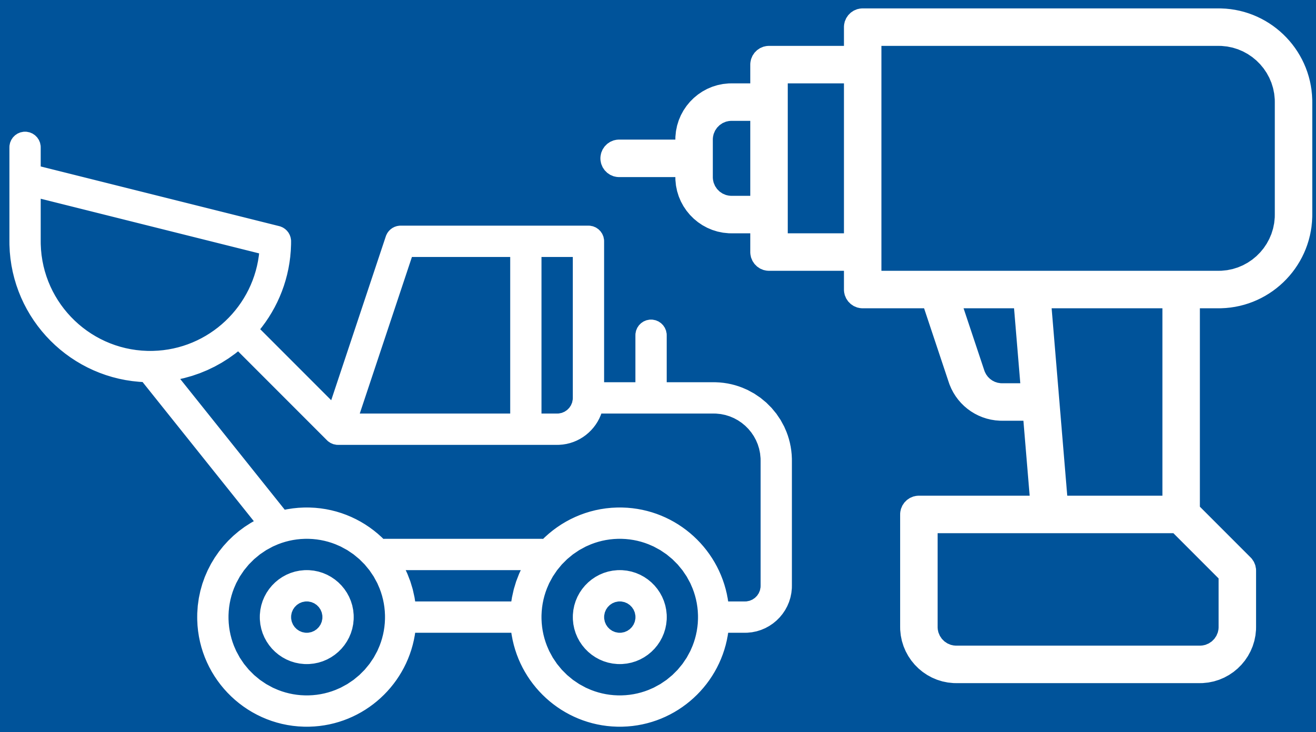
Annual Report 2018

2018 was another year of strong progress for Ramirent. We succeeded in all important dimensions of financial performance.

RAMIRENT



Smooth Service Smile

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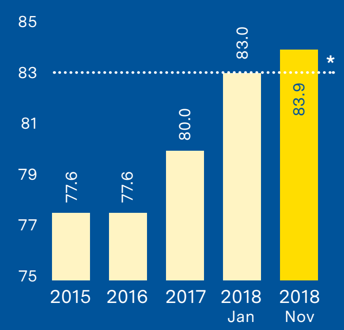
2018 in numbers

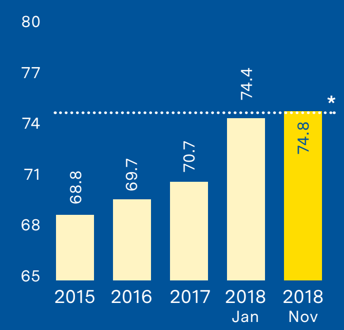
Top-class in leadership and employee engagement

Employee engagement



*Global high performance general norm

Leadership



*Global high performance general norm

0.74

Comparable EPS, EUR

16%

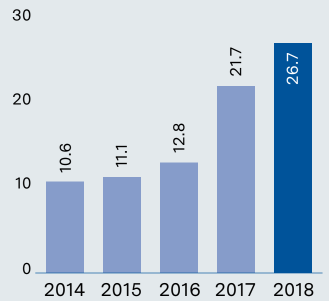
Female employees of total workforce

Ramirent Group

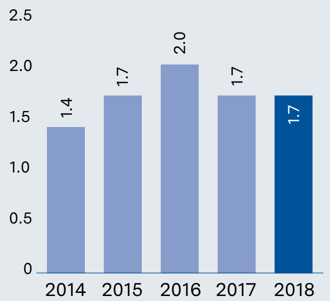
Sustainability

Financial Statements

Comparable return on equity, ROE %



Net debt to EBITDA



Net sales, MEUR

711.7

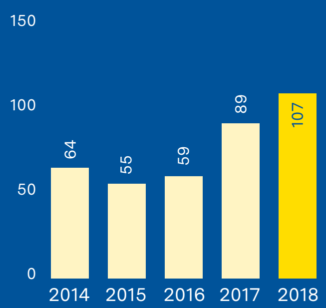
106.8

Comparable EBIT, MEUR

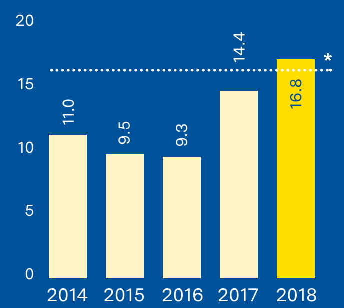
Sales growth

3.8%

Comparable EBIT, MEUR

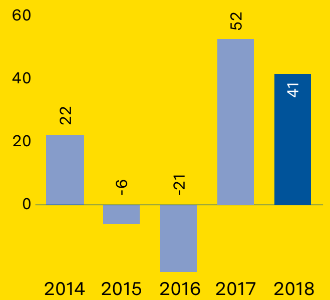


Comparable return on capital employed, ROCE %

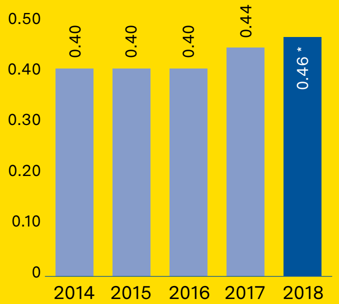


*Financial target: ROCE of 16% by 2020

Cash flow after investments, MEUR



Dividend per share, EUR



* Board's proposal

Dividend per share*

0.46 EUR

*Board's proposal to AGM

Another year of strong progress

2018 was another year of strong progress for Ramirent after the major improvement in performance achieved in 2017. We succeeded in all important dimensions of financial performance simultaneously: strong growth in net sales, strong improvement in comparable earnings per share and ROCE %, and all this while remaining cash flow positive. We also actively shaped our business portfolio based on our strategy and announced a number of divestments and acquisitions.

Strong financial performance

I am very pleased with the financial performance in all our operating segments during 2018. All our segments delivered improved profitability. The financial performance and strong growth continued in Sweden and Eastern Europe, with Eastern Europe becoming our second-largest segment in terms of profits during the year. Norway took a further step towards increased profitability, and Finland's positive financial performance continued. Thanks to this strong performance, our comparable ROCE-% exceeded our 2020 financial target level already in 2018.

During the past year, we continued our successful and persistent work in our low-profitability units, in accordance with our strategy to reach the goal of not having a single segment or customer center with an operating profit margin below 10%.

Shaping our business portfolio in order to improve capital-efficiency

During 2018, we sold Ramirent's Temporary Space business and signed an agreement on the sales of our equipment rental business in Denmark. At the end of the year, we also announced the closing of Ukrainian operations of Ramirent's and Cramo's joint venture company Fortrent during 2019.

These have historically been areas of a low return on capital for Ramirent, and as part of our strategy, we want to direct our focus on areas where we see higher returns. A good example in that area was the acquisition of SRV Kalusto Oy in Finland, completed in December 2018. As a result of these changes, Ramirent's balance sheet is now in strong shape and ready for any new opportunities.

World-class level reached in engagement and leadership

I am also very pleased to see that our organization's employee engagement level, in particular, has continued to improve. For the first time in our company's history, we achieved the global high performance norm in leadership and even exceeded the norm in employee engagement. In our strategy, we set this target to be achieved by 2020 but delivered on this already in 2018. Going forward, we see this as a crucial success factor for us, as we are operating in a service business in which every single employee's commitment and engagement makes a world of difference in customer experience.

Co-creating our new mission and values

During 2018, we co-created together with our organization and customers our new mission and values – both coining the statement "Smooth Service with a Smile". We believe that our new mission, Smooth Service with a Smile, will differentiate us and help us realizing our vision of providing an unbeatable service experience to our customers.

Going forward with confidence

Even though there are some cyclical clouds gathering above the Nordic construction markets, we at Ramirent remain determined and focused. Renting equipment is expected to continue to gradually increase and we know how to drive internal performance improvement. Also our leading position in Eastern Europe with a vibrant construction market will give us opportunities to grow further. Our balance sheet is also strong. We are ready to act on any new opportunities and during the year, we established a separate Group-level organization in Ramirent for the purpose of surveying, experimenting and developing new future opportunities.

I want to thank all our stakeholders, customers, shareholders and partners for this year. A warm thank you also to our employees for all your efforts and great work done in 2018.

Tapio Kolunsarka
President and CEO

Aiming for capital-efficient profitable growth

In our strategy, we focus on capital-efficient profitable growth in our core business – equipment rental and related services. We seek to continuously increase our market share, especially among small and medium-sized businesses in all our operating countries. Ramirent is the leading industry player in delivering overall service solutions for large construction sites and we want to further strengthen our position among large customers.

Ramirent's financial targets

Indicator	Target
EPS growth (CAGR)	Double digit % 2018–2020
ROCE	16% by the end of 2020
Dividend payout ratio	> 50% of net profit
Net debt to EBITDA	< 2.5x at end of each fiscal year

On February 7, 2019 the Ramirent Board decided to revise the financial target for Net debt/EBITDA ratio from <2.5x to < 2.8x at end of each fiscal year due to implementation of IFRS 16. All other financial targets remain unchanged.

The key building blocks of our strategy

Winning in the small and medium-sized business sector
Our share among small and medium-sized businesses (SMBs) is still below our average and we aim to win in this sector by further improving our customer experience and availability.

Becoming the large customer's supplier of choice
We want to further strengthen our strong position and become the large customer's supplier of choice by providing advanced total solutions that improve safety, productivity and sustainability in construction and other industries. Ramirent has a market-leading offering in what it takes to help construction businesses improve their productivity.

Building the industry's best performing supply chain
We will make a step-change improvement in our availability, delivery accuracy and supply chain efficiency by 2020 by developing and digitizing our processes. There is a sizable untapped potential in our supply chain management.

Tightening performance management of low-performing units
We will strive to have no units or customer centers delivering below 10% EBIT by 2020 and implement clear performance management standards in the company.

Growing capital efficiently
We will seek above-average growth rates in capital-light product categories and raise our capital efficiency through supply chain improvements and by optimizing the replacement investments. We aim to grow minimum of 2% p.a. before the effect of growth investments.

Becoming a great place to work
To raise our performance and pursue the updated strategy and financial targets, we want to create a great place to work by developing the Ramirent leadership culture and our safety standards to be top-quartile by 2020.

We share to succeed

RAMIRENT AND the whole equipment rental industry has a strong role in circular economy by increasing the utilization rate of equipment, and thus, reducing the need for owning and producing more. It is not only the foundation of our business but also our vision for a more sustainable society.

Ramirent delivers value throughout the project lifecycle by helping customers moving from several suppliers to one comprehensive service provider. This reduces costs and lead times while improving safety and efficiency of the projects.

The trend of outsourcing non-core activities continued to drive the demand for equipment rental and related services. Increased demand for safety and sustainability, as well as structural changes brought on by urbanization, digitalization and an aging population, continued to shape our operating environment.

Megatrends driving our business:

01

Circular economy

Sharing things emerged originally from a need to save money, time and the environment. Now mainstream, it also increasingly affects companies looking to optimize operations with on-demand solutions and services.

Characterized by

- Need for improved utilization of equipment, personnel, knowledge and capital resources
- Multiple people using the same machine reduces the environmental burden
- Maximizing the use of equipment through renting decreases the need for producing more

02

Digitalization

A key force behind all change affecting society and business, technological development boosts Ramirent's offering and understanding of customer needs. New innovations improve safety, information flow, project follow-up and eco-efficiency.

Characterized by

- Internet of Things (IoT), new digital rental applications, improved flow of information and access management, new technological innovations in the areas of virtual and augmented reality
- Better anticipation with digital planning tools, such as the Building Information Modeling (BIM) system

03

Improving productivity

During the past decade, productivity in manufacturing has nearly doubled but remained flat in construction. This productivity gap presents an opportunity to help customer projects move forward more smoothly and efficiently.

Characterized by

- Optimization of logistics, enhanced planning and improved risk management on construction sites
- Reliable partners enable customers to focus on their core businesss

04

Demand for safety and sustainability

Growing customer expectations and tightening safety and environmental regulation, such as the EU's target to cut emissions by 40 percent by 2030, push companies to adopt greener solutions.

Characterized by

- Eco-efficient construction planning, decreasing fossil fuel usage, safer sites through better planning and training
- Need to improve the energy efficiency of aging buildings and to repair moisture and mold damage

05

Accelerating urbanization

The concentration of population in growth centers drives urban planning and construction. In the Nordic region, population growth has mainly occurred within the 30 largest urban areas, where more than half of the Nordic population now lives, creating needs in safety, logistics and planning for builders.

Characterized by

- Increasing migration from rural areas to urban centers and from other continents to Europe
- Increased building construction, more demand for equipment rental and expert services

06

Demographic change

Increased life expectancy and low birth rates shape the housing market and ways of living as well as the supply of workforce. Housing construction is a major driver of equipment rental.

Characterized by

- Smaller families and households and the need for new solutions for senior citizens
- Mixing cultures, languages and religions in the workforce

Creating value for our stakeholders

RAMIRENT IMPROVES the safety and efficiency of its customers with rental equipment combined with related services and wide knowledge. The core of our business model is increasing productivity through circularity to customers of all sizes.

Our business is driven by modern demands on productivity, safety and the environment, accelerating urbanization and demographic change. We aim for a smooth flow of information, machines and services. This, in turn, leads to more efficient ways of working, reduced costs and downtime, improved product features and new innovations. By building the industry's best supply chain, we will improve the service levels and the ease of renting, thus strengthening the value proposition for rental versus ownership.

Inputs

People and knowledge

- 2,905 committed professionals (FTEs)
- Trusted brand
- Safety
- Certifications (ISO, OHSAS)
- Trademarks

Assets

- 250,000 rental equipment
- 294 customer centers in 10 countries
- Hubs in central locations
- Wide range of services

Financial

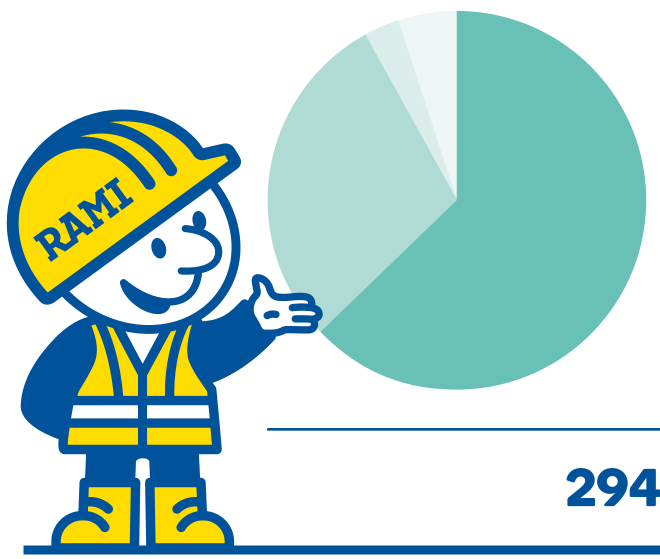
- Equity 292.8 MEUR
- Capex in machinery 181.2 MEUR

Suppliers and subcontractors

- 18,000 partners supporting us to meet the needs of our customers

Business model

Equipment rental and service sales



63% Equipment rental

29% Service sales

3% Sale of equipment

5% Sale of goods

294 customer centers

Virtual Reality enables more sustainable construction sites

MODERN WAYS to advance the entire construction industry are needed, and Ramirent is in the front line when it comes to making construction sites safer, more sustainable and more efficient. In 2018, we made significant investments especially in Finland and Sweden in the development of new digital tools in order to respond to our customers' needs as well as to meet the challenges the whole industry is now facing.

The new technologies, such as Virtual Reality (VR) and Augmented Reality (AR), enable a smooth construction process from the perspective of the entire lifecycle. VR and AR already play a significant role in the design of construction sites, and their relevance will continue to grow over the coming years.

Our new tools, developed by Ramirent's Design Department in Sweden, help us and our customers to take safety, efficiency and environmental consideration at construction sites to a new level.

Ramirent SitePlanner is a unique tool where Building Information Models (BIM) and 3D-scanned environments are incorporated to secure an unbroken information flow in a digital format. SitePlanner helps for example to design an energy-efficient work site, to optimize logistics, to make virtual safety inspections possible and to define possible risk activities throughout an entire construction project.

Ramirent TwinSite caters both for safety training applications and market communication needs. The safety training applications provide an interactive and lifelike training experience with the goal to truly motivate co-workers to acknowledge safe ways to use tools and equipment. The TwinSite platform is also open for our suppliers' and partners' own communication needs.

Ramirent SitePlanner and Ramirent TwinSite can also be used with regular computer screens in 2D mode. Ramirent has put both the tools to use during 2018 and they are being developed further during 2019.

Outputs

Shareholder value

- Comparable EPS growth 26.3%
- comparable ROCE 16.8%
- Net debt/EBITDA 1.7x
- Dividend payout ratio 104% of net profit

Customer value

- Smooth service with a smile
- Wide equipment range and expert services
- Improved safety and efficiency
- Optimized energy consumption and transportation to and from the work site

Employee value

- Great place to work
- Salaries 118 MEUR
- Continuous development opportunities
- Leadership index 74.8%
- Engagement index 83.9%
- LTIFR 8.1
- Diversity and non-discrimination

Value for the society

- Income taxes 11.5 MEUR
- Direct purchases 242.1 MEUR
- Driving circular economy by sharing equipment
- Employment for 2,905 rental professionals

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This is Ramirent

Our vision is to offer an unbeatable service experience to our customers and make owning of equipment unnecessary in the long run. We enable our customers to gear up in efficiency and safety by combining equipment, services and knowhow into customized rental solutions.

WE SERVE A BROAD RANGE of customer sectors, from households to the largest construction and industrial sites in ten countries in Northern and Eastern Europe.

Ramirent has one of Europe's largest customer center networks, widest equipment range and a team of 2,905 rental professionals fulfilling customers' local rental and service needs smoothly, cost-efficiently and always with a smile.

Ramirent's product portfolio consists of modules and containers, scaffolding and weather shelters, power and heating equipment, tower cranes and hoists, heavy machinery, safety and support equipment, lifts and light equipment.

We also offer total solutions that simplify our customers' business. We deliver value throughout the project lifecycle by helping customers move from several suppliers to one organization, reducing costs and lead times while improving safety and efficiency. Customers get more knowledge and industry experience delivered through safe and sustainable solutions.

Ramirent complements its equipment rental offering with related services, ranging from worksite planning to condition monitoring, on-site support, logistics and fuel services to safety planning and training. Our goal is to make construction sites of all sizes safer and more sustainable.

Market leader in 8 countries

2,905 employees (FTE)

150,000 customers

294 customer centers in 10 countries

25,000 equipment types

712 MEUR annual net sales

As of January 1, 2018, Ramirent Group's reportable segments were Sweden, Finland, Eastern Europe, Norway and Denmark. On December 3, 2018, Ramirent announced that it had signed an agreement to divest its Danish equipment rental business. The Danish operations to be divested will be reported as discontinued operations in the fourth quarter 2018 onwards.

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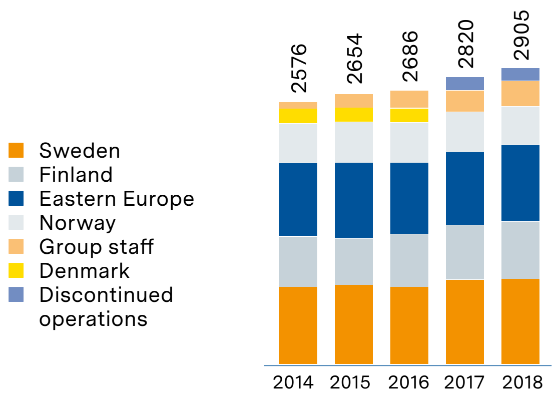
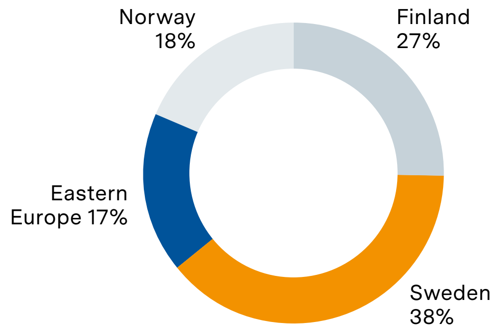
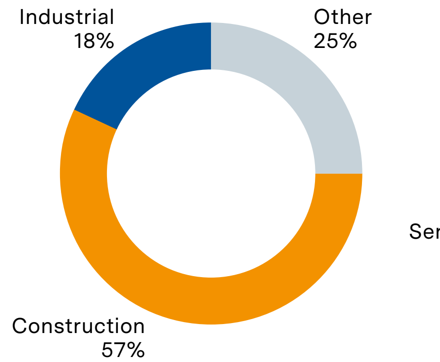
Personnel by segment 2014–2018



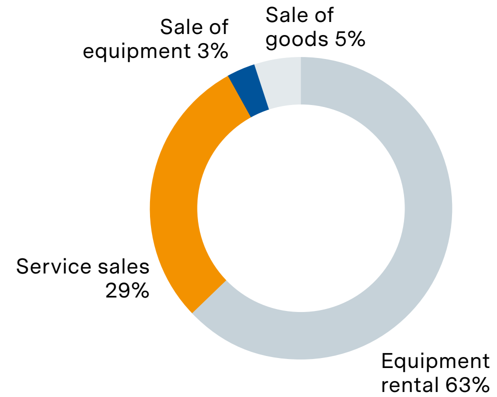
Net sales per segment



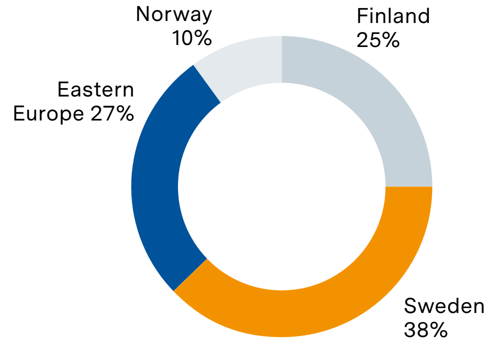
Net sales by customer segment



Net sales mix



Segments' share of comparable EBIT



Sweden

Good growth and performance

IN SWEDEN, THE OVERALL market conditions were strong. Demand was good and supported by high activity in the construction sector. Sweden segment's sales growth was strong due to various large non-residential building projects and good underlying market activity. A positive trend in sales development continued across all regions in Sweden, and both rental and service sales contributed to the growth.

Ramirent continued to win several new customer accounts and growth efforts within small and medium-sized businesses were strong. In comparable terms, profitability improved due to improved operational efficiency and good cost control. Volume growth and improved supply chain performance contributed positively to comparable EBIT.

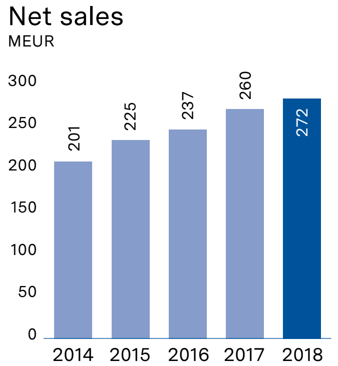
The segment's EBIT was burdened by expenses related to the sale of Ramirent's Temporary Space business.

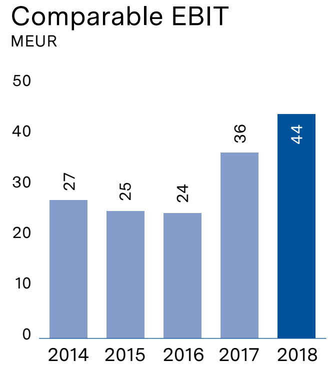
Highlights of the year

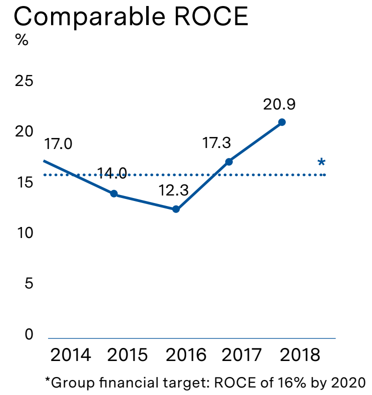
- Good development among small and medium-sized customers
- Ramirent continued to win several new customer accounts
- Actions taken in order to become a great place to work and build a positive employer brand
- Strong improvement in the share of customer centers above 10% EBIT target level

78 (79) customer centers
838 (831) employees
#2 market position

Construction output growth
2018E: +2.0%, 2019E: -3.8%
(Euroconstruct 11/2018)







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Collaborating for profitable growth in Mora

RAMIRENT'S CUSTOMER CENTER in Mora, Sweden has within a short period of time turned its business profitable, with revenue even doubling within the last year.

Efficiency improvements for the customer center began with removing operational bottlenecks, the whole staff taking part in the development work. The center's organizational culture involves everyone, and the center is not run top-down but in dialogue with the whole staff working closely with customers. This way, experiences from the customer level are included in the decision making, improving the customer experience and operational efficiency.

Good leadership has been a central factor in improving profitability at Mora's customer center. Collaboration, being open and helping others have been strongly reflected in the center, directly influencing profitability. The staff is closely involved in planning a mutual direction and solutions for everyone, and improved efficiency has resulted in not only on profitability figures, but also positive feedback from the staff. Smooth processes make work more satisfying and rewarding for employees, and they boost results significantly.

In accordance with the strategy, Mora's customer service center has focused on improving its market share, particularly among small and medium-sized businesses. Goals have been reached with efficient networking and by listening to customer needs. The manager of the customer center in Mora, Fredrik Nallgård, highlights the importance of constantly being one step ahead of customers and proactively offering solution fulfilling their needs.

Finland

Improved performance

IN FINLAND THE MARKET development trend was positive, especially in the Helsinki metropolitan area and other growth centers. Despite the increased competition, sales grew in all business areas and a positive trend in sales continued throughout the year.

The strong momentum in the Finnish equipment rental market continued, supported by solid demand in the construction and industrial sectors. Service sales developed positively, driven by several large projects. In December 2018 Ramirent acquired SRV Kalusto Oy which solidifies our leading position in Finnish market.

Performance improvement actions carried out in Finland are showing positive results. In comparable rates, profitability was good, supported by volume growth and cost efficiency. The sales of Ramirent's Temporary Space business affected the EBIT negatively.

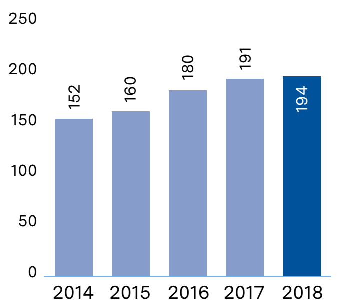
Highlights of the year

- Good profitability in comparable terms
- Good performance maintained in employee engagement and leadership quality
- Positive development in safety performance
- Acquisition of SRV Kalusto Oy

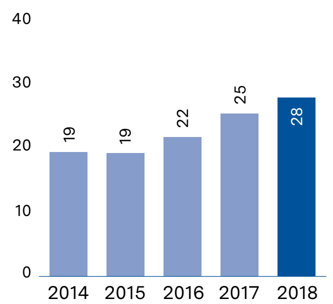
58 (57) customer centers
564 (535) employees
#1 market position

Construction output growth
2018E: +2.8%, 2019E: -1.2%
(Euroconstruct 11/2018)

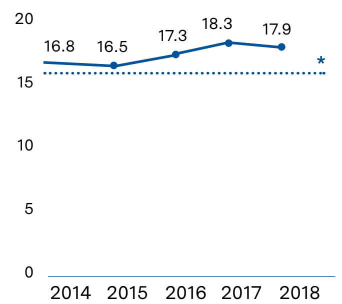
Net sales
MEUR



Comparable EBIT
MEUR



Comparable ROCE
%



*Group financial target: ROCE of 16% by 2020

Navigating in a large shipyard with expertise

SOME OF THE WORLD'S LARGEST cruisers are being built in the Meyer shipyard in Turku, Finland with the help of thousands of employees and different machinery and equipment.

Conditions at the shipyard differ from those of a regular construction site in proportion alone. The 144-hectare shipyard area is like a small and efficient city where workers and different machinery cross paths with each other.

Ramirent Finland started as Turku shipyard's equipment rental partner as early as 2002. The volume of equipment delivered at the shipyard has increased from early scaffolding deliveries into a versatile service entity covering everything from construction scaffolding, personnel lifts and weather shelters to the temporary electricity, heating and lighting of ship building yards.

The ship building process is carefully planned and scheduled to ensure that everything is completed at the right time. Ramirent provides Meyer Turku with an equipment and service entity that the customer needs in support of smooth and safe construction work. Through long-term collaboration and shipyard expertise, Ramirent is constantly up to speed on the different working stages and capable of predicting which equipment is required at each stage.

Eastern Europe

Solid sales growth

THE OVERALL MARKET conditions were favorable in Eastern Europe and the market activity continued to be strong throughout the year. The demand was strong in all countries of the segment, and the growth was driven by good development in equipment rental sales.

The rental growth was strongest in the Baltic countries, but the trend was positive across the segment. A strong focus on small and medium-sized businesses gained results and several new customer centers were opened to improve availability for our customers.

The segment's profitability developed positively in all its market areas. Good volumes, favorable sales mix and improved operational efficiency improved the comparable EBIT.

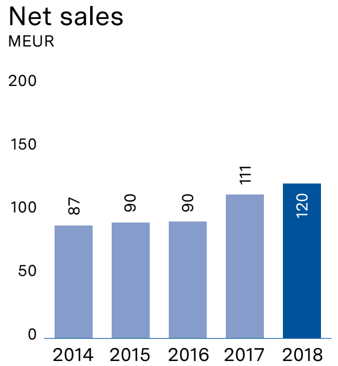
The expansion of the customer center network had a positive impact on sales growth and EBIT development.

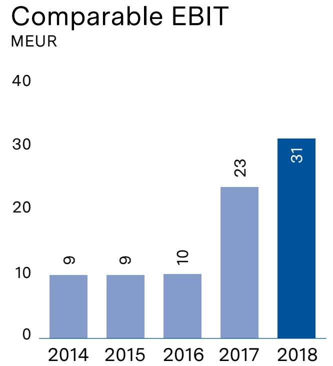
Highlights of the year

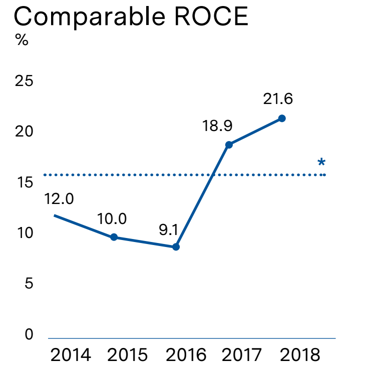
- Opening of several new customer centers closer to small and medium-sized customers
- Strong performance in all the six countries
- Very high employee engagement maintained

111 (108) customer centers
752 (715) employees
#1 market position

Construction output growth
2018E: +10.8%, 2019E: +7.9%
(Euroconstruct 11/2018, Forecon Baltic 12/2018)







*Group financial target: ROCE of 16% by 2020

Long-term relationships with our customers

RAMIRENT'S STRATEGIC GOAL is to win in the small and medium-sized business sector. Ramirent's close cooperation with Polish small-sized construction company Budohem is a great example of mutual benefits achieved through collaboration. Budohem has been in the Polish construction market for almost ten years, building homes, warehouses and working with insulations.

The cooperation has been ongoing for eight years, and it covers renting of different kinds of light equipment. The owner of Budohem, Henryk Biadacz, highly appreciates Ramirent's professional and competent service and proactive approach when it comes to safety or finding the best possible solution for each problem.

"Gliwice customer center's personnel is always smiling, and the quality of the customer service is excellent. I have to admit that Ramirent is not the cheapest option, but I prefer to work with Ramirent because of the quality of the equipment and engagement of the Ramirent team. Working with Ramirent makes my work, all in all, much easier," says Henryk Biadacz.

Continuous dialogue with customers is essential in order to build trust. "I need to rely on my business partners, and Ramirent's representatives are always available for me, providing me with the support I need. I always receive what I need, and if something is unavailable, the team orders it for me. I can always count on Ramirent," Biadacz continues.

Norway

Continued improvement

THE OVERALL MARKET conditions in the Norwegian equipment rental market remained positive and demand developed favorably. Norway segment's net sales developed well, especially during the second half of the year – sales growth was broad-based across all customer groups and especially strong in the Greater Oslo Region. Efforts made among small and medium-sized customers continued to show strong results and sales activity among this customer group reached a record high.

Due to positive sales development and continued internal efficiency improvements, the comparable EBIT developed well.

Further restructuring measures were taken to address low performing areas in the Q4.

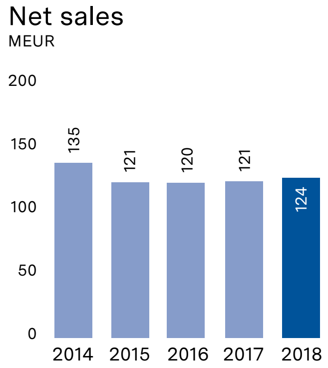
The segment's EBIT was burdened by expenses related to the sale of Ramirent's Temporary Space business and restructuring expenses.

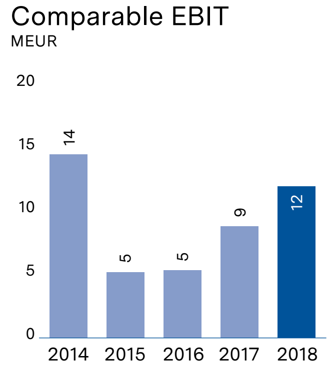
Highlights of the year

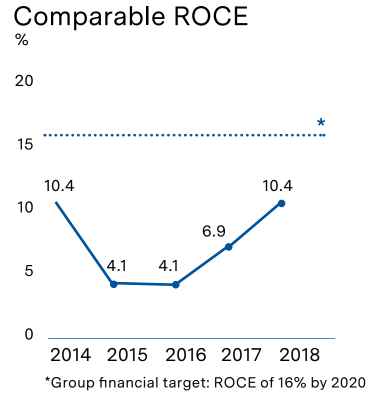
- Strong growth in small and medium-sized businesses
- LTIFR <4 achieved in safety
- Clear improvement in employee engagement and leadership development
- Increased sales of Safety equipment

40 (42) customer centers
375 (396) employees
#1 market position

Construction output growth
2018E: +0.9%, 2019E: +4.0%
(Euroconstruct 11/2018)







Aiming for a safer workplace

SAFETY IS A KEY focus area for Ramirent and the range of safety equipment developed by the company has been expanded to meet the growing customer demand. We are continuously working towards increasing our offering in the safety equipment category, and our long-term work and dedication enables us to offer unique solutions in that area.

We aim to be able to offer our customers the best safety solutions, and in Norway, this is progressing rapidly. The investments made in the safety category have started to show results. Together with our motivated and enthusiastic sales organization focused on offering safety equipment to our customers, the rental income in the safety equipment category has increased significantly.

Positive progress has been made towards becoming the preferred safety partner and Norway's best safety training provider in the industry. This great success is the result of the consistent implementation and execution of a strategic plan. In order to increase knowledge about the safety equipment category, the whole sales organization has been trained and they have actively participated in many customer cases during the year.

The increased demand for safety equipment is a strong signal that safety awareness has improved among our customers. We believe that safety equipment category has large potential for future growth and we are committed to being at the forefront of the rental industry within safety.

Eco-efficiency through smart logistics and procurement

Ramirent is committed to using resources efficiently and minimizing environmental impacts throughout the lifecycle of our equipment. We help our customers reduce their environmental impact as well. This calls for an optimized fleet and operating our transportations efficiently. In 2018, we focused also on supplier performance, sustainable procurement and waste management.

Circularity at the core

Renting is a sustainable choice, and by renting instead of owning equipment, our customers move towards circularity. The most relevant sustainability topics for Ramirent are safety, employee engagement, leadership, sustainable equipment as well as safe and efficient use of machines.

HIGHLIGHTS OF THE YEAR 2018 are presented in this sustainability section of the report. The non-financial information section in the report of the Board of Directors on pages 44-46 describes how our sustainability is managed and which policies we follow. It also contains key non-financial performance indicators and our 2018 performance.

Our sustainability achievements

The safety of our customers, employees and subcontractors continued to be a top priority in all Ramirent's operations. In 2018, Ramirent carried out continuous development of safety equipment, as well as experimented with using virtual reality and augmented reality innovations in improving the safety of customers' construction sites. Our goal is to make the construction industry safer while also ensuring cost-efficiency of the construction sites and other industrial environments.

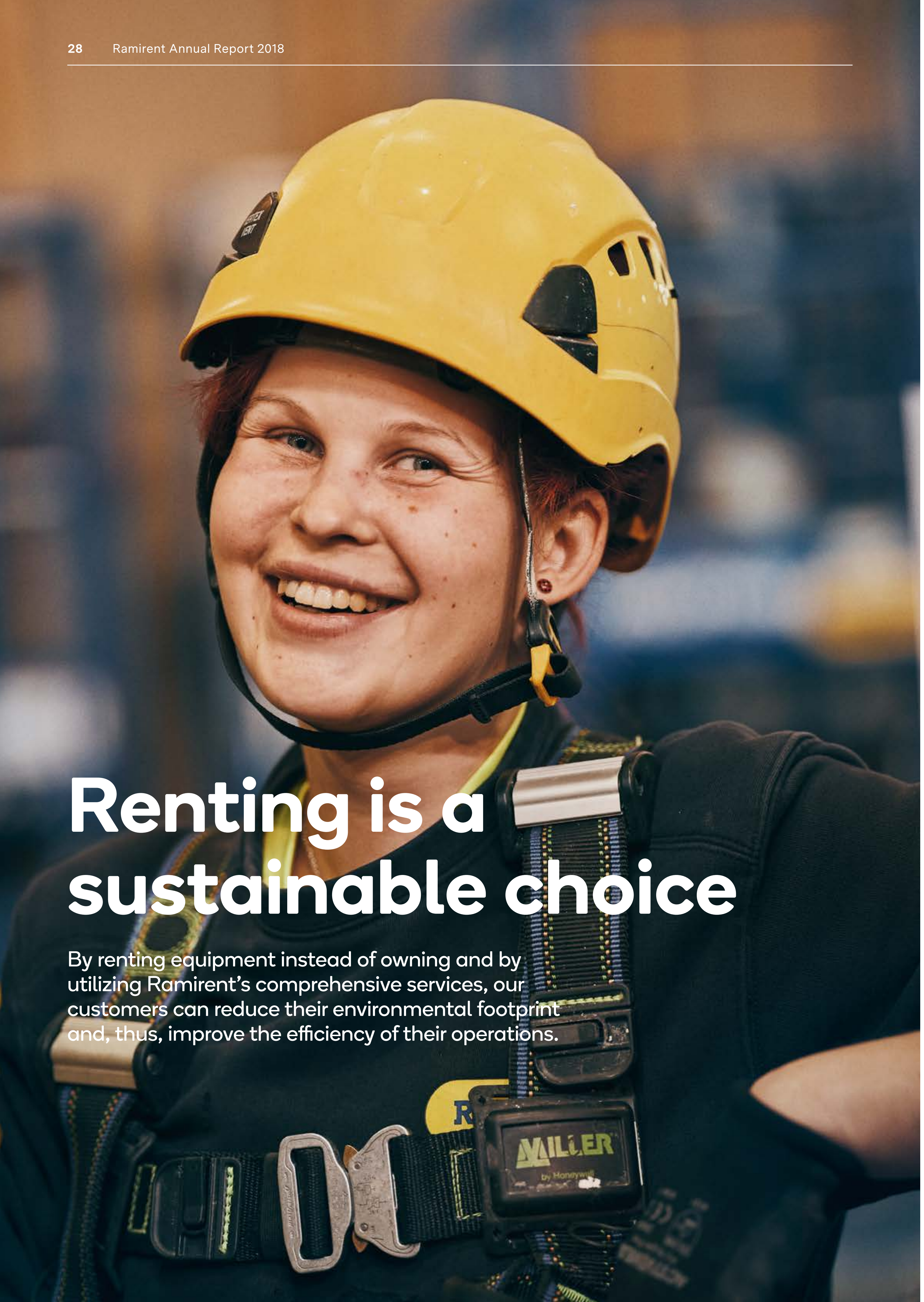
Ramirent has strongly invested in supporting leadership during 2018. We aim to develop Ramirent as a great place to work by providing smooth service with a smile both to our co-workers and customers. We have also sharpened our onboarding process and employer branding and will continue to work on these topics in 2019.

We are committed to using resources efficiently, considering the environmental impacts of our operations and minimizing them throughout the whole lifecycle. In 2018, we focused on supplier performance, sustainable procurement and waste handling. Diligent logistic planning ensures that we are able to reduce our environmental footprint, as the most significant impacts on the environment result from deliveries and pickups.

