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+++ presentation

Aki Vesikallio^ Welcome to Cargotec's second quarter results call. The quarter was the sixth consecutive quarter with good results. We also completed the demerger. My name is Aki Vesikallio. I'm from Cargotec's Investor Relations.

Today's results will be presented by Cargotec's CEO, Casimir Lindholm; Cargotec's and Hiab's CFO Mikko Puolakka; and Hiab's President Scott Phillips. Please also pay attention to the disclaimer in the presentation as we will be making forward-looking statements. With that, over to you Casimir.

Casimir Lindholm^ Thank you, Aki. So welcome on my behalf as well. My name is Casimir Lindholm, CEO of Cargotec. We'vee had a six consecutive quarter with good results, really happy with the performance overall and then, of course, reached a very important milestone in the demerger that is now completed. I will come back to both these items later on in the presentation.

Hiab's strong profitability continued, and we saw a record quarter for MacGregor regarding comparable operating profit. We started the sales process of MacGregor, and we have also specified the outlook for Hiab and MacGregor and our CFO, Mikko Puolakka will come back to that topic in a few minutes.

We achieved some milestones that are historical and significant for Cargotec during the second quarter. Hiab published new performance targets, and Scott Phillips will come back to those later on. We also announced that Scott Phillips will become CEO; and Mikko Puolakka, CFO of stand-alone Hiab. Hiab already had previously a very strong management team in place, and on top of that, this announcement, of course, gives a very much strength and certainty for Hiab moving forward.

On top of that, we have been able to recruit strong candidates for Hiab management team, more on the functional side.

We were also able to settle a dispute with one of MacGregor's customers, this was very important for us because that gave the platform to start the sales process of MacGregor. It is also important to understand that out of the EUR 1 billion of order backlog that MacGregor has, we only have roughly EUR 30 million now in offshore in the old projects. So MacGregor is more and more a product/solutions, service, spare parts company going forward. And that, of course, gives a totally different profile for MacGregor in the future. So that settlement was very important. And also here our CFO, Mikko Puolakka, will go through what that meant, looking at the numbers.

The demerger was completed, Kalmar stand-alone company on the first of July. This has been, of course, an interesting and, actually, quite complicated project to run. We started after the demerger announcement on the 27th of April in 2023, it took us roughly two months starting and planning the project from a resource perspective, timing perspective. And then we really started the project in July '23. So in 12 months, we have been able to complete all the tasks, on the legal side, on the IM IT side, process side, recruitments, organizational changes and so forth. More than 200 people have been working on this project on a daily basis, and I would really like to thank everybody involved who has done a tremendous job in completing the merger. And now we have a stand-alone company in Kalmar, going on its own journey. So a huge thanks to everybody and a big milestone in Cargotec's history.

Finally, also financial information reclassified following the demerger, and also here our CFO Mikko Puolakka will go through what is the status now on the balance sheet side regarding gearing and so forth in today's Cargotec.

Order books received increased and continued to increase in MacGregor. And then on the Hiab side, a slight decrease. I wouldn't draw too dramatic conclusions out of the decrease on the Hiab side; if you look at the quarters back here in the picture, you can also see that we have historical fluctuations between the quarters.
Order book is also declining, now we are on a normalized level, all in all, regarding the order book. So we are back to levels pre-COVID.

That is also reflected on the sales side. All in all, in Hiab, we are down to a normalized level on the sales side. And here again, MacGregor continued to increase top line due to good order intake in '23 and continue so in '24. Eco portfolio sales, no dramatic changes there, a stable and good level.

Then, comparable operating profit, we are in a historically high level in Cargotec. Of course, very strong start to the year in Hiab of almost 16%. Also in the second quarter. And here, of course, you can see the real turnaround of MacGregor. You can also see here in MacGregor numbers that we are now to a large extent out of the project business and you see a much more stable business in MacGregor going forward and that can now be seen here in the second quarter and due to these strong results in Q1 and Q2, we have made some adjustments to the outlook. And also here Mikko Puolakka, our CFO, will come back with what changes we have and upgrades we have made there.

Cargotec then, all in all, second quarter and 13.1% comparable operating profit. So strong performance in the second quarter.

With that I'll give the word to Scott Phillips, who will go through then the numbers and the situation in Hiab. Over to you, Scott.

Scott Phillips^ Thank you, Casimir and greetings, everyone from my side. I'm Scott Phillips, President of Hiab business area. I'll guide you in the next few minutes through the results in the quarter.

