



# **DRIVING THE SHARING ECONOMY**

Annual Review 2018

**C R A M O**



## Driving the sharing economy

Our purpose is to drive the sharing economy. This purpose is closely connected to our vision – Shared Resources Simplified. By making the sharing of our rental solutions and value-adding services easy for our customers, we also drive the development towards a sharing economy across the industry.

We deliver on our purpose by executing our Shape and Share growth strategy. Digitalisation, sustainability, innovation and focus on our people are at the core of it. Digitalisation is one of the single most important enablers of more efficient and easily accessible sharing. Through our advanced digital platform, we are able to simplify the whole rental process for our customers.

Our customer-centred approach supports our aim to offer a smooth customer journey with high-quality customer experiences at every touchpoint. These touchpoints are designed to meet our customers' needs and expectations and to reflect our brand.

As a continuation of our firm focus on people development, we launched our people promise, We are Shapers, at the beginning of the year. We align the development of our employees with our business strategy. By doing this we support our employees' ability to perform in a changing operating environment.

We have chosen to take a leading position in driving the sharing economy and in exploring the opportunities of digitalisation. By doing so, we also live up to our role as the shaper of the industry.



## Cramo in brief

Cramo is one of the industry's leading providers of equipment rental services in Europe and the leader in the rental of modular space solutions in the Nordic countries. We create added value for our stakeholders by driving innovation and simplifying the responsible sharing of rental solutions and other resources. Cramo is listed on Nasdaq Helsinki Ltd.

Sales 2018 (MEUR)

**780**

Comparable EBITA 2018 (MEUR)

**130**

Serving our

**150,000**

customers in 14 countries.

Average number of employees 2018

**2,753**

### Two business divisions

Our business divisions are Equipment Rental and Modular Space. We operate in a total of 14 countries: Finland, Sweden, Norway, Denmark, Estonia, Lithuania, Poland, Germany, Austria, Hungary, the Czech Republic and Slovakia. In Russia and Ukraine, we operate through the 50-percent owned joint venture Fortrent. Our Group head office is located in Vantaa, Finland.

As was announced previously, in 2018 Cramo assessed strategic alternatives for its Modular Space business, Cramo Adapteo. Based on the outcome of this assessment, in December 2018 the Board of Directors of Cramo decided to pursue a spin-off of the company's Modular Space business to Cramo's existing shareholders. The transaction and separate listing are expected to take place in Nasdaq Stockholm latest in the third quarter of 2019.

## Equipment Rental

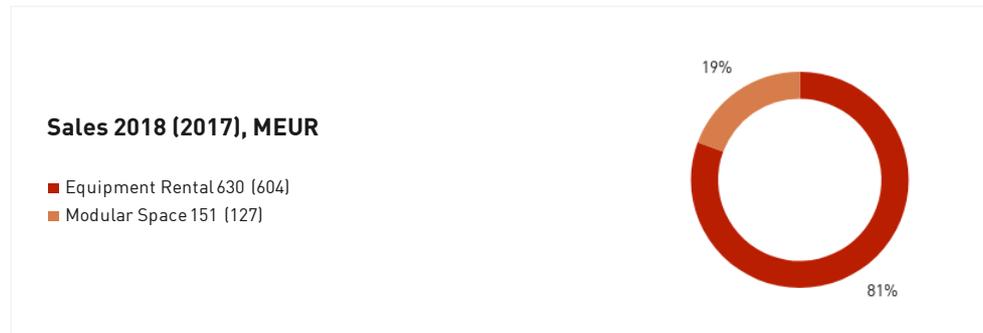
Our equipment rental services comprise a full range of machinery and equipment as well as related services. Through the Cramo Rental Concept, which includes a network of 301 depots and a digital platform, we serve construction companies, the manufacturing industry, the public sector and private customers in Finland, Sweden, Norway, Estonia, Lithuania, Germany, Austria, Hungary, Poland, the Czech Republic and Slovakia. Our digital platform gives our customers easy online access to machinery, tools, services, safety data and user instructions.

## Modular Space

Our modular space solutions are provided under the Cramo Adapteo brand. We offer high-quality modular space solutions as turn-key project deliveries for different rental periods. Our solutions cover a number of end-uses, such as schools, daycares, office space, accommodation and events. Following the acquisition of Nordic Modular Group, we can now offer customised modular buildings for long-term rental needs, meaning rental periods of five years or more, and for sale.

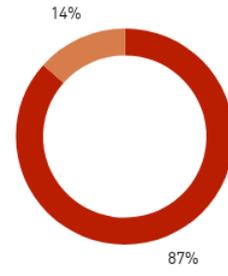
We serve both the public and private sectors and operate in Finland, Sweden, Norway, Denmark, Estonia, Lithuania and Germany.

## Business divisions' share of Group



**Employees, FTE at the end of 2018 (2017), No.**

- Equipment Rental 2491 (2270)
- Modular Space 388 (141)





## 2018 – A year of continued good performance

In 2018, we continued the successful execution of our Shape and Share growth strategy. Two value-adding acquisitions strengthened our market position and supported our strategic aim to expand the business models of our two divisions. Our firm focus on advancing sustainability, digitalisation and innovation in our operations continued in 2018.

**780**

Sales, MEUR  
2017: 730

**6.1%**

Organic sales growth  
2017: 4.6%

**130**

Comparable EBITA, MEUR  
2017: 120

**16.7%**

Comparable EBITA margin  
2017: 16.5%

**2.88**

Net debt/EBITDA  
2017: 1.65

**0.90<sup>1</sup>**

Dividend per share, EUR  
2017: 0.85

# 15.7%

Comparable ROE  
2017: 15.4%

# 9.5

Lost time injury rate (LTIR)<sup>2</sup>  
2017: 9.9

*1 Board proposal*

*2 Number of work-related accidents with at least one full day of absence/million working hours*

## Key events of the year

### Accelerated growth in Germany



The acquisition of a German construction site logistics company, KBS Infra GmbH, at the beginning of the year strengthened Cramo's business position in the Central European market and expanded its business model with value-adding services. KBS Infra offers extensive construction site facility management and logistics services as well as on-site electricity services, and is thus typically the first company on the construction site and the last to leave.

KBS Infra's fleet consists of some 6,000 containers and an extensive range of on-site electricity and other equipment. In addition to the expansion of Cramo's site-hut fleet in Germany, there is significant cross-selling potential for Cramo's current equipment rental offering, given that it will be able to gain early access to construction sites.

Cramo aims to further develop its site logistics service offering with a stronger focus on value-adding planning services. With its in-depth expertise in the field, KBS Infra offers an excellent platform for extending the concept Group-wide.

### Strengthened position in modular space



In October, Cramo acquired the Swedish-based modular space company Nordic Modular Group Holding AB. The acquisition is fully in line with Cramo's Shape and Share strategy. It will strengthen Cramo's Modular Space business, Cramo Adapteo, on the overall Nordic modular space market by providing in-house development and production capabilities. In addition, the transaction expands Cramo Adapteo's business model and enables the development of new products and customer solutions.

Nordic Modular Group is an established player in the Nordic modular space market with operations that include the development, manufacture, sale and rental of relocatable buildings. Sweden is its main market, but it also has operations in Norway, Denmark and Finland. With a fleet consisting of some 6,500 modules, it primarily serves municipalities and large private companies.

### **The Board of Directors pursue towards Cramo Adapteo's separation**

In 2018, Cramo assessed strategic alternatives for its Modular Space business, Cramo Adapteo, in order to release shareholder value. Based on the outcome of its assessment, in December 2018 the Board of Directors of Cramo decided to pursue a spin-off of the company's Modular Space business to Cramo's existing shareholders. The transaction and separate listing are expected to take place on Nasdaq Stockholm latest in the third quarter of 2019.

### **Cramo awarded for its sustainability work**



In May, Cramo was awarded the European Rental Association's (ERA) Sustainability Committee Award 2018. In giving its reasoning for the award, the Committee described Cramo as a pioneering actor in developing a genuinely sustainable approach to rental – work that deserves wider recognition.

Only a month earlier, Cramo President and CEO Leif Gustafsson was awarded Best CEO in the Sustainable Rental Equipment Industry 2018 by European CEO. It was noted that in less than two years Cramo, led by Mr Gustafsson, has put in place a comprehensive sustainability framework that was already producing results in 2017. Being a key driver of the sharing economy is one of his visions for Cramo.

To further strengthen Cramo's ambitious sustainability work at the Group level, Maria Karlsson was appointed Vice President, Sustainability in July.

Sustainability is embedded in Cramo's Shape and Share strategy, and Cramo Care is the company's strategy for integrating sustainability step by step into all parts of its business. Another key component of the sustainability strategy is to actively develop a professional sharing economy. This is a collective term for business-to-business activities aimed at increasing resource efficiency by providing temporary access to underutilised physical assets, thereby effectively reducing the environmental impact. The principle of increased resource efficiency through higher capacity utilisation has constituted the basis of Cramo's business model for over half a century. The concept of a professional sharing economy is a natural continuation of that mission.

### **Digital solutions high on the agenda**

Cramo's strategic focus area Shape the Future includes, among other things, an ambition to support the future success of customers and of Cramo through the latest digital technologies and solutions.

A good example of this is Cramo's launch of its Building information modelling (BIM) service, which Cramo is one of the first players in the rental business to offer. BIM is a well-established 3D model-based method for the design, construction and maintenance of buildings and infrastructure in the construction industry. Cramo is now prepared to provide all the relevant information and 3D models for its rental equipment as BIM-compatible digital files. BIM was first launched as a service in Norway.

BIM supports the value chain in planning, visualising, monitoring and optimising the work of all stakeholders in the construction process as well as their need for equipment, tools and other solutions offered by Cramo. BIM plays an important role in ensuring the efficient supply of machinery and delivery of services and helps Cramo to be an integral part of construction projects.

## Delivering on our Shape and Share growth strategy

Solid growth in sales, acquisitions in both of our divisions and a successful performance improvement in our Modular Space business are some of the most satisfying highlights of the year. A focus on digitalisation, innovation, sustainability and people development further bolstered our good performance.



In 2018, there was good demand for equipment rental and modular space in our main markets, and both our organic and inorganic sales growth were solidly supported by our two divisions. Furthermore, the Group's profitability continued to improve, despite some challenges in some of our biggest markets. All Group-level financial targets were achieved. In addition, growth targets for the Equipment Rental division's sales and for the Modular Space division's rental sales were achieved.

The Equipment Rental division's sales were up, buoyed by good demand. In Germany, KBS Infra, which was acquired at the beginning of the year, supported inorganic growth. However, the division's performance was somewhat mixed. In Scandinavia and most of our Eastern and Central European countries, profitability continued to improve, although we are still not satisfied with our performance in Germany. In Finland, profitability was weighed down by more intense competition, which adversely affected both sales and profitability. Measures have been taken in both Germany and Finland to improve performance. The equipment rental outlook remains positive for 2019 despite economic uncertainties. In Sweden and Finland, the rental market still shows growth due to growth outside new residential construction.

I am particularly pleased with the positive development of the Modular Space division – both in sales and profitability. The solid measures to improve performance taken in 2017 and 2018 are already producing good results. There was good demand for modular space solutions in all the countries in the division, with demand especially strong in Finland. The acquisition of the Swedish-based modular space company Nordic Modular Group Holding AB in October further strengthened our position as a leading modular space service provider in Northern Europe. The market outlook for modular space rental is very promising, and we are well positioned to capture the forthcoming growth opportunities.

### **Value-adding acquisitions strengthen both divisions**

The acquisition of a German construction site logistics company, KBS Infra, enhanced our position in the important Central European market and expanded our Equipment Rental division's business model with value-adding services. KBS Infra offers extensive construction site planning and logistics services as well as site huts and on-site electricity. We see significant cross-selling potential with our current equipment rental offering. In addition, we can now offer our customers site logistics services, an interesting concept that we will further develop to also cover our other markets.

The acquisition of Nordic Modular Group is fully in line with our Shape and Share growth strategy since it strengthens our position in the Nordic modular space market and expands the business model for our Modular

Space division, Cramo Adapteo. Going forward, we will also be able to offer long-term rental solutions as well as modular buildings for sale thanks to Nordic Modular Group's in-house product development and manufacturing capabilities. Moreover, the transaction provides us with a steady platform for further international expansion of our operations.

The successful integration of acquired companies and future inorganic growth are crucial to our success. In order to ensure this, we enhanced our merger and acquisition competence with the appointment of Mr Mika Kouhi as Senior Vice President, M&A and Corporate Development, and as a member of the Cramo Group management team in September.

### **Pursuing a Modular Space division spin-off**

As noted earlier, in 2018 Cramo assessed strategic alternatives for its Modular Space business, Cramo Adapteo, since the modular space business has limited synergies with the equipment rental business. The objective of the assessment was to maximise long-term shareholder value for Cramo's shareholders. Based on the outcome of this assessment, in December 2018 the Board of Directors of Cramo decided to pursue a spin-off of the company's Modular Space business to its existing shareholders. The transaction and separate listing are expected to take place latest in the third quarter of 2019.

### **Driving the sharing economy**

Cramo's purpose is to drive the sharing economy. We strongly believe that the professional sharing of rental and other resources helps meet some of the most challenging concerns of our time – such as climate change, resource scarcity and the aspiration of sustainable development. By offering the easiest access possible to shared resources, we encourage our existing and potential customers to join the sharing economy.

Our purpose is closely connected to our responsible way of sharing sustainable resources. Sustainability is embedded in our strategy and business model, and we work hard to integrate it in all our operations and in our supply chain. Our efforts were recognised outside the company as well when we were honoured with the European Rental Association's (ERA) Sustainability Committee Award 2018. In giving its reasoning for the award, the Committee described Cramo as a pioneer in developing a genuinely sustainable approach to rental.

Our vision, Shared Resources Simplified, is closely connected to the opportunities of digitalisation and thus helps us to realise our purpose. Digitalisation is one of the single most important enablers of more efficient and easily accessible sharing. In order to provide customers with services that best support their success, we maintain close co-operation with them from the start, throughout the innovation and pilot phases of their development projects. During the year, we continued to add new functionalities to our digital platform's service offering in order to help customers operate more efficiently. We will continue to invest in digitalisation as well in the years ahead.

### **We are Shapers**

At Cramo, we put a high value on collaboration, sharing knowledge, supporting and helping each other as well as on open-mindedness and innovativeness. As a continuation of our firm focus on people development, we launched our people promise, We are Shapers, at the beginning of the year. Cramo wants to shape the whole industry, and to make that happen we also need our people to share the same spirit and ambition. However, this promise also contains another message – everybody has a chance and is encouraged to shape their own development and career at our company.

### **A changing world works in our favour**

The steady rise of the sharing economy and many global megatrends, such as migration, urbanisation, demographic changes and resource scarcity, drive the demand for sustainable rental services and solutions. This, in turn, has a positive impact on the operating environment of our equipment rental and modular space businesses. With our innovative solutions, digitalised offering and responsible way of operating, we are well positioned to capture the opportunities of the changing market and customer needs in the future.

I want to thank shareholders for your loyalty and trust in 2018 and wish EQT, our new largest shareholder, a warm welcome. We continue our efforts to generate increasing value for you in the long term by executing our Shape and Share growth strategy, an effort that is strongly supported by our future-oriented approach.

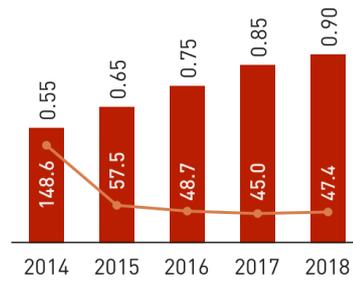
Sincerely,

**Leif Gustafsson**  
President and CEO

**Dividend per share, EUR and payout ratio, %**

- Dividend, EUR<sup>1</sup>
- Payout ratio, %

*1 2018 Board proposal*





## Creating value by simplifying the sharing of resources

We create added value and drive the sharing economy by making the responsible sharing of our rental solutions and other resources simple and easy for customers through digitalisation. Innovations based on real customer needs further support our ability to create value. Enabling our people to perform is one of the top priorities in ensuring our future success.

### Inputs

#### Financial

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- Equity MEUR 597.0
  - Net Debt MEUR 703.5
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#### Fleet

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- 218,000 equipment rental items
  - 32,000 modular space units
  - Network of 301 depots in 14<sup>1</sup> countries and Cramo's e-commerce solution
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*1 Cramo operates in Finland, Sweden, Norway, Denmark, Estonia, Lithuania, Germany, Austria, Hungary, Poland, the Czech Republic and Slovakia. In Russia and Ukraine, Cramo operates through the 50-percent owned joint venture Fortrent.*

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#### Intellectual input

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- Strong brand
  - Innovation and culture focused on development
  - Comprehensive competence and know-how
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## Human input

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- 2,753 rental professionals
  - Trainees and interns
  - Summer employees
- 

## Social and relations

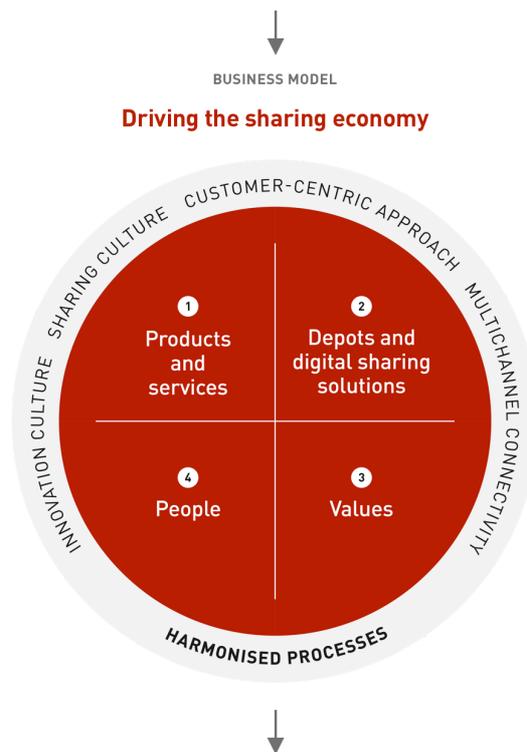
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- Safety
  - Collaboration with partners
  - Community and stakeholder relations
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## Natural

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- Oils and fuels
  - Spare parts
  - Detergents
- 



**Outcome**

## Economic

		2018 MEUR	2017 MEUR
<b>Customers</b>	Sales (services, solutions)	779.8	729.5
<b>Employees</b>	Employee benefits	124.8	118.5
<b>Suppliers</b>	Purchases	905.7	564.6
<b>Owners</b>	Dividends	37.9	33.4
<b>Financial community</b>	Financial expenses, net	14.2	12.0
<b>Society</b>	Taxes, social security charges, pension expenses	61.2	54.0

## Customer care

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

## Employee care

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

## Social care

Suppliers	Society
<ul style="list-style-type: none"><li>• Business relations based on strong ethics and trust</li><li>• Sharing of competences and insights for mutual success</li></ul>	<ul style="list-style-type: none"><li>• Sustainable solutions enabling and driving the sharing economy</li><li>• Responsible corporate citizen</li></ul>

## Environmental care

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

## 1. Products and services

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

Our Modular Space business division, Cramo Adapteo, offers high-quality modular space solutions as turn-key deliveries for rental periods varying from two to five years, often even longer. Our solutions cover a number of end-uses, such as schools, daycares, office space, accommodation and events. As a result of the acquisition of Nordic Modular Group, we can now offer customised modular buildings for long-term rental needs, meaning rental periods of five years or more, and for sale.

## **2. Depots and digital sharing solutions**

We serve our equipment rental customers through a network of 301 depots in 11 countries and a digital platform available in Finland, Sweden, Norway, Lithuania, Estonia, Germany and Austria. Through our digital customer platform, we simplify the whole rental process for our customers. The platform includes functionalities to browse, compare and order as well as return equipment. It also works as a management tool, whereby customers can view services and all their rented products site by site. This means they have greater potential to optimise the use of their rental fleet. The Modular Space business' customers are served through depots in Finland, Sweden, Norway, Denmark, Estonia, Lithuania and Germany.

## **3. Values**

### **Credibility**

In everything we do, our approach to customers reflects honesty, professionalism and a genuine desire to help make their lives easier. Since their success is the only way we can achieve success, we always look to their needs before we do our own.

### **Creativity**

We constantly try to think in new ways and face new situations in an innovative way. We create business models, offerings and products that stay one step ahead of the competition and the ever-evolving needs of our customers.

### **Commitment**

We strive to know our customers' needs as well as or better than they do, in order to positively influence their business. We are reachable through all channels at all times and always give that little extra to every customer.

## **4. People**

At Cramo, we focus on our people and offer them safe, stimulating workplaces. We align the development of our employees with our business strategy. By doing this we support our employees' ability to perform in a changing operating environment and to meet diverse customer demands. Collaborating, sharing knowledge, being open-minded and innovative are valued traits that are encouraged at Cramo.



## Shape and Share – Seizing opportunities in a changing world

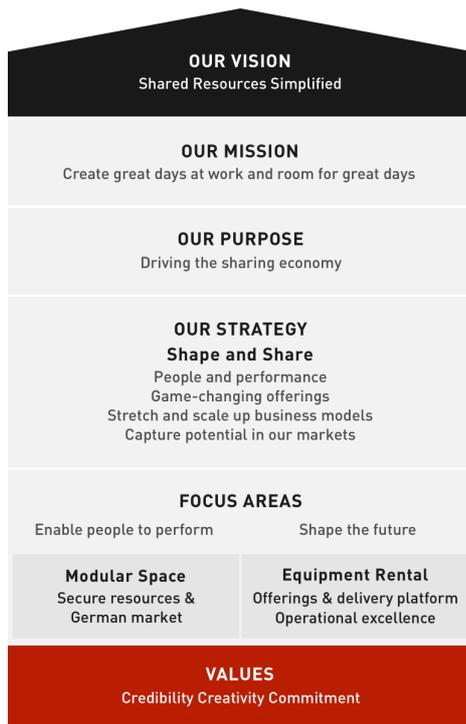
Our Shape and Share growth strategy was created to support Cramo in capturing business and growth opportunities in a rapidly changing operating environment. Digitalisation, sustainability, innovation and focus on our people are at the core of our strategy and build sustainable value for our customers, shareholders and other stakeholders.

There are a number of megatrends that influence the operating environment for the equipment and modular space rental businesses. The most important ones include rapid urbanisation, climate change, resource scarcity, demographic changes, the aspiration of sustainable development and digitalisation.