'Share to succeed'

Ramirent's sustainability approach:

Theme	Indicator	Ramirent strategy elements	
		Growing capital efficiently	Becoming a great place to work by focusing on leadership and safety
Safety	Lost time incident frequency rate (LTIFR)		●
Employee engagement	Engagement index		●
Leadership	Leadership index		●
Safety offering sales	Increase in safety offering sales	●	
Environment	Environmental incidents		●



Renting is a sustainable choice

By renting equipment instead of owning and by utilizing Ramirent's comprehensive services, our customers can reduce their environmental footprint and, thus, improve the efficiency of their operations.

Reducing transportation emissions

In 2018, we initiated a transportation management program to optimize logistics. We will also seek to get measurements in place to help us better understand and control the environmental impact of our logistics. As this ongoing project proceeds, the program helps us to measure and thus also manage and offer information to our customers on our CO_2 emissions. Administration tools and transportation planning tools create efficiency in Ramirent's logistics. The tools were introduced in Sweden and Finland during 2018.

Our target is to optimize our transportations in an eco-efficient and time-saving manner. With careful planning of logistics, we can deliver the equipment from the supplier directly to our customer's work site, if needed. Diligent logistic planning ensures that we are able to reduce our environmental footprint, as the most significant impacts on the environment result from deliveries and pickups. An overall trend across Ramirent's operating countries is the increased customer interest in equipment with hybrid and electrical engines. We have increased the number of equipment with environmentally-friendly engines in 2018 to offer more options for our customers.

Sustainable procurement

Sourcing of equipment is a crucial step in ensuring sustainability. We take various measures to make sure it is implemented efficiently. It begins with supplier selection in tenders that factor in environmental aspects and the Ramirent Code of Conduct. During 2018, we continued with the audits of our main suppliers in order to ensure efficiency and streamline the supplier process. We carried out 34 audits for our strategically important suppliers, focusing on especially two categories: logistics and the use of third-party workforce.

We have also continuously worked with our e-procurement solutions. We are aiming at increasing compliance with our key suppliers by reducing administration in ordering products. Our e-procurement solutions include three categories, and we are continuously adding more product categories.

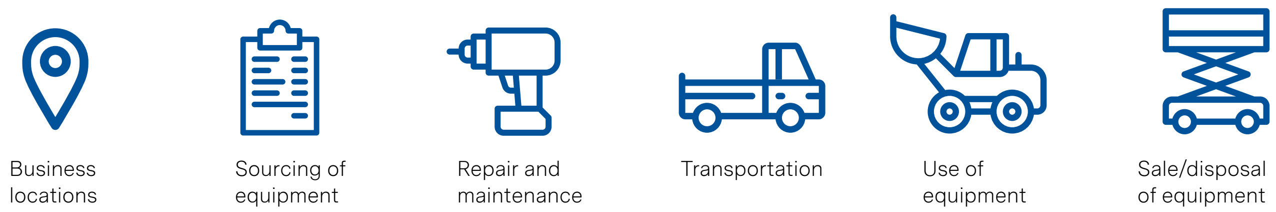
Transparency for recycling

In waste management and recycling we have invested, especially, in local waste handling training in some of our operating countries. We have decreased the number of partners in waste management and increased the requirements for them to ensure efficient recycling and the high quality of reporting. Basing our action points on accurate reports, we are able to increase transparency and optimize actions on a country level.

Improved energy efficiency

In 2018, Ramirent followed up on the energy efficiency reviews in 2016 with a set of action points. These actions included adjusting the time settings for ventilation units, installing motion-detector lighting systems in the washing places, lowering the indoor temperature, switching to LED lights and other lighting adjustments, changing to autoclosing entry doors and improving the IMS systems according to CO_2 levels, among others.

Ramirent's direct and indirect impacts on environment



Ramirent Group
Sustainability
Financial Statements

Safety guides all our operations

Safety in its all forms continues to be a top priority in all Ramirent's operations. The safety of our customers, employees and subcontractors always comes first, and in 2018, the company took several measures to improve its performance. It all starts with Ramirent's strategy, where safety is stated as a key component of building a great place to work. In addition, the R&D department of the company carried on continuous development and innovative production of safety equipment to help Ramirent's customers gear up in safety and efficiency.

AS A SERVICE COMPANY providing equipment and services for the still highly accident-prone industries, we want to actively promote a safer way of working, both for our customers, employees and subcontractors. Our goal is to make the customer industries safer while also ensuring smooth and cost-efficient operations.

We aim for zero accidents, and reaching that target is a continuous process. Our target for LTIFR (incidents per million working hours) is to be below 5 by 2020. As the trend of Ramirent's accident frequency developed in a negative direction at the beginning of 2018, we further increased the focus on safety throughout the year.

The safety figures are followed up on a monthly basis by the top management. We have cross-border safety meetings to better understand the root causes of the accidents, and we also focus on near misses and risk observations in order to prevent accidents. A new position, Head of Health and Safety, was established in Group level in early 2019 to further increase the focus on safety across our operations.

Concentrating on root cause analysis

To further improve our safety records in all our operating countries, we introduced a new mobile application. The tool enables Ramirent employees to easily report both positive and critical observations and near misses, and, thus, helps us in continuously improving the working environment and ways of working.

Everyone at Ramirent has access to the mobile application. As our focus is on root cause analysis, we want not only to find out the number of accidents, but also to understand what kinds of accidents have happened and under which conditions.

Using an application for reporting, we make sure documenting is exact and updated, and we are able to understand the situations causing the accidents. Ramirent's local safety panels find patterns in accidents and plan actions proactively to prevent further accidents.

We started to monitor the subcontractor accident frequency as well, starting in fall 2018, in all of Ramirent's operating countries. In the following phase, the number of hours and other significant parameters will be calculated to have an even deeper understanding of subcontractors' accidents and find ways to reduce them.

Continuous development of unique safety products

Our desire to help customers gear up in safety drive us to develop new innovations and applications. We have also identified development needs in our current product lines, and we are continuously improving them. Ramirent has a dedicated unit for innovating and developing new products for our customers' use. In recent years, we have designed especially fall protection and traffic safety related products.

We aim to be able to offer our customers the best safety solutions, and for example in Norway, this is progressing rapidly. That is a result of a well-developed and executed strategic plan and good change management. Positive progress has been made towards becoming the preferred safety partner for all customers and becoming Norway's best safety training provider in the industry. Read more about the successful development of the safety product category on page 21.

Ramirent has also started to pilot the use of virtual reality (VR) and augmented reality (AR). Our industry requires increasing actions towards responsible operations, and our VR and AR projects support us and our stakeholders in operating safely, efficiently. Read more about our VR and AR innovations, such as SitePlanner tool for designing an efficient construction project, on page 13.

Customer safety is our top priority

In addition to offering equipment for rent, we proactively provide our customers with user guidance and training, safety instructions and necessary personal protective equipment to ensure the safe use of our equipment. Our range of safety training courses is broad and covers on-site safety trainings conducted by our own safety experts, including for example fall, noise and dust protection. There are dozens of different safety-related courses within Ramirent's training range offered for own employees, subcontractors and customers.

Focused on leadership and engagement

Leadership plays an important role in making things happen, and that is why we have heavily invested in supporting and developing our leaders during 2018. In our strategy we have defined a target of being among the top-class of companies both in leadership and employee engagement by 2020.

"Our way to lead" implemented with impact

In 2018 we defined Ramirent's "Our way to lead" behaviors through an inclusive co-creation process and implemented them in all our operating countries. All employees in managerial positions participated in workshops involving discussions about the importance of leadership, lessons on how to behave in different situations and practice on applying the learnings to everyday situations.

In Sweden we started a leadership program in which we are focusing on behavior and theories and aiming to use the program to bring new tools to leaders' everyday work. All our operating countries are developing local programs for leaders and in Finland and Norway, for example, we were running successful trainings for our sales people and in the Baltic countries for customer center managers.

All our managers received feedback on their leadership capabilities in our annual RamiEar employee survey conducted in November. The investment in leadership was visible in the results. A clear improvement in Leadership index took us to the Global high-performance general norm.

Driving employee engagement

Employee engagement was one of our focus areas in 2018. We implemented concrete actions in our everyday work: Both Group and segment management spent a lot of time visiting customer centers, hubs and offices to discuss and listen to our employees. After successfully co-creating the "Our way to lead" behaviors, we continued our journey by co-creating new values, mission and vision. Employees in all levels of organisation contributed to the process.

One of our goals is to increase the number of female employees, as their share in rental business is relatively low, compared to many other industries. Particularly in Norway, we have focused on finding women to work for Ramirent and show that the equipment rental industry is also well suited for women. We are part of the Female Future network in Norway.

The actions taken were visible in RamiEar employee survey results. Not only the Leadership index but also the Engagement index improved from already high level of the previous survey and exceeded the Global high-performance general norm.

Developing our employees and their competences

One of our strategic targets is to make Ramirent a great place to work by focusing on safety and leadership. Our 2,905 employees have a key role in serving customers and helping them to improve safety and efficiency of their work. We believe that it all starts by working smoothly together and always with a smile.

In 2018, we reviewed and simplified our employee talent processes. The implementation will begin throughout the organization in 2019. During the year we arranged Ramirent Academy trainings on sourcing and finance. Ramirent Academy is Ramirent's internal competence development program focusing on increasing our personnel's competence level in areas that are strategically important for the Group.

We also sharpened the onboarding process especially in Sweden and we now have a process for both managers and employees starting their career at Ramirent. The onboarding process for managers includes different trainings that focus on safety, for example. Other Ramirent countries will follow with the similar approach.

Engaging with our stakeholders

We engage daily with thousands of people in numerous local communities. We work closely with our main stakeholder groups, listening to them and developing our operations according to their needs and feedback.

Stakeholder group	Collaboration and dialogue in 2018
Customers We serve more than 150,000 customers in 294 customer centers in 10 countries.	· Continuous dialogue on rental equipment and related services · Training in safe use of the equipment · Continuous customer satisfaction listening · Customer voice in an important role in co-creation of our renewed brand · Safety events across our countries
Personnel Competent and motivated personnel is a key asset for us. At the end of 2018, we employed 2,905 employees (FTE).	· Regular development discussions · Daily dialogue in teams · Continuous safety dialogue and management · Employees in central role in co-creating Ramirent "Our way to lead" principles as well as new values, mission and vision · Trainings and competence development · Regular personnel survey RamiEar · Rami Day organized in each country
Investors and shareholders Our long-term target is to pay out at least 50% of the net profit as dividends. We ensure compliance with corporate governance and risk management principles in all our operations.	· Meeting with investors and analysts regularly · Serving investors and analysts through digital channels · Complying with the Finnish Corporate Governance Code set by the Securities Market Association, as well as with the Finnish Companies Act, other applicable legislation and Ramirent's Articles of Association
Suppliers We choose equipment and machinery suppliers among recognized and leading brands.	· Supplier evaluations and audits to improve supplier relationship management and enable dialogue · Improving product features together with strategic suppliers · Induction e-learning for suppliers
Local communities We are a neighbor in almost 300 local communities.	· Continuous cooperation with local authorities, decision makers and governmental organizations · Providing thesis work opportunities to students
Industrial associations We develop the equipment rental industry towards a more sustainable future.	· Active member of the European Rental Association (ERA)
Media	· Serving the media openly and in line with the laws and regulations that govern publicly listed companies

Economic value to our stakeholders

Ramirent's strong financial position and a capital-efficient profitable growth strategy enable us to fulfill the needs, expectations and requirements of our stakeholders. Our solid economic performance creates a foundation for other aspects of sustainability, from social to environmental responsibility. With the income from our operations, we generate financial well-being for our stakeholders.

Direct economic impact

Ramirent Group's full year net sales grew by 6.9% at comparable exchange rates. The reported net sales increased by 3.8% to EUR 711.7 (685.5) million. The Group's comparable EBIT increased to EUR 106.8 (89.4) million, representing 15.0% (13.0%) of net sales. Income taxes amounted to EUR -11.5 (-13.6) million.

Indirect economic impact

We offer our customers well-maintained equipment so they do not need to invest in their own fleet. We also improve the productivity of our customer industries, as using our solutions frees up time and capital for their core business. Furthermore, through the salaries paid to Ramirent employees, we affect private consumption in our operating countries.

Direct economic value generated MEUR 712.8 (687.1)

Direct economic value distributed MEUR (excluding business expansion) 580.1 (557.7)

Suppliers	Personnel	Investors and financial community	Public sector	Business expansion
· Materials and services MEUR 242.1 (235.5) · Other operating expenses MEUR 94.4 (84.6)	· Wages and other employee benefit expenses MEUR 173.5 (167.8)	· Dividends MEUR 47.5 (43.2) · Financial expenses MEUR 11.1 (13.0)	· Income taxes MEUR 11.5 (13.6)	· Capital expenditure MEUR 199.5 (166.4)

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Report of the Board of Directors

Ramirent in brief

Ramirent is a leading service company offering equipment rental for construction and other industries. Our mission is to help our customers gear up on safety and efficiency by delivering great equipment and smooth service with a smile. We have 2,905 co-workers at 294 customer centers across 10 countries in northern and eastern Europe. In 2018, Ramirent Group net sales reached a total of EUR 712 million. Ramirent is listed in Nasdaq Helsinki (RAMI). Ramirent – Gear Up. Equipment rental at your service

Financial review

Continuing operations

Ramirent Group's January-December net sales grew by 6.9% at comparable exchange rates. Net sales grew in all segments. Sales growth was strongest in Eastern Europe and Sweden. Both rental and service sales contributed to the Group's growth while sale of used equipment declined. The Group's reported net sales increased by 3.8% to EUR 711.7 (685.5) million.

Net sales development by segment: (MEUR)	Jan–Dec 2018	Jan–Dec 2017	Change	Change at comparable exchange rate	Of group in 2018
Sweden	272.2	260.3	4.6%	11.3%	38.3%
Finland	194.1	191.5	1.4%	1.4%	27.3%
Eastern Europe	119.6	111.0	7.8%	7.6%	16.8%
Norway	124.2	121.2	2.5%	5.4%	17.5%
Other sales and elimination of sales between segments	1.6	1.5			
Net sales, total	**711.7**	**685.5**	**3.8%**	**6.9%**	**100.0%**

The Group's comparable EBIT increased to EUR 106.8 (89.4) million, representing 15.0% (13.0%) of net sales. All segments clearly improved their comparable EBIT. The improvement was particularly strong in Eastern Europe, Norway and Sweden. The Group's January-December EBIT decreased to EUR 66.9 (90.7) million mainly due to costs related to the divestment of Ramirent's Temporary Space business and restructuring costs in Norway. Depreciation of tangible assets was EUR 112.3 (102.1) million and the Group's amortization charges of intangible assets were EUR 23.7 (7.9) million. These figures include EUR 29.3 million of depreciation and amortization due to the divestment of the Temporary Space business. Items not allocated to segments include divestments related costs and write-downs of EUR 4.0 million as well as other Group level costs and internal profit elimination of sales between segments.

The Fortrent Group's (joint venture company in Russia and Ukraine) net result was EUR 1.0 (2.0) million. Ramirent's share of the net result was EUR 0.5 (1.0) million.

Comparable EBIT by segment: (MEUR and % of net sales)	Jan–Dec 2018	% of net sales	Jan–Dec 2017	% of net sales
Sweden	43.9	16.1%	36.4	14.0%
Finland	27.8	14.3%	25.3	13.2%
Eastern Europe	31.0	25.9%	23.5	21.2%
Norway	11.8	9.5%	8.7	7.1%
Unallocated items	-7.6		-4.4	
Total	**106.8**	**15.0%**	**89.4**	**13.0%**

Items affecting comparability (IACs) in EBIT: (MEUR)	Jan–Dec 2018	Jan–Dec 2017
Sweden	-8.7	–
Finland	-4.3	–
Eastern Europe	–	–
Norway	-21.8	1.3
Unallocated items	-5.1	–
Total	**-39.9**	**1.3**

Reported EBIT by segment (MEUR and % of net sales)	Jan–Dec 2018	% of net sales	Jan–Dec 2017	% of net sales
Sweden	35.2	12.9%	36.4	14.0%
Finland	23.5	12.1%	25.3	13.2%
Eastern Europe	31.0	25.9%	23.5	21.2%
Norway	-10.1	-8.1%	10.0	8.2%
Unallocated items	-12.7		-4.4	
Total	**66.9**	**9.4%**	**90.7**	**13.2%**

Net financial items were EUR -10.5 (-12.3) million, including EUR -0.6 (-1.4) million net effect of exchange rate gains and losses. Income taxes amounted to EUR -11.5 (-13.6) million. Result from the continuing operations amounted to EUR 44.9 (64.8) million. Comparable earnings per share (EPS) was EUR 0.74 (0.59). Comparable return on capital employed (ROCE) amounted to 16.8% (14.4%) and comparable return on equity (ROE) to 26.7% (21.7%). Gross capital expenditure on non-current assets for the continuing operations increased to EUR 192.7 (154.9) million or 27.1% (22.6%) of net sales.

Discontinued operations

Net sales for the discontinued Danish operations amounted to EUR 38.8 (38.2) million, being close to the previous year's level. EBIT improved significantly to EUR 4.1 (-1.4) million, representing 10.7% (-3.6%) of net sales. Net result presented as one line in the statement of income amounted to EUR 3.0 (-1.3) million.

In the balance sheet, assets held for sale were EUR 37.9 million and liabilities associated with assets held for sale EUR 6.0 million.

Group including discontinued operations

Profit for the period attributable to the owners of the parent company amounted to EUR 47.8 (63.5) million. Earnings per share (EPS) was EUR 0.44 (0.59) and ROCE amounted to 10.2% (14.0%) and ROE to 16.6% (22.0%).

Gross capital expenditure on non-current assets increased to EUR 199.5 (166.4) million or 28.0% (24.3%) of net sales. Group investments in machinery and equipment increased to EUR 181.2 (153.2) million. Sale of rental machinery and equipment amounted to EUR 22.1 (29.0) million. Committed investments on rental machinery amounted to EUR 27.9 (23.6) million at the end of December 2018.

Cash flow from operating activities was EUR 188.5 (199.8) million, of which the change in working capital was EUR 4.3 (0.9) million. Cash flow from investing activities was EUR -147.8 (-148.2) million. Cash flow after investments amounted to EUR 40.7 (51.6) million.

Financial position

The Group's net debt amounted to EUR 350.6 (337.9) million at the end of December 2018. The level of net debt corresponds to a gearing ratio of 119.7% (109.2%). Net debt to EBITDA ratio on a rolling 12 months' basis was 1.7x (1.7x) remaining on a good level below Ramirent's financial target of a maximum of 2.5x at the end of each fiscal year.

At the end of December 2018, Ramirent had funding from a drawn committed term loan in total of EUR 75.0 million and undrawn committed revolving credit facilities in total of EUR 320.0 million under two different agreements with financial institutions and undrawn committed term loan facility in total of EUR 50.0 million with European Investment Bank. Ramirent issued an unsecured senior bond of EUR 100.0 million in 2013. In addition, an uncommitted EUR 250.0 million domestic commercial paper program has been used in 2018.

The average maturity of the committed debt facilities as of December 31, 2018 was 2.6 years. Ramirent's borrowing facilities with financial institutions will mature in 2020, 2022, 2023 and 2024. The bond will mature in 2019.

At the end of December 2018, the Group had EUR 194.2 (208.9) million of unused committed back-up credit facilities available. The average interest rate of the loan portfolio was 1.6% (1.8%). The average interest rate, including interest rate hedges, was 1.8% (1.9%).

The Group's equity as of December 31, 2018 amounted to EUR 292.8 (309.5) million and the Group's equity ratio was at 33.9% (36.2%). Non-cancellable minimum future off-balance sheet lease payments amounted to EUR 88.0 (82.0) million at the end of December 2018 and were related mainly to premises.

Group structure

On July 30, 2018, Ramirent announced the divestment of its Temporary Space business to Procuritas Capital Investors VI Holding AB for an enterprise value of approximately EUR 53 million. The transaction was closed on November 1, 2018. With 18 employees in Sweden, Norway, Finland and Denmark, Ramirent's Temporary Space business had sales of approximately EUR 30 million and an EBIT of EUR 3.5 million in 2017.

Following the announcement, all assets and liabilities relating to the Temporary Space business were classified as held for sale in accordance with IFRS 5. Until the closing of the divestment on November 1, 2018, the Temporary Space business was included in Ramirent's consolidated statement of income. In accordance with the requirements of IFRS 5, the non-current asset were not depreciated/amortized after the divestment decision.

On December 3, 2018, Ramirent announced that it had signed an agreement to divest its Danish equipment rental business to G.S.V. Materieludlejning A/S, Denmark's largest equipment rental company. The enterprise value of the transaction is approximately EUR 33 million. The closing is expected to take place at the beginning of 2019 and is subject to customary closing conditions and approval from competition authorities. Ramirent's 130 employees in Denmark will continue their employment in the sold business as per the closing date of the transaction.

The divested operations will be reported as discontinued operations in the fourth quarter 2018 onwards. Their result is reported under "Result for the period, discontinued operations" and their capital employed under "Assets held for sale" and "Liabilities associated with assets held for sale" from Q4 2018 onwards until the closing of the transaction.

On December 19, 2018, Ramirent announced that it had signed a long-term co-operation agreement with SRV Group Plc. As part of the arrangement, Ramirent acquired SRV's internal equipment rental company SRV Kalusto Oy's entire share capital. The enterprise value of the transaction was EUR 21 million.

On December 20, 2018, Ramirent announced that it had completed the review of strategic options for Fortrent, a joint venture owned by Ramirent and Cramo. As an outcome of the analysis, Fortrent's strategic focus in the future will be on 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 2018, Fortrent's total sales amounted to EUR 29.9 million, whereof the share of Ukrainian business was EUR 2.4 million. The ownership of Fortrent will remain unchanged.

Review by segment

Ramirent Group's reportable segments as of January 1, 2018 were Sweden, Finland, Eastern Europe, Norway and Denmark. The new Eastern Europe segment was formed by joining the former segments Baltics and Europe Central. The comparative figures in the report were restated according to the new structure.

On December 3, 2018, Ramirent announced that it had signed an agreement to divest its Danish equipment rental business. The Danish operations to be divested will be reported as discontinued operations in the fourth quarter 2018 onwards. Their result is reported under "Result from discontinued operations" for both 2018 and for 2017 and their capital employed under "Assets held for sale" and "Liabilities associated with assets held for sale" from Q4 2018 onwards until the closing of transaction. Thus, as of October 1, 2018, Ramirent has four reportable segments: Sweden, Finland, Eastern Europe and Norway.

Sweden

Ramirent is the second largest equipment rental company in Sweden serving customers through a nationwide network of 78 customer centers.

Key figures (MEUR)	Jan–Dec 2018	Jan–Dec 2017	Change
Net sales	272.2	260.3	4.6%
Comparable EBIT	43.9[1]	36.4	20.5%
% of net sales	16.1%	14.0%	
EBIT	35.2	36.4	-3.3%
% of net sales	12.9%	14.0%	
Comparable ROCE (%)	20.9%	17.3%	
ROCE (%)	17.1%	17.3%	

1 Excluding IACs of EUR -8.7 million in 1-12/2018

Demand in the Swedish equipment rental market was supported by high activity in the construction sector. Sweden's net sales increased by 4.6% or 11.3% at comparable exchange rates. The positive net sales development was due to growth in rental sales in all regions and strong growth in service sales due to large non-residential building projects.

The segment's comparable EBIT increased to EUR 43.9 (36.4) million. Good volume growth, improved operational efficiency as well as cost control measures contributed to improved comparable EBIT. The segment's EBIT decreased to EUR 35.2 (36.4) million due to costs related to the divestment of Ramirent's Temporary Space business.

Finland

Ramirent is the largest equipment rental company in Finland serving customers through a nationwide network of 58 customer centers.

Key figures (MEUR)	Jan–Dec 2018	Jan–Dec 2017	Change
Net sales	194.1	191.5	1.4%
Comparable EBIT	27.8[1]	25.3	9.8%
% of net sales	14.3%	13.2%	
EBIT	23.5	25.3	-7.2%
% of net sales	12.1%	13.2%	
Comparable ROCE (%)	17.9%	18.3%	
ROCE (%)	15.2%	18.3%	

1 Excluding IACs of EUR -4.3 million in 1-12/2018

Demand in the Finnish equipment rental market in January-December 2018 was supported by solid demand in the construction and industrial sectors. Finland's net sales grew by 1.4% due to good development in large projects both in construction and industry sectors.

The segment's comparable EBIT increased to EUR 27.8 (25.3) million supported by volume growth and cost efficiency. The segment's EBIT decreased to EUR 23.5 (25.3) million due to expenses related to the divestment of Ramirent's Temporary Space business.

Eastern Europe

Ramirent is the largest equipment rental company in Eastern Europe serving customers through a network of 111 customer centers in the Baltic countries, Poland, the Czech Republic and Slovakia.

Key figures (MEUR)	Jan–Dec 2018	Jan–Dec 2017	Change
Net sales	119.6	111.0	7.8%
Comparable EBIT	31.0	23.5	32.0%
% of net sales	25.9%	21.2%	
EBIT	31.0	23.5	32.0%
% of net sales	25.9%	21.2%	
Comparable ROCE (%)	21.6%	18.9%	
ROCE (%)	21.6%	18.9%	

Overall good demand in the equipment rental markets in Eastern Europe continued to be supported by the growth in construction activity. Eastern Europe's net sales increased by 7.8% or by 7.6% at comparable exchange rates. Sales developed positively across all the segment's market areas. Growth was strongest in the Baltic countries. In 2018, Ramirent opened 4 new customer centers in Eastern Europe.

The segment's EBIT increased to EUR 31.0 (23.5) million. EBIT improved as a result of good sales volumes, favorable sales mix, improved price realization and cost efficiency measures. All the segment's market areas significantly improved their EBIT.

Norway

Ramirent is the largest equipment rental company in Norway serving customers through a nationwide network of 40 customer centers.

Key figures (MEUR)	Jan–Dec 2018	Jan–Dec 2017	Change
Net sales	124.2	121.2	2.5%
Comparable EBIT	11.8[1]	8.7[2]	36.2%
% of net sales	9.5%	7.1%	
EBIT	-10.1	10.0	n/a
% of net sales	-8.1%	8.2%	
Comparable ROCE (%)	10.4%	6.9%	
ROCE (%)	-9.4%	8.2%	

1 Excluding IACs of EUR -21.8 million 1-12/2018

2 Excluding IACs of EUR 1.3 million in 1-12/2017

Overall market conditions in the Norwegian equipment rental market were positive in January-December 2018. Norway's net sales increased by 2.5% or by 5.4% at comparable exchange rates. Sales growth was broad-based across all customer groups. Growth was strong especially in the greater Oslo Area.

The segment's comparable EBIT increased to EUR 11.8 (8.7) million due to sales growth and continued internal efficiency improvements. The segment's EBIT decreased to EUR -10.1 (10.0) million due to costs related to the divestment of Ramirent's Temporary Space business and restructuring costs.

Personnel, occupational safety and network

At the end of 2018, Ramirent had 2,905 (2,820) full time equivalent employees (FTE) and Ramirent's rolling 12 months' accident frequency (LTIFR, accidents per million working hours) was 8.1 (7.9). Ramirent's target for LTIFR is to be below 5 by 2020. The average personnel (FTE) during 2018 was 2 890 (2 774).

	Average Personnel (FTE)			Customer Centers		
	2018	2017	2016	2018	2017	2016
Sweden	842	808	757	78	79	78
Finland	555	529	498	58	57	56
Eastern Europe	742	706	749	111	108	101
Norway	390	401	401	40	42	42
Group staff[1]	233	192	161	–	–	–
Continuing operations	2,762	2,635	2,565	287	286	277
Discontinued operations	128	139	141	7	7	13
Total	**2,890**	**2,774**	**2,706**	**294**	**293**	**290**

1 Group Staff includes employees of Ramirent Plc, Ramirent Internal Services AB, Safety Solutions Jonsereds AB, Ramirent Shared Services AS and the site module assembly plant in Tallinn, Estonia.

Settlement of the long -term incentive plan 2015

The Board of Directors of Ramirent Plc decided on February 8, 2018, on a directed share issue related to the reward payment from Ramirent Long-term Performance Share Incentive Program 2015. In the share issue, 24,925 of Ramirent Plc's treasury shares were conveyed on March 13, 2018, without consideration as reward payment to the key persons participating in the Ramirent Long-term Performance Share Incentive Program 2015 according to the terms and conditions of the program. The reward represented Matching shares earned on the basis of share ownership. No Performance shares were earned in the plan on the basis of the earning criteria. More detailed information about the terms and conditions of the program is available in a stock exchange release published on February 12, 2015. The directed share issue was based on an authorization given by the Annual General Meeting held on March 17, 2016.

Long-term incentive plans for 2019

On December 12, 2018, Ramirent announced that Ramirent Plc's Board of Directors had resolved on two new long-term incentive plans: a Performance Share Plan 2019-2021 for the members of the Executive Management Team and a Deferred Incentive Plan 2019 for other key employees of the company.

The aim of the Performance Share Plan 2019-2021 for the Executive Management Team members is to align the objectives of the shareholders and the Executive Management Team members, in order to increase the value of the company in the long-term. It also targets to retain the Executive Management Team members at the company and offer them a competitive reward plan based on earning and accumulating the company's shares. The potential reward from this plan will be paid partly in the company's shares and partly in cash in 2022.

The potential reward from the Performance Share Plan 2019-2021 is based on the Group's Earnings per Share (EPS) in 2019 as well as on the Group's average Return on Capital Employed (ROCE-%) development in 2019-2021. The rewards to be paid on the basis of the Performance Share Plan 2019-2021 correspond to an approximate maximum total of 270,000 Ramirent Plc shares including the proportion to be paid in cash.

The Board of Directors of Ramirent Plc also approved a new Deferred Incentive Plan 2019 to support the implementation of the company's strategy and to offer key employees a competitive reward and retention program. The Deferred Incentive Plan includes one earning period, calendar year 2019, with a lock-up period of two years whereby the potential reward will be paid in cash in 2022.

The incentive plan includes approximately 150 key employees. The potential reward from the incentive plan for the earning period 2019 will be based on the participant's short-term incentive plan targets. The maximum reward of the Deferred Incentive Plan 2019 to be paid in 2022 will amount up to approximately EUR 2.6 million. The members of the Executive Management Team are not included in the target group of the Deferred Incentive Plan.

Share trading

Ramirent Plc's market capitalization at the end of December 2018 was EUR 592.4 (848.9) million. Excluding the company's treasury shares, the market capitalization was EUR 586.3 (844.6) million. The share price closed at EUR 5.45 (7.81). The highest quotation for the period was EUR 9.62 (9.50), and the lowest EUR 5.06 (6.76). The volume weighted average trading price was EUR 7.33 (8.15).

The value of share turnover in January-December 2018 was EUR 439.8 (400.1) million, equivalent to 60,036,990 (49,345,011) traded Ramirent shares, i.e. 55.8% (45.6%) of Ramirent's number of shares outstanding. The average daily trading volume was 240,148 (196,594) shares, representing an average daily turnover of EUR 1,759,365 (1,593,984).

At the end of December 2018, Ramirent Plc's share capital was EUR 25.0 million, and the number of Ramirent shares outstanding was 107,570,650 (108,145,725). In June 2018, Ramirent repurchased 600,000 own shares based on the authorization by the Annual General Meeting held on March 15, 2018. At the end of December 2018, Ramirent Plc held 1,126,678 (551,603) of the Company's own shares, representing 1.04% (0.51%) of the total number of Ramirent's shares. In December, Ramirent repurchased 74,400 own shares based on the same authorization. The clearing for these shares was on January 2, 2019.

Changes in the Executive Management Team and Board of Directors

On August 17, 2018, Ramirent announced the appointment of Jonas Söderkvist as Executive Vice President, Group Business Development as of September 1, 2018. In this newly formed position Söderkvist is responsible for Group Strategy, M&A, New Business Development, IT and Digitalization.

On August 17, 2018, Ramirent also announced the appointment of Erik Bengtsson as Executive Vice President, Sweden & Denmark, Group Fleet and Sourcing as of September 1, 2018. Bengtsson had been a member of Ramirent Board of Directors since 2017, but as a result of this appointment he left the Board at the end of August 2018.

On October 9, 2018, Ramirent announced that Executive Vice President and CFO Pierre Brorsson will leave the company due to personal reasons as of October 9, 2018. Jonas Söderkvist, Executive Vice President, Group Business Development, will serve as the company's interim CFO starting as of October 9, 2018.

On December 3, 2018, Ramirent announced that Jukka Havia has been appointed Chief Financial Officer and a member of the Ramirent Executive Management Team. He will take up the position latest on May 1, 2019. Havia will join Ramirent from Tikkurila Oyj, a leading Nordic paint company, where he has been working as a CFO since 2010.

Decisions of the AGM 2018 and Board of Directors' formative meeting

Ramirent Plc's Annual General Meeting (AGM) 2018 was held on March 15, 2018. Ramirent published a stock exchange release on the decisions made at the Annual General Meeting and the organization of the Board of Directors on March 15, 2018. The stock exchange releases and a presentation of the members of the Board of Directors are available on Ramirent's website at www.ramirent.com.

Group strategy and financial targets 2018-2020

The key building blocks of the "Capital efficient profitable growth in the core" strategy for 2018-2020:

Winning in the small and medium-sized business sector

Our share among small and medium-sized businesses (SMBs) is is still below our overall market share and we aim to win in this sector by further improving our customer experience and availability.

Becoming the large customer's supplier of choice

We want to further strengthen our strong position and become large customers' supplier of choice by providing advanced total solutions that improve safety, productivity and sustainability in construction and other industries. Ramirent has a market-leading offering in what it takes to help construction businesses improve their productivity.

Building the industry's best performing supply chain

We will make a step-change improvement in our availability, delivery accuracy and supply chain efficiency by 2020 by developing and digitizing our processes. There is sizable untapped potential in our supply chain management.

Tightening performance management of low-performing units

We will strive to have no units nor customer centers delivering below 10% EBIT by 2020 and implement clear performance management standards in the company.

Growing capital efficiently

We will seek above-average growth rates in capital-light product categories and raise our capital efficiency through supply chain improvements and by optimizing the replacement investments. We aim to grow min. 2% p.a. before the effect of growth investments.

Becoming a great place to work by focusing on leadership and safety

To raise our performance and pursue our strategy and financial targets, we want to create a great place to work by developing the Ramirent leadership culture and our safety standards to be top-quartile by 2020.

Ramirent's financial targets for 2018-2020

Indicator	Target level
EPS growth (CAGR)	Double digit % over 2018-2020
ROCE	16% by the end of 2020
Dividend payout ratio	> 50% of net profit for the year
Net debt to EBITDA	< 2.5x at end of each fiscal year

On February 7, 2019 the Board decided to revise the financial target for Net debt/EBITDA ratio from <2.5x to <2.8x at end of each fiscal year due to implementation of IFRS 16. All other targets remain unchanged.

Risk management and business risks

The purpose of Ramirent's risk management is to provide the Board and management with reasonable assurance of the achievement of the Company's objectives related to strategy and operations, the reliability and correctness of financial reporting and compliance with the relevant regulations and internal policies. Ramirent's risk management activities are continuous and embedded in the business and the design and implementation of internal controls is an integrated part of risk management. Key risk management activities are described in the Risk Management Policy and for financial risks in the Finance Policy. The policies regarding risk management are based on the commonly accepted controls framework (COSO 2013) and standard ISO 31000:2009 (Risk Management).

The management of business operations and common functions is responsible for the execution of risk management. Finance managers in each segment are responsible for coordination of the risk management. Group Finance coordinates the overall risk management process, analyses the risks and responses as well as prepares risk reporting for CFO and CEO oversight and for Working Committee and Board reporting. Every employee must know and manage the risks in their areas of responsibility.

Ramirent has developed a uniform risk assessment and reporting model. Risk identification is based on business objectives and opportunities. Risks are prioritized based on their significance by assessing the financial impact and the probability of realization. When assessing the impact, the reputation, well-being of people and environment are assessed in addition to the financial impact.

Risks are discussed within the risk management steering group at segment, common function and group level. Group Finance prepares a Group Risk Report, on which the CEO comments and presents to the EMT, the Working Committee and the Board. The Board discusses the most significant risks and uncertainties.

Key risks and uncertainties

Economic cycles and competition

Changes in the demand of customer industries and economic cycles may happen fast and have a negative impact on the construction market as well as on Ramirent's operations and financial position. Ramirent closely follows the economic cycle, maintains a large and diverse customer base and a readiness to change. Ramirent operates in a highly competitive business environment where new entrants may easily establish competitive advantage over Ramirent. Ramirent keeps a strong focus on the implementation of actions according to its strategy for attracting both large and small-medium-sized businesses.

Supply chain

New opportunities have been identified to improve the efficiency and service levels in supply chain. Ramirent is building the rental industry's best performing supply chain.

IT security and services

A growing risk of IT security or failure to control the IT services and solutions operations to meet the business demands may cause business interruptions. Ramirent is running a group-wide digitalization program and developing security management.

Non-compliance with laws and regulations

Ramirent operates in different markets and countries and is exposed to changes in local laws and regulations as well as non-compliance, which may occur due to insufficient knowledge. Ramirent operates a decentralized business model, whereby local management is responsible for the establishment of control over local reporting and group instructions are given to ensure sufficient control over group reporting quality.

Misconduct and fraud

Misconduct and fraud by employees or external parties may occur even though the Code of Conduct is publicly available, introduced to every new employee and regularly covered through trainings by managers and HR. SpeakUp Line is made available for external parties on local homepages and for internal parties on the intranet. Everyone is encouraged to speak up on any misconduct noticed or suspected, either in person or anonymously, and all cases are investigated.

Financial risks

Ramirent is exposed to financial risks such as foreign currency, interest rate, liquidity and funding risks. Financial risk management actions aim to secure sufficient funding for operational needs and minimize the funding costs and the effects of changes in foreign exchange rates and interest rates. Fluctuations in currency exchange rates can significantly affect Ramirent's financial result. The effect of exchange rate fluctuations is visible when translating the net sales and financial results of Ramirent's subsidiaries outside the Eurozone to euros. Changes in exchange rates may increase or decrease net sales or results. Hedging operations are managed by Group Treasury to reduce the risk. A credit risk exists, as customers may fail to fulfill their commitments towards Ramirent. Ramirent's business units continuously assess the credit risks of the sales activities and the creditworthiness of the customers by taking into account the customer's financial position and past experiences. Advance payments, deposits and third-party guarantees are taken to mitigate the risk.

Corporate responsibility, non-financial information

Ramirent's business model

We want to help our customers to improve their safety and efficiency and support sustainable operations. By sharing and re-using equipment and machines through rental, Ramirent takes an important role in the building of the circular economy. A smooth flow of machines, services and information leads to improved productivity and minimized environmental impact. Key elements of how Ramirent improves productivity are through maximizing safety, operational excellence, and high availability of equipment and services.

Ramirent's sustainability approach 'Share to Succeed' focuses on safety and safety offering, employee engagement and leadership, modern low emission equipment, safe and efficient use of chemicals and responsible business practices. Our sustainability approach is aligned with the Ramirent strategy.

Managing sustainability

Ramirent's annual sustainability agenda is carried out by our Health, Safety, Environment and Quality (HSEQ) Board headed by Head of Process Efficiency and Quality. Our segments make annual plans for monitoring their KPIs. Group HSEQ, HR functions and the Executive Management Team follow the KPIs regularly. The Executive Management Team is responsible for setting and managing sustainability targets at Group level. The Ramirent Board of Directors also monitors sustainability themes. In terms of daily work, sustainability is the responsibility of line management. The HR Board and the HSEQ Board steer the work and bring segments and common functions together. Both HSEQ Board and HSEQ Forum support operating countries in HSEQ related topics. They prepare development projects, share best practices within the Group and monitor the KPIs.

Our ISO multisite certification (including OHSAS 18001 standards) and our quality management system define our key business processes, responsibilities, policies, principles and tools.

Management systems at the end of 2018

Finland, Sweden, the Baltic Countries, Denmark, Norway	Ramirent quality management system multisite certification (ISO 9001, ISO 14001, OHSAS 18001)
Czech Republic	ISO 9001, ISO 14001
Poland	ISO 14001, OHSAS 18001
Slovakia	ISO 9001, ISO 14001

Responsible business practices

Our work at Ramirent is based on laws and regulations as well as best business practices, which are documented in group-level policies and principles, and local procedures, templates and practice guides. These are continuously developed to reflect existing business circumstances, risks and guide the way of conducting business.

Key policies and principles

Ramirent has implemented the following policies: Code of Conduct, Quality Policy, Occupational Health, Safety and Environmental Policy, Risk Management Policy, Internal Control Policy, Finance Policy, Insider Policy, Decision Making Policy, Signature Policy, Bonus Policy, Competition Law Compliance Policy, Compliance Policy, Fraud and Anti-Corruption Policy, Privacy Policy.

Development in 2018

Privacy Policy related to GDPR regulations was newly introduced in 2018. Changes were introduced in: Quality, Occupational Health, Safety and Environmental Policy, Risk Management Policy and Finance Policy.

SpeakUp Line

SpeakUp Line gives everyone an opportunity to report anonymously or under their own name, upon harassment, financial misconduct or any other fraudulent activity suspected or identified. The service is available in the local languages of our operating countries. All reports are investigated by an independent Internal Audit function and appropriate measures will be taken. Cases are reported to Executive Management, Ramirent's Board of Directors and its Working Committee.

Global Compact

Ramirent joined the United Nations' Global Compact initiative in 2015. Our sustainability reporting fulfills the principles of human rights, labor standards, environment and anti-corruption.

Corporate Governance

Ramirent complies with the Finnish Corporate Governance Code 2015 set by the Securities Market Association, as well as with the Finnish Companies Act, other applicable legislation and Ramirent's Articles of Association. More information is available in the Ramirent Financial Statements and at www.ramirent.com.

Safety

Safety is a top priority for Ramirent. We aim to help making the construction industry safer. As a company serving a large customer base in the construction and general manufacturing industry, Ramirent actively promotes safety culture within the organization and among its business partners and customers by providing training in matters related to the safe use of machines and equipment and building a safe working environment.

