

Q2 2016 INTERIM REPORT

July 22, 2016

Panu Routila, President & CEO

Teo Ottola, CFO



HIGHLIGHTS OF Q2/16

- + Clear profitability improvement in both Service and Equipment
- + Efficiency improvement actions proceeding according to plan
 - + Personnel decreased by 443 employees in H1/16
 - + Equipment has reduced manufacturing capacity in China, India, Brazil and the US
 - + Service has continued to restructure underperforming operations
- + New operational model effective as of July 1
- Order intake stable Y/Y

Q2 ORDERS RECEIVED Y/Y	EMEA	AME	APAC
SERVICE			
EQUIPMENT			

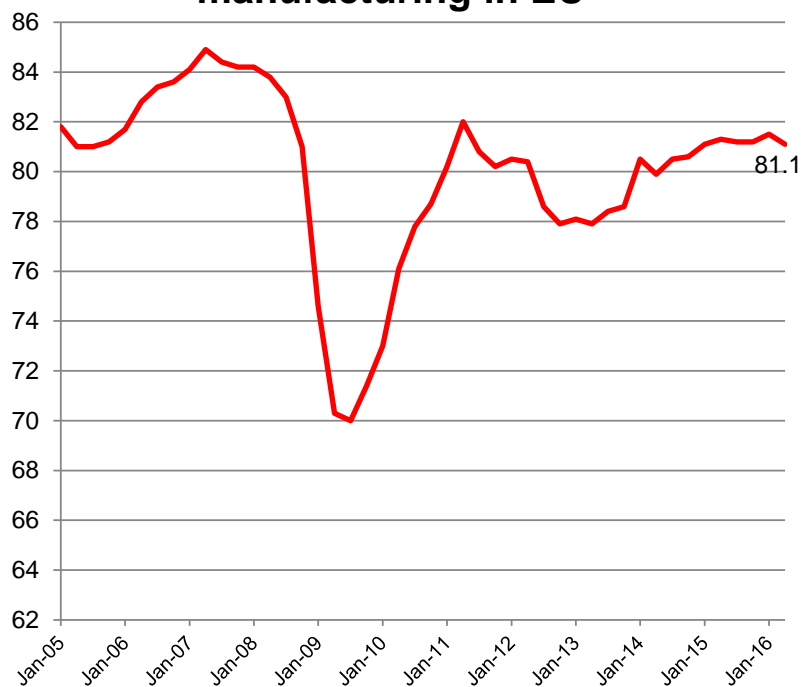
KEY FIGURES

KEY FIGURES	Q2 2016	Q2 2015	Chg %	Chg % FX adj.
Orders received, MEUR	480.2	490.3	-2.1	+1.0
Order book at end of period, MEUR	1,043.3	1,100.4	-5.2	-4.0
Sales, MEUR	528.8	535.6	-1.3	+1.7
Adj. EBITDA*, MEUR	49.6	38.4	29.1	
Adj. EBITDA*, %	9.4	7.2		
Adj. Operating profit (EBIT)*, MEUR	36.0	25.7	40.2	
Adj. Operating margin (EBIT)*, %	6.8	4.8		
Adjustments*, MEUR	-7.4	-9.5		
Operating profit (EBIT), MEUR	28.6	16.3	76.1	
Operating margin (EBIT), %	5.4	3.0		
EPS, basic, EUR	0.27	0.19	40.1	
Free cash flow, MEUR	10.2	-3.3		

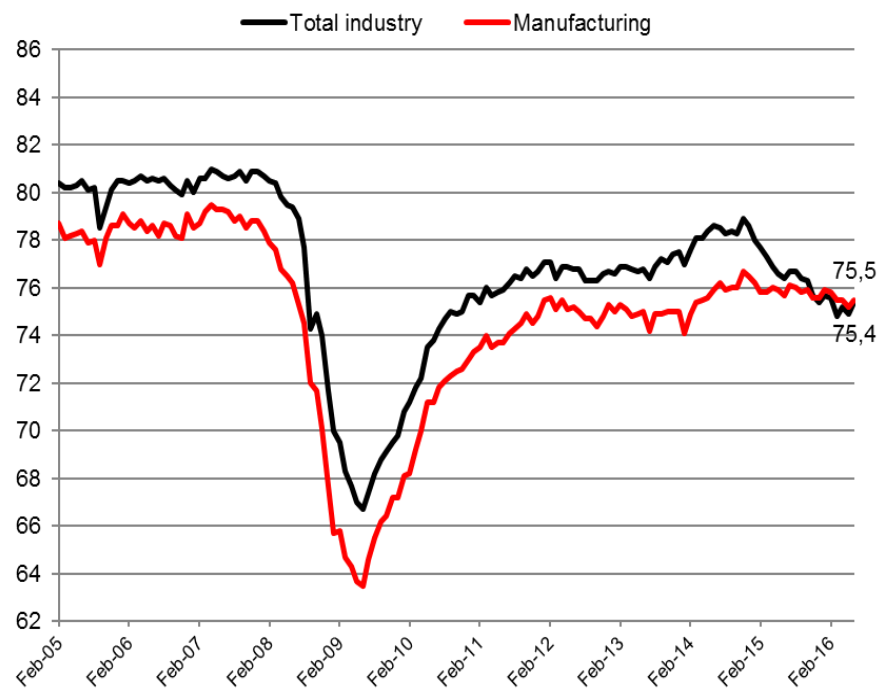
* Adjustments (non-recurring items in 2015) include restructuring costs, transaction costs related to the terminated merger plan with Terex and proposed acquisition of Terex MHPS, the unwarranted payments due to identity theft and fraudulent actions (in the third quarter of 2015), and the insurance indemnity related to identity theft and fraudulent actions (in the second quarter of 2016). Konecranes' management believes that the adjusted operating profit is relevant for understanding the comparable financial performance when comparing the result for the current period with previous periods.

CAPACITY UTILIZATION: EU27 AND USA

Capacity utilisation of manufacturing in EU



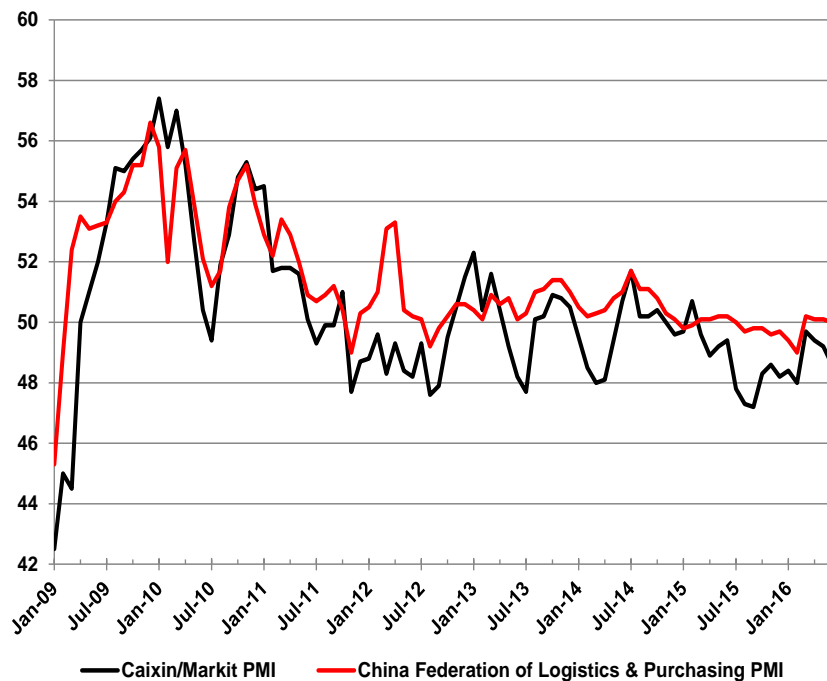
Capacity utilisation in the USA



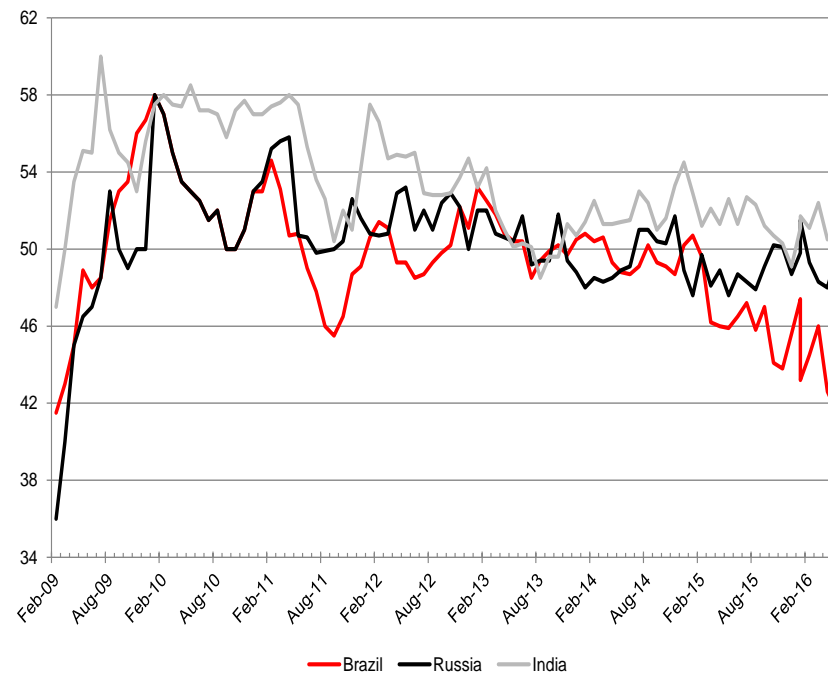
SOURCES: Eurostat (latest data point Q2/16), Federal Reserve Bank of St. Louis (June 2016)

PMI'S IN THE BRIC COUNTRIES

Chinese manufacturing PMI

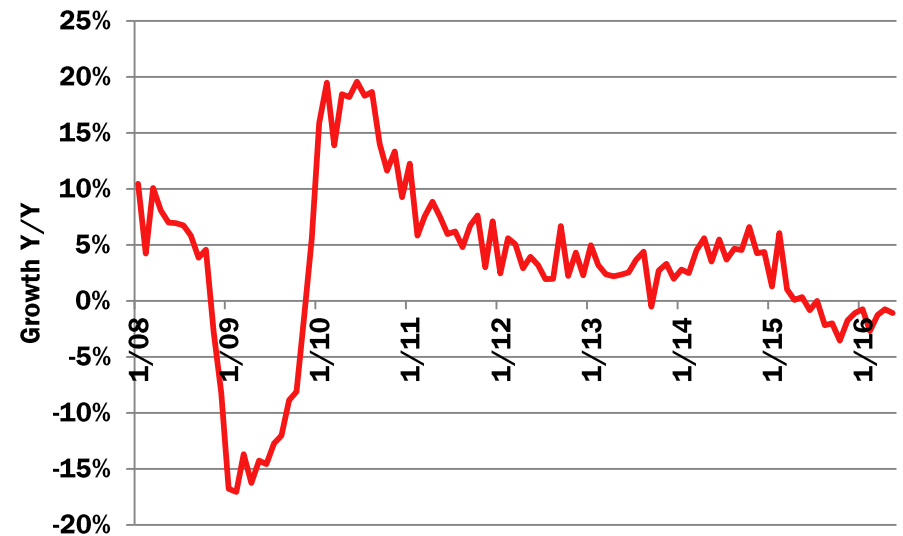
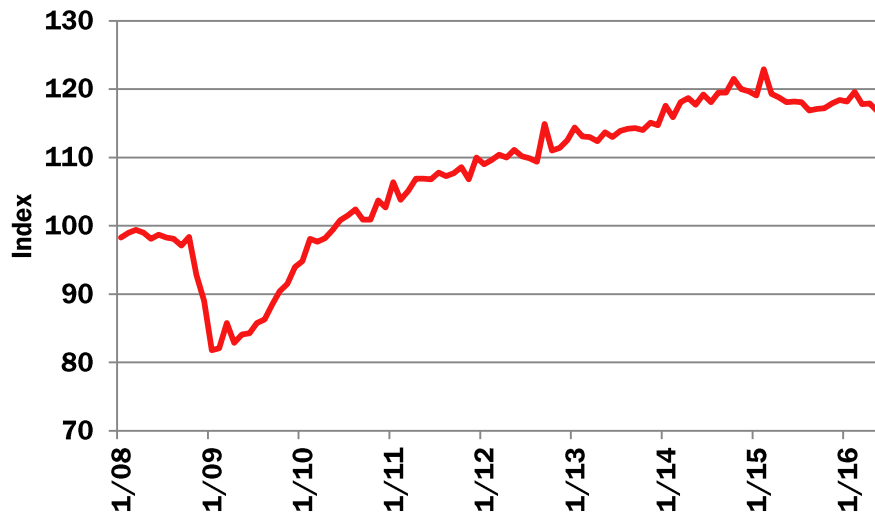


Brazil, Russia, India - PMI



SOURCES: Markit (latest data point June 2016)

CONTAINER THROUGHPUT



Source: RWI/ISL Container Throughput Index (latest data point May 2016)

SALES GUIDANCE SLIGHTLY REDUCED, OPERATING PROFIT GUIDANCE INTACT

Market outlook

- Customers are cautious about investing as economic growth has decelerated across the globe.
- Companies operating in emerging and commodity markets are particularly under pressure to save costs.
- Certain market uncertainty continues in North America.
- The demand situation in Europe has somewhat improved.
- The decline in the global container throughput has led to slower decision-making among container terminal operators.

