

Q3 2016 INTERIM REPORT

October 26, 2016

Panu Routila, President & CEO

Teo Ottola, CFO



HIGHLIGHTS OF Q3/16

- + Adjusted EBIT margin continued to improve in Service and Equipment
- + Efficiency improvement actions proceeding according to plan
 - + Fixed costs lower
 - + Personnel reduction 790 employees since the beginning of 2016
- + Equipment sales grew due to higher port crane deliveries
- + EUR 48 million proceeds from the sale of Kito Corporation shares
- Customers still cautious about investing
- Order intake down Y/Y

Q3 ORDERS RECEIVED Y/Y	EMEA	AME	APAC
SERVICE			
EQUIPMENT			

KEY FIGURES

KEY FIGURES	Q3 2016	Q3 2015	Chg %	Chg % FX adj.
Orders received, MEUR	420.3	443.8	-5.3	-4.1
Order book at end of period, MEUR	987.7	1,075.3	-8.1	-7.7
Sales, MEUR	517.6	506.7	+2.1	+3.4
Adj. EBITDA*, MEUR	50.1	45.2	+10.9	
Adj. EBITDA*, %	9.7	8.9		
Adj. Operating profit (EBIT)*, MEUR	37.9	33.3	+13.9	
Adj. Operating margin (EBIT)*, %	7.3	6.6		
Adjustments*, MEUR	-12.9	-29.1		
Operating profit (EBIT), MEUR	25.0	4.1	+504.5	
Operating margin (EBIT), %	4.8	0.8		
EPS, basic, EUR	0.27	0.02	+1,213.3	
Free cash flow, MEUR	26.5	39.6		

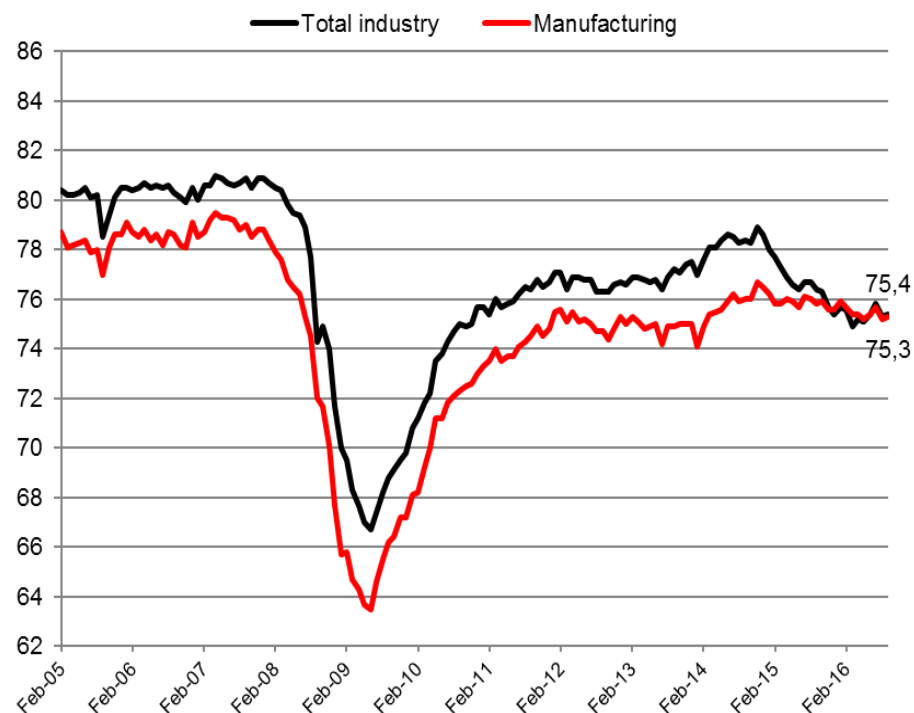
*Adjustments (corresponding term non-recurring items in 2015) include restructuring costs, transaction costs related to the terminated merger plan with Terex and proposed acquisition of Terex MHPS and related activities, unwarranted payments due to identity theft and fraudulent actions (in the third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

CAPACITY UTILIZATION: EU27 AND USA

Capacity utilisation of manufacturing in EU



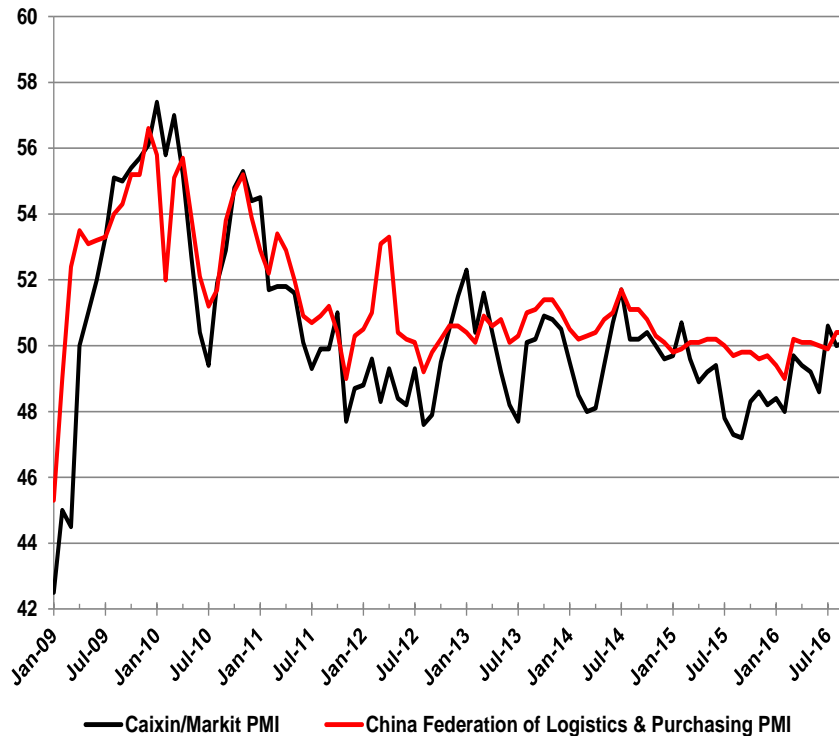
Capacity utilisation in the USA



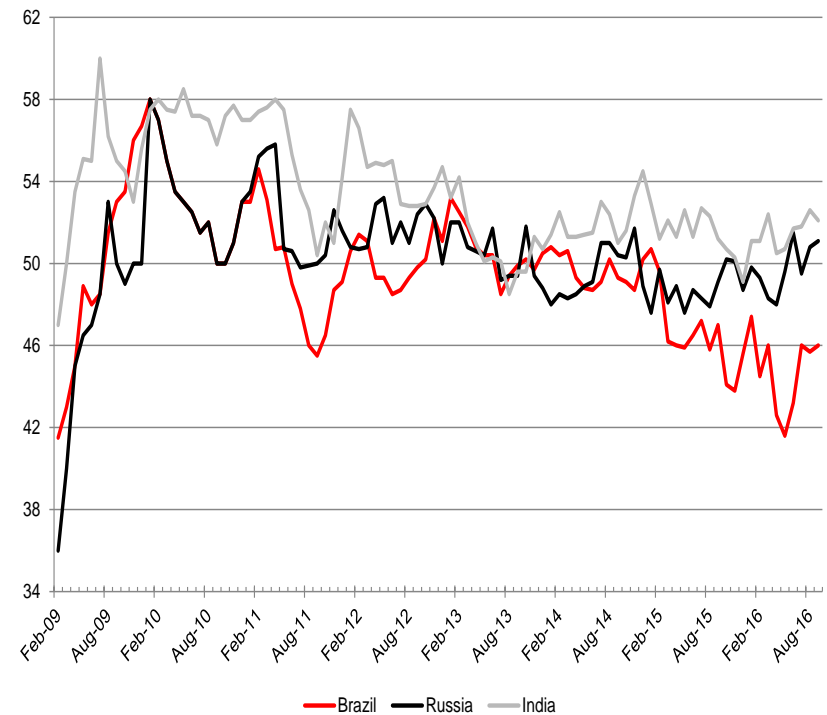
SOURCES: Eurostat (latest data point Q3/16), Federal Reserve Bank of St. Louis (September 2016)

PMI'S IN THE BRIC COUNTRIES

Chinese manufacturing PMI

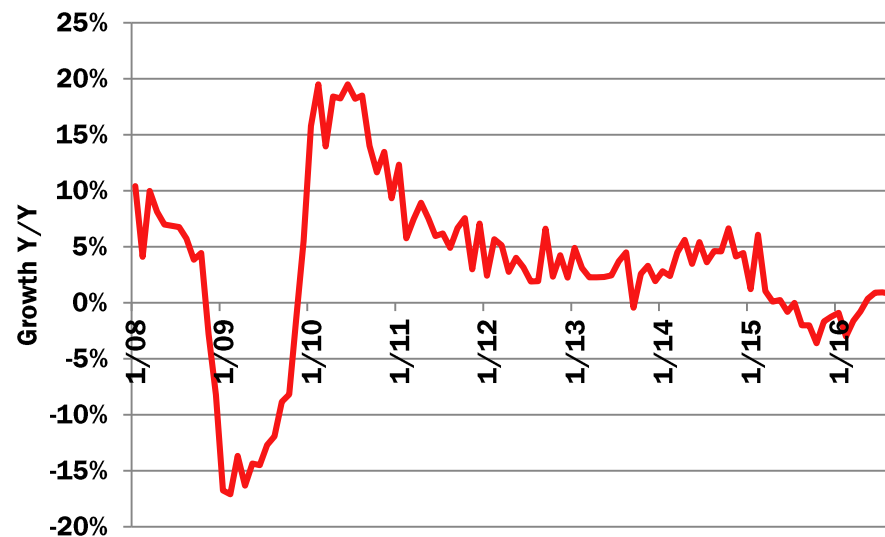
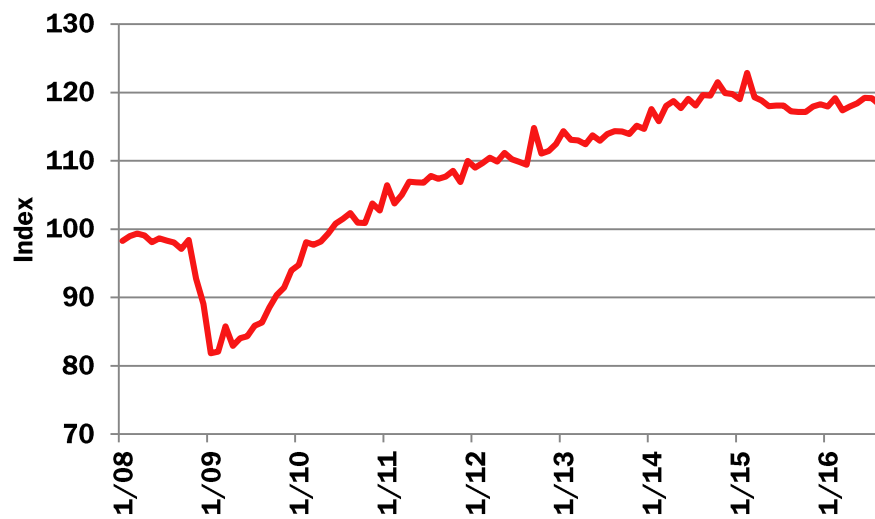


Brazil, Russia, India - PMI



SOURCES: Markit (latest data point September 2016)

CONTAINER THROUGHPUT



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

FINANCIAL GUIDANCE UNCHANGED

Market outlook

- Customers are cautious about investing due to the lack of volume growth in manufacturing and process industries as well as container handling.
- 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 is mixed.
- A decline in the global container throughput has led to slower decision-making among container terminal operators. The quarterly Equipment order intake may fluctuate due to the timing of the large port crane projects.

