Q1 2018
INTERIM REPORT

April 26, 2018

Panu Routila, President & CEO
Teo Ottola, CFO

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Lifting Businesses™

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

Konecranes applied the full retrospective approach in IFRS 15 transition, and the numbers for the periods in 2017 have been restated. Please refer to note 4 for more details on the implementation of IFRS 15 and other significant accounting policies.

Q1/18 HIGHLIGHTS

- Q1 was a good start to 2018
  - Adjusted EBITA margin improved to 5.5% (4.5)
  - Sales up in all Business Areas on a comparable currency basis, FX had an adverse impact on both sales and order intake
  - The integration progresses well and according to our plan, EUR 63M run-rate synergies reached by the end-Q1/2018
- Q1/18 result in line with our expectations
  - Good progress with Service's growth strategy, comparable currency orders up 4.5%, clear growth in agreement base
  - In Industrial Equipment, component orders continued to grow sequentially, which is an encouraging signal also for industrial cranes
  - In Port Solutions, comparable currency sales grew 13.1%, while order intake declined largely due to timing of projects
- Strong global economy reflected in our updated demand outlook, full-year guidance reiterated

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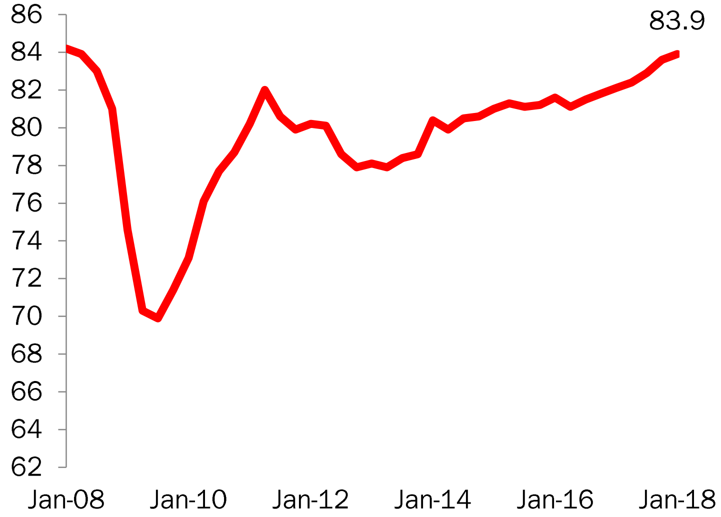
KEY FIGURES

	1-3/2018	1-3/2017	Change %	Change % with comparable FX
Orders received, MEUR	683.1	734.5	-7.0	-2.6
Order book at end of period, MEUR	1,575.8	1,604.5	-1.8	+2.7
Sales, MEUR	672,8	684.1	-1.7	+3.9
Adj. EBITDA, MEUR	55.2	49.0	12.6	
Adj. EBITDA, %	8.2%	7.2%		
Adj. EBITA, MEUR	37.2	31.1	19.8	
Adj. EBITA, %	5.5%	4.5%		
Operating profit (EBIT), MEUR	23.8	226.4	-89.5	
Operating margin (EBIT), %	3.5%	33.1		
EPS, basic, EUR	0.11	2.51	-95.7	
Free cash flow, MEUR	-2.2	88.0		
Net debt, MEUR	524.3	535.6		

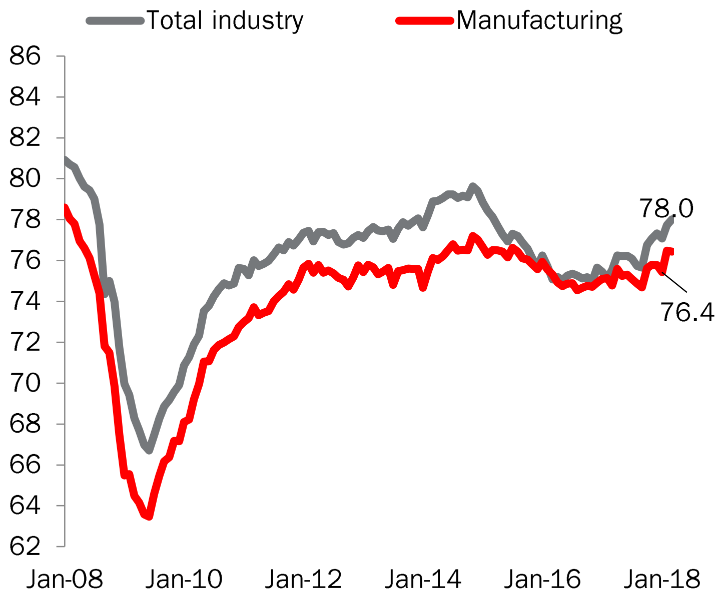
MARKET ENVIRONMENT – SERVICE AND INDUSTRIAL EQUIPMENT

Capacity utilization rate – EU



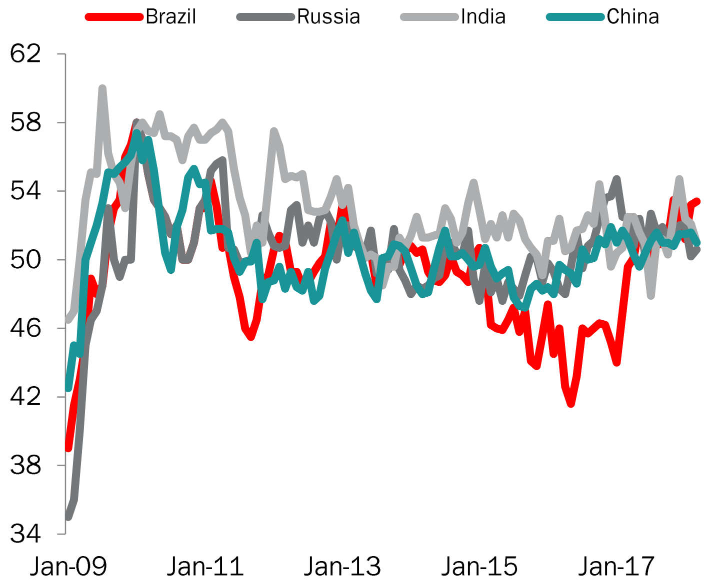
- Short-term capacity constraints begun to limit the rate of PMI expansion in Q1
- Capacity utilization rate continued to improve slightly

Capacity utilization rate – USA



- The PMI indicated strong growth and improvement in operating conditions
- Total industrial capacity utilization rate showed an uptick in Q1

PMIs – BRIC countries



- Marginal improvement in manufacturing conditions in China and Russia
- Slowing pace of improvement in India
- Strong improvement in Brazil

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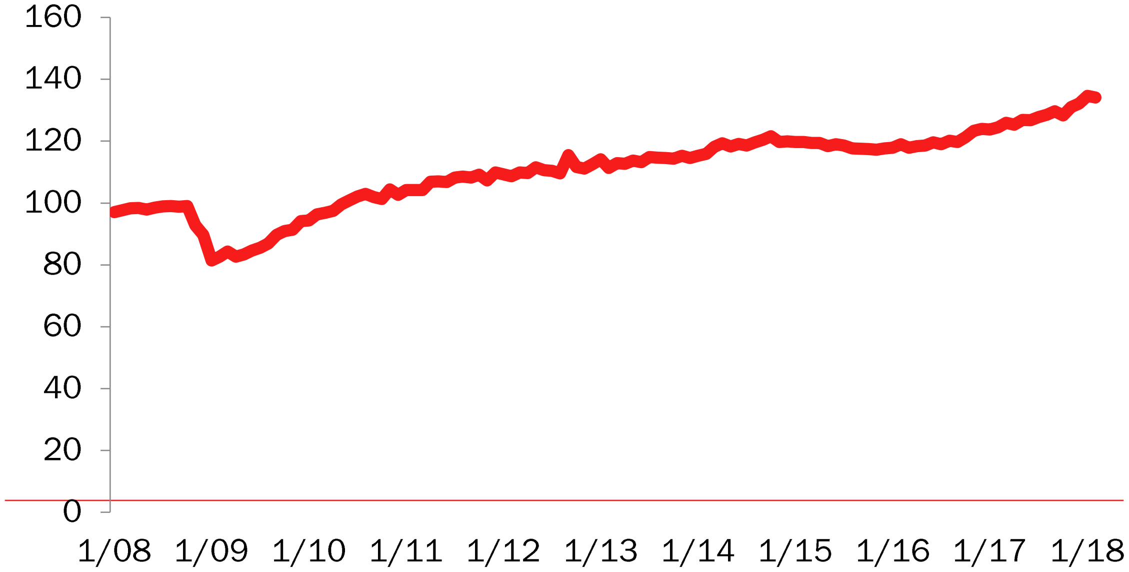
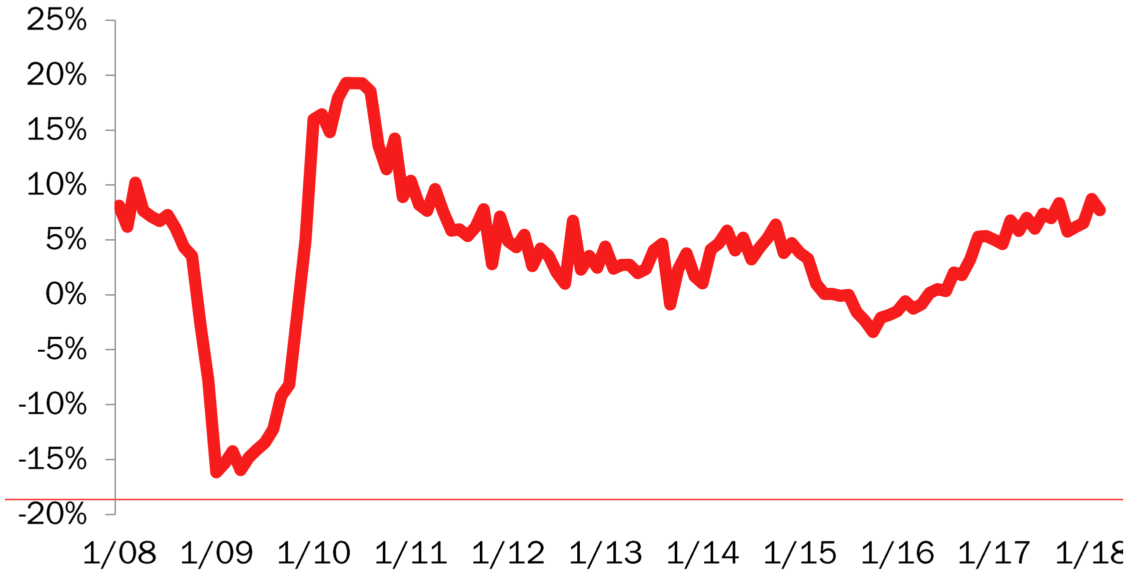
MARKET ENVIRONMENT – PORT SOLUTIONS

RWI/ISL Container Throughput Index



Index change Y/Y



- Global container throughput continued to expand, reached a new all-time record in Q1

Source: RWI/ISL Container Throughput Index (latest data point March 2018)

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DEMAND OUTLOOK

- Demand situation in Europe is stable within the industrial customer segments.
- Business activity in the North American manufacturing industry is starting to improve.
- Demand in the Asia-Pacific region continues to show signs of improvement.
- Global container throughput growth continues at a high level, and the prospects for the small and medium-sized orders related to container handling remain stable.

