

Q4 2016 INTERIM REPORT

February 8, 2017

Panu Routila, President & CEO

Teo Ottola, CFO



HIGHLIGHTS OF Q4/16

- + Adjusted EBIT margin continued to improve in Service and Equipment
- + Efficiency improvement actions proceeded according to plan
 - + Personnel reduction of more than 900 employees since the beginning of 2016 has improved competitiveness and lowered fixed costs
- + Orders from the Virginia Port Authority for 86 ASCs worth more than EUR 200 million
- + Strong cash flow lowered gearing to 29 percent
- Customers still generally cautious about investing

Q4 ORDERS RECEIVED Y/Y	EMEA	AME	APAC
SERVICE			
EQUIPMENT			

Board of Directors proposes a dividend of EUR 1.05 per share

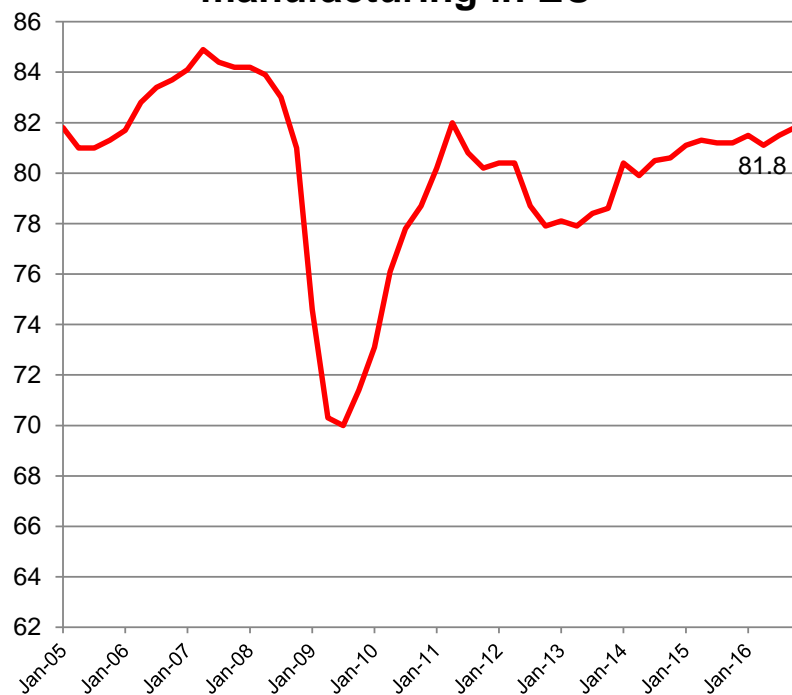
KEY FIGURES

KEY FIGURES	Q4 2016	Q4 2015	Chg %	Chg % FX adj.	2016
Orders received, MEUR	595.1	512.5	+16.1	+16.6	1,920.7
Order book at end of period, MEUR	1,038.0	1,036.5	+0.1	-0.2	1,038.0
Sales, MEUR	613.3	609.0	+0.7	+1.1	2,118.4
Adj. EBITDA*, MEUR	64.8	57.0	+13.7		191.6
Adj. EBITDA*, %	10.6	9.4			9.0
Adj. Operating profit (EBIT)*, MEUR	52.1	44.6	+17.0		140.8
Adj. Operating margin (EBIT)*, %	8.5	7.3			6.6
Adjustments*, MEUR	-21.2	-13.8			-55.9
Operating profit (EBIT), MEUR	31.0	30.8	+0.5		84.9
Operating margin (EBIT), %	5.0	5.1			4.0
EPS, basic, EUR	0.18	0.21	-14.1		0.64
Free cash flow, MEUR	54.1	24.8			83.9

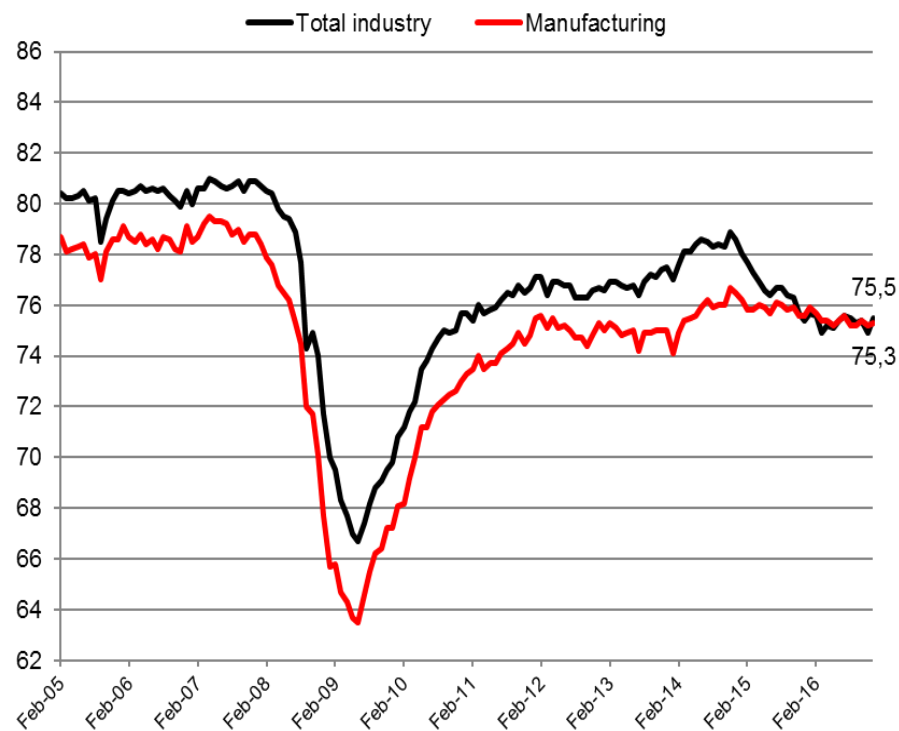
*Adjustments (corresponding to term non-recurring items in 2015) include restructuring costs, transaction costs related to the terminated merger plan with Terex Corporation, and acquisition of Terex's MHPS business and related activities, unwarranted payments due to identity theft and fraudulent actions (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



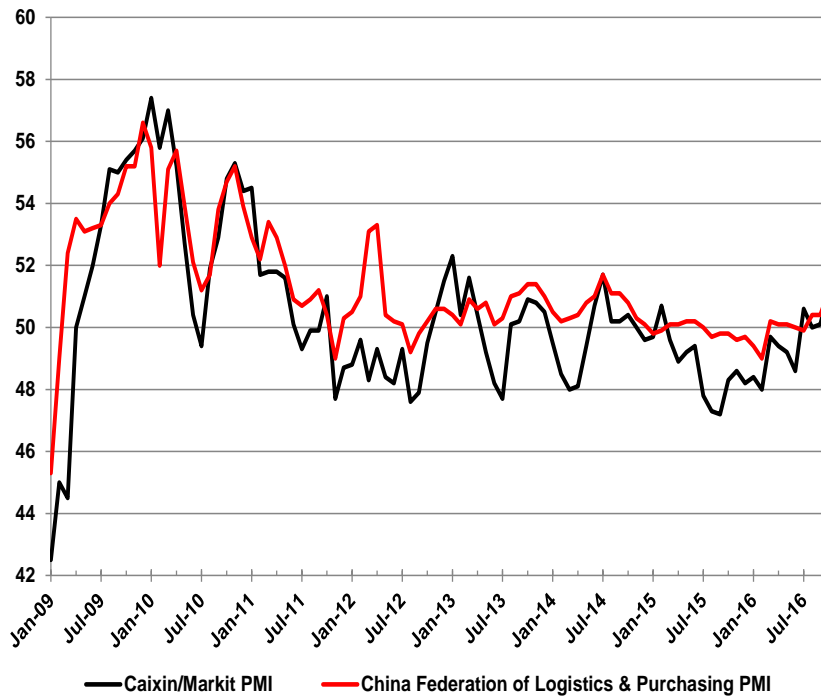
Capacity utilisation in the USA



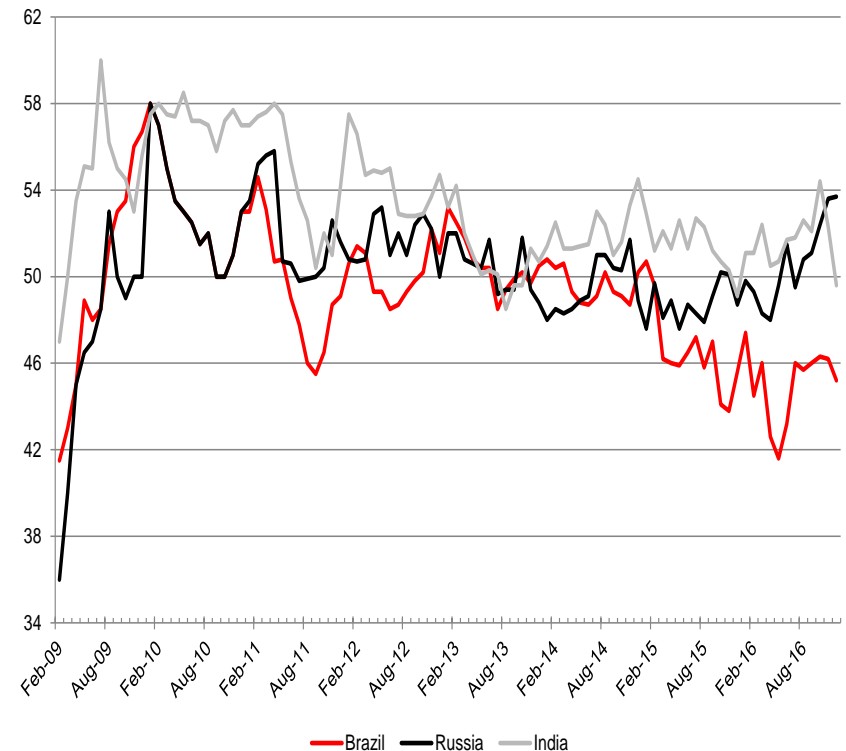
SOURCES: Eurostat (latest data point Q4/16), Federal Reserve Bank of St. Louis (December 2016)

PMI'S IN THE BRIC COUNTRIES

Chinese manufacturing PMI

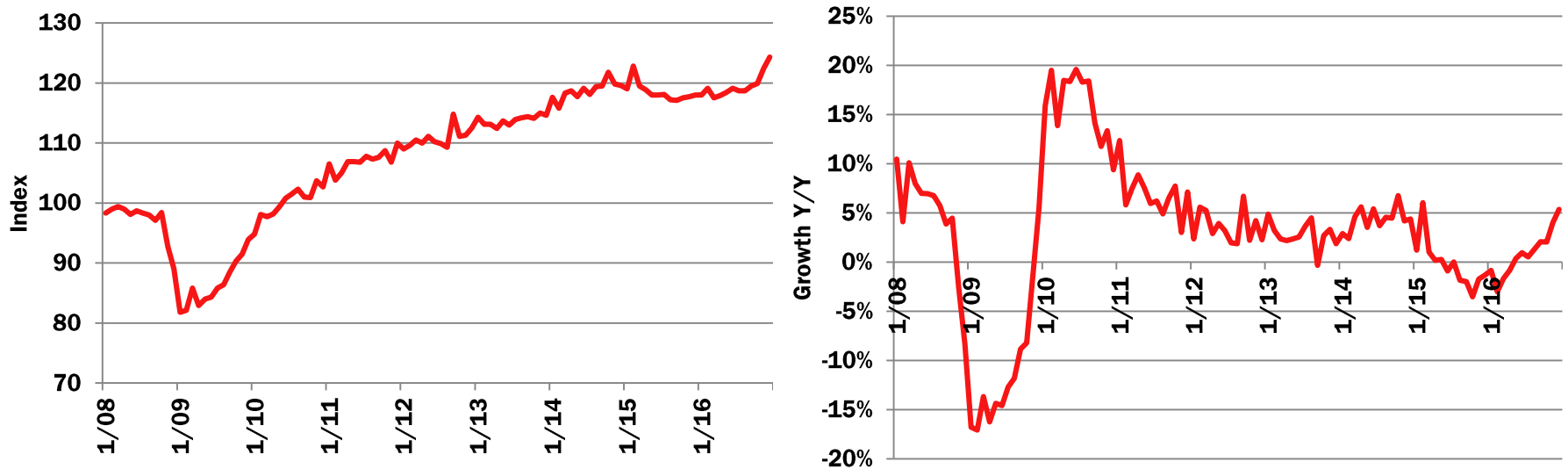


Brazil, Russia, India - PMI



SOURCES: Markit (latest data point December 2016)

CONTAINER THROUGHPUT



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

MARKET OUTLOOK AND FINANCIAL GUIDANCE

Market outlook

- Customers are cautious about investing due to modest volume growth in manufacturing and process industries, as well as container handling.
- The companies operating in emerging and commodity markets are particularly under pressure to save costs.
- The demand situation in Europe and North America is mixed.
- Low growth in global container throughput has led to a slow 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

- Due to the very recent acquisition of the Terex's MHPS business, Konecranes believes that it is not appropriate to provide financial guidance for the new combined business at the present time and intends to provide financial guidance in conjunction with its Interim Report January-March 2017.

