



February 4, 2010

Pekka Lundmark, President and CEO

Teo Ottola, CFO

## 2009 FINANCIAL RESULTS

# Successful defense

## Positives

- Satisfactory operating margin in tough market conditions
- ROCE of 19.3% after restructuring costs
- Strong cash flow boosted by successful net working capital release
- Strong balance sheet enables continued investments
- Restructuring according to plan
- No significant order cancellations or credit losses

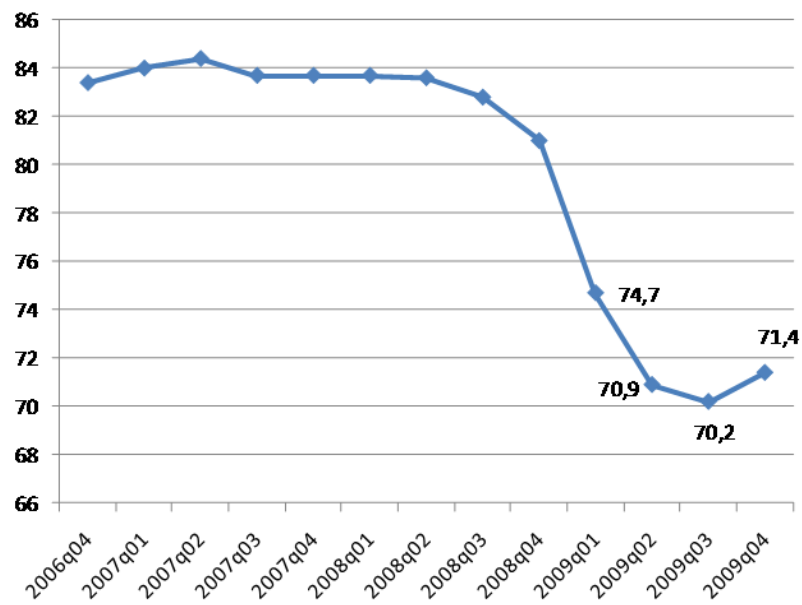
## Negatives

- No credible signs of market recovery
- Lower order book compared with a year ago
- Overcapacity in crane manufacturing industry, continued price competition
- Service affected by the recession more than expected

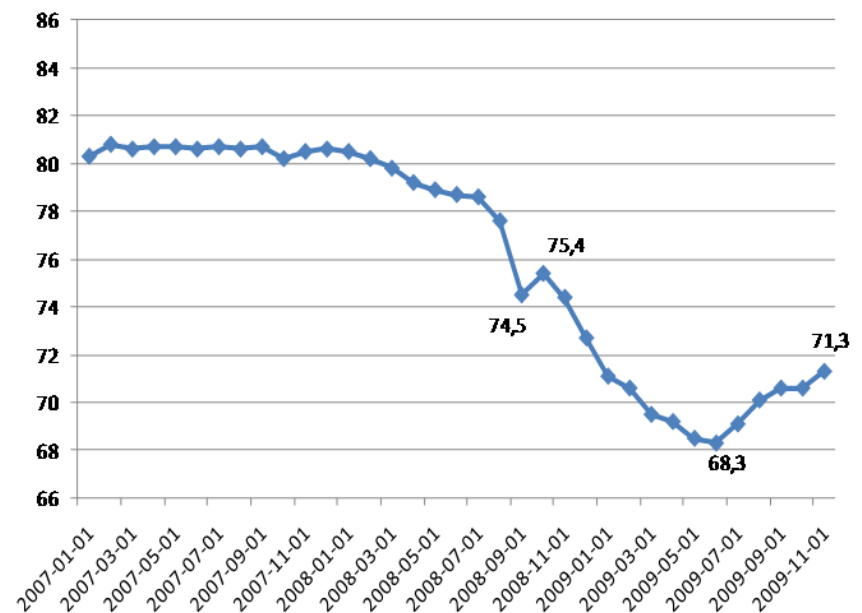
Board of Directors proposes a dividend of EUR 0.90

# Capacity utilization: EU27 and USA

EU27: Capacity utilization in manufacturing industry (%)



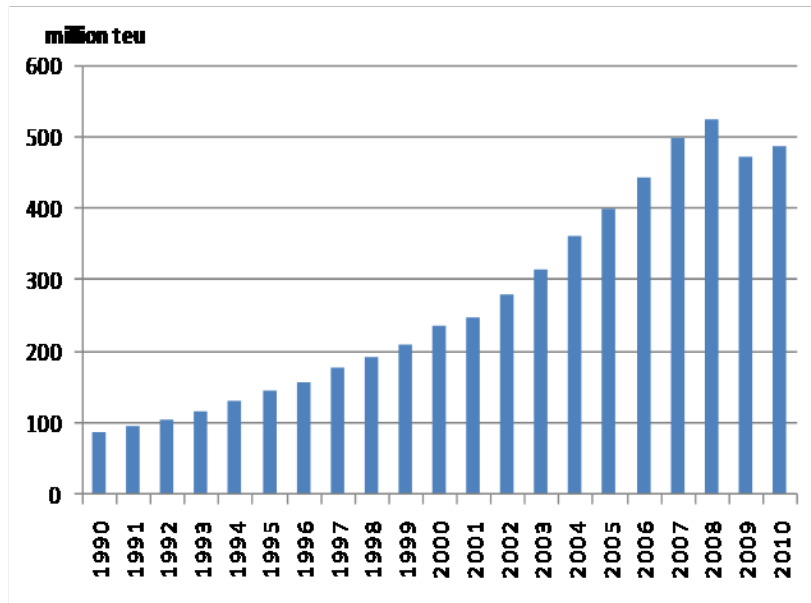
USA: Capacity utilization - total industry (%)



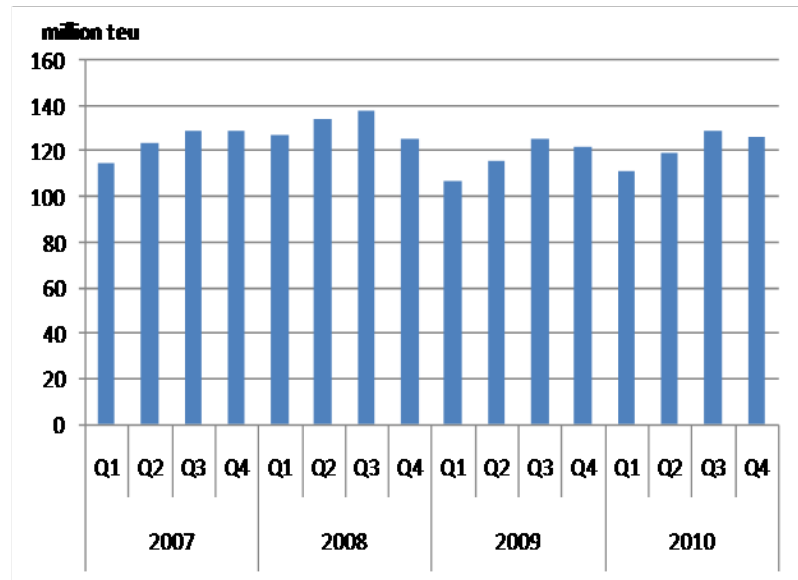
SOURCES: Eurostat, Federal Reserve Bank of St. Louis

# Container traffic

Annual port handling volume



Quarterly port handling volume



SOURCE: Drewry Container Annual 2009/2010

# Update on EUR 100 million cost reduction program

- Decisions taken to reduce personnel by more than 1,600
    - Almost 1,500 people left the company during 2009
    - Approximately 150 will leave still in 2010
  - Closures of three crane factories: Ettlingen in Germany, Loughborough in the UK and Birmingham in the US
  - Global category-based procurement development program and consolidation of the supplier base in progress
  - Decision to discontinue certain older products
- Progress according to plan
- Reduction of cost base by EUR 100 million by 2010 from 2008 level
  - EUR 20.9 million of restructuring costs booked in 2009 of which EUR 5.1 million in Q4

# Acquisitions in 2009

- 3 MTS companies in Finland, Sweden, Norway



- 1 MTS company in the US



- 2 Crane Service companies in Germany



- 2 Manipulator manufacturers in Austria, Germany



- Hoist manufacturer in China



- Crane and service company in South Africa



- 10 acquisitions in 2009 with total net sales ~EUR 40 million
  - 1,100 new employees including consolidation of ZAO Zaporozhcrane
  - Substantial market potential in new segments
  - Strong local players within their sectors
- Acquisitive impact approximately 1%-point on orders and sales in 2009

# Market share

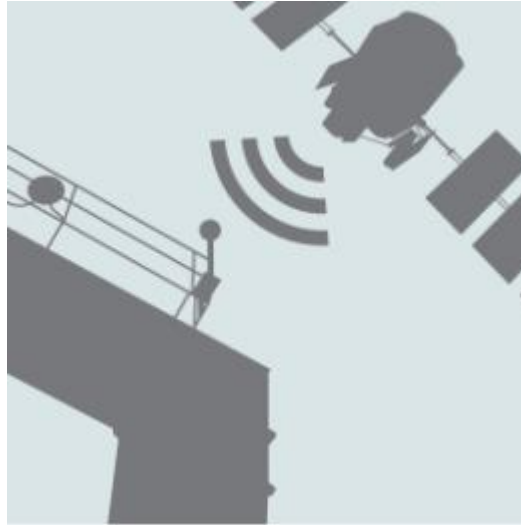
<u>Service</u>	Market Size	Market share
• Industrial and port cranes	Open: > 3 BEUR	> 20 %
	Total: > 9 BEUR	> 7 %
• Industrial, port cranes and machine tools	Open: > 10 BEUR	> 6 %
	Total: > 29 BEUR	> 2 %
<u>Equipment</u>		
• Hoists, components, industrial and process cranes, container handling equipment	> 6 BEUR	~ 15 %
<u>Total open market</u>		
• Excluding machine tools	> 9 BEUR	~ 16 %
• Including machine tools	> 16 BEUR	~ 9 %
Note: Total market size increased due to broader business scope.		

