FINANCIAL STATEMENTS AND BOARD OF DIRECTORS' REPORT

2018

Financial Statements and Board of Directors' Report

Contents

Board of Directors' report

Cramo Group's organic sales increased, and profitability improved in 2018. Sales increased by 6.9% and were EUR 779.8 million. In local currencies, sales grew by 10.5%. Organic sales growth was 6.1%. Comparable EBITA was EUR 130.1 (120.0) million or 16.7% (16.5%) of sales.

KEY FIGURES AND RATIOS (MEUR)	2018	2017	Change, %
Sales	779.8	729.5	6.9
Comparable EBITA	130.1	120.0	8.3
% of sales	16.7	16.5	
EBITA	124.0	120.7	2.8
% of sales	15.9	16.5	
Comparable profit for the period	91.2	83.3	9.5
Profit for the period	84.7	84.2	0.5
Comparable earnings per share (EPS), EUR	2.05	1.87	9.3
Earnings per share (EPS), EUR	1.90	1.89	0.3
Comparable ROCE, %[1]	11.0	11.8	
ROCE, %[1]	10.5	11.8	
Comparable ROE, %	15.7	15.4	
ROE, %	14.7	15.6	
Net debt / EBITDA[2]	2.88	1.65	
Net interest-bearing liabilities	703.5	382.3	84.0
Gross capital expenditure (incl. acquisitions)	516.8	213.9	141.7
of which acquisitions/business combinations	313.2	9.4	
Cash flow from operating activities	195.5	186.5	4.8
Cash flow after investments	-150.4	33.1	
Average number of personnel (FTE)	2 753	2 538	8.5

The alternative Performance Measures used by Cramo are presented on page 14 in the Board of Directors' report. Calculation of other key figures are presented on page 55 in the notes to the Consolidated Financial Statements.

1 Cramo changed the calculation method of ROCE's capital employed component into 12 months average in 2018 reporting period. The change has been applied into comparison year's figures. 12-month average reflects better the long-term development of capital employed compared to previous 2-point average calculation.

2 Proforma Net debt / EBITDA 2.63 (including full year NMG's and KBS' proforma EBITDA)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

ACQUISITIONS

Cramo completed two significant acquisitions during the reporting period.

On 28 February, Cramo acquired 100 percent of the share capital of KBS Infra GmbH ("KBS") in order to strengthen its business position in the Central European market and expanded its business model by offering value-adding services. KBS Infra is a leading, high-quality construction site logistics company in Germany, which service offering is built around the extensive construction site planning and logistics expertise. The Company offers a range of services starting from the rental of containers as well as other equipment, on-site electricity services, construction site planning, access control and arranging of on-site logistics services.

On 31 October, Cramo acquired 100 percent of the share capital of Nordic Modular Group Holding AB ("NMG"). The acquisition is fully in line with our Shape and Share strategy. By bringing inhouse development and production capabilities, the acquisition of NMG further strengthens Cramo's Modular Space business on the overall Nordic modular space market and is therefore expected to increase Cramo's latitude in exploring strategic alternatives for the Modular Space business. In addition, the transaction expanded our business model and enables the development of new products and customer solutions.

CHANGES IN MANAGEMENT

Mr Hartwig Finger was appointed Executive Vice President, Central Europe and member of the Cramo Group management team on 23 November 2018. Mr Hartwig Finger has been acting interim Executive Vice President, Cramo Central Europe since mid-June 2018 as Mr Dirk Schlitzkus, Executive Vice President, Central Europe and member of the Cramo Group management team, left the company on 6 June 2018.

On 3 September, Mr Mika Kouhi was appointed Senior Vice President, M&A and Corporate Development and member of the Cramo Group management team.

SEPARATION OF THE MODULAR SPACE BUSINESS THROUGH A SPIN-OFF TO THE EXISTING SHAREHOLDERS

On 19 December, the Board of Directors of Cramo concluded the assessment of strategic alternatives for the Modular Space business in order to release shareholder value. Based on the outcome of the assessment, the Board of Directors of Cramo decided to pursue towards spin-off of the Company's Modular Space business to Cramo's existing shareholders. The transaction and separate listing is expected to take place in Nasdaq Stockholm latest in the third quarter of 2019.

BUSINESS MODEL

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. The average number of employees in 2018 was 2,753 (2,538).

Cramo is specialising in equipment rental services and the rental of modular space. Equipment rental services comprise construction machinery and equipment rentals and rental-related services, such as site and assembly services. At the end of the review period, Cramo provided equipment rental services through a network of 301 (300) depots in 11 countries. The modular space business comprises the rent of modular units, where the most common rental periods range from 2 to 5 years. Typical applications include schools, daycares, offices and accommodation facilities, such as student apartments. In the modular space business, Cramo is present in the Nordic countries, Germany, Estonia and Lithuania.

At the end of the review period, Cramo Group consisted of the parent company Cramo Plc, which provides group-level services, and, as operating companies, its wholly-owned subsidiaries in Finland, Sweden, Norway, Denmark, Estonia, Lithuania, Poland, the Czech Republic, Slovakia, Germany, Austria and Hungary. Cramo Plc also owns a company in Sweden, which offers group-level services.

In addition, Cramo owns 50% of Fortrent Oy, an equally-held joint venture with Ramirent, that operates in Russia and Ukraine.

STRATEGIC TARGETS AND FINANCIAL AND NON-FINANCIAL KPIS AND TARGETS

In the beginning of 2017, Cramo launched the current Shape and Share strategy, including the financial and non-financial targets. Cramo aims to capture the potential in its main markets by enabling people to achieve top performance, stretching the core business models, growing in Modular Space in selected European markets and by establishing game-changing offerings in sharing resources.

Cramo's financial KPIs and long-term targets are: return on equity (ROE) > 15%, Net debt / EBITDA < 3, Equipment Rental division's organic sales growth > market growth and ROCE > 14.5%, double digit organic rental sales growth and ROCE > 12.5% for Modular Space division.

The non-financial KPIs and long-term targets are: Customer satisfaction index >70, Lost time injury rate (LTIR) ≤5, Number of legal proceedings (human rights, corruption, environment) 0 and CO_2e emissions (scope 1 and 2 relative to sales; tonnes/MEUR) decrease by 20%.

In profit distribution, the target is to follow a stable profit distribution policy and to pay approximately 40% of earnings per share (EPS) for a period as dividends.

All Group level financial targets and the non-financial target for customer satisfaction were achieved in the financial year 2018. In addition, growth targets regarding the Equipment Rental division's sales as well as Modular Space division's rental sales were achieved.

OPERATING ENVIRONMENT

The construction market developed mainly positively in Cramo's operating countries during the financial year 2018, although the country-specific variances were considerable. According to construction market analyst Euroconstruct's estimate, growth for 2018 was 4.5% in Norway, 3.4% in Finland and 2.5% in Sweden. In Austria and Germany, growth was forecasted to be 0.8–1.6%. Growth was rapid in the Czech Republic, Slovakia, Hungary and Poland with on average 10.4% market growth. Forecon's construction market growth estimate for Estonia, Lithuania and Russia was 4–5%.

For 2018, the European Rental Association (ERA) forecasted that the equipment rental market will grow in all Cramo's operating countries within the scope of ERA's forecast. Forecon's equipment rental growth estimate for Finland was 3–5%, Sweden 1% and for Estonia and Lithuania 2%.

BUSINESS REVIEW

Cramo Group's business segments are Equipment Rental Scandinavia, Equipment Rental Finland and Eastern Europe, Equipment Rental Central Europe and Modular Space. Equipment Rental and Modular Space form two business divisions.

EQUIPMENT RENTAL

Equipment Rental division's performance was solid. Sales increased by 4.3% (+7.9% in local currencies) to EUR 629.5 (603.7) million, supported by good demand in all of Cramo's main markets. The acquired KBS Infra was consolidated in the figures from March onwards, increasing sales by EUR 31.6 million during 2018. The comparison period included sales of EUR 16.1 million from the divested equipment rental operations. All segments and particularly Scandinavia contributed positively to division's organic sales growth of 5.4%. Comparable EBITA improved by 2.1% to EUR 104.6 (102.5) million or 16.6% (17.0%) of sales. Profitability development was negatively affected by modest sales development in Finland and Germany. Items affecting comparability amounted to EUR -0.9 million related to the transaction costs of the KBS Infra acquisition.

In Scandinavia, sales decreased by 2.5% (+3.0% in local currencies), totalling EUR 370.5 (380.1) million. The divestment of Danish equipment rental operations at the end of August 2017 and exchange rate changes decreased sales compared to the previous year. The segment's organic sales growth was a strong 7.0%. In Sweden, sales decreased by 1.1%. In local currency sales increase was 5.3% 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. Comparable EBITA increased by 0.9% and totalled EUR 73.3 (72.7) million. Profitability increased due to increased organic sales and good cost control. Comparable ROCE increased to 19.3% (18.7%).

In Finland and Eastern Europe, sales increased by 1.4% (1.4% in local currencies) to EUR 145.0 (143.0) million. Sales grew despite the divestment of the Latvian and Kaliningrad operations, completed on 1 August 2017. Organic sales growth for the segment was 3.4%, particularly driven by accelerated sales growth in Poland, Estonia and Lithuania. In Finland, sales decreased slightly by 0.9% compared to last year mainly followed by lower price levels, fierce competition and large projects in 2017. Comparable EBITA decreased by 10.9%, totalling EUR 22.5 (25.2) million or 15.5% (17.6%) of sales. Profitability was particularly affected by an increase in direct costs due to high utilisation as well as lower price levels as a result of increased competition in Finland. Actions to improve the profitability such as cost base reductions and strict control on pricing processes are progressing as planned.

The EBITA of Finland and Eastern Europe includes Cramo's share of its joint venture Fortrent's net result in Russia and Ukraine. Fortrent's net result amounted to EUR 1.0 (2.0) million. Cramo's share of the consolidated net result was EUR 0.5 (1.0) million. Cramo and Ramirent announced in December 2017 that strategic options for Fortrent would be explored. The review was completed on 20 December 2018 and as an outcome of the analysis, Fortrent's strategic focus in the future will be in the Russian operations, optimising cash flow generation and debt repayment to its owners. Consequently, Fortrent's Ukrainian operations will be closed during 2019. The restructuring costs are approximately EUR 0.5 million. In 2017, Fortrent's total sales amounted to EUR 31.8 million, whereof the share of Ukrainian business was EUR 2.1 million. The ownership of Fortrent will remain unchanged.

In Central Europe, sales increased by 41.7% (+41.4% in local currencies) totalling EUR 114.0 (80.5) million. Sales were affected by the acquisition of KBS Infra, which increased sales by EUR 31.6 million. The segments' organic sales increased by 2.2%. In the Czech Republic and Austria, sales grew strongly while in Germany total sales were on a lower level compared to previous year. The segment's organic rental sales increased by 2.4%. Comparable EBITA developed positively compared to last year and amounted to EUR 8.9 (4.4) million. KBS Infra contributed positively to the segment's profit and profitability. During the reporting period, extraordinary costs related to the organisational transformation decreased materially the segment's profitability. The negative impact was offset by contingent liability remeasurement of the KBS Infra acquisition, which totalled EUR 1.5 million in 2018. In total, these items had a positive EUR 0.6 million impact in EBITA. In addition, January–December EBITA included EUR -0.9 million items affecting comparability related to the transaction costs of the KBS Infra acquisition.

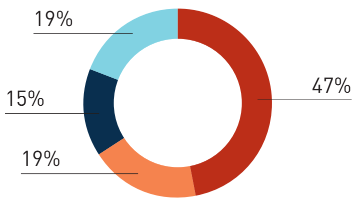
MODULAR SPACE

Modular Space sales grew strongly. Rental sales and total sales increased by 18.8% (22.7% in local currency) and 19.7% (23.5% in local currency) respectively. Sales growth was positively affected by NMG acquisition on 31 October, which increased rental sales by EUR 5.8 million and total sales in total by EUR 12.8 million. The adoption of the IFRS 15 standard from 1 January 2018 onwards increased sales by EUR 2.9 million related to revenue recognition on partially completed projects. Organic sales growth rates stood at a strong 14.6% for rental sales and 10.1% for total sales. A good level of project deliveries during the past quarters and improved utilisation rates supported the increase of rental sales. EBITA for Modular Space increased by 27.6% and amounted to EUR 36.8 (28.8) million. EBITA margin improved to 24.3% (22.8%). The increase in profitability was mainly attributable to higher utilisation and rental sales, as well as performance improvement actions carried out in 2017 and 2018. The adoption of the IFRS 15 standard had a negative impact of 0.5 percentage points on EBITA margin in January–December compared to the previous year. Cramo completed the acquisition of Nordic Modular Group Holding AB (NMG) on 31 October 2018 and it is consolidated as part of Cramo's Modular Space segment from 1 November 2018 onwards.

SALES AND PROFIT

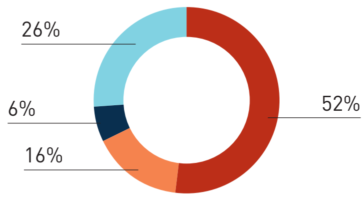
Cramo Group's full-year consolidated sales totalled EUR 779.8 (729.5) million, showing an increase of 6.9% (+10.5% in local currencies). Sales growth was positively affected by acquisitions, which increased sales in total by EUR 45.4 million. The largest impact came from the KBS Infra and NMG acquisitions. In addition, the adoption of IFRS 15 standard on 1 January 2018 increased sales by EUR 2.9 million compared to the previous year related to revenue recognition on partially completed projects. The divestment of the Danish equipment rental operations and Latvian and Kaliningrad operations in 2017 impacted negatively on sales by EUR 16.3 million compared to previous year, while the impact of the exchange rate changes on sales was EUR -24.1 million. The Group's organic sales growth came to a solid 6.1% and was particularly supported by Equipment Rental Scandinavia and Modular Space.

Group's full-year comparable EBITA came to EUR 130.1 (120.0) million, showing an increase of 8.3%. Increase was supported by the acquisitions of KBS Infra and NMG. Comparable EBITA margin was 16.7% (16.5%) of sales. Profitability improved mainly due to organic sales growth in the Modular Space and Equipment Rental Scandinavia segments. In addition, performance improvement actions carried out in Modular Space are also showing positive results. The adoption of the IFRS 15 standard increased the portion of rental-related sales in the Group's and Modular Space's sales and, therefore, had a slight negative impact of 0.3 percentage points on the Group's gross margin and 0.1 percentage points on the Group's EBITA-margin compared to



SHARE OF GROUP SALES 2018 (2017), MEUR

ER Scandinavia 370.5 (380.1) ER Finland and Eastern Europe 145 (143) ER Central Europe 114 (80.5) Modular Space 151.5 (126.5)



SHARE OF GROUP EBITA 2018 (2017), MEUR

ER Scandinavia 73.3 (71.5) ER Finland and Eastern Europe 22.5 (27) ER Central Europe 8 (4.4) Modular Space 36.8 (28.8)

MEUR	Sales			EBITA		
	2018	2017	Change %	2018	2017	Change %
Equipment rental, Scandinavia	370.5	380.1	-2.5	73.3	71.5	2.4
Equipment rental, Finland and Eastern Europe	145.0	143.0	1.4	22.5	27.0	-16.7
Equipment rental, Central Europe	114.0	80.5	41.7	8.0	4.4	81.1
Eliminations	0.0	0.0	-36.2	-0.1	0.1	
Equipment rental	**629.5**	**603.7**	**4.3**	**103.7**	**103.1**	**0.6**
Modular space	**151.5**	**126.5**	**19.7**	**36.8**	**28.8**	**27.6**
Non-allocated & eliminations	-1.3	-0.6	95.3	-16.4	-11.2	46.5
Group	**779.8**	**729.5**	**6.9**	**124.0**	**120.7**	**2.8**

ITEMS AFFECTING COMPARABILITY IN EBITA (MEUR)

	2018	2017	Change %
Equipment rental, Scandinavia[1]	0.0	-1.1	
Equipment rental, Finland and Eastern Europe[2]	0.0	1.8	
Equipment rental, Central Europe[3]	-0.9	0.0	
Equipment rental	-0.9	0.6	
Modular space	0.0	0.0	
Non-allocated & eliminations[4]	-5.1	0.0	
Group	**-6.0**	**0.6**	

1 In Equipment Rental Scandinavia, items affecting to comparability of EBITA were EUR -1.1 million in 2017. Items were related to loss on sale of equipment rental business in Denmark.

2 In Equipment Rental Finland and Eastern Europe, items affecting to comparability of EBITA were EUR 1.8 million in 2017. Items were related to gain on sale of Latvian and Kaliningrad operations.

3 In Equipment Rental Central Europe, items affecting comparability of EBITA in 2018 amounted to EUR -0.9 million and were related to transaction costs of the KBS Infra acquisition.

4 Group EBITA included EUR -5.1 million non-allocated items affecting to comparability in full-year 2018. The costs were related to advisory and transaction costs of Nordic Modular Group Holding AB acquisition and consulting costs related to on-going spin-off of the Modular Space business.

COMPARABLE EBITA (MEUR)

	2018	2017	Change %
Equipment rental, Scandinavia	73.3	72.7	0.9
Equipment rental, Finland and Eastern Europe	22.5	25.2	-10.9
Equipment rental, Central Europe	8.9	4.4	100.8
Eliminations	-0.1	0.1	
Equipment rental	**104.6**	**102.5**	**2.1**
Modular space	**36.8**	**28.8**	**27.6**
Non-allocated & Eliminations	-11.3	-11.2	0.7
Group	**130.1**	**120.0**	**8.3**

the previous year. In January–December, items affecting comparability of EBITA amounted to EUR -6.0 million and were related to the advisory and transaction costs of the KBS Infra and NMG acquisitions as well as advisory costs regarding the ongoing preparations of the Modular Space business spin-off. In 2017, EBITA included items affecting comparability to a total of EUR 0.6 million related to net gain on sale of divested operations. Full-year EBIT was EUR 119.5 (117.3) million. Net financial expenses were EUR 14.2 (12.0) million. Group's finance net included EUR -1.4 million of items affecting comparability. The costs were related to foreign exchange hedging of NMG purchase price. Profit before taxes totalled EUR 105.3 (105.2) million and profit for the period was EUR 84.7 (84.2) million.

During 2018, reported depreciation, amortisation and impairment on fixed assets totalled EUR 120.2 (111.5) million. Amortisation and impairment resulting from acquisitions were EUR 4.5 (3.4) million. In 2018 annual impairment testing, the net present value of expected future cash flows exceeded the capital employed and no need for impairment losses in goodwill, intangible nor tangible assets was recognised based on the testing. At the end of the period, goodwill stood at EUR 293.0 (145.6) million. The increase was attributable to NMG acquisition, which increased goodwill by EUR 139.8 million.

Comparable earnings per share for the full financial year improved to EUR 2.05 (1.87) and earnings per share was EUR 1.90 (1.89). Return on equity came to 14.7% (15.6%). Comparable return on equity 15.7% (15.4%).

INVESTMENTS AND CASH FLOW

Group's full-year capital expenditure totalled EUR 516.8 (213.9) million. In the Equipment Rental division, investments increased in all segments to a total of EUR 182.4 (145.8) million. Acquired KBS Infra increased capital expenditure by EUR 55.4 million. Investments were increased also in the Modular Space division and were EUR 332.6 (66.1) million. The total impact of the acquisition of NMG on capital expenditure was EUR 274.7 million. Of gross capital expenditure, in total EUR 313.2 (9.4) million was attributable to acquisitions and business combinations related to acquisition of the assets of KBS Infra and NMG. Other capital expenditure was mainly related to fleet investments.

Full-year cash flow from operating activities improved and was EUR 195.5 (186.5) million, resulting mainly from the higher EBITDA and change in working capital. Cash flow after investments totalled EUR -150,4 (33.1) million, of which EUR 19.0 million was related to the acquisition of shares of KBS Infra and EUR 140.3 million to the acquisition of shares of NMG respectively. The comparison period includes a positive impact of EUR 28.0 million related to the divestments executed in August 2017.

FINANCIAL POSITION AND BALANCE SHEET

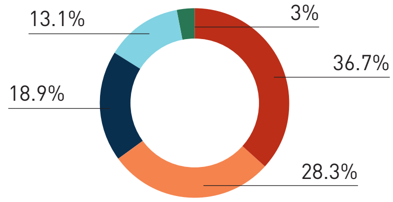
On 31 December 2018, net interest-bearing liabilities totalled EUR 703.5 (382.3) million being increased mainly due to NMG acquisition financed with bank financing and a convertible note of SEK 550 million. At the end of the period, gearing was 117.9% (68.6%) and net debt to EBITDA stood at 2.88 (1.65). Proforma Net debt / EBITDA including full year NMG's and KBS' proforma EBITDA was 2.63.

Of the Group's variable rate loans, EUR 130.0 (130.0) million was hedged with interest rate swaps on 31 December 2018. Hedge accounting is applied to all these interest rate hedges. On 31 December 2018, Cramo Group's undrawn committed credit facilities (excluding leasing facilities) amounted to EUR 258.5 (267.2) million, of which non-current facilities represented EUR 235.0 (250.0) million and current facilities EUR 23.5 (17.2) million.

Tangible assets amounted to EUR 976.8 (794.4) million of the balance sheet total at the end of the review period. The total balance sheet value was EUR 1,606.3 (1,194.6) million. The equity ratio was 37.8% (47.4%), the decrease of which is due to NMG acquisition and related debt financing. Rental liabilities associated with off-balance-sheet operational leasing agreements totalled EUR 20.6 (17.3) million. Off-balance-sheet liabilities for office and depot rents stood at EUR 106.2 (101.3) million. The Group's investment commitments amounted to EUR 36.4 (37.6) million.

PERSONNEL

During the review period, the Group had an average of 2,753 (2,538) employees. In addition, the Group employed an average of approximately 214 (211) people hired from a staffing service. At the end of the



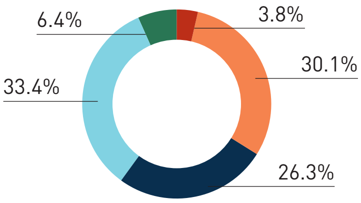
PERSONNEL BY SEGMENT 2018 (2017)

ER Scandinavia 1,088 (1,053) ER Finland and Eastern Europe 841 (831) ER Central Europe 562 (386) Modular Space 388 (141) Group functions 88 (87)

PERSONNEL BY SEGMENT AT THE END OF 2018

Number of employees (FTE)

	2018	2017	2016
Equipment rental Scandinavia	1,088	1,053	1,122
Equipment rental Finland and Eastern Europe	841	831	860
Equipment rental Central Europe	562	386	363
Modular space	388	141	145
Group functions	88	87	72
Group total	**2,967**	**2,498**	**2,562**



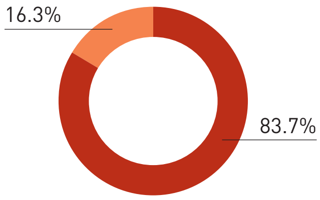
PERSONNEL AGE DISTRIBUTION 2018 (2017)

–23 113 (75) 24–35 893 (729) 36–45 779 (717) 46–59 990 (874) 60– 191 (170)

PERSONNEL AGE DISTRIBUTION

Number of employees (FTE)

	2018	2017	2016
-23	113	75	92
24-35	893	712	729
36-45	779	681	717
46-59	990	860	874
60-	191	170	151
Group,total	**2,967**	**2,498**	**2,562**



PERSONNEL BY GENDER 2018 (2017)

Male 2,482 (2,099) Female 484 (399)

PERSONNEL BY GENDER

Number of employees (FTE)

	2018	2017	2016
Men	2,482	2,099	2,116
Women	484	399	446
Group,total	**2,967**	**2,498**	**2,562**

period, Group personnel totalled 2,967 (2,498) as full-time equivalent (FTE) employees.

The distribution of personnel by segment as full-time equivalent (FTE) employees at the end of the period was as follows: 1,088 (1,053) employees in Equipment Rental Scandinavia, 841 (831) in Equipment Rental Finland and Eastern Europe, 562 (386) in Equipment Rental Central Europe, 388 (141) in Modular Space and 88 (87) in Group functions.

The total amount of salaries and fees paid was EUR 123.1 (116.0; 115.7) million.

MANAGEMENT TEAM

Cramo's business segments are Equipment Rental Scandinavia, Equipment Rental Finland and Eastern Europe, Equipment Rental Central Europe and Modular Space. Equipment Rental and Modular Space form two business divisions.

In addition to the President and CEO Leif Gustafsson, Cramo Plc's Group Management Team comprised the following members at the end of the financial period: Peter Bäckström, Executive Vice President, Scandinavia, and Managing Director, Cramo AB; Tatu Hauhio, Executive Vice President, Finland and Eastern Europe, and Managing Director, Cramo Finland Oy; Hartwig Finger, Executive Vice President, Central Europe, and Managing Director, Cramo AG; Martin Holmgren, Senior Vice President, Fleet Management; Aku Rumpunen, CFO; Philip Isell Lind af Hageby, Executive Vice President, Modular Space; Petra Schedin Stergel, Senior Vice President, Human Resources Development; Mattias Rådström, Senior Vice President, Communications, Marketing and Investor Relations; and Mika Kouhi, Senior Vice President, M&A and Corporate Development.

CURRENT INCENTIVE SCHEMES

In February 2017, the Board of Directors of Cramo Plc resolved to launch a new plan for the period 2017-2018 within the One Cramo Share Plan established in 2012. The new plan period began on 1 October 2017 and ended on 31 December 2018. The total amount of all savings during the commencing plan period was not to exceed EUR 4 million.

In the One Cramo Share Plan incentive scheme, permanent employees are offered an opportunity to save a maximum of five (5) percent of their salary, and the accumulated savings are used for share purchases. The third savings period ended on 30 September 2015 and related additional shares were conveyed in May 2018. In the One Cramo Share Plan, the participants get the opportunity to acquire one (1) additional share for every two (2) shares purchased.

In 2015, the Board of Directors of Cramo Plc resolved on share-based incentive plan for the Group Management team and key personnel which consisted of three discretionary periods, calendar years 2015, 2016 and 2017. The Board of Directors resolved to continue the share-based incentive plan in 2018 with one discretionary period, calendar year 2018. The rewards for the discretionary periods 2015–2018 were based on the earnings per share and return on equity (ROE).

The share-based incentive scheme for the Cramo Group Management Team members and key employees for 2015–2018 offered an opportunity to earn Cramo shares as a reward for achieving established performance targets. Each discretionary period immediately followed by a two-year (2) vesting period before rewards are paid out. The target group of the scheme consists of approximately 65 Cramo key employees. Should the performance targets be attained in full for all four (4) discretionary periods, the earned reward will correspond to a maximum total of 2,245,000 Cramo Plc shares, including the proportion to be paid in cash.

The rewards for 2015 were paid in January 2018. A total of 80,411 shares were given in a directed share issue, in addition to rewards of EUR 1,378,199 paid in cash. The rewards for 2016 were paid in January 2019. A total of 102,691 shares were given in a directed share issue, in addition to rewards of EUR 1,425,165 paid in cash. The rewards for 2017 equal the approximate value of 124,000 shares and will be paid in January 2020 and the rewards for 2018 equal the approximate value of 170,700 shares and will be paid in January 2021.

SUSTAINABILITY AND NON-FINANCIAL INFORMATION

Cramo Group's operations are based on its values, vision and mission. Work is guided by Cramo Group's strategy, operating principles and guidelines and the Code of Conduct.

Cramo Group is a signatory of the UN Global Compact and committed to support the ten principles with respect to human rights, labour, environment and anti-corruption.

Group's non-financial reporting for 2018 does not include KBS Infra and NMG. Their non-financial information will be included in the Group's reporting starting from 1 January 2019.

In 2017, a process towards a Group ISO certificate, with a focus on quality, environmental improvements, and health and safety, was started. The work continued in 2018 and is planned to be completed in 2020. In 2018, 80% (81%) of Cramo's operations were certified according to the ISO quality management standard 9001.

Cramo Care is the Group's strategy for integrating sustainability into all the parts of its business. The underlying commitment and principles of Cramo Care are those set out in Cramo Group's Code of Conduct and Supplier Code of Conduct, the UN Global Compact and the international Organisation for Standardisation (ISO).

Sustainability has a direct impact on Cramo's internal value creation through growth, return on capital and risk management. It also generates value for customers and other stakeholders, leading to enhanced cost-effectiveness, to improved access to products with the highest safety and environmental standards and to a reduced environmental impact. Cramo also creates value as a responsible employer and taxpayer. It provides employment and business opportunities and thus indirectly builds wealth in local societies.

Rental, as an alternative to ownership, is resource efficient and enables environmental improvements such as transport optimization, reduced emissions and enhanced waste management. By providing customers with easy access to a modern, efficient fleet of machinery and modules for the time they are needed, Cramo helps customers achieve their sustainability targets and contributes to the reduction of the overall use of resources.

For more on Cramo Group's sustainability, see Cramo Group's Annual Review and website.

CRAMO CARE

Cramo Care strategy is based on a materiality study that identified the stakeholders' top priorities and Cramo's greatest impacts throughout the value chain. Cramo's biggest impacts occur beyond the company's direct control.

The strategic targets for the four different materiality areas of Cramo Care are: Most satisfied customers in the industry (Customer Care), Zero accidents (Employee Care), Zero emissions (Environmental Care) and Top ranked in business ethics (Social Care).

In 2018, the target for customer satisfaction, Customer satisfaction index >70, was reached being 75 (73).

The key elements of the Cramo Care strategy are:

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

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

#3 Overall responsibility lies with group management, whereas operational responsibility and employee engagement lie with country managers.

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

Cramo Care presents targets and ways to monitor performance and sets priorities for Cramo Group's management system. It defines responsibilities for developing the strategy, policies and target setting and for ensuring implementation and continuous improvement.

