

Q1 2020 Report

April 29, 2020

Rob Smith, President and CEO

Teo Ottola, CFO

KONECRANES®
Lifting Businesses™



Agenda

1. Group highlights
2. Business Area Service
3. Business Area Industrial Equipment
4. Business Area Port Solutions
5. Cash flow and balance sheet
6. Appendix

Q1/20 Highlights

Order intake and sales clearly affected by COVID-19

- Group order intake declined 13.4 with comparable FX (-17.7% when excluding MHE-Demag)
- Group sales increased 1.2 with comparable FX (-1.5 when excluding MHE-Demag)

Group adjusted EBITA-% mainly affected by costs related to project execution

- Group adjusted EBITA margin declined to 2.7% (6.4%)
- An estimated one-time cost overrun of EUR 18 million relating to a port crane project in the US
- Further costs incurred in closing the process crane project which affected profitability in Q4

Measures taken to adjust cost base across the company

- Actions underway adjusting all elements of the business to new activity levels: real-time demand supply balancing
- Beyond Q2, process crane business turnaround and manufacturing efficiencies among our key focus areas

Overall demand environment is deteriorating vs. Q1

- In Q2, expect sequential decline in order intake and sales
- In Q2, expect sequential improvement in Group adjusted EBITA margin

Financial guidance for 2020 will be provided when more reasoned estimates can be made

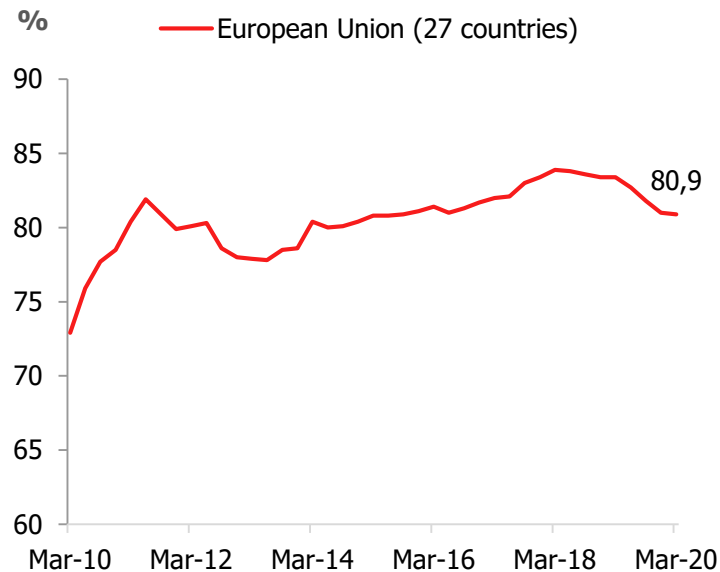


Key figures

Key figures	1-3/ 2020	1-3/ 2019	Change %	Change % At comparable currencies	1-12/ 2019
Orders received, MEUR	737.0	848.1	-13.1	-13.4	3,167.3
Order book at end of period, MEUR	1,961.3	1,877.6	4.5	5.4	1,824.3
Sales, MEUR	769.6	758.2	1.5	1.2	3,326.9
Adj. EBITDA, MEUR	46.0	72.1	-36.2		373.2
Adj. EBITDA, %	6.0%	9.5%			11.2%
Adj. EBITA, MEUR	21.1	48.3	-56.4		275.1
Adj. EBITA, %	2.7%	6.4%			8.3%
Operating profit (EBIT), MEUR	7.8	27.3	-71.5		148.7
Operating margin (EBIT), %	1.0%	3.6%			4.5%
EPS, basic, EUR	0.14	0.17	-14.7		1.03
Free cash flow, MEUR	53.8	28.0			148.5
Net debt, MEUR	771.3	649.0	18.8		655.3

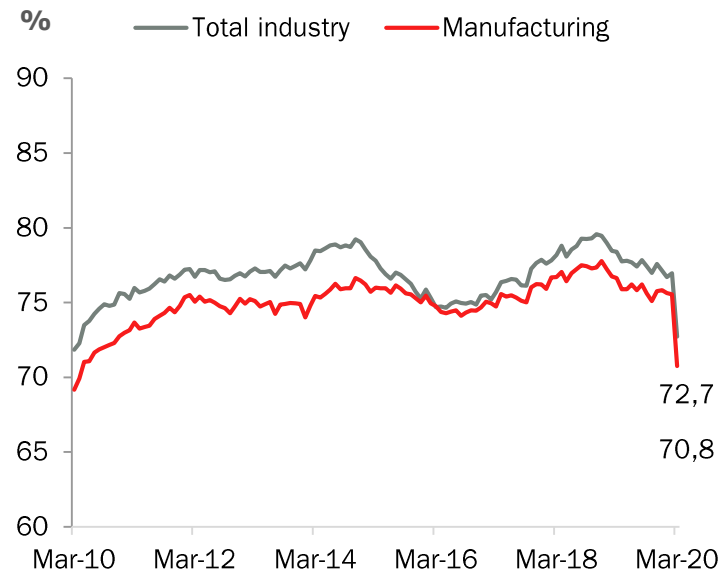
Market environment – Service and Industrial Equipment

Capacity utilization rate – EU



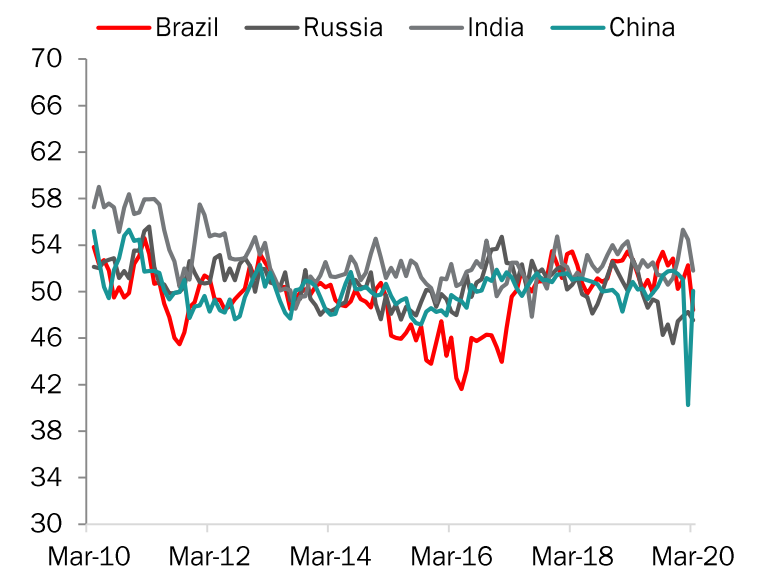
- Deteriorating operating conditions in Europe, manufacturing PMI ended the quarter clearly below 50.0 at its lowest figure since 2012
- Manufacturing industry capacity utilization rate declined in the first quarter

Capacity utilization rate – USA



- In the US, the manufacturing PMI told a similar story as in Europe with a turn sharply into contraction in March
- Manufacturing capacity utilization rate also deteriorated sharply in March

PMIs – BRIC countries

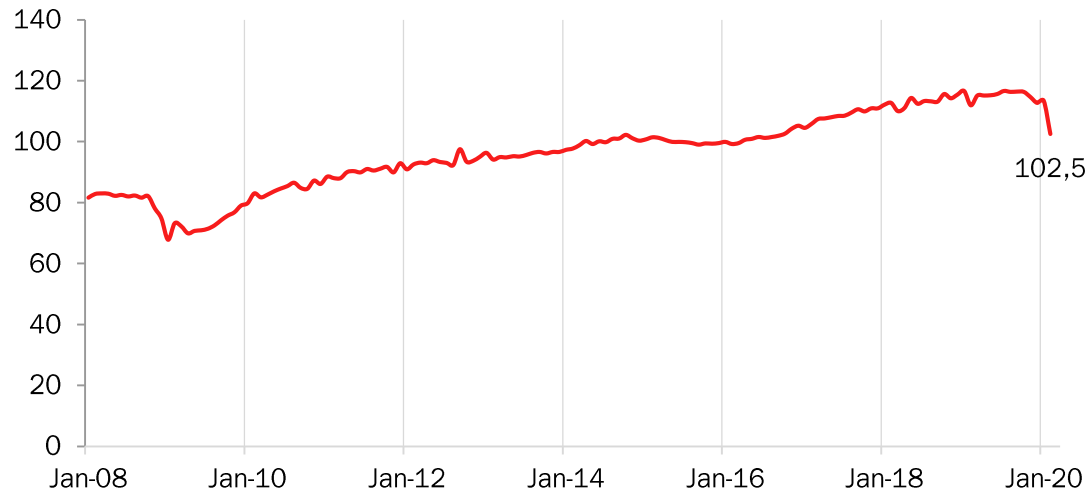


- China's manufacturing PMI dropped dramatically and struck record lows in February - in March, business conditions stabilized as firms reopened and the PMI ended the quarter slightly above 50
- Deteriorating operating conditions also in Brazil, Russia and India

Market environment – Port Solutions

RWI/ISL Container Throughput Index

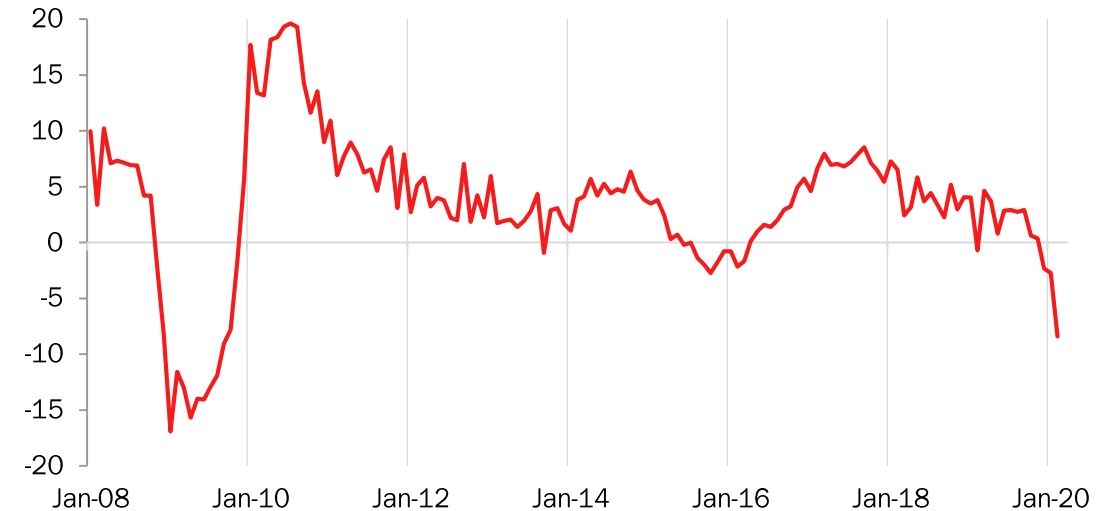
Index (2015 = 100)



- The global container throughput dropped sharply in February – the largest monthly drop ever observed
- The significant decline was mainly driven by ports in China, with the trade conflict between the US and China also having an impact