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 Q3/16

11,887 people

–790* people

11,097 people

- Cost savings Y/Y in Q3/16
- Cost savings Y/Y in 9M/16

Approx. EUR7m

Approx. EUR22m

Incremental cost savings of EUR 10-15 million expected in 2017 based on the already executed and on-going actions

*The divestment of the Moroccan service company reduced the number of employees by approximately 140.

MHPS ACQUISITION MILESTONES

The following items are cleared:

- ✓ Financing facilities
- ✓ European Commission approval
 - The approval is conditional on a commitment by Konecranes to divest its STAHL CraneSystems business.
 - Konecranes and Terex are not allowed to close the MHPS Acquisition until the Commission has approved the buyer(s) of the STAHL CraneSystems business.
- ✓ U.S. Department of Justice clearance
- ✓ Ministry of Economic Affairs and Employment in Finland clearance
- ✓ EGM approval
- ✓ Committee on Foreign Investment in the United States clearance

The following items are yet to be cleared:

- Antitrust clearance in 5 countries

Konecranes receives Notice of Intent to Award Contracts from the Virginia Port Authority in the USA*

- Total 86 Automated Stacking Cranes (ASCs)
- Value of deal over EUR 200 million, largest in Konecranes' history
- First contract for 60 ASCs for Norfolk International Terminals
- Second contract for 26 ASCs for Virginia International Gateway
- Deliveries 2018-2020



*Konecranes Automated Stacking Cranes,
GCT Bayonne, New Jersey, USA*

*The Virginia Port Authority (VPA) intends to award two separate contracts to Konecranes upon approval by the VPA Board of Commissioners at its November 15, 2016 meeting, and upon coming to agreement with Konecranes on the final contract terms.

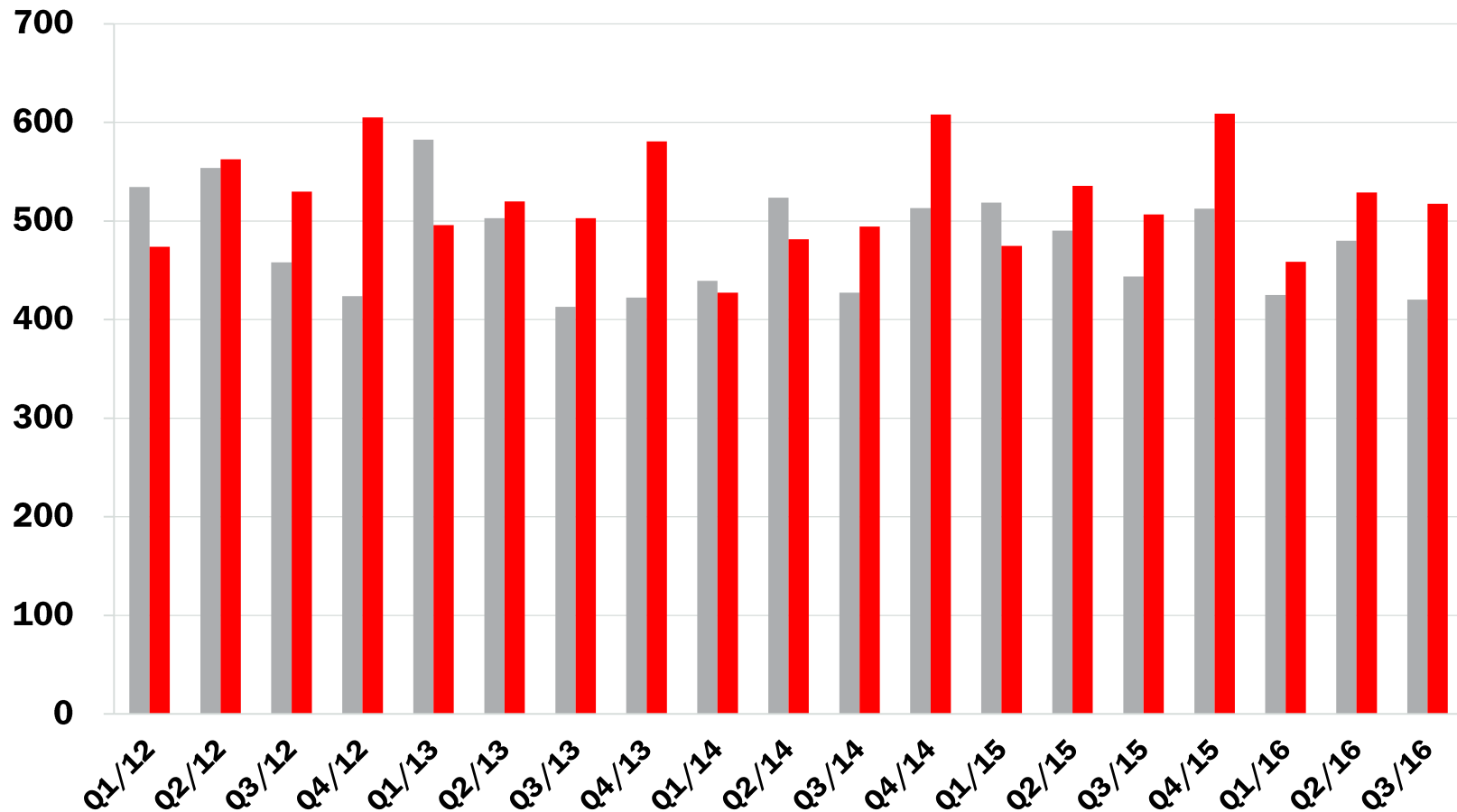
GROUP ORDERS AND NET SALES

Q3 Orders: 420.3 (443.8) MEUR, -5.3%* | Net sales: 517.6 (506.7) MEUR, +2.1%**

MEUR

■ ORDERS

■ SALES



*-4.1% at comparable currencies, **+3.4% at comparable currencies

GROUP ORDER BOOK

Q3 Order book: 987.7 (1,075.3) MEUR, -8.1%*

MEUR

1200

1000

800

600

400

200

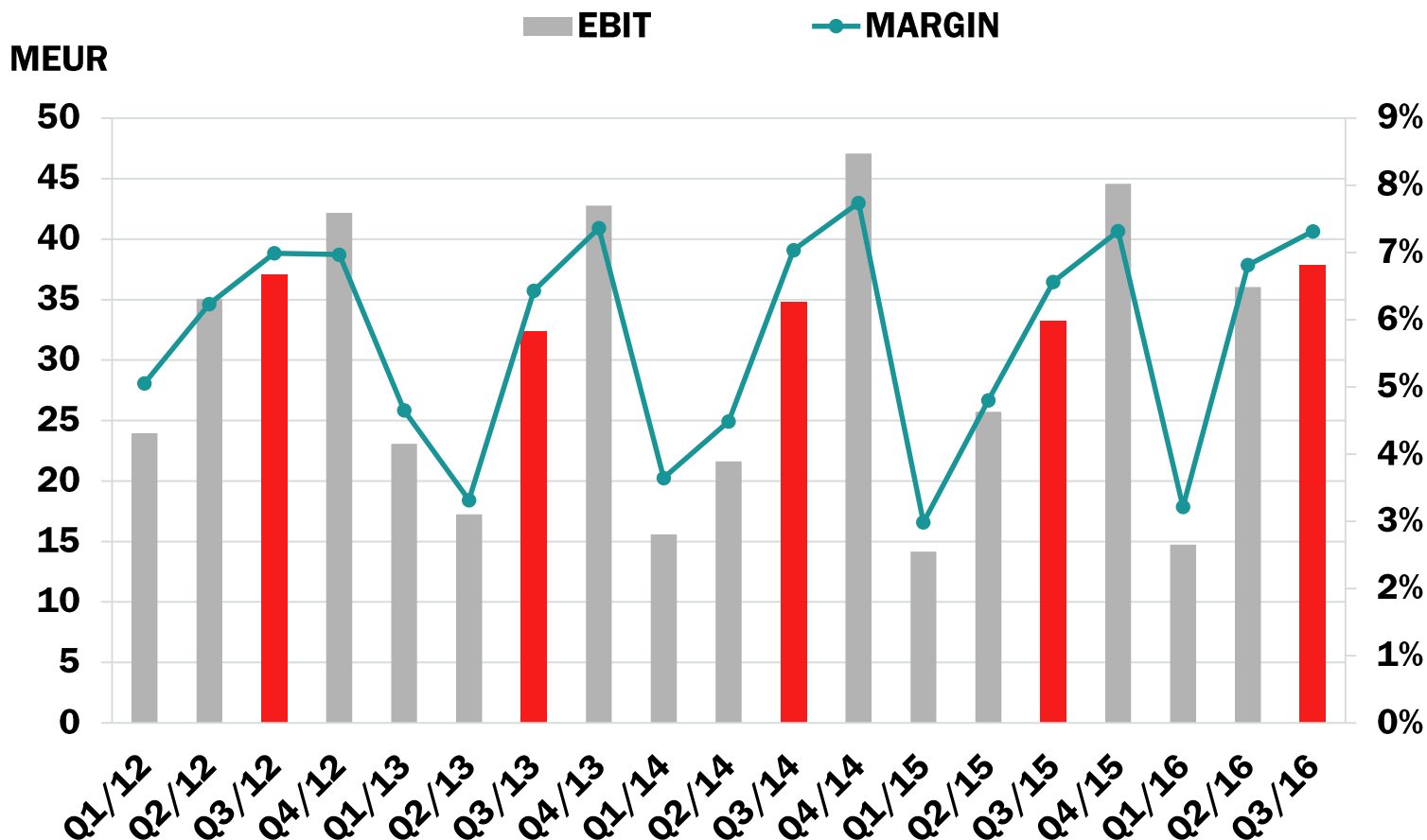
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Q1/12 Q2/12 Q3/12 Q4/12 Q1/13 Q2/13 Q3/13 Q4/13 Q1/14 Q2/14 Q3/14 Q4/14 Q1/15 Q2/15 Q3/15 Q4/15 Q1/16 Q2/16 Q3/16

