KONECRANES
Lifting Businesses™

Profitability improvement continued, Port Solutions order intake strong

Sales guidance slightly reduced

Interim Report
January–September 2017

Q3

Profitability improvement continued, Port Solutions order intake strong

Sales guidance slightly reduced

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

THIRD QUARTER HIGHLIGHTS
(COMPARISON TO COMBINED COMPANY FIGURES*)

- Order intake EUR 750.1 million (685.3), +9.4 percent
- Order book EUR 1,656.6 million (1,467.9) at end-September, +12.9 percent
- Sales EUR 746.2 million (803.8), -7.2 percent
- Adjusted EBITA EUR 54.4 million (47.1), 7.3 percent of sales (5.9)

JANUARY–SEPTEMBER HIGHLIGHTS
(COMPARISON TO COMBINED COMPANY FIGURES*)

- Order intake EUR 2,274.8 million (2,103.8), +8.1 percent
- Sales EUR 2,226.4 million (2,307.4), -3.5 percent
- Adjusted EBITA EUR 136.3 million (98.3), 6.1 percent of sales (4.3)

JANUARY–SEPTEMBER HIGHLIGHTS
(COMPARISON TO HISTORICAL KONECRANES FIGURES*)

- Order intake EUR 2,274.8 million (1,325.6), +71.6 percent
- Order book EUR 1,656.6 million (987.7) at end-September, +67.7 percent
- Sales EUR 2,226.4 million (1,505.0), +47.9 percent
- Adjusted EBITA EUR 136.3 million (91.7), 6.1 percent of sales (6.1)
- Operating profit EUR 262.9 million (53.9), 11.8 percent of sales (3.6)
- Earnings per share (diluted) EUR 2.62 (0.46)
- Free cash flow EUR 166.4 million (29.7)
- Net debt EUR 566.4 million (183.5) and interest-bearing net debt to equity 45.1 percent (44.0)

MARKET OUTLOOK

Economic indicators related to manufacturing industries continue to be strong. Demand situation in Europe is stable within the industrial customer segments. Business activity in the North American manufacturing industry remains mixed. Demand in Asia-Pacific is showing signs of bottoming out. Global container throughput growth has improved and the prospects for the small and medium-sized orders related to container handling have strengthened.

NEW FINANCIAL GUIDANCE

The sales in 2017 are expected to be lower than the comparable combined company sales in 2016 (EUR 3,278 million). We expect the adjusted EBITA to total EUR 205–225 million in 2017 (comparable combined company's adjusted EBITA was EUR 184 million in 2016).

The comparable combined company's operations comprise Konecranes' operations without the divested STAHL CraneSystems business, but include the acquired MHPS business. See the stock exchange releases published on April 10, 2017 and April 13, 2017 for further financial information including the basis of preparation for comparable combined company.

PREVIOUS FINANCIAL GUIDANCE

The sales in 2017 are expected to be close to or lower than the comparable combined company sales in 2016 (EUR 3,278 million). We expect the adjusted EBITA to total EUR 205–225 million in 2017 (comparable combined company's adjusted EBITA was EUR 184 million in 2016).

The comparable combined company's operations comprise Konecranes' operations without the divested STAHL CraneSystems business, but include the acquired MHPS business. See the stock exchange releases published on April 10, 2017 and April 13, 2017 for further financial information including the basis of preparation for comparable combined company.

** This Report contains comparisons to both the Konecranes' historical figures and the combined company figures. Historical figures relate to Konecranes' stand-alone financial information as reported for 2016 (including the divested STAHL CraneSystems business).*

To provide a basis for comparison, this Report also contains, under separate headings, the comparisons to combined company's financial information on an unaudited basis estimated by the management for 2016. This financial information has been prepared to reflect the financial results of the combined company as if it had been operating as such for the full financial year 2016. The comparable combined company's operations comprise Konecranes' operations without the divested STAHL CraneSystems business, but include the acquired MHPS business. See "Basis of preparation for comparable combined company" for further information.

Comparable combined company's financial information applies an assumed situation and does not therefore reflect the true financial position or the result of the company during 2016. The previous year's order book for MHPS included deliveries for the next 12 months only.

Key figures

COMPARISONS TO HISTORICAL FIGURES

	Third quarter			January–September				
	7–9/2017	7–9/2016	Change %	1–9/2017	1–9/2016	Change %	R12M	1–12/2016
Orders received, MEUR	750.1	420.3	78.5	2,274.8	1,325.6	71.6	2,869.9	1,920.7
Order book at end of period, MEUR				1,656.6	987.7	67.7		1,038.0
Sales total, MEUR	746.2	517.6	44.2	2,226.4	1,505.0	47.9	2,839.7	2,118.4
Adjusted EBITDA, MEUR [1]	72.0	50.1	43.7	191.5	126.8	51.0	256.3	191.6
Adjusted EBITDA, % [1]	9.7%	9.7%		8.6%	8.4%		9.0%	9.0%
Adjusted EBITA, MEUR [2]	54.4	38.9	40.0	136.3	91.7	48.6	189.4	144.8
Adjusted EBITA, % [2]	7.3%	7.5%		6.1%	6.1%		6.9%	6.8%
Adjusted operating profit, MEUR [1]	44.7	37.9	18.0	106.9	88.7	20.6	159.0	140.8
Adjusted operating margin, % [1]	6.0%	7.3%		4.8%	5.9%		5.6%	6.6%
Operating profit, MEUR	6.8	25.0	-72.7	262.9	53.9	387.7	293.9	84.9
Operating margin, %	0.9%	4.8%		11.8%	3.6%		12.2%	4.0%
Profit before taxes, MEUR	-4.8	21.3	-122.7	230.9	36.6	530.2	256.3	62.1
Net profit for the period, MEUR	-4.2	15.8	-126.8	203.2	26.7	659.7	214.0	37.6
Earnings per share, basic, EUR	-0.06	0.27	-121.6	2.62	0.46	475.7	2.81	0.64
Earnings per share, diluted, EUR	-0.06	0.27	-121.6	2.62	0.46	475.7	2.81	0.64
Interest-bearing net debt/Equity, %				45.1%	44.0%			29.1%
Net debt/Adjusted EBITDA, R12M [1]				2.2	1.0			0.7
Return on capital employed, %							23.2%	10.3%
Adjusted return on capital employed, % [3]							12.6%	19.2%
Free cash flow, MEUR	-6.2	26.5		166.4	29.7		220.5	83.9
Average number of personnel during the period				15,307	11,509	33.0		11,398

COMPARISONS TO COMBINED COMPANY FIGURES

	Third quarter			January–September				
	7–9/2017	7–9/2016	Change %	1–9/2017	1–9/2016	Change %	R12M	1–12/2016
Orders received, MEUR	750.1	685.3	9.4	2,274.8	2,103.8	8.1	3,196.3	3,025.3
Order book at end of period, MEUR				1,656.6	1,467.9	12.9		1,507.7
Sales total, MEUR	746.2	803.8	-7.2	2,226.4	2,307.4	-3.5	3,197.4	3,278.4
Adjusted EBITDA, MEUR [1]	72.0	65.3	10.2	191.5	153.7	24.7	296.8	258.9
Adjusted EBITDA, % [1]	9.7%	8.1%		8.6%	6.7%		9.3%	7.9%
Adjusted EBITA, MEUR [2]	54.4	47.1	15.6	136.3	98.3	38.6	222.0	184.1
Adjusted EBITA, % [2]	7.3%	5.9%		6.1%	4.3%		6.9%	5.6%
Average number of personnel during the period				16,882	17,944	-5.9		17,760

[1] *Excluding adjustments, see also note 12 in the summary financial statements*
[2] *Excluding adjustments and purchase price allocation amortization, see also note 12 in the summary financial statements*
[3] *ROCE excluding adjustments, see also note 12 in the summary financial statements*

President and CEO Panu Routila:

"The adjusted EBITA margin improvement continued strong during the third quarter of 2017. The comparable combined company adjusted EBITA margin expanded by 1.4 percentage points on a year-on-year basis, despite the sales that were lower than a year ago. The profitability improvement continued in Business Area Service, while the turnaround progressed in Industrial Equipment and Port Solutions. This indicates that the integration of MHPS is proceeding successfully and therefore improves our efficiency.

The comparable combined company orders received in the third quarter increased by 9.4 percent on a year-on-year basis. Similar to the first half of the year, the order intake growth was driven by Business Area Port Solutions. Once again, its orders received grew across the product portfolio suggesting that the cross-promotion of our extended offering seems to work well. The order book for most of our new Konecranes Gottwald and Konecranes Noell products continued to strengthen. However, the Business Area Ports Solutions' order book for deliveries scheduled for the fourth quarter of 2017 is approximately EUR 50 million lower compared to the corresponding situation a year ago.

The order intake in Business Area Service and Business Area Industrial Equipment was lower than a year ago as we continued to prioritize focus on laying the foundation for the combined operations. This meant consolidation of operations in several countries and even discontinuation of some underperforming businesses. Moreover, the appreciation of the EUR/USD and severe weather in the U.S. affected the reported orders to some extent.

Group sales in the third quarter were 7.2 percent below the previous year on a comparable combined company basis. The decrease in the Business Area Port Solutions' sales related to the timing of deliveries and exceptionally high sales of RTG cranes in the comparison period. The sales in Business Area Service and Business Area Industrial Equipment were affected by similar factors as the order intake, prioritizing the margin improvement through integration activities over the growth.

The third-quarter comparable combined company adjusted EBITA increased to EUR 54.4 million (47.1) and the adjusted EBITA margin improved to 7.3 percent (5.9). In Business Area Service, the adjusted EBITA margin increased by 1.2 percentage points thanks to the positive sales mix, better productivity, and lower fixed costs. In Business Area Industrial Equipment, the 3.4 percentage points' improvement in the adjusted EBITA margin related mainly to the cost-saving measures implemented in 2016–2017, as well as successful deliveries. The adjusted EBITA margin in Business Area Port Solutions, up 1.5 percentage points on a year-on-year basis, was supported by cost-saving measures implemented in 2016–2017, improved delivery execution leading to better-than-expected margins from some completed projects, as well as sales growth in certain products.

The integration of MHPS is running ahead of our expectations. While maintaining the targeted EBIT level synergies of EUR 140 million p.a. by the end of 2019, we now expect to implement EUR 50 million (previously, EUR 45 million) synergies on a run-rate basis by the end of 2017. In the third quarter, we made progress in optimizing our manufacturing operations in several countries, most notably in India, Italy, and the U.S. Also, the combined organization is now well in place. In addition to finalizing the actions planned for the rest of 2017, we are working hard to build a good starting point for our integration activities in 2018, and to lay the ground for the growth initiatives that will be started gradually during 2018."

Konecranes Plc
Interim report January–September 2017

COMPARISONS TO HISTORICAL AND COMBINED COMPANY'S FIGURES

This Report contains comparisons to both the Konecranes' historical figures and the combined company figures. Historical figures relate to Konecranes' stand-alone financial information as reported in 2016 (including the divested STAHL CraneSystems business).

To provide a basis for comparison, this Report also contains, under separate headings, the comparisons to combined company's financial information on an unaudited basis estimated by the management for 2016. This financial information has been prepared to reflect the financial results of the combined company as if it had been operating as such for the full financial year 2016. The comparable combined company's operations comprise Konecranes' operations without the divested STAHL CraneSystems business, but include the acquired MHPS business. See "Basis of preparation for comparable combined company" for further information.

Comparable combined company's financial information applies to an assumed situation and does not therefore reflect the true financial position or the result of the company during 2016. The previous year's order book for MHPS included deliveries for the next 12 months only.

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

MARKET REVIEW

The J.P.Morgan Global Manufacturing Purchasing Managers' Index (PMI) signaled a solid and steady improvement in manufacturing operating conditions in January–September 2017. Developed countries, on average, tended to outperform emerging markets.

The euro area remained a bright spot within the global manufacturing sector. Its PMI rose to a near six-year record high, with the growth improving across the countries. Outside the Eurozone, the performance of the UK and particularly Swedish manufacturing sectors remained solid in January–September, as well. Correspondingly, the European Union manufacturing capacity utilization rate continued to improve.

Similar to Europe, the economic activity in the U.S. manufacturing sector, measured by the PMI, expanded in January–September 2017. However, the U.S. total industrial capacity utilization rate improved only marginally after having declined since the end of 2014.

Compared to the previous year, PMIs also rose in the BRIC countries, but the rate of expansion remained more modest than in Europe or the U.S. Furthermore, PMI data highlighted a slowdown in growth across the BRIC countries' manufacturing sectors toward the end of the third quarter.