Monthly index change Y/Y

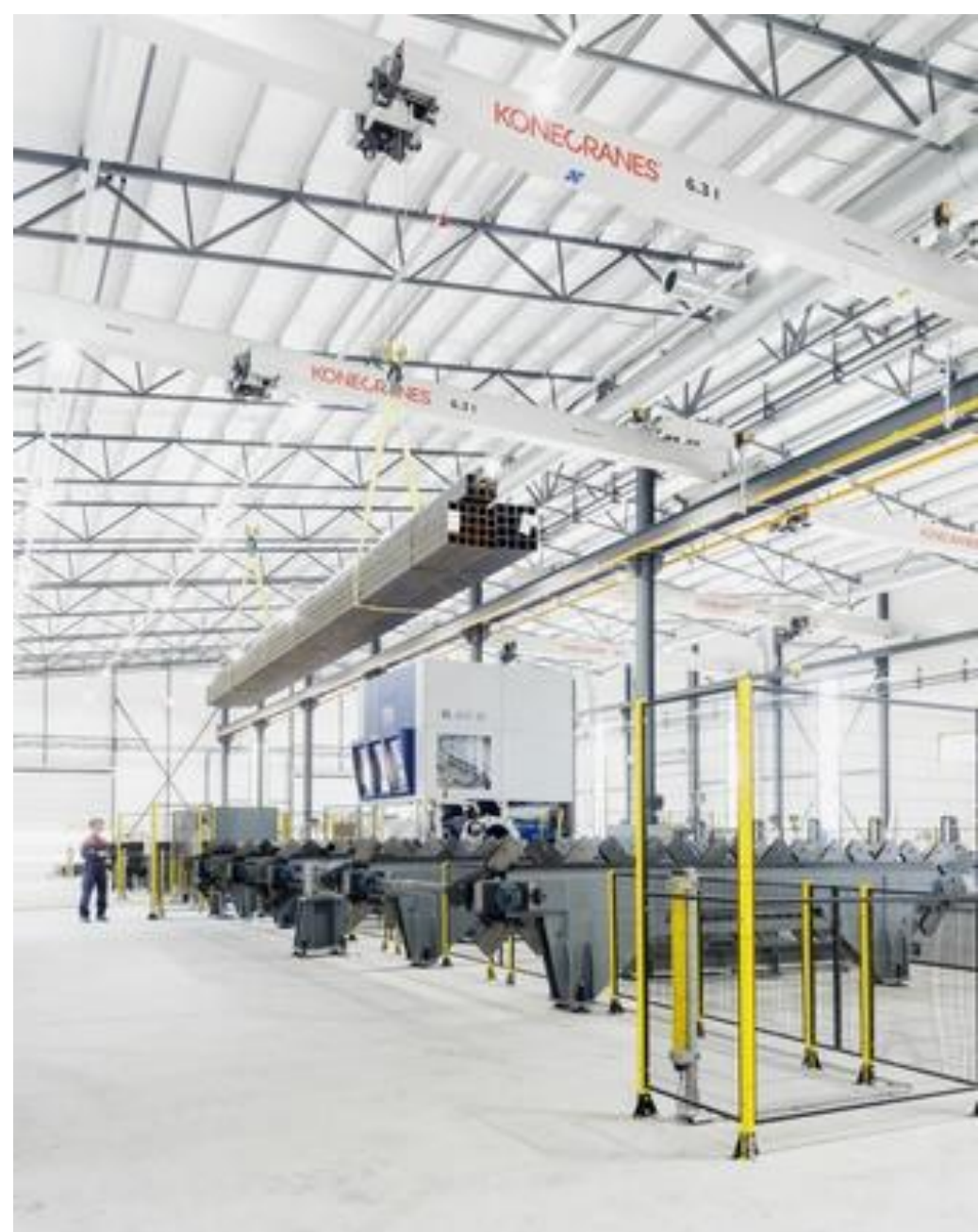
%



- At the end of February, global container throughput was approximately 8.4% lower than the year before
- The COVID-19 pandemic is expected to show further impact in the March figures

Demand outlook - update

- The worldwide demand picture remains subject to significant volatility.
- Due to the coronavirus (COVID-19) pandemic, the demand environment within the industrial customer segments is deteriorating in Europe and North America compared to Q1. While China is showing early signs of improving demand conditions from early 2020, demand environment in the rest of Asia-Pacific is weakening.
- Global container throughput has declined sharply and many port operators are postponing decision-making in the current environment. However, long-term prospects related to container handling remain good overall.



Financial guidance

Financial guidance for 2020

- Due to the rapidly evolving situation as a result of the coronavirus (COVID-19) pandemic, Konecranes considers that it is too early to make reasoned estimates or provide financial guidance for 2020

Additional guidance information for 2020

- In Q2, expect sequential decline in order intake and sales
- In Q2, expect sequential improvement in Group adjusted EBITA margin
- Financial guidance for 2020 will be provided when more reasoned estimates can be made

Focus on safety and customers' mission critical operations

Safety DNA:

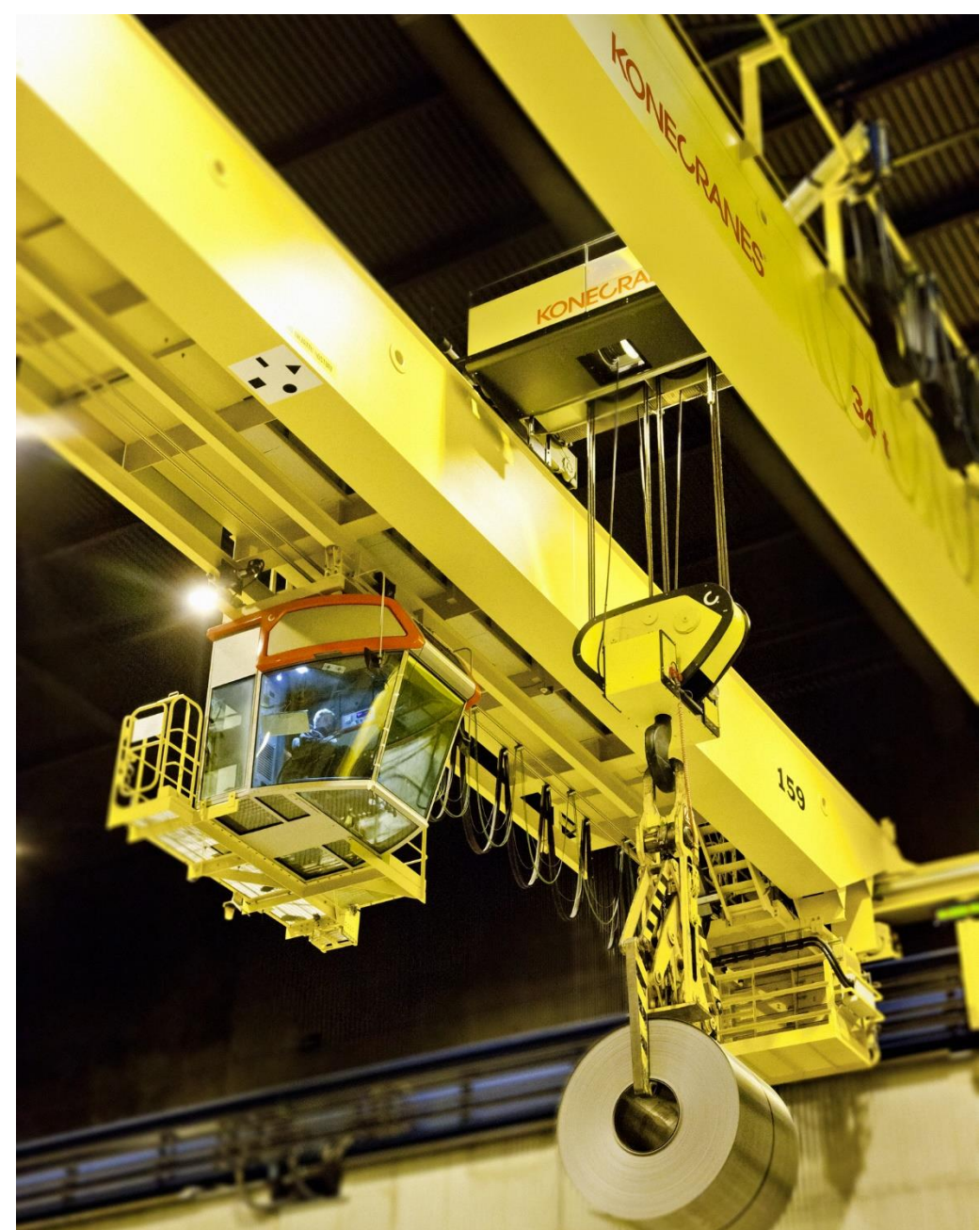
- Safety of employees and supporting the essential mission-critical operations of customers are our highest priority

Coronavirus impacts so far:

- Extensive physical restrictions limit our access to customers' premises, affecting our ability to perform on-site work
- Material deliveries have become more challenging
- Interruptions in our manufacturing operations:
 - During parts of Q1, factories in China, Italy, France, South Africa, Malaysia, Philippines and India were closed
 - As of April-end, factories in India, Malaysia, Philippines and South Africa are shut down
 - Expected impact is limited, as European component factories continue to run without interruptions
- Demand for Konecranes' products and services is clearly affected

Cost mitigation:

- Adjusting cost base across all elements of business to align with lower sales and uncertain demand; benefits already in Q2



Creating value going forward

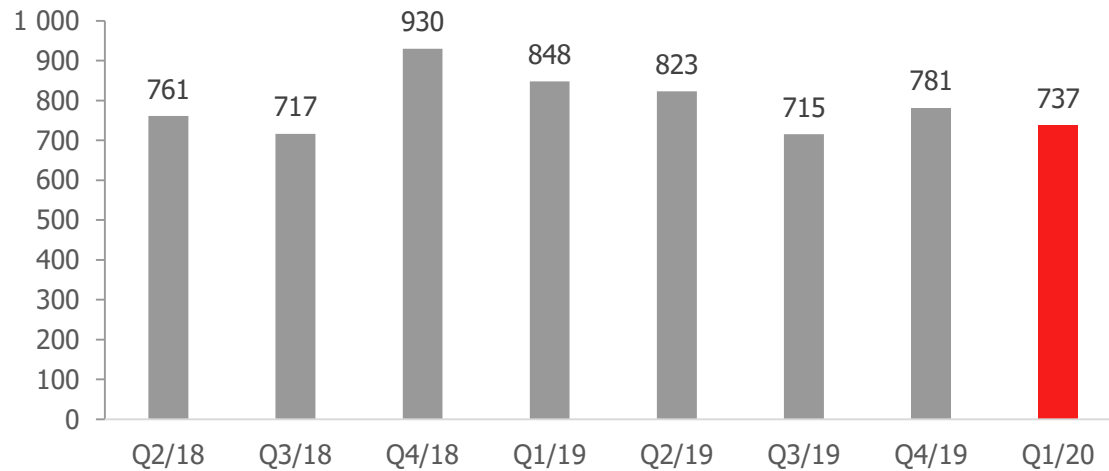
First three focus areas:

1. Continued Service performance
2. Fix underperforming business
 - Process cranes and Industrial Equipment
3. Commercial and operations excellence
 - Project management execution
 - Manufacturing efficiency
 - Procurement savings, both direct and indirect



