

Q4 2020 Report

February 4, 2021

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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

Note: 2019 financials represent Konecranes stand-alone audited figures. MHE-Demag included in the Group financials from January 2020 onwards.

Q4/20 Highlights

Great sales execution, continued high performance, cost management and progress with our strategic initiatives

- Group adjusted EBITA margin at 10.9% (9.4%)
- Service at 19.2% beating the previous quarter's record; Industrial Equipment at 5.8% driven by strategic initiatives

Overall market sentiment improved in Q4, COVID-19 related market uncertainty and volatility is not over

- Group order intake grew 11.4% with comparable FX and quarter-on-quarter growth in all three Business Areas
- Port Solutions booked record orders and record sales
- Both Industrial Equipment and Service sales improved sequentially

Q4 also successful beyond financials:

- Recognition for ambitious climate work with a CDP Leadership ranking, Ocean Cleanup partnership and commitment to SBTi announced
- Creating a global leader in sustainable material flow – merger with Cargotec announced in October and approved by EGMs in December

Financial guidance for 2021 and demand outlook for Q1 updated
EUR 0.88 dividend per share proposed for 2020

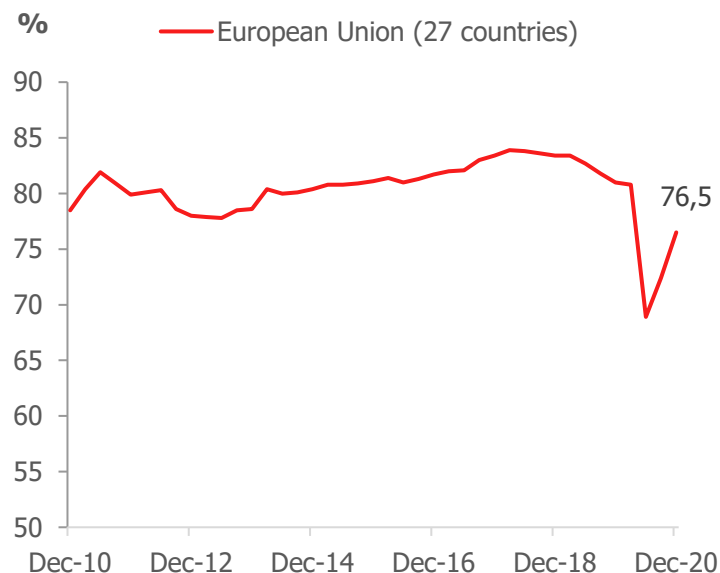


Key figures

Key figures	10-12/ 2020	10-12/ 2019	Change %	Change % At comparable currencies	1-12/ 2020	1-12/ 2019	Change %	Change % At comparable currencies
Orders received, MEUR	843.3	781.3	7.9	11.4	2,727.3	3,167.3	-13.9	-12.6
Order book at end of period, MEUR					1,715.5	1,824.3	-6.0	-2.9
Sales, MEUR	936.8	933.3	0.4	3.2	3,178.9	3,326.9	-4.4	-3.0
Adj. EBITDA, MEUR	124.5	111.8	11.4		356.7	373.2	-4.4	
Adj. EBITDA, %	13.3%	12.0%			11.2%	11.2%		
Adj. EBITA, MEUR	102.1	87.3	16.9		260.8	275.1	-5.2	
Adj. EBITA, %	10.9%	9.4%			8.2%	8.3%		
Operating profit (EBIT), MEUR	83.0	65.5	26.7		173.8	148.7	16.9	
Operating margin (EBIT), %	8.9%	7.0%			5.5%	4.5%		
EPS, basic, EUR	0.69	0.57	20.7		1.54	1.03	50.4	
Free cash flow, MEUR	177.2	32.8			366.1	148.5		
Net debt, MEUR	577.1	655.3			577.1	655.3		

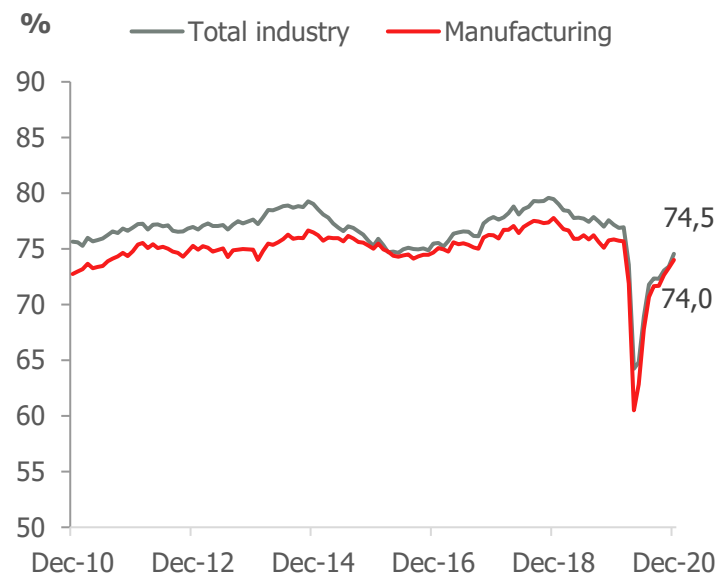
Market environment – Service and Industrial Equipment

Capacity utilization rate – EU



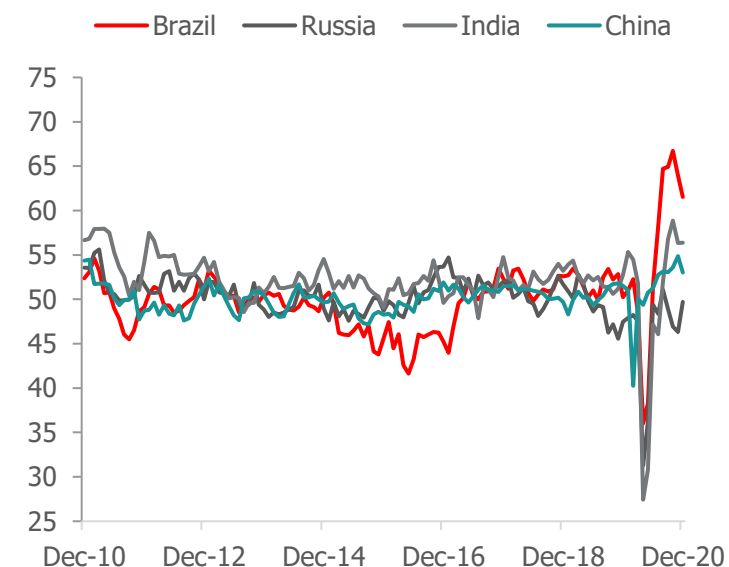
- Improving operating conditions in H2 2020 in Europe, manufacturing PMI ended Q4 clearly in expansion territory
- Manufacturing industry capacity utilization rate ended 2020 on the rise, but it had not yet reached pre-COVID levels

Capacity utilization rate – USA



- In the US, manufacturing PMI also continued to rise in H2 2020 and ended Q4 indicating strongly improving conditions
- Manufacturing capacity utilization still behind start of the coronavirus pandemic, despite solid monthly increases

PMIs – BRIC countries

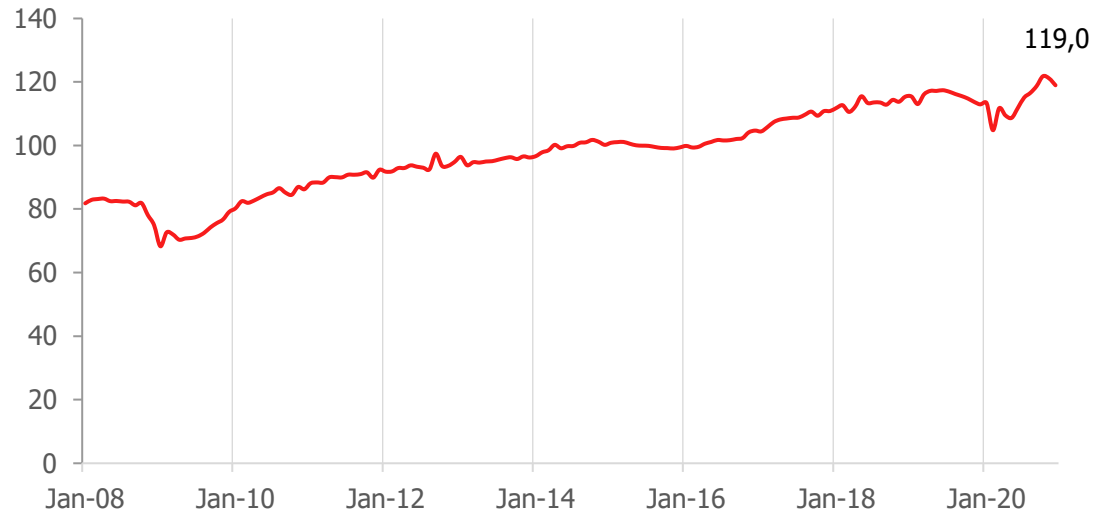


- China's manufacturing PMI ended 2020 well above the 50.0 mark in expansion
- In both Brazil and India, the manufacturing PMIs were continuously in expansion territory towards the end of 2020 while in Russia, the index was in contraction almost throughout the year

Market environment – Port Solutions

RWI/ISL Container Throughput Index

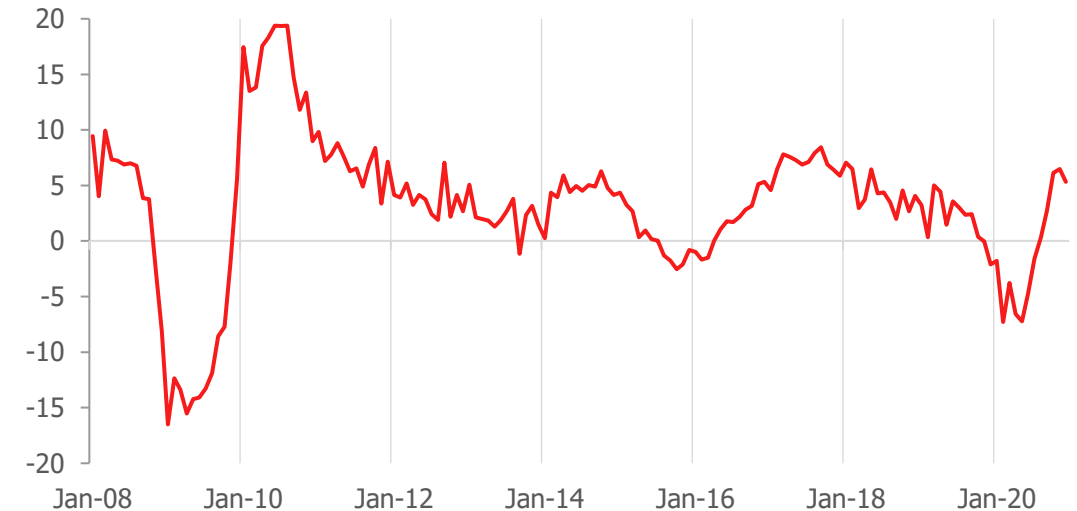
Index (2015 = 100)



- The global container throughput ended the year 2020 higher than where it began despite the strong coronavirus headwinds especially in H1 2020
- The recovery pace stabilized in the last months of the year and container throughput had picked up in Chinese ports as well as in ports elsewhere outside China