Cramo Care policy covers the sustainability aspects that are material

CRAMO CARE MATERIAL ASPECTS

CUSTOMER CARE • Customer satisfaction • Health and safety • Resource efficiency • Business ethics • Responsible suppliers	**EMPLOYEE CARE** • Employee satisfaction • Health and safety • Skills development • Diversity and equality
ENVIRONMENTAL CARE • Resource efficiency • Reduced environmental footprint • Increased circularity	**SOCIAL CARE** • Local engagement • Business ethics

for Cramo and its stakeholders, and defines the Group's focus areas, ambitions and means concerning Customer Care, Employee Care, Environmental Care and Social Care.

ENVIRONMENT

The rental industry meets increased legal requirements and demands from customers regarding resource efficiency and reduced climate impact. Inability to match or respond to those demands will result in damages to Cramo's reputation, loss of customers and lost business opportunities. It might also result in environmental damages and legal claims against the Group. Inability to optimise resources will lead to increased operational costs.

A key aspect of Cramo Group's sustainability work is reducing energy use in transport, lighting and heating. Route optimisation and improved driving patterns help reduce the number and duration of transports, thus also reducing emissions. Another important aspect is reducing business travel.

In 2016, a decision was made to upgrade the lighting of all 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%.

Use of energy is critical to Cramo. Work to mitigate the climate impact by reducing energy use and switching to fossil-free energy sources is carried out continuously. In 2018, Finland switched to renewable electricity, increasing the share of electricity from renewable sources on Group level from 56% to 75%. The switch equals a reduction of 1,000 tonnes of CO_2e.

Cramo Group works 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, the share of mixed waste decreased and was 28% (30%).

ISO management standard 14001 has been implemented for equipment rental in Finland, Sweden and Norway and for modular space in Finland, Sweden, Norway and Germany.

No environmental legal claims have been directed towards the Group in 2018.

SOCIAL AND EMPLOYEE MATTERS

Health and safety are a top priority for Cramo's customers and employees. The inability to match or respond to external and internal health and safety demands will result in damages to Cramo Group's reputation, loss of customers and decreased employer attractiveness. It might also result in severe injuries to individuals and legal claims against the Group.

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

LTIR (Number of work-related accidents with at least one full day absence/million working hours) was 9.5 (9.9).

The OHSAS occupational health management system or similar has been implemented for equipment rental in Finland and Sweden as well as for modular space in Finland and Germany. The aim is certification in all Cramo countries.

No legal claims regarding health and safety have been directed towards Cramo in 2018.

RESPECT FOR HUMAN RIGHTS

The protection of human rights is fundamental for Cramo Group. Violations against human rights will result in damages to Cramo Group's reputation, decreased employer attractiveness and loss of customers. It might also result in individual damages and legal claims against the Group.

The Code of Conduct expresses the Group's stand against all forms of discrimination and harassment as well as against forced or compulsory labour. The Code of Conduct also declares the right to safe and healthy workplaces and the right of all Cramo's employees to form and join trade unions of their choice and to bargain collectively and individually. The implementation of a new version of the Code of Conduct was started in 2017 and it continued in 2018. A whistleblowing service provides a means for all employees to report their suspicions of misconduct.

The Supplier Code of Conduct covers matters such as safe and healthy workplaces, discrimination, forced or compulsory labour, child labour, precarious employment, fair remuneration as well as freedom of association and the right to collective bargaining. The Supplier Code of Conduct was included in all new supplier contracts in 2018.

Cramo wants to offer men and women of different ages and backgrounds similar development opportunities. In 2017, a new diversity policy with Group-wide application was established. Implementation was started in 2018, with the aim of integrating a diversity perspective into all Cramo's 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.

ANTI-CORRUPTION AND BRIBERY MATTERS

Cramo's Code of Conduct aims to ensure that customers, employees and society can trust that Cramo conducts business in an ethical, transparent and lawful manner. Failure to comply with the laws and regulations will result in damages to Cramo's reputation, loss of customers and the loss of trust among employees as well as other stakeholders. It might also result in legal claims against the Group.

The Code of Conduct is systematically communicated and anchored throughout the Group and the employees are trained in Cramo's values. A whistleblowing service provides a means for all employees to report their suspicions of misconduct. Cramo's suppliers are evaluated using business ethics criteria and the Supplier Code of Conduct is included in all new supplier contracts.

The number of cases reported through the whistleblowing system increased in 2018, from one case in 2017 to five cases. All cases were investigated, and preventive actions were taken. Neither case resulted in any legal action. The increase of whistleblowing cases indicates increased awareness among employees regarding the importance to report suspicions of misconduct. Cramo's whistleblowing channel is an early warning system to reduce risks and an important tool for safeguarding high corporate governance standards and maintaining a high confidence in Cramo's operations.

No legal claims regarding non-ethical behaviour, such as corruption, have been directed towards Cramo in 2018.

MATERIAL NON-FINANCIAL TOPICS AND KEY FIGURES

Topics	Key Performance Indicator	Target	2018 (2017) outcome	Status
Environment	Energy usage from rented modules and site huts	149 kWh/m² by 2020 (equals a 13% reduction vs 2016)	166 (168) kWh/m²	⊗
	Share of diesel-powered heating equipment of total heating fleet	9.6% by 2020 (equals a 40% reduction vs 2016)	11.3% (12.4%)	○
	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%)	○
	Number of legal proceedings (environment)	0 legal proceedings	0 (0) legal proceedings	✔
	CO_2e emissions, scope 1 and 2[2] (relative to sales)	<15 tonnes/MEUR (equals >20% decrease vs 2016)	15.6 (17.5) tonnes/MEUR	○
	Energy usage, scope 1 and 2 (relative to sales)	<76 MWh/MEUR (equals >20% decrease vs 2016)	92.5 (89.2) MWh/MEUR	⊗
	Share of mixed waste[3]	<20% by 2020	28% (30%)	○
	Share of operations covered by ISO 14001 (relative to sales)	All operations covered by ISO 14001 by 2020	80% (81%)	○
Social and employee matters	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 (9,895) individuals, a 28% increase	✔
	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%)	○
	Number of legal proceedings (health and safety)	0 legal proceedings	0 (0) legal proceedings	✔
	LTIR (Number of work-related accidents with at least one full day absence/million working hours)	<5 by 2020	9.5 (9.9)	○
	Share of operations covered by OHSAS 18001 or similar (relative to sales)	All operations covered by OHSAS 18001 or similar by 2020	61% (63%)	○
	Share of female employees within the operational organisation (administrative HQ functions excluded)	>15% by 2020	11% (10%)	⊗
	Share of female managers	>15% by 2020	16% (14%)	✔
Human rights and anti-corruption and bribery matters	Share of employees getting business ethics/CoC[4]-training annually	All employees getting business ethics/CoC-training annually	33% (77%)	⊗
	Share of signatories of new Supplier CoC[4]	All contract suppliers have signed the Supplier CoC by 2020	54% (48%)	○
	Number of legal proceedings (human rights including discrimination and sexual harassment)	0 legal proceedings	1[5] (0) legal proceeding	⊗
	Number of legal proceedings (corruption)	0 legal proceedings	0 (0) legal proceedings	✔

1 ✔ On-going – excellent progress or Target achieved
○ On-going – on track
⊗ On-going – not on track
2 A market-based method is used to calculate CO_2e emissions from electricity.
3 Austria, Germany and Hungary are excluded due to difficulties obtaining the information required from suppliers.
4 The Code of Conduct and the Supplier Code of Conduct cover the environmental, health and safety, human rights and anti-corruption and bribery matters.
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.

SHARES AND SHARE CAPITAL

On 31 December 2018, Cramo Plc's share capital as registered in the Finnish Trade Register was EUR 24,834,753.09, and the number of shares was 44,690,554. At the end of the review period, Cramo Plc held 116,581 of these shares. On 17 January 2018, a total of 80,411 shares were given in a directed share issue to Cramo Group's personnel based on the Cramo Group's Performance Share Plan 2015. On 16 May 2018, the number of shares held by the company decreased by a total of 6,738 due to the directed share issue based on the One Cramo Share Plan 2014.

CHANGES IN SHAREHOLDINGS

On 20 February 2018, Cramo Plc received a notification pursuant to Chapter 9, section 5 of the Securities Markets Act from Massachusetts Mutual Life Insurance Company, USA, according to which OppenheimerFunds, Inc's total holding of shares in Cramo Plc exceeded the threshold of five (5) percent on 15 February 2018. As of the date of the notification, Massachusetts Mutual Life Insurance Company held 2,637,681 shares, 5.90% of shares and votes in Cramo Plc.

On 20 March 2018, Cramo Plc received a notification pursuant to Chapter 9, section 5 of the Securities Markets Act from Massachusetts Mutual Life Insurance Company, USA, according to which the company's total holding of shares in Cramo Plc fell below five (5) percent on 19 March 2018. As of the date of the notification, Massachusetts Mutual Life Insurance Company held 2,227,142 shares, 4.98% of shares and votes in Cramo Plc.

On 28 March 2018, Cramo Plc received a notification pursuant to Chapter 9, section 5 of the Securities Markets Act from OP-Rahastoyhtiö Oy, according to which the total holding of shares in Cramo Plc of OP-Suomi Pienyhtiöt -sijoitusrahasto, OP-Suomi -sijoitusrahasto and OP-Pohjoismaat Plus -erikoissijoitusrahasto jointly exceeded the threshold of five (5) percent on 27 March 2018. As of the date of the notification, the companies held 2,295,108 shares, 5.14% of shares and votes in Cramo Plc.

On 27 April 2018, Cramo Plc received a notification pursuant to Chapter 9, section 5 of the Securities Markets Act from Zeres Capital Partners AB, according to which Zeres Public Market Fund's total holding of shares in Cramo Plc fell below ten (10) percent on 26 April 2018. As of the date of the notification, the company held 4,393,754 shares, 9.83% of shares and votes in Cramo Plc.

On 3 September 2018 Cramo Plc received a notification pursuant to Chapter 9, section 5 of the Securities Markets Act ("SMA") from Zeres Capital Partners AB, according to which Zeres Public Market Fund's total holding of shares in Cramo Plc has fallen below five (5) percent on 3 September 2018. As at the date of the notification, the company held 0 shares, 0.00 % of shares and votes in Cramo Plc.

On 3 September 2018 Cramo Plc received a notification pursuant to Chapter 9, section 5 of the Securities Markets Act ("SMA") from EQT Fund Management S.à r.l, acting in its own name and as the management company of EQT Public Value Fund, according to which EQT Public Value Investments S.à r.l.'s total holding of shares in Cramo Plc has exceeded the threshold of five (5) percent on 3 September 2018. As at the date of the notification, the company held 4,447,210 shares, 9.95 % of shares and votes in Cramo Plc.

On 20 September 2018 Cramo Plc received a notification pursuant to Chapter 9, section 5 of the Securities Markets Act ("SMA") from EQT Fund Management S.à r.l (Luxembourg, Grand Duchy of Luxembourg), acting in its own name and as the management company of EQT Public Value Fund and on behalf of EQT Public Value Fund, according to which EQT Public Value Investments S.à r.l.'s total holding of shares in Cramo Plc has exceeded the threshold of ten (10) percent on 19 September 2018. As at the date of the notification, the company held 4,478,275 shares, 10.02 % of shares and votes in Cramo Plc.

On 21 December 2018, Cramo Plc received a notification pursuant to Chapter 9, section 5 of the Securities Markets Act from OP-Rahastoyhtiö Oy, according to which the total holding of shares in Cramo Plc of OP-Suomi Pienyhtiöt -sijoitusrahasto, OP-Suomi -sijoitusrahasto and OP-Pohjoismaat Plus -erikoissijoitusrahasto decreased below the threshold of five (5) percent on 20 December 2018. As of the date of the notification, the companies held 2,038,182 shares, 4.56% of shares and votes in Cramo Plc.

ANNUAL GENERAL MEETING 2018 AND THE BOARD'S AUTHORISATIONS

The Annual General Meeting of Shareholders of Cramo Plc was held in Helsinki on 28 March 2018. The Annual General Meeting adopted the consolidated financial statements and the parent company's financial statements for the financial year 2017 and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting decided that, as proposed by the Board of Directors, a dividend of EUR 0.85 per share will be paid for the financial year 2017.

The number of the members of the Board of Directors was confirmed as seven (7). Mr Perttu Louhiluoto, Mr Peter Nilsson, Mr Joakim Rubin, Mr Raimo Seppänen, Mr Veli-Matti Reinikkala and Ms Caroline Sundewall were re-elected as Board members and Ms AnnaCarin Grandin as a new Board member.

The Annual General Meeting resolved that the chairman of the Board of Directors shall be paid EUR 85,000 per year and the other members of the Board of Directors EUR 37,500 per year. It was further resolved that the remuneration is paid in cash and that 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, under a four-year (4) period from the start of their directorship, expected to acquire Cramo Plc's shares to a total market value which equal at least one (1) year's Board fees before taxes, excluding any Committee compensation. The Nomination Committee will, as part of its process, annually follow up on the Board members' shareholding and evaluate if it is according to the policy. In addition, it was decided that all Board members are entitled to a 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, which is expected to be established in 2018. Further, the member of the Board elected in the position of Chairman of the Audit Committee would receive an additional compensation of EUR 5,000 per year.

Convening after the Annual General Meeting, the Board of Directors elected Mr Veli-Matti Reinikkala as Chairman and Mr Perttu Louhiluoto as Deputy Chairman. The Board appointed the following members to the Audit Committee: Mr Joakim Rubin (Chairman), Ms AnnaCarin Grandin, Mr Perttu Louhiluoto and Ms Caroline Sundewall. The Board appointed the following members to the Remuneration Committee: Mr Veli-Matti Reinikkala (Chairman), Mr Peter Nilsson and Mr Raimo Seppänen. The Board appointed the following members to the M&A Committee: Mr Veli-Matti Reinikkala (Chairman), Mr Joakim Rubin and Mr Perttu Louhiluoto.

The audit firm KPMG Oy Ab was appointed as Cramo Plc's Auditor for the term ending at the end of the next Annual General Meeting, with APA Mr Toni Aaltonen as the responsible auditor. The Annual General Meeting decided that the Auditors will be paid reasonable remuneration in accordance with the invoice approved by the Company.

The Annual General Meeting authorised the Board of Directors to decide on the acquisition and/or on the acceptance as pledge of the Company's own shares. The number of own shares to be acquired and/or accepted as pledge shall not exceed 4,400,000 shares. Only the unrestricted equity of the Company can be used to acquire own shares. Own shares can be acquired at a price formed in public trading on Nasdaq Helsinki or otherwise at a price formed on the market. Own shares can be acquired using, inter alia, derivatives. Own shares can be acquired other than in proportion to the shareholdings of the shareholders. Own shares can be acquired and/or accepted as a pledge to, among other things, limit the dilutive effects of share issues carried out in connection with possible acquisitions, to develop the Company's capital structure, to be transferred in connection with possible acquisitions, to be used in incentive arrangements or to be cancelled, provided that the acquisition is in the interest of the Company and its shareholders. However, not more than 400,000 shares acquired may be used for the incentive arrangements of the Company.

The Annual General Meeting authorised the Board of Directors to decide on share issue as well as issue of option rights and other special rights entitling to shares, pursuant to Chapter 10 of the Companies Act. The shares issued are new or those in the Company's possession. Under the authorisation, a maximum of 4,400,000 shares can be issued. The shares or other special rights entitling to shares can be issued in one (1) or more tranches. The Board of Directors may resolve upon issuing new shares to the Company itself. The Board of Directors is authorised to resolve on a directed share issue and issue of the special rights entitling to shares in deviation from the shareholders' pre-emptive right, provided that there is a weighty financial reason for the Company to do so. Except for issuing of option rights for incentive arrangements, the authorisation can also be used for incentive arrangements, however, not more than 400,000 shares in total.

The authorisations are valid until the end of the next Annual General Meeting of Shareholders, but until no later than 30 June 2019.

CORPORATE GOVERNANCE AND AUDITORS

At the end of the financial year 2018, Cramo Plc's Board of Directors was composed of Mr Veli-Matti Reinikkala (Chairman), Ms AnnaCarin Grandin, Mr Perttu Louhiluoto, Mr Peter Nilsson, Mr Joakim Rubin, Mr Raimo Seppänen and Ms Caroline Sundewall.

Mr Joakim Rubin (Chairman), Mr Perttu Louhiluoto, Ms Caroline Sundewall and Ms AnnaCarin Grandin comprised the Audit Committee. Mr Veli-Matti Reinikkala (Chairman), Mr Perttu Louhiluoto and Mr Joakim Rubin comprised the M&A Committee. Mr Veli-Matti Reinikkala (Chairman), Mr Peter Nilsson and Mr Raimo Seppänen comprised the Remuneration Committee.

The composition of Cramo Plc's Shareholders' Nomination Committee as from 26 October 2018 is following; Mr Fredrik Åtting, EQT Fund Mgmt, Mr Ari Autio, Member of the Board of Directors of foundation, Rakennusmestarien Säätiö; and Kalle Saariaho, CEO, OP Fund Management Company Ltd and Veli-Matti Reinikkkala, Chairman of the Board, Cramo plc. The Shareholders' Nomination Committee has elected Fredrik Åtting as the chairman of the Committee.

On 31 December 2018, the Board members and the President and CEO held, either directly or through companies in which they exercise control, a total of 38,906 Cramo Plc shares.

The company's auditors were KPMG Oy Ab, Authorised Public Accountants, with Mr Toni Aaltonen, APA, as the responsible auditor.

Cramo Plc observes the Finnish Corporate Governance Code, which entered into force on 1 January 2016. Cramo manages inside information 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.

The Corporate Governance statement 2018 issued by Cramo Plc's Board of Directors and the Remuneration Statement 2018 are available on the Cramo Plc website.

ESSENTIAL RISKS AND UNCERTAINTIES

In addition to global economic developments, the main sources of uncertainty in Cramo's business are related to the economic cycles and financial development of each country, fluctuations in interest and exchange rates, availability of financing, credit loss risks, the success of the Group's acquisitions and information system projects, personnel-related risks, availability of competent management and recruitment-related risks, tax risks and other business risks.

Economic uncertainty may be reflected in Cramo's operations as decreased demand in one (1) or more market areas, fiercer competition, lower rental prices, higher financial expenses or customers experiencing financial difficulties and increasing credit losses. In addition, economic uncertainty increases the impairment risks to the balance sheet values.

Risks related to the Swedish residential building sector have increased during 2018 and the outlook for 2019 shows decline for total Swedish construction market output. Prolonged uncertainty in the Swedish housing market, including increased household indebtedness, could negatively affect lower market activity and demand in the construction sector. Greater attention will be paid to the Group's risk management due to the large portion of the Group's business located in Sweden.

Of geopolitical risks, global trade tensions and tariffs are creating uncertainties in the market in which Cramo operates. The threat of economic slowdown in Europe, European political fragmentation including an uncertain outcome for Brexit negotiations and sovereign debt challenges in Italy may also have an effect on general economic development and, consequently, on construction and the demand for rental services.

STRATEGIC RISKS

The Group's operations are closely linked to general economic development and the construction and property markets. The construction industry is characterised by seasonal fluctuations, and the Group's sales and profit vary by quarter in a manner that is typical of equipment rental operations. The modular space business is less dependent on economic cycles than the equipment rental business. The Group also strives to minimise the impact of economic trends through continually optimising its rental fleet utilisation rate.

Expansion and business development are partly based on acquisitions. The risks in acquisitions are related to knowledge of local markets and regulations, customers, key personnel and suppliers, among other factors. The goal is to take these risks into consideration through careful preparation and by investing in the integration of acquisitions.

There are risks associated with the amount, allocation and timing of the investments and with other strategic business decisions. The goal is to control investment-related risks by applying a careful approval process for investments, optimising fleet use across the Group, financing some investments through operative leasing, and using external and internal indicators to forecast future market development, among other measures. These indicators, that illustrate the future, are monitored by country on a monthly basis.

OPERATIVE AND TRANSACTIONAL RISKS

The Group's most significant operative risks include those associated with business operations and personnel, contract risks, occupational safety risks, environmental risks, IT-related risks, risks related to compliance with the laws and regulations and risks related to the Group's administrative principles. To control the most significant strategic and operative risks, the Group and its subsidiaries have their own contingency plans.

Competent personnel are crucial for reaching Cramo's strategic and business targets. Cramo offers all its employees safe and stimulating workplaces, where men and women of different ages and backgrounds have the same opportunities for personal and professional development.

Cramo prioritises a systematic and preventative approach to safety, both internally and on customer sites. The OHSAS occupational health management system or similar has been implemented for equipment rental in Finland and Sweden as well as for modular space in Finland and Germany.

Cramo works systematically to reduce its environmental impact by reducing energy usage and emissions, switching to fossil-free energy sources, reducing and recycling materials, reducing waste and handling hazardous waste properly. ISO management standard 14001 has been implemented for equipment rental in Finland, Sweden and Norway and for modular space in Finland, Sweden, Norway and Germany.

Cramo's values and Code of Conduct, including respect for human rights and ethical business conduct, are systematically communicated and anchored throughout the Group. A whistleblowing service has been established that provides a means for all employees to report their suspicions of misconduct. The Supplier Code of Conduct is included in all new supplier contracts.

The Group's transaction risks include risks related to equipment rental and uninterrupted operations, among other risks, which are managed by means of insurance.

ECONOMIC, FINANCING AND TAX RISKS

The objective of economic and financing risk management is to safeguard the company's high-quality external and internal financial reporting and the availability of financing and to minimise the adverse effects that changes in the operating environment and financial markets.

The Group's primary financing risks are the cash flow's interest rate risk, currency rate risk, credit risk and liquidity risk. To manage the interest rate risk, the Group's loans and investments have been spread between fixed-rate and variable-rate instruments. Derivative contracts, such as interest rate swaps, are also used to manage the interest rate risk. The exchange rate risk mainly comprises net investments in foreign units and currency-denominated loans, with currency forwards as hedging instruments.

The Group's treasury policy specifies the responsibilities and procedures of the treasury function as well as the targets and principles of hedging. The Group's country-specific financing is handled in a centralised manner, primarily through internal Group loans.

The tax environment in Europe is changing towards new or increased taxes and new interpretations of existing tax laws. The decreasing predictability and visibility around taxes may lead to unexpected challenges also for Cramo.

OUTLOOK FOR 2019

The European Rental Association (ERA) forecasts that the equipment rental market will grow in 2019 in all of Cramo's operating countries within the scope of ERA's forecast varying approximately between 4 to 6%. Forecon estimates that the equipment rental market will grow in 2019 by 3 % in Finland, 1% in Sweden and 2% in Estonia and 6% in Lithuania.

The construction market outlook for the year 2019 includes large country-specific differences. According to Euroconstruct November 2018 estimates, the construction market will decrease by 3.8% in Sweden and by 1.2% in Finland mainly due to a decline in residential construction. In Norway, construction market is expected to grow by a solid 4%. In Germany and Austria, growth is forecasted to be 0.1-1.5%. Growth is rapid in the Czech Republic, Slovakia, Hungary and Poland, where Euroconstruct estimates on average 9.1% market growth. Forecon's construction market growth estimate for Lithuania and Russia is approximately 2-4% whereas in Estonia the market is forecasted to decline slightly by 1%. The Sveriges Byggindustrier is projecting that the Swedish construction market will decline by 3% according to their latest October estimate. The Confederation of the Finnish Construction Industries forecasted in October that the peak in the construction market is expected to be reached in 2019 and a slight decrease is projected thereafter.

The demand for equipment rental services usually follows the development of construction with a delay. In addition to the construction volume, the demand is affected by industrial investments and the increase in the rental penetration rate. Tightening environmental legislation and the requirement to improve the efficiency and quality of construction increase the need for different types of rental-related services.

The demand for modular space is boosted by the fluctuating space needs for different functions of a society which, in turn, are driven by demographic changes, migration and industrial activity. Cramo believes that the long-term demand for both equipment rental and modular space is supported by several global megatrends, such as urbanisation, the sharing economy and the increasing emphasis on sustainability.

THE BOARD OF DIRECTORS' PROPOSAL FOR PROFIT DISTRIBUTION

Cramo Plc's goal is to follow a stable profit distribution policy and to pay approximately 40% of earnings per share (EPS) for a period as a dividend. On 31 December 2018, Cramo Plc's total distributable funds were EUR 193,437,462.07 including EUR 50,256,295.43 of retained earnings. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.90 (0.85) be paid for the financial year 2018. The Annual General Meeting is planned for Thursday, 28 March 2019.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On 24 January 2019, the Shareholders' Nomination Committee of Cramo Plc proposed to the next Annual General Meeting of Shareholders, which is planned to be held on 28 March 2019, that the number of members of the Board of Directors be confirmed as seven (7) ordinary members. The Nomination Committee proposes that, in accordance with their consents, the following current members of the Board be re-elected: AnnaCarin Grandin, Peter Nilsson, Veli-Matti Reinikkala, Joakim Rubin and Raimo Seppänen, and that Andrew P. Studdert and Christian Bubenheim be elected as new Board members, all to serve for a term ending at the end of the Annual General Meeting 2020. Of the current members of the Board Perttu Louhiluoto and Caroline Sundewall have announced that they will not be available for re-election.

Andrew P. Studdert (born 1956) is an experienced executive and board professional. He has extensive knowledge of Cramo's field of business. He has served, amongst other positions, as the Chairman and Chief Executive Officer of NES Rentals Holdings, Inc., a heavy equipment rental company based in the USA during 2004–2017. Before that, he served, amongst others, as the COO for UAL Corporation/United Airlines, a global airline company based in the USA. Andrew holds a BA from San Francisco State University.

Christian Bubenheim (born 1965) has long international experience from serving in managerial positions in international businesses. He has had leading management positions in companies like Scout24, Amazon Germany, Thales, and Intel Corporation. He is an expert in driving digital transformation of businesses. Christian holds an Economics & Engineering Diploma from Munich University of Applied Sciences.

On 24 January 2019 the Nomination Committee proposed to the Annual General Meeting that the remuneration of the Board of Directors be kept at the current level, and thus proposes that the Chairman of the Board be paid EUR 85,000 per year and the other members of the Board EUR 37,500 per year.

It is proposed that the remuneration is paid in cash. Pursuant to the adopted policy on Board member share ownership, Board members who do not already have such a holding of Cramo shares are, under a four-year (4) period from the start of their directorship, expected to acquire Cramo shares to a total market value which equal at least one (1) year's Board fees before taxes, excluding any Committee compensation. The Nomination Committee annually follows up on the Board members' shareholding as a part of its process and evaluates if it is according to the policy.

In addition, the Nomination Committee proposed that like the previous year all Board members would be entitled to a 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. Further, it is proposed that the member of the Board elected in the position of Chairman of the Audit Committee would receive an additional compensation of EUR 5,000 per year. Reasonable travel expenses will be refunded in accordance with an invoice.

THE ALTERNATIVE PERFORMANCE MEASURES

The alternative Performance Measures ("APM") used by Cramo are defined below:

EBITA

= Operating profit (EBIT) + amortisation and impairment on intangible assets (purchase price allocations) arising from acquisitions

EBITDA

= EBITA + depreciation

Net debt / EBITDA

$$= \frac{\text{Period end net debt}}{\text{Rolling 12-month EBITDA}}$$

Comparable EBITA

= EBITA - items affecting comparability

Comparable EPS

$$= \frac{\text{Profit for the period excluding items affecting comparability (rolling 12 month)}}{\text{Adjusted average number of shares during the period}}$$

Comparable return on equity, %

$$= \frac{\text{Profit for the period excluding items affecting comparability (rolling 12 month)}}{\text{Total equity (average)}} \times 100$$

Organic (rental) sales growth, %

= (Rental) sales growth of assets owned by the company for the whole current and previous reporting period (i.e. exluding acquisitions, divestments and exchange rate impact)

Gross margin, %

= (Sales – Materials and services) / Sales

The European Securities and Markets Authority (ESMA) has issued guidelines regarding Alternative Performance Measures ("APM"). Cramo presents APM's to improve the business analysis and comparability from period to period. APMs presented in this report are not performance measures used in IFRS reporting and should not be considered as a substitute for measures of performance in accordance with the IFRS.