CHANGE IN PERSONNEL AND COST SAVINGS RELATED TO RESTRUCTURING

- Group headcount at year-end 2015

11,887 people

- Personnel change

–936* people

- Group headcount at year-end 2016

10,951 people

- Cost savings Y/Y in Q4/16

Approx. EUR10m

- Cost savings Y/Y in 2016

More than EUR30m

Based on Konecranes' executed actions in 2016, incremental cost savings of EUR 10-15 million expected in 2017

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

INTEGRATION OF DEMAG AND PORT SOLUTIONS PROCEEDING AS PLANNED

Main achievements

- Successful closing executed as planned on January 4
- Day 1 organization in place
- Solid integration plans outlined and governance model in place

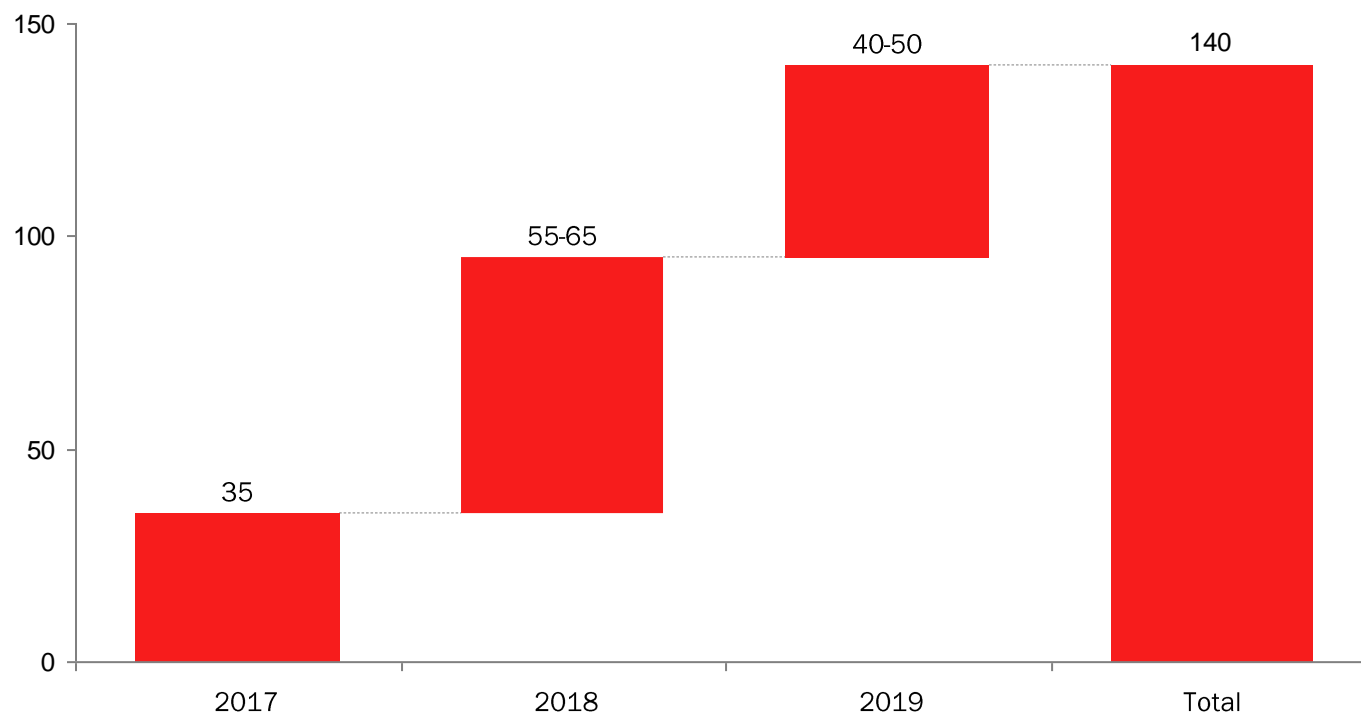
Next steps

- Integration plan detailing ongoing
- Select quick-win actions already initiated, continue chasing them
- Launch implementation for other 2017 integration actions
- Continue focusing on our customers

Information contained in this document does not imply that decisions have been made to take specific action.
Any decisions/implementation actions will take place within the required social and legal processes.

SYNERGY STATUS: EUR140M WITHIN THREE YEARS FROM CLOSING

Synergy at EBIT level, run-rate impact at end of year (EURm)



***~EUR130M of one-time restructuring cost
and ~EUR60M capex expected 2017-2019***

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SYNERGY SOURCES: RANGE OF CONCRETE LEVERS IDENTIFIED

	Examples of levers	Initial synergy estimate
Commercial	<ul style="list-style-type: none"> • Go-to-market and sales channel optimization • Combined product portfolio optimization and cross-sales 	~ 15 - 25 M€
Technology and product platforms	<ul style="list-style-type: none"> • Product platform and module harmonization • Technology and R&D portfolio and footprint optimization 	~ 20 - 30 M€
Manufacturing operations	<ul style="list-style-type: none"> • Manufacturing footprint and capacity utilization optimization • In- and out-sourcing for cost and quality gains • Global supplier network optimization, scale and harmonization • Efficiency gains through roll-out of lean production best practices 	~ 50 - 70 M€
Service operations	<ul style="list-style-type: none"> • Branch network consolidation, addressing overlaps • Spare parts distribution center and network optimization 	~ 15 - 20 M€
Organization and support	<ul style="list-style-type: none"> • Mgmt and backoffice scale, organization structure optimization • IT: infra, support, HW and business application harmonization 	~ 15 - 20 M€

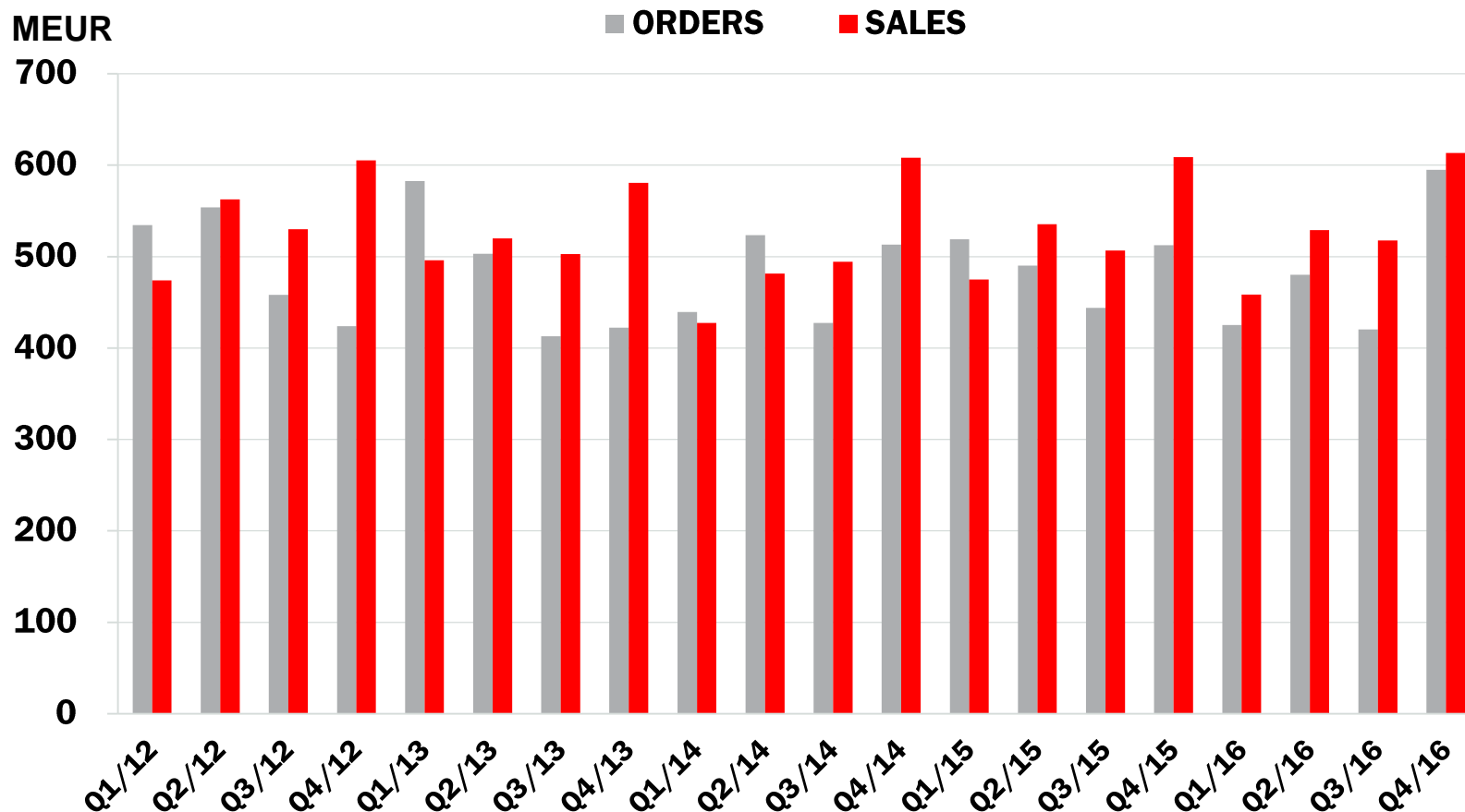
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STAHL CRANESYSTEMS DIVESTMENT

- STAHL CraneSystems divestment was completed on January 31, 2017
 - Consolidated until December 31, 2016
- Final selling price approx. EUR224m
- Buyer assumed unfunded pension liabilities that were EUR 67 million on December 31, 2016
- Konecranes expects to book an after-tax capital gain of approximately EUR 200 million in the first quarter of 2017
- Konecranes will use the proceeds from the divestment to amortize loans related to the MHPS acquisition
- In 2016, STAHL CraneSystems' sales outside the Konecranes Group totaled approximately EUR 130 million and its EBITDA was approximately EUR 26 million