Financial guidance

- Based on the order book, the service contract base and the near-term demand outlook, the sales in 2016 are expected to be approximately on the same level as in 2015.
- We expect the 2016 adjusted operating profit to improve from 2015.

CHANGE IN PERSONNEL AND COST SAVINGS RELATED TO RESTRUCTURING

- Group headcount at year-end 2015
- Personnel change
- Group headcount at end Q2/16

11,887 people

–443 people

11,444 people

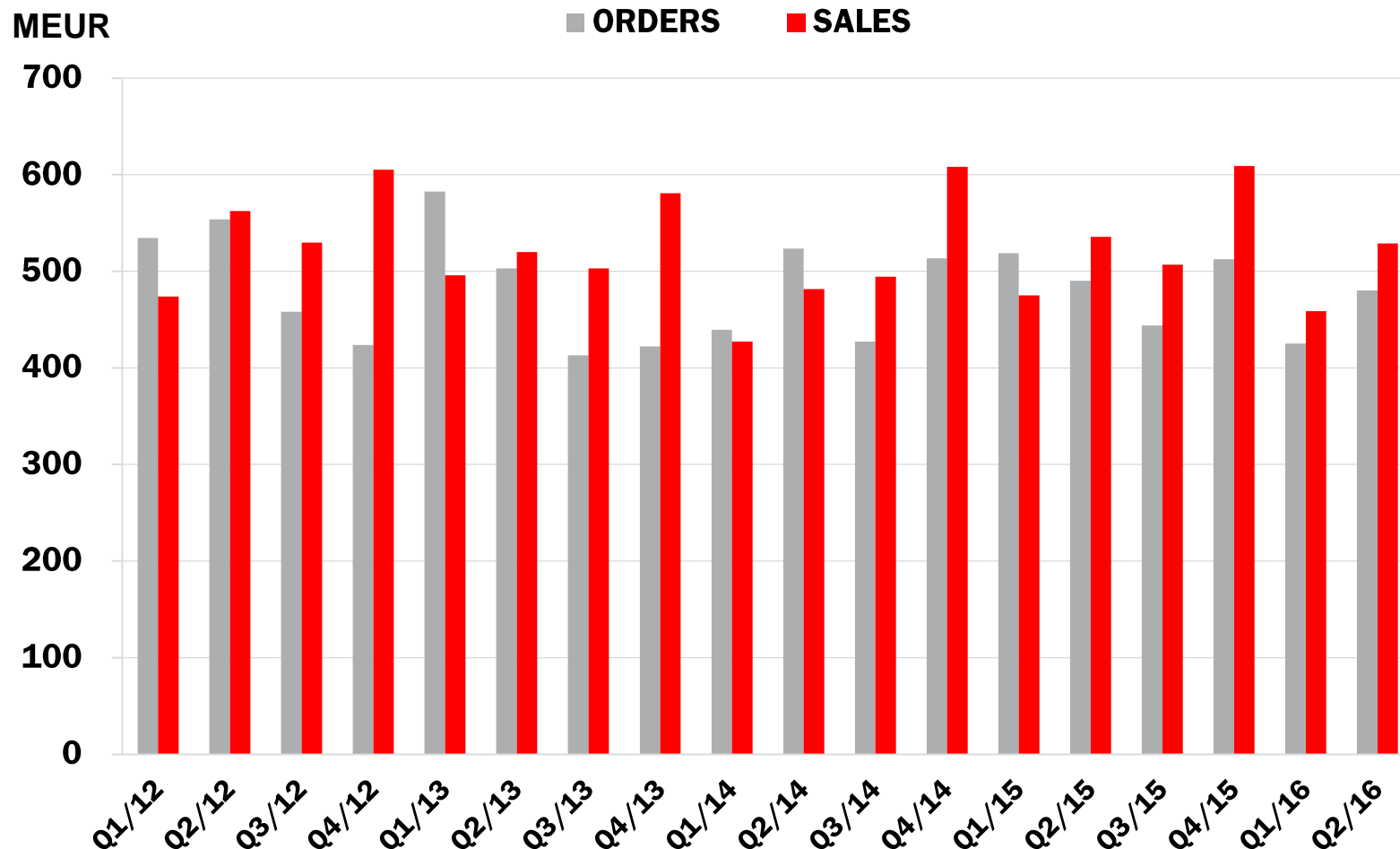
- Cost savings Y/Y in Q1/16
- Cost savings Y/Y in Q2/16

Approx. EUR5m

Approx. EUR10m

GROUP ORDERS AND NET SALES

Q2 Orders: 480.2 (490.3) MEUR, -2.1%* | Net sales: 528.8 (535.6) MEUR, -1.3%**

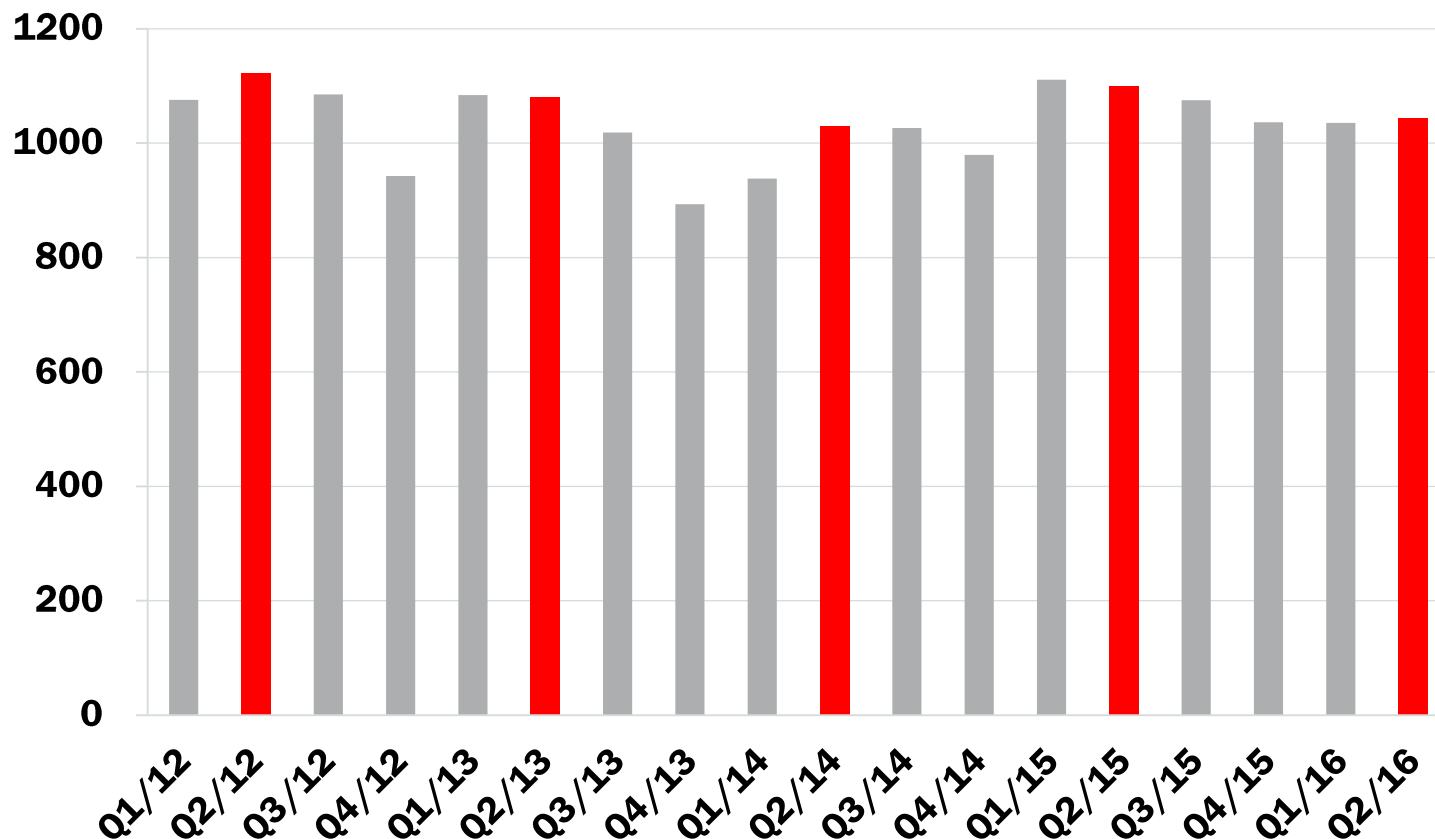


*+1.0% at comparable currencies, **+1.7% at comparable currencies

GROUP ORDER BOOK

Q2 Order book: 1,043.3 (1,100.4) MEUR, -5.2%*

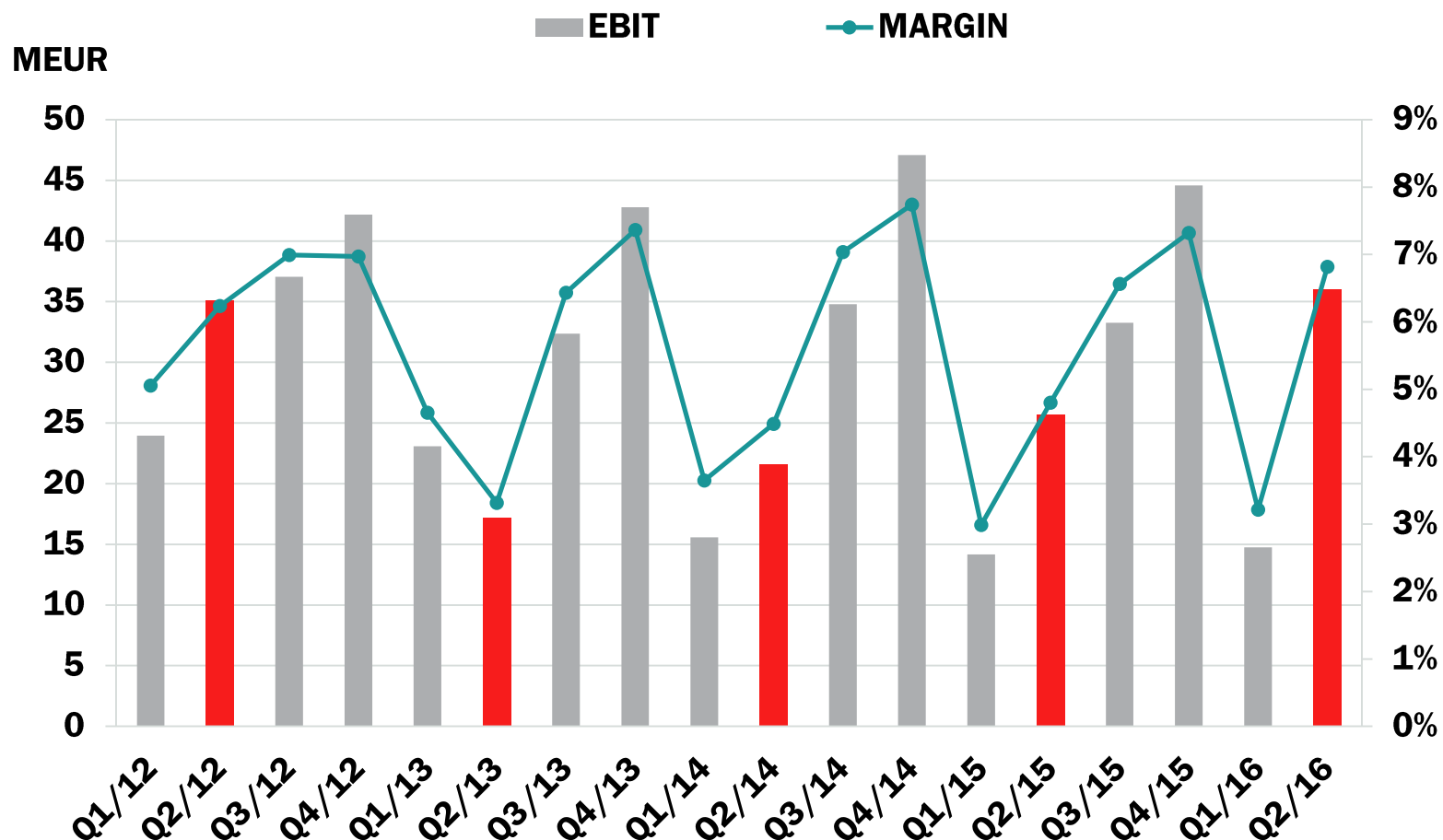
MEUR



*-4.0% at comparable currencies

GROUP ADJ. EBIT & MARGIN

Q2 Adj.* EBIT: 36.0 (25.7) MEUR, +40.2% | Margin: 6.8% (4.8%)

