Transcript for "Kalmar half year financial report January–June 2024"

00:00:24 - 00:01:04
Carina: Good morning, everybody, and welcome to Kalmar's second-quarter results call. The first of its kind as a standalone company. My name is Carina Geber-Teir and I'm heading the IR of marketing and communications at Kalmar. Today's result will be presented by Karlmar's president, and CEO, Sami Niiranen, and CFO, Sakari Ahdekivi. The presentation will be followed by a Q&A session at the end. Also, please pay attention to the disclaimer. With that, I would actually like to invite Sami to the stage. Welcome.

00:01:23 - 00:02:23
Sami: Good morning and afternoon everyone. My name is Sami Niiranen. I'm proud to be here presenting the first financial results of the new stock listed in Kalmar. During quarter two, Kalmar delivered solid profitability as demand in many markets has stabilized compared with the high levels of 2023. A key highlight of the quarter was the successful listing of Kalmar. After several months of preparation, we are now ready for the next phase of our sustainable, profitable growth strategy as a publicly listed company. We noted that a mixed demand picture across the business continued in the second quarter, with stable demand for services, but some softness, especially in the North American distribution customer segment. Despite the continued complex macroeconomic and geopolitical landscape, we managed to deliver a good quarter with a solid financial performance.

00:02:24 - 00:03:33
Sami: We also continued to make solid strategic progress with detailing our driving excellence initiative, and I will go through this in more detail shortly. As mentioned, this quarter is a real landmark for Kalmar, as the demerger of Cargo Tech was carried out at the end of June, followed by the successful listing of Kalmar on 1st July 2024. As an independent company, we are now fully committed to executing our growth strategy and focus on capital allocation in the best interest of Kalmar and our shareholders. In the second quarter, approximately 40 percent of the value of our total sales was attributed to our eco portfolio, underscoring our commitment to sustainable innovation. Today, approximately one-third of our sales come from services. Our extensive and active installed base of 65,000 machines globally provides a solid foundation for significant services growth, fueled by our innovative offerings.

00:03:36 - 00:04:46
Sami: We continue to see a mixed demand picture in the second quarter with regional variations. Demand for smaller-sized equipment used in ports continues to be solid, while delayed decision-making continued in orders requiring larger investments. Destocking was prolonged in the distribution customer segment due to a softer North American market. Kalmar's demand is also impacted by the number of containers handled at ports globally, which is estimated to have increased by 3.4 percent during the second quarter and increased by four percent in 2024, according to Drury's latest estimates. Examples of major orders received during quarter two included 14 hybrid straddle carriers, as well as three heavy terminal tractors. I will order a book totaling €925 million at the end of the second quarter. The order book is on a healthy level and provides good visibility for the second half of 2024.

00:04:47 - 00:05:58
Sami: Our cost structure has already been adjusted to the lower order book level, which is evident from our continued strong profitability. Our sales totaled €417 million in the second quarter, which was impacted by slower market activity and the lower order book. Almost 80 percent of our sales come from geographies where the market drivers are most prominent, which provides a real opportunity to drive our initiatives, especially in these markets. Kalmar has been focusing on its eco portfolio for many years, with the purpose of contributing to climate change mitigation and economic activities that can be considered environmentally sustainable. The share of our eco portfolio sales has been steadily growing and in the second quarter, it accounted for 40 percent of Kalmar's total sales. For Kalmar, the increasing interest in electrification and sustainable innovations promotes profitable growth, embodying commercial and operational excellence on top of customer satisfaction.

00:06:01 - 00:07:09
Sami: Our comparable operating profit continued on a solid level, driven by improvements in both commercial and operational excellence. Our cost structure has already been adjusted to lower sales largely, which partly offset the drop in sales volume. The comparable operating profit was around €52 million, leading to a margin of 12.6 percent. This quarter we have gone from a business area of car Kotak to a standalone publicly listed company reporting financials based on our two segments, equipment and services. To enhance transparency, we now provide comparable operating profit levels and other key financials for both reporting segments. The good

business performance coupled with improved cost structures due to measures implemented last year and early this year has made us deliver strong profitability this quarter. Sakari will provide you with more details about the two segments performance.

