

Development Research for Cramo Plc Annual Report to Meet the Requirements of IR Communications

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The Degree Programme for Multilingual Management assistants

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<p>The title of your thesis Developing the Cramo Plc Annual Report to Meet the Requirements of IR Communications</p>	<p>Number of pages and appendices 37 + 7</p>
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<p>The main objective of the research is to attain feedback on the 2009 Annual Report from selected stakeholders that could help to develop the annual report of the commissioning company, Cramo Plc, for the year 2011. Other objectives are to find out what status the annual report has among the sample and how it is used. The author worked at Cramo Plc as assistant trainee during the research process.</p> <p>The annual report is a key communication tool of a public limited company; it is designed for the company's main stakeholders, the shareholders. The annual report is an important part of a company's investor relations communication. A public limited company should develop its IR communication into a dialogue, which allows the stakeholders to give feedback. Constructive feedback is important for improving the main IR communication tool, i.e. the annual report.</p> <p>The chosen research method is qualitative interviewing. The selected sample contains representatives of stakeholders who have contact with Cramo Plc. The semi-structured interviews followed the themes of the annual report and offered the possibility to adjust the interviews to more closely reflect the interviewees' interests.</p> <p>Companies that specialize in evaluating and producing annual reports, along with organisations that organise annual report and IR communication competitions, were studied to attain background information regarding the elements that contribute to good annual reports. The interviews were conducted during the summer of 2010; they were conducted in Finnish, and then translated in English for the group reporting.</p> <p>The results show that readability of the Cramo Plc Annual Report 2009 was considered "good" and the overall averages given were "above good." The main development required is better control of the amount of information. The sample interviews indicated that although the report offers much good information, some of the selected interviewees would appreciate a more simple presentation.</p>	
<p>Key words Annual report, IR communications, stakeholders</p>	

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<p>Opinnäytetyön nimi Cramo Oyj:n vuosikertomuksen kehittäminen vastaamaan sijoittajaviestinnän edellytyksiä</p>	<p>Sivu- ja liitesivumäärä 37 + 7</p>
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<p>Tämän opinnäytetyön tavoitteena on saada valitulta sidosryhmänäytteeltä vuoden 2009 vuosikertomuksesta palautetta, jonka avulla voidaan kehittää toimeksiantoyrityksen, Cramo Oyj:n vuosikertomusta vuodelle 2011. Tavoitteena on myös tutkia, mikä vuosikertomuksen asema on valitulle näytteelle ja kuinka näyte käyttää kertomusta. Kirjoittaja on toiminut Cramo Oyj:llä assistenttiharjoittelijana tutkimuksen ajan.</p> <p>Vuosikertomus on julkisen osakeyhtiön viestinnän päätyökalu: kertomus on suunniteltu yrityksen pääsidosryhmälle, osakkeenomistajille. Vuosikertomus on tärkeä osa yrityksen sijoittajaviestintää. Pörssiyrityksen tulee kehittää sijoittajaviestintää molemmin suuntaiseksi keskusteluksi, jossa sidosryhmille annetaan mahdollisuus antaa palautetta. Rakentava palaute on tärkeää, jotta viestintäkanavia, kuten vuosikertomusta voidaan kehittää.</p> <p>Valittu tutkimustapa on kvalitatiivinen haastattelu. Näyte oli valittu harkinnanvaraisesti sidosryhmistä. Haastattelujen osittain strukturoitu rakenne seurasi vuosikertomuksen teemoja ja tarjosi samalla mahdollisuuden muokata haastattelua haastateltavan mielenkiintojen mukaan. Haastattelija perehtyi hyvän vuosikertomuksen elementteihin tutustumalla yrityksiin, jotka ovat erikoistuneita vuosikertomusten arviointiin ja tuottamiseen sekä organisaatioihin, jotka järjestävät vuosikertomus- ja sijoitusviestintäkilpailuja. Haastattelut toteutettiin kesän 2010 aikana. Haastattelut tehtiin suomeksi, mutta käännettiin englanniksi konserniraportointia varten.</p> <p>Tulokset osoittavat, että haastatellut kokivat Cramo Oyj:n vuoden 2009 vuosikertomuksen luettavuuden hyväksi ja kertomuksesta annetut arvosanat olivat kiitettäviä. Eniten kehitystarvetta esitettiin tiedon määrän hallinnasta. Haastattelut osoittavat, että siinä missä vuosikertomus tarjoaa paljon hyvää tietoa, osa valituista arvostaisi yksinkertaisempaa esitystapaa.</p>	
<p>Asiasanat Toimintakertomukset, sijoittajaviestintä, sidosryhmät</p>	

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1 Introduction

This is a research on how to develop the annual report of Cramo Plc by interviewing a selected sample of its main stakeholders. Cramo Plc is a Finnish public limited company that is specialized in renting and selling construction equipment such as machinery and also modular space. Cramo Plc is listed on the Main List of NASDAQ OMX Helsinki Ltd and it has subsidiaries in 11 countries. The Cramo Group publishes yearly an annual report where all the subsidiaries' operations are jointly reported. (Cramo Plc 2010.)

Cramo Plc focuses much of its resources yearly in the process of producing a new annual report. The annual report is a cross-section of all its business functions; creating a new report is a team work between different departments in the company. As a public limited company Cramo Plc annual report is designed for the investors, who are considered the main stakeholder group using the report. The report is considered to also be a tool for the analysts following the company. (Laitinen 25.1.2010. Sivén 15.12.2009.)

The purpose of the research is to gain feedback on the annual report to develop it for the forthcoming year. A follow-up research on the Cramo Plc annual report had not been made before and therefore the company had only had random information about how the annual report has been received. The lack of resources is the main reason why the report has not been reviewed. The research data is collected by interviewing a selected sample of annual report's target group after the release of annual report of 2009 in summer 2010. The information provided by the research could be applied in practice when the company starts to work on the next annual report in autumn 2010. (Laitinen 25.1.2010. Sivén 15.12.2009.)

The annual report is considered to be a tool for corporate communications as a whole; in the thesis the role of an annual report is discussed from both investor relations' and marketing communications' point of view. To have an insight in the best practices of presenting information in an annual report, the elements that create a good annual report are discussed in the theory for the research.

The conclusions of the research present how the selected stakeholders respond to the Cramo Plc annual report 2009 and what are their ideas to develop the report to meet the needs of the target group.

1.1 Background

In corporate communications the focus is changing from one-way model of communication, where a company reports to stakeholders, to two-way communication, interaction between a company and stakeholders. Investing in this relationship gives a company good promotions, long-lasting relationships and valuable contacts. (Cornelissen 2004, 57.)

In a recently published Master's thesis by Laura Sälli of Helsinki School of Economics the subject of investor relations communication is presented as a growing form of communications. In the research Sälli also comments that a company must today understand what matters the investors consider important; as the investor relations communications develop in companies, the information requirements of investors and analysts also grow. Well arranged investor relations communications can accomplish decreased costs, increase in the liquidity - an asset's ability to be sold without causing a significant movement in the price and with minimum loss of value and an overall increase of familiarity and respect among investors. (Mars, Virtanen & Virtanen 2000. Sälli 2010, 5.)

An annual report is considered to be essential instrument for a company to communicate to its stakeholders. It represents the company; its business, business environment and the financial information for the fiscal year. Annual reports are ordered and read globally, even collected. The annual report of a public limited company is designed for its main target group: the shareholders. Producing and developing the annual report from an investor's point of view is natural for the company for that way a very coherent target group can be covered. (Cramo Plc 2010. Leppiniemi & Virtanen 2003, 11, 80.)

The annual report is a continuing communication tool of a company, thus a lot of effort is put in to it: it is considered to be the most time-consuming work of corporate communications during each year. Constructive feedback is important for the process of producing an annual report that would have the best practices and be valuable for the readers, especially for the target group. Annual reports of companies, public limited companies, even foundations and associations, are reviewed and graded in different communication competitions annually. These competitions bring the best annual reports positive publicity, even prizes, but above all a valuable review for companies of their own report and best practices to benchmark from other companies. ProCom, the Finnish Association of Communications Professionals explain

on their web pages that this assessment promotes the interest in making the annual report a part of goal-oriented communication in companies. Even before entering a competition there has been an affect: everything needs to be reported and the corporate image well-presented if a company wants to win an annual report competition. (Leppiniemi & Virtanen 2003, 11. ProCom 2010. Siukosaari 2002, 189.)

The best form of annual reports is now under discussion. It is natural that as the e-media is developing, companies feel that time and resources can be easily saved by publishing the e-version of the annual report. An article in Finnish financial magazine *Talouselämä* forecasts that the annual report in paper form will soon be history. Still, in the same article the investors wonder why the costs of printing are transferred from the company to them. It is already a common practice at companies to send a paper version of the annual report only by request. (Kullas, 22.3.2010.)

1.2 Objectives and limitations

The main objective of the research is to gain feedback from the selected stakeholders that could help to develop the Cramo Plc annual report for the year 2011. Other objectives are to find out what status the annual report has among the analyst and major shareholders and how it is used.

The research is limited to be a small series of semi-structured interviews. Although a structured interview to a larger amount of stakeholders could have been a possible method for data collection, the data needed for the main objective was reached also by a more comprehensive research to only the selected sample of the target stakeholders. This limitation is also made because the research is conducted as thesis work with limited resources. Interviewing is used as the data collection method instead of a survey because the needed information is more descriptive and in the discussions the interviewees are given a chance to produce an individual analysis of the annual report.

The material for the interviews is the Cramo Plc annual report 2009. Other Cramo Plc annual reports are not used because an analysis of the latest annual report provides the information needed for progress. Any comparison to other companies' annual reports was also excluded from the research.

The research questions are how the selected stakeholders respond to the Cramo Plc annual report and how to develop the report to meet the needs of the target group. These questions are the basis for the structure of the conducted research.

