KONECRANES
Lifting Businesses™

Q1 2017 INTERIM REPORT

April 27, 2017

Panu Routila, President & CEO
Teo Ottola, CFO

AGENDA

1 Group highlights

2 Business Area Service

3 Business Area Industrial Equipment

4 Business Areas Port Solutions

5 Cash flow and balance sheet

6 Appendix

This Report contains comparisons to both Konecranes' historical figures as well as combined company figures. Historical figures relate to Konecranes' stand-alone financial information as reported for 2016 (including the divested STAHL CraneSystems business).

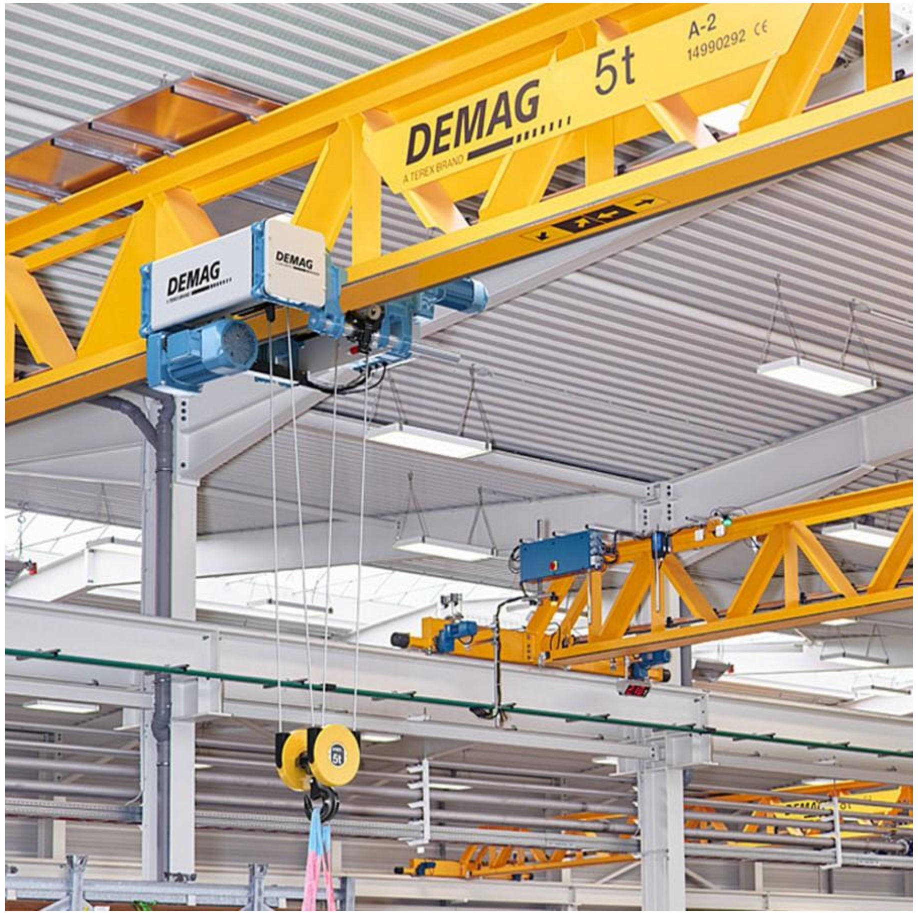
To provide a basis for comparison, this Report contains also under separate headings comparisons to combined company's financial information on an unaudited basis estimated by the management for 2016. This financial information has been prepared to reflect the financial results of the combined company as if it had been operating as such for the full financial year of 2016. The comparable combined company's operations comprise Konecranes' operations without the divested STAHL CraneSystems business, but including the acquired MHPS business. See "Basis of preparation for comparable combined company" for further information.

Comparable combined company's financial information concerns an assumed situation and does not therefore reflect the true financial position or result of the company during 2016.

KONECRANES®

Q1/17 HIGHLIGHTS

- MHPS acquisition completed on January 4
- The acquisition has been very well-received by our customers and employees
- The integration of MHPS is underway in many areas
- Strong start to 2017 as comparable combined company order intake grew by 11.8 percent
- Despite the sales decrease, comparable adjusted EBITA margin expanded by 3.3 percentage points
- Headcount continued to decline in Q1
- Free cash flow very strong, interest-bearing net debt amounted to EUR 536 million at the end of March
- Market sentiment improving



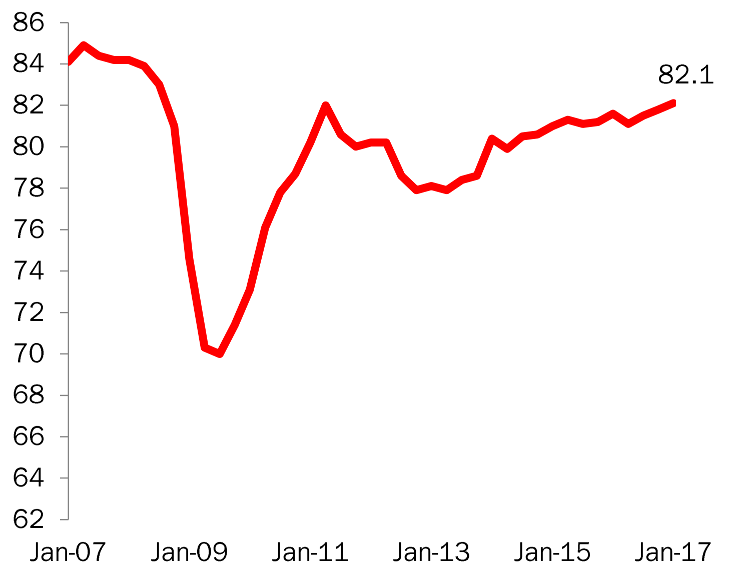
KONECRANES®

KEY FIGURES

Key figures	Q1/17	Q1/16 combined	Change %	Q1/16 historical	Change %
Orders received, MEUR	734.5	656.9	11.8	425.1	72.8
Order book at end of period, MEUR	1,604.5	1,497.5	7.1	1,035.6	54.9
Sales, MEUR	683.0	716.4	-4.7	458.6	48.9
Adj. EBITDA, MEUR	48.6	26.9	80.7	27.1	79.3
Adj. EBITDA, %	7.1%	3.8%		5.9%	
Adj. EBITA, MEUR	30.6	8.7	251.5	15.8	94.0
Adj. EBITA, %	4.5%	1.2%		3.4%	
Operating profit (EBIT), MEUR	225.9			0.3	
Operating margin (EBIT), %	33.1%			0.1%	
EPS, basic, EUR	2.50			-0.09	
Free cash flow, MEUR	88.0			-6.9	
Net debt, MEUR	535.6			206.9	

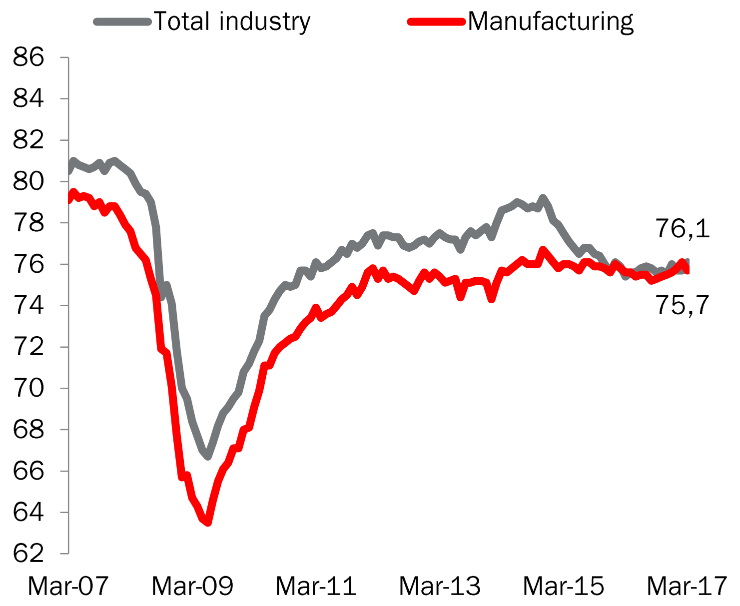
MARKET ENVIRONMENT – SERVICE AND INDUSTRIAL EQUIPMENT

Capacity utilization rate – EU



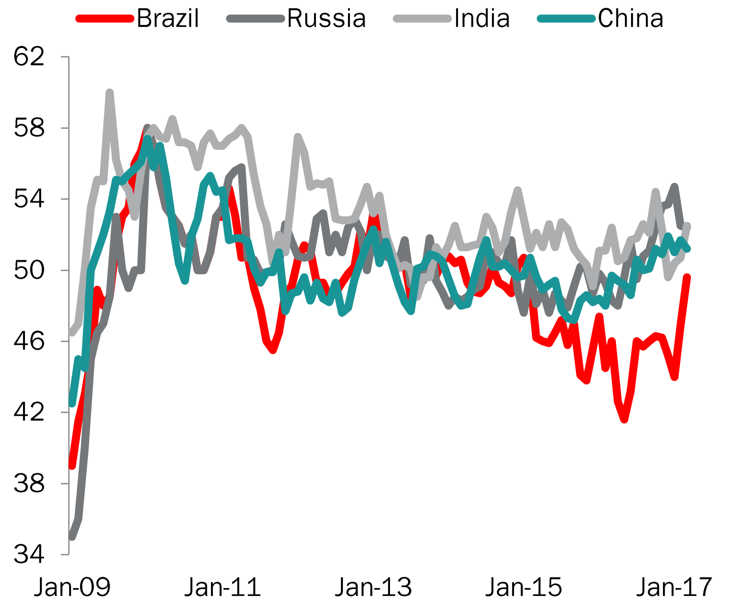
- Demand for equipment and services continued to improve in EMEA