00:07:09 - 00:08:16
Sami: Next, I would like to recap and update you on the strategy that we presented in the Capital Market days in May. As you well know, Kalmar's strength lies in our global leadership in the mission-critical heavy material handling market. We have built a trusted reputation by partnering closely with our customers, consistently delivering solutions that make a real difference in their operations. As we look to the future, our strategy is clear to drive sustainable growth by leading the industry towards greater innovations such as electrification, to accelerate service growth, and to drive business excellence. We are fully committed to our long-term performance targets, which include a five percent annual sales growth over the cycle, a 15 percent comparable operating profit margin, and over 25 percent return on capital employed by 2028. This will be delivered whilst maintaining a strong capital structure and committing to ambitious sustainability targets.

00:08:20 - 00:09:22
Sami: The Driving Excellence Initiative is a crucial step toward achieving Kalmar's long-term performance targets. Detailed planning has advanced and Kalmar is planning to reach approximately €50 million cross-efficiency improvements by the end of 2026. In line with the aim of reaching the previously communicated 15 percent comparable operating profit margin by 2028. These efficiency improvements also enable enhanced investments in sustainable innovations and service growth. The other two strategic pillars. The main measures are related to excellence in commercial and operational excellence which include active pricing management, supply chain, and process optimization, and continued focus on competitive operational cost base and faster decision-making. Now coming to my last slide I'm also very pleased to see how our close collaboration with our customers translates into a strong innovation pipeline.

00:09:23 - 00:10:14
Sami: During the quarter, we launched the Kalmar electric empty container handler and unveiled the Kalmar Ottawa Electric Terminal tractor. In addition to that, we introduced the My Kalmar 2.0 digital ecosystem that provides access to all the fleet details, machine codes, and contracts. Single point of entry to digital tools such as the store function with parts and equipment upgrades as an example. The inside function with performance analysis and data-driven actionable insights as well as intelligent solutions. Taking a step towards predictive maintenance to ensure operations continuity and top efficiency. This ends my part of the presentation. I'll now hand it over to my colleague Sakari. Thank you very much.

00:10:30 - 00:11:59
Sakari: Hello, my name is Sakari Ahdekivi. I am the chief financial officer of Kalmar and am very pleased to be here to present and go a little bit deeper into the figures for the second quarter of the standalone Kalmar company. I will start my presentation with an overview of our performance on an LTM basis, similar to what we did on Capital Markets Day. I will then drill deeper into the two segments, equipment and services, and then cover the comparable operating profit a little bit deeper in terms of a bridge, and also discuss the balance sheet and the outlook. I think it's important to remind the audience that, of course, this is a bit of an exceptional quarter still in terms of how we present the figures of Kalmar. The PNL is a carve-out basis PNL, and the balance sheet is now the demerger balance sheet as of 30th June at the moment of the demerger from Cargo Tech. This, of course, means that while the PNL comparables are or the prior year, numbers in the PNL are comparable and have been restated.

00:11:59 - 00:13:28
Sakari: The comparables in the balance sheet are, of course not useful because the image, a balance sheet, looks very different from the carve-out balance sheet that we have presented in the comparable periods. With those words, let's dive into the numbers. On an LTM basis, orders received are slightly below €1.6 billion as a result of the 375 that we booked in Q2. However, more or less, I would say that the orders have been hovering around the 400 million mark or close to it for several quarters now. Leading to the order book of €925 million, as Sami explained, which is still on a good level and supports our second half of 2024 very well. On an LTM basis, the gross profit is 25.5 percent and we have a comparable operating profit margin over the last 12 months of 12.5 percent. Sales LTM at €1.868 billion and then the leverage, based on the demerger balance sheet at 0.6 times EBITDA.

