



Q1 2017
**BUSINESS
REVIEW**

GOOD START OF THE YEAR

BUSINESS REVIEW

FIRST QUARTER 2017

JANUARY–MARCH 2017

- Sales EUR 162.9 (155.4) million, up by 4.8%. In local currencies, sales grew by 5.2%
- EBITA EUR 19.7 (13.0) million and EBITA margin 12.1% (8.3%)
- Earnings per share EUR 0.28 (0.16)
- Cash flow from operating activities EUR 42.3 (23.6) million and cash flow after investments EUR 5.4 (-4.3) million

SIGNIFICANT EVENTS

- New strategy and new long-term financial targets launched
- Mr Veli-Matti Reinikkala elected as Chairman of the Board
- Annual General Meeting decided a dividend of EUR 0.75 per share to be paid
- In April, Mr Petri Moksén, Senior Vice President, Modular Space left the company

PERFORMANCE

GROUP Q1

Comparable ROE, %
16.8 (12.0)
Net debt / EBITDA
1.68 (1.96)

EQUIPMENT RENTAL Q1

Organic sales growth, %
+7.0
Comparable ROCE, %
14.8 (9.2)

MODULAR SPACE Q1

Organic rental sales growth, %
+8.9
Comparable ROCE, %
10.5 (12.9)

LONG-TERM FINANCIAL TARGETS 2017-2020

GROUP

Return on equity ROE, % > 15
Net debt / EBITDA < 3

EQUIPMENT RENTAL

Organic sales growth > Market*
ROCE, % > 14.5

MODULAR SPACE

Double digit organic rental sales growth
ROCE, % > 12.5

* according to ERA (European Rental Association) in the markets where Cramo is present

CEO'S COMMENT

The start of the year 2017 has been promising. Demand for equipment rental and for modular space developed favourably, and we succeeded in increasing sales in all our equipment rental business segments. Sales performance was also supported by the timing of Easter compared to last year. In modular space the rental sales also clearly increased from last year.

Profitability improvement continued to be strong in the equipment rental business division. However, in modular space profitability development was unsatisfactory in the first quarter, which was mainly due to cost overruns in some projects in Finland. Actions have been taken to secure better cost control in the future.

In February we launched our new strategy 'Shape and Share' and set the new long-term financial targets until 2020. The implementation of the new strategy has started in all countries. Looking ahead, for this year, I expect the demand for equipment rental and modular space to stay at a good level in all our segments, supported by the good outlook in construction industry and megatrends such as urbanisation and migration.

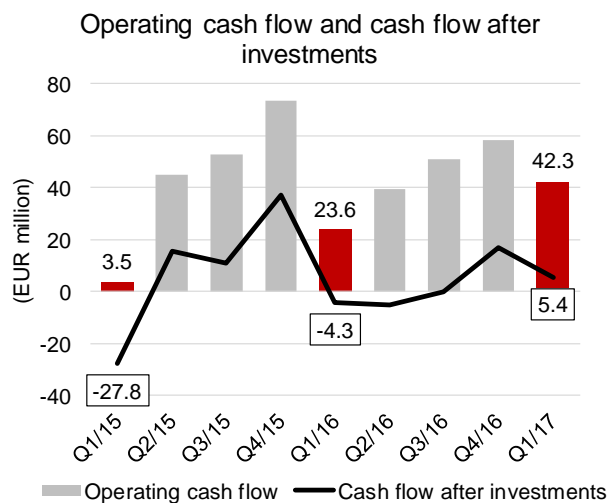
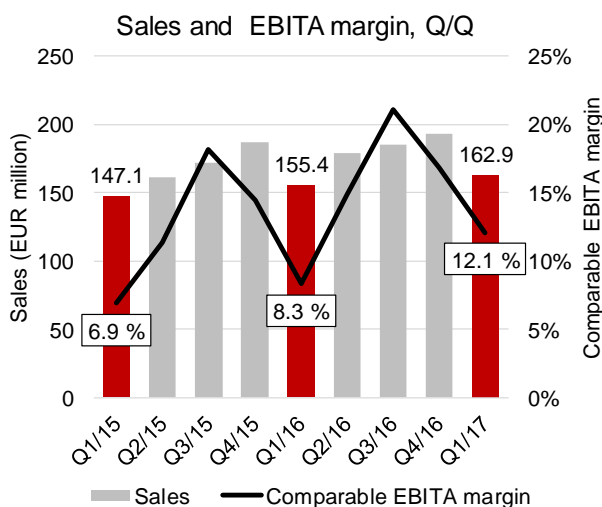
Leif Gustafsson, Cramo Group's President and CEO

