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PRESENTATION

Aki Vesikallio - Hiab Corp - Vice President - Investor Relations

Welcome to Hiab's first standalone earnings call. In the first quarter, our profitability improved, driven by strong execution in all divisions. My name is Aki Vesikallio. I'm from Hiab's Investor Relations. The results will be presented in more detail by our CEO Scott Phillips and the CFO Mikko Puolakka.

First, Scott will go through the group level topics. Then Mikko will dive deeper into the reporting segments, equipment and services, as well as finances and outlook. After Mikko's presentation, Scott will return to the stage for the key takeaways of the quarter.

After the presentation, there will be a Q&A session. With that over to you Scott.

Scott Phillips - Hiab Corp - President & CEO

Thank you, Aki. Good morning, everyone from my side. In summarizing the quarter, it's, I'd characterize it as Team Hiab delivered a strong start to the year.

The team and our partner network continue to do a nice job of executing our strategic priorities around innovation, commercial, and supply chain excellence, and delivering our services and segment growth plans. All of which enabled Hiab to deliver strong results across all key KPIs.

With the growing trade and geopolitical tensions, the level of market uncertainty is much greater versus the comparable period and consequently, our outlook for profitability remains unchanged for the year. And we'll come back to that point later.

So moving to group level topics.

The end of the quarter marked the end of the formal program to restructure Cargotec into 3 separate companies due to the excellent work from our former group colleagues and many of our fellow Hiabers around the world, and as a consequence, we started the second quarter as a new member of the NASDAQ Helsinki.

With our focus on value creation first, customers next, we continue to be able to invest in differentiating capabilities to make our business operations and that of our customers safer.

Our safety KPIs are on an all-time best level, both for leading as well as lagging indicators. As our industrial injury frequency rate for the quarter was 1.0, and we are on a level of 2.3 on a rolling 12 month basis. So great work by the team, as this is a critical pillar of our people culture, and sustainability strategy.

We continue to focus on outcome-based innovations, and one I would like to highlight is in our multi-lift brand as we progress towards a fully automated duty cycle, creating a step change improvement in safety and productivity for our customers.

Now moving into the order intake picture, the demand story of the quarter was dominated by escalating trade tensions through the last two months of the quarter, which negatively impacted order intake in the Americas region, while all other regions increased versus the comparison period last year.

As a consequence, order intake for the period remained was roughly on the level of, the last 10 quarters was EUR378 million versus EUR386 million for the same period last year. So as I mentioned, we're roughly on the same level of average order intake since Q4 of 2022.

Our rolling 12-months order intake remains on a level of EUR1.5 billion. And our order book now stands at EUR601 million which is 22% below the comparison quarter last year. And in terms of segments, defense logistics were up versus comparable period, so we got nice tailwind there.

And in constant currencies, order intake would have been approximately EUR375 million so we benefited around 100 basis points from the currency translation.

Now looking further into the geographic split of order intake. We saw a nice upward trend in Europe and the Asia Pacific regions while the Americas was down to the softening or down due to the softening demand in the US.

Europe, Middle East and Africa represented 54% of orders and was up EUR24 million from EUR179 million to EUR203 million or 13% compared to last year.

America's on the other hand, was down EUR37 million from EUR182 million to EUR145 million or 20%. And APAC was about EUR5 million from EUR25 million to EUR30 million or about 20%.

And moving into our sales. Our commercial and supply chain teams together with our partners continued to do excellent work in converting our inventory into revenues throughout the quarter.

As a result, our revenues were down 1% in actual exchange rates from EUR415 million to EUR411 million and down 2% in constant exchange rates.

Rolling 12 month sales ended Q1. At EUR1.644 billion so slightly below last year's actual, so indicative of the normalization of our order book and the steadily increasing revenue curve of our services business, which increased in relative amount from 28% to 29% of sales.

Now, as we have a 4 to 6 month lead time in converting orders to sales, the geographic split of our revenues varied compared to the visualization you saw from the order intake.

Therefore, EMEA was down EUR9 million from EUR201 million to EUR192 million or 4%, while the Americas were up EUR11 million from EUR184 million to EUR195 million, or 6%, and the Asia Pacific region was down from EUR29 million to EUR24 million or 18%.

