

BA Service

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Agenda

- Service strategy and fundamentals
- Agreement base
- Financial performance and insights
- Digitalization enabling growth and profitability
- Takeaway / ambition level
- Q&A



Service strategy and fundamentals

Service Strategy

Industry-leading maintenance services for **all types and makes** of industrial cranes and hoists.

Our objective is to improve the **safety, productivity** and **sustainability** of our customers' operations.



Customer focus

Build long-term relationships – the service agreement is the foundation of our business.

Engage customers – through a consultative, open and transparent approach.

Deliver measurable improvements – in safety, productivity and sustainability.

Commercial excellence – continuous improvement culture, driven by KPIs.

Delivering on our promises

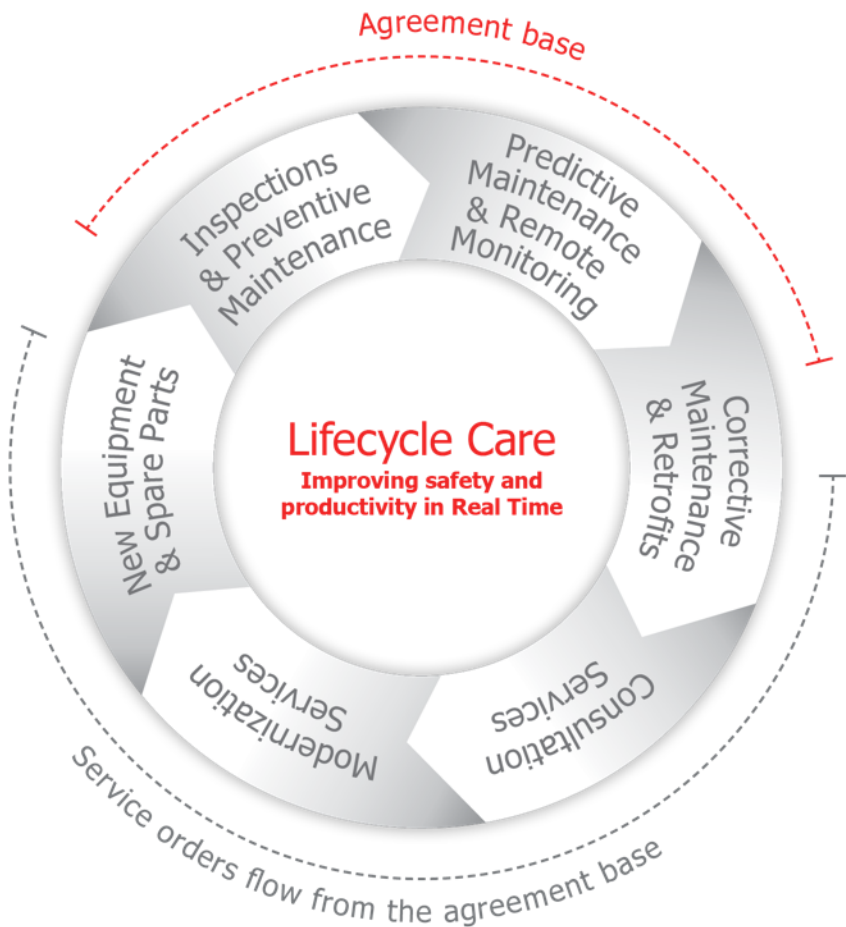
Lifecycle Care – comprehensive and systematic approach to managing customer assets.

Digitally-enabled customer experience – connecting data, machines and people in real time.

Smart technology – transforming customer assets and optimizing maintenance and operations.

Operational excellence – continuous improvement culture, driven by KPIs.

Service business model – managing assets throughout the lifecycle



~20% of sales

Inspections, Preventive Maintenance, Predictive Maintenance Agreement Sales, Inside Sales

New business development and renewals
Lead generation



~30% of sales

Corrective Maintenance Inspector, Technician, Inside Sales

Advice based on findings and condition monitoring – speed
Lead generation



~25% of sales

Retrofits, Consultation Services, Mods, Lifting Equipment Service Sales, Inside Sales

Consultative selling, analytics driven lead generation



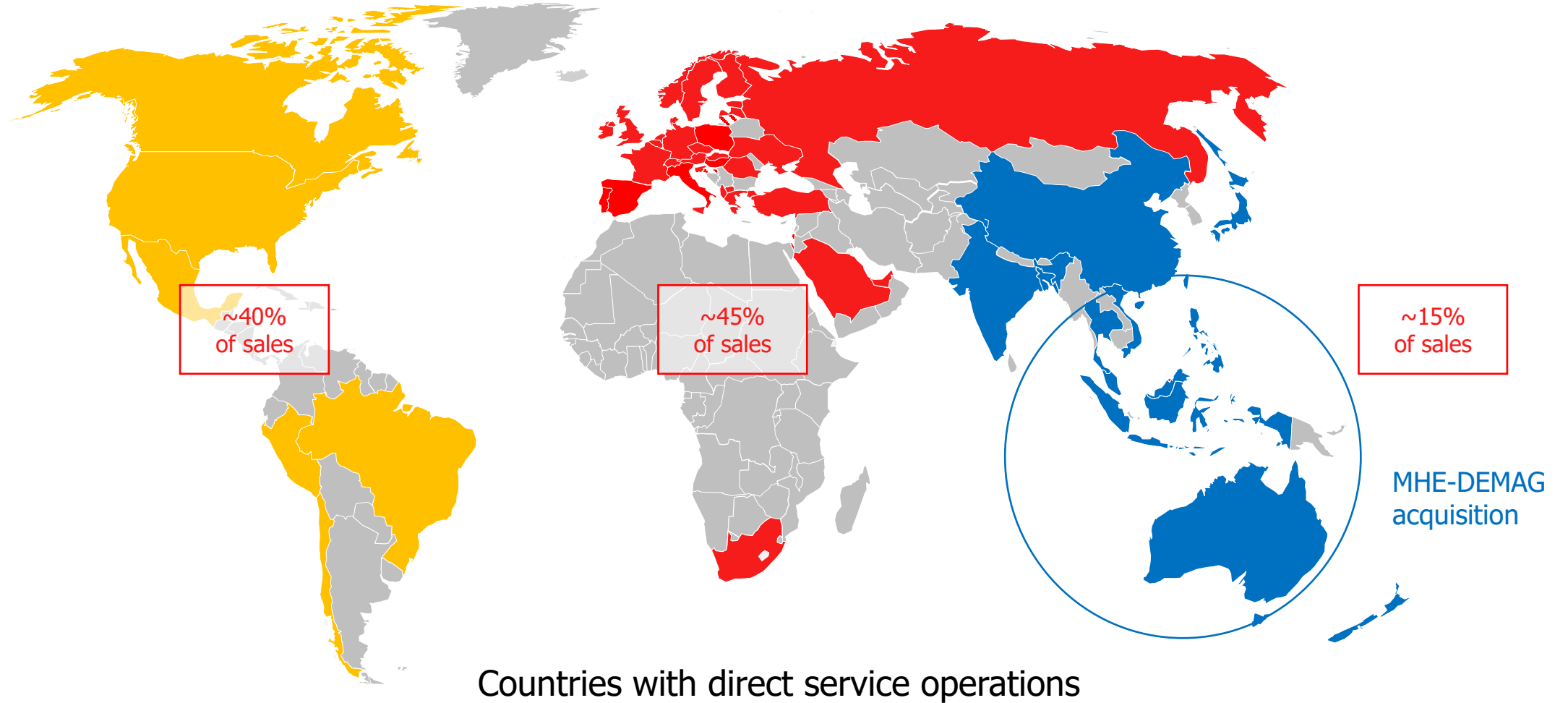
~25% of sales*

Spare Parts & Accessories Inside Sales, eCommerce

Transactional, convenient

* Includes all channels (direct & indirect)

Global footprint – strengthening presence in Asia Pacific



Available industrial crane service market & favorable trends



Safety



Productivity



Sustainability



Digitalization



Outsourcing



Regulations and compliance



Aging industrial workforce



Rise of Asia

Revenue growth drivers

Agreement base expansion

- Service programs – tailored to cover all segments and customer types
- Installed base coverage
- Increase retention & penetration
- More comprehensive agreements

Digital services

- CheckApp for Daily Inspections
- Digitized Slings and Accessories Inspection
- Expansion of remote monitoring sensors and services > Predictive Maintenance

Equivalent spare parts

- Equivalent replacement parts and components for third party equipment

Asian footprint expansion

- MHE Demag acquisition/integration
- Springboard for growth

Smart technologies

- Retrofits
- Modernizations
- Consultation Services

Bolt-on acquisitions

- Re-activated acquisition engine
- Active target funnel
- On-going discussions

Profitability drivers

Organizational efficiency

- Field operative productivity - mobility/digitalization
- Centralization/virtual teams – knowledge sharing/onboarding
- Robotic process automation
- Customer self-service
- E2E process optimization
- Data quality / enrichment
- Branch & warehouse consolidations
- Sales force performance management

Material efficiency

- Centralized sourcing
- Centralized supply & distribution
- Procurement excellence
- E2E process optimization
- Data quality / enrichment
- Equivalent Parts (for third party equipment)