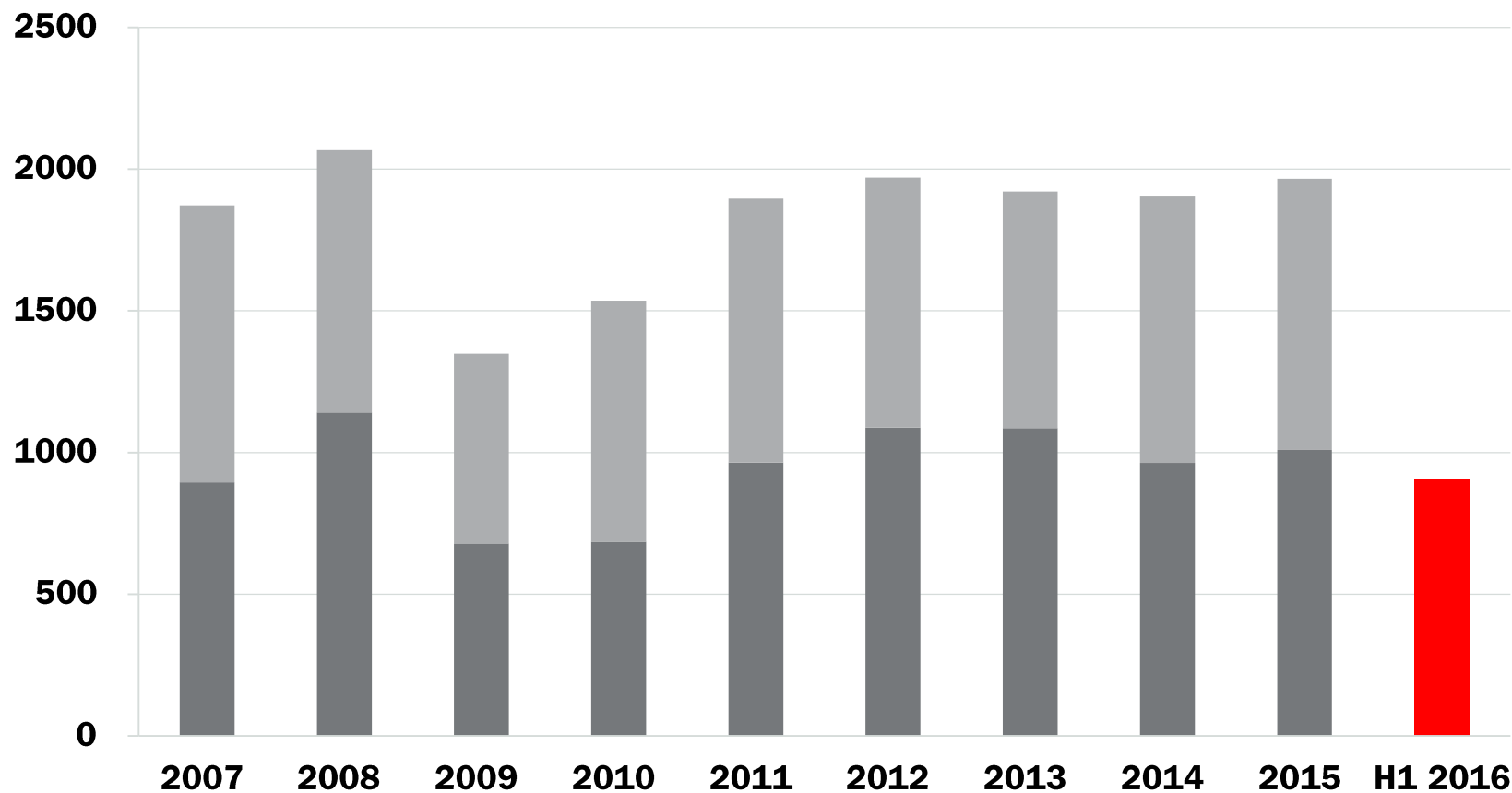


* Adjustments EUR -7.4 million (-9.5) in Q2/16

GROUP ORDERS RECEIVED

H1 Orders: 905.3 (1,009.1) MEUR, -10.3%*

MEUR

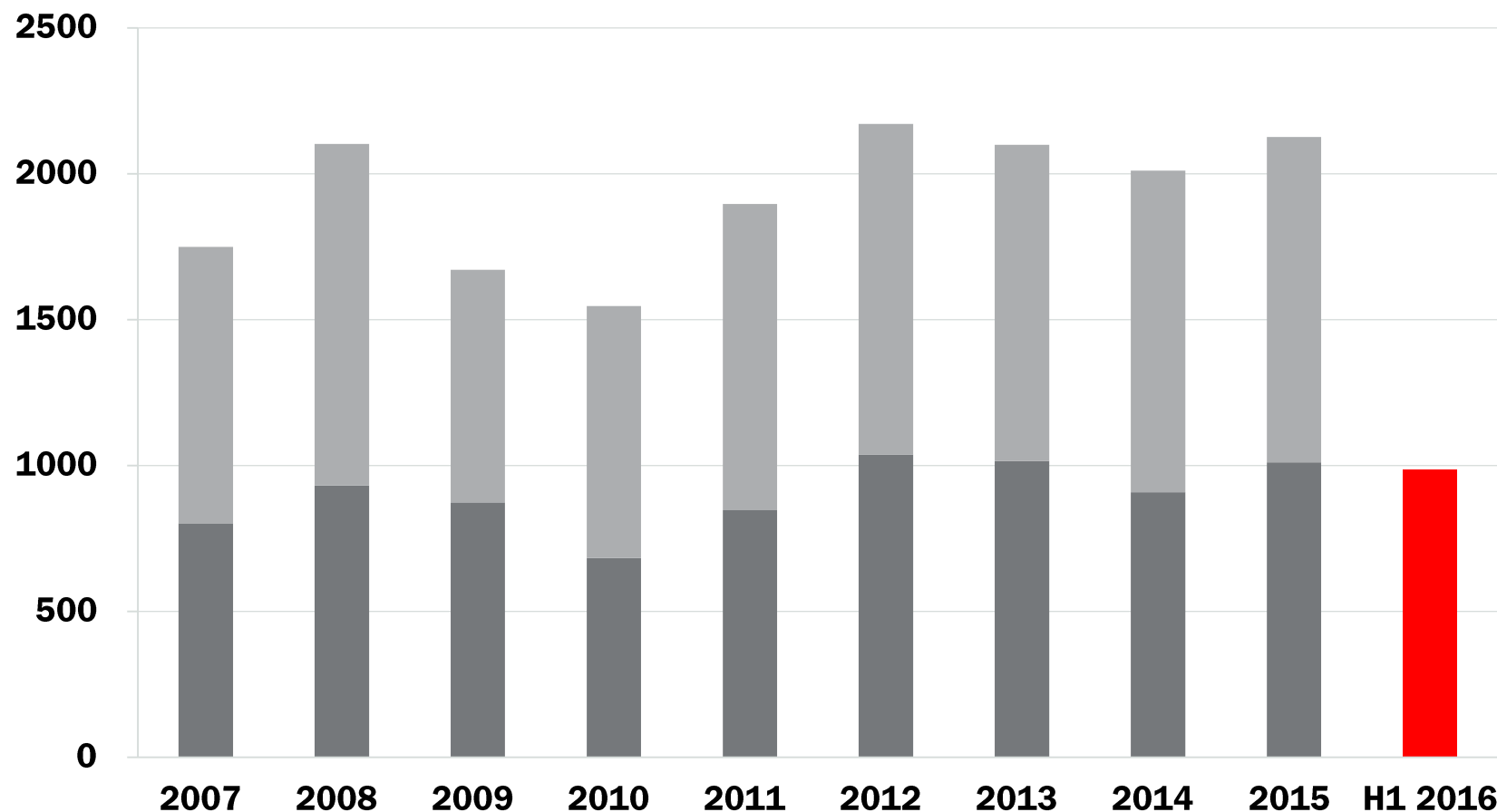


*-8.5% at comparable currencies

GROUP NET SALES

H1 Net Sales: 987.4 (1,010.5) MEUR, -2.3%*

MEUR



*-0.4% at comparable currencies

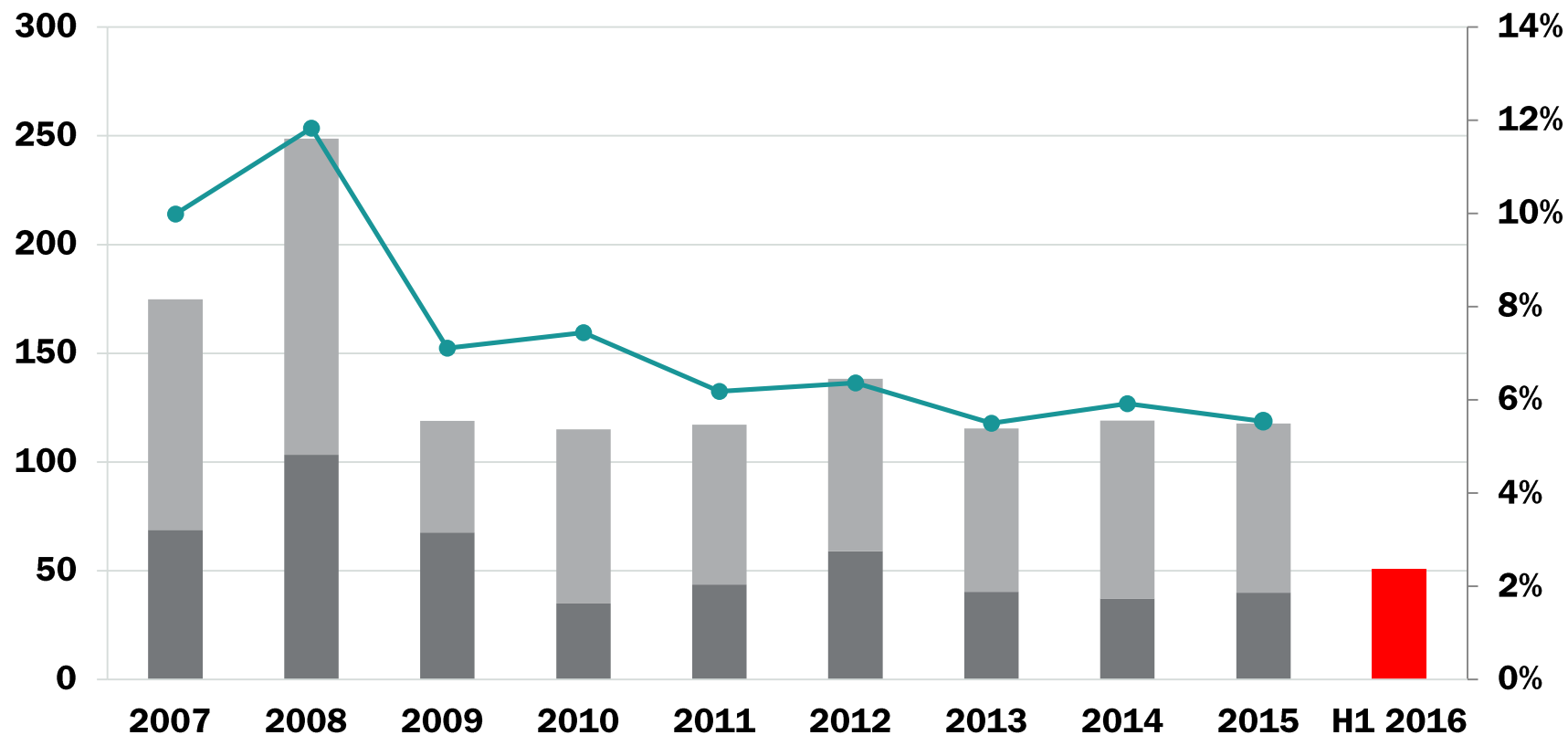
GROUP ADJ. EBIT & MARGIN

H1 Adj.* EBIT: 50.8 (39.9) MEUR +27.3 | Margin: 5.1% (3.9%)