The global container throughput was robust as it increased by approximately 6 percent on a year-on-year basis in January–September 2017. Regionally, container volumes from Asia to East Coast North America have been particularly strong year to date, as the widening of the Panama Canal has supported traffic above expectations. In addition, the volumes in the Mediterranean ports have clearly increased thanks to the improved economic growth in Southern Europe. The container traffic in the Middle East has suffered from low oil prices and tensions in the region.

The average raw material prices, including steel, copper, and oil were above the previous year's level in January–September 2017. The average EUR/USD exchange rate was approximately stable on a year-on-year basis during the period. However, the EUR appreciated against the USD in the third quarter.

ORDERS RECEIVED

January–September orders received totaled EUR 2,274.8 million (1,325.6), representing an increase of 71.6 percent mainly due to the MHPS acquisition. Orders received increased by 32.9 percent in Service, by 35.7 percent in Industrial Equipment, and by 187.5 percent in Port Solutions compared to the year before. Orders received grew in all regions.

Comparison to combined company figures

Orders received in January–September totaled EUR 2,274.8 million (2,103.8), representing an increase of 8.1 percent. Orders received increased by 28.3 percent in Port Solutions, but decreased by 1.6 percent in Service and by 1.2 percent in Industrial Equipment compared to the year before. Orders received grew in all regions.

Orders received in the third quarter totaled EUR 750.1 million (685.3), representing an increase of 9.4 percent. Orders received increased by 43.9 percent in Port Solutions, but decreased by 3.9 percent in Service and by 4.7 percent in Industrial Equipment compared to the year before. Orders received grew in the Americas, as well as in APAC, but were lower in EMEA.

ORDERS RECEIVED AND NET SALES, MEUR

(Comparisons to historical figures)

	7–9/ 2017	7–9/ 2016	Change percent	Change % at comparable currency rates	1–9/ 2017	1–9/ 2016	Change percent	Change % at comparable currency rates	1–12/2016
Orders received, MEUR	750.1	420.3	78.5	82.4	2,274.8	1,325.6	71.6	71.8	1,920.7
Net sales, MEUR	746.2	517.6	44.2	47.2	2,226.4	1,505.0	47.9	48.2	2,118.4

ORDERS RECEIVED AND NET SALES, MEUR

(Comparisons to comparable combined company figures)

	7–9/ 2017	7–9/ 2016	Change percent	Change % at comparable currency rates	1–9/ 2017	1–9/ 2016	Change percent	Change % at comparable currency rates	1–12/2016
Orders received, MEUR	750.1	685.3	9.4	11.5	2,274.8	2,103.8	8.1	8.3	3,025.3
Net sales, MEUR	746.2	803.8	-7.2	-5.3	2,226.4	2,307.4	-3.5	-3.4	3,278.4

ORDER BOOK

The value of the order book at the end of September totaled EUR 1,656.6 million (987.7), which was 67.7 percent higher than the previous year mainly due to the MHPS acquisition. Order book increased by 25.0 percent in Service, by 32.6 percent in Industrial Equipment, and by 126.7 percent in Port Solutions.

Comparison to combined company figures

The value of the order book at the end of September totaled EUR 1,656.6 million (1,467.9), which was 12.9 percent higher than in the previous year. Order book increased by 1.9 percent in Industrial Equipment and by 26.7 percent in Port Solutions, but decreased by 2.1 percent in Service. The previous year's order book for MHPS included deliveries for the next 12 months only.

SALES

Group sales in January–September increased by 47.9 percent from a year ago and totaled EUR 2,226.4 million (1,505.0). Sales in Service rose by 29.7 percent, in Industrial Equipment by 35.0 percent, and in Port Solutions by 74.4 percent.

At end-September, the regional breakdown, calculated for a rolling 12-month period, was as follows: EMEA 49 (48), Americas 34 (38), and APAC 16 (15) percent.

Comparison to combined company figures

Group sales in January–September decreased by 3.5 percent to EUR 2,226.4 million (2,307.4). Sales fell in Service by 2.6 percent, in Industrial Equipment by 0.7 percent, and in Port Solutions by 10.4 percent.

Group sales in the third quarter decreased by 7.2 percent to EUR 746.2 million (803.8). Sales fell in Service by 7.3 percent, in Industrial Equipment by 5.7 percent, and in Port Solutions by 12.1 percent.

FINANCIAL RESULT

In January–September, the adjusted EBITA increased by EUR 44.6 million to EUR 136.3 million (91.7). The Group adjusted EBITA improved mainly thanks to the MHPS acquisition and cost-saving measures implemented in 2016–2017. On the other hand, the divestment of STAHL CraneSystems affected negatively the adjusted EBITA by approximately EUR 21 million. The adjusted EBITA margin was 6.1 percent (6.1). The adjusted EBITA margin in Service improved to 13.1 percent (9.9) and in Industrial Equipment to 2.2 percent (1.2), but fell in Port Solutions to 4.2 (8.9).

The January–September consolidated adjusted operating profit increased by EUR 18.2 million to EUR 106.9 million (88.7). The adjusted operating margin fell to 4.8 percent (5.9). The adjusted operating margin declined due to the amortization arising from the purchase price allocations for acquisitions.

The consolidated operating profit in January–September totaled EUR 262.9 million (53.9). The operating profit includes adjustments of EUR 156.0 million (-34.8), comprising of capital gain of EUR 218.4 million (0.0) from the divestment of STAHL CraneSystems, restructuring costs of EUR 52.2 million (15.1), transaction costs of EUR 4.8 million (30.1) related to the MHPS acquisition, and cost of EUR 5.5 million (0.0) related to the MHPS purchase price allocated to inventories. The increase in the restructuring costs related to the integration of the MHPS acquisition, which has resulted in plant closures and personnel reductions in several countries, such as India, Italy, and the U.S. The previous year's operating profit included insurance indemnity of EUR 10.3 million.

In January–September, depreciation and impairments totaled EUR 87.6 million (41.0). This included restructuring related impairments of EUR 2.9 million (2.8). The amortization arising from the purchase price allocations of acquisitions represented EUR 29.4 million (3.0) of the depreciation and impairments.

In January–September, the share of the result of associated companies and joint ventures was EUR -0.5 million (5.7). Previous year's EUR 5.8 million gain on disposal of investment in associated company related to the sale of shares in Kito Corporation.

In January–September, financial income and expenses totaled EUR -31.5 million (-28.7). Net interest expenses of this were EUR 24.2 million (7.4). The previous year's financial expenses included costs of EUR 18.0 million related to the terminated merger plan with Terex and proposed Terex MHPS acquisition.

The January–September profit before taxes was EUR 230.9 million (36.6).

In January–September, income taxes were EUR -27.7 million (-9.9). The Group's effective tax rate was 12.0 percent (27.0).

Net profit for January–September was EUR 203.2 million (26.7).

In January–September, basic earnings per share were EUR 2.62 (0.46) and the diluted earnings per share were EUR 2.62 (0.46).

On a rolling twelve-month basis, the return on capital employed was 21.8 percent (10.9) and the return on equity 25.6 percent (9.3). The adjusted return on capital employed was 13.8 percent (18.4).

Comparison to combined company figures

In January–September, the consolidated adjusted EBITA increased by EUR 37.9 million to EUR 136.3 million (98.3). The adjusted EBITA margin improved to 6.1 percent (4.3). The adjusted EBITA margin in Service improved to 13.1 percent (11.6), in Industrial Equipment to 2.2 percent (-1.9), and in Port Solutions to 4.2 (3.2). Despite the decrease in sales, the Group adjusted EBITA margin improved mainly thanks to the cost-saving measures implemented in 2016–2017, as well as successful delivery execution. Gross margin improved and fixed costs were lower on a year-on-year basis.

In the third quarter, the consolidated adjusted EBITA increased by EUR 7.3 million to EUR 54.4 million (47.1). The adjusted EBITA margin improved to 7.3 percent (5.9). The adjusted EBITA margin in Service improved to 13.8 percent (12.7), in Industrial Equipment to 4.5 percent (1.1), and in Port Solutions to 5.1 (3.7). Despite the decrease in sales, the Group adjusted EBITA margin improved mainly thanks to the cost-saving measures implemented in 2016–2017, as well as successful delivery execution. Gross margin improved and fixed costs were lower on a year-on-year basis.

BALANCE SHEET

The consolidated balance sheet at end-September 2017 stood at EUR 3,516.5 million (1,477.0). The total equity at the end of the reporting period was EUR 1,255.8 million (416.2). Total equity attributable to the equity holders of the parent company on September 30 was EUR 1,234.2 million (416.1) or EUR 15.67 per share (7.08).

The subscription price of the 19,600,000 new class B shares issued to Terex Corporation related to the MHPS acquisition amounted to EUR 686.2 million. This was recorded in full in the fund for invested unrestricted equity.

Net working capital at the end of September 2017 totaled EUR 343.2 million (322.5).

CASH FLOW AND FINANCING

Net cash from operating activities in January–September was EUR 183.8 million (47.6). Cash flow before financing activities was EUR -351.8 million (77.2). This included acquisitions of EUR -731.7 million (-0.2), divestments of EUR +213.4 million (0.0), and capital expenditures of EUR -18.9 million (-19.1).

At the end of September 2017, interest-bearing net debt was EUR 566.4 million (183.5). The equity to assets ratio was 39.5 percent (32.0) and the interest-bearing net debt to equity ratio 45.1 percent (44.0).

On January 4, 2017, Konecranes raised loans of EUR 1,052 million related to the MHPS acquisition. The forgoing included a syndicated EUR 300 million term loan with a tenor of three years, EUR 600 million amortizing term loan with a tenor of five years, and a EUR 152 million bridge term loan. The bridge loan was repaid on January 31, 2017. On September 30, 2017, the EUR 300 million three-year loan has been fully repaid and the EUR 600 million five-year loan has been repaid with EUR 246 million to EUR 354 million.

On June 2, 2017, Konecranes announced that it issues senior unsecured guaranteed notes in the amount of EUR 250 million (the "Notes"). The Notes mature on June 9, 2022. The Notes bear a fixed annual coupon of 1.750 percent. Public trading on the Notes commenced on July 7, 2017, on Nasdaq Helsinki Ltd's bond list under the trading code KCRJ175022.

At the end of the third quarter, cash and cash equivalents amounted to EUR 155.6 million (166.7). None of the Group's committed EUR 400 million back-up financing facility was in use at the end of the period.

CAPITAL EXPENDITURE

January–September capital expenditure, excluding acquisitions and joint arrangements, amounted to EUR 27.8 million (22.4). This amount consisted mainly of the replacement or capacity expansion investments in the property, machines, equipment, and information technology.

ACQUISITIONS AND DIVESTMENTS

In January–September 2017, the capital expenditure for acquisitions and joint arrangements was EUR 1,482.0 million (0.0).

On May 16, 2016, Konecranes signed an agreement (the ”Stock and Asset Purchase Agreement”) to acquire from Terex Corporation (“Terex”) its Material Handling & Port Solutions (”MHPS”) segment (the ”MHPS acquisition”) against consideration consisting of cash and shares and to terminate the previously announced business combination agreement. On January 4, 2017, Konecranes completed the MHPS acquisition and paid EUR 795.8 million in cash and 19.6 million in newly issued Konecranes class B shares. During 2017, there still can be purchase price adjustments, as well as adjustments to the preliminary purchase price allocation.

MHPS is a leading supplier of the industrial cranes, crane components, and services under the Demag brand, as well as the port technology with a broad range of the manual, semi-automated and automated solutions under several brands, such as Gottwald. According to unaudited special purpose carve-out financial information (USGAAP), the sales of MHPS were USD 1,418 million (EUR 1,280 million) and the adjusted EBITDA was USD 104 million (EUR 94 million) in 2016.

Out of the total of EUR 140 million p.a., synergies targeted at the EBIT level within three years, EUR 50 million is expected to be implemented on a run-rate basis by the end of 2017. One-time integration expenses are expected to be EUR 130 million during 2017–2019, with the expected capex of EUR 60 million.

On November 30, 2016, Konecranes signed an agreement with Columbus McKinnon Corporation (“Columbus McKinnon”) regarding the divestment of the STAHL CraneSystems business (“STAHL divestment”). On January 31, 2017, Konecranes completed the STAHL divestment. Konecranes received cash proceeds of EUR 232.2 million from the transaction. Additionally, Columbus McKinnon assumed unfunded pension liabilities that were at EUR 67 million as of December 31, 2016. Konecranes reported a pre-tax capital gain of EUR 218.4 million from the STAHL divestment in other operating income in January–March 2017.