We were really pleased to see that the book to build was positive in the quarter for both the EMEA and the APAC regions. And also pleased that our eco-portfolio sales were nicely up from EUR115 million to EUR142 million or 24% and constituted 35% of total sales versus 28% in the period last year.

Now turning our attention to our earnings on the EUR411 million of sales, we continue to benefit from the implementation of our strategy actions biased towards profitable growth.

As a consequence, our profitability has improved for the period for each of the past 3 years, so nicely moving from EUR53 million in Q1 of '23 or 12.2% to EUR61 million last year or 14.8%. And then of course where we land on the quarter this year at EUR66 million versus EUR61 million last year, or 7% increase, and that's despite the slight reduction in revenues.

And as Aki mentioned in his opening, the contribution comes from all divisions focusing on reducing material and conversion costs, most notably. The improved profitability enabled the good development of our operative return on capital employed.

And moreover, the team delivered excellent results in reducing our net working capital and combined with the improved profitability, enabled Hiab to deliver a 170% cash conversion, which Mikko will elaborate on further during his presentation.

Now, as we know, there are many questions regarding the tariff and trade situation with the US. We thought it would be helpful to provide you with a graphical representation of our supply designer products that we provide to our US based customers.

So looking at the visualization left or right, where we are most exposed to the current trade situation is in our loader crane business, as they are assembled and primarily sourced with suppliers based in Europe.

Next, moving to the right, we have our truck mounted forklift offering with design and sourcing primarily in Europe with assembly of all the US demand fully in place in the US. Next we have our fully US based businesses for both demountables and tail lift under the GULFAB and WALTCO brands with some sourcing exposure from component suppliers in both China and Mexico.

So we think that we're extremely well positioned, geared to scale in the US market, and our executing plans today, as we've talked about for each of the past 4 or 5 years, in fact, to expand our exposure to our very important market in the Americas.

Now wrapping up the group section, we wanted to provide an update on how we are progressing towards our long term targets we shared last year. So recapping what we shared earlier in the year during our Q4 earnings report, our growth over the cycle, return on capital employed and sustainability ambitions remain unchanged from what we communicate in our capital markets day last year.

Our operating profit now that we have clarity on our starting point as a standalone company has been adjusted to 16%. Further, we targeted gearing on a long-term basis to be below 50% and a dividend range of 30% to 50% of earnings per share.

Therefore, your Q1 this year, we believe we're still on track to achieve our long-term targets. As a rolling 10 year compounded annual growth rate is approximately 7%.

Our last 12 months operating profit is 13.7% and the last 12 months operative return on capital employed is 29.6%. So with that, I will turn it over to Mikko to take you through the financials and then rejoin the stage later for a brief wrap up in Q&A.

So thank you.

Mikko Puolakka - Hiab Corp - Executive Vice President, Chief Financial Officer, Member of the Leadership Team

Good morning also from my side as well. Next, I will describe the quarter one performance of our two very freshly established reporting segments, equipment and services. And let's start with the equipment business first.

As a reminder, our equipment segment consists of load of cranes, demountables, tail lifts and truck mounted forklift divisions. Equipment orders declined 6%. The decline came from delivery equipment and in particular from the US market. Lifting equipment orders were flat during Q1. During Q1, most of our deliveries came from the 2024 order book. Therefore, the lower order intake in the US was not visible yet in Q1 sales.

The operational execution from all our equipment divisions was really good. Despite lower sales, as you can see, all equipment divisions improved their profitability. This is thanks to the commercial and sourcing actions which Scott referred already earlier.

When looking back the past performance of equipment business, the profitability has been actually quite stable with this kind of quarterly sales of roughly EUR290 million.

You see the profitability dip in Q4, 2024. And as you remember, we booked EUR15 million non-recurring costs during that quarter. Most of that was related to the Italian operations restructuring where we expect the benefits to materialize in the second half of this year.

As you can see also from the right-hand picture, the gross margin improvement has been the main driver for the equipment business, strong quarter one profitability. This improvement stems from the decisive commercial and sourcing actions, what we have put in place, already in 2024 and now harvesting the benefits from that.

These are no kind of one-time actions, but really continuous improvement and really an integral part of our strategy execution. Then looking at services orders grew actually very nicely 8% and this came from recurring services like spare parts and maintenance, and to some extent also from installations.

