

Q3 2014 INTERIM REPORT

October 22, 2014

Pekka Lundmark, President and CEO

Teo Ottola, CFO



HIGHLIGHTS OF Q3/14

- **Positives**

- Profitability continued to improve despite lower sales
- Service growth
- Strong cash flow

- **Negatives**

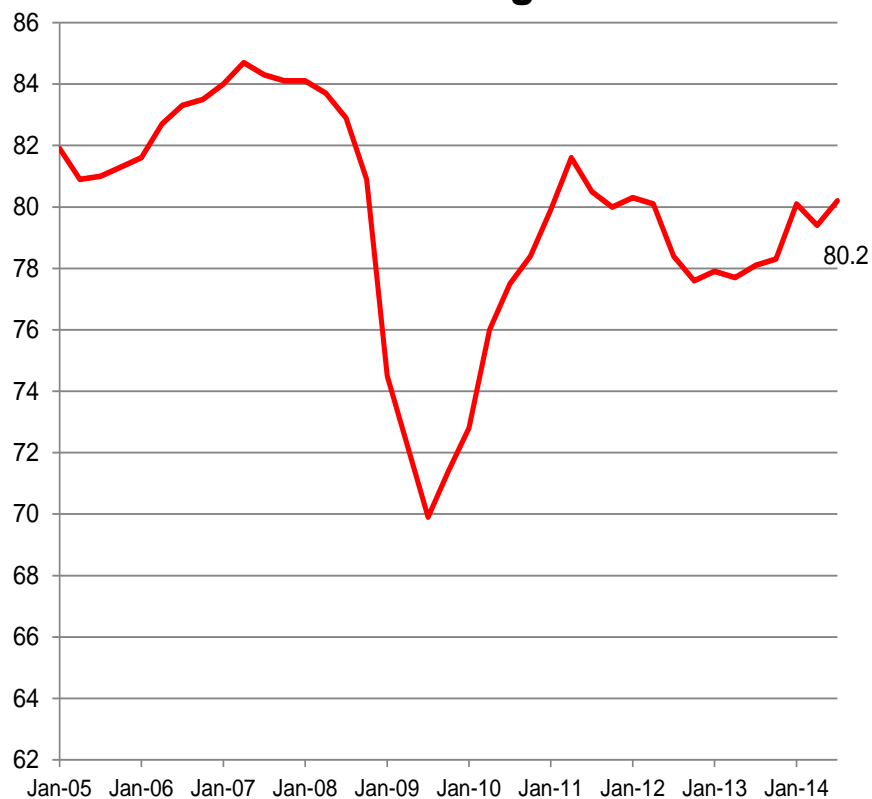
- Equipment order intake, however, mainly due to Port Cranes
- Market uncertainty increasing in Europe

- Sales guidance slightly downgraded for 2014; EBIT guidance unchanged

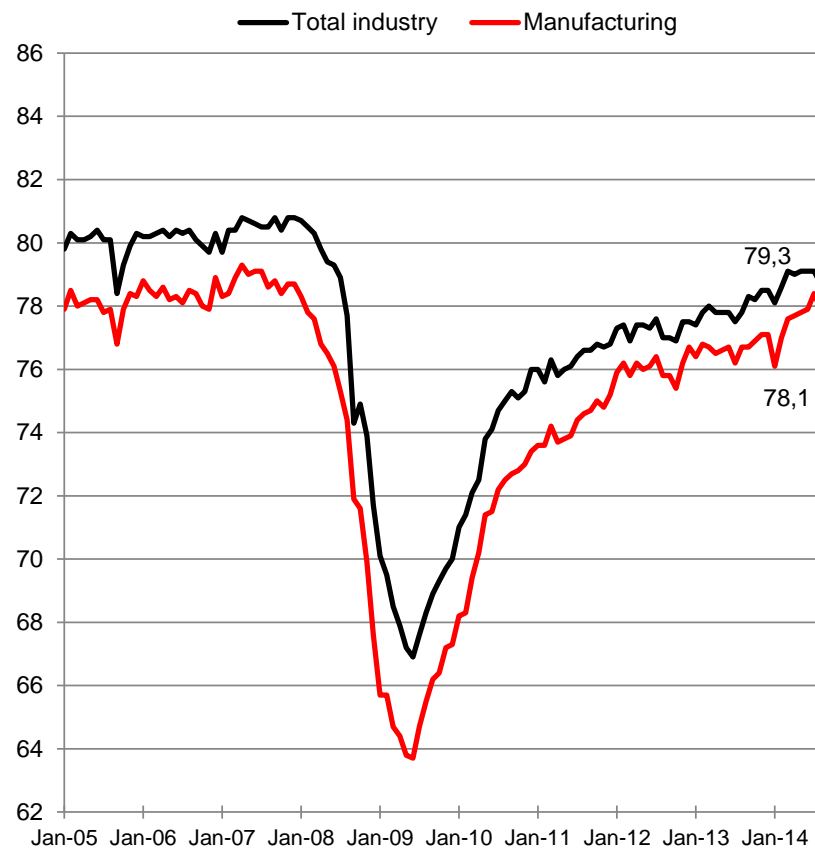
Q3 ORDERS RECEIVED Y/Y	EMEA	AME	APAC
SERVICE			
EQUIPMENT			

CAPACITY UTILIZATION: EU27 AND USA

Capacity utilisation of manufacturing in EU



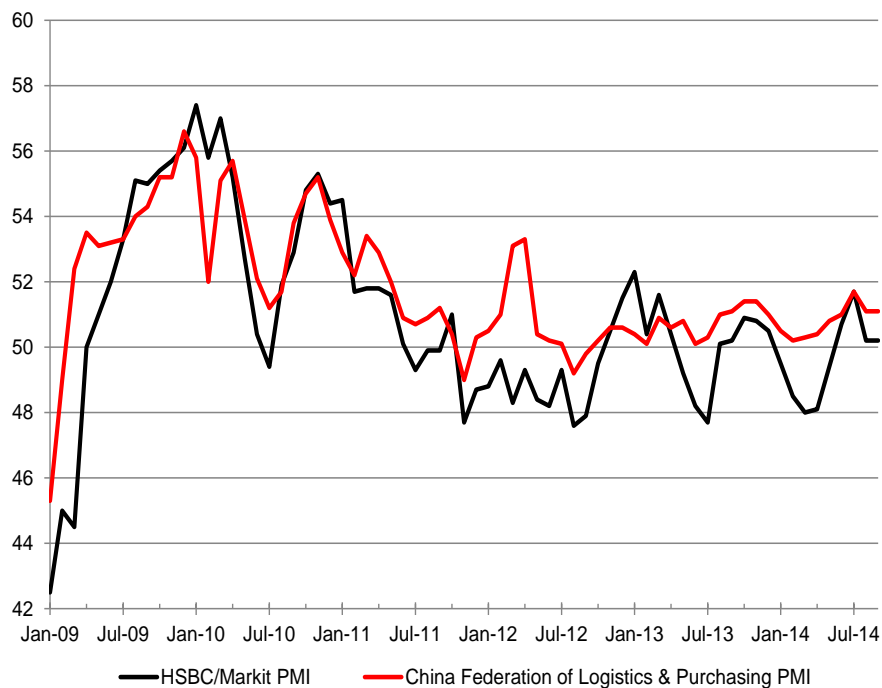
Capacity utilisation in the USA



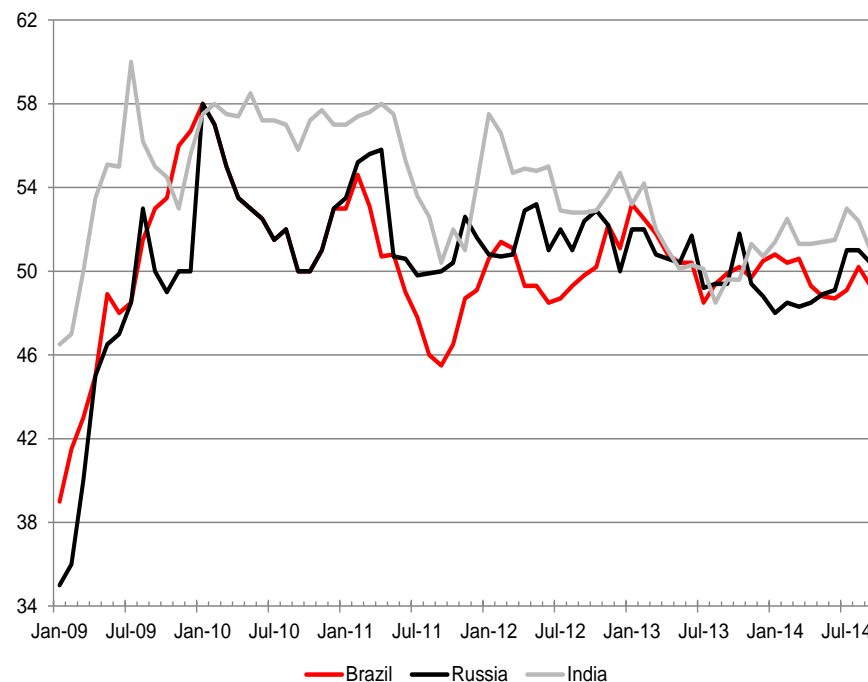
SOURCES: Eurostat (latest data point Q3/14), Federal Reserve Bank of St. Louis (September 2014)

