ALFA LAVAL

Q3 Earnings Conference Call
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Lars Renström:
Thank you very much, and good morning and most welcome to our presentation. I will start by highlighting three matters.

Firstly, order intake in the quarter reached a new record level of SEK9.7 billion, and year on year the growth was 31 percent. The recently acquired Frank Mohn AS had a very strong quarter and contributed with SEK1.5 billion. We are pleased to be able to state that we expect demand in the fourth quarter to remain on about the same high level.

Secondly, a one-time charge of SEK260 million was booked for a cost reduction program that, during the fourth quarter 2015, will give annualized savings of SEK300m.

Finally, sales increased by 29 percent and the operating result of SEK1.55 billion was the best quarter in more than five years. The result after financial items increased by 16 percent, excluding the one-time charge for the cost reduction program.

Now we move over to the key figures. There you see that orders received rose 31 percent to SEK9.7 billion. Net sales grew 29 percent to SEK9.3 billion. Adjusted EBITA increased 29 percent to SEK1.55 billion. And adjusted EBITA margin reached 16.7 percent.

Year to date, orders received rose 18 percent to SEK26.2 billion. Net sales increased 15 percent to SEK24.3 billion. And adjusted EBITA grew 13 percent to SEK4 billion. And the adjusted EBITA margin reached 16.3 percent.

Moving over to orders received. There you see that we reached, on rolling 12 months, SEK34.7 billion, and the increase year on year was 26 percent.

On the next slide you see from the order analysis that year-on-year, acquisitions contributed with 20 percent and organic growth was up 5.7 percentage units. Currency effects were 5.2 percent, giving a total of 31 percent. Sequentially, acquisitions contributed with 10.4 percent, organic growth with minus 4.5 percentage units, and positive currency effects with 2.3 percent, giving a total of 8 percent.

Next slide. The EBITA margin reached 16.7 percent and the operating result of SEK1.55 billion is the best quarter in more than five years.

And now we move over to the highlights in the quarter. In Process Technology, we booked an order for air heat exchangers to a natural gas liquid export terminal in the U.S. We booked a similar order in the previous quarter, so the U.S. is gearing up for export. We booked another two orders for oil and gas production in the U.S. and Canada. We also booked an order through a Korean EPC contractor for the Middle East and an order for an Indian refinery.

In Marine & Diesel, we booked two very large orders for Framo pumping systems, one for an FPSO to be moored outside Nigeria and one for an oil drilling platform off the Canadian coast.

Demand for PureSOx continued to be good, and we booked eight systems for six ships. And since the commercial launch 2012, we have booked 58 systems for 51 ships.

And now we continue with the development per segment. In the quarter we had 6 percent organic growth year on year, and you see that all segments in Marine & Diesel division grew, while it was a mixed picture in Process Technology and Equipment. We are very pleased that the organic growth in service was up 6 percent, with all three service segments contributing.

Let's take a closer look at the development per division, and now all comments are sequential. And we start with Equipment. Following the all-time high in the previous quarter, all capital sales segments declined while Service was unchanged. Industrial Equipment was down due to lower activity in areas requiring refrigeration products.

Sanitary was negatively affected by dairy and the resulting effects from the sanctions against Russia. OEM saw weaker demand from the air conditioning industry following a relatively cool summer in parts of Europe.

Let's move over to Marine & Diesel. Marine & Diesel Equipment showed a modest decline due to slightly lower demand from the shipyards. Marine & Offshore Systems dropped due to non-repeat large boiler orders.

We are pleased to see the good development for exhaust gas cleaning systems, and we have recently launched the second generation. Marine & Offshore Pumping Systems had an excellent quarter, boosted by two large offshore orders.

Now we move over to Process Technology. In Energy & Process, Oil & Gas did very well, while refinery and petrochemicals declined, resulting in an unchanged order intake. Food & Life Science grew, boosted by brewery, as well as life science and renewable resources. In Europe, current current investment cycles are coming to an end, and that's caused a minor decline in water and waste.

Moving over to the next slide. Year to date you see that all Marine & Diesel segments have been growing. The Equipment segments have been stable or growing, while we see a modest decline in the capital sales segments of Process Technology. However, Service has grown very well.