MHE-Demag Integration

- Deliver synergies
- Critical mass/leverage
- Optimize/combine offering

Bolt-on acquisitions

- Leverage business model and infrastructure

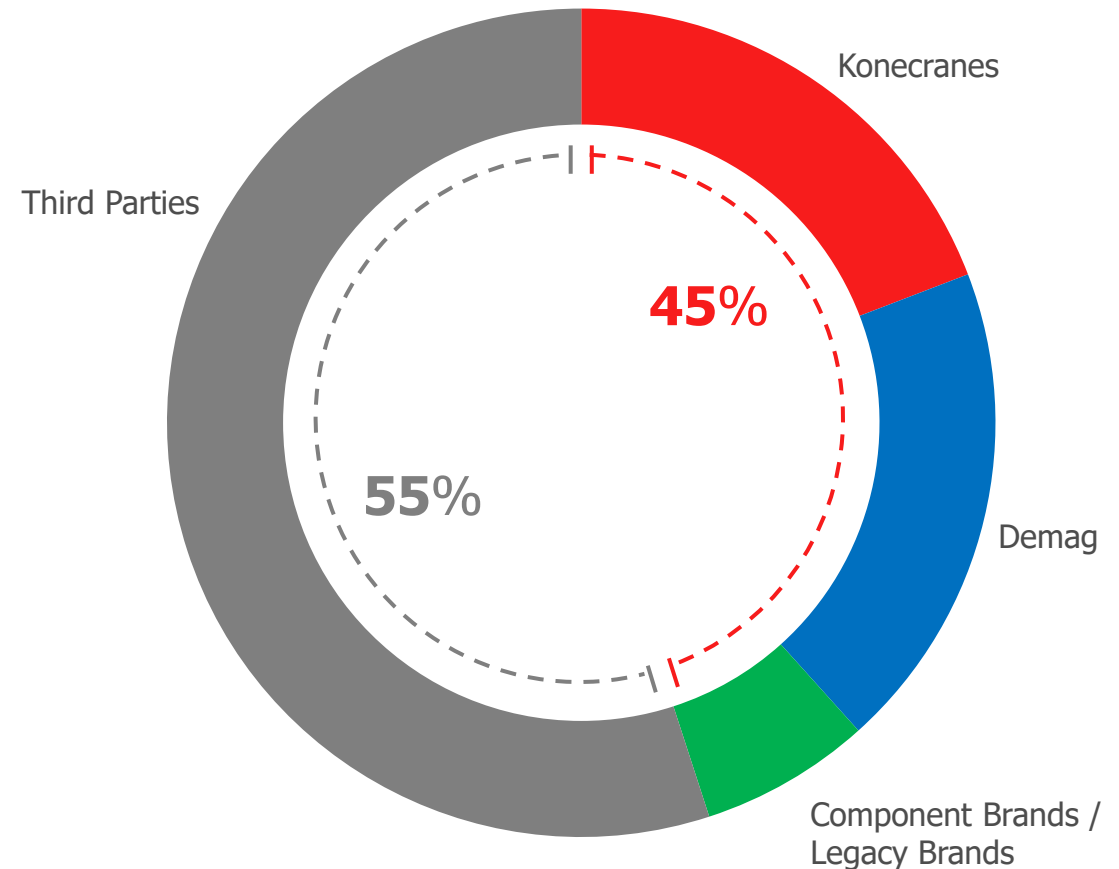


Agreement base

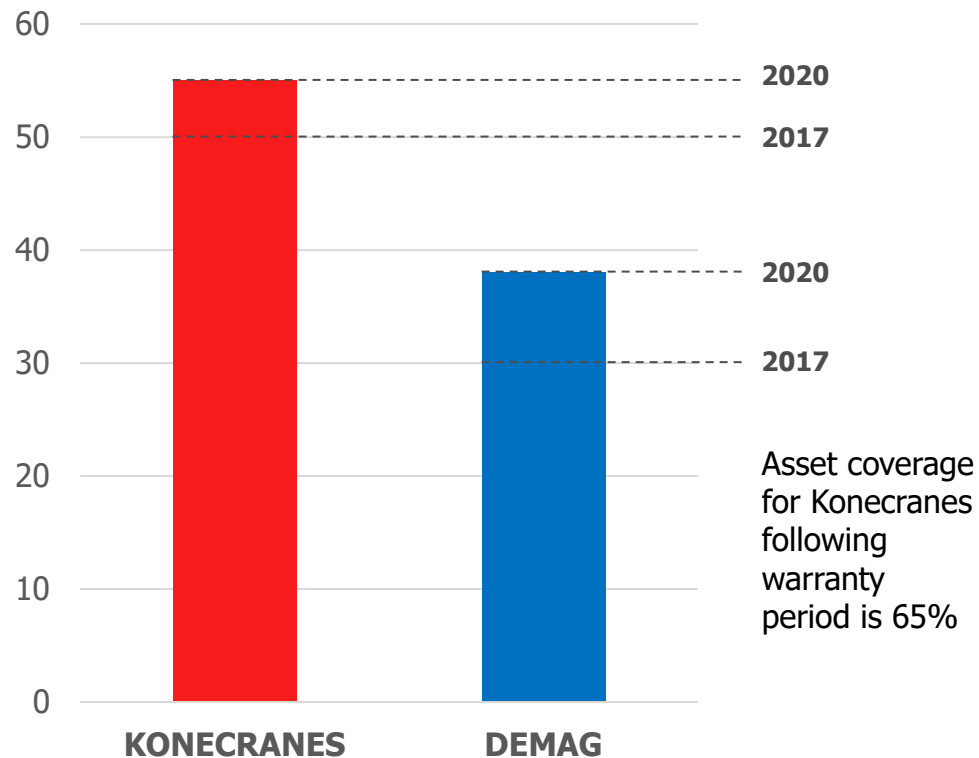
Agreement base / breakdown by hoist brand

Approximately 45% of the hoisting machinery in our agreement base was manufactured by the Konecranes Group; the other 55% by third parties.

Hoists can be replaced when they reach the end of their service life or even before then in order to improve safety, productivity and sustainability and/or reduce maintenance costs.



Agreement base / asset coverage by asset (crane) brand



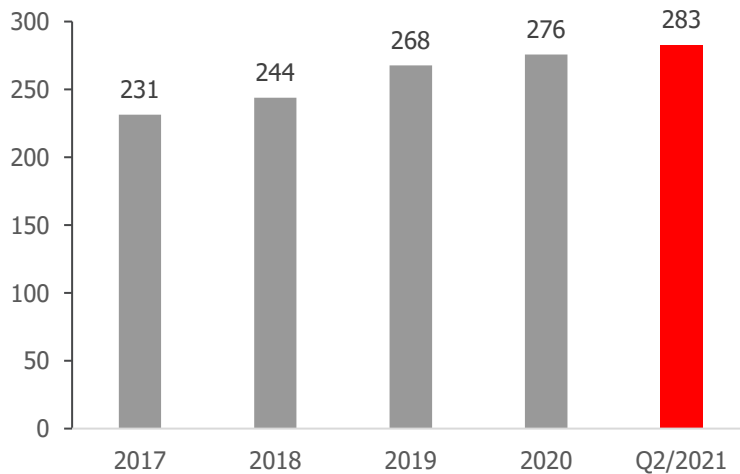
- Coverage is based on the estimated asset installed base in operation.
- 1KC asset definition is applied. Asset generally refers to the crane: industrial crane, light crane system, jib crane, etc.
- A single asset may have multiple hoists. Hoists have a much shorter life than the crane (structure). Hoists may be replaced several times over the life of the crane.



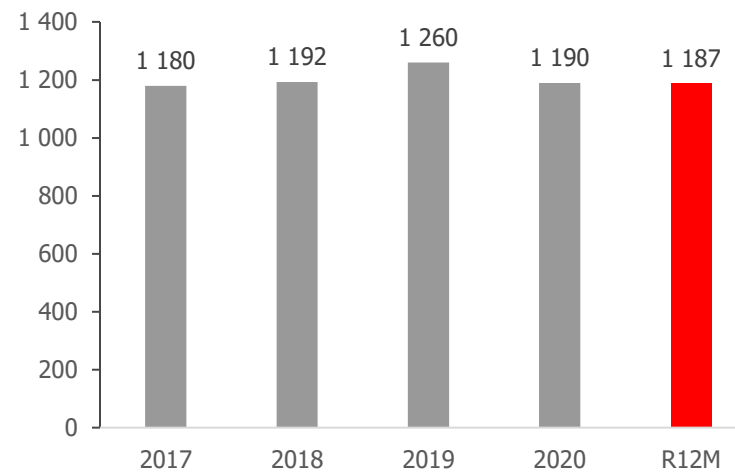
Financial performance

Strong track record of performance – resilience through COVID

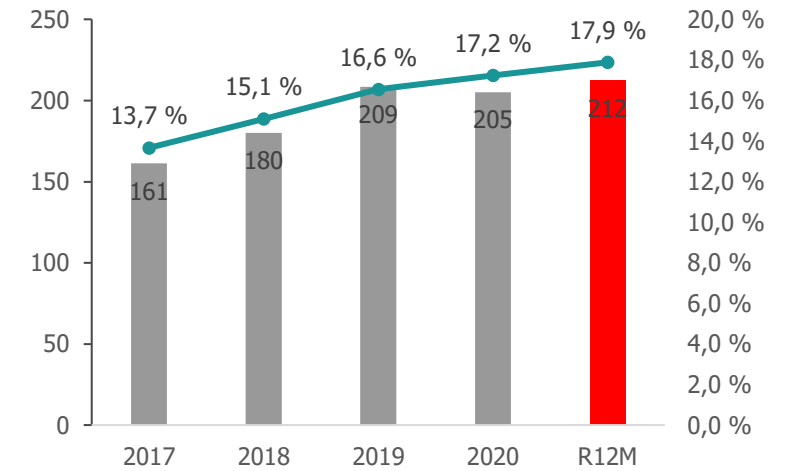
Agreement Base, MEUR



Sales, MEUR



Adjusted EBITA, MEUR



FOCUS AREAS

Post-Demag acquisition (2017-2019)