New business and growth opportunities arise from construction and renovation needs as well as from fluctuating space needs that are the result, for example, of accelerating urbanisation and other demographic changes. Being part of the sharing economy – providing customers with access to state-of-the-art equipment, premises and services that meet sustainability requirements – forms the backbone of our business model.

Sustainability is embedded in our strategy, and our ambition is to take the lead as well in promoting sustainability in the rental industry. Through our sustainability work, we help our customers meet their own sustainability targets and encourage the whole value chain to act responsibly. In our strategy, we stress the crucial role our people play as a key to continuous success. Enabling our people to perform supports us in capturing emerging business and growth opportunities.

Digitalisation has opened up new ways for us to further simplify professional sharing and to develop innovative, game-changing solutions and services. By digitalising our main processes, we benefit from more efficient operations and can make more data-driven decisions – an advantage we can offer our customers through our digital services. Consumerisation, prioritising access over ownership, and expectations of having information, offerings and services available online 24/7 are changing the way companies operate as millennials constitute a growing share of the workforce. We have chosen to lead the way in both driving the sharing economy and exploring the opportunities of digitalisation. By doing so, we also live up to our role as the shaper of the industry.



## Financial targets 2017–2020

### Equipment Rental

ROCE, %	> <b>14.5</b>
Organic sales growth	> <b>Market</b>

### Modular Space

ROCE, %	> <b>12.5</b>
Organic rental sales growth	<b>Double digit</b>

### Group

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

## Non-financial targets

Customer satisfaction index	> <b>70</b>
LTIR (Lost time injury rate)	≤ <b>5</b>

*Number of work-related accidents with at least one full day absence / Million working hours*

Legal proceedings	<b>0</b>
CO <sub>2</sub> e emissions	– <b>20</b>

*scope 1 and 2, relative sales (tonnes/MEUR), %*

## Strategic steps 2017–2020

### Align

- Implementing Group-wide processes and tools
- Living the Cramo Story
- Establishing the renewed Cramo Care

### Optimise

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

### Growth

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



## Driving the sharing economy by delivering on our strategy

In 2018, we continued the successful execution of our strategy. We made major efforts to develop our digital platform and services, to create innovative, game-changing offerings, and to integrate sustainability into our processes. Following two major acquisitions, we strengthened our market position and expanded our divisions' business models. Enabling our people to perform remained high on our agenda.

Cramo's purpose is to drive the sharing economy. This purpose is closely connected to our vision – Shared Resources Simplified. By making the sharing of our rental solutions and value-adding services easy for our customers, we also drive the development towards a sharing economy across the industry.

Cramo's vision combines the idea of the sharing economy with the opportunities of digitalisation. Digitalisation is one of the single most important enablers of more efficient and easily accessible sharing.

Our strategic focus area Shape the Future includes, among other things, our ambition to support the future success of our customers and of Cramo through the latest digital technologies and solutions. We actively seek, develop and implement digital solutions that help us to become more effective in our internal processes and to create added value for our customers.

### Easy access to our rental offering and value-adding services

Our customer-centred approach supports our aim to offer a smooth customer journey with high-quality customer experiences at every touchpoint. These touchpoints are designed to meet the needs and expectations of our customers and to reflect our brand.

Through our digital platform, we simplify the whole rental process for our customers. The platform includes functionalities to browse, compare and order as well as return equipment. It also works as a management tool, whereby customers can view services and all their rented products site by site. This means they have greater potential to optimise the use of their rental fleet.

Cramo continuously drives the development of selected digital technologies. One good example of this is an application that enables customers to easily obtain all the relevant information about a tool or machine by scanning its serial number at a construction site. The material available may include not just basic information and instructions, but also order and return details as well as a CE certificate.

In the era of consumerisation, social media have become increasingly important as a way to communicate with our customers and other stakeholders. When used systematically, social media offer an efficient means to create interest in our brand and offering as well as to increase traffic to our digital platform.

Our efforts to develop our online service were also recognised outside the industry in 2018 – Cramo was among the five organisations shortlisted for the European Digital Communications Award in the Customer Journey category.

### **Driving digital development through pilot projects**

Pilot projects are an important way for us to drive the digital development of our industry. We believe we must learn fast and fail fast to find the real values. So far we have carried out more than 15 pilot projects, many in close cooperation with our customers and top start-ups. Although the technologies tested are quite advanced, it is the real-life, practical challenges of our customers that we want to solve.

For example, it may take a lot of time at a big construction site to find a certain tool or machine. Since many of Cramo's rental items are interconnected digitally, we are now piloting the use of tracking technology. A tracking solution – including a simple mobile application interface – will make it easier to locate a given piece of equipment at the construction site. There is substantial time-saving potential, and customer feedback has been very positive.

### **Changing the way our industry interacts**

Digitalisation impacts all industries, disrupting and challenging traditional business and revenue generation models. It also changes the way the organisations in a value chain work together – much more transparent, closer cooperation is needed in the future to create value and success for all parties.

At Cramo, our ambition is to drive innovation and shape the industry together with our customers. A good example of this is the major Norwegian construction project, Bjørsvika, where a new type of contract has been introduced, ensuring and promoting collaboration and innovation to achieve common targets.

### **Expanding our equipment rental and modular space business models**

The acquisition of a leading German construction site logistics company, **KBS Infra GmbH**, in early 2018 was fully in line with our Shape and Share strategy. It strengthened our business position in the Central European market and expanded our business model with value-adding services.

KBS Infra's service offering is built around its extensive expertise in construction site planning and logistics. Its services include scheduling of deliveries, access control, management of other on-site subcontractors and organising the use of third party rental equipment on behalf of its customers.

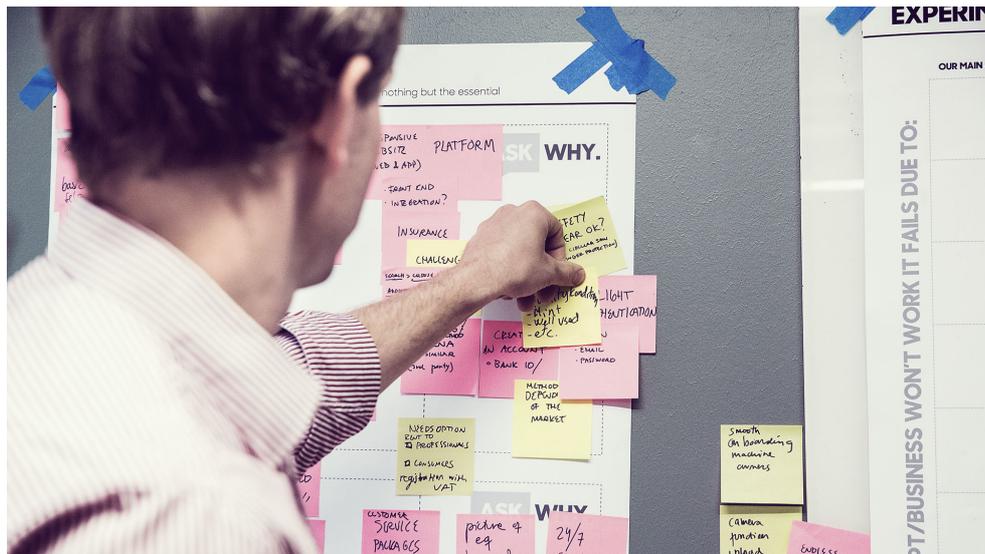
Our ambition is to further build our site logistics service offering with a stronger focus on value-adding planning services instead of material handling. With its extensive expertise in the field, KBS Infra offers an excellent platform for also developing the concept Group-wide.

Cramo strengthened its position in the Nordic modular space market by acquiring the Swedish-based **Nordic Modular Group Holding AB** in October. The acquisition also supported the execution of our strategy by expanding our business model with in-house research and development as well as production of modular solutions. This will enable us to enter the long-term rental business with in-house manufacturing of temporary and permanent solutions and creates a platform for further international expansion.

### **Focus on our people**

People and performance is at the centre of our Shape and Share strategy, and enabling people to perform is one of our strategic focus areas. The execution of the people-related areas of this strategy is supported by the People Strategy that we launched in 2017.

In 2018, we made major efforts to develop and implement our new people promise, to further align our human resources processes Group-wide, and to define the Cramo Development framework for employees in different phases of their career.



## We are Shapers

At the beginning of 2018, we launched our new people promise, called “We are Shapers” – with the ambition to increase employee engagement and strengthen Cramo’s employer brand. This people promise emphasises our decision to focus on our employees and demonstrates our belief that they are one of the main sources of our future success and continuous growth.

Cramo’s ambition is to be the shaper of the industry, and the people promise clarifies what people can expect from their journey as an employee at Cramo. Collaborating, sharing knowledge, supporting and helping each other as well as being open-minded and innovative are valued traits that are encouraged at Cramo. In addition, all employees are actively offered various opportunities for development and for shaping their own career.

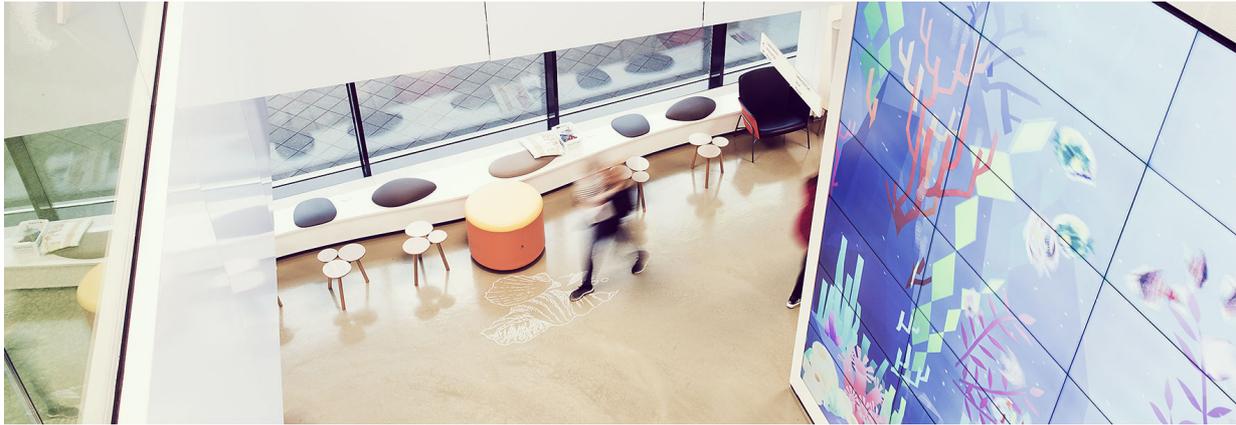
On the Cramo Group website, a [career site](#) demonstrating the new people promise was launched in 2018, with the aim of attracting and inspiring potential employees. The new site is also an important step in strengthening Cramo’s position as a global employer.

## Offering the same high-quality recruiting experience Group-wide

The alignment of the recruiting process in all Cramo countries was one of the important internal development efforts in human resources in 2018. A common recruitment platform was chosen and is being implemented, supporting our shared way of working. Aligned professional processes make recruiting more effective, but they also ensure that the recruiting experience is of the same high quality regardless of which Cramo country it is carried out in.

## Expectations clarified in the Cramo Development framework

Towards the end of the year, we created the Cramo Development framework. This framework defines, on one hand, what kind of behaviour and, on the other, what kind of professional know-how are expected of employees at different levels. The expectations are based on Cramo’s common values and the Shape and Share strategy. The framework will support and guide our employees in their personal and professional growth in a clear, inspiring manner throughout their time at Cramo.



## Financial and non-financial targets and outcomes

We have set long-term targets for our financial and non-financial performance at the Group level for the strategy period 2017–2020. In addition, there are financial targets defined separately for the two business divisions. In 2018, we achieved all Group-level financial targets.

### Financial targets 2017 – 2020 and outcomes 2018 (2017)

(targets on average, during the period)

#### Cramo Group

##### Comparable return on equity (ROE)

Target	Outcome
<b>&gt;15%</b>	<b>15.7%</b> (15.4)

##### Net debt / EBITDA

Target	Outcome
<b>&lt;3</b>	<b>2.88</b> (1.65)

#### Equipment Rental business division

##### Organic sales growth<sup>2</sup>

Target	Outcome
<b>&gt;Market<sup>1</sup></b>	<b>5.4%</b> (4.0)

##### Comparable ROCE<sup>4</sup>

Target	Outcome
<b>&gt;14.5%</b>	<b>14.4%</b> (15.2)

## Modular Space business division

### Organic rental sales growth<sup>3</sup>

Target	Outcome
<b>Double digit</b>	<b>14.6%</b> (9.3)

### Comparable ROCE<sup>4</sup>

Target	Outcome
<b>&gt;12.5%</b>	<b>8.8%</b> (9.1)

<sup>1</sup> According to ERA, in the markets where Cramo is present

<sup>2</sup> Organic sales growth excludes the impact of acquisitions, divestments and exchange rate changes

<sup>3</sup> Organic rental sales growth excludes the impact of acquisitions, divestments and exchange rates

<sup>4</sup> Cramo changed the calculation method of ROCE's capital employed component into 12 months average in 2018 reporting period

## Non-financial targets 2017 – 2020 and outcomes 2018 (2017)

### Customer Care

#### Customer satisfaction index

Target	Outcome
<b>&gt;70</b>	<b>75</b> (73)

### Employee Care

#### LTIR<sup>1</sup>

Target	Outcome
<b>≤5</b>	<b>9.5</b> (9.9)

### Social Care

#### Legal proceedings<sup>2</sup>

Target	Outcome
<b>0</b>	<b>1</b> (0)

### Environmental Care

#### CO<sub>2</sub>e emissions, scope 1 and 2, relative to sales, tonnes/MEUR

Target	Outcome
<b>-20%</b>	<b>15.6</b> (17.5)

<sup>1</sup> LTIR (Lost time injury rate) = Number of work-related accidents with at least one full day absence/million working hours

<sup>2</sup> Number of legal proceedings regarding human rights and corruption

## Sales increased and profitability improved

Cramo's sales growth in 2018 was solid and positively affected by acquisitions. The market environment was good for both of our business divisions, which further supported organic sales growth. Profitability improved, which was mainly due to organic sales growth in the Modular Space and Equipment Rental Scandinavia segments.

The Equipment Rental division's performance was solid. The division's sales increased, supported by good demand in all our main markets. All segments, and particularly Scandinavia, contributed positively to the division's organic sales growth. Profitability increased slightly although it was negatively affected by modest sales development in Finland and Germany.

Organic sales growth for the Equipment Rental Scandinavia segment was strong. In Sweden, sales were supported by large projects and good market activity. In Norway, sales growth was strong, driven by good demand, increased utilisation rates, large projects and growth investments. The segment's profitability improved due to increased organic sales and good cost control.

In Finland and Eastern Europe, sales increased despite the divestment of the Latvian and Kaliningrad operations. Organic sales growth was driven in particular by accelerated growth in Poland, Estonia and Lithuania. In Finland, sales decreased slightly. The segment's profitability decreased.

Sales and profitability in the Equipment Rental Central Europe segment increased. In the Czech Republic and Austria, sales grew strongly while in Germany total sales were at a lower level compared to the previous year. The acquisition of KBS Infra contributed positively to the segment's sales growth, profit and profitability.

The Modular Space division's rental sales and total sales grew strongly. Sales growth was positively affected by the NMG acquisition. A good level of project deliveries during the past few quarters and improved utilisation rates supported the increase in rental sales. Profitability increased mainly due to higher utilisation and rental sales as well as performance improvement actions carried out in 2017 and 2018.

### Reporting segments

#### Equipment Rental Scandinavia 2018 (2017)

Sales MEUR 370.5 (380.1)  
Comparable EBITA MEUR 73.3 (72.7)  
Comparable ROCE 19.3% (18.7%)

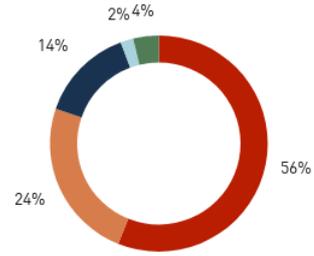
Operations in Sweden and Norway.

Number of depots 118 (124)



### Sales by customer group, MEUR

- Construction industry 207 (208)
- Other industries 89 (95)
- Public sector 52 (60)
- Households 7 (7)
- Other 14 (10)



### Equipment Rental Finland and Eastern Europe 2018 (2017)

Sales MEUR 145.0 (143.0)  
 Comparable EBITA MEUR 22.5 (25.2)  
 Comparable ROCE 11.4% (13.1%)

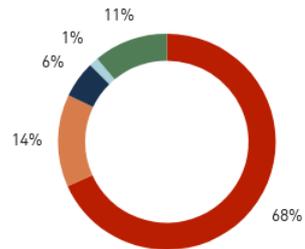
Operations in Finland, Estonia, Lithuania and Poland.

Number of depots 110 (105)



### Sales by customer group, MEUR

- Construction industry 99 (98)
- Other industries 20 (19)
- Public sector 8 (8)
- Households 2 (2)
- Other 16 (16)



## Equipment Rental Central Europe 2018 (2017)

Sales MEUR 114.1 (80.5)  
Comparable EBITA MEUR 8.9 (4.4)  
Comparable ROCE 5.7% (4.7%)

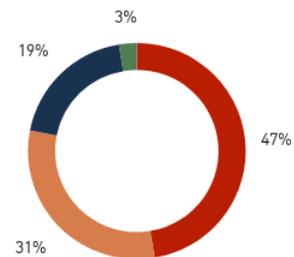
Operations in Germany, Austria, Hungary, the Czech Republic and Slovakia.

Number of depots 73 (70)



### Sales by customer group, MEUR

- Construction industry 54 (53)
- Other industries 35 (25)
- Public sector 22 (2)
- Households 0 (0)
- Other 3 (1)



## Modular Space 2018 (2017)

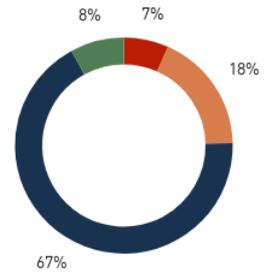
Sales MEUR 151.5 (126.5)  
Comparable EBITA MEUR 36.8 (28.8)  
Comparable ROCE 8.8% (9.1%)

Operations in Finland, Sweden, Norway, Denmark, Estonia, Lithuania and Germany.



### Sales by customer group, MEUR

- Construction industry 10 (10)
- Other industries 27 (24)
- Public sector 101 (82)
- Households 0 (0)
- Other 12 (10)





## Equipment Rental – Shaping from inside out

In 2018, we placed special focus on exploiting and further developing our digital platform. From talking, planning and implementing, we moved to using our digital platform on an everyday basis to share information about equipment rental and services. As a result, we improved our equipment utilisation rate and people interaction.

Cramo's Equipment Rental division provides trouble-free renting services from fleet management at construction sites to machinery, on-site services and smart concepts for optimising work processes. The construction industry is slowly starting to re-shape its business models, and all our markets show signs of the industry shifting its focus from purchasing to a sharing economy. At Cramo, we share not just our equipment with our customers, but also our expertise on optimised, safe and sustainable equipment usage. Our digital solutions are shaped to meet market-specific demands.



### Equipment and solutions

A modern, comprehensive fleet of construction equipment, such as machines, tools and site huts for any type of assignments, from major road projects to small-scale and industrial projects.



### Logistics and on-site services

Rental-related services ranging from transport, delivery, maintenance and on-site service to solutions for dust and humidity control, heating, temporary electricity and weather sheltering.



### Management and planning

Trouble-free renting services, such as fleet management and proactive site monitoring, recommendations for alternative methods and equipment or capacity needs, user and safety instructions, and advice on applicable health, safety and environment (HSE) regulations and standards.



### Smart concepts

Smart concepts for optimising work processes, such as clean house, dry construction, smart energy and security.

In 2018, the demand for equipment rental developed favourably. Our sales grew throughout the year and demand was positive in most markets, accelerating more rapidly in some smaller market areas. Profitability improved in Scandinavia, Central and Eastern Europe.

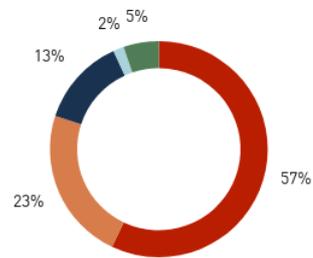
In Sweden due to regional market differences resources were shifted more into high demand areas and customer segments during 2018. Sales grew by 5% in local currencies and profitability remained on a good level.

In Finland, profitability was weighed down by increased direct costs due to high capacity utilisation and fierce competition, which affected prices. Actions to improve profitability in Finland were launched during the summer. These actions include cost base reductions and more strict pricing process.

In Germany, sales were positively affected by the acquisition of a German construction site logistics company, KBS Infra GmbH, which supported segment profit and profitability during 2018. However, the underlying performance of Germany has not reached our targets and improvement actions continue in order to increase the profitability of the business

### Sales by customer group, MEUR

- Construction industry 359 (359)
- Other industries 144 (139)
- Public sector 83 (69)
- Households 10 (10)
- Other 33 (27)

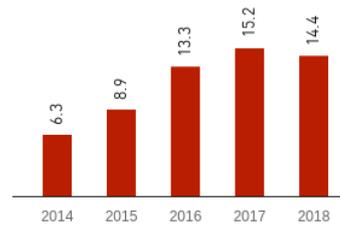


### Sales and comparable EBIT, MEUR

- Sales
- EBIT



### Comparable return on capital employed, %



### Long-term targets 2017-2020 and outcome 2018

#### Organic sales growth<sup>1</sup>

Target

**>Market<sup>2</sup>**

Outcome

**5.4%**

#### Comparable ROCE<sup>3</sup>

Target

**14.5%**

Outcome

**14.4%**

<sup>1</sup> Organic sales growth excludes the impact of acquisitions, divestments and exchange rate changes

<sup>2</sup> According to ERA, in the markets where Cramo is present

<sup>3</sup> Cramo changed the calculation method of ROCE's capital employed component into 12 months average in 2018 reporting period

### Stable market growth continues

The estimated rental market size in the countries where the Equipment Rental division operates totalled about EUR 8.8 billion in 2017. Based on market studies the market is expected to grow annually by about 4% during 2017-2020.

