ALFA LAVAL AB

Moderator: TOM ERIXON
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OPERATOR: This is Conference # 5489102

Operator: Ladies and gentlemen, thank you for standing by, and welcome to the Alfa Laval Business Update Conference Call.

At this time, all participants are in a listen-only mode. After the speaker presentation, there will be a question-and-answer session. To ask a question during the session, you will need to press "star" "1" on your telephone. I must advise you that this conference is being recorded today, Tuesday, 17th of March, 2020.

I would now like to hand the conference over to your first speaker today, Tom Erixon. Thank you. Please go ahead.

Tom Erixon: Thank you very much. And welcome to our call. Thank you for joining us on rather short-term alert. I am here together with Jan Allde, our CFO. And the purpose of the call is to expand on the press release that you have received earlier related to the impact and risks that we see associated with the pandemic of the coronavirus.

Let me start with a couple of introductory comments. First, this is clearly a new situation for all of us as Alfa Laval but also for industry at large in terms of how to judge the effect on the global economy and our industrial sectors from a pandemic. We don't usually do that type of work. We are all to a degree guessing. At this point in time and today, we are anticipating certain developments and that's what we will describe later on.

Number two, our primary responsibility in this from an industrial point of view is that we are a core supplier into a number of value chain in the important industrial sectors and our primary responsibility through this is to maintain delivery security, customer service, and uphold our role in a reasonably functioning environment. And consequently all of what we're doing and announcing today has a primary focus to ensure that we continue to focus well in our day-to-day work in order to the delivery cycle that we are performing.

And number three, of course, we are deeply engaged in the safety and health of our employees. We have well-running crisis teams since weeks back. We are working through as you understand, a whole range of various jurisdictions and local rules and regulations as to how various governments and local health authorities want to tackle this crisis. And we are following those guidelines and those procedures to the detail, all across the world, in all kinds of different operational environments.

And so far, I must say, although we have isolated cases, largely our workforce is up and running and working so far up to the levels that we would have expected.

So those are a couple on introductory comments to – why we are here and the purpose of our call. Let me then go to the press release and a couple of observations on our business and what we intend to do.

And let me start with quarter one. Let me say that quarter one in terms of January and February was stable and well in line with where we were last year. Both order intake and invoicing is approximately on the same level after two months in the quarter as we were a year ago. It's a clear sign of stability.

The – March is not over. We have uneven order intake during the month especially with a certain peak towards the end of the month so I don't want to speculate too much as to where we will be once the – March is closed but we do not have any clear signs that we will see big deviations compared to last year when it is in terms of the pace of order intake for March. Certainly invoicing tends to be more stable so nor do I anticipate any big deviations on the invoicing side either.

So Q1 as such relatively stable where we are. And Q1 does not drive the question of why we need to act at this point in time. The open question marks that we have is what is the longer say medium-term business effect out of the coronavirus problem, and not least all of the countries that today are in lockdown.

And as we see the industrial effect spreading from sector to sector, we simply have to anticipate at this point in time that also our end markets will be in the short and medium-term, at least temporarily, be affected by the pandemic. And we have to anticipate negative effects on our order intake going forward although those are not visible yet at this point in time.

Given that we are unsure of the magnitude and unsure of the duration, we have followed the following principles as to how we have designed our response program. First of all we are focusing on fast and flexible actions. We don't want to have impact six and nine months from now. We want to have impacts on our cost lines in next week and next months. And secondly, we want to be able to implement the cost savings and we want to go back to normal once time permits. So fast and flexible is an important principle of the program.

Secondly, we are putting as I said, a very high priority to ensure customer service and full capability in the order-to-delivery cycle throughout this period. That means that the other activities are to a degree being put on hold. As you know, we have been running significant improvement programs at a relatively high cost, investing money in digital, and product development, and footprints, in Industry 4.0, and online activities. We are slowing the development programs and putting them a little bit and hold in order to put priority on the order-to-delivery and short-term customer service aspects of our Company.

Thirdly, we had a high priority to keep stability in our current workforce. We do expect coming out of this crisis that the well-trained, capable team that we have built up over the long period of time, not least the last three years, are highly efficient, trained, skilled, unique, and absolutely needed for our long-term development. And we'll do everything we can to maintain our current head count the way it is and we will focus on other ways of creating flexibility, also on the costs that are relating to our payroll. And those are the principles that have been guiding us in setting up the program.