PMI'S IN THE BRIC COUNTRIES

Chinese manufacturing PMI

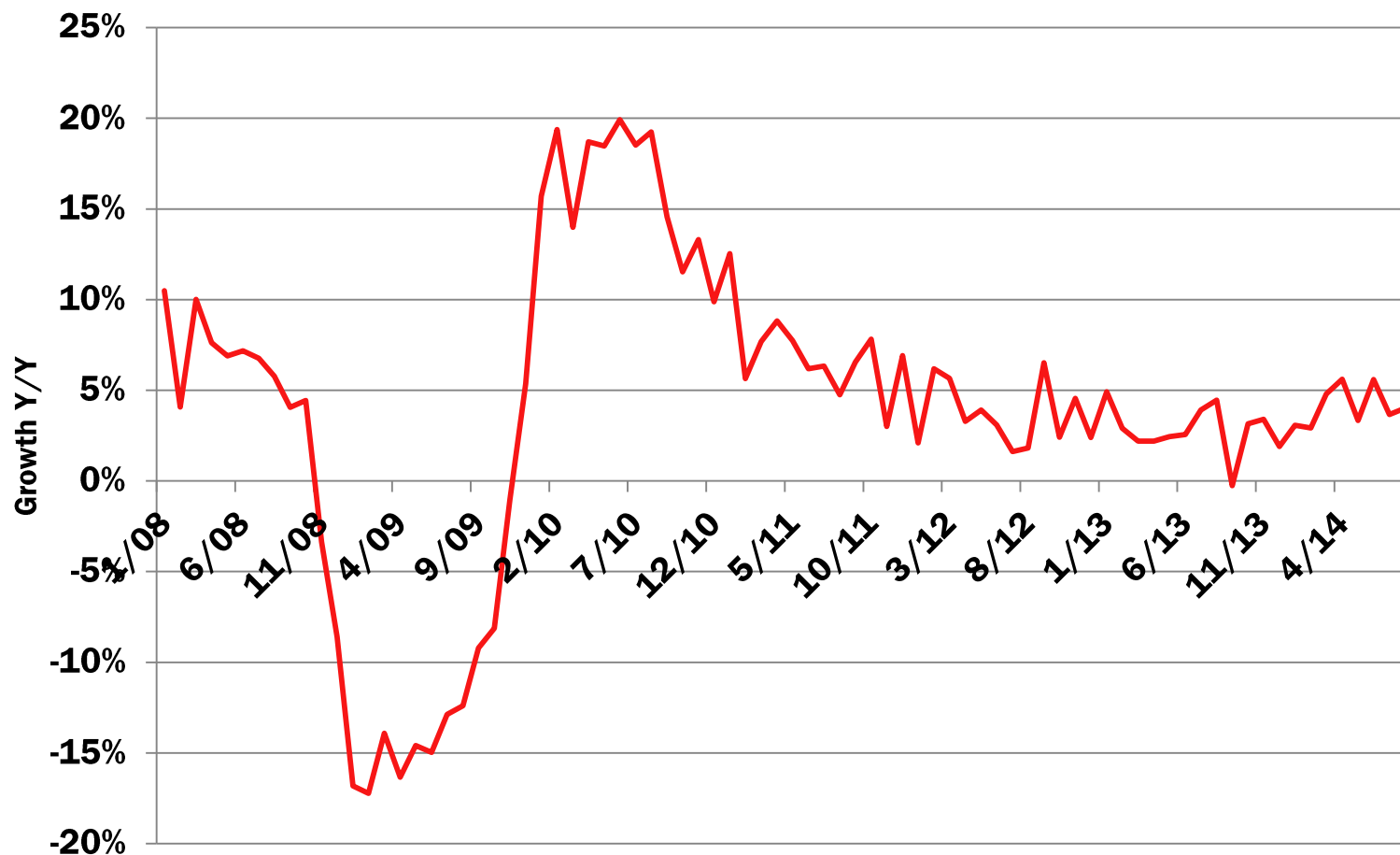


Brazil, Russia, India - PMI



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

CONTAINER THROUGHPUT



MARKET OUTLOOK AND FINANCIAL GUIDANCE AS OF OCTOBER 22, 2014

Market outlook

- European customers have become increasingly cautious about investing.
- The Purchasing Managers' Indexes are giving a reason for the continued optimism regarding the U.S. market.
- The near-term market outlook in emerging markets still remains uncertain.
- Continued contract base growth bodes well for the future of the service business.

Financial guidance

- The sales in 2014 are expected to be somewhat lower than in 2013.
- We expect the 2014 operating profit, excluding restructuring costs, to be approximately at the same level or to improve slightly from 2013.

FOCUS AREAS TO DRIVE GROWTH AND PROFITABILITY IN EQUIPMENT

STRONGER CUSTOMER FOCUS

- Customer need & product segmentation
- New products for "standard needs"
- Sales management

OPERATIONAL EXCELLENCE

- Product cost engineering
- Supply chain
- New IT systems

SIMPLICITY

- Operational model

TWO IMPORTANT PRODUCT LAUNCHES IN CHINA AND INDIA



MORRIS S5 WIRE ROPE HOISTS



KONECRANES® CXT UNO

CHANGES IN PERSONNEL

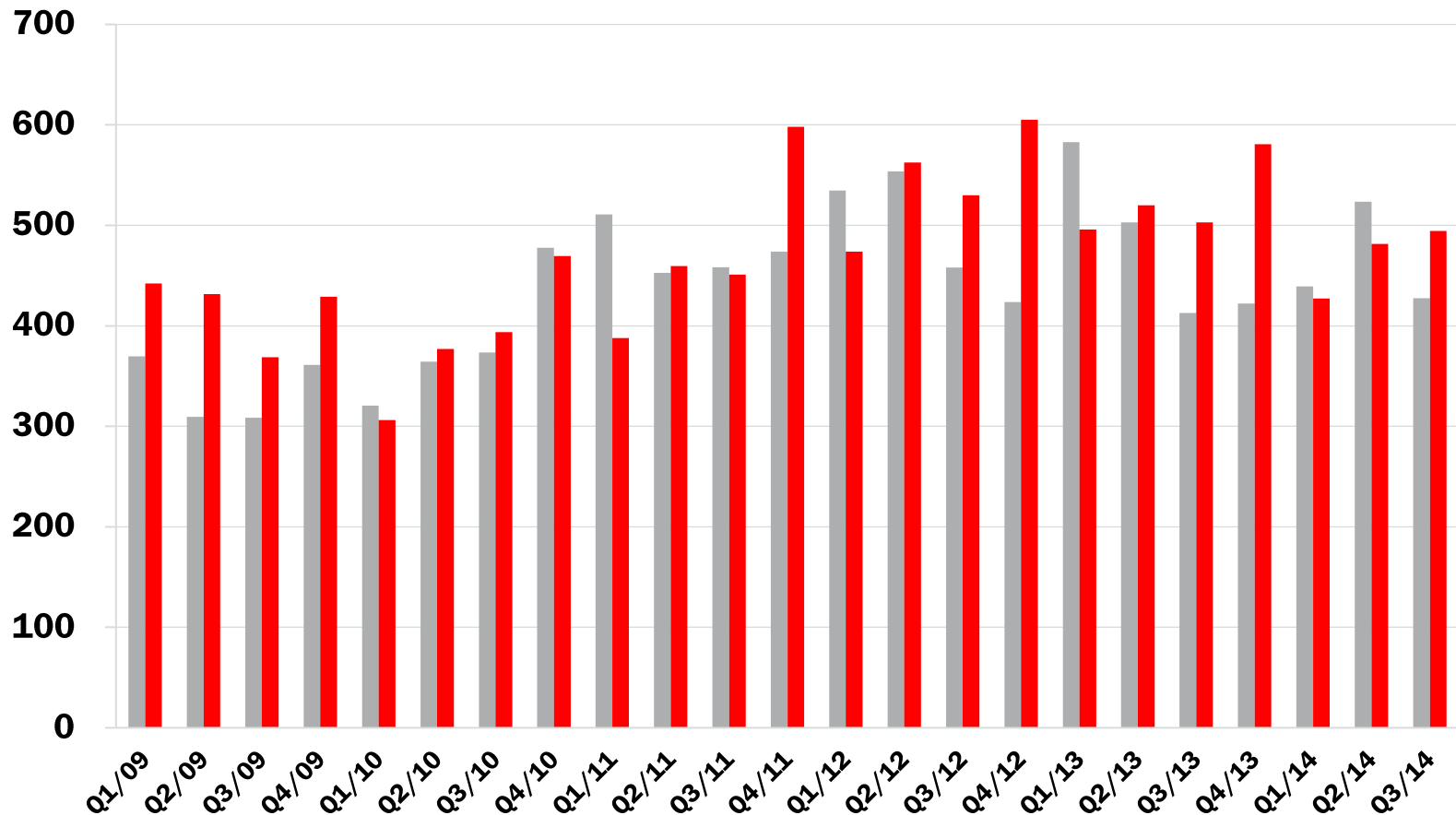
- Group headcount at year-end 2012 12,147 persons
- Personnel change due to restructuring programs ~ -615 persons
- Insourcing certain duties (cost neutral or positive impact) ~ +260 persons
- New recruitment mainly in Middle East, Africa and the Americas ~ +190 persons
- Group headcount at end-Q3/14 11,980 persons