Monthly index change Y/Y

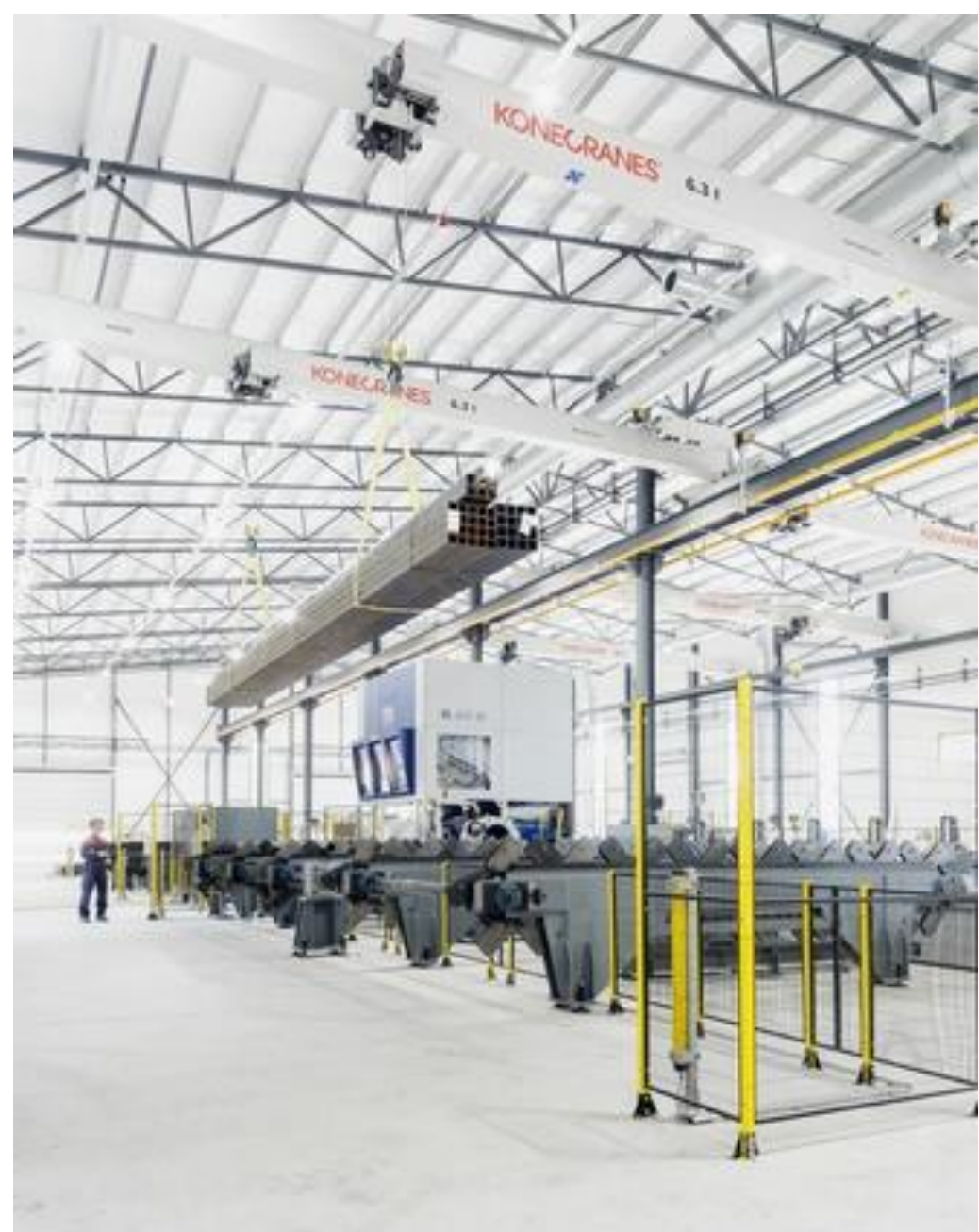
%



- At the end of December, global container throughput was approximately 5% higher than the year before

Q1 Demand outlook

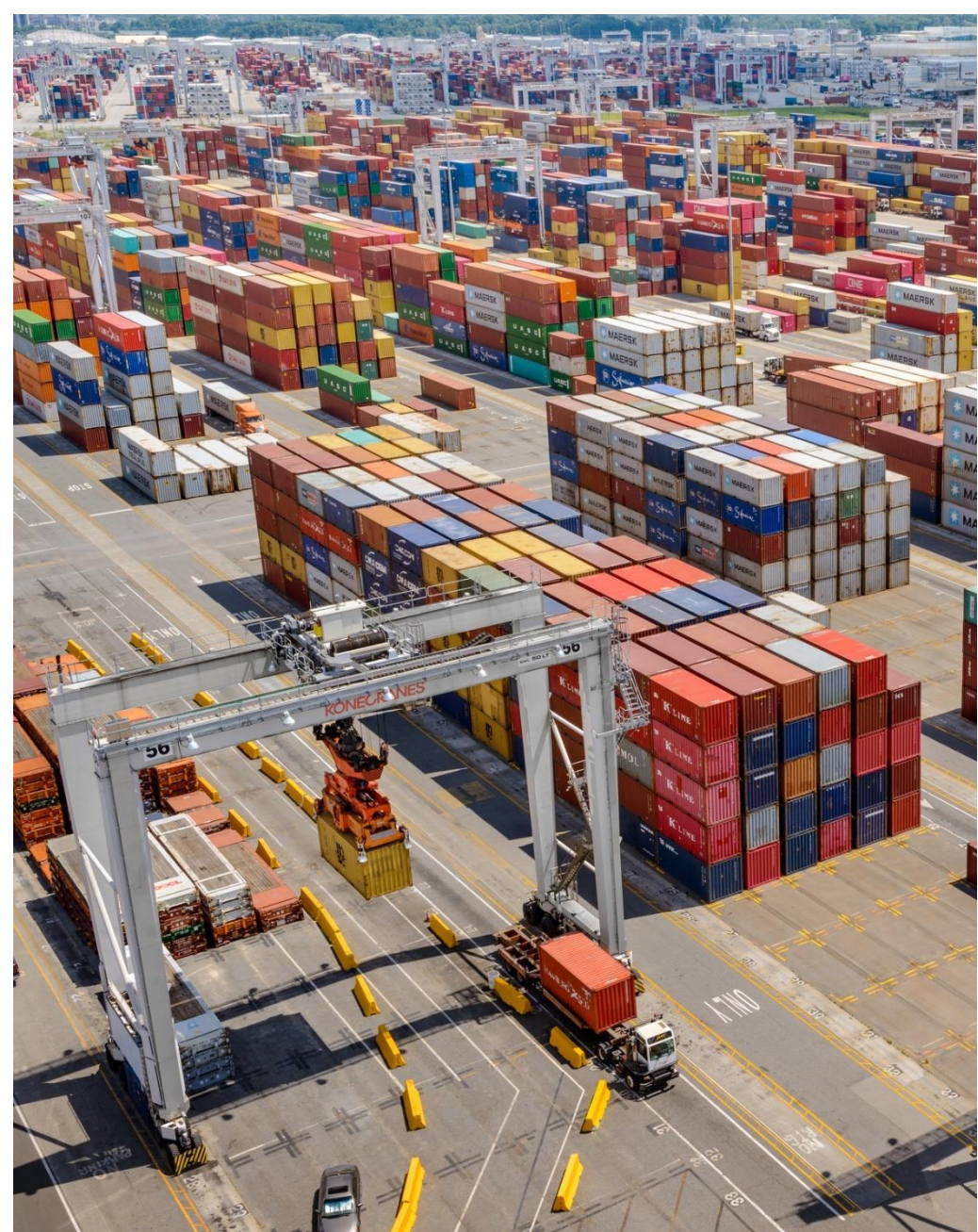
- The worldwide demand picture remains subject to volatility due to the COVID-19 pandemic.
- In Europe and North America, the current demand environment within the industrial customer segments is showing signs of improvement but remains below the year-end 2019 level. At the moment, the demand environment in Europe is less volatile compared to North America. In Asia-Pacific, demand environment has started to show signs of improvement also outside China but remains below the year-end 2019 level.
- Global container throughput has reached the previous year's level, and long-term prospects related to global container handling remain healthy.



Financial guidance

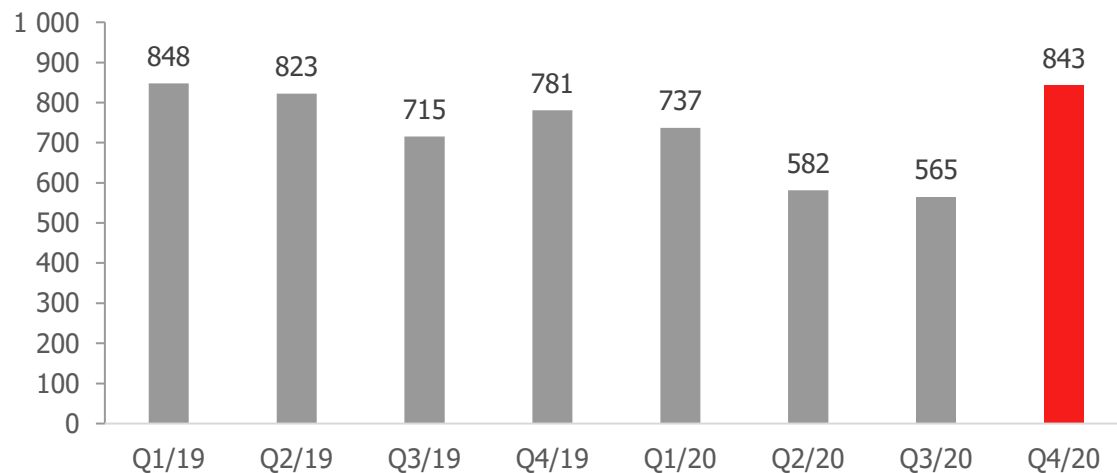
Financial guidance for 2021

- Net sales expected to increase in full-year 2021 compared to 2020
- Full-year 2021 adjusted EBITA margin expected to improve from 2020



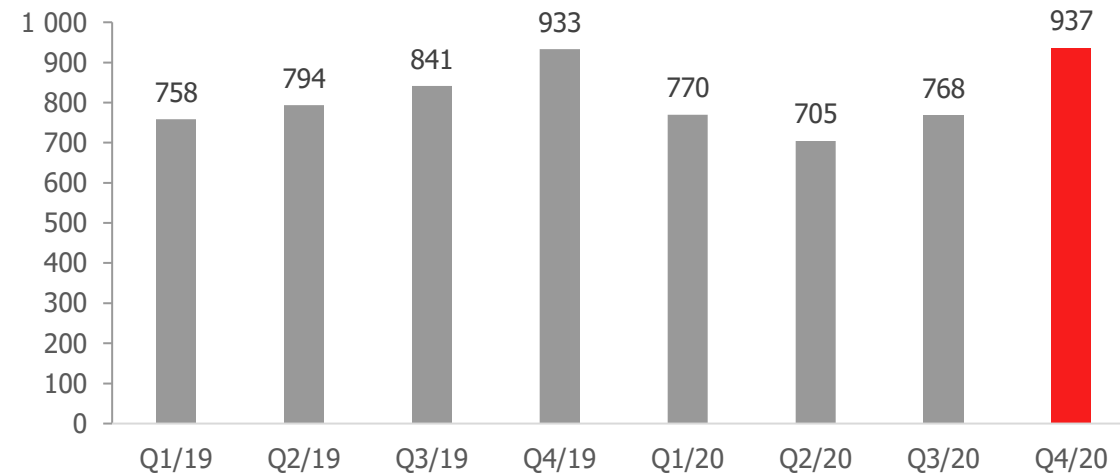
Q4/20 Group order intake and sales

Group order intake, MEUR



- Order intake increased of 7.9% to EUR 843.3 million (781.3), +11.4% on a comparable currency basis
- Orders received increased in all three regions mainly driven by Port Solutions
- Orders received decreased in Service (-6.5%) as well as in Industrial Equipment (-23.7%) and increased in Port Solutions (52.7%)

