KONECRANES®
Lifting Businesses™

Strong improvement in group adjusted EBITA, solid growth in group sales and service orders with comparable currencies

Interim Report
January–March 2018

Q1

Strong improvement in group adjusted EBITA, solid growth in group sales and service orders with comparable currencies

Konecranes applied the full retrospective approach in IFRS 15 transition, and the numbers for the periods in 2017 have been restated. Please refer to note 4 for more details on the implementation of IFRS 15 and other significant accounting policies.

Figures in brackets, unless otherwise stated, refer to the same period a year earlier.

FIRST QUARTER HIGHLIGHTS

- Order intake EUR 683.1 million (734.5), -7.0 percent (-2.6 percent on a comparable currency basis)
- Service order intake EUR 238.5 million (246.3), -3.2 percent (+4.5 percent on a comparable currency basis)
- Order book EUR 1,575.8 million (1,604.5) at the end of March, -1.8 percent (+2.7 percent on a comparable currency basis)
- Sales EUR 672.8 million (684.1), -1.7 percent (+3.9 percent on a comparable currency basis)
- Adjusted EBITA EUR 37.2 million (31.1), 5.5 percent of sales (4.5)
- Operating profit EUR 23.8 million (226.4), 3.5 percent of sales (33.1)
- Earnings per share (diluted) EUR 0.11 (2.51)
- Free cash flow EUR -2.2 million (88.0)
- Net debt EUR 524.3 million (535.6) and gearing 43.8 percent (42.8)

DEMAND OUTLOOK

The demand situation in Europe is stable within the industrial customer segments. Business activity in the North American manufacturing industry is starting to improve. Demand in the Asia-Pacific region continues to show signs of improvement. Global container throughput growth continues at a high level, and the prospects for the small and medium-sized orders related to container handling remain stable.

FINANCIAL GUIDANCE

The sales in 2018 are expected to be approximately on the same level or higher than in 2017. We expect the adjusted EBITA margin to improve in 2018.

Key figures

	1–3/2018	1–3/2017	Change percent	R12M	1–12/2017
Orders received, MEUR	683.1	734.5	-7.0	2,956.0	3,007.4
Order book at end of period, MEUR	1,575.8	1,604.5	-1.8		1,535.8
Sales total, MEUR	672.8	684.1	-1.7	3,125.9	3,137.2
Adjusted EBITDA, MEUR [1)]	55.2	49.0	12.6	295.4	289.2
Adjusted EBITDA, % [1)]	8.2%	7.2%		9.4%	9.2%
Adjusted EBITA, MEUR [2)]	37.2	31.1	19.8	222.8	216.6
Adjusted EBITA, % [2)]	5.5%	4.5%		7.1%	6.9%
Adjusted operating profit, MEUR [1)]	27.8	21.2	31.0	184.6	178.0
Adjusted operating margin, % [1)]	4.1%	3.1%		5.9%	5.7%
Operating profit, MEUR	23.8	226.4	-89.5	116.1	318.7
Operating margin, %	3.5%	33.1%		3.7%	10.2%
Profit before taxes, MEUR	11.5	222.2	-94.8	65.3	276.0
Net profit for the period, MEUR	8.3	193.3	-95.7	40.3	225.4
Earnings per share, basic, EUR	0.11	2.51	-95.7	0.49	2.89
Earnings per share, diluted, EUR	0.11	2.51	-95.7	0.49	2.89
Interest-bearing net debt / Equity, %	43.8%	42.9%			41.1%
Net debt / Adjusted EBITDA, R12M [1)]	1.8	2.5			1.8
Return on capital employed, %				5.4%	23.7%
Adjusted return on capital employed, % [3)]				10.7%	15.4%
Free cash flow, MEUR	-2.2	88.0		134.2	224.4
Average number of personnel during the period	16,278	13,924	16.9		15,519

Konecranes applied the full retrospective approach in transition of IFRS 15 and thus the comparables for the periods in 2017 have been restated.

IFRS 15 adjustments included in the selected 2017 key figures [4)]	**1–3/2017**		**1–12/2017**
Sales total, MEUR	1.1		0.7
Adjusted EBITA, MEUR	0.4		0.4
Net profit for the period, MEUR	0.4		0.4

[1)] *Excluding adjustments, see also note 11 in the summary financial statements*
[2)] *Excluding adjustments and purchase price allocation amortization, see also note 11 in the summary financial statements*
[3)] *ROCE excluding adjustments, see also note 11 in the summary financial statements*
[4)] *See also note 4 in the summary financial statements for additional info*

President and CEO Panu Routila:

"The first quarter was a good start to the year in several ways. To begin with, the integration of MHPS progresses well and according to our plan, which gives us additional confidence that we will reach our planned EBIT-level run rate synergies of EUR 140 million at the end of 2019. As of end-Q1, approximately EUR 63 million of the targeted run rate savings has been implemented. Our progress is clearly visible in our Group adjusted EBITA-margin, which improved 1.0 percentage point to 5.5 percent year-on-year.

USD has depreciated close to 15 percent against the euro compared to the year-ago period, and as a result, foreign exchange fluctuations had an adverse impact on our reported volumes in the period. With that as context, our underlying financial performance turned out in line with our expectations.

On a comparable currency basis, Business Area Service recorded solid growth in order intake, largely due to an increase in modernizations. Also, our service agreement base value grew 2.3 percent from the end of 2017, demonstrating progress with the execution of our service growth strategy. External orders fell on a comparable currency basis in both Business Area Industrial Equipment and Business Area Port Solutions. In Port Solutions order intake decreased largely due to the timing of projects in the quarter. In Industrial Equipment, component orders grew sequentially, continuing the positive trend from Q4. This is an encouraging signal also for industrial cranes when looking ahead further into the year.

Although the weakened US dollar pushed the reported Group sales 1.7 percent below the previous year, on a comparable currency basis, Group sales increased 3.9 percent. Comparable sales grew in all business areas and regions. The sales growth was mainly attributable to Business Area Port Solutions, which benefitted from a strong order backlog.

We were able to expand our adjusted EBITA margin, mainly due to the actions we have taken to lower fixed costs in all business areas, improve productivity in Service, and restructure manufacturing operations and consolidate country level support organizations in Industrial Equipment. In Port Solutions, the improvement was mainly driven by sales growth. Material and salary inflation were absorbed by customer price increases, and the gross margin improved in Service and Industrial Equipment.

The global economy still looks strong, especially in the US, where key macroeconomic indicators continued to improve. That said, Europe has started to show signs of slowing growth, as capacity constraints have begun to hinder general economic activity.

Our demand outlook reflects the improved conditions in the North American manufacturing industry and stabilizing prospects related to container handling overall, and we are confident about the quarters ahead. Therefore, we have today reiterated our guidance for the full year: the sales to be approximately on the same level or higher than in 2017 and the adjusted EBITA margin to improve in 2018.

Based on the current FX rates, we continue to expect a negative impact of approximately 3 percent on sales from foreign exchange fluctuations. Our expectation for incremental P&L level synergy savings in full year 2018 remains at EUR 40–50 million. Furthermore, we continue to expect EUR 12 million net interest savings related to the debt refinancing activities we did last year.

Finally, I am very pleased with the progress we have made recently on R&D. Our pipeline includes several projects that will significantly advance our technological leadership. Speeding up some of these projects, in addition to investments in selected key IT initiatives, is the reason we are investing EUR 15 million more in these areas in 2018, as we guided for last quarter.

With artificial intelligence, for instance, we are developing new applications that use AI to predict the renewal of service agreements. Another example of our recent R&D achievements is Work Zone, a suite of location-based services for Lift Trucks, that uses GPS-based geofencing to create virtual fences around real-world areas for improved safety.

Regarding the additional spend on IT, the projects include a new product lifecycle management tool, a new HR system, an updated eCommerce platform, as well as investments needed to meet the requirements of the European Union's new general data protection regulation. We are making these investments to improve efficiency and to secure our competitiveness and long-term success. We have some truly exciting R&D projects in the pipeline, and I look forward to informing you more about those over the coming 12 months."

Konecranes Plc
Interim report January–March 2018

Konecranes applied the full retrospective approach in IFRS 15 transition, and the numbers for the periods in 2017 have been restated. Please refer to note 4 for more details on the implementation of IFRS 15 and other significant accounting policies.

Note: Unless otherwise stated, the figures in brackets in the sections below refer to the same period in the previous year.

MARKET REVIEW

Activity in the world's manufacturing sector, according to the aggregated JPMorgan Global Manufacturing Purchasing Managers' Index (PMI), continued to expand in January-March 2018. While the average rate of expansion in the first quarter remained unchanged from the prior quarter, the growth in the global manufacturing sector begun to ease towards the end of the period, as companies reported slower growth of output, new orders and employment.

In the Eurozone, after a long period of rapid growth in the economic activity, short-term capacity constraints begun to limit the rate of expansion in the first quarter 2018. The growth, measured by the PMI, slowed across the region. The Netherlands, Germany and Austria were the bright sports, while the weakest growth was signaled in France. Outside the Eurozone, the UK manufacturing sector continued to expand, although slower growth suggests that the underlying strength of the upturn in the UK began to soften. The European Union manufacturing capacity utilization rate continued to improve slightly.

In the US, the PMI indicated strong growth and overall improvement in operating conditions across the manufacturing sector in first quarter 2018, the PMI advancing to a three-year high at the end of the period. Output and new orders received by manufacturers continued to expand sharply. Correspondingly, the US total industrial capacity utilization rate showed an uptick in the first quarter, after having improved only marginally in 2017.

PMIs rose also in the BRIC countries, but the rate of expansion remained more modest than in Europe or the US. Whereas manufacturing conditions in China and Russia improved only marginally, and the pace of improvement in India slowed clearly, activity in the Brazilian manufacturing sector recorded strong improvement in January–March, with factory orders and production showing sharp expansions.

Following a strong recovery in the world's containerized trade in 2017, the global container throughput continued to expand at a robust pace, increasing by approximately 8 percent year-on-year in January–March 2018, and reaching a new all-time record.

Raw material prices, including steel and copper, were clearly above the previous year's level at March-end 2018. The average EUR/USD exchange rate was close to 15 percent higher compared to the year-ago period.

ORDERS RECEIVED

Orders received in January–March totaled EUR 683.1 million (734.5), representing a decrease of 7.0 percent. On a comparable currency basis, orders decreased 2.6 percent. Orders received fell 3.2 percent in Service due to an adverse impact from foreign exchange fluctuations. With comparable currencies, order intake in Service increased 4.5 percent. In Industrial Equipment orders increased 0.3 percent. Harmonization of reporting practices following the MHPS acquisition had a EUR 13.8 million positive impact on internal orders in Industrial Equipment in the first quarter. In Port Solutions orders fell by 8.5 percent. Orders received decreased in the Americas and the EMEA, but increased in the APAC.