This growth is actually the result of our service strategy execution, for example, growing the number of connected units and the service contracts. Last year we had roughly 48,000 connected units already and 20,000 service contracts. So really nice growth from 2023.

Sales was on last year's level. Basically the recurring services sales increased while we delivered during this quarter, a bit less installations compared to last year. Services profitability has been very stable over the past quarters, as you can see from the left-hand picture, and also Q1 was no different from the history. Sales volumes measured in constant currency were slightly down as we delivered a bit less installation services compared to last year.

Next, let's have a look on the total Hiab financials, and these are Hiab's financials excluding the MacGregor, so continuing operations.

As you saw from Scott's presentation, the Q1 performance was very solid. As mentioned already in in a few instances earlier, commercial and sourcing activities are the main contributors to the 1.4% unit improvement in our gross profit margin during Q1.

This improvement has more than offset the 1% sales decline as the graph on the right hand side shows. When we look at the lines below operating profit, first of all, our average interest on loans is fairly low. It's 1.99% per annum, and the company has also sizable cash positions, so it's quite natural that the interest expense has remained on a low level.

Our tax rate was 28% during Q1. Hiab's balance sheet continues to get even stronger. If we look at the balance sheet excluding MacGregor Hiab's gearing was minus 12%. This gives some EUR630 million headroom if we think our objective to keep the gearing below 50%.

We repaid a EUR100 million bond in January 2025, and as you can see from the right-hand picture, we do not have any major debt maturities coming up more this year. There is still EUR150 million bond, and that will mature in 2026.

Like Scott mentioned already earlier, we had a really strong cash flow during quarter one and just for Hiab the cash conversion was around 170%. Net working capital declined significantly. Our inventories declined by EUR15 million and then we have been able to release also significantly money from other networking capital elements like VAT receivables from Q4 level.

MacGregor is still included in our total reported cash flow, but as mentioned already earlier, most of the Q1 cash came from Hiab.

Concerning our outlook, we maintain our outlook for the year 2025, i.e., the continuing operations in practice, the standalone Hiab, the comparable operating profit is expected to be above 12%. We have defined this outlook in early 2025, already taking into account the potential uncertainties in the US and also outside the US arising from the recent trade tensions.

And with that, then I hand over the back, the presentation to Scott to summarize the key takeaways.

Scott Phillips - Hiab Corp - President & CEO

Thank you, Mikko. Let's see if I can get the right one here. There we go. So, as mentioned earlier, we began 2025 with a strong start through excellent execution from our entire team and our partner network. So we remain confident to reach our long term targets.

Further, I believe we are exceptionally well positioned to deal with the market uncertainty with the resilience we have designed in our business in terms of how we operate through our decentralized organizational design, our asset light approach to make versus buy decisions, our people and culture focus from our people strategy employee first, customers next in order to secure our ability to deliver superior customer experience.

And our portfolio management philosophy of prioritizing value creation before growth. With the market uncertainty, we believe it is prudent to keep our outlook for the full year we've shared previously.

And as Mikko stated, as we communicated, that's intended to be where we thought at a minimum level, at 12%, and we'll provide more details on that as we progress through the year. So with that, I'll hand it back over to you, Aki.

Aki Vesikallio - Hiab Corp - Vice President - Investor Relations

Okay. Thank you, Scott, and thank you, Mikko. Operator, we are ready for the Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Antti Kansanen from SEB.

Antti Kansanen - SEB Equities - Analyst

Hi guys, it's Antti from SEB. A couple of questions for me, and if I'll start with the demand and order side of things. So maybe a bit more color on this situation in the US, how did you kind of see the customer activity and orders trending, let's say late into the quarter and and start of second quarter, and maybe I wanted to better understand. When we look at kind of the comparison periods regarding order intake, is the Q1 2024 a good representative for the other quarters of last year as well, what was the share of America's in the total order intake just to get the potential pressure right on the group level estimates.

Thank you.

Scott Phillips - Hiab Corp - President & CEO

Good morning, Antti. Thank you for the good question. In terms of the demand picture as we think about how did it develop through the quarter and then I think in particular in the Americas, the story is similar to actually what we were talking about prior to the current trade situation and that was around, with the inflationary environment that had preceded this time and high interest rates, we experienced slower decision making.

I'd say it's a similar effect as we progressed through the quarter. I'd say that, as you would naturally expect would have intensified moving from January into February through the end of March. So we did see a bit of a step down, if you will, driven by delayed decision making in the Americas.

