

ACQUISITION OF TEREX'S MHPS BUSINESS

EGM September 15, 2016

Panu Routila, President and CEO



ACQUISITION SUMMARY

Structure

- EUR 723m¹ cash consideration (USD 595 million and EUR 200 million) and Terex receives 19.6m newly issued class B shares of Konecranes with restricted voting rights and certain nomination rights making Terex a 25% shareholder^{2,3}
- Konecranes acquires Terex MHPS free of interest bearing debt and cash⁴
- Assuming Konecranes' closing price of EUR 20.60 as at May 13, 2016, transaction enterprise value ("EV") amounts to EUR 1,126m³ implying 2015 EV/Adj. EBITDA⁵ of 10.5x and including synergies, 5.3x⁶
- Terex to be entitled to nominate up to two members to the Board of Directors of Konecranes

Operational & Financial Benefits

- Aggregated 2015 sales of EUR 3,517m and adj. EBITDA of EUR 267m (excl. synergies)
- Expected to be EPS accretive to Konecranes' shareholders in first full year from inception⁷
- Industrial and operational synergies of EUR 140m p.a. targeted at EBIT level, to be implemented within 3 years from closing of the acquisition

Conditions / Timing

- The closing of the acquisition is subject to regulatory authority approvals and other closing conditions, including shareholder approval at a Konecranes EGM
- Expected to close in early 2017

1) EURUSD FX 1.1348 as at May 13, 2016; 2) Ownership calculated from shares outstanding on April 30, 2016; 3) The parties have agreed on purchase price adjustments based on potential remedies due to antitrust review and performance of the MHPS business in 2016; 4) Konecranes assumes approximately EUR 202m of unfunded pension liabilities; 5) Adj. EBITDA includes share of the result of the 50%-owned Singapore-based joint venture, stock compensation, non-controlling interest and changes in certain provisions; 6) EV adjusted for EUR 190m implementation costs and capex; 7) Adjusted for non-recurring integration costs and purchase price allocation related amortization

ACQUISITION BENEFITS

- Creates a focused Industrial Lifting & Ports Solutions service and equipment world leader
- Unlocks significant growth opportunities for the service business based on the substantial acquired installed base, in particular
- Provides Konecranes with critical scale and well-balanced range of services and products
- Range of leading brands underpins equipment business
- Industry-leading resources for continued technology development
- Significant synergy benefits
- Allows us to combine the outstanding talent and best practices that each of Konecranes and MHPS have to offer
- Expected to be EPS-accretive¹ from inception; sound financing structure

1) Adjusted for non-recurring integration costs and purchase price allocation related amortization

KONECRANES AS FOCUSED INDUSTRIAL LIFTING AND PORT SOLUTIONS LEADER (1/2)

Adds critical mass and scope to Konecranes' global service organization

- Enlarged combined installed base provides broader opportunities to offer service capabilities
- Major earnings growth potential from digitalization of services
- Combination of service networks and concepts creates critical mass to unlock the significant in-house service market

Reach scale benefits and synergies in industrial lifting

- Optimization of manufacturing footprint enables production cost savings
- Scale benefits in sourcing
- New manufacturing platform positions Konecranes for future market growth

Combines complementary Port segment technological and marketing capabilities into complete product offering to better compete in global markets

- Ability to offer comprehensive port solutions to customers globally based on highly complementary range of products
- Enhances further strategic customer dialogue

KONECRANES AS FOCUSED INDUSTRIAL LIFTING AND PORT SOLUTIONS LEADER (2/2)

Geographical complementarity creates truly global footprint

- Konecranes' presence in Northern Europe, North America and China vs. Terex MHPS' presence in Germany, Southern Europe, South America and Southeast Asia improve ability to serve global customers
- Critical mass in emerging markets