1.3 Structure of the thesis

After the introduction, the section two presents the commissionaire of the research, the company Cramo Plc. The process of conducting a new annual report yearly at Cramo Plc is described in section two to give an insight on the background of the annual report. In section three and four is presented the theoretical framework for the research. The content of an annual report and its role in the investor relations communication are discussed in the section three. The section four introduces the elements of a good annual report and presents annual report competitions and companies that study annual reports. After the theoretical framework the research itself is introduced: the method of the research and how the research is conducted. In section six are presented the results of the research and after the results in section seven are the conclusions and the development ideas for the annual report. The evaluation of the research is in section eight.

2 Cramo Plc

Cramo Plc is a Finnish public limited company that is specialized in renting and selling construction equipment such as machinery and also modular space. The company also provides rental related services. Cramo Group was founded when a Finnish company Rakentajain Konevuokraamo bought all of Cramo shares in early 2006, before the acquisition Cramo was a Swedish company with international subsidiaries. The acquisition made Cramo a wholly owned subsidiary of Rakentajain Konevuokraamo Oyj. The company soon changed their name to Cramo Plc. The sales of the company in 2009 were 446.7 million Euros. (Cramo Plc 2010.)

The Cramo Plc headquarter is situated in Vantaa, near the Helsinki airport. In 2010 Cramo Plc operates in 11 countries: it has subsidiaries in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia and Russia. Cramo Plc has a network of 288 depots and the average of personnel in 2009 was 2,356. Each subsidiary has its own management. All subsidiaries' operations are reported yearly together in one annual report. The Cramo Plc annual report is published in English and in Finnish. Cramo Plc is listed on NASDAQ OMX Helsinki Ltd on the Main List. (Cramo Plc 2010.)

Cramo Plc's mission is to provide rental solutions to help customers improve their competitiveness, thereby creating value for Cramo's shareholders and growth opportunities for its employees. The vision of Cramo Plc is to be the role model in rental. The company has renewed its strategic and financial targets for the next three years in autumn 2010, with the cornerstone of the strategy being the aim to become "best in town" in each of its key market areas. (Cramo Plc 2010.)

2.1 Corporate communications at Cramo Plc

Cramo Plc corporate communications includes investor relations and marketing communications departments. These departments are light structured; the investor relations function is situated in Finland and consists of only Cramo Plc's CFO and Investor Relations Communication Officer. This is common; according to Paul A. Argenti's book 'Corporate communications', the average size of a corporate IR department is between one and two people. Cramo Plc's marketing communications department is in Sweden. Investor relations and marketing communications departments work together in linking company's strategy and visions to

communication. The process of producing a new annual report is a good example of the co-operation of the departments. (Argenti 2007, 169.)

The marketing communications department coordinates and manages publicity relating to new and existing products and also deals with activities relating to customers. Corporate communications also include investor relations, a strategic responsibility integrating finance, communication, marketing and securities law compliance. The investor relations functions to inform the analysts and to increase the number of analysts following the company. Investor relations is considered to be both a financial and a corporate communication function. Many activities that were earlier considered to belong to PR and media relations are today handled by the investor relations department. Cramo Plc has integrated the corporate communications to all of its subsidiaries. Their activities are reported quarterly in interim reports. A whole year is reported in an annual report. (Mars, Virtanen & Virtanen 2000, 27-33.)

2.2 Process of the Cramo Plc annual report

Cramo Plc publishes its annual report every spring. The process of producing the annual report starts about half a year earlier with first planning a frame for the report in August - September. Cramo Plc has a team for the production of the annual report which consists of the CFO and controllers, IR, communications and marketing departments. Many other individuals are also involved in the production; the CEO, members of the subsidiary management etc. Cramo Plc has partly outsourced the production - for the third year it uses a product development company ToimintaKonsepti to develop and also gain material for the report. (Laitinen 25.1.2010. Sivén 15.12.2009.)

The process starts in autumn, and then about seven months later the annual report is ready to be published. In the first meeting the first step is to go through the last report: what was successful, what must be changed and how to continue with the new one. Also a decision of a schedule and the division of tasks is done. Sari Laitinen, partner at ToimintaKonsepti, follows the whole process of producing the annual report hand-in-hand with Cramo Plc. She makes a draft of the visual idea for the next annual report in power point form and then develops it with the ideas that the meetings with the company generate. The annual report always has a theme and it is followed in every text and picture. It is important that the annual report relates to the industry in which the company operates; the Cramo Plc annual report does not carry themes that do not reflect the company operations. (Laitinen 25.1.2010.)

To have a clear idea of the report during the process the editing is always done in the same format as the final publication. The process of the report lives all time and reaches its final stage just before publishing. For Cramo Plc's annual report Sari Laitinen also creates text by interviewing the management floor and other staff. These texts are given in a raw form to the interviewees and then the text is edited for the first draft. After the draft is presented it will be refined several times before the final version with pictures and the information from the financial staff goes to print. (Laitinen 25.1.2010. Sivén 15.12.2009.)

3 Annual report and its role in corporate communications

An annual report is a yearly report of a company. It describes mainly the financial information of a fiscal year. There is a law-abiding background for this report; In Finland all companies are supervised by legal organization, Financial Supervisory Authority that requires a yearly financial statement and accounting information for supervisory purposes (Finnish Foundation of Share Promotion 2010). Annual report usually also consists of an informal part, a corporate story introducing the company, its functions, personnel and strategies.

The main focus of a listed company's corporate communications is on the financial communication; there is legislation what communication is required and when and annual report is one channel used for this reporting. Here the annual report is discussed more thoroughly from another managed communication's point of view: investor relations communications' and marketing communications'. As Daymon and Holloway explain in their book 'Qualitative Research Methods in Public Relations and Marketing Communications', these ways of communication are increasingly interested in coordinating communication through relationships which are developed and maintained by collaborative dialogue. The annual report has a significant role in these functions: its audience is clearly targeted, the communication is coordinated and there is a need for interaction to develop the collaboration. (Daymon & Holloway 2002, 10 -11. Mars, Virtanen & Virtanen 2000, 29.)

3.1 Content of annual report

The financial information is reported according to the International Financial Reporting Standards (IFRS). This legal document is the compulsory part of the annual report and it is usually combined with an informal part which contains information about the company's activities, its future prospect and thoughts of the past year. But this informal part is not the only part of the report that causes variation between the reporting of different companies: the IFRS system of reporting gives the company some freedom of how to present the results and this is why different annual reports may not be comparable even in their financial statements. (Finnish Foundation of Share Promotion 2010. Laitinen 25.1.2010.)

The compulsory part can also be the only content of the report; even some bigger companies have decided to leave all other communication to different reports and focus on their financials in the annual report. It is still more common that the annual report includes also a 'cor-

porate story' part with presentation of e.g the company, it's strategy and business environment. This way a company can add the value of the annual report, it also acts as material for the marketing communications, a part of corporate communications discussed in the following section. (Laitinen 25.1.2010. Leppiniemi & Virtanen 2003, 12. Siukosaari 2002, 190.)

The content of an annual report can be divided in the presentation of a company, the CEO's review, the Chairman's letter, financial statements, business reviews, corporate governance and information for investors (Leppiniemi & Virtanen 2003, 37). The content of the reviewed Cramo Plc annual report 2009 is divided in

- Strategy and highlights: Cramo in Brief, Financial performance 2009, CEO's review, The Chairman's letter to shareholders, Group strategy, Market environment, Growth drivers and Outsider's view
- Business Review: Business overview, Finland, Sweden, Norway, Denmark, Central and Eastern Europe
- Financial Review: Board of Director's report, Key figures and ratios, Financial statements of the Group and Financial statements of the parent company
- Responsibility: Cramo and responsibility, Human resources, Quality, safety and environment and Financial responsibility
- Governance: Corporate Governance, Internal control, risk management and internal audit, Board of directors, Group management, Information for shareholders and Contacts

The Cramo Plc annual report 2009 is 115 pages long, in one piece and a soft cover report. (Cramo Plc annual report 2009.)

3.2 Annual report as marketing communications tool

The annual report has an important role in marketing communications. It is a tool for marketing the company for both existing and future clients. The annual report can be used as business card to new acquaintances. The annual report is often requested by potential clients: firms and private persons, to find out more about the company. (Leppiniemi & Virtanen 2003, 19.)

Companies need to maintain a systematic line with all the marketing material. It also is important that the annual report is part of the brand and carries the company image in both the visual appearance and the message. As explained by Joep Cornelissen in 'Corporate communica-

tion – a guide to theory and practice’, a company symbolically constructs an image for themselves through their communication, e.g ‘a solution provider’, and then in turn that image leads them to be seen in particular symbolic terms by important stakeholders (Cornelissen 2004, 65). Branding and building a company image are ways of mass marketing communications – much time, effort and money is spent in companies to build a brand which has a personality that will communicate the company image and values rapidly to a mass audience; here the readers. This all is constructed under corporate identity constructed by the corporate communication strategy. The corporate identity defines a profile of the company to project to all its important stakeholder groups. It includes the aforementioned corporate images and also reputations that a company wants to convey to the stakeholders. The annual report can be used as business card to new acquaintances; often a company introduces itself with an annual report.. (Ace 2001, 175. Cornelissen 2004, 11.)

The annual report is rarely produced to be a tool of advertising. Although there still is a clear division between the compulsory part and the optional part of annual report, the latter is still considered to have a very truthful and transparent style. In a survey for their book, Leppiniemi and Virtanen discovered that that the information in an annual report is considered to be reliable. This creates a good status for the report to be a tool for a versatile communication, not only a tool for financial reporting but also a report where a company can market e.g its products, personnel, and corporate governance. (Ace 2001, 122. Leppiniemi & Virtanen 2003, 22; 36.)

In the marketing literature, consumers constitute the central target group. Much of the strategic management literature emphasize that companies need to take all of their stakeholders in consideration when producing marketing material. The annual report of a listed company is not meant to be marketing material for the customers; it is design for other stakeholders, primarily investors. (FitzGerald & Arnott 2000.)