MEUR

■ EBIT

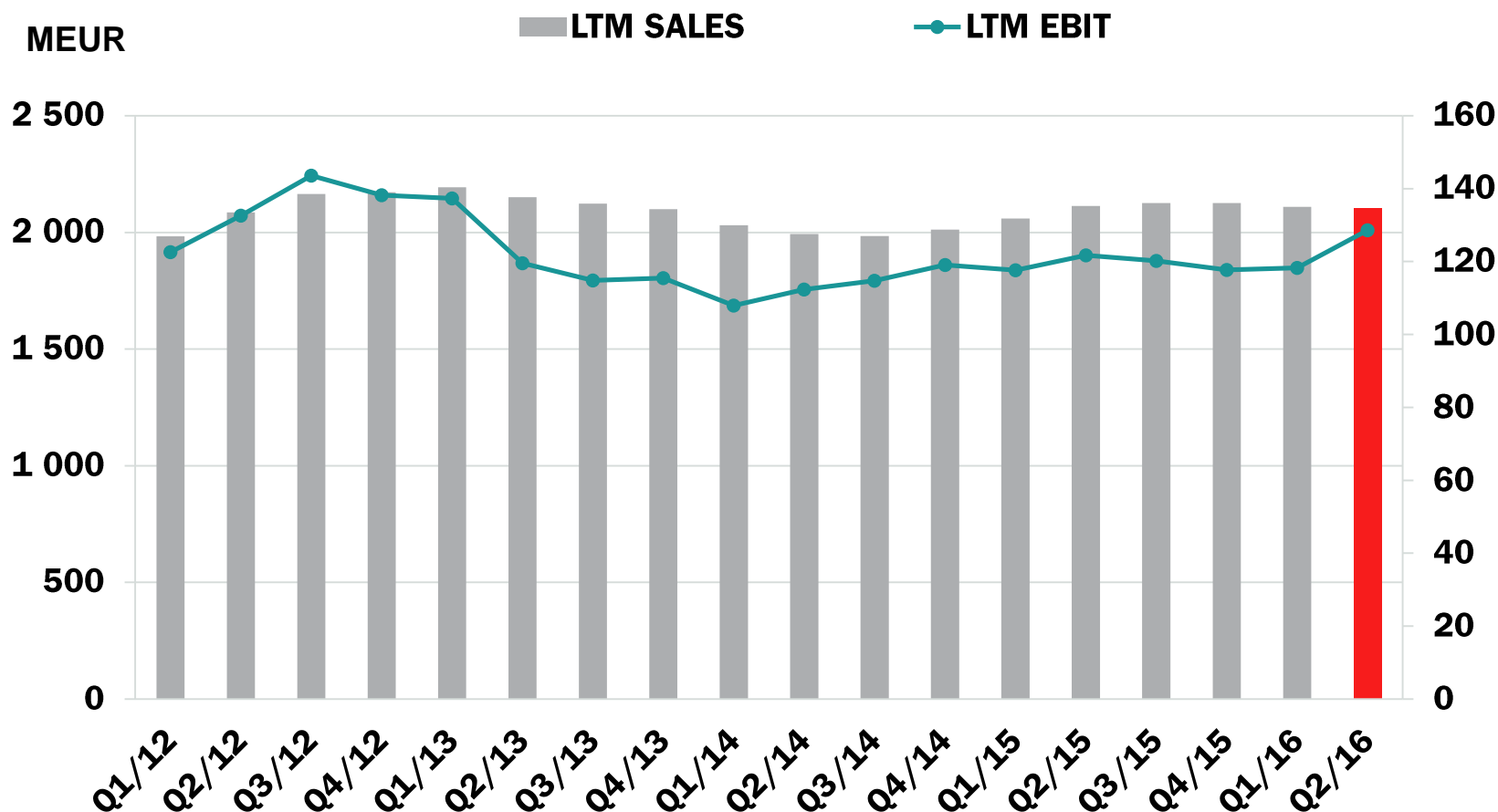
—● MARGIN



* Adjustments EUR -21.9 million (-11.8) in H1/16

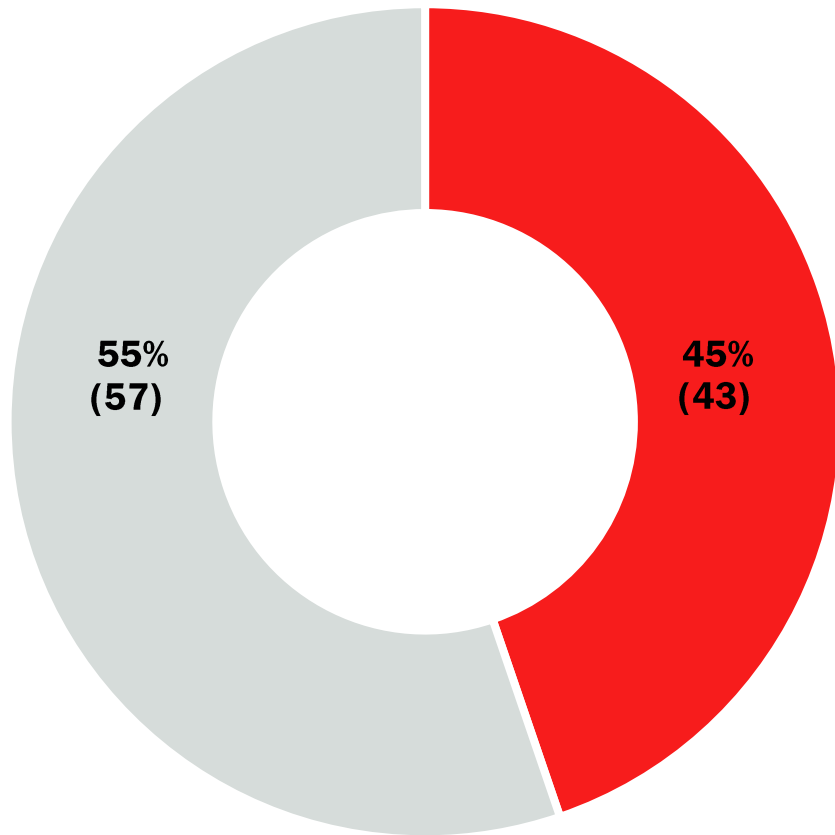
GROUP NET SALES AND ADJ. EBIT

R12M Sales: 2,103.1 (2,113.0) MEUR, -0.5% | Adj.* EBIT: 128.6 (121.8) MEUR, +5.6%

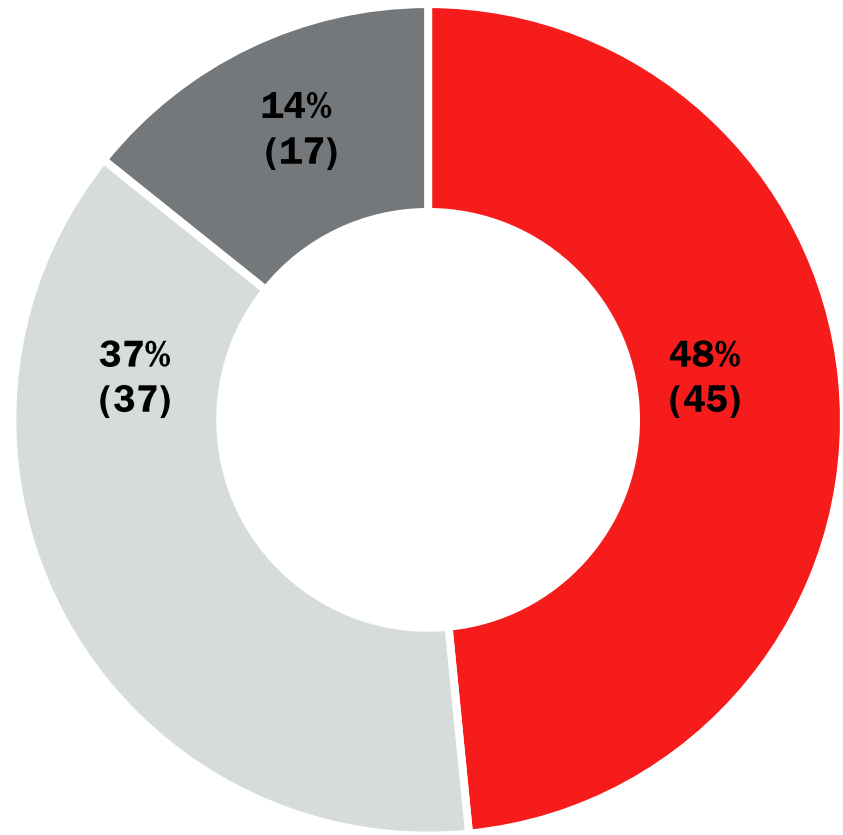


* Adjustments EUR -64.8 million (-13.7) in R12M

SALES SPLIT BY BUSINESS AREA & REGION, R12M



- SERVICE
- EQUIPMENT



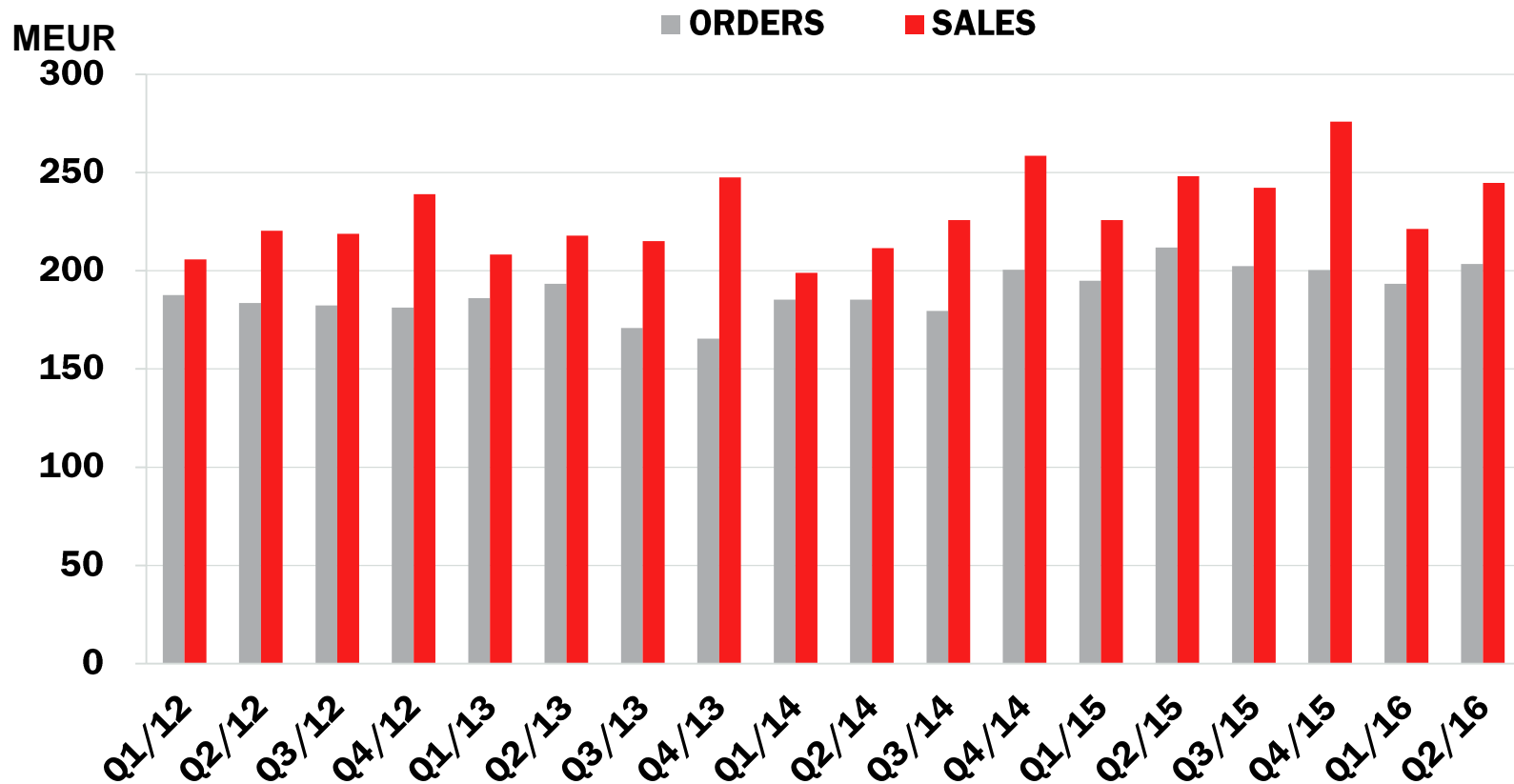
- EMEA
- AME
- APAC

A photograph of two Konecranes service technicians at a port. One technician, wearing a white shirt and a white hard hat, is looking at a white Konecranes truck. The other technician, wearing an orange shirt with "Lifting Businesses™" on the back and a white hard hat with a red Konecranes logo, is standing next to the truck. The truck has "KONE" and a crane logo on its side. In the background, a large red Konecranes gantry crane is visible against a blue sky with clouds.