ORDER BOOK

The value of the order book at the end of March totaled EUR 1,575.8 million (1,604.5), which was 1.8 percent lower than the previous year. On a comparable currency basis, the order book increased 2.7 percent. Order book increased 3.0 percent in Port Solutions, but decreased by 2.6 percent in Service and 8.3 percent in Industrial Equipment. The order book decline in Service was primarily due to an adverse impact from foreign exchange fluctuations.

SALES

Group sales in January–March totaled EUR 672.8 million (684.1), representing a decrease of 1.7 percent. On a comparable currency basis, sales increased 3.9 percent. Sales decreased 6.7 percent in Service and 0.4 percent in Industrial Equipment. Harmonization of reporting practices following the MHPS acquisition had a EUR 10.9 million positive impact on internal sales in Industrial Equipment in the first quarter. In Port Solutions, sales increased by 10.6 percent.

At end-March, the regional breakdown, calculated on a rolling 12-month basis, was as follows: EMEA 52 (52), Americas 31 (32), and APAC 17 (15) percent.

ORDERS RECEIVED AND NET SALES, MEUR

	1–3/2018	1–3/2017	Change percent	Change % at comparable currency rates	1–12/2017
Orders received, MEUR	683.1	734.5	-7.0	-2.6	3,007.4
Net sales, MEUR	672.8	684.1	-1.7	3.9	3,137.2

FINANCIAL RESULT

In January–March, the Group adjusted EBITA increased by EUR 6.1 million to EUR 37.2 million (31.1). The adjusted EBITA margin improved to 5.5 percent (4.5). The adjusted EBITA margin in Service improved to 12.7 percent (11.7), in Industrial Equipment to 2.7 percent (-0.2) and in Port Solutions to 3.1 (1.4). The improvement in the Group adjusted EBITA was mainly attributable to the synergy cost saving measures implemented in 2017, which were enough to offset low volumes, as well as the adverse impact from the foreign exchange fluctuations.

The consolidated adjusted operating profit increased by EUR 6.6 million to EUR 27.8 million (21.2). The adjusted operating margin improved to 4.1 percent (3.1).

The consolidated operating profit in January–March totaled EUR 23.8 million (226.4). The operating profit includes adjustments of EUR 4.0 million (205.1), which comprises entirely of restructuring costs. The previous year's operating profit included a capital gain of EUR 218.4 million from the divestment of STAHL CraneSystems, transaction costs of EUR 4.2 million related to the MHPS acquisition, and cost of EUR 1.8 million related to the MHPS purchase price allocated to inventories. The operating margin in Service rose to 10.9 percent (9.8), in Industrial Equipment to 1.1 percent (-1.8), and in Port Solutions to 1.6 percent (-0.6).

In January–March, depreciation and impairments totaled EUR 27.4 million (28.3). In the comparison period, this included restructuring related impairments of EUR 0.5 million. The amortization arising from the purchase price allocations for acquisitions represented EUR 9.4 million (9.8) of the depreciation and impairments.

In January–March, the share of the result in associated companies and joint ventures was EUR -0.7 million (-0.6).

In January–March, financial income and expenses totaled EUR -11.6 million (-3.6). Net interest expenses accounted for EUR 4.4 million (9.3) of this and the remainder was mainly attributable to unrealized exchange rate differences related to the hedging of future cash flows that are not included in the hedge accounting.

January–March profit before taxes was EUR 11.5 million (222.2).

Income taxes in January–March were EUR -3.2 million (-28.8). The Group's effective tax rate was 28.0 percent (13.0).

January–March net profit was EUR 8.3 million (193.3).

In January–March, the basic earnings per share were EUR 0.11 (2.51) and the diluted earnings per share were EUR 0.11 (2.51).

On a rolling 12-month basis, the return on capital employed was 5.4 percent (22.5) and the return on equity 3.2 percent (30.3). The adjusted return on capital employed was 10.7 percent (10.9).

BALANCE SHEET

The end-March 2018 consolidated balance sheet amounted to EUR 3,488.2 million (3,888.3). The total equity at the end of the reporting period was EUR 1,198.0 million (1,250.0). On March 31, the total equity attributable to the equity holders of the parent company was EUR 1,176.1 million (1,227.1) or EUR 14.92 per share (15.65).

Net working capital at the end of March 2018 totaled EUR 260.3 million (258.6). The net working capital, adjusted for unpaid dividends, which were reported in the accruals on March 31, amounted to EUR 354.9 million (340.9).

CASH FLOW AND FINANCING

Net cash from operating activities in January–March was EUR 3.4 million (93.6). Cash flow before financing activities was EUR -1.1 million (-411.6). This included divestments of EUR 1.1 million (222.5) and capital expenditures of EUR -5.7 million (-5.7).

At the end of March 2018, interest-bearing net debt was EUR 524.3 million (535.6). The equity to assets ratio was 38.0 percent (35.5) and the gearing 43.8 percent (42.9).

At the end of the first quarter, cash and cash equivalents amounted to EUR 198.3 million (423.6). None of the Group's committed EUR 400 million back-up financing facility was in use at the end of the period.

CAPITAL EXPENDITURE

Capital expenditure in January–March, excluding acquisitions and joint arrangements, amounted to EUR 8.6 million (12.1). This amount consisted mainly of investments in machinery and equipment, property and information technology.

ACQUISITIONS AND DIVESTMENTS

In January–March, the capital expenditure for acquisitions and joint arrangements was EUR 0.0 million (1,472.3).

In January 2018, Konecranes divested the Machine Tool Service business in the USA. Konecranes received cash proceeds of EUR 1.1 million from the transaction and did not record any loss or profit from this disposal.

PERSONNEL

In the first quarter, the Group had an average of 16,278 employees (13,924). On March 31, the number of personnel was 16,185 (16,896). During January–March, the Group's personnel decreased by 186 people net.

At the end of March, the number of personnel by Business Area was as follows: Service 7,187 employees (7,432), Industrial Equipment 5,872 employees (6,142), Port Solutions 3,039 employees (3,263) and Group staff 87 (59). The increase in Group staff was primarily due to a change in allocations from the beginning of 2018, where 19 employees were allocated to Group staff instead of Business Areas.

The Group had 9,854 employees (10,068) working in EMEA, 3,123 (3,385) in the Americas, and 3,208 (3,443) in the APAC region.

BUSINESS AREAS

SERVICE

	1–3/2018	1–3/2017	Change percent	Change % at comparable currency rates	1–12/2017
Orders received, MEUR	238.5	246.3	-3.2	4.5	966.3
Order book, MEUR	212.0	217.6	-2.6		196.0
Contract base value, MEUR	233.4	257.5	-9.4		231.4
Net sales, MEUR	266.4	285.5	-6.7	0.7	1,179.5
Adjusted EBITA, MEUR [1)]	33.8	33.4	1.2		161.3
Adjusted EBITA, % [1)]	12.7%	11.7%			13.7%
Purchase price allocation amortization, MEUR	-3.2	-3.3	-3.7		-12.9
Adjustments,MEUR	-1.6	-2.3	-28.3		-8.7
Operating profit (EBIT), MEUR	29.0	27.9	4.1		139.7
Operating profit (EBIT), %	10.9%	9.8%			11.8%
Personnel at the end of period	7,187	7,432	-3.3		7,206

[1)] *Excluding adjustments and purchase price allocation amortization*

In Service, January–March orders received totaled EUR 238.5 million (246.3), corresponding to a decrease of 3.2 percent. On a comparable currency basis, orders received increased 4.5 percent, largely due to an increase in modernizations.

The order book decreased 2.6 percent to EUR 212.0 million (217.6). On a comparable currency basis, the order book increased 6.1 percent.

Sales decreased 6.7 percent to EUR 266.4 million (285.5), primarily due to an adverse impact from foreign exchange fluctuations. On a comparable currency basis, sales increased 0.7 percent. Sales of parts outperformed field service. Reported sales fell in the Americas and the EMEA, but increased in the APAC.

The adjusted EBITA was EUR 33.8 million (33.4) and the adjusted EBITA margin 12.7 percent (11.7). The improvement in the adjusted EBITA margin was mainly attributable to the cost-saving measures implemented in 2017, along with a more favorable sales mix and improved productivity. The operating profit was EUR 29.0 million (27.9) and the operating margin 10.9 percent (9.8).

The total number of equipment included in the maintenance agreement base increased 14.7 percent to 624,139 (544,292). Year-on-year, the annual value of the agreement base decreased 9.4 percent to EUR 233.4 million (257.5). On a comparable currency basis, the decrease was 2.2 percent. The decrease was primarily attributable to the harmonization of reporting practices following the MHPS acquisition. Sequentially, the annual value of the agreement base increased by 0.9 percent on a reported basis and 2.3 percent on a comparable currency basis.

INDUSTRIAL EQUIPMENT

	1–3/2018	1–3/2017	Change percent	Change % at comparable currency rates	1–12/2017
Orders received, MEUR	271.6	270.7	0.3	5.1	1,127.3
Order book, MEUR	527.6	575.2	-8.3		526.9
Net sales, MEUR	248.6	249.7	-0.4	4.9	1,118.2
Adjusted EBITA, MEUR [1)]	6.6	-0.5	1,562.8		34.6
Adjusted EBITA, % [1)]	2.7%	-0.2%			3.1%
Purchase price allocation amortization, MEUR	-3.6	-3.8	-3.6		-14.7
Adjustments,MEUR	-0.3	-0.4	-17.3		-23.8
Operating profit (EBIT), MEUR	2.7	-4.6	158.5		-4.0
Operating profit (EBIT), %	1.1%	-1.8%			-0.4%
Personnel at the end of period	5,872	6,142	-4.4		6,024

[1)] *Excluding adjustments and purchase price allocation amortization*

In Industrial Equipment, January–March orders received totaled EUR 271.6 million (270.7), corresponding to an increase of 0.3 percent. On a comparable currency basis, orders received increased 5.1 percent. Internal orders increased by EUR 21.9 million. EUR 13.8 million of the increase was attributable to the harmonization of reporting practices following the MHPS acquisition. Reported external orders fell in all regions, primarily due to industrial cranes, process cranes in particular, along with an adverse impact from foreign exchange fluctuations. While component orders fell year-on-year, following a strong order intake in the year-ago period, sequentially component orders increased, primarily in the Americas.

The order book decreased 8.3 percent to EUR 527.6 million (575.2). On a comparable currency basis, the order book decreased 1.3 percent.

Sales decreased 0.4 percent to EUR 248.6 million (249.7). On a comparable currency basis, sales increased 4.9 percent. Internal sales increased by EUR 9.9 million. Harmonization of reporting practices following the MHPS acquisition had a EUR 10.9 million positive impact on internal sales in the first quarter.

The adjusted EBITA was EUR 6.6 million (-0.5) and the adjusted EBITA margin 2.7 percent (-0.2). The improvement in the adjusted EBITA margin was mainly attributable to the cost-saving measures implemented in 2017. Operating profit was EUR 2.7 million (-4.6) and operating margin 1.1 percent (-1.8).