# New products



## SMARTON®

- Can be used in multiple industrial sectors
- Can lift loads ranging from 30 tons to more than 500 tons
- Crane monitors its own condition and recommends when and what kind of preventive maintenance should be performed



## Ports

- Equipment fleet utilization improvement
- DriversAids automation upgrade features
- Reduction of environmental footprint



## DynaPilot sway-control system

- Prevents the load from swaying due to crane movements
- Enables faster operation speeds and load positioning to improve productivity



# New services



## Crane Reliability Survey (CRS)

- Designed to enhance safety, improve performance, and extend life span of equipment
- Customized review process and in-depth analysis
- Helps customers to create maintenance plans, control ownership costs and maximize ROI over equipment's life-cycle

## Remote services

- Launched to support Konecranes advanced maintenance concept
- Utilizes real time equipment usage data
- Maintenance needs and expert support can be optimized and predicted

## RailQ

- New runway measurement and analysis method
- Customer gets a 3D model and report to bring runway back to accepted tolerances

# Group orders received

Orders: 1 348.9 (2 067.1) MEUR, -34.7%

MEUR

2500

2000

1500

1000

500

0

2000

2001

2002

2003

2004

2005

2006

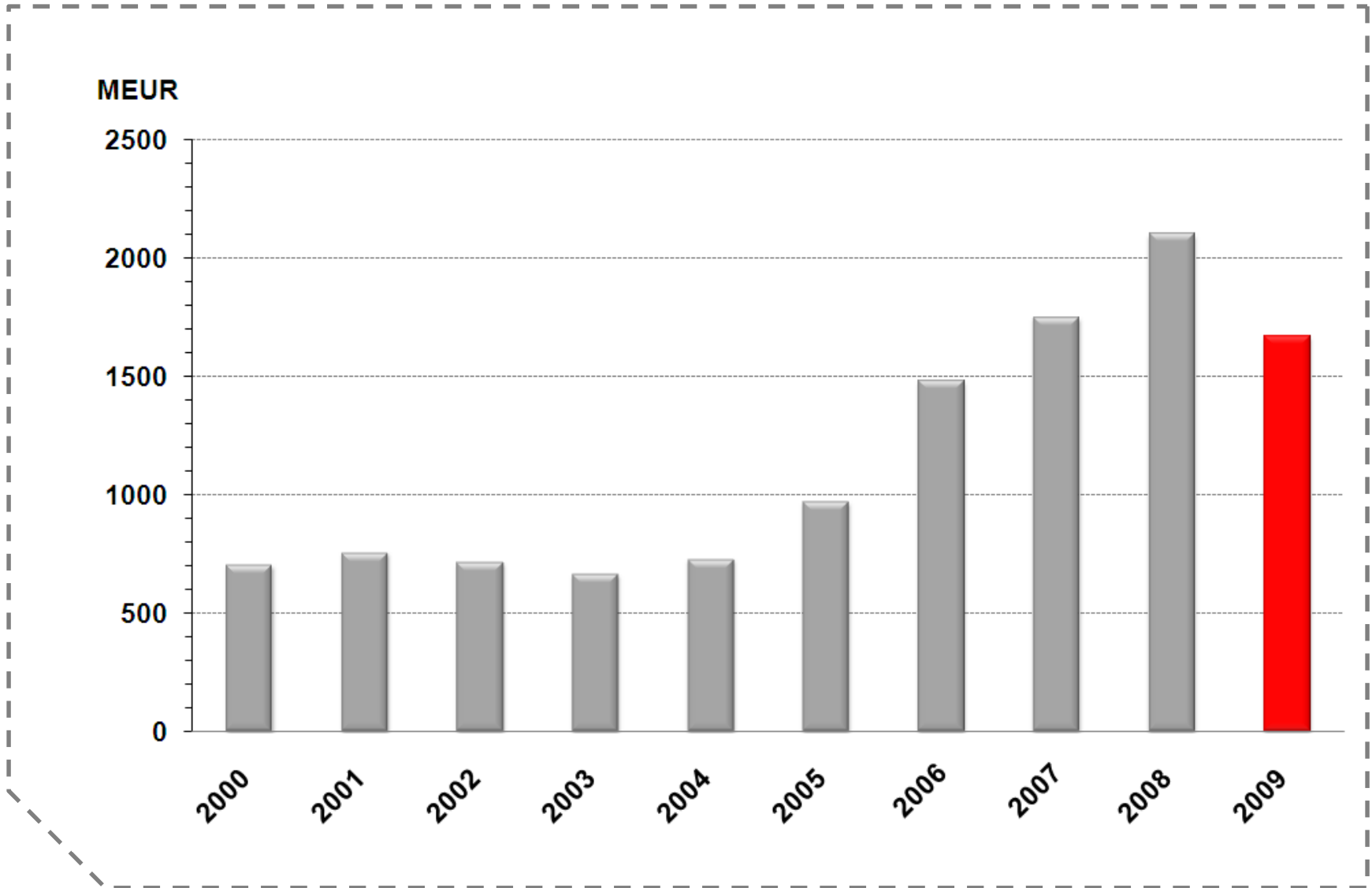
2007

2008

2009

# Group net sales

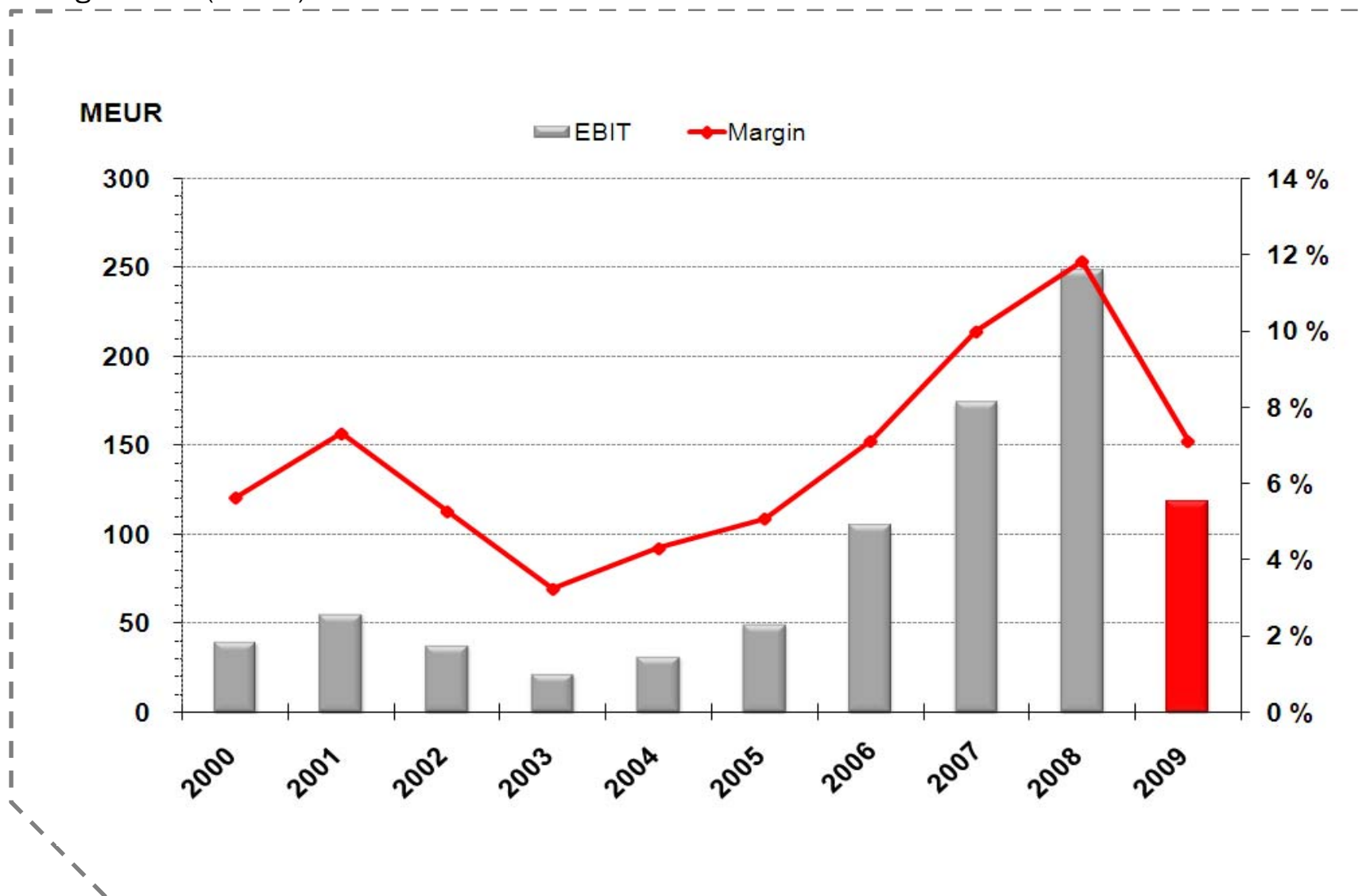
Sales: 1 671.3 (2 102.5) MEUR, -20.5%



# Group EBIT & margin

EBIT: 118.8 (248.7) MEUR, excluding restructuring costs of 20.9 MEUR

Margin: 7.1% (11.8%)