KEY FIGURES

KEY FIGURES AND RATIOS (MEUR)	Q1/17	Q1/16	Change %	2016
Sales	162.9	155.4	4.8 %	712.3
Comparable EBITA	19.7	13.0	52.2 %	111.1
% of sales	12.1%	8.3%		15.6%
EBITA	19.7	13.0	52.2 %	106.7
% of sales	12.1%	8.3%		15.0%
Profit for the period	12.6	7.0	79.6 %	68.6
Comparable EPS, EUR	0.28	0.16	79.4 %	1.70
ROCE, %*)	11.6%	9.0 %		10.6 %
Comparable ROCE, %	12.4%	9.3 %		11.4 %
ROE, %	15.3%	11.6 %		13.6 %
Comparable ROE, %	16.8%	12.0 %		14.9 %
Net debt / EBITDA	1.68	1.96		1.77
Net interest-bearing liabilities	381.3	372.1	2.5 %	387.0
Gross capital expenditure	35.4	30.6	15.8 %	207.3
Cash flow from operating activities	42.3	23.6	79.3 %	172.2
Cash flow after investments	5.4	-4.3		7.3
Average number of personnel (FTE)	2,570	2,497	2.9 %	2,550

* ROCE = EBIT (rolling 12 months) / capital employed (average start and end of period)

FINANCIAL PERFORMANCE



MARKET OUTLOOK

In Cramo countries, the construction market outlook for 2017 is mainly positive. The construction market analysts Euroconstruct and Forecon estimated in December 2016 that the construction market will grow approximately 1-3 % in Finland, Sweden, Norway, Denmark and Germany in 2017. In Czech Republic, Lithuania and Russia the total construction market is not expected to grow. In Sweden, the local estimate (Sverige's Bygginindustrier) for construction growth was increased from 5 to 8% in March. According to latest estimate of the Confederation of Finnish Construction Industries in March the construction market will grow approximately 2.5 % in Finland.

European Rental Association (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.

PERFORMANCE BY BUSINESS DIVISIONS AND SEGMENTS

As of the first quarter 2017 Cramo will publish its financial information according to the new segment structure. The new segments are Equipment rental Scandinavia, Equipment rental Finland and Eastern Europe, Equipment rental Central Europe and Modular space. Equipment rental and Modular space form two business divisions.

STRONG PERFORMANCE CONTINUED IN EQUIPMENT RENTAL

In the equipment rental business division sales increased by 7.6% (8.0% in local currencies). Organic sales growth was 7.0%. Sales performance was contributed by good demand on Cramo's main markets as well as timing of Easter compared to last year. Profitability and return on capital employed (ROCE) also improved materially year-on-year.

ER
TOTAL

Key figures

(MEUR)	Q1/17	Q1/16	Change-%	2016
Sales	137.4	127.6	7.6 %	595.3
EBITA	15.4	6.9	122.7 %	86.2
% of sales	11.2 %	5.4 %		14.5 %
Comparable EBITA	15.4	6.9	122.7 %	90.5
% of sales	11.2 %	5.4 %		15.2 %
ROCE	14.0 %	9.1 %		12.7 %
Comparable ROCE	14.8 %	9.2 %		13.6 %

STRONG DEMAND CONTINUED IN SWEDEN

In Scandinavia, sales grew by 7.6% (8.1% in local currencies) and profitability improved clearly. In Sweden, the demand for equipment rental continued strong in the first quarter of the year and equipment rental sales increased by 7.4% (8.1% in local currency). In Sweden, construction market is very active, and is still expected to develop positively. In Norway, regional differences continued to be large and growth was still concentrated in the Oslo region. In Denmark, the market environment for equipment rental has remained stable.

EBITA increased by 46.0% mainly as a result of sales growth.

