

Konecranes EGM 2020

Shareholders' questions and answers by the Company's management

December 10, 2020

1. Konecranes has better profit potential, due to among others unrealised synergies from past acquisitions. How do you justify the merger consideration in light of this?

Continued outsourcing and growth of services are global megatrends that benefit both companies. Both Cargotec and Konecranes have good prospects to continue growth particularly in their service businesses. Both companies are expected to improve profitability going forward as well as show similar healthy top-line growth. According to our evaluation, this transaction is strategically and commercially the right thing to do, creating significant value to Konecranes shareholders. The Board unanimously recommends the transaction having considered its merits as a whole, as well as other alternatives available to Konecranes. These merits, including the matters raised in the question, have been considered by the Board as well as by J.P. Morgan when rendering its fairness opinion.

2. Konecranes' net result and cash flow for the first nine months of 2020 and for the full year 2020 are higher than for Cargotec. How do you justify the merger consideration in light of this?

Both companies have in recent years had large non-recurring items affecting the reported net results. For example, Cargotec posted EUR 91 million of restructuring costs in the first nine months of 2020, of which approximately EUR 45 million did not have a cash flow impact. Comparable operating profits for the first nine months of 2020 were EUR 158.7 million for Konecranes, and EUR 157.0 million for Cargotec. In giving its unanimous recommendation to support the transaction, the Board has considered the merits of the transaction as a whole, as well as other alternatives available to Konecranes, rather than focusing on any given specific metric or time period. These merits of the transaction, including the matters raised in the question, have been considered by the Board as well as by J.P. Morgan when rendering its fairness opinion.

3. How has the fact that Konecranes has a focused comprehensive business, whereas Cargotec is more of a conglomerate been factored into the merger consideration?

The parties' have broad offerings across their businesses in industries, factories, ports, terminals, road, and sea-cargo handling. We are creating a global leader in sustainable material flow, and see the transaction creating value for Konecranes' shareholders throughout the product and services offering. The business and product portfolio of the Future Company is subject to its Board's decision in due course.

4. What do the synergies consist of and do they account for potential remedies?

The majority of the synergies come from procurement, corporate functions and management, manufacturing, and service network. Synergies are expected to come from all Business Areas. The preliminary synergy estimate of over EUR 100 million is based on our best understanding and estimation of the merger outcome. As the companies are partially competitors, there have been limitations, when preparing the analysis. The Board has also utilised third-party experts in its assessments of the synergies. We are confident that we will reach the EUR 100 million synergies within three first years.

5. How do you assess the parties' competitive position and have changes in the competitive landscape, including from Chinese competitors, affected the timing and terms of the transaction?

Both companies are well-positioned to respond to competition from other market operators, including Chinese players. We are not forced to merge but we strongly believe that together we will be even better positioned to serve our current and future customers. This transaction has been discussed every now and then, and now the

timing was right. We have both grown strongly separately, added new products and services, and extended our geographical footprints.

6. Is this a good time to propose a merger, given among others, the current relative share prices and the financial performance of the companies?

This transaction has been discussed every now and then, and now the timing was right. We have both grown separately, added new products and services, and extended our geographical footprints. According to our evaluation, this transaction is strategically and commercially the right thing to do, creating significant value to Konecranes shareholders. The Board unanimously recommends the transaction having considered its merits as a whole, as well as other alternatives available to Konecranes. These merits, including the matters raised in the question, have been considered by the Board as well as by J.P. Morgan when rendering its fairness opinion.

7. The three largest shareholders of Cargotec, who are to my understanding closely connected, will control some 34.5% of the votes of the merged company. This gives them control of the business and ability to decide on most key issues. These three shareholders are obtaining this control of the merged business, the appointment of future boards etc, without any compensation to Konecranes shareholders. How has this transfer of control without any compensation been accepted by our board?

A balanced governance structure has been an important issue for Konecranes Plc when determining the governance structure of the Future Company. The shareholders of Konecranes Plc would own approximately 50 per cent and the shareholders of Cargotec Corporation would own approximately 50 per cent of the shares and votes of the combined entity. There are no arrangements or agreements regarding voting among the largest shareholders of Cargotec Corporation. The Nomination Board appointed by the shareholders of the Future Company will prepare and present proposal on the number and election of the board members. The four members of the Nomination Board are appointed as determined in the Charter of the Shareholders' Nomination Board, but the Nomination Board must make its decisions unanimously.

8. What is the price of the redemption you can request if you vote against the merger?

According to the Finnish Companies Act, the fair price of the share at the time preceding the merger decision shall serve as the redemption price. The redemption price would be determined in arbitral proceedings by the Redemption Board of the Finland Chamber of Commerce. The shareholder who has voted against the merger decision must request for the redemption of his/her/its shares in accordance with the Finnish Companies Act and initiate the arbitral proceedings regarding the redemption of his/her/its shares in Konecranes Plc no later than one month after the Extraordinary General Meeting. The costs of redemption proceedings are paid by Cargotec Corporation.