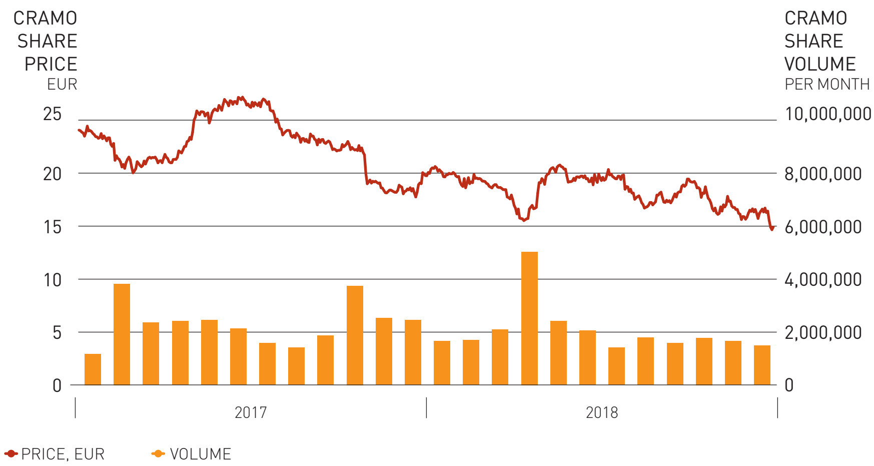
Key figures and ratios

KEY FIGURES ON FINANCIAL PERFORMANCE		2018	2017	2016	2015	2014
Sales	MEUR	779.8	729.5	712.3	667.9	651.8
Change - %	%	+6.9	+2.4	+6.6	+2.5	-0.8
Operating profit	MEUR	119.5	117.3	98.7	76.7	34.3
% of sales	%	15.3	16.1	13.9	11.5	5.3
Profit before taxes[1]	MEUR	105.3	105.2	86.9	63.8	21.5
% of sales	%	13.5	14.4	12.2	9.6	3.3
Profit for the year[1]	MEUR	84.7	84.2	68.6	49.7	16.0
% of sales	%	10.9	11.5	9.6	7.4	2.5
Return on equity[1]	%	14.7	15.6	13.6	10.5	3.4
Return on investment[1]	%	10.8	12.7	11.2	9.0	4.2
Equity ratio	%	37.8	47.4	45.6	45.7	43.9
Gross capital expenditure	MEUR	516.8	213.9	207.3	175.0	159.1
% of sales	%	29.3	29.3	29.1	26.2	24.4
of which business combinations	MEUR	313.2	9.4	4.4	9.8	11.4
Equity	MEUR	597.0	557.4	519.7	490.7	455.0
Net interest-bearing liabilities	MEUR	703.5	382.3	387.0	368.4	385.4
Gearing	%	117.2	68.6	74.5	75.1	84.7
Average number of personnel	No.	2,753	2,538	2,550	2,486	2,528

PER-SHARE RATIOS		2018	2017	2016	2015	2014
Earnings per share	EUR	1.90	1.89	1.54	1.13	0.37
Earnings per share diluted[1]	EUR	1.89	1.88	1.53	1.12	0.36
Shareholders' equity per share	EUR	13.39	12.53	11.69	11.05	10.40
Dividend per earnings	%	47.4[2]	44.9	48.6	57.6	149.3
Dividend per share	EUR	0.90[2]	0.85	0.75	0.65	0.55
Trading volume of shares	No.	23,876,494	27,064,057	18,385,238	33,659,526	28,710,540
% of total number	%	53	61	41	75	66
Adjusted average number of shares	No.	44,568,393	44,479,685	44,444,804	44,067,946	43,455,457
Adjusted number of shares at year end	No.	44,573,973	44,486,824	44,451,131	44,395,004	43,748,741
P/E ratio		7.9	10.4	15.4	16.9	32.8
Effective dividend yield	%	6.0	4.3	3.2	3.4	4.6
Market capitalisation of share capital	MEUR	665.0	879.1	1057.5	848.4	528.5
Average price	EUR	17.29	22.20	20.27	17.08	13.97
Closing price at year end	EUR	14.92	19.76	23.79	19.11	12.08
Lowest quotation	EUR	14.54	17.75	15.59	11.77	10.28
Highest quotation	EUR	20.82	27.17	25.13	20.88	17.78

1 Adjusted by the dilution effect of stock options and share plans
2 The Board proposes to the Annual General Meeting a dividend of EUR 0,90

CRAMO SHARE PRICE AND TRADING VOLUME



Consolidated balance sheet

EUR 1,000	Note	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current assets			
Tangible assets	3	976,796	794,404
Goodwill	4	293,010	145,583
Other intangible assets	4	88,209	60,159
Investments in joint ventures	7	6,024	7,069
Deferred tax assets	8	14,527	13,692
Loan receivables	11	8,918	10,153
Trade and other receivables	11	8,111	909
Total non-current assets		**1,395,595**	**1,031,969**
Current assets			
Inventories	12	14,769	9,073
Trade and other receivables	11	181,412	146,609
Income tax receivables		6,238	3,573
Derivative financial instruments	10	1,894	788
Cash and cash equivalents	13	6,391	2,594
Total current assets		**210,704**	**162,636**
TOTAL ASSETS		1,606,299	1,194,605
EQUITY AND LIABILITIES			
Equity			
Share capital		24,835	24,835
Other reserves		327,863	327,179
Hedging fund		-5,762	-6,296
Translation differences		-67,399	-53,775
Retained earnings		317,432	265,442
Equity attributable to owners of the parent company		596,969	557,384
Total equity	14	**596,969**	**557,384**
Non-current liabilities			
Interest-bearing liabilities	15	598,603	296,756
Derivative financial instruments	10	7,202	7,817
Deferred tax liabilities	8	99,919	79,821
Retirement benefit liabilities	16	1,868	1,916
Other non-current liabilities	17	1,632	1,946
Total non-current liabilities		**709,224**	**388,256**
Current liabilities			
Interest-bearing liabilities	15	111,327	88,174
Derivative financial instruments	10	407	680
Trade and other payables	18	179,979	156,622
Income tax liabilities		7,476	2,801
Provisions		917	687
Total current liabilities		**300,106**	**248,964**
Total liabilities		**1,009,330**	**637,220**
TOTAL EQUITY AND LIABILITIES		1,606,299	1,194,605

Consolidated statement of comprehensive income

EUR 1,000	Note	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
Sales	**2, 20**	**779,767**	**729,544**
Other operating income	21	18,426	19,374
Materials and services	22	-259,407	-240,426
Employee benefit expenses	23	-165,555	-157,724
Other operating expenses	24	-129,483	-119,651
Depreciation and impairment on tangible assets	25	-120,214	-111,513
Amortisation and impairment resulting from acquisitions	25	-4,541	-3,428
Share of profit of joint ventures	7	503	1,079
Operating profit		**119,496**	**117,255**
Financial income		12,388	14,921
Financial expenses		-26,616	-26,962
Total financial income and expenses	26	-14,228	-12,042
Profit before taxes		**105,268**	**105,213**
Income taxes	27	-20,569	-20,964
Profit for the year		**84,699**	**84,249**
Attributable to			
Owners of the parent company		84,699	84,249
Earnings per share for profit attributable to owners of the parent company			
Basic, EUR	28	1.90	1.89
Diluted, EUR	28	1.89	1.88
OTHER COMPREHENSIVE INCOME ITEMS			
Profit for the year		84,699	84,249
Other comprehensive income	27		
Items that will not be reclassified to profit or loss:			
Remeasurements on retirement benefit liabilities, net of tax		-35	30
Total items that will not be reclassified to profit or loss		-35	30
Items that may be reclassified subsequently to profit or loss:			
Change in hedging fund, net of tax		534	2,276
Available-for-sale financial assets			
Share of other comprehensive income of joint ventures		-1,778	-1,290
Transferred to income statement through liquidation (Indirect translation differences)			
Change in translation differences	10	-11,847	-15,823
Total items that may be reclassified subsequently to profit or loss		-13,091	-14,837
Total other comprehensive income, net of tax		-13,126	-14,807
Total comprehensive income for the year		**71,573**	**69,441**
Attributable to			
Owners of the parent company		71,573	69,441

Consolidated statement of changes in equity

	Attributable to owners of the parent company						
EUR 1,000	Share capital	Other reserves	Invested unrestricted equity	Hedging fund	Translation differences	Retained earnings	Total equity
At 1 Jan 2017	**24,835**	**186,926**	**139,973**	**-8,572**	**-36,661**	**213,170**	**519,671**
Translation differences					-17,114		**-17,114**
Remeasurement on retirement benefit liabilities						30	**30**
Hedging fund				2,276			**2,276**
Profit for the year						84,249	**84,249**
Comprehensive income				2,276	-17,114	84,279	**69,441**
Own shares conveyed			280			-280	
Dividend distribution						-33,354	**-33,354**
Share-based payments						1,626	**1,626**
At 31 Dec 2017	**24,835**	**186,926**	**140,253**	**-6,296**	**-53,775**	**265,442**	**557,384**
At 1 Jan 2018	**24,835**	**186,926**	**140,253**	**-6,296**	**-53,775**	**265,442**	**557,384**
Translation differences					-13,625		-13,625
Remeasurement on retirement benefit liabilities						-35	-35
Hedging fund				534			534
Profit for the year						84,699	84,699
Comprehensive income				534	-13,625	84,664	71,573
Own shares conveyed			684			-684	
IFRS 9 transition						2,499	2,499
IFRS 15 transition						255	255
IFRS 2 transition						3,181	3,181
Dividend distribution						-37,883	-37,883
Realisation of share-based liability						-1,303	-1,303
Share-based payments						2,771	2,771
Other changes						-1,511	-1,511
At 31 Dec 2018	**24,835**	**186,926**	**140,937**	**-5,762**	**-67,399**	**317,432**	**596,969**

Further information about share capital and equity funds is given in note 14.

Consolidated cash flow statement

EUR 1,000	Note	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
Cash flow from operating activities			
Profit before tax		105,268	105,213
Adjustments:			
Depreciation, amortisation and impairment	25	124,754	114,941
Share of profit of joint ventures	7	-503	-1,079
Other non-cash corrections	29	-12,423	-14,601
Finance cost (net)	26	14,228	12,042
Operating profit before changes in working capital		231,325	216,516
Change in working capital			
Change in inventories		550	-869
Change in trade and other receivables		-2,007	-14,625
Change in trade and other payables[1]		2,460	5,978
Cash generated from operations before financial items and tax		232,328	207,000
Interest paid[1]		-13,245	-7,189
Interest received		770	818
Other financial items		-7,314	-1,678
Income taxes paid[1]		-17,050	-12,456
Net cash flow from operating activities		**195,489**	**186,495**
Cash flow from investing activities			
Investments in tangible and intangible assets		-212,735	-201,860
Sale of tangible and intangible assets		26,917	29,543
Acquisition of subsidiaries and business operations, net of cash acquired	6	-160,037	-9,064
Disposal of subsidiaries and business combinations			27,969
Net cash flow from investing activities		**-345,855**	**-153,412**
Cash flow from financing activities			
Change in interest-bearing receivables		3,048	2,779
Repayments of finance lease liabilities	30	-2,395	-1,640
Proceeds from interest-bearing liabilities	30	270,721	29,042
Repayments of interest-bearing liabilities	30	-80,155	-36,114
Dividends paid		-37,878	-33,348
Net cash flow from financing activities		**153,340**	**-39,281**
Change in cash and cash equivalents		**2,975**	**-6,197**
Cash and cash equivalents at beginning of the year		2,595	9,099
Cash and cash equivalents to Acquisitions / Disposals		872	-215
Exchange differences		-51	-92
Cash and cash equivalents at year end		**6,391**	**2,595**

1 Comparative period 1-12/17 include reclassification of bond interest liability from change in net working capital to net financial items amounting to EUR 3.5 million respectively. In addition there is reclassification of income tax liability to income taxes amounting to EUR 1.8 million in Estonian company. As a result, cash flow before financial items and taxes decreased by EUR 5.3 million and income taxes paid decreased accordingly. In total the net cash flow from operating activities remained unchanged.

Notes to the consolidated financial statements

1. ACCOUNTING PRINCIPLES RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS

COMPANY PROFILE

Cramo is a service company specialising in equipment rental services, as well as the rental of modular space. Cramo operates in fourteen countries in the Nordic and in Central and Eastern Europe with 300 depots and 2,753 employees.

The Group's parent company, Cramo Plc, is a Finnish public limited company, established in accordance with Finnish legislation, and its Business ID is 0196435-4. The address of Cramo Plc's registered office is Kalliosolantie 2, 01740 Vantaa. Cramo Plc has its listing on the main list of Nasdaq Helsinki Ltd.

A copy of the consolidated financial statements is available on the internet at www.cramogroup.com or can be obtained at the parent company's head office, address Kalliosolantie 2, 01740 Vantaa.

On 8 February 2018, the Board of Directors approved these consolidated financial statements for issue. According to the Finnish Companies Act, the shareholders have the opportunity to approve or reject the financial statements at the Annual General Meeting held after their publication. Furthermore, the Annual General Meeting can decide on modifications to be made to the financial statements.

BASIS OF PREPARATION

The consolidated financial statements of Cramo have been prepared in accordance with International Financial Reporting Standards (IFRS) approved for adoption by the European Union, including International Accounting Standards (IAS) and the SIC and IFRIC interpretations valid on 31 December 2018. In the Finnish Accounting Act and ordinances based on the provisions of the Act, IFRS refer to the standards and their interpretations adopted in accordance with the procedures laid down in regulation (EC) No.1606/2002 of the European Parliament and of the Council. The notes of the consolidated financial statements also conform to the demands of the Finnish accounting and corporate legislation which supplement the IFRS.

The consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, share-based payments and defined benefit pension plans. The information in the financial statements is presented in thousands of euros.

The preparation of financial statements in accordance with IFRS requires the performance of certain assessments by the Group management and data about the judgements they have made. The data about such judgements the management have used in applying the Group's accounting principles for the preparation of financial statements and which affect the consolidated financial statements most significantly is presented in Accounting Principles under the section "Accounting principles requiring the management's judgement and the principal uncertainties of estimates."

CONSOLIDATION PRINCIPLES

SUBSIDIARIES

The consolidated financial statements include the parent company, Cramo Plc, and those subsidiaries over which the Group has control. The Group has control of an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All the facts and circumstances shall be considered when assessing the control. The investor shall reassess whether it controls an investee if facts and circumstances indicate that there are changes of the elements of control. Power means that the investor has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's return. Acquired subsidiaries are consolidated from the date on which control is transferred to the Group, and are no longer consolidated from the date that control ceases. The Group has 100 percent of voting rights in its subsidiaries, and accordingly, control over all its subsidiaries. The subsidiaries are listed in note 33.

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is the fair value of the assets transferred, the liabilities incurred and the equity instruments issued at the acquisition date. Any contingent consideration is recognised at fair value at the acquisition date and classified as a liability or equity. Contingent considerations classified as a liability are measured at fair value on each reporting date with changes recognised in the income statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, without deducting non-controlling interest. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

All of the Group's intercompany transactions, receivables, liabilities and unrealised gains, as well as its internal profit distribution are eliminated; unrealised losses are also eliminated unless the costs cannot be recovered.

JOINT VENTURES

The consolidated financial statements include those entities which the Group has a joint control. Investments in joint ventures are accounted for in the consolidated financial statements under the equity method. The Group's share of the profit or loss of joint ventures is shown in the consolidated statement of comprehensive income as a separate line above Operating profit. Group's investments in the joint ventures upon the date of acquisition, adjusted for changes in the joint ventures equity after the date of acquisition, are shown in the consolidated statement of financial position under "Shares in joint ventures".

FOREIGN CURRENCY TRANSLATION

Items concerning the performance and financial position of the Group's units are measured using the currency of the primary economic environment in which the entities operate ("the functional currency"). The consolidated financial information is presented in euros, which is the functional and presentation currency of the parent company.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded in the functional currency using the rate of exchange prevailing at the transaction date. In practice, it is often necessary to use a rate that is close to the rate of the transaction date. Foreign currency monetary items are translated into the functional currency using the rates of the last trading day of the reporting period. Foreign currency non-monetary items, which have been recognised at fair value, are translated into the functional currency using the rate of fair value measurement date. Otherwise, non-monetary items are translated using the rate of the transaction date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are recognised in the income statement. The foreign exchange gains and losses from operating activities are included in the respective items above operating profit. The currency exchange gains and losses are included in the financial income and financial expenses.

TRANSLATING THE CURRENCY OF THE FINANCIAL STATEMENTS OF FOREIGN ENTITIES

Income statements of foreign entities are translated into euros at the weighted average exchange rates for the year, while balance sheets are translated using the exchange rates of the last trading day of the reporting period. The translation of the profit (loss) for the period using different rates in the consolidated statement of comprehensive income and the balance sheet causes a translation difference, which is recognised in equity and whose adjustment is recognised in other comprehensive income items. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and the translation of the accumulated equity items after the acquisition are recognised in other comprehensive income items. When the control over a subsidiary changes, the accumulated translation differences are recognised as part of capital gain or loss. Fair value adjustments and goodwill arising from acquisitions of foreign entities are treated as assets and liabilities of the foreign entities in their functional currency. They are translated into euros at the rate of the last trading day of the reporting period.

INTANGIBLE ASSETS

GOODWILL

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets.

Goodwill is not amortised but tested annually for impairment, and whenever there is an indication that the asset may be impaired. For this purpose, goodwill is allocated to cash-generating units. Goodwill is carried at cost less any accumulated impairment losses.

CUSTOMER RELATIONSHIPS AND DEPOT NETWORK

In business combinations part of the purchase price has been allocated to customer relationships and depot network. Initial measurement of customer relationships has been prepared by applying the Multi-period Excess Earnings Method. The depot network has been measured based on estimated benefit gained, compared to the earnings of a depot in the normal course of business with the earnings of a start-up depot.

BRAND AND CO-BRAND

Brands and co-brands have been generated through the business combinations. Useful life of the Group's main brand "Cramo" has been defined indefinite because there is no foreseeable limit to the period over which the asset is expected to generate cash flows. The Cramo brand is not amortised but tested annually for impairment. The Cramo brand has been considered a corporate-level asset and for testing purposes the brand is reallocated to cash generating units based on sales. The reallocation of the assets to units is presented in note 5. The brand is carried at cost less any accumulated impairment losses.

Brands acquired in the business combinations are measured applying the relief-from-royalty method regardless of whether the Group intends to use the brand. These co-brands are of temporary nature and they are amortised according to the diminishing balance method over the economic useful lives of 1-10 years. The method reflects the higher importance of the brand right after the acquisition. The co-brand is allocated to the same segment as the business combination.

RESEARCH AND DEVELOPMENT

Research costs are expensed as incurred. Development costs are capitalised when it is probable that a development project will generate future economic benefits, and the cost can be measured reliably. Other development costs are expensed.

Currently the development projects of the Group do not fulfil the criteria of capitalisation and thus the development costs are expensed as incurred.

OTHER INTANGIBLE ASSETS

Intangible assets are recorded in the balance sheet initially at cost, when it is probable that the assets will generate future economic benefits and the cost can be measured reliably. Those intangible assets with a finite useful life are amortised on a straight-line basis over their expected lives. Intangible assets with indefinite useful lives are not amortised but tested annually for impairment.

Amortisation periods for intangible assets are:

Customer relationships	3 – 10 years
Depot network	10 – 20 years
Co-brands	1 – 10 years
Other intangible assets	2 – 8 years

Amortisation of intangible assets is started when they are available for use, i.e. in the location and condition necessary to operate in a manner intended by the management.

TANGIBLE ASSETS

Tangible assets are stated at cost less accumulated depreciation and any impairment losses. This cost includes expenditure that is directly attributable to the acquisition. Tangible assets acquired in the business combinations are measured at fair value at the date of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset when it is probable that they will generate future economic benefits, and the cost can be measured reliably. The expenditure on repairs and maintenance of tangible assets are recognised as expense when incurred.

Tangible assets are depreciated on a straight-line basis over the estimated economic useful lives as follows:

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36

Buildings and structures	10 – 35 years
For rental:	
Site huts	10 – 15 years
Modular space equipment	10 – 20 years
Machinery and equipment	3 – 10 years
Machinery and equipment for services	6 – 10 years
Machinery and equipment for own use	3 – 6 years
Other tangible assets	3 – 10 years

Depreciation of an asset is started when it is available for use, i.e. in the location and condition necessary to operate in a manner intended by the management. Depreciations of the rental machinery and equipment are started when they are available for rent.

The residual value and useful life of the assets are reviewed at least at the end of each financial year and, if necessary, adjusted to reflect any changes in expectations of economic value.

Gains or losses on disposal are recognised through profit and loss and presented as other operating income.

GOVERNMENT GRANTS

Grants from the government are recognised as reductions of the carrying amount of tangible assets where there is a reasonable assurance that the grant will be received and the Group will comply with all inherent conditions. Grants are recognised in the consolidated statement of comprehensive income in the form of smaller depreciation over the economic life of the related asset. Research and development grants and grants received as reimbursement for actual costs are charged to profit during the period in which the right to collect the grant emerge. Such grants are presented in other operating income.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

The Group assesses at each balance sheet date whether there are indications that the carrying amount of an asset may not be recoverable. If such indications exist, the recoverable amount of the asset in question will be measured. In addition, the recoverable amount will be estimated annually from the following assets whether there are indications of impairment or not: goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use. For the purposes of assessing impairment, assets are examined at the level of cash-generating units, i.e. at the lowest level that is mainly independent of other units and for which there are separately identifiable cash flows, largely independent from those of corresponding units.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use is determined by reference to discounted future cash flows expected to be generated by the asset. The discount rate used is pre-tax and reflects the time value of money and asset specific risks.

Impairment loss is recognised when the carrying amount of the asset is greater than its recoverable amount. Impairment loss is charged directly to the consolidated statement of comprehensive income. If a cash-generating unit is subject to an impairment loss, it is allocated first to decrease the goodwill and subsequently, to decrease the other assets of the unit. At recognition of the impairment loss, the useful life of the assets amortised is reassessed. Impairment loss from other assets than goodwill is reversed in the case that a change has occurred in the estimates used in measuring the recoverable amount of the asset. The increased carrying amount must not, however, exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. Previously recognised impairment loss of goodwill is not reversed in any circumstance.

RENTAL CONTRACTS

LESSEE

The rental agreements concerning tangible assets where the Group carries a significant share of the risks and rewards incidental to ownership are classified as financial leasing contracts. Assets acquired through financial leasing are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The tangible assets acquired under finance leases are depreciated over the economic useful life of the asset or the lease term, if there is uncertainty about the acquisition of ownership at the end of the rental period. Lease payments are allocated between the liability and finance costs so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Rental liabilities are included in financial liabilities.

Leases where the risks and rewards of ownership are retained by the lessor are treated as operating leases. Other operating lease payments are treated as rentals and charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term.

LESSOR

For those leases agreements of property, plant and equipment where the Group acts as lessor, that transfer to the lessee substantially all of the risks and rewards of ownership are classified as finance leases and recognized as receivable in the balance sheet. The receivable is measured initially at an amount equal to the present value of the minimum lease payments. The rental income derived from these finance lease agreements is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the asset.

For other rental agreements than those as defined as finance leases, the leased assets are included in the Group's tangible assets. These assets are depreciated during their estimated economic useful lives. The rental income for these agreements is recognized as income in equal amounts over the lease term in accordance with IAS 17 Leases.

Rental revenue recognition is presented in Accounting Principles under the section "Principles of revenue recognition".

FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS

The classification of financial assets is based on the Group's business model for managing financial assets and their contractual cash flow characteristics into the following categories; a) financial assets at amortised cost, b) financial assets at fair value through other comprehensive income c) financial assets at fair value through profit and loss. The classification of assets is based on the business model's objective and on the contractual cash flows of the investments or alternatively applying fair value in at initial acquisition. The classification of assets is performed upon the initial recognition and determined in line with the aim of the asset. Assets with maturities under 12 months are included in the balance sheet under current assets, and those with maturities over 12 months under non-current assets.

a) Financial assets at amortised cost are non-derivative financial assets where the business model objective is to hold financial assets up to maturity and to collect the contractual cash flows. The cash flows of these assets consist solely of interest on capital and remaining capital. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans are shown as a separate line, and other other receivables are classified as trade and other receivables in the balance sheet in Note 11 Trade and other receivables.

b) Financial assets at fair value through other comprehensive income. The financial assets in this category are assets with a business model objective to hold the item in order to collect and sell contractual cash flows. Cash flows from these financial assets consist exclusively of capital and interest payments on remaining capital.

c) Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless hedge accounting is applied. Assets in this category are classified as current assets.

Purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss.

Financial assets carried at fair value through profit and loss, are initially recognised at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest rate method.

Financial assets are derecognised when the rights to receive cash flows from the investment have expired or have been transferred, and the Group has substantially transferred all risks and rewards of ownership.

IMPAIRMENT OF FINANCIAL ASSETS

When considering and recognising the impairment losses of financial assets, the Group applies the expected credit loss method as stated in IFRS9. The book values of assets are reviewed regularly, at least annually, in order to assess whether an asset has been impaired. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In assessing impairment both external and internal sources of information are considered. External sources include a significant decline in market value that is not result of the passage of the time or a normal use of the assets or increase in interest rates. Internal sources of information include evidence of the obsolescence of, or damage to, an asset. For analysing and recognition of credit losses regarding sales receivable, contract assets and rental receivables, the simplified approach for determining the expected credit losses of IFRS 9 is applied. In this approach the credit losses are based on predetermined credit loss rates by category. The rates are determined by past events and external sources.

FINANCIAL LIABILITIES

Interest-bearing liabilities are recognised initially at fair value, net of transaction costs incurred. Subsequently, they are measured at amortised cost using the effective interest method. Interest-bearing liabilities are included in both current and non-current liabilities. Unless the Group has a non-contingent right to postpone the amortisation of a liability by a minimum of 12 months from the balance sheet date, it is classified as current.

Borrowing costs are recognised in the accounting period during which they have incurred. Credit fees related to loan commitments are recognised as transaction costs to the extent that it is probable that the total loan commitment or a part of it will be raised. This means that the fee is recognised in the balance sheet until the loan is raised. In connection with the drawdown, the credit fee related to loan commitments is recognised as part of the transaction costs. To the extent that it is probable that the loan commitment will not be raised, the credit fee is recognised as prepaid expense in respect of the liquidity related services and is accrued for period of the loan commitment.

For the measurement policies of the fair values of all financial assets and liabilities, refer to note 9 Fair values of financial assets and liabilities.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

a) Hedges of the fair value of recognised liabilities (fair value hedge); or
b) Hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction (cash flow hedge).

The Group has chosen to apply the new requirements of IFRS 9. At the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions are documented. IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness at inception and on an ongoing basis. IFRS 9 also introduces new requirements on rebalancing hedge relationships and prohibiting voluntary discontinuation of hedge accounting.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss and presented in the comprehensive income statement within financial items. Amounts accumulated in equity are transferred to the comprehensive income statement and classified as income or expense in the same period when the hedged item affects the comprehensive income statement.

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The gain or loss relating to the effective portion of an interest rate swap hedging variable rate borrowings is recognised in other comprehensive income. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction is ultimately recognised in the comprehensive income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss and presented in the comprehensive income statement within financial items.

Derivatives, which are entered in with hedging purposes, but for which hedge accounting is not applied or cannot be applied are measured at fair value through profit and loss. Changes in the fair value of these derivative instruments are recognised immediately through profit or loss and presented in the comprehensive income statement within financial items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 10 Financial risk management. Movements of the hedging fund in shareholders' equity are shown in note 14 Share capital and equity funds. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Derivatives, for which hedge accounting is not applied, are classified as a current asset or liability.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventories shall comprise all costs of purchase including transport, handling and other costs directly attributable to the acquisition. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of selling.

TRADE RECEIVABLES

Trade receivables and lease receivables are initially recognised at their transaction price as they do not have significant financing component. After initial recognition, credit loss allowance is deducted from the receivables. The allowance is equal to lifetime expected credit losses. The consideration of potential credit loss is twofold and is based firstly on the Group's general model and secondly on the specific review. The specific review is based on local, client specific consideration of collectability of the receivable.

In accordance with the Group's general mode, Cramo allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information on customers) and experienced credit judgement is applied. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions. Exposures within each credit risk grade are segmented by geographic region and lines of business. Expected credit loss rate is calculated for each segment based on delinquency status and actual credit loss experience over the last years.

Credit losses are recognised as an expense in other operating expenses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents, which include cash accounts and short-term cash deposits at banks, have maturities of up to three months. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets or a group of disposed items and the assets and liabilities related to discontinued operations are reclassified as held for sale if their amount corresponding to their carrying amount will accrue principally from the sale of assets instead of continuing use. From the date of the classification, the assets held for sale or groups of disposed items are measured at the lower of their carrying amount or the fair value less costs to sell. Depreciation of these assets is ceased on the date of classification.

The result of discontinued operations is presented as a separate item in the Group's comprehensive income statement. Assets held for sale, groups of disposed items, and items which relate to assets held for sale are recognised in other comprehensive income items, as well as liabilities included in the groups of disposed items are presented separately from other items in the balance sheet.

The Group did not have any non-current assets held for sale or discontinued operations during the financial years included in the financial statements.

EQUITY

Equity shares are presented as issued share capital. Costs related to the issue of equity instruments or to an acquisition are presented as a reduction in share capital.

When any Group company purchases the parent company's shares (treasury shares), the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the parent company.

In the option plans the proceeds gained from share subscriptions, adjusted by possible transaction costs, are recorded according to the conditions of the plans into the invested unrestricted equity fund.

PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are measured at the present value of the required payments to cover the obligation. For the calculation of the present value, the chosen discount rate is one that reflects the time value of money and the risks included in the obligation at the time of observation. If it is possible to receive reimbursement for part of the obligation from a third party, the reimbursement is stated as a separate asset when receipt is practically certain.

A contingent liability is a possible obligation, incurred as a result of earlier events, whose existence is confirmed only when an uncertain event outside the control of the Group is realised. An existing liability that is not likely to require the fulfilment of the payment obligation or whose amount cannot be reliably measured is also considered a contingent liability. Contingent liabilities are disclosed in note 19 Collaterals and contingent liabilities.

EMPLOYEE BENEFITS

RETIREMENT BENEFIT OBLIGATIONS

Pension plans are classified as defined benefit or defined contribution plans. In defined contribution plans, the Group makes fixed payments to separate entities. The Group has no legal or constructive obligation to make additional payments if the party receiving them is unable to pay the pension benefits in question. All arrangements that do not fulfil these conditions are considered defined benefit pension plans. The payments made to defined contribution pension plans are recognised in the comprehensive income statement in the period to which the contributions relate.

The Group currently operates only such defined benefit pension plans, in which all beneficiaries are already retired. The liability (or asset) recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of the defined benefit obligation is calculated by using discount rate, which reflects the market yield of high quality corporate bonds. Net interest cost of the net defined liability is recognised in the comprehensive income statement as finance costs. Re-measurements from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income items as they occur.

SHARE-BASED PAYMENTS

The Group has the following share-based compensation plans: performance share plans and share savings plans.

In performance share plans the target group has an opportunity to earn company shares as a reward on the basis of achievement of targets established for the performance criteria for each calendar year. Part of the reward is paid in cash to cover taxes and tax-related costs arising from the reward. The rewards are paid to the target group approximately two years after the confirmation of the reward, if the service conditions are met. The fair value of both the equity-settled and cash-settled payment is determined at grant date and expensed during the vesting period, the corresponding amount being charged to equity. The total amount to be expensed over the vesting period is determined based on the Group's estimate on the number of the shares that are expected to be vested by the end of the vesting period. The impact of any non-market vesting conditions (EPS-target) has been excluded, but they are included in the assumptions about the number of shares that are expected to be distributed. On each reporting date the Group revises its estimate on the number of shares that are expected to be distributed. The impact of the revision of the original estimates is recognized in the consolidated statement of comprehensive income.