Capacity utilization rate – USA



- Demand was mixed in the Americas

PMIs – BRIC countries



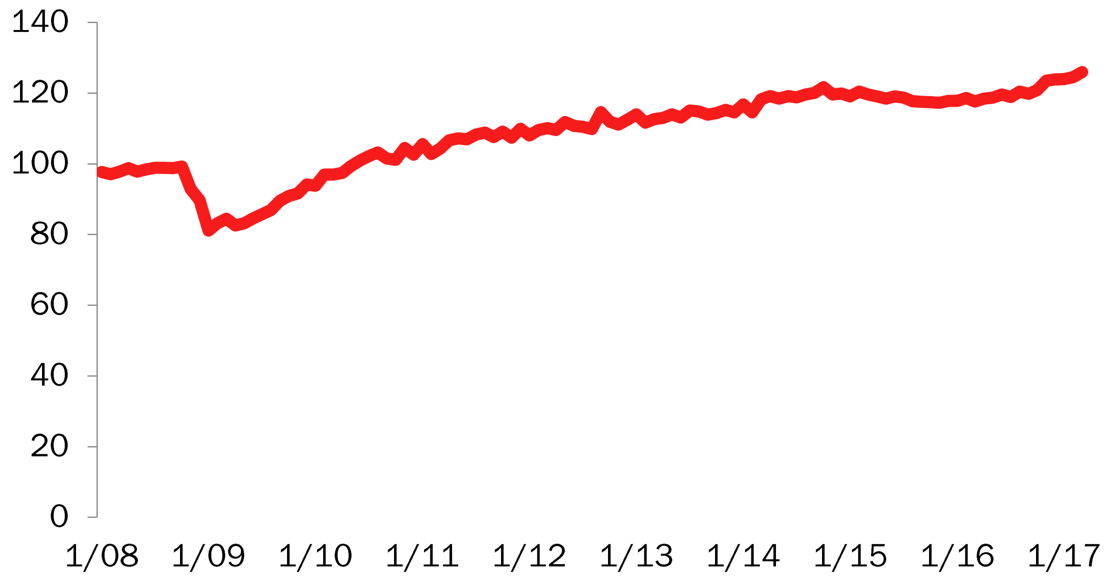
- Equipment business bottoming out in most emerging markets

Sources: Eurostat (latest data point Q1/17), Federal Reserve Bank of St. Louis (March 2017), Markit (March 2017)

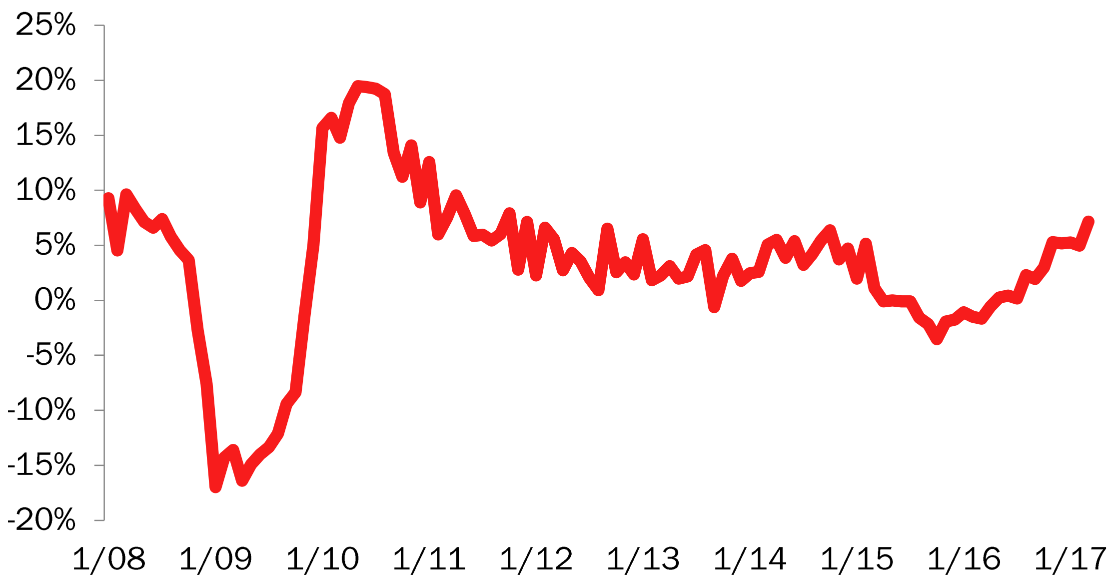
KONECRANES

MARKET ENVIRONMENT – PORT SOLUTIONS

RWI/ISL Container Throughput Index



Index change Y/Y



- Gradual overall demand recovery starting with small and mid-sized equipment

Source: RWI/ISL Container Throughput Index (latest data point March 2017)

MARKET OUTLOOK

- Economic indicators related to manufacturing industries have strengthened, which appears to improve customers' willingness to proceed with their investment plans.
- Demand situation in Europe is gradually improving.
- Business activity in the North American manufacturing industry remains mixed.
- Demand in emerging markets is showing signs of bottoming out.
- Global container throughput growth has improved and the prospects for small and medium-sized orders related to container handling have somewhat strengthened.

KONECRANES

FINANCIAL GUIDANCE

- The sales in 2017 are expected to be close to the comparable combined company sales in 2016 (EUR 3,278 million).
- We expect the adjusted EBITA to total EUR 195-215 million in 2017 (comparable combined company adjusted EBITA was EUR 184 million in 2016).
- The comparable combined company's operations comprise Konecranes' operations without the divested STAHL CraneSystems business, but including the acquired MHPS business. See the stock exchange releases published on April 10, 2017, and April 13, 2017, for further financial information including the basis of preparation for the comparable combined company.

INTEGRATION ACTIVITIES FOR 2017 MOVING TO FULL IMPLEMENTATION

Main achievements

- Frontline service integration in US mainly implemented
- Early procurement initiatives delivering synergies
- Industrial crane manufacturing plant in Edmonton, Canada, to be closed
- Increased maturity of synergy plans
  - All 2017 activities now planned
  - Source and phasing unchanged
- Integration of organizations proceeding well, sales being undistracted

Next steps

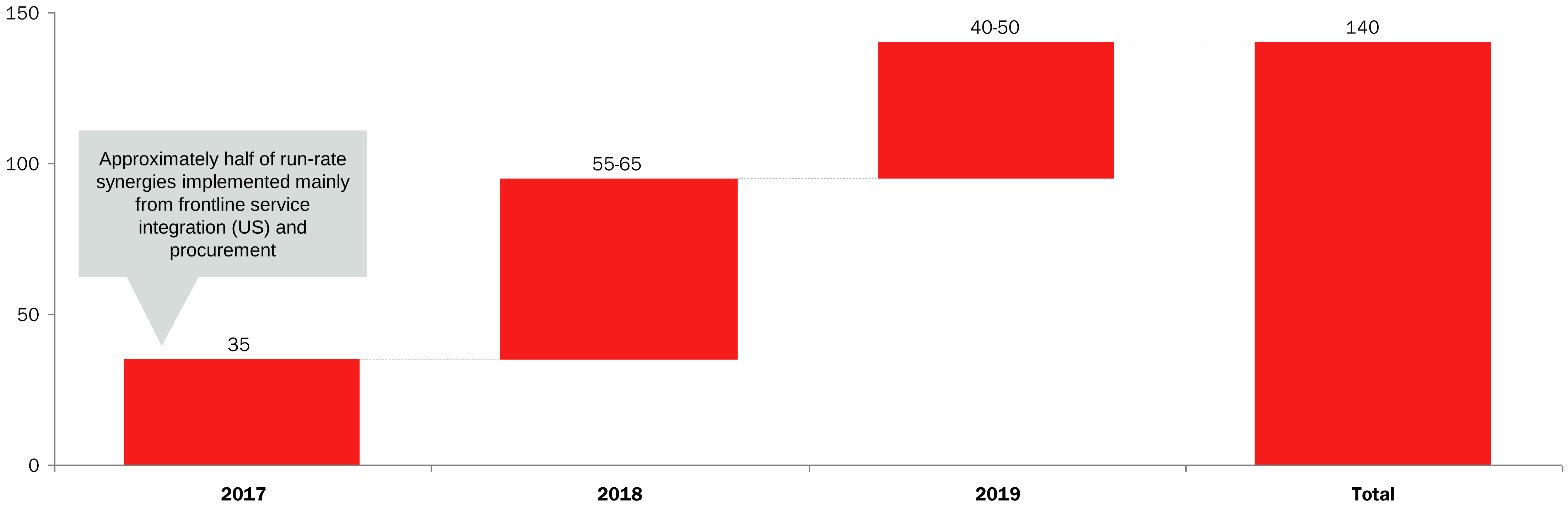
- Launch implementation for remaining 2017 integration activities
- Develop and progress 2018 and 2019 integration activities
- Keep momentum and focus on synergy delivery
- Continue focusing on our customers

High engagement and positive employee sentiment form good basis for integration

KONECRANES®

SYNERGY STATUS: APPROXIMATELY HALF OF 2017 SYNERGIES IMPLEMENTED AHEAD OF PLANNED PHASING

Synergy at EBIT level, run-rate impact at end of year (M€)