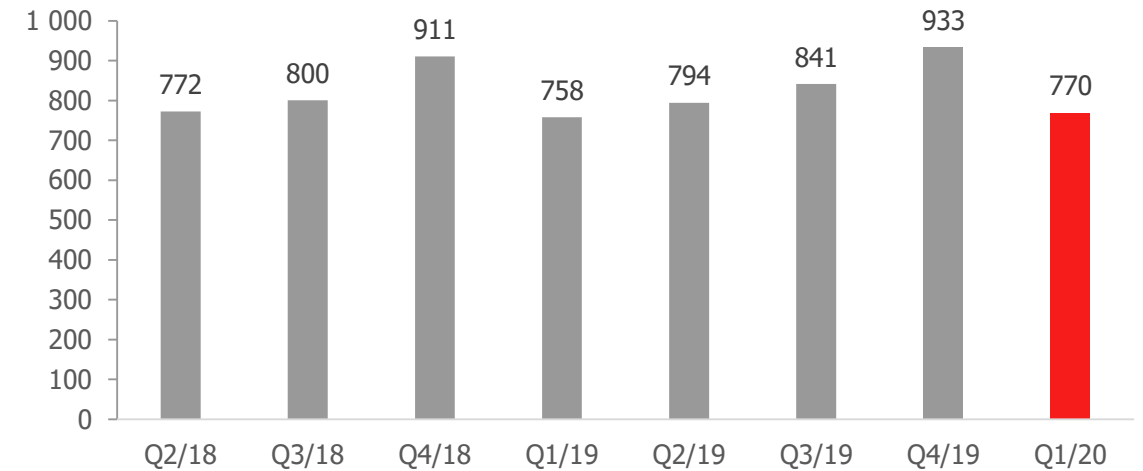
Q1/20 Group order intake and sales

Group order intake, MEUR



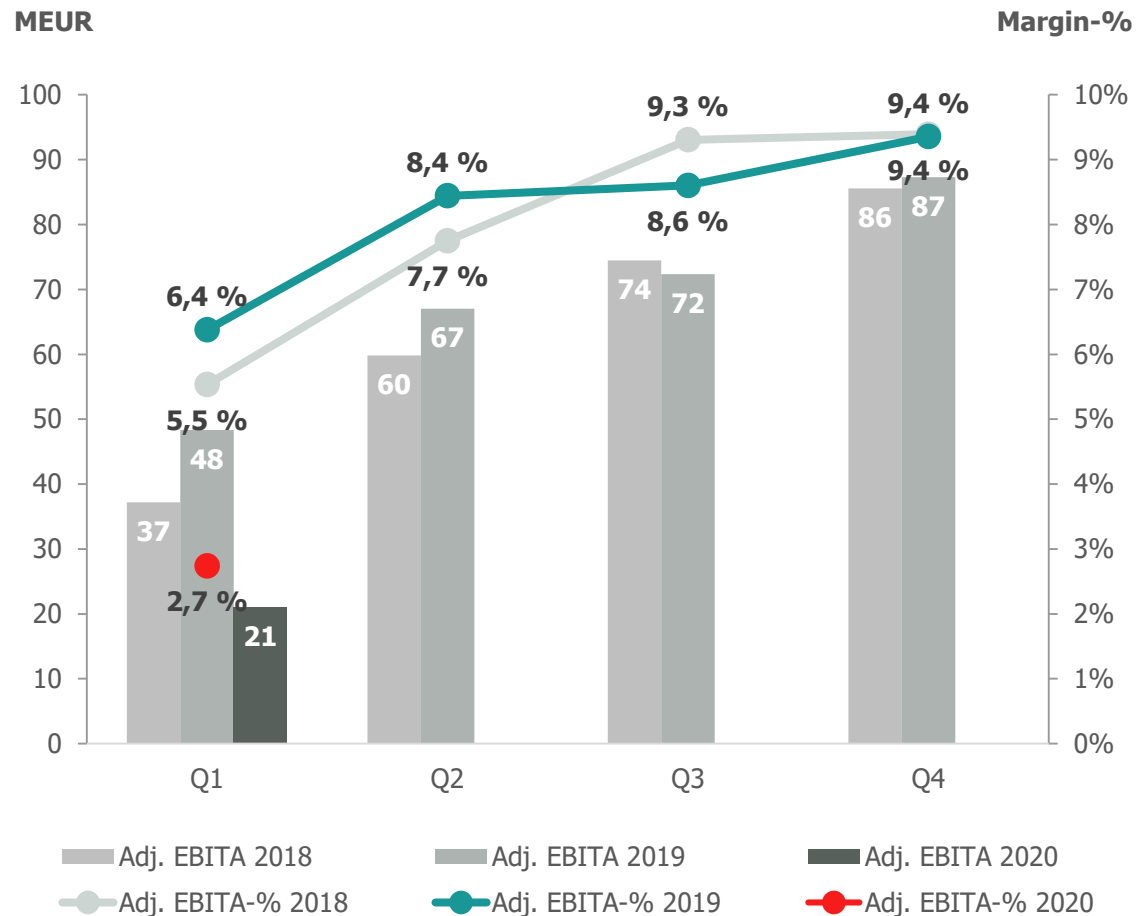
- Order intake decreased 13.1% to EUR 737.0 million (848.1), -13.4% on a comparable currency basis
- Orders received declined in region Americas and region EMEA, and increased in region APAC
- Orders received increased in Service (+4.2%), but decreased in Industrial Equipment (-13.4%) and Port Solutions (-26.3%)
- Excluding MHE-Demag, orders received totaled EUR 700.3 million (848.1) representing a decrease of 17.4%

Group net sales, MEUR



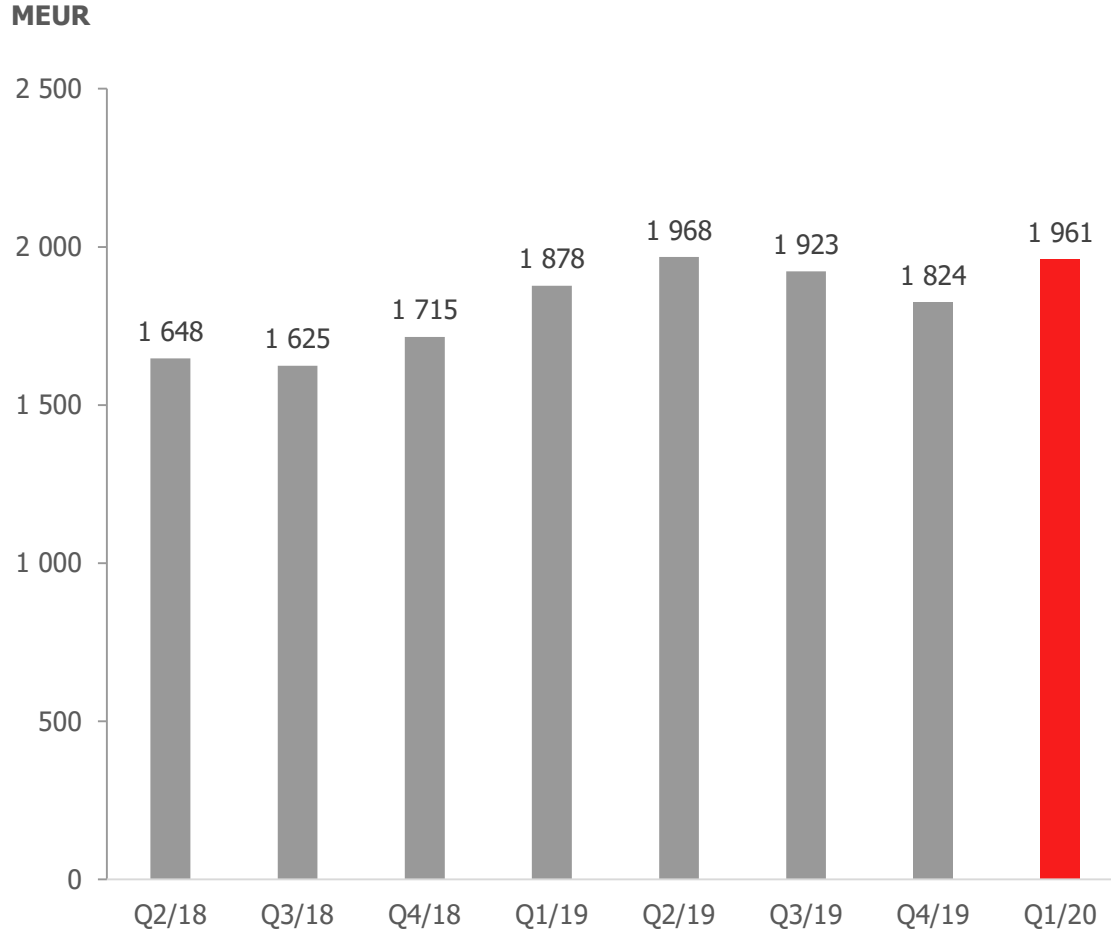
- Sales increased 1.5% to EUR 769.6 million (758.2), +1.2% on a comparable currency basis
- Sales increased in Service (+2.2%) and Port Solutions (+4.4%), but decreased in Industrial Equipment (-2.9%)
- Excluding MHE-Demag, sales totaled EUR 748.6 million (758.2) representing a decrease of 1.3%

Q1/20 Group adjusted EBITA



- Group adjusted EBITA decreased to EUR 21.1 million (48.3), 2.7% of sales (6.4)
- The decrease was primarily due to an estimated cost overrun of EUR 18 million related to the execution of a port crane project in Port Solutions, as well as further costs incurred in closing the process crane project which affected our profitability in Q4
- Gross margin declined on a year-on-year basis due to Business Areas Industrial Equipment and Port Solutions
- Excluding MHE-Demag, Group adjusted EBITA decreased to EUR 20.8 million (48.3), 2.8% of sales (6.4)

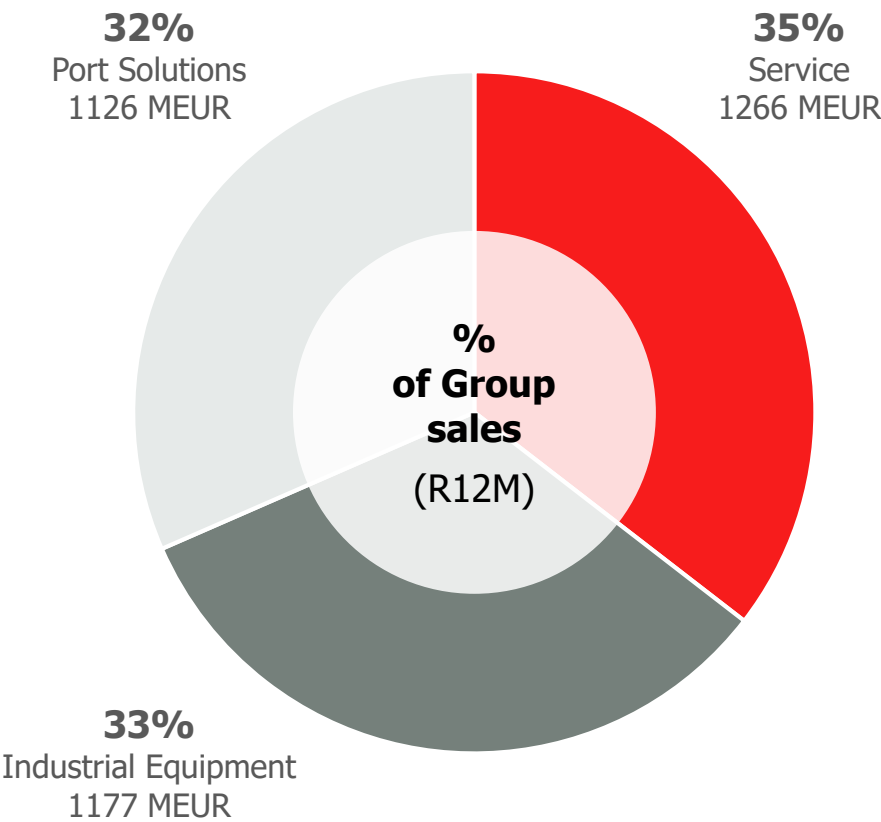
Q1/20 Group order book



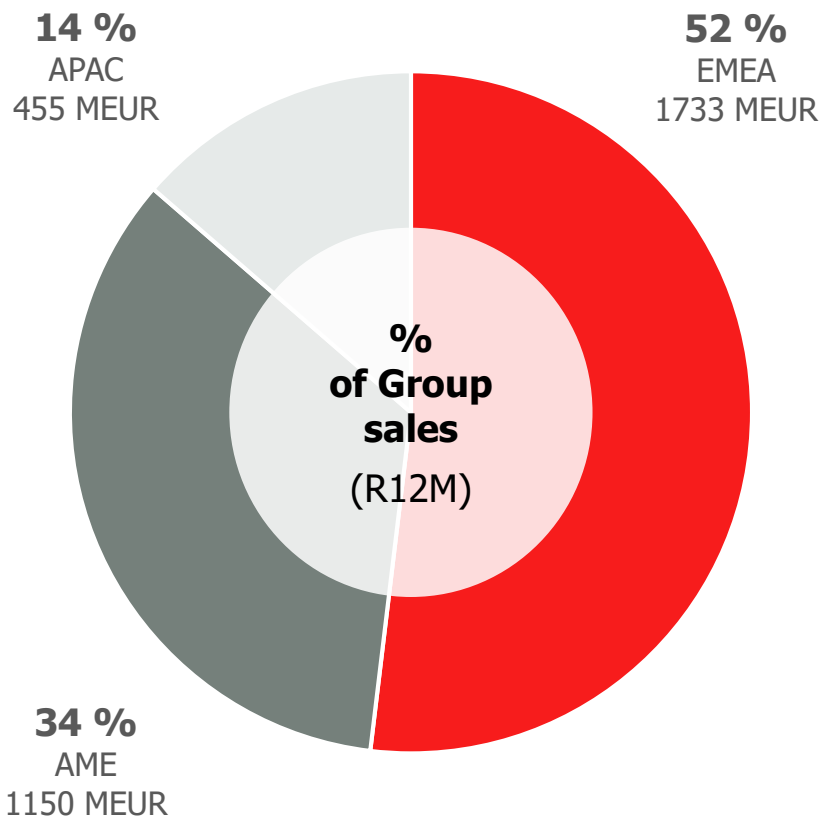
- The value of the order book increased 4.5% to EUR 1,961.3 million (1,877.6)
- On a comparable currency basis, the value of the order book increased 5.4%
- Order book increased in Service (+9.8%) and Industrial Equipment (+18.0%), but decreased in Port Solutions (-5.4%)
- Excluding MHE-Demag, order book decreased 2.6% to EUR 1,827.9 million