00:13:29 - 00:14:56
Sakari: This is very close to the figures that we presented in the Q1 proforma balance sheet. Also, the gearing at

27.3 percent, is very close to the pro forma Q1 gearing that we presented earlier. The return on capital employed remains at a good level at 20.2 percent, and over the last 12 months, we have generated a very healthy and strong cash flow. Cash conversion during the last 12 months has been 148 percent. Although the cash flow in the second quarter was clearly lower than in the recent quarters, the cash generation over the 12-month period is very healthy. Now diving into the equipment segment, the equipment segment orders decreased by 21 percent, the order book then in the same direction by 29 percent, and sales decreased by 28 percent. The demand picture continued to be mixed with softness, especially in the North American distribution customer segment, and also some decision-making delays still in the larger equipment.

00:14:59 - 00:16:22
Sakari: Fully electric equipment contributed to 14 percent of the orders received in the second quarter. Profitability, however, despite the decline in sales, remained very strong due to the successful commercial performance as well as the cost-saving actions executed earlier. Service segment orders received have been stable with an increase of two percent compared to the second quarter in 2023, amounting to €137 million in the quarter and sales were stable slightly. Very slightly down compared to last year in the second quarter and the order book was stable. Profitability and service have grown steadily during the last quarters and were now at 17.3 percent and showing a good track of improvement sequentially. Growing services is one of our key focus areas going forward, and we see a significant growth upside from our large installed base and our innovation-enabled offering.

00:16:23 - 00:18:00
Sakari: In addition, we will take advantage of the move to electrification and deliver value through data-driven solutions and services. The good operational performance and the cost structure that we adjusted already earlier have largely offset the effect of the declining sales when we consider the comparable operating profit margin. The cost savings announced in connection with the Q3 2023 report are visible and delivering approximately €20 million already in the first half of 2024. As you remember, back in Q3, we announced a cost savings target of 20 million, which we then reiterated or actually increased the target level to 30 million later on. This is clearly supporting our profitability in the first half year, which is shown here in the bridge on the left hand of the slide. The operating profit includes items affecting comparability which were €16 million in the second quarter and €25 million for the first half of 2024.

00:18:00 - 00:19:55
Sakari: These are all related to the demerger costs from the cargo deck. The total costs recorded related to the demerger during 2023 and 24 until the end of June were €40 million. The estimated total costs are €45 million, so five million more to come. However, this estimate may be subject to change. R&D expenditure in the first half year was 25 million, representing 2.9 percent of sales. Kalmar's return on capital employed remained on a very good level and supports and enables long-term growth for the company at 20.2 percent, although slightly lower than in recent quarters. As mentioned, the gearing is 27.3 percent, and the leverage at the end of June is 0.6 times. Finally, then from my side, we reiterate our outlook for 2024. The outlook for 2024 is unchanged as published on 1st July 2024 commerce comparable operating profit margin as a standalone company is estimated to be above 11 percent in 2024. That completes my presentation and we can move over to the Q&A. I invite my colleagues back to the stage. Thank you.

00:20:08 - 00:20:36
Speaker 4: If you wish to ask a question, please dial Pound Key five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial Pound Key six on your telephone keypad. The next question comes from Pony Layton Maki from Danske Bank. Please go ahead.

00:20:39 - 00:20:56
Pony Layton: Thank you. I have two questions. Firstly, on the demand was it weaker than you were expecting in Q2? Was this mostly a US issue, or is it like a wider thing? Also, that is basically the question.

00:20:58 - 00:21:37
Sami: If I start. Thank you for the question. The demand as we said, is sequentially stable. Of course, if you look back to the previous four quarters even we have been around €400 million plus minus something. Two of those four quarters have been just slightly below 402 slightly above. I think that has been the trend during the previous four quarters. Of course, what we have communicated earlier as well in the Capital Markets Day, is that we have a flatter market now in 2024 and 2025, so it's pretty much in line with that.

