KONECRANES®
Lifting Businesses™

Annual report 2013

Konecranes is an industry shaping, global group of dynamic Lifting Businesses™.

We are committed to providing our customers with products and services of unrivaled quality, safety, and reliability – and helping improve the efficiency and performance of our customers' businesses. By leveraging our unique know-how and technology, we are able to develop innovative integrated lifting solutions. With our remote services, we can gather real-time information on how our customers' equipment is performing and help improve operational safety, as well as provide maintenance when it is needed. With solutions that help increase customers' safety performance and productivity, we are not just lifting things, but entire businesses.

KONECRANES ANNUAL REPORT 2013

Contents

Konecranes is a global industry-leading group of lifting businesses. Everything we do is targeted at one goal: improving the safety and productivity of our customers' operations.

KONECRANES

In a snapshot

BUSINESS AREAS

Service

Konecranes offers specialized maintenance services and spare parts for all types and brands of industrial cranes, lifting equipment, and machine tools through a global service network of 600 locations in almost 50 countries.

Products

Konecranes' extensive service offering covers inspections, preventive maintenance programs, repairs and improvements, on-call service, spare parts, modernizations, and an array of consultation services.

TRUCONNECT Remote Services lie at the core of Konecranes' offering and provide a range of information-based services, including periodic data reporting, real-time diagnostics, and remote technical support and production monitoring.

Market position

Konecranes is the clear market leader in crane service, with the world's most extensive crane service network. The Group is also one of the largest providers of machine tool services.

Service contract base

More than 430,000 units are covered by Konecranes maintenance contracts. The majority of this equipment has been manufactured by companies other than Konecranes. Expert maintenance is provided for any brand of equipment from any manufacturer.

Equipment

Business Area Equipment offers components, cranes, and material handling solutions for a wide range of customers, including process industries, the nuclear sector, industries handling heavy loads, ports, intermodal terminals, shipyards, and bulk material terminals. Products are marketed through a multi-brand portfolio that includes Konecranes and the Group's power brands: STAHL CraneSystems, SWF Krantechnik, Verlinde, R&M, and Sanma Hoists & Cranes.

Products

Industrial cranes, including industrial crane products, industrial crane solutions, and workstation lifting systems; components, including wire rope hoists, crane kits, electric chain hoists, manual hoists and accessories; nuclear cranes; port cranes; cranes for intermodal terminals, bulk material unloaders; lift trucks; and shipyard cranes. Konecranes Agilon is a patented materials management solution for managing, storing, picking, and replenishing components that offers improved efficiency in material handling.

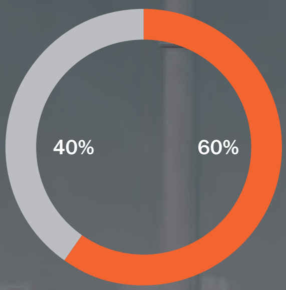
The product offering features a number of advanced technologies, such as automation and smart features, including sway control, load positioning, and shock load prevention.

Market position

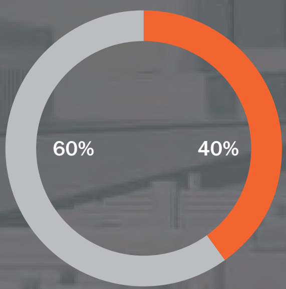
Konecranes is the world's largest supplier of industrial cranes, and a world leader in explosion-protected crane technology. It is also a global leader in electrical overhead travelling cranes for process industries and shipyard gantry cranes; and a strong global supplier of cranes and lift trucks for container handling and heavy unitized cargo and bulk material unloading.

Annual production

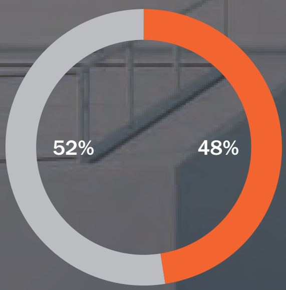
Thousands of standard cranes, tens of thousands of wire rope hoists, trolleys, and electric chain hoists, and hundreds of heavy-duty cranes. Hundreds of heavy-duty lift trucks.



Sales by Business Area, 2013
Equipment 1,329.2 MEUR
Service 889.1 MEUR



EBIT by Business Area, 2013*
Equipment 54.3 MEUR
Service 80.6 MEUR
*Excluding restructuring costs



Personnel by Business Areas, 2013
Equipment 5,626
Service 6,151

Market leader

in industrial cranes and components, as well as crane service

One of the largest

suppliers of port cranes and lift trucks

Industry-leading

technology and global modular product platforms

EUR 2,100 million

of net sales in 2013

11,800

employees in 2013

13

countries with production facilities

Sales and service in

48

countries

Head office in Hyvinkää

Finland

Listed

on NASDAQ OMX Helsinki, Finland

2013 HIGHLIGHTS

Focus on strategic initiatives

Challenging market environment

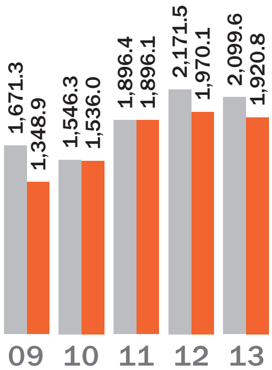
- Demand for maintenance services was stable overall, with North America continuing to outperform Europe. The sluggish pace of global economic growth and customers' hesitancy to make investment decisions impacted demand for new equipment. Equipment orders rose in Asia-Pacific, thanks to a large port automation order from Indonesia, but fell in the Americas and EMEA. Order intake decreased by 2.5 percent in 2013.
- Konecranes' order book as of the end of the year was 5.2 percent lower than in 2012.
- Net sales decreased by 3.3 percent compared to 2012. While net sales grew slightly in Business Area Service, net sales came in below 2012 in Business Area Equipment, due to a smaller order book at the start of the year and lower order intake during the year.
- The operating margin before restructuring costs was 5.5 percent of sales. Profitability improved in Business Area Service, but declined in Business Area Equipment.

Service outperformed Equipment

- Net sales in Business Area Service grew by 0.6 percent in 2013. The main contributors were crane maintenance and spare parts operations in the Americas. The operating margin before restructuring costs was 9.1 percent of sales. Profitability improved due to higher volumes and the continued streamlining of operations.
- Net sales in Business Area Equipment were 5.9 percent lower than in 2012. This was mainly attributable to heavy-duty industrial cranes. The operating margin before restructuring costs was 4.1 percent of sales. Profitability was impacted by lower sales, an intense competitive environment, and extra costs related to project deliveries.

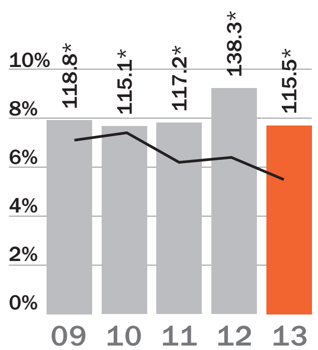
New strategic focus areas and restructuring actions

- Konecranes clarified and simplified its strategic focus areas during 2013. The Group's key strategic initiatives are Industrial Internet, Emerging Markets Offering, and oneKONECRANES.
- Konecranes acquired certain assets from Linde Material Handling, including product rights and spare parts operations related to container handling lift trucks – and became a long-term supplier of container handling lift trucks to Linde Material Handling's worldwide distribution network.
- Personnel decreased by 315 as Konecranes expanded actions to improve productivity and reduce costs due to unsatisfactory profitability and the challenging business environment.
- Despite restructuring activities, R&D investments were maintained at 1.2 percent of net sales. Key IT investments also continued, to improve the Group's operational efficiency and transparency.
- Development of the TRUCONNECT Remote Services offering continued on-schedule. Konecranes' goal is to offer a full range of remote services, extending from periodic data reporting to real-time diagnostics, technical support, and production monitoring.
- Konecranes introduced the Automated RTG (ARTG) system for container handling use. ARTG enables port operators to use their existing yard infrastructure as they switch to automated RTG operation.
- A new crane manufacturing plant was commissioned in Jejuri, India and all manufacturing operations in India were consolidated at the new facility.



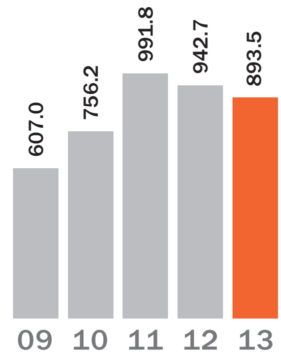
Sales/orders, MEUR

Sales Order intake

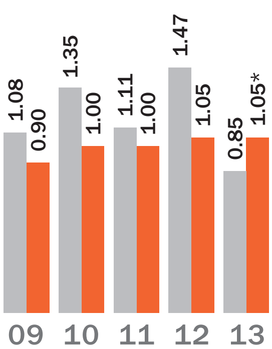


EBIT, MEUR/EBIT margin, %

* Excluding restructuring costs



Order book, MEUR

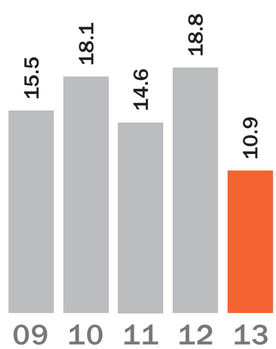


Earnings & dividend per share, EUR

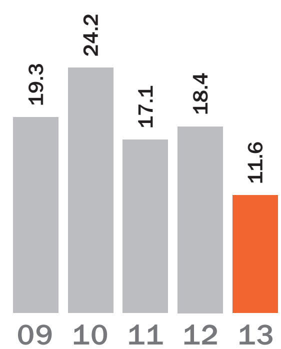
Earnings per share, basic

Dividend per share

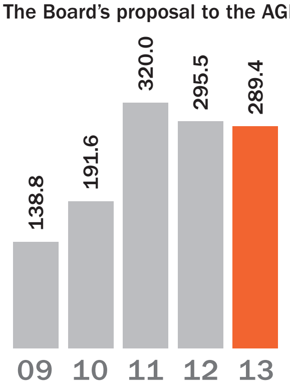
* The Board's proposal to the AGM



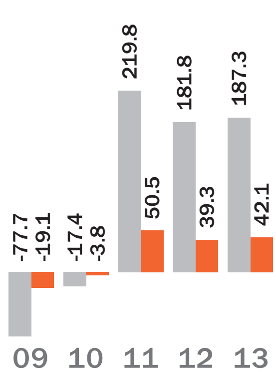
Return on equity, %



Return on capital employed, %

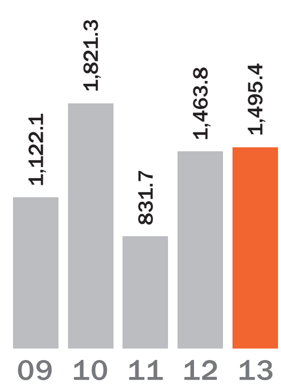


Year-end net working capital, MEUR



Year end net debt, MEUR/Gearing, %

Net debt Gearing



Year end market capitalization*, MEUR

* Excluding treasury shares

CEO'S REVIEW

Strategy realigned for strengthened competitiveness

Dear Shareholders,

Konecranes had an average annual growth of 14% between 2003 and 2012. This was a good achievement, especially since the period included a severe market collapse during the 2009–2010 recession, followed by significant overcapacity in most of our customer industries that still persists to some extent to this day. In my review for the 2012 Annual Report, I noted that forecasting future demand development had rarely been so difficult. My concern was, unfortunately, well-grounded and we saw our growth come to a halt in 2013. We started the year with a record-high order intake during the first quarter, boosted by large port crane orders. In March, we booked the single largest order in our history, worth over EUR 100 million for a new container terminal to be built in Indonesia and automated with Konecranes technology. Our order intake for port cranes in 2013 was an all-time high. As a whole, the year was a difficult one, however, from a volume point of view. Despite some positive developments in macroeconomic indicators, especially in the second half of the year, we were not able to grow in 2013 and fell just short of the record sales of EUR 2,170 million that we booked in 2012. Most of our end-markets are late cyclical, so it was too early to see any real evidence of the expected world economic recovery. Sales of EUR 2,100 million can be seen as a reasonably good achievement, given the prevailing market conditions. Despite volume challenges, I would like to highlight one milestone that we are particularly proud of: for the first time in history, our sales to the Americas exceeded USD 1 billion. Our team there has done an excellent job and I believe there is more to come.

The year was not an easy one from a profitability point of view. We made good progress on several fronts, but faced challenges elsewhere. Our service business continued to perform well, and our operating margin improved to 9.1 percent. This is good progress after 7.0 percent in 2011 and 8.4 percent in 2012. In addition to the traditionally strong performance of the North American region, several other large countries improved their service business result significantly. Germany, France, and China were good examples of this development.

Our equipment business suffered from both market-related and internal issues during the year. Our operating margin here was only 4.1 percent, down from 6.0 percent in 2012. New equipment demand among industrial customers in our main markets was low, and delivery volumes dropped 6 percent during the year. In addition to low volume, profit performance was impacted by new system implementations, execution issues in some large projects, and investments in India, where our main customer segment, the steel industry, invested very little compared to previous years. Unfortunately, these issues overshadowed the very good underlying result development in the equipment business that we made in several countries, such as Germany and Australia.

Since we did not want to rely simply on market conditions improving, we announced a new cost reduction program in summer 2013 aimed at trimming our annual costs by EUR 30 million by the end of 2014. This program is proceeding according to plan, and the somewhat weak order intake we saw during the second half of 2013 confirmed the necessity of these actions. The program will continue throughout 2014.

We made an exciting addition to our offering in April 2013, when we launched the new 'Agilon' service for the automated material management of small items in the manufacturing industry. The system includes several breakthrough technology innovations and has

Agilon

Agilon can be used for storing hundreds or even thousands of different components and it allows real-time information on parts to be shared via a portal linking supply chain partners.

already been adopted by over 20 customers. While it is still at an early stage, the potential of this new service seems promising.

It is clear that our profit generation ambitions cannot be met through cost cutting alone. We also need to invest heavily in new development. We realigned our strategy during the year and decided to focus our long-term development on three key strategic initiatives. In the first of these, *Industrial Internet*, our focus will be on making machines intelligent and aware of their own condition, and networking them to create real-time visibility for enhanced safety and productivity. This unique service will differentiate us from our competitors and warrants a price premium. Our second initiative, *Emerging Markets Offering*, is focused on developing high-quality, 'mid-market' products at lower price points and strengthening our position in emerging markets. After living in Asia for the past 18 months, I am convinced that this is where a significant part of our long-term future success will be decided, despite the recent weakness of emerging markets. The first products to be developed as part of this initiative are due to be launched this year. The third initiative, *oneKONECRANES*, is intended to streamline our way of working and modernize our information systems to boost productivity and reduce operational costs. Each of these initiatives will offer substantial potential for additional growth and profit in the coming years.

In addition to advancing these three strategies, our operational focus in 2014 will be on completing our ongoing cost reduction programs, sales management to regain volume growth, and project execution. Our cost base development has been promising, so any market recovery that could bring additional volume can now be expected to deliver fast returns for our bottom line.

I would like to thank all our customers and employees for their support and efforts during the year. The fact that market uncertainty has become the new norm in today's world does not make our life easier, but I believe that we are on the right track with good programs under way, both for the short and the long term.

Pekka Lundmark
President and CEO

CHAIRMAN´S LETTER

Well positioned for future growth and profitability

Dear Fellow Shareholders,
2013 was a difficult year for our Group. The world economy, and Europe's in particular, continued to struggle. In China, for many years the industrial locomotive of the world, the change of leadership took a toll on the economy.

Of course, the picture was not entirely gloomy. In the US, the government, through decisive and well-timed actions, returned the economy to a growth track. In Asia and in Africa, there were also pockets of healthy growth.

It is obvious that in this environment our Group was forced to fight hard for every order, be vigilant to seize every opportunity, and defend our positions. Our equipment business had to fight a worldwide battle to win orders. In relative terms, we were successful, but running projects in previously unknown, new environments taxed the profitability of our equipment business.

Our profits were also impacted by several costly Group-wide projects that I believe will enhance our profit capacity in the future.

Our Service business continued to develop well, in accordance with the Group's long-term strategy. While the economy overall did not support investments, our Service activity was able to post both growth and improved profitability.

I therefore feel proud to report that we managed to maintain our total sales level on last year's level. Our operating profit also remained on last year's level, but one-time items had a serious impact. In the stock market, we were able to defend the market value of our stock reasonably well. We did not succeed, however, in growing the value of our stock. Our dividend capacity remained intact.

In this situation, your Board of Directors did not revert only to cost-cutting. Certainly, capacity must always be trimmed to stay on

NEO crane

The NEO crane is the first crane of its kind to offer a significant reduction in energy consumption. It can carry heavy loads with maximum care and light loads with maximum speed. Combined with our TRUCONNECT service package, this offers a unique level of performance and user experience.

a par with demand, and cost cutting was an everyday exercise through the whole year.

But the Board and Management also embarked on a number of forward-looking projects.

The largest project relates to the Group's global management systems. With its history of multiple acquisitions, the Group's managerial tools have been a patchwork of disparate systems – a practical patchwork, but not one up to the demands of a modern multinational group.

During the year, the speed of the roll-out accelerated. Although project expenses were high, the first benefits in terms of improved operational performance became evident. We are confident that we will be able to improve significantly in areas such as customer service, efficient logistics and production scheduling and product costs.

During the year, the Group's venture into India gained pace. Unfortunately, the Indian economy did not develop very favorably. Despite many promising customer relations and a number of interesting orders, our venture into India is performing far from corporate standards when it comes to output and profitability.

For a number of years, the Asian market and other emerging markets have been a special development initiative. In 2012, our CEO moved his office to Singapore. The move has greatly improved our top management's understanding of the requirements of the Asia-Pacific region.

We are now taking the next steps in winning market share in Asia. Originally, we entered the markets there, not with a scaled-down product portfolio, but with an offering reflecting our best available corporate technology. Through this policy, we earned a market position as a premium producer, with a high level of desirability.

We are now in the process of broadening our product portfolio. With our premium portfolio, as successful as it has been, we can only reach top market segments. The Group is now creating a new range of products, targeted towards the mid segment of emerging markets. We will not scale down on safety and performance, but given our good production presence in low-cost China and India, we believe we will be in a position to offer a high-performance, yet competitively priced range. We will position our new range carefully on the market, in order not to cannibalize our premium segment.

Our long-standing initiative of linking customer equipment through the internet to our maintenance base ('internet of things') is progressing well. With over 5,000 separate installations on line, we have been able to prove the benefit of this approach to our customers: fast adequate service, for the lowest cost and best equipment availability. In short: improving our customers' profitability.

Fellow shareholders, let me end this letter on a positive note. Our American business has continued to develop extremely well. When I started my career in the Group in 1982, our sales in America amounted to USD 14 million. In 2013, our sales in America reached USD 1 billion. We owe our American team a deeply felt thank-you-so-much and our congratulations. We wish them all a good journey on their way to reaching the USD 2 billion mark.

2013 was not an easy year, not for the world economy and not for the Group. We were able to hold on to our positions, and we completed a number of actions putting us into a position for future growth and growing profits.

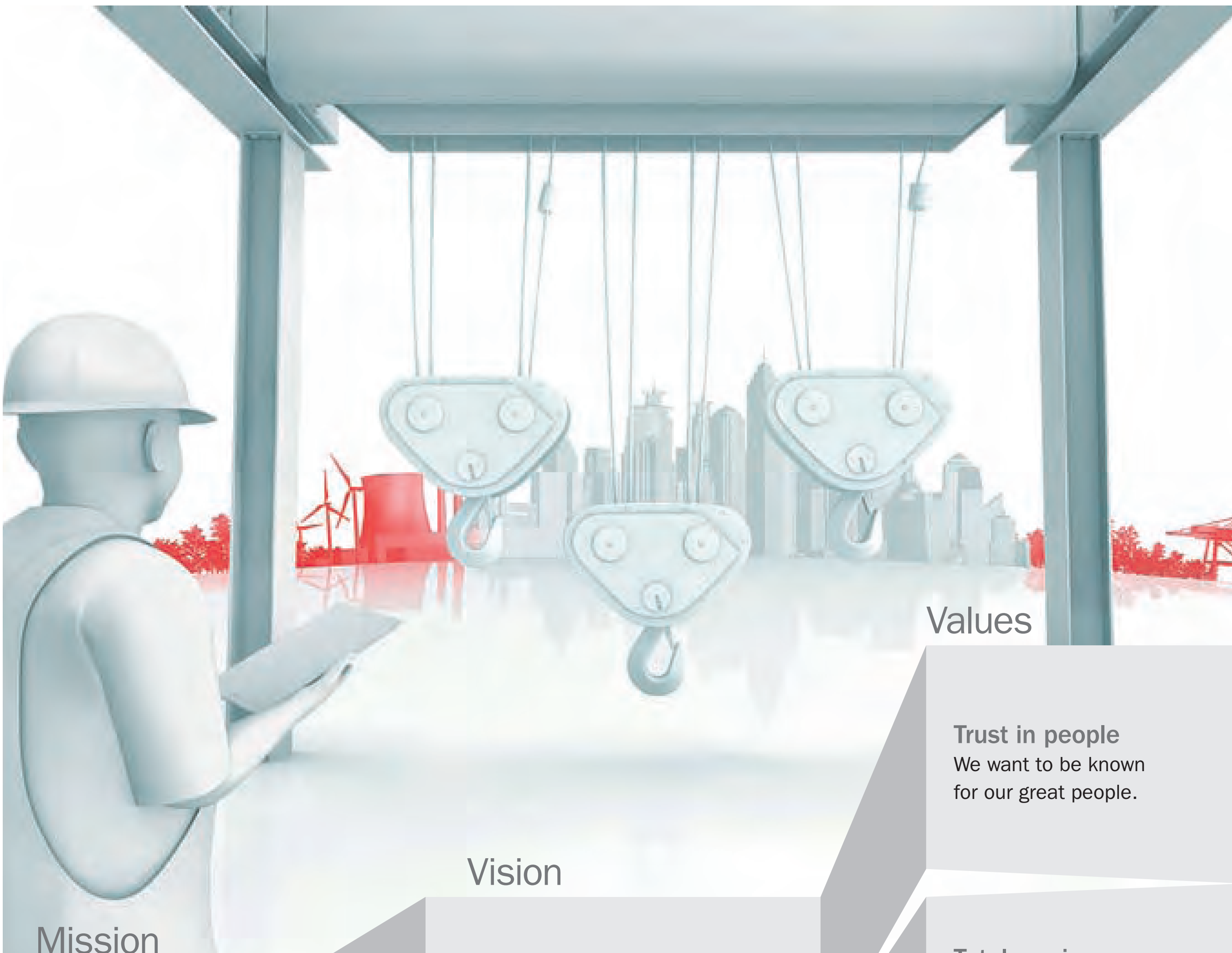
My special thanks go to our dedicated workforce. During the year, the number of employee shareholders reached 1,761, i.e. approximately 15% of our total workforce. I cannot think of any better proof of the good spirit in all of our companies, around the globe.

I also want to thank our loyal shareholders and to say welcome to all our new ones.

Stig Gustavson
Chairman of the Board

COMPANY CORNERSTONES

Key strategic initiatives steer investments for the future



Mission

Not just lifting things, but entire businesses.

Vision

We know in real time how millions of lifting devices and machine tools perform. We use this knowledge around the clock to make our customers' operations safer and more productive.

Values

Trust in people
We want to be known for our great people.

Total service commitment
We want to be known for always keeping our promises.

Sustained profitability
We want to be known as a financially sound company.

Key strategic initiatives

Industrial Internet
We make machines intelligent and aware of their condition, and network them to create real-time visibility for enhanced safety and productivity. This unique service that we offer our customers differentiates us from our competitors and warrants a price premium.

Emerging Markets Offering
We develop ‘mid-market’ products with high quality but lower price points, and strengthen our position in emerging markets.

oneKONECRANES
We streamline our way of working and modernize our information systems to boost productivity and lower our cost level.

Megatrends

People and society
Generation Y behaves differently. They are IT savvy, and may seek a different work/life balance, challenge leaders of companies and countries and expect ethical behaviour, including good governance and workplace safety.

World demographics
Urbanization, new megacities, reverse brain drain with talent returning to emerging countries. The age pyramid favors emerging countries over Western countries. Emerging markets will represent a major part of the world’s growth.

Technology
Advances in data analytics, automation, sensors, wireless networking and nanotechnology are enabling intelligent ‘self-aware’ machines.

Energy and environment
The need to save energy, find new sources of energy, control emissions and develop clean energy. Environmental awareness is also growing in emerging markets; waste of any kind is increasingly unacceptable.

The world's manufacturing sector activity increased modestly in 2013, but gained steam towards the end of the year. Activity remained strong in the US, but stayed sluggish in the Eurozone. In emerging markets, economic growth was lower than expected and did not provide the anticipated impetus to the global economy.

BUSINESS ENVIRONMENT

Service demand stable, equipment orders affected by modest economic growth

World manufacturing industry activity

In terms of macroeconomic development, 2013 was very similar to 2012, as the US outperformed most other regions. US economic activity in the manufacturing sector, measured by the purchasing managers' index (PMI), increased throughout most of the year, and even improved during the second half. US manufacturing capacity utilization was relatively stable compared to 2012.

PMI surveys showed that Eurozone manufacturing activity was depressed during the first half of the year, but expanded slightly during the second half. Although this expansion was modest, it was generally interpreted as marking a potential turning-point, as it followed a period of contraction over the previous two years. Manufacturing capacity utilization in the European Union was below 2012 on average, but relatively stable compared to the second half of 2012. Some signs of a small uptick could be observed towards the end of 2013.

Following a slowdown in 2012, economic growth in emerging markets was expected to accelerate and provide an impetus to the global economy in 2013. Purchasing managers' indexes in Brazil, Russia, India, and

Konecranes’ global market positions:

- Market share of 16 percent
- #1 in crane maintenance services
- #1 in industrial cranes & components
- #3–5 in port cranes
- #2–4 in lift trucks.

China (BRIC countries) signaled an expansion of industrial output at the beginning of 2013. PMIs in BRIC countries lost momentum by mid-year, however, leading to downgraded growth forecasts. Chinese PMI data again pointed to a slow rise in manufacturing output towards the end of the year, but there were few signs of this in the real economy.

Overall, manufacturing sector activity worldwide, according to the aggregated JPMorgan Global Manufacturing PMI, increased modestly in 2013, but remained below the long-term survey average.

Demand for lifting equipment and services

Compared to 2012, demand for lifting equipment among industrial customers decreased globally in 2013. Demand for process cranes was particularly weak due to a lower level of investment in the mining & metals and pulp & paper industries. Geographically, demand remained weak in Western Europe, China, and India. In North America, demand for industrial cranes fell back after the solid progress seen in 2012, while demand for crane components remained stable. Demand development was positive in the Middle East.

Global container traffic grew by approximately 3 percent in 2013, and project activity with container ports was satisfactory. Orders for new automated port solutions were lower compared to 2012, as several new automated container terminals were already under construction. Geographically, the most active markets were North America, Southeast Asia, Australia, and Africa. Demand was sluggish in Europe, in contrast. Demand for shipyard cranes continued to be concentrated in Brazil.

Overall demand for lifting equipment services was stable, with regional developments reflecting differences in industrial production growth rates. In terms of the largest markets for these services, demand increased in North America while European demand was stable. Demand fell in Asia-Pacific. Within emerging markets, the Middle East and Africa saw the strongest growth.

The trend in steel and copper prices remained downward in 2013. After relatively stable development during the first half of the year, the euro appreciated somewhat against the US dollar during the second half.

Konecranes Business Area Service offers a comprehensive range of service products, maintenance programs, spare parts, and modernization options for all brands and makes of industrial overhead cranes, port equipment, and machine tools. Despite continued uncertainty in the world economy in 2013, there were positive developments in all of Konecranes' markets, creating demand for lifting equipment services.

BUSINESS AREA SERVICE

Value-added technologies and expertise

With 600 locations in almost 50 countries, Konecranes has the largest service network in the industry. Service customers operate in a variety of industrial environments, from repair shops and general manufacturing sites to paper and steel mills, power plants, and ports.

All aspects of the Konecranes service offering are designed to improve the safety and productivity of customers' businesses. Konecranes' specialized maintenance services range from inspection of a single piece of equipment to completely outsourced crane maintenance and operations. Services are bundled into tailor-made programs designed to meet the unique needs of each customer.

A commitment to usage-based maintenance and real-time service supports Konecranes' Industrial Internet key strategic initiative, supported by sustained investments in new technologies.

Stable demand for lifting equipment services

Leading industrial companies continued to invest in improving safety and productivity during 2013, two areas that are the core of Konecranes Service offering. As a result, overall demand for lifting equipment services remained stable throughout the year.

North America continued to act as a key driver for Business Area Service, both in terms of growth and profitability. The resurgence of the local oil & gas industry was a key factor here, and the automotive sector was also a strong contributor. Developments were also positive in South America; Chile continues to be a strong market for Konecranes and operations are expanding in Brazil.

Europe showed encouraging early signs of an upswing, with Germany being the biggest driver.

The Middle East and Africa, while still at an early stage in terms of service demand, showed clear signs of growth. There is also upside potential for Konecranes in China, where efforts are being focused on segments that appreciate the benefits of preventive maintenance, a reliable source of quality spare parts, technical expertise and customer service. Konecranes is also optimistic about future opportunities in Japan and Southeast Asia.

Business Area Service continued to prioritize profitability over growth during 2013, and recorded steady financial development. With a focus on operational improvements, cost control, market segmentation, and pricing, the Business Area recorded improved profitability despite only minor top-line growth. Both the annual value of the maintenance contract base and the number of pieces of equipment covered increased compared to the end of 2012.

New technologies and broader scope of services

Business Area Service continued to launch new technologies and broaden the scope of its services during 2013.

Operational improvements continued in line with the Group's oneKONECRANES key strategic initiative and the roll-out of various new systems.

Advanced service offering

Intelligent, self-aware machines are opening up the way for new service concepts. For us, this translates into things like real-time condition monitoring and an increasingly advanced service offering.

Konecranes' new CRM system is now in use across all service units, and the Maintenance Management system has been deployed in three pilot countries, with major rollouts scheduled for 2014.

Business Area Service continued to explore business models tailored to the needs of emerging markets. Customer feedback has shown that price is not the only purchase criterion in these markets. An increasing number of customers in these countries appreciate Konecranes' preventive maintenance approach and new technologies, including the added value offered by remote services.

Development of the TRUCONNECT offering continued on-schedule. Konecranes' goal is to offer a full range of remote services, ranging from periodic data reporting to real-time diagnostics, technical support, and production monitoring. The TRUCONNECT product family has been well-received, not only as a technology platform, but also because of the access it gives customers to the expertise of Konecranes' people. The momentum behind this approach will continue into 2014, as Konecranes builds on the foundation of real-time service and the Industrial Internet. Further growth and improved customer experience through the strategic release of new services and products can be expected.

A large and ongoing effort is under way aimed at supporting global customers throughout the entire lifecycle of their products with customized service programs that are unique to the industry.

Key figures

	Proportion of Group total, %	2013	2012	Change, %
Orders received, MEUR	35	**715.9**	735.0	-2.6
Order book, MEUR	14	**128.1**	147.2	-12.9
Net sales, MEUR	40	**889.1**	884.0	0.6
Operating profit (EBIT), excluding restructuring costs, MEUR	60	**80.6**	74.6	8.0
Operating margin (EBIT), excluding restructuring costs,%		**9.1%**	8.4%	
Operating profit (EBIT), MEUR	64	**67.8**	74.6	-9.1
Operating margin (EBIT), %		**7.6%**	8.4%	
Personnel at the end of period	52	**6,151**	6,119	0.5

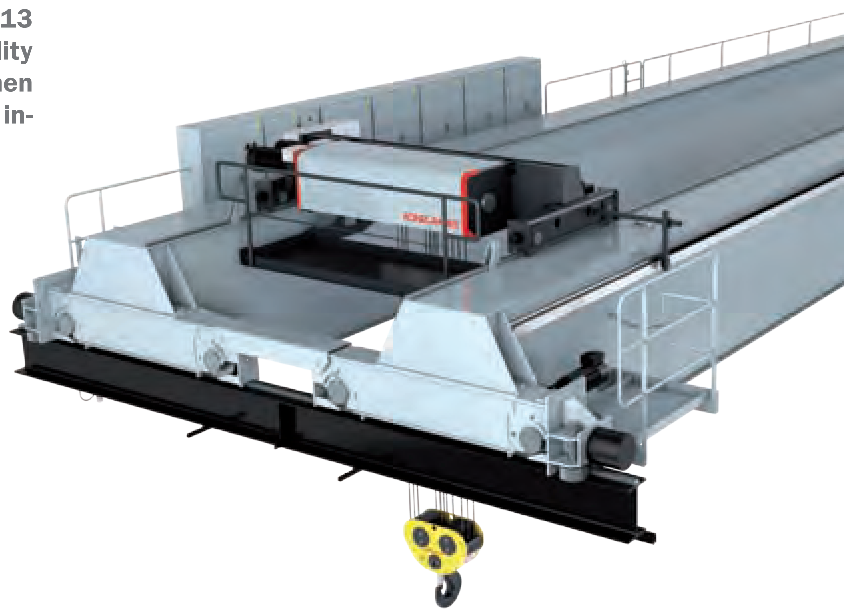
Optimized operations and increased productivity with TRUCONNECT Remote Services

The scope of the TRUCONNECT Remote Services family, which provides real-time usage and condition monitoring of customers' equipment, was further extended during 2013.

- **TRUCONNECT Remote Monitoring and Reporting** for industrial cranes and lift trucks is now available in most of Konecranes' markets, and there are now more than 5,000 active connections worldwide.
- **TRUCONNECT Remote Support and Diagnostics** is used by customers around the globe in a number of critical process applications. Konecranes' experts provide remote technical support for these customers on a daily basis.
- **TRUCONNECT Production Efficiency**, designed for machine tools, has been rolled out at various pilot locations. Development work is continuing, with additional products being adapted to work with popular brands of machine tool controls.

Read more about remote services
www.konecranes.com/service/crane-remote-services

Konecranes' Business Area Equipment offers components, lifting equipment, and material handling solutions for industries and ports. The focus during 2013 was on reducing the cost base to improve profitability in a slow marketplace and continuing to strengthen Konecranes' competitiveness by making strategic investments in product and process development.



BUSINESS AREA EQUIPMENT

Strategic investments continued, despite a challenging market environment

Konecranes is the world's largest supplier of industrial cranes, and a global leader in shipyard gantry cranes and electrical overhead traveling cranes for general manufacturing and process industries, as well as a strong global supplier of material handling solutions such as cranes and lift trucks for container handling. Business Area Equipment serves an extensive and diverse global customer base, with general manufacturing being the largest single customer segment.

Key figures

	Proportion of Group total, %	2013	2012	Change, %
Orders received, MEUR	65	**1,319.6**	1,340.4	-1.5
Order book, MEUR	86	**765.3**	795.6	-3.8
Net sales, MEUR	60	**1,329.2**	1,412.7	-5.9
Operating profit (EBIT), excluding restructuring costs, MEUR	40	**54.3**	84.2	-35.5
Operating margin (EBIT), excluding restructuring costs,%		**4.1%**	6.0%	
Operating profit (EBIT), MEUR	36	**37.8**	78.4	-51.8
Operating margin (EBIT), %		**2.8%**	5.5%	
Personnel at the end of period	48	**5,626**	5,973	-5.8

Weak overall demand in 2013

The expected improvement in global economic development did not materialize in 2013.

The year began with high expectations that demand in emerging markets, especially China, would increase after the summer. Demand remained low in China, however, and deteriorated in other emerging markets. Weaker currencies in a number of countries made it more difficult for foreign companies to compete in these markets. Problems continued in Europe as well, despite some positive indicators, such as a slightly stronger purchasing managers' index in the fall, which helped boost demand for Konecranes' chain hoists in the region. Demand for Konecranes equipment in North America continued at a strong level in general manufacturing, but

Intelligent machines

Our intelligent ARTG and SMARTON cranes have several hundreds of control and measurement points to be used for advanced analytics. That's a lot of intelligence in a crane that can be used to improve the safety and productivity of our customers, especially if combined with fast data networks and data analytics.

was weak in process industries. Demand in the container handling segment was stable, but the number of new larger automation projects started was lower than in 2012.

Given these difficult market conditions, Business Area Equipment's financial performance was weaker than in 2012. Lower-than-expected orders led to reduced sales and profitability. Profitability was also impacted by various project execution-related issues.

Key strategic initiatives will guide future success

While continuing measures to reduce its cost base, Business Area Equipment also **prioritized product and process development within the framework of Konecranes' three Group-level key strategic initiatives**: Industrial Internet, Emerging Markets Offering, and oneKONECRANES.

An automated RTG (ARTG) system for the container handling industry was introduced. This offers RTG terminal operators operational cost savings, greater productivity, and increased safety – and is a good example of the type of pioneering technology that is widening the gap between Konecranes and the competition.

Agilon, a new innovative materials management solution, was also launched. This service solution consists of a net portal, a shelving system, and a robot that picks parts, brings them to a service point, and sends refill orders to the supplier. Several Konecranes customers in Finland were using Agilon by the end of 2013, and the system's future opportunities are very promising.

The NEO crane, an upgraded CXT standard crane, was introduced in Germany. This high-technology crane features new motor technology and remote monitoring as standard. NEO is sold with a TRUCONNECT maintenance contract, which has proved an attractive package. Development work is continuing, aimed at adding further intelligent features. Moving forward, the plan is to introduce the NEO crane in other markets.

Konecranes' new crane manufacturing plant in Jejuri, India was commissioned in April and all manufacturing operations in India have now been consolidated at the new facility. In addition to the Indian market, the plant is well-placed to serve other markets in Asia, the Middle East, and Africa.

Several completely new product families are being developed for emerging market needs, as these markets will account for a major share of the world's future industrial growth. Konecranes' offering for customers in emerging markets will remain a key area of development work over the next few years.

Group-wide harmonization of processes continued, with a particular emphasis on the new ERP system. This is already being used in the US and will soon be launched in Europe and elsewhere.

Product range

- Lifting equipment for industrial use
- Container handling solutions
- Cranes for shipyards
- High-capacity grab unloaders for bulk material terminals
- Material handling equipment for nuclear power plants
- Agilon materials inventory and management system

See page 23
for product overviews.

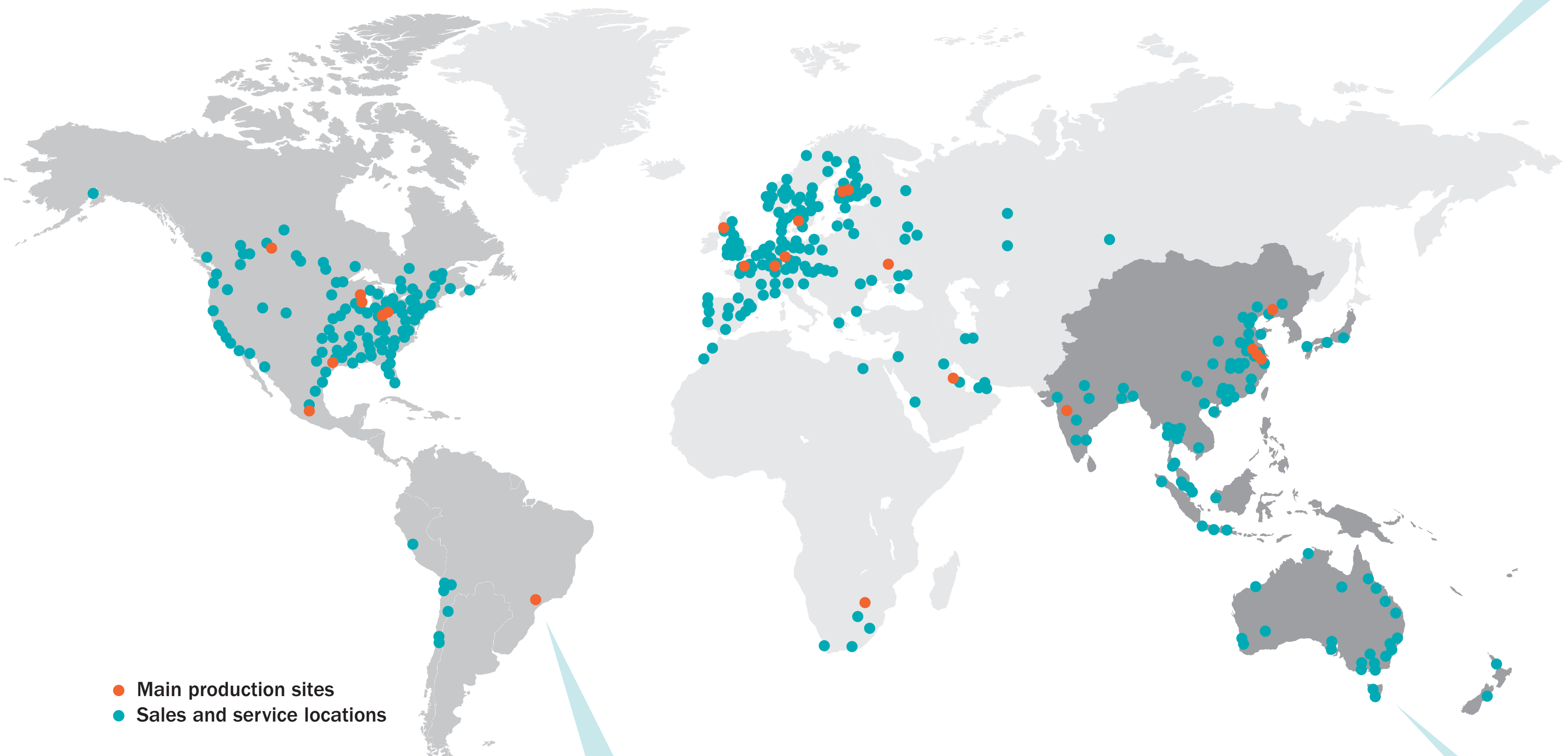
Most important customer segments

- General manufacturing
- Ports
- Shipyards
- Energy
- Mining
- Automotive
- Steel
- Pulp & paper
- Nuclear
- Intermodal & rail
- Oil & gas

Konecranes is committed to becoming a global force in the lifting business. To understand the operations and needs of different industries and build long-term customer relationships, Konecranes' operations are divided into three geographical regions: Americas (AME), Europe, Middle East and Africa (EMEA), and Asia-Pacific (APAC).

REGIONAL OVERVIEW

Close to customers worldwide



AMERICAS (AME)

PERSONNEL

23%
(2,711)

SALES

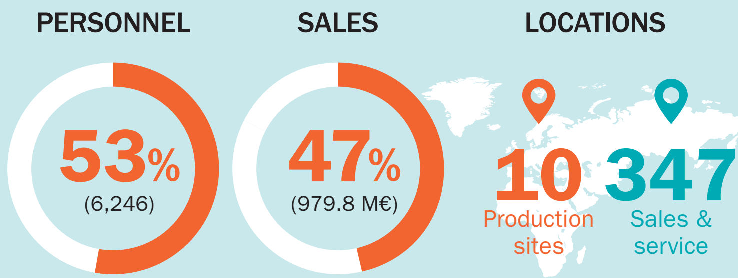
36%
(752.9 M€)

LOCATIONS

Largest markets:	US, Canada, Brazil, Chile, and Mexico
Operations:	2,711 employees, 140 locations
Manufacturing:	8 plants manufacturing industrial and process cranes, including nuclear cranes, hoists, parts, and related components
Key brands:	Konecranes, R&M, STAHL CraneSystems, Crane Pro Parts and P&H®(through Morris Material Handling).

Konecranes holds a strong position in the Americas, particularly the US, which is the most developed market in terms of outsourced crane services; more than half of Konecranes' sales in the Americas are service-related. Using comparable currencies, Konecranes' service orders continued growing in the US during 2013, thanks to favorable general economic development and strong demand in the automotive and oil & gas industries in particular. Demand for services also continued to grow in South America. Equipment orders, on the other hand, fell in the Americas after a strong 2012. General manufacturing, steel, and automotive are the largest market segments.

EUROPE, MIDDLE EAST AND AFRICA (EMEA)



Largest markets:	Germany, the UK, France, Finland, Sweden, Russia, Poland, Austria, the UAE, Saudi Arabia, Egypt, South Africa, Nigeria, and Morocco
Operations:	6,246 employees, 347 locations
Manufacturing:	10 plants manufacturing cranes and hoists, lift trucks, and steel structures for larger cranes
Key brands:	Konecranes, STAHL CraneSystems, SWF Krantechnik, and Verlinde.

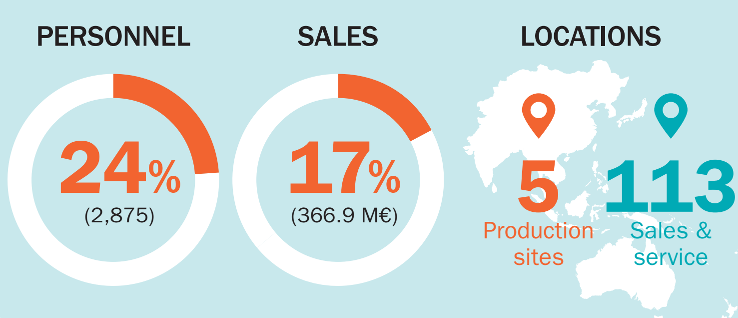
EMEA is Konecranes' largest region and comprises both mature markets, with a high proportion of service sales, and fast-growing economies where service is still small compared to equipment sales.

In the mature Western European and Nordic markets, the customer focus is primarily on enhancing efficiency and productivity in material handling to offset high labor costs. Konecranes has a very strong market position in the Nordic countries and an extensive customer base in both equipment and service. In Eastern Europe, Konecranes has continued to improve its position across both its key business areas. Manufacturing activity in the region was slow during the first half of 2013, but improved slightly towards the end of the year. Equipment and Service orders received in 2013 were lower than in 2012. The largest market segments are general manufacturing, power, waste-to-energy, automotive, and steel.