Group sales by business area and region

Group sales by business area



Group sales by region

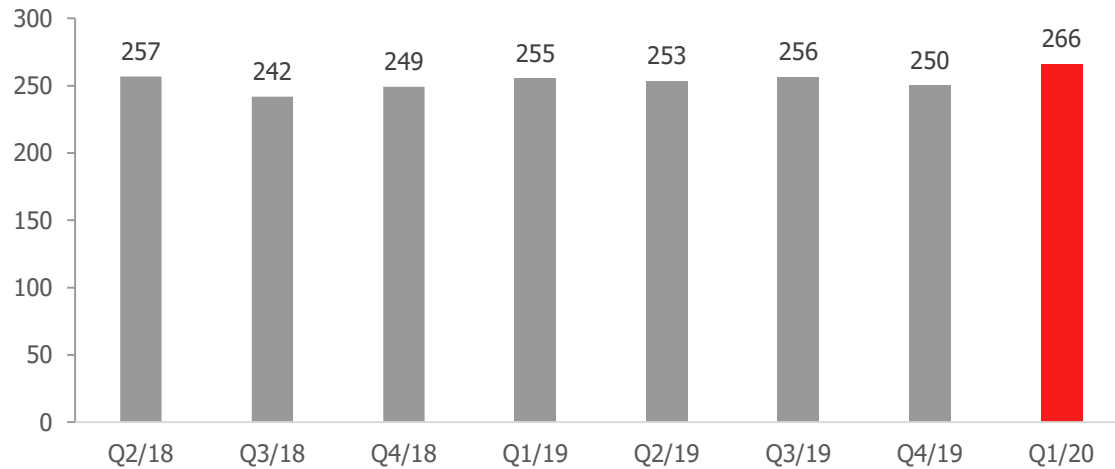


A worker wearing a white hard hat, safety glasses, and a red safety harness is working on a large, dark, cylindrical industrial component. The worker is wearing a grey shirt and blue gloves. The background shows a large warehouse filled with many stacks of brown, cylindrical objects, possibly pipes or cables. The scene is lit by natural light from windows in the background.

Service

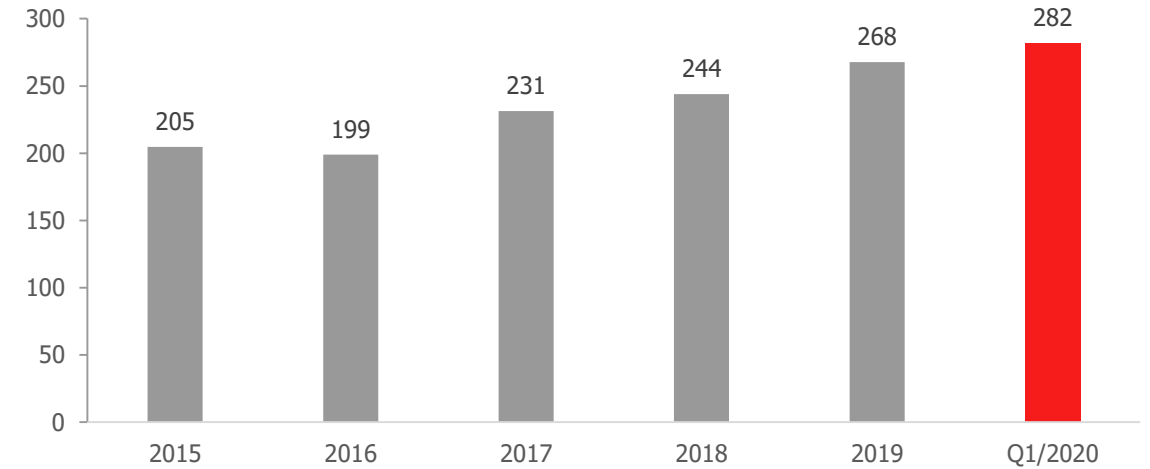
Q1/20 Service order intake and agreement base value

Service order intake, MEUR



- Service orders received increased 4.2% to EUR 266.1 million (255.4). On a comparable currency basis, orders received increased 3.4%
- Order intake increase in field service was slightly offset by a decline in parts orders
- Order intake increased in APAC, remained approximately flat in EMEA and decreased in the Americas
- Excluding MHE-Demag, the order intake in Service decreased 2.9% to EUR 248.0 million (255.4)

Service agreement base value⁽¹⁾, MEUR

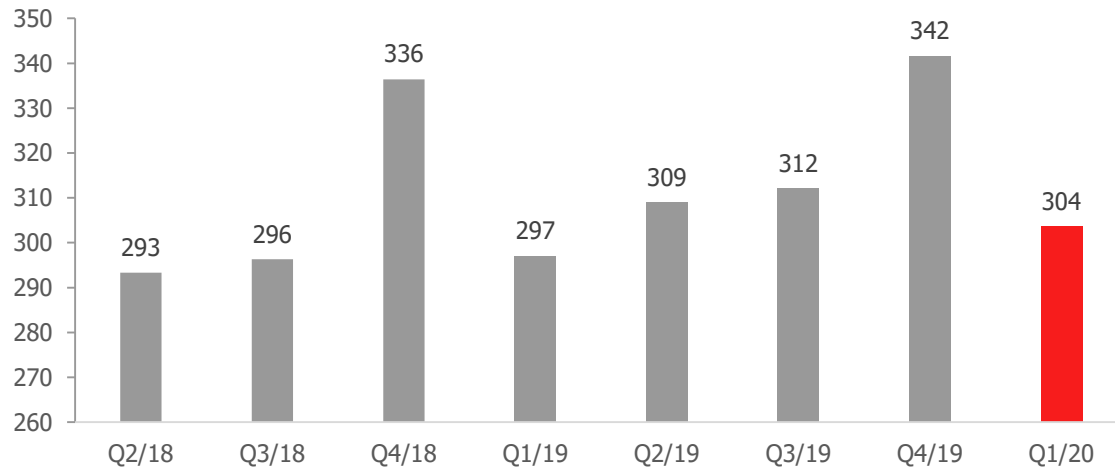


- Year-on-year, the annual value of the agreement base increased 11.4% to EUR 281.9 million (253.1). On a comparable currency basis, the increase was 13.1%
- Sequentially, the annual value of the agreement base increased 5.3% on a reported basis and 6.8% on a comparable currency basis
- Excluding MHE-Demag, the value of the agreement base increased 6.5% to EUR 269.5 million (253.1)

Note (1): 2015-16 agreement base on Konecranes stand-alone basis

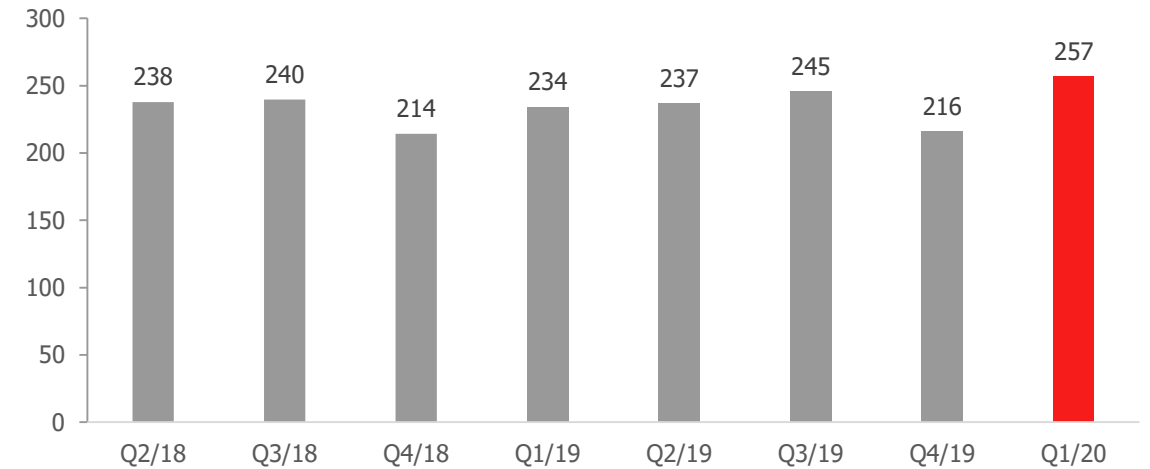
Q1/20 Service sales and order book

Service sales, MEUR



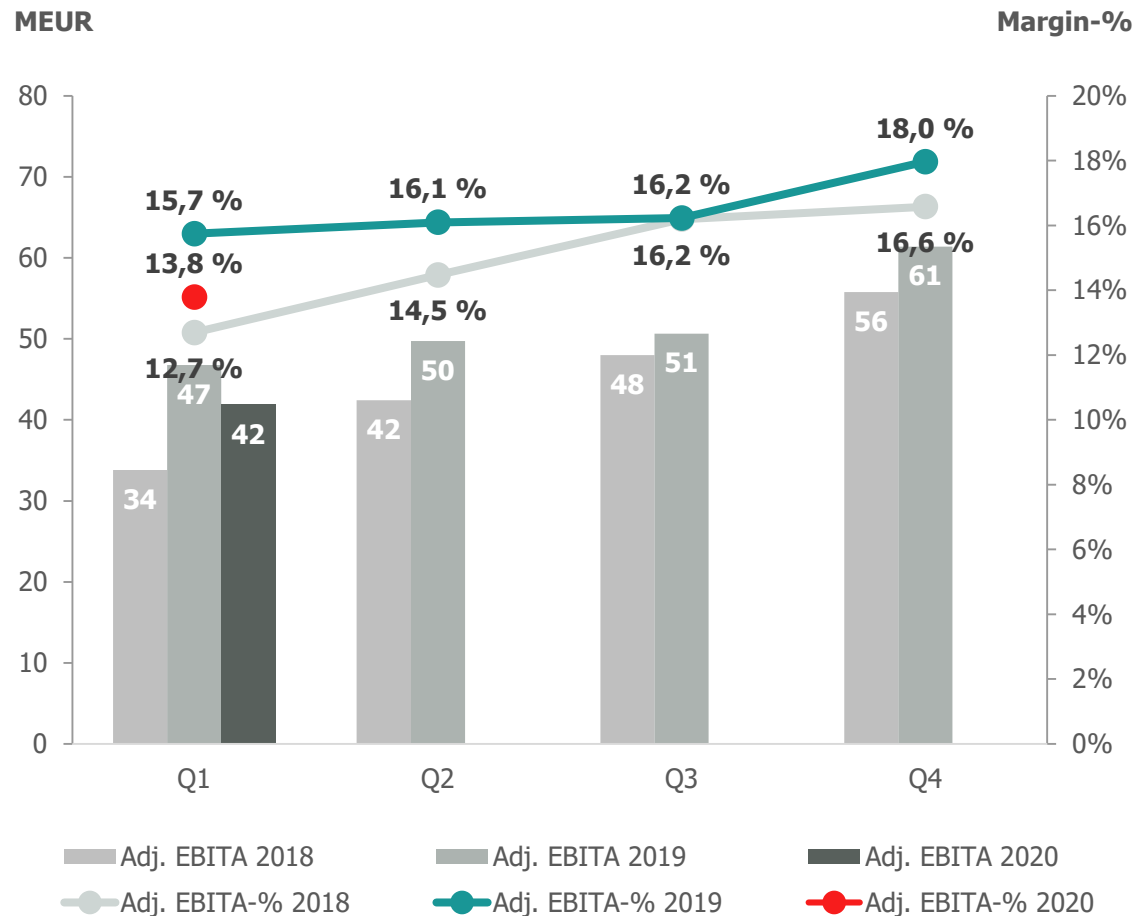
- Sales increased 2.2% to EUR 303.7 million (297.1)
- On a comparable currency basis, sales increased 1.6%
- Sales increased in field service but the growth was partly offset by a decline in parts sales
- Sales increased in APAC but decreased in EMEA and the Americas
- Excluding MHE-Demag, sales decreased 3.1% to EUR 287.8 million (297.1)