STAHL CraneSystems is a global supplier of the hoisting technology and crane components. The business is well known for its capability to build engineered system solutions. Its customers include distributors, crane builders, as well as EPC companies. STAHL CraneSystems is headquartered in Künzelsau, Germany.

On March 7, 2017, Konecranes agreed to divest Sanma Hoists & Cranes Co., Ltd (“Sanma”) to Jingjiang Hongcheng Crane Components Manufacturing Works. The agreement included Sanma’s manufacturing machinery for CD/MD hoists and related inventory. Konecranes reported a pre-tax capital gain of EUR 0.4 million in other operating income in January–March 2017. With this divestment, Konecranes streamlined its product and brand portfolio in Chinese market due to its earlier acquisition of MHPS.

PERSONNEL

In January–September, the Group employed an average of 15,307 people (11,509). On September 30, the headcount was 16,625 (11,097). In January, the Group’s personnel increased by approximately 6,000 people in total because of the MHPS acquisition and the divestments of STAHL CraneSystems and Sanma. Since the completion of the MHPS acquisition, the Group’s personnel has decreased by approximately 470 employees on a comparable basis.

At end-September, the number of personnel by Business Area was as follows: Service 7,234 employees (5,858), Industrial Equipment 6,146 employees (4,402), Port Solutions 3,177 employees (777), and Group staff 68 (60). The Group had 10,037 employees (5,911) working in EMEA, 3,291 (2,754) in the Americas, and 3,297 (2,432) in the APAC region.

BUSINESS AREAS

Following the MHPS acquisition, Konecranes reports three business areas as of January 1, 2017: Service, Industrial Equipment, and Port Solutions. The new Business Area Service includes only the operations relating to the industrial service and component parts. The new Business Area Industrial Equipment includes the operations relating to the industrial cranes and components. The new Business Area Port Solutions comprises all port cranes and lift trucks operations including service and parts businesses relating thereto. The previous year’s segment information has been recast to correspond to the new reporting segments.

SERVICE

(Comparisons to historical figures)

	7–9/ 2017	7–9/ 2016	Change percent	Change % at comparable currency rates	1–9/ 2017	1–9/ 2016	Change percent	Change % at comparable currency rates	1–12/2016
Orders received, MEUR	231.8	175.1	32.4	36.1	729.4	548.9	32.9	32.9	727.9
Order book, MEUR	222.5	177.9	25.0		222.5	177.9	25.0		158.1
Agreement base value, MEUR	235.6	199.7	18.0		235.6	199.7	18.0		199.1
Net sales, MEUR	274.0	220.3	24.3	27.8	856.6	660.5	29.7	29.6	914.8
Adjusted EBITA, MEUR [1]	37.9	23.5	61.4		112.2	65.1	72.3		100.2
Adjusted EBITA, % [1]	13.8%	10.7%			13.1%	9.9%			11.0%
Purchase price allocation amortization, MEUR	-3.3	-0.3	939.1		-9.8	-1.0	872.1		-1.3
Adjustments,MEUR	-3.5	-4.1	-14.0		-8.1	-5.9	37.5		-8.7
Operating profit (EBIT), MEUR	31.2	19.1	63.2		94.2	58.1	62.0		90.2
Operating profit (EBIT), %	11.4%	8.7%			11.0%	8.8%			9.9%
Personnel at the end of period	7,234	5,858	23.5		7,234	5,858	23.5		5,749

In Service, January–September orders received totaled EUR 729.4 million (548.9), showing an increase of 32.9 percent. The order book increased by 25.0 percent to EUR 222.5 million (177.9) from a year before. Sales grew by 29.7 percent to EUR 856.6 million (660.5). Sales grew in all regions mainly due to the MHPS acquisition.

The January–September adjusted EBITA was EUR 112.2 million (65.1) and the adjusted EBITA margin 13.1 percent (9.9). The adjusted EBITA margin improved mainly due to the MHPS acquisition and the cost-saving measures implemented in 2016–2017. Operating profit was EUR 94.2 million (58.1) and the operating margin 11.0 percent (8.8).

The total number of equipment included in the maintenance agreement base increased by 35.6 percent to 628,085 (463,358). The annual value of the agreement base increased by 18.0 percent to EUR 235.6 million (199.7).

SERVICE

(Comparisons to combined company figures)

	7–9/ 2017	7–9/ 2016	Change percent	Change % at comparable currency rates	1–9/ 2017	1–9/ 2016	Change percent	Change % at comparable currency rates	1–12/2016
Orders received, MEUR	231.8	241.2	-3.9	-1.5	729.4	741.0	-1.6	-1.8	981.4
Order book, MEUR	222.5	227.2	-2.1		222.5	227.2	-2.1		200.3
Net sales, MEUR	274.0	295.5	-7.3	-4.9	856.6	879.8	-2.6	-2.9	1214.1
Adjusted EBITA, MEUR [1]	37.9	37.4	1.4		112.2	102.3	9.6		153.4
Adjusted EBITA, % [1]	13.8%	12.7%			13.1%	11.6%			12.6%

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

In Service, January–September orders received decreased by 1.6 percent to EUR 729.4 million (741.0). The order book decreased by 2.1 percent from the year before to EUR 222.5 million (227.2). Sales in the reporting period fell by 2.6 percent to EUR 856.6 million (879.8). The decrease in sales was largely attributable to the discontinuation of certain underperforming operations. Sales decreased in all regions. Parts sales outperformed field service sales.

The January–September adjusted EBITA was EUR 112.2 million (102.3) and the adjusted EBITA margin 13.1 percent (11.6). The adjusted EBITA improved thanks to the positive sales mix, better productivity, and lower fixed costs.

The third-quarter orders received decreased by 3.9 percent to EUR 231.8 million (241.2). Sales in the reporting period fell by 7.3 percent to EUR 274.0 million (295.5). The decrease in sales was largely attributable to the discontinuation of certain underperforming operations and negative currency exchange rate effect. Sales decreased in all regions. Parts sales outperformed field service sales.

The third-quarter adjusted EBITA was EUR 37.9 million (37.4) and the adjusted EBITA margin 13.8 percent (12.7). The adjusted EBITA improved thanks to the positive sales mix, better productivity, and lower fixed costs.

INDUSTRIAL EQUIPMENT

(Comparisons to historical figures)

	7–9/ 2017	7–9/ 2016	Change percent	Change % at comparable currency rates	1–9/ 2017	1–9/ 2016	Change percent	Change % at comparable currency rates	1–12/2016
Orders received, MEUR	262.8	191.6	37.1	40.6	842.0	620.5	35.7	36.1	821.5
Order book, MEUR	565.7	426.7	32.6		565.7	426.7	32.6		399.4
Net sales, MEUR	259.5	199.1	30.3	33.5	805.7	596.9	35.0	35.6	830.1
Adjusted EBITA, MEUR [1]	11.7	6.7	73.4		17.4	7.2	141.8		15.7
Adjusted EBITA, % [1]	4.5%	3.4%			2.2%	1.2%			1.9%
Purchase price allocation amortization, MEUR	-3.7	-0.3	1,148.0		-11.2	-0.9	1,169.1		-1.2
Adjustments,MEUR	-10.5	-1.4	650.0		-15.2	-7.1	114.3		-8.5
Operating profit (EBIT), MEUR	-2.5	5.0	-150.2		-9.0	-0.8	-1,029.1		6.0
Operating profit (EBIT), %	-1.0%	2.5%			-1.1%	-0.1%			0.7%
Personnel at the end of period	6,146	4,402	39.6		6,146	4,402	39.6		4,353

In Industrial Equipment, January–September orders received totaled EUR 842.0 million (620.5), showing an increase of 35.7 percent. Orders grew in all regions mainly due to the MHPS acquisition. The order book increased by 32.6 percent from a year ago to EUR 565.7 million (426.7). Sales rose by 35.0 percent to EUR 805.7 million (596.9).

The January–September adjusted EBITA was EUR 17.4 million (7.2) and the adjusted EBITA margin 2.2 percent (1.2). The adjusted EBITA margin improved mainly thanks to the cost-saving measures implemented in 2016–2017. Operating profit was EUR -9.0 million (-0.8) and operating margin -1.1 percent (-0.1).

INDUSTRIAL EQUIPMENT

(Comparisons to combined company figures)

	7–9/ 2017	7–9/ 2016	Change percent	Change % at comparable currency rates	1–9/ 2017	1–9/ 2016	Change percent	Change % at comparable currency rates	1–12/2016
Orders received, MEUR	262.8	275.9	-4.7	-2.7	842.0	852.2	-1.2	-1.1	1,148.9
Order book, MEUR	565.7	555.1	1.9		565.7	555.1	1.9		540.9
Net sales, MEUR	259.5	275.2	-5.7	-3.7	805.7	811.4	-0.7	-0.5	1,130.8
Adjusted EBITA, MEUR [1]	11.7	3.0	283.7		17.4	-15.7	210.9		-6.1
Adjusted EBITA, % [1]	4.5%	1.1%			2.2%	-1.9%			-0.5%

[1] Excluding adjustments and purchase price allocation amortization

In Industrial Equipment, January–September orders received totaled EUR 842.0 million (852.2), showing a decrease of 1.2 percent. In total, orders grew in EMEA and APAC, but fell in the Americas. In the Americas, industrial crane orders declined as the comparison period included some unusually large single heavy-duty crane orders; orders for industrial cranes rose in EMEA and APAC. Crane component orders increased in EMEA and the Americas, but decreased in APAC. The order book increased by 1.9 percent from a year before to EUR 565.7 million (555.1). Sales fell by 0.7 percent to EUR 805.7 million (811.4).

The January–September adjusted EBITA was EUR 17.4 million (-15.7) and the adjusted EBITA margin 2.2 percent (-1.9). The improvement in adjusted EBITA margin related mainly to the cost-saving measures implemented in 2016–2017, as well as successful deliveries. Gross margin improved and fixed costs were lower on a year-on-year basis.

The third-quarter orders received totaled EUR 262.8 million (275.9), showing a decrease of 4.7 percent. The decrease in orders was related to EMEA and the Americas. Crane component orders fell short from the previous year's level, but industrial cranes orders were roughly on a par. Sales declined by 5.7 percent to EUR 259.5 million (275.2).

The third-quarter adjusted EBITA was EUR 11.7 million (3.0) and the adjusted EBITA margin 4.5 percent (1.1). The improvement in adjusted EBITA margin related mainly to the cost-saving measures implemented in 2016–2017, as well as successful deliveries. Gross margin improved and fixed costs were lower on a year-on-year basis.

PORT SOLUTIONS

(Comparisons to historical figures)

	7–9/ 2017	7–9/ 2016	Change percent	Change % at comparable currency rates	1–9/ 2017	1–9/ 2016	Change percent	Change % at comparable currency rates	1–12/2016
Orders received, MEUR	292.2	91.4	219.7	220.2	800.9	278.6	187.5	188.4	533.4
Order book, MEUR	868.4	383.0	126.7		868.4	383.0	126.7		480.5
Net sales, MEUR	244.0	145.5	67.6	68.6	663.2	380.2	74.4	74.9	543.2
of which service, MEUR	39.2	18.2	115.3	119.7	119.5	51.9	130.1	130.5	68.3
Adjusted EBITA, MEUR [1)]	12.5	13.5	-7.4		28.1	33.7	-16.8		50.5
Adjusted EBITA, % [1)]	5.1%	9.3%			4.2%	8.9%			9.3%
Purchase price allocation amortization, MEUR	-2.8	-0.4	648.6		-8.3	-1.1	638.9		-1.5
Adjustments,MEUR	-16.7	0.0			-18.1	0.0			0.0
Operating profit (EBIT), MEUR	-7.0	13.1	-153.2		1.7	32.6	-94.9		49.0
Operating profit (EBIT), %	-2.9%	9.0%			0.3%	8.6%			9.0%
Personnel at the end of period	3,177	777	308.9		3,177	777	308.9		789

In Port Solutions, January–September orders received totaled EUR 800.9 million (278.6), showing an increase of 187.5 percent. Orders grew in all regions mainly due to the MHPS acquisition. The order book increased by 126.7 percent from a year before to EUR 868.4 million (383.0). Sales rose by 74.4 percent to EUR 663.2 million (380.2).

The January–September adjusted EBITA was EUR 28.1 million (33.7) and the adjusted EBITA margin 4.2 percent (8.9). The adjusted EBITA margin decreased mainly due to the MHPS acquisition. Operating profit was EUR 1.7 million (32.6) and operating margin 0.3 percent (8.6).