GROUP ORDERS AND NET SALES

Q4 Orders: 595.1 (512.5) MEUR, +16.1%* | Net sales: 613.3 (609.0) MEUR, +0.7%**

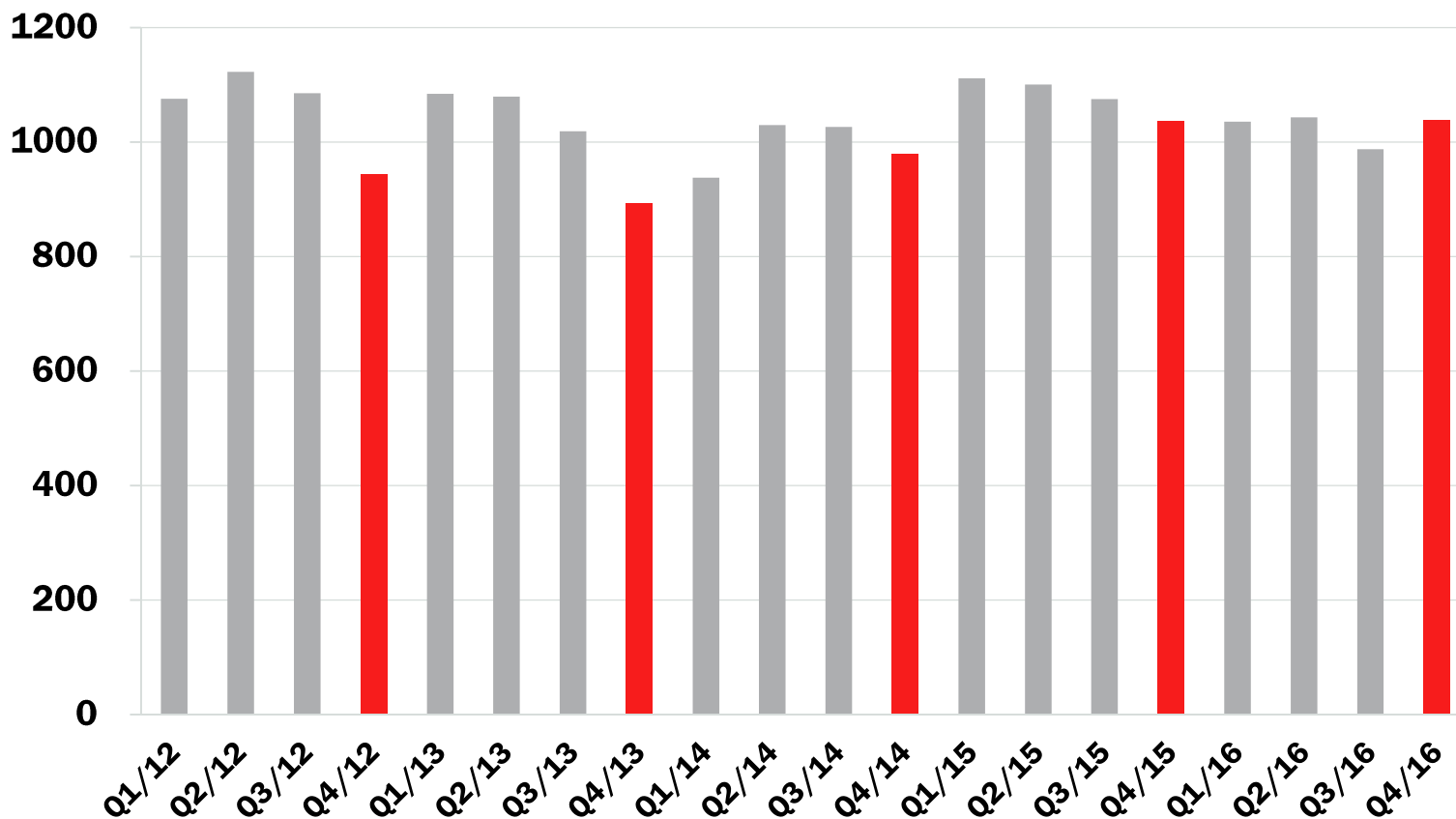


*+16.6% at comparable currencies, **+1.1% at comparable currencies

GROUP ORDER BOOK

Q4 Order book: 1,038.0 (1,036.5) MEUR, +0.1%*

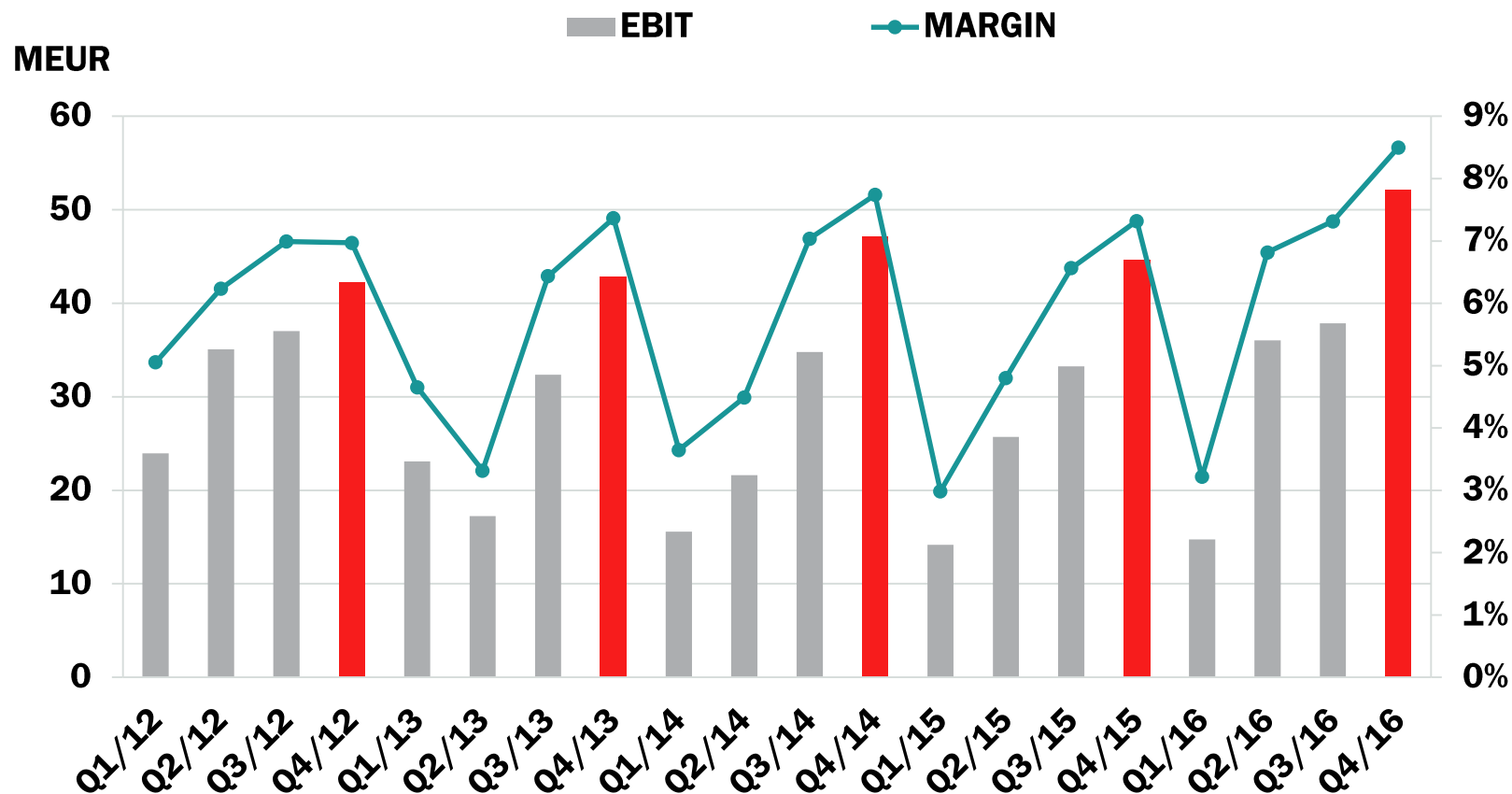
MEUR



*-0.2% at comparable currencies

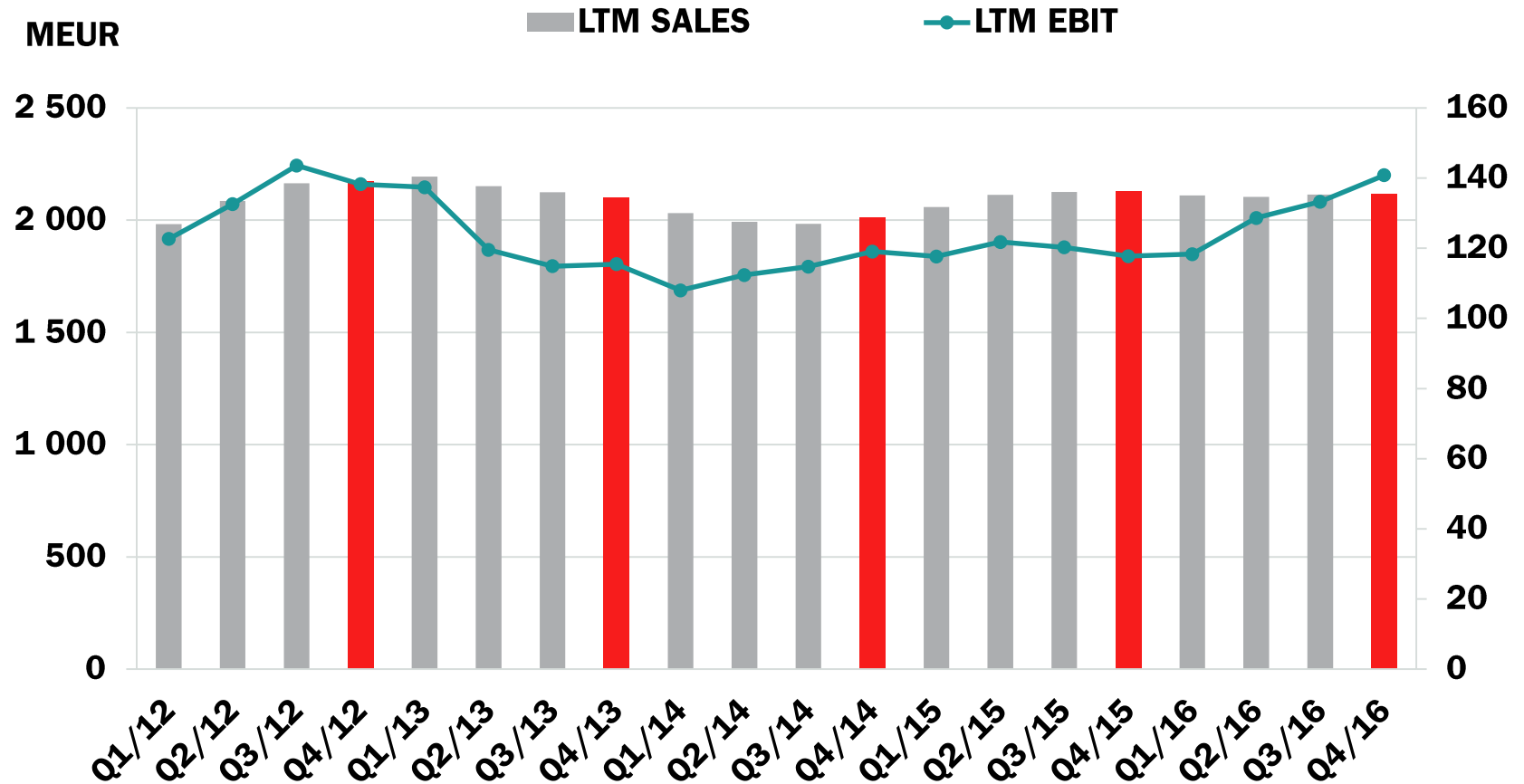
GROUP ADJ. EBIT & MARGIN

Q4 Adj. EBIT: 52.1 (44.6) MEUR, +17.0% | Margin: 8.5% (7.3%)



GROUP NET SALES AND ADJ. EBIT

R12M Sales: 2,118.4 (2,126.2) MEUR, -0.4% | Adj. EBIT: 140.8 (117.7) MEUR, +19.6%