Service order book, MEUR



- The order book increased 9.8% year-on-year to EUR 256.9 million (234.1)
- On a comparable currency basis, the order book increased 11.0%
- Excluding MHE-Demag, the order book decreased 2.2% to EUR 229.0 million (234.1)

Q1/20 Service adjusted EBITA



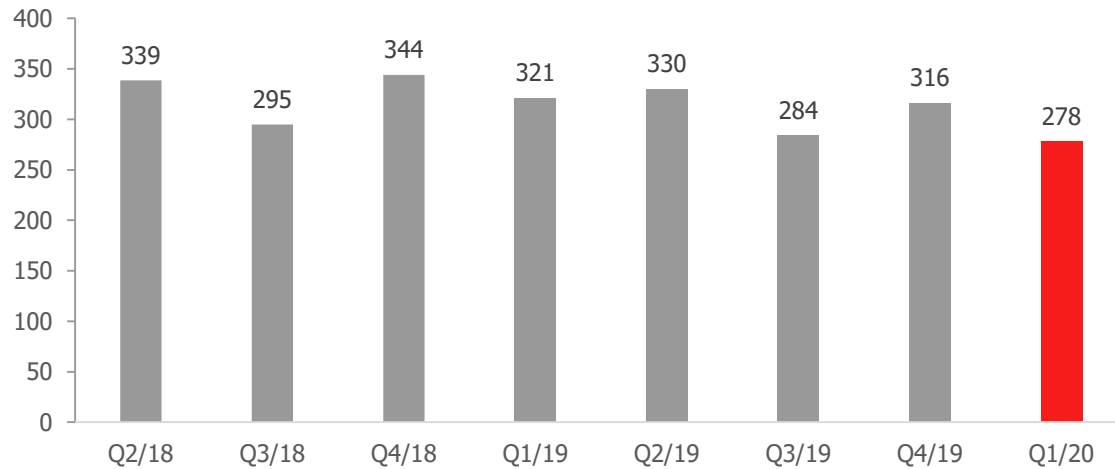
- The adjusted EBITA was EUR 41.9 million (46.8) and the adjusted EBITA margin 13.8% (15.7)
- The decrease in the adjusted EBITA margin was mainly attributable to lower underlying sales when excluding MHE-Demag and weaker sales mix
- On a year-on-year basis, gross margin stayed approximately flat
- Excluding MHE-Demag, the adjusted EBITA was EUR 40.0 million (46.8) and the adjusted EBITA margin 13.9% (15.7)

Industrial Equipment



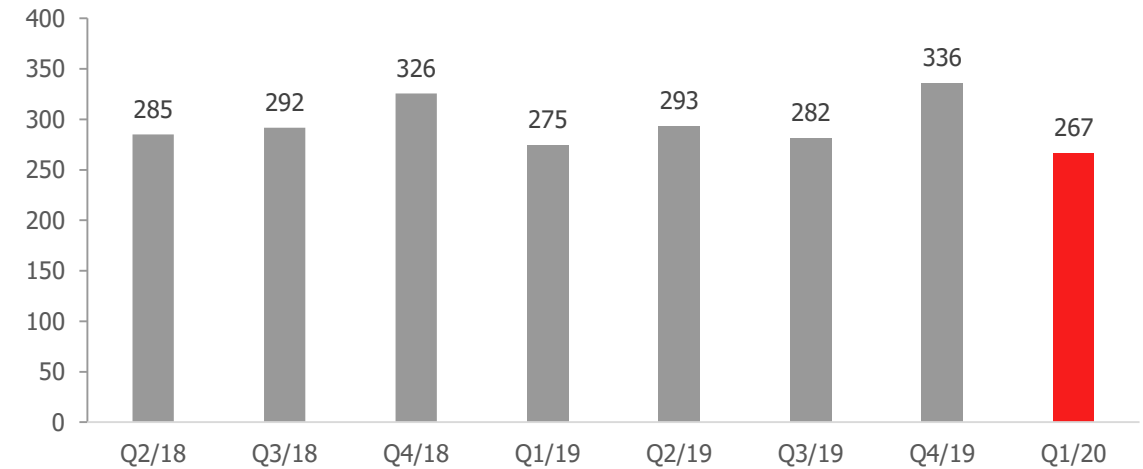
Q1/20 Industrial Equipment order intake and sales

Industrial Equipment order intake, MEUR



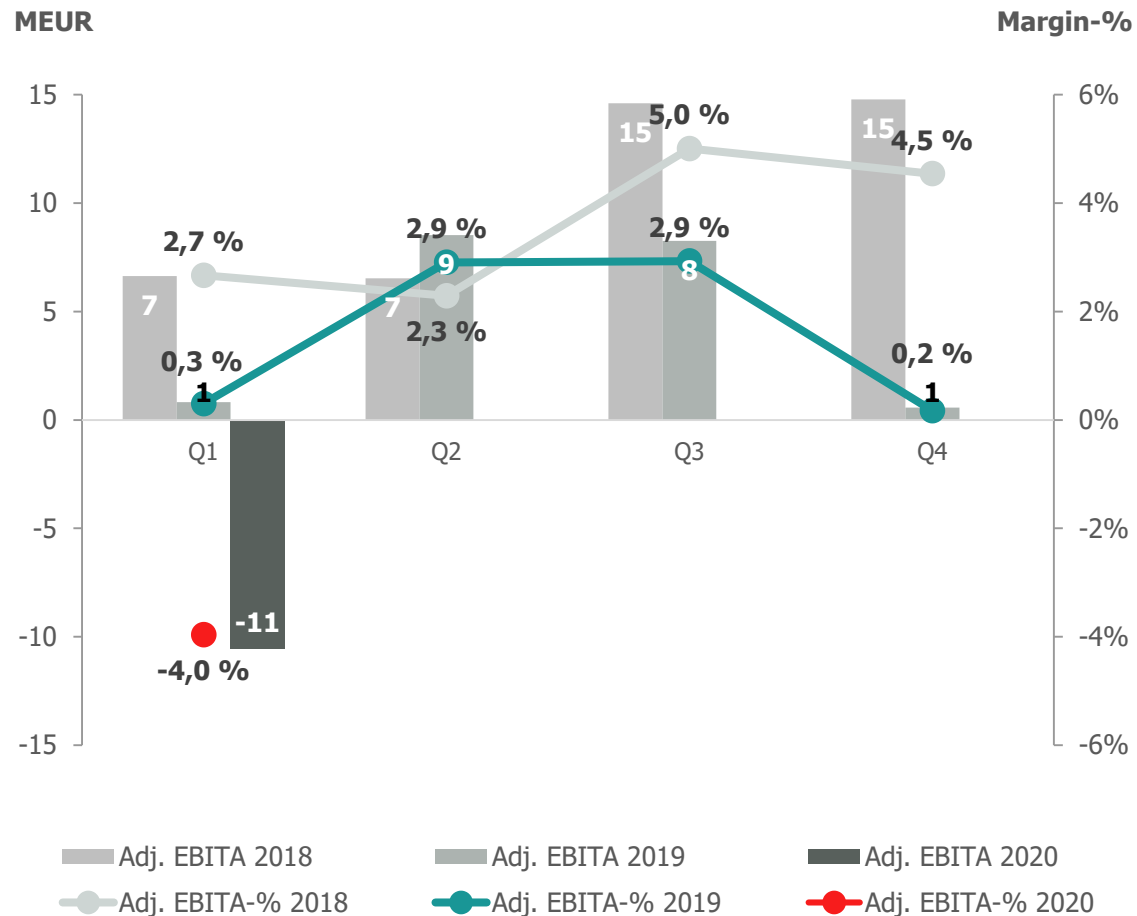
- Orders received totaled EUR 278.2 million (321.2), corresponding to a decrease of 13.4%
- External orders received decreased 12.9% on a reported basis and 13.3% on a comparable currency basis
- The decrease in order intake in process cranes and components was partly offset by an increase in standard cranes, orders received declined in all three regions
- Excluding MHE-Demag, Industrial Equipment's orders received totaled EUR 259.7 million (321.2), corresponding to a decrease of 19.2%

Industrial Equipment sales, MEUR



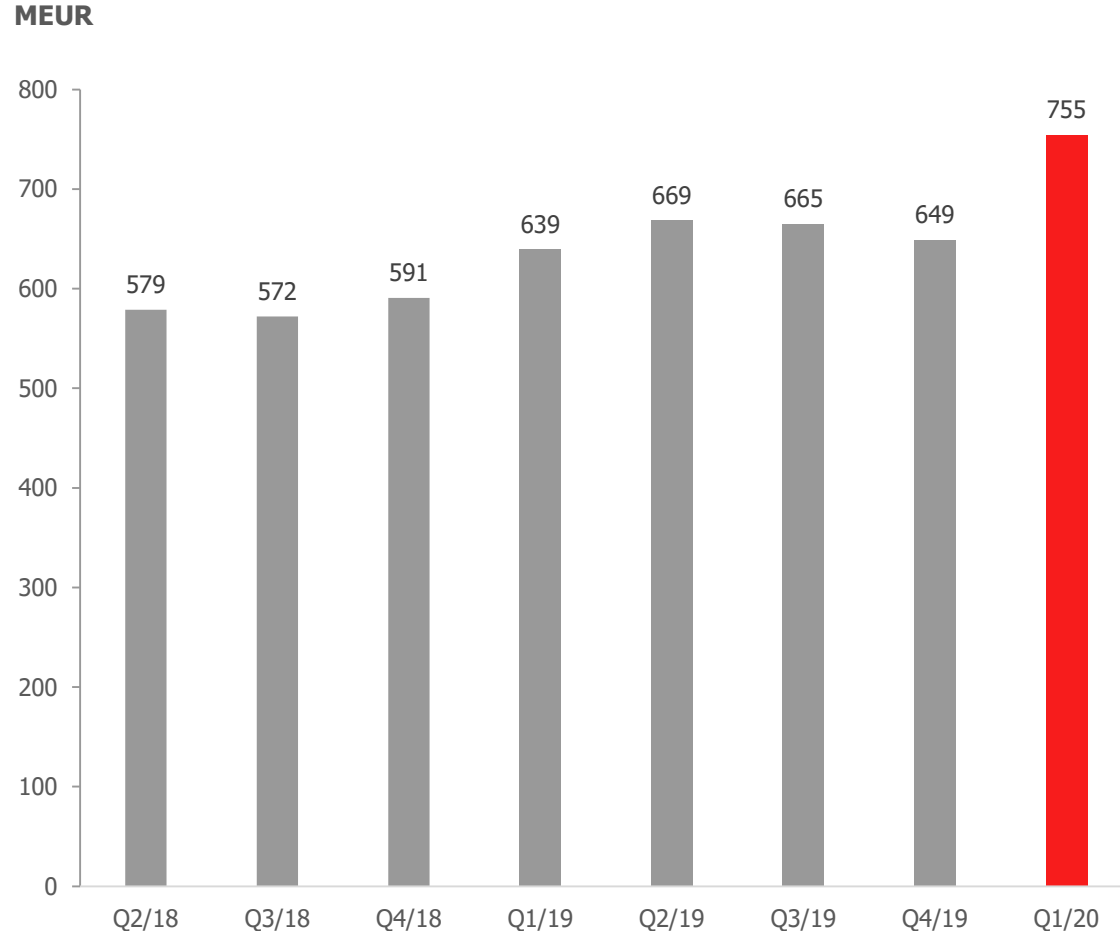
- Sales decreased 2.9% to EUR 266.6 million (274.6)
- External sales decreased 2.7% on a reported basis and 3.1% on a comparable currency basis
- Sales growth in process cranes was offset by declines in both standard cranes as well as components, sales increased in the Americas but decreased in EMEA and APAC
- Excluding MHE-Demag, sales decreased 4.9% to EUR 261.1 million (274.6)