In share savings plans the employees can save 2-5% of their monthly gross salaries during the 12 months' plan periods and the savings are automatically used to purchase company shares for the participants quarterly after each publication date of the interim results during the plan period. The participant will receive one free matching share for every two acquired savings shares, if the participant holds the acquired shares until the end of the designated holding period. An additional requirement for receiving the matching shares is that the participant's employment has not been terminated before the end of the designated holding period. The first savings period started on 1 October 2012 and the corresponding matching shares were paid during 2016. The matching shares are paid partly in cash to cover tax and other tax related costs arising from the reward. Both the fair value of the equity-settled and the cash-settled payment is determined at the date of acquisition of the savings shares and recognised against the retained earnings. The expenses of the share savings plan are recognized during the vesting period.

The amendment of IFRS 2 Share-based payments – Clarification and Measurement of Share-based payment transactions was adopted from the beginning of 2018. The amendment changed the accounting treatment of the cash-settled payment for both arrangements. Previously the cash-settled payment had been valued at the period end fair value and recognized as liabilities but from the beginning of 2018, the accounting treatment is the same for both the equity- and cash settled payments. At the transition as at Jan 1st, 2018, the liability related to the cash-settled payments were recognized against the retained earnings.

PRINCIPLES OF REVENUE RECOGNITION

Group's sales comprise of rental revenue of construction equipment and modular space, rental related services and sales revenue of construction and other equipment. Rental related sales include especially assembly, disassembly and transportation services, as well as construction site circumstance control and maintenance services. Revenue is recognized at fair value net of indirect taxes, discounts and exchange differences of currency sales.

RENTAL REVENUE

Rental revenue is revenue derived from operative lease contracts as stated in IAS17. The revenue from rental agreements of equipment, machines and modular space is recognized as income in equal amounts over the lease term in accordance with IAS 17 Leases. The Group retains ownership of the leased assets. Accounting treatment of the rental agreements is presented in Accounting Principles under the section "Rental Contracts".

RENTAL RELATED REVENUE AND SALE OF EQUIPMENT

For rental related services as well as for delivery of construction and other equipment, Group recognises revenue in accordance with IFRS 15.

SERVICE REVENUE

Rental related sales are derived from Group's sales of services that are closely related to equipment and modular space rentals. Rental related services include transports, assemblies, and disassembles of modular spaces, site huts, scaffolding and weather shelters to and from customer construction site as well as repair and maintenance services.

Modular space customer agreements include long-term, fixed-term project agreements of typically from two to five-year duration. Modular space project agreements typically include a service component (as listed above) alongside with rental component.

Assemblies of modular spaces or other items and their related transports are generally viewed as a combined customer promise. Assembly and related transportation are one performance obligation as well as disassembly and related transportation are one performance obligation. Other rental related services are separate performance obligations.

The customer is typically invoiced when the service or product is delivered. Some modular space project agreements include payment arrangements. According to them, the customer is permitted to pay completed assembly services during the rental period as monthly amortizations.

The Group does not adjust the promised amount of consideration at contract inception for contracts with where time between transfer of promised goods or services and customer payment is one year or less.

Judgements made in applying IFRS15 include the allocation of the transaction price between rental revenue and rental related sales to relative stand-alone prices evenly between these components.

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SATISFYING THE PERFORMANCE OBLIGATIONS IN SERVICE REVENUE

The Group satisfies performance obligations over time during which the services are rendered.

Performance obligations where the Group performs assembling and disassembling services on customer construction sites to plant are recognized (over time of satisfying the performance obligations) according to stage of completion method determined according to costs occurred compared to total costs expected.

Other short-term rental related services are recognized at a point in time at completion of the service, rendering transfer of control to the customer.

NEW AND USED EQUIPMENT (TRADING)

New and used equipment are either single performance obligation per each piece, or several pieces form combined performance obligations.

Revenue of both new/unused equipment from inventories and revenue from old equipment are recognized at a point in time following transfer of control of the goods from Cramo to the customer. Revenue from trading (new/unused equipment) sales is recognized in sales and revenue from used equipment is recognized in other operating income.

INTEREST AND DIVIDENDS

Interest income is recognised using the effective interest rate method. Dividend yield is recognised when the right to dividend is established.

TAXES BASED ON TAXABLE INCOME AND DEFERRED TAXES

Tax expense consists of the taxes based on taxable income and deferred taxes for the current accounting period. Taxes are recognised through profit and loss, except when they relate directly to equity or the items recognised in the other comprehensive income items. In such cases, tax is also charged to these items. Taxes based on taxable income for the current period are calculated based on the effective tax rate of each country.

Deferred taxes are calculated for temporary differences between the book values of assets and liabilities and the tax basis of assets and liabilities. Deferred tax liabilities are not recognised, however, if they are attributable to the initial recognition of an asset or liability in a transaction other than business combination and the transaction, at the time it occurs, does not affect the accounting profit or taxable profit. The deferred tax for investments in subsidiaries and joint ventures is recognised, except when the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future. The most significant temporary differences arise from the depreciation of tangible assets items; the measurement of derivative financial instruments at fair value; unutilised tax losses and fair value adjustments made in connection with acquisitions.

Deferred taxes are calculated using the tax rates enacted by the final day of the reporting period or those which have, in practice, been accepted by the final day of the reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

DIVIDEND DISTRIBUTION

The dividend proposed by the Board of Directors to the Annual General Meeting has not been deducted from equity; instead, dividends will be recognised after a decision has been made on the matter at the Annual General Meeting.

ACCOUNTING PRINCIPLES REQUIRING DISCRETION BY MANAGEMENT AND CRITICAL FACTORS OF UNCERTAINTY ASSOCIATED WITH ESTIMATES

Estimates and assumptions regarding the future have to be made during the preparation of financial statements, and the outcome may differ from the estimates and assumptions made. Furthermore, the application of accounting principles requires consideration.

MANAGEMENT CONSIDERATION IN CHOOSING AND APPLYING ACCOUNTING PRINCIPLES TO FINANCIAL STATEMENTS

It is the duty of the Group's management to make judgements relating to the choice and application of the accounting policies of the financial statements. This is especially true in those cases where the operative IFRSs allow alternative ways of recognition, measurement or presentation.

The most significant sector in which the management has applied the above-described discretion relates to rental agreements of tangible assets (with the Group as lessee) and the economic useful lives of tangible assets.

FACTORS OF UNCERTAINTY ASSOCIATED WITH ESTIMATES

The estimates made when preparing the financial statements are based on the management's best knowledge of current events and actions at balance sheet date. Forming the background of these estimates are previous experiences and assumptions of the future which are considered the most probable at the date of the financial statement's preparation. These assumptions concern, among other things, the development of the Group's sales and level of costs. The management together with business units follow the realisation of these assessments and assumptions and the changes in background factors regularly using several internal as well as external sources of information. Possible changes to estimations and assumptions are recorded in accounting in the reporting period during which one or both of them are adjusted and in all consecutive years.

The critical assumptions concerning the future and the factors of uncertainty associated with estimates made on the final day of the reporting period which cause a significant risk to the stability of the Group's book value of assets and liabilities during the following financial year are presented below. The Group's management consider these sections of the financial statements the most crucial, because the accounting principles involved are the most complicated from the point of view of the Group and their application requires the use of significant estimations and assumptions more than any other in, for example, the measurement of assets. Furthermore, the effects of possible changes on the actual facts behind these assumptions and assessments are expected to be the greatest.

IMPAIRMENT TESTING

In order to observe possible impairment and to prevent it, the Group performs annual tests of goodwill, intangible assets not yet available for use and intangible assets with indefinite useful life. In addition, any signs of impairment are carefully estimated following the principles described above in accounting policies. The recoverable amounts of the cash generating units are defined using calculations based on value in use. In these calculations, cash flows are based on the financial plans approved by the management which cover a period of 5 years.

More information on the sensitivity of recoverable amounts to changes in used assumptions is provided in the note 5 Impairment testing of goodwill and other intangible assets with indefinite useful life.

VALUATION OF THE RENTAL EQUIPMENT FLEET

The optimisation of rental fleet's utilisation rate is managed on the Group level. Testing of the value of the rental fleet is based on calculations of value in use, taking into account the possibility of transferring it to another entity of the Group. The preparation of these calculations requires estimations.

DETERMINING THE FAIR VALUE OF THE ASSETS ACQUIRED THROUGH BUSINESS COMBINATIONS

With regard to tangible assets, the Group's financial department and if necessary Fleet Management makes comparisons to the market prices of corresponding assets, as well as estimates of the decrease in value attributable to the age, wear and tear and other similar factors of acquired assets. The determination of the fair value of intangible assets is based on assessments concerning the cash flows of assets, because information on the sales of similar assets has not been available. More information on the measurement of intangible assets acquired through business combinations is presented in note 6 Business combinations. Management believes that the estimations and assumptions used are a sufficiently accurate basis for the determination of fair value. In major business combinations, the Group utilises an outside advisor to estimate the fair values of tangible and intangible assets. Furthermore, possible signs of impairment in both tangible and intangible assets are discussed and considered at the least at each balance sheet date.

INCOME TAXES

The Group is subject to tax in several countries. Determining the Group's income tax requires significant assessment. The quantification of the final tax for many transactions and calculations of normal business is uncertain. Deferred taxes are presented in note 8 Deferred taxes.

SHARE-BASED PAYMENTS

The Group has share-based compensation plans. The fair value of reward shares in the performance share plan is based on the share price on the grant date and the valuation does not involve high degree of estimation. Instead, the determination of the fair value of matching shares in the One Cramo Share savings plan includes certain assumptions relating to expected dividend yield and cost of equity and debt. These variables make fair value estimation difficult. These assumptions are described in note 31 Share-based payments.

NEW AND AMENDED STANDARDS APPLIED IN FINANCIAL YEAR END

The Group has applied as from 1 January 2018 the following new and amended standards that have come into effect.

- IFRS 15 Revenue from Contracts with Customers. The new standard replaced current IAS 18 and IAS 11 -standards and related interpretations. IFRS 15 is applied for the rental related services in Group, which represent approximately a quarter of the Group's revenue. In IFRS 15 a five-step model is applied to determine when to recognise revenue, and at what amount. The standard introduced also extensive new disclosure requirements.

  The transition into IFRS 15 did not have material effects on the Group's result or financial position.

  Reallocation of transaction price lead to larger relative share of rental related sales compared to the previous accounting standards. The changes also lead to rental related sales to be recognized in somewhat earlier stage than before. In accordance with the IFRS 15 requirements, the Group presents the contract balances related to sales agreements as netted. IFRS 15 also increased the amount of disclosures.

  The group has applied the cumulative effect approach of IFRS 15 standards transition option, meaning that open contracts at Jan 1 2018 were restated into IFRS 15 and cumulative effect of the change was recorded against retained earnings. The impact increased the retained earnings as at as at 1 Jan 2018 by € 0,3 million.
- IFRS 9 Financial Instruments and its amendments (effective for financial years beginning on or after 1 January 2018). IFRS 9 replaced the existing guidance in IAS 39. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The guidelines for calculation of amortized cost of modified financial liabilities according to IFRS 9 was clarified in the fall of 2017. The clarification states that the amortized cost of modified financial liabilities shall be done by discounting the contractual cash flows using the original effective interest rate.

  The application of IFRS 9 increased the retained earnings as at 1 Jan 2018 by € 2,5 million and decreased the value of the bond in the balance sheet respectively. The application of IFRS 9 had also slight impact on the credit loss accounting. Also, the amount of qualitative disclosures increased to some extent.
- Amendments to IFRS 2 Share-based payments - Clarification and Measurement of Share-based Payment Transactions* (effective for financial years beginning on or after 1 January 2018). The amendments clarify the accounting for certain types of arrangements. Three accounting areas are covered: measurement of cash-settled share-based payments; classification of share-based payments settled net of tax withholdings; and accounting for a modification of a share-based payment from cash-settled to equity-settled. The cash-settled share-based payments are valued at grant-date fair value and recognised against the retained earnings. Previously the cash-settled share-based payments have been valued at the period end-fair value and recognised as liabilities.

  The impact increased the retained earnings and decreased other liabilities as at 1 Jan 2018 by € 3,1 million.

  Other new or amended standards and interpretations have no impact on the Group's financial statements

ADOPTION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS APPLICABLE IN FUTURE FINANCIAL YEARS

The Group has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

- IFRS 16 Leases – effective since 1 January 2019. The new standard replaces the current IAS 17–standard and related interpretations. IFRS 16 requires the lessees to recognise the lease agreements on the balance sheet as right-of-use assets and lease liabilities. The accounting model is mostly similar to current finance lease accounting according to IAS 17. There are two (2) exceptions available; these relate to

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either short-term contracts in which the lease term is 12 months or less, or to low value items i.e. assets of value USD 5,000 or less when new. The lessor accounting remains mostly similar to current IAS 17 accounting. The impact of IFRS 16 on the Group's consolidated financial statements was analysed both from lessee's and lessor's perspective. The impact for lessee accounting is considered to be significant, especially because of increasing balance sheet assets and liabilities that impact Cramo KPIs such as ROCE and Net debt / EBITDA.

As lessor, the accounting remains materially unchanged compared to the current IAS 17 standard. However, from the date of IFRS 15 adoption as described above, the relative stand-alone selling price allocation between lease revenue and rental-related service sales of Modular Space contracts will change the amount of revenue recognized between these components. This change is not expected to be material over time.

The Group estimates that IFRS 16 has a significant impact on Cramo Group statement of financial position as lessees are required to recognise a lease liability reflecting future lease payments and a right-of-use-asset for virtually all lease contracts. The Group has several types of operative lease contracts according to current IAS 17. These include among others depot and premises contracts with varying non-cancellable lease periods, operative car lease contracts, and different types of machines financed through operative lease contracts. Depot and premises lease contracts brought to the Balance Sheet cause the largest impact at IFRS 16 transition.

Profit for the period of the Group will not be materially affected over time, but there are material changes on the Group's income statement between lines as e.g. other operating expenses will decrease while depreciation of tangible assets will increase considerably and interest on lease liabilities will increase. These changes will increase EBITDA significantly and increase EBITA and EBIT. The cash flow statement will be affected by change between operating and financing cash flows.

As a lessee, the Group will apply the two (2) exceptions of IFRS 16: for the short-term contracts in which the lease term is 12 months or less (except Land and Buildings which are still activated on the Balance Sheet although short-term), and to low value items i.e. assets of value USD 5,000 or less when new. The Group has decided to apply the non-retrospective transition rule of IFRS 16, according to which the cumulative effect of IFRS 16 will be recognised as an adjustment to opening balance at the transition date, 1 Jan 2019.

As at December 31, 2018, the group has non-cancellable operating lease commitments of EUR 126.8 million, as disclosed in the Note Commitments and contingent liabilities. The group estimates that approximately five (5) to ten (10) percent of these relate to payments for short-term and low-value leases that will be recognised on a straight-line basis as an expense in profit or loss, with the exception of short-term leases of depots and premises that will be activated on the Balance Sheet based on their land and buildings asset classes. Agreements treated as commitments, however, differ from the lease agreements determined by IFRS 16, and thus the amount of agreements that will be booked on the Balance Sheet differs from these commitments caused by different factors explained below.

There are differences between definitions of formerly reported off-Balance Sheet commitments and IFRS 16 lease liabilities. Cramo has identified the most material differences to consist of discounting of lease liabilities compared to nominal amounts in commitments, definition of lease term including especially treatment of open-end contracts and extension options mostly outside commitments and utilising the two IFRS 16 exemptions mostly recognised in commitments. Discounting of IFRS 16 liabilities decreases the impact compared to commitments that are reported as nominal values, and similarly, utilising the two IFRS 16 exemptions basically out-scopes many agreements from IFRS 16 lease liabilities that are reported in commitments, these differences decreasing materially the amount of IFRS 16 lease liabilities compared to off-Balance Sheet commitments. On the other hand, the accounting treatment in IFRS 16 for lease term is different than off-Balance Sheet liabilities where only unconditional liabilities are reported, and these do not then include IFRS 16 items such as expected use of extension or purchase options and open-end lease contracts. These differences in accounting rules increase IFRS 16 lease liability compared to former off-Balance Sheet commitments.

IFRS 16 entries will be booked to opening balance as of 1 Jan 2019. The preliminary amounts of right-of-use assets and lease liabilities to be booked to opening Balance Sheet amount to range between EUR 130 million and 140 million. Lease liabilities opening balance will be lower compared to right-of-use assets because of the prepayments before the standard effective date that only decrease opening balance lease liability. Deferred tax assets and liabilities are not initially recognised as in IAS 17 finance leases as they will be recognised over time when lease agreements run out causing temporary differences between right-of-use assets and lease liabilities.

Cramo will publish additional information concerning the impact of IFRS 16 implementation before Q1/19 release.

- IFRIC 23 Uncertainty over income tax treatments. (effective for financial years beginning on or after 1 January 1.1.2019). The interpretation clarifies the accounting treatment in situations where the tax treatment is not yet approved by the tax authorities. The essential question is to evaluate whether the tax authorities will accept each tax treatment that is used or planned to be used in the income tax filing. The group is currently assessing the impacts of the interpretation.
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (effective for financial years beginning on or after 1 January 1.1.2019). The changes will allow instruments with symmetric prepayment to qualify for amortized cost or fair value through other comprehensive income. The group is currently assessing the impacts of the amendment.
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures (effective for financial years beginning on or after 1 January 1.1.2019). The amendments clarify that an entity applies IFRS9 including its impairment requirements to long-term interests inassociate or joint venture that form a part of the net investment or joint venture but to which equity method is not applied. The amendment does not have an impact for the Group.
- Annual Improvements to IFRSs (2015-2017 cycle) (effective for financial years beginning on or after 1 January 2019). The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The cycle contains amendments to the following standards: IFRS 3, IFRS 11, IFRS 2, IAS 12 and IAS 23. Their impacts vary standard by standard but are not significant.

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2. SEGMENT REPORTING

The Group's management has determined the operating segments based on management reporting regularly reviewed by the Group's chief operating decision maker. Group management has been identified as the chief operating decision maker. The operating segment structure reflects the structure, in which equipment rental and modular space businesses have been combined under the management of each country. The modular space business is also monitored at product area level. In addition to segment information, Cramo discloses additional financial information by product areas for equipment rental and modular space. The reporting of the modular space order book value is also continued.

Cramo's business operations are allocated to the following reporting segments:

- Equipment Rental, Scandinavia
- Equipment Rental, Finland and Eastern Europe[1]
- Equipment Rental, Central Europe
- Modular space

1 Fortrent joint venture in Russia and Ukraine, owned and controlled 50/50 by Cramo and Ramirent, is presented under the Eastern Europe segment. Cramo's share (50 per cent) of the profit/loss is included in EBITA (operating profit before amortisations and impairment on intangible assets resulting from acquisitions) of the Eastern Europe reportable segment in accordance with the equity method of accounting.

In all of its operating segments, Cramo provides modern rental solutions through the Cramo Rental Concept. Under the Cramo Rental Concept, construction companies and customers in trade, industry and the public sector, as well as private customers, are provided with machinery, equipment and modular space through different rental solutions and services.

The information reported for each segment is the measure, which Group management uses internally for evaluating segment performance and deciding on how to allocate resources to operating segments.

The performance of an operating segment is evaluated primarily based on the segment's EBITA, which refers to operating profit before amortisation and impairment on intangible assets resulting from acquisitions. According to management's view, this is the most appropriate measure when comparing how the segment performance and the performance of other companies engaged in the same industry stand vis-à-vis each other. The figures provided to Group management in respect of segment profitability are measured on a basis consistent with the consolidated financial statements.

The figures provided to Group management in respect of segment assets and liabilities are measured on a basis consistent with the consolidated financial statements. Assets and liabilities are allocated to the segments based on segment operations. The allocation of segment assets and liabilities is in line with the information reported to Group management. Unallocated assets and liabilities comprise financial receivables, deferred tax assets and liabilities, income tax receivables and payables, derivatives, cash and cash equivalents and interest-bearing liabilities.

Inter-segment transactions are based on commercial terms.

REPORTABLE SEGMENTS 2018

EUR 1,000 Income statement	Equipment Rental, Scandinavia	Equipment Rental, Finland and Eastern Europe	Equipment Rental, Central Europe	Equipment Rental, eliminations	Equipment Rental, total	Modular space	Eliminations	Group total
External sales	370,117	144,700	114,045		628,862	150,905		779,767
Inter-segment sales	363	301	2		666	633	-1,299	
Sales	370,479	145,002	114,047		629,528	151,539	-1,299	779,767
Depreciation and impairment[1]	-43,992	-27,065	-20,974	183	-91,848	-26,480	-1,887	-120,214
Share of profit of joint ventures		516			516	-13		503
EBITA	73,281	22,474	8,037	-63	103,729	36,751	-16,444	124,037
Amortisations on intangible assets resulting from acquisitions	-1,954	-862	-984		-3,800	-741		-4,541
Operating profit	71,327	21,612	7,053		99,930	36,010	-16,444	119,496

Segment assets and liabilities	Equipment Rental, Scandinavia	Equipment Rental, Finland and Eastern Europe	Equipment Rental, Central Europe	Equipment Rental, eliminations	Equipment Rental, total	Modular space	Reportable segments total
Intangible assets	93,690	34,365	17,527		145,583	202,995	348,578
Tangible and other assets	351,327	172,867	155,344	-286	679,252	487,921	1,167,173
Investments in joint ventures		5,654			5,654	370	6,024
Segment assets[2]	445,017	212,887	172,871	-286	830,493	691,286	1,521,774
Segment liabilities[3]	66,017	19,618	19,875		105,510	68,407	173,918
Capital employed[4]	379,000	193,269	152,995	-286	724,978	622,879	1,347,856

Other disclosures	Equipment Rental, Scandinavia	Equipment Rental, Finland and Eastern Europe	Equipment Rental, Central Europe	Equipment Rental, total	Modular space	Reportable segments total
Gross capital expenditure	69,538	35,747	77,137	182,422	332,593	515,015
Number of employees 31 Dec (FTE)	1,088	841	562	2,491	388	2,879
Average number of employees	1,096	847	533	2,476	191	2,667

1 Reporting line 'depreciation and impairment' include a total of EUR 3.1 million impairment of tangible assets, which is divided to reporting segments as follows: Equipment Rental Scandinavia EUR 1.0 million, Equipment rental Finland and Eastern Europe EUR 0.3 million, Equipment Rental Central Europe EUR 0.2 million and Modular space EUR 1.6 million.
2 Segment assets include goodwill, other intangible assets, tangible assets, investments in joint ventures, inventories, non-current and current trade and other receivables as well as assets held for sale
3 Segment liabilities include provisions, retirement benefit liabilities and non-current and current trade and other liabilities
4 Capital employed is segment assets less segment liabilities

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REPORTABLE SEGMENTS 2017

EUR 1,000 Income statement	Equipment Rental, Scandinavia	Equipment Rental, Finland and Eastern Europe	Equipment Rental, Central Europe	Equipment Rental, eliminations	Equipment Rental, total	Modular space	Eliminations	Group total
External sales	379,800	143,043	80,490		603,333	126,210		729,544
Inter-segment sales	320	3			322	265	-587	
Segment sales	**380,120**	**143,046**	**80,490**		**603,655**	**126,475**	**-587**	**729,544**
Depreciation and impairment[1]	-45,687	-26,580	-15,820		**-88,088**	**-21,469**	-1,956	**-111,513**
Share of profit of joint ventures	40	1,039			1,079			1,079
EBITA	**71,543**	**26,973**	**4,438**	**140**	**103,094**	**28,811**	**-11,222**	**120,683**
Amortisations on intangible assets resulting from acquisitions	-2,113	-1,029	-120		**-3,263**	**-166**		**-3,428**
Operating profit	**69,430**	**25,944**	**4,317**	**140**	**99,831**	**28,645**	**-11,222**	**117,255**
Segment assets and liabilities								
Intangible assets	99,409	35,612	2,011		137,031	35,110	172,141	
Tangible and other assets	339,518	169,015	103,136	-223	611,446	337,209	948,655	
Investments in joint ventures	150	6,920			7,069		7,070	
Segment assets[2]	**439,076**	**211,547**	**105,147**	**-223**	**755,546**	**372,319**	**1,127,866**	
Segment liabilities[3]	**72,947**	**23,372**	**13,882**		**110,201**	**38,673**	**148,874**	
Capital employed[4]	**366,129**	**188,175**	**91,265**	**-223**	**645,345**	**333,646**	**978,992**	

Other disclosures	Equipment Rental, Scandinavia	Equipment Rental, Finland and Eastern Europe	Equipment Rental, Central Europe	Equipment Rental, total	Modular space	Reportable segments total
Gross capital expenditure	78,480	42,220	25,063	145,763	**66,098**	**211,861**
Number of employees 31 Dec (FTE)	1,053	831	386	2,270	**141**	**2,411**
Average number of employees	1,102	826	381	2,309	**158**	**2,467**

1 Reporting line 'depreciation and impairment' include a total of EUR 1,6 million impairment of tangible assets, which is divided to reporting segments as follows: Equipment Rental Scandinavia EUR 1,1 million, Equipment rental Finland and Eastern Europe EUR 0,2 million, Equipment Rental Central Europe EUR 0,2 million and Modular space EUR 0,1 million.
2 Segment assets include goodwill, other intangible assets, tangible assets, investments in joint ventures, inventories, non-current and current trade and other receivables as well as assets held for sale
3 Segment liabilities include provisions, retirement benefit liabilities and non-current and current trade and other liabilities
4 Capital employed is segment assets less segment liabilities

RECONCILIATIONS

EUR 1,000	2018	2017
Assets		
Total assets for reportable segments	1,521,774	1,127,865
Unallocated amounts and eliminations	34,653	35,912
Group assets for capital employed[1]	1,556,428	1,163,777
Other assets	49,871	30,827
Group total assets	1,606,299	1,194,605
Liabilities		
Total liabilities for reportable segments	173,918	148,874
Unallocated amounts and eliminations	9,518	14,047
Group liabilities for capital employed[2]	183,436	162,921
Other liabilities	825,894	474,299
Group total liabilities	1,009,330	637,220
Capital employed		
Capital employed for total reportable segments	1,347,856	978,991
Unallocated amounts and eliminations	25,135	21,865
Group capital employed[3]	**1,372,991**	**1,000,856**

1 Group assets for capital employed include the same asset items as segment assets
2 Group liabilities for capital employed include the same liability items as segment liabilities
3 Group capital employed is group assets for capital employed less group liabilities for capital employed

The value of outstanding orders for Modular Space was in total 250.8 Million euros in 2018 (155.4 Million euros in 2017)

ADDITIONAL INFORMATION BY GEOGRAPHICAL AREA 2018 AND 2017

EUR 1,000	2018	2017
Segment's assets[1]		
Finland	189,731	189,614
Sweden	743,509	453,854
Norway	88,104	80,354
Germany	149,870	99,206
Other countries	207,961	194,460
Total	**1,379,174**	**1,017,488**

The net sales by geographical areas is presented in Note 20 Revenue. The assets presented are based on their location.

1 Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36

3. TANGIBLE ASSETS

EUR 1,000	Land	Buildings and improvements	Machinery and equipment	Uncompleted purchases	Total
Acquisition cost					
At 1 Jan 2017	**1,707**	**27,714**	**1,357,822**	**2,388**	**1,389,631**
Exchange differences	68	-440	-28,111	-97	**-28,580**
Additions		2,080	199,042	3,324	**204,446**
Business acquisitions (note 6)			5,455		**5,455**
Reductions		-1,641	-119,625	-41	**-121,307**
Reclassification between asset categories		39	562	-2,593	**-1,992**
At 31 Dec 2017	**1,775**	**27,752**	**1,415,146**	**2,980**	**1,447,652**
Accumulated depreciation and impairment					
At 1 Jan 2017		**-20,296**	**-618,826**		**-639,121**
Exchange differences		461	15,983		**16,444**
Reductions		525	77,093		**77,618**
Reclassification between asset categories			6		**6**
Depreciation (note 25)		-1,999	-104,583		**-106,582**
Impairment loss (note 25)		-26	-1,585		**-1,611**
At 31 Dec 2017		**-21,336**	**-631,912**		**-653,248**
Acquisition cost					
At 1 Jan 2018	**1,775**	**27,752**	**1,415,146**	**2,980**	**1,447,652**
Exchange differences	-11	-434	-28,469	-11	**-28,926**
Additions		5,123	191,583	6,094	**202,801**
Business acquisitions (note 6)	958	4,831	119,158	1,541	**126,488**
Reductions	-127	-79	-49,207	-473	**-49,887**
Scrapping		-2,368	-9,489		**-11,857**
Reclassification between asset categories		208	620	-1,714	**-886**
At 31 Dec 2018	**2,594**	**35,032**	**1,639,342**	**8,417**	**1,685,386**
Accumulated depreciation and impairment					
At 1 Jan 2018		**-21,336**	**-631,912**		**-653,247**
Exchange differences		2,542	14,494		**17,036**
Reductions	0	-1	34,754		**34,753**
Scrapping			10,056		**10,056**
Reclassification between asset categories		60	-101		**-41**
Depreciation (note 25)		-2,116	-111,966		**-114,082**
Impairment loss (note 25)			-3,064		**-3,064**
At 31 Dec 2018		**-20,851**	**-687,738**		**-708,590**
Net book value:					
1 Jan 2017	**1,707**	**7,418**	**738,997**	**2,388**	**750,510**
31 Dec 2017	**1,775**	**6,416**	**783,234**	**2,980**	**794,404**
31 Dec 2018	**2,594**	**14,182**	**951,604**	**8,417**	**976,796**

Net book value of tangible assets increased by EUR 182.4 million from EUR 794.4 million to EUR 976.8 million in 2018. The net book value increased mainly due to investments (EUR 202.8 million) and business acquisitions (EUR 126.5 million), which were above the level of depreciation and impairment losses (EUR 117.1 million) and asset reductions (EUR 15.1 million). Exchange differences decreased the net book value by EUR 11.9 million.

Machinery and equipment includes assets acquired through finance lease contracts. Acquisition cost of such equipment at the end of period was EUR 29.7 (38.1) million, accumulated depreciation EUR 23.7.1 (27.1) million and net book value EUR 6.0 (11.0) million.