PORT SOLUTIONS

	1–3/2018	1–3/2017	Change percent	Change % at comparable currency rates	1–12/2017
Orders received, MEUR	226.2	247.1	-8.5	-6.9	1,056.2
Order book, MEUR	836.2	811.6	3.0		812.9
Net sales, MEUR	200.6	181.4	10.6	13.1	975.7
of which service, MEUR	40.8	39.2	4.3	9.3	161.3
Adjusted EBITA, MEUR [1)]	6.2	2.6	138.2		44.8
Adjusted EBITA, % [1)]	3.1%	1.4%			4.6%
Purchase price allocation amortization, MEUR	-2.6	-2.8	-5.8		-10.9
Adjustments,MEUR	-0.4	-0.9			-22.2
Operating profit (EBIT), MEUR	3.1	-1.1	377.0		11.7
Operating profit (EBIT), %	1.6%	-0.6%			1.2%
Personnel at the end of period	3,039	3,263	-6.9		3,067

[1)] Excluding adjustments and purchase price allocation amortization

In Port Solutions, January–March orders received totaled EUR 226.2 million (247.1), corresponding to a decrease of 8.5 percent. On a comparable currency basis, orders received decreased by 6.9 percent. Orders fell in the EMEA and the Americas, primarily due to the timing of projects, impacting the orders for heavier container handling equipment. Orders increased in the APAC. Orders for Ports Solutions service increased across all regions.

The order book increased 3.0 percent to EUR 836.2 million (811.6). On a comparable currency basis, the order book increased 4.6 percent.

Sales increased 10.6 percent to EUR 200.6 million (181.4). On a comparable currency basis, sales increased 13.1 percent.

The adjusted EBITA was EUR 6.2 million (2.6) and the adjusted EBITA margin 3.1 percent (1.4). The improvement in the adjusted EBITA margin was mainly attributable to sales growth. In addition, the cost-saving measures implemented in 2017 had a positive effect. Operating profit was EUR 3.1 million (-1.1) and operating margin 1.6 percent (-0.6).

Group overheads

Adjusted unallocated Group overhead costs and eliminations were EUR -9.4 million (-4.5), representing -1.4 percent of sales (-0.7). The increase was primarily due to the alignment of accounting practices following the MHPS acquisition, along with a change in allocations from the beginning of 2018, where approximately EUR 4 million of cost on an annual basis is allocated to unallocated Group overheads instead of Business Areas.

Unallocated Group overhead costs and eliminations in the reporting period were EUR -11.1 million (204.2), representing -1.6 percent of sales (29.9). These included restructuring costs of EUR 1.7 million (5.5). The previous year's unallocated Group overhead costs and eliminations included a capital gain of EUR 218.4 million from the divestment of STAHL CraneSystems, and transaction costs of EUR 4.2 million related to the MHPS acquisition.

ADMINISTRATION

Decisions of the Annual General Meeting

The Annual General Meeting of Konecranes Plc was held on Tuesday March 27, 2018. The meeting approved the Company's annual accounts for the fiscal year 2017, discharged the members of the Board of Directors and CEO from liability, and approved all proposals made by the Board of Directors and its committees to the AGM. The AGM approved the Board's proposal that a dividend of EUR 1.20 per share is paid from the distributable assets of the parent Company.

The AGM confirmed the annual remuneration payable to the members of the Board for the term until the closing of the Annual General Meeting in 2019 as follows: Chairman of the Board EUR 140,000, Vice Chairman of the Board EUR 100,000, and other Board Members EUR 70,000. In case the term of office of a Board member ends before the closing of the Annual General Meeting in 2019, he or she is entitled to the prorated amount of the annual remuneration calculated on the basis of his or her actual term in office.

In addition, the Chairman of the Board, the Vice Chairman of the Board, and other Board members are entitled to a compensation of EUR 1,500 per attended Board committee meeting. The Chairman of the Audit Committee of the Board of Directors is, however, entitled to a compensation of EUR 3,000 per attended Audit Committee meeting. No remuneration will be paid to Board members employed by the Company. Travel expenses will be compensated against receipts.

The AGM approved the proposal of the Nomination Committee that the number of members of the Board of Directors is eight (8). Mr. Ole Johansson, Ms. Janina Kugel, Mr. Bertel Langenskiöld, Mr. Ulf Liljedahl and Mr. Christoph Vitzthum were re-elected for a term of office ending at the closing of the Annual General Meeting in 2019, and Mr. Per Vegard Nerseth, Mr. Anders Nielsen and Ms. Päivi Rekonen were elected new Board members for the same term of office.

The AGM confirmed that Ernst & Young Oy continues as the Company's auditor for the year ending on December 31, 2018.

The AGM approved the proposal of the Board of Directors to amend the Articles of Association of the Company in their entirety as proposed to the AGM.

The AGM authorized the Board of Directors to decide on the repurchase of the Company's own and/or on the acceptance as pledge of the Company's own shares. The amount of own shares to be repurchased and/or accepted as pledge based on this authorization shall not exceed 7,500,000 shares in total, which corresponds to approximately 9.5 percent of all of the shares in the Company. However, the Company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 percent of all the shares in the Company. Only the unrestricted equity of the Company can be used to repurchase own shares on the basis of the authorization. Own shares can be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market. The Board of Directors decides how own shares will be repurchased and/or accepted as pledge. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). Own shares can be repurchased and/or accepted as pledge to limit the dilutive effects of share issues carried out in connection with possible acquisitions, to develop the Company's capital structure, to be transferred for financing or realization of possible acquisitions, investments or other arrangements belonging to the Company's business, to pay remuneration to Board members, to be used in incentive arrangements or to be cancelled, provided that the repurchase and/or acceptance as pledge is in the interest of the Company and its shareholders. The authorization is effective until the end of the next Annual General Meeting, however no longer than until 26 September 2019.

The AGM authorized the Board of Directors to decide on the issuance of shares, as well as the issuance of special rights entitling to shares referred to in chapter 10, section 1 of the Finnish Companies Act. The amount of shares to be issued based on this authorization shall not exceed 7,500,000 shares, which corresponds to approximately 9.5 percent of all of the shares in the Company. The Board of Directors decides on all the conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization can also be used for incentive arrangements, however, not more than 1,000,000 shares in total together with the authorization in the next item. The authorization is effective until the end of the next Annual General Meeting, however no longer than until September 26, 2019. However, the authorization for incentive arrangements is valid until March 26, 2023. This authorization revokes the authorization for incentive arrangements given by the Annual General Meeting 2017.

The AGM authorized the Board of Directors to decide on the transfer of the Company's own shares. The authorization is limited to a maximum of 7,500,000 shares, which corresponds to approximately 9.5 percent of all the shares in the

Company. The Board of Directors decides on all the conditions of the transfer of own shares. The transfer of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The Board of Directors can also use this authorization to grant special rights concerning the Company's own shares, referred to in Chapter 10 of the Companies Act. The authorization can also be used for incentive arrangements, however, not more than 1,000,000 shares in total together with the authorization in the previous item. This authorization is effective until the next Annual General Meeting of Shareholders, however no longer than until September 26, 2019. However, the authorization for incentive arrangements is valid until March 26, 2023. This authorization revokes the authorization for incentive arrangements given by the Annual General Meeting 2017.

The AGM authorized the Board of Directors to decide on the issue of new shares or on the transfer of own shares held by the Company to such participants of the Plan who, according to the terms and conditions of the Plan, are entitled to receive free shares, as well as to decide on the share issue without payment also to the Company itself. The authorization includes a right, within the scope of this Plan, to transfer own shares currently held by the Company, which have earlier been limited to other purposes than incentive plans. The number of new shares to be issued or own shares held by the Company to be transferred may in the aggregate amount to a maximum total of 500,000 shares, which corresponds to approximately 0.6 percent of all of the Company's shares. The Board of Directors is entitled to decide on other matters concerning the share issue. The authorization concerning the share issue is valid until March 26, 2023. This authorization is in addition to the authorizations in the previous items. This authorization replaces the authorization for the Share Savings Plan given by the Annual General Meeting 2017.

Board of Directors' organizing meeting

In the first meeting of the Board of Directors of Konecranes Plc after the Annual General Meeting the Board of Directors elected Mr. Christoph Vitzthum Chairman of the Board and Mr. Ole Johansson Vice Chairman of the Board.

In accordance with the previous practice, the Board of Directors has an Audit Committee, a Nomination Committee and a Human Resources Committee.

Ulf Liljedahl was elected Chairman of the Audit Committee, and Ole Johansson and Päivi Rekonen as Committee members. Bertel Langenskiöld was elected Chairman of the Human Resources Committee, and Janina Kugel and Christoph Vitzthum as Committee members. Christoph Vitzthum was elected Chairman of the Nomination Committee, and Ole Johansson and Ulf Liljedahl as Committee members.

Ms. Janina Kugel, Mr. Ulf Liljedahl, Mr. Per Vegard Nerseth, Mr. Anders Nielsen, Ms. Päivi Rekonen and Mr. Christoph Vitzthum, are deemed to be independent of the company and any significant shareholders. While Mr. Ole Johansson and Mr. Bertel Langenskiöld are deemed to be independent of the company, they are deemed to be dependent of a significant shareholder of the company based on their positions as the current Chairman of the Board of Directors and previous Managing Director of Hartwall Capital Oy Ab, respectively.

SHARE CAPITAL AND SHARES

On March 31, 2018 the company's registered share capital totaled EUR 30.1 million. On March 31, 2018, the number of shares including treasury shares totaled 78,921,906.

TREASURY SHARES

On March 31, 2018, Konecranes Plc was in possession of 98,403 own shares, which corresponds to 0.1 percent of the total number of shares and which had on that date a market value of EUR 3.5 million.

On February 28, 2018, 17,995 treasury shares were conveyed without consideration to the employees as a reward payment for the Savings Period 2014–2015 of the Konecranes Employee Share Savings Plan.

On March 8, 2018, 49,363 treasury shares were conveyed without consideration to the key employees as a reward payment for the performance period 2015–2017 of the Konecranes Performance Share Plan 2015.

EMPLOYEE SHARE SAVINGS PLAN

On February 8, 2018, Konecranes announced that the Board of Directors has decided to launch a new Plan Period relating to the Employee Share Savings Plan. The new Plan Period will begin on July 1, 2018 and end on June 30, 2019. The maximum savings amount per participant during one month is 5 percent of gross salary and the minimum is EUR 50. Each participant will receive one free matching share for every two acquired savings shares. Matching shares will be delivered to a participant if the participant holds the acquired shares from the plan period until the end of the designated holding period, February 15, 2022, and if his or her employment has not ended before this date for reasons related to the employee. The total amount of all savings of the commencing plan period may not exceed EUR 8.5 million. The terms and conditions of the Plan Period 2018–2019 are unchanged from the previous Plan Periods.

An employee will participate in the Plan for one year at a time. Shares will be acquired with the accrued savings at the market price quarterly, after the publication dates of the Konecranes interim results, commencing in October 2018. Any dividends paid on purchased shares during the commencing Plan period will automatically be reinvested into additional shares on the following purchase date. These shares will have an equal right to matching shares.