PORT SOLUTIONS

(Comparisons to combined company figures)

	7–9/ 2017	7–9/ 2016	Change percent	Change % at comparable currency rates	1–9/ 2017	1–9/ 2016	Change percent	Change % at comparable currency rates	1–12/2016
Orders received, MEUR	292.2	203.0	43.9	45.0	800.9	624.1	28.3	29.4	1,045.2
Order book, MEUR	868.4	685.6	26.7		868.4	685.6	26.7		766.4
Net sales, MEUR	244.0	277.6	-12.1	-11.0	663.2	739.9	-10.4	-9.9	1,091.4
of which Service, MEUR	39.2	39.7	-1.1	0.3	119.5	119.2	0.2	0.3	159.6
Adjusted EBITA, MEUR [1)]	12.5	10.2	22.9		28.1	24.0	17.0		52.7
Adjusted EBITA, % [1)]	5.1%	3.7%			4.2%	3.2%			4.8%

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

In Port Solutions, January–September orders received totaled EUR 800.9 million (624.1), showing an increase of 28.3 percent. Orders grew in all regions. Orders increased for the most of products and services. The order book increased by 26.7 percent from a year before to EUR 868.4 million (685.6). Sales fell by 10.4 percent to EUR 663.2 million (739.9). The decrease in sales related to the timing of deliveries and exceptionally high sales of certain products in the comparison period.

The January–September adjusted EBITA was EUR 28.1 million (24.0) and the adjusted EBITA margin 4.2 percent (3.2). The adjusted EBITA margin was supported by cost-saving measures implemented in 2016–2017, improved delivery execution leading to better than expected margins from some completed projects, as well as sales growth in certain products. Gross margin improved and fixed costs were lower on a year-on-year basis.

The third-quarter orders received totaled EUR 292.2 million (203.0), showing an increase of 43.9 percent. Orders grew in the Americas and APAC, whereas orders were roughly on a par in EMEA. Order intake growth related to mobile harbor cranes, straddle carriers, ship-to-shore cranes, lift trucks, and services. Sales fell by 12.1 percent to EUR 244.0 million (277.6). The decrease in sales related to the timing of deliveries and exceptionally high sales of certain products in the comparison period.

The third-quarter adjusted EBITA was EUR 12.5 million (10.2) and the adjusted EBITA margin 5.1 percent (3.7). The adjusted EBITA margin was supported by cost-saving measures implemented in 2016–2017, improved delivery execution leading to better than expected margins from some completed projects, as well as sales growth in certain products. Gross margin improved and fixed costs were lower on a year-on-year basis.

Group overheads

In January–September, adjusted unallocated Group overhead costs and eliminations were EUR -21.3 million (-14.3), representing -1.0 percent of sales (-1.0). The increase in unallocated Group overhead costs and eliminations related partly to the factory rebranding activities and legal expenses.

Unallocated Group overhead costs and eliminations in the reporting period were EUR 176.1 million (-36.1), representing 7.9 percent of sales (-2.4). These included a capital gain of EUR 218.4 million (0.0) from the divestment of STAHL CraneSystems, restructuring costs of EUR 16.2 million (2.0), and transaction costs of EUR 4.8 million (30.1) related to the MHPS acquisition. The previous year's unallocated Group overhead costs and eliminations included an insurance indemnity of EUR +10.3 million.

ADMINISTRATION

Decisions of the Annual General Meeting

The resolutions of the Konecranes Annual General Meeting and the Board of Directors' organizing meeting have been published in the stock exchange releases dated March 23, 2017.

SHARE CAPITAL AND SHARES

On September 30, 2017, the company's registered share capital totaled EUR 30.1 million. On September 30, 2017, the number of shares including treasury shares totaled 78,921,906. Konecranes has two classes of shares. On September 30, 2017, the number of listed class A shares totaled 78,921,906 while the number of unlisted class B shares was zero as Terex Corporation ceased to own any class B shares following the share sale executed on September 5, 2017.

On September 5, 2017, Konecranes received confirmation published by Terex regarding the completion of sale of 5,150,000 class B shares. Based on the conversion request by Terex, the Board of Directors decided to convert the 5,150,000 class B shares sold by Terex to class A shares in accordance with § 20 of the Articles of Association. The conversion was registered with the Finnish Trade Register on September 6, 2017.

The shareholders' agreement between Terex and Konecranes dated January 4, 2017 terminated in accordance with its terms in connection with the completion of the share sale on September 5, 2017, as Terex ceased to own any Konecranes class B shares. Therefore, the Konecranes' Board of Directors intends to propose to amend the Articles of Association to the next Annual General Meeting.

TREASURY SHARES

On September 30, 2017, Konecranes was in possession of 165,761 own shares, which corresponds to 0.2 percent of the total number of shares and which on that date had a market value of EUR 6.2 million.

On August 8, 2017, 334,239 treasury shares were conveyed without consideration to the key employees as a reward payment for the Konecranes Performance Share Plan 2016.

MARKET CAPITALIZATION AND TRADING VOLUME

On September 30, 2017, the closing price for Konecranes Plc's shares on the Nasdaq Helsinki was EUR 37.56. The volume-weighted average share price in January–September 2017 was EUR 36.22, the highest price being EUR 41.22 in July and the lowest EUR 31.52 in March. In January–September, the trading volume on the Nasdaq Helsinki totaled 50.2 million Konecranes Plc's shares corresponding to a turnover of approximately EUR 1,818.4 million. The average daily trading volume was 265,752 shares representing an average daily turnover of EUR 9.6 million.

In addition, according to Fidessa, approximately 80.6 million Konecranes' shares were traded on other trading venues (e.g., multilateral trading facilities and bilateral OTC trades) in January–September 2017.

On September 30, 2017, the total market capitalization of Konecranes Plc's shares was EUR 2,964.3 million including treasury shares. The market capitalization was EUR 2,958.1 million excluding treasury shares.

NOTIFICATIONS OF MAJOR SHAREHOLDINGS

In January–September 2017, 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 5, 2017	Terex Deutschland GmbH	Above 20%	23.65	-	23.65	19,600,000
January 5, 2017	HTT KCR Holding Ab	Below 10%	8.29	-	8.29	6,870,568
January 5, 2017	Polaris Capital Management LLC	Below 5%	4.34	-	4.34	3,597,639
January 5, 2017	BlackRock, Inc.	Below 5%	n.a.	n.a.	n.a.	n.a.
January 6, 2017	Sanderson Asset Management LLP	Below 5%	3.86	-	3.86	3,201,628
January 6, 2017	Terex Deutschland GmbH	Below 5%	0	0	0	0
January 6, 2017	Terex Corporation	Above 20%	23.65	-	23.65	19,600,000
February 15, 2017	Terex Corporation	Below 15%	14.66	-	14.66	12,150,000
February 15, 2017	BlackRock, Inc.[1]	Above 5%	6.58	1.67	8.25	6,844,696
February 22, 2017	BlackRock, Inc.[2]	Above 5%	7.69	0.74	8.44	6,997,433
May 24, 2017	Terex Corporation	Below 10%	6.21	-	6.21	5,150,000
May 24, 2017	BlackRock, Inc.	Above 10%	9.76	1.36	11.13	9,224,969
May 26, 2017	BlackRock, Inc.	Above 10%	10.00	1.16	11.17	9,257,643
June 12, 2017	Konecranes Plc	Below 5%	0.63	-	0.63	500,000
June 15, 2017	BlackRock, Inc.[3]	Above 10%	10.64	1.11	11.75	9,278,033
June 21, 2017	BlackRock, Inc.[4]	Below 10%	10.77	1.07	11.85	9,354,430
September 6, 2017	Terex Corporation	Below 5%	0	0	0	0
September 6, 2017	BlackRock, Inc.[5]	Above 10%	12.36	1.41	13.77	10,871,199

[1] The disclosure obligation arose due to total holding in Shares and Voting rights for BlackRock, Inc. going above 5%.
The disclosure obligation also arose due to Shares and Voting rights for BlackRock, Inc. going above 5%.
The disclosure obligation also arose due to total holding in Shares and Voting rights for BlackRock Investment Management (UK) Limited going above 5%.
[2] The disclosure obligation arose due to Shares and Voting rights for BlackRock Investment Management (UK) Limited going above 5%.
[3] The disclosure obligation arose due to total holding in Shares and Voting rights for BlackRock Investment Management (UK) Limited going above 10%.
[4] The disclosure obligation arose due to total holding in Shares and Voting rights for BlackRock Investment Management (UK) Limited going below 10%.
[5] The disclosure obligation arose due to total holding in Shares and Voting rights for BlackRock Investment Management (UK) Limited going above 10%.
Additionally, the disclosure obligation arose due to shares and voting rights for BlackRock Investment Management (UK) Limited going above 10%.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On October 4, 2017, Konecranes received a notification under Chapter 9, Section 5 of the Securities Market Act, according to which the total holding of BlackRock, Inc. in Konecranes Plc's shares and votes has exceeded 15 percent. On October 3, 2017, Blackrock Inc.'s total holding through shares and financials instruments amounted to 15.14 percent of Konecranes Plc's shares and votes.

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.

MARKET OUTLOOK

Economic indicators related to manufacturing industries continue to be strong. Demand situation in Europe is stable within the industrial customer segments. Business activity in the North American manufacturing industry remains mixed. Demand in Asia-Pacific is showing signs of bottoming out. Global container throughput growth has improved and the prospects for the small and medium-sized orders related to container handling have strengthened.

NEW FINANCIAL GUIDANCE

The sales in 2017 are expected to be lower than the comparable combined company sales in 2016 (EUR 3,278 million). We expect the adjusted EBITA to total EUR 205–225 million in 2017 (comparable combined company's adjusted EBITA was EUR 184 million in 2016).

The comparable combined company's operations comprise Konecranes' operations without the divested STAHL CraneSystems business, but include the acquired MHPS business. See the stock exchange releases published on April 10, 2017 and April 13, 2017 for further financial information including the basis of preparation for comparable combined company.

PREVIOUS FINANCIAL GUIDANCE

The sales in 2017 are expected to be close to or lower than the comparable combined company sales in 2016 (EUR 3,278 million). We expect the adjusted EBITA to total EUR 205–225 million in 2017 (comparable combined company's adjusted EBITA was EUR 184 million in 2016).

The comparable combined company's operations comprise Konecranes' operations without the divested STAHL CraneSystems business, but include the acquired MHPS business. See the stock exchange releases published on April 10, 2017 and April 13, 2017 for further financial information including the basis of preparation for comparable combined company.

Espoo, October 25, 2017
Konecranes Plc
Board of Directors

BASIS OF PREPARATION FOR COMPARABLE COMBINED COMPANY

The comparable combined company financial information is based on management's estimates and is for illustrative purposes only. The comparable combined company financial information gives an indication of the combined company's key figures assuming the activities were included in the same company from the beginning of 2016.

The comparable combined company financial information is based on a hypothetical situation and should not be viewed as pro forma financial information as the differences in accounting principles have not been taken into account. The unaudited comparable combined company financial information is based on Konecranes Group's financial statements for the financial year 2016 (adjusted for restructuring costs, transaction costs and received insurance indemnity) according to IFRS and Terex Corporation's ("Terex") MHPS segment unaudited special purpose carve-out financial information for the financial year 2016 (adjusted for non-recurring items such as restructuring costs and impairments of goodwill and trademarks) according to USGAAP. The corporation allocations of Terex Group have been adjusted in MHPS income statement to illustrate the situation as the Group had been combined at the beginning of 2016.

Since the financial information for MHPS has been prepared on a carve-out basis, this does not necessarily reflect what the results of its operations would have been had MHPS operated as an independent company and had it presented stand-alone financial information under IFRS during the period provided. Moreover, the carve-out financial information may not be indicative of the MHPS's future performance of the operating activities aggregated within Konecranes.

Konecranes is unable to present a reconciliation of the comparable combined company financial information as the MHPS' financials have been calculated according to USGAAP and using different accounting principles than Konecranes, and because Terex has categorized MHPS as a discontinued operation in 2016.

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 our 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 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,
- 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,
- success of the pending and future acquisitions and restructurings.

