

# **Q1 2013 INTERIM REPORT**

April 24, 2013

Pekka Lundmark, President and CEO

Teo Ottola, CFO



reddot design award  
winner 2013

# HIGHLIGHTS OF Q1/13

- **Positives**

- All-time high order intake
- Service contract base developed positively
- Strong development in the Americas
- Profitability improvement continued in Service
- Strong cash flow thanks to positive NWC development

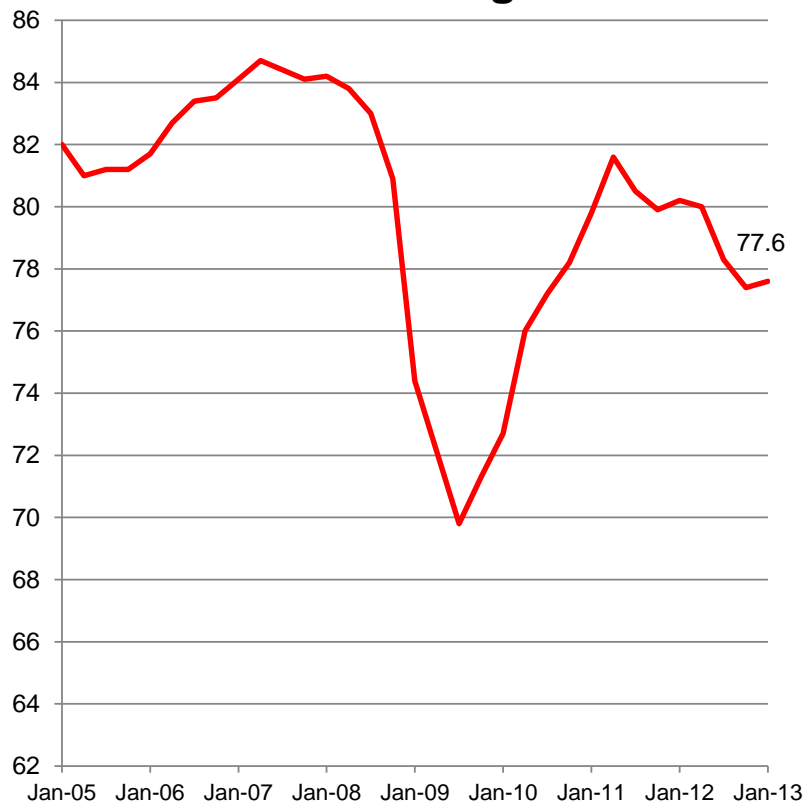
- **Negatives**

- Equipment EBIT margin down year-on-year due to adverse sales mix effects and tight pricing environment
- Demand remained weak in China and India

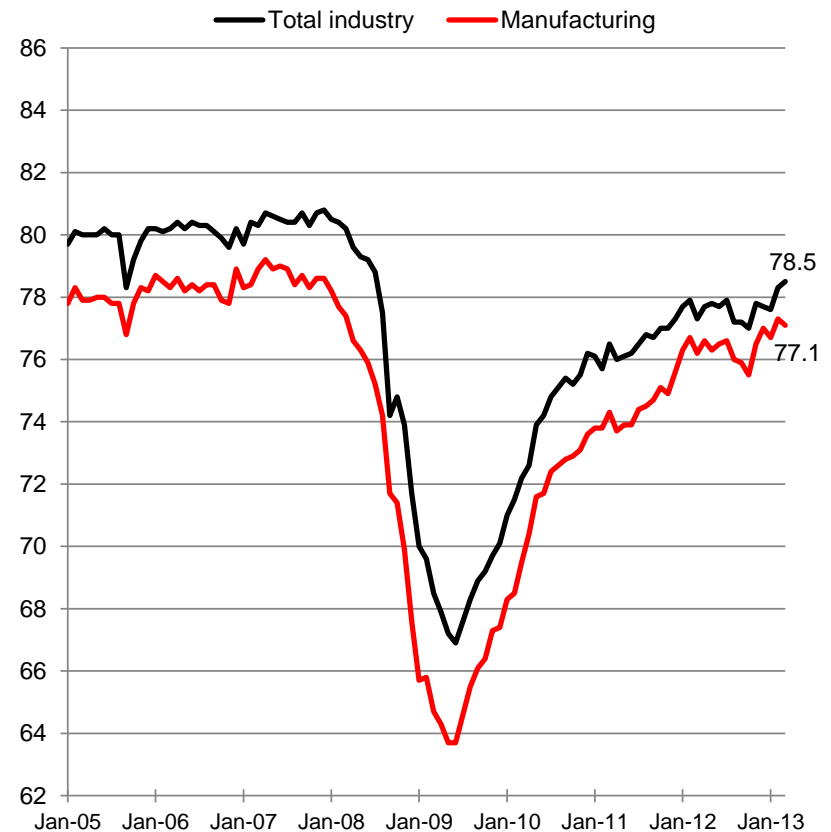
Q1 ORDERS RECEIVED Y/Y	EMEA	AME	APAC
SERVICE			
EQUIPMENT			

# CAPACITY UTILIZATION: EU27 AND USA

## Capacity utilisation of manufacturing in EU



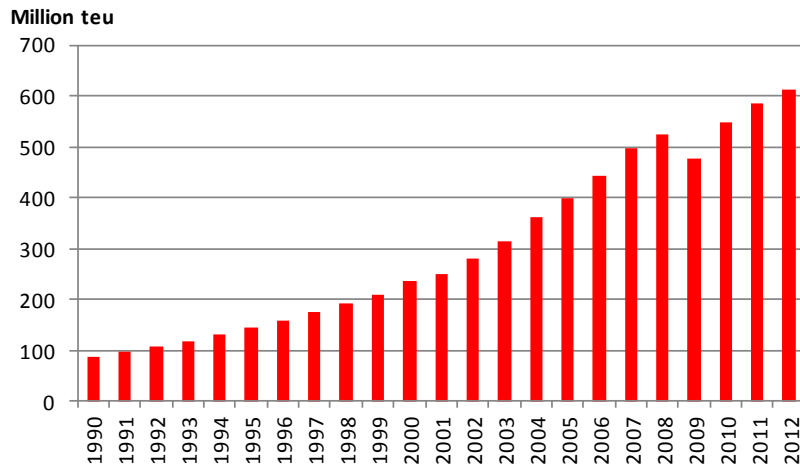
## Capacity utilisation in the USA



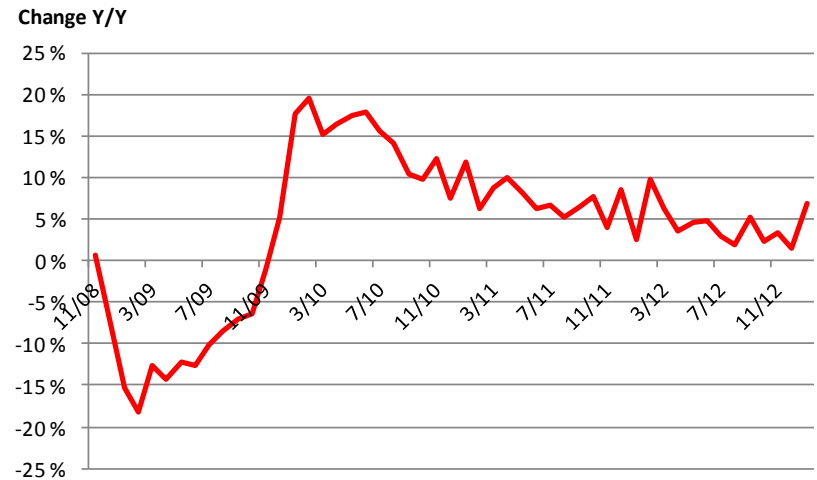
SOURCES: Eurostat (latest data point Q1/13), Federal Reserve Bank of St. Louis (March 2013)

# CONTAINER TRAFFIC

## Annual container handling volume



## Monthly container handling volume



SOURCE: Drewry Container Port Insight (latest data point January 2013)

# MARKET OUTLOOK AND FINANCIAL GUIDANCE AS OF APRIL 24, 2013

## Market outlook

- Demand is expected to be stable or slightly higher among industrial customers.
- The demand within port customers is expected to be stable.
- However, due to the timing of large port crane projects, the quarterly Equipment order intake may fluctuate.

## Financial guidance

- Based on the offer base and the near-term demand outlook, the year 2013 sales are expected to be stable or slightly higher than in 2012.
- We expect the 2013 operating profit to improve from 2012.

