KONECRANES®
Lifting Businesses™

Adjusted EBIT slightly above the previous year despite lower sales, order intake low due to port cranes

Interim Report
January–March 2016

Q1

Adjusted EBIT slightly above the previous year despite lower sales, order intake low due to port cranes

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

FIRST QUARTER HIGHLIGHTS

- Order intake EUR 425.1 million (518.8), -18.1 percent; Service -0.8 percent and Equipment -28.9 percent.
- Order book EUR 1,035.6 million (1,111.1) at the end of March, 6.8 percent lower than a year ago.
- Sales EUR 458.6 million (474.9), -3.4 percent; Service -2.0 percent and Equipment -6.3 percent.
- Adjusted operating profit* EUR 14.8 million (14.2), 3.2 percent of sales (3.0).
- Adjustments* EUR -14.4 million (-2.3).
- Operating profit EUR 0.3 million (11.8), 0.1 percent of sales (2.5).
- Earnings per share (diluted) EUR -0.09 (0.10).
- Net cash flow from operating activities EUR -3.1 million (-54.4).
- Net debt EUR 206.9 million (199.4) and gearing 52.7 percent (46.8).

** Adjustments (earlier term non-recurring items included the same items affecting the operating profit) include restructuring costs, transaction costs relating to the proposed merger with Terex, and the unwarranted payments due to identity theft and fraudulent actions (only in the third quarter of 2015, not deducted by crime insurance indemnity). The corresponding terminology change has been made to the financial guidance. Konecranes' management believes that the adjusted operating profit is relevant for understanding the financial performance when comparing the result for the current period with previous periods.*

MARKET OUTLOOK

Customers are cautious about investing as economic growth has slowed down across the globe. Companies operating in emerging and commodity markets are particularly under pressure to save costs. Business activity in the North American manufacturing industry is showing signs of bottoming out. Demand situation in Europe is stable. The decline in the global container throughput has led to slower decision-making among container terminal operators.

FINANCIAL GUIDANCE

Based on the order book, the service contract base and the near-term demand outlook, the sales in 2016 are expected to be higher than in 2015. We expect the 2016 adjusted operating profit to improve from 2015.

Key figures

	1–3/2016	1–3/2015	Change percent	R12M	1–12/2015
Orders received, MEUR	425.1	518.8	-18.1	1,871.8	1,965.5
Order book at end of period, MEUR	1,035.6	1,111.1	-6.8		1,036.5
Sales total, MEUR	458.6	474.9	-3.4	2,109.9	2,126.2
Adjusted EBITDA, MEUR*)	27.1	25.8	4.8	167.7	166.5
Adjusted EBITDA, %*)	5.9%	5.4%		7.9%	7.8%
Adjusted operating profit, MEUR*)	14.8	14.2	4.0	118.3	117.7
Adjusted operating margin, %*)	3.2%	3.0%		5.6%	5.5%
EBITDA, MEUR	14.3	24.6	-41.8	106.8	117.1
EBITDA, %	3.1%	5.2%		5.1%	5.5%
Operating profit, MEUR	0.3	11.8	-97.4	51.5	63.0
Operating margin, %	0.1%	2.5%		2.4%	3.0%
Profit before taxes, MEUR	-7.1	8.1	-187.8	40.3	55.4
Net profit for the period, MEUR	-5.1	5.6	-190.9	20.1	30.8
Earnings per share, basic, EUR	-0.09	0.10	-189.8	0.34	0.53
Earnings per share, diluted, EUR	-0.09	0.10	-189.9	0.34	0.53
Gearing, %	52.7%	46.8%			44.6%
Return on capital employed %				7.4%	9.5%
Free cash flow, MEUR	-6.9	-62.6		54.3	-1.4
Average number of personnel during the period	11,748	11,944	-1.6		11,934

**) Adjustments in 2016 include transaction costs, which contain advisory, legal and consulting fees related to Konecranes Terex merger and restructuring costs. Full year 2015 adjustments included transaction costs, restructuring costs and the unwarranted payments due to the identity theft and fraudulent actions. See also note 12 in the interim report.*

President and CEO Panu Routila:

"Our first-quarter figures were a reflection of tough market conditions, but there are signs of improving earnings capacity thanks to restructuring actions. Business Area Equipment order intake came in 29 percent below the last year's level. The decline was entirely explained by the port cranes business; the port cranes order intake was low in the first three months of the year. Our recently announced shipyard crane order and offer base point to stronger port crane orders in the second quarter. Otherwise, the first-quarter orders received were basically flat overall in the other equipment businesses whereas order intake decreased by 1 percent from the previous year in Business Area Service.

Sales in Business Area Equipment fell 6 percent below last year's level due to a lower order book for industrial cranes and timing of deliveries in the port cranes and lift trucks businesses. Despite the sales decline, its adjusted EBIT rose by EUR 4 million from the previous year, which shows that the restructuring and cost savings actions are showing results. Business Area Service's sales decreased by 2 percent and adjusted EBIT by 12 percent on a year-on-year basis due to temporary business interruption related to the implementation of the new IT systems and processes, timing of deliveries and market softness in commodity driven industries, and changes in spare parts distribution, which affected deliveries during the quarter.

Our efficiency improvement actions and organizational changes announced in February are proceeding as planned, which will support the EBIT in the coming quarters. We expect the full-year 2016 sales growth to be generated in the second half of the year given the timing of port crane deliveries."