00:21:38 - 00:22:03

Sakari: However, as such, the demand picture hasn't changed compared to the previous quarters. It's the same issues, if you like, in the North American distribution segment and in the larger orders or the larger orders. The market as such is pretty much the same as it has been in the previous quarters.

00:22:06 - 00:22:27
Pony Layton: Okay. Thanks. Maybe a follow-up to that. I mean, when you were still part of cargo management, you were expecting the destocking in the US to end in a few quarters. I guess this was given in late last year. Seems that the destocking has continued for the longer term, maybe hope for at least earlier.

00:22:28 - 00:22:44
Sami: I don't know if it has continued longer, but it continued during the second quarter. It continued, of course, during the first quarter as well. It has continued up until the end of quarter two. Yes. Affecting the distribution segment.

00:22:46 - 00:23:06
Pony Layton: Thanks. Then secondly, on this excellence program and the 50 million number you gave, just to clarify, I mean, is this something that you were planning all the way to get to your targets, or is there kind of a reaction to the market developments in terms of fixed cost savings as well?

00:23:07 - 00:23:31
Sami: That's a good question as well. Thank you. It's a part of our long-term strategy that we communicated in the capital markets days a couple of months ago already, and then we promised to get back with more details. That's where we are as of today. I can say that I'm proud of our team, and how we have been able to quantify these excellence programs already at this stage now in quarter three.

00:23:32 - 00:23:44
Sakari: You remember, we've been talking about the three strategic pillars of which one is driving excellence. This is putting more color and detailing what we are doing in that area.

00:23:47 - 00:23:48
Pony Layton: Okay. Thank you.

00:23:55 - 00:24:01
Speaker 4: The next question comes from Anticansenen and from SEB. Please go ahead.

00:24:04 - 00:24:25
Anti: Hi guys, it's Anti from SEB. Thanks for taking my questions. A follow-up firstly on the North American distribution destocking trend. Could you provide a little bit more color when you see that kind of inventory level, or is there still potential for further calm? Or we may be reaching some kind of a bottom in the second half.

00:24:30 - 00:24:49
Sami: Let's say we are not giving predictions for the going forward, of course. However, what we have seen during this year is that in both quarter one and quarter two, of course, the destocking has continued and it's a build-up from the previous years, as we have communicated earlier as well.

00:24:50 - 00:25:03
Carina: Maybe one data point to add is, as you know, we are following the running hours of our equipment and in quarter two the running hours in North America were a little bit down. That is also, I think, a data point to follow.

00:25:06 - 00:25:37
Anti: All right. That's clear. Then secondly on your delivery times and your backlog rotation, I mean, there's been a lot of changes with the supply chain. Also with your equipment portfolio mix over the past years. Could you provide a bit of color on how much kind of off-your-equipment backlog would you expect to deliver in the second half? How much is for 25 and what kind of a normal backlog or order-to-sales rotation nowadays?

00:25:38 - 00:26:03
Sami: If I start with the lead times, our average lead times vary between three to 12 months mostly, depending on the type of machine type of portfolio, and type of division as well. Three to 12 months of course, meaning

that we have still in quarter three, and quarter four, of course, possibilities to deliver the orders that we will take now in the next couple of weeks and months.

00:26:04 - 00:26:20
Sakari: However, we haven't actually specified how much of the backlog is delivered in the current year and how much is in the later year. The other thing too, of course, is always to keep in mind the service business, which has a faster turnaround of orders to sales.

00:26:22 - 00:26:37
Anti: All right. Then lastly, maybe a question on pricing and costs, how have you seen input cost development throughout the second quarter? What are your ambitions on your net pricing for future orders?