Ramirent develops tools and practices to help construction projects be run safely and efficiently in every phase and be completed on time and within budget. Ramirent's own R&D work specializes in safety, in particular, fall protection and traffic safety. Based on the user data collected from customer project sites throughout the year, Ramirent has developed new products with improved, unique safety features.

Employee matters

Ramirent is committed to making Ramirent a 'Great Place to Work' that has motivated and engaged employees with skills to deliver operational excellence. Ramirent aims to become a Great Place to Work by developing its leadership and safety culture. Ramirent wants to serve as an example in directing the industry towards more conscious and modern leadership, where equal opportunities are available for everyone. Ramirent develops work environment safety, job satisfaction and employee engagement with zero tolerance for any kind of discrimination or harassment. Ramirent aims for consistent performance management combined with fair reward and recognition.

Employee competence and engagement

Ramirent aims to increase its personnel's competence levels in areas that are strategically important to the Group and will at the same time ensure employee engagement. An example of that is the Ramirent Academy, an internal competence development program. In terms of recruiting, Ramirent is among the many companies for whom digitalization brings new demands regarding the skills of our employees.

Ramirent's has defined good leadership behaviors and aim at creating a Great Place to Work and a first-class customer experience at all levels. Our leadership behaviors have been implemented in all our operating countries in 2018. All persons in managerial positions participated in leadership behaviors workshops.

Employee and social matters related risk management

Ramirent's Human Resources (HR) board and Health, Safety, Environmental and Quality (HSEQ) board together manage and develop key areas related to staff as well as health and safety risks in operations. Ramirent has developed and implemented internal controls to mitigate employee-related key risks, established relevant transfers of risk where mitigation is not possible, and insured against certain unforeseen and unexpected events. Risks related to employee competence and engagement are monitored in annual RamiEar employee surveys. Annual development discussions play a key role in supporting the well-being and engagement of Ramirent employees.

At Ramirent, we recognize potential hazard categories of accidents, physical, chemical, biological hazards as well as physical and psychosocial work load. Examples of hazard risks include situations where employees need to work outside in difficult weather conditions or operate non-standard and complex machinery. The social and employee related risk management practices cover physical inspection of sites, fleet, workspaces and control activities (monitoring of overtime, supervision, medical inspection, internal audits) as well as data analysis and follow up of key performance indicators on a regular basis. Ramirent has invested in high-quality and safe working clothes and safety equipment and has instructed employees and business partners on Ramirent sites to follow all safety instructions. Instructions and training are provided to employees and customers regarding the safe use of our machinery and equipment to avoid any personal injury.

Human rights, anti-corruption and bribery

In our daily behavior, we respect human rights such as freedom of thought, opinion, expression, religion and the right to assemble peacefully, as well as freedom from any discrimination based on race, age, nationality, gender or sexual orientation. These core principles of the United Nations Global Compact and International Labour Organization are the basis for Ramirent's business conduct as well as other internal rules and practices. We promote a workplace where we approach each other with a smile and service attitude. We maintain a safe, healthy and well-managed work environment.

In 2018, no violations of human rights, corruption or bribery were identified. Preventing human rights violations, corruption and bribery is our target also in the future. To achieve this target, we continuously communicate to our employees and business partners about the Code of Conduct principles. Every new employee and business partner must accept the Code of Conduct before engaging into business. Lack of compliance is continuously followed up and highlighted by HR. The vendors' compliance to human rights is evaluated during the tendering process. If non-compliance is identified, corrective actions are taken.

Environmental matters

Resource efficiency is at the very core of our business, as renting and sharing equipment reduces environmental burden. Ramirent offers environmentally sustainable solutions that also make financial sense. We look for innovative ways of helping our customers reduce their environmental impact and strive to minimize our own environmental footprint. Our focus areas include optimization of transports, energy efficiency, modern low emission equipment, safe and efficient use of chemicals, water and waste management.

Our quality management system includes key procedures related to environmental issues and covers instructions for environmental impact assessments, use of chemicals, waste management and transport of hazardous chemicals. For example, we measure the energy efficiency of our operations, comply with energy efficiency laws and set local KPIs and actions. In 2018 a new strategic KPI on environmental incident and near misses was introduced and followed up on a monthly and quarterly basis at group and segment level. In waste management, we improve cooperation with partners to ensure high quality. We follow the development of laws and regulations, continuously adjust our routines, and keep our employees and customers well informed.

Fleet lifecycle management

All Ramirent machines have a target useful life span. We strive to improve our existing fleet according to new technological or legislative developments. We ensure our employees obtain sufficient supplier training for machinery and equipment operations and remain knowledgeable in order to train our customers. There are regular maintenance and service programs for all fleet. When a fleet item comes to the end of its life, we evaluate whether a refurbishment is possible and reasonable. The refurbishment program may extend the life of a fleet item up to five years.

Optimized transportation

Ramirent's most significant environmental footprint is caused by transportation. Ramirent's target is to optimize transportation in order to improve customer service, cost-efficiency and be eco-efficient. With the careful planning of logistics, we can deliver equipment from the supplier directly to our customer's worksite. We optimize our hub structure and further improve our transportation efficiency by optimizing routes and increasing the role of centralized warehousing in geographically dense areas. We aim to reach the same sales levels with a smaller fleet capacity. This also supports our capital-efficient growth target.

Environmental risk management

The key environmental risks for Ramirent include operating own premises, handling fleet, repair and maintenance, transportation and disposals of fleet, manufacturing, mobilization and demobilization of modules and scaffolding as well as managing project sites. The environmental requirements extend from our own activity also to our suppliers, so that our customers know that our offering fulfills environmental standards. Ramirent's environmental risk management is based on Group level policies.

Ramirent's HSEQ board manages environmental risks and takes proactive measures to mitigate them. Ramirent's segments have developed and implemented locally internal controls to mitigate key environmental risks. The environmental risk management practices cover physical inspection of sites, properties and control activities as well as data analysis and follow up of KPIs on a regular basis.

Procurement

Ramirent has approximately 18,000 suppliers. We carry out careful supplier selection during tenders, which always involve environmental criteria such as environmental management systems, resource efficiency and ethical standards. Other selection criteria include, for example, the company profile, quality, reliability, logistics, product development, degree of technological leadership, competence, lifecycle support, productivity, sourcing chain, as well as a financial evaluation. Emission levels are also increasingly considered when procuring new machines.

We have defined guidelines for supply chain management at Group level, while the daily management and operations are carried out locally. Also, guidance on which suppliers to use is provided for all customer centers. Continuous review of the vast supplier base is carried out through regular audits.

Ramirent's key non-financial KPIs

Indicator	Target level	2018	2017
Safe place to work (LTIFR)[1]	LTIFR <5 by 2020	8.1	7.9
Leadership quality (Leadership Index)[2]	Top quartile of companies by 2020	74.8	74.4
Employee engagement (Engagement Index)[2]	Top quartile of companies by 2020	83.9	83.0
Safety offering (Safety offering sales, %)	Increase sales >7% per annum	12.4	12.8
Environmental incidents	No major incidents	0	n/a

Other non-financial KPIs

Indicator	Target level	2018	2017
Personnel distribution by gender	Increase % of female employees	16/84%	16/84%
Violations of human rights, corruption or bribery	None	0	0
Recycled waste of total waste	50%	88%	84%
Total amount of waste, T[3]	Declining	5.6	4.5
Overall electricity consumption, MWh[4]	Declining	19.8	19.6
Total number of chemicals used	Maintain level	1,060	1,054

1 LTIFR – Lost time incident frequency rate, incidents per million working hours
2 2018 outcome is from the RamiEar employee survey in November 2018 and the comparable 2017 figure from the January 2018 survey.
3 Excluding Eastern Europe, per net sales
4 In customer centers, hubs and offices, per net sales

Sustainability information measurement principles

Environment, health, safety and quality data is collected at customer centers and hubs by dedicated people. Country HR and HSEQ functions are responsible for collecting the data for each country using local and group-wide data systems. The Group HR and HSEQ functions compile the group-wide data.

Capacity changes

The total number of customer centers and hubs varied during the year depending on new openings and closures of some locations. Also, the demand for Ramirent services affect the environmental figures, such as the amount of waste.

GRI referenced reporting

Ramirent sustainability reporting references the following GRI Standards disclosures:

- 302-1 Energy consumption within the organization
- 306-2 Waste by type and disposal method: total weight of non-hazardous waste
- 403-2 Hazard identification, risk assessment, and incident investigation
- 405-1 Diversity of governance bodies and employees: gender diversity
- 403-9 Work-related injuries: LTIFR
- 404-2 Programs for upgrading employee skills
- 414-2 Negative social impacts in the supply chain and actions taken: number of suppliers assessed for social impacts

Market outlook for 2019

Ramirent's market outlook is based on the available forecasts disclosed by local construction and industry associations in its operating countries. The demand outlook for equipment rental in 2019 varies somewhat across Ramirent's geographies. In Sweden, the market demand is expected to slow down in 2019, even though there are expected to be differences between regions. In Finland and in Norway, market conditions are expected to be stable. In the Baltic countries, Poland, Czech Republic and Slovakia, the market conditions are expected to remain favorable.

Ramirent's guidance for 2019

In 2019, Ramirent's comparable EBIT is expected to be at approximately the same level as in 2018.

Proposal of the Board on the use of distributable funds

The parent company's distributable equity on December 31, 2018, amounted to EUR 203,787,962.10 of which the net result from the financial year 2018 is EUR 10,785,661.58.

The Board of Directors has decided to propose to the Annual General Meeting that a dividend of EUR 0.46 per share be paid based on the adopted balance sheet for the financial year ended on December 31, 2018. The dividend shall be paid in two installments. The first installment of EUR 0.23 per share will be paid to shareholders registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for dividend payment 18 March 2019. The first installment is to be paid on April 4, 2019 for shareholders whose shares are registered in Euroclear Finland Ltd and on April 5, 2019 for shareholders whose shares are registered in Euroclear Sweden AB. The second installment of EUR 0.23 per share will be paid to shareholders registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for dividend payment September 18, 2019. The second installment is to be paid on October 3, 2019 for shareholders whose shares are registered in Euroclear Finland Ltd and on October 4, 2019 for shareholders whose shares are registered in Euroclear Sweden AB. The Board of Directors is authorized to set a new dividend record date and payment date for the second installment of the dividend, in case the rules and regulations of the Finnish book-entry system would be changed, or otherwise so require, prior to the payment of the second installment of the dividend.

Corporate Governance Statement

Ramirent will issue a Corporate Governance Statement for the financial year 2018 as a separate report. It will be available in Ramirent's Annual Report 2018 and on the company's web page at www.ramirent.com.

Events after the reporting period

On January 28, 2019, Ramirent Plc increased its domestic commercial paper programme to EUR 300 million. Previously the size of the programme was EUR 250 million. Within the programme, Ramirent can issue commercial papers having maturity of less than one year to finance Ramirent's working capital and other short-term funding needs.

On February 7, 2019, Ramirent Plc signed EUR 185 million syndicated credit facility agreement. The maturity of the revolving credit facility is five years with two one-year extension options. The credit facility will be used to re-finance a syndicated credit facility of EUR 145 million that was set to mature in 2020 and for general corporate purposes. After the re-financing, Ramirent has committed long-term senior credit facilities of EUR 485 million in total and a short-term unsecured bond of EUR 100 million. On 31 December 2018, Ramirent's net debt was EUR 350.6 million.

On February 7, 2019 the Board decided to revise the financial target for Net debt/EBITDA ratio from <2.5x to < 2.8x at end of each fiscal year due to implementation of IFRS 16. All other financial targets remain unchanged.

Annual General Meeting 2019

Ramirent's Annual General Meeting 2019 will be held on March 14, 2019 at 10:00 a.m. at Group headquarters, Tapulikaupungintie 37, Helsinki, Finland. The reception of persons who have registered for the meeting and the distribution of voting tickets will commence at 09:00 a.m.

Forward-looking statements

Certain statements in this report, which are not historical facts, including, without limitation, those regarding expectations for general economic development and market situation; regarding customer industry profitability and investment willingness; regarding Company growth, development and profitability; regarding cost savings; regarding fluctuations in exchange rates and interest levels; regarding the success of pending and future acquisitions and restructurings; and statements preceded by "believes," "expects," "anticipates," "foresees" or similar expressions are forward-looking statements. These statements are based on current expectations and currently known facts. Therefore, they involve risks and uncertainties that may cause actual results to differ materially from results currently expected by the Company. In conjunction with the strategy process, Ramirent's Board of Directors assesses the need to revise the financial targets. Changes in financial targets are published as a stock exchange release. Based on its financial targets and the current market outlook, Ramirent gives a general outlook for the current financial year in conjunction with the full year report and interim reports. The outlook is given for the entire year and not for each quarter.

Financial and share-related key figures

Profitability		2018	2017	2016	2015	2014
		Continuing operations		Group total		
Net sales	MEUR	711.7	685.5	665.2	635.6	613.5
Change in net sales	%	3.8	3.1	4.6	3.6	–5.2
Operating result before depreciation and amortization (EBITDA)	MEUR	202.9	200.7	169.0	168.1	167.9
	% of net sales	28.5	29.3	25.4	26.4	27.4
Operating result before amortization of intangible assets (EBITA)	MEUR	90.5	98.6	59.2	66.8	65.8
	% of net sales	12.7	14.4	8.9	10.5	10.7
Operating result (EBIT)	MEUR	66.9	90.7	38.4	57.9	58.1
	% of net sales	9.4	13.2	5.8	9.1	9.5
Earnings before taxes (EBT)	MEUR	56.4	78.4	28.1	46.9	42.5
	% of net sales	7.9	11.4	4.2	7.4	6.9
Continuing operations	MEUR	44.9	64.8	–	–	–
	% of net sales	6.3	9.5	–	–	–
Discontinued operations	MEUR	3.0	–1.3	–	–	–
	% of net sales	0.4	–0.2	–	–	–
Result for the period, total	MEUR	47.8	63.5	22.1	39.0	32.6
	% of net sales	6.7	9.3	3.3	6.1	5.3

Group key figures		2018	2017	2016	2015	2014
Gross capital expenditure	MEUR	199.5	166.4	190.8	139.2	144.6
	% of net sales	28.0	24.3	28.7	21.9	23.6
Capital employed, end of period	MEUR	653.7	654.4	645.0	600.5	555.2
Return on capital employed (ROCE)	%	10.2	14.0	6.1	10.1	10.0
Return on invested capital (ROI)	%	10.2	13.9	6.3	10.1	9.6
Return on equity (ROE)	%	16.6	22.0	7.5	12.6	9.9
Interest–bearing debt	MEUR	360.9	344.8	347.4	281.4	230.2
Net debt	MEUR	350.6	337.9	345.8	280.9	227.1
Net debt to EBITDA ratio		1.7x	1.7x	2.0x	1.7x	1.4x
Gearing	%	119.7	109.2	116.2	88.0	69.9
Equity ratio	%	33.9	36.2	35.9	41.4	43.7

Personnel, FTE	2018	2017	2016	2015	2014
Average during financial year, continuing operations	2,762	2,635	2,706	2,639	2,566
Average during financial year, discontinued operations	128	139	–	–	–
Average during financial year, total	2,890	2,774	2,706	2,639	2,566
At end of financial year, continuing operations	2,777	2,690	2,686	2,654	2,576
At end of financial year, discontinued operations	128	130	–	–	–
At end of financial year, total	2,905	2,820	2,686	2,654	2,576

Share-related key figures	2018	2017	2016	2015	2014
Earnings per share (EPS), EUR					
Basic, continuing operations	0.42	0.60	0.20	0.36	0.30
Basic, discontinued operations	0.03	-0.01	–	–	–
Basic, total	0.44	0.59	0.20	0.36	0.30
Diluted, continuing operations	0.41	0.60	0.20	0.36	0.30
Diluted, discontinued operations	0.03	-0.01	–	–	–
Diluted, total	0.44	0.58	0.20	0.36	0.30
Comparable earnings per share (EPS), EUR	0.74	0.59	0.36	0.36	0.31
Equity per share, at end of financial year					
Basic, EUR	2.72	2.86	2.76	2.96	3.01
Diluted, EUR	2.71	2.85	2.76	2.96	3.01
Dividend per share, EUR*	0.46	0.44	0.40	0.40	0.40
Pay–out ratio, %	103.7%	74.9%	195.2%	110.6%	132.0%
Effective dividend yield, %*	8.4%	5.6%	5.4%	6.2%	6.2%
Price/earnings ratio (P/E)	12.3	13.3	36.1	17.8	21.3
Highest share price, EUR	9.62	9.50	7.91	8.29	10.25
Lowest share price, EUR	5.06	6.76	5.05	6.03	5.61
Average share price, EUR	7.33	8.15	6.51	6.90	7.71
Share price at end of financial year, EUR	5.45	7.81	7.39	6.45	6.45
Market capitalization at end of financial year, MEUR	586.3	844.6	796.3	694.9	694.8
Number of shares traded, thousand	60,037.0	49,345.0	55,577.2	38,995.9	40,519.4
Shares traded, % of total number of shares	55.2%	45.4%	51.1%	35.9%	37.6%
Number of shares, weighted average, basic	107,830,500	108,010,139	107,747,243	107,734,564	107,717,557
Number of shares, weighted average, diluted	108,144,543	108,481,975	107,747,243	107,734,564	107,717,557
Number of shares, at end of financial year, basic	107,570,650	108,145,725	107,749,314	107,736,679	107,723,371
Number of shares, at end of financial year, diluted	107,884,693	108,617,561	107,749,314	107,736,679	107,723,371

* The Annual General Meeting will make the decision on the year 2018 dividend on March 14, 2019.

The calculation of share related key figures is based on outstanding shares.

Definitions of key financial and share related figures

Alternative performance measures

In addition to performance measures according to IFRS, Ramirent's consolidated financial statements and other communication to investors contain certain financial performance measures that are not defined by IFRS. These alternative performance measures are used by management to assess the financial and operational performance of the Group. Management believes that the alternative performance measures provide useful information on Ramirent's financial and operational performance and enhance comparability between financial periods.

The alternative performance measures should not be considered as substitute for measures of performance in accordance with the IFRS.

Comparable measures

In addition to alternative performance measures Ramirent presents comparable key figures such as Comparable EBIT, Comparable Return on capital employed and Comparable return on equity. These comparable key figures are calculated from the IFRS or alternative performance measures by adjusting "items affecting comparability (IAC)", i.e. incomes, expenses, assets, equity and liabilities arising from activities that amend Ramirent's business operations or are incurred outside its normal course of business, such as restructuring measures, impairment and significant write-downs of assets and significant gains or losses on disposal of assets and businesses. The comparable key figures are disclosed to enhance comparability between financial periods.

To ensure better comparability of the performance measures over the years from the point of view of business portfolio, comparable performance measures are calculated based on continuing operations from Q4 2018 onwards and comparative figures for 2017 are restated accordingly.

Profitability

EBITDA:
Operating result before depreciation, amortization and impairment charges

EBITA:
Operating result before amortization and impairment charges

EBIT:
Total of net sales and other operating income – costs of sales, selling, general and administrative costs, +/– gains and losses on disposal of businesses, the share of result in associates and joint ventures abd impairment of goodwill

Comparable EBIT:
Operating result - items affecting comparability in EBIT

Return on capital employed (ROCE) %:

$$\frac{\text{EBIT x 100}}{\text{Group or segment capital employed (average of last 5 quarter end values)}}$$

Comparable return on capital employed (ROCE) %:

$$\frac{\text{EBIT – items affecting comparability in EBIT x 100}}{\text{Group or segment capital employed - items affecting comparability in capital employed (average of last 5 quarter end values)}}$$

Return on equity (ROE) %:

$$\frac{\text{Result for the financial period x 100}}{\text{Total equity (average of last 5 quarter end values)}}$$

Comparable return on equity (ROE) %:

$$\frac{\text{Result for the financial period - items affecting comparability in result x 100}}{\text{Total equity - items affecting comparability in equity (average of last 5 quarter end values)}}$$

Return on invested capital (ROI) %:

$$\frac{\text{(Earnings before taxes + interest and other financial expenses, excluding FX differences) x 100}}{\text{Total assets – non–interest–bearing debt (average of last 5 quarter end values)}}$$

Share-related ratios

Dividend per share, EUR:

$$\frac{\text{Dividend paid}}{\text{Number of shares on the registration date for dividend distribution}}$$

Earnings per share (EPS), EUR:

$$\frac{\text{Result for the financial period+/– non–controlling interest's share of result for the financial period}}{\text{Average number of shares adjusted for share issues during the financial period}}$$

Comparable earnings per share (EPS), EUR

$$\frac{\text{Result for the financial period +/– non–controlling interest's share of result for the financial period – items affecting comparability in result}}{\text{Average number of shares adjusted for share issues during the financial period}}$$

Payout ratio %:

$$\frac{\text{Dividend per share x 100}}{\text{Earnings per share}}$$

Shareholders' equity per share, EUR:

$$\frac{\text{Equity attributable to the parent company's shareholders}}{\text{Number of shares adjusted for share issues on reporting date}}$$

Effective dividend yield %:

$$\frac{\text{Share-issued-adjusted dividend per share x 100}}{\text{Share-issued-adjusted final trading price at the end of financial period}}$$

Price/earnings ratio:

$$\frac{\text{Share-issued-adjusted final trading price}}{\text{Earnings per share}}$$

Market capitalization:
Number of shares outstanding at the end of the year X closing price at the end of the period

Balance sheet and financing

Capital employed:
Group or segment assets - non-interest-bearing liabilities

Net debt:
Interest–bearing debt – cash and cash equivalents

Net debt to EBITDA ratio:

$$\frac{\text{Net debt}}{\text{Earnings before interest, taxes, depreciation and amortization}}$$

Equity ratio %:

$$\frac{\text{Total equity x 100}}{\text{Total assets – advances received}}$$

Gearing %:

$$\frac{\text{Net debt x 100}}{\text{Total equity}}$$

Reconciliation of comparable key figures, continuing operations

Items affecting comparability (IAC) (MEUR)	Jan–Dec 2018	Jan–Dec 2017
EBIT	66.9	90.7
Items affecting comparability (IACs) in EBIT:		
Restructuring measures	5.9	–
Divestments and asset disposals (tangible assets)	17.9	–1.3
Divestments and assets disposal (intangible assets)	16.1	–
Comparable EBIT	**106.8**	**89.4**
Result for the period, continuing operations	**44.9**	**64.8**
IACs before EBT	39.9	–1.3
Tax effect of IACs	–4.6	–
Comparable Result for the Period for parent company shareholders	**80.2**	**63.5**
Comparable ROCE (%):		
Comparable EBIT	106.8	89.4
Capital employed, average	658.4	647.3
IACs affecting capital employed, average	–22.9	–28.0
Comparable Capital employed, average	635.5	619.3
Comparable ROCE (%)	16.8%	14.4%
Comparable ROE (%):		
Comparable Result for the Period	80.2	63.5
Equity, average	280.0	289.1
IACs affecting Equity, average	20.1	2.9
Comparable Equity, average	300.1	292.0
Comparable ROE (%)	26.7%	21.7%
Comparable EPS:		
Comparable Result for the Period for parent company shareholders	80.2	63.5
Number of shares (in million), weighted average	107.8	108.0
Comparable EPS, EUR	0.74	0.59

Consolidated financial statements

Consolidated statement of income (EUR 1,000)	Note	Jan–Dec 2018	Jan–Dec 2017
Continuing operations			
Net sales	2.2.	**711,669**	**685,495**
Cost of sales		-523,495	-516,203
Gross profit		**188,174**	**169,292**
Other operating income	2.3.	791	2,108
Selling, general and administrative expenses		-90,231	-81,655
Losses on disposal of businesses	7.4.	-32,284	
Share of result of associates and joint ventures	7.3.	438	994
Operating result (EBIT)		**66,888**	**90,739**
Financial income	4.3.	648	660
Financial expenses	4.3.	-11,139	-13,005
Total financial income and expenses		-10,491	-12,345
Earnings before taxes (EBT)		**56,397**	**78,393**
Income taxes	6.1.	-11,530	-13,597
Result from continuing operations		44,867	64,796
Discontinued operations			
Result from discontinued operations		2,966	-1,344
Result for the financial year		**47,833**	**63,452**
Result for the financial year attributable to:			
Shareholders of the parent company		47,833	63,452
Total		**47,833**	**63,452**
Earnings per share (EPS) on parent company shareholders' share of result	2.10.		
Earnings per share (EPS), basic, continuing operations, EUR		0.42	0.60
Earnings per share (EPS), diluted, continuing operations, EUR		0.41	0.60
Earnings per share (EPS), basic, discontinued operations, EUR		0.03	-0.01
Earnings per share (EPS), diluted, discontinued operations, EUR		0.03	-0.01
Earnings per share (EPS), basic, EUR		0.44	0.59
Earnings per share (EPS), diluted, EUR		0.44	0.58

Consolidated statement of comprehensive income (EUR 1,000)	Note	Jan–Dec 2018	Jan–Dec 2017
Result for the financial year		**47,833**	**63,452**
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligation, net of tax	6.1.	−1,218	−1,312
Items that may be reclassified to profit or loss in subsequent periods:			
Translation differences		−9,327	−8,643
Cash flow hedges, net of tax	6.1.	−657	219
Portion of cash flow hedges transferred to profit or loss, net of tax	6.1.	68	–
Share of other comprehensive income of associates and joint ventures	7.3.	−1,778	−1,290
Total		**−11,694**	**−9,714**
Other comprehensive income for the financial year		**−12,912**	**−11,026**
Total comprehensive income for the financial year		**34,921**	**52,426**
Total comprehensive income for the financial year attributable to:			
Shareholders of the parent company		34,921	52,426
Total		**34,921**	52,426

Consolidated statement of financial position (EUR 1,000)	Note	Dec 31, 2018	Dec 31, 2017
Assets			
Non-current assets			
Property, plant and equipment	3.1.	515,535	524,768
Goodwill	3.2.	126,451	134,660
Other intangible assets	3.2.	13,290	23,800
Investments in associates and joint ventures	7.3.	6,444	7,785
Non-current financial assets	4.1.	8,694	10,341
Available-for-sale financial assets	4.1.	–	89
Other non-current assets	4.1.	385	550
Deferred tax assets	6.2.	1,038	1,154
Total non-current assets		**671,837**	**703,148**
Current assets			
Inventories	3.3.	14,705	12,718
Trade and other receivables	4.1.	126,508	130,585
Current tax assets		1,312	2,572
Cash and cash equivalents	4.1.	10,292	6,896
Total current assets		**152,817**	**152,772**
Assets held for sale	7.4.	37,933	–
Total assets		**862,587**	**855,920**
Equity and liabilities			
Equity			
Share capital	4.2.	25,000	25,000
Revaluation fund		−910	−231
Invested unrestricted equity fund		116,565	116,428
Retained earnings from previous years		104,308	104,871
Result for the period		47,833	63,452
Equity attributable to the parent company shareholders		292,796	309,520
Total equity		**292,796**	**309,520**
Non-current liabilities			
Deferred tax liabilities	6.2.	41,133	47,987
Pension obligations	2.6.	24,226	22,357
Non-current provisions	3.4.	2,626	2,563
Non-current interest-bearing liabilities	4.4.	74,827	174,559
Other non-current liabilities		6,626	4,968
Total non-current liabilities		**149,437**	**252,434**
Current liabilities			
Trade payables and other liabilities	3.5.	116,116	116,557
Current provisions	3.4.	3,186	2,634
Current tax liabilities		9,002	4,501
Current interest-bearing liabilities	4.4.	286,052	170,273
Total current liabilities		**414,356**	**293,965**
Liabilities associated with assets held for sale	7.4.	5,998	–
Total liabilities		**569,791**	**546,400**
Total equity and liabilities		**862,587**	**855,920**

Consolidated statement of cash flow (EUR 1,000)	Note	Jan–Dec 2018	Jan–Dec 2017
Cash flow from operating activities			
Earnings before taxes (EBT), continuing operations		56,397	78,393
Adjustments			
Depreciation, amortization and impairment charges	2.9.	135,999	109,944
Adjustment for proceeds from sale of used rental equipment		5,129	11,170
Financial income and expenses	4.3.	10,491	12,345
Adjustment for proceeds from disposals of subsidiaries		–	-1,269
Other adjustments		-5,134	4,630
Cash flow from operating activities before change in working capital		**202,882**	**215,214**
Change in working capital			
Change in trade and other receivables		1,727	-11,523
Change in inventories		-2,244	-1,745
Change in non-interest-bearing liabilities		4,840	14,142
Cash flow from operating activities before interest and taxes		**207,206**	**216,087**
Interest paid		-8,923	-9,831
Interest received		568	572
Income tax paid		-13,631	-6,193
Net cash flow from operating activities, continuing operations		185,219	200,637
Net cash flow from operating activities, discontinued operations		3,261	-797
Net cash flow from operating activities, total		**188,480**	**199,840**
Cash flow from investing activities			
Acquisition of businesses and subsidiaries, net of cash		-21,128	-1,001
Investment in tangible non-current assets (rental machinery)		-161,354	-140,962
Investment in other tangible non-current assets		-8,342	-10,064
Investment in intangible non-current assets		-672	-2,759
Proceeds from sale of tangible and intangible non-current assets (excluding used rental equipment)		374	356
Proceeds from sales of businesses and subsidiaries		48,361	15,114
Decrease of loan receivables		1,459	2,773
Received dividends		91	121
Net cash flow from investing activities, continuing operations		-141,211	-136,423
Net cash flow from investing activities, discontinued operations		-6,581	-11,783
Net cash flow from investing activities, total		**-147,792**	**-148,205**
Cash flow from financing activities			
Paid dividends		-47,463	-43,228
Purchase of treasury shares		-5,648	–
Changes in ownership interests in subsidiaries		–	-911
Borrowings and repayments of short-term debt (net)	4.6.	15,817	9,847
Repayments of non-current debt	4.6.	–	-12,015
Net cash flow from financing activities, continuing operations		-37,293	-46,308
Net cash flow from financing activities, total		**-37,293**	**-46,308**
Net change in cash and cash equivalents during the financial year		**3,395**	**5,327**
Cash at the beginning of the period		6,896	1,570
Change in cash		3,395	5,327
Cash at the end of the period		10,292	6,896

Consolidated statement of changes in equity (EUR 1,000)	Share capital	Revaluation fund	Invested unrestricted equity fund	Translation differences	Retained earnings	Equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Equity Jan 1, 2017	25,000	-443	113,951	-38,457	197,517	297,568	–	297,568
Translation differences	–	-7	–	-8,636	–	-8,643	–	-8,643
Remeasurement of defined benefit obligation	–	–	–	–	-1,312	-1,312	–	-1,312
Cash flow hedges	–	219	–	–	–	219	–	219
Share of other comprehensive income of associates and joint ventures	–	–	–	-1,290	–	-1,290	–	-1,290
Result for the period, continuing operations	–	–	–	–	63,452	63,452	–	63,452
Total comprehensive income for the period	**–**	**211**	**–**	**-9,926**	**62,140**	**52,426**	**–**	**52,426**
Share based payments	–	–	–	–	277	277	–	277
Issue of treasury shares	–	–	2,477	–	–	2,477	–	2,477
Dividend distribution	–	–	–	–	-43,228	-43,228	–	-43,228
Total transactions with shareholders	**–**	**–**	**2,477**	**–**	**-42,951**	**-40,474**	**–**	**-40,474**
Equity Dec 31, 2017	**25,000**	**-231**	**116,428**	**-48,383**	**216,706**	**309,520**	**–**	**309,520**
Adoption of IFRS 9 and amended IFRS 2		-88			982	894	–	894
Equity Jan 1, 2018	**25,000**	**-319**	**116,428**	**-48,383**	**217,688**	**310,414**	**–**	**310,414**
Translation differences	–	-1	–	-9,326	–	-9,327	–	-9,327
Remeasurement of defined benefit obligation	–	–	–	–	-1,218	-1,218	–	-1,218
Cash flow hedges	–	-590	–	–	–	-590	–	-590
Share of other comprehensive income of associates and joint ventures	–	–	–	-1,778	–	-1,778	–	-1,778
Result for the period	–	–	–	–	47,833	47,833	–	47,833
Total comprehensive income for the period	**–**	**-591**	**–**	**-11,103**	**46,615**	**34,921**	**–**	**34,921**
Share based payments	–	–	–	–	434	434	–	434
Purchase of treasury shares	–	–	–	–	-5,648	-5,648	–	-5,648
Issue of treasury shares	–	–	137	–	–	137	–	137
Dividend distribution	–	–	–	–	-47,463	-47,463	–	-47,463
Total transactions with shareholders	**–**	**–**	**137**	**–**	**-52,676**	**-52,539**	**–**	**-52,539**
Equity Dec 31, 2018	**25,000**	**-910**	**116,565**	**-59,486**	**211,627**	**292,796**	**–**	**292,796**

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Notes to the consolidated financial statements

How to read the notes section of the financial statements:
The notes to the consolidated financial statements are grouped into sections based on their context. The accounting principles applied to the consolidated financial statements as total are described in the first chapter of the notes information. The accounting principles, critical accounting estimates and judgements and other specific information relating to specific lines of statement of income and statement of financial position are disclosed in connection with the relevant note.
Accounting principles are marked with P. Accounting estimates and judgements are marked with E.

1. Basic information

1.1. Description of the company

Ramirent Plc ("the company") is a Finnish public limited liability company organized under the laws of Finland and domiciled in Helsinki, Finland. Ramirent Plc's registered address is Tapulikaupungintie 37, FI–00750 Helsinki, Finland. Ramirent Plc's shares are listed on the Nasdaq Helsinki (RAMI).

Ramirent Plc is the parent company for Ramirent Group (together, "Ramirent" or the "Group"). The Group's business activities comprise rental of machinery and equipment for construction and manufacturing industries, the public sector and households. In addition to this, the Group provides services related to the rental of machinery and equipment and also conducts some trade of construction related machinery, equipment and accessories.

Ramirent is an international Group with operations in 10 countries at the end of 2018 – Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Czech Republic and Slovakia. The business operations were conducted from a total of 294 (293) rental outlets located in these countries. In Russia and Ukraine the operations were carried out through a joint venture.

At the end of 2018 Ramirent employed 2,905 (2,820) people. The consolidated net sales amounted to EUR 711.7 (685.5) million, of which 69% (68%) was generated outside Finland.

These consolidated financial statements were authorized for release by the Board of Directors on February 7, 2019. According to the Finnish Companies Act, the Annual General Meeting of shareholders is entitled to decide on the adoption of the company's financial statements.

1.2. Basis of preparation

Ramirent Plc's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. All IAS and IFRS standards effective on December 31, 2018, that are applicable to Ramirent's business operations, including all SIC and IFRIC interpretations thereon, have been applied with when preparing both year 2018 and comparative year 2017 figures. The notes to the consolidated financial statements conform also with the Finnish accounting and company legislation.

The consolidated financial statements have been prepared on the historical cost basis except as disclosed in the notes further.

Consolidated financial statements have been presented in thousand euros unless otherwise stated. Due to rounding the sum of individual figures may differ from the totals. The figures in parentheses refer to the previous financial year.

1.3. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the Group's management to make and rely on estimates and to make judgements when applying the accounting principles. Although these estimates are based on management's best knowledge of events and transactions, actual results may, nevertheless, differ from the estimates.

The most common and significant situations when management uses judgement and makes estimates are when it decides on the following:

- estimates of future financial performance of the Group, affecting the reward realization of the long term incentive programs (note 2.6.),
- economic lives of non-current assets (note 3.1),
- future business estimates and other elements of impairment testing (note 3.2),
- fair value (collectable amount) of trade receivables (note 5.1, section Credit risk),
- probability of future taxable profits against which tax deductible temporary differences can be utilized thus giving rise to recognition of deferred income tax assets (note 6.2.),

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- measurement of fair value of assets acquired in connection with business combinations (note 7.4.), and
- contingent consideration arrangements in acquisitions (note 7.4.).

Detailed information about each of the above estimate and judgement and the basis of calculation for each affected line item in the financial statements is included in the respective notes to the consolidated financial statements.

1.4. Classification of expenses in the income statements

The classification of expenses in the consolidated statement of income is changed to be function based from January 1, 2018. Earlier the classification was based on the nature of the expenses. The comparative information in the report has been changed accordingly. In the function based statement of income costs directly associated with generating revenues are included in cost of sales. Cost of sales includes direct material costs and employee benefit expenses as well as also indirect costs that can be attributed to generating revenue, such as depreciation and amortization of assets used by the operations. The reconciliation of EBIT based on the nature of expenses is presented in note 7.6.

1.5. New and amended IFRS standards implemented in 2018

Ramirent has implemented the following new or amended IFRS standards in 2018:
IFRS 15 Revenue from contracts with customers: Revenue recognition in accordance with IFRS 15 has not resulted in any material differences in the timing of the revenue recognition or in the amounts to be recognized, compared to the previous principles. The standard was adopted using the full retrospective method. As there was not any material effect on the information in the statement of financial position at the beginning of comparative period, a third balance is not presented.

IFRS 9 Financial instruments: The new standard affects the classification and measurement of financial instruments. Following the adoption of IFRS 9 available for sale financial assets have been reclassified as financial assets measured at fair value through profit or loss. Ramirent has adopted an expected credit loss impairment model for recognizing impairment on trade receivables. The effect of the adoption of IFRS 9, EUR -0.3 million, was recognized as a transition adjustment to the opening equity of January 1, 2018.

Amendment to IFRS 2 Share based payment transactions: The main effect to Ramirent is the requirement to account for the full incentive plan as equity settled when Ramirent is obliged to withhold an amount that relates to personal taxes and pay that amount to the tax authority. The effect of the adoption of IFRS 2, EUR 1.2 million, was recognized as a transition adjustment to the opening equity of January 1, 2018.

2. Operating results from continuing operations

2.1. Segment information

P Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CEO of the Ramirent Group.

Segment information is presented for Ramirent's operating segments, which are determined by geographical split. Operating segments are managed separately and they are separately reported in internal management reporting to the CEO.

As of January 1, 2018, Ramirent reports segments Baltics and Europe Central together as one new segment called Eastern Europe. On December 3, 2018, Ramirent announced that operations in Denmark will be divested. The transaction is estimated to be completed at the beginning of 2019. The operations to be divested are reported as discontinued operations and are not included in the financial figures for the continuing operations. The comparative information has also been restated accordingly. Following these changes Ramirent publishes its financial information for continuing operations according to the following four operating segments:

- Sweden
- Finland
- Eastern Europe (Baltics, Poland, Czech Republic and Slovakia)
- Norway.

The column "Unallocated items" in the Segment information table includes head office functions' cost to the extent that they do not relate to any services provided to the segments and not charged to the segments. Such costs are e.g. costs that relate to the parent company's status as a listed company and related reporting requirements. The Sweden based product development company Safety Solutions Jonsereds AB, the site module assembly plant in Estonia and the share of the joint venture Fortent Group's net result to Ramirent are not reportable operating segments as they are not separately included in the reports provided to the Group's CEO. The Danish Temporary Space business is also included in unallocated items following the classification of the remaining Danish operations as discontinued operations.

The pricing of Group internal transactions between the different operating segments is based on the arm's length principle.

Financial income and expenses and income taxes are not allocated to segments but included in Unallocated items.

Revenue in all segments consists of rental income, service income, sales income of goods and sales income of used rental equipment. The sales mix varies between operating segments and from year to year. Rental operations are however the primary activity for all segments and they comprise over 60% of Ramirent's net sales. More information about net sales is disclosed in note 2.2.

Segment assets and liabilities are items that are used by a segment in its operating activities and can be allocated to a segment on a reasonable basis. Non-current assets in the following tables include all non-current assets other than financial instruments, post-employment benefit assets and deferred tax assets. Segment liabilities in the following tables include non-current and current liabilities other than interest-bearing liabilities. The segments' capital employed comprises of assets and liabilities that the segments utilize in their business operations to the extent assets and liabilities are reported regularly to the Group's CEO.

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The CEO primarily uses measures of comparable operating result (EBIT) and comparable return on capital employed (ROCE%) to evaluate the segments performance and make decisions on resource allocation. Comparable EBIT and comparable ROCE% exclude incomes, expenses, assets, equity and liabilities arising from activities that amend Ramirent's business operations or are incurred outside its normal course of business, such as restructuring costs, impairment losses, significant write-downs of assets and significant gains or losses on sale of assets and businesses.

Reconciliation of comparable EBIT from continuing operations to profit before taxes from continuing operations (EUR 1,000)	2018	2017
Comparable EBIT by segment		
Sweden	43,854	36,404
Finland	27,773	25,288
Eastern Europe	31,000	23,486
Norway	11,787	8,655
Total	**114,415**	**93,833**
Items affecting comparability in EBIT		
Sweden	-8,657	-
Finland	-4,316	-
Norway	-21,840	1,296
Total	**-34,812**	**1,296**
Operating result (EBIT) by segment		
Sweden	35,197	36,404
Finland	23,457	25,288
Eastern Europe	31,000	23,486
Norway	-10,052	9,951
Total operating result (EBIT) for reportable segments	**79,603**	**95,129**
Unallocated income	2,537	2,845
Unallocated expenses	-15,252	-7,235
Total operating result (EBIT)	66,888	90,739
Financial income	648	660
Financial expenses	-11,139	-13,005
Consolidated profit before taxes from continuing operations	**56,397**	**78,393**

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Information about segments is presented in the following tables:

Year 2018 segment information (EUR 1,000)	Sweden	Finland	Eastern Europe	Norway	Unallocated items and eliminations	Group total
External net sales	271,689	193,841	119,499	124,173	2,467	711,669
Inter-segment net sales	556	232	75	28	-891	-
Total net sales	272,244	194,074	119,574	124,201	1,576	711,669
Depreciation and impairment charges	-35,864	-29,052	-21,890	-25,846	313	-112,339
Amortization and impairment charges	-10,307	-1,768	-393	-8,961	-2,232	-23,661
Comparable EBIT	43,854	27,773	31,000	11,787	-7,625	106,790
Items affecting comparability in EBIT	-8,657	-4,316	-	-21,840	-5,090	-39,902
Operating result (EBIT)	35,197	23,457	31,000	-10,052	-12,715	66,888
Reportable non-current assets	226,203	176,532	145,380	104,002	18,594	670,711
Reportable assets	297,150	216,719	171,892	130,600	46,227	862,587
Reportable liabilities	103,729	45,414	22,017	34,928	2,825	208,913
Gross capital expenditure	58,808	68,393	44,779	40,014	-12,494	199,501
Number of employees						
At reporting date	838	564	752	375	377	2,905
Average during the year	842	555	742	390	362	2,890

Information on recognized impairment charges is presented in notes 7.4.