Konecranes Plc
Interim report January–March 2016

MARKET REVIEW

In January–March 2016, there were relatively few changes in the economic data within the manufacturing industry. However, economic indicators related to the commodities showed weakness.

Economic activity in the US manufacturing sector, measured by the Purchasing Managers' Index (PMI), was relatively stable during the first quarter of 2016. Correspondingly, the U.S. manufacturing capacity utilization rate was at the same level as in the previous year. However, total industrial capacity utilization rate declined from the previous year due to commodity sectors.

According to the PMI surveys in the Eurozone, manufacturing production ticked slightly higher in January–March 2016, but the overall rate of expansion remained only modest and similar to the one recorded in 2015. Within the Eurozone, PMI readings signaled robust rates of expansion in Spain, Italy, and the Netherlands, whereas Germany and France hovered around the stagnation. Outside the Eurozone, PMI surveys indicated slight expansion in the UK whereas manufacturing activity continued to expand strongly in Sweden. The European Union manufacturing capacity utilization rate continued to improve slightly.

Based on the January–March Purchasing Managers' Indexes, the BRIC countries remained the weakest links. PMIs in Brazil, China, and Russia pointed to a continued contraction of manufacturing output, while the signs of modest growth could be observed in India.

Overall, the activity in the world's manufacturing sector, according to the aggregated JPMorgan Global Manufacturing PMI, was stagnant in January–March 2016.

Compared to the previous year, the demand for cranes and hoists improved in the Americas thanks to the pickup in orders for heavy lifting equipment, whereas demand weakened among industrial customers in EMEA and APAC. Demand for lift trucks was stable at a good level.

The global container traffic remained weak as it declined by 1-2 percent on a year-on-year basis in January–March 2016. Correspondingly, the market for port cranes was slow in the first quarter of 2016.

The demand for lifting equipment services grew in EMEA, whereas demand was stable in the Americas. In APAC, demand for services decreased from the previous year.

Raw material prices, including steel, copper, and oil, bottomed out in the first quarter of 2016, but were still clearly below the previous year's level. The EUR/USD exchange rate was rather stable at a level that was still slightly below the corresponding period of the previous year.

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

ORDERS RECEIVED

Orders received in January–March totaled EUR 425.1 million (518.8), representing a decrease of 18.1 percent. Orders received decreased by 0.8 percent in Service and by 28.9 percent in Equipment compared to the year before. Orders received declined in all regions mainly due to lower orders for port cranes.

ORDER BOOK

The value of the order book at the end of March totaled EUR 1,035.6 million (1,111.1), which is 6.8 percent lower than the previous year due to Business Area Equipment. Service accounted for EUR 181.6 million (18 percent) and Equipment for EUR 854.0 million (82 percent) of the total end-March order book.

SALES

Group sales in January–March decreased by 3.4 percent to EUR 458.6 million (474.9). Sales in Service fell by 2.0 percent and in Equipment by 6.3 percent.

At end-March, the regional breakdown, calculated on a rolling 12 months basis, was as follows: EMEA 47 (46), Americas 38 (37) and APAC 15 (17) percent.

CURRENCY RATE EFFECT

In a year-on-year comparison, the currency rates had a negative effect on the orders and sales in January–March. The reported decrease in order intake in January–March was 18.1 percent, whereas the corresponding figure at comparable currency rates was 17.3 percent. Reported sales fell by 3.4 percent or by 2.7 percent at comparable currency rates. The reported order book declined by 6.8 percent or by 3.8 percent at comparable currency rates.

The reported order intake decreased in Service by 0.8 percent, but increased by 0.2 percent at comparable currency rates. In Equipment, the reported order intake fell by 28.9 percent or by 28.3 percent at comparable currency rates. The reported sales declined in Service by 2.0 percent or by 1.1 percent at comparable currency rates. The corresponding figures in Equipment sales were -6.3 percent and -5.8 percent.

FINANCIAL RESULT

The consolidated operating profit in January–March totaled EUR 0.3 million (11.8). Operating profit decreased by EUR 11.5 million and the consolidated operating margin fell to 0.1 percent (2.5). The operating profit includes adjustments of EUR -14.4 million (-2.3) comprising of restructuring costs of EUR 3.8 million (2.3) and transaction costs of EUR 10.7 million (0.0) related to the proposed merger with Terex. The operating margin in Service fell to 7.6 percent (8.3), while it improved in Equipment to -0.6 percent (-1.2).

NET SALES BY REGION, MEUR

	1–3/2016	1–3/2015	Change percent	Change % at comparable currency rates	R12M	1–12/2015
EMEA	234.0	201.2	16.3	17.6	993.3	960.5
AME	161.8	189.4	-14.5	-14.8	796.2	823.7
APAC	62.7	84.3	-25.6	-23.7	320.4	342.0
Total	**458.6**	**474.9**	**-3.4**	**-2.7**	**2,109.9**	**2,126.2**

The adjusted operating margin in Service declined due to the lower volume and gross margin. Despite the decrease in sales, the adjusted operating margin in Equipment improved due to the lower fixed costs and favorable sales mix effect.

In January–March, depreciation and impairments totaled EUR 14.0 million (12.8). This included restructuring costs of EUR 1.7 million (1.1). The amortization arising from purchase price allocations for acquisitions represented EUR 1.1 million (1.4) of the depreciation and impairments.

In January–March, the share of the result in associated companies and joint ventures was EUR 1.2 million (1.3).

In January–March, financial income and expenses totaled EUR -8.6 million (-5.1). Net interest expenses accounted for EUR 2.2 million (2.7) of this. Other financial expenses included a ticking fee of EUR 2.5 million (0.0) related to the funding arrangements of the proposed merger with Terex.

