramo has also enhanced its safety training offering to customers in all Cramo countries.

ACQUISITION TO STRENGTHEN CRAMO'S SITE LOGISTICS SERVICES

Cramo acquired the business of the Finnish logistics and telescopic handler company Kurottaja- ja Kuljetuspalvelu Parviainen Oy to further develop its worksite logistics services. The growth in demand for rental-related services is a clear trend, and Cramo is one of the frontrunners in this area.

AXIS COMMUNICATIONS' NEW HEAD OFFICE

HENT is building Axis Communications' new head office in Lund, Sweden. The agreement involves the construction of a new office building with some 42,000 m^2 of space for 1,300 people. Cramo has delivered and installed modules, a security solution, temporary construction electricity and a warehouse for building products to this major worksite.

A GREAT YEAR IN 2016 ENABLES US TO BUILD AN EVEN STRONGER CRAMO

Successful implementation of our differentiating strategy and must-win battles delivered strong results and supported us in reaching our financial targets. We captured the opportunities of the positive market development and are now ready to take an even more active role as a shaper of the rental industry.

2016 WAS A SUCCESSFUL YEAR, AND WE REACHED ALL OUR FINANCIAL TARGETS FOR THE 2014–2016 STRATEGY PERIOD.

OUR AMBITION IS TO EMBED SUSTAINABILITY EVEN MORE DEEPLY IN ALL OUR OPERATIONS AND DECISION-MAKING.

Demand for equipment rental and modular space developed favourably in 2016, and we succeeded in increasing sales and profit in both product areas. Development was especially strong in Finland and Sweden, and the profitability in Central Europe turned positive during the year, which is especially gratifying. Our modular space business, Cramo Adapteo, continued to perform well, with organic growth at an exceptionally high level.

These strong results are mainly due to the successful execution of our strategy, with Cramo People living the Cramo Story at its core. The Cramo Story is a broad programme through which we drive sales in all our markets and differentiate ourselves from the competition, provide specific customer value and strengthen our corporate culture. It has proved to be a source of strong competitive advantage in the European rental market, where competition is intensifying.

Optimisation of our investments also had a positive impact on our financial performance. We quickly adapted our fleet investments to changing circumstances in the market and steered them to areas with the most promising growth opportunities.

All in all, 2016 was a successful year, and we reached all our financial targets for the 2014–2016 strategy period.

SUSTAINABILITY HIGH ON THE AGENDA

During the year, we further sharpened our focus on chosen areas. Our Group Management was strengthened with the addition of two people with expertise in HR and in marketing and corporate communications, and an executive management position with Group-level responsibility for sustainability was established.

Our work with sustainability took notable steps forward in 2016 as we crystallised our strategy on how to integrate sustainability in all parts of our business strategy through the Cramo Care programme. We now have a solid foundation to systematically continue our work in this important area. Our ambition is to embed sustainability even more deeply in all our operations and decision-making. I am convinced that our responsible way of working will create value for both Cramo and our customers, and generate benefits to all our stakeholders and to society.

An important part of our strategic thinking is enabling our people to perform. By putting more effort into personnel development, we aim to ensure that our employees are well prepared to meet future challenges.

In order to offer our customers and other stakeholders relevant and engaging touchpoints, we are investing in enhanced and more concise multichannel communications. A good example of this is our new website, which was launched simultaneously in fourteen countries at the end of the year.

SHAPE AND SHARE

During the year, we prepared for the new 2017–2020 strategy period. The main idea behind our new strategy is that we want to be a company that shapes not just its own operations but the whole rental industry.

Our new vision, Shared resources simplified, refers to the sharing of resources in its broadest sense, with our customers and other stakeholders and in a way that is both simple and engaging. In our mission, we promise to create great days at work and room for great days. That is why we want to learn to understand our customers and their needs even better, and will let that knowledge steer our future development. Building and supporting a truly innovative culture at Cramo will be an important part of this.

The strategic steps we will take in the coming years include aligning processes and ways of working Group-wide as well as optimising our operations by shaping our business structure and model and by creating new digital concepts. These two steps will enable us to take the third one – actively seeking and capturing new opportunities for profitable growth.

I am convinced that, by delivering on our new strategy, we will be able to build an even more successful Cramo and reach our ambitious new financial targets. I want to thank our shareholders for your loyalty and trust in us also in 2016. We will continue our work to generate increasing value for you.

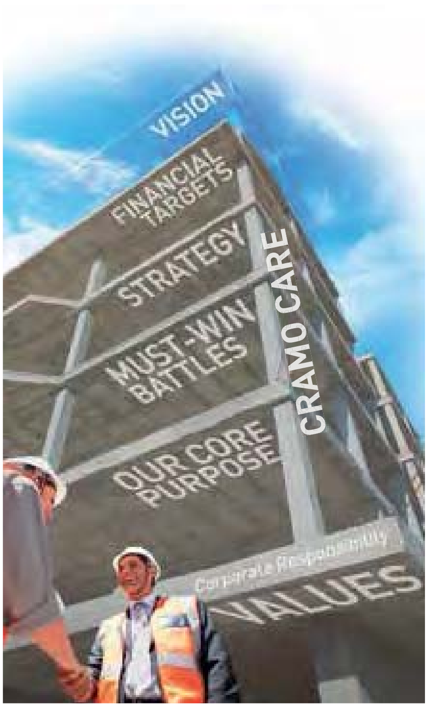
Sincerely,

Leif Gustafsson
President and CEO

CRAMO'S FOCUSED STRATEGY SUCCESSFULLY EXECUTED

The final year of our 2014–2016 strategy period was a year of solid performance and showed that our strategic choices have been right. Our must-win battles have been the key enablers in fulfilling our focused strategy – Cramo People living the Cramo Story – and in reaching our financial targets. We are well positioned for opportunities in the sharing economy era.

After the successful execution of our strategy - Cramo People living the Cramo Story - we are now ready to capture the opportunities of a changing operating environment and meet the intensifying competition. We ensure our future success through our updated strategy. Many of the elements of our earlier strategy still apply in this updated strategy. What is new is Cramo's more clearly expressed role as an active shaper of the whole industry and as a driver of the sharing economy. Shaping our own way of doing business and emphasising sharing in a very broad sense will also help us to achieve our new vision – Shared resources simplified.



STRATEGY 2014–2016

OUR VISION
The role model for all rental

OUR FINANCIAL TARGETS
- EBITA margin > 15% of sales over a business cycle
- Gearing < 100%
- Sales growth faster than the market
- Return on equity > 12% over a business cycle
- A stable profit distribution policy, dividends about 40% of earnings per share

OUR STRATEGY
Cramo People living the Cramo Story

OUR MUST-WIN BATTLES
1 Deliver Cramo Story **p.16 & 17**
2 Drive Cramo Performance Management **p.16 & 18**
3 Win Central European market **p.16 & 19**

OTHER KEY STRATEGIC INITIATIVES
- Modular space growth strategy **p.30**
- Dynamic pricing
- Mergers and acquisitions

OUR CORE PURPOSE
is to contribute to customers' success by preventing and solving problems – making their lives easier

OUR VALUES
- Credibility
- Creativity
- Commitment

READY TO SHAPE THE WHOLE INDUSTRY

During the year, Cramo renewed its strategy for the 2017–2020 strategy period to proactively ensure responsible value creation in the future. Our focus will remain on customers, employees and the continuous improvement of our performance. However, more attention will be given to finding brand new, innovative ways of creating value. We are ready to shape the future of not just Cramo but the whole industry.

STRATEGY 2017–2020

FINANCIAL TARGETS 2017–2020

EQUIPMENT RENTAL

ROCE, %	> 14.5
Organic sales growth	> Market

MODULAR SPACE

ROCE, %	> 12.5
Organic rental sales growth	Double digit

GROUP

Net debt / EBITDA	< 3x
ROE, %	> 15
Dividend payout ratio, %	~ 40

NON-FINANCIAL TARGETS

Customer satisfaction index	> 70
LTIR Number of work-related accidents with at least one full day absence/ Million working hours	≤ 5
Lawsuits	0
CO_2 emissions scope 1 and 2, relative sales (tonnes/MEUR), %	-20

OUR VISION

SHARED RESOURCES SIMPLIFIED

OUR MISSION

Create great days at work and room for great days

OUR PURPOSE

Driving the sharing economy

OUR STRATEGY

Shape and Share

People and performance
Game-changing offerings
Stretch and scale up business models
Capture potential in our markets

FOCUS AREAS

Enable people to perform
Shape the future

Modular space:
Secure resources &
German market

Equipment rental:
Offerings & delivery platform
Operational excellence

VALUES

Credibility
Creativity
Commitment

STRATEGIC STEPS 2017–2020

Align
- Implementing common processes and tools
- Living the Cramo Story
- Establishing the renewed Cramo Care

Optimise
- Shaping the business structure and model
- Enhancing the performance culture
- Creating a new digital concept
- Striving for zero accidents

Growth
- Building a new footprint in chosen markets
- Targeting organic and inorganic growth
- Continuously evaluating potential acquisition target companies and striving for a leading position in chosen markets

SUSTAINABILITY IS EMBEDDED IN OUR STRATEGY

For us, sustainability means doing things right, at the right time and in the right way. Sustainability at Cramo is driven by the responsible sharing of safe, resource-efficient solutions and other resources as well as the sharing of transparent information. Creating sustainable profit is achieved in our day-to-day activities, which are based on our values and strategy.

We strive to drive the sharing economy in our industry. The whole Cramo business model and value creation are based on sustainable sharing – creating new possibilities for innovative, resource-efficient solutions. Our response to the acknowledged megatrends affecting the industry, and our way of ensuring long-term business growth, is to embed sustainability even more deeply in our strategic and operational decision-making and in risk mitigation. We aim to lead sustainability by example and through increased transparency, also enabling our customers to meet their own sustainability targets.

In 2016, we made significant progress in our sustainability work as we crystallised our sustainability strategy, which is led by the Cramo Care programme – supporting Cramo's vision of Shared resources simplified. The basis of Cramo Care is a materiality study in which our stakeholders' top sustainability priorities were identified. This constitutes an integral part of our sustainability focus areas. Our work to integrate the areas chosen in our daily operations will continue in 2017, enabling us to meet and exceed growing stakeholder expectations for the whole value chain – and exceed the level required by law.

To ensure continuous improvement and a good social, environmental and financial performance, Cramo Care defines the targets, Key Performance Indicators (KPIs) and long-term vision for our sustainability strategy. For the first time, long-term sustainability targets and KPIs are presented next to the financial objectives, reflecting the integrated value creation thinking at Cramo.

However, our work with sustainability cannot be accomplished without the close cooperation and dialogue with our suppliers and customers, since they enable us to perform our best on sustainability. Actively exploring development opportunities through partnerships is a key component of our sustainability strategy.

At the heart of Cramo Care are our employees. Ensuring a caring, safe workplace in which our employees can perform to their fullest potential and which attracts and retains the best talents is one of our key objectives for sustainable growth.

Read more in the separate GRI report, which is available on Cramo's website.

CRAMO CARE

Sustainable solutions through responsible sharing

COMMITMENT AND PRINCIPLES

Code of Conduct and Business Ethics
Supplier Code of Conduct
UN Global Compact
ISO

STRATEGIC DRIVERS

- Driving the sharing economy
- Shaping the industry
- Stakeholder expectations for more sustainable operations
- Resource and operational efficiency
- Changing the operating environment
- Increased transparency and more stringent ethics

CUSTOMER CARE

- Customer satisfaction
- Health and safety
- Resource efficiency
- Business ethics
- Responsible suppliers

ENVIRONMENTAL CARE

- Resource efficiency
- Reduced environmental footprint
- Increased circularity

EMPLOYEE CARE

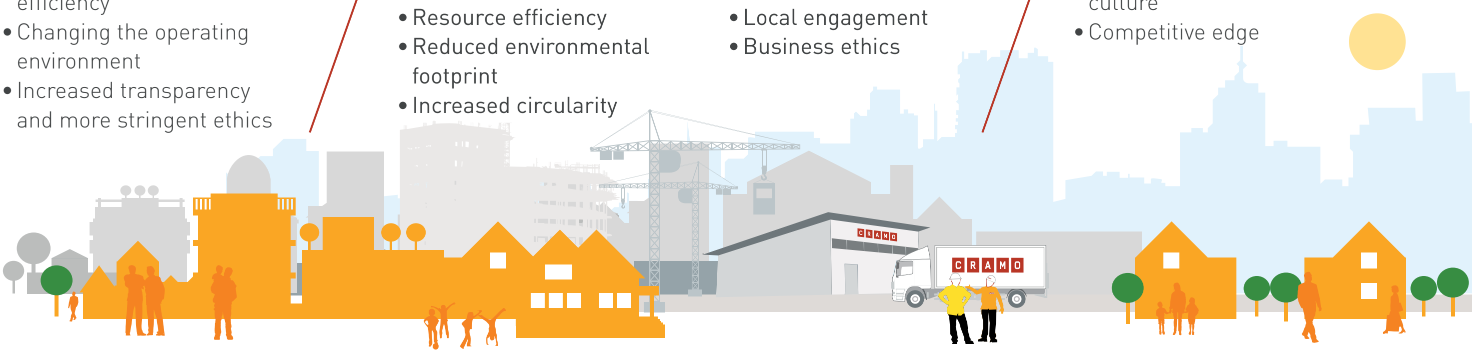
- Employee satisfaction
- Health and safety
- Skills development
- Diversity and equality

SOCIAL CARE

- Local engagement
- Business ethics

VALUE ADDED

- Growth
- Risk management
- Return on capital
- Skilled, committed employees
- Innovative corporate culture
- Competitive edge



CASE

SHARING THE BEST SOLUTIONS TO IMPROVE SAFETY

Every work-related accident or near-miss incident is one too many. But they can easily happen when human activity is involved. By systematically investigating hazardous situations and accidents, it is possible to learn how similar situations can be avoided in the future.

Cramo has long worked diligently to improve occupational safety for customers and for its own personnel. Safety is constantly highlighted in many ways at Cramo. A good example of this is the one-day training event arranged for all Cramo Norway supervisors, training that focused specifically on occupational safety and health.

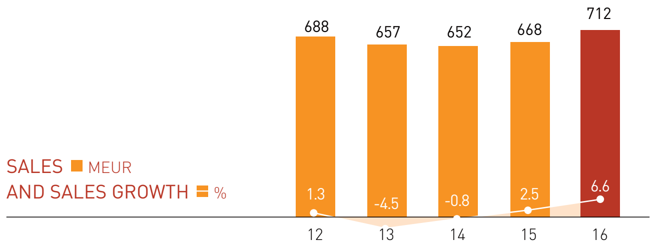
The event was aimed at supporting and encouraging supervisors to work actively on occupational safety issues every day. There are many good occupational safety-related practices used in Norway, such as safety walks and personal safety guidelines, and every employee must endorse them. Nevertheless, there is always room for developing and harmonising practices.

In addition to a review of Cramo's own practices and targets, the customer's voice was also heard at the event: a representative of a major customer came to talk about the expectations their company has regarding occupational safety.

Another key offering at the event was the workshops in which various actual incidents that led to a work-related accident were carefully analysed. The goal was to learn from each incident, understand the underlying reasons leading up to the incident, and change the way of working, if necessary, to prevent a similar chain of events. The findings were then shared internally and, when relevant, also with customers.

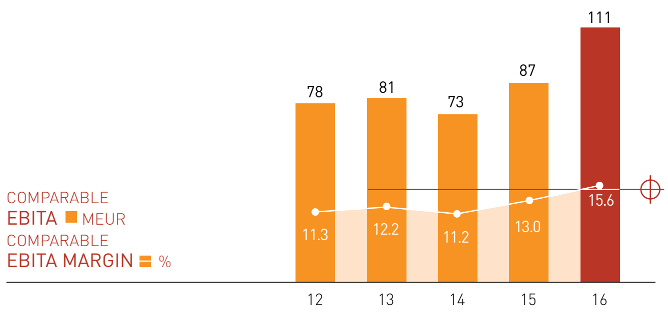
Taking preventive measures and maintaining the correct attitude are the most important ways to reduce the number of work-related accidents.

FINANCIAL TARGETS AND PERFORMANCE FOR THE PAST STRATEGY PERIOD



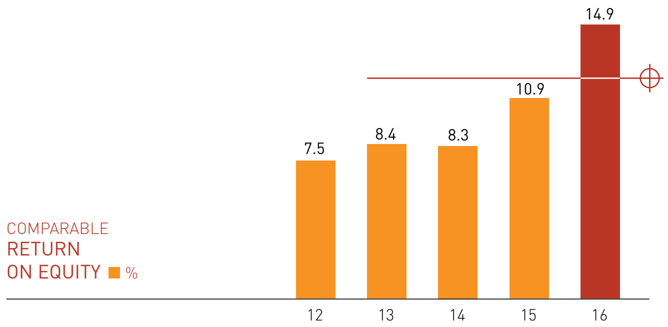
TARGET: SALES GROWTH FASTER THAN THE MARKET

PERFORMANCE: Sales growth target was met during the strategy period 2013-2016. Comparable compound annual growth rate (CAGR) was 3.1% whereas the market grew by 2.9%.



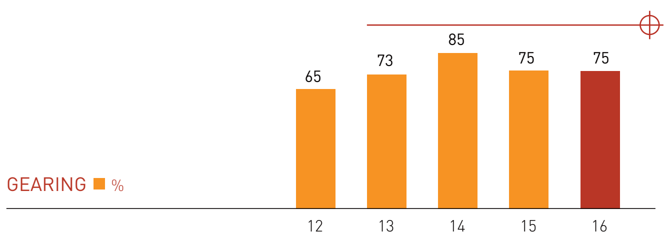
TARGET: EBITA MARGIN ABOVE 15% OF SALES OVER A BUSINESS CYCLE

PERFORMANCE: EBITA margin target was reached in 2016. Comparable EBITA margin was 15.6% in 2016.



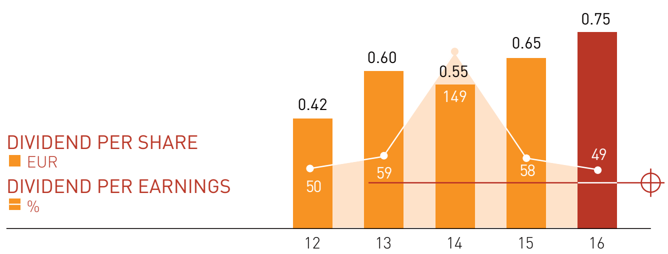
TARGET: RETURN ON EQUITY HIGHER THAN 12% OVER A BUSINESS CYCLE

PERFORMANCE: ROE target was reached in 2016. Comparable ROE was 14.9% in 2016.



TARGET: MAXIMUM GEARING OF 100%

PERFORMANCE: Cramo continued to have a strong balance sheet throughout the strategy period. Gearing target was met throughout strategy period and was 74.5% at the end of 2016.



TARGET: STABLE PROFIT DISTRIBUTION POLICY WITH ABOUT 40% OF EARNINGS PER SHARE PAID AS A DIVIDEND

PERFORMANCE: Dividend is proposed to be increased to EUR 0.75, representing 49% of net profit. Dividend target was met throughout strategy period.

OUR LONG-TERM TARGETS AND KEY PERFORMANCE INDICATORS

Cramo strives to continuously improve its financial, social and environmental performance. We measure the performance of our business using several key performance indicators. Our responsibility targets and key performance indicators set in 2016 are presented in more detail in a separate GRI report.

FINANCIAL TARGETS 2017–2020 (on average, during the period)

EQUIPMENT RENTAL

ROCE, %

> 14.5

Organic sales growth

>Market

MODULAR SPACE

ROCE, %

> 12.5

Organic rental sales growth

Double digit

GROUP

Net debt / EBITDA

< 3x

ROE, %

> 15

Dividend payout ratio, %

~ 40

NON-FINANCIAL TARGETS 2017–2020

CUSTOMER CARE
Customer satisfaction index
2016: 72.6

> 70

EMPLOYEE CARE
LTIR
2016: 13.7

≤ 5

SOCIAL CARE
Lawsuits
2016: 0

0

ENVIRONMENTAL CARE
CO_2 emissions, scope 1 and 2, relative sales (tonnes/MEUR), %
2016: 18 tonnes/MEUR

-20

ROCE:
RETURN ON CAPITAL EMPLOYED = EBIT / AVERAGE CAPITAL EMPLOYED

MARKET GROWTH:
ACCORDING TO ERA IN MARKETS WHERE CRAMO IS PRESENT

LTIR:
NUMBER OF WORK-RELATED ACCIDENTS WITH AT LEAST ONE FULL DAY ABSENCE/ MILLION WORKING HOURS

WHY INVEST IN CRAMO?

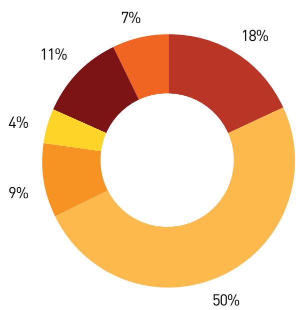
Several megatrends have a positive impact on the operating environment of the equipment rental and modular space business. Cramo's strategy, harmonised business models for our two business divisions and solid financial position enable the company to capture emerging business and growth opportunities in the sharing economy era. This also supports the company's work to generate greater value for its shareholders.

GOOD RESULTS DELIVERED BY THE MAIN BUSINESS SEGMENTS

Demand for equipment rental and modular space developed favourably in 2016. Sales and profitability were strong in Finland and Sweden, and there was a turn for the better in Central Europe. Towards the end of the year, profitability improved in all markets except in Norway and Eastern Europe.

SHARE OF GROUP

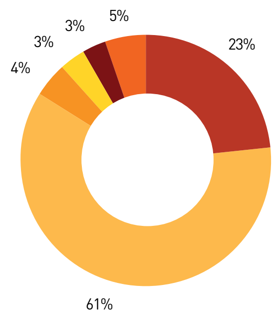
SALES



SALES 2016 (2015)
MEUR

- FINLAND 129.2 (110.9)
- SWEDEN 355.6 (331.2)
- NORWAY 67.4 (70.4)
- DENMARK 32.0 (28.3)
- CENTRAL EUROPE 78.5 (77.2)
- EASTERN EUROPE 50.3 (50.9)

COMPARABLE EBITA



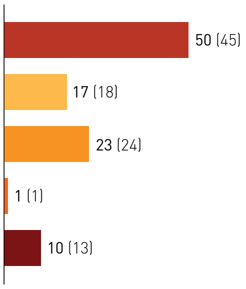
COMPARABLE EBITA 2016 (2015) MEUR

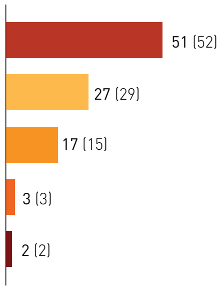
- FINLAND 28.4 (22.4)
- SWEDEN 73.7 (61.7)
- NORWAY 5.2 (5.4)
- DENMARK 4.0 (1.9)
- CENTRAL EUROPE 3.9 (-2.5)
- EASTERN EUROPE 6.2 (6.3)

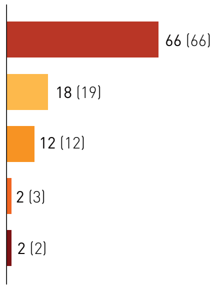
	FINLAND	SWEDEN	NORWAY
DEPOT NETWORK (2015)	58 (54) depots	99 (100) depots	28 (28) depots

SALES BY CUSTOMER SEGMENT, 2016 (2015) **% OF TOTAL SALES**

- Construction industry
- Other industries
- Public sector
- Households
- Other



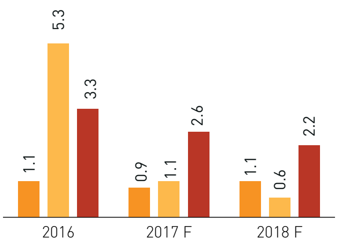


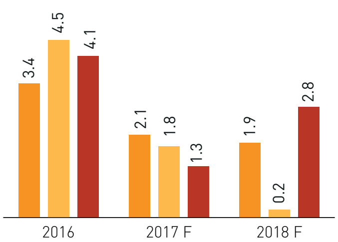


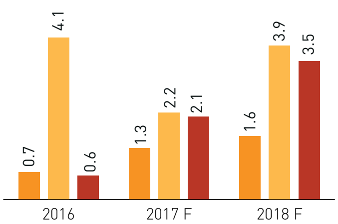
MARKET SUMMARY, %

- GDP growth estimate
- Construction market growth estimate
- Rental market growth estimate

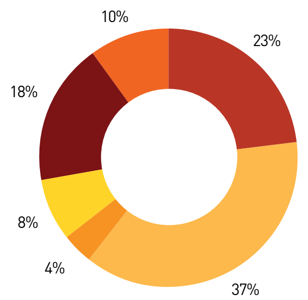
Source: HIS ERA Market Report 2016, October 2016; Euroconstruct, June 2016; Forecon, June 2016; European Commission, October 2016







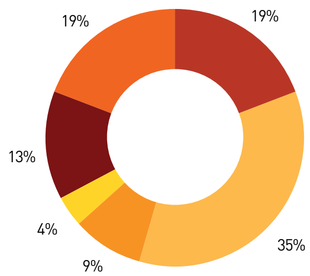
GROSS CAPITAL EXPENDITURE



GROSS CAPITAL EXPENDITURE 2016 (2015)
MEUR

- FINLAND 47 (37.3)
- SWEDEN 76 (70.5)
- NORWAY 8 (6.7)
- DENMARK 16 (14.9)
- CENTRAL EUROPE 36 (26.1)
- EASTERN EUROPE 20 (17.8)

EMPLOYEES, FTE



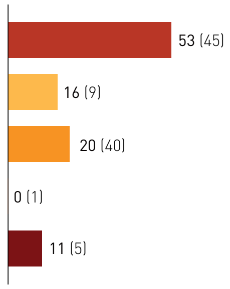
EMPLOYEES, FTE 2016 (2015)
NO.

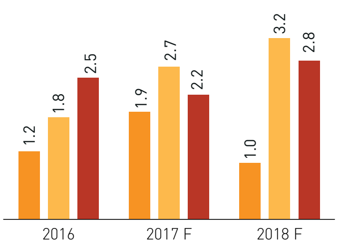
- FINLAND 480 (448)
- SWEDEN 877 (825)
- NORWAY 225 (219)
- DENMARK 98 (97)
- CENTRAL EUROPE 336 (350)
- EASTERN EUROPE 474 (466)

1 Germany, Austria and Hungary
2 Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia and the Kaliningrad region of Russia

DENMARK

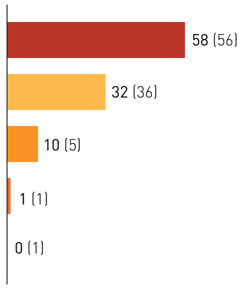
8 (8) depots

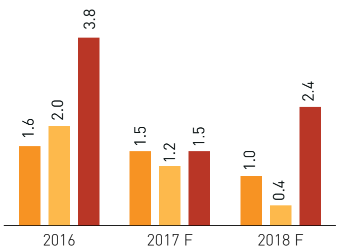




CENTRAL EUROPE[1]

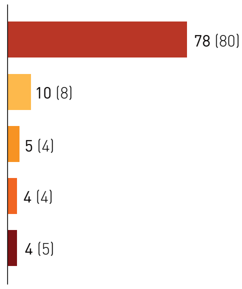
63 (71) depots

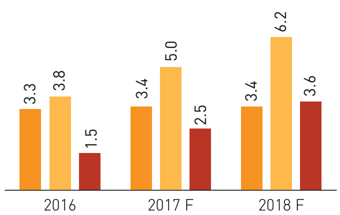




EASTERN EUROPE[2]

68 (67) depots





MUST-WIN BATTLES CONTINUED TO DELIVER RESULTS

The past year was marked by the successful implementation of our must-win battles and other strategic initiatives. The must-win battles set for 2014-2016 not only increased our profitability, productivity and sales, but engaged our employees to an even greater extent to live the Cramo Story.

MUST-WIN BATTLE #1

DELIVER CRAMO STORY

Delivering the Cramo Story differentiates us from our competitors, making us the first choice for customers. Successful implementation of the Cramo Story not only strengthens our brand, it helps us meet and exceed customer expectations, improving our sales and paving the way for continuous growth. In 2016, we continued to ensure that the Cramo Story is implemented throughout the organisation so that our promise of a great day at work is fulfilled – always putting the customer first.

p. 17

MUST-WIN BATTLE #2

DRIVE CRAMO PERFORMANCE MANAGEMENT

Performance management at Cramo means sharing best practices, promoting an entrepreneurial mindset and continuous learning. In our daily work, it is concretised through increased KPI visibility, driving sales, strengthening cost control and enhancing performance awareness. For our customers, our way of working means more agile customer service, faster problem-solving and taking the right corrective measures when needed. In 2016, we focused on change management to ensure continuity and the all-encompassing implementation of this model.

p. 18

MUST-WIN BATTLE #3

WIN CENTRAL EUROPEAN MARKET

Capturing the full growth potential in the Central European market and becoming a relevant, multi-category rental company in Central Europe as well have delivered improved results. For us, 2016 was a turnaround year in the Central European market. The actions taken and investments made led to positive financial results and increased profitability.

p. 19

STRATEGIC INITIATIVES

MODULAR SPACE GROWTH STRATEGY

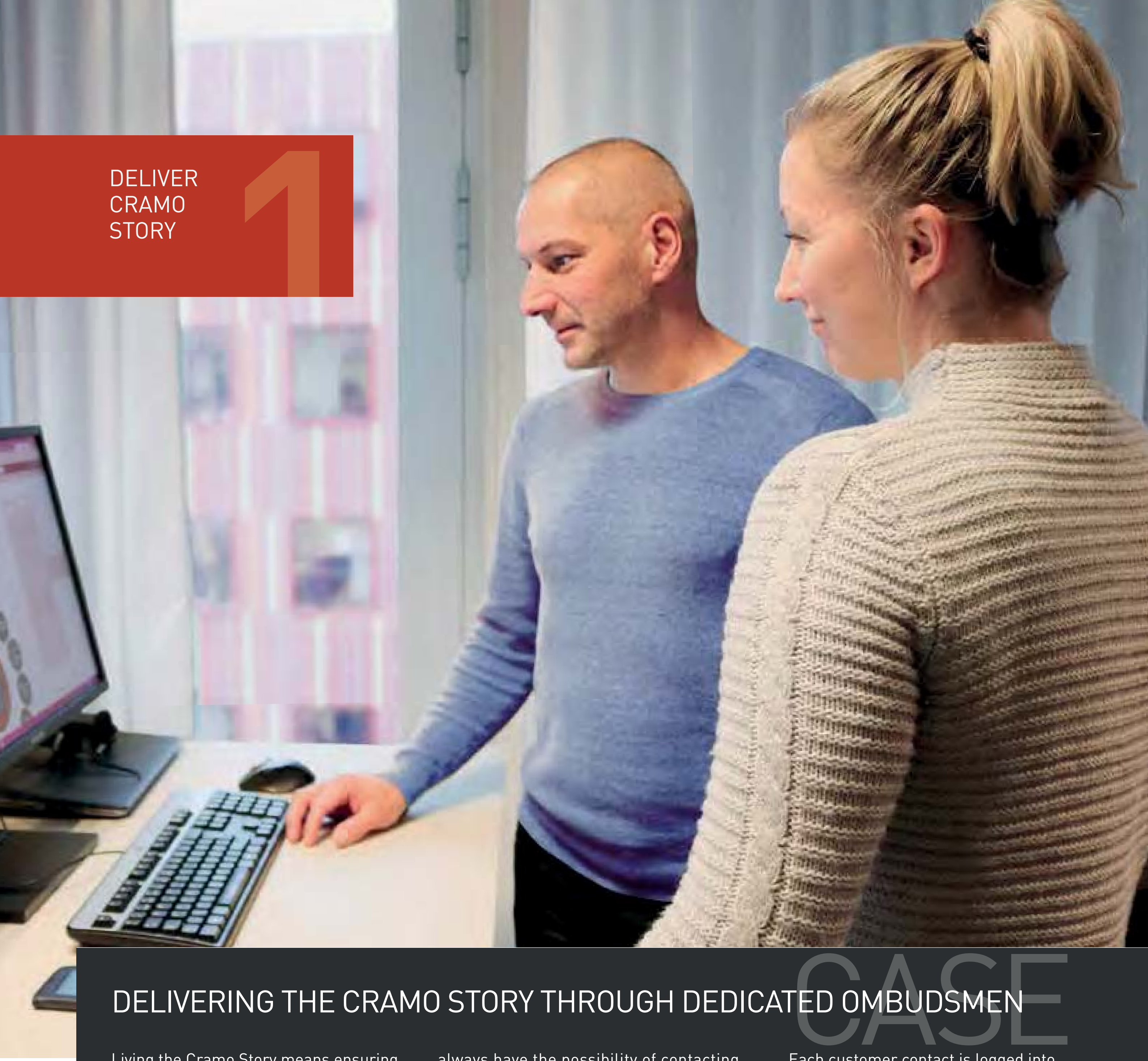
Cramo is prepared to capture both the organic and inorganic growth opportunities that the European modular space business provides.

DYNAMIC PRICING

Cramo uses the "Right Price" pricing tool in its main markets – ensuring transparent, explicit pricing and the right price for customers.

MERGERS AND ACQUISITIONS

Cramo is actively participating in the consolidation of the European equipment and modular space markets.



DELIVER
CRAMO
STORY
1

CASE

DELIVERING THE CRAMO STORY THROUGH DEDICATED OMBUDSMEN

Living the Cramo Story means ensuring a truly unique customer experience at all touchpoints. We do it by delivering on our three concrete proofs of promise.

Fulfilling these three proofs of promise requires not just solid customer understanding but also the capability to prevent and solve their problems. Therefore, each Cramo country has a dedicated ombudsman.

"Being a customer ombudsman requires broad knowledge of Cramo's way of operating and, at the same time, knowledge about the customer's expectations. My main goal as an ombudsman is to be there for the customer and see things from their perspective. If we, for some reason, fail to deliver on our promise for a great day at work, our customers know that they always have the possibility of contacting their ombudsman. There is potential here to further develop our operations as well as reinforce our credibility," says **Adam Skoric**, Cramo ombudsman for Sweden.

In 2016, Adam was contacted about 150 times by customers and was able to find a solution together with the customer just as many times. Not all customer contacts were complaints, since we also received suggestions for improvements that are valuable to us in enhancing our way of operating and cooperation.

"As an example, our customers' feedback on the functionality of our website was implemented on the new website we launched in November – a small but important aspect for a better customer experience," Adam continues.

Each customer contact is logged into Cramo's nonconformity/improvement system. Progress is monitored, and the solution is described and shared throughout the organisation – an essential part of continuous improvement at Cramo.

#1 We are always helpful

#2 We are always on time

#3 Our equipment never fails

DRIVE CRAMO PERFORMANCE MANAGEMENT 2

CASE

STRENGTHENING CHANGE MANAGEMENT IN REPAIR & MAINTENANCE

Cramo's performance management, with the objective "empowered people drive performance", has focused on selected key operations over the past few years, such as depot performance management, repair and maintenance operations, sales management, and purchasing and modular space operations. Various development activities have taken place, and in 2016, the emphasis was on communication, leadership and change management.

In repair and maintenance operations, one of the key activities in 2016 was a conference organised for product and maintenance managers, service managers and workshop managers from all Cramo countries. The conference consisted of communication and leadership training and coaching as well as benchmarking best practices in the countries. In addition, an internal country-level competition for managing change was launched. At the end of the year, six countries presented their concrete examples of how they implement change. The winning team, the "Shaper in Repair & Maintenance", was the team from Finland, which successfully managed the change project with a clear timetable and clear objectives, targets and activities – proving that performance is not just a theoretical model but an important tool to drive performance improvements. The team's improvement actions engaged everyone in the repair and maintenance organisation, establishing a culture of continuous change. The competition is arranged yearly.

The most important thing we learned was that, in taking full charge of the situation, we achieved measurable improvements compared to the baseline situation. Now we will just continue to keep up the good work with the help of the positive energy this has given us!

TUOMAS NIINISALO, SERVICE MANAGER, CRAMO FINLAND

WIN CENTRAL EUROPEAN MARKET

3

LONG-TERM CUSTOMER RELATIONSHIPS BUILD TRUST

CASE

Cramo has had success in winning the Central European market following significant efforts and the building of long-term partnerships, supported by our two other strategic must-win battles. Cramo's tool business in Central Europe is now bigger than ever.

Our customer Bilfinger Hochbau is building two towers for a major construction project in Munich. Bavaria Towers is the first large commercial high-rise complex approved in Munich in a while. The project started in 2016 and completion is planned for early 2018. Bilfinger rents equipment from Cramo based on a long-term contract, enabling Cramo to invest in new equipment particularly for this site and for the whole project cycle: tools such as impact wrenches, concrete silos, concrete vibrators and heating equipment.

"Our collaboration with Cramo is the result of a recommendation from colleagues at a different Bilfinger jobsite. Key factors in choosing Cramo were the wide range of tools and machines available, price criteria and their constructive mindset during the negotiations. Cooperation at the site is going very well - we feel we are in good hands. Questions are answered and problems are solved quickly and in an unbureaucratic way," explains Mr **Theodor Sprick**, Senior Project Manager at Bilfinger Hochbau.

"We also appreciate Cramo's service in providing safety checks on our own equipment. Last but not least, Cramo often uses new equipment that complies with the latest environmental protection and safety requirements," Mr Sprick adds.

For our company, the safety aspect is very important. Cramo meets our requirements to our utmost satisfaction by providing safety checks and keeping a record of this for all equipment in use.

THEODOR SPRICK, SENIOR PROJECT MANAGER, BILFINGER HOCHBAU

ENABLING THE RESPONSIBLE SHARING OF RESOURCES

We create value in various ways for our stakeholders, for society and for the communities we operate in. We do that by enabling the responsible sharing of tangible and intangible resources in our two business divisions, equipment rental services and the rental of modular space.

INPUTS

FINANCIAL
- Equity MEUR 519.7
- Debt MEUR 387.0

FLEET
- 210,000 equipment rental items
- 22,000 modular space units
- Network of 324 depots in 15 countries and Cramo's e-commerce solution

INTELLECTUAL
- Strong brand
- Innovation and culture focused on development
- Comprehensive competence and know-how

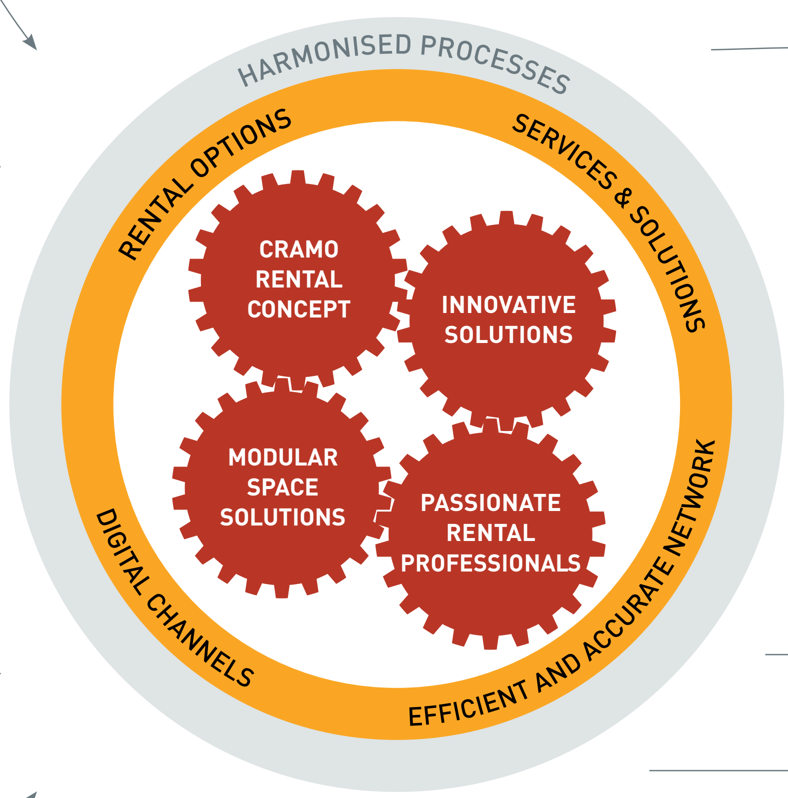
HUMAN
- 2,550 rental professionals
- Trainees and interns
- Summer employees

SOCIAL AND RELATIONS
- Safety
- Collaboration with partners
- Community and stakeholder relations

NATURAL
- Oils and fuels
- Spare parts
- Detergents

BUSINESS MODEL

DRIVING THE SHARING ECONOMY



OUTCOME

FINANCIAL

• Customers	Sales	MEUR 712.3 (667.8)
• Employees	Employee benefits	MEUR 118.3 (110.6)
• Suppliers	Purchases	MEUR 559.4 (517.3)
• Owners	Dividends	MEUR 28.9 (24.1)
• Financial community	Financial expenses, net	MEUR 12.4 (13.3)
• Society	Taxes, social security charges, pension expenses	MEUR 49.2 (45.9)

CUSTOMER CARE

- Cost-effectiveness by sharing costs
- Enabling optimisation of capital investments
- Effective services and solutions as well as innovations based on customer needs
- Flexible access to modern equipment with high safety and environmental standards
- Shared know-how, for instance, through training
- Driving the sharing economy

EMPLOYEE CARE

- Work safety
- Fair employment conditions
- Personal development
- Career opportunities
- Diversity and non-discrimination

SOCIAL CARE

- Suppliers
  - Business relations based on strong ethics and trust
  - Sharing of competences and insights for mutual success
- Society
  - Sustainable solutions enabling and driving the sharing economy
  - Responsible corporate citizen

ENVIRONMENTAL CARE

- Sharing reduces the amount of new machinery needed, thus reducing the consumption of natural resources
- Responsible re-selling of used machinery
- Hazardous waste such as used filters, oils and batteries
- Reduced electricity consumption and waste

CAPTURING OPPORTUNITIES IN A CHANGING WORLD

The drive for sustainable development, given growing concern about our environment and climate change, is also spurring the development of new economic models in the sharing economy. The rental industry has an excellent opportunity to take a major role in this development by offering easy access to shared, sustainable resources.