GROUP ORDERS RECEIVED

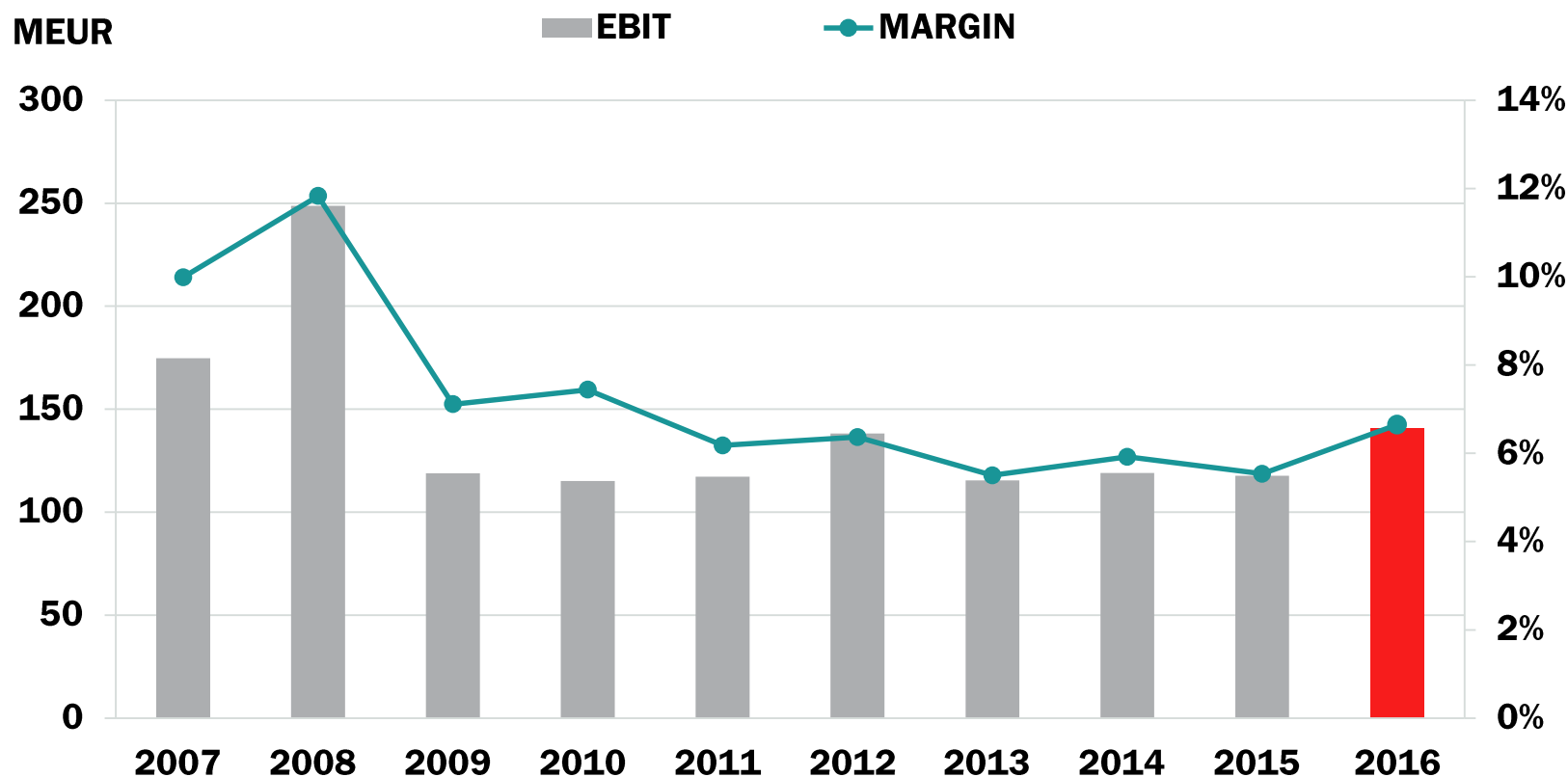
2016 Orders: 1,920.7 (1,965.5) MEUR, -2.3%* | Net sales: 2,118.4 (2,126.2) MEUR, -0.4%**



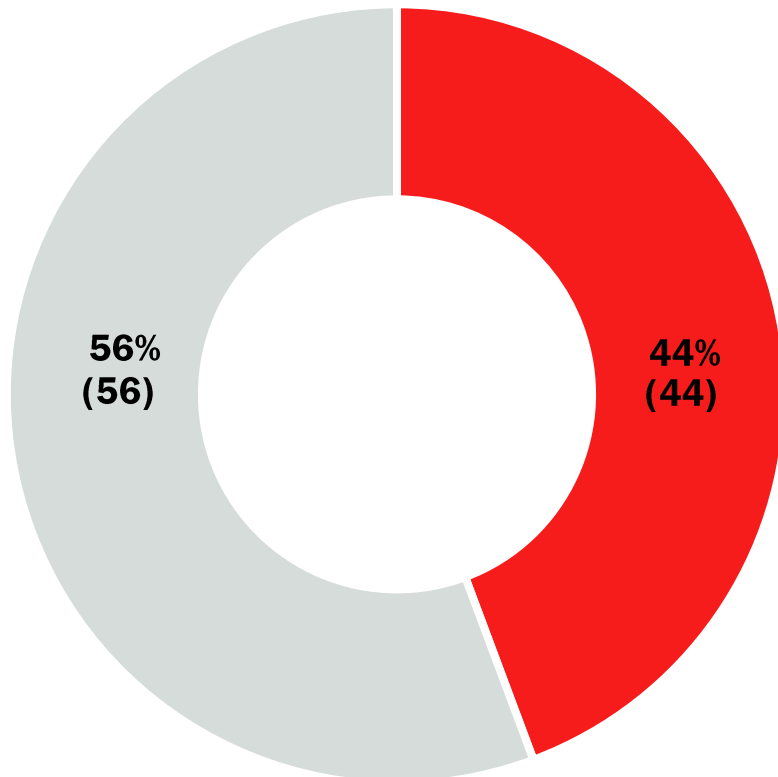
*-0.9% at comparable currencies. **+1.1% at comparable currencies

GROUP ADJ. EBIT & MARGIN

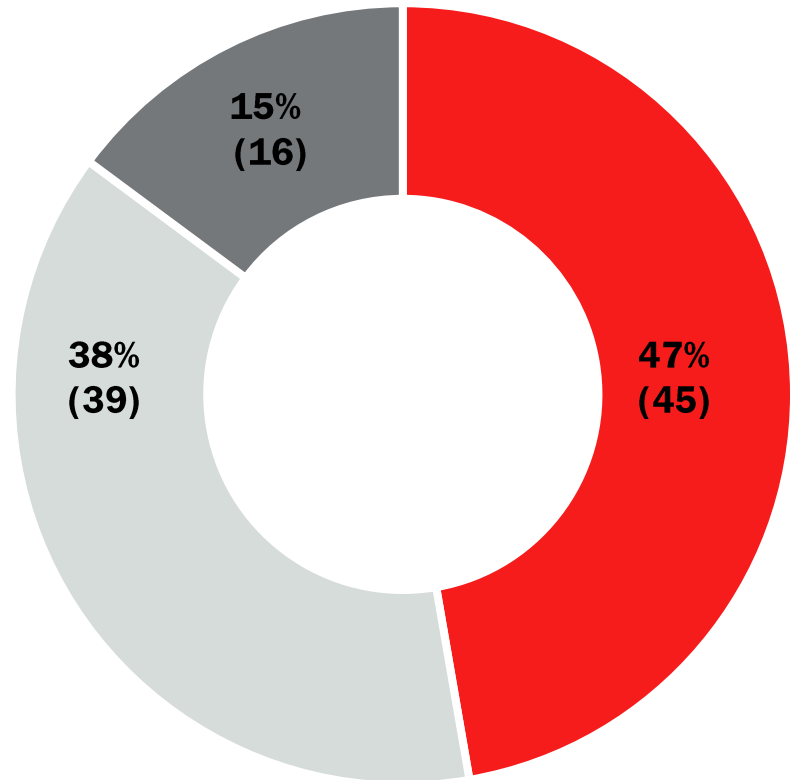
2016 Adj. EBIT 140.8 (117.7) MEUR +19.6% | Margin: 6.6% (5.5%)*