- Integration / delivering synergies
- Finalizing 1KC deployments / digitalization
- Profitability > pivot to growth

Pandemic (2020)

- Safety of our people and customers
- Business continuity – essential industries
- Cost flexing / rapid adoption

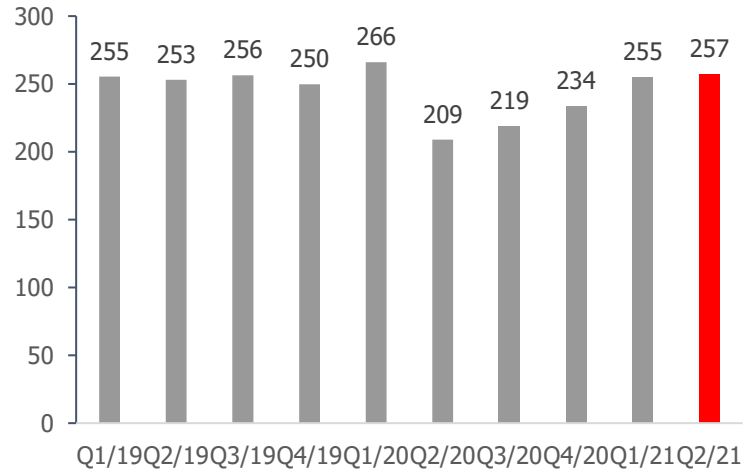
Going forward (2021...)

- Revenue growth / leverage cost structure
- Continuous improvement COMEX/OPEX
- Digital services / ecosystem

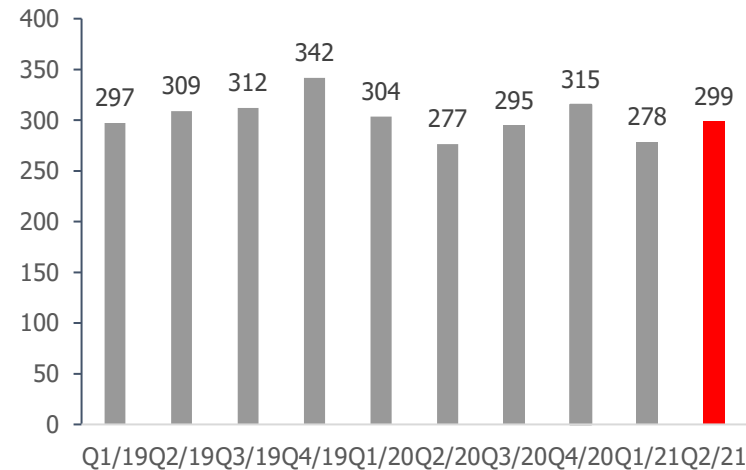
MHE-DEMAG Integration

2021 – return to growth / expand profitability

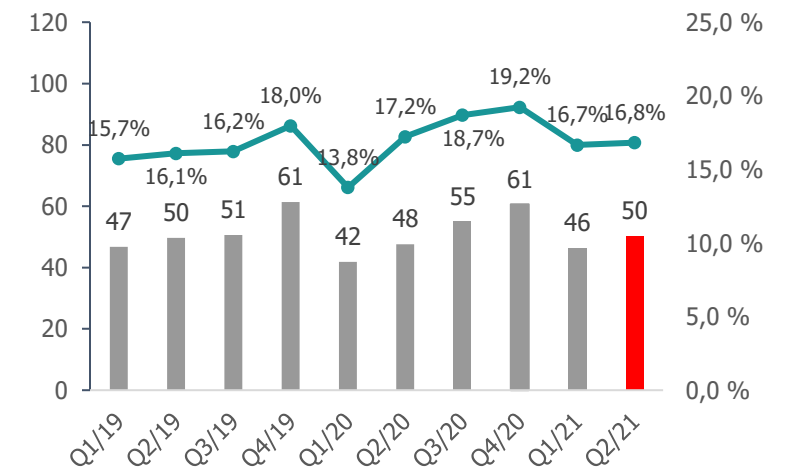
Order intake, MEUR



Sales, MEUR



Adjusted EBITA, MEUR



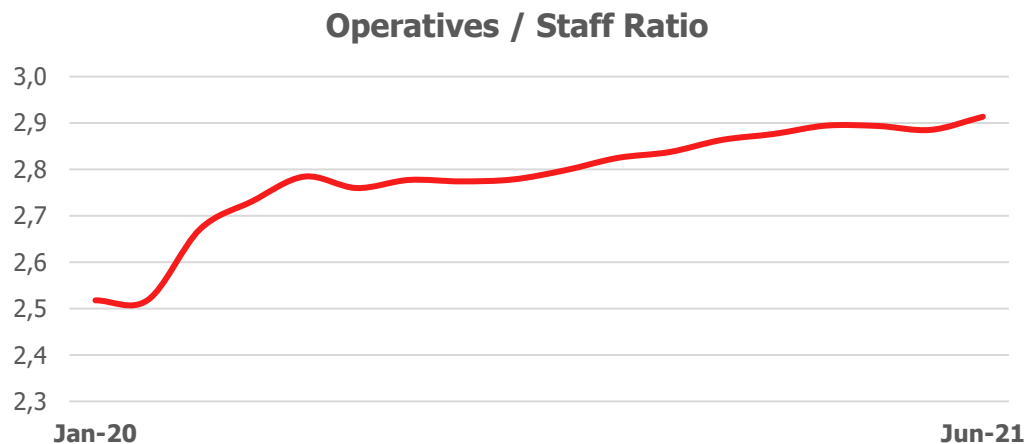
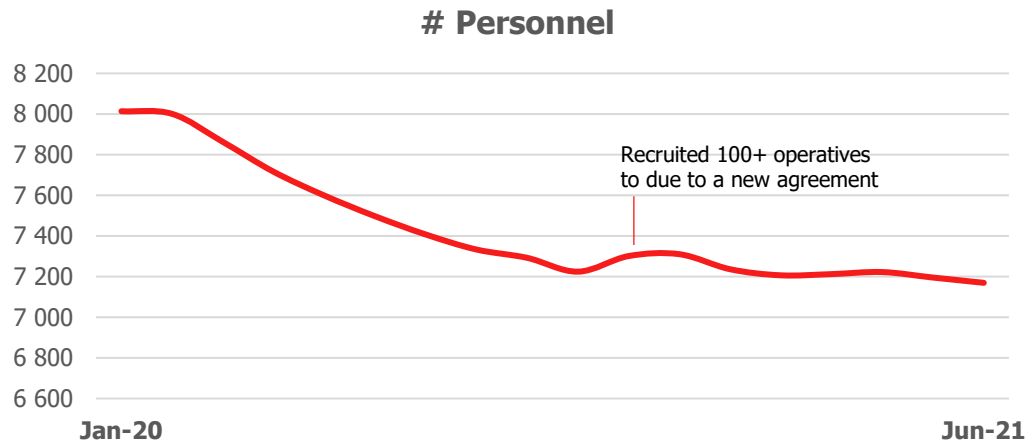
In H1/2021

- Service orders received totaled EUR 512.7 million, +11.7% on a comparable currency basis. Base up 1.2% on a comparable currency basis to EUR 282.8 million.
- Order intake increased in the Americas and EMEA but remained flat in APAC due to continued adverse effects from COVID lockdowns.
- Orderbook at all time high.

- Sales increased 3.1% on a comparable currency basis to EUR 577.0 million. Base invoicing is up 6.4%
- Sales increased in EMEA and APAC but decreased in the Americas due to low starting order book.
- Supply chain challenges, customer postponements / scheduling, COVID related shutdowns/restrictions in Southeast Asia and parts of LATAM. Labor shortages in the US and other markets.