# Group Q4/09

Orders: 361.1 (409.6) MEUR, -11.8%

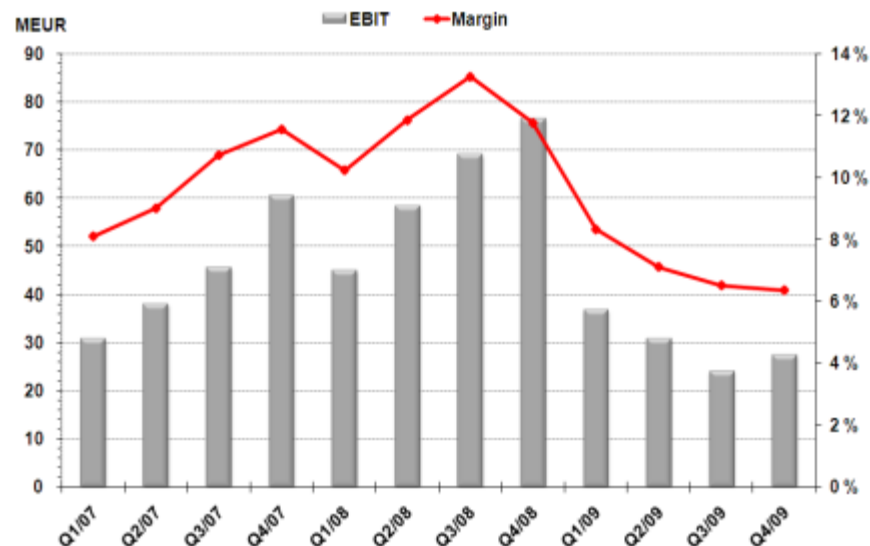
Net sales: 428.9 (650.4) MEUR, -34.1%

EBIT: 27.3 (76.5) MEUR \*

Margin: 6.4% (11.8%) \*



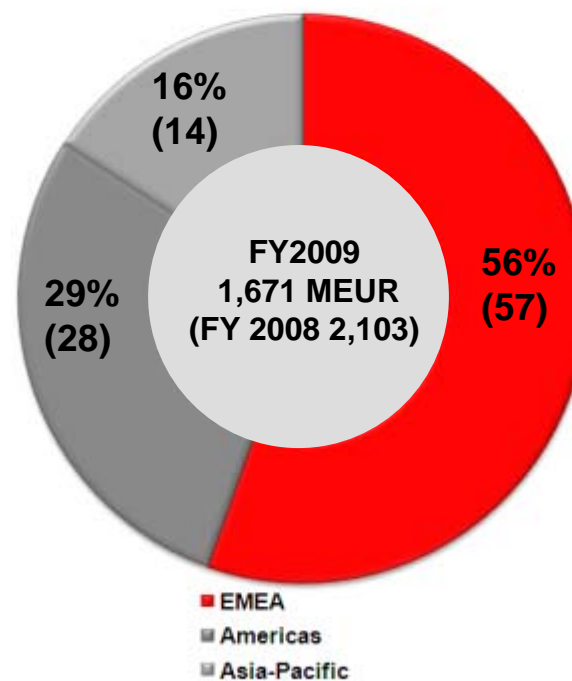
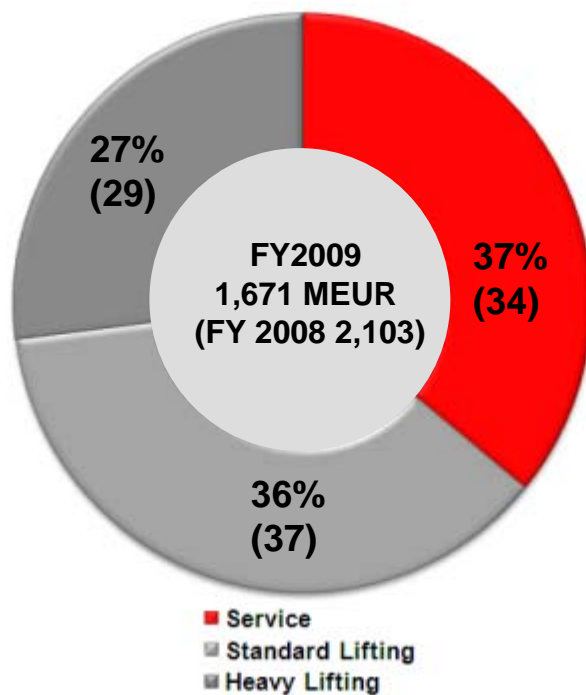
- Service orders flat
- Standard Lifting orders recovered moderately from the unsatisfactory Q3
- Heavy Lifting boosted by a limited number of large single orders



- Lower volumes main reason for lower EBIT compared to a year ago
- Procurement savings and initiated restructuring actions started to support EBIT towards year-end

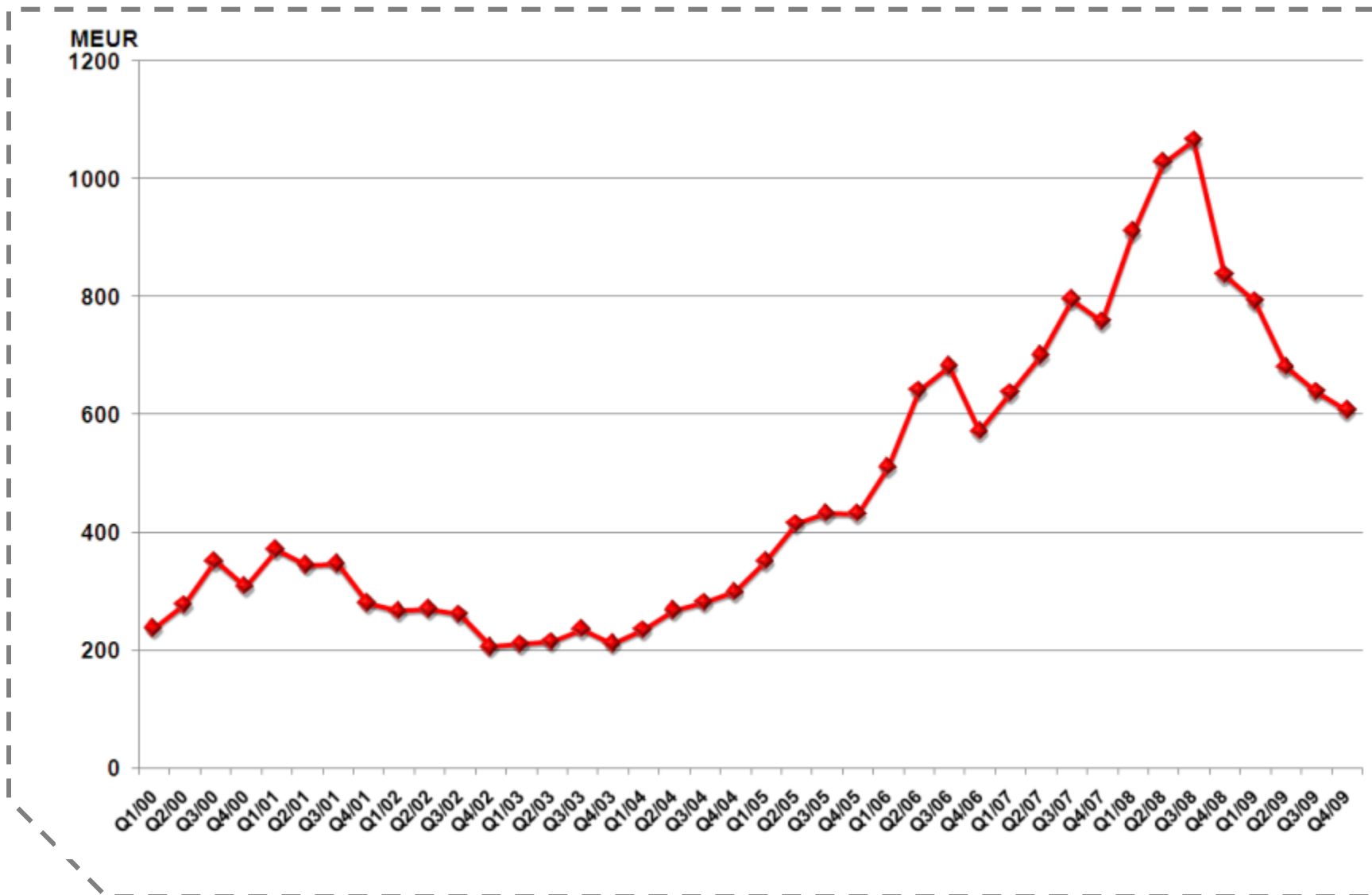
\* Excluding restructuring costs, 5.1 MEUR

## Sales split by business area & region

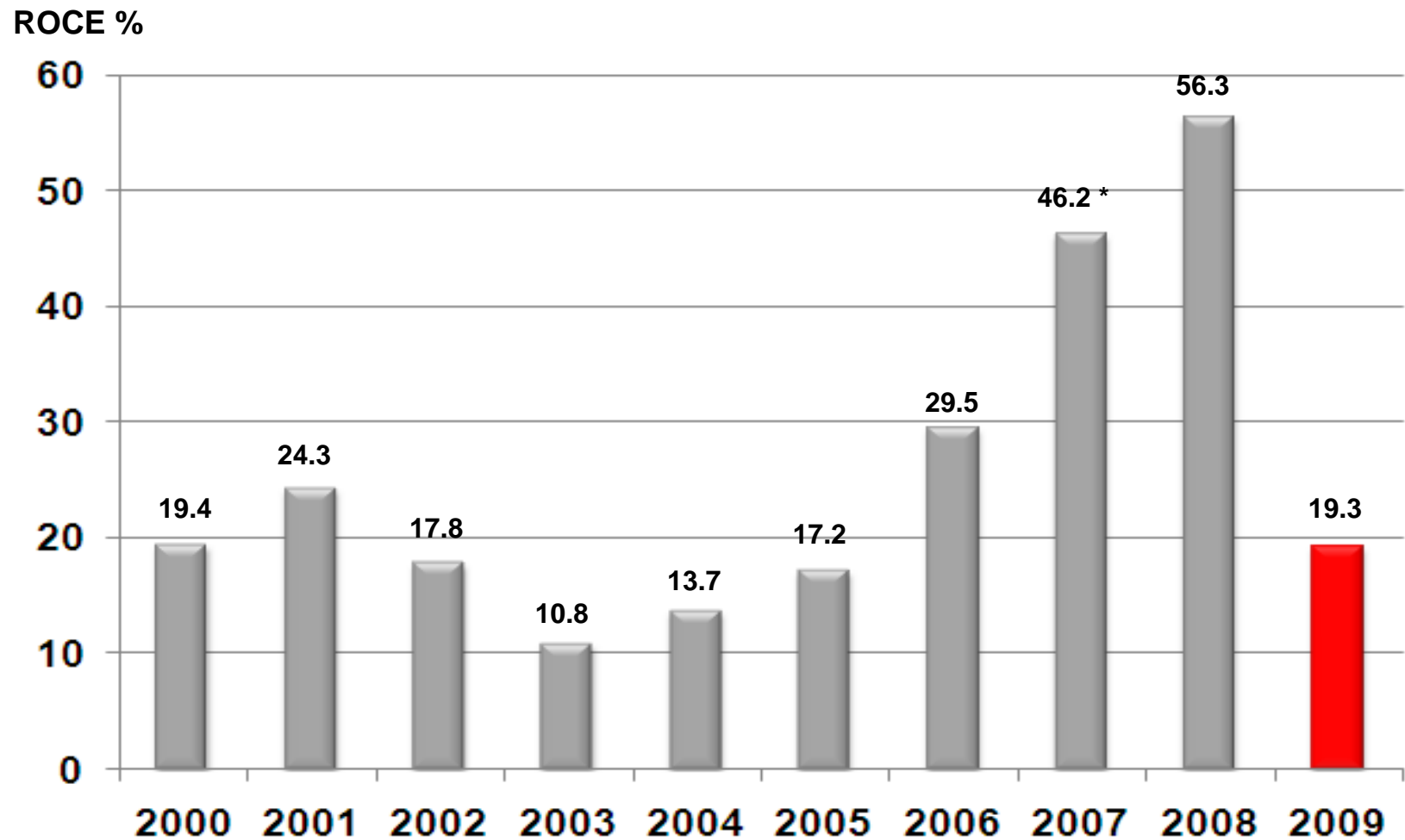


# Group order book

Group: 607.0 (836.3) MEUR, -27.4%



## Return on capital employed (incl. restructuring costs)



\*The 2007 ROCE including capital gain was 50.4%



## Future prospects as of February 4, 2010

- No credible signs of market recovery visible despite a slight pick-up in industrial output in H2
- Demand for maintenance services to remain stable or to increase gradually should the capacity utilization within customer industries continue to improve
- Demand for new equipment to remain on a low level
  - Price competition to remain
- Year 2010 began with a thinner order book than the previous year
  - Sales in 2010 forecast to be lower than in 2009
  - Operating profit in 2010 expected to be lower than in 2009 before restructuring costs