Let me touch a little bit on what the components of that program is. First of all the scope of that is that we expect to reach a 12-month running rate in cost savings of approximately SEK 1 billion related to fixed cost in the companies. You can say related to our fixed cost as a whole, that is somewhere in the region of a 15 to 20 percent cost reduction and we expect to ramp that cost saving from today and rather aggressively up and running in full speed – within let's say approximately three months. That is our expectations.

The components of the program is number one, work aggressively with the available reduced working-time agreements that are available in many of our important operating markets. They are since years back, verifiable and functional programs available for reducing work time in countries like Italy and Germany. They are also in certain jurisdictions implemented now as a crisis management tool from a number of governments including the Swedish government. We will negotiate and utilize those agreements in order to bring down working time and also significantly – bring down our payroll costs without reducing the number of full-time employees.

Secondly, we will cut a lot in our external consultant and advisory projects. We are not in a position currently with a lot of people working from home, and we have to expect that the virus infection will spread to a degree, certainly among our own suppliers as well perhaps among our own staff to a degree; we are not ready, willing, and able to run our development program at full speed whatever we would like to do, so at this point in time we're going to put a halt to a lot of the long-term development programs.

And I'm happy to say as you all well know, that we spent the last three years with a significant investment into a number of areas. We've come a long way in that plan, as you know, from the last quarterly call, we closed the first three-year plan. We are in a good shape in many areas. I would not argue that we are a hundred percent completed but after the long improvement program that we've been running, we've come far enough to be able to put things on hold without sacrificing any substantial part of the long-term future of the Company.

Thirdly, we are putting a hiring freeze in place. We do have an ongoing attrition rate. We have substantial amounts of open positions in the Company as is. We will largely put a hiring freeze in place. It will have impact in the short-term backfilling will to a degree stop and we will see slow reduction in the number of head counts in our Company without terminating people proactively.

Fourth, we will stop a lot of our discretionary spending. This is perhaps you could argue, the easiest cost item for us to reduce. There is obviously a very limited amount of traveling going on in our Company at the moment, customer entertainment is very small, a lot of our traditional (Marcom), trade fairs and other typical marketing costs are automatically delayed, postponed, canceled, and consequently that cost category will see a sharp decline; it's already a fact as we speak.

Lastly, regarding our payroll. Obviously in a crisis situation where we go in, we will see a lighter burden if we are correct about our economic assumption, we will see a lighter burden on the variable compensation programs that will have limited effect during – or limited payout during 2020 if the year goes as planned.

In addition because we are putting through so many of our employees into short work-time agreement, they will face various degrees of pay reduction during the period of crisis. And consequently Group Management have decided to go with solidarity into that process and we've taken down our – fixed salaries with 10 percent over the period of time that we are implementing this program. That (inaudible) some voluntary pay reductions that is also spreading somewhat into the senior management cadres of this company.

So that is the action program as such.

We have a lot of work to do when it comes to detailing exact number of people, exact jurisdiction, exactly how it will go but scoping it, we feel confident that that is the level that we we'll be able to reach.

(There are then), finally a couple of other things going on simultaneously. As I indicated we have the crisis team operating fully since weeks back, mainly related to short-term activities to secure the health and safety of employees and also deal with upcoming emergencies in the Company. And of course we have a very active team related to securing our supply chain and our delivery capabilities. So far up to date our global supply chain is largely working well in line with what we expect and what we are usually doing.

We did see some short-term effect in China during the initial crisis. That has since then largely been restored. And I might add at this point in time, that also the economic activity, our business activity, and our order intake is seeing a good improvement in China over the last two – few weeks, so if you want to have any indication in terms of what does a shutdown and a reopening of the business look like, I think that shows for the time being, a favorable scenario.

I'm not a hundred percent sure that the development in China is sustainable. There are still risks there and I'm not sure that the rest of the global economy will show the same pattern. But nevertheless in a situation when we look at some dark clouds, China provides a little bit of light in the tunnel, and it's not a train, hopefully.

With that Jan and I are open for questions. Thank you.

Operator: If you wish to ask a question please press "star" and "1" on your (inaudible) for your name to be announced. Once again "star" "1" if you wish to ask a question.

Your first question comes from the line of Max Yates. Please ask your question.

Max Yates: Thank you.