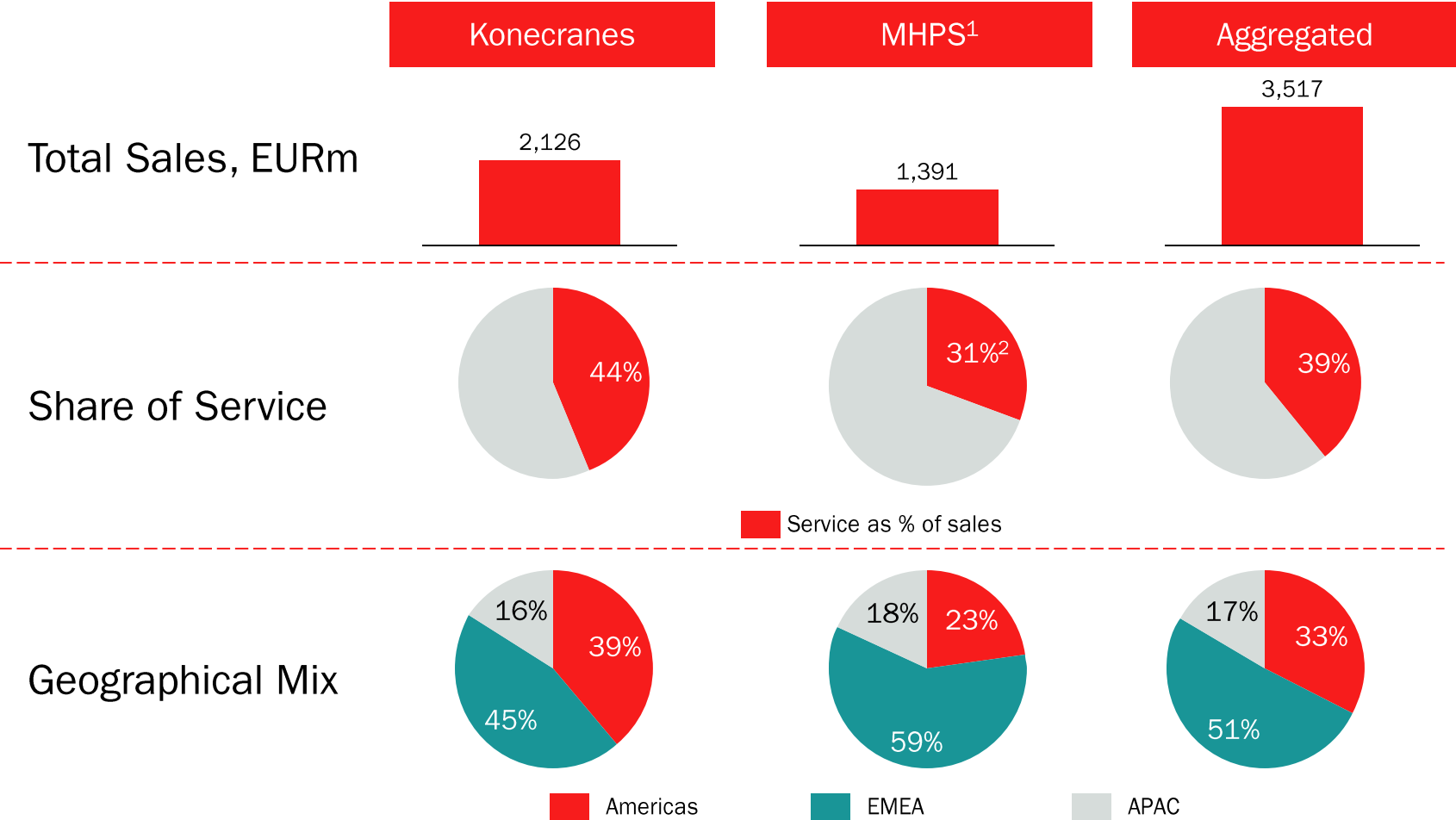
Creates critical mass for future technology development

- Industry-leading resources for continued technology development, incl. automation, software and digitalization
- Technology leadership of increasingly critical importance
- Significant scale benefits enhance R&D capacity
- Combination benefits from technology development heritage of both businesses

Leveraging Konecranes' IT infrastructure

- Significant investments already made in IT infrastructure enable seamless integration
- Continuous development and high scalability support future growth

INCREASED SCALE, HIGH SHARE OF SERVICE BUSINESS AND BALANCED GEOGRAPHICAL PROFILE



Note: Based on 2015 figures; Average 2015 EURUSD FX rate 1.109; Konecranes' financials according to IFRS and MHPS' financials according to US GAAP
 1) Includes sales from Terex MHPS and Crane America Services; 2) Includes service and maintenance sales and parts sales