And then I think in terms of the percent contribution, if you compare to the comparable period last year from the Americas, I think that last year probably represented a pretty fair representation of what we saw throughout the year.

Antti Kansanen - SEB Equities - Analyst

Okay, maybe if I interpret it right, then you kind of enter into Q2 maybe a run rate, which is a little bit slower than Q1 on average and the comparison figures are pretty much the same. I just wanted to get a maybe better clarity then on Europe. Is the sentiment there kind of accelerating or did you kind of see also the trade tensions maybe taking a little bit of the improvement away in late to the quarter.

Scott Phillips - Hiab Corp - President & CEO

Yeah, if we speak just about first quarter, the demand sentiments in Europe were, obviously more positive than the prior year comparison period, both in terms of our leading indicators as we look at the entire, opportunity funnel from our CRM.

As well as the absolute order intake, and then I'd say in particular on defense logistics. Having said that, I'd point out two additional segments. If you think about waste and recycling, we see a nice level of stability in our demand that's enabled from that segment. And then construction, I would say still remains on a on quite slow level, and so we're anticipating that to pick up.

Antti Kansanen - SEB Equities - Analyst

All right, then I would also wanted to ask about the profitability that, and I mean the Q1 EBIT margin is in line with your kind of 28 targets. Obviously, it's only one quarter, but when I listen to you, it seems like there's nothing very extraordinary on the Q1 performance. So you target 16% with I guess a notable, notably higher sales levels in 2018.

The starting point is 16%, you're guiding for 12% or so, just wanted to better understand what are kind of the negative impacts aside from volume that are potential for the coming quarters and was the 16% now on Q1 a clean performance or was there something extraordinary which is difficult to repeat, let's say near term?

Mikko Puolakka - Hiab Corp - Executive Vice President, Chief Financial Officer, Member of the Leadership Team

Yeah, the Q1 was clean in that sense that like we said already earlier, the decisive actions that we have taken in the past to improve the commercial activities to improve the or implement sourcing sourcing activities, those past actions have been contributing now to the Q1. And continue to also contribute to the coming quarters. So like you elaborated already earlier, the volume is perhaps the the main kind of negative headwind what we could see from the, for example, from the US slower intake.

Antti Kansanen - SEB Equities - Analyst

Is there a meaningful gross margin difference between equipment sales in the US versus the rest of the world?

Mikko Puolakka - Hiab Corp - Executive Vice President, Chief Financial Officer, Member of the Leadership Team

Basically, if there are some fluctuations between the markets, between the product categories, between the different route to market approaches, I would say perhaps that in the US we have so far most of our revenues coming from the direct route to market, which takes the gross margin perhaps a bit higher than in in some other other regions. So that might be the perhaps the bigger differentiator compared to some other markets when we look at the US region.

Scott Phillips - Hiab Corp - President & CEO

Yeah, just two additional points of color perhaps for you Antti, one being much more related, as Mikko said, to the channel strategy or the route to market. So, a little difference whether it's through a network partner or direct. The second piece is that our equipment tends to be configured slightly different depending upon the regions as a slight impact, but more to do with the combination of equipment configuration and then route to market.

Antti Kansanen - SEB Equities - Analyst

All right, that's very clear. And then the final one is just a housekeeping question, MacGregor, any updates on the potential timing of the deal and the impact on your cash or net debt?

Mikko Puolakka - Hiab Corp - Executive Vice President, Chief Financial Officer, Member of the Leadership Team

No changes in the cash and net debt like communicated already earlier, we anticipate that EUR220 million cash flow positive cash flow impact and the closing latest by July 1, we are working on the competition authority process that has been going on smoothly. But for example, the separation activities, IT separations and all that that kind of activities have been mostly completed already now. So looking solid from the divestment point of view.

Antti Kansanen - SEB Equities - Analyst

Okay, sounds good. That's all from me.

Thank you.

Operator

Panu Laitinmaki from Danske Bank.

Panu Laitinmaki - Danske Markets - Analyst

Thank you. I have a few questions. Firstly, starting from the guidance, so I kind of understand that it's a floor, but it's still quite low compared to Q1 level. So, I mean, what are you seeing going forward and what would it require for you to kind of upgrade it, how much visibility do you need to say it's, let's say more than 13% instead of more than 12.