The Middle East continues to show high potential, with large investments taking place in infrastructure, petrochemicals, and power. Demand is developing positively, as there is a high level of interest across the region in Konecranes' equipment and service offerings.

Demand in Africa is growing, with many countries continuing to invest in ports and other infrastructure. Equipment accounts for a high percentage of sales, primarily related to logistics and mining. Demand for services is still relatively small, but showing definite signs of growth. Strong overall development continued in Africa during 2013.

ASIA-PACIFIC (APAC)



Largest markets:	China, India, Australia, and Indonesia
Operations:	2,875 employees, 113 locations
Manufacturing:	5 plants, including joint ventures, manufacturing hoists, industrial cranes, lift trucks, and port cranes
Key brands:	Konecranes, STAHL CraneSystems, SWF Krantechnik, Verlinde, and Sanma Hoists & Cranes.

Konecranes is recognized as the technology leader in the Asia-Pacific region, and is the market leader in industrial cranes and crane service, with a strong and growing position in lift trucks and port cranes. Overall, the majority of Konecranes' APAC sales come from equipment, although the service business exceeds equipment in more mature markets such as Australia.

Compared to 2012, the overall demand for lifting equipment in APAC was weaker during 2013. Economic growth in India and China continued to slow, as did the Australian economy. South-East Asian countries offered Konecranes more opportunities than in 2012, however.

Konecranes' equipment orders in APAC grew in 2013, mainly due to a large port crane order received from Indonesia. Other equipment and service orders declined slightly compared to 2012.

General manufacturing remains the largest customer segment. Paper, power, steel, ports, waste-to-energy, and mining, especially in Australia, are the other major areas.

Award-winning chain hoist series

Research work for the Red Dot Award winning chain hoist series started already in 2008 and focused strongly on ergonomics and user interface. Therefore users were involved during the whole design process.

Konecranes is committed to continuously developing its equipment and service offering by making innovative use of the latest technology. The main focus of R&D activities during 2013 was on developing Konecranes' offering to provide real-time visibility for equipment and advanced predictive maintenance.

RESEARCH & DEVELOPMENT

Creating real-time visibility using the Industrial Internet

Konecranes’ service contract base covers almost 440,000 items of equipment supplied by Konecranes and other manufacturers, and it represents an important source of input for Konecranes' product development work. 3,993 service personnel around the world and close to 1.6 million customer contacts annually give Konecranes a thorough understanding of its customers’ needs.

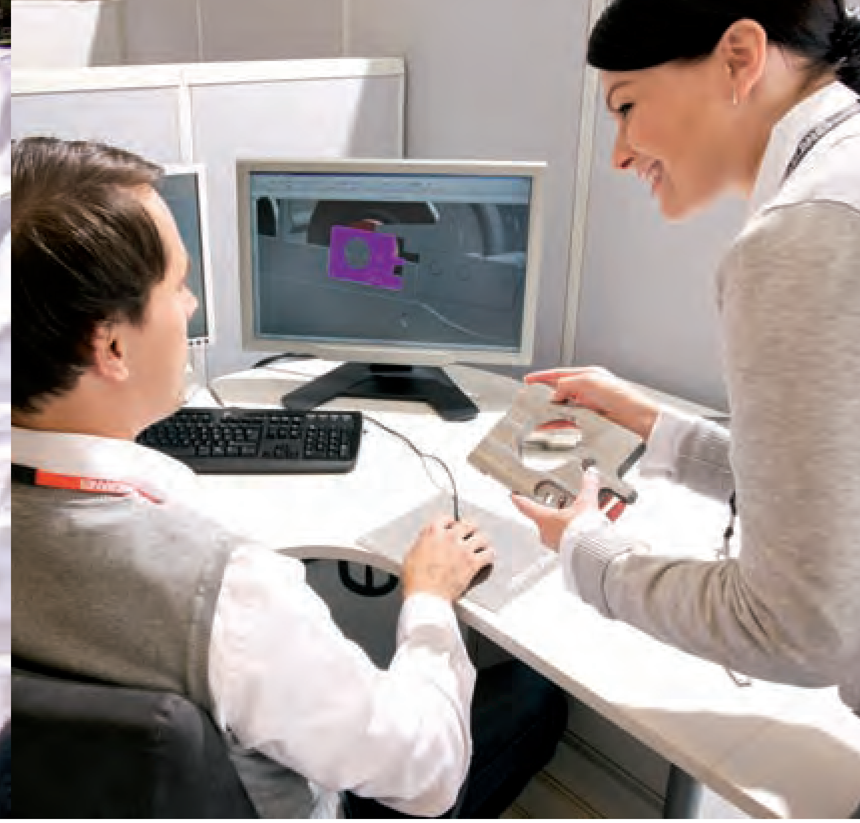
Konecranes is continuing to invest in product development to further strengthen its competitiveness. Research and product development expenditure in 2013 totaled EUR 25.6 million (25.8), equivalent to 1.2 (1.2) percent of net sales.

Konecranes’ focus on research and innovation has been strengthened by establishing a specialized Research & Innovation (R&I) function.

Industrial Internet is a key development area

Konecranes’ R&D work aims at developing efficient products and services that increase customers’ productivity while prioritizing safety and the environment. Making machines intelligent and networking them to provide real-time visibility on their status has been one of Konecranes’ most important development areas over the last few years. The Industrial Internet was defined as one of Konecranes' three key strategic initiatives in 2013, and extensive development work was concentrated in this area.

TRUCONNECT Remote Services, launched in 2011, is an important area related to the Industrial Internet. The scope of TRUCONNECT services was extended in 2013, and



Key priorities of Konecranes' R&D work

Safety

In addition to state-of-the-art technology, safety is always a key area of focus for Konecranes. Preventing both injuries and damage to loads are top priorities in research and product development. TRUCONNECT Remote Services, active, sensor-based safety features, shock load elimination, and sway control features are just some examples of Konecranes' innovative solutions to improve safety.

Environmental issues

Environmental issues are taken into account throughout the life cycles of Konecranes' products. Particular attention is given to things such as efficient material usage, recyclability, and energy efficiency. Over 98 percent of the material used in a typical Konecranes crane is recyclable. Energy-saving frequency converter technology is available with Konecranes equipment and enables up to 70 percent of braking energy to be fed back into the network.

Productivity

Konecranes develops efficient products and services that increase the productivity of its customers' operations by delivering the best life cycle value. Konecranes' smart solutions make cranes much easier to handle by simplifying difficult maneuvers, eliminating load sway, and helping position loads in predefined locations. TRUCONNECT Remote Services help optimize maintenance by enabling it to be based on actual crane usage.

Industrial design

Industrial design forms an important part of Konecranes' product design process and helps differentiate the Konecranes brand. High standards of industrial design also allow Konecranes to incorporate greater efficiency, user-friendliness, cost savings, and new materials into its products.

the size of the equipment base covered by remote monitoring and service grew rapidly. Analysis of the data collected and making efficient use of it represent an important resource for future development work.

New products and services featuring advanced technology introduced in 2013 included Agilon, an innovative materials management solution, and the CXT NEO crane, a high-technology crane package specially designed for developed markets. Agilon is a patented materials inventory and management system that rapidly and automatically stores, picks, and replenishes items weighing up to 25 kg, using a robot to handle both component transfers and refill orders. The CXT NEO crane package includes a number of advanced features and TRUCONNECT remote monitoring equipment as standard. This is a new marketing concept for Konecranes and has generated a great deal of interest among customers. Development work on CXT NEO cranes is continuing and will focus on adding further intelligent features and extending marketing from Germany and Switzerland into new areas.

Another example of Konecranes' pioneering technology is the Automated RTG (ARTG) system for the container handling industry. This has eliminated the main barriers to full-scale automated RTG operation: yard surface variations and the complexity of handling truck traffic flows along container stacks. The system is built around Konecranes' market-leading 16-wheel RTGs and includes a complete package of truck guidance infrastructure, a Remote Operating Station with a specially developed Graphical User Interface (GUI), and an IT system that interfaces with a customer's Terminal Operating System (TOS). The system enables RTG terminal operators to take an important step towards automation by upgrading their existing yard infrastructure.

Development work on already launched products also continued during 2013. The new-generation CLX chain hoist family introduced in 2012 was extended with further applications. Field tests on the world's first new hybrid reach stacker for container handling continued. This employs an electrical system that offers significantly lower operating and maintenance costs and improved productivity and reduces a stacker's environmental impact.

Continued work on Konecranes' offering for emerging markets

Konecranes serves customers in different markets using common technological platforms and solution sets that are configured and tailored to meet local customer specifications and needs. As the number and production volumes of customers in emerging markets are growing, Konecranes is highlighting the needs of these customers in its current R&D work.

Emerging markets can be divided into three distinctly different segments in terms of equipment and solution requirements. Konecranes is active in the advanced high-tech solution and midmarket segments, while the lower-specification segment is mainly covered by smaller, local companies. Konecranes' main focus during 2013 was on developing mid-segment products.

Although products for emerging markets must be competitively priced, they cannot be just downgraded versions of products designed for industrialized markets. The specific needs of these markets must be taken into account, while keeping costs in check using the latest technological innovations. Quality and safety can never be compromised, whatever the market. During 2014, Konecranes plans to further enhance its emerging markets offering with a number of new product launches.

Global innovation community

Konecranes has been shifting from local and project-based innovation operations towards a global innovation organization over the last few years. This has resulted in the creation of an innovation community of 30 'innovation agents', who work closely with customers to identify new ideas. Input from this community is already helping Konecranes create new, innovative products and services to meet its customers' needs and is expected to become even more important in the future.

Product overview

Service

Konecranes offers specialized maintenance and modernization services for all types of industrial cranes, lifting equipment, and machine tools. These services can cover everything from individual pieces of equipment to customers' entire operations, boosting the productivity and safety of industrial processes.

A commitment to excellent, proactive, and real-time service is one of our strategic priorities. Konecranes continuously develops its service offering by drawing on its extensive R&D know-how and over 60 years of maintenance expertise.

Extensive maintenance programs based on harmonized processes are combined with a comprehensive range of services, advanced modern maintenance tools, and online crane usage information.

TRUCONNECT Remote Services

TRUCONNECT Remote Services represent the latest innovation in Konecranes' service business, ranging from periodic data reporting to real-time diagnostics, technical support, and production monitoring. TRUCONNECT gives customers access to actual equipment usage data that can be used to enhance the safe use of cranes, optimize maintenance activities, and plan modernization needs.

CLX Electric Chain Hoists

have been designed to meet and exceed requirements across a wide range of different industries and to provide a reliable solution for numerous processes. CLX technology offers a wide range of options and speeds, together with lifting capacities of up to 5,000 kg.

Workstation Cranes

offer ergonomic handling for loads up to 2,000 kg. Typical customers include manufacturing, process industries, and the automotive sector.

ATB Airbalancers

can handle loads up to 350 kg. Thanks to their air-powered design and floating load units, AirBalancers offer an invaluable aid for picking, lifting, moving, and placing items.

Industrial Crane Solutions

are engineered for demanding lifting applications. Konecranes' product range includes pre-engineered cranes capable of lifting up to 500 tons and tailored cranes for a variety of demanding lifting needs. Typical customers include the steel, aluminum, mining, general manufacturing, pulp & paper, petrochemical, shipyard, power, and waste-to-energy industries.

Industrial Crane Products

include standard cranes with lifting capacities up to 80 tons. Konecranes' offering in this category ranges from chain hoist cranes to wire rope hoists and cranes – typically used in general manufacturing and the automotive, steel, pulp & paper, construction, renewable energy, aerospace, and petrochemical industries.

Forklift Trucks

with lifting capacities ranging from 10 to 65 tons are used in various applications and heavy-duty work in the steel, pulp & paper, and oil & gas industries, and at ports.

Container Lift Trucks

can handle empty and laden containers, weighing 8–10 tons and 33–45 tons respectively, at ports and intermodal terminals.

Reach Stackers

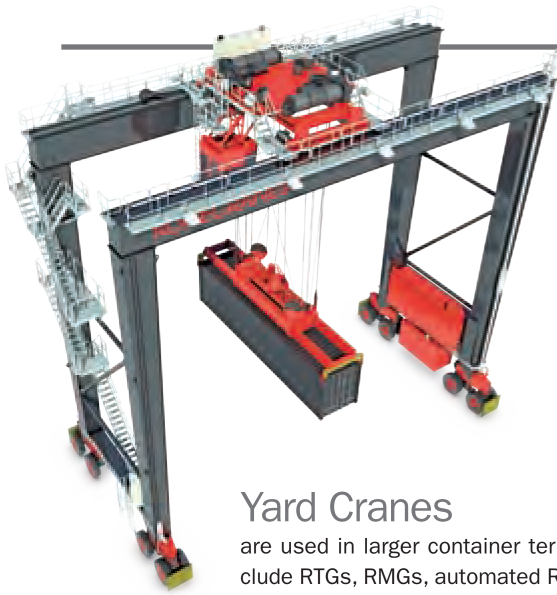
with lifting capacities ranging from 10 to 80 tons are used in container handling, intermodal, and industrial applications.

Goliath Gantry Cranes

are used for heavy-duty assembly lifts at shipyards, offshore facilities, and other heavy industrial sites. Loads weighing thousands of tons can be moved hundreds of meters horizontally and over a hundred meters vertically and positioned to assembly tolerances of just a few millimeters.

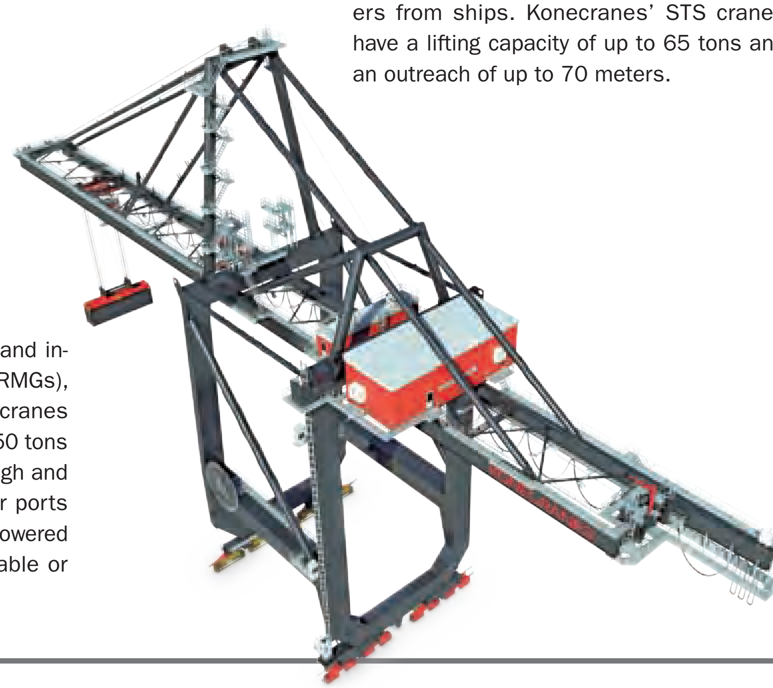
Straddle Carriers

are multi-purpose machines used in small to medium-sized container terminals. They typically have a lifting capacity of 50 tons and can stack containers one-over-three high. The BOXRUNNER straddle carrier keeps containers flowing between quayside STSs and yard container stacks, enabling fast ship turnaround times. The BOXRUNNER can also load and unload trucks, as it stacks two containers high.



Ship-To-Shore Cranes

are used for loading and unloading containers from ships. Konecranes' STS cranes have a lifting capacity of up to 65 tons and an outreach of up to 70 meters.



Yard Cranes

are used in larger container terminals, and include RTGs, RMGs, automated RMGs (ARMGs), and automated RTGs (ARTGs). These cranes usually have a lifting capacity of around 50 tons and can stack one-over-six containers high and eight-plus truck lanes wide at container ports and intermodal terminals. RTGs can be powered by diesel or electricity fed through a cable or busbar.

Nuclear Cranes

and specialized lifting equipment are used throughout the industry for a wide range of operations, from lifting reactor heads to handling nuclear fuel, at nuclear power plants, radioactive waste facilities, and nuclear fuel production sites. Our SUPERSAFE™ single failure-proof cranes and hoists are used to handle critical lifts. Konecranes' nuclear quality control program meets strict regulatory requirements, such as NRC 10CFR50 Appendix "B", ASME NQA-1 and KTA 1401.

Brands

The Group's brand strategy is based on the corporate Konecranes master brand, complemented with a portfolio of freestanding power brands. Konecranes-branded products are sold directly to end-users, while power-branded products are sold to distributors and independent crane builders. Konecranes' power brands include R&M, STAHL CraneSystems, SWF Krantechnik, Verlinde, and Sanma Hoists & Cranes.

Konecranes is committed to continuous improvement in lifting our customers' businesses and increasing the value of our shareholders' investment. Respecting our employees, the environment, and our stakeholders is fundamental for sustainable development.

CORPORATE RESPONSIBILITY

Meeting stakeholders' needs and expectations

Corporate responsibility is an integral part of what we do. Our vision statement highlights the priority we give to increasing the safety of our customers' operations, while our commitments to international initiatives and conventions, such as the UN Declaration of Human Rights and the UN Global Compact, our Code of Conduct, and our values define how we manage our supply chain and our own operations responsibly.

Konecranes operates in almost 50 countries; everywhere we operate, we abide by good corporate governance practices and local laws. Our operations support the development of local communities through the creation of local jobs.

Konecranes' corporate responsibility focus areas are Safety, Smarter Offering, Fair Play, the Environment, and People. To oversee the management of these focus areas and other corporate responsibility issues, Konecranes has formed the Konecranes Corporate Responsibility Steering Group. This includes senior managers and representatives from our business areas, production, product development, human resources, legal affairs, and Konecranes' European Works council. The Steering Group met twice during 2013.

Konecranes follows Global Reporting Initiative (GRI) principles in its reporting on corporate responsibility, and aims to meet the

Konecranes' corporate responsibility focus areas

Hybrid reach stacker

Konecranes' hybrid reach stacker concept means that it is an electric vehicle with on-board generation of electric power.

expectations of its stakeholders – such as customers, owners, and current and future personnel – and build a solid foundation for engaging stakeholders on corporate responsibility issues. This report follows G3 guidance. Reporting complies with GRI Level C requirements, based on our self-assessment. A table of GRI compliance can be found on pages 32–33.

Corporate responsibility reporting follows the same timeframe as our financial reporting, the calendar year, and currently covers all our major production units and operations. Businesses acquired or closed during 2013 are not included, however. The reported indicators have been chosen because they are the most relevant for our operations and stakeholders. The data has been gathered via internal information systems and supplemented with information sourced separately. Some of the data included has been scaled up to provide an overall view of our performance, which could result in inaccuracies in some figures. The method used for calculating environmental performance indicators is being revised and we are changing our environmental data reporting significantly to provide more transparent and accurate information on how we can influence various factors and should enable us to show the progress we make more clearly.

Konecranes' most important stakeholders have not changed, and include our shareholders, customers, personnel, suppliers and other partners, the authorities, local communities, and the media.

Konecranes' stakeholders

Konecranes aims to recognize and meet different stakeholders' needs and expectations in the area of corporate responsibility as elsewhere. In this chart, we have listed some examples of stakeholder groups and how we engage in dialogue with them.

Customers

Continuous dialogue as part of normal business and through customer satisfaction indicators and surveys.

Personnel

There are multiple channels for employee dialogue, for example the Konecranes employee satisfaction survey and various feedback channels.

Suppliers and subcontractors

- Continuous dialogue as part of normal business and the Supplier Days event.
- Environmental and ethical requirements included in general terms and conditions.

Students, universities, and research institutes

- Student cooperation in the form of trainee and thesis work opportunities.
- Cooperation in different kinds of research programs with universities and research institutes.

Shareholders

The Annual Report is one way of providing information on Konecranes' corporate responsibility performance and actions for investors and engaging in dialogue.

There are also many other stakeholder groups, such as **local communities, the authorities, media, interest groups, trade unions, and non-governmental organizations**. We use multiple dialogue channels for communicating with these groups.

Summary of progress and challenges linked to Konecranes' five corporate responsibility focus areas

Focus area	Main achievements	Challenges
Safety	Steady improvement in lost time accident frequency.	Even more efficient use of proactive leading indicators and preventive measures.
People	Fair labor conditions evaluations in our own operations. High employee satisfaction. Low employee turnover.	Company restructuring due to economic reasons.
Environment	Environmental data reporting and local follow-up within the Group has improved significantly over the last two years.	Global environmental data and KPI calculations.
Fair Play	Rollout of Code of Conduct e-learning over two years covering more than 90% of personnel.	Supplier safety, environmental and quality management coverage. Our target is to systematically cover our top 250 suppliers in these areas
Smarter Offering	Numerous product launches improving fuel efficiency, reducing emissions, and improving safety during 2013.	Publish more environmental product declarations.

Safety is a top priority

Safety is imperative for Konecranes, as we operate in a multitude of different working conditions, geographical areas, and cultures. We strive to ensure the safety of our personnel, as well as that of our suppliers' and customers' personnel, throughout the lifecycle of our products. We want everyone to arrive home in good health after the working day – and we want to be the safety leader in our industry.

Lost Time Accident Frequency

Business area	LTA1, 2013	LTA1, 2012	LTA1, 2011	LTA1, 2010
Konecranes total	**8.6**	9.5	9.5	11.7
Equipment	**7.3**	9.9	8	13
Service	**10.6**	10.3	11.7	12

LTA1= (number of accidents/working hours performed) 1,000,000 including operatives and office staff*

Konecranes continued improving and harmonizing global occupational safety requirements and instructions during 2013. Corporate minimum requirements of safety in electrical work, working at height, and using personal protective equipment were implemented further down in the organization and incorporated into common safety training. Occupational safety requirements and instructions will continue to be developed over the next few years. Konecranes continued expanding its global Health, Safety and Environmental (HSE) network to new units and countries, and continued promoting internal cooperation via online meetings.

Proactive safety management progressed and the number of safety observations and near-hit reports carried out by Konecranes personnel increased during 2013. Although we are clearly on the right track here, this remains an area where we want to see further improvement. The main reasons for safety observations and near-hits continued to relate to the loss of control of equipment, such as hand-held power tools, equipment failures, and housekeeping. Near-hit data is helping us focus our injury prevention and awareness-raising activities.

Our occupational safety key performance indicators show good improvement on Group level as well as in Business Area Equipment. In Business Area Service, the figures remained approximately on the same level as last year. The total number of reportable occupational accidents declined by 10% on Group level, by 25% in Equipment and 2% in Service. Accident frequencies also improved on Group level and in Business Area Equipment. In Business Area Service, we remained on about the same level as last year. There were no fatalities or serious injuries.

Positive results from Employee Satisfaction Survey and annual development discussions

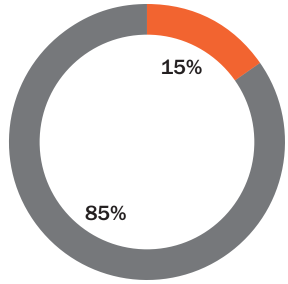
Konecranes' annual Employee Satisfaction Survey (ESS) is used to assess the level of satisfaction and engagement of the Group's employees. It is also a channel for employees to express their views regarding their work and workplace. The response rate to the 2013 survey was similar to that for the 2012 survey: 85 percent (2012: 86%) for the Group as a whole. The total number of responses was 10,281 (2012: 10,383). This was the seventh survey to be organized to date.

When compared to benchmark data, our overall results continue to be positive, despite the challenging economic environment. In 2013, our employees rated Konecranes' values and objectives worth aiming for and reported that they consider their work interesting and challenging and that they feel that good work is acknowledged within the Group. Stress levels are seen as an issue in many areas, however, and people feel that there is unnecessary bureaucracy.

ESS results are discussed at all levels of the Group as standard practice, and units and teams create their own improvement plan based on their results.

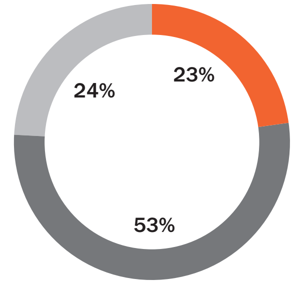
Annual development discussions – known as Trust, People and Performance (TPP) discussions at Konecranes – are one-to-one meetings between managers and employees, during which people's goals and personal development plans are discussed and systematically documented. Development discussions are a key part of performance management and ensure that Konecranes and all its employees have the competencies and motivation needed to meet the Group's current and future business challenges. Our aim is to hold annual development discussions with all employees; the actual rate in 2013 was about 80%.

The importance of development discussions is also reflected in ESS results. The correlation between annual development discussions and the general job satisfaction of all Konecranes employees worldwide continued to be clearly visible in the results of the 2013 survey.



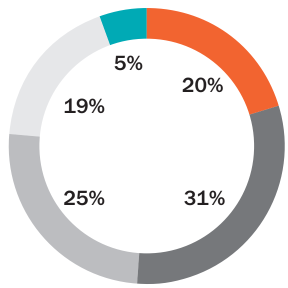
Gender structure

■ Female ■ Male



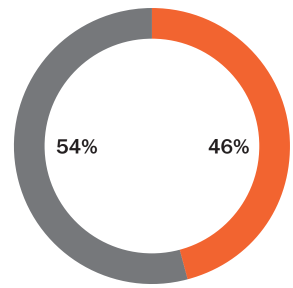
Workforce by region

■ AME 2,711 ■ EMEA 6,246 ■ APAC 2,875



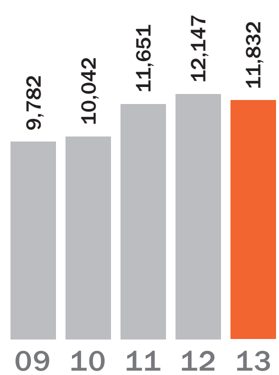
Age structure

■ <30 ■ 30–39 ■ 40–49 ■ 50–59 ■ >60

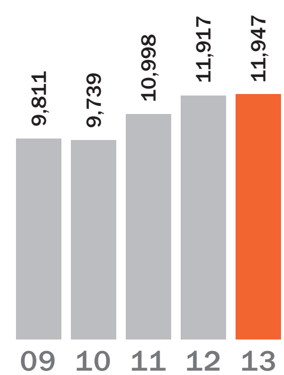


Employment structure

■ Staff ■ Operatives



Number of personnel at the end of the year



Number of personnel, average

Sharing our way

The Konecranes Employee Share Savings Plan, launched in July 2012, continued in 2013. The plan is designed for all employees, except those in countries where it cannot be offered for legal or administrative reasons. Participation is completely voluntary.

The aim of the plan is that participants save up to five percent of their gross salary every month. This money is used to buy Konecranes shares from the market on behalf of participants. Savings are made for an agreed time period, which extended from July 1, 2012 until June 30, 2013 for the first plan period and extends from July 1, 2013 until June 30, 2014 for the second period. If participants still hold shares at the end of the agreed saving time (February 2016 for the first plan period and February 2017 for the second plan period), they will receive one matching share for each two initially purchased.

We believe the plan will positively influence our mutual sense of being part of the company, worldwide and at all levels of the organization. The participation rate is currently about 16 percent, which is considered satisfactory.

Economic situation effecting personnel

The world economy has been very unstable for some time and personnel were unavoidably affected during 2013. Actions to reduce the Group's annual cost base by EUR 30 million by the end of 2014 were started during the second half of the year. These are aimed at adjusting the company's cost structure and capacity to bring them in line with the weaker market situation and secure Konecranes' future competitiveness. The actions being considered are expected to affect a maximum of 600 people globally, through redundancies, temporary layoffs, and early retirement by the end of 2014.

The total number of emloyees decreased by 315 in 2013 due to restructuring. Turnover, including voluntary and involuntary departures was 11.2%.

Caring for our people

Konecranes initiated self-evaluations in the areas of well-being and fair labor conditions during 2013 – to understand, promote, and ensure that well-being and fair labor conditions are thoroughly taken into consideration by local management. The results of these self-evaluations have been good, and the subsequent discussions based on online responses have been considered useful. There have been no major findings in the area of labor conditions, but smaller improvement opportunities have been identified and local improvement actions have been taken.

Ensuring a positive trend in environmental impact

We work hard to develop our environmental management and apply the model of continuous improvement in our environmental management. Our main environmental aspects are energy efficiency, recycling, waste disposal, and chemical management.

We have continued developing our environmental competencies through Konecranes' global Health, Safety and Environment (HSE) network via information sharing and online meetings. An environmental e-learning package was announced in the third quarter of 2012 outlining the fundamentals of Konecranes' environmental aspects and how to manage environmental impact. This tool, which is primarily aimed at management and office staff with access to a PC, is now used in 30 countries and has reached 950 people.

Promoting energy efficiency within the Group continued during 2013. Several units continued with or launched energy efficiency programs aimed at reducing the use of different forms of energy. A major facility improvement project covering heat recovery at the Hämeenlinna gear factory in Finland, for example, was completed at the end of 2013, and we expect this to result in significantly lower district heat usage there in the future.

Environmental aspects

Konecranes' two business areas have quite different types of environmental aspects. For Business Area Service, the most important environmental aspects are fuel consumption and vehicle emissions; while for Business Area Equipment, energy usage, waste handling, and chemical storage and usage are the most important. Environmental indicators related to key environmental issues are reported in the Environmental Data Table below.

Environmental data reporting has been revisited, and the coverage of reporting and how figures are calculated have been significantly changed. In terms of energy consumption, we will now start reporting the energy usage of our production facilities in Business Area Equipment, in addition to fuel consumption in Business Area Service. We believe that energy usage and waste generation at our production facilities is a much more material topic for us than a globally scaled estimate including all small rented service office locations.

Water-related questions have become more and more prominent in sustainability assessments in recent years. Although Konecranes' manufacturing processes do not consume significant quantities of water, we have started tracking our water consumption and are now reporting our water consumption for the first time. The total volume of water used in our production facilities was 160,100 m^3 in 2013.

Smarter offering

Usability, eco-efficiency, and safety are the guiding principles in the lifecycle of

Environmental data 2013

Energy consumption and emissions		**2013**	**2012**	**2011**
Total emissions / sales	tCO_2e /M€	28	28	32
Total energy consumption / sales	MWh / M€	82	80	95
Scope 1, energy consumption and direct emissions	Fuel consumption, MWh	96,100	91,200	88,500
	Natural gas consumption, MWh	18,800	21,400	27,600
	Direct emissions, tCO_2e	28,900	28,500	28,700
Scope 2, energy consumption and indirect emissions	Electricity consumption, MWh	41,600	41,500	41,400
	District heat consumption, MWh	16,000	19,600	21,900
	Indirect emissions, tCO_2e	20,900	21,100	20,900
Scope 3, other indirect emissions	Business travel, tCO_2e	9,000	11,100	11,100
Waste (tons)				
Metal scrap 1)		8,500	10,000	9,700
Cardboard, paper and wood 1)		1,600	1,700	1,300
Hazardous and electronic and electrical waste 2)		550	450	550
Mixed waste 3)		2,700	2,900	2,650

Environmental data reporting coverage and calculation have been changed. Instead of calculating our global reporting footprint, we now report figures for our manufacturing locations, except fuel consumption, which also includes the service vehicle fleet.
1) Waste streams go for recycling
2) Waste stream handling split into recycling, incineration and other adequate treatments depending on location
3) Waste stream handling split into recycling, incineration, composting and landfill depending on location

Konecranes' lifting equipment and service offering. We are proud of the eco-efficiency and safety features of our overall offering, and of the user experience, both tangible and intangible, that we are able to give customers. Numerous advanced features have been part of our offering for years.

2013 was an active year in terms of product launches enhancing environmental efficiency and safety. New products launched during the year included a hybrid reach stacker, a new Auto Start-Stop function, remote monitoring for lift trucks, and an automated RTG system.

Konecranes introduced the world's first hybrid reach stacker for container handling. With a lifting capacity of 45 tons, this features a hybrid diesel/electric driveline, an electrified hydraulic lifting system, and supercapacitor-based energy storage. These innovations cut fuel consumption and emissions, while offering improved performance in terms of acceleration and lifting response to driver commands. The new hybrid reach stacker offers customers substantial cost and environmental benefits. Estimated fuel consumption is around 10 liters/hour during normal handling of fully loaded containers, significantly less than that of conventional reach stackers.

The new Auto Start-Stop feature for lift trucks turns off the engine whenever a unit is idle for a specified period of time and restarts it automatically when needed. The benefit here is very clear-cut: when an engine is not running, fuel consumption is zero. The Auto Start-Stop system recognizes the difference between a temporary stop and the end of a job, and it will not restart the engine if the driver's seatbelt is undone, if the cabin door is open, or if engine stoppage time has exceeded a pre-set time-out value. The Auto Start-Stop feature is designed to reduce fuel consumption and CO_2 emissions significantly, and will typically save 5–15% in fuel consumption, depending on operating conditions. It also reduces noise levels and driver fatigue, and extends engine service intervals based on running hours.

TRUCONNECT for lift trucks monitors the actual usage of machines through a remote connection and provides an online window to monitor efficiency and productivity. Condition monitoring units in trucks collect operating data and transmit it wirelessly to Konecranes' Remote Data Center. The online views and reports provided to customers contain information that helps improve fleet efficiency, productivity, and safety: total fuel consumption; average fuel consumption when a truck is running laden, empty or idling; average fuel consumption per load; top and average speed; load spectrum; travelling distance; and other parameters.

The new automated RTG (ARTG) system for the container handling industry provides RTG terminal operators with all the benefits of automation: operational cost savings, greater productivity, increased predictability, and better safety. The Konecranes ARTG system is built around Konecranes' market-leading 16-wheel RTG, which has a unique ability to tolerate rough yard surfaces. The system includes a complete package of truck guidance infrastructure, a Remote Operating Station with a specially developed Graphical User Interface (GUI), and an IT system that interfaces with the customer's Terminal Operating System (TOS).

In addition to new product launches, 2013 was also successful for Konecranes in terms of the recognition it received for the design of its products. In the spring, Konecranes received the Red Dot Award: Product Design 2013 for its multi-branded electric chain hoist series launched in 2012. The Red Dot Award is an international design award created by Design Zentrum Nordrhein-Westfalen in Germany. The technology platform underpinning these new chain hoists is modular and scalable, according to market needs and business targets, and includes identities for the Konecranes brand and the Group's Verlinde, SWF Krantechnik, R&M, and STAHL CraneSystems power brands.

Fair play

As we are a part of a complex business ecosystem, we want to ensure that we act as transparently as possible and are fully accountable.

Our Code of Conduct is publicly available on the Konecranes website, and we also offer personnel and other stakeholders a confidential e-mail channel (compliance@konecranes.com) for reporting misconduct. We take all reports of misconduct received through this and other channels seriously and initiate a prompt response wherever misconduct is found.

The rollout of online training covering Konecranes' Code of Conduct continued and the completion rate was approximately 90% as of the end of 2013. Online training reviews the various aspects of the Code of Conduct and includes test questions that users must pass to complete the program. Online training is mandatory for all Konecranes employees. An online invitation to take part in the program is sent out to personnel who have recently joined Konecranes every six months. Other work on improving people's awareness of the Code of Conduct is also continuing. Using the anonymous information generated by the online training database, we can target further campaigns addressing specific gaps or risks related to the areas covered by the Code.

We pay special attention to cooperation with our suppliers. Beginning in 2013, our aim is to ensure that our top 250 suppliers have safety, environment, and quality management systems in place by the end of 2015. We are actively tracking progress towards this target and have organized a number of internal training courses for personnel responsible for supplier relationships

Konecranes understands that different customers and industries have different requirements, and aims to develop strong, long-term customer relationships. Our existing customer partnerships, together with our service contract base, offer us an excellent foundation for growth, by expanding cooperation and selling additional services.

Please contact corporate-responsibility@konecranes.com on corporate responsibility matters.

GRI content index

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EN8	Total water withdrawal by source	30	Partly covered
EN16	Total direct and indirect greenhouse gas emissions by weight	30	
EN17	Other relevant indirect greenhouse gas emissions by weight	30	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved (additional)	30	Partly covered
EN22	Total weight of waste by type and disposal method	30	
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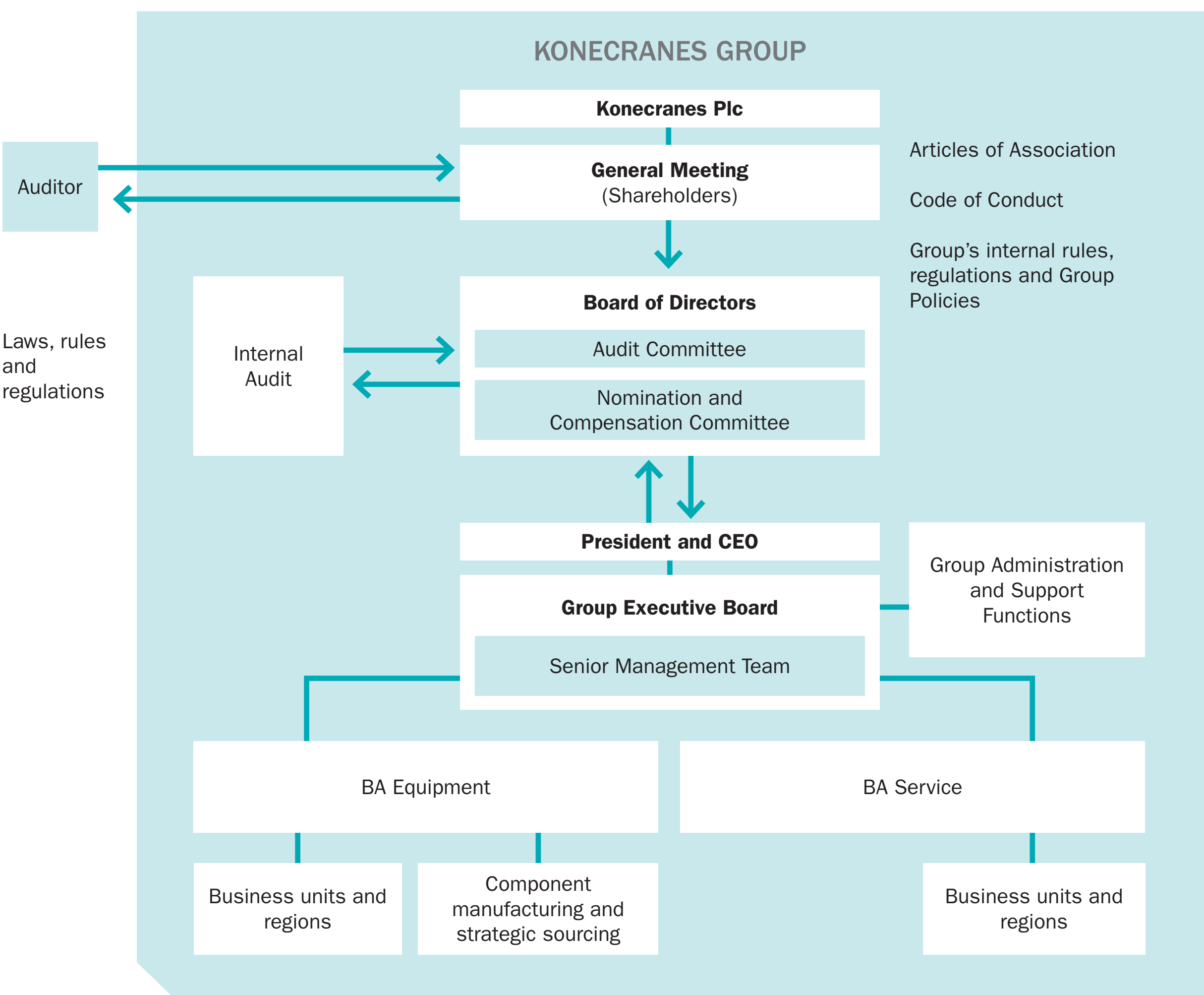
Corporate governance

Konecranes Plc (Konecranes, Company) is a Finnish public limited liability company, which complies with the Finnish Companies and Securities Market Acts, the rules of NASDAQ OMX Helsinki, and other regulations concerning public companies, as well as Konecranes' Articles of Association, in its decision-making and administration.

Konecranes complies with the Finnish Corporate Governance Code 2010 that came into force on October 1, 2010 and was approved by the Board of the Securities Market Association. The Code can be found at www.cgfinland.fi. Konecranes complies with all the recommendations of the Code with no exceptions. Konecranes has issued a Corporate Governance Statement based on Recommendation 54 of the Code and a Remuneration Statement based on Recommendation 47. See www.konecranes.com > Investors > Corporate Governance for details.

Corporate governance structure of the Konecranes Group in 2013



General meeting

The General Meeting of Shareholders is the Company's highest decision-making body, through which shareholders exercise their decision-making power and right of supervision and control over the Company's business.

An Annual General Meeting (AGM) must be held within six months after the end of a financial year. An Extraordinary General Meeting (EGM) must be held if shareholders with at least 10 percent of shares so demand in writing to consider a specific issue.

Matters to be discussed at the AGM are defined in Article 10 of Konecranes' Articles of Association and in Chapter 5, Paragraph 3 of the Companies Act. These matters include the adoption of the financial statements, the distribution of profits, discharging Board members and the Managing Director from personal liability, the election of Board members and auditors, and the fees payable to them. Konecranes' Articles of Association can be consulted at the Company's website at www.konecranes.com > Investors > Corporate Governance.

Information on General Meetings for shareholders

The Board of Directors (Board) shall convene an AGM or EGM by publishing a notice on the Company's website or in one or more national newspapers or by sending a written notice to shareholders by mail no more than three (3) months and no less than three (3) weeks before a meeting. The notice shall include the proposed agenda.

The Company shall disclose on its website the date by which shareholders shall notify the Board of Directors of any issue that they wish included in the agenda.

The Company will publish the decisions made at General Meetings as stock exchange releases and on the Company's website without delay after meetings. The minutes of the General Meeting, including those appendices of the minutes that are part of decisions made by the meeting, will be posted on the Company's website within two weeks of a General Meeting.

Attendance of shareholders

Holders of nominee-registered shares are advised to request their custodian bank to provide them with instructions regarding registration in the Company's shareholders' register, the issuing of proxy documents, and registration for the General Meeting well in advance of a meeting. Custodian banks' account management organization will register a holder of nominee-registered shares wishing to participate in the General Meeting to be temporarily entered in the Company's shareholders' register. In order to be entitled to attend an AGM or EGM, a shareholder must be registered as a shareholder in the Company's shareholders' register maintained by Euroclear Finland Ltd. on the record day for the meeting. A shareholder whose shares are registered in his/her personal Finnish book-entry account is registered in the Company's shareholders' register. Changes in shareholdings that occur after the record date of a General Meeting do not affect a shareholder's right to participate in a General Meeting or a shareholder's number of votes.

A registered shareholder wishing to participate in a General Meeting must notify the Company of his/her intention in the order and during the period prescribed in the Notice of the Shareholders' Meeting. A notification by a holder of nominee-registered shares for temporary inclusion in the Company's shareholders' register is understood as prior notice of participation in a General Meeting.

Proxy representative and powers of attorney

A shareholder may participate in a General Meeting in person or through proxy representation. A proxy representative shall produce a dated proxy document or otherwise demonstrate in a reliable manner his/her right to represent the shareholder at a meeting. When a shareholder participates in a General Meeting through several proxy representatives representing the shareholder's shares held in different securities accounts, the shares by which each proxy representative represents the shareholder shall be identified during registration.

Shareholders are requested to inform the Company of any proxies for a General Meeting when they notify their participation. A shareholder and his/her representative may bring an assistant to a meeting.

Shareholder's right to ask questions and make proposals for resolutions

Every shareholder at a General Meeting has the right to ask questions related to an item on the agenda. A shareholder may send his or her question to be submitted to the meeting to the Company in advance. A shareholder also has the right to table draft resolutions at a meeting in matters that fall within the competence of the General Meeting and that are on the agenda.

Attendance of Board members, the Managing Director, and Auditors at a General Meeting

The President and CEO, holding the position of Managing Director under the Companies Act, the Chairman of the Board, and a sufficient number of directors shall attend General Meetings. In addition, the Company's Auditor shall be present at Annual General Meetings.

A person proposed as a director for the first time shall participate in the General Meeting that decides on his/her election unless there is good reason for not attending.

The Annual General Meeting for 2013 was held on March 21, 2013 in Hyvinkää, Finland. A total of 371 shareholders representing approximately 44.3 percent of votes participated either in person or by proxy.

Documents relating to General Meetings

The Notice of a General Meeting, the documents to be submitted, and draft resolutions will be available on the Company's website at least three weeks before the meeting.

Board of directors

Charter of the Board of Directors

The Company's Board of Directors has approved a written Charter governing its work. This supplements the provisions of the Finnish Companies Act and the Company's Articles of Association. Information in the Charter is intended to enable shareholders to evaluate the operation of the Board. The Charter can be consulted on the Company's website at www.konecranes.com > Investors > Corporate Governance.

Responsibilities

The Board is responsible for the administration and proper organization of the Company's operations. The Board is vested with powers and duties to manage and supervise the Company's administration and operations as set forth in the Companies Act, the Articles of Association, and other applicable Finnish laws and regulations. The Company aims to comply with all applicable rules and regulations affecting the Company or its affiliates (Group Companies) outside Finland, provided that such compliance does not constitute a violation of Finnish law.

The Board has a general obligation to pursue the best interests of the Company and all its shareholders, and is accountable to the Company's shareholders. Board members shall act in good faith and with due care, exercising their business judgment on an informed basis in what they believe to be the best interests of the Company and its shareholder community as a whole.

The Board shall decide on the business strategy of the Company, the appointment and dismissal of the President and CEO, the deputy to the President and CEO, and other senior management, Group structure, acquisitions and divestments, financial matters, and investments. It shall also continuously review and monitor the operations and performance of Group Companies, risk management, and the Company's compliance with applicable laws, as well as any other issues determined by the Board. The Board shall keep itself informed of issues and business activities of major strategic importance to the Company on an ongoing basis.