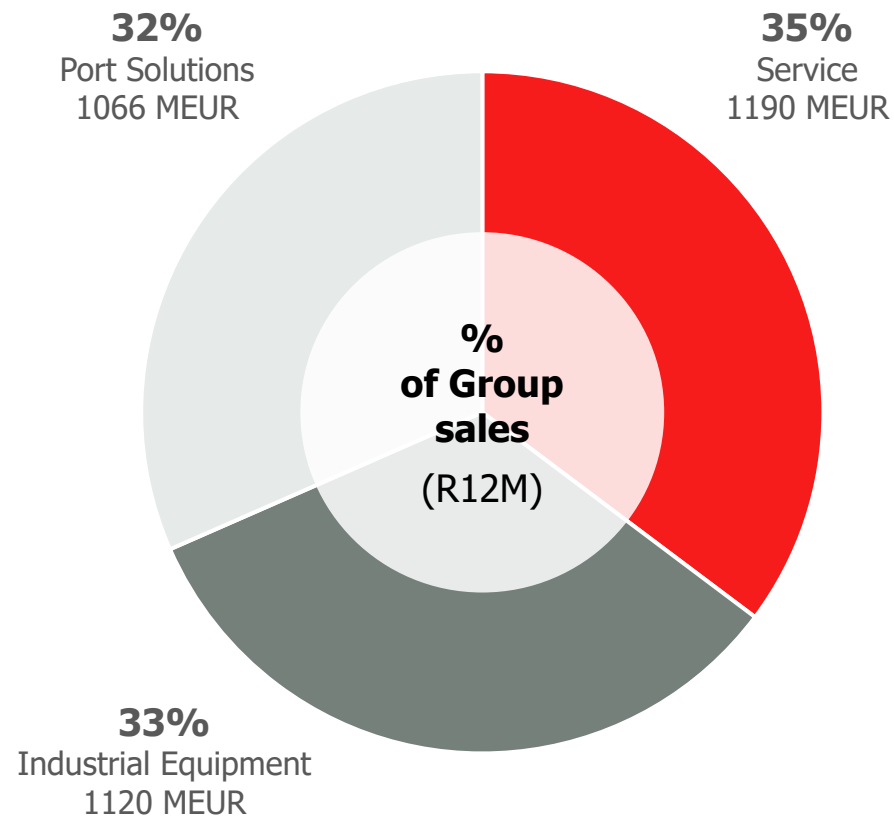
Group net sales, MEUR



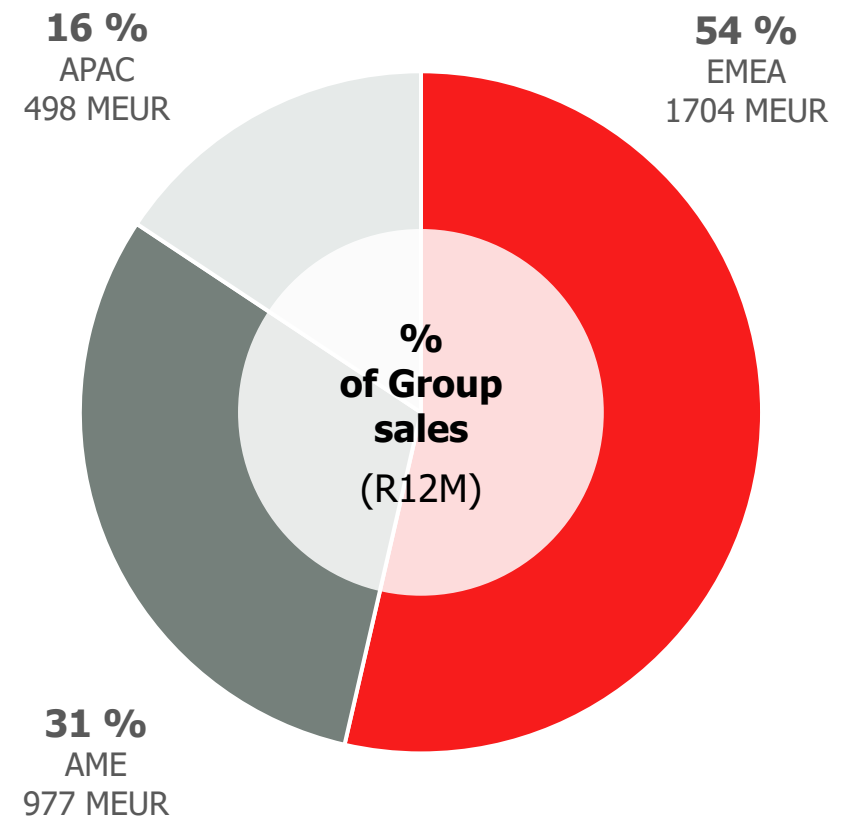
- Sales increased 0.4% to EUR 936.8 million (933.3), +3.2% on a comparable currency basis
- Sales decreased in Service (-7.7%) as well as in Industrial Equipment (-6.7%) and increased in Port Solutions (10.9%)

Group sales by business area and region

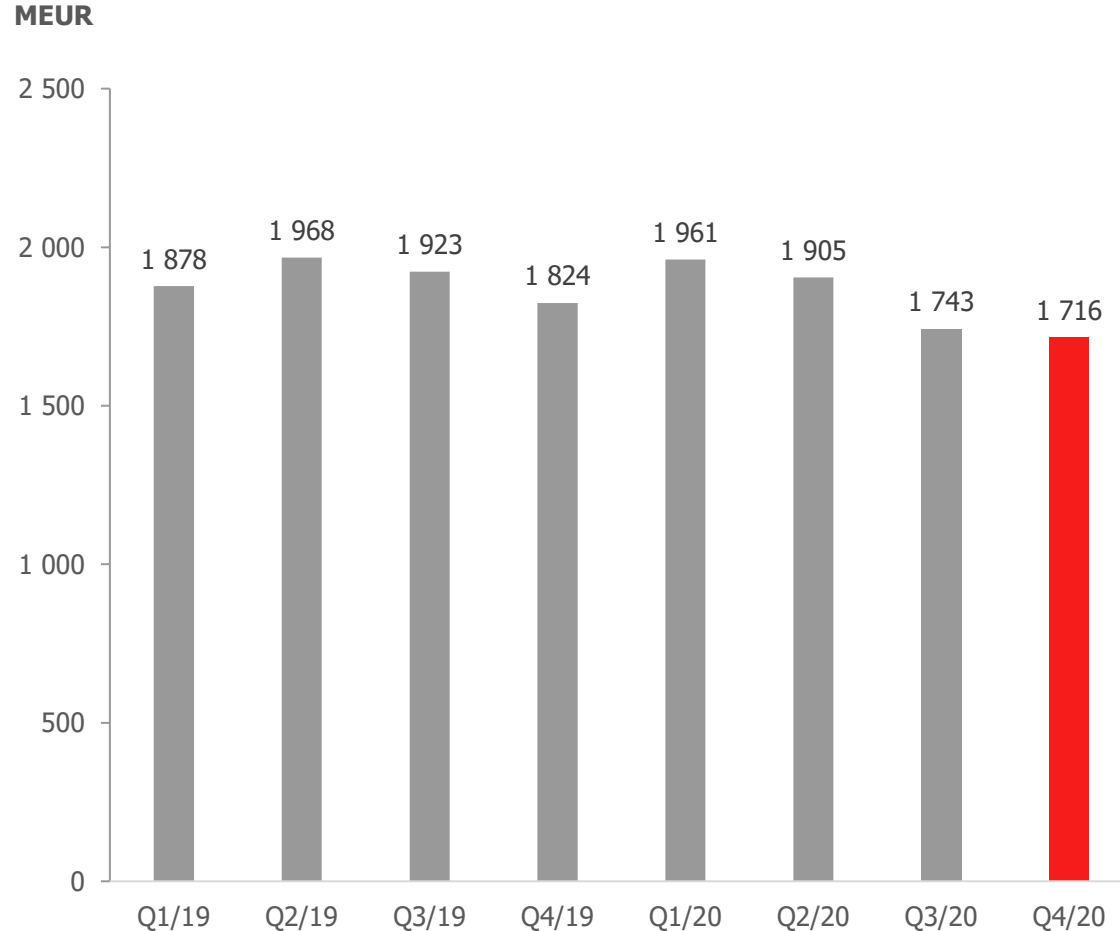
Group sales by business area



Group sales by region

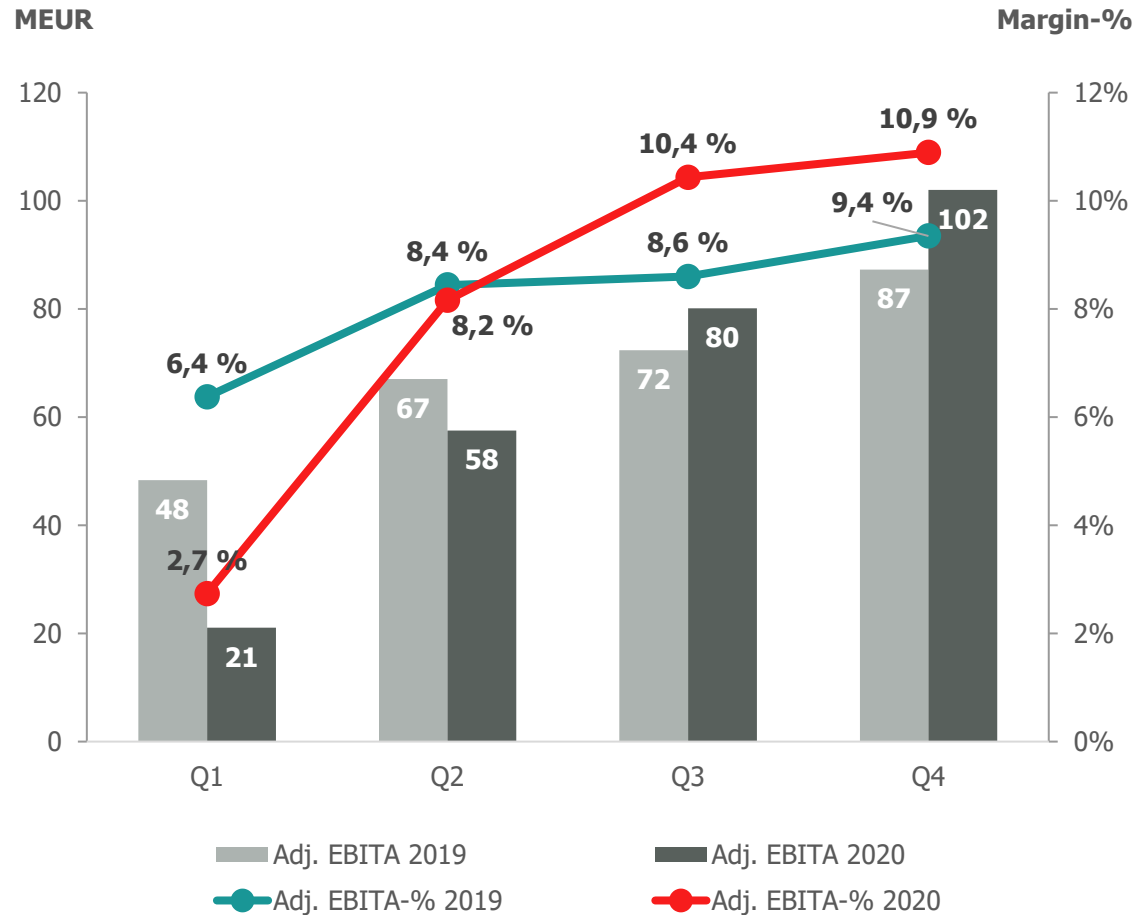


Q4/20 Group order book



- The value of the order book decreased 6.0% to EUR 1,715.5 million (1,824.3)
- On a comparable currency basis, the order book decreased 2.9%
- Order book decreased in Service (-1.0%), Industrial Equipment (-7.7%) and Port Solutions (-5.9%)