## Market overview and our position

	Market size estimate 2018, BEUR <sup>1</sup>	Market position estimate 2018 <sup>1</sup>	Market CAGR 2017 – 2023, % <sup>1</sup>
Finland	0.5	#2	4.4
Sweden	1.7	#1	2.4
Norway	0.8	#4	3.7
Central Europe <sup>2</sup>	5.0	#4, #2 <sup>4</sup>	3.8
Eastern Europe <sup>3</sup>	0.8	#1, #3 <sup>5</sup>	5.6

*1 Management estimate based on ERA European Rental Industry 2018 Market Report and Forecon estimates, January 2019*

*2 Germany, Austria, Czech Republic and Slovakia*

*3 Estonia, Lithuania and Poland*

*4 #4 total rental provider in Germany, #2 in Austria and one of the leading rental companies in Czech Republic and Slovakia*

*5 #1 in the Baltics and #3 in Poland*



### KBS Infra acquisition expands service offering in Central Europe

In January 2018, we announced the acquisition of a high-quality construction site logistics company in Germany, KBS Infra GmbH. KBS Infra's service offering is built around extensive construction site planning and logistics provided by 180 experts. The KBS Infra acquisition bolstered our German operations with a fleet of some 6,000 containers, an extensive range of on-site electricity equipment and other equipment related to construction site usage.

In Central Europe, the supply chain resulting from the addition of KBS Infra gives a whole new perspective to serving mid-sized customers that need solutions ranging from installing construction site fencing to finalising their project. We see significant cross-selling potential with our current equipment rental offering since we will be able to gain access to construction sites early on. Furthermore, we can now offer our customers on-site electricity and site logistics services. Site huts are now available to our customers throughout Germany.

With Cramo, we complete each others product and service portfolios. What we bring to the merger in particular is KBS Infra's capability to identify customer needs for different equipment up front, says KBS Infra GmbH's Managing Director, **Stefan Diegisser**. In partnership with Cramo, we can build customised offers that include not just equipment and site hut delivery, but also technical advisory and enhanced services.

We see logistics services in city centres as a particular growth area. Alongside the increase in the worlds population, city centres show a disproportionate increase in population density. This inevitably leads to continuous new construction and renovation of existing buildings. Logistics solutions for construction projects in city centres are extremely complicated and require expert planning and execution.

Together, Cramo and KBS Infra can easily supply these services, nation-wide and on-site to both mid-sized and large construction companies. With our German customers only beginning to become familiar with digital tools, we are extending our services to offer proactive on-site advisory and customer service.

KBS Infra contributed positively to the Central Europe segment's profit and profitability.

### **Global sharing economy trend boosts demand for rental**

We offer fleet management tools that help customers save on costs while optimising the availability of appropriate machinery and services right when they are needed. In general, demand for rental equipment is affected by construction and renovation volumes in each market. We were able to capture this volume potential in many of our markets. In Finland, we were able to capture volume potential, but capturing revenue potential lagged behind due to tougher competition.

During the year, we continued to develop methods for improving capacity utilisation. By optimising equipment usage, more customers can be served, and the carbon footprint produced by each piece of equipment manufactured can be reduced to the greatest extent possible.

In 2018, we developed a maintenance break cycle management tool to better capture market potential for our industrial customers. The tool has been used particularly in Finland, where we have focused on customers' maintenance break schedules. This has allowed us to place customers in groups with maintenance breaks lined up one after another. Using the tool, we move equipment needed for maintenance efficiently from one customer to the next.

Our maintenance break cycle management tool allows us to optimise equipment utilisation and serve more customers. We also get satisfied customers since they obtain all the equipment they need right when they have scheduled their maintenance break. This also reduces their need to store the tools prior to or after their usage.

One particular business growth driver – the demand for total solutions and service concepts – offers greater sales prospects, especially in Scandinavia and Central Europe. There, our traditional customers groups – large companies – still have in-house production of services, while mid-sized companies look to partnerships for equipment rental solutions and service concepts. Going forward, we will start offering mid-sized businesses in Scandinavia and Central Europe logistics and on-site services, management and planning services as well as smart concepts. Our acquisition of KBS Infra in Germany presents additional opportunities to serve this customer group.

In Finland, the market is shaped differently. Large companies have outsourced their on-site services, fleet planning and smart concepts and have relied on our rental-related services for years. One example of a large project where Cramo supplied most of the contractors with rental equipment was the bioproduct mill built in Äänekoski, Finland, completed in 2017. A similar project in Sweden was the Östrand pulp mill in Timrå, completed in 2018, where we supplied a wide range of on-site services for all contractors on the construction site.

### **Megatrends provide impetus for our game-changing offerings**

We have set ourselves a challenging target of responding to market megatrends by supplying game-changing offerings in the area of responsible sharing of resources. Each of our markets has made positive moves towards this target. In Finland and Sweden, we have worked on providing game-changing offerings and looked at our delivery platform. In Central Europe, we are moving to a whole new level through our acquisition of the German-based KBS Infra GmbH. In Norway, we have focused on sales and supported this change through re-organisations and by starting to work with newer solutions such as building information modelling (BIM).

BIM was first launched as a service in Norway in 2018 and will be available to customers in other markets in the year ahead. BIM is a well-established 3D model-based method for the design, construction and maintenance of buildings and infrastructure in the construction industry. This method supports the value chain in planning, visualising, monitoring and optimising the work of all stakeholders in the construction process as well as their need for equipment, tools and other solutions offered by Cramo. We want to give our customers trouble-free services, and simplifying our customers' work flow can benefit both us and them so that we truly become an integral part of their construction projects. Take a look at what Cramo's service process could look like for customers using BIM in practice [here](#).

Dry chain control is of special importance to the construction industry in Finland. Rising to the challenge, we have created game-changing offers to help construction companies meet dry chain requirements in all phases of construction. A prime example is our full-service dry chain concept, where we put together a number of services that already existed and added some new ones, such as wireless measurement devices for measuring humidity. With our help, builders can keep structures and materials dry and measure humidity levels in real time. Our offering was launched at the beginning of the year, and we are very proud of it. More and more construction companies are committing to the new Dry Chain 10 model designed especially for the construction industry. Some large companies have announced that all future projects will be dry chain projects. Cramo Finland finalised its first dry chain rental service projects in 2018.

### **Working from inside out in digitalisation**

Cramo has 301 equipment rental depots. At each depot, there are normally peak times between 7–9 a.m. and 2–4 p.m., when rental equipment is either delivered to the customer or returned. Customers are already supported by 24/7 service on our digital platform, but at the depots, Cramo's experts have traditionally spent a lot of time calling each other during these peak hours and checking the availability of rental items.

In 2018, we took a crucial step forward in enabling real-time data availability and facilitating communication between depots. All depots have adopted digital purchasing and logistics platforms. Cramo has clearly moved from talking, planning and implementing to using digital platforms on an everyday basis to share equipment rental information between depots. As a result, we have improved our equipment utilisation rate and people interaction.

To ensure up-to-date information in the platforms, we established country-wide machinery coordination for our business in Sweden in 2018. Our Swedish employees now consult the platforms instead of making an average of three phone calls to see what rental machines and tools are available and where. In Sweden alone, several thousand minutes a month were saved in phone calls between depots. These minutes have been converted into time used to support customers in their construction processes.

The single most important driver that got employees to start using these digital solutions was their seeing that the new technology actually works. By establishing country-wide machinery coordination, we could be sure the data in the digital platform was up-to-date at all times. This was crucial in teaching employees to trust the digital solution and making them want to use it on a daily basis.

The construction industry and the public sector still use conventional methods in many aspects of planning and advancing their construction and renovation projects. As they take big steps and small towards smarter methods and digitalisation, we are at the forefront in supporting them every step of the way. For us, digitalisation is also a tool to brand ourselves and differentiate us from the competition.

In Germany, we have been considered as a trading and rental company for historical reasons. In the years ahead, we will focus on marketing and branding to position Cramo as a rental company that offers a full-service approach, delivering products and services, from installing fencing to renting tools. We have started training our managers and depot experts to use digital platforms in their daily work. The next stage will be to help our customers use our digital platforms, such as digital renting, fleet management and drop-off services. Meanwhile, we are focused on standardising our service and quality at the depots and at the same time expanding sales. While our big customers want a reliable supplier that provides materials on demand, our mid-sized customers – who need help on construction sites from start to finish, from installation of fencing around the site to completion of the building – offer potential. Our proactive approach combined with our digital tools offers us an opportunity to capture new market potential in the mid-sized customer group.



## Modular Space – Aiming higher after a successful uplift

During the year, we continued to execute our strategic improvement projects within cost management, capital rationalisation and sales management, and completed a successful business uplift. Following a major acquisition, we are now one of the largest modular space companies in Northern Europe, with in-house product development and manufacturing capabilities.

The Modular Space business division, Cramo Adapteo, encompasses the company's premium modular space rental and rental-related service operations. Our solutions are high quality, flexible, cost-effective and energy-efficient, and they deliver a user experience comparable to that with permanent buildings. They are especially designed to meet the demanding needs and requirements that apply to buildings for schools, daycares, offices and accommodation, but are also used for events, exhibitions, shops and other application areas. We operate in the Nordic countries, Estonia, Lithuania and Germany.

We serve both the public and private sector and deliver comprehensive modular space solutions as turn-key projects for rental periods varying from two to five years, often even longer. Projects typically include needs analysis, design, planning, assembly, maintenance and other services during the rental period as well as disassembly when the project reaches its end. With the acquisition of Nordic Modular Group Holding AB, we are now also able to offer customised modular buildings for long-term rental needs, meaning rental periods of five years or more, and permanent modular buildings for sale.



In-house R&D for continuous development of customer-centred solutions.



Manufacturing of modules for renting and for sale partly in our own production units.



Analysing customer needs and designing the optimal solution together.



Transport of modules and assembly of temporary space solutions rented or bought by the customer.



Solutions for short-term and long-term rental periods, maintenance and other services available during renting.



Disassembly of the temporary space solution, site restoration and off-site transport.

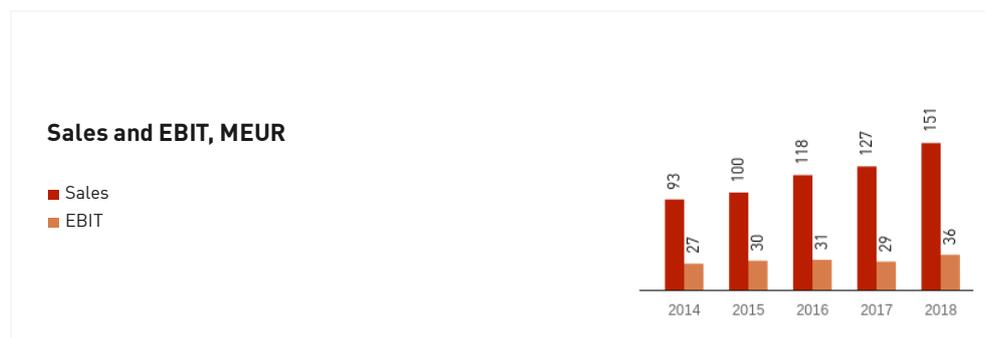
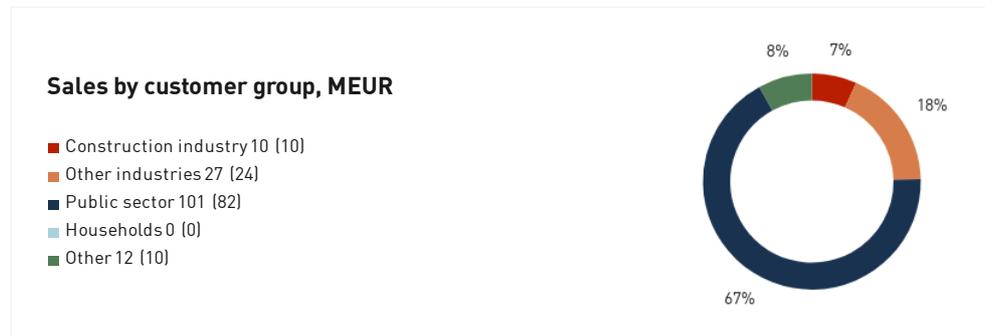
During the year, strategic alternatives were assessed for the Modular Space business. Based on the outcome of the assessment, the Board of Directors of Cramo has decided to pursue a spin-off of the company's Modular Space business to Cramo's existing shareholders. The transaction and separate listing are expected to take place latest in the third quarter of 2019.

### Performance improvement actions produced strong results

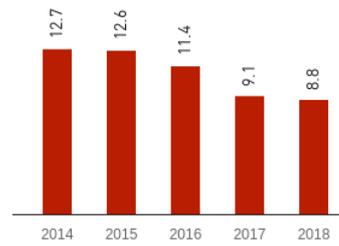
The demand for flexible modular space solutions was good in all of the division's countries during the year and was particularly strong in Sweden, Denmark and Finland. Strong market growth continued in the public sector, especially in the school and daycare customer segments.

The Modular Space division posted a positive performance in 2018 both in terms of sales and profitability. A good level of project deliveries and improved fleet utilisation supported the increase in rental sales.

Our profitability was enhanced with the support of every country, including Germany and Finland, which developed favourably during the year thanks to the hard work done to make the uplift happen. Increased profitability was mainly due to higher fleet utilisation rates and increased rental sales as well as to performance improvement actions carried out in 2017 and 2018. These actions included optimising our organisation structure, securing the right competences and resources, improving project deliveries and fleet utilisation, intensifying and focusing sales activities and developing our pricing. The objective is to ensure that we utilise our full potential and thus safeguard our long-term competitiveness, growth and profitability. All in all, we are in a good position to aim higher in everything we do and become a leading player in the Northern European modular space industry.



### Return on capital employed, %



### Long-term targets 2017 – 2020 and outcome 2018

#### Organic rental sales growth<sup>1</sup>

Target  
**Double digit**

Outcome  
**14.6%**

#### Comparable ROCE<sup>2</sup>

Target  
**>12.5%**

Outcome  
**8.8%**

<sup>1</sup> Organic rental sales growth excludes the impact of acquisitions, divestments and exchange rates

<sup>2</sup> Cramo changed the calculation method of ROCE's capital employed component into 12 months average in 2018 reporting period



### Value-adding acquisition opens up new business and growth opportunities

In October, we strengthened our position in the Nordic modular space market by acquiring Swedish-based Nordic Modular Group Holding AB. The acquisition supports us in expanding our business model to include the in-house development and manufacturing of modular solutions. This will enable us to enter the long-term rental business and offer modular buildings through a sales business model, and thus reach new customer segments and channels to the market. Our new business model also creates a platform for further international expansion in the attractive Central European markets.

The acquisition helps us reach our strategic growth and business targets in several ways:

- Strengthen our modular space market position in the Nordic countries with adequate size and cost-effectiveness propelled by significant synergies
- Form a versatile modular space group with in-house R&D, design and manufacturing to expand the temporary and permanent sales business
- Penetrate the short-term/long-term rental business with optimised and differentiated solutions for targeted customer segments
- Establish a strong platform with capacity to grow the rental and sales business in Central Europe, both organically and through acquisitions
- Increase awareness of the modular space concept and business transparency, driving long-term value creation – becoming a true shaper of the industry

**The NMG acquisition strengthens our position in the Nordic modular space market and is an important step in our strategy to expand our business model into long-term rental and sales of relocatable building solutions. In-house R&D, design and manufacturing capabilities further strengthen our competitiveness in these endeavours.**

Philip Isell Lind af Hageby  
Executive Vice President, Modular Space

We continuously devote significant efforts to understanding and analysing the real needs of our current and potential customers and the end users of modular solutions. Deeper insight into customer and end user needs, for example, regarding quality, functionality, services, energy efficiency and the indoor climate, will enable us to develop the most value-adding, sustainable and competitive solutions. Now, with our in-house research and development and manufacturing functions, we can meet the needs of our different customers even more precisely.

As with a majority of our customers, sustainability is important to us, and we continuously enhance our solutions and processes in that respect. We work proactively to comply with the latest environmental regulations and to drive development beyond that. By doing so, we also help customers achieve their sustainability targets. Our energy-efficient solutions are designed for demanding Nordic weather conditions. We have chosen to use wood as the main material in most of our high-quality modules, and we continuously seek new ways to enhance our resource efficiency throughout the value chain.

### **Drivers affecting demand**

The rental modular space market size in the countries Cramo Adapteo operates in totalled about EUR 1.4 billion in 2018. Market is forecasted to grow about 9% p.a. reaching EUR 2.2 billion in 2023.

## Market overview and our position

	Market size estimate 2018, MEUR <sup>1</sup>	Market position estimate 2018 <sup>1</sup>	Market CAGR 2017 – 2023, % <sup>1</sup>
Finland	~145	#2	≥ 10
Sweden	~290	#1	5 – 10
Norway	~110	#3	5 – 10
Denmark	~125	#2	≥ 10
Germany	~750	#12	5 – 10

<sup>1</sup> Market studies

Over the long term, growing demand for rental services is supported by a number of megatrends, such as urbanisation, other demographic changes, scarcity of resources, sustainable development, digitalisation and the rise of the sharing economy. These, in turn, are transformed into growth drivers of the modular space business.

Over the next four years, we see several market drivers that have a significant impact on the demand for modular space solutions. They are:

- **Renovation needs** – leading to an increase in construction renovation projects, which create demand for site-specific modular space solutions
- **A sudden drop in space** – resulting from water damage, fire or other sudden unexpected incident
- **Demographic changes and migration** – rapidly changing the structure of services needed locally
- **Modular space rental concept penetration**
- **Increasing new building volumes** – new residential areas, creating demand for temporary and modular buildings

### Nordic Modular Group in a nutshell

Nordic Modular Group, founded in 1956, is an established player in the Nordic modular space market, with operations that include the development, manufacturing, sale and rental of modular buildings. The company's main market is Sweden, but it also has operations in Norway, Denmark and Finland. It employs 230 people.

Nordic Modular Group primarily serves municipalities and large private companies with a focus on solutions for schools, daycares, accommodation and offices. It operates through three subsidiaries – Temporent AB, Nordic Modular Leasing AB and Flexator AB.

Like Cramo Adapteo, Temporent rents out modular solutions, with a fleet consisting of about 6,500 modules. Nordic Modular Leasing leases out modular units with a primary focus on longer-term contracts – five years or more.

Flexator designs, manufactures and sells professional modular buildings based on standardised building systems, from site huts to advanced solutions. It has two manufacturing units in Sweden.



## **Cramo Care – Our strategic approach to sustainability**

In 2018, we made progress on many fronts of sustainability. We increased the sustainability focus in our value chain, looking at the different parts from a sustainability perspective. The value chain perspective will be in focus going forward, providing us with a framework for moving towards a circular rental process. A special focus was also put on our people – our measures included launching of our people promise, We are Shapers, with the ambition to increase employee engagement and strengthen Cramo's employer brand. We also established the Cramo Development framework, which is our way of developing and ensuring key competences among our employees. Our sustainability work thus far was also recognised when Cramo was named the joint winner of the European Rental Association's Sustainability Committee Award.

### **Cramo Care sustainability programme**

Cramo Care is our strategy for integrating sustainability, step by step, into all parts of our business and is based on Cramo's values Credibility, Creativity and Commitment. Our ambition is to lead the way in advancing sustainability in the rental industry and to meet the requirements of our stakeholders and of internationally agreed standards.

### **Integrating sustainability into our business**

Our sustainability strategy is in line with and mutually supportive of our business strategy, which is aimed at strengthening our long-term focus from the perspective of all our stakeholders.

Sustainability has a direct impact on our internal value creation through growth, return on capital and risk management. It also generates value for our customers and other stakeholders, leading to greater cost-effectiveness, to improved access to products with the highest safety and environmental standards and to a reduced environmental impact.

### **The key elements of our Cramo Care strategy are:**

#### **#1 Cramo as an active shaper of the rental industry, a driver of the sharing economy.**

Responsible sharing is the core of our business. Our ambition is to play an active role in developing sustainable rental solutions, enabling our customers to provide safe working environments, cut their energy use, reduce their climate impact and minimise waste.

#### **#2 Value creating targets include both financial and non-financial objectives.**

Our key performance indicators and value-creating targets allow us to monitor and continuously improve our performance and to meet the requirements of our customers, investors, employees and other stakeholders.

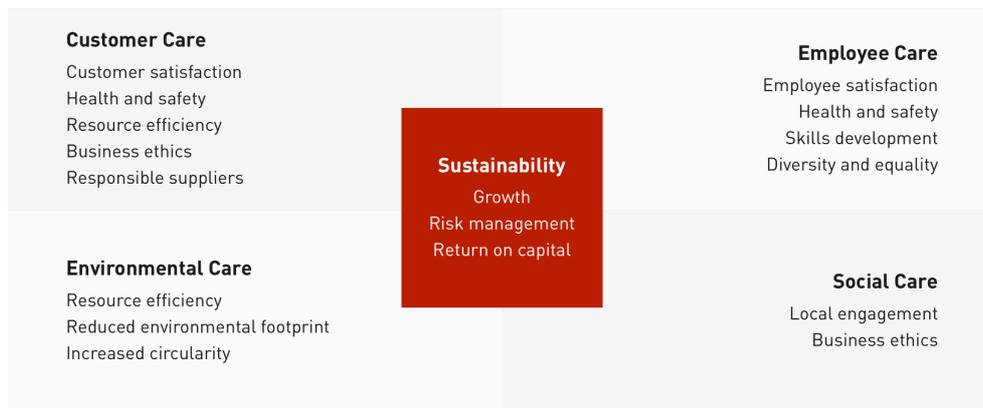
**#3 Overall responsibility lies with Group Management, whereas operational responsibility and employee engagement lie with country managers.**

Cramo Group Management has overall responsibility for the Cramo Care strategy and sustainability policies. Country managers are responsible for their implementation and integration at the country level.

**#4 Relevance and continuous improvement are strengthened through an active dialogue with all stakeholder groups and partnership development initiatives with front-line actors.**

Strategic partnerships with leading experts and our stakeholders put us at the forefront in developing sustainable rental solutions.