Year 2017 segment information (EUR 1,000)	Sweden	Finland	Eastern Europe	Norway	Unallocated items and eliminations	Group total
External net sales	259,479	191,261	110,866	121,060	2,830	685,495
Inter-segment net sales	864	212	106	164	-1,345	-
Total net sales	260,343	191,472	110,971	121,223	1,486	685,495
Depreciation and impairment charges	-35,570	-27,526	-20,671	-18,222	-71	-102,060
Amortization and impairment charges	-3,099	-1,261	-253	-2,575	-696	-7,883
Comparable EBIT	36,404	25,288	23,486	8,655	-4,390	89,443
Items affecting comparability in EBIT	-	-	-	1,296	-	1,296
Operating result (EBIT)	36,404	25,288	23,486	9,951	-4,390	90,739
Reportable non-current assets	258,081	144,532	125,839	111,407	63,290	703,148
Reportable assets	312,556	182,313	151,898	134,323	74,830	855,920
Reportable liabilities	99,861	37,542	22,584	32,847	8,734	201,568
Gross capital expenditure	63,191	38,474	35,462	23,689	5,633	166,450
Number of employees						
At reporting date	831	535	715	396	343	2,820
Average during the year	808	529	706	401	331	2,774

2.2. Net sales

Ramirent has identified the following revenue streams for its operations:

1. Rental sales (63% of net sales in 2018)
2. Service sales (29% of net sales in 2018)
3. Sale of equipment (3% of net sales in 2018)
4. Sale of goods (5% of net sales in 2018).

All Ramirent operating segments provide rental and services to their customers and sell equipment and goods, but the sales mix can be different between operating segments and varies from year to year.

Primary activity in Ramirent relates to rental business, which is currently in scope of IAS 17 Leases and from January 1, 2019 in scope of IFRS 16. Rental sales represent approximately 60% of the total net sales in Ramirent Group.

Ramirent's rental fleet comprises of the following product lines:

- modules and containers
- scaffolding and weather covers
- power and heating equipment
- tower cranes and hoists
- heavy machinery
- safety and support equipment
- lifts
- light machinery.

Rental contracts are most often made for an indefinite period and there are no significant minimum lease payments receivables. Invoicing is based on actual rental period that varies from days to years. In typical contracts the ownership is not transferred to the customer during or at the end of the lease period. Most of the fleet is ready to be rented without any modifications. There are no significant variable components in Ramirent's agreements with customers.

Service sales represent approximately 30% of the total net sales in Ramirent Group. Services are provided related to rental of machinery and equipment and separately. They comprise a wide range of different kind of services, e.g. worksite planning, logistics, on-site support, training and assembly and disassembly services.

Used rental equipment can be sold in connection to rental, but these sales are often carried out separately from rental operations and to different customers. Sale of goods is typically carried out in connection to rental operations.

Ramirent adopted IFRS 15 "Revenue from contracts with customers" from January 1, 2018. The adoption was done using the full retrospective method in accordance with IAS 8. IFRS 15 standard introduces a five phase model to be applied in revenue recognition. According to the standard revenue recognition is based on transfer of control. Revenue is recognized at an amount that reflects the consideration that is expected to be received. Revenue is recognized either at a point in time or over time. For Ramirent IFRS 15 is applied to services sales, sales of used rental equipment and goods. Implementation of IFRS 15 did not result in any material differences in the timing of the revenue recognition or in the amounts to be recognized, compared to the earlier principles. Adoption of the new standard did not result restatement of financial reporting.

P Revenues are reported at an amount expected to be received in exchange for the goods or services. Ramirent considers rental and services in a contract separately identifiable components and allocates revenues to these components separately. Transaction prices in the contracts are allocated to performance obligations based on stand-alone selling prices.

Ramirent has classified all rental agreements where Ramirent is the lessor as operating leases. Ramirent does not have any finance lease agreements with the customers. Rental revenue from operating leases is recognized on a straight line basis over the term of the relevant lease.

Services are treated as separate performance obligations and the revenue is recognized when the services are rendered to the customer over time.

Sale of equipment comprise sale of used machinery and equipment that Ramirent has held for rental to others and sells in the course of its ordinary activities. Such assets shall be transferred to inventories at the carrying amount when they cease to be rented and become held for resale. Income from sales of rental machinery and equipment is recognized in net sales on a gross basis. Revenue is recognized at a point in time, when control of the equipment is transferred, typically at the delivery.

Sale of goods comprise sale of fuel, merchandise and consumables in relation to rental of machinery and equipment or separately. Revenue is recognized at a point in time, when control of the goods is transferred, typically at the delivery.

Ramirent has not recognized any assets to fulfil the contracts.

Sales mix in 2018 and 2017, continuing operations (EUR 1,000)	2018	Share of total	2017	Share of total
Rental income	451,712	63.5%	432,449	63.1%
Service income	203,276	28.6%	193,638	28.2%
Sale of used rental machinery and equipment	22,115	3.1%	28,977	4.2%
Sale of goods	34,566	4.9%	30,431	4.4%
Net sales	**711,669**	**100.0%**	**685,495**	**100.0%**

Disaggregation of sales per customer sector in 2018 and 2017, continuing operations (EUR 1,000)	2018	Share of total	2017	Share of total
Construction	408,616	57.4%	385,457	56.2%
Industrial	125,457	17.6%	131,011	19.1%
Other	177,596	25.0%	169,027	24.7%
Total	**711,669**	**100.0%**	**685,495**	**100.0%**

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Disaggregation of revenue 2018 (EUR 1,000)	Sweden	Finland	Eastern Europe	Norway	Unallocated items and eliminations	Group total
External net sales	271,689	193,841	119,499	124,173	2,467	711,669
Inter–segment net sales	556	232	75	28	-891	-
Total	**272,244**	**194,074**	**119,574**	**124,201**	**1,576**	**711,669**
Timing of revenue recognition:						
At a point in time	20,447	16,479	9,874	10,533	-651	56,682
Over time	251,798	177,595	109,700	113,668	2,227	654,988
Total	**272,244**	**194,074**	**119,574**	**124,201**	**1,576**	**711,669**

Disaggregation of revenue 2017 (EUR 1,000)	Sweden	Finland	Eastern Europe	Norway	Unallocated items and eliminations	Group total
External net sales	259,479	191,261	110,866	121,060	2,830	685,495
Inter–segment net sales	864	212	106	164	-1,345	-
Total	**260,343**	**191,472**	**110,971**	**121,223**	**1,486**	**685,495**
Timing of revenue recognition:						
At a point in time	21,489	15,218	8,197	15,373	-868	59,408
Over time	238,854	176,254	102,775	105,851	2,353	626,087
Total	**260,343**	**191,472**	**110,971**	**121,223**	**1,486**	**685,495**

Assets and liabilities related to contracts with customers
Ramirent did not have any assets and liabilities related to contracts with customers at the end of 2018. At the end of 2017 assets related to contracts with customers amounted to EUR 1.3 million and liabilities related to contracts with customers amounted to EUR 2.9 million. The amounts recognized in 2017 related to the Temporary Space business that was divested on November 1, 2018. There was no allowance for credit losses recognized on contract assets in 2017.

2.3. Other operating income

Other operating income comprises amounts that do not relate to Ramirent's basic business and are of non-recurring nature.

(EUR 1,000)	2018	2017
Gain on disposals of real estates and non–rental machinery and equipment	216	272
Rental income of real estates	151	117
Other income	423	1,718
Total	**791**	**2,108**

2.4. Material profit or loss items

The Group has identified the following items which are material due to the significance of their nature and amount. They are disclosed separately to provide a better understanding of the Group's operational performance.

(EUR 1,000)	2018	2017
Restructuring measures	-5,902	-
Acquisitions, divestments and asset disposals	-33,986	1,296
Total	**-39,887**	**1,296**

Details of acquisitions and divestment are presented in note 7.4. Details of restructuring measures are presented in note 3.4.

2.5. Materials and services

P The carrying value of sold rental machinery and equipment and the costs related to their sale, as well as external service providers' cost for performing repair, maintenance, transportation and other services and cost of sold fuel are recognized as material and service expenses. They are expensed when incurred for the same reporting period as the related income is recognized as revenue.

(EUR 1,000)	2018	2017
Cost of sold rental equipment	-5,359	-11,780
Cost of goods sold	-26,321	-23,925
Repair and maintenance expenses	-28,126	-26,844
Cost of external services	-104,774	-98,510
Transportation expenses	-54,281	-51,495
Expensed equipment	-324	-487
Total	**-219,184**	**-213,042**

2.6. Employee benefit expenses

(EUR 1,000)	2018	2017
Wages and salaries	-118,017	-114,436
Termination benefits	-2,010	-646
Social security	-24,922	-25,355
Post–employment benefits		
Pension expenses – defined benefit plans	-857	-907
Pension expenses – defined contribution plans	-10,092	-9,831
Equity–settled share–based payment transactions	-434	-277
Cash–settled share–based payment transactions	-1,049	-1,073
Other personnel expenses	-16,140	-15,282
Total	**-173,522**	**-167,807**

Information on related party transactions is presented in note 8.1. related party transactions. This note also contains information about the CEO's voluntary pension plan.

Share-based payments

P Ramirent has long-term incentive plans for its key managers. The plans have been established to form part of the long-term incentive and commitment program for the key personnel of the company and its subsidiaries. The aim is to combine the objectives of the shareholders and the key personnel in order to increase the value of the company, to commit the key personnel to the company, and to offer the key personnel a competitive reward program based on holding the company´s shares. Any reward is subject to achievement of the targets set by Ramirent Plc's Board of Directors.

The incentive programs are partly equity–settled and partly cash–settled. The costs are accrued over the vesting period for each program.

Ramirent has adopted the amendment to IFRS 2 Share based payment transactions from January 1, 2018. The main effect is the requirement to account for the full incentive plan as equity settled when Ramirent is obliged to withhold an amount that relates to personal taxes and pay that amount to the tax authority.

The effect of the adoption of IFRS 2, EUR 1.2 million, was recognized as a transition adjustment to the opening equity of January 1, 2018.

Long-term incentive plans

Ramirent's long-term incentive plans have been implemented in the following structures: Long-term Incentive Share Plan for the senior management including a performance and a matching share component, Performance Share Plan for the Executive Management Team and Deferred Incentive Plan for the key employees. The potential reward in the Deferred Incentive Plan will be paid entirely in cash. The potential reward in the share plans will be paid as combination of the company's shares and cash. The cash proportion is intended to cover taxes arising from the reward to the plan participants. Continued employment to Ramirent is a basic requirement in the plans. As a general rule, if an employment or service terminates, or notice thereof is given, during the three-year plan the participant will lose his or her right to the share reward.

In the Long-term Incentive Share Plans 2015-2017 and 2016-2018 the participants are offered the opportunity to earn matching shares on the basis of share ownership and performance shares on the basis of performance target set for Economic Profit during a three-year earning period. During the reporting period, Plan 2015-2017 ended and a total number of 24, 925 net shares and a cash payment equaling to the value of 37, 862 shares were paid to 29 employees.

In the Performance Share Plans two performance periods have been launched for the Executive Management Team. The potential reward from the performance period 2018-2020 will be paid on the basis of the company´s Short-term Incentive Plan 2018 (STI) and the Group´s cumulative Earnings per Share (EPS) during 2018-2020. The potential reward from the performance period 2019-2021 is based on the Group's Earnings per Share (EPS) in 2019 as well as on the Group's average Return on Capital Employed (ROCE-%) development in 2019-2021.

Since 2017 three earning periods under Deferred Incentive Plan (DIP) have been launched for the key employees. The aim in the plans is to maximally support the implemantation of the company's renewed strategy and to offer key employees a competitive reward and retention program. The potential reward will be based on the participant's short term incentive plan targets. The DIP includes one earning period and a lock-up period of two years whereby the potential reward will be paid in cash. The incentive plan has been extended to include approximately 150 key employees. The members of the Executive

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Management Team are also included in the target group of DIP 2017 and their total reward potential will be based on the short term incentive plan targets and the Group's Total Shareholder Return (TSR) for the earning period 2017 and the two-year lock-up period.

Information on incentive plans December 31, 2018	Long-term Incentive Share Plan 2015-2017	Long-term Incentive Share Plan 2016-2018	Deferred Incentive Plan 2017-2019	Performance Share Plan 2018-2020
Maximum shares	450,000	540,000	N/A	270,000
Initial allocation date	14/5/2015	27/4/2016	19/12/2016	15/1/2018
Vesting date	15/3/2018	15/3/2019	15/3/2020	31/3/2021
Maximum contractual life, years	2.8	2.9	3.2	3.2
Remaining contractual life, years	0	0.2	1.2	2.2
Employees at the balance sheet date	0	24	110	8
Settlement	Equity and cash	Equity and cash	Cash	Equity and cash

Changes during 2018, pcs	Long-term Incentive Share Plan 2015-2017	Long-term Incentive Share Plan 2016-2018	Performance Share Plan 2018-2020
Jan 1, 2018			
Outstanding at the beginning of the reporting period,	231,120	433,947	-
Changes during the period			
Granted	-	23,312	285,000
Forfeited	168,333	-	35,000
Exercised	62,787	-	-
Dec 31, 2018			
Outstanding at the end of the period	-	457,259	250,000

Information on incentive plans December 31, 2017	Long-term Incentive Share Plan 2014-2016	Long-term Incentive Share Plan 2015-2017	Long-term Incentive Share Plan 2016-2018	Deferred Incentive Plan 2017-2019
Maximum shares, pcs	360,000	450,000	540,000	N/A
Initial allocation date	23/5/2014	14/5/2015	27/4/2016	19/12/2016
Vesting date	1/3/2017	15/3/2018	15/3/2019	15/3/2020
Maximum contractual life, years	2.8	2.8	2.9	3.2
Remaining contractual life, years	-	0.2	1.2	2.2
Employees at the balance sheet date	-	32	28	119
Settlement	Equity and cash	Equity and cash	Equity and cash	Cash

Changes during 2017, pcs	Long-term Incentive Share Plan 2014-2016	Long-term Incentive Share Plan 2015-2017	Long-term Incentive Share Plan 2016-2018
Jan 1, 2017			
Outstanding at the beginning of the reporting period	161,759	256,830	463,588
Changes during the period			
Forfeited	114,528	25,710	29,641
Exercised	47,231	-	-
Dec 31, 2017			
Outstanding at the end of the period	-	231,120	433,947

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Effect of Share-based Incentives on the result and financial position during the period (EUR)	2018	2017
Expenses for the financial year, share-based payments	1,483,297	1,349,726
Expenses for the financial year, share-based payments, equity-settled	434,338	277,001
Estimated amount of taxes to be paid in the plans 31 December.	1,692,054	1,539,685
Liabilities arising from share-based payments December 31	777,564	1,944,630

Pension obligations

P The Group companies have organized their pensions by means of various pension plans in accordance with local conditions and practices. Such plans are either defined contribution plans or defined benefit plans. Ramirent has defined contribution plans in all countries where it operates and a defined benefit plan in Sweden.

In defined contribution plans, the Group makes fixed payments to separate entities or plans, in which the Group has no legal or constructive obligation to make any additional payments if the party receiving them is unable to pay the pension benefits in question. All arrangements that do not qualify as defined contribution plans are defined benefit plans.

The pension contributions paid or payable for defined contribution pension plans are expensed in profit or loss during the financial period to which the costs relate.

The defined benefit pension obligations due to defined benefit pension plans have been recognized in the balance sheet on the basis of actuarial calculations. The actuarial calculations are based on projected unit credit method. Under this method, the cost of providing pensions is charged to profit or loss so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans every year. The pension obligation is measured as the present value of estimated future cash outflows using interest rates of highly rated government securities or corporate bonds, as appropriate that materially corresponds to the currency and expected maturity of the defined benefit pension obligation.

The Group recognizes all actuarial gains and losses arising from defined benefit plans in equity in Other Comprehensive Income as they occur. The Group reports the service cost in employee benefit expenses and the net interest in financial items. The Group reports the net pension asset or liability in the Balance Sheet.

E The future pension benefit at the time of retirement for the employees covered by the defined benefit pension plans is determined on the basis of certain factors e.g. the salary level and the total number of years of service.

Pension costs recognized in profit or loss (EUR 1,000)	2018	2017
Defined benefit pension plan expenses	-1,445	-1,504
Defined contribution pension plan expenses	-10,092	-9,831
Total	**-11,537**	**-11,335**

Elements of defined benefit pension plan expenses (EUR 1,000)	2018	2017
Current service cost	-857	-907
Interest cost	-588	-597
Total	**-1,445**	**-1,504**

Elements of defined benefit plan net obligation (EUR 1,000)	2018	2017
Present value of unfunded obligations	24,226	22,357
Surplus (-) / deficit (+)	24,226	22,357
Net obligation on December 31	24,226	22,357
Amounts recognized in the balance sheet		
Liabilities	24,226	22,357
Net liability	24,226	22,357

Change of the present value of the defined benefit pension obligations (EUR 1,000)	2018	2017
Present value of obligation on January 1	22,357	20,005
Translation differences	-896	-624
Current service cost	857	907
Interest cost	588	597
Experience adjustments to plan liabilities	581	540
Actuarial gains (-) and losses (+) arising from changes in financial assumptions	968	1,142
Benefits paid	-230	-210
Present value of obligation on December 31	**24,226**	**22,357**

Principal actuarial assumptions	2018	2017
Discount rate	2.55%	2.65%
Future salary increase expectation	2.50%	2.00%
Future benefit increase expectation	2.50%	2.00%

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The estimated year 2019 employer contributions amount to EUR 0.2 million (year 2018 estimate was EUR 0.2 million at year end 2017). The weighted average duration of the defined benefit obligation is 21 (22) years.

E Ramirent has in Sweden a pension plan ITP 2, which is an additional pension plan for private sector officials. The pension plan has been arranged by an external insurance company. The plan does not include any plan assets thus the Group is not exposed to risks related to changes in assets fair values. Risks relate only to increase in defined benefit obligation. Increase in obligation may be due to changes in actuarial assumptions and most significant assumptions are referred earlier in section "Principal actuarial assumptions". Changes in actuarial assumptions effect to the amount of obligation according to IAS 19 through other comprehensive income. Therefore the Group's profit or loss does not significantly expose to volatility caused by changes in actuarial assumptions.

Sensitivity analysis

December 31, 2018 Sensitivity analysis of discount rate +/– 0.5%			
	2.05%	2.55%	3.05%
Present value of obligation December 31, 2018	26,927	24,226	21,873

December 31, 2017 Sensitivity analysis of discount rate +/– 0.5%			
	2.15%	2.65%	3.15%
Present value of obligation December 31, 2017	24,895	22,357	20,150

2.7. Leasing expenses

P Leases of assets where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Ramirent's operating leases comprise of lease agreements of rental machinery and equipment, lease agreements of property and other operating lease agreements.

The lease expenses are recognized on straight line basis either in cost of sales or in selling, general and administration expenses in the profit or loss. The total of future minimum lease payments under non-cancellable operating leases is reported as off balance obligation.

Agreements for premises used in operations as head offices, hubs and customer centres form the largest group of Ramirent's lease contracts. The rest of the lease agreements relate to cars and other vehicles as well as rental machinery and equipment. Lease agreements for premises are made either for a fixed period of time or for an indefinite period depending on the importance of the leased premises. Agreements for head offices and hubs are usually fixed for a longer period while agreements for customer centers are made for a shorter period or for an indefinite period. Re-rent agreements are typically short-term and the lease payments are cancellable.

The impacts of the adoption of the IFRS 16 Leases are described in note 7.7.

Operating lease expenses in the statement of income (EUR 1,000)	2018	2017
Premises	–24,804	–24,763
Rental machinery	–23,209	–23,022
Other	–5,470	–4,928
Net lease expenses in the statement of income	**–53,483**	**–52,714**

Non-cancellable minimum future operating lease payments (EUR 1,000)	2018	2017
Payable < 1 year from balance sheet date	31,396	25,221
Payable 1–5 years from balance sheet date	42,291	42,450
Payable > 5 years from balance sheet date	14,267	14,352
Future gross operating lease payments	**87,954**	**82,023**

2.8. Other operating expenses

P Expenses are recognized in profit or loss when service has been received and cost is incurred.

(EUR 1,000)	2018	2017
Other property expenses	–9,970	–9,523
IT and office expenses	–18,826	–17,711
External services expenses	–16,257	–12,582
Credit losses	–2,244	–2,942
Change of allowance for bad debt	–426	–485
Restructuring and other non-recurring expenses	–3,941	–244
Marketing and representation expenses	–9,083	–8,456
Other expenses	–3,076	–2,408
Total	**–63,823**	**–54,351**

Audit and other fees to auditors (EUR 1,000)	2018	2017
Audit fees	–361	–346
Audit related fees	–9	–
Tax consulting fees	–78	–58
Other fees	–425	–
Total	**–873**	**–404**

PricewaterhouseCoopers Oy has provided non-audit services to entities of Ramirent in total EUR 23 thousand during the financial year 2018.

2.9. Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges by class of assets (EUR 1,000)	2018	2017
Depreciation of tangible non-current assets		
Buildings and structures	–2,284	–2,264
Machinery and equipment	–92,381	–97,203
Other tangible assets	–2,809	–2,593
Amortization of intangible non-current assets		
Other intangible assets	–3,012	–3,987
Other capitalized long-term expenditure	–4,235	–3,896
Impairment charges		
Tangible non-current assests	–14,865	–
Intangible non-current assets	–16,413	–
Total	**-135,999**	**-109,944**

The estimated useful lives per asset category are presented in notes 3.1. and 3.2.

The impairment charges recognized in 2018 relate to the divestment of the Temporary Space business in Sweden, Finland, Norway and Denmark. No impairment charges were recognized in 2017 on tangible or intangible assets.

2.10. Earnings per share

P The basic earnings per share (EPS) is calculated by dividing the net result attributable to the parent company's shareholders with the weighted average number of shares outstanding during the financial period. Treasury shares, if any, are subtracted from the number of outstanding shares.

The diluted EPS is calculated by dividing the net result attributable to the parent company's shareholders with the weighted average number of shares outstanding during the financial period. Share-based payment arrangements have a diluting effect if the share market price is higher than the subscription price of the shares which includes the fair value of any services to be supplied to the Group in the future under the share-based payment arrangements and if all the conditions have been realized at the reporting date.

	2018	2017
Result from continuing operations (EUR thousand)	44,867	64,796
Result from discontinued operations (EUR thousand)	2,966	–1,344
Result for the financial year (EUR thousand)	**47,833**	**63,452**
Result for the financial year attributable to:		
Shareholders of the parent company	47,833	63,452
Total	**47,833**	**63,452**
Weighted average number of outstanding shares, basic (thousand)	107,831	108,010
Weighted average number of outstanding shares, diluted (thousand)	108,145	108,482
Earnings per share (EPS) on parent company shareholders' share of result		
Earnings per share (EPS), basic, continuing operations, EUR	0.42	0.60
Earnings per share (EPS), diluted, continuing operations, EUR	0.41	0.60
Earnings per share (EPS), basic, discontinued operations, EUR	0.03	–0.01
Earnings per share (EPS), diluted, discontinued operations, EUR	0.03	–0.01
Earnings per share, basic (EUR)	0.44	0.59
Earnings per share, diluted (EUR)	0.44	0.58

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3. Financial position

3.1. Property, plant and equipment

P A tangible asset is recognized in the balance sheet only if it is probable that future economic benefits associated with the asset will flow to the entity and its cost can be measured reliably.

Tangible assets (land, buildings and structures, machinery and equipment, other tangible assets) acquired by Group companies are stated at original acquisition cost less accumulated depreciation and accumulated impairment charges, except when acquired in connection with a business combination when they are measured at fair value at acquisition date less depreciation and impairment charges accumulated after the acquisition date.

The acquisition cost includes all expenditure attributable to bringing the asset to working condition. In addition to direct purchasing expenses it also includes other expenses related to the acquisition, such as duties, transport costs, installation costs and inspection fees,.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Major repairs may qualify for the capitalization criteria for subsequent expenditures. This is the case when the costs spent on the repair enhance the capacity of the asset or extends its useful life compared to its capacity or useful life before the repair. If not, subsequent expenditures are not capitalized in the balance sheet, but instead recognized as expenses in the profit or loss. Ordinary repair and maintenance expenditures are expensed to the profit or loss when incurred.

Tangible assets are subject to straight-line item-by-item depreciation during their estimated useful life. Land is not subject to depreciation.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Depreciation ceases when assets are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Assets classified as held for sale are carried at the lower of carrying value and fair value less costs to sell. Machinery and equipment held for rental that are routinely sold in the course of the Group's ordinary activities are transferred to inventories when they cease to be rented and become held for sale.

Gains and losses on disposed tangible assets are recognized in the profit or loss. Sales income from sold rental machinery and equipment is recognized in net sales and the costs related to the sales are recognized as material and service expenses. Sales gains from sold other tangible assets are recognized as other operating income and sales losses are recognized as other operating expenses.

E The estimated useful lives per asset category as follows:

- Buildings, structures and land improvements 10–30 years
- Machinery and equipment for own use 3–10 years
- Other tangible non-current assets 3–8 years
- Itemized rental machinery, fixtures and equipment
  - Lifting and loading equipment 8–15 years
  - Light equipment 3–8 years
  - Modules and site equipment 10–15 years
- Non-itemized rental machinery, fixtures and equipment
  - Scaffolding 3–10 years
  - Formwork and supporting fixtures 3–10 years
  - Other non-itemized tangible assets 3–10 years

Impairment and impairment testing of non-current assets

P Non-current assets are reviewed regularly to determine whether there are any indications of impairment, i.e. whether any events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount for non-current assets is the higher of their fair value less cost to sell and their value in use. The value in use is determined by reference to discounted cash flows expected to be generated by the asset. The financial valuation models used for impairment testing require application of estimates.

A recognized impairment loss is reversed only if such changes of circumstances have occurred which have had an increasing effect on the recoverable amount compared to its amount when the impairment loss was recognized. Impairment losses may not, however, be reversed in excess of such a reversal amount which would cause the assets carrying value after the reversal to be higher than the carrying value it would have had if no impairment loss would have been recognized.

For machinery and equipment in rental use special attention is paid to utilization rate and in cases where the utilization rate is low the need for impairment is considered. An impairment loss is recognized when an asset's carrying amount is higher than its recoverable amount. Impairment losses are recognized in the profit or loss. Detailed information on impairment losses is presented in note 2.9.

Movement in property, plant and equipment 2018 (EUR 1,000)	Land	Buildings & structures	Machinery & equipment	Other tangible assets	Total
Historical cost on January 1	2,784	21,407	1,162,608	31,051	1,217,851
Exchange differences	–	-204	-20,466	-745	-21,415
Additions	699	4,450	167,692	3,194	176,035
Business combinations	230	1,087	25,257	–	26,574
Disposals	-66	-675	-42,131	-6,388	-49,259
Assets held for sale	–	-581	-65,035	-924	-66,541
Disposals of subsidiaries and businesses	–	–	-96,814	–	-96,814
Reclassifications*	–	-17	-37,001	638	-36,381
Historical cost on December 31	3,648	25,467	1,094,110	26,826	1,150,051
Accumulated depreciation and impairment charges on January 1	–	-10,675	-661,699	-20,710	-693,083
Exchange differences	–	121	11,558	539	12,218
Business combinations	–	-17	-11,757	–	-11,774
Disposals	–	558	42,584	5,840	48,982
Assets held for sale	–	430	30,527	578	31,535
Disposals of subsidiaries and businesses	–	–	42,132	–	42,132
Reclassifications*	–	2	48,084	-273	47,813
Depreciation	–	-2,284	-107,246	-2,809	-112,339
Accumulated depreciation and impairment charges on December 31	–	-11,865	-605,818	-16,834	-634,516
Carrying value on January 1	2,784	10,732	500,909	10,342	524,768
Carrying value on December 31	3,648	13,602	488,292	9,993	515,535

* Reclassifications include sold used rental machinery and equipment that is transferred to inventories when they become held for resale, as well as transfers of own production from inventories to tangible assets..

The impairment charges recognized in 2018 relate to the divestment of the Temporary Space business in Sweden, Finland, Norway and Denmark. Detailed information is presented in note 7.4.

Movement in property, plant and equipment 2017 (EUR 1,000)	Land	Buildings & structures	Machinery & equipment	Other tangible assets	Total
Historical cost on January 1	6,477	27,748	1,095,840	29,174	1,159,239
Exchange differences	-283	-1,029	-19,999	-529	-21,840
Additions	1,452	4,566	153,198	3,820	163,035
Business combinations	–	–	277	–	277
Disposals	–	-1,316	-11,639	-3,673	-16,628
Disposals of subsidiares and businesses	-4,862	-8,432	–	–	-13,294
Reclassifications	–	-129	-55,069	2,260	-52,938
Historical cost on December 31	2,784	21,407	1,162,608	31,051	1,217,851
Accumulated depreciation and impairment charges on January 1	–	-10,122	-632,736	-21,047	-663,905
Exchange differences	–	354	12,115	476	12,945
Disposals	–	1,188	11,637	3,642	16,467
Disposals of subsidiares and businesses	–	203	–	–	203
Reclassifications	–	47	50,005	-1,055	48,997
Depreciation	–	-2,346	-102,719	-2,725	-107,790
Accumulated depreciation and impairment charges on December 31	–	-10,675	-661,699	-20,710	-693,083
Carrying value on January 1	6,477	17,626	463,104	8,127	495,334
Carrying value on December 31	2,784	10,732	500,909	10,342	524,768

1.1. 1.1. 1.2. 1.3. 1.4. 1.5. 2. 2.1. 2.2. 2.3. 2.4. 2.5. 2.6. 2.7. 2.8. 2.9 2.10. 3. 3.1. 3.2. 3.3. 3.4. 3.5. 4. 4.1. 4.2. 4.3 4.4. 4.5. 4.6. 5. 5.1. 5.2. 6. 6.1. 6.2. 7 7.1. 7.2. 7.3. 7.4. 7.5. 7.6. 7.7. 7.8. 8. 8.1. 8.2. 8.3. 8.4.

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3.2. Goodwill and other intangible assets

P Goodwill

Goodwill is measured as the excess of the sum of consideration transferred, the amount of any non-controlling interests in the acquired entity, and the acquisition date fair value of any previous equity interest in the acquired equity over the fair value of the net identifiable assets acquired. It represents a consideration made by the acquirer in anticipation of future economic benefits from assets that cannot be individually identified and separately recognized as assets. Goodwill is not amortized, but instead it is subject to impairment testing procedure once a year, or more frequently if events or changes in circumstances indicate that it might be impaired. For this purpose goodwill is allocated to the cash-generating units "CGU" which it relates to. An impairment charge on goodwill is recognized in the consolidated income statement, if the impairment test shows that its carrying amount exceeds its estimated recoverable amount, in which case its carrying amount is written down to its recoverable amount. Thus, subsequent to its initial recognition, goodwill acquired in a business combination is carried at initial cost less any accumulated impairment charges recognized after the acquisition date. An impairment loss on goodwill is never reversed.

Other intangible assets

An intangible asset is recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the entity, and the cost can be measured reliably. They are carried at initial fair value at the date of acquisition less cumulative amortization and accumulated impairment charges.

Amortization ceases when an asset is classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Assets classified as held for sale are carried at the lower of carrying value and fair value less costs to sell.

Gains on sold intangible assets are recognized as other operating income, whereas losses are recognized as other operating expenses in the profit or loss.

Other intangible assets comprise software licenses, costs for IT-systems and development costs for new products. The initial cost comprises expenses directly attributable to the acquisition of the asset and other expenses associated with the development of the system.

In addition to the aforementioned categories, other intangible assets also include non-competition, customer and cooperation agreements, customer relationships and development costs for new products acquired and identified in business combinations.

E

The estimated useful lives per asset category are as follows:

- Software licenses and IT-systems 3–5 years
- Costs for development of new products 5 years
- Non-competition agreements 2–5 years
- Customer agreements and relationships 3–10 years
- Cooperation agreements 3–5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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Movement in goodwill and other intangible assets 2018 (EUR 1,000)	Goodwill	Other intangible assets	Other capitalized long-term expenditure	Total
Historical cost on January 1	140,011	47,417	32,137	219,565
Exchange differences	-2,947	-832	-113	-3,892
Additions	–	66	606	672
Business combinations	5,546	2,448	–	7,994
Disposals	-10,454	-14,445	-4,816	-29,715
Assets held for sale	-355	–	–	-355
Reclassifications	–	-42	-445	-487
Historical cost on December 31	131,801	34,612	27,369	193,782
Accumulated amortization and impairment charges on January 1	-5,351	-38,033	-17,720	-61,105
Exchange differences	2	729	51	781
Disposals	–	10,591	2,448	13,039
Assets held for sale	–	–	–	–
Reclassifications	–	45	447	493
Amortization	–	-3,012	-4,235	-7,247
Accumulated amortization and impairment charges on December 31	-5,349	-29,681	-19,010	-54,040
Carrying value on January 1	134,660	9,383	14,417	158,460
Carrying value on December 31	126,451	4,931	8,359	139,742

The impairment charges recognized in 2018 relate to the divestment of the Temporary Space business in Sweden, Finland and Norway. Detailed information is presented in note 7.4.

Movement in goodwill and other intangible assets 2017 (EUR 1,000)	Goodwill	Other intangible assets	Other capitalized long-term expenditure	Total
Historical cost on January 1	143,931	51,327	29,993	225,251
Exchange differences	-4,104	-1,750	-4	-5,858
Additions	–	189	2,528	2,718
Business combinations	184	236	–	420
Disposals	–	-2,850	-143	-2,993
Reclassifications	–	264	-236	27
Historical cost on December 31	140,011	47,417	32,137	219,565
Accumulated amortization and impairment charges on January 1	-5,432	-38,130	-13,522	-57,084
Exchange differences	81	1,259	-14	1,326
Disposals	–	2,850	158	3,008
Reclassifications	–	-166	166	–
Amortization	–	-3,846	-4,509	-8,355
Accumulated amortization and impairment charges on December 31	-5,351	-38,033	-17,720	-61,105
Carrying value on January 1	138,499	13,197	16,471	168,167
Carrying value on December 31	134,660	9,383	14,417	158,460

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Impairment testing of goodwill

Goodwill is allocated to groups of cash-generating units (CGUs). Ramirent's management has defined the following CGUs to which goodwill is allocated: Finland, Sweden, Norway, Baltics and Europe Central. The goodwill allocated to CGUs is set out in the table below.

Allocation of goodwill to cash–generating units (CGUs) (EUR 1,000)	2018	2017
Sweden*	54,726	64,319
Finland	27,444	22,380
Norway	23,511	26,711
Baltics	10,298	10,298
Europe Central	10,474	10,550
Total	**126,451**	**134,258**

* Safety Solutions Jonsereds AB is included in Sweden segment figures

The goodwill is recorded in local currencies and currency exchange rate fluctuations affect the amounts of goodwill in euros. The recoverable amount of each CGU is determined by using the discounted cash flow (DCF) method.

E In the impairment testing the estimates for the 2019 cash flows are based on the budget for the year 2019. The cash flow estimates projected for years 2020–2023 are based on management's views on the growth and profitability of business.

In the long term the EBIT margin used in the testing varies from 15% to 18%. The revenue/capital ratio of approximately 100% is used for testing on a Group level. The medium term growth varies between 2.0%–2.5% p.a. depending on each country's medium term growth and inflation expectations. The long term growth is estimated to be 2.0 % p.a. for all CGUs. It reflects both the expected growth and inflation in the operating country. The capital structure of CGU's used in the calculations reflects the target capital structure of Ramirent Group.

The most important assumptions, in addition to the future cash flow estimates, are those made on the weighted average cost of capital (WACC), which is used in discounting the future cash flows. The cost of capital also includes the risk-free interest rates and risk premiums in the different countries where the CGUs are operating. Debt/equity ratio of 30% / 70% has been used in the DCF-calculations. The elements affecting the WACC are Ramirent's capital structure, equity beta, the CGU specific cost of equity and the cost of interest-bearing debt.

There are not any significant changes in the discount rates (pre-tax WACC) used in year 2018 impairment testing, compared to the year 2017 testing.

The principal assumptions used in the year 2018 and 2017 impairment tests are set forth in the below two tables.

Year 2018 impairment test	Sweden	Finland	Norway	Baltics	Europe Central
Growth in net sales *)	2.8%	2.7%	0.6%	4.1%	4.6%
Long–term growth	2.0%	2.0%	2.0%	2.0%	2.0%
Average EBIT margin 2019–2023	16.7%	15.7%	13.1%	22.8%	22.4%
WACC (after tax)	7.8%	7.9%	7.8%	9.8%	8.2%
WACC (pre–tax)	9.6%	9.4%	9.6%	12.0%	9.8%

*) Average growth in net sales (2019–2023) p.a.

Year 2017 impairment test	Sweden	Finland	Norway	Baltics	Europe Central
Growth in net sales *)	2.9%	2.6%	1.2%	4.1%	3.5%
Long–term growth	2.0%	2.0%	2.0%	2.0%	2.0%
Average EBIT margin 2018–2022	16.1%	16.0%	13.3%	20.5%	19.6%
WACC (after tax)	7.8%	7.9%	7.8%	9.9%	8.2%
WACC (pre–tax)	9.6%	9.5%	9.6%	11.4%	9.9%

*) Average growth in net sales (2018–2022) p.a.

The impairment test has been done on the assets as per October 31, 2018. The previous impairment test was done as per October 31, 2017.

Based on the impairment tests for 2018 and 2017, the recoverable amounts of the CGUs are higher than their carrying amounts for all units.

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Sensitivity analysis

The main element of uncertainty connected with impairment testing is the management's assumption on future EBIT level for each CGU. The outcome of future year EBIT is in turn dependent on the outcome of the estimated future net sales and the EBIT %.

The EBIT margins used in the terminal period in the impairment testing are based on management assessment of long term growth and profitability. In all the recoverable amount exceeds the carrying amount and no impairment has been recognized. The amount by which the recoverable amount exceeds the carrying amount is over 40 % for all CGUs.

The below tables show the required decline of estimated future free cash flow and the increase in discount rate per segment which would cause the recoverable amount of a CGU to equal the carrying amount of that CGU.

Decline of free cash flow	2018	2017
Sweden	-39,4%	-37.2%
Finland	-52,1%	-51.5%
Norway	-20,8%	-19.4%
Baltics	-28.0%	-22.0%
Europe Central	-46.3%	-39.8%

Free cash flow comprises of EBIT added by depreciation and amortization deducted by ordinary replacement investments and change in working capital.

Increase in discount rate (pre–tax), percentage–point	2018	2017
Sweden	5.1%	4.7%
Finland	8.5%	8.0%
Norway	1.8%	1.8%
Baltics	4.2%	2.7%
Europe Central	6.8%	5.3%

3.3. Inventories

P Inventories are valued at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Cost is determined using the weighted average cost formula. The cost is defined as all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Inventories comprise assets that are held for sale in the ordinary course of business, or in the form of materials or supplies to be sold or consumed in the rendering of services. The main categories of assets treated as inventories are products for sale, used rental machinery & equipment as well as fuel, spare parts, accessories and materials to be consumed in the rendering of services.

Inventories (EUR 1,000)	2018	2017
Products for sale	12,452	11,360
Spare parts and accessories to be consumed in rendering of services	2,253	1,358
Carrying value on December 31	**14,705**	**12,718**

3.4. Provisions

P A provision is recognized when
- there is a present obligation (legal or constructive) as a result of a past event,
- it is probable that a future outflow of resources embodying economic benefits will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

The most common provisions that the Group has are restructuring provisions. They are recognized only when general recognition criteria for provisions are fulfilled and the Group has a detailed formal plan about the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and appropriate timeline. Recognized provisions relate mainly to reorganizing of non-profitable businesses and optimizing of customer centre structure and are disaggregated into provisions for termination benefits, terminated lease agreement for premises and rental machinery and other restructuring costs. Other provisions include also environmental provisions related to sold properties in Sweden.

Provisions recognized in 2018 relate mainly to restructuring of network of hubs and customer centers in Norway. The provisions recognized in 2017 relate mainly to restructuring measures in Sweden and Denmark.

Carrying value on December 31 (EUR 1,000)	2018	2017
Non-current provisions	2,626	2,563
Current provisions	3,186	2,634
Total	**5,812**	**5,197**

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Movements in provisions per category 2018 (EUR 1,000)	Termination benefits	Leases of premises	Other provisions	Total
Provisions on January 1	852	2,941	1,404	5,197
Provisions made during the period	1,112	3,650	357	5,118
Provisions used during the period	-40	-83	-1	-124
Provisions reversed during the period	-793	-2,585	-923	-4,301
Exchange rate differences	8	-26	-60	-78
Provisions on December 31	**1,139**	**3,896**	**776**	**5,812**
Expected timing of outflows				
During 2019	1,139	1,924	123	3,186
During 2020	–	492	–	492
During 2021	–	340	–	340
During 2022	–	475	–	475
Later	–	664	654	1,318
Total	**1,139**	**3,896**	**776**	**5,812**

Movements in provisions per category 2017 (EUR 1,000)	Termination benefits	Leases of premises	Other provisions	Total
Provisions on January 1	461	1,514	448	2,423
Provisions made during the period	1,061	2,415	1,219	4,695
Provisions used during the period	-497	-615	-252	-1,365
Provisions reversed during the period	-189	-333	–	-521
Exchange rate differences	17	-40	-12	-35
Provisions on December 31	**852**	**2,941**	**1,404**	**5,197**
Expected timing of outflows				
During 2018	839	1,316	539	2,694
During 2019	13	569	423	1,005
During 2020	–	371	–	371
During 2021	–	383	–	383
Later	–	302	442	744
Total	**852**	**2,941**	**1,404**	**5,197**

3.5. Trade payables and other current liabilities

(EUR 1,000)	2018	2017
Trade payables	39,436	40,271
Other current liabilities	19,941	15,273
Accrued expenses and deferred income	56,595	60,912
Advances received	144	101
Total	**116,116**	**116,557**

Breakdown of accrued expenses and deferred income (EUR 1,000)	2018	2017
Accrued interest expenses	5,234	4,772
Accrued employee–related expenses	29,231	28,328
Deferred income	80	1,352
Other items	22,050	26,460
Total	**56,595**	**60,912**

The short–term part of liabilities for the purchase price of acquired subsidiaries and business operations, EUR 3.7 (0.4) million are included in other liabilities in the above table.