Consolidated statement of income

EUR million	Note	7–9/ 2017	7–9/ 2016	Change percent	1–9/ 2017	1–9/ 2016	Change percent	1–12/ 2016
Sales	8	**746.2**	**517.6**	**44.2**	**2,226.4**	**1,505.0**	**47.9**	**2,118.4**
Other operating income [1]	6	2.9	3.1		224.8	14.0		14.4
Materials, supplies and subcontracting		-348.4	-242.5		-965.2	-673.2		-979.7
Personnel cost		-242.8	-159.2		-760.7	-491.4		-658.3
Depreciation and impairments	9	-27.9	-12.3		-87.6	-41.0		-53.7
Other operating expenses [2]	5	-123.2	-81.8		-374.8	-259.5		-356.2
Operating profit		**6.8**	**25.0**	**-72.7**	**262.9**	**53.9**	**387.7**	**84.9**
Share of associates' and joint ventures' result		-0.3	0.9		-0.5	5.7		6.0
Gain on disposal of investment in associated company		0.0	5.8		0.0	5.8		5.8
Financial income [3]		5.6	0.3		32.7	0.9		1.0
Financial expenses		-17.0	-10.6		-64.2	-29.6		-35.6
Profit before taxes		**-4.8**	**21.3**	**-122.7**	**230.9**	**36.6**	**530.2**	**62.1**
Taxes	11	0.6	-5.4		-27.7	-9.9		-24.5
PROFIT FOR THE PERIOD		**-4.2**	**15.8**	**-126.8**	**203.2**	**26.7**	**659.7**	**37.6**
Profit for the period attributable to:								
Shareholders of the parent company		-3.9	15.8		204.7	26.7		37.6
Non-controlling interest		-0.4	0.0		-1.5	0.0		0.0
Earnings per share, basic (EUR)		-0.06	0.27	-121.6	2.62	0.46	475.7	0.64
Earnings per share, diluted (EUR)		-0.06	0.27	-121.6	2.62	0.46	475.7	0.64

[1] Other operating income 1–9/2017 includes gain on disposal of EUR 218.4 million of STAHL CraneSystems. In 2016 other operating income includes the insurance indemnity of EUR 10.0 million and returned funds EUR 0.3 million related to identity theft.
[2] Other operating expenses for 1–9/2017 include transaction costs related to the acquisition of Terex MHPS and terminated merger plan with Terex (2016) up to EUR 4.8 million (EUR 30.1 million in 1–9/2016 and 47.0 million in 1–12/2016) and EUR 0.6 million for Q3/2017 (EUR 7.9 million in Q3/2016).
[3] Financial income 1–9/2017 includes gains of EUR 7.8 million which are mostly related to the purchase price adjustments of the MHPS acquisition.

Consolidated statement of other comprehensive income

EUR million	7–9/ 2017	7–9/ 2016		1–9/ 2017	1–9/ 2016		1–12/ 2016
Profit for the period	**-4.2**	**15.8**		**203.2**	**26.7**		**37.6**
Items that can be reclassified into profit or loss							
Cash flow hedges	2.8	5.0		-5.8	13.5		30.1
Exchange differences on translating foreign operations	-4.4	-1.9		-18.8	-6.3		0.8
Share of associates' other comprehensive income	0.0	-1.4		0.0	-3.8		-3.8
Income tax relating to items that can be reclassified into profit or loss	-0.6	-1.0		1.2	-2.7		-6.0
Items that cannot be reclassified into profit or loss							
Re-measurement gains (losses) on defined benefit plans	0.0	-3.7		0.0	-7.8		-11.9
Income tax relating to items that cannot be reclassified into profit or loss	0.0	0.8		0.0	1.7		3.0
Other comprehensive income for the period, net of tax	**-2.1**	**-2.2**		**-23.5**	**-5.4**		**12.2**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-6.4**	**13.7**		**179.7**	**21.3**		**49.8**
Total comprehensive income attributable to:							
Shareholders of the parent company	-6.0	13.7		182.3	21.3		49.8
Non-controlling interest	-0.4	0.0		-2.6	0.0		0.0

Consolidated balance sheet

EUR million

ASSETS	**Note**	**30.9.2017**	**30.9.2016**	**31.12.2016**
Non-current assets				
Goodwill		919.0	84.3	86.2
Intangible assets		638.4	98.6	98.1
Property, plant and equipment		265.5	126.3	128.1
Advance payments and construction in progress		9.7	20.6	17.4
Investments accounted for using the equity method		70.3	8.7	8.9
Other non-current assets		1.0	1.0	1.0
Deferred tax assets		122.3	56.1	57.0
Total non-current assets		**2,026.2**	**395.7**	**396.6**
Current assets				
Inventories				
Raw material and semi-manufactured goods		243.1	146.5	131.8
Work in progress		366.2	185.2	140.3
Advance payments		17.3	13.3	9.7
Total inventories		626.6	345.0	281.8
Accounts receivable		475.4	300.7	379.3
Other receivables		42.7	23.8	23.2
Loans receivable		0.5	0.0	0.0
Income tax receivables		23.8	16.4	12.1
Receivable arising from percentage of completion method	8	74.6	87.8	83.8
Other financial assets		33.9	6.3	31.1
Deferred assets		57.3	30.3	29.1
Cash and cash equivalents		155.6	166.7	167.4
Total current assets		**1,490.3**	**977.1**	**1,007.8**
Assets held for sale	6.1	**0.0**	**104.2**	**125.5**
TOTAL ASSETS		**3,516.5**	**1,477.0**	**1,529.9**

Consolidated balance sheet

EUR million

EQUITY AND LIABILITIES	Note	30.9.2017	30.9.2016	31.12.2016
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	66.5	66.5
Fair value reserves	15	10.4	1.7	15.0
Translation difference		3.1	13.7	20.8
Other reserve		34.4	31.8	31.7
Retained earnings		159.6	206.3	204.4
Net profit for the period		204.7	26.7	37.6
Total equity attributable to equity holders of the parent company		**1,234.2**	**416.1**	**445.4**
Non-controlling interest		21.6	0.1	0.1
Total equity		**1,255.8**	**416.2**	**445.5**
Liabilities				
Non-current liabilities				
Interest-bearing liabilities	14	648.2	54.9	54.2
Other long-term liabilities		280.7	39.4	40.0
Provisions		19.8	16.7	17.1
Deferred tax liabilities		163.3	14.0	12.5
Total non-current liabilities		**1,112.0**	**124.9**	**123.8**
Current liabilities				
Interest-bearing liabilities	14	74.5	299.0	269.5
Advance payments received	8	334.8	171.3	170.6
Progress billings		0.4	0.5	0.0
Accounts payable		174.8	91.4	99.1
Provisions		124.1	31.5	40.5
Other short-term liabilities (non-interest bearing)		48.1	28.4	32.9
Other financial liabilities		7.6	3.3	18.2
Income tax liabilities		44.3	9.2	14.7
Accrued costs related to delivered goods and services		181.7	127.7	125.2
Accruals		158.6	85.1	95.6
Total current liabilities		**1,148.8**	**847.3**	**866.2**
Liabilities directly attributable to assets held for sale	6.1	**0.0**	**88.5**	**94.4**
Total liabilities		**2,260.7**	**1,060.8**	**1,084.5**
TOTAL EQUITY AND LIABILITIES		**3,516.5**	**1,477.0**	**1,529.9**

Consolidated statement of changes in equity

EUR million	Equity attributable to equity holders of the parent company: Share capital	Share premium	Paid in capital	Cash flow hedges	Translation difference
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				-4.7	-17.8
Total comprehensive income				-4.7	-17.8
Balance at 30 September, 2017	**30.1**	**39.3**	**752.7**	**10.4**	**3.0**
Balance at 1 January, 2016	**30.1**	**39.3**	**66.5**	**-9.1**	**20.1**
Dividends paid to equity holders					
Equity-settled share based payments					
Profit for the period					
Other comprehensive income				10.8	-6.3
Total comprehensive income				10.8	-6.3
Balance at 30 September, 2016	**30.1**	**39.3**	**66.5**	**1.7**	**13.7**

EUR million	Equity attributable to equity holders of the parent company: Other Reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January, 2017	**31.7**	**242.0**	**445.4**	**0.1**	**445.5**
Share issue		0.0	686.2		**686.2**
Dividends paid to equity holders		-82.3	-82.3	-0.5	**-82.9**
Equity-settled share based payments	2.7	0.0	2.7		**2.7**
Acquisitions		0.0	0.0	24.6	**24.6**
Profit for the period		204.7	204.7	-1.5	**203.2**
Other comprehensive income		0.0	-22.4	-1.0	**-23.5**
Total comprehensive income	0.0	204.7	182.3	-2.6	**179.7**
Balance at 30 September, 2017	**34.4**	**364.4**	**1,234.2**	**21.6**	**1,255.8**
Balance at 1 January, 2016	**29.9**	**279.1**	**455.9**	**0.1**	**456.0**
Dividends paid to equity holders		-61.7	-61.7		**-61.7**
Equity-settled share based payments	0.9	0.0	0.9		**0.9**
Acquisitions		-0.3	-0.3		**-0.3**
Profit for the period		26.7	26.7		**26.7**
Other comprehensive income		-9.9	-5.4	0.0	**-5.4**
Total comprehensive income	0.0	16.9	21.3	0.0	**21.3**
Balance at 30 September, 2016	**30.8**	**234.0**	**416.1**	**0.1**	**416.2**

Consolidated cash flow statement

EUR million	1–9/2017	1–9/2016	1–12/2016
Cash flow from operating activities			
Profit for the period	203.2	26.7	37.6
Adjustments to net income			
Taxes	27.7	9.9	24.5
Financial income and expenses	31.5	28.8	34.6
Share of associates' and joint ventures' result	0.5	-11.5	-11.8
Dividend income	0.0	0.0	0.0
Depreciation and impairments	87.6	41.0	53.7
Profits and losses on sale of fixed assets and businesses	-218.7	2.4	3.4
Other adjustments	-4.2	1.5	5.5
Operating income before change in net working capital	**127.6**	**98.8**	**147.4**
Change in interest-free current receivables	77.9	30.7	-50.3
Change in inventories	-81.1	-8.4	61.3
Change in interest-free current liabilities	118.8	-13.6	29.8
Change in net working capital	**115.6**	**8.7**	**40.9**
Cash flow from operations before financing items and taxes	**243.2**	**107.5**	**188.3**
Interest received	11.2	6.1	8.8
Interest paid	-32.0	-13.8	-19.3
Other financial income and expenses	-7.0	-32.5	-38.5
Income taxes paid	-31.5	-19.7	-29.6
Financing items and taxes	**-59.4**	**-60.0**	**-78.6**
NET CASH FROM OPERATING ACTIVITIES	**183.8**	**47.6**	**109.6**
Cash flow from investing activities			
Acquisition of Group companies, net of cash	-731.7	-0.2	-0.2
Divestment of Businesses, net of cash	213.4	0.0	0.0
Proceeds from disposal of associated company	0.0	47.8	47.8
Capital expenditures	-18.9	-19.1	-27.3
Proceeds from sale of property, plant and equipment	1.5	1.3	1.5
NET CASH USED IN INVESTING ACTIVITIES	**-535.7**	**29.7**	**21.7**
Cash flow before financing activities	**-351.8**	**77.2**	**131.4**
Cash flow from financing activities			
Proceeds from non-current borrowings	1,302.0	0.0	0.0
Repayments of non-current borrowings	-705.4	-4.3	-4.6
Proceeds from (+), payments of (-) current borrowings	-190.5	79.1	47.5
Change in loans receivable	-2.6	0.0	0.0
Acquired non controlling interest	0.0	-0.3	-0.3
Dividends paid to equity holders of the parent	-82.3	-61.7	-61.7
Dividends paid to non-controlling interests	-0.5	0.0	0.0
NET CASH USED IN FINANCING ACTIVITIES	**320.5**	**12.8**	**-19.1**
Translation differences in cash	-7.2	-0.4	1.1
CHANGE OF CASH AND CASH EQUIVALENTS	**-38.5**	**89.6**	**113.4**
Cash and cash equivalents at beginning of period	194.1	80.8	80.8
Cash and cash equivalents in assets held for sale	0.0	3.7	26.8
Cash and cash equivalents at end of period	155.6	166.7	167.4
CHANGE OF CASH AND CASH EQUIVALENTS	**-38.5**	**89.6**	**113.4**

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	1–9/2017	1–9/2016	1–12/2016
Net cash from operating activities	183.8	47.6	109.6
Capital expenditures	-18.9	-19.1	-27.3
Proceeds from sale of property, plant and equipment	1.5	1.3	1.5
Free cash flow	**166.4**	**29.7**	**83.9**

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 2017 Konecranes has three operating segments, which it calls Business Areas: Business Area Service, Business Area Industrial Equipment and Business Area Port Solutions. In 2016 Konecranes had two Segments: Business Area Service and Business Area Equipment. In 2017 Business Area Equipment was divided to two new segments Business Area Industrial Equipment and Business Area Port Solutions. In addition Ports Service and Lift truck Service was transferred from Business Area Service to Business Area Port Solutions. The segment information of 2016 has been restated in the notes according to the new segments.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of Konecranes Plc for nine months ending 30.09.2017 and 30.09.2016 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, 2016. 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, 2016. There are no new accounting standards with effect for 2017 which have had a material impact on the unaudited condensed interim consolidated financial statements.