SERVICE

SERVICE ORDERS AND NET SALES

Q2 Orders: 203.5 (211.8) MEUR -3.9%* | Sales: 244.7 (248.2) MEUR -1.4%*

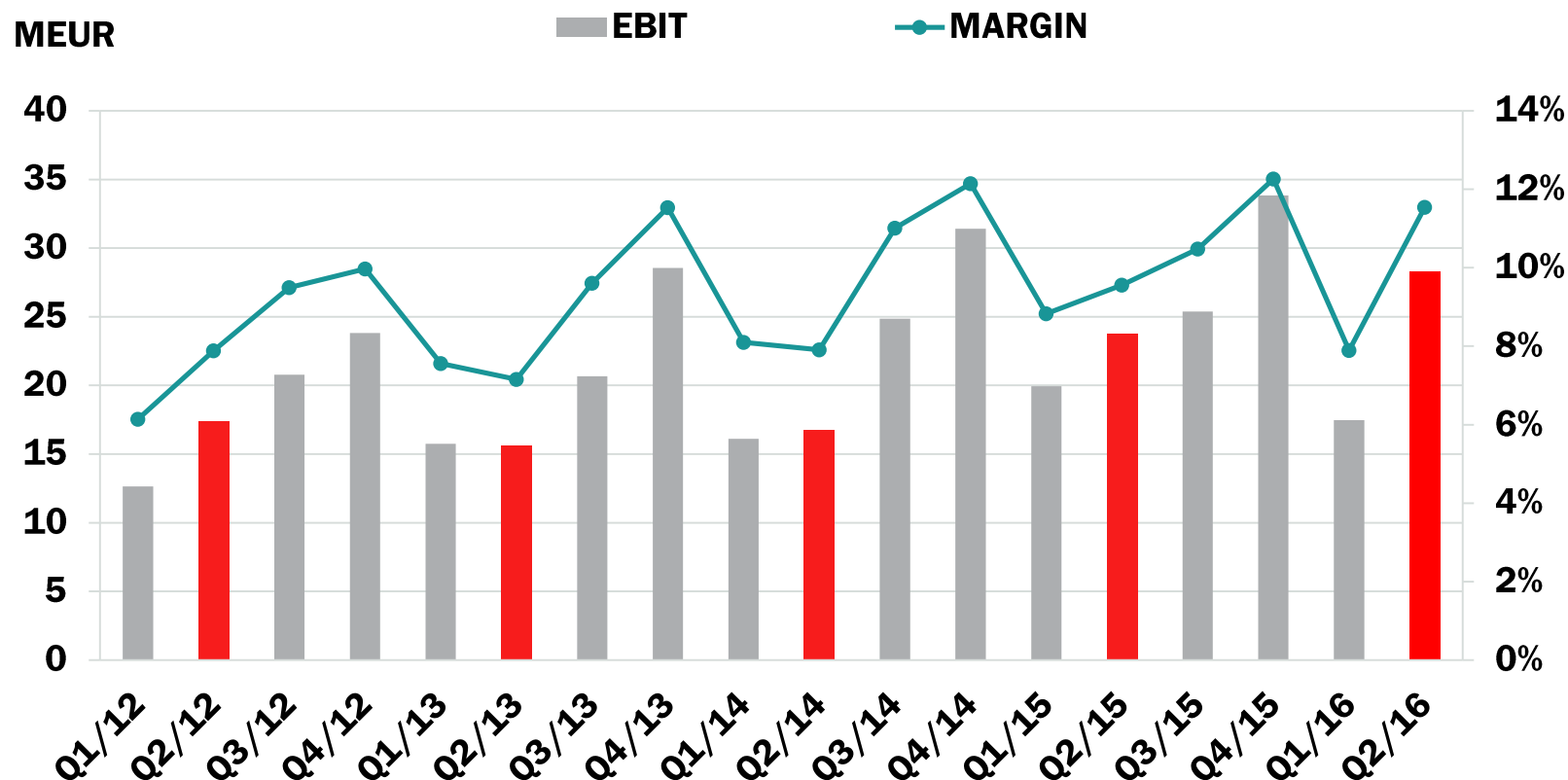


- Sales grew in EMEA and the Americas whereas sales declined in APAC due to negative currency rate changes
- Parts sales outperformed field service sales

*-0.7% at comparable currencies, **+1.8% at comparable currencies

SERVICE ADJ. EBIT & MARGIN

Q2 Adj.* EBIT: 28.3 (23.7) MEUR, +19.1% | Margin: 11.5% (9.6%)

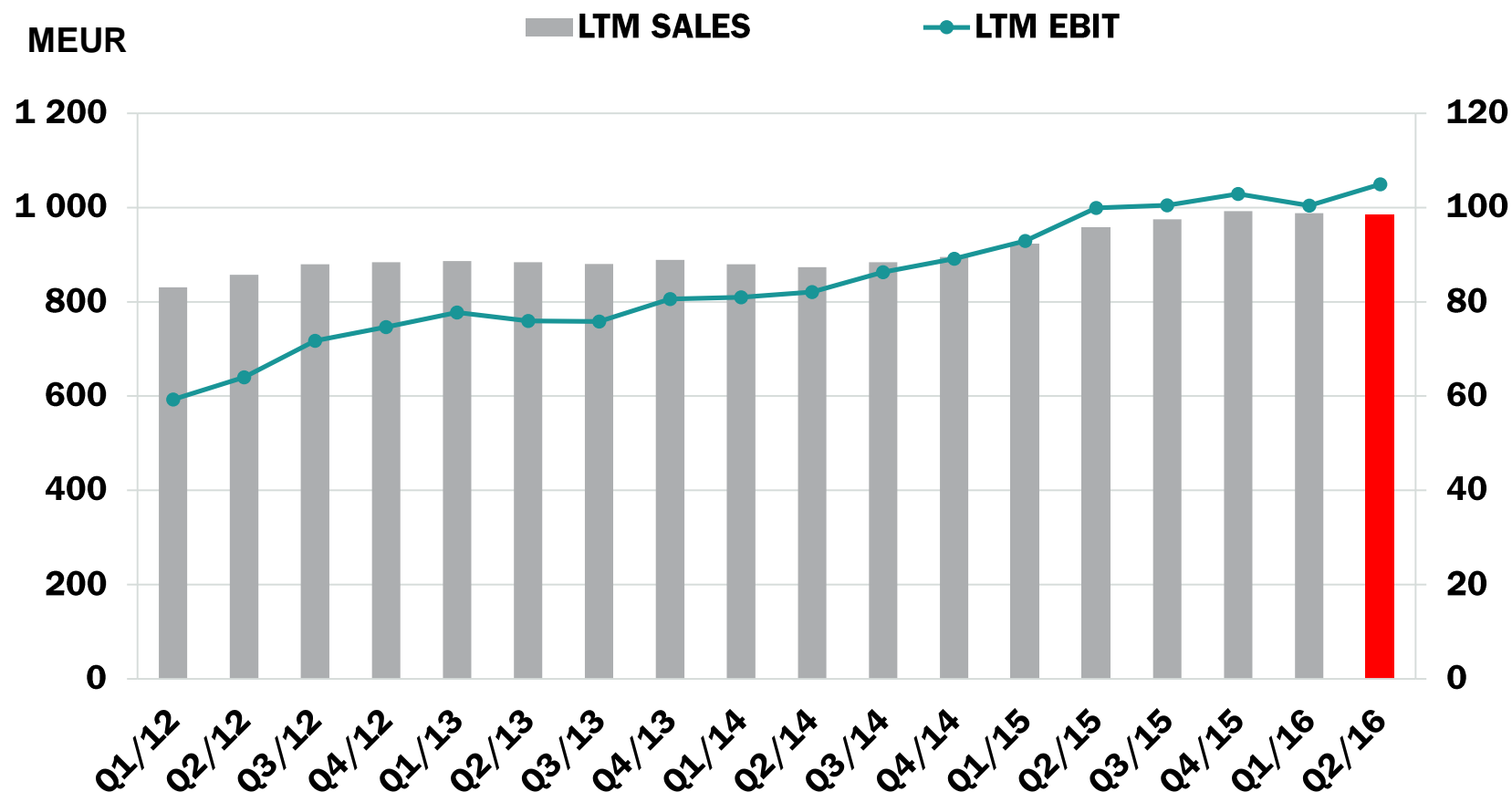


- Operating margin improved due to the higher gross margin and lower fixed costs

* Adjustments include restructuring costs of EUR 1.2 million (1.5) in Q2/16

SERVICE NET SALES AND ADJ. EBIT

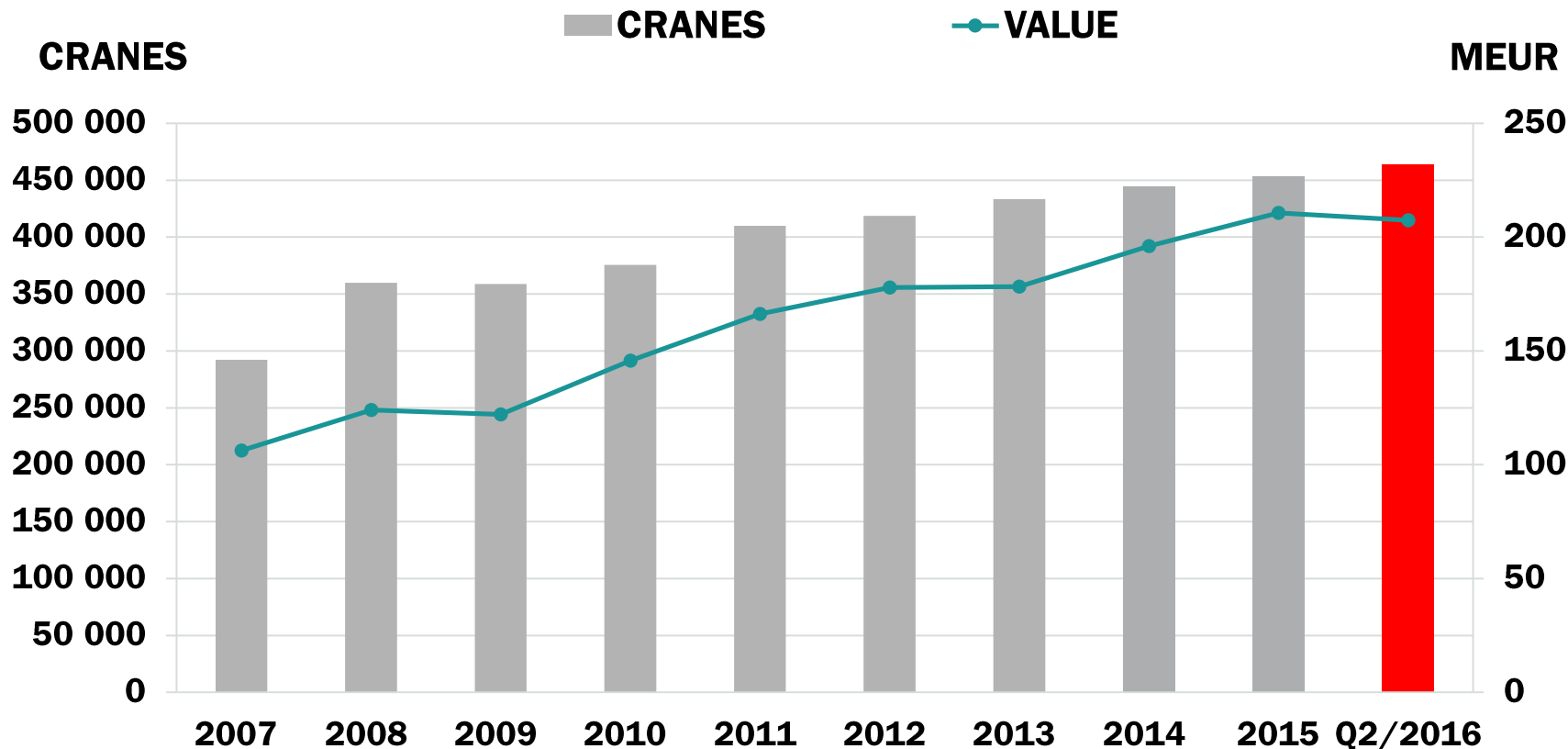
R12M Sales: 984.4 (958.6) MEUR, +2.7% | Adj.* EBIT: 104.9 (99.9) MEUR, +5.0%



