

Transcript for "Kalmar, Interim report January–March 2026"

00:00:21 - 00:01:09

Speaker 1: Good morning from Helsinki, and welcome to the webcast on Kalmar's interim report for January March 2026. My name is Carina Geber-Teir, and I'm heading Investor Relations at Kalmar. Today's result will be presented by our president and CEO, Sami Niiranen, and CFO, Sakari Ahdekivi. At the end of the presentation, as usual, we will have our Q&A session where you can ask questions. I would like to remind you that this webcast is recorded. It will be available on the Kalmar web page later today. Please pay attention to the disclaimer, as we will be making forward-looking statements. We are now ready to start the presentation, so I will hand over to Sami. Sami, please.

00:01:10 - 00:02:28 Speaker 2: Thank you very much, Carina, and good morning, everyone, from Helsinki. It's my pleasure to present Kalmar's first quarter 2026 results. I'm starting with an overview of the first quarter of the year. Overall, we saw stable demand, although geographical instability has increased in the past month. Firstly, our order intake continued on a sequentially stable level. Although when looking at year-on-year figures, it decreased 6% due to a high comparison period. On the other hand, our sales grew by 5% to €420 million and by 10% in constant currencies. Our eco portfolio sales were on a good level, but fully electric order intake was soft. I will revert to this in a bit. Our overall profitability improved, although there were some operational shortfalls in our services segment. Our driving Excellence Initiative continued well. Sakari will cover this in more detail in his part of the presentation. Operating cash flow for the quarter was good, and our balance sheet is strong. Looking at 2026, we keep our guidance unchanged. We expect Kalmar's comparable operating profit to be above 12.5% in 2026.

00:02:30 - 00:03:14 Speaker 2: Let's now have a closer look at the orders received. As I mentioned, the overall demand for our equipment and services was relatively stable across different end customer segments. Orders received were sequentially stable. They decreased 6% year on year, but only 2% in constant currencies. The decrease was due to a strong comparison period. In the equipment segment in the first quarter of 2025, there were some sizable orders from customers in ports and terminals. In services, there were a few large service agreements. We will have a look at the geographical breakdown of order intake on the next slide. Finally, our order book remained essentially unchanged.

00:03:14 - 00:04:23 Speaker 2: Looking at the overall demand environment. There was continued high interest in our sustainable solutions across different customer segments and regions. Here you can see the geographical split of orders across our reporting segments. EMEA 48%, the Americas with 36%, and APAC 16% of all orders received. Essentially, we got more orders from the Americas and APAC, while EMEA order intake decreased. This is explained by some sizable orders in the comparison period. In the Americas, the distribution end customer market showed a gradual recovery, and our order intake grew by 6% year on year. In APAC, order intake grew 16%, and the growth came mainly from Oceania. Then, the sales per segment in the first quarter. Sales grew by 5% year on year to €420 million. In constant currencies, our sales grew by 10% from the first quarter of 2025. Equipment sales increased by 7% and services by 2% year on year, and services' share of sales was 35%.

00:04:25 - 00:05:21 Speaker 2: Now let's have a closer look at our sales in each geographical region. We saw a positive sales development in all regions during the quarter. In both EMEA and the Americas, sales grew, driven by growth in the equipment segment. In the APAC region, the ports and terminals end customer segment performed well, driving the sales up by 9%. Our eco portfolio sales grew by 10% year on year to €187 million. The share of total sales for our low-carbon solutions covering electric, hybrid, and sustainable services increased to 45%. Fully electric machines' share of equipment orders for the last 12 months decreased to 9% from 11% a year ago. In the coming quarters, we will expand our electric portfolio further. This will increase our competitiveness and meet the customer needs in the different end markets.

00:05:23 - 00:06:27 Speaker 2: Let's now take a closer look at the profitability for the first quarter. Our comparable operating profit increased by 8% year on year to €52 million, from 48 million a year ago. As you can see in the comparable operating profit bridge on the right, the main driver was higher volumes. Additionally, good commercial execution contributed to improved profitability in the quarter. We maintained a solid comparable operating profit margin at 12.3%, which is 3 percentage points higher than the comparison period despite the negative impact of tariffs. Kalmar has a well-diversified business portfolio globally with four end customer segments. As I've already mentioned, services' share of sales was 35%. Our eco portfolio remains an important driver towards our climate target, which is part of our performance targets until 2028. The sales of the eco portfolio increased in the first quarter and was 45% of total sales.