Konecranes will adopt IFRS15, Revenue from contracts with customers, standard from January 1, 2018 onwards. According to the preliminary assessment Konecranes has done on the effects of the implementation of the new standard, the timing of the revenue that the Group will recognize does not significantly change. The main differences to the present revenue recognition method have arisen so far 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.

During 2017 Konecranes continues to analyze IFRS15 and collect the comparable data in order to ensure to disclose required information in financial statements for each interim periods as well as for the full year 2018. For now the recognised differences compared to the published financial statements have been immaterial.

Notes

5. ACQUISITIONS

Material Handling & Port Solutions segment acquisition from Terex Corporation

On May 16, 2016, Konecranes signed an agreement (the ”Stock and Asset Purchase Agreement”) to acquire from Terex Corporation (“Terex”) its Material Handling & Port Solutions (“MHPS”) segment (the “Acquisition”) against consideration consisting of cash and shares. On January 4, 2017, Konecranes completed the Acquisition and paid EUR 795.8 million in cash and in 19.6 million newly issued Konecranes class B shares.

MHPS is a leading supplier of industrial cranes, crane components and services under the Demag brand, as well as port technology with a broad range of manual, semi-automated and automated solutions under several brands, such as Gottwald. According to unaudited special purpose carve-out financial information (USGAAP), the sales of MHPS were USD 1,418 million (EUR 1,280 million) and the adjusted EBITDA was USD 104 million (EUR 94 million) in 2016.

The preliminary fair values of the identifiable assets and liabilities of the acquired MHPS businesses at the date of Acquisition is summarized below. The purchase price consideration paid in cash includes the post-closing adjustments for cash, debt and working capital as well as the effect of the hedging of MHPS purchase price. There have been small adjustments during the year to the purchase price according to the Sales and Purchase agreement as well as adjustments to the purchase price allocation. The acquisition will offer significant industrial and operational synergies such as scale benefits through procurement volumes, optimization in operations and SG&A, a better capacity utilization and scale benefits in our R&D capacity, which are reflected in Goodwill.

EUR million	Fair value
Intangible assets	
Clientele	247.7
Technology	104.1
Trademark	219.4
Other intangible assets	11.1
Property, plant and equipment	175.4
Investments accounted for using the equity method	63.2
Inventories	283.3
Account receivables	224.3
Other assets	110.5
Cash and cash equivalents	64.2
Total assets	**1,503.2**
Non-controlling interest	24.6
Deferred tax liabilities	158.2
Defined benefit plans	241.0
Other long-term liabilities	10.5
Account payables and other current liabilities	429.4
Total liabilities	**863.6**
Net assets	**639.6**
Purchase consideration transferred	**1,482.0**
Goodwill	**842.4**
Cash flow on acquisition	
Purchase consideration, paid in cash	795.8
Transactions costs [1)]	68.4
Cash and cash equivalents in acquired companies	-64.2
Net cash flow arising on acquisition	**800.0**
Purchase consideration:	
Purchase consideration, paid in cash	795.8
Purchase consideration, paid in shares	686.2
Total purchase consideration	**1,482.0**

[1)] Transaction costs of EUR 4.2 million in 2017, EUR 47.0 million in 2016 and EUR 17.2 million in 2015 have been expensed and are included in other operating expenses.

Notes

6. DISPOSALS

6.1. Disposal of Stahl CraneSystems

On November 30, 2016 Konecranes signed an agreement with Columbus McKinnon Corporation ("Columbus McKinnon") regarding the divestment of the STAHL CraneSystems business ("STAHL Divestment"). On January 31, 2017, Konecranes completed the STAHL Divestment. Konecranes received cash proceeds of EUR 232.2 million from the transaction. Additionally, Columbus McKinnon assumed unfunded pension liabilities that were at EUR 67 million as of December 31, 2016. Konecranes reported a pre-tax capital gain of EUR 218.4 million from the STAHL Divestment in January–September 2017 in other operating income.

STAHL CraneSystems is a global supplier of hoisting technology and crane components. The business is well-known for its capability to build engineered system solutions. Its customers include distributors, crane builders as well as EPC companies. STAHL CraneSystems is headquartered in Künzelsau, Germany.

6.2. Other disposals

Konecranes agreed on March 7, 2017 to divest Sanma Hoists & Cranes Co., Ltd. ("Sanma") to Jingjiang Hongcheng Crane Components Manufacturing Works. The agreement included Sanma's manufacturing machinery for CD/MD hoists and related inventory. Konecranes reported a pre-tax capital gain of EUR 0.1 million in January–September 2017 in other operating income. With this divestment, Konecranes streamlined its product and brand portfolio in Chinese market.

7. SEGMENT INFORMATION

7.1. Operating segments

EUR million

Orders received by Business Area	1–9/2017	% of total	1–9/2016	% of total	1–12/2016	% of total
Service [1]	729.4	31	548.9	38	727.9	35
Industrial Equipment	842.0	35	620.5	43	821.5	39
Port Solutions [1]	800.9	34	278.6	19	533.4	26
./. Internal	-97.6		-122.4		-162.2	
Total	**2,274.8**	**100**	**1,325.6**	**100**	**1,920.7**	**100**

[1] Excl. Service Agreement Base

Service in 2017 reporting	548.9		727.9	
Effect of Ports Service and Lifttruck Service transfer from Service to Port Solutions	35.2		46.6	
Service in 2016 reporting	584.1		774.5	

Order book total [2]	30.9.2017	% of total	30.9.2016	% of total	31.12.2016	% of total
Service	222.5	13	177.9	18	158.1	15
Industrial Equipment	565.7	34	426.7	43	399.4	38
Port Solutions	868.4	52	383.0	39	480.5	46
Total	**1,656.6**	**100**	**987.7**	**100**	**1,038.0**	**100**

[2] Percentage of completion deducted

Service in 2017 reporting	177.9		158.1	
Effect of Ports Service and Lifttruck Service transfer from Service to Port Solutions	15.3		15.2	
Service in 2016 reporting	193.3		173.3	

Notes

Sales by Business Area	**1–9/2017**	% of total	**1–9/2016**	% of total	**1–12/2016**	% of total
Service	856.6	37	660.5	40	914.8	40
Industrial Equipment	805.7	35	596.9	36	830.1	36
Port Solutions	663.2	29	380.2	23	543.2	24
./. Internal	-99.1		-132.6		-169.7	
Total	**2,226.4**	**100**	**1,505.0**	**100**	**2,118.4**	**100**

Service in 2017 reporting			660.5		914.8	
Effect of Ports Service and Lifttruck Service transfer from Service to Port Solutions			39.9		53.2	
Service in 2016 reporting			700.4		968.0	

Adjusted EBITA by Business Area	**1–9/2017** MEUR	EBITA %	**1–9/2016** MEUR	EBITA %	**1–12/2016** MEUR	EBITA %
Service	112.2	13.1	65.1	9.9	100.2	11.0
Industrial Equipment	17.4	2.2	7.2	1.2	15.7	1.9
Port Solutions	28.1	4.2	33.7	8.9	50.5	9.3
Group costs and eliminations	-21.3		-14.3		-21.5	
Total	**136.3**	**6.1**	**91.7**	**6.1**	**144.8**	**6.8**

Service in 2017 reporting			65.1		100.2	
Effect of Ports Service and Lifttruck Service transfer from Service to Port Solutions			9.0		12.5	
Service in 2016 reporting			74.1		112.7	

Operating profit (EBIT) by Business Area	**1–9/2017** MEUR	EBIT %	**1–9/2016** MEUR	EBIT %	**1–12/2016** MEUR	EBIT %
Service	94.2	11.0	58.1	8.8	90.2	9.9
Industrial Equipment	-9.0	-1.1	-0.8	-0.1	6.0	0.7
Port Solutions	1.7	0.3	32.6	8.6	49.0	9.0
Group costs and eliminations	176.1		-36.1		-60.3	
Total	**262.9**	**11.8**	**53.9**	**3.6**	**84.9**	**4.0**

Service in 2017 reporting			58.1		90.2	
Effect of Ports Service and Lifttruck Service transfer from Service to Port Solutions			8.7		12.0	
Service in 2016 reporting			66.8		102.2	

Business segment assets	**30.9.2017** MEUR		**30.9.2016** MEUR		**31.12.2016** MEUR	
Service	1,296.5		357.3		380.3	
Industrial Equipment	911.0		561.0		571.3	
Port Solutions	865.4		250.3		227.5	
Unallocated items	443.6		308.4		350.8	
Total	**3,516.5**		**1,477.0**		**1,529.9**	

Service in 2017 reporting			357.3		380.3	
Effect of Ports Service and Lifttruck Service transfer from Service to Port Solutions			31.0		32.6	
Service in 2016 reporting			388.3		412.9	

Notes

Business segment liabilities	30.9.2017 MEUR	30.9.2016 MEUR	31.12.2016 MEUR
Service	195.3	138.9	149.9
Industrial Equipment	348.9	300.5	312.2
Port Solutions	423.0	171.2	175.6
Unallocated items	1,293.5	450.2	446.8
Total	**2,260.7**	**1,060.8**	**1,084.5**

Service in 2017 reporting	138.9	149.9
Effect of Ports Service and Lifttruck Service transfer from Service to Port Solutions	8.8	10.5
Service in 2016 reporting	147.7	160.4

Personnel by Business Area (at the end of the period)	30.9.2017	% of total	30.9.2016	% of total	31.12.2016	% of total
Service	7,234	44	5,858	53	5,749	52
Industrial Equipment	6,146	37	4,402	40	4,353	40
Port Solutions	3,177	19	777	7	789	7
Group staff	68	0	60	1	60	1
Total	**16,625**	**100**	**11,097**	**100**	**10,951**	**100**

Service in 2017 reporting	5,858	5,749
Effect of Ports Service and Lifttruck Service transfer from Service to Port Solutions	244	249
Service in 2016 reporting	6,102	5,998

Orders received by Business Area, Quarters	Q3/2017	Q2/2017	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Service [1]	231.8	251.4	246.3	179.0	175.1	190.9	182.8
Industrial Equipment	262.8	308.5	270.7	201.0	191.6	218.1	210.7
Port Solutions [1]	292.2	261.6	247.1	254.8	91.4	117.5	69.7
./. Internal	-36.7	-31.2	-29.6	-39.8	-37.9	-46.4	-38.1
Total	**750.1**	**790.2**	**734.5**	**595.1**	**420.3**	**480.2**	**425.1**

[1] *Excl. Service Agreement Base*

Order book by Business Area, Quarters	Q3/2017	Q2/2017	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Service	222.5	217.6	217.6	158.1	177.9	177.3	166.2
Industrial Equipment	565.7	571.2	575.2	399.4	426.7	429.3	419.6
Port Solutions	868.4	817.2	811.6	480.5	383.0	436.7	449.8
Total	**1,656.6**	**1,605.9**	**1,604.5**	**1,038.0**	**987.7**	**1,043.3**	**1,035.6**

Sales by Business Area, Quarters	Q3/2017	Q2/2017	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Service	274.0	298.1	284.6	254.3	220.3	231.0	209.1
Industrial Equipment	259.5	296.5	249.6	233.1	199.1	210.3	187.5
Port Solutions	244.0	237.9	181.3	163.0	145.5	132.4	102.3
./. Internal	-31.2	-35.3	-32.5	-37.1	-47.4	-44.9	-40.3
Total	**746.2**	**797.2**	**683.0**	**613.3**	**517.6**	**528.8**	**458.6**

Notes

Adjusted EBITA by Business Area, Quarters	Q3/2017	Q2/2017	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Service	37.9	41.2	33.1	35.1	23.5	25.6	16.0
Industrial Equipment	11.7	6.2	-0.5	8.5	6.7	2.2	-1.8
Port Solutions	12.5	13.0	2.6	16.7	13.5	14.3	5.9
Group costs and eliminations	-7.7	-9.1	-4.5	-7.2	-4.9	-5.1	-4.4
Total	**54.4**	**51.2**	**30.6**	**53.1**	**38.9**	**37.0**	**15.8**

Adjusted EBITA margin by Business Area, Quarters	Q3/2017	Q2/2017	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Service	13.8	13.8	11.6	13.8	10.7	11.1	7.7
Industrial Equipment	4.5	2.1	-0.2	3.6	3.4	1.1	-0.9
Port Solutions	5.1	5.5	1.4	10.3	9.3	10.8	5.8
Group EBITA margin total	**7.3**	**6.4**	**4.5**	**8.7**	**7.5**	**7.0**	**3.4**