- The adjusted EBITA increased 8.0% on a comparable currency basis to EUR 96.7 million and the adjusted EBITA margin expanded to 16.8% (15.4%)
- The increase in the adjusted EBITA margin was mainly attributable to efficient cost management in both variable and fixed costs

Personnel efficiencies secured going into H2/2021



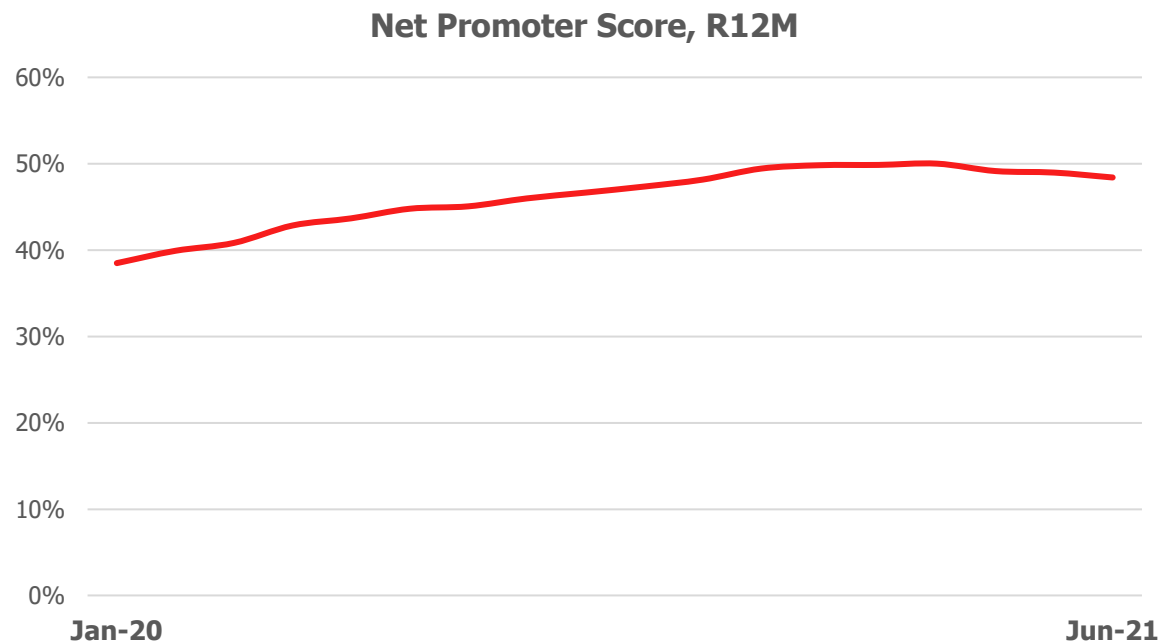
- Business / digital transformation continues to drive organizational efficiency.
- MHE-Demag integration well underway.
- Lean thinking. Continuous improvement culture and processes in place.
- Service delivery model transformed by mobility and digitalization – brick and mortar reduction opportunities still exist.

Remote monitoring provides real-time insights to demand environment

- Service orders driven by capacity utilization and industrial production i.e., equipment usage.
- Remote monitoring provides real-time insights by customer, industry and region.
- Allows for more dynamic planning, allocation of resources and more accurate forecasting.



Customer satisfaction – NPS approaching world class levels



- Systematic and comprehensive use of Voice of Customer and Net Promoter Score.
- Response/resolution metrics and follow-up for all customer feedback.
- Real-time visibility supplemented by Natural Language Learning to identify trends and provide further insights.
- Customer satisfaction drives retention and supports premium positioning.



Digitalization enabling growth and profitability



Digitally enabled customer experience / ecosystem



Crane owners

yourKONECRANES portal
eCommerce STORE
Alerts and notifications
Voice of Customer



TRUCONNECT Remote Monitoring

Condition, usage & operating data



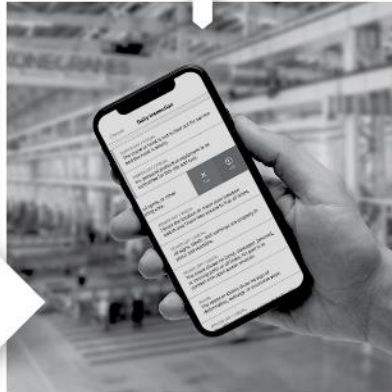
AI, machine learning, RPA, predictive engines

Customer, asset, maintenance,
condition & operating data



Crane operators

CheckApp pre-shift inspections
Slings and Accessories
Inspection data



Inspectors & technicians

Mobility apps
Inspection, maintenance
and asset data



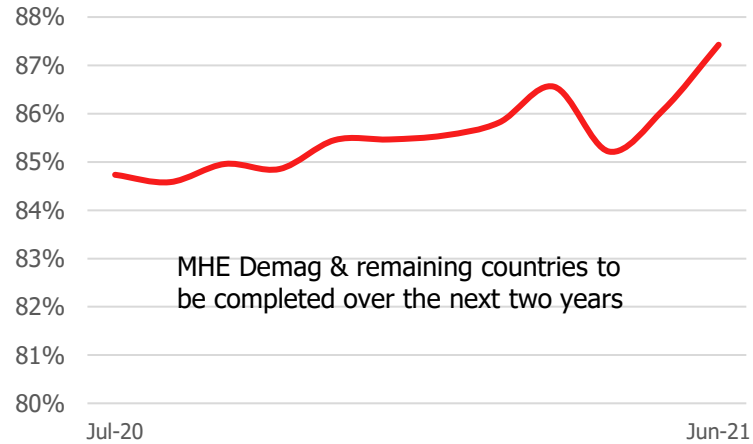
Sales, planning, technical support

CRM / FSM / ERP
Analytics and reporting



Increasing adoption of the digital ecosystem

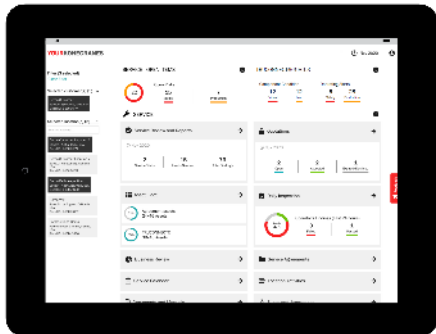
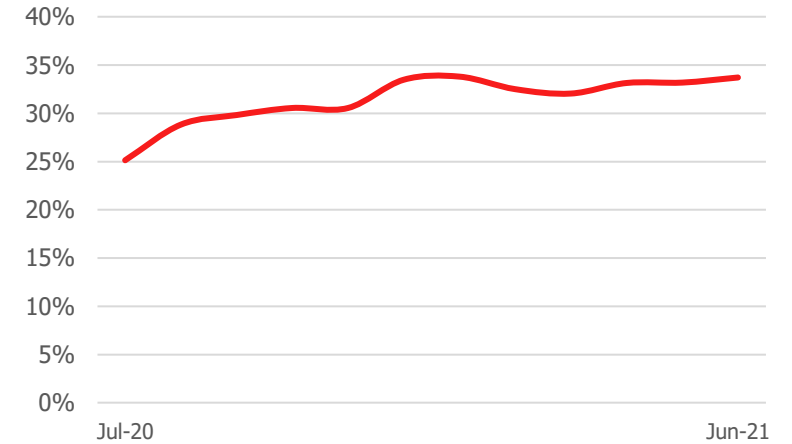
% of assets under agreement in 1KC digital ecosystem



yourKONECRANES customer adoption



eCommerce adoption – all brands by order lines



60% adoption by agreement base monetary value i.e., higher adoption by larger customers

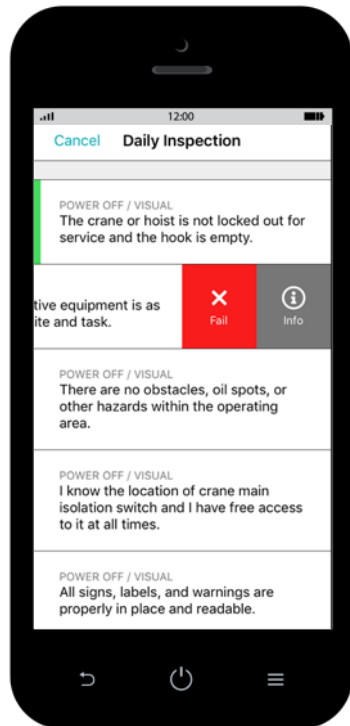


Digitalization focus areas



CheckApp for Daily Inspections

Intuitive-to-use mobile application for **crane operators**, production managers and safety personnel to perform **daily pre-shift checks**. Comprehensive reporting at **yourKONECRANES.com**.



DATA ENTRY

Super simple and fast data entry: pass or fail.

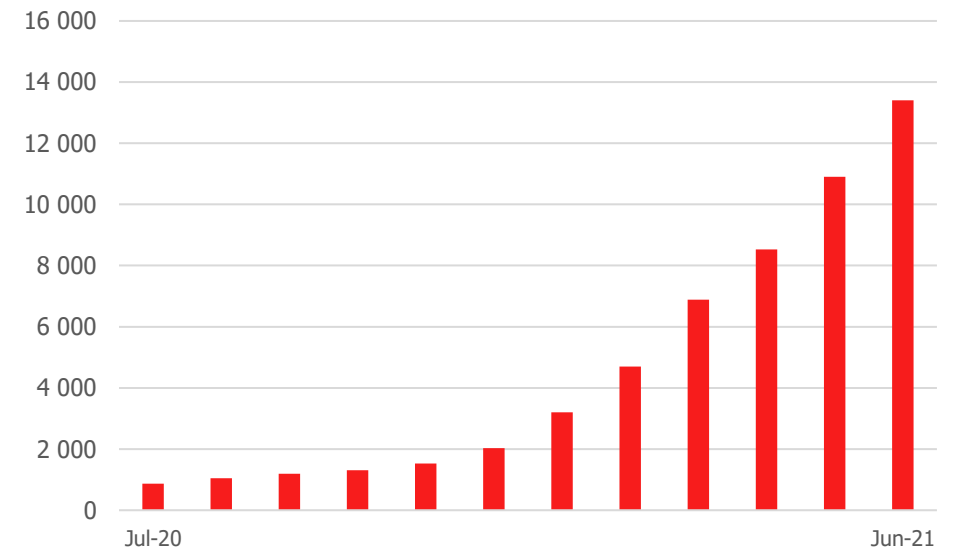
EASILY REPORT DEFECTS

Add photos and text to report a defect.