*-7.7% at comparable currencies

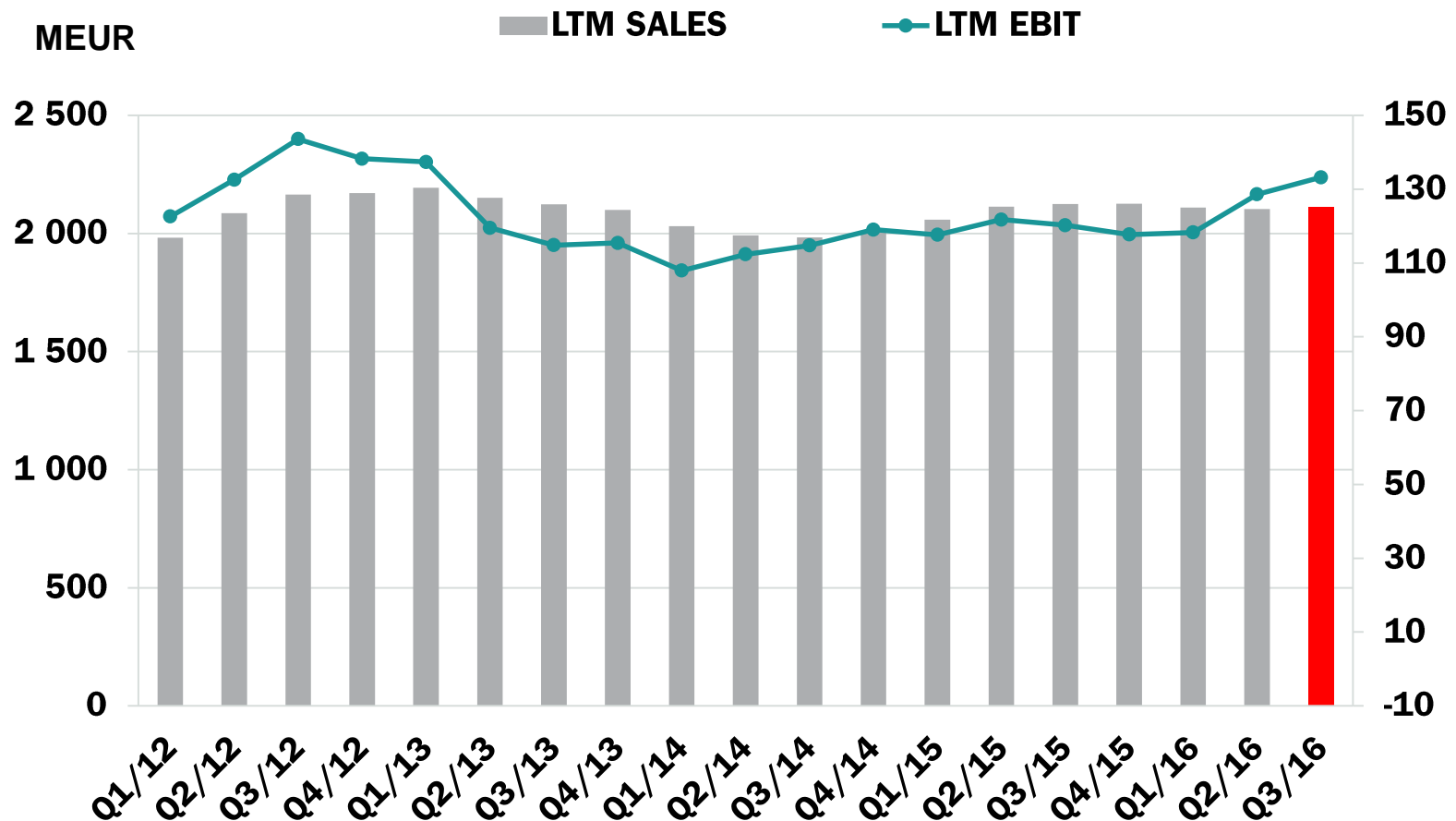
GROUP ADJ. EBIT & MARGIN

Q3 Adj. EBIT: 37.9 (33.3) MEUR, +13.9% | Margin: 7.3% (6.6%)

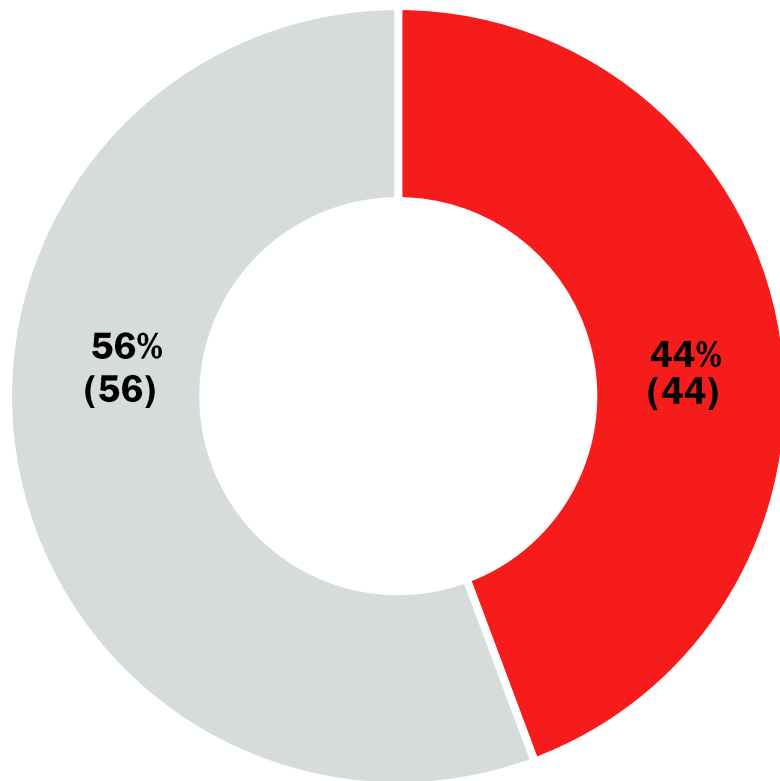


GROUP NET SALES AND ADJ. EBIT

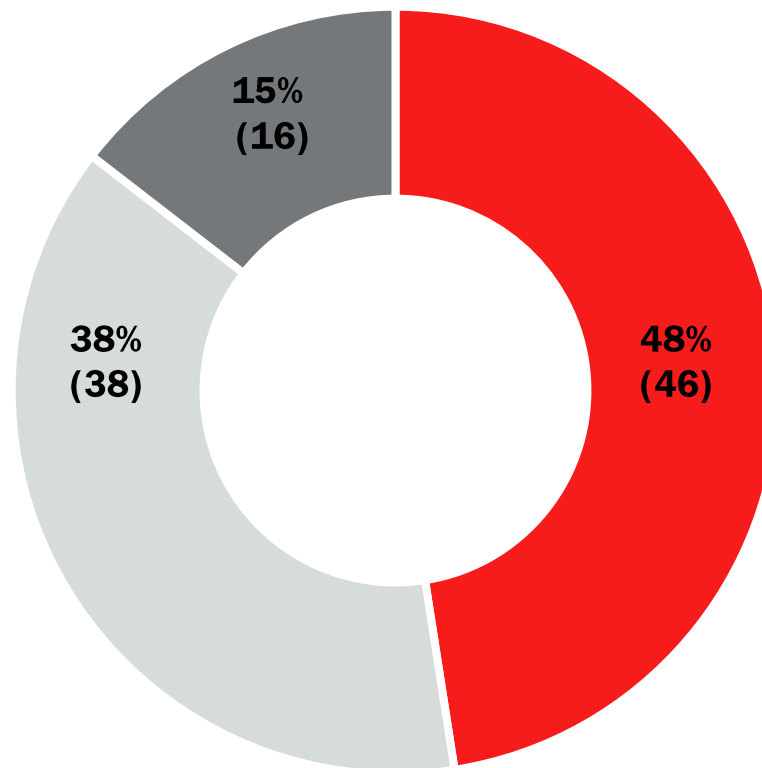
R12M Sales: 2,114.0 (2,125.4) MEUR, -0.5% | Adj. EBIT: 133.2 (120.2) MEUR, +10.8%