00:06:28 - 00:07:36 Speaker 2: We have a team of approximately 5,300 passionate employees worldwide who are dedicated to executing our strategy. We have continued to demonstrate a strong ability to adapt to changing circumstances, and we are executing our core strategy by staying close to our customers' evolving needs, regardless of the geopolitical weather. The current macroeconomic uncertainty driven by geopolitical tensions leads to increased volatility in economic data, making it difficult to provide long-term forecasts. IMF didn't make any changes to its forecast in April. Global GDP is still expected to increase 3.1% in 2026, slightly down from previous years, and then stabilize at 3.2%. Drewry downgraded their 2026 forecast as a result of the US-Iran conflict, and they expect global port container growth to slow to plus 1.7% in 2026 and then rise to 3.1% in 2027.

00:07:37 - 00:08:31 Speaker 2: Oxford Economics has released an update regarding their manufacturing and retail forecasts, and the key takeaways for the 2026 outlook are as follows. In manufacturing, the 2026 growth forecast has been slightly revised upward to 3.2%. Despite this upgrade, the growth rate is expected to slow slightly compared to 2025 levels, and in retail, the 2026 forecast has been revised upward to 2.8%. Building on the external market estimates from the previous slide, let's look at the current demand outlook for Kalmar. We anticipate that the total market demand for the next six months remains approximately at a similar level as in the previous quarters, with the caveat that trade tensions and increased geopolitical instability could have an impact on our markets and the demand from our four end customer segments.

00:08:34 - 00:09:16 Speaker 2: Next, an update on the status of the Kalmar connected fleet. In the first quarter, despite the increased geopolitical unrest towards the end of the quarter, our connected fleet activity stayed at a stable level. The ongoing conflict in the Middle East is creating disruptions in logistics routes and results in extended transit times, which also creates a shift in fleet activity between different customer operations depending on the locations. Our installed base has grown steadily to over 70,000 machines from 68,000. At the end of 2025, we had over 16,800 connected pieces of equipment globally, compared to 14,500 pieces of equipment at the end of 2024.

00:09:19 - 00:09:52 Speaker 2: Here you can see new orders announced and added to the first quarter order book. Firstly, we received an order for two hybrid straddle carriers for the Training Center for Harbour Workers, OCHA, in Antwerp, Belgium. We also booked a large order from our long-term customer, the Port of Tauranga in New Zealand. They ordered six hybrid straddle carriers and one electric straddle carrier from us. We also got a significant order for 14 hybrid straddle carriers to PSA Antwerp in Belgium.

00:09:54 - 00:10:44 Speaker 2: Let's then continue with our actions for driving sustainable growth. Our five-year Move2Green program, co-funded by Business Finland, has been running for one year now. Since the launch, we have 68 new ecosystem partners, and we have started more than 20 internal R&D projects with the focus on future growth horizons. In the second year, we will leverage our ecosystem and launch new ecosystem projects. We also earned top recognition from EcoVadis and CDP, and this reflects our collective effort to embed sustainability across our operations. We were awarded the EcoVadis Gold Medal, placing us in the top 5% of all companies evaluated worldwide. In addition, we secured a place on the CDP Corporate A List for climate change.

00:10:44 - 00:11:34 Speaker 2: In the first quarter, we also launched the TT7 terminal tractor in the European market. The TT7 is specifically designed for the demanding requirements of customers in Europe. It's a robust and reliable solution for port terminal yard distribution and logistics operations. We believe that sustainable growth is driven by our own operations, but in addition to that, by deepening strategic cooperations and partnerships with leading players and institutions. An example of this is that in March, we donated €100,000 to Tampere University to accelerate the development of key technology areas that are vital for sustainable innovations, especially focusing on electrification, automation, AI, and digitalisation.

00:11:36 - 00:12:27 Speaker 2: Moving into a short summary of financial highlights before handing over to Sakari. All in all, if you compare the performance between the two segments, it was clearly mixed. Our sales grew and overall profitability improved, but at the same time, we faced operational headwinds in our services segment. Orders received decreased year-on-year, but that was mainly due to the high comparison period. Comparable operating profit improved in the equipment segment, but the service segment's profitability continued to be burdened by tariffs and challenges in the spare parts sales in North America, partly due to the sluggish market activity in the region. We continue implementing proactive sales growth, commercial excellence, and cost optimisation actions, and we are confident in our ability to improve the profitability of our services business.

00:12:30 - 00:13:25 Speaker 2: Finally, I would like to wrap up my part by highlighting that we remain committed to our strategic priorities and driving sustainable growth by leading the industry with innovations towards automation and electrification, expanding our services, business, and presence, and pursuing operational excellence to ensure long-term value creation in line with our 2028 targets.