GROUP ORDERS AND NET SALES

Q3 Orders: 427.4 (412.9) MEUR, +3.5%* | Net sales: 494.4 (502.9) MEUR, -1.7%**

MEUR

■ ORDERS ■ SALES

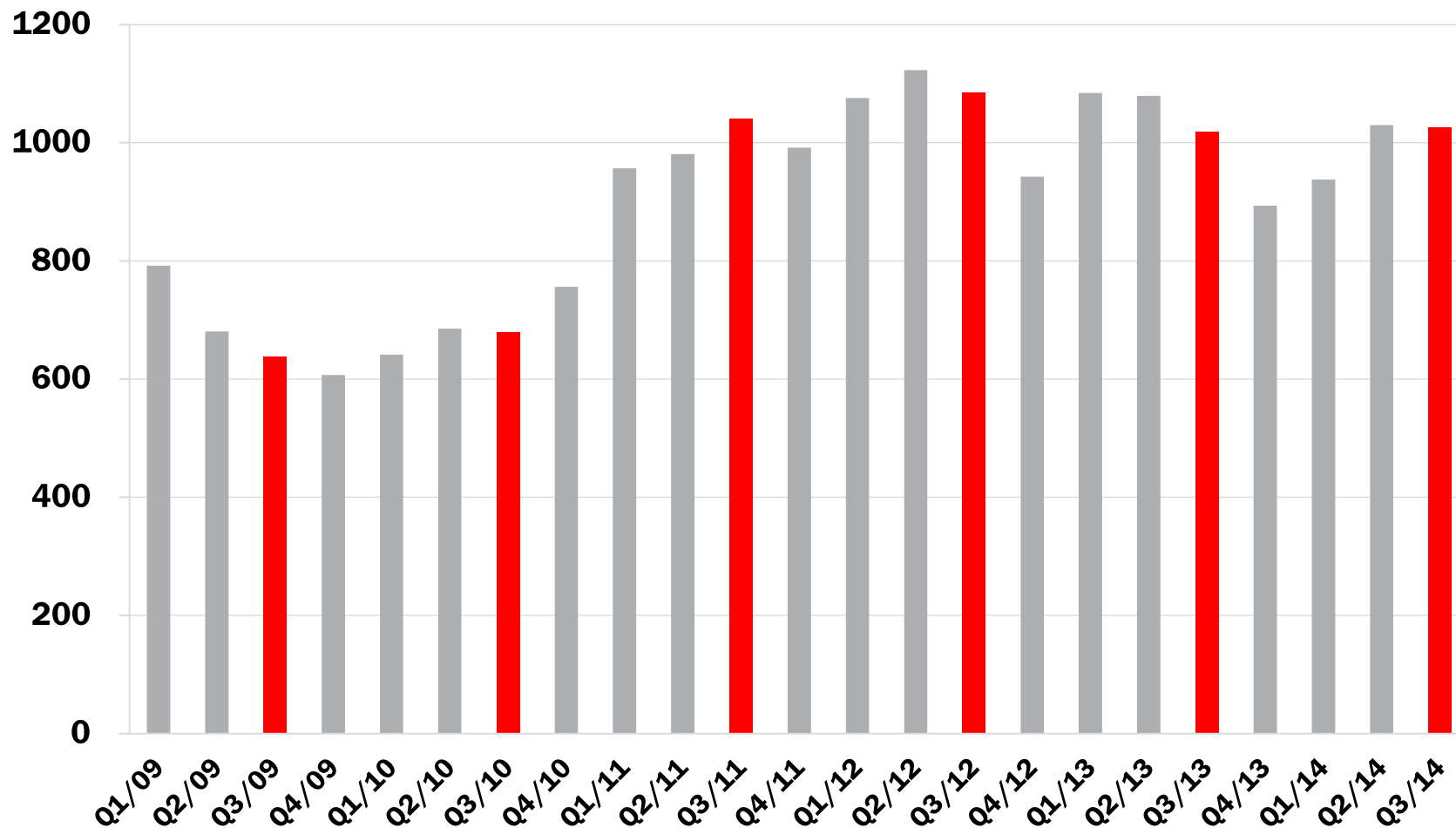


*+3.2% at comparable currencies, **-1.7% at comparable currencies

GROUP ORDER BOOK

Q3 Order book: 1,026.2 (1,018.9) MEUR, +0.7%*

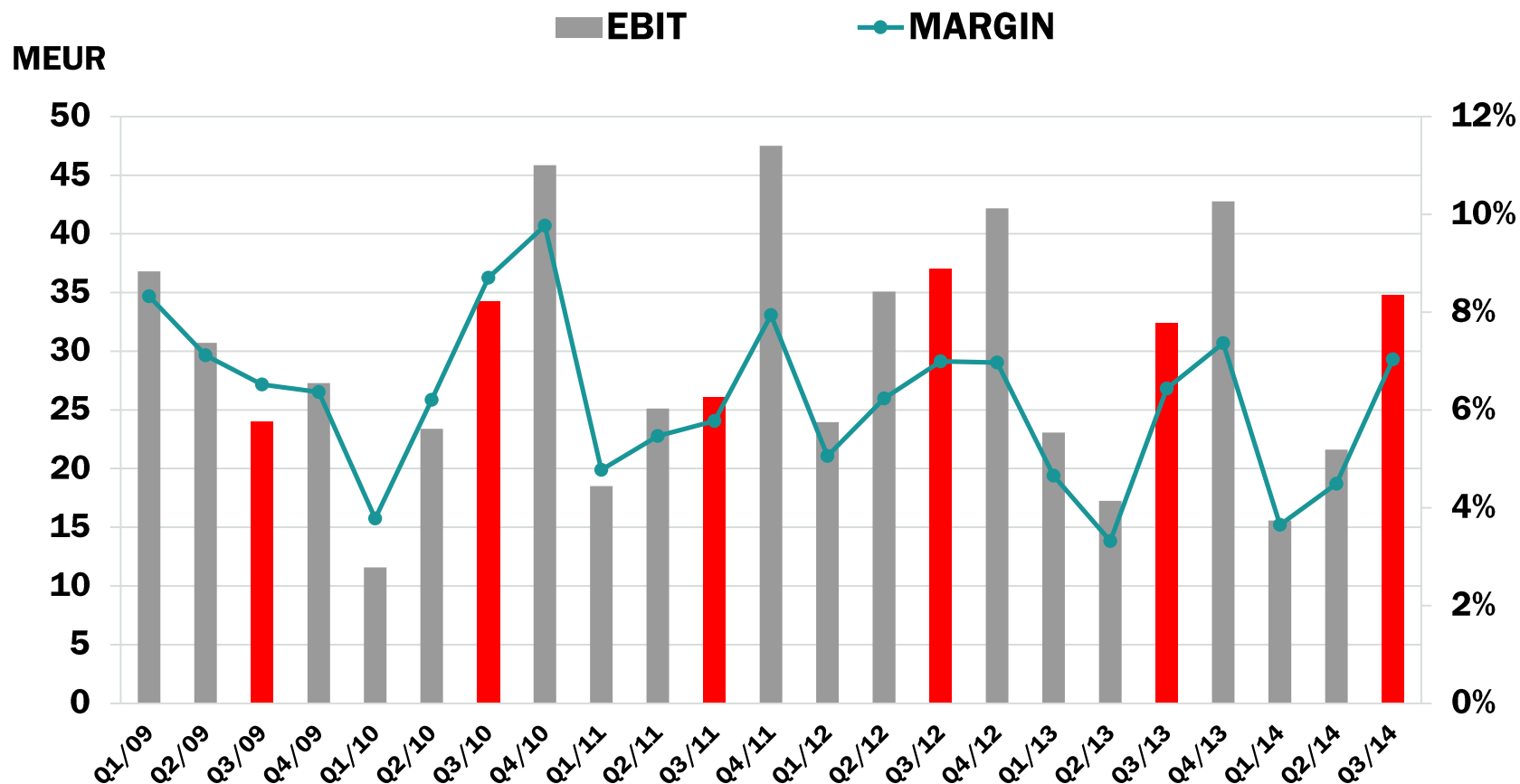
MEUR



*-0.9% at comparable currencies

GROUP EBIT & MARGIN

Q3 EBIT: 34.8 (32.4) MEUR, +7.5% | MARGIN: 7.0% (6.4%), excluding restructuring costs