1.1. 1.1. 1.2. 1.3. 1.4. 1.5. 2. 2.1. 2.2. 2.3. 2.4. 2.5. 2.6. 2.7. 2.8. 2.9 2.10. 3. 3.1. 3.2. 3.3. 3.4. 3.5. 4. 4.1. 4.2. 4.3 4.4. 4.5. 4.6. 5. 5.1. 5.2. 6. 6.1. 6.2. 7 7.1. 7.2. 7.3. 7.4. 7.5. 7.6. 7.7. 7.8. 8. 8.1. 8.2. 8.3. 8.4.

4. Capital structure and financial instruments

4.1. Financial assets

P Financial assets catekories

The Group's financial assets are classified in the following measurement categories: amortized cost and fair value through profit or loss. The classification depends on used business model for managing the financial assets and the contractual terms of the cash flows. Assets are classified as current assets, except for maturities over 12 months after balance sheet date, which are classified as non-current assets. Purchases and sales of financial assets are recognized on the settlement date (excluding derivatives, note 5.1.). Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Amortized cost category consist of cash & cash equivalents, trade receivables and loan receivables where the business model is to hold the asset to collect the contractual cash flows which represent only payments of principal and interest. Financial assets recognized at amortized cost are valued using the effective interest method. In year 2017 these items were classified as loans and receivables according to IAS 39.

Assets at fair value through profit or loss consists of unlisted equity investments and derivatives which do not meet criteria for hedge accounting. The category consist from unlisted Norwegian shares and an investment related to the CEO's voluntary pension plan. Gains or losses of the equity investments are included in financial income and expenses. Equity investments were classified as available for sale in 2017 according to IAS 39.

The Group did not have any assets classified as fair value through other comprehensive income during 2018.

Cash & cash equivalents

Cash and cash equivalents includes cash in hand, deposits held with banks, and other highly liquid investments with original maturities of three months or less. Any bank overdrafts are presented as interest–bearing liabilities.

Impairment

The general expected credit loss model is used for debt instruments carried at amortized cost at time of initial recognition of asset through profit and loss and additional impairment is recognized through profit or loss if there is evidence of deterioration in credit quality. The credit loss is recognized based on individual assessment of receivable. The simplified expected credit loss model is applied for trade receivables. Every business area uses a specific provision matrix for the trade receivables due to the different nature of the business area. The business area impairment process is based on historical credit loss experience combined with current conditions and forward looking macroeconomic analysis. The impairment or credit loss is recognized in the consolidated statement of income within other expenses. In 2017 the provision for impairment was recognized for receivables over 90 days overdue.

Cash and cash equivalents (EUR 1,000)	2018	2017
Cash and cash equivalents	10,292	6,896
Carrying value on December 31	**10,292**	**6,896**

The maximum exposure to credit risk is the carrying amount of the cash and cash equivalents. Note 5.1. sets out more information about credit risk. The impairment of the cash and cash equivalents has not been recognized because the amount is immaterial.

Trade and other receivables (EUR 1,000)	2018	2017
Trade receivables	106,884	114,966
Other financial receivables	79	144
Accrued income and prepaid expenses	19,545	15,475
Carrying value on December 31	**126,508**	**130,585**
Trade and other receivables excluding non-financial items	106,963	115,110

Due to the nature of short-term trade and other receivables their carrying amount is expected to be equal to their fair value. The maximum exposure to credit risk is the carrying amount of the trade and other receivables. Analysis of trade receivables by age, information about the impairment and credit losses are presented in Note 5.1., Financial risk management, section 'Credit risk'.

Non-current receivables

Ramirent's loans receivable are from the joint venture Fortrent. Fair values of loan receivable are not materially different from the carrying amounts which is also the maximum exposure to credit risk. The impairment of the loans receivable has not been recognized because the amount is immaterial. The other financial receivables consist of unlisted shares.

(EUR 1,000)	2018	2017
Non-current interest-bearing receivables (joint venture Fortrent)	8,694	10,153
Available-for-sale financial assets	–	89
Other non–current receivables	385	739
Carrying value on December 31	**9,079**	**10,981**

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4.2. Equity

Number of shares and share capital

The company's share capital on December 31, 2018, consists of 108,697,328 shares the counter–book value of which is EUR 0.2300 per share. The company has one class of shares, each share giving equal voting right of one vote per share. At the end of 2018, Ramirent Plc held 1,126,678 (551,603) own shares.

(EUR 1,000)	Number of outstanding shares (thousand)	Number of treasury shares (thousand)	Total number of shares (thousand)	Share capital
Carrying value on December 31, 2016	107,749	948	108,697	25,000
Directed share issue on February 16, 2017	247	-247	–	–
Directed share issue on August 23, 2017	149	-149	–	–
Carrying value on December 31, 2017	108,146	552	108,697	25,000
Directed share issue on March 13, 2018	25	-25	–	–
Purchase of treasury shares in June, 2018	-600	600	–	–
Carrying value on December 31, 2018	**107,571**	**1,127**	**108,697**	**25,000**

Authorization of the Board of Directors to repurchase the company's own shares

Ramirent's Board of Directors is authorized to decide on the repurchase of a maximum of 10,869,732 Company's own shares until the next Annual General Meeting. The authorization contains also an entitlement for the Company to accept its own shares as a pledge. The number of shares that can be acquired or held as pledges by the Company on the basis of this authorization shall not exceed one tenth (1/10) of all outstanding shares of the Company.

Own shares may be repurchased in deviation from the proportion to the holdings of the shareholders with unrestricted equity through trading of the securities on regulated market organized by Nasdaq Helsinki Ltd at the market price of the time of the repurchase provided that the Company has a weighty financial reason thereto.

The shares shall be acquired and paid in accordance with the Rules of Nasdaq Helsinki Ltd and Euroclear Finland Oy.

Shares may be repurchased to be used as consideration in possible acquisitions or in other arrangements that are part of the Company's business, to finance investments, as part of the Company's incentive program or to be retained, otherwise conveyed or cancelled by the Company.

The Board of Directors shall decide on all other terms of the share repurchase.

The share repurchase authorization is valid until the next Annual General Meeting and it revoked the repurchase authorization given by the Annual General Meeting on March 16, 2017.

Authorization of the Board of Directors to decide on the share issue and the issuance of option rights, convertible bonds and/or special rights

Ramirent's Board of Directors is authorized to decide on the issuance of a maximum of 10,869,732 new shares and on the conveyance of a maximum of 10,869,732 own shares held by the Company.

By virtue of the authorization the Board of Directors also has the right to grant option rights, convertible bonds and/or other special rights referred to in Chapter 10, Section 1 of the Companies Act, which entitle to new shares or the Company's own shares against payment in such a manner that the subscription price of the shares is paid in cash or by using the subscriber's receivable to set off the subscription price. New shares may be issued and the Company's own shares held by the Company may be conveyed either against payment or for free.

The Board of Directors shall decide on all other terms and conditions related to the authorizations. The authorizations shall be valid until March 17, 2021.

Directed share issues with own shares

On February 8, 2018, the Board decided, based on the share issue authorization granted by the AGM, to convey 24,925 of the company's own shares, held by the company, without cash payment to the key persons of the Group as a settlement of the Performance Share Program 2015. As the program was set to combine the objectives of the shareholders and the key persons of the Group in order to increase the value of the company, there was an especially weighty financial reason for the directed share conveyance.

The value of the issued shares, EUR 137,087.50, was recognized as an increase in the invested unrestricted equity fund.

Purchase of own shares

Based on the authorization by the Annual General Meeting held on March 15, 2018, Ramirent repurchased 600,000 own shares in June 2018.

On December 27, 2018, Ramirent announced a decision to repurchase up to 300,000 own shares based on the authorization by the Annual General Meeting held on March 15, 2018. In December, Ramirent repurchased 74,400 own shares. The clearing for these shares was on January 2, 2019.

Shareholders

On December 31, 2018	Number of shares	% of shares and voting rights
Nordstjernan AB	21,863,716	20.11%
Oy Julius Tallberg Ab	12,207,229	11.23%
Ilmarinen Mutual Pension Insurance Company	2,360,139	2.17%
Mandatum Life Insurance Company Limited	2,018,249	1.86%
Aktia Funds	1,274,962	1.17%
Ramirent Oyj treasury shares	1,126,678	1.04%
OP-Finland funds	679,354	0.62%
Föreningen Konstsamfundet rf	593,500	0.55%
The State Pension Fund of Finland	532,000	0.49%
Veritas Pension Insurance	486,368	0.45%
Other shareholders	65,555,133	60.31%
Total	**108,697,328**	**100.00%**

On December 31, 2017	Number of shares	% of shares and voting rights
Nordstjernan AB	21,863,716	20.11%
Oy Julius Tallberg Ab	12,207,229	11.23%
Ilmarinen Mutual Pension Insurance Company	2,304,905	2.12%
OP-Finland funds	2,022,802	1.86%
Aktia Funds	1,907,599	1.75%
Mandatum Life Insurance Company Limited	1,650,000	1.52%
Nordea Funds	922,150	0.85%
Föreningen Konstsamfundet rf	593,150	0.55%
Ramirent Oyj treasury shares	551,603	0.51%
The State Pension Fund of Finland	532,000	0.49%
Other shareholders	64,142,174	59.01%
Total	**108,697,328**	**100.00%**

Dividends

P The dividend proposed by Ramirent's Board of Directors is included in retained earnings in the consolidated balance sheet. Retained earnings are reduced by the dividend payable only after it has been approved by the General Meeting of Shareholders.

The parent company's distributable equity on December 31, 2018, amounted to EUR 203,787,962.10 of which the net result from the financial year 2018 is EUR 10,785,661.58.

The Board of Directors has decided to propose to the Annual General Meeting 2019 that a dividend of EUR 0.46 (0.44) per share be paid based on the adopted balance sheet for the financial year ended on December 31, 2018.

The proposed dividend represents a 104% (75%) payout ratio for 2018 which is above Ramirent's long-term financial target to payout at least 50% of net profit in dividend. The proposed dividend is not reflected in the year 2018 financial statements.

The dividends paid in 2018 were EUR 0.44 per share totalling EUR 47,463,086.00.

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4.3. Financial income and expenses

Recognized in profit or loss (EUR 1,000)	2018	2017
Financial income		
Income from financial assets at fair value through profit or loss	91	81
Interest income from financial assets at amortized cost	248	302
Other financial income	308	277
Total	648	660
Financial expenses		
Interest expense for financial liabilities at amortized cost[1]	-5,781	-5,876
Interest rate derivatives, cash flow hedge accounted[2]	-892	-1,133
Currency forwards - interest element	-354	-524
Other financial expenses	-3,501	-4,112
Exchange gain rate and losses, net	-611	-1,360
Total	**-11,139**	**-13,005**
Total financial income and expenses	**-10,491**	**-12,345**
Exchange rate gains and losses included in financial income and expenses		
Financial instruments at amortized cost	-1,837	-3,907
Financial instruments at fair value through profit or loss[2]	1,226	2,548
Total	**-611**	**-1,360**

1 No interest rate costs were capitalized during 2018 (2017 EUR 21 thousand)

2 During 2018 ineffectiveness from cash flow hedge accounting was EUR -84 thousand (2017 EUR -67 thousand) as some of the interest rate swaps did not have a zero floor.

4.4. Financial liabilities

P Financial liabilities are classified either at amortized cost or fair value through profit or loss. For comparative period these were classified as loans and receivables. Financial liabilities measured at amortized cost are recognized initially at fair value, net of transaction costs, on the settlement date and subsequently measured at amortized cost using the effective interest method. Any difference between net proceeds and nominal amount is recognized as interest cost over the period of the borrowing, using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form a part of the cost of that asset. Financial liabilities at amortized cost consist from listed bond, committed liabilities from financial institutions, commercial papers, bank overdrafts and from other liabilities. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Financial liabilities measured at fair value through profit or loss are recognized initially and subsequently at fair value. Any related transaction cost is recognized directly to profit or loss. Financial liabilities at fair value through profit and loss consist from contingent consideration. Accounting policy for derivative financial liabilities is presented at note 5.1. Financial liabilities are included in non-current liabilities, except for items with maturities less than 12 months after the balance sheet date, which are included in current liabilities. A financial liability is derecognized when the related obligation is discharged, cancelled or expires.

Bank overdrafts are recorded in current liabilities on the balance sheet. Fees of revolving credit facility are capitalized and amortized over the period of the facility.

The fair values of the listed bonds are driven from market quotations. The fair values of other interest-bearing liabilities at amortized cost are determined by using the discounted cash flow method employing market interest rates and estimation of Ramirent's credit margins at the balance sheet date.

Financial liabilities (EUR 1,000)	2018	2017
Non-current liabilities		
Listed bond	–	99,789
Committed liabilities from financial institutions	74,827	74,770
Non-current portion of contingent consideration	279	3,110
Other non-current liabilities	1,085	1,449
Total	**76,191**	**179,118**
Of which interest-bearing	74,827	174,559
Current liabilities		
Listed bond	99,961	–
Overdrafts	1,089	2,273
Commercial papers	185,000	168,000
Current portion of contingent consideration	3,260	–
Trade payables	39,436	40,271
Other current liabilities	426	444
Accruals	5,022	4,527
Total	**334,195**	**215,515**
Of which interest-bearing	286,052	170,273

The fair values of financial liabilities can be found in Note 4.5. Ramirent's interest-bearing liabilities, contractual cash flows and exposure to interest rate risk are disclosed in Note 5.1., Financial risk management.

Listed bond issues	Issued/Maturity	Interest basis	Interest rate, %	Currency	Nominal amount	ISN-code
	21.03.2013/21.03.2019	Fixed	4.3750	EUR	100,000,000	FI000051040

4.5. Financial assets and liabilities by measurement categories

P The Group classifies financial assets and liabilities according to the following IFRS 9 categories. Impact from prospective adaption of IFRS 9 for financial assets and liabilities classification at transition, used classification groups under IFRS 9 during 2018 and comparative years classification groups according to IAS 39 are presented next page. Accounting policies, classification criterias for financial assets and liabilities and other information information relating to financial assets and liabilities can be found in Notes 4.1. and 4.4.

1.1. 1.1. 1.2. 1.3. 1.4. 1.5. 2. 2.1. 2.2. 2.3. 2.4. 2.5. 2.6. 2.7. 2.8. 2.9 2.10. 3. 3.1. 3.2. 3.3. 3.4. 3.5. 4. 4.1. 4.2. 4.3 4.4. 4.5. 4.6. 5. 5.1. 5.2. 6. 6.1. 6.2. 7 7.1. 7.2. 7.3. 7.4. 7.5. 7.6. 7.7. 7.8. 8. 8.1. 8.2. 8.3. 8.4.

1. 1.1 1.2. 1.3. 1.4. 1.5. 2. 2.1. 2.2. 2.3. 2.4. 2.5. 2.6. 2.7. 2.8. 2.9 2.10. 3. 3.1. 3.2. 3.3. 3.4. 3.5. 4. 4.1. 4.2. 4.3 4.4. 4.5. 4.6. 5. 5.1. 5.2. 6. 6.1. 6.2. 7 7.1. 7.2. 7.3. 7.4. 7.5. 7.6. 7.7. 7.8. 8. 8.1. 8.2. 8.3. 8.4.

Balance sheet item 2018 (EUR 1,000)	Amortized cost	Fair value through profit or loss	Derivatives, hedge accounting	Carrying amount	Fair value	Level
Non-current financial assets						
Non-current receivables	8,694	–	–	8,694	8,694	2
Derivative financial instruments	–	–	–	–	–	2
Other financial assets	–	385	–	385	385	2, 3
Current financial assets						
Trade and other financial receivables[1]	106,963	–	–	106,963	106,963	2
Derivative financial instruments	–	406	–	406	406	2
Cash and cash equivalents	10,292	–	–	10,292	10,292	2
Financial assets	**125,949**	**792**	**–**	**126,740**	**126,740**	
Non-current financial liabilities						
Interest-bearing liabilities						
Liabilities from financial institutions	74,827	–	–	74,827	74,827	2
Derivative financial instruments	–	–	1,304	1,304	1,304	2
Non-current portion of contingent consideration	–	279	–	279	279	3
Other non-current liabilities	1,085	–		1,085	1,085	2
Current financial liabilities						
Interest-bearing liabilities	–	–	–	–	–	
Bond	99,961	–	–	99,961	100,884	1
Liabilities from financial institutions	1,089	–	–	1,089	1,089	2
Commercial papers	185,000	–	–	185,000	185,000	2
Derivative financial instruments	–	1	–	1	1	2
Current portion of contingent consideration	–	3,260	–	3,260	3,260	3
Trade and other payables	39,436	–	–	39,436	39,436	2
Accruals and other current liabilities	5,449	–	–	5,449	5,449	2
Financial liabilities	**406,846**	**3,540**	**1,304**	**411,690**	**412,613**	

1 excluding non-financial items

1.1. 1.1. 1.2. 1.3. 1.4. 1.5. 2. 2.1. 2.2. 2.3. 2.4. 2.5. 2.6. 2.7. 2.8. 2.9 2.10. 3. 3.1. 3.2. 3.3. 3.4. 3.5. 4. 4.1. 4.2. 4.3 4.4. 4.5. 4.6. 5. 5.1. 5.2. 6. 6.1. 6.2. 7 7.1. 7.2. 7.3. 7.4. 7.5. 7.6. 7.7. 7.8. 8. 8.1. 8.2. 8.3. 8.4.

Balance sheet item 2017 (EUR 1,000)	Loans and receivables	Assets/ liabilities at fair value through profit or loss	Derivatives, hedge accounting	Available -for-sale financial assets	Total carrying amount	Fair value	Level
Non-current financial assets							
Non-current receivables	10,153	–	–	–	10,153	10,153	2
Derivative financial instruments	–	–	39	–	39	39	2
Other financial assets	–	189	–	89	278	278	2, 3
Current financial assets							
Trade and other financial receivables[1]	115,110	–	–	–	115,110	115,110	2
Derivative financial instruments	–	13	–	–	13	13	2
Cash and cash equivalents	6,896	–	–	–	6,896	6,896	2
Financial assets	**132,159**	**202**	**39**	**89**	**132,489**	**132,489**	
Non-current financial liabilities							
Interest-bearing liabilities							
Liabilities from financial institutions	74,770	–	–	–	74,770	74,770	2
Bond	99,789	–	–	–	99,789	104,344	1
Derivative financial instruments	–	–	519	–	519	519	2
Non-current portion of contingent consideration	–	3,110	–	–	3,110	3,110	3
Other non-current liabilities	1,449	–	–	–	1,449	1,449	2
Current financial liabilities							
Interest-bearing liabilities							
Liabilities from financial institutions	2,273	–	–	–	2,273	2,273	2
Commercial papers	168,000	–	–	–	168,000	168,000	2
Derivative financial instruments	–	288	–	–	288	288	2
Current portion of contingent consideration							3
Trade and other payables	40,271	–	–	–	40,271	40,271	2
Accruals and other current liabilities	4,971	–	–	–	4,971	4,971	2
Financial liabilities	**391,523**	**3,399**	**519**	**–**	**395,441**	**399,996**	

1 excluding non-financial items

During the year 2018 there were no transfers between Level 1 and Level 2 fair value measurements. The changes into and out of Level 3 fair value measurements are presented at the end of the note. During the financial period there were no financial assets classified in the 'Fair value through other comprehensive income' category.

Interest-bearing liabilities at level 1 consist of listed bond. The fair value of other financial instruments are not materially different from their carrying amount. Category assets at fair value through profit or loss include unlisted shares of EUR 88.1 thousand for which the fair value cannot be reliably determined in active markets.

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On the date of initial application of IFRS 9 standard, 1 January 2018, the financial instruments of the company were the following:

Balance sheet item (EUR 1,000)	IAS 39 Measurement Category on December 31, 2017	IFRS 9 Measurement Category	Carrying Amount IFRS 9	IAS 39	Diff.
Non-current financial assets					
Non-current receivables	Loans and receivables	Amortized cost	10,153	10,153	–
Derivative financial instruments	Derivatives, hedge accounting	Derivatives, hedge accounting	39	39	–
Derivative financial instruments	Financial assets at fair value through profit or loss	Fair value through profit or loss	–	–	–
Other financial assets	Available-for-sale financial assets	Fair value through profit or loss	89	89	–
Other financial assets	Financial assets at fair value through profit or loss	Fair value through profit or loss	189	189	
Current financial assets					
Trade and other receivables[1]	Loans and receivables	Amortized cost	115,110	115,110	–
Derivative financial instruments	Derivatives, hedge accounting	Derivatives, hedge accounting	–	–	–
Derivative financial instruments	Financial assets at fair value through profit or loss	Fair value through profit or loss	13	13	–
Cash and cash equivalents	Loans and receivables	Amortized cost	6,896	6,896	–
Non-current financial liabilities					
Interest-bearing liabilities	Loans and receivables	Amortized cost	174,559	174,559	–
Derivative financial instruments	Derivatives, hedge accounting	Derivatives, hedge accounting	519	519	–
Derivative financial instruments	Financial liabilities at fair value through profit or loss	Fair value through profit or loss	–	–	–
Non-current portion of contingent consideration	Liabilities at fair value through profit or loss	Fair value through profit or loss	3,110	3,110	–
Other non-current liabilities	Loans and receivables	Amortized cost	1,449	1,449	–
Current financial liabilities					
Interest-bearing liabilities	Financial liabilities measured at amortized cost	Amortized cost	170,273	170,273	–
Derivative financial instruments	Derivatives, hedge accounting	Derivatives, hedge accounting	–	–	–
Derivative financial instruments	Financial liabilities at fair value through profit or loss	Fair value through profit or loss	288	288	–
Trade and other payables	Loans and receivables	Amortized cost	40,271	40,271	–
Other current liabilities	Loans and receivables	Amortized cost	4,971	4,971	–

1 Excluding non-financial items

Following the adoption of IFRS 9 as of January 1, 2018, available-for-sale financial assets were reclassified as financial assets measured at fair value through profit or loss. Ramirent adopted an expected credit loss impairment model for recognizing impairment on trade receivables. The effect of the adoption of IFRS 9, EUR -0.3 million, was recognized as a transition adjustment to the opening equity

During the year 2017 there were no transfers between Level 1 and Level 2 fair value measurements.

Financial instruments that are measured at fair value in the balance sheet are presented according to fair value measurement hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted price included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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(EUR 1,000)	2018	2017
Carrying value January 1	3,110	3,902
Exchange differences	-125	-83
Payments	–	-1,823
Discount interest recognized in financial expenses	554	1,114*
Carrying value December 31	**3,539**	**3,110**

*Additional non-cash interest costs of EUR 0.8 million were recognized in 2017 due to a change in the redemption schedule of the non-controlling shareholders' shares of Safety Solutions Jonsereds AB

Change in fair values of contingent considerations

Cost of a business combination includes in certain acquisitions also a contingent consideration, which is recognized at fair value. Subsequent changes in fair value are recognized in profit or loss. The management's assessment of the fair value of contingent consideration liability is based on acquisition specific agreed terms and time value of money. Typically contingent consideration is based on financial performance of the acquired business during the pre–agreed measurement period.

4.6. Reconciliation of movements of liabilities to cash flows arising from financing activities

(EUR 1,000)	2017	Cash flow	Non cash flow related changes: Reclassifi-cations	Exchange differences	Fair value changes	Other changes	2018
Non-current interest-bearing liabilities	174,559	–	-99,789	–	–	56	74,827
Current interest-bearing liabilities	170,273	15,817	99,789	–	–	173	286,052
Total	**344,832**	**15,817**	**–**	–	**–**	**229**	**360,878**

5. Risk management

5.1. Financial risk management

Financial risk management principles

Ramirent is subject to certain financial risks in its business activities. Main financial risks are foreign exchange rate risk, interest rate risk, funding and liquidity risks, counterparty risk and credit risk. In order to control those financial risks and to reduce their adverse effects on the business activities, assets and liabilities and results, Ramirent has adopted financial risk management principles which are described in the Finance Policy approved by the Board of Directors.

The Finance Policy defines financial risk management principles for the risks which have been concluded to have the most potential impact on the Group. It also provides an overall framework for the financial activities of the Ramirent Group, with the aim of setting objectives, and defines the strategy of managing the financial risks, as well as clarifies the organizational assignment of risk management responsibilities (management of the risks delegated within the Group and the roles and responsibilities to manage the risks).

According to Ramirent's Finance Policy financial risk management strives to secure sufficient funding for operational needs and to minimize the funding costs and the effects of foreign exchange rate, interest rate and other financial risks cost-effectively. The policy outlines the financing and financial risk management responsibilities covering also the use of financial instruments to hedge the selected risk exposures and acceptable risk levels.

Ramirent's Board of Directors has the overall responsibility for establishing norms and guidelines for Ramirent's financial risk exposure. The operative management, namely the CEO and CFO, controls that the risk management has been conducted in an appropriate way in the Group.

The overall operative financial risk management has been centralized to the Group Treasury of Ramirent. Group Treasury acts as the in-house bank and is, in general, the counterparty for all financial transactions within the Group and externally. Group Treasury is responsible for implementation of the Finance Policy and monitoring the financial risks of the Group. Ramirent's Group Treasury is responsible for managing Group level foreign exchange, interest rate, liquidity and funding risks in close cooperation with the business entities.

The management of Ramirent business entities is responsible for monitoring the financial risk exposures and managing the financial risks of the business entities according to the Finance Policy and other instructions given by Group Treasury.

1. 1.1 1.2. 1.3. 1.4. 1.5. 2. 2.1. 2.2. 2.3. 2.4. 2.5. 2.6. 2.7. 2.8. 2.9 2.10. 3. 3.1. 3.2. 3.3. 3.4. 3.5. 4. 4.1. 4.2. 4.3 4.4. 4.5. 4.6. 5. 5.1. 5.2. 6. 6.1. 6.2. 7 7.1. 7.2. 7.3. 7.4. 7.5. 7.6. 7.7. 7.8. 8. 8.1. 8.2. 8.3. 8.4.

Foreign exchange rate risk

Ramirent is an international Group operating in Northern, Eastern and Central European countries. The sales and rental income of the business entities accrue predominantly in their local currency. The purchases of the Group companies are mainly in local currency and partly in euros, while the major part of investment arises in euros. The Group is also exposed to foreign exchange risks through intra-group purchases and sales, internal funding and net investments in foreign currency entities.

Transaction risk

Ramirent's policy is to reduce the effects of foreign exchange rate fluctuations on the Group. This is done by spreading the purchases, sales and financial contracts over time and fixing the rates of major exposures for certain periods of time.

The largest transaction exposures derive from foreign currency purchases and intra-group funding. Due to Ramirent's size of business operations in Sweden and Norway, it is exposed to foreign exchange rate risks mainly caused by the fluctuations of the Swedish Krona (SEK) and the Norwegian Krona (NOK) especially in intra-group funding. In 2018, all Ramirent's outstanding interest-bearing liabilities were in Euros.

In 2018, Group Treasury has hedged the exposures externally with foreign exchange forward contracts. On December 31, 2018, Ramirent had outstanding foreign exchange forwards of EUR 43.9 (58.3) million (nominal value) with a market value of EUR 0.4 (-0.3) million. Transaction position does not have impact to equity as the group has not applied cash flow hedge accounting.

The Group's exposure to foreign currency risk as of December 31 is stated in the attached table and is based on notional amounts. Net exposure includes all external and internal balance sheet items which will impact to transaction position and related hedging transactions. The following table also demonstrates the sensitivity of the Group's profit for the year to changes of +/–10% in exchange rates resulting from financial instruments.

Group's consolidated transaction exposure 2018 (EUR 1,000)	EUR	SEK	NOK	DKK	PLN	Other
Internal funding	228	-16,694	33,950	2,168	-6	7,097
Other balance sheet items	-4,130	-345	-0	-1	-28	-361
Hedges	–	14,627	-29,151	–	–	1
Net exposure	**-3,902**	**-2,412**	**4,799**	**2,168**	**-34**	**6,737**
+/-10%	390	241	480	217	3	674

Group's consolidated transaction exposure 2017 (EUR 1,000)	EUR	SEK	NOK	DKK	PLN	Other
Internal funding	523	24,780	31,470	5,435	-2,320	6,614
Other balance sheet items	-2,687	-458	-21	-4	-37	-485
Hedges	–	-26,920	-28,963	–	2,394	–
Net exposure	**-2,164**	**-2,598**	**2,486**	**5,431**	**37**	**6,129**
+/-10%	216	260	249	543	4	613

Translation risk

Translation risk arises from the fact that, the financial needs of Group companies are funded partly through equity. In addition, the parent company provides internal funding in local currencies. Ramirent has decided not to hedge currently the foreign exchange rate risk associated with net investment exposures. The impact of translation risk from currencies to Group's financial position is not considered significant. Main translation positions are SEK 171.5 (180.3) million, PLN 58.3 (47.2) million and NOK 47.1 (57.2) million. The group does not have net investment loans outstanding.

Interest rate risk

Ramirent is exposed to interest rate risk mainly through its interest-bearing debt. The interest rate risk exposure represents the uncertainty of profit of a company due to changes in interest rates. To reduce the interest rate risk affecting Ramirent's profitability, interest rates are fixed for certain periods of time and fixing dates are spread over time.

The interest rate risk is minimized when the Group's interest rate position of financial instruments is neutralizing the interest rate sensitivity. The duration (average interest fixing period) for the Group's consolidated net borrowing is used to measure the interest rate risk exposure.

Group Treasury is responsible for interest rate risk management in Ramirent Group. Guideline of the interest rate risk exposure management in Ramirent's Finance Policy is that the periods of interest rates shall be diversified. Interest rate swaps and swaptions may only be used to fix the floating rate of underlying loans. Ramirent applies hedge accounting for all interest rate derivatives. The average interest rate fixing period of interest-bearing debt on December 31, 2018, was 18.2 months and the hedging level for variable rate loans was 71%. Group Treasury is responsible for monitoring and updating the estimated interest rate benchmark position of Ramirent.

On December 31, 2018, Ramirent had outstanding interest rate swaps of EUR 155.0 (115.0) million (nominal value) with a market value of EUR -1.3 (–0.5) million.

1.1. 1.1. 1.2. 1.3. 1.4. 1.5. 2. 2.1. 2.2. 2.3. 2.4. 2.5. 2.6. 2.7. 2.8. 2.9 2.10. 3. 3.1. 3.2. 3.3. 3.4. 3.5. 4. 4.1. 4.2. 4.3 4.4. 4.5. 4.6. 5. 5.1. 5.2. 6. 6.1. 6.2. 7 7.1. 7.2. 7.3. 7.4. 7.5. 7.6. 7.7. 7.8. 8. 8.1. 8.2. 8.3. 8.4.

The Group's exposure to Interest rate risk as of December 31 was as follows, based on notional amounts:

Exposure to interest rate risk as of December 31, 2018 (EUR 1,000)	2018	2019	2020	2021	2022	2023	Later
Interest bearing liabilities							
Bond (fixed rate)	99,961	–	–	–	–	–	–
Loans from financial institutions (floating rate)	75,915	74,883	74,939	74,995	–	–	–
Commercial papers (floating rate)	185,000	–	–	–	–	–	–
Interest bearing loan receivables (floating rate)	8,694	7,694	–	–	–	–	–
Interest rate hedges (swaps)	155,000	155,000	135,000	70,000	40,000	20,000	–

Exposure to interest rate risk as of December 31, 2017 (EUR 1,000)	2017	2018	2019	2020	2021	2022	Later
Interest bearing liabilities							
Bond (fixed rate)	99,789	99,961	–	–	–	–	–
Loans from financial institutions (floating rate)	77,043	74,827	74,883	74,939	74,995	–	–
Commercial papers (floating rate)	168,000	–	–	–	–	–	–
Interest bearing loan receivables (floating rate)	10,153	–	–	–	–	–	–
Interest rate hedges (swaps)	115,000	115,000	115,000	95,000	30,000	–	–

Sensitivity analysis

Impact from 1% parallel increase in EUR interest rates would have been -0.6 (-0.8) million impact to profit and loss or 2.3 (2.6) million to equity. Correspondingly impact from 1% parallel decrease in EUR interest rates would have been -0.4 (-0.2) million impact to profit or loss and -4.8 (-2.5) million to equity. Sensitivity analyses includes all interest bearing liabilities, interest rate swaps and receivables except cash and cash equivalents. Cash and cash equivalents are not included into analyses as the interest rate change does not necessarily have full impact to profit or loss. Hedging of intra-group foreign currency loan receivables by using foreign exchange forwards impacts the Group's financial income and expenses to some extent due to interest rate differences between hedged currency nominated receivables and EUR.

December 31, 2018 (EUR 1,000)	Profit or loss		Equity (Other comprehensive income)	
	1 percentage point increase	1 percentage point decrease	1 percentage point increase	1 percentage point decrease
Variable rate instruments	-1,804	-	-	-
Interest rate swaps	1,195	-400	2,342	-4,801
Cash flow sensitivity (net)	**-609**	**-400**	**2,342**	**-4,801**

December 31, 2017 (EUR 1,000)	Profit or loss		Equity (Other comprehensive income)	
	1 percentage point increase	1 percentage point decrease	1 percentage point increase	1 percentage point decrease
Variable rate instruments	-1,646	0	-	-
Interest rate swaps	837	-200	2,604	-2,491
Cash flow sensitivity (net)	**-809**	**-200**	**2,604**	**-2,491**

The testing for the equity change was carried out by re-pricing the future interest flows of the outstanding interest rate swap agreements with one percentage point higher/lower rate than interest rates prevailing at the reporting date by net present value method. The applicable zero floors in interest rate swaps have been taken into consideration in the sensitivity analysis.

1. 1.1 1.2. 1.3. 1.4. 1.5. 2. 2.1. 2.2. 2.3. 2.4. 2.5. 2.6. 2.7. 2.8. 2.9 2.10. 3. 3.1. 3.2. 3.3. 3.4. 3.5. 4. 4.1. 4.2. 4.3 4.4. 4.5. 4.6. 5. 5.1. 5.2. 6. 6.1. 6.2. 7 7.1. 7.2. 7.3. 7.4. 7.5. 7.6. 7.7. 7.8. 8. 8.1. 8.2. 8.3. 8.4.

Funding risk

Funding risk is the risk that refinancing of the existing debt portfolio and/or raising new funding will not be available, or is available at a high price. The aim is to minimize Ramirent's refinancing risk by spreading debt and debt facility maturities over time and by securing refinancing early enough.

Ramirent's goal is to secure the availability of sufficient funding for conducting its various operations at all times. A further goal is to minimize funding costs over time. According to the Finance Policy, Ramirent shall use multiple sources of funding to secure its long-term financing at favourable terms. The goal is that no single financial institution shall provide more than 50% of the total funding of the Group. According to the Finance Policy, in the long term perspective Ramirent shall not be obliged to amortize during any one year more than 30% of the total interest-bearing debt, and if such situations occur, the Group Treasury is obliged to start negotiations to alter this structure no later than eighteen months before the planned amortization.

As of the end of 2018, Ramirent had funding from a drawn committed term loan in total of EUR 75.0 million and committed revolving credit facilities in total of EUR 320.0 million under two different agreements with financial institutions and undrawn committed term loan facility in total of EUR 50.0 million with European Investment Bank. Ramirent issued an inaugural unsecured senior bond of EUR 100.0 million in 2013. In addition, an uncommitted EUR 250.0 million domestic commercial paper program was used in 2018.

The average maturity of the committed debt facilities as of December 31, 2018, was 2.6 years. Ramirent's borrowing facilities with financial institutions will mature in 2020, 2022, 2023 and 2024. The bond will mature in 2019.

As at December 31, 2018, Ramirent was in compliance with all covenants and other terms of its debt instruments.

(EUR 1,000)	2018	2017
Cash & cash equivalents	10,292	6,896
Committed undrawn revolving credit facilities from financial institutions, > one year	320,000	320,000
Committed undrawn term loan facility from financial institutions, > one year	50,000	50,000
Repayments of current portion of loans	-186,089	-170,273
Total	**194,203**	**206,624**
Uncommitted facilities - commercial paper	250,000	250,000
Uncommitted facilities - overdrafts	16,500	17,600

Liquidity risk

Liquidity risk is the risk that existing funds and borrowing facilities become insufficient to meet the Group's business needs or high extra costs are incurred for arranging them. The objective of the liquidity risk management in Ramirent Group is to minimize the risk by having a well-balanced liquidity reserve to hedge against foreseen and unforeseen liquidity requirements. The parent company raises most of Ramirent's interest-bearing debt centrally. Ramirent seeks to reduce liquidity risk by keeping sufficient amount of credit facilities available. Ramirent's liquidity risk is reduced also by efficient cash management procedures and cash management structures such as cash pools and overdraft facilities. In the long-run, the principal source of liquidity is expected to be cash flow generated by the operations.

Ramirent's Finance Policy states that liquidity reserves shall equal at minimum 8% of the forecasted rolling 12-month net sales or EUR 50 million, whichever of the two is higher, plus the total outstanding amount of the commercial papers, to cover the operative and risk liquidity requirement. In addition, there shall be a strategic liquidity reserve that management of the Ramirent Group estimates for the foreseeable future. Top management shall constantly review the optimal level of the strategic liquidity requirement to allow the company to react effectively.

The liquidity reserve should be available within three banking days, without paying any extra fee, penalty or similar cost at any time. At year-end 2018, Ramirent had EUR 194.2 (206.6) million or 27.3 (28.6)% of net sales of committed liquidity reserves readily available.

1.1. 1.1. 1.2. 1.3. 1.4. 1.5. 2. 2.1. 2.2. 2.3. 2.4. 2.5. 2.6. 2.7. 2.8. 2.9 2.10. 3. 3.1. 3.2. 3.3. 3.4. 3.5. 4. 4.1. 4.2. 4.3 4.4. 4.5. 4.6. 5. 5.1. 5.2. 6. 6.1. 6.2. 7 7.1. 7.2. 7.3. 7.4. 7.5. 7.6. 7.7. 7.8. 8. 8.1. 8.2. 8.3. 8.4.

The table below summarizes the contractual maturities of financial liabilities and including interest payments at balance sheet date:

December 31, 2018 (EUR 1,000)	2019	2020	2021	2022	2023	Later	Total
Interest-bearing liabilities							
Repayment of bond	-100,000	–	–	–	–	–	-100,000
Repayments of loans from financial institutions	-1,089	–	–	-75,000	–	–	-76,089
Commercial papers	-185,000	–	–	–	–	–	-185,000
Total interest charges	-5,533	-1,238	-1,425	-1,613	–	–	-9,808
Contingent considerations	-3,260	–	-279	–	–	–	-3,539
Accounts payable and other non-interest bearing liabilities-	-39,862	-542	-542	–	–	–	-40,947
Derivatives							
Currency forward contracts, outflow	-43,956	–	–	–	–	–	-43,956
Currency forward contracts, inflow	44,362	–	–	–	–	–	44,362
Interest rate swaps, outflow	-477	-401	-245	-132	-46	-2	-1,304
Total	**-334,816**	**-2,181**	**-2,492**	**-76,744**	**-46**	**-2**	**-416,281**
Committed unused revolving credit facilities	–	145,000	–	–	175,000	–	320,000
Committed undrawn bilateral facility	–	–	–	–	–	50,000	50,000

December 31, 2017 (EUR 1,000)	2018	2019	2020	2021	2022	Later	Total
Interest-bearing liabilities							
Repayment of bond	–	-100,000	–	–	–	–	-100,000
Repayments of loans from financial institutions	-2,273	–	–	–	-75,000	–	-77,273
Commercial papers	-168,000	–	–	–	–	–	-168,000
Total interest charges	-5,524	-2,022	-1,238	-1,425	-58	–	-10,267
Contingent considerations		-2,642		-889	–	–	-3,531
Accounts payable and other non-interest-bearing liabilities	-40,715	-444	-592	-592	–	–	-42,343
Currency forward contracts, outflow	-58,187	–	–	–	–	–	-58,187
Currency forward contracts, inflow	57,911	–	–	–	–	–	57,911
Interest rate swaps, outflow	-170	-170	-111	-23	-6	–	-480
Total	**-216,958**	**-105,279**	**-1,940**	**-2,928**	**-75,064**	**–**	**-402,170**
Committed unused revolving credit facilities	–	–	145,000	–	175,000	–	320,000
Committed undrawn bilateral facility	–	–	–	–	–	50,000	50,000

1. 1.1 1.2. 1.3. 1.4. 1.5. 2. 2.1. 2.2. 2.3. 2.4. 2.5. 2.6. 2.7. 2.8. 2.9 2.10. 3. 3.1. 3.2. 3.3. 3.4. 3.5. 4. 4.1. 4.2. 4.3 4.4. 4.5. 4.6. 5. 5.1. 5.2. 6. 6.1. 6.2. 7 7.1. 7.2. 7.3. 7.4. 7.5. 7.6. 7.7. 7.8. 8. 8.1. 8.2. 8.3. 8.4.

Credit risk

Operational credit risk

Credit risk is defined as the possibility of a customer not fulfilling its commitments towards Ramirent. The Group has a Credit Risk Management Principle that sets the guidelines for credit management in all Group companies. According to the Group Credit Risk Management Principle, the operative management of each operating Ramirent entity is responsible for setting specific local procedures to evaluate and manage credit risk. The Group Credit Risk Management Principle identifies occasions when a customer can be classified as a high risk–profile customer for which Ramirent applies stricter terms such as lower credit limit amounts. To decrease credit risk, customers may be required to place securities or guarantees.