3.3 Annual report as IR tool

The relations of a company and its stakeholders, who either own the company shares or follow the company’s share progress, are called investor relations (IR). A company’s IR strategy addresses both investors, including institutional investors and intermediaries, such as the analysts. This communication framework is presented in figure 1. below. IR communication is the exchange of information between the company and the aforementioned; the objectives of IR

communication is to explain the company’s vision, strategy and potential, and to get messages about company results and potential future results across to the investing public and to the intermediaries. A reliable indicator of successful investor relations communications is the number of analysts following the company. (Argenti 2007, 160 -161.)

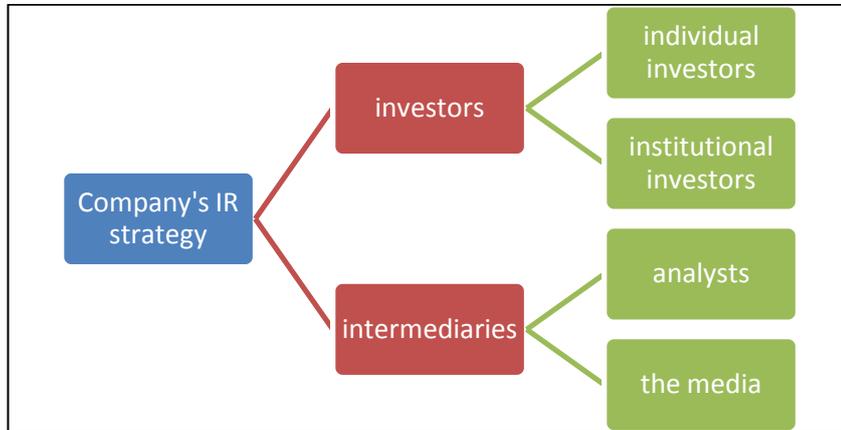


Figure 1. Investor relations framework (Argenti 2007, 161.)

The main channels of IR communications are the internet, the interim reports and the annual report. The annual report of a public limited company is designed for the investors. The main purpose of the annual report in IR is to add transparency – annual report offers a company a chance to elucidate its business and functions to investors. In the book ‘Tactical transparency’ Holtz and Havens explain: ‘A few very successful companies can get away with limited transparency, but most organisations need to provide access to management, which in turn needs to be candid and forthright in its conversation with investors and other stakeholders.’ This access can be provided with the annual report. (Holtz & Havens 2009, 83. Kuvaja & Malmelin 2008, 18.)

The annual report is produced and developed from an investor’s point of view to cover a very essential and coherent target group. The basic norm is that the more coherent the target group is, the better the annual report will be. Still, as part of the IR communications, public limited companies must recognize the need for stakeholder management approach, that includes the communication and involvement with a wider group of stakeholders than only the present shareholders, e.g the analysts and the future investors. (Cornelissen 2004, 11. Leppiniemi & Virtanen 2003, 80. Kortetjärvi-Nurmi, Kuronen & Ollikainen 2003, 135 -137.)

The investor relations communications act best as a dialogue: the stakeholders are heard and the information gained is applied in practise. The emphasis is changing from a focus on

stakeholders as being managed by a company, one-way communication, to a focus on the interaction that a company has with its stakeholders on a continuous and relational basis, two-way communication. This creates a way to engage stakeholders in long-term relationship. A company can learn by listening to the stakeholders and by surveying their expectations. For a company this can be a way to gain essential development ideas straight from the prime source - already benchmarked, 'insider's information' about the best practices in the field. The stakeholders benefit from giving the useful feedback when the company applies these ideas in practice. This adds a third dimension to the communication model; symmetrical two-way communication - the company does not only listen to stakeholders' feedback but also develop its practices according to the gained feedback. This is presented in the figure 2. (Cornelissen 2004, 56- 57, Kuvaja & Malmelin 2008, 84.)

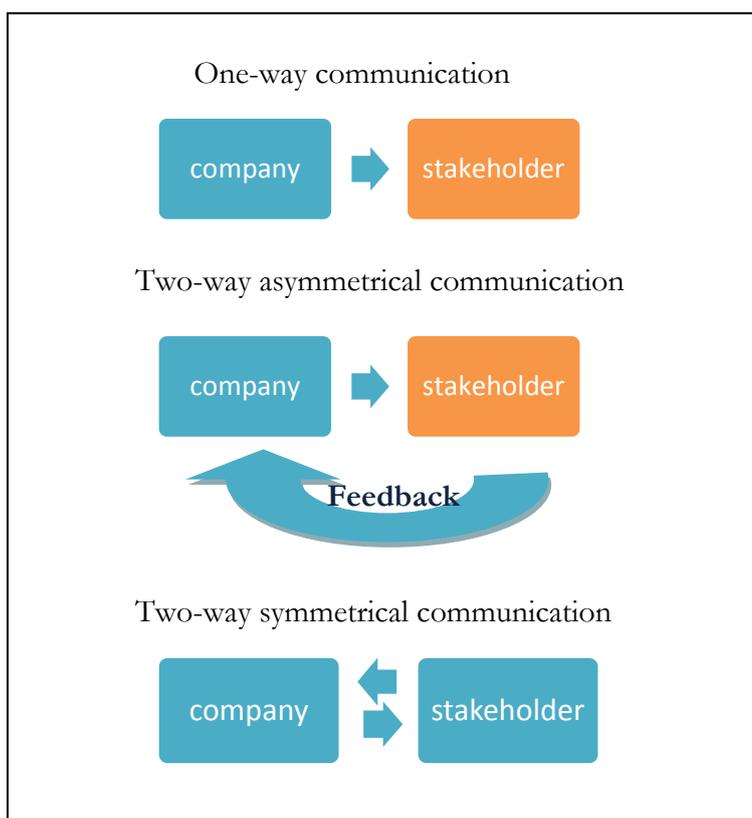


Figure 2. Models of company – stakeholder communication (Cornelissen 2004, 56.)

Cramo Plc describes its investor relations on their investor web page as follows: "The ultimate objective of Cramo's Investor Relations is to produce accurate, sufficient and up-to-date information about the development of Cramo's business operations, strategy, markets as well as its financial performance and financial position to ensure that the capital markets have relevant information about the company and its shares in order to determine the fair value of Cramo's shares. To reach this objective Cramo annually publishes three interim reports, a fi-

nancial statement bulletin, an annual report and stock exchange releases. Furthermore, Cramo management conducts regular discussions with analysts and investors both in Finland and abroad' (Cramo Plc 2010). The annual report is the essential part of the Cramo Plc's IR communications and with financial statement an overview on a year's activity. The annual report is the main material that the Cramo stakeholders are yearly provided with, and it is the material most planned. (Cramo Plc 2010. Sivén 15.12.2009.)

4 Elements of a good annual report

The annual report is reviewed on different aspects. From these different reviews can be listed the elements that make a good annual report. The most basic level of definitions for a good annual report is measured by its users. For example the investors appreciate an open, clear and thorough annual report. The annual report should include everyone who has an interest in the company, introduce the company's operations, strategy and business model. Researches show that the annual report has a significant role when analysts assess the success of the company's investor relations. (Laitinen 25.1.2010. Poikonen 1996, 30-32.)

There are companies which business idea is to specialize in designing and producing annual reports, one example is the previously mentioned company ToimintaKonsepti. These companies have experience in making strategically well-structured annual reports; they benchmark the best practices from different annual reports and competitions and then evolve the ideas to match their client company's operations. These consulting companies also help with the layout and the cooperation can include those producing data collection (e.g. interviews) for the report. (Laitinen 25.1.2010. Management Consultancy Pohjoisranta 2010.)

In the book 'Annual report – How to produce it? How to read it?' by Leppiniemi and Virtanen is a discussion of the criteria and a listing of qualities which are considered to be the characteristics of a good annual report. A good annual report should include for a start, the minimum requirements demanded by law and regulations. The report should strengthen and clarify the company image, be presented in an understandable way and be readable and the structure of the annual report should work, and it should be clear to make the information easy to find. A good annual report should also visually support the company image, the brand, and clarify the content. The report should strengthen the transparency of the management and include a CEO's or Chairman of the Board's review on the strategies and what has been achieved. It also is good if the annual report of a listed company includes an investment story, which answers the question is the company a good investment and a good operation partner. Leppiniemi and Virtanen also add that it is accustomed that the annual reports are used and stored for their value as a source of information: in the annual report is often reported information that is not found elsewhere. (Leppiniemi & Virtanen 2003, 12; 21).

The best practices can be benchmarked e.g from the different annual report competitions. There are many companies and associations which hold a competition for the best annual

report. Some review the report by the visual quality and some are more interested in the content. The Finnish newspaper Helsingin Sanomat organized a competition for the best annual report together with the Helsinki Stock Exchange (NASDAQ OMX Helsinki) for several decades. During the late 1990's the winning reports were described as clear and easy to read. The presentations of the industry, main product line, strategy and objectives as well as a clear report on what the company does and for who were considered assets. (Leppiniemi & Virtanen 2003, 12-17.)

In Finland another example of the associations evaluating the annual report is ProCom, the Finnish Association of Communications Professionals. ProCom reviews the annual report from the company business image's and the company reputation's point of view. The focus is on analyzing the CEO's review and strategic part of the annual report. ProCom explains that the competition offers an outsider's opinion on the annual report. Thus the assessment promotes the interest in making the annual report a part of goal-oriented communication, but it also gives an opportunity for other companies to benchmark the best practices presented in the competition. (Julkaisija Magazine 2009. ProCom 2010.)

REGI Research and Strategi is a Swedish company that specializes in industry studies and analyses. It offers the gathering, compilation and analysis of the information in question. REGI offers companies an IR tool, IR Nordic Markets, which is an analysis on the weaknesses and strengths of a company's IR. The information is provided in school averages and the IR Nordic Markets also offer comparison to e.g. the average of the country's IR, the sector's average and comparison to the previous year if the data has been collected before. The analysis also offers the averages of competitors. The IR features measured include the content and the functionality of the annual report and the average for the annual report. (REGI 2010.)