### Cramo Care material aspects



## Strategic targets

	Strategic target	Target	Outcome 2018	Outcome 2017	Outcome 2016	Status <sup>1</sup>
<b>Customer Care</b>	Most satisfied customers in the industry	CSI <sup>2</sup> steady over 70	75	73	72	
<b>Employee Care</b>	Zero accidents	LTIR <sup>3</sup> <5 by 2020	9.5	9.9	13.7	
<b>Environmental Care</b>	Zero emissions	CO <sub>2</sub> e emissions, scope 1 and 2 <sup>4</sup> relative to sales (tonnes/MEUR), >20% decrease by 2020 vs 2016	15.6 tonnes/MEUR	17.5 tonnes/MEUR	18.4 tonnes/MEUR	
<b>Social Care</b>	Top ranking in business ethics	0 legal proceedings (human rights, corruption, environment)	1 <sup>5</sup>	0	0	

1  On-going – excellent progress or Target achieved  On-going – on track  On-going – not on track

2 All units, weighted average

3 Number of work-related accidents with at least one full day of absence / million working hours

4 A market-based method is used to calculate CO<sub>2</sub>e emissions from electricity.

5 In 2018, there was one case of sexual harassment reported in Cramo's operations. The case was investigated by the company, which took actions, and was also heard in a court of law. The company was not a party in the legal proceeding.

## Aiming to exceed stakeholder expectations

The foundation of Cramo Care is a materiality study that identified our **stakeholders' top priorities** and our major impacts throughout the value chain. Our ambition is to exceed our stakeholders' requirements.

**Our biggest impacts occur beyond our direct control. Therefore, we have to work in partnership with suppliers, customers and other stakeholders to tackle these challenges and seize opportunities throughout the value chain.**

**Maria Karlsson**

Vice President, Sustainability

## Impacts throughout our value chain

	Major negative impacts	Major positive impacts
<b>1. Supply chain</b>	<ul style="list-style-type: none"> <li>• resource use</li> <li>• environmental risks</li> <li>• health and safety risks</li> <li>• corruption risks</li> <li>• human rights risks</li> </ul>	<ul style="list-style-type: none"> <li>• innovation focused on resource efficiency, increased circularity and improved safety</li> </ul>
<b>2. Cramo</b>	<ul style="list-style-type: none"> <li>• resource use</li> <li>• health and safety risks</li> </ul>	<ul style="list-style-type: none"> <li>• rental as a resource-efficient alternative to owning</li> <li>• improved safety</li> <li>• strong values and well-anchored ethical guidelines</li> </ul>
<b>3. Transportation</b>	<ul style="list-style-type: none"> <li>• resource use</li> </ul>	<ul style="list-style-type: none"> <li>• transport optimisation</li> </ul>
<b>4. Customer use</b>	<ul style="list-style-type: none"> <li>• resource use</li> <li>• health and safety risks</li> <li>• corruption risks</li> </ul>	<ul style="list-style-type: none"> <li>• resource efficiency</li> <li>• waste reduction</li> <li>• enabling safe working environments</li> </ul>
<b>5. End of life</b>	<ul style="list-style-type: none"> <li>• waste</li> <li>• environmental risks</li> <li>• health and safety risks</li> <li>• corruption risks</li> <li>• human rights risks</li> </ul>	<ul style="list-style-type: none"> <li>• innovation focused on increased circularity</li> <li>• controlled phase-out of outdated equipment</li> </ul>

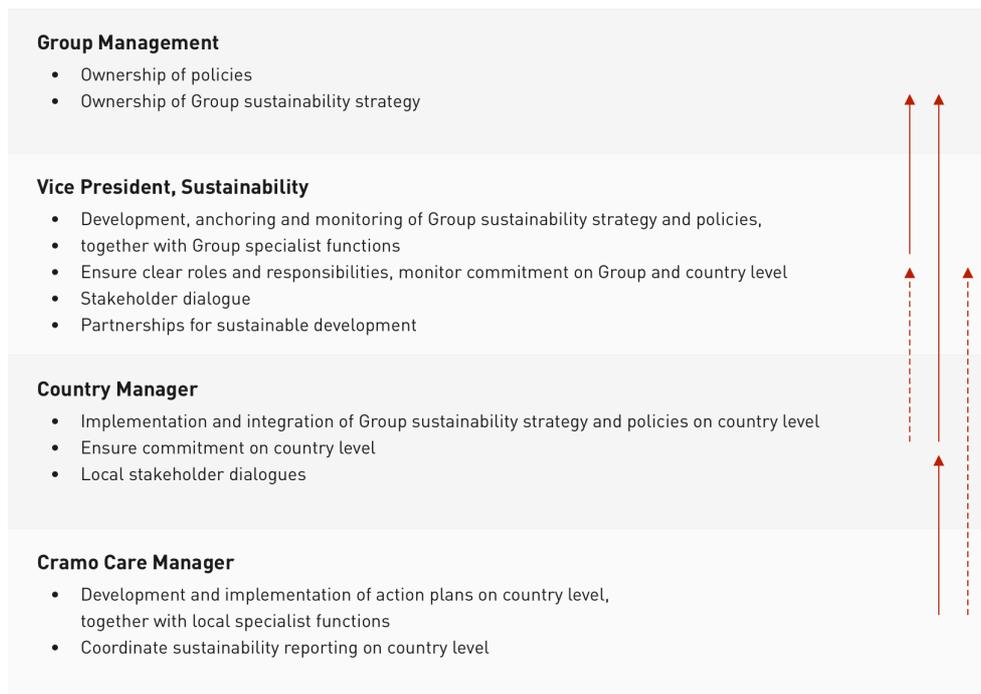
**Since 2009, Cramo has been a signatory to the UN Global Compact, supporting the ten principles with respect to human rights, labour, environment and anti-corruption.**

## Efficient internal operations

Cramo Care establishes clear targets and ways to monitor performance and priorities. To uphold our commitment, and to ensure the quality and relevance of our solutions, we work for continuous improvement.

In 2017, we established a Group-wide structure of Cramo Care managers in every country. Together with the country managers and local specialist functions, Cramo Care managers work with local development and implementation of action plans based on our Cramo Care strategy.

## Internal organisation, roles and responsibilities



## Highest ethical standards

It is vital that our customers, investors, employees, suppliers and other stakeholders trust that we conduct business in an ethical, transparent and lawful manner. Everything we do has an impact.

This is why we make sure that day-to-day decisions are based on doing business properly and with integrity. This supports us in maintaining long-term relationships with our stakeholders.

Our Code of Conduct guides us in our daily work, with its focus on helping our employees make the right decisions. The code covers areas such as compliance with laws and policies, creation of safe, healthy workplaces, and our conduct as a responsible corporate citizen.

Cramo has also established a specific Code of Conduct for suppliers since we encourage our business partners to adhere to similar high ethical standards. Cramo prioritises long-term collaboration with suppliers. Most of our machinery and equipment is purchased from suppliers in Europe, the US and Japan.

See the full [Code of Conduct](#) and [Supplier Code of Conduct](#)

## Transparent communication and anchoring

Our ethical guidelines are systematically communicated and anchored throughout the organisation. We train our employees in our values and strengthen our corporate culture with the objective of excelling in customer satisfaction.

## Whistleblowing – following up on our Code of Conduct

Our whistleblowing mechanism provides a way for all our employees to report suspicions of misconduct, that is, actions not in line with our company values and which may harm individuals, the company or the environment. This is an early warning system to reduce risks and an important tool for safeguarding high corporate governance standards and maintaining customer and public confidence in our operations.

The system is provided by an external party, ensuring full anonymity for the whistle-blower. Any concern or issue reported is treated seriously, fairly and promptly. Possible investigations are carried out in a discreet, confidential manner by the Senior Vice President of Human Resource Development, the Vice President of Sustainability and the Director of Internal Audits.

**Cramo aspires to lead the way in advancing sustainability in the rental industry and to continuously mitigate our impact across the value chain. Our rental solutions provide safe, resource-efficient options for our customers, enabling them to excel in meeting their stakeholders' requirements and expectations.**

– from the Cramo Care Policy

## **Implementation in 2018**

### **Increased sustainability focus in our value chain**

Cramo's value chain is not linear, nor is it circular today. As a rental company we buy machines, equipment, site huts and modular space units from our suppliers. We own the items and units for several years, renting them out to customers for shorter or long periods. We provide repair and maintenance as well as refurbishing as part of our services, ensuring that our deliveries are always of high quality. After a number of years, we usually sell the items or units for further use outside Cramo.

In 2018, we increased the sustainability focus in our value chain, looking at the different parts from a sustainability perspective. The value chain perspective will be in focus going forward, providing us with a framework for moving towards a circular rental process.

### **Non-financial targets included in the business planning and budgeting process**

As part of the 2019 business planning and budgeting process, all local management teams have for the first time set local non-financial targets based on the Group targets. They have also developed action plans for reaching these targets, and all expected costs have been included in the local budgets.

Including non-financial targets in the business planning and budgeting process is an important step towards fully integrating sustainability into our business. It is an effective tool to speed up the implementation of Cramo Care.

### **Heading for a Group ISO certificate**

In 2017, we started the process towards a Group ISO certificate, with a focus on quality, environmental improvements, and health and safety. The work continued in 2018 and is planned to be completed in 2020.

### **Reporting to the CDP**

Cramo has been reporting to the CDP since 2013. In 2018, we received the score D, a result that we are not satisfied with.

To improve our way of monitoring and following up on our greenhouse gas emissions, we have implemented a new system that will be used to gather environmental data. The system gives us the opportunity to increase control of and thus further reduce our greenhouse gas emissions.

### **Cramo's sustainability work acknowledged**

In 2018, Cramo was honoured as the joint winner of the European Rental Association (ERA)'s Sustainability Committee Award. The Committee aims to support the rental industry in promoting the environmental benefits of rental and, in giving its reasoning for the award, noted that Cramo is at the forefront of developing a genuinely sustainable approach to rental.

Cramo's CEO, Leif Gustafsson, was also named Best CEO in the Sustainable Rental Equipment Industry by European CEO, a leading subscription-based publication delivered quarterly to C-Suite executives in 28 European countries.

These awards are important recognition of our work and prove that we are on the right track with our Shape and Share strategy.

## **2019**

Implementation of the Cramo Care strategy will continue. The work of setting a framework for our common management system and launching the process of incorporating all operations in a Group-wide ISO certificate will continue and be finalised in 2020.

We will also continue to raise issues concerning sustainability and responsible sharing in the European Rental Association and other forums.

# Engaging with our stakeholders to create shared value

Understanding the views and expectations of our different stakeholders is crucial to our continued success. Through active, open dialogue, we strive to identify not just stakeholder concerns but also global trends and market expectations with the greatest impact on our future operations and value creation. Stakeholder engagement is also strengthened through closer cooperation across the value chain.

## How we communicate and cooperate with our stakeholders

### Customers

Priorities	Activities and channels
<ul style="list-style-type: none"><li>• issues included in Cramo's mission – Create great days at work and room for great days – and purpose – Driving the sharing economy</li><li>• health and safety</li><li>• business ethics</li><li>• resource efficiency</li><li>• operational excellence</li><li>• responsible suppliers</li><li>• innovations ensuring future success</li><li>• strong brand</li></ul>	<ul style="list-style-type: none"><li>• depots and online solution</li><li>• the Cramo Story</li><li>• ombudsman</li><li>• safety and other training programmes</li><li>• co-development projects related to innovations and resource efficiency</li><li>• digital solutions enhancing operational excellence</li><li>• customer satisfaction survey</li><li>• customer magazines, websites and social media</li><li>• trade fairs</li><li>• Annual Report including sustainability</li></ul>

### Personnel

Priorities	Activities and channels
<ul style="list-style-type: none"><li>• employee satisfaction</li><li>• health and safety</li><li>• diversity and equality</li><li>• skills development</li><li>• development plans and goals</li><li>• business ethics and sustainability issues</li><li>• performance management</li></ul>	<ul style="list-style-type: none"><li>• People strategy</li><li>• People promise</li><li>• Code of Conduct</li><li>• the Cramo Story</li><li>• safety training</li><li>• programmes for health and well-being</li><li>• Cramo School and Cramo Academy</li><li>• Cramo Dialogue</li><li>• the new employee brand expression</li><li>• intranet and employee magazine</li><li>• employee events</li><li>• Great Place to Work</li><li>• Annual Report including sustainability</li></ul>

## Investors and shareholders

Priorities	Activities and channels
<ul style="list-style-type: none"><li>• market environment</li><li>• performance</li><li>• operations</li><li>• corporate responsibility</li><li>• reporting</li><li>• strategy</li><li>• financial position</li><li>• mergers and acquisitions</li></ul>	<ul style="list-style-type: none"><li>• stock exchange releases</li><li>• business reviews, half year financial report and financial statements bulletin</li><li>• Annual Report including sustainability</li><li>• Board of Directors' report</li><li>• Group website and social media</li><li>• Corporate Governance Statement</li><li>• Annual General Meeting</li><li>• investor and analyst meetings and events</li></ul>

## Partners and suppliers

Priorities	Activities and channels
<ul style="list-style-type: none"><li>• responsibility throughout the supply chain</li><li>• energy efficiency and other environmental aspects</li><li>• safety</li><li>• efficient processes</li><li>• promoting sustainability and sharing</li></ul>	<ul style="list-style-type: none"><li>• supplier evaluation criteria</li><li>• Supplier Code of Conduct completed and being implemented</li><li>• co-development projects to find safe, resource-efficient solutions</li><li>• digitalised solutions, such as purchase-to-pay solution</li><li>• purchase system (supplier catalogue)</li></ul>

## Local communities

Priorities	Activities and channels
<ul style="list-style-type: none"><li>• engaging with and supporting local communities</li></ul>	<ul style="list-style-type: none"><li>• Group- and country-level charities and sponsorships</li><li>• partnership with SOS Children's Villages</li><li>• job opportunities and traineeships for people outside the labour force</li></ul>

## Trade and other associations

Priorities	Activities and channels
<ul style="list-style-type: none"><li>• developing sustainability and the attractiveness of the rental industry as a future employer in Europe</li><li>• promoting the sharing economy</li></ul>	<ul style="list-style-type: none"><li>• active member of the European Rental Association (ERA)</li><li>• member of the UN Global Compact</li><li>• Cramo's President and CEO is a Board member of ERA</li></ul>

## Media

Priorities	Activities and channels
<ul style="list-style-type: none"><li>• major deals and acquisitions</li><li>• sustainability and responsibility</li><li>• strategy and business</li></ul>	<ul style="list-style-type: none"><li>• press releases</li><li>• management interviews</li><li>• websites and social media</li></ul>

### Sustainability contact:

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email: maria.a.karlsson@cramo.com

# Customer Care

**Strategic target: Most satisfied customers in the industry.**

Priority will be given at all times to our customers' key concerns – safety at construction sites, resource efficiency and strong business ethics. Cramo contributes to our customers' success by enabling them to provide safe working environments, reduce their energy usage, limit their climate impact and minimise waste. An active dialogue and collaboration with our customers and other stakeholders are key to the further development of sustainable rental solutions.

– from the Cramo Care Policy

## Customer Care

Topics	Key performance indicator	Target	Outcome 2018	Outcome 2017	Outcome 2016	Status <sup>1</sup>
<b>Customer satisfaction</b>	Customer Satisfaction Index (CSI)	CSI <sup>2</sup> steady over 70	75	73	72	
	Share of operations covered by ISO 9001 (relative to sales)	All operations covered by ISO 9001 by 2020	80%	81%	82%	
<b>Health and safety (at customer site)</b>	Number of individuals participating in external safety training provided by Cramo to customers, subcontractors, suppliers and other external parties	10% increase per year from 2018	12,698 individuals, a 28% increase	9,895 individuals, a 7% decrease	10,622 individuals	
	Share of countries providing external safety training (excluding countries with less than 3 depots)	All countries with more than 3 depots providing external safety training by 2020	78%	78%	67%	
<b>Resource efficiency (at customer site)</b>	Energy usage from rented modules and site huts	149 kWh/m <sup>2</sup> by 2020 (equals a 13% reduction vs 2016)	166 kWh/m <sup>2</sup>	168 kWh/m <sup>2</sup>	171 kWh/m <sup>2</sup>	
	Share of diesel-powered heating equipment of total heating fleet	9.6% by 2020 (equals a 40% reduction vs 2016)	11.3%	12.4%	16.0%	
	Share of Stage I-III diesel engines of total rental equipment with diesel engines	16.8% by 2020 (equals a 70% reduction vs 2016)	25.2%	39.5%	56.0%	
<b>Business ethics</b>	Number of legal proceedings (human rights, corruption, environment)	0 legal proceedings	0	0	0	

<b>Responsible suppliers</b>	Share of signatories of new supplier CoC <sup>3</sup>	All contract suppliers have signed the Supplier CoC by 2020	54%	48%	A new Supplier CoC was developed in 2016, implementation started in 2017	<input type="radio"/>
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1  On-going – excellent progress or Target achieved  On-going – on track  On-going – not on track

2 All units, weighted average

3 The Supplier Code of Conduct covers environmental, health and safety, human rights and anti-corruption and bribery matters

**ISO Management Standard 9001 has been implemented for Equipment Rental in Finland, Sweden and Norway and for Modular Space in Finland, Sweden, Norway and Germany. Certification is ongoing, with all Cramo markets targeted.**

## Implementation in 2018

### Monitoring customer satisfaction

Our strategic target is to have the most satisfied customers in the industry. Furthermore, we aim for a leading market position in our chosen market areas and in both our product areas, so it is important that we monitor our customer satisfaction regularly.

In 2018, the target for customer satisfaction, Customer satisfaction index >70, was reached, with a result of 75 (73 in 2017). Customer satisfaction index has increased in each of the past three years.

### Innovation through partnerships and joint development projects

Cramo's ambition is to play an active role in developing sustainable solutions – not just to meet existing requirements and regulations but to contribute to further development towards a more sustainable world. An active dialogue and structured cooperation with customers and other stakeholders are key components of this strategy.

Projects with customers continued in 2018 and covered a number of sustainability areas, from energy and fuels to mutual information-sharing targets to finding new rental solutions, for example, for temporary constructions and to learning more about accidents and incidents and how to prevent them. Together with other stakeholders we address different areas, such as promoting the sharing economy and social integration – how we as a company and as individuals can help provide experience and contacts with working life.

### Promoting a B2B sharing economy

In 2018, Cramo initiated two debate articles promoting a B2B business model that allows temporary access to physical resources, thereby increasing their utilisation. We see, for example, that the construction industry needs to fully encompass and integrate the benefits of the sharing economy. Along with sharing equipment and machinery, other crucial benefits can be obtained in waste management. Rental partners could help construction companies reduce and recycle waste, take care of end-of-life equipment and use their leverage to promote production of more sustainable, recyclable equipment.

Progress in the B2B sharing economy also calls for action from the EU, which needs to develop and implement clear guidelines and boundaries in defining the concept, along with effective political initiatives that prioritise access to physical resources over ownership.

### Continuously modernising our fleet

We work proactively to comply with the latest environmental regulations and drive development to go even beyond that. With a modern fleet of equipment and modules, we aim to be a frontrunner of sustainability in the rental industry. By doing so, we can also help our customers achieve their sustainability targets.

Our systematic approach to reduce environmental impact includes refurbishing or renewing our site huts and modular space solutions including their heating equipment as well as modernising our fleet of rental equipment.

In 2018, the energy usage in rented modules and site huts decreased from 168 kWh/m<sup>2</sup> to 166 kWh/m<sup>2</sup>. The share of diesel-powered heating equipment decreased by 9%, and the share of stage I-III diesel engines decreased by 36%.

#### **New site hut cover reduces waste**

In 2018, Cramo Adapteo introduced a new reusable site hut cover to replace plastics. The innovation will help improve efficiency and reduce waste.

The new site hut cover, which conceals all of a hut's openings, is a tailor-made tarp with several benefits: it can be reused and is easy to put on and remove, making it easier and faster to install, transport and clean the site hut. The new cover can also be repaired, thus prolonging its economic life.

The new cover will be introduced first in Norway in 2019. Installation will be rolled out step by step as soon as site huts are returned to Cramo at the end of a customer project. Once all the covers have been replaced, total annual waste in Norway is expected to be reduced by 12 tonnes.

Cramo plans to introduce the new cover type later on in other Cramo countries as well.

#### **Target of zero accidents**

Safety is our first priority and integral to our business. Cramo provides a wide range of safety equipment and safety training as well as more comprehensive safety solutions. Our vision is zero accidents at construction sites.

External safety training is provided in Finland, Sweden, Norway, Germany, Austria, Lithuania and Poland. In 2018, a total of 12,698 (9,895 in 2017) individuals participated in Cramo's safety training programmes. The increase is mainly related to an increased number of participants in safety training programmes provided by Cramo during safety week in Poland.

#### **2019**

In 2019, we will focus on how we can help our customers make sustainable choices. We will continue to develop our rental services in partnership with our customers, suppliers and other stakeholders. Implementation of our common management system, including ISO Management Standard 9001, continues.



## Employee Care

### **Strategic target: Zero accidents**

Cramo offers safe, stimulating workplaces for all our employees, where men and women of different ages and backgrounds have the same opportunities for development. We aspire to provide a stimulating environment for professional and personal development. A systematic and preventative approach to safety should always be the highest priority.  
– from the Cramo Care Policy

## Employee Care

Topics	Key performance indicator	Target	Outcome 2018	Outcome 2017	Outcome 2016	Status <sup>1</sup>
<b>Health and safety</b>	LTIR (Number of work-related accidents with at least one full day absence/million working hours)	<5 by 2020	9.5	9.9	13.7	○
	Share of operations covered by OHSAS 18001 or similar (relative to sales)	All operations covered by OHSAS 18001 or similar by 2020	61%	63%	60%	○
<b>Diversity and equality</b>	Number of legal proceedings (discrimination and sexual harassment)	0 legal proceedings	1 <sup>2</sup>	0	0	⊗
	Share of female employees within the operational organisation (administrative HQ functions excluded)	>15% by 2020	11%	10%	11%	⊗
	Share of female managers	>15% by 2020	16%	14%	12%	✓

<sup>1</sup> ✓ On-going – excellent progress or Target achieved ○ On-going – on track ⊗ On-going – not on track

<sup>2</sup> In 2018, there was one case of sexual harassment reported in Cramo's operations. The case was investigated by the company, which took actions, and was also heard in a court of law. The company was not a party in the legal proceeding.

We have successfully implemented the OHSAS 18001 Occupational Health and Safety Management System or the like for Equipment Rental in Finland and Sweden and for Modular Space in Finland and Germany. Our aim is certification in all Cramo markets.