00:26:38 - 00:27:17
Sami: I think let's say the peaks that we experienced a couple of years ago of course are behind and it's more like a normal situation today. When it comes to pricing, of course, we do our normal regular price adjustments. Of course, the key point here is to create customer value. That's why as an innovation and technology leader company, of course, we try to all the time develop products that create more customer value, which also links, of course, to the pricing of the equipment going forward. However, the situation is more normal than maybe two years ago, I would say.

00:27:18 - 00:27:32
Sakari: Let's bear in mind that the other side of the equation is, of course, the sourcing where we are, of course, which is part of our Driving Excellence program and where we are working on the other side of the margin equation as well as the fixed cost, of course.

00:27:33 - 00:27:47
Anti: I'm just thinking you've been a little bit clearing an old backlog in the past 12 months. Is there a major difference between, let's say, gross margins in your backlog versus the gross margin on equipment deliveries over the past couple of quarters?

00:27:49 - 00:28:11
Sami: I think we communicated something in the previous report as well about the successful commercial management, and commercial performance, which links to the active pricing management. Of course, we are still seeing some effects from that one. It shows the resilience also in our results today.

00:28:11 - 00:28:16
Sakari: As we don't publish a margin on our order backlog, then I think we'll need to leave it there.

00:28:18 - 00:28:20
Anti: Fair enough. That's all for me. Thank you.

00:28:27 - 00:28:32
Speaker 4: The next question comes from Erkki Wessler from Indias. Please go ahead.

00:28:33 - 00:28:45
Erkki: Hi, guys, it's Erkki from Indias. A few questions for me as well. First, coming to the North American market, was it mostly lift trucks where demand has been weak? Have you seen our market share decline there?

00:28:47 - 00:29:10
Sami: Market shares. We are not talking openly here, of course, but it's mainly related to the distribution and terminal tractor segment I would say, not to the lift trucks. I would say that small and medium-sized mobile equipment are tracking still and performing well throughout the world.

00:29:13 - 00:29:32
Erkki: Okay, great. Then regarding the Q3 demand, you may not be precise with this, but do you expect that there will be a normal seasonal sequential decline in order intake in Q3, or is there something that we should not expect to happen again?

00:29:33 - 00:30:11
Sami: We are not let's say disclosing any forward-looking predictions here. However, what we can if you look

back, of course, the previous four quarters that we can see quite, I would say quite steady, €400 million order intake that we have had, which pretty much reflects actually the statement of having a flatter market now this year and even continuing a little bit to the next year as we communicated in the capital markets days. The demand has been sequentially stable overall in quarter two.

00:30:12 - 00:30:24
Erkki: Okay. Very good. Then finally about this efficiency program, what is the drop through of this €50 million? I mean, what's the expected EBIT impact from 26, 27 onward?

00:30:24 - 00:31:12
Sami: Today we are announcing the program and the improvement efficiency program initiative. However, not going into the details, of course, we will get back to you. In our interim reports later on this one. However, now we will start, of course, implementing and executing this continuous improvement type of program. However, it's worth mentioning that of course, we talk about €50 million in cross-efficiency improvements, which means that we have two other important strategic pillars, which are called investing in sustainable innovations as well as growing services. Of course, we want to benefit from this driving excellence program into those other two strategic pillars as well.

00:31:13 - 00:31:27
Sakari: That's why we're calling growth because we are also investing in some other areas. This enables us to invest and at the same time be on the journey towards the 15 percent target in 28 on all fronts.

00:31:28 - 00:31:35
Erkki: I just can't squeeze any more information out of this 50 million. What's the impact it's going to have?

00:31:35 - 00:31:36
Sakari: No, not today.

00:31:37 - 00:31:39
Erkki: Okay. Thank you so much.

00:31:46 - 00:31:51
Speaker 4: The next question comes from Mikhail Dopol from Nordia. Please go ahead.

00:31:54 - 00:32:22
Mikhail: Yes, thank you very much. Coming back to the US distribution customers, which you mentioned, maybe you could just remind us of how much you sell through distributors overall as a group in the US particularly. I know you're not giving predictions going forward, but we do say by the end of Q2 where we're at the distributor individual levels compared to what you've got is normal level. Let's stop there.