And now we continue with the geographical development. There you see that year on year North America has grown with 47 percent, boosted by investments in oil and gas production, refinery and petrochemicals. Asia has grown with 46 percent, boosted by the recovery in the marine industry and the acquisition of Frank Mohn AS. Western Europe and Nordic have had a moderate growth. Central and Eastern Europe held up well, despite the conflict around Ukraine. And Latin America declined 20 percent due to lower activity at Petrobras and lower demand for raw materials impacting the Latin American economies.

Now we take a closer look at the development per region, and now all comments are sequential, and we start with Asia. Excluding Frank Mohn, orders declined slightly due to non-repeat large projects, but base orders and service did very well. It's interesting to note that China saw a broad-based, positive development driven by base business and marine. However, a wait-and-see mode caused delays in the decisions for large projects.

Moving over to Europe, Western Europe declined due to fewer large orders and a decline in the base business. Mid Europe was negatively affected by sanctions and countermeasures in Russia, as well as lower demand from emerging markets.

Central and Eastern Europe show the same pattern as Western Europe, with fewer large orders and a decline in base business. In Russia, there were fewer large projects, but base business performed surprisingly well. Customers that rely on public funding are doing well, but those depending on private funding have some difficulties.

Moving over to Americas, in North America we had continued good growth driven by large orders in oil and gas, exploration and production, while base business was unchanged. Water & Waste did well, thanks to good activity in municipal waste water. In Latin America we declined as Brazil saw fewer large orders. But base business in Brazil was still up. Food volumes were also lower in the region. On the positive side, we booked oil and gas orders in Peru and Mexico.

Next slide. Year to date, Asia stands out, boosted by marine and the acquisition of Frank Mohn. And North America is boosted by oil and gas exploration and production. Western Europe has developed well, thanks to some large orders and exhaust gas cleaning.

In Central and Eastern Europe we see the impact from Russia and Turkey, since all other markets have had good growth. And the decline in Latin America comes entirely from Brazil. All other markets have delivered growth.

And now we come to the next slide. There you see the top 10 markets in 2013. The green bar is whole year 2013 and the yellow bar is last 12 months. There you see that the U.S. continues to grow thanks to an acquisition and oil and gas. China is boosted by marine, and a solid broad-based growth. South Korea is boosted by traditional shipbuilding, oil and gas offshore and the acquisition of Frank Mohn. The decline in Russia is 15 percent, and the same goes for Brazil. Adriatic and Benelux are boosted by large orders.

And now I hand over to Thomas for the financials.

Thomas Thuresson:
Good morning, all of you. Let's move right into the sales as Lars has covered orders received in depth.

In the quarter we realized sales of SEK9.3 billion, an increase of 29 percent year on year, of which the organic element was 5.3 percent. After quarter two, we commented that, based on having Frank Mohn in the Group for the full coming quarter, it's of course reasonable to expect an increase in sales also in quarter three.

So what happened then? Well, in comparison with quarter two of 2014, sales were up 10.1 percent. However, that was including an organic decline of 2.3 percent. This decline was partly due to the recovery in quarter two from the delay in invoicing in quarter one and, in addition to that, normal variations in revenue recognition for contract-based sales. I think it should be noted that Frank Mohn contributed with sales to the tune of SEK1.3 billion, a sequential increase of 9 percent. Of course, quarter two was only six weeks for Frank Mohn and now we have obviously a full quarter.

Moving on to service, the service activities represented 26.4 percent of total revenues, the same level as in quarter three of last year. I think it should be noted that organically the relative portion of aftersales to total sales increased. But remember, aftermarket revenue in relation to the total for Frank Mohn is lower.

Let me then come to the first forward-looking statement concerning revenues. We expect that sales will increase, and increase slightly in quarter four compared to quarter four, in accordance with the seasonal pattern.

Let's then move on to the next graph about the gross profit margin. In the quarter we realized a gross profit margin of 35.3 percent, representing a decline of 1.4 percent year on year and a decline of 1 percent sequentially. Again, with quarter two report I said in the near term we do not foresee any material change compared to the outcome in quarter two. So the actual for quarter three then came out, I have to say again, slightly below what we expected.

And that is due to the distribution of FX effects between quarter three and quarter four. In total, the two main contributors to the lower gross margin sequentially are, firstly, the lower gross profit margin in Frank Mohn having a full-quarter effect; and then, as I just mentioned, the negative FX transaction effect to the tune of 0.5 percent. So obviously FX was the most sizeable of the two.

Let me remind you in this context that, as for Frank Mohn, you must remember that the overhead costs are lower than the rest of the Group. So on an operating margin level there is a positive effect from Frank Mohn.