SUBSTANTIAL GROWTH POTENTIAL IN SERVICE BUSINESS

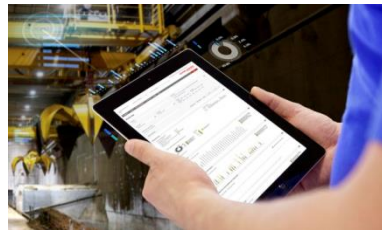
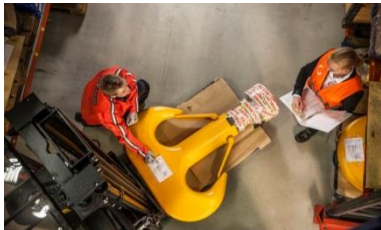
	Sales (EURbn)	Service locations	Technicians
Konecranes	1.0	600	4,100
Terex MHPS	0.4	240 ¹	1,500

- ✓ Substantial installed base of Terex MHPS equipment (approximately 750,000 units) with significant untapped service potential
- ✓ Konecranes' lifecycle approach, maximizing productivity of uptime, provides key to unlocking potential
- ✓ Konecranes has service contract base of approximately 460,000 units

1) Includes service branches operated by 50%-owned Singapore-based joint venture

UNMATCHED CUSTOMER OFFERING IN SERVICE, INDUSTRIAL LIFTING AND PORT SOLUTIONS

Service



Industrial Lifting & Port Solutions

Industrial Lifting



Port Solutions



LEADING BRANDS UNDERPIN EQUIPMENT BUSINESS

Industrial Lifting

KONECRANES®

DEMAG

Cranes & Components

SWF
KRANTECHNIK

R&M
MATERIALS
HANDLING
INC.

VERLINDE
LIFTING EQUIPMENT

MORRIS
CRANE SYSTEMS

DONATI

三马起重
SANMA HOISTS & CRANES

Port Solutions

KONECRANES®

GOTTWALD
port technology

NOELL

FANTUZZI
REGGIANE

SIGNIFICANT VALUE CREATION OPPORTUNITY THROUGH SYNERGIES

- Konecranes is well-prepared for a large transaction
- Synergies of EUR 140 million p.a. targeted at EBIT level, to be implemented within 3 years
- EUR 35m savings to be implemented within 12 months from closing of the acquisition
- EUR 130m one-off implementation costs and EUR 60m capex expected

Procurement	<ul style="list-style-type: none">▪ Supply chain optimization▪ Insourcing/ outsourcing▪ Freight and logistics efficiency
Operations	<ul style="list-style-type: none">▪ Manufacturing footprint▪ Capacity utilization▪ Overall operational optimization
SG&A	<ul style="list-style-type: none">▪ SG&A efficiencies▪ IT system consolidation▪ Engineering and R&D optimization

~EUR 140m synergies at EBIT level

AGGREGATED FINANCIALS 2015

EURm	Konecranes	MHPS ¹	Aggregated	Aggregated incl. synergies
Sales	2,126	1,391	3,517	3,517
Adj. EBITDA	166	100	267	407
Adj. EBIT	118	50	168	308

Note: Average 2015 EURUSD FX rate 1.109; Konecranes' financials according to IFRS and MHPS' financials according to US GAAP

1) MHPS and Crane America Services combined.

TEREX MHPS FINANCIALS 2016

USDm	H1 2016	H1 2015	FY 2015
Sales¹	644.6	735.8	1,542.4
EBIT²	-3.9	-2.9	26.9
Add back adjusted corporate management charges ³	11.9	15.4	28.5
Adj. EBIT	8.0	12.5	55.4
Depreciation & amortization	22.4	28.1	55.9
Adj. EBITDA	30.4	40.6	111.3
Adj. EBITDA used for valuation⁴	34.7	42.0	118.9

1) Includes sales from MHPS to other Terex consolidated segments; 2) MHPS EBIT excluding restructuring charges and impairments; 3) Terex corporate management charges less estimated Konecranes corporate management charges; 4) The difference between adj. EBITDA used for valuation and adj. EBITDA relates to share of the result of the 50%-owned Singapore-based joint venture, stock compensation, non-controlling interest and changes in certain provisions.