00:32:23 - 00:32:41
Sami: Let's say overall, the number that we are disclosing is from 2023. That was a part of the Capital Markets Day material as well. Which says that 40 percent of our sales is coming from the distributor segment. Four zero, 40 percent of our sales.

00:32:45 - 00:32:49
Mikhail: Okay and the distributor level.

00:32:49 - 00:33:03
Sami: Then you're talking about the North American market. Of course, we have several distributors in that region, of course, but we do have them everywhere in the world as well. Or elsewhere in the world.

00:33:06 - 00:33:10
Mikhail: Okay. By the end of Q two, would you say that distributed investors were still elevated?

00:33:15 - 00:33:37
Carina: Just making sure here that when we talk about distribution, we talk about the dealers, and 40 percent of our sales come via dealers. However, then if we are talking about the ends and the customer segment, the distribution segment, there is no confusion here on whether we are talking about the end segment or the dealer network that is contributing to the sales of Kalmar products.

00:33:38 - 00:33:48
Sami: Yes. The distribution segment was also disclosed in the capital markets days. It's one of our four strong customer segments, of course.

00:33:52 - 00:34:13
Mikhail: Okay. In terms of demand and overall, did you talk about giving some color to what you see across other regions right now? For example, Europe and APAC. What are you seeing in terms of demand across the regions and the products? How would you describe your sales funnel and so on?

00:34:14 - 00:34:57
Sami: I think what we reported is that in quarter two, we saw the softness in the North American market, as well as some prolonged decision-making, and delayed decision-making in the larger equipment orders, whereas the small and medium size equipment performed well. Then Carina mentioned at the beginning of the call we are monitoring, of course, carefully. The running hours and operating hours of our equipment across the world. We can see, of course, the same trend in North America. A little bit softer market there in the operating hours as well, whereas the other regions are stable.

00:35:03 - 00:35:23
Mikhail: All right. Then coming back to the price versus cost which we talked a bit about previously, but just wondering here. I mean, would you say that currently, you have pricing ahead of your input costs or overall cost development? Or would you say that you are pretty much on par? How would you describe that relationship?

00:35:23 - 00:36:13
Sakari: Yes, I can take that one. Thank you for the question. If I go back to the bridge I was showing, I mean, how we're compensating for the lower volume comes from several areas, but you can split them into two. One is the commercial side, i.e the pricing versus the input cost, which was presented in that graph. The other side is then the fixed cost, which includes, of course, the SG&A as well as the factory overheads. All of that is contributing at the moment in a positive way to compensate for the lower sales. I would say that looking back at Q2, we definitely have compared to the previous year's second quarter benefit from that side.

00:36:16 - 00:36:30
Mikhail: Okay, good. Maybe just a final one of years ago, I guess in H1, you reported on a carve-out basis. How are you going to report them in H2 this year?

00:36:30 - 00:36:58
Sakari: Q3 will be a normal quarter. Then, we are a standalone company with a standalone PNL so the individual quarter as such will look normal. However, then of course, when you look at the cumulative numbers, it will be a combination of the first half-year carve out in the PNL and then the second half will be the normal standalone. That will continue, of course, for the remainder of the year until we reach 2025.

00:37:02 - 00:37:03
Mikhail: That's very clear. Thank you very much.

00:37:07 - 00:37:28
Speaker 4: We have more questions in the queue, but as a reminder, if you wish to ask a question, please dial Pound Key five on your telephone keypad. The next question comes from Tom Scotchman from Carnegie. Please go ahead.

00:37:31 - 00:38:03
Tom: Yes. Hi, this is Tom from Carnegie. As the older book now gets smaller and unders, you have highlighted weaknesses in the terminal tractor segment for some quarters. I wonder whether there are some pockets in the water book where you really will fight under absorption of fixed costs in factories or so in the second half. We get a better understanding of how the water book is distributed between the product and factories.