January–March profit before taxes was EUR -7.1 million (8.1).

Income taxes in January–March were EUR -2.0 million (2.5). The Group's effective tax rate was 28.0 percent (30.5).

January–March net profit was EUR -5.1 million (5.6).

In January–March, the basic earnings per share were EUR -0.09 (0.10) and the diluted earnings per share were EUR -0.09 (0.10).

On a rolling twelve-month basis, the return on capital employed was 7.4 percent (15.1) and the return on equity 4.9 percent (17.6).

BALANCE SHEET

The end-March 2016 consolidated balance sheet amounted to EUR 1,475.4 million (1,592.5). The total equity at the end of the report period was EUR 392.2 million (425.7). On March 31, the total equity attributable to the equity holders of the parent company was EUR 392.2 million (425.6) or EUR 6.68 per share (7.27).

Net working capital at the end of March 2016 totaled EUR 269.7 million (280.4). The net working capital, adjusted for unpaid dividends, which were reported in the accruals on March 31, amounted to EUR 331.4 million (341.9). Compared to the previous year, net working capital declined mainly due to the lower inventories and accounts receivable.

CASH FLOW AND FINANCING

Net cash from operating activities in January–March was EUR -3.1 million (-54.4). Cash flow from capital expenditures amounted to EUR -4.4 million (-8.8). Cash flow before financing activities was EUR -6.9 million (-62.6).

At the end of March 2016, interest-bearing net debt was EUR 206.9 million (199.4). The solidity was 30.3 percent (30.2) and the gearing 52.7 percent (46.8).

At the end of the first quarter, cash and cash equivalents amounted to EUR 118.2 million (147.6). None of the Group's committed back-up financing facilities, EUR 300 million in total, were in use at the end of the period.

CAPITAL EXPENDITURE

Capital expenditure in January–March, excluding acquisitions and joint arrangements, amounted to EUR 6.2 million (6.7). This amount consisted mainly of the replacement or capacity expansion investments in property, machines, equipment, and information technology.

Capital expenditure including acquisitions and joint arrangements was EUR 6.2 million (6.7).

ACQUISITIONS

There were no acquisitions during the reporting period or comparison period.

PERSONNEL

In the first quarter, the Group employed an average of 11,748 people (11,944). On March 31, the headcount was 11,609 (11,905). At the end of March, the number of personnel by Business Area was as follows: Service 6,399 employees (6,307), Equipment 5,153 employees (5,544) and Group staff 57 (54). The Group had 6,168 employees (6,217) working in EMEA, 2,883 (2,889) in the Americas, and 2,558 (2,799) in the APAC region.

Business areas

SERVICE

	1–3/2016	1–3/2015	Change percent	R12M	1–12/2015
Orders received, MEUR	193.4	195.0	-0.8	807.9	809.5
Order book, MEUR	181.6	174.3	4.2		165.8
Contract base value, MEUR	205.8	210.7	-2.3		210.6
Net sales, MEUR	221.3	225.8	-2.0	987.8	992.3
EBITDA, MEUR	21.6	24.1	-10.6	115.4	118.0
EBITDA, %	9.7%	10.7%		11.7%	11.9%
Depreciation and amortization, MEUR	-4.7	-4.4	7.5	-18.2	-17.9
Impairments, MEUR	0.0	-1.1		-0.1	-1.2
Operating profit (EBIT), MEUR	16.9	18.6	-9.4	97.1	98.9
Operating profit (EBIT), %	7.6%	8.3%		9.8%	10.0%
Adjustments*, MEUR	-0.6	-1.3		-3.3	-4.0
Adjusted operating profit (EBIT), MEUR	17.5	19.9	-12.4	100.4	102.9
Adjusted operating profit (EBIT), %	7.9%	8.8%		10.2%	10.4%
Capital employed, MEUR	229.0	219.9	4.1		232.3
ROCE%				43.3%	45.7%
Capital expenditure, MEUR	1.7	2.5	-31.9	22.1	22.9
Personnel at the end of period	6,399	6,307	1.5		6,503

**) restructuring costs*

January–March orders received decreased by 0.8 percent to EUR 193.4 million (195.0). Closures of certain underperforming operations had a small negative impact on the order intake. The order book increased by 4.2 percent from the year before to EUR 181.6 million (174.3). Sales in the reporting period fell by 2.0 percent to EUR 221.3 million (225.8). Sales grew in EMEA whereas sales were stable in the Americas. In Asia-Pacific, sales decreased from the previous year. Field service sales outperformed slightly parts sales.

The adjusted operating profit, excluding restructuring costs of EUR 0.6 million (1.3), was EUR 17.5 million (19.9) and the operating margin 7.9 percent (8.8). The operating profit was EUR 16.9 million (18.6) and the operating margin 7.6 percent (8.3). The adjusted operating margin declined due to the lower volume and gross margin.

At the end of March, the total number of equipment included in the maintenance contract base increased by 2.3 percent to 459,358 (449,077). The annual value of the contract base decreased by 2.3 percent to EUR 205.8 million (210.7). At comparable currency rates, the value of the contract base rose by 2.1 percent.

The number of service technicians at the end of March was 4,131 (4,019), which is 2.8 percent more than at the end of March 2015.