GROUP ORDERS RECEIVED

9M Orders: 1,390.2 (1,498.6) MEUR, -7.2%*

MEUR

2500

2000

1500

1000

500

0

2005

2006

2007

2008

2009

2010

2011

2012

2013

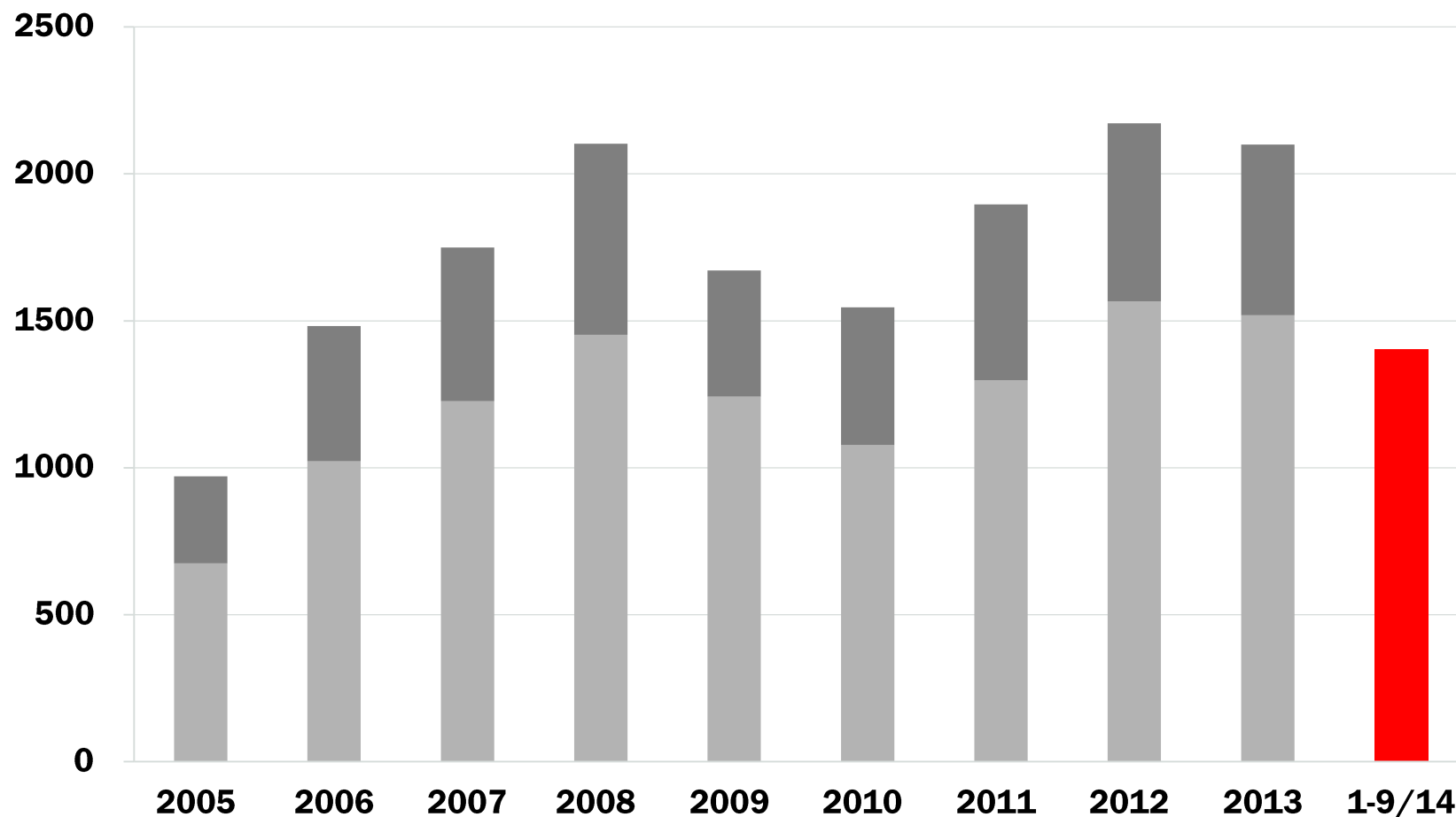
1-9/14

*-4.9% at comparable currencies

GROUP NET SALES

9M Net sales: 1,403.2 (1,518.7) MEUR, -7.6%*

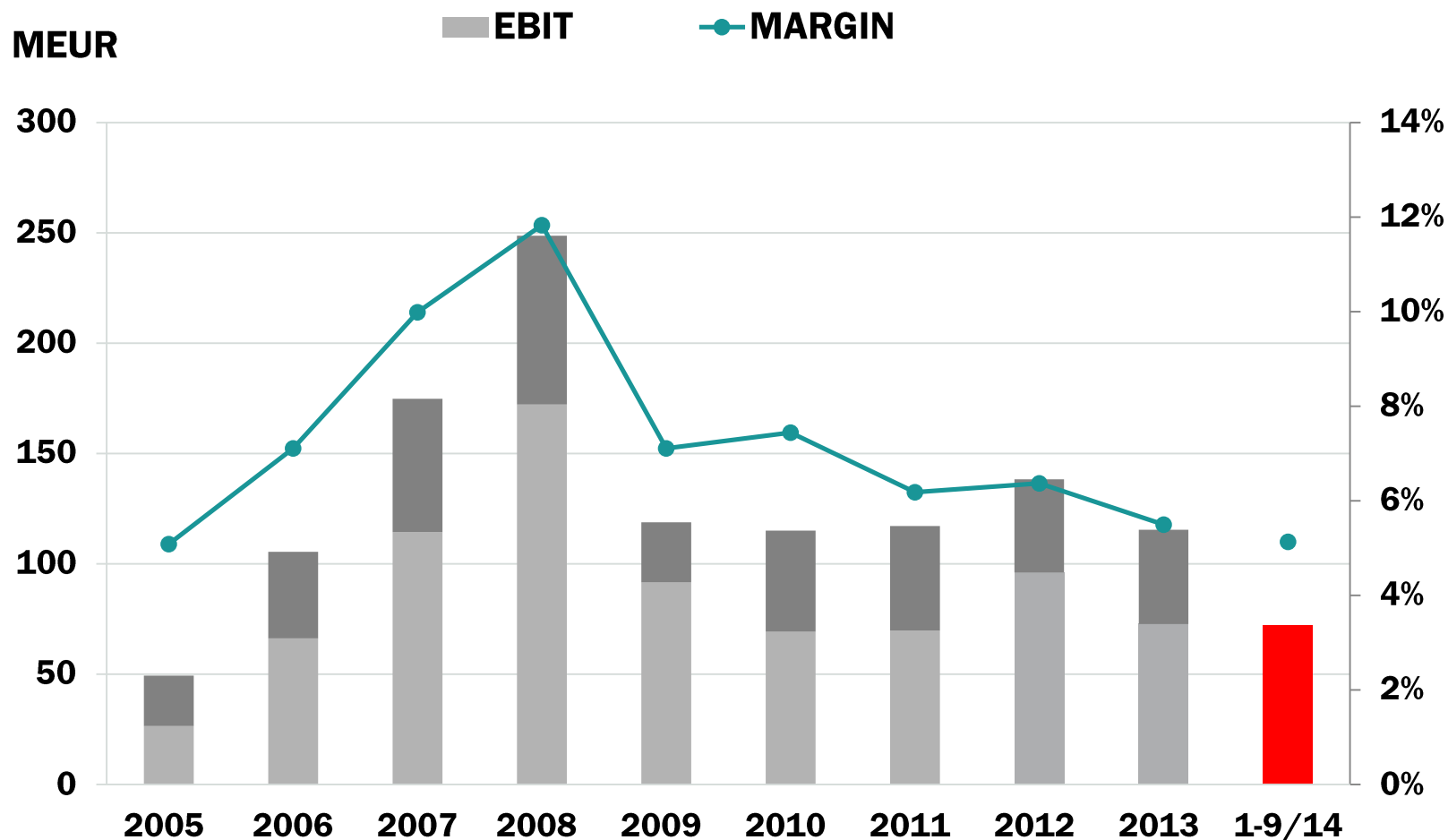
MEUR



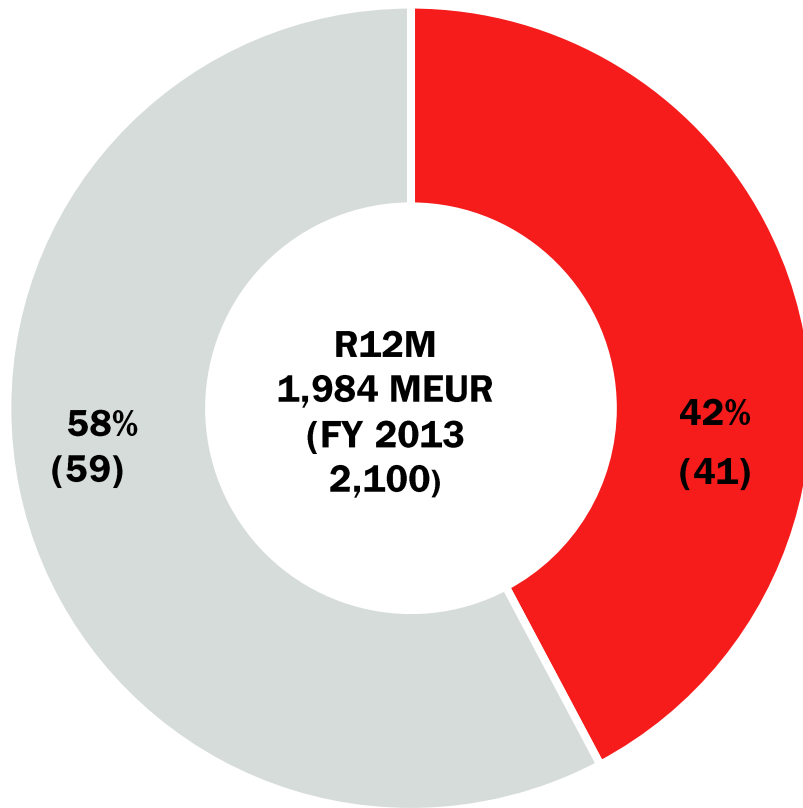
*-5.1% at comparable currencies

GROUP EBIT & MARGIN

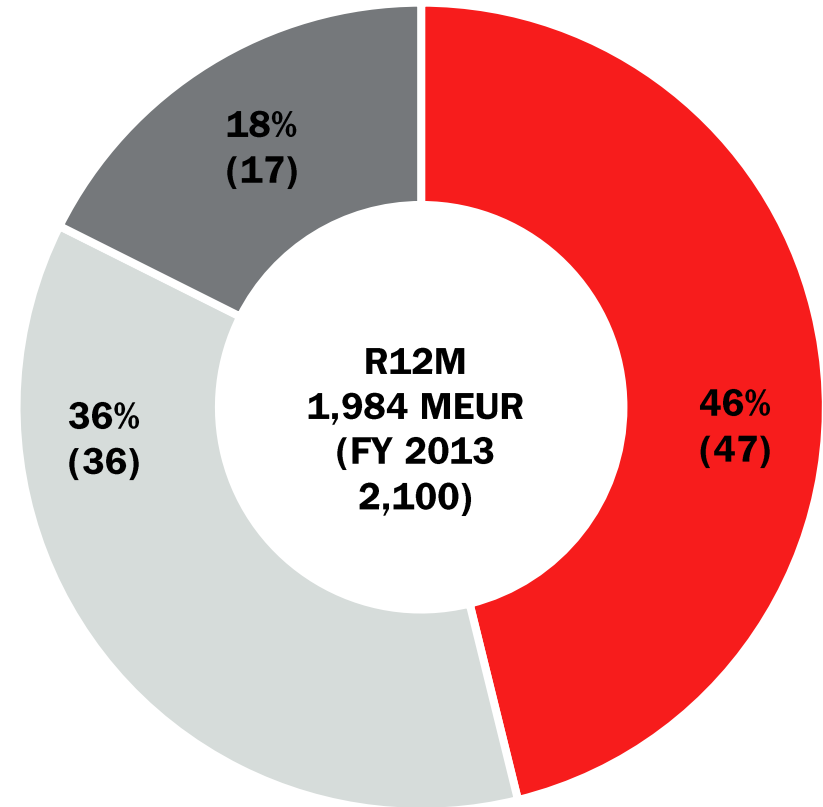
9M EBIT excl. restructuring costs: 72.0 (72.7) MEUR, -0.9% | MARGIN: 5.1% (4.8%)