MARKET CAPITALIZATION AND TRADING VOLUME

The closing price for the Konecranes shares on the Nasdaq Helsinki on March 29, 2018 was EUR 35.24. The volume-weighted average share price in January–March 2018 was EUR 37.69, the highest price being EUR 42.43 in January and the lowest EUR 34.17 in March. In January–March, the trading volume on the Nasdaq Helsinki totaled 16.9 million, corresponding to a turnover of approximately EUR 637.8 million. The average daily trading volume was 268,520 shares representing an average daily turnover of EUR 10.1 million.

In addition, according to Fidessa, approximately 30.0 million shares were traded on other trading venues (e.g. multilateral trading facilities and bilateral OTC trades) in January–March 2018.

On March 31, 2018, the total market capitalization of Konecranes Plc was EUR 2,781.2 million including treasury shares. The market capitalization was EUR 2,777.7 million excluding treasury shares.

NOTIFICATIONS OF MAJOR SHAREHOLDINGS

In January–March 2018, Konecranes received the following notifications of major shareholdings.

Date	Shareholder	Threshold	% of shares and voting rights	% of shares and voting rights through financial instruments	Total, %	Total, shares
January 2, 2018	BlackRock, Inc.	Above 15%	13.60	1.39	15.00	11,838,477
January 4, 2018	BlackRock, Inc.	Below 15%	13.60	1.33	14.94	11,792,766
January 9, 2018	BlackRock, Inc.	Above 15%	13.78	1.24	15.02	11,858,361
January 10, 2018	BlackRock, Inc.	Below 15%	13.82	1.07	14.90	11,764,689
January 16, 2018	BlackRock, Inc.[1]	Below 10%	12.95	1.26	14.21	11,222,451
January 22, 2018	BlackRock, Inc.[2]	Below 10%	11.84	1.24	13.08	10,330,572
February 9, 2018	Solidium Oy	Above 5%	5.05	0	5.05	3,984,863
February 11, 2018	HC Holding Oy Ab	Above 10%	10.01	0	10.01	7,901,238
March 19, 2018	BlackRock, Inc.	Below 10%	9.79	0.94	10.74	8,477,795
March 28, 2018	BlackRock, Inc.[3]	Below 5%	8.05	2.50	10.56	8,334,657

[1] The disclosure obligation arose due to holding in Shares and Voting rights for BlackRock Investment Management (UK) Limited going below 10%.
[2] The disclosure obligation arose due to total holding in Shares and Voting rights for BlackRock Investment Management (UK) Limited going below 10%.
[3] The disclosure obligation arose due to holding in Shares and Voting rights for BlackRock Investment Management (UK) Limited going below 5%.

RISKS AND UNCERTAINTIES

Konecranes operates in the emerging countries that entail political, economic, and regulatory uncertainties. Adverse changes in the operating environment of these countries may result in currency losses, elevated delivery costs, or loss of assets. Konecranes operates a crane factory in Zaporozhye, Ukraine.

The operations in emerging countries have had a negative impact on the aging structure of accounts receivable and may increase credit losses or the need for higher provisions for doubtful accounts.

Konecranes has made several acquisitions and expanded organically into new countries. A failure to integrate the acquired businesses, MHPS in particular, or grow newly established operations may result in a decrease in profitability and impairment of goodwill and other assets.

One of the key strategic initiatives of Konecranes is oneKONECRANES. This initiative involves a major capital expenditure for the information systems. A higher-than-expected development or implementation costs, or a failure to extract business benefits from the new processes and systems may lead to an impairment of assets or decrease in profitability.

Konecranes delivers projects, which involve the risks related, for example, to engineering and project execution including Konecranes' suppliers. A failure to plan or manage these projects may lead to higher-than-estimated costs or disputes with customers.

Challenges in financing, e.g. due to the currency fluctuations, may force customers to postpone projects or even cancel the existing orders. Konecranes intends to avoid incurring costs for major projects under construction in excess of advance payments. However, it is possible that the cost-related commitments in some projects temporarily exceed the amount of advance payments.

The Group's other risks are presented in the Annual Report.

EVENTS AFTER THE END OF THE REPORTING PERIOD

In April 2018, Konecranes received the following notifications of major shareholdings.

Date	Shareholder	Threshold	% of shares and voting rights	% of shares and voting rights through financial instruments	Total, %	Total, shares
March 29, 2018	BlackRock, Inc.[1]	Above 5%	8.24	2.32	10.56	8 340 614
April 19, 2018	BlackRock, Inc.	Above 10%	10.48	0.02	10.51	8,275,603

[1] The disclosure obligation arose due to holding in Shares and Voting rights for BlackRock Investment Management (UK) Limited going above 5%.

On April 13, 2018, Konecranes announced that Susanna Schneeberger, Executive Vice President and Head of Strategy, is leaving Konecranes to pursue career opportunities outside the company. She will continue working for Konecranes until June 30, 2018. As of July 1, 2018, the Group Executive Board will consist of the following members:

- Panu Routila, President and CEO
- Teo Ottola, CFO, Deputy CEO
- Fabio Fiorino, Executive Vice President, Business Area Service
- Mikko Uhari, Executive Vice President, Business Area Industrial Equipment
- Mika Mahlberg, Executive Vice President, Business Area Port Solutions
- Juha Pankakoski, Executive Vice President, Technologies
- Timo Leskinen, Senior Vice President, Human Resources
- Sirpa Poitsalo, Senior Vice President, General Counsel

DEMAND OUTLOOK

The demand situation in Europe is stable within the industrial customer segments. Business activity in the North American manufacturing industry is starting to improve. Demand in the Asia-Pacific region continues to show signs of improvement. Global container throughput growth continues at a high level, and the prospects for the small and medium-sized orders related to container handling remain stable.

FINANCIAL GUIDANCE

The sales in 2018 are expected to be approximately on the same level or higher than in 2017. We expect the adjusted EBITA margin to improve in 2018.

Espoo, April 26, 2018
Konecranes Plc
Board of Directors

Disclaimer

It should be noted that certain statements in this report, which are not historical facts, including, without limitation, those regarding

- expectations for general economic development and market situation,
- expectations for general developments in the industry,
- expectations regarding customer industry profitability and investment willingness,
- expectations for company growth, development, and profitability,
- expectations regarding market demand for the company's products and services,
- expectations regarding the successful completion of acquisitions on a timely basis and Konecranes' ability to achieve the set targets and synergies,
- expectations regarding competitive conditions,
- expectations regarding cost savings,
- and statements preceded by "believes," "expects," "anticipates," "foresees" or similar expressions, are forward-looking statements. These statements are based on current expectations, decisions and plans, and currently known facts. Therefore, they involve risks and uncertainties, which may cause the actual results to materially differ from the results currently expected by the company. Such factors include, but are not limited to:
- general economic conditions, including fluctuations in exchange rates and interest levels,
- competitive situation, especially significant products or services developed by our competitors,
- industry conditions,
- the company's own operating factors including the success of production, product development, project management, quality, and timely delivery of our products and services and their continuous development,
- the success of pending and future acquisitions and restructurings.

Consolidated statement of income

EUR million	Note	1–3/2018	1–3/2017	Change percent	1–12/2017
Sales	7	**672.8**	**684.1**	**-1.7**	**3,137.2**
Other operating income [1]		1.2	220.4		227.2
Materials, supplies and subcontracting		-262.4	-273.2		-1,409.5
Personnel cost		-247.7	-254.2		-1,004.2
Depreciation and impairments	8	-27.4	-28.3		-117.0
Other operating expenses [2]		-112.7	-122.5		-515.0
Operating profit		**23.8**	**226.4**	**-89.5**	**318.7**
Share of associates' and joint ventures' result		-0.7	-0.6		3.3
Financial income [3]		3.0	19.4		39.8
Financial expenses		-14.6	-23.0		-85.8
Profit before taxes		**11.5**	**222.2**	**-94.8**	**276.0**
Taxes	10	-3.2	-28.8		-50.6
PROFIT FOR THE PERIOD		**8.3**	**193.3**	**-95.7**	**225.4**
Profit for the period attributable to:					
Shareholders of the parent company		8.4	194.0		226.1
Non-controlling interest		-0.1	-0.6		-0.7
Earnings per share, basic (EUR)		0.11	2.51	-95.7	2.89
Earnings per share, diluted (EUR)		0.11	2.51	-95.7	2.89

[1] Other operating income 1–3/2017 includes a gain on disposal of EUR 218.4 million of STAHL CraneSystems.
[2] Other operating expenses for 1–3/2017 include transaction costs related to terminated merger plan with Terex and the acquisition of Terex MHPS up to EUR 4.2 million and for 1–12/2017 EUR 4.9 million.
[3] Financial income for 1–3/2017 includes gains of EUR 14.3 million which are mostly related to the purchase price adjustments of the MHPS acquisition and for 1–12/2017 EUR 7.8 million.

Consolidated statement of other comprehensive income

EUR million	1–3/2018	1–3/2017		1–12/2017
Profit for the period	**8.3**	**193.3**		**225.4**
Items that can be reclassified into profit or loss				
Cash flow hedges	1.9	-19.1		-5.3
Exchange differences on translating foreign operations	-1.6	-0.4		-19.2
Income tax relating to items that can be reclassified into profit or loss	-0.4	3.8		1.1
Items that cannot be reclassified into profit or loss				
Re-measurement gains (losses) on defined benefit plans	0.0	0.0		-1.1
Income tax relating to items that cannot be reclassified into profit or loss	0.0	0.0		0.7
Other comprehensive income for the period, net of tax	**-0.1**	**-15.7**		**-24.0**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**8.1**	**177.6**		**201.4**
Total comprehensive income attributable to:				
Shareholders of the parent company	8.7	177.7		203.1
Non-controlling interest	-0.6	-0.1		-1.7

Consolidated balance sheet

EUR million

ASSETS	**Note**	**31.3.2018**	**31.3.2017**	**31.12.2017**
Non-current assets				
Goodwill		902.5	925.9	905.3
Intangible assets		620.0	658.8	633.3
Property, plant and equipment		260.5	294.4	270.4
Advance payments and construction in progress		8.6	12.3	11.5
Investments accounted for using the equity method		69.1	71.0	69.8
Other non-current assets		0.8	1.0	1.0
Deferred tax assets		128.5	128.1	118.4
Total non-current assets		**1,990.1**	**2,091.5**	**2,009.7**
Current assets				
Inventories				
Raw material and semi-manufactured goods		259.0	276.1	240.8
Work in progress		336.8	327.4	284.1
Advance payments		22.4	28.1	20.6
Total inventories		618.1	631.5	545.5
Accounts receivable		462.6	511.1	537.8
Other receivables		39.8	36.6	43.3
Loans receivable		0.2	17.0	0.2
Income tax receivables		19.7	20.8	20.9
Receivable arising from percentage of completion method	7	71.6	81.0	78.7
Other financial assets		31.4	8.2	37.7
Deferred assets		56.3	66.8	56.2
Cash and cash equivalents		198.3	423.6	233.1
Total current assets		**1,498.1**	**1,796.7**	**1,553.2**
TOTAL ASSETS		**3,488.2**	**3,888.3**	**3,562.9**