EQUIPMENT

	1–3/2016	1–3/2015	Change percent	R12M	1–12/2015
Orders received, MEUR	248.9	350.1	-28.9	1,156.4	1,257.6
Order book, MEUR	854.0	936.8	-8.8		870.7
Net sales, MEUR	257.9	275.4	-6.3	1,222.9	1,240.3
EBITDA, MEUR	7.5	3.8	99.4	56.6	52.9
EBITDA, %	2.9%	1.4%		4.6%	4.3%
Depreciation and amortization, MEUR	-7.3	-7.1	3.2	-30.3	-30.0
Impairments, MEUR	-1.7	0.0		-5.8	-4.1
Operating profit (EBIT), MEUR	-1.5	-3.3	-54.2	20.6	18.8
Operating profit (EBIT), %	-0.6%	-1.2%		1.7%	1.5%
Adjustments*, MEUR	-3.2	-1.0		-17.2	-15.0
Adjusted operating profit (EBIT), MEUR	1.7	-2.3	-172.3	37.7	33.8
Adjusted operating profit (EBIT), %	0.6%	-0.8%		3.1%	2.7%
Capital employed, MEUR	337.3	402.6	-16.2		356.7
ROCE%				5.6%	5.3%
Capital expenditure, MEUR	4.6	4.2	8.5	26.8	26.5
Personnel at the end of period	5,153	5,544	-7.1		5,328

**) restructuring costs*

January–March orders received totaled EUR 248.9 million (350.1), showing a decrease of 28.9 percent. Orders declined in all regions. Orders for industrial cranes accounted for approximately 50 percent of the orders received and were higher than a year ago. Components generated approximately 30 percent of the new orders and were below last year's level. The combined orders for port cranes and lift trucks amounted to approximately 20 percent of the orders received and were lower than a year ago mainly due to the port cranes business. The order book decreased by 8.8 percent from a year before to EUR 854.0 million (936.8).

Sales fell by 6.3 percent to EUR 257.9 million (275.4). The adjusted operating profit, excluding restructuring costs of EUR 3.2 million (1.0), was EUR 1.7 million (-2.3) and the operating margin 0.6 percent (-0.8). Operating profit was EUR -1.5 million (-3.3) and operating margin -0.6 percent (-1.2). Despite the decrease in sales, the adjusted operating margin in Equipment improved due to the lower fixed costs and favorable sales mix effect.

Group Overheads

Unallocated Group overhead costs and eliminations in the reporting period were EUR –15.0 million (–3.4), representing -3.3 percent of sales (-0.7). These included transaction costs of EUR 10.7 million (0.0) related to the proposed merger with Terex.

Unallocated Group overhead costs and eliminations, excluding the transaction costs, were EUR -4.4 million (-3.4), representing -1.0 percent of sales (-0.7).

MERGER WITH TEREX CORPORATION

On January 26, Konecranes announced that Terex Corporation (“Terex”) has notified the Board of Directors of Konecranes of the non-binding conditional proposal by Zoomlion Heavy Industry Science and Technology Co. (“Zoomlion”) to acquire Terex. The Board of Directors of Konecranes confirmed that Konecranes will continue to pursue the merger of equals with Terex as planned.

On February 20, Konecranes announced that in view of the progress made on post-merger business integration planning, and given the challenging business environment, Konecranes and Terex have determined to temporarily suspend the post-merger business integration planning discussions, being only one of the merger work streams, to focus on their respective businesses and completion of the merger. All the work streams required to complete the transaction as soon as practicable are proceeding as planned.

On March 24, Konecranes announced that Terex has notified Konecranes of a revised non-binding conditional proposal by Zoomlion to acquire all of the outstanding shares of Terex for USD 31.00 per share in cash.

Konecranes continues to believe that the merger of equals with Terex represents a highly compelling opportunity for both companies and their shareholders. Konecranes will continue to pursue the merger of equals with Terex in accordance with the Business Combination Agreement and Plan of Merger between the parties.

RESTRUCTURING ACTIONS

On February 3, Konecranes announced that it intends to initiate actions aiming at annual cost savings of EUR 25 million by the end of 2017. Approximately a half of the cost savings are expected to be realized by the end of 2016. This has been taken into consideration in the 2016 financial guidance.

To reduce fixed costs and improve efficiency in operations, Konecranes is planning to pursue the following measures to reach the targeted cost savings: evaluation of business model in certain countries, closures and rightsizing of manufacturing units, and optimization of supply chain, streamlining product portfolio and related resources, and consolidation of regional functions.

To reach the targeted cost savings of EUR 25 million, Konecranes expects to incur restructuring costs of approximately EUR 20 million by the end of 2017. Furthermore, Konecranes will reduce the number of its internal regions from five to three to create opportunities for further efficiency improvement.

ADMINISTRATION

Decisions of the Annual General Meeting

The Annual General Meeting of Konecranes Plc was held on March 23, 2016. The meeting approved the Company’s annual accounts for the fiscal year 2015 and discharged the members of the Board of Directors and the Managing Directors from liability. The AGM approved the Board’s proposal to pay a dividend of EUR 1.05 per share from the distributable equity of the parent company.

The AGM approved the proposal of the Nomination and Compensation Committee that the number of the members of the Board of Directors shall be six (6). The Board members elected at the AGM in 2016 were Mr. Svante Adde, Mr. Stig Gustavson, Mr. Ole Johansson, Mr. Bertel Langenskiöld, Ms. Malin Persson, and Mr. Christoph Vitzthum.