TRANSACTION FINANCIAL IMPACT

EPS accretive to Konecranes' shareholders in first full year from inception¹

Capital Structure / Financing

- Expected leverage of ~3.5x net financial debt / Adj. EBITDA² at completion
- Target leverage of less than 2.0x expected to be reached within three years after completion of the acquisition
- EUR 1,500 million financing facilities signed on August 1
 - EUR 300 million term loan, 3Y tenor
 - EUR 600 million amortizing term loan, 5Y tenor
 - EUR 400 million revolving credit facility, 5Y tenor
 - EUR 200 million bridge term loan facility, max 2Y tenor

1) Adjusted for non-recurring integration costs and purchase price allocation related amortizations; 2) Aggregated adjusted EBITDA

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

The following items are yet to be cleared:

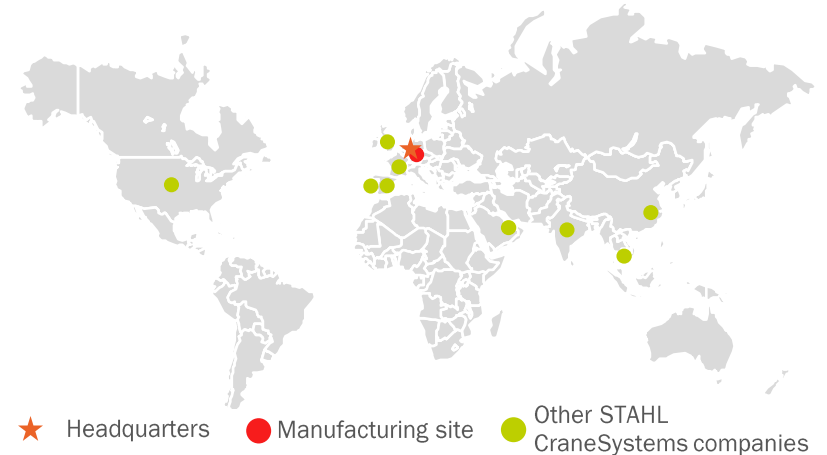
- EGM approval
- Antitrust clearance in 7 countries
- Certain other regulatory approvals

STAHL CRANESYSTEMS

STAHL CraneSystems in brief

- German manufacturer of hoists and crane components
- Founded in 1876 and is headquartered in Künzelsau, acquired by Konecranes in 2005
- Foreign legal entities in 9 countries, distributors in further countries with global reach
- Approx. 650 employees
- Two main customer groups, EPC and crane builders
- Stahl CraneSystems had external sales of EUR145m and its pro forma EBITDA as stand-alone company would have been approx. EUR30m in 2015

Global locations



Product portfolio

Wire rope hoists
(WRH) & CraneKits



Chain hoists



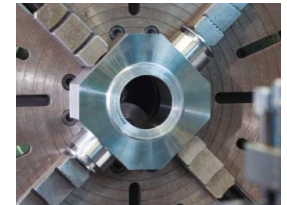
Cranes
(additional
engineering)



Other products



Spare parts



Key Highlights

- ▶ Diversified global lifting and material processing solutions company
- ▶ Delivers customer-driven solutions for a wide range of end markets
- ▶ 2016 net sales guidance \$4.3bn-4.5bn
- ▶ ~13,000 employees in locations worldwide with activity in ~100 countries
- ▶ Listed on the NYSE (TEX), market capitalization: \$2.7bn

Business Segments

Brands

Key products

Aerial Work Platforms



Cranes



Materials Processing



CONCLUSION

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2016 HALF-YEAR REPORT



HIGHLIGHTS OF H1/16

- + Clear profitability improvement in both Service and Equipment
- + Efficiency improvement actions proceeding according to plan
 - + Personnel decreased by 443 employees in H1/16
 - + Equipment has reduced manufacturing capacity in China, India, Brazil and the US
 - + Service has continued to restructure underperforming operations
- + New operational model effective as of July 1
- Order intake declined (due to lower port crane orders, which is project business)