Q4/20 Group adjusted EBITA



- Group adjusted EBITA increased to EUR 102.1 million (87.3), 10.9% of sales (9.4)
- The increase in the Group adjusted EBITA margin was primarily due to continued progress on strategic initiatives and cost management
- Gross margin increased on a year-on-year basis

Konecranes' Sustainability cornerstones stand as the foundation of sustainability work



SUSTAINABILITY IS AT THE CORE OF KONECRANES BUSINESS:

- Konecranes improves the efficiency and productivity of customers' operations by maximizing the lifecycle value and safety of its products and solutions
- Konecranes' innovative products, solutions and services support customers to shift to low carbon future, accelerating circular economy
- Konecranes has set ambitious targets for all five focus areas and regularly monitors performance and progress

Q4 was also eventful and successful beyond our financials –
advancing well on the sustainability front

COMMITMENT TO SCIENCE BASED TARGETS



SIGNED THE COMMITMENT LETTER FOR THE
SCIENCE BASED TARGETS INITIATIVE (SBTI)
& NEW CLIMATE TARGETS TO BE DEFINED

THE OCEAN CLEANUP INTERCEPTOR™



EXCITING PARTNERSHIP TO DESIGN,
MANUFACTURE, AND SERVICE THE OCEAN
CLEANUP'S INTERCEPTOR™

LEADERSHIP RATING IN CDP'S CLIMATE PROGRAM



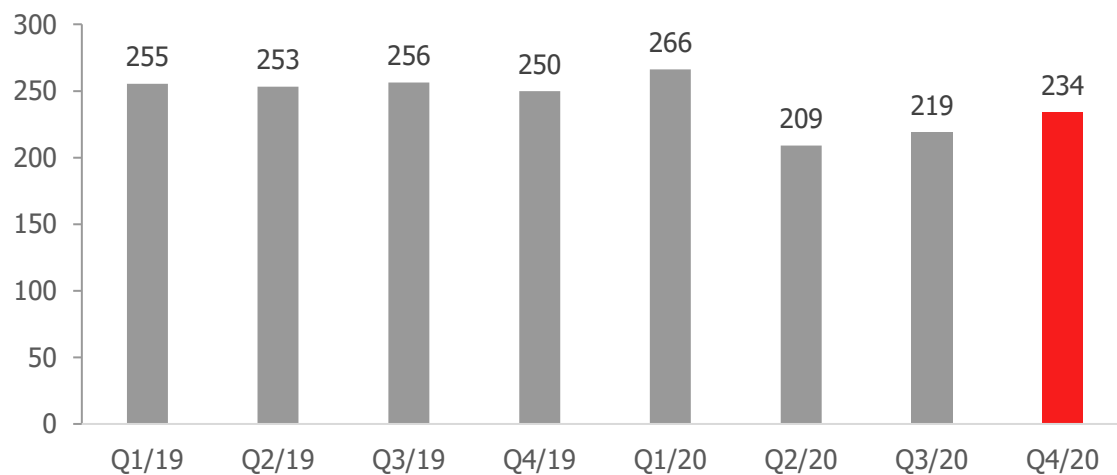
RECOGNIZED FOR AMBITIOUS CLIMATE WORK
BY EARNING A LEADERSHIP RANKING IN THE
CDP'S CLIMATE PROGRAM

A low-angle photograph of two male technicians working on a large industrial crane. They are positioned on an orange metal platform. The technician on the left, wearing a dark blue uniform and a white hard hat, is reaching up to adjust a cable on a pulley system. The technician on the right, wearing an orange shirt and a white hard hat, is looking up at the equipment. The pulley system consists of a large yellow pulley with '5.0T' written on it, and a black motor unit with a yellow warning label. The background shows the steel structure of a building under construction.

Service

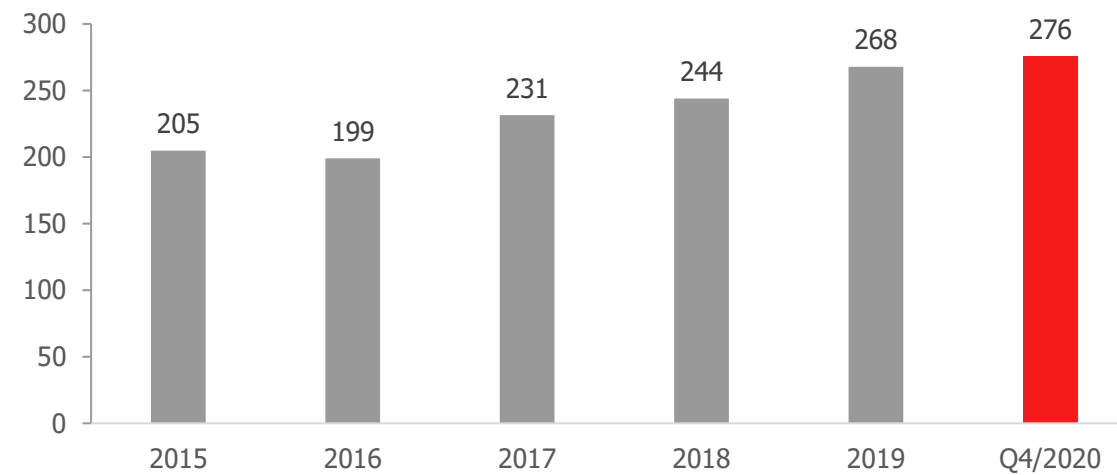
Q4/20 Service order intake and agreement base value

Service order intake, MEUR



- Service orders received decreased 6.5% to EUR 233.6 million (250.0). On a comparable currency basis, orders received decreased 2.0%
- Field service orders stayed approximately flat and parts orders decreased
- Order intake decreased in the Americas and EMEA but increased in APAC. The increase in APAC was mainly due to the acquisition of MHE-Demag

Service agreement base value⁽¹⁾, MEUR

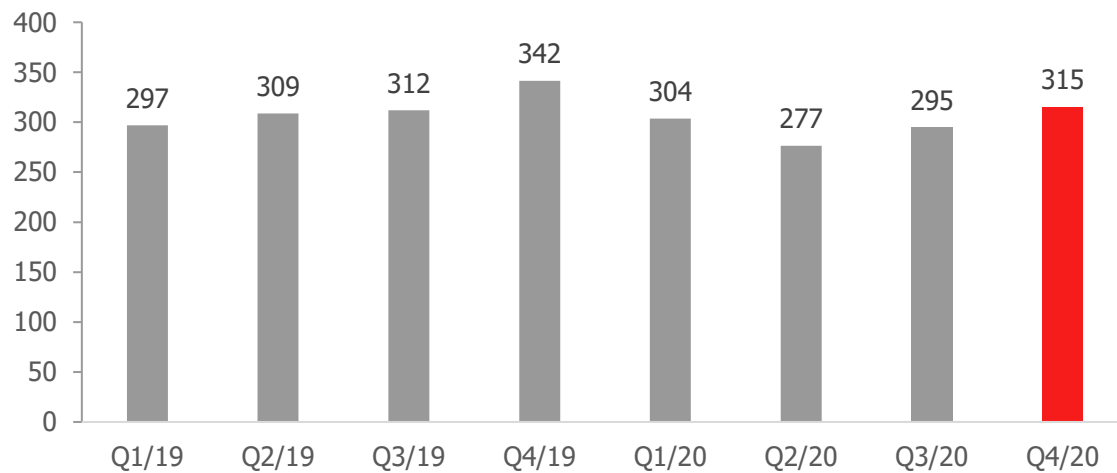


- Year-on-year, the annual value of the agreement base increased 3.0% to EUR 275.7 million (267.7). On a comparable currency basis, the increase was 8.0%
- Sequentially, the annual value of the agreement base decreased 1.1% on a reported basis and decreased 0.3% on a comparable currency basis