The AGM confirmed the annual compensation to the Board members as follows:

Chairman of the Board:	EUR 105,000
Vice Chairman of the Board:	EUR 67,000
Other Board members	EUR 42,000

In addition, a compensation of EUR 1,500 per meeting will be paid for attending Board Committee meetings. However, the Chairman of the Audit Committee is entitled to a compensation of EUR 3,000 per attended Audit Committee meeting. Furthermore, the AGM approved that 50 percent of the annual remuneration will be paid in Konecranes shares.

The AGM confirmed that Ernst & Young Oy will continue as the Company’s external auditor.

The AGM authorized the Board of Directors to decide on the repurchase of the Company’s own shares and/or on the acceptance of the Company’s own shares as a pledge. The amount of own shares to be repurchased and/or accepted as pledge based on this authorization shall not exceed 6,000,000 shares in total, which corresponds to approximately 9.5 percent of all of the shares in the Company. The authorization is effective until the end of the next Annual General Meeting, however no longer than until September 22, 2017.

The AGM authorized the Board of Directors to decide on the issuance of shares as well as on the issuance of special rights entitling to shares referred to in Section 1 of Chapter 10 of the Finnish Companies Act. The amount of shares to be issued based on this authorization shall not exceed 6,000,000 shares, which corresponds to approximately 9.5 percent of all of the shares in the Company. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the next paragraph. The authorization is effective until the end of the next Annual General Meeting, however no longer than until September 22, 2017. However, the authorization for incentive arrangements is valid until March 22, 2021. This authorization revokes the authorization for incentive arrangements given by the Annual General Meeting 2015.

The AGM authorized the Board of Directors to decide on the transfer of the Company's own shares. The authorization is limited to a maximum of 6,000,000 shares, which corresponds to approximately 9.5 percent of all the shares in the Company. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the previous paragraph. This authorization is effective until the next Annual General Meeting of Shareholders, however no longer than until September 22, 2017. However, the authorization for incentive arrangements is valid until March 22, 2021. This authorization revokes the authorization for incentive arrangements given by the Annual General Meeting 2015.

The AGM authorized the Board of Directors to decide on a directed share issue without payment needed for the implementation of the Share Savings Plan that the Annual General Meeting 2012 decided to launch.

The AGM authorized the Board of Directors to decide on the issue of new shares or on the transfer of own shares held by the Company to such participants of the Plan who, according to the terms and conditions of the Plan, are entitled to receive free shares, as well as to decide on the share issue without payment also to the Company itself. The number of new shares to be issued or own shares held by the Company to be transferred may in the aggregate amount to a maximum total of 500,000 shares, which corresponds to 0.8 per cent of all of the Company's shares. The authorization concerning the share issue is valid until March 22, 2021. This authorization is in addition to the authorizations in the previous items. This authorization replaces the authorization for the Share Savings Plan given by the Annual General Meeting 2015.

Board of Directors' organizing meeting

In its first meeting held after the Annual General Meeting, the Board of Directors elected Mr. Christoph Vitzthum Chairman of the Board and Mr. Stig Gustavson Vice Chairman of the Board. Mr. Svante Adde was elected Chairman of the Audit Committee, and Mr. Ole Johansson and Ms. Malin Persson as Committee members. Mr. Bertel Langenskiöld was elected Chairman of the Nomination and Compensation Committee, and Mr. Stig Gustavson and Mr. Christoph Vitzthum as Committee members.

SHARE CAPITAL AND SHARES

On March 31, 2016 the company's registered share capital totaled EUR 30.1 million. On March 31, 2016, the number of shares including treasury shares totaled 63,272,342. On March 31, 2016, Konecranes Plc was in possession of 4,521,333 own shares, which corresponds to 7.1 percent of the total number of shares and which had on that date a market value of EUR 94.9 million.

All shares carry one vote per share and equal rights to dividends.

SHARES SUBSCRIBED FOR UNDER STOCK OPTION RIGHTS

In January–March, there were no share subscriptions pursuant to the Konecranes Plc's stock options 2009C.

At end-March 2016, Konecranes Plc's stock options 2009C entitled the holders to subscribe to a total of 638,500 shares.

The terms and conditions of the stock option programs are available on the Konecranes' website at www.konecranes.com.

EMPLOYEE SHARE SAVINGS PLAN

On February 23, the Board of Directors of Konecranes Plc decided on a directed share issue related to the reward payment for the Savings Period 2012-2013 of Konecranes Employee Share Savings Plan. In the share issue, 18,580 Konecranes Plc shares held by the company were conveyed without consideration to the employees participating in the plan in accordance with the terms and conditions of the plan.

MARKET CAPITALIZATION AND TRADING VOLUME

The closing price for Konecranes Plc's shares on the Nasdaq Helsinki on March 31, 2016 was EUR 20.98. The volume-weighted average share price in January–March 2016 was EUR 20.24, the highest price being EUR 22.73 in March and the lowest EUR 17.92 in January. In January–March, the trading volume on the Nasdaq Helsinki totaled 15.6 million Konecranes Plc's shares corresponding to a turnover of approximately EUR 316.6 million. The average daily trading volume was 260,716 shares representing an average daily turnover of EUR 5.3 million.

In addition, according to Fidessa, approximately 20.2 million Konecranes' shares were traded on other trading venues (e.g., multilateral trading facilities and bilateral OTC trades) in January–March 2016.

On March 31, 2016, the total market capitalization of Konecranes Plc's shares was EUR 1,327.5 million including treasury shares. The market capitalization was EUR 1,232.6 million excluding treasury shares.