9. Why has Konecranes not presented any outlook for the business since early 2019?

Konecranes issued the previous mid-term financial targets prior to the previous Capital Markets Day in late 2017. The targets were the following: 1) Compound annual sales growth rate of 5% in 2018-2020, 2) Adjusted EBITA margin of 11% in 2020 and 3) Gearing below 80%.

In connection with the Q2/19 half-year financial report, Konecranes stated that it would not reach the 11% adjusted EBITA margin in 2020 due to the macroeconomic uncertainty. However, it was said that the company would continue to be committed to achieving the 11% adjusted EBITA margin. In March 2020 Konecranes withdrew its then financial guidance for 2020 due to the uncertainty caused COVID-19 pandemic. When the current sales guidance was given in July 2020, it became also evident that the sales growth target of 5% would not be achieved.

Konecranes had planned to organize a capital markets day in November 2019 but due to the appointment of a new President and CEO, the CMD was cancelled. In early 2020, Konecranes announced that it would host a capital markets day in June 2020. As a result of the COVID-19 pandemic and the uncertain circumstances, both in terms of business and safety, the event was postponed. As a result of the ongoing uncertainty caused by the COVID-19, Konecranes has not issued new mid- or long-term financial targets.

Konecranes' longer-term strategic steps and information on the Future Company's financial aspirations were naturally published on 1 October in connection with the merger announcement. We have recognised the need

for an update on the company's strategy and thus, we have discussed our strategic initiatives and focus areas in connection with our interim reports. We have also discussed our strategy work and our ambition to extend beyond lifting into the broader material flow, and the proposed merger is fully aligned with this ambition.

10. What is the acquisition cost of Cargotec Corporation's shares obtained as merger consideration to a Finnish private individual? Is it the share price of the new company on the date of the merger, or will it be affected by the acquisition history of Konecranes' shares, meaning if the shares have been obtained below or above the share price of the date of the merger?

The exchange of the shares in the merging company to the shares of the receiving company is not deemed to be a disposal of shares in the taxation of an individual shareholder resident for Finnish tax purposes. Consequently, it does not cause capital gains or capital losses in taxation, and the ownership period of the shares will not be interrupted. Payment of the fractional shares is taxed as a disposal of shares. Capital gains are however exempt from tax, provided that proceeds of all assets sold during the calendar year do not, in the aggregate, exceed EUR 1,000 (excluding proceeds from the sale of assets which are tax exempt under Finnish tax law).

The acquisition cost of the shares received as merger consideration equals to the original acquisition cost of the Konecranes shares. Konecranes Plc intends to contact the Tax Administration before the execution of the merger in order to ascertain the allocation of the acquisition cost among shares in different classes.

11. Due to shareholder equality, listed companies usually have one series of shares. This is the case at Konecranes also. When Konecranes merges into Cargotec, Konecranes shareholders will receive shares of two share series according to Cargotec's prevailing system. This is unequal and outdated. Why the Board of Directors of Konecranes has agreed to this and has not required Cargotec to have only one series of shares prior to the merger? Cargotec is after all doing a share split prior to the merger.

The terms of the combination agreement and the merger plan represent the outcome of the negotiations between the respective boards of Konecranes Plc and Cargotec Corporation regarding the proposed combination. It was clear from the outset, that maintaining the rights connected to different classes of shares was a key issue to Cargotec Corporation. For Konecranes Plc it was important that each shareholder would receive A class and B class shares in identical proportions. For this reason and considering also the majority and consent requirements set out in the Finnish Companies Act, the merger consideration consists of both A class and B class shares. A class shares will be listed in connection with the execution of the merger and can also be converted into B class shares.

12. The future payment of the contemplated extra distribution of funds of EUR 2 per share to the shareholders of the Merging company is conditional under the Merger Plan, both in terms of time and scope, in a way that gives room for interpretations and uncertainty, (see the Merger Plan item 6.1 paragraph 5). It is also explicitly stated in the Merger Plan that "Apart from the Merger Consideration to be issued in the form of new shares of the Receiving Company and proceeds from the sale of fractional entitlements, no other consideration shall be distributed to the shareholders of the Merging Company." Why was the proposal of this resolution not simply raised on the agenda of the extraordinary general meeting, under the condition that the merger proposal is approved?

It would naturally be appropriate if I as a long-standing shareholder of the Merging company could get a name of the New company and its contemplated Managing director ahead of this important decision of mine.

The extra distribution of funds to the shareholders of Konecranes Plc corresponding to EUR 2.00 per share is proposed to take place prior to the planned execution date of the merger, 1 January 2022 and would be based on the annual accounts of 2020. Therefore, the decision regarding the extra distribution of funds is planned to take place after the extraordinary general meeting resolving on the merger. No proposal was made to the extraordinary general meeting to authorise the board of directors to resolve on the extra distribution of funds, as such authorisation may be valid only until the next annual general meeting (in this case until Spring 2021). As to the appointment of the CEO and the name of the Future Company, both decisions require careful preparation and the process is still ongoing.