Service

**KONECRANES**<sup>®</sup>  
Lifting Businesses™

# Service FY 2009

Orders: 498.4 (658.2) MEUR, -24.3%

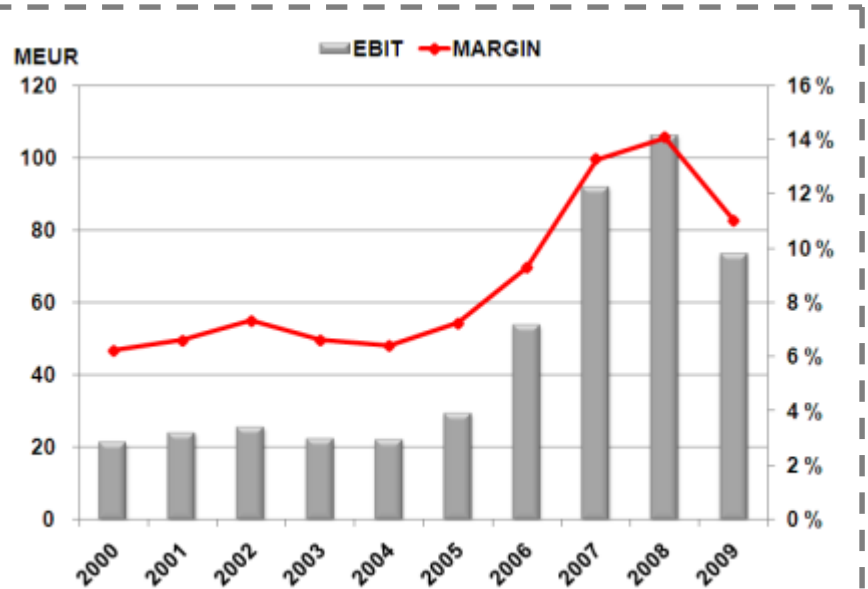
Net sales: 667.2 (754.3) MEUR, -11.5%

EBIT: 73.5 (106.2) MEUR \*

Margin: 11.0% (14.1%) \*



- Orders declined in all Service business units
- APAC held up better than the other regions



- EBIT declined due to lower volumes and less favorable sales mix
- Stable pricing