Personnel by Business Area, Quarters (at the end of the period)	Q3/2017	Q2/2017	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Service	7,234	7,311	7,432	5,749	5,858	6,054	6,132
Industrial Equipment	6,146	6,132	6,142	4,353	4,402	4,527	4,617
Port Solutions	3,177	3,248	3,263	789	777	807	803
Group staff	68	63	59	60	60	56	57
Total	**16,625**	**16,754**	**16,896**	**10,951**	**11,097**	**11,444**	**11,609**

7.2. Geographical areas

EUR million

Sales by market	1–9/2017	% of total	1–9/2016	% of total	1–12/2016	% of total
Europe-Middle East-Africa (EMEA)	1,119.7	50	715.5	48	1,001.4	47
Americas (AME)	738.5	33	569.5	38	802.5	38
Asia-Pacific (APAC)	368.2	17	220.0	15	314.5	15
Total	**2,226.4**	**100**	**1,505.0**	**100**	**2,118.4**	**100**

Personnel by region (at the end of the period)	30.9.2017	% of total	30.9.2016	% of total	31.12.2016	% of total
Europe-Middle East-Africa (EMEA)	10,037	60	5,911	53	5,842	53
Americas (AME)	3,291	20	2,754	25	2,704	25
Asia-Pacific (APAC)	3,297	20	2,432	22	2,405	22
Total	**16,625**	**100**	**11,097**	**100**	**10,951**	**100**

Sales by market, Quarters	Q3/2017	Q2/2017	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Europe-Middle East-Africa (EMEA)	394.4	381.9	343.4	285.9	225.5	256.0	234.0
Americas (AME)	242.4	263.5	232.5	233.0	218.6	189.1	161.8
Asia-Pacific (APAC)	109.3	151.7	107.1	94.5	73.5	83.8	62.7
Total	**746.2**	**797.2**	**683.0**	**613.3**	**517.6**	**528.8**	**458.6**

Personnel by region, Quarters (at the end of the period)	Q3/2017	Q2/2017	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Europe-Middle East-Africa (EMEA)	10,037	10,069	10,068	5,842	5,911	6,111	6,168
Americas (AME)	3,291	3,294	3,385	2,704	2,754	2,816	2,883
Asia-Pacific (APAC)	3,297	3,391	3,443	2,405	2,432	2,517	2,558
Total	**16,625**	**16,754**	**16,896**	**10,951**	**11,097**	**11,444**	**11,609**

Notes

8. PERCENTAGE OF COMPLETION METHOD AND ADVANCES RECEIVED

EUR million	30.9.2017	30.9.2016	31.12.2016
The cumulative revenues of non-delivered projects	354.7	347.6	376.7
Advances received netted	280.1	253.3	290.3
Progress billings netted	0.0	6.5	2.6
Receivable arising from percentage of completion method, net	**74.6**	**87.8**	**83.8**
Gross advance received from percentage of completion method	339.7	274.4	323.5
Advances received netted	280.1	253.3	290.3
Advances received from percentage of completion method (netted)	**59.6**	**21.1**	**33.2**

Net sales recognized under the percentage of completion method amounted EUR 243.3 million in 1–9/2017 (EUR 183.1 million in 1–9/2016).

Receivable arising from percentage of completion method relate to construction contracts. Net asset balances are balances where the sum of contract costs, recognized profits and recognized losses exceed progress billings. Construction 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	30.9.2017	30.9.2016	31.12.2016
Advance received from percentage of completion method (netted)	59.6	21.1	33.2
Other advance received from customers	275.2	150.2	137.4
Total	**334.8**	**171.3**	**170.6**

9. IMPAIRMENTS

EUR million	1–9/2017	1–9/2016	1–12/2016
Property, plant and equipment	1.6	2.8	2.8
Other intangible assets	1.7	0.0	0.7
Total	**3.3**	**2.8**	**3.5**

Mainly restructuring actions during 2017 have led to an impairment of tangible assets (machinery and equipment and buildings), which were written off by EUR 1.6 million (EUR 2.8 million in 1–9/2016). In additon other intangilbe assets (old customer base) were written off by EUR 1.7 million (EUR 0.0 million in 1–9/2016).

10. RESTRUCTURING COSTS

Konecranes has recorded EUR 52.2 million restructuring costs during for 1–9/2017 (EUR 15.1 million in 1–9/2016) of which EUR 2.9 million was impairment of assets (EUR 2.8 million for 1–9/2016). The remaining EUR 49.3 million of restructuring cost is reported 1–9/2017 in personnel costs (EUR 20.1 million) and in other operating expenses (EUR 29.2 million).

11. INCOME TAXES

Taxes in statement of Income	1–9/2017	1–9/2016	1–12/2016
Local income taxes of group companies	46.5	12.9	31.9
Taxes from previous years	-1.9	-2.5	-2.3
Change in deferred taxes	-16.9	-0.5	-5.1
Total	**27.7**	**9.9**	**24.5**

Notes

12. KEY FIGURES

	30.9.2017	30.9.2016	Change %	31.12.2016
Earnings per share, basic (EUR)	2.62	0.46	475.7	0.64
Earnings per share, diluted (EUR)	2.62	0.46	475.7	0.64
Alternative Performance Measures:				
Return on capital employed, %, Rolling 12 Months (R12M)	21.8	10.9	100.0	10.3
Adjusted return on capital employed, %, Rolling 12 Months (R12M)	13.8	18.4	-25.0	19.2
Return on equity, %, Rolling 12 Months (R12M)	25.6	9.3	175.3	8.3
Equity per share (EUR)	15.67	7.08	121.3	7.58
Interest-bearing net debt / Equity, %	45.1	44.0	2.5	29.1
Net debt / Adjusted EBITDA, Rolling 12 Months (R12M)	2.2	1.0	120.0	0.7
Equity to asset ratio, %	39.5	32.0	23.4	32.9
Investments total (excl. acquisitions), EUR million	27.8	22.4	24.3	33.8
Interest-bearing net debt, EUR million	566.4	183.5	208.6	129.6
Net working capital, EUR million	343.2	322.5	6.4	304.3
Average number of personnel during the period	15,307	11,509	33.0	11,398
Average number of shares outstanding, basic	78,109,755	58,747,279	33.0	58,748,217
Average number of shares outstanding, diluted	78,109,755	58,747,279	33.0	58,748,217
Number of shares outstanding	78,756,145	58,751,009	34.1	58,751,009

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 (%): $= \dfrac{\text{Net profit for the period}}{\text{Total equity (average during the period)}} \times 100$

Return on capital employed (%): $= \dfrac{\text{Income before taxes + interest paid + other financing cost}}{\text{Total amount of equity and liabilities - non-interest bearing debts (average during the period)}} \times 100$

Adjusted return on capital employed (%): $= \dfrac{\text{Adjusted EBITA}}{\text{Total amount of equity and liabilities - non-interest bearing debts (average during the period)}} \times 100$

Equity to asset ratio, %: $= \dfrac{\text{Shareholders' equity}}{\text{Total amount of equity and liabilities - advance payment received}} \times 100$

Interest-bearing net debt / Equity, %: $= \dfrac{\text{Interest-bearing liabilities - liquid assets - loans receivable}}{\text{Total equity}} \times 100$

Equity per share: $= \dfrac{\text{Equity attributable to the shareholders of the parent company}}{\text{Number of shares outstanding}}$

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)	1–9/2017	1–9/2016	1–12/2016
Adjusted EBITDA	**191.5**	**126.8**	**191.6**
Transaction costs	-4.8	-30.1	-47.0
Restructuring costs (excluding impairments)	-49.2	-12.3	-16.4
Insurance indemnity related to identity theft	0.0	10.3	10.2
Release of MHPS purchase price allocation in inventories	-5.5	0.0	0.0
Gain on disposal of Stahl CraneSystems	218.4	0.0	0.0
EBITDA	**350.5**	**94.9**	**138.5**
Depreciation, amortization and impairments	-87.6	-41.0	-53.7
Operating profit (EBIT)	**262.9**	**53.9**	**84.9**
Adjusted EBITA	**136.3**	**91.7**	**144.8**
Purchase price allocation amortization	-29.4	-3.0	-4.0
Adjusted Operating profit (EBIT)	**106.9**	**88.7**	**140.8**
Transaction costs	-4.8	-30.1	-47.0
Restructuring costs	-52.2	-15.1	-19.2
Insurance indemnity and returned funds related to identity theft	0.0	10.3	10.2
Release of MHPS purchase price allocation in inventories	-5.5	0.0	0.0
Gain on disposal of Stahl CraneSystems	218.4	0.0	0.0
Operating profit (EBIT)	**262.9**	**53.9**	**84.9**

Interest-bearing net debt	30.9.2017	30.9.2016	31.12.2016
Non current interest bearing liabilities	648.2	54.9	54.2
Current interest bearing liabilities	74.5	299.0	269.5
Net debt in assets held for sale	0.0	-3.7	-26.7
Loans receivables	-0.7	0.0	0.0
Cash and cash equivalents	-155.6	-166.7	-167.4
Interest-bearing net debt	**566.4**	**183.5**	**129.6**

Net working capital	30.9.2017	30.9.2016	31.12.2016
Net working capital in balance sheet	343.2	322.5	271.1
Net working capital in asset held for sale	0.0	0.0	33.2
Net working capital	**343.2**	**322.5**	**304.3**

Notes

The period end exchange rates:	30.9.2017	30.9.2016	Change %	31.12.2016
USD - US dollar	1.181	1.116	-5.5	1.054
CAD - Canadian dollar	1.469	1.469	0.0	1.419
GBP - Pound sterling	0.882	0.861	-2.4	0.856
CNY - Chinese yuan	7.853	7.446	-5.2	7.320
SGD - Singapore dollar	1.603	1.524	-5.0	1.523
SEK - Swedish krona	9.649	9.621	-0.3	9.553
AUD - Australian dollar	1.508	1.466	-2.8	1.460

The period average exchange rates:	30.9.2017	30.9.2016	Change %	31.12.2016
USD - US dollar	1.114	1.116	0.2	1.107
CAD - Canadian dollar	1.455	1.475	1.4	1.466
GBP - Pound sterling	0.873	0.803	-8.0	0.820
CNY - Chinese yuan	7.577	7.348	-3.0	7.353
SGD - Singapore dollar	1.547	1.530	-1.1	1.528
SEK - Swedish krona	9.582	9.374	-2.2	9.469
AUD - Australian dollar	1.454	1.505	3.5	1.488

13. GUARANTEES, LEASE COMMITMENTS AND CONTINGENT LIABILITIES

EUR million	30.9.2017	30.9.2016	31.12.2016
For own commercial obligations			
Guarantees	535.9	400.7	447.0
Leasing liabilities			
Next year	40.2	32.3	34.7
Later on	88.5	87.6	75.8
Other	24.5	0.2	0.2
Total	**689.1**	**520.8**	**557.6**

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.

Notes

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.