FLAGGING NOTIFICATIONS

On February 23, Konecranes received a disclosure under Chapter 9, Section 5 of the Securities Market Act, according to which the holding of Sanderson Asset Management LLP in Konecranes Plc has decreased below 5 percent. Sanderson Asset Management LLP held 3,161,739 Konecranes Plc's shares on February 22, 2016, which is 4.99 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. On March 31, 2016, the value of the total assets related to the Zaporozhye factory amounted to approximately EUR 9 million.

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 business or grow newly established operations may result in an 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 to, for example, 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 currency fluctuations, may force customers to postpone projects or even to 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 completion of the proposed merger with Terex is subject to a number of conditions, including, among other things, the approval of the merger proposal by Terex stockholders, the approval by Konecranes shareholders of all of the proposals relating to the merger and the obtainment of antitrust and other regulatory approvals in the United States, the European Union, China, and certain other jurisdictions, which make the completion and timing of the completion of the merger uncertain. In addition, either Terex or Konecranes may terminate the business combination agreement if the merger has not been completed by August 10, 2016 (subject to certain extension rights).

Upon signing of the business combination agreement, Konecranes and Terex announced annual operational synergies of EUR 110 million and an additional EUR 32 million post-tax income benefit from financing, cash management and structure optimization. It is anticipated that substantially all of the above financial and tax synergies of EUR 32 million will be eliminated as a result of certain regulations promulgated and proposed by the Internal Revenue Service and U.S. Treasury Department (the "Regulations"). While Terex and Konecranes are still considering the full effects of these developments, the Regulations will materially impact the ability of the combined company to realize the anticipated financial and tax benefits of the Merger. The anticipated pre-tax operational synergies are not impacted by these rules.

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

MARKET OUTLOOK

Customers are cautious about investing as economic growth has slowed down across the globe. Companies operating in emerging and commodity markets are particularly under pressure to save costs. Business activity in the North American manufacturing industry is showing signs of bottoming out. Demand situation in Europe is stable. The decline in the global container throughput has led to slower decision-making among container terminal operators.

FINANCIAL GUIDANCE

Based on the order book, the service contract base and the near-term demand outlook, the sales in 2016 are expected to be higher than in 2015. We expect the 2016 adjusted operating profit to improve from 2015.

Helsinki, April 27, 2016
Konecranes Plc
Board of Directors

FORWARD LOOKING STATEMENTS

This document contains forward-looking statements regarding future events, including statements regarding Terex or Konecranes, the transaction described in this document and the expected benefits of such transaction and future financial performance of the combined businesses of Terex and Konecranes based on each of their current expectations. These statements involve risks and uncertainties that may cause results to differ materially from those set forth in the statements. When included in this document, the words "may," "expects," "intends," "anticipates," "plans," "projects," "estimates," and the negatives thereof and analogous or similar expressions are intended to identify forward-looking statements. However, the absence of these words does not mean that the statement is not forward-looking. Terex and Konecranes have based these forward-looking statements on current expectations and projections about future events. These statements are not guarantees of future performance.

Because forward-looking statements involve risks and uncertainties, actual results could differ materially. Such risks and uncertainties, many of which are beyond the control of Konecranes, include, among others: the ability of Terex and Konecranes to obtain shareholder approval for the transaction, the ability of Terex and Konecranes to obtain regulatory approval for the transaction, the possibility that the length of time required to complete the transaction will be longer than anticipated, the achievement of the expected benefits of the transaction, risks associated with the integration of the businesses of Terex and Konecranes, the possibility that the businesses of Terex and Konecranes may suffer as a result of uncertainty surrounding the proposed transaction, and other factors, risks and uncertainties that are more specifically set forth in Terex's public filings with the SEC and Konecranes' annual and interim reports. Konecranes disclaims any obligation to update the forward-looking statements contained herein.

IMPORTANT ADDITIONAL INFORMATION

This document relates to the proposed merger of Terex and Konecranes through which all of Terex common stock will be exchanged for Konecranes ordinary shares (or American depositary shares, if required). This document is for informational purposes only and does not constitute an offer to purchase or exchange, or a solicitation of an offer to sell or exchange all of Terex common stock, nor is it a substitute for the Preliminary Prospectus included in the Registration Statement in Form F-4 (the "Registration Statement") to be filed by Konecranes with the SEC, the Prospectus/Proxy to be filed by Terex with the SEC, the listing prospectus of Konecranes to be filed by Konecranes with the Finnish Financial Supervisory Authority (and as amended and supplemented from time to time, the "Merger Documents"). No offering of securities shall be made in the United States, except by means of a prospectus meeting the requirements of section 10 of the U.S. Securities Act of 1933.

INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE MERGER DOCUMENTS AND ALL OTHER RELEVANT DOCUMENTS THAT KONECRANES OR TEREX HAS FILED OR MAY FILE WITH THE SEC, NASDAQ HELSINKI, OR FINNISH FINANCIAL SUPERVISORY AUTHORITY WHEN THEY BECOME AVAILABLE BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION THAT INVESTORS AND SECURITY HOLDERS SHOULD CONSIDER BEFORE MAKING ANY DECISION REGARDING THE PROPOSED MERGER.