Customer credit risks are diversified as Ramirent's sales are generated by a large number of customers. Thus there was no major customer credit risk concentration at the end of financial year 2018. The quality of receivables is evaluated by the aging of the receivables and based on customer specific analysis.

The carrying amount of financial assets represents the maximum credit exposure.

Excepted credit loss rates are based on forward-looking information as well as past experience and current expectations.

Group has identified the statistics for the previous 12 month period for actual losses occurred, recovery rates and averaged days late, as well as rental market outlook for the future and current customer payment culture in the countries, to be the most relevant factors. Factors adjust the historical loss rates accordingly.

The expected credit loss allowance is calculated by multiplying the gross carrying amount of outstanding trade receivables with the expected default rate.

Analysis of trade receivables by age December 31, 2018	Gross carrying amount, (EUR 1,000)	Expected loss rate, %	Loss allowance (EUR 1,000)
Undue trade receivables	80,621	0.1-0.25%	157
Trade receivables 1–30 days overdue	22,268	1.0-2.0%	326
Trade receivables 31–90 days overdue	4,720	5.0-10.0%	470
Trade receivables 91–180 days overdue	1,566	75.0-95.0%	1,441
Trade receivables 181–360 days overdue	1,525	90.0-97.0%	1,475
Trade receivables more than 360 days overdue	4,413	95.0-100%	4,359
Total	**115,113**		**8,229**

Analysis of trade receivables by age January 1, 2018	Gross carrying amount, (EUR 1,000)	Expected loss rate, %	Loss allowance (EUR 1,000)
Undue trade receivables	83,741	0.25%	209
Trade receivables 1–30 days overdue	26,139	1.0-2.0%	398
Trade receivables 31–90 days overdue	5,062	5.0-10.0%	456
Trade receivables 91–180 days overdue	1,854	85.0%	1,576
Trade receivables 181–360 days overdue	1,906	90.0%	1,721
Trade receivables more than 360 days overdue	5,043	95.0%	4,734
Total	**123,747**		**9,094**

The movement in the allowance for bad debt in respect of trade receivables during the year was as follows:

(EUR 1,000)	2018	2017
Allowance for bad debt on January 1	–9,094	–7,969
Exchange rate differences	147	–12
Increase during the financial year	–3,530	–5,318
Decrease due to actual credit losses during the financial year	1,939	2,753
Decrease due to customer payments during the financial year	1,177	1,766
Reclassified as assets held for sale	1,134	–
Net movement of allowance for bad debt during the financial year	**866**	**–811**
Allowance for bad debt on December 31	**–8,229**	**–8,780**

1.1. 1.1. 1.2. 1.3. 1.4. 1.5. 2. 2.1. 2.2. 2.3. 2.4. 2.5. 2.6. 2.7. 2.8. 2.9 2.10. 3. 3.1. 3.2. 3.3. 3.4. 3.5. 4. 4.1. 4.2. 4.3 4.4. 4.5. 4.6. 5. 5.1. 5.2. 6. 6.1. 6.2. 7 7.1. 7.2. 7.3. 7.4. 7.5. 7.6. 7.7. 7.8. 8. 8.1. 8.2. 8.3. 8.4.

Financial counterparty risk

Financial counterparty risk is defined as the risk of banks or financial institutions not being able to fulfil their undertakings to the Ramirent Group. The financial counterparty risk is minimized by selecting instruments with a high degree of liquidity and counterparties with a high credit rating. Ramirent co-operates only with counterparties judged to be capable of meeting their undertakings to Ramirent.

Group Treasury manages the main part of the credit risk related to financial transactions and financial counterparties by having three to five main financial institutions and by efficient cash and financial asset management so that Ramirent does not have any major risk concentration in any financial counterparty.

Derivative financial instruments

P Derivative financial instruments are initially recognized at fair value on the trade date and are subsequently re-measured at their fair value on the balance sheet date. The fair values of foreign exchange forward and the interest rate swap contracts are calculated as the present values of the future cash flows. The fair value of all derivatives are calculated using the observable market inputs for currency and interest rates price quotation on the closing date. Derivative contracts are included in current assets or liabilities, except derivatives maturities greater than 12 months after the balance sheet date, which are classified as non-current assets or liabilities.

Foreign exchange forwards do not qualify for hedge accounting, although these instruments are held for economic hedging purposes. Changes in fair value of foreign exchange forwards are recognised in the statement of income in financial income and expenses.

Cash flow hedge accounting

The Group applies cash flow hedge accounting for interest rate swaps. At the inception of a transaction, the Company documents the economic relationship between hedging instrument and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis quarterly, 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 the changes in the fair value of the derivative financial instruments that are designated and qualified as cash flow hedges is recognized in the revaluation fund in equity. In cash flow hedges usually most of the critical terms in hedged item and hedging instruments are the same and the hedge ratio is 1:1. Any potential gains or losses relating to the ineffective portion is recognized immediately in the statement of income within financial expenses. Amounts accumulated in equity are reclassified in the statement of income in the periods when the hedged item affects the statement of income. Accrued interest of interest rate swaps hedging floating rate interest-bearing liabilities are recognized in profit or loss within financial expenses.

The main derivative instruments used by the company for the financial years 2018 and 2017 were interest rate and foreign currency derivatives. They have been used as hedging instruments in accordance with the company's finance policy.

Ramirent Group uses interest rate derivatives to reduce the volatility of interest expenses in the statement of income and to adjust the duration of the debt portfolio. Interest rate derivative agreements have been designated as hedges of forecasted transactions, i.e. cash flow hedges.

All the interest rate derivatives are directly linked to underlying funding transactions and they meet the qualifications for hedge accounting, and thus they are designated as cash flow hedges. Under cash flow hedging, Ramirent has predetermined the interest expense cash flow between 2019 and 2024.

Prospective effectiveness testing is conducted on a constant basis. The majority of cash flow hedges have been effective during 2018.

Gains and losses accumulated in other comprehensive income are recycled in the statement of income within financial income or expenses during the periods when the hedged item affects profit or loss. Movements in hedging reserve are presented in other comprehensive income. For 2018 interest rate hedge effect to other comprehensive income was EUR -0.6 (0.2) million after taxes.

1. 1.1 1.2. 1.3. 1.4. 1.5. 2. 2.1. 2.2. 2.3. 2.4. 2.5. 2.6. 2.7. 2.8. 2.9 2.10. 3. 3.1. 3.2. 3.3. 3.4. 3.5. 4. 4.1. 4.2. 4.3 4.4. 4.5. 4.6. 5. 5.1. 5.2. 6. 6.1. 6.2. 7 7.1. 7.2. 7.3. 7.4. 7.5. 7.6. 7.7. 7.8. 8. 8.1. 8.2. 8.3. 8.4.

December 31, 2018 (EUR 1,000)	Nominal value	Positive fair value	Negative fair value	Fair value net
Derivatives designated as cash flow hedges				
Interest rate swaps[1]	155,000	–	-1,304	-1,304
Non-hedge accounted derivatives				
Foreign exchange forwards	43,900	406	-1	406

1 The average paid fixed rate is 0,33%

December 31, 2017 (EUR 1,000)	Foreign exchange forwards	Positive fair value	Negative fair value	Fair value net
Derivatives designated as cash flow hedges				
Interest rate swaps[1]	115,000	39	-519	-480
Non-hedge accounted derivatives				
Foreign exchange forwards	58,277	13	-288	-276

1 The average paid fixed rate is 0,30%

Financial impact of netting for instruments subject to an enforcable master netting agreement

The Group has entered into master netting agreements with all of its derivative instrument counterparties.

		Offsetting derivative instruments		
December 31, 2018 (EUR 1,000)	Gross amount of recognized financial instruments	Related liabilities (–) or assets (+) subject to Master Netting Agreements	Collateral received (–) or given (+)	Net Exposure
Derivative assets	406	-406	–	–
Derivative liabilities	-1,304	406	–	-898

		Offsetting derivative instruments		
December 31, 2017 (EUR 1,000)	Gross amount of recognized financial instruments	Related liabilities (–) or assets (+) subject to Master Netting Agreements	Collateral received (–) or given (+)	Net Exposure
Derivative assets	39	-39	–	–
Derivative liabilities	-794	39	–	-756

5.2 Capital management

The targets of capital management in Ramirent have been adopted by the Board of Directors in the Finance Policy and in the strategic plan. Ramirent's target is to have a strong financial position that provides financial stability, relatively independently of the economic cycles and external financing possibilities. This enables Ramirent to make long-term business decisions and to act effectively over a business cycle. In addition the company is to earn a sustainable return that is higher than the market cost of its capital.

Ramirent aims to focus on capital efficient profitable growth in its core business – general equipment rental and related services. The objective of the Group strategy for 2018-2020 is to drive further profitability improvement by having a disciplined focus on profitable businesses, performance management, process excellence, capital efficiency and people leadership.

1.1. 1.1. 1.2. 1.3. 1.4. 1.5. 2. 2.1. 2.2. 2.3. 2.4. 2.5. 2.6. 2.7. 2.8. 2.9 2.10. 3. 3.1. 3.2. 3.3. 3.4. 3.5. 4. 4.1. 4.2. 4.3 4.4. 4.5. 4.6. 5. 5.1. 5.2. 6. 6.1. 6.2. 7 7.1. 7.2. 7.3. 7.4. 7.5. 7.6. 7.7. 7.8. 8. 8.1. 8.2. 8.3. 8.4.

Ramirent's financial targets:

Indicator	Target
EPS growth (CAGR)	double digit % 2018-2020
ROCE	16% by the end of 2020
Dividend payout ratio	> 50% of net profit
Net debt to EBITDA	< 2.5x at end of each fiscal year

On February 7, 2019 the Board decided to revise the financial target for Net debt/EBITDA ratio from <2.5x to < 2.8x at end of each fiscal year due to implementation of IFRS 16. All other financial targets remain unchanged.

Ramirent's business is capital intensive and the investments in new fleet and efficient use of existing fleet reflect the growth possibilities and the profitability. The amount of Ramirent's future capital expenditure depends on a number of factors, including general economic conditions and growth prospects. The business is cyclical, but if investments are halted, the effects on cash flow are relatively immediate. The timing and amount of investments are key factors in the achievement of the targeted capital structure.

Ramirent aims to pay an ordinary dividend each year that corresponds to at least 50% of the annual earnings per share. The Board has proposed that the Annual General Meeting in 2019 resolves in favour of paying a dividend of EUR 0.46 per share, which corresponds to 104% of the annual net profit. Total dividend distribution during the past 5 years corresponds with 110% of the accumulated net profit for the past five years.

In 2018 the Annual General Meeting adopted the Board's proposal that a dividend of EUR 0.44 per share be paid based on the adopted balance sheet for the financial year ended on December 31, 2017. The dividend totalled EUR 47,463,086.00 and it was paid in two installments. The first installment of EUR 0.22 per share was paid on April 4, 2018 for shareholders whose shares are registered in Euroclear Finland Oy and on April 5, 2018 for shareholders whose shares are registered in Euroclear Sweden AB. The second installment of EUR 0.22 per share was paid on October 3, 2018 for shareholders whose shares are registered in Euroclear Finland Oy and on October 4, 2018 for shareholders whose shares are registered in Euroclear Sweden AB.

Capital structure of the Group is reviewed by the Board on a regular basis. The Net Debt to EBITDA –ratio and other financial target measures are reviewed regularly.

The Net Debt to EBITDA -ratio as of December 31, 2018 and 2017 (EUR 1,000)	2018	2017
Interest–bearing liabilities	360,878	344,832
Cash and cash equivalents	-10,292	-6,896
Net debt	350,587	337,936
Earnings before interests, taxes, depreciation and amortization (EBITDA)	202,887	200,682
Net Debt to EBITDA	1.7x	1.7x

Reconciliation of net debt	2018	2017
Net debt at January 1	337,936	345,848
Decrease/(increase) in cash during the year	-3,395	-5,327
Repayments of non–current debt	–	-12,015
Borrowings and repayments of current debt (net)	15,817	9,847
Exchange rate differences	–	-585
Non–cash movements:		
Deferred costs of raising debt	229	168
Increase/(decrease) in net debt during the year	12,651	-7,912
Net debt at December 31	**350,587**	**337,936**

1. 1.1 1.2. 1.3. 1.4. 1.5. 2. 2.1. 2.2. 2.3. 2.4. 2.5. 2.6. 2.7. 2.8. 2.9 2.10. 3. 3.1. 3.2. 3.3. 3.4. 3.5. 4. 4.1. 4.2. 4.3 4.4. 4.5. 4.6. 5. 5.1. 5.2. 6. 6.1. 6.2. 7 7.1. 7.2. 7.3. 7.4. 7.5. 7.6. 7.7. 7.8. 8. 8.1. 8.2. 8.3. 8.4.

6. Income taxes

P Income taxes consist of current income taxes and deferred income taxes.

Current income taxes include income taxes for the current fiscal year as well as adjustments to the current income taxes for previous fiscal years in terms of tax expenses or tax refunds that had not been recognized in the prior year profit or loss. The income tax charge for the current fiscal year is the sum of the current income taxes recorded in each Group company, which are calculated on the company specific taxable income using the tax rates prevailing in the different countries where the Group companies are operating.

Deferred income taxes are calculated on all temporary differences between the carrying value and the tax bases of assets and liabilities. The main temporary differences arise from the depreciation difference on non-current assets, the measurement at fair value of derivative financial instruments, defined benefit pension plans, tax losses carried forward and the measurement at fair value in business combinations. Deferred income taxes are not recognized on subsidiary retained earnings to the extent that it is not probable that the timing difference will materialize in the foreseeable future.

Deferred income taxes are calculated using the country specific tax rates enacted or substantially enacted in local tax laws as at balance sheet date. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Income taxes on items recognized in other comprehensive income are also recognized in other comprehensive income.

6.1. Income taxes recognized in the statement of income

(EUR 1,000)	2018	2017
Current income tax for the year	-18,890	-12,325
Income tax for prior years	-133	793
Deferred income taxes	7,492	-2,065
Total income taxes	**-11,530**	**-13,597**

Reconciliation of income tax to the Finnish corporate income tax rate (EUR 1,000)		
Earnings before taxes (EBT)	56,397	78,393
Income tax at Finnish tax rate on profit before tax	-11,279	-15,679
Impact of different tax rate outside Finland	1,607	318
Impact of tax non-deductible expenses	-3,877	-1,303
Impact of tax exempt income	1,277	441
Income tax for prior years	-133	793
Impact of change in tax rates on deferred taxes	553	1,007
Impact on non-recognition of deferred income tax assets on current year losses	-	-149
Impact on recognition of deferred income tax assets recognized on prior years losses	-	227
Tax impact on dividend distribution	-750	-
Net results of joint venture and associated companies	120	198
Benefit arising from previously unrecognized tax losses used to reduce current tax expense	906	159
Effects of consolidation and eliminations	-	267
Other items	46	122
Total income taxes	**-11,530**	**-13,597**
Effective tax rate	-20.4 %	-17.3 %

Deferred tax assets and liabilities have been measured using the tax rates applicable on 2019 and onwards. Changes in tax rates have taken place in Norway and Latvia in 2018. In 2019 tax rate will change in Sweden and Norway.

Tax effects of components in other comprehensive income (EUR 1,000)	2018 Before taxes	2018 Tax	2018 After taxes	2017 Before taxes	2017 Tax	2017 After taxes
Translation differences	-9,327	–	-9,327	-8,643	–	-8,643
Actuarial gains/(losses) on defined benefit plans	-1,549	331	-1,218	-1,682	370	-1,312
Cash flow hedges	-737	147	-590	274	-55	219
Share of other comprehensive income in associates and joint ventures	-1,778	–	-1,778	-1,290	–	-1,290
Total	**-13,391**	**478**	**-12,913**	**-11,341**	**315**	**-11,026**

6.2. Deferred taxes

Movement in deferred tax assets in year 2018 (EUR 1,000)	Balance on Jan 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Acquisitions/ disposals	Reclassification	Balance on Dec 31
Tax losses carried forward	227	-34	–	-4	–	–	189
Fair value adjustments	551	161	147	–	–	–	859
Pension obligations	2,224	23	331	-112	–	–	2,466
Other temporary differences	3,205	924	–	-123	–	–	4,006
Total	**6,208**	**1,074**	**478**	**-239**	**–**	**–**	**7,521**
Effect of netting	-5,054						-6,483
Deferred tax assets reported in financial statements	1,154						1,038

Movement in deferred tax liabilities in year 2018 (EUR 1,000)	Balance on Jan 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Acquisitions/ disposals	Reclassification	Balance on Dec 31
Adjustments to fair value of non-current assets due to business combinations	11,926	-5,453	–	91	2,360	–	8,924
Accumulated depreciation in excess of plan	38,208	-3,196	–	-1,155	107	–	33,964
Other taxable temporary differences	2,907	2,231	–	-410	–	–	4,728
Total	**53,041**	**-6,418**	**–**	**-1,474**	**2,467**	**–**	**47,616**
Effect of netting	-5,054						-6,483
Deferred tax liabilities reported in financial statements	47,987						41,133

1.1. 1.1. 1.2. 1.3. 1.4. 1.5. 2. 2.1. 2.2. 2.3. 2.4. 2.5. 2.6. 2.7. 2.8. 2.9 2.10. 3. 3.1. 3.2. 3.3. 3.4. 3.5. 4. 4.1. 4.2. 4.3 4.4. 4.5. 4.6. 5. 5.1. 5.2. 6. 6.1. 6.2. 7 7.1. 7.2. 7.3. 7.4. 7.5. 7.6. 7.7. 7.8. 8. 8.1. 8.2. 8.3. 8.4.

1. 1.1 1.2. 1.3. 1.4. 1.5. 2. 2.1. 2.2. 2.3. 2.4. 2.5. 2.6. 2.7. 2.8. 2.9 2.10. 3. 3.1. 3.2. 3.3. 3.4. 3.5. 4. 4.1. 4.2. 4.3 4.4. 4.5. 4.6. 5. 5.1. 5.2. 6. 6.1. 6.2. 7 7.1. 7.2. 7.3. 7.4. 7.5. 7.6. 7.7. 7.8. 8. 8.1. 8.2. 8.3. 8.4.

Movement in deferred tax assets in year 2017 (EUR 1,000)	Balance on Jan 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Acquisitions/ disposals	Reclassification	Balance on Dec 31
Tax losses carried forward	2,388	-2,134	–	-27	–	–	227
Fair value adjustments	646	-40	-55	–	–	–	551
Pension obligations	1,904	–	370	-50	–	–	2,224
Other temporary differences	1,506	1,680	–	19	–	–	3,205
Total	**6,445**	**-494**	**315**	**-58**	**–**	**–**	**6,208**
Effect of netting	-5,867						-5,054
Deferred tax assets reported in financial statements	578						1,154

Movement in deferred tax liabilities in year 2017 (EUR 1,000)	Balance on Jan 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Acquisitions/ disposals	Reclassification	Balance on Dec 31
Adjustments to fair value of non-current assets due to business combinations	13,911	-1,034	–	-1,008	57	–	11,926
Accumulated depreciation in excess of plan	36,909	1,799	–	-500	–	–	38,208
Other taxable temporary differences	2,473	723	–	-289	–	–	2,907
Total	**53,293**	**1,488**	**–**	**-1,797**	**57**	**–**	**53,041**
Effect of netting	-5,867						-5,054
Deferred tax liabilities reported in financial statements	42,427						47,987

E The consolidated financial statements include deferred tax assets on tax losses carried forward in subsidiaries that have been loss-making in current or earlier financial periods. Group management has assessed the subsidiaries' potential to utilize these losses during the utilization period in each subsidiary. This assessment is based on the best available information of the future outlook in the subsidiaries. A deferred tax asset is not recognized in case there is not sufficient certainty about the subsidiaries' potential to utilize the losses. Total amount of unused tax losses for which no deferred tax asset is recognized is 3.2 (3.6 EUR) million.

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7. Group structure and consolidation principles

7.1. Consolidation principles

The accounting policies applied to the consolidated financial statements in general are described in this section.

P Subsidiaries

The consolidated financial statements include the parent company Ramirent Plc and all companies over which Ramirent has control. Being in control means the power to direct the activities of the company and ability to obtain benefits from these activities.

The group entities apply uniform accounting policies. The subsidiaries are listed in note 7.2.

The consolidated financial statements are prepared using the acquisition method of accounting, according to which the separately identified assets, liabilities and contingent liabilities of the acquired company are measured at their fair value at the date of acquisition.

The date of acquisition is the date when control is gained over the subsidiary. A subsidiary is consolidated from the date of acquisition until the date when the parent company loses control over the subsidiary. If control over the subsidiary is lost, the remaining investment is measured at fair value through profit or loss. In addition, amounts previously recognized in other comprehensive income in respect of the disposed subsidiary are reclassified to the profit or loss. If the parent company retains control, impacts from changes in ownership in a subsidiary are recognized directly in the Group's equity.

The difference between the acquisition cost, possible equity belonging to the non-controlling interests and the acquired company's net identifiable assets and liabilities measured at fair value is goodwill. It represents a consideration made by the acquirer in anticipation of future economic benefits from assets that cannot be individually identified and separately recognized as assets. Any contingent consideration will be measured at fair value and subsequently re-measured through profit or loss. All acquisition-related costs, such as professional fees, are expensed through the profit or loss. Non-controlling interest in the acquiree is measured acquisition-by-acquisition either at fair value or at value, which is equal to the proportional share of the non-controlling interest in the identifiable net asset acquired.

The net assets acquired are denominated in the functional currencies of the acquired subsidiaries and translated to the parent company's functional currency the euro at the exchange rates prevailing at the last day of the financial year. The result of this is that goodwill on all acquisitions measured in any other currency than the euro is subject to exchange rate differences, which causes fluctuation of goodwill and any fair value adjustment amount when translated to the parent company's functional currency the euro.

All internal transactions, balances and internal unrealized profits as well as internal distribution of profit are eliminated. Unrealized losses are eliminated in the same way as unrealized profits, but only to the extent that there is no evidence of impairment.

Foreign currency transactions and translation

The result and financial position of each individual Group company is measured in the currency of the primary economic environment in which the company is operating (functional currency). The consolidated financial statements are presented in euro, which is the functional currency of the Group's parent company Ramirent Plc.

The initial transactions in foreign currency are recorded in the functional currency at the exchange rates prevailing at the dates of the transactions. Receivables and liabilities denominated in foreign currencies are translated to functional currency by using the exchange rates prevailing at the reporting date. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies for operating items are recognized in other operating expenses in the statement of income, whereas those stemming from financing items are recognized in financial income and expenses in the statement of income.

The income statements of the Group's subsidiaries, whose functional currency is not the euro, are translated into euros based on the average exchange rate of the financial period. Their statements of financial position, with the exception of net result, are translated to euros at the exchange rates prevailing at the reporting date. The difference arising due to the consolidation process between the net result for the financial period in the consolidated statement of income and that in the consolidated balance sheet is recognized as translation differences in other comprehensive income and presented in translation differences in equity in the consolidated balance sheet. Exchange rate differences arising from the elimination of the acquired net assets of the foreign subsidiaries at the acquisition date are also recognized as translation differences in other comprehensive income and presented in translation differences in equity in the consolidated balance sheet. When a subsidiary is disposed, any translation difference relating to the disposed subsidiary and previously presented in equity is transferred to the statement of income as part of the gain or loss of the sale or liquidation.

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7.2. Subsidiaries

Subsidiaries December 31, 2018	Country	Nature of activity	Plc's direct holding	Group holding
Ramirent Internal Services AB	Sweden	Operating	100%	100%
Ramirent Shared Services AS	Estonia	Operating	100%	100%
Safety Solutions Jonsereds AB	Sweden	Operating	85.73%	85.73%
Ramirent Finland Oy	Finland	Operating	100%	100%
Rami Kalusto Oy	Finland	Operating	0%	100%
Koy Nummelanrinne	Finland	Real estate company	0%	100%
Ramirent AB	Sweden	Operating	100%	100%
Ramirent Safe Access AB	Sweden	Operating	0%	100%
Ramirent AS	Norway	Operating	100%	100%
Bautas AS	Norway	Dormant	0%	100%
Ramirent A/S	Denmark	Operating	100%	100%
Ramirent Baltic AS	Estonia	Operating	100%	100%
Ramirent AS Rigas filiale	Latvia	Operating	0%	100%
Ramirent AS Vilniaus filialas	Lithuania	Operating	0%	100%
Ramirent S.A.	Poland	Operating	100%	100%
Ramirent s.r.o.	Czech Republic	Operating	100%	100%
Ramirent spol. s.r.o.	Slovakia	Operating	100%	100%
To be divested in 2019				
Ramirent A/S	Denmark	Operating	100%	100%

7.3. Investments in associates and joint ventures

P Associated companies are entities over which Ramirent has significant influence but no control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Joint arrangements are arrangements in which Ramirent has joint control with one or more parties. Ramirent applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Ramirent has assessed the nature of its joint arrangements and determined them to be joint ventures.

Investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. Dividends received or receivable from associated companies and joint ventures are recognized as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity accounted investment equals or exceeds its interests in the entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the entity), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the entity. Acquisition related costs are included in the investment value for arrangements carried out before 2016. Starting from 2016 Ramirent applies the principles of IFRS 3 Business Combinations for joint operations that constitute a business. Acquisition related costs are expensed through profit or loss when incurred.

Accounting policies of the associated companies and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The share of the profit or loss from associated companies and joint ventures is presented separately in the consolidated statement of income. Ramirent's investment in associated companies and joint ventures includes goodwill identified on acquisition.

Joint ventures

Ramirent has two joint ventures: Fortrent Oy with subsidiaries operating in Russia and Ukraine and Fehmarnbelt Solution Services A/S in Denmark. Fehmarnbelt Solution Services A/S was established with Zeppelin Rental GbmH to serve the cross-border Fehmarnbelt tunnel construction project. As the project has been postponed the operations of Fehmarnbelt Solution Services A/S have not yet started.

(EUR 1,000)	2018	2017
Investments in joint ventures	6,444	7,785
Carrying value on December 31	6,444	7,785

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Information on joint ventures			Interest held	
Name of company	**Industry**	**Domicile**	**2018**	**2017**
Fortrent Oy	Equipment rental	Helsinki	50%	50%

(EUR 1,000)	2018	2017
Opening net assets	11,658	12,159
Result for the period	1,031	2,078
Other comprehensive income	-3,555	-2,579
Closing net assets	**9,134**	**11,658**
Interest in joint venture (50%)	4,567	5,829
Transaction costs	1,358	1,358
Carrying value December 31	**5,925**	**7,187**
Loans granted to Fortrent	**8,694**	**10,153**

Fortrent is the leading company in the construction machinery and equipment rental markets in Russia and Ukraine. Fortrent is owned and controlled jointly by Cramo Plc (50 percent) and Ramirent Plc (50 percent). Ramirent has classified its interest in Fortrent as a joint venture. Ramirent presents its share of the profit of the joint venture above EBIT using the equity method of accounting.

Summarized financial information on Fortrent is presented in the following table. Fortrent prepares its consolidated financial statements in accordance with IFRS and there are no major differences to Ramirent's accounting policies.

Summarized statement of financial position (EUR 1,000)	December 31, 2018	December 31, 2017
Non-current assets		
Goodwill	4,373	5,023
Intangible assets	2,548	3,666
Property, plant and equipment	19,945	21,630
Deferred tax assets	1,161	1,658
Total non-current assets	**28,027**	**31,977**
Current assets		
Cash and cash equivalents	387	447
Other current assets	4,758	6,129
Total current assets	**5,145**	**6,576**
Total assets	**33,172**	**38,553**
Non-current liabilities		
Interest-bearing liabilities	17,388	20,306
Other non-current liabilities (Deferred tax liability)	2,281	2,589
Total non-current liabilities	**19,669**	**22,895**
Current liabilities		
Other current liabilities	4,369	4,000
Total current liabilities	**4,369**	**4,000**
Total liabilities	**24,038**	**26,895**
Net assets	**9,134**	**11,658**

Summarized statement of comprehensive income (EUR 1,000)	Jan–Dec 2018	Jan–Dec 2017
Total sales	**29,889**	**32,226**
Materials and Services	-9,103	-8,963
Other expenses	-11,246	-11,754
Depreciation	-6,141	-6,980
Operating result before amortization (EBITA)	**3,400**	**4,529**
Amortization	-693	-788
Operating result (EBIT)	**2,707**	**3,741**
Interest income	28	78
Interest expense	-497	-604
Other financial income and expenses (net)	-680	-628
Earnings before taxes (EBT)	**1,558**	**2,588**
Income taxes	-527	-509
Result for the period	**1,031**	**2,078**
Other comprehensive income	-3,555	-2,580
Total comprehensive income	**-2,524**	**-502**

Fortrent had off balance commitments amounting to EUR 130 (269) thousand. Average number of personnel (FTE) was 318 (324).

Ramirent and Cramo announced in December 2017 that strategic options for their equally-held Russia and Ukraine-based joint venture company Fortrent would be explored. The review was completed in 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 recognized for 2018 total EUR 0.5 million. In 2018, Fortrent's total revenues amounted to EUR 29.9 million, whereof the share of Ukrainian business was EUR 2.4 million. The ownership of Fortrent will remain unchanged.

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7.4. Acquisitions and disposals

Acquisitions of subsidiaries and business operations executed in 2018 and 2017

On December 19, 2018, Ramirent announced the acquisition of the shares of Finnish based SRV Kalusto Oy and the signing of a long-term cooperation agreement on equipment rental and related services with SRV Group Plc. SRV Kalusto Oy has been acting as an internal equipment rental company in the SRV Group, covering approximately one quarter of SRV's equipment rentals and related services at the construction sites and has currently 33 employees. The deal between Ramirent and SRV Group Plc covers a significant share of SRV's annual equipment rentals. In 2017, the net sales of SRV Kalusto Oy amounted to approximately EUR 8 million. As part of the agreement, SRV Kalusto Oy's name changes to Rami Kalusto Oy.
No major acquisitions were executed in 2017.

A summary of the impact of acquisitions is presented below:

Consideration (EUR 1,000)	2018	2017
Cash	21,000	-
Total consideration	**21,000**	**-**

Recognized amounts of identifiable net assets acquired and liabilities assumed	2018	2017
Assets		
Non-current assets		
Property, plant & equipment		
Land	230	-
Buildings	1,070	-
Machinery & equipment	13,500	-
Intangible non-current assets	2,448	-
Current assets		
Cash	298	-
Other current assets	1,373	-
Total assets	**18,919**	**-**
Liabilities		
Deferred tax liabilities	-2,467	-
Interest-bearing liabilities	-	-
Non-interest-bearing liabilities	-999	-
Total liabilities	**-3,465**	**-**
Total identifiable net assets	**15,454**	**-**
Goodwill	**5,546**	**-**

Disposals of subsidiaries and business operations

P Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction and the sale is highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell. Depreciation ceases when assets are classified as held for sale. Non-current assets classified as held for sale and related liabilities are presented separately from other assets and liabilities in the balance sheet.

The result for discontinued operations is reported separately from the results for continuing operations in a separate line. The comparative information in the income statement is restated accordingly.

Disposals of subsidiaries and business operations executed in 2018 and 2017

On July 30, 2018 Ramirent announced the sale of its Temporary Space business to Procuritas Capital Investors VI Holding AB for an enterprise value of approximately EUR 53 million. The transaction was closed on November 1, 2018 and it resulted in write downs of non-current assets by EUR 29.9 million and transaction costs of EUR 1.4 million.

Details of the sale are presented below:

(EUR 1,000)	2018	2017
Total disposal consideration	53,568	-
Carrying amount of disposed net assets	-83,474	-
Transaction costs	-1,426	
Loss on disposal before income tax	**-31,332**	**-**

On December 3, 2018, Ramirent announced that it will divest its Danish equipment rental business to G.S.V. Materieludlejning A/S, Denmark's largest equipment rental company. The enterprise value of the transaction is approximately EUR 33 million. The transaction is estimated to be completed in the beginning of 2019. Following the divestment, the financial figures for the Danish operations are reported as discontinued operations and are not included in the financial figures for Ramirent's continuing operations in the financial statements for 2018. The comparative information has been restated accordingly. The transaction did not have any significant impact on Ramirent Group's financial result.

Statement of income of the discontinued operations (EUR 1,000)	2018	2017
Net sales	38,787	38,204
EBIT	4,140	-1,394
Total financial income and expenses	-46	-33
Earnings before taxes (EBT), discontinued operations	**4,094**	**-1,427**
Income taxes	-1,127	83
Result for the financial year, discontinued operations	**2,966**	**-1,344**

Cash flow of the discontinued operations (EUR 1,000)	2018	2017
Cash flow from operating activities	3,261	-797
Cash flow from investing activities	-6,581	-11,783
Cash flow from financing activities	-	-

Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operations as at December 31, 2018:

(EUR 1,000)	2018	2017
Assets classified as held for sale		
Intangible assets	355	-
Tangible assets	29,540	-
Current assets	8,038	-
Total assets of disposal group held for sale	**37,933**	**-**
Liabilities directly associated with assets classified as held for sale		
Deferred tax liabilities	1,440	-
Trade payables	1,183	-
Other non-interest bearing liabilities	3,375	-
Total liabilities of disposal group held for sale	**5,998**	**-**

On November 1, 2017, Ramirent finalized the agreement for the sale and lease back of the Norwegian real estate company C6 Invest AS. The company owns Ramirent's hub in Enebakk, Norway. The sales transaction resulted in a EUR 1.3 million capital gain that was recognized in 2017. The lease back agreement is interpreted as an operating lease.

7.5. Presentation of consolidated statement of income

IAS 1 Presentation of financial statements does not define "operating result". Ramirent presents operating result (EBIT) in the consolidated statement of income and has defined it as total of net sales and other operating income less costs of sales, selling, general and administrative costs. Gains and losses on disposal of businesses, the share of result in associates and joint ventures and impairment of goodwill are also included in the operating result. Foreign currency differences stemming from working capital items are included in the operating result.

7.6. Reconciliation of EBIT based on the nature of expenses

Reconciliation of key figures (EUR 1,000)	2018	2017
Net Sales	711,669	685,495
Other operating income	791	2,108
Materials and services	-242,125	-235,549
Employee benefit expenses	-173,522	-167,807
Other operating expenses	-94,364	-84,558
Share of result in associates and joint ventures	438	994
Depreciation, amortization and impairment charges	-135,999	-109,944
EBIT	**66,888**	**90,739**

7.7. New IFRS standards

Ramirent has not yet adopted the following standards or interpretations that the IASB has issued but are not yet effective. Ramirent will adopt them as from their effective dates, if the effective date is the same as the beginning of the financial year, or if the effective date is different, they will be adopted as from the beginning of the following financial year.

IFRS 16 Leases

Ramirent has adopted IFRS 16 "Leases" from January 1, 2019, using the modified retrospective approach which does not require restatement of the comparative periods. The cumulative impact of implementation is accounted for as an adjustment in the opening equity. IFRS 16 requires that lease contracts are recognized in the balance sheet as assets and interest bearing liabilities. Lease expenses in the income statement are replaced by depreciation and interest cost. Adoption of the new standard will have effect to many key figures, e.g. EBITDA and EBIT will increase, equity ratio and ROCE % will decrease and net debt and net debt to EBITDA will increase.

IFRS 16 increases significantly the amount of leases that are recognized as an asset and a liability in the lessee's balance sheet. Ramirent's operating leases relate mainly to premises and premises lease contracts form main part of the right of use asset in the balance sheet. The rest of the lease agreements relate to split-rental and re-rental agreements of rental machinery and leases of equipment and vehicles in own use. Short-term premises lease agreements and premises lease agreements with indefinite term and short termination period are included in the calculation of the right-of-use asset based on the estimated lease period. Other short-term leases and leases for which the underlying asset is of low value are not included in the calculation of the right-of-use asset and a lease liability. Split-rent and re-rent agreements are often short-term or include variable lease payments and such agreements are not included in the calculation. Ramirent has not identified any service contracts that include lease elements.

As at the reporting date Ramirent has non-cancellable operating lease commitments of EUR 88.0 million. Approximately 1-5% of these relate to payments for short-term and low value leases which are not capitalized but recognized on a straight-line basis as an expense in profit or loss. As the short term premises lease contracts as well as premises lease agreements with indefinite term and short termination period are included in the calculation of the right-of-use asset, the total amount to be capitalized will be higher than the current off balance lease commitment. According to the Group's impact analysis

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the amount to be capitalized as a right-of-use asset and a lease liability at the transition on January 1, 2019 will total approximately EUR 110 million. The impact on EBIT is estimated to be positive, EUR 1.4 million on annual basis.

Other changes or amendments to other published IFRS standards and IFRIC's will not have any material impact on Ramirent's financial reporting.

7.8. Exchange rates applied

Currency	Average rates 2018	Average rates 2017	Closing rates 2018	Closing rates 2017
CZK	25.6432	26.3272	25.7240	25.5350
DKK	7.4532	7.4387	7.4673	7.4449
NOK	9.6006	9.3286	9.9483	9.8403
PLN	4.2606	4.2563	4.3014	4.1770
SEK	10.2567	9.6369	10.2548	9.8438

8. Other notes

8.1. Related party transactions

Ramirent's related parties are the key management, joint ventures Fortrent Oy, Fehmarnbelt Solution Services A/S and one major shareholder, Nordstjernan Group. Key management consists of the members of the Board of Directors, the CEO and the members of the Group Executive Management Team. The list of subsidiaries is presented in note 7.2.

Employee benefits for key management (accrual basis) (EUR 1,000)	2018	2017
Short-term employee benefits	-3,209	-3,133
Termination benefits	-764	-
Post-employment benefits	-115	-115
Share-based payments	-867	-1,899
Total	**-4,955**	**-5,147**

Benefits paid to the Board members and the CEO (EUR 1,000)	2018	2017
Appleton, Kevin	-37	-37
Bengtsson, Erik	-24	-32
Bergh, Kaj-Gustaf	-37	-36
Carlsson, Ann	-35	-34
Frumerie, Anette	-	-8
Lundahl, Ulf	-74	-68
Lönnevall, Tobias	-42	-42
Paulsson, Mats O	-	-8
Renlund, Susanna	-47	-50
Kolunsarka, Tapio	-967	-653
Total	**-1,260**	**-966**

The employee benefits paid to the CEO in 2018 total EUR 967 (653) thousand. Benefits comprise of annual base salary and fringe benefits, EUR 484 (484) thousand, bonus for year 2017 368 (54) and a separate pension insurance, EUR 115 (115) thousand.

Employee benefits of CEO include a voluntary defined contribution pension plan. Company makes agreed annual payments to plan, which are invested to a Capital Redemption agreement. Payments to Capital Redemption agreement including return is presented as financial assets at fair value through profit or loss. Change in fair value is presented in financial items. These assets are pledged as security for the given pension promise. No separate agreement regarding early retirement has been made.

Company recognizes as annual pension cost the amounts paid to the plan and the obligation related to pension promise is presented as other non-current liabilities. The obligation is also effected by the changes in fair value of the Capital Redemption agreement, which are accounted for as an adjustment to pension cost, since obligation relates to defined contribution plan and investment including return are intended to fulfil the pension promise.

Post-employment benefits for the CEO, accrual basis

The post-employment benefits are included in the paid amount presented above.

(EUR 1,000)	2018	2017
Voluntary pension plan in Finland	-115	-115
Total pension plans	**-115**	**-115**

Ramirent did not have any other transactions than the above employee benefits with Key Management during years 2018 and 2017. There were no outstanding loan receivables from Key Management either on December 31, 2018, or December 31, 2017.

Transactions with and receivables from other related parties (EUR 1,000)	2018	2017
Companies owned by Nordstjernan Group		
Sale of rental services	56,777	58,927
Current receivables	7,702	11,032
Fortrent Oy		
Interest income	248	302
Non-current loan receivables	8,694	10,153

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8.2. Commitments and contingent liabilities

Off-balance sheet commitments on December 31, 2018 (EUR 1,000)	To secure own borrowings	To secure other own obligations	To secure third party obligations	Total
Suretyships	-	4,965	-	4,965

Off-balance sheet commitments on December 31, 2017 (EUR 1,000)	To secure own borrowings	To secure other own obligations	To secure third party obligations	Total
Suretyships	-	4,807	-	4,807

	2018	2017
Group Share of commitments in joint ventures	66	134

Committed investments at the end of 2018 totaled EUR 28.2 (23.7) million. The Group's obligations in terms of future minimum non-cancellable leasing payments are disclosed in note 2.7.

8.3. Disputes and litigations

Ramirent's management is not aware of any disputes and/or litigation processes that would significantly affect the company's operating performance and/or financial position in an adverse manner in case of negative outcomes from the company's point of view.

8.4. Events after the reporting period

On January 28, 2019, Ramirent Plc increased its domestic commercial paper programme to EUR 300 million. Previously the size of the programme was EUR 250 million. Within the programme, Ramirent can issue commercial papers having maturity of less than one year to finance Ramirent's working capital and other short-term funding needs.

On February 7, 2019, Ramirent Plc signed EUR 185 million syndicated credit facility agreement. The maturity of the revolving credit facility is five years with two one-year extension options. The credit facility will be used to re-finance a syndicated credit facility of EUR 145 million that was set to mature in 2020 and for general corporate purposes. After the re-financing, Ramirent has committed long-term senior credit facilities of EUR 485 million in total and a short-term unsecured bond of EUR 100 million. On 31 December 2018, Ramirent's net debt was EUR 350.6 million.

On February 7, 2019 the Board decided to revise the financial target for Net debt/EBITDA ratio from <2.5x to < 2.8x at end of each fiscal year due to implementation of IFRS 16. All other financial targets remain unchanged.