MEGATRENDS

Migration
Urbanisation
Demographic changes

Scarcity of
critical resources

Digitalisation

SHARING ECONOMY

Sustainable
development

CONSTRUCTION DRIVERS

Economic development
Regulation
Energy efficiency requirements
Ageing and quality problems of buildings
Urbanisation

FLEXIBLE SPACE DRIVERS

Demographic changes
Migration
Public finances
Construction renovation volume

PUBLIC SECTOR

76% URBAN POPULATION AS A SHARE OF TOTAL POPULATION IN THE EUROPEAN UNION

(WORLD BANK 2015)

THE SHARE OF THE POPULATION AGED 65 YEARS AND OVER IS INCREASING IN THE EUROPEAN UNION

(EUROSTAT 2015)

EQUIPMENT RENTAL GROWTH DRIVERS

Construction volume

Benefits of sharing

Need for total solutions and service concepts

Need for productivity improvements

Rental penetration rate trend

Technical advances, leading to a higher cost of ownership

MODULAR SPACE GROWTH DRIVERS

Site-specific needs during renovation projects

Fluctuating space needs of both the public and private sector

Need for solutions with permanent-like quality

Need for energy-efficient solutions

CRAMO VALUE CREATION

Customer-driven development of innovative and sustainable services and solutions

Expanding rental and modular space solutions in new sectors and markets

Ensuring optimised rental benefits for our customers

Multichannel connectivity with customers and other stakeholders

CONSTRUCTION OTHER INDUSTRIES

CRAMO

89% OF B2B BUYERS SEARCH FOR INFORMATION ON THE INTERNET DURING THEIR B2B RESEARCH PROCESS, AND 57% OF THE BUYING PROCESS IS DONE PRIOR TO ENGAGING WITH SALES.

(FROST & SULLIVAN)

WELL POSITIONED FOR EMERGING OPPORTUNITIES IN THE MARKET

Cramo's business model is based on the responsible sharing of sustainable solutions and other resources. Together with our strong market position, customer focus and innovative thinking, this enables us to capture emerging business opportunities in the European rental market.

Cramo is one of the industry's leading providers of equipment rental services in Europe and the leader in the rental of modular space solutions in the Nordic countries.

In 2016, demand for equipment rental and modular space developed favourably in most markets Cramo operates in. We succeeded very well in capturing the opportunities from this market growth, increasing our sales and profit in both product areas.

Over the long term, growing demand for rental services is supported by several megatrends. The megatrends with the greatest impact on the operating environment for the equipment and modular space rental business today are strongly related to demographic changes, urbanisation, resource scarcity, sustainable development and digitalisation.

GROWING DEMAND FOR RENTAL-RELATED SERVICES

One of the main drivers in equipment rental is the volume of new construction and renovation. Changes in demand typically follow construction trends, albeit with a lag. In addition to construction volume, demand for equipment rental services is affected by industrial investments and the rental penetration rate of a market. The most advanced rental market in Europe by penetration rate is Sweden; Germany is Europe's third-largest rental market by volume, but the penetration rate is much lower and the competition landscape is fragmented. Cramo is an active player in both markets.

One industry-specific trend that is gaining strength is growth in rental-related services. There is a growing need for total solutions as more pressure is placed on economic performance and operational efficiency, especially in large construction and industrial projects.

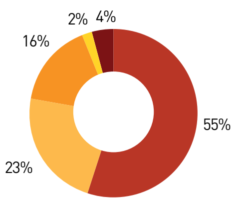
INCREASING INTEREST IN MODULAR SPACE SOLUTIONS

Many drivers of equipment rental growth also create market opportunities for the rental of modular space. Site-specific space needs during renovation periods and fluctuating needs related to local demographic changes and migration create demand for high-quality temporary space solutions. Temporary solutions that meet stringent requirements for safety, energy efficiency and low maintenance costs are gaining in popularity.

The public sector is an important customer group for modular space solutions, so public finances also affect the demand for temporary building solutions.

OUR CUSTOMERS

We have over 150,000 customers.

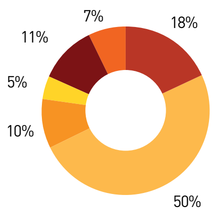


OUR SERVICE AREAS 2016 (2015)
% OF TOTAL SALES

- CONSTRUCTION INDUSTRY 55 (54)
- OTHER INDUSTRIES 23 (24)
- PUBLIC SECTOR 16 (15)
- HOUSEHOLDS 2 (2)
- OTHER 4 (4)

OUR PRESENCE

We have a network of 324 depots and we provide service in 15 countries.[1]



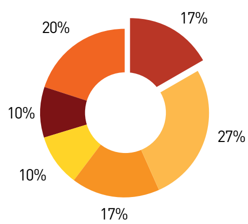
OUR BUSINESS SEGMENTS 2016 (2015)
MEUR

- FINLAND 129 (111)
- SWEDEN 356 (331)
- NORWAY 67 (70)
- DENMARK 32 (28)
- CENTRAL EUROPE 79 (77)
- EASTERN EUROPE 50 (51)

1 Own depots in 14 countries. We also operate in Ukraine and mainland Russia through our joint venture Fortrent.

OUR OFFERING

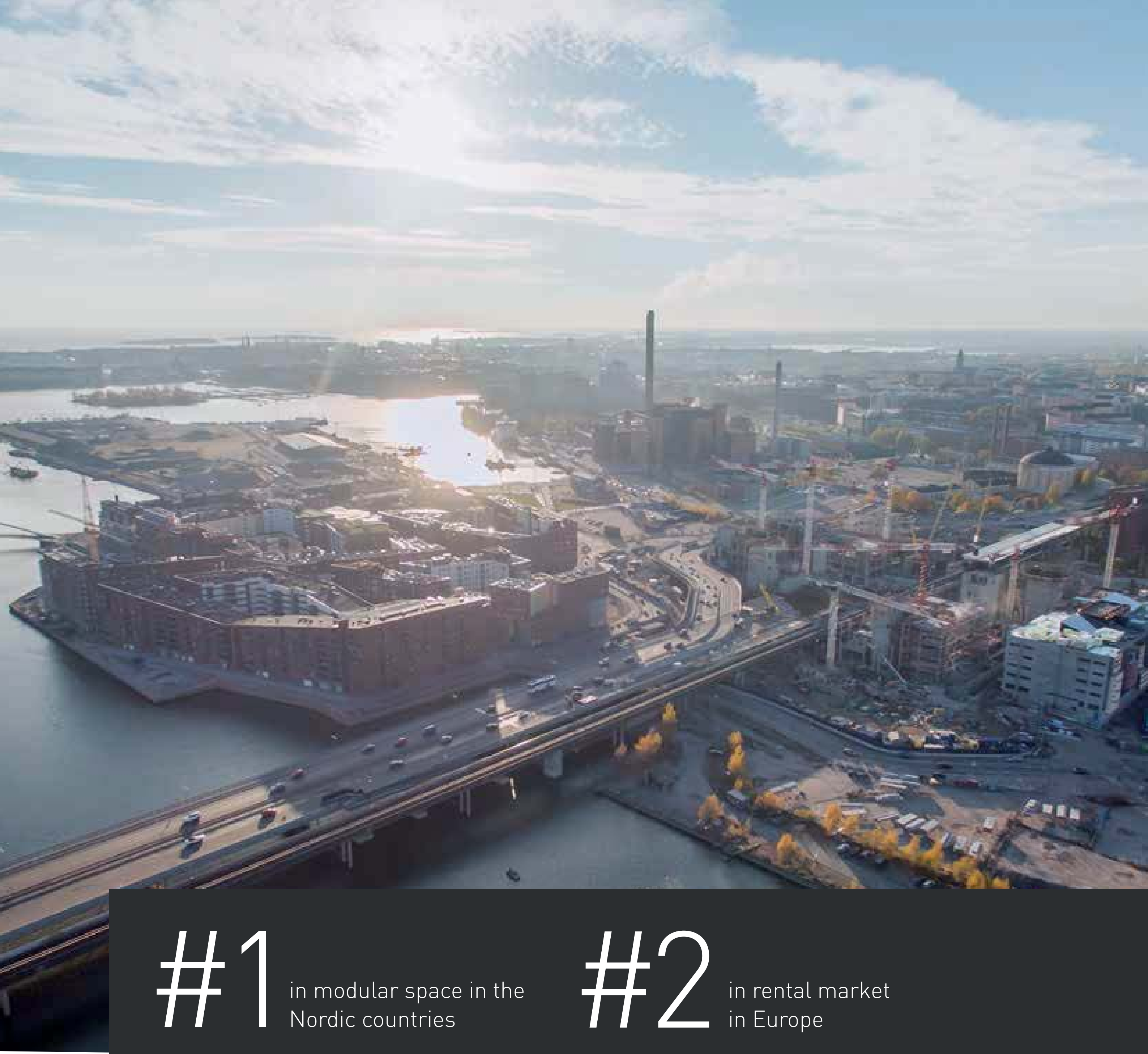
We have more than 230,000 rental items.



OUR OFFERING 2016 (2015)
% OF TOTAL SALES

MODULAR SPACE
- RENTAL AND SERVICES 17 (15)

EQUIPMENT RENTAL
- TOOLS 27 (25)
- ACCESS EQUIPMENT 17 (18)
- CONSTRUCTION EQUIPMENT 10 (10)
- SITE HUTS 10 (10)
- RENTAL-RELATED AND OTHER SERVICES 20 (21)



#1 in modular space in the Nordic countries

#2 in rental market in Europe

	RENTAL MARKET SIZE 2016 (2015)[3], MEUR	MARKET POSITION ESTIMATE[4]
FINLAND	471 (456)	Strong #2 in equipment rental, #1 in modular space
SWEDEN	1,519 (1,460)	Strong #1 both in equipment rental and modular space
NORWAY	895 (890)	#3 in equipment rental, #4 in modular space
DENMARK	463 (452)	#6 in equipment rental, #1 in modular space
CENTRAL EUROPE[1]	4,288 (4,131)	#4 in Germany, #2 in Austria
EASTERN EUROPE[2]	675 (669)	#2 in Baltics, and one of the leading rental companies in Poland, Czech Republic and Slovakia

1 Germany, Austria and Hungary
2 Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia and the Kaliningrad region of Russia
3 Finland, Sweden, Norway and Denmark: ERA European Rental Industry 2016 Market Report, October 2016, Central and Eastern Europe: ERA, Cramo Management estimate. Russia is not included in the market size estimate for Eastern Europe.
4 Management estimate

CREATING ADDED VALUE THROUGH STAKEHOLDER ENGAGEMENT

Our stakeholders have a major impact on our business, and their engagement is crucial for our success. To ensure their long-term engagement, Cramo works continuously with different stakeholders to encourage the mutual sharing of insights, experiences and expectations. High ethical standards and transparency are important for all stakeholders.

HOW WE COMMUNICATE AND COOPERATE WITH OUR STAKEHOLDERS

STAKEHOLDER GROUP	PRIORITIES	ACTIVITIES AND CHANNELS	
CUSTOMERS	• issues included in Cramo's customer promise For a great day at work, Room for great days and the proofs of promise supporting these • health and safety • business ethics • resource efficiency • responsible suppliers • strong brand	• the Cramo Story • ombudsman • safety and other training programmes • co-development projects related to resource efficiency trade fairs	• customer satisfaction survey • depots and e-commerce solution • customer magazines • websites and social media
PERSONNEL	• employee satisfaction • health and safety • diversity and equality • skills development • development plans and goals • business ethics and sustainability issues • performance management	• the Cramo Story • Performance Management Model • safety training classes • programmes for health and well-being • Code of Conduct	• Cramo School and Cramo Academy • Cramo Dialogue • intranet and employee magazine • employee events • Great Place to Work
INVESTORS AND SHAREHOLDERS	• market environment • performance • operations • corporate responsibility • reporting • strategy • financial position	• stock exchange releases • business reviews, half year financial report and financial statements bulletin • Annual Report • Board of Directors' report • Group website	• Corporate Governance Statement • Annual General Meeting • investor and analyst meetings and events • social media
PARTNERS AND SUPPLIERS	• responsibility throughout the supply chain • energy efficiency and other environmental aspects • safety • efficiency	• Supplier evaluation criteria • Supplier Code of Conduct in progress • co-development projects to find safe, resource-efficient solutions	• digitalised solutions • purchase system (supplier catalogue)
LOCAL COMMUNITIES	• engaging with and supporting local communities	• Group- and country-level charities and sponsorships • co-operation with SOS Children's Villages	• work opportunities and traineeships for people outside the labour force
TRADE AND OTHER ASSOCIATIONS	• developing sustainability in the European rental industry	• Active member of the European Rental Association (ERA) • Member of the UN Global Compact	• Cramo's President and CEO is a Board member of ERA
MEDIA	• major deals • acquisitions • sustainability and responsibility • strategy and business	• press releases • management interviews • websites and social media	

CASE

CREATING UNIQUE STAKEHOLDER EXPERIENCES AT ALL TOUCHPOINTS

We have a direct or indirect impact on many different stakeholder groups throughout our value chain. Engaging with all our stakeholders in various ways and channels as well as maintaining continuous dialogue provides valuable input to support our decision-making.

Our efforts to serve all stakeholders well, to maintain trust and strengthen the one Cramo brand continued throughout the year.

Presenting a unique, uniform Cramo brand at all relevant touchpoints is an integral part of the Cramo Story and how we distinguish ourselves from our competitors. Based on the Company's strategy and values, it is a matter of how we come across at every touchpoint.

"Our customers are always listened to," says Cramo ombudsman **Malgorzata Michniewska** from Cramo Poland.

Cramo always aims to keep our customer promise, but if a customer is dissatisfied, the ombudsman communicates and works with the customer throughout the process until this dissatisfaction is turned into satisfaction.

"It is also important to our internal stakeholders – the employees – that the process and responsibilities are clearly defined in such cases. It is all about team work. This is part of our corporate culture – no one is left behind – and is also an important part of brand building," Ms Michniewska adds.

One important way to engage our stakeholders and provide transparent information is via our website. In November 2016, we launched our new website in fourteen languages, which focuses on content that is easy to access and serves different information needs – whether someone is looking for information about our services and products or for corporate information about Cramo as an investment.

TWO STRONG BUSINESS DIVISIONS SHAPING THE INDUSTRY

Cramo is a leading service company specialising in equipment rental services and the rental of modular space. Our equipment rental services comprise a full range of machinery, equipment and related services. Modular space solutions are provided under the Cramo Adapteo sub-brand.

#2

in rental market
in Europe

#1

in modular space
in the Nordic countries

CRAMO'S CORE COMPETENCE IS TO ADD VALUE BY HELPING OUR CUSTOMERS SHARE AND USE RESOURCES EASILY AND EFFICIENTLY.

EQUIPMENT RENTAL

Cramo is one of the industry's leading providers of equipment rental services in Europe. Our services comprise construction machinery and equipment rentals and rental-related services.

Through the Cramo Rental Concept, we supply our customers with anything from individual rental items to complete solutions for the largest projects in many sectors of society.

The demand for equipment rental services is affected by construction volume, industrial investments and the rental penetration rate of a market. Growing demand for different rental-related services is a clear market trend.

13.6%

Comparable return on capital employed 2016

MODULAR SPACE

We offer flexible solutions for a wide array of temporary space needs for both the public and private sector. We operate in four segments: schools, daycares, office space and accommodation.

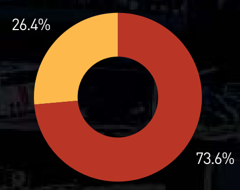
We work proactively to comply with increasingly stringent environmental regulations. Our energy-efficient solutions have been designed for demanding conditions and deliver a user experience comparable to that of permanent buildings.

The modular space business provides both organic and inorganic growth opportunities. Our target position is to be a major international player in our field in the Nordic and Central European markets.

11.1%

Comparable return on capital employed 2016

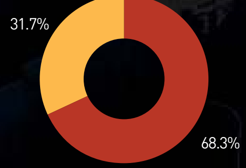
SHARE OF EBIT, % (2016)



EBIT
MEUR

- EQUIPMENT RENTAL 85.7
- MODULAR SPACE 30.7

SHARE OF CAPITAL EMPLOYED, % (2016)

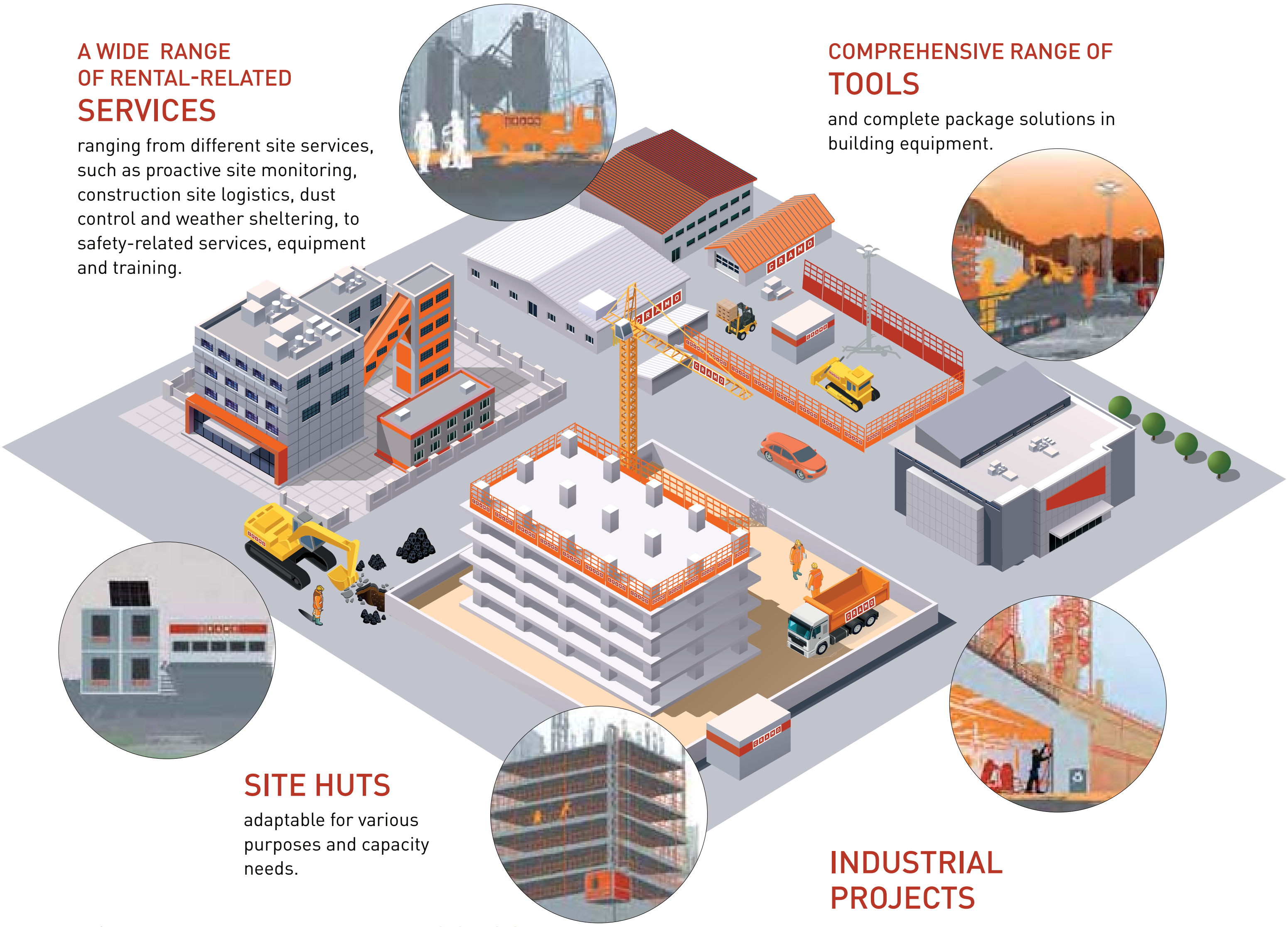


CAPITAL EMPLOYED
MEUR

- EQUIPMENT RENTAL 638.4
- MODULAR SPACE 295.9

OPTIMISED SOLUTIONS THROUGH THE CRAMO RENTAL CONCEPT

Cramo provides modern rental solutions through the Cramo Rental Concept. By combining our product portfolio with an extensive offering of services, we create a wide range of total rental solutions that meets all the different needs of our customers.



A WIDE RANGE OF RENTAL-RELATED

SERVICES

ranging from different site services, such as proactive site monitoring, construction site logistics, dust control and weather sheltering, to safety-related services, equipment and training.

COMPREHENSIVE RANGE OF

TOOLS

and complete package solutions in building equipment.

SITE HUTS

adaptable for various purposes and capacity needs.

INDUSTRIAL PROJECTS

including infrastructure, offshore and mining.

MORE THAN

210,000

RENTAL ITEMS

ACCESS EQUIPMENT

with comprehensive safety solutions for working at heights.

TAILOR-MADE TOTAL

RENTAL SOLUTIONS

for more efficient, safe and environmentally sound construction projects.

MODERN, COMPREHENSIVE FLEET OF

CONSTRUCTION EQUIPMENT

for any type of assignments, from major road projects to small-scale jobs.

CRAMO ADAPTEO

MODULAR SPACE SOLUTIONS

THAT MATCH THE STANDARDS OF PERMANENT STRUCTURES

from classrooms and daycare facilities to high-tech offices and accommodation.

OPERATING IN

8

COUNTRIES

MORE THAN

22,000

RENTAL UNITS

A RANGE OF

RENTAL-RELATED SERVICES

including transport, assembly, disassembly, other services, and transport off-site.

EQUIPMENT RENTAL – SHARING SUSTAINABLE SOLUTIONS AND SERVICES

Supported by the implementation of our strategy and the favourable market situation, we succeeded in capturing the growth potential in the equipment rental market. Clear trends are the growing demand for resource efficiency and for rental-related services, especially in large construction and industrial projects.

The demand for equipment rental and rental-related services developed positively during the year in Cramo's main markets. Our sales and profit development remained strong, especially in Finland and Sweden, and there was a clear, positive turnaround in results for Central Europe.

In equipment rental, changes in demand usually lag behind those in construction. The demand for equipment rental services is affected by construction volume, industrial investments and a market's rental penetration rate.

MEETING THE DEMAND FOR RENTAL-RELATED SERVICES

Higher requirements for quality, safety and resource efficiency, more stringent laws and pressure to cut costs increase the need for different types of rental-related services. Along with other solutions and services, Cramo offers two different service concepts to support customers with large-scale projects to meet these expectations: pro-active project monitoring and site logistics. The goal of both concepts is to ensure the efficient use of time and various resources throughout a project.

With the pro-active project monitoring service, Cramo plans its own delivery schedule well in advance based on the customer's timeline for the whole project. With its construction site logistics concept, Cramo takes responsibility for managing the entire logistics of a site.

Both services enable customers to avoid unnecessary waiting and moving of materials or equipment, thus saving time, money and the environment.

In 2016 Cramo further strengthened its site logistics services in Finland by acquiring the business of the logistics and telescopic handler company Kurottaja- ja Kuljetuspalvelu Parviainen Oy.

Another trend, especially in the Nordic countries, is the growing demand for planning services related, for example, to site conditions management.

ENHANCED SAFETY AND RESOURCE EFFICIENCY

Large construction and industrial customers have increasing requirements regarding responsibility throughout the supply chain. Cramo is well positioned to meet these requirements, so responsibility is an integral part of our strategy and way of working.

We offer solutions with pioneering environmental and safety features that meet today's demands for energy efficiency and other needs, which help our customers to achieve their sustainability targets. We also share our competences, best practices and insights with our customers and partners to ensure the safe, sustainable use of our equipment and the development of new, environmentally sound solutions.

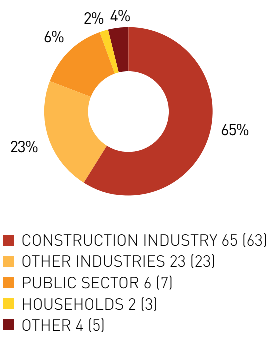
The range of safety and protection products offered by Cramo has been expanded in recent years to meet the growing demand. Cramo has also enhanced the range of safety training programmes for customers in all Cramo countries.

Rental is inherently an environmentally sustainable industry, since sharing equipment reduces the need for natural resources and increases opportunities to optimise transport. At the same time, it gives our customers easy access to an up-to-date, modern equipment fleet that is best suited for each job.

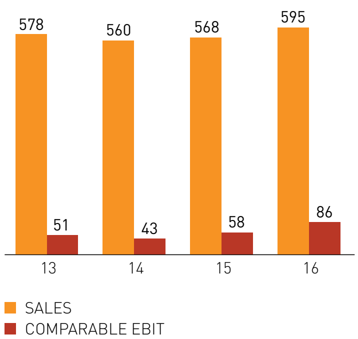
E-COMMERCE SOLUTION LAUNCHED

At the end of the year, Cramo launched its Cramo eCRent e-commerce solution for equipment rental customers in the Finnish, Swedish and German markets. The solution is part of Cramo's more comprehensive digital platform and was piloted earlier in the year to ensure that it meets the expectations and needs of the different customer groups.

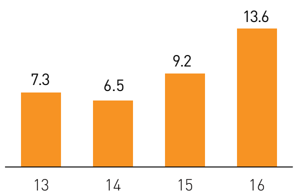
SALES OF EQUIPMENT RENTAL BY CUSTOMER GROUP, % 2016 (2015)



SALES AND EBIT OF EQUIPMENT RENTAL, MEUR (2013–2016)



COMPARABLE RETURN ON CAPITAL EMPLOYED, % (2013–2016)



CASE

FAST, EFFICIENT AND SAFE

The New Children's Hospital under construction in Meilahti, Helsinki, will treat seriously ill children from all over Finland. Cramo is responsible for the project's worksite logistics services.

The hospital will have a gross area of 45,000 m^2 and 11 operating theatres; SRV is in charge of construction.

Cramo's logistics services ensure efficient use of time and resources throughout the construction process. This means, for example, that construction workers always have the right building materials in the right place at the right time. In addition, safety and efficiency in handling incoming loads of materials to the worksite improve when the same personnel are used to unload and transfer all the loads.

Cramo is also responsible for tasks related to orderliness at the construction site and is involved in making sure that materials get recycled. The contractors are responsible for sorting recyclable materials on every floor, and Cramo then sees to it that they get these materials to the right recycling containers.

"This large-scale project is particularly challenging given the tight schedule and the location in our capital city – a large construction site in a compact space. It was clear from the beginning that a company specialising in logistics was needed to ensure the efficiency and operability of the overall project. The material flows are massive and need to be in the right place at the right time – handled by the right professionals," says Site Manager **Matti Julin** from SRV Rakennus Oy.

Many activities – like issuing work orders and allocating resources for them, reporting and confirming work, and billing – can be done through Cramo's electronic system, which also improves efficiency.

"Dozens of contractors work at the construction site and a number of transport companies are handling the material transports. Good collaboration with them and with SRV is crucial for a smooth flow of worksite logistics," emphasises Logistics Manager **Tommi Kivimäki** from Cramo.

ALWAYS PUTTING OUR CUSTOMERS FIRST

We address the specific needs and expectations of our customers by delivering on our customer promise – For a great day at work – and through our three proofs of promise.

FOR A GREAT DAY AT WORK

#1

WE ARE ALWAYS HELPFUL

Every Cramo country has its own ombudsman. The ombudsman is a neutral authority who is willing and able to resolve any causes of dissatisfaction. Their job is to make our customers happy and help us to improve.

#2

WE ARE ALWAYS ON TIME

We understand your needs and timetables so well that every delay is too much. One minute late or one hose short, we'll take responsibility – just to keep our service standards at least as high as your expectations.

#3

OUR EQUIPMENT NEVER FAILS

High-quality equipment is the very core of our business. When equipment needs to be fixed or replaced, we'll do it faster than you could imagine.

THE CRAMO eCRent E-COMMERCE SOLUTION IS CLEAR AND EASY TO USE. ORDERING EQUIPMENT TRANSPORTS TO THE SITE AND THEN BACK TO CRAMO IS ALSO VERY CONVENIENT.

JANNE RIMPIOJA, HEAD FOREMAN, VARTE OY

CASE

FULL-SCALE EQUIPMENT RENTAL SERVICE FOR PULP MILL EXPANSION

The expansion of Östrand pulp mill is one of the largest industrial investments ever in Sweden. Cramo's equipment rental services are used widely at the project site.

SCA, a leading global hygiene and forest products company, is investing in a large-scale expansion of its Östrand pulp mill in Timrå, Sweden. The expansion is known as the Helios project – after the sun god in Greek mythology. The new plant, which will open in October 2018, is one of the largest industrial investments ever in Sweden. The pulp mill is to be the most profitable in Europe. It will lead in product quality and environmental performance and, above all, be the best in the industry when it comes to safety and the working environment.

Cramo is part of this large-scale project and is contributing to the pulp mill's successful expansion phase. Cramo is the supplier of all temporary changing and washing facilities, canteens and offices for the approximately 1,500 project members and contractors in the Helios project. Cramo also has a project depot on the site and delivers, for example, machinery and lifts for the construction site.

"Now, close to the mid-point of the project, Cramo has delivered all required modules in a satisfactory way. Cramo has delivered the modules as scheduled and has also been very responsive to all of SCA's functional requirements for the modules needed," says **Fredrik Mellesmo** from SCA, Site Coordinator for the Helios project.

MODULAR SPACE – SOLUTIONS FOR A VARIETY OF SPACE NEEDS

The determined execution of our growth-oriented modular space strategy, supported by the positive market trend and growth drivers, made the year a successful one for Cramo Adapteo. With our enhanced resources, we are well-positioned to continue capturing the potential of the large German market.

Cramo Adapteo showed its Smartblock work spaces at Slush 2016.

Cramo Adapteo, Cramo's sub-brand since early 2014, encompasses the company's high-quality modular space operations. The demand for flexible, temporary space solutions grew during the year, especially due to migration and demographic changes in our main markets. We were very successful in capturing market potential, and our sales growth was strong.

Approximately two-thirds of the modular space business consists of modular space rentals and about one third consists of rental-related services, like modular space assembly and disassembly. Several new modular space solution deliveries took place during the year, which increased assembly service sales in particular.

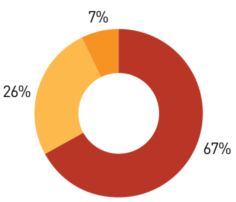
The modular space business provides both the organic and inorganic growth opportunities included in our growth strategy. Our target position is to be a major international player in our field in the Nordic and Central European markets. In the Nordic countries, we are the leading player in the field and aim for strong, faster-than-market organic growth. Central Europe, and especially the significant German market, is a key inorganic growth market for us. We are constantly seeking synergistic acquisition targets and keeping our eyes open to expansion into brand new markets.

ENERGY-EFFICIENT, HIGH-STANDARD SOLUTIONS

We offer flexible solutions for a wide array of temporary space needs for both the public and private sector. Our offering consists of harmonised solutions for cost-effective, functional and environmentally sound modular space for temporary, site-specific space needs. We operate in four segments: schools, daycares, office space and accommodation. We see accommodation as a fast-growing area and will focus on it even more strongly in the future. Today, we have created accommodation solutions, for example, for use as refugee, elderly and student residents.

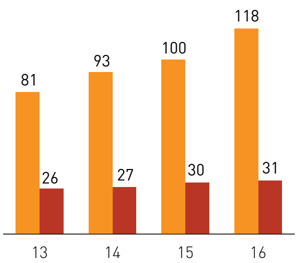
We work proactively to comply with increasingly stringent environmental regulations and to drive development beyond that. Our energy-efficient solutions have been designed for Nordic conditions and deliver a user experience comparable to that of permanent buildings.

SALES OF MODULAR SPACE BY CUSTOMER GROUP, %
2016 (2015)



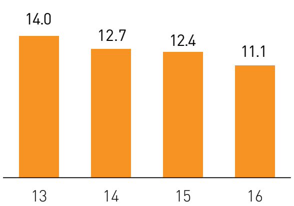
- PUBLIC SECTOR 67 (61)
- OTHER INDUSTRIES 26 (34)
- CONSTRUCTION INDUSTRY 7 (5)

SALES AND EBIT OF MODULAR SPACE, MEUR
(2013–2016)



- SALES
- EBIT

RETURN ON CAPITAL EMPLOYED, %
(2013–2016)



CASE

FUNCTIONALITY AND ENERGY EFFICIENCY

For a two-year renovation period, the operations of Merianschule primary school and daycare in Frankfurt have been moved to a temporary building delivered by Cramo Adapteo.

The modular space solution has exceeded all the expectations of the head of the school.

"We are very happy with the quality of the modular space school building. In fact, it is much better than our permanent school," says Ms **Brigitte Schulz**, Head of Merianschule.

The school building has an area of 3,510 m^2 and consists of 234 modular space units. The three-storey building has been divided into several sections with different features based on the needs of children in the different age groups and with different special needs. Furthermore, classrooms are equipped, for example, with acoustic panels to ensure a quieter space.

Cramo Adapteo's solution with infra-red heating panels is very energy-efficient and exceeds the customer's requirements. The solution uses infra-red technology to heat solid objects directly, in contrast to electric heaters, which need air to transfer heat. The radiated objects store heat and give off an even warmth.

"Collaboration with Cramo Adapteo has been excellent. We especially appreciate their reliability and open communication. All our requests for modifications or changes were implemented quickly and in good cooperation with other parties involved in the building project," concludes Ms Schulz.

CRAMO STORY ADAPTED TO SERVE MODULAR SPACE CUSTOMERS

Cramo Adapteo addresses the specific needs and expectations of its customers by delivering on its customer promise – Room for great days – and through its three proofs of promise.

ROOM FOR GREAT DAYS

#1

ALWAYS RESPONSIVE

We are always present and available to our customers. If a customer is unhappy with us and the usual ways of communication do not function, we offer the possibility of contacting a neutral ombudsman, who is willing to listen and able to act.

#2

A PERFECT DELIVERY

For modular space, this is about the total delivery experience – from first contact with marketing or sales to handing over the keys and moving in.

#3

UPTIME IS KEY

Our solutions are operational from day one. If functionality is lost, we do our utmost to get the modules up and running within 4 hours, whether it involves a repair on site or replacement of a unit. Whatever the cause, we resolve it and compensate the customer.

CASE

ATTRACTIVE, MODULAR WORKSPACE AND SHOWROOM FOR E.ON

The utility company E.ON Värme required modular office space for an additional 50 people when it moved one of its offices from Öresundsverket in the north harbour of Malmö to Heleneholmsverket in the city centre.

"We wanted a very attractive office with a landscape style and plenty of space for meetings and inspiration," says Project Manager **Johan Fors** on behalf of E.ON Värme Sverige.

That was the starting point for Cramo Adapteo in designing the 3-storey modular building. E.ON was very clear that this addition to the existing buildings had to meet high standards with respect to fire safety, energy efficiency and security.

The project had a couple of additional challenges, such as a lack of ground space and the need to dock the modular building with the existing one. However, thanks to the close cooperation between E.ON and Cramo Adapteo, the actual assembly of the 51 modules took less than three weeks.

"For this type of high-end solution, our energy-efficient and sustainable modules are perfect," says Adapteo Project Developer **Zeljko Orlandic**.

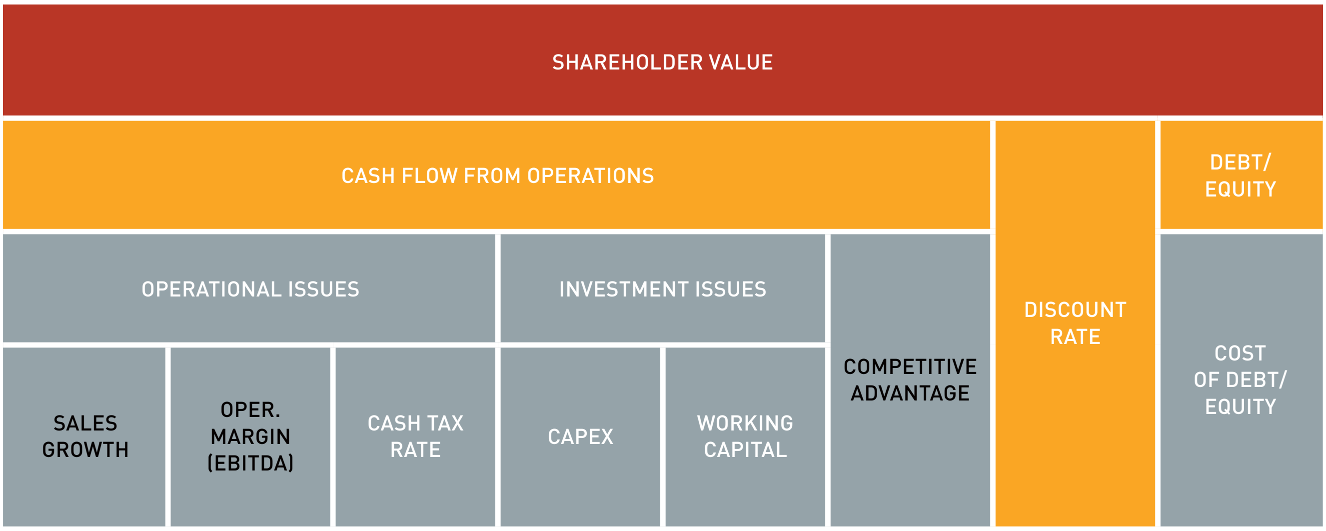
I really appreciated the open, transparent working process we had – it was very easy to cooperate and move forward.

JOHAN FORS, PROJECT MANAGER, E.ON VÄRME SVERIGE

ENSURING SHAREHOLDER VALUE GROWTH

Cramo has chosen the shareholder value model as the framework for a practical analysis of its risk appetite. This analysis is one of the tools used in Cramo's strategy work. A well-defined risk appetite enables a company to drive business at the desired level of risk.

CRAMO'S FRAMEWORK: SHAREHOLDER VALUE MODEL AND VALUE DRIVERS



Source: Risk Appetite and Tolerance Guidance Paper. The Institute of Risk Management (IRM), 2011

Some examples of Cramo's risk appetite analysis concerning sales growth, operating margin and competitive advantage:

SALES GROWTH

RISK COMPONENT/ DRIVER	OUTCOME IF RISKS REALISED	MITIGATION OF RISK/ RISK APPETITE	LINK TO STRATEGY
ORGANIC GROWTH			
• Poor allocation or bad timing of investments • Focus on wrong customer segments and markets • Ineffective sales management and pricing • Failure to develop new services and concepts	• Fleet overcapacity and price erosion • Poor sales performance, leading to low profitability	• Continuous investment evaluation process • Sales Performance Management and pricing • Monitoring of markets, customers and competitors • Continuous development of new offering based on market demand	• FINANCIAL TARGETS • CRAMO PERFORMANCE MANAGEMENT • PRICING • MODULAR SPACE GROWTH STRATEGY
INORGANIC GROWTH			
• Loss of key customers or key management • Too high a valuation or bad timing of acquisition • Failure in integration	• Value-destructive acquisition	• Business case prepared conservatively based on Group financial targets • Utilise experienced employees in acquisition • Secure commitment of key employees • Establish integration project with assigned responsibilities	• SUPPORT GROWTH THROUGH ACQUISITIONS

OPERATING MARGIN (EBITDA)

RISK COMPONENT/ DRIVER	OUTCOME IF RISKS REALISED	MITIGATION OF RISK/ RISK APPETITE	LINK TO STRATEGY
• Failure to materialise cost effectiveness • Inefficient management model • Inefficient business model	• Low profitability below target	• Performance Management Model, i.e. strict management by objectives on all organisation levels linked to Group financial targets • Balance of indirect and direct costs to increase financial flexibility	• FINANCIAL TARGETS • CRAMO PERFORMANCE MANAGEMENT

COMPETITIVE ADVANTAGE

COMPONENT/DRIVER	OUTCOME IF RISKS REALISED	MITIGATION OF RISK/ RISK APPETITE	LINK TO STRATEGY
DIFFERENTIATION			
• Customer and employee satisfaction • Strong corporate culture • Employee and competence retention • Sustainability integrated into business strategy and decision making	• No loyalty among customers • Inefficient organisation • Loss of market share and price erosion • Loss of reputation and position as an attractive investment and employer as well as loss of business • Reduced resource efficiency	• Implement the Cramo Story in order to build corporate culture to have loyal customers and strong corporate culture • Focus on career development and training • Continuous implementation and development of Cramo Care strategy and its sustainability focus areas	• CRAMO STORY • SUSTAINABILITY INTEGRATED INTO BUSINESS STRATEGY THROUGH CRAMO CARE
COST LEADERSHIP			
• Efficiency of organisation and business model	• Profitability below targets, leading to growth below targets and loss of market share to more efficient competitors	• Implement the Cramo Performance Management Model • Utilise Group bargaining power for sourcing	• CRAMO PERFORMANCE MANAGEMENT

CONSISTENT AND TRANSPARENT CORPORATE GOVERNANCE

Corporate Governance at Cramo is based on Finnish law and the Company's Articles of Association. The Group complies with the rules of Nasdaq Helsinki Ltd and the Finnish Corporate Governance Code (2015) published by the Securities Market Association.