## Our common people processes

- # Attract
- # Recruit
- # Onboarding
- # Exit

***People and performance is at the centre of our Shape and Share strategy, and enabling people to perform is one of our strategic focus areas.***

Petra Schedin Stergel

Senior Vice President, Human Resources Development

## **Implementation in 2018**

### **Monitoring employee satisfaction**

Since employee satisfaction is crucial to good performance, it is regularly monitored. The latest Cramo Group's Trust Index Survey was conducted in 2017 by the UK-based company Great Place to Work. Cramo achieved an average score of 68%. Some 76% of our employees agreed with the statement "Taking everything into account, I would say this is a great place to work!", indicating a positive overall workplace experience, above the survey average.

However, the survey indicated significant variation in the Group, and as a result, countries were asked to choose three local focus areas which they worked on in 2018.

Our People Strategy, launched in 2017, and other projects to establish common People Processes are also expected to have a positive overall effect on future survey results and to reduce the differences between countries. The next Cramo Group's Trust Index Survey will be conducted in 2019.

### **New People Promise**

In early 2018, Cramo launched its new people promise, called "We are Shapers" – with the ambition to increase employee engagement and strengthen Cramo's employer brand. This people promise emphasises our decision to focus on our employees and demonstrates our belief that they are one of the main sources of our future success and continuous growth.

The main message was distributed in a letter to every employee and in a We are Shapers video, making the subject more concrete. The external launch included a campaign with videos in social media to generate interest and to encourage potential employees to get more information about Cramo.

Cramo's ambition is to be the shaper of the industry, and the people promise clarifies what people can expect from their journey as an employee at Cramo. Collaborating, sharing knowledge, supporting and helping each other as well as being open-minded and innovative are valued traits that are encouraged at Cramo. In addition, all employees are actively offered various opportunities for development and for shaping their own career.

On the Cramo Group website, a career site demonstrating the new people promise was launched in 2018, with the aim of attracting and inspiring potential employees. The new site is also an important step in strengthening Cramo's position as a global employer.

### **Recruiting process aligned**

The alignment of the recruiting process in all Cramo countries was one of the important internal development efforts in human resources in 2018. A common recruitment platform was chosen and is being implemented, supporting our shared way of working. Aligned professional processes make recruiting more effective but also ensure that the recruiting experience is of the same high quality regardless of which Cramo country it is carried out in.

### **Framework for professional development**

In 2018, an important focus area was to define Cramo Performance, that is, our way of developing and ensuring key competences among our employees. Towards the end of the year, we created the Cramo Development framework. This framework defines what kind of behaviour and what kind of professional know-how are expected of employees at different levels. The expectations are based on Cramo's common values and the Shape and Share strategy. The framework will support and guide our employees in their personal and professional growth in a clear, inspiring manner throughout their time at Cramo.

### **A common HR system**

In 2018, we started the process of implementing a common HR system, an important step towards fully aligned people processes. The system gives us the tools we need to monitor and follow up on people performance. It helps us succeed in shaping our performance-based culture, which allows us to excel in customer satisfaction.

### **Cramo diversity**

A corporate culture based on diversity contributes to the positive future development of Cramo. We want to offer men and women of different ages and backgrounds similar development opportunities. In 2017, we established a new diversity policy with Group-wide application. Implementation started in 2018, with the aim of integrating a diversity perspective into all our strategies and processes.

In 2018, there was one case of sexual harassment reported in Cramo's operations. The case was investigated by the company, which took actions, and was also heard in a court of law. The company was not a party in the legal proceeding.

The target for share of female managers was reached by the end of the year, with a result of 16% (14% in 2017). The share of female employees in the operational organisation was 11% by the end of the year (10% in 2017).

### **Cramo safety**

At all times, priority is given to systematic and precautionary safety work, including risk assessment and identification of potential hazards, throughout the Cramo Group.

In 2018, Lost time injury rate (LTIR) decreased to 9.5 (9.9 in 2017). However, there are still significant variations in the Group regarding the level of LTIR. We will look further into those variations in 2019.

### **Special focus on safety at Adapteo Sweden**

In 2018, in line with the company's zero vision in handling modules, a safety video was produced and posted on YouTube. The video, which targets Cramo's own personnel as well as subcontractors, considers safety in various kinds of situations, such as removing a transport cover and using proper safety equipment. Since Adapteo Sweden operates throughout the country, reaching all the people involved in assembly and disassembly is a challenge. Unlike with a traditional manual, a video reaches people efficiently online. The video was distributed to all employees and subcontractors and was very well received. [See the video.](#)

There was also a focus on safe working at heights and harness safety at Adapteo Sweden. All service technicians were trained in how to rescue someone caught hanging in a harness. Other safety measures included distributing a special information board on safety procedures to all work sites and updating the mandatory "Quality and safety handling – assembly/disassembly" document with safety plans and inspection procedures. Adapteo Sweden also produced a separate Quality and safety document specifically adapted to the service technicians' tasks.

In 2018, a total of four meetings were held with technicians, project managers and subcontractors to review safety issues. In order to follow up and to ensure that all procedures are in place, random visits were also made.

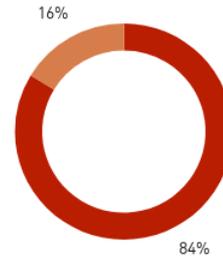
### **2019**

In 2019, our strong focus on safety will continue. We will continue the implementation of a common HR system, strengthening the implementation of our people processes. Implementation of our common management system, including ISO Management Standard 45001, continues.

**Number of employees at end of period: 3,039<sup>1</sup>**

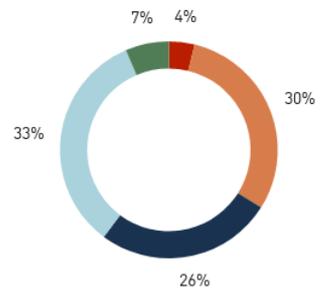
### Diversity - Gender 2018<sup>1</sup> (2017)

- Men 2543 (2128)
- Women 496 (405)



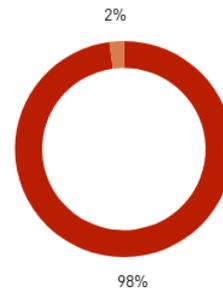
### Diversity - Age 2018<sup>1</sup> (2017)

- -23 • 116 (76)
- 24-35 • 915 (722)
- 36-45 • 798 (691)
- 46-59 • 1014 (872)
- 60- • 196 (172)



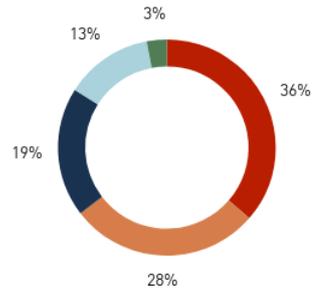
### Employee contracts 2018<sup>1</sup> (2017)

- Permanent hires 3049 (2487)
- Temporary hires 66 (85)



### Personnel by segment<sup>2</sup> 2018<sup>1</sup> (2017)

- ER Scandinavia 1104 (1050)
- ER Finland and Eastern Europe 859 (861)
- ER Central Europe 589 (388)
- Modular Space 397 (147)
- Group Functions 90 (87)



<sup>1</sup> Including KBS Infra and NMG employees

<sup>2</sup> Cramo's four business segments: Equipment Rental Scandinavia (Sweden, Norway), Equipment Rental Finland and Eastern Europe (Finland, Estonia, Lithuania, Poland), Equipment Rental Central Europe (Germany, Austria, Hungary, Czech Republic, Slovakia) and Modular Space (Finland, Sweden, Norway, Denmark, Estonia, Lithuania, Germany).

# 61%

Employees covered by collective bargaining agreements 2018

# 19%

Employee turnover rate in 2018

# 21%

Rate of new employee hires in 2018

#### Employee turnover

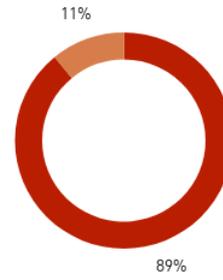
Total	486
Men	403
Women	83
-23	36
24-35	160
36-45	124
46-59	117
60-	49

#### New employees

Total	550
Men	449
Women	101
-23	60
24-35	266
36-45	124
46-59	90
60-	10

### Employees in the operational organisation 2018 (2017)

- Men 1989 (1830)
- Women 245 (214)



### Managers 2018 (2017)

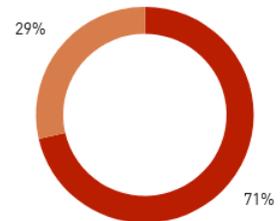
- Men 395 (407)
- Women 74 (68)



### Group management by gender and age

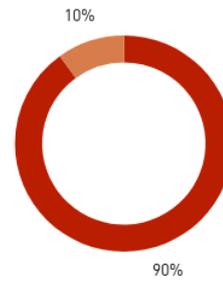
#### Board of Directors 2018 (2017)

- Men 5 (6)
- Women 2 (1)



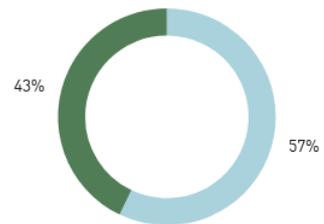
### Group Management 2018 (2017)

- Men 9 (8)
- Women 1 (1)



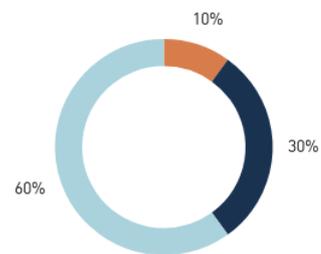
### Board of Directors - Age 2018 (2017)

- 23 • 0 (0)
- 24-25 • 0 (0)
- 36-45 • 0 (0)
- 46-59 • 4 (4)
- 60- • 3 (3)



### Group Management - Age 2018 (2017)

- 23 • 0 (0)
- 24-35 • 1 (1)
- 36-45 • 3 (1)
- 46-59 • 6 (7)
- 60- • 0 (0)



## Health and safety

	ER Scandinavia	ER Finland and Eastern Europe	ER Central Europe	Modular Space	Group Functions
Absentee rate <sup>1</sup>	4.8%	3.7%	5.1%	3.3%	3.3%
- men	4.8%	3.7%	4.8%	3.4%	1.4%
- women	4.6%	3.5%	6.4%	2.8%	6.2%
Lost time injury rate <sup>2</sup>	4.0	11.2	19.6	7.7	0
- men	4.6	10.8	23.0	10.4	0
- women	0	14.2	0	0	0
Lost day rate <sup>3</sup>	0.05%	0.34%	0.57%	0.01%	0%
- men	0.06%	0.38%	0.67%	0.01%	0%
- women	0%	0.08%	0%	0%	0%

*1 Total number of absentee days/Total number of scheduled workdays*

*2 Number of work-related accidents with at least one full day absence/Million working hours*

*3 Absentee days due to occupational accidents or diseases/Total number of scheduled workdays*

# Environmental Care

## Strategic target: Zero emissions

Cramo is focused on being the most climate- and resource-efficient rental solutions company. We will work continuously to mitigate our climate impact by reducing energy use and emissions, switching to fossil-free energy sources, reducing and recycling materials, reducing waste and handling hazardous waste properly. We take a precautionary approach to environmental considerations in procurement decisions and the selection of suppliers as well as in our customer dialogues.

– from the Cramo Care Policy

### Environmental Care

Topics	Key performance indicator	Target	Outcome 2018	Outcome 2017	Outcome 2016	Status <sup>1</sup>
Resource efficiency	CO <sub>2</sub> e emissions, scope 1 and 2 <sup>2</sup> (relative to sales)	<15 tonnes/MEUR (equals >20% decrease vs 2016)	15.6 tonnes/MEUR	17.5 tonnes/MEUR	18.4 tonnes/MEUR	○
	Energy usage, scope 1 and 2 (relative to sales)	<76 MWh/MEUR (equals >20% decrease vs 2016)	92.5 MWh/MEUR	89.2 MWh/MEUR	94.5 MWh/MEUR	⊗
	Share of mixed waste <sup>2</sup>	<20% by 2020	28%	30%	38%	○
	Share of operations covered by ISO 14001 (relative to sales)	All operations covered by ISO 14001 by 2020	80%	81%	82%	○

<sup>1</sup> ✓ On-going – excellent progress or Target achieved ○ On-going – on track ⊗ On-going – not on track  
<sup>2</sup> A market-based method is used to calculate CO<sub>2</sub>e emissions from electricity.

## Implementation in 2018

### Improving energy efficiency

A key aspect of our sustainability work is reducing energy use in transport, lighting and heating. Our rental services include the transport of machinery, equipment and modular space units to our customers. Items are also transported between depots. With route optimisation and improved driving patterns, we strive to reduce the number and duration of transports, thus also reducing emissions.

Another important aspect is reducing business travel. We promote and facilitate online and phone meetings whenever possible, and video conferences are increasingly used throughout the Group.

Energy use, scope 1 and 2 relative to sales increased in 2018, to 92.5 MWh/MEUR (89.2 MWh/MEUR in 2017). In the year ahead, we will further analyse the reasons for the increase and take necessary actions.

### All depot signage upgraded with LED lighting

In 2016, we decided to upgrade the lighting for all our depot signage at over 300 locations with LED lights. Implementation started in 2017 and was completed in 2018. As a result of the upgrade, both energy use and energy costs of depot signage are expected to be cut by 65%.

### Increased use of renewable energy

Use of energy is critical to Cramo. We work continuously to mitigate our climate impact by reducing energy use and switching to fossil-free energy sources wherever possible. In 2018, Finland switched to renewable electricity, increasing the share of electricity from renewable sources at the Group level from 56% to 75%. The switch equals a reduction of 1,000 tonnes of CO<sub>2</sub>e.

CO<sub>2</sub> emissions, scope 1 and 2 relative to sales decreased in 2018, to 15.6 tonnes/MEUR (17.5 tonnes/MEUR in 2017).

### Sharp focus on sorting waste

We work systematically to increase material efficiency and to reduce waste, especially mixed waste and waste to landfill. Priorities include the handling of hazardous waste and increasing the share of waste for recycling.

In 2018, we continued our focus on waste handling. In the majority of our depots and at headquarters, sorting and recycling waste is part of our daily routines. In some countries, however, local circumstances complicate the implementation of an efficient system for waste handling. In those countries, Cramo is studying potential alternatives to improve the sorting and recycling of waste.

In 2018, the Czech Republic and Slovakia started implementing the use of containers for sorted waste, including required documentation to ensure regular waste disposal.

In Sweden, a systematic review of Cramo's depots was begun in 2018. The review, conducted by an external service provider, covers areas such as identifying materials suitable for sorting, adequacy of signs, proper emptying intervals, the handling of hazardous waste and sorting of metals. A review was carried out for a majority of the 90 depots in 2018, and in the event any shortcomings were identified, a report with recommendations was delivered to the depot and regional manager.

Share of mixed waste decreased in 2018, to 28% (30% in 2017).

### Climate Emissions, ton CO<sub>2</sub>e

	ER Scandinavia	ER Finland and Eastern Europe	ER Central Europe	Modular Space
Direct energy usage	2,670	2,742	1,696	481
– company owned vehicles	2,446	2,676	1,523	392
– heating	224	66	173	89
Purchased energy	264	2,762	791	93
– electricity	48	1,905	658	88
– heating	216	857	133	5

**Energy usage, MWh**

	ER Scandinavia	ER Finland and Eastern Europe	ER Central Europe	Modular Space
Direct energy consumption	10,838	10,928	6,731	1,932
- company owned vehicles	9,903	10,633	6,028	1,572
- heating	935	295	702	360
Purchased energy	23,743	10,987	1,715	1,141
- electricity	14,939	5,163	1,006	861
- heating	8,804	5,824	709	280

## Waste and Recycling

	ER Scandinavia	ER Finland and Eastern Europe	ER Central Europe <sup>1</sup>	Modular Space
Total weight of waste, tonnes	2,562	1,365	56	542
Of which:				
– non-hazardous waste	1,974	1,324	46	522
– hazardous waste	588	41	10	20
Of which:				
– non-mixed waste	2,289	614	28	338
– mixed waste	273	751	28	204
Handling method, non-hazardous waste, %				
– recycling	911	537	18	135
– waste to landfill	102	0	0	67
– incineration	961	355	0	131
– unspecified <sup>2</sup>	0	432	28	189
Handling method, hazardous waste, %				
– recycling	501	23	0	7
– waste to landfill	14	0	0	0
– incineration	73	0	0	12
– unspecified <sup>2</sup>	0	18	10	1

<sup>1</sup> Austria, Germany and Hungary are excluded due to difficulties obtaining the information required from suppliers.

<sup>2</sup> All waste is treated by reliable suppliers, according to national laws and regulations. The information regarding handling method is not available.

## 2019

Our focus on energy efficiency and waste handling will continue in 2019. We will also continue with the implementation of our common management system, including ISO Management Standard 14001.

# Social Care

## Strategic target: Top ranking in business ethics

Cramo aims to be a responsible corporate citizen, contributing to a sustainable future and generating value for all our stakeholders and for society. We endeavour to take an active role in the communities we operate in and encourage our employees to contribute to local charity projects.

– from the Cramo Care Policy

### Social Care

Topics	Key performance indicator	Target	Outcome 2018	Outcome 2017	Outcome 2016	Status <sup>1</sup>
<b>Business ethics</b>	Number of legal proceedings (human rights, corruption, environment)	0 legal proceedings	0	0	0	✔
	Share of employees getting business ethics/CoC <sup>2</sup> -training annually	All employees getting business ethics/CoC-training annually	33%	77%	73%	✘

1 ✔ On-going – excellent progress or Target achieved ○ On-going – on track ✘ On-going – not on track

2 The Code of Conduct covers environmental, health and safety, human rights and anti-corruption and bribery matters

## Implementation in 2018

### Implementing and following up on our Code of Conduct

In 2018, we continued to implement of our Code of Conduct. Implementation started in 2017, after the Code was updated in 2016. The Code of Conduct is translated into local languages and communicated to all our employees. In 2018, 33% of Cramo’s employees received business ethics/Code of Conduct training.

The number of cases reported through our whistleblowing system increased in 2018, from one case in 2017 to five cases. All cases were investigated, and preventive actions were taken. No case resulted in any legal action.

The increase in whistleblowing cases indicates greater awareness among our employees regarding the importance of reporting suspicions of misconduct. Our whistleblowing channel is an early warning system to reduce risks and an important tool for safeguarding high corporate governance standards and maintaining a high level of confidence in our operations. It is important that our employees know about its existence and how and when to use it.

### Anchoring our values through Cramopol

Cramo’s values Credibility, Creativity and Commitment are systematically communicated and anchored throughout the organisation. We train our employees in our values, strengthening our corporate culture with the goal of excelling in customer satisfaction.

In 2018, we further developed Cramopol, a fun game that engages employees and management as well as facilitates discussions about ethical dilemmas and how to deal with them. Implementation of the new version of Cramopol will start in 2019.

#### **Meeting GDPR requirements**

In 2018, there was a strong focus on reviewing and updating our procedures to meet the legal requirements of the EU's General Data Protection Regulation (GDPR). All our employees have received proper training to be able to apply GDPR in their daily work.

#### **Cramo contributes to social sustainability**

Being a responsible corporate citizen is a long-term commitment for us. Conducting business in an ethical, transparent and lawful manner is a top priority – everything we do has an impact.

Since 2008 we have been a main sponsor of SOS Children's Villages at the Group level. Over the years, we have contributed 660,000 euros to various SOS projects in Ukraine, Russia, Latvia and Estonia. Our commitment involves providing financial support, marketing and sales expertise, and access to Cramo's business network, with the intention of facilitating the long-term operation of SOS Children's Villages and further collaboration with the Baltic business community.

Running high-quality social care operations in the Children's Villages is resource-intensive. Over the past decade, support from Cramo has helped to ensure that some 200 children and adults have had everything from family-strengthening programmes to secure families to nutritious meals. The family-strengthening programmes are tailored to each family's specific situation and needs, which may involve, for instance, psychological support, material assistance or aid in the form of treatment, medicine and education.

#### **As a result of Cramo's overall support during this period:**

- Lunch and dinner have been provided to 13 families in one Children's Village for six years
- 88 children have had a safe and loving home in a Children's Village for one year
- 92 children and adults have received support through the family-strengthening programme for one year
- 6,017 emergency cases were handled, with children receiving assistance in child-friendly places in disaster areas

With this support, long-term sustainable societies are created that are based on children and adults getting loving care, education and support, completely in line with our sustainability strategy, **Cramo Care**.

#### **2019**

In 2019, we will continue to have a strong focus on business ethics. Starting in 2019, our Code of Conduct will be part of the onboarding process and implementation of Cramopol will start. A mandatory e-learning unit to support the implementation of our Code of Conduct is under development, and training is expected to start in 2019.

## **GRI index**

## Universal standards

		Link	Remark
<b>GRI 101</b>	<b>Foundation 2016</b>		
<b>GRI 102</b>	<b>General Disclosures 2016</b>		
102-1	Name of the organisation	<a href="#">Cramo in brief</a>	
102-2	Activities, brands, products, and services	<a href="#">Cramo in brief</a>	
102-3	Location of headquarters	<a href="#">Cramo in brief</a>	
102-4	Location of operations	<a href="#">Cramo in brief</a>	
102-5	Ownership and legal form	<a href="#">Cramo in brief</a>	
102-6	Markets served	<a href="#">Cramo in brief</a>	
102-7	Scale of the organisation	<a href="#">Cramo in brief</a>	
102-8	Information on employees and other workers	<a href="#">Employee Care</a>	
102-9	Supply chain	<a href="#">Cramo Care - our strategic approach to sustainability</a>	
102-10	Significant changes to the organisation and its supply chain		During 2018, Cramo acquired KBS Infra and NMG.
102-11	Precautionary principle or approach	<a href="#">Environmental Care</a>	
102-12	External initiatives	<a href="#">Cramo Care - our strategic approach to sustainability, Social Care</a>	
102-13	Membership of associations	<a href="#">Cramo Care - our strategic approach to sustainability</a>	
102-14	Statement from senior decision-maker	<a href="#">President and CEO's review</a>	
102-16	Values, principles, standards, and norms of behaviour	<a href="#">Cramo Care - our strategic approach to sustainability</a>	
102-18	Governance structure	<a href="#">Consistent and transparent corporate governance, Cramo Care - our strategic approach to sustainability</a>	
102-40	List of stakeholder groups	<a href="#">Stakeholder relations</a>	
102-41	Collective bargaining agreements	<a href="#">Employee Care</a>	
102-42	Identifying and selecting stakeholders	<a href="#">Cramo Care - our strategic approach to sustainability</a>	
102-43	Approach to stakeholder engagement	<a href="#">Cramo Care - our strategic approach to sustainability</a>	
102-44	Key topics and concerns raised	<a href="#">Stakeholder relations</a>	
102-45	Entities included in the consolidated financial statements	<a href="#">Board of Directors' Report and Financial Statements</a>	KBS Infra and NMG are included in the organization's consolidated financial statements but are not covered by the sustainability report.