SALES SPLIT BY BUSINESS AREA & REGION, R12M



■ SERVICE ■ EQUIPMENT



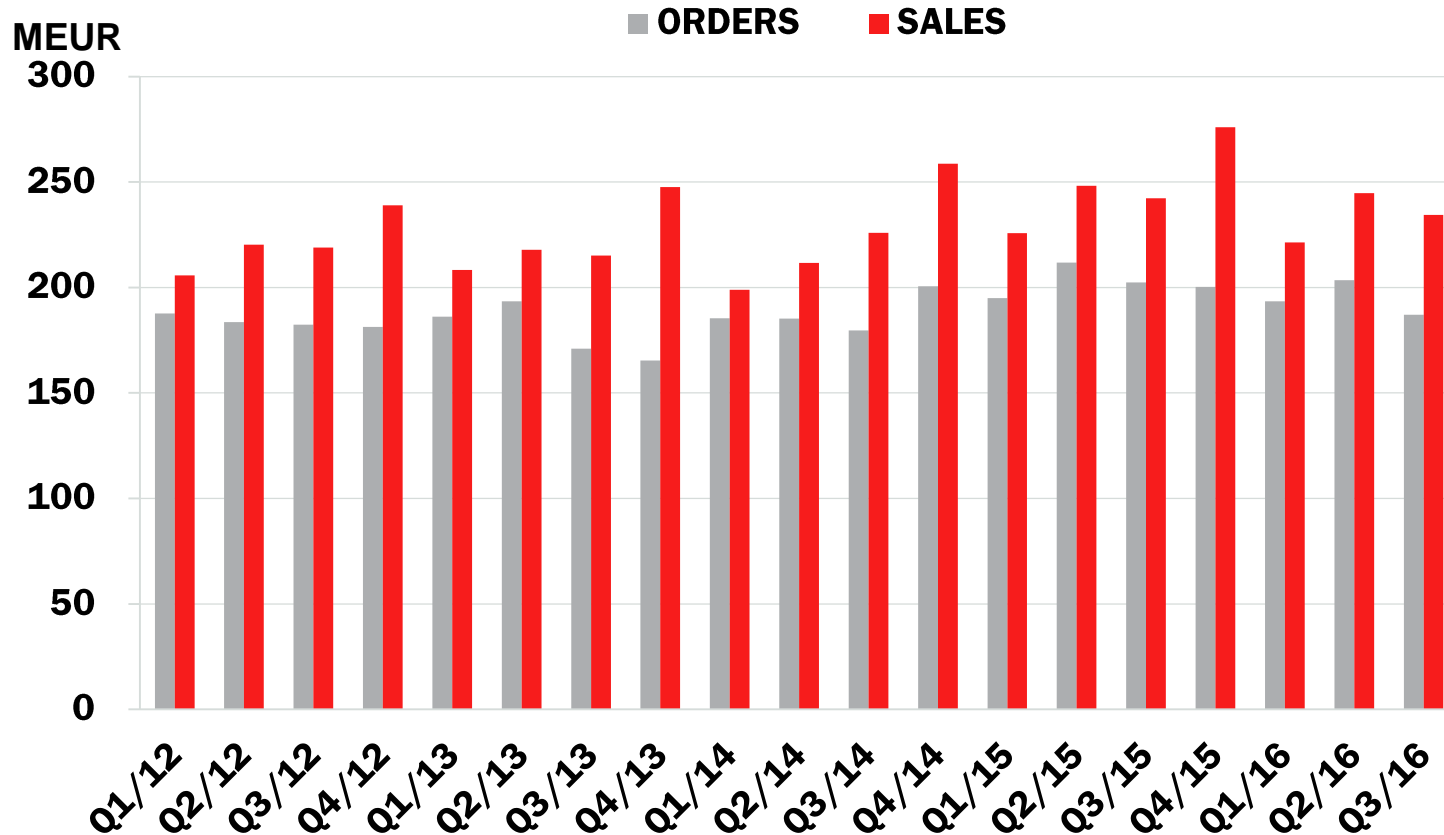
■ EMEA ■ AME ■ APAC



SERVICE

SERVICE ORDERS AND NET SALES

Q3 Orders: 187.1 (202.3) MEUR -7.5%* | Sales: 234.4 (242.4) MEUR -3.3%*

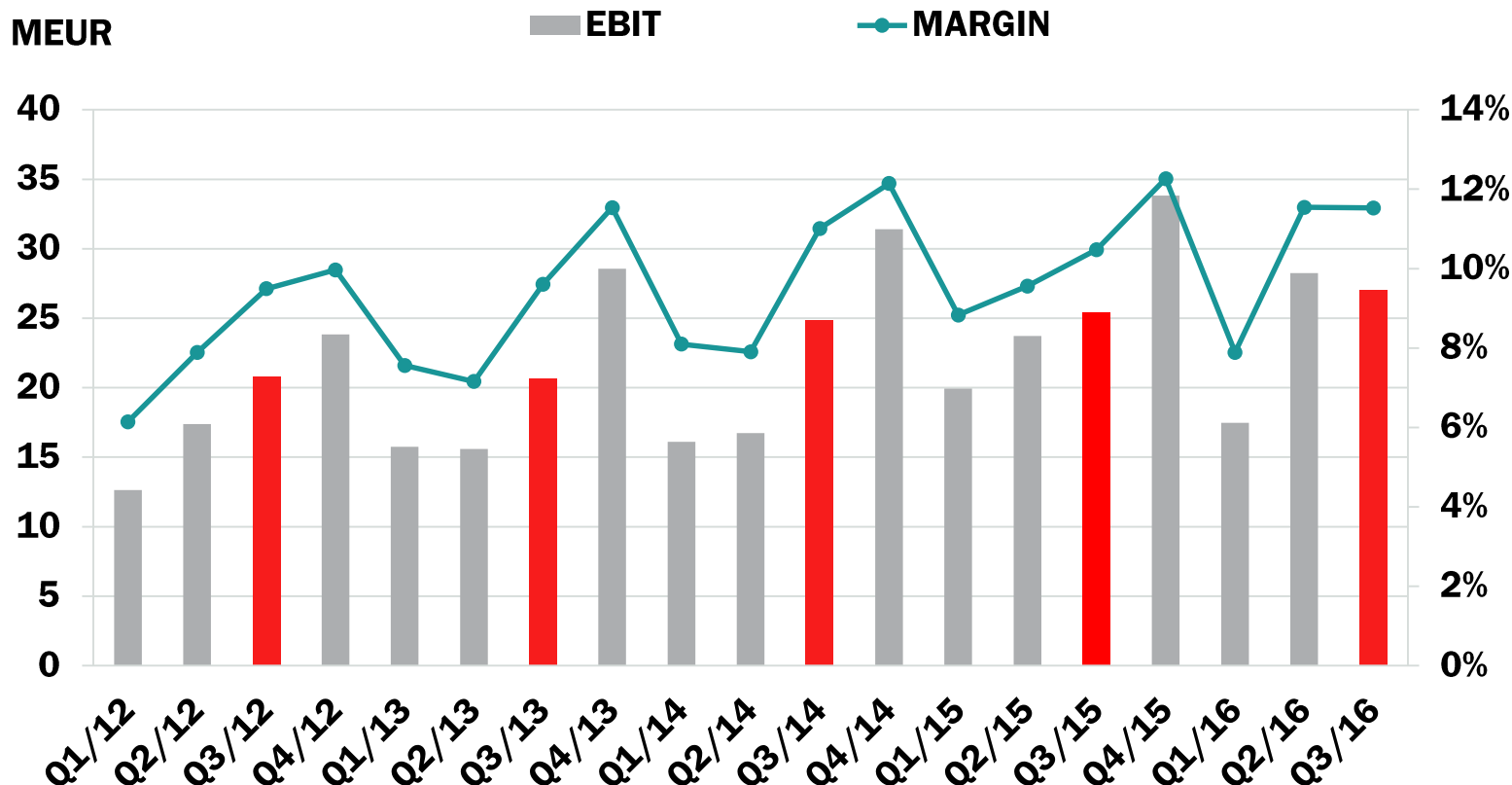


- Sales fell in the Americas, while sales in EMEA and Asia-Pacific were flat
- Field service outperformed parts business

*-6.2% at comparable currencies, **-2.1% at comparable currencies

SERVICE ADJ. EBIT & MARGIN

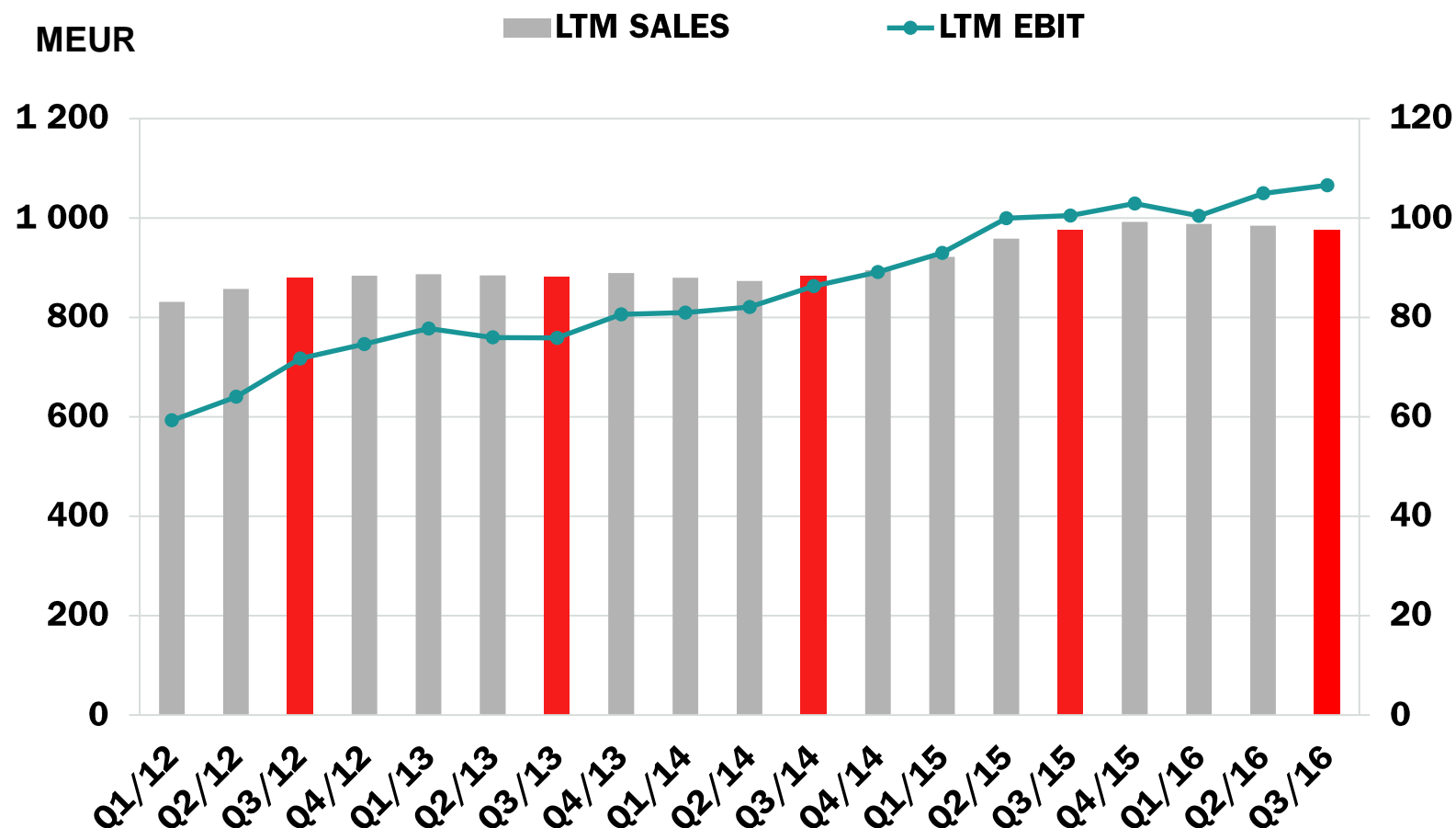
Q3 Adj. EBIT: 27.0 (25.4) MEUR, +6.4% | Margin: 11.5% (10.5%)