00:38:05 - 00:38:30
Sakari: Well, of course, we don't split the order book by the product. However, perhaps to give you a flavor of how we deal with under absorption is of course that we adjust the cost in production on a continuous basis. The direct labor that we have there is, of course, adjusted to the demand picture as well as possible.

00:38:34 - 00:38:42
Tom: You feel certain that you have not lost market share in any product now during this period, a week or so?

00:38:44 - 00:39:05
Sami: Yes. That's what we say. However, we are not going into the market share discussion here of course. However, we are an innovation and technology leader, of course, there is a great request and interest in our products, including electrification, which you can see in the echo portfolio sales as well. It's really developing favorably.

00:39:06 - 00:39:20
Sakari: If you consider where we continue to see the issues, if you like, is the distribution segment in North America and then the larger orders. That's I would say the same for the competitors. It's the general market situation.

00:39:22 - 00:40:03
Tom: Then about this new efficiency program. I realize it's early days, but can I mean, some of you have your background from AP Rock and so on? I mean, what do you want to achieve? I mean, is it changing the way of doing business, splitting the company into smaller powers that be seen in some other companies with more distributed responsibility out in the organization, et cetera? What do you want to achieve? Because you only have four factories. I mean, this program cannot really be about closing factories or so. What do you want to develop with this?

00:40:04 - 00:41:12
Sami: If we start, let's say, holistically, of course, this is a combination of both commercial and operational excellence, activities and actions, and of course active pricing management, and supply chain actions, which are some of them related to the sourcing part, the indirect and direct sourcing, of course, process improvements, as well as staying competitive in the cost base overall. It's a wide area, of course. What I mean, coming from Epruc and those companies, of course, what I want to do and what we want to achieve is, of course, to have a full focus on our three key strategic pillars, which are innovation, service, and then the driving excellence and really be the industry best company. Of course, in the driving excellence part as well we are in the other two areas already. That is a vital part. However, it's also fuelling, of course, benefits to the other strategic pillars, which we have mentioned in the presentation as well. It's key, of course, to be very efficient on the process side as well.

00:41:13 - 00:41:27
Sakari: I think it's important to think that it's about continuous improvement with a very broad scope across many areas. This is not a traditional cost-saving exercise if you like.

00:41:31 - 00:41:40
Tom: Do you plan to decentralize the company more, or do you want to have more power in the head offices you want to achieve changes or how do you see that?

00:41:42 - 00:41:59
Sami: No further details today, as I mentioned in another question as well. This is the information that we have disclosed today. It's good information. It details it quite a bit already in the areas that I just mentioned. However, no further details at this stage.

00:42:02 - 00:42:18
Tom: Okay. I can then finally about these running hours as you collect data from all kinds of equipment. What is the big picture you see? What do you see in Europe? You said in North America it's down. However, what about Europe and some? Yes, I mean specific data.

00:42:19 - 00:42:31
Sami: Good question. The big picture is that we can see the softer North American market from those operating hours. Then we can see a more stable situation elsewhere I would say.

00:42:32 - 00:42:50
Carina: If you compare Q2 last year to Q2 this year, actually the running hours are slightly positive, up from that time. However, especially now if we look at North America in Q2 those running hours are down compared to the previous quarter.

00:42:54 - 00:42:55
Tom: Okay. Thank you.

00:43:01 - 00:43:07
Speaker 4: There are no more questions at this time, so I hand the conference back to the speakers for any closing comments.

00:43:08 - 00:43:21
Carina: Thank you, Sami and Sakari. Thank you for a live Q&A session and we will revert back to you in our third quarter call on November 1st. Thank you and have a great day.

00:43:22 - 00:43:22
Sakari: Thank you very much.

00:43:22 - 00:43:23
Sami: Thank you very much.