Q1/20 Industrial Equipment adjusted EBITA



- The adjusted EBITA was EUR -10.6 million (0.8) and the adjusted EBITA margin -4.0% (0.3)
- The decrease in the adjusted EBITA was mainly attributable to further costs incurred in closing the process crane project which affected our profitability in Q4, along with lower sales and weaker sales mix
- Gross margin declined on a year-on-year basis
- Excluding MHE-Demag, the adjusted EBITA was EUR -9.0 million (0.8) and the adjusted EBITA margin -3.5% (0.3)

Q1/20 Industrial Equipment order book



- The order book increased 18.0% year-on-year to EUR 754.5 million (639.4)
- On a comparable currency basis, the order book increased 19.7%
- Excluding MHE-Demag, the order book increased 1.5% to EUR 649.0 million (639.4)

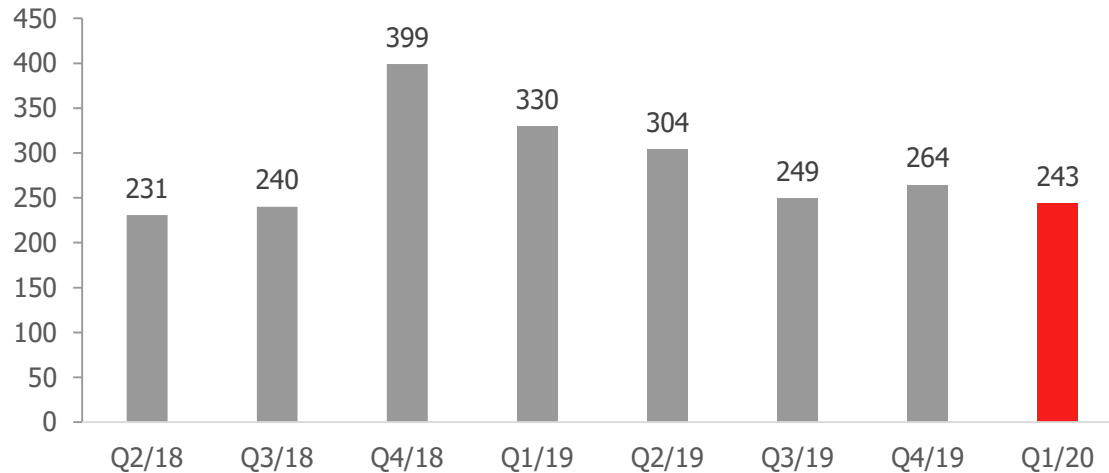


Port Solutions

Note: The MHE-Demag acquisition in January 2020 does not have an impact on Port Solutions

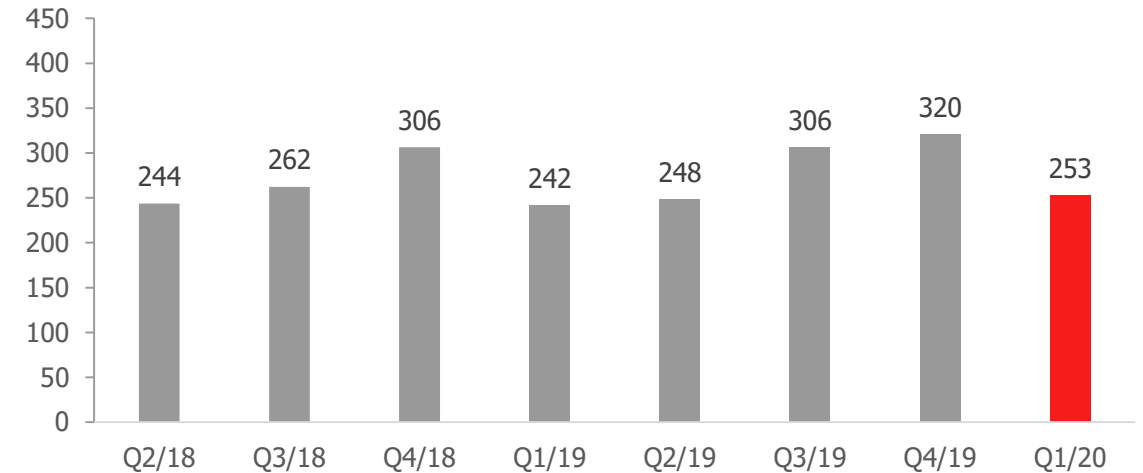
Q1/20 Port Solutions order intake and sales

Port Solutions order intake, MEUR



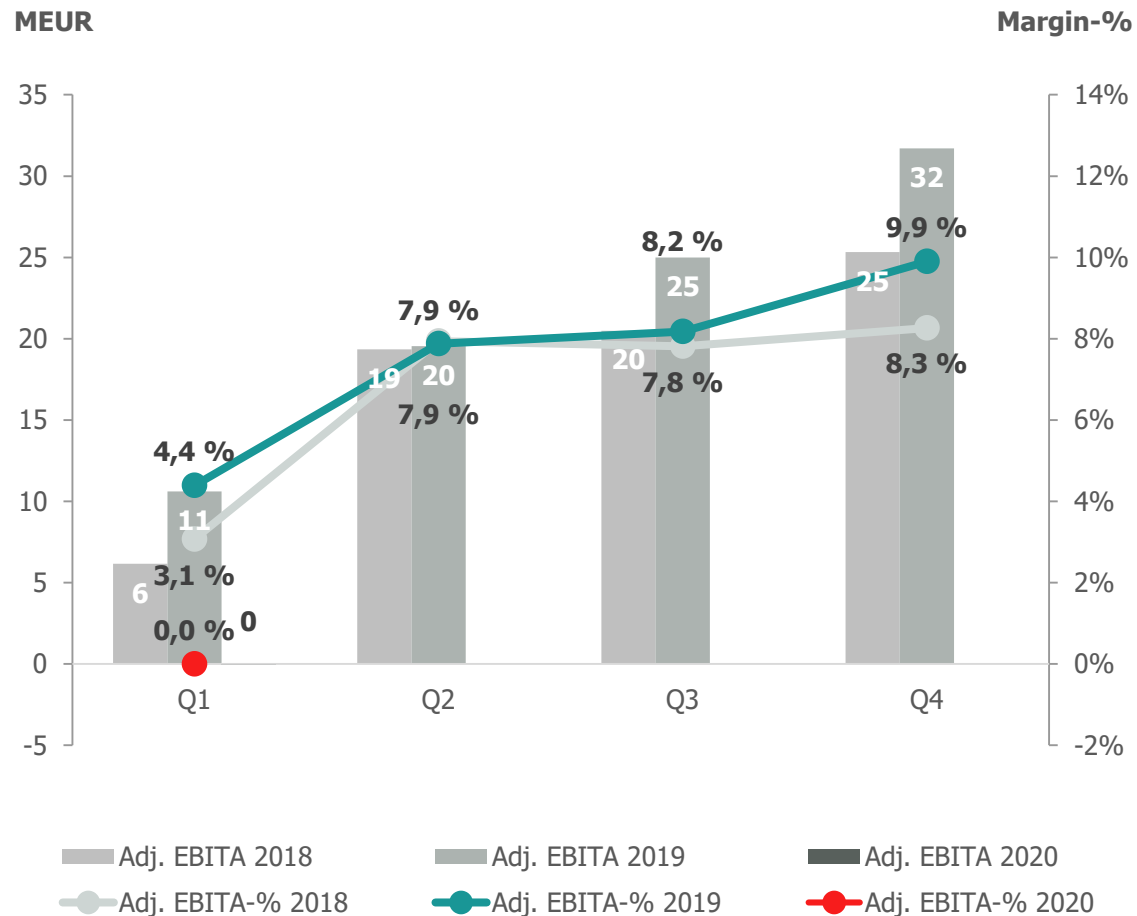
- Orders received totaled EUR 243.2 million (329.9), representing a decrease of 26.3%. On a comparable currency basis, orders received decreased 26.1%
- The comparison period included the fourth largest single order ever received by Port Solutions for the Hadarom Container Terminal
- Orders received increased in APAC and declined in the Americas and EMEA

Port Solutions sales, MEUR



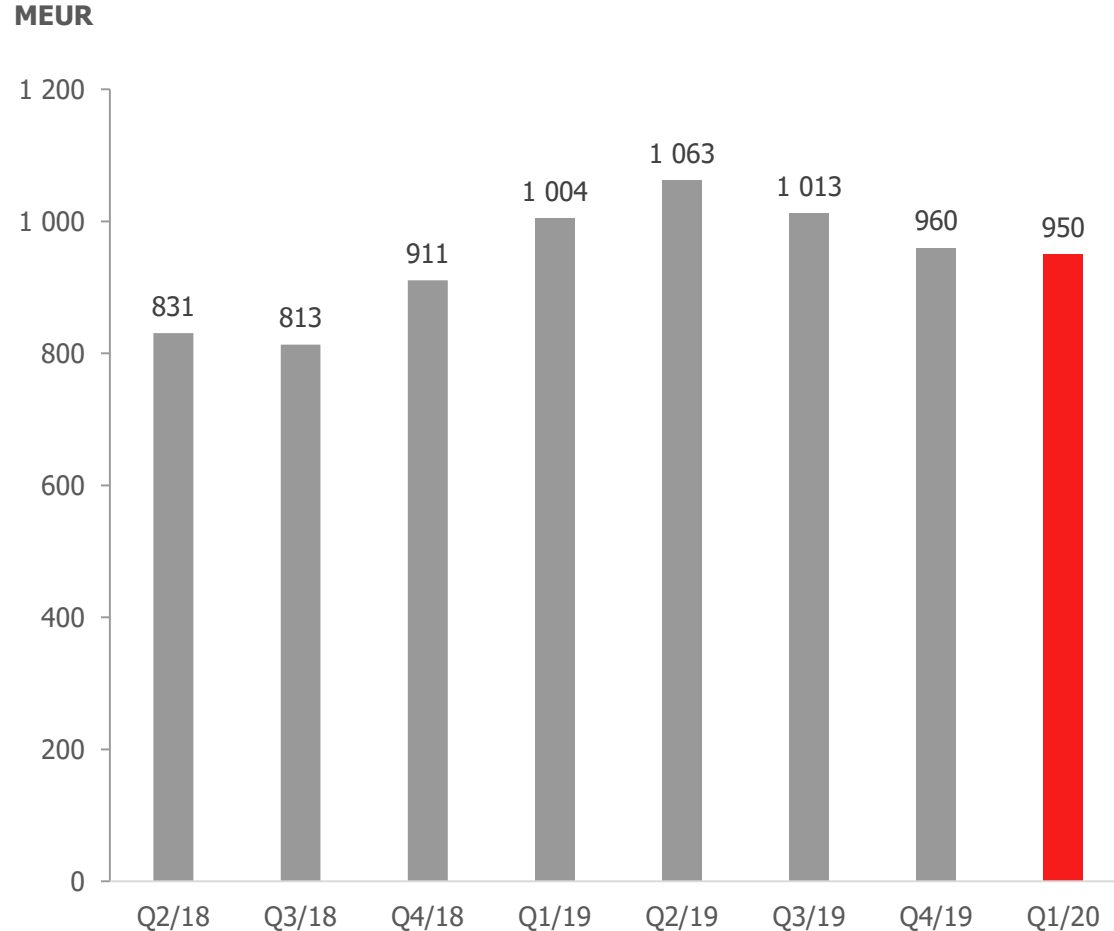
- Sales increased 4.4% to EUR 252.6 million (241.8). On a comparable currency basis, sales increased 4.7%

Q1/20 Port Solutions adjusted EBITA



- The adjusted EBITA was EUR 0.0 million (10.6) and the adjusted EBITA margin 0.0% (4.4)
- The decrease in the adjusted EBITA is mainly attributable to an estimated cost overrun of EUR 18 million related to the execution of a port crane project in the US, partly offset by higher sales
- Gross margin declined on a year-on-year basis

Q1/20 Port Solutions order book



- The order book decreased 5.4% to EUR 949.9 million (1,004.0)
- On a comparable currency basis, the order book decreased 4.9%

A photograph of two Konecranes employees, a man and a woman, both wearing white hard hats and safety glasses. The man is wearing a blue and white striped shirt, and the woman is wearing a white Konecranes polo shirt with a red lanyard. They are both looking down at a laptop screen, which is partially visible. The woman is smiling. The background is a blurred outdoor setting.