In summarizing the quarter, three key points here, actually four key points. One is that we were able to continue delivering a strong profit despite the lower sales. I'll come back to that in a bit more detail in a few slides. We did have a decline sequentially and year over year in orders received, and I'll give you a bit of color on that as well. Strong cash conversion in the quarter, clearly above 100%, so that's excellent execution on the team, so big thanks to all the Hiabers out there and all of the support personnel within Cargotec. And then as a consequence of the last 12 months order intake, we're announcing a planning phase that we're kicking off initiated around an efficiency improvement program. I'll get a bit detail on that in a few slides as well.

So despite the fact that we are at a similar level of commercial quotation activity for the sixth quarter in a row, we had a 7% decline in order intake, primarily due to delayed decision-making as our customers remain cautious in making investments, due to the continued high cost of financing and the lingering economic uncertainty.

We continue to see softness in our construction segment across all markets and geographically. Germany and France remain the most challenged markets, and in North America we see delays in decision making, which caused a slight negative variance versus same period last year. And that summarizes the order intake story in total.

Moving to the figures, our order book stands at EUR 676 million, which puts our open order book at a 33% lower level compared to the same comparison period last year. So as Casimir mentioned, we're moving towards -- converging towards more normal levels in the 5 to 5.5 month range, if you'll recall, back to pre-COVID times. And our lead times are well within our target range for all products, so that's an important point milestone for us to achieve in executing our supply chain strategy.

Moving to the quarter, our order intake was EUR 348 million versus EUR 375 million last year. That's 3% decline in orders for the first half of the year at EUR 734 million versus EUR 755 million in 2023.

And then with the decline in the order book, which was in line with our order fulfillment and lead time planning we have been executing for the past two years, we saw a decline in our sales versus the same period last year of 11%.

Hiab sales were EUR 433 million for the quarter, EUR 847 million for the first half of the year versus EUR 917 million in 2023, which represents an 8% decline for the first half in the same comparison period.

Service sales, however, increased in the quarter and in the first half, versus comparison period last year, by 2% and 3% respectively. For the quarter, our services represented 27% of our sales and for the first half of the year, 25%, which the improvement both -- in both the quarter as well as the first half of the year compared to last year.

So despite the lower level of sales, the team did an excellent job executing our plans, which allowed us to deliver a return in line with our expectations. The combination of prior pricing actions due to the rapid inflationary environment, controlling our fixed costs, working in our own operations to implement lean in working with our suppliers to reduce cost, allowed us to mitigate the decline in profitability versus the decline in sales. So for the quarter, Hiab delivered EUR 69 million of comparable operating profit or 15.9% return. As I mentioned earlier, cash conversion clearly above 100%, so overall, really pleased with the team's execution and performance.

As a consequence of that, looking at the last 12 month's order intake, it's clear to us that we need to initiate planning for efficiency improvement program. We're targeting EUR 20 million improvement, which should be visible in next year's results. So we feel strongly convicted in the fact that these are necessary actions to start planning for in order to secure both our short term as well as our long-term targets.

And coming back to remind everyone about our long-term targets that we communicated in the Capital Markets Day: we target still a 7% CAGR over the cycle, a comparable operating profit of 18%, a return on capital employed greater than 25%, allowing for structural changes in the business in the next five years, and we remained strongly convicted and committed to our science-based target initiative company.

Then, moving into a section near and dear to all of our hearts, we've continued to shape the industries that we serve. Just wanted to highlight in particular three of our many product launches within the quarter. The first which, moving left to right is our Hiab eX.HIPRO crane. It's an energy-efficient electric vehicle ready solution. It provides unprecedented efficiency with regards to energy savings up to 30% with its advanced all new hydraulic systems. And at the heart of this solution, of course, is our space Evo control system with the latest and intelligent control technology, combined with our Olsbergs V200 valve and PFD function. The Hiab eX.HIPRO offers smooth and fluid simultaneous movements, reducing pressure drops and heat generation. So we feel strong with evidence that we'll reduce the total operating cost for our customers, while at the same time enabling a reduced CO2 footprint as well.

Then moving to the right, I'm proud to introduce Waltco's new MDV liftgate series. This liftgate series was launched in June. It features multiple industry-leading safety and efficiency features. So for example, LED lights are mounted on column that eliminate the work area, the platform to increase visibility, intuitive control, save time and reduce the risk of injury and the liftgate series offers a perfect balance between lifting capacity and low weight. Really pleased with the fact that it's designed with fewer moving parts for reduced maintenance requirements, which will reduce our customers' overall total cost of ownership.