SALES SPLIT BY BUSINESS AREA & REGION



■ SERVICE ■ EQUIPMENT



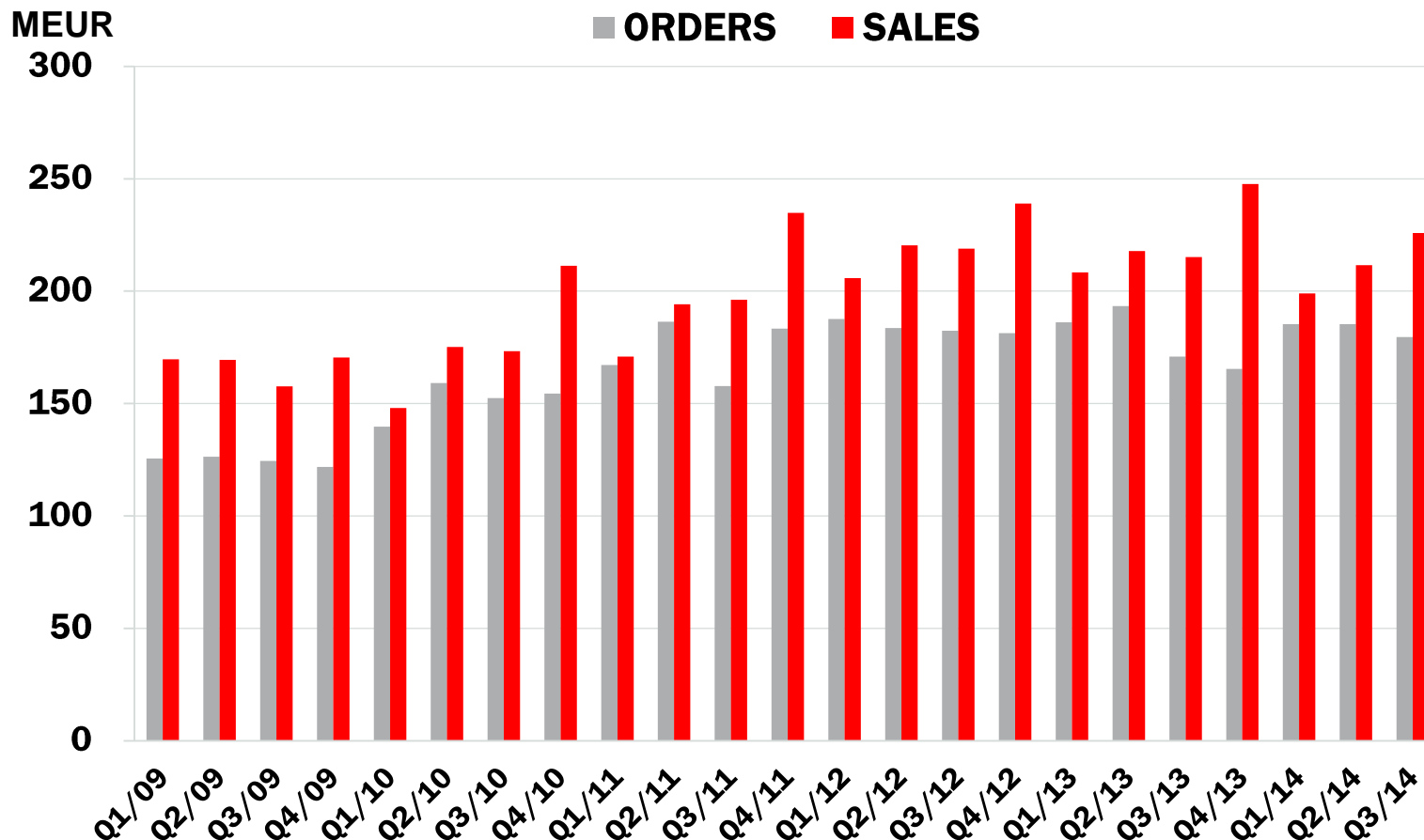
■ EMEA ■ AME ■ APAC

SERVICE



SERVICE ORDERS AND NET SALES

Q3 Orders: 179.6 (170.9) MEUR +5.1%* | Sales: 225.9 (215.2) MEUR +5.0%**

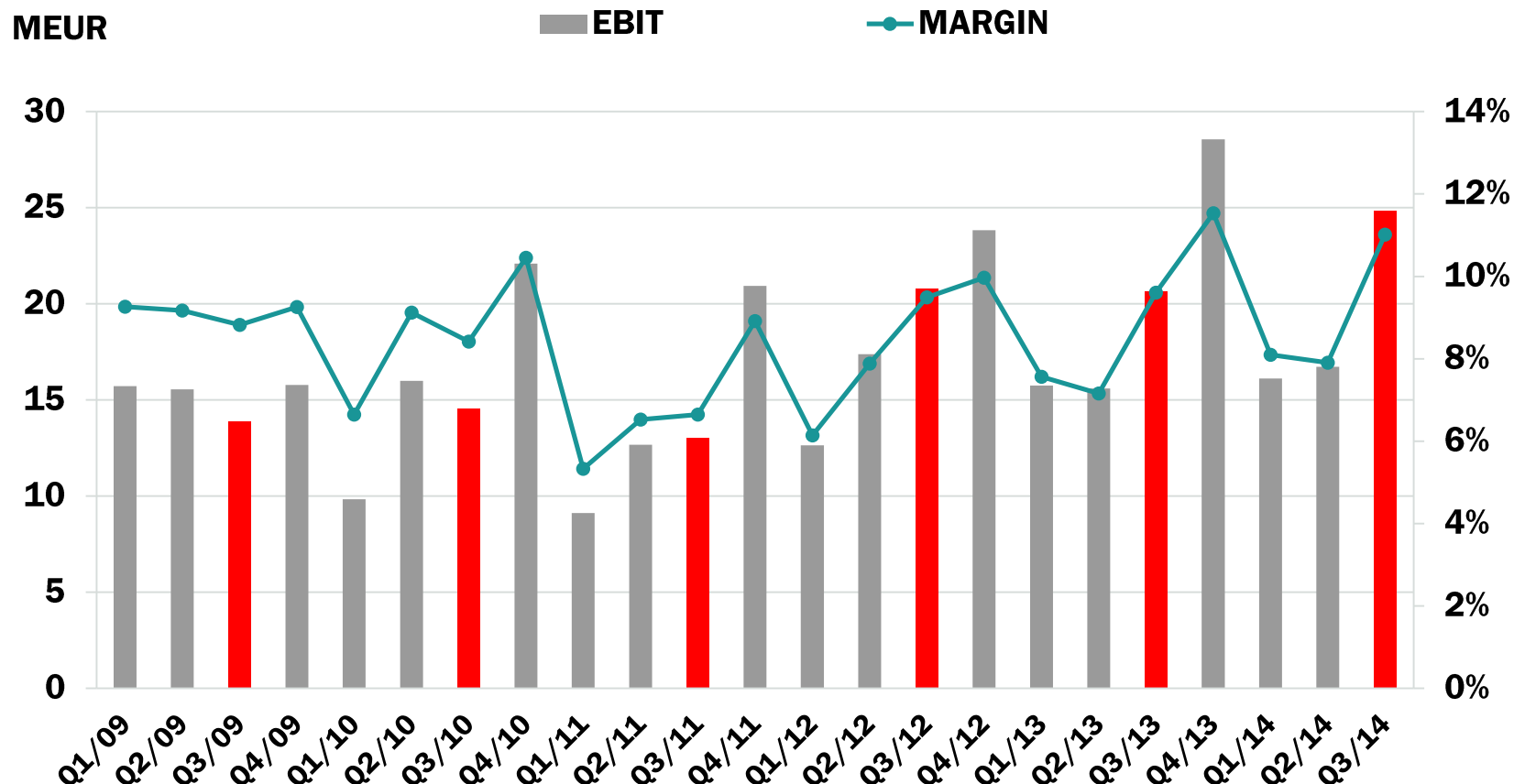


- New orders grew in the Americas and Asia-Pacific whereas they were stable in EMEA
- Parts continued to outperformed Crane Service in terms of order intake

*+4.8% at comparable currencies, **+4.9% at comparable currencies

SERVICE EBIT & MARGIN

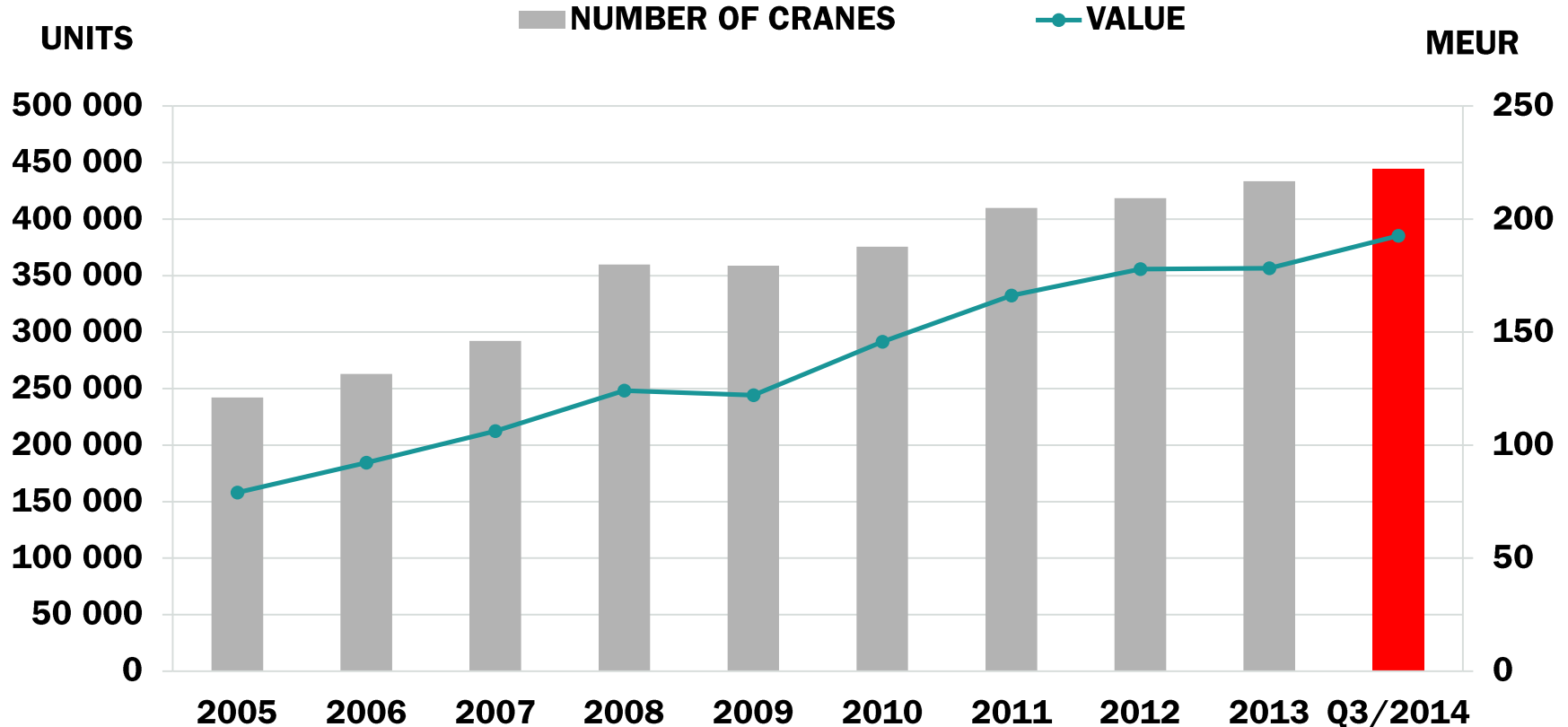
Q3 EBIT: 24.9 (20.7) MEUR, +20.3% | MARGIN: 11.0% (9.6%), excluding restructuring costs



- The operating margin improved due to higher sales and gross margin as well as favorable sales mix