The Board shall appoint a secretary to be present at all Board meetings.

Election and term of office

The AGM elects the Company's Board of Directors for a term of one (1) year. According to the Articles of Association, the Board shall have a minimum of five (5) and a maximum of eight (8) members. The Board elects a Chairman from among its members. There is no provision in the Articles of Association to appoint Board members according to a specific order.

Candidate Board members will be announced in invitations to General Meetings, provided that the proposal has been made by the Nomination and Compensation Committee, or if the candidate is supported by at least 10 percent of the total votes of all Company shares and the candidate has given his/her consent. Any candidates proposed after the invitation has been sent out shall be announced separately. The Company will publish the biographical details of candidates on the Company's website.

In 2013, the Board of Directors consisted of eight (8) members:

- Mr. Svante Adde
- Mr. Stig Gustavson (Chairman)
- Mr. Tapani Järvinen
- Mr. Matti Kavetvuo
- Ms. Nina Kopola
- Mr. Bertel Langenskiöld
- Ms. Malin Persson
- Mr. Mikael Silvennoinen

Biographical details of the Board of Directors are presented on pages 50–51 and can also be found at www.konecranes.com > Investors > Corporate Governance.

Independence of the Board of Directors

Under the Finnish Corporate Governance Code 2010, the majority of directors shall be independent of the Company. In addition, at least two directors of this majority shall be independent of the Company's major shareholders. The Board shall evaluate the independence of directors and report which directors it determines to be independent of the Company and which directors it determines to be independent of major shareholders.

All other members elected to Konecranes' Board of Directors, except Mr. Stig Gustavson, are deemed independent of the Company. Mr. Gustavson is deemed dependent on the Company based on the Board's overall evaluation relating to his former and current positions in Konecranes, combined with his substantial voting rights in the Company.

All other Board members are independent of the Company's major shareholders except Mr. Bertel Langenskiöld, who is deemed to be dependent on major Company shareholders based on his current position as the Managing Director of Hartwall Capital Oy Ab. HTT KCR Holding Oy Ab holds more than 10 percent of Konecranes Plc's shares and votes, and is a subsidiary of Hartwall Capital Oy Ab.

More detailed criteria for independence are listed in Recommendation 15 of the Finnish Corporate Governance Code 2010, which can be consulted online at www.cgfinland.fi.

Meeting procedure and self-assessment

In addition to the Board and its secretary, the Company's President and CEO and CFO shall attend Board meetings. The agenda of Board meetings and background material will be delivered to Board members prior to meetings. The Board shall meet as often as necessary to properly discharge its responsibilities. There shall be approximately eight regular meetings a year; the Board may convene whenever necessary in addition to these meetings.

The Board convened nine (9) times during the 2013 financial year. The attendance of members at meetings is shown in the table on Board Meetings 2013 below.

The Board and its Committees shall conduct an annual performance evaluation to determine whether the Board and its Committees are functioning effectively. The Board shall establish the criteria to be used in these evaluations, which will be conducted as internal self-evaluations. The performance review shall be discussed with the entire Board after the end of each fiscal year.

Board committees

The Board is assisted by the Audit Committee and the Nomination and Compensation Committee. Both committees were first formed in 2004.

Audit Committee

The Board shall appoint the members and the Chairman of the Audit Committee from among its members. The Audit Committee shall have at least three (3) non-executive Board members that are independent of and not affiliated with the Company. At least one member must be independent of major shareholders.

The Audit Committee assists the Board in its responsibilities relating to the appropriate arrangement of the control of Company accounts and finances pursuant to the Companies Act. The tasks and responsibilities of the Committee are defined in its Charter, which is based on a Board resolution. The Charter of the Audit Committee can be consulted on the Company's website at www.konecranes.com > Investors > Corporate Governance.

Under its charter, the Audit Committee shall meet at least four (4) times a year. The Chairman shall present a report on each Audit Committee meeting to the Board.

As of March 21, 2013, the Board's Audit Committee comprised the following four (4) members:

- Mr. Svante Adde (Chairman),
- Mr. Tapani Järvinen (member),
- Ms. Malin Persson (member),
- Mr. Mikael Silvennoinen (member).

Board meetings in 2013

	Board Meetings		Audit Committee Meetings		Nomination and Compensation Committee Meetings	
Member	**Attendance**	**Percentage**	**Attendance**	**Percentage**	**Attendance**	**Percentage**
Stig Gustavson	9/9	100%	-	-	2/2	100%
Svante Adde	9/9	100%	4/4	100%	-	-
Tapani Järvinen	9/9	100%	4/4	100%	-	-
Matti Kavetvuo	9/9	100%	-	-	2/2	100%
Nina Kopola	9/9	100%	-	-	2/2	100%
Bertel Langenskiöld	9/9	100%	-	-	2/2	100%
Malin Persson	9/9	100%	4/4	100%	-	-
Mikael Silvennoinen	9/9	100%	3/4	75%	-	-

The average attendance of members at Board meetings was 100 percent.

All the members of the Audit Committee are deemed to be independent of the Company and its significant shareholders. All members have sufficient corporate management expertise. In addition, Mr. Svante Adde and Mr. Mikael Silvennoinen have a degree in business administration and/or economics.

The Audit Committee convened four (4) times in 2013, and the average attendance of members at meetings was 94 percent. Attendance is shown in the table on Board meetings on page 37.

Nomination and Compensation Committee

The Board shall appoint the members and the Chairman of the Nomination and Compensation Committee from among its members. The Nomination and Compensation Committee shall have 3–4 non-executive Board members, the majority of whom shall be independent of the Company.

The Committee shall prepare matters related to things such as the appointment of the members of the Board of Directors, the President and CEO and other senior management, evaluate the President and CEO's performance and remuneration, and make recommendations on the Company's incentive compensation plans. The Committee's tasks and responsibilities are defined in its Charter, which is based on a Board resolution. The Charter of the Nomination and Compensation Committee can be consulted on the Company's website at www.konecranes.com > Investors > Corporate Governance.

The Nomination and Compensation Committee shall meet at least once a year. The Chairman shall present a report on each Nomination and Compensation Committee meeting to the Board.

As of March 21, 2013, the Board's Nomination and Compensation Committee comprised the following four (4) members:

- Mr. Bertel Langenskiöld (Chairman),
- Mr. Stig Gustavson (member),
- Mr. Matti Kavetvuo (member),
- Ms. Nina Kopola (member).

Mr. Stig Gustavson is deemed to be dependent on the Company, while all other members are independent of the Company. All other members are deemed independent of the Company's major shareholders, except Mr. Bertel Langenskiöld.

The Nomination and Compensation Committee convened twice (2) in 2013, and the average attendance of members at meetings was 100 percent. Attendance is shown in the table on Board meetings on page 37.

Remuneration paid to the Board of Directors

The remuneration paid to Board members is resolved by the Annual General Meeting. More information on the Board's remuneration can be found on page 40 under Remuneration of the Board of Directors.

President and CEO

Konecranes' President and CEO holds the position of Managing Director under the Companies Act. The Board decides on the appointment and dismissal of the President and CEO. The President and CEO may be a member of the Board of Directors, but may not act as its Chairman. The current President and CEO, Mr. Pekka Lundmark, is not a member of the Board of Directors.

Responsibilities

Under the Companies Act, the President and CEO is responsible for the day-to-day management of the Company in accordance with instructions and orders given by the Board. The President and CEO may only undertake actions which, considering the scope and nature of the Company's operations, are unusual or extensive with the authorization of the Board. The President and CEO shall ensure that the Company's accounting practices comply with the law and that its financial affairs have been arranged in a reliable manner. The President and CEO is also responsible for preparing matters presented to the Board and for the Company's strategic planning, finance, financial planning, reporting, and risk management.

President and CEO's contract of employment

The terms and conditions of the President and CEO's contract of employment are specified in writing in a document approved by the Board.

The President and CEO's contract of employment may be terminated with six months' notice at any time by either the President and CEO or the Company. In the event that the Company terminates the contract without due cause, the Company shall pay the President and CEO compensation corresponding to 18 months' salary and fringe benefits, in addition to the salary for the notice period. When the President and CEO reaches the age of 63 years, both he and the Company may request his retirement. The President and CEO participates in an additional defined contribution plan with an annual payment set at 18.6 per cent of his annual salary excluding performance-based compensation (annual or long-term incentives).

Group Management

Konecranes has a two-tier operative management structure consisting of the Group Executive Board (GXB) and the Senior Management Team (SMT). The latter replaced the Extended Management Team (EMT) as of February 1, 2013.

Group Executive Board

The Group Executive Board consists of the following members:

- Mr. Pekka Lundmark, President and CEO (Chairman of Group Executive Board)
- Mr. Hannu Rusanen, Executive Vice President and Head of Business Area Equipment
- Mr. Fabio Fiorino, Executive Vice President and Head of Business Area Service, Chief Customer Officer; as of June 1, 2013 acting Head of Region APAC (Asia-Pacific)

- Mr. Mikko Uhari, Executive Vice President, Strategy and Technology
- Mr. Teo Ottola, Chief Financial Officer
- Mr. Antti Koskelin, Chief Information Officer (GXB member as of January 1, 2013)
- Mr. Timo Leskinen, Senior Vice President, Human Resources (as of August 1, 2013)
- Mr. Ari Kiviniitty, acting Chief Technology Officer (GXB member until January 31, 2013).

The biographical details of Group Executive Board members can be found on pages 52–53.

The Group Executive Board assists the President and CEO, but has no official statutory position based on legislation or the Articles of Association. In practice, however, it plays a significant role in the Company's management system, strategy preparation, and decision-making.

Senior Management Team

In addition to Group Executive Board members, the members of the Senior Management Team include the Heads of Konecranes Regions; the Equipment Business Unit Heads and Heads of Business Lines Industrial Crane Products and Industrial Crane Solutions; the Heads of Customer and Service Technology, Business Unit Parts, Product Management & Engineering; the Vice President, General Counsel; the Vice President, Marketing & Communications; the Director, Investor Relations; the Director, Business Analysis and Support; and the Chief Supply Chain Officer.

The Senior Management Team consists of the following members:

- Mr. Pekka Lundmark, President and CEO
- Mr. Hannu Rusanen, Executive Vice President and Head of Business Area Equipment
- Mr. Fabio Fiorino, Executive Vice President and Head of Business Area Service, Chief Customer Officer; as of June 1, 2013 acting Head of Region APAC (Asia-Pacific)
- Mr. Mikko Uhari, Executive Vice President, Strategy and Technology
- Mr. Teo Ottola, Chief Financial Officer
- Mr. Antti Koskelin, Chief Information Officer
- Mr. Timo Leskinen, Senior Vice President, Human Resources (as of August 1, 2013)
- Mr. Ari Kiviniitty, Senior Vice President, Head of Product Management and Engineering (as of February 1, 2013)
- Mr. Pekka Lettijeff, Chief Supply Chain Officer, Head of Supply Chain Management (until August 31, 2013)
- Mr. Ilkka Ylänen, Chief Supply Chain Officer, Head of Supply Chain Management (as of September 1, 2013)
- Mr. Aku Lehtinen, Senior Vice President and Head of Region IMEA (India, Middle East and Africa)
- Mr. Tomas Myntti, Senior Vice President and Head of Region EUR (Europe)
- Mr. Tom Sothard, Senior Vice President and Head of Region Americas
- Mr. Ryan Flynn, Senior Vice President and Head of Region Asia-Pacific (until May 31, 2013)
- Ms. Sirpa Poitsalo, Vice President, General Counsel
- Ms. Jaana Rinne, Vice President, Human Resources (until April 30, 2013)
- Mr. Mikael Wegmüller, Vice President, Marketing and Communications
- Mr. Marko Äkräs, Vice President, Head of Customer and Service Technology, Deputy Head of Business Area Service
- Mr. Miikka Kinnunen, Director, Investor Relations (as of February 1, 2013)
- Mr. Tapani Tilus, Vice President, Head of Light Lifting (as of February 1, 2013)
- Mr. Kari Utriainen, Vice President, Head of Business Unit Alfa (as of February 1, 2013)
- Mr. Mika Mahlberg, Vice President, Head of Business Unit Port Cranes (as of February 1, 2013)
- Mr. Lars Fredin, Vice President, Head of Business Unit Lift Trucks (as of February 1, 2013)
- Mr. Jukka Paasonen, Vice President, Head of Industrial Crane Products (as of February 1, 2013)
- Mr. Marko Tulokas, Vice President, Head of Industrial Crane Solutions (as of February 1, 2013)
- Mr. Juha Pankakoski, Vice President, Head of Business Unit Parts (as of February 1, 2013)
- Mr. Topi Tiitola, Director Business Analysis and Support (as of November 1, 2013).

The biographical details of Senior Management Team members can be found on pages 54–55.

The Senior Management Team focuses on a systematic review of the progress of strategy implementation.

Business Areas' operations are interlinked and synergy-driven. Business Area Executive Vice Presidents are responsible for the day-to-day management of their Business Areas, which are ultimately responsible for the Group's financial performance.

Regional Senior Vice Presidents are responsible for managing the Group's activities in geographical areas. The Regional organization brings together Business Areas to form a uniform customer interface for the Group, with the primary goal of maximizing the Group's position within each Region. Regional Senior Vice Presidents have line responsibility for equipment sales and service, within the guidelines given by Business Areas. Additionally, they are responsible for coordinating and providing administrative services for operations not directly reporting to them, such as manufacturing.

Group Staff forms a common resource for handling matters of importance for the entire Group.

Meeting Practices

The GXB convenes as frequently as necessary, normally on a monthly basis. The SMT convenes regularly twice a year. In addition, Group-level results are reviewed monthly under the chairmanship of the President and CEO. Business Areas and Regions have their own management teams that convene on a regular basis.

Remuneration

Principles applied to remuneration schemes

All Konecranes remuneration schemes are designed to promote high performance and emphasize focus and commitment to business targets. Remuneration schemes promote competitiveness and the long-term financial success of the Company and contribute to the favorable development of shareholder value.

The objective is that all Konecranes employees should have a variable component based on their performance as part of their overall remuneration. The size of this variable component varies according to a person's position in the organization. Typically, these variable components are based on the financial results of the Group and/or the unit in question and personal achievements. Remuneration schemes are drawn up in writing and numerical evaluation is used whenever possible.

All remuneration schemes are designed to meet both global and local needs, and may differ between locations as a result.

Decision-making process

The Annual General Meeting adopts resolutions and decides the remuneration of the Board of Directors and the Board's Committees annually. The Nomination and Compensation Committee reviews the President and CEO's performance. Based on the review and other relevant facts, the Board determines the total remuneration package of the President and CEO.

The Nomination and Compensation Committee also evaluates and prepares for Board decision the remuneration packages of Group Executive Board members who report directly to the President and CEO. The remuneration packages for other Senior Management Team members are decided on by the President and CEO.

All Konecranes remuneration issues are decided by the 'one above' principle, i.e. a manager's superior must always confirm the remuneration of an employee.

Fees payable to the Board of Directors

EUR	Annual fee in 2013
Chairman of the Board	105,000.00
Vice Chairman	67,000.00
Board member	42,000.00
Fee per Board Committee meeting	1,500.00
Chairman of the Audit Committee per AC meeting	3,000.00

Board members are also reimbursed for their travel expenses.

Total compensation paid to the Board of Directors in 2013

	Cash, EUR	Shares, EUR	Shares, #	Committee meetings, EUR	TOTAL, EUR
Gustavson Stig, Chairman of the Board	52,523.22	52,476.78	1,873	3,000	108,000.00
Adde Svante, Board member	21,014.89	20,985.11	749	12,000	54,000.00
Järvinen Tapani, Board member	21,014.89	20,985.11	749	6,000	48,000.00
Kavetvuo Matti, Board member	21,014.89	20,985.11	749	3,000	45,000.00
Kopola Nina, Board member	21,014.89	20,985.11	749	3,000	45,000.00
Langenskiöld Bertel, Board member	21,014.89	20,985.11	749	3,000	45,000.00
Persson Malin, Board member	21,014.89	20,985.11	749	6,000	48,000.00
Silvennoinen Mikael, Board member	21,014.89	20,985.11	749	4,500	46,500.00
TOTAL	**199,627.45**	**199,372.55**	**7,116**	**40,500**	**439,500.00**

Remuneration of the Board of Directors

The remuneration of Board members is resolved by the AGM. Remuneration payable to Board members as confirmed by the latest AGM is shown in the table on page 40.

50 percent of annual remuneration is paid in Konecranes shares purchased on the market on behalf of Board members. Remuneration may also be paid by transferring treasury shares based on the authorization given to the Board of Directors by the General Meeting. In the event that payment in shares cannot be carried out due to reasons related to either the Company or a Board member, annual remuneration shall be paid entirely in cash.

Remuneration of the President and CEO

The Nomination and Compensation Committee reviews the President and CEO's performance. Based on this review and other relevant facts, the Board determines the total compensation package paid to the President and CEO.

The compensation package includes base salary, fringe benefits, a pension scheme, a performance-related annual variable pay, and a long-term performance-related share plan. The President and CEO's variable pay is based on Group profitability and growth, and the maximum bonus is 60 percent of the President and CEO's annual base salary. Additionally, the Board of Directors can, but is not required to, set certain strategic targets that can trigger an additional incentive, which can be a maximum of 50 percent of the President and CEO's annual base salary.

The pension scheme for the President and CEO sets his retirement age at 63 and the defined contribution at 18.6% of his annual salary, excluding performance-based compensation (annual or long-term incentives).

The annual salary and benefits paid to the President and CEO in 2013 and 2012 are shown in the table below.

Compensation paid to the President and CEO

Salary, bonus and other benefits	2013	2012
1. Salary and benefits	506,036 EUR	468,196 EUR
2. Benefits abroad	150,005 EUR	85,407 EUR
3. Annual variable pay	120,000 EUR	262,800 EUR
4. Option rights owned (# of options 31 Dec.)	80,000	80,000
5. Share rights allocated (PSP)	67,200	48,000
6. Shareholding in Konecranes Plc (# of shares 31 Dec.)	225,520	263,749
7. Retirement age	63 years	63 years
8. Target pension level	Defined contribution plan	Defined contribution plan
9. Period of notice	6 months	6 months
10. Severance payment (in addition to notice period compensation)	18 months salary and fringe benefits	18 months salary and fringe benefits

As part of his temporary relocation to Singapore, the President and CEO's monthly base salary was amended to EUR 40,000 a month as of August 1, 2012. In addition to his monthly salary, he has standard work-related benefits (e.g. mobile phone) and is compensated for his housing and travelling expenses.

At the end of 2013 Konecranes had a loan receivable of EUR 225,336.14 from President and CEO Pekka Lundmark with an interest rate of 12 month euribor + 1 percentage point. The interest rate is adjusted annually on November 5 or the next banking day. The loan relates to a tax payment resulting from the incentive scheme directed to the President and CEO in 2006. There is a tax appeal pending against the imposed payment and the loan is effective until the appeal process is concluded.

Remuneration of Group Management (Group Executive Board)

The Nomination and Compensation Committee evaluates and prepares for Board decision the remuneration packages of Group Executive Board members who report directly to the President and CEO. The remuneration packages for other Senior Management Team members are confirmed by the Presi-

Remuneration paid to management

Group Executive Board, excluding the President and CEO	2013
1. Salary and benefits	1,283,773.08 EUR
2. Annual variable pay	246,130.80 EUR
3. Option rights owned (# of options 31 Dec.)	141,500
4. Share rights allocated (PSP)	163,200
5. Shareholding in Konecranes Plc (# of shares 31 Dec.)	170,786

dent and CEO. Compensation packages normally include basic salary, fringe benefits (typically use of a company car and mobile phone), contribution-based pension schemes, annual performance-related incentive schemes and a long-term performance-related share plan.

Incentive schemes are always based on written contracts. Incentive criteria vary, but are usually based on the Group's five Key Performance Areas: Safety, Customer, People, Growth, and Profitability. Annual variable pay is related to an individual's performance, to the Group's performance and the performance of the unit that he/she belongs to. Numerical performance criteria are used rather than personal assessments, whenever possible. The annual variable pay percentage is based on an individual's responsibilities and is a maximum of 50 percent of his or her annual base salary.

The Finnish members of the Group Executive Board (GXB) participate in a defined contribution-based group pension insurance scheme, which can be withdrawn from the age of 60. However, the retirement age is set according to the Finnish Employees Pensions Act (TyEL). Finnish GXB members have life insurance and disability insurance cover. Non-Finnish members of the GXB participate in a defined contribution pension plan and have local insurance cover.

There were no loans issued by the Company to the Group Executive Board (excluding the President and CEO) as of the end of December 2013.

Performance Share Plan, 2012–2016

As of the beginning of 2012, Konecranes launched a new long-term incentive plan for key employees and discontinued the use of stock option plans.

The purpose of the Performance Share Plan (PSP) is to motivate key personnel to contribute to the long-term success of the Company and to create shareholder value. It is also intended to create a joint sense of common ownership among managers, which is seen as valuable for a company like Konecranes with operations covering many countries, cultures, and customer industries.

The Board decides on the allocation of shares annually through a proposal made by the President and CEO. In allocating shares to the President and CEO, the Board acts independently.

Discretionary period, 2012–2014

The 2012 Plan has one criterion for performance during fiscal 2012 and one for 2012–2014. Earned shares will be paid out in the first quarter of 2015. Under the 2012–2014 Plan, if the maximum performance level is achieved according to both criteria, the President and CEO will be eligible for 48,000 shares and the Extended Management Team (EMT) of 2012 for a total of 240,000 shares (the maximums are gross numbers).

Discretionary period, 2013–2015

The 2013 Plan has one criterion: cumulative EPS 2013–2015. Earned shares will be paid out in the first quarter of 2016. Under the 2013–2015 Plan, if the maximum performance level is achieved, the President and CEO will be eligible for 48,000 shares and the other members of the Group Executive Board (GXB) for a total of 120,000 shares (the maximums are gross numbers).

The members of the Group Executive Board, including the President and CEO, have an obligation to continue owning at least 50% of the shares they earn annually through the Performance Share Plan until they own Company shares with a value equal to their annual salary including benefits.

Stock Option Plans

In the past, the Company has issued stock option plans for key employees, including top and middle management, and employees in certain expert positions. All these plans were adopted by the relevant General Meetings. The Board has decided to discontinue the use of these plans until further notice.

Konecranes Plc's remaining outstanding stock option plans are Stock Options 2009A, 2009B, and 2009C.

The subscription periods for these plans are:

- Stock Options 2009A:
  1 April 2012 – 30 April 2014
- Stock Options 2009B:
  1 April 2013 – 30 April 2015
- Stock Options 2009C:
  1 April 2014 – 30 April 2016

The terms and conditions of Konecranes' stock option plans and the number of unsubscribed stock options, based on outstanding stock option plans and the number of employees concerned, can be consulted at the Company's website at www.konecranes.com > Investors > Share information > Stock option plans.

As of the end of 2013, approximately 180 employees were part of the Group's stock option plans. More information on stock options can be found in the Financial Statements.

Employee Share Savings Plan

Konecranes launched a new Employee Share Savings Plan on July 1, 2012 for all employees except those in countries where the Plan could not be offered for legal or administrative reasons. A new plan period started on July 1, 2013.

The Plan also covers top management and the President and CEO. Participation is voluntary for all concerned.

Plan period 2012–2013

Participants saved a monthly sum up to 5% of their gross salary, which was used to buy Konecranes shares from the market on behalf of participants. Savings were made from July 1, 2012 to June 30, 2013. If participants are still in possession of these shares on February 15, 2016, they will receive one matching share for every two initially purchased.

Plan period 2013–2014

The Plan allows participants to save a monthly sum up to 5% of their gross salary, which is used to buy Konecranes shares from the market on behalf of participants. Savings will be made from July 1, 2013 to June 30, 2014. If participants are still in possession of these shares on February 15, 2017, they will receive one matching share for every two initially purchased.

Insider administration

The Board has approved a set of Insider Rules for Konecranes based on the Finnish Securities Markets Act, standards issued by the Financial Supervision Authority, and the NASDAQ OMX Helsinki Guidelines for Insiders in force as of July 1, 2013.

Konecranes' Public Insider Register includes the members of the Board of Directors, the President and CEO, the Secretary to the Board, the Auditor, the members of the Senior Management Team, as well as other persons holding a comparable position in the Group, as decided by the Company. In addition, Konecranes' Company-Specific Permanent Insiders include persons defined by the Company, who regularly possess inside information due to their position in the Company.

Persons registered in the Public Insider Register and the Permanent Insider Register are not allowed to trade in Konecranes securities during a period commencing on the first day after the end of each calendar quarter and ending upon the publication of the Company's corresponding interim report or financial statement bulletin. Trading is also not allowed during the entire day on which results are announced. The Company maintains Project-Specific Insider Registers for all insider projects. People listed in these registers are prohibited from trading in Konecranes shares until termination of the project concerned.

The General Counsel maintains Konecranes' register of insider holdings and is responsible for monitoring compliance with insider guidelines and declaration requirements. The Company maintains its public insider register in Euroclear Finland Ltd.'s SIRE system.

The share and option holdings held by Konecranes' public insiders can be consulted using the NetSire register.

Audit

The main function of statutory auditing is to verify that Konecranes' financial statements represent a true and fair view of the Group's performance and financial position for the financial year, which is the calendar year. The Auditor reports to the Board's Audit Committee on a regular basis and is obliged to audit the validity of the Company's accounting and closing accounts for the financial year and to give the General Meeting an auditor's report. Konecranes' Auditors are elected by the AGM and hold office until further notice. The same auditor with principal responsibility may not serve for more than seven financial years. A proposal for the election of external auditors made by the Audit Committee shall be included in the invitation to the AGM. The Audit Committee strives to put the selection of the external auditor out to tender at regular intervals.

Ernst & Young Oy, Authorized Public Accountants, has been the Company's external auditor since 2006. Mr. Heikki Ilkka served as Principal Auditor in 2013. Ernst & Young Oy and its affiliated audit companies received EUR 1,727,000 in fees for auditing Konecranes Group companies in 2013 and fees of EUR 820,000 for non-audit services.

Konecranes' Board of Directors has defined and adopted a set of risk management principles based on widely accepted international good management practices. The Audit Committee evaluates and reports on the adequacy and appropriateness of internal controls and risk management to the Board.

Risk management, internal control, and internal auditing

Risk management principles

Risk is anything that will clearly affect Konecranes' ability to achieve its business objectives and execute its strategies. Risk management is part of Konecranes' control system and is designed to ensure that any risks related to the company's business operations are identified and managed adequately and appropriately to safeguard the continuity of Konecranes' business at all times.

The Group's risk management principles provide a basic framework for risk management across Konecranes, and each Group company or operating unit is responsible for its own risk management. This approach guarantees the best possible knowledge of local conditions, experience, and relevance.

The Group's risk management principles define risk management as a continuous and systematic activity aimed at protecting employees from personal injury, safeguarding the assets of all Group companies and the Group as a whole, and ensuring stable and profitable financial performance. By minimizing losses due to realized risks, and optimizing the cost of risk management, Konecranes can safeguard its overall long-term competitiveness.

Significant risks for Konecranes

Konecranes has assessed its strategic, operational, financial, and hazard risks. The list of risks below and the risk management methods described here are intended to be indicative only and should not be considered exhaustive.

Market risks

Demand for Konecranes' products and services is affected by the development of the local and global economy, regional and country-specific political issues, as well as the business cycles of Konecranes' customer

industries. Capital expenditure on industrial cranes varies with the development of industrial production and production capacity, while demand for port equipment follows trends in global transportation and, over the shorter term, port investment cycles. The lift truck cycle follows other product segments. Demand for maintenance services is driven by customers' capacity utilization rates. In addition to risks related to sales volumes, adverse changes in demand can also result in overcapacity and affect market prices, as can the actions of competitors.

Konecranes' aim is to increase the proportion of service revenue in its total revenue stream and thereby reduce its exposure to economic cycles. In general, the demand for service is less volatile than that for equipment.

As part of its strategy, Konecranes strives to maintain a wide geographical presence to balance out economic trends in different market areas. Konecranes also aims to limit the risks resulting from changes in demand in different customer segments and demand for certain products by maintaining a diverse customer base and offering a wide range of products and services. By active product development, Konecranes also strives to differentiate itself from its competitors and reduce the competitive pressures that it experiences.

In 2013, Konecranes continued controlled geographical expansion into long-term lucrative areas and maintained a broad industrial segment presence. Ongoing brand building continues to positively balance out possible brand-specific business risks. In the product development area, particular emphasis was placed on developing an offering matching market-specific needs to ensure that the Group offers an appropriate mix of products suitable for local markets.

Customer credit risks

Challenges with customer payments could adversely affect Konecranes' financial situation. To limit this risk, we apply a conservative credit policy in respect of our customers. It is Konecranes practice to review customers carefully before entering into a formal business relationship with them and to require credit reports from new customers. The credit risks of our customers are mitigated with advance payments, letters of credit, payment guarantees, and credit insurance where applicable. By using these tools and carefully monitoring customer payments, we have successfully been able to limit our credit risks.

During 2013, Konecranes enhanced its receivables collection process. Development projects improved our potential to make more systematic use of customer credit data.

Technology risks

Konecranes recognizes that there are various threats and opportunities related to the development of new products and services in its business. Active management of intellectual property rights is essential in the global marketplace.

Konecranes continuously monitors general market trends, technological developments, competitors' actions, customer behavior, and developments in various industry segments in order to identify signs of potential changes that could impact us.

Dedicated, process-driven product development operations have sustained Konecranes' leadership in offering advanced technologies, products, and services to lift its customers' businesses. Acquisitions can also be used to gain access to advanced technologies where appropriate. By working with outside research organizations and universities, we secure both access to and awareness of technological development important in our field of operations. Konecranes ensures that its innovations are protected by international patents wherever applicable, and protects its trademarks.

During 2013, Konecranes continued an internal project aimed at enhancing our offering for emerging markets. As a part of this effort, special emphasis was put on developing internal processes concerning intellectual property rights, reflecting our commitment to proactively protecting our rights in this area.

To secure our future market position, we continued to focus on developing solutions leveraging the benefits of the Industrial Internet. This will see the intelligence of our lifting devices increase further, as will that of our customer services offering based on intelligent data. This data also serves as an excellent source of information for future product development.

Conducting business in emerging and developing markets

Konecranes sells in many developing countries and has its own personnel and manufacturing and supplier networks in these areas. Sudden changes in the political environment, economic, or regulatory framework of these areas can have an adverse effect on Konecranes' business. By having our own presence in some of these countries, Konecranes gains direct information on changes affecting the local business environment. Additionally, Konecranes conducts careful evaluations of the political, social, and economic environment in specific countries to ensure that it is aware of developments there.

The risks related to emerging and developing markets are balanced by Konecranes' strong global presence and stable service operations in developed countries in Europe and North America.

Emerging countries represent a significant and ongoing market opportunity, as economic growth is expected to be faster there than the global average; and Konecranes will continue its efforts to expand its presence in these areas both through organic growth and acquisitions.

In 2013, the focus was mainly on continuing the development of existing operations. Training personnel in our risk management processes, including Konecranes' Code of Conduct, was also prioritized.

Personnel

Konecranes' ability to operate is dependent on the availability, expertise, and competence of professional personnel.

Konecranes is continuing to develop its employer brand, onboarding, recruiting, and resourcing practices to ensure that it has professional and engaged employees.

Economic uncertainty continued to be an issue in 2013 and also impacted Konecranes and its employees.

Despite uncertainty during the year, Konecranes continued to invest in training and developing its employees. Particular emphasis was given to increasing technical training and starting the development of sales personnel. Employee engagement remained at a high level.

Effective management has been central to developing employee satisfaction in recent years and 2013 was no different. The recognition given to people for good work has proved successful and helps keep employee satisfaction at a high level. Employees' perception of Konecranes' overall leadership culture is also very good. Fairness in rewarding and involving employees in decision-making continues to be a key priority.

Succession planning and talent management has been conducted to ensure that Konecranes has a solid pipeline of future leaders.

Acquisitions

Unsuccessful acquisitions or a failure to successfully integrate an acquired company could result in reduced profitability or hamper the implementation of corporate strategy. Konecranes reduces the risks associated with acquisitions by carrying out thorough due diligence analyses, using external advisors when needed.

The emphasis of acquisition process development work during 2013 focused on joint venture arrangements.

Production risks

Konecranes' strategy is to maintain in-house production of key components that have high added value and/or provide core competitive advantages. There are specific risks involved with different aspects of production, such as production capacity management, operational efficiency, continuity, and quality.

Efforts have continued to further develop production operations. Continuous replacement investments and enhanced maintenance of production equipment have been carried out. The capacity of acquired companies has become an integral part of the global production network on a phased basis. Risk management is an essential element of production strategy. The safety and security of key facilities continued to improve during 2013.

Material management and procurement risks

Material management and procurement operations require a proactive approach and development to avoid risks related to issues such as pricing, quality, capacity, availability, and inventory values. Inefficiencies in these areas could affect the performance of Konecranes adversely. Konecranes manages its purchases and the logistics of materials and components of substantial importance for its operations on a centralized basis. Contracts with key suppliers are designed to optimize these purchases globally.

During 2013, Konecranes continued to develop the quality and scope of supplier cooperation and its audit process. We have also continued to improve demand-supply monitoring, balancing, and forecasting to improve our ability to respond to customer needs rapidly. In addition, we are further developing our use of cloud-based solutions to provide a real-time communication flow between our supply base and manufacturing entities.

Quality risks

High-quality products, business procedures, processes, and services play a key role in minimizing Konecranes' business risks. Most companies in the Group and all major Group operations use certified quality procedures. Several existing quality certificates were updated and new ones received in 2013. Determined certification work is continuing in line with Konecranes' principles in this area.

During 2013, Konecranes continued developing both its local and global quality improvement processes. Lean Six Sigma training has been boosted to ensure continuous competence development to carry out systematic process and quality development, both locally and globally. Our product line-based factory acceptance test system has been further developed as part of continuous improvement. Supplier quality has been developed in the same way.

Supplier risks

Konecranes recognizes that price and continuity risks are associated with some of its key suppliers, as they could be difficult to replace. In the event of major production problems, this could undermine Konecranes' delivery capability. Quality risks and defects associated with subcontracted components are quality risks for Konecranes.

To reduce subcontracting risks, Konecranes constantly seeks competitive alternative suppliers while improving cooperation with existing suppliers. When available, alternative suppliers enhance price competition, increase production capacity, and reduce Konecranes' risks of single supplier dependency.

During 2013, Konecranes continued to focus on ensuring the quality of cooperation to generate mutual benefits with critical suppliers. Improving Konecranes' quality processes enhanced the links between supplier quality and our customers' quality experience.

IT risks

Konecranes IT is responsible for all IT services, applications, and assets used by Group companies. Konecranes' operations depend on the availability, reliability, quality, confidentiality, and integrity of information. Any and all information security risks and incidents may affect business performance adversely.

Konecranes uses reliable IT solutions and employs efficient information security management to avoid data loss and prevent the confidentiality, availability, or integrity of data from being compromised. User care and support is exercised with internal and outsourced IT services to ensure the high availability, resiliency, and continuity of services, and rapid recovery in the event of any temporary loss of key services.

During 2013, Konecranes continued implementing global IT applications, following the first pilots and business process harmonization work. Implementations of this type always include risks in terms of schedule, cost and content. Realization of schedule risk may lead to delays in business benefit realization. Content risk can be realized if a business model cannot be implemented as planned with selected applications. Delays in schedules and challenges with implementations may lead to higher total project costs.

Konecranes IT operated as a business support function in 2013, with a presence in roughly 20 countries.

Contract and product liability risks

Konecranes can be subject to various legal actions, claims, and other proceedings in various countries typical for a company in its industry and consistent with a global business that encompasses a wide range of products and services. These may involve contractual disputes, warranty claims, product liability (including design defects, manufacturing defects, failure to post appropriate warnings, and asbestos legacy), employment, auto liability, and other matters involving claims related to general liability. These risks are managed by continuously monitoring operations, improving product safety, training customers, and making use of detailed sales terms. Konecranes also issues written policies in some cases to ensure compliance with legislation, regulations, and Konecranes' own principles across the Konecranes Group. Particular emphasis is placed on training to ensure that employees are aware of and comply with the applicable legislation, regulations, and principles relating to their work. Konecranes' Legal Department retains outside experts to assist here when necessary.

Illegal activities

Konecranes aims to comply with all applicable laws and regulations, but breaches of the company's policies resulting in illegal activities can threaten the company. Konecranes considers the potential risks involved to be limited, however, although it recognizes that even small-scale illegal activity could damage its reputation and affect its financial condition and results adversely. Internal procedures, supervision, audits, and practical tools are used to reduce Konecranes' exposure to these types of risks.

During 2013, Konecranes continued improving and deploying tools and processes related to good governance and management practices. Thanks to a concentrated effort, the vast majority of employees completed training on Konecranes' Code of Conduct.

Damage risks

Damage risks include business interruption risks, occupational health and safety-related risks, environmental risks, fire and other disasters, natural events, and premises security risks. Konecranes identifies and assesses these risks continuously as part of its business processes. To mitigate these risks, we have adopted a number of occupational health and safety guidelines, certification principles, rescue planning, and premises security instructions. Konecranes has also sought to prepare for the materialization of these risks through various insurance programs and by continuously improving its preparedness to deal with various potential crisis situations.

During 2013, Konecranes continued harmonizing its global occupational safety requirements and instructions. Corporate minimum requirements of safety in electrical work, working at height, and using personal protective equipment were implemented further down in the organization and integrated into common safety training. Improving harmonization in these areas will continue over the next few years.

Financial risks

Konecranes manages most of its financial risk on a centralized basis through its Group Treasury. Group Treasury operates through Konecranes Finance Corporation, which acts as a financial vehicle for the Group at Corporate Headquarters. Konecranes Finance Corporation is not a profit center that strives to maximize its profits, but rather its role is to help the Group's operating companies reduce the financial risks associated with global business operations, such as market, credit, and liquidity risks. The most significant market risk relates to foreign currency transaction risk.

The responsibility for identifying, evaluating, and controlling the financial risks arising from the Group's global business operations is divided between business units and Konecranes Finance Corporation.

Units hedge their risks internally with Group Treasury. The majority of the Group's financial risks are channeled through Konecranes Finance Corporation, where they can be evaluated and controlled efficiently.

Almost all funding, cash management, and foreign exchange transactions with banks and other external counterparties are carried out centrally by Konecranes Finance Corporation in accordance with the Group's Treasury Policy. Only in a few special cases, where local central bank regulations prohibit the use of Group services for hedging and funding, is this done directly between an operating company and a bank under the supervision of Group Treasury.

Konecranes Finance Corporation uses a treasury system that enables transactions to be processed in real time and provides in-depth records of activities and performance. Standard reporting is done on a weekly basis and covers Group-level commercial and financial cash flows, foreign currency transaction exposure, debt positions, derivatives portfolios, and counterparty credit exposure for financial transactions. In addition, all Group companies participate in monthly managerial and statutory reporting.

See Note 3 to the Financial Statements and the Board of Directors' Report for a detailed overview of financial risk management.

Insurance

The Group reviews its insurance policies as part of its overall risk management on a continuous basis. Insurance policies are used to cover all risks that are economically feasible or otherwise reasonable to insure.

Internal Auditing

Konecranes' Internal Audit function is an independent, objective assurance and consulting unit, which assists the organization in achieving its objectives. The unit evaluates the efficiency of risk management, control, and governance processes and investigates all reports of suspected incidents. The latter can be made in person or through a confidential e-mail reporting channel.

Internal Audit operates according to an audit plan approved by the Board's Audit Committee. The unit's working methods are based on the professional standards laid down by the Institute of Internal Auditors (IIA) and focus on process-oriented engagement rather than solely entity-based auditing.

Administratively, Internal Audit reports to the Group CFO; and Internal Audit activities are reported to the Board's Audit Committee on a regular basis.

Internal control and risk management related to financial reporting

Internal control related to financial reporting is designed to provide reasonable assurance concerning the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, applicable laws and regulations, and other requirements covering listed companies. Risk management is considered an integral part of running the Konecranes business. Konecranes' corporate risk management principles provide a basic framework for risk management, while each Group company or operating unit is responsible for its own risk management. This principle is also followed in risk management related to financial reporting.

Management of financial risks is described in Note 3 of Konecranes' Financial Statements 2013.

Control environment

Konecranes simplified its operational model as from January 1, 2013 to further improve result accountability, clarity, speed, and cost efficiency. The main changes were as follows:

The Market Operations and Business Area Service organizations have been consolidated under a single executive in the Group Executive Board (GXB), thus eliminating the earlier matrix structure in Business Area Service and allowing it to be managed as a straightforward line organization according to the regional structure.

Business Area Equipment continues to operate as a matrix organization where Global Business Units form one dimension and Geographical Regions the other dimension. Global Business Units have end-to-end result accountability.

The regional structure of Konecranes has been changed to give it a more natural geographical alignment. The new internal regional structure (Geographical Regions) includes newly configured Region Europe (EUR) and Region India, Middle East and Africa (IMEA). Regions Americas (AME) and Asia-Pacific (APAC) continue as before.

Financial targets are set and planning/follow-up activities are executed along both dimensions of the matrix organization in accordance with the overall business targets of the Konecranes Group. The operations of the Service business are typically monitored based on profit-responsible service branches (345 in 2013), which are further consolidated to country and region levels, and business units (6 in 2013). The Equipment business is mainly monitored via business units (5 in 2013), which are divided into business lines.

Corporate governance and business management at Konecranes are based on the company's values of trust in people, total service commitment, and sustained profitability. The control environment is the foundation for all the other components of internal control and for promoting employees' awareness of key issues. It supports the execution of strategy and regulatory compliance. The Board of Directors and Group Management are responsible for defining the Konecranes Group's control environment through corporate policies, instructions, and financial reporting frameworks. These include the Konecranes Code of Conduct and the Konecranes Controller's Manual, which constitutes the main tool for accounting and financial reporting principles in respect of providing information, guidelines, and instructions. The interpretation and application of accounting standards is the responsibility of the Global Finance function. Guidelines and instructions for reporting are updated when necessary and are reviewed at least once a year.

Control activities

Konecranes Group management has operational responsibility for internal controls. Financial control activities are integrated into the business processes of the Konecranes Group and management's business supervision and monitoring procedures. The Group has identified and documented the significant internal controls that relate to its financial processes either directly or indirectly through other processes. The total number of identified financial internal controls is approximately 120. All legal entities and business units have their own defined controller functions. Representatives from controller functions participate in planning and evaluating unit performance, and ensure that monthly and quarterly financial reporting follows the Group's policies and instructions and that all financial reports are delivered on time in accordance with schedules set by the Group.

Management follow-up is carried out through monthly management reporting routines and performance review meetings. These meetings are conducted by business units/business areas, on country and regional, as well as Group level, and cover a

Control Environment

Main features of Internal Control related to financial reporting

review of the competitive situation, market sentiment, order intake and order book, monthly financial performance, quarterly and rolling 12-month forecasts, as well as safety, people, and customer topics. Group management follows up separately most important development activities; for example major IT development activities are monitored by the Business Infrastructure Board and R&D projects by the Product Board. These Management Boards convene typically on a quarterly basis.

Monitoring

The Group conducts an annual self-assessment through its controllers to monitor the effectiveness of selected financial internal controls. The Group also has an Internal Audit function, which is responsible for monitoring and evaluating the effectiveness of Konecranes' risk management and internal control system. Internal Audit plans its work in cooperation with the Audit Committee, which approves an annual internal audit plan. The Audit Committee receives direct reports from external auditors and discusses and follows up their viewpoints. External auditors are also represented at Audit Committee meetings. The Group's financial performance is reviewed at every Board meeting, and the Board of Directors and the Audit Committee review all external financial reports before they are made public.

The Group has a confidential e-mail reporting channel (Whistleblower channel) through which matters related to suspected misconduct can be reported. All notices of suspected incidents are investigated by Internal Audit and findings are reported to the Audit Committee. We received six reports of suspected misconduct via the Whistleblower channel in 2013; these cases did not have a material impact on the Group's financial results.

Communication

The Controller's Manual, together with reporting instructions and policies, are stored in the Konecranes intranet for access by personnel. The Group, Business Areas, and Regions also arrange meetings to share information on financial processes and practices. Information for the Group's stakeholders is regularly communicated via the Konecranes Group's website. To ensure that the information provided is comprehensive and accurate, the Group has established a set of external communications guidelines. These define how, by whom, and when information should be issued; and are designed to ensure that Konecranes meets all its information obligations and to further strengthen internal controls related to financial reporting.

During 2013

Konecranes continued its IT system project (ERP for both the Service and Equipment business areas, CRM and People system) to further develop and implement harmonized processes, increase operational visibility and improve decision-making, and reduce the overall number of various IT systems. The pilot unit of the ERP system was launched at the end of September 2011, roll-outs took place in several new units in 2013, and further roll-outs will continue in other units over the next few years. Konecranes continued the implementation and development of the Financial Shared Service Center (FSSC) concept to offer mainly transaction handling services, financial master data maintenance, and some financial accounting services from regional centers to individual Konecranes companies.

The internal control environment will be improved using common, unified processes and a common system platform. Monitoring the effectiveness of internal controls will become more transparent following the implementation of the ERP system. Financial Shared Service Centers create a unified framework for transactional processing and provide an enhanced segregation of duties.