H1 ORDERS RECEIVED Y/Y	EMEA	AME	APAC
SERVICE			
EQUIPMENT			

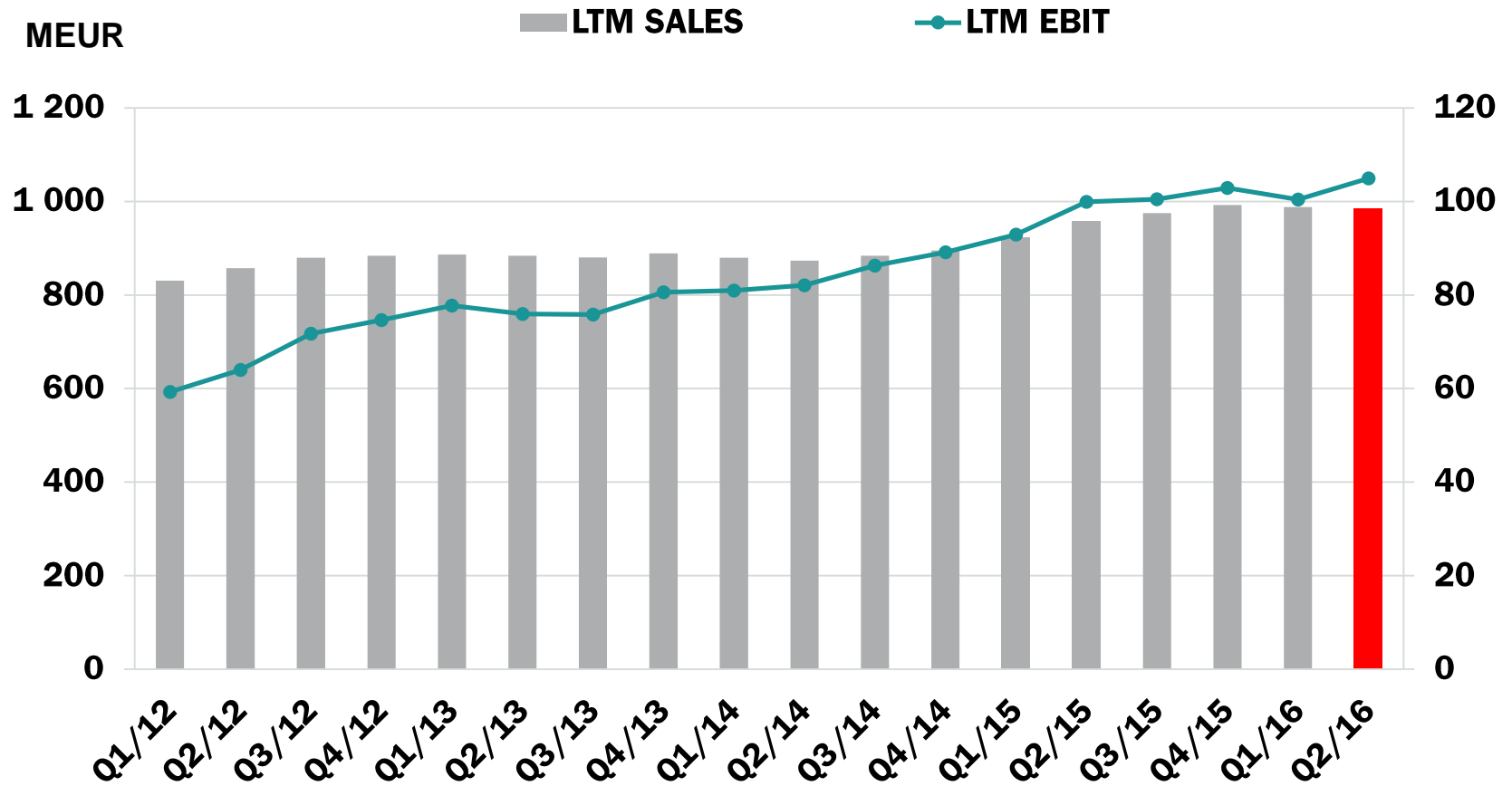
KEY FIGURES

KEY FIGURES	H1 2016	H1 2015	Chg %	Chg % FX adj.
Orders received, MEUR	905.3	1,009.1	-10.3	-8.5
Order book at end of period, MEUR	1,043.3	1,100.4	-5.2	-4.0
Sales, MEUR	987.4	1,010.5	-2.3	-0.4
Adj. EBITDA*, MEUR	76.7	64.3	19.3	
Adj. EBITDA*, %	7.8	6.4		
Adj. Operating profit (EBIT)*, MEUR	50.8	39.9	27.3	
Adj. Operating margin (EBIT)*, %	5.1	3.9		
Adjustments*, MEUR	-21.9	-11.8		
Operating profit (EBIT), MEUR	28.9	28.1	2.9	
Operating margin (EBIT), %	2.9	2.8		
EPS, basic, EUR	0.19	0.29	-36.2	
Free cash flow, MEUR	3.3	-65.9		