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

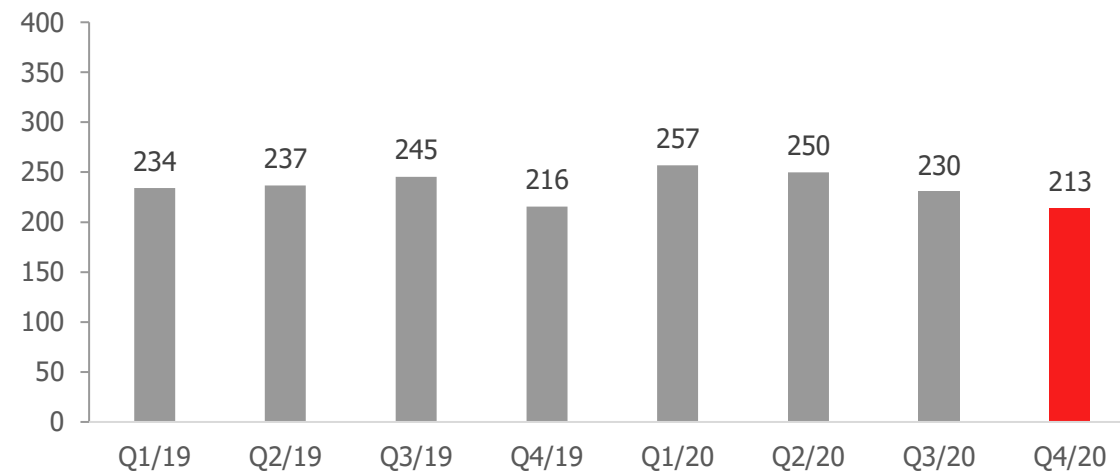
Q4/20 Service sales and order book

Service sales, MEUR



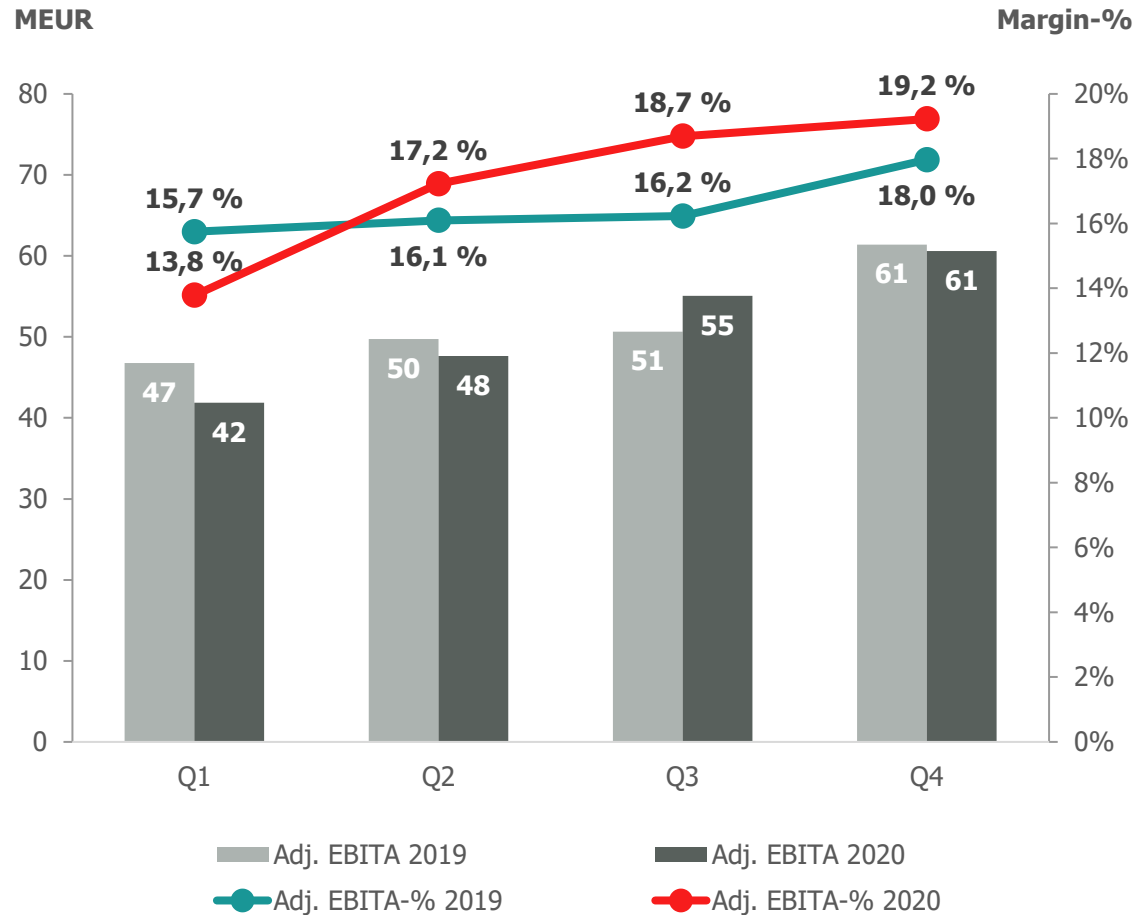
- Sales decreased 7.7% to EUR 315.3 million (341.6)
- On a comparable currency basis, sales decreased 3.3%
- Both field service sales and parts sales decreased
- Sales decreased in the Americas and EMEA but increased in APAC. The increase in APAC was mainly due to the acquisition of MHE-Demag

Service order book, MEUR



- The order book decreased 1.0% year-on-year to EUR 213.4 million (215.7)
- On a comparable currency basis, the order book increased 5.1%

Q4/20 Service adjusted EBITA



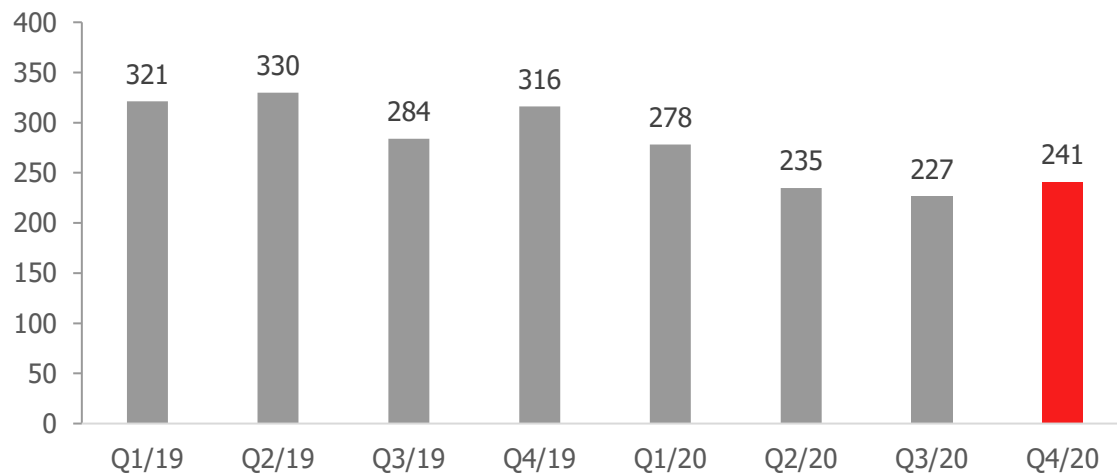
- The adjusted EBITA was EUR 60.6 million (61.4) and the adjusted EBITA margin 19.2% (18.0)
- The increase in the adjusted EBITA margin was mainly attributable to executed savings in both variable and fixed costs
- Gross margin improved on a year-on-year basis

Industrial Equipment



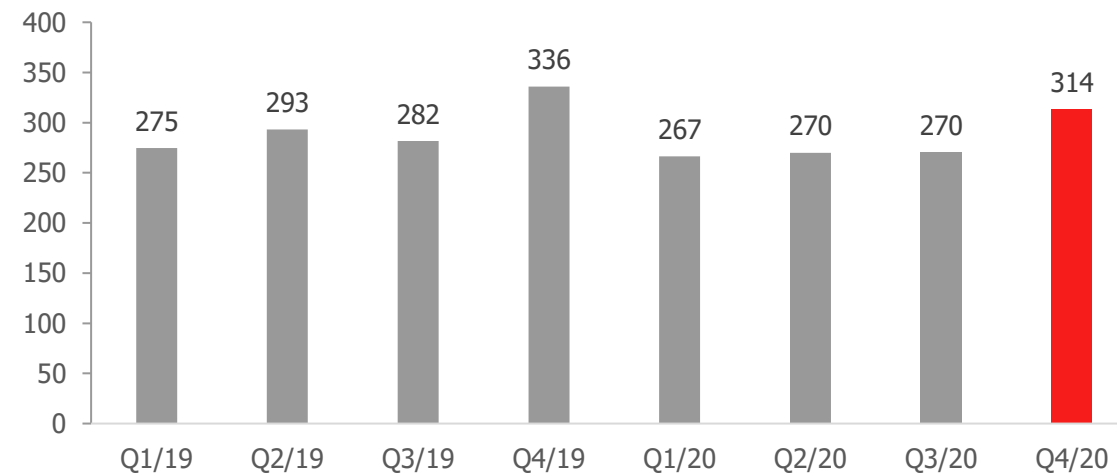
Q4/20 Industrial Equipment order intake and sales

Industrial Equipment order intake, MEUR



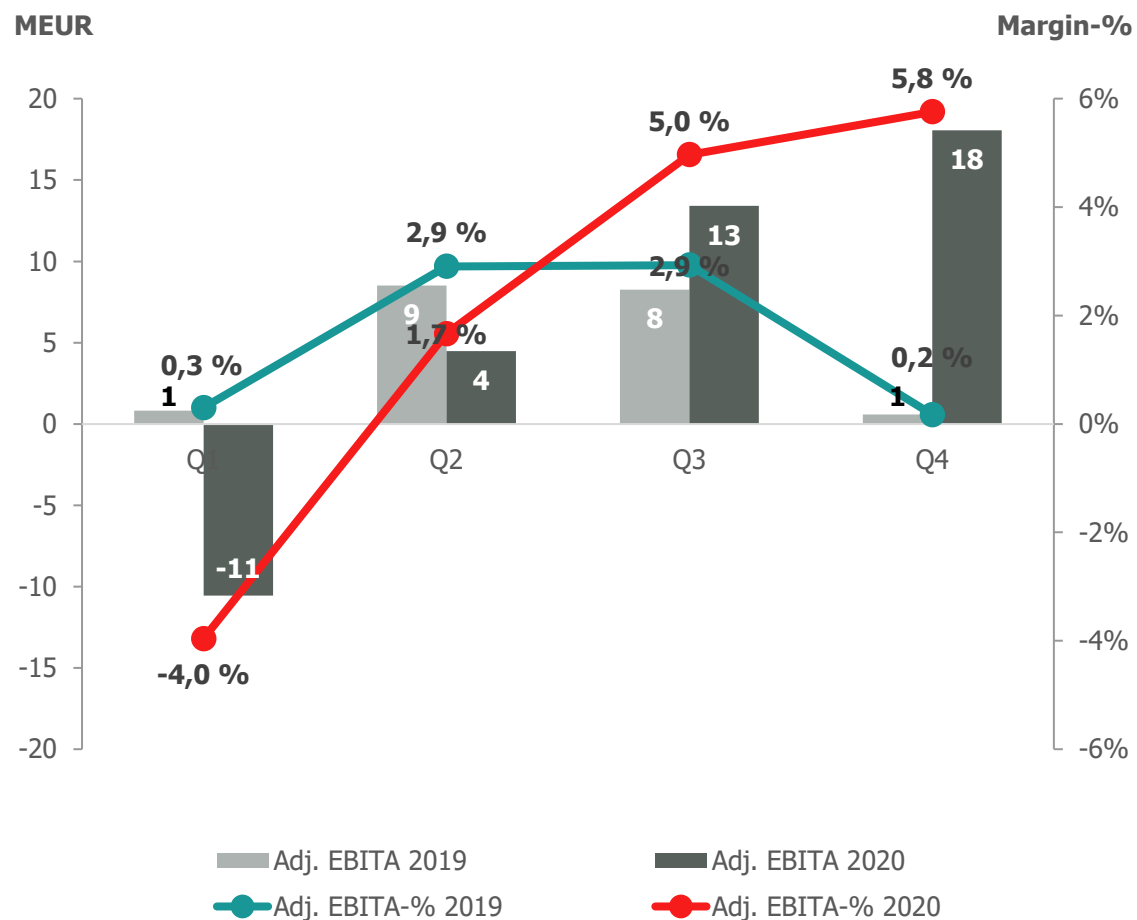
- Orders received totaled EUR 241.3 million (316.3), corresponding to a decrease of 23.7%
- External orders received decreased 23.4% on a reported basis and 19.9% on a comparable currency basis
- Order intake decreased in standard cranes, process cranes and components
- Orders received stayed approximately flat in EMEA and decreased in the Americas and APAC