## NEW FACTORY IN INDIA

- Located in Pune – Jejuri, India
- Manufacturing capacity of 1,000 industrial cranes/year
- EUR15m investment
- Well placed to serve the other growing markets of Asia, Middle East and Africa too
- All Indian manufacturing to be consolidated in the new factory during 2013 to improve efficiency





## RECORD ORDER FOR CONTAINER HANDLING EQUIPMENT

- State-owned Pelindo III will construct a new terminal in Surabaya, Indonesia
- 10 STS cranes, 20 ASCs and 5 Straddle Carriers + automation from Konecranes
- Value more than EUR 100 million
- Planned inauguration in two phases in 2014 and 2016



# **KION GROUP AND KONECRANES COLLABORATE IN THE CONTAINER HANDLING TRUCK BUSINESS**

- Konecranes to acquire certain assets of the container handling truck business of KION Group's Linde brand
- After a period of time all manufacturing will take place in Konecranes factories
- Improves economies of scale in R&D and manufacturing
- The transaction is expected to close during Q2/13





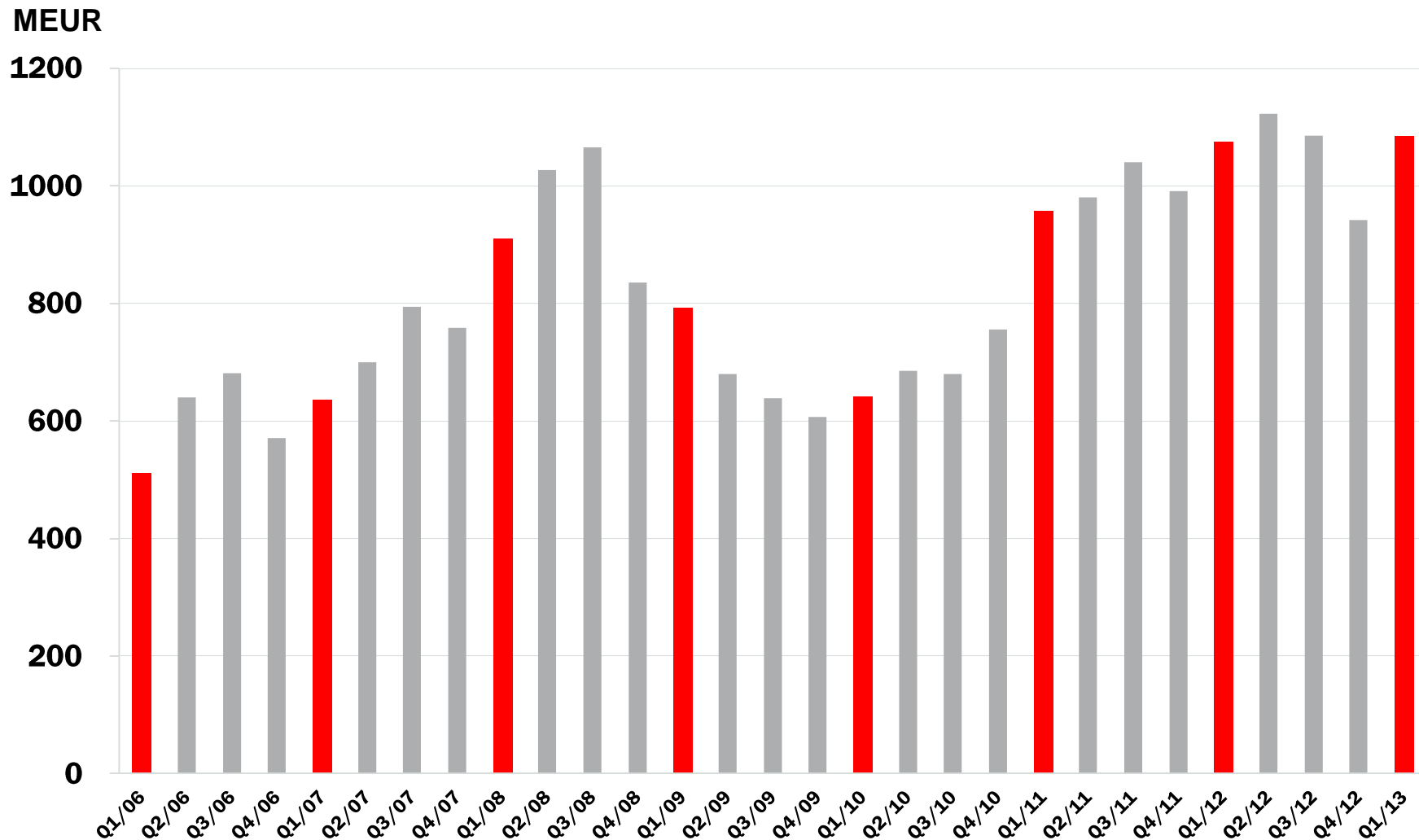
# GROUP ORDERS AND NET SALES

**Q1 Orders: 582.5 (534.6) MEUR, +9.0% | Net sales: 495.9 (474.0) MEUR, +4.6%**



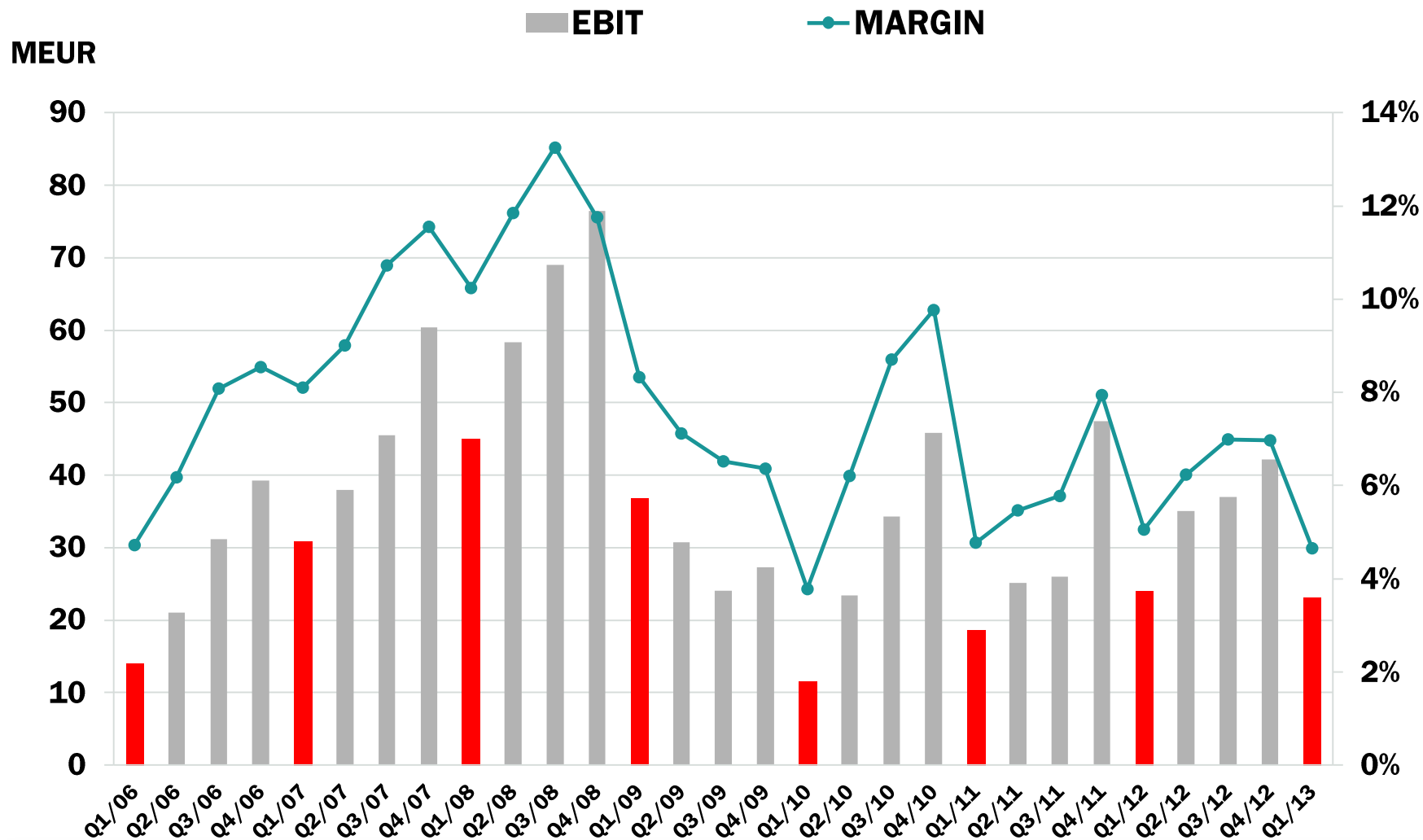
# GROUP ORDER BOOK

Q1 Order book: 1,084.0 (1,075.6) MEUR, +0.8%

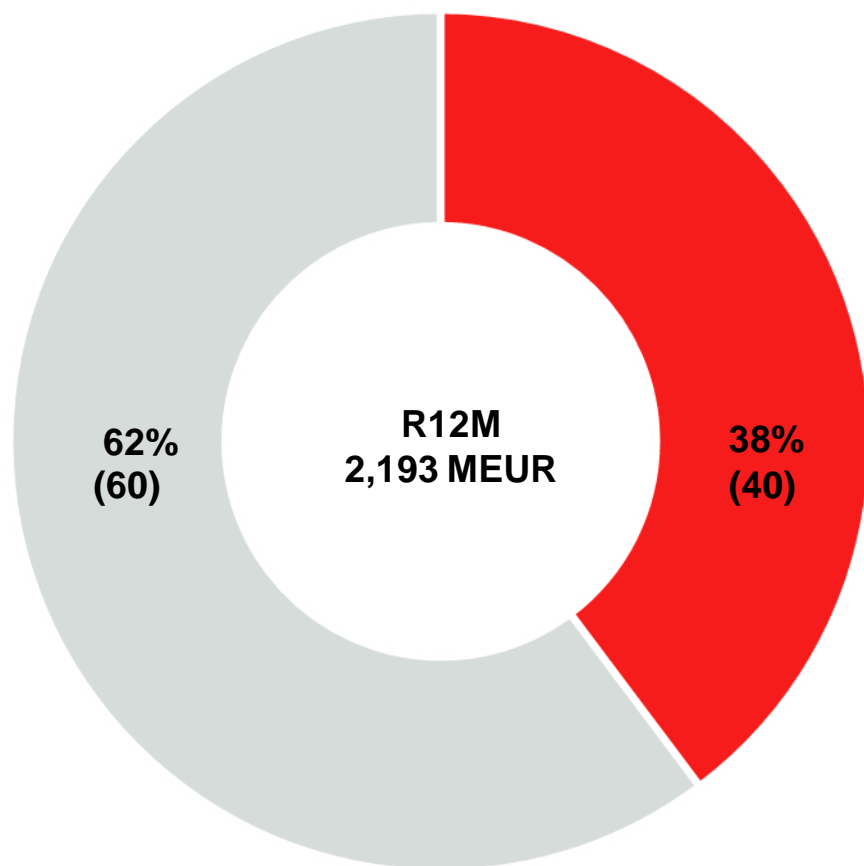


# GROUP EBIT & MARGIN

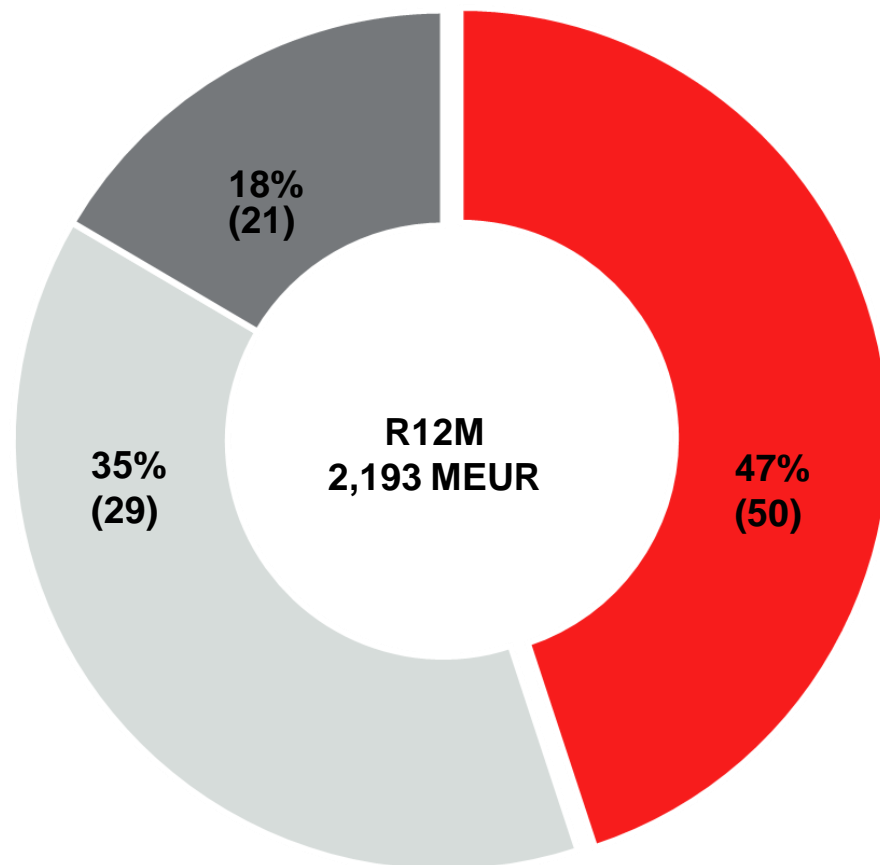
Q1 EBIT excl. restructuring costs: 23.1 (24.0) MEUR, -3.7% | MARGIN: 4.7% (5.1%)



# SALES SPLIT BY BUSINESS AREA & REGION (R12M)



■ SERVICE ■ EQUIPMENT



■ EMEA ■ AME ■ APAC

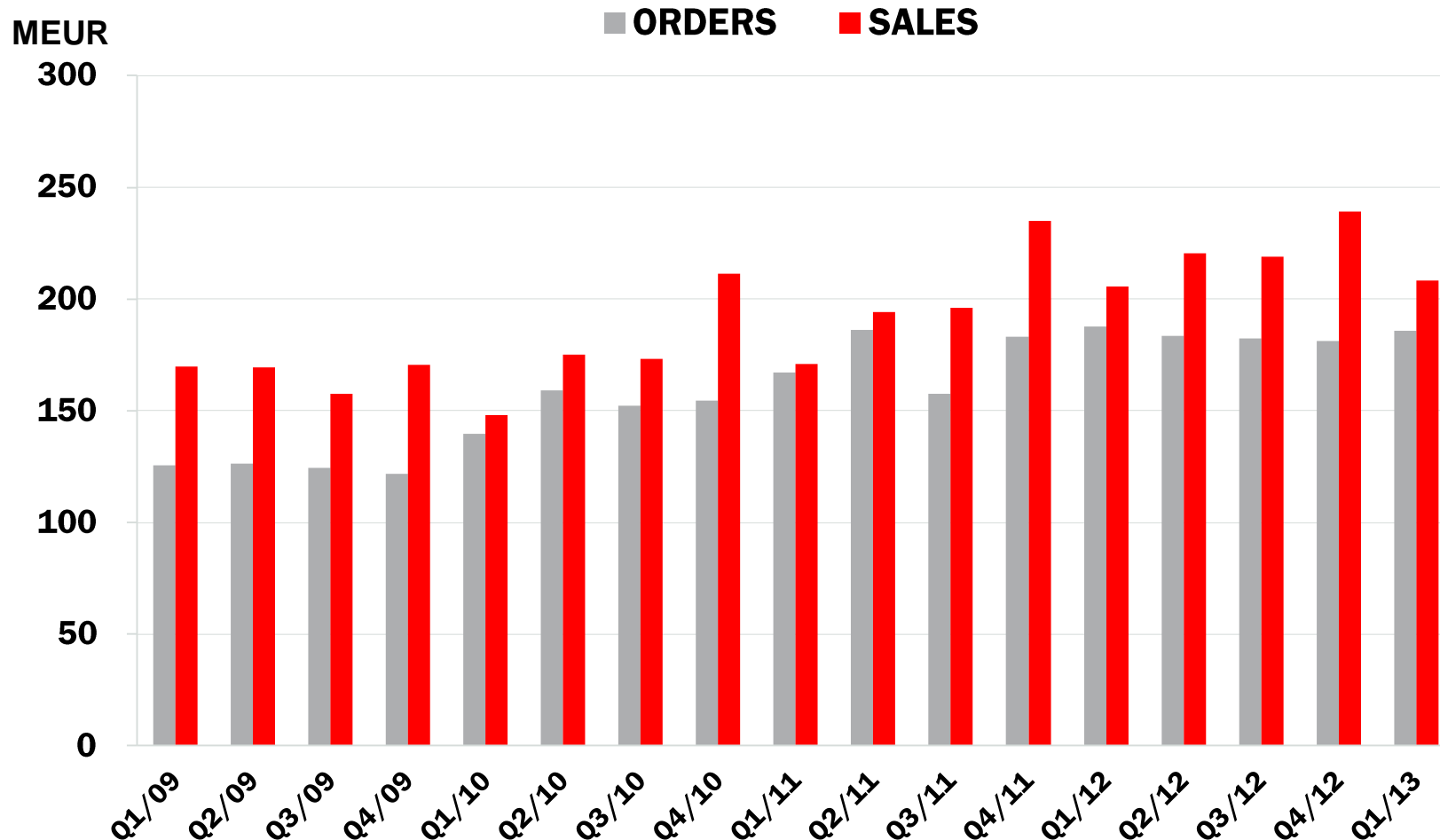




**SERVICE**

# SERVICE ORDERS AND NET SALES

**Q1 Orders: 186.0 (187.6) MEUR -0.9% | Sales: 208.4 (205.8) MEUR +1.3%**



- New orders grew in the Americas, but declined in EMEA and Asia-Pacific Y/Y
- Crane Service and Parts were the best-performing business units