CHECKPOINTS FOR COMPLIANCE

15 mandatory checkpoints, compliant with local regulations. Additional, location-specific custom checkpoints can be added.

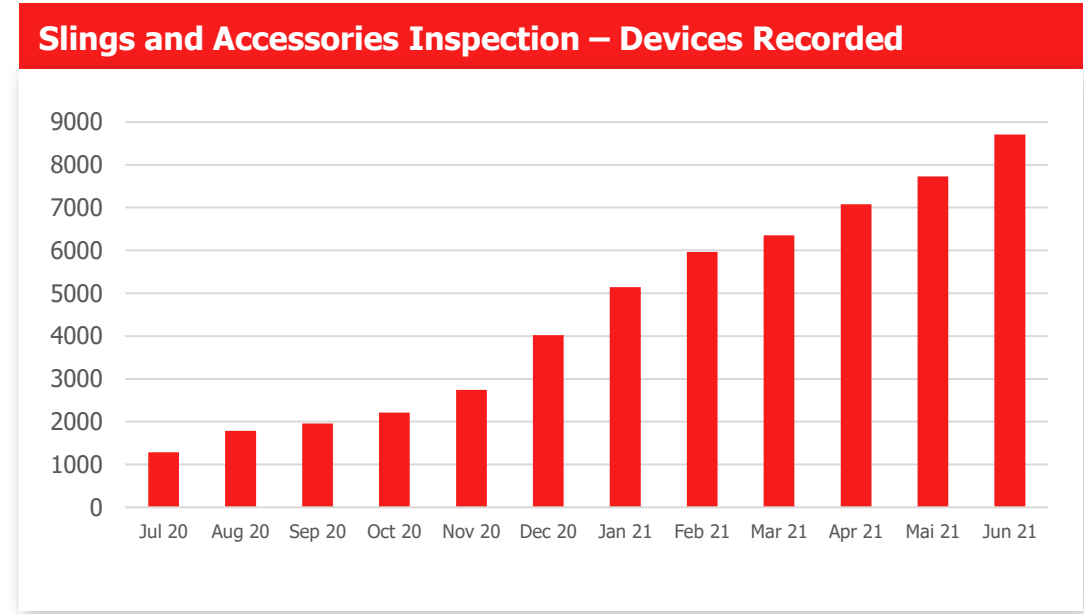
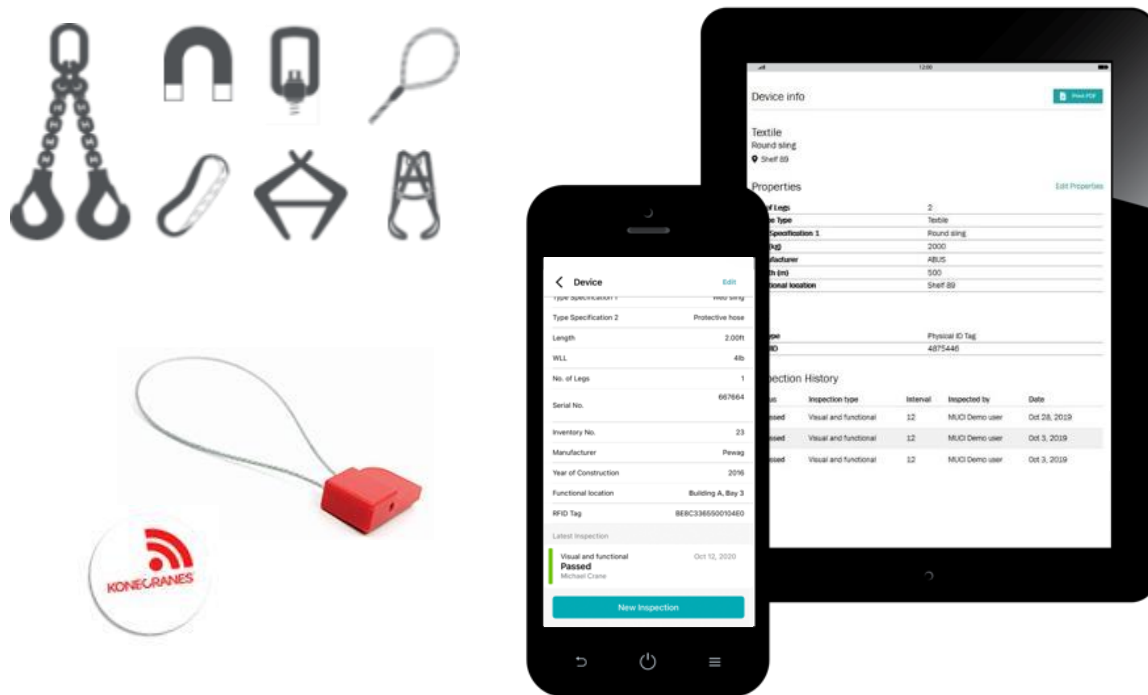
No. of assets with CheckApp



Subscription service/fee: EUR 100 per asset p.a.

Digitized Slings and Accessories Inspection

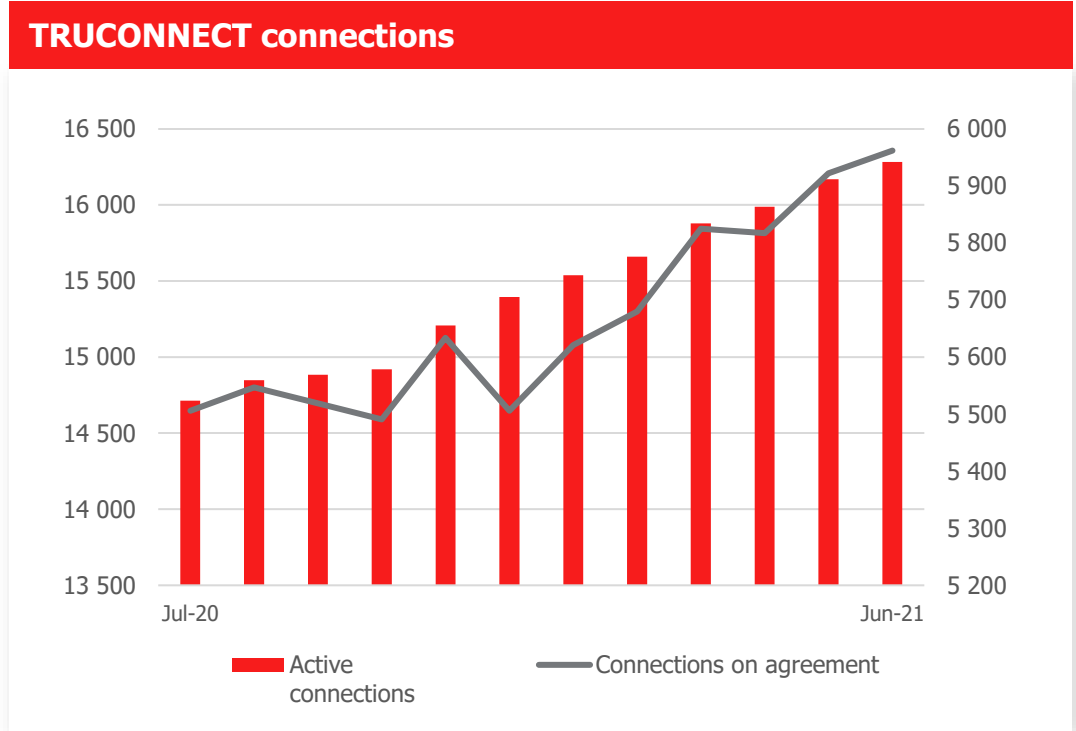
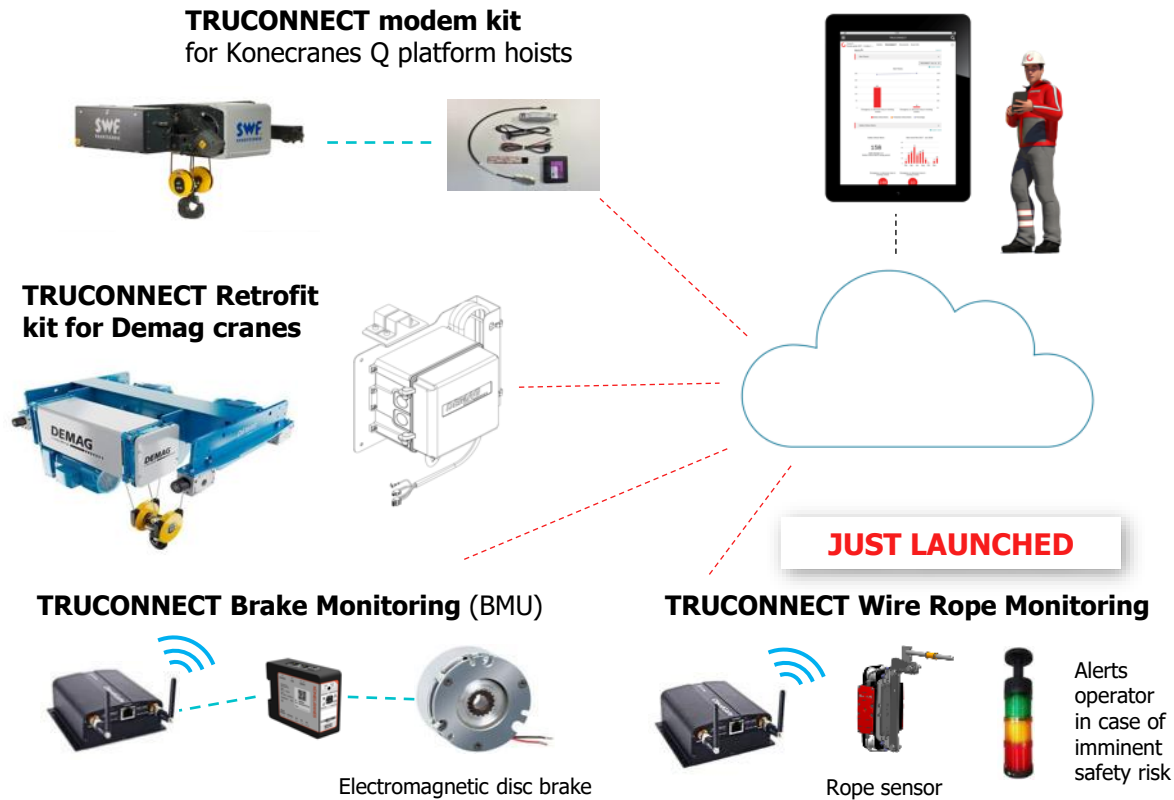
Enables **easy and reliable identification** of slings and accessories.
 Helps to **keep track of inventory** and inspection planning.
 Full transparency on **yourKONECRANES for all lifting equipment.**