Cramo issues Corporate Governance and Remuneration Statements, which are available on the Group's website along with more detailed information about corporate governance and remuneration.

▶ www.cramogroup.com ▶ Governance

Cramo prepares annual financial statements and interim reports conforming to Finnish law and to the Internal Financial Reporting Standards (IFRS), which are published in Finnish and English.

BOARD OF DIRECTORS

The roles and responsibilities of Cramo's Board of Directors have been defined in the Charter of the Board and in the Group's Operating Principles. If necessary, the Board's charter is revised and modified annually in conjunction with the first meeting of the Board after the election of its members at the Annual General Meeting.

BOARD OF DIRECTORS COMPOSITION IN 2016

At the Annual General Meeting 2016, the following people were re-elected to the Board of Directors: Ms Helene Biström, Mr Peter Nilsson, Mr Erkki Stenberg, Mr Joakim Rubin, Ms Caroline Sundewall and Mr Raimo Seppänen. Mr Perttu Louhiluoto was elected as a new Board member. The Board's convening meeting elected Ms Biström as Chairman of the Board and Mr Stenberg as Deputy Chairman of the Board. Member attendance at the meetings is shown below, and member independence is presented on pages 46-47.

WORK OF THE BOARD IN 2016

The Board of Directors convenes according to predetermined schedule and additionally when considered necessary. In 2016, the Board held eleven meetings of which three were telephone meetings. Two permanent committees, the Audit Committee and the Remuneration Committee, assist the Board. The Board elects the committee members and appoints the committee chairmen. The Board confirms the central duties and operating principles of both committees in a written charter.

AUDIT COMMITTEE

The Audit Committee assists the Board in its supervisory responsibilities in line with the Finnish Corporate Governance Code. At its constitutive meeting on 31 March

CRAMO'S BOARD MEMBER ATTENDANCE AT MEETINGS AND REMUNERATION RECEIVED IN 2016 ON A CASH BASIS

		Board meetings				Audit Committee		Remuneration Committee		
Name	Position	Atten-dance	Shares EUR	Fees EUR	Total	Atten-dance	Fees EUR	Atten-dance	Fees EUR	Total
Helene Biström	Chairman	11 / 11		70,000	70,000			4 / 4	4,000	74,000
Erkki Stenberg	Deputy Chairman	11 / 11	19,984	20,016	40,000	7 / 7	7,000	1 / 1	1,000	48,000
Peter Nilsson	Member	10 / 11	17,483	17,517	35,000			4 / 4	4,000	39,000
Joakim Rubin	Member	11 / 11	17,483	22,517	40,000[3]	8 / 8	8,000			48,000
Raimo Seppänen	Member	10 / 11	17,483	17,517	35,000			4 / 4	4,000	39,000
Caroline Sundewall	Member	11 /11	-	35,000	35,000	8 / 8	8,000			43,000
Perttu Louhiluoto[1]	Member	8 / 9	17,483	17,517	35,000					35,000
Leif Boström[2]	Member	2 / 2				1 / 1	1,000			1,000
Eino Halonen[2]	Deputy Chairman	2 / 2				1 / 1	1,000			1,000
Total			**89,916**	**200,084**	**290,000**		**25,000**		**13,000**	**328,000**

1 since 31 March 2016
2 until 30 March 2016
3 including annual remuneration of EUR 5,000 for the Chairman of the Audit Committee

2016, Mr Joakim Rubin was appointed Chairman of the Audit Committee, and Mr Erkki Stenberg and Ms Caroline Sundewall were elected as members. The Audit Committee held eight meetings of which two were telephone meetings.

REMUNERATION COMMITTEE

The Remuneration Committee is tasked with preparing a proposal to the Board for the President and CEO's appointment and his/her employment terms and preparing matters pertaining to the Company's compensation issues for the Board's approval.

At its constitutive meeting on 31 March 2016, Ms Helene Biström was appointed Chairman of the Remuneration Committee and Mr Raimo Seppänen and Mr Peter Nilsson were elected as members. The Remuneration Committee met four times.

SHAREHOLDERS' NOMINATION COMMITTEE

The Shareholders' Nomination Committee, established by the General Meeting of Shareholders, prepares annually proposals to the Annual General Meeting for the election and remuneration of the members of the Board of Directors. The Nomination Committee consists of a maximum of four members, of which a maximum of three represent the Company's largest shareholders who, on the last business day of August preceding the next Annual General Meeting, hold the largest number of votes calculated of all shares in the Company.

The following people were appointed on 16 November 2016 as members of the Nomination Committee: Mr Mikael Moll, Mr Ari Autio, Mr Esko Torsti and Ms Helene Biström. Mr Moll was elected as the Chairman of the Nomination Committee, which held two meetings.

PRESIDENT AND CEO

The Managing Director, who also acts as the President and CEO, is in charge of the Company's day-to-day management in accordance with the Finnish Companies Act and related legislation, instructions and orders given by the Board.

REMUNERATION FOR BOARD SERVICES

In 2016 the General Meeting approved the following annual remuneration for Board services:

- Chairman of the Board EUR 70,000
- Deputy Chairman of the Board EUR 40,000
- Other Board members EUR 35,000

50% of the annual remuneration is paid in Cramo Plc shares, purchased in the market on behalf of the Board members, and 50% is paid in cash. The remuneration may also be paid by transferring the Company's own shares. In the event a purchase of shares cannot be carried out for reasons related either to the Company or a Board member, the annual remuneration shall be paid entirely in cash. In addition, the remuneration for each Committee meeting was EUR 1,000 and annual remuneration for the Chairman of Audit Committee was EUR 5,000. Reasonable travel expenses were reimbursed as per invoice.

The Board members are not covered by the Company's long-term incentive schemes, bonus scheme or pension schemes. No shares or share-related rights were granted to Board members as remuneration during the financial period, except those specified above.

REMUNERATION

REMUNERATION PRINCIPLES

Remuneration is part of Cramo's management system. The aim of well-designed remuneration scheme is to attract and engage talented employees to the company and to promote the company's financial success.

The company applies a competitive policy on salaries. In addition to fixed salaries, Cramo offers short- and long-term incentive schemes for management and its key personnel. Moreover,

REMUNERATION OF THE PRESIDENT AND CEO

Written service contract approved by the Board	• Compensation package includes a fixed annual salary, a profit-based incentive tied to the Group's financial targets and/or personal targets set by the Board. Remuneration also includes a voluntary pension benefit and fringe benefits such as accommodation, a company car, commuting expenses and a phone.	• In 2016, the maximum bonus paid to the President and CEO was 70% of base salary. • The President and CEO participates in Cramo's short-term incentive schemes as of 2016, One Cramo Share Plan as of 2015, and share-based incentive plan as of 2016.
Notice period and retirement age	• The notice period for the service contract is six months, during which time he/she receives a full salary. • The retirement age is 65 years.	• In case the contract is terminated by the employer, there is a severance payment of 12 months' salary.

REMUNERATION PAID TO THE PRESIDENT AND CEO AND GROUP MANAGEMENT TEAM IN 2016, EUR

Name	Fixed annual base salary	Profit-based incentives	Fringe benefits	Termination benefits	Share-based payments	Post-employment benefits	2016 Total	2015 Total
President and CEO	516,761	351,999	48,008		71,884	154,611	**1,143,264**	**1,968,002**
Group management team	1,394,520	486,683	104,412	431,101	562,878	85,126	**3,064,720**	**2,326,879**
Total	**1,911,281**	**838,683**	**152,420**	**431,101**	**634,762**	**239,737**	**4,207,984**	**4,294,881**

SHORT-TERM AND LONG-TERM INCENTIVE SCHEMES

Element	Target group	Objective	Link to strategy/performance measures	Realisation in 2016
Short-term incentive: Annual bonus schemes	The Group management team members, OpCo managers and key employees, and Group key employees	To support the achievement of Cramo's financial targets by enhancing a strong performance culture.	Management bonuses are tied to the achievement of financial targets for the Group and operating countries. The targets are set annually, and any compensation is paid once a year after the end of the financial period. The financial targets are based mainly on Economic Profit.	Variable pay for 2016 (based on 2016 financial performance) amounted to EUR 351,999 for the President and CEO and EUR 486,683 for Group management team members.
Long-term incentive: Performance Share Plan 2015-2017	Managers and key employees, including Group management team	To support the achievement of the Group's long-term goals by attracting and retaining those identified as key employees.	The potential reward from the Plan for the discretionary period 2016 was based on the Cramo Group´s key figure Earnings per Share (EPS). The maximum reward to be paid on the basis of discretionary period 2016 could have corresponded to the value of 252,000 Cramo Plc shares.	In 2016, the target achievement level was about 88.0%, resulting in a total reward payment of approximately 213,840 Cramo Plc shares, including a part to be paid in cash in spring 2019.
Long-term incentive: One Cramo Share Plan	All Cramo employees	To encourage all employees to become shareholders in Cramo and to reward employees for their efforts in working towards Cramo's targets and to strengthen the tie between Cramo shareholders and employees.	The monthly saving is 2-5% of each participant's monthly gross salary, with the total amount of all savings from the Plan Period not to exceed EUR 4 million.	A total of 540 employees have joined the programme. The number of matching shares delivered to employees participating in the Plan was 12,565 Cramo Plc shares in 2016.

PENSION BENEFITS

Directors	• Cramo's executives participate in local pension systems for each operating country which provide a retirement benefit based on years of service and earnings according to the prescribed statutory system.	
President and CEO and Group management team	• The President and CEO and one Group management team member participate in a contribution-based voluntary pension system.	• In 2016, the expenses of the voluntary pension system were as follows: EUR 154,611 for the President and CEO and EUR 85,126 for one member of the Group management team, totalling EUR 239,737.

operating companies have local short-term incentive schemes.

INTERNAL CONTROL AND RISK MANAGEMENT REGARDING FINANCIAL REPORTING

Internal control over financial reporting is part of the overall internal control system at Cramo. The Enterprise Risk Management (ERM) framework, tailored to Cramo Group's business needs, provides the overall framework for the Group's internal control and risk management. Internal control over financial reporting strives to provide reasonable assurance that the Group's financial reporting is reliable and that external financial reporting is prepared in accordance with legislation, International Financial Reporting Standards (IFRS) and other requirements set for listed companies.

ROLES AND RESPONSIBILITIES

The Board has ultimate responsibility for the appropriate arrangement of internal control over financial reporting. The Board supervises and approves annual financial statements and interim reports. The Audit Committee assists the Board of Directors in overseeing the effectiveness of established internal control and risk management principles. In practice, the President and CEO and OpCo (Operating Country) managers are in charge of performing internal control activities for financial reporting. They are supported in this task by the CFO, the Group Finance and Development function and OpCo financial management.

RISK ASSESSMENT, CONTROL AND MONITORING

Cramo has established objectives for reliable financial reporting in order to identify financial reporting risks. Within the risk assessment process, Cramo identifies and analyses risks in achieving financial reporting objectives as a basis for determining how those risks should be managed and mitigated. The risks identified are managed through control activities which are set throughout the organisation, at all levels and in all functions.

In order to ensure the effectiveness of internal control regarding financial reporting, monitoring is conducted by the Board, the Audit Committee, the President and CEO, the CFO and the Group Finance and Development function, Internal Audit, the Group management team and OpCo managers and controllers.

RELATED PARTY TRANSACTIONS

Cramo's related parties include the Board of Directors, Group management team, their close family members, entities under the control or significant influence of the persons belonging to related parties, subsidiaries and joint ventures. Transactions between the Company and related parties are allowed, provided that they promote the objectives of the Company and are conducted on acceptable terms and in the interests of the Company from the company's business perspective as well as in compliance with regulations in effect.

INSIDER ADMINISTRATION

Cramo manages inside information and insiders in accordance with the requirements of the Market Abuse Regulation (MAR), the Insider Guidelines of Nasdaq Helsinki Ltd. and Cramo's Insider Guidelines approved by the Board of Directors. The Insider Guidelines of Cramo include instructions and definitions regarding inside information, trading by insiders, managers' transactions and a list of persons in managerial positions. Coordination and control of insider affairs are included in the responsibilities of the CFO.

AUDITING

The Company has a minimum of one and a maximum of two authorised public accountants (APA) or firms of authorised public accountants, chartered by the Central Chamber of Commerce of Finland. Their term of office expires at the end of the Annual General Meeting following their election. If the AGM elects only one auditor, which is not a firm of authorised public accountants chartered by the Central Chamber of Commerce, it must elect one deputy auditor.

At the Annual General Meeting on 31 March 2016 the firm of authorised public accountants KPMG Oy Ab was appointed as Cramo Plc's auditor for the term ending at the end of the next Annual General Meeting, with APA Mr Toni Aaltonen as the responsible auditor. Both Mr Aaltonen and KPMG Oy Ab have served as auditors of the Company since 2014.

TOTAL COMPENSATION FOR EXTERNAL AUDITING

EUR 1,000	2016	2015	Change, %
Audit fees	422	428	-1.5
Tax consultation	27	57	-52.3
Other services	74	56	32.7
Total	**523**	**541**	**-3.3**

BOARD OF DIRECTORS

31 DECEMBER 2016

Joakim Rubin

Board member since 2015.
Chairman of the Audit Committee.
Born 1960, Swedish citizen
M.Sc. (Industrial Engineering and Management)
Primary work experience:
Founding Partner, Zeres Capital Partners AB; Senior Partner, CapMan Group, 2008-2015; Head of Corporate Finance and Debt Capital Markets, Handelsbanken Capital Markets, 2007-2008; Various managerial positions, Handelsbanken Capital Markets, 1995-2006.
Current positions of trust:
Board Chairman:
Zeres Capital Partners AB
Board member: ÅF AB
Cramo shares on 31 Dec 2016:
1,916 (31 Dec 2015: 1,021)
Deemed independent of the Company, but not independent of a major shareholder.

Helene Biström

Chairman since 2014.
Board member since 2011.
Chairman of the Remuneration Committee.
Born 1962, Swedish citizen
M.Sc. (Engineering)
Primary work experience:
Managing Director, Norrenergi AB, 2011-2014; Senior Executive Vice President and Head of Business Group Pan Europe, Vattenfall AB, 2009-2010; Member of Executive Group Management, Vattenfall, 2007-2010; Vice Head, Vattenfall Business Group Nordic, 2007-2008; Head of Nordic Heat Business Unit, Vattenfall, 2004-2007.
Current positions of trust:
Board Chairman: Sveaskog AB, Gasnätet Stockholm AB, KTH Royal Institute of Technology
Board member: Pöyry Corporation, Statkraft AS
Cramo shares on 31 Dec 2016:
7,258 (31 Dec 2015: 7,258)
Deemed independent of the Company and its major shareholders.

Erkki Stenberg

Deputy Chairman since 2016.
Board member since 2013.
Member of the Audit Committee.
Born 1950, Finnish citizen
Undergraduate of agriculture and forestry
Senior Advisor, LVI-Dahl Ltd
Primary work experience:
CEO, LVI-Dahl Ltd, 1995-2012; CEO, Suomen LVI-Tukku Ltd, 1984-1994; Various positions, Huber Ltd, 1976-1983.
Current positions of trust:
Board Chairman:
QMG Partners Oy, Puhdas Ilma K & V Oy
Cramo shares on 31 Dec 2016:
3,820 (31 Dec 2015: 2,797)
Deemed independent of the Company and its major shareholders.

Perttu Louhiluoto

Board member since 2016.
Born 1964, Finnish citizen
M.Sc. (Economics),
Master of Laws
President, Services,
Metso Corporation
Primary work experience:
President, Flow Control, Metso Corporation, 2014-2015; President, Automation, Metso Corporation, 2012-2014; President, Energy and Environment Technology, Metso Corporation, 2011-2011; Senior Vice President, EMEA Market Area, Mining and Construction Technology, Metso Corporation. 2009-2011; Senior Vice President, Operational Excellence, Metso Corporation, 2008-2009; Partner, McKinsey & Company, 2000-2008; various positions, McKinsey & Company, 1991-1999.
Current positions of trust:
Board Member: Componenta Corporation
Deputy Board Member: East Office of Finnish Industries Oy
Cramo shares on 31 Dec 2016:
895 (31 Dec 2015: -)
Deemed independent of the Company and its major shareholders.

Caroline Sundewall

Board member since 2014.
Member of the Audit Committee.
Born 1958, Swedish citizen
MBA, Independent Business Consultant, Caroline Sundewall AB (since 2001)
Primary work experience:
Business Commentator, Finanstidningen, 1999-2001; Editor and Commentator, Sydsvenska Dagbladet (Business section), 1992-1999 and Affärsvärlden, 1989-1992; Business Controller, Ratos AB 1989-1992.
Current positions of trust:
Board Member: Hemfosa AB, Mertzig Asset Management, Elanders AB
Cramo shares on 31 Dec 2016:
0 (31 Dec 2015: 0)
Deemed independent of the Company and its major shareholders.

Peter Nilsson

Board member since 2015.
Member of the Remuneration Committee.
Born 1962, Swedish citizen
M.Sc. (Economics)
Primary work experience:
President and CEO, Sanitec Corporation, 2010-2015; CEO, Duni AB, 2004-2007; various Senior Management positions, Swedish Match Group, 1987-2003.
Current positions of trust:
Board Chairman: NKB 129 APS, Poleved Advisory, Poleved Industrial Performance AB, Eton Ab, Eton Group Ab, Earl Holding III Ab, Lindab International Ab, CHEP Aerospace Solutions
Board member: Team Tråd & Galler Holding AB, JH Tidbecks AB, Signtronic Produktion AB, Kylpanel i Nassjö AB, Navibus AB, Wermer Fövaltning AB, Evidensia Holding Ab, Evidensia Acquisition Ab, Evidensia Djursjukvård Holding Ab, Evidensia Djursjukvård Ab
Cramo shares on 31 Dec 2016:
1,916 (31 Dec 2015: 1,021)
Deemed independent of the Company and its major shareholders.

Raimo Seppänen

Board member since 2014.
Member of the Remuneration Committee.
Born 1956, Finnish citizen
Civil Engineer
Head of Housing Repairs, YIT Construction Ltd., Apartment Houses Metropolitan Area unit (since 2006)
Primary work experience:
Specialist (Structural technology), The Helsinki Housing Production Bureau (ATT), 2000-2006; General Site Manager, Head of Site Management for renovation and residential construction, Haka, Skanska, 1987-2000.
Current positions of trust:
Board Chairman: Rakennusmestarien Säätiö
Cramo shares on 31 Dec 2016:
1,916 (31 Dec 2015: 1,021)
Deemed independent of the Company, but not independent of a major shareholder.

GROUP MANAGEMENT

31 DECEMBER 2016

Leif Gustafsson

President and CEO since 2016.
Born 1967, Swedish citizen
Construction Engineer
Employed by Cramo since 2016
Primary work experience:
CEO, Stena Recycling International, 2012-2015; CEO, Stena Recycling AB, 2008-2012; CEO, YIT Sverige AB, 2005-2008; Division manager, YIT Sverige AB, 2003-2005; Division manager, ABB Contracting 1999-2003.
Other positions of trust:
Board member: ERA (European Rental Association)
Member of Board of Trustees: SNS (Studieförbundet Näringsliv och Samhälle)
Cramo shares on 31 Dec 2016:
17,448 (31 Dec 2015: -)

Aku Rumpunen

Chief Financial Officer since 2016.
Born 1974, Finnish citizen
M.Sc. (Economics), M.Sc. (Geography)
Member of the Group management team since 2013
Employed by Cramo since 2012
Primary work experience:
Senior Vice President, Group Business Control, 2013-2016; Business controller, Financial manager, YIT Construction Ltd 2003-2012.
Cramo shares on 31 Dec 2016:
1,535 (31 Dec 2015: 562)

Petra Schedin Stergel

Senior Vice President, Human Resources Development since 2016.
Born 1969, Swedish citizen
Social Science in Human Resource Development
Member of the Group management team since 2016
Employed by Cramo since 2016
Primary work experience:
Head of HR Function, PwC Sweden, 2006-2016; Head of HR, Komrev AB, 1998-2006; Project Manager, Municipality of Uppsala, 1996-1998.
Cramo shares on 31 Dec 2016:
0 (31 Dec 2015: -)

Mattias Rådström

Senior Vice President, Communications, Marketing and Investor Relations since 2016.
Born 1970, Swedish citizen
B.A. (Political Science)
Member of Group management team since 2016
Employed by Cramo since 2016
Primary work experience:
VP, Global Social Media and PR, Electrolux, 2010-2016; Head of PR Region North, Electrolux, 2009-2010; Director Media Relations, Electrolux, 2006-2009; Account Director, Hill+Knowlton Strategies, 2005-2006; Head of Media Relations, Veolia Transport Sweden, 2004-2005; Head of Media Relations, Sverige i Europa, 2002-2004.
Cramo shares on 31 Dec 2016:
107 (31 Dec 2015: -)

Martin Holmgren

Senior Vice President, Fleet Management since 2013.
Born 1967, Swedish citizen
B.Sc. (Business Administration)
Member of the Group management team since 2009
Employed by Cramo since 2003
Primary work experience:
Product Area Manager Fleet Management, Cramo AB, 2003-2008; Business Development Manager, Telia Mobile, 2000-2003; Supply Chain Manager, ABB, 1998-2000; Site Manager, Platzer Bygg, 1989-1995.
Cramo shares on 31 Dec 2016:
4,679 (31 Dec 2015: 6,519)

Petri Moksén

Senior Vice President, Modular Space since 2013.
Born 1971, Finnish citizen
M.Sc. (Civil Engineering)
Member of the Group management team since 2013
Employed by Cramo since 2008
Primary work experience:
Director, Modular Space, Cramo Plc, 2008-2012; Head of Department, YIT Construction Ltd., 2004-2007; Development Manager, YIT Construction Ltd., 2001-2003; Project Engineer and various other positions, YIT Construction Ltd., 1996-2000.
Cramo shares on 31 Dec 2016:
3,674 (31 Dec 2015: 2,062)

Dirk Schlitzkus

Executive Vice President, Central Europe since 2013; Managing Director, Cramo AG (formerly Theisen) since 2011.
Born 1964, German citizen
Attorney at law, Julius-Maximilians-University, Würzburg, Germany
Member of the Group management team since 2011
Employed by Cramo since 2011
Primary work experience:
Theisen Baumaschinen AG, Member of the Board of Directors since 2007; Theisen Baumaschinen Group, Managing Director since 1998; Theisen Baumaschinen Group, Company Lawyer 1994-1998.
Cramo shares on 31 Dec 2016:
7,345 (31 Dec 2015: 4,713)

Göran Carlson

Senior Executive Vice President, Scandinavia since 2015; Managing Director, Cramo Sweden since 2015.
Born 1958, Swedish citizen
Engineering, Lund Institute of Technology, University of Lund, Sweden
Member of the Group management team since 2015
Employed by Cramo since 2015
Primary work experience:
Member Executive Board, Pon Holdings, 2013-2015; CEO, Pon Power & Equipment, 2013-2015; Deputy CEO, Cramo Plc, 2006-2013; CEO, Cramo AB, 2005; SVP, FläktWoods Group, 2002-2004; Managing Director, Electrolux South Africa, 1998-2001; CEO, The Lux Group, 1993-1998; Managing Director, Lux France, 1991-1993; Managing Director, Electrolux Philippines, 1986-1991; Managing Director, Electrolux Far East, 1984-1986.
Cramo shares on 31 Dec 2016:
0 (31 Dec 2015: 0)

Tatu Hauhio

Executive Vice President, Eastern Europe since 2013; Managing Director, Cramo Finland since 2006.
Born 1970, Finnish citizen
M.Sc. (Economics)
Member of the Group management team since 2006
Employed by Cramo since 2004
Primary work experience:
RK Group, Director for Project Rental and foreign operations, 2004-2005; Suomen Projektivuokraus Oy, Business Development Director, 2003; Cap Gemini Oy, IT consultancy, quality and risk management positions, 1997-2002.
Other positions of trust:
Board member: Fortrent Oy
Cramo shares on 31 Dec 2016:
18,752 (31 Dec 2015: 16,343)

FINANCIAL STATEMENTS AND BOARD OF DIRECTORS' REPORT

CONTENTS

BOARD OF DIRECTORS' REPORT

Cramo´s performance in 2016 was in line with the targets set for the year. Sales increased by 6.6% and was MEUR 712.3. In local currencies sales grew by 7.7%. EBITA-margin reached 15.0% and comparable EBITA-margin reached 15.6%.

Cramo is a service company specialising in equipment rental services and the rental of modular space. Its equipment rental services comprise construction machinery and equipment rentals and rental-related services, such as site and installation services. Modular space applications include schools, kindergartens, offices and accommodation facilities, and the rental period is typically 2–5 years. Cramo is a leading service provider in the field of equipment rental in the Nordic countries and Central and Eastern Europe. In modular space Cramo is a leading player in Northern Europe.

KEY FIGURES AND RATIOS (MEUR)	2016	2015	Change, %
Sales	712.3	667.9	6.6
Comparable EBITA	111.1	86.8	27.9
% of sales	15.6%	13.0%	
EBITA	106.7	84.8	25.8
% of sales	15.0%	12.7%	
Profit for the period	68.6	49.7	37.9
Comparable earnings per share (EPS), EUR	1.70	1.17	45.5
Earnings per share (EPS), EUR	1.54	1.13	36.8
Return on equity, %	13.6%	10.5%	
Net debt / EBITDA	1.77	1.98	-10.6
Cash flow after investments	7.3	35.6	

The alternative Performance Measures used by Cramo are presented on page 57.

Cramo Group consists of the parent company Cramo Plc, which provides group-level services, and, as operating companies, its wholly-owned subsidiaries in each operating country. Modular space business is conducted under the name Cramo Adapteo. In addition, Cramo owns 50% of Fortrent, a joint venture with Ramirent that operates in Russia and Ukraine.

At the end of the year, Cramo operated in 15 countries and had 324 (328) depots.

STRATEGIC AND FINANCIAL TARGETS

The core of the Group's strategy is "Cramo People living the Cramo Story". Cramo Story is a wide programme through which Cramo will drive its sales in different countries, differentiate itself from the competition, provide specific customer value and strengthen its corporate culture. Cramo Group's Must-win battles are Deliver Cramo Story, Drive Cramo Performance Management and Win Central European Market. In addition, key strategic initiatives include modular space business growth, dynamic pricing and acquisitions and outsourcing.

Cramo's financial targets at the end of the financial year were: an EBITA margin of more than 15% of sales over a business cycle, a maximum gearing of 100%, faster growth of sales than that of the market and a return on equity higher than 12% over a business cycle. In profit distribution, its target is to follow a stable profit distribution policy and to pay approximately 40% of earnings per share (EPS) for a period as dividends.

All these strategic and financial targets were achieved in the financial year. Comparable EBITA margin was 15.6% of sales, gearing was 74.5%, comparable return on equity was 14.9% and sales growth was 6.6%.

OPERATING ENVIRONMENT

Construction is estimated to have increased in 2016 in all Nordic countries as well as in Germany and Austria. According to Euroconstruct's estimate, growth was nearly 7% in Finland, Sweden and Norway. In Denmark, Germany and Austria, construction increased by approximately 1.6–2.5%. In Poland, the Czech Republic, Slovakia, the Baltic countries and Russia, construction decreased.

According to its June forecast, the European Rental Association (ERA) expected the use of equipment rental services to have increased in 2016 in all of Cramo's markets reported by ERA. According to Cramo's estimates, the demand for modular space has increased in the Nordic countries by nearly 6% per year during the past five years.

BUSINESS REVIEW

Cramo Group's business segments are Finland, Sweden, Norway, Denmark, Central Europe (Germany, Austria and Hungary) and Eastern Europe (Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia and the Kaliningrad region in Russia). Cramo's share (50%) of Fortrent's profit is included in the EBITA of the Eastern Europe business segment. Cramo also reports on the financial information and order book value for modular space.

The sales and comparable profitability improved in all markets with the exception of Norway and Eastern Europe. The best profitability was achieved in Finland and Sweden.

In Finland, Cramo increased both its sales and its profitability. Sales increased strongly as a result of increase in residential construction and the steady growth in renovation. During the year Cramo strengthened its worksite logistics services in Finland by acquiring the business of logistics and telescopic handler company Kurottaja- ja Kuljetuspalvelu Parviainen Oy in April. In Sweden the market situation remained favourable and Cramo´s sales and profitability improved. In Norway, sales decreased and the profitability was on par with the previous year. In Denmark sales increased, but profitability was negatively affected by EUR 3.7 million impairment. Comparable profitability increased also in Denmark. In Central Europe, sales increased and operations turned profitable. In Eastern Europe, sales and profitability decreased. The joint venture Fortrent's euro-denominated sales decreased by 4.2%; however, in local currencies sales grew by 4.6%. Fortrent´s EBITA increased and was EUR 3.2. (2.2) million or 11.1% (7.2%)

of sales. The demand for equipment rental was strong in Moscow, while in the St. Petersburg area activity was relatively low.

The modular space business grew in local currencies in all of Cramo's main markets, and organic growth opportunities seem promising. Cramo also seeks growth through acquisitions.

SALES AND PROFIT

Cramo Group's consolidated sales for 2016 were EUR 712.3 (667.9) million, showing a year-on-year increase of 6.6%. In local currencies, sales grew by 7.7%. As for product areas, sales growth was 4.7% for equipment rental and 17.6% for modular space. Sales were EUR 595.3 (568.5) million for equipment rental and EUR 117.6 (100.0) million for modular space. Plenty of new modular space deliveries took place during the year, which increased the sales of assembly services in particular.

Profitability improved year-on-year. In 2016, EBITA was EUR 106.7 (84.8) million and EBITA margin 15.0% (12.7%) of sales. As for product areas, EBITA was EUR 86.2 (64.9) million, or 14.5% (11.4%) of sales, for equipment rental and EUR 30.8 (29.5) million, or 26.2% (29.5%) of sales, for modular space. Modular space EBITA margin was negatively affected by the higher proportion of assembly and disassembly services, high repair activity and measures taken to support further growth.

Comparable EBITA was 111.1 (86.6) or 15.6% (13.0%) of sales. Comparable EBITA was EUR 90.5 (65.7) million, or 15.2% (11.6%) of sales, for equipment rental and EUR 30.8 (29.5) million, or 26.2% (29.5%) of sales, for modular space. In 2016, items affecting comparability of EBITA were EUR 4.3 million. Items were related to negative impact of impairments EUR 4.8 million from Danish equipment rental operations and Latvian and Lithuanian operations and positive impact of EUR 0.5 million from reclassification of loans in Fortrent group. Fortrent books part of the exchange difference of the loans to the income statement instead of equity. In 2015, comparability was affected by EUR 0.8 million in costs relating to restructuring in Central Europe and EUR 1.2 million in costs relating to the change of President and CEO.

Cramo Group's EBIT improved also and was EUR 98.7 (76.7) million or 13.9% (11.5%) of sales. Comparable EBIT was EUR 106.2 (78.7) million.

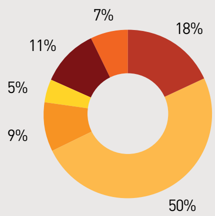
The cost effect of the Group's credit losses and credit loss provisions amounted to EUR 2.3 (3.5) million. Expenses associated with share-based incentive schemes totalled EUR 2.5 (2.2) million.

Reported depreciation and impairment on tangible assets were EUR 112.0 (100.9) million and included EUR 6.1 (1.4) million impairments. Out of these impairments EUR 4.8 (0.0) million were items affecting comparability related to impairments in Latvian and Lithuanian operations and Danish equipment rental operations.

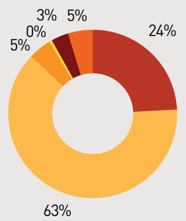
Amortisations and impairments related to acquisitions amounted to EUR 8.0 (8.1) million and included EUR 3.2 (0.0) million items affecting comparability related to impairments in Latvian and Lithuanian operations and Danish equipment rental operations.

Impairments amounted to EUR 3.0 million in Latvian and Lithuanian operations and EUR 5.0 million in Danish equipment rental operations. Impairments were recorded based on annual impairment testing. Based on testing the net present value of expected future cash flows were lower than the capital employed, which resulted in impairment losses. The impairments have no impact on cash flow. After the impairment, the operations in question no longer includes goodwill or intangible assets resulting from acquisitions.

Net financial expenses for 2016 were EUR 11.8 (12.9) million. Profit before taxes was EUR 86.9 (63.8) million, and profit for the period was EUR 68.6 (49.7) million. Comparable profit before taxes was EUR 94.4 (65.8) million, and comparable profit for the period was EUR 75.6 (51.5) million. Items affecting comparability were EUR 7.5 million in 2016 of which negative impact of impairments EUR 8.0 million from Danish equipment rental operations and Latvian and Lithuanian operations and



SHARE OF GROUP SALES 2016 (2015) MEUR
- FINLAND 129.2 (110.9)
- SWEDEN 355.6 (331.2)
- NORWAY 67.4 (70.4)
- DENMARK 32.0 (28.3)
- CENTRAL EUROPE 78.5 (77.2)
- EASTERN EUROPE 50.3 (50.9)



SHARE OF GROUP EBITA 2016 (2015) MEUR
- FINLAND 28.4 (22.4)
- SWEDEN 73.7 (61.7)
- NORWAY 5.2 (5.4)
- DENMARK 0.4 (1.9)
- CENTRAL EUROPE 3.9 (-3.3)
- EASTERN EUROPE 5.5 (6.3)

MEUR	Sales			EBITA		
	2016	2015	Change %	2016	2015	Change %
Finland	129.2	110.9	16.5	28.4	22.4	26.5
Sweden	355.6	331.2	7.4	73.7	61.7	19.5
Norway	67.4	70.4	-4.3	5.2	5.4	-4.1
Denmark	32.0	28.3	13.2	0.4	1.9	-80.8
Central Europe	78.5	77.2	1.6	3.9	-3.3	
Eastern Europe	50.3	50.9	-1.1	5.5	6.3	-11.9
Eliminations + unallocated	-0.7	-1.0	-31.4	-10.3	-9.4	8.7
Group Sales	**712.3**	**667.9**	**6.6**	**106.7**	**84.8**	**25.8**

positive impact of EUR 0.5 million from Fortrent group. Profit for 2015 included EUR 2.0 million in costs relating to restructuring in Central Europe and to the change of President and CEO. Tax impact of the impairments was EUR 0.4 million positive for 2016.

Earnings per share were EUR 1.54 (1.13). Comparable earnings per share were EUR 1.70 (1.17).

Return on investment (rolling 12 months) was 11.2% (9.0%) and return on equity (rolling 12 months) was 13.6% (10.5%). Comparable return on investment was 12.0% (9.2%) and comparable return on equity was 14.9% (10.9%).

INVESTMENTS AND CASH FLOW

Gross capital expenditure was EUR 207.3 (175.0) million. Of cross capital expenditure, EUR 4.4 (9.8) was attributable to acquisitions and business combinations. Other capital expenditure was mainly related to fleet procurement.

Cash flow from operating activities was EUR 172.2 (174.9) million. The following items affected negatively on cash flow in comparison to 2015. The group received tax refund of EUR 8.3 million in 2015. Change in net working capital had a positive effect by EUR 11.4 million on cash flow in 2015 compared to negative impact of EUR 1.5 million in 2016. Also cash flow of net financial items were lower by EUR 8.0 million compared to 2015 due to timing difference in realisation of foreign exchange differences arising from the hedged exposure and the hedging instruments. Investment cash flow was EUR -164.9 (-139.3) million. Cash flow after investments was EUR 7.3 (35.6) million.

FINANCIAL POSITION AND BALANCE SHEET

On 31 December 2016, Group´s net interest-bearing liabilities totalled EUR 387.0 (368.4) million. At the end of the period, gearing was 74.5% (75.1%). Net debt per EBITDA stood at 1.77 (1.98). EBITDA used in calculation is rolling 12 months.

Of the Group's variable rate loans, EUR 130.0 (130.0) million were hedged by way of interest rate swaps on 31 December 2016. Hedge accounting is applied to all of these interest rate hedges. On 31 December 2016, Cramo Group had undrawn committed credit facilities (excluding leasing facilities) in the amount of EUR 206.1 (201.2) million, of which non-current facilities represented EUR 190.0 (185.0) million and current facilities EUR 16.1 (16.2) million.

Tangible assets amounted to EUR 750.5 (686.9) million of the balance sheet total at the end of the financial year. The balance sheet total on 31 December 2016 was EUR 1,155.8 (1,085.9) million. The equity ratio was 45.6% (45.7%). At the end of the financial year, goodwill totalled EUR 148.0 (151.1) million.

Rental liabilities associated with off-balance-sheet operational leasing agreements totalled EUR 20.7 (23.1) million on 31 December 2016. Off-balance-sheet liabilities for office and depot rents stood at EUR 98.7 (90.1) million. The Group's investment commitments amounted to EUR 53.9 (25.0) million.

On 14 November 2016, Cramo Plc announced a Tender Offer, in which the holders of the EUR 100 million 4.50% notes due February 2018, issued by Cramo, were invited to tender the Notes for cash to Nordea Bank Danske A/S acting on behalf of Cramo. Tender instructions of EUR 83,730,000 in aggregate principal amount of Notes were received pursuant to the Offer. The purchase price of the Notes was 105.261%. In addition, accrued and unpaid interest was paid in respect of Notes. The Tender Offer results were announced on 24 November and the transaction settlement date was 29 November 2016.

On 23 November 2016, Cramo Plc announced that it will issue a senior unsecured bond of EUR 150 million. The bond matures on 28 February 2022, it carries a fixed annual interest at the rate of 2.375% and has an issue price of 99.948%. The proceeds from the bond offering will be used to refinance some of Cramo's existing indebtedness, including the partial redemption of the EUR 100 million bond maturing in 2018, and for general corporate purposes. The bond has been traded on Nasdaq Helsinki Ltd since 5 December 2016.

PERSONNEL

During the review period, the Group had an average of 2,550 (2,486; 2,528) employees. In addition, the Group employed an average of 178 (141; 149) people hired from a staffing service. At the end of the period, Group personnel numbered 2,562 (2,473; 2,473) as full time equivalent (FTE) employees.

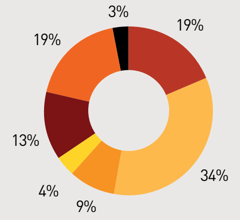
Cramo Group's flexible operational model includes the use of not only permanent personnel, but also work force hired from a staffing service. The proportion of permanent personnel to work force hired from a staffing service as well as their numbers are constantly adjusted based on the market situation.

The total amount of salaries and fees paid was EUR 115.8 (108.3; 106.1) million.