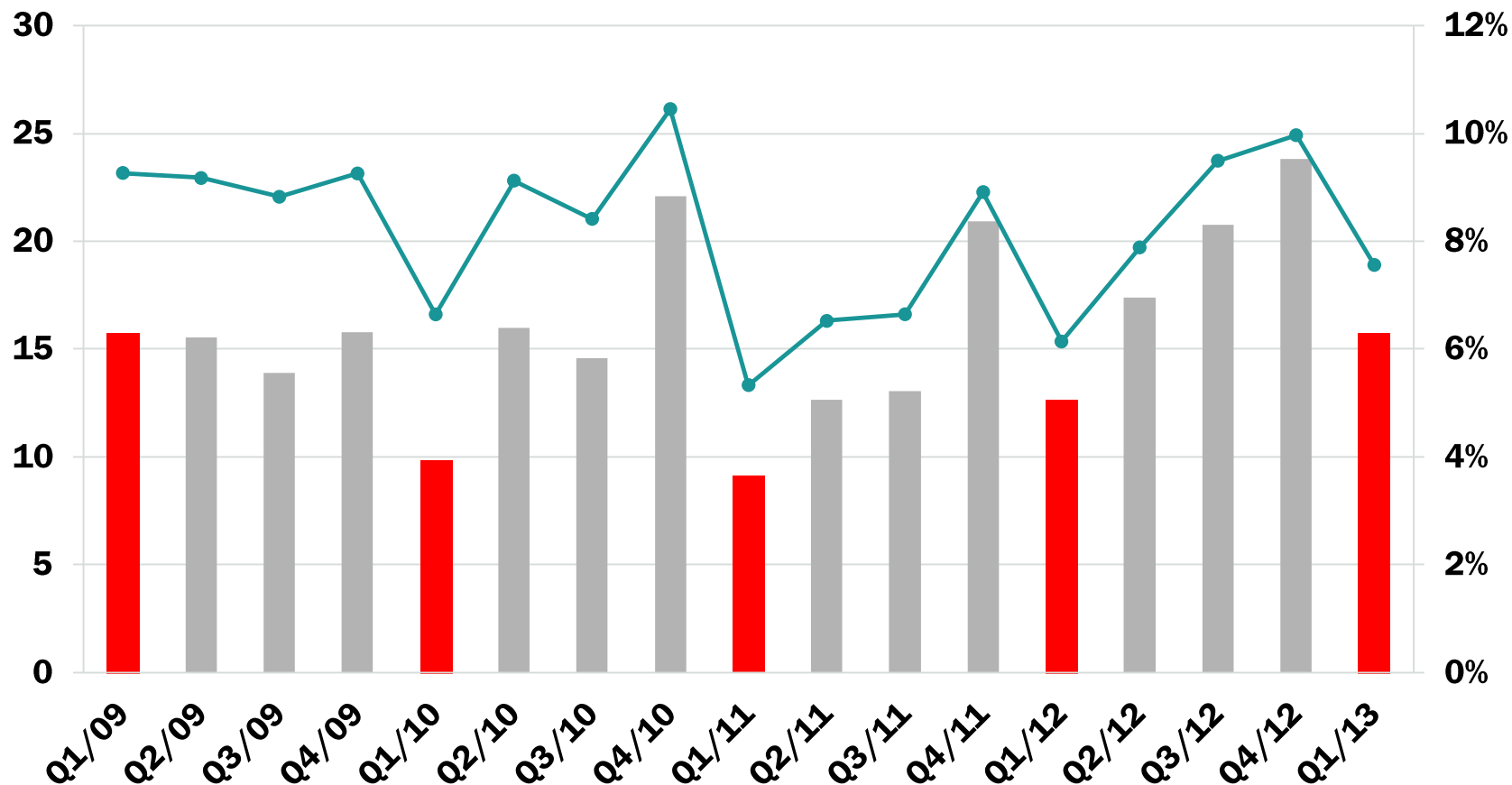
# SERVICE EBIT & MARGIN

Q1 EBIT excl. restructuring costs: 15.8 (12.6) MEUR, +24.7% | MARGIN: 7.6% (6.1%)

MEUR

■ EBIT

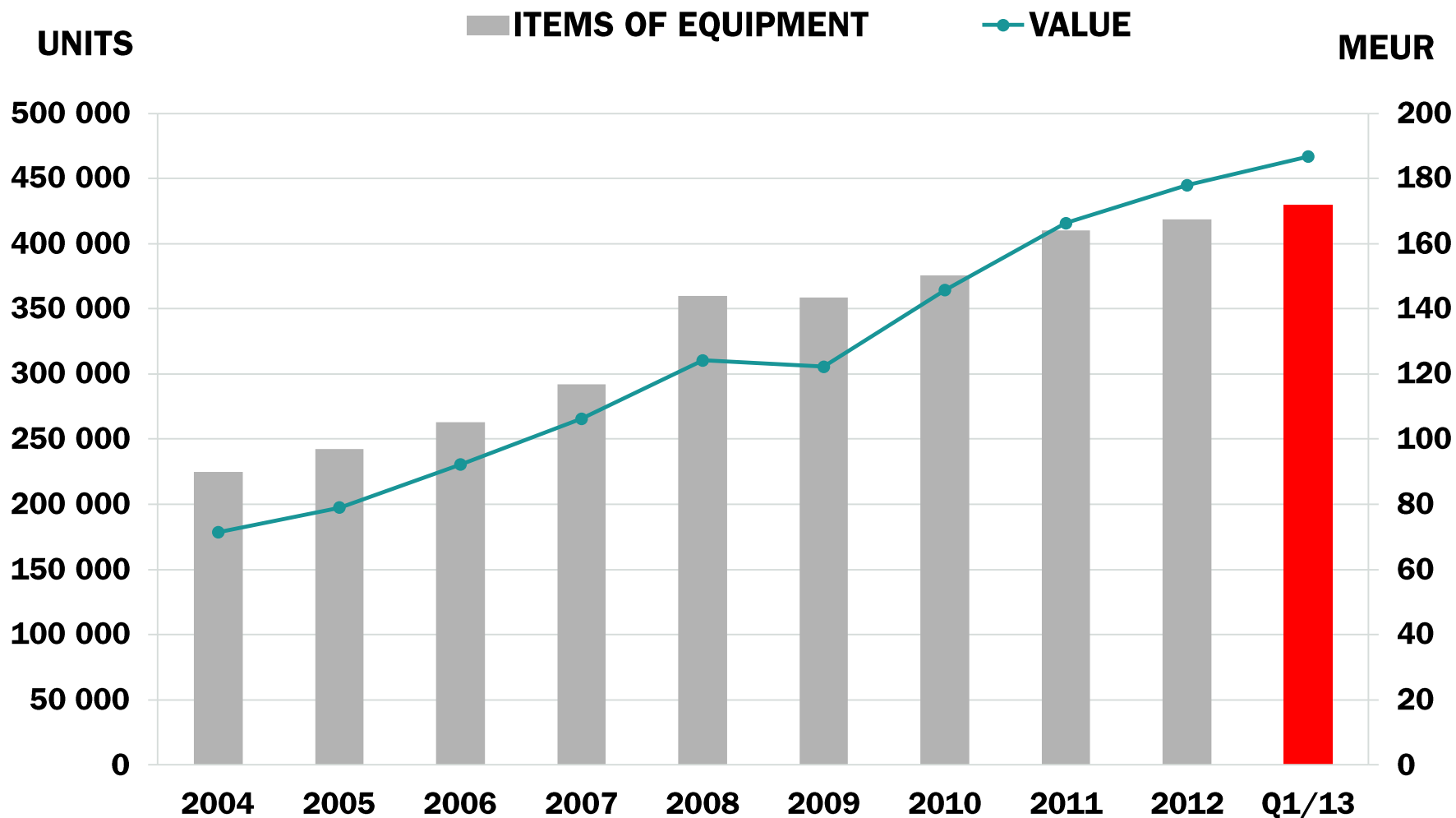
— MARGIN



• Operating profit rose due to increased volume and improved operational efficiency

# SERVICE CONTRACT BASE

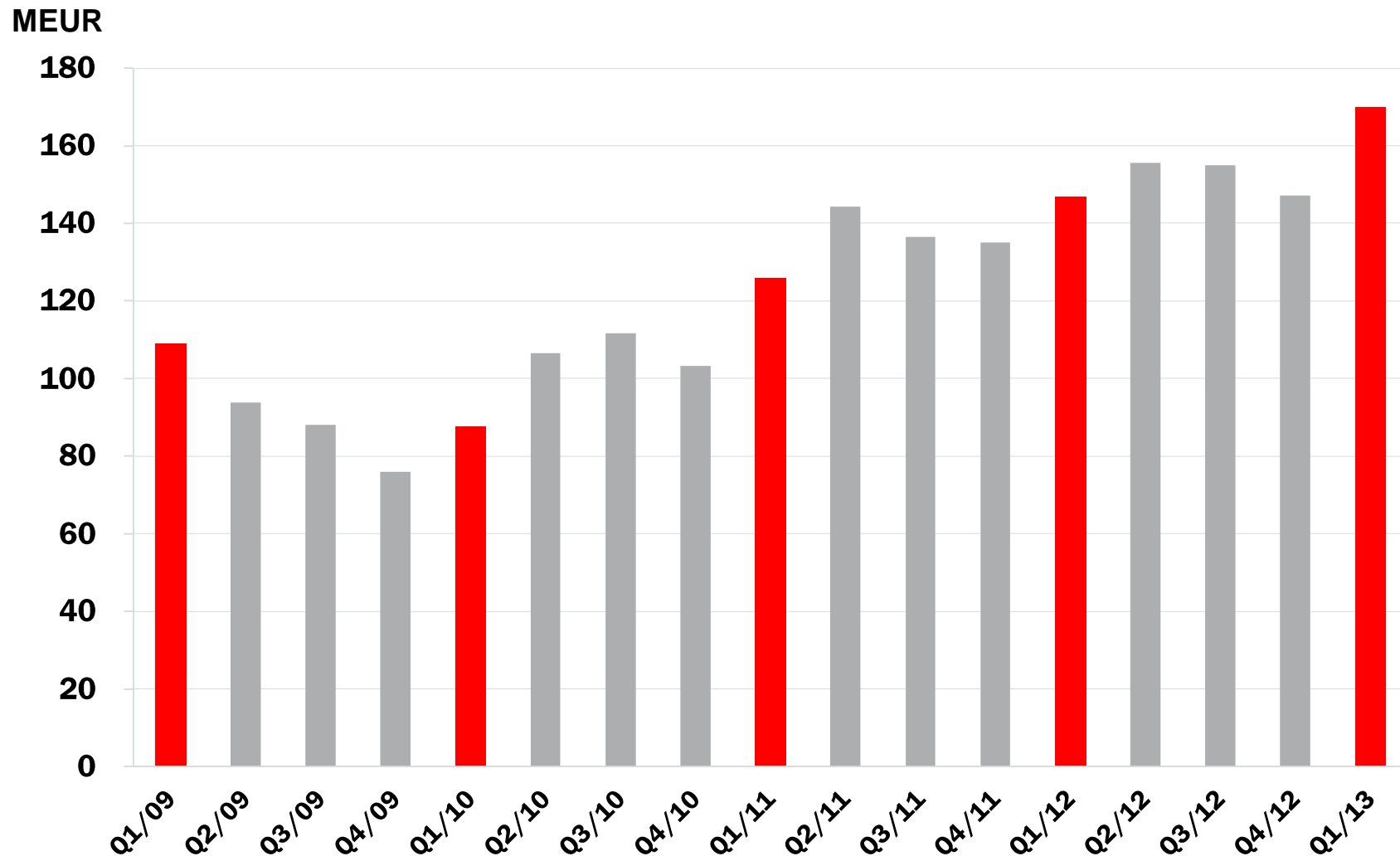
Q1 CB: 430 (416) thousand units, +3.4% | Annual value 187 (174) MEUR, +7.3% Y/Y