~130 M€ of one-time restructuring cost and ~60M€ capex expected 2017-2019

KONECRANES®

SYNERGY SOURCES: LEVERS REMAIN THE SAME BUT GREATER CONFIDENCE IN PLANS

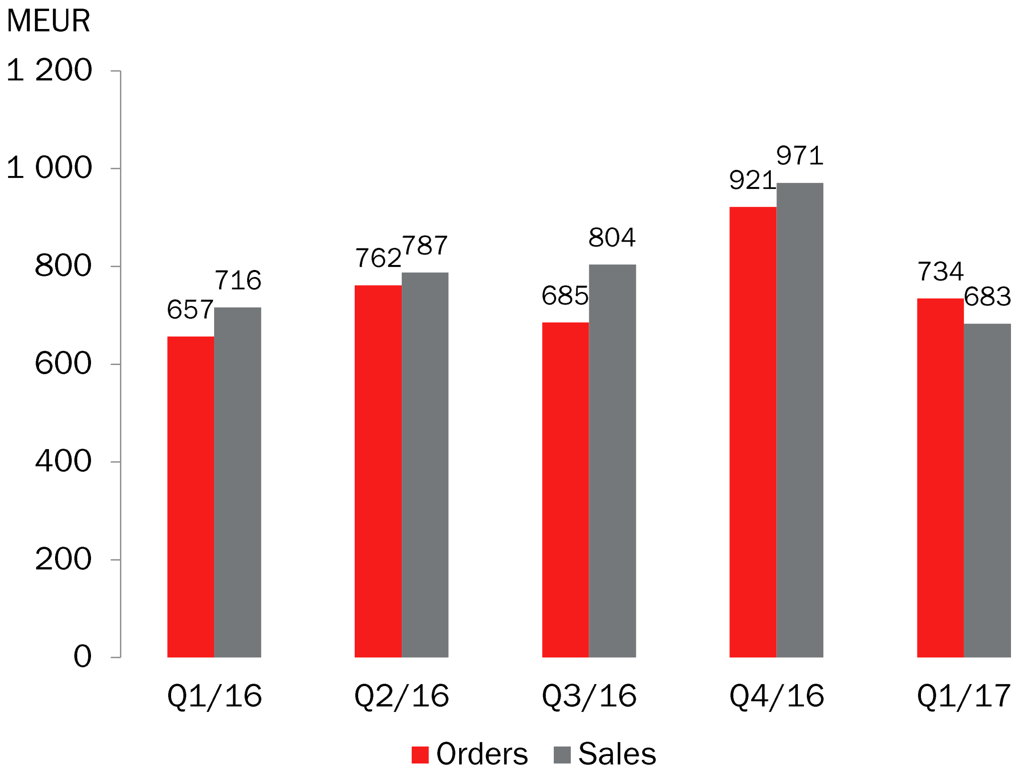
	Main levers	Initial synergy estimate
Commercial	• Go-to-market and sales channel optimization • Combined product portfolio optimization and cross-sales	~ 15 - 25 M€
Technology and product platforms	• Product platform and module harmonization • Technology and R&D portfolio and footprint optimization	~ 20 - 30 M€
Manufacturing operations	• **Plant closure and capacity utilization optimization** • In- and out-sourcing for cost and quality gains • Global supplier network optimization, scale and harmonization • Efficiency gains through roll-out of lean production best practices	~ 50 - 70 M€
Service operations	• **US Branch network consolidation mostly implemented, other geographies in planning** • Spare parts distribution center and network optimization	~ 15 - 20 M€
Organization and support	• Mgmt and back office scale, organization structure optimization • IT: infra, support, HW and business application harmonization	~ 15 - 20 M€

GROUP ORDER INTAKE AND SALES

Comparison to combined company figures

- Order intake EUR 734.5 million (656.9), +11.8 percent
- Orders received grew in EMEA as well as in APAC, and were stable in the Americas.
- Order intake growth mostly related to Business Area Port Solutions
- Sales EUR 683.0 million (716.4), -4.7 percent
- Sales decrease mostly related to Business Area Port Solutions due to the timing of deliveries and exceptionally high sales of certain products in the comparison period

Comparable order intake and sales



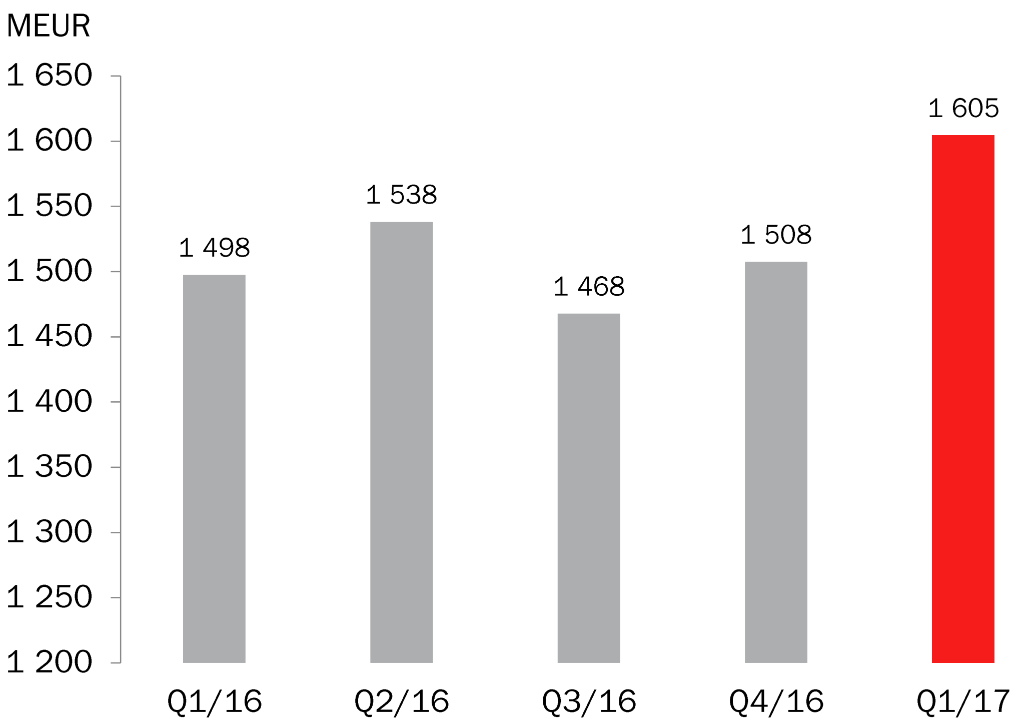
KONECRANES

GROUP ORDER BOOK

Comparison to combined company figures

- Order book EUR 1,604.5 million (1,497.5) at the end of March, +7.1 percent
- Order book was higher than a year ago in all business areas
- The previous year's order book for MHPS included deliveries for the next 12 months only

Combined order book



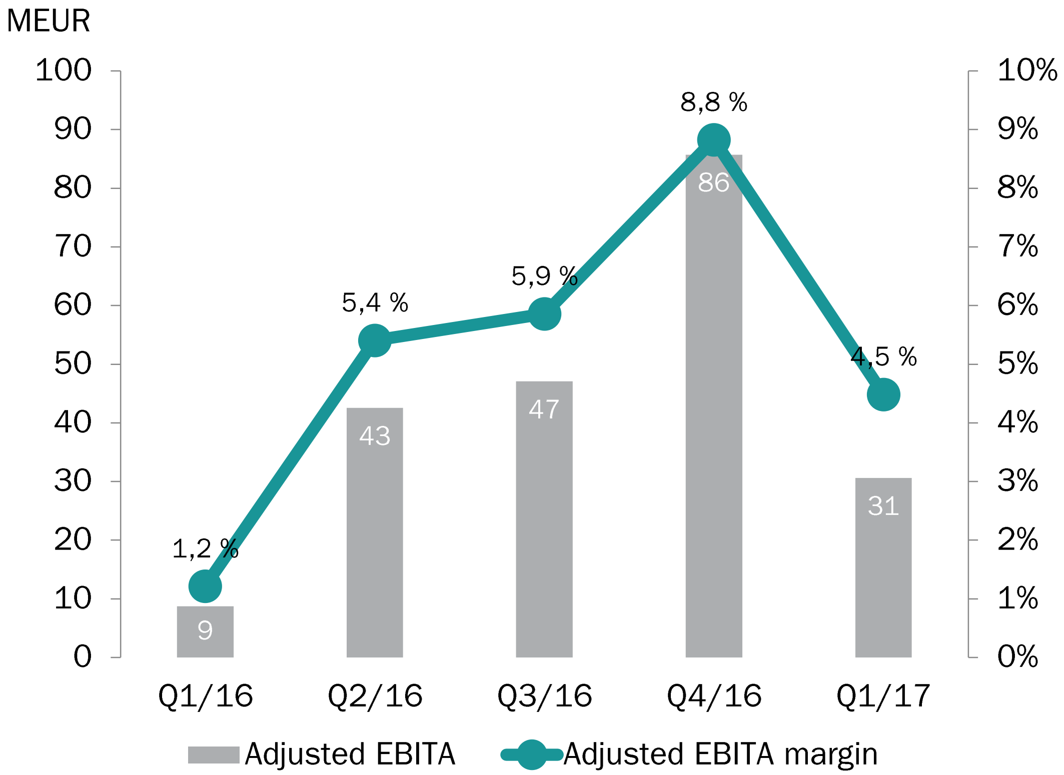
KONECRANES

GROUP ADJUSTED EBITA

Comparison to combined company figures

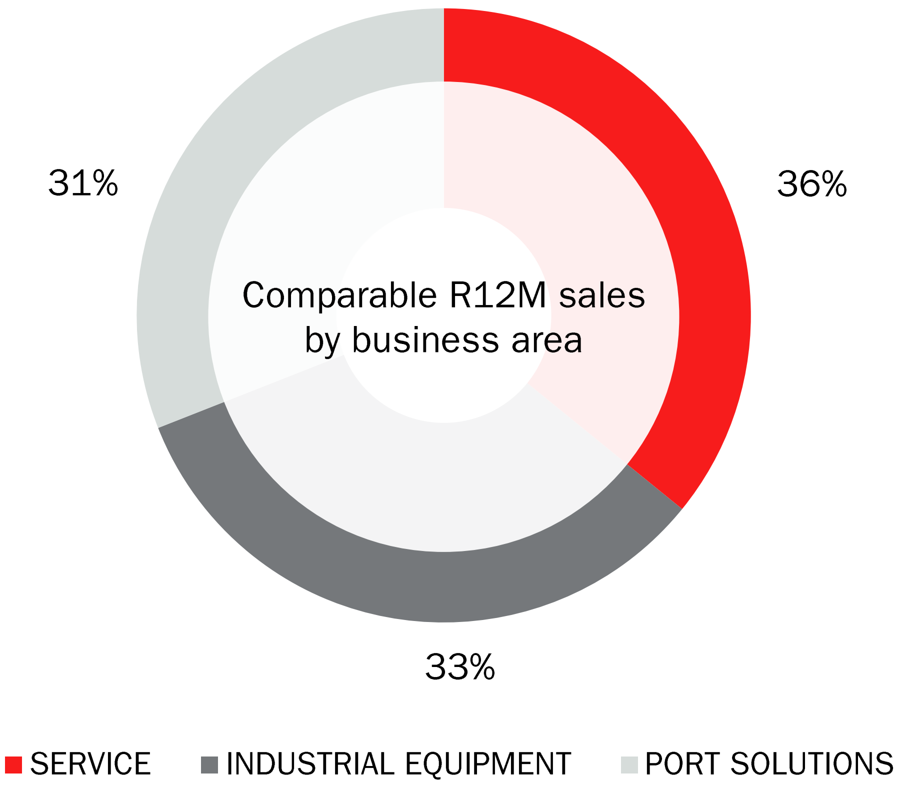
- Adjusted EBITA EUR 30.6 million (8.7), 4.5 percent of sales (1.2)
- The Group adjusted EBITA margin improved mainly thanks to the cost-saving measures implemented in 2016, as well as successful project execution
- Gross margin improved and fixed costs were lower on a year-on-year basis