* Adjustments include restructuring costs of EUR 1.2 million (1.5) in Q2/16

SERVICE CONTRACT BASE

Q2 CB: 464 (454) thousand units, +2.1% | Annual value 207.4 (209.5) MEUR, -1.0%*

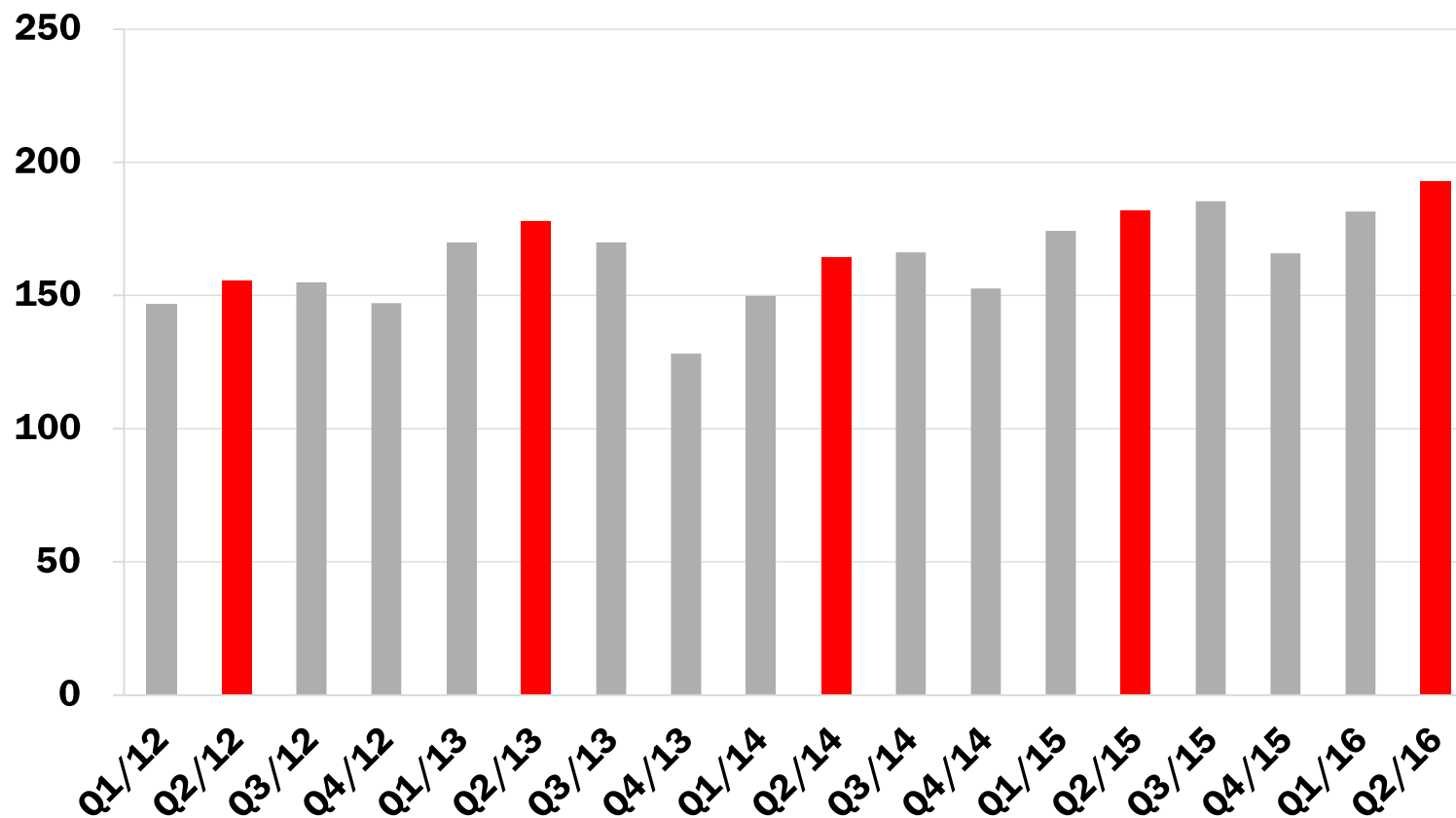


*+0.8% at comparable currencies

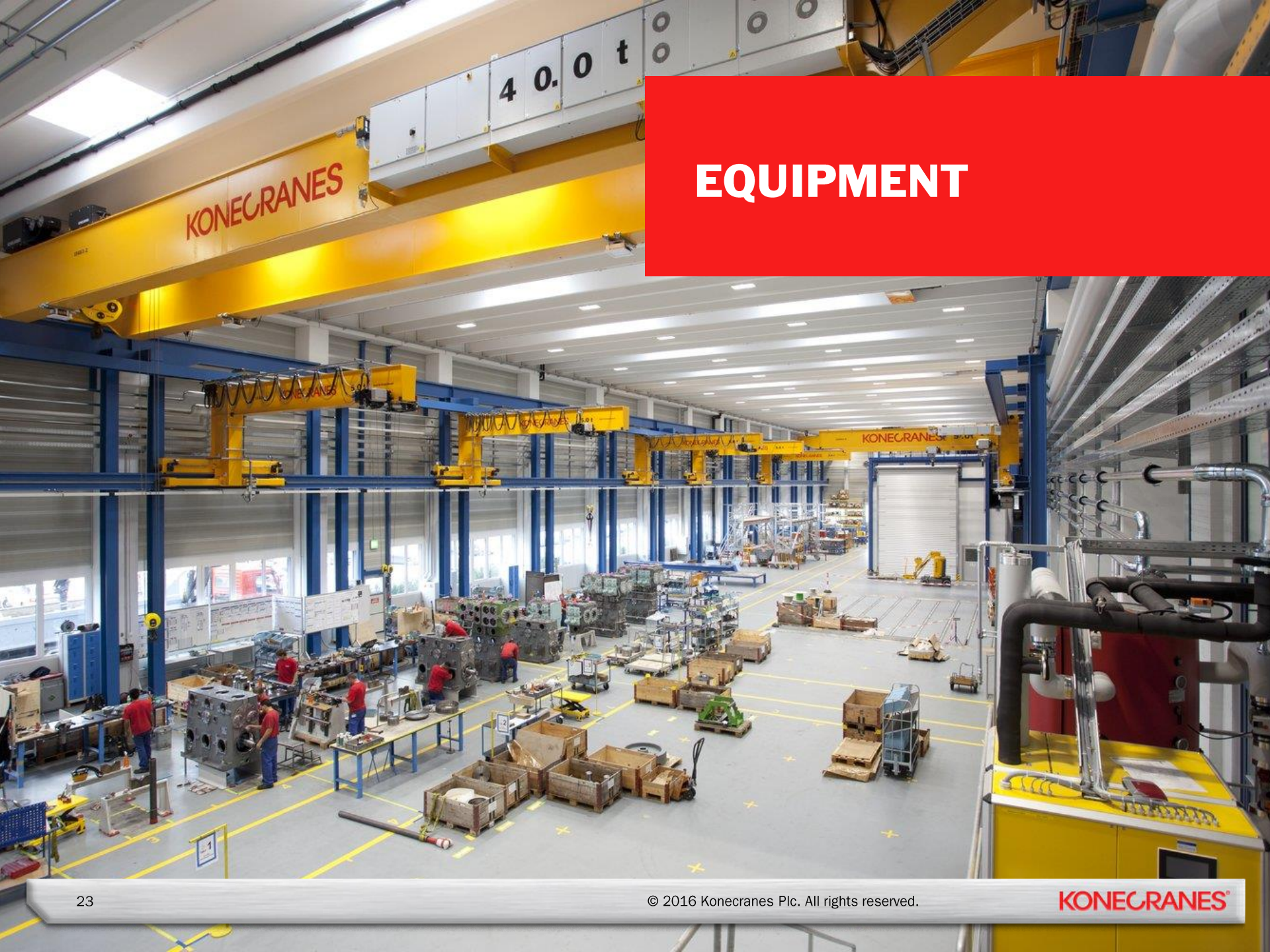
SERVICE ORDER BOOK

Q2 Order book: 192.8 (181.7) MEUR, +6.1%*

MEUR



*+7.6% at comparable currencies



EQUIPMENT

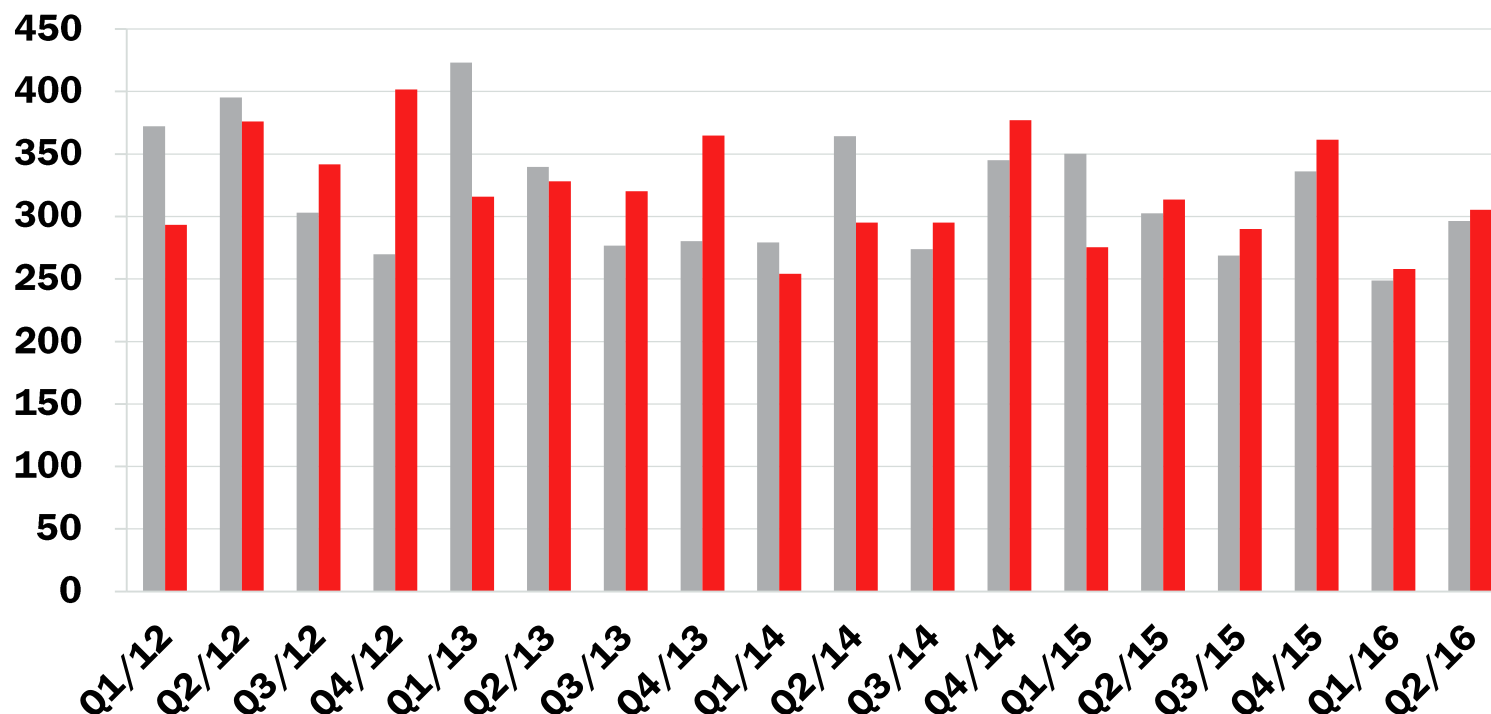
EQUIPMENT ORDERS AND NET SALES

Q2 Orders: 296.4 (302.6) MEUR, -2.1%* | Net sales: 305.3 (313.5) MEUR, -2.6%**

MEUR

■ ORDERS

■ SALES



- Orders declined from the previous year in the Americas and APAC, but increased in EMEA
- Orders received for industrial cranes and port cranes grew, but orders for components and lift trucks fell

*+0.7% at comparable currencies, **0.0% at comparable currencies

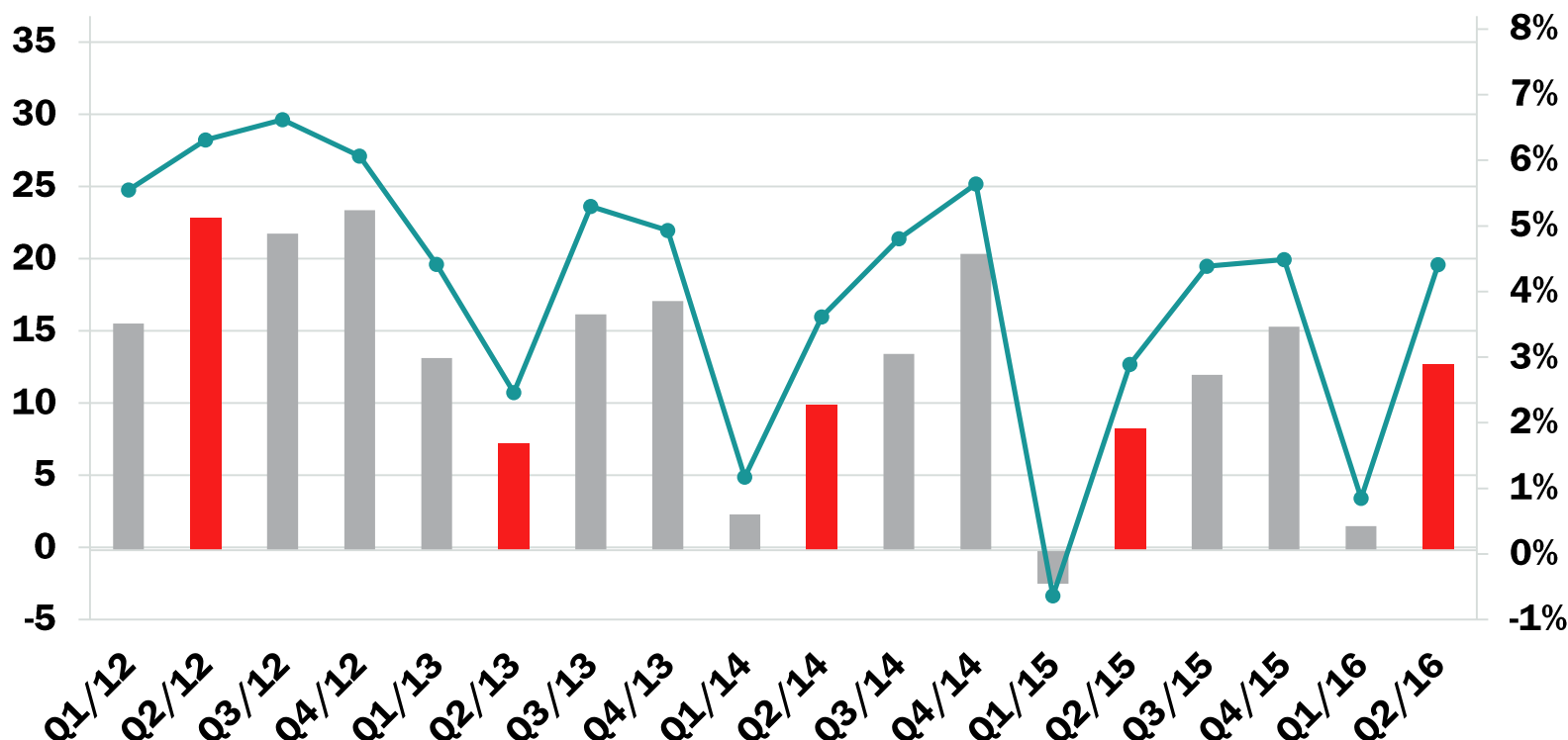
EQUIPMENT ADJ. EBIT & MARGIN

Q2 Adj.* EBIT: 12.8 (8.4) MEUR, +52.5% | Margin: 4.2% (2.7%)