102-46	Defining report content and topic boundaries	Cramo Care - our strategic approach to sustainability	
102-47	List of material topics	Cramo Care - our strategic approach to sustainability	
102-48	Restatements of information		No restatement
102-49	Changes in reporting		No changes
102-50	Reporting period		January 1-December 31,2018
102-51	Date of most recent report		March 7, 2018
102-52	Reporting cycle		Calendar year
102-53	Contact point for questions regarding the report	Stakeholder relations	
102-54	Claims of reporting in accordance with the GRI Standards		This report has been prepared in accordance with the GRI Standards: Core option.
102-55	GRI content index	GRI Index	
102-56	External assurance		No assurance

## Material topics

## Customer Care

		Link	Remark
Material topics: Customer satisfaction, Health and safety, Resource efficiency, Business ethics, Responsible suppliers			
<b>GRI 103</b>	<b>Management Approach 2016</b>		
103-1	Explanation of the material topic and its boundary	<a href="#">Cramo Care - our strategic approach to sustainability</a>	
103-2	The management approach and its components	<a href="#">Cramo Care - our strategic approach to sustainability, Customer Care</a>	
103-3	Evaluation of the management approach	<a href="#">Customer Care</a>	
<b>GRI 205</b>	<b>Anti-corruption 2016</b>		
205-2	Communication and training about anti-corruption policies and procedures	<a href="#">Cramo Care - our strategic approach to sustainability, Social Care</a>	
205-3	Confirmed incidents of corruption and action taken	<a href="#">Customer Care, Social Care</a>	
<b>GRI 302</b>	<b>Energy 2016</b>		
302-5	Reductions in energy requirements of products and services	<a href="#">Customer Care</a>	
<b>GRI 307</b>	<b>Environmental Compliance 2016</b>		
307-1	Non-compliance with environmental laws and regulations	<a href="#">Customer Care, Social Care</a>	
<b>GRI 308</b>	<b>Supplier Environmental Assessment 2016</b>		
308-2	Negative environmental impacts in the supply chain and actions taken	<a href="#">Cramo Care - our strategic approach to sustainability</a>	
<b>GRI 414</b>	<b>Supplier Social Assessment 2016</b>		
414-2	Negative social impacts in the supply chain and actions taken	<a href="#">Cramo Care - our strategic approach to sustainability</a>	
<b>GRI 416</b>	<b>Customer Health and Safety 2016</b>		
416-1	Assessment of the health and safety impacts of product and service categories		All rental items and units are regularly assessed for health and safety impacts and improvements.
<b>GRI 419</b>	<b>Socioeconomic Compliance 2016</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	<a href="#">Customer Care, Social Care</a>	

## Employee Care

		Link	Remark
Material topics: Employee satisfaction, Health and safety, Skills development, Diversity and equality			
<b>GRI 103</b>	<b>Management Approach 2016</b>		
103-1	Explanation of the material topic and its boundary	<a href="#">Cramo Care - our strategic approach to sustainability</a>	
103-2	The management approach and its components	<a href="#">Cramo Care - our strategic approach to sustainability, Employee Care</a>	
103-3	Evaluation of the management approach	<a href="#">Employee Care</a>	
<b>GRI 401</b>	<b>Employment 2016</b>		
401-1	New employee hires and employee turnover	<a href="#">Employee Care</a>	
<b>GRI 403</b>	<b>Occupational Health and Safety 2016</b>		
403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	<a href="#">Employee Care</a>	There were no work-related fatalities in 2018
<b>GRI 404</b>	<b>Training and Education 2016</b>		
404-1	Average hours of training per year per employee	<a href="#">Employee Care</a>	
404-2	Programmes for upgrading employee skills and transition assistance programmes	<a href="#">Employee Care</a>	
<b>GRI 405</b>	<b>Diversity and Equal Opportunity 2016</b>		
405-1	Diversity of governance bodies and employees	<a href="#">Employee Care</a>	
<b>GRI 406</b>	<b>Non-discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	<a href="#">Employee Care</a>	

## Environmental Care

		Link	Remark
Material topics: Resource efficiency, Reduced environmental footprint, Increased circularity			
<b>GRI 103</b>	<b>Management Approach 2016</b>		
103-1	Explanation of the material topic and its boundary	<a href="#">Cramo Care - our strategic approach to sustainability</a>	
103-2	The management approach and its components	<a href="#">Cramo Care - our strategic approach to sustainability, Environmental Care</a>	
103-3	Evaluation of the management approach	<a href="#">Environmental Care</a>	
<b>GRI 302</b>	<b>Energy 2016</b>		
302-1	Energy consumption within the organisation	<a href="#">Environmental Care</a>	
302-3	Energy intensity	<a href="#">Environmental Care</a>	
<b>GRI 305</b>	<b>Emissions 2016</b>		
305-1	Direct (Scope 1) GHG emissions	<a href="#">Environmental Care</a>	
305-2	Energy indirect (Scope 2) GHG emissions	<a href="#">Environmental Care</a>	
305-4	GHG emissions intensity	<a href="#">Environmental Care</a>	
<b>GRI 306</b>	<b>Effluents and Waste 2016</b>		
306-2	Waste by type and disposal method	<a href="#">Environmental Care</a>	

## Social Care

		Link	Remark
Material topics: Local engagement, Business ethics			
<b>GRI 103</b>	<b>Management Approach 2016</b>		
103-1	Explanation of the material topic and its boundary	<a href="#">Cramo Care - our strategic approach to sustainability</a>	
103-2	The management approach and its components	<a href="#">Cramo Care - our strategic approach to sustainability, Social Care</a>	
103-3	Evaluation of the management approach	<a href="#">Social Care</a>	
<b>GRI 205</b>	<b>Anti-corruption 2016</b>		
205-2	Communication and training about anti-corruption policies and procedures	<a href="#">Cramo Care - our strategic approach to sustainability, Social Care</a>	
205-3	Confirmed incidents of corruption and action taken	<a href="#">Customer Care, Social Care</a>	
<b>GRI 307</b>	<b>Environmental Compliance 2016</b>		
307-1	Non-compliance with environmental laws and regulations	<a href="#">Customer Care, Social Care</a>	
<b>GRI 419</b>	<b>Socioeconomic Compliance 2016</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	<a href="#">Customer Care, Social Care</a>	

# Managing risks in a changing operating environment

Effective management of financial and non-financial risks is essential for Cramo's ability to create value in the short and long term. Within our risk management framework, we identify and evaluate potential risks and their consequences, and define and implement actions needed to mitigate their impact.

Cramo has identified a number of potential risks that may prevent it from reaching its strategic targets. These include strategic and operative risks as well as risks related to financial markets, competition, compliance with laws and regulations, sustainability and the Group's reputation. Once identified, risks and their potential financial and non-financial impacts are analysed and evaluated, and the actions necessary to mitigate the impacts are defined. The risks are managed through control activities which are set throughout the organisation, at all levels and in all functions.

## **Separation of the divisions will have an impact on the Group's risk management**

The current Equipment Rental and Modular Space divisions are affected by the business cycle and general economic trend to varying degrees. In addition, the solutions serve different customer segments and end users, and the competitive situation for each division is different. The separation of the Equipment Rental and Modular Space will have an impact on the Group's risk management as the company structure and business will change significantly. Each of the stand-alone companies will need update their risk management policies and financial targets to reflect new group structures.

## **Ensuring value creation ability**

The most significant operative risks include risks associated with strategic investments, the success of acquisitions and their integration, IT-related risks and the efficiency of operations. Risk mitigation related to personnel, occupational health and safety, the environment and compliance with laws and regulations is also identified as being crucial to our value creation ability.

As a response to the megatrends affecting our industry and to ensure responsible business operations and growth, sustainability is deeply embedded in our strategic and operational decision-making as well as in our risk mitigation.

## **Our risks and how we mitigate them**

## Economic conditions

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### Potential impact

- Demand for our services is linked to the general level of economic activity over the long term. Equipment rental demand is directly linked to construction activity, which is cyclical in nature. The modular space business is less cyclical due to longer rental agreements and since demand is strongly driven by the public sector.

### Mitigation

- Manage and control capital expenditures and investments, taking into account the different phases of the economic cycle.
- Build flexibilities into the business model.
- The modular space business is less cyclical.
- Maintain capital structure and debt facilities in order to absorb market disruptions.

### Development

- Our performance benefitted from increased economic and construction activity in 2018. The equipment rental outlook for 2019 includes significant country-specific differences. In Sweden and Finland, the peak in the construction market is considered to have been reached and a slight decrease is forecast for 2019. At the same time, markets in several Central European countries are expected to grow strongly. The modular space market experienced strong growth in 2018, and the market outlook for 2019 is also positive.
- We are prepared for the next economic downturn by ensuring we have a strong balance sheet in order to also perform well at the bottom of the cycle.

### Link to strategy

- Stretch and scale up business models
  - Capture potential in our markets
  - Target: Net debt/EBITDA <3.0
-

## Competition

---

### Potential impact

- This already competitive and active market can become even more competitive.
- New entrants or existing competitors can come out with new market-changing solutions or offerings.
- Increased and fierce competition could result in reduced sales, a smaller market share and lower profitability.

### Mitigation

- Create a competitive advantage by providing the best service at a price that offers the highest value for our customers – concrete promises to customers.
- Safeguard our market position by having industry-leading IT solutions, experienced employees, a depot network that is easily accessible and a large, versatile equipment fleet.
- Monitor our market share and track the performance of our competitors.
- Create innovative solutions and develop game-changing offerings.

### Development

- In 2018, organic sales growth for Equipment Rental was 5.4%. This is higher than the growth rate in the markets that Cramo operates in, according to the European Rental Association (ERA)'s figures. In Modular Space, organic rental sales grew 14.6% in 2018.
- Competition in the equipment rental industry decreased in 2018. Our pricing strategy, digitalisation and high-quality customer service will support our position in the competitive landscape.
- We have reacted to changing customer needs by launching new digital solutions.

### Link to strategy

- Game-changing offerings
  - Enhancing the performance culture
  - Creating new digital concepts
-

## Financing

---

### Potential impact

- Debt facilities, bonds and other financing arrangements are committed and valid only until their maturity. Debt facilities also include financial covenants. The main risks are failing to renew maturing instruments, causing insolvency, and breaching these covenants, leading to default.
- 

### Mitigation

- Maintain at all times the availability of sufficient financing instruments with long and balanced maturities. Negotiate new agreements well before they are needed.
  - Target to have a conservative leverage ratio, net debt/EBITDA below 3.0.
- 

### Development

- Our solid performance enables us to benefit from strong financial markets with ample availability and competitive pricing of funds.
  - On 31 December 2018, Cramo Group's undrawn committed credit facilities (excluding leasing facilities) amounted to EUR 258.5 (267.2) million.
- 

### Link to strategy

- Target: Net debt/EBITDA <3.0
- 

## Information technology

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### Potential impact

- Our operations rely heavily on information technology since we have high transaction volumes due to our large fleet and customer base. A cyberattack could lead to a loss of sensitive data or failure to deliver service to our customers. This could affect our reputation and we could suffer financial losses or penalties.
- 

### Mitigation

- Updated parameter protection and enhanced logging and monitoring of network traffic to avoid unwanted traffic.
  - Blacklisting of sites.
  - Site advisory system.
  - Enhanced protection of clients.
  - Updated firewalls.
  - Enhanced partnership with IT security partners.
- 

### Development

- Appointed CISO with IT security as a main objective.
  - Advanced e-mail protection system.
  - MDM tool for mobile devices.
  - Vulnerability checks on all IT infrastructure components 4 times a year.
- 

### Link to strategy

- Shape the future
-

## Health and safety

---

### Potential impact

- Our customers and employees give health and safety high priority. Furthermore, we need to comply with laws and regulations governing occupational health and safety. An inability to match or respond to external and/or internal demands will result in damage to our reputation, a loss of customers and decreased employer attractiveness. It might also result in severe injuries to individuals and legal claims against the Group.

### Mitigation

- Cramo works systematically to reduce health and safety risks, including providing internal safety training and relevant protective equipment, conducting audits and promoting wellness and an active lifestyle.
- To reduce the risk at customer sites, Cramo works systematically with safety instructions, offers safety training and instructions, and reports major incidents to the manufacturers concerned.

### Development

- In 2018, we continued the process of implementing a Group management system, including health and safety matters. LTIR decreased during the year, from 9.9 to 9.5.
- No legal claims pertaining to health and safety were filed against Cramo during the year.

### Link to strategy

- Target: LTIR  $\leq$  5 by 2020
  - Target: 0 accidents
-

## Environmental impact

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### Potential impact

- We meet increased demands from customers for resource efficiency and a reduced environmental impact. We also need to comply with laws and regulations governing environmental protection. An inability to match or respond to those demands will result in damage to our reputation, a loss of customers and/or lost opportunities. It might also result in environmental damage and legal claims against the Group. An inability to optimise resources will lead to increased operational costs.

### Mitigation

- We work systematically to reduce our environmental impact, focusing on reducing our energy usage and emissions as well as minimising waste.
- As part of our strategy, we aim to reach out to customers and other stakeholders, seeking opportunities to cooperate in developing sustainable solutions.

### Development

- In 2018, we continued the process of implementing a Group management system, including for environmental matters. CO<sub>2</sub>e emissions, scope 1 and 2 relative to sales, were 15.6 tonnes/MEUR (17.5 in 2017).
- No environmental legal claims were filed against Cramo during the year.

### Link to strategy

- Target: CO<sub>2</sub>e emissions, scope 1 and 2 relative to sales, >20% decrease by 2020 vs 2016
  - Target: 0 legal proceedings
-

## Human rights

---

### Potential impact

- The protection of human rights is fundamental to Cramo. We have identified non-discrimination as a major focus area. An inability to maintain a non-discriminating working environment will result in damage to our reputation, decreased employer attractiveness and a loss of customers. It might also result in harm to individuals as well as legal claims against the Group.

### Mitigation

- We have established a diversity policy, including a policy on equal rights and opportunities.
- Our values and Code of Conduct are systematically communicated and embedded throughout the organisation. We also provide a whistleblowing service for our employees to report suspicions of misconduct.
- Our Supplier Code of Conduct is included in all new supplier contracts.

### Development

- In 2018, there was one case of sexual harassment reported in Cramo's operations. The case was investigated by the company, which took actions, and was also heard in a court of law. The company was not a party in the legal proceeding. (0 legal proceedings in 2017).

### Link to strategy

- Target: Target: 0 legal proceedings
-

## People

---

### Potential impact

- Retaining and attracting people with the right competences is key to delivering an outstanding performance and excelling in customer satisfaction.
- Excessive staff turnover or an inability to attract new talent may impact our capability to perform and to maintain the high quality of our customer service, and could ultimately adversely affect our financial performance.

### Mitigation

- Cramo works systematically to offer safe, stimulating workplaces and aspires to provide an inspiring environment for professional and personal development for all our employees.
- Employee satisfaction is regularly monitored to help identify development areas, and we have a process in place for annual performance reviews.
- We work actively to strengthen our employer brand to attract potential employees, and we also put effort into surveying the expectations that future talents have regarding working life.

### Development

- In 2018, we launched our new people promise, We are Shapers – with the ambition to increase employee engagement and strengthen Cramo's employer brand.
- We continued to establish Group-wide people processes.
- The employee turnover rate in 2018 was 19% (18% in 2017).
- The rate of new employee hires in 2018 was 21% (22% in 2017).

### Link to strategy

- Enable people to perform
-

## Business ethics

---

### Potential impact

- It is vital to us that our customers, employees and other stakeholders trust that we conduct business in an ethical, transparent and lawful manner. Failure to comply with laws and regulations will result in damage to our reputation, a loss of customers and a loss of trust among our employees as well as among other stakeholders. It might also result in legal claims against the Group.

### Mitigation

- Our values and Code of Conduct are systematically communicated and embedded throughout the organisation. We also provide a whistleblowing service for our employees to report suspicions of misconduct.
- Our suppliers are evaluated using business ethics criteria. Our Supplier Code of Conduct is included in all new supplier contracts.

### Development

- No legal claims regarding non-ethical behaviour, such as corruption, were filed against Cramo in 2018.
- During the year 33% (77%) of our employees received business ethics/Code of Conduct training. 54% (48%) of our contract suppliers have signed the Supplier Code of Conduct.

### Link to strategy

- Target: 0 legal proceedings
  - Target: All employees get business ethics/Code of Conduct training annually
  - Target: All contract suppliers have signed the Supplier Code of Conduct by 2020
-

# Consistent and transparent corporate governance

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

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

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

## Board of Directors

The roles and responsibilities of Cramo's Board of Directors have been defined in the Charter of the Board and in the Group's Operating Principles. If necessary, the Board's charter is revised and amended annually in conjunction with the first meeting of the Board after the election of its members at the Annual General Meeting. Cramo's Board of Directors is composed taking into account diversity matters, such as gender, age, educational background and experience.

### Composition of Board of Directors in 2018

At the Annual General Meeting 2018, the following people were re-elected to the Board of Directors: Mr Veli-Matti Reinikkala, Mr Perttu Louhiluoto, Mr Peter Nilsson, Mr Joakim Rubin, Ms Caroline Sundewall and Mr Raimo Seppänen. Ms AnnaCarin Grandin was elected as a new board member. The Board's convening meeting elected Mr Reinikkala as Chairman of the Board and Mr Louhiluoto as Deputy Chairman of the Board. Member attendance at the meetings is shown below, and member independence is presented [here](#).

### The Board's work in 2018

The Board of Directors convenes according to a predetermined schedule as well as when considered necessary. In 2018, the Board held twelve meetings. Three permanent committees – the Audit Committee, the Remuneration Committee and M&A Committee – assist the Board. The Board elects the committee members and appoints the committee chairmen. The Board specifies the key duties and operating principles of each committee in a written charter.

### Audit Committee

The Audit Committee assists the Board in its supervisory responsibilities in line with the Finnish Corporate Governance Code. At the Board's constitutive meeting on 28 March 2018, Mr Joakim Rubin was appointed Chairman of the Audit Committee, and Ms AnnaCarin Grandin, Mr Perttu Louhiluoto and Ms Caroline Sundewall were elected as members. The Audit Committee held eight meetings.

### Remuneration Committee

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

At the Board's constitutive meeting on 28 March 2018, Mr Veli-Matti Reinikkala was appointed Chairman of the Remuneration Committee and Mr Peter Nilsson and Mr Raimo Seppänen were elected as members. The Remuneration Committee met three times.

### M&A Committee

In 2018 the Board of Directors of Cramo Plc resolved to establish a new board committee called the M&A Committee, the purpose of which is to support the management on potential M&A activities and the development and implementation of the company's strategy work.

At the Board's constitutive meeting on 28 March 2018, Mr Veli-Matti Reinikkala was appointed Chairman of the M&A Committee and Mr Joakim Rubin and Mr Perttu Louhiluoto were elected as members. The M&A

Committee met four times.

### Shareholders' Nomination Committee

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

The following people were appointed on 26 October 2018 as members of the Shareholders' Nomination Committee: Mr Fredrik Åtting, Mr Ari Autio, Mr Kalle Saariaho and Mr Veli-Matti Reinikkala. Mr Åtting was elected as the Chairman of the Shareholders' Nomination Committee. The committee held two meetings.

### Cramo's board member attendance at meetings and remuneration received in 2018 on a cash basis

Name	Position	Attendance	Board meetings		Audit Committee		Remuneration Committee		M&A Committee		Total
			Fees, EUR	Attendance	Fees, EUR	Attendance	Fees, EUR	Attendance	Fees, EUR	Attendance	
<b>Veli-Matti Reinikkala</b>	Chairman	12/12	85,000				3/3	3,000	4/4	2,000	90,000
<b>Perttu Louhiluoto</b>	Deputy Chairman	11/12	37,500	7/8	5,000				4/4	2,000	44,500
<b>AnnaCarin Grandin<sup>1</sup></b>	Member	9/9	37,500	6/6	6,000						43,500
<b>Peter Nilsson</b>	Member	12/12	37,500				3/3	3,000		500	41,000
<b>Joakim Rubin</b>	Member	12/12	42,500	7/8	8,000				3/4	1,500	52,000
<b>Raimo Seppänen</b>	Member	12/12	37,500				3/3	3,000			40,500
<b>Caroline Sundewall</b>	Member	12/12	37,500	8/8	8,000						45,500
<b>Erkki Stenberg<sup>2</sup></b>	Member	1/3		2/2	2,000						2,000
<b>Total</b>			<b>315,000</b>		<b>29,000</b>			<b>9,000</b>		<b>6,000</b>	<b>359,000</b>

<sup>1</sup> since 28 March 2018

<sup>2</sup> until 27 March 2018

### President and CEO

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

### Remuneration of the Board of Directors

In 2018 the General Meeting approved the following annual remuneration for Board services:

- Chairman of the Board EUR 85,000
- Other Board members EUR 37,500

The remuneration is paid in cash and the Board of Directors will adopt a policy on Board member share ownership. The policy shall entail that Board members who do not already have such a holding of Cramo Plc's shares are expected to acquire Cramo Plc's shares for a total market value equal to at least one year's Board fees before taxes, excluding any Committee compensation, during a four-year period from the start of their directorship. As part of its process, the Nomination Committee will follow up on the Board members' shareholding annually and assess whether it is in accordance with the policy.

In addition, all Board members are entitled to compensation of EUR 1,000 per attended meeting of the Audit and Remuneration Committees and EUR 500 per attended meeting of the M&A Committee. Furthermore, the Board member elected Chairman of the Audit Committee receives additional compensation of EUR 5,000 per year. Reasonable travel expenses will be refunded upon receipt of invoice.

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

## Remuneration

### Remuneration principles

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

The company applies a competitive policy related to salaries. In addition to fixed salaries, Cramo offers short- and long-term incentive schemes for management and its key personnel. In addition, operating companies have local short-term incentive schemes.