Consolidated balance sheet

EUR million

EQUITY AND LIABILITIES	**Note**	**31.3.2018**	**31.3.2017**	**31.12.2017**
Equity attributable to equity holders of the parent company				
Share capital		30.1	30.1	30.1
Share premium		39.3	39.3	39.3
Paid in capital		752.7	752.7	752.7
Fair value reserves	14	12.3	-0.3	10.8
Translation difference		1.4	20.5	2.6
Other reserve		44.0	32.2	37.6
Retained earnings		287.9	158.5	157.2
Net profit for the period		8.4	194.0	226.1
Total equity attributable to equity holders of the parent company		**1,176.1**	**1,227.1**	**1,256.4**
Non-controlling interest		21.9	22.9	22.5
Total equity		**1,198.0**	**1,250.0**	**1,278.9**
Liabilities				
Non-current liabilities				
Interest-bearing liabilities	13	598.9	794.7	600.8
Other long-term liabilities		269.2	289.3	278.7
Provisions		21.2	19.2	23.0
Deferred tax liabilities		150.3	173.5	150.1
Total non-current liabilities		**1,039.6**	**1,276.8**	**1,052.6**
Current liabilities				
Interest-bearing liabilities	13	123.9	181.6	157.9
Advance payments received	7	333.6	364.0	299.8
Progress billings		0.2	0.0	0.9
Accounts payable		168.0	184.6	201.2
Provisions		115.1	97.5	129.3
Other short-term liabilities (non-interest bearing)		47.7	45.5	49.8
Other financial liabilities		11.5	5.2	6.8
Income tax liabilities		27.8	56.1	57.0
Accrued costs related to delivered goods and services		174.3	168.7	177.1
Accruals		248.4	258.3	151.6
Total current liabilities		**1,250.6**	**1,361.5**	**1,231.4**
Total liabilities		**2,290.2**	**2,638.3**	**2,284.0**
TOTAL EQUITY AND LIABILITIES		**3,488.2**	**3,888.3**	**3,562.9**

Consolidated statement of changes in equity

	Equity attributable to equity holders of the parent company				
EUR million	**Share capital**	**Share premium**	**Paid in capital**	**Cash flow hedges**	**Translation difference**
Balance at 1 January, 2018	**30.1**	**39.3**	**752.7**	**10.8**	**2.6**
Dividends paid to equity holders					
Equity-settled share based payments					
Profit for the period					
Other comprehensive income				1.5	-1.2
Total comprehensive income				1.5	-1.2
Balance at 31 March, 2018	**30.1**	**39.3**	**752.7**	**12.3**	**1.4**
Balance at 1 January, 2017	**30.1**	**39.3**	**66.5**	**15.0**	**20.8**
Share issue			686.2		
Dividends paid to equity holders					
Equity-settled share based payments					
Profit for the period					
Other comprehensive income				-15.3	-0.3
Total comprehensive income				-15.3	-0.3
Balance at 31 March, 2017	**30.1**	**39.3**	**752.7**	**-0.3**	**20.5**

	Equity attributable to equity holders of the parent company				
EUR million	**Other Reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January, 2018	**36.6**	**384.3**	**1,256.4**	**22.5**	**1,278.9**
Change in accounting principles (IFRS 9)		-0.8	-0.8		**-0.8**
Change in accounting principles (IFRS 2)	1.5	0.0	1.5		**1.5**
Balance at 1 January, 2018, restated	**38.1**	**383.4**	**1,257.0**	**22.5**	**1,279.6**
Dividends paid to equity holders		-94.6	-94.6	0.0	**-94.6**
Equity-settled share based payments	4.9	0.0	4.9		**4.9**
Profit for the period		8.4	8.4	-0.2	**8.3**
Other comprehensive income		0.0	0.3	-0.4	**-0.1**
Total comprehensive income	0.0	8.4	8.7	-0.6	**8.1**
Balance at 31 March, 2018	**43.1**	**297.3**	**1,176.1**	**21.9**	**1,198.0**
Balance at 1 January, 2017	**31.7**	**242.0**	**445.4**	**0.1**	**445.5**
Change in accounting principles (IFRS 15)		-1.1	-1.1		**-1.1**
Balance at 1 January, 2017, restated	**31.7**	**240.9**	**444.3**	**0.1**	**444.4**
Share issue		0.0	686.2		**686.2**
Dividends paid to equity holders		-82.3	-82.3		**-82.3**
Equity-settled share based payments	0.5	0.0	0.5		**0.5**
Acquisitions		0.0	0.0	23.6	**23.6**
Profit for the period		194.0	194.0	-0.6	**193.3**
Other comprehensive income		0.0	-15.6	-0.1	**-15.7**
Total comprehensive income	0.0	194.0	178.3	-0.7	**177.6**
Balance at 31 March, 2017	**32.2**	**352.5**	**1,227.0**	**22.9**	**1,250.0**

Consolidated cash flow statement

EUR million	1–3/2018	1–3/2017	1–12/2017
Cash flow from operating activities			
Profit for the period	8.3	193.3	225.4
Adjustments to net income			
Taxes	3.2	28.8	50.6
Financial income and expenses	11.6	3.6	46.0
Share of associates' and joint ventures' result	0.7	0.6	-3.3
Dividend income	0.0	0.0	0.0
Depreciation and impairments	27.4	28.3	117.0
Profits and losses on sale of fixed assets and businesses	2.5	-217.3	-217.5
Other adjustments	0.7	4.0	0.7
Operating income before change in net working capital	**54.4**	**41.4**	**218.9**
Change in interest-free current receivables	82.1	76.9	13.0
Change in inventories	-77.3	-68.2	-1.9
Change in interest-free current liabilities	-25.8	71.1	105.0
Change in net working capital	**-21.0**	**79.9**	**116.2**
Cash flow from operations before financing items and taxes	**33.3**	**121.3**	**335.0**
Interest received	3.3	4.4	14.6
Interest paid	-6.8	-7.9	-43.4
Other financial income and expenses	15.3	-16.3	-18.7
Income taxes paid	-41.7	-7.9	-38.2
Financing items and taxes	**-29.9**	**-27.7**	**-85.6**
NET CASH FROM OPERATING ACTIVITIES	**3.4**	**93.6**	**249.4**
Cash flow from investing activities			
Acquisition of Group companies, net of cash	0.0	-722.0	-733.2
Divestment of Businesses, net of cash	1.1	222.5	213.4
Proceeds from disposal of associated company	0.0	0.0	2.8
Capital expenditures	-5.7	-5.7	-28.7
Proceeds from sale of property, plant and equipment	0.0	0.1	3.7
NET CASH USED IN INVESTING ACTIVITIES	**-4.6**	**-505.2**	**-542.0**
Cash flow before financing activities	**-1.1**	**-411.6**	**-292.6**
Cash flow from financing activities			
Proceeds from non-current borrowings	0.0	1,052.0	1,602.0
Repayments of non-current borrowings	0.0	-200.7	-1,050.0
Proceeds from (+), payments of (-) current borrowings	-32.7	-211.6	-140.7
Change in loans receivable	0.1	-0.3	11.6
Dividends paid to equity holders of the parent	0.0	0.0	-82.3
Dividends paid to non-controlling interests	0.0	0.0	-0.5
NET CASH USED IN FINANCING ACTIVITIES	**-32.6**	**639.5**	**340.0**
Translation differences in cash	-1.0	1.5	-8.6
CHANGE OF CASH AND CASH EQUIVALENTS	**-34.8**	**229.4**	**38.9**
Cash and cash equivalents at beginning of period	233.1	194.1	194.1
Cash and cash equivalents at end of period	198.3	423.6	233.1
CHANGE OF CASH AND CASH EQUIVALENTS	**-34.8**	**229.4**	**38.9**

The effect of changes in exchange rates has been eliminated by converting the beginning balance at the rates current on the last day of the reporting period.

FREE CASH FLOW (alternative performance measure)

EUR million	1–3/2018	1–3/2017	1–12/2017
Net cash from operating activities	3.4	93.6	249.4
Capital expenditures	-5.7	-5.7	-28.7
Proceeds from sale of property, plant and equipment	0.0	0.1	3.7
Free cash flow	**-2.2**	**88.0**	**224.4**

Notes

1. CORPORATE INFORMATION

Konecranes Plc ("Konecranes Group" or "the Group") is a Finnish public limited company organized under the laws of Finland and domiciled in Hyvinkää. The company is listed on the NASDAQ Helsinki.

Konecranes is a world-leading manufacturer and servicer of cranes, lifting equipment and machine tools, serving a broad range of customers, including manufacturing and process industries, shipyards, ports and terminals. Konecranes operates internationally, with its products being manufactured in North and South America, Europe, Africa, the Middle East, and Asia and sold worldwide. In 2018 Konecranes has three operating segments, which it calls Business Areas: Business Area Service, Business Area Industrial Equipment and Business Area Port Solutions.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of Konecranes Plc for three months ending 31.03.2018 and 31.03.2017 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). As such, they do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2017. The unaudited interim condensed consolidated financial statements including notes thereto are presented in millions of euros and all values are rounded to the nearest million (€ 000 000) except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in accordance with IFRS requires management to make estimates and judgments that affect the valuation of reported assets and liabilities and other information, such as contingent liabilities and recognition of income and expenses in the statement of income. These assumptions, estimates and judgments are based on management's historical experience, best knowledge about the events and other factors, such as expectations on future events, which are assessed to be reasonable in the given circumstances. Although these estimates and judgments are based on the management's best understanding of current events and circumstances, actual results may differ from the estimates. Possible changes in estimates and assumptions are recognized in the financial reporting period the estimate or assumption is changed.

4. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2017. From January 1, 2018 onwards Konecranes applies also new and changed IFRS standards: IFRS15, IFRS9 and IFRS2 as described below.

Konecranes has adopted IFRS15, Revenue from contracts with customers, standard from January 1, 2018 onwards. The main differences to the previous revenue recognition method have arisen from:

- Right to return the goods in which company should not recognize revenue for sales for which the customer is expected to exercise its right to return the goods;
- Unusual warranty times or service type of warranties in which a portion of the transaction price needs to be allocated to the extended warranty time by using the estimated stand-alone price of the warranty and
- Volume discounts, where the most likely amount for volume discounts needs to be estimated and it should be periodized to each sales transaction to the customer which is entitled to the volume discount.

Konecranes applied the full retrospective approach in transition and thus the comparables for the periods in 2017 have been restated. The effects of implementing IFRS15 in 2017 reported numbers are reported in the following table. Changes to reported figures have effected to all reported segments.