Industrial Equipment sales, MEUR



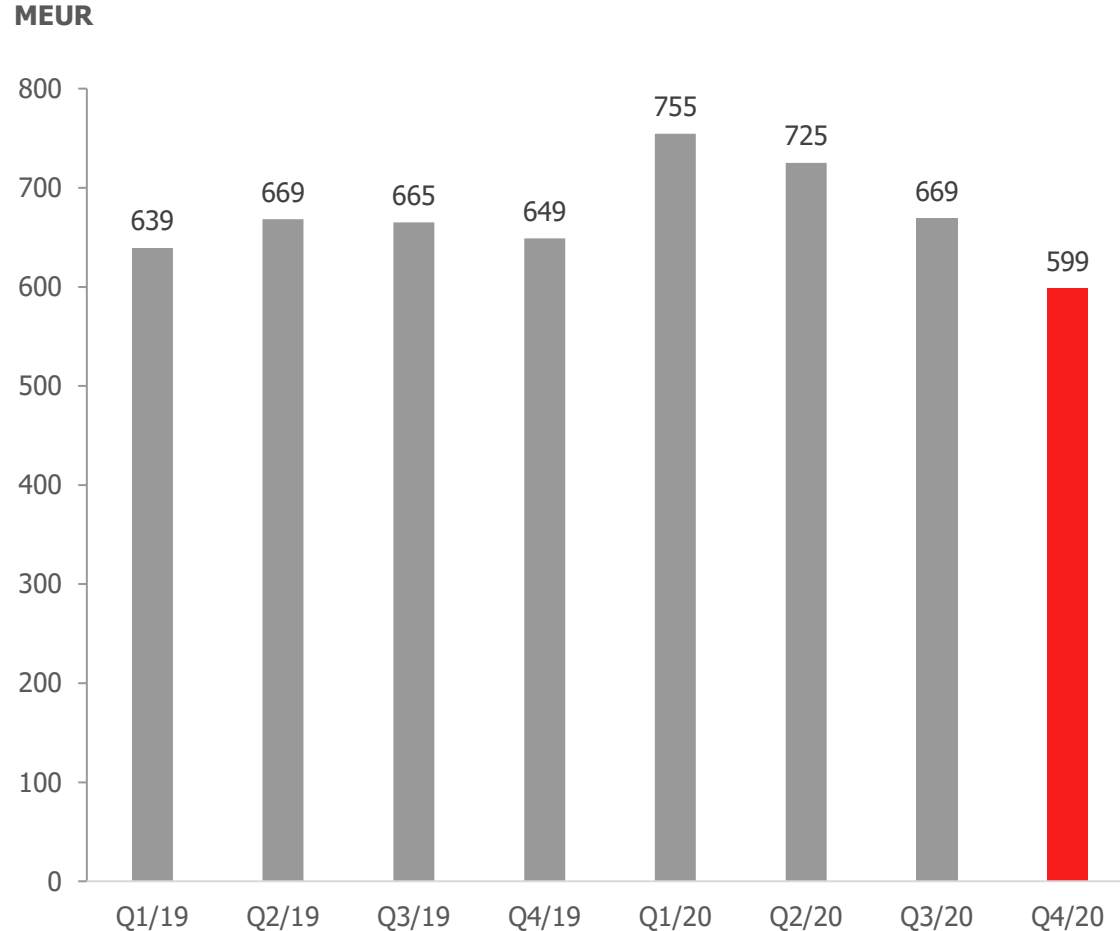
- Sales decreased 6.7% to EUR 313.6 million (336.0)
- External sales decreased 3.5% on a reported basis and increased 0.3% on a comparable currency basis
- Sales decreased in standard cranes and components but increased in process cranes
- Sales decreased in the Americas and EMEA but increased in APAC. The increase in APAC was mainly due to the acquisition of MHE-Demag

Q4/20 Industrial Equipment adjusted EBITA



- The adjusted EBITA was EUR 18.1 million (0.6) and the adjusted EBITA margin 5.8% (0.2)
- The increase in the adjusted EBITA margin was mainly attributable to continued progress on strategic initiatives and cost management
- Gross margin improved on a year-on-year basis

Q4/20 Industrial Equipment order book



- The order book decreased 7.7% year-on-year to EUR 598.8 million (648.9)
- On a comparable currency basis, the order book decreased 2.0%



Port Solutions

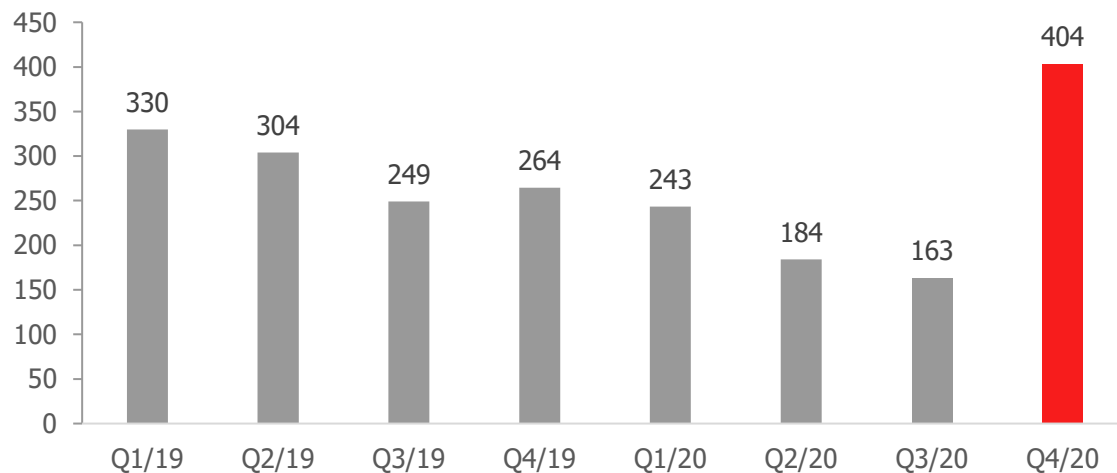
Note: The MHE-Demag acquisition in January 2020 does not have an impact on Port Solutions

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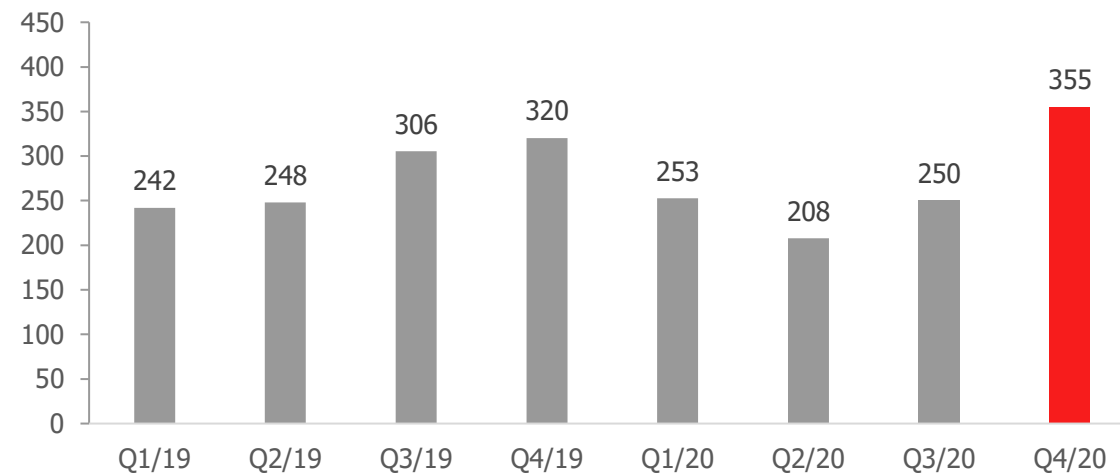
Q4/20 Port Solutions order intake and sales

Port Solutions order intake, MEUR



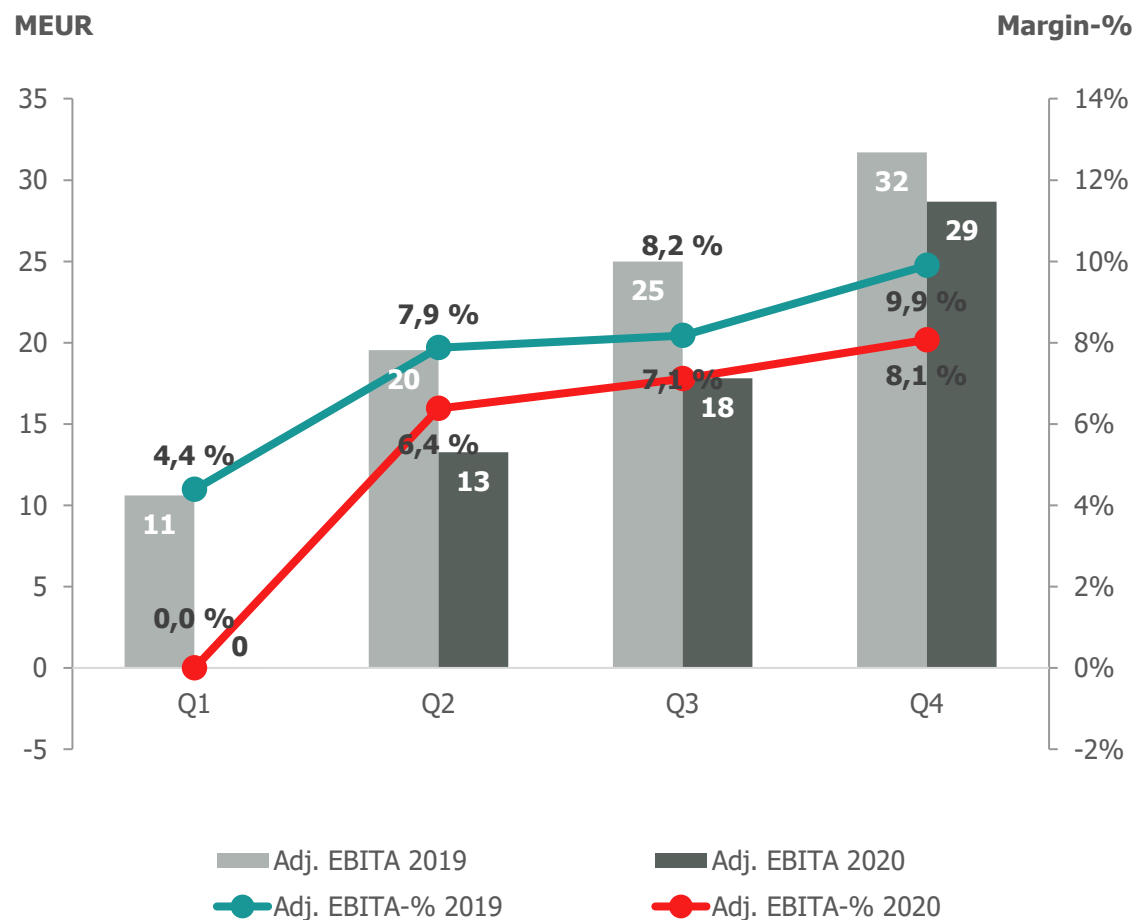
- Orders received totaled EUR 403.7 million (264.4), representing an increase of 52.7%. On a comparable currency basis, orders received increased 53.0%
- Orders received increased in all three regions