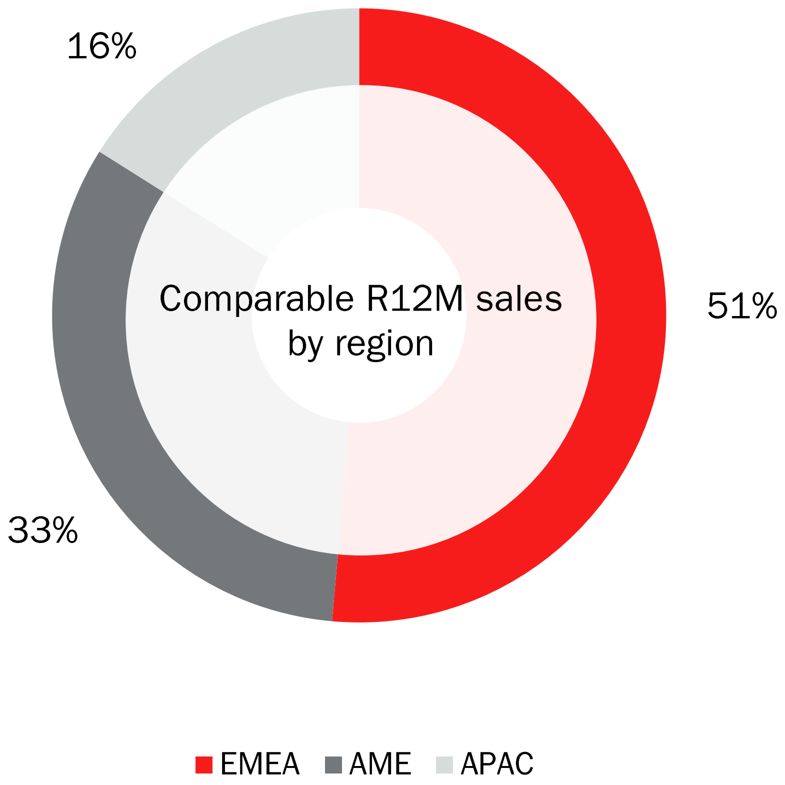
Comparable adjusted EBITA



KONECRANES

GROUP SALES BY BUSINESS AREA AND REGION





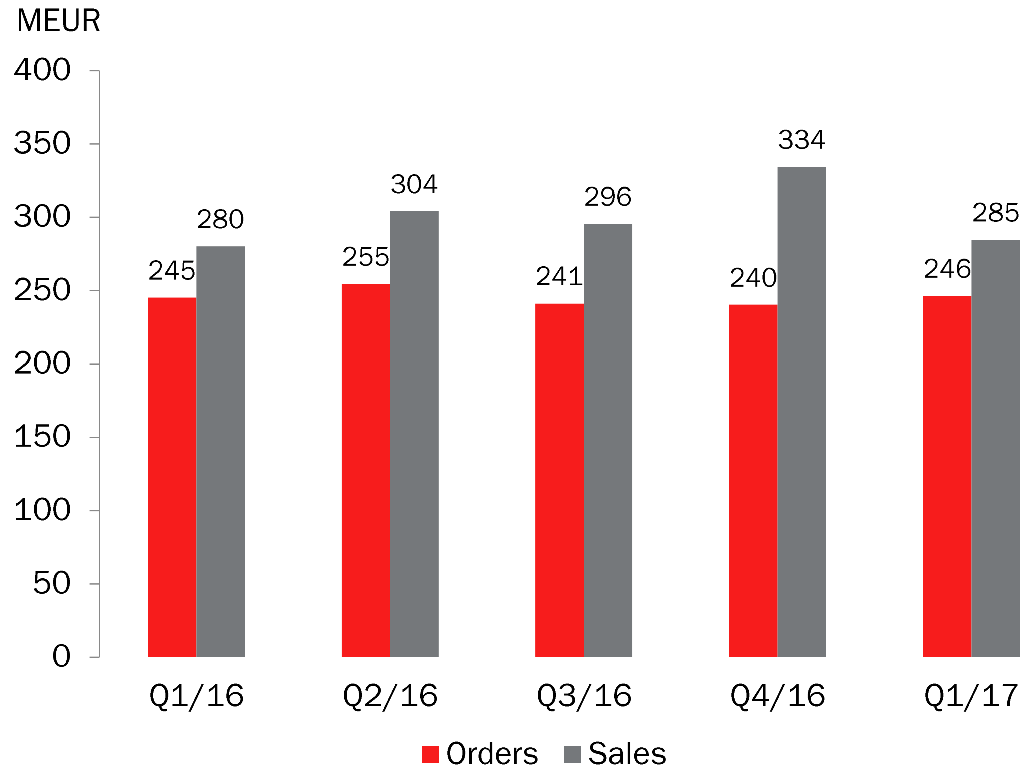
SERVICE

SERVICE ORDER INTAKE AND SALES

Comparison to combined company figures

- Orders received increased by 0.4 percent to EUR 246.3 million (245.2)
- Sales grew by 1.6 percent to EUR 284.6 million (280.2)
- Sales growth was related to the favorable currency rate changes
- Sales increased in the Americas, whereas sales decreased in EMEA and APAC