I'm sure you have all noticed the recent announcements concerning the Kalmar Leadership Team, but here is a brief recap of the announcements that we have made. We have announced that Sakari Ahdekivi will leave his position as the CFO as of the 30th of September 2026. Katri Hokkanen was appointed CFO and member of the Kalmar leadership team no later than the 1st of October 2026. Sakari will remain with Kalmar until the end of this year to ensure a smooth transition.

00:13:25 - 00:14:01 Speaker 2: We also announced that Thomas Malmberg will step down from the role of President of Services and member of the Kalmar Leadership Team. Tamara de Gruyter was appointed President of Services and a member of the Kalmar Leadership Team as of the 1st of September 2026. Thomas Malmberg will remain with Kalmar until year-end to ensure a smooth transition. I want to thank both Sakari and Thomas for their contributions to Kalmar and the future growth of the company. I will hand over now to Sakari. Thank you for listening.

00:14:15 - 00:15:18 Speaker 3: Thank you, and good morning to everyone on the lines. I'd like to start my presentation by pointing out that Kalmar's financial profile has remained strong, providing us a solid basis for future growth. Our order book has stayed at a healthy level of around €1 billion. Orders received for the last 12 months were approximately €1.8 billion, due to the good operational execution and successful management of costs. Comparable operating profit margin on an LTM basis moved up a notch and was 12.9% at the end of March. Our balance sheet has been further strengthened. At the end of March, our leverage ratio was actually negative, which is well below our long-term goal of a maximum of 2x. Finally, our cash conversion on an LTM basis was 80%.

00:15:21 - 00:16:28 Speaker 3: Moving into the segments and starting with Equipment, where the development was stable. In the first quarter, orders received decreased by 6%, but from a strong comparison period with some sizable orders, which Sami already mentioned. On top of that, some FX impact. Order intake decreased in the EMEA region while orders increased in the Americas and APAC. Equipment sales increased by 7% year on year. Profitability of the Equipment segment improved both in absolute and in relative figures. Comparable operating profit grew by 17% year on year, and by one percentage point in terms of margin. On the comparable operating profit bridge, on the right, you can see that it was a result mainly of higher volumes. Of course, good commercial execution also contributed to improved profitability.

00:16:29 - 00:17:44 Speaker 3: Comparable operating profit margin was 12.6%. We proactively mitigated the majority of the tariff-related impacts, although there were still some small negative impacts on margins within the segment in some of the product lines.

Then moving over to the Services segment. It has to be said that in the first quarter, services order intake was soft, orders received decreased by 6%, and totalled €149 million. The drop was mainly because of the comparison period, which was high due to a few large service contracts. Services sales increased by 2% despite market turbulence and totalled €148 million. Services' profitability decreased year on year, and this is against a strong comparison quarter in '25, where we had a COP margin of 19%.

00:17:44 - 00:18:48 Speaker 3: Comparable operating profit decreased by 14%. In absolute terms, the decrease was driven by various external and internal headwinds. There was a negative impact from tariffs, and there were challenges in spare parts sales in North America. We continue cost optimisation as well as targeted sales growth and pricing actions, and we are very confident in our ability to improve the profitability of our service business going forward.

Then, a brief glimpse at the tariff landscape. We see that the tariff landscape is currently unchanged. However, we continue to monitor the landscape closely. As in the previous quarters, our responses to tariffs have included mitigating actions with price increases, supply chain actions, and other operational excellence initiatives in our operations, as well as some documentary requirements.

00:18:52 - 00:19:57 Speaker 3: The ongoing conflict in the Middle East is driving cost increases in fuel prices and is creating disruptions in logistics routes. This results in potentially extended transit times, increased freight

costs, and potential component shortages. However, so far, direct impacts on Kalmar sales have been limited, but in the first quarter, there were indirect impacts through increased freight and fuel costs. The share of the Middle East in Kalmar sales is a low single-digit percentage of our total sales. This map shows the ports and terminals that can be used to bypass the blocked Strait of Hormuz. Why I'm showing this is that, of course, while there are certain ports which are impacted negatively by the conflict, there are also some opportunities which arise in the other ports which are not directly impacted and are used to bypass.

00:20:02 - 00:20:42 Speaker 3: Shifting gears and moving into the Driving Excellence Initiative. As you remember, our target is to reach €50 million of gross efficiency improvements by the end of the 2026 run rate. This is proceeding as planned, and the status is that by the end of March, a run rate of approximately €40 million of annualised gross efficiency improvements has been secured. As before, the majority of the improvements secured originated from successful sourcing activities and, to a lesser extent, from process improvements.