Scott Phillips - Hiab Corp - President & CEO

Yeah. I can get started then. I'm getting a look here from Mikko. Let me start, Panu. Thanks for the excellent question. And as we've stated before, we've got with our order book coverage, roughly 5.5 months of visibility. So we have a good understanding of the margin potential of the open order book. The picture gets a bit more fuzzy once we get beyond the 5.5 month range.

So at this point in time, what we'd like to see is yet another quarter of stability on the demand picture, and then it might make sense to make an adjustment to the outlook, but given the level of uncertainty, I think now after quarter one results, we'll wait at least another quarter to see if that level of stability continues.

Panu Laitinmaki - Danske Markets - Analyst

Okay, thank you. Then on the tariffs, did I understand correctly that you aim to assemble more of your products in the US so that you would produce most of that locally.

Scott Phillips - Hiab Corp - President & CEO

Yeah, that's been a, it's been a long term plan on our part and we've been executing step by step on that plan as we're currently configured, much different than we were, perhaps when we first met, and we continue to execute on that strategy both in terms of assembling our own product, but then also enabling a greater portion of the products to be sourced in the region as well. It just makes sense long term in terms of the currency exposure.

Panu Laitinmaki - Danske Markets - Analyst

Okay, thanks. And then finally, just so I understand it fully, so there is kind of geographical difference in margins and US is probably high and then US volume is coming down, so that's diluting. But what about kind of you said that direct sales has higher margin and you aim to expand the US through dealers, so it's that kind of a, let's say structural headwind that's something you baked into your long term target.

Mikko Puolakka - Hiab Corp - Executive Vice President, Chief Financial Officer, Member of the Leadership Team

Yeah, this is something that we have taken into account when we have been setting setting the long term target that there can be certain small dilutive impact from the route to market channel channel, but on the other hand, then we have higher volumes and better leverage on the fixed cost so. There are, I mean, 60, 60%-70% of our revenues are coming from the dealer channel. So it's really a very important channel for us and offers a good growth opportunities not only in the US but also in the other regions. So nothing what we would not like to execute in the in the future.

Panu Laitinmaki - Danske Markets - Analyst

Okay, can I still squeeze in a final one. How much was defense out of your orders in rough terms in Q1?

Mikko Puolakka - Hiab Corp - Executive Vice President, Chief Financial Officer, Member of the Leadership Team

We have had in the past, we have had the defense representing roughly, 6% of our revenues. So I would say that it has been on that that kind of level.

Panu Laitinmaki - Danske Markets - Analyst

Okay, thank you.

Operator

(Operator Instructions)

Johan Eliasson from Kepler Cheuvreux.

Johan Eliason - Kepler Cheuvreux - Analyst

Yeah, hi Scott, Mikko and Aki, this is Johan at Kepler Cheuvreux. I appreciate your picture on the tariff situation so we know where products are made and assembled for the US market, but can you give some feel for, I mean, tariffs is a relative game. It, is there for any of these categories that you are worse or better positioned than than your competitors locally?

Scott Phillips - Hiab Corp - President & CEO

Yeah, given the level of insight that we have on our competitors locally, where we have best visibility, Johan would be in our tail lift business, where we have a WALTCO brand for the US America's market, and we're situated similarly, to, our biggest competitor, if you will. Both of both of us have some exposure to tariffs through sourcing and, at the same time then both have complete manufacturing within the region.

And then with the balance of the then of course our GALFAB brand as well on demountables were similarly situated, as the market leader, the number 2 player, and then we're probably number 3, and then with the balance of the portfolio on the, lifting solution side, we're probably similarly situated, not knowing more details about how some of the competitors, all of us are non-US based companies providing knuckle boom solutions within the US market.

Johan Eliason - Kepler Cheuvreux - Analyst

And the second question regarding this, how is the rough sales split between these categories in the US or does it differ significantly from the overall sales split.

Mikko Puolakka - Hiab Corp - Executive Vice President, Chief Financial Officer, Member of the Leadership Team

We have a certain delivery equipment is perhaps more represented in the US compared to the other regions. Delivery equipment, meaning tail lifts, truck mounted forklifts and the demountables products.