SERVICE CONTRACT BASE

Q3 CB: 444 (438) thousand units, +1.3% | Annual value 193 (183) MEUR, +5.2%

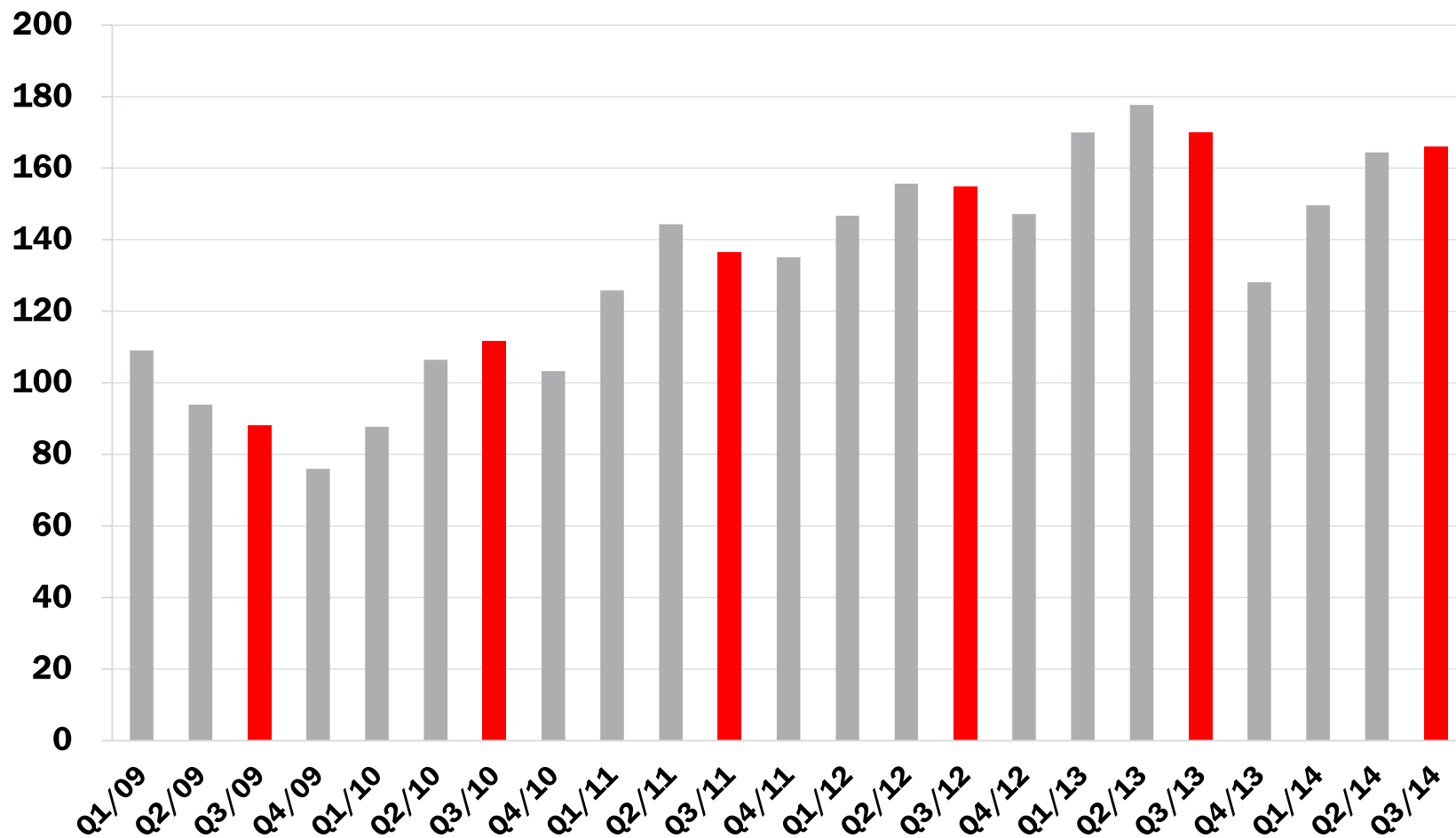


- Contract base value increased by 3.8% Y/Y at comparable currencies

SERVICE ORDER BOOK

Q3 Order book: 166.2 (169.9) MEUR, -2.2%*

MEUR



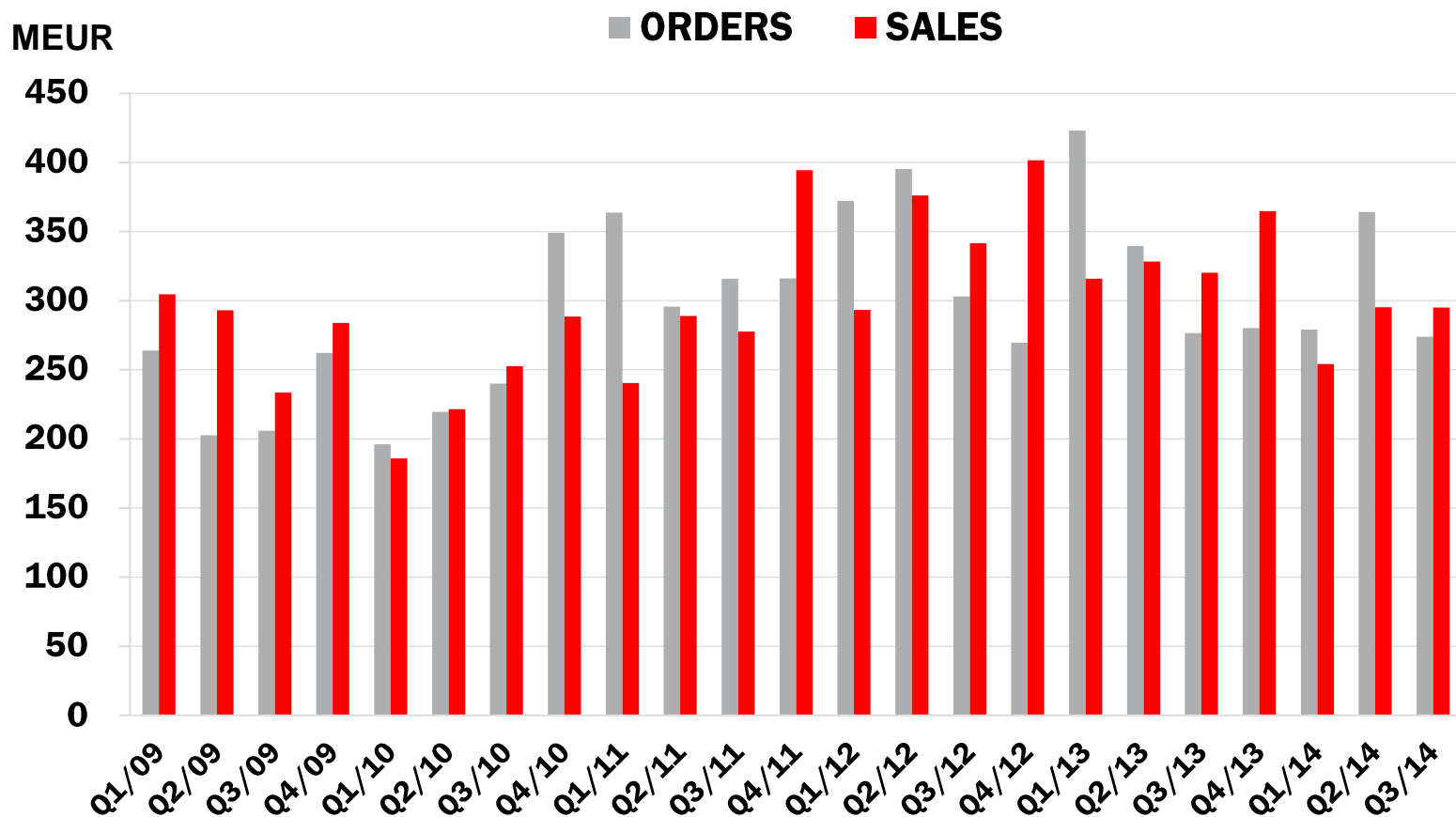
*-4.6% at comparable currencies

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 the word "JUMBO" is visible on the white superstructure. A red banner with the word "EQUIPMENT" is overlaid on the top right of the image.

EQUIPMENT

EQUIPMENT ORDERS AND NET SALES

Q3 Orders: 274.0 (276.6) MEUR, -0.9%* | Net sales: 295.1 (320.3) MEUR, -7.9%**

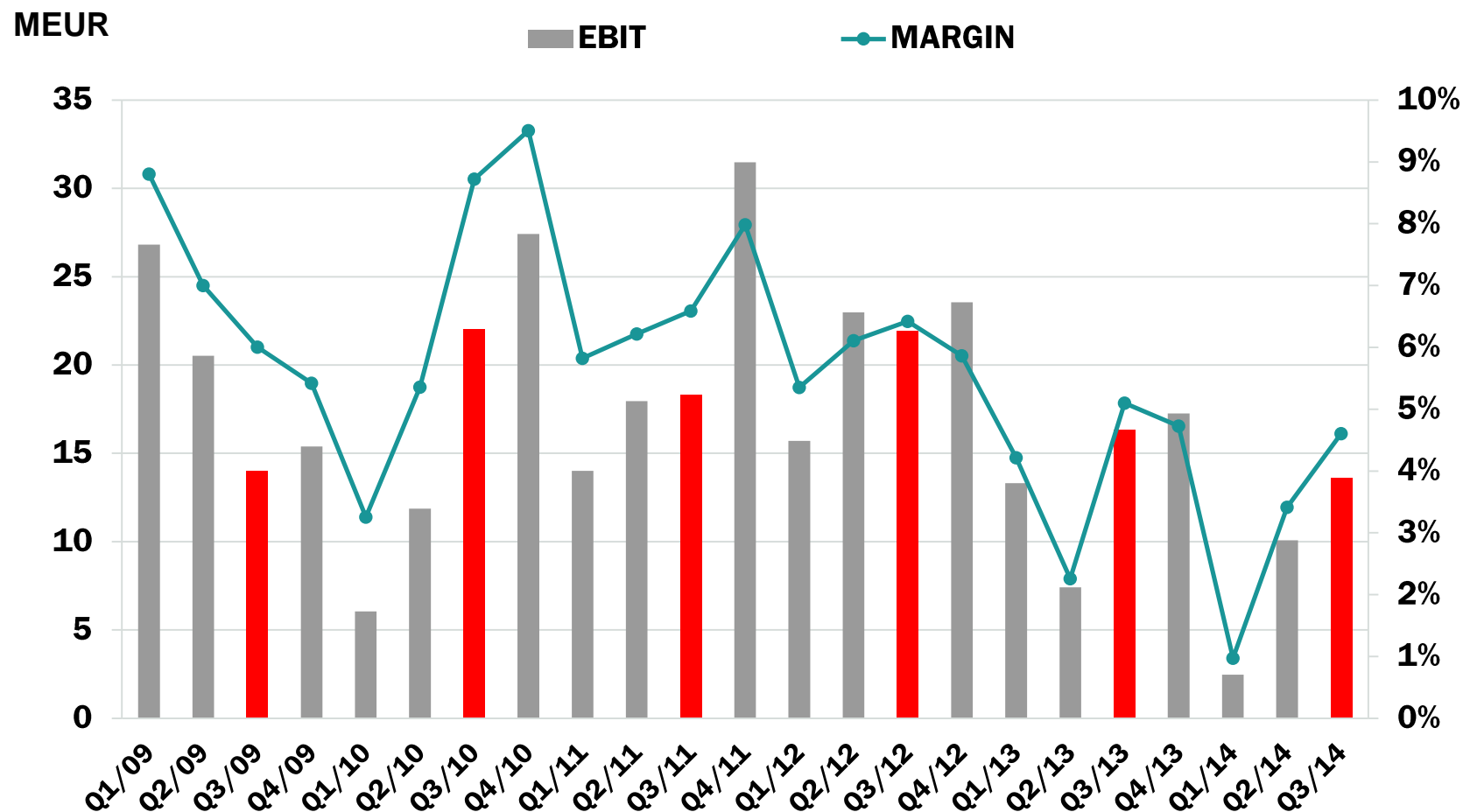


- Orders received rose in EMEA, but fell in the Americas; Asia-Pacific orders were stable
- Orders for industrial cranes and lift trucks rose whereas orders for crane components, light lifting systems and port cranes fell

*-1.3% at comparable currencies, **-7.9% at comparable currencies

EQUIPMENT EBIT & MARGIN

Q3 EBIT: 13.6 (16.3) MEUR, -16.8% | MARGIN: 4.6% (5.1%), excluding restructuring costs



- EBIT margin fell due to the lower sales
- Support from improved project execution and sales mix