MEUR

■ EBIT

— MARGIN

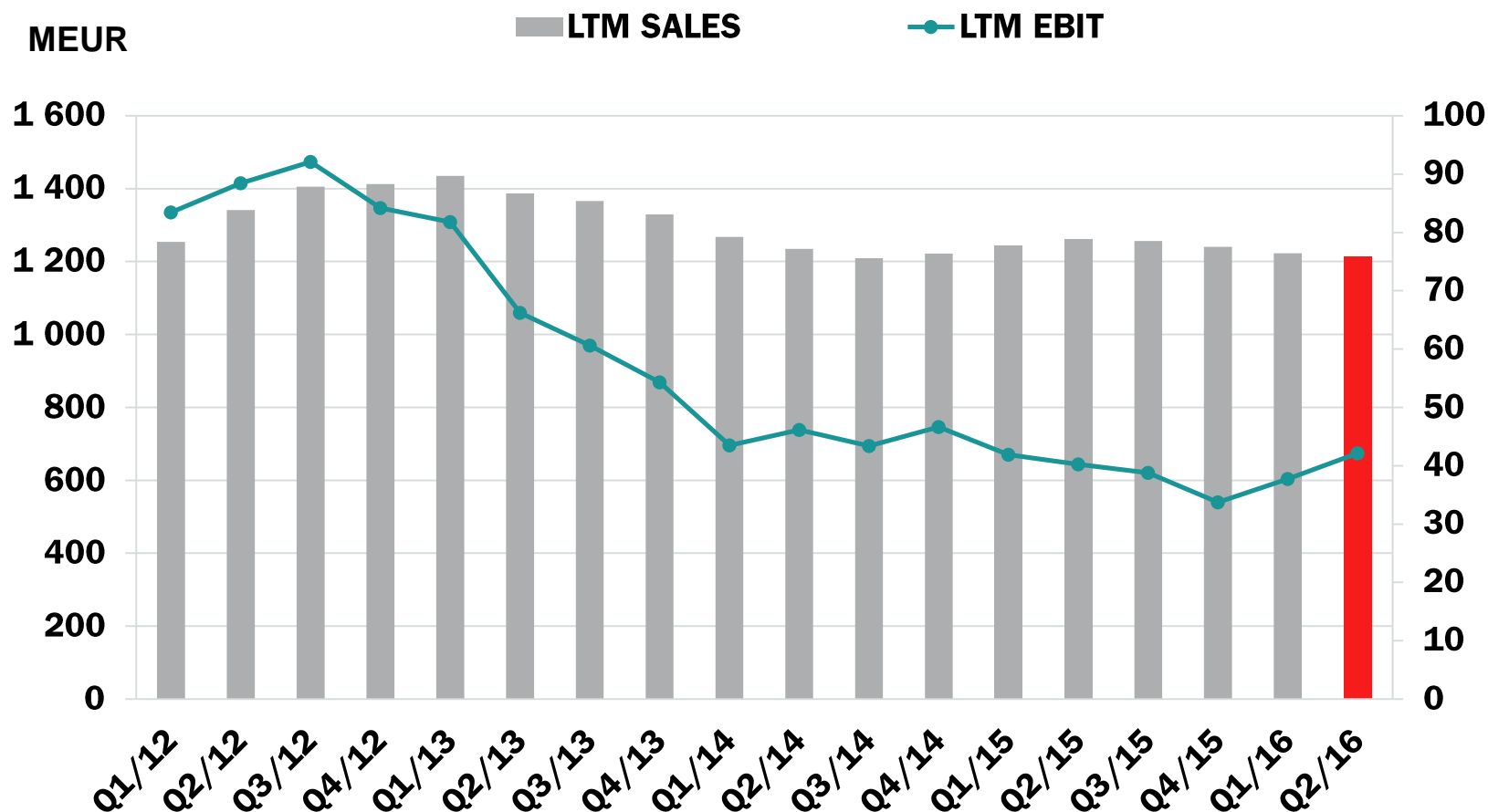


- Operating margin improved due to the higher gross margin and lower fixed costs

* Adjustments include restructuring costs of EUR 2.5 million (8.0) in Q2/16

EQUIPMENT NET SALES AND ADJ. EBIT

R12M Sales: 1,214.7 (1,261.1) MEUR, -3.7% | Adj.* EBIT: 42.2 (40.2) MEUR, +4.8%



* Adjustments include restructuring costs of EUR 2.5 million (8.0) in Q2/16

EQUIPMENT ORDER BOOK

Q2 Order book: 850.5 (918.6) MEUR -7.4%*

MEUR

1200

1000

800

600

400

200

0

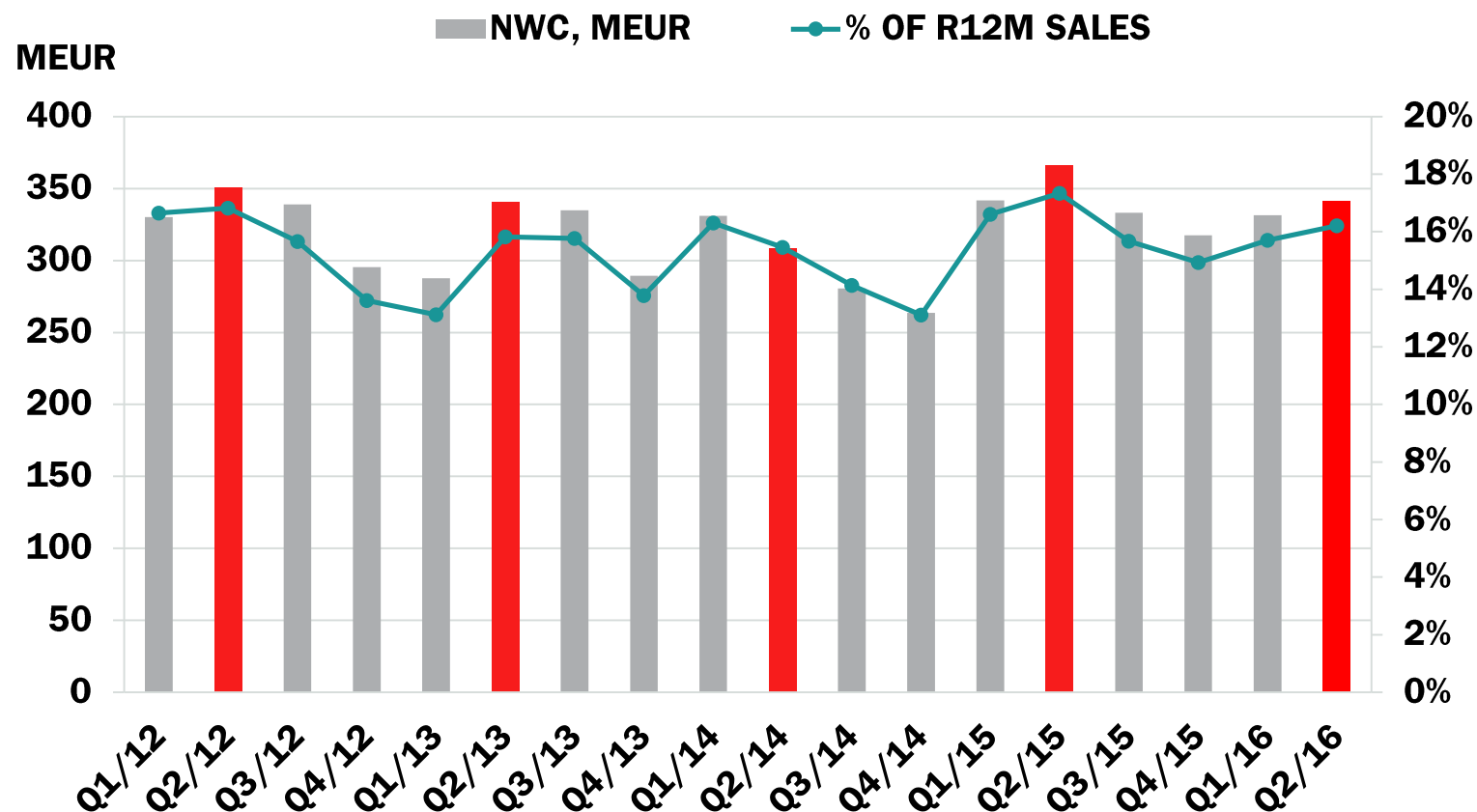
Q1/12 Q2/12 Q3/12 Q4/12 Q1/13 Q2/13 Q3/13 Q4/13 Q1/14 Q2/14 Q3/14 Q4/14 Q1/15 Q2/15 Q3/15 Q4/15 Q1/16 Q2/16

*-6.3% at comparable currencies

BALANCE SHEET AND CASH FLOW

NET WORKING CAPITAL

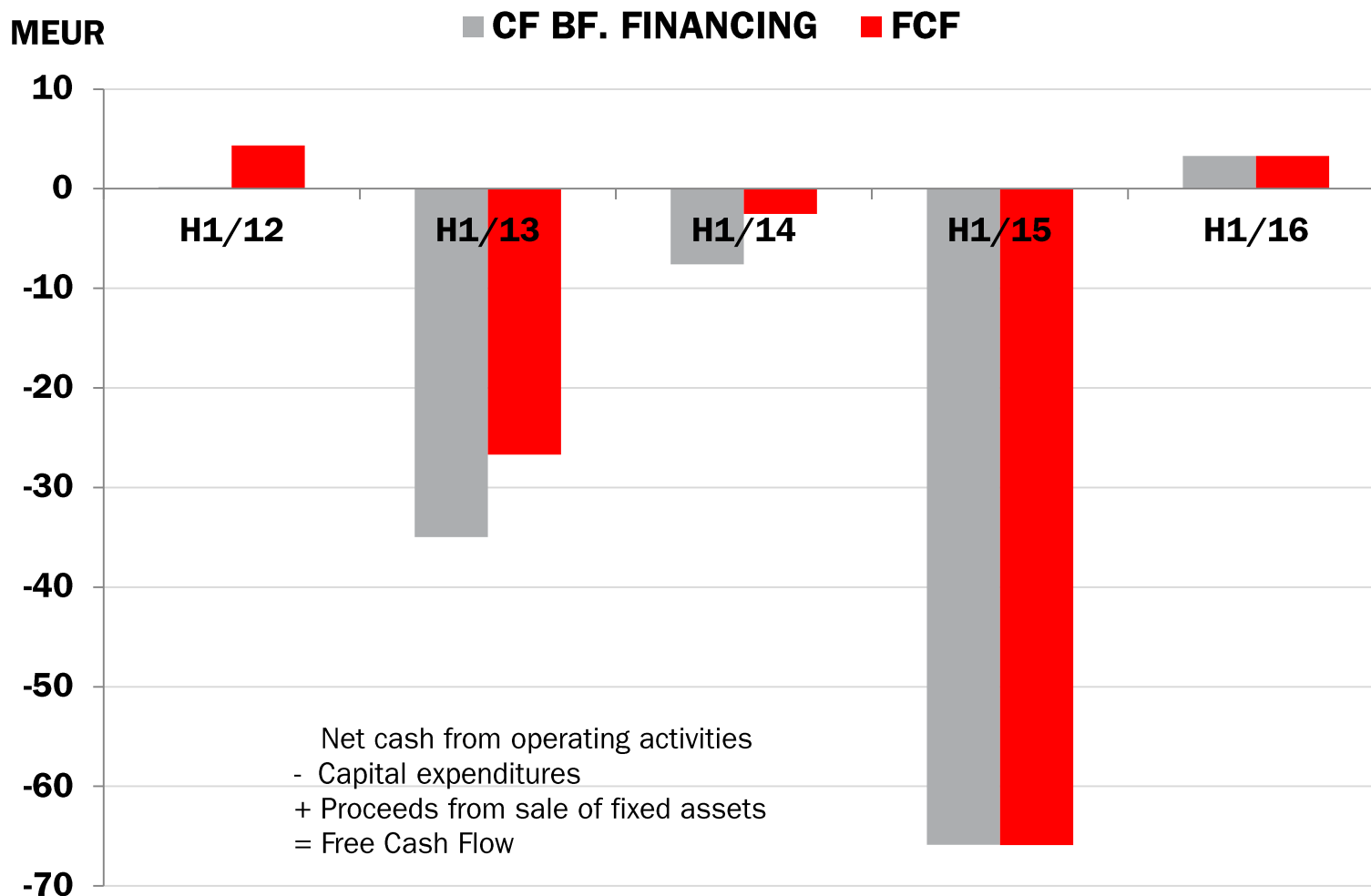
Q2 NWC: 340.9 (366.3) MEUR | 16.2% (17.3%) of R12M sales



Q1/16 excl. dividend liability of EUR 62 million, Q1/15 excl. dividend liability of EUR 61 million, 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