SALES SPLIT BY BUSINESS AREA & REGION, R12M



■ SERVICE
■ EQUIPMENT



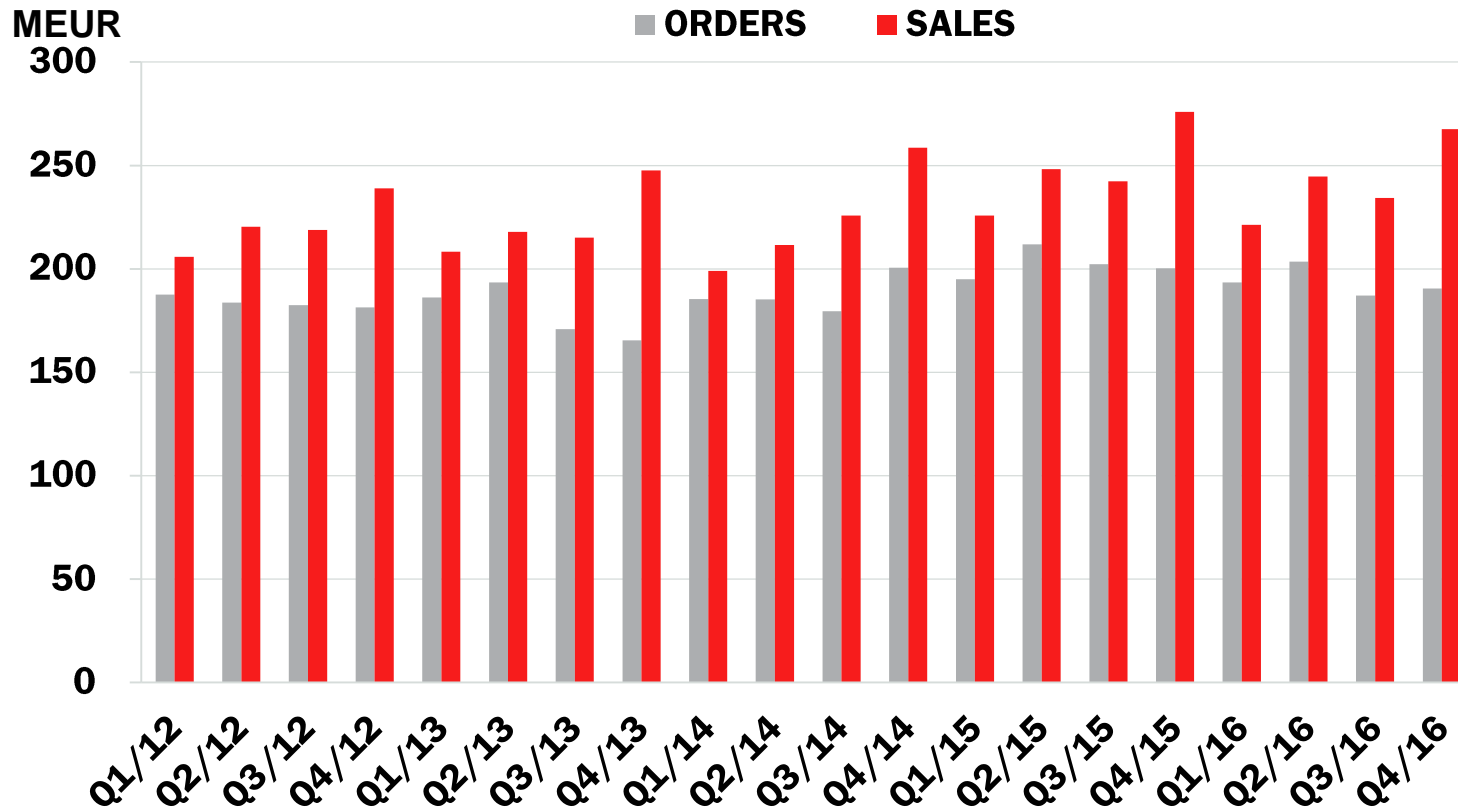
■ EMEA
■ AME
■ APAC



SERVICE

SERVICE ORDERS AND NET SALES

Q4 Orders: 190.4 (200.3) MEUR -4.9%* | Sales: 267.5 (275.9) MEUR -3.0%*

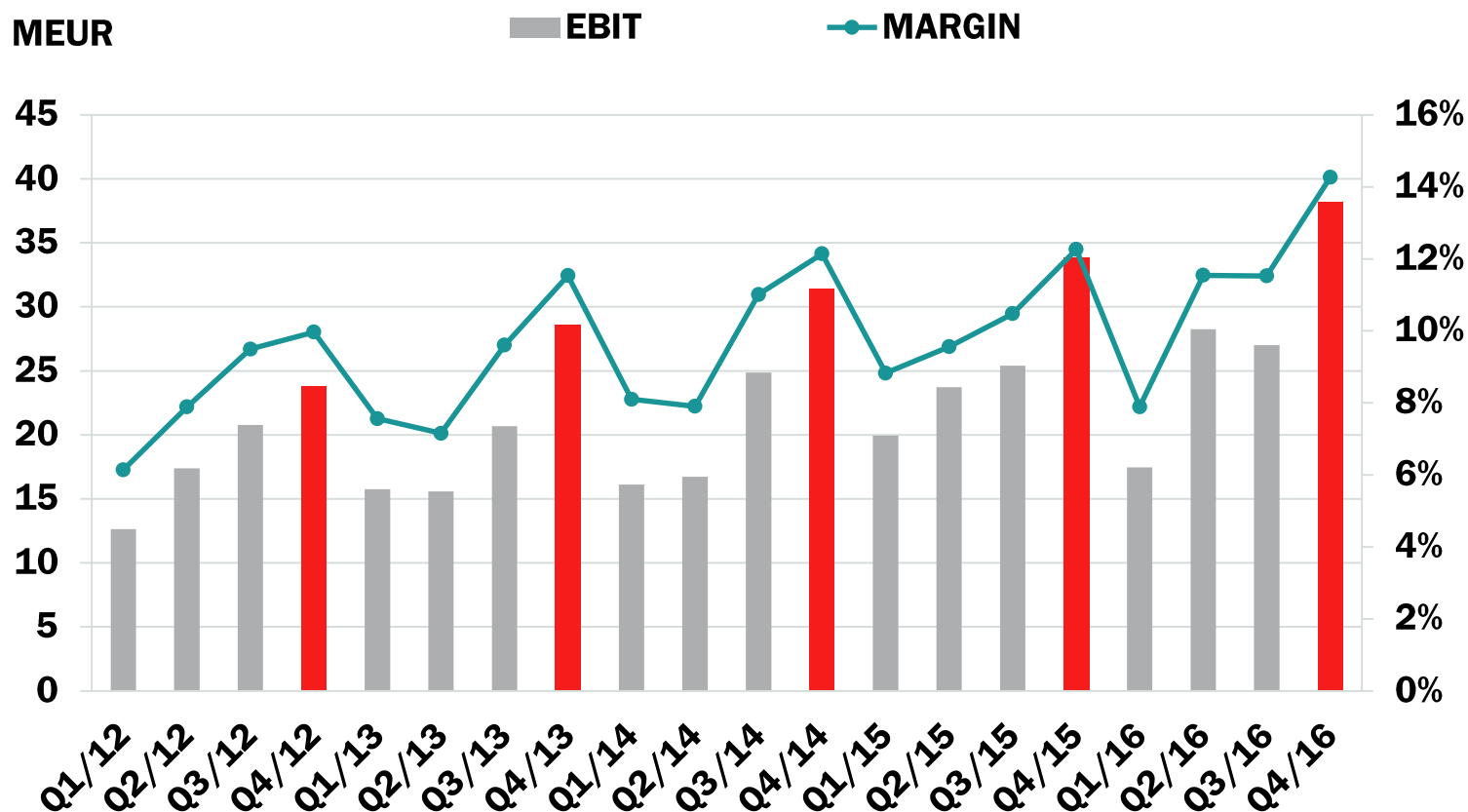


- Sales grew in APAC, but fell in EMEA and the Americas

*-4.9% at comparable currencies, **-3.1% at comparable currencies

SERVICE ADJ. EBIT & MARGIN

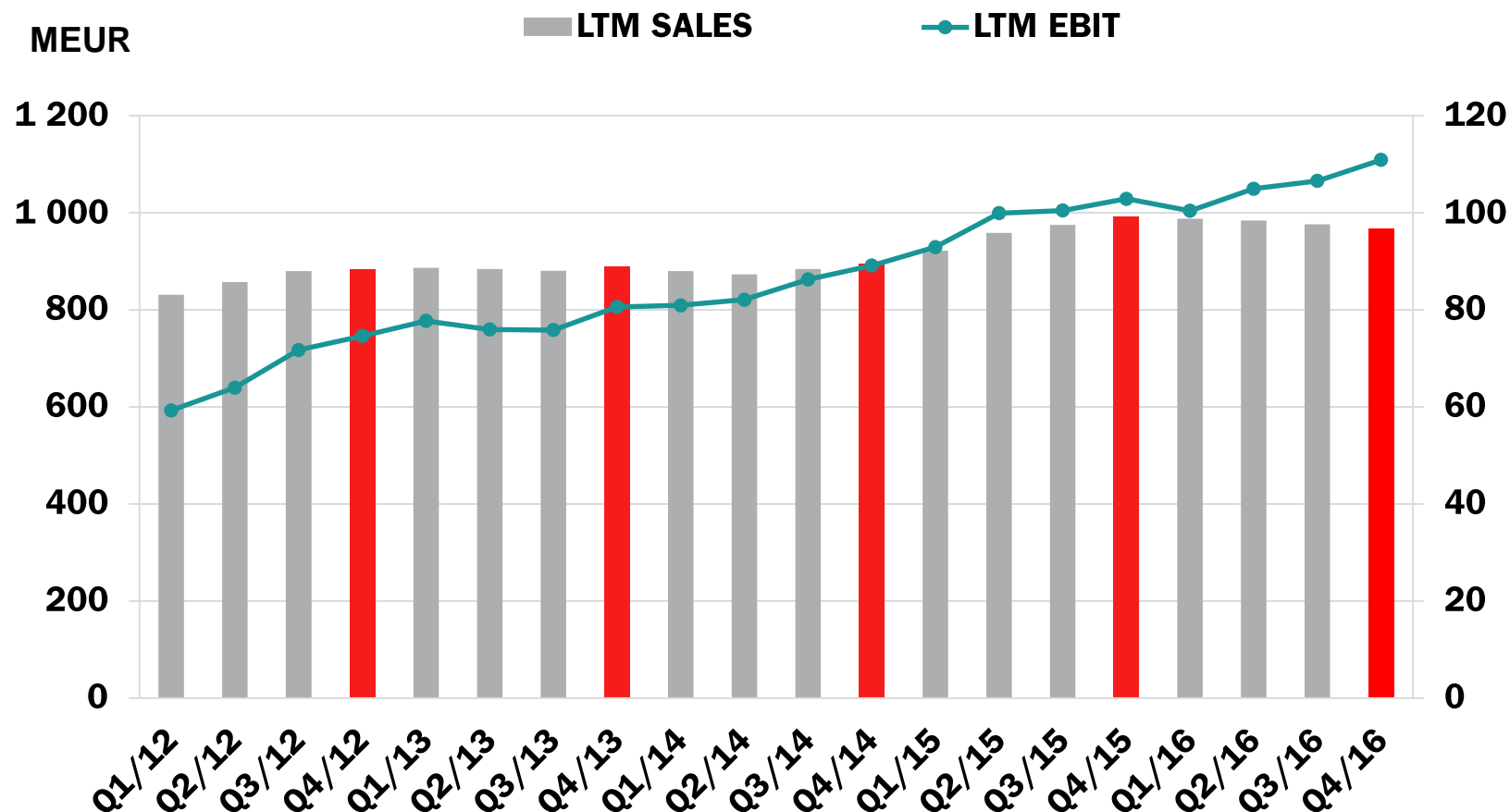
Q4 Adj. EBIT: 38.2 (33.8) MEUR, +12.8% | Margin: 14.3% (12.3%)