Notes

IFRS 15 adjustments to selected key figures per quarters

Statement of income (EUR million)	1–12/2017	1–9/2017	1–6/2017	1–3/2017
Sales	0.7	0.8	0.3	1.1
Operating costs	-0.3	-0.4	0.0	-0.6
Adjusted EBITA	0.4	0.4	0.3	0.4
EBIT	0.4	0.4	0.3	0.4
Taxes	0.0	0.0	0.0	0.0
Net result	**0.4**	**0.4**	**0.3**	**0.4**

	Q4/2017	Q3/2017	Q2/2017	Q1/2017
Sales	-0.1	0.6	-0.8	1.1
Operating costs	0.1	-0.4	0.6	-0.6
Adjusted EBITA	0.0	0.1	-0.1	0.4
EBIT	0.0	0.1	-0.1	0.4
Taxes	0.0	0.0	0.0	0.0
Net result	**0.0**	**0.1**	**-0.1**	**0.4**

Balance sheet (EUR million)	31.12.2017	30.9.2017	30.6.2017	31.3.2017
Inventories	0.5	0.5	1.1	1.3
Receivables and deferred assets	-0.6	-0.5	-1.2	-1.5
Deferred tax assets	0.1	0.1	0.1	0.1
Total assets	**0.0**	**0.0**	**0.0**	**0.0**
Equity	-0.6	-0.6	-0.7	-0.7
Accruals	0.5	0.6	0.7	0.6
Deferred tax liability	0.0	0.0	0.0	0.0
Total equity and liabilities	**0.0**	**0.0**	**0.0**	**0.0**

Konecranes has adopted IFRS9, Financial Instruments, standard from January 1, 2018 onwards. On adoption, entities are required to apply the amendments without restating prior periods. IFRS9 introduces a single approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model they are managed in, and provides a new impairment model based on expected credit losses. IFRS 9 also includes new regulations regarding the application of hedge accounting to better reflect an entity's risk management activities especially with regard to managing non-financial risks. The Group applies the simplified approach to record expected credit losses on its accounts receivable. The Group estimates credit losses in the future by using a provision matrix where accounts receivable are grouped based on different customer bases and different historical loss patterns. The effect of the transition to IFRS 9 is for the credit loss provision EUR +1.2 million, EUR +0.4 million for the deferred tax assets and EUR -0.8 million for the the retained earnings at January 1, 2018.

Konecranes has adopted amendment to IFRS2 Classification and Measurement of Share-based Payment Transactions standard from January 1, 2018 onwards. On adoption, entities are required to apply the amendments without restating prior periods. The Group has performance share plans in which the share-based payment transaction with net settlement have features for withholding tax obligations. According to IFRS 2 amendment, the existing plans at 1.1.2018 are not divided anymore into two components (cash-settled and equity-settled) but are classified in their entirety as equity-settled share-based payment transactions. The effect of IFRS 2 amendment to the equity is EUR +1.5 million, to non-interest bearing liabilities EUR -5.3 million and to deferred assets EUR -3.8 million at January 1, 2018.

5. DISPOSALS

Konecranes divested in January, 2018 the Machine Tool Service business in USA. Konecranes received cash proceeds of EUR 1.1 million from the transaction and did not record any loss or profit from this disposal.

Notes

6. SEGMENT INFORMATION

6.1. Operating segments

EUR million

Orders received by Business Area	**1–3/2018**	% of total	**1–3/2017**	% of total	**1–12/2017**	% of total
Service [1]	238.5	32	246.3	32	966.3	31
Industrial Equipment	271.6	37	270.7	35	1,127.3	36
Port Solutions [1]	226.2	31	247.1	32	1,056.2	34
./. Internal	-53.2		-29.6		-142.4	
Total	**683.1**	**100**	**734.5**	**100**	**3,007.4**	**100**

[1] *Excl. Service Agreement Base*

Order book total [2]	**31.3.2018**	% of total	**31.3.2017**	% of total	**31.12.2017**	% of total
Service	212.0	13	217.6	14	196.0	13
Industrial Equipment	527.6	33	575.2	36	526.9	34
Port Solutions	836.2	53	811.6	51	812.9	53
Total	**1,575.8**	**100**	**1,604.5**	**100**	**1,535.8**	**100**

[2] *Percentage of completion deducted*

Sales by Business Area	**1–3/2018**	% of total	**1–3/2017**	% of total	**1–12/2017**	% of total
Service	266.4	37	285.5	40	1,179.5	36
Industrial Equipment	248.6	35	249.7	35	1,118.2	34
Port Solutions	200.6	28	181.4	25	975.7	30
./. Internal	-42.8		-32.5		-136.2	
Total	**672.8**	**100**	**684.1**	**100**	**3,137.2**	**100**

Adjusted EBITA by Business Area	**1–3/2018** MEUR	EBITA %	**1–3/2017** MEUR	EBITA %	**1–12/2017** MEUR	EBITA %
Service	33.8	12.7	33.4	11.7	161.3	13.7
Industrial Equipment	6.6	2.7	-0.5	-0.2	34.6	3.1
Port Solutions	6.2	3.1	2.6	1.4	44.8	4.6
Group costs and eliminations	-9.4		-4.5		-24.0	
Total	**37.2**	**5.5**	**31.1**	**4.5**	**216.6**	**6.9**

Operating profit (EBIT) by Business Area	**1–3/2018** MEUR	EBIT %	**1–3/2017** MEUR	EBIT %	**1–12/2017** MEUR	EBIT %
Service	29.0	10.9	27.9	9.8	139.7	11.8
Industrial Equipment	2.7	1.1	-4.6	-1.8	-4.0	-0.4
Port Solutions	3.1	1.6	-1.1	-0.6	11.7	1.2
Group costs and eliminations	-11.1		204.2		171.3	
Total	**23.8**	**3.5**	**226.4**	**33.1**	**318.7**	**10.2**

Notes

Business segment assets	31.3.2018 MEUR	31.3.2017 MEUR	31.12.2017 MEUR
Service	1,271.3	1,288.2	1,287.1
Industrial Equipment	860.6	842.6	880.4
Port Solutions	854.8	715.1	840.6
Unallocated items	501.5	1,042.4	554.7
Total	**3,488.2**	**3,888.3**	**3,562.9**

Business segment liabilities	31.3.2018 MEUR	31.3.2017 MEUR	31.12.2017 MEUR
Service	190.6	206.2	204.5
Industrial Equipment	337.1	263.1	336.5
Port Solutions	394.4	247.7	398.1
Unallocated items	1,368.0	1,921.2	1,344.9
Total	**2,290.2**	**2,638.3**	**2,284.0**

Personnel by Business Area (at the end of the period)	31.3.2018	% of total	31.3.2017	% of total	31.12.2017	% of total
Service	7,187	44	7,432	44	7,206	44
Industrial Equipment	5,872	36	6,142	36	6,024	37
Port Solutions	3,039	19	3,263	19	3,067	19
Group staff	87	1	59	0	74	0
Total	**16,185**	**100**	**16,896**	**100**	**16,371**	**100**

Notes

Orders received by Business Area, Quarters	Q1/2018	Q4/2017	Q3/2017	Q2/2017	Q1/2017
Service [1)]	238.5	236.8	231.8	251.4	246.3
Industrial Equipment	271.6	285.3	262.8	308.5	270.7
Port Solutions [1)]	226.2	255.3	292.2	261.6	247.1
./. Internal	-53.2	-44.9	-36.7	-31.2	-29.6
Total	**683.1**	**732.6**	**750.1**	**790.2**	**734.5**

[1)] *Excl. Service Agreement Base*

Order book by Business Area, Quarters	Q1/2018	Q4/2017	Q3/2017	Q2/2017	Q1/2017
Service	212.0	196.0	222.5	217.6	217.6
Industrial Equipment	527.6	526.9	565.7	571.2	575.2
Port Solutions	836.2	812.9	868.4	817.2	811.6
Total	**1,575.8**	**1,535.8**	**1,656.6**	**1,605.9**	**1,604.5**

Sales by Business Area, Quarters	Q1/2018	Q4/2017	Q3/2017	Q2/2017	Q1/2017
Service	266.4	321.4	273.9	298.7	285.5
Industrial Equipment	248.6	312.9	260.2	295.4	249.7
Port Solutions	200.6	312.9	243.9	237.6	181.4
./. Internal	-42.8	-37.2	-31.2	-35.3	-32.5
Total	**672.8**	**909.9**	**746.8**	**796.4**	**684.1**

Adjusted EBITA by Business Area, Quarters	Q1/2018	Q4/2017	Q3/2017	Q2/2017	Q1/2017
Service	33.8	48.7	37.9	41.2	33.4
Industrial Equipment	6.6	17.2	11.7	6.2	-0.5
Port Solutions	6.2	16.7	12.6	12.9	2.6
Group costs and eliminations	-9.4	-2.6	-7.7	-9.1	-4.5
Total	**37.2**	**79.9**	**54.5**	**51.1**	**31.1**

Adjusted EBITA margin by Business Area, Quarters	Q1/2018	Q4/2017	Q3/2017	Q2/2017	Q1/2017
Service	12.7	15.2	13.9	13.8	11.7
Industrial Equipment	2.7	5.5	4.5	2.1	-0.2
Port Solutions	3.1	5.3	5.2	5.4	1.4
Group EBITA margin total	**5.5**	**8.8**	**7.3**	**6.4**	**4.5**

Personnel by Business Area, Quarters (at the end of the period)	Q1/2018	Q4/2017	Q3/2017	Q2/2017	Q1/2017
Service	7,187	7,206	7,234	7,311	7,432
Industrial Equipment	5,872	6,024	6,146	6,132	6,142
Port Solutions	3,039	3,067	3,177	3,248	3,263
Group staff	87	74	68	63	59
Total	**16,185**	**16,371**	**16,625**	**16,754**	**16,896**

Notes

6.2. Geographical areas

EUR million

Sales by market	**1–3/2018**	% of total	**1–3/2017**	% of total	**1–12/2017**	% of total
Europe-Middle East-Africa (EMEA)	348.0	52	343.5	50	1,633.7	52
Americas (AME)	219.6	33	233.5	34	980.9	31
Asia-Pacific (APAC)	105.1	16	107.1	16	522.7	17
Total	**672.8**	**100**	**684.1**	**100**	**3,137.2**	**100**

Personnel by region (at the end of the period)	**31.3.2018**	% of total	**31.3.2017**	% of total	**31.12.2017**	% of total
Europe-Middle East-Africa (EMEA)	9,854	61	10,068	60	9,920	61
Americas (AME)	3,123	19	3,385	20	3,205	20
Asia-Pacific (APAC)	3,208	20	3,443	20	3,246	20
Total	**16,185**	**100**	**16,896**	**100**	**16,371**	**100**

Sales by market, Quarters	**Q1/2018**	**Q4/2017**	**Q3/2017**	**Q2/2017**	**Q1/2017**
Europe-Middle East-Africa (EMEA)	348.0	513.9	394.9	381.4	343.5
Americas (AME)	219.6	241.5	242.5	263.3	233.5
Asia-Pacific (APAC)	105.1	154.5	109.3	151.7	107.1
Total	**672.8**	**909.9**	**746.8**	**796.4**	**684.1**

Personnel by region, Quarters (at the end of the period)	**Q1/2018**	**Q4/2017**	**Q3/2017**	**Q2/2017**	**Q1/2017**
Europe-Middle East-Africa (EMEA)	9,854	9,920	10,037	10,069	10,068
Americas (AME)	3,123	3,205	3,291	3,294	3,385
Asia-Pacific (APAC)	3,208	3,246	3,297	3,391	3,443
Total	**16,185**	**16,371**	**16,625**	**16,754**	**16,896**

Notes

7. CONTRACT ASSETS AND LIABILITIES (Percentage of completion method and advances received)

EUR million	31.3.2018	31.3.2017	31.12.2017
The cumulative revenues of non-delivered projects	433.7	641.9	389.6
Advances received netted	361.3	560.3	310.9
Progress billings netted	0.8	0.6	0.0
Receivable arising from percentage of completion method, net	**71.6**	**81.0**	**78.7**
Gross advance received from percentage of completion method	419.1	677.5	395.9
Advances received netted	361.3	560.3	310.9
Advances received from percentage of completion method (netted)	**57.8**	**117.2**	**85.0**

Net sales recognized under the percentage of completion method amounted EUR 90.1 million in 1–3/2018 (EUR 80.4 million in 1–3/2017).