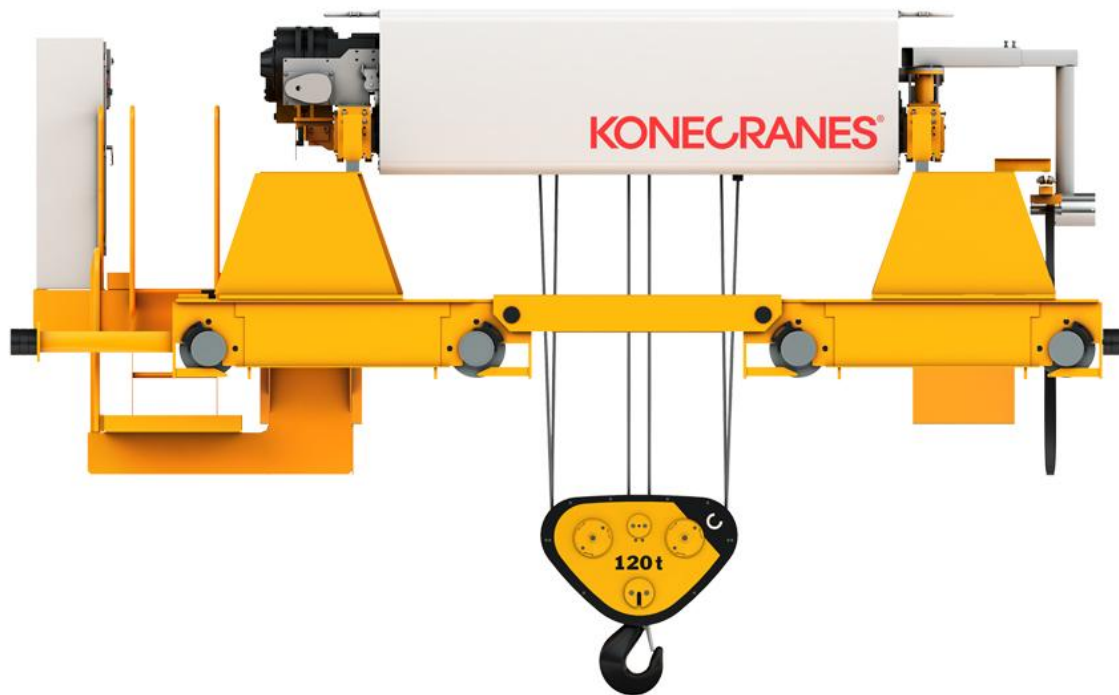




# SERVICE ORDER BOOK

**Q1 Order book: 170.0 (146.7) MEUR, +15.9%**

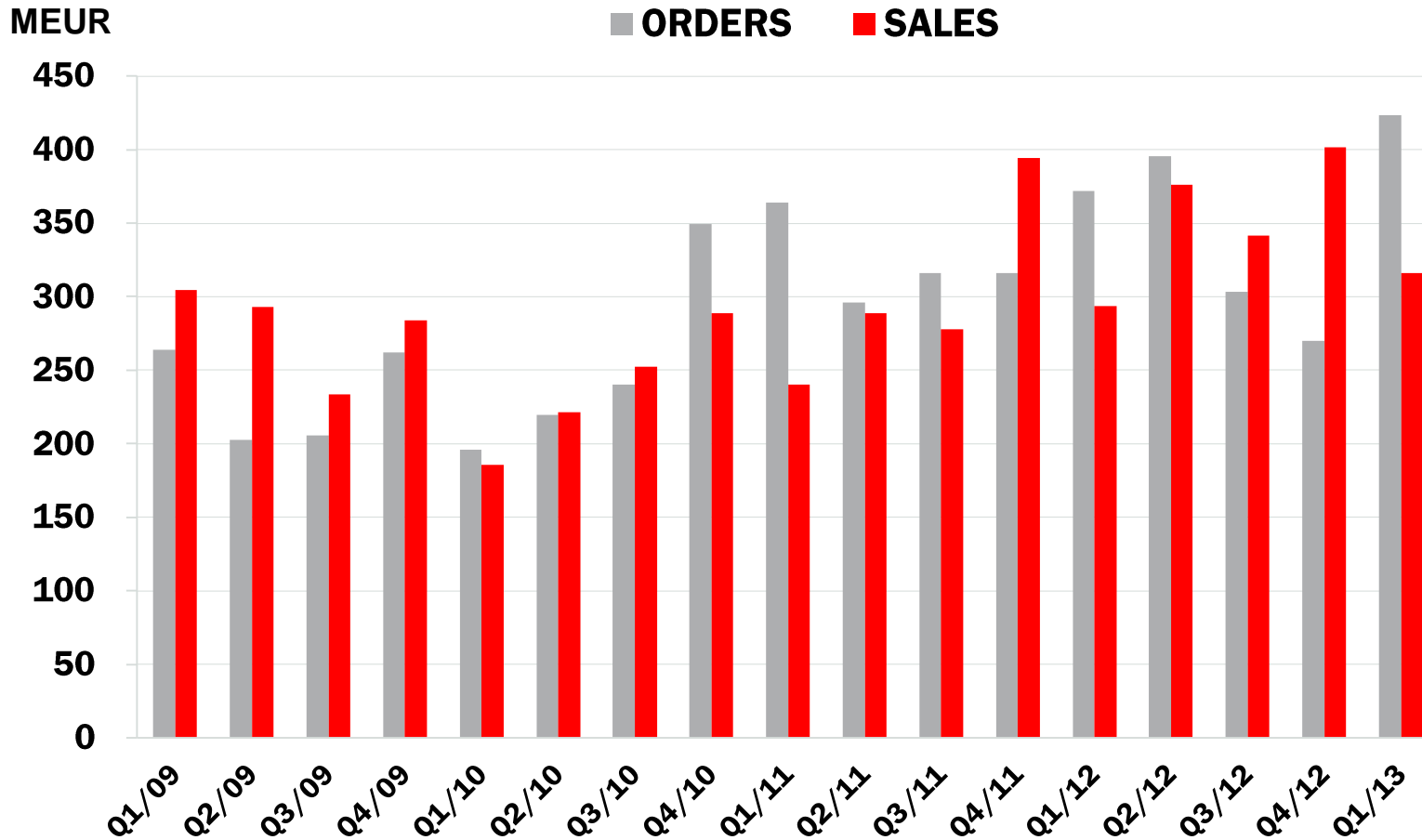




## EQUIPMENT

# EQUIPMENT ORDERS AND NET SALES

**Q1 Orders: 423.2 (372.1) MEUR, +13.7% | Net sales: 315.9 (293.4) MEUR, +7.6%**



- Orders grew Y/Y in Asia-Pacific, but fell in the Americas and EMEA
- Port crane and component orders grew, industrial cranes orders declined Y/Y
- Sequentially, orders grew in all regions and across business units