- Adjusted operating margin improved due to the lower fixed costs

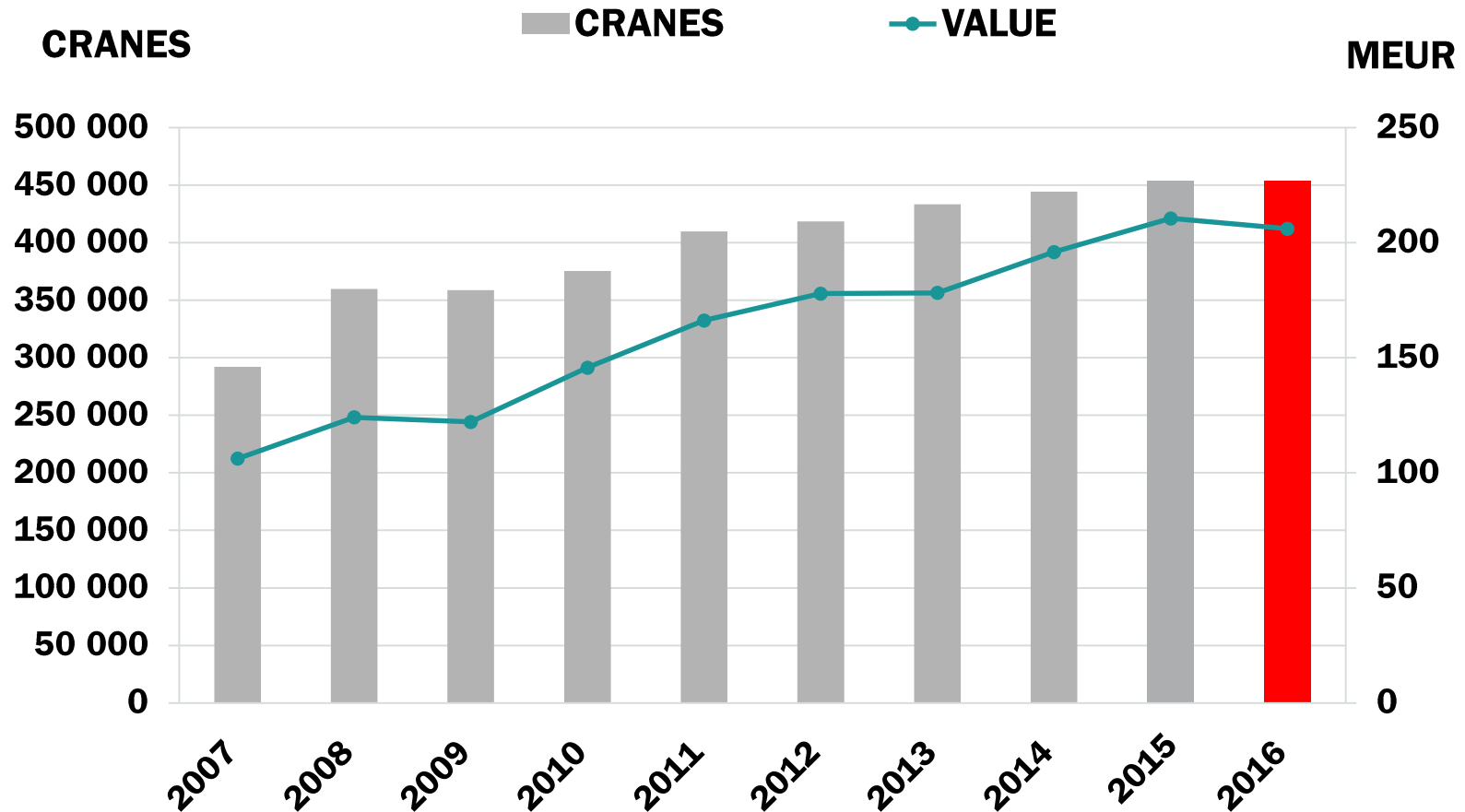
SERVICE NET SALES AND ADJ. EBIT

R12M Sales: 968.0 (992.3) MEUR, -2.5% | Adj. EBIT: 110.9 (102.9) MEUR, +7.8%



SERVICE CONTRACT BASE

Q4 CB: 454 (454) thousand units, 0.0% | Annual value 206.1 (210.6) MEUR, -2.1%*

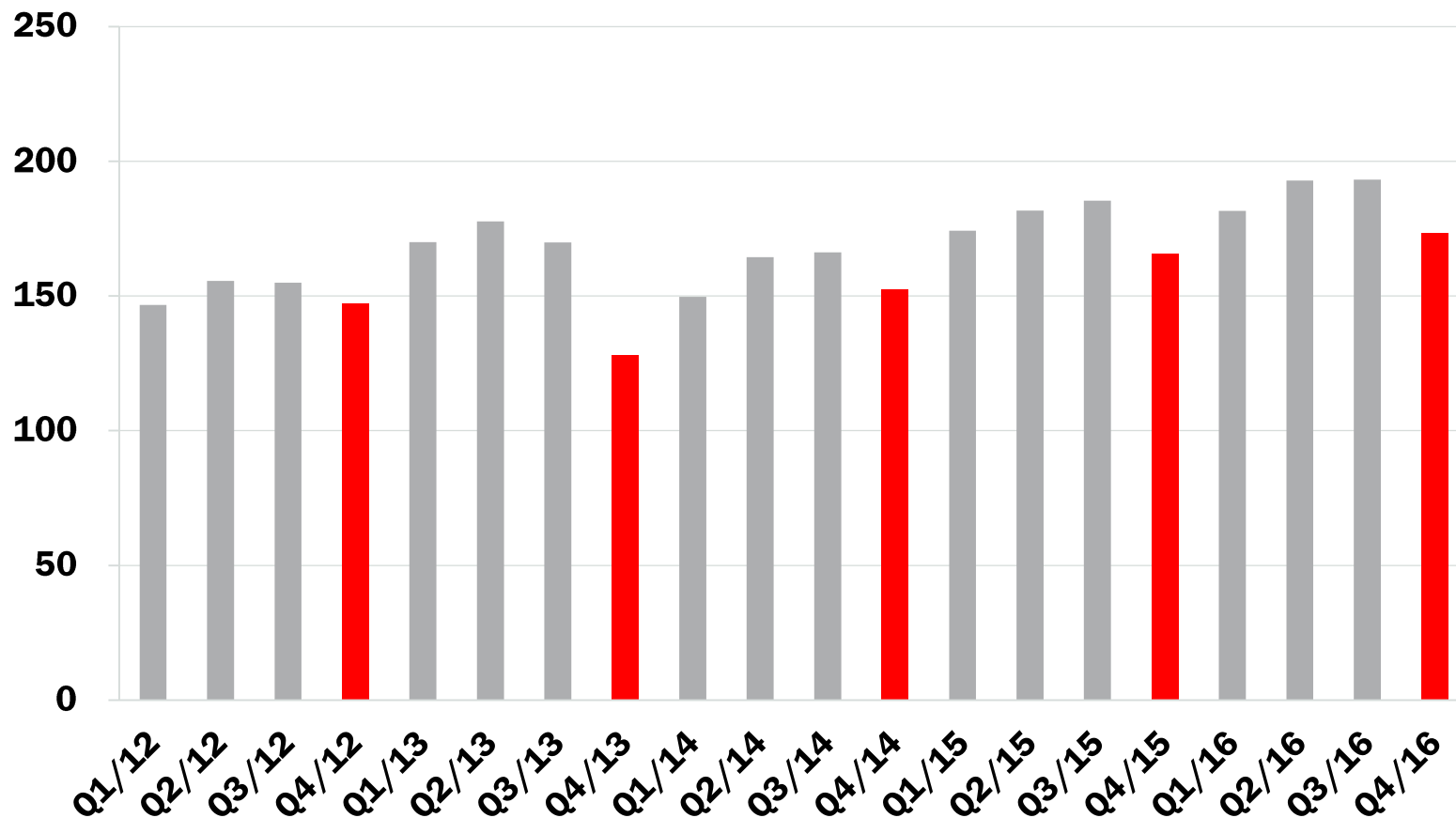


*-3.1% at comparable currencies

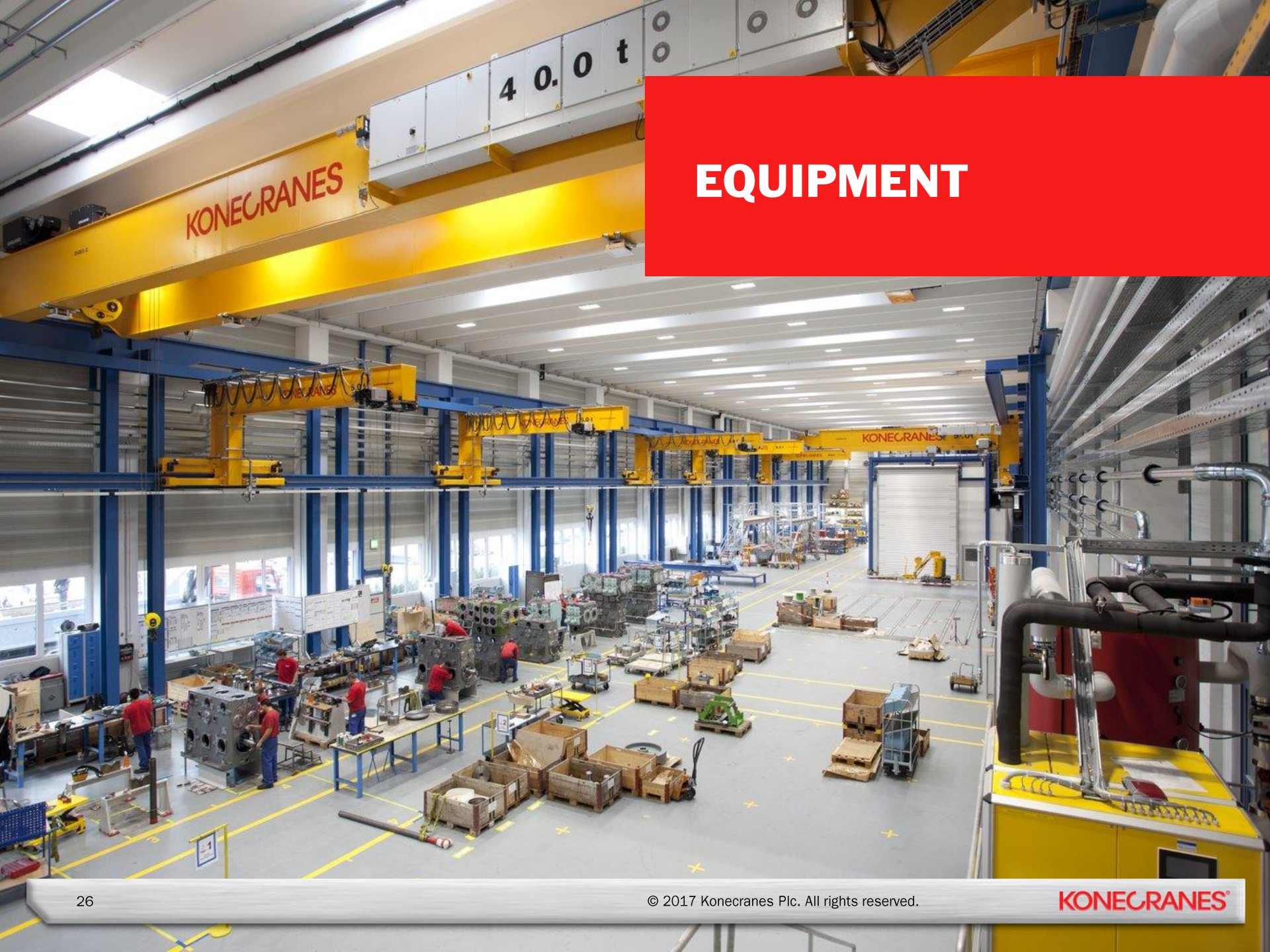
SERVICE ORDER BOOK

Q4 Order book: 173.3 (165.8) MEUR, +4.5%*

MEUR



*+3.0% at comparable currencies



EQUIPMENT

EQUIPMENT ORDERS AND NET SALES

Q4 Orders: 421.2 (336.2) MEUR, +25.3%* | Net sales: 365.4 (361.3) MEUR, +1.1%**

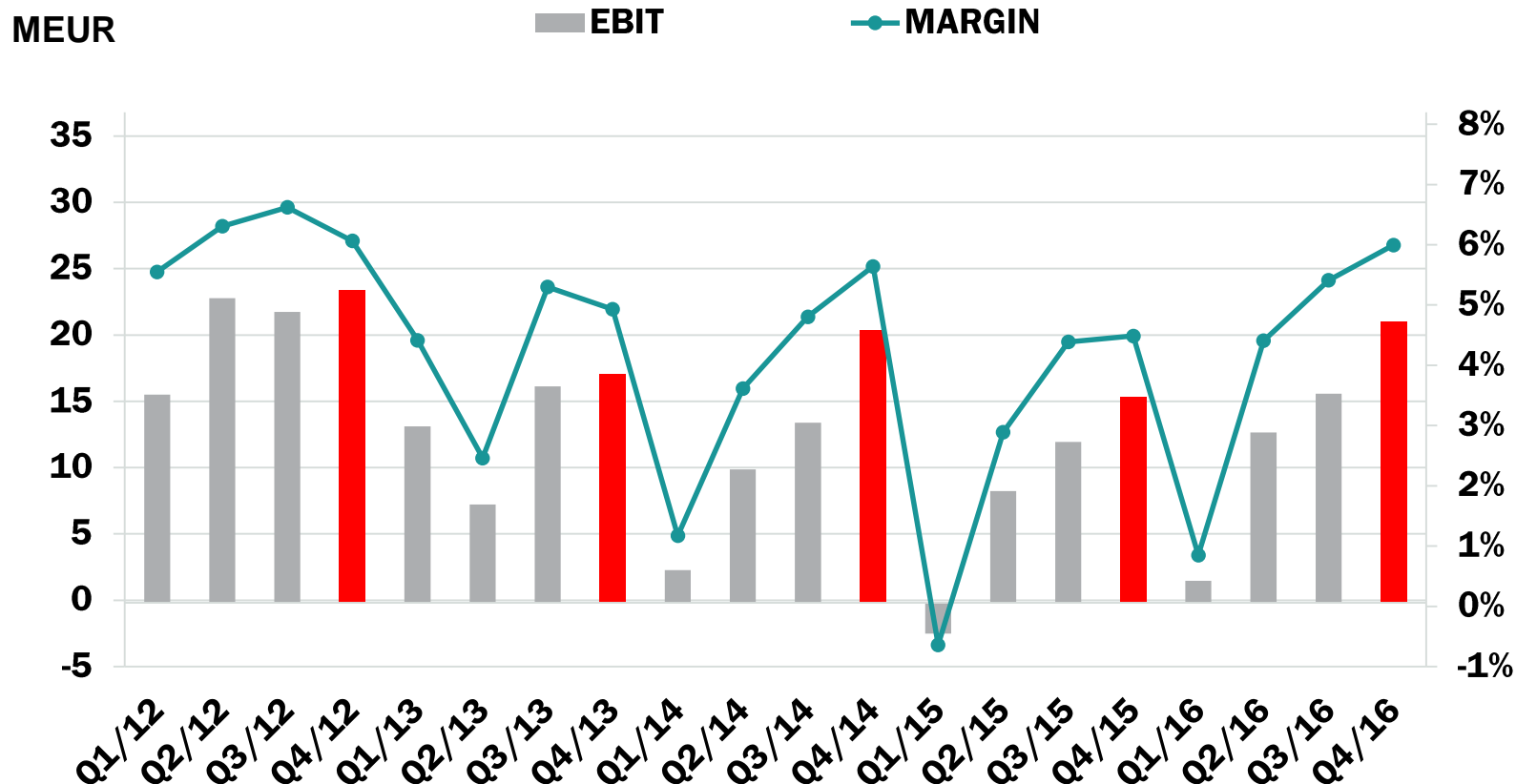


- Order intake increased in the Americas, but decreased in EMEA and Asia-Pacific
- Orders for port cranes rose, whereas orders for industrial cranes, crane components and lift trucks fell

*+26.0% at comparable currencies, **+1.7% at comparable currencies

EQUIPMENT ADJ. EBIT & MARGIN

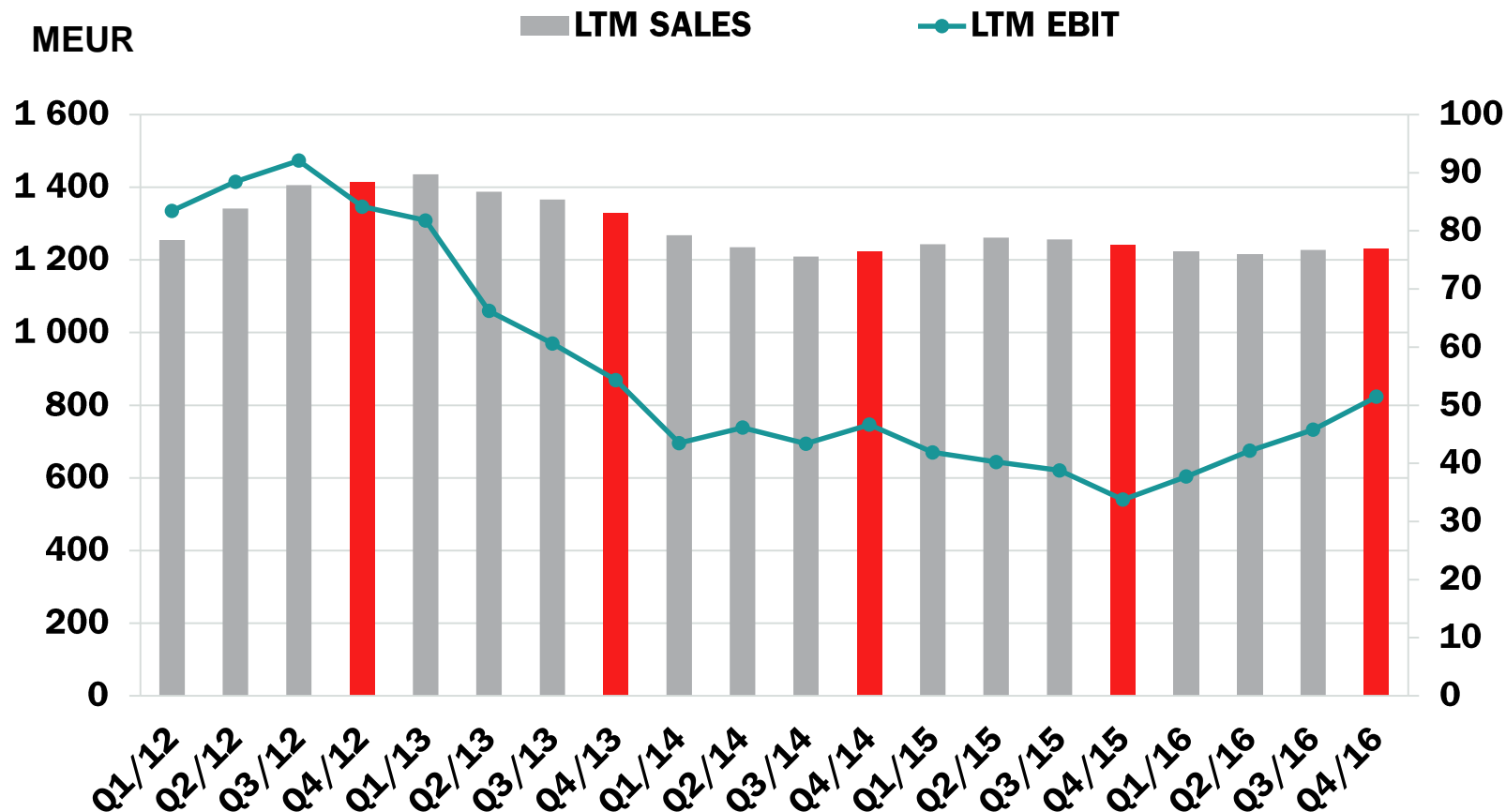
Q4 Adj. EBIT: 21.2 (15.5) MEUR, +36.7% | Margin: 5.8% (4.3%)