Just – my first question is around these shorter-time working programs. And I just wanted to understand typically in countries like Italy and Germany that you mentioned, what's – what is the scope of these programs, that is, kind of what's – sorts of – sort of magnitude of production – reduction does this lead to, that is, so what kind of production reduction or what kind of reduction in your factory production are you planning for as part of these programs?

Tom Erixon: Well let me first say, number one, and I may not have been fully clear and that. The 1 billion savings programs that we are talking about now is addressing primarily the fixed cost so the activities described are related to the 1 billion.

On top of that as we say in the press release, we will adjust the production structure and work with our gross margin as effectively as we can depending on what volume scenarios looks like so I just want you to be mentally clear that there are obviously cost savings in our supply chain that will come from you know, reduced working hours or reduced deliveries over time so point one.

Point two, at the moment, we are still running very high in our supply system so when we're talking about some of the challenges that we have, we're going to have to find ways here of dealing with you know, capacity monitoring going forward.

So I think we have you know, on – you know, on top of that we have about 10-plus percent of our blue collars as temps so we have – with our temp workers and with a big part of our manufacturing in the Scandinavian systems and in Italy, we feel we have a very good grip on adjusting to you know, a reasonable downturn in volumes.

So I think I'll leave it there. I don't – I don't want to go into detailing of the – each individual jurisdiction and how we will adjust them because we still have a fair amount of work to do so I think when we get to the quarterly report, I think we will – we will outline in some details as to you know, where we are in those various initiatives so if you allow me to leave it to little bit fluffy here, that's my answer.

Max Yates: OK. Thank you.

And just my follow-up question was around, maybe a little bit around what you've seen in March so far. And I can understand kind of the original equipment orders may clearly come under some pressure but would you be able to comment on what you've seen so far in your services business, and how customers are behaving particularly in areas like Marine.

Have they tended to more or less shut up shop across the board both in terms of new vessel ordering and also servicing? Or how has that business evolved through March? And how should we think about it evolving over the next couple of months if the OE side comes under pressure, how resilient would expect things like Marine Services to be?

Tom Erixon: Well you know, you guys are hopeless because for the first time during my four years in Alfa Laval, I'm giving you two months update into a quarter that consists of three, and you focus on the one month that is remaining so, a little bit you are pushing the envelope a little too far here.

I think the comment that I was making was that we do not have the sense of the moment that March is a huge deviation compared to the first two months. That is our assessments right now. There's obviously you know, two weeks left of March, anything could happen but if we were feeling that the business conditions during the month of March would come into a complete halt or a complete, different scenario than the one we're having we would've been transparent with that.

The best comment we can give you at this point in time and that is what we are expressing, is that you know, we do not expect a sharply different business environment from March compared to the first two months. You know, hopefully we will keep it up until the next quarterly report, as planned to give you the full update of what actually happened but that is the best assessment we can do.

Max Yates: OK. Thank you.

Operator: All right, your next question comes from the line of Klas Bergelind. Please ask your question.

Klas Bergelind: Yes. Hi Tom and Jan, it's Klas from Citi. Good to see that you're taking swift and major actions. Can I start by asking if you could give us an update on your manufacturing sites currently? We're getting questions from investors trying to gauge how many sites and per country in Europe and how many employees in each as Europe is gradually closing down? So I will start there.

Tom Erixon: We are – we're not in a situation where we're closing down. I think our general comment from the introduction is that our supply chain up until today is generally speaking intact.

We are not facing any major deviations when it comes to our delivery and supply towards customers. With that said I follow the same news cycles as the rest of you do. I see that there are companies that take a different path when it comes to how they – how they can run their delivery cycles. That's not the situation we've been having up until today but obviously this is a concern for us. We have people working a lot around these questions. We know that there are obviously (inaudible) but they haven't materialized up until today.

Klas Bergelind: Yes. (Inaudible) ...

Tom Erixon: (Inaudible) you know, the original Chinese challenge. I would say that has been largely restored.

Klas Bergelind: ... Yes. No. Absolutely. I'm – I'm trying to think ahead obviously and it's a challenge for all of us.

But I'm trying to understand, so the concentration of factories, it's Denmark, Italy, Sweden, Germany, am I missing any obvious countries? We're – we're trying to map the sector in looking at you know, how this can evolve.

Tom Erixon: I think you're going to have to make your own guesswork on that.

Klas Bergelind: All right.