The reviewed elements of a good annual do not differ much from one source to another. Still there are also more specific annual report competitions, e.g the PricewaterhouseCoopers, a company offering assurance, tax and advisory services, organizes an Open Annual report competition for foundations and organizations. The Lönnberg printing house organizes an annual report competition, which is organized exclusively for the annual reports printed by the company. The printing house instructions indicate that annual reports are evaluated as a whole; the structure: a good annual report is clear-structured and the information is easy to find, the illustration: pictures and graphs should clarify and complete the report, the text itself:

interesting and easy-to-read text, and creativity: an annual report should have an effect on the reader and pop up. (Lönnerberg 2010. PricewaterhouseCoopers 2010.)

As summarized in the figure 3., the elements of a good annual report are review by different organizations and by different criteria. The main elements of good annual report are the clarity of the report, content of the report and the functionality. The content of CEO's review is also considered an important indicator of a good annual report.



Figure 3. Elements of a good annual report.

5 Research method and procedures

Within qualitative approaches, interviews are a useful form of data collection. Qualitative interviewing usually refers to semi-structured or loosely structured forms of interviewing. These form an interviewing technique that is more like a discussion than a formal question – answer format. The discussion-like interviews generate more in-depth information than a broad survey would. What differs from just a plain discussion, interviewing always has a purpose and some structure. The interviews rely on the interaction and by taking cues from the interviewees about what to ask them the interviewer is able to gain information that could have not been able to gain in a pre-scripted interview or a survey. This method was also chosen because there was nothing in the interview material, the annual report that was wanted to be left out. The data collection was well-designed before the interviews were conducted. It is necessary that the interviews are pre-planned to some extent so that the objectives of the research can be reached. (Daymon & Holloway 2002, 166-167. Mason 1996, 38 – 40.)

5.1 Qualitative interviewing as the data collection method

Interviewing is used as the data collection method instead of a survey because the needed information is more descriptive and in the discussions the interviewees could produce an individual analysis of the report. There is no reason to have an overview of opinions about the annual report but constructive feedback that could develop the report. Interviewing gives the researcher a possibility of interaction; motivation of the interviewee, control over the sequences of the interview, particularization of the interview themes etc. which helps the data collection. (Leppiniemi & Virtanen 2003, 12. Louhiala-Salminen 5.3.2004.)

5.2 Interviewees

As a public limited company, the target groups of Cramo Plc annual report are the stakeholders. From all of the stakeholders, a specific target audience was selected for the research: the analysts and shareholders. These are the people who have the expertise; they usually follow the company's actions and are expected read the annual report and use it. Although the company has also many other stakeholders e.g the staff and the customers, the most essential information that is needed to develop the annual report can be gained from the two target groups mentioned above. The other reason for selecting only these two groups was the limited time and resources. The sample originally selected was ten interviewees, from which seven

were able to participate. Thus the interviewees of the research consist of a non-random sample of seven, which is considered an average sample in qualitative semi-structured interviews. (Louhiala-Salminen 5.3.2004. Sivén 15.12.2009.)

At Cramo Plc, the IR Officer together with the CFO chose the sample from the selected target population (non-random sample). The selected are all stakeholders who have a close connection to Cramo Plc; analyst who follow Cramo during each fiscal year and representatives of major shareholding companies. This can increase the transparency of the IR communications; a company that is willing to make improvements and adjustments by listening to the stakeholders shows good corporate governance. The interviewees are referred to as numbered interviews, e.g interviewee 1, interviewee 2, by the request of the research's commissioning party Cramo Plc. (Kuvaja & Malmelin 2008, 29.)

5.3 Interviews

5.3.1 Structure of the interviews

The interviews were conducted after the publication of the Cramo Plc annual report 2009 and after the Cramo Annual General Meeting during summer 2010. Before contacting the selected interviewees, a structure for the interviews was designed. The interviews are conducted with a loose structure (appendix 1.). The structure is a completion of different aspects: the elements of a good annual report, the Cramo Plc annual report content and the requirements of the interviewee.

The annual report's table of contents offers a structural way of going through the report as a whole and thus receiving the developing ideas for every section. The received feedback provides information in detail of how the presentation of the report's content has succeeded. The elements of a good annual report set a basis for the themes that are included in the structure of the research interviews. For example, as mentioned by both Leppiniemi & Virtanen and Sari Laitinen at ToimintaKonsepti, the elements that create a good annual report are the clarity of the report, its readability and the quality of the content, both written and visual. Besides these controlled parts, the semi-structure enables the interviewee to apply his own interests and questions in the structure. The role of the electronic version of the annual report is in the structure as a sub-theme; the emphasis of this research is on the paper version. (Laitinen 25.1.2010. Leppiniemi & Virtanen 2003, 12).

In the thematic semi-structured interviews the role of the interviewer is to be interactive with the interviewee; as Jennifer Mason describes in her book *Qualitative Researching*, the interviewer has to be ready to make on the spot decisions about the content and sequence of the interview as it progresses. During the thematic interview situations this guideline is followed and although the structure of each interview is basically the same, the room for skipping and coming back to some of the themes has been given. While the selected interviewees have their own special interest in some parts, those are more closely commented and discussed. Here the interviewer's role is to keep up with the interview and remember what is in the structure and what themes have already been discussed. The semi-structure is a useful tool and the notes taken during the interviews are helpful to have an idea what topics were covered and if the discussion parted from the structure the notes guide the discussion back to the pre-planned order. (Mason 1996, 43-46.)

5.3.2 Conducting the interviews

The selected ten interviewees were first contacted by a personal letter from the Cramo CFO (appendix 2.) which contained general information about the research. The letter describes the purpose, themes, length, method and the quality of the research; a thesis work done by a Multilingual Management Assistant student who is also a Cramo employee. The letter also explains that it is important that the interviewees are familiarized with the Cramo Plc annual report 2009 and that the interviewees will be contacted by phone to arrange a suitable date for the interview. The contact information for the interviewer is given in the letter and it is personally signed by the Cramo CFO. The letter was sent in mid-June 2010.

After the letter the interviewees were contacted by phone in July 2010 by the researcher and they were introduced more closely to the research. The interviewees were asked if they would be able to participate and on this occasion also reminded that the interviews are small in number and conducted by a student for her thesis. The interviewees were also reminded that it was important for the research that they have read the Cramo Plc annual report 2009. It was informed that the interviews could be conducted by phone or in person and that the timetable of the interview was flexible. Seven out of ten selected interviewees were able and wanted to participate in the research within the given timetable. An approximate of a 30-minute time was reserved for each interview; the researcher would either conduct the interview by phone or meet them at their office or other undisturbed place. The interviews were conducted in July –

August 2010. Three out of the seven interviews were conducted face to face and the rest four by phone.

In the beginning of each interview the researcher introduced herself to the interviewee and reviewed what the letter has already informed them about the research. Before proceeding to the actual research, the interviewee was asked to tell about his relationship with Cramo and also about his use of annual reports in general and about the use of Cramo Plc annual report 2009. Questions about the readability and clarity were also discussed before the actual content. As explained above, the basis of the interviews was the Cramo Plc annual report 2009; its themes in the order of the table of content. In both the phone and the personal interviews the Cramo Plc annual report was browsed during the interview. The interviewee decided which language version was used. The interviews followed the created structure and parted from it when it was necessary for the flow. After the content was covered, the interview ended with a question about overall development ideas and a request for an average, four to ten, four being poor to ten being excellent and the grounds for it.

The interviews were recorded to gain as accurate data as possible. Notes taken during each interview helped the interviewer to remember to cover all the themes. The interviews were conducted during office hours (9 am – 16 pm) in conference rooms where there was no disturbance. The telephone interviews were done at Cramo Plc headquarters in private conference rooms. Due to the fact that although the reporting of the results for Cramo Plc is done mainly in English, as English is the language of the Cramo Group, the data collection was made in Finnish because all the interviewees have Finnish as their native language and it was considered that some information might be misapprehended or misrepresented when using English. A safer way to gain accurate information was to translate the interview material afterwards.

5.4 Analyzing the data

The interview documents are categorized by date, the status of the stakeholder and also with the interviewee's name. With different methods of generating the data: the tapes of interviews, notes etc. it is very important for later analyzing that the data is kept in order and stored safely. (Mason 1996, 107.)

After each interview the material from the recordings and the notes were transcript. This material is translated from Finnish to English using both dictionary and a thesaurus. The interviews lasted approximately 20 minutes, the four of the interviews that were conducted by phone took 20 minutes or less and the three conducted in person took from 30 minutes to 45 minutes. The amount of feedback was not a subject to the time spent, or to the interviewing method although the phone interviews lack the nuances of expression and gesture that are available in person.

The text-base data from semi-structured interview transcripts may be unordered, meaning that the themes in the interview do not appear in the same order in each of the data collected from an interview. One procedure was to organize the data in an order, here under the themes of the structure of interviews. The used cross-sectional index system is based to the original order of the interview structure, the main themes acting as indexing categories. As Jennifer Mason explains in her book 'Qualitative Researching' this overview reflects on how well the research data matches to the research questions and the theory. This indexing also directs the conclusions to the original themes that organize the results of the research. (Mason 1996, 111-113.)

As the interviews were conducted as semi-structures interviews and the structure created for the interviews was not strictly followed, some of the gained data does not belong under any of the themes used in cross-sectional indexing system explained above. This data may contain data that is essential for the research and it can't be left out. The data can be either analyzed on its own, or if there is repeatedly uncategorized data with same content, it is possible to order these under an own, new theme. (Daymon & Holloway 2002, 232 – 235.)

In a qualitative research the results are in a form of text. The conclusions between the theory and the results are based on the structured themes: e.g. do the interviewees have the same preferences that the company had thought for them in the process of creating the annual report, is the annual report an essential tool for IR and how do these expectations meet the ones that the 'best annual report' competitions value. The data is overall analysed in qualitative way and with a sample of seven, there is no need for quantitative analysis and generalization.

6 Results

The results of the interviews are presented below. To clear the presentation of the results they are first divided under the themes: the use of Cramo Plc annual report, the readability of the annual report, and then under different themes of the annual report's content. The results are also presented by interviewees to include a point of view of each interviewee and to clarify e.g. which comments and reviews are concluded in which feedback and average.