EQUIPMENT ORDER BOOK

Q3 Order book: 860.0 (849.0) MEUR, +1.3%*

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 Q3/14

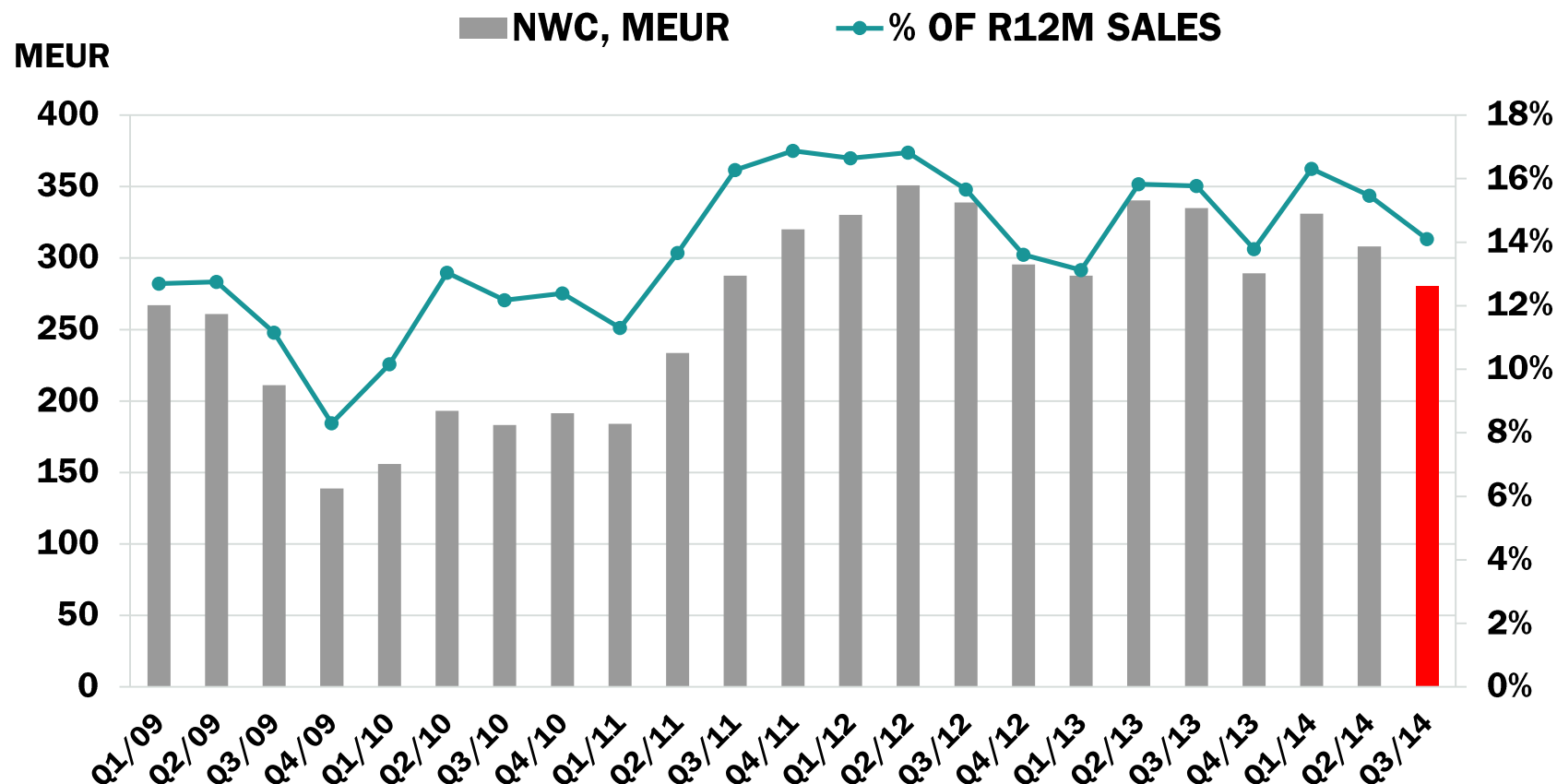
*-0.2% at comparable currencies

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

Q3 NWC: 280.6 (334.9) MEUR | 14.1% (15.8%) of R12M sales



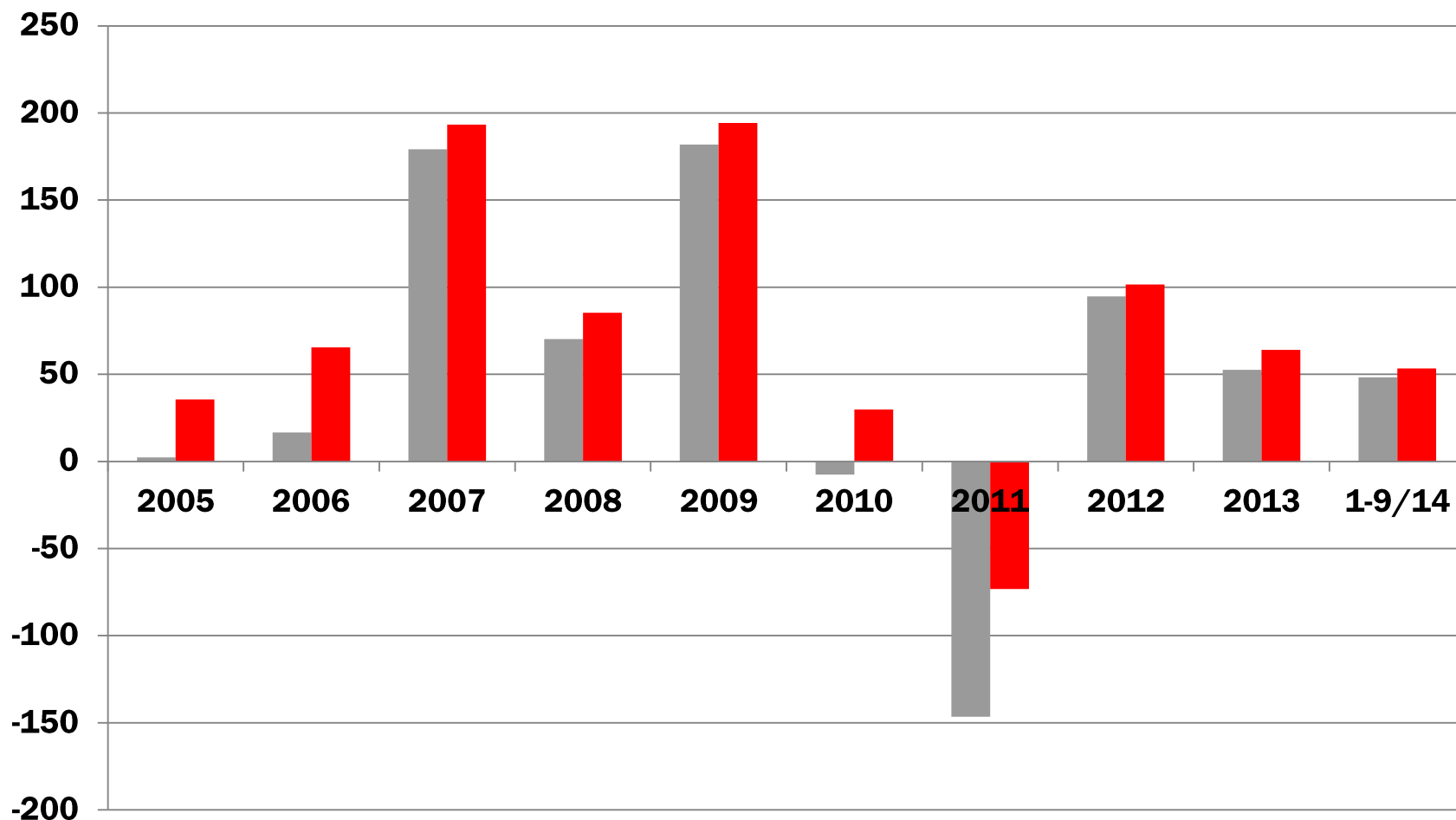
Q1/14 excl. dividend liability of EUR 61 million, Q1/13 excl. dividend liability of EUR 61 million, Q1/12 excl. dividend liability of EUR 57 million, Q1/11 excl. dividend liability of EUR 60 million, Q1/10 excl. dividend liability of EUR 53 million