My second question is on the – on the nature of the – of the program. You were very helpful here in your introduction obviously but the – typically we have the restructuring charge, savings are typically half of what you do today. Now we have 1 billion with (latent) charges and you helped us Tom, in saying that you should be flexible in quick.

Clearly Alfa is an improved business, the last downturn but I'm curious to hear you discuss a little bit more in this light, where are you more agile outside of the fact that you have improved your service share?

Tom Erixon: No. I think they – I mean the – let's be clear. The – this is not – we are not doing I think anything extraordinary or being outsmarting anything. We've all done restructuring programs and seen the one-time charges.

What we're doing here is not securing a long-term structural cost advantage for the Company. That would cost us restructuring charges. There might be some restructuring in the months to come. There is always in a company of our magnitude that may be outside of the corona's issues a couple of weak spots that we are interested in – addressing so I'm – I'm not putting a zero and all of that but the program as such in terms of taking a short-term reduction of activity, working hours and so forth, is really not bringing any restructuring charges with it.

So the good thing is, it's quick. The good thing is there is not a one-off charge. We are not hiding any other problems behind this other than trying to adjust ourselves to the very specific pandemic consequences that we are seeing so if this is as we hope you know, short- to medium-term challenge we will you know, bring resources and working hours, and external consultants and development programs back into action, as soon as we feel comfortable about the stability of the global economy. If that's not the case we will likely have at some point in time, to look at the more structural adjustment of our cost base.

We have mentioned in the press release that, at some point in time, likely early third quarter, is the time when we may need to make a new assessment to say, is this scenario the reasonable one? Where has the world developed over the last three months? And do we still believe in the plan we have? Or do we need to do something else?

But for now we are quite comfortable that we can go forward with this way and that will be economically in terms of speed and long-term opportunities for us, the best way to go.

Klas Bergelind: Yes. Very clear.

My final one is on oil and gas. And obviously these are unprecedented times, the next couple of quarters. But I still wanted to discuss oil and gas with you Tom, and thinking back to the previous downturn.

It appears as if the oil and gas business is high up in the cycle, 7 billion versus 8 billion, orders at the previous peak. But a lot of that is (weak FX), that is, FX help in that number. A like-for-like, I think is still 35 percent below the previous peak so we will likely see a big drop in orders but upstream, it is obviously already at a very low level and refining in petrochem, is typically more defensive. So I'm trying to understand – I know it's difficult but if you could discuss it a little bit in terms of whether you know, we will have a crash or whether we actually haven't recovered that much yet?

Tom Erixon: Well I – let me make two comments to that.

Comment number one, we – you know, we – there's – there's clearly some discussions for us down the road to have when it comes to the development in our – (end) segments and how they develop.

We will save that dialogue and that analysis for the quarterly report call, where we will update you where we are versus end markets and the pandemics.

But with that said, I think you are reasonably assumptions around the market. It is true today that the upstream, especially land-based oil and gas business is relatively small and certainly compared to the previous peak, significantly below.

It is also true as we've said – expressed earlier in a number of earnings calls, that the downstream especially petrochemical is driven to a degree by Chinese independence and other things and they may not be particularly correlated with oil price. On the contrary sometimes people argue when the – when oil prices go low, the profitability in the downstream activities may at some point in time even be better so there is not a correlation between those cycles.

And I think that paints a picture of the possible impact on all price changes. And then I would like to come back to this topic at the quarterly earnings call.

Klas Bergelind: Thank you, Tom.

Operator: All right. Thank you.

Your next question comes from the line of Andreas Koski. Please ask your question.

Andreas Koski: Thank you very much. And hi Tom, hi Jan. Many thanks for organizing this update, very much appreciated.

Firstly, on the cost savings program, you said it will start to have effect from the 1st of April. But when do you expect to be at the full run rate of the billion?

Jan Allde: Yes. I don't want to lose my credibility on this, earnings call. We are moving very, very quickly at this point in time so of course we do have an element of uncertainty on this.

We also face a number of negotiations with unions and other stakeholders in these processes so while we are ambitious, we may find that some agreements and some decisions are taking slightly longer than we are looking for.

We're also any situation where despite some challenges ahead, as you know, we are sitting with a huge order book and a high delivery pace at the moment so we may have also to find some compromises in terms of not endangering what needs to be executed short term.

With all those reservations I think we should be very far down the line, approximately three years from – three months from now. That's ...

Andreas Koski: OK.