00:20:47 - 00:22:09 Speaker 3: Return on capital employed has also increased or improved rather. At the end of the first quarter, this was 24.2%. There has been quite a stable upward trend for a while, several quarters now, and our target here is over 25%. We are getting closer to the target. Our balance sheet was further strengthened during the quarter. Our leverage was negative at minus 0.1 times, well below our long-term target of a maximum of two times. Our gearing stood at 5.2% negative. This is before dividends were paid in April. The decrease in interest-bearing net debt, which improved our leverage ratio, was primarily a result of solid cash generation from operations. Our debt maturity profile remains unchanged, and our liquidity position is strong at €521 million. This includes an undrawn 200 million revolving credit facility, which matures in 2030.

00:22:16 - 00:23:19 Speaker 3: On this slide, you can see our cash flow. In the first quarter, we had a very solid cash flow from operations before financing items and taxes amounting to €67 million. As said before, our cash conversion for the last 12 months was at 80%. Finally, as Sami mentioned at the beginning of the presentation, our guidance for 2026 remains as follows. Kalmar expects its comparable operating profit margin to be above 12.5% in 2026. Finally, here you can see the summary of our interim report for the first quarter. I won't repeat the points here. I will finish my presentation so we can move to Q&A. Thank you for your attention. Now I'm welcoming back Sami and Carina for the Q&A session.

00:23:32 - 00:23:44 Speaker 1: Thank you, Sakari and Sami. I think the audience is eager to ask us questions. I'm handing over to the operator, and you may open the lines.

00:23:46 - 00:24:08 Speaker 4: If you wish to ask a question, please dial star five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial star five again on your telephone keypad. The next question comes from Mikael Doepel from Nordea. Please go ahead.

00:24:10 - 00:24:35 Speaker 5: Thank you. Good morning, everybody, and thanks for taking my questions. A couple of questions from my side. To begin with, first, on the Services business, and I think you mentioned you did have problems with the North American spare parts sales. Maybe you could just talk a bit about that, what was happening here, and how you expect this to trend going forward.

00:24:36 - 00:25:38 Speaker 2: Yes. Thanks, Michael. Let me start and continue what I mentioned in the presentation as well, on the sluggish market. The market demand was soft. That was the primary reason for the rather low spare parts sales in North America. Of course, when we are losing the spare parts sales, it's changing the mix in our services portfolio or services sales in total, impacting the profitability as well. However, I would say the slow market in North America has been sluggish for a little bit longer period already. It's nothing new as such, but the uncertainty crisis that we face, and faced in Q1 as well, and increased uncertainty levels in different parts of the world are impacting quite a lot in North America. The tariff situation also changed during the quarter. That has been very volatile and fluid overall.

00:25:38 - 00:26:54 Speaker 2: The overall uncertainty level, it impacts our customers as well as the dealers, of course, the buying sentiment. That's what we faced in North America, and impacting our spare parts sales. If I elaborate a little bit, now it's too early to say about Q2, but of course, no major change. Maybe in April, compared to Q1, we can say. However, of course, what we are doing has been going on for a long time. This is nothing ad hoc that we have invented in Q1. Of course, we will continue our services and focus all over the world. Not only focusing on North America, but everywhere, basically growing services in different areas, improving the profitability. However, we will be even more targeted with our sales actions, more proactive with our customers and dealers. Then, of course, working on the strategic pricing as well. The commercial excellence part that I mentioned. Then of course, cost optimisation is important as well because we are in services as well

as in the whole company, volume-driven and pretty volume-driven operations. Therefore, it's important that we have the cost costume fitted for our demand.

00:26:58 - 00:27:41 Speaker 5: Okay. On that point, I think you mentioned that obviously, the margins were quite weak here now. I guess part of the reason has to do with the mix in the business, based on what you're saying, is unlikely to improve very much. You also mentioned that it is still having an impact. I'm just wondering about these mitigation actions. Maybe a bit more concrete comments there. Exactly what are you doing? Perhaps more importantly, how fast do you expect to see the results? When should we expect the margins here to normalise? Is it in the second half of the year or earlier?

00:27:43 - 00:29:13 Speaker 2: Thanks. What I can say is that I'm confident that the margins will improve. What I can say on the timing is that in the coming quarters, in plural. Definitely, we have a lot of good actions in place. One thing, of course, related to the North American market is the world-class distribution center that we put up or changed the location of last year. Now it's fully up and running, and now it's time to deliver that Greenwood distribution center, which provides our customers and dealers with the fantastic availability of the part. That's something, of course, that we are continuously working on. Then the proactivity, as such, of course, visiting dealers' customers. We have a large operational fleet in North America. A lot of them related to terminal tractors. Of course, going to those customers and dealers on a constant basis and offering them our valuable solutions. Of course, that is the base as well. Then, of course, we can be even more targeted with certain sales activities. That's what we have put together in Q1 as well. I think those are pretty concrete actions on the offensive side, on the defensive side. Of course, we need to look at our costs as well, because we have invested in services in the distribution centers in both Europe and North America during the last year. The costs have increased a bit. We need to be cautious with them as well.