- Adjusted operating margin improved due to the higher gross margin

EQUIPMENT NET SALES AND ADJ. EBIT

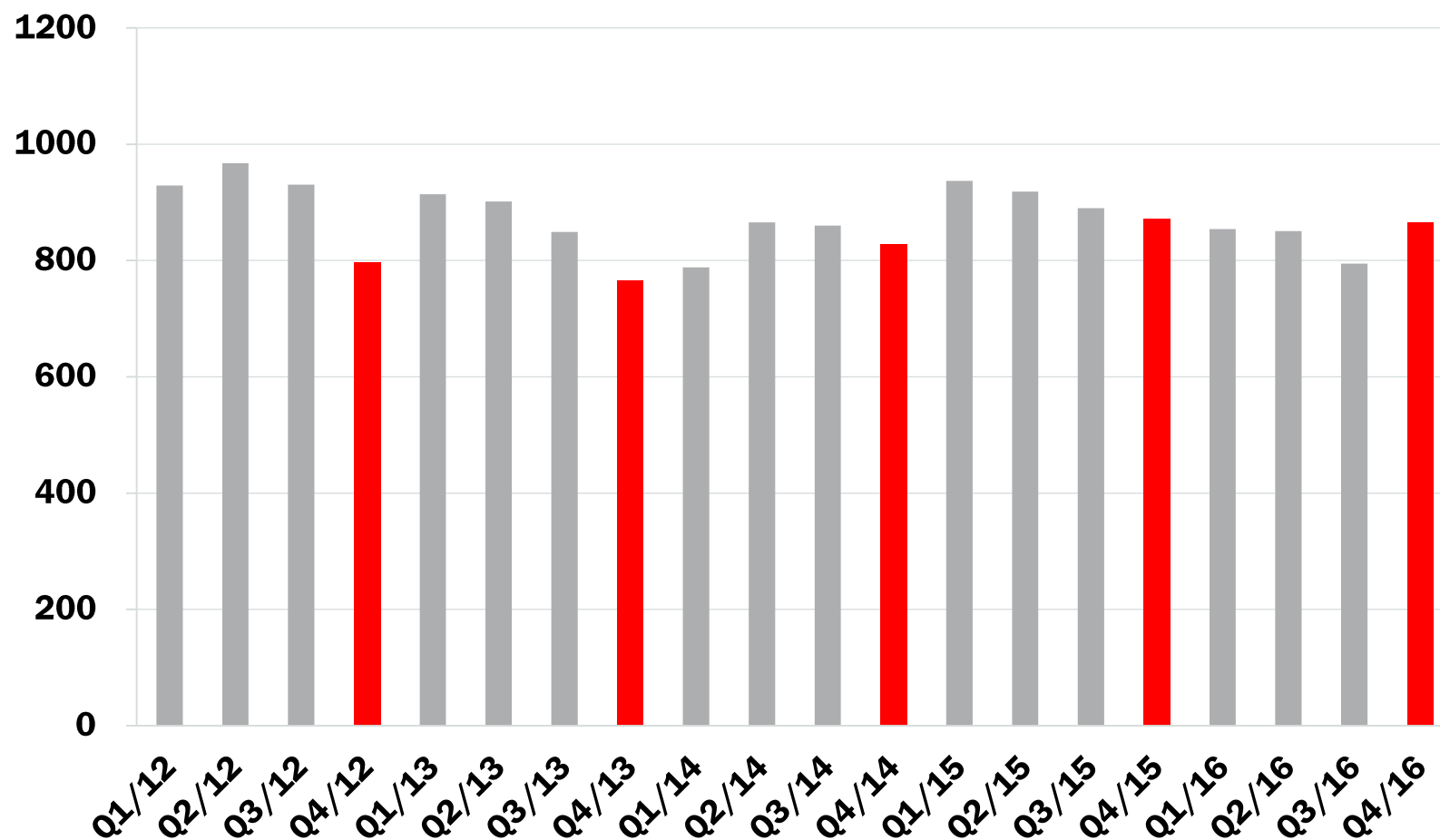
R12M Sales: 1,231.1 (1,240.3) MEUR, -0.7% | Adj. EBIT: 51.5 (33.8) MEUR, +52.5%



EQUIPMENT ORDER BOOK

Q4 Order book: 864.7 (870.7) MEUR -0.7%*

MEUR

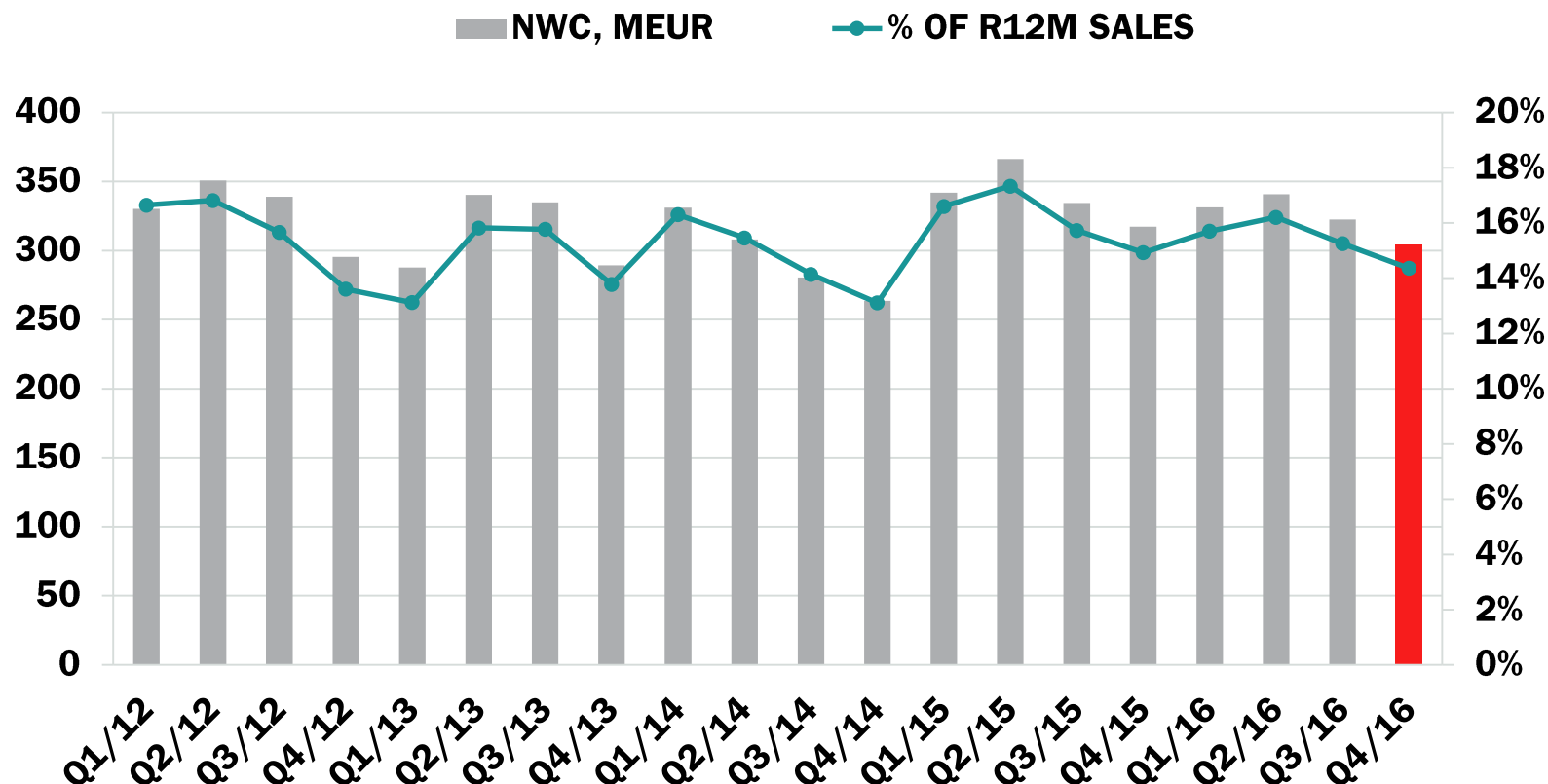


*-0.9% at comparable currencies

BALANCE SHEET AND CASH FLOW

NET WORKING CAPITAL

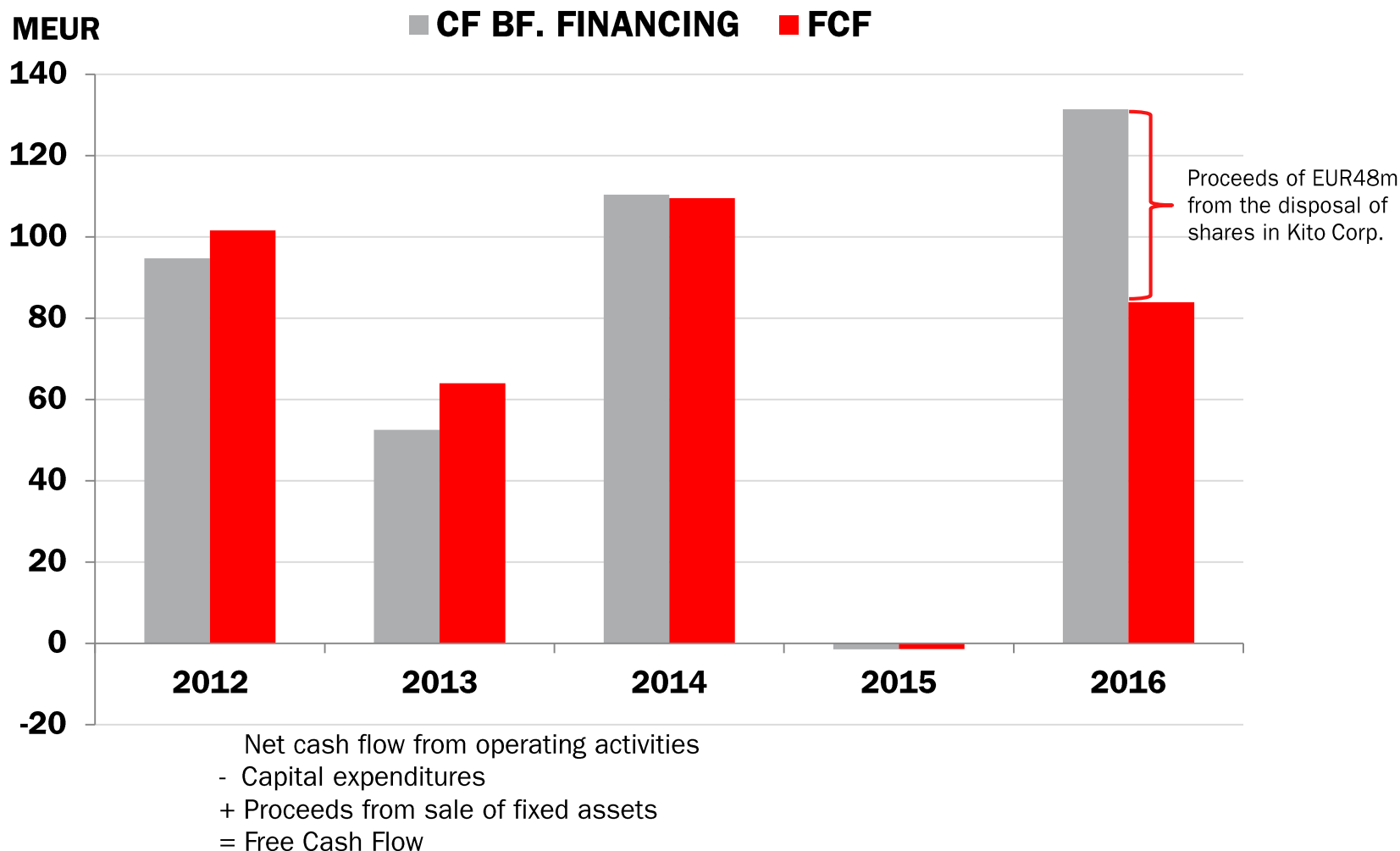
Q4 NWC: 304.3 (317.4) MEUR | 14.4% (14.9%) of R12M sales