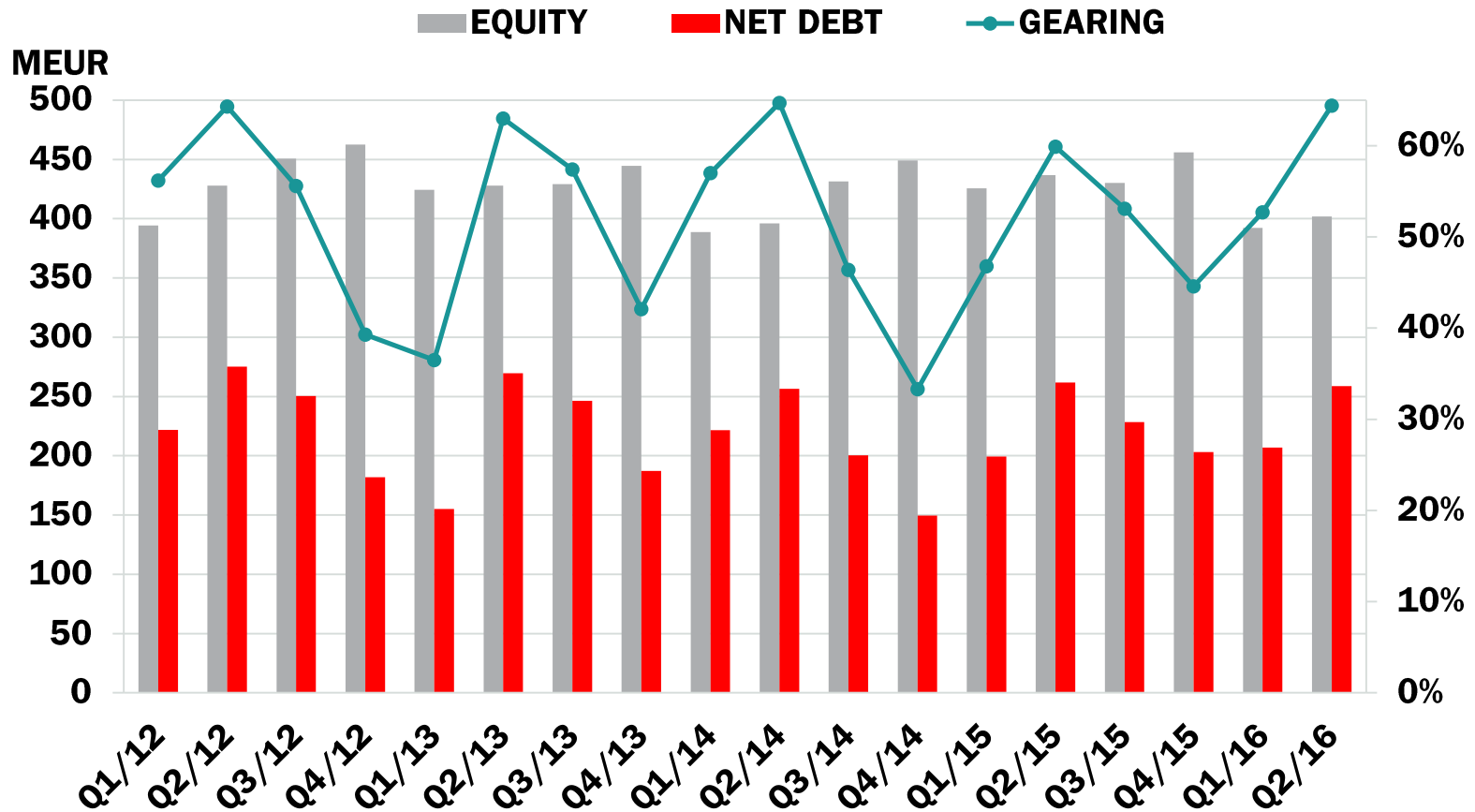
CF BEFORE FINANCING ACTIVITIES AND FCF

H1 CF BF. FINANCING: 3.3 (-65.9) MEUR | FCF: 3.3 (-65.9) MEUR



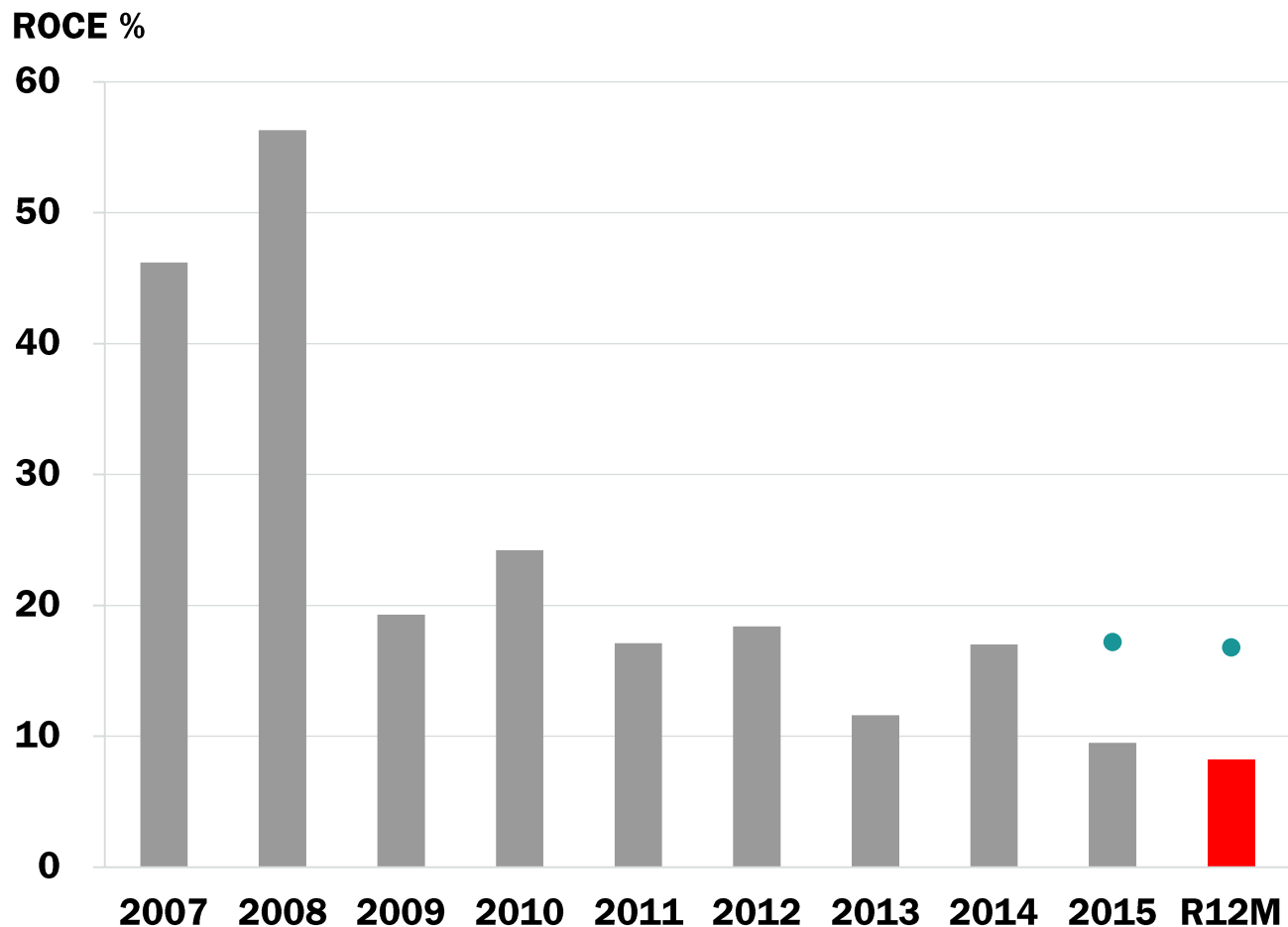
GEARING

Q2 Equity: 401.9 (436.9) MEUR | Net debt: 258.7 (261.9) MEUR | Gearing: 64.4% (59.9%)



RETURN ON CAPITAL EMPLOYED

R12M ROCE: 8.2%* (14.4%**)



*16.8% excluding adjustments **16.2% excluding adjustments

KONECRANES



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



APPENDIXES

STATEMENT OF INCOME

MEUR	H1/16	H1/15	% Change
Sales	987.4	1,010.5	-2.3
Other operating income	10.9	0.5	
Materials, supplies and subcontracting	-430.7	-448.8	
Personnel cost	-332.2	-335.4	
Depreciation and impairments	-28.7	-30.1	
Other operating expenses	-177.8	-168.7	
Operating profit	28.9	28.1	2.9
Share of associates' and joint ventures' result	4.8	3.1	
Financial income	4.1	3.1	
Financial expenses	-22.5	-9.5	
Profit before taxes	15.4	24.8	-38.0
Taxes	-4.5	-7.8	
Net profit for the period	10.9	17.0	-35.7

BALANCE SHEET

MEUR	June 30, 2016	June 30, 2015	MEUR	June 30, 2016	June 30, 2015
Non-current assets	481.7	507.4	Equity	401.9	436.9
Inventories	381.6	383.9	Non-current liabilities	167.5	281.9
Other current assets	517.8	521.3	Provisions	49.3	49.1
Cash and cash equivalents	80.5	72.7	Current liabilities	843.0	717.4
Total assets	1,461.7	1,485.4	Total equity and liabilities	1,461.7	1,485.4

CASH FLOW STATEMENT

MEUR	H1/16	H1/15
Operating income before change in net working capital	56.3	59.5
Change in net working capital	-12.5	-73.2
Financing items and taxes	-29.5	-35.0
Net cash from operating activities	14.2	-48.7
Cash flow from investing activities	-10.9	-17.1
Cash flow before financing activities	3.3	-65.9
Proceeds from options exercised and share issues	0.0	14.3
Change in interest-bearing debt	58.5	84.5
Acquired non-controlling interest	-0.3	0.0
Dividends paid to equity holders of the parent	-61.7	-61.5
Net cash used in financing activities	-3.5	37.3
Translation differences in cash	0.0	3.3
Change of cash and cash equivalents	-0.2	-25.2
Cash and cash equivalents at beginning of period	80.8	97.9
Cash and cash equivalents at end of period	80.5	72.7
Change of cash and cash equivalents	-0.2	-25.2

KEY FIGURES

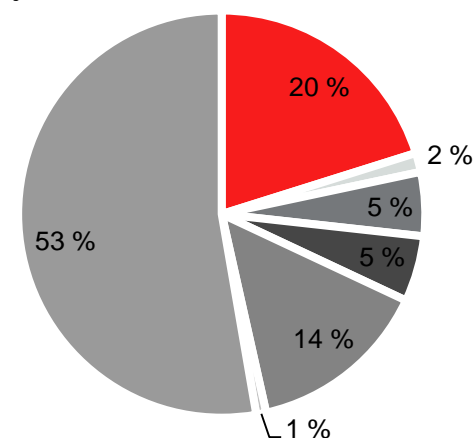
MEUR	H1/16	H1/15	% Change
Earnings per share, basic, EUR	0.19	0.29	-36.2
Earnings per share, diluted, EUR	0.19	0.29	-36.1
Return on capital employed %, R12M	8.2	14.4	-43.1
Return on equity %, R12M	5.9	17.1	-65.5
Equity per share, EUR	6.84	7.44	-8.1
Current ratio	1.1	1.3	
Gearing (%)	64.4	59.9	
Solidity (%)	31.7	33.4	
Investments total (excl. acquisitions), MEUR	18.2	14.1	28.8
Interest-bearing net debt, MEUR	258.7	261.9	-1.2
Net working capital, MEUR	340.9	366.3	-6.9
Personnel at end of period	11,444	11,900	-2.4
Personnel on average during the period	11,647	11,929	-3.8
Average number of shares outstanding, basic	58,745,394	58,344,755	
Average number of shares outstanding, diluted	58,745,394	58,392,931	
Number of shares outstanding	58,751,009	58,732,429	

THE LARGEST SHAREHOLDERS

Largest shareholders on June 30, 2016	Number of shares	% of all shares
1 HTT KCR Holding Oy Ab	6,870,568	10.9
2 Gustavson Stig, Chairman of the Board of Konecranes and family *)	2,078,013	3.3
3 Varma Mutual Pension Insurance Company	1,190,275	1.9
4 The Local Government Pensions Institution	598,542	1.0
5 The State Pension Fund	580,000	1.0
6 Samfundet Folkhälsan I Svenska Finland	535,600	0.9
7 Ilmarinen Mutual Pension Insurance Company	501,603	0.8
8 Sigrid Jusélius Foundation	446,500	0.7
9 Etera Mutual Pension Insurance Company	250,766	0.4
10 Fondita Funds	243,000	0.4
Konecranes Plc's treasury shares	4,521,333	7.2
Nominee registered	33,359,965	52.7
Other shareholders	12,096,177	19.1
Total number of shares	63,272,342	100.0

*) 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 1,331.3 million excluding treasury shares



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

Trading information

- Listing: Nasdaq Helsinki
- Date of listing: March 27, 1996
- Segment: Large Cap
- Sector: Industrials
- Trading code: KCR1V
- 1-6/16 average daily trading volume 238,678 shares, EUR 5.1 million

CONTACT INFORMATION

Panu Routila, President and CEO
Tel. +358 (0)20 427 2000
panu.routila@konecranes.com

Teo Ottola, CFO and Deputy CEO
Tel. +358 (0)20 427 2040
teo.ottola@konecranes.com

Miikka Kinnunen, Director,
Investor Relations
Tel. +358 (0)20 427 2050
miikka.kinnunen@konecranes.com

Anna-Mari Kautto, Assistant,
Investor Relations
Tel. +358 (0)20 427 2960
anna-mari.kautto@konecranes.com

www.konecranes.com