All models in the series have a reduced weight, which will help us to enable our customers to have a reduced carbon emission footprint as well as to reduce the overall vehicle energy consumption.

Then last but certainly not least, proud to share with you that we've introduced a line of Red Parts components that have equivalent performance specifications to original parts but can have a shorter lifespan without compromising on quality and safety. As a new member of our services portfolio, it's a portfolio of cost-effective parts suited for the maintenance and repair of equipment that's nearing the end of its first use its life cycle. So the new offering will help our customers operate their older Hiab equipment even more efficiently and even at a safer and lower operating cost. So really pleased with these developments.

So overall, a strong quarter for Hiab, of course, characterized by pressure still that we experienced in our demand. Overall I'd still characterize this as on a quite a stable level with regards to our last six quarters.

So with that, I'm going to turn the floor over to Mikko Puolakka.

Mikko Puolakka^ Thank you Scott, and good morning, also from my side.

And before going to Cargotec's consolidated financials, a few words about MacGregor where the turnaround continues to progress really, really well in quarter two.

MacGregor's orders grew by 26%, very much supported by the active car carrier vessel markets. Also services contributed really nicely to the MacGregor order growth. It's also good to note that we have not taken, and we do not plan to take any orders, which would include new technologies.

MacGregor's order book is now at EUR 1 billion. And as Casimir said already earlier, the offshore represents now roughly EUR 70 million of this order book. And out of the offshore order book, only EUR 30 million anymore is related to this problematic loss-making offshore project. So the order book of a loss-making projects is getting smaller and smaller towards the end of the year.

When we look MacGregor's revenues, it's also good to note that in quarter two, we had to reverse EUR 39 million of revenues due to the offshore monopiles project, the dispute settlement and the closing of that project. So if we exclude that the EUR 39 million revenues reversal MacGregor’s Q2 underlying sales growth was an impressive 41% year on year.

On profitability, MacGregor delivered the highest quarterly comparable operating profit since Q4 2014. The profit improvement was primarily driven by the merchant vessel-related revenue growth. The offshore business made still a EUR 4 million loss. However, the loss was smaller than in the comparison period and we expect the offshore to continue to improve also performance as the loss-making projects’ backlog is getting smaller and smaller.

If we take into account the EUR 39 million top line reversal, MacGregor’s comparable operating profit margin in quarter two would have been 9.1%. As we made the settlement for the offshore monopile project, that impacted, or, we booked for that project EUR 29 million non-recurring items one-off costs.

This is the net impact, net profit impact of that project settlement, and it's a net impact of the EUR 39 million sales reversal. and then we have been reversing also EUR 10 million of project related costs. So that EUR 39 million minus the EUR 10 million is the EUR 29 million net effect of the project settlement. And this EUR 29 million has been reported below comparable operating profit, in items affecting comparability, as we do not continue such a product line anymore.

Before going to Cargotec's consolidated financials, a couple of words about reporting Kalmar as discontinued operations. Like in the first quarter, also in quarter two Kalmar has been reported as discontinued operations. We have removed also Kalmar from Cargotec's segment reporting, and now, also at the end of June, Kalmar has been completely carved out from Cargotec's balance sheet.

The Kalmar net assets, which have been carved out from Cargotec's balance sheet at the end of June were EUR 586 million. And on top of that, as a result of the demerger, we booked a EUR 1 billion demerger profit in quarter two. And this is visible on the last line of Cargotec's consolidated results.

This demerger profit is actually the difference between Kalmar's market cap on July first; that was about roughly EUR 1.7 billion. And then deducted by the previously mentioned carved out the net assets of close to EUR 600 million. So that results the over EUR 1 billion demerger profit.

These are the continuing operations’ key financials. Here I will comment the January-June cumulative first half performance.

Orders were up by 8%, very much driven by MacGregor. Despite flat sales, the comparable operating margin improved significantly. Here, a very nice contribution from both businesses, Hiab and MacGregor.

During the first half, Hiab's comparable operating margin improved by 60 basis points compared to 2023, and MacGregor's comparable operating profit margin, an impressive 500 basis points.

The items affecting comparability of EUR 32 million during the first half of this year are purely related to MacGregor. All demerger costs are reported under the discontinued operations. And here in the continuing operations, we have only revenues and costs related to MacGregor and Hiab business. Out of this EUR 32 million, EUR 29 million is related to the previously discussed MacGregor monopile dispute settlement.