Jan Allde: ... that's about the mental picture we have. And given that we're looking at a couple of quarters as the primary challenges, this program loses a lot of its value unless we can get it relatively quickly into place.

Andreas Koski: Yes, yes, yes.

And on the demand side, the – at the beginning of the year, you had a backlog for deliveries of around 16.4 billion for this year. I understand that you expect to see weaker demand from this coronavirus or due to this coronavirus. But do you think there is a significant risk that you will also see cancellations and slippage of that – backlog? Or is it mainly weaker demand ahead that you expect?

Tom Erixon: No. I think the – well – let's be prepared for – I – you know, I'm – I'm not sitting and expecting a lot right, I'm – I'm – I'm just planning for being able to tackle and handle the situation where we see a weak situation. You know, I'm not – you know, whichever way it goes ...

Andreas Koski: OK. Let's put it this way, are you confident that you will deliver those 16.4 billion this year?

Tom Erixon: ... Well it's – it's – it's you know, I – our order backlog – the benefit that we have – I would remind you, I would put it like this ...

Andreas Koski: Yes.

Tom Erixon: ... you should remember, that there are no orders in our backlog where there isn't a signed agreement and a down payment from customers that we have received. And that gives us certain credibility to the order book, that's point one.

Point two, we haven't seen any tendencies up until today, of order cancellations in our – in our order book, in any part of our business, in any segment, in any end-user.

I will not be the one who says that it cannot happen. You know, anything can happen in this world but the status up until today is what I mention.

Andreas Koski: Yes. And the down payments, are they normally 10 percent of the total order value or (inaudible) ...

Tom Erixon: It can be ...

Andreas Koski: ... (inaudible)?

Tom Erixon: ... anything between just below 10 and up to 25 ...

Andreas Koski: OK.

Tom Erixon: ... about.

Andreas Koski: Yes.

And then lastly, you mention I think that 1 billion corresponds to 15 to 20 percent of your fixed cost. And ...

Tom Erixon: Yes.

Andreas Koski: ... that implies that your total fixed-cost base is around 5 to 7 billion. Last year you had total operating cost of close to 40 billion, which means that your fixed cost accounts for only 15 percent of your total cost base. So ...

Jan Allde: Well ...

Andreas Koski: ... the remit ...

Jan Allde: ... I doubt that ...

Andreas Koski: ... the remaining 8 – Yes, go on?

Jan Allde: ... you should remember that cost of goods sold, raw materials, is about 60 percent so ...

Andreas Koski: Yes, (Jan).

Jan Allde: ... when you ...

Andreas Koski: ... Yes.

Jan Allde: ... do the cost structure analysis, I think that's what you need to keep in mind.

Andreas Koski: Yes, yes. I do that. But the remaining 85 percent of your cost base, would you say that that is moving simultaneously more or less with sales?

Jan Allde: No. I will not ...

Andreas Koski: OK.

Jan Allde: ... make any statement of the kind.

Andreas Koski: (Of course) ...

Jan Allde: You know...

Andreas Koski: ... (I wasn't) ...

Jan Allde: ... you're not going to drag me into forecasting cost of goods sold and variable cost in the scenario which we're not sure where it's going so you can guess all you want.

I can tell you what the cost structure is but you're going to have to make your conclusions.

Andreas Koski: ... Yes, yes. It's – Yes. I will – OK.

Thank you very much.

Jan Allde: Thank you.

Operator: All right. Thank you.

Your next question comes from the line of Malte Schulz. Thank you. Please ask a question.

Malte Schulz: Hi, good afternoon from (inaudible).

I have a question and – is – as – also I don't expect a huge issue there but can you update us maybe on your working capital or your expectation on your working capital development? Do you expect a lot of working capital direct? And what's your current liquidity level and (ongoing) credit lines, if you can just assure us that (you're always) enough financed?

Jan Allde: Well, maybe I can comment here. It's – it's Jan.

I mean we – as you know, we do have a strong balance sheet. And we've been working the last couple of years to strengthen that.

On top of that we also have a strong liquidity buffer – in terms of credit facilities and a good credit rating, so we feel – we feel good with that position.

On the working capital side, I think this is something we will have to come back and comment on after the Q – or at the Q1 release so I don't want to sit here and speculate but that's the situation of this point.

Malte Schulz: But you plan to take extra liquidity at the moment? Or you run at as normal for now?