00:29:13 - 00:29:22 Speaker 3: It's very much the volume and pushing the sales in order to be able to then leverage the infrastructure that we have.

00:29:24 - 00:29:47 Speaker 5: Right. However, on that point, I think pricing is obviously one tool as well here, but you're not mentioning that. Is it fair to assume that the competitive landscape is pretty tough and you won't be able to mitigate, for example, cost inflation fully or tariff with the pricing? You need to compensate through volumes and internal costs. Is that the right way to read it?

00:29:48 - 00:30:43 Speaker 2: I think you mentioned strategic pricing and commercial excellence activities. That was in the presentation as well. Yes, absolutely. That is part of it. I think we have improved the mitigating actions in Q1 compared to last year when it comes to services in North America, but of course, like the tariff landscape when it changed in Q1, we need to adapt to different situations. It has taken some time to adapt to the new price levels and increase the prices. However, there are limits also with our customers and dealers on how much you can increase the price. However, of course, the aim is to mitigate as much as possible. However, I'm quite happy with the situation of what we have now in Q1 when it comes to mitigating actions. Still, we faced some dilution because of tariffs. That's the reality. That was the same with the equipment as well.

00:30:45 - 00:31:03 Speaker 5: Okay. Sure. Finally, just switching gears a bit here. Looking at the equipment business, how would you describe the sales funnels here going forward? If you look at the various regions, the various segments, what are you seeing heading into Q2?

00:31:04 - 00:32:17 Speaker 2: Yes, I think for the next six months, the next two quarters, I think the market demand will be pretty similar and stable compared to the previous quarters. A similar type of statement to what we did a couple of months ago. In the previous reporting as well. That's what we see. The demand is stable. I would say worldwide, in different customer segments. I think ports and terminals are still pretty active. The distribution and customer segment has been the slowest one. Now we saw a bit of gradual improvement, like last year, exactly at the same time for the terminal tractor business in North America. Let's now see, depending on the conflict situation, uncertainties of course, how that will evolve in the coming months. However, I think the stable market demand is overall. Then, of course, the Iran-US conflict starts impacting more broadly, the cost of money inflation, Asian business, or Asian operations, on a global scale, of course, that might have an impact. However, as we see today, I think a stable market outlook.

00:32:18 - 00:32:20 Speaker 5: Okay. Thank you very much.

00:32:20 - 00:32:21 Speaker 2: Thank you.

00:32:24 - 00:32:31 Speaker 4: The next question comes from Panu Laitinmäki from Danske Bank. Please go ahead.

00:32:35 - 00:33:02 Speaker 6: Hi. Thanks for taking my questions. Firstly, going back to the Services topic. Just thinking about the US spare parts demand. Is it that the customers are delaying buying spare parts, or is there lower activity so they need fewer spare parts, or is it that they can buy third-party spare parts if you have increased pricing due to tariffs? Just thinking, kind of what is driving the lower demand.

00:33:02 - 00:34:18 Speaker 2: Yes. Good points, but I think overall, if you look back a little bit and even look at the connected fleet and the operating activity, last year or so, of course, it was quite a decline in the fleet activity in the past. The last couple of quarters have been flattening out, so that we have seen some low single-digit positive indications, percentages in the fleet activity. I think overall, the activity is still very slow. That's what we referred to with our sluggish market environment statement as well. Then, of course, the tariff situation at the same time leads to price increases. It's not helping the situation, and it creates uncertainties. With customers and dealers, of course, it creates a thought about: "Okay, what will be the pain point on the spare part pricing?" I think it's a combination of all this. However, the market, despite having 1% increased activity year over year or quarter over quarter, is not changing the big picture that much. It's still quite a slow market in North America.

00:34:20 - 00:34:45 Speaker 1: Adding to Sami's answer. If you look at when he was talking about the mix, and looking at our dealer network, they are using our web services very heavily and buying online. The online share of sales is high in the US, and also a very profitable part of the spare parts business. That's good to keep in mind.

00:34:47 - 00:35:12 Speaker 6: Okay. Thank you. Secondly, on cost. Actually, two things around that one. Just on the Group cost, it was down in Q1. What should be the kind of model for the coming quarters or the full year? Then, on the excellence program. You now have reached a 40 million run rate. How much of that should we expect to have a net impact on your EBIT in '26 and next year?