- Adjusted operating margin improved due to the lower fixed costs

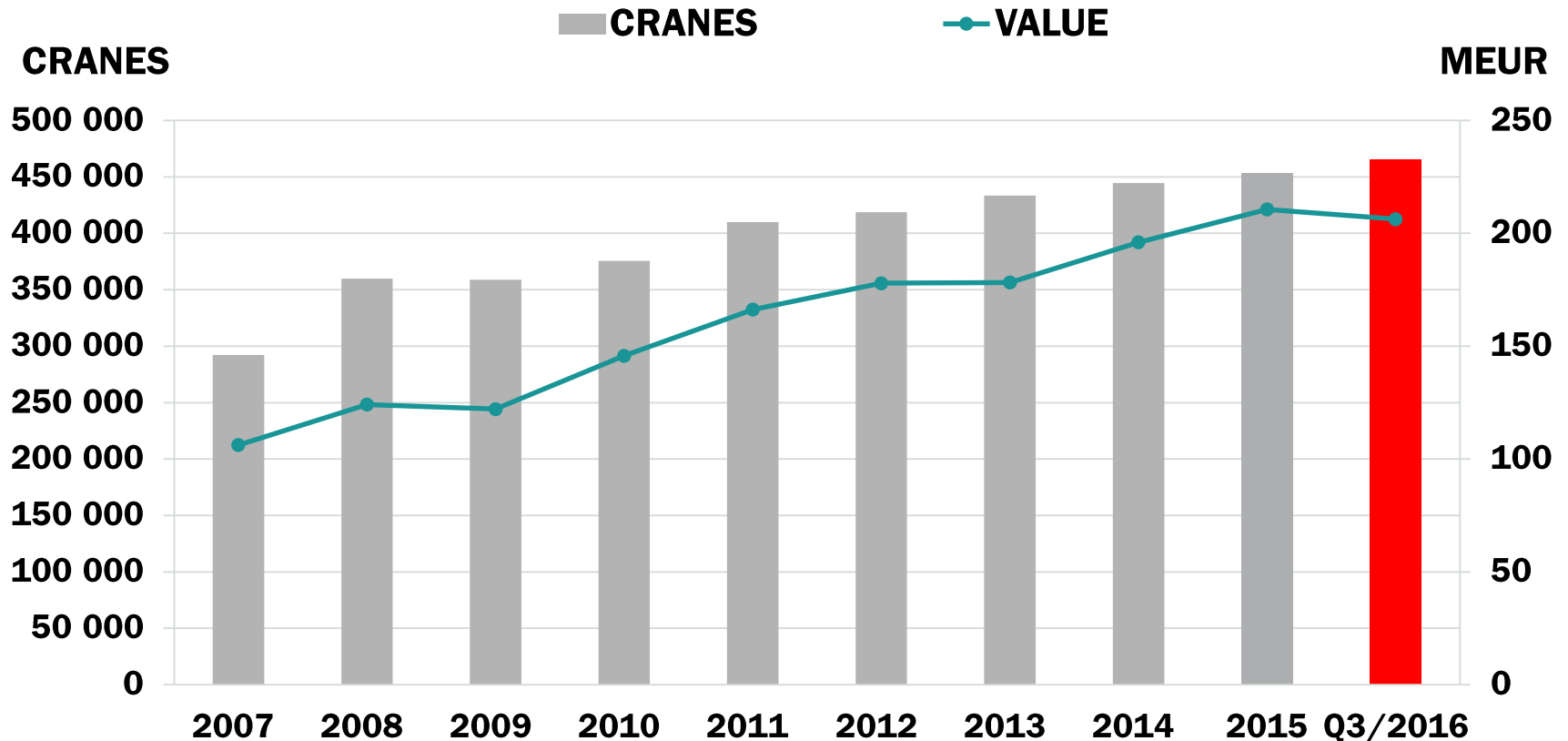
SERVICE NET SALES AND ADJ. EBIT

R12M Sales: 976.4 (975.1) MEUR, +0.1% | Adj. EBIT: 106.6 (100.5) MEUR, +6.1%



SERVICE CONTRACT BASE

Q3 CB: 465 (454) thousand units, +2.3% | Annual value 206.3 (208.5) MEUR, -1.1%*

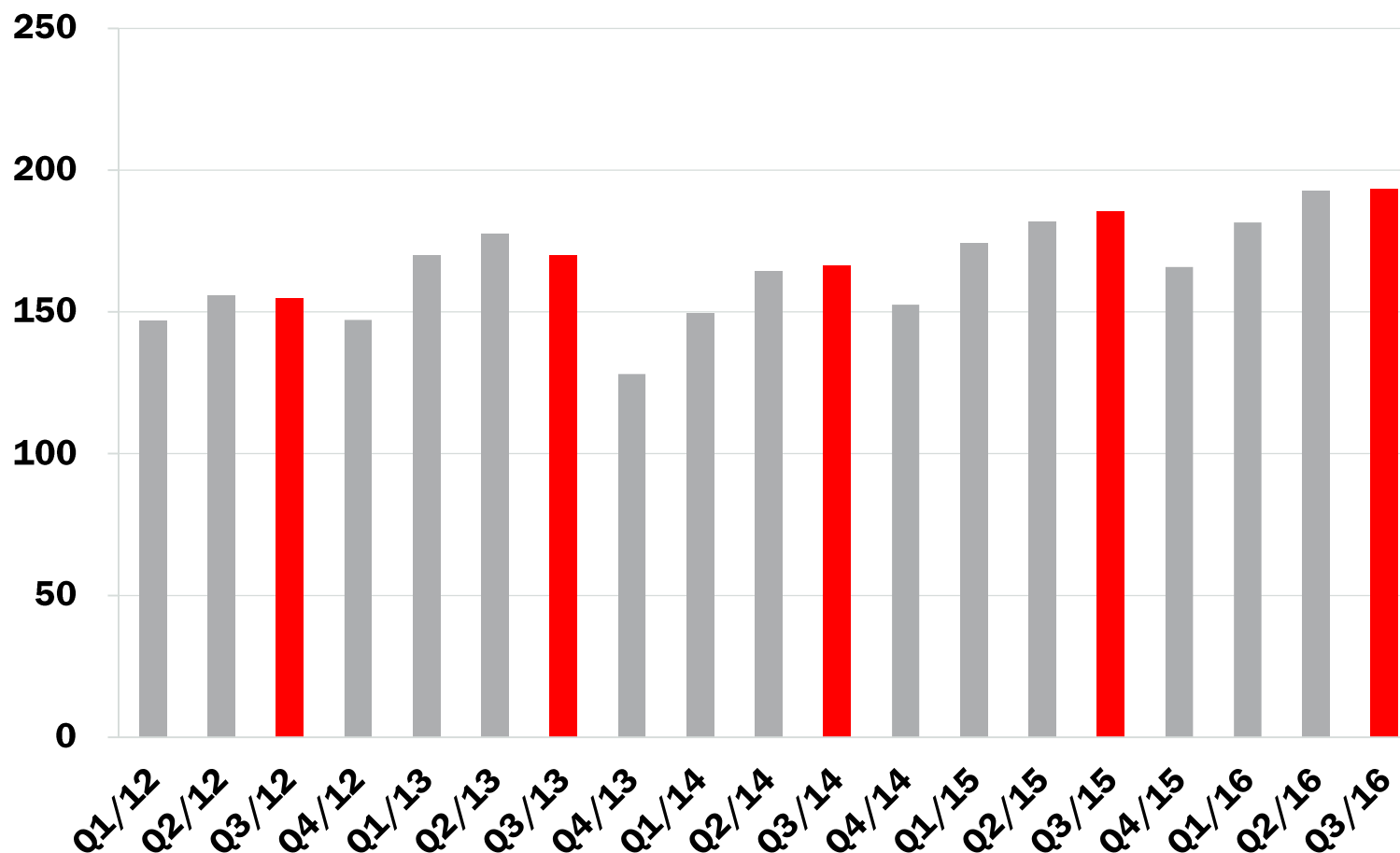


*-0.5% at comparable currencies

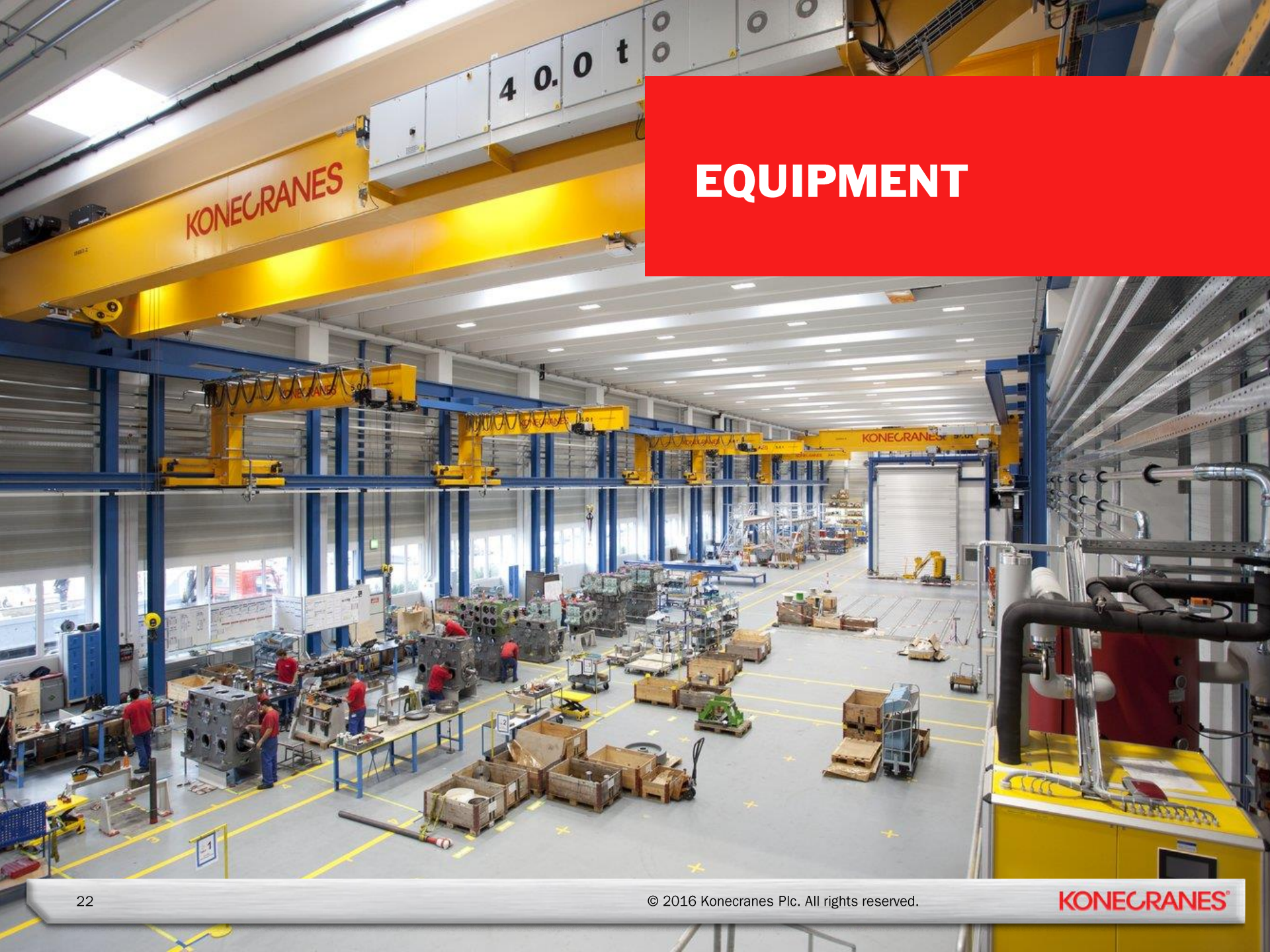
SERVICE ORDER BOOK

Q3 Order book: 193.3 (185.4) MEUR, +4.2%*

MEUR



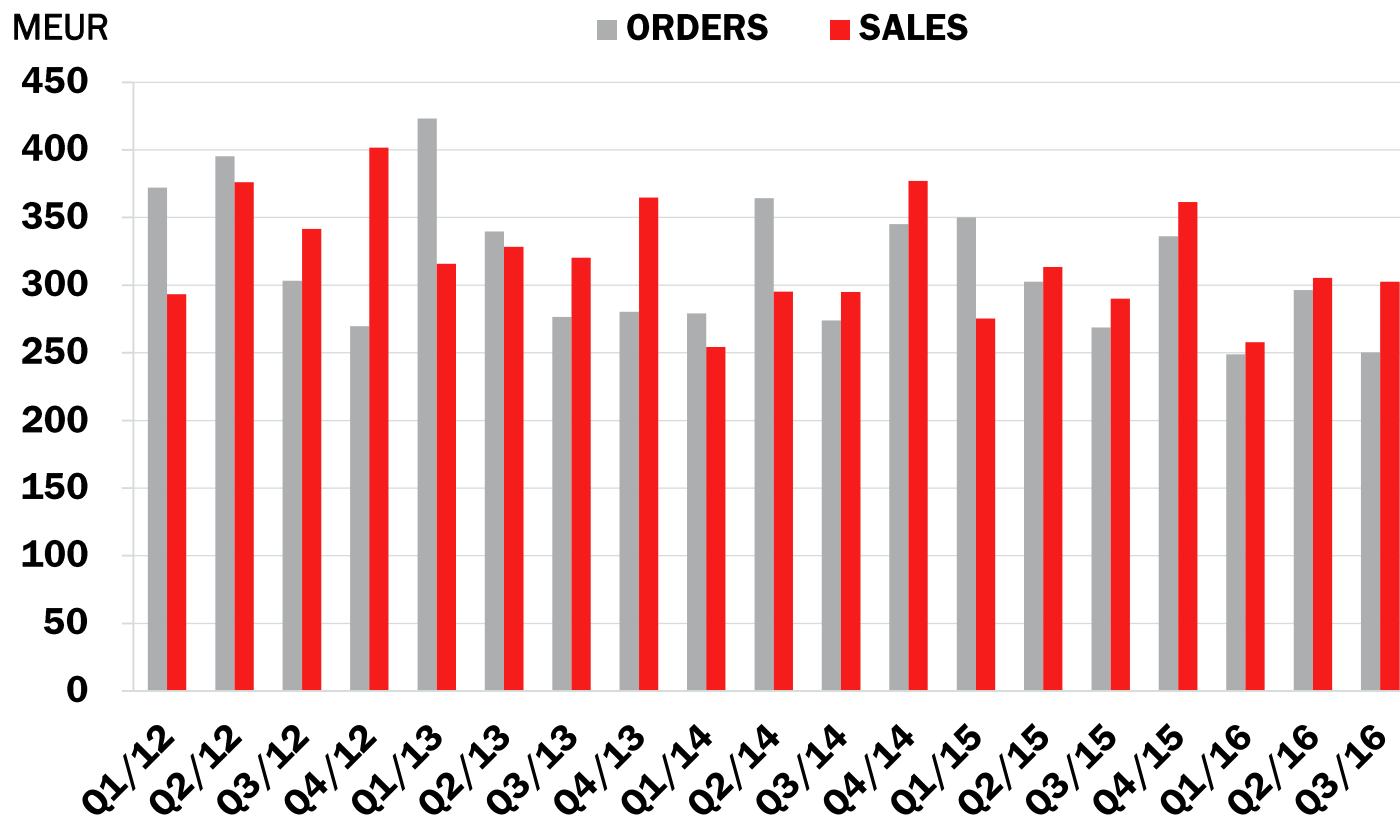
*+4.7% at comparable currencies