### Remuneration of the President and CEO

<b>Written service contract approved by the Board</b>	Compensation package includes a fixed annual salary and a profit-based incentive tied to the Group's financial targets and/or personal targets set by the Board. Remuneration also includes a voluntary pension benefit and fringe benefits such as a company car.	In 2018, the maximum bonus paid to the President and CEO was 70% of base salary. The President and CEO participates in Cramo's short-term incentive schemes as of 2016, One Cramo Share Plan as of 2015, and share-based incentive plan as of 2016.
<b>Notice period and retirement age</b>	The notice period for the service contract is six months, during which time he/she receives a full salary. The retirement age is 65 years.	In case the contract is terminated by the employer, there is a severance payment of 12 months' salary.

**Remuneration to the President and CEO and the Group management team on an accrual basis in 2018 EUR**

	Profit-based incentives	Fringe benefits	Termination benefits	Share-based payments	Post-employment benefits	2018 Total	2017 Total
President and CEO	223,373	15,730		365,244	157,500	1,455,466	1,256,548
Group management team	341,890	90,123	421,427	638,504	229,858	3,212,797	2,869,456
<b>Total</b>	<b>565,263</b>	<b>105,853</b>	<b>421,427</b>	<b>1,003,749</b>	<b>387,358</b>	<b>4,668,264</b>	<b>4,126,004</b>

**Short-term and long-term incentive schemes**

Element	Target group	Objective	Link to strategy/performance measures	Amount paid in 2018
<b>Short-term incentive: Annual bonus schemes</b>	The Group management team members, OpCo managers and key employees, and Group key employees	To support the achievement of Cramo's financial targets by enhancing a strong performance culture.	Management bonuses are tied to the achievement of financial targets for the Group and operating countries. The targets are set annually, and any compensation is paid once a year after the end of the financial period. The financial targets are based mainly on Economic Profit.	Variable pay for 2018 (accrual based) amounted to EUR 223,373 for the President and CEO and EUR 341,890 for the Group management team members.
<b>Long-term incentive: Performance Share Plan 2015-2017 and/or 2018</b>	Managers and key employees, including Group management team	To support the achievement of the Group's long-term goals by attracting and retaining those identified as key employees.	The potential reward from the Plan for the discretionary period 2018 was based on the Cramo Group's key figure Earnings per Share (EPS). The maximum reward to be paid on the basis of the discretionary period 2018 could have corresponded to the value of 232,500 Cramo Plc shares.	In 2018, the target achievement level was about 73.45%, resulting in a total reward payment of approximately 170,777 Cramo Plc shares, including a part to be paid in cash in spring 2021.
<b>Long-term incentive: One Cramo Share Plan</b>	All Cramo employees	To encourage all employees to become shareholders in Cramo, to reward employees for their efforts in working towards Cramo's targets and to strengthen the tie between Cramo shareholders and employees.	The monthly saving is 2-5% of each participant's monthly gross salary, with the total amount of all savings from the Plan Period not to exceed EUR 4 million.	A total of 923 employees have joined the programme. The number of matching shares delivered to employees participating in the Plan was 6,738 Cramo Plc shares in 2018.

## Pension benefits

<b>Directors</b>	Cramo's executives participate in local pension systems for each operating country which provide a retirement benefit based on years of service and earnings according to the prescribed statutory system.	
<b>President and CEO and Group management team</b>	Only the President and CEO participates in a contribution-based voluntary pension system.	In 2018, the expenses of the voluntary pension system for the President and CEO totaled EUR 157,500.

## Internal control and risk management regarding financial reporting

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

### Roles and responsibilities

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

### Risk assessment, control and monitoring

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

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

## Related party transactions

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

## Insider administration

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

## General Data Protection Regulation

The Company is committed to comply with the European Union's General Data Protection Regulation and other applicable privacy regulations. In 2018, the company implemented enhanced processes to address the new regulatory demands and appointed a data privacy officer to oversee and coordinate privacy-related matters.

## Auditing

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

At the Annual General Meeting on 28 March 2018, the firm of authorised public accountants KPMG Oy Ab was appointed as Cramo Plc's auditor for the term expiring at the end of the next Annual General Meeting, with APA Mr Toni Aaltonen as the responsible auditor. The firm of authorised public accountants KPMG Oy Ab has served as auditor, with APA Mr Toni Aaltonen as the responsible auditor, since 2014.

### Total compensation for external auditing

EUR 1,000	2018	2017	Change, %
Audit fees	686	449	52.8
Certificates and statements	26		
Tax consultation	24	99	-75.8
Other services	281	174	61.7
<b>Total</b>	<b>1,017</b>	<b>722</b>	<b>40.9</b>

# Board of Directors

31 December 2018



## Veli-Matti Reinikkala

Board member and Chairman of the Board since 2017; Chairman of the Remuneration Committee and M&A Committee.

Born 1957, Finnish citizen;  
Executive Master of Business Administration.

### Primary work experience:

President Europe, Member of Group Executive Committee, ABB Switzerland 2015; President of Process Automation division, Member of the Group Executive Committee, ABB Ltd. Switzerland 2006–2014; Head of Business Area Process Automation, ABB Ltd. Switzerland 2005; Local Division Manager, Automation Technologies Division, ABB (China) Ltd., Member of Global Automation Technologies Division Management Team 2003–2004; Business Area Manager for Drives & Power Electronics, ABB Automation Management Ltd., Switzerland 2002–2003; various positions at ABB, 1994–2001.

### Other positions of trust:

Board member of Fortum Corporation, Board member of UPM-Kymmene Corporation and Chairman of the Remuneration Committee

### Cramo shares on 31 Dec 2018:

6,000 (31 Dec 2017: 6,000)

Deemed independent of the Company and its major shareholders.



## AnnaCarin Grandin

Board member since 2018; Member of the Audit Committee.

Born 1967, Swedish citizen;  
B.Sc. (Business Administration), Stockholm University and Gävle/Sandvik University College.

### Primary work experience:

CEO, Sweden, Coor Service Management 2016–present; Executive Vice President, Coor Service Management 2014–2016; Senior Account Manager, Statoil, Coor Service Management 2014; CEO, Norway AS, Coor Service Management 2011–2014; Business Unit President, Coor Service Management Sverige AB 2004–2010.

### Other positions of trust: –

### Cramo shares on 31 Dec 2018:

0 (31 Dec 2017: –)

Deemed independent of the Company and its major shareholders.



### **Perttu Louhiluoto**

Board member since 2016 and Deputy Chairman since 2018. Member of the Audit Committee and M&A Committee.

Born 1964, Finnish citizen;  
M. Sc. (Econ), Master of Laws; CEO, Rettig ICC Oy.

#### **Primary work experience:**

President, Services, Metso Corporation 2015–2017;  
President, Flow Control, Metso Corporation 2014–2015;  
President, Automation, Metso Corporation 2012–2014;  
President, Energy and Environment Technology, Metso Corporation 2011–2011; Senior Vice President, EMEA Market Area, Mining and Construction Technology, Metso Corporation 2009–2011; Senior Vice President, Operational Excellence, Metso Corporation 2008–2009;  
Partner, McKinsey & Company 2000–2008; various positions, McKinsey & Company 1991–1999.

#### **Cramo shares on 31 Dec 2018:**

895 (31 Dec 2017: 895)

Deemed independent of the Company and its major shareholders.



### **Peter Nilsson**

Board member since 2015; Member of the Remuneration Committee.

Born 1962, Swedish citizen;  
M.Sc. (Econ.).

#### **Primary work experience:**

President and CEO, Sanitec Corporation 2010–2015; CEO, Duni AB 2004–2007; various Senior Management positions, Swedish Match Group 1987–2003.

#### **Other positions of trust:**

Board Chairman: NKB 129 APS, Poleved Advisory, Poleved Industrial Performance AB, Eton Ab, Eton Group Ab, Earl Holding III Ab, Lindab International Ab, CHEP Aerospace Solutions, IVC Acquisition TopCo Limited.  
Board member: Team Tråd & Galler Holding AB, JH Tidbecks AB, Signtronic Produktion AB, Kylpanel i Nassjö AB, Navibus AB, Wermer Fövaltning AB, Unilode Aviation Solutions International AG.

#### **Cramo shares on 31 Dec 2018:**

1,916 (31 Dec 2017: 1,916)

Deemed independent of the Company and its major shareholders.



### **Joakim Rubin**

Board member since 2015; Chairman of the Audit Committee; Member of the M&A Committee.

Born 1960, Swedish citizen;  
M.Sc. (Industrial Engineering and Management); Partner, EQT Partners.

**Primary work experience:**

Founding Partner, Zeres Capital Partners AB 2013–2018; Senior Partner, CapMan Group 2008–2015; several positions such as Head of Corporate Finance and Debt Capital Markets, Handelsbanken Capital Markets 1995–2008.

**Other positions of trust:**

Board member: ÅF AB, Hoist AB.

**Cramo shares on 31 Dec 2018:**

1,916 (31 Dec 2017: 1,916)

Deemed independent of the Company, but not independent of a major shareholder.



### **Raimo Seppänen**

Board member since 2014; Member of the Remuneration Committee.

Born 1956, Finnish citizen;  
Civil Engineer; Head of Housing Repairs, YIT Construction Ltd., Housing Helsinki Metropolitan Area East unit (since 2006).

**Primary work experience:**

Specialist (Structural technology), Helsinki Housing Production Bureau (ATT), 2000–2006; General Site Manager, Head of Site Management for renovation and residential construction, Haka, Skanska, 1987–2000.

**Other positions of trust:**

Board Chairman: Rakennusmestarien Säätiö.

**Cramo shares on 31 Dec 2018:**

1,916 (31 Dec 2017: 1,916)

Deemed independent of the Company, but not independent of a major shareholder.



## **Caroline Sundewall**

Board member since 2014; Member of the Audit Committee.

Born 1958, Swedish citizen;  
MBA; Independent Business Consultant, Caroline Sundewall AB (since 2001).

### **Primary work experience:**

Business Commentator, Finanstidningen, 1999–2001;  
Editor and Commentator, Sydsvenska Dagbladet (Business section), 1992–1999 and Affärsvärlden 1989–1992; Business Controller, Ratos AB 1989–1992.

### **Other positions of trust:**

Board Member: Hemfosa AB, Mertzig Asset Management, Elanders AB, SinterCast, Stiftelsen Tillväxt Helsingborg.  
Chairman Streber Cup Tennis Foundation.

### **Cramo shares on 31 Dec 2018:**

2,000 (31 Dec 2017: 2,000)

Deemed independent of the Company and its major shareholders.

# Group Management

31 December 2018



## Leif Gustafsson

President and CEO since 2016.

Born 1967, Swedish citizen;  
Construction Engineer; Employed by Cramo since 2016.

### Primary work experience:

CEO, Stena Recycling International, 2012–2015; CEO, Stena Recycling AB, 2008–2012; CEO, YIT Sverige AB, 2005–2008; Division manager, YIT Sverige AB, 2003–2005; Division manager, ABB Contracting, 1999–2003.

### Other positions of trust:

Board member: ERA (European Rental Association).

### Cramo shares on 31 Dec 2018:

24,263 (31 Dec 2017: 18,341)



## Aku Rumpunen

CFO since 2016.

Born 1974, Finnish citizen;  
M.Sc. (Econ), M.Sc. (Geography); Member of Group management team since 2013; Employed by Cramo since 2012.

### Primary work experience:

Senior Vice President, Group Business Control, Cramo Plc, 2013–2016; Business controller, Financial manager, YIT Construction Ltd, 2003–2012.

### Cramo shares on 31 Dec 2018:

7,340 (31 Dec 2017: 3,641)



### Peter Bäckström

Executive Vice President, Scandinavia since 2017;  
Managing Director, Cramo AB (Sweden) since 2017.

Born 1959, Swedish citizen;  
Managing Director education, IFL (Institutet för  
företagsledning) and Business School Copenhagen;  
Member of the Group management team since 2017;  
Employed by Cramo since 2017.

#### Primary work experience:

Division Leader Nordic, JCI – CBRE, 2014–2017; Director  
Global Operations (from 2011), Johnson Controls, 2004–  
2014; Managing Director Sweden, Falck Sweden AB,  
2002–2004; Divisional Director, MD Finland (from 2000),  
Falck Security AB, 1993–2002.

#### Cramo shares on 31 Dec 2018:

1,000 (31 Dec 2017: 500)



### Hartwig Finger

Executive Vice President, Central Europe since 2018;  
Managing Director, Cramo AG since 2018.

Born: 1973, German citizen;  
MBA; Member of Group management team since 2018;  
Employed by Cramo since 2018.

#### Primary work experience:

President, Continental Europe Dwyer Group, 2015–2018;  
Global Business Unit Manager, Imtech, 2014–2015; Self-  
employed, Interim Manager, 2013; CEO, Polygon  
Germany, 2005–2012; Deputy Managing Director, RISO  
Central & Eastern Europe, 2000–2005; Financial  
Controller, IMI Hydronic Controls Germany, 1994–2000.

#### Cramo shares on 31 Dec 2018:

0 (31 Dec 2017: –)



### Tatu Hauhio

Executive Vice President, Finland and Eastern Europe  
since 2013; Managing Director, Cramo Finland since  
2006.

Born 1970, Finnish citizen;  
M.Sc. (Econ); Member of the Group management team  
since 2006; Employed by Cramo since 2004.

#### Primary work experience:

RK Group, Director for Project Rental and foreign  
operations, 2004–2005; Suomen Projektivuokraus Oy,  
Business Development Director, 2003; Cap Gemini Oy, IT  
consultancy, quality and risk management positions,  
1997–2002.

**Other positions of trust:** Board member: Fortrent Oy.

#### Cramo shares on 31 Dec 2018:

24,843 (31 Dec 2017: 20,108)



### Martin Holmgren

Senior Vice President, Fleet Management since 2013.

Born 1967, Swedish citizen;  
B.Sc. (Business Administration); Member of the Group  
management team since 2009; Employed by Cramo since  
2003.

#### Primary work experience:

Product Area Manager Fleet Management, Cramo AB,  
2003–2008; Business Development Manager, Telia Mobile,  
2000–2003; Supply Chain Manager, ABB, 1998–2000; Site  
Manager, Platzer Bygg, 1989–1995.

#### Cramo shares on 31 Dec 2018:

4,616 (31 Dec 2017: 3,228)



### **Philip Isell Lind af Hageby**

Executive Vice President, Modular Space since 2017.

Born 1984, Swedish citizen;

M. Sc. (Economics and Business); Member of the Group management team since 2017; Employed by Cramo since 2017.

**Primary work experience:**

Managing Director and Senior Vice President, Inwido Norway, 2016–2017; Vice President International Sales, SCAN COIN, 2015–2015; Director of Retail and Director of Marketing, SCAN COIN, 2013–2015; Managing Director, SCAN COIN Scandinavia, 2012–2015.

**Cramo shares on 31 Dec 2018:**

588 (31 Dec 2017: 208)



### **Mika Kouhi**

Senior Vice President, M&A and Corporate Development since 2018.

Born 1978, Finnish citizen;

M. Sc. (Economics and Business Administration); Member of the Group management team since 2018; Employed by Cramo since 2013.

**Primary work experience:**

Group Head, M&A and Corporate Development, Cramo Oyj, 2016–2018; Director, Business Development, Cramo Oyj, 2016; Head of Finance, Cramo AG, 2014–2016; Head of Project Management and Process Development, 2013–2014; various managerial positions such as Head of Finance and Associate Director Corporate Finance, Agennix AG, 2006–2012.

**Cramo shares on 31 Dec 2018:**

1,453 (31 Dec 2017:206)



### **Mattias Rådström**

Senior Vice President; Communications, Marketing and Investor Relations since 2016.

Born 1970, Swedish citizen;

Bachelor of Arts, Political Science; Member of Group management team since 2016; Employed by Cramo since 2016.

**Primary work experience:**

VP Global Social Media and PR, Electrolux, 2010–2016; Head of PR Region North, Electrolux, 2009–2010; Director Media Relations, Electrolux, 2006–2009; Account Director, Hill+Knowlton Strategies, 2005–2006; Head of Media Relations, Veolia Transport Sweden, 2004–2005; Head of Media Relations, Sverige i Europa, 2002–2004.

**Cramo shares on 31 Dec 2018:**

246 (31 Dec 2017: 107)



### **Petra Schedin Stergel**

Senior Vice President, Human Resources Development since 2016.

Born 1969, Swedish citizen;

Social Science in Human Resource Development; Member of Group management team since 2016; Employed by Cramo since 2016.

**Primary work experience:**

Head of HR Function, PwC Sweden, 2006–2016; Head of HR, Komrev AB, 1998–2006; Project Manager, Uppsala Kommun, 1996–1998.

**Cramo shares on 31 Dec 2018:**

312 (31 Dec 2017: 122)



## Why invest in Cramo?



### Strong brand and market position

- We are #2 in the equipment rental market in Europe
- We are #1 in modular space in the Nordic countries



### Shape and Share strategy for sustainable growth and profitability

- Our solid financial position enables us to capture emerging business and growth opportunities.
- We aim for both organic and inorganic growth and strive for a leading position in our chosen markets.
- We are well prepared to expand and scale up our business models as well as create game-changing offerings as a source of profitable growth.
- Our strong innovation culture helps us create services and solutions that support the success of our customers.



### Stable dividend payer

- Our profit distribution target is to pursue stable profit distribution and pay about 40% of earnings per share as dividends.



### Growing markets driven by megatrends

- Migration, urbanisation, demographic changes and resource scarcity drive the demand for sustainable rental services and solutions and have a positive impact on the operating environment of the equipment rental and modular space businesses.
- Digitalisation creates new opportunities for efficient professional sharing and promotes the development of the sharing economy, where rental is preferred over ownership for both environmental and economic reasons.



### Leading the digital revolution in equipment rental

- Our business model is based on the responsible sharing of sustainable solutions and resources, and our vision is Shared Resources Simplified.

- Digitalisation is one of the single most important enablers of more efficient and easy sharing of rental solutions. We have taken a leading role in utilising and developing the opportunities of digitalisation in the professional rental business.

### **The Board of Directors pursue Modular Space's separation**

During 2018 Cramo assessed strategic alternatives for its Modular Space business, Cramo Adapteo, since the modular space business has limited synergies with the equipment rental business. The objective of this assessment was to maximise long-term shareholder value for Cramo's shareholders. Based on the outcome of the assessment, in December 2018 the Board of Directors of Cramo decided to pursue a spin-off of the company's Modular Space business to Cramo's existing shareholders. The transaction and separate listing are expected to take place on Nasdaq Stockholm by no later than the third quarter of 2019.

# Shares and shareholders

## Share

Cramo is a Nordic Mid Cap Company in the Industrials sector on Nasdaq Helsinki Ltd. At the end of the review period, the number of Cramo shares was 44,690,554 and the share capital as registered in the Finnish Trade Register was EUR 24,834,785.

**In 2018, Cramo celebrated 30 years as a listed company. Cramo has been listed on the Helsinki Exchange since 1 August 1988.**

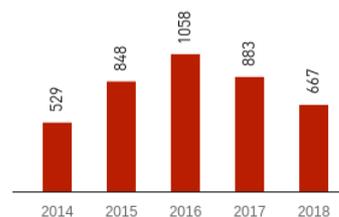
### Key figures for the Cramo share

	2014	2015	2016	2017	2018
Comparable earnings per share, EUR	0.91	1.17	1.70	1.87	2.05
Earnings per share, EUR	0.37	1.13	1.54	1.89	1.90
Dividend per earnings, %	148.6	57.5	48.7	45.0	47.4
Dividend per share, EUR	0.55	0.65	0.75	0.85	0.90 <sup>1</sup>
Comparable P/E ratio	13.27	16.33	13.99	10.57	7.28
Market capitalisation of share capital, MEUR	528.5	848.4	1,057.5	879.1	666.8

<sup>1</sup> Board proposal

### Market capitalisation, MEUR

On Nasdaq Helsinki 2014-2018



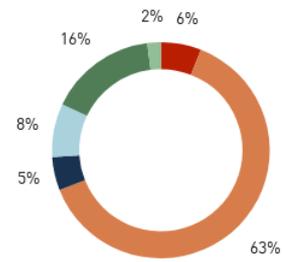
## Shareholders

Cramo had 12,160 shareholders on 1 January 2018 and 12,718 on 31 December 2018.

### Shareholding by sector

31 December 2018 (2017) % of shares

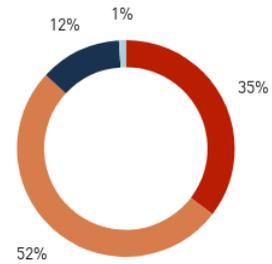
- Corporations 6 (5)
- Financial and insurance companies 63 (66)
- General government 5 (3)
- Non-profit institutions 8 (8)
- Households 16 (15)
- Foreign shareholders 2 (2)



### Shareholding by size

31 December 2018 (2017) %

- 1-100 • 35 (34)
- 101-1,000 • 51 (52)
- 1,001-10,000 • 12 (12)
- 10,001-100,000 • 1 (1)
- 100,001-500,000 • 0 (0)
- 500,001- • 0 (0)



## Major shareholders, 31 Dec 2018

Major shareholders 31 Dec 2018	Number of shares	%	Voting rights	%
EQT Partners	4,447,210	10.02	4,447,210	10.02
Rakennusmestarien Säätiö	2,129,422	4.76	2,129,422	4.76
OP Finland Mutual Fund	1,619,580	3.62	1,619,580	3.62
Ilmarinen Mutual Insurance Fund	1,319,040	2.95	1,319,040	2.95
Varma Mutual Pension Insurance Company	758,387	1.70	758,387	1.70
Odin Finland	507,656	1.14	507,656	1.14
Evti Finland Small Company Fund	420,000	0.94	420,000	0.94
OP Finland Small Companies	385,445	0.86	385,445	0.86
SR Danske Invest Suomi Yhteisöosake	345,000	0.77	345,000	0.77
Evti Finland Select Mutual Fund	320,000	0.72	320,000	0.72
Nordea Nordic Fund	309,457	0.69	309,457	0.69
Rakennusmestarit ja -Insinöörit AMK RKL Ry	301,220	0.67	301,220	0.67
SEB Finlandia Fund	238,565	0.53	238,565	0.53
Kirkon Eläkerahasto	213,500	0.48	213,500	0.48
Mandatum Life unit - linked	196,618	0.44	196,618	0.44
Nordea Pro Finland Fund	194,677	0.44	194,677	0.44
Helsingin Rakennusmestarit ja -Insinöörit AMK Ry	173,973	0.39	194,677	0.39
Säästöpankki Kotimaa Fund	164,648	0.37	173,973	0.37
Säästöpankki Small Company Fund	162,304	0.36	164,648	0.36
Lindström Kim	156,975	0.35	162,304	0.35
SEB Life Helsinki Branch	153,934	0.34	156,975	0.34
Laakkonen Mikko Kalervo	135,300	0.30	153,934	0.30
Maa- ja Vesiteknikan Tuki R.Y.	130,000	0.29	135,300	0.29
SR DI Suomi Osinko Plus	119,763	0.27	130,000	0.27
Cramo Plc	116,581	0.26	119,763	0.26

SR Danske Invest Finland Share	115,000	0.26	116,581	0.26
Nordea Finland Fund	106,359	0.24	115,000	0.24
Veikko Laine Oy	103,000	0.23	106,359	0.23
Others	10,407,448	23.29	103,000	0.00
Nominee registered	18,473,240	41.27	18,473,240	41.27
<b>Transferred to book- entry securities system total</b>	<b>44,682,385</b>	<b>99.98</b>	<b>44,682,385</b>	<b>99.98</b>
Not transferred to book-entry securities system total	8,169	0.02	8,169	0.02
<b>Total</b>	<b>44,690,554</b>	<b>100.00</b>	<b>44,690,554</b>	<b>100.00</b>

### Management interest

At year-end, the members of the Board of Directors, the President and CEO and other members of the Cramo management team and their interested parties held a total of 77,916 Cramo Plc shares (73,340 in 2017).