Let me then give you the second forward-looking statement. In the near term we expect gross profit margin to get a limited positive influence from FX transaction effects. I will specify FX effects further, later in this presentation. However, gross profit margin in quarter four will be adversely influenced by the seasonal increase in capital sales. We do not expect any further adverse price mix effects within capital sales. I think that is important to have in mind.

Let's then move on and look at the overhead cost development. R&D ended at SEK180 million in the quarter, an increase year on year, like for like, of 1.4 percent. It's also a reduction sequentially in absolute terms of SEK20 million. This is then bringing the year-to-date increase down to 7 percent like for like. So the high levels of increases in the first couple of quarters is coming down, as I think we've commented earlier this year.

Sales and admin amounted to SEK1.38 billion in the quarter, representing an increase like for like, year on year, of 4.9 percent. Salary inflation and selective increases in resources are of course the main reasons for the increase. I think it still should be noted that the level of increase like for like is lower than in quarter one and quarter two, so really the first sign of our savings initiative.

As I just commented, we had adverse FX effects. Total impact net of translation and transaction was only SEK7 million, but a fairly sizeable transaction effect within this net. All in all, as Lars mentioned earlier, an EBITA margin of 16.7 percent.

As for operating income or EBIT, if you like, there is a non-recurring charge of SEK260 million included. And I will get back to that in a moment.

Profit before tax, following from all what I've said above, ended at SEK991 million, which is a reduction of 8 percent over last year. But then if I allow myself to exclude the non-recurring charge of SEK260 million, it's actually an increase of 16 percent, a lot of that of course explained by the contribution from Frank Mohn net of financing costs.

Before leaving the P&L, taxes came out a bit above the 28 percent guidance, but we maintain our guidance of 28 percent going forward.

EPS, again, if I allow myself to exclude the one-off charge, EPS would have been up 8 percent. Finally, return on capital employed and return on equity are of course both impacted by the acquisition of Frank Mohn, as presented in the report, particularly as the numbers are not presented pro forma.

Then let's talk a bit about our cost savings program. We did talk about a review of structure and cost with our quarter-two report. So let me just give you a few detailed comments about this program. To begin with, it's important to stress that the level of SEK300 million annualized will be reached during the course of quarter four 2015 in terms of savings realization. To be more specific, SEK50 million is expected to show up in the P&L this year, SEK150 million in the P&L next year and the final SEK100 million will show up in the P&L in 2016. If we look at the expected headcount reduction of 300 employees, approximately 40 percent are related to cost of goods, and then obviously the balance is overhead personnel. As for distribution of the savings in the P&L, we foresee that 40 percent will be showing up in COGS, 20 percent in R&D, and the balance, the remaining 40 percent, in sales and admin.

Let's then move on to divisional performance, just a few short comments on the operating profit and margin by division.

Equipment came out below quarter three of last year and exactly as quarter two of this year in absolute terms. Comparing the margin to quarter three of last year, the decline was mainly due to a negative price/mix effect, but also increased sales and admin cost and increased sales volume had a limited positive impact on operating profit.

Then Process Technology, operating income was basically unchanged year on year. The operating margin was burdened by a negative price/mix effect as well as increased sales and admin, partly compensated by higher sales.

Marine was benefiting from sales increases from Frank Mohn as well as organically, but then adversely impacted mainly by the increase in step-up amortization as well as sales and admin cost and price mix. Sequentially, Marine was adversely impacted by step-up amortization and FX.

Let's then move on to a few details on our funding. As you may have noted from an earlier press release, the bridge funding put in place in connection with the acquisition of Frank Mohn has been replaced in its entirety. The main element of this long-term funding is the issue of Eurobonds with maturities of five years for SEK300 million and eight years for SEK500 million. This was earlier complemented with additional loans from the European Investment Bank, the Swedish Export Credit Council and also, to some extent, from our bank syndicate. Overall, I should say we're very satisfied with the terms achieved for funding this acquisition. As you may have seen, the very good cash flow in recent months has already reduced our debt level from where we were after the Frank Mohn acquisition. And let me just point out at this juncture as well that with the current level of gross debt, we anticipate interest net to be SEK90 million per quarter. But, of course, we expect that to gradually decline as indebtedness goes down.