PERSONNEL BY SEGMENT AT THE END OF 2016

Number of employees (FTE)

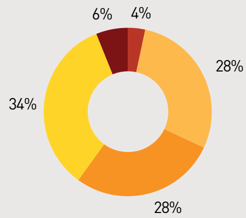
	2016	2015	2014
Finland	480	448	428
Sweden	877	825	806
Norway	225	219	235
Denmark	98	97	118
Central Europe	336	350	363
Eastern Europe	474	466	456
Group functions	72	68	67
Group total	**2,562**	**2,473**	**2,473**



PERSONNEL BY SEGMENT 2016 (2015) %
- FINLAND 480 (448)
- SWEDEN 877 (825)
- NORWAY 225 (219)
- DENMARK 98 (97)
- CENTRAL EUROPE 336 (350)
- EASTERN EUROPE 474 (466)
- GROUP FUNCTIONS 72 (68)

PERSONNEL AGE DISTRIBUTION

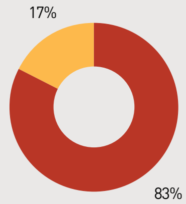
	Number of employees (FTE) 2016	2015	2014
–23	92	59	80
24–35	729	708	705
36–45	717	700	695
46–59	874	848	833
60–	151	157	160
Group total	**2,562**	**2,473**	**2,473**



PERSONNEL AGE DISTRIBUTION
2016 (2015) %
- –23 92 (59)
- 24–35 729 (708)
- 36–45 717 (700)
- 46–59 874 (848)
- 60– 151 (157)

PERSONNEL BY GENDER

	Number of employees (FTE) 2016	2015	2014
Male	2,116	2,143	2,131
Female	446	330	342
Group total	**2,562**	**2,473**	**2,473**



PERSONNEL BY GENDER
2016 (2015) %
- MALE 2,116 (2,143)
- FEMALE 446 (330)

MANAGEMENT TEAM

Operationally, Cramo has three market areas: Scandinavia (Sweden, Norway, Denmark), Eastern Europe (Finland, Estonia, Latvia, Lithuania, Poland) and Central Europe (Germany, Austria, Hungary, the Czech Republic, Slovakia).

Mr Leif Gustafsson was appointed as a president and CEO as of 1 January 2016. Cramo Plc's Group Management Team comprised the following people, in addition to CEO, at the end of the financial period: Göran Carlson, Senior Executive Vice President, Scandinavia, and Managing Director, Cramo Sweden; Tatu Hauhio, Executive Vice President, Eastern Europe, and Managing Director, Cramo Finland; Dirk Schlitzkus, Executive Vice President, Central Europe, and Managing Director (Germany, Austria, Hungary); Martin Holmgren, Senior Vice President, Fleet Management; Aku Rumpunen, CFO; Petri Moksén, Senior Vice President, Modular Space; Petra Schedin Stergel, Senior Vice President, Human Resources Development and Mattias Rådström, Senior Vice President, Communications, Marketing and Investor Relations.

Mr Aku Rumpunen was appointed CFO as of 21 December 2016. Mr Rumpunen worked as Senior Vice President, Group Business Control and member of the Group Management Team since 2013 and as an interim CFO as of August 2016, when CFO Martti Ala-Härkönen left Cramo. Petra Schedin Stergel and Mattias Rådström, both coming outside Cramo Group, assumed their positions in September 2016. As of 1 January 2017, Mr Peter Bäckström will succeed Mr Göran Carlson. He was appointed in August. Per Lundquist, Senior Vice President, Operations left the company in August.

CURRENT INCENTIVE SCHEMES

In the One Cramo Share Plan incentive scheme for the Group's permanent employees, employees are offered an opportunity to save a maximum of 5% of their salary, and the accumulated savings are used for share purchases. The fifth savings period of the incentive scheme began on 1 October 2016 and will end on 30 September 2017. The first savings period ended on 30 September 2013 and a total amount of 12,565 related additional shares were conveyed in May 2016. In the One Cramo Share Plan, the participants get the opportunity to acquire one additional share for each two shares purchased.

The discretionary periods of the share-based incentive scheme for Cramo Plc's key employees are the calendar years starting from 2012. The rewards for the discretionary periods 2012–2014 were based on the earnings per share (EPS) key indicator. The rewards for 2013 were paid on 15 January 2016. A total of 43,562 shares were given in a directed share issue, in addition to which rewards were paid in cash in the amount of EUR 674,282. The rewards for 2014 were paid after the financial period, on 16 January 2017. A total of 21,211 shares were given in a directed share issue, in addition to which rewards were paid in cash in the amount of EUR 428,482.

The share-based incentive scheme for the Cramo Group Management Team members and its key employees for 2015–2017 offers an opportunity to earn Cramo shares as a reward for achieving established performance targets. Each discretionary period will immediately be followed by a two-year vesting period before rewards are paid out. The target group of the scheme consists of approximately 65 Cramo key employees. Should the performance targets be attained in full for all three discretionary periods, the earned reward will correspond to a maximum total of 1,000,000 Cramo Plc shares, including the proportion to be paid in cash. The rewards for 2015 equal the approximate worth of 163,000 shares and will be paid in January 2018.

SUSTAINABILITY

Cramo is a signatory of the UN Global Compact principles for responsible business. Cramo´s ethical guidelines aim to ensure that the customers, employees and the society can trust that Cramo works with integrity and high business ethics and continuously develop the workplaces as well as products and services in terms of health, safety and efficiency. The employees are trained under the framework of Cramo Care and the Code of Conduct. Based on a materiality analysis and an active stakeholder dialogue Cramo sets and follows up on group level target for the key areas of all stakeholder groups.

Cramo wants to be a role model for all rental, and safety, internally as well as on customer sites is a top priority. A strategic target is set on zero accidents related to Cramo equipment at construction sites. Cramo offers training to its customers in order to efficiently create awareness and competence to prevent accidents at construction sites.

Environmental responsibility is an important part of Cramo's business model. The Group is able to reduce the environmental load of construction by maintaining high utilisation rates for its equipment. Cramo's environmental responsibility involves ensuring that its rental and modular space solutions are of a high quality and carefully serviced and overhauled. When making equipment purchases, through its Supplier Code of Conduct Cramo requires its equipment suppliers to be signatories to UN Global Compact (or similar). Long equipment life cycles are maintained through careful maintenance. Material generated by equipment to be disposed of is recycled as comprehensively as possible.

Reducing energy consumption and cutting energy costs are key issues for Cramo. With Cramo's mobile surveillance system, Monitoring Construction, energy consumption can be reduced by approximately 20 percent. Transports and emissions are also reduced by efficient route optimisation and better driving patterns. Cramo participates in the international climate initiative, the Carbon Disclosure Project, where the emissions are reported on a yearly basis. Emissions are monitored using the international Greenhouse Gas Protocol for emission calculations.

ISO management standards 9001 and 14001 are implemented in Cramo Finland, Sweden, Denmark and Norway, and in Finland and Sweden also OHSAS 18001. Certification is ongoing, targeting all Cramo markets.

Since 2007, Cramo has partnered with the non-profit organisation SOS Children's Villages to support children in difficult situations. In addition to the annual financial support from Cramo Group there are various complementary, local activities in most Cramo countries.

Cramo's commitment to integrate sustainability into its entire operation is communicated in the Annual report by applying the Integrated Reporting framework. Cramo also publishes a separate sustainability report, which provides information on environmental management and corporate responsibility. The report follows the GRI 4 guidelines and will be published during the spring, and it will also be available in electronic format on the Cramo website. The report is not verified by a third party.

SHARES AND SHARE CAPITAL

On 31 December 2016, Cramo Plc's share capital as registered in the Finnish Trade Register was EUR 24,834,753.09, and the number of shares was 44,690,554. At the end of the financial year, Cramo Plc holds 239,423 of these shares. After the review period, on 16 January 2017, the number of shares held by the company decreased to 218,212 due to the directed share issue based on Cramo Group's Performance Share Plan 2014.

As a result of the option programme 2011, the number of Cramo Plc shares increased during the financial year 2016. In the fourth quarter of 2015, a total of 69,260 shares were subscribed for. These shares were registered in the Finnish Trade Register on 18 January 2016, and trading in them began on 19 January 2016.

CHANGES IN SHAREHOLDINGS

During the financial year, Cramo Plc received the following notification about changes in shareholdings as defined in Section 5 of Chapter 9 of the Finnish Securities Markets Act: Massachusetts Mutual Life Insurance Company's, MassMutual Holding LLC's and MM Asset Management Holding LLC's total holding of share capital and voting rights in Cramo Plc decreased below five per cent on 3 October 2016. At that time, the companies' proportion of voting rights and share capital in Cramo Plc was 4.89% and they owned 2,185,577 shares.

ANNUAL GENERAL MEETING 2016 AND THE BOARD'S AUTHORISATIONS

Cramo Plc's Annual General Meeting of Shareholders held on 31 March 2016 adopted the consolidated financial statements and the parent company's financial statements for the financial year 2015 and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting decided, as proposed by the Board of Directors, that a dividend of EUR 0.65 per share be paid from the distributable funds for the financial year 1 January–31 December 2015.

Ms Helene Biström, Mr Peter Nilsson, Mr Joakim Rubin, Mr Erkki Stenberg, Ms Caroline Sundewall and Mr Raimo Seppänen were re-elected as Board members and Mr Perttu Louhiluoto as new Board member.

The Annual General Meeting confirmed the remuneration payable to the chairman of the Board of Directors as EUR 70,000, to the deputy chairman as EUR 40,000 and to the other members of the Board as EUR 35,000 per year. It was decided that 50% of the annual remuneration will be paid in Cramo Plc shares purchased on the market on behalf of the Board members. In addition, all Board members are entitled to a compensation of EUR 1,000 per each attended Board committee meeting. The Chairman of the Audit Committee receives an additional compensation of EUR 5,000 per year. Reasonable travel expenses will be refunded.

KPMG Oy Ab, Authorised Public Accountants, was appointed as Cramo Plc's auditor, with Mr Toni Aaltonen, APA, as the responsible auditor.

The Annual General Meeting authorised the Board of Directors to decide on the repurchase of the company's own shares and/or their acceptance as pledge as follows: The number of own shares shall not exceed 4,400,000, and own shares may only be acquired using the company's unrestricted equity, at a price formed in public trading on the date of the repurchase or at a price otherwise formed in the market. Own shares can be acquired otherwise than in proportion to the shareholdings of the shareholders, and no more than 400,000 of these shares may be used in the company's incentive schemes. The Board of Directors was also authorized to decide on a share issue, including the right to decide on the transfer of the company's own shares and on the granting of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Finnish Limited Liability Companies Act. The shares issued will be new shares of the company, and a maximum of 4,400,000 shares may be issued. These shares cannot be used for incentive schemes.

The Annual General Meeting decided that the charter of the Shareholder's Nomination Committee remains unchanged. The Shareholders' Nomination Committee shall review the charter annually and propose possible changes to the next Annual General Meeting for adoption.

The Annual General Meeting authorised the Board of Directors to decide on donations to the total maximum amount of EUR 20,000 for charitable or corresponding purposes.

The authorisations are effective until the close of the next Annual General Meeting.

CORPORATE GOVERNANCE AND AUDITORS

At the end of the financial year, Cramo Plc's Board of Directors was composed of Ms Helene Biström, Mr Perttu Louhiluoto, Mr Peter Nilsson, Mr Joakim Rubin, Mr Erkki Stenberg, Ms Caroline

Sundewall and Mr Raimo Seppänen. Ms Helene Biström, Mr Leif Biström, Mr Eino Halonen, Mr Victor Hartwall, Mr Raimo Seppänen, Mr Erkki Stenberg and Ms Caroline Sundewall comprised the Board of Directors until the Annual General Meeting of 31 March 2015.

Mr Joakim Rubin (Chairman), Ms Caroline Sundewall and Mr Erkki Stenberg comprised the Audit Committee. Ms Helene Biström (Chairman), Mr Peter Nilsson and Mr Raimo Seppänen comprised the Remuneration Committee.

The members of the Shareholders' Nomination Committee established by the Annual General Meeting were nominated in November and they are Ms Helene Biström; Mr Mikael Moll, Partner, Zeres Capital; Mr Ari Autio, Member of the Board of Directors of Rakennusmestarien Säätiö; and Esko Torsti, Head of Non-listed Investments, Ilmarinen Mutual Pension Insurance Company. The chairman of the Nomination Committee is Mr Mikael Moll.

Mr Leif Gustafsson was appointed the President and CEO as of 1 January 2016.

On 31 December 2016, the Board members and the President and CEO held, either directly or through companies in which they exercise control, a total of 37,169 Cramo Plc shares. The company's auditors were KPMG Oy Ab, Authorised Public Accountants, with Mr Toni Aaltonen, APA, as the responsible auditor.

In 2016, Cramo Plc observed the Finnish Corporate Governance Code, which entered into force on 1st January 2016. Cramo manages inside information in accordance with the requirements of the Market Abuse Regulation (MAR), the Insider Guidelines of Nasdaq Helsinki Ltd. and Cramo's Insider Guidelines approved by the Board of Directors.

The Corporate Governance statement for 2016 issued by Cramo Plc's Board of Directors and the Remuneration Statement for 2016 are available on the Cramo Plc website.

ESSENTIAL RISKS AND UNCERTAINTIES

In addition to global economic developments, the main sources of uncertainty in Cramo's business are related to the economic cycles and financial development of each country, fluctuations in interest and exchange rates, availability of financing, credit loss risks, the success of the Group's acquisitions and information system projects, recruitment-related risks and tax risks.

Economic uncertainty may be reflected in Cramo's operations as decreased demand, fiercer competition, lower rental prices, higher financial expenses or customers experiencing financial difficulties and increasing credit losses. In addition, economic uncertainty increases the impairment risks to the balance sheet values.

Of geopolitical risks, especially the Ukrainian crisis and difficulties in the Russian economy have increased economic uncertainty in Cramo's operations. Also, the political changes in Europe, such as "Brexit", numerous elections taking place in 2017 or sovereign debt challenges, may have an effect on general economic development and consequently on construction and the demand for rental services.

Cramo also has a risk appetite analysis based on the share value model for the strategy work. Cramo's Board of Directors confirm the company's risk management principles and evaluate the adequacy and appropriateness of risk management.

Cramo´s risks can be categorised as strategic risks, operative and transactional risks, and economic, financial and tax risks.

STRATEGIC RISKS

The Group's operations are closely linked to general economic development and the construction and property markets. The construction industry is characterised by seasonal fluctuations, and the Group's sales and profit vary by quarter in a manner that is typical of equipment rental operations. The modular space business is less dependent on economic cycles than the equipment rental business. The Group also strives to minimise the impact of economic trends through continually optimising its rental fleet utilisation rate.

Expansion and business development are partly based on acquisitions. The risks in acquisitions are related to knowledge of local markets and regulations, customers, key personnel and suppliers, among other factors. The goal is to take these risks into consideration through careful preparation and by investing in the integration of acquisitions.

There are risks associated with the amount, allocation and timing of the investments and with other strategic business decisions. The goal is to control investment-related risks by applying a careful approval process for investments, optimising fleet use across the Group, financing some investments through operative leasing, and using external and internal indicators to forecast future market development, among other measures. These indicators that illustrate the future are monitored by country company on a monthly basis.

OPERATIVE AND TRANSACTIONAL RISKS

The Group's most significant operative risks include those associated with business operations and personnel, contract risks, occupational safety risks, IT-related risks, risks related to compliance with laws and regulations and risks related to the Group's administrative principles. In order to control the most significant strategic and operative risks, the Group and its subsidiaries have their own contingency plans. OHSAS 18001 certification has been granted to Cramo Finland and Cramo Sweden for their occupational health and safety management systems.

Cramo countries are responsible for the appropriate storage and reprocessing of chemicals and hazardous waste. Cramo's operations in Finland, Sweden, Denmark and Norway have been certified in accordance with the ISO 14001 environmental system and the ISO 9001 quality system.

The Group's transaction risks include risks related to equipment rental and uninterrupted operations, among other risks, which are managed by means of insurance.

ECONOMIC, FINANCING AND TAX RISKS

The objective of economic and financing risk management is to safeguard the company's high-quality external and internal financial reporting and the availability of financing and to minimise the adverse effects that changes in the operating environment and financial markets.

The Group's primary financing risks are cash flow's interest rate risk, currency rate risk, credit risk and liquidity risk. To manage the interest rate risk, the Group's loans and investments have been spread between fixed-rate and variable-rate instruments. Derivative contracts, such as interest rate swaps, are also used to manage the interest rate risk. The exchange rate risk mainly comprises net investments in foreign units and currency-denominated loans, with currency forwards as hedging instruments.

The Group's treasury policy specifies the responsibilities and procedures of the treasury function as well as the targets and principles of hedging. The Group's country-specific financing is handled in a centralised manner, primarily through internal Group loans.

The tax environment in Europe is changing towards new or increased taxes and new interpretations of existing tax laws. The decreasing predictability and visibility around taxes may lead to unexpected challenges also for Cramo.

OUTLOOK FOR 2017

In Cramo countries, the market outlook for 2017 is mainly positive. The construction market analysts Euroconstruct and Forecon estimate that construction will increase in all of Cramo's operating countries with the exception of the Czech Republic, Lithuania and Russia. Euroconstruction estimate that construction will increase 1-3 per cent in Nordic countries, Germany and Austria. In Eastern Europe, the growth expectations vary from 1-6 %. ERA forecasts that the equipment rental market will grow in all of Cramo's operating countries that are within the scope of ERA's forecast.

The demand for equipment rental services usually follows the development of construction with a delay. In addition to construction volume, the demand is affected by industrial investments and the increase in the rental penetration rate. Tightening legislation and the requirement to improve the efficiency and quality of construction increase the need for different types of rental-related services.

The demand for modular space is boosted by the increase in the need for and popularity of modifiable and easily implementable space solutions. Demand is increased by migration flows within countries and changes in demographics. Cramo believes that the long-term demand for both equipment rental and modular space is also supported by megatrends, such as urbanisation, the sharing economy and the increasing emphasis on sustainability.

CHANGE IN GUIDING PRINCIPLES

As of 2017, and relating to Cramo's new strategy, the company has changed its guidance policy and will discontinue to provide numerical guidance on sales and EBITA profitability on group level. More information will be provided on Capital Markets Day on 16th February 2017.

THE BOARD OF DIRECTORS' PROPOSAL FOR PROFIT DISTRIBUTION

Cramo Plc's goal is to follow a stable profit distribution policy and to pay approximately 40% of earnings per share (EPS) for a period as a dividend.

On 31 December 2016, Cramo Plc's total distributable funds were EUR 183,616,896, including EUR 41,398,811 of retained earnings. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.75 (0.65) be paid for the financial year 2016.

The Annual General Meeting is planned for Thursday, 30 March 2017.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Shareholders' Nomination Committee of Cramo Plc proposed 2 February 2017 to the next Annual General Meeting of Shareholders, which is planned to be held on 30 March 2017, that the number of members of the Board of Directors be confirmed as seven (7) ordinary members. The Nomination Committee proposed that, in accordance with their consents, the following current members of the Board be re-elected: Perttu Louhiluoto, Peter Nilsson, Joakim Rubin, Raimo Seppänen, Erkki Stenberg and Caroline Sundewall, and that Veli-Matti Reinikkala be elected as new Board member, all to serve for a term ending at the end of the Annual General Meeting 2018.

The current Chairman of the Board of Directors Helene Biström has announced that she will not be available for re-election. While preparing the proposal for the composition of the Board of Directors, the Nomination Committee has specifically sought to identify a new Chairman of the Board of Directors.

Based on the Nomination Committee's survey, discussions with the Chairman of the Board of Directors and the CEO of the Group, reports of an independent recruiting consultancy as well as the Board self-evaluation and evaluation process conducted by an independent consultant, the Nomination Committee has decided to propose Veli-Matti Reinikkala to be elected as a member of the Board of Directors. Further, the Nomination Committee recommends that the Board of Directors elect Veli-Matti Reinikkala as the Chairman of the Board of Directors.

Veli-Matti Reinikkala (born 1957) has held several senior management positions in ABB, including President of Region Europe in 2015 and member of the Group Executive Committee 2006–2015, Head of Process Automation Division 2006–2014, Business Area Manager for ABB Process Automation in 2005 and Automation Technologies Division Manager in China 2003–2004. Reinikkala is currently a member of the board of directors at UPM-Kymmene Corporation (since 2007) and Fortum Corporation (since 2016). He holds an Executive Master of Business Administration from Helsinki School of Economics.

THE ALTERNATIVE PERFORMANCE MEASURES

The alternative Performance Measures used by Cramo are defined below:

EBITA

= Operating profit (EBIT) + amortisation and impairment on intangible assets (purchase price allocations) arising from aquisitions

EBITDA

= EBITA + depreciation

Net debt / EBITDA

$$= \frac{\text{Period end net debt}}{\text{Rolling 12 month EBITDA}}$$

Comparable EBITA

= EBITA - items affecting comparability

Comparable EPS

$$= \frac{\text{Profit for the period - items affecting comparability (rolling 12 month)}}{\text{Adjusted average number of shares during the period}}$$

Comparable return on equity, %

$$= \frac{\text{Profit for the period - items affecting comparability (rolling 12 month)}}{\text{Total equity (average)}} \times 100$$

Comparable return on investment, %

$$= \frac{\text{Profit before taxes + interest and other financial expenses - items affecting comparability (rolling 12 month)}}{\text{Balance sheet total - non-interest-bearing liabilities (average)}}$$

KEY FIGURES AND RATIOS

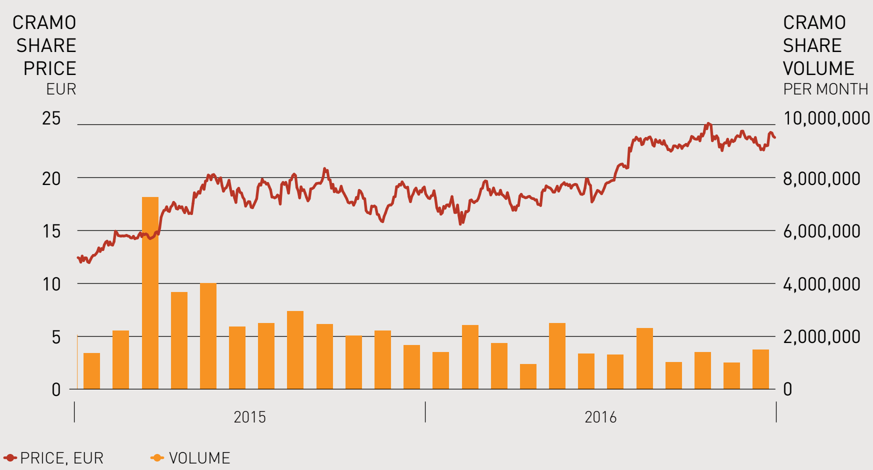
KEY FIGURES ON FINANCIAL PERFORMANCE		2016	2015	2014	2013	2012[2]
Sales	MEUR	712.3	667.9	651.8	657.3	688.4
Change -%	%	+6.6	+2.5	-0.8	-4.5	+1.3
Operating profit	MEUR	98.7	76.7	34.3	66.8	64.5
% of sales	%	13.9	11.5	5.3	10.2	9.4
Profit before taxes[1]	MEUR	86.9	63.8	21.5	51.9	44.3
% of sales	%	12.2	9.6	3.3	7.9	6.4
Profit/loss for the year[1]	MEUR	68.6	49.7	16.0	42.8	38.7
% of sales	%	9.6	7.4	2.5	6.5	5.6
Return on equity[1]	%	13.6	10.5	3.4	8.3	7.5
Return on investment[1]	%	11.2	9.0	4.2	7.7	7.3
Equity ratio	%	45.6	45.7	43.9	47.1	48.6
Gross capital expenditure	MEUR	207.3	175.0	159.1	129.6	125.1
% of sales	%	29.1	26.2	24.4	19.7	18.2
of which business combinations	MEUR	4.4	9.8	11.4	29.1	0.8
Equity	MEUR	519.7	490.7	455.0	500.6	532.6
Net interest-bearing liabilities	MEUR	387.0	368.4	385.4	364.8	346.9
Gearing	%	74.5	75.1	84.7	72.9	65.1
Average number of personnel	No.	2,550	2,486	2,528	2,463	2,664

1 Comparative figures for 2012 have been adjusted due to the retrospective application of the revised IAS 19 Employee benefits
2 2012 key figures have been calculated before reclassification of Russian business as assets and liabilities to be transferred to joint venture according to IFRS 5

PER-SHARE RATIOS						
Earnings per share[1]	EUR	1.54	1.13	0.37	1.01	0.94
Earnings per share diluted[1,2]	EUR	1.53	1.12	0.36	1.00	0.93
Shareholders' equity per share	EUR	11.69	11.05	10.40	11.56	11.58
Dividend per earnings[1]	%	48.6*	57.6	149.3	59.3	44.8
Dividend per share	EUR	0.75*	0.65	0.55	0.60	0.42
Trading volume of shares	No.	18,385,238	33,659,526	28,710,540	23,736,696	16,900,991
% of total number	%	41	75	66	55	40
Adjusted average number of shares	No.	44,444,804	44,067,946	43,455,457	42,297,421	41,356,347
Adjusted number of shares at year-end	No.	44,451,131	44,395,004	43,748,741	43,310,671	41,708,387
P/E ratio		15.4	16.9	32.8	15.2	8.5
Effective dividend yield	%	3.2*	3.4	4.6	3.9	5.3
Market capitalisation of share capital	MEUR	1,057.5	848.4	528.5	665.3	332.8
Average price	EUR	20.27	17.08	13.97	12.21	9.77
Closing price at year-end	EUR	23.79	19.11	12.08	15.36	7.92
Lowest quotation	EUR	15.59	11.77	10.28	7.98	7.04
Highest quotation	EUR	25.13	20.88	17.78	16.83	13.03

1 Comparative figures for 2012 have been adjusted due to the retrospective application of the revised IAS 19 Employee benefits
2 Adjusted by the dilution effect of stock options and share plans
* The Board proposes to the Annual General Meeting a dividend of EUR 0.75

CRAMO SHARE PRICE AND TRADING VOLUME



CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	31 Dec 2016	31 Dec 2015
ASSETS			
Non-current assets			
Tangible assets	3	750,509	686,909
Goodwill	4	147,985	151,142
Other intangible assets	4	62,851	68,179
Investments in joint ventures	7	7,292	2,608
Deferred tax assets	8	13,874	13,463
Loan receivables	11	12,926	15,267
Trade and other receivables	11	1,348	1,436
Total non-current assets		**996,785**	**939,003**
Current assets			
Inventories	12	8,721	8,963
Trade and other receivables	11	136,252	130,482
Income tax receivables		4,018	3,031
Derivative financial instruments	10	883	889
Cash and cash equivalents	13	9,099	3,511
Total current assets		**158,973**	**146,875**
TOTAL ASSETS		1,155,758	1,085,878
EQUITY AND LIABILITIES			
Equity			
Share capital		24,835	24,835
Other reserves		326,899	326,297
Hedging fund		-8,572	-7,074
Translation differences		-36,661	-26,395
Retained earnings		213,170	173,081
Equity attributable to owners of the parent company		519,671	490,743
Total equity	14	**519,671**	**490,743**
Non-current liabilities			
Interest-bearing liabilities	15	347,858	293,811
Derivative financial instruments	10	10,451	8,322
Deferred tax liabilities	8	75,331	70,636
Retirement benefit liabilities	16	1,610	1,707
Other non-current liabilities	17	2,822	2,832
Total non-current liabilities		**438,073**	**377,308**
Current liabilities			
Interest-bearing liabilities	15	48,245	78,097
Derivative financial instruments	10	250	233
Trade and other payables	18	148,205	136,070
Income tax liabilities		858	2,817
Provisions		457	611
Total current liabilities		**198,015**	**217,827**
Total liabilities		**636,087**	**595,135**
TOTAL EQUITY AND LIABILITIES		1,155,758	1,085,878

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	Note	1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015
Sales		**712,287**	**667,877**
Other operating income	20	17,398	13,462
Materials and services	21	-239,402	-236,619
Employee benefit expenses	22	-155,831	-143,899
Other operating expenses	23	-117,081	-115,510
Depreciation and impairment on tangible assets	24	-111,962	-100,878
Share of profit of joint ventures	7	1,330	395
Amortisation and impairment resulting from acquisitions	24	-8,034	-8,114
Operating profit		**98,705**	**76,714**
Financial income		9,784	11,038
Financial expenses		-21,633	-23,961
Total financial income and expenses	25	-11,849	-12,923
Profit before taxes		**86,856**	**63,791**
Income taxes	26	-18,287	-14,075
Profit for the year		**68,569**	**49,715**
Attributable to			
Owners of the parent company		68,569	49,715
Earnings per share for profit attributable to owners of the parent company			
Basic, EUR	27	1.54	1.13
Diluted, EUR	27	1.53	1.12
OTHER COMPREHENSIVE INCOME ITEMS			
Profit for the year		68,569	49,715
Other comprehensive income	26		
Items that will not be reclassified to profit or loss:			
Remeasurements on retirement benefit liabilities, net of tax		5	59
Total items that will not be reclassified to profit or loss		5	59
Items that may be reclassified subsequently to profit or loss:			
Change in hedging fund, net of tax		-1,498	1,088
Available-for-sale financial assets			
Share of other comprehensive income of joint ventures		3,348	-2,040
Transferred to income statement through liquidation (Indirect translation differences)		-267	
Change in translation differences		-13,347	6,778
Total items that may be reclassified subsequently to profit or loss		-11,764	5,826
Total other comprehensive income, net of tax		-11,759	5,885
Total comprehensive income for the year		**56,810**	**55,600**
Attributable to			
Owners of the parent company		56,810	55,600

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1,000	Share capital	Other reserves	Invested unrestricted equity	Hedging fund	Translation differences	Retained earnings	Total equity
	Attributable to owners of the parent company						
At 1 Jan 2015	**24,835**	**186,926**	**135,911**	**-8,162**	**-31,133**	**146,613**	**454,990**
Translation differences					4,738		**4,738**
Remeasurement on retirement benefit liabilities						59	**59**
Hedging fund				1,088			**1,088**
Profit for the year						49,715	**49,715**
Comprehensive income				1,088	4,738	49,774	**55,600**
Exercise of share options			3,459				**3,459**
Dividend distribution						-24,132	**-24,132**
Share-based payments						826	**826**
At 31 Dec 2015	**24,835**	**186,926**	**139,370**	**-7,074**	**-26,395**	**173,081**	**490,743**
At 1 Jan 2016	**24,835**	**186,926**	**139,370**	**-7,074**	**-26,395**	**173,081**	**490,743**
Translation differences					-9,999		**-9,999**
Transferred to income statement through liquidation (Indirect translation differences)					-267		**-267**
Remeasurement on retirement benefit liabilities						5	**5**
Hedging fund				-1,498			**-1,498**
Profit for the year						68,569	**68,569**
Comprehensive income				-1,498	-10,266	68,574	**56,810**
Own shares conveyed			602			-602	
Dividend distribution						-28,885	**-28,885**
Share-based payments						1,002	**1,002**
At 31 Dec 2016	**24,835**	**186,926**	**139,973**	**-8,572**	**-36,661**	**213,170**	**519,671**

Further information about share capital and equity funds is given in note 14.

CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000	Note	1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015
Cash flow from operating activities			
Profit before tax		86,856	63,791
Adjustments:			
Depreciation, amortisation and impairment	24	119,995	108,992
Share of profit of joint ventures	7	-1,330	-395
Other non-cash corrections	28	-13,889	-8,806
Finance cost (net)	25	11,849	12,923
Operating profit before changes in working capital		203,482	176,505
Change in working capital			
Change in inventories		59	880
Change in trade and other receivables		-8,237	-955
Change in trade and other payables[1]		6,636	11,484
Cash generated from operations before financial items and tax		201,941	187,914
Interest paid		-10,570	-11,597
Interest received		916	1,193
Other financial items		-5,501	3,192
Income taxes paid		-14,596	-5,810
Net cash flow from operating activities		**172,189**	**174,892**
Cash flow from investing activities			
Investments in tangible and intangible assets[1]		-195,374	-157,233
Sale of tangible and intangible assets		34,506	25,071
Acquisition of subsidiaries and business operations, net of cash acquired	6	-3,999	-7,146
Net cash flow from investing activities		**-164,867**	**-139,309**
Cash flow from financing activities			
Change in interest-bearing receivables		2,352	2,388
Repayments of finance lease liabilities		-7,592	-13,295
Proceeds from interest-bearing liabilities		61,320	7,000
Repayments of interest-bearing liabilities		-29,400	-13,721
Proceeds from exercise of share options		376	4,049
Dividends paid		-28,880	-24,128
Net cash flow from financing activities		**-1,824**	**-37,707**
Change in cash and cash equivalents		**5,499**	**-2,125**
Cash and cash equivalents at beginning of the year		3,511	5,689
Exchange differences		89	-53
Cash and cash equivalents at year end		**9,099**	**3,511**

1 Starting from 2016, the reporting line of unpaid investments in the cash flow statement has been changed. The comparative period 1-12/2015 has been changed accordingly. As a result, the operating cash flow for 1-12/2015 decreased by 8.0 million and cash flow from investing activities improved by EUR 8.0 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY PROFILE

Cramo is a service company specialising in equipment rental services, as well as the rental of modular space. Cramo operates in fifteen countries in the Nordic and in Central and Eastern Europe with 324 depots and 2,550 employees.

The Group's parent company, Cramo Plc, is a Finnish public limited company, established in accordance with Finnish legislation, and its Business ID is 0196435-4. The address of Cramo Plc's registered office is Kalliosolantie 2, 01740 Vantaa. Cramo Plc has its listing on the main list of Nasdaq Helsinki Ltd.

A copy of the consolidated financial statements is available on the internet at www.cramogroup.com or can be obtained at the parent company's head office, address Kalliosolantie 2, 01740 Vantaa.

On 6 February 2017, the Board of Directors approved these consolidated financial statements for issue. According to the Finnish Companies Act, the shareholders have the opportunity to approve or reject the financial statements at the Annual General Meeting held after their publication. Furthermore, the Annual General Meeting can decide on modifications to be made to the financial statements.

BASIS OF PREPARATION

The consolidated financial statements of Cramo have been prepared in accordance with International Financial Reporting Standards (IFRS) approved for adoption by the European Union, including International Accounting Standards (IAS) and the SIC and IFRIC interpretations valid on 31 December 2016. In the Finnish Accounting Act and ordinances based on the provisions of the Act, IFRS refer to the standards and their interpretations adopted in accordance with the procedures laid down in regulation (EC) No.1606/2002 of the European Parliament and of the Council. The notes of the consolidated financial statements also conform to the demands of the Finnish accounting and corporate legislation which supplement the IFRS.

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, share-based payments and defined benefit pension plans. The information in the financial statements is presented in thousands of euros.

The preparation of financial statements in accordance with IFRS requires the performance of certain assessments by the Group management and data about the judgements they have made. The data about such judgements the management have used in applying the Group's accounting principles for the preparation of financial statements and which affect the consolidated financial statements most significantly is presented in Accounting Principles under the section "Accounting principles requiring the management's judgement and the principal uncertainties of estimates."

CONSOLIDATION PRINCIPLES

SUBSIDIARIES

The consolidated financial statements include the parent company, Cramo Plc, and those subsidiaries over which the Group has control. The Group has control of an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All the facts and circumstances shall be considered when assessing the control. The investor shall reassess whether it controls an investee if facts and circumstances indicate that there are changes of the elements of control. Power means that the investor has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's return. Acquired subsidiaries are consolidated from the date on which control is transferred to the Group, and are no longer consolidated from the date that control ceases. The Group has 100 percent control over all its subsidiaries. The subsidiaries are listed in note 31.

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is the fair value of the assets transferred, the liabilities incurred and the equity instruments issued at the acquisition date. Any contingent consideration is recognised at fair value at the acquisition date and classified as a liability or equity. Contingent considerations classified as a liability are measured at fair value on each reporting date with changes recognised in the income statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, without deducting non-controlling interest. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

All of the Group's intercompany transactions, receivables, liabilities and unrealised gains, as well as its internal profit distribution are eliminated; unrealised losses are also eliminated unless the costs cannot be recovered.

JOINT VENTURES

The consolidated financial statements include those entities which the Group has a joint control. Investments in joint ventures are accounted for in the consolidated financial statements under the equity method. The Group's share of the profit or loss of joint ventures is shown in the consolidated statement of comprehensive income as a separate line above Operating profit. Group's investments in the joint ventures upon the date of acquisition, adjusted for changes in the joint ventures equity after the date of acquisition, are shown in the con¬solidated statement of financial position under "Shares in joint ventures".

FOREIGN CURRENCY TRANSLATION

Items concerning the performance and financial position of the Group's units are measured using the currency of the primary economic environment in which the entities operate ("the functional currency"). The consolidated financial information is presented in euros, which is the functional and presentation currency of the parent company.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded in the functional currency using the rate of exchange prevailing at the transaction date. In practice, it is often necessary to use a rate that is close to the rate of the transaction date. Foreign currency monetary items are translated into the functional currency using the rates of the last trading day of the reporting period. Foreign currency non-monetary items, which have been recognised at fair value, are translated into the functional currency using the rate of fair value measurement date. Otherwise, non-monetary items are translated using the rate of the transaction date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are recognised in the income statement. The foreign exchange gains and losses from operating activities are included in the respective items above operating profit. The currency exchange gains and losses are included in the financial income and financial expenses.

TRANSLATING THE CURRENCY OF THE FINANCIAL STATEMENTS OF FOREIGN ENTITIES

Income statements of foreign entities are translated into euros at the weighted average exchange rates for the year, while balance sheets are translated using the exchange rates of the last trading day of the reporting period. The translation of the profit (loss) for the period using different rates in the consolidated statement of comprehensive income and the balance sheet causes a translation difference, which is recognised in equity and whose adjustment is recognised in other comprehensive income items. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and the translation of the accumulated equity items after the acquisition are recognised in other comprehensive income items. When the control over a subsidiary changes, the accumulated translation differences are recognised as part of capital gain or loss. Fair value adjustments and goodwill arising from acquisitions of foreign entities are treated as assets and liabilities of the foreign entities in their functional currency. They are translated into euros at the rate of the last trading day of the reporting period.

INTANGIBLE ASSETS

GOODWILL

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets.

Goodwill is not amortised but tested annually for impairment, and whenever there is an indication that the asset may be impaired. For this purpose, goodwill is allocated to cash-generating units. Goodwill is carried at cost less any accumulated impairment losses.

CUSTOMER RELATIONSHIPS AND DEPOT NETWORK

In business combinations part of the purchase price has been allocated to customer relationships and depot network. Initial measurement of customer relationships has been prepared by applying the Multi-period Excess Earnings Method. The depot network has been measured based on estimated benefit gained, compared to the earnings of a depot in the normal course of business with the earnings of a start-up depot.

BRAND AND CO-BRAND

Brands and co-brands have been generated through the business combinations. Useful life of the Group's main brand "Cramo" has been defined indefinite because there is no foreseeable limit to the period over which the asset is expected to generate cash flows. The Cramo brand is not amortised but tested annually for impairment. The Cramo brand has been considered a corporate-level asset and for testing purposes the brand is reallocated to cash generating units based on sales. The reallocation of the assets to units is presented in note 5. The brand is carried at cost less any accumulated impairment losses.

Brands acquired in the business combinations are measured applying the relief-from-royalty method regardless of whether the Group intends to use the brand. These co-brands are of temporary nature and they are amortised according to the diminishing balance method over the economic useful lives of 1-10 years. The method reflects the higher importance of the brand right after the acquisition. The co-brand is allocated to the same segment as the business combination.

RESEARCH AND DEVELOPMENT

Research costs are expensed as incurred. Development costs are capitalised when it is probable that a development project will generate future economic benefits, and the cost can be measured reliably. Other development costs are expensed.

Currently the development projects of the Group do not fulfil the criteria of capitalisation and thus the development costs are expensed as incurred.

OTHER INTANGIBLE ASSETS

Intangible assets are recorded in the balance sheet initially at cost, when it is probable that the assets will generate future economic benefits and the cost can be measured reliably. Those intangible assets with a finite useful life are amortised on a straight-line basis over their expected lives. Intangible assets with indefinite useful lives are not amortised but tested annually for impairment.

Amortisation periods for intangible assets are:

Customer relationships	3–10 years
Depot network	10–20 years
Co-brands	1–10 years
Other intangible assets	2–8 years

Amortisation of intangible assets is started when they are available for use, i.e. in the location and condition necessary to operate in a manner intended by the management.

TANGIBLE ASSETS

Tangible assets are stated at cost less accumulated depreciation and any impairment losses. This cost includes expenditure that is directly attributable to the acquisition. Tangible assets acquired in the business combinations are measured at fair value at the date of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset when it is probable that they will generate future economic benefits, and the cost can be measured reliably. The expenditure on repairs and maintenance of tangible assets are recognised as expense when incurred.

Tangible assets are depreciated on a straight-line basis over the estimated economic useful lives as follows:

Buildings and structures	10–35 years
For rental:	
Modular space	10–15 years
Machinery and equipment	3–10 years
Machinery and equipment for services	6–10 years
Machinery and equipment for own use	3–6 years
Other tangible assets	3–10 years

Depreciation of an asset is started when it is available for use, i.e. in the location and condition necessary to operate in a manner intended by the management. Depreciations of the rental machinery and equipment are started when they are available for rent.

The residual value and useful life of the assets are reviewed at least at the end of each financial year and, if necessary, adjusted to reflect any changes in expectations of economic value.