6.1 Use of Cramo Plc annual report

The interviewee 1 told that he reads the Cramo Plc annual report through every year. He reads it from both a major and a minor shareholder's point of view. He also stores it for further use. The interviewee 2 explained that he is not a heavy user of the annual report and does not read the report systematically through. He uses the e-version from time to time for information search, checking the basic information about the company and financial statements with the notes to the consolidated financial statements. He reads the paper version when he has time and reads the report in both Finnish and in English.

The interviewee 3 said that he reads the annual reports less and less. He gains the information he needs in the Cramo analyst meetings and uses the previous annual reports to check information. The interviewee 4 reads the report when it is published and returns to it when necessary. He especially uses the e-version due to the easy-to-use search tool. He gains basic information about the company and the market elsewhere, but thinks that the annual report is a good basic report. In the report the most important part is the notes to the consolidated financial statements, where he can find information that is more rarely published.

The interviewee 5 also said that he reads the annual report through when it is published and stores it as a 'business guide' while in the report the information is easy to access. He reads the annual report in English and uses both the paper and the e-version. The interviewee 6 said that he does not use annual report almost at all. He uses the e-version and browses the paper version if he has time. He uses the annual report to search for financial information. He finds the financial statements bulletin 2009 is a more important tool for him and reads it thoroughly – the annual report he uses as information search tool and additional reading. He would still like to receive the annual report in print.

The interviewee 7 told that he usually reads parts of the report, reads through the notes to the consolidated financial statements and looks through the figures. He uses both the paper and the e-version of the annual report to search information. He reads the annual report decreasingly; the web pages, different meetings with the Cramo Plc management and the interim reports offer more information.

6.2 Readability of the Cramo Plc annual report 2009

The interviewee 1 mentioned first that the Cramo Plc annual report 2009 is double in its content compared to a competitor firm's annual report. He wondered if it is necessary for the report to be this extensive, it is quite too compact when looked from a minor investor's point of view. The interviewee 1 commented that the readability is ok, the report looks good, looks like Cramo and also seems expensive. He prefers the paper version over the e-version. The interviewee 2 said that the report is a quite full package with much information. He also commented that the report looks consistent with other Cramo material. He questions the amount of information, 'can an annual report be too plentiful?'

The interviewee 3 said that the readability of the report is good. Some parts have a good feel of space, but partly the annual report is very packed. The interviewee 4 also said that the readability is good and that the report looks like Cramo material. He commented that there is much more information than in a typical annual report. He prefers to have the report in one part.

The interviewee 5 commented that the report's readability is good, although there are some difficult sections; e.g the chart on 'Targets and Achievements 2009' is too packed with information and in his opinion does not serve any purpose. He said that the annual report 'looks like Cramo', is visually pleasing and 'one of the best.' He added that the graphs and pictures in the report do not ruin the readability but support it. The interviewee 6 reviewed the annual report as clear in content and the information is easily accessible. The interviewee 7 commented that the annual report follows the visual identity of Cramo Group. He found that it is a good feature that the report is visual: the pictures and graphs are pleasant to the eye and the pictures tell a story.

6.3 Results by themes

6.3.1 Table of content and Cramo in brief

The interviewee 1 said that he had browsed through the first pages of the annual report, but they always have the same basic information. The market area map is informative and does not leave any questions. The interviewee 2 preferred that the product information would also include the numbers of the products. The information about the countries and products he reads from other sources.

The interviewee 3 commented that the product portfolio gives a good overlook of the offered products; he still would appreciate a more inclusive product selection. The current market presence is presented in a smart way, although he misses information about the market size per country and the Cramo's share of market. The interviewee 4 said that the overlook is well-informed, but the information is so familiar to him, that he does not every year read the first pages.

The interviewee 5 reviewed that he would like 'Cramo in brief' chart to include information about the competitors while this information is usually presented. He thought that the differences between countries and the most important customer segments per country would be good information to add. He adds that the names of the customers do not need to be mentioned, the graphs could look the same as 'sales by customer group' graph in 'Business segments in 2009'. The interviewee 6 commented that the market and the business have been well presented.

The interviewee 7 commented that he likes that the main parts of the annual report have been introduced in the first pages as boxes with page numbers. The table of content could have more markings of the second table of content of the financial statements. He explained that because he prefers visual information he would like to have more pictures and also more information about the products. He comments that the financial information, 'Cramo group performance 2009', is well presented with the columns and graphs, he still thinks that while the financial history is important it should be shown for more than four years to really see the trends in the market.

6.3.2 Strategy

The interviewee 1 explained that he always reads the CEO's review. He said that the CEO is the head of the company and his review should convey a feeling of trust. From the review the reader got a picture of how the company is positioned in the market and what the status of the market is. The interviewee 2 reads the information elsewhere and only the reviews are read from the annual report. He commented that the reviews are in line with the other reports and consists of basic information. Interviewee 2 reviewed that the group strategy on pages 14 to 15 needs more figures and wonders why there aren't more. He commented that the from the group pages the Outsider's view is well and good.

The interviewee 3 required for more profound information about the strategy: how to achieve the goals? He commented that the group performance should be presented for a longer period of time than four years to make the trend understandable: has there only been a decline, when has there been growth etc. He questioned the similarity of 'Cramo in brief' and 'Sustainable growth through one Cramo' and suggested that these parts could be presented side by side. He added that both of the parts need more focus. He also commented that the information in the 'Target and achievements' chart is presented in a too packed way and it is heavy to ready. Still he found that the content of the chart is important and well focused, the presentation just does not work. The graph of the strategic priorities and short-term adjustments is good, but there is no connection to the chart or the text and that makes the graph feel separate. The interviewee 4 comments that in his opinion the strategy is exceptionally thoroughly presented; the objectives presented in detail and also the implementation and execution. He follows the business strategy of the company and the text arouses interest.

The interviewee 5 stated that he reads through the CEO's review for a quick overview of the company and the market. He thought that the strategy could be presented in a more clear way; the interviewee would prefer more text and presentation of the strategy in a more general way. In his opinion the overview graphs do not tell enough and that there could be more text to explain the graphs. He required that the main points of the strategy would be presented more clearly and that the financial targets would be presented as figures. The interviewee 7 stated that in his opinion the most important piece of information is in the first paragraphs of CEO's and Board of director's chairman's reviews. He also wondered why the 'targets and achievements' chart needs to be packed with information and questions the purpose of all the

data. He said that it would be more important to outline an overall strategy. He liked the graph on the same pages and found it memorable, as well as the elements of the strategy.

6.3.3 Business overview and business review of operational countries

The interviewee 1 said that the overview divides the information to each operation country very clearly. He commented that although the overview is quite packed, more content about the Cramo Group in whole and growth drivers per country would be appreciated. He also adds that the future is a difficult subject to analyse, but it still needs to be discussed openly; no one knows what lies ahead but a company should be able to communicate about everything. The interviewee 2 commented that he had not looked into this section and that he gets the information elsewhere.

The interviewee 3 explained that although he feels that there is a very comprehensive amount of information, he would like there to be more specific information about the figures per country and the trends could be introduced for a longer period of time. He added that the information does not need to be in the annual report; it would be enough if there was a mentioning that more information can be found in the cramo.com. He thought that in the paper version of the report the markings of which country information the pages are handling are hard to find and they could be marked more clearly. He wondered if the forecasts per country could be described in more detail and if the CEE countries' information could be as well presented as it is in the interim reports. The interviewee 4 would like the overview to include topical growth factors by country. Otherwise he found the overview to work well. He said that he rarely finds new information about the different countries in the annual report.

The interviewee 5 found the Group pages to be a good idea to give depth to the information. He commented that the Business overview has a lot of repetition; most of the repetitive information is from strategy chart 'targets and achievements 2009' and the business review is as packed as the strategy chart. He also thought that the markings of each country on the business reviews per country should be marked more clearly and marked also in the heading. He would have liked to receive more in depth information about what happened in each country in 2009 and what is the future; the supply, the focus of the business and a review of the market of each country from Cramo's point of view.

The interviewee 7 would want the 'Business review' include the amount of the granted building permission in different countries and comparison to Cramo's business – has there been development or decline. He would also want to know more about the signs of recovery, and over all information about how the company functions – does it function – and more positive information about the market of each country. The interviewee found the group pages a good idea if one wants to find out more about the company, the outsider's view could use some background information about how it relates to Cramo. He commented that the report has a lot of detailed information per country; is it necessary, there should only be the main points, the most important information. He reviewed that since every market is unique each country should be reflected to its own market e.g is Denmark's growth been significant when compared to its market.

6.3.4 Financial review

The interviewee 1 commented that the financial review information is readable. He is interested in the information about the hybrid loan and said that although there is some information, more should have been provided. The interviewee 2 informed that he gets the information in a separate excel-form and only sometimes applies the information from the annual report. The notes to the consolidated financial statements are the most important part of the annual report that the interviewee 2 reads.

The interviewee 3 commented that the financial review is easy to read. He thought that the table of content for the Financial Review should be 'marketed' more in the main table of content. The Financial Review's table of content is very important and it is well done. He said that the notes to the consolidated financial statements are very well presented, and the numbering helps to find the right information. He missed a sensitivity analysis of risk management concerning the changes in currency rate and information about Gross Domestic Product's effect in construction. The interviewee 4 stated that the financial statements look clear and include the basic information needed. As a detailed feedback he requested the turnover and balance structure to be also presented by equipment groups.

The interviewee 5 found the review to include all the needed figures. He had read the Board of directors' report from the financial statements bulletin 2009 and wondered if there are any differences between these reports. He missed charts of quarterly information about the one-time items during few years for a quick comparison. The interviewee 6 also commented that

the financial information is well-presented and that the notes to the consolidated financial statements are good and clear. The interviewee 7 stated that he has rarely seen such good financial statements. The board of directors report material is well assembled. The information is easy to read.