Inspection service/fee: EUR 10 – EUR 100 per device
 Defective devices are normally replaced (not repaired) – additional revenue stream

TRUCONNECT Remote Monitoring

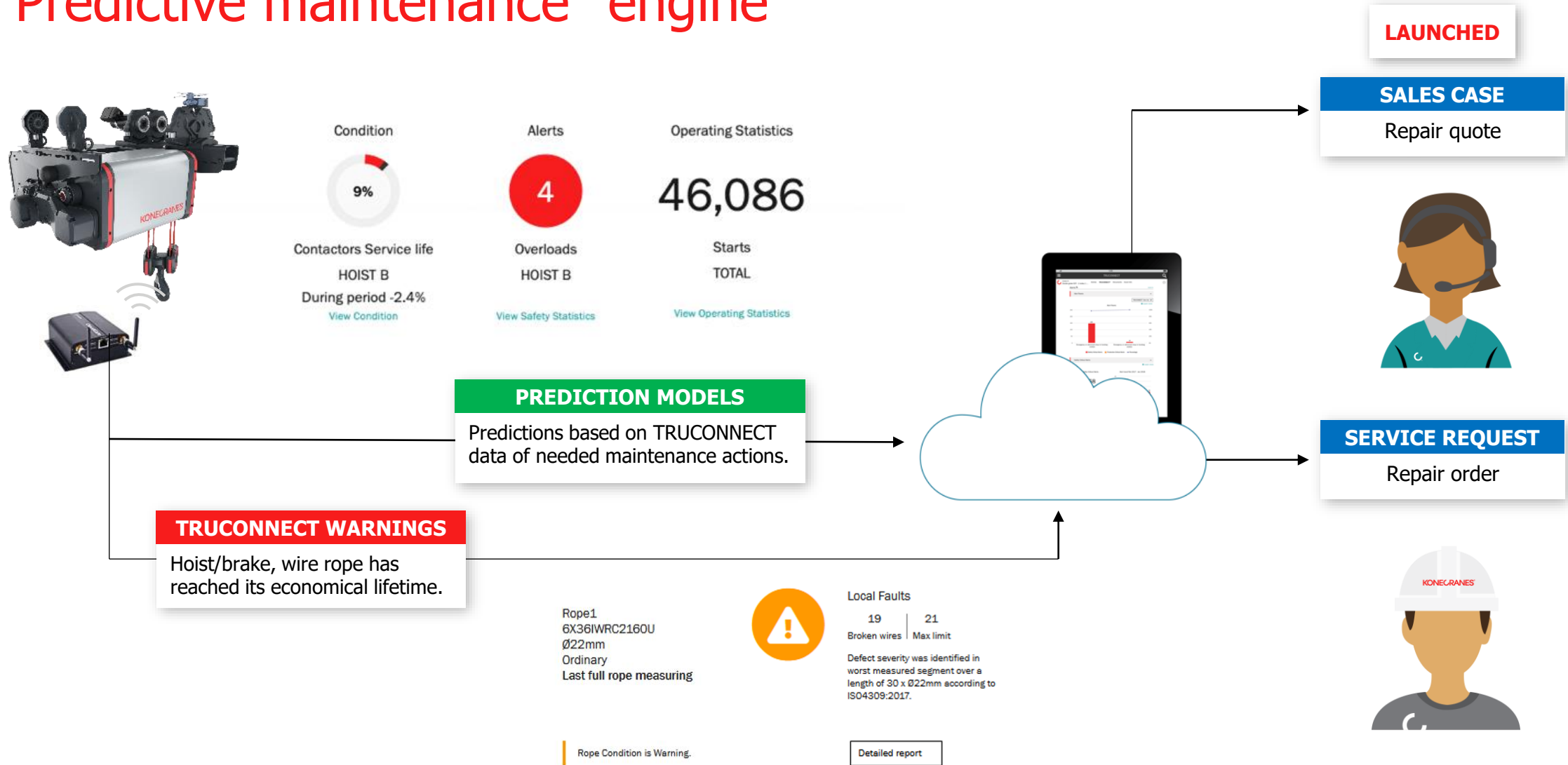
Retrofits are now available for multiple brands. Remote monitoring is the key enabler of predictive maintenance.



Subscription service/fee: EUR 100-1000 per asset p.a.

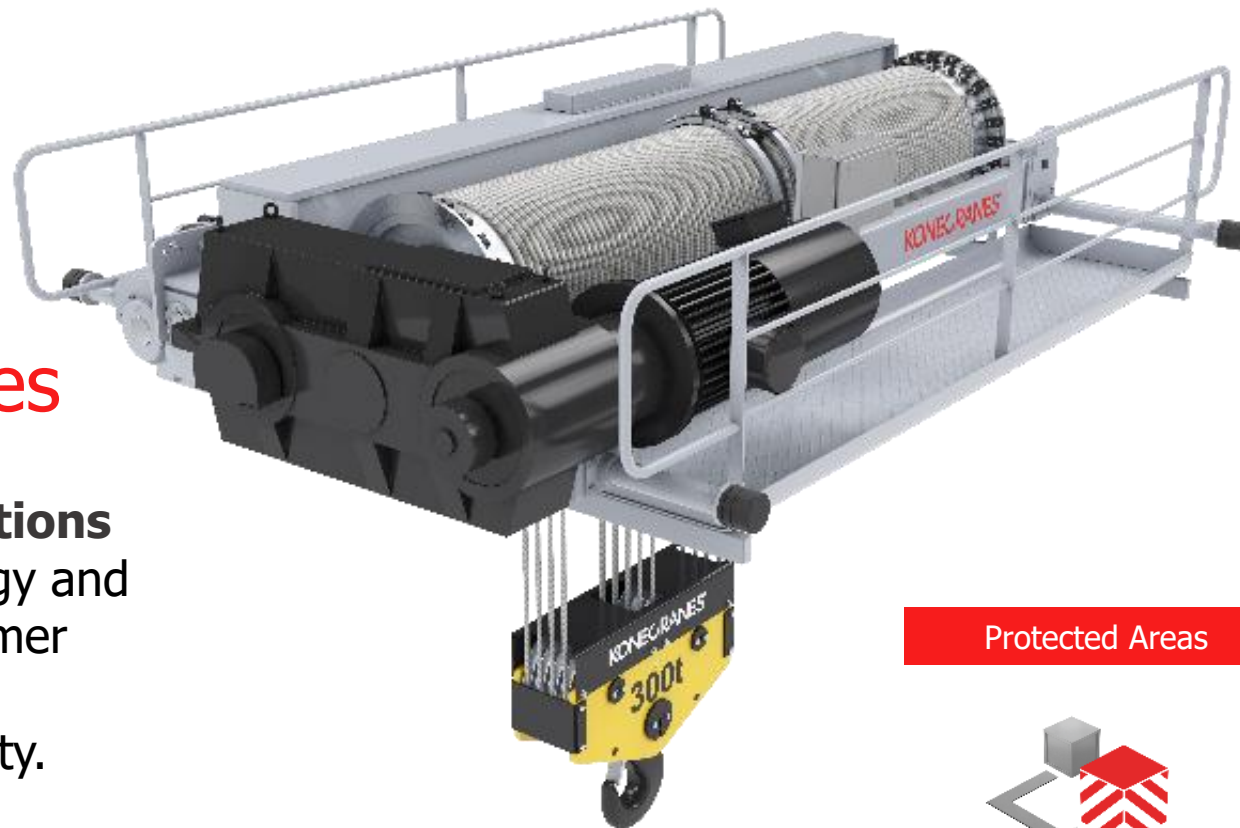
Live Remote Support: approximately EUR 4000

Predictive maintenance "engine"



Smart technologies

Retrofits and modernizations
We're using smart technology and features to transform customer assets and optimize safety, productivity and sustainability.