Board of Directors

1 2 3 4 5 6 7 8

Stig Gustavson 2

b. 1945
Chairman of the Board since 2005. Board Member since 1994 and Member of the Nomination and Compensation Committee since 2006.
M.Sc. (Eng.), Dr.Tech. (hon.)
Principal occupation: Board Professional
Primary working experience:
KCI Konecranes Plc 1994–2005: President and CEO; KONE Cranes division 1988–1994: President; KONE Corporation 1982–1988, and prior to 1982: Holder of various executive positions in major Finnish corporations.
Current key positions of trust:
Ahlström Capital Oy: Chairman of the Board; Cramo Plc: Chairman of the Board; Dynea Oy: Vice Chairman of the Board; Handelsbanken Regional Bank Finland: Chairman of the Board; Oy Mercantile Ab: Vice Chairman of the Board; ÅR Packaging AB: Chairman of the Board; IK Investment Partners: Senior Regional Advisor; Technology Academy Foundation: Chairman of the Board; Mutual Pension Insurance Company Varma: Member of the Supervisory Board.
Stig Gustavson is deemed to be dependent of the company based on the Board's overall evaluation relating to his former and current positions in Konecranes combined with his substantial voting rights in the company. *) *He is independent of any significant shareholder.*
Shares: 4,149

Matti Kavetvuo 1

b. 1944
Board Member since 2001. Chairman of the Nomination and Compensation Committee 2009–2011 and Member 2012.
Member of the Audit Committee 2004–2008.
M.Sc. (Eng.), B.Sc. (Econ.)
Principal occupation: Board Professional
Primary working experience:
Pohjola Group Plc 2000–2001: CEO; Valio Ltd 1992–1999: CEO; Orion Corporation 1985–1991: CEO; Instrumentarium Corp. 1979–1984: President
Current key positions of trust: No current key positions of trust.
Independent of the company and its significant shareholders.
Shares: 10,749

Nina Kopola 7

b. 1960
Board Member since 2011 and Member of the Nomination and Compensation Committee since 2011.
M.Sc. (Chemical Eng.), Lic. Sc. (Tech.)
Principal occupation: President and CEO, Suominen Corporation
Primary working experience:
Dynea Oy 2008–2011: Executive VP, President Europe; Dynea Oy 2006–2008: Executive VP, Global Market Applications; Dynea Oy 2005–2006: Group VP, Marketing; Dynea Oy 2000–2005: Various management positions in Marketing, Controlling and Business Analysis
Current key position of trust:
The Chemical Industry Federation of Finland: Board Member; The Finnish Plastics Industries Federation: Board Member
Independent of the company and its significant shareholders.
Shares: 2,375

Bertel Langenskiöld 3

b. 1950
Board Member since 2012 and Chairman of the Nomination and Compensation Committee since 2012.
M.Sc. (Eng.)
Principal occupation:
Managing Director, Hartwall Capital Oy Ab
Primary working experience:
Metso Paper and Fiber Technology 2009–2011: President; Metso Paper 2007–2008: President; Metso Paper's Fiber Business Line 2006–2007: President; Metso Minerals 2003–2006: President; Fiskars Corporation 2001–2003: President and CEO; Tampella Power/Kvaerner Pulping, Power Division 1994–2000: President
Current key positions of trust:
Karelia-Upofloor Oy: Board Member; Luvata Oy: Board Member; Inkerman International AB: Board Member
Mr. Bertel Langenskiöld is independent of the Company. Mr. Langenskiöld is deemed to be dependent of significant shareholders of the Company based on his current position as the Managing Director of Hartwall Capital Oy Ab. HTT KCR Holding Oy Ab holds more than 10 percent of Konecranes Plc's shares and votes. HTT KCR Holding Oy Ab is a subsidiary of Hartwall Capital Oy Ab. In addition, HTT KCR Holding Oy Ab, K. Hartwall Invest Oy Ab, Fyrklöver-Invest Oy Ab and Ronnas Invest AG will in practice co-operate in matters concerning their ownership in Konecranes Plc.
Shares: 1,659

Tapani Järvinen 6

b. 1946
Board Member since 2009 and Member of the Audit Committee since 2009.
M.Sc. (Eng), Lic. Sc. (Tech.)
Principal occupation: Board Professional
Primary working experience:
Outotec Oyj 2006–2009: President and CEO; Outokumpu Technology, Finland 2003–2006: President and CEO; Outokumpu Oyj, Finland 2000–2005: Executive VP and Member of the Group Executive Committee; Compañía Minera Zaldívar, Chile 1994–2000: General Manager and CEO
Current key positions of trust:
Okmetic Oyj: Vice Chairman of the Board; Outotec Oyj: Board Member; Normet Oy: Board Member; Talvivaara Mining Company Plc: Chairman of the Board; Dragon Mining Ltd, Australia: Board Member; Finpro ry: Vice Chairman of the Board
Independent of the company and its significant shareholders.
Shares: 4,263

Svante Adde 4

b. 1956
Board Member since 2004, Member of the Audit Committee since 2004 and Chairman of the Audit Committee since 2008.
B.Sc. (Econ. and Business Administration)
Principal occupation: Senior Adviser, Lincoln International, Board Professional
Primary working experience:
Pöyry Capital Limited, London 2007–2013: Managing Director; Compass Advisers, London 2005–2007: Managing Director; Ahlstrom Corporation 2003–2005: Chief Financial Officer; Lazard London and Stockholm 2000–2003: Managing Director; Lazard London 1989–2000: Director; Citibank 1979–1989: Director
Current key positions of trust:
Meetoo AB: Chairman of the Board; Rörvik Timber AB: Board Member; Cambium Global Timberlands Ltd: Board Member
Independent of the company and its significant shareholders.
Shares: 6,770

Malin Persson 5

b. 1968
Board Member since 2005 and Member of the Audit Committee since 2012. Member of the Nomination and Compensation Committee 2005–2011.
M.Sc. (Eng.)
Principal occupation: President & CEO, The Chalmers University Foundation
Primary working experience: Volvo Group: Holder of various executive positions including: Volvo Technology Corporation: President and CEO; AB Volvo: VP, Corporate Strategy and Business Development; Volvo Transport Corporation: VP, Business & Logistics Development
Current key positions of trust: Hexpol AB: Board Member; Becker Industrial Coatings: Board Member
Independent of the company and its significant shareholders.
Shares: 5,918

Mikael Silvennoinen 8

b. 1956
Board Member since 2008 and Member of the Audit Committee since 2008.
M.Sc. (Econ.)
Principal occupation: Executive Chairman of the Board, IMS Talent Oy
Primary working experience: Pohjola Group 1997–2013: President and CEO; 1989–1997: Holder of various executive positions; Wärtsilä Group 1983–1989: Group Treasurer
Current key positions of trust: Unico Banking Group: Board Member; The Finnish Foundation for Share Promotion: Board Member
Independent of the company and its significant shareholders.
Shares: 4,702

* Konecranes Plc received information on December 28, 2011 that the Chairman of the Board of Directors, Mr. Stig Gustavson, had donated all the shares he owned in Konecranes Plc at that time to his near relatives, while retaining the voting rights and right to a dividend attached to these shares for life. The donation encompasses a total of 2,069,778 shares.

Group Executive Board

1 2 3 4 5 6 7

Pekka Lundmark 4

b. 1963
President and CEO
Member of the Group Executive Board since 2004
Employed 2004
M.Sc. (Eng.)
Primary working experience: KCI Konecranes 2004–2005: Group Executive Vice President; Hackman Abp 2002–2004: CEO; Startupfactory 2000–2002: Managing Partner; Nokia Corporation 1990–2000: various executive positions
Current key positions of trust: Marimekko Ltd.: Chairman of the Board; Federation of Finnish Technology Industries:
Vice Chairman of the Board; Valmet Corporation: Board Member and Member of the Board's Remuneration and HR Committee
(since Dec. 31, 2013).
Shares: 225,520
Options to acquire: 80,000 shares

Teo Ottola 5

b. 1968
Chief Financial Officer
Member of the Group Executive Board since 2007
Employed 2007
M.Sc. (Econ.)
Primary working experience: Elcoteq SE 2004–2007: CFO; Elcoteq Network Oyj 1999–2004: Senior Vice President (Business Control and Accounting); Elcoteq Network Oyj 1998–1999: Group Business Controller; Elcoteq Lohja Oy 1996–1998: Business Controller; Rautaruukki Oy 1992–1996: Financial Planner
Shares: 24,385
Options to acquire: 32,500 shares

Hannu Rusanen 6

b. 1957
Executive Vice President, Head of Business Area Equipment
Member of the Group Executive Board since 2004
Employed 2003
M.Sc. (Eng.)
Primary working experience: Konecranes 2007–2011: Executive Vice President, Head of Business Area Service; KCI Konecranes/ Konecranes 2003–2006: Country Executive, Nordic; ABB Finland 1995–2002: Vice President, Service; Tampella Oy 1982–1995: Various management positions in Finland and in the USA
Shares: 45,508
Options to acquire: 25,000 shares

Fabio Fiorino 7

b. 1967
Executive Vice President, Head of Business Area Service and Chief Customer Officer; Acting Head of Region APAC (Asia-Pacific) as of June 1, 2013
Member of the Group Executive Board since 2012
Employed 1995
B. Eng. P.Eng. MBA
Primary working experience: Konecranes Americas 2010–2011: Vice President, Head of Service, Region Americas; Morris Material Handling, Inc. 2006–2009: President; R&M Materials Handling, Inc. 1999–2006 / Drivecon, Inc. 2002–2006: President; Konecranes Americas 1998–1999: Vice President, Business Development, Latin America; Konecranes Canada, Inc. 1995–1998: Marketing Manager; AECL 1989–1994: Mechanical/Project Engineer
Shares: -
Options to acquire: 9,000 shares

Mikko Uhari 3

b. 1957
Executive Vice President, Strategy and Technology
Member of the Group Executive Board since 1997
Employed 1997
Lic. Sc. (Eng.)
Primary working experience: KCI Konecranes/ Konecranes 2011–2012: Executive Vice President, Head of Market Operations, 2010–2011: Executive Vice President, Head of Business Area Equipment, 2005–2009: President, New Equipment Business Areas; KCI Konecranes 2004–2005: President, Special Cranes (Heavy Lifting); KCI Konecranes 1997–2003: President, Harbor and Shipyard Cranes; KONE Corporation 1982–1997: Various managerial positions at Wood Handling Division (Andritz as of 1996–) in Finland, Sweden and in the USA, including: 1996–1997 Group Vice President, Marketing; 1992–1996: Group Vice President, Project Business; 1990–1992: Director, Wood Handling Unit, Finland
Shares: 100,333
Options to acquire: 50,000 shares

Antti Koskelin 2

b. 1970
Chief Information Officer, CIO
Member of the Group Executive Board since 2013
Member of the Extended Management Team 2009–2012
Employed 2009
B.Sc. (Information Technology)
Primary working experience: Nokia Corporation 1994–2008: Several global leadership positions in the USA and in Finland.
Shares: 560
Options to acquire: 15,000 shares

Timo Leskinen 1

b. 1970
Senior Vice President, Human Resources (as of August 1, 2013)
Member of the Group Executive Board since 2013
Employed 2013
M.Sc. (Psy)
Primary working experience: Fiskars 2009–2013: Vice President, Human Resources; Nokia Services 2008–2009: Director HR; Nokia Customer and Market Operations 2006–2007: Director, HR; Nokia Ventures Organization 2004–2006: Head of Operations; MPS 1999–2000: HR Consultant
Shares: -
Options to acquire: 10,000 shares

Senior Management Team

Ryan Flynn

b. 1971
Senior Vice President, Head of Region APAC (Asia-Pacific) (until May 31, 2013)
Member of the Senior Management Team 2013; Member of the Extended Management Team 2009–2013
Employed 2005–2013
MBA, BCom
Primary working experience: Konecranes Plc., China 2005–2009: Director, Ports & Lift trucks; NFS Industrial Machinery, South Africa 2003–2005: General Manager; Afinta Motor Corporation, South Africa 1996–2000: Director; Standard Bank, South Africa 1990–1996: Business Manager
Shares: 1,000
Options to acquire: 30,000 shares

Lars Fredin

b. 1961
Vice President, Head of Business Unit Lift Trucks
Member of the Senior Management Team since 2013
Employed 2009
BSc, Small Business Management
Primary working experience: Bromma Conquip AB 2003–2009: Vice President Sales & Marketing; Metget AB 2000–2003: Business Consultant and Sales &Marketing Director (RFID technology); Kalmar AC 1998–2000: President; Kalmar Industries 1996–1998: Area Manager, East Asia
Shares: 142
Options to acquire: 22,500 shares

Miikka Kinnunen

b. 1977
Director, Investor Relations
Member of the Senior Management Team since 2013
Employed 2009
M.Sc. (Econ.)
Primary working experience: Carnegie Investment Bank AB 2001–2009: Financial Analyst
Shares: -
Options to acquire: 5,000 shares

Ari Kiviniitty

b. 1957
Senior Vice President, Product Management and Engineering; Acting Chief Technology Officer (until Jan 31, 2013)
Member of the Senior Management Team since 2013; Member of the Extended Management Team 2012–2013; Member of the Executive Board 2005–Jan 31, 2013
Employed 1983
M.Sc. (Eng.)
Primary working experience: KCI Konecranes 2004–2005: Vice President, Standard Lifting Equipment; 2002–2004: Managing Director, Hoist factory; 1999–2001: R&D Manager; 1996–1998: Technical Director, Components, Singapore
Current key positions of trust:
Board member of FEM (The European Federation of Materials Handling Equipment Manufacturers); Member of Technology Industries of Finland Business and Technology Working Group
Shares: 10,815
Options to acquire: 30,000 shares

Aku Lehtinen

b. 1969
Senior Vice President, Head of Region IMEA (India, Middle-East & Africa)
Member of the Senior Management Team since 2013; Member of the Extended Management Team 2010–2013
Employed 1994
M.Sc. (Eng.)
Primary working experience: Konecranes 2011–2012: Senior Vice President, Head of Region WEMEA (Western Europe, Middle East and Africa); 2010–2011: Senior Vice President, Head of Region NEI (Nordic, East Europe and India); 2008–2010: Director, South East Europe; KCI Konecranes/Konecranes 2006–2008: Director, RTG Cranes; KCI Konecranes 2004–2006: Sales Director, Yard Cranes; 1994–2004: Sales, project & product management positions in Asia, Middle East and Europe.
Shares: 302
Options to acquire: 30,000 shares

Pekka Lettijeff

b. 1961
Chief Supply Chain Officer, Head of Supply Chain Management (until August 31, 2013)
Member of the Senior Management Team 2013; Member of the Extended Management Team 2012–2013; Member of the Group Executive Board 2008–2011
Employed 2008–2013
University Degree in Business Administration, University of Växjö, Sweden
Primary working experience: Nokia Siemens Networks 2007–2008: Head of Global Purchasing, Nokia Networks 2001–2008: Vice President, Supply Network Management and Vice President, Sourcing; Astra Zeneca 2000–2001: Vice President, Global Supply and Purchasing; 1986–1999: Various executive purchasing positions in automotive companies in the USA, Sweden and Germany
Current key positions of trust: Sanitec Corporation, Board member
Shares: -
Options to acquire: 15,000 shares

Mika Mahlberg

b. 1963
Vice President, Head of Business Unit Port Cranes
Member of the Senior Management Team since 2013
Employed 1997
M.Sc. (Eng.)
Primary working experience: KCI Konecranes/Konecranes 2006–2007: Director, VLC Cranes; KCI Konecranes 2000–2006: Director, STS Cranes; KCI Konecranes 1997–2000: Project Manager, Harbor and Shipyard Cranes; Crown Cork & Seal Company 1996–1997: World Class Manufacturing Manager; Partek Group 1990–1995: Various managerial positions in Business Area Precast Concrete in Finland and Belgium
Shares: 2,169
Options to acquire: 30,000 shares

Tomas Myntti

b. 1963
Senior Vice President, Head of Region EUR (Europe)
Member of the Senior Management Team since 2013; Member of the Extended Management Team 2011–2013
Employed 2008
M.Sc. (Eng.)
Primary working experience: Konecranes 2011–2012: Senior Vice President, Head of Region NEI (Nordic, Eastern Europe and India); 2010–2011: Vice President, Head of Industrial Cranes, Region NEI; 2009: Director, Market Operations, Head of Global Key Account Management and Sales Development; 2008: Director, Business Development, Business Area New Equipment; TietoEnator Oyj 2007–2008: Chief Marketing Officer, Business Area Telecom and Media; Hantro Products Oy 2000–2007: Senior Vice President, Sales and Marketing; Cadence Design Systems 1996–2000: Global Account Director; Intel Corporation 1994–1996: Global Account Manager; Cap Gemini 1989–1994: Various management positions; Digital Equipment Corporation 1984–1989: Various positions
Shares: 358
Options to acquire: 10,000 shares

Jukka Paasonen

b. 1963
Vice President, Head of Crane Products
Member of the Senior Management Team since 2013
Employed 1988
B.Sc.
Primary working experience: KCI Konecranes/Konecranes 2011–2012: Vice President, Industrial Cranes, Standard Duty Cranes; 2008–2011: Director, Sales Support, Standard Lifting; 2006–2008: Director, Regional Sales Support, Standard Lifting; 2004–2006: Area Manager, West Europe and South America, Standard Lifting; KCI Konecranes 1997–2003: Sales Manager, Americas Component Center, Springfield, USA; 1990–1997: Various positions in Sales and Area Support as well as in Product Management, KCI Hoists; 1988–1990: Special Applications Engineer, Hoist Factory, Finland
Shares: 90
Options to acquire: 5,000 shares

Juha Pankakoski

b. 1967
Vice President, Head of Business Unit Parts
Member of the Senior Management Team since 2013
Employed 2004
M.Sc. (Eng.), eMBA
Primary working experience: Konecranes 2008–2010: Director, Corporate Business Process Development; 2004–2008: Director, Supply Operations; Tellabs 2003–2004: Vice President, Supply Chain Operations; 2002–2003: Regional Director, EMEA Operations; 2000–2002: Director, Operations; 1998–2000: Plant Manager; Philips Medical Systems 1997–1998: Operations Manager; FujitsuICL Computers 1993–1997: Various management positions in operations and business development
Shares: -
Options to acquire: 19,000 shares

Sirpa Poitsalo

b. 1963
Vice President, General Counsel
Member of the Senior Management Team since 2013; Member of the Extended Management Team 2009–2013; Member of the Executive Board 1999–2009
Employed 1988
LL.M.
Primary working experience: KCI Konecranes 1997–1998: Assistant General Counsel; KONE Corporation/KCI Konecranes, 1988–1997: Legal Counsel
Shares: 28,781
Options to acquire: 18,000 shares

Jaana Rinne

v. 1962
Vice President, Human Resources (until April 30, 2013)
Member of the Senior Management Team 2013; Member of the Extended Management Team 2009–2013; Member of the Group Executive Board 2007–2009
Employed 1986–2013
M.Sc. (Econ.)
Primary working experience: KCI Konecranes/ Konecranes 2004–2006: Director, Human Resources for Service; KCI Konecranes 1997–2004: Different positions within human resources in Standard Lifting: KONE Corporation/ KCI Konecranes 1986–1997: Different positions in finance
Shares: 3,072
Options to acquire: - shares

Tom Sothard

b. 1957
Senior Vice President, Head of Region Americas
Member of the Senior Management Team since 2013; Member of the Extended Management Team 2009–2013; Member of the Executive Board 1995–2009
Employed 1983
B.Sc. (Marketing)
Primary working experience: KCI Konecranes 2001–2006: President, Global Maintenance Services; 1995–2002: Group Vice President, North America; KONE Corporation/KCI Konecranes 1989–2001: President, Maintenance Services, North America; KONE Corporation 1984–1988: Vice President, Maintenance Services, North America; Robbins and Myers 1980–1984: District Manager
Shares: 16,184
Options to acquire: 30,000 shares

Topi Tiitola

b. 1969
Director, Business Analysis and Support (as of November 1, 2013)
Member of the Senior Management Team since 2013
Employed 1995
M.Sc. (Econ)
Primary working experience: Konecranes Plc 2005–2013: Group Business Controller; Konecranes 2000–2005: Financial Director, Standard Lifting Equipment; 1995–2000: Several controller positions
Shares: 506
Options to acquire: 3,500

Tapani Tilus

b. 1974
Vice President, Head of Light Lifting
Member of the Senior Management Team since 2013
Employed 1998
M.Sc. (Eng.)
Primary working experience: Konecranes 2010–2011: Vice President, Marketing and new service products Business Area Service; KCI Konecranes/Konecranes 2006–2009: Director Parts, Business Area Service; KCI Konecranes 2003–2006: General manager, Crane Parts Center; 1998–2002: Various positions as Financial controller, system and process development & component sales
Shares: 2,974
Options to acquire: 12,000

Marko Tulokas

b. 1972
Vice President, Head of Industrial Crane Solutions
Member of the Senior Management Team since 2013
Employed 2004
M.Sc. (Eng), MBA
Primary working experience: Konecranes 2010–2011: Director, Head of Business process management; Konecranes 2008–2010: Director, Delivery Process; Konecranes 2007–2008: Director, Strategy and Business Development, Process cranes; KCI Konecranes 2004–2007: Leadership positions in sourcing and supply chain management in China and Finland; Asko Appliances, Uponor Plc: 1998–2002: Several positions in supply chain management
Shares: 274
Options to acquire: 2,501 shares

Kari Utriainen

b. 1958
Vice President, Head of Business Unit Alfa
Member of the Senior Management Team since 2013
Employed 1981
School of Applied Science in Engineering
Primary working experience: Konecranes 2010–2011: Vice President, Head of Components; 2008–2010: Director, Branded Products, Standard lifting; KCI Konecranes/Konecranes 2002–2008: Director, Industrial Cranes & Components, Standard Lifting; KCI Konecranes 1981–2002: Various positions as Material controller, Purchaser, Purchasing Manager, Project Manager, Factory Manager, Operation Manager, Sales Manager and General Manager
Shares: 3,382
Options to acquire: 12,000 shares

Mikael Wegmüller

b. 1966
Vice President, Marketing and Communications
Member of the Senior Management team since 2013
Member of the Extended Management Team 2009–2013
Member of the Executive Board 2006–2009
Employed 2006
M.Sc.
Primary working experience: Publicis Helsinki Oy 2003–2006: Chief Operating Officer; SEK & GREY Oy 2000–2003: Planning Group Director; Publicis Törmä Oy 1997–2000: Planning Group Director; Finelor Oy (now L'Oreal Finland Oy) 1993–1997: Sales and Marketing Manager; Chips Abp 1991–1993: Product Group Manager
Shares: 5,886
Options to acquire: 10,000 shares

Ilkka Ylänen

b. 1960
Chief Supply Chain Officer, Head of Supply Chain Management (as of September 1, 2013)
Member of the Senior Management Team since 2013
Employed 1985
M.Sc (Eng.)
Primary working experience: KCI Konecranes/ Konecranes 2003–2013: Various positions in engineering, production management and business related IT systems; KCI Konecranes 1985–2003: Different positions in manufacturing and supply chain management.
Shares: 2,295
Options to acquire: 2,500

Marko Äkräs

b. 1967
Vice President, Head of Customer and Service Technology. Deputy Head of BA Service.
Member of the Senior Management team since 2013; Member of the Extended Management Team 2012–2013
Employed 1992
M.Sc. (Eng.)
Primary working experience: Konecranes 2009–2011: Vice President, Head of Service West-Europe, Middle East and Africa; 2007–2009: Director, Head of Crane Service business unit; KCI Konecranes 2004–2007: Director, Crane Service Nordic; 2001–2004: General Manager, Global Parts Center; Kone Corporation/KCI Konecranes 1993–2001: Various positions in service and product management
Shares: 469
Options to acquire: 13,000 shares

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Market review

In terms of the macroeconomic development, 2013 was very much a repetition of 2012 as the U.S. outperformed most of the other regions. American economic activity in the manufacturing sector, measured by the purchasing managers' index (PMI), expanded almost throughout the year. The momentum even improved in the second half of the year. The U.S. manufacturing capacity utilization rate was relatively stable compared with the previous year.

According to the PMI surveys, the Eurozone manufacturing activity was downbeat January–June, but expanded slightly in the second half of the year. While the second-half increase was modest, it was generally interpreted as a potential turning point as it followed a contraction of activity that lasted for two years. The manufacturing capacity utilization in the European Union was below the previous year on average. However, some signs of a small uptick could be observed towards the end of 2013.

Following a slowdown in 2012, the economic growth in emerging markets was expected to accelerate and to provide an impetus to the global economy in 2013. Purchasing managers' indexes in Brazil, Russia, India and China (BRIC countries) signaled expansion of the industrial output at the beginning of 2013. However, PMIs in the BRIC countries lost momentum by the end of first half of the year leading to downgrades in growth forecasts. The Chinese PMI data pointed again to a slow rise in manufacturing output towards the end of the year, but the signs of this in the real economy were still scarce.

Overall, the world's manufacturing sector activity, according to the aggregated JPMorgan Global Manufacturing PMI, increased modestly in 2013, but gained steam towards the end of the year.

Compared to the previous year, the demand for lifting equipment decreased on a global basis among industrial customers in 2013. Demand for process cranes was particularly weak due to the reduced investments within the mining & metals and pulp & paper industries. Geographically, demand remained on a weak level in Western Europe, China, and India. In North America, demand for industrial cranes slumped after the solid progress in 2012, while the demand for crane components remained stable. The demand development was positive in the Middle East, while it softened in Australia and South East Asia.

The global container traffic grew by about 3 percent in 2013, and the project activity with container ports was satisfactory. The orders for new automated port solutions decreased from the previous year as several new automated container terminals were already under construction. Geographically, the most active markets were North America, South East Asia, Australia, and Africa. Demand was sluggish in Europe. The demand for shipyard cranes continued to be concentrated in Brazil.

The demand for lifting equipment services was overall stable with the regional development reflecting the differences in industrial production growth rates. As for the largest markets, demand increased in North America whereas the European demand was stable.

The trend in steel and copper prices remained downward in 2013. After relatively stable development during the first half of the year, the EUR appreciated somewhat against the USD in the second half.

Note: Unless otherwise stated, the figures in brackets in the sections below refer to the same period in the previous year.

Orders received

In 2013, the orders received fell by 2.5 percent to EUR 1,920.8 million (1,970.1). Orders received declined by 2.6 percent in Service and by 1.5 percent in Equipment. The decline in new orders was almost entirely attributable to negative currency changes. Orders received decreased in the Americas and EMEA regions, while they increased in Asia-Pacific mainly due to a large port crane order received from Indonesia in the first quarter. Acquisitions had an immaterial impact on the orders received in January–December.

Order book

The value of the order book at year-end 2013 totaled EUR 893.5 million (942.7), which is 5.2 percent lower than at the end of 2012. The order book decreased by 12.3 percent from the third quarter when it stood at EUR 1,018.9 million. Service accounted for EUR 128.1 million (14 percent) and Equipment for EUR 765.3 million (86 percent) of the total end-December order book.

Sales

Group sales in the full-year 2013 decreased by 3.3 percent and totaled EUR 2,099.6 million (2,171.5). Sales in Service increased by 0.6 percent but decreased in Equipment by 5.9 percent. Acquisitions had an immaterial impact on sales in January–December.

In 2013, the regional breakdown was as follows: EMEA 47 (48), Americas 36 (33) and APAC 17 (19) percent.

Currency rate effect

In a year-on-year comparison, the currency rates had a negative effect on the orders and sales in January–December. The reported order intake declined by 2.5 percent and by 0.1 percent at comparable currency rates. Reported sales decreased by 3.3 percent and by 1.0 percent at comparable currency rates.

In Service, the reported January–December order intake decreased by 2.6 percent but increased by 0.4 percent at comparable currencies. In Equipment, the orders decreased by 1.5 percent in reported terms, but increased by 0.5 percent at comparable currencies. Service sales grew by 0.6 percent in reported terms and by 3.6 percent at comparable currencies. In Equipment, the corresponding figures were -5.9 percent and -4.1 percent.

Net sales by region, MEUR

	1–12/2013	1–12/2012	Change percent	Change % at comparable currency rates
EMEA	979.8	1,043.7	-6.1	-5.1
AME	752.9	721.0	4.4	7.9
APAC	366.9	406.9	-9.8	-6.0
Total	**2,099.6**	**2,171.5**	**-3.3**	**-1.0**

Financial result

The consolidated operating profit in full-year 2013 totaled EUR 84.5 million (132.5), decreasing in total by EUR 48.0 million. The operating profit includes restructuring costs of EUR 30.9 million (5.8) booked in the first, third and fourth quarter of 2013, of which EUR 12.8 million (0.0) related to the Business Area Service and EUR 16.6 million (5.8) to the Business Area Equipment. The consolidated operating margin fell to 4.0 percent (6.1). The operating margin in Service decreased to 7.6 percent (8.4), and in Equipment to 2.8 percent (5.5).

In Service, the operating profit excluding restructuring improved due to the higher volume and the restructuring actions executed in 2013. In Equipment, the operating margin was burdened by lower sales, adverse sales mix effects, and an intense competitive situation in addition to the restructuring costs. Furthermore, the Business Area Equipment's operating profit includes costs and provision due to project execution issues, mostly in the second quarter, which was burdened by extra costs of approximately EUR 8 million related to heavy-duty industrial crane projects.

In 2013, the depreciation and impairments totaled EUR 56.0 million (44.4).

Goodwill of EUR 4.5 million (2.9) as well as intangible and tangible assets of EUR 12.4 million (0.0) were written off due to impairment related to the restructuring of operations. In 2013, the amortization arising from purchase price allocations for acquisitions represented EUR 8.5 million (14.8) of the depreciation and impairments.

In 2013, the share of the result of associated companies and joint ventures was EUR 3.9 million (3.8).

Net financial expenses in January–December totaled EUR 13.0 million (12.1). Net interest expenses accounted for EUR 9.1 million (10.8) of the above, and the remainder was mainly attributable to the unrealized exchange rate differences related to the hedging of future cash flows that are not included in the hedge accounting.

The January–December profit before taxes was EUR 75.5 million (124.2).

The income taxes in January–December were EUR 26.1 million (39.4). The Group's effective tax rate was 34.5 percent (31.7). The Group's tax rate increased due to goodwill impairments and not booking deferred tax assets from certain loss-making subsidiaries.

The January–December net profit was EUR 49.4 million (84.8).

In 2013, the basic earnings per share were EUR 0.85 (1.47), and diluted earnings per share were EUR 0.85 (1.46).

In 2013, the return on capital employed was 11.6 percent (18.4) and return on equity 10.9 percent (18.8).

Balance sheet

The year-end 2013 consolidated balance sheet amounted to EUR 1,482.0 million (1,576.3). Total equity at the end of the reporting period was EUR 444.5 million (462.6). Total equity attributable to equity holders of the parent company at year-end 2013 was EUR 438.1 million (456.5) or EUR 7.56 per share (7.97).

Net working capital at year-end 2013 totaled EUR 289.4 million, which was EUR 45.6 million less than at the end of the third quarter and EUR 6.1 million less than at the year-end 2012. Compared to the previous year-end, net working capital fell due to lower inventories and accounts receivable.

Cash flow and financing

Net cash from the operating activities in full-year 2013 was EUR 120.2 million (158.6), representing EUR 2.08 per diluted share (2.76).

Cash flow from capital expenditures amounted to EUR -57.7 million (-59.3).

Cash flow before financing activities was EUR 52.5 million (94.7).

Interest-bearing net debt was EUR 187.3 million (181.8) at the end of 2013. Solidity was 34.0 percent (34.0) and gearing 42.1 percent (39.3).

The Group's liquidity remained healthy. At the end of the year 2013, cash and cash equivalents amounted to EUR 132.2 million (145.3). None of the Group's EUR 200 million committed back-up financing facility was used at the end of the period.

Konecranes paid dividends to its shareholders that amounted to EUR 60.6 million or EUR 1.05 per share in April 2013.

Capital expenditure

In 2013, the capital expenditure, excluding acquisitions and joint arrangements, amounted to EUR 65.7 million (41.7). This amount consisted of investments in machinery, equipment, properties, and information technology. Capital expenditure including acquisitions and joint arrangements was EUR 80.1 million (43.3).

Most of the increase in capital expenditure is related to the new ERPs for both business areas for further development and implementation of harmonized processes, for increasing operational transparency, and improving decision-making, as well as for reducing the overall IT system fragmentation. The first installations have been made, and most parts are expected to be completed within the next 2 years.

A new crane manufacturing plant in Jejuri near Pune, India, was taken into use during the first quarter of 2013. Total investment amounted to approximately EUR 15 million. All manufacturing operations in India were consolidated into the new facility during 2013.

Acquisitions

In 2013, the capital expenditure on acquisitions and joint arrangements was EUR 14.5 million (1.6) of which the net assets of the acquisitions were recorded at EUR 10.5 million. Goodwill booked from the acquisitions was insignificant.

In the first quarter, Konecranes acquired a crane service company in France.

In the second quarter, Konecranes closed the transaction on collaboration with the KION Group in the container handling lift truck business. Based on the collaboration agreement, Konecranes became a long-term supplier of the container handling lift trucks to the worldwide distribution network of Linde Material Handling, which is wholly owned by KION Group. In addition, Konecranes acquired certain assets from Linde Material Handling, including the product rights to container handling lift trucks.

In the third quarter, Konecranes acquired approximately 30.5 percent of the shares in Estonian Konesko A/S, whose main activity is manufacturing of electric motors and whose key customer is Konecranes. Prior to the acquisition, Konecranes held 19 percent of the shares in the company. Furthermore, Konecranes sold a small machine tool service business unit in Heilbronn, Germany, to the management of the unit.

Personnel

In January–December, the Group employed an average of 11,987 people (11,917). On December 31, the headcount was 11,832 (12,147). At year-end 2013, the number of personnel by Business Area was as follows: Service 6,151 employees (6,119), Equipment 5,626 employees (5,973) and Group staff 55 (55). The Group had 6,246 employees (6,269) working in EMEA, 2,711 (2,724) in the Americas and 2,875 (3,154) in the APAC region.

In 2013, the Group headcount decreased by 315 due to the restructuring programs. In January, Business Area Equipment announced restructuring actions, with targeted annual cost savings of approximately EUR 10 million affecting approximately 140 employees globally. In July, Konecranes expanded actions to improve efficiency and reduce costs by approximately EUR 30 million annually. The considered actions are estimated to impact a maximum 600 people through redundancies, temporary lay-offs, and early retirement by the end of 2014.

As a company, Konecranes focuses on value-based leadership with entrepreneurial spirit. In practice, this means that well-implemented and understood values are the foundations of our operations. Trust and entrepreneurship are not only encouraged, but demanded from our leaders.

Konecranes' total service commitment is delivered by thousands of Konecranes employees around the world. To ensure the best in class service, Konecranes continued to invest, in 2013, significant financial and time resources to ensure that our employees have the best skills around the world.

As a company, we want to provide a great place to work. As proof of this, our employee satisfaction has remained on an industry high level, and participation in the employee satisfaction survey continued to be above the 85 percent level. Even in the uncertain economic environment, our employees appreciate the company culture, values, and the entrepreneurial efficiency of our organization. In our company, everyone can be an owner trough the Employee Share Saving Plan.

In 2013, the Group's personnel expenses totaled EUR 598.2 million (598.7).

Business areas

Service

The orders in full-year 2013 totaled EUR 715.9 million (735.0), showing a decrease of 2.6 percent. However, at constant currencies, orders received grew by 0.4 percent. New orders declined in all regions. Orders in Crane Service and Parts business units grew from the previous year's level. The order book fell to EUR 128.1 million (147.2) at year-end representing a decrease of 12.9 percent.

Sales rose by 0.6 percent to EUR 889.1 million (884.0). The operating profit, excluding restructuring costs of EUR 12.8 million (0.0), was EUR 80.6 million (74.6) and the operating margin 9.1 percent (8.4). Operating profit including restructuring costs was EUR 67.8 million (74.6) and 7.6 percent of sales (8.4). The operating profit excluding restructuring costs improved due to the higher volume and the restructuring actions executed in 2013.

The annual value of the contract base increased to EUR 178.2 million (177.9) at year-end 2013. At year-end 2013, the total number of items of equipment included in the maintenance contract base was 433,501 (418,560).

The number of service technicians at year-end 2013 was 3,993 (3,935), which is 58 or 1.5 percent more than at the year-end 2012.

SERVICE	10–12/2013	10–12/2012	1–12/2013	1–12/2012	Change percent
Orders received, MEUR	165.5	181.3	715.9	735.0	-2.6
Order book, MEUR	128.1	147.2	128.1	147.2	-12.9
Contract base value, MEUR	178.2	177.9	178.2	177.9	0.2
Net sales, MEUR	247.6	239.0	889.1	884.0	0.6
EBITDA, MEUR	30.5	27.3	89.6	87.3	2.6
EBITDA, %	12.3%	11.4%	10.1%	9.9%	
Depreciation and amortization, MEUR	-3.3	-3.5	-14.6	-12.7	14.8
Impairments, MEUR	-0.7	0.0	-7.2	0.0	
Operating profit (EBIT), MEUR	26.6	23.8	67.8	74.6	-9.1
Operating profit (EBIT), %	10.7%	10.0%	7.6%	8.4%	
Restructuring costs, MEUR	-2.0	0.0	-12.8	0.0	
Operating profit (EBIT) excluding restructuring costs, MEUR	28.6	23.8	80.6	74.6	8.0
Operating profit (EBIT) excluding restructuring costs, %	11.5%	10.0%	9.1%	8.4%	
Capital employed, MEUR	187.5	166.6	187.5	166.6	12.6
ROCE%			38.3%	41.8%	
Capital expenditure, MEUR	1.3	5.5	20.1	12.5	60.1
Personnel at the end of period	6,151	6,119	6,151	6,119	0.5

Equipment

The orders in full-year 2013 totaled EUR 1,319.6 million (1,340.4), showing a decrease of 1.5 percent. Orders grew in Asia-Pacific due to a large port crane order received from Indonesia in the first quarter, but they fell in the Americas and EMEA. Orders for industrial cranes accounted for approximately 35 percent of the orders received and were lower than a year ago. Components and light lifting systems generated approximately 30 percent of the new orders and were lower than a year ago. The combined orders for port cranes and lift trucks amounted to approximately 35 percent of the orders received and were higher than a year ago. The order book decreased by 3.8 percent from the previous year to EUR 765.3 million (795.6).

Sales decreased by 5.9 percent to EUR 1,329.2 million (1,412.7). Operating profit before restructuring costs of EUR 16.6 million (5.8) was EUR 54.3 million (84.2), and the operating margin was 4.1 percent (6.0). Operating profit after restructuring costs was EUR 37.8 million (78.4) and 2.8 percent of sales (5.5). The Equipment operating margin excluding restructuring costs fell due to the lower sales, adverse sales mix effects, and intense competitive situation. In addition, the Business Area Equipment's operating profit includes costs and provision due to project execution issues, mostly in the second quarter, which was burdened by extra costs of approximately EUR 8 million related to heavy-duty industrial crane projects.

EQUIPMENT	10–12/2013	10–12/2012	1–12/2013	1–12/2012	Change percent
Orders received, MEUR	280.3	269.7	1,319.6	1,340.4	-1.5
Order book, MEUR	765.3	795.6	765.3	795.6	-3.8
Net sales, MEUR	364.9	401.6	1,329.2	1,412.7	-5.9
EBITDA, MEUR	22.3	27.8	71.6	109.7	-34.8
EBITDA, %	6.1%	6.9%	5.4%	7.8%	
Depreciation and amortization, MEUR	-6.1	-7.2	-24.1	-28.4	-15.2
Impairments, MEUR	0.0	-2.9	-9.7	-2.9	
Operating profit (EBIT), MEUR	16.2	17.8	37.8	78.4	-51.8
Operating profit (EBIT), %	4.4%	4.4%	2.8%	5.5%	
Restructuring costs, MEUR	-1.1	-5.8	-16.6	-5.8	
Operating profit (EBIT) excluding restructuring costs, MEUR	17.3	23.5	54.3	84.2	-35.5
Operating profit (EBIT) excluding restructuring costs, %	4.7%	5.9%	4.1%	6.0%	
Capital employed, MEUR	378.1	406.2	378.1	406.2	-6.9
ROCE%			9.6%	18.8%	
Capital expenditure, MEUR	14.8	12.6	45.6	29.1	56.6
Personnel at the end of period	5,626	5,973	5,626	5,973	-5.8

Group overheads
Unallocated Group overhead costs in 2013 were EUR 19.4 million (20.5), representing 0.9 percent of sales (0.9).

Administration

Decisions of the Annual General Meeting
The Annual General Meeting of Konecranes Plc was held on March 21, 2013. The meeting approved the Company's annual accounts for the fiscal year 2012 and discharged the members of the Board of Directors and Managing Director from liability. The AGM approved the Board's proposal that a dividend of EUR 1.05 per share is paid from the distributable assets of the parent Company.

The AGM approved the proposal of the Nomination and Compensation Committee that the number of members of the Board of Directors shall be eight (8). The Board members elected at the AGM in 2013 were Mr. Svante Adde, Mr. Stig Gustavson, Mr. Tapani Järvinen, Mr. Matti Kavetvuo, Ms. Nina Kopola, Mr. Bertel Langenskiöld, Ms. Malin Persson, and Mr. Mikael Silvennoinen.

The AGM confirmed the annual compensation to the Board members as per following:

- Chairman of the Board: EUR 105,000
- Vice Chairman of the Board: EUR 67,000
- Other Board members EUR 42,000

In addition, a compensation of EUR 1,500 per meeting will be paid for attending Board Committee meetings. The Chairman of the Audit Committee is, however, entitled to a compensation of EUR 3,000 per attended Audit Committee meeting. Furthermore, the AGM approved that 50 percent of the annual remuneration will be paid in Konecranes shares.

The AGM confirmed that Ernst & Young Oy will continue as the Company's external auditor.

The AGM authorized the Board of Directors to decide on the repurchase of the Company's own shares and/or on the acceptance as pledge of the Company's own shares. The amount of own shares to be repurchased and/or accepted as pledge based on this authorization shall not exceed 6,000,000 shares in total, which corresponds to approximately 9.5 percent of all the shares in the Company. The authorization is effective until the end of the next Annual General Meeting, however, no longer than until September 21, 2014. The Board of Directors did not use this authorization in 2013.

The AGM authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares referred to in Chapter 10 Section 1 of the Finnish Companies Act. The amount of shares to be issued based on this authorization shall not exceed 6,000,000 shares, which corresponds to approximately 9.5 percent of all the shares in the Company. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the following paragraph. The authorization is effective until the end of the next Annual General Meeting, however, no longer than until September 21, 2014. However, the authorization for incentive arrangements is valid until March 21, 2018. This authorization revokes the authorization for incentive arrangements given by the Annual General Meeting 2012. The Board of Directors did not use this authorization in 2013.

The AGM authorized the Board of Directors to decide on the transfer of the Company's own shares. The authorization is limited to a maximum of 6,000,000 shares, which corresponds to approximately 9.5 percent of all the shares in the Company. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the previous paragraph. This authorization is effective until the next Annual General Meeting of Shareholders, however, no longer than until September 21, 2014. However, the authorization for incentive arrangements is valid until March 21, 2018. This authorization revokes the authorization for incentive arrangements given by the Annual General Meeting 2012. The Board of Directors did not use this authorization in 2013.

The AGM authorized the Board of Directors to decide on a directed share issue without payment needed for the implementation of the Share Savings Plan, which the Annual General Meeting 2012 decided to launch.

The Board of Directors is authorized to decide on the issue of new shares or on the transfer of own shares held by the Company to such participants in the Plan who, according to the terms and conditions of the Plan, are entitled to receive free shares, as well as to decide on the share issue without payment also to the Company itself. The number of new shares to be issued or own shares held by the Company to be transferred may be a maximum total number of 500,000 shares, which corresponds to 0.8 percent of all of the Company's shares. The authorization concerning the share issue is valid until March 21, 2018. This authorization is in addition to the authorizations in the previous items. This authorization replaces the authorization for the Share Savings Plan given by the Annual General Meeting 2012. The Board of Directors did not use this authorization in 2013.

The decisions are explained in more detail in the release covering the resolutions of the AGM, which is available on the company's website at www.konecranes.com.

In its first meeting held after the Annual General Meeting, the Board of Directors elected Mr. Stig Gustavson to continue as Chairman. Mr. Svante Adde was elected Chairman of the Audit Committee, and Mr. Tapani Järvinen, Ms. Malin Persson and Mr. Mikael Silvennoinen as Committee members. Mr. Bertel Langenskiöld was elected Chairman of the Nomination and Compensation Committee, and Mr. Stig Gustavson, Mr. Matti Kavetvuo and Ms. Nina Kopola were elected as Committee members.

With the exception of Mr. Stig Gustavson, the Board members are deemed to be independent of the company under the Finnish Corporate Governance Code. Mr. Gustavson is deemed dependent of the company based on the Board's overall evaluation relating to his former and current positions in Konecranes combined with his substantial voting rights in the Company.

With the exception of Mr. Bertel Langenskiöld, the Board members are independent of significant shareholders of the company. Mr. Langenskiöld is not independent of significant shareholders of the company based on his current position as the Managing Director of Hartwall Capital Oy Ab. HTT KCR Holding Oy Ab holds more than 10 percent of Konecranes Plc's shares and votes. HTT KCR Holding Oy Ab is a subsidiary of Hartwall Capital Oy Ab. In addition, HTT KCR Holding Oy Ab, K. Hartwall Invest Oy Ab, Fyrklöver-Invest Oy Ab and Ronnas Invest AG will in practice co-operate in matters concerning their ownership in Konecranes Plc.

Changes in the Group Management

Mr. Timo Leskinen was appointed Senior Vice President, Human Resources, and a member of the Konecranes Group Executive Board as of August 1, 2013. He is responsible for all Human Resources (competence development and administration) and Corporate Responsibility (Health, Safety and Environment) matters for Konecranes.

In December, Konecranes announced that Mr. Hannu Rusanen, Executive Vice President and Head of Business Area Equipment, is leaving the Company. The recruitment process for the new Head of Business Area Equipment is ongoing.

Other issues

At the end of the year 2013, Konecranes had a loan receivable of EUR 225,336 from the President & CEO Pekka Lundmark with the interest rate of 1.533 percent. The loan relates to a tax payment resulting from the incentive scheme directed to the President & CEO in 2006. There is a tax appeal pending against the imposed payment, and the loan is valid until the appeal is resolved.