00:35:13 - 00:36:29 Speaker 3: Yes. If I cover the Ggroup cost question first, I'm not expecting any major changes in that compared to what we have in the first quarter. Then maybe something which was interesting is that our associated company turned a profit in Q1, which of course helped compared to a loss one year ago. However, on the Driving Excellence. Well, we haven't actually given out exact numbers on that. Of course, you have to remember that we started this program at the beginning of '25. The increment from full year to current was from 34 to 40. Then you have some carryover from the activities that were done last year. Then the new actions, which always then hit the P&L with a lag, because first you have a new price with a new contract, then it comes into force a bit later, then you have some inventory, and before you actually use the new price and new revenue, it takes some time. I think you should see similar impacts to what you saw in '25.

00:36:32 - 00:36:50 Speaker 6: Okay. Let's ask a follow-up. Should we think that the net impacts are like half of that is still ahead of us, or have you already achieved most of that, or where you are now, given that you mentioned you have a lag from implementing this and seeing things in the P&L?

00:36:50 - 00:37:18 Speaker 3: Yes, as I said, I think you should continue to see similar for now. If the run rate now is 40 and we're going for 50, then of course it means that we still have impacts coming from the back end of last year into this year's P&L. However, it's complicated because then you have the tariffs and the pricing, and then you have the sourcing savings, and then that all shows up, and then finally in the margin. It's a mix of many things.

00:37:20 - 00:37:36 Speaker 6: Okay. Thank you. Maybe a final one on capital allocation. You had net cash in Q1. Do you have any comments on the capital allocation, as you are now clearly below your own on-balance sheet targets?

00:37:37 - 00:37:54 Speaker 3: Not really new comments. The only thing I would say is what I mentioned in the presentation, that of course, the cash position didn't include yet the dividends which were paid out after Q1. That, of course, has an impact. Other than that, no new comment.

00:37:54 - 00:38:14 Speaker 2: Yes. Full focus on our organic strategy that we have in place. Staying a good dividend payer and then focusing on R&D innovation in total, as well as services, of course, and keeping our factories and innovation centers in good shape.

00:38:15 - 00:38:22 Speaker 3: Then we announced a share buyback, which has to do with our incentive programs.

00:38:24 - 00:38:25 Speaker 6: Okay, thanks.

00:38:27 - 00:38:28 Speaker 2: Thank you.

00:38:30 - 00:38:36 Speaker 4: The next question comes from Tom Skogman from DNB Carnegie. Please go ahead.

00:38:39 - 00:39:06 Speaker 7: Yes. Good morning. This is Tom from DNB Carnegie. Looking at the details, I can see that there's a pretty big step up in depreciation in Q1, explaining perhaps a bit of the EBIT kind of challenges. Can you open up what this is about? Is it about the new service centers, for instance, or what is the reason, and is it kind of continuing in the coming quarters?

00:39:08 - 00:39:27 Speaker 3: Well, I would say, Tom, that it has to do with certain CapEx that was done or implemented in the recent past. Other than that, there's nothing exceptional in that. That should be expected to continue.

00:39:30 - 00:39:35 Speaker 7: Is it more on the service or the equipment side?

00:39:36 - 00:39:38 Speaker 3: Well, the CapEx is more on the equipment side.

00:39:39 - 00:39:48 Speaker 7: Okay. Then, the PPA is not big, of course, but can you just give me some guidance on how long they will continue?

00:39:50 - 00:39:52 Speaker 3: Sorry, Tom. Can you repeat that?

00:39:52 - 00:40:01 Speaker 7: The PPA is, of course, not that large, but can you just give an update on how many years they will continue?

00:40:04 - 00:40:11 Speaker 3: I don't have a number of years for you. We'll have to come back, Tom.

00:40:13 - 00:40:43 Speaker 7: Okay. Then, about the new electric machines, I saw that the share of orders over the last 12 months is down to 9% from 11%. How big an impact should we expect from these new products? Can you open up a bit more on how big a part of your product will get new models in the next couple of quarters, that could turn this trend around?

00:40:43 - 00:41:46 Speaker 2: Yes. That's a good question. Yes, exactly right, 9%. That's the level where we are as of today. We have been hovering around 10% in the last couple of quarters. Of course, I'm not completely happy with the situation. Therefore, of course, we will act accordingly in the future and launch some new products. However, I would like to maybe go a little bit back to last year, what we did with the next generation batteries already, which have been implemented in both our counterbalanced equipment as well as the horizontal transportation equipment. Now, in April, after Q1, we saw an order coming from Brazil, for instance, including those next-generation batteries. I think that was one of the major product upgrades or launches that we did last year already, which we expect to really deliver a more positive result in electrification and fully electric machines. That was one that we did already in 2025.