Receivable arising from percentage of completion method relate to revenue recognized over time. Net asset balances are balances where the sum of contract costs, recognized profits and recognized losses exceed progress billings. Contracts, here and as follows, include service contracts accounted for under the percentage of completion method. Where progress billings exceed the sum of contract costs, recognized profits and recognized losses these liabilities are included in the line item Advance received from percentage of completion method (netted).

Advance payments received	31.3.2018	31.3.2017	31.12.2017
Advance received from percentage of completion method (netted)	57.8	117.2	85.0
Other advance received from customers	275.8	246.9	214.8
Total	**333.6**	**364.0**	**299.8**

8. IMPAIRMENTS

EUR million	1–3/2018	1–3/2017	1–12/2017
Property, plant and equipment	0.0	0.5	3.8
Other intangible assets	0.0	0.0	2.4
Total	**0.0**	**0.5**	**6.2**

There has been no impairments in 2018. Mainly restructuring actions have led to an impairment of tangible assets (machinery and equipment and buildings) and intangible assets in 2017.

9. RESTRUCTURING COSTS

Konecranes has recorded EUR 4.0 million restructuring costs during 1–3/2018 (EUR 7.2 million in 1–3/2017) of which EUR 0.0 million was impairment of assets (EUR 0.5 million for 1–3/2017). The remaining EUR 4.0 million of restructuring cost is reported 1–3/2018 in personnel costs (EUR 2.7 million) and in other operating expenses (EUR 1.3 million).

10. INCOME TAXES

Taxes in statement of Income	1–3/2018	1–3/2017	1–12/2017
Local income taxes of group companies	13.1	35.3	68.0
Taxes from previous years	0.6	0.5	-1.0
Change in deferred taxes	-10.5	-7.0	-16.4
Total	**3.2**	**28.8**	**50.6**

Notes

11. KEY FIGURES

	31.3.2018	31.3.2017	Change %	31.12.2017
Earnings per share, basic (EUR)	0.11	2.51	-95.7	2.89
Earnings per share, diluted (EUR)	0.11	2.51	-95.7	2.89
Alternative Performance Measures:				
Return on capital employed, %, Rolling 12 Months (R12M)	5.4	22.5	-76.0	23.7
Adjusted return on capital employed, %, Rolling 12 Months (R12M)	10.7	10.9	-1.8	15.4
Return on equity, %, Rolling 12 Months (R12M)	3.2	30.3	-89.4	26.1
Equity per share (EUR)	14.92	15.65	-4.7	15.95
Interest-bearing net debt / Equity, %	43.8	42.9	2.1	41.1
Net debt / Adjusted EBITDA, Rolling 12 Months (R12M)	1.8	2.5	-28.0	1.8
Equity to asset ratio, %	38.0	35.5	7.0	39.2
Investments total (excl. acquisitions), EUR million	8.6	12.1	-28.7	35.7
Interest-bearing net debt, EUR million	524.3	535.6	-2.1	525.3
Net working capital, EUR million	260.3	258.6	0.7	325.6
Average number of personnel during the period	15,519	13,924	11.5	15,519
Average number of shares outstanding, basic	78,774,958	77,278,217	1.9	78,272,680
Average number of shares outstanding, diluted	78,774,958	77,278,217	1.9	78,272,680
Number of shares outstanding	78,823,503	78,421,906	0.5	78,756,145

Notes

Calculation of Alternative Performance Measures

Konecranes presents Alternative Performance Measures to reflect the underlying business performance and to enhance comparability between financial periods. Alternative Performance measures should not be considered as a substitute for measures of performance in accordance with the IFRS.

Return on equity (%):	=	Net profit for the period / Total equity (average during the period)	X 100
Return on capital employed (%):	=	Income before taxes + interest paid + other financing cost / Total amount of equity and liabilities - non-interest bearing debts (average during the period)	X 100
Adjusted return on capital employed (%):	=	Adjusted EBITA / Total amount of equity and liabilities - non-interest bearing debts (average during the period)	X 100
Equity to asset ratio, %	=	Shareholders' equity / Total amount of equity and liabilities - advance payment received	X 100
Interest-bearing net debt / Equity, %:	=	Interest-bearing liabilities - liquid assets - loans receivable / Total equity	X 100
Equity per share:	=	Equity attributable to the shareholders of the parent company / Number of shares outstanding	
Net working capital:	=	Non interest-bearing current assets + deferred tax assets (excluding Purchase Price Allocation) - Non interest-bearing current liabilities - deferred tax liabilities (excluding Purchase Price Allocation) - provisions	
Interest-bearing net debt:	=	Interest-bearing liabilities (non current and current) - cash and cash equivalents - loans receivable (non current and current)	
Average number of personnel:	=	Calculated as average of number of personnel in quarters	
Number of shares outstanding:	=	Total number of shares - treasury shares	
EBITDA	=	Operating profit + Depreciation, amortization and impairments	
EBITA	=	Operating profit + Amortization and impairment of Purchase Price Allocations	

Notes

Reconciliation of adjusted EBITDA, EBITA and Operating profit (EBIT)	1–3/2018	1–3/2017	1–12/2017
Adjusted EBITDA	**55.2**	**49.0**	**289.2**
Transaction costs	0.0	-4.2	-4.9
Restructuring costs (excluding impairments)	-4.0	-6.7	-59.8
Release of MHPS purchase price allocation in inventories	0.0	-1.8	-7.3
Gain on disposal of Stahl CraneSystems	0.0	218.4	218.4
EBITDA	**51.2**	**254.6**	**435.7**
Depreciation, amortization and impairments	-27.4	-28.3	-117.0
Operating profit (EBIT)	**23.8**	**226.4**	**318.7**
Adjusted EBITA	**37.2**	**31.1**	**216.6**
Purchase price allocation amortization	-9.4	-9.8	-38.6
Adjusted Operating profit (EBIT)	**27.8**	**21.2**	**178.0**
Transaction costs	0.0	-4.2	-4.9
Restructuring costs	-4.0	-7.2	-65.6
Release of MHPS purchase price allocation in inventories	0.0	-1.8	-7.3
Gain on disposal of Stahl CraneSystems	0.0	218.4	218.4
Operating profit (EBIT)	**23.8**	**226.4**	**318.7**

Interest-bearing net debt	31.3.2018	31.3.2017	31.12.2017
Non current interest bearing liabilities	598.9	794.7	600.8
Current interest bearing liabilities	123.9	181.6	157.9
Loans receivable	-0.2	-17.1	-0.3
Cash and cash equivalents	-198.3	-423.6	-233.1
Interest-bearing net debt	**524.3**	**535.6**	**525.3**

The period end exchange rates:	31.3.2018	31.3.2017	Change %	31.12.2017
USD - US dollar	1.232	1.069	-13.2	1.199
CAD - Canadian dollar	1.590	1.427	-10.3	1.504
GBP - Pound sterling	0.875	0.856	-2.2	0.887
CNY - Chinese yuan	7.747	7.364	-4.9	7.804
SGD - Singapore dollar	1.616	1.494	-7.5	1.602
SEK - Swedish krona	10.284	9.532	-7.3	9.844
AUD - Australian dollar	1.604	1.398	-12.8	1.535

The period average exchange rates:	31.3.2018	31.3.2017	Change %	31.12.2017
USD - US dollar	1.229	1.065	-13.4	1.130
CAD - Canadian dollar	1.554	1.410	-9.3	1.465
GBP - Pound sterling	0.883	0.860	-2.6	0.877
CNY - Chinese yuan	7.815	7.335	-6.1	7.629
SGD - Singapore dollar	1.621	1.508	-7.0	1.559
SEK - Swedish krona	9.971	9.506	-4.7	9.633
AUD - Australian dollar	1.563	1.405	-10.1	1.473

Notes

12. GUARANTEES, LEASE COMMITMENTS AND CONTINGENT LIABILITIES

EUR million	31.3.2018	31.3.2017	31.12.2017
For own commercial obligations			
Guarantees	535.5	518.3	499.7
Leasing liabilities			
Next year	40.9	41.5	39.8
Later on	86.9	87.8	81.8
Other	26.8	54.7	19.8
Total	**690.1**	**702.3**	**641.0**

Guarantees

The guarantees are related to the fact that from time to time Konecranes provides customers with guarantees that guarantee the Company's obligations pursuant to the applicable customer contract. In sale of investment goods (machinery) the typical guarantees are the following:

- tender guarantees (bid bonds) given to the customer to secure the bidding process
- advance payment guarantees given to the customer to secure their down payment for project
- performance guarantees to secure customers over the Company's own performance in customer contracts, and
- warranty period guarantees to secure the correction of defects during the warranty period.

Contingent liabilities relating to litigation

Various legal actions, claims and other proceedings are pending against the Group in various countries. These actions, claims and other proceedings are typical for this industry and consistent with a global business offering that encompasses a wide range of products and services. These matters involve contractual disputes, warranty claims, product liability (including design defects, manufacturing defects, failure to warn and asbestos legacy), employment, vehicles and other matters involving claims of general liability.

While the final outcome of these matters cannot be predicted with certainty, Konecranes is of the opinion, based on the information available to date and considering the grounds presented for such claims, the available insurance coverage and the reserves made, that the outcome of such actions, claims and other proceedings, if unfavorable, would not have a material, adverse impact on the financial condition of the Group.