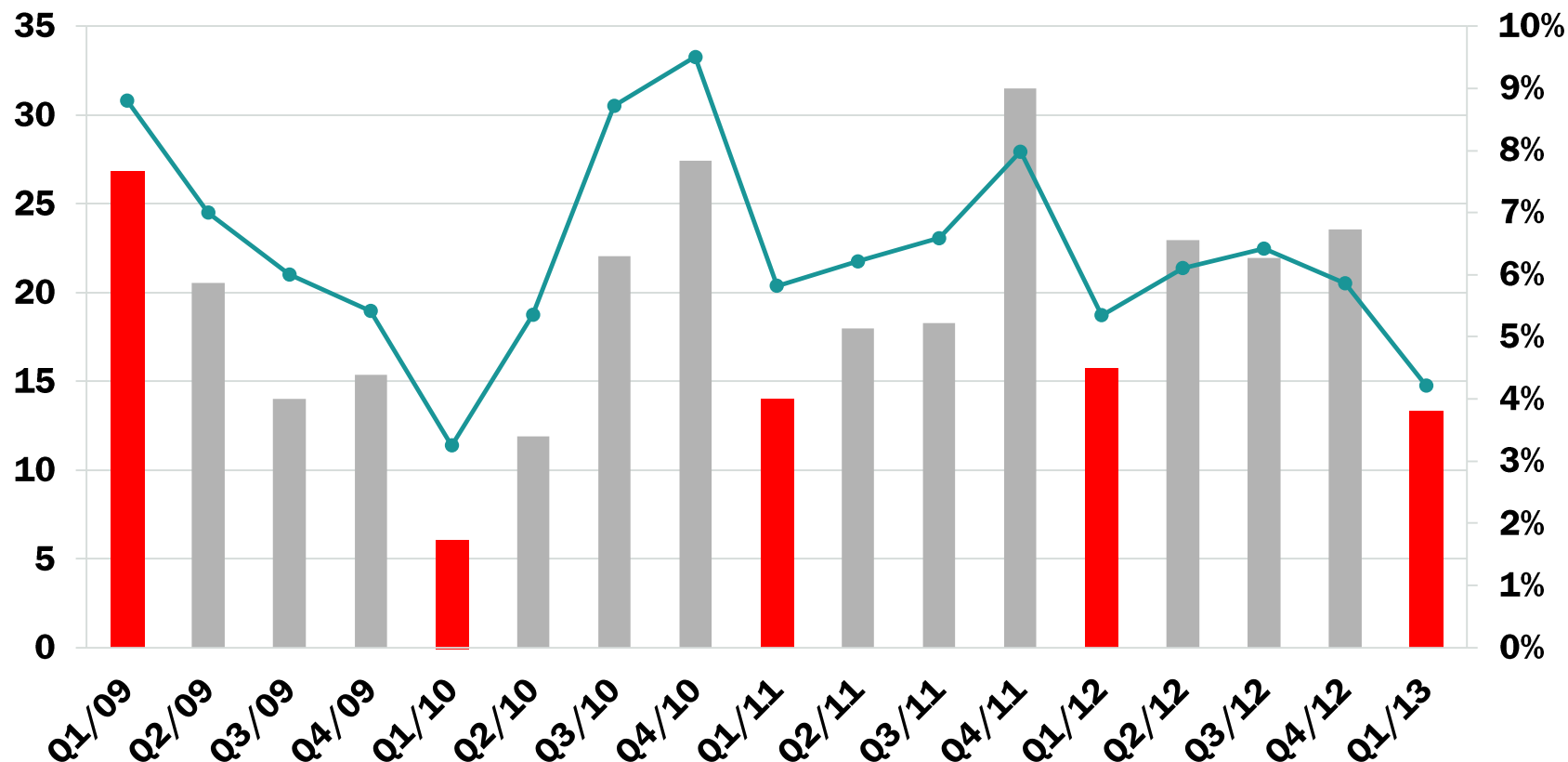
# EQUIPMENT EBIT & MARGIN

**Q1 EBIT excl. restructuring costs: 13.3 (15.7) MEUR, -15.2%| MARGIN: 4.2% (5.4%)**

MEUR

■ EBIT

—● MARGIN



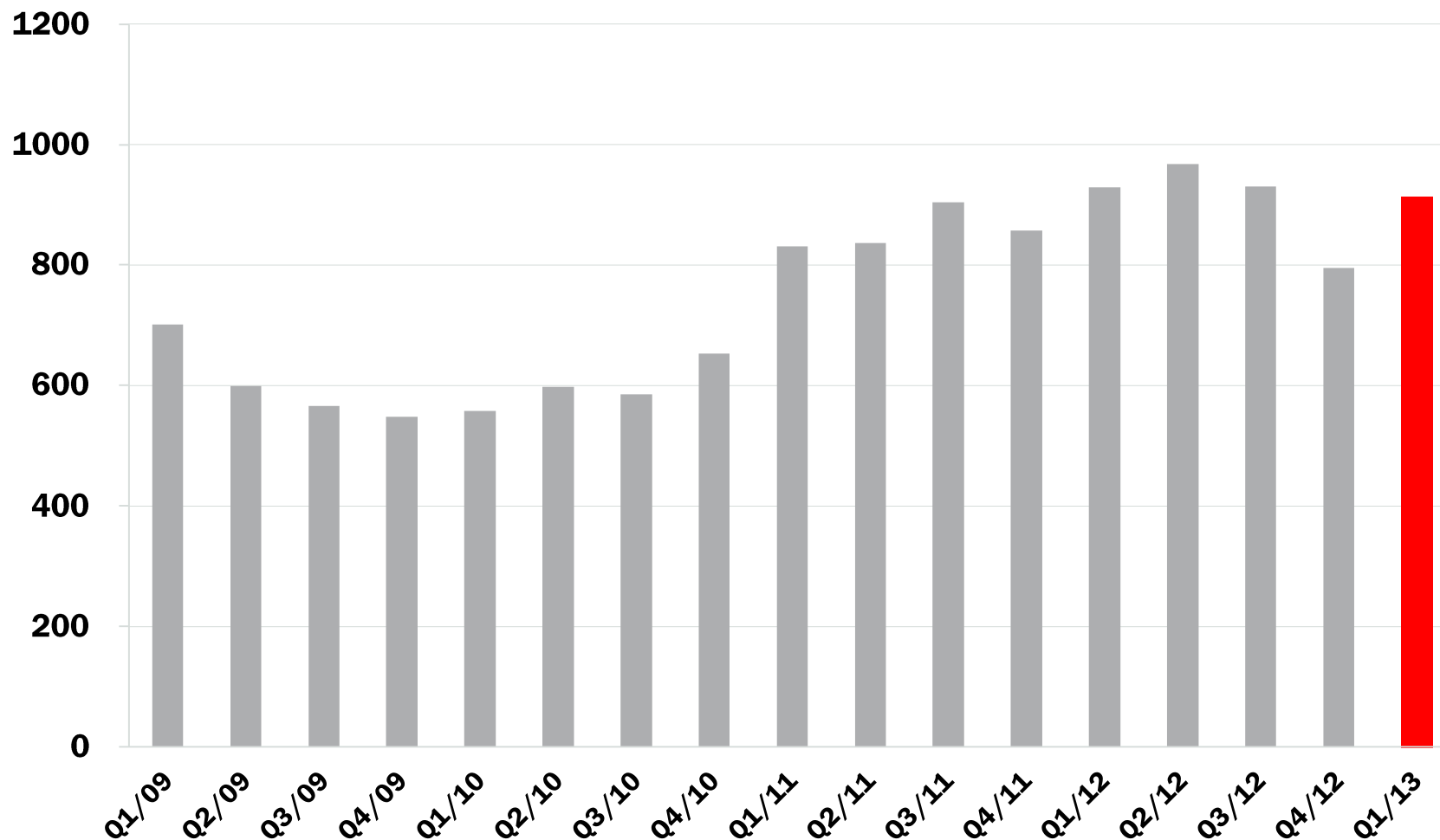
- Operating margin fell due to adverse sales mix effects and intense competitive situation
- Restructuring proceeding according to plan, and will gradually deliver results