The information contained in this document must not be published, released or distributed, directly or indirectly, in any jurisdiction where the publication, release or distribution of such information is restricted by laws or regulations. Therefore, persons in such jurisdictions into which these materials are published, released or distributed must inform themselves about and comply with such laws or regulations. Konecranes and Terex do not accept any responsibility for any violation by any person of any such restrictions. The Merger Documents and other documents referred to above, if filed or furnished by Konecranes or Terex with the SEC, as applicable, will be available free of charge at the SEC's website (www.sec.gov) or can be requested by writing to Anna-Mari Kautto, Investor Relations Assistant, Konecranes Plc, P.O. Box 661, FI-05801 Hyvinkää, Finland or Elizabeth Gaal, Investor Relations Associate, Terex, 200 Nyala Farm Road, Westport, CT 06880, USA.

Konecranes and Terex and their respective directors, executive officers and employees, and other persons may be deemed to be participants in the solicitation of proxies in respect of the transaction. Information regarding Konecranes' directors and executive officers is available in Konecranes' annual report for fiscal year 2015 at www.konecranes.com. Information about Terex directors and executive officers and their ownership of the Terex ordinary shares is available in its Schedule 14A filed with the SEC on April 1, 2016. Other information regarding the interests of such individuals as well as information regarding Konecranes and Terex directors and officers will be available in the proxy statement/prospectus when it becomes available. These documents can be obtained free of charge from the sources indicated above.

Disclaimer

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

- expectations for general economic development and market situation,
- expectations for general developments in the industry,
- expectations regarding customer industry profitability and investment willingness,
- expectations for company growth, development and profitability,
- expectations regarding market demand for the company's products and services,
- expectations regarding the successful completion of acquisitions on a timely basis and Konecranes' ability to achieve the set targets and synergies,
- expectations regarding competitive conditions,
- expectations regarding cost savings,
- and statements preceded by "believes," "expects," "anticipates," "foresees" or similar expressions, are forward-looking statements. These statements are based on current expectations, decisions and plans and currently known facts. Therefore, they involve risks and uncertainties, which may cause 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,
- the competitive situation, especially significant products or services developed by our competitors,
- industry conditions,
- the company's own operating factors, including the success of production, product development, project management, quality, and timely delivery of our products and services and their continuous development,
- the success of pending and future acquisitions and restructurings.

Consolidated statement of income

EUR million	1–3/2016	1–3/2015	Change percent	1–12/2015
Sales	**458.6**	**474.9**	**-3.4**	**2,126.2**
Other operating income	0.3	0.3		1.4
Materials, supplies and subcontracting	-193.5	-210.2		-969.9
Personnel cost	-162.8	-162.8		-661.5
Depreciation and impairments	-14.0	-12.8		-54.0
Other operating expenses [1)]	-88.2	-77.6		-379.1
Operating profit	**0.3**	**11.8**	**-97.4**	**63.0**
Share of associates' and joint ventures' result	1.2	1.3		4.8
Financial income	6.7	0.1		7.8
Financial expenses	-15.3	-5.2		-20.3
Profit before taxes	**-7.1**	**8.1**	**-187.8**	**55.4**
Taxes	2.0	-2.5		-24.6
PROFIT FOR THE PERIOD	**-5.1**	**5.6**	**-190.9**	**30.8**
Profit for the period attributable to:				
Shareholders of the parent company	-5.1	5.6		30.8
Non-controlling interest	0.0	0.0		0.0
Earnings per share, basic (EUR)	-0.09	0.10	-189.8	0.53
Earnings per share, diluted (EUR)	-0.09	0.10	-189.9	0.53

[1)] Other operating expenses for 1–3/2016 include transaction costs related to Konecranes Terex merger up to EUR 10.7 million (EUR 0.0 million in 1–3/2015). In 1–12/2015 other operating expenses include the unwarranted payments due to the identity theft and fraudulent actions in a total amount of up to EUR 17.0 million and transaction costs related to Konecranes Terex merger up to EUR 17.2 million.

Consolidated statement of other comprehensive income

EUR million	1–3/2016	1–3/2015		1–12/2015
Profit for the period	**-5.1**	**5.6**		**30.8**
Items that can be reclassified into profit or loss				
Cash flow hedges	8.4	-17.1		-0.6
Exchange differences on translating foreign operations	-5.1	31.6		16.3
Share of associates' other comprehensive income	-0.6	0.0		3.8
Income tax relating to items that can be reclassified into profit or loss	-1.7	3.4		0.1
Items that cannot be reclassified into profit or loss				
Re-measurement gains (losses) on defined benefit plans	2.7	2.6		6.0
Income tax relating to items that cannot be reclassified into profit or loss	-0.5	-0.6		-1.4
Other comprehensive income for the period, net of tax	**3.3**	**20.0**		**24.2**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-1.8**	**25.6**		**55.0**
Total comprehensive income attributable to:				
Shareholders of the parent company	-1.8	25.6		55.0
Non-controlling interest	0.0	0.0		0.0

Consolidated balance sheet

EUR million

ASSETS	31.3.2016	31.3.2015	31.12.2015
Non-current assets			
Goodwill	105.7	110.3	107.6
Intangible assets	103.0	98.0	108.7
Property, plant and equipment	136.2	155.8	142.5
Advance payments and construction in progress	22.1	32.2	24.0
Investments accounted for using the equity method	50.8	44.1	50.2
Other non-current assets	1.0	1.0	1.0
Deferred tax assets	68.6	77.5	71.7
Total non-current assets	**487.3**	**518.9**	**505.7**
Current assets			
Inventories			
Raw material and semi-manufactured goods	158.0	173.1	157.9
Work in progress	208.5	202.3	201.0
Advance payments	10.0	15.5	6.4
Total inventories	376.5	390.8	365.2
Accounts receivable	330.0	365.9	377.3
Other receivables	27.1	22.9	24.9
Income tax receivables	13.3	9.6	10.1
Receivable arising from percentage of completion method	70.3	83.6	77.3
Other financial assets	16.1	11.3	7.5
Deferred assets	36.7	41.9	36.0
Cash and cash equivalents	118.2	147.6	80.8
Total current assets	**988.1**	**1,073.6**	**979.2**
TOTAL ASSETS	**1,475.4**	**1,592.5**	**1,484.9**