Comparable order intake and sales

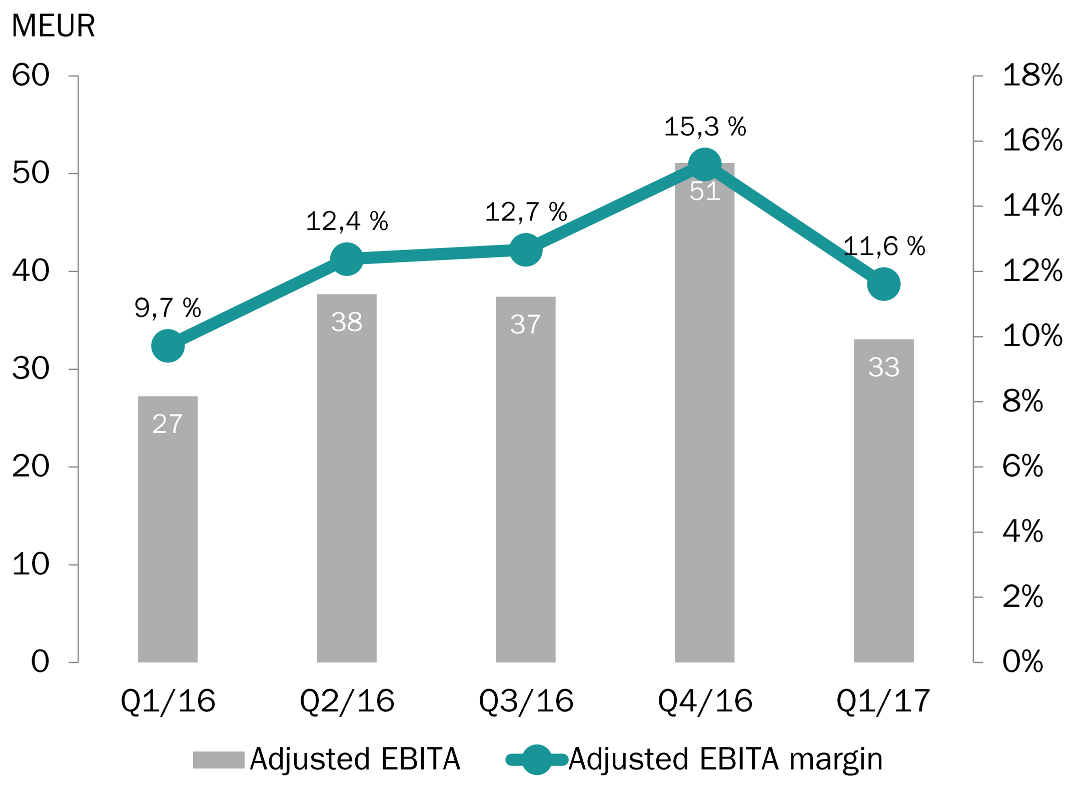


SERVICE ADJUSTED EBITA

Comparison to combined company figures

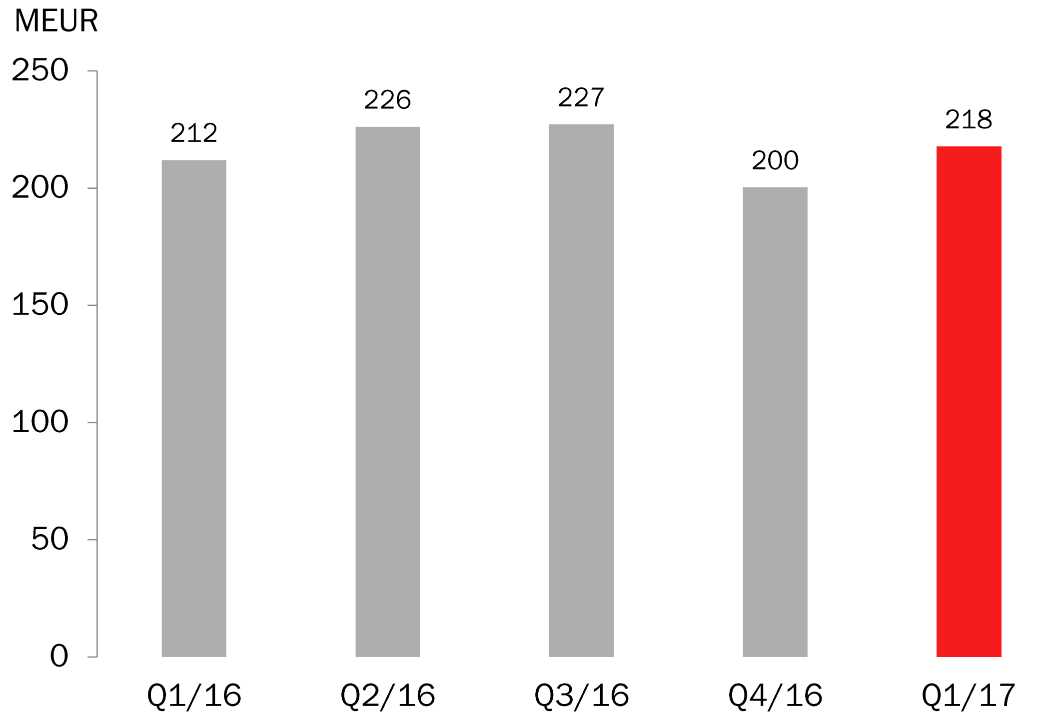
- The adjusted EBITA was EUR 33.1 million (27.2) and the adjusted EBITA margin 11.6 percent (9.7)
- The adjusted EBITA improve thanks to the sales growth and lower fixed costs

Comparable adjusted EBITA

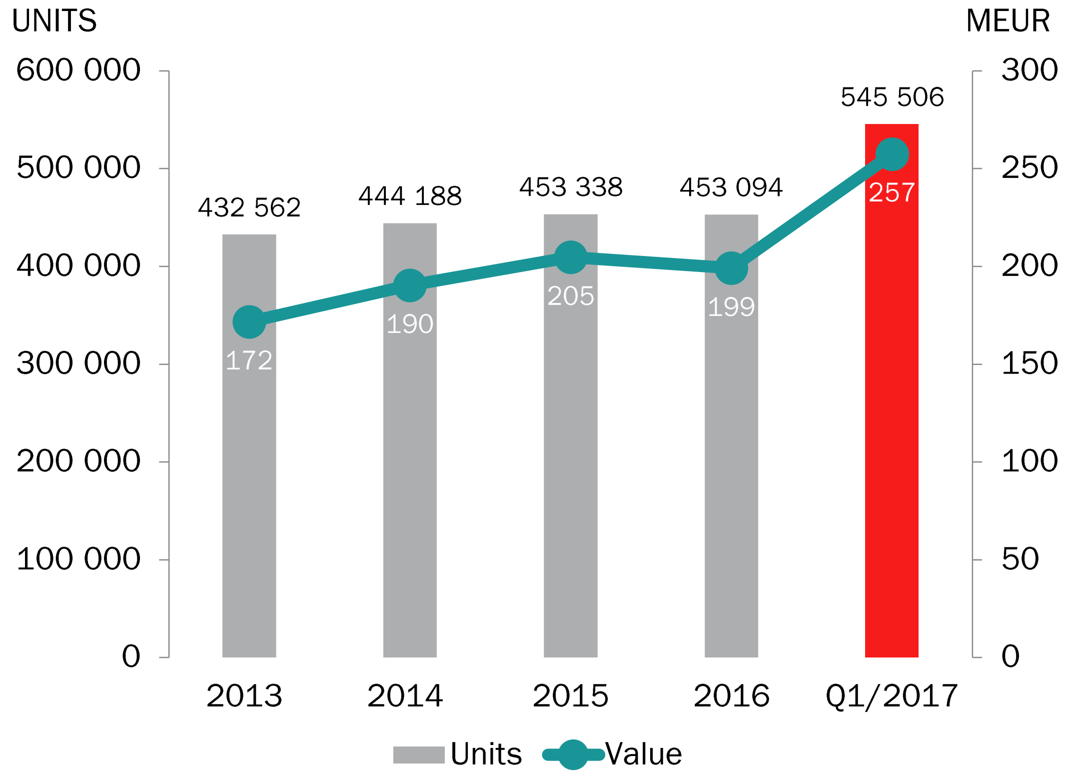


SERVICE ORDER BOOK AND CONTRACT BASE

Combined order book



Contract base*



*2013-16 contract base on Konecranes stand-alone basis

KONECRANES

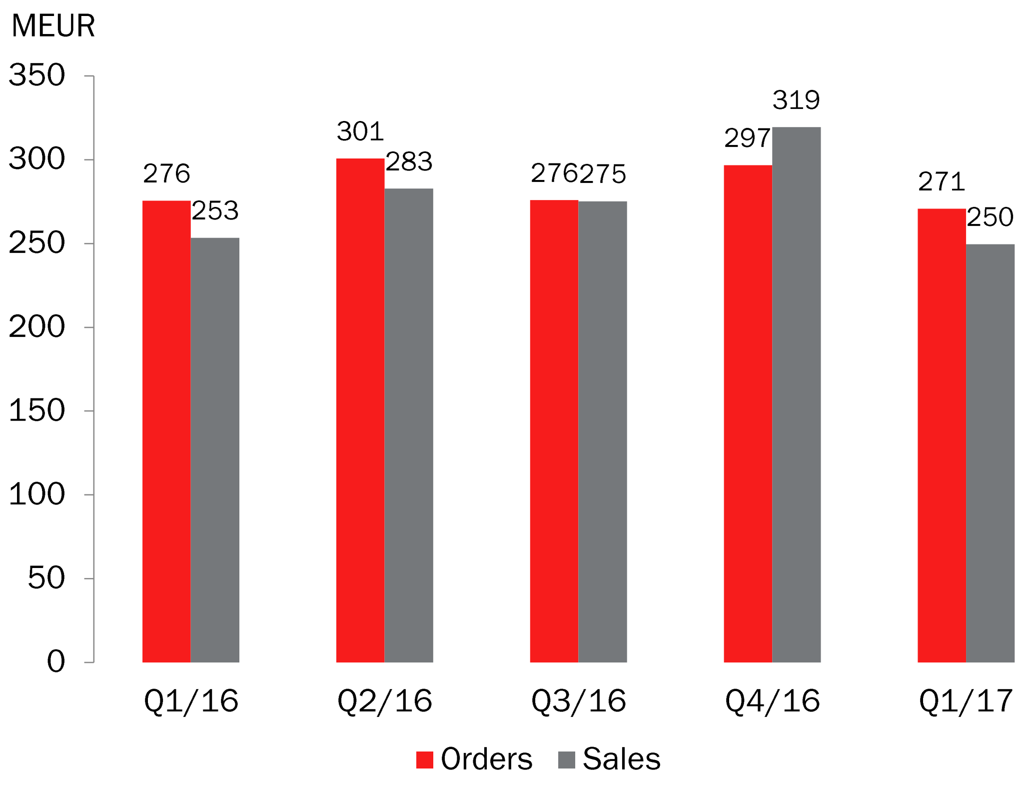
INDUSTRIAL EQUIPMENT

INDUSTRIAL EQUIPMENT ORDER INTAKE AND SALES

Comparison to combined company figures

- Orders received totaled EUR 270.7 million (275.6), showing a decrease of 1.8 percent
- Orders grew in EMEA and APAC, but fell in the Americas
- In the Americas, the comparison period included some unusually large single heavy-duty crane orders; orders for industrial cranes rose in EMEA and APAC
- Crane component orders increased in all regions
- Sales fell by 1.5 percent to EUR 249.6 million (253.4)