Konecranes complies with the Finnish Corporate Governance Code 2010 approved by the Board of the Securities Market Association. Konecranes has issued a Corporate Governance Statement based on recommendation 54 of the Code, which can be reviewed on the corporate website of Konecranes at www.konecranes.com.

Share capital and shares

The company's registered share capital totaled EUR 30.1 million on December 31, 2013 and the number of shares including treasury shares was 63,272,342.

On December 31, 2013, Konecranes Plc was in the possession of 5,444,262 own shares, which corresponds to 8.6 percent of the total number of shares having a market value of EUR 140.8 million on that date.

All shares carry one vote per share and equal rights to dividends.

Shares subscribed for under stock option rights

In January–December, 536,770 treasury shares were transferred to the subscribers, pursuant to the Konecranes Plc's stock options 2009A and 2009B.

At end-December 2013, Konecranes Plc's stock options 2009 entitled the holders to subscribe to a total of 1,486,891 shares. The option programs include approximately 200 key persons.

The terms and conditions of the stock option programs are available on the Konecranes' website at www.konecranes.com.

Performance share plan

The Board of Directors resolved to amend the performance share plan launched in 2012 so that the two three-year discretionary periods, 2013–2015 and 2014–2016, will follow the discretionary periods started in 2012. The performance criterion for the discretionary period 2013–2015 is the cumulative Earnings per Share (EPS) of the fiscal years 2013–2015.

The target group of the plan consists of approximately 150 people during the discretionary period 2013–2015. The rewards to be paid on the basis of the discretionary period correspond to the value of an approximate maximum total number of 700,000 Konecranes Plc shares. If the targets determined by the Board of Directors are achieved, the reward payout may be a half of the maximum reward. The maximum reward payout requires that the targets are clearly exceeded.

Employee share savings plan

Based on the interest shown by the Group employees, the Board decided to launch a new plan period. The new plan period began on July 1, 2013 and will end on June 30, 2014. The maximum savings amount per participant during one month is 5 percent of the gross salary and the minimum is EUR 10.

Each participant will receive one free matching share for every two acquired savings shares. Matching shares will be delivered to a participant if the participant holds the acquired shares from the plan period until the end of the designated holding period, February 15, 2017, and if his or her employment has not ended before this date for reasons related to the employee. The total amount of all savings of the commencing plan period may not exceed EUR 8.5 million.

Approximately 1,650 Konecranes employees signed up for the Plan commencing July 1, 2013, which represents an increase of approximately 150 employees from a year ago. The number of new shares to be issued or own shares held by the Company to be transferred under the terms and conditions of the Plan may be a maximum total number of 500,000 shares, which corresponds to 0.8 percent of all of the Company's shares.

Market capitalization and trading volume

The closing price for Konecranes Plc's shares on the NASDAQ OMX Helsinki was EUR 25.86 on December 31, 2013. The volume-weighted average share price in January–December was EUR 25.30, the highest price being EUR 28.89 in February and the lowest EUR 20.45 in June. In January–December, the trading volume on the NASDAQ OMX Helsinki totaled 51.6 million of Konecranes Plc's shares, corresponding to a turnover of approximately EUR 1,305.6 million. The average daily trading volume was 206,413 shares, representing an average daily turnover of EUR 5.2 million.

In addition, approximately 53.5 million Konecranes' shares were traded on other trading venues (e.g. multilateral trading facilities and bilateral OTC trades) in 2013 according to Fidessa.

On December 31, 2013, the total market capitalization of Konecranes Plc's shares on the NASDAQ OMX Helsinki was EUR 1,636 million including treasury shares. The market capitalization was EUR 1,495 million excluding the treasury shares.

Flagging notifications and other announcements by shareholders

No flagging notifications or other disclosures concerning changes in holdings were received in 2013.

Research and development

In 2013, Konecranes' research and product development expenditure totaled EUR 25.6 (25.8) million, representing 1.2 (1.2) percent of sales. R&D expenditure includes product development projects aimed at improving the quality and cost efficiency of both products and services.

In 2013, the main focus for the company's R&D activities was developing its service and equipment offering to enable real-time visibility to equipment and advanced predictive maintenance. In addition, work on Konecranes' offering for emerging markets continued.

In 2013, the scope of TRUCONNECT Remote Services was broadened, and the equipment base under remote monitoring and service grew rapidly. Analysis of the data collected and making efficient use of it were important topics for further development.

Konecranes launched Agilon, an innovative solution for materials management in manufacturing. Agilon is a patented materials inventory and management system that quickly and automatically stores, picks, and replenishes items weighing up to 25 kg, with a robot handling both the components transfer and refill orders. Agilon is currently available in Finland.

The CXT NEO crane, a high-technology crane package developed especially for the developed markets, was introduced. The CXT NEO crane package includes various advanced features and TRUCONNECT remote monitoring equipment as standard. The development of the CXT NEO crane's intelligent features will continue, and it will be brought from the current markets, Germany and Switzerland, into new geographical areas.

Konecranes introduced its Automated RTG system (ARTG) to the container handling industry. The system is built around Konecranes' market-leading 16-wheel RTG, including a complete package of truck guidance infrastructure, a Remote Operating Station with a specially developed Graphical User Interface (GUI), and an IT system that interfaces with the customer's Terminal Operating System (TOS). The system provides RTG terminal operators an incremental opportunity towards automation by upgrading existing yard infrastructure.

Corporate responsibility

During 2013, Konecranes continued the improvement and harmonization of global occupational safety requirements and instructions. Proactive safety management continued to show as a rise in the number of safety observations and near hit reports made by Konecranes' personnel during 2013.

The response rate to Employee Satisfaction Survey 2013 stayed approximately at the previous year's level at 85 percent. When compared to benchmark data, the results continued to be positive.

The roll-out of environmental e-learning that outlines the fundamentals of Konecranes' environmental aspects and how to manage the environmental impacts continued. Several Konecranes units continued or established energy efficiency programs which targeted lowering the use of different forms of energy.

The roll-out of the internal Code of Conduct online training continued, and the completion rate at the end of 2013 was approximately 90 percent.

Events after the end of the reporting period

On January 30, 29,441 treasury shares were transferred to the subscribers pursuant to the Konecranes Plc's stock options 2009A. After the subscription and delivery of the shares, Konecranes Plc holds 5,414,821 treasury shares. Stock options issued under Konecranes Plc's ongoing stock option plans entitle their holders to subscribe for a total of 1,457,450 shares.

Risks and uncertainties

A significant share of Konecranes' business is derived from the emerging markets. This has had a negative impact on the aging structure of accounts receivable, and may increase credit losses or the need for higher provisions for doubtful accounts.

Konecranes has made several acquisitions and expanded organically into new countries. A failure to integrate the acquired business or grow newly established operations may result in an impairment of goodwill and other assets.

One of the key strategic initiatives of Konecranes is oneKONECRANES. This involves major capital expenditure for information systems. A failure to extract business benefits from the new processes and systems may lead to an impairment of assets or decrease in profitability.

Konecranes delivers projects in its Industrial Crane Solutions and Port Cranes business units, which involve risks related to engineering and project execution, for example. A failure to plan or manage these projects may lead to higher-than-estimated costs or disputes with customers.

Challenges in financing may force customers to postpone projects or even to cancel existing orders. Konecranes intends to avoid incurring costs of major projects under construction in excess of advance payments. However, it is possible that, in some projects, cost-related commitments may temporarily exceed the amount of advance payments.

The Group's other risks are presented in the Annual Report.

Litigation

Various legal actions, claims, and other proceedings are pending against the Group in different countries. These actions, claims, and other proceedings are typical for this industry and are consistent with the global business offering that encompasses a wide range of products and services. These matters involve contractual disputes, warranty claims, product liability (including design defects, manufacturing defects, failure to warn and asbestos legacy), employment, auto liability, and other matters involving general liability claims.

While the final outcome of these proceedings cannot be predicted with certainty, Konecranes' opinion is, based on the information available to date and considering the grounds presented for such claims, the available insurance coverage and the reserves made, that the outcome of such actions, claims, and other proceedings, if unfavorable, would not have a material adverse effect on the financial condition of the Group.

Market outlook

The growth in industrial production and container traffic is moderate and below the historical averages. The near-term investment outlook within manufacturing and process industries, as well as container handling, remains uncertain. However, there are certain positive macroeconomic signs in the developed world also outside the US.

Financial guidance

The order book at year-end 2013 was below the previous year, which will affect the company's sales and operating profit in the beginning of the year. Due to the market uncertainty, it is too early to estimate the full-year 2014 sales development. The ongoing restructuring actions and improving project execution are expected to have a positive impact on profitability.

Board of directors' proposal for disposal of distributable funds

The parent company's non-restricted equity is EUR 203,354,966.48, the net income of which for the year is EUR 61,701,102.44. The Group's non-restricted equity is EUR 366,150,000.

According to the Finnish Companies Act, the distributable funds of the company are calculated based on the parent company's non-restricted equity. For the purpose of determining the amount of the dividend, the Board of Directors has assessed the liquidity of the parent company and the economic circumstances subsequent to the end of fiscal year.

Based on such assessments the Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.05 be paid on each share and that the remaining non-restricted equity is retained in shareholders' equity.

Helsinki, February 5, 2014
Konecranes Plc
Board of Directors

Consolidated statement of income – IFRS

(1,000 EUR)		1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
Note:			
4, 6, 7	**Sales**	**2,099,583**	**2,171,492**
8	Other operating income	1,566	2,269
10	Depreciation and impairments	-56,013	-44,363
11–13	Other operating expenses	-1,960,623	-1,996,913
	Operating profit	**84,513**	**132,485**
20	Share of associates' and joint ventures' result	3,946	3,845
14	Financial income and expenses	-12,959	-12,090
	Profit before taxes	**75,500**	**124,240**
15	Taxes	-26,083	-39,423
	PROFIT FOR THE PERIOD	**49,417**	**84,817**
	Profit for the period attributable to		
	Shareholders of the parent company	49,091	84,154
	Non-controlling interest	326	663
16	Earnings per share, basic (EUR)	0.85	1.47
16	Earnings per share, diluted (EUR)	0.85	1.46

Consolidated statement of other comprehensive income

(1,000 EUR)	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
Profit for the period	**49,417**	**84,817**
Items that can be reclassified into profit or loss		
Cash flow hedges	5,013	2,036
Exchange differences on translating foreign operations	-18,849	-1,056
Income tax relating to items that can be reclassified into profit or loss	-1,003	-499
Items that cannot be reclassified into profit or loss		
Re-measurement gains (losses) on defined benefit plans	-2,985	-11,710
Income tax relating to items that cannot be reclassified into profit or loss	934	3,101
Other comprehensive income for the period, net of tax	**-16,890**	**-8,128**
Total comprehensive income for the period	**32,527**	**76,689**
Total comprehensive income attributable to:		
Shareholders of the parent company	32,312	76,081
Non-controlling interest	215	608

Consolidated balance sheet – IFRS

(1,000 EUR)	ASSETS	31 Dec 2013	31 Dec 2012
Note:			
	Non-current assets		
17	Goodwill	101,609	112,806
18	Other intangible assets	87,019	76,597
19	Property, plant and equipment	144,544	138,715
	Advance payments and construction in progress	48,172	57,584
20	Investments accounted for using the equity method	40,376	37,519
21	Available-for-sale investments	964	914
	Long-term loans receivable	225	228
32	Deferred tax assets	59,787	53,798
	Total non-current assets	**482,696**	**478,161**
	Current assets		
22	Inventories	325,520	369,847
24	Accounts receivable	368,768	442,127
	Loans receivable	11	79
25	Other receivables	25,602	29,168
	Current tax assets	10,675	11,339
26	Deferred assets	136,563	100,211
27	Cash and cash equivalents	132,214	145,318
	Total current assets	**999,353**	**1,098,089**
	TOTAL ASSETS	**1,482,049**	**1,576,250**

(1,000 EUR)	EQUITY AND LIABILITIES	31 Dec 2013	31 Dec 2012
Note:			
	Equity attributable to equity holders of the parent company		
	Share capital	30,073	30,073
	Share premium account	39,307	39,307
38	Fair value reserves	2,611	-1,399
	Translation difference	-16,258	2,480
	Paid in capital	50,998	44,787
	Retained earnings	282,319	257,072
	Net profit for the period	49,091	84,154
28	**Total equity attributable to equity holders of the parent company**	**438,141**	**456,474**
20	Non-controlling interest	6,365	6,150
	Total equity	**444,506**	**462,624**
	Liabilities		
	Non-current liabilities		
30, 35	Interest-bearing liabilities	133,042	205,678
31	Other long-term liabilities	80,315	75,151
32	Deferred tax liabilities	18,080	22,326
	Total non-current liabilities	**231,437**	**303,155**
33	**Provisions**	**47,459**	**44,451**
	Current liabilities		
30, 35	Interest-bearing liabilities	186,658	121,779
7	Advance payments received	175,245	217,162
	Progress billings	5,823	2,498
	Accounts payable	147,477	157,422
34	Other short-term liabilities (non-interest bearing)	28,698	30,233
	Current tax liabilities	14,696	21,076
34	Accruals	200,050	215,850
	Total current liabilities	**758,647**	**766,020**
	Total liabilities	**1,037,543**	**1,113,626**
	TOTAL EQUITY AND LIABILITIES	**1,482,049**	**1,576,250**

Consolidated statement of changes in equity – IFRS

(1,000 EUR)	Equity attributable to equity holders of the parent company							Non-controlling interest	Total equity
	Share capital	Share premium account	Cash flow hedges	Translation difference	Paid in capital	Retained earnings	Total		
Balance at 1 January, 2013	**30,073**	**39,307**	**-1,399**	**2,480**	**44,787**	**341,226**	**456,474**	**6,150**	**462,624**
Options exercised					6,211		6,211		**6,211**
Dividends paid to equity holders						-60,614	-60,614		**-60,614**
Share based payments recognized against equity						3,301	3,301		**3,301**
Acquisitions						457	457		**457**
Total comprehensive income			4,010	-18,738		47,040	32,312	215	**32,527**
Balance at 31 December, 2013	**30,073**	**39,307**	**2,611**	**-16,258**	**50,998**	**331,410**	**438,141**	**6,365**	**444,506**

Balance at 1 January, 2012	**30,073**	**39,307**	**-2,936**	**3,481**	**43,711**	**316,244**	**429,880**	**5,542**	**435,422**
Changes in accounting principles (IFRS 11)						2,424	2,424		**2,424**
Balance at 1 January, 2012 restated	**30,073**	**39,307**	**-2,936**	**3,481**	**43,711**	**318,668**	**432,304**	**5,542**	**437,846**
Options exercised					1,076		1,076		**1,076**
Dividends paid to equity holders						-57,199	-57,199		**-57,199**
Share based payments recognized against equity						4,296	4,296		**4,296**
Acquisitions						-84	-84		**-84**
Total comprehensive income			1,537	-1,001		75,545	76,081	608	**76,689**
Balance at 31 December, 2012	**30,073**	**39,307**	**-1,399**	**2,480**	**44,787**	**341,226**	**456,474**	**6,150**	**462,624**

Consolidated cash flow statement – IFRS

(1,000 EUR)		1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
Note:			
	Cash flow from operating activities		
	Net income	49,417	84,817
	Adjustments to net profit for the period		
	Taxes	26,083	39,423
	Financial income and expenses	13,016	12,145
	Share of associates' and joint ventures' result	-3,946	-3,845
	Dividends income	-57	-58
	Depreciation and impairments	56,013	44,363
	Profits and losses on sale of fixed assets	1,920	-134
	Other adjustments	2,386	3,468
	Operating income before change in net working capital	**144,832**	**180,179**
	Change in interest-free short-term receivables	16,546	-4,940
	Change in inventories	32,569	-19,255
	Change in interest-free short-term liabilities	-21,110	52,431
	Change in net working capital	**28,005**	**28,236**
	Cash flow from operations before financing items and taxes	**172,837**	**208,415**
14	Interest received	3,699	5,882
14	Interest paid	-13,180	-15,065
14	Other financial income and expenses	950	-5,433
15	Income taxes paid	-44,073	-35,231
	Financing items and taxes	**-52,604**	**-49,847**
	NET CASH FROM OPERATING ACTIVITIES	**120,233**	**158,568**
	Cash flow from investing activities		
5	Acquisition of Group companies, net of cash	-11,590	-7,097
	Capital expenditures	-57,733	-59,347
	Proceeds from sale of fixed assets	1,508	2,400
15	Dividends received	57	210
	NET CASH USED IN INVESTING ACTIVITIES	**-67,758**	**-63,834**
	Cash flow before financing activities	**52,475**	**94,734**
	Cash flow from financing activities		
28.1	Proceeds from options exercised and share issues	6,211	1,076
	Proceeds from long-term borrowings	5,030	79,829
	Proceeds from (+), payments of (-) short-term borrowings	-9,757	-46,879
	Change in short-term receivables	65	272
	Dividends paid to equity holders of the parent	-60,614	-57,199
	NET CASH USED IN FINANCING ACTIVITIES	**-59,065**	**-22,901**
	Translation differences in cash	-6,514	-9
	CHANGE OF CASH AND CASH EQUIVALENTS	**-13,104**	**71,824**
	Cash and cash equivalents at beginning of period	145,318	73,494
27	Cash and cash equivalents at end of period	132,214	145,318
	CHANGE OF CASH AND CASH EQUIVALENTS	**-13,104**	**71,824**

The effect of changes in exchange rates has been eliminated by converting the beginning balance at the rates current on the last day of the year.

Notes to the consolidated financial statements

1. Corporate information

Konecranes Plc ("Konecranes Group" or "the Group") is a Finnish public limited company organized under the laws of Finland and domiciled in Hyvinkää. The company is listed on the NASDAQ OMX Helsinki.

2. Accounting policies

2.1 Basis of preparation

The consolidated financial statements of Konecranes Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale investments that have been measured at fair value. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The consolidated financial statements are presented in thousands of euros; notes to the financial statements in millions of euros and all values are rounded to the nearest thousand (€000) except when otherwise indicated.

PRINCIPLES OF CONSOLIDATION

The consolidated accounts include the parent company Konecranes Plc and those companies in which the parent company holds directly or indirectly more than 50 percent of the voting power at the end of the year. When Konecranes has less than a majority of the voting rights, it has power over the investee when the voting rights are sufficient to give the control to direct the relevant activities of the investee through rights arising from other contractual arrangements. See company list for further information.

An associated company is a company in which the Group holds 20–50 percent of the voting power and has significant influence over the company but not control over its financial and operating policies. Investments in Joint Arrangements are classified into Joint Operations and Joint Ventures. In Joint Operations the parties with joint control have rights to the assets and obligations for the liabilities of the arrangement. In Joint Ventures the parties with joint control have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Konecranes has analyzed the existing partner agreements and content of the business in the companies to classify the Joint Arrangements accordingly.

Acquisitions of subsidiaries are accounted for using the purchase method according to which the acquired company's identifiable assets, liabilities and contingent liabilities are measured at fair value on the date of acquisition. The excess of the consideration transferred (as measured according to IFRS3) for the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill.

Investments in associated companies have been accounted for in the consolidated financial statements using the equity method. These interests are consolidated in accordance with the equity method, under which they are carried at cost plus post-acquisition changes in the Group's share of the company's net assets. Goodwill arising on acquisition is included in the carrying amounts of the investments and tested for impairment as part of the investments. Goodwill is not amortized. The Group's share of the results of operations of the associated companies is shown in the consolidated statement of income as a separate item.

Joint Operations are accounted for showing each party's interest in the assets, liabilities, revenues and expenses and / or its relative share of jointly controlled assets, liabilities, revenue and expense, if any. Joint Ventures are accounted for using the equity method as described above.

Non-controlling interest is presented separately under equity in the balance sheet.

Intracorporate transactions and internal margins in inventories have been eliminated in the consolidated financial statements.

2.2 Use of estimates and judgments

The preparation of the financial statements in accordance with IFRS requires management to make estimates and judgments that affect the valuation of reported assets and liabilities and other information, such as contingent liabilities and recognition of income and expenses in the statement of income. Although these estimates and judgments are based on the management's best understanding of current events and circumstances, actual results may differ from the estimates.

2.3 Summary of significant accounting policies

FOREIGN CURRENCY ITEMS AND EXCHANGE RATE DIFFERENCES

Assets and liabilities in foreign currencies have been valued at the rates of exchange at the balance sheet date. Realized exchange rate differences, as well as exchange rate gains or losses resulting from the valuation of receivables and liabilities, have been included in the Statement of income. Unrealized exchange rate differences relating to hedging of future cash flows, for which hedge accounting is applied and the hedge is determined to be effective, are recognized in other comprehensive income. In consolidation, the statements of income of foreign entities are translated into euros at the average exchange rate for the accounting period. The balance sheets of foreign entities are translated at the year-end exchange rate. Translation differences resulting from converting the shareholders' equity of foreign subsidiaries have been included in equity.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Global operations expose the Group to currency risk and to a less significant interest rate risk.

The Group uses derivative financial instruments (primarily forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain commitments and forecasted transactions.

Derivative financial instruments are used for hedging purposes in accordance with the Group's hedging policy and not for speculative purposes. These instruments are initially measured at fair value at the contract date, and are re-measured to fair value based on the market value quoted at subsequent reporting dates.

For certain large crane projects the Group applies hedge accounting compatible with IAS 39. Changes in the fair value of derivative financial instruments that are designated as effective hedges of future cash flows are recognized directly as other comprehensive income in cash flow hedges, while ineffective portion is recognized immediately in the income statement. The Group's policy with respect to hedging the foreign currency risk of a firm commitment and highly probable forecasted transaction is to designate it as a cash flow hedge. If the cash flow hedge of a firm commitment or highly probable forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative that had previously been recognized in the equity will be recorded to the statement of income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in the equity is retained in the equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in the equity will be transferred to profit or loss for the period.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the statement of income as they arise.

REVENUE RECOGNITION

Revenue from the sale of goods is recognized after the risks and rewards connected with ownership of the goods sold have been transferred to the customer. Normally, revenue recognition takes place when the goods have been handed over to the customer according to the contractual terms. Revenues from services are recognized when the services have been rendered.

Large crane projects revenue is recognized according to the percentage of the completion (POC) method. Most significant projects relate to harbor and shipyard cranes. The stage of completion of a contract is determined by the proportion that the contract costs incurred for the work performed to date bear to the estimated total contract costs.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are charged as expenses during the year in which they are incurred, since future potential economic benefits of new products can only be proven after their introduction to the market.

GOVERNMENT GRANTS

Government grants are recognized when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is deducted from the acquisition cost of the asset.

EMPLOYEE BENEFITS (PENSIONS)

The Konecranes companies have various pension plans in accordance with local conditions and practices. Pensions are generally managed for the Group companies by outside pension insurance companies or by similar arrangements.

Under defined contribution plans, expenses are recognized for the period the contribution relates to. The Konecranes Group accounts for the Finnish system under the Employees' Pensions Act (TyEL) within insurance system as a defined contribution plan.

Under defined benefit plans, a liability recognized in the balance sheet equals the net of the present value of the defined benefit obligation less the fair value of the plan assets at the balance sheet date. Actuarial gains and losses are recognized in the consolidated statement of other comprehensive income as remeasurement items when they occur. Remeasurement recorded in other comprehensive income is not recycled. Past service cost is recognized in the statement of profit or loss in the period of plan amendment. Net-interest is calculated by applying the discount rate to the net defined liability or asset. The Group presents service cost, past-service cost, gains and losses on curtailments and settlements and net interest expense or income as employee benefit expense.

Independent actuaries calculate the defined benefit obligation by applying the Projected Unit Credit Method.

A liability for termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

LEASES

Lease contracts, in which the Group assumes an essential part of risk and rewards of ownership, are classified as finance leases. In finance leases, the assets and accumulated depreciation are recognized in fixed assets and the corresponding lease obligations are included in interest-bearing liabilities.

Other lease contracts are classified as operating leases and the lease payments of these leases are recognized as rental expenses in statement of income.

VALUATION OF INVENTORIES

Raw materials and supplies are valued at the acquisition cost or, if lower, at the net realizable value. Semi-manufactured goods have been valued at variable production costs with addition of allocated variable and fixed overheads. Work in progress of uncompleted orders includes direct labor and material costs, as well as a proportion of overhead costs related to production and installation.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill arising from an acquisition represents the excess of the consideration transferred for the acquisition over the fair value of the identifiable net assets acquired. Goodwill is not amortized but is tested for impairment annually.

Other intangible assets include service contracts, patents and trademarks and software licenses. They are stated at cost and amortized on the straight-line basis over expected useful lives, which may vary from 4 to 20 years.

Intangible assets with indefinite useful life are not amortized, but they are tested annually for impairment.

IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired in a business combination is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment testing, goodwill is allocated to groups of cash-generating units (CGU) by using the Group's management reporting structure. If the carrying amount for a CGU exceeds its recoverable amount, an impairment loss equal to the difference will be recognized.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation is recorded on a straight-line basis over the estimated useful economic life of the assets as follows:

- Buildings 5–40 years
- Machinery and equipment 4–10 years

No depreciation is recorded for land.

BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition or construction of the asset are capitalized as a part of that asset. The capitalized interest expense is amortized over the estimated useful life of the underlying asset.

IMPAIRMENT OF ASSETS SUBJECT TO AMORTIZATION AND DEPRECIATION

The carrying values of intangible assets subject to amortization and property, plant and equipment is reviewed for impairment whenever events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

If such an indication exists, the recoverable amount of the assets will be estimated. An impairment loss is recognized in the statement of income when the recoverable amount of an asset is less than its carrying amount.

ACCOUNT AND OTHER RECEIVABLES

Account and other receivables are initially recorded at cost. Provisions are made for doubtful receivables on individual assessment of potential risks, and are recognized in the statement of income.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits with banks and other liquid investments with maturities of less than three months. Bank overdrafts are included in short-term interest-bearing borrowings under current liabilities.

SHARE-BASED PAYMENTS

The Konecranes Group has issued equity-settled stock options to its key personnel. The stock option holder is entitled to subscribe shares in Konecranes Plc in accordance with the terms of the stock option programs. The fair value of the stock options is measured at the grant date and the options are recorded as expense in the statement of income during the vesting period in accordance with IFRS 2. The valuation of the options is based on the Black & Scholes formula. When the options are exercised, the equity is increased by the amount of the proceeds received.

The Group has issued also a performance share plan for its key personnel. The plan is treated partly as an equity-settled, and partly as a cash-settled share-based payment transaction. The equity-settled share rewards are valued based on the market price of the Konecranes share at the grant date, and recognized as personnel expense over the vesting period with corresponding entry in retained earnings of the equity. The liability resulting from the cash-settled transactions is measured based on the market price of the Konecranes share at the balance sheet date and is recorded as an employee benefit with corresponding entry in non-current and current liabilities until the settlement date.

Market conditions, such as the total shareholder return upon which vesting is conditioned, is taken into account when estimating the fair value of the equity instruments granted. The expense relating to the market condition of the equity settled share-based payment is recognized irrespective of whether that market conditioning is satisfied. Non-market vesting conditions such as EBIT margin and EPS are included in assumptions about the amount of share based payments that are expected to vest. At each balance sheet date Konecranes revises its estimates on the amount of share-based payments that are expected to vest. The impact of the revision to previous estimate is recognized through statement of income with corresponding adjustments to equity and non-current and current liabilities, as appropriate.

Group has launched an employee share savings plan in which each participant will receive one free matching share for every two acquired savings shares. Matching shares will be delivered to a participant if the participant holds the acquired shares from the plan period until the end of the designated holding period. The matching shares will be paid in Konecranes shares and partly in cash. The expenses of the plan are recognized over the vesting period based on the quarterly acquired savings share amounts and fair value of Konecranes share as of the closing date.

PROVISIONS

Provisions are recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is considered certain or likely to occur. Provisions arise from restructuring plans, onerous contracts, guarantee and claim works. Obligations arising from restructuring plans are recognized when the detailed and formal restructuring plans have been established, the personnel concerned have been informed and when there is a valid expectation that the plan will be implemented.

INCOME TAX

Taxes shown in the consolidated statement of income include income taxes to be paid on the basis of local tax legislations, tax adjustments from previous years as well as the effect of the annual change in the deferred tax liability and deferred tax assets.

Deferred tax liabilities and deferred tax assets are calculated on all temporary differences arising between the tax basis and the book value of assets and liabilities. Deferred tax is not recognized for non-deductible goodwill on initial recognition and temporary differences in investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. The main temporary differences arise from unused tax losses, depreciation differences, provisions, defined benefit pension plans, inter-company inventory margin and fair valuation of derivative financial instruments. In connection with an acquisition, the Group records provisions for deferred taxes on the difference between the fair values of the net assets acquired and their tax bases. A deferred tax asset is recognized to the extent that it is probable that it can be utilized.

2.4 Application of new and amended IFRS standards and IFRIC interpretations

The following new and amended standards and interpretations are effective in the year 2013:

- IAS19, Employee Benefits (Revised)
- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Interest in Other Entities
- IFRS 13, Fair Value Measurement
- Improvements to International Financial Reporting Standards – 2009–2011

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of IAS 19. All actuarial gains and losses are recognized immediately through other comprehensive income. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a net-interest amount under revised IAS 19, which is calculated by applying the discount rate to the net defined benefit liability or asset. The revised IAS 19 introduces also certain changes in the presentation of the defined benefit cost and obligation including more extensive disclosures. The effect of the amended standard had immaterial impact on financial statements since Konecranes adopted the possibility to recognize actuarial gains and losses in other comprehensive income already in 2012 (prior periods restated).

IFRS 11 uses the principle of control as described in IFRS 10 to define joint control. Joint Arrangements are classified into Joint Operations and Joint Ventures. In Joint Operations the parties with joint control have rights to the assets and obligations for the liabilities of the arrangement. Joint Operations are accounted for showing each party's interest in the assets, liabilities, revenues and expenses and / or its relative share of jointly controlled assets, liabilities, revenue and expense, if any. In Joint Ventures the parties with joint control have rights to the net assets of the arrangement. Joint Ventures are accounted for using the equity method. The proportionate consolidation method is prohibited under IFRS 11. IFRS 12 requires extensive qualitative and quantitative disclosures of interests held in other entities and how control was determined. The introduction of IFRS 11 reclassified one company as joint operation and did not have material impact on financial statements.

The other new and amended standards in 2013 had immaterial impact on future financial statements.

The following new and amended standards and interpretations are effective in the year 2014:

- Amendment to IAS 32 Offsetting Financial Assets and Financial Liabilities
- Amendment to IFRS 10, IFRS 12 and IAS 27 – Investment entities

The amended standards in 2014 will have immaterial impact on future financial statements.

3. Management of financial risks

The Group uses an approach in which most of the management of financial risks is centralized to Konecranes Group Treasury. Group Treasury functions within the legal entity Konecranes Finance Corporation, operating as a financial vehicle for the Group in Corporate Headquarters. With centralization and netting of internal foreign currency cash flows, the external hedging needs can be minimized.

Konecranes Finance Corporation is not a profit center in the sense that it would pursue to maximize its profits. The company aims to serve the operative companies of the Group in reducing their financial risks.

The Group's global business operations involve financial risks in the form of currency, interest rate, commodity, credit and liquidity risks. The Group's objective is to increase the short-term stability of the financial environment for the business operations by reducing the negative effects caused by price fluctuations and other uncertainties in the financial markets.

The responsibility of identifying, evaluating and controlling the financial risks arising from the Group's global business operations is divided between the business units and Konecranes Finance Corporation.

Units hedge their risks internally with Group Treasury. As a result of this, most of the financial risks of the Group are concentrated into one company, Konecranes Finance Corporation and can be evaluated and controlled in an efficient way.

Almost all funding, cash management and foreign exchange with banks and other external counterparties are centralized to Konecranes Finance Corporation in accordance with the Group's Treasury Policy. Only in a few special cases, when the local central bank regulation prohibits using group services in hedging and funding, this must be done directly between an operative company and a bank under the supervision of the Group Treasury.

Konecranes Finance Corporation uses a treasury system, which enables practically a real-time processing of transactions and in-depth records of activities and performance. The standard reporting is done on a weekly basis and it covers group-level commercial and financial cash flows, foreign currency transaction exposure, debt positions, portfolio of derivatives and counterparty credit exposure for financial transactions. In addition, all group companies participate in the monthly managerial and statutory reporting.

CURRENCY RATE RISK

The Group's global business operations generate exchange rate risk. However, most of the business units only have transactions in their own currency, i.e. these units have their sales & costs as well as internal funding from Konecranes Finance Corporation in their local home currency. Only 21 out of some 100 Group companies operate regularly in a foreign currency. These companies hedge their currency rate risk with Group Treasury. Depending on the business area and the probability of the cash flows, the hedging covers operative cash flows for the next 1–24 months and is done by using internal foreign exchange forward contracts. This way, Konecranes Finance Corporation can manage the currency rate risk of the whole Group. The foreign currency funding of the other Group companies and possibly some external foreign currency funding can net some of these foreign currency items. The residual net exposure can be covered with commercial banks using foreign exchange forward contracts or currency options. Only the items belonging to hedge accounting cannot be netted out against other internal items. These instruments are used when the hedging effect cannot be obtained through internal netting and matching of cash flows within the Group.

The business units' commercial bids in a foreign currency can be hedged by using currency options, but, in general, using currency clauses covers the risk.

For certain large crane projects, the Group applies hedge accounting compatible with IAS 39. Hedges are done by using foreign exchange forward contracts. Currently, only USD denominated projects are included in the hedge accounting. The hedge accounting portfolio comprises both USD sales and purchases. At the end of 2013, the hedge accounting net cash flows totaled USD 178 million (USD 100 million in 2012).

The following table shows the transaction exposure of Konecranes Finance Corporation as of December 31, 2013 and December 31, 2012 (in EUR millions):

	2013	2012
AUD	3	2
CAD	-1	-10
CHF	2	5
GBP	3	-2
JPY	0	-1
NOK	2	2
SEK	-47	-36
SGD	-11	0
THB	1	0
USD	165	126
ZAR	1	0

The following table shows the translation exposure of the Group as of 31.12.2013 and 31.12.2012 (in EUR millions):

	2013	2012
AED	6	6
AUD	6	5
BRL	-5	-2
CAD	28	28
CHF	4	0
CLP	7	7
CNY	84	102
DKK	1	1
GBP	3	-1
HUF	3	4
INR	-1	8
IDR	-2	-1
JPY	-5	-3
MAD	-5	0
MXN	2	2
MYR	2	2
NOK	-4	-4
PEN	1	1
PLN	1	1
RON	1	1
RUB	7	6
SAR	10	9
SGD	55	20
SEK	-13	-17
THB	-1	-1
TRY	2	4
UAH	-14	-14
USD	42	61
ZAR	-1	0

Currently, none of the non-euro denominated shareholders' equity of the Group's foreign subsidiaries (i.e., the translation exposure) is hedged.

Please see Note 37 of the Consolidated Financial Statements for the notional and fair values of derivative financial instruments.

Changes in currency rates can affect the profitability and equity of the Group. The U.S. dollar has clearly the biggest impact, as many of large crane projects are denominated in USD and the Group has a lot of local business operations in the United States. A depreciation of the USD has a negative impact.

The following table shows the magnitude of the effects that changes in the EUR/USD exchange rate would have on the Group's annual EBIT and equity. An appreciation of the average rate of US dollar against Euro for ten percent increases the operating profit by EUR 15.8 million (22.9 million in 2012) and equity by EUR 4.9 million (6.7 million in 2012). Table figures in EUR million, the USD effect simulated:

CHANGE IN EUR/USD RATE	2013 EBIT	2013 Equity	2012 EBIT	2012 Equity
+10%	- 12.9	- 4.0	- 20.8	- 6.1
- 10%	+15.8	+4.9	+22.9	+6.7

The transaction position is estimated for the calendar year and the estimate of the effects is based on the assumption that the USD denominated transactions are not hedged. In practice, however, all large projects with long maturities generating substantial portion of the annual changes in the transaction position, are hedged. The profitability is affected by the portion of the Group's EBIT generated in USD (translational effect) and by the USD operations of the Group companies with euro as home currency and generating EBIT in euros (transactional effect). The equity is affected by the change in EBIT and by the portion of the Group's equity in USD.

Appreciating dollar has also a positive impact on Group's operating profit margin, when it affects the revenues and costs reported in euros asymmetrically. The EBIT change affecting the operating profit margin (relative profitability) is only approximately EUR 4 million (7 million in 2012), when dollar appreciates 10 percent. This is due to the fact that the exchange rate change impacts mostly both group's revenues and costs and only partly either of these. Relative profitability calculation excludes the hedged cash flows from long lasting projects.

Interest rate risk

Changes in market interest rates have an impact on Group's net interest expenses and the market value of interest rate derivatives. The objective for interest rate risk management is to reduce the volatility impact the market interest rate changes cause by optimizing the allocation between flow risk and price risk according to principles set in Capital structure management.

Approximately 88% of the Group's interest-bearing liabilities are denominated in euro (90% in 2012). Please see Note 30.3 of the Consolidated Financial Statements for the currency split of outstanding debt.

The portion of the Group's long term debt of total debt is related to the Group's gearing ratio. The higher the ratio is, the more weighted the long term debt portfolio is according to principles set in Capital structure management. The interest rate risk related to long term loans are hedged with interest rate derivatives belonging to hedge accounting. For hedging purposes interest rate swaps, forward rate agreements, interest rate futures and interest rate options can be used.

The Group's interest bearing liabilities at the end of 2013 were EUR 320 million (EUR 327 million in 2012). The average interest rate for short term loans was 2.78% (3.08%) and for long term loans 2.04% (1.91%). A change of one percentage point in interest rates in Group's long term debt portfolio would have following effect on Group's income statement and equity:

CHANGE IN INTEREST RATES	2013 Income statement	2013 Equity	2012 Income statement	2012 Equity
+1%	- 1.2	+2.8	- 1.8	+2.5
- 1%	+0.3	- 2.9	+1.8	- 2.5

The effect on income statement is comprised of Group's floating long term debt which is recognized through the statement of income. The effect on equity is comprised of the changes in fair value of interest rate swaps hedging the long term debt portfolio. The effect of a one percentage point decline in interest rates is theoretical, since it would mean negative market interest rates. The proportion of fixed interest loans in the loan portfolio can be increased by means of interest rate derivatives. As a consequence of this treasury policy, the Group's average interest rate level, in general, can be higher than the market level of short-term interest rates when low rates prevail and, on the other hand, lower than the market level when high rates prevail. Please see Note 30.3 of the Consolidated Financial Statement for sensitivity analysis of the Group's interest rate risk.

Commodity risk

By using electricity derivatives, the Group strives to reduce the negative effect caused by electricity price fluctuation. The overall importance of the energy price risk is small compared to other financial risks and cannot be described as significant.

Please see Note 37 of the Consolidated Financial Statements for the notional and fair values of derivative financial instruments (including electricity forwards).

Steel prices are fixed as a normal part of the procurement process. Price changes naturally affect the future procurement, but these changes can be taken into consideration in the price quotes to the end customers.

In large crane projects, the steel structures are sub-contracted and as a normal part of the sub-contracting process, the steel is included in the price of the sub-contracting (i.e. the price is fixed with the sub-contractor).

The Group procures steel and steel components and thus has an inventory of those. Market price fluctuation of steel can impact the profitability of customer projects or cause inventory obsolescence.

Credit and counterparty risks

Credit risk arises from the potential failure of a commercial counterparty to meet its commercial payment obligations. To limit this risk, the Group applies conservative credit policy towards customers. It is Konecranes practice to review customers carefully before entering formal business relationship and require Credit Reports from new customers. Customer Credit risks are mitigated with Advance Payments, Letters of Credits, Payment Guarantees and Credit Insurance where applicable. With these actions and careful monitoring of the customer payments credit risks can be mitigated.

The business units manage credit risks related to their commercial flows. There is currently no significant concentration of credit risk regarding the commercial activities, as the number of customers is high and their geographic distribution is wide. It is the Group's policy not to fund its customers beyond regular payment terms. Please see Note 24 of the Consolidated Financial Statements for a table of an aging analysis of accounts receivable. The theoretical maximum credit risk equals the carrying amount of receivables. There are also some additional receivables, which relate to the percentage of the completion revenue method used in long-term projects, and these are partly covered by advance payments. Please see Note 7 of the Consolidated Financial Statements for details.

Counterparty risk arises from the potential failure of a financial institution to meet its payment obligations regarding financial instruments. All credit risks related to other financial instruments than the regular accounts receivable are managed by Konecranes Group Treasury. There is no substantial concentration of credit risk regarding the financial instruments, since investments are rare and hedging instruments are done with a number of banks. However, counterparties for financial instruments are limited to the core banks of the Group. These are all major banks with good credit ratings. The majority of all financial instruments are of short-term nature, with maturity of less than one year. There are no significant deposits or loans granted with external counterparties.

The Group has bank risk exposure in form of cash at bank accounts around the world. Despite the active cash management structures the Group has in place, some cash holdings globally with several banks are needed to ensure the liquidity of Group companies. Group Treasury follows closely the bank risk exposure in Group according to principles set in Treasury Policy and takes necessary actions for reducing the risk.

Liquidity risks

Liquidity risks concern the availability of liquid assets or funding. Lack of funding might jeopardize normal business operations and eventually might endanger the ability to fulfill daily payment obligations.

For managing the liquidity risks, the Group has established a EUR 200 million committed revolving credit facility with an international loan syndication (2010–2015). To cover the short-term funding needs, Konecranes Finance Corporation can borrow from institutional investors through five domestic commercial paper programs (totaling EUR 480 million). In addition, business units around the world have overdraft facilities totaling some EUR 140 million to cover the day-to-day funding needs.

It is the Group's policy to keep minimum amount of cash in the balance sheet as deposits or any other liquid assets to maximize the return of capital employed. Cash and cash equivalents totaled EUR 132.5 million at the end of 2013 (EUR 145.4 in 2012).

See Note 30.3 of the Consolidated Financial Statements for the maturity profile of the Group's financial liabilities.

Capital structure management

The primary objective of the Group's capital structure management is to ensure that it maintains a good credit risk status and a healthy capital ratio to support its business operations. At the same time, the Group also aims to maximize shareholder value by effective use of capital.

The Group manages its capital structure and fine-tunes it to adjust to probable changes in economic conditions. These actions may include adjusting the dividend payment to shareholders, buying back own shares or issuing new shares.

The Group monitors its capital structure using gearing ratio. This is calculated as a ratio of interest-bearing liabilities less liquid assets less loans receivable to total equity. At the end of 2013, the gearing ratio was 42.1% (39.5% in 2012).

The Group has no quantitative targets for the capital structure but the optimal long-term gearing ratio is in the range of 50–80%. However, in the short term, the gearing can also be significantly higher or lower than this range.

The Group decides on the split between long-term and short-term debt in relation to the gearing ratio level. The following table shows the rough guidelines for the portion of long–term debt of total debt under different gearing ratio levels:

Gearing ratio level	Portion of long–term of total debt
Under 50%	Under 1/3
Between 50–80%	Between 1/3 and 2/3
Over 80%	Over 2/3

The Group monitors the gearing ratio level on a weekly basis. During 2013, no changes have been made in the objectives, policies or processes. The objectives of the Group's capital management have been met in recent years.

4. Segment information

From 2010 onwards Konecranes has reported two Business Areas: Service and Equipment as its primary business segments. The business areas are based on the Group's management reporting and organizational structure. Konecranes Group's highest operative decision maker is the President and CEO with the support of the Group Executive Board (GXB).

The assets and liabilities of the business areas include only items directly connected with the business as well as the goodwill related to them. Unallocated items, including Group Headquarters, include tax and financial income and expenses, which are managed on group level, as well as items which can not be allocated to the business areas.

As its secondary segments, Konecranes Group reports three geographical areas, which are the main market areas: EMEA (Europe, Middle East and Africa), AME (Americas) and APAC (Asia-Pacific). Sales are reported by the customer location and assets and capital expenditure by the location of the assets.

Intercorporate transfer prices are based primarily on the market prices.

All figures are in millions of euros unless otherwise indicated.