6.3.5 Responsibility and governance

The interviewee 1 did not have a comment about the responsibility. He said that the information about the Board of directors is well presented. The interviewee 2 was missing more information about the personnel distribution per country. He follows the information about the board of directors and the group management. The interviewee 3 thanked for the information about the remuneration for board services is good information, it is rarely given. He requested for information about the owned shares per member in both Board of Directors and in Group Management, the information could be given in the personal information or in one chart like remuneration. The interviewee 4 commented that the Corporate Governance part is very particular and executed with quality. The information about the Board of Directors and Group Management are comprehensive for his use.

The interviewee 5 would prefer the HR to be before the financial statements because now it feels like the HR is pushed to the end. He commented that some of the investors emphasize the responsibility issues so it is good to invest in them. The interviewee 7 also wondered why the information is in the end. He comments that it is still good that the personnel are presented. He also asked if the Corporate Governance section is as comprehensive each year and if all of the information is necessary to have in the annual report and if it would be a better idea to have links to cramo.com where there would be more information. The interviewee uses the information about the Board of Directors and Group Management. He also commented that the 'Information to Shareholders' could include information about the shareholder structure and changes in the ownership.

6.3.6 Other feedback and the averages

The interviewee 1 said that the annual report should highlight the transparency. He wanted that the annual report would build and maintain the positive picture, without exaggeration, that Cramo and Rakentajain Konevuokraamo Oyj has had. He gave the report an average strong 9 (did not want to give plusses or halves). He comments that it is a good annual report,

which looks great, but there is a lot of information and is heavy reading for an average investor. He believes that a lot is left unread and unutilized. The interviewee 2 commented that from an analyst's point of view the report should have more figures, and that the notes to the consolidated financial statements should be emphasized: as much detailed information as possible and open communication. He gave the annual report a 9 and explained that the report is definitely not one of the worst, the effort made is better than average and it has creditable amount of information.

The interviewee 3 wanted more content on the shares policy. He commented that the tables of content should be synchronized and the latter should be better guided. He thought that it is necessary to keep the annual report in one part because the two-piece reports rarely work. He gave the paper version of Cramo Plc annual report 2009 an average 9, saying that it is an information package and that it contains 'more than one can digest' and it is hard to request for more information without a thought that managing the report would not get more difficult. He also argued that the e-version should not be just a copy of the paper version; it could be more dynamic with more information and links to cramo.com. The interviewee 4 valued the annual report as 9 ½ and commented that the report has all the important information and that it is easy to read and use.

The interviewee 5 mentioned the management of information as the most important matter, now there is a lot more information than in an average annual report: information overload. He said that this is a stumbling stone to analysts and surely also for the shareholders. The task is to highlight the main information and to create a working overview. He gave the report a 9-, and said that there is room for improvement; organizing and outlining the information. He concluded that the content is overall fine and one notices that the work has been well concentrated and focused. The interviewee 6 explained that the annual report is not the most important source of information to him. He grades the Cramo Plc annual report to be better than average.

The interviewee 7 would also emphasize the management of information. In his opinion there is too much information and it would help if some information would be divided into graphs and pictures. He would like the Cramo Plc annual report to include more positive feeling e.g with pictures. He graded the annual report as a 9 and explained that to him the Cramo Plc annual report 2009 is comprehensive; it has the company's business opened and the market portrayed. He criticized that where there is plenty, there is also too much.

7 Conclusions and development ideas

The selection of the interviewees was successful: all of the interviewees had read and used the Cramo Plc annual report 2009. The results of the interviews also answer to the research questions that were established: how the selected stakeholders respond to the Cramo annual report and how to develop the report to meet the needs of the target group.

The report is being used by the sample for basic information about the company, to search for information about the company and to browse the financial information, e.g the notes to the consolidated financial statements. Other material such as analyst meetings and the interim reports are read together with the annual report and part of the sample emphasized the meaning of the meetings as information channel.

The elements of a good annual report discussed in section 5 were present in the results of the research. In the results the annual report was described to have the elements of good readability, visual look and it supported the Cramo image. The CEO's review and the Chairman of the Board's review were reviewed by the sample as working. The structure of the annual report did not get many comments from the interviewed; only the HR was commented to be in a wrong place in the end. Transparency was required as a development idea.

Cramo Plc annual report 2009 gathered many development ideas in the interviewees. The research raised some sections of the annual report to be developed over the others. The development ideas for the table of content were that it would include the information about the second table of content and the tables of content would be synchronized. Cramo product portfolio could be developed by adding pictures of the products and amounts of the equipments. The size of each market area could be added to the 'current market presence' map.

There was significant feedback on the strategy pages. The areas that gained the most development ideas were the 'Cramo in brief', 'Cramo Group performance 2009', 'Sustainable growth through one Cramo' and the chart 'Targets and achievements 2009' (appendix 3.). It was suggested that the strategy is to be presented in depth compared to the wide introduction. The strategy could be presented better with more text and basic level of strategy. It was suggested that the overview pictures need supporting text and that the financial goals would be presented also in figures.

In ‘Cramo group performance’ a timeline for longer than 4 years would show an understandable trend. Information in ‘Cramo in Brief’ and in ‘Sustainable growth through one Cramo’ is partly similar and it was suggested that these could be combined. In all the figures showing a timeline for four years, a longer timeline was requested. The most feedback was gained for the chart ‘Targets and achievements 2009’ which was said to have too packed information, too detailed information and a graph that did not have any connection to the text.

The business review was also subject to comprehensive feedback (appendix 4.). It was said that the review was as packed as the chart on strategy and it should include less information and just cover the core information. There were also ideas on what to add to the review; show the sign of recovery, more content about the Cramo Group in whole and growth drivers per country, forecasts per country in more detail and the CEE countries’ information each country separately.

Due to the roles of the interviewees as analysts and major shareholders their interest in the financial information and its presentation was pointed in the results of what is read in the annual report. Still there was not a considerable amount of development ideas for the financial statements, only positive feedback. The development ideas gained for the financial statements were a sensitivity analysis of risk management concerning the changes in currency rate, information about Gross Domestic Product’s effect in construction and the turnover and balance structure also presented by equipment groups.

All of the interviewees found the Cramo Plc annual report 2009 better than good (9), but criticized it for having too much information. The main feedback for the developing of Cramo annual reports was managing the amount of information. It was suggested that there would be more outlining and editing - the information would need to be in a more cohesive form and overviews would be preferred. Many of the development ideas were systematically presented in the interviews. These development ideas are summarized in the figure 4.

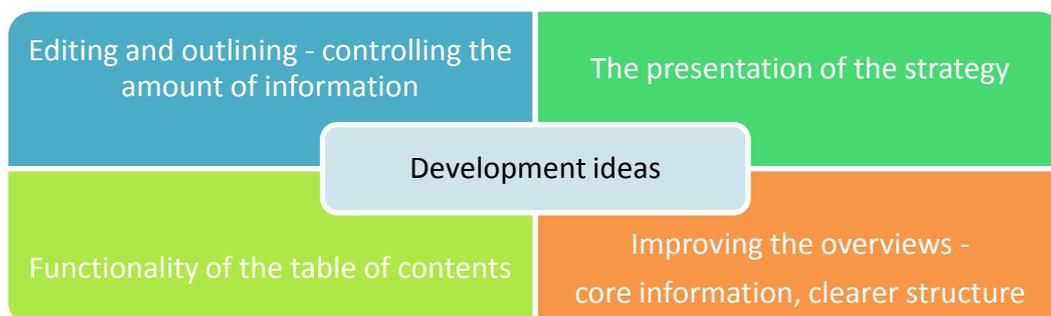


Figure 4. Summary of the development ideas for Cramo Plc annual report

As mentioned above, due to the selected interviewees' roles, some themes were more discussed and emphasized more than others. It was also discussed in the first sections that it is good to review the annual report to receive feedback. These arguments support the conclusion that reviewing should be implemented in the company's process of conducting the annual report. Other development ideas would have been maintained from other shareholders: the customers, Cramo employees, shareholders and analysts of wider scope and other nationalities etc. This could give the process new information or to confirm existing ideas that need reinforcement.

8 Evaluation

The management of quality had to be maintained during the whole process of researching and interviewing. The process of the research is profoundly presented in the thesis: every step of the research work documented add reliability for the research. A qualitative research conducted by a person is always subjective. Thus objectivity and neutrality are not possible to fully achieve. The documentation of the research process has to be precise and accurate and the reporting needs to be done without any colouring. In this research the subjectivity was inevitable because the research is conducted by a person working at the commissioning company. The status as an employee was still beneficial, because of her possibility to participate in the process of producing the annual report to be researched and to have background information for conducting the interviews. (Daymon & Holliday 2002, 89.)

Because qualitative interviewing is social communication and the most crucial data was collected from these interviews, the validity of the data had to be reviewed by the interviewer. Beside the validity of the data the validity of the analysis should also be criticized. When acknowledged, some of these validity risks can be decreased. As the author also worked at the commissioning company also working in the process of the annual report, she had sufficient competency to design and execute the interviews in a valid way. (Louhiala-Salminen 5.3.2004. Mason 1996, 148.)

The credibility of the used sources e.g the interviewees, brings reliability to the research itself (Daymon & Holliday, 93-94). The research background information was gathered both from Cramo Plc and by interviewing ToimintaKonsepti's contact person Sari Laitinen who was involved in producing the Cramo Plc annual report 2009. The other sources of information were selected with assessment and most of the sources were introduced already on the thesis plan. Used internet sources are web pages of companies.

The selected interviewees already knew Cramo Plc and the annual report used as the research material was familiar to them. All of the interviewees follow actively the company and read and use the material that they are provided with. As the Cramo Plc annual report 2009 was the material used as a basis for the interviews, and all the interviewees were well-acquainted with the report, the conducted interviews provide reliable results.

This was the first research for developing the Cramo Plc annual report by interviewing a selected sample of the report's target group. The results of the research answer to the research questions that were set in the beginning. The purpose of the research was to gain feedback on the annual report for the commissioning company and especially feedback that would offer development ideas for the report. Although the amount of interviews was small, seven, the amount of development ideas and overall feedback was thought to be adequate.