Comparable order intake and sales

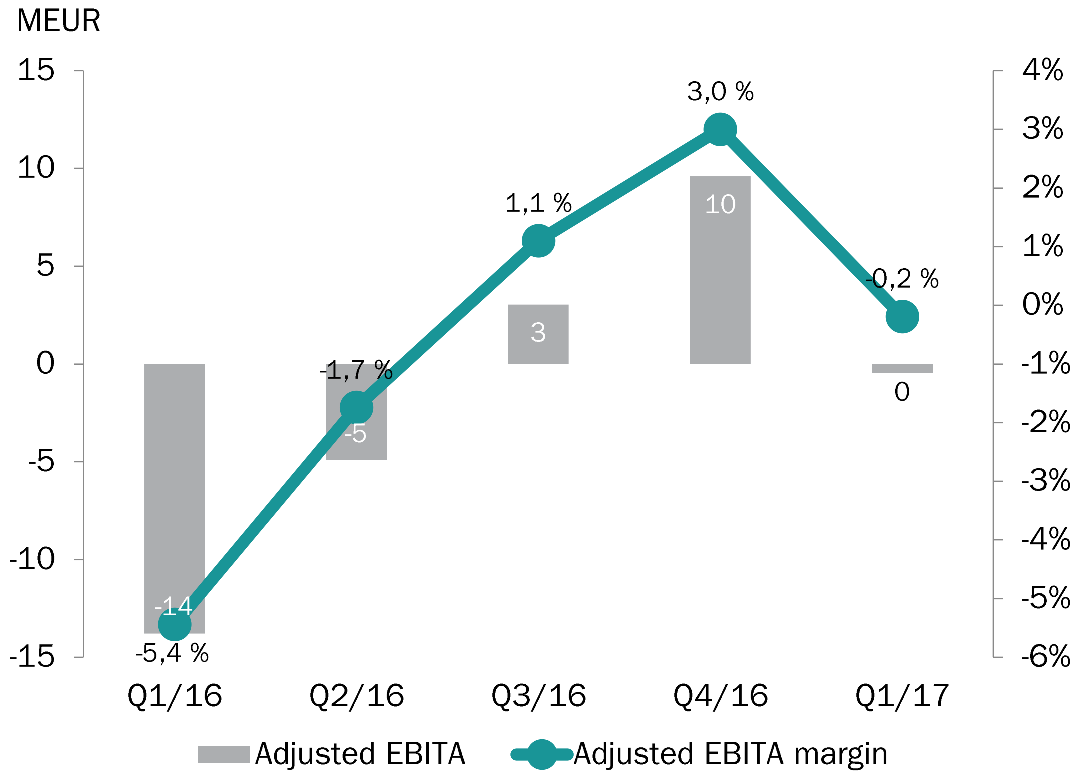


INDUSTRIAL EQUIPMENT ADJUSTED EBITA

Comparison to combined company figures

- The adjusted EBITA was EUR -0.5 million (-13.8) and the adjusted EBITA margin -0.2 percent (-5.4)
- The improvement in adjusted EBITA margin related mainly to the cost-saving measures implemented in 2016, as well as successful deliveries
- Gross margin improved and fixed costs were lower on a year-on-year basis

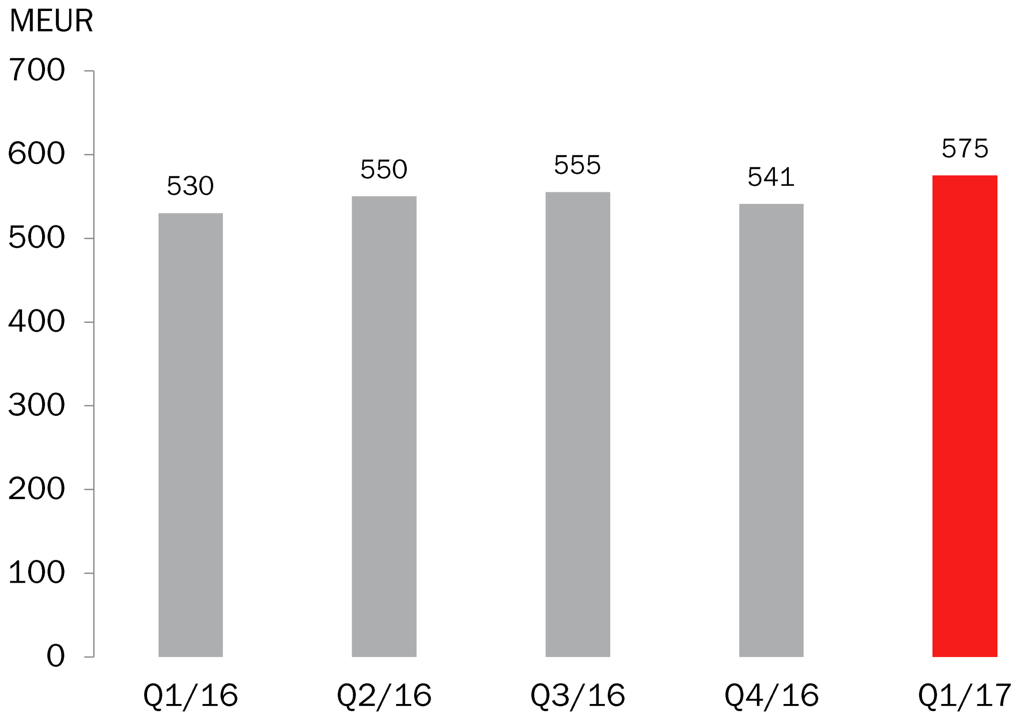
Comparable adjusted EBITA



KONECRANES

INDUSTRIAL EQUIPMENT ORDER BOOK

Combined order book



Comparison to combined company figures

- The order book increased by 8.5 percent from a year before to EUR 575.2 million (530.1)

PORT SOLUTIONS

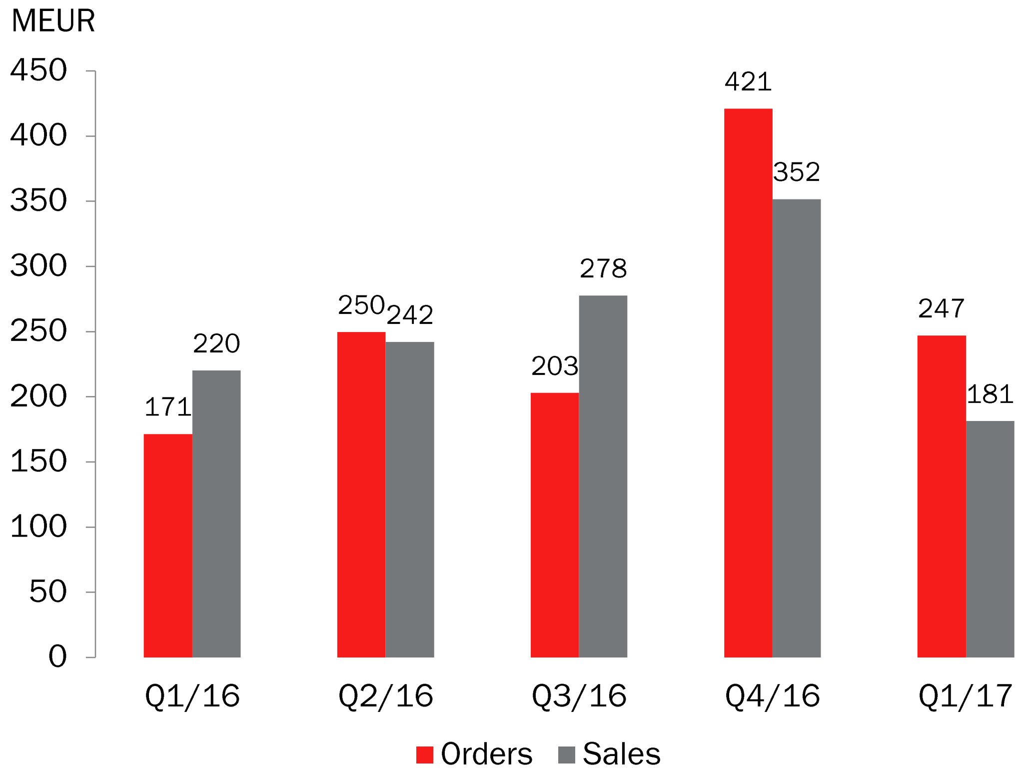
KONECRANES®

PORT SOLUTIONS ORDER INTAKE AND SALES

Comparison to combined company figures

- January-March orders received totaled EUR 247.1 million (171.4), showing an increase of 44.1 percent
- Orders grew in the Americas and EMEA, whereas orders fell in APAC
- Order growth was related to the mobile harbor cranes, RMG cranes, AGVs, lift trucks, as well as service
- Sales fell by 17.7 percent to EUR 181.3 million (220.3)
- The sales decrease related to the timing of deliveries and exceptionally high sales of certain products in the comparison period

Comparable order intake and sales



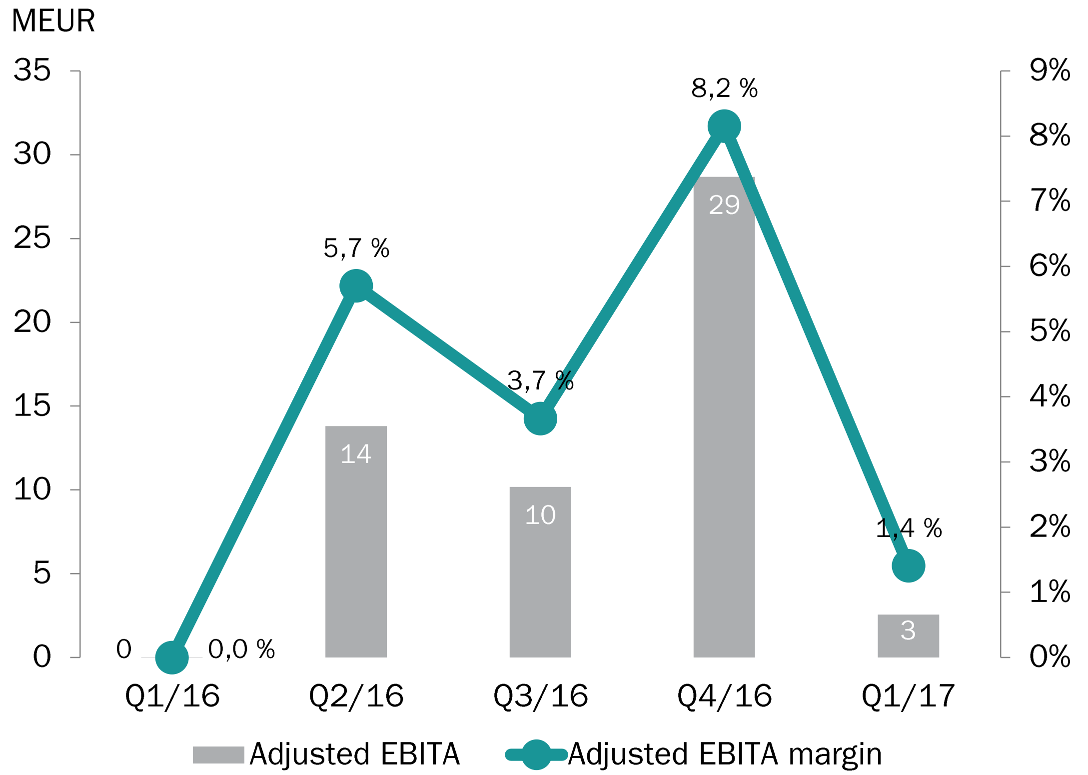
KONECRANES

PORT SOLUTIONS ADJUSTED EBITA

Comparison to combined company figures

- The adjusted EBITA was EUR 2.6 million (0.0) and the adjusted EBITA margin 1.4 percent (0.0)
- The adjusted EBITA margin was supported by improved project execution leading to better than expected margins from some completed projects, as well as sales growth in lift trucks and service
- Gross margin improved and fixed costs were lower on a year-on-year basis