Gains or losses on disposal are recognised through profit and loss and presented as other operating income.

GOVERNMENT GRANTS

Grants from the government are recognised as reductions of the carrying amount of tangible assets where there is a reasonable assurance that the grant will be received and the Group will comply with all inherent conditions. Grants are recognised in the consolidated statement of comprehensive income in the form of smaller depreciation over the economic life of the related asset. Research and development grants and grants received as reimbursement for actual costs are charged to profit during the period in which the right to collect the grant emerge. Such grants are presented in other operating income.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

The Group assesses at each balance sheet date whether there are indications that the carrying amount of an asset may not be recoverable. If such indications exist, the recoverable amount of the asset in question will be measured. In addition, the recoverable amount will be estimated annually from the following assets whether there are indications of impairment or not: goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use. For the purposes of assessing impairment, assets are examined at the level of cash-generating units, i.e. at the lowest level that is mainly independent of other units and for which there are separately identifiable cash flows, largely independent from those of corresponding units.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use is determined by reference to discounted future cash flows expected to be generated by the asset. The discount rate used is pre-tax and reflects the time value of money and asset specific risks.

Impairment loss is recognised when the carrying amount of the asset is greater than its recoverable amount. Impairment loss is charged directly to the consolidated statement of comprehensive income. If a cash-generating unit is subject to an impairment loss, it is allocated first to decrease the goodwill and subsequently, to decrease the other assets of the unit. At recognition of the impairment loss, the useful life of the assets amortised is reassessed. Impairment loss from other assets than goodwill is reversed in the case that a change has occurred in the estimates used in measuring the recoverable amount of the asset. The increased carrying amount must not, however, exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. Previously recognised impairment loss of goodwill is not reversed in any circumstance.

RENTAL CONTRACTS

LESSEE

The rental agreements concerning tangible assets where the Group carries a significant share of the risks and rewards incidental to ownership are classified as financial leasing contracts. Assets acquired through financial leasing are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The tangible assets acquired under finance leases are depreciated over the economic useful life of the asset or the lease term, if there is uncertainty about the acquisition of ownership at the end of the rental period. Lease payments are allocated between the liability and finance costs so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Rental liabilities are included in financial liabilities.

Leases where the risks and rewards of ownership are retained by the lessor are treated as operating leases. Other operating lease payments are treated as rentals and charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term.

LESSOR

Leased assets are included in tangible assets in the balance sheet and depreciated over their useful lives in the same way as corresponding tangible assets in the company's own use are.

Rental revenue recognition is presented in Accounting Principles under the section "Principles of revenue recognition".

FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS

The Group classifies its financial assets in the following categories; a) financial assets at fair value through profit and loss, b) loans and receivables, and c) available-for-sale financial assets. The Group, however, does not currently have any material available-for-sale financial assets. The classification of assets is performed upon the initial recognition and determined in line with the aim of the asset, and re-evaluation is done on a regular basis. Assets with maturities under 12 months are included in the balance sheet under current assets, and those with maturities over 12 months under non-current assets.

a) *Financial assets at fair value through profit and loss*
   Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless hedge accounting is applied. Assets in this category are classified as current assets.
b) *Loans and receivables*
   Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans are shown as a separate line, and other other receivables are classified as trade and other receivables in the balance sheet in Note 11 Trade and other receivables.

   Purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss.

   Financial assets carried at fair value through profit and loss, are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest rate method.
c) *Available-for-sale financial assets*
   Available-for-sale financial assets are usually carried at fair value. All unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income items. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recorded in other comprehensive income items are recognised in the financial income and expenses of the consolidated statement of comprehensive income. However, due to their immaterial nature for the Group, it was decided in 2014 to reclassify available-for-sale financial assets to be measured at historical cost.

   Financial assets are derecognised when the rights to receive cash flows from the investment have expired or have been transferred, and the Group has substantially transferred all risks and rewards of ownership.

IMPAIRMENT OF FINANCIAL ASSETS

The book values of assets are reviewed regularly, at least annually, in order to assess whether an asset has been impaired. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In assessing impairment both external and internal sources of information are considered. External sources include a significant decline in market value that is not result of the passage of the time or a normal use of the assets or increase in interest rates. Internal sources of information include evidence of the obsolescence of, or damage to, an asset.

FINANCIAL LIABILITIES

Interest-bearing liabilities are recognised initially at fair value, net of transaction costs incurred. Subsequently, they are measured at amortised cost using the effective interest method. Interest-bearing liabilities are included in both current and non-current liabilities. Unless the Group has a non-contingent right to postpone the amortisation of a liability by a minimum of 12 months from the balance sheet date, it is classified as current.

Borrowing costs are recognised in the accounting period during which they have incurred. Credit fees related to loan commitments are recognised as transaction costs to the extent that it is probable that the total loan commitment or a part of it will be raised. This means that the fee is recognised in the balance sheet until the loan is raised. In connection with the drawdown, the credit fee related to loan commitments is recognised as part of the transaction costs. To the extent that it is probable that the loan commitment will not be raised, the credit fee is recognised as prepaid expense in respect of the liquidity related services and is accrued for period of the loan commitment.

For the measurement policies of the fair values of all financial assets and liabilities, refer to note 9 Fair values of financial assets and liabilities.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

a) Hedges of the fair value of recognised liabilities (fair value hedge); or
b) Hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge).

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss and presented in the comprehensive income statement within financial items. Amounts accumulated in equity are transferred to the comprehensive income statement and classified as income or expense in the same period when the hedged item affects the comprehensive income statement.

The gain or loss relating to the effective portion of an interest rate swap hedging variable rate borrowings is recognised in other comprehensive income. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction is ultimately recognised in the comprehensive income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss and presented in the comprehensive income statement within financial items.

Derivatives, which are entered in with hedging purposes, but for which hedge accounting is not applied or cannot be applied are measured at fair value through profit and loss. Changes in the fair value of these derivative instruments are recognised immediately through profit or loss and presented in the comprehensive income statement within financial items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 10 Financial risk management. Movements of the hedging fund in shareholders' equity are shown in note 14 Share capital and equity funds. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Derivatives, for which hedge accounting is not applied, are classified as a current asset or liability.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventories shall comprise all costs of purchase including transport, handling and other costs directly attributable to the acquisition. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of selling.

TRADE RECEIVABLES

Trade receivables are recognised in the amount of their initial billing. Impairment is recognised when there is objective evidence suggesting that impairment loss has been identified. The Group has established a uniform basis for the determination of impairment of trade receivables based on the time receivables have been overdue. In addition, impairment is recognised if there is otherwise some evidence of the debtor's insolvency, bankruptcy or liquidation. Credit losses are recognised as an expense in other operating expenses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents, which include cash accounts and short-term cash deposits at banks, have maturities of up to three months. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets or a group of disposed items and the assets and liabilities related to discontinued operations are reclassified as held for sale if their amount corresponding to their carrying amount will accrue principally from the sale of assets instead of continuing use. From the date of the classification, the assets held for sale or groups of disposed items are measured at the lower of their carrying amount or the fair value less costs to sell. Depreciation of these assets is ceased on the date of classification.

The result of discontinued operations is presented as a separate item in the Group's comprehensive income statement. Assets held for sale, groups of disposed items, and items which relate to assets held for sale are recognised in other comprehensive income items, as well as liabilities included in the groups of disposed items are presented separately from other items in the balance sheet.

The Group did not have any non-current assets held for sale or discontinued operations during the financial years included in the financial statements.

EQUITY

Equity shares are presented as issued share capital. Costs related to the issue of equity instruments or to an acquisition are presented as a reduction in share capital.

When any Group company purchases the parent company's shares (treasury shares), the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the parent company.

In the option plans the proceeds gained from share subscriptions, adjusted by possible transaction costs, are recorded according to the conditions of the plans into the invested unrestricted equity fund.

PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are measured at the present value of the required payments to cover the obligation. For the calculation of the present value, the chosen discount rate is one that reflects the time value of money and the risks included in the obligation at the time of observation. If it is possible to receive reimbursement for part of the obligation from a third party, the reimbursement is stated as a separate asset when receipt is practically certain.

A contingent liability is a possible obligation, incurred as a result of earlier events, whose existence is confirmed only when an uncertain event outside the control of the Group is realised. An existing liability that is not likely to require the fulfilment of the payment obligation or whose amount cannot be reliably measured is also considered a contingent liability. Contingent liabilities are disclosed in note 19 Collaterals and contingent liabilities.

EMPLOYEE BENEFITS

RETIREMENT BENEFIT OBLIGATIONS

Pension plans are classified as defined benefit or defined contribution plans. In defined contribution plans, the Group makes fixed payments to separate entities. The Group has no legal or constructive obligation to make additional payments if the party receiving them is unable to pay the pension benefits in question. All arrangements that do not fulfil these conditions are considered defined benefit pension plans. The payments made to defined contribution pension plans are recognised in the comprehensive income statement in the period to which the contributions relate.

The Group currently operates only such defined benefit pension plans, in which all beneficiaries are already retired. The liability (or asset) recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation is calculated by using discount rate, which reflects the market yield of high quality corporate bonds. Net interest cost of the net defined liability is recognised in the comprehensive income statement as finance costs. Re-measurements from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income items as they occur.

SHARE-BASED PAYMENTS

The Group has the following share-based compensation plans: performance share plans and share savings plans.

In performance share plans the target group has an opportunity to earn company shares as a reward on the basis of achievement of targets established for the performance criteria for each calendar year. Part of the reward is paid in cash to cover taxes and tax-related costs arising from the reward. The rewards are paid to the target group approximately two years after the confirmation of the reward, if the service conditions are met. The fair value of the equity-settled payment is determined at grant date and expensed during the vesting period, the corresponding amount being charged to equity. The total amount to be expensed over the vesting period is determined based on the Group's estimate on the number of the shares that are expected to be vested by the end of the vesting period. The impact of any non-market vesting conditions (EPS-target) has been excluded, but they are included in the assumptions about the number of shares that are expected to be distributed. On each reporting date the Group revises its estimate on the number of shares that are expected to be distributed. The impact of the revision of the original estimates is recognized in the consolidated statement of comprehensive income. The fair value of the cash-settled payment is measured on each reporting date and presented as a liability. The cash-settled payment is recognised as an expense during the vesting period. Any changes in the estimates are recognised in the comprehensive income statement.

In share savings plans the employees can save 2-5% of their monthly gross salaries during the 12 months' plan periods and the savings are automatically used to purchase company shares for the participants quarterly after each publication date of the interim results during the plan period. The participant will receive one free matching share for every two acquired savings shares, if the participant holds the acquired shares until the end of the designated holding period. An additional requirement for receiving the matching shares is that the participant's employment has not been terminated before the end of the designated holding period. The first savings period started on 1 October 2012 and the corresponding matching shares are paid during 2016. The matching shares are paid partly in cash to cover tax and other tax related costs arising from the reward. The fair value of the equity-settled payment is determined at the date of acquisition of the savings shares. The fair value of the cash-settled part of the reward is determined at the acquisition of the savings shares and re-measured on each reporting date. The expenses of the share savings plan are recognized during the vesting period.

Share-based payments are presented in note 29.

PRINCIPLES OF REVENUE RECOGNITION

Group's revenues mainly comprise of rental revenue of construction equipment and modular space, rental related services and trading of construction and other equipment. Rental related sales include especially assembly, disassembly and transportation services, as well as construction site circumstance control and maintenance services. Product and service sales are recognised at fair value net of indirect taxes, discounts and exchange differences of currency sales.

RENTAL SALES

Rental revenues from the rental agreements of equipment, machines and modular space are recognised as sales income in equal amounts over the lease term.

TRADING SALES AND RENTAL-RELATED SERVICES

Sales of goods are recognised when the significant risks and rewards of ownership, interests and control have been transferred to the buyer. This mainly occurs in connection with the contractual transfer of the goods. Revenues from the services are recognised as sales in the accounting period during which the service is performed.

PROCEEDS ON SALE OF USED EQUIPMENT

Net gains/ net losses on sale of used rental equipment are presented as other operating income. The sale is recognised when the significant risks and rewards of ownership, interests and control have been transferred to the buyer. This mainly occurs in connection with the contractual transfer of the goods.

INTEREST AND DIVIDENDS

Interest income is recognised using the effective interest rate method. Dividend yield is recognised when the right to dividend is established.

TAXES BASED ON TAXABLE INCOME AND DEFERRED TAXES

Tax expense consists of the taxes based on taxable income and deferred taxes for the current accounting period. Taxes are recognised through profit and loss, except when they relate directly to equity or the items recognised in the other comprehensive income items. In such cases, tax is also charged to these items. Taxes based on taxable income for the current period are calculated based on the effective tax rate of each country.

Deferred taxes are calculated for temporary differences between the book values of assets and liabilities and the tax basis of assets and liabilities. Deferred tax liabilities are not recognised, however, if they are attributable to the initial recognition of an asset or liability in a transaction other than business combination and the transaction, at the time it occurs, does not affect the accounting profit or taxable profit. The deferred tax for investments in subsidiaries and joint ventures is recognised, except when

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future. The most significant temporary differences arise from the depreciation of tangible assets items; the measurement of derivative financial instruments at fair value; unutilised tax losses and fair value adjustments made in connection with acquisitions.

Deferred taxes are calculated using the tax rates enacted by the final day of the reporting period or those which have, in practice, been accepted by the final day of the reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

DIVIDEND DISTRIBUTION

The dividend proposed by the Board of Directors to the Annual General Meeting has not been deducted from equity; instead, dividends will be recognised after a decision has been made on the matter at the Annual General Meeting.

ACCOUNTING PRINCIPLES REQUIRING DISCRETION BY MANAGEMENT AND CRITICAL FACTORS OF UNCERTAINTY ASSOCIATED WITH ESTIMATES

Estimates and assumptions regarding the future have to be made during the preparation of financial statements, and the outcome may differ from the estimates and assumptions made. Furthermore, the application of accounting principles requires consideration.

MANAGEMENT CONSIDERATION IN CHOOSING AND APPLYING ACCOUNTING PRINCIPLES TO FINANCIAL STATEMENTS

It is the duty of the Group's management to make judgements relating to the choice and application of the accounting policies of the financial statements. This is especially true in those cases where the operative IFRSs allow alternative ways of recognition, measurement or presentation.

The most significant sector in which the management has applied the above-described discretion relates to rental agreements of tangible assets (with the Group as lessee) and the economic useful lives of tangible assets.

FACTORS OF UNCERTAINTY ASSOCIATED WITH ESTIMATES

The estimates made when preparing the financial statements are based on the management's best knowledge of current events and actions at balance sheet date. Forming the background of these estimates are previous experiences and assumptions of the future which are considered the most probable at the date of the financial statement's preparation. These assumptions concern, among other things, the development of the Group's sales and level of costs. The management together with business units follow the realisation of these assessments and assumptions and the changes in background factors regularly using several internal as well as external sources of information. Possible changes to estimations and assumptions are recorded in accounting in the reporting period during which one or both of them are adjusted and in all consecutive years.

The critical assumptions concerning the future and the factors of uncertainty associated with estimates made on the final day of the reporting period which cause a significant risk to the stability of the Group's book value of assets and liabilities during the following financial year are presented below. The Group's management consider these sections of the financial statements the most crucial, because the accounting principles involved are the most complicated from the point of view of the Group and their application requires the use of significant estimations and assumptions more than any other in, for example, the measurement of assets. Furthermore, the effects of possible changes on the actual facts behind these assumptions and assessments are expected to be the greatest.

Impairment testing

In order to observe possible impairment and to prevent it, the Group performs annual tests of goodwill, intangible assets not yet available for use and intangible assets with indefinite useful life. In addition, any signs of impairment are carefully estimated following the principles described above in accounting policies. The recoverable amounts of the cash generating units are defined using calculations based on value in use. In these calculations, cash flows are based on the financial plans approved by the management which cover a period of 5 years.

More information on the sensitivity of recoverable amounts to changes in used assumptions is provided in the note 5 Impairment testing of goodwill and other intangible assets with indefinite useful life.

Valuation of the rental equipment fleet

The optimisation of rental fleet's utilisation rate is managed on the Group level. Testing of the value of the rental fleet is based on calculations of value in use, taking into account the possibility of transferring it to another entity of the Group. The preparation of these calculations requires estimations.

Determining the fair value of the assets acquired through business combinations

With regard to tangible assets, the Group's financial department and if necessary Fleet Management makes comparisons to the market prices of corresponding assets, as well as estimates of the decrease in value attributable to the age, wear and tear and other similar factors of acquired assets. The determination of the fair value of intangible assets is based on assessments concerning the cash flows of assets, because information on the sales of similar assets has not been available. More information on the measurement of intangible assets acquired through business combinations is presented in note 6 Business combinations. Management believes that the estimations and assumptions used are a sufficiently accurate basis for the determination of fair value. In major business combinations, the Group utilises an outside advisor to estimate the fair values of tangible and intangible assets. Furthermore, possible signs of impairment in both tangible and intangible assets are discussed and considered at the least at each balance sheet date.

Income taxes

The Group is subject to tax in several countries. Determining the Group's income tax requires significant assessment. The quantification of the final tax for many transactions and calculations of normal business is uncertain. In 2013, the Finnish Tax Administration issued a residual tax decision, total amount of EUR 9.7 million, for Cramo Plc concerning 2009-2012. According to the decision, the interest income from Cramo's financing company in Belgium should have been taxed in Finland. Cramo Plc has paid the taxes in Belgium and appealed against the decision. In 2015, the Assessment Adjustment Board changed the tax decision, and the Finnish Tax Administration paid Cramo Plc a EUR 8.3 million tax refund. Cramo Plc has appealed to an Administrative Court in Finland against the approximately one-million-euro tax penalty. The tax payment is recognised as an income tax receivable. Cramo Plc has submitted the case to the mutual agreement procedure (the MAP process) between Belgium and Finland, to the extent that Cramo has been subjected to double taxation, pursuant to the changed tax decision. Based on the tax decision concerning 2009-2012 from the Finnish Tax Administration, Cramo Plc has by its own initiative amended financial year 2013 taxation by increasing taxable income with EUR 8.3 million. Cramo Plc has made a change appeal to the Finnish Tax Administration in Spring 2016 concerning year 2013 taxation.

Deferred taxes are presented in note 8 Deferred taxes.

Share-based payments

The Group has share-based compensation plans. The fair value of reward shares in the performance share plan is based on the share price on the grant date and the valuation does not involve high degree of estimation. Instead, the determination of the fair value of matching shares in the One Cramo Share savings plan includes certain assumptions relating to expected dividend yield and cost of equity and debt. These variables make fair value estimation difficult. These assumptions are described in note 29 Share-based payments.

NEW AND AMENDED STANDARDS APPLIED IN FINANCIAL YEAR END

The Group has applied as from 1 January 2016 the following new and amended standards that have come into effect.

- Annual Improvements to IFRSs (2012-2014 cycle) (effective for financial years beginning on or after 1 January 2016). The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The cycle contains amendments to four standards. Their impacts vary standard by standard but are not significant.
- Amendment to IAS 1 Presentation of Financial Statements: Disclosure Initiative (effective for financial years beginning on or after 1 January 2016). The amendments clarify the guidance in IAS 1 in relation to applying the materiality concept, disaggregating line items in the balance sheet and in the statement of profit or loss, presenting subtotals and to the structure and accounting policies in the financial statement. The amendments have had a minor impact on presentation in the Group's consolidated financial statements.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for financial years beginning on or after 1 January 2016). The amendments state that revenue-based methods of depreciation cannot be used for property, plant and equipment and may only be used in limited circumstances to amortise intangible assets if revenue and the consumption of the economic benefits of the intangible assets are highly correlated. The amendments have had no impact on the Group's consolidated financial statements.
- Amendments to IFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (effective for financial years beginning on or after 1 January 2016). The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. The amendments have had no impact on the Group's consolidated financial statements.

ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS APPLICABLE IN FUTURE FINANCIAL YEARS

The Group has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.
* = not yet endorsed for use by the European Union as of 31 December 2016.

- IFRS 15 Revenue from Contracts with Customers (effective for financial years beginning on or after 1 January 2018). The new standard replaces current IAS 18 and IAS 11 -standards and related interpretations. In IFRS 15 a five-step model is applied to determine when to recognise revenue, and at what amount. Revenue is recognised when (or as) a company transfers control of goods or services to a customer either over time or at a point in time. The standard introduces also extensive new disclosure requirements. Followings is a description of how key concepts of IFRS 15 are analysed for different revenue streams, what the expected effect of IFRS 15 transition are in the Group, as well as timeline for implementing IFRS 15 and the transition options to be used.

  The Group's rental revenues from the rental of equipment, machines and modular space are recognized as income under IAS 17 Leases standard. The rental revenues recognized under lease-standard comprise 84 % (2015: 76 %) of the Group's total revenue. Rental related services are recognized under IFRS 15, and comprise 17 % (2015: 24 %) of the Group's total revenue.

  Customer contracts of equipment and machine rentals are generally short-term rental agreements. Machine and equipment rental also includes separate service agreements, to which IFRS 15 will be applied. Modular space customer agreements include long-term, fixed-term project agreements of typically from two to five-year duration. These project agreements include assembly, transportation and disassembly services.

  The Group has estimated, that IFRS 15 practical impacts will concern the long-term modular space project agreements with significant service and rental charge component. Transaction price of the agreement is allocated based on stand-alone selling prices on the service and rental component, which in IFRS 15 transition will lead to reallocations between these components. It is not yet possible to assess the reallocation amount reliably. The adjustment will be recorded in non-current retained earnings on the transition date to IFRS 15 and it will especially be caused by a slight timing change of revenue recognition and reallocation of the transaction price between lease income and rental related services income.

  The Group considers assembly service together with related transportation element as one performance obligation; and disassembly service together with related transportation as another. Other services of the Group are all separate performance obligations. This corresponds mainly current praxis of the Group. Performance obligations are recognized in the accounting periods, during which the service is rendered. Revenue on open customer contracts at the transition date 1 Jan 2018 will be recognized somewhat earlier, which will create a slight effect on retained earnings. Contractual receivables and payables will according to IFRS 15 be presented as net position.

  The group has decided to apply the cumulative effect approach of IFRS 15 standards transition option, meaning that open contracts at Jan 1 2018 will be restated into IFRS 15 and cumulative effect of the change will be recorded against retained earnings. Financial statements for financial year 2018 are accounted for and reported under IFRS 15, but disclosure for financial year 2018 will be provided both according to IFRS 15 and IAS 18/ IAS 11.
- Amendments to IFRS 15 - Clarifications to IFRS 15 Revenue from Contracts with Customers* (effective for financial years beginning on or after 1 January 2018). The amendments include clarifications and further examples on how to apply certain aspects of the five-step recognition model. The impact assessment of the clarifications has been included in the IFRS 15 impact assessment described above.
- IFRS 9 Financial Instruments (effective for financial years beginning on or after 1 January 2018). IFRS 9 replaces the existing guidance in IAS 39. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

derecognition of financial instruments from IAS 39. The impacts of IFRS 9 on the Group's consolidated financial statements have been assessed and the Group estimates, that IFRS 9 will not have any material impact on valuation of Cramo Group's financial instruments compared with present IAS 39. Some impact is estimated to take place in impairment process design. Largest impact of IFRS 9 are expected to be in qualitative information of the Financial Statements notes:

  - description of the Group's risk control strategy and targets linked to hedge accounting; and
  - description how the Group measures and controls credit risk.

- IFRS 16 Leases* (effective for financial years beginning on or after 1 January 2019). The new standard replaces the current IAS 17 –standard and related interpretations. IFRS 16 requires the lessees to recognise the lease agreements on the balance sheet as a right-of-use assets and lease liabilities. The accounting model is similar to current finance lease accounting according to IAS 17. There are two exceptions available, these relate to either short term contacts in which the lease term is 12 months or less, or to low value items i.e. assets of value USD 5 000 or less. The lessor accounting remains mostly similar to current IAS 17 accounting. The preliminary impact assessment of the standard has been started in the group. Accordingly, the impact on the Group's consolidated financial statements is expected to be significant.

  As lessor, the accounting remains materially unchanged compared to current IAS 17 standard. However, from the date of IFRS 15 adoption as described above, the relative stand-alone selling price allocation between lease revenue and rental related service sales of Modular Space contracts will change the amount of revenue recognized between these components.

  The Group estimates, that IFRS 16 has significant impact on Cramo Group statement of financial position as lessees are required to recognise a lease liability reflecting future lease payments and a right-of-use-asset for virtually all lease contracts. The Group has several types on operative lease contracts according to current IAS 17. These include depot and premises contracts with varying non-cancellable lease periods, operative car lease contracts, and different types of machines financed through operative lease contracts. Depot and premises lease contracts are expected to form the largest impact at IFRS 16 transition.

  Financial result of the Group is not expected to be materially affected, but there are remarkable effects on the Group's income statement lines as e.g. other operating expenses will decrease while depreciation of tangible assets will increase considerably. Cash flow statement will be affected by change between operating and financing cash flows. The Group is currently assessing the full effects for Cramo Group as lessee.

- Amendments to IAS 7 Statement of Cash Flows- Disclosure Initiative* (effective for financial years beginning on or after 1 January 2017). The changes were made to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments have an impact on the disclosures in the Group's consolidated financial statements.
- Amendments to IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses* (effective for financial years beginning on or after 1 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments have no significant impact on the Group's consolidated financial statements.
- Amendments to IFRS 2 Share-based payments - Clarification and Measurement of Share-based Payment Transactions * (effective for financial years beginning on or after 1 January 2018). The amendments clarify the accounting for certain types of arrangements. Three accounting areas are covered: measurement of cash-settled share-based payments; classification of share-based payments settled net of tax withholdings; and accounting for a modification of a share-based payment from cash-settled to equity-settled. The amendments are estimated not to have significant impact on the Group's consolidated financial statements.
- Amendments to IFRS 4 Insurance Contracts - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (effective for financial years beginning on or after 1 January 2018). The amendments respond to industry concerns about the impact of differing effective dates by allowing two optional solutions to alleviate temporary accounting mismatches and volatility. The amendments have no impact on the Group's consolidated financial statements.
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Join Venture * (the effective date has been postponed indefinitely). The amendments address to clarify the requirements in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments have no impact on the Group's consolidated financial statements.
- IFRIC 22 Interpretation Foreign Currency Transactions and Advance Consideration* (effective for financial years beginning on or after 1 January 2018). When foreign currency consideration is paid, or received in advance of the item it relates to – which may be an asset, an expense or income – IAS 21 The Effects of Changes in Foreign Exchange Rates is not clear on how to determine the transaction date for translating the related item. The interpretation clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date. The group is currently assessing the impacts of the interpretation.
- Amendments to IAS 40 Investment Property - Transfers of Investment Property* (effective for financial years beginning on or after 1 January 2018). When making transfers of an investment property, the amendments clarify that a change in management's intentions, in isolation, provides no evidence of a change in use. The examples of evidences of a change in use are also amended so that they refer to property under construction or development as well as to completed property. The amendments have no impact on the Group's consolidated financial statements.
- Annual Improvements to IFRSs (2014-2016 cycle)* (effective for financial years beginning on or after 1 January 2017 for IFRS 12 and on or after 1 January 2018 for IFRS 1 and IAS 28). The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The cycle contains amendments to three standards. Their impacts vary standard by standard but are not significant.

2. SEGMENT REPORTING

The Group's management has determined the operating segments based on management reporting regularly reviewed by the Group's chief operating decision maker. Group management has been identified as the chief operating decision maker. The operating segment structure reflects the structure, in which equipment rental and modular space businesses have been combined under the management of each country. The modular space business is also monitored at product area level. In addition to segment information, Cramo discloses additional financial information by product areas for equipment rental and modular space. The reporting of the modular space order book value is also continued.

Cramo Group's business structure consists of the following reportable segments:

- Finland
- Sweden
- Norway
- Denmark
- Central Europe
- Eastern Europe*

* Fortrent joint venture in Russia and Ukraine, owned and controlled 50/50 by Cramo and Ramirent, is presented under the Eastern Europe segment. Cramo's share (50 per cent) of the profit/loss is included in EBITA (operating profit before amortisations and impairment on intangible assets resulting from acquisitions) of the Eastern Europe reportable segment in accordance with the equity method of accounting.

In all of its operating segments, Cramo provides modern rental solutions through the Cramo Rental Concept. Under the Cramo Rental Concept, construction companies and customers in trade, industry and the public sector, as well as private customers, are provided with machinery, equipment and modular space through different rental solutions and services.

The information reported for each segment is the measure, which Group management uses internally for evaluating segment performance and deciding on how to allocate resources to operating segments.

The performance of an operating segment is evaluated primarily based on the segment's EBITA, which refers to operating profit before amortisation and impairment on intangible assets resulting from acquisitions. According to management's view, this is the most appropriate measure when comparing how the segment performance and the performance of other companies engaged in the same industry stand vis-à-vis each other. The figures provided to Group management in respect of segment profitability are measured on a basis consistent with the consolidated financial statements.

The figures provided to Group management in respect of segment assets and liabilities are measured on a basis consistent with the consolidated financial statements. Assets and liabilities are allocated to the segments based on segment operations. The allocation of segment assets and liabilities is in line with the information reported to Group management. Unallocated assets and liabilities comprise financial receivables, deferred tax assets and liabilities, income tax receivables and payables, derivatives, cash and cash equivalents and interest-bearing liabilities.

Inter-segment transactions are based on commercial terms.

REPORTABLE SEGMENTS 2016

EUR 1,000 Income statement	Finland	Sweden	Norway	Denmark	Central Europe	Eastern Europe	Total reportable segments
External sales	129,215	354,961	67,350	32,024	78,451	50,287	**712,287**
Inter-segment sales	6	653		-49	60	2	**671**
Segment sales	**129,221**	**355,614**	**67,350**	**31,975**	**78,510**	**50,288**	**712,958**
Depreciation and impairment[1]	-20,081	-44,043	-8,415	-10,102	-15,035	-13,631	**-111,307**
Share of profit of joint ventures			-2			1,332	**1,330**
EBITA	**28,366**	**73,713**	**5,163**	**356**	**3,895**	**5,509**	**117,001**
Amortisations on intangible assets resulting from acquisitions	-2,142	-1,833	-308		-48	-536	**-4,867**
Impairments on intangible assets from acquisitions[1]						-1,275	**-1,275**
Operating profit	**26,224**	**71,880**	**4,855**	**356**	**3,847**	**3,698**	**110,859**
Segment assets and liabilities							
Intangible assets	36,195	101,403	19,922	99	1,225	18,380	**177,224**
Tangible and other assets	164,806	404,908	72,715	66,671	107,546	79,103	**895,750**
Investments in joint ventures			121			7,171	**7,292**
Segment assets[2]	**201,001**	**506,312**	**92,758**	**66,770**	**108,771**	**104,655**	**1,080,266**
Segment liabilities[3]	**21,668**	**82,329**	**14,625**	**9,344**	**9,732**	**7,604**	**145,302**
Capital employed[4]	**179,333**	**423,983**	**78,132**	**57,426**	**99,040**	**97,051**	**934,964**
Other disclosures							
Gross capital expenditure	47,281	75,632	7,739	16,126	36,168	20,002	**202,948**
Number of employees 31 Dec (FTE)	480	877	225	98	336	474	**2,490**
Average number of employees	479	857	228	98	343	481	**2,485**

1 Reporting line depreciation and impairment include a total of EUR 6.6 million impairment, which is divided to reporting segments as follows: Finland EUR 0.09 million, Sweden EUR 0.9 million, Norway EUR 0.07 million, Denmark EUR 3.7 million, Central Europe EUR 0.4 million and Eastern Europe EUR 1.3 million. Impairment loss in Denmark was recognised as a result of annual impairment testing of goodwill and other intangibles with indefinite useful lives. Impairment from annual impairment testing of goodwill and other intangibles in Eastern Europe caused on one hand of EUR 1.2 million impairment on tangible asset, and on the other hand EUR 1.3 million impairment on intangibles from acquisitions. EUR 1.9 million Impairment recognised from Cramo bränd allocated to Denmark and Eastern Europe for the purpose of annual impairment testing of goodwill and other intangibles is included in non-allocated items (see note 5 Impairment testing of goodwill and other intangible assets with indefinite useful lives).

2 Segment assets include goodwill, other intangible assets, tangible assets, investments in joint ventures, inventories, non-current and current trade and other receivables as well as assets held for sale

3 Segment liabilities include provisions, retirement benefit liabilities and non-current and current trade and other liabilities

4 Capital employed is segment assets less segment liabilities

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REPORTABLE SEGMENTS 2015

EUR 1,000 Income statement	Finland	Sweden	Norway	Denmark	Central Europe	Eastern Europe	Total reportable segments
External sales	110,860	330,422	70,394	28,188	77,162	50,850	**667,877**
Inter-segment sales	50	768		66	78	16	**978**
Segment sales	**110,909**	**331,190**	**70,394**	**28,254**	**77,241**	**50,866**	**668,855**
Depreciation and impairment[1]	-18,075	-41,055	-10,035	-5,737	-13,836	-11,866	**-100,604**
Share of profit of joint ventures			5			390	**395**
EBITA	**22,423**	**61,662**	**5,386**	**1,857**	**-3,312**	**6,254**	**94,270**
Amortisations on intangible assets resulting from acquisitions	-2,566	-3,565	-1,277			-706	**-8,114**
Operating profit/loss	**19,857**	**58,098**	**4,109**	**1,857**	**-3,312**	**5,548**	**86,157**
Segment assets and liabilities							
Intangible assets	37,579	107,986	19,364	633	1,641	20,301	**187,504**
Tangible and other assets	136,151	389,346	70,561	60,470	95,708	73,647	**825,883**
Investments in joint ventures			116			2,491	**2,608**
Segment assets[2]	**173,730**	**497,332**	**90,042**	**61,103**	**97,349**	**96,439**	**1,015,995**
Segment liabilities[3]	**19,613**	**75,208**	**12,247**	**8,166**	**10,054**	**7,368**	**132,656**
Capital employed[4]	**154,117**	**422,123**	**77,794**	**52,938**	**87,295**	**89,071**	**883,338**
Other disclosures							
Gross capital expenditure	37,277	70,459	6,732	14,921	26,089	17,829	**173,308**
Number of employees 31 Dec (FTE)	448	825	219	97	350	466	**2,405**
Average number of employees	450	818	225	103	358	465	**2,419**

1 Reporting line segment depreciation and impairment include a total of EUR 1.4 million impairment, which is divided to reporting segments as follows: Finland EUR 0.05 million, Sweden 0.5 million, Norway EUR 0.2 million, Denmark EUR 0.1 million, Central Europe EUR 0.4 million and Eastern Europe EUR 0.2 million.
2 Segment assets include goodwill, other intangible assets, tangible assets, investments in joint ventures, inventories, non-current and current trade and other receivables as well as assets held for sale
3 Segment liabilities include provisions, retirement benefit liabilities and non-current and current trade and other liabilities
4 Capital employed is segment assets less segment liabilities

RECONCILIATIONS

EUR 1,000	2016	2015
Sales		
Total sales for reportable segments	712,958	668,855
Elimination of inter-segment sales	-671	-978
Group sales	**712,287**	**667,877**
EBITA		
Total EBITA for reportable segments	117,001	94,270
Eliminations	46	270
Unallocated amounts	-10,308	-9,713
Group EBITA	**106,739**	**84,827**
Amortisation and impairment resulting from acquisitions	-8,034	-8,114
Group finance costs, net	-11,849	-12,923
Group profit before taxes	**86,856**	**63,791**

EUR 1,000	2016	2015
Assets		
Total assets for reportable segments	1,080,266	1,015,995
Unallocated amounts and eliminations	34,657	33,642
Group assets for capital employed[1]	**1,114,923**	**1,049,637**
Other assets	40,835	36,241
Group total assets	**1,155,758**	**1,085,878**
Liabilites		
Total liabilities for reportable segments	145,302	132,656
Unallocated amounts and eliminations	7,793	8,564
Group liabilities for capital employed[2]	**153,094**	**141,220**
Other liabilities	482,993	453,915
Group total liabilities	**636,087**	**595,135**
Capital employed		
Capital employed for total reportable segments	934,964	883,338
Unallocated amounts and eliminations	26,864	25,078
Group capital employed[3]	**961,828**	**908,417**

1 Group assets for capital employed include the same asset items as segment assets
2 Group liabilities for capital employed include the same liability items as segment liabilities
3 Group capital employed is group assets for capital employed less group liabilities for capital employed

OTHER DISCLOSURES

	2016			2015		
	Reportable segments total	Unallocated amounts and eliminations	Total	Reportable segments total	Unallocated amounts and eliminations	Total
Depreciation and impairment	-111,307	-655	**-111,962**	-100,604	-274	**-100,878**
Gross capital expenditure	202,948	4,308	**207,256**	173,308	1,678	**174,987**
Number of employees 31 Dec (FTE)	2,490	72	**2,562**	2,405	68	**2,473**
Average number of employees	2,485	66	**2,550**	2,419	68	**2,486**

VALUE OF OUTSTANDING ORDERS FOR MODULAR SPACE 2016

EUR 1,000	Finland	Sweden	Norway	Denmark	Central Europe	Eastern Europe	Total reportable segments
Rental sales	20,420	65,559	5,022	7,812	6,336	824	**105,974**
Other sales	1,222	3,246	553	1,796	1,585	319	**8,720**
Total	**21,642**	**68,805**	**5,575**	**9,608**	**7,921**	**1,143**	**114,694**

VALUE OF OUTSTANDING ORDERS FOR MODULAR SPACE 2015

EUR 1,000	Finland	Sweden	Norway	Denmark	Central Europe	Eastern Europe	Total reportable segments
Rental sales	20,649	56,313	1,879	9,265	6,985	1,063	**96,154**
Other sales	2,199	2,350	647	2,175	1,058		**8,429**
Total	**22,848**	**58,663**	**2,526**	**11,440**	**8,043**	**1,063**	**104,583**

ADDITIONAL INFORMATION BY PRODUCT AREA 2016

EUR 1,000	Equipment rental	Modular space	Product areas total	Unallocated amounts and eliminations	Group
Sales	**595,329**	**117,603**	**712,933**	**-646**	**712,287**
EBITDA	**179,071**	**48,874**	**227,945**	**-9,244**	**218,701**
EBITDA-%	30.1 %	41.6 %	32.0 %		**30.7 %**
Depreciation and impairment on tangible assets	-92,912	-18,120	-111,033	-929	**-111,962**
EBITA	**86,159**	**30,753**	**116,912**	**-10,173**	**106,739**
EBITA-%	14.5 %	26.2 %	16.4 %		**15.0 %**
Capital employed[1]	**638,441**	**295,943**	**934,384**	**27,444**	**961,828**

1 Capital employed is product area assets less product area liabilities. Product area assets and liabilities are similar to assets and liabilities allocated to reportable segments.

ADDITIONAL INFORMATION BY PRODUCT AREA 2015

EUR 1,000	Equipment rental[1]	Modular space	Product areas total	Unallocated amounts and eliminations[1]	Group
Sales	**568,449**	**100,001**	**668,451**	**-574**	**667,877**
EBITDA	**150,024**	**44,617**	**194,641**	**-8,935**	**185,705**
EBITDA-%	26.4 %	44.6 %	29.1 %		**27.8 %**
Depreciation and impairment on tangible assets	-85,169	-15,075	-100,244	-634	**-100,878**
EBITA	**64,855**	**29,541**	**94,396**	**-9,569**	**84,827**
EBITA-%	11.4 %	29.5 %	14.1 %		**12.7 %**
Capital employed[2]	**625,035**	**257,813**	**882,847**	**25,569**	**908,417**

1 Comparative figures for equipment rental EBITDA and EBITA have been adjusted by the share of loss of the joint venture Fortrent.
2 Capital employed is product area assets less product area liabilities. Product area assets and liabilities are similar to assets and liabilities allocated to reportable segments.