Then let's get to the cash flow statement. Cash flow from operations amounted to SEK1.67 billion, well above quarter three of last year as well as quarter two of this year, the main contributor of course being a reduction of working capital to the tune of SEK600 million. Free cash flow, SEK1.26 billion. That is to be compared with less than SEK0.9 billion a year ago. Some of the improvement in cash flow from operations was obviously consumed by increased financial cost. And let me also state that Frank Mohn, of course, contributed to the cash flow generation. I think it's fair to say that we're truly happy with the development of cash flows.

Then let's get on to FX. As I mentioned before, the net was a negative SEK7 million in the quarter. But again, note the transaction effects; they were negative to the tune of 0.5 percent in relation to sales. We've updated the forecast for the full year, an improvement of SEK15 million compared to the last report. And then finally, we have updated our expectations for 2015. Given stability in the exchange rate at current level, we foresee positive effects totaling SEK250 million in 2015.

Let's then look at our order backlog. We had a total order backlog, as per end of September, of SEK22.4 billion. The backlog was representing 6.4 months of LTM sales, that is if I exclude Frank Mohn. If I include Frank Mohn, then the backlog, we estimate, represents about 7.5 months of sales, so an even longer backlog for the Frank Mohn activities. On a like-for-like basis, the order backlog to be shipped in the current year, and this is really important for your full-year forecast, like for like, the order backlog to be shipped this year is about SEK100 million below the situation a year ago.

So SEK100 million less, like for like, to ship in quarter four compared to last year. Including Frank Mohn, as you can see from the slide, the backlog for shipment in quarter 2014 is about SEK700 million above September last year. But that is of course including Frank Mohn.

Having said that, let's move on to the bridge, sales 2013 to 2014. The numbers, I can say immediately, they are the same as last time. We start off with SEK29.8 billion. Order backlog going into this year was down SEK200 million compared to the year before. FX translation still positive with SEK0.5 billion. And then the acquisitions, Niagara and Frank Mohn in combination, adding SEK3 billion, giving us a total of SEK33.1 billion. And then of course you need to think about the implications of demand for orders in-for-out as well as price effects.

With that, I hand over to Lars for the outlook and the closing remarks.

Lars Renström:
And the outlook is as follows. We expect that demand during the fourth quarter will be on about the same level as in the third quarter.

And for each division, our demand expectations for the fourth quarter are as follows. Process Technology to increase somewhat due to large contracts. Marine & Diesel to decline following ship contracting development earlier in the year and the strong third quarter for Frank Mohn offshore. And finally, Equipment to be unchanged.

And that completes our presentation. And now we hand over to the operator for the Q&A session.

Operator: Thank you. And ladies and gentlemen, if you would like to ask a question, please press star one on your telephone keypad. Once again, that’s star and one on your telephone keypad to ask a question.

Q

Thanks very much. Good morning, Lars. Morning, Thomas. A couple of questions from my side. Just on the divisional outlook for marine, I was curious as to the thoughts on base order trends versus large orders going into Q4. Obviously Frank Mohn saw a couple of very large orders in Q3. Is it the view there that that's seeing the deterioration going into Q4 or are you seeing broad-based weakness across your Aalborg and legacy Alfa product portfolio as well in terms of the outlook?

And then secondly just, Thomas, to the cost reduction program. If I could ask to give a little more granularity there divisionally and also whether the headcount reduction includes the 90 headcount reduction that was announced earlier in the quarter from Aalborg Industry in its Danish manufacturing sites. Thanks.

A

Well when it comes to marine, we expect a modest decline. And when it comes to large orders, those come in a bit lumpy. But to answer your – on the base business, a modest decline.

Then your questions about the cost reduction program, as we were quite explicit about already with the quarter two report, we made review across all parts of the organization. So the savings program will have an impact in all of the divisions as well, as I pointed out, cost of goods and R&D. As for the Aalborg closing, whether that was included in terms of headcount reduction, yes. But remember, 90 is the gross impact in that particular project. The net impact is well below half of the 90. So in relation to 300, you should only think about something like 30 to 40 people in the Aalborg project.

Q

Thank you. Morning, Lars. Morning, Thomas. Just on the weaker ship contracting comment that you made, can you just give us a bit more granularity on where you see that? Is that in Framo or is that in the traditional business? Is it certain segments? Maybe what you see in terms of merchant offshore and then liquid fuels. That's the first question.

And then just a question on oil and gas markets generally. We've seen the oil price come down. Would you expect to see any negative impact on your business going forward and are there any big differences you see by region or in terms of upstream and downstream markets? Thank you.