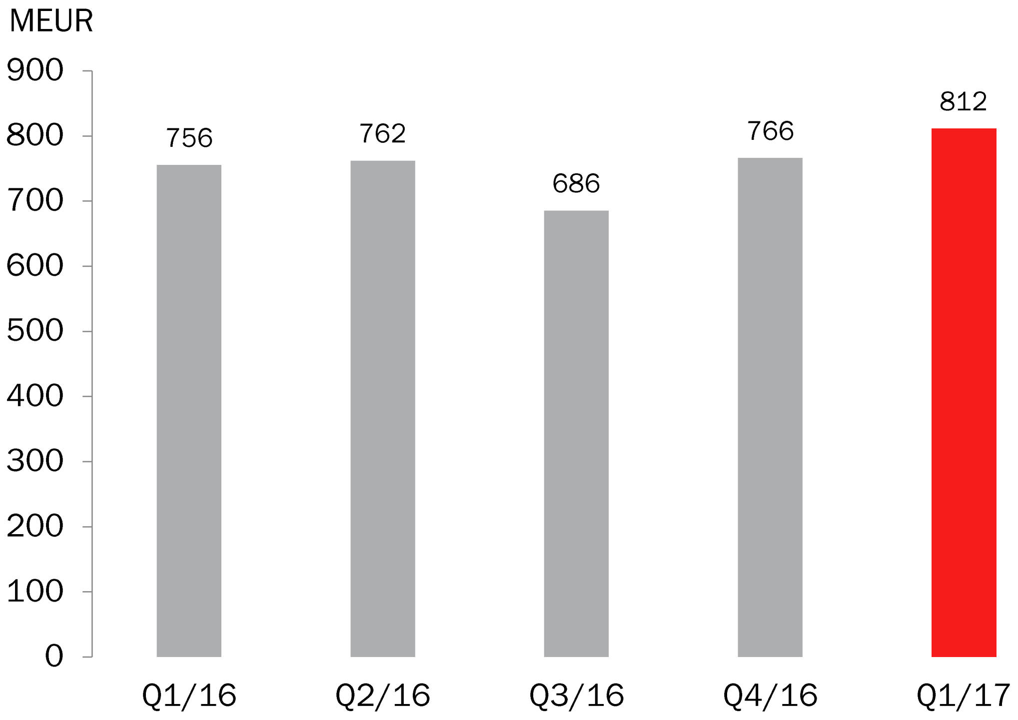
Comparable adjusted EBITA



KONECRANES

PORT SOLUTIONS ORDER BOOK

Combined order book



Comparison to combined company figures

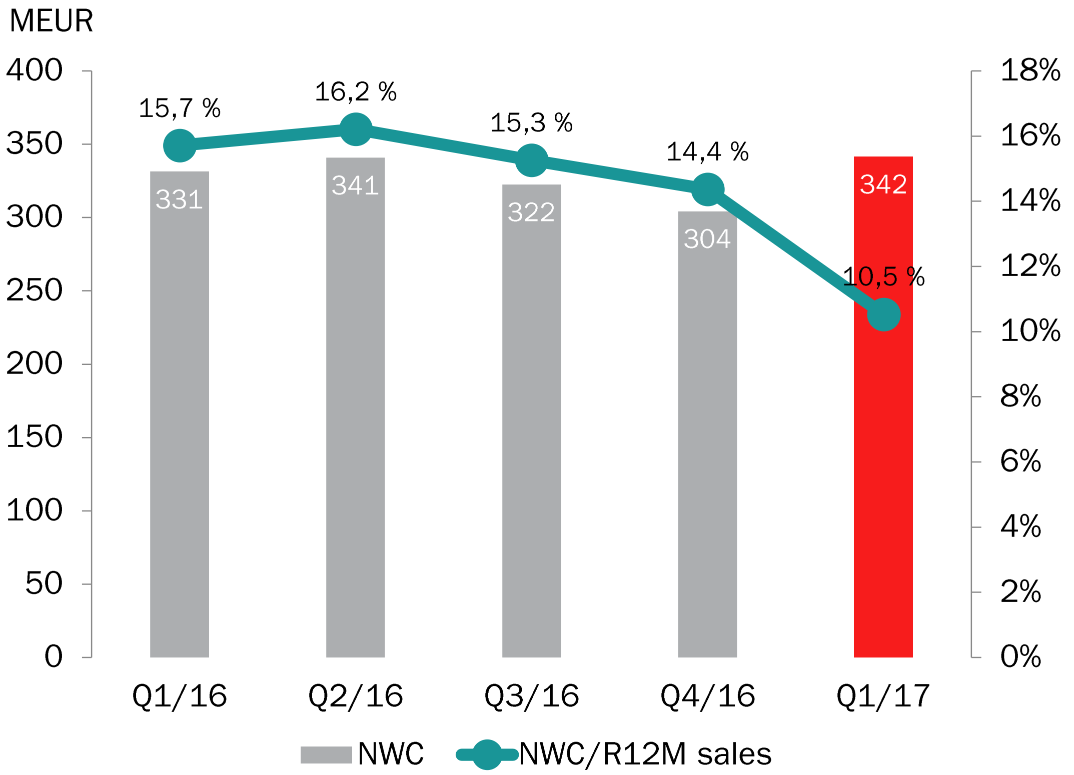
- The order book increased by 7.4 percent from a year before to EUR 811.6 million (755.6)