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

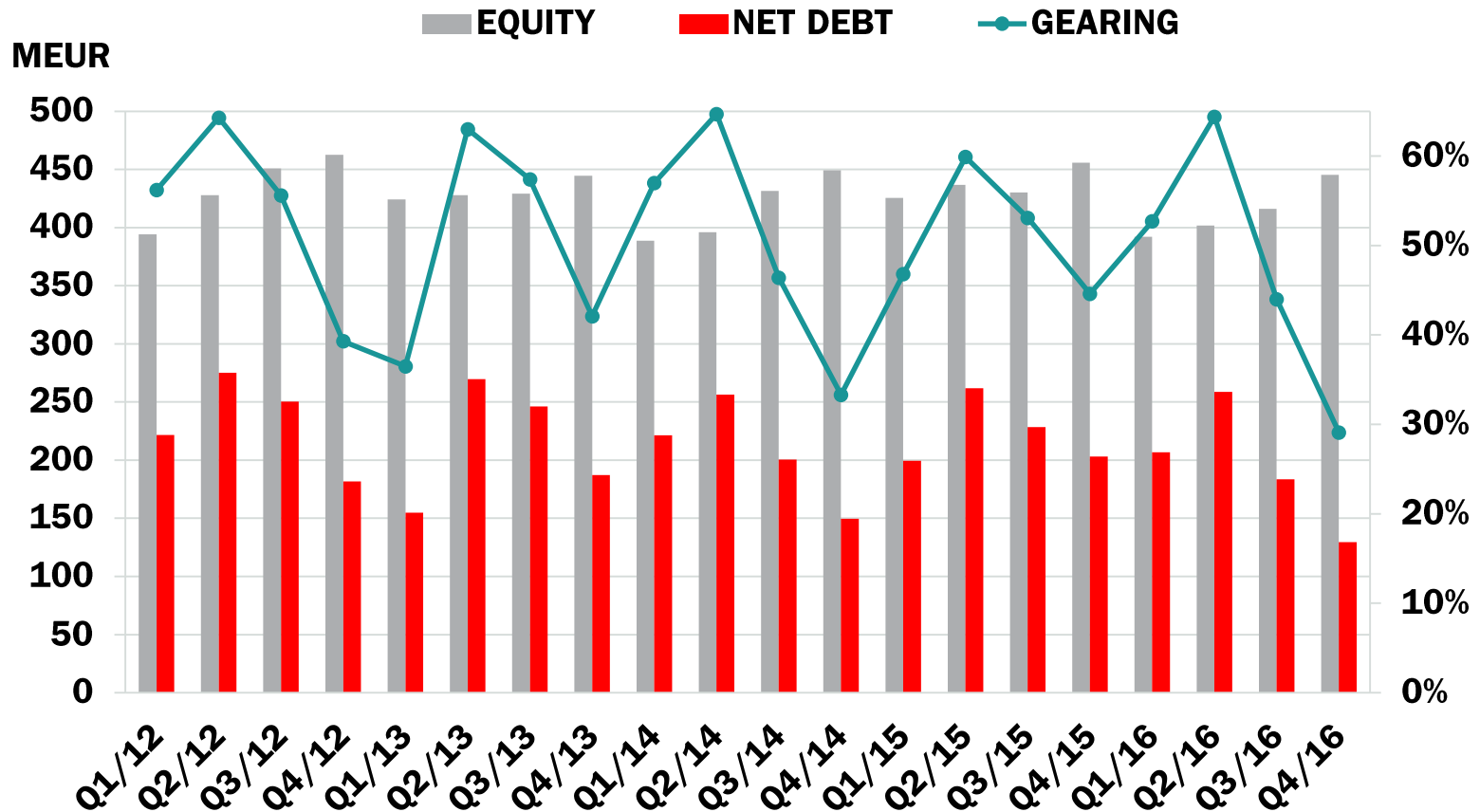
CF BEFORE FINANCING ACTIVITIES AND FCF

12M CF BF. FINANCING: 131.4 (-1.5) MEUR | FCF: 83.9 (-1.4) MEUR



GEARING

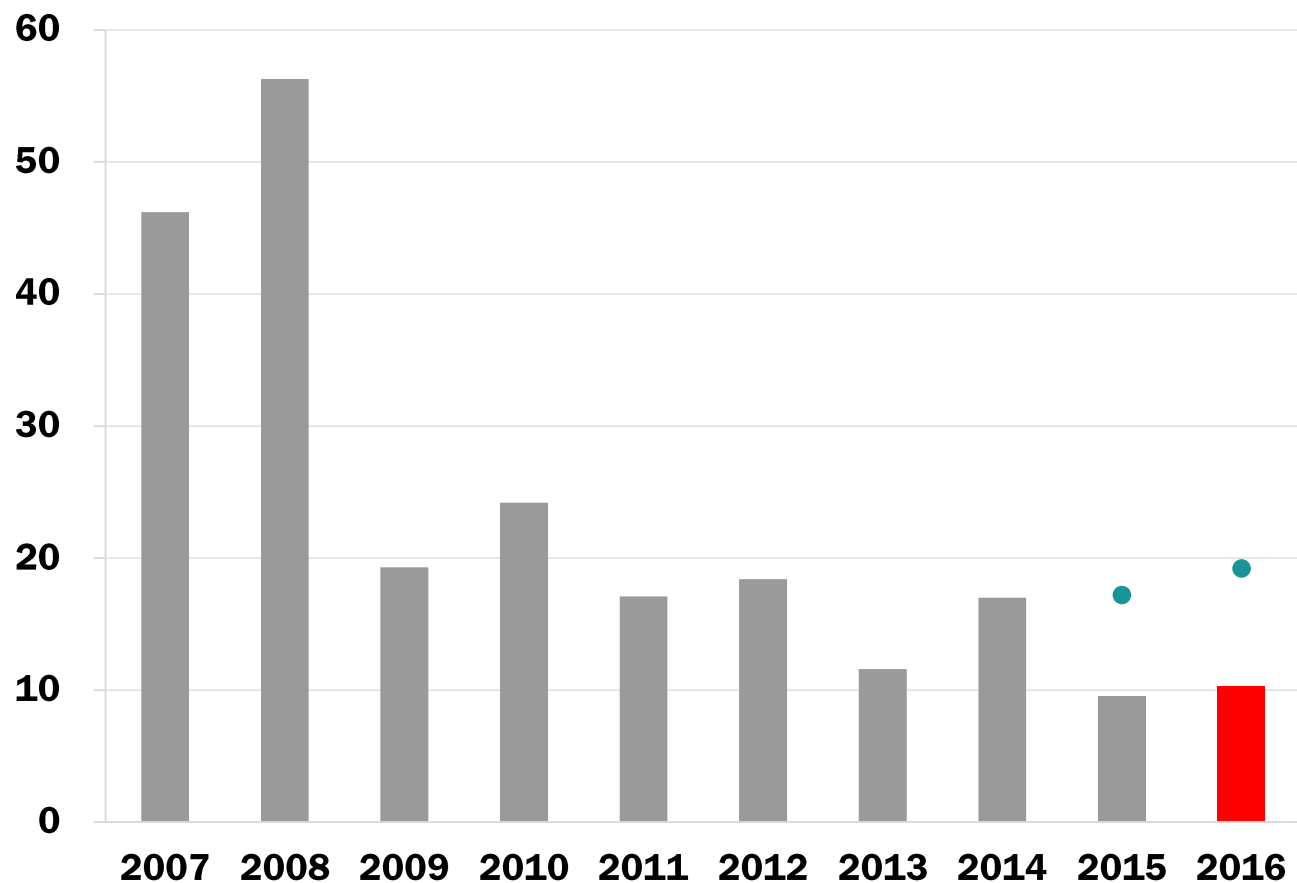
Q4 Equity: 445.5 (456.0) MEUR | Net debt: 129.6 (203.2) MEUR | Gearing: 29.1% (44.6%)



RETURN ON CAPITAL EMPLOYED

R12M ROCE: 10.3%* (9.5%**)

ROCE %



*19.2% excluding adjustments **17.2% excluding adjustments

KONECRANES



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



APPENDICES

STATEMENT OF INCOME

MEUR	2016	2015	% Change
Sales	2,118.4	2,126.2	-0.4
Other operating income	14.4	1.4	
Materials, supplies and subcontracting	-979.7	-969.9	
Personnel cost	-658.3	-661.5	
Depreciation and impairments	-53.7	-54.0	
Other operating expenses	-356.2	-379.1	
Operating profit	84.9	63.0	34.6
Share of associates' and joint ventures' result	6.0	4.8	
Gain on disposal of investment in associated company	5.8	0.0	
Financial income	1.0	7.8	
Financial expenses	-35.6	-20.3	
Profit before taxes	62.1	55.4	12.1
Taxes	-24.5	-24.6	
Net profit for the period	37.6	30.8	46.9

BALANCE SHEET

MEUR	December 30, 2016	December 30, 2015	MEUR	December 30, 2016	December 30, 2015
Non-current assets	396.6	505.7	Equity	445.5	456.0
Inventories	281.8	365.2	Non-current liabilities	69.6	130.0
Other current assets	558.6	533.2	Interest-bearing liabilities	323.6	284.0
Cash and cash equivalents	167.4	80.8	Current liabilities	596.8	615.0
Assets held for sale	125.5	0.0	Liabilities directly attributable to assets held for	94.4	0.0
Total assets	1,529.9	1,484.9	Total equity and liabilities	1,529.9	1,484.9

CASH FLOW STATEMENT

MEUR	2016	2015
Operating income before change in net working capital	147.4	115.5
Change in net working capital	40.9	-27.6
Financing items and taxes	-78.6	-48.6
Net cash from operating activities	109.6	39.3
Cash flow from investing activities	21.7	-40.8
Cash flow before financing activities	131.4	-1.5
Proceeds from options exercised and share issues	0.0	14.3
Repayments of non-current borrowings	-4.6	-2.1
Proceeds from (+), payments of (-) current borrowings	47.5	38.8
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	-19.1	-16.3
Translation differences in cash	1.1	0.6
Change of cash and cash equivalents	113.4	-17.2
Cash and cash equivalents at beginning of period	80.8	97.9
Cash and cash equivalents in assets held for sale	26.8	0.0
Cash and cash equivalents at end of period	167.4	80.8
Change of cash and cash equivalents	113.4	-17.2

KEY FIGURES

MEUR	2016	2015	% Change
Earnings per share, basic, EUR	0.64	0.53	21.7
Earnings per share, diluted, EUR	0.64	0.53	21.7
Return on capital employed %, R12M	10.3	9.5	8.4
Return on equity %, R12M	8.3	6.8	22.1
Equity per share, EUR	7.58	7.79	-2.7
Current ratio	1.1	1.1	0.0
Gearing (%)	29.1	44.6	-34.8
Solidity (%)	32.9	34.8	-5.5
Investments total (excl. acquisitions), MEUR	33.8	49.3	-31.5
Interest-bearing net debt, MEUR	129.6	203.2	-36.2
Net working capital, MEUR	304.3	317.4	-4.1
Personnel at end of period	10,951	11,887	-7.9
Personnel on average during the period	11,398	11,934	-4.7
Average number of shares outstanding, basic	58,748,217	58,542,309	0.4
Average number of shares outstanding, diluted	58,748,217	58,542,309	0.4
Number of shares outstanding	58,751,009	58,732,429	0.0

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, Vice President,
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