\* Excluding restructuring costs, 2.7 MEUR

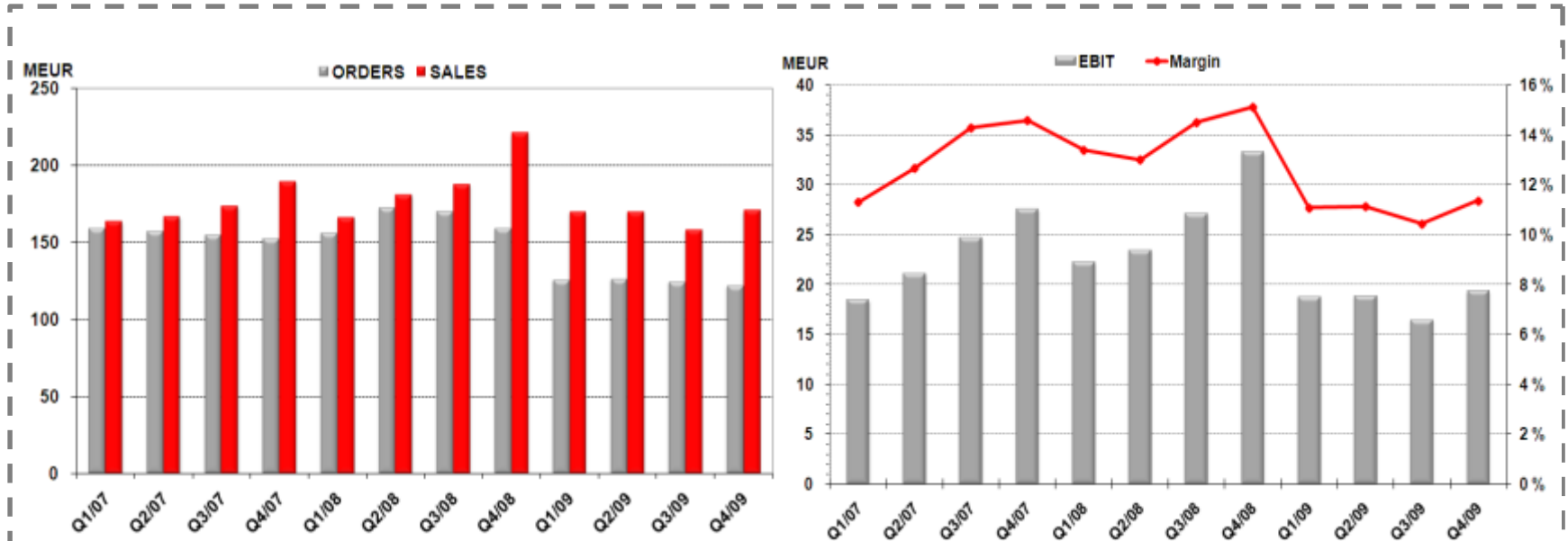
# Service Q4/09

Orders: 121.8 (159.3) MEUR, -23.5%

Net sales: 170.5 (220.6) MEUR, -22.7%

EBIT: 19.4 (33.3) MEUR \*

Margin: 11.4% (15.1%) \*



- Stable orders vs. Q3
- Parts orders increased slightly

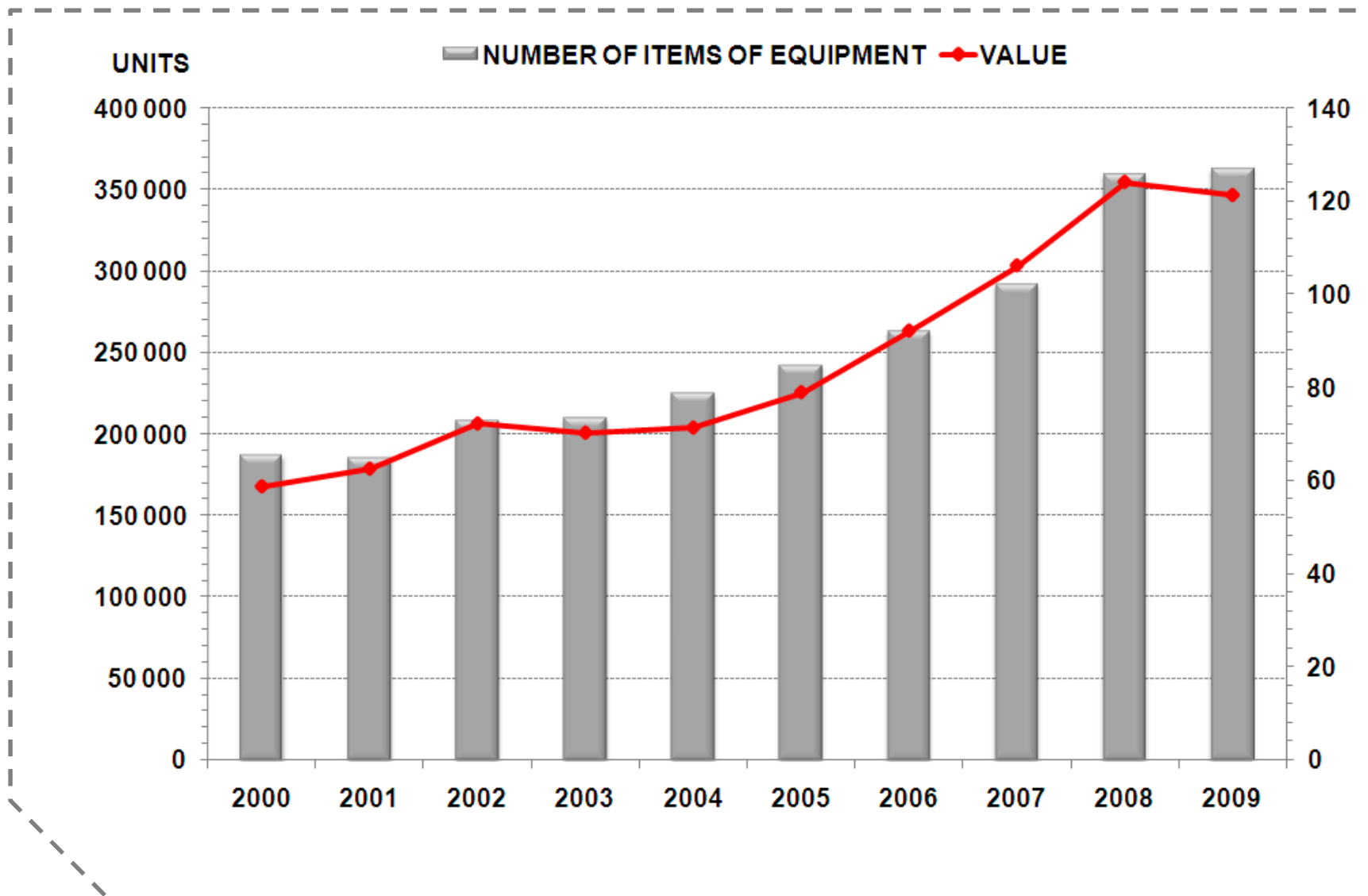
- Stable EBIT margin throughout 2009

\* Excluding restructuring costs, 1.5 MEUR

# Service contract base

363 (360) thousand units, +0.9%

Annual value 122 (124) MEUR, -1.5%



## Standard Lifting



**KONECRANES®**  
Lifting Businesses™

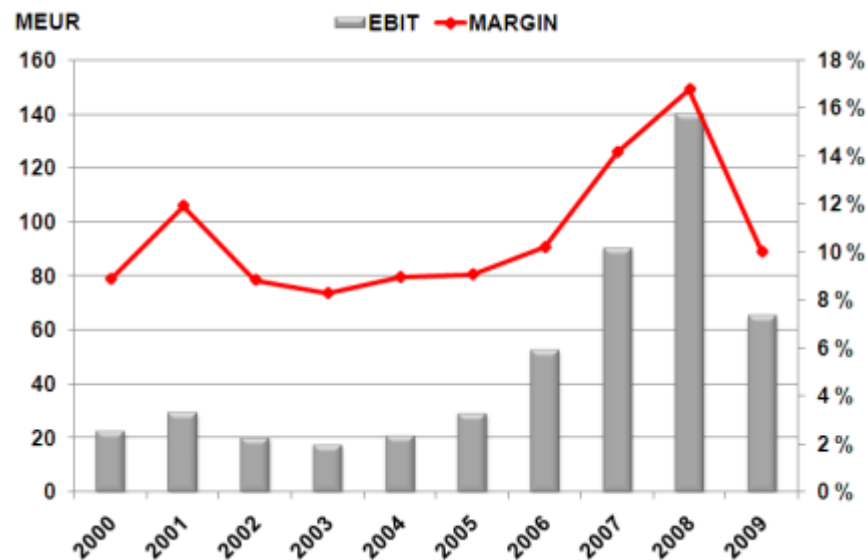
# Standard Lifting FY 2009

Orders: 517.0 (859.0) MEUR, -39.8%

Net sales: 652.2 (835.4) MEUR, -21.9%

EBIT: 65.3 (140.0) MEUR \*

Margin: 10.0% (16.8%) \*



- Industrial crane orders declined more than orders for components
- Orders declined in all regions, but held up better in APAC than elsewhere

- EBIT declined due to lower volumes and price competition

\* Excluding restructuring costs, 15.6 MEUR

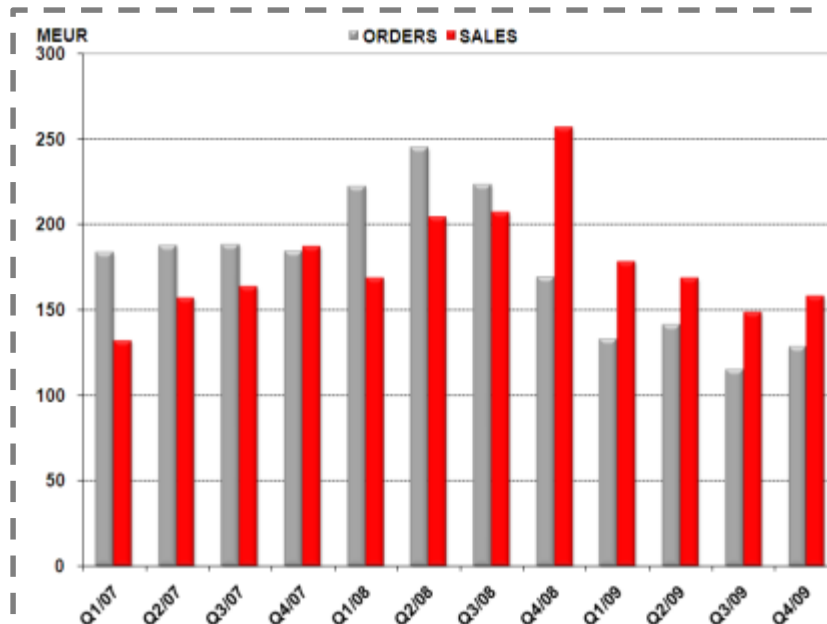
# Standard Lifting Q4/09

Orders: 128.4 (168.9) MEUR, -24.0%

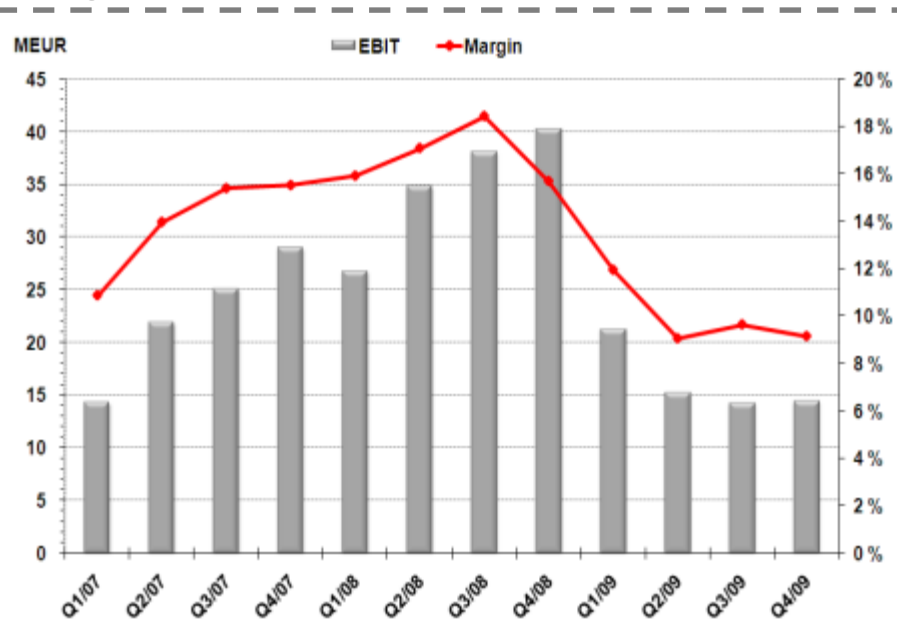
Net sales: 157.6 (256.4) MEUR, -38.5%

EBIT: 14.4 (40.3) MEUR \*

Margin: 9.2% (15.7%) \*



- Moderate order growth from Q3 due to higher component orders in all regions



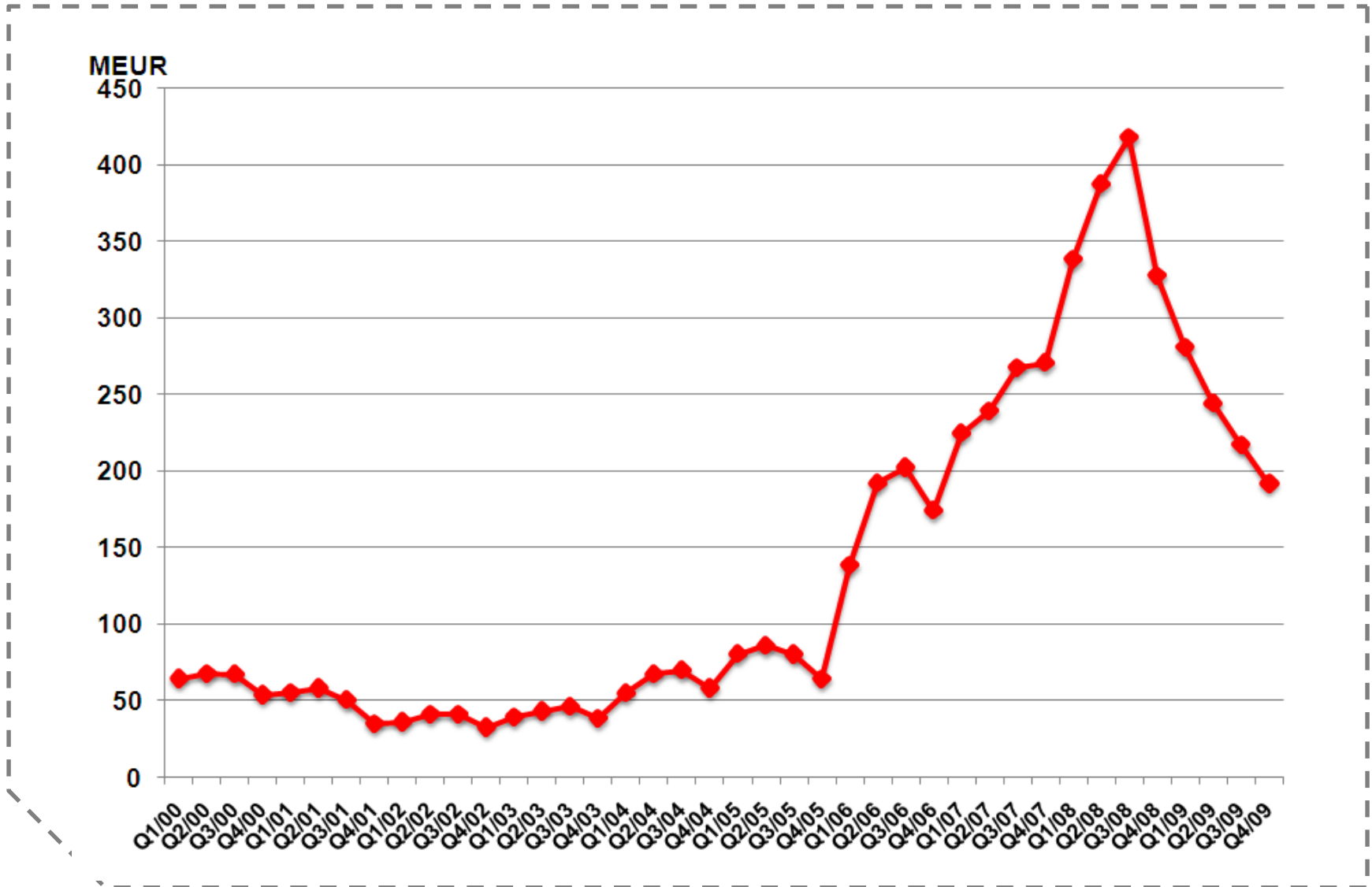
- Sales mix tilted towards crane deliveries
- Cost savings offset product price pressure compared with Q3