ER
SCANDINAVIA

Key figures

(MEUR)	Q1/17	Q1/16	Change-%	2016
Sales	92.2	85.7	7.6 %	378.8
EBITA	15.7	10.8	46.0 %	60.9
% of sales	17.1 %	12.6 %		16.1 %
Comparable EBITA	15.7	10.8	46.0 %	64.5
% of sales	17.1 %	12.6 %		17.0 %
ROCE	16.8 %	12.0 %		15.6 %
Comparable ROCE	17.7 %	12.0 %		16.6 %

ER
FINLAND AND
EASTERN
EUROPE*

SALES GREW AND PROFITABILITY IMPROVED

The segment sales increased by 9.0% (8.7% in local currencies) against last year. In Finland, demand for equipment rental continued on a good level and sales increased by 8.0% against last year. Moreover, in Estonia, the good sales performance continued. In Latvia and Lithuania, sales increased and the market situation seems to be improving. In Poland, the market environment was not quite as positive as was expected, but in some product groups the demand was on a fairly good level.

Profitability improved as a result of the good development of sales, and performance improvements actions such as the closure of five depots as part of the restructuring programme in Latvia. The EBITA of Finland and Eastern Europe includes Cramo's share of its joint venture Fortrent's net result in Russia. In Q1, Fortrent's sales were EUR 7.1 million showing an increase of 30.0% compared to last year. Fortrent's net result was EUR 0.2 (-0.2) million with Cramo's share of EUR 0.1 (-0.1) million.

Key figures

(MEUR)	Q1/17	Q1/16	Change-%	2016
Sales	30.7	28.1	9.0 %	138.6
EBITA	2.2	-0.5		21.7
% of sales	7.1 %	-1.8 %		15.6 %
Comparable EBITA	2.2	-0.5		22.3
% of sales	7.1 %	-1.8 %		16.1 %
ROCE	12.3 %	8.2 %		10.8 %
Comparable ROCE	13.4 %	8.2 %		12.0 %

* Equipment rental Finland and Eastern Europe segment includes operations in Finland, Poland, Estonia, Latvia, Lithuania and Kaliningrad (Russia).

ER
CENTRAL
EUROPE*

SALES GREW AND PROFITABILITY IMPROVED

In Central Europe sales and profitability improved compared to last year. Sales growth, 5.2%, was mainly contributed by the good performance in Austria, Czech Republic and Slovakia. In Germany, the total sales were almost in line with last year, and rental sales increased. In Germany, market activity in all sectors of construction, including civil engineering, stayed on a good level in the first quarter of the year. In Czech and Slovakia, good sales performance was supported by the good demand especially in non-residential construction. Overall, the market conditions are expected to remain positive in 2017.

Key figures

(MEUR)	Q1/17	Q1/16	Change-%	2016
Sales	14.5	13.8	5.2 %	77.9
EBITA	-2.5	-3.4		3.8
% of sales	-17.6 %	-24.5 %		4.9 %
Comparable EBITA	-2.5	-3.4		3.8
% of sales	-17.6 %	-24.5 %		4.9 %
ROCE	5.1 %	-2.4 %		4.0 %
Comparable ROCE	5.1 %	-1.5 %		4.0 %

* Equipment rental Central Europe segment includes operations in Germany, Austria, Hungary, Czech Republic and Slovakia.

MODULAR
SPACE

RENTAL SALES GROWTH CONTINUED, PROFITABILITY IN PRESSURE DUE TO PERIODICALLY HIGH DIRECT COSTS

Rental sales of modular space showed solid growth of 8.9% (9.6% in local currencies) during the first quarter, whereas total sales decreased by 8.4% (-7.8% in local currencies). Rental sales were supported by the high number of deliveries in 2016, but total sales were negatively affected by a lower amount of rental related sales compared to the previous year. Overall, demand for modular space projects remained on a good level in Sweden, Denmark and Germany. In Finland, the number of deliveries has been smaller than in previous year. In Germany, the competition has increased as plenty of units are returning to the market from refugee accommodation projects.

The EBITA for modular space decreased by 21.2% year-on-year. The profitability was negatively affected mainly by cost overruns in some projects in Finland. Actions have been taken to secure better project control in the future. In addition, on a segment-level, measures taken to support further growth negatively contributed to profitability against last year.

For the modular space, good market demand is expected for 2017 contributed by the underlying megatrends such as urbanisation, migration and growth in renovation construction.