INFORMATION ABOUT PRODUCTS AND SERVICES

EUR 1,000	2016	2015
Rental sales	527,473	493,930
Rental-related sales	147,516	131,997
Trading sales	37,298	41,949
Group total sales	**712,287**	**667,877**

3. TANGIBLE ASSETS

EUR 1,000	Land	Buildings and improvements	Machinery and equipment	Uncompleted purchases	Total
Acquisition cost					
At 1 Jan 2015	**1,680**	**22,099**	**1,162,820**	**527**	**1,187,126**
Exchange differences	26	-203	6,359	18	**6,199**
Additions		1,922	161,065	1,622	**164,610**
Business acquisitions (note 6)			7,556		**7,556**
Reductions		-1,267	-77,140	-59	**-78,467**
Reclassification between asset categories		7,766	-5,438	-259	**2,069**
At 31 Dec 2015	**1,706**	**30,317**	**1,255,221**	**1,849**	**1,289,093**
Accumulated depreciation and impairment					
At 31 Jan 2015		**-13,970**	**-547,418**		**-561,387**
Exchange differences		174	-3,282		**-3,108**
Reductions		1,027	61,950		**62,977**
Reclassification between asset categories		-6,385	4,123		**-2,262**
Depreciation (note 24)		-2,434	-94,539		**-96,973**
Impairment loss (note 24)			-1,430		**-1,430**
At 31 Dec 2015		**-21,588**	**-580,597**		**-602,184**
Acquisition cost					
At 1 Jan 2016	**1,706**	**30,317**	**1,255,221**	**1,849**	**1,289,093**
Exchange differences	1	-159	-17,624	-57	**-17,839**
Additions		1,485	195,819	1,846	**199,150**
Business acquisitions (note 6)			3,299		**3,299**
Reductions		-3,531	-79,118	-179	**-82,828**
Reclassification between asset categories		-398	226	-1,071	**-1,243**
At 31 Dec 2016	**1,707**	**27,714**	**1,357,822**	**2,388**	**1,389,631**
Accumulated depreciation and impairment					
At 31 Jan 2016		**-21,588**	**-580,597**		**-602,184**
Exchange differences		123	8,582		**8,705**
Reductions		3,579	59,445		**63,024**
Reclassification between asset categories		343	-169		**174**
Depreciation (note 24)		-2,288	-100,406		**-102,695**
Impairment loss (note 24)		-465	-5,681		**-6,145**
At 31 Dec 2016		**-20,295**	**-618,826**		**-639,121**
Net book value:					
At 1 Jan 2015	1,680	8,129	615,401	527	625,738
At 31 Dec 2015	1,706	8,730	674,624	1,849	686,909
At 31 Dec 2016	1,707	7,419	738,996	2,388	750,509

Net book value of tangible assets increased by EUR 63.6 million from EUR 686.9 million to EUR 750.5 million in 2016. The net book value increased mainly due to investments (EUR 199.2 million) and business acquisitions (EUR 3.3 million), which were above the level of depreciation and impairment losses (EUR 108.8 million) and asset reductions (EUR 63.0 million). Exchange differences decreased the net book value by EUR 9.1 million.

Machinery and equipment includes assets acquired through finance lease contracts. Acquisition cost of such equipment at the end of period was EUR 46.0 (78.4) million, accumulated depreciation EUR 30.8 (43.4) million and net book value EUR 15.2 (35.0) million.

Investment commitments are presented in note 19.

4. GOODWILL AND OTHER INTANGIBLE ASSETS

EUR 1,000	Goodwill	Other intangible assets							Total
		Cramo-brand	Co-brands	Customer relation-ships	Depot network	Non-competition agreement	Other intangible assets	Software	
Acquisition cost									
At 1 Jan 2015	186,481	29,500	8,436	46,444	66,073	6,655	2,079	16,418	362,087
Exchange differences	946		6	-35	288	-5	20	64	1,285
Additions							205	388	593
Business acquisitions (note 6)	711			728	457	332			2,228
Reductions								-6	-6
Reclassification between asset categories							-756	822	66
At 31 Dec 2015	188,137	29,500	8,442	47,137	66,818	6,983	1,549	17,687	366,253
Accumulated depreciation, amortisation and impairment									
At 1 Jan 2015	-37,009		-8,011	-38,402	-38,699	-6,011	-1,351	-6,964	-136,448
Exchange differences	12		-4	81	-68	6	-5	-49	-29
Reductions								5	5
Reclassification between asset categories								127	127
Depreciation (note 24)							-99	-2,376	-2,475
Amortisation resulting from acquisitions (note 24)			-327	-4,961	-2,567	-259			-8,114
At 31 Dec 2015	-36,996		-8,342	-43,282	-41,334	-6,264	-1,456	-9,257	-146,932
Acquisition cost									
At 1 Jan 2016	188,137	29,500	8,442	47,137	66,818	6,983	1,549	17,687	366,253
Exchange differences	-2,565		-24	-115	-643	-7		-259	-3,612
Additions							23	3,684	3,708
Business acquisitions (note 6)	377			380		344			1,101
Reductions							-16	-73	-89
Reclassification between asset categories								1,069	1,069
At 31 Dec 2016	185,950	29,500	8,418	47,402	66,175	7,320	1,556	22,108	368,431
Accumulated depreciation, amortisation and impairment									
At 1 Jan 2016	-36,996		-8,342	-43,282	-41,334	-6,264	-1,456	-9,257	-146,932
Exchange differences	-22		22	69	189	7	13	142	419
Reductions								73	73
Reclassification between asset categories									
Depreciation (note 24)							-58	-2,645	-2,703
Amortisation resulting from acquisitions (note 24)			-97	-1,913	-2,541	-316			-4,867
Impairment loss (note 24)	-948	-1,892			-324		-16	-404	-3,586
At 31 Dec 2016	-37,965	-1,892	-8,418	-45,125	-44,010	-6,574	-1,517	-12,090	-157,595
Net book value:									
At 1 Jan 2015	149,472	29,500	424	8,042	27,374	644	728	9,455	225,639
At 31 Dec 2015	151,142	29,500	99	3,855	25,484	718	93	8,430	219,320
At 31 Dec 2016	147,985	27,608	0	2,277	22,164	746	39	10,018	210,836

Net book value of goodwill and intangible assets decreased by EUR 8.5 million from EUR 219.3 million to EUR 210.8 milllion in 2016. Decrease in net book value was mainly due to annual amortisations and depreciation (EUR 7.6 million) and impairment loss (EUR 3.6 million). Business combinations and other investments increased the net book value by EUR 4.8 million. Exchange differences decreased the net book value by EUR 3.2 million.

5. IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

The allocation of goodwill and other intangible assets with indefinite useful lives
Goodwill and other intangible assets with indefinite useful lives acquired through business combinations have been allocated to cash-generating units for impairment testing. A CGU encompasses the business operations of the segment in each country, except for Central Europe, Latvia and Lithuania, and Czech and Slovakia. Central Europe consists of business in Germany, Austria and Hungary. The Cramo brand has been considered as a corporate-level asset which is annually allocated to CGUs for impairment on the basis of CGU sales. Sales is believed to best reflect the future cash inflows the brand generates. Russian operations have been treated as assets to be transferred to joint venture.

Goodwill and the Cramo brand have been allocated to CGUs as follows:

EUR 1,000	2016 Goodwill	2016 Cramo brand	2015 Goodwill	2015 Cramo brand
Finland	31,500	5,347	31,123	4,892
Sweden	85,101	14,715	88,462	14,607
Norway	16,426	2,787	15,542	3,105
Denmark				1,246
Central Europe		3,249		3,407
Estonia	11,806	726	11,806	703
Latvia and Lithuania			948	697
Poland	3,152	432	3,261	494
The Czech Republic and Slovakia		351		349
Total	**147,985**	**27,608**	**151,142**	**29,500**

Basis for impairment testing
Goodwill is tested for impairment annually, or on a more frequent basis should there be an indication of a potential impairment. The latest impairment test has been performed in December 2016. The test was based on the balance sheet as at 31 October 2016. In impairment testing the assets of a CGU are compared to its recoverable amount. The recoverable amount of a CGU has been determined based on value in use which is calculated by using the discounted cash flow method. The cash flow projections used in the calculations are based on the next year's financial budget and the forecasts for the subsequent four years approved by management. The cash flow projections, covering all together a period of five years, are based on experience as well as on the estimated future development of the markets. The projections are in line with the external information to the extent such projections are available. Management has approved the plans upon which the impairment tests are based.

Impairment loss in 2016
As a result of the impairment test performed in December 2016, a total amount of EUR 8.0 million was recognised as impairment loss for the accounting period 2016. The impairment loss was attributable to cash CGUs Denmark (EUR 5.0 million) and Latvia and Lithuania (EUR 3.0 million). The impairment loss of was recorded against Cramo brand (EUR 1.9 million), against goodwill (EUR 0.9 million), against depot network (EUR 0.3 million), against other tangible assets (EUR 0.4 million) and against tangible assets (EUR 4.4 million). In Denmark the impairment loss is attributable to low profitability in equipment rental business. In Latvia and Lithuania the impairment loss is attributable to Latvian business.

The key assumptions related to impairment test of 2016 and 2015 is presented in the tables below.

Key assumptions used in value-in-use calculations:

2016	EBITA-%	Compound annual growth rate five-year period, %	Growth rate beyond the five-year period, %	Discount rate before tax, %	Discount rate after tax, %
Finland	19.3–22.5	0.7	1.0	7.29	5.99
Sweden	17.3–20.7	0.2	1.0	7.27	5.82
Norway	7.8–10.9	2.2	1.0	8.17	6.38
Denmark	10.7–12.0	0.8	1.0	8.00	6.42
Central Europe	7.3–10.7	2.6	1.0	8.37	6.18
Eastern Europe	5.5–19.5	1.6–2.9	1.5	8.29–9.05	6.89–7.85

2015	EBITA-%	Compound annual growth rate five-year period, %	Growth rate beyond the five-year period, %	Discount rate before tax, %	Discount rate after tax, %
Finland	18.9–22.8	1.3	1.0	6.98	5.81
Sweden	17.3–19.4	0.8	1.0	7.12	5.79
Norway	7.6–11.8	1.7	1.0	7.99	6.18
Denmark	9.8–11.0	2.0	1.0	7.90	6.37
Central Europe	0.2–9.7	4.0	1.0	8.01	6.15
Eastern Europe	13.6–20.1	0.6–3.3	1.5	7.42–8.90	6.26–7.45

EBITA margin
The Group's profitability improved in 2016. Differences in performance between cash generating units were significant. The efficiency improvements are expected to gradually improve the profitability in majority of the CGUs during the forecasting period. Profitability level used in terminal value calculation reflects mostly moderate historical level.

Growth rate for the five year period
Future growth estimates are mainly based on higher utilisation rates but also on improved pricing some areas. Growth investments and their impact have been carved out. Sales is expected to reach an annual average growth rate of 0.2 - 2.9 per cent in 2017-2021. In the Nordic countries the annual average growth rate is expected to vary between 0.2 - 2.2 per cent, depending on the unit. In Central Europe the growth in sales is expected to grown annually an average rate of 2.6 percent in 2017-2021. In Eastern-Europe, the annual average growth rate is expected to be 1.6 - 2.9 per cent.

Growth rate beyond the five years
The growth rate beyond five years for Eastern Europe countries equals 1.5 percent per year and for the Nordic and Central Europe businesses equals one percent per year. This is predicted to reflect a moderate long-term inflation forecast.

Discount rate
Forecasted cash flows are discounted to present value with CGU specific discount rate. Cramo Group's weighted average cost of capital (WACC) consitutes the basis for the determination of the discount rate. Cost of capital includes assumptions for capital structure, risk-free interest rate, risk premium, cost of debt and equity and equity beta. In determining the CGU-specific discount rates the weighted average cost of capital is increased by a CGU specific risk factor, which includes assumptions for country, currency and price risks inherent to CGU.

Sensitivity analysis of the main assumptions
The figures below represent the maximum changes of the main assumptions, for each assumption separately, after which the carrying amount of the unit equals its recoverable amount. In the sensitivity analysis, each parameter was varied independently whilst holding the other parameters constant.

2016	Change in EBITA margin Max. decrease in %-units	Compound annual growth rate, five-year period Max. decrease in %-units	Growth rate beyond five-year period Max. decrease in %-units	Discount rate Max. increase in %-units	The amount by which the recoverable amount exceeds the carrying amount, EUR million	The amount by which the recoverable amount exceeds the carrying amount, %-range
Finland	-11.0	-17.2	-13.3	6.6	221.0	> 100
Sweden	-10.4	-18.3	-15.8	7.3	551.5	> 100
Norway	-1.2	-2.7	-0.9	0.7	12.2	0 - 20
Denmark	0.0	0.0	0.0	0.0	0.0	0.0
Central Europe	-1.3	-3.0	-1.0	0.8	15.6	0 - 20
Eastern Europe	-2.6- 0.0	-3.6 - 0.0	-1.3 - 0.0	0.0 - 1.0	0.0 - 6.9	0 - 20

6. BUSINESS COMBINATIONS

2016
Cramo made one business combination during 2016. On 1 April 2016 Cramo acquired logistics and telescopic handler company Kurottaja- ja Kuljetuspalvelu Parviainen Oy's business.

Established in 2004, Kurottaja- ja Kuljetuspalvelu Parviainen Oy is the largest private company in Finland providing telehandler services. Parviainen operates mainly in Southern Finland. The sales of the company were approximately EUR 3 million in 2015. All 23 employees of Parviainen were transferred to the service of Cramo as existing employees.

The Group sales would have increased by EUR 0.8 million and EBITA would have been the same, if the acquisition had been completed on 1 January 2016.

The total consideration for transaction includes a EUR 0.6 million contingent consideration, which is paid based on the financial development after the consolidation date. A contingent consideration liability relating to acquisitions prior to 2016 totalling EUR 0.6 million was paid in 2016. The remaining contingent consideration for acquisitions at the balance sheet date is EUR 1.1 million.

2015
The information of the business combinations have been presented as combined, since none of them is material when assessed separately. Individual considerations have not been presented separately, since none of them is material, when assessed individually.

Cramo acquired on 4 February 2015 the shares of Vuokra-Pekat Oy. Vuokra-Pekat, founded in 2004, is a strong local general rental company in Southern Finland. The company's specific area of expertise is rental-related dust control, in which area it is also the market leader in Finland. The dust control service is an excellent complement to Cramo's range of rental-related services throughout the country. The company's sales were approximately EUR 4.8 million in 2014, profitability is at a good level and the company employs 20 persons.

On 13 February 2015 Cramo annouced that it strengthens its position on the island of Gotland in Sweden by acquiring all the assets of Visby Hyresmaskiner AB ("VHM") and at the same time converting VHM into a Cramo franchisee. VHM's sales in 2013 were approximately EUR 2.3 million. VHM, founded in 1998 and located in central Visby, has a strong position in the local rental market. The company provides a wide range of rental equipment for construction companies and contractors all over Gotland.

Cramo acquired on 22 December 2015 MDS Raumsysteme's modular space rental business including 180 modules and related customer contracts. The deal resulted in a EUR 136 thousand negative goodwill, which is recognised as other operating income.

The Group sales would have increased by EUR 0.8 million and EBITA would have been the same, if all the acquisitions had been completed on 1 January 2015.

The total consideration for transactions includes a EUR 1.0 million contingent consideration, which is paid mostly based on the financial development after the consolidation date. In 2015 the contingent consideration has been reversed by EUR 0.4 million, thus the remaining liability is EUR 0.6 million. The decrease has been recognised in other operating income. A contingent consideration liability relating to acquisitions prior to 2015 totalling EUR 0.7 million was paid. The remaining contingent consideration for acquisitions made prior to 2015 is EUR 0.5 million.

The table below represents the summary of the business combinations completed in 2015. The acquisition values have been converted to euros by using the exchange rates prevailing at the acquisition date. Exchange differences compared with the balance sheet date's exchange rates are immaterial.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

EUR 1,000	2016
Consideration	
Cash	3,517
Contingent consideration	600
Total consideration	**4,117**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Identifiable assets	
Non-current assets	
Intangible assets	
Customer relationships	380
Non-compete agreements	344
Total intangible assets	**724**
Tangible assets	
Machinery and equiment	3,300
Total tangible assets	**3,300**
Total non-current assets	**4,024**
Total identifiable assets	**4,024**
Assumed liabilities	
Interest bearing liabilities	171
Trade and other payables	112
Total liabilities assumed	**283**
Total identifiable net assets	**3,741**
Goodwill	**376**

EUR 1,000	2015
Consideration	
Cash	6,750
Contingent consideration	1,000
Total consideration	**7,750**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Identifiable assets	
Non-current assets	
Intangible assets	
Customer relationships	728
Depot network	457
Non-compete agreements	332
Total intangible assets	**1,517**
Tangible assets	
Machinery and equiment	7,527
Total tangible assets	**7,527**
Total non-current assets	**9,044**
Current assets	
Inventories	38
Trade and other receivables	586
Cash and cash equivalents	134
Total current assets	**758**
Total identifiable assets	**9,802**
Assumed liabilities	
Deferred tax liabilities	721
Interest bearing liabilities	832
Trade and other payables	1,074
Total liabilities assumed	**2,627**
Total identifiable net assets	**7,175**
Goodwill	**711**
Negative goodwill (recognised as other operating income)	**-136**

7. JOINT VENTURES

Reconciliation of summarised financial information

EUR 1,000	Fortrent		Fellesutleie AS		Total	
Summarised financial information	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Opening net assets at 1 Jan	**2,801**	**6,086**	**233**	**238**	**3,034**	**6,324**
Profit/loss for the period	2,663	780	-4	9	2,659	**789**
Other comprehensive income items	6,695	-4,065	13	-15	6,708	**-4,080**
Closing net assets at 31 Dec	**12,159**	**2,801**	**242**	**233**	**12,401**	**3,034**
Interest in joint venture (50 %)	6,080	1,401	121	116	6,200	**1,517**
Transaction costs	1,091	1,091			1,091	**1,091**
Carrying amount of investment	**7,171**	**2,492**	**121**	**116**	**7,292**	**2,608**

Fortrent is a construction machinery and equipment rental company operating in Russia and Ukraine. The company is owned and controlled jointly 50/50 by Cramo and Ramirent. Cramo presents its share of profit or loss from the joint venture above EBITDA in the consolidated income statement in accordance with the equity method of accounting.

Cramo and Ramirent have granted loans to the joint venture. The value of the loan at the end of 2016 is 25.9 million. In 2016 Fortrent has amortised the loans by EUR 4.7 (4.8) million.

Also in the fourth quarter due to the reclassification of loans Fortrent books part of the exchange rate difference of loans to the income statement instead of equity (net investment). Due to the change Fortrent's full year net result increased by EUR 1.0 million.

The Group has also a 50 per cent share in a joint venture Fellesutleie AS. The company operates in machinery rental in Norway. Cramo presents its share of profit of the joint venture using the equity method of accounting above EBITDA.

EUR 1,000	Fortrent		Fellesutleie AS	
Summarised balance sheet	**2016**	**2015**	**2016**	**2015**
Current assets				
Cash and cash equivalents	351	894	44	180
Other current assets (excluding cash)	6,837	5,393	255	69
Total current assets	**7,188**	**6,287**	**299**	**249**
Other current liabilities	3,265	2,881	17	2
Total current liabilities	**3,265**	**2,881**	**17**	**2**
Non-current assets				
Goodwill	5,421	4,321		
Intangible assets relating to PPA	4,760	4,440		
Other non-current assets	24,513	21,462	4	223
Deferred tax assets	2,287	2,144		
Total non-current assets	**36,981**	**32,367**	**4**	**223**
Interest bearing liabilities	25,852	30,533		185
Deferred tax liabilities	2,893	2,439	45	53
Total non-current liabilities	**28,745**	**32,972**	**45**	**237**
Net assets	**12,159**	**2,801**	**242**	**233**

Fortrent has commitments amounting to EUR 0.2 (0.1) million

EUR 1,000	Fortrent		Fellesutleie AS	
Summarised statement of comprehensive income	**2016**	**2015**	**2016**	**2015**
Sales	**29,578**	**30,503**	**382**	**441**
Materials and services	-9,615	-9,466		
Other expenses	-10,356	-10,898	-389	-429
Depreciation and impairment on tangible assets	-6,477	-7,864		
EBITA	**3,130**	**2,275**	**-7**	**11**
Amortisation and impairment resulting from acquisitions	-702	-758		
Interest expenses	-724	-887		
Other financial income	1,196	-87	1	-2
EBT	**2,900**	**543**	**-7**	**10**
Income taxes	-237	237	3	0
Profit / loss for the year	**2,663**	**780**	**-4**	**9**
Other comprehensive income items	6,695	-4,065	13	-15
Total comprehensive income	**9,358**	**-3,285**	**9**	**-5**

8. DEFERRED TAXES

Deferred tax assets and liabilities as presented in the balance sheet

EUR 1,000	2016	2015
Deferred tax assets	13,874	13,463
Deferred tax liabilities	75,331	70,636
Deferred tax liabilities net	**61,457**	**57,173**

Movements in deferred tax assets and liabilities during the year:

EUR 1,000	1 Jan 2016	Recognised in income statement	Recognised in other compre-hensive income	Acquisitions and disposals	Exchange differences	31 Dec 2016
Deferred tax assets						
Tax losses carried forward	8,047	277			-177	**8,147**
Depreciation difference, negative	913	-47				**866**
Financial leases	252	-76			-4	**172**
Fair value of hedging fund	1,664		426			**2,090**
Derivative financial instruments	47	-44				**3**
Elimination of internal profit	873	-118				**755**
Retirement benefit liabilities	552	8	-6		-15	**539**
Other temporary differences	1,115	183			4	**1,302**
Total	**13,463**	**183**	**420**		**-192**	**13,874**
Deferred tax liabilities						
Depreciation difference	53,919	8,397			-1,415	**60,900**
Financial leases	3,709	-906			-103	**2,700**
Derivative financial instruments	178	-1				**177**
Valuation of assets to fair value in business combinations	12,608	-967		-378	-129	**11,134**
Undistributed retained earnings	200	125				**325**
Other temporary differences	22	129			-55	**95**
Total	**70,636**	**6,777**		**-378**	**-1,702**	**75,331**
Deferred tax liabilites net	**57,173**	**6,594**	**-420**	**-378**	**-1,510**	**61,457**

EUR 1,000	1 Jan 2015	Recognised in income statement	Recognised in other compre-hensive income	Acquisitions and disposals	Exchange differences	31 Dec 2015
Deferred tax assets						
Tax losses carried forward	8,375	-35			-293	**8,047**
Depreciation difference, negative	1,545	-645			13	**913**
Financial leases	382	-133			3	**252**
Fair value of hedging fund	1,857		-193			**1,664**
Derivative financial instruments	116	-69				**47**
Elimination of internal profit	993	-120				**873**
Retirement benefit liabilities	542	24	-22		8	**552**
Other temporary differences	526	596			-7	**1,115**
Total	**14,336**	**-382**	**-215**		**-276**	**13,463**
Deferred tax liabilities						
Depreciation difference	49,643	3,688		86	503	**53,919**
Financial leases	3,879	-248			78	**3,709**
Derivative financial instruments	726	-548				**178**
Valuation of assets to fair value in business combinations	13,411	-1,567		685	79	**12,608**
Undistributed retained earnings	372	-172				**200**
Other temporary differences	65	-45			2	**22**
Total	**68,096**	**1,108**		**771**	**662**	**70,636**
Deferred tax liabilites net	**53,760**	**1,490**	**215**	**771**	**938**	**57,173**

The deferred tax liability for the annual profits of the Estonian subsidiary has been recognised since the financial year 2013 corresponding to the half of the profit in line with the dividend distribution policy for future earnings. No deferred tax liability has been recognised on the undistributed earnings of the earlier years, because the distribution is in the control of the Group and such distribution is not probable within foreseeable future.

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group had not recognised deferred tax assets of EUR 11,559 (13,551) thousand of the tax losses in respect of subsidiaries that are currently making a loss.

Specification of tax items recognised in other comprehensive income is presented in note 26.

9. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

EUR 1,000 At 31 Dec 2016	Note	Financial assets/ liabilities at fair value through profit and loss	Loans and receivables at amortised cost	Hedge accounted derivatives	Book value	Fair value	Fair value hierarchy
Non-current financial assets							
Interest-bearing receivables	11		12,926		12,926	12,926	2
Trade and other receivables	11		1,316		1,316		-
Current financial assets							
Derivative financial instruments	10	883			883	883	2
Trade and other receivables	11		120,346		120,346		-
Cash and short-term deposits	13		9,099		9,099	9,099	2
Total		**883**	**143,687**		**144,570**		
Non-current financial liabilities							
Interest-bearing liabilities	15		347,858		347,858	350,717	2
Derivative financial instruments	10			10,451	10,451	10,451	2
Other non-current liabilities	17		2,710		2,710		-
Current financial liabilities							
Interest-bearing liabilities	15		48,245		48,245	48,245	2
Derivative financial instruments	10	250			250	250	2
Trade and other payables	18		86,285		86,285		-
Total		**250**	**485,098**	**10,451**	**495,799**		

EUR 1,000 At 31 Dec 2015	Note	Financial assets/ liabilities at fair value through profit and loss	Loans and receivables at amortised cost	Hedge accounted derivatives	Book value	Fair value	Fair value hierarchy
Non-current financial assets							
Interest-bearing receivables	11		15,267		15,267	15,267	2
Trade and other receivables	11		1,436		1,436		-
Current financial assets							
Derivative financial instruments	10	889			889	889	2
Trade and other receivables	11		108,931		108,931		-
Cash and short-term deposits	13		3,511		3,511	3,511	2
Total		**889**	**129,145**		**130,034**		
Non-current financial liabilities							
Interest-bearing liabilities	15		293,811		293,811	299,493	2
Derivative financial instruments	10			8,322	8,322	8,322	2
Other non-current liabilities	17		2,559		2,559		-
Current financial liabilities							
Interest-bearing liabilities	15		78,097		78,097	78,097	2
Derivative financial instruments	10	233			233	233	2
Trade and other payables	18		76,153		76,153		-
Total		**233**	**450,620**	**8,322**	**459,175**		

Derivative financial instruments
The fair value of forward contracts is determined by using the forward rates of 31 December for respective contracts. For interest rate swaps the fair value is computed by discounting the future cash flows using the market rates at annual closing. If the market value given by a counterparty is utilised, company produces also its own calculation using generally accepted valuation methods.

Interest-bearing receivables and liabilities
The fair value of loans and loans receivable is based on the discounted cash flows. The rate used for measurement is the rate which would apply for the Group's new external financing and investments. The overall rate consists of a risk free rate and the risk premium for the company. The fair value of leasing contracts is computed by discounting the cash flows with a rate corresponding to similar contracts.

Trade and other receivables and liabilities
The fair value of trade and other receivables and liabilities corresponds to the historical cost. The effect of discounting is not relevant due to short maturity of the instrument.

Fair value hierarchy disclosures for each class of financial instruments:
The following fair value measurement hierarchy is applied for the financial instruments measured in the balance sheet at fair value.
- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

10. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The objective of the Group's risk management is to minimise the negative effects on the Group's financial performance caused by changes in financial markets. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury function (Group Treasury). Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units according to the Treasury policy approved by the Board. The objectives of Group Treasury are to secure sufficient funding for business operations, avoiding financial constraints at all times, to provide business units with financial services, to minimise the costs of financing, to manage financial risks (currency, interest rate, liquidity and funding, credit and operational risks) and to provide the management with information on the financial position and risk exposures of Cramo and its business units. In addition, Group Treasury actively monitors the actual values of the Group's financial covenants and anticipated financial headroom in relation to maximum values of these financial covenants as part of the Group's business planning.

MARKET RISK

Interest rate risk

Fluctuations in market interest rates have an effect on consolidated interest outflows and the fair value of interest-bearing receivables, loans payable and derivative instruments. The objective of interest rate risk management is to mitigate the impact of interest rate changes on the income statement, balance sheet and cash flow, while also taking into account the market value of net debt.

The Group's interest rate risk arises mainly from its long-term borrowings. The Group is mainly exposed to cash flow risk, which arises from liabilities at variable rates and is partly off-set by the bonds with fixed interest rate. At the balance sheet date, 75.2% (62.4%) of outstanding interest-bearing liabilities were at fixed interest rates when including the effect of derivatives used. During 2016 and 2015 the Group's borrowings were denominated mainly in the EUR. The currency specification of financial lease liabilities is presented in table later in this note. The weighted average interest rate fixing period for loan portfolio was 3.8 (3.0 years). The Treasury Policy states the limit for the portion of fixed interest to be 20–80% of the whole loan portfolio and duration to stay in a range from one to four years.

The Group manages its interest rate related cash flow risk by using interest rate swaps in accordance with the Treasury Policy. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The nominal value of the Group's interest rate swaps was at 31 December 2016 EUR 130.0 (130.0) million. IAS 39 hedge accounting was applied to all of these interest rate swaps. The maturity structure of these derivatives is presented in a table following in this note.

For interest rate sensitivity analysis in accordance with IFRS 7, if interest rates at 31 December 2016 on EUR-denominated borrowings had been 1 % higher/lower with all other variables held constant, the impact to pre-tax profit for the year would have been EUR -0.7/-0.9 (-1.3/-0.5) million, as a result of changes in the interest flows on floating rate borrowings and hedging instruments. The impact in other comprehensive income items would have been EUR +5.9/-5.9 (+5.6/-6.0) million, as a result of a change in the fair value of interest rate swaps for which hedge accounting is applied. The following table illustrates the sensitivity analysis.

	2016				2015			
MEUR	Income statement		Other comprehensive income		Income statement		Other comprehensive income	
Effect of change in interest rates	+ 1%	- 1%	+ 1%	- 1%	+ 1%	- 1%	+ 1%	- 1%
Interest-bearing liabilities	-1.7				-2.0	0.2		
Interest rate derivatives, hedge accounted	0.9	-0.9	5.9	-5.9	0.7	-0.7	5.6	-6.0
Total	**-0.7**	**-0.9**	**5.9**	**-5.9**	**-1.3**	**-0.5**	**5.6**	**-6.0**

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing liabilities and their average interest rates are presented in note 15.

Foreign exchange risk

The Group operates internationally and is exposed to risks arising from foreign exchange rate fluctuations, primarily from exposures with respect to the Swedish krona, Norwegian krone and Danish krone. Foreign exchange risk arises primarily from internal funding and net investments in foreign operations as well as from recognised assets and liabilities.

Foreign exchange risk arising from internal funding and recognised assets and liabilities is managed primarily through forward contracts. A table following in this note presents the maturity structure of these derivatives. Hedge accounting is not applied for these derivatives and changes in the fair value of derivatives are recognised in the income statement.

Sales in Group companies are carried out in the functional currency of the local entities. These transactions do not expose the Group to significant foreign exchange risk. Purchases are carried out both in Euros and local currencies. The currency risk arising from purchases is considered insignificant. Hence, according to the Treasury Policy, future purchase commitments are not hedged.

Sensitivity analysis, in accordance with IFRS 7, aims to represent the sensitivity of the consolidated income and equity with respect to foreign exchange rate fluctuations. The open euro exposure against other functional currencies arises from account payables, leasing liabilities in other than local currency, as well as from the open exposure of the Group Treasury.

The following table presents the Group's currency exposure and the sensitivity effects to equity. The sensitivity calculation is based on a change of 10% in the Euro exchange rate against all the functional currencies that the Group operates in.

EUR 1,000 31 Dec 2016	SEK	DKK	NOK	Other currencies total	Total
Translation risk and hedging					
Net investment exposed to translation risk	413,074	40,951	19,164	19,552	**492,741**
Open exposure	**413,074**	**40,951**	**19,164**	**19,552**	**492,741**
Sensitivity analysis, +/- 10% depreciation of each currency against euro					
Translation differences	+/- 41,307	+/- 4,095	+/- 1,916	+/- 1,955	**+/- 49,274**
Total	**+/- 41,307**	**+/- 4,095**	**+/- 1,916**	**+/- 1,955**	**+/- 49,274**

EUR 1,000 31 Dec 2015	SEK	DKK	NOK	Other currencies total	Total
Translation risk and hedging					
Net investment exposed to translation risk	375,445	11,721	28,508	17,906	**433,580**
Open exposure	**375,445**	**11,721**	**28,508**	**17,906**	**433,580**
Sensitivity analysis, +/- 10% depreciation of each currency against euro					
Translation differences	+/- 37,545	+/- 1,172	+/- 2,851	+/- 1,791	**+/- 43,358**
Total	**+/- 37,545**	**+/- 1,172**	**+/- 2,851**	**+/- 1,791**	**+/- 43,358**

During 2016 and 2015 Cramo has not utilised any financial instruments to hedge the net investments in subsidiaries denominated in other currencies than EUR.

In 2016 the translation differences arising from subsidiaries' equities denominated in Swedish krona amounted to EUR -14.7 (7.7) million, in Danish krone EUR -0.0 (-0.0) million, in Norwegian krone EUR -1.6 (-1.7) million and other currencies EUR -0.5 (0.9) million. In addition to these, translation differences derived from a joint venture Fortrent amounted to EUR 3.3 (-2.0) million. The cumulative total of translation differences shown in other comprehensive income items totalled to EUR -36.7 (-26.4) million.

EUR 1,000 31 Dec 2016	SEK	DKK	NOK	Other currencies total	Total
Transaction risk and hedging					
Transaction exposure	-43,852	36,166	36,325	13,127	**41,765**
Hedges	39,497	-34,088	-31,325	-11,266	**-37,181**
Open exposure	**-4,355**	**2,078**	**5,000**	**1,862**	**4,584**
Sensitivity analysis, +/- 10% depreciation of each currency against euro					
Transaction exposure	+/- 4,385	+/- 3,617	+/- 3,632	+/- 1,313	**+/- 4,177**
Hedges	+/- 3,950	+/- 3 ,409	+/- 3,132	+/- 1,127	**+/- 3,718**
Total	**+/- 436**	**+/- 208**	**+/- 500**	**+/- 186**	**+/- 458**

EUR 1,000 31 Dec 2015	SEK	DKK	NOK	Other currencies total	Total
Transaction risk and hedging					
Transaction exposure	-8,998	40,976	44,167	9,514	**85,659**
Hedges	7,617	-37,252	-42,643	-7,622	**-79,900**
Open exposure	**-1,381**	**3,724**	**1,524**	**1,892**	**5,759**
Sensitivity analysis, +/- 10% depreciation of each currency against euro					
Transaction exposure	+/- 890	+/- 4,098	+/- 4,417	+/- 951	**+/- 8,566**
Hedges	+/- 762	+/- 3,725	+/-4,264	+/- 762	**+/- 7,990**
Total	**+/- 138**	**+/- 372**	**+/- 152**	**+/- 189**	**+/- 576**

Price risk

The Group holds a minor amount of unquoted shares, which do not expose to material price risk. The Group is not exposed to commodity price risk.

DERIVATIVE FINANCIAL INSTRUMENTS

EUR 1,000 Fair values 31 Dec 2016	Positive fair value	Negative fair value	Net fair value
FX forward contracts	813	-180	633
Interest rate swaps, cash flow hedges		-10,451	-10,451
Total	**813**	**-10,631**	**-9,818**
Non-current portion		**-10,451**	**-10,451**
Current portion	**813**	**-180**	**633**

DERIVATIVE FINANCIAL INSTRUMENTS

EUR 1,000 Fair values 31 Dec 2015	Positive fair value	Negative fair value	Net fair value
FX forward contracts	780	-123	657
Interest rate swaps, cash flow hedges		-8,322	-8,322
Total	**780**	**-8,445**	**-7,665**
Non-current portion		**-8,322**	**-8,322**
Current portion	**780**	**-123**	**657**

EUR 1,000 Nominal values of derivative financial instruments	2016	2015
FX forward contracts	116,225	106,904
Interest rate swaps	130,000	130,000
Total	**246,225**	**236,904**

The derivatives used in 2016 and 2015 were currency forward contracts and interest rate swaps. These were used for hedging purposes in line with the Group's hedging policy.

The change in fair value of currency derivatives has been recognised in the income statement. The change in fair value of hedge accounted interest rate derivatives has been recognised in other comprehensive income items, as net of tax. On 31 December 2016 the open derivative exposure reflected well the exposure retained during the financial year.

Cramo enters into derivative transactions under master netting agreements. In general the amounts owed by each counterparty are settled with one single net payment by each currency. In certain circumstances, e.g. when a credit event such as a default occurs, all outstanding transactions under the agreements are terminated and only one amount is payable in settlement of all transactions. The netting agreements do not meet the criteria for offsetting in the balance sheet. The following table illustrates the carrying amounts of derivative instruments that are subject to the agreements described above.

EUR 1,000 Derivative financial assets	2016	2015
Gross amounts in the balance sheet	801	780
Related instruments that are not offset	-436	-587
Total	**365**	**193**

EUR 1,000 Derivative financial liabilities	2016	2015
Gross amounts in the balance sheet	10,717	8,445
Related instruments that are not offset	-436	-587
Total	**10,281**	**7,858**

EUR 1,000 Derivative instruments mature as follows, 2016	2017	2018	2019	2020	2021	2022+	Total
Currency derivative instruments	116,225						**116,225**
Interest rate derivative instruments				20,000	20,000	90,000	**130,000**
Total interest derivative instruments	**116,225**			**20,000**	**20,000**	**90,000**	**246,225**

EUR 1,000 Derivative instruments mature as follows, 2015	2016	2017	2018	2019	2020	2021+	Total
Currency derivative instruments	106,904						**106,904**
Interest rate derivative instruments					20,000	110,000	**130,000**
Total interest derivative instruments	**106,904**				**20,000**	**110,000**	**236,904**

CREDIT RISK

The Group's policy identifies counterparty credit rating requirements and principles of investment for clients, investment transactions and derivative financial instruments. The Group has no significant credit risk concentrations since it has a broad clientele, which is geographically spread over a wide area. Credits are granted to companies and private persons, which have proper credit information. The Group's maximum exposure to credit risk is represented by the fair values of receivables and other financial assets at 31 December 2016.

The maturity structure of accounts receivables is presented in note 11.

Also the credit losses and increase of provision for bad debts are presented in note 11. Receivables do not include significant credit risk concentrations

REFUNDING AND LIQUIDITY RISK

The Group Treasury manages the Group's liquidity risk and ensures flexibility in funding by maintaining availability under committed credit lines. The Group uses diverse funding sources and borrowings are primarily long-term. The Group has committed borrowing facilities or other lines of credit that it can access to meet liquidity needs. At 31 December 2016 the undrawn committed credit facilities totalling EUR 206.1 (201.2) million, of which long-term EUR 190.0 (185.0) million and short-term EUR 16.1 (16.2) million.

In order to decrease the refinancing risk the Group aims to diversify the maturity structure of its interest-bearing debt and negotiates new committed credit lines well in advance of need. In November 2016 Cramo issued a senior unsecured bond of EUR 150 million. The bond matures on 28.2.2022, carrying a fixed annual interest at the rate of 2.375 %. Simultaneously with the new issue Cramo made a voluntary tender offer for the notes of the EUR 100 million bond due in February 2018. Tender offer resulted a take-up totalling EUR 83,7 million and Cramo purchasing these notes in cash. Notes not tendered, totalling to EUR 16.3 million, will remain outstanding and due on February 2018.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative instruments are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

EUR 1,000 Maturities of financial liabilities at 31 Dec 2016	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total
Derivatives					
FX forward contracts, outflow	-180				**-180**
FX forward contracts, inflow	813				**813**
Interest rate swaps, outflow	-1,647	-1,656	-4,812	-1,753	**-9,868**
Interest rate swaps, inflow	-365	-289	194	601	**141**
Derivatives, net	**-1,379**	**-1,945**	**-4,618**	**-1,152**	**-9,094**
Accounts payable and other non-interest bearing liabilities	-86,285				**-86,285**
Borrowings (excl. finance lease liabilities)	-37,892	-26,966	-194,067	-148,506	**-407,432**
Finance lease liabilities	-2,733	-2,037	-1,233	-275	**-6,278**
Other liabilities	-10,644	-207			**-10,851**
Total	**-137,554**	**-29,210**	**-195,300**	**-148,781**	**-510,846**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

EUR 1,000 Maturities of financial liabilities at 31 Dec 2015	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total
Derivatives					
FX forward contracts, outflow	-123				**-123**
FX forward contracts, inflow	780				**780**
Interest rate swaps, outflow	-1,859	-2,229	-5,625	-3,390	**-13,103**
Interest rate swaps, inflow			501	1,452	**1,953**
Derivatives, net	**-1,202**	**-2,229**	**-5,124**	**-1,938**	**-10,493**
Accounts payable and other non-interest bearing liabilities	-76,153				**-76,153**
Borrowings (excl. finance lease liabilities)	-66,523	-6,965	-148,965	-150,252	**-372,705**
Finance lease liabilities	-8,031	-2,671	-1,957	-1,519	**-14,178**
Other liabilities	-10,772	-8	-204		**-10,984**
Total	**-161,479**	**-9,644**	**-151,126**	**-151,771**	**-474,020**

CAPITAL STRUCTURE

The Group's objectives when managing capital structure are to safeguard the Group's ability to continue as a going concern and to maintain the optimum capital structure. The targets for capital structure are determined by the Board of Directors. The Group Treasury regularly monitors the development of the capital structure.

The Group monitors capital on the basis of the gearing ratio. Gearing is calculated as the ratio of net interest-bearing liability to total equity. One of the financial targets of the Group is to keep the gearing ratio below 100%. This target was well met (gearing at 31 Dec 2016 74.5%, 31 Dec 2015 75.1%).

The net interest-bearing liabilities of the Group at 31 December 2016 totalled EUR 387.0 million, while at 31 December 2015 they were EUR 368.4 million. During 2016 the net interest-bearing liabilities increased by EUR 18.6 million.

Net debt and gearing are represented in the table below.