Investment commitments are presented in note 19.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36

4. GOODWILL AND OTHER INTANGIBLE ASSETS

EUR 1,000	Goodwill	Other intangible assets: Cramo-brand	Co-brands	Customer relation-ships	Depot network	Non-competition agreement	Other intangible assets	Software	Total
Acquisition cost									
At 1 Jan 2017	**185,950**	**29,500**	**8,418**	**47,402**	**66,175**	**7,320**	**1,556**	**22,108**	**368,431**
Exchange differences	-3,602			-592	-792	-47		-497	**-5,532**
Additions								27	**43**
Business acquisitions (note 6)	1,200			2,620		86			**3,906**
Reductions								-155	**-155**
Reclassification between asset categories								2,022	**2,022**
At 31 Dec 2017	**183,548**	**29,500**	**8,418**	**49,445**	**65,383**	**7,359**	**1,554**	**23,506**	**368,717**
Accumulated depreciation, amortisation and impairment									
At 1 Jan 2017	**-37,965**		**-8,418**	**-45,125**	**-44,010**	**-6,574**	**-1,517**	**-12,090**	**-157,595**
Exchange differences				547	310	47	8	385	**1,296**
Reductions								73	**73**
Depreciation (note 25)							-22	-3,298	**-3,320**
Amortisation resulting from acquisitions (note 25)				-739	-2,339	-350			**-3,428**
At 31 Dec 2017	**-37,965**	**-1,892**	**-8,418**	**-45,317**	**-46,040**	**-6,877**	**-1,531**	**-14,930**	**-162,973**
Acquisition cost									
At 1 Jan 2018	**183,548**	**29,500**	**8,418**	**49,445**	**65,383**	**7,359**	**1,554**	**23,506**	**368,717**
Exchange differences	-3,539		-102	-421	-913	-29	-9	-565	**-5,582**
Additions								219	**219**
Business acquisitions (note 6)	150,967		2,782	30,008		1,179	1,079	132	**186,147**
Reclassification between asset categories								1,064	**1,064**
At 31 Dec 2018	**330,975**	**29,500**	**11,098**	**79,032**	**64,470**	**8,508**	**2,623**	**24,356**	**550,566**
Accumulated depreciation, amortisation and impairment									
At 1 Jan 2018	**-37,965**	**-1,892**	**-8,418**	**-45,317**	**-46,040**	**-6,877**	**-1,531**	**-14,930**	**-162,973**
Exchange differences				370	391	29	9	334	**1,133**
Depreciation (note 25)							-9	-3,058	**-3,067**
Amortisation resulting from acquisitions (note 25)				-1,701	-2,195	-542			**-4,438**
At 31 Dec 2018	**-37,965**	**-1,892**	**-8,418**	**-46,648**	**-47,844**	**-7,390**	**-1,531**	**-17,655**	**-169,346**
Net book value:									
At 1 Jan 2017	**147,985**	**27,608**		**2,277**	**22,165**	**746**	**39**	**10,018**	**210,836**
At 31 Dec 2017	**145,583**	**27,608**		**4,128**	**19,343**	**482**	**22**	**8,576**	**205,743**
At 31 Dec 2018	**293,010**	**27,608**	**2,680**	**32,384**	**16,625**	**1,119**	**1,092**	**6,701**	**381,219**

Net book value of goodwill and intangible assets decreased by EUR 175.5 million from EUR 205.7 million to EUR 381.2 milllion in 2018. Increase in net book value was mainly due to business combinations (EUR 186.1 million).

Annual amortisations and depreciation decreased the net book value EUR 7.5 million together with exchange differences which decreased the net book value by EUR 4.4 million.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36

5. IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Goodwill and other intangible assets with indefinite useful lives acquired through business combinations have been allocated to cash-generating units for impairment testing. A CGU encompasses the business operations of a segment. The Cramo brand has been considered as a corporate-level asset which is annually allocated to CGUs for impairment on the basis of CGU sales. Sales is believed to best reflect the future cash inflows the brand generates.

Goodwill and the Cramo brand have been allocated to CGUs as follows:

EUR 1,000	2018 Goodwill	2018 Cramo brand
Equipment Rental Scandinavia	79,895	14,057
Equipment Rental Finland and Eastern Europe	30,068	5,452
Equipment Rental Central Europe	9,157	3,185
Modular Space	173,890	4,914
Total	**293,010**	**27,608**

EUR 1,000	2017 Goodwill	2017 Cramo brand
Equipment Rental Scandinavia	82,768	14,057
Equipment Rental Finland and Eastern Europe	30,164	5,452
Equipment Rental Central Europe		3,185
Modular Space	32,651	4,914
Total	**145,583**	**27,608**

Basis for impairment testing
Goodwill is tested for impairment annually, or on a more frequent basis should there be an indication of a potential impairment. The group level impairment test has been performed in December 2018 where the balance sheet as at 31 October 2018. As the purchase price allocation of Nordic Modular Group was finalised after the group-level impairment testing, the goodwill related to that was allocated to the CGU and tested as at December 31, 2018. In impairment testing the assets of a CGU are compared to its recoverable amount. The recoverable amount of a CGU has been determined based on value in use which is calculated by using the discounted cash flow method. The cash flow projections used in the calculations are based on the next year's financial budget and the forecasts for the subsequent four years approved by management. The cash flow projections, covering all together a period of five years, are based on experience as well as on the estimated future development of the markets. The projections are in line with the external information to the extent such projections are available. Management has approved the plans upon which the impairment tests are based.

The key assumptions related to impairment test of 2018 and 2017 are presented in the tables below. Due to the acquisition of Nordic Modular Group, the latest test of CGU Modular Space was performed as at December 31st, 2018 and the assumptions presented are for December 2018.

2018	EBITA-%	Compound annual growth rate five-year period, %	Growth rate beyond the five-year period, %	Discount rate before tax, %	Discount rate after tax, %
Equipment Rental Scandinavia	16.7–21.0	1.4	1.0	8.2	6.6
Equipment Rental Finland and Eastern Europe	12.7–14.3	1.7	1.0	8.7	7.1
Equipment Rental Central Europe	6.2–13.0	2.8	1.0	9.5	7.3
Modular Space	22.7–23.2	0.3	1.0	7.8	6.4

2017	EBITA-%	Compound annual growth rate five-year period, %	Growth rate beyond the five-year period, %	Discount rate before tax, %	Discount rate after tax, %
Equipment Rental Scandinavia	17.5–18.9	0.7	1.0	7.7	6.2
Equipment Rental Finland and Eastern Europe	10.9–17.8	2.1	1.0	7.8	6.6
Equipment Rental Central Europe	6.5–11.0	1.6	1.0	8.8	6.9
Modular Space	22.1–25.4	0.9	1.0	7.5	6.0

EBITA margin
The Group's result continued to improve during 2018. Differences in performance between cash generating units were significant. The acquired businesses during 2018, together with the improved efficiency are expected to increase both sales and profitability in the forecasting period. Profitability level used in terminal value calculation reflects mostly moderate historical level.

Growth rate for the five year period
Future growth estimates are mainly based on moderate utilisation rates and moderate price development in all CGU's. Growth investments and their impact have been carved out. Sales is expected to reach an annual average growth rate of 1,7% per cent during 2019–2023. In segment Equipment rental Scandinavia, the annual average growth rate is expected to be 1,4% during the five year period. In Equipment rental Finland and Eastern Europe the expected growth of net sales is 1,7% and in Equipment rental Central Europe 2,8% and in Modular Space 0,3% respectively, during the forecasting period.

Growth rate beyond the five years
The growth rate beyond five years for all CGU's is one percent per year. This is predicted to reflect a moderate long-term inflation forecast.

Discount rate
Forecasted cash flows are discounted to present value with CGU specific discount rate. Cramo Group's weighted average cost of capital (WACC) consitutes the basis for the determination of the discount rate. Cost of capital includes assumptions for capital structure, risk-free interest rate, risk premium, cost of debt and equity and equity beta. In determining the CGU-specific discount rates the weighted average cost of capital is increased by a CGU specific risk factor, which includes assumptions for country, currency and price risks inherent to CGU.

Sensitivity analysis of the main assumptions

The figures below represent the maximum changes of the main assumptions, for each assumption separately, after which the carrying amount of the unit equals its recoverable amount. In the sensitivity analysis, each parameter was varied independently whilst holding the other parameters constant.

2018	Change in EBITA margin Max. decrease in %-units	Compound annual growth rate, five-year period Max. decrease in %-units	Growth rate beyond five-year period Max. decrease in %-units	Discount rate Max. increase in %-units	The amount by which the recoverable amount exceeds the carrying amount, EUR million	The amount by which the recoverable amount exceeds the carrying amount, %-range
Equipment Rental Scandinavia	-12.9	-21.4	-32.8	10.7	674	>100
Equipment Rental Finland and Eastern Europe	-4.5	-9.3	-5.5	3.3	86	40-60
Equipment Rental Central Europe	-2.5	-5.4	-2.6	1.8	36	20-40
Modular Space	-4.4	-5.2	-1.8	1.3	138	20-40

2017	Change in EBITA margin Max. decrease in %-units	Compound annual growth rate, five-year period Max. decrease in %-units	Growth rate beyond five-year period Max. decrease in %-units	Discount rate Max. increase in %-units	The amount by which the recoverable amount exceeds the carrying amount, EUR million	The amount by which the recoverable amount exceeds the carrying amount, %-range
Equipment Rental Scandinavia	-11.0	-20.4	-22.9	9.4	593	>100
Equipment Rental Finland and Eastern Europe	-10.6	-20.3	-24.2	9.5	232	>100
Equipment Rental Central Europe	-2.3	-5.3	-2.3	1.7	25	10-30
Modular Space	-10.8	-11.9	-6.2	3.8	212	50-70

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6. BUSINESS COMBINATIONS

Acquisitions
2018
Cramo made two acquisitions during 2018.

KBS Infra GmbH
In January 2018, Cramo signed an agreement to acquire 100 percent of the share capital of KBS Infra GmbH and its subsidiaries. The acquisition was completed on 28 February 2018. The purchase price was EUR 19.0 million in cash, including the post-completion adjustment based upon the level of net working capital, among others in the acquired business on the closing date. In addition to the purchase price in cash, the total consideration included a contingent consideration valued at EUR 5.0 million at the acquisition date. The intangible assets identified in the purchase price allocation were related to customer relationships and non-compete agreements, and the rest was booked to goodwill. The table summarises the final purchase price allocation and its total consideration for KBS Infra GmbH and amounts for the fair value of the acquired assets and liabilities at the acquisition date.

KBS Infra GmbH is a leading, high-quality construction site logistics company in Germany. The company is headquartered in Mainz, near Frankfurt am Main, and operates nationwide through its 4 sites in Germany. The acquired businesses contributed sales of EUR 32 million and EBIT of EUR 3 million to the Group for the period from 1 March to 31 December 2018. The Group sales would have increased by EUR 5 million and EBIT would have slightly increased, if the acquisition had been completed on 1 January 2018. These amounts have been calculated using KBS Infra's results and the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to tangible and intangible assets had applied from 1 January 2018. There were no material differences between accounting policies of Cramo and KBS.

EUR 1,000	2018
Consideration	
Cash	19,027
Contingent consideration	5,005
Total consideration	**24,032**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Identifiable assets	
Non-current assets	
Intangible assets (excl.goodwill)	
Customer relationships	6,398
Non-compete agreements	1,179
Other intangible assets	307
Total intangible assets	7,884
Tangible assets	
Machinery and equiment	26,435
Total tangible assets	26,435
Total non-current assets	34,319
Current assets	
Inventories	547
Trade and other receivables	14,645
Cash and cash equivalents	-32
Total current assets	**15,160**
Total identifiable assets	**49,479**
Non-current liabilities	
Other non-current liabilities	3,640
Total non-current liabilities	**3,640**
Current liabilities	
Interest-bearing liabilities	20,585
Trade and other current liabilities	10,293
Total non-current liabilities	**30,878**
Total liabilities	**34,518**
Total identifiable net assets	**14,961**
Goodwill	**9,071**

Nordic Modular Group Holding AB
Announced on 26 June 2018, Cramo had signed an agreement to acquire 100 percent of Nordic Modular Group from Strukturfonden HC11 AB, a subsidiary of Nalka Invest AB, and certain minority shareholders. The transaction was subject to merger control clearance from the Swedish Competition Authority, which was approved by them on 4 October 2018. Cramo completed the transaction at the end of October 2018. The enterprise value of the transaction was approximately SEK 2.725 billion. Alongside goodwill, the intangible assets identified in the purchase price allocation were related to customer relationships and trademarks. The table summarises the total consideration for NMG and amounts for the fair value of the acquired assets and liabilities at the acquisition date.

NMG, well established player in the modular space market in the Nordics, was founded in 1956. The Company's main market is Sweden with operations also in Norway, Denmark and Finland. It employed 230 persons with reported sales of SEK 779 million and EBITA SEK 160 million in 2017. The Company currently serves municipal customers, county councils and private companies with a primary focus on schools, pre-schools, elderly housing solutions and offices. It develops, manufactures, sells and rents relocatable buildings through its three subsidiaries Temporent AB, Nordic Modular Leasing AB and Flexator AB. Temporent rents out modular solutions with a fleet consisting of approximately 6,500 modules, serving primarily municipalities and large private companies. Nordic Modular Leasing leases out modular units with a primary focus on longer term contracts. Flexator designs, manufactures and sells professional modular buildings based on standardised building systems from site huts to advanced solutions.

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EUR 1,000 Consideration	2018
Cash	108,523
Convertible agreement	52,877
Repayment of shareholder loans	32,574
Total consideration	**193,974**

EUR 1,000 **Recognised amounts of identifiable assets acquired and liabilities assumed**	**2018**
Identifiable assets	
Non-current assets	
Intangible assets (excl.goodwill)	
Customer relationships	23,285
Brands	2,744
Total intangible assets	26,029
Tangible assets	
Machinery and equiment	98,557
Total tangible assets	98,557
Other non-current assets	
Investments in joint ventures	1,236
Deferred tax assets	2,133
Loan receivables	221
Finance lease and other receivables	5,662
Total other non-current assets	9,252
Total non-current assets	**133,838**
Current assets	
Inventories	3,497
Finance lease receivables	4,816
Trade and other receivables	19,646
Income tax receivables	421
Cash and cash equivalents	2,007
Total current assets	**30,387**
Total identifiable assets	**164,225**
Non-current liabilities	
Interest-bearing liabilities	65,826
Deferred tax liabilities	18,661
Other non-current liabilities	1,340
Total non-current liabilities	**85,828**
Current liabilities	
Trade and other payables	22,997
Income tax liabilities	1,064
Provisions	205
Total current liabilities	**24,266**
Total liabilities	**110,094**
Total identifiable net assets	**54,131**
Goodwill	**139,843**

The acquired businesses contributed sales of EUR 13 million and EBIT of EUR 2 million to the Group for the period from 1 November to 31 December 2018.

The Group sales would have increased by EUR 71 million and EBIT would have increased by EUR 13 million, if the acquisition had been completed on 1 January 2018.

These amounts have been calculated using Nordic Modular Group's results and adjusting them for differences in the accounting policies between Cramo and Nordic Modular Group and the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to tangible and intangible assets had applied from 1 January 2018.

Provisional purchase consideration and cash out flow

The purchase consideration was paid in cash and financed with a convertible note from the sellers as well as bank financing.

EUR 52.9 million (SEK 550.0 million) of the purchase consideration was paid by entering into a convertible loan agreement whereby the sellers may at Cramo's discretion subscribe shares of the combined business of Nordic Modular Group and Cramo's Adapteo business. If the combined business is not span-off Cramo shall repay convertible loan in cash. If the convertible loan holder declines the offer of the combined shares, they will receive a reduced amount of the convertible loan. The contingent reduction of the convertible loan of EUR 4.8 million (SEK 50.0 million) is considered to be contingent consideration under IFRS. The contingent consideration is recognised in full and Cramo expects to settle the whole convertible note of EUR 52.9 million.

Cramo has agreed a contingent upwards adjustment to the purchase consideration up to EUR 8.7 million (SEK 90.0 million) if there is a disposal of Nordic Modular Group or the combined business of Nordic Modular Group and Cramo's Adapteo business within eighteen months following the Closing Date and certain other criteria is met. Cramo expects that this contingent consideration does not have any value.

The table below represents the details of the purchase consideration and outflow of cash to acquire Nordic Modular Group.

MEUR	
Cash consideration[1]	141,097
Convertible note	52,877
Total provisional purchase consideration	193,974
Convertible note	-52,877
Cash and cash equivalents acquired	-2,007
Withheld cash related to purchase price	-257
Provisional adjustment to the preliminary purchase consideration	-504
Net outflow of cash - investing activities	**138,330**

1 Including repayment of shareholder loans

The cash consideration was financed by bank financing, which was also used to refinance the bank loans of Nordic Modular Group. Cash flows related to financing of the acquisition and refinancing of Nordic Modular Group's loans are reported in Net cash flow from financing activities in consolidated cash flow statement.

The provisional purchase consideration is subject to completion of the closing accounts in accordance with the terms of the share purchase agreements.

The fair value of the acquired trade receivables was EUR 10.5 million and finance lease receivables EUR 11.4 million. The gross trade receivables amount for trade receivables EUR 10.5 million of which EUR 48 thousand is expected to be uncollectable. The finance lease receivable is expected to be collectable in full.

The provisional residual goodwill amounts to EUR 139.8 million. The goodwill consists of workforce, synergies and strong market position in Sweden. None of the goodwill is expected to be deductible for tax purposes.

Acquisition related costs of EUR 1.8 million are included in Other operating expenses in the consolidated statement of comprehensive income and in net cash flow from operating activies in the statement of cash flows.

2017

Just Pavillon A/S

Cramo signed an agreement to acquire the assets of Just Pavillon A/S in June 2017. The acquisition included the modular space rental fleet, customer contracts and other assets of Just Pavillon A/S. The acquisition strenghtens Cramo's Modular Space offering in Denmark. During 2016 Just Pavillon's sales amounted to DKK 27 million. The acquisition did not have material impact on the Group's sales and earnings in 2017.

Just Pavillon's offering is a complement to Cramo's existing business in Denmark and its product range consists of 360 modular units mainly used in the school and office segments. Just Pavillon's high quality product, Series 9000, is designed for school solutions and is recognised as being one of the best in the Danish market and highly valued by customers.

The table below represents the summary purchase price allocation of the business combination.

EUR 1,000 Consideration	2017
Cash	8,731
Contingent consideration	
Total consideration	**8,731**

EUR 1,000 Recognised amounts of identifiable assets acquired and liabilities assumed	2017
Identifiable assets	
Non-current assets	
Intangible assets	
Customer relationships	1,990
Non-compete agreements	86
Total intangible assets	**2,076**
Tangible assets	
Machinery and equiment	5,455
Total tangible assets	5,455
Total non-current assets	**7,531**
Total identifiable assets	**7,531**
Assumed liabilities	
Interest bearing liabilities	
Trade and other payables	
Total liabilities assumed	
Total identifiable net assets	**7,531**
Goodwill	**1,199**

Disposals
There were no disposals during 2018.

Cramo made two divesments during 2017.

EUR 1,000	2017
Divestment of shares in subsidiary companies (net of cash)	4,560
Gross divestment of business	23,614
Total consideration	**28,174**

In July 2017 Cramo signed an agreement by divesting its Danish Equipment Rental operations. In 2016, sales of Danish Equipment Rental operations amounted to DKK 149 million (EUR 20 million) and comparable EBITA DKK 4.6 million (EUR 0.6 million), Cramo recognised one-time capital loss of EUR 1.1 million in 2017 result.

The transaction was an asset deal in which all assets belonging to Cramo's Equipment Rental operations in Denmark, including rental equipment, inventory, customer contracts and depot premises lease contracts, were acquired by the buyer. The divestment was completed on 31 August 2017.

In August 2017 Cramo signed an agreement by divesting its operations in Latvia and Kaliningrad. In the divestment Cramo sold the share capital of its operative companies SIA Cramo and Cramo Kaliningrad OOO to AS Storent Investments. The transaction included all assets and liabilities of the companies. The transaction was completed on 1 August 2017.

The transaction had a positive impact on Cramo Group's 2017 result amounting approximately 1.8 million. In 2016, sales of operations in Latvia and Kaliningrad amounted to EUR 6.3 million with comparable EBITA of EUR -0.8 million.

EUR 1,000 Disposal of shares of Cramo Latvia and Cramo Kaliningrad	2017
Sales price	6,827
Repayments of interest bearing liabilities	2,267
Divestment of shares in subsidiaries (net of cash)	**4,560**
Advisory fees related to the disposal	284
Assets	
Property, plant and equipment	4,145
Trade and other receivables	978
Other non-current and currents assets	209
Cash and cash equivalents	213
Total identifiable assets	**5,545**
Liabilities	
Interest-bearing liabilities	2,291
Other liabilities and provisions	743
Total liabilities	**3,034**
Net assets divested	**2,511**
Gain on sale of shares	**1,765**

EUR 1,000 Divestment of Equipment rental business in Denmark	2017
Sales price	23,614
Advisory fees related to the disposal	292
Other expenses affecting to gain on sale	955
Assets	
Property, plant and equipment	23,740
Sale of inventories	279
Other net working capital items	160
Divested assets	**24,179**
Liabities	
Other liabilities	687
Net assets divested	**23,492**
Net loss on sale of business	**-1,125**

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7. JOINT VENTURES

Reconciliation of summarised financial information

EUR 1,000 Summarised financial information	Ungabostäder Haninge AB 1 Nov - 31 Dec 2018	Fortrent 2018	Fortrent 2017	Fellesutleie AS 2018	Fellesutleie AS 2017	Total 2018	Total 2017
Opening net assets at 1 Jan	747	11,658	12,159		242	12,412	12,401
Profit/loss for the period	-13	1,032	2,078		80	1,019	2,158
Other comprehensive income items		-3,555	-2,579		-23	-3,555	-2,602
Closing net assets at 31 Dec	**734**	**9,135**	**11,658**		**300**	**9,875**	**11,958**
Interest in joint venture (50 %)	370	4,567	5,829		150	4,938	5,979
Transaction costs		1,091	1,091			1,091	1,091
Carrying amount of investment	**370**	**5,653**	**6,920**		**150**	**6,024**	**7,069**

Fortrent is a construction machinery and equipment rental company operating in Russia and Ukraine. The company is owned and controlled jointly 50/50 by Cramo and Ramirent. Ungabostäder Haninge AB is a Swedish company and owned and controlled jointly by Cramo ownership is 50%. Cramo presents its share of profit or loss from the joint ventures above EBITDA in the consolidated income statement in accordance with the equity method of accounting.

Cramo and Ramirent have granted loans to the joint venture. The value of the loan at the end of 2018 is 17.4 million. In 2018 Fortrent has amortised the loans by EUR 2.9 (5.6) million. In addition Cramo has granted loan to Ungabostäder Haninge AB the value of the loan is EUR 0.2 million. In 2018 no amortisation has been made from this loan.

Fortrent's Ukrainian operations will be closed during 2019. The restructuring costs are approximately EUR 0.5 million.

In 2018 the Group has liquidated its shares in a joint venture Fellesutleie AS. The impact of liquidation was insignificant on result of the period.

EUR 1,000 Summarised balance sheet	Ungabostäder Haninge AB 2018	Fortrent 2018	Fortrent 2017	Fellesutleie AS 2018	Fellesutleie AS 2017
Current assets					
Cash and cash equivalents	162	387	447		378
Other current assets (excluding cash)	77	4,758	6,129		
Total current assets	**239**	**5,145**	**6,576**		**378**
Other current liabilities	736	4,369	4,000		14
Total current liabilities	**736**	**4,369**	**4,000**		**14**
Non-current assets					
Goodwill		4,373	5,023		
Intangible assets relating to PPA		2,548	3,666		
Other non-current assets	3,106	19,945	21,630		
Deferred tax assets		1,161	1,658		
Total non-current assets	**3,106**	**28,027**	**31,977**		
Interest bearing liabilities	1,875	17,387	20,306		
Deferred tax liabilities		2,281	2,589		64
Total non-current liabilities	**1,875**	**19,668**	**22,895**		**64**
Net assets	**734**	**9,135**	**11,658**		**300**

Fortrent has commitments amounting to EUR 0.1 (0.3) million.

EUR 1,000 Summarised statement of comprehensive income	Ungabostäder Haninge AB[1] 2018	Fortrent 2018	Fortrent 2017	Fellesutleie AS 2018	Fellesutleie AS 2017
Sales		**29,889**	**32,225**		**251**
Materials and services		-9,103	-8,963		
Other expenses		-11,246	-11,753		-145
Depreciation and impairment on tangible assets		**-6,140**	**-6,980**		
EBITA		**3,400**	**4,529**		**106**
Amortisation and impairment resulting from acquisitions		-693	-788		
Interest expenses		-497	-604		
Other financial income		**-651**	**-549**		-52
EBT		**1,559**	**2,588**		**54**
Income taxes		-527	-510		27
Profit / loss for the year		**1,032**	**2,078**		**80**
Other comprehensive income items		-3,555	-2,579		-23
Total comprehensive income		**-2,523**	**-501**		**58**

1 The presentation of the income statement in the joint venture Ungabostäder i Haninge AB is not practically possible within the meaning of IAS 1: 113. This joint venture has been part of Cramo since the acquisition of NMG, which has been the subject of a preliminary cost calculation in accordance with IFRS 3:45. The consolidated loss for the financial year was EUR 13.1 thousands in 2018.

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8. DEFERRED TAXES

Deferred tax assets and liabilities as presented in the balance sheet as follows:

EUR 1,000	2018	2017
Deferred tax assets	14,527	13,692
Deferred tax liabilities	99,919	79,821
Deferred tax liabilities net	**85,392**	**66,129**

Movements in deferred tax assets and liabilities during the year:

EUR 1,000	1 Jan 2018	Recognised in income statement	Recognised in other compre-hensive income	Acquisitions and disposals	Exchange differences	31 Dec 2018
Deferred tax assets						
Tax losses carried forward	6,920	-69			-34	**6,817**
Double taxation of interests[2]	1,578					**1,578**
Depreciation difference, negative	855	-1,127		**2,133**	-4	**1,857**
Financial leases	95	-95				
Fair value of hedging fund	1,563		-134			**1,429**
Derivative financial instruments	350	-151				**199**
Elimination of internal profit	547	746				**1,293**
Retirement benefit liabilities	401	224	-14			**611**
Other temporary differences	1,383	-618			-22	**743**
Total	**13,692**	**-1,090**	**-148**	**2,133**	**-60**	**14,527**
Deferred tax liabilities						
Depreciation difference	64,830	2,332		5,228	-2,305	**70,084**
Financial leases	3,624	-1,465			-82	**2,077**
Derivative financial instruments	158	214				**372**
Valuation of assets to fair value in business combinations	10,230	-2,715		18,643	-118	**26,040**
Undistributed retained earnings[1]	350	500				**850**
Other temporary differences	629	204			-337	**496**
Total	**79,821**	**-930**		**23,871**	**-2,842**	**99,919**
Deferred tax liabilities net	**66,129**	**160**	**148**	**21,738**	**-2,782**	**85,392**

EUR 1,000	1 Jan 2017	Recognised in income statement	Recognised in other compre-hensive income	Acquisitions and disposals	Exchange differences	31 Dec 2017
Deferred tax assets						
Tax losses carried forward	7,285	-200			-165	**6,920**
Double taxation of interests[2]	862	716				**1,578**
Depreciation difference, negative	866	-46			35	**855**
Financial leases	172	-80			3	**95**
Fair value of hedging fund	2,090		-527			**1,563**
Derivative financial instruments	3	347				**350**
Elimination of internal profit	755	-208				**547**
Retirement benefit liabilities	539	-122	-12		-4	**401**
Other temporary differences	1,302	26			55	**1,383**
Total	**13,874**	**433**	**-539**		**-76**	**13,692**
Deferred tax liabilities						
Depreciation difference	60,900	6,083			-2,154	**64,830**
Financial leases	2,700	951			-27	**3,624**
Derivative financial instruments	177	-19				**158**
Valuation of assets to fair value in business combinations	11,134	-819			-85	**10,230**
Undistributed retained earnings[1]	325	25				**350**
Other temporary differences	95	382			152	**629**
Total	**75,331**	**6,603**			**-2,114**	**79,821**
Deferred tax liabilities net	**61,457**	**6,170**	**539**		**-2,038**	**66,129**

1 The deferred tax liability for the annual profits of the Estonian subsidiary has not been recognised, because the distribution is in the control of the Group.

2 According to the residual tax decisions issued by the Finnish Tax Administration, the interest income from Cramo's financing company in Belgium should have been partly taxed in Finland concerning 2009 - 2013. Cramo Plc has appealed to an Administrative Court in Finland against the approximately one million euros tax penalty associated with tax decision concerning 2009 - 2012. In 2017 Cramo Plc has supplemented the appeal to an Administrative Court in Finland concerning years 2011 - 2013. In the supplement of the appeal Cramo Plc has demanded to annul the taxation of the interest income in Finland. The Administrative Court dismissed the appeal by issuing a decision on April 6, 2018. Cramo Plc has appealed the decision of the Administrative Court to a Supreme Court in Finland. Concerning years 2009-2010 Cramo Plc has submitted the case to the mutual agreement procedure (the MAP process) between Belgium and Finland, to the extent that Cramo has been subjected to double taxation. The Competent Authorities of Belgium and Finland issued a decision in the mutual agreement procedure (MAP). The decision was in line with the decisions of the Finnish Tax Correction Board. The financing company in Belgium, Cramo Finance NV, will submit an appeal to the Belgium Tax Authority to annul double taxation. The Group has recognised deferred tax assets of EUR 1.6 (1.6) million of the income, which are subject to double taxation.

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group had not recognised deferred tax assets of EUR 11.500 (10.410) thousand of the tax losses in respect of subsidiaries that are currently making a loss.

Specification of tax items recognised in other comprehensive income is presented in note 27 Income Taxes.