4.1. Business segments

2013	Service	Equipment	Unallocated items	Eliminations	Total
Orders received	715.9	1,319.6		-114.7	**1,920.8**
Order book	128.1	765.3			**893.5**
Sales to external customers	844.2	1,255.4			**2,099.6**
Inter-segment sales	44.9	73.8		-118.7	**0.0**
Total net sales	889.1	1,329.2		-118.7	**2,099.6**
EBITDA	89.6	71.6	-21.1	0.5	**140.5**
EBITDA, %	10.1%	5.4%			**6.7%**
Depreciation and amortization	14.6	24.1	0.4		**39.1**
Impairment of assets	7.2	9.7			**16.9**
Operating profit excluding restructuring costs	80.6	54.3	-20.0	0.5	**115.5**
% of net sales	9.1%	4.1%			**5.5%**
Operating profit including restructuring costs	67.8	37.8	-21.6	0.5	**84.5**
% of net sales	7.6%	2.8%			**4.0%**
Assets	359.3	860.2	262.6		**1,482.0**
Liabilities	171.8	482.1	383.7		**1,037.5**
ROCE%	38.3%	9.6%			**11.6%**
Capital expenditure	20.1	45.6			**65.7**
Share of result of associates and joint ventures	0.0	3.9			**3.9**
Investment in associates and joint ventures	0.0	40.4			**40.4**
Personnel	6,151	5,626	55		**11,832**

2012	Service	Equipment	Unallocated items	Eliminations	Total
Orders received	735.0	1,340.4		-105.2	**1,970.1**
Order book	147.2	795.6			**942.7**
Sales to external customers	843.3	1,328.2			**2,171.5**
Inter-segment sales	40.7	84.5		-125.3	**0.0**
Total net sales	884.0	1,412.7		-125.3	**2,171.5**
EBITDA	87.3	109.7	-20.6	0.5	**176.8**
EBITDA, %	9.9%	7.8%			**8.1%**
Depreciation and amortization	12.7	28.4	0.4		**41.5**
Impairment of assets	0.0	2.9			**2.9**
Operating profit excluding restructuring costs	74.6	84.2	-21.0	0.5	**138.3**
% of net sales	8.4%	6.0%			**6.4%**
Operating profit including restructuring costs	74.6	78.4	-21.0	0.5	**132.5**
% of net sales	8.4%	5.5%			**6.1%**
Assets	353.6	910.1	312.6		**1,576.3**
Liabilities	187.0	501.3	425.3		**1,113.6**
ROCE%	41.8%	18.8%			**18.4%**
Capital expenditure	12.5	29.1			**41.7**
Share of result of associates and joint ventures	0.0	3.8			**3.8**
Investment in associates and joint ventures	0.0	37.5			**37.5**
Personnel	6,119	5,973	55		**12,147**

4.2. Geographical segments

2013	EMEA*	AME	APAC	Total
External sales*	979.8	752.9	366.9	**2,099.6**
Assets	843.4	295.2	343.4	**1,482.0**
Capital expenditure	44.9	4.2	16.5	**65.7**
Personnel	6,246	2,711	2,875	**11,832**

** External sales to Finland EUR 74.5 million. Intangible and tangible assets in Finland EUR 129.9 million and in other countries EUR 292.8 million.*

2012	EMEA*	AME	APAC	Total
External sales*	1,043.7	721.0	406.9	**2,171.5**
Assets	887.6	353.2	335.4	**1,576.3**
Capital expenditure	30.8	2.9	7.9	**41.7**
Personnel	6,269	2,724	3,154	**12,147**

** External sales to Finland EUR 90.0 million. Intangible and tangible assets in Finland EUR 133.3 million and in other countries EUR 290.8 million.*

5. Acquisitions

Acquisitions in 2013

Konecranes completed one small acquisition in the crane service business during January–March 2013 when it acquired service business assets and operations of S.E.T.E.M in Bordeaux, France.

In May, 2013, Konecranes and the KION Group, one of the leading global manufacturers of industrial trucks, closed the transaction announced on 18 February 2013 to collaborate in the container handling lift truck business. Based on the collaboration agreement, Konecranes, with immediate effect, became long-term supplier of container handling lift trucks to the worldwide distribution network of Linde Material Handling, which is wholly owned by KION Group. Both companies will continue to offer a full range of container handling lift trucks, including reach stackers, empty container handlers and laden container handlers. In addition, Konecranes acquired certain assets including the product rights and inventories for container handling lift trucks from Linde Material Handling,

The fair values of the identifiable assets and liabilities of the acquired business at the date of acquisition are summarized below.

	2013 Recognized on acquisition	2013 Fair value adjustments	2013 Acquired carrying value
Intangible assets			
Clientele	7.9	7.9	0.0
Technology	0.8	0.8	0.0
Other intangible assets	0.0	0.0	0.0
Property, plant and equipment	0.0	0.0	0.0
Inventories	2.8	0.3	2.5
Account receivables and other assets	0.0	0.0	0.0
Cash and cash equivalents	0.0	0.0	0.0
Total assets	**11.5**	**8.9**	**2.5**
Deferred tax liabilities	0.5	0.5	0.0
Long- and short-term interest bearing debts	0.0	0.0	0.0
Account payables and other current liabilities	0.5	0.5	0.0
Total liabilities	**1.0**	**1.0**	**0.0**
Net assets	**10.5**	**7.9**	**2.5**
Purchase consideration transferred	**10.5**		
Goodwill	**0.0**		
Cash outflow on acquisition			
Purchase consideration, paid in cash	8.3		
Transactions costs*	0.8		
Cash and cash equivalents in acquired companies	0.0		
Net cash flow arising on acquisition	**9.1**		
Purchase consideration:			
Purchase consideration, paid in cash	8.3		
Purchase consideration, liabilities assumed	0.0		
Contingent consideration liability	2.2		
Total purchase consideration	**10.5**		

** Transaction costs of EUR 0.8 million have been expensed and are included in other operating expenses.*

From the date of acquisitions the acquired companies have contributed EUR 7.2 million of sales and EUR -0.4 million EBIT. If the combinations had taken place at the beginning of the year, Konecranes Group's 2013 sales would have been EUR 2,102.6 million and EBIT EUR 84.3 million.

Divestments 2013

During the third quarter of 2013, Konecranes sold small Machine Tool Service business unit in Heilbronn Germany to the management of the unit. The disposal resulted a loss of 0.9 M€ to the statement of income.

Acquisitions in 2012

Konecranes completed two small acquisitions in crane service business during April–June 2012 when it acquired assets and operations of Deussen Andernach GmbH in Andernach, Germany and Ameritronic Industries, Inc in Indiana, USA.

During July–September Konecranes acquired the assets and operations of two small crane service companies: Re-Cranes, located in Prague, Czech Republic and Nea Lyfton, located in Örebro, Sweden.

The fair values of the identifiable assets and liabilities of the acquired business at the date of acquisition are summarized below.

	2012 Recognized on acquisition	2012 Fair value adjustments	2012 Acquired carrying value
Intangible assets			
Clientele	1.6	1.6	0.0
Technology	0.0	0.0	0.0
Other intangible assets	0.0	0.0	0.0
Property, plant and equipment	0.3	0.0	0.3
Inventories	0.1	0.0	0.1
Account receivables and other assets	0.0	0.0	0.0
Cash and cash equivalents	0.0	0.0	0.0
Total assets	**2.0**	**1.6**	**0.4**
Deferred tax liabilities	0.3	0.3	0.0
Long- and short-term interest bearing debts	0.0	0.0	0.0
Account payables and other current liabilities	0.1	0.0	0.1
Total liabilities	**0.4**	**0.3**	**0.1**
Net assets	**1.6**	**1.3**	**0.3**
Purchase consideration transferred	**1.6**		
Goodwill	**0.0**		
Cash outflow on acquisition			
Purchase consideration, paid in cash	1.5		
Transactions costs*	0.2		
Cash and cash equivalents in acquired companies	0.0		
Net cash flow arising on acquisition	**1.7**		
Purchase consideration:			
Purchase consideration, paid in cash	1.5		
Purchase consideration, liabilities assumed	0.1		
Contingent consideration liability	0.0		
Total purchase consideration	**1.6**		

** Transaction costs of EUR 0.2 million have been expensed and are included in other operating expenses.*

From the date of acquisitions the acquired companies have contributed EUR 2.4 million of sales and EUR -0.1 million EBIT. If the combinations had taken place at the beginning of the year, Konecranes Group's 2012 sales would have been EUR 2,172.7 million and EBIT EUR 132.4 million.

6. Distribution of sales

	2013	2012
Sale of goods	1,444.1	1,528.3
Rendering of services	654.5	642.7
Leasing of own products	0.4	0.3
Royalties	0.6	0.2
Total	**2,099.6**	**2,171.5**

7. Percentage of completion method and advances received

7.1. PERCENTAGE OF COMPLETION METHOD	2013	2012
The cumulative revenues of non-delivered projects	297.5	309.6
Advance received from percentage of completion method	277.5	324.5
Receivables from the revenue recognition netted with the advances received	215.5	261.4

Net sales recognized under the percentage of completion method amounted EUR 389.9 million in 2013 (EUR 404.1 in 2012).

7.2. ADVANCE PAYMENTS RECEIVED	2013	2012
Advance received from percentage of completion method (netted)	62.0	63.1
Other advance received from customers	113.3	154.0
Total	**175.2**	**217.2**

8. Other operating income

	2013	2012
Profit of disposal of fixed assets	0.3	0.2
Rental income	0.4	0.6
Indemnities	0.3	0.4
Other	0.6	1.0
Total	**1.6**	**2.3**

9. Government grants

	2013	2012
Investment grants in building, machinery and employment grants	0.4	0.9
Grants for research and development	0.5	0.7
Total	**0.9**	**1.6**

10. Depreciation, amortization and impairments

10.1. DEPRECIATION AND AMORTIZATION	2013	2012
Intangible assets	16.2	19.9
Buildings	2.9	3.0
Machinery and equipment	19.9	18.6
Total	**39.1**	**41.5**

10.2. IMPAIRMENTS	2013	2012
Buildings, Machinery and equipment	1.7	0.0
Intangible rights	10.8	0.0
Goodwill	4.5	2.9
Total	**16.9**	**2.9**

11. Other operating expenses

	2013	2012
Change in work in progress	11.6	-5.5
Production for own use	-0.3	-1.2
Material and supplies	816.2	877.6
Subcontracting	196.5	193.6
Wages and salaries	476.6	478.9
Pension costs	38.0	38.1
Other personnel expenses	83.6	81.7
Other operating expenses	338.5	333.7
Total	**1,960.6**	**1,996.9**

Research and developments costs recognized as an expense in other operating expenses amount to EUR 25.6 million in the year 2013 (EUR 25.8 million in 2012).

12. Personnel expenses and number of personnel

12.1. PERSONNEL EXPENSES	2013	2012
Wages and salaries	476.6	478.9
Pension costs: Defined benefit plans	4.3	5.4
Pension costs: Defined contribution plans	33.7	32.8
Other personnel expenses	83.6	81.7
Total	**598.2**	**598.7**

12.2. AVERAGE PERSONNEL	2013	2012
The average number of personnel	11,987	11,917
Personnel 31 December,	11,832	12,147
of which in Finland	1,989	2,035

12.3. PERSONNEL BY BUSINESS AREA AT END OF PERIOD	2013	2012
Service	6,151	6,119
Equipment	5,626	5,973
Group Staff	55	55
Total	**11,832**	**12,147**

13. Management compensation

Board of Directors

The remuneration packages for Board members are resolved by the Annual General Meeting on proposal by the Nomination and Compensation Committee. The AGM 2013 confirmed an annual fee of EUR 105,000 for the Chairman of the Board (2012: EUR 105,000), EUR 67,000 for the Vice Chairman of the Board (2012: EUR 67,000), and EUR 42,000 for other Board members (2012: EUR 42,000). In addition, compensation of EUR 1,500 was approved for attendance at Board committee meetings (2012: EUR 1,500). However, the chairman of audit committee is entitled to a compensation of EUR 3,000 (2012: EUR 3,000) per meeting for attendance at audit committee meetings.

According to the proposal, 50% of the annual remuneration is to be used for acquiring shares in the company. The remuneration may also be paid by transferring treasury shares based on the authorization given to the board of directors by the general meeting. In case such purchase of shares cannot be carried out due to reasons related either to the company or to a board member, the annual remuneration shall be paid entirely in cash.

Travel expenses will be compensated against receipt.

TOTAL COMPENSATION TO THE BOARD OF DIRECTORS	2013 Total compensation, EUR	2013 Number of shares as part of compensation	2012 Total compensation, EUR	2012 Number of shares as part of compensation
Chairman of the Board	108,000	1,873	111,840	2,276
Board members	331,500	5,243	342,845	6,370
Total	**439,500**	**7,116**	**454,685**	**8,646**

President and CEO

The Nomination and Compensation Committee reviews the President and CEO's performance. Based on this review and relevant facts, the Board sets the total compensation package for the President and CEO.

	2013	2012
Salary and benefits, EUR	656,041	553,603
Annual variable pay, EUR	120,000	262,800
Total	**776,041**	**816,403**
Expense of statutory pension plans	112,360	88,570
Expense of voluntary pension plans	94,123	87,084
Total	**206,483**	**175,654**
Shareholding in Konecranes Plc (number of shares)	225,520	263,749
Option rights owned (number of options)	80,000	80,000
Performance share rights allocated	67,200	48,000
Share-based payments costs, EUR	281,727	248,693
Retirement age	63 years	63 years
Period of notice	6 months	
Severance payment	18 months salary and fringe benefits	

The additional pension agreement of President and CEO Pekka Lundmark was reviewed and amended during 2012 to reinforce its defined contribution plan feature with an annual contribution of 18,6% from the salary. At the same time the retirement age was raised to 63 years.

At the end of year 2013, Konecranes had a loan receivable of EUR 225,336.14 from President & CEO Pekka Lundmark with the interest rate of 1.533%. (EUR 221,725.43 with the interest rate of 1.615% in 2012). The loan relates to a tax payment resulting from the incentive scheme directed to the President & CEO in 2006. There is a tax appeal pending against the imposed payment and the loan is effective until the appeal is concluded.

Group Executive Board & Senior Management Team

In 2013 Konecranes had a two-tier operative management structure consisting of the Group Executive Board (GXB) and the Senior Management Team (SMT).The GXB convenes as frequently as necessary, normally on a monthly basis. The SMT shall convene twice a year, in April–May and in December. Business Areas and Regions have their own management teams that convene on a regular basis. Only Group Executive Board is classified to key management personnel due to the decision making power.

The Group Executive Board comprises President and CEO, and Chairman of the Group Executive Board; Executive Vice President, Head of Business Area Service and Chief Customer Officer; Executive Vice President and Head of Business Area Equipment; Executive Vice President, Strategy and Technology; Chief Financial Officer; Senior Vice President, Human Resources; and Chief Information Officer.

The Nomination and Compensation Committee of the Board reviews Group compensation policies and issues guidelines for the same. In accordance with these guidelines, the Nomination and Compensation Committee confirms compensation packages for those Group Executive Board members who report directly to the President and CEO. For other Group Executive Board members, the compensation packages are confirmed by the President and CEO.

The retirement age of the Finnish members of the Group Executive Board (excluding the President and CEO) is set according to the Employees Pensions Act (TyEL). The Finnish members of the Group Executive Board also participate in the contribution-based group pension insurance scheme offered to key personnel in Finland. The defined contribution payment by the company is 1% of annual salary excluding performance based compensation (annual or long term incentives). The Finnish Group Executive Board members also have life insurance and disability insurances. Non-Finnish members have local insurances.

GROUP EXECUTIVE BOARD EXCLUDING THE PRESIDENT AND CEO	2013	2012
Salary and benefits, EUR	1,283,773	1,112,489
Annual variable pay, EUR	246,131	206,755
Total	**1,529,904**	**1,319,244**
Expense of statutory pension plans	218,645	194,646
Expense of voluntary pension plans	9,896	8,356
Total	**228,541**	**203,002**
Shareholding in Konecranes Plc (number of shares)*	170,786	191,706
Option rights owned (number of options)	141,500	219,135
Performance share rewards allocated	163,200	108,000
Share-based payments costs, EUR	690,453	522,919

** The number of shares 2012 does not include 12,500 exercised option rights for which the transfer of treasury shares occurred in 2013.*

There were no loans to the Group Executive Board (excluding the President and CEO) at end of the period 2013 and 2012.

There are no guarantees on behalf of the Group Executive Board in year 2013 and 2012.

The employee benefits to the key management personnel of the Group were in total EUR 4.2 million in year 2013 (3.7 million in year 2012).

14. Financial income and expenses

14.1. FINANCIAL INCOME	2013	2012
Dividend income on available-for-sale investments	0.1	0.1
Interest income on bank deposits and loans	4.8	3.3
Fair value gain on derivative financial instruments	9.9	3.5
Other financial income	2.7	0.1
Total	**17.5**	**6.9**

14.2. FINANCIAL EXPENSES	2013	2012
Interest expenses on liabilities	13.3	14.7
Exchange rate loss on interest bearing assets and liabilities	15.4	2.3
Other financial expenses	1.8	2.1
Total	**30.5**	**19.0**
Financial income and expenses net	**-13.0**	**-12.1**

The company applies hedge accounting on derivatives used to hedge cash flows in certain large crane projects. The cash flow hedges of the expected future cash flows are assessed to be highly effective and a net unrealized effect of EUR 2.6 million (2012: EUR -1.4 million) with deferred taxes of EUR -0.7 million (2012: EUR 0.5 million) relating to the hedging instruments is included in the equity. The hedged operative cash flows are expected to occur during the next 3–18 months.

15. Income taxes

15.1. TAXES IN STATEMENT OF INCOME	2013	2012
Local income taxes of group companies	36.0	45.3
Taxes from previous years	2.4	1.1
Change in deferred taxes	-12.3	-6.9
Total	**26.1**	**39.4**

15.2. RECONCILIATION OF INCOME BEFORE TAXES WITH TOTAL INCOME TAXES	2013	2012
Profit before taxes	75.5	124.2
Tax calculated at the domestic corporation tax rate of 24.5% (2012: 24.5%)	18.5	30.4
Effect of different tax rates of foreign subsidiaries	1.2	3.8
Taxes from previous years	2.4	1.1
Tax effect of non-deductible expenses and tax-exempt income	2.1	1.4
Tax effect of unrecognized tax losses of the current year	3.5	4.5
Tax effect of utilization of previously unrecognized tax losses	-0.3	-0.7
Tax effect of recognition of previously unrecognized tax losses	-0.5	-0.7
Tax effect of recognizing the controlled temporary difference from investment in subsidiaries	0.1	0.0
Tax effect of tax rate change *	-0.2	0.0
Other items	-0.7	-0.3
Total	**26.1**	**39.4**
Effective tax rate %	34.5%	31.7%

** The tax rate changes in Finland from January 1, 2014 are recognized in deferred taxes in 2013.*

15.3. TAX EFFECTS OF COMPONENTS IN OTHER COMPREHENSIVE INCOME	2013	2012
Cash flow hedges	1.0	0.5
Re-measurement gains (losses) on defined benefit plan	-0.9	-3.1
Total	**0.1**	**-2.6**

16. Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated by adjusting the weighted average number of shares with the stock options outstanding per December 31.

	2013	2012
Net profit attributable to shareholders of the parent company	49.1	84.2
Weighted average number of shares outstanding (1,000 pcs)	57,684	57,228
Effect of issued share options (1,000 pcs)	193	289
Diluted weighted average number of shares outstanding (1,000 pcs)	57,877	57,517
Earnings per share, basic (EUR)	0.85	1.47
Earnings per share, diluted (EUR)	0.85	1.46

17. Goodwill and goodwill impairment testing

General principles

The goodwill is allocated to cash-generating units (CGUs) being the lowest level of assets for which there are separately identifiable cash flows. These CGUs are then aggregated to the Business Unit (BU) level which is the lowest operative management reporting level at which goodwill is monitored and for which the impairment testing is primarily done.

The recoverable amounts of the BUs and CGU are determined based on value in use calculations (discounted cash flow method). In those cases where a CGU forms a stand alone business where synergies with the rest of the respective BU activities are difficult to assess, the goodwill is tested on the CGU level. The forecasting period of cash flows is five years and it is based on financial forecasts of each BU's management, adjusted by Group management if needed. The forecasts have been made based on BU specific historical data, order book, the current market situation and industry specific information of the future growth possibilities. The calculated cash flows after the five-year forecasting period are based on a zero percent growth estimate on sales and operating margin. Calculations are prepared during the fourth quarter of the year.

The discount rate applied to cash flow projections is the weighted average (pre-tax) cost of capital and is based on risk free long term government bond rates and market and industry specific risk premiums. These risk premiums are derived based on the business portfolio of companies which operate in a similar industry as the BUs. The average discount rate used in 2013 is 12,4 percent (a weighted average of a range from 10 to 20 percent). In 2012, the average pre-tax discount rate used was 11,7 percent (a weighted average of a range from 9 to 19 percent). The business risk distribution of the tested BUs were considered when determining the discount rates in use and the discount rates account for the average cost of capital for all BUs.

Goodwill allocation to main cash-generating Units (CGUs), Business Units (BU) and business segments:

The Group's total goodwill is allocated to the Business Units (BU) as indicated in the table below. The table also shows separately the goodwill of those individual CGUs that represent stand alone businesses and thus are extracted from BU-level for goodwill impairment testing purposes (tested separately).

In Group's assets, there is also included EUR 10.4 million intangible assets with indefinite useful life arising from the acquisition of R. Stahl AG's material handling division, which consists of the trademark of the brand name 'Stahl'. The carrying amount of this asset is tested on a yearly basis by using a similar kind of impairment testing method as the goodwill.

Sensitivity analyses

In addition to impairment testing using the base case assumptions, three different sensitivity analyses were performed:

- A discount rate analyses where the discount rate was increased by 5 percentage points.
- A Group management adjustment to the future profitability. Each BU and stand alone CGU cash flow was analyzed by the Group management. Based on the BU specific historical data and future growth prospects the cash flows were decreased by -10%.
- A higher discount rate (+5% points) analyses combined with lower (-10%) cash flows as mentioned above.

Goodwill testing results:

Restructuring actions and closure of certain parts of business units have lead to additional impairment testing in two business units: Port Service and Light Lifting, which includes 2012 tested CGU Suomen Teollisuusosa and CGU Konecranes Light Lifting. As a result of the testing a total of EUR 4.5 million of Goodwill was written off (Business Unit Port Service EUR 3.5 million and Business Unit Light Lifting EUR 1.0 million). As a result of the regular impairment test in 2013 there were no need for additional write offs.

In the regular impairment test 2013 the recoverable amount of Business Unit Port Service exceeded the balance value by EUR 0.9 million and in the Business Unit Light Lifting by EUR 0.9 million respectively. Sensitivity tests using both higher discount rate (+5% points) and lower cash flow estimates (-10%) indicated that BU Port Service Goodwill would have been impaired by additional EUR 6.6 million and BU Light Lifting Goodwill by EUR 5.8 million. The recoverable amount would be the same as balance value if the discount rate would be 0.5% points higher in BU Port Service and 0.3% points higher in BU Light Lifting or if the cash flows would be 4.9% lower in BU Port Service and 3.3% lower in BU Light Lifting. There was no indication of impairment for any other GCU Goodwill due to the sensitivity tests.

TOTAL GOODWILL IN BUSINESS SEGMENTS AFTER IMPAIRMENTS	2013	2012
BU Industrial Cranes	37.2	43.3
BU Lifttrucks	13.2	13.6
CGU STAHL Konecranes GmbH, Germany	20.4	20.4
BU Light Lifting*	5.8	6.8
Goodwill in Equipment total	**76.5**	**84.0**
BU Port Service	10.8	14.3
BU Crane Service	9.7	9.4
BU Machine Tool Service	4.5	5.1
Goodwill in Service total	**25.1**	**28.8**
Total Goodwill in Business Segments as of December 31	**101.6**	**112.8**

** Includes Konecranes Lifting Systems and Suomen Teollisuusosa which were reported as separate CGU in 2012.*

As a result of the impairment test in 2012 an EUR 2.9 million impairment need was identified for Konecranes Lifting Systems as the future discounted cash flows did not support the asset value tested due to the low volumes in tailor-made manipulator business.

GOODWILL	2013	2012
Acquisition costs as of January 1	123.1	122.7
Increase	0.0	0.0
Translation difference	-6.7	0.4
Acquisition costs as of December 31	116.3	123.1
Accumulated impairments as of January 1	-10.2	-7.4
Impairments for the financial year	-4.5	-2.9
Total as of December 31	**101.6**	**112.8**

18. Other intangible assets

18.1. PATENTS AND TRADEMARKS	2013	2012
Acquisition costs as of January 1	28.9	29.1
Translation difference	-0.3	-0.2
Acquisition costs as of December 31	28.6	28.9
Accumulated amortization as of January 1	-12.9	-11.6
Amortization for financial year	-0.3	-1.2
Total as of December 31	**15.4**	**16.1**

18.2. OTHER (INCLUDING SERVICE CONTRACTS, SOFTWARE)

18.2. OTHER (INCLUDING SERVICE CONTRACTS, SOFTWARE)	2013	2012
Acquisition costs as of January 1	155.5	141.4
Increase	31.1	13.8
Decrease	-1.7	-0.3
Company acquisitions	8.7	1.6
Transfer within assets	0.0	0.0
Impairment	-10.8	0.0
Translation difference	-1.6	-1.0
Acquisition costs as of December 31	181.2	155.5
Accumulated amortization as of January 1	-95.0	-76.9
Accumulated amortization relating to disposals	1.2	0.0
Amortization for financial year	-15.9	-18.1
Total as of December 31	**71.6**	**60.5**

18.3. OTHER INTANGIBLE ASSETS TOTAL	2013	2012
Acquisition costs as of January 1	184.4	170.5
Increase	31.1	13.8
Decrease	-1.7	-0.3
Company acquisitions	8.7	1.6
Transfer within assets	0.0	0.0
Impairment	-10.8	0.0
Translation difference	-1.9	-1.2
Acquisition costs as of December 31	209.9	184.4
Accumulated amortization as of January 1	-107.8	-88.5
Accumulated amortization relating to disposals	1.2	0.0
Amortization for financial year	-16.2	-19.3
Total as of December 31	**87.0**	**76.6**

Other intangible assets include service contracts, patents and trademarks and software licenses. They are stated at cost and amortized on the straight-line basis over their expected useful lives. The normal amortization period varies from 4 to 20 years. Intangible assets having an indefinite useful life are tested for impairment annually. On December 31, 2013, the intangible assets having indefinite useful life consisted of the Stahl trademark, totally EUR 10.4 million. As there is no foreseeable limit on the period over which the asset is expected to generate net cash inflows for the entity, it is classified as intangible assets having indefinite useful life.

Due to the restructuring actions and closure of certain parts of business units during 2013 Intangible Assets (mainly customer relations and technology in India, Austria, UK and Morocco) were written off due to impairment by EUR 10.8 million.

19. Property, plant and equipment

19.1. LAND	2013	2012
Acquisition costs as of January 1	6.6	5.7
Increase	0.5	0.9
Decrease	-0.1	0.0
Company acquisitions	0.0	0.0
Translation difference	-0.2	0.0
Total as of December 31	**6.8**	**6.6**

19.2. BUILDINGS	2013	2012
Acquisition costs as of January 1	52.3	49.4
Increase	10.1	3.4
Decrease	-0.1	-0.9
Company acquisitions	0.0	0.0
Transfer within assets	0.3	0.5
Impairment	-0.3	0.0
Translation difference	-1.5	0.0
Acquisition costs as of December 31	60.8	52.3
Accumulated depreciation as of January 1	-10.0	-7.3
Accumulated depreciation relating to disposals	0.1	0.3
Depreciation for financial year	-2.9	-3.0
Total as of December 31	**47.9**	**42.2**

There were no buildings which belong to finance lease at the end of year 2013 and 2012.

19.3. MACHINERY AND EQUIPMENT	2013	2012
Acquisition costs as of January 1	235.6	216.5
Increase	25.6	28.0
Decrease	-15.0	-8.1
Company acquisitions	0.0	0.0
Transfer within assets	-0.3	-0.5
Impairment	-1.4	0.0
Translation difference	-1.6	-0.3
Acquisition costs as of December 31	243.0	235.6
Accumulated depreciation as of January 1	-145.8	-133.7
Accumulated depreciation relating to disposals	12.5	5.7
Depreciation for financial year	-19.9	-17.8
Total as of December 31	**89.8**	**89.8**

The balance value of machinery and equipments which belong to finance lease is EUR 8.7 million in the year 2013 (EUR 9.6 million in 2012).

19.4. PROPERTY, PLANT AND EQUIPMENT TOTAL

	2013	2012
Acquisition costs as of January 1	294.5	271.6
Increase	36.3	32.2
Decrease	-15.2	-9.1
Company acquisitions	0.0	0.0
Impairment	-1.7	0.0
Translation difference	-3.3	-0.2
Acquisition costs as of December 31	310.6	294.5
Accumulated depreciation as of January 1	-155.8	-141.0
Accumulated depreciation relating to disposals	12.6	6.0
Depreciation for financial year	-22.8	-20.7
Total as of December 31	**144.5**	**138.7**

The amount of borrowing cost capitalized during 2013 was EUR 0.6 million (EUR 0.0 million in 2012). The interest is related to a loan which was specifically taken to the construction of the factory in India.

20. Interest in other entities and non controlling interests

20.1. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

ASSOCIATED COMPANIES	2013	2012
Acquisition costs as of January 1	32.2	30.3
Share of associated companies result after taxes*	2.8	2.5
Dividends received	-0.5	-0.6
Total as of December 31	**34.5**	**32.2**

** Including adjustments from purchase price allocation.*

JOINT VENTURES	2013	2012
Acquisition costs as of January 1	5.3	4.2
Share of Joint Ventures result after taxes	1.1	1.3
Dividends received	-0.5	-0.3
Total as of December 31	**5.9**	**5.3**

20.2. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

2013	Carrying amount of the investment	Non-current assets [1]	Current assets [1]	Non-current liabilities [1]	Current liabilities [1]	Revenue [1]	Profit/loss after tax from continuing operations [1]	Total comprehensive income [1]	Dividends received
Guangzhou Technocranes Company Ltd. [2]	0.7	0.6	5.3	0.0	3.3	7.6	0.1	0.1	0.0
Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd. [2]	0.6	0.5	6.1	0.0	4.7	6.5	0.5	0.5	0.0
Shanghai High Tech Industrial Company, Ltd. [2]	2.1	0.7	15.8	0.0	9.2	19.1	0.4	0.4	0.0
Boutonnier Adt Levage S.A.	0.4	0.2	1.9	0.0	0.6	3.4	0.1	0.1	0.0
Levelec S.A.	0.2	0.1	1.6	0.0	0.5	2.4	0.1	0.1	0.0
Manelec S.a.r.l.	0.1	0.0	0.4	0.0	0.1	0.7	0.0	0.0	0.0
Manulec S.A.	0.2	0.4	1.1	0.0	0.5	2.7	-0.1	-0.1	0.0
Sere Maintenance S.A.	0.1	0.1	1.0	0.0	0.9	2.6	-0.1	-0.1	0.0
Eastern Morris Cranes Limited [2]	1.4	0.3	8.8	0.0	6.6	13.4	0.7	0.7	0.2
Kito Corporation	33.6	84.8	166.8	42.0	74.4	286.7	11.5	11.5	0.5
Crane Industrial Services LLC [2]	1.2	0.2	4.1	0.2	1.9	7.9	0.5	0.5	0.3
Translation difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**40.4**	**87.8**	**213.0**	**42.3**	**102.7**	**353.2**	**13.8**	**13.8**	**1.1**

2012	Carrying amount of the investment	Non-current assets [1]	Current assets [1]	Non-current liabilities [1]	Current liabilities [1]	Revenue [1]	Profit/loss after tax from continuing operations [1]	Total comprehensive income [1]	Dividends received
Guangzhou Technocranes Company Ltd. [2]	0.6	0.7	6.4	0.0	4.5	5.4	0.0	0.0	0.0
Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd. [2]	0.5	0.9	4.2	0.0	3.6	9.4	0.3	0.3	0.0
Shanghai High Tech Industrial Company, Ltd. [2]	2.0	1.1	19.8	0.0	13.7	20.0	1.0	1.0	0.0
Boutonnier Adt Levage S.A.	0.3	0.2	1.8	0.1	0.6	3.1	0.1	0.1	0.0
Levelec S.A.	0.2	0.1	1.7	0.0	0.6	2.8	0.2	0.2	0.0
Manelec S.a.r.l.	0.1	0.0	0.5	0.0	0.2	1.3	0.1	0.1	0.0
Manulec S.A.	0.3	0.4	1.3	0.0	0.7	3.0	0.0	0.0	0.0
Sere Maintenance S.A.	0.1	0.1	1.0	0.1	0.7	3.1	0.1	0.1	0.0
Eastern Morris Cranes Limited [2]	1.2	0.3	8.2	0.0	6.1	11.4	0.8	0.8	0.3
Kito Corporation	31.3	81.3	189.3	36.1	95.2	334.6	9.0	9.0	0.5
Crane Industrial Services LLC [2]	1.0	0.2	6.2	0.1	3.6	11.7	1.4	1.4	0.0
Translation difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**37.5**	**85.4**	**240.3**	**36.4**	**129.5**	**405.7**	**13.0**	**13.0**	**0.9**

[1] Asset and liability values, revenue and profit/loss represent values according to the latest published financial information.
[2] Classified as Joint ventures due to the terms in the contractual arrangement for decisions about relevant activities which require unanimous content of the parties that collectively control the unit.

The investment value of the shares in the associated companies and joint ventures consists of the Group's proportion of the companies at the acquisition date, adjusted by any variation in the shareholders' equity after the acquisition. See also the Company list for listing the ownership of the associated companies and joint ventures.

The market value of Kito Corporation shares owned by Konecranes as at December 31, 2013 amounted to EUR 42.9 million (EUR 19.5 million in 2012). The investment to Kito Corporation is a strategic alliance to utilize the global market potential and mutually complement each other by selling Kito manual products while Kito will sell wire rope hoists made by Konecranes.

20.3. JOINT OPERATIONS

The introduction of IFRS 11 did not have material impact on financial statements. The standard was adopted retrospective. IFRS 11 uses the principle of control as described in IFRS 10 to define joint control. Joint Arrangements are classified into Joint Operations and Joint Ventures. In Joint Operations, the parties with joint control have rights to the assets and obligations for the liabilities of the arrangement. Joint Operations are accounted for showing each party's interest in the assets, liabilities, revenues and expenses and / or its relative share of jointly controlled assets, liabilities, revenue and expense, if any. In Joint Ventures, the parties with joint control have rights to the net assets of the arrangement. Joint Ventures are accounted for using the equity method.

Konecranes classified one company (Konesko A/S) as a joint operation based on the parties' contractual unanimous consent of the decisions about the relevant activities as well as due to the magnitude of business the company conducts with Konecranes. Konesko A/S is a strategic supplier of components used in Konecranes products.

In 2012 the change increased sales by EUR 1.3 million, depreciation by EUR 0.8 million, other operating expenses by EUR 0,1 million, operating profit by EUR 0.4 million and net profit by EUR 0.1 million. In the balance sheet the change mainly increased the retained earnings of 2012 by EUR 2.6 million (EUR 2.4 million in 2011), and increased the short term liabilities by EUR 9.8 million, fixed assets by EUR 5.5 million and inventories by 7.0 million. Prior year is restated in the Group and in the Equipment business segment.

EFFECTS TO THE OPENING BALANCE 1.1.2012

Additions	
Intangible assets	0.3
Tangible assets	5.5
Inventories	4.5
Receivables	0.2
Cash and Bank	0.8
Long-term liabilities	-0.1
Short-term liabilities	-8.2
Net assets	2.9
Deductions	
Investment in other entities	-0.5
Increase in Equity	**2.4**

In September, 2013, Konecranes acquired 30.5% of Konesko A/S in Estonia for which the previous ownership was 19%. The new ownership is now 49.5%.

20.4. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTEREST

2013	Accumulated Non Controlling Interest	Goodwill	Non - current assets	Current assets	Non - current liabilities	Current liabilities	Revenue	Profit/ loss after tax from continuing operations	Total comprehensive income
Sanma Hoists & Cranes Co.Ltd. (NCI 35%)	6.3	4.9	16.2	19.6	0.0	18.1	38.0	1.4	1.4

2012	Accumulated Non Controlling Interest	Goodwill	Non - current assets	Current assets	Non - current liabilities	Current liabilities	Revenue	Profit/ loss after tax from continuing operations	Total comprehensive income
Sanma Hoists & Cranes Co.Ltd. (NCI 35%)	6.1	5.0	17.0	17.1	0.5	17.0	44.5	1.6	1.6

NCI = Non Controlling Interest. Asset and liability as well as revenue and profit/loss values represent the total company values including purchase price allocations. See also the Company list for listing the ownership and principal place of business of the subsidiaries.

21. Available-for-sale investments

	2013	2012
Acquisition costs as of January 1	0.9	0.9
Increase	0.0	0.0
Total as of December 31	**1.0**	**0.9**

Investments for available-for-sale investments consist of shares in unlisted companies and are measured at cost, because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed.

See also Company list for detailed list of available-for-sale investments.

22. Inventories

	2013	2012
Raw materials and semi-manufactured goods	130.9	145.4
Work in progress	161.4	180.7
Finished goods	17.7	21.6
Advance payments	15.5	22.0
Total	**325.5**	**369.8**

23. Valuation and qualifying accounts

2013	**Balance at the beginning of the year**	**Translation difference**	**Utilized during the period**	**Provision not needed**	**Additions**	**Balance at the end of the year**
Provision for doubtful accounts	16.4	-1.0	4.7	3.9	11.1	**17.9**
Provision for obsolete inventory	21.7	-0.7	3.1	3.3	7.5	**22.1**

2012	**Balance at the beginning of the year**	**Translation difference**	**Utilized during the period**	**Provision not needed**	**Additions**	**Balance at the end of the year**
Provision for doubtful accounts	14.0	0.0	2.3	3.0	7.8	**16.4**
Provision for obsolete inventory	20.0	0.1	3.7	0.3	5.6	**21.7**

24. Ageing analysis of accounts receivable

	2013	2012
Undue accounts receivable	203.8	249.5
Accounts receivable 1–30 days overdue	65.5	89.3
Accounts receivable 31–60 days overdue	29.2	35.2
Accounts receivable 61–90 days overdue	20.8	23.3
Accounts receivable more than 91 days overdue	67.4	44.8
Total	**386.7**	**442.1**

Accounts receivable are initially measured at cost (book values represent their fair values). Accounts receivable are subject to only minor credit risk concentrations due to the Group's extensive customer portfolio. Credit losses recognized for the financial year totaled EUR 4.9 million (EUR 2.4 million in 2012).

25. Other receivables

	2013	2012
Bills receivable	7.5	7.2
Value added tax	18.1	22.0
Total	**25.6**	**29.2**

26. Deferred assets

	2013	2012
Interest	0.3	0.1
Receivable arising from percentage of the completion method	79.1	42.6
Prepaid expenses	10.2	12.3
Other	47.0	45.2
Total	**136.6**	**100.2**

27. Cash and cash equivalents

	2013	2012
Cash in hand and at bank	116.8	130.1
Short-term deposits	15.4	15.2
Total	**132.2**	**145.3**

Short-term deposits are with a maturity of less than three months. Cash and cash equivalents are carried at nominal value, which corresponds to their fair value.

28. Equity

28.1. SHAREHOLDERS' EQUITY	Number of shares	Share capital	Share premium	Paid in capital
As of January 1, 2012	57,198,971	30.1	39.3	43.7
Share subscriptions with options	92,339	0.0	0.0	1.1
As of December 31, 2012	**57,291,310**	**30.1**	**39.3**	**44.8**
Share subscriptions with options	536,770	0.0	0.0	6.2
As of December 31, 2013	**57,828,080**	**30.1**	**39.3**	**51.0**

The total shareholders' equity consists of share capital, share premium account, share issue, fair value reserves, translation difference, paid in capital and retained earnings. Konecranes' share has no nominal value. The company has one series of shares. All issued shares are fully paid. The share premium account includes the value of shares, which exceeds the accounting par value of the shares, for shares issued before September 1, 2006. Fair value reserves include changes in the fair values of derivative financial instruments used to hedge operational cash flows. Translation differences comprise the differences arising from the elimination of net investments in non-euro foreign subsidiaries. The paid-in capital includes the portion of shares' subscription price, which is not recorded to share capital or according to IFRS to liabilities. The paid-in capital includes also other capital contributions to the Group, which are not recorded to some other reserve within the equity. The paid-in capital includes also the possible amount of share capital decrease, which is not netted against accumulated losses or is not distributed to shareholders.

28.2. DISTRIBUTABLE EARNINGS

See page 120 / Board of Director's Proposal to the Annual General Meeting.

28.3. TREASURY SHARES	2013 Number of shares	2012 Number of shares
As of January 1	5,981,032	6,042,456
Decrease	-536,770	-61,424
Total as of December 31	**5,444,262**	**5,981,032**

Proposal by the Board of Directors to authorize the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares:

The AGM on March 21, 2013 authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares as follows:

The amount of own shares to be repurchased and/or accepted as pledge based on this authorization shall not exceed 6,000,000 shares in total, which corresponds to approximately 9.5 per cent of all of the shares in the Company. However, the Company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 per cent of all the shares in the Company. Only the unrestricted equity of the Company can be used to repurchase own shares on the basis of the authorization.

Own shares can be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market.

The Board of Directors decides how own shares will be repurchased and/or accepted as pledge. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

Own shares can be repurchased and/or accepted as pledge to limit the dilutive effects of share issues carried out in connection with possible acquisitions, to develop the Company's capital structure, to be transferred for financing or realization of possible acquisitions, investments or other arrangements belonging to the Company's ordinary business, to pay remuneration to Board members, to be used in incentive arrangements or to be cancelled, provided that the repurchase is in the interest of the Company and its shareholders.

The authorization is effective until the end of the next Annual General Meeting, however no longer than until 21 September 2014.

Authorizing the Board of Directors to decide on the issuance of shares as well as on the issuance of special rights entitling to shares:

The AGM authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares referred to in chapter 10 section 1 of the Finnish Companies Act as follows.

The amount of shares to be issued based on this authorization shall not exceed 6,000,000 shares, which corresponds to approximately 9.5 per cent of all of the shares in the Company.

The Board of Directors decides on all the conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization of transfer of the company's own shares.

The authorization is effective until the end of the next Annual General Meeting, however no longer than until 21 September 2014. However, the authorization for incentive arrangements is valid until 21 March 2018.

Proposal by the Board of Directors to authorize the Board of Directors to decide on the transfer of the company's own shares:

The AGM authorized the Board of Directors to decide on the transfer of the Company's own shares as follows:

The authorization is limited to a maximum of 6,000,000 shares, which corresponds to approximately 9.5 per cent of all of the shares in the Company.

The Board of Directors decides on all the conditions of the transfer of own shares. The transfer of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The Board of Directors can also use this authorization to grant special rights concerning the Company's own shares, referred to in Chapter 10 of the Companies Act. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the issuance of shares and the issuance of special rights entitling to shares.

This authorization is effective until the next Annual General Meeting of Shareholders, however no longer than until 21 September 2014. However, the authorization for incentive arrangements is valid until 21 March 2018.

Proposal by the Board of Directors to authorize the Board of Directors to launch an employee share savings plan and to decide on directed share issue without payment:

Konecranes Plc's Annual General Meeting of Shareholders 2012 decided to implement an Employee Share Savings Plan in the Konecranes Group (the Plan). According to the Board decision, the Plan was offered in 39 countries to approximately 9,000 employees in 2012. During the first Plan Period 2012–2013, the employees' participation rate was 16 percent globally. Through the Plan, approximately 1,500 employees became shareholders in Konecranes. In Finland, the participation rate was 36 percent.

On the basis of interest shown by the Group employees, the Board has on March 21, 2013 decided to launch a new Plan Period. The new plan period began on July 1, 2013 and end on June 30, 2014. During the commencing Plan Period, the intention is to offer the Plan, in addition to the current target countries, also in China. The maximum savings amount per participant during one month is 5 percent of gross salary and the minimum is EUR 10. Each participant will receive one free matching share for every two acquired savings shares. Matching shares will be delivered to a participant if the participant holds the acquired shares from the plan period until the end of the designated holding period, February 15, 2017, and if his or her employment has not ended before this date for reasons related to the employee. The total amount of all savings of the commencing plan period may not exceed EUR 8.5 million.

An employee will participate in the Plan for one year at a time. Shares will be acquired with the accrued savings at the market price quarterly, after the publication dates of the Konecranes interim results, commencing in November 2013. Any dividends paid on purchased shares during the commencing Plan period will automatically be reinvested into additional shares on the following purchase date. These shares will have an equal right to matching shares.

The Board of Directors decides on the issue of new shares or on the transfer of own shares held by the Company to such participants of the Plan who, according to the terms and conditions of the Plan, are entitled to receive free shares, as well as to decide on the share issue without payment also to the Company itself. The authorization includes a right in this Plan to transfer own shares held by the Company, the use of which has earlier been limited to other purposes than incentive plans. The number of new shares to be issued or own shares held by the Company to be transferred may be a maximum total of 500,000 shares, which corresponds to 0.8 per cent of all of the Company´s shares.

The Board of Directors is entitled to decide on other matters concerning the share issue. The authorization concerning the share issue is valid until 21 March 2018. This authorization replaces the authorization for the Share Savings Plan given by the Annual General Meeting 2012.

29. Option rights and other share-based payments

The Annual General Meeting of Shareholders of Konecranes Plc has on March 12, 2009 accepted the issue of stock options to the key personnel of Konecranes Plc (Company) and its subsidiaries. The maximum total number of stock options issued was 2,250,000, and they entitled their owners to subscribe for a maximum total of 2,250,000 new shares in the Company or existing shares held by the Company. The Board of Directors shall resolve whether new shares in the Company or existing shares held by the Company are given to the subscriber. Of the stock options, 750,000 were marked with the symbol 2009A, 750,000 were marked with the symbol 2009B and 750,000 were marked the with the symbol 2009C. The period for the option rights of the first series begun on April 1, 2012 and ends for the option rights of the last series on April 30, 2016. The share subscription price for stock options was based on the prevailing market price of the Konecranes Plc share on the NASDAQ OMX Helsinki Ltd. in April 2009, April 2010 and April 2011. At the end of 2013, altogether 622,859 shares had been subscribed for the stock options pursuant to 2009A stock option plan and 6,250 shares for the stock options pursuant to 2009B stock option plan.

Should the Company distribute dividends, from the share subscription price of the stock options, shall be deducted the amount of the dividend decided after the beginning of the period for determination of the share subscription price but before share subscription, as per the dividend record date. The subscription prices were for series 2009A EUR 14.55 (after year 2009, 2010, 2011 and 2012 dividend distribution EUR 10.60), for series 2009B EUR 23.79 (after year 2010, 2011 and 2012 dividend distribution EUR 20.74) and for series 2009C EUR 31.37 (after year 2011 and 2012 dividend distribution EUR 29.32).

The Board of Directors of Konecranes Plc has on 22nd March, 2012 resolved to implement a performance share plan according to which earning reward is based on attainment of targets determined by the Board of Directors. The aim of the new plan is to combine the objectives of the shareholders and key employees in order to increase the value of the Company, to commit key employees to the Company, and to offer them a competitive reward plan based on long-term shareholding in the Company.