Profitability development by quarter

(Quarterly information presented in this table is unaudited)

		Full year 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full year 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Net sales	MEUR	711.7	188.6	178.6	177.0	167.5	685.5	189.7	175.5	164.9	155.3
Operating profit before depreciation and amorti-zation (EBITDA)	MEUR	202.9	42.2	61.6	52.2	46.8	200.7	53.2	59.9	46.8	40.9
	% of net sales	28.5%	22.4%	34.5%	29.5%	28.0%	29.3%	28.0%	34.1%	28.4%	26.3%
Operating profit before amortization (EBITA)	MEUR	90.5	16.9	22.2	28.2	23.2	98.6	26.7	33.7	21.9	16.3
	% of net sales	12.7%	9.0%	12.5%	15.9%	13.9%	14.4%	14.1%	19.2%	13.3%	10.5%
Operating profit (EBIT)	MEUR	66.9	14.3	5.2	26.2	21.2	90.7	24.7	31.8	19.9	14.4
	% of net sales	9.4%	7.6%	2.9%	14.8%	12.7%	13.2%	13.0%	18.1%	12.1%	9.3%
Profit before taxes (EBT)	MEUR	56.4	11.0	3.2	23.4	18.7	78.4	21.2	30.2	16.3	10.8
	% of net sales	7.9%	5.8%	1.8%	13.2%	11.2%	11.4%	11.2%	17.2%	9.9%	6.9%

Key financial figures by segment

(Quarterly information presented in this table is unaudited)

Net sales, MEUR	Full year 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full year 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Sweden	272.2	69.0	64.4	70.2	68.6	260.3	72.3	64.5	63.2	60.4
Finland	194.1	52.6	49.9	46.9	44.7	191.5	52.5	49.8	46.4	42.8
Eastern Europe	119.6	31.3	32.8	29.8	25.7	111.0	29.6	31.6	27.0	22.8
Norway	124.2	35.2	31.1	29.9	28.0	121.2	35.2	29.1	27.9	29.0
Eliminations of sales between segments	1.6	0.4	0.5	0.1	0.5	1.5	0.2	0.6	0.4	0.3
Total	**711.7**	**188.6**	**178.6**	**177.0**	**167.5**	**685.5**	**189.7**	**175.5**	**164.9**	**155.3**

EBITA (MEUR and % of net sales)	Full year 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full year 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Sweden	45.5	11.3	10.5	11.2	12.5	39.5	10.9	11.2	8.8	8.6
	16.7%	16.3%	16.4%	15.9%	18.2%	15.2%	15.1%	17.3%	13.9%	14.3%
Finland	25.2	6.9	6.1	6.8	5.5	26.5	6.9	9.2	6.6	3.8
	13.0%	13.0%	12.2%	14.6%	12.2%	13.9%	13.1%	18.5%	14.2%	9.0%
Eastern Europe	31.4	7.6	10.4	8.3	5.2	23.7	5.8	9.1	5.9	2.9
	26.3%	24.4%	31.6%	27.7%	20.0%	21.4%	19.7%	29.0%	22.0%	12.5%
Norway	−1.1	−3.1	−3.0	3.2	1.8	12.5	5.2	3.6	2.2	1.5
	−0.9%	−8.7%	−9.8%	10.6%	6.5%	10.3%	14.7%	12.4%	7.9%	5.3%
Unallocated items	−10.5	−5.8	−1.7	−1.3	−1.7	−3.7	−2.1	0.6	−1.6	−0.6
Group EBITA	90.5	16.9	22.2	28.2	23.2	98.6	26.7	33.7	21.9	16.3
	12.7%	9.0%	12.5%	15.9%	13.9%	14.4%	14.1%	19.2%	13.3%	10.5%

Operating Profit (EBIT) (MEUR and % of net sales)	Full year 2018	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Full year 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Sweden	35.2	10.4	2.7	10.4	11.7	36.4	10.1	10.4	8.1	7.8
	12.9%	15.1%	4.2%	14.8%	17.1%	14.0%	13.9%	16.2%	12.8%	12.9%
Finland	23.5	6.6	5.2	6.5	5.1	25.3	6.6	8.9	6.3	3.5
	12.1%	12.5%	10.5%	13.9%	11.5%	13.2%	12.5%	17.9%	13.5%	8.3%
Eastern Europe	31.0	7.5	10.2	8.2	5.1	23.5	5.7	9.1	5.9	2.8
	25.9%	24.1%	31.3%	27.3%	19.7%	21.2%	19.4%	28.8%	21.7%	12.4%
Norway	−10.1	−3.3	−10.5	2.5	1.2	10.0	4.5	3.0	1.6	0.8
	−8.1%	−9.3%	−33.6%	8.4%	4.1%	8.2%	12.8%	10.3%	5.8%	2.9%
Unallocated items	−12.7	−7.0	−2.5	−1.3	−1.9	−4.4	−2.2	0.4	−1.9	−0.7
Group EBIT	66.9	14.3	5.2	26.2	21.2	90.7	24.7	31.8	19.9	14.4
	9.4%	7.6%	2.9%	14.8%	12.7%	13.2%	13.0%	18.1%	12.1%	9.3%

Parent company financial statements –

Finnish Accounting Standards

Parent company statement of income (EUR)	Note	Jan–Dec 2018	Jan–Dec 2017
Net sales	2	**29,407,332.77**	**29,533,990.00**
Other operating income	3	36,246.16	31,434.48
Personnel expenses	4	–3,560,016.21	–3,373,328.04
Depreciation, amortization and impairment changes	5	–6,575,556.79	–4,619,656.55
Other operating expenses	6	–30,904,276.53	–27,043,968.78
Operating result		**–11,596,270.60**	**–5,471,528.89**
Financial income	7	18,623,480.52	20,280,111.57
Financial expenses	7	–13,809,109.44	–18,733,101.58
Total financial income and expenses	**7**	**4,814,371.08**	**1,547,009.99**
Result before appropriations and taxes		**–6,781,899.52**	**–3,924,518.90**
Appropriations	8	18,000,000.00	21,000,000.00
Income taxes	9	–432,438.90	–1,149,225.38
Profit for the year		**10,785,661.58**	**15,926,255.72**

Parent company statement of financial position (EUR)	Note	Dec 31, 2018	Dec 31, 2017
Assets			
Non-current assets			
Intangible assets	10	6,138,817.29	12,634,242.08
Tangible assets	11	139,503.24	176,495.19
Investments			
Investments in group companies	12	462,814,706.51	460,858,199.66
Investments in joint ventures	12	4,232,676.12	4,232,676.12
Other investments	12	297,191.84	188,479.84
Non-current receivables	13	120,269,730.24	120,686,639.90
Total non-current assets		**593,892,625.24**	**598,776,732.79**
Current assets			
Trade and other receivables	14	29,561,266.44	35,725,073.99
Cash and cash equivalents	15	9,216,924.09	5,921,563.74
Total current assets		**38,778,190.53**	**41,646,637.73**
Total assets		**632,670,815.77**	**640,423,370.52**
Equity and liabilities			
Equity			
Share capital	16	25,000,000.00	25,000,000.00
Invested unrestricted equity fund	16	116,565,235.97	116,428,148.47
Retained earnings	16	76,437,064.55	113,621,426.83
Profit for the financial year	16	10,785,661.58	15,926,255.72
Total equity		**228,787,962.10**	**270,975,831.02**
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	17	75,000,000.00	174,683,238.17
Non-current non-interest-bearing liabilities	17	492,233.76	188,479.80
Non-current liabilities total		**75,492,233.76**	**174,871,717.97**
Current liabilities			
Trade payables and other liabilities	18	10,080,727.51	12,402,709.04
Current interest-bearing liabilities	18	318,309,892.40	182,173,112.49
Current liabilities total		**328,390,619.91**	**194,575,821.53**
Total liabilities		**403,882,853.67**	**369,447,539.50**
Total equity and liabilities		**632,670,815.77**	**640,423,370.52**

Parent company statement of cash flow (EUR)	Jan–Dec 2018	Jan–Dec 2017
Cash flow from operating activities		
Earnings before taxes (EBT)	11,218,100.48	17,075,481.10
Adjustments:		
Depreciation, amortization and impairment	6,575,556.79	4,619,656.55
Group contribution	-18,000,000.00	-21,000,000.00
Financial income and expenses	-4,814,371.08	-1,547,009.99
Other adjustments	–	1,550.45
Cash flow from operating activities before change in working capital	**-5,020,713.81**	**-850,321.89**
Change in working capital		
Change in trade and other receivables	2,732,052.55	3,628,899.00
Change in non-interest-bearing current liabilities	-2,360,682.03	3,053,581.71
Cash flow from operating activities before interests and taxes	**-4,649,343.29**	**5,832,158.82**
Interest paid	-8,839,203.13	-9,835,662.94
Interest received	2,554,587.46	2,943,918.95
Income tax paid	-8,430.90	-1,149,225.38
Net cash flow from operating activities	**-10,942,389.86**	**-2,208,810.55**
Cash flow from investing activities		
Investments in subsidiaries	-1,956,506.85	-911,290.00
Investment in tangible and intangible non-current assets	-43,140.05	-2,093,837.45
Change in loans receivable	416,909.66	24,668,422.12
Dividends received	11,750,182.29	9,385,265.13
Net cash flow from investing activities	**10,167,445.05**	**31,048,559.80**
Cash flow from financing activities		
Acquisitions of own shares	-5,647,532.00	–
Borrowings and repayments of current liabilities (net)	36,180,923.16	14,837,019.12
Borrowings/repayments of non-current liabilities (net)	–	-12,628,291.00
Dividends paid	-47,463,086.00	-43,228,460.60
Group contributions paid and received (net)	21,000,000.00	18,000,000.00
Net cash flow from financing activities	**4,070,305.16**	**-23,019,732.48**
Net change in cash and cash equivalents during the financial year	**3,295,360.35**	**5,820,016.77**
Cash at the beginning of the period	5,921,563.74	101,546.97
Change in cash	3,295,360.35	5,820,016.77
Cash at the end of the period	**9,216,924.09**	**5,921,563.74**

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Notes to the parent company financial statements

1. Parent company business activities and accounting principles

General

Ramirent Plc is a Finnish public limited liability company organized under the laws of Finland and domiciled in Helsinki, Finland. The company's registered address is Tapulikaupungintie 37, FI-00750 Helsinki, Finland. The company is the parent company of the Ramirent Group and its shares are listed on the Nasdaq Helsinki (RAMI).

Ramirent Plc's business activities comprise acting as a holding company for Ramirent Group and providing Group internal administrative and other operative services to the subsidiaries.

The parent company's financial statements are prepared in accordance with Finnish Accounting Standards (FAS). They are presented in EUR.

Revenue recognition

Services rendered to subsidiaries are accounted for as revenues. The services include for example general management, HR, fleet management, IT-services and treasury. The revenues are reported at the actual/fair value of what has been received in cash or will be received in cash reduced by sales discounts, VAT and other taxes directly linked to the sales amount.

Management services are recognized in the period when the services are rendered to group companies.

Pension expenses

Pensions are arranged through an external pension insurance company. Pension expenses are recognized in profit or loss as personnel expenses when incurred. The Finnish statutory pension system is a defined contribution pension plan.

Financial income and expenses

Interest income, interest expenses and other costs related to interest-bearing liabilities are expensed in the statement of income on accrual basis.

Appropriations

Appropriations consist of Group contributions given to or received from the company's Finnish subsidiaries. Group contributions are recognized in accordance with Finnish tax regulations.

Income taxes

Income taxes consist of current income tax payable on the taxable profit in the financial year. They also include adjustments to the current income taxes for previous fiscal years in terms of tax expenses or tax refunds that had not been recognized in prior year the statement of income.

Deferred tax assets and liabilities and changes of them are not recognized in the balance sheet and the statement of income.

Intangible assets

Intangible assets (other intangible rights and other capitalized long-term expenditure) with a finite useful life are amortized over the estimated useful life on a straight-line basis. The estimated useful life is as follows:

- Software licenses and IT-systems: 3–5 years

Tangible assets

Tangible assets are stated at historical acquisition cost less accumulated amortization and accumulated impairment charges. Tangible assets that are leased by means of finance or operating leases are not recognized in the balance sheet.

Tangible assets are subject to straight-line item-by-item depreciation during their estimated useful life.

The estimated useful lives per asset category are as follows:

- Machinery and equipment for own use: 3–10 years

Shares in subsidiaries

Shares in subsidiaries are originally measured at cost. This cost includes potential acquisition related costs e.g. expert fees and transfer taxes. An impairment loss is recognized if value of subsidiary shares is decreased substantially and permanently.

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Trade receivables

Trade receivables are carried at initial value less estimated allowance for credit losses.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, deposits held at call with banks and other short-term highly liquid financial investments with a maturity shorter than 3 months. When bank overdrafts show a liability balance, they are presented as current interest-bearing liabilities.

Foreign currency transactions

Foreign currency transactions are translated into EUR using the exchange rates prevailing at the dates of the transactions. Receivables and liabilities denominated in foreign currencies are translated to EUR using the exchange rates prevailing at the reporting date. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are for operating items recognized affecting operating result in the statement of income and those stemming from financing items are recognized in financial income and expenses in the statement of income.

The foreign currency rates used in preparation of the financial statements are set forth in the below table:

Currency	Average rates 2018	Average rates 2017	Closing rates 2018	Closing rates 2017
CZK	25.6432	26.3272	25.7240	25.5350
DKK	7.4532	7.4387	7.4673	7.4449
NOK	9.6006	9.3286	9.9483	9.8403
PLN	4.2606	4.2563	4.3014	4.1770
SEK	10.2567	9.6369	10.2548	9.8438

Derivative instruments

The main derivative instruments used by the company for the financial years 2018 and 2017 were interest rate swaps.

Derivative instruments have been used as hedging instruments in accordance with Ramirent's Finance policy. Hedge accounting is applied for interest rate swaps in the consolidated financial statements. The hedged object comprises the future cash flow on interest expenses payable on interest-bearing debt.

In addition to interest rate swaps some short-term currency forwards have also been used to a minor scale.

2. Net sales by geographical area

(EUR)	2018	2017
Finland	5,212,207.78	5,804,401.00
Sweden	13,145,334.59	12,137,130.00
Norway	5,666,611.54	5,472,640.00
Denmark	1,962,693.45	2,129,966.00
Eastern Europe	3,420,485.41	3,989,853.00
Total	**29,407,332.77**	**29,533,990.00**

3. Other operating income

(EUR)	2018	2017
VAT refunds from abroad	15,363.13	16,781.86
Other operating income	20,883.03	14,652.62
Total	**36,246.16**	**31,434.48**

4. Personnel expenses and number of personnel

(EUR)	2018	2017
Wages and salaries	-2,878,527.56	-2,735,169.79
Termination benefits	-	-118,367.16
Pension costs	-611,365.07	-229,179.41
Other personnel expenses	-70,123.58	-290,611.68
Total	**-3,560,016.21**	**-3,373,328.04**

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Paid benefits to key management (EUR)	2018	2017
CEO	-966,804.96	-649,348.18
Board members	-293,100.00	-313,500.00
Total	**-1,259,904.96**	**-962,848.18**

The paid benefits to the CEO comprise of annual base salary and fringe benefits. In addition to a TyEL pension the above CEO benefits include costs for a voluntary pension insurance totalling EUR 115 (115) thousand.

Number of personnel	2018	2017
Average number of personnel during the financial year	15	16

5. Depreciation, amortization and impairment charges

(EUR)	2018	2017
Amortization of intangible assets		
Other intangible rights	-216,417.80	-292,240.55
Other capitalized long-term expenditure	-4,400,217.92	-4,163,828.02
Write-downs of intangible assets	-1,917,868.07	-141,463.00
Depreciation of tangible assets		
Machinery and equipment	-41,053.00	-22,124.98
Total	**-6,575,556.79**	**-4,619,656.55**

Additional information about write-downs of intangible assets in note 10.

6. Other operating expenses

(EUR)	2018	2017
Property operating leases	-337,365.09	-277,935.26
Other property expenses	-17,357.91	-87,585.69
IT and office expenses	-9,334,657.00	-9,538,612.64
Other operating leases	-16,452.70	-26,379.65
External services	-18,193,006.32	-14,358,816.42
Other	-3,005,437.51	-2,754,639.12
Total	**-30,904,276.53**	**-27,043,968.78**

Audit and other fees to auditor (EUR)	2018	2017
Audit	-133,603.00.	-94,012.00
Tax consulting fees	-62,535.00	-8,000.00
Other fees	-411,376.00	-
Total	**-607,514.00**	**-102,012.00**

7. Financial income and expenses

(EUR)	2018	2017
Financial income		
Dividend income from subsidiaries	11,750,182.29	9,385,265.13
Interest income from subsidiaries	2,189,150.33	2,596,754.14
Other interest income	357,690.13	349,284.81
Exchange rate gains	4,326,457.77	7,948,807.49
Total	**18,623,480.52**	**20,280,111.57**

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Financial expenses	2018	2017
Interest and other financial expenses to subsidiaries	-24,328.02	-13,771.75
Interest and other financial expenses to external parties	-8,881,951.11	-9,436,701.19
Exchange rate losses	-4,902,830.31	-9,282,628.64
Total	**-13,809,109.44**	**-18,733,101.58**

8. Appropriations

(EUR)	2018	2017
Group contribution received/given (+/–)	18,000,000.00	21,000,000.00
Total	**18,000,000.00**	**21,000,000.00**

9. Income taxes

(EUR)	2018	2017
Income tax for the year	-433,141.16	-1,149,225.38
Income tax for prior years	702.26	–
Total	**-432,438.90**	**-1,149,225.38**

10. Intangible assets

Movement in intangible assets 2018 (EUR)	Other intangible rights	Other capitalized long-term expenditure	Total
Historical cost on January 1	1,075,236.27	25,367,087.99	26,442,324.26
Additions	–	39,079.00	39,079.00
Write-down	–	-4,815,846.40	-4,815,846.40
Historical cost on December 31	1,075,236.27	20,590,320.59	21,665,556.86
Accumulated amortization on January 1	-858,818.48	-12,949,263.70	-13,808,082.18
Amortization	-216,417.79	-4,400,217.92	-4,616,635.71
Write-down	–	2,897,978.33	2,897,978.33
Accumulated amortization on December 31	-1,075,236.27	-14,451,503.29	-15,526,739.56
Carrying value on January 1	216,417.79	12,417,824.29	12,634,242.08
Carrying value on December 31	–	6,138,817.30	6,138,817.30

Write-downs in other capitalized long-term expenditure of EUR 1.9 million relate to ERP-platform.

Movement in intangible assets 2017 (EUR)	Other intangible rights	Other capitalized long-term expenditure	Total
Historical cost on January 1	1,075,236.27	23,568,673.61	24,643,909.88
Additions	–	1,939,877.38	1,939,877.38
Write-down	–	-141,463.00	-141,463.00
Historical cost on December 31	1,075,236.27	25,367,087.99	26,442,324.26
Accumulated amortization on January 1	-566,577.93	-8,785,435.68	-9,352,013.61
Amortization	-292,240.55	-4,163,828.02	-4,456,068.57
Accumulated amortization on December 31	-858,818.48	-12,949,263.70	-13,808,082.18
Carrying value on January 1	508,658.34	14,783,237.93	15,291,896.27
Carrying value on December 31	216,417.79	12,417,824.29	12,634,242.08

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11. Tangible assets

Movement in tangible assets 2018 (EUR)	Machinery and equipment
Historical cost on January 1	358,451.51
Additions	4,061.05
Historical cost on December 31	362,512.56
Accumulated depreciation on January 1	-181,956.32
Depreciation	-41,053.00
Accumulated depreciation on December 31	-223,009.32
Carrying value on January 1	176,495.19
Carrying value on December 31	139,503.24

Movement in tangible assets 2017 (EUR)	Machinery and equipment
Historical cost on January 1	288,338.05
Additions	153,959.71
Write-down	-83,846.25
Historical cost on December 31	358,451.51
Accumulated depreciation on January 1	-242,127.50
Depreciation	-22,124.98
Write-down	82,296.16
Accumulated depreciation on December 31	-181,956.32
Carrying value on January 1	46,210.55
Carrying value on December 31	176,495.19

12. Investments

Movement in investments 2018 (EUR)	Investments in group companies	Investments in joint ventures	Other investments	Total
Historical cost on January 1	460,858,199.66	4,232,676.12	188,479.84	465,279,355.62
Additions	1,956,506.85	–	108,712.00	2,065,218.85
Historical cost on December 31	462,814,706.51	4,232,676.12	297,191.84	467,344,574.47
Carrying value on January 1	460,858,199.66	4,232,676.12	188,479.84	465,279,355.62
Carrying value on December 31	462,814,706.51	4,232,676.12	297,191.84	467,344,574.47

Movement in investments 2017 (EUR)	Investments in group companies	Investments in joint ventures	Other investments	Total
Historical cost on January 1	459,035,619.66	4,232,676.12	76,666.66	463,344,962.44
Additions	1,822,580.00	–	111,813.18	1,934,393.18
Historical cost on December 31	460,858,199.66	4,232,676.12	188,479.84	465,279,355.62
Carrying value on January 1	459,035,619.66	4,232,676.12	76,666.66	463,344,962.44
Carrying value on December 31	460,858,199.66	4,232,676.12	188,479.84	465,279,355.62

Ramirent Plc's subsidiaries and its ownership share are specified in note 7.2. of the consolidated financial statements.

13. Non-current receivables

(EUR)	2018	2017
Loan receivables from Ramirent Plc's subsidiaries	111,575,655.79	110,533,725.39
Loan receivables from joint ventures	8,694,074.45	10,152,914.51
Total	**120,269,730.24**	**120,686,639.90**

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14. Current receivables

(EUR)	2018	2017
Current receivables from Ramirent Plc's subsidiaries		
Trade receivables	6,912,531.67	7,946,810.77
Prepayments and accrued income	19,536,336.30	24,560,667.65
Current receivables on external parties		
Prepayments and accrued income	2,444,361.52	2,071,729.31
Current tax assets	668,036.95	1,145,866.26
Total	**29,561,266.44**	**35,725,073.99**

15. Cash and cash equivalents

(EUR)	2018	2017
Cash at banks and in hand	9,216,924.09	5,921,563.74

16. Equity

Changes in equity 2018 (EUR)	Share capital	Invested unrestricted equity fund	Retained earnings	Total Equity
On January 1	25,000,000.00	116,428,148.47	129,547,682.55	270,975,831.02
Dividend distribution	–	–	-47,463,086.00	-47,463,086.00
Directed share issue	–	137,087.50	–	137,087.50
Acquisition of own shares	–	–	-5,647,532.00	-5,647,532.00
Profit for the year	–	–	10,785,661.58	10,785,661.58
On December 31	25,000,000.00	116,565,235.97	87,222,726.13	228,787,962.10

Changes in equity 2017 (EUR)	Share capital	Invested unrestricted equity fund	Retained earnings	Total Equity
On January 1	25,000,000.00	113,951,135.33	156,849,887.43	295,801,022.76
Dividend distribution	–	–	-43,228,460.60	-43,228,460.60
Directed share issue	–	2,477,013.14	–	2,477,013.14
Profit for the year	–	–	15,926,255.72	15,926,255.72
On December 31	25,000,000.00	116,428,148.47	129,547,682.55	270,975,831.02

The company's share capital on December 31 2018 consists of 108,697,328 shares the counter-book value of which is EUR 0.2300 per share. The company has one class of shares, each share giving equal voting right of one vote per share. At the end of 2018 Ramirent Plc held 1,126,678 (551,603) own shares.

Distributable funds (EUR)	2018	2017
Retained earnings	76,437,064.55	113,621,426.83
Profit for the year	10,785,661.58	15,926,255.72
Invested unrestricted equity fund	116,565,235.97	116,428,148.47
Total distributable funds	**203,787,962.10**	**245,975,831.02**

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Directed share issues with own shares

On February 8, 2018 the Board decided, based on the share issue authorization granted by the AGM, to convey 24,925 of the company's own shares, held by the company, without cash payment to the key persons of the Group as a settlement of the Performance Share Program 2015. As the program was set to combine the objectives of the shareholders and the key persons of the Group in order to increase the value of the company, there was an especially weighty financial reason for the directed share conveyance.

The value of the issued shares, EUR 137,087.50, was recognized as an increase in the invested unrestricted equity fund.

Purchase of own shares

In June 2018, Ramirent repurchased 600,000 own shares based on the authorization by the Annual General Meeting held on March 15, 2018.

For the Board of Directors' valid authorizations on disposal of the company's own shares, its valid authorization on deciding on the share issue and the issuance of option rights, reference is made to note 4.2. of the consolidated financial statements.

17. Non-current liabilities

(EUR)	2018	2017
Non-current liabilities to external parties		
Loans from financial institutions	75,000,000.00	174,683,238.17
Non-current non-interest-bearing liabilities	492,233.76	188,479.80
Total	**75,492,233.76**	**174,871,717.97**

18 Current liabilities

(EUR)	2018	2017
Current liabilities to Ramirent Plc's subsidiaries		
Current interest-bearing liabilities	32,259,669.51	11,539,748.22
Trade payables	291,462.10	293,188.51
Accrued expenses	1,081,560.56	993,217.61
Current liabilities to external parties		
Loans from financial institutions	286,050,222.89	170,633,364.27
Trade payables	1,481,128.48	2,027,362.24
Accrued expenses	5,300,196.43	5,409,461.12
Current tax liability	–	3,341.89
Other liabilities	1,926,379.94	3,676,137.67
Total	**328,390,619.91**	**194,575,821.53**

Accrued expenses consist mainly of expenses incurred such as accrued interest expenses and accrued holiday pay allowance for employees.

19. Commitments and contingent liabilities

Commitments (off-balance sheet) on December 31, 2018 (EUR)	To secure other own obligations
Suretyships	3,779,192.35

Commitments (off-balance sheet) on December 31, 2017 (EUR)	To secure other own obligations
Suretyships	3,578,764.17

Ramirent has covenants in its major borrowing facility agreements. As at December 31, 2018, Ramirent was in compliance with all covenants and other terms of its debt instruments.

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

Future lease payments (EUR)	2018	2017
Due within one year from balance sheet date	23,299.00	23,395.00
Due later than one year from balance sheet date	8,394.00	44,997.00
Total	**31,693.00**	**68,392.00**

Derivative instruments (EUR)	2018	2017
Par value of underlying object	155,000,000.00	115,000,000.00
Fair value of interest rate SWAPs	−1,303,563.14	−480,222.93

Foreign currency derivatives (EUR)	2018	2017
Par value of underlying object	44,372,040.27	58,277,092.54
Fair value of the derivative instruments	411,449.81	−275,524.18

Date and signing of the report of the board of directors and the financial statements

Helsinki, February 7, 2019

Ulf Lundahl
Chairman

Kevin Appleton
Board Member

Kaj-Gustaf Bergh
Board Member

Ann Carlsson
Board Member

Tobias Lönnevall
Board Member

Susanna Renlund
Board Member

Tapio Kolunsarka
CEO

Auditors' note
Our auditors' report has been issued today.
Helsinki, February 7, 2019
PricewaterhouseCoopers Oy
Authorized Public Accountants

Enel Sintonen
Authorised Public Accountant

Ramirent Corporate Governance Statement 2018

Ramirent Plc ("Ramirent" or "the Company") complies with the Finnish Corporate Governance Code 2015 set by the Securities Market Association, as well as with the Finnish Companies Act, other applicable legislation and Ramirent's Articles of Association. The code is publicly available on www.cgfinland.fi. The Corporate Governance Statement is issued separately from the Board of Directors' report and it is also available on the Company's web page www.ramirent.com.

Ramirent's Working Committee and Board of Directors have reviewed and approved this corporate governance statement. The Company's auditor, PricewaterhouseCoopers Oy, has checked that this statement has been issued and that the description of the main features of the internal control and risk management systems pertaining to the financial reporting process is consistent with the financial statements.

General meetings

According to the Articles of Association, a notice to a general meeting of shareholders shall be delivered to shareholders no earlier than two months and no later than three weeks prior to the meeting, provided it is at least nine days prior to the record date of the general meeting, by publishing the notice on the Company's internet pages and, if the Company's Board of Directors so decides, in one or several national newspapers. Notice to a general meeting, the documents to be submitted to the general meeting (including the financial statements, the report by the Board of Directors and the auditor's report) and proposals made to the general meeting, will be available for shareholders at least three weeks prior to the meeting at Ramirent's web site www.ramirent.com.

To have the right to attend a general meeting, shareholders registered in the shareholders register maintained by Euroclear Finland Oy shall register with the Company no later than on the date stated in the notice of the meeting, which date may not be earlier than ten days prior to the meeting. Participation in a general meeting on the grounds of nominee registered shares (including shares registered in the shareholders' register maintained by Euroclear Sweden AB) requires that a temporary entry of the owner of the nominee registered shares has been made in the shareholders' register maintained by Euroclear Finland Oy by the date specified in the notice of the meeting. Shareholders seeking to attend a general meeting are responsible for obtaining individual registration in sufficient time to ensure that this requirement is met.

An Annual General Meeting of Shareholders ("AGM") must be held at the latest in June in Helsinki, Espoo or Vantaa on the date determined by the Board of Directors. The financial statements, comprising the consolidated financial statements and the Board of Director's report and the auditor's report will be presented at the AGM. At the AGM the following matters shall be decided: the approval of the financial statements; the use of profit disclosed in the balance sheet; the discharge from liability of the members of the Board and the Managing Director; the remuneration of the Board members and the grounds for compensation of travel expenses, the number of Board members and auditors as well as Board proposals. At the AGM the members of the Board and the auditors shall be elected.

Board of Directors and term

According to the Articles of Association, the Board of Directors shall consist of three (3) to eight (8) ordinary members, whose terms expire at the end of the AGM that next follows the meeting at which they were elected. The Board shall elect a Chairman amongst its members and a Deputy Chairman, if necessary. The following seven ordinary members were elected to the current Board of Directors at the AGM 2018:

- Ulf Lundahl, Chairman of the Board, (born 1952), Master of Law and Bachelor in Business, Swedish citizen, independent of the Company and of significant shareholders.
- Susanna Renlund, Deputy Chairman, (born 1958), M.Sc. (Agr.), Finnish citizen, independent of the Company and dependent of a significant shareholder.
- Kevin Appleton, member of the Board, (born 1960), B.A., British citizen, independent of the Company and of significant shareholders.
- Erik Bengtsson, member of the Board, (born 1969), M.Sc. (Industrial Engineering), Swedish citizen, independent of the Company and of significant shareholders (member until August 31, 2018).
- Kaj-Gustaf Bergh, member of the Board, (born 1955), B.Sc. (Econ.) and LL.M (Master of Laws), Finnish citizen, independent of the Company and dependent of a significant shareholder.
- Ann Carlsson, member of the Board, (born 1966), B.Sc. (Human Resources), Swedish citizen, independent of the Company and of significant shareholders.
- Tobias Lönnevall, member of the Board, (born 1980), M.Sc. (Econ.), Swedish citizen, independent of the Company and dependent of a significant shareholder.

The term of the current Board members will expire at the end of AGM 2018. More information on the Board of Directors on p. 130–131.

Rules of procedure for Ramirent Board of Directors

The work of the Ramirent Board of Directors is governed by Finnish Companies Act, Finnish Corporate Governance Code 2015, and other relevant legislation as well as the Articles of Association of Ramirent and the Rules of Procedures which are described on the Company's web page at ramirent.com. The purpose of the rules is to regulate the internal work of the Board. The Board of Directors and each of its members shall in its work consider and duly comply with the aforementioned laws and rules.

Duties of the Board of Directors

The Board of Directors is responsible for the Company's organization and the management of the Company's affairs, including appropriate arrangement of control over the Company's accounts and finances, pursuant to the provisions of the Companies Act. The members of the Board of Directors shall, subject to any restrictions set forth in the Companies Act, the Articles of Association of Ramirent, or the Rules of Procedure, carry out the work of the Board of Directors jointly or in a working group appointed for a particular matter. The Board of Directors shall primarily be responsible for the Company's strategic issues and for issues which, with regard to the scope and nature of the Company's operations, are of a material financial, legal, or general character or otherwise of great significance.

Assessment of the Work of Board of Directors

The Board of Directors will annually, normally at the end of the financial year, conduct an assessment of its work and work practices.

Board Meetings

The Board of Directors shall normally hold at least seven (7) meetings per year. In addition to the Board members, the Managing Director and the Secretary of the Board of Directors will attend Board meetings. The auditor of the Company shall be invited at least once a year to attend a Board meeting. In 2018, the Board had 10 meetings. The percentage for participation was approximately 90%.

Number of Board and Committee meetings in 2018 and participant attendance:

	Board	Working Committee
Kevin Appleton	10/10	
Erik Bengtsson, member until 31.8.2018	4/10	
Kaj-Gustav Bergh	10/10	
Ann Carlsson	8/10	
Ulf Lundahl	10/10	5/5
Tobias Lönnevall	10/10	5/5
Susanna Renlund	9/10	4/5

Working Committee

The Board of Directors has nominated one committee, the Working Committee, to assist the Board in its work.

The Board elects amongst its members the Chairman and at least two other members to the Working Committee and confirms its work order. The Working Committee does not have any independent decision making power, except by a specific authorization given by the Board in a specified matter case by case.

Pursuant to the work order adopted by the Board of Directors, the duties of the Working Committee include, among other, the duties of an audit committee. The task of the Working Committee is to prepare and make proposals to the Board within the focus areas of corporate governance, special finance matters, risk management, compensation and employment matters as well as guidelines for strategic plans and financials goals. It is also the Working Committee's duty to oversee the accounting and financial reporting processes; to prepare the election of auditor; to review the auditor's reports and to follow up the issues reported by the external auditor.

In 2018 Ulf Lundahl, Susanna Renlund and Tobias Lönnevall were elected as members and Ulf Lundahl as the Chairman of the Working Committee. The duties of audit committee have been discharged to the Working Committee in accordance with Finnish Corporate Governance Code 2015 Recommendation 16. According to Recommendation 16, majority of the members of audit committee shall be independent of the company and at least one member should be independent of significant shareholders. All of the Working Committee members are independent of the Company and Ulf Lundahl is also independent of significant shareholders. The Board considered this composition to be proper and suitable taken into account the overall duties of the Working Committee and the versatile expertise and experience of the elected members. In 2018, the Working Committee had 5 meetings. The percentage for participation was 93%.

Diversity and assessment of independency of the Board of Directors

The Company has established the following principles concerning the diversity of the Board of Directors. For the versatile support and development of the Company's business, the Company's Board of Directors composition should be sufficiently diverse. Both genders shall be represented on the Board of Directors. The overall aim of the Board composition is to achieve sufficiently extensive qualifications, expertise and experience. The sufficient diversity of the Board of Directors, including age and gender, as well as educational and professional background, is taken into account in the preparation of a proposal for the composition of the Board of Directors. For the evaluation of the diversity and composition of the Board of Directors, each candidate shall provide confident information necessary for the assessment of skills and time management for the preparation of a proposal for the composition of the Board, in accordance with the instructions provided by the Company. The proposal for the Board composition is prepared by the largest shareholders.

The members of the Company's Board of Directors have broad and versatile competence, and the current breakdown by age and gender as well as educational and international background promote fulfillment of diversity, and thus, support the Company's business operations and its development. There are altogether 7 members in the Board of Directors, of which 2 are women, i.e. approximately 29 %. The members of the Board of Directors hold educational degrees from different fields and each member has international work experience in different types of positions. The members of the Board of Directors come from three different countries and their age vary from 38 to 65 years of age.

The Board of Directors must evaluate the independence of its members. The majority of the members must be independent of the Company. In addition, at least two of the members representing this majority shall be independent of significant shareholders of the Company. The independence of the Board of Directors is described above in "the Board of Directors and Term" section.

Managing director

The Board shall elect a Managing Director and, if necessary, a substitute for the Managing Director. The Managing Director is responsible for the day-to-day management of the Company's affairs. The Board of Directors has adopted Rules of Procedure for the Managing Director containing guidelines and instructions regarding the Company's day-to-day management. In fulfilling his duties the Managing Director shall be assisted by the members of the Executive Management Team.

The Managing Director has a written contract, approved by the Board of Directors. The Managing Director is not a Board member, but attends Board meetings.

The Board of Directors has appointed Tapio Kolunsarka as Managing Director, as President and Chief Executive Officer (CEO) effective from August 8, 2016. Tapio Kolunsarka is born in 1975 and is a Finnish citizen, M.Sc. (Eng. and Econ.). His prior working experience: Executive Vice President of UPM Raflatac 2016-2013; Senior Vice President of UPM Raflatac EMEA 2013-2011; Senior Vice President of UPM Raflatac Europe 2011-2008; several leading positions in UPM Raflatac in Finland and in the United States 2008-2002; before joining UPM he was a consultant at McKinsey & Company.

Tapio Kolunsarka's Ramirent-ownership: 50,000 shares on December 31, 2018.

Executive Management Team (EMT) 2018

The EMT is an operational body, and thus, it does not constitute a statutory body of the Company. The CEO and other members designated by the Board form Ramirent EMT. The EMT assists the CEO in preparation of matters such as business plans, strategies, Ramirent policies and other matters of joint importance within Ramirent as requested by the CEO. The EMT members report to the CEO and will convene when called by the CEO. The EMT consisted of the following members:

- Tapio Kolunsarka, President and CEO
- Erik Bengtsson, Executive Vice President, Sweden and Denmark, Group Fleet and Sourcing as of 1 September 2018
- Pierre Brorsson, Executive Vice President and Chief Financial Officer until 9 October 2018
- Ulrika Dunker, Executive Vice President, Human Resources and HSEQ
- Øyvind Emblem, Executive Vice President, Norway
- Mikael Kämpe, Executive Vice President, Finland
- Dino Leistenschneider, Executive Vice President, Sourcing and Fleet Management until 31 August 2018
- Heikki Onton, Executive Vice President, Eastern Europe
- Jonas Söderkvist, Executive Vice President, Sweden and Denmark until 31 August 2018 and as of 1 September 2018 Executive Vice President Group Business Development and as of 9 October 2018 interim CFO

More information on the EMT members on p. 132–133.

Financial reporting

The Board of Directors monitors and assesses the Company's financial situation and approves all economic and financial reports published by the Company. The Chairman of the Board ensures that the Board members have relevant access to the information relating to the Company and that the Board members are regularly updated by the Managing Director with the information required to monitor the Company's business and profit development, cash flow and financial position.

Ramirent's financial reporting process is integrated and serves both external and internal reporting purposes. Ramirent prepares consolidated financial statements and interim reports in accordance with IFRS adopted by EU. Financial statements include also other information that is required by the Securities Markets Act, Financial Supervision Authority's standards and Nasdaq Helsinki Ltd's rules. Report of Board of Directors and parent company financial statements are prepared in accordance with Finnish Accounting Act and the guidelines of the Finnish Accounting Board.

External financial reporting is based on Group Accounting and Reporting instructions. Detailed reporting instructions and time schedules have been established and communicated to all persons involved with the financial reporting process.

Internal control

Ramirent is implementing an Internal Control Policy. Internal control in Ramirent is based on the commonly accepted framework by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013). It comprises of five key components: control environment, risk assessment, control activities, information and communication, and monitoring.

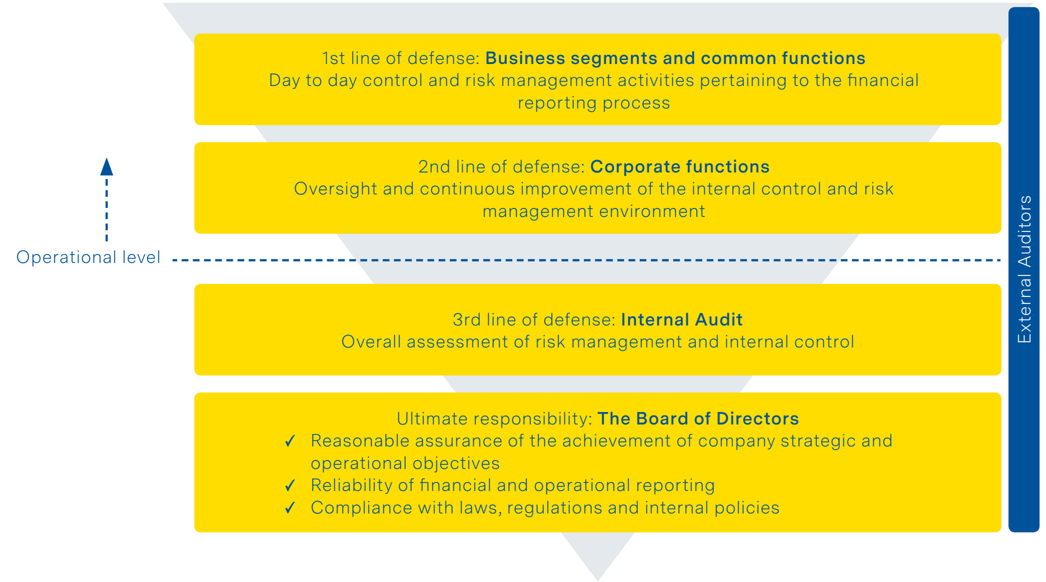
The objectives of the internal control and risk management systems over financial reporting are to ensure that the financial reports disclosed by Ramirent give essentially correct information about the company finances, are reliable and that Ramirent complies with the applicable laws, regulations, International Financial Reporting Standards (IFRS) as adopted by EU and other requirements for listed companies.

Control environment

Ramirent's Board of Directors bears the overall responsibility for the internal control over financial reporting and sets the tone at the top. The Board has established a working order that clarifies the Board's responsibilities and regulates the Board's and Working Committee's internal distribution of work. The Working Committee's primary task is to ensure that established principles for financial reporting, risk management and internal control are followed and that appropriate relations are maintained with Ramirent's auditors. The CEO is responsible for maintaining an effective control environment and ensuring the ongoing work on internal control over the financial reporting. The CEO is supported by the CFO and EMT, which consist of the operative management of the business segments who have the first line of responsibility for executing day-to-day control and risk management pertaining to the financial reporting process. The roles of implementation of the internal control and risk management are illustrated on the following page.

Since 2015 Ramirent has centralized accounting and finance services from Sweden, Denmark, Norway, Finland to a Shared Service Center (SSC) in Tallinn, Estonia. Group reporting is provided to the Group head office in Helsinki, Finland.

Roles & responsibilities for risk management, internal control and audit



Risk assessment

Risk assessments over financial reporting aim to identify and evaluate the most significant risks affecting the financial reporting at the Group and reporting segment levels on an on-going basis. The risks are for example compliance with laws, fraud, loss or misuse of assets. Based on the risk assessment, controls are set to ensure that the objectives of financial reporting are met. Information on development of key risks and actions are communicated regularly to the Working Committee.