Earnings per share was EUR 1.21 and it would have been EUR 0.50 higher without the MacGregor monopile project impact during first half of this year.

Q2 cash flow was EUR 89 million and improved significantly from the comparison period. It's good to note that this cash flow includes still Kalmar. However, the continuing operations cash flow would have been approximately at the same level. Hiab made clearly the largest contribution to Q2 cash flow and the cash flow improvement in Hiab came not only from profitability, but very much also from the net working capital, which declined EUR 30 million during the second quarter. And part of this decline came from inventories. Cargotec's Q2 cash flow includes roughly EUR 20 million negative impact from MacGregor monopile dispute settlement.

After the Kalmar carveout from Cargotec's balance sheet, Cargotec's balance sheet is really strong. It has been strong before the demerger as you can see, it's very, very strong also after the demerger net debt is only EUR 18 million and the 2% gearing is all-time best in Cargotec's history. We do not have any interest bearing debt maturities this year. The net next maturity is in 2025 when we have a EUR 100 million bond coming to the end. Our liquidity is on an excellent level, consisting of EUR 336 million of cash, a fully unused committed revolving credit facility of EUR 330 million, and then on top of that, we have a EUR 150 million commercial paper program, which is also completely unused at the moment.

And then we have specified our outlook for Hiab and MacGregor for 2024, based on the solid first half performance in both businesses. For Hiab, we estimate Hiab's comparable operating profit margin to be above 13.5%. And for MacGregor, we expect comparable operating profit to exceed EUR 55 million. And to be clear, these are the floor levels for both business areas. So it's also allowed to be on a higher level.

And by that, I hand over the microphone back to Aki for the Q&A.

Aki Vesikallio^ Thank you Mikko, and thank you Scott and Casimir. I will welcome both gentlemen back to the stage. And once they are ready, we are ready to start the Q&A session.

+++ q-and-a

Operator^ (Operator Instructions) Antti Kansanen, SEB.

Antti Kansanen^ Hi, guys. It's Antti from SEB. Thanks for taking my questions. Both on Hiab, for Scott, if I start, yes, outlook for second half for kind of sales and earnings. Could you comment a little bit about kind of the delivery times and the backlog rotation, which has been quite extraordinary in the past couple of years, are we now getting back to, let's say, a normal delivery times? If you look at the truck production and things like that?

Scott Phillips^ Yeah. Hi, Antti. So thanks for the question. With regards to delivery times, we are getting back to more normal levels in terms of the combination of what we're seeing from the truck chassis cabin deliveries from the many truck OEMs we partner with as well as from our side. And frankly, speaking on our side, we've been at or below our target levels for quite some time now. But as you pointed out, it's important that those two deliveries are synced up and that’s starting to converge together nicely. There are a few fluctuations that we see in different geographies. But on balance, it's starting to come back to more normal levels.

Antti Kansanen^ And then regarding kind of the full year guidance at the margin, 13.5%. I mean you're obviously much above that on the second half. I understand that it's only a floor. You should have a pretty good visibility on the second half kind of delivery outlook. So what's kind of the uncertainty that would bring your full year margins towards the lower, or the guidance floor?

Scott Phillips^ Yes, there are certain product lines that we're relying on the conversion of orders that we still take within the year. So that's probably the first level of uncertainty just allowing for the variance around that realization. Number two as we talked about, we're kicking off planning for an efficiency program.

So we're allowing also for space for additional one-off costs that would most probably be reflected in operating expense. So just wanted to give ourselves a good level of room, if you will, to declare that on the bottom end, we see us at the 13.5% or above. And as we get better visibility as times are still quite uncertain and then we might revise the guidance yet again at the end of Q3.

Antti Kansanen^ All right. And then lastly, on the demand side and apologies, I came a little bit late on the call, so perhaps you're repeating yourselves, but could you talk little bit about the US market. Did you see any kind of change in trends during the second quarter on the demand? I mean the orders are slightly down, but I guess like Casimir said normal volatility, but any kind of bigger moves on the underlying demand conditions?

Scott Phillips^ Yes, underlying demand conditions remained on a quite good level, very favorable even compared to 2022. As I've been repeating for the past several quarters. However, what we do see there are two factors, I think that are important to note. One is that we still see the delay in decision making. We experienced this across the board in all product lines where the time from a lead overall threat over our threshold percentage than the time of conversion has gotten a bit longer and that's what we saw in Q2 in the US market.