EQUIPMENT

EQUIPMENT ORDERS AND NET SALES

Q3 Orders: 250.3 (268.7) MEUR, -6.8%* | Net sales: 302.5 (290.1) MEUR, +4.3%**

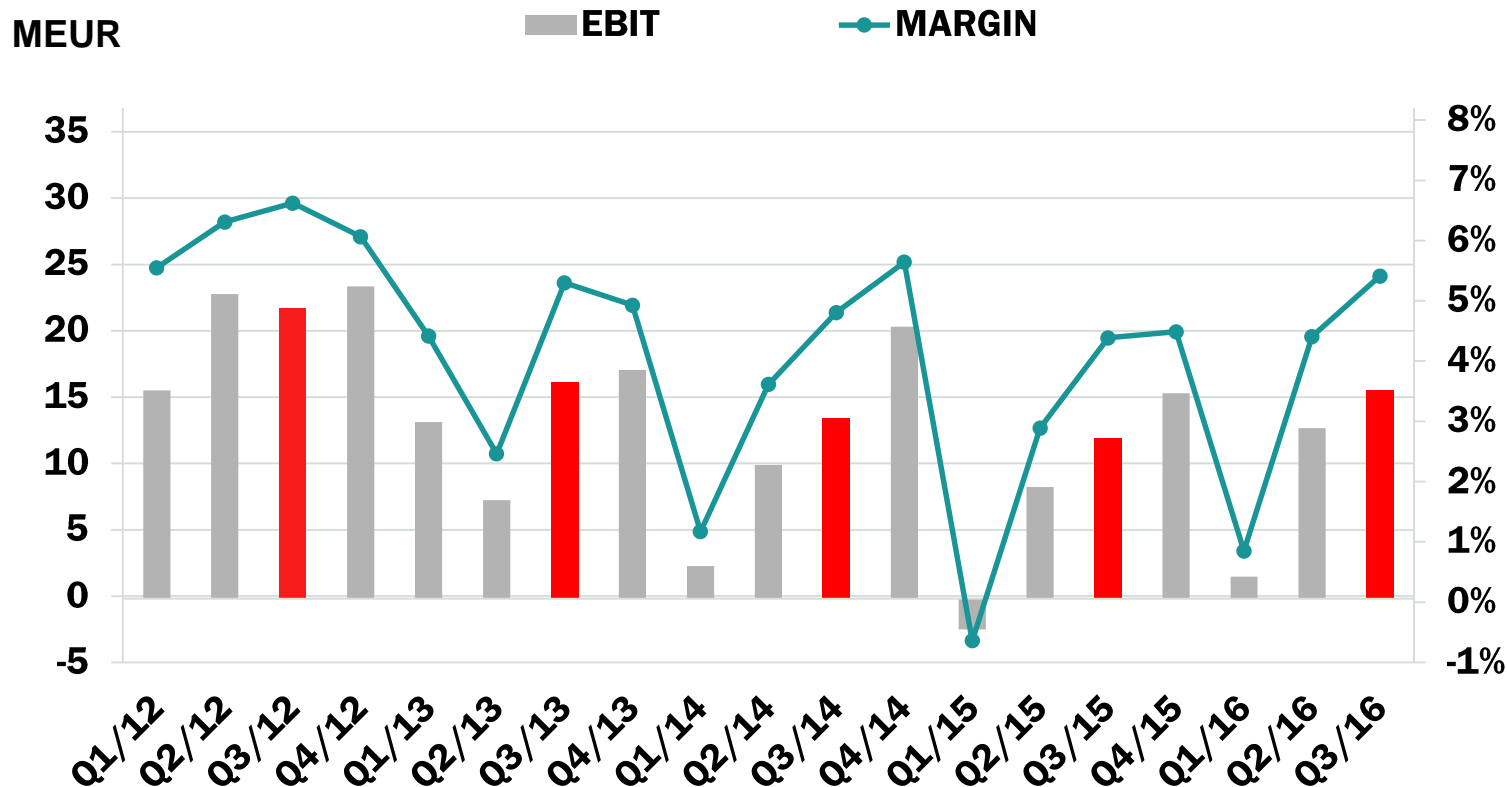


- Orders received rose in the Americas, but fell in EMEA and Asia-Pacific
- Compared to the previous year, orders for industrial cranes, components as well as port cranes and lift trucks were below the previous year's level

*-5.8% at comparable currencies, **+5.5% at comparable currencies

EQUIPMENT ADJ. EBIT & MARGIN

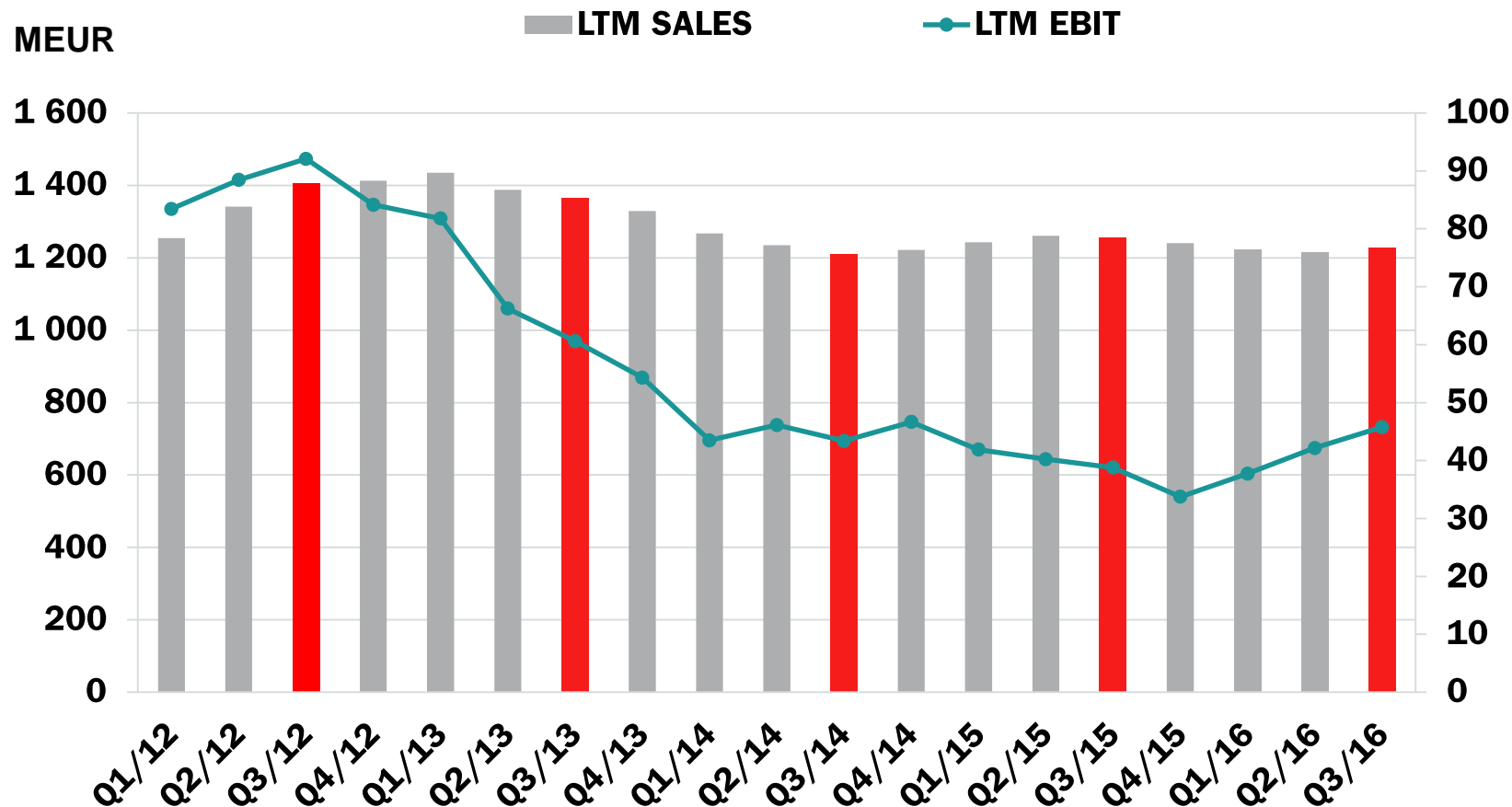
Q3 Adj. EBIT: 15.8 (12.1) MEUR, +29.8% | Margin: 5.2% (4.2%)