Notes

13. FINANCIAL ASSETS AND LIABILITIES

13.1. Carrying amount of financial assets and liabilities in the balance sheet

EUR million **Financial assets 31.3.2018**	Fair value through OCI	Fair value through income statement	Amortized cost	Carrying amounts by balance sheet item
Current financial assets				
Account and other receivables	0.0	0.0	502.8	502.8
Derivative financial instruments	22.3	9.1	0.0	31.4
Cash and cash equivalents	0.0	0.0	198.3	198.3
Total	**22.3**	**9.1**	**701.1**	**732.4**

Financial liabilities 31.3.2018				
Non-current financial liabilities				
Interest-bearing liabilities	0.0	0.0	598.9	598.9
Other payable	0.0	0.0	4.3	4.3
Current financial liabilities				
Interest-bearing liabilities	0.0	0.0	123.9	123.9
Derivative financial instruments	7.8	3.8	0.0	11.5
Accounts and other payable	0.0	0.0	215.7	215.7
Total	**7.8**	**3.8**	**942.8**	**954.4**

EUR million **Financial assets 31.3.2017**	Fair value through OCI	Fair value through income statement	Amortized cost	Carrying amounts by balance sheet item
Current financial assets				
Account and other receivables	0.0	0.0	566.1	566.1
Derivative financial instruments	2.5	5.8	0.0	8.2
Cash and cash equivalents	0.0	0.0	423.6	423.6
Total	**2.5**	**5.8**	**989.6**	**997.8**

Financial liabilities 31.3.2017				
Non-current financial liabilities				
Interest-bearing liabilities	0.0	0.0	794.7	794.7
Other payable	0.0	0.0	16.2	16.2
Current financial liabilities				
Interest-bearing liabilities	0.0	0.0	181.6	181.6
Derivative financial instruments	3.3	1.9	0.0	5.2
Accounts and other payable	0.0	0.0	230.0	230.0
Total	**3.3**	**1.9**	**1,222.6**	**1,227.8**

Notes

EUR million Financial assets 31.12.2017	Fair value through OCI	Fair value through income statement	Amortized cost	Carrying amounts by balance sheet item
Current financial assets				
Account and other receivables	0.0	0.0	581.5	581.5
Derivative financial instruments	17.1	20.6	0.0	37.7
Cash and cash equivalents	0.0	0.0	233.1	233.1
Total	**17.1**	**20.6**	**814.5**	**852.2**

Financial liabilities 31.12.2017				
Non-current financial liabilities				
Interest-bearing liabilities	0.0	0.0	600.8	600.8
Other payable	0.0	0.0	10.5	10.5
Current financial liabilities				
Interest-bearing liabilities	0.0	0.0	157.9	157.9
Derivative financial instruments	5.8	1.0	0.0	6.8
Accounts and other payable	0.0	0.0	251.0	251.0
Total	**5.8**	**1.0**	**1,020.1**	**1,027.0**

At the end of March 2018, the outstanding long-term loans were: EUR 150 million five-year term loan, EUR 50 million for the R&D loan, EUR 150 million for the Schuldschein loan and EUR 250 million for the bond. The Schuldschein loan contains floating and fixed rate tranches with maturities of four and seven years. The term loan and the R&D loan bear a floating six months interest period and the bond yield is fixed with annual coupon payment. The weighted average interest rate for these loans and the bond is currently 1.36% per annum. The company is in compliance with the quarterly monitored financial covenant (interest-bearing net debt/equity) for the loans. No specific securities have been given for the loans. The Company continues to have healthy Interest-bearing net debt / equity ratio of 43.8% (31.03.2017: 42.8%) which is in compliance with the bank covenants the Company has to comply with.

Derivatives are initially recorded in the balance sheet at fair value and subsequently measured at fair value at each balance sheet date. All derivatives are carried as assets when fair value is positive and liabilities when fair value is negative. Derivative instruments that are not designated as hedges (hedge accounting) are measured at fair value, and the change in fair value is recognized in the consolidated statement of income. When the derivative is designated as a hedge (hedge accounting) the effective part of the change in fair value is recognized in other comprehensive income. Any ineffective part is recognized in the consolidated statement of income. The foreign exchange forward contracts are measured based on the closing date's observable spot exchange rates and the quoted yield curves of the respective currencies. Interest rate swaps are measured based on present value of the cash flows, which are discounted based on the quoted yield curves.

Notes

13.2 Fair values

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial assets and liabilities:

Financial assets	Carrying amount **31.3.2018**	Carrying amount **31.3.2017**	Carrying amount **31.12.2017**	Fair value **31.3.2018**	Fair value **31.3.2017**	Fair value **31.12.2017**
Current financial assets						
Account and other receivables	502.8	566.1	581.5	502.8	566.1	581.5
Derivative financial instruments	31.4	8.2	37.7	31.4	8.2	37.7
Cash and cash equivalents	198.3	423.6	233.1	198.3	423.6	233.1
Total	**732.4**	**997.8**	**852.2**	**732.4**	**997.8**	**852.2**

Financial liabilities						
Non-current financial liabilities						
Interest-bearing liabilities	598.9	794.7	600.8	607.8	794.7	608.3
Other payable	4.3	16.2	10.5	4.3	16.2	10.5
Current financial liabilities						
Interest-bearing liabilities	123.9	181.6	157.9	123.9	181.6	157.9
Derivative financial instruments	11.5	5.2	6.8	11.5	5.2	6.8
Accounts and other payable	215.7	230.0	251.0	215.7	230.0	251.0
Total	**954.4**	**1,227.8**	**1,027.0**	**963.3**	**1,227.7**	**1,034.6**

The management assessed that cash and short-term deposits, accounts receivable, accounts payable, bank overdrafts and other current payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Long-term fixed-rate and variable-rate borrowings are evaluated by the Group based on parameters such as interest rates and the risk characteristics of the loan.

Notes

13.3 Hierarchy of fair values

Financial assets	31.3.2018 Level 1	31.3.2018 Level 2	31.3.2018 Level 3	31.3.2017 Level 1	31.3.2017 Level 2	31.3.2017 Level 3	31.12.2017 Level 1	31.12.2017 Level 2	31.12.2017 Level 3
Derivative financial instruments									
Foreign exchange forward contracts	0.0	31.4	0.0	0.0	7.9	0.0	0.0	37.7	0.0
Currency options	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Fuel oil derivative	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Electricity derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**31.4**	**0.0**	**0.0**	**8.2**	**0.0**	**0.0**	**37.7**	**0.0**
Other financial assets									
Cash and cash equivalents	198.3	0.0	0.0	423.6	0.0	0.0	233.1	0.0	0.0
Total	**198.3**	**0.0**	**0.0**	**423.6**	**0.0**	**0.0**	**233.1**	**0.0**	**0.0**
Total financial assets	**198.3**	**31.4**	**0.0**	**423.6**	**8.2**	**0.0**	**233.1**	**37.7**	**0.0**

Financial liabilities	31.3.2018 Level 1	31.3.2018 Level 2	31.3.2018 Level 3	31.3.2017 Level 1	31.3.2017 Level 2	31.3.2017 Level 3	31.12.2017 Level 1	31.12.2017 Level 2	31.12.2017 Level 3
Derivative financial instruments									
Foreign exchange forward contracts	0.0	11.5	0.0	0.0	5.0	0.0	0.0	6.7	0.0
Electricity forward contracts	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.1	0.0
Total	**0.0**	**11.5**	**0.0**	**0.0**	**5.2**	**0.0**	**0.0**	**6.8**	**0.0**
Other financial liabilities									
Interest bearing liabilities	0.0	722.8	0.0	0.0	976.3	0.0	0.0	758.6	0.0
Other payables	0.0	0.0	1.2	0.0	0.0	10.6	0.0	0.0	6.3
Total	**0.0**	**722.8**	**1.2**	**0.0**	**976.3**	**10.6**	**0.0**	**758.6**	**6.3**
Total financial liabilities	**0.0**	**734.3**	**1.2**	**0.0**	**981.5**	**10.6**	**0.0**	**765.5**	**6.3**

14. HEDGE ACTIVITIES AND DERIVATIVES

EUR million	31.3.2018 Nominal value	31.3.2018 Fair value	31.3.2017 Nominal value	31.3.2017 Fair value	31.12.2017 Nominal value	31.12.2017 Fair value
Foreign exchange forward contracts	940.2	19.9	983.4	3.0	1,006.1	31.0
Currency options	0.0	0.0	86.0	0.2	0.0	0.0
Fuel oil derivative	0.0	0.0	0.5	0.1	0.0	0.0
Electricity derivatives	0.4	0.0	0.7	-0.2	0.5	-0.1
Total	**940.6**	**19.8**	**1,070.6**	**3.0**	**1,006.6**	**30.9**

Derivatives not designated as hedging instruments

The Group enters into other foreign exchange and electricity forward contracts or currency options with the intention of reducing the risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Notes

CASH FLOW HEDGES

Foreign currency risk

Foreign exchange forward and option contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales and purchases in US dollar. These forecast transactions are highly probable, and they comprise about 44.7% of the Group's total hedged transaction flows. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

At the inception of these deals the Group assess whether the critical terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. On a quarterly basis the Group performs qualitative effectiveness test by checking that the hedging instrument is linked on the relevant assets and liabilities, projected business transactions or binding contracts according to the hedging strategy and that there are no related credit risks. Hedge ineffectiveness is recognized through profit or loss.

The cash flow hedges of the expected future sales and purchases in 2018 and 2017 were assessed to be highly effective and a net unrealized loss, with a deferred tax asset relating to the hedging instruments, is included in OCI. The amounts recognized in OCI are shown in the table below and the reclassifications to profit or loss during the year are as shown in the consolidated statement of income.

Fair value reserve of cash flow hedges

EUR million	31.3.2018	31.3.2017	31.12.2017
Balance as of January 1	10.8	15.0	15.0
Gains and losses deferred to equity (fair value reserve)	1.9	-19.1	-5.3
Change in deferred taxes	-0.4	3.8	1.1
Balance as of the end of period	**12.3**	**-0.3**	**10.8**

15. TRANSACTIONS WITH RELATED PARTIES

EUR million	31.3.2018	31.3.2017	31.12.2017
Sales of goods and services with associated companies and joint arrangements	10.6	9.8	37.7
Sales of goods and services with significant shareholders	0.0	9.9	13.1
Receivables from associated companies and joint arrangements	10.3	8.7	11.1
Receivables from significant shareholders	0.0	25.5	0.0
Purchases of goods and services from associated companies and joint arrangements	11.8	10.8	45.7
Purchases of goods and services from significant shareholders	0.0	0.5	0.7
Liabilities to associated companies and joint arrangements	5.0	5.0	4.3
Liabilities to significant shareholders	0.0	15.1	0.0

ANALYST AND PRESS BRIEFING

An analyst and press conference will be held at the restaurant Savoy's Salikabinetti (address: Eteläesplanadi 14, Helsinki) on April 26, 2018, at 11.00 am Finnish time. The Interim Report will be presented by Konecranes' President and CEO Panu Routila and CFO Teo Ottola.

A live webcast of the conference will begin at 11.00 am at www.konecranes.com. Please see the stock exchange release dated April 12, 2018 for the conference call details.

NEXT REPORT

Konecranes Plc plans to publish its January–June 2018 interim report on July 25, 2018.

KONECRANES PLC

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Konecranes is a world-leading group of Lifting Businesses™, serving a broad range of customers, including manufacturing and process industries, shipyards, ports and terminals. Konecranes provides productivity enhancing lifting solutions as well as services for lifting equipment of all makes. In 2017, Group sales totaled EUR 3,136 million. The Group has 16,200 employees at 600 locations in 50 countries. Konecranes shares are listed on the Nasdaq Helsinki (symbol: KCR).

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