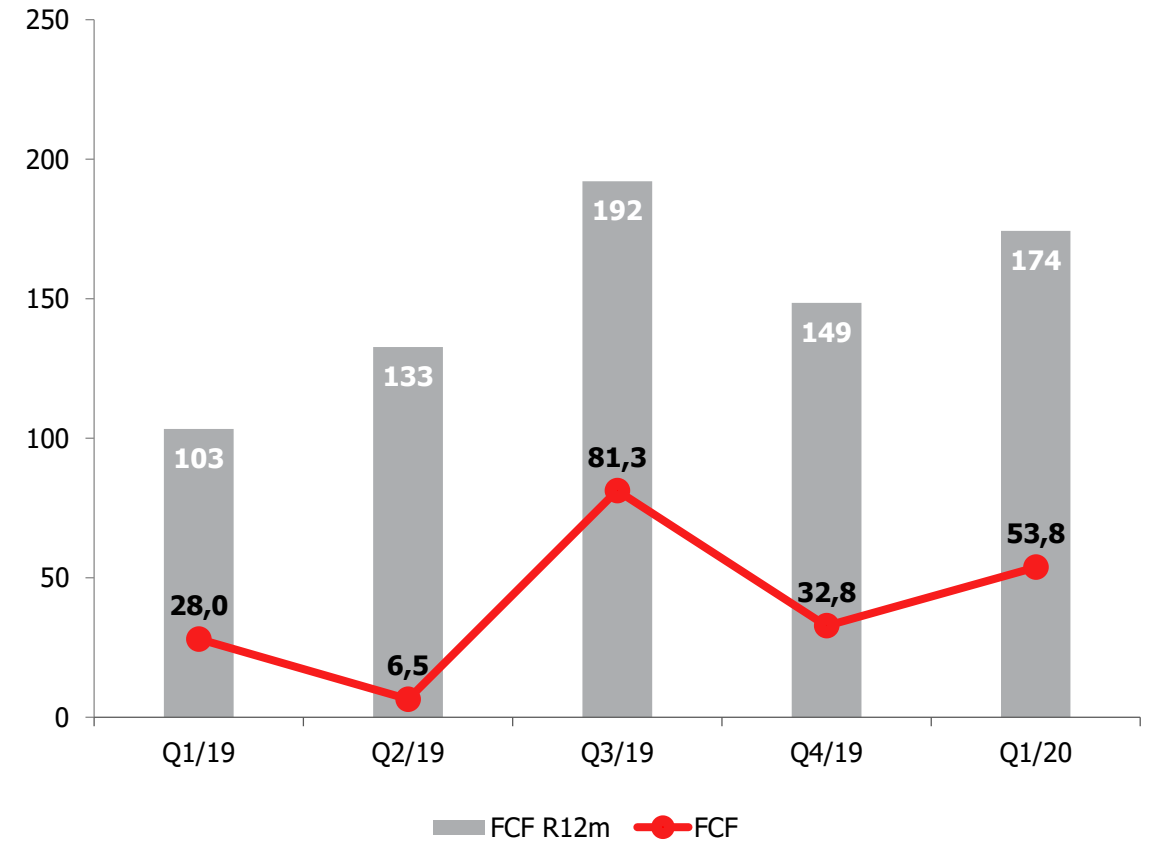
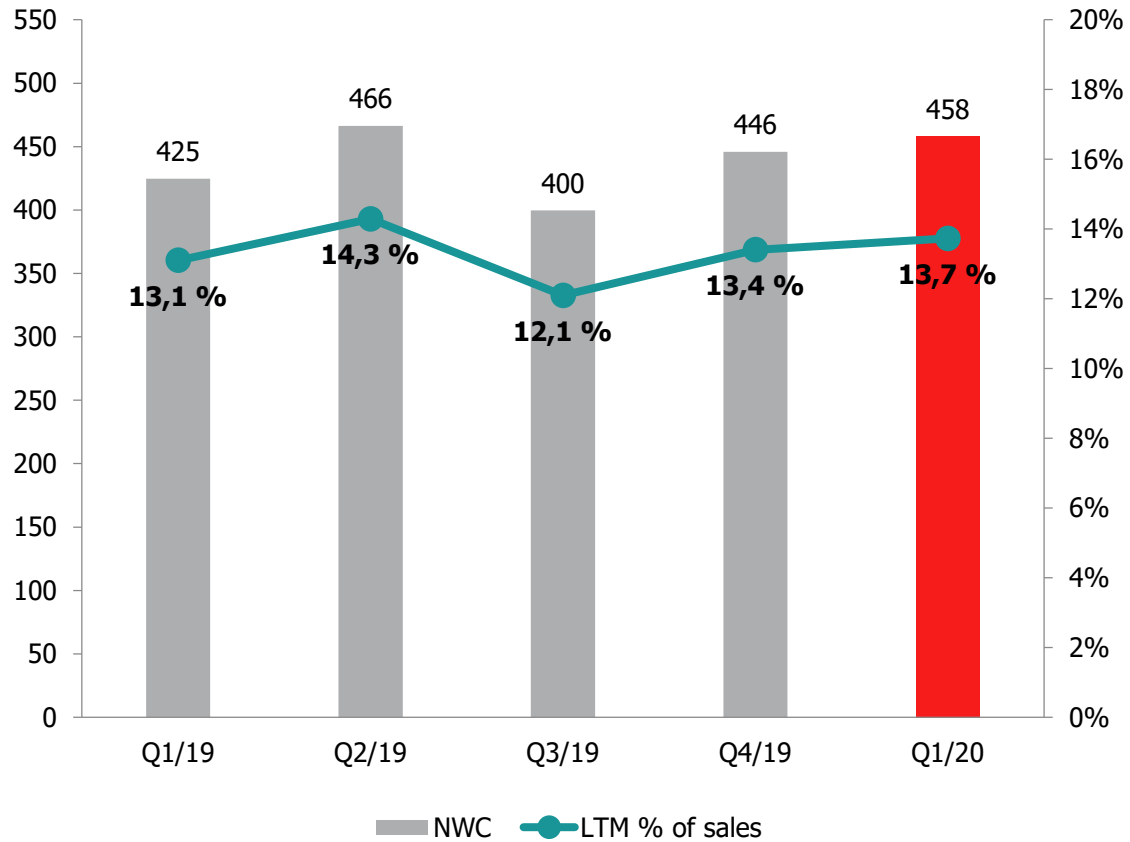
Cash Flow and Balance Sheet