# Cramo in the capital markets

Cramo's Investor Relations (IR) team, consisting of the CEO, CFO and IR Officer, participated in more than 40 investor meetings during 2018. Meetings were conducted around Europe but mainly in the Nordic countries.

## Investor relations policy

Cramo's investor relations seek to support the correct valuation of the company's share by providing capital markets with up-to-date information about the company's business, strategy and financial position.

## Silent period

Cramo observes a three-week silent period prior to the publication of its results. At other times, we are happy to answer the enquiries of analysts and investors by phone or email, or at the investor meetings arranged.

## Analyst research

According to the information available to the company, analysts in the service of at least the following banks and brokerage firms made investment analyses of Cramo in 2018: Carnegie, Danske Bank Equities, Handelsbanken Capital Markets, Inderes, Nordea Markets, OP Equities and SEB Markets. Cramo takes no responsibility for the opinions expressed.

## Investor information

Cramo Group's annual reports, financial statement bulletins, half year financial reports, business reviews and stock exchange releases as well as other investor information are published on the Group's website in English and Finnish.

## Financial reporting in 2019



# Information for shareholders

## Annual General Meeting

**Time:** Thursday, 28 March 2019 at 10.00 am (EET)

**Venue:** Finlandia Hall, Helsinki Hall

**Address:** Mannerheimintie 13 e, 00100 Helsinki.

Admission of registered shareholders begins at 9.00 am.

## Right to participate

Shareholders who wish to attend the AGM must be registered on 18 March 2019 in the company's shareholders' register held by Euroclear Finland Ltd.

## Registration

Shareholders must also give prior notice of their attendance to the company by 25 March 2019 at 10.00 am. Such notice can be given:

- on the company website: [www.cramogroup.com](http://www.cramogroup.com)
- by phone at +358 10 661 1242 (Mon–Fri 8.00 am–6.00 pm)
- in writing to Cramo Plc, Annual General Meeting, Kalliosolantie 2, FI-01740 Vantaa, Finland

Any proxy documents should be delivered as originals prior to the final registration date. If shareholders wish to bring up a matter for consideration by the Annual General Meeting, they must present the matter in writing to the Board of Directors at the latest four weeks prior to the publication of the notice in order for the matter to be included in the notice convening the meeting.

## Dividend payment

In accordance with the company's profit distribution policy, the Board proposes a dividend of EUR 0.90 per share for the financial year 2018, representing 47.4% of reported earnings per share. A dividend of EUR 0.85 was paid for the financial year 2017, representing 44.9% of reported earnings per share.

## Change of address

If your address or account number for dividend payment changes, we ask that you send written notification of this to the particular register holding your book entry account.

## Financial reporting and Annual General Meeting in 2019



## Contact

If you have any questions, please contact:



**Mattias Rådström**

SVP Communications, Marketing and Investor Relations

tel: +46 708 687 045

email: [mattias.radstrom@cramo.com](mailto:mattias.radstrom@cramo.com)



**Aku Rumpunen**

CFO

tel: +358 40 556 3546

email: [aku.rumpunen@cramo.com](mailto:aku.rumpunen@cramo.com)



**Merja Naumanen**

IR Communication Officer

(sabbatical leave 2 Jan 2019 – 30 Jun 2019)

**General enquiries and flagging notifications:**

email: [investor.relations@cramo.com](mailto:investor.relations@cramo.com)





## Sharing machines – easy 24/7 rental

“It’s no news that millennials are used to getting their information instantly, anytime and anywhere. Cramo’s customers wanted an overview of their invoicing, what machines they’re currently renting and instructions on their usage. What they wanted was convenience and easy access,” says Business Development Director **Jonas Pärssinen** at Cramo.

“Their requests fitted well with our sense of the main issues raised in many of our customer transactions and became the starting point for the development of our digital portal. We never wanted to build a simple e-commerce platform. And we didn’t.”

**Cramo’s digital platform aims to give customers trouble-free access to a combination of services and solutions that together make their usage smart business.**

“Our new service reached the younger generation of construction project managers first. They learned to use the platform in no time. For some customers, it takes longer to get on board and our sales people are there to support them.”

The users are mainly site managers and project managers who are out in the field and need quick access to up-to-date figures for their rental fleet, invoicing or returns. Back office people use the portal to get data.

“Customers really appreciate having all their data readily available. This also impacts our work since there has been a steady decrease in phone calls and e-mail traffic about rental data. Once we get on top of renting out equipment through the platform, we’ll see further benefits for everyone. But at the moment, customers are still learning how to use the rental feature.”

“In my vision, we’ll soon be able to also provide customers with logistics planning and the servicing of IoT-smart machines. These features will further smooth the way for customers, reduce transport needs and extend the effective, sustainable use of our rental equipment fleet.

Cramo’s digital platform adds equipment rental as another component in the digitalisation megatrend. Digital equipment rental also allows us to meet one of our top goals – to make professional renting part of the circular economy.



## Customer case: Managing fleet and saving time easily

It's Wednesday, and the day has just begun at RO-Gruppen's construction site in Gothenburg, Sweden. Around noon, some construction workers need a dumpster but can't find one. They contact the project manager to say that there are no dumpsters on site. Project Manager **Mathias Johansson** has made things easy for himself. He rents construction equipment when it's needed from Cramo and is an active user of their digital fleet manager. After hearing that no dumpster is available, Mathias quickly logs into Cramo's digital platform to check if there aren't in fact any dumpsters on site and immediately gets confirmation that they are actually renting nine dumpsters at the moment. With that information at hand, he lets the workers know about the dumpster situation.

"For me, the biggest benefit of the digital platform is the fleet manager, where I get up-to-date information about what equipment I have on site and what we've returned. I've also rented and returned equipment through the platform and it works fine," says Mathias Johansson.

**I really like working with Cramo – they have a genuine service mind-set. If there's a machine that needs to be serviced, it's immediately taken care of.**

When told that Cramo is planning to digitally connect even more equipment in the future so that they can determine which items need service and schedule maintenance before any trouble occurs, Mathias sounds pleased. Some 12,000 of Cramo's rental items are already digitally connected in what is called the Internet of Things or IoT, which means that Cramo can help customers optimise their equipment use or anticipate future maintenance needs.

"For me, the digital platform simply saves time. I use it for three purposes: to manage our rental fleet, find instructions for machine usage and enhance safety on our construction sites. I recently printed out instructions for a large saw in order show our site workers how important it is for them to protect their hearing with proper ear muffs when they use it," says Construction Site Supervisor **Johanna Bengtsson** from JM.

**For me, the digital platform simply saves time.**

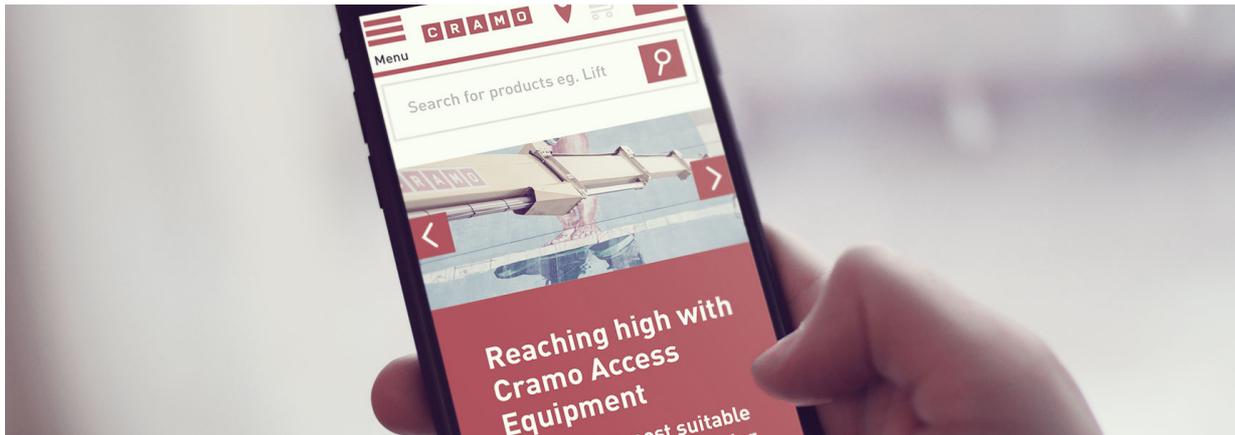
Today, JM employees are not yet allowed to use digital platforms or apps other than those from their own company.

"I'd love to use the rental and return function. Using it, I could prevent misunderstandings that sometimes occur on the phone. It happens that long ID numbers for equipment are entered incorrectly and we get the wrong equipment on-site. I could also more easily optimise equipment returns. Avoiding these mistakes would save both time and money."

Cramo's mobile app, Product Viewer, could also help in downloading the appropriate instructions and certificates. With the app, it is easy to scan the barcode off the machine instead of typing it out.

*RO-Gruppen is one of the most attractive and fastest-growing construction companies in Sweden, with an annual turnover of about 80 million euros.*

*JM is one of the Nordic region's leading developers of housing and residential areas, with an annual turnover of about 1 billion euros.*



## Continuous evolution of digital services

“In the future, I would like to see all our services connected to a single platform,” says Head of Digital Channels **Elina Aalto**. “Our digital platform and applications are constantly being developed with one main objective in mind - to make our customers’ work easier. Digitalisation enables flexible work hours and constant up-to-date information. We offer MyEquip and Product Viewer as mobile apps connected to the platform. Product Viewer, for example, allows you to scan the barcode of an individual machine or tool and shows the relevant instructions for safe usage as well as all related certificates. In the future, our Internet-of-Things smart equipment will allow us, and our customers, to anticipate equipment service status and maintenance needs, such as a new battery or oil change.”

**Our digital platform and applications are constantly being developed with one main objective in mind - to make our customers’ work easier.**

One indication that demand is being met is that customers are eager to give feedback and provide development ideas for Cramo’s digital platform. From the start, every stage of development has involved customers. The digital tool is a 24/7 service – status checks and order placements do not depend on the time or place – nor on depot opening hours.

“Today, customers in Finland, Sweden, Germany, Norway, Lithuania and Austria already use the platform, while Estonia is proceeding to external launch in early 2019. Technical solutions are being explored to implement our digital platform to all the countries where we operate in. In 2019 we are making huge marketing efforts to ensure that all of our current and potential customers are aware of our digital offering and the benefits they receive by using our digital services. With that we also hope to increase the number of so-called heavy digital users among our customers.”

“As one measure of success, we can see that customers use our digital platform actively to monitor their order base. Our depots are beginning to receive orders for delivery and equipment returns so frequently that their handling has become routine. In some of our markets, digital orders have been processed at all depots. Success for us lies in applicability for all kind of customers – big and small. To make the service trouble-free for everyone, we have made sure that the user interface is easy and that our 301 depots have the skills to act on customer requests received digitally.”



## Modular spaces for demanding end-uses

We begin our story in early 2018, when 161 modules received working orders to serve as a two-storey school for children aged 6-12 in Sala municipality, Sweden. For most of the modules, it was their first assignment. Together with four modules that had previously served at an ambulance centre, they formed classrooms, a canteen, kitchen, library, rooms for woodworking and staff rooms for Gärdesta School.

“Each customer has different needs so modules are hand-picked case by case,” says **Nicola Lawler**, Logistics Manager at Cramo Adapteo AB.

“When we get an order, such as Gärdesta School, the customer is included in the planning right from the start. Our sales representative maps their needs and then draws a sketch to help them visualise exterior and interior solutions. Logistics makes sure modules are available and delivered on time.”

Visualisation makes it easier for customers to make comments and add requests. In this case, some wider and longer types of modules, which enable larger spaces for classrooms and corridors, were also used. During their life as a school for more than 350 students and staff, the modules help the customer not only meet its educational targets but also keep students and staff warm and safe.

**Energy-efficient buildings with good insulation and high-efficiency windows and doors are taken for granted today. In our modules, insulation is layered and helps save energy. The indoor environment is well ventilated, which is important for schools, where poor indoor air quality is often the cause of school renovations.**

“Building Gärdesta School, as is the case with many modular constructions, called for close collaboration between the sales rep, project manager and logistics and shipping companies. The school itself took only 19 days to build. A tight schedule requires excellent timing of logistics. The bigger modules are four meters wide and have to be escorted by an escort vehicle. Modules need to arrive at a steady rate and be hoisted into place every 30 minutes. They simply cannot arrive too early, too late or in the wrong order,” Nicola adds.

The modules used were transported to the site by ship and truck from the factory in Estonia and from storage facilities in central Sweden while a couple of units came from as far away as a factory in Poland. Four modules were transported to the site from the Swedish city of Eskilstuna, where they had previously served the local ambulance company.



## Customer case: Modular space building – perfect for a school

In the historic mining town of Sala in central Sweden, a school for 350 students and staff was in urgent need of renovation.

“Our need for a temporary school was immediate. The local authority’s decision to renovate the old Gärdesta School, which suffered from water damage and poor indoor air quality, was made in late January 2018,” says the Property Manager for Sala municipality, **Åsa Eriksson**. “To replace it, we needed a building suitable for a school with good indoor air quality, a cost-effective solution and a partner that could act fast. Our biggest concern was the tight schedule. To our relief, Cramo Adapteo and all the subcontractors assured us that the modular building would be finalised in time for the start of school in August 2018.”

“When they said the school could be done in time, I got this very warm feeling inside. The summer turned out to be very hectic, but at the same time it was so cool to be part of something like this.”

During the planning and building, parents and staff voiced concerns about the “barracks” that the children would inhabit. But now that opinion has completely changed. The modular school is big and spacious, and Sala municipality has received many positive comments about it and about the good air quality. All the modules were delivered and assembled on site in just 19 days. The short timeframe also helped reduce disturbances to the traffic flow in Sala.

“In August, when school started, we were worried about the indoor temperature since the summer was unusually warm. In many of the old school buildings, the indoor temperature reflected the outdoor temperature so it can get really warm inside. But we needn’t have worried – the modular school has good air cooling.”

Åsa Eriksson has been working with schools for some 30 years.

**I’ve never seen such happy students and staff in my whole career. They’re so pleased with their modular school that we’re afraid they won’t want to move when the time comes.**

Two neighbouring local authorities have visited Gärdesta School to benchmark the solution. Åsa Eriksson got the intel when she was interviewing school staff that the visitors received only positive feedback on the building and the process overall. Both local authorities have now decided to use modular schools as temporary solutions.



## Modules move from one building to another

In 2018, a modular school was erected in Sala municipality to house 350 students and staff in urgent need of a well-ventilated indoor environment. Assembled from units arriving from transit storage facilities around Sweden, from new units manufactured in Estonia and Poland and from some units used in several previous constellations, the 161 modules have fulfilled this purpose. Today, the children and their teachers inhabit the modular building, which enables the students to play, socialise and learn the skills they need to thrive in society. For the next 2-4 years, these modules will constitute a school of 5,200 square meters with 18 classrooms, a canteen, kitchen, library, rooms for woodworking and needlework plus staff rooms – until it's time for the modules to move again.

“The story of these modules doesn't end with one project. It continues over the lifespan of several temporary buildings – sharing space with those who need it whenever and for whatever purpose. We see our modules as true champions of the flexible, cost-effective, energy-efficient and sustainable circular economy,” says Sales Representative **Tommy Lind** at Cramo Adapteo in Sweden.

Part of Tommy Lind's job is to plan the circularity of modular space. He analyses the need and looks for customers who could have a need for modular solutions.

“When the modules used in Gärdesta School are returned, they'll go back to our workshop to be renovated and restored to their original configuration. Then we'll ship them to another customer who needs them as a school, daycare centre, office or other temporary building.”

**Modules don't stand still for long. Their use is optimised so that they're delivered from one customer to the next. If they stand still, it's only a matter of a few weeks.**

“Some of our oldest modules have been in use for more than 20 years. Over their lifespan, they are restored and updated to comply with new standards many times over.”

Cramo Adapteo supplies customers with different types of modules. For the most part, as much of the work as possible incorporates standardised models. There are four different module series with some ten different module types in each. When the customer requests something that isn't available in the standard models, it's called customer adaptation and usually means that a wall or kitchen is added, for example. To help with planning, Cramo offer its customers a programme called Cramo Draw, which can be used to visualise more standard combinations of modules.

“Looking to the future, I see a clear need for modules. We see demographic growth and resource scarcity, and the modules fit in well here. More and more cities need additional pre-schools and schools for their growing population. More and more flexible office space is also needed,” Tommy Lind adds.

Tommy Lind is stationed in the Swedish city of Västerås, where Cramo Adapteo's office – made of modules – is located. Solar panels have been installed on the roof as part of a pilot project to study their use as an energy source for rental modules in the future.



## Driving innovation together in Bjørvika

The Norwegian construction company AF Gruppen is building 26 multi-storey buildings in a major construction project located in the Bjørvika district of Oslo, the capital of Norway. The project includes 1,300 apartments as well as stores, restaurants and other commercial premises. Cramo is providing construction machinery and equipment for the project, but the collaboration with AF Gruppen goes much deeper. In fact, it is a unique way of working together in the construction business.

“Our goal is to increase productivity and value creation in the project. There are four main goals: create the most attractive city district in Norway, have Norway’s most satisfied customers, increase value creation by 40%, and change the way we collaborate in the industry. To achieve this, we must radically change the way we and all the other parties involved interact on the project,” says **Marius Winger**, Chief Ambition Officer at AF Gruppen.

**We must radically change the way we and all the other parties involved interact on the project.**

This new way of working starts with a new type of contract.

“Instead of being a document that mostly contains rules and fines, a contract now includes each party’s goals for the project, so we establish common project goals together. For example, if we fail to meet the goals set for Cramo in the contract, the project is not a complete success,” Winger continues.

“We are extremely proud to be part of this pioneering project, which will shape the way the whole industry operates,” says **Bjørn Melheim**, Managing Director, Cramo Norway.

“To be able to meet the project’s ambitious profitability and cost reduction goals as far as Cramo is concerned, we must be truly innovative and rethink the way we deliver our products and services. We must take a more active role in every phase of the project, deepen our collaboration with all the parties and find ways to capitalise on the potential of the new technology in a smarter way.”



## Cramo as a taxpayer

Cramo is committed to complying with all applicable tax laws, rules and regulations in every jurisdiction it conducts business activities in. Our operations create added value through taxes to society in 14 countries.

**As a responsible corporate citizen, we seek to work proactively and openly with tax authorities.**

In 2018, Cramo paid EUR 106.1 (90.6; 2017) million in taxes to governments in countries that the Group has operations in. Our main tax payments are corporate income tax and value-added tax (VAT). A total of EUR 20.0 (14.9; 2017) million was paid in corporate income tax and EUR 86.1 (75.7; 2017) million was paid in VAT (net). Cramo follows international transfer pricing guidelines and local laws. We seek to ensure that our tax decisions are aligned with our business, and tax is only one of many factors taken into account in business decisions. VAT is reported on a net basis, which is VAT on sales less VAT on purchases and investments.



## Safety week in Poland attracts thousands

The annual safety week is an important means for Cramo Poland to work together with clients towards the goal of zero accidents.

Safety week is a core project of the Alignment for Safety initiative run by the country's largest construction companies. The main objective of the initiative is to eliminate accidents through the development of safety awareness and improvement of safety standards. For one week in May, safety is the main focus and safety training is provided to contractors and subcontractors at every work site of the companies involved.

For Cramo Poland, it all began in 2015 with a presentation given at one customer's work site. Soon after that, there was a whole wave of inquiries as word of mouth about the popular programme spread. Cramo's contribution has grown steadily since the early days of safety week, and in 2018 nearly 100 presentations were held for close to 2,500 workers at dozens of companies.

"Our practical approach has proven to be very successful. In line with our Great Day at Work promises, we want to work actively to improve safety especially in the area that accounts for the majority of the most serious accidents – working with electricity at heights," says **Bernard Michalczewski**, Country Manager for Cramo Poland.

**I'm really proud of my team. With an organisation of just 160 people, we provide safety training to thousands of people throughout the country. This is a big undertaking, and it underlines our strong commitment to safety.**

In the training programmes, we provide guidance on what kind of safety checks are needed before work starts and how to use machines properly and safely. Finally, since we believe that learning happens best by doing, participants are invited to test their electrical tools, which they were asked to bring along, and together with an instructor try out a lift after going through a safety checklist.

Safety week is also an example of a genuine win-win concept which has positive outcomes for both sides: in addition to improving safety at work sites, it has also increased awareness of Cramo as a reliable and safe partner in the construction industry, boosting Cramo's rental sales.

In 2019, we will continue to work with safety week and develop the concept further with the aim of optimising our safety week process, tools and resources.