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9. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

EUR 1,000 At 31 Dec 2018	Note	Items at fair value through profit and loss	Items at amortised cost	Hedge accounted derivatives	Book value	Fair value	Fair value hierarchy
Non-current financial assets							
Interest-bearing receivables	11		8,918		8,918	8,918	2
Trade and other receivables	11		8,111		8,111		
Current financial assets							
Derivative financial instruments	10	1,894			1,894	1,894	2
Trade and other receivables	11		150,183		150,183		
Cash and short-term deposits	13		6,391		6,391	6,391	2
Total		**1,894**	**173,602**		**175,497**		
Non-current financial liabilities							
Interest-bearing liabilities	15		598,603		598,603	609,594	2
Derivative financial instruments	10			7,202	7,202	7,202	2
Other non-current liabilities	17		1,632		1,632		
Current financial liabilities							
Interest-bearing liabilities	15		111,327		111,327	111,327	2
Derivative financial instruments	10	407			407	407	2
Trade and other payables	18		91,342		91,342		
Total		**407**	**802,904**	**7,202**	**810,512**		

EUR 1,000 At 31 Dec 2017	Note	Items at fair value through profit and loss	Items at amortised cost	Hedge accounted derivatives	Book value	Fair value	Fair value hierarchy
Non-current financial assets							
Interest-bearing receivables	11		10,153		10,153	10,153	2
Trade and other receivables	11		909		909		
Current financial assets							
Derivative financial instruments	10	788			788	788	2
Trade and other receivables	11		122,230		122,230		
Cash and short-term deposits	13		2,594		2,594	2,594	2
Total		**788**	**135,886**		**136,674**		
Non-current financial liabilities							
Interest-bearing liabilities	15		296,756		296,756	307,849	2
Derivative financial instruments	10			7,817	7,817	7,817	2
Other non-current liabilities	17		1,606		1,606		
Current financial liabilities							
Interest-bearing liabilities	15		88,174		88,174	88,174	2
Derivative financial instruments	10	680			680	680	2
Trade and other payables	18		87,367		87,367		
Total		**680**	**473,903**	**7,817**	**482,400**		

Derivative financial instruments
The fair value of forward contracts is determined by using the forward rates of 31 December for respective contracts. For interest rate swaps the fair value is computed by discounting the future cash flows using the market rates at annual closing. If the market value given by a counterparty is utilised, company produces also its own calculation using generally accepted valuation methods.

Interest-bearing receivables and liabilities
The fair value of loans and loans receivable is based on the discounted cash flows. The rate used for measurement is the rate which would apply for the Group's new external financing and investments. The overall rate consists of a risk free rate and the risk premium for the company. The fair value of leasing contracts is computed by discounting the cash flows with a rate corresponding to similar contracts.

Trade and other receivables and liabilities
The fair value of trade and other receivables and liabilities corresponds to the historical cost. The effect of discounting is not relevant due to short maturity of the instrument.

Fair value hierarchy disclosures for each class of financial instruments:
The following fair value measurement hierarchy is applied for the financial instruments measured in the balance sheet at fair value.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- nputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

10. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The objective of the Group's risk management is to minimise the negative effects on the Group's financial performance caused by changes in financial markets. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by Group Treasury, a central treasury function. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units according to the Treasury policy approved by the Board. The objectives of Group Treasury are to secure sufficient funding for business operations, avoiding financial constraints at all times, to provide business units with financial services, to minimise the costs of financing, to manage financial risks (currency, interest rate, liquidity and funding, credit and operational risks) and to provide the management with information on the financial position and risk exposures of Cramo and its business units. In addition, Group Treasury actively monitors the actual values of the Group's financial covenants and anticipated financial headroom in relation to maximum values of these financial covenants as part of the Group's business planning.

MARKET RISK

Interest rate risk

Fluctuations in market interest rates have an effect on consolidated interest outflows and the fair value of interest-bearing receivables, loans payable and derivative instruments. The objective of interest rate risk management is to mitigate the impact of interest rate changes on the income statement, balance sheet and cash flow, while also taking into account the market value of net debt.

The Group's interest rate risk arises mainly from its long-term borrowings. The Group is mainly exposed to cash flow risk, which arises from liabilities at variable rates and is partly off-set by the bonds with fixed interest rate. At the balance sheet date, 47.0% (76.5%) of outstanding interest-bearing liabilities were at fixed interest rates when including the effect of derivatives used. During 2018 and 2017 the Group's borrowings were denominated mainly in the EUR. The currency specification of financial lease liabilities is presented in table later in this note. The weighted average interest rate fixing period for loan portfolio was 1.5 (3.1 years). The Treasury Policy states the limit for the portion of fixed interest to be 20–80% of the whole loan portfolio and duration to stay in a range from one to four years.

The Group manages its interest rate related cash flow risk by using interest rate swaps in accordance with the Treasury Policy. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The nominal value of the Group's interest rate swaps was at 31 December 2018 EUR 130.0 (130.0) million. IFRS 9 hedge accounting was applied to all of these interest rate swaps. Interest rate hedged items are cash flows generated by floating rate liabilities. Hedged Interest rate risk is hedged as a cash flow hedge and the economic relationship between the interest-bearing liabilities and the interest rate swap derivatives are that the critical terms match. Possible sources for ineffectiveness are changes in the timing of when hedge items are realized, if there is a significant change in the credit risk of the counterparty that is involved in the hedge relationship and if the total amount or price of the hedged item changes. The maturity structure and average rate of these derivatives are presented in a table under the topic of derivative instruments.

For interest rate sensitivity analysis in accordance with IFRS 7, if interest rates at 31 December 2018 on EUR-denominated borrowings had been 1 % higher/lower with all other variables held constant, the impact to pre-tax profit for the year would have been EUR -2.7/-1.0 (-0.8/-0.9) million, as a result of changes in the interest flows on floating rate borrowings and hedging instruments. The impact in other comprehensive income items would have been EUR +3.9/-3.9 (+5.0/-5.0) million, as a result of a change in the fair value of interest rate swaps for which hedge accounting is applied. The following table illustrates the sensitivity analysis.

MEUR	2018				2017			
	Income statement		Other comprehensive income		Income statement		Other comprehensive income	
Effect of change in interest rates	+ 1%	- 1%	+ 1%	- 1%	+ 1%	- 1%	+ 1%	- 1%
Interest-bearing liabilities and Assets	-3.7				-1.8			
Interest rate derivative instruments	1.0	-1.0	3.9	-3.9	0.9	-0.9	5.0	-5.0
Total	**-2.7**	**-1.0**	**3.9**	**-3.9**	**-0.8**	**-0.9**	**5.0**	**-5.0**

Foreign exchange risk

The Group operates internationally and is exposed to risks arising from foreign exchange rate fluctuations, primarily from exposures with respect to the Swedish krona, Norwegian krone and Danish krone. Foreign exchange risk arises primarily from internal funding and net investments in foreign operations as well as from recognised assets and liabilities.

Foreign exchange risk arising from internal funding and recognised assets and liabilities is managed primarily through forward contracts. A table following in this note presents the maturity structure of these derivatives. Hedge accounting is not applied for these derivatives and changes in the fair value of derivatives are recognised in the income statement.

Sales in Group companies are carried out in the functional currency of the local entities. These transactions do not expose the Group to significant foreign exchange risk. Purchases are carried out both in Euros and local currencies. The currency risk arising from purchases is considered insignificant. Hence, according to the Treasury Policy, future purchase commitments are not hedged.

Sensitivity analysis, in accordance with IFRS 7, aims to represent the sensitivity of the consolidated income and equity with respect to foreign exchange rate fluctuations. The open euro exposure against other functional currencies arises from account payables, leasing liabilities in other than local currency, as well as from the open exposure of the Group Treasury.

The following table presents the Group's currency exposure and the sensitivity effects to equity. The sensitivity calculation is based on a change of 10% in the Euro exchange rate against all the functional currencies that the Group operates in.

EUR 1,000 Translation risk and hedging	31 Dec 2018 Exposure	 Sensitivity	31 Dec 2017 Exposure	 Sensitivity
SEK	616,499	-/+ 61,650	433,704	-/+ 43,370
DKK	26,718	-/+ 2,672	21,724	-/+ 2,172
NOK	49,106	-/+ 4,911	40,350	-/+ 4,035
Other currencies	32,171	-/+ 3,217	28,533	-/+ 2,853
Total	**724,493**	**-/+ 72,449**	**524,312**	**-/+ 52,431**

During 2018 and 2017 Cramo has not utilised any financial instruments to hedge the net investments in subsidiaries.

In 2018 the translation differences arising from subsidiaries' equities denominated in Swedish krona amounted to EUR -16.8 (-12.5) million, in Danish krone EUR 0.0 (0.0) million, in Norwegian krone EUR -0.5 (-3.1) million and other currencies EUR -0.6 (-0.2) million. In addition to these, translation differences derived from a joint venture Fortrent amounted to EUR -1.8 (-1.3) million. The cumulative total of translation differences shown in other comprehensive income items totalled to EUR -67.4 (-53.8) million.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36

EUR 1,000 Transaction risk and hedging	31 Dec 2018 Exposure	Hedges	Net exposure	Sensitivity	31 Dec 2017 Exposure	Hedges	Net exposure	Sensitivity
SEK	2,098	-1,755	343	-/+ 34	-37,802	33,320	-4,481	+/- 448
DKK	18,354	-17,350	1,004	-/+ 100	22,436	-19,812	2,624	-/+ 262
NOK	35,510	-33,373	2,138	-/+ 214	33,616	-28,963	4,654	-/+ 465
Other currencies	11,218	-11,032	185	-/+ 19	9,915	-8,917	998	-/+ 99
Total	**67,180**	**-63,510**	**3,670**	**-/+ 367**	**27,794**	**-24,371**	**3,423**	**-/+ 379**

Cramo Services AB has also made currency hedges in Cramo group currencies to hedge operative flows. The net position exposure of Cramo Services AB is EUR 7 thousand and the nominal value of currency hedges amount to EUR 8.7 million. Cramo Services AB currency hedges are not included in the table above.

Price risk
The Group holds a minor amount of unquoted shares, which do not expose to material price risk. The Group is not exposed to commodity price risk.

DERIVATIVE FINANCIAL INSTRUMENTS

EUR 1,000 Fair value of derivatives	31 Dec 2018 Nominal value	Positive fair value	Negative fair value	Net fair value	31 Dec 2017 Nominal value	Positive fair value	Negative fair value	Net fair value
Currency derivative instruments	176,574	1,894	-407	1,487	110,972	788	-680	108
Interest rate derivative instruments	130,000		-7,202	-7,202	130,000		-7,817	-7,817
Total	**306,574**	**1,894**	**-7,608**	**-5,715**	**240,972**	**788**	**-8,497**	**-7,709**

The derivatives used in 2018 and 2017 were currency forward contracts and interest rate swaps. In 2018 also currency option was an exercised instrument type. These were used for hedging purposes in line with the Group's hedging policy.

The change in fair value of currency derivatives has been recognised in the income statement. The change in fair value of hedge accounted interest rate derivatives has been recognised in other comprehensive income items, as net of tax. On 31 December 2018 the open derivative exposure reflected well the exposure retained during the financial year.

EUR 1,000
Hedge transactions and Hedge Items

	Nominal amount	Carrying amount Asset	Liability	Line item in the statement of financial position where located
Cash Flow Hedge				
Interest rate risk Hedge transaction -interest rate swaps	130,000		7,202	Non-Current Derivative Financial Liability
Hedge Item - Floating rate financial liabilities	130,000		130,000	Non-Current interest-bearing Liability

EUR 1,000
Profit and Loss

	Change in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit or loss	Line item in profit or loss (that includes hedge ineffectiveness)
Cash Flow Hedge			
Interest rate risk			Financial Income or Financial Expense
-Floating rate financial liabilities	615		

EUR 1,000 Derivative instruments mature as follows, 2018	Average rate	2019	2020	2021	2022	2023	2024+	Total
Currency derivative instruments	na.	176,574						176,574
Interest rate derivative instruments	1,7%		20,000	20,000	65,000	25,000		130,000
Total derivative instruments		**176,574**	**20,000**	**20,000**	**65,000**	**25,000**		**306,574**

EUR 1,000 Derivative instruments mature as follows, 2017	Average rate	2018	2019	2020	2021	2022	2023+	Total
Currency derivative instruments	na.	110,972						110,972
Interest rate derivative instruments	1.7%			20,000	20,000	65,000	25,000	130,000
Total derivative instruments		**110,972**		**20,000**	**20,000**	**65,000**	**25,000**	**240,972**

Cramo enters into derivative transactions under master netting agreements. In general the amounts owed by each counterparty are settled with one single net payment by each currency. In certain circumstances, e.g. when a credit event such as a default occurs, all outstanding transactions under the agreements are terminated and only one amount is payable in settlement of all transactions. The netting agreements do not meet the criteria for offsetting in the balance sheet. The following table illustrates the carrying amounts of derivative instruments that are subject to the agreements described above.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36

EUR 1,000 Derivative financial assets	2018	2017
Gross amounts in the balance sheet	1,894	788
Related instruments that are not offset	-659	-574
Total	**1,236**	**214**

EUR 1,000 Derivative financial liabilities	2018	2017
Gross amounts in the balance sheet	7,608	8,497
Related instruments that are not offset	-659	-574
Total	**6,950**	**7,923**

CREDIT RISK

The Group's policy identifies counterparty credit rating requirements and principles of investment for clients, investment transactions and derivative financial instruments. The Group has no significant credit risk concentrations since it has a broad clientele, which is geographically spread over a wide area. Credits are granted to companies and private persons, which have proper credit information. The Group's maximum exposure to credit risk is represented by the fair values of receivables and other financial assets at 31 December 2018.

The maturity structure of accounts receivables is presented in note 11.

Also the credit losses and increase of provision for bad debts are presented in note 11. Receivables do not include significant credit risk concentrations.

REFUNDING AND LIQUIDITY RISK

The Group Treasury manages the Group's liquidity risk and ensures flexibility in funding by maintaining availability under committed credit lines. The Group uses diverse funding sources and borrowings are primarily long-term. The Group has committed borrowing facilities or other lines of credit that it can access to meet liquidity needs. At 31 December 2018 the undrawn committed credit facilities totalling EUR 258.5 (267.2) million, of which long-term EUR 235.0 (250.0) million and short-term EUR 23.5 (17.2) million.

In order to decrease the refinancing risk the Group aims to diversify the maturity structure of its interest-bearing debt and negotiates new committed credit lines well in advance of need. The acquisition of Nordic Modular Group was financed with a new EUR 210 million bridge loan with a 2-year tenor and a SEK 550 million convertible note, which may be used by the sellers to reinvest in Cramo's Modular Space business under certain conditions.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative instruments are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

EUR 1,000 Maturities of financial liabilities at 31 Dec 2018	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total
Derivatives					
FX forward contracts, outflow	-407				**-407**
FX forward contracts, inflow	1,894				**1,894**
Interest rate swaps, outflow	-2,209	-2,071	-1,637	-1,210	**-7,127**
Interest rate swaps, inflow			5	184	**188**
Derivatives, net	**-722**	**-2,071**	**-1,632**	**-1,027**	**-5,452**
Accounts payable and other non-interest bearing liabilities	-91,342	-1,632			**-92,974**
Borrowings (excl. finance lease liabilities)	-116,860	-274,509	-347,268		**-738,636**
Finance lease liabilities	-1,536	-499	-416		**-2,451**
Total	**-209,737**	**-276,640**	**-347,683**		**-834,061**

EUR 1,000 Maturities of financial liabilities at 31 Dec 2017	Less than 1 year	1–2 years	2–5 years	Over 5 years	Total
Derivatives					
FX forward contracts, outflow	-680				**-603**
FX forward contracts, inflow	788				**711**
Interest rate swaps, outflow	-2,250	-2,003	-4,652	-542	**-8,854**
Interest rate swaps, inflow			1,531	286	**1,224**
Derivatives, net	**-2,142**	**-2,003**	**-3,121**	**-256**	**-7,522**
Accounts payable and other non-interest bearing liabilities	-87,367	-1,606			**-88,973**
Borrowings (excl. finance lease liabilities)	-91,820	-5,490	-304,943		**-402,252**
Finance lease liabilities	-2,307	-1,213	-737		**-4,257**
Total	**-181,494**	**-8,309**	**-305,680**		**-495,482**

CAPITAL STRUCTURE

The Group's objectives when managing capital structure are to safeguard the Group's ability to continue as a going concern and to maintain the optimum capital structure. The targets for capital structure are determined by the Board of Directors. The Group Treasury regularly monitors the development of the capital structure.

The Group monitors capital structure based on the of the ratio of net interest-bearing liability to total equity (gearing) and the ratio of net interest-bearing liability to EBITDA (Net debt/EBITDA). One of the financial targets of the Group is to keep the Net debt/EBITDA ratio below 3.0. This target was well met both in 2018 and 2017.

The net interest-bearing liabilities of the Group at 31 December 2018 totalled EUR 703.5 million, while at 31 December 2017 they were EUR 382.3 million. During 2018 the net interest-bearing liabilities increased by EUR 321.2 million.

Net debt and gearing are represented in the table below.

EUR 1,000	2018	2017
Interest bearing liabilities	709,930	384,930
Cash and cash equivalents	6,391	2,594
Net interest-bearing liabilities	**703,539**	**382,335**
Total equity	**596,969**	**557,384**
EBITDA	244,250	232,196
Net debt to EBITDA	**2.88**	**1.65**
Gearing, %	**117.9**	**68.6**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36

11. NON-CURRENT AND CURRENT RECEIVABLES

EUR 1,000	2018	2017
Non-current receivables		
Loan receivables from joint ventures (see note 32)	8,918	10,153
Finance lease receivables	5,702	
Other receivables	2,409	909
Non-current receivables, total	**17,029**	**11,062**
Current receivables		
Trade receivables	141,986	119,330
Finance lease receivables	5,370	
Other receivables	2,827	2,900
Prepaid expenses and accrued income	31,230	24,379
Current receivables, total	**181,413**	**146,609**

Trade receivables are non-interest-bearing and are generally on 14-60 day terms.

Material items included in prepaid expenses and accrued income relate to uninvoiced revenue accrual and prepaid premises, insurance, personnel and leasing expenses.

EUR 1,000 Movements in the provision for impairment of receivables	2018	2017
At 1 Jan	**4,295**	**4,833**
Impairment loss on trade and other receivables including contract assets	-924	-1,883
Increase in the credit loss provision	2,931	1,363
Exchange differences	63	-18
At 31 Dec	**6,365**	**4,295**

A total amount of EUR 2.602 (2.585) thousands of trade receivables has been recognised in the income statement as impairment losses. See below for the movements in the provision for impairment of receivables. For further guidance, see credit risk note 10.The balance sheet values best correspond to the amount which is the maximum credit risk exposure before deducting the fair value of collateral in case other contractual parties fail to meet their obligations related to the financial instruments. The manner in which the Group operates does not require the obtaining of collateral in respect of trade and other receivables. Trade and other receivables do not contain any significant concentration of credit risk.

EUR 1,000 Ageing analysis of trade receivables	Weighted average loss rate %	Cross carrying amount	Impair-ment loss allowance	Total
Trade receivables, not due at reporting date	0,02	103,592	-22	103,570
Trade receivables due under 30 days	0,09	30,645	-29	30,616
Due 31-60 days	0,99	3,999	-39	3,959
Due 61-90 days	19,94	4,034	-804	3,230
Due 91-120 days	51,97	959	-499	461
Due 121-180 days	87,57	1,210	-1,060	150
Due 181-365 days	99,98	1,311	-1,311	0
Due over 365 days	99,99	2,599	-2,598	0
Total	**4,29**	**148 348**	**-6 362**	**141 986**

EUR 1,000 Trade receivables by currencies	2018	2017
EUR	44,533	33,656
SEK	73,644	64,047
NOK	12,903	13,039
DKK	3,774	3,443
PLN	2,153	2,116
Other currencies	4,979	3,028
Total	**141,986**	**119,330**

Trade receivables are arising from a large number of customers and are mainly denominated in EUR, SEK and NOK, therefore mitigating the concentration of risk.

12. INVENTORIES

EUR 1,000	2018	2017
Materials, supplies and goods for sale	14,949	9,193
Obsolescence allowance	-180	-120
Total	**14,769**	**9,073**

At the end of the period, inventories have been written down by EUR 180 (120) thousand to correspond to their net realisable value. The amount of write-down is recognised in materials and services in the income statement.

13. CASH AND CASH EQUIVALENTS

EUR 1,000	2018	2017
Cash in hand and at banks	6 391	2 594
Total	**6 391**	**2 594**

Cash and cash equivalents include cash in hand and bank deposits available at call. Cash and cash equivalents have original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

At 31 December 2018, the Group had available EUR 258.5 (267.2) million of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the abovementioned figures for cash in hand and at banks at 31 December 2018 and 31 December 2017.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36

14. SHARE CAPITAL AND EQUITY FUNDS

EUR 1,000 Movements during the year	Number of shares	Share capital	Other reserves	Total
At 1 Jan 2017	44,690,554	24,835	326,900	**351,735**
Exercise of share options			280	**280**
At 31 Dec 2017	**44,690,554**	**24,835**	**327,179**	**352,014**
Exercise of share options			684	**684**
At 31 Dec 2018	**44,690,554**	**24,835**	**327,863**	**352,699**

During the financial year Cramo Plc had performance shareplans and one Cramo share savigns plan in operations. More information on the share-based payments is given in note 31.

Each share entitles the holder to one vote at the Annual General Meeting and to an equal dividend. At the balance sheet date share capital was fully paid and entered in the trade register.

Other reserves

Other reserves include the subscription price of the shares and also the premiums received on exercise of share options and other share issues under the old Limited Liability Companies Act.

EUR 1,000 Movements during the year	Hedging fund
At 1 Jan 2017	-8,572
Cash flow hedges	
Fair value gains in period	2,803
Tax on fair value gains	-527
At 31 Dec 2017	**-6,296**
Cash flow hedges	
Fair value gains in period	634
Tax on fair value gains	-100
At 31 Dec 2018	**-5,762**

Hedging fund

The Group applies hedge accounting for all of the interest rate derivatives that are designated as cash flow hedges. The effective portion of changes in the fair value of those derivatives is recognised in hedging fund. The gain or loss relating to the ineffective portion is recognised in the income statement and classified within finance expenses.

Translation differences

Translation differences arise from the consolidation of the financial statements of subsidiaries outside the Euro zone.

DIVIDENDS

The Board proposes to the AGM a dividend of EUR 0.XX (0.85) per share for year 2018.

OWN SHARES

At the balance sheet date the Group had 116,581 treasury shares. The total cost for these, EUR 914 thousands, has been booked against invested non-restricted equity fund.

15. INTEREST-BEARING LIABILITIES

EUR 1,000	2018		2017	
Non-current interest-bearing liabilities	**Book value**	**Fair value**	**Book value**	**Fair value**
Bank Loans	399,600	399,600	148,914	148,914
Bond	144,464	155,455	145,922	156,900
Convertible Loans	53,633	53,633		
Finance lease liabilities	906	906	1,920	1,920
Total	**598,603**	**609,594**	**296,756**	**307,849**
Current interest-bearing liabilities	**Book value**	**Fair value**	**Book value**	**Fair value**
Bank Loans	19,908	19,908	9,723	9,723
Bond			16,252	**16,368**
Finance lease liabilities	1,517	1,517	2,255	**2,255**
Commercial papers	89,902	89,902	59,943	59,943
Total	**111,327**	**111,327**	**88,174**	**88,289**
Total interest-bearing liabilities	**709,930**		**384,930**	

Book values of current liabilities approximate their fair values. All bank loans are at floating rate and thus their fair values do not differ materially from their carrying amounts.

At the year end the Group had available undrawn committed credit facilities totalling EUR 258.5 (267.2) million, of which long-term EUR 235.0 (250.0) million and short-term EUR 23.5 (17.2) million.

The acquisition of Nordic Modular Group was financed with a new EUR 210 million bridge loan with a 2-year tenor and a SEK 550 million convertible note, which may be used by the sellers to reinvest in Cramo's Modular Space business under certain conditions.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36

EUR 1,000 **Interest-bearing liabilities mature as follows, 2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024+**	**Total**
Bank loans	19,908	247,922	151,678				**419,508**
Bond				144,464			**144,464**
Convertible loans		53,633					**53,633**
Finance lease liabilities	1,517	490	298	117			**2,423**
Commercial papers	89,902						**89,902**
Total	**111,327**	**302,045**	**151,976**	**144,581**			**709,930**

EUR 1,000 **Interest-bearing liabilities mature as follows, 2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023+**	**Total**
Bank loans	9,521	202		29,783	119,131		**158,637**
Bond	16,252				145,922		**162,174**
Finance lease liabilities	2,255	1,192	316	413			**4,176**
Commercial papers	59,943						**59,943**
Total	**87,972**	**1,394**	**316**	**30,195**	**265,053**		**384,930**

Weighted average maturity and interest rates at 31 Dec	**2018**		**2017**	
	Maturity, years	**Interest, %**	**Maturity, years**	**Interest, %**
Bank loans	1.8	1.0	2.6	1.03
Bond	3.2	2.38	3.8	2.58
Convertible loans	1.3	5.00		
Commercial papers	0.2	0.43	0.2	0.42
Finance leases	1.1	1.59	1.7	1.96
Total	**1.8**	**1.51**	**2.8**	**1.61**

Finance lease liabilities
The Group has entered into financial leases on certain vehicles and items of machinery. These leases have an average life of between three and five years. Financial lease liabilities mainly have floating rates based on market rates between one and three months. Tables below specify the future minimum cash flows under financial leases by maturity and by currency as at 31 December.

EUR 1,000 **Gross finance lease liabilities - minimum lease payments**	**2018**	**2017**
Payable < 1 year from balance sheet date	1,536	2,307
Payable 1-5 years from balance sheet date	915	1,951
Total	**2,450**	**4,257**
Future finance charges on finance leases	27	82
Present value of minimum future finance lease payments	**2,423**	**4,176**

EUR 1,000 **Finance lease liabilities by currency**	**2018**	**2017**
SEK	1,504	2,086
NOK	675	1,151
EUR	244	769
Other currencies		170
Total	**2,423**	**4,176**

16. RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations as presented in the balance sheet as follows:

EUR 1,000	**2018**	**2017**
Liabilities in the balance sheet		
Defined pension benefits	1,272	1,323
Other long-term employee benefits	596	593
Total	**1,868**	**1,916**

The Group operates a number of retirement benefit plans in accordance with local conditions and practises in the countries in which it operates. Most of the retirement benefit plans are defined contribution plans. Currently there is one benefit plan in Germany that is classified as defined benefit plan.

The pension obligations in Germany are directly at the Group's own responsibility and there are no funded assets. The plan applies to already retired employees.

The amounts recognised in the balance sheet are determined as follows:

EUR 1,000	**2018**	**2017**
Other long-term employee benefits	1,272	1,323
Total	**1,272**	**1,323**

Defined benefit obligation has changed during the period as follows:

EUR 1,000	**2018**	**2017**
Net book value at 1 Jan	**1,323**	**2,897**
Benefits paid	-120	-124
Interest, net	19	21
Remeasurements	50	-43
Settlements		-1,426
Net book value at 31 Dec	**1,272**	**1,323**

Fair value of plan assets has changed during the period as follows:

EUR 1,000	**2018**	**2017**
Balance at 1 Jan		1,379
Settlements		-1,379
Balance at 31 Dec		

Expense in the income statement has been defined as follows:

EUR 1,000	**2018**	**2017**
Net interest income (+) / cost (-)	19	-21
Total	**19**	**-21**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36

Remeasurements charged (+) or credited (-) to equity in other comprehensive income as follows:

EUR 1,000	2018	2017
Remeasurements:		
Gain (-) / Loss (+) from change in financial assumptions	50	-43
Total	**50**	**-43**

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	2018	2017
Discount rate, %	1.72	1.47
Expected pension increase rate, %	2.00	2.00

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:	Change in assumption	Effect of increase in assumption on the obligation	Effect of decrease in assumption on the obligation
Assumption			
Discount rate, %	0.50	Decrease by 3.76	Increase by 4.03
Pension growth rate, %	1.00	Increase by 2.84	Decrease by 2.74
Life expectancy	1 year	Increase by 8.7 %	Decrease by 8.8 %

Expected maturity analysis of undiscounted pension liabilities:

EUR 1,000 At 31 Dec 2018	Less than a year	Between 1–2 years	Between 2–5 years	Over 5 years	Total
Payments from plans	117	229	304	186	**836**

In Sweden the ITP pension plans operated by Alecta are multi-employer benefit plans. It has not been possible to receive sufficient information for the calculation of obligation and assets by employer from Alecta and due to that the plan has been treated as a defined contribution plan in the financial statements. In addition, the Group has defined benefit plans in Norway which are not significant and those plans are treated as defined contribution plans.

17. OTHER NON-CURRENT LIABILITIES

EUR 1,000	2018	2017
Advances received		340
Other non-current liabilities[1]	1,632	1,606
Total	**1,632**	**1,946**

[1] In 2018 other non-current liabilities mainly consist of contigent considerations from aqcuisitions. In 2017 other non-current liabilities mainly consist of the cash component of the performance share plan program.

18. TRADE AND OTHER PAYABLES

EUR 1,000	2018	2017
Trade payables	71,525	71,081
Advances received	25,297	17,388
Accrued expenses and deferred income[1]	63,340	51,868
Other current liabilities[1]	19,817	16,286
Total	**179,979**	**156,622**

1 The reporting line of VAT liability has been changed to other current liablities. The figures for comparison year has been changed accordingly.

Material items included in accrued expenses and deferred income consist of personnel expenses and periodised customer bonuses.

The management considers that the carrying amount of trade and other liabilities approximates their fair value.