The second factor is that the operating utilization of our loader crane equipment was a tick below our expectations. So therefore, not reading a whole lot into that one. But nevertheless, those are two data points we keep a close eye on. So repeating, underlying demand factors still look quite good and stable compared to the prior six quarters. What we do see is a change in time to decision a slight downtick in utilization of loader cranes, whereas that was contrasted by a slight uptick in Europe.

Antti Kansanen^ All right. Thanks so much. It's all from me.

Operator^ Johan Eliason, Kepler Cheuvreux.

Johan Eliason^ Yeah, hi. It's Johan, Kepler Cheuvreux. One question again for you, Scott. I think you're in the Q2 one call sort of referred to some worries about pricing in the second half of this year, depending on where the demand would be. How are your view on pricing in the second half looking right now? Is there any change there? Thank you.

Scott Phillips^ Yeah, Johan. So thank you for the question. As I commented before, and also during the CMD, we're always going to be under pressure. Our customers just like ourselves are going to demand for the best price point. However, we still target a net price change that's positive year over year, and we look at that aggregately as well as by product line. So we still remain confident in terms of a balanced net positive price change for the year over year.

So therefore, we still see the same set of factors that play as we've talked about in each of the prior quarters. And I think I also alluded to in the CMD during the Q&A that we did see a higher level of discounting for last year, we've gone out and market and adjusted market less pricing in line with the discount level that we were at last year. So we see that stabilizing quite nicely. And for the balance of the year thus far, and we see the same picture for the second half of the year. All of that, of course, is against this level of uncertainty that we're still dealing with.

Johan Eliason^ Okay, excellent. And this new cost cutting, you announce partly to hit your short-term developments and partly to hit your 18% margin target. Is that more for the longer term 18% margin target? Or are you seeing something in the demand which looks stable about that a little bit of a lower level than a year ago? Thank you.

Scott Phillips^ It's a great question, actually, both to be perfectly blunt with you. So if you think about the actions that will take that will hit, we'll realize above gross profit. That's much more about the long term, largely driven by design to cost and other product design driven initiatives. Similarly, we are working on implementing lean with at our own operations.

Which we've seen help us to reduce order fulfillment cycle time, improve cash conversion, that should also stick long-term as well. Some of the actions that we'll take, however, below gross profit in terms of adjusting fixed cost would then be much more about the short term. And honestly, just reconciling the math of the last 12 months order intake versus the conversion of sales moving forward.

Johan Eliason^ Okay, excellent. And then maybe a completely different question to Mikko and obviously very strong balance sheet as you point out and hopefully you're getting some cash flow for the MacGregor business as well when and if that is sold, what term what sort of expectations should investors have on returns going forward?

Have you discussed that in any way I mean, where do you see an optimal gearing for the remaining Hiab, for example, going forward? And what could be potentially then envisage some extra returns to the shareholders through extra dividends or share buybacks or similar, and the input of that would be appreciated.

Mikko Puolakka^ Yeah, thanks for the good question. Too early to say about the extra dividends or share buybacks of course, we need to bear in mind also that we have ambitious M&A or in-organic growth objectives also for Hiab. And so part of hopefully, we can also use part of that strong balance sheet for the M&A purposes.

Of course, taking a very close look on the financial parameters of the acquisitions and not get there blinded by the strong cash position, definitely this kind of 2% gearing might not be the optimal level for the company or for an industrial company. So it's also next year, then for the Board of Directors after the MacGregor exit actually has taken place to evaluate if there is a need to change return dividend policies or such going forward.

Johan Eliason^ Okay. Looking forward to that, thank you very much.

Operator^ Panu Laitinmaki, Danske Bank.

Panu Laitinmaki^ Hi, I have a few questions. Firstly starting on Hiab did you get like a raw material cost tailwind in Hiab in Q2? And how do you expect this to develop going forward?

Scott Phillips^ Yes, I wouldn't say that in Q2, we've saw much tailwind from raw material pricing as we're still converting backlog, but definitely overall improvement in the cost curves of our build materials.

Panu Laitinmaki^ Okay. But was there like a sequential improvement in what you had in previous quarters?

Scott Phillips^ Slightly.

Panu Laitinmaki^ Okay. Then on MacGregor maybe the same question as was for Hiab's guidance earlier. So I appreciate it. You increased the guidance, but still has it kind of was it 55 for this year implies kind of a lower second half than what you delivered for first half? So what are the uncertainties that you see in MacGregor in second half that you guide this as a floor, given that you have now settled this customer dispute and offshore losses probably will be lower.