\* Excluding restructuring costs, 3.1 MEUR



# Standard Lifting: order book

Order book: 192.1 (327.9) MEUR, -41.4%



# Heavy Lifting



**KONECRANES®**  
Lifting Businesses™

# Heavy Lifting FY 2009

Orders: 425.1 (686.0) MEUR, -38.0%

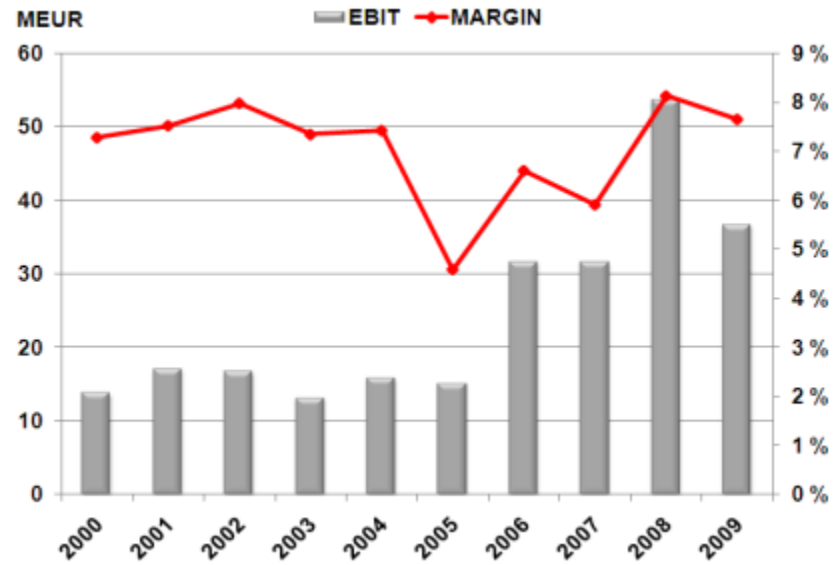
Net sales: 479.1 (659.4) MEUR, -27.3%

EBIT: 36.7 (53.6) MEUR \*

Margin: 7.7% (8.1%) \*



- Orders declined in all product areas
- Process crane orders increased in APAC



- EBIT affected by lower port equipment deliveries while process cranes sustained good profitability

\* Excluding restructuring costs, 2.7 MEUR

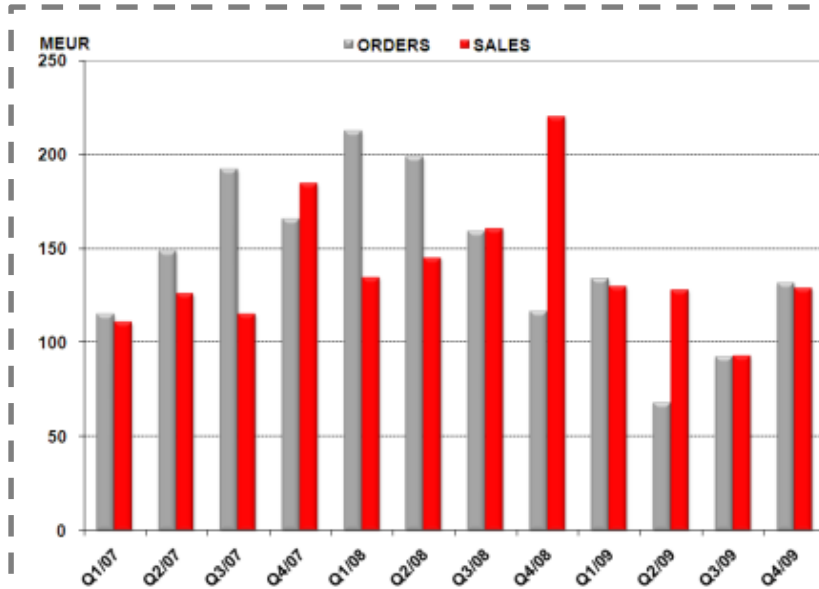
# Heavy Lifting Q4/09

Orders: 131.4 (116.4) MEUR, 12.9%

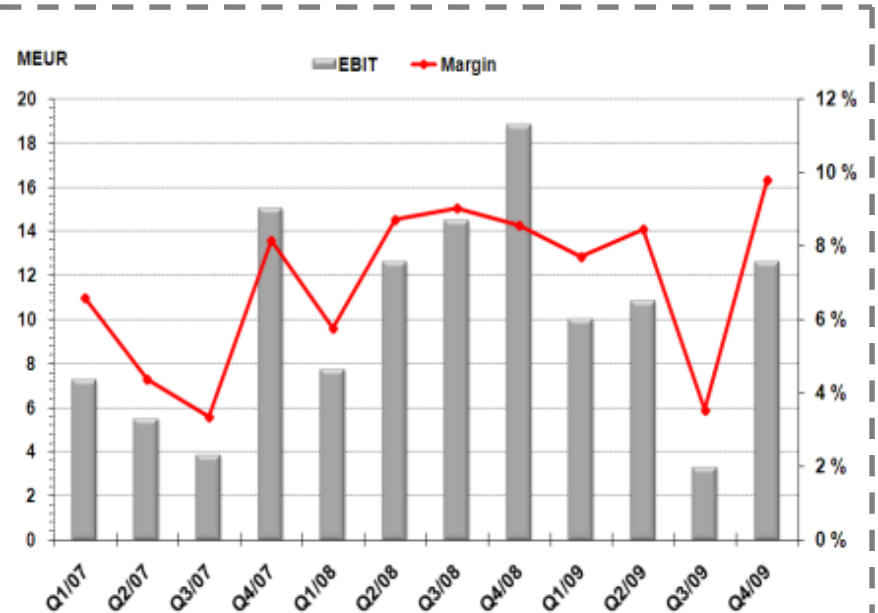
Net sales: 128.8 (219.8) MEUR, -41.4%

EBIT: 12.6 (18.8) MEUR \*

Margin: 9.8% (8.6%) \*



- Ports and lift trucks boosted by a limited number of large single orders

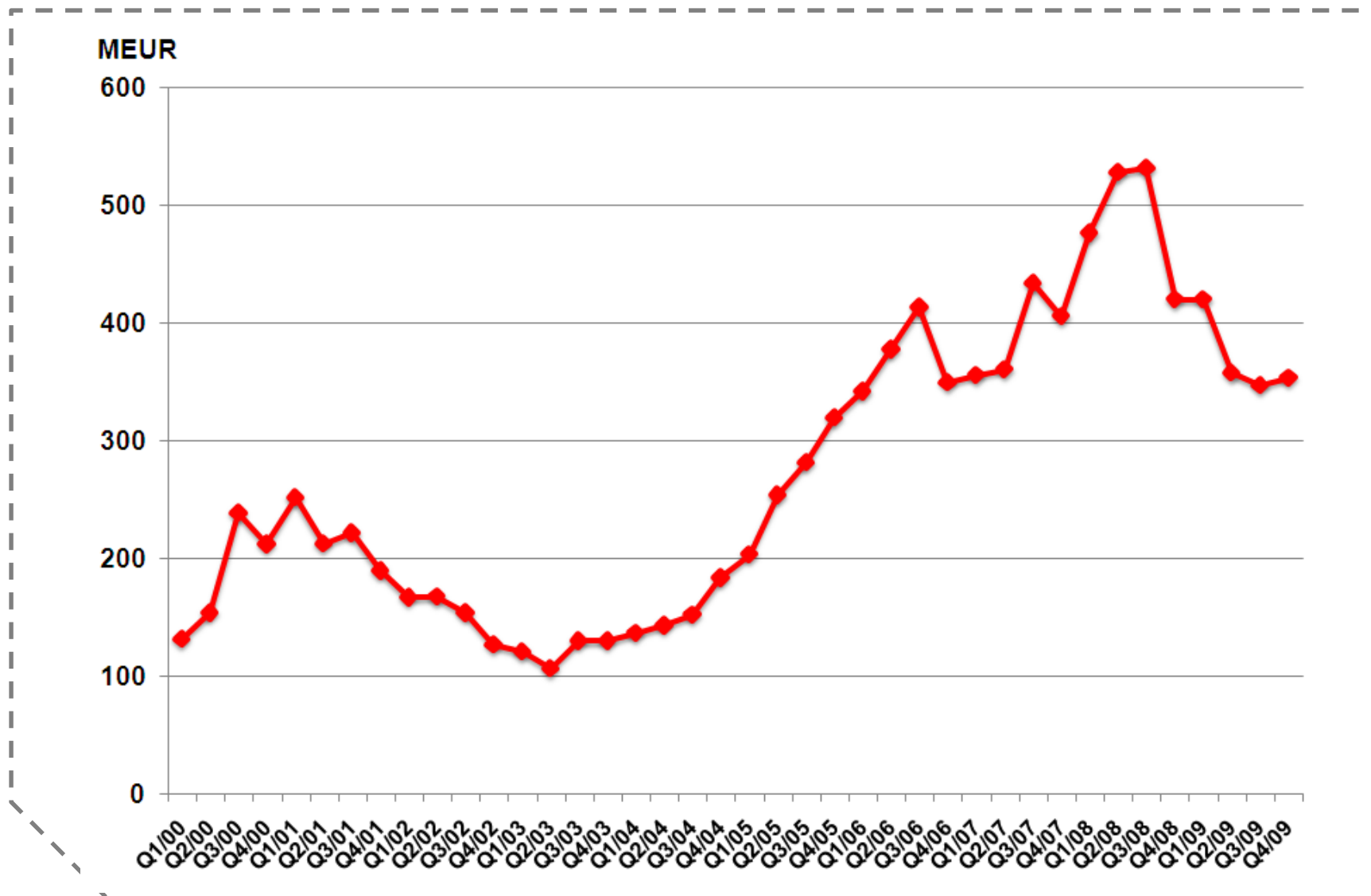


- EBIT supported by successful project execution and cost savings measures carried out