Terms and conditions of the above liabilities:

- Trade payables are non-interest bearing and are normally settled on 14-60 day terms
- Other current liabilities are non-interest bearing and have an average term of three months

19. COLLATERALS AND CONTINGENT LIABILITIES

EUR 1,000	2018	2017
Collateral given on own behalf		
Debts, secured by collateral		
Loans from credit institutions	7,203	
Finance lease liabilities	2,423	4,175
Collateral given		
Pledges	6,493	
Pledges, finance lease	6,031	11,026
Other contingent liabilities		
Investments	36,397	37,612
Other contingent liabilities	6,278	1,792
Group's share of commitments in joint ventures	132	209

Joint venture contingent liabilities see note 7.

EUR 1,000 Commitments to office and depot rents	2018	2017
Payable < 1 year from balance sheet date	29,325	27,870
Payable 1-5 years from balance sheet date	64,327	60,925
Payable > 5 years from balance sheet date	12,531	12,541
Total	**106,184**	**101,336**

EUR 1,000 Operational lease payments	2018	2017
Payable < 1 year from balance sheet date	8,742	8,940
Payable 1-5 years from balance sheet date	11,772	8,393
Payable > 5 years from balance sheet date	110	
Total	**20,623**	**17,333**

The Group has entered into commercial leases on rental machinery and vehicles. The maximum maturity of operational lease payments is five years.

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20. REVENUE

The effect of initially applying IFRS 15 on the Group's revenue from contracts with customers is explained in Note 1.

Due to transition method chosen in applying IFRS 15, comparative information has not been restated to reflect the new requirements.

Group's sales mainly comprise of rental revenue of construction equipment and modular space, rental related services and trading of construction and other equipment.

The following table summarises the impact of adopting IFRS 15 on the Group's financial statements:

EUR 1,000	As reported as per 31 Dec 2018	Impact of IFRS 15	Amounts without adoption of IFRS 15
Consolidated balance sheet			
Trade and other receivables	175,983	3,202	179,185
Retained earnings	232,733	-255	232,478
Trade and other payables	179,979	-2,947	177,032
Consolidated statement of comprehensive income			
Sales	779,767	2,947	782,714
Materials and services	-259,407	-2,947	-262,354
Profit before taxes	105,268		105,268
Income tax	-20,409		-20,409
Net profit	**84,699**		**84,699**

The disaggregation of revenues

In the following table, revenue is disaggregated by primary geographical market, major lines and timing of revenue recognition.

The table also includes a reconciliation of the disaggregated revenue with the Group's strategic divisions, which are reportable segments (see note 2).

EUR 1,000	Equipment Rental Scandinavia 2018	Equipment Rental Finland & Eastern Europe 2018	Equipment Rental Central Europe 2018	Modular Space 2018	Eliminations / other	Total reportable segments 2018
Primary geographical markets						
Sweden	303,809			73,807	-556	377,060
Finland		97,608		33,465	583	131,656
Germany			91,826	14,489		106,315
Norway	66,735			6,992		73,727
Other countries	-5	47,394	22,220	20,756	-1,325	89,040
Revenue total	**370,538**	**145,002**	**114,047**	**151,479**	**-1,299**	**779,767**
Main lines of revenue						
Rental sales	282,761	109,945	64,790	99,585	-993	556,087
Rental related sales	64,317	29,182	39,100	46,592	-206	178,985
Trading sales	23,461	5,875	10,157	5,302	-99	44,695
Revenue total	**370,538**	**145,002**	**114,047**	**151,479**	**-1,299**	**779,767**
Timing of revenue recognition						
Products and services transferred at a point in time	69,765	20,689	23,112	9,506	-220	122,851
Services transferred over time	300,774	124,312	90,935	141,973	-1,079	656,915
Revenue total	**370,538**	**145,002**	**114,047**	**151,479**	**-1,299**	**779,767**

Contract balances as required in IFRS 15

The following table provides information about receivables, contract assets and liabilities from contracts with customers. Approximately 75% of the Group's revenue is rental revenue. The contract liabilities consist of advances received from the customer agreements in the Modular Space business, where the agreements include long-term, fixed-term project agreements.

EUR 1,000	31 Dec 2018
Receivables, which are included in 'Trade and other receivables	141,986[1]
Contract assets	15,304
Contract liabilities	24,727

1 The receivables presented include all group's account receivables.

Significant changes in receivables, contracts assets and contracts liabilities during the financial year are as follows:

EUR 1,000	Contract Assets	Contract Liabilities
At 1 Jan 2018	**11,952**	**17,513**
Revenue recognized that was included in the contract liability balance at the beginning of the period.		-8,699
Increases due to new customer agreements including payment schedule arrangements made, excluding amounts recognized as revenue during the period	9,898	15,636
Transfers from contract assets recognised at the beginning of the period to receivables.	-12,819	
Increases as a result of changes in the measure of progress	2,947	
Business combinations	3,327	278
Impairment of a contract asset		
At 31 Dec 2018	**15,304**	**24,727**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36

The amount of revenue recognized in 2018 from performance obligations satisfied (or partially satisfied) in previous periods, is mainly due to changes in the estimate of the state of completion of rental related assembly.

The contract assets primarily relate to payment scedule agreements with customers concerning rental related assembly services. Contract liabilities consist of prepayments from customers. When both agreed payments schedules for completed assembly projects and prepayments from future disassembly projects relate to same customer agreement, net contract asset is recognised.

Transaction price allocated to the remaining performance obligations
The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date, including revenue in accordance with IAS 17.

EUR 1,000	2019	2020 and subsequent
Rental sales	111,429	89,141
Rental related sales	28,123	22,139
Total	**139,552**	**111,280**

All consideration from contracts with customers is included in the amounts presented above, except for what is explained below.

The Group applies the practical expedient in paragraph 121 of IFRS15 and does not disclose information about remaining performance obligations that have original expexted durations of one year or less.

21. OTHER OPERATING INCOME

EUR 1,000	2018	2017
Net capital gain on sale of tangible assets	13,735	17,133
Reversal of contingent conciderations	1,456	
Rent on premises	210	407
Income from insurance companies	413	466
Other income	2,612	1,368
Total	**18,426**	**19,374**

22. MATERIALS AND SERVICES

EUR 1,000	2018	2017
Cost of sub-rental and rental-sharing	-30,747	-30,638
Cost of goods sold	-31,187	-28,212
Repair and maintenance cost	-51,364	-50,824
Transportation cost	-54,661	-54,015
Cost of external services	-91,449	-76,737
Total	**-259,407**	**-240,426**

23. EMPLOYEE BENEFIT EXPENSES

EUR 1,000	2018	2017
Salaries and fees	-121,666	-116,015
Termination benefits	-490	-321
Share-based payments[1]	-2,633	-2,142
Social security costs	-27,606	-25,931
Pension costs - defined contribution plans	-13,160	-13,314
Total	**-165,555**	**-157,724**

[1] In 2018 share-based payments include EUR 227 (196) thousand of termination benefits, which are presented in the note as termination benefits.

	2018	2017
Average number of personnel	**2,753**	**2,538**
Average number of personnel in joint ventures	**330**	**324**

The employee benefits of the Group's management are disclosed in note 32 and information concerning share based payments are presented in note 31. Joint ventures, see note 7.

24. OTHER OPERATING EXPENSES

EUR 1,000	2018	2017
Rent for premises	-31,241	-31,848
Other expenses for premises	-13,611	-12,845
Operational leases	-9,142	-9,726
Bad debts	-2,602	-2,585
Marketing	-6,618	-7,360
ICT	-9,739	-9,810
Temporary staff	-13,383	-12,883
Other personnel related expenses	-13,062	-13,084
Capital loss on sale of shares and businesses		-905
Other administrative and operating expenses	-30,085	-18,605
Total	**-129,483**	**-119,651**
Audit fees		
Authorised Public Accountants KPMG		
Audit fees	-644	-422
Certificates and statements	-26	
Tax consultation	-24	-99
Other services	**-277**	**-169**
Total	-971	-690
Other audit companies		
Audit fees	**-42**	**-27**
Other services	**-4**	**-5**
Total	**-46**	**-32**
Total	**-1,018**	**-722**

Other work than audit services given by the principal auditor KPMG Oy Ab during the year 2018 were EUR 37 (205) thousands.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36

25. DEPRECIATION AND IMPAIRMENT

EUR 1,000	2018	2017
Depreciation of tangible assets	-114,082	-106,582
Amortisation of intangible assets	-3,067	-3,320
Total depreciation	**-117,149**	**-109,902**
Impairment loss of tangible assets	-3,064	-1,611
Depreciation and impairment loss related to tangible and intangible assets	**-120,214**	**-111,513**
Amortisation on intangible assets resulting from acquisitions	-4,541	-3,428
Amortisation and impairment loss resulting from acquisitions	**-4,541**	**-3,428**
Total depreciation, amortisation and impairment losses	**-124,754**	**-114,941**
Depreciation of tangible assets	-114,082	-106,582
Amortisation of intangible assets	-3,067	-3,320
Amortisation of intangible assets resulting from acquisitions	-4,541	-3,428
Total depreciation and amortisation	**-121,690**	**-113,330**
Impairment loss of tangible assets	-3,064	-1,611
Total impairment losses	**-3,064**	**-1,611**
Total depreciation, amortisation and impairment losses	**-124,754**	**-114,941**

In 2018 and 2017 no impairment losses were recognised on goodwill or intangible assets.

26. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2018	2017
Interest income on loans receivable and cash and cash equivalents	721	796
Exchange rate gains, non-hedge accounted derivatives	6,615	4,363
Other exchange rate gains	5,029	9,734
Other financing income	24	28
Incomes total	**12,388**	**14,921**
Interest expenses on financial liabilities measured at amortised cost	-9,298	-7,696
Interest expenses on financial leases	-55	-104
Net interest expenses on interest rate derivatives, cash flow hedges	-3,233	-3,049
Exchange rate losses, non-hedge accounted derivatives	-6,172	-4,322
Other exchange rate losses	-4,067	-10,096
Arrangement and commitment fees relating to interest-bearing loans	-2,126	-1,647
Other financing expenses	-1,665	-49
Expenses total	**-26,616**	**-26,962**
Net financial incomes and expenses	**-14,228**	**-12,042**

IFRS 9 that was implemented in 2018 affected the interest expences of the (refinanced) outstanding bond. The recalculation of amortized cost that was made increases interest expences with EUR 770 thousand on a yearly level. The increased interest expences have no cash flow effect.

In accordance with the Treasury Policy, the Group uses interest rate swaps as hedging instruments designated as cash flow hedges. All terms of these hedges match with the terms of the hedged instrument (loan). Hedges are effective and therefore no gains or losses arising from ineffectiveness have been recognised in net finance expenses during the period.

Foreign exchange risk arising from internal funding and recognised assets and liabilities is managed primarily through forward contracts. Hedge accounting is not applied for these derivatives and the change in the fair value of derivatives is recognised in net finance expenses. The Group's foreign exchange exposures originate mainly from the Swedish krona, Norwegian krone and Danish krone.

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27. INCOME TAXES

EUR 1,000 Amounts recognised in income statement	2018	2017
Current year tax	-19,981	-14,914
Adjustment for prior years	-428	121
Change in deferred taxes	-160	-6,171
Total	**-20,569**	**-20,964**

Amounts recognised in other comprehensive income items (OCI)	2018 Before tax	2018 Tax effect	2018 Net of tax	2017 Before tax	2017 Tax effect	2017 Net of tax
Remeasurements of defined benefit liability	-50	15	**-35**	42	12	**30**
Change in hedging fund	668	-134	**534**	2,803	527	**2,276**
Share of OCI of joint ventures	-1,778		**-1,778**	-1,290		**-1,290**
Change in translation differences	-11,847		**-11,847**	-15,823		**-15,823**
Total	**-13,008**	**-119**	**-13,126**	**-14,268**	**539**	**-14,807**

Reconciliation of effective tax rate
The difference between income taxes at the domestic tax rate in Finland 20% (2017: 20%) and income taxes recognised in the consolidated income statement is reconciled as follows:

EUR 1,000	2018	2017
Profit before tax	105,268	105,213
Tax calculated with domestic corporate tax rate	-21,054	-21,043
Foreign subsidiaries divergent tax rate +/-	-1,052	-1,652
Tax from the previous financial periods	-428	121
Change in tax rates	1,829	112
Non-taxable income	761	594
Non-deductable expenses	-579	-1,329
Share of result of joint ventures reported net of taxes	101	216
Tax losses for which no deferred income tax asset was recognised	-1,116	-641
Utilisation of previously unrecognised tax losses	1,759	1,788
Double taxation of interests - increase of the deferred tax receivable		716
Other items	-790	154
Taxes in income statement	-20,569	-20,964
Group's effective tax rate, %	**19,5**	**19,9**

Deferred taxes have been recalculated due to the following changes in tax rates:
Sweden from 22% to 21,4% (2017: Norway from 25% to 24%).

28. EARNINGS PER SHARE

	2018	2017
Profit for the year attributable to owners of the parent company , EUR 1,000	**84,699**	**84,249**
Number of shares		
Basic weighted average number of shares outstanding	**44,568,393**	**44,479,685**
Effect of stock options and share plans granted	259,450	254,656
Diluted weighted average number of shares outstanding	**44,827,844**	**44,734,341**
Earnings per share from profit attributable to owners of the parent company		
Basic, EUR	1.90	1.89
Diluted, EUR	1.89	1.88

Basic earnings per share are calculated by dividing the net profit attributable to the owners of the parent company by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by adjusting the weighted average number of all shares to assume conversion of all potentially dilutive shares.

The Group has share plans with a dilutive effect, which increases the number of shares.

29. OTHER NON-CASH CORRECTIONS

EUR 1,000	2018	2017
Net capital gain on sale of tangible assets	-13,735	-16,227
Share-based payments	2,774	1,626
Other non-cash corrections	-1,461	
Total	**-12,423**	**-14,601**

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36

30. INTEREST-BEARING LOANS IN CASH FLOW FROM FINANCING ACTIVITIES

EUR 1,000 Reconciliation of movements of liabilities to cash flow arising from financing activities	Balance at 1 January 2018	Cash flow effect	FX Changes	Acquisitions	IFRS accruals and movements to other group	Balance at 31 December 2018
Bond	**162,173**	-16,269			-1,440	**144,464**
Bank loans	**158,637**	176,876		83,308	687	**419,508**
Covertible note			756	52,877		**53,633**
Commercial papers	**59,943**	29,959				**89,902**
Financial leases	**4,175**	-2,395	-41	684		**2,423**
Liabilities total	**384,928**	**188,171**	**715**	**136,869**	**-753**	**709,930**

EUR 1,000	Balance at 1 January 2017	Cash flow effect	FX Changes	Disposals	IFRS accruals and movements to other group	Balance at 31 December 2017
Bond	**161,089**				1,085	**162,173**
Bank loans	**194,025**	-36,112			724	**158,637**
Commercial papers	**34,970**	30,680	-3,449	-2,259		**59,943**
Financial leases	**6,018**	-1,641	-171	-31		**4,175**
Liabilities total	**396,102**	**-7,073**	**-3,620**	**-2,290**	**1,809**	**384,928**

31. SHARE-BASED PAYMENTS

During the financial period the Group had the following share-based compensation plans and One Cramo share savings plan. The purpose of the Group's performance share plan targeted at the Group management and key personnel is to combine the goals of the owners and key employees to increase the company's long-term value and to commit key personnel to the company and to offer them a competitive reward plan based on earnings and accumulating the company's shares. One Cramo Share plan has been targeted to the whole personnel. Person's participation in the performance share plan requires that the person participates also to One Cramo share plan. The plan established in 2012 covers the discretionary periods 2012, 2013 and 2014 and the plan established in 2015 covers discretionary periods 2015, 2016 and 2017. In addition, in 2018, a new performance share plan has been decided with one discretionary period 2018. Each discretionary period is immediately followed by a two-year vesting period before rewards are paid out. The objectives of the key management's share plans relate to the Group's earnings per share (EPS) and return on equity (ROE).

One Cramo share plans have been established to encourage Cramo employees to become shareholders in the company and reward the employees for their efforts in working towards company's goals. Another objective is to strengthen the tie between company's shareholders and employees. The sixth plan period of One Cramo share savings plan was started on 2 October 2017. During the 12 months' plan periods plans, the employees can save 2-5% of their monthly gross salaries. The total amount of all savings from each plan period may not exceed EUR 4 million. Savings are automatically used to purchase company shares for the participants quarterly after each publication date of the interim result. The participant will receive one free matching share for every two acquired savings shares, if the participant holds the acquired shares until the end of the designated holding period. An additional requirement for receiving the matching shares is that the participant's employment has not been terminated before the end of the designated holding period. The matching shares are paid partly in cash to cover tax and other tax related costs arising from the reward.

Performance share plans and share saving plans are accounted for as equity-settled plans. The proportion of the reward earned that participants will have as shares, are accounted as equity-settled plan. The proportion that is paid as cash in order to make the payment for taxes and other legal payments, are treated as cash-settled plan. Both the equity-settled and cash-settled payments are expensed during the vesting period. The amount corresponding the booking in the income statement is recognised in the equity.

	Performance Share Plans 2015			Performance Share Plan 2018	Share Savings Plans, 6 plans
Type of the plan	**Shares**			**Shares**	**Share savings**
Maxium number of shares	1,000,000			238 500	
Vesting period/Discretionary period	2015	2016	2017	2018	2012-2018
Grant dates	14-Apr-15	5-Jul-16	19-May-17	15-Aug-18	24-Feb-15[1]
					24-Feb-16[1]
					24-Feb-17[1]
					24-Feb-18[1]
Fair value of share reward at grant date, EUR	16.47	17.25	24.28	15.15	18.90
Grant date share price, EUR	17.67	18.61	25.67	16.70	22.62
Vesting period starts	1-Jan-15	5-Jul-16	19-May-17	15-Aug-18	
Vesting period ends	31-Dec-15	31-Jan-19	31-Dec-20	16-Jan-21	3 years
Restriction period ends	31-Jan-18	31-Jan-19	31-Jan-20	16-Jan-21	3 years
Changes during the period, share allocation					
Amount of share incentives at the beginning of the period	266,500	226,000	198,300		40,097
Granted during the period				238,500	19,535
Shares forfeited during the period	-116,582	-12,701	-6,933	-6,000	-3,285
Shares released during the period	-149,918				-12,834
Amount of share incentives in the end of the period		213,299	191,367	232,500	43,513
Number of participants in the plan in the end of the period		59	62	62	577
Estimated realisation of earnings criteria, %	56,30	87,50	63,30	73,45	100,00
Number of shares corresponding to estimated		186,637	121,135	170,771	43,513
Expenses for the financial period, EUR 1,000	-64	1,010	1,221	489	204

1 Respective days.

The estimated amount of cash payments to be paid in the plans as at 31 December 2018 is EUR 3,735 thousand.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36

32. RELATED PARTY TRANSACTIONS

The Group's related parties include the Board of Directors, Group management team (key management personnel), his/her close family members, entities under control or significant influence of the persons belonging to related parties, subsidiaries and joint ventures. The subsidiaries are listed in note 33 Group companies and Joint ventures in note 7.

The related party transactions disclosed consist of transactions carried out with related parties that are not eliminated in the consolidated financial statements.

EUR 1,000 **Executive remuneration**	**2018**	**2017**
Compensation to the President and CEO		
Salaries bonuses and fringe benefits	933	881
Post-employment benefits	157	157
Share-based payments	365	219
Total	**1,455**	**1,257**

The retirement age for the President and CEO is agreed to be 65 years. In addition to the statutory pension system, Cramo offers a voluntary pension insurance for the President and CEO and six of the Group management team members. The notice period of the President and CEO's service contract is 6 months, during which time he receives a full salary. In case that the contract is terminated by the employer, there may also be a severance payment of 12 months' salary.

EUR 1,000 **Executive remuneration**	**2018**	**2017**
Compensation to the Group management team		
Salaries bonuses and fringe benefits	1,923	1,719
Termination benefits	421	321
Post-employment benefits	230	205
Share-based payments	639	624
Total	**3,213**	**2,869**
Total compensation to President and CEO and other Group management	**4,668**	**4,126**

In Finland the possible reward based on the short-term incentives -Cramo Bonus consists of cash proportion and payments to collective pension insurance. In other Group companies the fee is paid entirely in cash. Salaries and bonuses include also the payments to collective pension insurance. Post-employment benefits include voluntary pension systems, which are defined contribution plans. The figures for the comparispn period have been restated as follows: tha amount of fringe benefits has decreade by EUR 114 thousand and the amount of post-employment benefits has increased by EUR 205 thousand.

The value of share-based payments represents the IFRS 2 expense of the share plans granted to the President and CEO and other Group management. The share-based payments are presented in note 31.

The discreationary periods of the share-based incentive scheme for Cramo Plc's key employees are the calendar years starting from 2012. The rewards for 2015 were paid on January 17, 2018 (for 2014 on January 16, 2017). A total of 15,469 (4,606) shares were given in a directed share issue to the President and CEO and other Group management. In addition to which, rewards were paid in cash in the amount of EUR 306.7 (119.6) thousand.

The plan periods of the share-based One Cramo scheme for Cramo Plc's all employees started in 2012. The matching shares were for the second 2014-2015 plan were paid in May 16, 2018 (payment for the first plan 2013-2014 in May 16, 2017). A total of 293 (334) shares were given in a directed share issue to the Group management. In addition to which, rewards were paid in cash in the amount of EUR 6.5 (10.0) thousand.

EUR 1,000 **Compensation to Board members**	**2018**	**2017**
Board members:		
Veli-Matti Reinikkala, Chairman	90	73
Perttu Louhiluoto, Debuty Chairman	45	41
AnnaCarin Grandin	44	
Peter Nilsson	41	39
Joakim Rubin	52	48
Raimo Seppänen	41	39
Caroline Sundewall	46	43
Former Board members:		
Erkki Stenberg, Debuty Chairman	2	48
Helene Biström		1
Total	**359**	**332**

An amount of EUR 0 (0) thousand of the Board fees has been paid in the form of Cramo shares.

Related party transactions

Mr. Tatu Hauhio, Executive Vice President, Finland and Eastern Europe, and Managing Director, Cramo Finland Oy is a joint-owner of Kiinteistö Oy Hosionrinne, to which Cramo has paid real estate rents amounting to EUR 1,693 (1,747) thousand based on market-based rental level.

Mr. Dirk Schlitzkus, Executive Vice President, Central Europe and Managing Director, Cramo AG left the company on June 6 2018. For the period Jan 1 to May 31 2018 Cramo Adapteo GmbH has paid to Mr. Schlitzkus fees for legal services amounting to EUR 27 (75) thousand.

Loans to related parties

EUR 1,000 **Loans to joint ventures**[1]	**2018**	**2017**
1 Jan	**10,153**	**12,926**
Amortisations during the period	-1,459	-2,773
Business acquisitions	224	
Accrued interest	329	310
Paid interest	-248	-310
31 Dec	**8,999**	**10,153**

1 Fortrent Oy and Ungabostäder Haninge AB.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36

33. GROUP COMPANIES

The Group consists of Cramo Plc and the following subsidiaries.

			% of shares	
Subsidiaries		**Domicile**	**Parent company**	**Group**
Cramo AB	Sollentuna	Sweden	100	
Cramo Adapteo AB	Sollentuna	Sweden	100	
Cramo Adapteo AS	Hokksund	Norway	100	
Cramo Adapteo GmbH	Frankfurt	Germany	100	
Cramo Adapteo Oy	Vantaa	Finland	100	
Cramo AG	Feldkirchen	Germany	100	
Cramo GmbH	Wien	Austria		100
Cramo GMBH & Co KG	Wien	Austria		100
Cramo Korlatolt Felelössegu Tarsasag	Budapest	Hungary		100
KBS Infra	Mainz	Germany		100
KBS Baustrom	Mainz	Germany		100
KBS Montage	Mainz	Germany		100
KBS Verwaltung	Mainz	Germany		100
Cramo AS	Oslo	Norway	100	
Cramo AS Estonia	Tallinn	Estonia	100	
Ehitustööriist OÜ	Tallinn	Estonia		100
Cramo A/S	Glostrup	Denmark	100	
Cramo Finance NV	Antwerp	Belgium	99.9	100
Cramo Finland Oy	Vantaa	Finland	100	
Cramo New Holding AB	Sollentuna	Sweden	100	
Cramo Services AB	Sollentuna	Sweden		100
Mupol Förvaltnings AB	Stockholm	Sweden		100
Cramo SK s.r.o.	Bratislava	Slovakia	100	
Cramo s.r.o.	Prague	the Czech Republic	100	
Cramo UAB	Vilnius	Lithuania	100	
Construction Vehicles Karvina s.r.o.	Karvina	the Czech Republic	100	
Nordic Modular Group Holding AB	Upplands Väsby	Sweden	100	
Nordic Modular Group AB	Upplands Väsby	Sweden		100
Flexator AB	Nässjö	Sweden		100
Temporent AB	Upplands Väsby	Sweden		100
Temporent AS	Akerhus	Norway		100
Temporent A/S	Brøndby	Denmark		100
Temporent Oy	Vantaa	Finland		100
Flexihus Rent i Sverige AB	Stockholm	Sweden		100
Nordic Modular Leasing AB	Nässjö	Sweden		100
Hagtornet AB	Upplands Väsby	Sweden		100
Suomen Tähtivuokraus Oy	Vantaa	Finland	100	
Cramo Sp.zo.o	Warsaw	Poland		100

The Group has ownership in the following joint ventures. See more in note 7. Joint ventures.
There are no associated companies in the Group.

			% of shares	
Joint ventures		**Domicile**	**Parent company**	**Group**
Fortrent Oy	Vantaa	Finland		50
Ungabostäder Haninge AB	Stockholm	Sweden		50

34. EVENTS AFTER BALANCE SHEET DATE

On 24 January 2019, the Shareholders' Nomination Committee of Cramo Plc proposed to the next Annual General Meeting of Shareholders, which is planned to be held on 28 March 2019, that the number of members of the Board of Directors be confirmed as seven (7) ordinary members. The Nomination Committee proposes that, in accordance with their consents, the following current members of the Board be re-elected: AnnaCarin Grandin, Peter Nilsson, Veli-Matti Reinikkala, Joakim Rubin and Raimo Seppänen, and that Andrew P. Studdert and Christian Bubenheim be elected as new Board members, all to serve for a term ending at the end of the Annual General Meeting 2020. Of the current members of the Board Perttu Louhiluoto and Caroline Sundewall have announced that they will not be available for re-election.

Andrew P. Studdert (born 1956) is an experienced executive and board professional. He has extensive knowledge of Cramo's field of business. He has served, amongst other positions, as the Chairman and Chief Executive Officer of NES Rentals Holdings, Inc., a heavy equipment rental company based in the USA during 2004–2017. Before that, he served, amongst others, as the COO for UAL Corporation/United Airlines, a global airline company based in the USA. Andrew holds a BA from San Francisco State University.

Christian Bubenheim (born 1965) has long international experience from serving in managerial positions in international businesses. He has had leading management positions in companies like Scout24, Amazon Germany, Thales, and Intel Corporation. He is an expert in driving digital transformation of businesses. Christian holds an Economics & Engineering Diploma from Munich University of Applied Sciences.

On 24 January 2019 the Nomination Committee proposed to the Annual General Meeting that the remuneration of the Board of Directors be kept at the current level, and thus proposes that the Chairman of the Board be paid EUR 85,000 per year and the other members of the Board EUR 37,500 per year.

It is proposed that the remuneration is paid in cash. Pursuant to the adopted policy on Board member share ownership, Board members who do not already have such a holding of Cramo shares are, under a four-year (4) period from the start of their directorship, expected to acquire Cramo shares to a total market value which equal at least one (1) year's Board fees before taxes, excluding any Committee compensation. The Nomination Committee annually follows up on the Board members' shareholding as a part of its process and evaluates if it is according to the policy.

In addition, the Nomination Committee proposed that like the previous year all Board members would be entitled to a 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. Further, it is proposed that the member of the Board elected in the position of Chairman of the Audit Committee would receive an additional compensation of EUR 5,000 per year. Reasonable travel expenses will be refunded in accordance with an invoice.

35. CALCULATION OF THE KEY FIGURES AND RATIOS

KEY FIGURES ON FINANCIAL PERFORMANCE:

Return on equity, %

$$= \frac{\text{Profit for the period}}{\text{Total equity (average)}} \times 100$$

Return on capital employed (ROCE), %[1]

$$= \frac{\text{EBIT (rolling 12 months)}}{\text{Capital employed (12 months average)}} \times 100$$

Equity ratio, %

$$= \frac{\text{Total equity}}{\text{Balance sheet total – advance payments received}} \times 100$$

Net interest-bearing liabilities

= Interest-bearing liabilities – cash and cash equivalents

Gearing, %

$$= \frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$$

Personnel on average

= The average number of employees at the end of each calendar month during the accounting period, adjusted with the number of part-time employees

PER-SHARE RATIOS:

Earnings per share (EPS)

$$= \frac{\text{Profit for the year attributable to owners of the parent company}}{\text{Adjusted average number of shares during the period}}$$

Shareholders' equity per share

$$= \frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the period}}$$

Dividend per share

$$= \frac{\text{Dividend distribution for the period}}{\text{Adjusted number of shares at the end of the period}}$$

Dividend per earnings, %

$$= \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Effective dividend yield, %

$$= \frac{\text{Dividend per share}}{\text{Issue-adjusted closing price at the end of the period}} \times 100$$

Price/earnings ratio (P/E)

$$= \frac{\text{Issue-adjusted closing price at the end of the period}}{\text{Earnings per share}}$$

Market capitalisation

= Number of shares at the end of the period x closing price at the end of the period

THE ALTERNATIVE PERFORMANCE MEASURES:

EBITA

= Operating profit (EBIT) + amortisation and impairment on intangible assets (purchase price allocations) arising from acquisitions

1 Cramo changed the calculation method of ROCE's capital employed component into 12 months average in Q4'2018. The change has been applied into comparison figures. 12 month average reflects better the long term development of capital employed compared to previous 2 point average calculation.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36

36. SHARES AND SHAREHOLDERS

	2018 No	2018 EUR 1,000	2017 No	2017 EUR 1,000
Shares	44,690,554	24,835	44,690,554	24,835

Shareholders
The Group had 12,718 shareholders in the share register as at 31 December 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
Evli 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
Evli 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 Vesitekniikan 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
Transferred to book-entry securities system total	**44,682,385**	**99.98**	**44,682,385**	**99.98**
Not transferred to book-entry securities system total	8,169	0.02	8,169	0.02
Total	**44,690,554**	**100.00**	**44,690,554**	**100.00**

Distribution of shareholding by size range 31 Dec 2018 Number of shares	Number of shareholders	% of shareholders	Number of shares	% of share capital
1–100	4,451	35.00	236,031	0.53
101–1000	6,504	51.14	2,379,316	5.32
1001–10 000	1,589	12.49	4,110,802	9.20
10 001–100 000	143	1.12	3,896,121	8.72
100 001–500 000	24	0.19	4,805,580	10.75
500 001–	7	0.06	29,254,535	65.46
Transferred to book-entry securities system total	**12,718**	**100.00**	**44,682,385**	**99.98**
Not transferred to book-entry securities system total			8,169	0.02
Total			**44,690,554**	**100.00**

Distribution of shareholding by sector 31 Dec 2018 Shareholding by sector	Number of shares	% of share capital	Number of votes	% of votes
Corporations	2,481,728	5.55	2,481,728	5.55
Financial and insurance corporations	28,346,645	63.43	28,346,645	63.43
General Government	2,338,532	5.23	2,338,532	5.23
Non-profit institutions	3,529,354	7.90	3,529,354	7.90
Households	7,014,194	15.70	7,014,194	15.70
Foreign shareholders	971,932	2.17	971,932	2.17
Transferred to book-entry securities system total	**44,682,385**	**99.98**	**44,682,385**	**99.98**
Not transferred to book-entry securities system total	8,169	0.02	8,169	0.02
Total	**44,690,554**	**100.00**	**44,690,554**	**100.00**

Shareholding of Board members, CEO and CFO of the Group
On 31 December 2018, the Board members and CEO held, either directly or through companies in which they exercise control, a total of 77.916 Cramo Plc shares.