Johan Eliason - Kepler Cheuvreux - Analyst

Okay, excellent. And then finally, just question again for you, Mikko, on on MacGregor. So nothing changed there. You will receive EUR220 million at the latest of the 1 of July, if I understand it, but I also noticed the that net cash position of MacGregor seems to be EUR144 million. So the delta, when you receive the EUR220 million is basically EUR76 million in cash. Is that correct?

Mikko Puolakka - Hiab Corp - Executive Vice President, Chief Financial Officer, Member of the Leadership Team

That's roughly right, of course, MacGregor's net cash balance lives depending on the, for example, advances and other networking capital elements. So depending on how advances, for example, are coming or being used now during the coming month or month, the net cash position may still change for MacGregor, but the roughly EUR220 million is is still holding.

Johan Eliason - Kepler Cheuvreux - Analyst

Yeah, but that basically means if the deal would have been concluded now at the end of, March, the net cash was received for you would be sort of EUR76 million, which is way off the EUR480 million in EV you announced.

Mikko Puolakka - Hiab Corp - Executive Vice President, Chief Financial Officer, Member of the Leadership Team

Yeah, like we have said already earlier, the advances received are treated as a debt in the calculation in the sales price calculation. So that's something what will fluctuate.

Johan Eliason - Kepler Cheuvreux - Analyst

Absolutely. Thank you very much.

Operator

Tom Skogman from Carnegie.

Tom Skogman - Carnegie Investment Bank AB - Analyst

Yes, hello, this is Tom from Carnegie. I wonder about the share of Chinese components in the product that you sell in the US as a total.

Scott Phillips - Hiab Corp - President & CEO

Yeah, as a total, it's actually quite small, Tom, from a percent basis of the bill of material, it's not material, but of course, given the level of tariff, there's some impact.

Tom Skogman - Carnegie Investment Bank AB - Analyst

So it's less than 5% or what is it?

Scott Phillips - Hiab Corp - President & CEO

Less than 10%. And that's less than 10% and just to redirect a little bit or provide a bit more color. There are two product lines then that would be impacted there, and that would be the the WALTCO brand and the GALFAB brand, so.

It's not, you can't, don't do the math where, you would back solve for the entire quantum of the cost of goods sold versus the revenues in the US, but relative to just those two product lines.

Mikko Puolakka - Hiab Corp - Executive Vice President, Chief Financial Officer, Member of the Leadership Team

But it's also good to note that as a response for the tariffs, we have also introduced the surcharges, which are aiming at the offsetting the tariff impacts not making us to earn more or less, but just offsetting the tariff impact depending on which country the component imports would be coming from.

Tom Skogman - Carnegie Investment Bank AB - Analyst

And this is where I'm heading, of course, the pricing of this. How do you, I mean, it is that you compensate for that, but there might also be surprising kind of calls from suppliers that actually, we use a sub supplier that we have found out as sourced from China as an example, etc. I mean, how do you deal with this with the getting new information all the time, regarding supply prices and prices you don't get in a bad situation.

Scott Phillips - Hiab Corp - President & CEO

Yeah, I'd say with the with the work that we've done over the past several years on the responsible sourcing, as well as on the overall category by category sourcing strategy, we're actually in pretty good shape of having good visibility, Tom,to not only tier one suppliers, but then tier 2 and tier 3. I can't say there isn't a possibility of some surprise in the future, but we've got, at this point pretty good visibility.

I think more of the issue will be as the tariff picture changes than having the ability to adjust.

Tom Skogman - Carnegie Investment Bank AB - Analyst

So no surprising bad calls from suppliers so far that that they will need to hike prices more than expected.

Scott Phillips - Hiab Corp - President & CEO

Yeah.

Tom Skogman - Carnegie Investment Bank AB - Analyst

Yeah, and then on, just pricing generally, what do you see, in the market if demand is softening in the US, coming back a bit in Europe, your competitor has a lot of debt, etc. And it's vertically integrated. What do you see in pricing at the moment?

Scott Phillips - Hiab Corp - President & CEO

Yeah, it's the same environment that as we've talked about this topic, before, it's always competitive. We have extremely professional buyers, tough negotiators, and so therefore, it's important that you sell on the value that you provide not only in the equipment solution, but then also the service solution. So that, that'll always be a factor. And then we've seen, the competitive landscape also making price adjustments relative to the tariff picture as well. Some higher than what we've gone out with, given our exposure, some slightly lower, probably as a consequence of their exposure as well. To me, it appears as across the board, we're all trying to, find a way just to offset the impact.