\* Excluding restructuring costs, 0.5 MEUR

# Heavy Lifting: orderbook

Order book: 353.8 (420.2) MEUR, -15.8%



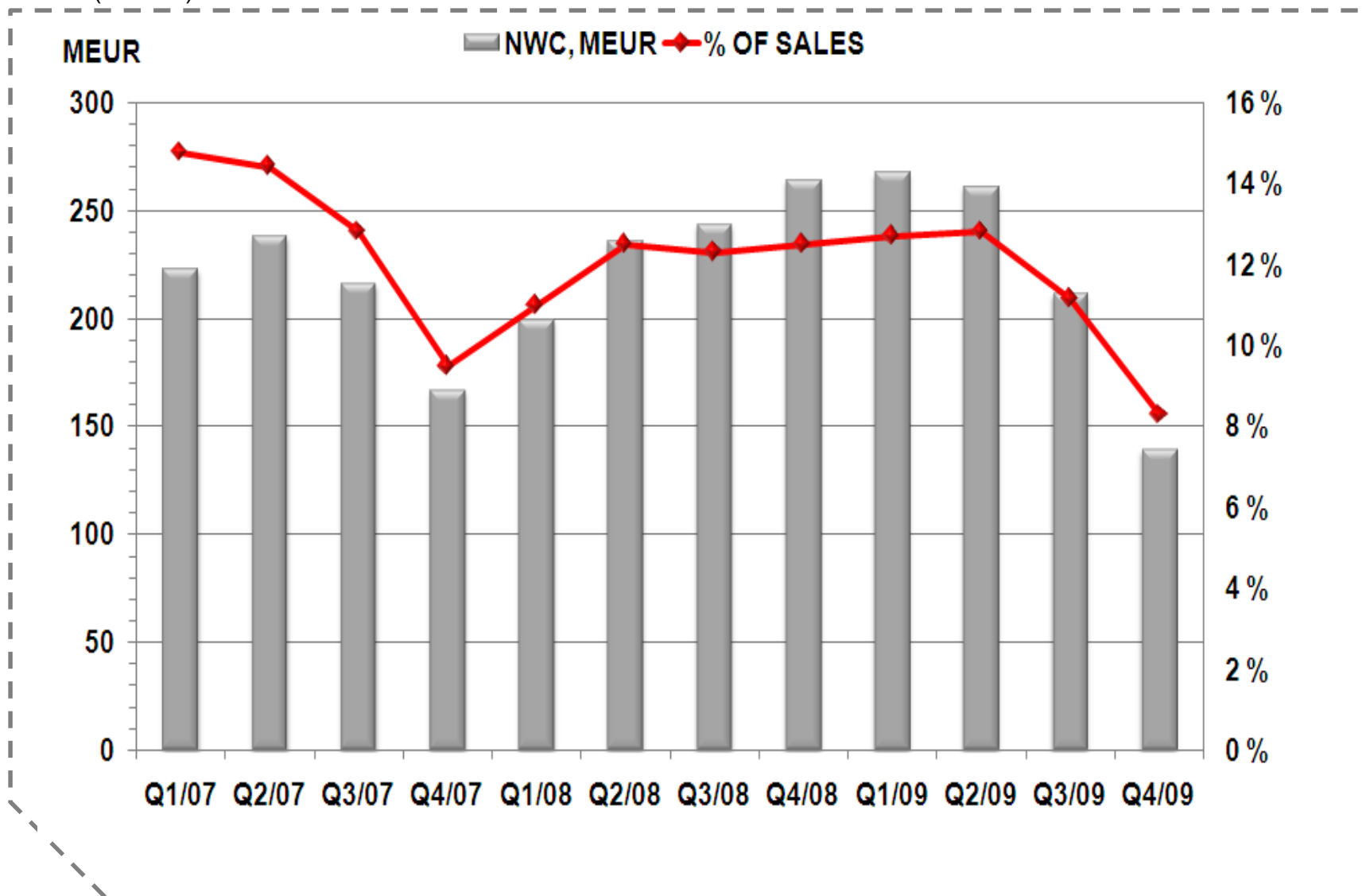
A large yellow bridge crane is positioned horizontally across the frame. A worker in an orange safety vest and white hard hat is standing on the crane's beam. The crane has "50 TON" and "KONECRANES" printed on it. A hook hangs from the crane. The background is a large industrial building with a corrugated metal roof and bright overhead lights.