Commissioning a research Cramo Plc shows that it wants to develop the IR dialogue. This is actually necessary, while the research brings a responsibility for the company: because the interviewees are asked to participate in a development research, the company is expected to respond to the comments of the interviewees and use the provided information.

Conducting a research as a thesis work is a way to develop oneself for the future work as a management assistant and it enables the possibility to do researches in work life. Also writing a thesis in a foreign language is beneficial for professional development of the researcher. The schedule of the thesis prolonged while the data collection started during summer vacations and the last interviews were conducted in August 2010.

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Appendices

Appendix 1. Structure of the interview

Nimi [Name]

pvm ja klo [Date and time]

Yritys, titteli [Company and title]

Yhteys Cramoon [Connection to Cramo Plc]

Vuosikertomuksen rooli käyttäjälle [The role of the annual report for the user]

Cramo Oyj Vuosikertomuksen luettavuus [Readability of the Cramo Plc annual report]

Cramo Oyj Vuosikertomuksen sisältö [The content of the Cramo Plc annual report]

Vuosikertomus [The annual report]

Sisältö, tuotevalikoima , markkina-alueet [The Contents, Cramo Product Portfolio, Current Market Presence]

Strategia ja tärkeimmät tapahtumat [Strategy and highlights]

Liiketoiminta [Business Review]

Taloustiedot [Financial Review]

Vastuullisuus [Responsibility]

Hallinto [Governance]

Kehittämisideat [Development ideas]

Arvosana Cramo Oyj 2009 vuosikertomukselle [Average for the Cramo Plc annual report 2009]

Perustelut [Arguments]

Appendix 2. Letter for the interviewees

Haastattelututkimus – Cramo Oyj:n vuosikertomus

17.06.2010

[Interview research – the Cramo Plc annual report]

Cramo Oyj julkaisee vuosittain vuosikertomuksen, jonka tavoitteena on tarjota ajantasaista tietoa Cramon strategiasta, toiminnoista, liiketoimintaympäristöstä ja taloudellisesta asemasta.

[Cramo Plc publishes yearly an annual report designed to offer updated information concerning Cramo's strategy, activities, business environment and financial status.]

Vuosikertomuksen kehittäminen ja sijoittajasuhdeviestintään panostaminen ovat meille tärkeitä asioita ja toivomme, että osallistutte haastattelututkimuksemme, jossa kartoitetaan vuoden 2009 vuosikertomuksen toimivuutta.

[Developing the annual report and investing in the IR relations are important to us and we hope that you will participate in our research to assess the functionality of the annual report.]

Haastattelun osa-alueet ovat: [The areas of the interview]

- Vuosikertomuksen rooli käyttäjälle
- Cramo Oyj Vuosikertomuksen luettavuus
- Cramo Oyj Vuosikertomuksen sisältö
 - Tuotevalikoima
 - Markkina-alueet
 - Strategia ja tärkeimmät tapahtumat
 - Liiketoiminta
 - Taloustiedot
 - Vastuullisuus
 - Hallinto
- Cramo Oyj Vuosikertomuksen kehittäminen
- Arvosana Cramo Oyj vuosikertomukselle

Ennen haastattelua on tärkeää, että olette perehtyneet Cramo Oyj:n vuoden 2009 vuosikertomukseen. Haastattelun kesto on noin 20 minuuttia. Haastattelu voidaan tehdä joko puhelimitse tai toimistollanne. [Before the interview it is important that you are acquainted with the Cramo Plc annual report 2009. The duration of the interview is approximately 20 minutes. The interview can be conducted either by phone or at your office.]

Haastattelijana toimii Mirjam Hirvonen, HAAGA -HELIA ammattikorkeakoulun johdon assistenttityön ja kielten koulutusohjelman opiskelija, joka toimii Cramo Oyj:n assistenttiharjoittelijana. Tutkimus on osa hänen opinnäytetyötään. [The interviews are conducted by ... student, who also works at Cramo Plc as an assistant trainee. The research is part of her thesis.]

Teihin otetaan yhteyttä puhelimitse, jolloin voitte sopia Teille sopivan haastatteluajan.

[You will be contacted by phone, and then you can choose the interview time suitable for you.]

Lisätietoa haastattelututkimuksesta: [More information on the research:]

Mirjam Hirvonen

mirjam.hirvonen@cramo.com

puh. +35840 750 9620

Ystävällisin terveisin

Cramo Oyj

Talous- ja rahoitusjohtaja [CFO]

SHORT-TERM ADJUSTMENTS SUPPORTING LONG-TERM STRATEGY

Due to the difficult market situation in 2009, Cramo Group's focus in the short term shifted to securing positive cash flow after investments and reducing net debt, keeping profitability at the best possible level, and ensuring Group-wide fleet optimisation. Despite weakening demand, Cramo continued to work on strengthening market position.

In a fast-changing and challenging environment, Cramo's business agility was put to the test in 2009. Cost adjustment measures secured a sufficiently low cost base going forward, with fixed cost savings of over EUR 35 million achieved in 2009. In 2010, the cost burden will be more than EUR 50 million lower than in 2008.

Group-wide fleet optimisation focused on increasing internal equipment transfers and external fleet sales. Cramo managed to maintain or increase its market

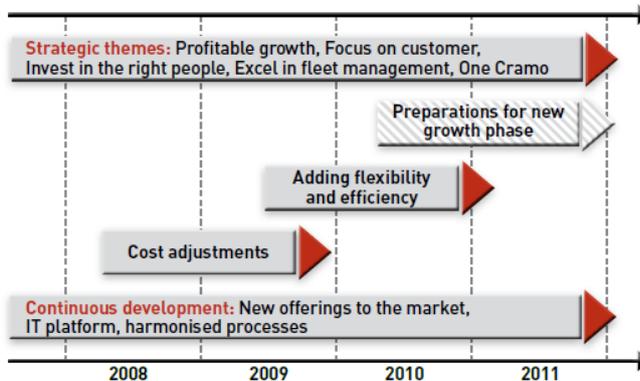
share in most of its markets. In order to ensure a solid platform for the next growth phase, Cramo continued, alongside restructuring, to invest in new offerings, rental concepts, systems and processes as well as competence development. The benefits of these investments for the future will be more visible when the market turns.

Cramo aims to maintain and develop its position as a rental market innovator in the future as well.

More on pages 23, 25, 27, 29, 31 and 95

TARGETS AND ACHIEVEMENTS 2009	
	STRATEGIC TARGETS FOR 2009
PURSUING PROFITABLE GROWTH	<p>STRATEGIC TARGETS FOR 2009</p> <ul style="list-style-type: none"> Differentiated growth strategy by market, focus on profitable growth Innovate offerings and drive outsourcing in the Nordic countries Focus on the growing CEE markets Introduce the Cramo Concept throughout the Group Develop and exploit synergies between countries and product areas Complement organic growth with acquisitions Improve business agility <p>SHORT-TERM TARGETS FOR 2009</p> <ul style="list-style-type: none"> Focus on positive cash flow after investments Reduce indebtedness in order to improve financial flexibility Focus on sustaining profitability Implement further contingency plans in the weakest performing market areas Prepare further contingency actions for every market Tighten risk management activities and processes further Focus growth efforts further on the CEE area Exploit opportunities arising for acquisitions and outsourcing
FOCUS ON CUSTOMER	<ul style="list-style-type: none"> Develop industrial expertise to improve understanding of customers' business and processes to deliver value beyond competition Leverage Cramo's customer-oriented organisation to speed up market impact Focus on customer-oriented innovation by co-operating with key customers Maintain local, entrepreneurial approach to sales Support customer growth nationally and internationally <ul style="list-style-type: none"> Continue to build long-term customer relationships throughout the Group, including outsourcing deals Develop the Cramo Concept further based on customer needs Integrate offering and reap further synergies from the integration of business lines Continue systematic customer satisfaction surveys
INVEST IN THE RIGHT PEOPLE	<ul style="list-style-type: none"> Create professionally, socially and individually rewarding environment Attract the right people by becoming an employer of choice Develop people by offering training and opportunities for growth and competence development Retain the right people by celebrating success and creating a winning culture <ul style="list-style-type: none"> Implement Group-level HR processes and basic tools in every country Implement common leadership practices and systematic talent management process, launch Cramo Academy Continue Cramo School roll-out Implement employee surveys in every country Prepare common guidelines for remuneration with incentives
EXCEL IN FLEET MANAGEMENT	<ul style="list-style-type: none"> Optimise fleet allocation across countries Leverage the Group's purchasing power Establish a multi-vendor sourcing strategy Manage equipment and supply standards and options Implement common fleet development and fleet strategy Establish key alliances with vendors to develop new products and risk sharing partnerships <ul style="list-style-type: none"> Investments put on hold; growth achieved mainly through improved utilisation of existing fleet Use the Group's purchasing power to achieve further gains in the supply of fleet Develop processes, tools and channels for the external sale of equipment Further improve fleet management processes and organisation Initiate fleet life-cycle management
ONE CRAMO	<ul style="list-style-type: none"> Create a common internal culture and shared vision Create a common identity and external image Create common processes and systems Create common concepts and services <ul style="list-style-type: none"> Communicate and implement vision and values to all employees (local level) Implement Active Inspire locally One name, one brand in every market Rebrand acquired units swiftly Implement customer satisfaction and brand image surveys in 4-6 markets annually Launch and implement Brand portal Start rental system roll-out in 2009 Roll out Business Intelligence and planning solution Implement Group Portal solution