Jan Allde: No. We – you know, we are monitoring of course the situation in a – in a prudent way, watching our cash flow and so we don't – we don't see an issue. As I said we do have a strong balance sheet. We are monitoring our liquidity.

And we have good banking relationships. So I think we feel comfortable with the situation that we're in.

Malte Schulz: OK. Great. (Good to hear).

Operator: All right. Thank you.

Your next question comes from the line of Johan Eliason. Please ask your question.

Johan Eliason: Yes. Hi. This is Johan Eliason at Kepler Cheuvreux.

Just a question regarding travel bans and similar. From other companies, we heard some stories about any impact on the aftermarket's business as the service technicians wasn't – were not able sort of visitor client sides and do the maintenance and deliver the spare parts and similar, obviously related to China initially.

But for you I think you have a more of a distributor's type of model in the – in the aftermarket business. So how will this travel ban impact you, assuming that logistics will continue to work as they – as they should? Are you sort of – your aftermarket's business spare parts, how big – share is your sort of online sales or similar? Can you give any sort of indication on how this could be impacted in the months ahead? Thank you.

Tom Erixon: No. I will not give you any answer to how it will be impacted. But I can give you a status question – a status update and then you can make your own judgment.

Number one, our service business does have a high share of sales part share. In fact part of the service program and service change, we've been working with over the last three years is increased in all those services and change the mix somewhat.

And – but it doesn't change fact that spare part accounts I think for about 70 percent of the service revenue. If you look at the – and that holds true – it slightly higher I think on the food and water side.

At the moment with IMO and growth on the Marine side it's – it's getting slightly lower on the Marine side but historically, the Marine business is certainly spare parts driven where the crew typically does the services on board. So yes, the big part is in that sense not affected by ability to travel.

That can be – and up until now we haven't seen you know, including February any change nor in the order intake mix nor in the invoicing on the service business.

Are there some risks going forward? Could be. Your judgment.

Johan Eliason: OK. Excellent. That was all I had.

Tom Erixon: All right. We'll take one more question. And then we're going to call it a day.

Operator: All right. Thank you.

And your last question comes from (inaudible). Please ask your question.

Lars Brorson: Sorry, hello, is this me? Lars, from Barclays?

Tom Erixon: Yes. Hello Lars.

Lars Brorson: (Hello). Sorry guys. I couldn't, it seems she dropped out – the hostess.

Sorry, can I just follow up on that Tom, the prior question, if you don't mind.

I appreciate that a big part of your service business is spare parts so that will be a big chunk of which of course, cleaning and reconditioning of plates for your heat exchange business, that does require a fair bit of transportation I guess back and forth.

But just to be clear, as it stands today, no impact from lockdowns and broader limitations to movement from your – field force, in Europe in particular? And I appreciate it's a very fluid situation, but I think it's a fairly critical question that was asked earlier.

Tom Erixon: Yes. It's – it's a – it's been a good continuity in the service business, and the service execution up until the end of February. Then we will have to obviously update the – ourselves week by week and we'll update you hopefully once a quarter, not more often than that but so I the earnings call, late April, we will have an update for you on that topic.

Lars Brorson: And satisfy me if I just can, to Jan. You said there hasn't been any change and around working capital, and I appreciate you'll come back in a few weeks' time on the call but presumably around your oil and gas business, part of your shipping business, I'm thinking particularly cruise, there will have been some stress among your customers. I wonder whether you are doing things differently in terms of any action around working capital, things like collecting receivables, et cetera, any status update you can give us there as to how you go about managing your working capital at this point?

Jan Allde: No. I think the key point here is staying close to our customer. And we have a global sales and service operation that's – that's there – their job on a daily basis to monitor the situation and make sure that we support the customer but to get the payments are due to us.

But maybe one comment, I mean you know, we've been growing quite a lot these last couple of years building up inventory, building up receivables, so as of course if the situation reverse you know, so again, let's come back after the Q1 report and we can talk about it more.

But rest assured we are staying close to this and will do our utmost to keep a good cash flow going.

Lars Brorson: Thank you both.

Tom Erixon: All right. Thanks a lot.

And with that, thank you for joining us on short notice. Look forward to a more complete update at the quarterly report about four weeks from now.

Thank you very much.

Operator: Thank you.

That does conclude our conference for today. Thank you all for participating. You may all disconnect.

Speakers, please standby?

Thank you.

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