FINANCIAL GUIDANCE

Financial guidance for 2018

- The sales in 2018 are expected to be approximately on the same level or higher than in 2017.
- We expect the adjusted EBITA margin to improve in 2018.

Additional information for 2018

- Negative impact from translation exposure mainly related to EUR/USD, approx. 3% on sales with the current FX rates
- Incremental MHPS acquisition-related synergy benefits of EUR 40-50m in P&L in 2018
- Additional spending of approximately EUR 15 million on R&D and IT in 2018 to enable harmonized processes within the company and secure our long-term competitiveness
- EUR 12m net interest savings expected in 2018, related to our debt refinancing activities last year

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CONTINUED GOOD PROGRESS ON MHPS INTEGRATION

Overall good progress with EUR 63M run-rate synergies reached by end Q1/2018, up EUR 7M since Q4/2017

- Program guidance remains intact (2018: EUR 100-110M, 2019: EUR 140M)
- EUR 34M of cumulative P&L impact delivered by Q1/2018 (EUR 14M in Q1), EUR 60-70M to be delivered by year end
- Restructuring costs estimate (EUR 130M) and Capex estimate (EUR 60M) remain unchanged

Operational integration and restructuring activities progressing on many fronts

- First Industrial Equipment products with harmonized componentry rolled out (e.g. light rail systems, wire rope hoists)
- Solon factory closure in the US progressing: Springfield factory now supplying Demag wire rope hoist to US customers
- Shanghai factory on track for closure by end of Q3
- Closure of crane manufacturing plant in Banbury, UK announced
- New Demag DBR hoist launched to Asian markets
- Port Solutions re-organization in Germany being implemented
- Legal entity consolidation progressing: 20 entities already consolidated with the plan to reduce another 15-20 entities

In summary, the integration of MHPS progresses well and according to our plan, which gives us additional confidence that we will reach our planned EBIT level run-rate synergies of EUR 140M at the end of 2019

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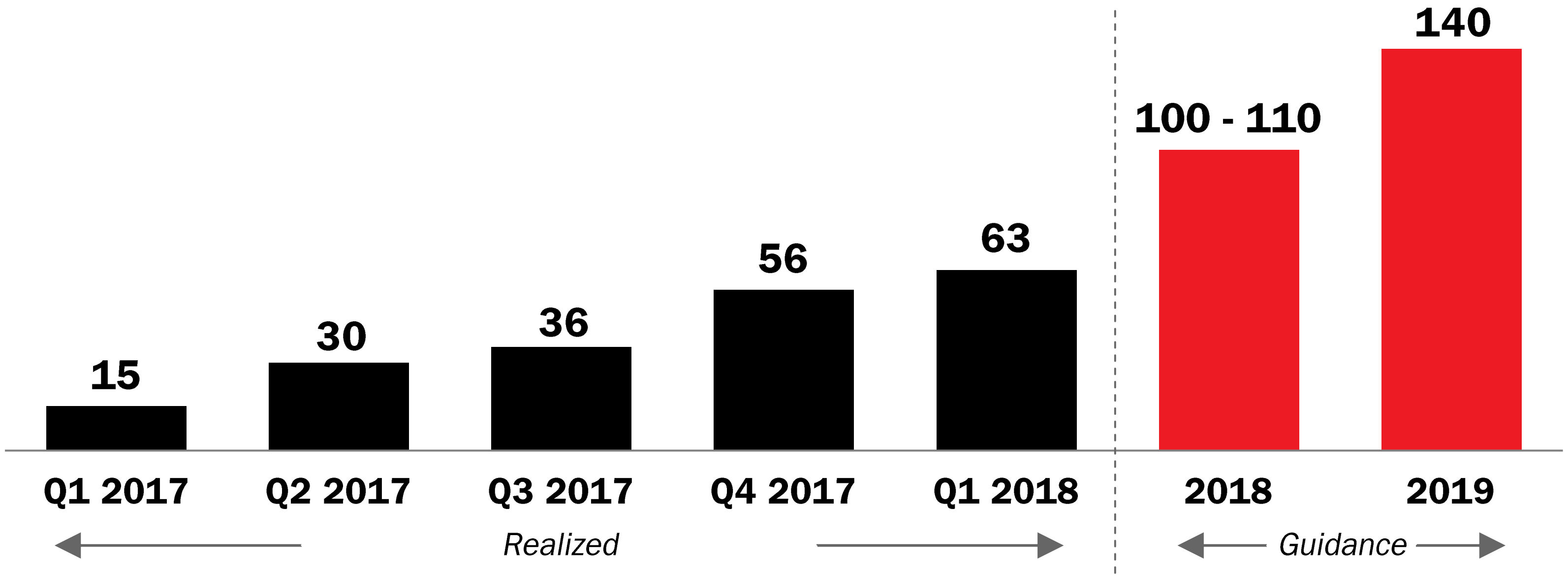
EUR 63M OF COST RUN-RATE SYNERGIES REALIZED, GUIDANCE KEPT INTACT

Estimated cost synergy at EBIT level, cumulative run-rate impact at end of year (MEUR)



	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	2018
*P&L impact (MEUR, **cumulative**)*	*1*	*4*	*11*	*20*	*34*	*60-70*

Restructuring costs & CapEx

EUR ~130 million of one-time restructuring cost and EUR ~60 million capex expected 2017-2019

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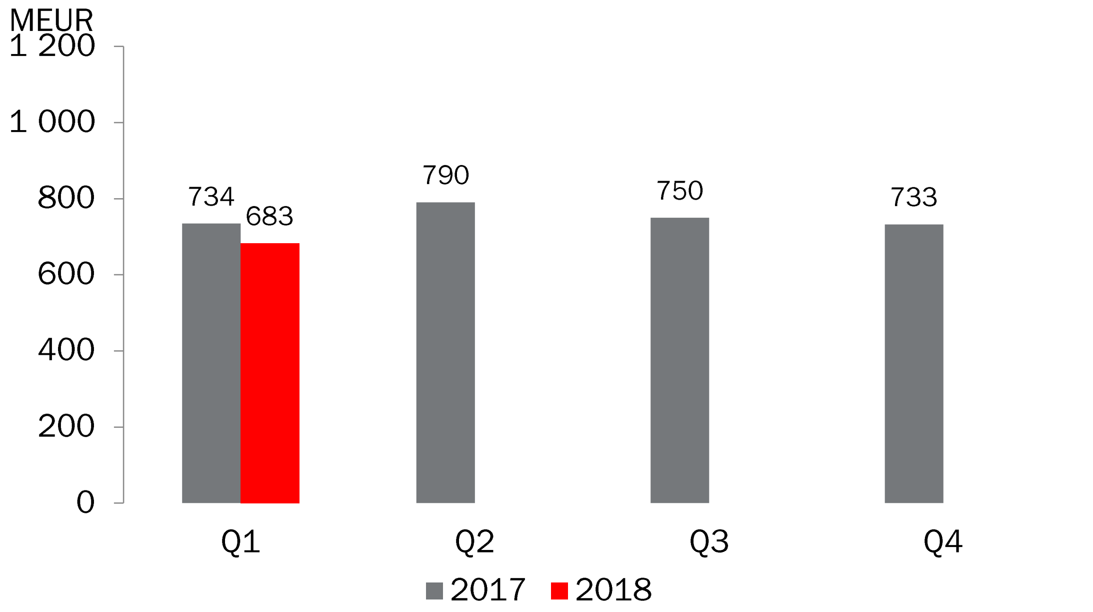
EUR 15M INVESTMENTS IN R&D AND IT TO ADVANCE KONECRANES' TECHNOLOGICAL LEADERSHIP

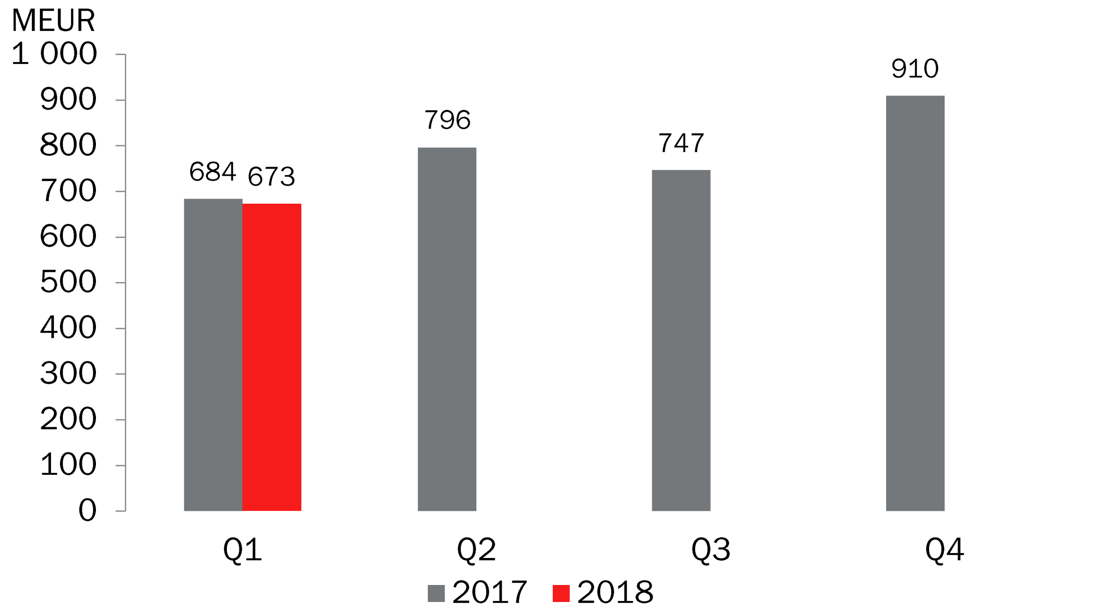
- **R&D:**
  - Investments in AI, e.g. to predict service agreement renewal
  - Work Zone, a suite of location-based services for Lift Trucks, utilizing GPS based geofencing
- **IT:**
  - New PLM tool
  - New HR system
  - Updated eCommerce platform
  - Investments towards GDPR compliance

INVESTMENTS TO IMPROVE EFFICIENCY AND SECURE OUR LONG-TERM SUCCESS

Q1/18 GROUP ORDER INTAKE AND SALES



- Order intake decreased 7.0% to EUR 683.1 million (734.5), (-2.6% on a comparable currency basis)
- FX had approximately EUR 33 million negative impact on order intake in Q1
- Order decrease mainly related to Business Area Port Solutions, largely due to the timing of projects.
- In Service, order intake increased 4.5% on a comparable currency basis
- Orders received decreased in Americas and EMEA, but increased in APAC



- Group sales decreased 1.7% to EUR 672.8 million (684.1), (+3.9% on a comparable currency basis)
- FX had approximately EUR 36 million negative impact on sales in Q1
- Sales increase on a comparable currency basis mainly related to Business Area Port Solutions

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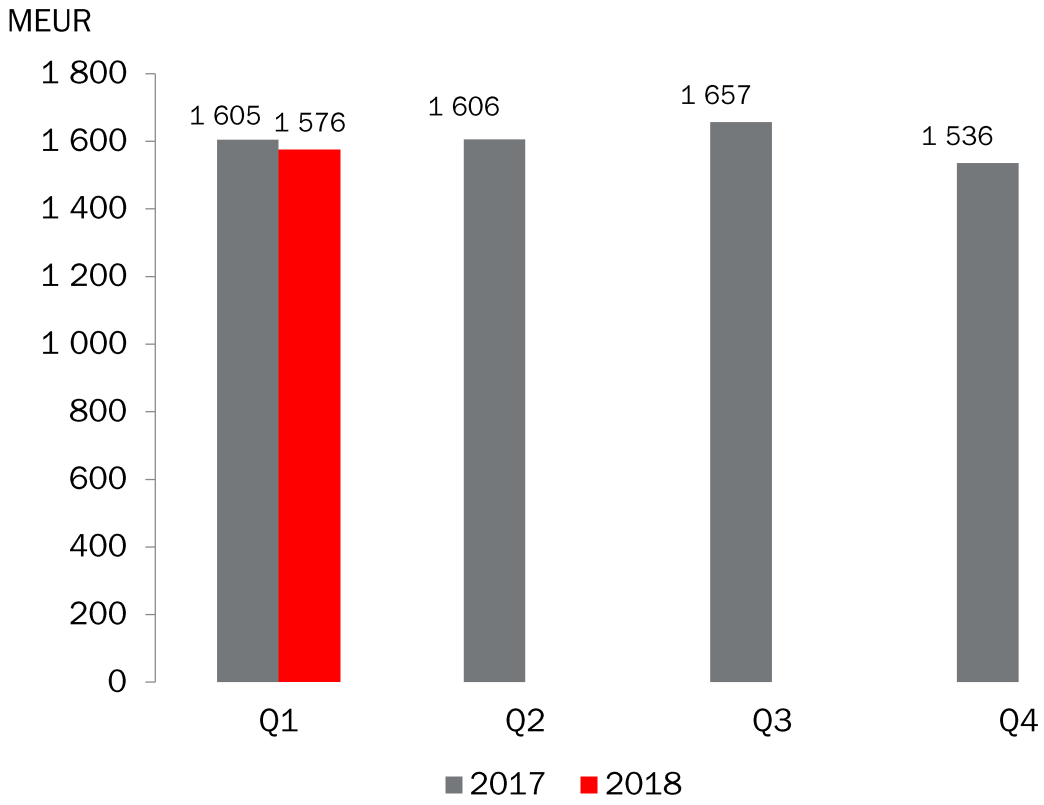
Q1/18 GROUP ORDER BOOK

- The value of the order book decreased 1.8% to EUR 1,575.8 million (1,604.5), (+2.7% on a comparable currency basis)
- FX had approximately EUR 70 million negative impact on the value of the order book in Q1
- Order book increased in Business Area Port Solutions, but decreased in Business Area Service and Business Area Industrial equipment
- The decrease in Service was primarily due to an adverse impact from foreign exchange fluctuations



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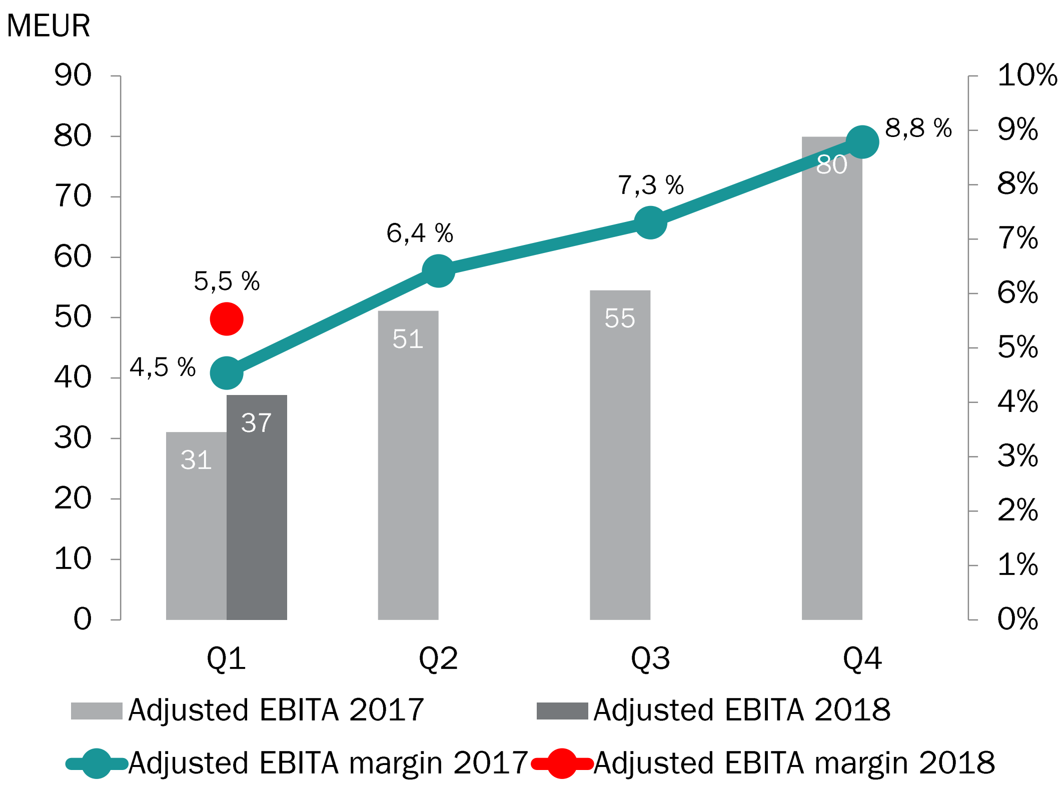
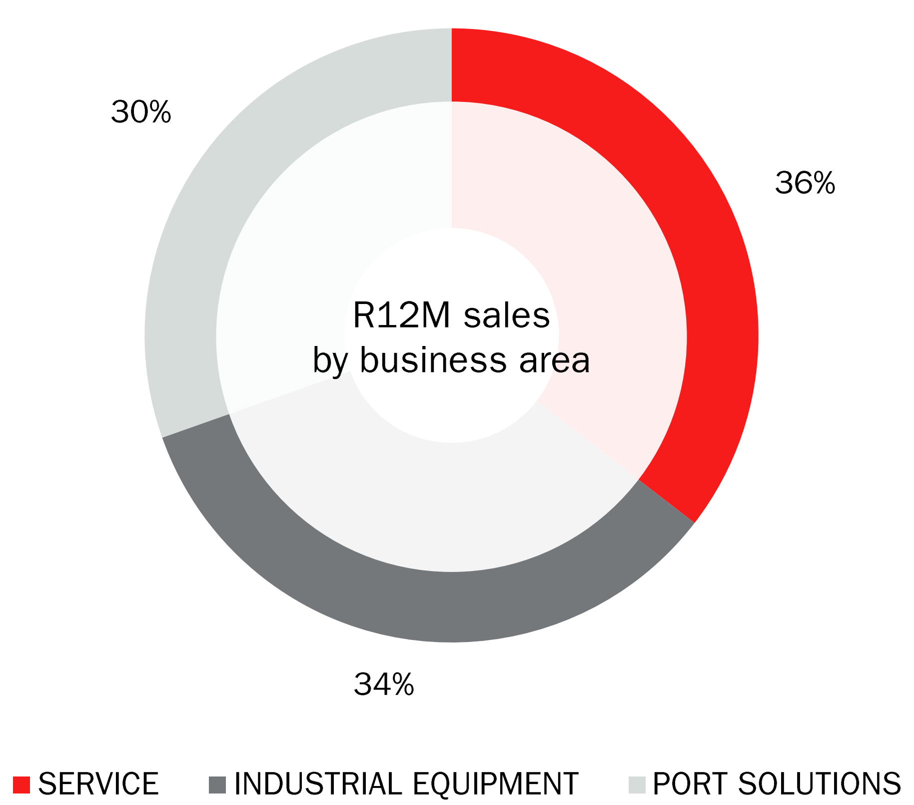
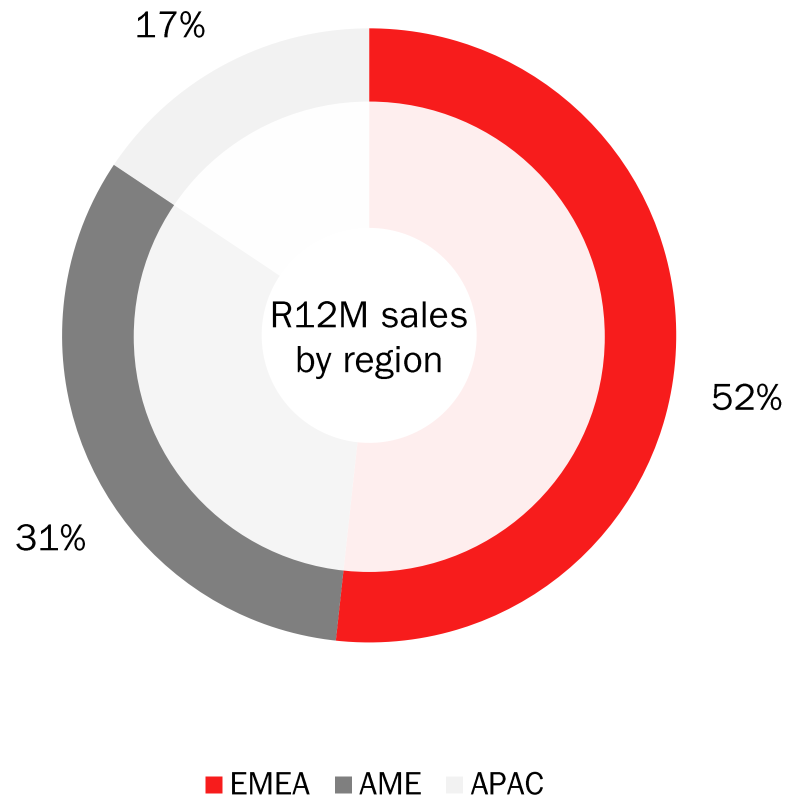
Q1/18 GROUP ADJUSTED EBITA

- Group adjusted EBITA increased to EUR 37.2 million (31.1), 5.5% of sales (4.5)
- The improvement was mainly attributable to synergy cost saving measures implemented in 2017
- Fixed costs were lower on a year-on-year basis in Business Area Industrial Equipment and Business Area Port Solutions
- Gross margin improved on a year-on-year basis in Business Area Service and Business Area Industrial Equipment



GROUP SALES BY BUSINESS AREA AND REGION





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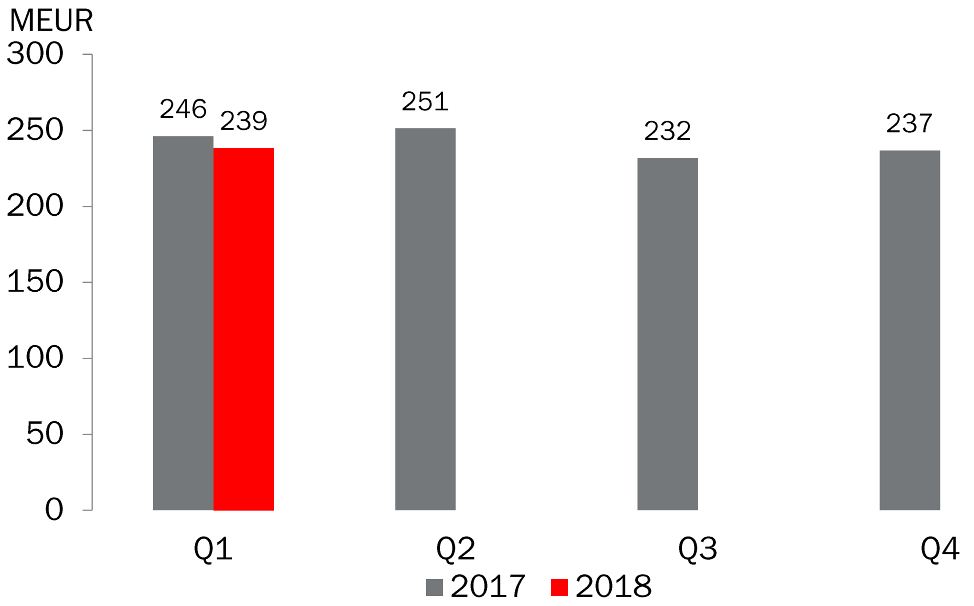
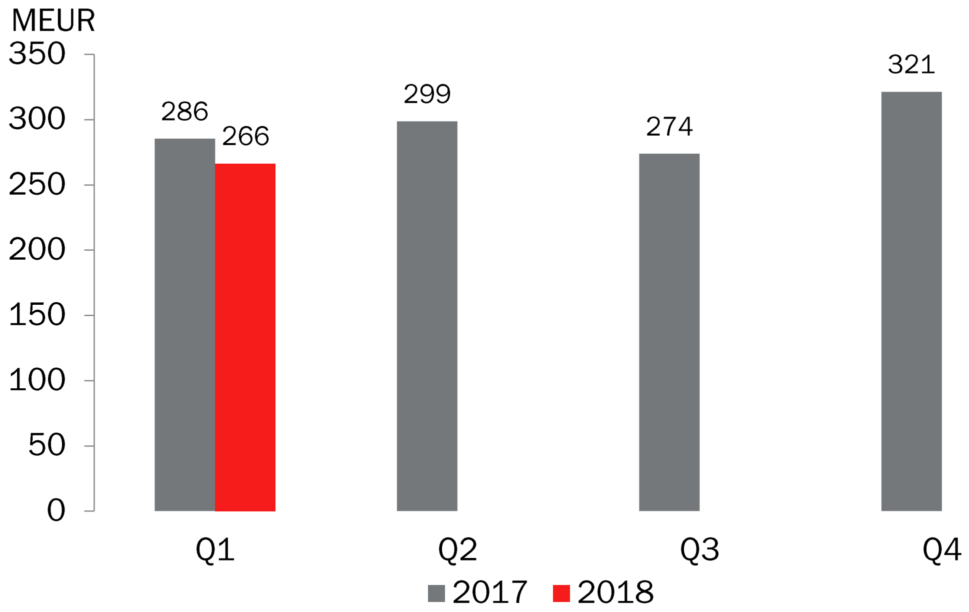
SERVICE

Q1/18 SERVICE ORDER INTAKE AND SALES





- Orders received decreased 3.2% to EUR 238.5 million (246.3)
- On a comparable currency basis, orders received increased 4.5%, largely due to an increase in modernizations

- Sales decreased 6.7% to EUR 266.4 million (285.5), primarily due to an adverse FX impact
- On a comparable currency basis, sales increased 0.7%
- Reported sales fell in the Americas and the EMEA, but increased in the APAC

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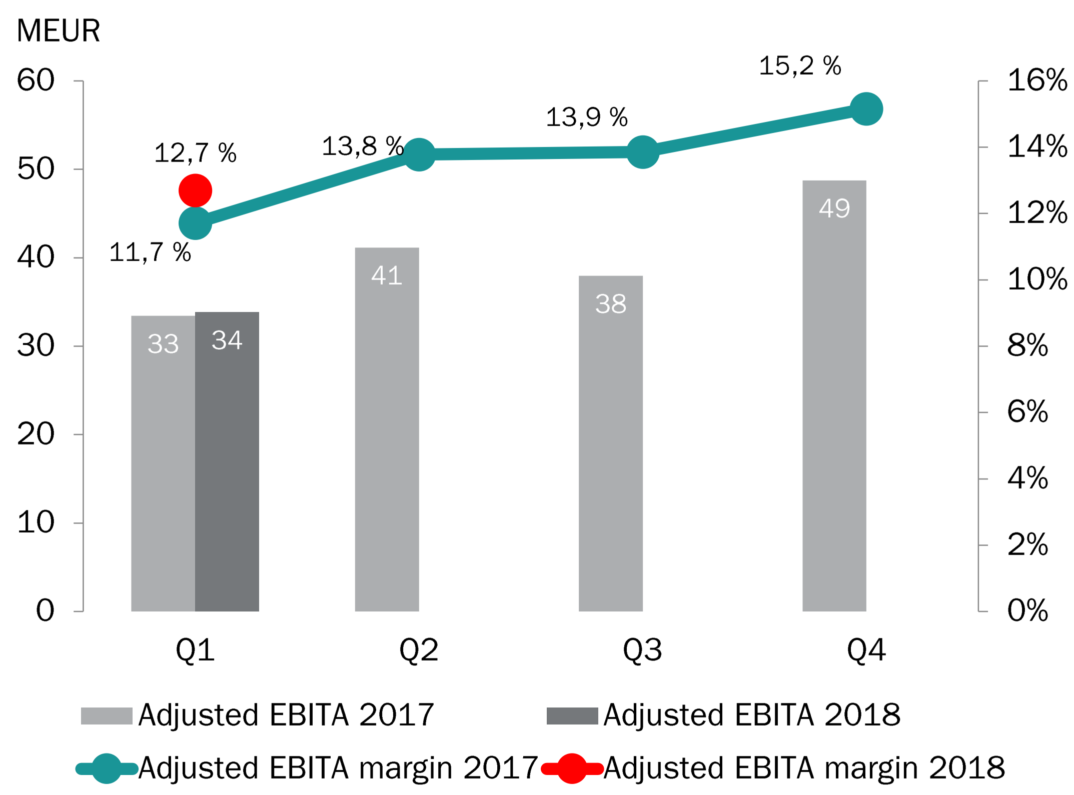
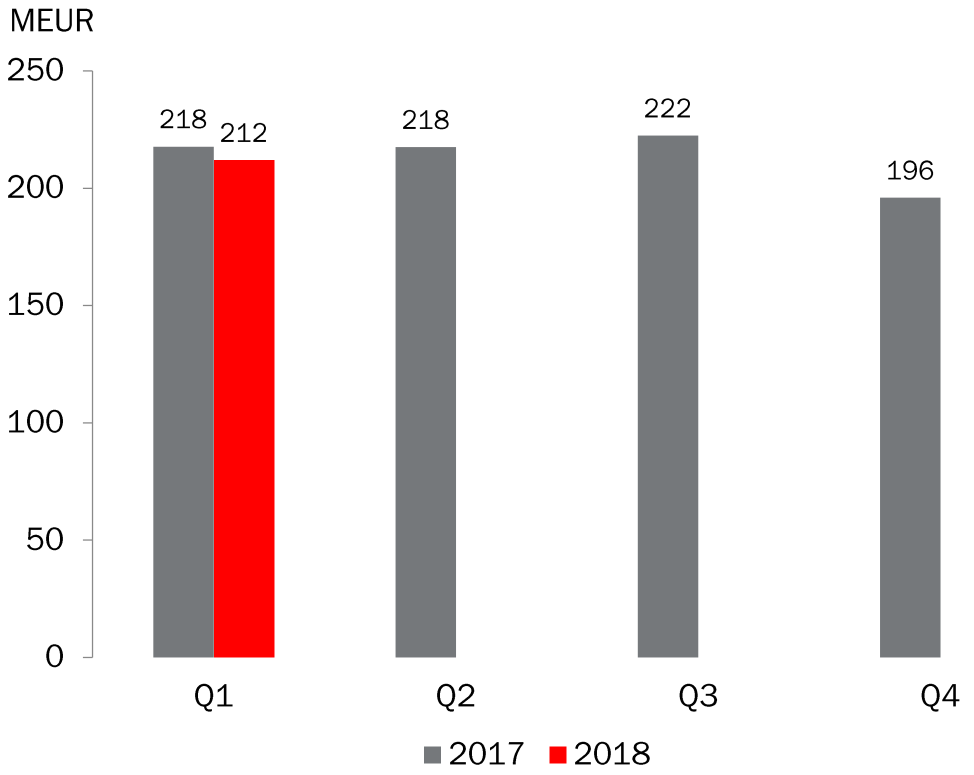
Q1/18 SERVICE ADJUSTED EBITA

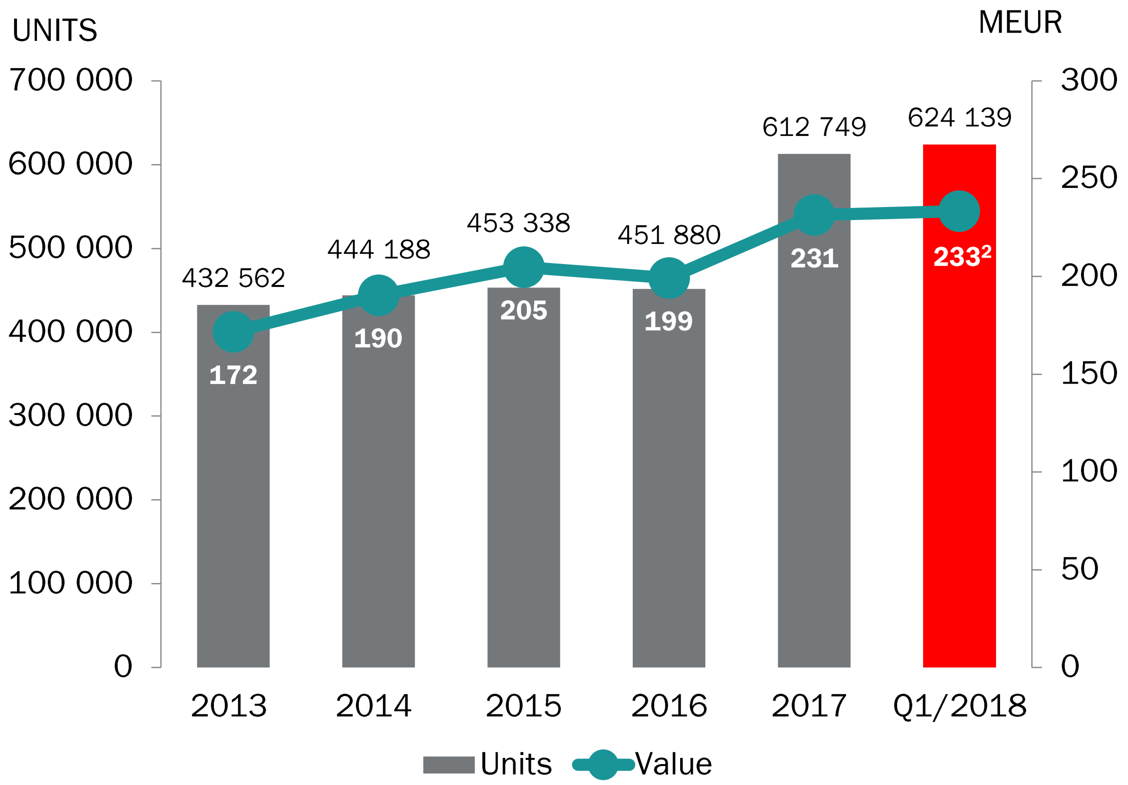
- The adjusted EBITA was EUR 33.8 million (33.4) and the adjusted EBITA margin 12.7% (11.7)
- Gross margin improved on a year-on-year basis
- The improvement was mainly attributable to the cost-saving measures implemented in 2017, along with improved productivity and a more favorable sales mix



Q1/18 SERVICE ORDER BOOK AND AGREEMENT BASE



Agreement base[1]



[1]2013-16 agreement base on Konecranes stand-alone basis
[2]On a comparable currency basis, the value of the agreement base grew EUR 5.2m in Q1 2018

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INDUSTRIAL EQUIPMENT

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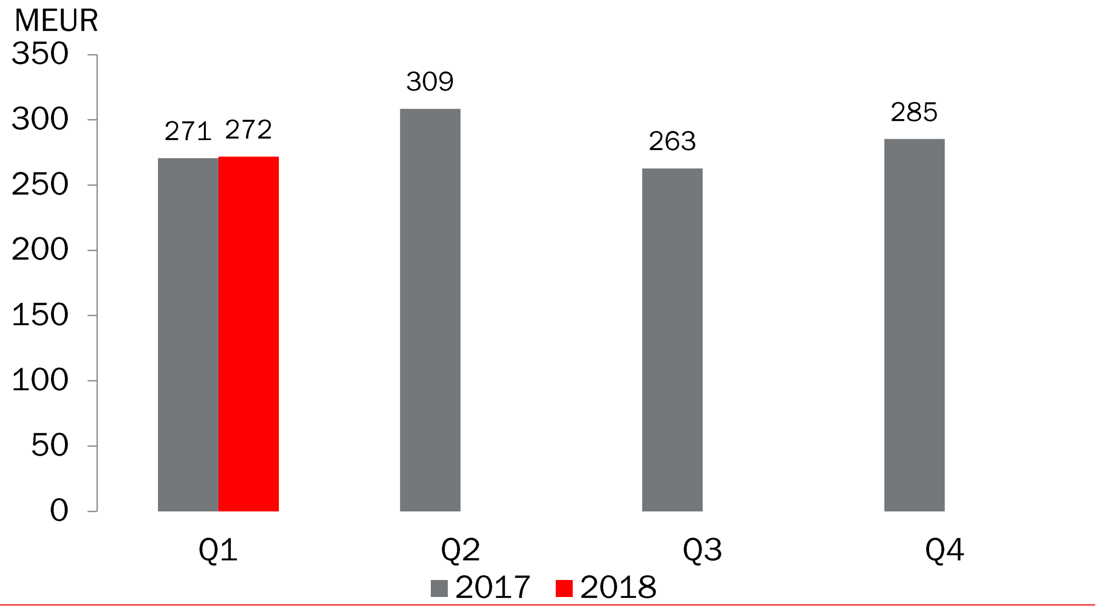
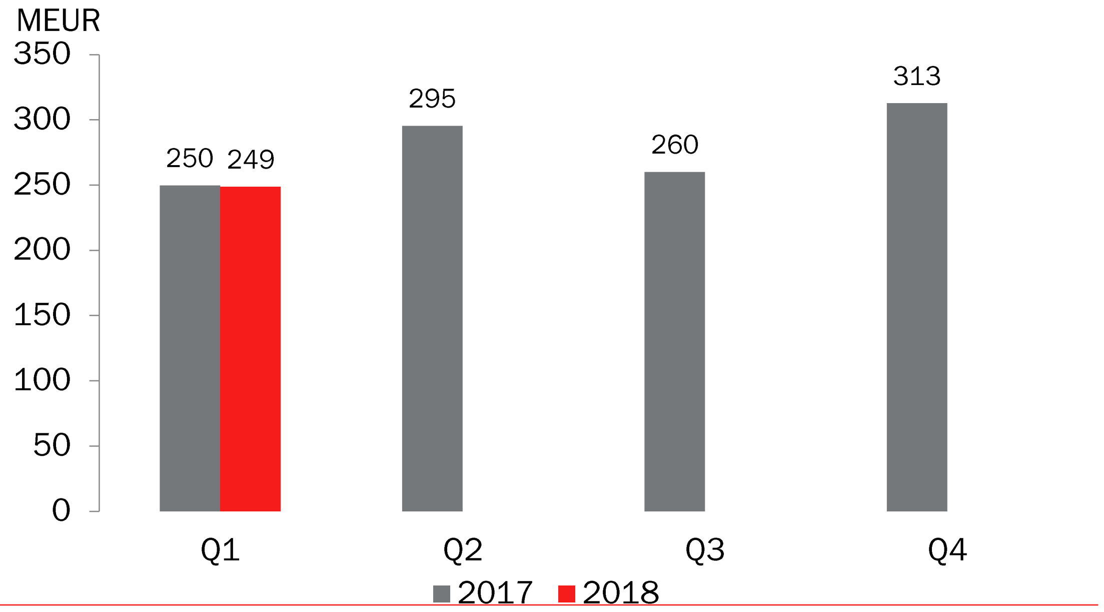
Q1/18 INDUSTRIAL EQUIPMENT ORDER INTAKE AND SALES

Harmonization of reporting practices had a positive Y/Y impact of EUR 13.8 million on order intake and EUR 10.9 million on internal sales



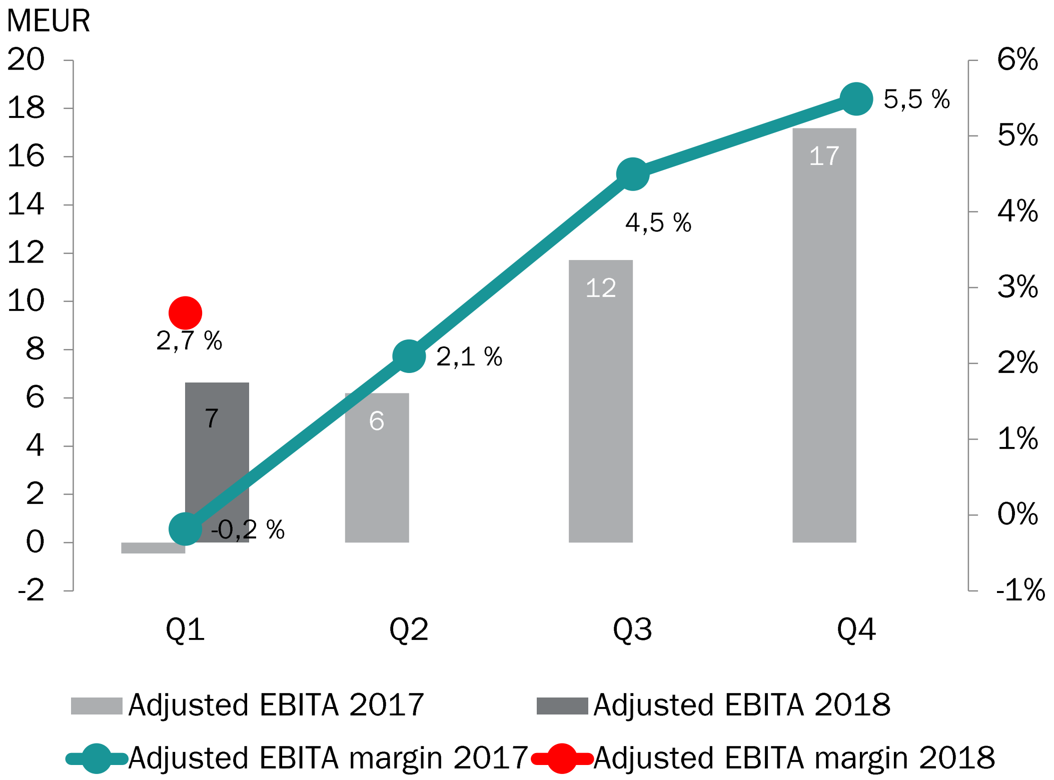


- Orders received totaled EUR 271.6 million (270.7), corresponding to an increase of 0.3%. On a comparable currency basis, orders received increased 5.1%.
- While external orders fell year-on-year, following a strong order intake in the year-ago period, sequentially component orders increased.

- Sales fell 0.4% to EUR 248.6 million (249.7). On a comparable currency basis, sales increased 4.9%.

Q1/18 INDUSTRIAL EQUIPMENT ADJUSTED EBITA

- The adjusted EBITA was EUR 6.6 million (-0.5) and the adjusted EBITA margin 2.7% (-0.2)
- Gross margin improved and fixed costs were lower on a year-on-year basis
- The improvement in the adjusted EBITA margin was mainly attributable to the cost-saving measures implemented in 2017



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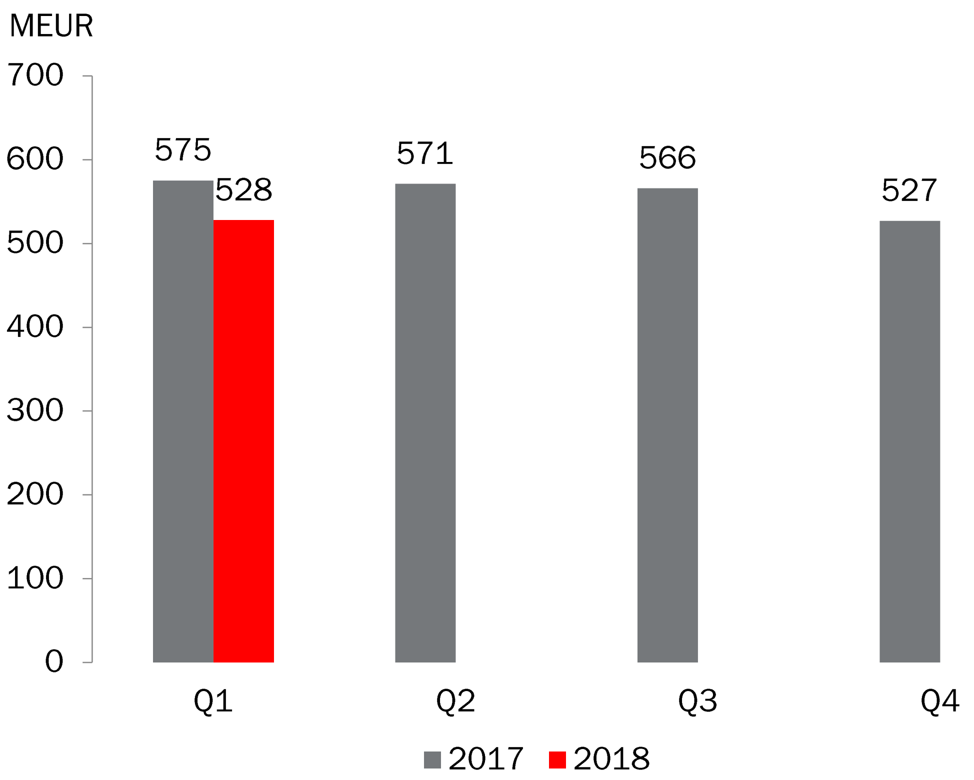
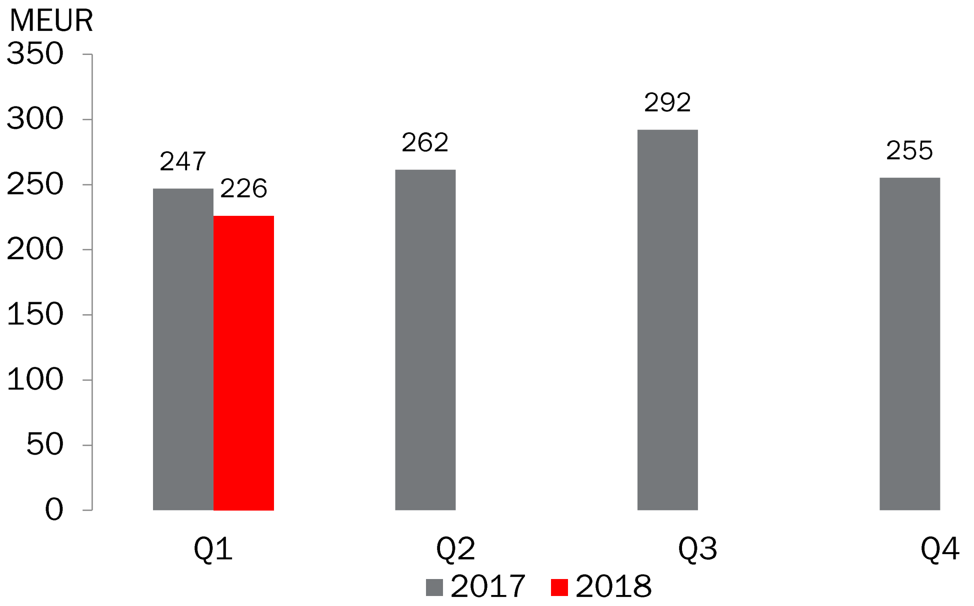
Q1/18 INDUSTRIAL EQUIPMENT ORDER BOOK



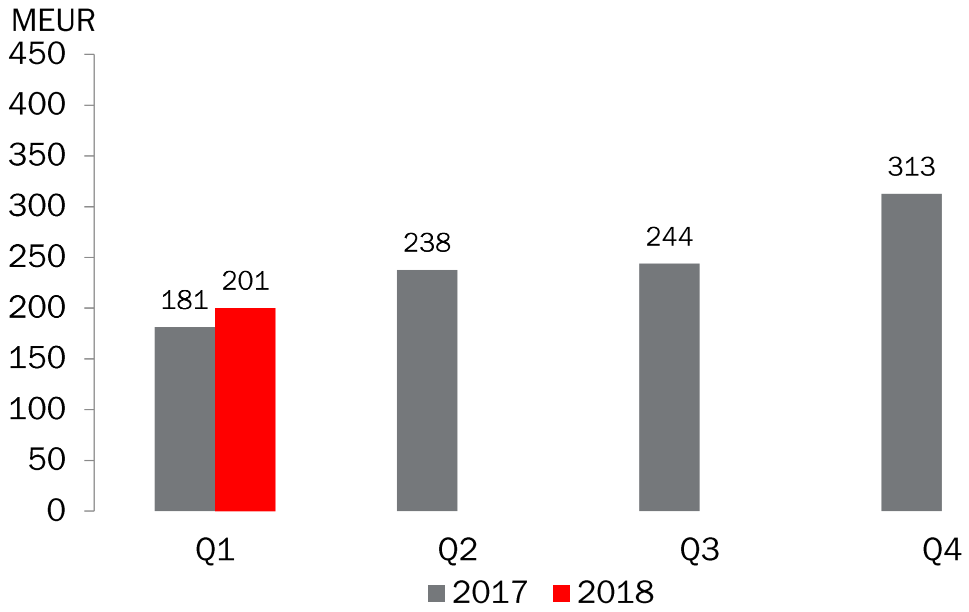
- The order book decreased 8.3% year-on-year to EUR 527.6 million (575.2)
- On a comparable currency basis, the order book decreased 1.3%

PORT SOLUTIONS

Q1/18 PORT SOLUTIONS ORDER INTAKE AND SALES



- Orders received totaled EUR 226.2 million (247.1), corresponding to a decrease of 8.5%. On a comparable currency basis, orders received decreased 6.9%.
- Orders fell in the EMEA and the Americas, but increased in the APAC
- Orders for Ports Solutions service increased across all regions



- Sales increased 10.6% to EUR 200.6 million (181.4). On a comparable currency basis, sales increased 13.1%.

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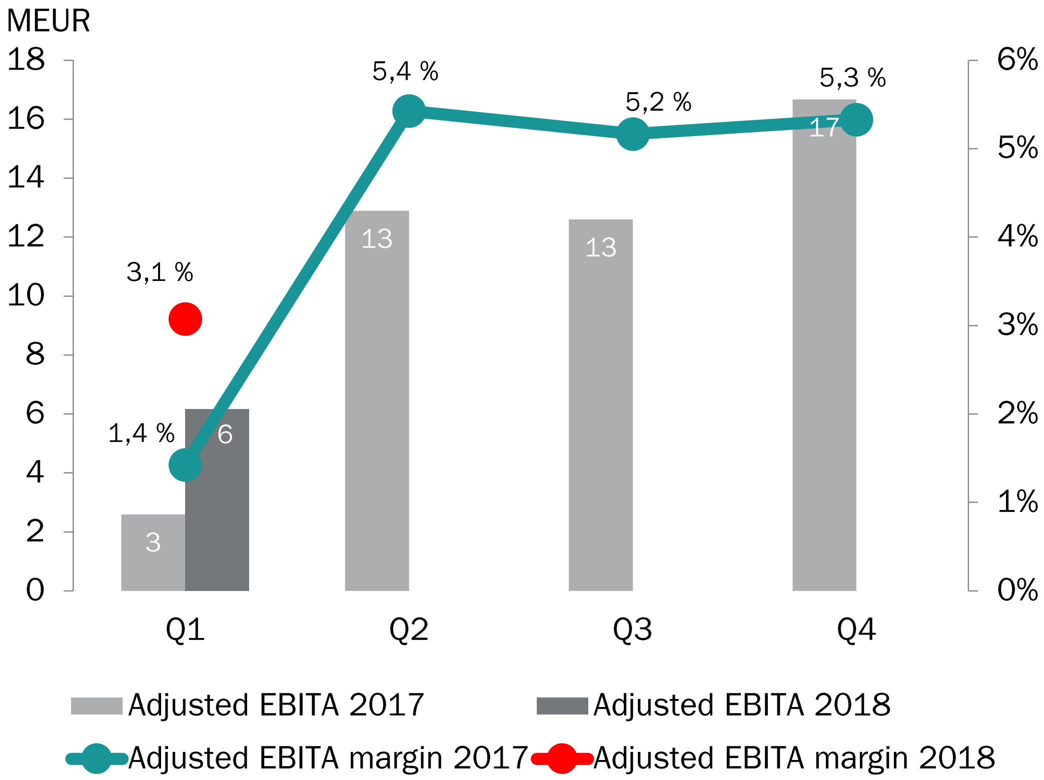
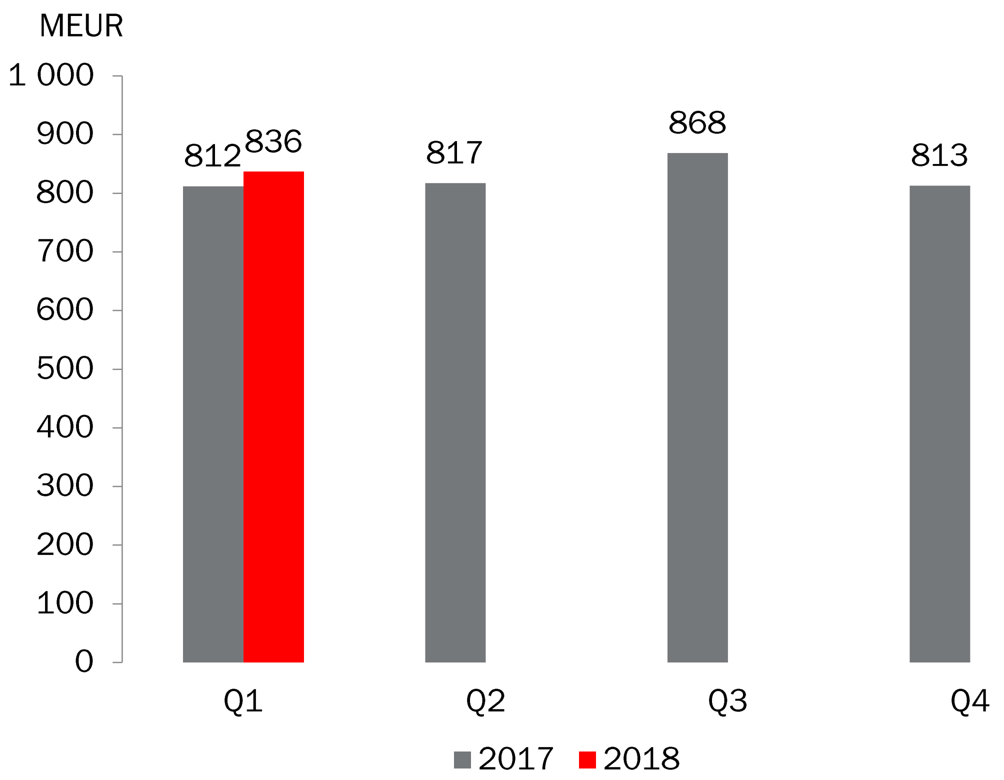
Q1/18 PORT SOLUTIONS ADJUSTED EBITA

- The adjusted EBITA was EUR 6.2 million (2.6) and the adjusted EBITA margin 3.1% (1.4)
- Fixed costs were lower on a year-on-year basis
- The improvement in the adjusted EBITA margin was mainly attributable to sales growth, along with the cost-saving measures implemented in 2017



Q1/18 PORT SOLUTIONS ORDER BOOK



- The order book increased 3.0% year-on-year to EUR 836.2 million (811.6)
- On a comparable currency basis, the order book increased 4.6%

CASH FLOW AND BALANCE SHEET

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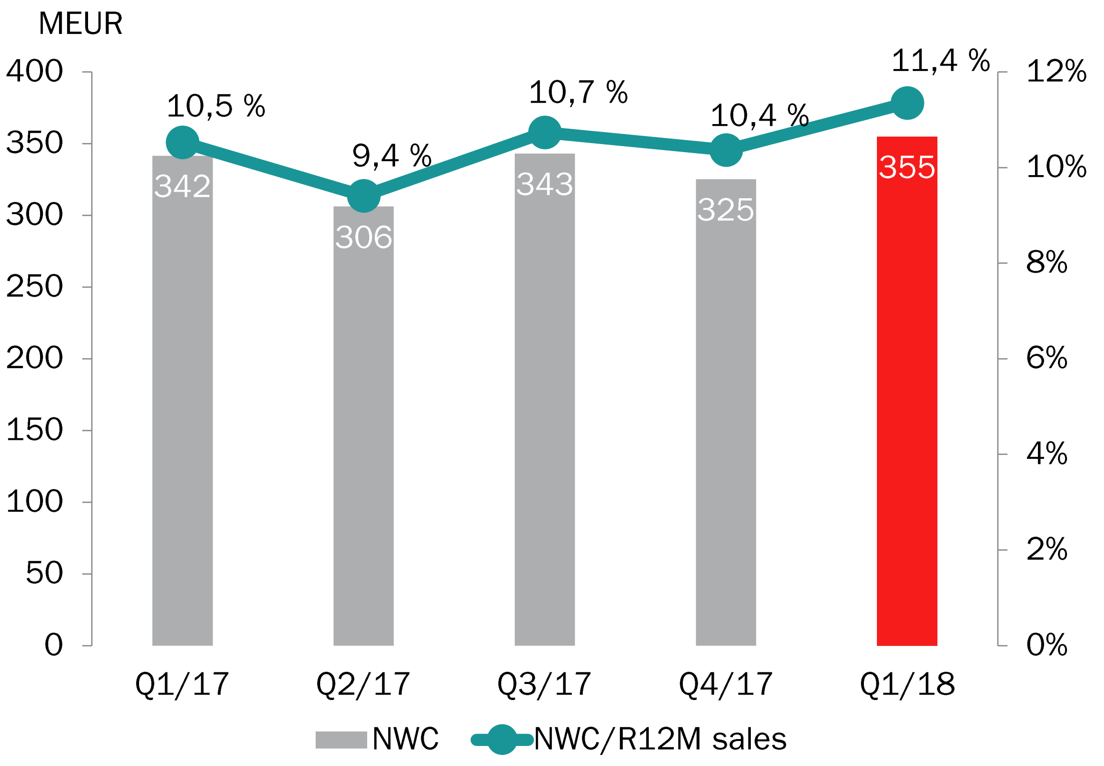
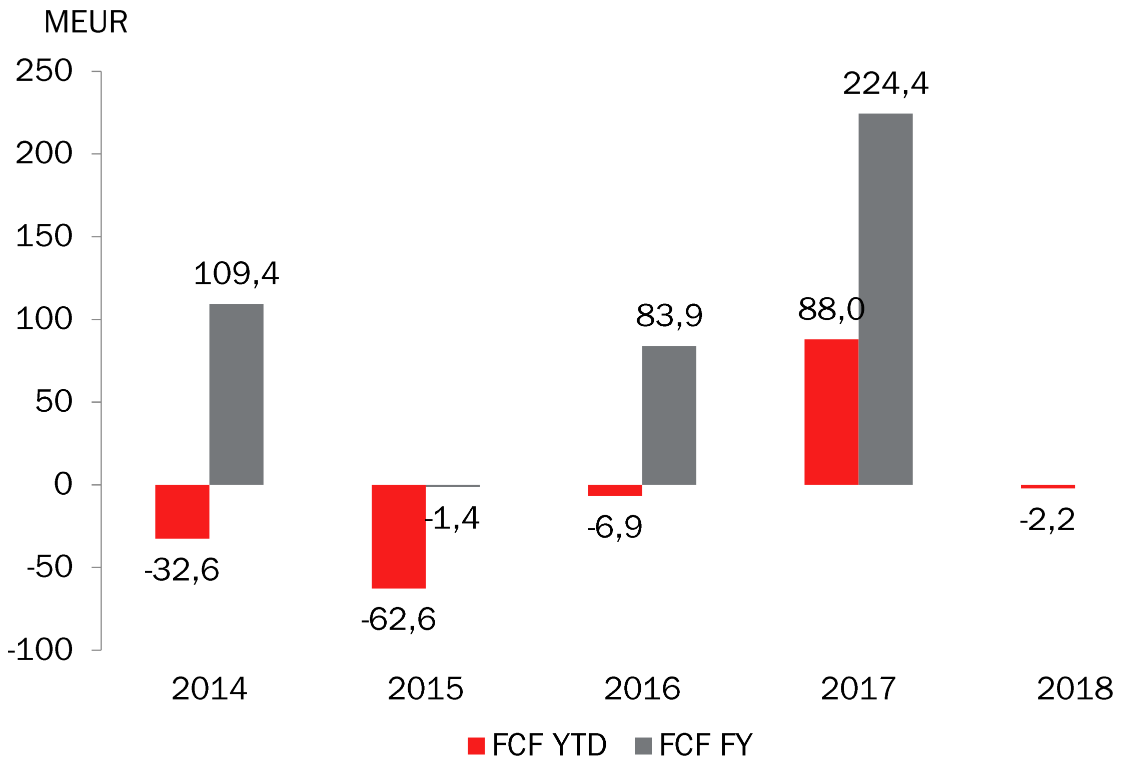
NET WORKING CAPITAL AND FREE CASH FLOW

Net working capital*



Free cash flow



*Q1/18 excl. dividend liability of EUR 95 million, Q1/17 excl. dividend liability of EUR 82 million

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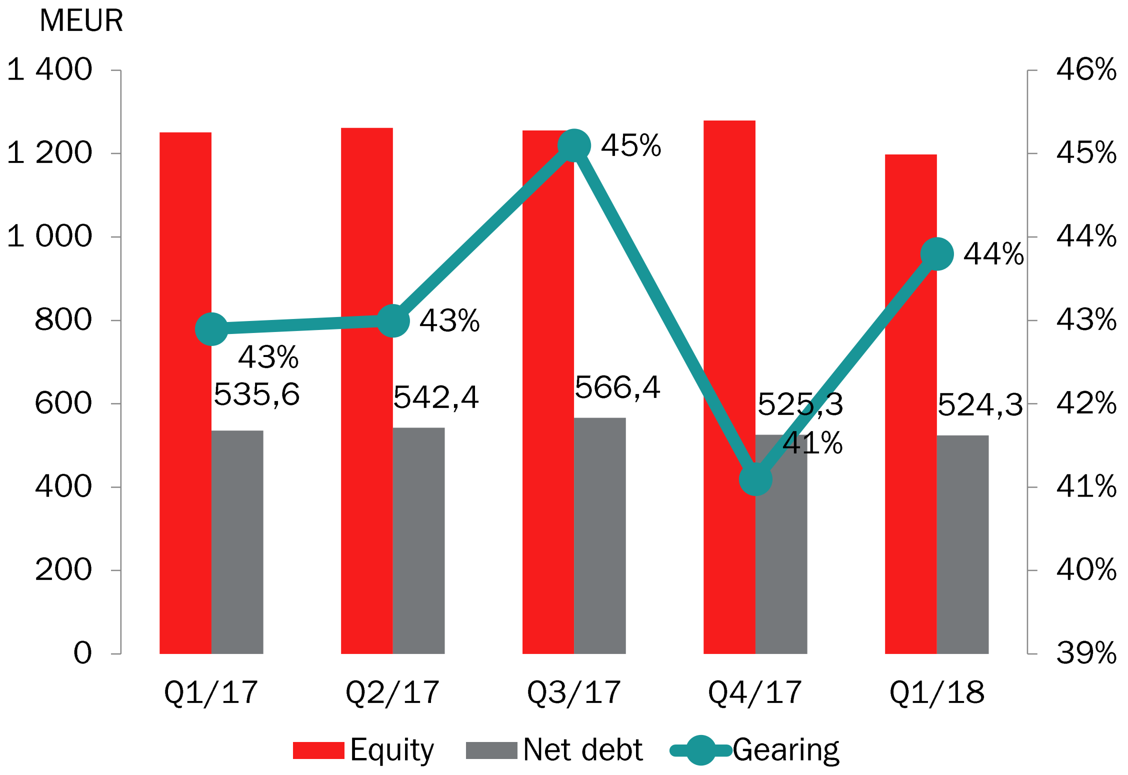
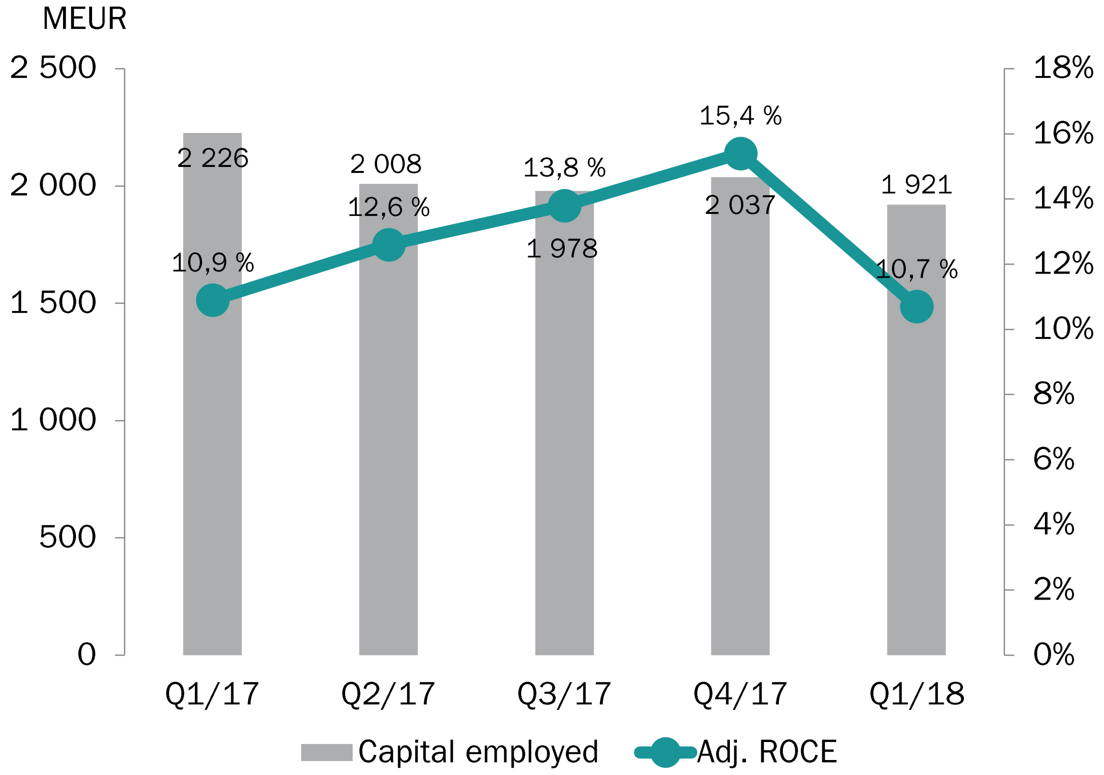
GEARING AND RETURN ON CAPITAL EMPLOYED

Equity, net debt and gearing



Capital employed and return on capital employed



APPENDIX

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STATEMENT OF INCOME

EUR million	1-3/2018	1-3/2017	Change %
Sales	**672.8**	**684.1**	**-1.7**
Other operating income	1.2	220.4	
Materials, supplies and subcontracting	-262.4	-273.2	
Personnel cost	-247.7	-254.2	
Depreciation and impairments	-27.4	-28.3	
Other operating expenses	-112.7	-122.5	
Operating profit	**23.8**	**226.4**	**-89.5**
Share of associates' and joint ventures' result	-0.7	-0.6	
Financial income	3.0	19.4	
Financial expenses	-14.6	-23.0	
Profit before taxes	**11.5**	**222.2**	**-94.8**
Taxes	-3.2	-28.8	
PROFIT FOR THE PERIOD	**8.3**	**193.3**	**-95.7**

BALANCE SHEET

EUR million	31.3.2018	31.3.2017
Non-current assets		
Goodwill	902.5	925.9
Intangible assets	620.0	658.8
Property, plant and equipment	260.5	294.4
Other	207.0	212.3
Current assets		
Inventories	618.1	631.5
Receivables and other current assets	681.6	741.6
Cash and cash equivalents	198.3	423.6
Total Current assets	1,498.1	1,796.6
Total Assets	**3,488.2**	**3,888.3**

EUR million	31.3.2018	31.3.2017
Total Equity	1,198.0	1,250.0
Liabilities		
Non-current liabilities	1,039.6	1,276.8
Provisions	115.1	97.5
Advance payments received	333.6	364.0
Other current liabilities	801.8	899.9
Total Liabilities	2,290.2	2,638.3
Total Equity and Liabilities	**3,488.2**	**3,888.3**

CASH FLOW STATEMENT

EUR million	1-3/2018	1-3/2017
Operating income before change in net working capital	54.4	41.4
Change in net working capital	-21.0	79.9
Cash flow from operations before financing items and taxes	33.3	121.3
Financing items and taxes	-29.9	-27.7
Net cash from operating activities	**3.4**	**93.6**
Net cash used in investing activities	-4.6	-505.2
Cash flow before financing activities	**-1.1**	**-411.6**
Net cash used in financing activities	-32.6	639.5
Change of cash and cash equivalents	-34.8	229.4

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KEY FIGURES

EUR million	1-3/2018	1-3/2017	Change %
Earnings per share, basic (EUR)	0.11	2.51	-95.7
Earnings per share, diluted (EUR)	0.11	2.51	-95.7
Return on capital employed, %, Rolling 12 Months (R12M)	5.4	22.5	-76.0
Return on equity, %, Rolling 12 Months (R12M)	3.2	30.3	-89.4
Equity per share (EUR)	14.92	15.65	-4.7
Net debt / Adjusted EBITDA, Rolling 12 Months (R12M)	1.8	2.5	-28.0
Equity to asset ratio, %	38.0	35.5	7.0
Investments total (excl. acquisitions), EUR million	8.6	12.1	-28.7
Average number of personnel during the period	15,519	13, 924	11.5
Average number of shares outstanding, basic	78,774,958	77,278,217	1.9
Average number of shares outstanding, diluted	78,774,958	77,278,217	1.9
Number of shares outstanding	78,823,503	78,421,906	0.5

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