A

Well I can start with your last question. We had a very strong order intake in oil and gas in the third quarter. And we – what we can see is that there is a slightly lower tendering activity. But it's – you can differentiate it. When it comes to the U.S. we see that it is continued very strong and there we have shale oil and shale gas continues in a very strong mode. And of course in the longer perspective there will be an impact from lower oil and gas prices. But the lead times on these projects are very long.

Then coming to the lower ship contracting and more granularity on that, let me start off by reminding you that we are exposed to every segment of this market. So if you look at the total statistics for contracting from the beginning of this year, you have seen a decline and obviously that is the reference point for our expectation. You know there is a lag of everything between a few months and up to nine months for different types of products in our portfolio.

Then you may have noted from the report of Wärtsilä a few days ago that they had quite a positive outlook as far as their marine division is concerned. And our conclusion from that is that there is a difference in mix between us and Wärtsilä that makes this difference. So I think, as far as we're concerned, you can just look at the statistics from the beginning of this year and the evolution of a decline. And again, we are exposed to all the different types, of course with the difference that Frank Mohn is only chemical tankers and product tankers.

Q

Good morning. A couple of questions from my side, please. I'm just curious when you did see the marine business starting to go down in the quarter. Was it just in September? Maybe you could give us some additional details on that.

And then also on marine services, we've been having Rolls-Royce mentioning some weakness starting into the second half. It seems that you didn't see that weakness. Is that also because of a broader positioning that you have in the marine market? Thank you.

A

Marine services had an excellent development and we have seen marine services accelerate year on year during the last three quarters. And our conclusion is that because we've had a few years with very modest growth when it comes to service in marine, and that is because ship owners have been holding back due to the low freight rates. But they have – our conclusion is that they've reached a point where they have to make their service and their retrofit. So in fact we had a very good development in the third quarter, year on year, when it comes to marine service.

And then I think your first question, was about when did marine start to go down. And so I think we have to refer back to quarter two. I think we were quite explicit after quarter two that quarter two was really extraordinary, particularly when it comes to the boiler product range. We have seen a continued, I would say, quite strong orders received for the division as a whole, supported by offshore. But again you know very well what I mentioned on the earlier question. There is a lag. We started to see a decline, and of course that is in contracting. And that is gradually kicking in. Depending on product line, it comes earlier or somewhat later within a frame of a few months to nine months.

Q

Good morning. Two questions, please. With apologies, just trying to get to the bottom of the gross margin, and I know you gave the moving parts. But also I guess you will have some benefit in terms of maybe some COGS savings, albeit fairly small. So my simple question is do you think the gross margin of 35.3 percent will prove to be the low and then we start to move forward from there? And then linked to that as well, please, R&D, again I know it's part of your cost savings program going forwards, but obviously it's been quite lumpy so far this year. How should we think about the level of R&D spend going forwards, given obviously your target to reduce it by, I think you were saying – or maybe 20 percent of the cost restructuring program was aligned to R&D? Thank you.

A

So let's start off with the first question about the gross profit margin. Yes, the impact from the savings program will clearly be very low, if any at all, during the rest of this year. But then, of course, as the changes in structure are kicking in, there will be an impact that totally, as I mentioned before, will represent, we estimate, about 40 percent of the total savings.

As far as gross margin in general is concerned, I think I was quite explicit in the presentation. For quarter four we will have the seasonal increase in capital sales. That will have an adverse effect because of a different mix between capital and aftermarket. But what I was also quite explicit about is that we do not foresee any further adverse price/mix effect within capital sales, as we have experienced over a number of quarters. Then of course FX will eventually start to turn positive. We will get benefits from the stronger U.S. dollar, the stronger euro in the quarters to come. Then for R&D, the R&D is inevitably lumpy in nature. We do not capitalize any R&D costs given the lifetime and our assessment of the individual projects and the size of them. But it is inevitably lumpy because as we are developing and producing new tools, first sets of tools and the first prototypes of a product, they incur costs that cause the lumpiness. There is an underlying stable – quite stable level of resources for R&D, mostly in-house but to some extent external. And we do expect and we do have in mind to reduce the total R&D spend going forward because we believe that we can better optimize from R&D into introduction to the market and pay off from customers by a slight reduction. So that's the reason why we're cutting back on R&D to a limited extent.