The plan consists of three one-year discretionary periods as well as three approximately three-year discretionary periods. The discretionary periods will begin in the beginning of years 2012, 2013 and 2014. The Board of Directors of the Company will decide on the Plan's performance criteria and on their targets at the beginning of each discretionary period. Earning during the one-year discretionary period beginning on 1 January 2012 was based on the Konecranes Group´s EBIT margin, and during the three-year discretionary period beginning on 1 January 2012 on the Total Shareholder Return of the Company's share (TSR). The potentially earned reward will be paid in spring 2015. If a key employee's employment or service ends before the end of a discretionary period, no reward will be paid on the basis of such discretionary period.

The Board of Directors requires that each member of the Extended Management Team holds a half of shares paid on the basis of the Plan until the value of his or her shareholding in the Company in total corresponds to the value of his or her annual gross salary. Such number of shares will be held as long as his or her employment or service in a Group company continues. The target group of the Plan consists of approximately 150 people. The rewards to be paid on the basis of the discretionary periods beginning on 1 January 2012 correspond to the value of maximum of total of 271,308 Konecranes Plc shares.

The Board of Directors has resolved in 2013 to amend the performance share plan launched in 2012 so that two three-year discretionary periods 2013–2015 and 2014–2016 will follow the discretionary periods commenced in 2012. The performance criterion for the discretionary period 2013–2015 is the cumulative Earnings per Share (EPS) of the financial years 2013–2015.

The target group of the plan consists of approximately 150 people during the discretionary period 2013–2015. The rewards to be paid on the basis of the discretionary period correspond to the value of an approximate maximum total of 700,000 Konecranes Plc shares. If the targets determined by the Board of Directors are attained, the reward payout may be a half of the maximum reward. The maximum reward payout requires that the targets are clearly exceeded.

29.1. SUMMARY OF THE KONECRANES PLC' OPTION PLANS

STOCK OPTION	Maximum number of shares the stock option plan entitles to subscribe for	Subscription price/ share (EUR)	Maximum number of shares that still can be subscribed	Share subscription period
2009A	750,000	10.60*	112,141	1.4.2012–30.4.2014
2009B	750,000	20.74**	709,750	1.4.2013–30.4.2015
2009C	750,000	29.32***	665,000	1.4.2014–30.4.2016
Total	**2,250,000**		**1,486,891**	

** The original subscription price was EUR 14.55*
*** The original subscription price was EUR 23.79*
**** The original subscription price was EUR 31.37*

29.2. CHANGES IN THE NUMBER OF SHARES FROM OPTION RIGHTS OUTSTANDING	2013	2012
Number of shares of option rights outstanding as of January 1	2,090,661	3,144,200
Granted during the year	10,000	2,000
Forfeited during the year	-89,500	-15,000
Exercised during the year	-524,270	-104,839
Expired during the year	0	-935,700
Total number of shares from option rights outstanding as of 31 December	**1,486,891**	**2,090,661**

Exercised option rights in 2012 included 12,500 shares for which the transfer of treasury shares occurred in 2013.
The total cost of the option programs for the financial year 2013 was EUR 2.4 million (2012: EUR 4.0 million).
Option program costs are included in personnel expenses and credited to the shareholders' equity.

29.3. ASSUMPTIONS MADE IN DETERMINING THE FAIR VALUE OF STOCK OPTIONS

The fair values for the options have been determined using the Black & Scholes method.
The fair values for stock options have been calculated on the basis of the following assumptions:

	2009A	2009B	2009C
Subscription price of the share, EUR	10.60*	20.74**	29.32***
Fair market value of the share, EUR	17.65	24.22	32.30
Expected volatility, %	25%	23%	20%
Risk-free interest rate, %	3.27%	2.15%	2.82%
Expected contractual life in years	0.3	1.3	2.3
Grant date fair value of the stock options, EUR	6.52	6.19	8.17

The above calculations are based on the 4–6 year implied volatility of the Konecranes Plc share price estimated by a market participant who actively trades stock options.

** The original subscription price was EUR 14.55*
*** The original subscription price was EUR 23.79*
**** The original subscription price was EUR 31.37*

29.4. CHANGES IN NUMBER OF SHARE REWARDS IN PERFORMANCE SHARE PLAN

	2013 Number of shares	**2012** Number of shares
As of January 1	602,000	0
Share rewards granted	646,000	605,000
Share rewards awarded	0	0
Share rewards expired	-358,800	0
Share rewards forfeited	-15,666	-3,000
Total as of December 31	**873,534**	**602,000**

The reward will be paid in Konecranes shares (approximately 50%) and partly in cash (approximately 50%). The cash-settled portion is dedicated to cover taxes and tax-related payments. The equity -settled portion of the plan is recognized over the vesting period based on calculated fair value of Konecranes share as of the grant date EUR 21.17 for performance share plan 2012 and EUR 25.68 for performance share plan 2013. The historical development of Konecranes share and the expected dividends have been taken into account when calculating the fair value.

The total cost of the performance share plan for the financial year 2013 was EUR 2.0 million (2012: EUR 0.8 million).

The costs of the performance share plan are included in personnel expenses. Equity-settled portion is credited to the shareholders' equity and cash-settled portion to long-term liabilities. The carrying amount of the liability arising from cash settled portion was EUR 1.7 million (2012: EUR 0.5 million)

Assumptions made in determining the fair value of share rewards in performance share plan

The fair value for the cash settled portion is remeasured at each reporting date until the possible share delivery. The fair value of the liability will thus change in accordance with the Konecranes Plc share price.

For the 2012–2014 earning period granted in 2012, the fair value for the equity settled portion based on market vesting condition (total share holder value) has been determined at grant using the Monte Carlo model. The fair value for the equity settled portion based on non market vesting condition (EBIT margin) has been determined at grant using the fair value of Konecranes share as of the grant date and expected dividend yield.

For the 2013–2015 earning period granted in 2013, the fair value for the equity settled portion based on non market vesting condition (EPS) has been determined at grant using the fair value of Konecranes share as of the grant date and expected dividend yield.

The fair values have been calculated on the basis of the following assumptions:

	2013	**2012**
Share price at grant, EUR	25.68	21.17
Share price at reporting period end 31.12	25.86	25.86
Expected volatility, % *		37.5%
Risk-free interest rate, %		3.5%
Expected dividend, pa, EUR	1.0	1.0
Expected contractual life in years	3.0	2.0
Weighted average fair value of the share rewards at the grant date	22.66	14.87

** Expected volatility was determined by calculating the historical volatility of the Konecranes share using monthly observations over corresponding maturity.*

29.5. EMPLOYEE SHARE SAVINGS PLAN

The matching shares of employee share savings plan will be paid in Konecranes shares (approximately 50%) and partly in cash (approximately 50%). The cash-settled portion is dedicated to cover taxes and tax-related payments. The expenses of the plan are recognized over the vesting period based on the quarterly acquired savings share amounts and fair value of Konecranes share as of the closing date.

The total cost of the employee share savings plan for the financial year 2013 was EUR 0.3 million (2012: EUR 0.0 million).

The costs of the employee share savings plan are included in personnel expenses. Equity-settled portion is credited to the shareholders' equity and cash-settled portion to long-term liabilities. The carrying amount of the liability arising from cash settled portion was EUR 0.2 million (2012: EUR 0.0 million).

30. Interest-bearing liabilities

30.1. NON-CURRENT	2013 Carrying amount	2013 Fair value	2012 Carrying amount	2012 Fair value
Loans from financial institutions	110.7	110.7	105.8	105.8
Bonds	0.0	0.0	74.9	74.9
Pension loans	7.6	7.6	11.4	11.4
Finance lease liabilities	5.8	5.8	6.1	6.1
Other long-term loans	8.9	8.9	7.6	7.6
Total	**133.0**	**133.0**	**205.7**	**205.7**

30.2. CURRENT	2013 Carrying amount	2013 Fair value	2012 Carrying amount	2012 Fair value
Loans from financial institutions	0.0	0.0	0.0	0.0
Bonds	75.0	75.0	0.0	0.0
Pension loans	3.8	3.8	3.8	3.8
Finance lease liabilities	2.6	2.6	3.3	3.3
Commercial papers	74.9	74.9	88.7	88.7
Other short-term loans	0.5	0.5	0.5	0.5
Overdraft	30.0	30.0	25.5	25.5
Total	**186.7**	**186.7**	**121.8**	**121.8**

The average interest rate of the non-current liabilities portfolio on December 31, 2013 was 2.04% (2012: 1.9%) and that of current liabilities was 2.78% (2012: 3.08%). The effective interest rate for EUR loans varied between 0.56%–5.06% (2012: 0.73%–5.05%).

30.3. CURRENCY SPLIT AND REPRICING SCHEDULE OF OUTSTANDING DEBT

2013

					Debt repricing in period				
CURRENCY	**Amount MEUR**	**Avg duration**	**Avg rate %**	**Rate sensitivity[1)]**	**2014**	**2015**	**2016**	**2017**	**2018-**
EUR	282.8	1.5 years	1.38	2.8	158.4	16.9	105.2	2.3	0.0
INR	36.2	1.3 years	10.89	0.4	27.8	1.6	1.6	2.9	2.3
MAD	0.3	1.0 years	5.50	0.0	0.3	0.0	0.0	0.0	0.0
PLN	0.3	1.7 years	3.40	0.0	0.1	0.1	0.1	0.0	0.0
USD	0.0	2.0 years	3.34	0.0	0.0	0.0	0.0	0.0	0.0
SGD	0.1	1.9 years	4.96	0.0	0.0	0.0	0.0	0.0	0.0
Total	**319.7**		**2.46**	**3.2**	**186.7**	**18.6**	**106.9**	**5.3**	**2.3**

2012

					Debt repricing in period				
CURRENCY	**Amount MEUR**	**Avg duration**	**Avg rate %**	**Rate sensitivity[1)]**	**2013**	**2014**	**2015**	**2016**	**2017-**
EUR	296.1	1.9 years	1.43	3.0	98.2	85.4	6.5	105.4	0.6
CAD	0.3	1.0 years	2.42	0.0	0.3	0.0	0.0	0.0	0.0
INR	30.2	1.5 years	11.19	0.3	23.2	1.8	1.2	2.2	1.7
USD	0.8	2.0 years	2.80	0.0	0.0	0.8	0.0	0.0	0.0
SGD	0.1	1.9 years	4.97	0.0	0.0	0.0	0.0	0.0	0.1
Total	**327.5**		**2.33**	**3.3**	**121.8**	**88.0**	**7.7**	**107.6**	**2.4**

1) Effect of one percent rise in market interest rates on the Group's net interest expenses over the following 12 months. All other variables have been assumed constant.

30.4. MATURITY PROFILE OF THE GROUP'S FINANCIAL LIABILITIES

2013		Maturity of financial liabilities					
DEBT TYPE	**Amount drawn**	**2014**	**2015**	**2016**	**2017**	**2018**	**Later**
Committed revolving facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans from financial institutions	119.1	0.0	10.7	102.4	3.7	2.3	0.0
Bonds	75.0	75.0	0.0	0.0	0.0	0.0	0.0
Finance lease liabilities	9.6	2.6	3.7	1.7	1.6	0.0	0.0
Commercial paper program	74.9	74.9	0.0	0.0	0.0	0.0	0.0
Pension loans	10.2	3.8	3.8	2.6	0.0	0.0	0.0
Other long-term debt	2.9	0.4	2.3	0.2	0.0	0.0	0.0
Overdraft	30.0	30.0	0.0	0.0	0.0	0.0	0.0
Derivative financial instruments	7.7	5.9	1.8	0.0	0.0	0.0	0.0
Account and other payables	176.2	176.2	0.0	0.0	0.0	0.0	0.0
Total	**505.5**	**368.7**	**22.3**	**106.9**	**5.3**	**2.3**	**0.0**

2012		Maturity of financial liabilities					
DEBT TYPE	**Amount drawn**	**2013**	**2014**	**2015**	**2016**	**2017**	**Later**
Committed revolving facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans from financial institutions	112.8	0.1	4.4	3.0	103.0	2.3	0.0
Bonds	74.9	0.0	74.9	0.0	0.0	0.0	0.0
Finance lease liabilities	9.4	3.3	4.6	0.7	0.7	0.0	0.0
Commercial paper program	88.7	88.7	0.0	0.0	0.0	0.0	0.0
Pension loans	15.1	3.8	3.8	3.8	3.8	0.0	0.0
Other long-term debt	1.0	0.4	0.3	0.2	0.2	0.0	0.0
Overdraft	25.5	25.5	0.0	0.0	0.0	0.0	0.0
Derivative financial instruments	6.9	3.7	3.2	0.0	0.0	0.0	0.0
Account and other payables	187.7	187.7	0.0	0.0	0.0	0.0	0.0
Total	**522.0**	**313.2**	**91.2**	**7.7**	**107.6**	**2.4**	**0.0**

30.5. CARRYING AMOUNTS OF FINANCIAL ASSETS AND LIABILITIES CLASSIFIED BASED ON IAS 39

2013

FINANCIAL ASSETS	Financial assets/ liabilities at fair value through income statement	Loans and receivables	Available-for-sale financial assets	Financial assets/ liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value	Note
Non-current financial assets							
Long-term interest-bearing receivables	0.0	0.2	0.0	0.0	0.2	0.2	
Other financial assets	0.0	0.0	1.0	0.0	1.0	1.0	21
Current financial assets							
Short-term interest-bearing receivables	0.0	0.0	0.0	0.0	0.0	0.0	
Account and other receivables	0.0	394.4	0.0	0.0	394.4	394.4	24, 25
Derivative financial instruments	12.1	0.0	0.0	0.0	12.1	12.1	37.2
Cash and cash equivalents	0.0	132.2	0.0	0.0	132.2	132.2	27
Total	**12.1**	**526.8**	**1.0**	**0.0**	**539.9**	**539.9**	

FINANCIAL LIABILITIES							
Non-current financial liabilities							
Interest-bearing liabilities	0.0	0.0	0.0	133.0	133.0	133.0	30.1
Derivative financial instruments	1.8	0.0	0.0	0.0	1.8	1.8	37.2
Other payables	0.0	0.0	0.0	2.0	2.0	2.0	
Current financial liabilities							
Interest-bearing liabilities	0.0	0.0	0.0	186.7	186.7	186.7	30.2
Derivative financial instruments	5.9	0.0	0.0	0.0	5.9	5.9	37.2
Account and other payables	0.0	0.0	0.0	176.2	176.2	176.2	34.2
Total	**7.7**	**0.0**	**0.0**	**497.8**	**505.5**	**505.5**	

2012

FINANCIAL ASSETS	Financial assets/ liabilities at fair value through income statement	Loans and receivables	Available-for-sale financial assets	Financial assets/ liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value	Note
Non-current financial assets							
Long-term interest-bearing receivables	0.0	0.2	0.0	0.0	0.2	0.2	
Derivative financial instruments	0.6	0.0	0.0	0.0	0.6	0.6	37.2
Other financial assets	0.0	0.0	1.4	0.0	1.4	1.4	21
Current financial assets							
Short-term interest-bearing receivables	0.0	0.1	0.0	0.0	0.1	0.1	
Account and other receivables	0.0	471.3	0.0	0.0	471.3	471.3	24, 25
Derivative financial instruments	6.6	0.0	0.0	0.0	6.6	6.6	37.2
Cash and cash equivalents	0.0	145.3	0.0	0.0	145.3	145.3	27
Total	**7.1**	**616.9**	**1.4**	**0.0**	**625.5**	**625.5**	

FINANCIAL LIABILITIES							
Non-current financial liabilities							
Interest-bearing liabilities	0.0	0.0	0.0	205.7	205.7	205.7	30.1
Derivative financial instruments	3.2	0.0	0.0	0.0	3.2	3.2	37.2
Current financial liabilities							
Interest-bearing liabilities	0.0	0.0	0.0	121.8	121.8	121.8	30.2
Derivative financial instruments	3.7	0.0	0.0	0.0	3.7	3.7	37.2
Account and other payables	0.0	0.0	0.0	187.7	187.7	187.7	34.2
Total	**6.9**	**0.0**	**0.0**	**515.1**	**522.0**	**522.0**	

31. Employee Benefits

The Konecranes Group companies have various pension plans in accordance with local conditions and practices. The pension plans are classified as either defined contribution plans or defined benefit plans. The Group has a significant defined benefit pension plan in the United Kingdom and Germany. In addition the defined benefit plans German companies have other long term employee benefits such as part time pension benefits and jubilee benefits. The Konecranes Group accounts for the Finnish system under the Employees' Pensions Act (TyEL) as a defined contribution plan.

In United Kingdom the defined benefit plan is administered by a separate trustee company that is legally separated from the company. The investments are managed by professional and independent fund managers who are appointed by the trustees. The trustees are responsible for the investment policy with regard to the assets of the fund. Both defined pension plans in the United Kingdom and in Germany are regulated by the laws, instructions of local pension regulators as well as articles of the associations.

Under the UK plan the employees are entitled to post-retirement installments calculated as an average annual basic salary from the best three years within the last ten years. In Germany the benefits paid are 0.35% of the last month's salary times the years of employment (maximum of 42 years).

The defined benefit plans typically expose the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The investment risk is being mitigated by investing the funds equally to equity and debt instruments.

31.1. AMOUNTS RECOGNIZED IN THE BALANCE SHEET	2013	2012
Present value of obligation wholly unfunded	73.4	70.2
Present value of obligation wholly or partly funded	54.8	53.8
Defined benefit plan obligations	128.2	123.9
Fair value of plan assets	-51.6	-50.0
Total net liability recognized	**76.6**	**73.9**

31.2. COMPONENTS OF DEFINED BENEFIT PLAN RECORDED IN COMPREHENSIVE INCOME	2013	2012
Service cost:		
Current service cost	1.6	2.4
Net interest cost	2.7	3.0
Past service cost	0.0	0.0
Components of defined costs recorded in profit or loss	**4.3**	**5.4**
Remeasurement on the net defined benefit liability:		
The return on plan assets (excluding amounts included in the net interest expense)	-1.0	-2.6
Actuarial gains (-) / losses (+) arising from changes in demographic assumptions	1.5	0.2
Actuarial gains (-) / losses (+) arising from changes in financial assumptions	2.5	14.1
Components of defined benefit plan costs recorded in other comprehensive income	**3.0**	**11.7**
Total	**7.3**	**17.1**

The actuarial losses in 2012 were mainly caused by the decrease of discount rates in the defined benefit plans of Germany and United Kingdom.

31.3. MOVEMENTS OF THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION	2013	2012
Obligation as of January 1	123.9	108.1
Translation difference	-1.5	0.7
Settlements and curtailments	0.0	-0.3
Current service cost	1.6	2.4
Interest cost	4.7	5.1
Actuarial gains (-) / losses (+) arising from changes in demographic assumptions	1.5	0.2
Actuarial gains (-) / losses (+) arising from changes in financial assumptions	2.5	14.1
Benefits paid (-)	-4.5	-6.3
Obligation as of December 31	**128.2**	**123.9**

31.4. MOVEMENTS OF THE FAIR VALUE OF PLAN ASSETS	2013	2012
Fair value of plan assets as of January 1	50.0	44.9
Translation difference	-1.1	1.0
Interest income	2.0	2.1
Employer contributions	1.5	2.6
Settlements and curtailments	0.0	-0.5
The return on plan assets (excluding amounts included in the net interest expense)	1.0	2.6
Benefits paid (-)	-1.7	-2.7
Fair value of plan assets as of December 31	**51.6**	**50.0**

31.5. MAJOR CATEGORIES OF PLAN ASSETS AT THE END OF THE REPORTING PERIOD

	2013	2012
Equity instruments	16.2	15.4
Debt instruments	24.9	23.8
Insurances	1.5	2.1
Others	9.1	8.8
Total plan assets	**51.6**	**50.0**

Virtually all equity and debt instruments have quoted prices in active markets. Major part of the plan assets exist in the United Kingdom. It is the policy of the UK fund to invest approximately 50% to growth assets such as equity instruments and growth funds and 50% to risk reducing assets such as corporate bonds and fixed or index-linked gilts.

The actual return on plan assets was EUR 3.0 million (2012: EUR 4.7 million). The Group expects to contribute EUR 1.6 million to its defined benefit plans in 2014. The average duration of the benefit obligation at the end of the reporting period is 17 years.

31.6. DEFINED BENEFIT PLAN: THE MAIN ACTUARIAL ASSUMPTIONS

	2013	2012
Discount rate %	2.20–12.00	2.20–20.00
Future salary increase %	2.00–10.00	2.00–17.20
Future pension payment increase %	1.00–6.00	1.00–3.00

The discount rate, which is the most significant actuarial assumption was 3.5% (3.65% in 2012) in Germany and 4.6% (4.30% in 2012) in the United Kingdom. These two countries represents the major part of the defined benefit obligation (approximately 90%). The discount rates reflect the market yields based on high quality corporate bonds. The discount rate, future salary increase as well as future pension payment increase were identified as significant actuarial assumptions. The following impacts on the defined benefit obligation are to be expected:

- A 0.5% point's increase/decrease in the discount rate would lead to a decrease / increase of -7.3% / +8.3% in the defined benefit obligation
- A 0.5% point's increase/decrease in the future salary increase would lead to a increase / decrease of 1.0% / -0.9% in the defined benefit obligation
- A 0.5% point's increase/decrease in the future pension payment increase would lead to a increase / decrease of 6.2% / -5.6% in the defined benefit obligation.

31.7. AMOUNTS FOR THE CURRENT AND PREVIOUS PERIODS:

	2013	2012	2011	2010	2009
Defined benefit obligation	128.2	123.9	108.1	101.7	88.3
Fair value of plan assets	-51.6	-50.0	-44.9	-39.1	-33.9
Surplus (-) /deficit (+)	76.6	73.9	63.2	62.6	54.4
Actuarial losses (-) / gains (+) on plan liabilities	-4.0	-14.3	0.3	-9.6	-7.2
Actuarial losses (-) / gains (+) on plan assets	1.0	2.6	0.8	2.0	2.8

32. Deferred tax assets and liabilities

32.1. DEFERRED TAX ASSETS

	2013	2012
Employee benefits	16.0	12.8
Provisions	12.1	14.4
Unused tax losses	15.4	13.5
Other temporary difference	16.4	13.1
Total	**59.8**	**53.8**

32.2. DEFERRED TAX LIABILITIES

	2013	2012
Intangible and tangible assets	14.6	17.8
Other temporary difference	3.5	4.6
Total	**18.1**	**22.3**

Konecranes has not recognized the temporary differences in investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. The biggest temporary difference for which no deferred tax liability has been recognized relates to the distributable profits in Canadian subsidiaries. The estimated withholding tax 5 per cent amounts EUR 1.3 million.

32.3. TAX LOSSES CARRIED FORWARD

At the end of year 2013, Konecranes recorded a deferred tax asset of EUR 15.4 million (EUR 13.5 million in 2012) on the carry-forward losses totally amounting to EUR 137.5 million (EUR 127.5 million in 2012). The carry-forward losses, for which no deferred tax assets are recognized due to the uncertainty of the utilization of the losses, amounted to EUR 87.8 million in the year 2013 (EUR 84.6 million in 2012).

The main portion of carry-forward losses relates to Morris Material Handling, Inc., USA, which was acquired in 2006. The overall losses of Morris Material Handling, Inc. amounted to EUR 35.7 million (EUR 42.3 million in 2012). The Group has recorded a deferred tax asset amounting to EUR 6.9 million (EUR 8.3 million in 2012) based on the tax losses estimated to be utilized during the years 2014–2023 amounting to EUR 19.8 million. Since the result performance of US operations have been able to fully utilize the carry forward losses during the last five years Group decided to increase the valuation of deferred tax asset by calculating it from the next ten years' carry forward losses. For the amount of EUR 15.9 million tax loss carry-forwards deductible over the period 2024–2031 no deferred tax asset has been recognized due to uncertainties and limitations on deductible annual amounts.

Tax losses carried forward and related deferred tax assets on December 31 by the most significant countries as following:

2013	Tax losses carried forward	Potential deferred tax assets	Deferred tax assets not recorded	Deferred tax assets
USA	35.7	12.8	5.9	6.9
Austria	21.9	5.5	4.0	1.4
India	12.0	3.9	0.0	3.9
The Netherlands	11.0	2.7	1.5	1.2
Spain	9.1	2.7	2.7	0.0
Germany	7.7	2.3	2.3	0.0
Brazil	7.1	2.4	2.4	0.0
Japan	7.1	2.8	2.8	0.0
Finland	3.8	0.7	0.0	0.7
Italy	3.3	1.0	1.0	0.0
Other	18.9	4.8	3.7	1.1
Total	**137.5**	**41.8**	**26.4**	**15.4**

2012	Tax losses carried forward	Potential deferred tax assets	Deferred tax assets not recorded	Deferred tax assets
USA	42.3	15.4	7.0	8.3
Austria	19.8	5.0	3.8	1.2
India	1.6	0.5	0.0	0.5
The Netherlands	9.8	2.5	1.1	1.3
Spain	9.4	2.8	2.8	0.0
Germany	7.7	2.3	2.3	0.0
Brazil	5.7	1.9	1.9	0.0
Japan	7.5	3.0	3.0	0.0
Finland	3.7	0.9	0.0	0.9
Italy	3.9	1.2	1.2	0.0
Other	16.0	4.1	2.9	1.2
Total	**127.5**	**39.6**	**26.1**	**13.5**

33. Provisions

2013	Warranty	Restructuring	Pension commitments	Other	Total
Total provisions as of January 1	22.8	3.5	4.8	13.3	44.5
Translation difference	-0.5	0.0	-0.2	-0.7	-1.4
Increase through business combination	0.0	0.0	0.0	0.0	0.0
Additional provision in the period	12.5	5.2	2.8	7.5	28.1
Utilization of provision	9.3	3.6	1.3	6.1	20.3
Unused amounts reversed	1.2	0.1	0.0	2.1	3.4
Total provisions as of December 31	**24.4**	**5.0**	**6.1**	**12.0**	**47.5**

2012	Warranty	Restructuring	Pension commitments	Other	Total
Total provisions as of January 1	25.5	11.3	3.9	13.4	54.1
Translation difference	0.0	0.1	-0.2	-0.2	-0.2
Increase through business combination	0.0	0.0	0.0	0.0	0.0
Additional provision in the period	7.4	2.9	3.1	6.6	20.0
Utilization of provision	7.2	9.8	2.0	5.0	23.9
Unused amounts reversed	3.0	1.0	0.0	1.6	5.5
Total provisions as of December 31	**22.8**	**3.5**	**4.8**	**13.3**	**44.5**

The provision for warranties covers the expenses due to the repair or replacement of products during their warranty period. The warranty liability is based on historical realized warranty costs for deliveries of standard products and services. The usual warranty period is 12 months. For more complex contracts, mainly including long-term projects, the warranty reserve is calculated contract by contract and the warranty period can be significantly longer. The restructuring provision is recognized when the Group has prepared a detailed reorganization plan and begun implementation of the plan or announced the matter. Pension commitments include provisions for local pension schemes. Other provisions include provisions for claims, litigations and loss contracts.

Restructuring costs

Konecranes has recorded EUR 30.9 million restructuring costs during 2013 (EUR 5.8 million in 2012) of which EUR 16.9 million was impairment of assets (EUR 2.9 million in 2012).

34. Current liabilities

34.1. ACCRUALS	2013	2012
Wages, salaries and personnel expenses	66.1	72.7
Pension costs	4.5	7.1
Interest	0.9	0.8
Late cost reservations	83.9	94.1
Other items	44.6	41.3
Total	**200.1**	**215.9**

34.2. OTHER CURRENT LIABILITIES (NON-INTEREST BEARING)	2013	2012
Bills payable	0.3	0.7
Value added tax	14.8	12.5
Other short-term liabilities	13.7	17.0
Total	**28.7**	**30.2**

35. Lease liabilities

35.1. FINANCE LEASE	2013	2012
Minimum lease payments		
within 1 year	2.7	3.4
1–5 years	6.1	6.6
over 5 years	0.0	0.1
Total	**8.8**	**10.1**
Present value of finance lease		
within 1 year	2.6	3.3
1–5 years	5.8	6.0
over 5 years	0.0	0.0
Total	**8.4**	**9.4**

Konecranes Group has finance leases mainly for vehicles with an average of four years leasing time.

35.2. OPERATING LEASES	2013	2012
Minimum lease payments		
within 1 year	30.5	33.0
1–5 years	62.1	63.1
over 5 years	8.0	5.7
Total	**100.6**	**101.7**
Operative rental expenses during the year	31.7	33.1

The Konecranes Group has major operating lease agreements of factory and office buildings in Hyvinkää and Hämeenlinna, Finland. They are valid for 10–12 years, unless the lessee extends the lease period by five years. The lessee is entitled to exercise the 5-year extending option three consecutive times. The Group has various other operating leases for office equipments, vehicles and premises with varying terms and renewal rights.

36. Contingent liabilities and pledged assets

	2013	2012
For own commercial obligations		
Guarantees	377.6	349.5
Leasing liabilities	100.6	101.7
Other	1.7	1.4
Total	**479.8**	**452.6**

Leasing contracts comply with normal practices in the countries concerned.

Contingent liabilities relating to litigation

Various legal actions, claims and other proceedings pend against the Group in various countries. These actions, claims and other proceedings are typical of this industry and consistent with a global business offering that encompasses a wide range of products and services. These matters involve contractual disputes, warranty claims, product liability (including design defects, manufacturing defects, failure to warn and asbestos legacy), employment, vehicles and other matters involving claims of general liability.

While the final outcome of these matters cannot be predicted with certainty, Konecranes has the opinion, based on the information available to date and considering the grounds presented for such claims, the available insurance coverage and the reserves made, that the outcome of such actions, claims and other proceedings, if unfavorable, would not have a material, adverse impact on the financial condition of the Group.

37. Nominal and fair values of derivative financial instruments

	2013 Nominal value	2013 Fair value	2012 Nominal value	2012 Fair value
Foreign exchange forward contracts	625.9	6.7	504.8	3.4
Currency options	0.0	0.0	19.7	0.0
Interest rate swaps	100.0	-1.8	100.0	-3.0
Electricity forward contracts	2.9	-0.5	1.9	-0.2
Total	**728.8**	**4.4**	**626.5**	**0.3**

Derivatives are used for hedging currency and interest rate risks as well as risk of price fluctuation of electricity. Company applies hedge accounting on derivatives used to hedge cash flows in certain large crane projects and to interest rates of certain long-term loans.

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

- Level 1 - quoted prices in active markets for identical financial instruments
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - inputs for the financial instrument that are not based on observable market data (unobservable inputs)

Classification of financial instruments within the IFRS 7 fair value hierarchy: level 2 for all values as of 31 Dec 2013.

Derivatives are initially recorded in the balance sheet at fair value and subsequently measured at fair value at each balance sheet date. All derivatives are carried as assets when fair value is positive and liabilities when fair value is negative. Derivative instruments that are not designated as hedges (hedge accounting) are measured at fair value, and the change in fair value is recognized in the consolidated statement of income. When the derivative is designated as a hedge (hedge accounting) the effective part of the change in fair value is recognized in other comprehensive income. Any ineffective part is recognized in the consolidated statement of income. The foreign exchange forward contracts are measured based on the closing date's observable spot exchange rates and the quoted yield curves of the respective currencies. Interest rate swaps are measured based on present value of the cash flows, which are discounted based on the quoted yield curves.

37.1. BREAKDOWN OF NOMINAL VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	Remaining maturities 2013			Remaining maturities 2012		
	< 1 year	1–6 years	Total	< 1 year	1–6 years	Total
Foreign exchange forward contracts	384.1	1.3	385.4	205.1	24.8	229.9
Currency options	0.0	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	100.0	100.0	0.0	100.0	100.0
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0	0.0
Total	**384.1**	**101.3**	**485.4**	**205.1**	**124.8**	**329.9**

NON-HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	Remaining maturities 2013			Remaining maturities 2012		
	< 1 year	1–6 years	Total	< 1 year	1–6 years	Total
Foreign exchange forward contracts	239.7	0.9	240.5	274.9	0.0	274.9
Currency options	0.0	0.0	0.0	19.7	0.0	19.7
Interest rate swaps	0.0	0.0	0.0	0.0	0.0	0.0
Electricity forward contracts	0.8	2.1	2.9	0.7	1.3	1.9
Total	**240.4**	**3.0**	**243.4**	**295.3**	**1.3**	**296.6**

DERIVATIVE FINANCIAL INSTRUMENTS TOTAL	Remaining maturities 2013			Remaining maturities 2012		
	< 1 year	1–6 years	Total	< 1 year	1–6 years	Total
Foreign exchange forward contracts	623.8	2.2	625.9	480.0	24.8	504.8
Currency options	0.0	0.0	0.0	19.7	0.0	19.7
Interest rate swaps	0.0	100.0	100.0	0.0	100.0	100.0
Electricity forward contracts	0.8	2.1	2.9	0.7	1.3	1.9
Total	**624.5**	**104.3**	**728.8**	**500.4**	**126.1**	**626.5**

37.2. BREAKDOWN OF FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

2013

HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	Positive fair values < 1 year	Positive fair values 1–6 years	Negative fair values < 1 year	Negative fair values 1–6 years	Net fair values
Foreign exchange forward contracts	8.6	0.0	-3.8	-0.1	4.7
Currency options	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	0.0	-1.8	-1.8
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0
Total	**8.6**	**0.0**	**-3.8**	**-1.8**	**2.9**

NON-HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	Positive fair values < 1 year	Positive fair values 1–6 years	Negative fair values < 1 year	Negative fair values 1–6 years	Net fair values
Foreign exchange forward contracts	3.5	0.0	-1.5	-0.1	2.0
Currency options	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	0.0	0.0	0.0
Electricity forward contracts	0.1	0.0	-0.3	-0.3	-0.5
Total	**3.6**	**0.0**	**-1.7**	**-0.4**	**1.5**

DERIVATIVE FINANCIAL INSTRUMENTS TOTAL	Positive fair values < 1 year	Positive fair values 1–6 years	Negative fair values < 1 year	Negative fair values 1–6 years	Net fair values
Foreign exchange forward contracts	12.1	0.0	-5.3	-0.1	6.7
Currency options	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	0.0	-1.8	-1.8
Electricity forward contracts	0.1	0.0	-0.3	-0.3	-0.5
Total	**12.2**	**0.0**	**-5.6**	**-2.2**	**4.4**

2012

HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	Positive fair values < 1 year	Positive fair values 1–6 years	Negative fair values < 1 year	Negative fair values 1–6 years	Net fair values
Foreign exchange forward contracts	2.9	0.6	-2.4	-0.1	0.9
Currency options	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	0.0	-3.0	-3.0
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0
Total	**2.9**	**0.6**	**-2.4**	**-3.1**	**-2.1**

NON-HEDGING DERIVATIVE FINANCIAL INSTRUMENTS	Positive fair values < 1 year	Positive fair values 1–6 years	Negative fair values < 1 year	Negative fair values 1–6 years	Net fair values
Foreign exchange forward contracts	3.7	0.0	-1.2	0.0	2.5
Currency options	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	0.0	0.0	0.0
Electricity forward contracts	0.0	0.0	-0.1	-0.1	-0.2
Total	**3.7**	**0.0**	**-1.3**	**-0.1**	**2.3**

DERIVATIVE FINANCIAL INSTRUMENTS TOTAL	Positive fair values < 1 year	Positive fair values 1–6 years	Negative fair values < 1 year	Negative fair values 1–6 years	Net fair values
Foreign exchange forward contracts	6.5	0.6	-3.6	-0.1	3.4
Currency options	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	0.0	-3.0	-3.0
Electricity forward contracts	0.0	0.0	-0.1	-0.1	-0.2
Total	**6.6**	**0.6**	**-3.7**	**-3.2**	**0.3**

38. Hedge reserve of cash flow hedges

	2013	2012
Balance as of January 1	-1.4	-2.9
Gains and losses deferred to equity (fair value reserve)	5.0	2.0
Change in deferred taxes	-1.0	-0.5
Balance as of December 31	**2.6**	**-1.4**

The Group applies hedge accounting to certain large cranes projects in which expected cash flows are highly probable and to interest rates of certain long-term loans.

39. Related party transactions

The related parties of Konecranes are subsidiaries (see Company list), associated companies, joint ventures and joint operations, pension fund in the United Kingdom and the key management personnel of the Group: the Board of Directors, the CEO and the Group Executive Board.

TRANSACTIONS WITH ASSOCIATED COMPANIES AND JOINT ARRANGEMENTS	2013	2012
Sales of goods and services with associated companies and joint arrangements	15.4	10.4
Receivables from associated companies and joint arrangements	4.1	2.2
Purchases of goods and services from associated companies and joint arrangements	39.1	40.8
Liabilities to associated companies and joint arrangements	3.5	2.4

Sales to and purchases from related parties are made at the normal market price.

TRANSACTIONS WITH PENSION FUND IN THE UNITED KINGDOM	2013	2012
Employer contributions	1.6	2.3

Key management compensation

The Board of Directors, the CEO and Group Executive Team.

See Note 13. of the Consolidated Financial Statements.

Konecranes Group 2009–2013

BUSINESS DEVELOPMENT		2013	2012	2011	2010	2009
Orders received	MEUR	1,920.8	1,970.1	1,896.1	1,536.0	1,348.9
Order book	MEUR	893.5	942.7	991.8	756.2	607.0
Net sales	MEUR	2,099.6	2,171.5	1,896.4	1,546.3	1,671.3
of which outside Finland	MEUR	2,025.1	2,081.5	1,796.6	1,457.4	1,575.1
Export from Finland	MEUR	653.7	638.9	570.7	427.2	488.4
Personnel on average		11,987	11,917	10,998	9,739	9,811
Personnel on 31 December		11,832	12,147	11,651	10,042	9,782
Capital expenditure	MEUR	65.7	41.7	32.4	22.3	25.7
as a percentage of net sales	%	3.1%	1.9%	1.7%	1.4%	1.5%
Research and development costs	MEUR	25.6	25.8	29.6	21.5	22.0
as % of Group net sales	%	1.2%	1.2%	1.6%	1.4%	1.3%
PROFITABILITY						
Net sales	MEUR	2,099.6	2,171.5	1,896.4	1,546.3	1,671.3
Operating profit (including restructuring costs)	MEUR	84.5	132.5	106.9	112.4	97.9
as percentage of net sales	%	4.0%	6.1%	5.6%	7.3%	5.9%
Income before taxes	MEUR	75.5	124.2	95.8	111.3	88.6
as percentage of net sales	%	3.6%	5.7%	5.1%	7.2%	5.3%
Net income (incl. non-controlling interest)	MEUR	49.4	84.8	64.9	78.2	62.5
as percentage of net sales	%	2.4%	3.9%	3.4%	5.1%	3.7%
KEY FIGURES AND BALANCE SHEET						
Equity (incl. non-controlling interest)	MEUR	444.5	462.6	435.4	456.2	407.1
Balance Sheet	MEUR	1,482.0	1,576.3	1,447.5	1,175.5	1,060.4
Return on equity	%	10.9	18.8	14.6	18.1	15.5
Return on capital employed	%	11.6	18.4	17.1	24.2	19.3
Current ratio		1.2	1.4	1.3	1.4	1.4
Solidity	%	34.0	34.0	34.2	44.7	45.1
Gearing	%	42.1	39.3	50.5	-3.8	-19.1
SHARES IN FIGURES						
Earnings per share, basic	EUR	0.85	1.47	1.11	1.35	1.08
Earnings per share, diluted	EUR	0.85	1.46	1.10	1.34	1.08
Equity per share	EUR	7.56	7.97	7.52	7.64	6.84
Cash flow per share	EUR	2.08	2.77	-0.35	0.97	3.79
Dividend per share	EUR	1.05*	1.05	1.00	1.00	0.90
Dividend / earnings	%	123.4	71.4	90.1	74.1	83.3
Effective dividend yield	%	4.1	4.1	6.9	3.2	4.7
Price / earnings		30.4	17.4	13.1	22.9	17.7
Trading low / high**	EUR	20.45/28.89	14.34/26.67	13.18/34.17	19.08/32.04	10.61/22.04
Average share price**	EUR	25.30	21.39	22.83	23.84	16.66
Share price on 31 December**	EUR	25.86	25.55	14.54	30.89	19.08
Year-end market capitalization	MEUR	1,495.4	1,463.8	831.7	1,821.3	1,122.1
Number traded***	(1,000)	105,051	206,014	220,567	145,005	151,422
Stock turnover	%	181.7	359.6	385.6	245.9	257.5
Average number of shares outstanding, basic	(1,000)	57,684	57,228	58,982	58,922	58,922
Average number of shares outstanding, diluted	(1,000)	57,877	57,517	59,362	59,274	59,086
Number of shares outstanding, at end of the period	(1,000)	57,828	57,291	57,199	58,960	58,813

** The Board's proposal to the AGM*
*** Source: NASDAQ OMX Helsinki*
**** Source: Fidessa*

Calculation of key figures

Return on equity (%):

$$\frac{\text{Net profit for the period}}{\text{Total equity (average during the period)}} \times 100$$

Return on capital employed (%):

$$\frac{\text{Income before taxes + interest paid + other financing cost}}{\text{Total amount of equity and liabilities - non-interest bearing debts (average during the period)}} \times 100$$

Current ratio:

$$\frac{\text{Current assets}}{\text{Current liabilities}}$$

Solidity (%):

$$\frac{\text{Shareholders' equity}}{\text{Total amount of equity and liabilities - advance payment received}} \times 100$$

Gearing (%):

$$\frac{\text{Interest-bearing liabilities - liquid assets - loans receivable}}{\text{Total equity}} \times 100$$

Earnings per share:

$$\frac{\text{Net profit for the shareholders of the parent company}}{\text{Average number of shares outstanding}}$$

Earnings per share, diluted:

$$\frac{\text{Net profit for the shareholders of the parent company}}{\text{Average fully diluted number of shares outstanding}}$$

Equity per share:

$$\frac{\text{Equity attributable to the shareholders of the parent company}}{\text{Number of shares outstanding}}$$

Cash flow per share:

$$\frac{\text{Net cash flow from operating activities}}{\text{Average number of shares outstanding}}$$

Effective dividend yield (%):

$$\frac{\text{Dividend per share}}{\text{Share price at the end of financial year}} \times 100$$

Price per earnings:

$$\frac{\text{Share price at the end of financial year}}{\text{Earnings per share}}$$

Year-end market capitalization: Number of shares outstanding multiplied by the share price at the end of year

Average number of personnel: Calculated as average of number of personnel in quarters

Number of shares outstanding: Total number of shares - treasury shares

Company list

SUBSIDIARIES OWNED BY THE PARENT COMPANY

(1,000 EUR)		Book value of shares	Parent company's share %	Group's share %
Finland:	Konecranes Finance Oy	46,448	100	100
	Konecranes Finland Oy	17,291	28	100

SUBSIDIARIES OWNED BY THE GROUP

		Book value of shares	Group's share %
Australia:	Konecranes Pty. Ltd.	162	100
Austria:	Konecranes Ges.m.b.H.	22,557	100
Bangladesh:	Konecranes (Bangladesh) Ltd.	91	100
Belgium:	S.A. Konecranes N.V.	418	100
Brazil:	Konecranes Talhas, Pontes Rolantes e Serviços Ltda.	3,010	100
Canada:	3016117 Nova Scotia ULC	0	100
	Hydramach ULC	0	100
	Kaverit Cranes and Service ULC	0	100
	Konecranes Canada Inc.	893	100
	MHE Canada ULC	0	100
	Overhead Crane Ltd.	0	100
Cayman Islands:	Morris Middle East Ltd.	0	100
Chile:	Konecranes Chile SpA	1	100
China:	Dalian Konecranes Company Ltd.	1,904	100
	Konecranes (Shanghai) Co. Ltd.	0	100
	Konecranes (Shanghai) Company Ltd.	3,694	100
	Konecranes Port Machinery (Shanghai) Co., Ltd.	6,586	100
	Morris Crane Systems (Shanghai) Co., Ltd.	0	100
	Sanma Hoists & Cranes Co., Ltd.	16,541	65
	Stahl CraneSystems Trading (Shanghai) Co., Ltd.	176	100
	SWF Krantechnik Co., Ltd.	582	100
Czech Republic:	Konecranes CZ s.r.o.	805	100
Denmark:	Konecranes A/S	994	100
Estonia:	Konecranes Oü	0	100
Finland:	Nosturiexpertit Oy	10	100
	Permeco Oy	113	100
	Suomen Teollisuusosa Oy	5,811	100
France:	KCI Holding France S.A.	461	100
	Konecranes (France) S.A.	1,617	100
	Konecranes Supply France SAS	16,232	100
	Stahl CraneSystems SAS	0	100
	Verlinde SAS	10,720	100
Germany:	Eurofactory GmbH	1,239	100
	Konecranes Holding GmbH	15,262	100
	Konecranes Lifting Systems GmbH	804	100
	Stahl CraneSystems GmbH	30,776	100
	Konecranes GmbH	4,300	100
	SWF Krantechnik GmbH	15,500	100
Greece:	Konecranes Hellas Lifting Equipment and Services S.A.	60	100
Hungary:	Konecranes Kft.	792	100
	Konecranes Supply Hungary Kft.	3,899	100
India:	Konecranes Shared Services India Pvt. Ltd.	162	100
	Stahl CraneSystems (India) Pvt. Ltd.	52	100
	WMI Konecranes India Limited	31,540	100
Indonesia:	Pt. Konecranes	0	100
Italy:	Konecranes S.r.l.	4,890	100
	Stahl CraneSystems S.r.l.	110	100
Japan:	Konecranes Company, Ltd.	5,141	100
Latvia:	SIA Konecranes Latvija	2	100