Port Solutions sales, MEUR



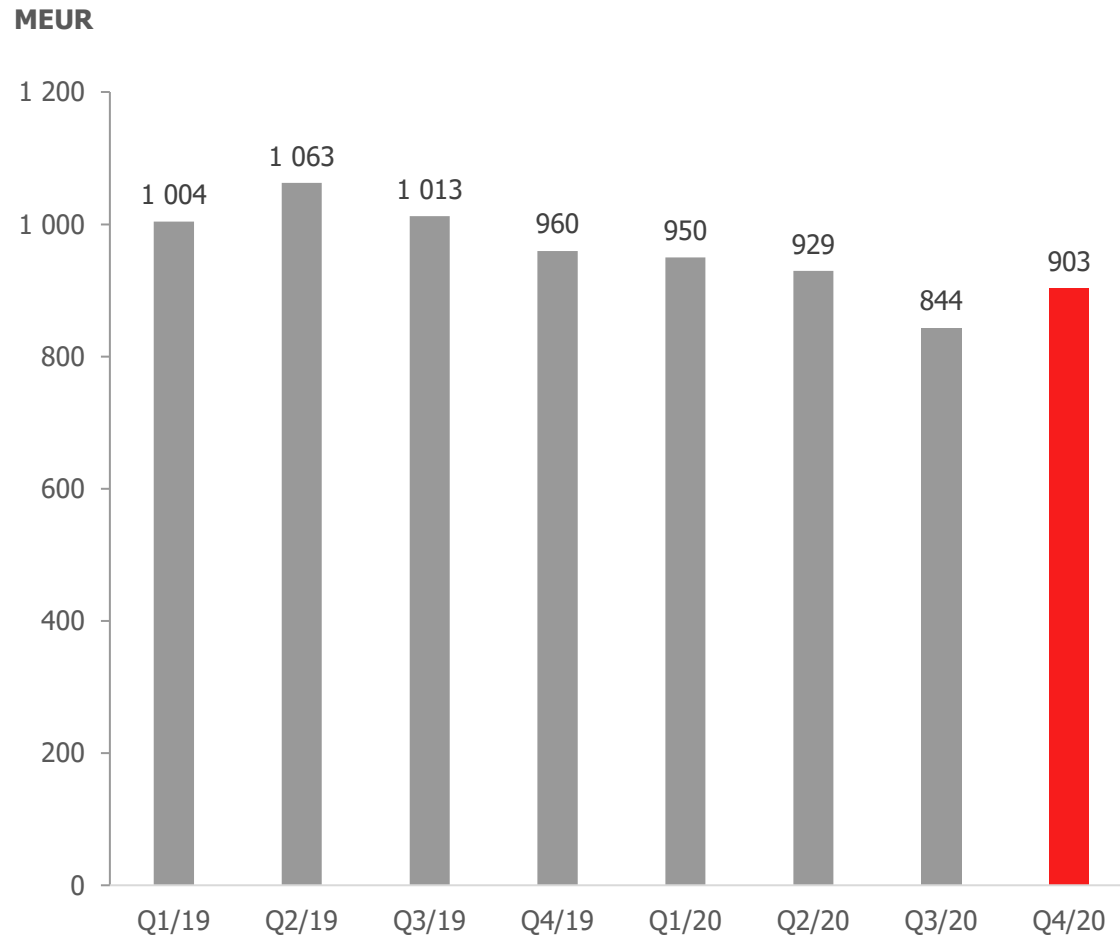
- Sales increased 10.9% to EUR 355.3 million (320.3). On a comparable currency basis, sales increased 10.9%

Q4/20 Port Solutions adjusted EBITA



- The adjusted EBITA was EUR 28.7 million (31.7) and the adjusted EBITA margin 8.1% (9.9)
- The decrease in the adjusted EBITA margin was mainly attributable to weaker sales mix
- Gross margin decreased on a year-on-year basis

Q4/20 Port Solutions order book



- The order book decreased 5.9% to EUR 903.2 million (959.7)
- On a comparable currency basis, the order book decreased 5.2%



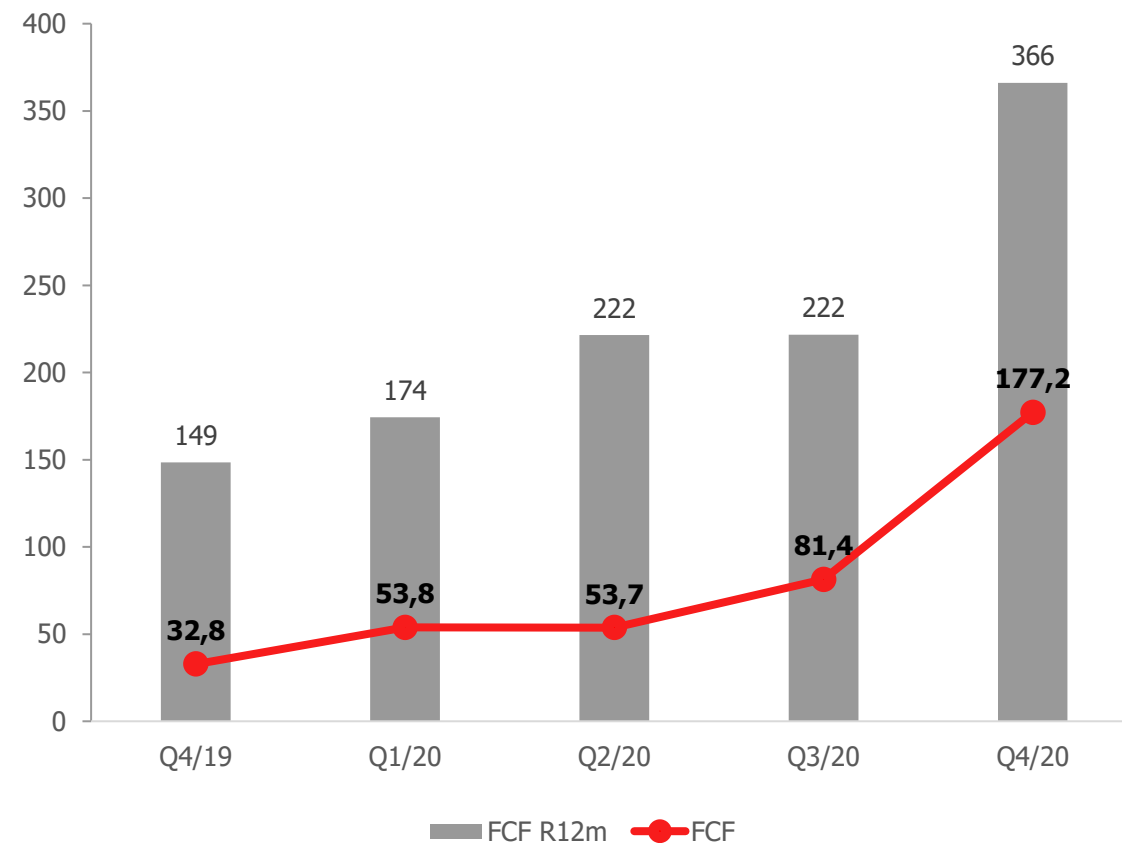
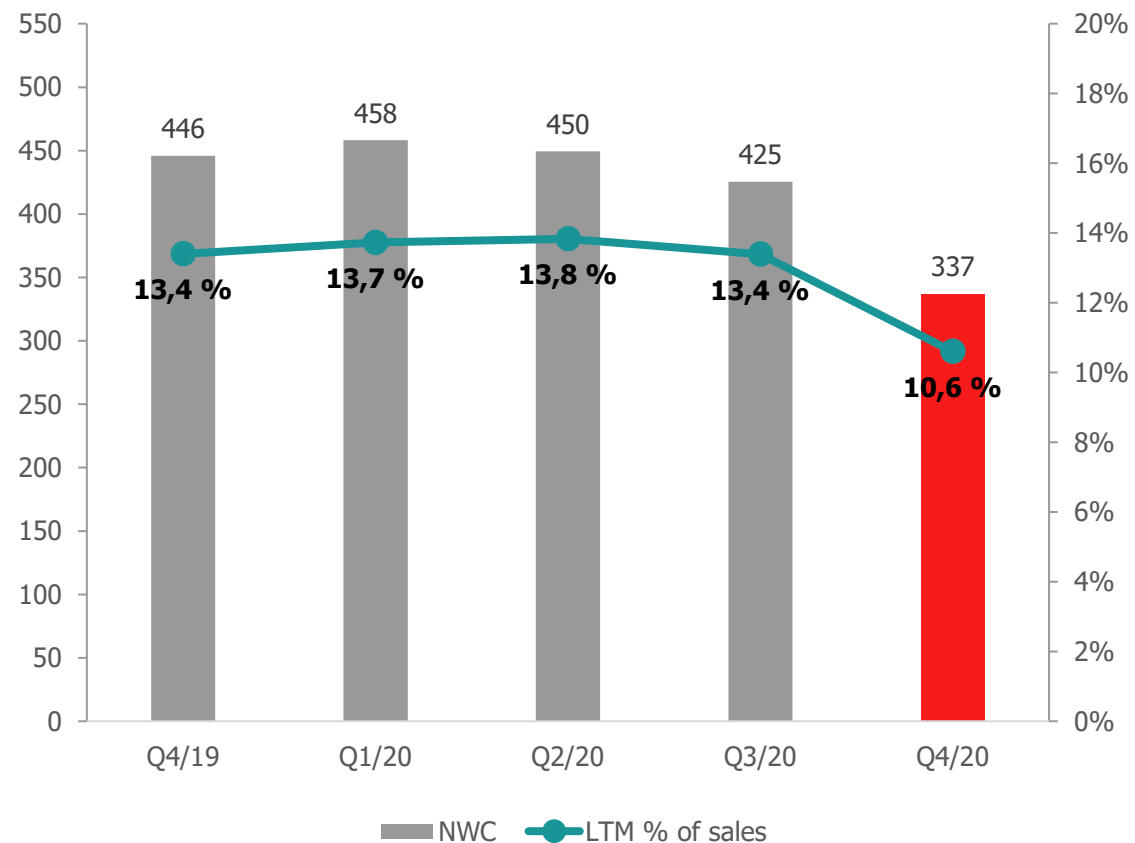
Cash Flow and Balance Sheet