Net working capital and free cash flow

Net working capital⁽¹⁾, MEUR

% of sales

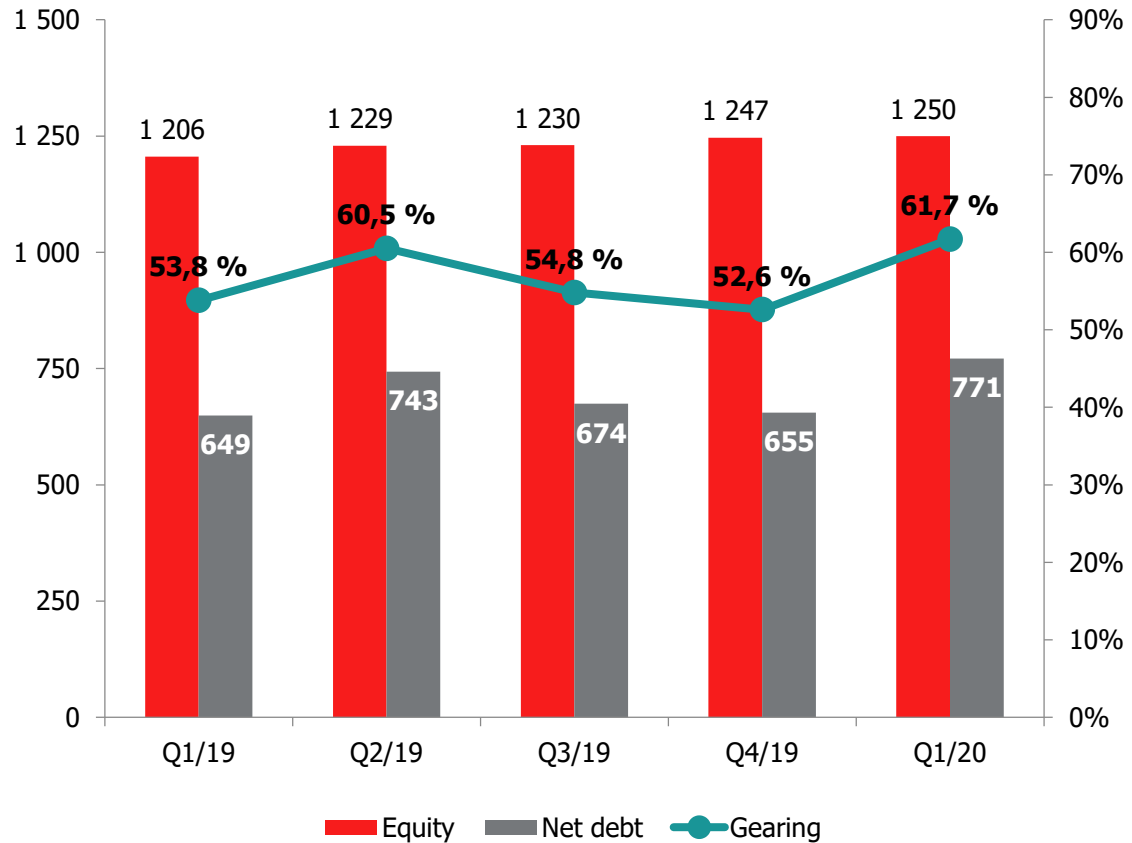
Free cash flow, MEUR



Note (1): Q1/19 excl. dividend payable of EUR 94.6 million

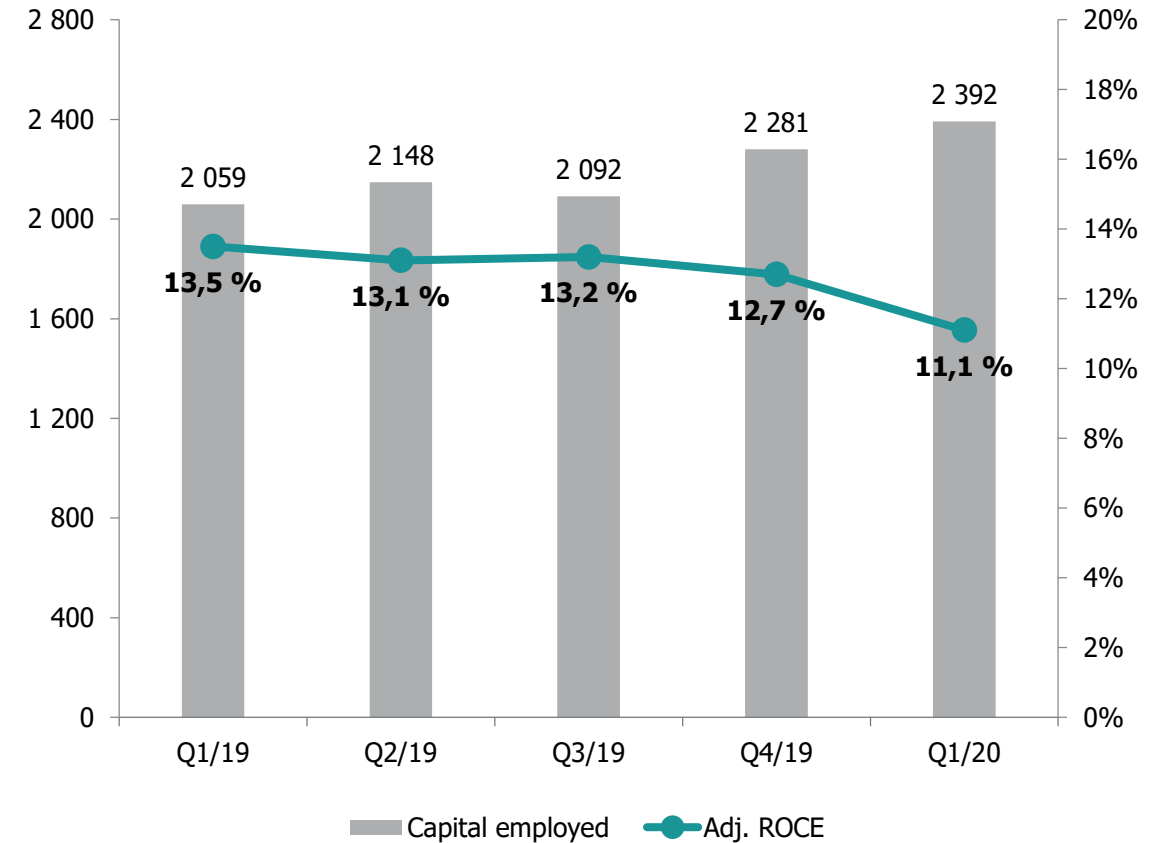
Gearing and return on capital employed

Equity and net debt, MEUR

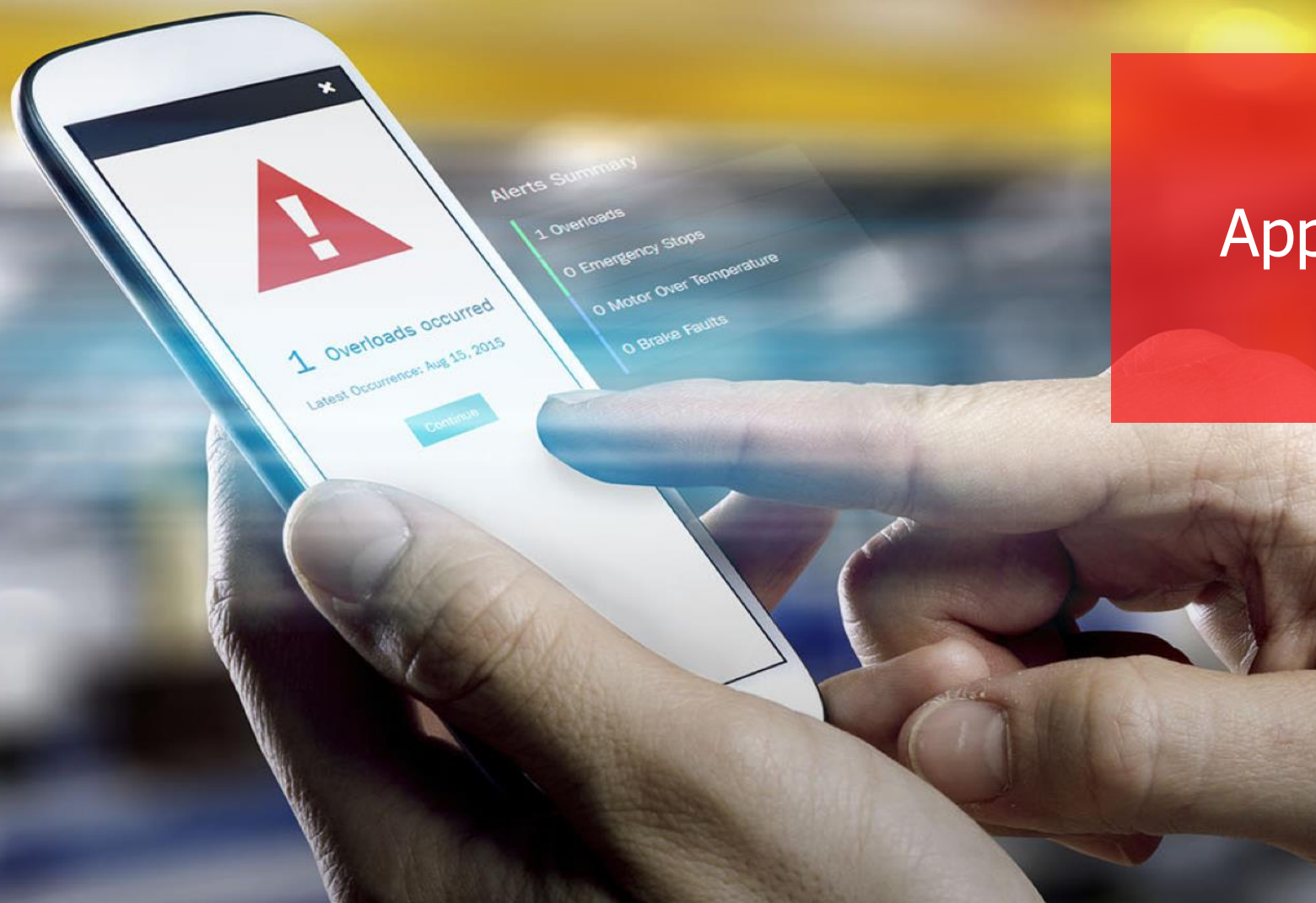


Gearing-%

Capital employed, MEUR



Q&A



Appendix

Key figures by business area

Key figures	1-3/ 2020	1-3/ 2019	Change %	Change % At comparable currencies	1-12/ 2019
Service					
Orders received, MEUR	266.1	255.4	4.2	3.4	1,015.1
Service agreement base value, MEUR	281.9	253.1	11.4	13.1	267.7
Sales, MEUR	303.7	297.1	2.2	1.6	1,259.7
Adj. EBITA, MEUR	41.9	46.8	-10.5		208.5
Adj. EBITA, %	13.8%	15.7%			16.6%
Industrial Equipment					
Orders received, MEUR	278.2	321.2	-13.4	-13.9	1,251.5
<i>of which external</i>	<i>240.6</i>	<i>276.3</i>	<i>-12.9</i>	<i>-13.3</i>	<i>1,068.4</i>
Sales, MEUR	266.6	274.6	-2.9	-3.3	1,185.5
<i>of which external</i>	<i>227.5</i>	<i>233.9</i>	<i>-2.7</i>	<i>-3.1</i>	<i>1,020.4</i>
Adj. EBITA, MEUR	-10.6	0.8	-1,378.4		18.2
Adj. EBITA, %	-4.0%	0.3%			1.5%
Port Solutions					
Orders received, MEUR	243.2	329.9	-26.3	-26.1	1,147.3
Sales, MEUR	252.6	241.8	4.4	4.7	1,115.7
Adj. EBITA, MEUR	0.0	10.6	-100.0		86.9
Adj. EBITA, %	0.0%	4.4%			7.8%

Key figures of Service and Industrial Equipment excluding MHE-Demag

Key figures	1-3/ 2020	1-3/ 2019	Change %	Change % At comparable currencies	1-12/ 2019
Service excluding MHE-Demag					
Orders received, MEUR	248.0	255.4	-2.9	-3.7	1,015.1
Service agreement base value, MEUR	269.5	253.1	6.5	8.1	267.7
Sales, MEUR	287.8	297.1	-3.1	-3.7	1,259.7
Adj. EBITA, MEUR	40.0	46.8	-14.4		208.5
Adj. EBITA, %	13.9%	15.7%			16.6%
Industrial Equipment excluding MHE-Demag					
Orders received, MEUR	259.7	321.2	-19.2	-19.6	1,251.5
<i>of which external</i>	<i>216.4</i>	<i>276.3</i>	<i>-21.7</i>	<i>-22.0</i>	<i>1,068.4</i>
Sales, MEUR	261.1	274.6	-4.9	-5.3	1,185.5
<i>of which external</i>	<i>218.2</i>	<i>233.9</i>	<i>-6.7</i>	<i>-7.0</i>	<i>1,020.4</i>
Adj. EBITA, MEUR	-9.0	0.8	-1,193.2		18.2
Adj. EBITA, %	-3.5%	0.3%			1.5%

Statement of income

EUR million	1-3/ 2020	1-3/ 2019	Change %	1-12/ 2019
Sales	769.6	758.2	1.5	3,326.9
Other operating income	2.1	3.7		19.6
Materials, supplies and subcontracting	-344.5	-322.5		-1,505.0
Personnel cost	-268.1	-257.9		-1,080.7
Depreciation and impairments	-33.5	-29.9		-123.6
Other operating expenses	-117.8	-124.3		-488.5
Operating profit	7.8	27.3	-71.5	148.7
Share of associates' and joint ventures' result	21.1	-1.0		4.5
Financial income	0.4	4.7		2.5
Financial expenses	-13.1	-12.7		-37.2
Profit before taxes	16.1	18.3	-12.1	118.5
Taxes	-4.6	-5.1		-35.7
Profit for the period	11.5	13.2	-12.7	82.8

Balance sheet

EUR million	31 Mar 2020	31 Dec 2019
Non-current assets		
Goodwill	1,022.3	908.2
Intangible assets	567.1	531.6
Property, plant and equipment	358.9	332.8
Other	155.9	213.9
Current assets		
Inventories	738.4	658.7
Accounts receivable	501.1	530.4
Receivables and other current assets	347.5	300.4
Cash and cash equivalents	369.6	378.2
Assets held for sale	0.0	0.0
Total Assets	4,060.8	3,854.2

EUR million	31 Mar 2020	31 Dec 2019
Total Equity	1,249.7	1,246.7
Non-current liabilities		
Interest-bearing liabilities	798.9	785.8
Other long-term liabilities	288.4	290.4
Other	171.0	162.2
Current liabilities		
Interest-bearing liabilities	343.1	248.4
Advance payments received	407.3	337.3
Accounts payable	250.6	236.2
Provisions	139.8	151.7
Other current liabilities	412.1	395.5
Liabilities directly attributable to assets held for sale	0.0	0.0
Total Equity and Liabilities	4,060.8	3,854.2

Cash flow statement

EUR million	1-3/ 2020	1-3/ 2019	1-12/ 2019
Operating income before change in net working capital	43.6	58.6	275.0
Change in net working capital	35.2	-0.9	-12.5
Cash flow from operations before financing items and taxes	78.8	57.7	262.5
Financing items and taxes	-15.1	-27.6	-89.7
Net cash from operating activities	63.7	30.1	172.8
Net cash used in investing activities	-134.0	-2.8	-23.2
Cash flow before financing activities	-70.3	27.3	149.6
Net cash used in financing activities	63.7	-57.9	-4.5
Translation differences in cash	-2.0	4.4	2.6
Change of cash and cash equivalents	-8.6	-26.3	147.7
Free cash flow	53.8	28.0	148.5

Key figures

EUR million	1-3/ 2020	1-3/ 2019	Change %	1-12 2019
Earnings per share, basic (EUR)	0.14	0.17	-14.7	1.03
Earnings per share, diluted (EUR)	0.14	0.17	-14.7	1.03
Return on capital employed, %, Rolling 12 Months (R12M)	6.2	8.4	-26.2	6.3
Return on equity, %, Rolling 12 Months (R12M)	6.6	8.6	-23.3	6.5
Equity per share (EUR)	15.73	15.06	4.4	15.70
Net debt / Adjusted EBITDA, Rolling 12 Months (R12M)	2.2	1.9	15.8	1.8
Equity to asset ratio, %	34.2	36.1	-5.3	35.4
Investments total (excl. acquisitions), EUR million	7.5	10.0	-24.3	39.5
Average number of personnel during the period	17,023	16,024	6.2	16,104
Average number of shares outstanding, basic	78,907,498	78,824,399	0.1	78,835,721
Average number of shares outstanding, diluted	78,907,498	78,824,399	0.1	78,835,721
Number of shares outstanding	79,133,459	78,839,426	0.4	78,839,426



Contact information

Eero Tuulos

Vice President, Investor Relations

Email: eero.tuulos@konecranes.com, tel: +358 20 427 2050

Tomi Kuuppo

Analyst, Investor Relations

Email: tomi.kuuppo@konecranes.com, tel: +358 20 427 2961

Virpi Vuori

Assistant, Investor Relations

Email: virpi.vuori@konecranes.com, tel: +358 20 427 2960