		Book value of shares	Group's share %
Lithuania:	UAB Konecranes	139	100
Luxembourg:	Materials Handling International S.A.	300	100
Malaysia:	Konecranes Sdn. Bhd.	690	100
Mexico:	Konecranes Mexico S.A. de C.V.	2,184	100
Morocco:	Techniplus S.A.	5,809	99,9
The Netherlands:	Konecranes B.V.	4,518	100
	Konecranes Holding B.V.	13,851	100
Norway:	Konecranes AS	9,490	100
	Konecranes Norway Holding AS	3,588	100
Peru:	Konecranes Peru S.R.L.	0	100
Philippines:	Konecranes Philippines Inc.	144	100
Poland:	Konecranes Sp. z.o.o.	810	100
Portugal:	Ferrometal Limitada	1,556	100
	Konecranes Portugal, Unipessoal Lda	0	100
Romania:	Konecranes S.A.	98	100
Russia:	LLC "Kranekspertiza"	0	100
	ZAO Konecranes	161	100
Saudi Arabia:	Saudi Cranes & Steel Works Factory Co. Ltd.	13,740	100
Singapore:	KCI Cranes Holding (Singapore) Pte. Ltd.	49,117	100
	Konecranes Pte. Ltd.	1,782	100
	Morris Material Handling Pte. Ltd.	260	100
	Stahl CraneSystems Pte. Ltd.	0	100
	SWF Krantechnik Pte. Ltd.	144	100
Slovakia:	Konecranes Slovakia s.r.o.	200	100
Slovenia:	Konecranes, d.o.o.	200	100
South Africa:	Konecranes Pty. Ltd.	3,356	100
Spain:	Konecranes Ausió S.L.U.	16,299	100
	Stahl CraneSystems S.L.	0	100
Sweden:	Konecranes AB	1,543	100
	Konecranes Lifttrucks AB	26,228	100
	Konecranes Sweden Holding AB	1,682	100
Switzerland:	Konecranes AG	3,980	100
Thailand:	Konecranes (Thailand) Ltd.*	97	49
Turkey:	Konecranes Ticaret Ve Servis Limited Sirketi	53	100
Ukraine:	Konecranes Ukraine JSC	2,048	100
	PJSC "Zaporozhje Kran Holding*	910	49
	PJSC "Zaporozhcran"*	498	49.23
United Arab Emirates:	Stahl CraneSystems FZE	221	100
	Konecranes Middle East FZE	1,774	100
United Kingdom:	Axis Machine Tool Engineering Limited	0	100
	J.H. Carruthers Ltd.	0	100
	Konecranes Machine Tool Service Ltd.	0	100
	KCI Holding UK Ltd.	13,656	100
	Konecranes UK Limited	6,795	100
	Lloyds Konecranes Pension Trustees Ltd.	0	100
	Morris Material Handling Ltd.	6,433	100
	Stahl CraneSystems Ltd.	17	100
U.S.A.:	KCI Holding USA Inc.	53,901	100
	Konecranes, Inc.	38,641	100
	Konecranes Nuclear Equipment & Services, LLC	0	100
	Merwin, LLC	0	100
	MMH Americas, Inc.	0	100
	MMH Holdings, Inc.	0	100
	Morris Material Handling, Inc.	51,800	100
	PHMH Holding Company	0	100
	R&M Materials Handling, Inc.	5,946	100
	Stahl CraneSystems, Inc.	0	100
Vietnam:	Konecranes Vietnam Co., Ltd	187	100

** Konecranes Group has the majority representation on the entity's board of directors and approves all major operational decisions and thereby Konecranes consolidates them in the Group's financial statements.*

OTHER SHARES AND JOINT OPERATIONS

		Book value of shares	Group's share %
Estonia:	AS Konesko	4,448	49.46
Finland:	Kiinteistöosakeyhtiö Kuikantorppa	261	50

INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

		Assets value	Group's share %
China:	Guangzhou Technocranes Company, Ltd.	654	25
	Jiangyin Dingli High Tech Industrial Crane Company, Ltd.	591	30
	Shanghai High Tech Industrial Crane Company, Ltd.	2,083	28
France:	Boutonnier Adt Levage S.A.	357	25
	Levelec S.A.	206	20
	Manulec S.A.	232	25
	Manelec S.A.R.L.	77	25
	S.E.R.E. Maintenance S.A.	60	25
Japan:	KITO Corporation	33,573	22.96
Saudi Arabia:	Eastern Morris Cranes Limited	1,358	49
United Arab Emirates:	Crane Industrial Services LLC	1,185	49

AVAILABLE-FOR-SALE INVESTMENTS

		Book value of shares	Group's share %
Austria:	Austrian CraneSystems GmbH	86	19
Finland:	East Office of Finnish Industries Oy	50	5.26
	Fimecc Oy	120	5.69
	Levator Oy	34	19
	Vierumäen Kuntorinne Oy	345	3.3
France:	Heripret Holding SAS	53	19
	Societe d'entretrien et de transformation d'engins mecaniques	0	19
Indonesia:	Pt. Technocranes International	3	15
Malaysia:	Kone Products & Engineering Sdn. Bhd.	13	10
Venezuela:	Gruas Konecranes CA	4	10
Others:		256	
Total:		**964**	

Parent company statement of income – FAS

(1,000 EUR)		1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
Note:			
4	**Sales**	**84,957**	**91,971**
	Other operating income	0	0
5	Depreciation and impairments	-6,701	-2,922
6	Other operating expenses	-79,251	-82,919
	Operating profit	**-995**	**6,129**
7	Financial income and expenses	51,545	80,072
	Income before extraordinary items	**50,550**	**86,202**
8	Extraordinary items	14,740	35,555
	Income before appropriations and taxes	**65,290**	**121,757**
9	Income taxes	-3,589	-10,459
	Net income	**61,701**	**111,298**

Parent company cash flow – FAS

(1,000 EUR)	1 Jan–31 Dec 2013	1 Jan–31 Dec 2012
Cash flow from operating activities		
Operating income	**-995**	**6,129**
Adjustments to operating profit		
Depreciation and impairments	6,701	2,922
Extraordinary income	35,555	27,495
Other adjustments	0	0
Operating income before changes in net working capital	**41,261**	**36,546**
Change in interest-free short-term receivables	8,826	6,300
Change in interest-free short-term liabilities	-1,205	-13,911
Change in net working capital	**7,621**	**-7,611**
Cash flow from operations before financing items and taxes	**48,882**	**28,935**
Interest received	676	1,074
Interest paid	-4	0
Other financial income and expenses	-91	42
Income taxes paid	-6,065	-7,493
Financing items and taxes	**-5,484**	**-6,377**
NET CASH FROM OPERATING ACTIVITIES	**43,398**	**22,558**
Cash flow from investing activities		
Capital expenditure to tangible assets	-735	-732
Capital expenditure and advance payments to intangible assets	-32,684	-21,706
Proceeds from sale of fixed assets	22	0
Dividends received	50,762	78,970
NET CASH USED IN INVESTING ACTIVITIES	**17,366**	**56,532**
Cash flow before financing activities	**60,764**	**79,090**
Cash flow from financing activities		
Proceeds from options excercised and share issues	9,073	3,912
Repayments of long-term receivables	-9,310	-25,925
Dividends paid	-60,614	-57,199
NET CASH USED IN FINANCING ACTIVITIES	**-60,851**	**-79,212**
CHANGE OF CASH AND CASH EQUIVALENTS	**-87**	**-122**
Cash and cash equivalents at beginning of period	90	212
Cash and cash equivalents at end of period	3	90
CHANGE OF CASH AND CASH EQUIVALENTS	**-87**	**-122**

Parent company balance sheet – FAS

(1,000 EUR) Note:	ASSETS	31 Dec 2013	31 Dec 2012
	NON-CURRENT ASSETS		
	Intangible assets		
10	Intangible rights	42,389	15,500
	Advance payments	40,576	40,935
		82,964	**56,435**
	Tangible assets		
11	Machinery and equipment	2,173	2,007
		2,173	**2,007**
12	**Investments**		
	Investments in Group companies	50,649	50,649
	Other shares and similar rights of ownership	515	515
		51,164	**51,164**
	Total non-current assets	**136,301**	**109,606**
	CURRENT ASSETS		
	Long-term receivables		
	Loans receivable from Group companies	117,931	108,621
		117,931	**108,621**
	Short-term receivables		
	Accounts receivable	105	106
	Amounts owed by Group companies		
	Accounts receivable	15,664	21,784
14	Deferred assets	14,896	35,614
	Other receivables	429	176
14	Deferred assets	6,752	7,333
		37,846	**65,013**
	Cash in hand and at banks	**3**	**90**
	Total current assets	**155,779**	**173,724**
	TOTAL ASSETS	**292,080**	**283,330**

(1,000 EUR)	SHAREHOLDERS' EQUITY AND LIABILITIES	31 Dec 2013	31 Dec 2012
Note:			
15	**EQUITY**		
	Share capital	30,073	30,073
	Share premium account	39,307	39,307
	Paid in capital	48,105	39,033
	Retained earnings	93,549	42,864
	Net income for the period	61,701	111,298
		272,734	**262,574**
	LIABILITIES		
	Non-current liabilities		
	Other long-term liabilities	0	0
		0	**0**
	Provisions	**15**	**457**
	Current liabilities		
	Accounts payable	6,804	6,344
	Liabilities owed to Group companies		
	Accounts payable	3,971	3,789
16	Accruals	0	1,458
	Other short-term liabilities	609	575
16	Accruals	7,947	8,133
		19,331	**20,299**
	Total liabilities	**19,346**	**20,756**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**292,080**	**283,330**

Notes to the parent company's financial statement

1. Accounting principles

The financial statements of the company have been prepared in euro and in accordance with accounting principles generally accepted in Finland.

2. Extraordinary items

The extraordinary items in the financial statements include received group contributions.

3. Research and development costs

Research and development costs are expensed as incurred.

Statement of income

4. Sales

In the parent company the sales to subsidiaries totaled EUR 85.0 million (EUR 92.0 million in 2012) corresponding to a share of 100% (100% in 2012) of net sales.

5. Depreciation and impairments

	2013	2012
Intangible rights	6.1	2.5
Machinery and equipment	0.6	0.4
Total	**6.7**	**2.9**

6. Other operating expenses and personnel

COSTS AND EXPENSES IN THE STATEMENT OF INCOME WERE AS FOLLOWS:	2013	2012
Wages and salaries	17.7	16.4
Pension costs	3.5	3.2
Other personnel expenses	0.7	0.7
Other operating expenses	57.3	62.6
Total	**79.3**	**82.9**

WAGES AND SALARIES IN ACCORDANCE WITH THE STATEMENT OF INCOME	2013	2012
Remuneration to Board	0.4	0.5
Other wages and salaries	17.3	15.9
Total	**17.7**	**16.4**
The average number of personnel	305	269

Auditors fees		
Audit	0.2	0.2
Other services	0.4	0.3
Total	**0.6**	**0.4**

7. Financial income and expenses

	2013	2012
Financial income from long-term investments:		
Dividend income from group companies	50.8	79.0
Dividend income total	50.8	79.0
Interest income from long-term receivables:		
From group companies	0.7	1.0
Other interest income	0.0	0.0
Interest income from long-term receivables total	0.7	1.0
Financial income from long-term investments total	**51.5**	**79.9**
Interest and other financial income	0.3	0.2
Interest and other financial income total	0.3	0.2
Interest expenses and other financial expenses:		
Other financial expenses	0.3	0.1
Interest expenses and other financial expenses total	0.3	0.1
Financial income and expenses total	**51.5**	**80.1**

8. Extraordinary items

	2013	2012
Group contributions received from subsidiaries	14.7	35.6
Total	**14.7**	**35.6**

9. Income taxes

	2013	2012
Taxes on extraordinary items	3.6	8.7
Taxes on ordinary operations	0.0	1.7
Taxes from previous years	0.0	0.1
Total	**3.6**	**10.5**

Balance sheet

10. Intangible rights

	2013	2012
Acquisition costs as of January 1	28.6	16.0
Increase	33.0	12.5
Decrease	0.0	0.0
Acquisition costs as of December 31	61.6	28.6
Accumulated depreciation 1 January	-13.1	-10.6
Accumulated depreciation relating to disposals	0.0	0.0
Accumulated depreciation	-6.1	-2.5
Total as of December 31	**42.4**	**15.5**

11. Machinery and equipment

	2013	2012
Acquisition costs as of January 1	7.0	6.2
Increase	0.7	0.7
Decrease	-0.1	0.0
Acquisition costs as of December 31	7.7	7.0
Accumulated depreciation 1 January	-4.9	-4.5
Accumulated depreciation relating to disposals	0.0	0.0
Accumulated depreciation	-0.6	-0.4
Total as of December 31	**2.2**	**2.0**

12. Investments

	2013	2012
Acquisition costs as of January 1	51.2	51.2
Total as of December 31	**51.2**	**51.2**

INVESTMENTS IN GROUP COMPANIES	Domicile	**2013** Book value	**2012** Book value
Konecranes Finance Corp.	Hyvinkää	46.4	46.4
Konecranes Finland Corp.	Hyvinkää	4.2	4.2
Total		**50.6**	**50.6**

Other shares and similar rights of ownership	**2013**	**2012**
Vierumäen Kuntorinne Oy	0.3	0.3
Pärjä Oy	0.0	0.0
East Office of Finnish Industries Oy	0.1	0.1
Fimecc Oy	0.1	0.1
Total	**0.5**	**0.5**

13. Treasury shares

	2013	2012
Number of shares as of January 1	5,981,032	6,042,456
Increase	0	0
Decrease	-536,770	-61,424
Number of shares as of December 31	**5,444,262**	**5,981,032**

Proposal by the Board of Directors to authorize the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares:

The AGM on March 21, 2013 authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares as follows:

The amount of own shares to be repurchased and/or accepted as pledge based on this authorization shall not exceed 6,000,000 shares in total, which corresponds to approximately 9.5 per cent of all of the shares in the Company. However, the Company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 per cent of all the shares in the Company. Only the unrestricted equity of the Company can be used to repurchase own shares on the basis of the authorization.

Own shares can be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market.

The Board of Directors decides how own shares will be repurchased and/or accepted as pledge. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

Own shares can be repurchased and/or accepted as pledge to limit the dilutive effects of share issues carried out in connection with possible acquisitions, to develop the Company's capital structure, to be transferred for financing or realization of possible acquisitions, investments or other arrangements belonging to the Company's ordinary business, to pay remuneration to Board members, to be used in incentive arrangements or to be cancelled, provided that the repurchase is in the interest of the Company and its shareholders.

The authorization is effective until the end of the next Annual General Meeting, however no longer than until 21 September 2014.

Authorizing the Board of Directors to decide on the issuance of shares as well as on the issuance of special rights entitling to shares:

The AGM authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares referred to in chapter 10 section 1 of the Finnish Companies Act as follows.

The amount of shares to be issued based on this authorization shall not exceed 6,000,000 shares, which corresponds to approximately 9.5 per cent of all of the shares in the Company.

The Board of Directors decides on all the conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization of transfer of the company's own shares.

The authorization is effective until the end of the next Annual General Meeting, however no longer than until 21 September 2014. However, the authorization for incentive arrangements is valid until 21 March 2018.

Proposal by the Board of Directors to authorize the Board of Directors to decide on the transfer of the company's own shares:

The AGM authorized the Board of Directors to decide on the transfer of the Company's own shares as follows:

The authorization is limited to a maximum of 6,000,000 shares, which corresponds to approximately 9.5 per cent of all of the shares in the Company.

The Board of Directors decides on all the conditions of the transfer of own shares. The transfer of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The Board of Directors can also use this authorization to grant special rights concerning the Company's own shares, referred to in Chapter 10 of the Companies Act. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the issuance of shares and the issuance of special rights entitling to shares.

This authorization is effective until the next Annual General Meeting of Shareholders, however no longer than until 21 September 2014. However, the authorization for incentive arrangements is valid until 21 March 2018.

Proposal by the Board of Directors to authorize the Board of Directors to launch an employee share savings plan and to decide on directed share issue without payment:

Konecranes Plc's Annual General Meeting of Shareholders 2012 decided to implement an Employee Share Savings Plan in the Konecranes Group (the Plan). According to the Board decision, the Plan was offered in 39 countries to approximately 9,000 employees in 2012. During the first Plan Period 2012–2013, the employees' participation rate was 16 percent globally. Through the Plan, approximately 1,500 employees became shareholders in Konecranes. In Finland, the participation rate was 36 percent.

On the basis of interest shown by the Group employees, the Board has on March 21, 2013 decided to launch a new Plan Period. The new plan period began on July 1, 2013 and end on June 30, 2014. During the commencing Plan Period, the intention is to offer the Plan, in addition to the current target countries, also in China. The maximum savings amount per participant during one month is 5 percent of gross salary and the minimum is EUR 10. Each participant will receive one free matching share for every two acquired savings shares. Matching shares will be delivered to a participant if the participant holds the acquired shares from the plan period until the end of the designated holding period, February 15, 2017, and if his or her employment has not ended before this date for reasons related to the employee. The total amount of all savings of the commencing plan period may not exceed EUR 8.5 million.

An employee will participate in the Plan for one year at a time. Shares will be acquired with the accrued savings at the market price quarterly, after the publication dates of the Konecranes interim results, commencing in November 2013. Any dividends paid on purchased shares during the commencing Plan period will automatically be reinvested into additional shares on the following purchase date. These shares will have an equal right to matching shares.

The Board of Directors decides on the issue of new shares or on the transfer of own shares held by the Company to such participants of the Plan who, according to the terms and conditions of the Plan, are entitled to receive free shares, as well as to decide on the share issue without payment also to the Company itself. The authorization includes a right in this Plan to transfer own shares held by the Company, the use of which has earlier been limited to other purposes than incentive plans. The number of new shares to be issued or own shares held by the Company to be transferred may be a maximum total of 500,000 shares, which corresponds to 0.8 per cent of all of the Company´s shares.

The Board of Directors is entitled to decide on other matters concerning the share issue. The authorization concerning the share issue is valid until 21 March 2018. This authorization replaces the authorization for the Share Savings Plan given by the Annual General Meeting 2012.

14. Deferred assets

	2013	2012
Group contributions	14.7	35.6
Income taxes	2.4	0.0
Payments which will be realized during the next financial year	4.4	7.3
Pension costs	0.0	0.0
Interest	0.1	0.1
Total	**21.6**	**42.9**

15. Equity

	2013	2012
Share capital as of January 1	30.1	30.1
New issue	0.0	0.0
Share capital as of December 31	30.1	30.1
Share premium account 1 January	39.3	39.3
New issue	0.0	0.0
Share premium account as of December 31	39.3	39.3
Share issue 1 January	0.0	0.0
Increase	9.1	3.9
Decrease	-9.1	-3.9
Share issue 31 December	0.0	0.0
Paid in capital 1 January	39.0	35.1
Increase	9.1	3.9
Decrease	0.0	0.0
Paid in capital as of December 31	48.1	39.0
Retained earnings as of January 1	154.2	100.1
Dividend paid	-60.6	-57.2
Decrease	0.0	0.0
Retained earnings as of December 31	93.6	42.9
Net income for the period	61.7	111.3
Shareholders' equity as of December 31	**272.8**	**262.6**

Distributable equity		
Paid in capital as of December 31	48.1	39.0
Retained earnings as of December 31	93.5	42.9
Net income for the period	61.7	111.3
Total	**203.4**	**193.2**

16. Accruals

	2013	2012
Income taxes	0.0	0.1
Wages, salaries and personnel expenses	5.1	5.7
Interest	0.0	0.0
Other items	2.8	3.8
Total	**7.9**	**9.6**

17. Contingent liabilities and pledged assets

	2013	2012
Contingent liabilities		
For obligations of subsidiaries		
Group guarantees	386.4	357.4
Other contingent and financial liabilities		
Leasing liabilities		
Next year	0.9	1.1
Later on	1.4	1.4

Leasing contracts are valid in principle three years and they have no terms of redemption.

Other liabilities	0.0	0.0
Total by category		
Guarantees	386.4	357.4
Other liabilities	2.3	2.5
Total	**388.7**	**359.9**

18. Nominal and fair values of derivative financial instruments

	2013 Fair value	2013 Nominal value	2012 Fair value	2012 Nominal value
Foreign exchange forward contracts	0.0	33.1	0.0	26.8

Derivatives are used for currency rate hedging only.

Board of Directors' proposal to the annual general meeting

The parent company's non-restricted equity is EUR 203,354,966.48 of which the net income for the year is EUR 61,701,102.44.

The Group's non-restricted equity is EUR 366,150,000.

According to the Finnish Companies Act, the distributable funds of the company are calculated based on the parent company's non-restricted equity. For the purpose of determining the amount of the dividend the Board of Directors has assessed the liquidity of the parent company and the economic circumstances subsequent to the financial year-end.

Based on such assessments the Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.05 will be paid on each share and that the remaining non-restricted equity is retained in shareholders' equity.

Helsinki, February 5, 2014

Stig Gustavson Chairman of the Board	Svante Adde Board member	Tapani Järvinen Board member
Matti Kavetvuo Board member	Nina Kopola Board member	Bertel Langenskiöld Board member
Malin Persson Board member	Mikael Silvennoinen Board member	Pekka Lundmark President and CEO

Auditor's report

To the Annual General Meeting of Konecranes Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Konecranes Plc for the financial period 1.1.–31.12.2013. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Opinions based on assignment of the Audit Committee

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the distributable equity shown in the balance sheet for the parent company is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki, February 5, 2014

Ernst & Young Oy
Authorized Public Accountant Firm

Heikki Ilkka
Authorized Public Accountant

Shares & shareholders

Shares and share capital

As of December 31, 2013, Konecranes Plc's fully paid-up share capital entered in the Trade Register was EUR 30,072,660, divided into 63,272,342 shares (63,272,342 in 2012). Konecranes has one class of shares and each share entitles its holder to one vote at the Annual General Meeting and an equal dividend. Konecranes' shares are registered in the Finnish book entry system.

On December 31, 2013, Konecranes Plc was in the possession of 5,444,262 own shares (5,981,032), which corresponds to 8.6 percent of the total number of shares having a market value of EUR 140.8 million on that date. In 2013, 536,770 treasury shares were transferred to the subscribers, pursuant to the Konecranes Plc's stock options 2009A and 2009B.

Market capitalization and share trading

As of the end of 2013, the total market capitalization of Konecranes Plc on NASDAQ OMX Helsinki was EUR 1,495 million (1,464), excluding treasury shares.

Konecranes' shares closed the year at EUR 25.86 (25.55) on NASDAQ OMX Helsinki. The volume-weighted average trading price for the year was EUR 25.30. The highest quotation for the Konecranes share was EUR 28.89 in February and the lowest was EUR 20.45 in June.

The traded volume of Konecranes' shares totaled some 51.6 million on NASDAQ OMX Helsinki. In monetary terms, this was valued at EUR 1,305.6 million. The daily average trading volume was 206,413 shares, representing a daily average turnover of EUR 5.2 million. In addition, approximately 53.5 million Konecranes' shares were traded on other trading venues (e.g. multilateral trading facilities and bilateral OTC trades) in 2013 according to Fidessa.

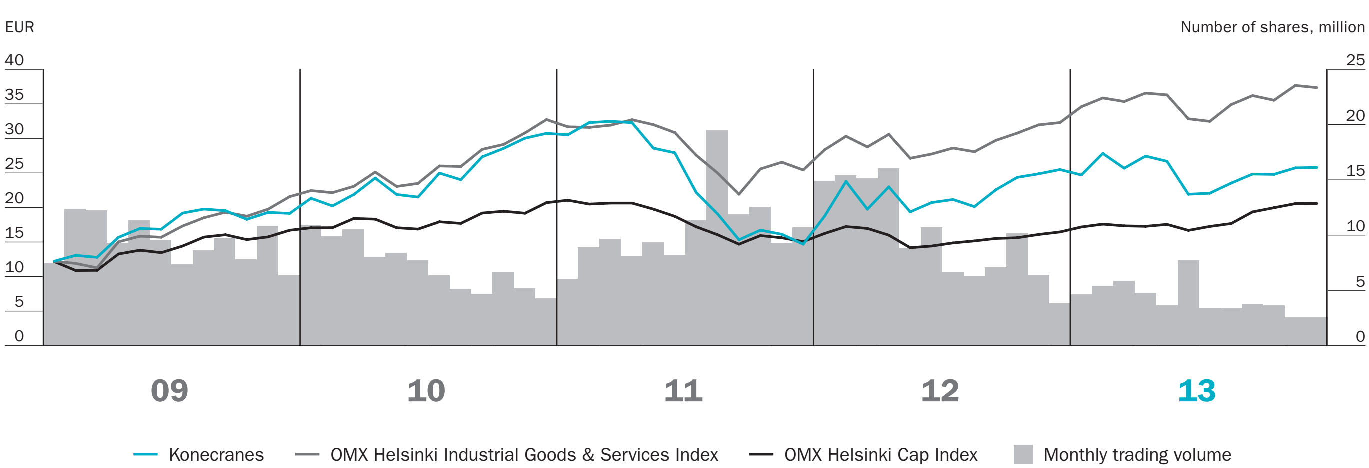
Board authorizations

The Annual General Meeting held on March 21, 2013, authorized the Board of Directors to decide on the repurchase of the Company's own shares and/or on the acceptance as pledge of the Company's own shares. The amount of own shares to be repurchased and/or accepted as pledge based on this authorization shall not exceed 6,000,000 shares in total, which corresponds to approximately 9.5 per cent of all the shares in the Company. The authorization is effective until the end of the next Annual General Meeting, however, no longer than until September 21, 2014. The Board of Directors did not use this authorization in 2013.

The AGM authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares referred to in Chapter 10 Section 1 of the Finnish Companies Act. The amount of shares to be issued based on this authorization shall not exceed 6,000,000 shares, which corresponds to approximately 9.5 per cent of all the shares in the Company. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the following paragraph. The authorization is effective until the end of the next Annual General Meeting, however, no longer than until September 21, 2014. However, the authorization for incentive arrangements is valid until March 21, 2018. This authorization revokes the authorization for incentive arrangements given by the Annual General Meeting 2012. The Board of Directors did not use this authorization in 2013.

The AGM authorized the Board of Directors to decide on the transfer of the Company's own shares. The authorization is limited to a maximum of 6,000,000 shares, which corresponds to approximately 9.5 per cent of all the shares in the Company. The authori-

MONTHLY PRICE AND VOLUME ON THE NASDAQ OMX HELSINKI 2009–2013



CHANGES IN THE SHARE CAPITAL AND THE NUMBER OF SHARES		Change in number of shares	Total number of shares	Change in share capital	Share capital EUR
1999	March 11, Conversion of share capital into EUR		15,000,000		30,000,000
2002	December 20, invalidation of shares held by the company and reduction of share capital	-691,370	14,308,630	-1,382,740	28,617,260
2004	New shares subscribed for with the 1997 stock options	1,400	14,310,030	2,800	28,620,060
2005	New shares subscribed for with the 1997, 1999A, 1999B, 2001A and 2003A stock options	176,000	14,486,030	352,000	28,972,060
2006 pre-split	New shares subscribed for with 1997, 1999B, 2001A and 2003A stock options	286,700	14,772,730	573,400	29,545,460
2006	March 17, 2006 Share split 1:4	44,318,190	59,090,920	0	29,545,460
2006 post-split	New shares subscribed for with 1997, 1999B, 2001A, 2003A and 2003B series stock options	986,800	60,077,720	493,400	30,038,860
2007	February, new shares subscribed for with 2003B stock options	67,600	60,145,320	33,800	30,072,660
2007	March–December, new shares subscribed for with 1997, 1999B, 2001A, 2001B, 2003B and 2003C stock options	833,460	60,978,780	0	30,072,660
2008	February–December, new shares subscribed for with 1997, 1999B, 2001B, 2003B and 2003C stock options	633,540	61,612,320	0	30,072,660
2009	February–December, new shares subscribed for with 2001B and 2003C stock options	260,600	61,872,920	0	30,072,660
2010	February–May, new shares subscribed for with 2001B stock options	129,200	62,002,120	0	30,072,660
2011	January, share issue directed to the shareholders of KCR Management Oy	281,007	62,283,127	0	30,072,660
2011	February–May, new shares subscribed for with 2007A and 2007B stock options	958,300	63,241,427	0	30,072,660
2012	May–June, new shares subscribed for with 2009A stock options	30,915	63,272,342	0	30,072,660

zation can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the previous paragraph. This authorization is effective until the next Annual General Meeting of Shareholders, however, no longer than until September 21, 2014. However, the authorization for incentive arrangements is valid until March 21, 2018. This authorization revokes the authorization for incentive arrangements given by the Annual General Meeting 2012. The Board of Directors did not use this authorization in 2013.

The AGM authorized the Board of Directors to decide on a directed share issue without payment needed for the implementation of the Share Savings Plan, which the Annual General Meeting 2012 decided to launch.

The Board of Directors is authorized to decide on the issue of new shares or on the transfer of own shares held by the Company to such participants in the Plan who, according to the terms and conditions of the Plan, are entitled to receive free shares, as well as to decide on the share issue without payment also to the Company itself. The number of new shares to be issued or own shares held by the Company to be transferred may be a maximum total number of 500,000 shares, which corresponds to 0.8 per cent of all of the Company's shares. The authorization concerning the share issue is valid until March 21, 2018. This authorization is in addition to the authorizations in the previous items. This authorization replaces the authorization for the Share Savings Plan given by the Annual General Meeting 2012. The Board of Directors did not use this authorization in 2013.

These authorizations are explained in more detail in the release covering the resolutions of the 2013 AGM, which can be consulted at the Company's Web site at www.konecranes.com > Investors > Corporate governance > General meeting > 2013.

Stock option plans

Konecranes has stock option plan 2009 for its key employees, including top and middle management, and employees in certain expert positions. In 2013, 536,770 treasury shares were transferred to the subscribers, pursuant to the Konecranes Plc's stock options 2009A and 2009B.

As of the end of 2013, the stock options issued under Konecranes Plc's ongoing stock option plans entitle option holders to subscribe for a total of 1,486,891 shares, which corresponds to 2.3 percent of all of the Company's shares. The option programs include approximately 200 key personnel.

For a more detailed description of the option plans, see Note 29 on Page 94 of the Financial Statements. The terms and conditions of the stock option plans can also be consulted at www.konecranes.com > Investors > Share information > Stock option plans.

Performance share plan 2012

In 2012, the Board of Directors resolved to implement a performance share plan according to which earning reward is based on attainment of targets determined by the Board of Directors. Earning during the one-year discretionary period that began in 2012 will be based on the Konecranes Group´s EBIT margin, and during the three-year discretionary period that began in 2012 on the Total Shareholder Return of the Company's share (TSR). The potentially earned reward will be paid in spring 2015. If a key employee's employment or service ends before the end of a discretionary period, no reward will be paid on the basis of such discretionary period.

The target group of the plan consists of approximately 160 people. The rewards to be paid on the basis of the discretionary periods that began in 2012 correspond to the value of an approximate maximum total of 271,308 Konecranes Plc shares, which corresponds to 0.4 percent of all of the Company's shares.

In 2013, the Board of Directors has resolved to amend the performance share plan launched in 2012 so that two three-year discretionary periods 2013–2015 and 2014–2016 will follow the discretionary periods commenced in 2012. The performance criterion for the discretionary periods 2013–2015 and 2014–2016 is the cumulative Earnings per Share (EPS) for the respective years.

The target group of the plan consists of approximately 185 people during the discretionary periods 2013–2015 and 2014–2016. The rewards to be paid on the basis of each discretionary period correspond to the value of an approximate maximum of 700,000 Konecranes Plc shares, which corresponds to 1.1 percent of all of the Company's shares. If the targets determined by the Board of Directors are attained, the reward payout may be a half of the maximum reward. The maximum reward payout requires that the targets are clearly exceeded.

For a more detailed description of the performance share plan, see Note 29 on Page 94 of the Financial Statements.

Employee share savings plan

Konecranes Plc's AGM 2012 approved the Konecranes Employee Share Savings Plan. In April 2002, the Board of Directors approved the detailed terms and conditions of the plan and the first plan period. The first plan period began on July 1, 2012 and ended on June 30, 2013.

Each participant will receive one free matching share for every two acquired savings shares. Matching shares will be delivered to a participant if the participant holds the acquired shares from the plan period until the end of the designated holding period, February 15, 2016, and if his or her employment with the company has not been terminated on the last day of the holding period on bad leaver terms.

Approximately 1,500 Konecranes employees signed up for the Plan that commenced July 1, 2012. The number of new shares to be issued or own shares held by the Company to be transferred under the terms and conditions of the plan may be a maximum total of 42,602 shares, which corresponds to 0.1 percent of all of the Company's shares.

In 2013, the Board decided to launch a new plan period. The new plan period began on July 1, 2013 and will end on June 30, 2014. The maximum savings amount per participant during one month is 5 percent of the gross salary and the minimum is EUR 10.

Each participant will receive one free matching share for every two acquired savings shares. Matching shares will be delivered to a participant if the participant holds the acquired shares from the plan period until the end of the designated holding period, February 15, 2017, and if his or her employment has not ended before this date for the reasons related to the employee. The total amount of all savings of the commencing plan period may not exceed EUR 8.5 million. Approximately 1,650 Konecranes employees signed up for the plan commencing July 1, 2013.

For a more detailed description of the employee share savings plan, see Note 29 on Page 94 of the Financial Statements.

Flagging notifications

No flagging notifications or other shareholder announcements were received in 2013.

Shareholders

Konecranes had 18,655 (19,598) shareholders on December 31, 2013. At year-end 2013 43.3 (37.6) percent of the Company's shares were nominee-registered. More information on the breakdown of share ownership and Board and Management interests can be found in the Shares and Shareholders section on Page 125 of the Financial Statements.

Konecranes Plc share trading information

Date of listing on NASDAQ OMX Helsinki: March 27, 1996
Segment: Large Cap
ICB classification: Industrials, Industrial Goods & Services, Industrial Engineering, Commercial Vehicles & Trucks 2753
ISIN code: FI0009005870
Trading code: KCR1V
Reuters ticker: KCR1V.HE
Bloomberg ticker: KCR1V FH

Konecranes Plc's stock option 2009A trading information

Date of listing on NASDAQ OMX Helsinki: April 2, 2012
ISIN code: FI4000041488
Trading code: KCR1VEW109

Konecranes Plc's stock option 2009B trading information

Date of listing on NASDAQ OMX Helsinki: April 2, 2013
ISIN code: FI4000041496
Trading code: KCR1VEW209

Shares and shareholders

According to the register of Konecranes Plc's shareholders kept by Euroclear Finland Oy, there were 18,655 (2012: 19,598) shareholders at the end of the 2013.

	Largest shareholders according to the share register on December 31, 2013	Number of shares	% of shares and votes
1	HTT KCR Holding Oy Ab	6,870,568	10.9%
2	Nordea Investment Management	2,627,107	4.2%
3	Gustavson Stig, Chairman of the Board of Konecranes, and family*	2,073,927	3.3%
4	Varma Mutual Pension Insurance Company	1,190,275	1.9%
5	Nordea Nordenfonden	869,192	1.4%
6	The State Pension Fund	840,000	1.3%
7	Sigrid Jusélius Foundation	638,500	1.0%
8	Fondita Funds	609,700	1.0%
9	Samfundet Folkhälsan	535,600	0.8%
10	Keva	446,042	0.7%
	Ten largest registered shareholders' total ownership	**16,700,911**	**26.4%**
	Nominee registered shares	27,372,961	43.3%
	Other shareholders	13,754,208	21.7%
	Shares held by Konecranes Plc	5,444,262	8.6%
	Total	**63,272,342**	**100.0%**

Shares and options owned by the members of the Board and of Directors and Group Executive Board on December 31, 2013	Change in shareholding in 2013	Number of shares owned	% of shares and votes	Change in option holdings in 2013**	Option ownership December 31, 2013**	% of shares and votes
Board of Directors*	7,116	40,585	0.1%	0	0	0.0%
Group Executive Board	-59,149	396,306	0.6%	-77,635	221,500	0.4%
Total	**-52,033**	**436,891**	**0.7%**	**-77,635**	**221,500**	**0.4%**

** Konecranes Plc has on December 28, 2011 received information according to which the Chairman of the company's Board of Directors, Mr Stig Gustavson has donated all of the shares he at that time owned in Konecranes Plc to his near relatives retaining himself for life the voting rights and right to dividend attached to the donated shares. The donation encompassed in total 2,069,778 shares.*
*** Option holdings are reported as the number of shares that they entitle to subscribe for.*

Breakdown of share ownership by shareholder category on December 31, 2013

	% of shares and votes
Private companies	22.0%
Financial and insurance institutions	6.7%
Public sector organizations	4.8%
Non-profit organizations	6.4%
Households	14.7%
Foreigners	2.2%
Nominee registered shares	43.3%
Total	**100.0%**

Source: Euroclear Finland Oy, December 31, 2013.

Breakdown of share ownership by the number of shares owned on December 31, 2013

SHARES	Number of shareholders	% of shareholders	Total number of shares and votes	% of shares and votes
1–100	8,429	45.2%	451,113	0.7%
101–1,000	8,648	46.4%	3,087,691	4.9%
1,001–10,000	1,368	7.3%	3,774,270	6.0%
10,001–100,000	164	0.9%	4,459,191	7.0%
100,001–1,000,000	26	0.1%	6,827,997	10.8%
Over 1,000,001	6	0.0%	17,299,119	27.3%
Total	**18,641**	**100.0%**	**35,899,381**	**56.7%**
Nominee registered	14		27,372,961	43.3%
Number of shares issued			**63,272,342**	**100.0%**

Investor information

Investor Relations

IR principles
The main objective of Konecranes' Investor Relations is to assist in the correct valuation of the Company's share by providing capital markets with information regarding Konecranes' operations and financial position. Konecranes pursues an open, reliable, and up-to-date disclosure policy, aimed at giving all market participants access to correct and consistent information regularly and equitably.

Konecranes' Investor Relations is responsible for investor communications and daily contacts. The President and CEO, together with the Chief Financial Officer, participate in IR activities and are regularly available for meetings with capital market representatives. Konecranes Investor Relations regularly gathers and analyzes market information and investor feedback for use of top management and the Board of Directors.

Silent period
Konecranes observes a silent period prior to the publication of its financial statements and interim reports starting at the end of the quarter in question. During this time, Company representatives do not comment on Konecranes' financial position.

Investor relations in 2013
Konecranes participated in six investor seminars and held 23 roadshow days. All in all, we took part in approximately 210 investor meetings in 2013 in Amsterdam, Chicago, Copenhagen, Edinburgh, Frankfurt, Geneva, Helsinki, London, Munich, New York, Oslo, Paris, San Francisco, Stockholm, Toronto, and Zurich.

Investor contacts
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E-mail: miikka.kinnunen@konecranes.com

Anna-Mari Kautto, Assistant, Investor Relations
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E-mail: anna-mari.kautto@konecranes.com

Equity research
The following banks, investment banks and equity research providers cover Konecranes:

ABG Sundal Collier
Carnegie Investment Bank
Danske Markets
DNB Markets
Evli Bank
Goldman Sachs
Handelsbanken Capital Markets
HSBC Trinkhaus and Burkhardt
Inderes
Kepler Cheuvreux
Nordea Bank
Pareto Securities
Pohjola Bank
SEB Enskilda
UBS

Konecranes takes no responsibility for the opinions expressed by analysts. More information on Konecranes as an investment can be found at www.konecranes.com > Investors.

Information for shareholders

Annual General Meeting

Konecranes' next Annual General Meeting will be held on Thursday, March 27, 2014 at 10 a.m. at Hyvinkääsali, Jussinkuja 1, 05800 Hyvinkää, Finland.

Shareholders registered no later than March 17, 2014 in the Company's list of shareholders maintained by Euroclear Finland Ltd. are entitled to attend the AGM.

Holders of nominee-registered shares intending to participate in the AGM shall notify their custodian well in advance of their intention and comply with the instructions provided by the custodian.

A shareholder wishing to participate in the AGM must notify the Company (Ms. Laura Kiiski) of his/her participation no later than March 24, 2014:

Internet: www.konecranes.com/agm2014
E-mail: agm.2014@konecranes.com
Fax: +358 20 427 2105 (from abroad)
or 020 427 2105 (Finland)
Phone: +358 20 427 2017 (from abroad) or
020 427 2017 (Finland)
Mail: Konecranes Plc, Laura Kiiski, P.O. Box 661,
FI-05801 Hyvinkää, Finland

Shareholders are requested to inform the Company of any proxies for the AGM in connection with their registration. A sample proxy can be found at the Company's Web site.

Payment of dividend

The Board of Directors will propose to the Annual General Meeting of Shareholders that a dividend of EUR 1.05 per share should be paid for 2013. The dividend will be paid to shareholders who are registered on the record date as shareholders in the Company's shareholders' register maintained by Euroclear Finland Ltd.

Record date of dividend payment:	April 1, 2014
Date of dividend payment:	April 9, 2014

Financial reports in 2014

Financial Statements for 2013:	February 5, 2014
Interim report, January–March:	April 24, 2014
Interim report, January–June:	July 23, 2014
Interim report, January–September:	October 22, 2014

Konecranes' annual and interim reports are published in English, Finnish, and Swedish. The Annual Report is available in pdf format on the Company Web site and in print form. Copies are mailed to shareholders on request; orders can be placed through the Company Web site.

All press and stock exchange releases can be consulted at the Company's Web site (www.konecranes.com) and can be received by e-mail by subscribing at www.konecranes.com > Investors > Releases > Order releases. The Annual Report can also be ordered from:

Konecranes Plc
Investor Relations
P.O. Box 661
FI-05801 Hyvinkää
Finland
Phone: +358 20 427 2960
Fax: +358 20 427 2089
Web: www.konecranes.com > Investors > Reports and result presentations > Order annual report

Shareholder register

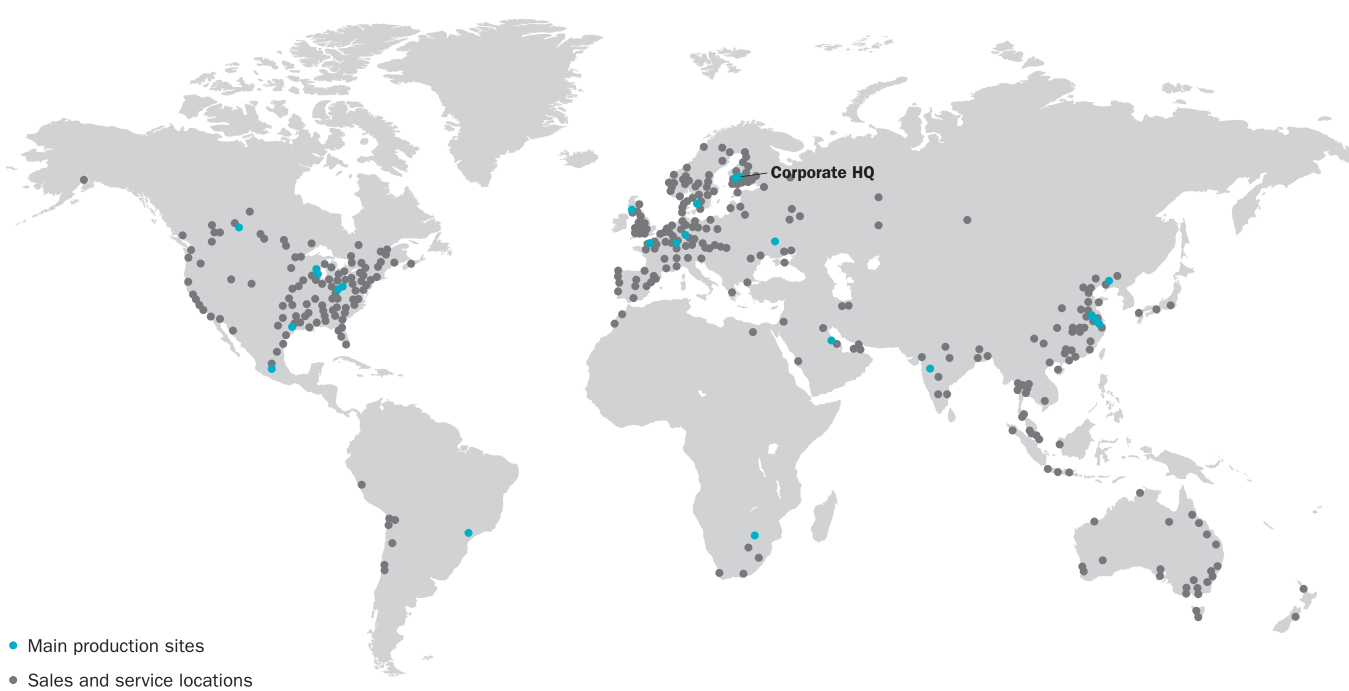
Konecranes shares are covered by the Finnish Book Entry Securities System. Shareholders should notify the relevant holder of their book entry account about changes in address or account numbers for the payment of dividends and other matters related to their holdings.

Important dates

Record date of the AGM:	March 17, 2014
Registration for the AGM closes:	March 24, 2014
The AGM:	March 27, 2014
Dividend ex-date:	March 28, 2014
Dividend record date:	April 1, 2014
Dividend payment date:	April 9, 2014

Contact details

Konecranes is a world-leading group of Lifting Businesses™, serving a broad range of customers, including manufacturing and process industries, shipyards, ports and terminals. Konecranes provides productivity-enhancing lifting solutions as well as services for lifting equipment and machine tools of all makes. In 2013, Group sales totaled EUR 2,100 million. The Group has 11,800 employees at 600 locations in 48 countries. Konecranes is listed on the NASDAQ OMX Helsinki (symbol: KCR1V).



Corporate Headquarters

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P.O. Box 661 (Koneenkatu 8)
FI-05801 Hyvinkää, Finland
Tel +358 20 427 11
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Global Business Area Headquarters

Service
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Fax +358 20 427 4099

Equipment
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Fax +1 937 322 2832

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Fax +86 21 2606 1066

Europe, Middle East and Africa
Konecranes Finland Corporation
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FI-05801 Hyvinkää, Finland
Tel +358 20 427 11
Fax +358 20 427 3009

Corporate responsibility

For corporate responsibility matters please contact
corporate-responsibility@konecranes.com

www.konecranes.com