STRATEGIC PRIORITIES AND SHORT-TERM ADJUSTMENTS



TARGETS 2010

ACHIEVED AND IMPLEMENTED IN 2009

PURSUE PROFITABLE GROWTH	<ul style="list-style-type: none"> Achieved clearly positive cash flow after investments Financial indebtedness successfully reduced, financial flexibility increased Activities to further improve operational flexibility implemented Contingency plans implemented and updated Risk management processes tightened Focus on active sales effort increased, on growth pocket segments in particular Depot network and service capability maintained in every Cramo country Modular space order book maintained at good level 	<ul style="list-style-type: none"> Maintain cash flow at good level Increase profitability Continue net debt reduction Focus growth efforts further on the CEE region Exploit opportunities arising for acquisitions and outsourcing
FOCUS ON CUSTOMER	<ul style="list-style-type: none"> New business models developed and implemented (more on pages 23 and 29) Development of standardised modular space solutions initiated New rental offerings and concepts introduced (more on pages 25 and 27) Customer service and sales skills training organised in every market Further development of Key Account Management to support cross-border customer development started Prioritised leadership in Quality, Safety and Environment issues CSI surveys in four countries 	<ul style="list-style-type: none"> Continue to build long-term customer relationships throughout the Group, including outsourcing deals Further develop the Cramo Concept based on customer needs Further develop and roll out new offerings and business models Further develop cross-border sales organisation Continue customer-focused training in every market Begin implementation of three-year Quality, Safety and Environment roadmap
INVEST IN THE RIGHT PEOPLE	<ul style="list-style-type: none"> Group-level HR processes and basic tools implemented in every country Cramo Academy organised (see page 95) Employee surveys implemented in every country 	<ul style="list-style-type: none"> Continue employee surveys in every country Common guidelines for remuneration with incentives Continue roll-out of Cramo School
EXCEL IN FLEET MANAGEMENT	<ul style="list-style-type: none"> Fleet mobility improved and fleet trading function implemented Fleet size adjusted to market situation by increasing internal transfers and external sales as well as utilising flexibility in supply contracts Fleet procurement centralised Logistics and transport outsourced Best practices for fleet management efficiency identified and best practice sharing planned Creation of a common pool of equipment initiated 	<ul style="list-style-type: none"> Increase time utilisation rate and decrease costs, in particular with returning fleet, repairs and logistics Further improve fleet mobility and internal transfers Develop fleet ownership model Develop joint modular space fleet and operational model in the Nordic countries Develop standardised modular space solutions Further standardise the site hut fleet
ONE CRAMO	<ul style="list-style-type: none"> Brand assessment carried out in two markets Roll-outs of uniform ERP system started New planning process implemented Best practices Group-wide identified for each core process, implementation planned Common depot-level KPIs defined Rebranding Techniline (CZ/SK) into Cramo 	<ul style="list-style-type: none"> Further increase sharing of best practices and knowledge throughout the Group Continue roll out of common IT platform Implement common depot-level KPIs Launch One Cramo Enterprise Rental model

RESTRUCTURING YEAR IN ALL MARKETS

TARGETS FOR 2009

KEY ACTIVITIES AND ACHIEVEMENTS IN 2009



FINLAND

PAGE 22

FINLAND

- Achieve best possible profitability in a weakening market
- Continue contingency plan actions
- Grow market share in strategic focus areas
- Enhance customer service
- Increase business agility

- EBITA margin of 11.6% achieved despite a 27.1% decline in sales
- Adjustment measures successfully implemented
- Market position maintained
- Customer base in industrial maintenance expanded
- Customer satisfaction improved – extensive customer service training carried out
- Franchising concept introduced
- Hub organisation completed



SWEDEN

PAGE 24

SWEDEN

- Achieve best possible profitability in a weakening market
- Continue contingency plan actions
- Grow market share in strategic focus areas
- Focus on the Total Solution Provider concept and add-on sales
- Drive penetration through outsourcing

- Profitability maintained at good level (EBITA margin 16.7%) despite a significant drop in sales
- Adjustment measures exceeded expectations
- Leading market position maintained
- New organisation launched and implemented
- Two shared hubs opened with Danish operations
- Availability improved by 24/7 depots, web shop and further enhancement of franchising
- New service concepts introduced



NORWAY

PAGE 26

NORWAY

- Continue contingency plan actions
- Achieve balanced growth towards leadership position
- Improve profitability
- Roll out full range of products and services
- Provide the Total Solution Provider concept to large accounts

- Profitability satisfactory despite adjustment measures
- Market position strengthened in a difficult market environment
- Customer base expanded in small and medium-size construction companies and in industry
- Further development of key customer relations
- Reorganisation of logistics, transport and service networks



DENMARK

PAGE 28

DENMARK

- Continue contingency plan actions
- Improve profitability
- Roll out full range of products and services
- Provide the Total Solution Provider concept to large accounts
- Expand customer base apart from construction

- Profitability unsatisfactory in a difficult market despite the heavy adjustment measures
- Market position maintained
- Strong sales and project focus starting to bear fruit
- Customer base expanded in industrial and public sectors
- Two shared hubs opened with Swedish operations

CENTRAL AND EASTERN EUROPE INCLUDING BALTIC COUNTRIES, POLAND, THE CZECH REPUBLIC, SLOVAKIA AND RUSSIA.

- Continue growth in Russia, Poland, the Czech Republic and Slovakia
- Cramo rebranded in the Czech Republic and Slovakia; launch tool rental in the Czech Republic
- Introduce fleet mobility between markets and optimise equipment utilisation across markets
- Continue contingency plan actions
- Expand customer and product segments
- Roll out the Total Solution Provider concept
- Increase customer loyalty
- Further expand depot network
- Develop new markets where appropriate

- Negative sales growth in all markets except Moscow due to the very low market demand caused by the global financial crisis
- Profitability unsatisfactory despite heavy adjustment measures
- Market position strengthened in Poland, the Baltic countries and the Moscow region. Position maintained in other CEE markets
- Customer base expanded
- Latvian and Lithuanian operations combined
- New services introduced in Russia
- Competence development primarily in sales and fleet management
- Shared management and tighter integration of Russian operations
- Franchise operations started in Latvia and Lithuania
- Fleet sales effort ramped up especially in the Baltics

CENTRAL AND EASTERN EUROPE

PAGE 30

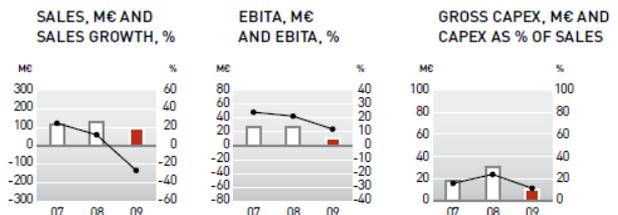
Further information on financial performance on pages 8-9, 34-36 and 39-43
 Releases for 2009 can be found at www.cramo.com > Investors > Releases

TARGETS FOR 2010

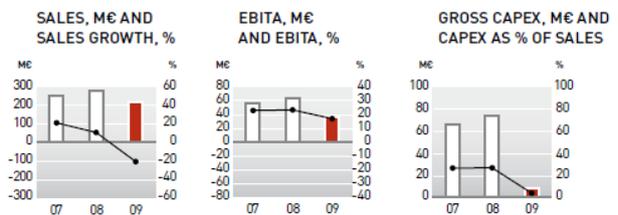
FINANCIAL PERFORMANCE IN 2007-2009

■ Sales ↗ Sales growth % ■ EBITA ↗ EBITA, % ■ Gross capex ↗ Gross capex as % of sales

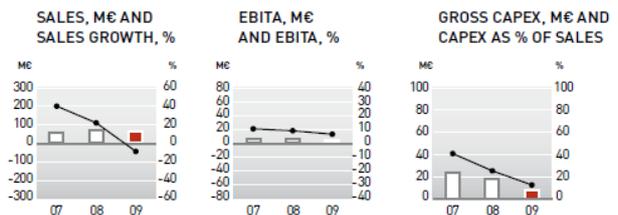
- Maintain market share and good profitability
- Find new customer segments in industry and trade
- Further develop the Cramo Concept
- Improve utilisation rates, fleet efficiency and mobility
- Improve operational flexibility
- Fully utilise modular space synergies in the Nordic countries
- Be prepared to take advantage of market opportunities



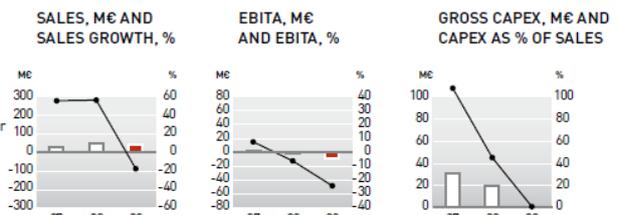
- Maintain market share and good profitability
- Increase sales effort in targeted areas in Sweden
- Further develop fleet-related processes and efficiency
- Improve operational flexibility
- Fully utilise modular space synergies in the Nordic countries
- Be prepared to take advantage of market opportunities



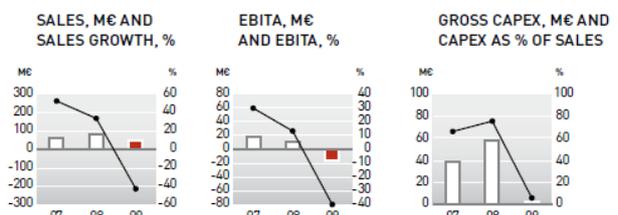
- Profitable growth and further market share gain
- Focus on developing key accounts
- Increase focus on industry and public sector customers
- Continue developing the Cramo Concept
- Develop resource/service centre structure further
- Improve fleet efficiency and mobility
- Be prepared to take advantage of market opportunities
- Fully utilise modular space synergies in the Nordic countries



- Improve profitability - secure acceptable results in weak market
- Ensure a balanced, right-sized fleet
- Continue developing Total Solution Provider concept
- Improve sales orientation down to the depot level
- Increase focus on industry and public sector customers
- Develop hub structure and service and logistics organisation further
- Improve fleet efficiency and mobility
- Be prepared to address acquisition and outsourcing opportunities
- Leverage the strong market position in modular space to sell the full Cramo offering



- Improve profitability - secure acceptable results in a weak market by adjusting operations to the current market environment
- Maintain market position
- Further improve fleet efficiency and mobility
- Expand product segments, such as modular space
- Expand customer segments particularly outside construction
- Roll out the Total Solution Provider concept
- Develop partner network for improved efficiency and service to current and new customer segments
- Prepare for the next growth phase
- Develop new markets where appropriate



■ Sales ↗ Sales growth % ■ EBITA ↗ EBITA, % ■ Gross capex ↗ Gross capex as % of sales