00:41:46 - 00:43:03 Speaker 2: The coming ones, I would say, in the next couple of weeks or months, we will talk about a little bit more. Of course, we will be completing our portfolio and expanding to certain regions and other countries as well. No numbers about how much that will impact. However, they are very important products for us. Of course, we have a wide portfolio already as of today, but it's a part of our white spot strategy, as we call it, territory management, to look at where we can grow. Of course, the interest in electrification is very high. The decision-making takes time still. It's not quick decisions, but I think that by putting together our well-performing portfolio and the customer feedback on the electric machines, I think that will give a good base for the services part as well. When we are selling electric machines, we try to attach some service offering to them. I think those actions, together with the new product launches, will have a positive impact going forward. I'm positive about the electrification going forward, absolutely. I think the customers' interest has remained high until today.

00:43:04 - 00:43:27 Speaker 1: Yes. As a reminder for the clarification, quite often when we talk about the electrification, the light forklift truck market is the one that is the furthest in fully electric equipment. The heavy machinery is behind that. When you compare numbers, you always have to remember that it changes if you deduct the light forklift truck market from those numbers.

00:43:30 - 00:43:58 Speaker 7: Can we just get some kind of feeling for how the line is performing? How are your market shares higher or lower in electric machines if you look at lighter and heavier products? I think this is very important for investors to understand whether you are a winner from electrification or whether you struggle to keep your market shares when the technology is shifting.

00:43:58 - 00:44:48 Speaker 1: No, I think when we talk about medium-heavy machines, of course, we are strong there as we are with our eco portfolio and diesel machines as well. Of course, the lighter we go in the range, of course, towards five-ton machines and so forth, then there are more players around. Then the competitive landscape. It varies between different regions. We have previously talked about a tougher market in Asia, for instance, even in the emerging markets, because there are more competitors around there. However, I think our strongholds are North America, Europe, and so forth. I think we are well situated there. When we look at the portfolio as of today, and then when we add a couple of more products there, including the next-generation batteries that we launched last year already, I think we have a sound portfolio to grow further.

00:44:51 - 00:45:11 Speaker 7: Okay. Then, finally, about the spare parts in the US. Do you see that the challenge is bigger in terms of spare parts, where you compete with the likes of Volvo and Cummins, or in a kind of more Kalmar-specific spare parts in hydraulics?

00:45:12 - 00:46:04 Speaker 2: I think it's building from the lower or low market activity, as such, and on different equipment, of course. However, we have a lot of terminal tractors out there, and that market has been down for quite some time. We talk about the previous two years or so. I think that has not really picked up. We saw a bit of gradual improvement last year at the same period, which slowed down again. Now we saw a bit of a gradual improvement with terminal tractor sales, which is great, but let's see how it continues going forward. Those have the relationship there. Then it's both the commercial parts as well as, of course, Kalmar-specific parts. However, the higher the captivity or capture rate of Kalmar parts we have on our machines, the better the likelihood we have to sell them more.

00:46:07 - 00:46:08 Speaker 7: Okay. Thank you.

00:46:10 - 00:46:10 Speaker 2: Thank you.

00:46:12 - 00:46:29 Speaker 4: As a reminder, if you wish to ask a question, please dial star five on your telephone keypad. The next question comes from Antti Kansanen from SEB. Please go ahead.

00:46:33 - 00:47:12 Speaker 8: Hi guys. I wanted to still come back to the US spare parts situation currently. Looking at the activity of your connected fleet in the past 12 months, it's been a bit up and down but fairly stable in the US. Maybe you could provide a little bit more color on the magnitude of the volume drop in the spare parts business in the past couple of quarters, where you have seen the negative impact on the margins, and also how much pricing is impacting services, sales, and orders that you have taken so far? Just trying to get the volume figures, so better understand the impact on margins.

00:47:13 - 00:47:51 Speaker 2: Yes. If I can elaborate a little bit here. Not very accurate numbers, probably. However, we can talk about the parts sales in North America, maybe 10%, 20% lower demand, I would say. Then the pricing side, of course, that is something different, I don't know. Of course, we have tried to mitigate, of course, the tariff impact as much as possible. Now we are narrowing down the gap between the customer pricing and the tariff levels, but still, there is a bit of mitigation to be done.

00:47:51 - 00:47:56 Speaker 3: Then what hasn't been mentioned is that there's also a little bit of FX impact in the service margin.

00:47:58 - 00:48:05 Speaker 2: Yes. Compared to Q1 2025, of course, there is a bit of a difference there.