EUR 1,000	2016	2015
Interest-bearing liabilities	396,103	371,908
Cash and cash equivalents	9,099	-3,511
Net interest-bearing liabilities	**387,004**	**368,397**
Total equity	**519,671**	**490,743**
Gearing, %	**74.5**	**75.1**

11. NON-CURRENT AND CURRENT RECEIVABLES

EUR 1,000	2016	2015
Non-current receivables		
Loan receivables from joint ventures (see note 30)	12,926	15,267
Pension assets (see note 16)	47	33
Other receivables[1]	1,301	1,403
Non-current receivables, total	**14,274**	**16,703**
Current receivables		
Trade receivables	116,937	104,027
Other receivables	3,410	4,905
Prepaid expenses and accrued income	15,905	21,550
Current receivables, total	**136,252**	**130,482**

1 Available-for-sale financial assets have been reclassified as financial assets to be measured at historical cost due to their immaterial nature for the Group and are presented as other non-current receivables. The comparative figure for other non-current receivables has therefore increased by EUR 187 thousand.

Trade receivables are non-interest-bearing and are generally on 14-60 day terms.

A total amount of EUR 2.255 (3.485) thousands of trade receivables has been recognised in the income statement as impairment losses. See below for the movements in the provision for impairment of receivables. For further guidance, see credit risk note 10.

EUR 1,000 Movements in the provision for impairment of receivables	2016	2015
At 1 Jan	5,576	6,130
Exchange differences	-3	-19
Charge for the period (+)/income (-)	-740	-535
At 31 Dec	4,833	5,576

The balance sheet values best correspond to the amount which is the maximum credit risk exposure before deducting the fair value of collateral in case other contractual parties fail to meet their obligations related to the financial instruments. The manner in which the Group operates does not require the obtaining of collateral in respect of trade and other receivables. Trade and other receivables do not contain any significant concentration of credit risk. The management considers that the carrying amount of trade and other receivables approximates their fair value.

Material items included in prepaid expenses and accrued income relate to uninvoiced revenue accrual and prepaid premises, insurance, personnel and leasing expenses.

EUR 1,000 Ageing analysis of trade receivables	2016	2015
Trade receivables, not due at reporting date	98,318	79,601
Trade receivables 1 – 30 days overdue	13,043	18,759
Trade receivables 31 – 60 days overdue	2,916	2,182
Trade receivables 61 – 90 days overdue	309	455
Trade receivables 91 – 180 days overdue	780	1,048
Trade receivables more than 180 days overdue	1,571	1,982
Total	**116,937**	**104,027**

EUR 1,000 Trade receivables by currencies	2016	2015
EUR	31,218	27,640
SEK	61,162	56,811
NOK	11,594	9,985
DKK	9,011	5,588
PLN	1,617	1,729
Other	2,335	2,274
Total	**116,937**	**104,027**

Trade receivables are arising from a large number of customers and are mainly denominated in EUR, SEK and NOK, therefore mitigating the concentration of risk.

12. INVENTORIES

EUR 1,000	2016	2015
Materials, supplies and goods for sale	8,817	9,055
Obsolescence allowance	-96	-92
Total	**8,721**	**8,963**

At the end of the period, inventories have been written down by EUR 96 (92) thousand to correspond to their net realisable value. The amount of write-down is recognised in materials and services in the income statement.

13. CASH AND CASH EQUIVALENTS

EUR 1,000	2016	2015
Cash in hand and at banks	9,099	3,511
Total	**9,099**	**3,511**

Cash and cash equivalents include cash in hand and bank deposits available at call. Cash and cash equivalents have original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At 31 December 2016, the Group had available EUR 206.1 (201.2) million of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the abovementioned figures for cash in hand and at banks at 31 December 2016 and 31 December 2015.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

14. SHARE CAPITAL AND EQUITY FUNDS

EUR 1,000 Movements during the year	Number of shares	Share capital	Other reserves	Total
At 1 Jan 2015	43,903,554	24,835	322,837	**347,672**
Exercise of share options	717,740		3,459	**3,459**
At 31 Dec 2015	**44,621,294**	**24,835**	**326,297**	**351,132**
Exercise of share options	69,260		602	**602**
At 31 Dec 2016	**44,690,554**	**24,835**	**326,899**	**351,734**

During the financial year Cramo Plc had performance shareplans and one Cramo share savigns plan in operations. More information on the share-based payments is given in note 29.

Each share entitles the holder to one vote at the Annual General Meeting and to an equal dividend. At the balance sheet date share capital was fully paid and entered in the trade register.

Other reserves

Other reserves include the subscription price of the shares and also the premiums received on exercise of share options and other share issues under the old Limited Liability Companies Act.

EUR 1,000 Movements during the year	Hedging fund
At 1 Jan 2015	-8,162
Cash flow hedges	
Fair value gains in period	1,281
Tax on fair value gains	-193
At 31 Dec 2015	**-7,074**
Cash flow hedges	
Fair value gains in period	-1,924
Tax on fair value gains	426
At 31 Dec 2016	**-8,572**

Hedging fund

The Group applies hedge accounting for all of the interest rate derivatives that are designated as cash flow hedges. The effective portion of changes in the fair value of those derivatives is recognised in hedging fund. The gain or loss relating to the ineffective portion is recognised in the income statement and classified within finance expenses.

Translation differences

Translation differences arise from the consolidation of the financial statements of subsidiaries outside the Euro zone.

At the balance sheet date the Group had not hedged any foreign currency denominated equity.

DIVIDENDS

The Board proposes to the AGM a dividend of EUR 0.75 (0.65) per share for year 2016.

15. INTEREST-BEARING LIABILITIES

EUR 1,000 Non-current interest-bearing liabilities	2016 Book value	2016 Fair value	2015 Book value	2015 Fair value
Syndicated bank loan	183,189	183,189	187,815	187,815
Bond	161,089	163,949	99,769	105,451
Other liabilities	202	202	358	358
Finance lease liabilities	3,378	3,378	5,869	5,869
Total	**347,858**	**350,718**	**293,811**	**299,493**
Current interest-bearing liabilities	**Book value**		**Book value**	
Other liabilities	10,636		10,764	
Finance lease liabilities	2,639		7,873	
Commercial papers	34,970		59,460	
Total	**48,245**		**78,097**	
Total interest-bearing liabilities	**396,103**		**371,908**	

Book values of current liabilities approximate their fair values. All bank loans are at floating rate and thus their fair values do not differ materially from their carrying amounts.

Other liabilities mainly consist of overdraft limits and hire purchase liabilities.

At the year end the Group had available undrawn committed credit facilities totalling EUR 206.1 (201.2) million, of which long-term EUR 190.0 (185.0) million and short-term EUR 16.1 (16.2) million.

In November 2016 Cramo issued a senior unsecured bond of EUR 150.0 million. The bond matures on 28.2.2022, carrying a fixed annual interest at the rate of 2.375 %. Simultaneously with the new issue Cramo made a voluntary tender offer for the notes of the EUR 100.0 million bond due in February 2018. Tender offer resulted a take-up totalling EUR 83.7 million and Cramo purchasing these notes in cash. Notes not tendered, totalling to EUR 16.3 million, will remain outstanding and due on February 2018.

EUR 1,000 **Interest-bearing liabilities mature as follows, 2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022+**	**Total**
Syndicated bank loan				36,638	146,551		**183,189**
Bond		16,146				144,944	**161,089**
Other liabilities	10,636	202					**10,838**
Finance lease liabilities	2,639	1,970	1,169	240			**6,018**
Commercial papers	34,970						**34,970**
Total	**48,245**	**18,318**	**1,169**	**36,878**	**146,551**	**144,944**	**396,103**

EUR 1,000 **Interest-bearing liabilities mature as follows, 2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021+**	**Total**
Syndicated bank loan					37,563	150,252	**187,815**
Bond			99,769				**99,769**
Other liabilities	10,764	156	202				**11,122**
Finance lease liabilities	7,873	2,577	1,891	1,164	237		**13,742**
Commercial papers	59,460						**59,460**
Total	**78,097**	**2,733**	**101,862**	**1,164**	**37,800**	**150,252**	**371,908**

Finance lease liabilities

The Group has entered into financial leases on certain vehicles and items of machinery. These leases have an average life of between three and five years. Financial lease liabilities mainly have floating rates based on market rates between one and three months. Tables below specify the future minimum cash flows under financial leases by maturity and by currency as at 31 December.

EUR 1,000 **Gross finance lease liabilities – minimum lease payments**	**2016**	**2015**
Payable < 1 year from balance sheet date	2,733	8,006
Payable 1–5 years from balance sheet date	3,544	6,124
Total	**6,277**	**14,130**
Future finance charges on finance leases	259	388
Present value of minimum future finance lease payments	**6,018**	**13,742**

EUR 1,000 **Finance lease liabilities by currency**	**2016**	**2015**
SEK	3,132	8,523
NOK	2,080	3,596
EUR	402	962
Other	403	660
Total	**6,018**	**13,742**

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Weighted average maturity and interest rates at 31 Dec	2016		2015	
	Maturity, years	Interest, %	Maturity, years	Interest, %
Bank loans excluding interest rate swaps	3.8	1.13	4.8	1.27
Bank loans including interest rate swaps	3.8	2.29	4.8	2.09
Bond	4.7	2.58	2.2	4.50
Commercial papers	0.1	0.49	0.1	0.49
Finance leases	1.8	1.55	1.3	1.73
Other liabilities	1.0	0.90	1.0	0.90
Total (including interest rate swaps)	**3.8**	**2.20**	**3.1**	**2.43**

16. RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations as presented in the balance sheet as follows:

EUR 1,000	2016	2015
Liabilities in the balance sheet		
Defined pension benefits	1,470	1,659
Other long-term employee benefits	140	48
Total	**1,610**	**1,707**
Assets in the balance sheet		
Defined pension benefits (see note 11)	47	33
Total	**47**	**33**

The Group operates a number of retirement benefit plans in accordance with local conditions and practises in the countries in which it operates. Most of the retirement benefit plans are defined contribution plans. Currently there are two retirement benefit plans in Germany and Sweden that are classified as defined benefit plans.

The pension obligations in Germany are directly at the Group's own responsibility and there are no funded assets. The plan applies to already retired employees.

The defined benefit plan in Sweden applies to retired former employees. The plan is funded.

The amounts recognised in the balance sheet are determined as follows:

EUR 1,000	2016	2015
Present value of funded obligations	1,426	1,380
Fair value of plan assets	-1,379	-1,413
Excess (-) / Deficit (+) of funded plans	47	-33
Present value of unfunded obligations	1,470	1,659
Total deficit of defined benefit plans	**1,517**	**1,627**

Defined benefit obligation has changed during the period as follows:

EUR 1,000	2016	2015
Net book value at 1 Jan	**3,039**	**3,094**
Exchange differences	-52	30
Benefits paid	-156	-169
Interest cost	71	62
Remeasurements	-6	22
Net book value at 31 Dec	**2,897**	**3,039**

Fair value of plan assets has changed during the period as follows:

EUR 1,000	2016	2015
Balance at 1 Jan	**1,413**	**1,276**
Exchange differences	-54	28
Benefits paid	-26	-27
Interest income	40	32
Remeasurements	5	103
Balance at 31 Dec	**1,379**	**1,413**

Expense in the income statement has been defined as follows:

EUR 1,000	2016	2015
Net interest income (+)/cost (-)	-31	-30
Total	**-31**	**-30**

Remeasurements charged (+) or credited (-) to equity in other comprehensive income as follows:

EUR 1,000	2016	2015
Remeasurements:		
Gain (-) / Loss (+) from change in financial assumptions	157	-305
Experience gains (-) / losses (+)	-169	225
Total	**-11**	**-81**

The principal assumtions used in determining pension benefit obligations for the Group's plans are shown below:

%	2016	2015
Discount rate	1.47–2.50	2.02–3.00
Expected pension increase rate	2.00	2.00

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:	Change in assumption	Effect of increase in assumption on the obligation	Effect of decrease in assumption on the obligation
Discount rate, %	0.50	Decrease by 5.3	Increase by 5.8
Pension growth rate, %	1.00	Increase by 2.9	Decrease by 2.8
Life expectancy	1 year	Increase by 8.1	Decrease by 8.3

Expected maturity analysis of undiscounted pension liabilities:

EUR 1,000 At 31 Dec 2016	Less than a year	Between 1–2 years	Between 2–5 years	Over 5 years	Total
Payments from plans	244	235	649	2,168	**3,296**

In Sweden the ITP pension plans operated by Alecta are multi-employer benefit plans. It has not been possible to receive sufficient information for the calculation of obligation and assets by employer from Alecta and due to that the plan has been treated as a defined contribution plan in the financial statements. In addition, the Group has defined benefit plans in Norway which are not significant and those plans are treated as defined contribution plans.

17. OTHER NON-CURRENT LIABILITIES

EUR 1,000	2016	2015
Advances received	112	273
Other non-current liabilities[1]	2,710	2,559
Total	**2,822**	**2,832**

1 Other non-current liabilities mainly consist of the cash component of the performance share plan program and unpaid contingent considerations of business acquisitions.

18. TRADE AND OTHER PAYABLES

EUR 1,000	2016	2015
Trade payables	69,930	63,432
Advances received	14,943	12,607
Accrued expenses and deferred income	46,977	47,310
Other current liabilities	16,356	12,721
Total	**148,205**	**136,070**

Material items included in accrued expenses and deferred income consist of personnel expenses and periodised customer bonuses.

The management considers that the carrying amount of trade and other liabilities approximates their fair value.

Terms and conditions of the above liabilities:
- Trade payables are non-interest bearing and are normally settled on 14-60 day terms
- Other current liabilities are non-interest bearing and have an average term of three months

19. COLLATERALS AND CONTINGENT LIABILITIES

EUR 1,000	2016	2015
Collateral given on own behalf		
Debts, secured by collateral		
Finance lease liabilities	6,018	13,741
Collateral given		
Pledges, finance lease	15,166	34,983
Other contingent liabilities		
Investments	53,874	24,995
Other contingent liabilities	1,344	1,182
Group's share of commitments in joint ventures	90	65

Joint venture contingent liabilities see note 7.

EUR 1,000 **Commitments to office and depot rents**	2016	2015
Payable < 1 year from balance sheet date	29,434	29,284
Payable 1–5 years from balance sheet date	59,575	55,919
Payable > 5 years from balance sheet date	9,665	4,903
Total	**98,674**	**90,106**

EUR 1,000 **Operational lease payments**	2016	2015
Payable < 1 year from balance sheet date	10,394	10,335
Payable 1–5 years from balance sheet date	10,259	12,795
Total	**20,653**	**23,130**

The Group has entered into commercial leases on rental machinery and vehicles. The maximum maturity of operational lease payments is five years.

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20. OTHER OPERATING INCOME

EUR 1,000	2016	2015
Net capital gain on sale of tangible assets	14,704	9,309
Reversal of contingent considerations		396
Rent on premises	676	752
Income from insurance companies	427	480
Other income	1,591	2,526
Total	**17,398**	**13,462**

21. MATERIALS AND SERVICES

EUR 1,000	2016	2015
Cost of sub-rental and rental-sharing	-32,284	-35,427
Cost of goods sold	-25,154	-29,813
Repair and maintenance cost	-51,967	-50,784
Transportation cost	-55,283	-53,082
Cost of external services	-74,714	-67,513
Total	**-239,402**	**-236,619**

22. EMPLOYEE BENEFIT EXPENSES

EUR 1,000	2016	2015
Salaries and fees	-115,694	-107,084
Termination benefits	-431	-1,510
Share-based payments[1]	-2,202	-1,969
Social security costs	-26,005	-23,580
Pension costs - defined contribution plans	-11,498	-9,755
Total	**-155,831**	**-143,899**

1 In 2016 share-based payments include EUR 261 (255) thousand of termination benefits, which are presented in the note as termination benefits.

	2016	2015
Average number of personnel	**2,550**	**2,486**
Average number of personnel in joint ventures	**331**	**347**

The employee benefits of the Group's management are disclosed in note 30 and information concerning share based payments are presented in note 29. Joint ventures, see note 7.

23. OTHER OPERATING EXPENSES

EUR 1,000	2016	2015
Rent for premises	-31,324	-31,412
Other expenses for premises	-12,470	-11,973
Operational leases	-9,852	-11,613
Bad debts	-2,255	-3,485
Marketing	-7,996	-8,116
ICT	-10,234	-10,010
Temporary staff	-11,094	-8,937
Other personnel related expenses	-12,381	-10,537
Other administrative and operating expenses	-19,474	-19,427
Total	**-117,081**	**-115,510**
Audit fees		
Authorised Public Accountants KPMG		
Audit fees	-395	-400
Tax consultation	-24	-57
Other services	-72	-56
Total	**-491**	**-513**
Other audit companies		
Audit fees	-27	-28
Tax consultation	-3	
Other services	-2	
Total	**-32**	**-28**
Total	**-523**	**-541**

24. DEPRECIATION AND IMPAIRMENT

EUR 1,000	2016	2015
Depreciation of tangible assets	-102,695	-96,973
Amortisation of intangible assets	-2,703	-2,475
Total depreciation	**-105,397**	**-99,448**
Impairment loss of tangible assets	-6,145	-1,430
Impairment loss of intangible assets	-419	
Depreciation and impairment loss related to tangible and intangible assets	**-111,962**	**-100,878**
Amortisation on intangible assets resulting from acquisitions	-4,867	-8,114
Impairment loss related to intangible assets resulting from acquisitions	-3,167	
Amortisation and impairment loss resulting from acquisitions	**-8,034**	**-8,114**
Total depreciation, amortisation and impairment losses	**-119,995**	**-108,991**
Depreciation of tangible assets	-102,695	-96,973
Amortisation of intangible assets	-2,703	-2,475
Amortisation of intangible assets resulting from acquisitions	-4,867	-8,114
Total depreciation and amortisation	**-110,264**	**-107,562**
Impairment loss of tangible assets	-6,145	-1,430
Impairment loss of intangible assets	-419	
Impairment loss related to intangible assets resulting from acquisitions	-3,167	
Total impairment losses	**-9,731**	**-1,430**
Total depreciation, amortisation and impairment losses	**-119,995**	**-108,991**

In 2016 an impairment loss of EUR 3.6 million was recognised on goodwill and intangible assets related to Eastern Europe and Denmark. In 2015 no impairment losses were recognised on goodwill and intangible assets.

Additionally, EUR 4.4 (0,0) million impairment loss on tangible assets was recognized in 2016 relating to business operations of Eastern Europe and Denmark.

See note 5 Impairment testing of goodwill and other intagible for further detail.

25. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2016	2015
Interest income on loans receivable and cash and cash equivalents	878	990
Exchange rate gains, non-hedge accounted derivatives	2,851	8,525
Other exchange rate gains	6,055	1,518
Other financing income		5
Incomes total	**9,784**	**11,038**
Interest expenses on financial liabilities measured at amortised cost	-7,658	-8,050
Interest expenses on financial leases	-162	-510
Net interest expenses on interest rate derivatives, cash flow hedges	-2,937	-3,030
Exchange rate losses, non-hedge accounted derivatives	-5,651	-5,826
Other exchange rate losses	-3,533	-4,881
Arrangement and commitment fees relating to interest-bearing loans	-1,517	-1,565
Other financing expenses	-177	-99
Expenses total	**-21,633**	**-23,961**
Net financial incomes and expenses	**-11,849**	**-12,923**

In accordance with the Treasury Policy, the Group uses interest rate swaps as hedging instruments designated as cash flow hedges. All terms of these hedges match with the terms of the hedged instrument (loan). Hedges are effective and therefore no gains or losses arising from ineffectiveness have been recognised in net finance expenses during the period.

26. INCOME TAXES

EUR 1,000 Amounts recognised in income statement	2016	2015
Current year tax	-11,591	-11,922
Adjustment for prior years	-102	-663
Change in deferred taxes	-6,594	-1,490
Total	**-18,287**	**-14,075**

Amounts recognised in other comprehensive income items (OCI)	2016 Before tax	2016 Tax effect	2016 Net of tax	2015 Before tax	2015 Tax effect	2015 Net of tax
Remeasurements of defined benefit liability	11	6	**5**	80	-22	**59**
Change in hedging fund	-1,924	-426	**-1,498**	1,281	-193	**1,088**
Share of OCI of joint ventures	3,348		**3,348**	-2,040		**-2,040**
Translation difference transferred to income statement through liquidation	-267		**-267**			
Change in translation differences	-13,347		**-13,347**	6,778		**6,778**
Total	**-12,179**	**-420**	**-11,759**	**6,099**	**-215**	**5,885**

Reconciliation of effective tax rate
The difference between income taxes at the domestic tax rate in Finland 20 % (2015 20 %) and income taxes recognised in the consolidated income statement is reconciled as follows:

EUR 1,000	2016	2015
Profit before tax	86,856	63,791
Tax calculated with domestic corporate tax rate	-17,371	-12,758
Foreign subsidiaries divergent tax rate +/-	-1,226	-734
Tax from the previous financial periods	-102	-663
Change in tax rates	33	85
Non-taxable income	163	134
Non-deductable expenses	-1,441	-525
Share of result of joint ventures reported net of taxes	266	79
Tax losses for which no deferred income tax asset was recognised	-17	-1,688
Utilisation of previously unrecognised tax losses	453	639
Recognition of previously unrecognised tax losses	1,034	1,474
Other items	-79	-118
Taxes in income statement	**-18,287**	**-14,075**
Group's effective tax rate, %	**21.1**	**22.1**

Deferred taxes have been recalculated due to the following changes in tax rates:
2016: Slovakia from 23% to 21% (2015: Norway from 27% to 25%)

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27. EARNINGS PER SHARE

	2016	2015
Profit for the year attributable to owners of the parent company , EUR 1,000	**68,569**	**49,715**
Number of shares		
Basic weighted average number of shares outstanding	**44,444,804**	**44,067,946**
Effect of options and share plans granted	231,057	193,064
Diluted weighted average number of shares outstanding	**44,675,861**	**44,261,010**
Earnings per share from profit attributable to owners of the parent company		
Basic, EUR	1.54	1.13
Diluted, EUR	1.53	1.12

Basic earnings per share are calculated by dividing the net profit attributable to the owners of the parent company by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by adjusting the weighted average number of all shares to assume conversion of all potentially dilutive shares.

The Group has share plans with a dilutive effect, which increases the number of shares. The Group also operated stock option plans until the end of 2015, when the last stock option plan expired. Stock options have a dilutive effect when their exercise price is lower than the fair value of the share. For stock options the dilutive effect is the number of shares which has to be issued without consideration. With the proceeds from the exercise of stock options the Group could not issue the same number of shares at fair value. The fair value of the share is based on the average share price during the period.

28. OTHER NON-CASH CORRECTIONS

EUR 1,000	2016	2015
Net capital gain on sale of tangible assets	-14,704	-9,309
Share-based payments	1,002	826
Indirect translation difference transferred to income statement through liquidation	-267	
Reversal of contingent considerations		-396
Other non-cash corrections	80	79
Total	**-13,889**	**-8,806**

29. SHARE-BASED PAYMENTS

During the financial year the Group had performance share plans and One Cramo share savings plans in operation. The last stock option plan, Stock Options 2011 expired on 31 December 2015. The Group has two performance share plans, established as part of the incentive and commitment program for the key personnel of the Group. The plan established in 2012 covers three discretionary periods 2012, 2013 and 2014 and the plan established in 2015 covers three discretionary periods 2015, 2016 and 2017. One Cramo share plans have been established to encourage Cramo employees to become shareholders in the company. The fifth plan period 2015-2016 was started 1 October 2016.

Effect of Share Plans on the result and financial position

EUR 1,000	
Expenses for the financial period, share-based payments	2,463
Expenses for the financial period, share-based payments, equity-settled	1,002
Liabilities arising from share-based payments on 31 Dec 2016	2,407

STOCK OPTIONS

During the financial year Cramo had no stock options in operation. The last option plan expired on 31 December 2015. Key characteristics and terms of the option plan are listed in the table below.

Options **Basic information**	**Stock Options 2011**
Annual General Shareholders' Meeting date	24-Mar-11
Initial grant date	31-Oct-11
Maximum number of stock options	1,000,000
The number of shares subscribed by one option	1
Initial exercise price, €	7.30
Dividend adjustment	Yes
Current exercise price, €[1]	5.43
Beginning of exercise period, date (vesting)	01-Oct-14
End of excercise period, date (expiration)	31-Dec-15
Maximum contractual life, years	4.2
Remaining contractual life, years	-
Number of persons Dec 31, 2015	Expired

1 The exercise price is deducted by the amount of the dividend distributed annually.

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Options Changes during the period 2015	Stock Options 2011	Weighted average exercise price in EUR[1]
1 Jan 2015		
Outstanding at the beginning of the period	625,525	5.98
Changes during the period		
Granted		
Forfeited		
Exercised	625,525	5.43
Expired		
Weighted average share price, €[2]	17.08	
31 Dec 2015		
Outstanding at the end of the period	-	
Exercisable at the end of the period	-	

1 Exercise price in the beginning of the period is status at Dec. 31, 2014. Exercise price for the options forfeitured during the period is based on the status at Dec. 31, 2015. Exercise price for the options exercised during the period is based on the realised exercise price.
2 Weighted average price for the company share during the reporting period or partial instrument term within

PERFORMANCE SHARE PLAN

The Group has two performance share plans. The plan established in 2012 covers three discretionary periods 2012, 2013 and 2014 and the plan established in 2015 covers three discretionary periods 2015, 2016 and 2017. The plans were established as part of the incentive and commitment program for the key personnel of the company and its subsidiaries. They offer the target group the opportunity to earn the company shares as a reward on the basis of achievement of targets established for the performance criteria.

There shall be a maximum total of 2,000,000 shares that shall be given as reward on the basis of the two plans covering years 2012-2017 including a cash proportion needed for taxes and tax-related costs arising from the reward to the key employees on the book-entry registration date of the shares. The rewards shall be paid to the key employees approximately two years after the confirmation of the reward. The rewards of the discretionary period 2013 were paid in January 2016.

The key data and changes in the amounts of share ownership plans are presented in the tables below. Since the cash component of the share reward is also recognised as a share-based expense, the amounts below are presented in gross terms, i.e. the share reward figures include both the reward paid in shares and a number of shares corresponding to the amount of the reward paid in cash.

Performance share plan Basic information	Discretionary Period 2013	Discretionary Period 2014	Discretionary Period 2015	Discretionary Period 2016
Maximum number of shares		1,000,000		1,000,000
Dividend adjustment	-	-	-	-
Grant date	15-Apr-13	17-Mar-14	14-Apr-15	05-Jul-16
Beginning of earning period	01-Jan-13	01-Jan-14	01-Jan-15	01-Jan-16
End of earning period	31-Dec-13	31-Dec-14	31-Dec-15	31-Dec-16
End of restriction period	15-Jan-16	31-Jan-17	31-Jan-18	31-Jan-19
Vesting conditions	EPS	EPS	EPS	EPS
	Service period	Service period	Service period	Service period
Maximum contractual life, years	2.8	2.9	2.8	2.6
Remaining contractual life, years	-	0.1	1.1	2.1
Number of persons at the end of the period	Expired	52	55	66
Payment method	Cash & Equity	Cash & Equity	Cash & Equity	Cash & Equity

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1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

Performance share plan Changes during the period 2016	Discretionary Period 2013[2]	Discretionary Period 2014[2]	Discretionary Period 2015[2]	Discretionary Period 2016[2]	Weighted remaining life in years
1 Jan 2016					
Outstanding at the beginning of the period[1]	275,000	308,000	316,000		
Changes during the period[1]					
Granted				252,000	
Forfeited		21,500	27,000	9,000	
Exercised	275,000				
Expired					
31 Dec 2016					
Outstanding at the end of the period[1]		286,500	289,000	243,000	1.5
Achievement of reward target, %	30%	14%	56%	80%	
Corresponding number of reward shares	82,500	40,110	162,563	194,400	

1 Maximum number of shares received if the reward target was 100% met.
2 The number of shares is presented in gross terms, i.e. the share reward figures include both the reward paid in shares and a number of shares corresponding to the amount of the reward paid in cash

Performance share plan Changes during the period 2015	Discretionary Period 2012[2]	Discretionary Period 2013[2]	Discretionary Period 2014[2]	Discretionary Period 2015[2]	Weighted remaining life in years
1 Jan 2015					
Outstanding at the beginning of the period[1]	266,000	299,000	333,000		
Changes during the period[1]					
Granted				316,000	
Forfeited		24,000	25,000		
Exercised	266,000				
Expired					
31 Dec 2015					
Outstanding at the end of the period[1]		275,000	308,000	316,000	1.6
Achievement of reward target, %	15	30	14	61	
Corresponding number of reward shares	39,900	82,500	43,120	192,760	

1 Maximum number of shares received if the reward target was 100% met.
2 The number of shares is presented in gross terms, i.e. the share reward figures include both the reward paid in shares and a number of shares corresponding to the amount of the reward paid in cash.

Determination of fair value
Inputs to the fair value determination of the share plans granted during the financial year 2016 are listed in the table on the right. The fair value of the equity-settled payment has been determined at grant date and the fair value is expensed during the vesting period. The fair value of the cash-settled payment is revalued on each reporting date and expensed during the vesting period. The total fair value of the rewards is based on the achievement of 80 % of the target and the company's estimate on December 31, 2016 as to the number of shares to be eventually vesting.

Performance share plan Valuation parameters	Discretionary Period 2016
Share price at grant date, €	18.61
Expected dividends, €	1.36
Fair value of the equity-settled component per share, €	17.25
Fair value of the cash-settled component per share on 31 Dec 2015, €	23.79
Total fair value on 31 Dec 2015, € thousands	3,642

ONE CRAMO SHARE PLAN

One Cramo share plans have been established to encourage all Cramo employees to become shareholders in the company and reward the employees for their efforts in working towards Cramo's goals. Another objective is to strengthen the tie between Cramo shareholders and employees. The fifth One Cramo plan period 2016-2017 was started 1 October 2016.

During the plan periods the participants can save 2-5% of their monthly gross salary. The total amount of all savings from each plan period may not exceed EUR 4 million. The savings are automatically used to purchase Cramo shares for the participants quarterly, after the publication date of the interim results during the plan period, at market price. The participant will receive one free matching share for every two acquired savings shares, if the participant holds the acquired shares until the end of the designated holding period. An additional requirement for receiving the matching shares is that the participant's employment has not been terminated before the end of the designated holding period. The matching shares will be paid partly in company shares and partly in cash. The cash part is intended to cover the tax and other tax-related costs arising from the reward to the participant.

The first plan period 2012-2013 ended on 30 September 2013 and related additional shares have been conveyed in May 2016. The second plan period 2013-2014 ended on 30 September 2014 and related additional shares will be conveyed in May 2017.

In accordance with IFRS 2 the matching shares that are equity-settled are valued at the date of acquisition of the savings shares. The cash-settled part of the reward will be evaluated to the fair value at each reporting date. The expenses of the plans are recognised on the vesting-periods ending approximately after 3 years from the grant date.

The key data and changes in the amounts of share ownership plans are presented in the tables below.

One Cramo share plan Basic information	One Cramo 2012-2013	One Cramo 2013-2014	One Cramo 2014-2015	One Cramo 2015-2016
Grant date	22-Feb-13	26-Feb-14	24-Feb-15	24-Feb-16
Vesting date	15-May-16	15-May-17	15-May-18	15-May-19
Maximum contractual life, years	3.2	3.2	3.2	3.2
Remaining contractual life, years	-	0.4	1.4	2.4
Number of persons at the end of the period		362	365	380
Payment method	Cash & Equity	Cash & Equity	Cash & Equity	Cash & Equity

One Cramo share plan Changes during the period 2016	One Cramo 2012–2013[1]	One Cramo 2013–2014[1]	One Cramo 2014-2015[1]	One Cramo 2015-2016[1]
1 Jan 2016				
Outstanding at the beginning of the period	25,445	23,091	17,748	
Changes during the period				
Granted				16,301
Forfeited	821	2,246	1,600	855
Exercised	24,624			
Expired				
31 Dec 2016				
Outstanding at the end of the period		20,845	16,149	15,446

1 The number of shares is presented in gross terms, i.e. the matching share figures include both the reward paid in shares and a number of shares corresponding to the amount of the reward paid in cash.

One Cramo share plan Changes during the period 2015	One Cramo 2012–2013[1]	One Cramo 2013–2014[1]	One Cramo 2014–2015[1]
1 Jan 2015			
Outstanding at the beginning of the period	27,812	24,770	
Changes during the period			
Granted			18,470
Forfeited	2,367	1,679	722
Exercised			
Expired			
31 Dec 2015			
Outstanding at the end of the period	25,445	23,091	17,748

1 The number of shares is presented in gross terms, i.e. the matching share figures include both the reward paid in shares and a number of shares corresponding to the amount of the reward paid in cash.

Determination of fair value

Inputs to the fair value determination of the One Cramo share plan granted during the financial year 2016 are listed in the table below. The fair value of the equity-settled payment has been determined at grant date and the fair value is expensed during the vesting period. The fair value of the cash-settled payment is revalued on each reporting date and expensed during the vesting period. The total fair value of the rewards is based on the company's estimate on December 31, 2016 as to the number of shares to be eventually vesting.

One Cramo share plan Valuation parameters	One Cramo 2015–2016
Share price at grant date, EUR	20.30
Share price at reporting period end, EUR	23.79
Cost of equity	8.30%
Holding period, years	2.9
Interest expense (one share), EUR	1.26
Expected dividends, € EUR	2.15
Fair value of the equity-settled component per share, EUR	13.10
Fair value of the cash-settled component per share on 31 Dec 2016, EUR	23.79
Total fair value on 31 Dec 2016, EUR thousands	261

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30. RELATED PARTY TRANSACTIONS

The Group's related parties include the Board of Directors, Group management team (key management personnel), his/her close family members, entities under control or significant influence of the persons belonging to related parties, subsidiaries and joint ventures. The subsidiaries are listed in note 31 Group companies and Joint ventures in note 7.

The related party transactions disclosed consist of transactions carried out with related parties that are not eliminated in the consolidated financial statements.

On 1 January 2016 Leif Gustafsson took up the position of President and CEO following the retirement of Vesa Koivula.

According to Employees' Pensions Act (TyEL 395/2006), pension costs of EUR 194.4 (95.7) thousand were recognised based on the compensation to the President and CEO. TyEL pension system is part of the Finnish social security system. It is a collective arrangement, in which the employer has no direct responsibility for the pension, but the responsibility lies on the pension system. Arrangements for the financing of pensions are done in two different ways: part of the pensions paid in future is funded in advance, and part funded by the so-called distribution system only when the pensions are paid.

The retirement age for the President and CEO is agreed to be 65 years. In addition to the statutory pension system, Cramo offers a voluntary pension insurance for the President and CEO and one of the Group management team members. The notice period of the President and CEO's service contract is 6 months, during which time he receives a full salary. In case that the contract is terminated by the employer, there may also be a severance payment of 12 months' salary.

Presentation of salaries and bonuses in related party transactions has been changed into accrual bases. As a result, total amount of compensation to President and CEO and other Group management has increased bu EUR 351 thousand. Post-employment benefits include voluntary pension systems, which are defined contribution plans.

The value of share-based payments represents the IFRS 2 expense of the share plans granted to the President and CEO and other Group management. The share-based payments are presented in note 29.

The discreationary periods of the share-based incentive scheme for Cramo Plc's key employees are the calendar years starting from 2012. The rewards for 2013 were paid on January 15, 2016 (for 2012 on January 8, 2015). A total of 13,605 (8,344) shares were given in a directed share issue to the President and CEO and other Group management. In addition to which, rewards were paid in cash in the amount of EUR 268.3 (107.7) thousand.

The plan periods of the share-based One Cramo scheme for Cramo Plc's all employees started in 2012. The matching shares were for 2012-2013 plan were paid in May 16, 2016. A total of 462 shares were given in a directed share issue to the Group management. In addition to which, rewards were paid in cash in the amount of EUR 9.8 thousand.

Under the option programme 2011 the President and CEO and other Group management suscribed for 3,910 new shares and sold 293,540 options in 2015.

EUR 1,000 Compensation to Board members	2016	2015
Board members:		
Helene Biström, Chairman	74	74
Erkki Stenberg, Deputy Chairman	48	39
Perttu Louhiluoto	35	
Peter Nilsson	39	38
Joakim Rubin	48	39
Raimo Seppänen	39	39
Caroline Sundewall	43	40
Former Board members:		
Eino Halonen	1	50
Leif Boström	1	40
Victor Hartwall		1
Total	**328**	**360**

An amount of EUR 90 (145) thousand of the Board fees has been paid in the form of Cramo shares.

EUR 1 000 Executive remuneration	2016	2015
Compensation to the President and CEO		
Salaries bonuses and fringe benefits	917	412
Termination benefits		1,140
Post-employment benefits	155	84
Share-based payments	72	257
Total	**1,143**	**1,892**
Compensation to the Group management team		
Salaries bonuses and fringe benefits	1,986	1,969
Termination benefits	431	2
Post-employment benefits	85	35
Share-based payments	563	748
Total	**3,065**	**2,754**
Total compensation to President and CEO and other Group management	**4,208**	**4,646**

Related party transactions

Tatu Hauhio, Executive Vice President, Eastern Europe, and Managing Director, Cramo Finland is a joint-owner of Kiinteistö Oy Hosionrinne, to which Cramo has paid real estate rents amounting to EUR 1,733 (1,733) thousand based on market-based rental level.

Loans to related parties

EUR 1,000 Loans to joint ventures[1]	2016	2015
1 Jan	15,478	17,656
Amortisations during the period	-2,340	-2,389
Accrued interest	362	443
Paid interest	-573	-232
31 Dec	**12,926**	**15,478**

1 Fortrent Oy.

31. GROUP COMPANIES

The Group consists of Cramo Plc and the following subsidiaries.

			% of shares	
Subsidiaries		Domicile	Parent company	Group
Cramo AB	Sollentuna	Sweden	100	
Cramo Adapteo AB	Sollentuna	Sweden	100	
Cramo AG	Feldkirchen	Germany	100	
Cramo Adapteo GmbH	Frankfurt	Germany	100	
Cramo A/S	Glostrup	Denmark	100	
Cramo AS	Oslo	Norway	100	
Cramo AS Estonia	Tallinn	Estonia	100	
Cramo Finance NV	Antwerp	Belgium	99.9	100
Cramo Finland Oy	Vantaa	Finland	100	
Cramo Kaliningrad OOO	Kaliningrad	Russia	100	
Cramo New Holding AB	Sollentuna	Sweden	100	
Cramo SK s.r.o.	Bratislava	Slovakia	100	
Cramo s.r.o.	Prague	the Czech Republic	100	
Cramo UAB	Vilnius	Lithuania	100	
Construction Vehicles Karvina s.r.o.	Karvina	the Czech Republic	100	
SIA Cramo	Riga	Latvia	100	
Suomen Tähtivuokraus Oy	Vantaa	Finland	100	
Cramo GmbH	Wien	Austria		100
Cramo GMBH & Co KG	Wien	Austria		100
Cramo Korlatolt Felelössegu Tarsasag	Budapest	Hungary		100
Cramo Scaffolding Oy	Kemi	Finland		100
Cramo Services AB	Sollentuna	Sweden		100
Cramo Sp.zo.o	Warsaw	Poland		100
Ehitustööriist OÜ	Tallinn	Estonia		100
Machine Forum Oy	Helsinki	Finland		100
Mupol Förvaltnings AB	Stockholm	Sweden		100
Vuokra-Pekat Oy	Helsinki	Finland		100

The Group has ownership in the following joint ventures. See more in note 7. Joint ventures.
There are no associated companies in the Group.

			% of shares	
Joint ventures	Domicile		Parent company	Group
Fellesutleie AS	Oslo	Norway		50
Fortrent Oy	Vantaa	Finland		50

32. EVENTS AFTER BALANCE SHEET DATE

The Shareholders' Nomination Committee of Cramo Plc proposed 2 February 2017 to the next Annual General Meeting of Shareholders, which is planned to be held on 30 March 2017, that the number of members of the Board of Directors be confirmed as seven (7) ordinary members. The Nomination Committee proposed that, in accordance with their consents, the following current members of the Board be re-elected: Perttu Louhiluoto, Peter Nilsson, Joakim Rubin, Raimo Seppänen, Erkki Stenberg and Caroline Sundewall, and that Veli-Matti Reinikkala be elected as new Board member, all to serve for a term ending at the end of the Annual General Meeting 2018.

The current Chairman of the Board of Directors Helene Biström has announced that she will not be available for re-election. While preparing the proposal for the composition of the Board of Directors, the Nomination Committee has specifically sought to identify a new Chairman of the Board of Directors.

Based on the Nomination Committee's survey, discussions with the Chairman of the Board of Directors and the CEO of the Group, reports of an independent recruiting consultancy as well as the Board self-evaluation and evaluation process conducted by an independent consultant, the Nomination Committee has decided to propose Veli-Matti Reinikkala to be elected as a member of the Board of Directors. Further, the Nomination Committee recommends that the Board of Directors elect Veli-Matti Reinikkala as the Chairman of the Board of Directors.