Insider guidelines
In 2016, Cramo Plc observed the Finnish Corporate Governance Code, which entered into force on 1st January 2016. Cramo manages inside information 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.

Balance sheet of the parent company (FAS)

EUR 1,000	Note	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current assets			
Intangible assets	2	138	243
Tangible assets	2	459	392
Investments			
Shares in Group companies	2	564,584	396,058
Shares in other companies	2	119	119
Non-current receivables	3	476,513	349,260
Total non-current assets		**1,041,812**	**746,072**
Current assets			
Inventory	4	1,791	
Current receivables	5	65,776	51,668
Cash and cash equivalents		236	442
Total current assets		**67,803**	**52,109**
TOTAL ASSETS		**1,109,615**	**798,181**
EQUITY AND LIABILITIES			
Equity			
Share capital		24,835	24,835
Share premium		3,331	3,331
Invested unrestricted equity		143,181	142,498
Retained earnings		9,804	7,765
Profit for the period		40,452	40,605
Total equity	6	**221,603**	**219,033**
Appropriations	7	**60**	**162**
Provisions	8	**643**	**1,121**
Liabilities			
Non-current liabilities	9	761,608	464,571
Current liabilities	9	125,701	113,294
Total liabilities		**887,310**	**577,864**
TOTAL EQUITY AND LIABILITIES		**1,109,615**	**798,181**

Income statement of the parent company (FAS)

EUR 1,000	Note	1 Jan–31 Dec 2018	1 Jan–31 Dec 2017
Net turnover	10	**4,642**	**3,019**
Other operating income	11	744	3,058
Materials and services	12	-924	
Personnel expenses	13	-3,746	-3,463
Depreciation and impairment	14	-197	-229
Other operating expenses	15	-13,183	-9,334
Operating profit		**-12,664**	**-6,950**
Financial income		58,238	60,787
Financial expenses		-26,919	-33,731
Total financial income and expenses	16	31,318	27,056
Profit before appropriations and taxes		**18,654**	**20,106**
Appropriations	17	21,802	20,231
Income taxes previous year	18		297
Income taxes		-3	-29
Profit for the year		**40,452**	**40,605**

Cash flow statement of the parent company (FAS)

EUR 1,000	Note	1 Jan - 31 Dec 2018	1 Jan - 31 Dec 2017
Cash flow from operating activites			
Profit before taxes		40,354	40,328
Non-cash adjustments			
Depreciation	14	197	229
Financial income and expenses	16	-31,318	-27,056
Other non-cash corrections		96	-2,449
Appropriations	17	-21,700	-20,222
Operating loss before change in working capital		-12,371	-9,169
Change in working capital[1]		-214	1,375
Cash generated from operations		-12,585	-7,794
Taxes paid		-29	-57
Share-based payments		-575	-190
Dividends received	16	40,000	38,713
Interest received		11,836	17,303
Interest and other financial expenses paid		-18,931	-18,332
Net cash flow from operating activities		**19,715**	**29,644**
Cash flow from investing activities			
Investments in tangible and intangible assets		-160	-33
Acquisition of subsidiaries		-115,649	-4,621
Disposal of subsidiaries			3,952
Payments or proceeds for non-current loans		-133,039	7,949
Change in current loans[2]		-13,244	10,998
Cash flow used in investing activities		**-262,092**	**18,245**
Cash flow from financing activities			
Proceeds from non-current liabilities		250,000	-35,000
Change in current liabilities[2]		11,699	70
Dividends paid	5	-37,878	-33,348
Group contributions received		20,222	16,673
Net cash flow from financing activities		**244,043**	**-51,606**
Change in interest-bearing receivables		**1,666**	**-3,717**
Cash and cash equivalents at beginning of the year		442	4,176
Exchange rate difference		-1,871	-18
Cash and cash equivalents at year end		236	442
[1]Change in working capital			
Increase (-) / decrease (+) in short-term receivables		-285	175
Increase (-) / decrease (+) in inventory		-1,791	
Increase (+) / decrease (-) in short-term non-interest bearing liabilities		1,862	1,200
Total		**-214**	**1,375**

2 Change in presentation.
Change in commercial papers, previously presented as cash flow from investing activities, is presented as cash flow from financing activities for the period ending December 31, 2018. Comparative figures have been adjusted accordingly.

Parent company notes to the financial statements (FAS)

1. ACCOUNTING PRINCIPLES

Measurement of tangible assets
Tangible assets are recorded at cost, including fixed manufacturing costs less depreciation according to plan. Maintenance and repair costs are recognised as expenses in the year in which they are incurred.

Depreciation according to plan is calculated, based on Group-wide principles, on a straight-line basis over the expected useful lives of the assets.

Depreciations according to plan are as follows:

Buildings and structures	20 years
Machinery and equipment	3–6 years
Other tangible assets	10 years
Intangible assets	5 years

Measurement of inventory
Inventory is recognized at acquisition cost, re-aquisition cost, or probable selling price, whichever lower. Acquisition cost includes related variable costs.

Items denominated in foreign currencies
Assets and liabilities denominated in currencies other than those of the euro zone are translated into euros at the exchange rates prevailing at the date of the transactions. Exchange gains and losses are recognized through profit and loss.

Appropriations
Received group contributions and the accumulated difference between the depreciation according to plan and in taxation is shown under appropriations.

Deferred taxes
Deferred tax liabilities and assets are not entered into the company's balance sheet. Deferred tax liabilities and assets significant to the company are disclosed in the notes.

Revenue and revenue recognition
Revenue consists of service charges to subsidiaries. Sales are recognised on an accrual basis. In calculating revenue, sales are recorded net of indirect taxes, discounts and rebates.

Other operating income
Other operating income includes, among other things, rental income and contributions received as well as gain/loss from mergers. Other operating income also includes management expenses from share-based payments and the share subscription prices charged from subsidiaries. Other operating income is recognised on an accrual basis.

Pension schemes
Pensions are accounted as expense for the period they incurred. There are no uncovered pension liabilities. The pension scheme is based on pension insurance in compliance with the Employees' Pensions Act and the Employment Pensions Fund. In 2016, the contractual retirement age for the President and CEO was 65 years. The service agreement between the President and CEO and Cramo Plc was transferred to Cramo Services AB on 1 December 2016 and hence the contractual retirement age is not valid anymore for Cramo Plc.

Valuation of financial instruments
Financial instruments are measured according to Accounting Act 5:2§, at the lower of acquisition cost and net realisable value.

Income taxes
Income taxes for the financial year and the previous financial years are recognised through taxes in profit and loss.

2. NON-CURRENT ASSETS

TANGIBLE ASSETS EUR 1,000	Land	Machinery and equipment	Other tangible assets	Construction in progress	Total tangible assets
Acquisition cost at 1 Jan 2018	339	317	190		846
Additions		58		24	82
Acquisition cost at 31 Dec 2018	339	375	190	24	928
Accumulated depreciation		-283	-171		-454
Depreciation for the financial year 2018		-15			-15
Net book value at 31 Dec 2018	339	77	19	24	459
Acquisition cost at 1 Jan 2017	339	295	190		824
Additions		22			22
Acquisition cost at 31 Dec 2017	339	317	190		846
Accumulated depreciation		-258	-171		-428
Depreciation for the financial year 2017		-25			-25
Net book value at 31 Dec 2017	339	34	19		392

INTANGIBLE ASSETS EUR 1,000	Intangible rights	Other capitalised longterm expenditure	Total intangible assets
Acquisition cost at 1 Jan 2018	**678**	**565**	**1 243**
Additions	78		**78**
Acquisition cost at 31 Dec 2018	755	565	**1 320**
Accumulated depreciation	-498	-502	**-1 000**
Amortisation for the financial year 2018	-122	-61	**-182**
Net book value at 31 Dec 2018	**135**	**3**	**138**
Acquisition cost at 1 Jan 2017	**667**	**565**	**1 232**
Additions	11		**11**
Acquisition cost at 31 Dec 2017	678	565	**1 243**
Accumulated depreciation	-381	-415	**-796**
Amortisation for the financial year 2017	-117	-87	**-204**
Net book value at 31 Dec 2017	**179**	**63**	**243**

INVESTMENTS EUR 1,000	Shares in Group companies	Shares in other companies	Total investments
Acquisition cost at 1 Jan 2018	**396,058**	**119**	**396,177**
Additions[1]	168,526		168,526
Net book value at 31 Dec 2018	**564,584**	**119**	**564,703**
Acquisition cost at 1 Jan 2017	**397,488**	**119**	**397,607**
Additions	4,621		4,621
Disposals	-1,690		-1,690
Impairment[2]	-4,362		-4,362
Net book value at 31 Dec 2017	**396,058**	**119**	**396,177**

1 Costs related to the aquisition of subsidiary shares has been included in the aquisition cost.

2 In the comparative period the carrying amount of shares of German subsidiary was written down by EUR 4.4 million. Group management has concluded the cash flows present value of this business is estimated to be permanently less than the carrying amount of the shares before write-down.

For shares and shareholdings, see consolidated financial statements in note 33.

ACCUMULATED DEPRECIATION DIFFERENCE EUR 1,000	2018	2017
Machinery and equipment		
Accumulated difference in total depreciation and depreciation according to plan at 1 Jan.	162	170
Increase/ Decrease (-) in accumulated depreciation difference for the period of 1 Jan - 31 Dec.	-102	-8
Accumulated difference in total depreciation and depreciation according to plan at 31 Dec.	**60**	**162**

3. NON-CURRENT RECEIVABLES

EUR 1,000	2018	2017
From Group companies		
Loan receivables	465,668	335,646
From others		
Loan receivables[1]	8,694	10,153
Prepaid expences and accrued income	2,151	3,461
Total	**476,513**	**349,260**

1 Loan receivable from joint venture Fortrent Oy. For joint venture, see consolidated financial statement in note 7.

4. INVENTORY

EUR 1,000	2018	2017
Inventory		
Raw materials and consumables	1,791	
Total	**1,791**	

5. CURRENT RECEIVABLES

EUR 1,000	2018	2017
From Group companies		
Loan receivables	61,274	47,258
Trade receivables	146	24
Prepaid expenses and accrued income	479	381
From others		
Trade receivables		16
Other receivables	455	528
Prepaid expenses and accrued income	3,421	3,460
Total	**65,776**	**51,668**
Prepaid expenses and accrued income		
From Group companies		
Accrued interest	479	381
From others		
Arrangement fees from loans	1,351	1,721
Income tax receivables[1]	1,534	1,534
Other prepaid expenses and accrued income	536	205
Total	**3,900**	**3,841**

1 According to the residual tax desicions issued by the Finnish Tax Administration, the interest income from Cramo's financing company in Belgium should have been partly taxed in Finland concerning 2009 - 2013. Cramo Plc has appealed to an Administrative Court in Finland against the approximately one million euro tax penalty associated with tax decision concerning 2009 - 2012. In 2017 Cramo Plc has supplemented the appeal to an Administrative Court in Finland concerning years 2011 - 2013. In the supplement of the appeal Cramo Plc has demanded to annul the taxation of the interest income in Finland. The Administrative Court dismissed the appaeal by issuing a decision on April 6, 2018. Cramo Plc has appealed the decision of the Administrative Court to a Supreme Court in Finland. Concerning years 2009-2010 Cramo Plc has submitted the case to the mutual agreement procedure (the MAP process) between Belgium and Finland, to the extent that Cramo has been subjected to double taxation. The Competent Authoroties of Belgium and Finland issued a decision in the mutual agreement procedure (MAP). The decision was in line with the decisions of the Finnish Tax Correction Board. The financing company in Belgium, Cramo Finace NV, will submit an application to the Belgium Tax Authority to annul double taxation.

6. EQUITY

EUR 1,000	2018	2017
Share capital at 1 Jan / 31 Dec	24,835	24,835
Share premium fund at 1 Jan / 31 Dec	3,331	3,331
Invested unrestricted equity at 1 Jan	142,498	142,218
Own shares conveyed	683	280
Invested unrestricted equity at 31 Dec	**143,181**	**142,498**
Retained earnings at 1 Jan	48,370	41,399
Own shares conveyed	-683	-280
Dividend distribution	-37,882	-33,354
Retained earnings at 31 Dec	**9,804**	**7,765**
Profit for the year	40,452	40,605
Total equity	**221,603**	**219,033**
Distributable funds		
Retained earnings at 31 Dec	9,804	7,765
Profit for the year	40,452	40,605
Invested unrestricted equity	143,181	142,498
Total	**193,437**	**190,868**

SHARE CAPITAL	2018 No.	EUR	2017 No.	EUR
Shares	44,690,554	24,834,753.09	44,690,554	24,834,753.09

Share incentive schemes
Details about current share incentive schemes are disclosed in the consolidated financial statements, note 31.

7. APPROPRIATIONS

EUR 1,000	2018	2017
Accumulated depreciation difference	60	162

8. PROVISIONS

EUR 1,000	2018	2017
Other provisions	643	1,121

Other provisions include the cash reward of the share plans payable during the financial periods 2018-2020.

9. LIABILITIES

EUR 1,000	2018	2017
Non-current liabilities		
Bonds	150,000	150,000
Convertible loans	53,633	
Loans from credit institutions	400,000	150,000
Loans from group companies	157,975	164,571
Total[1]	**761,608**	**464,571**
Current liabilities		
To Group companies		
Liabilities to Group companies	16,500	18,555
Accounts payable	1,771	2,587
Accrued liabilities and deferred income	137	143
Total	**18,409**	**21,285**
To others		
Bonds		16,270
Loans from credit institutions	9,173	9,494
Accounts payable	2,188	782
Accrued liabilities and deferred income	5,893	5,294
Commercial papers	89,902	59,943
Tax accrual from current financial period	3	29
Other current liabilities	133	196
Total	**107,293**	**92,009**
Total current liabilities	**125,701**	**113,294**
Total liabilities	**887,310**	**577,864**
ACCRUED LIABILITIES AND DEFERRED INCOME		
To Group companies		
Accrued interest	137	143
To others		
Interest expenses	3,967	4,707
Personnel expenses	768	588
Other accruals[2]	1,158	
Total	**5,893**	**5,294**
Total	**6,030**	**5,437**
AN ESSENTIAL CONDITIONS AND THE TOTAL NUMBER OF BONDS ISSUED BY THE COMPANY		
Bond 2012/2018; 4.50%		16,270
Bond 2016/2022; 2.375%	150,000	150,000
Bonds in total	**150,000**	**166,270**

1 The acquisition of Nordic Modular Group was financed with a new EUR 210 million bridge loan with a 2-year tenor and a SEK 550 million convertible note, which may be used by the seller to re-invest in Cramo's Modular Space business under certain conditions.

2 Accruals include expert costs related to the separation of the Company's Modular Space business through a partial demerger.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21

10. NET TURNOVER

EUR 1,000	2018	2017
Net turnover by category of activity		
Service charges	3,718	3,019
Sale of merchandise (modular spaces)	924	
Totalt	**4,642**	**3,019**
Net turnover by geografical area		
Service Charges		
Finland	929	699
Sweden	2,322	1,538
Norway	220	183
Germany	336	248
Other countries	835	351
Total	**4,642**	**3,019**

11. OTHER OPERATING INCOME

EUR 1,000	2018	2017
Rental of premises	24	24
Sales of shares of subsidiaries, SIA Cramo and Zao Cramo		2,587
Administrative service charged from Group companies	692	389
Other	27	58
Total	**744**	**3,058**

12. MATERIALS AND SERVICES

EUR 1,000	2018	2017
Materials and supplies		
Purchases during the financial period	2,715	
Change in stock	-1,791	
Total	**924**	

13. PERSONNEL EXPENSES

EUR 1,000	2018	2017
Salaries and fees	-3,110	-2,937
Pensions	-536	-447
Other statutory employer contributions	-100	-79
Total	**-3,746**	**-3,463**
Average number of personnel		
Clerical personnel	34	31
Executive remuneration[1]		
Salaries and fees with fringe benefits		
President and CEO[2]		
Management team	-346	-326
Board members	-359	-332
Termination benefits[3]		
Management team		-125
Post emplyment benefits		
President and CEO[4]		
Total	**-705**	**-782**

1 Executive remuneration, see consolidated financial statements note 32, related party transactions.

2 Leif Gustafsson is President and CEO of Cramo Plc. The CEO contract is with Cramo Services AB. Cramo Services AB has invoiced Cramo Plc EUR 932.7 (881.4) thousand relating to CEO's salaries and fees with fringe benefits from period 1 January to 31 December 2018 (1 January to December 2017). Expenses are reported as other operating expenses.

3 The Senior Vice President, Modular Space Petri Moksén left the position on April 4, 2017.

4 Post-emplyment benefits include voluntary pensions systems, which are defined as contribution plans. Cramo Services AB has invoiced Cramo Plc a total amounting to EUR 157.5 (156.6) thousand relating to CEO's voluntary pension expenses for period 1 January to 31 December 2018 (1 January to 31 December 2017). Expenses are reported as other operating expenses.

14. DEPRECIATION AND IMPAIRMENT

EUR 1,000	2018	2017
Depreciation according to plan on intangible assets	-182	-204
Depreciation according to plan on tangible assets	-15	-25
Total	**-197**	**-229**

15. OTHER OPERATING EXPENSES

EUR 1,000	2018	2017
Premises expenses	-302	-322
Investor relations	-447	-479
Expert services	-5,069	-1,578
Intra-Group services[1]	-5,633	-5,393
Other administrative expenses	-1,732	-1,561
Total	**-13,183**	**-9,334**

Audit fees	2018	2017
Audit firm, KPMG Oy Ab		
Audit of financial statements	-171	-75
Engagements referred to in the Auditing Act, 1.1,2§	-23	
Tax consulting	-18	-36
Other services	-18	-169
Total	**-231**	**-280**

1 Personnel expenses related to President and CEO amounting to EUR 1,090.2 (1,038.0) thousand is included in Intra-Group services.

16. NET FINANCIAL ITEMS

EUR 1,000	2018	2017
Dividend income		
From Group companies	40,000	38,713
Total dividend income	**40,000**	**38,713**
Interest income		
From Group companies	9,196	7,598
From others	249	309
Total interest income	**9,445**	**7,907**
Interest expenses		
To Group companies	-3,123	-3,382
To others	-12,002	-10,520
Total interest expenses	**-15,126**	**-13,902**
Other financial expences		
Impairment on non-current investments[1]		-4,362
Other financial expences	-2,838	-1,649
Total financial expenses	**-2,838**	**-6,011**
Exchange gains and losses		
To Group companies	-1,908	-1,145
To others	1,745	1,493
Total exchange gains and losses	**-163**	**349**
Net financial items	**31,318**	**27,056**

1 See note 2 non-current assets.

17. APPROPRIATIONS

EUR 1,000	2018	2017
Depreciation difference, increase (-)/ decrease (+):		
Machinery and equipment	102	8
Group contributions received	21,700	20,222
Total	**21,802**	**20,230**

18. INCOME TAXES

EUR 1,000	2018	2017
Current tax	4,337	3,776
Taxes on appropriations, group contribution	-4,340	-4,044
Total	**-3**	**-268**

19. COLLATERALS AND CONTINGENT LIABILITIES

EUR 1,000	2018	2017
COLLATERALS GIVEN		
Collaterals given on behalf of the Group companies		
Guarantees given	11,515	8,752
COMMITMENTS AND CONTINGENCIES		
Leasing liabilities		
Leasing liabilities in the following year	74	111
Subsequent leasing liabilities	87	156
Leasing liabilities are 3-4 year contracts without redemption clauses.		
Rental liabilities		
Rental liabilities in the following year		612
Subsequent rental liabilities		
Rental liabilities of business premises are 10-year contracts without redemption clauses.		
Investment liabilities		
Investment commitments in the following year	12,787	13,167
Subsequent investment commitments	12,787	13,167

20. INTEREST RATE AND CURRENCY DERIVATIVES

	2018		2017	
EUR 1,000	Nominal value	Fair value	Nominal value	Fair value
INTEREST RATE DERIVATIVES				
Interest rate swap	130,000	-7,202	130,000	-7,817
Negative fair value		-7,202		-7,817
CURRENCY DERIVATIVES				
Forward contracts	167,904	1,496	110,972	107,729
Positive fair value		1,860		711
Negative fair value		-363		-603

Financial derivaive instruments of parent company which are valid at the closing date, will mature during financial years 2019-2023.

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The objective of the company's risk management is to minimise the negative effects on the company's financial performance caused by changes in financial markets and to secure adequate liquidity available. The company uses derivative financial instruments only for hedging purposes; to hedge against currency and interest rate risks. The fair value of derivative financial instruments are presented as off-balance sheet items.

The company's interest rate risk arises mainly from its long-term borrowings. The company is mainly exposed to cash flow interest rate risk, which arises from liabilities at variable rates and is partly off-set by the bonds with fixed interest rate. The company manages its cash flow interest rate risk also by using interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates, or vice versa.

The Group operates internationally and is exposed to risks arising from foreign exchange rate fluctuations, primarily from exposures with respect to the Swedish krona. Foreign exchange risk arises primarily from internal funding and net investments in foreign operations as well as from recognised assets and liabilities. During 2018 and 2017 Cramo has not utilised any financial instruments to hedge the net investments in subsidiaries denominated in other currencies than EUR. Foreign exchange risk arising from internal funding and recognised assets and liabilities is managed primarily through forward contracts.

Realised results arising from currency and interest rate derivatives have been recognised in finance items in the income statement. The nominal values and market values of the derivatives are disclosed in the table above. The derivative exposure on 31.12.2018 reflects well the exposure retained during the financial year. Further details about Cramo Group's financial risk management are disclosed in the consolidated financial statements, note 10.

21. DEFERRED TAXES

EUR 1,000	2018	2017
Deferred tax asset on negative depreciation difference	4	4
Deferred tax asset on provisions	129	224
	132	**228**
Deferred tax liability on depreciation difference	-12	-32
	-12	**-32**
Total	120	196

Deferred tax assets and liabilities are not included in the balance sheet.

Signatures

Vantaa, 7 February 2019

Veli-Matti Reinikkala	*Perttu Louhiluoto*	*AnnaCarin Grandin*	*Peter Nilsson*
Joakim Rubin	*Raimo Seppänen*	*Caroline Sundewall*	

Leif Gustafsson
President and CEO

Auditor's report to the Annual General Meeting of Cramo Plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Cramo Plc (business identity code 0196435-4) for the year ended 31 December 2018. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 24 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIALITY

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER

TANGIBLE ASSETS
(NOTES 1, 3 AND 25 TO THE CONSOLIDATED FINANCIAL STATEMENTS)

- Tangible assets consisting mainly of the equipment and modules for rental business (fleet) comprise approximately 59% of the total assets of the Group.
- The business of the Group is highly dependent on the condition and availability of the fleet.
- There is a risk that the judgements made by the management when evaluating the depreciation periods and around the annual impairment review of the Group's rental fleet are not appropriate and that the carrying values of these assets are misstated.

HOW THE MATTER WAS ADDRESSED IN THE AUDIT

- In addition to testing certain key controls over the fleet management, our audit procedures consisted of substantive testing procedures including data analyses.
- In particular, we focused our audit procedures on fleet investments, utilisation, gains and losses on asset disposals, depreciation periods and residual values. Our procedures also included attendance in physical counts of the fleet.
- We considered the management's fleet impairment analysis, assessed and challenged the key judgements and sensitivities and the impact that these have in determining whether an impairment exists.
- In addition, we assessed the appropriateness of the Group's disclosures in respect of tangible assets including the fleet.

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

ACQUISITIONS AND IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS (NOTES 1, 4, 5 AND 6 TO THE CONSOLIDATED FINANCIAL STATEMENTS)

The Group expands its activities through acquisitions. As a result, the Group's assets include a significant amount of goodwill and other acquisition-related intangible assets. At the year-end 2018 the Group has €239.0 million in goodwill and €80.4 million in other acquisition-related intangible assets.

In 2018 Cramo acquired the Swedish Nordic Modular Group (NMG) and the German KBS Infra (KBS) for combined considerations of €218.0 million. The goodwill arising from the acquisitions was €148.9 million and €33.9 million was allocated to separately identifiable intangible assets.

Acquisition accounting requires the fair value of the acquired assets and liabilities at the acquisition date to be determined. This involved complex valuation considerations.

There is a risk of inappropriate judgment in determining the fair value of assets acquired and the use of inaccurate forecasted financial and operational data in the valuations.

Goodwill is tested for impairment annually.

Estimating future cash flows in impairment tests involves a significant amount of management judgment in respect of profitability, long-term growth rate and discount rates, among others.

Overall, due to the high level of judgment involved, and the significant carrying amounts involved, valuation of goodwill and other intangible assets is one of the key audit matters.

With the involvement of KPMG valuation specialists, we have challenged the anticipated future performance of NMG and KBS and evaluated key assumptions made by the management in preparing the purchase price allocation.

We have performed audit procedures on the acquired opening balances.

Our audit procedures regarding goodwill impairment testing included, among others:

- We evaluated and challenged the key assumptions used in respect of profitability levels, discount rate and long-term growth rate.
- We also assessed whether the methods and the key assumptions used remained appropriate and have been consistently applied year-on-year.
- We involved KPMG valuation specialists when considering the appropriateness of the assumptions used by comparing to external market and industry data, and to test the technical accuracy of the calculations.

In addition, we assessed the appropriateness of the Group's disclosures in respect of business combinations, goodwill, other intangible assets and impairment testing.

REVENUE RECOGNITION (NOTES 1, 2 AND 20 TO THE CONSOLIDATED FINANCIAL STATEMENTS)

- The Equipment Rental business of the Group revenues consists of numerous individual rental transactions generated in multiple depos.
- In the Modular Space business there are mainly long-term client contracts, which may include more than one contract phase, and different phases are accounted for under different accounting standards. The appropriate identification of the contract phases, in order to ensure proper timing of revenue recognition, is emphasised.
- The user rights in the main sales IT system of the Group are relatively extensive that increases risk for inappropriate or incorrect transactions.
- We evaluated and tested the internal controls and carried out appropriate substantive testing over the completeness, accuracy and timing of revenue recognised in the consolidated financial statements.
- We read the relevant sale agreements and tested the consistency of the accounting with the terms of sale in the agreements. As part of our year-end audit procedures we assessed the recognition of revenues on accrual basis by testing entries, project calculations and accruals affecting revenues.
- Our work included consideration and testing of rebates and discount arrangements as well as the process for recognising credit notes. We also tested journal entries posted to revenue accounts focusing on unusual or irregular items.
- In addition, we assessed the appropriateness of the Group's disclosures in respect of revenue recognition.

SHARES IN SUBSIDIARIES IN THE PARENT COMPANY (PARENT COMPANY'S NOTE 2 TO THE FINANCIAL STATEMENTS)

- Shares in subsidiaries are a significant balance sheet item in the parent company's separate financial statements.
- Shares in subsidiaries are tested for impairment using the same methods as for goodwill impairment testing. Thus, any indication or need for impairment of goodwill, other acquisition-related assets or fleet is reflected also in the parent company's balance sheet.
- We derived the value-in-use in the parent company's impairment testing for shares in subsidiaries from the group level impairment tests.
- We involved KPMG valuation specialists when considering the appropriateness of the used assumptions compared to external market and industry data and to assess the technical accuracy of the calculations.
- We evaluated and challenged the key assumptions used in respect of profitability levels, discount rates and long-term growth rates.
- In addition, we assessed the appropriateness of the parent company's disclosures regarding impairment of subsidiary shares.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE PRESIDENT AND CEO FOR THE FINANCIAL STATEMENTS

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the President and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the President and CEO are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the President and CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

INFORMATION ON OUR AUDIT ENGAGEMENT

We were first appointed as auditors by the Annual General Meeting on 1 April 2014, and our appointment represents a total period of uninterrupted engagement of five years.

OTHER INFORMATION

The Board of Directors and the President and CEO are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OTHER OPINIONS

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the members of the Board of Directors of the parent company and the President and CEO should be discharged from liability for the financial period audited by us.

Helsinki, 7 February 2019

KPMG Oy Ab

Toni Aaltonen
Authorised Public Accountant, KHT