Mikko Puolakka^ I would say that the main uncertainties are related to the merchant project, the order book deliveries. So even though MacGregor has an order book of EUR 1 billion. It's good to note that this order book has a very long delivery time due to the vessel construction timetable. So part of this order book can be delivered even in 2026, depending on the vessel construction. So it's very much dependent the second half profitability on the timing of the merchant equipment deliveries.

Casimir Lindholm^ Yes. And the milestones in the different deliveries towards customers. And again, like in the Hiab case, if and when we feel that we have more visibility we might come back to this topic then as part of the Q3 report.

Panu Laitinmaki^ Okay. Thank you. And then the final question, still on Hiab cost savings to be clear. So is this so that the demand turned out in Q2 to be weaker than you expected. So you are now launching new measures as a response to that?

Scott Phillips^ Yeah, just a matter of looking at our last 12 months order intake, very similar to the factors that caused us to announce the program that we executed last year Q3, very similar factors there a combination of taking advantage of being able to accelerate efforts to secure long-term better cost curves above our gross profit.

At the same time.Looking at the prior 12 months order intake and making some adjustments in our fixed cost base in line with the order intake now that will convert later into sales.

Panu Laitinmaki^ All right. Thank you.

Operator^ (Operator Instructions) Tom Skogman, Carnegie.

Tom Skogman^ Yes, hi. This is Tom from Carnegie. I wonder about these savings in Hiab, whether that will also have some impact on the footprint or are you happy with the manufacturing footprint?

Scott Phillips^ Yes. If you think about our savings program, we're looking at structurally all possibilities. So that's certainly part of our planning process.

Tom Skogman^ So there might be changes to the footprint or --

Scott Phillips^ Well, we're certainly always going to look at evaluating potential changes in the footprint, Tom, and that will be certainly part of the analysis phase that we go through now that we have initiated the planning.

Tom Skogman^ Yeah. Can you specify what you mean by design to positive for modular products or changing the type of components that you use?

Scott Phillips^ Yes, I'd take them, especially in three different buckets. So their standardization and simplification, much like in our new WDV liftgate product that we just launched a similar way of thinking about less parts, more commonality across part family. So that's certainly part of it. Two then looking at where we might be able to reduce cross-sections and weight material specifications in our product that would come at a lower cost point without sacrificing performance.

And then, of course, three is certainly hitting your point, designing much more modularity in our products, taking more advantage of being able to then have commonality in our key and differentiating technology across the full scope of our portfolio, much like we're doing now in our loader crane business, one of the keys of the space, EVO that I talked about with regard to the X-HiPro crane that we just introduced. So those three buckets combined with other logical change that we can make to make our products more manufacturable and hence, it reduced the cost of producing.

Tom Skogman^ Is this new X-HiPro crane like a new main product or a niche product? Or will there be different sizes of this launch?

Scott Phillips^ There will be different sizes, but it is part of a broader, more comprehensive product launch. And there will be are there announcements to come through the balance of the year.

Tom Skogman^ So it's like a new main product. That's how we should see it.

Scott Phillips^ Correct.

Tom Skogman^ Okay. Then I have to ask about the MacGregor profitability. I didn't fully understand Mikko's comment there, but what is really now the underlying margin in the merchant business, you said there was like EUR 4 million losses on offshore, but then there were something in how you booked this dispute as well? So can you repeat that to make it really clear?

Mikko Puolakka^ Yeah. So when we had to reverse basically for the EUR 39 million of revenues, that kind of artificially to certain extent boosts the comparable operating profit margin in MacGregor. So if we exclude this EUR 39 million revenue, a reversal in MacGregor's Q2 comparable operating profit would be 9.1%, which is a significant improvement year on year.

So roughly 2% units impact the coming from this project settlement. And then in the overall MacGregorpicture, the offshore, it basically diluted us as mentioned by EUR 4 million, still the profitability.

Tom Skogman^ The margin is kind of 10% in the merchant business now --

Mikko Puolakka^ Around that level a bit higher even.

Tom Skogman^ Okay. Thank you.

Operator^ (Operator Instructions) There are no more questions at this time. So I hand the conference back to the speakers for any closing comments.

Aki Vesikallio^ Thank you all for the great questions and for the great answers. We will be back in October when we publish our Q3 results on 23 of October. See you then. Thank you.

Casimir Lindholm^ Thank you.