KONECRANES®

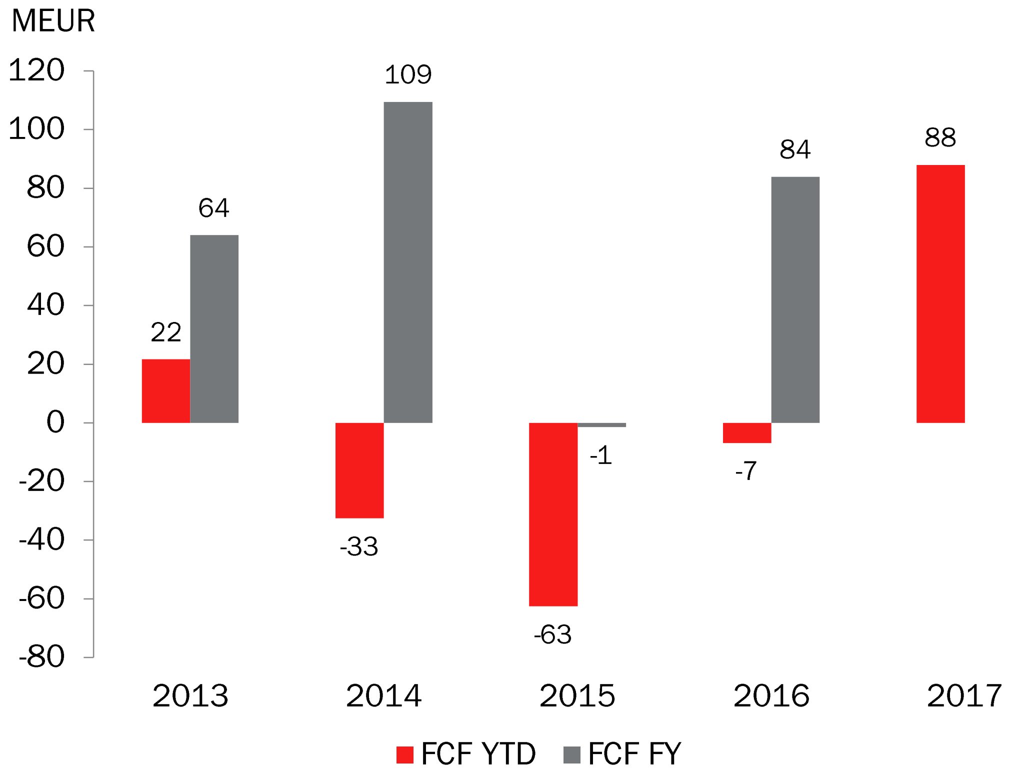
CASH FLOW AND BALANCE SHEET

NET WORKING CAPITAL AND FREE CASH FLOW

Net working capital*



Free cash flow

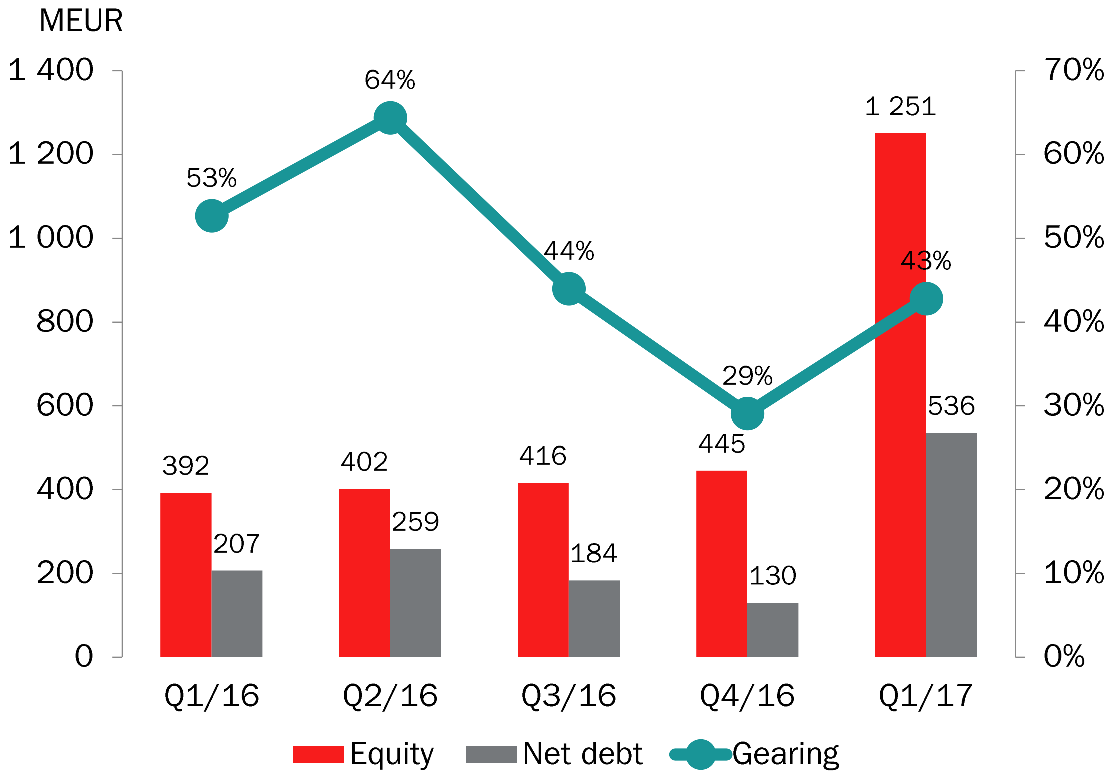


*Q1/17 excl. dividend liability of EUR 82 million, Q1/16 excl. dividend liability of EUR 62 million
Q1/17 R12M sales for comparable combined company

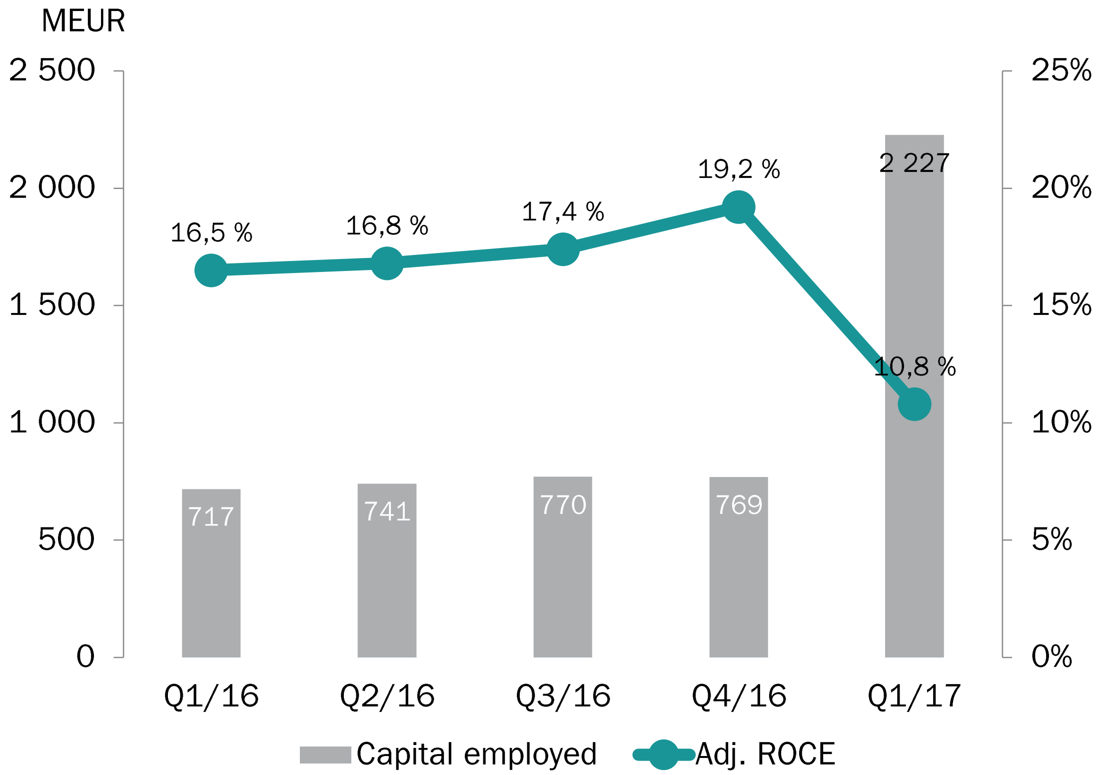
KONECRANES

GEARING AND RETURN ON CAPITAL EMPLOYED

Equity, net debt and gearing



Capital employed and return on capital employed



KONECRANES®

December 14: presentations from CEO, CFO and business area heads

We will start with lunch and finish by 18:00 to allow fly in and out during the day

December 15: site visit to Demag factory in Wetter

Save the dates. Formal invitation will follow.


×
1 Overloads occurred
Latest Occurrence: Aug 15, 2015
Continue
Alerts Summary
1 Overloads
0 Emergency Stops
0 Motor Over Temperature
0 Brake Faults

APPENDIX

STATEMENT OF INCOME

EUR million	1-3/2017	1-3/2016	Change %
Sales	**683.0**	**458.6**	**48.9**
Other operating income	220.4	0.3	
Materials, supplies and subcontracting	-272.6	-193.5	
Personnel cost	-254.2	-162.8	
Depreciation and impairments	-28.3	-14.0	
Other operating expenses	-122.5	-88.2	
Operating profit	**225.9**	**0.3**	**72,780.6**
Share of associates' and joint ventures' result	-0.6	1.2	
Financial income	19.4	6.7	
Financial expenses	-23.0	-15.3	
Profit before taxes	**221.7**	**-7.1**	**3,237.9**
Taxes	-28.8	2.0	
PROFIT FOR THE PERIOD	**192.9**	**-5.1**	**3,891.3**

BALANCE SHEET

EUR million	31.3.2017	31.3.2016
Non-current assets		
Goodwill	925.9	105.7
Intangible assets	658.8	103.0
Property, plant and equipment	294.4	136.2
Other	212.3	142.5
Current assets		
Inventories	630.2	376.5
Receivables and other current assets	743.1	493.4
Cash and cash equivalents	423.6	118.2
Total Current assets	1,796.9	988.1
Total Assets	**3,888.3**	**1,475.4**

EUR million	31.3.2017	31.3.2016
Total Equity	1,250.7	392.2
Liabilities		
Non-current liabilities	1,276.8	182.8
Provisions	97.5	31.7
Advance payments received	364.0	181.8
Other current liabilities	899.4	686.9
Total Liabilities	2,637.7	1,083.2
Total Equity and Liabilities	**3,888.3**	**1,475.4**

CASH FLOW STATEMENT

EUR million	1-3/2017	1-3/2016
Operating income before change in net working capital	41.0	13.1
Change in net working capital	80.3	-4.0
Cash flow from operations before financing items and taxes	121.3	9.1
Financing items and taxes	-27.7	-12.2
Net cash from operating activities	**93.6**	**-3.1**
Net cash used in investing activities	-505.2	-3.8
Cash flow before financing activities	**-411.6**	**-6.9**
Net cash used in financing activities	639.5	45.1
Change of cash and cash equivalents	229.4	37.4

KEY FIGURES

EUR million	1-3/2017	1-3/2016	Change %
Earnings per share, basic (EUR)	2.50	-0.09	2,991.3
Earnings per share, diluted (EUR)	2.50	-0.09	2,991.3
Return on capital employed, %, Rolling 12 Months (R12M)	22.4	7.4	202.7
Return on equity, %, Rolling 12 Months (R12M)	30.2	4.9	516.3
Equity per share (EUR)	15.66	6.68	134.4
Net debt / Adjusted EBITDA, Rolling 12 Months (R12M)	2.5	1.2	102.7
Equity to asset ratio, %	35.5	30.3	17.2
Investments total (excl. acquisitions), EUR million	12.1	6.2	93.3
Average number of personnel during the period	13,924	11,748	18.5
Average number of shares outstanding, basic	77,278,217	58,739,886	31.6
Average number of shares outstanding, diluted	77,278,217	58,739,886	31.6
Number of shares outstanding	78,421,906	58,751,279	33.5

BASIS OF PREPARATION FOR COMPARABLE COMBINED COMPANY

The comparable combined company financial information is based on management's estimates and is for illustrative purposes only. The comparable combined company financial information gives an indication of the combined company's key figures assuming the activities were included in the same company from the beginning of 2016.

The comparable combined company financial information is based on a hypothetical situation and should not be viewed as pro forma financial information as differences in accounting principles have not been taken into account. The unaudited comparable combined company financial information is based on Konecranes Group's financial statements for the financial year 2016 (adjusted for restructuring costs, transaction costs and received insurance indemnity) according to IFRS and Terex Corporations's ("Terex") MHPS segment unaudited special purpose carve-out financial information for the financial year 2016 (adjusted for non-recurring items such as restructuring costs and impairments of goodwill and trademarks) according to USGAAP. The corporation allocations of Terex Group have been adjusted in MHPS income statement to illustrate the situation as the Group had been combined at the beginning of 2016.

As the financial information for MHPS has been prepared on a carve-out basis, this does not necessarily reflect what its results of operations would have been, had MHPS operated as an independent company and had it presented stand-alone financial information under IFRS during the period presented. Moreover, the carve-out financial information may not be indicative of MHPS's future performance of the operative activities aggregated within Konecranes.

Konecranes is unable to present a reconciliation of the comparable combined company financial information as MHPS' financials have been calculated according to USGAAP and using different accounting principles than Konecranes and as Terex has categorized MHPS as a discontinued operation in 2016.

CONTACT INFORMATION

Miikka Kinnunen

Vice President, Investor Relations

Email: miikka.kinnunen@konecranes.com, tel: +358 20 427 2050

Anna-Mari Kautto

Assistant, Investor Relations

E-mail: anna-mari.kautto@konecranes.com, tel: +358 20 427 2960