# EQUIPMENT ORDER BOOK

Q1 Order book: 914.0 (928.9) MEUR, -1.6%

MEUR

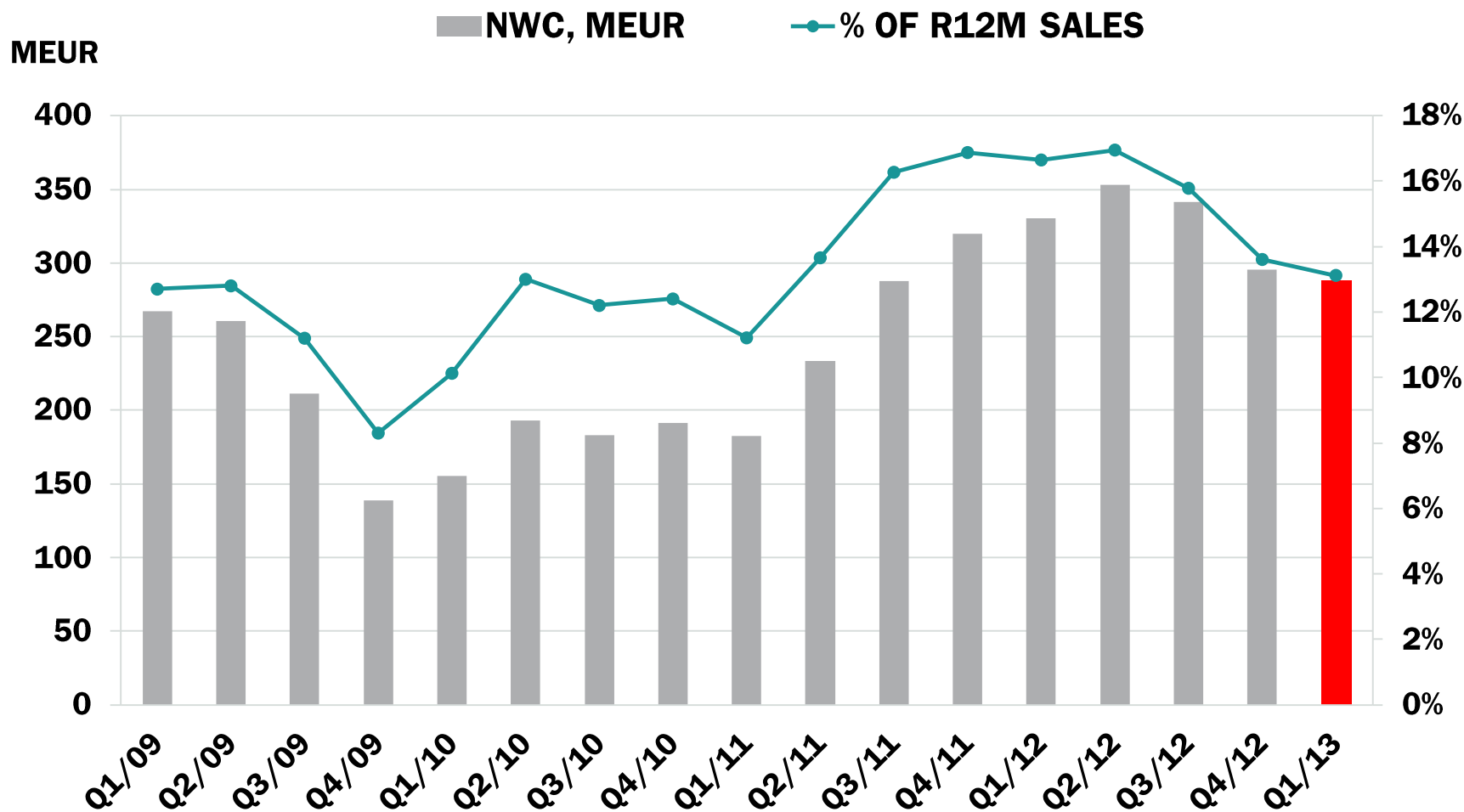




## **BALANCE SHEET AND CASH FLOW**

# NET WORKING CAPITAL

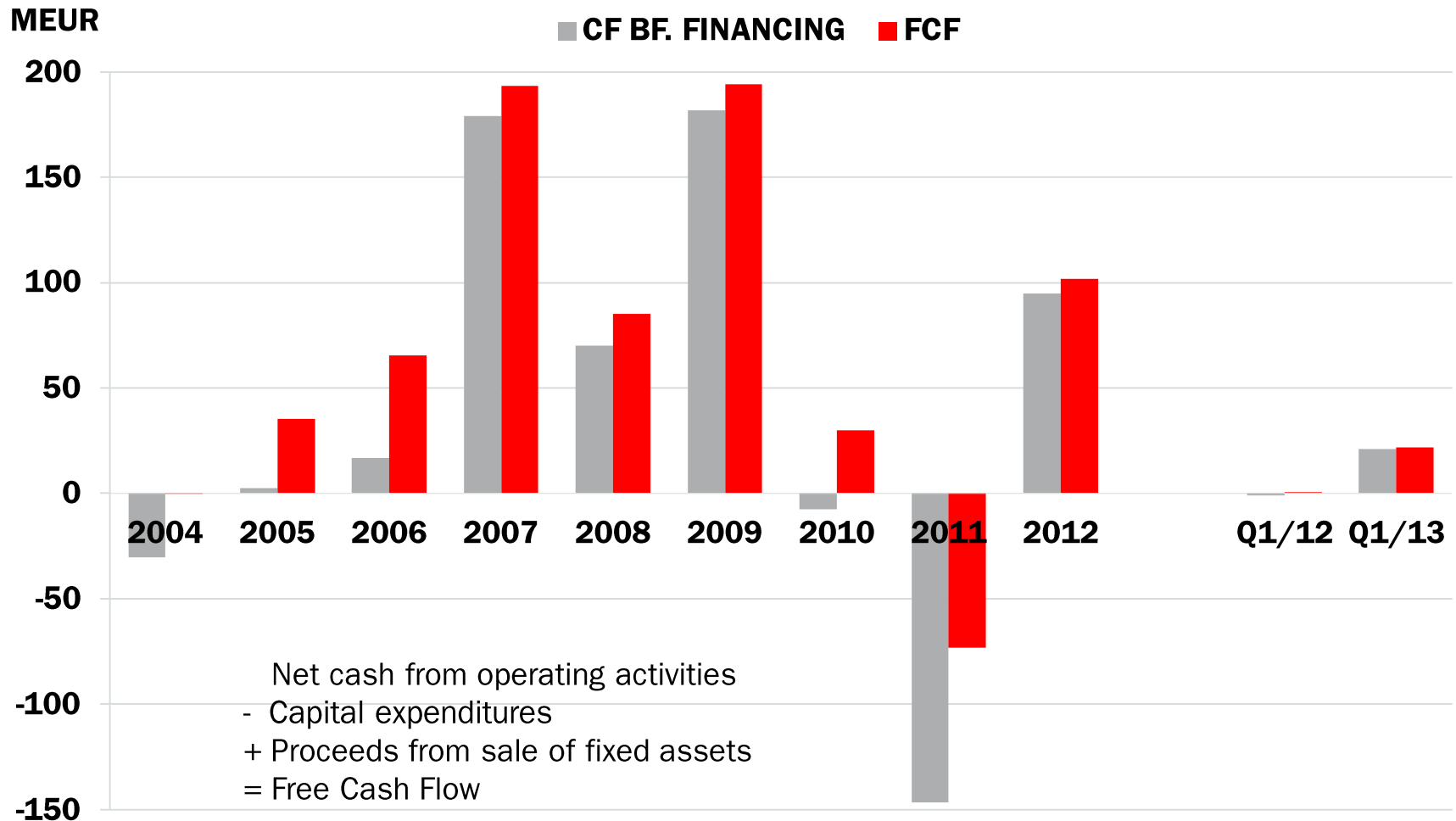
**Q1 NWC: 287.8\* (330.2\*\*) MEUR | 13.1%\* (16.6%\*\*) of R12M sales**



\*Q1/13 excl. dividend liability of EUR 61 million, \*\*Q1/12 excl. dividend liability of EUR 57 million, Q1/11 excl. dividend liability of EUR 60 million, Q1/10 excl. dividend liability of EUR 53 million

# CF BEFORE FINANCING ACTIVITIES AND FCF

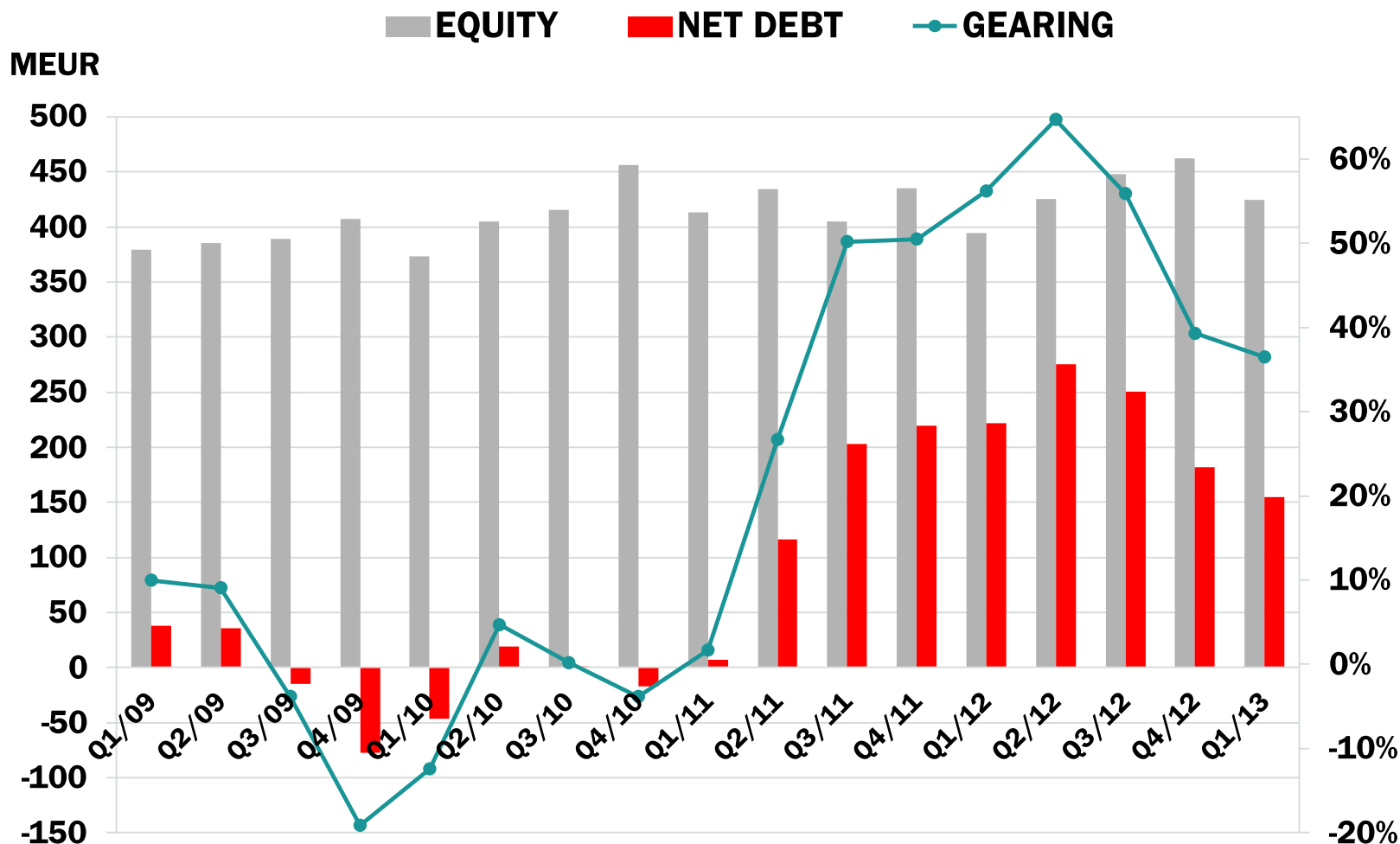
Q1 CF BF. FINANCING: 20.9 (-0.8) MEUR | FCF: 21.7 (0.7) MEUR