Sway Control



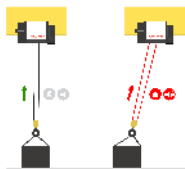
Protected Areas



Snag Prevention



Side Pull Prevention



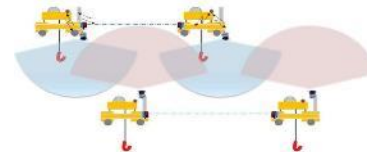
Condition/Remote Monitoring



Load Display



Collision Avoidance



Automation



Equivalent Parts

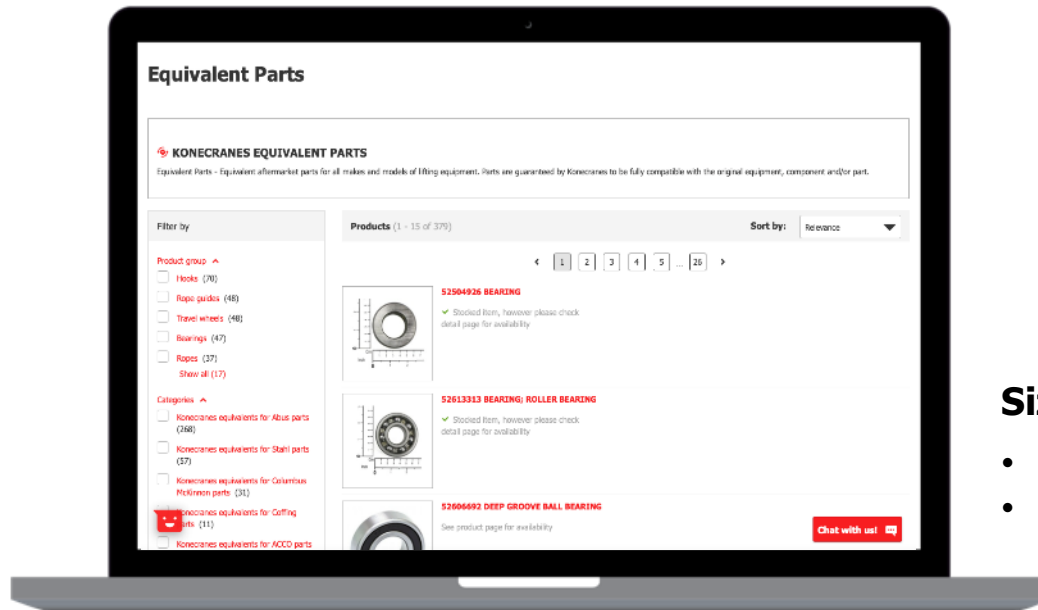
Extending our offering from **genuine Konecranes & other OEM** spare parts to **equivalent replacement parts** for other **all makes and models**.

Reverse Engineered and cross-referenced commercial items.

Asset/component data and 1KC processes/systems are key enablers.



Equivalent replacement rope guide



Sizing/seizing the opportunity:

- 300,000+ third party hoists in agreement base
- eCommerce offering to end users and re-sellers

Digitalization focus areas

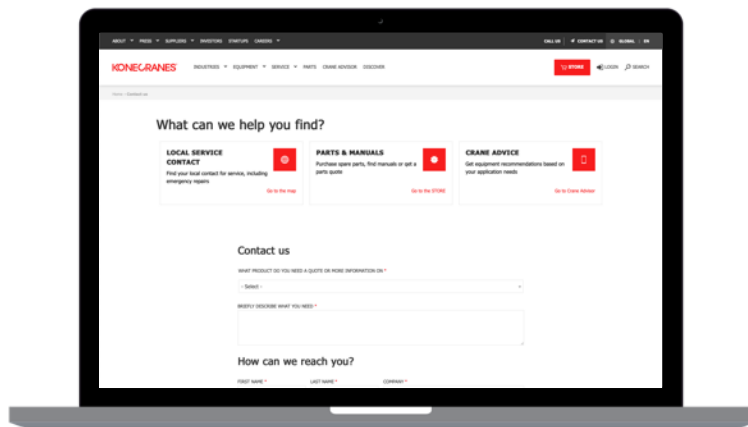


Customer Experience

Empowering our customers and personnel with the right information at the right time.

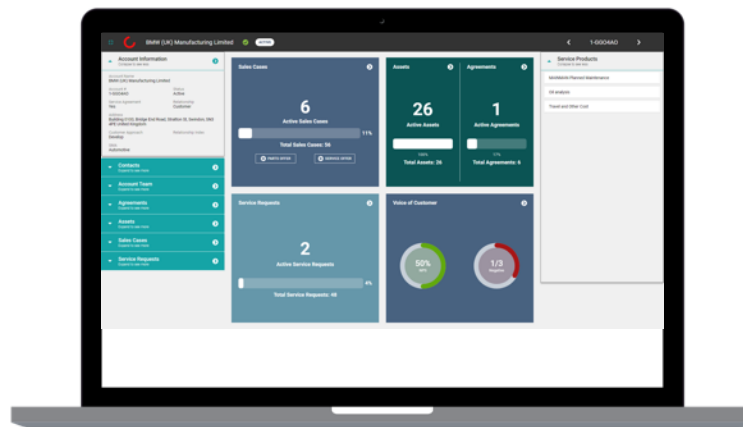
Digital journey

Harmonized digital experience across all touch points and E2E integration.



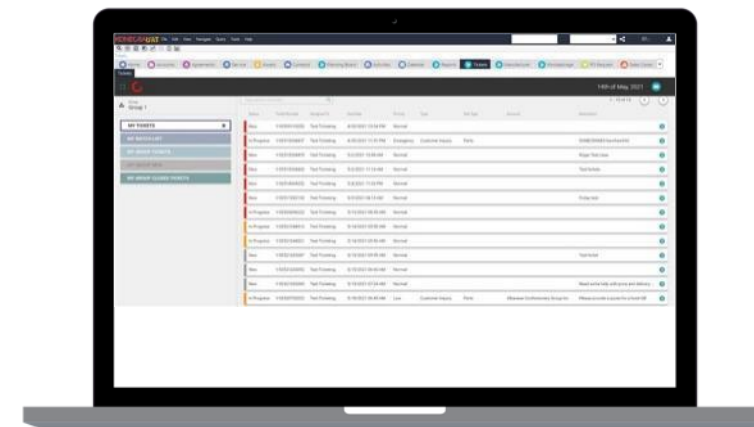
Customer engagement

Multi-channel communications and customer 360 view.



Customer support

Ticketing and escalation.

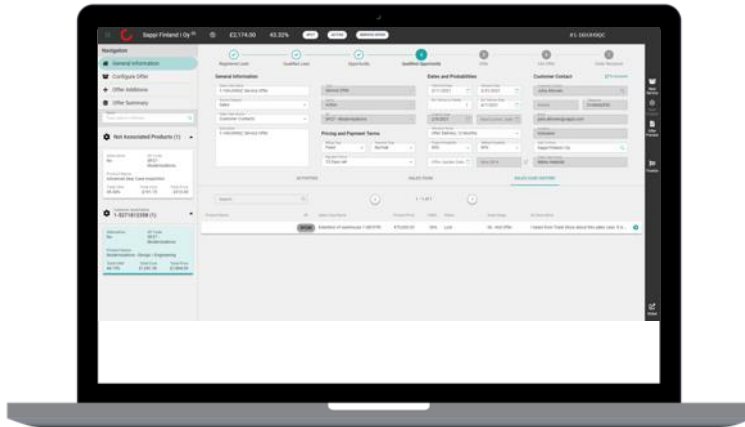


Sales efficiency

Harmonize ways of working and end-to-end processes to ensure sales and back-office operations are aligned, data is leveraged, and automation is utilized.

Configurators / quote automation

Standardize offering, drive end-to-end processes/upfront data capture, improve quote speed and accuracy.



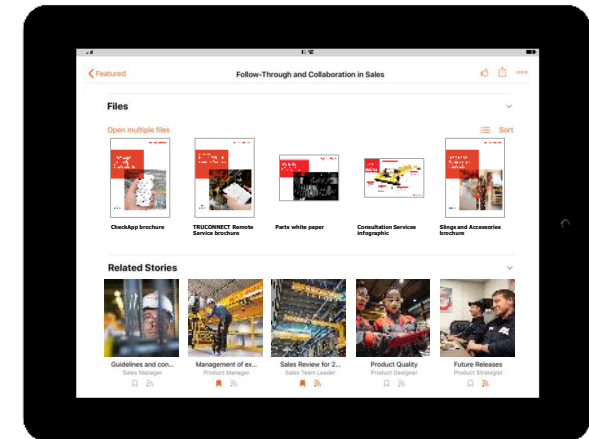
Mobile sales tools

Field Ops can view sales case history, send existing quotes to the customer and initiate support for on site quoting.