CF BEFORE FINANCING ACTIVITIES AND FCF

9M CF BF. FINANCING: 48.3 (-9.6) MEUR | FCF: 53.4 (2.2) MEUR

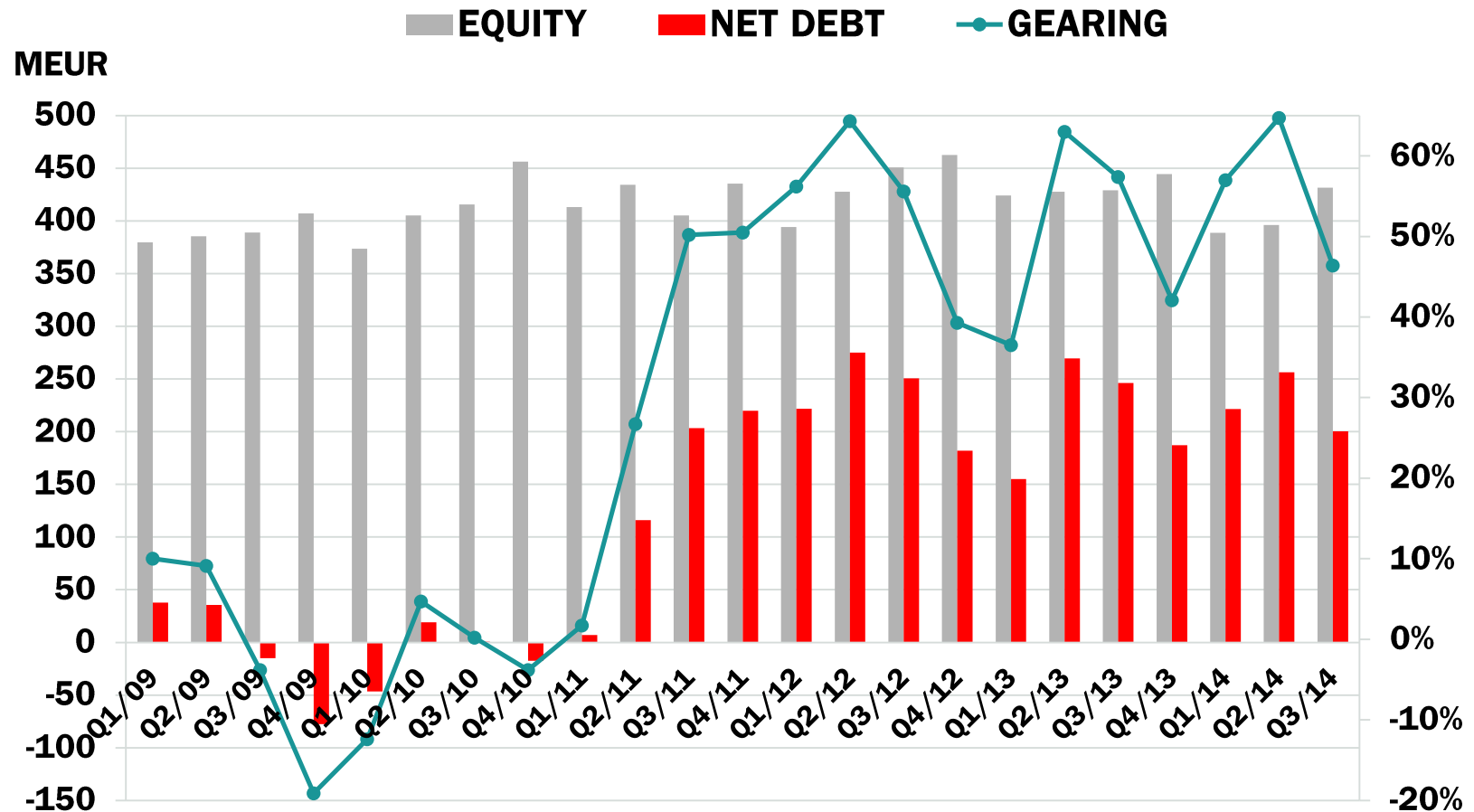
MEUR

■ CF BF. FINANCING ■ FCF



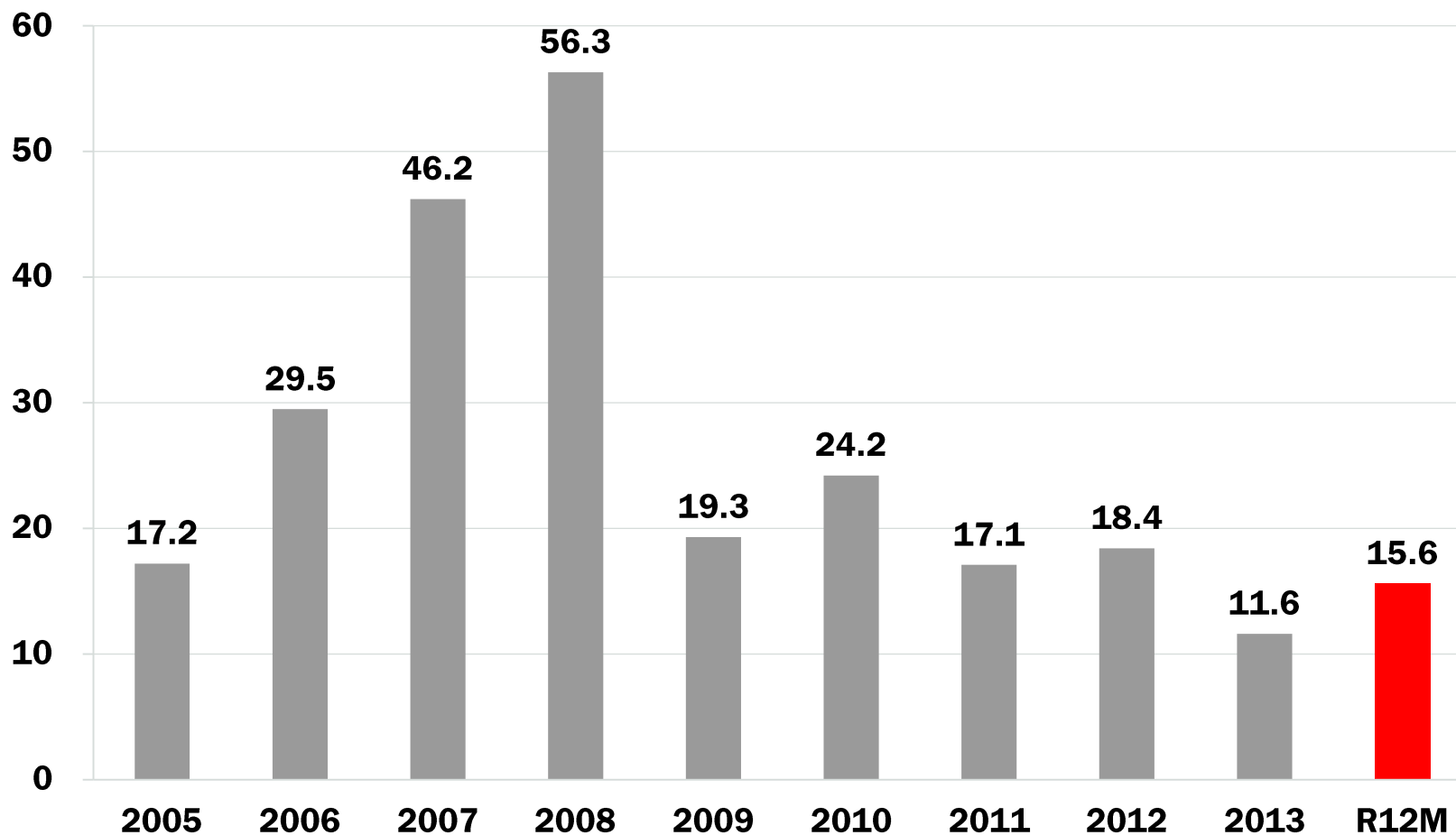
GEARING

Q3 Equity: 431.6 (429.1) MEUR | Net debt: 200.4 (246.3) MEUR | Gearing: 46.4% (57.4%)



RETURN ON CAPITAL EMPLOYED

ROCE %



* ROCE excluding restructuring costs was 17.7% in 2013 and 16.3% in R12M



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



APPENDIXES

STATEMENT OF INCOME

MEUR	9M 2014	9M 2013	% Change
Sales	1,403.2	1,518.7	-7.6
Other operating income	2.2	1.4	
Depreciation and impairments	-31.5	-45.8	
Other operating expenses	-1,303.6	-1,429.5	
Operating profit	70.4	44.8	57.0
Share of associates' and joint ventures' result	2.8	2.9	
Financial income and expenses	-7.3	-8.1	
Profit before taxes	65.9	39.6	66.3
Taxes	-20.7	-12.3	
Net profit for the period	45.1	27.3	65.1

BALANCE SHEET

MEUR	September 30, 2014	September 30, 2013	MEUR	September 30, 2014	September 30, 2013
Non-current assets	495.6	476.2	Equity	431.6	429.1
Inventories	375.2	368.5	Non-current liabilities	266.1	235.0
Other current assets	514.0	556.2	Provisions	45.8	45.8
Cash and cash equivalents	102.2	101.1	Current liabilities	743.6	792.1
Total assets	1,487.0	1,502.1	Total equity and liabilities	1,487.0	1,502.1

CASH FLOW STATEMENT

MEUR	9M/2014	9M/2013
Operating income before change in net working capital	100.4	94.3
Change in net working capital	9.5	-8.9
Financing items and taxes	-27.9	-44.7
Net cash from operating activities	82.0	40.6
Cash flow from investing activities	-33.7	-50.3
Cash flow before financing activities	48.3	-9.6
Proceeds from options exercised and share issues	1.1	5.9
Change in interest-bearing debt	22.1	24.7
Dividends paid to equity holders of the parent	-60.8	-60.6
Net cash used in financing activities	-81.8	-30.1
Translation differences in cash	3.4	-4.5
Change of cash and cash equivalents	-30.0	-44.3
Cash and cash equivalents at beginning of period	132.2	145.3
Cash and cash equivalents at end of period	102.2	101.1
Change of cash and cash equivalents	-30.0	-44.3

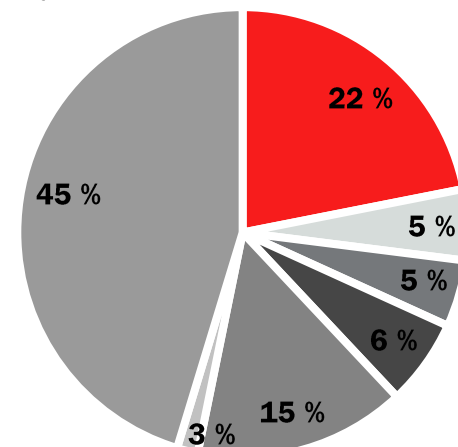
KEY FIGURES

MEUR	30 September, 2014	30 September, 2013	% Change
Earnings per share, basic, EUR	0.78	0.47	64.6
Earnings per share, diluted, EUR	0.77	0.47	64.8
Return on capital employed %, R12M	15.6	11.1	40.5
Return on equity %, R12M	15.6	11.3	38.1
Equity per share, EUR	7.45	7.32	1.8
Current ratio	1.3	1.2	8.3
Gearing (%)	46.4	57.4	-19.2
Solidity (%)	34.1	33.2	2.7
EBITDA, MEUR	101.9	90.7	12.4
Investments total (excl. acquisitions), MEUR	34.2	49.6	-31.1
Interest-bearing net debt, MEUR	200.4	246.3	-18.6
Net working capital, MEUR	280.6	334.9	-16.2
Personnel at end of period	11,980	11,934	0.4
Personnel on average during the period	11,905	12,026	-0.4
Average number of shares outstanding, basic	57,898,703	57,640,419	0.4
Average number of shares outstanding, diluted	58,035,993	57,848,819	0.3
Number of shares outstanding	57,937,721	57,805,830	0.2

THE LARGEST SHAREHOLDERS

Largest shareholders on September 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 *)	2,076,208	3.28
3 Nordea Investment Funds	1,285,452	2.03
4 Varma Mutual Pension Insurance Company	1,190,275	1.88
5 The State Pension Fund	658,434	1.04
6 Sigrid Jusélius Foundation	638,500	1.01
7 Folkhälsan Samfundet i Svenska Finland	535,600	0.85
8 The Local Government Pensions Institution	533,542	0.84
9 Fondita Funds	522,000	0.83
10 Ilmarinen Mutual Pension Insurance Company	501,603	0.79
Konecranes Plc's treasury shares	5,334,621	8.43
Nominee registered shares	28,664,064	45.30
Other shareholders	14,461,475	22.86
Total number of shares	63,272,342	100.00

Market cap EUR 1,234 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
- 1-9/14 average daily trading volume 197,699 shares, EUR 4.7 million

*) 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.



CONTACT INFORMATION

Pekka Lundmark, President and CEO
Tel. +358 (0)20 427 2000
pekka.lundmark@konecranes.com

Teo Ottola, Chief Financial Officer
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