## Balance Sheet and Cash Flow

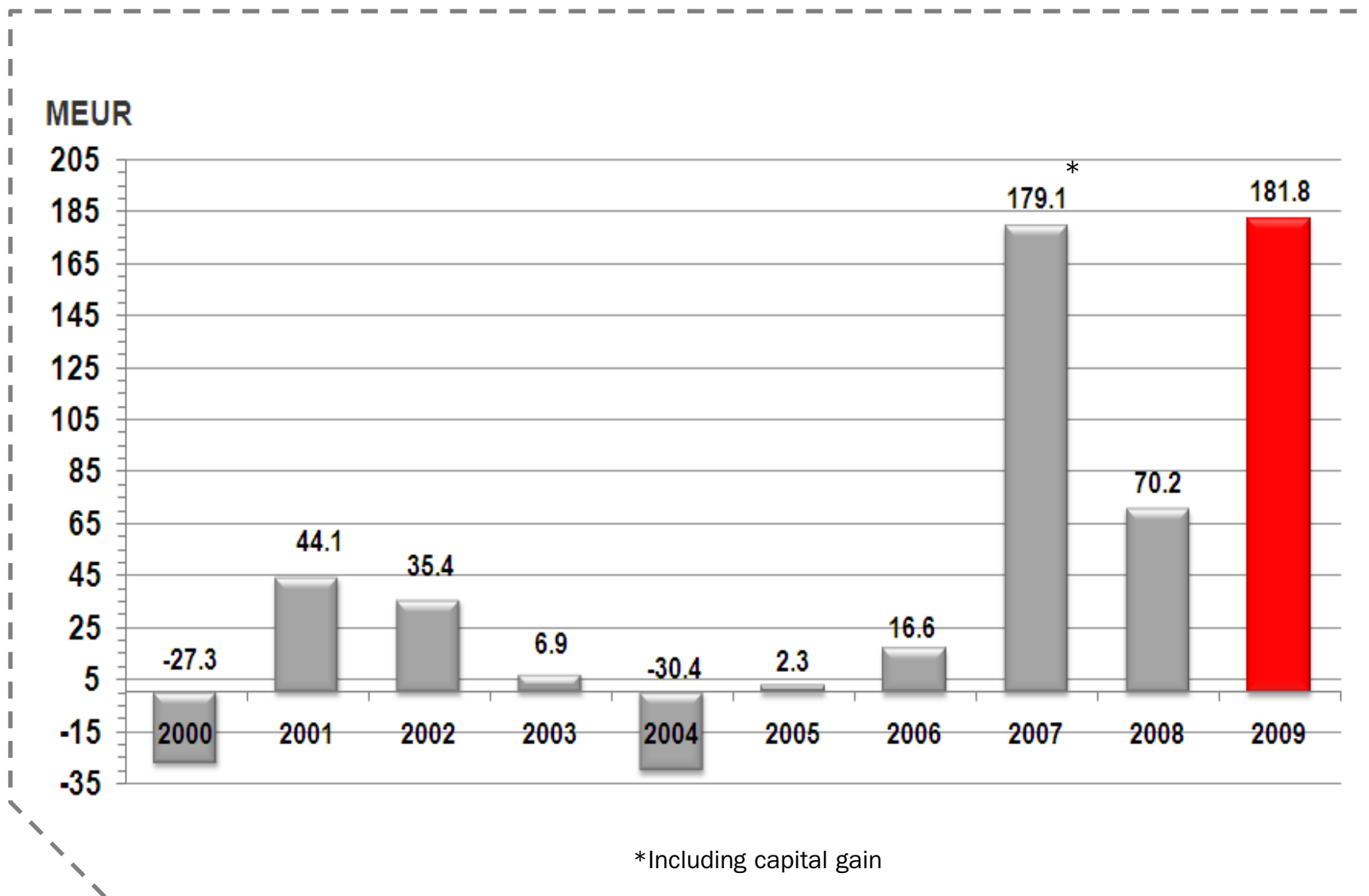
# Net working capital

138.8 (263.8) MEUR

8.3% (12.5%) of sales



# Cash flow before financing activities

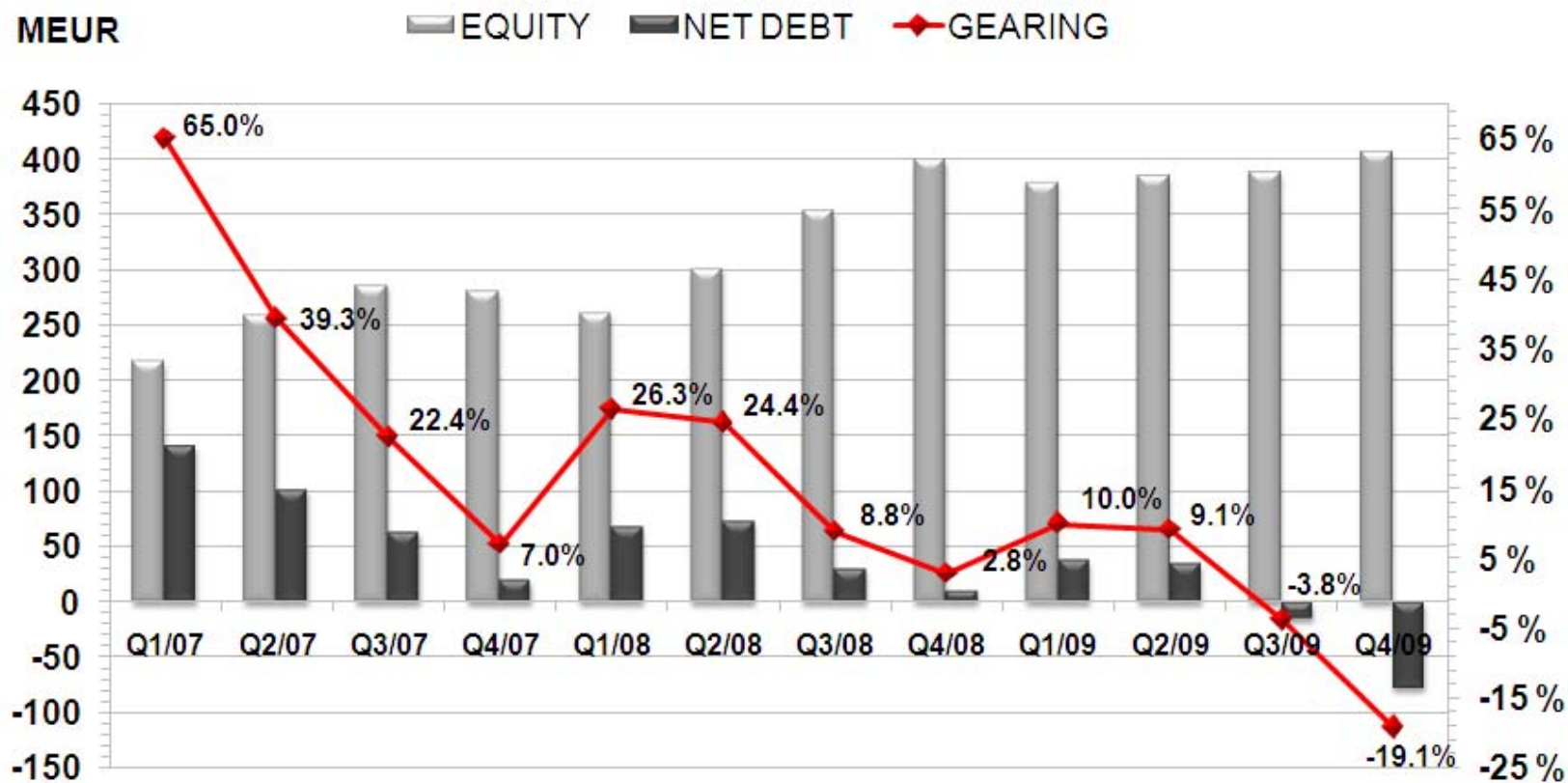




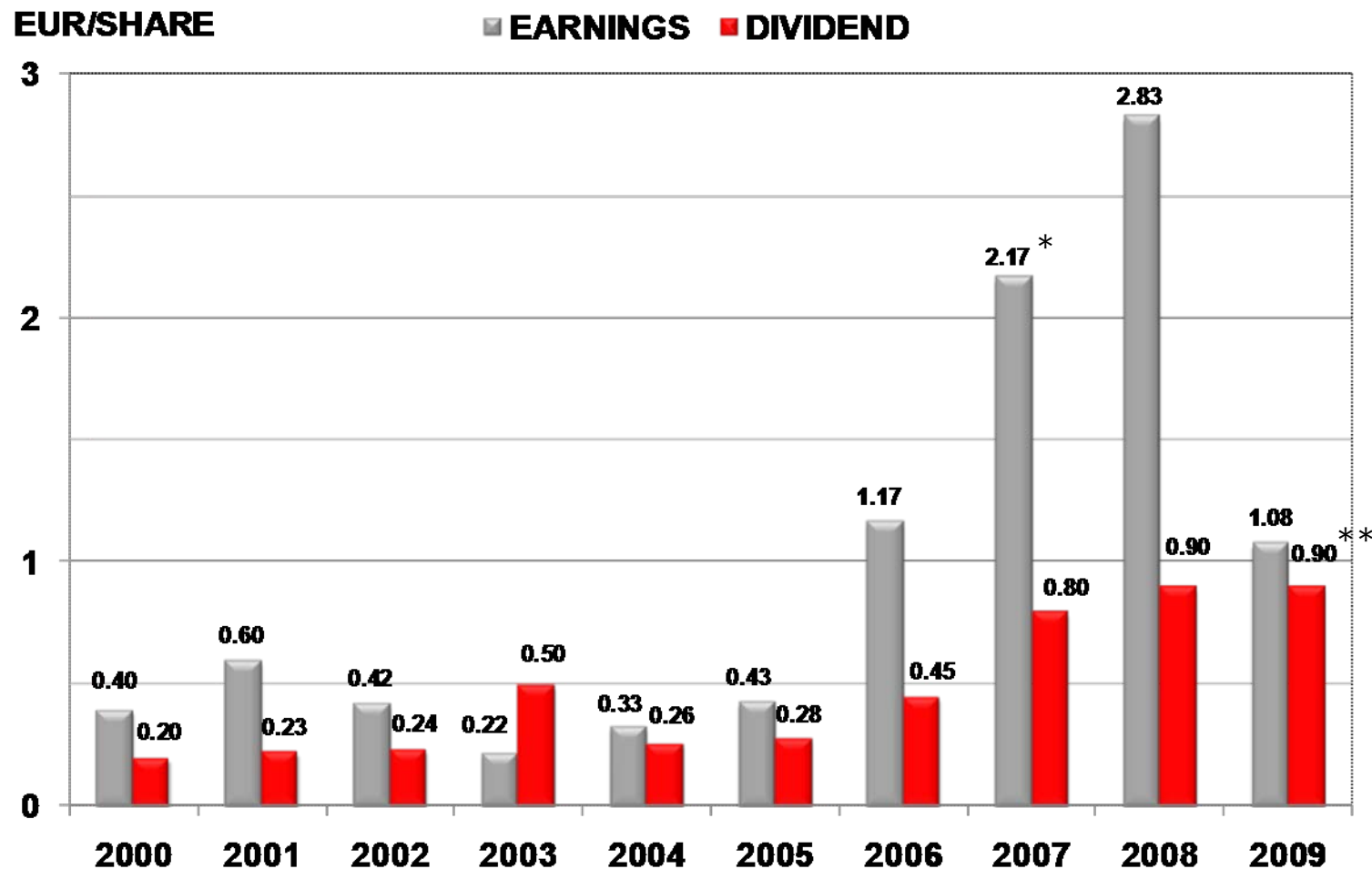
# Gearing

Equity: 407.1 (400.7) MEUR

Net debt: -77.7 (11.3) MEUR



# EPS and DPS



\* 2007 EPS excluding capital gain: EUR 1.95

\*\* Board's proposal to the AGM

# Appendixes



# Statement of income

	2009 MEUR	2008 MEUR	% Change
Sales	1 671.3	2 102.5	-20.5
Other operating income	2.9	6.3	
Depreciation and impairments	-32.5	-26.6	
Restructuring costs	-20.9	0.0	
Other operating expenses	-1 522.8	-1 833.5	
Operating profit	97.9	248.7	-60.6
Share of associates' and joint ventures' result	-2.2	-3.9	
Other financial income and expenses	-7.1	-8.6	
Income before taxes	88.6	236.2	-62.5
Taxes	-26.1	-69.6	
Net income for the period	62.5	166.6	-62.5

# Balance sheet

MEUR	2009	2008		2009	2008
Non-current assets	286.7	238.3	Equity	407.1	400.7
Inventories	248.2	333.2	Non-current liabilities	113.3	177.6
Other current assets	388.0	533.0	Provisions	61.1	46.8
Cash and cash equivalents	137.5	100.9	Current liabilities	478.9	580.3
Total assets	1 060.4	1 205.4	Total equity and liabilities	1 060.4	1 205.4

# Cash flow statement

MEUR	2009	2008
Operating income before change in net working capital	132.9	275.1
Change in net working capital	154.8	-91.5
Financing items and taxes	-64.6	-76.6
<b>Net cash from operating activities</b>	<b>223.0</b>	<b>107.1</b>
<b>Net cash used in investing activities</b>	<b>-41.2</b>	<b>-36.9</b>
<b>Cash flow before financing activities</b>	<b>181.8</b>	<b>70.2</b>
Proceeds from options exercised and share issues	1.7	4.3
Purchase of treasury shares	0.0	-2.5
Related Party net investment to Konecranes shares	-7.1	0.0
Change of interest-bearing debt	-86.5	22.7
Dividends paid to equity holders of the parent	-53.3	-46.8
Dividends paid to minority interest	0.0	-0.1
<b>Net cash used in financing activities</b>	<b>-145.2</b>	<b>-22.4</b>
Translation differences in cash	0.0	-2.8
<b>Change of cash and cash equivalents</b>	<b>36.6</b>	<b>45.0</b>
Cash and cash equivalents at beginning of period	100.9	56.0
Cash and cash equivalents at end of period	137.5	100.9
<b>Change of cash and cash equivalents</b>	<b>36.6</b>	<b>45.0</b>

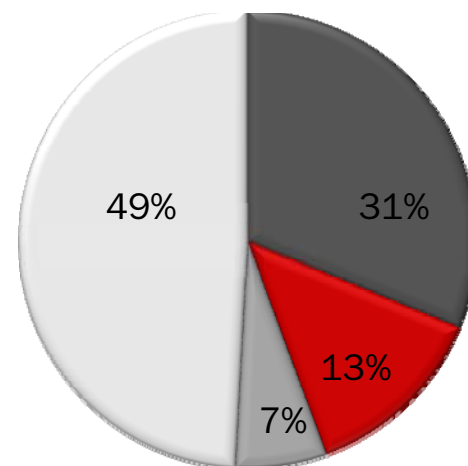
# Key figures

	2009 MEUR	2008 MEUR	% Change
Sales	1 671.3	2 102.5	-20.5
Operating income (EBIT), including restructuring costs	97.9	248.7	-60.6
Income before taxes	88.6	236.2	-62.5
Net Income	62.5	166.6	-62.5
Cash flow from operations before financing items and taxes	287.7	183.7	56.6
Cash flow per share (EUR)	3.79	1.82	108.2
Net interest bearing debt	-77.7	11.3	
Gearing (%)	-19.1	2.8	
Solidity (%)	45.1	39.9	
Return on capital employed (%)	19.3	56.3	
Return on equity (%)	15.5	48.9	
Equity per share (EUR)	6.84	6.75	1.3
Investments	25.7	22.3	15.3
Personnel at end of period	9 782	9 904	-1,2
Personnel on average	9 811	9 222	6.4

# Share details and ownership information

Largest shareholders on December 31, 2009	Nr of shares	% of all shares
1 Htt 2 Holding Ltd	2,504,500	4.1%
2 Gustavson Stig, Chairman of the Board of Konecranes	2,036,772	3.3%
3 Varma Mutual Pension Insurance Company	2,005,275	3.2%
4 Ilmarinen Mutual Pension Insurance Company	1,509,978	2.4%
5 Nordea Nordenfonden	1,392,347	2.3%
6 Nordstjernan Ab	1,380,024	2.2%
7 The Local Government Pensions Institution	726,413	1.2%
8 The State Pension Fund	600,000	1.0%
9 Folkhälsan non-governmental organization svenska Finland rf	535,600	0.9%
10 KCR Management Oy	517,696	0.8%
<b>Konecranes' treasury shares</b>	<b>2,542,600</b>	<b>4.1%</b>
<b>Nominee registered shares</b>	<b>30,408,150</b>	<b>49.1%</b>
<b>Other shareholders</b>	<b>15,713,565</b>	<b>25.4%</b>
<b>Total number of shares</b>	<b>61,872,920</b>	<b>100,0%</b>

Market cap > EUR 1 bn



- Finnish companies and organizations
- Finnish households
- Foreign owners
- Nominee registered

Trading information

Listing: NASDAX OMX Helsinki

Date of listing: March 27, 1996

Segment: Large Cap

Sector: Industrials

Trading code: KCR1V

L12M (December 2009) turnover velocity: 193%



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Thank you!