Mikko Puolakka - Hiab Corp - Executive Vice President, Chief Financial Officer, Member of the Leadership Team

And then like mentioned already earlier, we do a lot of actions in the sourcing area designed to cost activities, collaboration with suppliers and like Scott said, the aim is to have a net positive impact on the price prices. So it's not only about the pricing, but also how we manage the cost of goods sold.

Tom Skogman - Carnegie Investment Bank AB - Analyst

Yeah, and that's my kind of last question about this savings in commercial and supply chain activities. Can you quantify, what was reached in Q1 somehow out of it, what you announced for, the savings in Q4 and what the the savings will be in the coming quarters and in full year '25 or so.

Mikko Puolakka - Hiab Corp - Executive Vice President, Chief Financial Officer, Member of the Leadership Team

Yeah, if we separate two elements, one is the restructuring program which we initiated last year, we booked that EUR15 million one off costs to to that related to that and majority of those savings are related to our Italian assembly operations restructuring and like I said, those will be mostly visible in the second half of this year.

And then if we think this kind of commercial and sourcing related activities, actually you can see quite well in our gross profit margin 1.4% units better with the quite similar volumes compared to last year, so that's that, that's the contribution from from those sections.

Tom Skogman - Carnegie Investment Bank AB - Analyst

But the question is how is this in coming quarters? Have you already reached kind of the full potential from the sourcing savings or will it be, better for each quarter or how is it?

Mikko Puolakka - Hiab Corp - Executive Vice President, Chief Financial Officer, Member of the Leadership Team

I guess it's a kind of continuous work. It's not something what starts and what ends, but every year on rolling basis we are looking, savings pipeline and new ideas how we can optimize the component base. So it's a component cost base, so it's a kind of continuous work.

Scott Phillips - Hiab Corp - President & CEO

Yeah, I can't give me an exact figure, but also bear in mind most of our direct sourcing is as a contract pricing.

So, there's not typically a month to month fluctuation. We did see some of that early COVID period, but we generally speaking, have rolling contract pricing for a good majority of our direct sourcing.

But as Mikko said, we are constantly having workshops with our supplier partners working through design for manufacturability, designed for cost opportunities, and those are being executed quite nicely.

Tom Skogman - Carnegie Investment Bank AB - Analyst

And then building a bridge for these EFFER savings in H2 this year and for '26. Can you give an update on that.

Mikko Puolakka - Hiab Corp - Executive Vice President, Chief Financial Officer, Member of the Leadership Team

Basically, the assembly operations consolidation has progressed well. We have been moving most of the assembly operations to our main Italian site in Bologna. Bologna and I said, we anticipate that the benefits start to then become visible in the second half of this year.

Tom Skogman - Carnegie Investment Bank AB - Analyst

But the money you save?

Mikko Puolakka - HIab Corp - Executive Vice President, Chief Financial Officer, Member of the Leadership Team

We have said, basically, overall from the last year's restructuring, we are anticipating EUR20 million cost savings this year and that's holding.

Not all will be visible in the SG&A costs. There are quite a lot of savings happening above the gross profit and part of that is also visible in this 1.4% year on year improvement already.

Tom Skogman - Carnegie Investment Bank AB - Analyst

But the savings are EUR20 million on a rolling basis by the end of this year, but the P&L savings are EUR10 million this year and another EUR10 million next year. Is that how we should see it?

Mikko Puolakka - Hiab Corp - Executive Vice President, Chief Financial Officer, Member of the Leadership Team

Most of, basically most of the savings, most of the EUR20 million savings should be in 2025. P&L

Operator

There are no more questions at this time. So I hand the conference back to the speakers.

Aki Vesikallio - HIab Corp - Vice President - Investor Relations

Thank you for the great questions and for the great answers and presentations, Mikko and Scott. So just a reminder, we have a site visit coming up 18 of September, so you can register through the link on this presentation or through our website.

We will publish our second quarter results on 23 of July, so stay tuned and thank you.

Mikko Puolakka - Hiab Corp - Executive Vice President, Chief Financial Officer, Member of the Leadership Team

Thank you.

Scott Phillips - Hiab Corp - President & CEO

Thank you.