Veli-Matti Reinikkala (born 1957) has held several senior management positions in ABB, including President of Region Europe in 2015 and member of the Group Executive Committee 2006–2015, Head of Process Automation Division 2006–2014, Business Area Manager for ABB Process Automation in 2005 and Automation Technologies Division Manager in China 2003–2004. Reinikkala is currently a member of the board of directors at UPM-Kymmene Corporation (since 2007) and Fortum Corporation (since 2016). He holds an Executive Master of Business Administration from Helsinki School of Economics.

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33. CALCULATION OF THE KEY FIGURES AND RATIOS

KEY FIGURES ON FINANCIAL PERFORMANCE:

Return on equity, %

$$= \frac{\text{Profit for the period}}{\text{Total equity (average)}} \times 100$$

Return on investment, %

$$= \frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Balance sheet total – non-interest-bearing liabilities (average)}} \times 100$$

Equity ratio, %

$$= \frac{\text{Total equity}}{\text{Balance sheet total – advance payments received}} \times 100$$

Net interest-bearing liabilities

= Interest-bearing liabilities – cash and cash equivalents

Gearing, %

$$= \frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$$

Personnel on average

= The average number of employees at the end of each calendar month during the accounting period, adjusted with the number of part-time employees

THE ALTERNATIVE PERFORMANCE MEASURES:

EBITA

= Operating profit (EBIT) + amortisation and impairment on intangible assets (purchase price allocations) arising from acquisitions

PER-SHARE RATIOS:

Earnings per share (EPS)

$$= \frac{\text{Profit for the year attributable to owners of the parent company}}{\text{Adjusted average number of shares during the period}}$$

Shareholders' equity per share

$$= \frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the period}}$$

Dividend per share

$$= \frac{\text{Dividend distribution for the period}}{\text{Adjusted number of shares at the end of the period}}$$

Dividend per earnings, %

$$= \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Effective dividend yield, %

$$= \frac{\text{Dividend per share}}{\text{Issue-adjusted closing price at the end of the period}} \times 100$$

Price/earnings ratio (P/E)

$$= \frac{\text{Issue-adjusted closing price at the end of the period}}{\text{Earnings per share}}$$

Market capitalisation

= Number of shares at the end of the period x closing price at the end of the period

34. SHARES AND SHAREHOLDERS

	2016		2015	
	No	EUR 1,000	No	EUR 1,000
Shares	44,690,554	24,835	44,621,294	24,835

All shares are issued, registered and fully paid. Each share entitles the holder to one vote.

Distribution of shareholding by size range 31 Dec 2016 **Number of shares**	Number of shareholders	% of shareholders	Number of shares	% of share capital
1–100	2,178	27.70	117,260	0.26
101–1000	4,301	54.69	1,662,901	3.72
1001–10 000	1,245	15.83	3,212,407	7.19
10 001–100 000	112	1.42	3,089,294	6.91
100 001–500 000	22	0.28	3,954,869	8.85
500 001–	6	0.08	32,645,654	73.05
Transferred to book-entry securities system total	**7,864**	**100.00**	**44,682,385**	**99.98**
Not transferred to book-entry securities system total			8,169	0.02
Total			**44,690,554**	**100.00**

Distribution of shareholding by sector 31 Dec 2016 **Shareholding by sector**	Number of shares	% of share capital	Number of votes	% of votes
Corporations	1,835,598	4.11	1,835,598	4.11
Financial and insurance corporations	31,037,499	69.45	31,037,499	69.45
General Government	1,514,090	3.39	1,514,090	3.39
Non-profit institutions	3,408,860	7.63	3,408,860	7.63
Households	5,600,426	12.53	5,600,426	12.53
Foreign shareholders	1,285,912	2.88	1,285,912	2.88
Transferred to book-entry securities system total	**44,682,385**	**99.98**	**44,682,385**	**99.98**
Not transferred to book-entry securities system total	8,169	0.02	8,169	0.02
Total	**44,690,554**	**100.00**	**44,690,554**	**100.00**

Shareholding of Board members and the CEO of the Group

On 31 December 2016, the Board members and the CEO held, either directly or through companies in which they exercise control, a total of 37,169 Cramo Plc shares.

Insider guidelines

In 2016, Cramo Plc observed the Finnish Corporate Governance Code, which entered into force on 1st January 2016. Cramo manages inside information in accordance with the requirements of the Market Abuse Regulation (MAR), the Insider Guidelines of Nasdaq Helsinki Ltd and Cramo's Insider Guidelines approved by the Board of Directors.

Shareholders

The Group had 7,864 shareholders in the share register as at 31 December 2016.

Major shareholders 31 Dec 2016	Number of shares	%	Voting rights	%
Zeres Capital[1]	4,696,730	10.51	4,696,730	10.51
Rakennusmestarien Säätiö (Construction engineers' fund)	2,129,422	4.76	2,129,422	4.76
Ilmarinen Mutual Pension Insurance Company	1,145,603	2.56	1,145,603	2.56
Odin Finland	732,358	1.64	732,358	1.64
Nordea Nordic Fund	723,982	1.62	723,982	1.62
Rakennusmestarit ja -insinöörit AMK RKL ry	301,220	0.67	301,220	0.67
Savings Bank Finland Fund	284,648	0.64	284,648	0.64
Fondita Nordic Micro Cap	280,000	0.63	280,000	0.63
Varma Mutual Pension Insurance Company	268,387	0.60	268,387	0.60
OP-Finland Evli Small Firms Fund	241,595	0.54	241,595	0.54
Helsingin Rakennusmestarit ja -insinöörit AMK ry	173,973	0.39	173,973	0.39
Danske Bank SR Invest Finland Fund	172,000	0.38	172,000	0.38
OP-Finland Small Firms Fund	165,438	0.37	165,438	0.37
Nordea Life Assurance Finland Ltd	159,000	0.36	159,000	0.36
Lindström Kim	156,975	0.35	156,975	0.35
OP-Delta Fund	145,013	0.32	145,013	0.32
Laakkonen Mikko	135,300	0.30	135,300	0.30
SEB Finlandia Investment Fund	134,584	0.30	134,584	0.30
Maa- ja vesitekniikan tuki r.y.	130,000	0.29	130,000	0.29
Savings Bank Finland Small Firms Fund	126,871	0.28	126,871	0.28
Gustavson Stig	117,240	0.26	117,240	0.26
Southern Finland Structural Fund, Best of Finland	115,000	0.26	115,000	0.26
Relander Harald	105,000	0.23	105,000	0.23
EQ Nordic Countries, Small Firms	96,263	0.22	96,263	0.22
Suka Sijoitus investment company	84,158	0.19	84,158	0.19
Other	8,063,271	18.04	8,063,271	18.04
Nominee registered	23,798,354	53.25	23,798,354	53.25
Transferred to book-entry securities system total	**44,682,385**	**99.98**	**44,682,385**	**99.98**
Not transferred to book-entry securities system total	8,169	0.02	8,169	0.02
Total	**44,690,554**	**100.00**	**44,690,554**	**100.00**

1 According to the notification pursuant to Chapter 9, section 5 of the Securities Markets Act on 30 March 2015. No further information on current ownership.

BALANCE SHEET OF THE PARENT COMPANY (FAS)

EUR 1,000	Note	31 Dec 2016	31 Dec 2015
ASSETS			
Non-current assets			
Intangible assets	2	436	640
Tangible assets	2	396	426
Investments			
Shares in Group companies	2	397,488	354,397
Shares in other companies	2	119	119
Non-current receivables	3	365,157	431,801
Total non-current assets		**763,595**	**787,382**
Current assets			
Current receivables	4	58,438	60,444
Cash and cash equivalents		4,176	9
Total current assets		**62,614**	**60,454**
TOTAL ASSETS		**826,209**	**847,836**
EQUITY AND LIABILITIES			
Equity			
Share capital		24,835	24,835
Share premium		3,331	3,331
Invested unrestricted equity		142,218	141,616
Retained earnings		19,215	15,383
Profit for the period		22,184	33,319
Total equity	5	**211,783**	**218,484**
Appropriations	6	**170**	**177**
Provisions	7	**1,174**	**947**
Liabilities			
Non-current liabilities	8	520,859	500,272
Current liabilities	8	92,224	127,956
Total liabilities		**613,083**	**628,228**
TOTAL EQUITY AND LIABILITIES		**826,209**	**847,836**

INCOME STATEMENT OF THE PARENT COMPANY (FAS)

EUR 1,000	Note	1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015
Sales	9	**2,395**	**1,178**
Other operating income	10	18,714	478
Personnel expenses	11	-4,845	-4,916
Depreciation and impairment	12	-239	-237
Other operating expenses	13	-7,032	-5,277
Operating profit		**8,993**	**-8,773**
Financial income		52,460	60,916
Financial expenses		-55,633	-33,498
Total financial income and expenses	14	-3,173	27,418
Profit before appropriations and taxes		**5,820**	**18,644**
Appropriations	15	16,680	14,675
Income taxes	16	-316	0
Profit for the year		**22,184**	**33,319**

CASH FLOW STATEMENT OF THE PARENT COMPANY (FAS)

EUR 1,000	Note	1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015
Cash flow from operating activites			
Profit before taxes		22,493	33,322
Non-cash adjustments:			
Depreciation	12	239	237
Financial income and expenses	14	3,173	-27,418
Other non-cash corrections		-17,730	644
Appropriations	15	-16,673	-14,678
Operating loss before change in working capital		-8,498	-7,892
Change in working capital[1]		-86	1,178
Cash generated from operations		-8,584	-6,714
Taxes paid			8,208
Share-based payments		-246	
Dividends received	14	33,214	39,021
Interest received		12,858	10,932
Interest and other financial expenses paid		-31,438	-10,321
Net cash flow from operating activities		**5,805**	**41,127**
Cash flow from investing activities			
Investments in tangible and intangible assets		-4	-20
Acquisition of subsidiaries		-88,702	-273
Proceeds from repayments of non-current loans		92,155	9,661
Change in current loans		-42,756	-29,733
Cash flow used in investing activities		**-39,307**	**-20,365**
Cash flow from financing activities			
Proceeds from share options exercised		376	4,049
Proceeds from non-current liabilities		61,110	7,000
Change in current liabilities		-9,047	-24,555
Dividends paid	5	-28,880	-24,128
Group contributions received		14,678	15,983
Net cash flow from financing activities		**38,237**	**-21,651**
Change in cash and cash equivalents		**4,734**	**-888**
Cash and cash equivalents at beginning of the year		9	1,564
Exchange rate difference		-568	-667
Cash and cash equivalents at year end		**4,176**	**9**
Change in working capital[1]			
Increase (-)/decrease (+) in short-term receivables		-193	-209
Increase (+)/decrease (-) in short-term non-interest bearing liabilities		107	1,387
Total		**-86**	**1,178**

PARENT COMPANY NOTES TO THE FINANCIAL STATEMENTS (FAS)

1. ACCOUNTING PRINCIPLES

Measurement of tangible assets
Tangible assets are recorded at cost, including fixed manufacturing costs less depreciation according to plan. Maintenance and repair costs are recognised as expenses in the year in which they are incurred.

Depreciation according to plan is calculated, based on Group-wide principles, on a straight-line basis over the expected useful lives of the assets.

Depreciations according to plan are as follows:

Buildings and structures	20 years
Machinery and equipment	3–6 years
Other tangible assets	10 years
Intangible assets	5 years

Items denominated in foreign currencies
Assets and liabilities denominated in currencies other than those of the euro zone are translated into euros at the exchange rates prevailing at the date of the transactions. Exchange gains and losses are recognized through profit and loss.

Appropriations
Received group contributions and the accumulated difference between the depreciation according to plan and in taxation is shown under appropriations.

Deferred taxes
Deferred tax liabilities and assets are not entered into the company's balance sheet. Deferred tax liabilities and assets significant to the company are disclosed in the notes.

Revenue and revenue recognition
Revenue consists of service charges to subsidiaries. Sales are recognised on an accrual basis. In calculating revenue, sales are recorded net of indirect taxes, discounts and rebates.

Other operating income
Other operating income includes, among other things, rental income and contributions received as well as gain/loss from mergers. Other operating income also includes management expenses from share-based payments and the share subscription prices charged from subsidiaries. Other operating income is recognised on an accrual basis.

Pension schemes
Pensions are accounted as expense for the period they incurred. There are no uncovered pension liabilities. The pension scheme is based on pension insurance in compliance with the Employees' Pensions Act and the Employment Pensions Fund. In 2016, the contractual retirement age for the President and CEO was 65 years.

Valuation of financial instruments
Financial instruments are measured according to Accounting Act 5:2§, at the lower of acquisition cost and net realisable value.

Income taxes
Income taxes for the financial year and the previous financial years are recognised through taxes in profit and loss.

2. NON-CURRENT ASSETS

TANGIBLE ASSETS EUR 1,000	Land	Machinery and equipment	Other tangible assets	Total tangible assets
Acquisition cost at 1 Jan 2016	**339**	**291**	**190**	**819**
Additions		4		**4**
Acquisition cost at 31 Dec 2016	339	295	190	**824**
Accumulated depreciation		-223	-171	**-394**
Depreciation for the financial year 2016		-35		**-35**
Net book value at 31 Dec 2016	**339**	**37**	**19**	**396**
Acquisition cost at 1 Jan 2015	**339**	**272**	**190**	**801**
Additions		19		**19**
Acquisition cost at 31 Dec 2015	339	291	190	**819**
Accumulated depreciation		-191	-171	**-361**
Depreciation for the financial year 2015		-32		**-32**
Net book value at 31 Dec 2015	**339**	**68**	**19**	**426**

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INTANGIBLE ASSETS EUR 1,000	Intangible rights	Other capitalised longterm expenditure	Total intangible assets
Acquisition cost at 1 Jan 2016	**667**	**565**	**1,232**
Acquisition cost at 31Dec 2016	667	565	**1,232**
Accumulated depreciation	-265	-327	**-592**
Amortisation for the financial year 2016	-116	-88	**-204**
Net book value at 31 Dec 2016	**285**	**150**	**436**
Acquisition cost at 1 Jan 2015	**665**	**565**	**1,230**
Additions	1		**1**
Acquisition cost at 31Dec 2015	667	565	**1,232**
Accumulated depreciation	-149	-239	**-388**
Amortisation for the financial year 2015	-116	-88	**-204**
Net book value at 31 Dec 2015	**402**	**238**	**640**

INVESTMENTS EUR 1,000	Shares in Group companies	Shares in other companies	Total investments
Acquisition cost at 1 Jan 2016	**354,397**	**119**	**354,516**
Additions	87,963		87,963
Disposals	-13,775		-13,775
Impairment[1]	-31,097		-31,097
Net book value at 31 Dec 2016	**397,488**	**119**	**397,607**
Acquisition cost at 1 Jan 2015	**361,761**	**119**	**361,880**
Additions	73		73
Impairment[2]	-7,437		-7,437
Net book value at 31 Dec 2015	**354,397**	**119**	**354,516**

1 The carrying amount of shares of Latvian subsidiary was written down by EUR 16.8 million. The Group management has concluded the cash flows present value of this business is estimated to be permanently less than the carrying amount of the shares before write-down. In addition the carrying amount of shares of Suomen Tähtivuokraus Oy was written down by EUR 14.3 million. The Group management has concluded the weakning of Russian rouble as of permanent nature.

2 In the comparative period the carrying amounts of shares of subsidiaries in Germany and Czech Republic as well as the shares of Suomen Tähtivuokraus Oy were written down by EUR 7.4 million. The Group management has concluded the cash flows present value of this business is estimated to be permanently less than the carrying amount of the shares before write-down.

For shares and shareholdings, see consolidated financial statements in note 31.

ACCUMULATED DEPRECIATION DIFFERENCE EUR 1,000	2016	2015
Machinery and equipment		
Accumulated difference in total depreciation and depreciation according to plan at 1 Jan	177	174
Increase in accumulated depreciation difference for the period of 1 Jan - 31 Dec	-7	3
Accumulated difference in total depreciation and depreciation according to plan at 31 Dec	**170**	**177**

Change in depreciation difference of machinery and equipment 1 Jan - 31 Dec includes depreciation difference received through mergers.

3. NON-CURRENT RECEIVABLES

EUR 1,000	2016	2015
From Group companies		
Loan receivables	347,049	414,118
From others		
Loan receivables[1]	12,926	15,267
Prepaid expences and accrued income	5,182	2,416
Total	**365,157**	**431,801**

1 Loan receivables from joint venture Fortrent Oy. For joint ventures, see consolidated financial statements note 7.

4. CURRENT RECEIVABLES

EUR 1,000	2016	2015
From Group companies		
Loan receivables	54,153	55,351
Trade receivables	490	258
Prepaid expenses and accrued income	318	2,541
From others		
Trade receivables	10	0
Other receivables	107	504
Prepaid expenses and accrued income	3,361	1,791
Total	**58,438**	**60,444**
Prepaid expenses and accrued income		
From Group companies		
Accrued interest	318	411
Other prepaid expenses and accrued income		2,129
From others		
Arrangement fees from loans	1,810	
Income tax receivables[1]	1,522	1,514
Other prepaid expenses and accrued income	30	277
Total	**3,678**	**4,332**

1 In 2013, the Tax Administration issued a residual tax decision, total amount of EUR 9.7 million, for Cramo Plc concerning 2009 - 2012. According to the decision, the interest income from Cramo's financing company in Belgium should have been taxed in Finland. Cramo Plc has paid the taxes in Belgium and appealed against the decision. In 2015, the Assessment Adjustment Board changed the tax decision, and the Finnish Tax Administration paid Cramo Plc a EUR 8.3 million tax refund. Cramo Plc has appealed to an Administrative Court in Finland against the approximately one million euro tax penalty associated with the changed tax decision. Cramo Plc has submitted the case to the mutual agreement procedure (the MAP process) between Belgium and Finland, to the extent that Cramo has been subjected to double taxation, pursuant to the changed tax decision.

5. EQUITY

EUR 1,000	2016	2015
Share capital at 1 Jan / 31 Dec	24,835	24,835
Share premium fund at 1 Jan / 31 Dec	3,331	3,331
Invested unrestricted equity at 1 Jan	141,616	138,157
Excercise of share options, option program 2011		3,459
Own shares conveyed	602	
Invested unrestricted equity at 31 Dec	**142,218**	**141,616**
Retained earnings at 1 Jan	48,702	39,515
Dividend distribution	-29,487	-24,132
Retained earnings at 31 Dec	**19,215**	**15,383**
Profit for the year	22,184	33,319
Total equity	**211,783**	**218,484**
Distributable funds		
Retained earnings at 31 Dec	19,215	15,383
Profit for the year	22,184	33,319
Invested unrestricted equity	142,218	141,616
Total	**183,617**	**190,318**

SHARE CAPITAL	2016 No.	2016 EUR	2015 No.	2015 EUR
Shares	44,690,554	24,834,753.09	44,621,294	24,834,753.09

Stock options and share plans
Details about current share incentive schemes are disclosed in the consolidated financial statements, note 29.

6. APPROPRIATIONS

EUR 1,000	2016	2015
Accumulated depreciation difference	170	177

7. PROVISIONS

EUR 1,000	2016	2015
Other provisions	1,174	947

Other provisions include the cash reward of the share plans payable during the financial periods 2017-2019.

8. LIABILITIES

EUR 1,000	2016	2015
Non-current liabilities		
Bonds	166,270	100,000
Loans from credit institutions	185,000	190,000
Loans from group companies	169,589	210,155
Other liabilities		117
Total	**520,859**	**500,272**
Current liabilities		
To Group companies		
Liabilities to Group companies	42,033	51,080
Accounts payable	1,152	686
Accrued liabilities and deferred income	124	173
Total	**43,309**	**51,939**
To others		
Loans from credit institutions	10,607	10,498
Accounts payable	495	381
Accrued liabilities and deferred income	2,388	5,552
Commercial papers	34,970	59,460
Tax accrual from current financial period	354	
Other current liabilities	101	125
Total	**48,915**	**76,016**
Total current liabilities	**92,224**	**127,956**
Total liabilities	**613,083**	**628,228**
ACCRUED LIABILITIES AND DEFERRED INCOME		
To Group companies		
Interest expenses	124	173
To others		
Interest expenses	1,188	4,027
Personnel expenses	1,200	1,525
Total	**2,388**	**5,552**
Total	**2,512**	**5,725**
NON-CURRENT LIABILITIES, MATURITY > 5 YEARS		
Bonds	150,000	
Loans from credit institutions		152,000
AN ESSENTIAL CONDITIONS AND THE TOTAL NUMBER OF BONDS ISSUED BY THE COMPANY		
Bond 2012/2018; 4.50%	16,270	100,000
- buy-back -83,730		
Bond 2016/2022; 2.35%	150,000	
Bonds in total	**166,270**	**100,000**

In November 2016 Cramo issued a senior unsecured bond of EUR 150 million. The bond matures on 28.2.2022, carrying a fixed annual interest at the rate of 2.375 %. Simultaneously with the new issue Cramo made a voluntary tender offer for the notes of the EUR 100 million bond due in February 2018. Tender offer resulted a take-up totalling EUR 83.7 million and Cramo purchasing these notes in cash. Notes not tendered, totalling to EUR 16.3 million, will remain outstanding and due on February 2018.

9. SALES BY GEOGRAPHICAL SEGMENTS

EUR 1,000	2016	2015
Service Charges		
Finland	541	260
Sweden	1,168	539
Norway	198	101
Denmark	158	73
Central Europe	156	61
Eastern Europe	175	145
Total	**2,395**	**1,178**

10. OTHER OPERATING INCOME

EUR 1,000	2016	2015
Rental of premises	24	25
Liquidation gain of Cramo Holding B.V.	18,202	
Other	488	453
Total	**18,714**	**478**

11. PERSONNEL EXPENSES

EUR 1,000	2016	2015
Salaries and fees	-3,700	-4,225
Pensions	-1,007	-579
Other statutory employer contributions	-138	-112
Total	**-4,845**	**-4,916**
Average number of personnel		
Clerical personnel	26	24
Executive remuneration[1]		
Salaries and fees with fringe benefits		
President and CEO[2]	-837	-412
Management team	-589	-623
Board members	-328	-360
Termination benefits[3]		
President and CEO		-885
Management team	-143	
Post-employment benefits[4]		
President and CEO	-155	-84
Management team		-14
Total	**-2,051**	**-2,378**

1 Executive remuneration, see consolidated financial statements note 30, related party transactions.
2 Leif Gustafsson is President and CEO of Cramo Plc. He had a service agreement with Cramo Plc from 1 January 2016 until 30 November 2016. The agreement was transferred to Cramo Services AB on 1 December 2016. Cramo Service AB has invoiced Cramo Plc a total amount of EUR 56.8 thousand relating to CEO's salaries and fees with fringe benefits from period 1 January to 31 December 2016. Expenses are reported in other operating expenses.
3 The CFO Martti Ala-Härkönen has left the position on August 11, 2016. The President and CEO Vesa Koivula has retired and left the position on 31 December, 2015.
4 Post-employment benefits include voluntary pension systems, which are defined contribution plans. Cramo Service AB has invoiced Cramo Plc a total amount of EUR 12.7 thousand relating to CEO's voluntary pension expenses from period 1 January to 31 December 2016. Expenses are reported in other operating expenses.

12. DEPRECIATION AND IMPAIRMENT

EUR 1,000	2016	2015
Depreciation according to plan on intangible assets	-204	-204
Depreciation according to plan on tangible assets	-35	-32
Total	**-239**	**-237**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19

13. OTHER OPERATING EXPENSES

EUR 1,000	2016	2015
Premises expenses	-312	-302
Investor relations	-593	-458
Expert services	-1,959	-883
Intra-Group services[1]	-2,403	-2,300
Other administrative expenses	-1,765	-1,334
Total	**-7,032**	**-5,277**

AUDIT FEES	2016	2015
Audit firm, KPMG Oy Ab		
Audit fees	-63	-62
Tax consultation	-10	-5
Other services	-59	-33
Total	**-131**	**-100**

1 Personnel expenses related to President and CEO in the amount EUR 69.5 thousand is included in Intra-Group services for 2016.

14. NET FINANCIAL ITEMS

EUR 1,000	2016	2015
Dividend income		
From Group companies	33,214	39,021
From others	0	0
Total dividend income	**33,214**	**39,021**
Interest income		
From Group companies	9,026	10,564
From others	357	518
Total interest income	**9,383**	**11,082**
Interest expenses		
To Group companies	-3,377	-4,596
To others	-10,291	-10,762
Total interest expenses	**-13,668**	**-15,358**
Other financial expenses		
Impairment on non-current investments[1]	-31,097	-7,437
Other financial expenses	-1,569	-1,580
Total financial expenses	**-32,666**	**-9,017**
Exchange gains and losses		
To Group companies	3,403	-2,827
To others	-2,839	4,517
Total exchange gains and losses	**564**	**1,690**
Net financial items	**-3,173**	**27,418**

1 See note 2, non-current assets.

15. APPROPRIATIONS

EUR 1,000	2016	2015
Depreciation difference, increase (-)/ decrease (+):		
Machinery and equipment	7	-3
Group contributions received	16,673	14,678
Total	**16,680**	**14,675**

16. INCOME TAXES

EUR 1,000	2016	2015
Current tax	3,650	2,936
Taxes on appropriations, group contribution	-3,335	-2,936
Tax from previous financial periods		0
Total	**316**	**0**

17. COLLATERALS AND CONTINGENT LIABILITIES

EUR 1,000	2016	2015
COLLATERALS GIVEN		
Collaterals given on behalf of the Group companies		
Guarantees given	7,721	9,303
COMMITMENTS AND CONTINGENCIES		
Leasing liabilities		
Leasing liabilities in the following year	131	288
Subsequent leasing liabilities	131	273
Leasing liabilities are 3–4 year contracts without redemption clauses.		
Rental liabilities		
Rental liabilities in the following year	1,842	1,812
Subsequent rental liabilities	614	2,416

Rental liabilities of business premises are 10-year contracts without redemption clauses.

Investment liabilities		
Investment commitments in the following year	6,651	
Subsequent investment commitments	24,942	

18. INTEREST RATE AND CURRENCY DERIVATIVES

	2016		2015	
EUR 1,000	Nominal value	Fair value	Nominal value	Fair value
INTEREST RATE DERIVATIVES				
Interest rate swap	130,000	-10,451	130,000	-8,322
Negative fair value		-10,451		-8,322
CURRENCY DERIVATIVES				
Forward contracts	116,225	633	106,904	657
Positive fair value		813		780
Negative fair value		-180		-123

Financial derivarive instruments of parent company which are valid at the closing date, will mature during financial years 2017-2023.

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The objective of the company's risk management is to minimise the negative effects on the company's financial performance caused by changes in financial markets and to secure adequate liquidity available. The company uses derivative financial instruments only for hedging purposes; to hedge against currency and interest rate risks. The fair value of derivative financial instruments are presented as off-balance sheet items.

The company's interest rate risk arises mainly from its long-term borrowings. The company is mainly exposed to cash flow interest rate risk, which arises from liabilities at variable rates and is partly off-set by the bonds with fixed interest rate. The company manages its cash flow interest rate risk also by using interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates, or vice versa.

The Group operates internationally and is exposed to risks arising from foreign exchange rate fluctuations, primarily from exposures with respect to the Swedish krona. Foreign exchange risk arises primarily from internal funding and net investments in foreign operations as well as from recognised assets and liabilities. During 2016 and 2015 Cramo has not utilised any financial instruments to hedge the net investments in subsidiaries denominated in other currencies than EUR. Foreign exchange risk arising from internal funding and recognised assets and liabilities is managed primarily through forward contracts.

Realised results arising from currency and interest rate derivatives have been recognised in finance items in the income statement. The nominal values and market values of the derivatives are disclosed in the table above. The derivative exposure on 31.12.2016 reflects well the exposure retained during the financial year. Further details about Cramo Group's financial risk management are disclosed in the consolidated financial statements, note 10.

19. DEFERRED TAXES

EUR 1,000	2016	2015
Deferred tax asset on negative depreciation difference	4	4
Deferred tax asset on tax losses carried forward		15
Deferred tax asset on provisions	235	189
	239	**208**
Deferred tax liability on depreciation difference	-34	-35
	-34	**-35**
Total	**205**	**173**

Deferred tax assets and liabilities are not included in the balance sheet.

SIGNATURES

Vantaa, 6 February 2017

Helene Biström *Erkki Stenberg* *Perttu Louhiluoto* *Peter Nilsson*

Joakim Rubin *Raimo Seppänen* *Caroline Sundewall*

Leif Gustafsson
President and CEO

AUDITOR'S REPORT TO THE ANNUAL GENERAL MEETING OF CRAMO PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Cramo Plc (business identity code 0196435-4) for the year ended 31 December 2016. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial performance, financial position and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good audting practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIALITY

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER

Tangible Assets
(Notes 1, 3 and 24 to the Consolidated Financial Statements)

- Tangible assets consisting mainly of the equipment and modules for rental business (fleet) comprise approximately 60% of the total assets of the Group.
- The business of the Group is highly dependent on the condition and availability of the fleet.
- There is a risk that the judgements made by the management when evaluating the depreciation periods and around the annual impairment review of the Group's rental fleet are not appropriate and that the carrying values of these assets are misstated.

How the matter was addressed in the audit

- In addition to testing certain key controls over the fleet management, our audit procedures consisted of substantive testing procedures including data analyses.
- In particular, we focused our audit procedures on fleet utilisation, gains and losses on asset disposals, depreciation periods and residual values. Our procedures also included attendance in physical counts of the fleet.
- We considered the management's fleet impairment analysis, assessed and challenged the key judgements and sensitivities and the impact that these have in determining whether an impairment exists.
- In addition, we assessed the appropriateness of the Group's disclosures in respect of tangible assets including fleet.

Impairment of Goodwill and Other Intangible Assets
(Notes 1, 4, 5 and 6 to the Consolidated Financial Statements)

- In recent years the Group has expanded its activities through acquisitions. As a result, the Group's assets include a significant amount of goodwill and other acquisition-related intangible assets. At the year-end the Group has €148.0 million in goodwill and €52.8 million in other acquisition-related intangible assets.
- Cramo determines the recoverable amount for each cash-generating

unit based on value in use. These recoverable amounts use discounted future cash flow forecasts in which the management makes judgments over certain key assumptions, for example profitability level, discount rate and long-term growth rate.
- Overall, due to the high level of judgment involved, and the significant carrying amounts involved, valuation of goodwill and other intangible assets is one of the key audit matters.
- Based on impairment testing results Cramo recorded in its consolidated financial statements for 2016 impairments on goodwill and other intangible assets totalling €3.6 million relating to the cash-generating units Denmark and Latvia-Lithuania.
- Our audit procedures included testing of the principles and consistency of the Group's impairment testing model.
- We evaluated and challenged the key assumptions used in respect of profitability levels, discount rates and long-term growth rates.
- We involved KPMG valuation specialists when considering the appropriateness of the used assumptions to external market and industry data and to assess the technical accuracy of the calculations.
- We also assessed whether the methods and the key assumptions used remained appropriate and have been consistently applied year-on-year.
- In addition, we assessed the appropriateness of the Group's disclosures in respect of goodwill, other intangible assets and impairment testing.

Revenue Recognition
(Notes 1 and 2 to the Consolidated Financial Statements)

- In the Equipment Rental business of the Group revenues consist of numerous individual rental transactions generated in multiple depos.
- In the Modular Space business there are mainly long-term client contracts, which may include more than one contract phase, and different phases are accounted for under different accounting standard. The appropriate identification of the contract phases, in order to ensure proper timing of revenue recognition, is emphasised.
- The user rights in the main sales IT system of the Group are relatively extensive that increases risk for inappropriate or incorrect transactions.
- We evaluated and tested the internal controls and carried out appropriate substantive testing over the completeness, accuracy and timing of revenue recognised in the consolidated financial statements.
- We read the relevant sale agreements and tested the consistency of the accounting with the terms of sale in the agreements. As part of our year-end audit procedures we assessed the recognition of revenues on accrual basis.
- Our work included consideration and testing of rebates and discount arrangements as well as process for recognising credit notes. We also tested journal entries posted to revenue accounts focusing on unusual or irregular items.
- In addition, we assessed the appropriateness of the Group's disclosures in respect of revenue recognition.

Shares in Subsidiaries in Parent Company
(Parent Company's Notes 2 and 14 to the Financial Statements)

- Shares in subsidiaries are a significant balance sheet item in the parent company's separate financial statements.
- Shares in subsidiaries are tested for impairment using the same methods as for goodwill impairment testing. Thus, any indication or need for impairment of goodwill, other acquisition-related assets or fleet is reflected also in the parent company's balance sheet.
- The parent company recorded an impairment of €31.1 million on shares in subsidiaries in its separate financial statements.
  We derived the value-in-use in the parent company's impairment testing for shares in subsidiaries from the group level impairment tests.
- We involved KPMG valuation specialists when considering the appropriateness of the used assumptions compared to external market and industry data and to assess the technical accuracy of the calculations.
- We evaluated and challenged the key assumptions used in respect of profitability levels, discount rates and long-term growth rates.
- In addition, we assessed the appropriateness of the parent company's disclosures regarding impairment of subsidiary shares.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Filand and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing

Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our auditor's report thereon. We obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the report of the Board of Directors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OTHER OPINIONS

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the members of the Board of Directors of the parent company and the President and CEO should be discharged from liability for the financial period audited by us.

Helsinki, 6 February 2017

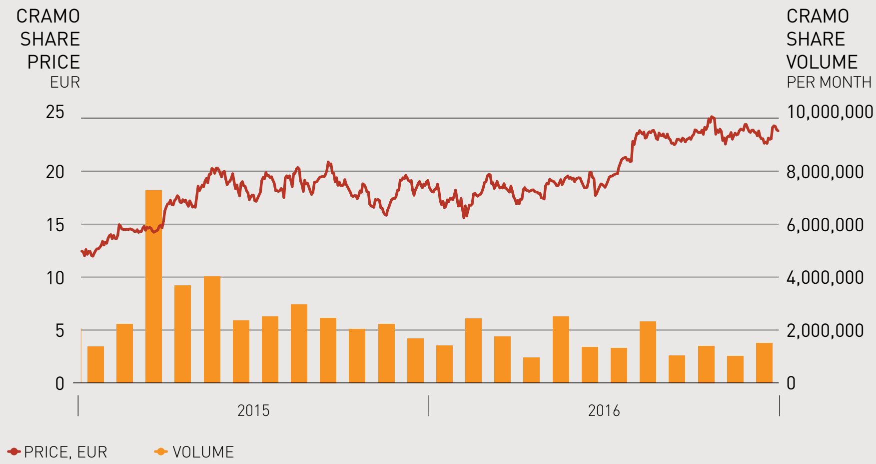
KPMG OY AB

Toni Aaltonen
Authorized Public Accountant

TRANSPARENT INFORMATION FOR SHAREHOLDERS AND INVESTORS

We support the correct valuation of Cramo's share by providing capital markets with information about the company's business, strategy and financial position. Our up-to-date investor information is available on our website in Finnish and English.

CRAMO SHARE PRICE AND TRADING VOLUME



SHARE INFORMATION

- Listed on the Nasdaq Helsinki Ltd
- List: Nordic Mid Cap
- Trading code: CRA1V
- ISIN code: FI0009900476
- Sector: Industrials
- Industry: Trading Companies & Distributors
- Number of shares 31 December 2016: 44,690,554
- Listing date: 1 August 1988

ANNUAL GENERAL MEETING

Time: Thursday, 30 March 2017 at 10.00 am (EET)
Venue: Finlandia Hall
Address: Mannerheimintie 13 e, Congress Wing, Hall A, Helsinki, Finland.
Admission of registered shareholders begins at 9.00 am.

RIGHT TO PARTICIPATE

Shareholders who wish to attend the AGM must be registered on 20 March 2017 in the company's shareholders' register held by Euroclear Finland Ltd.

REGISTRATION

Shareholders must also give prior notice of their attendance to the company by 27 March 2017 at 6.00 pm. Such notice can be given:

- on the company website: www.cramogroup.com
- by phone +358 10 661 1242 (Mon–Fri 8.00 am–6.00 pm)
- by fax to +358 10 661 1298
- in writing to Cramo Plc, "Annual General Meeting", Kalliosolantie 2, FI-01740 Vantaa, Finland

Any proxy documents should be delivered as originals prior to the final registration date. If shareholders wish to bring up a matter for consideration by the Annual General Meeting, they must present the matter in writing to the Board of Directors at the latest four weeks prior to the publication of the notice in order for the matter to be included in the notice convening the meeting.

FINANCIAL REPORTING

Week 10, 2017	30 March 2017	28 April 2017	26 July 2017	25 October 2017
ANNUAL REPORT, ELECTRONIC VERSION	ANNUAL GENERAL MEETING	BUSINESS REVIEW FOR JANUARY–MARCH	HALF YEAR FINANCIAL REPORT FOR JANUARY–JUNE	BUSINESS REVIEW FOR JANUARY–SEPTEMBER

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC

DIVIDEND PAYMENT

In accordance with the company's profit distribution policy, the Board proposes a dividend of EUR 0.75 per share for the financial year 2016, representing 48.6% of reported earnings per share. A dividend of EUR 0.65 was paid for the financial year 2015, representing 57.6% of reported earnings per share.

SHAREHOLDERS

Cramo had 7,900 shareholders as of 1 January 2016 and 7,864 as of 31 December 2016. The largest shareholders, page 101.

CHANGES IN SHARE CAPITAL

As a result of share subscriptions based on 2011 stock options, the number of Cramo Plc's shares increased by 69,260 to 44,690,554 shares in 2016. The subscription prices have been reported under the invested unrestricted equity fund. Pages 94–98.

MANAGEMENT INTEREST ON 31 DECEMBER 2016

At year-end, the members of the Board of Directors, the President and CEO and other members of the Cramo management team and their interested parties held a total of 73,261 Cramo Plc shares (240,991 in 2015).

INVESTOR RELATIONS POLICY

Cramo's investor relations seek to support the correct valuation of the company's share by providing capital markets with up-to-date information about the company's business, strategy and financial position. In its investor communications, Cramo follows the principle of impartiality and publishes all investor information including its annual report on its website in Finnish and English.

Cramo observes a three-week silent period prior to the publication of its results. At other times, we are happy to answer the enquiries of analysts and investors by phone or email, or at the investor meetings arranged.

ANALYST RESEARCH

According to the information available to the company, analysts in the service of at least the following banks and brokerage firms have made investment analyses of Cramo in 2016: Carnegie, Danske Markets, Evli Bank Plc, Handelsbanken Capital Markets, Inderes, Nordea Markets, Pohjola Bank plc and SEB Enskilda Equities. Cramo takes no responsibility for the opinions expressed.

CHANGE OF ADDRESS

If your address or account number for dividend payment changes, we ask that you send written notification of this to the particular register holding your book entry account.

ORDERING PUBLICATIONS AND RELEASES

Financial documents can be obtained from:
Cramo Plc
Kalliosolantie 2, FI-01740 Vantaa, Finland
tel: +358 10 661 1211
email: investor.relations@cramo.com

Investor information:
www.cramogroup.com ▶ Investors
Releases in 2016:
www.cramogroup.com ▶ Investors ▶ Releases

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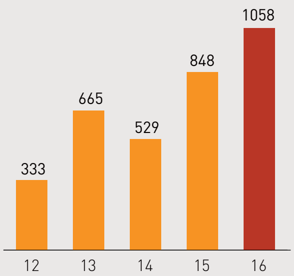
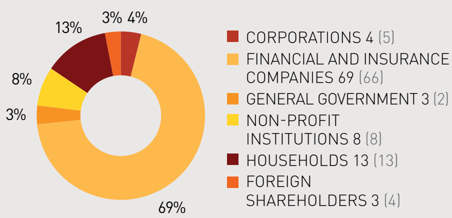
MARKET CAPITALISATION ON NASDAQ HELSINKI 2012–2016 MEUR



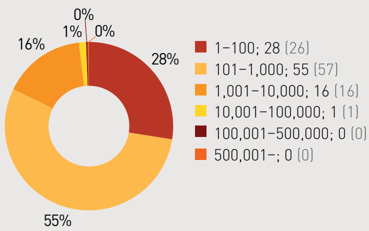
SHAREHOLDING BY SECTOR

31 DECEMBER 2016 (2015) % OF SHARES



SHAREHOLDING BY SIZE

31 DECEMBER 2016 (2015) %



SHAPING OUR OWN WAY OF DOING BUSINESS AND EMPHASISING SHARING IN A BROAD SENSE WILL HELP US TO ACHIEVE OUR NEW VISION – **SHARED RESOURCES SIMPLIFIED.**

AS A DRIVER OF THE SHARING ECONOMY, WE ARE ALSO PREPARED TO SHAPE THE FUTURE OF THE WHOLE INDUSTRY.

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