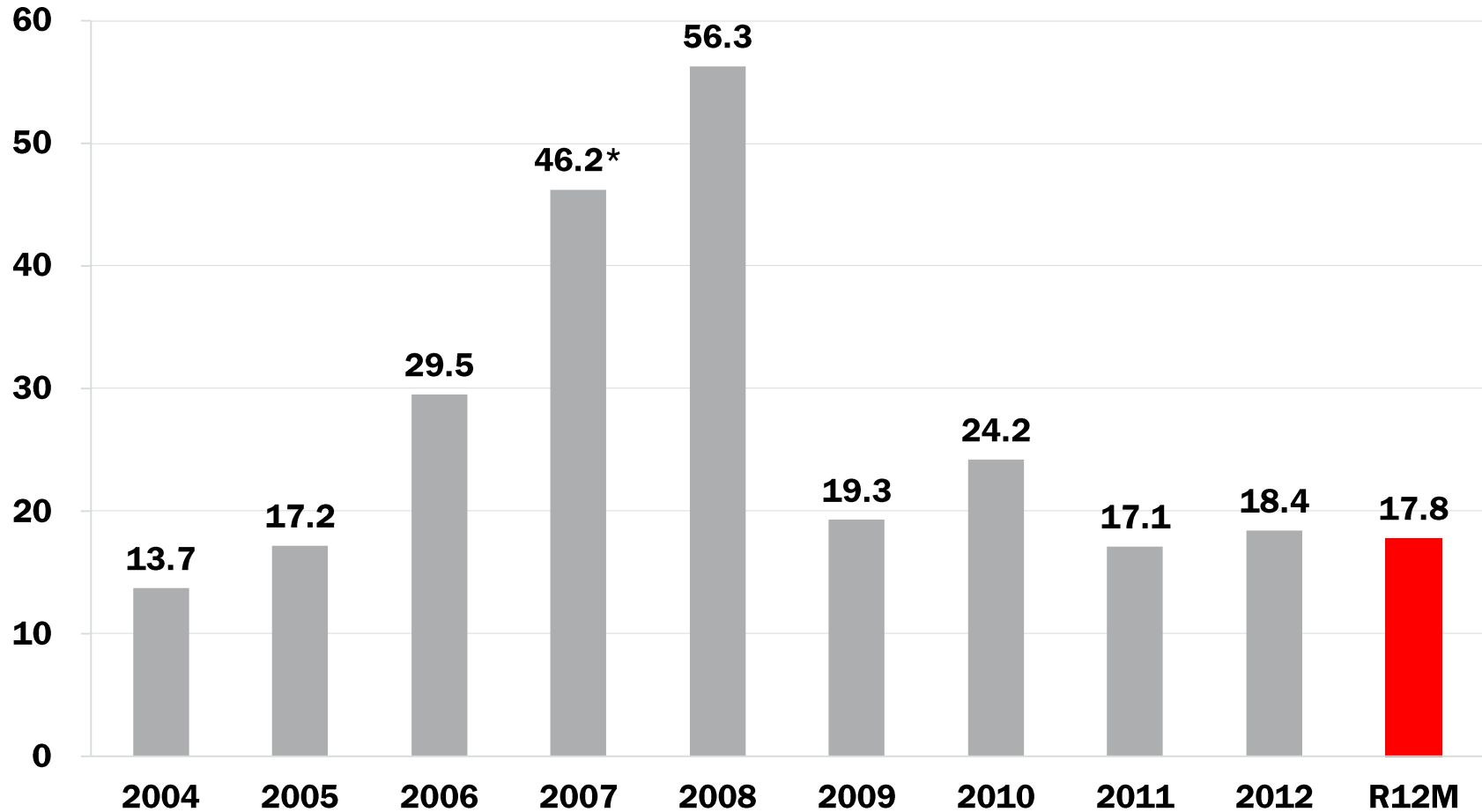
# GEARING

**Q1 Equity: 424.3 (394.4) MEUR | Net debt: 155.0 (221.7) MEUR | Gearing: 36.5% (56.2%)**



# RETURN ON CAPITAL EMPLOYED

ROCE %



\*) The 2007 ROCE including capital gain was 50.4%



## APPENDIXES

# STATEMENT OF INCOME

MEUR	Q1 2013	Q1 2012	% Change
Sales	495.9	474.0	4.6
Other operating income	0.5	0.7	
Depreciation and impairments	-10.4	-9.7	
Other operating expenses	-467.1	-441.0	
Operating profit	18.8	24.0	-21.5
Share of associates' and joint ventures' result	0.6	0.6	
Financial income and expenses	-3.9	-4.1	
Profit before taxes	15.5	20.5	-24.2
Taxes	-4.6	-6.1	
Net profit for the period	10.9	14.4	-24.2

# BALANCE SHEET

MEUR	March 31, 2013	March 31, 2012	MEUR	March 31, 2013	March 31, 2012
Non-current assets	484.8	456.7	Equity	424.3	394.4
Inventories	373.5	392.7	Non-current liabilities	306.2	215.3
Other current assets	564.7	545.3	Provisions	46.8	50.8
Cash and cash equivalents	217.4	108.7	Current liabilities	863.0	842.8
Total assets	1,640.4	1,503.3	Total equity and liabilities	1,640.4	1,503.3

# CASH FLOW STATEMENT

MEUR	Q1 2013	Q1 2012
Operating income before change in net working capital	30.0	34.5
Change in net working capital	14.0	-8.4
Financing items and taxes	-11.8	-14.0
<b>Net cash from operating activities</b>	<b>32.2</b>	<b>12.0</b>
<b>Cash flow from investing activities</b>	<b>-11.3</b>	<b>-12.8</b>
<b>Cash flow before financing activities</b>	<b>20.9</b>	<b>-0.8</b>
Proceeds from options exercised and share issues	5.1	0.0
Change in interest-bearing debt	43.6	36.6
<b>Net cash used in financing activities</b>	<b>48.6</b>	<b>36.6</b>
Translation differences in cash	2.5	-0.6
<b>Change of cash and cash equivalents</b>	<b>72.0</b>	<b>35.2</b>
Cash and cash equivalents at beginning of period	145.3	73.5
Cash and cash equivalents at end of period	217.4	108.7
<b>Change of cash and cash equivalents</b>	<b>72.0</b>	<b>35.2</b>

# KEY FIGURES

MEUR	Q1 2013	Q1 2012	% Change
Earnings per share, basic, EUR	0.19	0.25	-23.5
Earnings per share, diluted, EUR	0.19	0.25	-23.4
Return on capital employed %, R12M	17.8	19.0	
Return on equity %, R12M	19.9	18.3	
Equity per share, EUR	7.24	6.80	6.5
Current ratio	1.3	1.2	
Gearing (%)	36.5	56.2	
Solidity (%)	30.0	30.2	
EBITDA, MEUR	29.2	33.7	-13.3
Investments total (excl. acquisitions), MEUR	15.8	8.4	89.1
Interest-bearing net debt, MEUR	155.0	221.7	-30.1
Net working capital, MEUR	227.2	273.0	-16.8
Personnel at end of period	12,081	11,756	2.8
Personnel on average during the period	12,114	11,704	3.5
Average number of shares outstanding, basic	57,360,808	57,198,971	0.3
Average number of shares outstanding, diluted	57,643,376	57,525,053	0.2
Number of shares outstanding	57,727,342	57,198,971	0.9

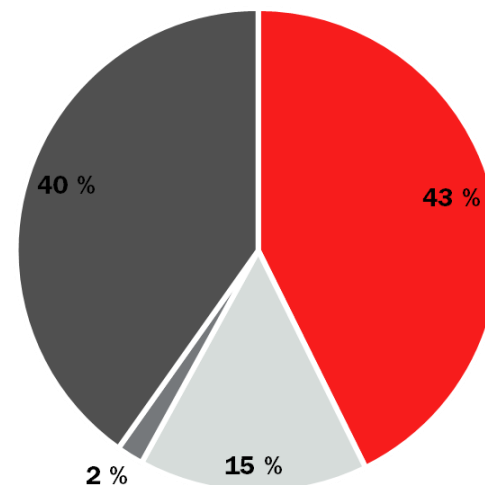


# THE LARGEST SHAREHOLDERS

Largest shareholders on March 31, 2013	Number of shares	% of all shares
<b>1</b> HTT KCR Holding Oy Ab	6,870,568	10.9
<b>2</b> Nordea Investment Funds	2,832,397	4.5
<b>3</b> Gustavson Stig, Chairman of the Board of Konecranes and family *)	2,072,054	3.3
<b>4</b> Varma Mutual Pension Insurance Company	1,190,275	1.9
<b>5</b> Ilmarinen Mutual Pension Insurance Company	1,100,225	1.7
<b>6</b> The State Pension Fund	918,000	1.5
<b>7</b> Sigrid Juselius Foundation	638,500	1.0
<b>8</b> Fondita Funds	539,500	0.9
<b>9</b> Folkhälsan non-governmental organization svenska Finland	535,600	0.9
<b>10</b> SEB Gyllenberg Funds	466,567	0.7
<b>Konecranes Plc's treasury shares</b>	<b>5,545,000</b>	<b>8.8</b>
<b>Nominee registered shares</b>	<b>25,403,631</b>	<b>40.2</b>
<b>Other shareholders</b>	<b>14,803,452</b>	<b>23.4</b>
<b>Total number of shares</b>	<b>63,272,342</b>	<b>100.0</b>

\*) Konecranes Plc has on December 28, 2011 received information according to which the Chairman of the company's Board of Directors Stig Gustavson has donated all of his shares 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 encompasses in total 2,069,778 shares which corresponds to approximately 3.27 percent of all of the company's shares and voting rights.

Market cap EUR 1,486 million excluding treasury shares



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

## Trading information

- Listing: NASDAX OMX Helsinki
- Date of listing: March 27, 1996
- Segment: Large Cap
- Sector: Industrials
- Trading code: KCR1V
- 1 –3/13 average daily trading volume 257,492 shares, EUR 6.9 million

# CONTACT INFORMATION

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