00:48:07 - 00:48:32 Speaker 8: Yes, sure. Maybe on the pricing side, I guess both on the equipment and services. If you look at the tariff landscape changes in the past year, and the recent ones in April, is there any

kind of a surcharge or the net pricing impact that we should think about that is now visible on the orders that you are taking right now, compared to, let's say, the pre-tariff environment? How much is the price hike?

00:48:33 - 00:49:19 Speaker 2: Yes, I think the latest change we faced was a couple of weeks ago. I think on the Kalmar level, the tariff impact will be pretty similar to last year. No major change on the Kalmar level. However, when it comes to different products like the counterbalanced equipment, forklifts, and empty container handlers, the current tariff, because of the different interpretation of the steel tariff, will be higher, whereas there might be a slightly lower tariff on the spare parts, as well as some other product categories as well. On the Kalmar level, I think the tariff landscape remains approximately the same as in 2025.

00:49:20 - 00:49:36 Speaker 1: It's good to keep in mind that Section 122 that came, instead of the reciprocal tariff, is valid until the end of July. Basically, we don't know what's ahead. That's why the situation remains fluid, and we have to adjust accordingly.

00:49:38 - 00:49:43 Speaker 8: Okay. Sorry. Did I interrupt somebody?

00:49:43 - 00:49:44 Speaker 2: No.

00:49:45 - 00:50:10 Speaker 8: Okay. Then the final one was on a maybe more positive note on the demand and the US distribution segment. You mentioned some signs of improvement. Is this something that we could build upon going into Q2? Was this something for the quarter improvement? Was it substantial, or is it just the pent-up demand kind of ending and replacement cycle starting, or how should we think about it?

00:50:11 - 00:50:56 Speaker 2: Let's wait and see. That's my comment, and let's say the impact or the improvement, maybe it was in the same magnitude as what we had last year in Q1 2025 as well. Not very major, but some kind of a bit more light at the end of the tunnel, a little bit more activity and orders in Q1 this year. Now, depending on the uncertainties, conflicts in the Middle East, for instance, and how it impacts the North American market or the US market, for instance, when it comes to inflation and pricing, and so forth. I think it's better to wait and see. It's a little bit too early to say. We will come back to you with our report in July.

00:50:58 - 00:51:06 Speaker 8: Okay. Was it maybe some of your bigger key accounts ordering coming back, or was it kind of a broad-based from smaller and mid-sized?

00:51:08 - 00:51:18 Speaker 2: I think it was both. There were a couple of a little bit larger orders, as well as the bread and butter orders as well. It was a good mix in a way.

00:51:20 - 00:51:21 Speaker 8: Okay. Thank you.

00:51:21 - 00:51:22 Speaker 2: Thank you.

00:51:25 - 00:51:30 Speaker 4: The next question comes from Mikael Doepel from Nordea. Please go ahead.

00:51:32 - 00:52:02 Speaker 5: Yes. Thank you. A very brief follow-up on the Middle East. You talked about your revenue exposure there. You talk about the experience and cost increases. Are you able to quantify those cost increases? What's the magnitude that you're seeing or have seen in Q1, and what do you expect in Q2? Do you have any clauses or hedging in place that are going to affect you, or will you be in a better situation?

00:52:02 - 00:53:02 Speaker 2: Good question. In Q1, very minimal impact on the negative side. On a positive note, I can mention that we have won some orders in that region as well. It's not only bad for our business, and that's what we have been saying, that when the geopolitical changes occur, of course, there might be new business opportunities as well. However, on the cost side, nothing major in Q1 when it comes to the coming quarters and our contracts, I think we are quite well protected with our contracts. We have different kinds of freight contracts, of course, and then we need to look at both our contracts with our suppliers, as well as with our customers. It's a mix of different things, including maybe a pass-through pricing mechanism as well. However, we follow up on the situation and should the crisis conflict prolong, of course, then you know the risks will increase definitely.

00:53:05 - 00:53:06 Speaker 5: Okay. That's clear. Thank you very much.

00:53:06 - 00:53:07 Speaker 2: Thank you.

00:53:10 - 00:53:16 Speaker 4: There are no more questions at this time. I hand the conference back to the speakers.

00:53:16 - 00:53:47 Speaker 1: Thank you all for your active participation and good questions. I think we are heading towards the end of this session and going forward to see you online and also face-to-face in the coming quarters. I would like to remind you that our results for the first half of 2026 will be published on the 22nd of July. Thank you now from Helsinki and have a nice rest of the day. Thank you.

00:53:47 - 00:53:47 Speaker 2: Thank you.

00:53:47 - 00:53:48 Speaker 3: Thank you.