14. FINANCIAL ASSETS AND LIABILITIES

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

EUR million **Financial assets 30.9.2017**	Financial assets/liabilities at fair value through OCI	Financial assets/liabilities at fair value through income statement	Loans and receivables	Financial assets/liabilities measured at amortized cost	Carrying amounts by balance sheet item
Current financial assets					
Account and other receivables	0.0	0.0	518.8	0.0	518.8
Derivative financial instruments	15.1	18.8	0.0	0.0	33.9
Financial assets held for trading	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	0.0	0.0	155.6	0.0	155.6
Total	**15.1**	**18.8**	**674.4**	**0.0**	**708.3**

Financial liabilities 30.9.2017					
Non-current financial liabilities					
Interest-bearing liabilities	0.0	0.0	0.0	648.2	648.2
Derivative financial instruments	0.0	0.0	0.0	0.0	0.0
Other payables	0.0	0.0	0.0	12.5	12.5
Current financial liabilities					
Interest-bearing liabilities	0.0	0.0	0.0	74.5	74.5
Derivative financial instruments	5.7	1.9	0.0	0.0	7.6
Account and other payables	0.0	0.0	0.0	222.9	222.9
Total	**5.7**	**1.9**	**0.0**	**958.1**	**965.7**

Notes

EUR million Financial assets 30.9.2016	Financial assets/liabilities at fair value through OCI	Financial assets/liabilities at fair value through income statement	Loans and receivables	Financial assets/liabilities measured at amortized cost	Carrying amounts by balance sheet item
Current financial assets					
Account and other receivables	0.0	0.0	324.8	0.0	324.8
Derivative financial instruments	1.5	4.2	0.0	0.0	5.7
Financial assets held for trading	0.0	0.7	0.0	0.0	0.7
Cash and cash equivalents	0.0	0.0	166.7	0.0	166.7
Total	**1.5**	**4.8**	**491.5**	**0.0**	**497.8**
Financial liabilities 30.9.2016					
Non-current financial liabilities					
Interest-bearing liabilities	0.0	0.0	0.0	54.9	54.9
Derivative financial instruments	0.0	0.0	0.0	0.0	0.0
Other payables	0.0	0.0	0.0	4.9	4.9
Current financial liabilities					
Interest-bearing liabilities	0.0	0.0	0.0	299.0	299.0
Derivative financial instruments	1.5	1.8	0.0	0.0	3.3
Account and other payables	0.0	0.0	0.0	119.7	119.7
Total	**1.5**	**1.8**	**0.0**	**478.6**	**481.9**

EUR million Financial assets 31.12.2016	Financial assets/liabilities at fair value through OCI	Financial assets/liabilities at fair value through income statement	Loans and receivables	Financial assets/liabilities measured at amortized cost	Carrying amounts by balance sheet item
Current financial assets					
Account and other receivables	0.0	0.0	402.8	0.0	402.8
Derivative financial instruments	3.0	28.1	0.0	0.0	31.1
Financial assets held for trading	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents	0.0	0.0	167.4	0.0	167.4
Total	**3.0**	**28.1**	**570.1**	**0.0**	**601.3**
Financial liabilities 31.12.2016					
Non-current financial liabilities					
Interest-bearing liabilities	0.0	0.0	0.0	54.2	54.2
Derivative financial instruments	0.0	0.0	0.0	0.0	0.0
Other payables	0.0	0.0	0.0	6.9	6.9
Current financial liabilities					
Interest-bearing liabilities	0.0	0.0	0.0	269.5	269.5
Derivative financial instruments	11.0	7.2	0.0	0.0	18.2
Account and other payables	0.0	0.0	0.0	130.5	130.5
Total	**11.0**	**7.2**	**0.0**	**461.1**	**479.3**

On January 4, 2017, Konecranes raised loans of EUR 1,052 million related to the MHPS Acquisition. This included a syndicated EUR 300 million term loan with a tenor of three years, EUR 600 million amortizing term loan with a tenor of five years and a EUR 152 million bridge term loan. Upon completion of the STAHL CraneSystems divestment on January 31, 2017, Konecranes repaid in advance term loans of EUR 198 million including the full repayment of the bridge term loan. On April 4th, Konecranes repaid the acquisition related three-year loan by EUR 100 million utilizing cash at hand. On June 7th Konecranes repaid the acquisition related five-year loan by EUR 150 million utilizing cash at hand. On June 9th Konecranes issued a five-year bond of

Notes

EUR 250 million with proceeds utilized for fully repaying the three-year loan of EUR 200 million and the five-year loan for EUR 50 million. The EUR 250 million senior unsecured guaranteed bond has standard covenants (change of control, cross default, negative pledge and excess secured indebtedness) and bears a fixed annual coupon of 1.75%. The bond is guaranteed by Konecranes Finance Corporation and the bond is listed in Nasdaq Helsinki.

At the end of September 2017, the outstanding five-year term loan amount was EUR 354 million, EUR 50 million for the R&D loan and EUR 250 million for the bond. The term loan bears a floating three months interest period, the R&D loan interest is fixed with semi-annual interest payment and the bond yield is fixed with annual coupon payment. The weighted average interest rate for the loans and the bond is currently 2.52% per annum. The company is in compliance with the quarterly monitored financial covenants (net debt to ebitda and 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 45.1% (30.9.2016: 44.0%) 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.

14.2 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 **30.9.2017**	Carrying amount **30.9.2016**	Carrying amount **31.12.2016**	Fair value **30.9.2017**	Fair value **30.9.2016**	Fair value **31.12.2016**
Current financial assets						
Account and other receivables	518.8	324.8	402.8	518.8	324.8	402.8
Derivative financial instruments	33.9	5.7	31.1	33.9	5.7	31.1
Financial assets held for trading	0.0	0.7	0.0	0.0	0.7	0.0
Cash and cash equivalents	155.6	166.7	167.4	155.6	166.7	167.4
Total	**708.3**	**497.8**	**601.3**	**708.3**	**497.8**	**601.3**
Financial liabilities						
Non-current financial liabilities						
Interest-bearing liabilities	648.2	54.9	54.2	678.4	54.9	54.2
Derivative financial instruments	0.0	0.0	0.0	0.0	0.0	0.0
Other payables	12.5	4.9	6.9	12.5	4.9	6.9
Current financial liabilities						
Interest-bearing liabilities	74.5	299.0	269.5	74.5	299.0	269.5
Derivative financial instruments	7.6	3.3	18.2	7.6	3.3	18.2
Account and other payables	222.9	119.7	130.5	222.9	119.7	130.5
Total	**965.7**	**481.9**	**479.3**	**995.9**	**481.9**	**479.3**

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

14.3 Hierarchy of fair values

Financial assets	30.9.2017 Level 1	30.9.2017 Level 2	30.9.2017 Level 3	30.9.2016 Level 1	30.9.2016 Level 2	30.9.2016 Level 3	31.12.2016 Level 1	31.12.2016 Level 2	31.12.2016 Level 3
Derivative financial instruments									
Foreign exchange forward contracts	0.0	33.7	0.0	0.0	3.5	0.0	0.0	4.7	0.0
Currency options	0.0	0.0	0.0	0.0	2.2	0.0	0.0	26.3	0.0
Fuel oil derivative	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Financial assets held for trading	0.0	0.0	0.0	0.7	0.0	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**	**33.9**	**0.0**	**0.7**	**5.7**	**0.0**	**0.0**	**31.1**	**0.0**
Other financial assets									
Cash and cash equivalents	155.6	0.0	0.0	166.7	0.0	0.0	167.4	0.0	0.0
Total	**155.6**	**0.0**	**0.0**	**166.7**	**0.0**	**0.0**	**167.4**	**0.0**	**0.0**
Total financial assets	**155.6**	**33.9**	**0.0**	**167.3**	**5.7**	**0.0**	**167.4**	**31.1**	**0.0**

Financial liabilities	30.9.2017 Level 1	30.9.2017 Level 2	30.9.2017 Level 3	30.9.2016 Level 1	30.9.2016 Level 2	30.9.2016 Level 3	31.12.2016 Level 1	31.12.2016 Level 2	31.12.2016 Level 3
Derivative financial instruments									
Foreign exchange forward contracts	0.0	7.1	0.0	0.0	2.9	0.0	0.0	18.0	0.0
Currency options	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Electricity forward contracts	0.0	0.1	0.0	0.0	0.3	0.0	0.0	0.2	0.0
Total	**0.0**	**7.6**	**0.0**	**0.0**	**3.3**	**0.0**	**0.0**	**18.2**	**0.0**
Other financial liabilities									
Interest bearing liabilities	0.0	722.7	0.0	0.0	353.9	0.0	0.0	323.6	0.0
Other payables	0.0	0.0	4.3	0.0	0.0	4.9	0.0	0.0	6.9
Total	**0.0**	**722.7**	**4.3**	**0.0**	**353.9**	**4.9**	**0.0**	**323.6**	**6.9**
Total financial liabilities	**0.0**	**730.3**	**4.3**	**0.0**	**357.2**	**4.9**	**0.0**	**341.8**	**6.9**

15. HEDGE ACTIVITIES AND DERIVATIVES

EUR million	30.9.2017 Nominal value	30.9.2017 Fair value	30.9.2016 Nominal value	30.9.2016 Fair value	31.12.2016 Nominal value	31.12.2016 Fair value
Foreign exchange forward contracts	861.3	26.6	607.4	0.6	878.1	-13.2
Currency options	69.3	-0.3	1,571.8	2.2	1,571.8	26.3
Interest rate swaps	0.0	0.0	100.0	-0.1	0.0	0.0
Fuel oil derivative	0.5	0.1	0.5	0.0	0.5	0.1
Electricity derivatives	0.6	-0.1	0.9	-0.3	0.8	-0.2
Total	**931.6**	**26.3**	**2,280.6**	**2.4**	**2,451.2**	**12.9**

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. The majority of currency options in 31.12.2016 related to the hedging structure of the Terex MHPS acquisition currency risk.

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 43.5% 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 Company 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 Company performs quantitative effectiveness test using the dollar value method approach by comparison of past changes in the cash flows of the hedged item that are attributable to the hedged risk with past changes in the cash flows of the hedging instrument and reviews whether the actual results of the hedge are within a range of 80–125 per cent. As a result, no hedge ineffectiveness arises requiring recognition through profit or loss.

The cash flow hedges of the expected future sales in 2017 and 2016 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	30.9.2017	30.9.2016	31.12.2016
Balance as of January 1	15.0	-9.1	-9.1
Gains and losses deferred to equity (fair value reserve)	-5.8	13.5	30.1
Change in deferred taxes	1.2	-2.7	-6.0
Balance as of the end of period	**10.4**	**1.7**	**15.0**

16. TRANSACTIONS WITH RELATED PARTIES

EUR million	1–9/2017	1–9/2016	1–12/2016
Sales of goods and services with associated companies and joint arrangements	39.8	17.4	14.6
Sales of goods and services with significant shareholders	13.1	0.0	0.0
Receivables from associated companies and joint arrangements	10.5	6.7	5.5
Purchases of goods and services from associated companies and joint arrangements	32.8	37.1	48.1
Purchases of goods and services from significant shareholders	0.7	0.0	0.0
Liabilities to associated companies and joint arrangements	4.3	4.4	4.3

Additional information

COMPARABLE COMBINED COMPANY SEGMENT INFORMATION, UNAUDITED

Orders received by Business Area	Q1/2016	Q2/2016	Q3/2016	Q4/2016	Q1–Q4/2016
Service [1]	245.2	254.6	241.2	240.4	981.4
Industrial Equipment	275.6	300.8	275.9	296.7	1,148.9
Port Solutions	171.4	249.7	203.0	421.1	1,045.2
./. Internal	-35.3	-43.4	-34.8	-36.7	-150.2
Total	**656.9**	**761.6**	**685.3**	**921.5**	**3,025.3**

[1] *Excluding service agreement base*

Order book by Business Area [2]	Q1/2016	Q2/2016	Q3/2016	Q4/2016	
Service	211.9	226.1	227.2	200.3	
Industrial Equipment	530.1	550.2	555.1	540.9	
Port Solutions	755.6	761.8	685.6	766.4	
Total	**1,497.5**	**1,538.1**	**1,467.9**	**1,507.7**	

[2] *MHPS' order book includes deliveries for the next 12 months only.*

Sales by Business Area	Q1/2016	Q2/2016	Q3/2016	Q4/2016	Q1–Q4/2016
Service	280.2	304.1	295.5	334.3	1,214.1
Industrial Equipment	253.4	282.8	275.2	319.4	1,130.8
Port Solutions	220.3	242.0	277.6	351.6	1,091.4
./. Internal	-37.5	-41.7	-44.5	-34.2	-158.0
Total	**716.4**	**787.3**	**803.8**	**971.0**	**3,278.4**

Adjusted EBITA by Business Area	Q1/2016	Q2/2016	Q3/2016	Q4/2016	Q1–Q4/2016
Service	27.2	37.7	37.4	51.1	153.4
Industrial Equipment	-13.8	-4.9	3.0	9.6	-6.1
Port Solutions	0.0	13.8	10.2	28.7	52.7
Group costs and eliminations	-4.8	-4.0	-3.6	-3.6	-16.0
Total	**8.7**	**42.6**	**47.1**	**85.7**	**184.1**

Adjusted EBITA margin by Business Area	Q1/2016	Q2/2016	Q3/2016	Q4/2016	Q1–Q4/2016
Service	9.7%	12.4%	12.7%	15.3%	12.6%
Industrial Equipment	-5.4%	-1.7%	1.1%	3.0%	-0.5%
Port Solutions	0.0%	5.7%	3.7%	8.2%	4.8%
Group adjusted EBITA margin total	**1.2%**	**5.4%**	**5.9%**	**8.8%**	**5.6%**

ANALYST AND PRESS BRIEFING

An analyst and press conference will be held at HTC Keilaniemi (address: Keilaranta 15 B, Espoo) on October 25, 2017, at 11.00 a.m. Finnish time. The January–September 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 a.m. at www.konecranes.com. Please see the stock exchange release dated October 4, 2017 for the conference call details.

NEXT REPORT

Konecranes' Financial Statements Release 2017 will be published on February 8, 2018.

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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 2016, Group (comparable combined company) sales totaled EUR 3,278 million. The Group has 16,600 employees at 600 locations in 50 countries. Konecranes class A shares are listed on the Nasdaq Helsinki (symbol: KCR).

www.konecranes.com