- Adjusted operating margin improved due to the lower fixed costs

EQUIPMENT NET SALES AND ADJ. EBIT

R12M Sales: 1,227.1 (1,256.2) MEUR, -2.3% | Adj. EBIT: 45.8 (38.8) MEUR, +18.0%



EQUIPMENT ORDER BOOK

Q3 Order book: 794.4 (889.9) MEUR -10.7%*

MEUR

1200

1000

800

600

400

200

0

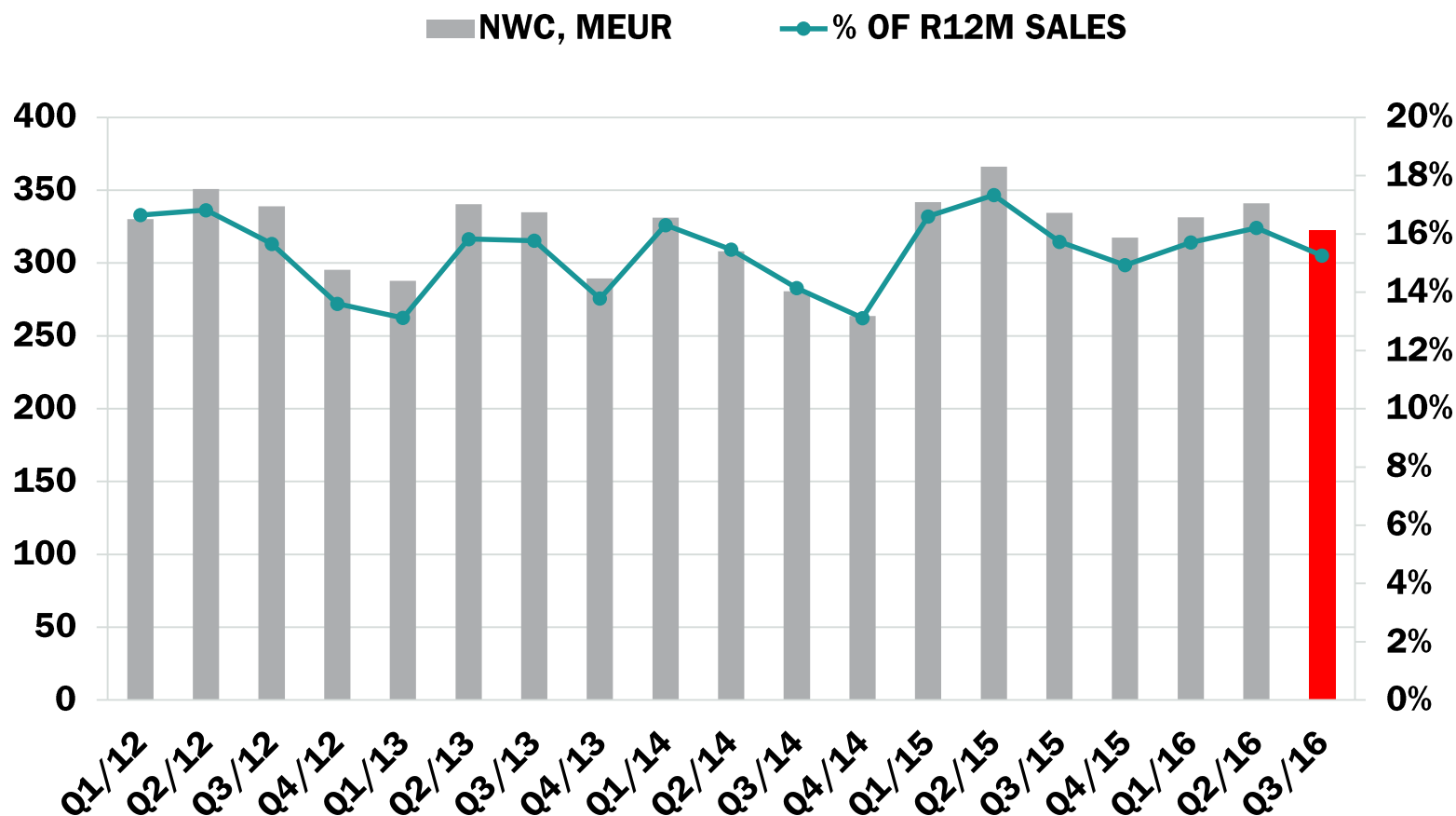
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*-10.3% at comparable currencies

BALANCE SHEET AND CASH FLOW

NET WORKING CAPITAL

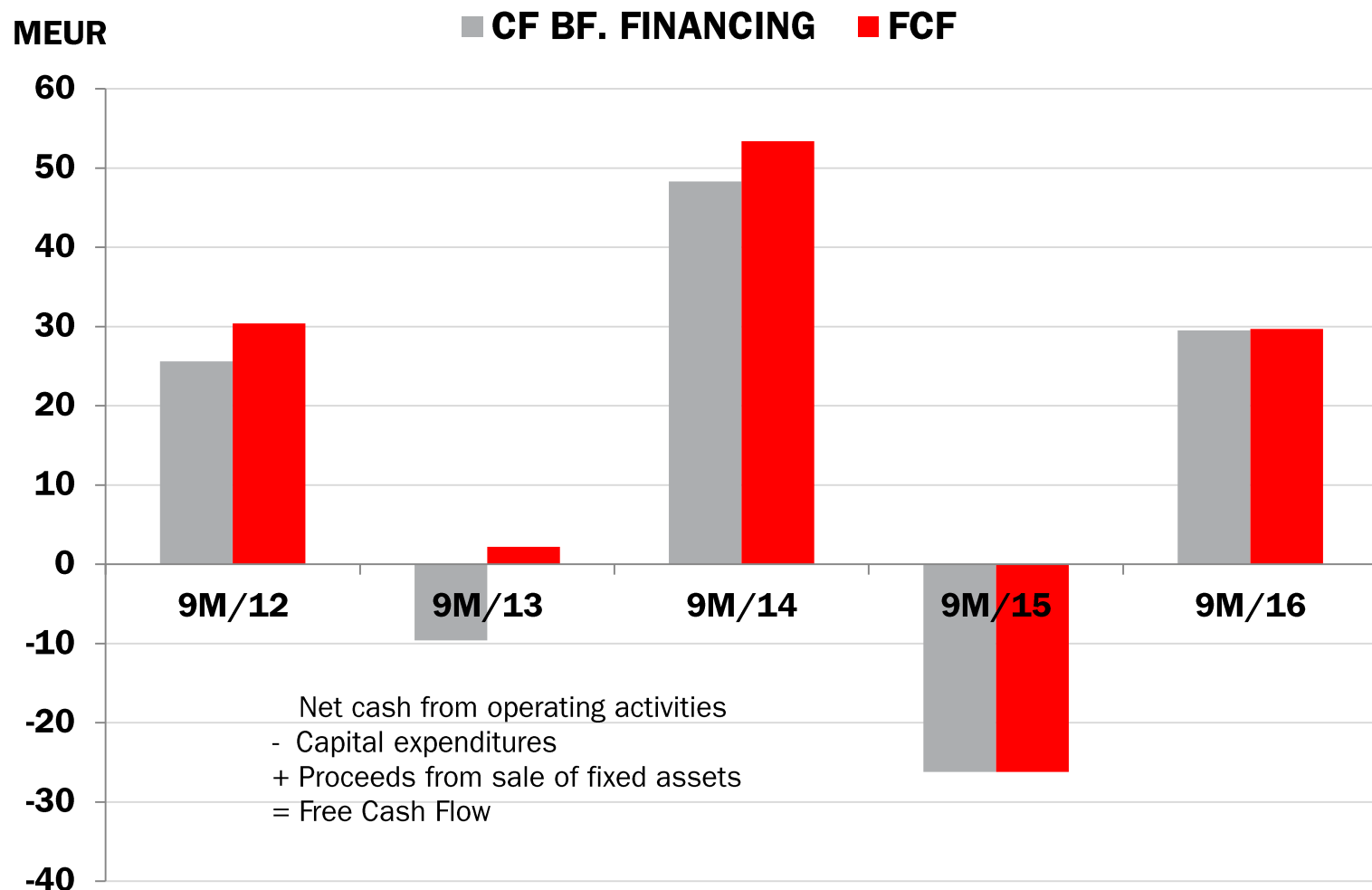
Q3 NWC: 322.5 (334.4) MEUR | 15.3% (15.7%) of R12M sales