Key figures

(MEUR)	Q1/17	Q1/16	Change-%	2016
Rental sales	20.0	18.4	8.9 %	76.4
Sales	25.7	28.0	-8.4 %	117.6
EBITA	6.3	7.9	-21.2 %	30.8
% of sales	24.4 %	28.4 %		26.2 %
Comparable EBITA	6.3	7.9	-21.2 %	30.8
% of sales	24.4 %	28.4 %		26.2 %
ROCE	10.5 %	12.9 %		11.1 %
Comparable ROCE	10.5 %	12.9 %		11.1 %

GROUP INFORMATION

CONSOLIDATED STATEMENT OF INCOME (MEUR)	Q1/17	Q1/16	2016
Sales	162.9	155.4	712.3
Other operating income	4.9	3.3	17.4
Operating and administrative expenses	-120.6	-119.9	-512.3
Share of profit / loss of joint ventures	0.1	-0.1	1.3
EBITDA	47.3	38.7	218.7
Depreciation and impairment on tangible assets	-27.6	-25.8	-112.0
EBITA	19.7	13.0	106.7
Amortisation and impairments on intangible assets	-0.8	-1.3	-8.0
Operating profit (EBIT)	18.9	11.7	98.7
Finance costs (net)	-3.0	-2.8	-11.8
Profit before taxes	15.9	8.9	86.9
Income taxes	-3.3	-1.9	-18.3
Profit for the period	12.6	7.0	68.6

CONSOLIDATED CASH FLOW STATEMENT (M€)	Q1/2017	Q1/2016	2016
Cash flow from operating activities			
Profit before taxes	15.9	8.9	86.9
Non-cash adjustments	27.3	27.5	116.6
Change in working capital	5.7	-5.0	-1.5
Cash flow before financial items and taxes	48.9	31.3	201.9
Net financial items and taxes	-6.6	-7.8	-29.8
Net cash flow from operating activities	42.3	23.6	172.2
Net cash flow from investing activities	-36.9	-27.9	-164.9
Cash flow after investments	5.4	-4.3	7.3
Cash flow from financing activities			
Change in debt and other financial items	-11.4	4.3	27.1
Dividends paid	0.0	0.0	-28.9
Net cash flow from financing activities	-11.4	4.3	-1.8
Change in cash and cash equivalents	-6.0	0.0	5.5
Cash and cash equivalents at period start	9.1	3.5	3.5
Exchange differences	0.0	0.1	0.1
Cash and cash equivalents at period end	3.1	3.6	9.1

CONSOLIDATED BALANCE SHEET (MEUR)	31 Mar 2017	31 Mar 2016	31 Dec 2016
Assets			
Tangible assets	755.0	689.2	750.5
Goodwill and other intangible assets	210.9	217.5	210.8
Other non-current assets	36.4	33.1	35.4
Total non-current assets	1,002.3	939.7	996.8
Inventories	9.6	9.3	8.7
Trade and other receivables	134.8	124.2	141.1
Cash and cash equivalents	3.1	3.5	9.1
Total current assets	147.5	137.1	159.0
Total assets	1,149.8	1,076.8	1,155.8
Shareholders equity and liabilities			
Total equity	502.2	465.0	519.7
Non-current interest bearing liabilities	322.0	283.5	347.9
Other non-current liabilities	89.9	84.5	90.2
Total non-current liabilities	411.9	368.0	438.1
Current interest bearing liabilities	62.4	92.1	48.2
Other current liabilities	173.3	151.7	149.8
Total current liabilities	235.6	243.8	198.0
Total equity and liabilities	1,149.8	1,076.8	1,155.8

SEGMENT INFORMATION

Sales (MEUR)	Q1/2017	Q1/2016	%-change	2016
Equipment rental, Scandinavia	92.2	85.7	7.6 %	378.8
Equipment rental, Finland and Eastern Europe	30.7	28.1	9.0 %	138.6
Equipment rental, Central Europe	14.5	13.8	5.2 %	77.9
Eliminations	0.0	0.0		0.0
Equipment rental	137.4	127.6	7.6 %	595.3
Modular space	25.7	28.0	-8.4 %	117.6
Non-allocated & eliminations	-0.1	-0.2		-0.6
Group	162.9	155.4	4.8 %	712.3