And to add, we have, during several years, increased our investments significantly in R&D. Even when we have had previous cost saving programs running we have spared R&D and continued to invest. So therefore we feel quite confident that we can make a reduction of 10 percent and still be very successful.

Q
Good morning, gentlemen. Two questions, please. The first, anything at all you can do to help us just to understand the organic profitability trend in marine and diesel, obviously Frank Mohn coming in in the quarter and making a big impact both on top line and I guess on the margin as well. But any help you can give us in terms of trying to disentangle all of that versus the organic business?

And then secondly, we saw very strong cash flow in the quarter. We also saw a weaker margin in the equipment division than the market was expecting. Are we seeing this deliberate destocking from (EDD) in the quarter? And if so, could you comment a bit around that? Thank you very much.

A

Well when it comes to profitability trends, we think it is fair to state that Frank Mohn is contributing positively to our operating margin. We do not go beyond that because of agreements with the sellers of the business, among others. And as far as the divisional profitability is concerned, we are not prepared to go below the level of disclosure that we have in the report.

Then looking at the Equipment Division profits as well as profit margin, yes, we have a lower profit margin at this juncture, but there is a significant change in, among others, the approach to market where there's an increase of distributor sales. There is a launch of Web tools to increase our presence with end customers. We're totally convinced that this is the right approach to improve presence with customers, to increase volume as well as profitability going forward. So as far as we're concerned, we are happy with the steps and the measures taken in equipment.

Q

Good morning, Lars and Thomas. A couple of quick ones to begin with. Thomas, you mentioned savings this year, about SEK50 million. What have you seen so far this year, if any, and implicitly what we could expect in the fourth quarter?

Also on the FX, given your hedges and your FX guidance on the total earnings effect for 2015, could you help us to understand how the pattern will look like by quarter?

And then my question, to come back on service, sorry for this, but if we look at the entire Company, not only the marine side, we have seen a strong service growth year on year but a slight decline quarter on quarter. Is there any seasonality here on a Group level to take into account? Given the installed base, you might expect continuous growth of this service, at least on a year-on-year basis going forward.

A

I can take the last one first. It's – why we have a sequential decline in service, it was due to some exceptionally large orders that we booked in the second quarter. And if you look over time, you will continue to see a continued growth year on year for service. We are quite confident that the activities that we put in place, that they will continue to generate very good development. And you can see year on year we are up about 6 percent.

Then coming on to your first two questions. As far as savings this year are concerned, remember I said total effect this year SEK50 million in the P&L, and well below half of that was the effect in quarter three. When it comes to FX next year, a total of SEK250 million positive. And of course as far as translation is concerned, the bulk of that will be kicking in during the first half - as far as transaction effects are concerned they will be rather towards – coming in rather towards the latter part of the year.

Q

So the net of those two then? Is it flat over the year or it's back-end-loaded?

A

Well, I think we have to get closer to next year before we get into the details by quarter. As far as we're concerned now, translation will come earlier, transaction will come later. And we'll get back to give more details in the coming quarters.

Q

Thank you. On your outlook, you've been quite open with the divisional arrows going into the fourth quarter. On a total Group number, we have seen large orders being very, very strong. You're talking about service continuing to grow. At the same time, marine is expected to come down. Your outlook, is that on – with normal large-size orders or is it a total order number?

A

Yes. Well, as you rightly say, we've had a really strong quarter in terms of large orders. And I would like to remind you of Lars's qualification for Process Technology. Process Technology is expected to increase somewhat due to large contracts. And of course, if these expected large contracts do not materialize, of course that will, we believe, have an impact on total incoming orders in quarter four.

Q

Thanks. Just a quick one from my side. How many scrubber systems did you book in Q3 and what are the thoughts and expectations here for Q4? Thanks.

A

We booked six ships in the third quarter with, in total, eight scrubbers.

Q

Can I just be clear you booked 27 systems in the first half of 2014. Is that right?

A

Let's see. I have to dig out my statistics. If you hold a second. You can – yes, let's see here. The number of scrubbers, we booked 27 in the first six months, yes.

Q

And the Q4 outlook?

A

Well we see that there is a continued good demand for scrubbers and we are quite busy taking orders, booking orders and receiving down-payments. So we definitely believe that order intake will be higher in 2015 than what it has been in 2014.

Lars Renström:

Thank you very much. So thank you very much for your attendance and contribution, and we wish you a continued good day. Thank you.

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