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

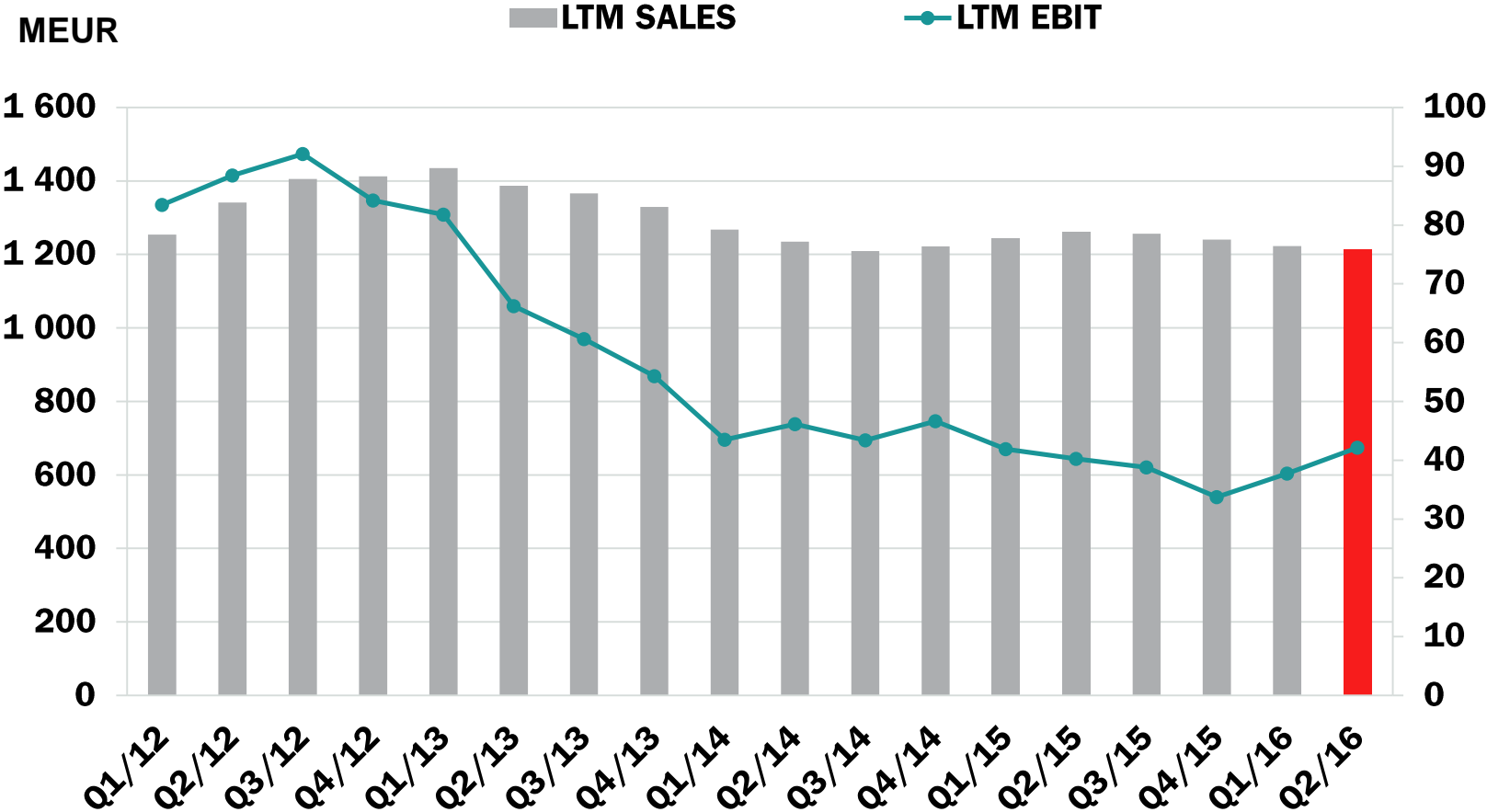
SERVICE NET SALES AND ADJ. EBIT

R12M Sales: 984.4 (958.6) MEUR, +2.7% | Adj. EBIT: 104.9 (99.9) MEUR, +5.0%



EQUIPMENT NET SALES AND ADJ. EBIT

R12M Sales: 1,214.7 (1,261.1) MEUR, -3.7% | Adj. EBIT: 42.2 (40.2) MEUR, +4.8%



KONECRANES



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