EBITA (MEUR)	Q1/2017	Q1/2016	%-change	2016
Equipment rental, Scandinavia	15.7	10.8	46.0 %	60.9
Equipment rental, Finland and Eastern Europe	2.2	-0.5		21.7
Equipment rental, Central Europe	-2.5	-3.4		3.8
Eliminations	0.0	0.0		-0.2
Equipment rental	15.4	6.9	122.7 %	86.2
Modular space	6.3	7.9	-21.2 %	30.8
Non-allocated & eliminations	-2.0	-1.9	2.6 %	-10.2
Group	19.7	13.0	52.2 %	106.7

EBITA margin	Q1/2017	Q1/2016	2016
Equipment rental, Scandinavia	17.1 %	12.6 %	16.1 %
Equipment rental, Finland and Eastern Europe	7.1 %	-1.8 %	15.6 %
Equipment rental, Central Europe	-17.6 %	-24.5 %	4.9 %
Equipment rental	11.2 %	5.4 %	14.5 %
Modular space	24.4 %	28.4 %	26.2 %
Group	12.1 %	8.3 %	15.0 %

IACs*) in EBITA (MEUR)	Q1/2017	Q1/2016	2016
Equipment rental, Scandinavia 1)	0.0	0.0	-3.7
Equipment rental, Finland and Eastern Europe 2)	0.0	0.0	-0.6
Equipment rental, Central Europe	0.0	0.0	0.0
Equipment rental	0.0	0.0	-4.3
Modular space	0.0	0.0	0.0
Non-allocated & eliminations	0.0	0.0	0.0
Group	0.0	0.0	-4.3

*) IAC = Items affecting comparability

1) In Equipment rental Scandinavia, EBITA for 2016 included items affecting comparability EUR 3.7 million related to impairments in Denmark

2) In Equipment rental Finland and Eastern Europe, EBITA for 2016 included items affecting comparability EUR 1.2 million related to impairments in Latvian and Lithuanian operations and EUR 0.5 million positive related to reclassification of loans in Fortrent Group

EBIT (MEUR)	Q1/2017	Q1/2016	%-change	2016
Equipment rental, Scandinavia	15.2	10.2	49.4 %	58.7
Equipment rental, Finland and Eastern Europe	1.9	-1.1		17.8
Equipment rental, Central Europe	-2.6	-3.4		3.7
Eliminations	0.0	0.0		-0.2
Equipment rental	14.6	5.6	158.3 %	80.1
Modular space	6.3	7.9	-21.2 %	30.7
Non-allocated & Eliminations	-2.0	-1.9	2.6 %	-12.1
Group	18.9	11.7	61.7 %	98.7

EBIT margin	Q1/2017	Q1/2016	2016
Equipment rental, Scandinavia	16.5 %	11.9 %	15.5 %
Equipment rental, Finland and Eastern Europe	6.2 %	-4.0 %	12.9 %
Equipment rental, Central Europe	-17.8 %	-24.7 %	4.7 %
Equipment rental	10.6 %	4.4 %	13.4 %
Modular space	24.4 %	28.3 %	26.1 %
Group	11.6 %	7.5 %	13.9 %

IACs*) in EBIT (MEUR)	Q1/2017	Q1/2016	2016
Equipment rental, Scandinavia 1)	0.0	0.0	-3.7
Equipment rental, Finland and Eastern Europe 2)	0.0	0.0	-1.9
Equipment rental, Central Europe	0.0	0.0	0.0
Equipment rental	0.0	0.0	-5.6
Modular space	0.0	0.0	0.0
Non-allocated & eliminations 3)	0.0	0.0	-1.9
Group	0.0	0.0	-7.5

*) IAC = Items affecting comparability

1) In Equipment rental Scandinavia, EBIT for 2016 included items affecting comparability EUR 3.7 million related to impairments in Denmark

2) In Equipment rental Finland and Eastern Europe, EBIT for 2016 included items affecting comparability EUR 2.4 million related to impairments in Latvian and Lithuanian operations and EUR 0.5 million positive related to reclassification of loans in Fortrent Group

3) In non-allocated items, EBIT for 2016 included items affecting comparability EUR 1.9 million related to impairments related to intangible assets