Control activities

In 2018 Ramirent continued with the implementation of the group key controls. Ramirent has identified key end-to-end processes and controls. Examples of such internal control activities are: authorizations, approvals, account reconciliations, physical counts, analysis, segregation of duties, manual and automatic controls integrated in information systems, as well as various reports and management reviews.

Information and communication

Ramirent has a common internal information and communication system, Raminet, and external homepage in all countries of operation. On Raminet all employees should find relevant information for their work including the internal rules. Externally on Ramirent homepage, relevant information is provided to external parties, e.g. shareholders.

SpeakUp Line is available both internally and externally for anonymous reporting of any kind of violations of Ramirent policies and controls, misconduct, sexual harassment, fraud or fraudulent activity, as well as non-compliance to rules and regulations of financial markets.

Monitoring

Ramirent is consistently monitoring and developing the effectiveness of its internal controls. The overall assurance approach is being developed to ensure good balance of monitoring activities.

Examples of such activities are: regular compliance reviews, inspections, audits control self-assessments.

Risk management and business risks

The purpose of Ramirent's risk management is to provide the Board and management with reasonable assurance of the achievement of the Company's objectives related to strategy and operations, the reliability and correctness of financial reporting and compliance with the relevant regulations and internal policies. Ramirent's risk management activities are continuous and embedded in the business and the design and implementation of internal controls is an integrated part of risk management. Key risk management activities are described in the Risk Management Policy and for financial risks in the Finance Policy. The policies regarding risk management are based on the commonly accepted controls framework (COSO 2013) and standard ISO 31000:2009 (Risk Management).

The management of business operations and common functions is responsible for the execution of risk management. Finance managers in each segment are responsible for coordination of the risk management. Group Finance coordinates the overall risk management process, analyses the risks and responses as well as prepares risk reporting for CFO and CEO oversight and for Working Committee and Board reporting. Every employee must know and manage the risks in their areas of responsibility.

Ramirent has developed a uniform risk assessment and reporting model. Risk identification is based on business objectives and opportunities. Risks are prioritized based on their significance by assessing the financial impact and the probability of realization. When assessing the impact, the reputation, wellbeing of people and environment are assessed in addition to the financial impact.

Risks are discussed within the risk management steering group at segment, common function and group level. Group Finance prepares a Group Risk Report, on which the CEO comments and presents to the EMT, the Working Committee and the Board. The Board discusses most significant risks and uncertainties.

Risk management responses in 2018
In 2018, key focus of risk management were the development of cyber and GDPR risk management model, stabilization of common ERP and IT services model, changes in the business and digitalization.

Focus areas of risk management in 2019
In 2019, key focus of risk management will be on changes in the business environment, digitalization, meeting the growing demands of compliance and risks of IT security.

Internal Audit

The objective of the Internal Audit is to provide assurance and to support management in development of operational efficiency and effectiveness in risk management, control and governance processes. The scope of Internal Audit is company-wide and no department or business unit of Ramirent is exempt from review. Internal Audit conducts risk-based assurance and consulting services both based on annual plan and ad-hoc needs. Additionally, Internal Audit manages the SpeakUp Line and organizes internal investigations. While majority of Internal Audit work is conducted in-house, co- or outsourcing is used for certain engagements needing specialized knowledge or resources.

Internal Audit is functionally independent from the operational management. The Internal Audit Charter is approved by the Board of Directors. Working Committee appoints the Head of Internal Audit and approves the annual Internal Audit Plan and any material changes to it. Results of audits are reported to the Working Committee at least quarterly.

Auditors

According to Ramirent's Articles of Association, the Company shall have at least one (1) and at most two (2) auditors. The auditors must be certified public accountant firms. The auditor's term shall terminate at the end of the AGM that next follows their election.

PricewaterhouseCoopers Oy, Certified Public Accountant Firm, has acted since 2011 as the auditor of the Company the main responsible auditor individual being Ylva Eriksson, APA. PricewaterhouseCoopers Oy was elected in the Annual General Meeting held on 15 March 2018 as the auditor of the Company with Enel Sintonen, APA, acting as the principally responsible auditor. The Working Committee makes an annual evaluation of the auditor's independence. The scope of the audit, the audit focus areas and the audit costs are detailed in the Group audit plan.

Fees paid to the auditors include remuneration paid for audit services amounting to EUR 361 (346) thousand and remuneration paid to the company's auditor for non-audit services amounting to EUR 512 (59) thousand.

Insider administration

In its insider administration Ramirent complies inter alia with the following laws and regulations: the Finnish Securities Market Act, EU Market Abuse Regulation ("MAR"), regulations and guidelines issued by the Finnish Financial Supervisory Authority, and rules and guidance issued by Nasdaq Helsinki Ltd.

Ramirent has adopted an internal Ramirent Insider Policy which complies with the Nasdaq Helsinki Guidelines for Insiders.

The members of the Board of Directors and its secretary, the President and CEO, and the members of the Group Executive Management Team are defined as persons discharging managerial responsibilities (the "Manager(s)"). The Managers, as well as persons closely associated with them, shall notify the company and the Finnish Financial Supervisory Authority of transactions relating to the shares or other financial instruments of the company, provided that the total amount exceeds EUR 5,000 within a calendar year. In addition, the company shall disclose such transactions to the public with a stock exchange release.

In addition, the company has also designated certain persons preparing interim financial reports or year-end reports, as well as certain other managers of the company and persons responsible for its finances, financial reporting and communications, and persons who have access to the abovementioned information, regardless if they have inside information, as persons within the information core of the company.

A Manager and a person within the information core of the company shall not conduct any transactions on its own account or for the account of a third party, directly or indirectly, relating to the Ramirent shares or other financial instruments linked to them during a closed period of 30 calendar days before the announcement of an interim report or a year-end report and including also the day of the publication of an interim report or a year-end report (Closed Window).

Ramirent complies with MAR and other applicable rules and regulations in administration of insider information and thereto related insider lists. The company maintains a project or event specific insider list of all the people, who have an access to inside information and who work under an employment agreement or otherwise take care of tasks through which they have an access to inside information, for example as advisor. Also Managers, who are aware of a project, are registered on the list. Project-specific insiders may not disclose nor take advantage of such unpublished confidential company information (i.e. no trading on Ramirent securities or related derivative financial instruments is allowed while holding insider information).

The company also complies with MAR and other applicable rules and regulations regarding disclosure obligations (e.g. procedures relating to defining certain information as inside information and delaying of disclosure of inside information).

Ramirent Remuneration Statement 2018

Ramirent prepares its remuneration statement in accordance with the Finnish Corporate Governance Code. This remuneration statement has been prepared in accordance with Corporate Governance Code 2015. Ramirent's policy is to update the statement at the Company's web site www.ramirent.com always when essential new information becomes available related to remunerations.

Remuneration of the Board of Directors

The remuneration for the Board members is decided by the Annual General Meeting ("AGM"). The AGM held in 2018 decided – based on the proposal of the Company's shareholders Nordstjernan AB and Oy Julius Tallberg Ab, who together represent approximately 31 per cent of the voting rights carried by the Company's shares at the time of publication of the AGM notice on February 8, 2018 – that the remuneration of the Board members is as follows:

- Chairman of the Board: EUR 4,500/month and additionally EUR 1,800/meeting.
- Deputy chairman of the Board: EUR 2,900/month and additionally EUR 1,300/meeting.
- Other Board members: EUR 2,500/month and additionally EUR 1,000/meeting.

The abovementioned meeting fees are also paid for Committee meetings and other similar Board assignments. Travel expenses and other out-of-pocket expenses due to the board work shall be compensated in accordance with the Company's established practice and travel rules.

Board remuneration

(EUR 1 000)	2018	2017
Appleton, Kevin	36.5	37.0
Bengtsson, Erik	23.5	31.8
Bergh, Kaj-Gustaf	36.5	36.0
Carlsson, Ann	34.5	33.8
Lundahl, Ulf	73.6	68.0
Lönnevall, Tobias	41.5	42.0
Renlund, Susanna	47.0	49.5
Total	**293.1**	**298.1**

The entire remuneration is paid to Board members in cash.

The Board members are not covered by Ramirent's bonus plans, incentive programs or pension plans.

Decision making process and main principles of remuneration of the President and CEO and other Executive Management Team members

The Board of Directors decides on the remuneration, benefits and other terms of employment of the President and Chief Executive Officer ("CEO"). Remuneration and benefits for the other Executive Management Team members are based on CEO's proposal and subject to Board approval.

The Board decisions are based on the Working Committee's proposal. The Working Committee prepares issues pertaining to the fixed salary and short-term incentive of the President and CEO. Furthermore, the Working Committee prepares a proposal regarding the employment terms, total remuneration package and the compensation paid upon in an event of contract termination.

It is also the responsibility of the Working Committee to prepare a proposal regarding all matters pertaining to the long-term incentive schemes of the Company.

The remuneration of the President and CEO and the other members of the Executive Management Team consist of a fixed monthly base salary, customary fringe benefits and annual bonuses and long-term incentives.

Annual bonuses are based on Group Bonus Guidelines and performance criteria decided by the Board. As to long-term incentives, Executive Management Team members are participating in long-term incentive programs, which are decided upon by the Board.

There are no options outstanding or available from any of Ramirent's earlier option programs. There is no general supplementary pension plan for Executive Management Team members.

Information about valid authorizations of the Board of Directors concerning remuneration, as well as decisions made by the Board of Directors as part of remuneration

The Annual General Meeting of 2018 resolved to grant to the Board of Directors an authorization to decide on the repurchase of the Company's own shares. The authorization is valid until the Annual General Meeting of 2019, and besides other purposes, the own shares may be repurchased also as part of the Company's incentive program.

The Annual General Meeting of 2016 resolved to grant to the Board of Directors an authorization to decide on the share issue and/or issuance of option rights, convertible bonds and/or other special rights entitling to shares. The authorization shall be valid until March 18, 2021, and it entitles the utilization of the authorization, among other things, for directed share issue as part of the Company's incentive program for personnel (either against payment or for free).

Settlement of the long-term incentive program 2015

The Board of Directors of Ramirent decided on February 8, 2018, on a directed share issue for the reward payment from Ramirent long-term incentive program 2015. In the share issue 24,925 existing Ramirent Plc shares were conveyed without consideration to the key persons participating in the long-term incentive program 2015 according to the terms and conditions of the plan.

The decision on the directed share issue was based on the authorization granted to the Board of Directors by the Annual General Meeting of Shareholders held on March 17, 2016.

Annual bonuses

The Board sets annually the terms and the targets and the maximum amounts for annual bonuses. The amount of eventual bonuses is based on financial performance criteria, such as EBIT of the Group and the respective segment or country. The achievement of the targets of the CEO and the Executive Management Team members is evaluated by the Working Committee and the payment of the eventually achieved bonuses is confirmed by the Board.

In 2018, the maximum annual bonus for the CEO could be up to 80 percent of his annual base salary. For the other members of the Executive Management Team the maximum annual bonus could be up to 50 percent of their annual base salary.

Performance-based long-term incentive plans

Share-based incentive plans

During the financial year 2018, Ramirent Plc had three share-based incentive plans in operation. The plans have been established to form part of the long-term incentive and commitment program for the key personnel of the company and its subsidiaries. The aim is to combine the objectives of the shareholders and the key personnel in order to increase the value of the company, to commit the key personnel to the company, and to offer the key personnel a competitive reward program based on holding the company's shares.

In the plans the participants are offered the opportunity to earn matching shares on the basis of share ownership and performance shares on the basis of performance targets set for a three-year earning period. Plan 2015–2017 ended in 2018 and a total number of 24,925 shares were conveyed.

For the plan 2016-2018 an eventual reward from the earning periods 2016–2018 is based on the share ownership (matching), Economic Profit (performance) and Total Shareholder Return (TSR), which may cut the total number of shares earned. No reward shall be paid to a person who's employment ends prior to the reward payment. The maximum reward to be based on the basis of the incentive program 2016-2018 will correspond to the value of up to 540,000 Ramirent Plc shares (including also the proportion to be paid in cash).

The Performance Share Plan 2018–2020 is targeted for the Executive Management Team members. The aim of the plan is to align the objectives of the shareholders and the Executive Management Team Members in order to increase the value of the company in the long-term, to retain the Executive Management Team Members at the company, and to offer them a competitive reward plan that is based on earning and accumulating the company's shares.

The potential reward from this plan will be paid partly in the company's shares and partly in cash in 2021. The cash proportion is intended to cover taxes arising from the reward to the plan participants. The potential reward from the Performance Share Plan 2018–2020 will be based on the participant's short-term incentive plan targets in 2018 as well as on the Group's cumulative EPS development in 2018–2020. The rewards to be paid on the basis of the Performance Share Plan 2018–2020 correspond to an approximate maximum total of 270,000 Ramirent Plc shares including also the proportion to be paid in cash.

Performance Share Plan 2019–2021 for the Executive Management Team and Deferred Incentive Plan 2019 for other key employees of the company

The Board of Directors of Ramirent Plc announced on December 12, 2018 two new incentive plans: Performance Share Plan for the Executive Management Team and Deferred Incentive Plan for other key employees.

Performance Share Plan 2019–2021 for the Executive Management Team

The aim of the Performance Share Plan 2019–2021 for the Executive Management Team members is to align the objectives of the shareholders and the Executive Management Team

Members in order to increase the value of the company in the long-term. It also targets to retain the Executive Management Team members at the company, and to offer them a competitive reward plan based on earning and accumulating the company's shares. The potential reward from this plan will be paid partly in the company's shares and partly in cash in 2022.

The potential reward from the Performance Share Plan 2019–2021 is based on the Group's Earnings per Share (EPS) in 2019 as well as on the Group's average Return on Capital Employed (ROCE-%) development in 2019–2021.

The rewards to be paid on the basis of the Performance Share Plan 2019–2021 correspond to an approximate maximum total of 270,000 Ramirent Plc shares including the proportion to be paid in cash.

Deferred Incentive Plan 2019 for other key employees of the company

The Board of Directors of Ramirent Plc has approved on December 12, 2018 a new Deferred Incentive Plan 2019 to support the implementation of the company's strategy and to offer key employees a competitive reward and retention program. The Deferred Incentive Plan includes one earning period, calendar year 2019, with a lock-up period of two years whereby the potential reward will be paid in cash in 2022.

The incentive plan includes approximately 150 key employees. The potential reward from the incentive plan for the earning period 2019 will be based on the participant's short-term incentive plan targets. The maximum reward of the Deferred Incentive Plan 2019 to be paid in 2022 will amount up to approximately EUR 2.6 million. The members of the Executive Management Team are not included in the target group of the Deferred Incentive Plan.

Deferred Incentive Plans 2017 and 2018

The Deferred Incentive Plan 2018 was established to maximally support the implementation of the company's renewed strategy and to offer key employees a competitive reward and retention program. The Deferred Incentive Plan includes one earning period, calendar year 2018, with a lock-up period of two years whereby the potential reward will be paid in cash in 2021. The incentive plan was extended to include approximately 160 key employees. The potential reward from the incentive plan for the earning period 2018 will be based on the participant's short-term incentive plan targets. The maximum reward of the Deferred Incentive Plan 2018 to be paid in 2021 will amount up to approximately EUR 2.6 million. The members of the Executive Management Team are not included in the target group of the Deferred Incentive Plan as they are part of the Performance Share Plan where the potential reward is paid in Ramirent shares.

The Deferred Incentive Plan (DIP) for 2017 was established to maximally support the company's short-term key priority of delivering improved EBITA and to offer key employees a competitive reward and retention program. The 2017 Deferred Incentive Plan includes one earning period, calendar year 2017, with a lock-up period of two years whereby the potential reward will be paid in cash in 2020. The incentive plan includes approximately 120 key employees. The members of the Executive Management Team are included in the target group of the 2017 Deferred Incentive Plan.

The potential reward from the 2017 incentive plan for the earning period 2017 will be based on the participant's short-term incentive plan targets. In addition, to combine the objectives of the shareholders and the Executive Management Team, the total reward potential for Executive Management Team members will also be based on the Group's Total Shareholder Return (TSR) for the earning period 2017 and the two-year lock-up period. The maximum reward of the Deferred Incentive Plan 2017 to be paid in cash in 2020 will correspond to up to 3.7 million euros.

Recognition principles of the long term incentive plans

The costs of incentive plans are accrued over the vesting period of each program. The long-term share based incentive plans 2016-2018, 2018-2020 and 2019-2021 are partly-equity settled and partly cash settled. As Ramirent is obliged to withhold an amount that relates to personal taxes and pay that amount to the tax authority for the long-term incentive plans 2016-2018, 2018-2020 and 2019-2021, the full incentive plans are accounted for as equity settled. For the deferred incentive plans for 2017, 2018 and 2019 the potential reward is paid in cash.

The total expenses recognized in 2018 for the on–going long–term share based incentive plans and the Deferred Incentive plans 2017 and 2018 total EUR 3.8 million and liability as at December 31, 2018 totals EUR 7.3 million (EUR 4.5 million).

Remuneration of the President and CEO

The President and CEO's remuneration consists of a base salary, fringe benefits, a supplementary pension scheme, performance-related annual bonus and a long-term incentive plan. The President and CEO's annual bonus is determined annually by the Board on the basis of the Group's key targets and is, at maximum, 80 percent of the President and CEO's annual base salary. CEO Tapio Kolunsarka's annual base salary is EUR 460,000 excluding benefits (car, housing, mobile phone).

In 2018, the total remuneration paid to Tapio Kolunsarka consisting of fixed annual base salary and fringe benefits was EUR 483,808. In addition, his accrued bonus for 2018 and due for payment in 2019 totaled EUR 368,000. Tapio Kolunsarka's holdings of shares are presented in the table on page 129.

The President and CEO is entitled to participate in the Company's long-term incentive program. According to the initial allocation, the maximum reward for the share-based incentive plan 2016–2018 on the basis of performance accounts for a total of 106,206 shares and the number of shares to be paid on the basis of Ramirent share ownership accounts for 24,092 shares. The maximum reward for the 2017 Deferred Incentive Plan is EUR 459,996. The maximum reward for the share-based incentive plan 2018–2020 on the basis of performance accounts for a total of 55,000 shares. The rewards to be paid on the basis of the Performance Share Plan 2019-2021 correspond to an approximate maximum total of 45,000 Ramirent Plc shares including the proportion to be paid in cash.

Tapio Kolunsarka's retirement age and pension are determined in accordance with Finland's Pensions Act. In addition, Tapio Kolunsarka's pension accruing during the time he holds the position of the President and CEO is arranged through a separate supplementary pension insurance, which is 25% of annual base salary. No separate agreement regarding early retirement has been made. Should his employment contract be terminated before retirement, he has the right to the equivalent of 12 months' salary and the salary for a 12-month term of notice.

In 2018, the total compensation paid to the President and CEO of Ramirent consisting of fixed salary, pension payments, fringe benefits and annual bonus in 2018 was EUR 966,805.

Table on details concerning the remuneration of the President and CEO Tapio Kolunsarka

	2018
Base salary	EUR 460,000
Fringe benefits	EUR 23,808
Annual Bonus	EUR 368,000
Allocated LTI 2016–2018 maximum reward	106,206 shares (performance) 24,092 shares (matching)
Allocated DIP 2017 maximum reward	EUR 459,996
Allocated LTI 2018–2020 maximum reward	55,000 shares (performance)
Allocated LTI 2019–2021 maximum reward	45,000 shares (performance)
Shares owned (# of shares on Dec 31)	50,000
Retirement age	In accordance with Finland's Pensions Act
Supplementary pension premium (25% of annual base salary)	EUR 115,000
Period of notice	12 months
Severance payment (in addition to notice period)	12 months' salary including fringe benefits

Remuneration of the Executive Management Team

The compensation for the members of the Executive Management Team comprises of a base salary and an annual bonus, based on the Group's annual result and the achievement of personal targets. The bonus amount is evaluated by the Working Committee and the payment of the eventually achieved bonuses is confirmed by the Board. The maximum annual bonus could be up to 50 percent of the annual base salary. The Executive Management Team members' holdings of shares are presented on page 132–133.

The members of the Executive Management Team are included in the long-term incentive programs for company key employees. In 2018, on the basis of the long-term incentive plans, the members of the Executive Management Team received 10,426 Ramirent shares (excluding shares received by the President and CEO, whose information is presented in the previous paragraph) together with a cash bonus equal to the amount required to cover taxes and similar charges arising from the receipt of shares. In 2018, the total compensation payable to the EMT members excluding the President and CEO of Ramirent consisting of fixed salary, fringe benefits and annual bonus accrued for 2018 was EUR 2,828,308.23.

The total expenses recognized in 2018 for the on–going long-term incentive programs for the EMT-members total EUR 459,441.

No separate agreement regarding early retirement has been made for the members of the Executive Management Team. The notice period is six months and compensation for the termination of the employment contract prior to retirement is a maximum of 6–12 months' salary.

Board of Directors

Kevin Appleton

B. 1960. B.A. British citizen. Board member since 2012. Deemed to be independent of the Company and of significant shareholders.

Prior working experience:
Executive Chairman of Travis Perkins Plc's General Merchanting Division; CEO in Lavendon Group Plc; Managing Director of Constructor Dexion; Managing Director & VP Europe at FedEx Logistics/ Caliber Logistics; and Marketing Manager and then Sales and Marketing Director in NFC Plc.

Key positions of trust:
Non-Executive Chairman of Yusen Logistics (UK) Ltd, Non-Executive Chairman of Horizon Platforms Ltd, Non-Executive Director of Arco Ltd and Non-Executive Chairman of VJ Technology Holdings Ltd.

Ramirent shares:
Dec. 31, 2018: 6,430

Ann Carlsson

B. 1966, Bachelor's Degree (Human Resources), Swedish citizen. Board member since 2017. Deemed to be independent of the Company and of significant shareholders. Ann Carlsson is the CEO of Apoteket AB (publ).

Prior working experience:
Various executive positions with ICA Sverige AB, including SVP Store Sales Division ICA Sverige AB.

Key positions of trust:
Board member of The Confederation of Swedish Enterprise, The Swedish Trade Federation (Svensk Handel) and SNS – Center for Business and Policy Studies.

Ramirent shares:
Dec. 31, 2018: -

Ulf Lundahl

CHAIRMAN OF THE BOARD
B. 1952. Master of Law and Bachelor in Business from University of Lund. Swedish citizen. Board member since 2014. Chairman of the Board since 2015. Member of Ramirent's Working Committee. Deemed to be independent of the Company and of significant shareholders.

Prior working experience:
Executive Vice President and Deputy CEO of L E Lundbergföretagen AB; CEO of Danske Securities; CEO Östgota Enskilda Bank; CEO of Nokia Data Sweden; Executive Vice President and Head of consumer banking of Götabanken; Strategy consultant of SIAR.

Key positions of trust:
Chairman of the Board of Fidelio Capital AB, Handelsbanken Regional Bank Stockholm and Attendo AB. Board member of Eltel AB, Holmen AB, Indutrade AB and Nordstjernan Kredit AB.

Ramirent shares:
Dec. 31, 2018: 20,000

Susanna Renlund

DEPUTY CHAIRMAN OF THE BOARD
B. 1958. M.Sc. (Agr.). Finnish citizen. Board member since 2006. Member of Ramirent's Working Committee. Deemed independent of the Company and, in her role as Vice Chairman of Julius Tallberg Corp., dependent of significant shareholders.

Prior working experience:
Administration Manager of the Helsinki Institute for Bioimmunotherapy Ltd. General management positions in a number of real estate companies and the financial management of the Institute for Bioimmunotherapy Helsinki Ltd.

Key positions of trust:
Chairman of Julius Tallberg Real Estate Corporation and Vice Chairman of Oy Julius Tallberg Ab.

Ramirent shares:
Dec. 31, 2018: 10,000 (holding of interest parties 12,207,229)

Kaj-Gustaf Bergh

B. 1955. B.Sc. (Econ.) and LL.M (Master of Law). Finnish citizen. Board member since 2004. Deemed independent of the Company and, in his role as Chairman of the Board of Julius Tallberg Corp., dependent of significant shareholders.

Prior working experience:
Managing Director of Föreningen Konstsamfundet R.F.; various positions in Pankkiiriliike Ane Gyllenberg Oy and Skandinaviska Enskilda Banken.

Key positions of trust:
Chairman of the Board of Oy Julius Tallberg Ab, Board member of Wärtsilä Oyj Abp, Stockmann Oyj Abp and JM AB.

Ramirent shares:
Dec. 31, 2018: 37,000 (holding of interest parties 12,211,229)

Tobias Lönnevall

B. 1980, M.Sc. (Econ.), Swedish citizen. Board member since 2015. Member of Ramirent's Working Committee. Deemed to be independent of the Company and, in his role as a Senior Investment Manager at Nordstjernan AB, dependent of a significant shareholder.

Prior working experience:
acting CEO of NH Logistics (2010); Finance Manager at Landic Property (2008–2009); Management Consultant at Accenture (2006–2008).

Key positions of trust:
Board member of Attendo AB.

Ramirent shares:
Dec. 31, 2018: - (holding of interest parties 21,863,716)

Executive Management Team

Jonas Söderkvist 1

EVP, GROUP BUSINESS DEVELOPMENT AND INTERIM CFO AS OF 9 OCTOBER 2018
B. 1978, Swedish citizen, M.Sc. (Eng.), M.Sc. (Econ.)
Employed since 2009.

Prior working experience:
EVP, Sweden and Denmark, Ramirent AB, 2015–2018; CFO and EVP, Corporate Functions, Ramirent Plc 2009–2015; Business development, Ramirent Plc 2005–2006; Investment Manager, Nordstjernan Investment AB, 2004–2009; Software engineering and development, Saab Rosemount AB, 2003.

Ramirent shares:
Dec. 31, 2018: 31,480

Heiki Onton 2

EVP, EASTERN EUROPE
B. 1978, Estonian citizen. Ph.D. (Eng.)
Employed since 2001.

Prior working experience:
EVP, Ramirent Baltics and Europe Central 2015–2018; SVP, Ramirent Baltics 2013–2015; Managing Director, Ramirent Baltic AS 2012–2013; VP, Ramirent Baltic AS 2010–2012; Sales Director, Ramirent AS 2008–2010; VP, Ramirent AS 2005–2008; Designer and Product line manager Ramirent AS 2001–2005. Before joining Ramirent: Civil Engineer at ETS Nord AS.

Ramirent shares:
Dec. 31, 2018: 13,973

Øyvind Emblem 3

EVP, NORWAY
B. 1970, Norwegian citizen, M.Sc. (Tech.), MBA
Employed since 2015.

Prior working experience:
SVP, Ramirent Norway from April-December 2015. Global Sales Director Spirits at Arcus Gruppen AS 2013–2015; Managing Director of Michelin Benelux 2009–2012; Country Manager, Michelin Korea 2007–2009 and Sales Manager of Michelin Nordic AB 2004–2006; Management trainee and Manufacturing Manager of ODIM Hitec 1998–2002 and as Management Consultant at McKinsey & Company, Norway 1996–1998.

Ramirent shares:
Dec. 31, 2018: 6,420

Tapio Kolunsarka 4

PRESIDENT AND CEO
B. 1975, Finnish citizen, M.Sc. (Eng. and Econ.)
Employed since 2016.

Prior working experience:
Executive Vice President of UPM Raflatac 2013–2016; Senior Vice President of UPM Raflatac EMEA 2011–2013; Senior Vice President of UPM Raflatac Europe 2008–2011; several leading positions in UPM Raflatac in Finland and in USA 2002–2008; before joining UPM he was a consultant at McKinsey & Company.

Board member of Rettig ICC.

Ramirent shares:
Dec. 31, 2018: 50,000

Mikael Kämpe 5

EVP, FINLAND
B. 1968, Finnish citizen. B.Sc. (Eng.)
Employed since 2004.

Prior working experience:
SVP, Ramirent Europe Central 2013–2016; Director, Group Fleet, Ramirent Plc 2009–2013; Purchasing Manager, Ramirent Plc 2008–2009 and Ramirent Europe Oy 2005–2008; Purchasing Manager, Ramirent AB 2004–2005; Product and Purchasing Manager, Altima AB 2002–2004; Purchaser, NCC AB 1999–2001 and NCC Finland Oy 1996–1999.

Ramirent shares:
Dec. 31, 2018: 19,316

Erik Bengtsson 6

EVP, SWEDEN AND DENMARK, GROUP FLEET AND SOURCING
B. 1969, Swedish citizen, M.Sc. (Industrial Engineering)
Employed since September 2018.

Prior working experience:
Co-founder of Pricise 2017–2018; CEO, Centro kakel och klinker AB, 2016–2016;various managerial positions within the Cramo Group between 2005–2015; Sales Manager, Toyota Material Handling (BT Svenska) 2001–2005; Production Engineer and Field Sales, Parker Hannifin 1995–2001.

Ramirent shares
Dec. 31, 2018: -

Ulrika Dunker 7

EVP, HUMAN RESOURCES AND HSEQ
B. 1975, Swedish citizen, B. (Ed.)
Employed since 2017.

Prior working experience:
Head of HR at Kungliga Operan AB, 2016–2017; VP Human Resources, Sandvik Construction 2013–2016 and of Sandvik Venture 2014–2016; HR Manager, Sandvik IT 2012–2013; Human Resources Advisor, Sandvik Materials Technology 2010–2011; Team Manager, Sandvik IT Services AB 2009–2010; Staffing Manager, AB Sandvik Systems Development 2007–2009.

Ramirent shares:
Dec 31, 2018: -

Auditor's report

(Translation from the Finnish original)
To the Annual General Meeting of Ramirent Plc

Report on the Audit of the Financial Statements

Opinion

In our opinion
- the consolidated financial statements give a true and fair view of the group's financial position and 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 the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Working Committee.

What we have audited

We have audited the financial statements of Ramirent Oyj (Business ID: 0977135-4)) for the year ended 31 December 2018. The financial statements comprise:
- the consolidated statement of income, statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity and notes to the consolidated financial statements, including a summary of significant accounting principles.
- the parent company's income statement, balance sheet, cash flow statement and notes to the parent company financial statements.

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

Independence

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.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 2.8 to the consolidated financial statements.

Our Audit Approach

Overview

Materiality
- Overall group materiality: EUR 4.5 million.

Group scoping
- The group audit scope includes all significant companies in Finland, Sweden, Norway, Denmark and Poland, covering the vast majority of revenues, assets and liabilities.

Key audit matters
- Net sales recognition
- Valuation of goodwill
- Valuation and existence of fleet assets
- Divestment of Temporary Space business and Danish equipment rental business

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	EUR 4.5 million
How we determined it	Net sales and profit before tax for 2018
Rationale for the materiality benchmark applied	We chose the combination of net sales and profit before taxes as the benchmark because, in our view, the performance of the Group is most commonly measured by using these criteria, and it is a generally accepted benchmark.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls and the size, complexity and risk of individual subsidiaries. The group audit scope was focused on the most significant companies in Finland, Sweden, Norway, Denmark and Poland. In addition, we performed analytical procedures at group level over the remaining companies.

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.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group

Net sales recognition

Refer to note 2.2 in the consolidated financial statements.

In 2018, the Group's net sales amounted to EUR 712 (2017: 685) million.

The Group's net sales consist of rental sales, service sales, sales of equipment and sales of inventories.

The Group adopted a new standard, IFRS 15 Revenue from contracts with customers, from 1 January 2018. The standard did not result in any material changes in the Group's net sales recognition.

Net sales, which is a key financial metric, has been a focus area in our audit. Net sales recognition includes a risk that revenue is not recorded in the correct period or that recorded sales transactions have not occurred.

How our audit addressed the key audit matter

Our audit work included reviewing management's key controls and reporting processes around net sales and adoption of new IFRS 15 Revenue from contracts with customers.

We performed substantive testing of sales transactions including, among other, the following:
- We used sales data auditing techniques to check sales transactions. This enabled us to focus our testing on higher risk transactions.
- We selected sales invoices recorded during the financial period on a sample basis and matched incoming cash to recorded sales transactions.
- We tested a sample of sales transactions recorded in December 2018 and January 2019 to evaluate that sales had been recognized in the right period.
- We tested credit invoices issued in January 2019 to ensure that they were recorded in the right financial period.
- We tested a sample of accrued income and deferred sales balances by reference to supporting documentation.

Valuation of goodwill

Refer to note 3.2 in the consolidated financial statements.

As at 31 December 2018 the Group's goodwill balance amounted to EUR 126 (2017: 135) million.

The Group tests goodwill for potential impairment annually and whenever there is an indication that the carrying value may be impaired by comparing the recoverable amount against the carrying value of the goodwill. The recoverable amounts are determined using value in use model.

Valuation of goodwill is a focus area due to the size of the goodwill balance and the high level of management judgement involved in relation to estimates of future cash flows.

Our audit of goodwill valuation focused on management's judgement and estimates used. We have assessed the appropriateness of these through the following procedures:
- We tested the methodology applied in the value in use calculation by comparing it to the requirements of IAS 36, Impairment of Assets, and we tested the mathematical accuracy of the calculations.
- We evaluated the process by which the future cash flow forecasts were drawn up.
- We tested the key underlying assumptions for the cash flow forecasts, including sales and profitability forecasts, discount rates used and the implied growth rate beyond the forecasted period, e.g. by comparing sales forecasts to budget and long-term financial targets approved by the Board of Directors.
- We compared the current year actual results included in the prior year impairment model to corroborate the reliability of management's estimates.
- We considered whether the sensitivity analysis performed by management around key drivers of the cash flow forecast was appropriate.

We also considered the appropriateness of the related disclosures provided in note 3.2 in the Group financial statements.

Valuation and existence of fleet assets

Refer to note 3.1 in the consolidated financial statements.

As at 31 December 2018 the Group's rental fleet assets amounted to EUR 488 (2017: 501) million.

The Group's primary income source is fleet rental. The rental fleet consists of equipment, machinery, scaffolding, weather protection and other. At a certain point, used rental fleet is transferred to inventories for resale, generating additional income source.

Carrying value of the fleet is significantly impacted by management judgments on fleet assets' useful lives, residual values and fleet condition. Also, fleet assets have a high frequency of movement in individual assets, through asset purchases, rentals, disposals and transfers in the customer centres, which emphasizes the importance of appropriate fleet management.

Fleet assets is a focus area in our audit as it is a major asset class in the balance sheet and the key source generating income and cash flow to the Group. Fleet assets balance sheet value involves significant management judgments and require appropriate processes and controls over fleet existence.

Our audit work included reviewing management's key controls around valuation and existence of fleet. Such controls include authorization of asset purchases, disposals and scrapings, evaluation of useful lives, stock taking routines and reconciliation of fleet assets registers to the accounting records.

In addition, our audit procedures included, among other, the following:
- We attended a number of the fleet counts and performed independent test counts to validate the existence of fleet and accuracy of the counting performed. We tested that the records from the counts had been used to update both the fixed asset register and the accounting ledgers.
- We selected a sample of assets acquired in the year and agreed the amounts recorded on the fixed assets registers to invoices.

- We tested the depreciation of the fixed assets through a combination of detailed testing and analytical audit procedures.

Divestment of Temporary Space business and Danish equipment rental business
Refer to note 7.4 in the consolidated financial statements.

In July, the Group announced the divestment of its Temporary Space business. The transaction was completed in November 2018.

In December, the Group announced the divestment of its Danish equipment rental business. The divestment is estimated to be completed in the beginning of 2019. The Danish equipment rental business formed a majority of the Danish reporting segment and is presented as a discontinued operation in the Group's financial statements.

Given the nature and impact, the accounting of those transactions is significant for the financial statements and is a focus area of our audit.

Our audit procedures included, among other things, the following:

- We read and reviewed the transaction agreements to evaluate and determine the appropriate accounting treatment of the transactions.
- We inquired of the entity's responsible persons to obtain an understanding of the disposal process and the key terms and contingencies of the agreements.
- We tested the results of the disposals by reviewing the calculation principles, reconciling consideration and other inputs in the calculation to the agreement, reconciling the consideration to bank accounts and by verifying the net assets disposed to underlying accounting records.
- We assessed whether the divested businesses met IFRS 5 held for sale and discontinued operations criterions.
- We evaluated the adequacy of the presentation and disclosure of the disposals in the Group's financial statements.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements
The Board of Directors and the Managing Director 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 Managing Director 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 Managing Director 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 to 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 these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism 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 Managing Director'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 to 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

Appointment
We were first appointed as auditors by the annual general meeting on 7 April 2011. Our appointment represents a total period of uninterrupted engagement of 8 years.

Other Information
The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our auditor's report thereon. We 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
- 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.

Helsinki 7 February 2019
PricewaterhouseCoopers Oy
Authorised Public Accountants

Enel Sintonen
Authorised Public Accountant (KHT)

Investor relations

Investor relations principles

Ramirent's Investor Relations primary task is to ensure that the market has correct and sufficient information at its disposal to determine the value of the Ramirent share at all times. This task is being performed by Ramirent's Investor Relations through annual and interim reports, maintaining investor pages on ramirent.com, attending investor meetings, seminars, and organizing Capital Markets Days.

Ramirent's Investor Relations function is responsible for investor communications in cooperation with Corporate Communications. In all of its communications, Ramirent complies with the requirements for listed companies as defined by the Securities Markets Act, the rules of the Nasdaq Helsinki Ltd. and any other applicable regulation concerning prompt and simultaneous disclosure of information.

Silent period

Ramirent observes a silent period of 30 days prior to publication of annual or interim financial results. During the silent period, the company's representatives do not provide comments nor do they meet capital market representatives.

Analysts

A list of brokers and financial analysts that actively follow Ramirent's development is available in the Investors section on the company's website at ramirent.com. Ramirent does not comment or take any responsibility for estimates or forecasts published by analysts or other capital market representatives.

Peer group

Ramirent has an international peer group, against which the Group's financial information and business operations can be compared. The peer group consists of companies, which partly have different product offering and operating markets, and therefore do not alone give an adequate picture of Ramirent's competitors. The following companies are included in the peer group: Cramo (FI), Loxam (FR), Kiloutou (FR), Speedy Hire (UK), HSS Hire (UK), United Rentals (US) and Ashtead Group (US/UK).

Quarterly results briefing and live audiocast

A briefing for financial analysts and media will be held on each day of the result publication at 10.30 a.m. EET via a live audiocast at www.ramirent.com. Recordings of the all audiocasts are available at the same address.

Publication of financial information

Ramirent's annual reports, interim reports and stock exchange releases are published in English and Finnish on the company's website at www.ramirent.com. You can also subscribe to receive our news releases by e-mail on our website. Stay informed also with Ramirent's free apps for smartphones and tablets.

Download IR app

For iOs

For Anroid

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Information for shareholders

Annual general meeting

Ramirent Plc's Annual General Meeting will be held on Thursday 14 March 2019 at 10:00 a.m. at Ramirent Group headquarters at the address of Tapulikaupungintie 37, Helsinki, Finland.

Shareholders wishing to attend the meeting must be registered in the Ramirent shareholder register at Euroclear Finland Ltd. no later than on March 4, 2019 and must register for attending the meeting no later than March 11, 2019 by 10:00 a.m. by giving a prior notice of participation to the Company. Any proxies must be submitted at the same time. Such notice can be given either:

a. on the Company's website www.ramirent.com/agm; or
b. by telephone +358 20 770 6880 from Mondays to Fridays between 9:00 a.m. and 4:00 p.m.; or
c. by regular mail to the address Ramirent Plc, POB 31, FI-00751 Helsinki, Finland. When giving the notice by regular mail the notice has to be recived by the Company before the deadline for registration.

Payment of dividends

The Board of Directors proposes to the Annual General Meeting that for the financial year 2018 a dividend of EUR 0.46 (0.44) be paid per share in two installments. If the proposal is approved, the first installment of EUR 0.23 per share will be paid to shareholders registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for dividend payment 18 March 2019. The first installment is to be paid on April 4, 2019 for shareholders whose shares are registered in Euroclear Finland Ltd and on April 5, 2019 for shareholders whose shares are registered in Euroclear Sweden AB. The second installment of EUR 0.23 per share will be paid to shareholders registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for dividend payment September 18, 2019. The second installment is to be paid on October 3, 2019 for shareholders whose shares are registered in Euroclear Finland Ltd and on October 4, 2019 for shareholders whose shares are registered in Euroclear Sweden AB. The Board of Directors is authorized to set a new dividend record date and payment date for the second installment of the dividend, in case the rules and regulations of the Finnish book-entry system would be changed, or otherwise so require, prior to the payment of the second installment of the dividend.

Ramirent Plc's financial calendar 2019

Annual General Meeting	14 March 2019 at EET 10.00 a.m.
Interim report January–March	30 April 2019 at EET 9:00 a.m.
Half Year Financial Report	31 July 2019 at EET 9:00 a.m.
Interim report January–September	30 October 2019 at EET 9:00 a.m

Order book codes

Listed on: NASDAQ Helsinki Ltd
NASDAQ Helsinki: RAMI
Reuters: RAMIR.HE
Bloomberg: RAMI:FH
ISIN code: FI0009007066

Primary indexes

NASDAQ HELSINKI
NASDAQ Helsinki Mid Cap
NASDAQ Nordic Industrial Goods and Services

Change of adress

Ramirent shareholders are kindly requested to make a written notification of changes in address to the bank where they have their book-entry account. Those shareholders who are registered in the shareholders' register at Euroclear Finland Ltd. should send a written notice to:

Euroclear Finland Ltd.
Customer Account Service,
P.O. Box 1110,
FI-00101 Helsinki
Tel. + 358 800 180 500

In the notice, shareholders should mention their name, new address, old address and book-entry account number.

RAMIRENT is a leading service company offering equipment rental for construction and other industries. Our mission is to help our customers gear up on safety and efficiency by delivering great equipment and smooth service with a smile. We have 2,905 co-workers and 294 customer centers across ten countries in northern and eastern Europe. In 2018, Ramirent Group sales reached a total of EUR 712 million. Ramirent is listed in Nasdaq Helsinki (RAMI).
Ramirent - Gear Up. Equipment rental at your service

Group headquarters

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Equipment rental at your service