Net working capital and free cash flow

Net working capital, MEUR

% of sales

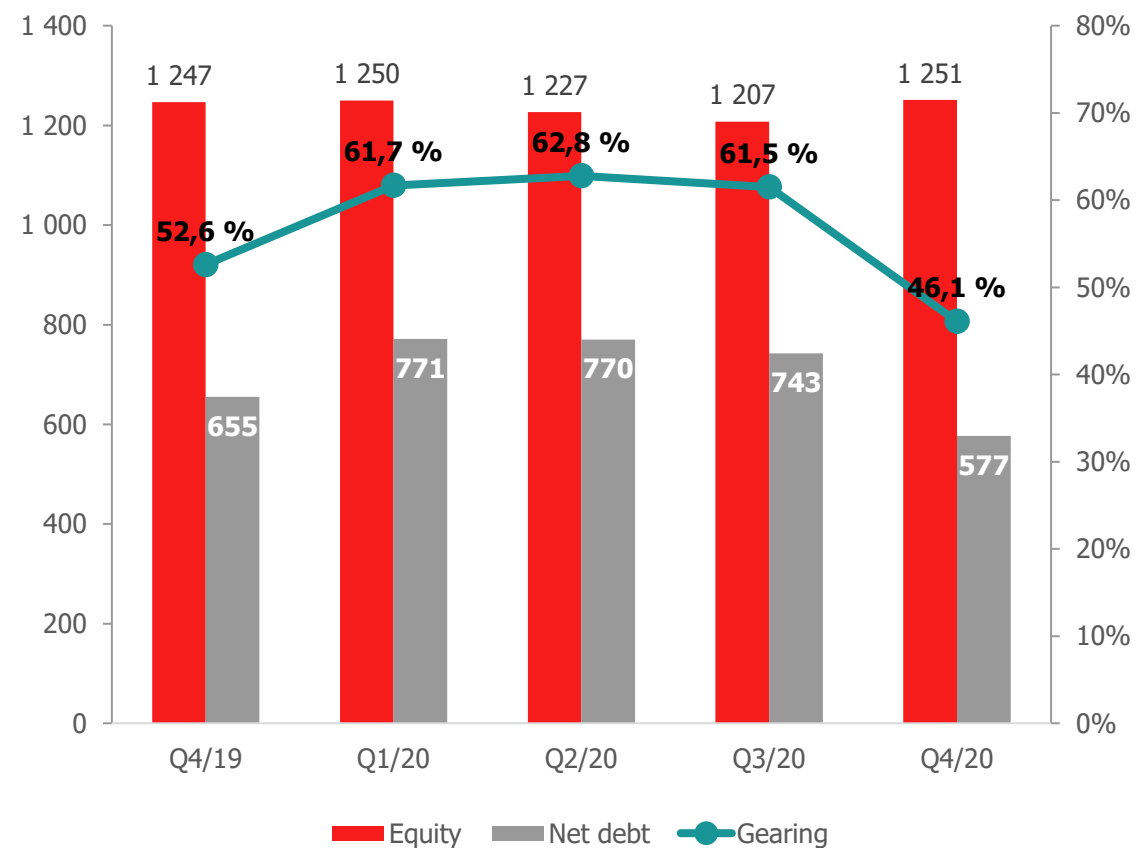
Free cash flow, MEUR



Gearing and return on capital employed

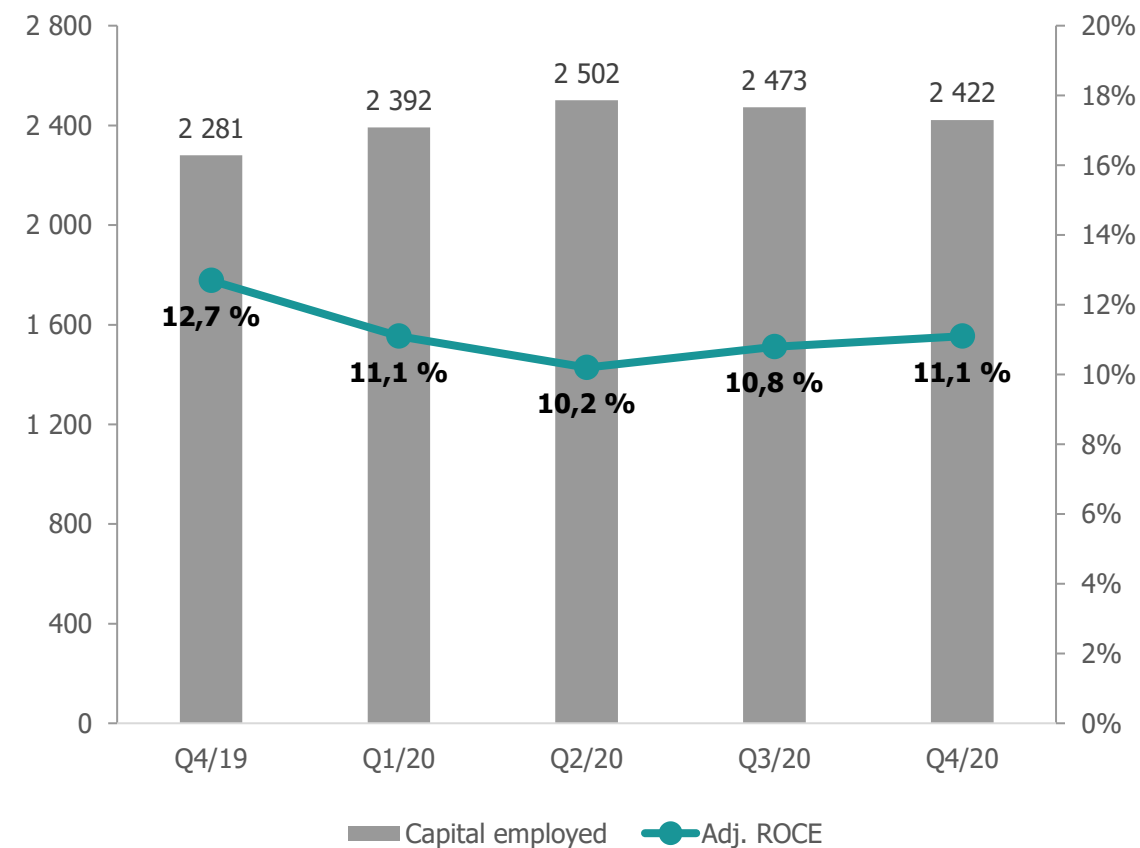
Equity and net debt, MEUR

Gearing-%



Capital employed, MEUR

Return on capital employed-%



Q&A



Appendix

Strategic initiatives strengthening our core competencies



**Service Revenue and
Profitability Growth**



**Industrial Equipment
Profitability Improvement**



**Project
Management**



**Lean
Operations**



**Procurement
Excellence**



**Business Process
Efficiency Improvement**

Key figures by business area

Key figures	10-12/ 2020	10-12/ 2019	Change %	Change % At comparable currencies	1-12/ 2020	1-12/ 2019	Change %	Change % At comparable currencies
Service								
Orders received, MEUR	233.6	250.0	-6.5	-2.0	927.8	1,015.1	-8.6	-6.5
Service agreement base value, MEUR	275.7	267.7	3.0	8.0	275.7	267.7	3.0	8.0
Sales, MEUR	315.3	341.6	-7.7	-3.3	1,190.0	1,259.7	-5.5	-3.4
Adj. EBITA, MEUR	60.6	61.4	-1.3		205.2	208.5	-1.6	
Adj. EBITA, %	19.2%	18.0%			17.2%	16.6%		
Industrial Equipment								
Orders received, MEUR	241.3	316.3	-23.7	-20.3	981.2	1,251.5	-21.6	-20.2
<i>of which external</i>	<i>216.9</i>	<i>283.2</i>	<i>-23.4</i>	<i>-19.9</i>	<i>849.1</i>	<i>1,068.4</i>	<i>-20.5</i>	<i>-18.9</i>
Sales, MEUR	313.6	336.0	-6.7	-3.1	1,120.1	1,185.5	-5.5	-3.7
<i>of which external</i>	<i>279.1</i>	<i>289.2</i>	<i>-3.5</i>	<i>0.3</i>	<i>973.8</i>	<i>1,020.4</i>	<i>-4.6</i>	<i>-2.6</i>
Adj. EBITA, MEUR	18.1	0.6	3,033.6		25.4	18.2	39.7	
Adj. EBITA, %	5.8%	0.2%			2.3%	1.5%		
Port Solutions								
Orders received, MEUR	403.7	264.4	52.7	53.0	994.5	1,147.3	-13.3	-13.0
Sales, MEUR	355.3	320.3	10.9	10.9	1,066.0	1,115.7	-4.5	-4.3
Adj. EBITA, MEUR	28.7	31.7	-9.6		59.7	86.9	-31.2	
Adj. EBITA, %	8.1%	9.9%			5.6%	7.8%		

Statement of income

EUR million	10-12/ 2020	10-12/ 2019	Change %	1-12/ 2020	1-12/ 2019	Change %
Sales	936.8	933.3	0.4	3,178.9	3,326.9	-4.4
Other operating income	4.3	7.3		10.7	19.6	
Materials, supplies and subcontracting	-480.8	-465.1		-1,473.0	-1,505.0	
Personnel cost	-231.0	-304.0		-993.5	-1,080.7	
Depreciation and impairments	-30.1	-30.7		-130.0	-123.6	
Other operating expenses	-116.2	-75.2		-419.3	-488.5	
Operating profit	83.0	65.5	26.7	173.8	148.7	16.9
Share of associates' and joint ventures' result	0.2	5.0		21.2	4.5	
Financial income	10.1	0.3		38.6	2.5	
Financial expenses	-17.1	-7.4		-63.2	-37.2	
Profit before taxes	76.2	63.3	20.3	170.4	118.5	43.8
Taxes	-21.1	-17.5		-47.5	-35.7	
Profit for the period	55.1	45.8	20.2	122.9	82.8	48.4

Balance sheet

EUR million	31 Dec 2020	31 Dec 2019
Non-current assets	2,040.7	1,986.5
Goodwill	1,016.7	908.2
Intangible assets	536.0	531.6
Property, plant and equipment	341.8	332.8
Other	146.2	213.9
Current assets	1,975.8	1,867.7
Inventories	644.8	658.7
Accounts receivable	489.2	530.4
Receivables and other current assets	249.9	300.4
Cash and cash equivalents	591.9	378.2
Assets held for sale	0.0	0.0
Total Assets	4,016.5	3,854.2

EUR million	31 Dec 2020	31 Dec 2019
Total Equity	1,251.1	1,246.7
Non-current liabilities	1,328.1	1,238.4
Interest-bearing liabilities	859.7	785.8
Other long-term liabilities	306.4	290.4
Other	162.0	162.2
Current liabilities	1,437.3	1,369.1
Interest-bearing liabilities	311.1	248.4
Advance payments received	352.3	337.3
Accounts payable	201.6	236.2
Provisions	142.6	151.7
Other current liabilities	429.7	395.5
Liabilities directly attributable to assets held for sale	0.0	0.0
Total Equity and Liabilities	4,016.5	3,854.2

Cash flow statement

EUR million	1-12/ 2020	1-12/ 2019
Operating income before change in net working capital	302.4	275.0
Change in net working capital	125.0	-12.5
Cash flow from operations before financing items and taxes	427.4	262.5
Financing items and taxes	-20.3	-89.7
Net cash from operating activities	407.1	172.8
Net cash used in investing activities	-165.1	-23.2
Cash flow before financing activities	242.0	149.6
Net cash used in financing activities	-12.4	-4.5
Translation differences in cash	-15.9	2.6
Change of cash and cash equivalents	213.7	147.7
Free cash flow	366.1	148.5

Key figures

EUR million	1-12/ 2020	1-12/ 2019	Change %
Earnings per share, basic (EUR)	1.54	1.03	50.4
Earnings per share, diluted (EUR)	1.54	1.03	50.4
Return on capital employed, %, Rolling 12 Months (R12M)	8.3	6.3	31.7
Return on equity, %, Rolling 12 Months (R12M)	9.8	6.5	50.8
Equity per share (EUR)	15.69	15.70	-0.1
Net debt / Adjusted EBITDA, Rolling 12 Months (R12M)	1.6	1.8	-11.1
Equity to asset ratio, %	34.1	35.4	-3.7
Investments total (excl. acquisitions), EUR million	42.8	39.5	8.3
Average number of personnel during the period	17,027	16 104	5.7
Average number of shares outstanding, basic	79,077,608	78,835,721	0.3
Average number of shares outstanding, diluted	79,077,608	78,835,721	0.3
Number of shares outstanding	79,134,459	78,839,426	0.4



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