Sales enablement platform

Platform for sales content management, training and coaching, document automation and internal communications.



Planning optimization

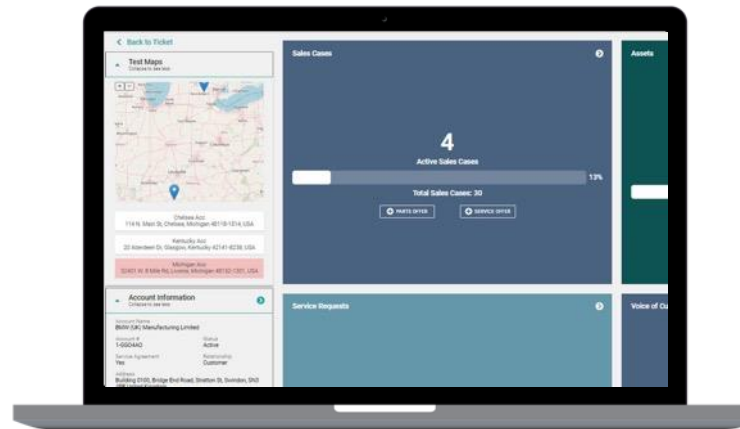
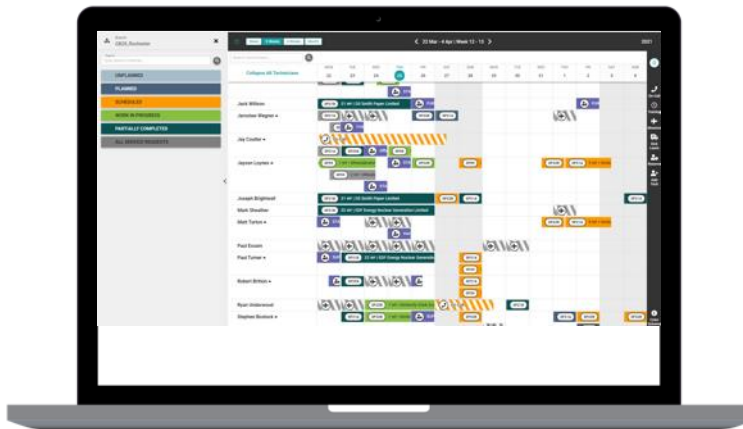
Delivering on total service commitment while optimizing our field operative time.

Planning board

- Integrated planning tool
- Autofill/auto-planning
- Planning metrics
- Map visualization
- Route optimization
- Skill/job alignment

Mobile planning board

Real time mobile access to FSM planning board, both individual schedule and branch view.

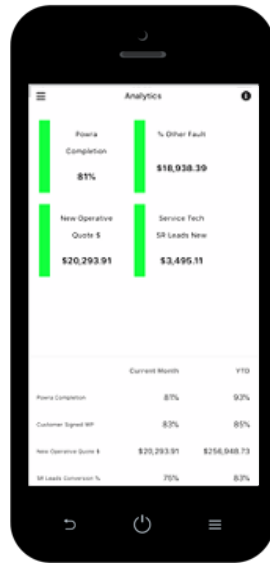


Field operative tools

Driving efficiency, data quality and employee experience.

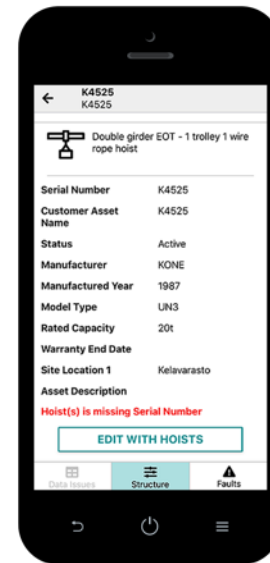
Modular mobility platform

Modular mobility application platform delivers an enhanced employee experience – provides feedback, guides behavior and ensures process adherence.



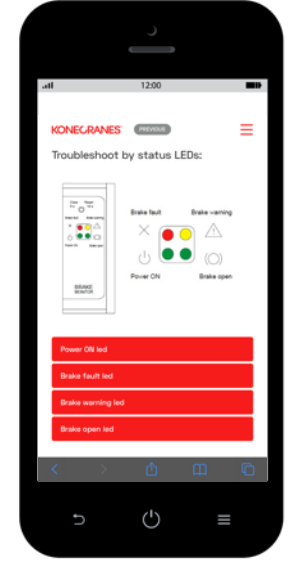
Asset data enrichment

App highlights missing asset data and makes the asset structure easier to navigate. Asset data quality drives E2E process efficiency, service delivery quality leading to an improved customer experience.



Intelligent troubleshooting

Intelligent troubleshooting platform that helps field operatives diagnose and correct issues in the field. Learns and improves as it is used. Live technical support available via video.





Takeaway/ambition level

Takeaway

◎ Digitalization has transformed the business

- Digital customer experience and ecosystem drive growth and retention
- Sales and service delivery efficiencies locked-in – with more yet to come
- New products and services: digital services, smart technologies, equivalent parts
- Offering and delivery can be tailored to multiple customer segments – from value to premium

◎ MHE-Demag acquisition strengthens our foothold in Asia-Pacific

- Increasing share of revenue from Asia-Pacific
- Expanded opportunity in servicing non-crane assets

◎ Bolt-on acquisitions re-activated

- Additional potential source of revenue and profitability growth.

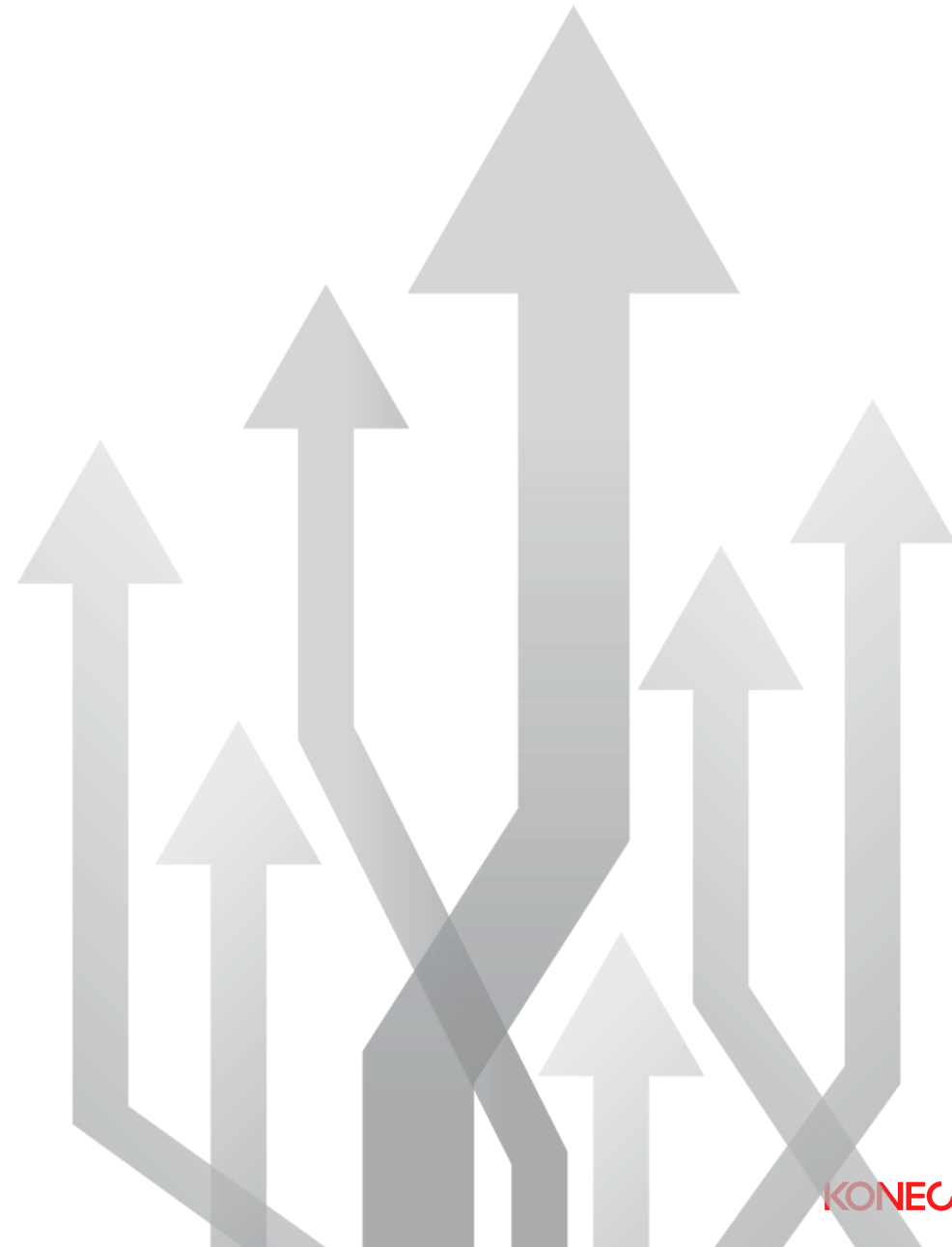
Ambition

◉Revenue growth

High single digit growth target over the cycle.

◉Profitability expansion

Driven by leverage, efficiencies, higher margin products and services.





Q&A



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