Comparable EBIT (MEUR)	Q1/2017	Q1/2016	%-change	2016
Equipment rental, Scandinavia	15.2	10.2	49.4 %	62.4
Equipment rental, Finland and Eastern Europe	1.9	-1.1		19.8
Equipment rental, Central Europe	-2.6	-3.4		3.7
Equipment rental	14.6	5.6	158.3 %	85.7
Modular space	6.3	7.9	-21.2 %	30.7
Group	18.9	11.7	61.7 %	106.2

Comparable EBIT margin	Q1/2017	Q1/2016	2016
Equipment rental, Scandinavia	16.5 %	11.9 %	16.5 %
Equipment rental, Finland and Eastern Europe	6.2 %	-4.0 %	14.3 %
Equipment rental, Central Europe	-17.8 %	-24.7 %	4.7 %
Equipment rental	10.6 %	4.4 %	14.4 %
Modular space	24.4 %	28.3 %	26.1 %
Group	11.6 %	7.5 %	14.9 %

Capital employed (MEUR)	Q1/2017	Q1/2016	%-change	2016
Equipment rental, Scandinavia	374.2	385.7	-3.0 %	372.4
Equipment rental, Finland and Eastern Europe	180.6	159.6	13.2 %	173.5
Equipment rental, Central Europe	90.1	85.1	5.9 %	92.9
Eliminations	-0.3	-0.2	77.7 %	-0.4
Equipment rental	644.6	630.1	2.3 %	638.4
Modular space	297.6	256.0	16.3 %	295.9
Non-allocated & Eliminations	-4.3	0.6		27.4
Group	937.9	886.7	5.8 %	961.8

Sales by country (MEUR)	Q1/2017	Q1/2016	%-change	2016
ER Sweden	72.0	67.0	7.4 %	298.6
MS Sweden	12.9	13.3	-3.4 %	57.6
Eliminations	-0.1	-0.2	-19.4 %	-0.6
Sweden	84.7	80.2	5.7 %	355.6
ER Finland	22.3	20.6	8.0 %	98.2
MS Finland	6.0	8.0	-24.4 %	31.1
Finland	28.3	28.6	-1.0 %	129.2
ER Germany	11.3	11.3	-0.1 %	62.3
MS Germany	2.5	1.7	49.0 %	9.1
Germany	13.8	13.0	6.2 %	71.5
ER Norway	15.4	14.3	7.3 %	60.3
MS Norway	1.4	1.6	-11.6 %	7.1
Norway	16.8	16.0	5.3 %	67.3
Other countries	19.3	17.7	8.8 %	88.6
Group	162.9	155.4	4.8 %	712.3

NEW STRATEGY 2017-2020

Shape and Share

We will capture the potential in our markets:

- We enable Cramo people to achieve top performance
- We significantly stretch our core business models
- We rapidly grow Modular Space in chosen European markets
- We establish game changing offerings in sharing resources



NEW STRATEGY 2017-2020

New financial targets

Based on the 'Shape and Share' strategy, Cramo has set new financial targets for 2017-2020. The new financial targets are set separately for the Equipment Rental and Modular Space business divisions as well as for the Cramo Group. New financial targets (on average, during the period) are:

GROUP FINANCIAL TARGETS

Return on equity (ROE) > 15%

Net debt / EBITDA < 3

Dividend approx. 40% of annual earnings per share (EPS)

EQUIPMENT RENTAL FINANCIAL TARGETS

Organic sales growth > Market

ROCE > 14.5%

MODULAR SPACE FINANCIAL TARGETS

Double digit organic rental sales growth

ROCE > 12.5%

ROCE = EBIT (rolling 12 months) / capital employed (average start and end of period)



In 2017, Cramo will publish two more financial reports/reviews:

Half Year Financial Report January–June 2017 on 26 July 2017
Business Review January–September 2017 on 25 October 2017.

This is not an interim report as specified in the IAS 34 standard. The company complies with half-yearly reporting according to the Finnish Securities Markets Act and discloses business reviews for the first three and nine month periods of the year, in which key information regarding the company's financial situation and development will be presented. The financial information presented in this business review is unaudited.

MORE INFORMATION

Leif Gustafsson
President and CEO, tel: +358 10 661 10

Aku Rumpunen
CFO, tel: +358 10 661 10, +358 40 556 3546

FOLLOW US:

