

Q2 2014 INTERIM REPORT

July 23, 2014

Pekka Lundmark, President and CEO

Teo Ottola, CFO



HIGHLIGHTS OF Q2/14

- **Positives**

- Equipment order intake grew Y/Y and sequentially
- Operating profit improved
- Strong cash flow

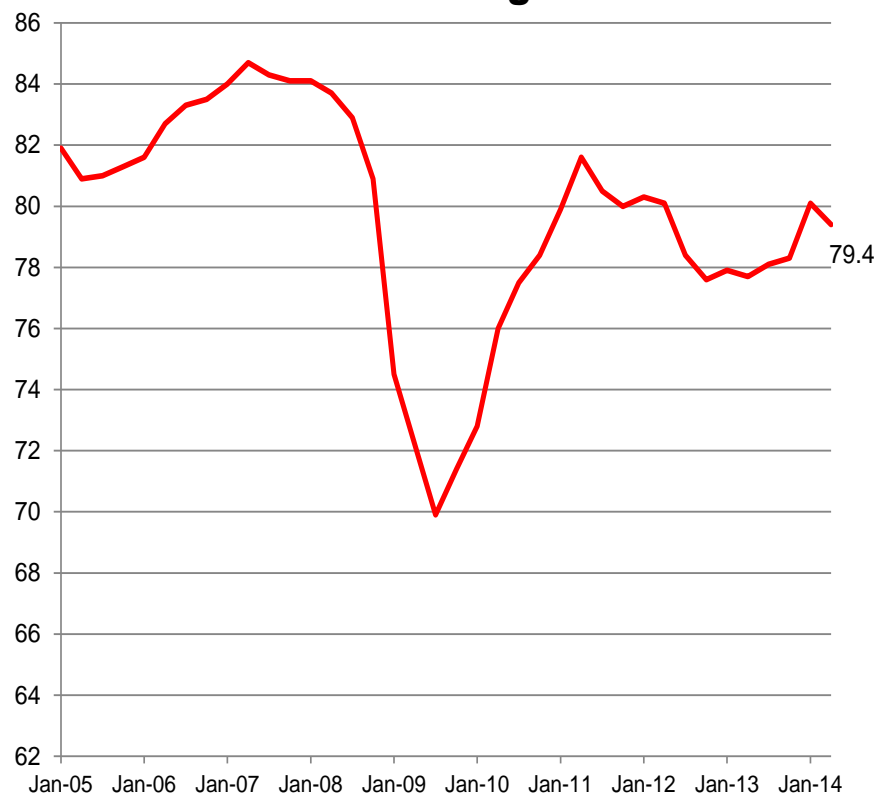
- **Negatives**

- Sales and operating profit still too low
- Market conditions continued soft in emerging markets
- Service growth unsatisfactory, FX headwinds

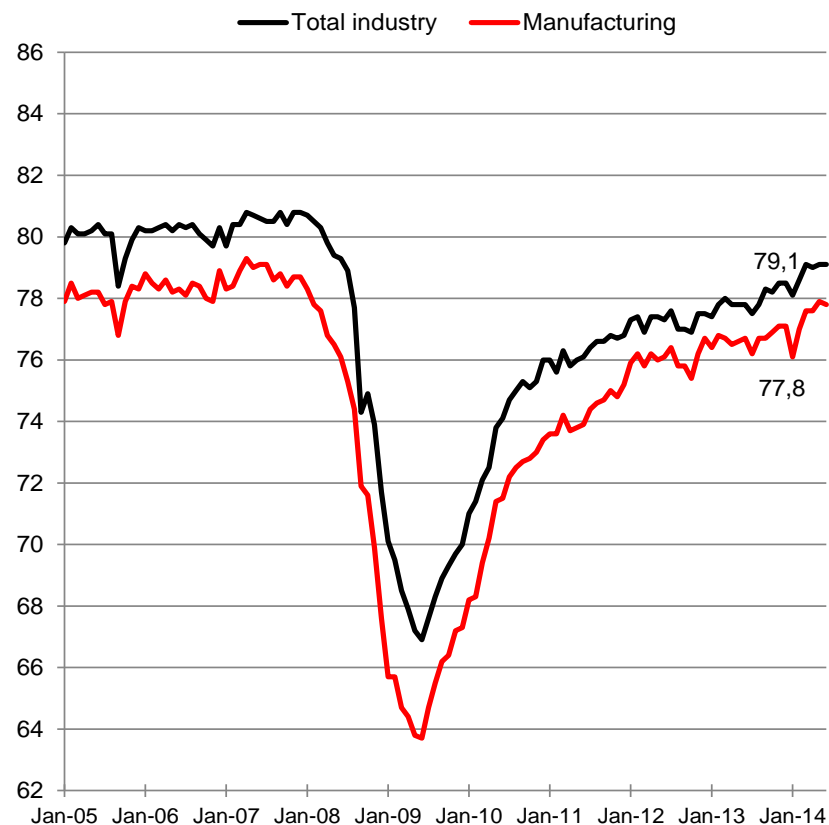
Q2 ORDERS RECEIVED Y/Y	EMEA	AME	APAC
SERVICE			
EQUIPMENT			

CAPACITY UTILIZATION: EU27 AND USA

Capacity utilisation of manufacturing in EU



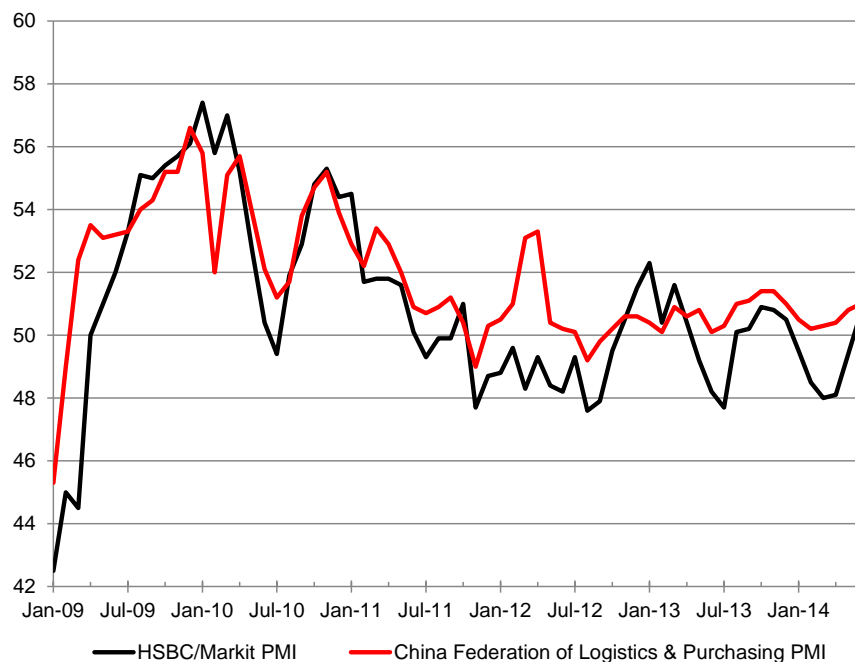
Capacity utilisation in the USA



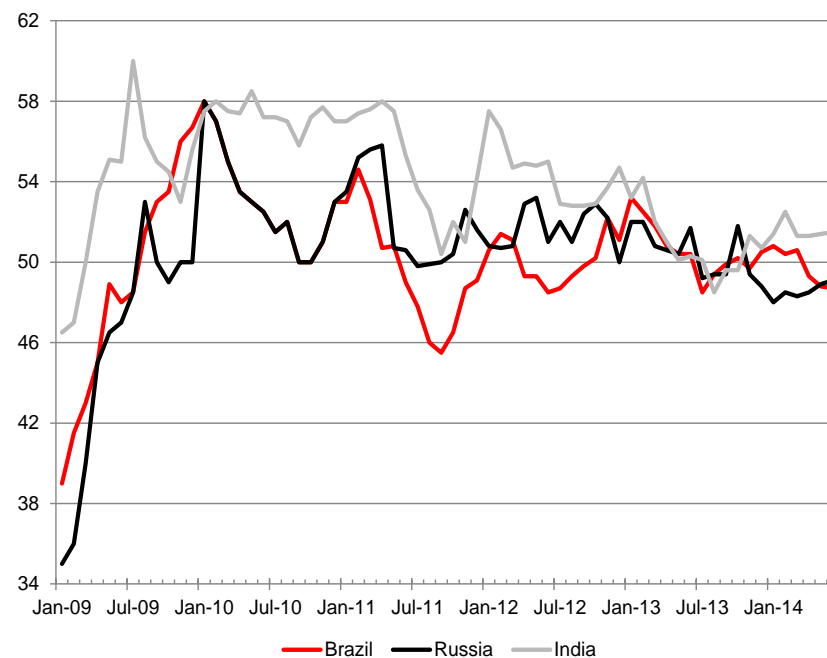
SOURCES: Eurostat (latest data point Q2/14), Federal Reserve Bank of St. Louis (June 2014)

PMI'S IN THE BRIC COUNTRIES

Chinese manufacturing PMI

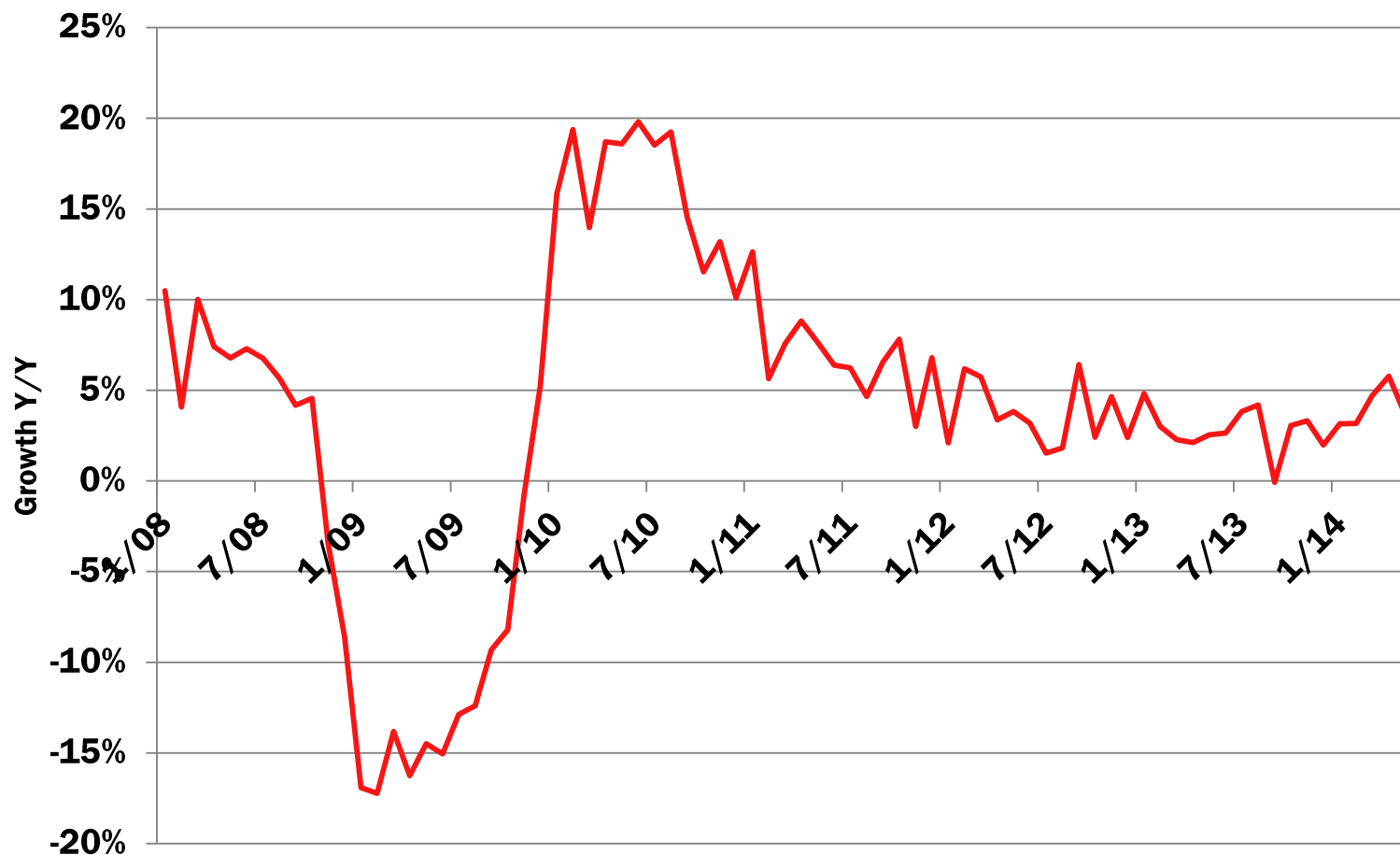


Brazil, Russia, India - PMI



SOURCES: HSBC/Markit (latest data point June 2014)

CONTAINER THROUGHPUT



MARKET OUTLOOK AND FINANCIAL GUIDANCE AS OF JULY 23, 2014

Market outlook

- The growth in industrial production and container throughput has improved to some extent.
- The purchasing managers' indexes are giving a reason for the cautious optimism in developed countries.
- However, the near-term market outlook in emerging markets still remains uncertain.
- Continued contract base growth bodes well for the future of the service business.
- The quarterly Equipment order intake may fluctuate due to the timing of large port crane projects.

Financial guidance

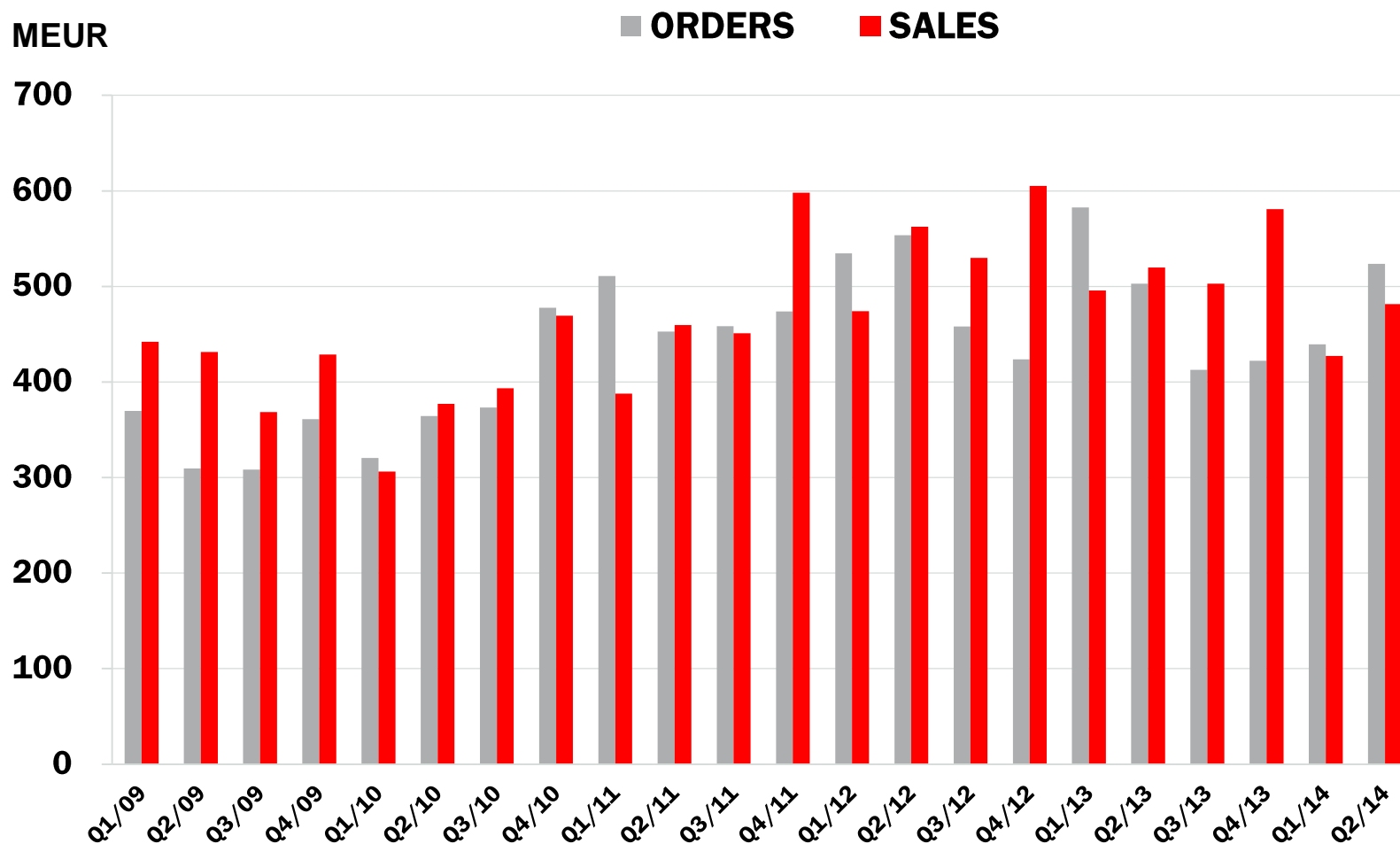
- Sales in 2014 are expected to be approximately at the same level as in 2013.
- We expect the 2014 operating profit, excluding restructuring costs, to be approximately at the same level or to improve slightly from 2013.

CHANGES IN PERSONNEL

- Group headcount at year-end 2012 12,147 persons
- Personnel change due to restructuring programs ~ -600 persons
- Insourcing certain duties (cost neutral or positive impact) ~ +200 persons
- New recruitment mainly in Middle East, Africa and the Americas ~ +150 persons
- Group headcount at end-Q2/14 11,895 persons

GROUP ORDERS AND NET SALES

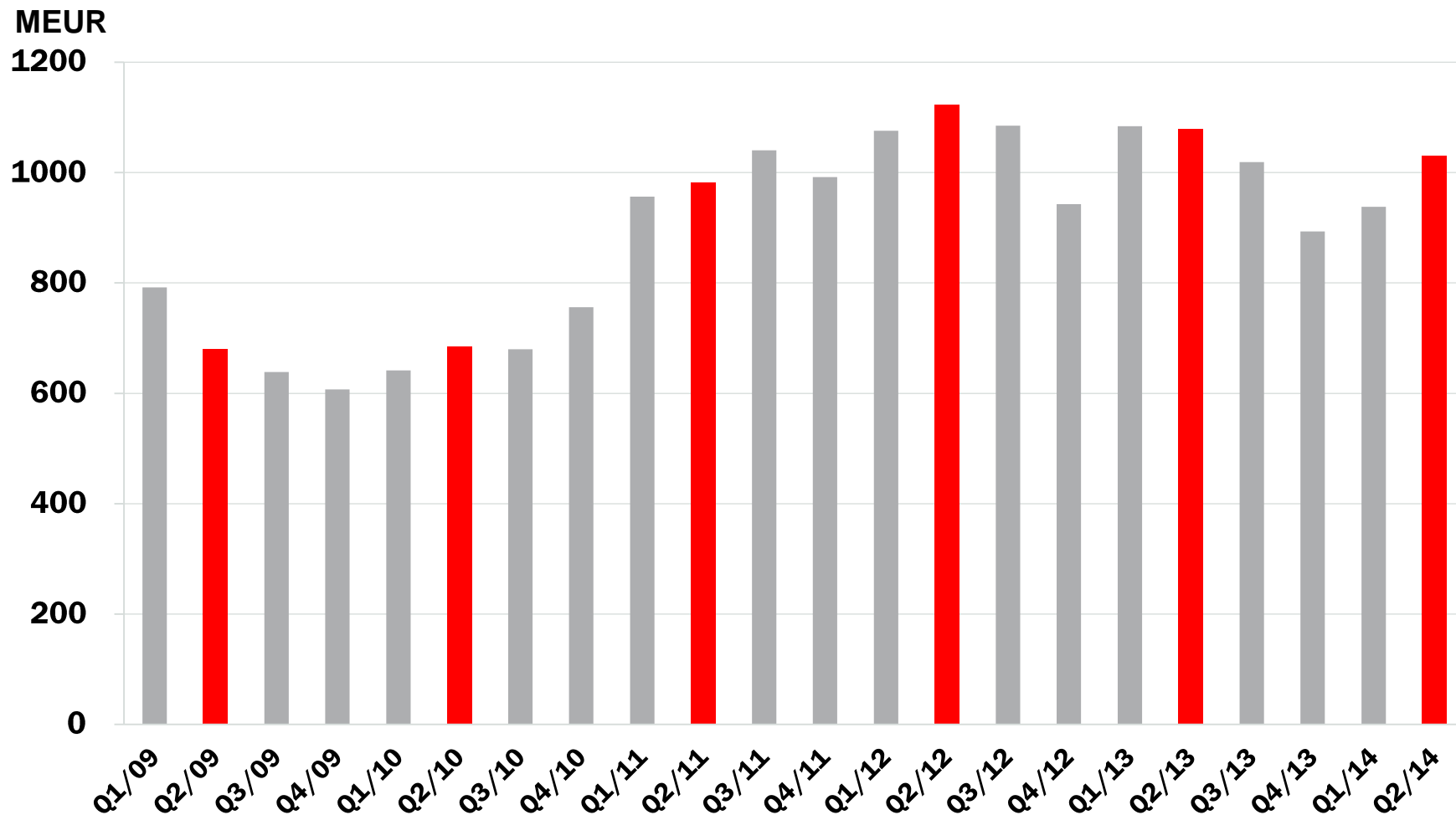
Q2 Orders: 523.5 (503.0) MEUR, +4.1%* | Net sales: 481.6 (519.9) MEUR, -7.4%**



*+7.8% at comparable currencies, **-4.1% at comparable currencies

GROUP ORDER BOOK

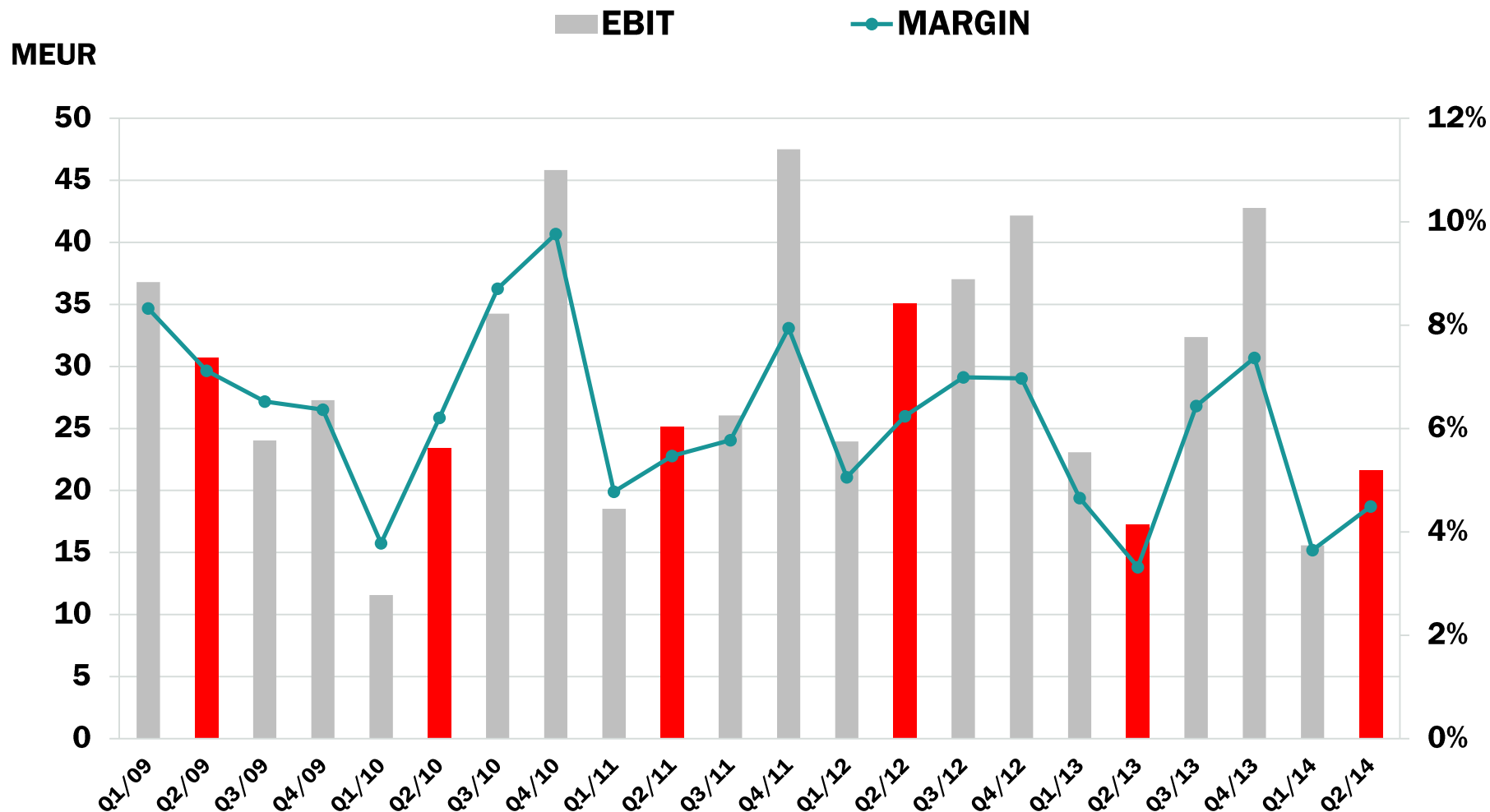
Q2 Order book: 1,029.9 (1,079.4) MEUR, -4.6%*



*-2.3% at comparable currencies

GROUP EBIT & MARGIN

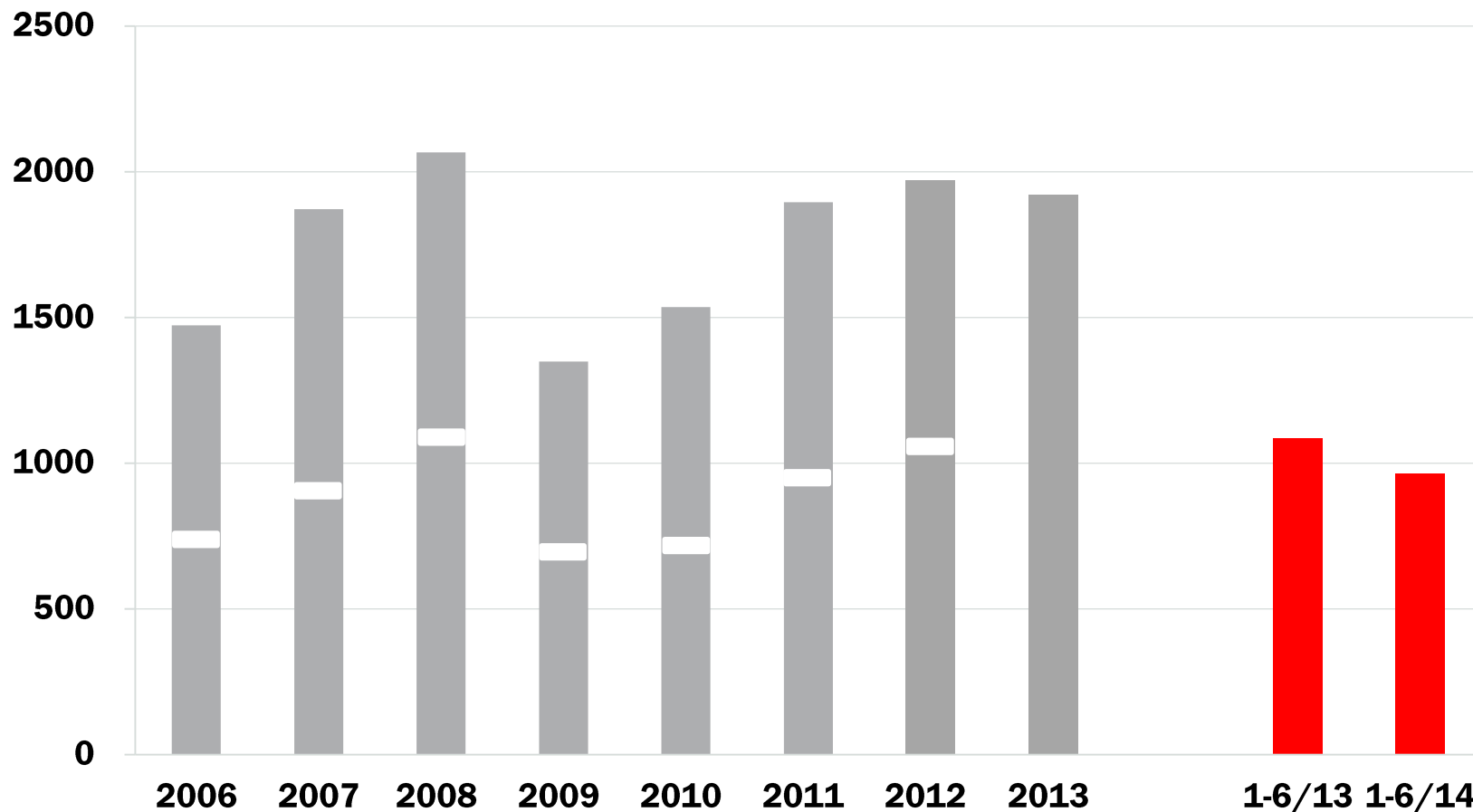
Q2 EBIT: 21.6 (17.2) MEUR, +25.4% | MARGIN: 4.5% (3.3%), excluding restructuring costs



GROUP ORDERS RECEIVED

H1 Orders: 962.8 (1,085.7) MEUR, -11.3%*

MEUR

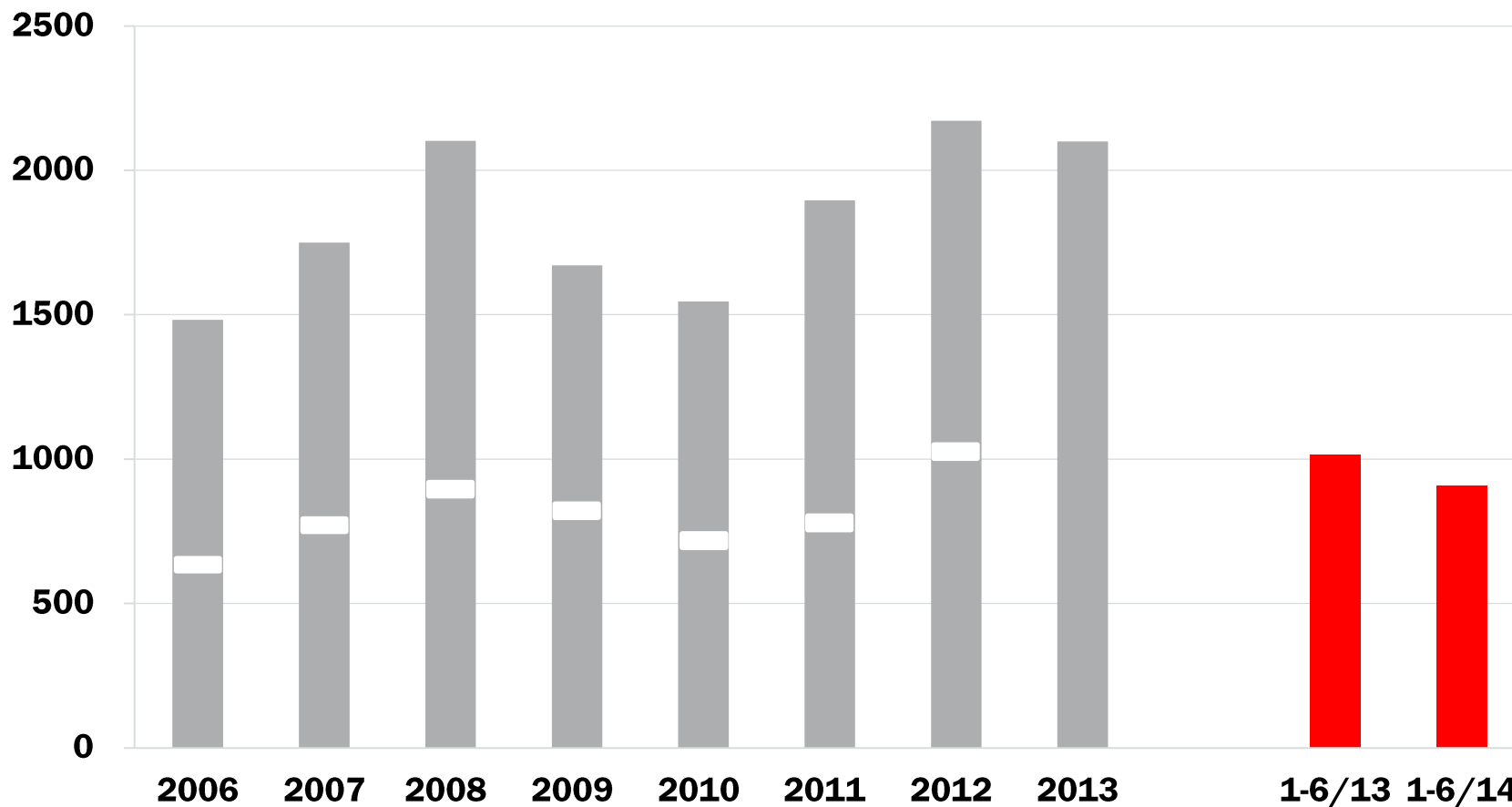


*-8.4% at comparable currencies

GROUP NET SALES

H1 Net sales: 908.9 (1,015.8) MEUR, -10.5%*

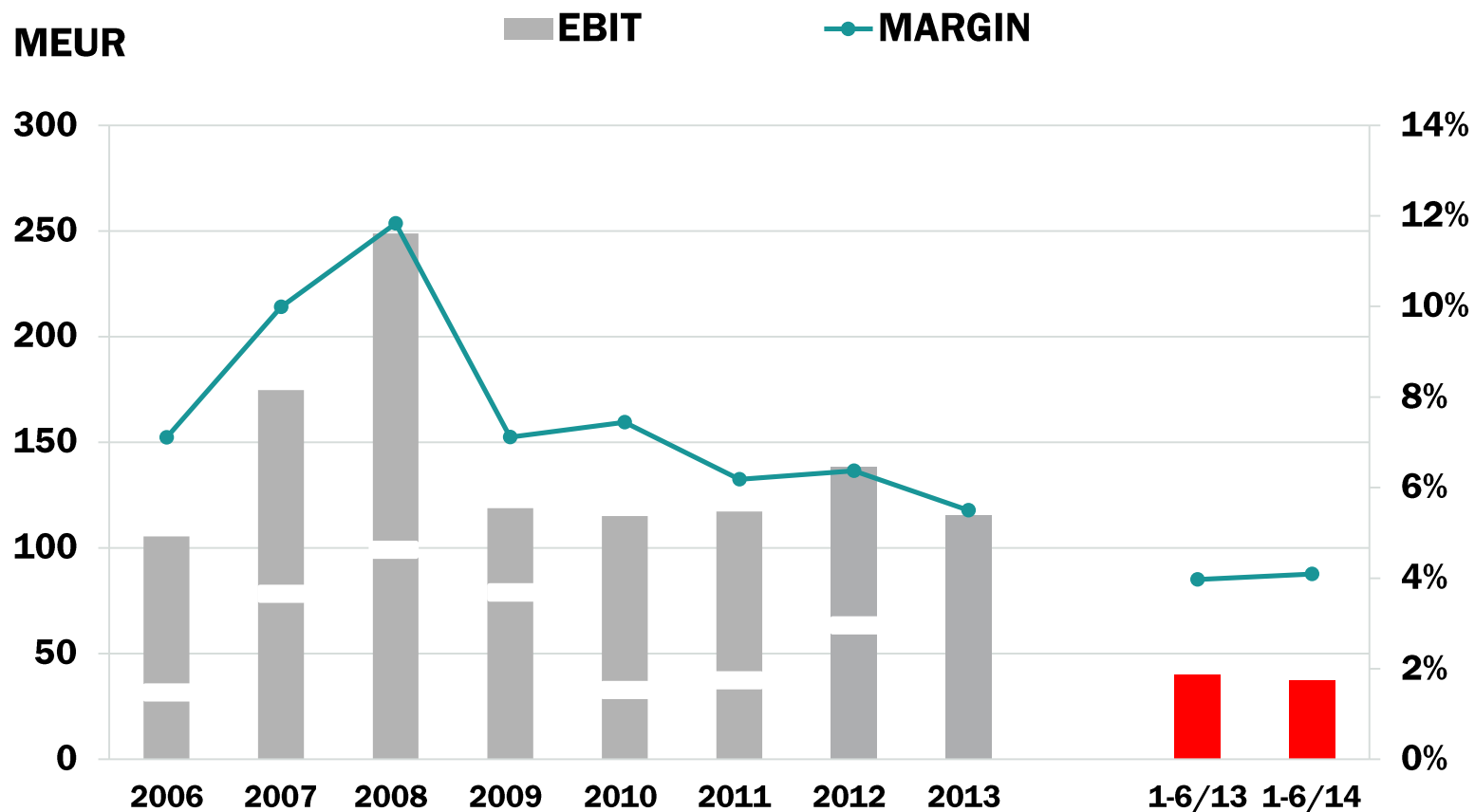
MEUR



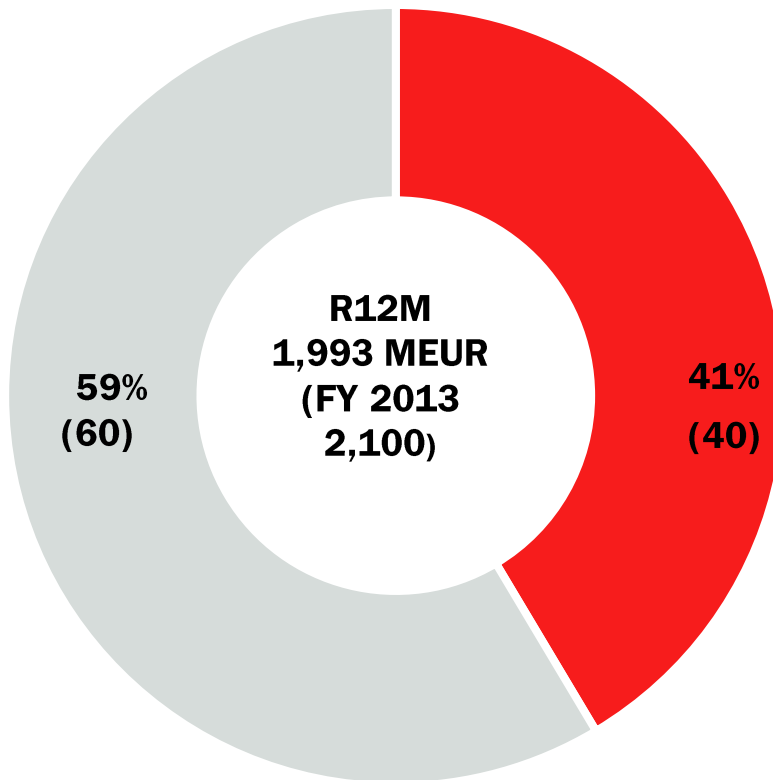
*-7.3% at comparable currencies

GROUP EBIT & MARGIN

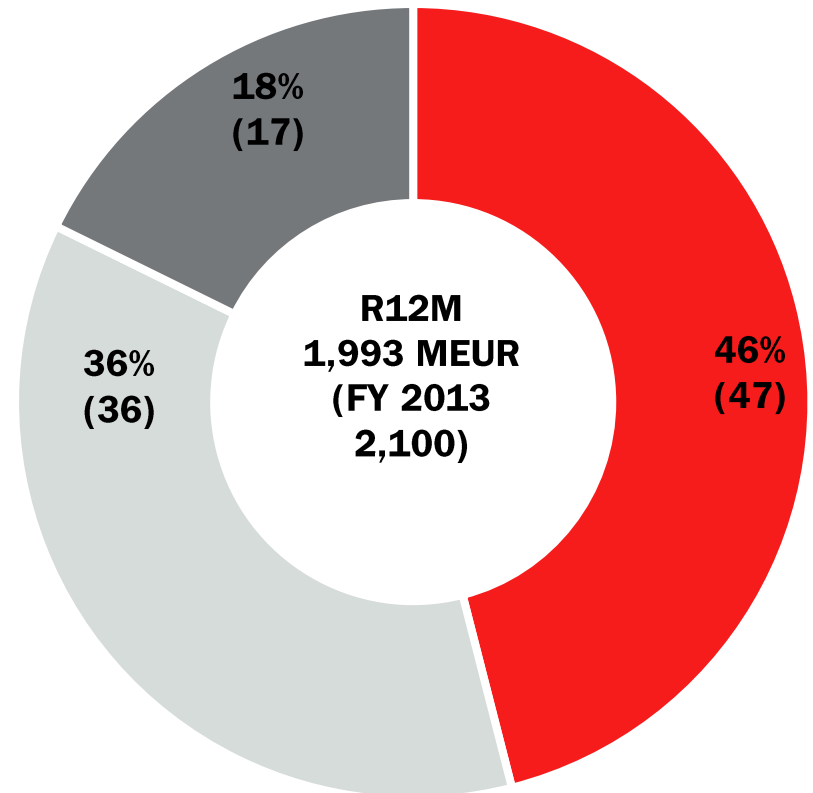
H1 EBIT excl. restructuring costs: 37.2 (40.3) MEUR, -7.7% | MARGIN: 4.1% (4.0%)



SALES SPLIT BY BUSINESS AREA & REGION



■ SERVICE ■ EQUIPMENT



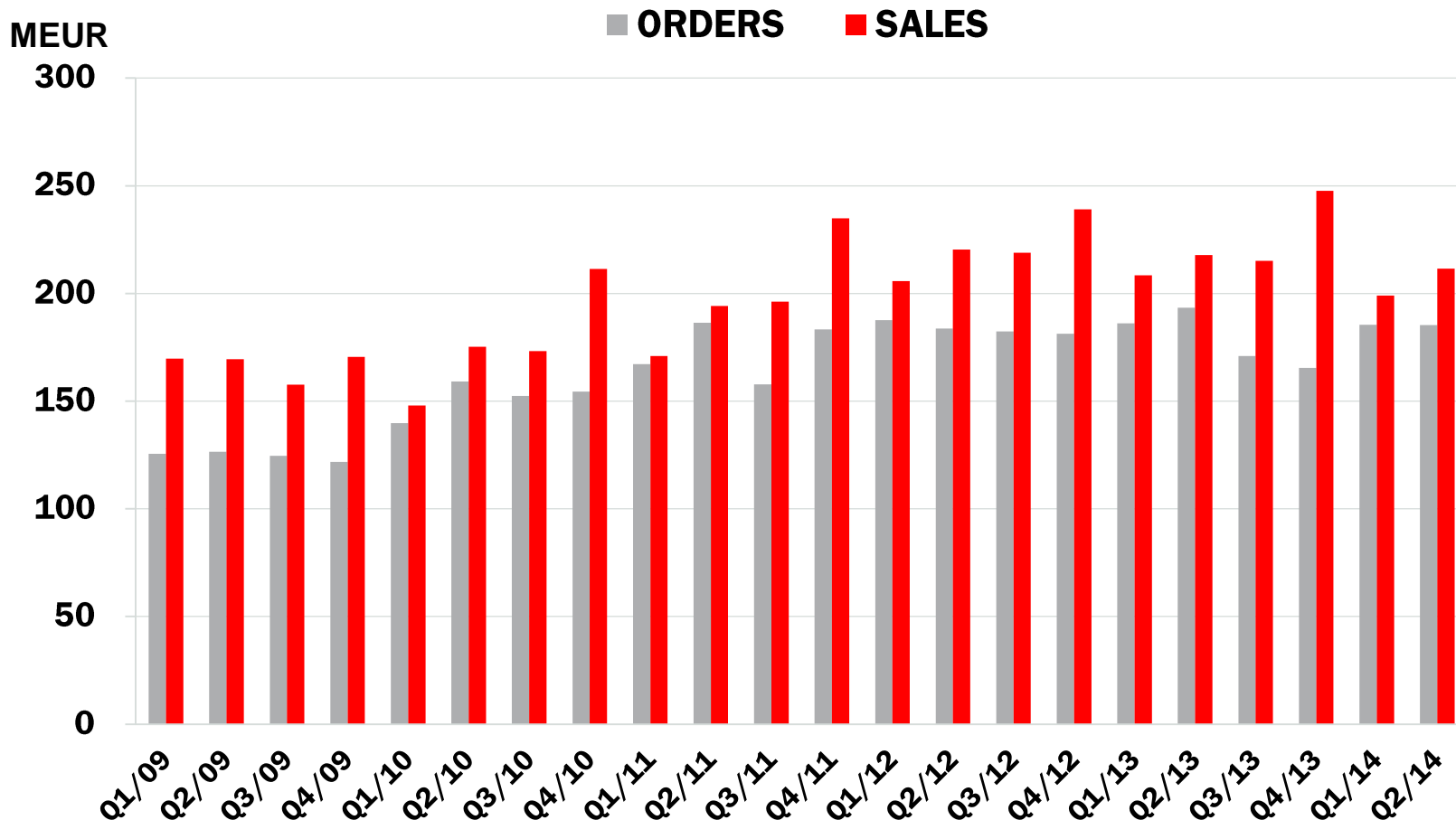
■ EMEA ■ AME ■ APAC

SERVICE



SERVICE ORDERS AND NET SALES

Q2 Orders: 185.3 (193.4) MEUR -4.2%* | Sales: 211.6 (217.9) MEUR -2.9%**

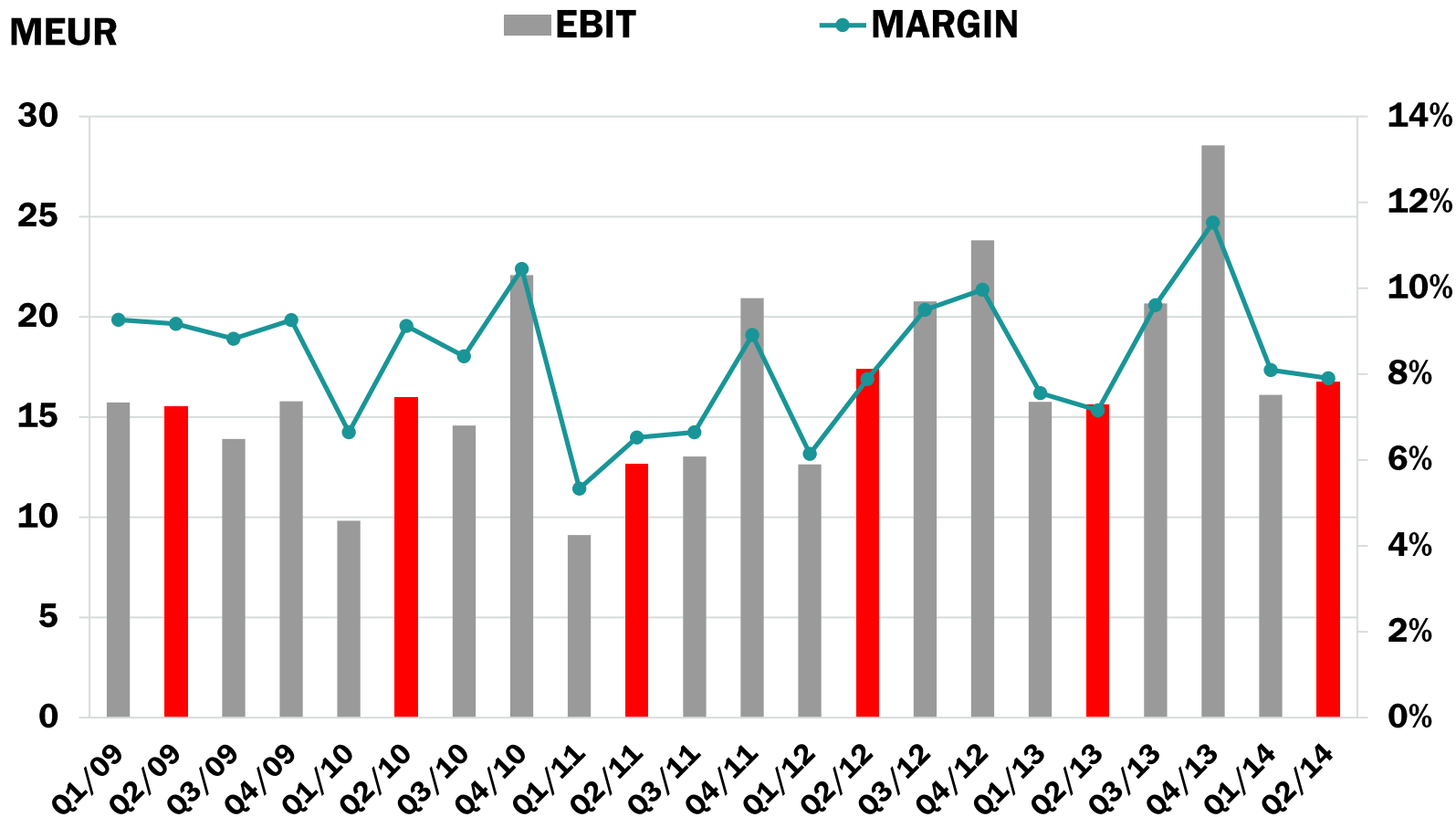


- New orders grew in Asia-Pacific but declined in EMEA and the Americas
- Parts outperformed Crane Service in terms of order intake

*-0.1% at comparable currencies, **+1.3% at comparable currencies

SERVICE EBIT & MARGIN

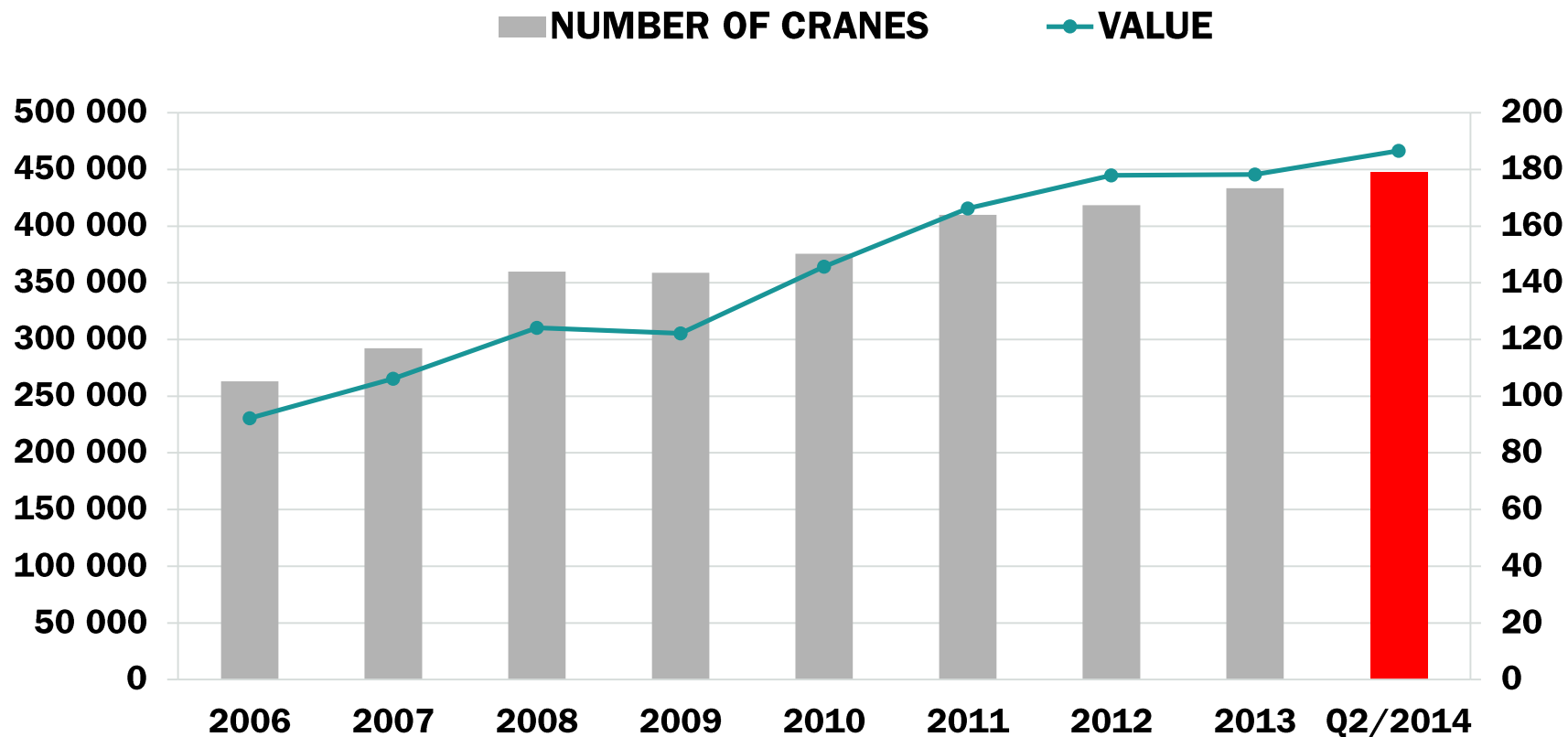
Q2 EBIT: 16.7 (15.6) MEUR, +7.3% | MARGIN: 7.9% (7.2%), excluding restructuring costs



- EBIT margin improved due to higher gross margin and the restructuring actions executed in 2013

SERVICE CONTRACT BASE

Q2 CB: 448 (434) thousand units, +3.1% | Annual value 187 (185) MEUR, +0.8%

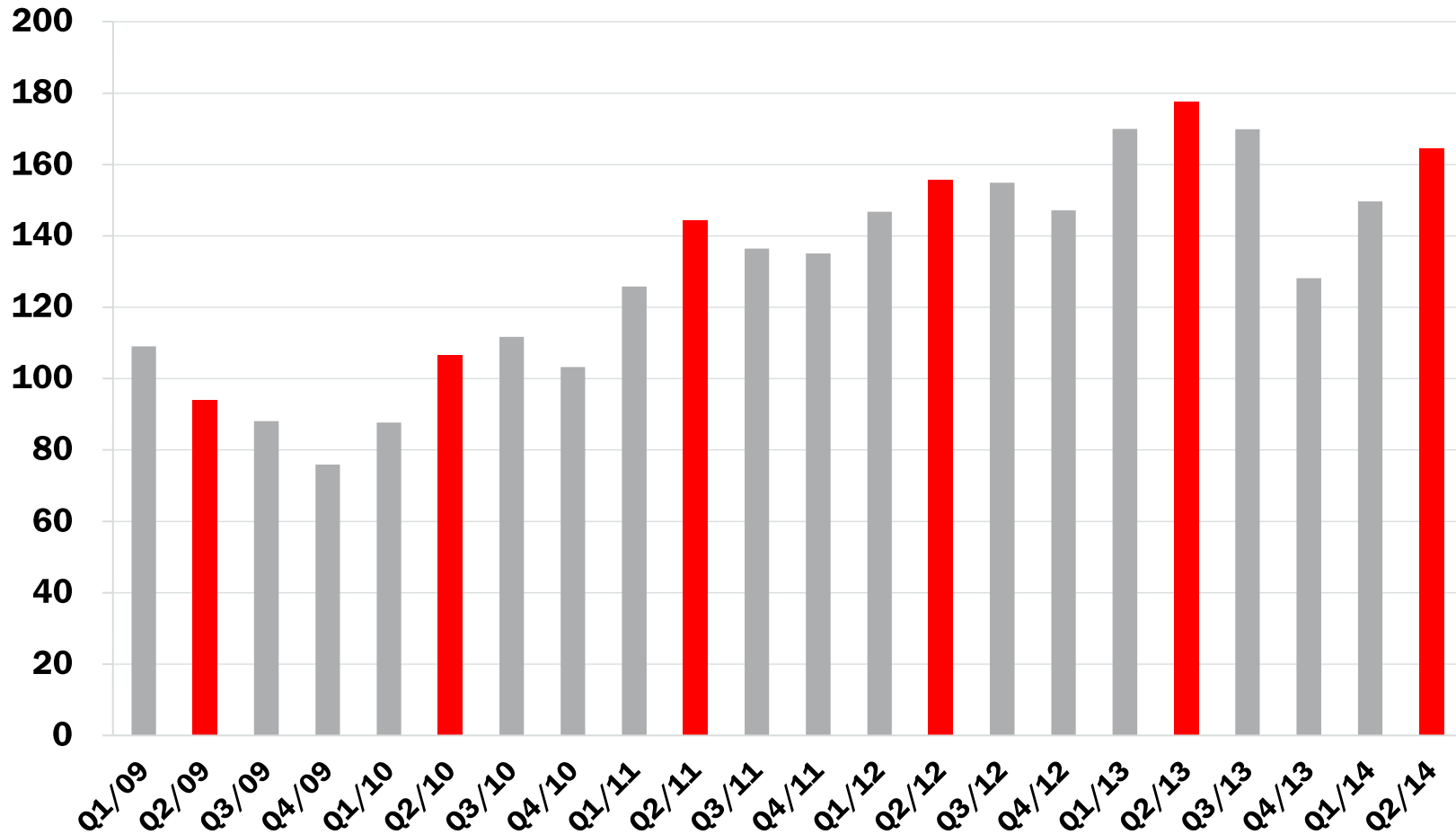


- Contract base value increased by 3.5% Y/Y at comparable currencies

SERVICE ORDER BOOK

Q2 Order book: 164.4 (177.7) MEUR, -7.5%*

MEUR



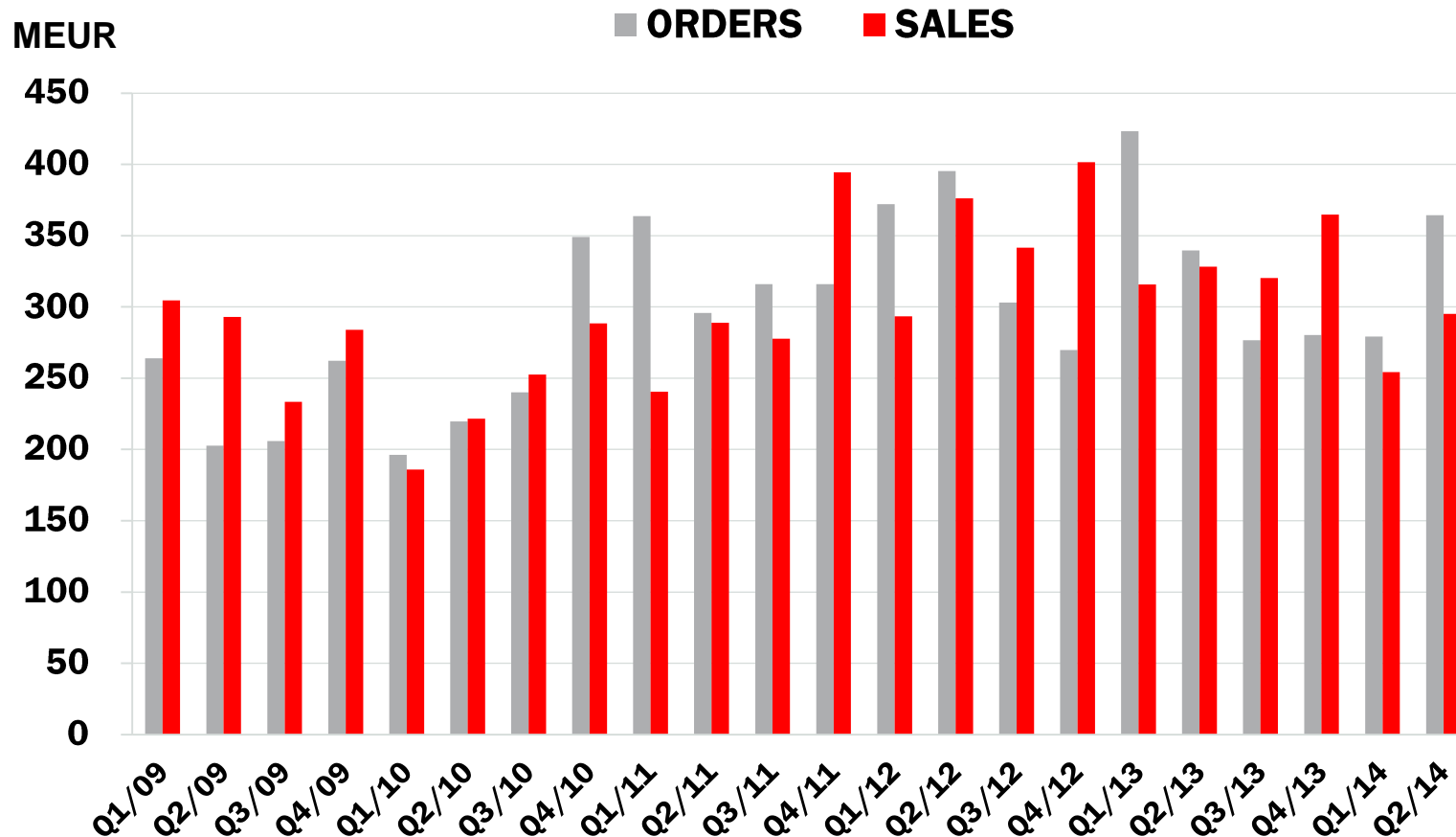
*-4.2% at comparable currencies

A large yellow crane is lifting a yellow container on the deck of a ship. In the foreground, several workers wearing hard hats and high-visibility clothing are observing the operation. One worker's orange shirt has "KONECRANES" written on the back. The ship's hull is blue and white, with "JUMBO" visible on the side. A red banner with the word "EQUIPMENT" is overlaid on the top right of the image.

EQUIPMENT

EQUIPMENT ORDERS AND NET SALES

Q2 Orders: 364.2 (339.6) MEUR, +7.3%* | Net sales: 295.2 (328.2) MEUR, -10.1%**

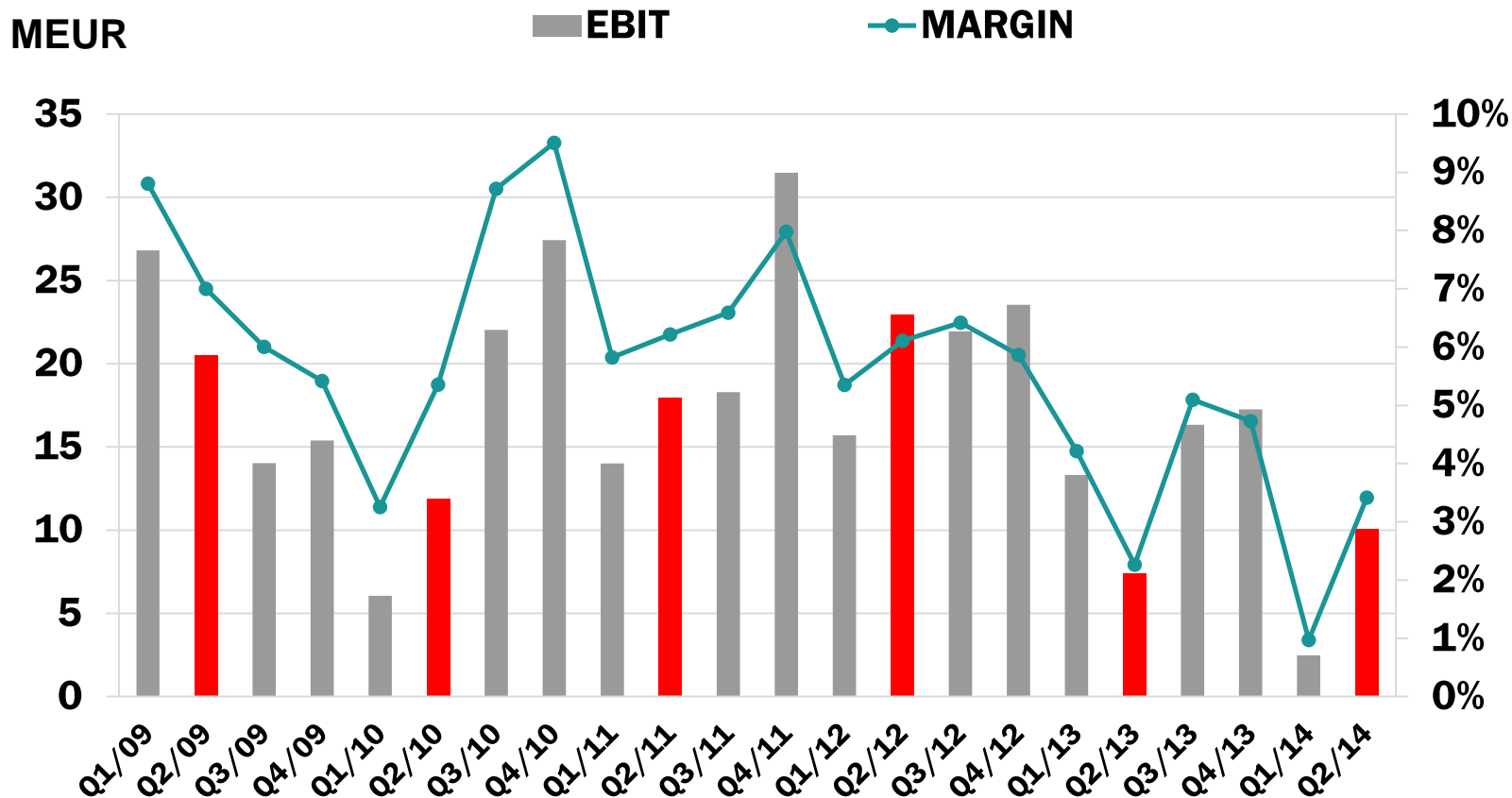


- Orders grew in EMEA and the Americas but fell in APAC
- Y/Y order growth came from Port Cranes and Lift Trucks; orders for industrial cranes up sequentially

*+10.7% at comparable currencies, **-7.3% at comparable currencies

EQUIPMENT EBIT & MARGIN

Q2 EBIT: 10.1 (7.4) MEUR, +36.8% | MARGIN: 3.4% (2.3%), excluding restructuring costs



- Sales mix and improved project execution contributed positively to the EBIT margin (extra project costs of approx. EUR8m previous year)
- Extra costs of approx. EUR1m due to transfers of production from Ukraine

EQUIPMENT ORDER BOOK

Q2 Order book: 865.5 (901.7) MEUR, -4.0%*

MEUR

1200

1000

800

600

400

200

0

Q1/09 Q2/09 Q3/09 Q4/09 Q1/10 Q2/10 Q3/10 Q4/10 Q1/11 Q2/11 Q3/11 Q4/11 Q1/12 Q2/12 Q3/12 Q4/12 Q1/13 Q2/13 Q3/13 Q4/13 Q1/14 Q2/14

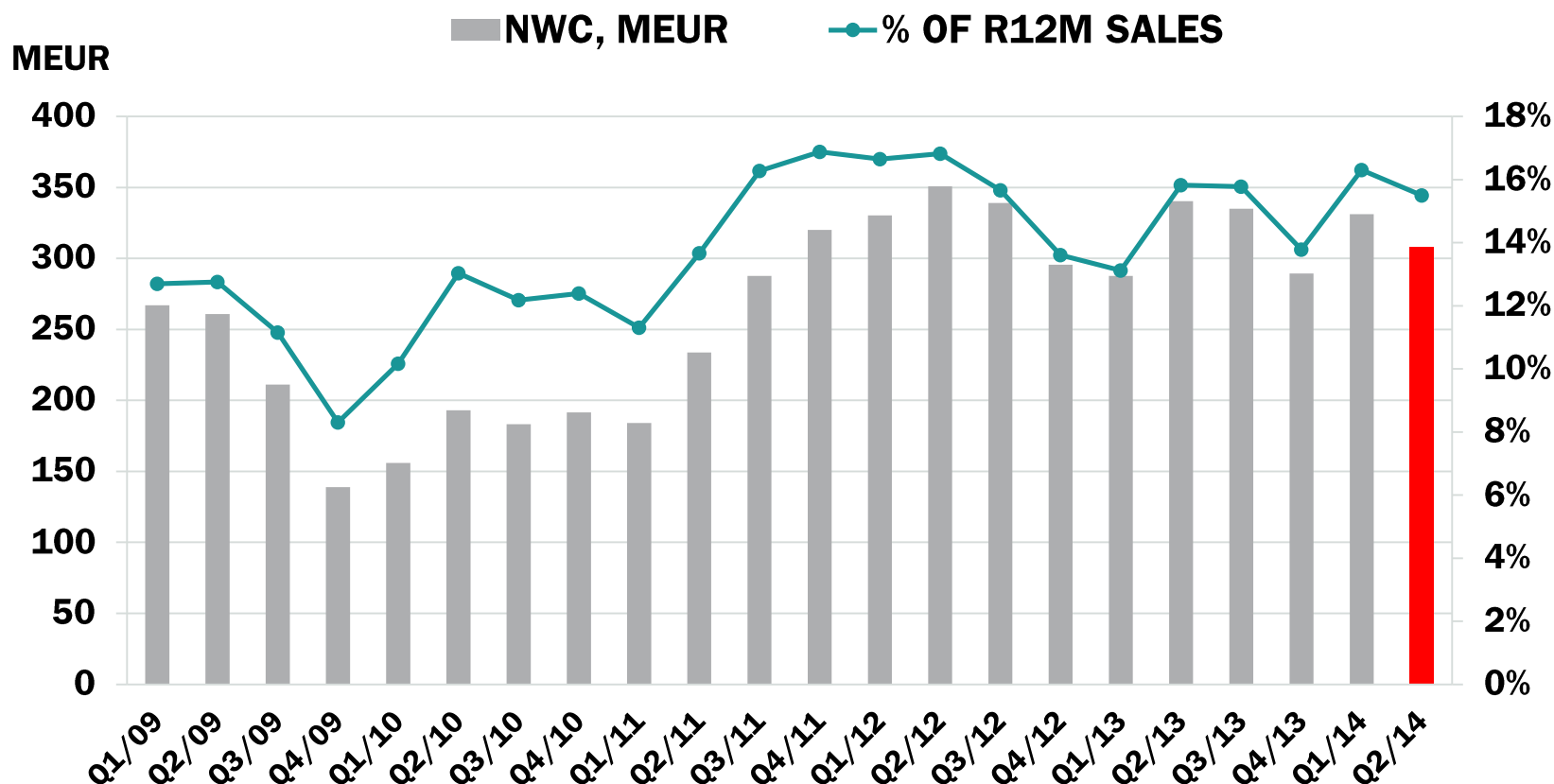
*-1.9% at comparable currencies

A close-up photograph of a thick, braided steel cable. A metal fitting, possibly a shackle or a part of a pulley system, is attached to the cable. The fitting has a cylindrical body with a flange and a hook-like end. The cable is coiled, and the background is dark and out of focus.

BALANCE SHEET AND CASH FLOW

NET WORKING CAPITAL

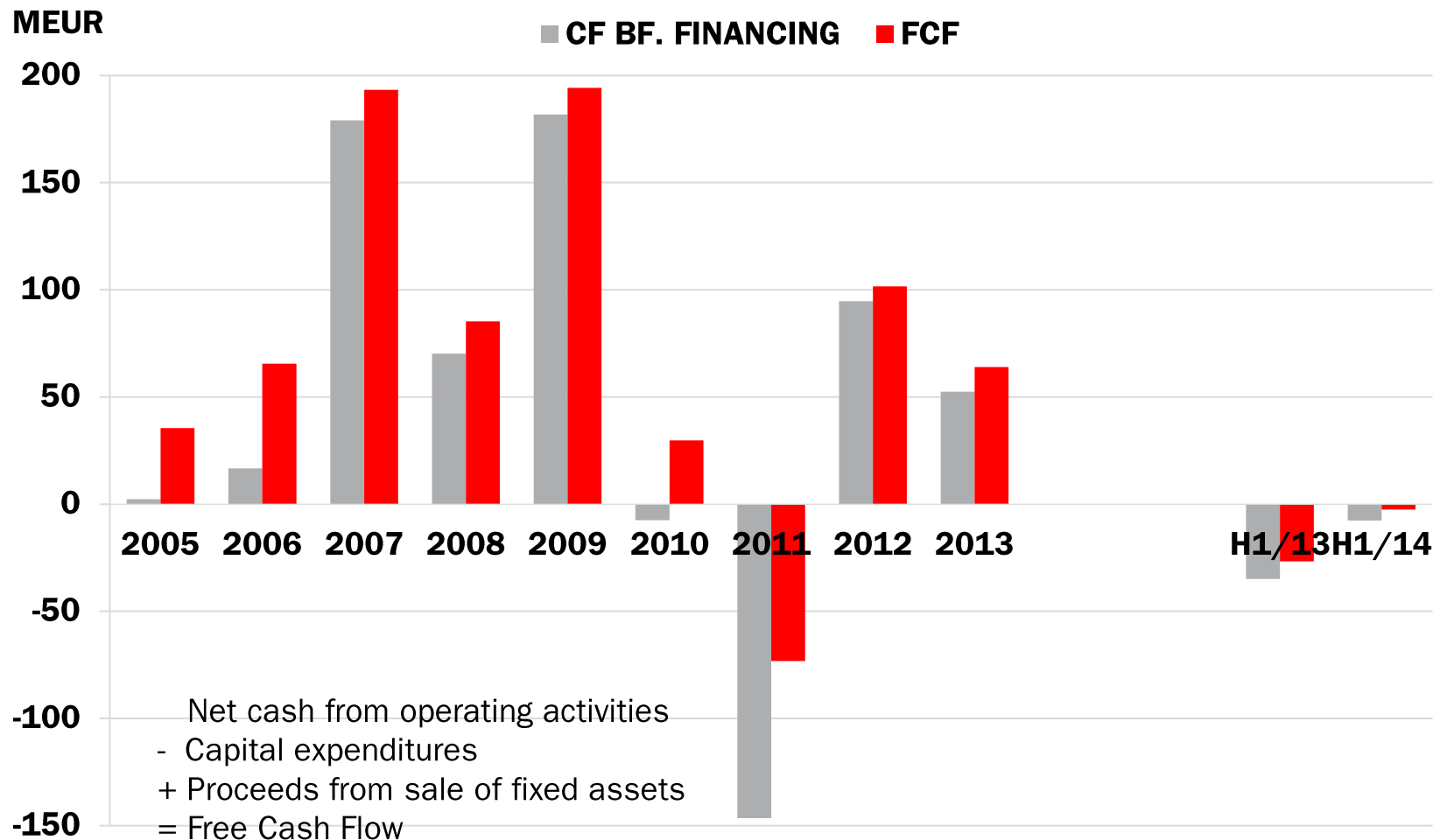
Q2 NWC: 308.1 (340.3) MEUR | 15.5% (15.8%) of R12M sales



Q1/14 excl. dividend liability of EUR 61 million, 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

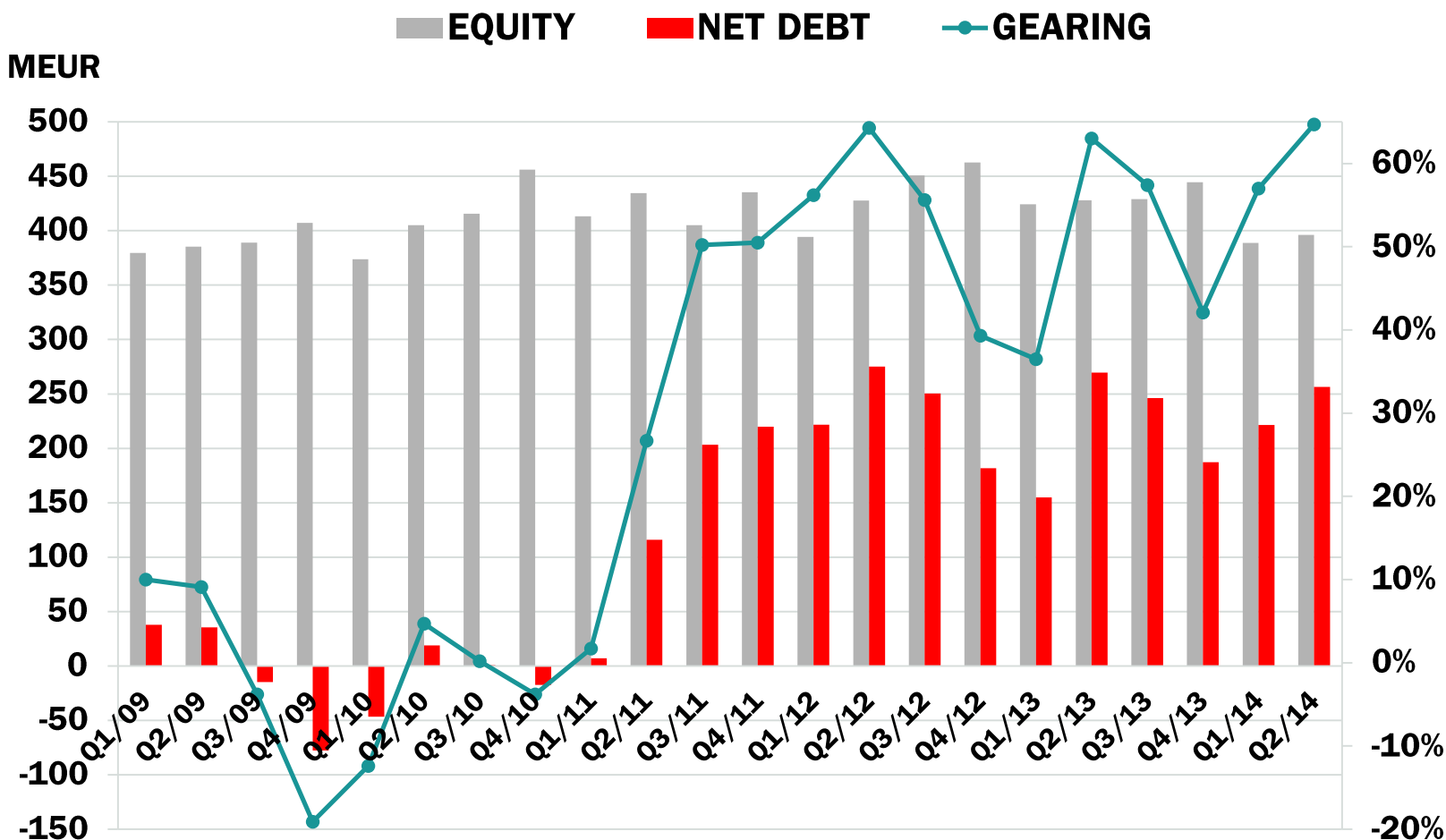
CF BEFORE FINANCING ACTIVITIES AND FCF

H1 CF BF. FINANCING: -7.6 (-35.0) MEUR | FCF: -2.5 (-26.7) MEUR



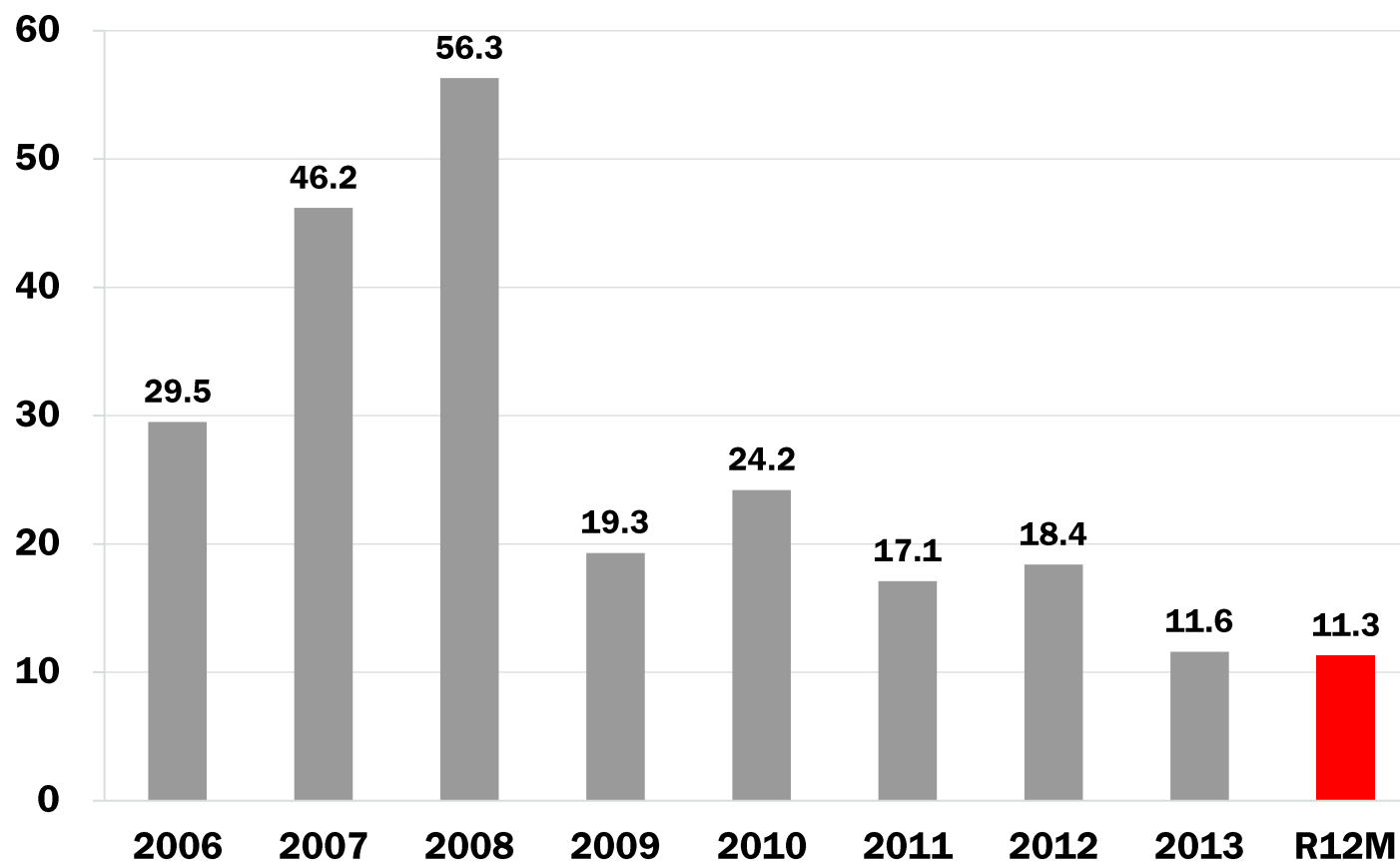
GEARING

Q2 Equity: 396.1 (427.9) MEUR | Net debt: 256,5 (269.6) MEUR | Gearing: 64.7% (63.0%)



RETURN ON CAPITAL EMPLOYED

ROCE %



* ROCE excluding restructuring costs was 17.7% in 2013 and 14.8% in R12M



**NOT JUST LIFTING
THINGS, BUT ENTIRE
BUSINESSES**



APPENDIXES

STATEMENT OF INCOME

MEUR	H1 2014	H1 2013	% Change
Sales	908.9	1,015.8	-10.5
Other operating income	1.6	1.1	
Depreciation and impairments	-20.6	-21.5	
Other operating expenses	-853.9	-959.3	
Operating profit	35.9	36.1	-0.4
Share of associates' and joint ventures' result	2.5	2.3	
Financial income and expenses	-8.6	-7.0	
Profit before taxes	29.8	31.3	-4.9
Taxes	-9.4	-9.3	
Net profit for the period	20.4	22.0	-7.2

BALANCE SHEET

MEUR	June 30, 2014	June 30, 2013	MEUR	June 30, 2014	June 30, 2013
Non-current assets	485.2	494.3	Equity	396.1	421.5
Inventories	358.9	374.2	Non-current liabilities	269.8	229.8
Other current assets	518.0	562.4	Provisions	41.9	42.9
Cash and cash equivalents	149.9	107.8	Current liabilities	804.1	838.2
Total assets	1,512.0	1,538.7	Total equity and liabilities	1,512.0	1,538.7

CASH FLOW STATEMENT

MEUR	H1/2014	H1/2013
Operating income before change in net working capital	55.5	58.7
Change in net working capital	-16.9	-25.0
Financing items and taxes	-21.4	-33.8
Net cash from operating activities	17.2	-0.1
Cash flow from investing activities	-24.8	-34.9
Cash flow before financing activities	-7.6	-35.0
Proceeds from options exercised and share issues	1.1	5.9
Change in interest-bearing debt	85.1	53.1
Dividends paid to equity holders of the parent	-60.8	-60.6
Net cash used in financing activities	25.5	-1.6
Translation differences in cash	-0.2	-1.0
Change of cash and cash equivalents	17.7	-37.5
Cash and cash equivalents at beginning of period	132.2	145.3
Cash and cash equivalents at end of period	149.9	107.8
Change of cash and cash equivalents	17.7	-37.5

KEY FIGURES

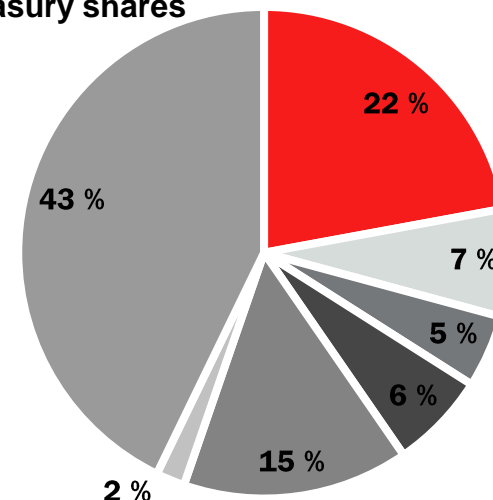
MEUR	30.6.2014	30.6.2013	% Change
Earnings per share, basic, EUR	0.35	0.38	-8.3
Earnings per share, diluted, EUR	0.35	0.38	-8.1
Return on capital employed %, R12M	11.3	14.1	-19.9
Return on equity %, R12M	11.6	16.2	-28.4
Equity per share, EUR	6.84	7.29	-6.2
Current ratio	1.2	1.2	
Gearing (%)	64.7	63.0	
Solidity (%)	30.5	32.1	
EBITDA, MEUR	56.5	57.6	-1.8
Investments total (excl. acquisitions), MEUR	25.5	33.8	-24.5
Interest-bearing net debt, MEUR	256.5	269.6	-4.9
Net working capital, MEUR	308.1	340.3	-9.5
Personnel at end of period	11,895	11,941	-0.4
Personnel on average during the period	11,879	12,056	-1.5
Average number of shares outstanding, basic	57,878,977	57,557,638	0.6
Average number of shares outstanding, diluted	58,023,967	57,787,923	0.4
Number of shares outstanding	57,937,721	57,800,620	0.2

THE LARGEST SHAREHOLDERS

Largest shareholders on June 30, 2014	Number of shares	% of all shares
1 HTT KCR Holding Oy Ab	6,870,568	10.86
2 Gustavson Stig, Chairman of the Board of Konecranes and family *)	2,073,927	3.28
3 Nordea Investment Funds	1,833,707	2.90
4 Varma Mutual Pension Insurance Company	1,190,275	1.88
5 Fondita Funds	761,700	1.20
6 The State Pension Fund	663,720	1.05
7 Sigrid Jusélius Foundation	638,500	1.01
8 Danske Capital Funds	625,223	0.99
9 Nordea Nordenfonden	602,187	0.95
10 Folkhälsan Samfundet i Svenska Finland	535,600	0.85
Konecranes Plc's treasury shares	5,334,621	8.43
Nominee registered shares	27,072,720	42.79
Other shareholders	15,069,594	23.82
Total number of shares	63,272,342	100.00

*) 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 the shares he at 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.

Market cap EUR 1,340 million excluding treasury shares



- Private companies
- Financial and insurance institutions
- Public sector organizations
- Non-profit organizations
- Households
- Foreigners
- Nominee registered shares

Trading information

- Listing: NASDAX OMX Helsinki
- Date of listing: March 27, 1996
- Segment: Large Cap
- Sector: Industrials
- Trading code: KCR1V
- 1-6/14 average daily trading volume 224,254 shares, EUR 5.4 million



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