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

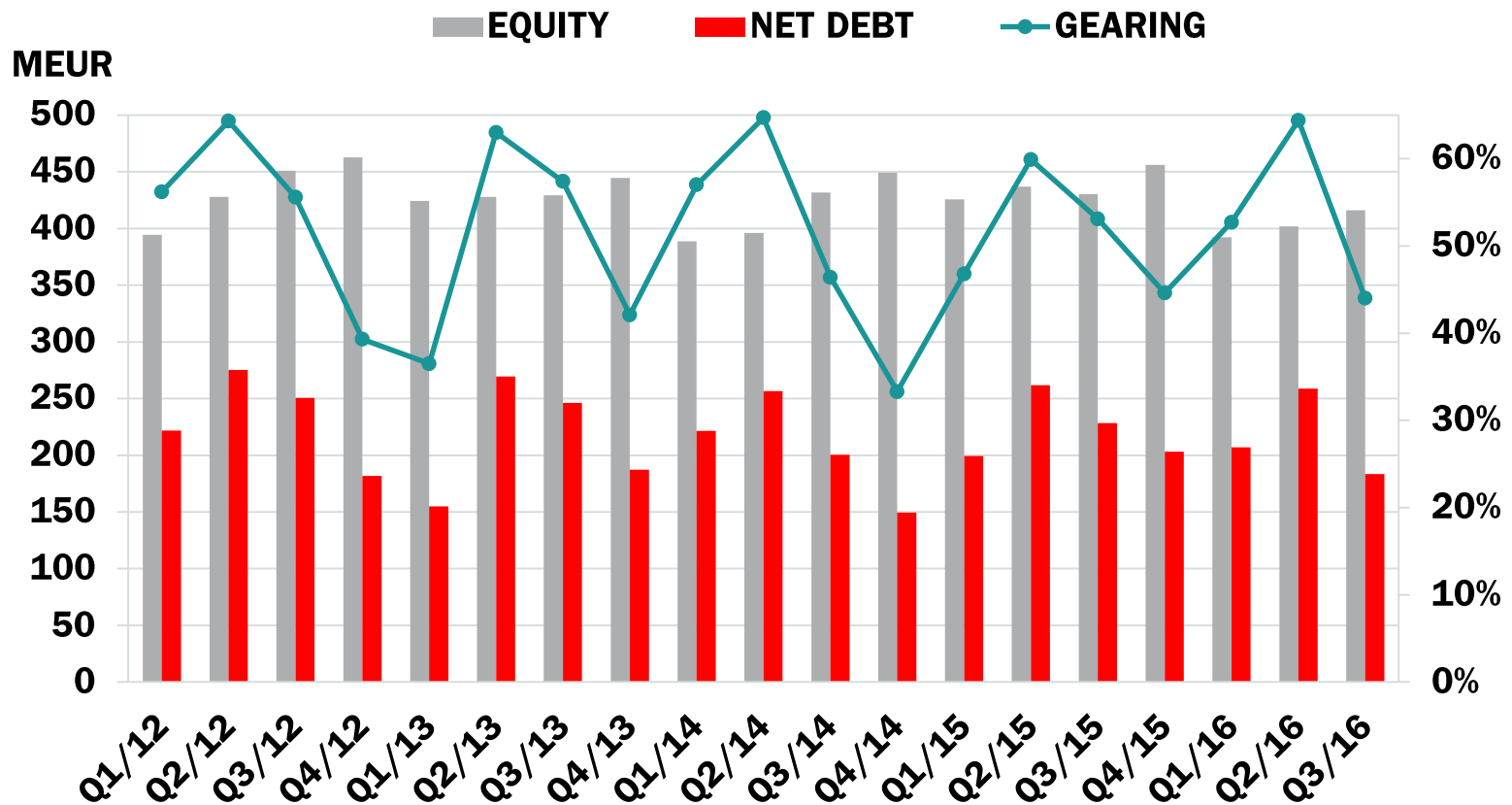
CF BEFORE FINANCING ACTIVITIES AND FCF

9M CF BF. FINANCING: 29.5 (-26.2) MEUR | FCF: 29.7 (-26.2) MEUR



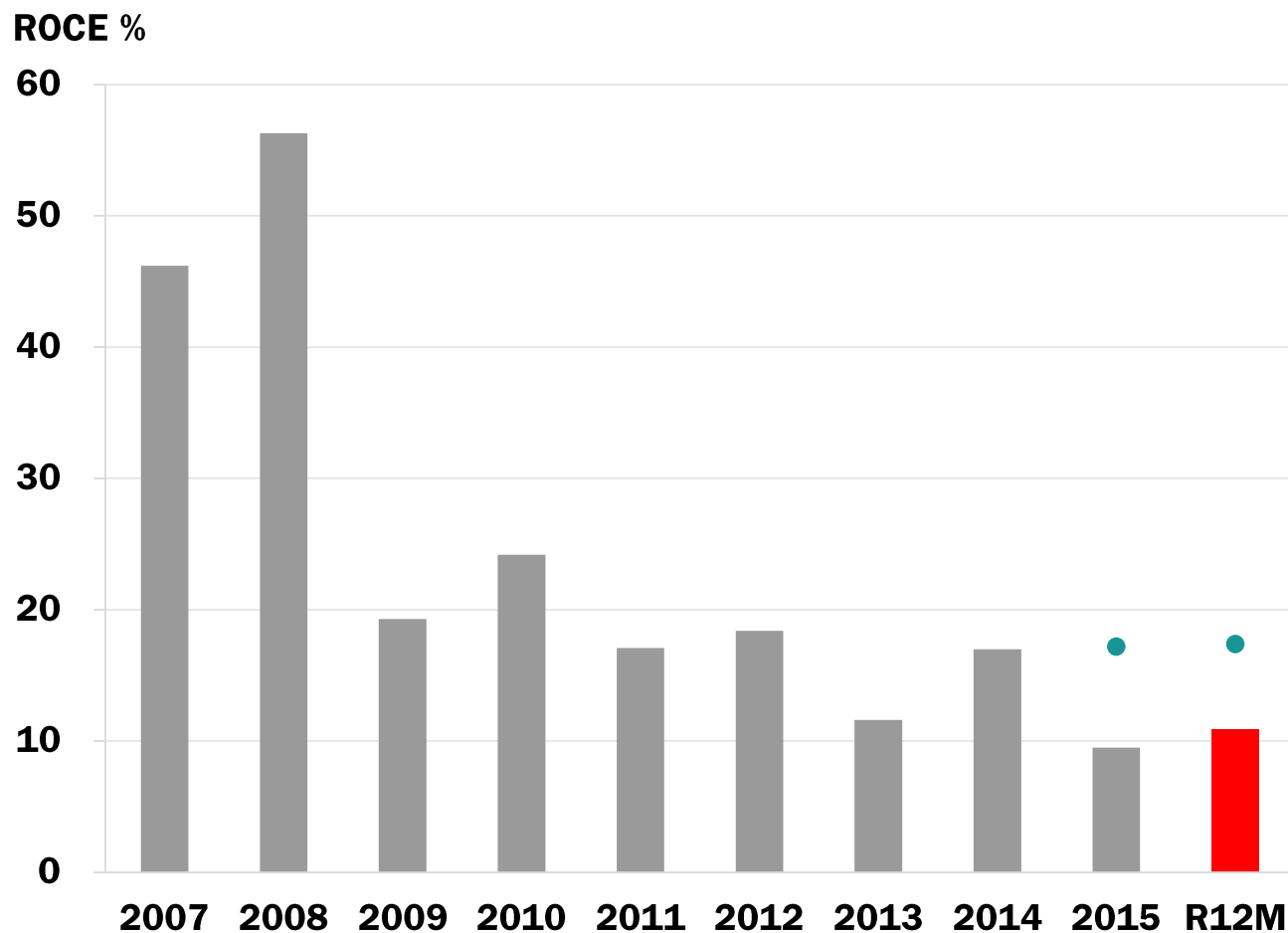
GEARING

Q3 Equity: 416.2 (430.3) MEUR | Net debt: 183.5 (228.5) MEUR | Gearing: 44,0% (53.1%)



RETURN ON CAPITAL EMPLOYED

R12M ROCE: 10.9%* (11.0%**)



*17.4% excluding adjustments **16.9% excluding adjustments

KONECRANES



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



APPENDICES

STATEMENT OF INCOME

MEUR	9M/2016	9M/2015	% Change
Sales	1,505.0	1,517.2	-0.8
Other operating income	14.0	0.6	
Materials, supplies and subcontracting	-673.2	-675.7	
Personnel cost	-491.4	-492.2	
Depreciation and impairments	-41.0	-42.2	
Other operating expenses	-259.5	-275.5	
Operating profit	53.9	32.2	67.2
Share of associates' and joint ventures' result	5.7	3.6	
Gain on disposal of investment in associated corr.	5.8	0.0	
Financial income	0.9	4.7	
Financial expenses	-29.6	-13.7	
Profit before taxes	36.6	26.8	36.9
Taxes	-9.9	-8.6	
Net profit for the period	26.7	18.2	46.9

BALANCE SHEET

MEUR	September 30, 2016	September 30, 2015	MEUR	September 30, 2016	September 30, 2015
Non-current assets	395.7	503.1	Equity	416.2	430.3
Inventories	345.0	398.9	Non-current liabilities	124.9	297.6
Other current assets	465.4	527.6	Current liabilities	847.3	767.1
Cash and cash equivalents	166.7	65.4	-	-	-
Assets held for sale	104.2	0.0	Liabilities directly attributable to assets held for	88.5	0.0
Total assets	1,477.0	1,495.0	Total equity and liabilities	1,477.0	1,495.0

CASH FLOW STATEMENT

MEUR	9M/2016	9M/2015
Operating income before change in net working capital	98.8	75.4
Change in net working capital	8.7	-36.0
Financing items and taxes	-60.0	-40.9
Net cash from operating activities	47.6	-1.6
Cash flow from investing activities	-18.1	-24.6
Cash flow before financing activities	29.5	-26.2
Proceeds from options exercised and share issues	0.0	14.3
Change in interest-bearing debt	74.8	46.4
Proceeds from disposal of associated company	47.8	0.0
Acquired non-controlling interest	-0.3	-5.9
Dividends paid to equity holders of the parent	-61.7	-61.5
Net cash used in financing activities	60.6	-6.6
Translation differences in cash	-0.4	0.3
Change of cash and cash equivalents	89.6	-32.5
Cash and cash equivalents at beginning of period	80.8	97.9
Cash and cash equivalents in assets held for sale	3.7	0.0
Cash and cash equivalents at end of period	166.7	65.4
Change of cash and cash equivalents	89.6	-32.5

KEY FIGURES

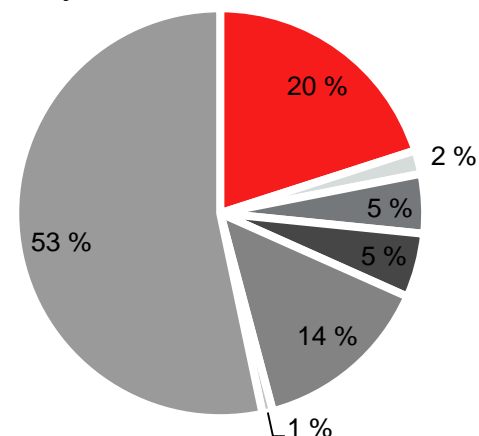
MEUR	9M/2016	9M/2015	% Change
Earnings per share, basic, EUR	0.46	0.31	46.3
Earnings per share, diluted, EUR	0.46	0.31	46.3
Return on capital employed %, R12M	10.9	11.0	-0.9
Return on equity %, R12M	9.3	11.1	-16.2
Equity per share, EUR	7.08	7.32	-3.3
Current ratio	1.1	1.3	
Gearing (%)	44.0	53.1	
Solidity (%)	32.0	33.5	
Investments total (excl. acquisitions), MEUR	22.4	25.8	-13.0
Interest-bearing net debt, MEUR	183.5	228.5	-19.7
Net working capital, MEUR	322.5	334.4	-3.6
Personnel at end of period	11,097	11,997	-7.5
Personnel on average during the period	11,509	11,946	-3.7
Average number of shares outstanding, basic	58,747,279	58,475,416	0.5
Average number of shares outstanding, diluted	58,747,279	58,500,195	0.4
Number of shares outstanding	58,751,009	58,732,429	0.0

THE LARGEST SHAREHOLDERS

Largest shareholders on September 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 Samfundet Folkhälsan I Svenska Finland	535,600	0.9
5 The State Pension Fund	480,000	0.8
7 Sigrid Jusélius Foundation	446,500	0.7
8 Ilmarinen Mutual Pension Insurance Company	326,603	0.5
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	33,732,836	53.3
Other shareholders	11,998,306	19.0
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 1,853 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
- 1-9/16 average daily trading volume 231,353 shares, EUR 5.4 million

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