Consolidated balance sheet

EUR million

EQUITY AND LIABILITIES	31.3.2016	31.3.2015	31.12.2015
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	66.5	64.0	66.5
Fair value reserves	-2.4	-22.3	-9.1
Translation difference	15.0	35.3	20.1
Other reserve	30.1	28.3	29.9
Retained earnings	218.7	245.3	248.4
Net profit for the period	-5.1	5.6	30.8
Total equity attributable to equity holders of the parent company	**392.2**	**425.6**	**455.9**
Non-controlling interest	0.1	0.1	0.1
Total equity	**392.2**	**425.7**	**456.0**
Liabilities			
Non-current liabilities			
Interest-bearing liabilities	57.1	164.8	59.2
Other long-term liabilities	89.2	95.0	92.3
Other financial liabilities	0.0	1.8	0.0
Provisions	16.7	18.8	17.8
Deferred tax liabilities	19.9	19.5	19.8
Total non-current liabilities	**182.8**	**299.7**	**189.1**
Current liabilities			
Interest-bearing liabilities	268.0	182.3	224.8
Advance payments received	181.8	184.6	176.4
Progress billings	0.6	0.6	0.4
Accounts payable	101.1	141.4	139.1
Provisions	31.7	30.3	35.1
Other short-term liabilities (non-interest bearing)	36.6	22.7	31.9
Other financial liabilities	6.4	26.0	11.4
Income tax liabilities	7.4	6.6	12.8
Accrued costs related to delivered goods and services	114.1	98.0	111.8
Accruals	152.6	174.8	96.2
Total current liabilities	**900.4**	**867.2**	**839.8**
Total liabilities	**1,083.2**	**1,166.9**	**1,028.9**
TOTAL EQUITY AND LIABILITIES	**1,475.4**	**1,592.5**	**1,484.9**

Consolidated statement of changes in equity

EUR million	Share capital	Share premium	Paid in capital	Cash flow hedges	Translation difference
	Equity attributable to equity holders of the parent company				
Balance at 1 January, 2016	**30.1**	**39.3**	**66.5**	**-9.1**	**20.1**
Options exercised					
Dividends paid to equity holders					
Share based payments recognized against equity					
Profit for the period					
Other comprehensive income				6.7	-5.1
Total comprehensive income				6.7	-5.1
Balance at 31 March, 2016	**30.1**	**39.3**	**66.5**	**-2.4**	**15.0**
Balance at 1 January, 2015	**30.1**	**39.3**	**52.2**	**-8.6**	**3.7**
Options exercised			11.8		
Dividends paid to equity holders					
Share based payments recognized against equity					
Profit for the period					
Other comprehensive income				-13.7	31.6
Total comprehensive income				-13.7	31.6
Balance at 31 March, 2015	**30.1**	**39.3**	**64.0**	**-22.3**	**35.3**

EUR million	Other Reserve	Retained earnings	Total	Non-controlling interest	Total equity
	Equity attributable to equity holders of the parent company				
Balance at 1 January, 2016	**29.9**	**279.1**	**455.9**	**0.1**	**456.0**
Options exercised		0.0	0.0		**0.0**
Dividends paid to equity holders		-61.7	-61.7		**-61.7**
Share based payments recognized against equity	0.1	0.0	0.1		**0.1**
Acquisitions		-0.3	-0.3		**-0.3**
Profit for the period		-5.1	-5.1		**-5.1**
Other comprehensive income		1.6	3.3	0.0	**3.3**
Total comprehensive income	0.0	-3.5	-1.8	0.0	**-1.8**
Balance at 31 March, 2016	**30.1**	**213.6**	**392.2**	**0.1**	**392.2**
Balance at 1 January, 2015	**27.8**	**304.7**	**449.2**	**0.1**	**449.2**
Options exercised		0.0	11.8		**11.8**
Dividends paid to equity holders		-61.5	-61.5		**-61.5**
Share based payments recognized against equity	0.6	0.0	0.6		**0.6**
Acquisitions		0.0	0.0		**0.0**
Profit for the period		5.6	5.6		**5.6**
Other comprehensive income		2.1	20.0	0.0	**20.0**
Total comprehensive income		7.7	25.6	0.0	**25.6**
Balance at 31 March, 2015	**28.3**	**250.9**	**425.6**	**0.1**	**425.7**

Consolidated cash flow statement

EUR million	1–3/2016	1–3/2015	1–12/2015
Cash flow from operating activities			
Profit for the period	-5.1	5.6	30.8
Adjustments to net income			
Taxes	-2.0	2.5	24.6
Financial income and expenses	8.6	5.1	12.5
Share of associates' and joint ventures' result	-1.2	-1.3	-4.8
Dividend income	0.0	0.0	-0.1
Depreciation and impairments	14.0	12.8	54.0
Profits and losses on sale of fixed assets	0.1	-0.2	1.2
Other adjustments	-1.3	1.9	-2.8
Operating income before change in net working capital	**13.1**	**26.4**	**115.5**
Change in interest-free current receivables	32.4	39.1	27.2
Change in inventories	-17.7	-35.3	-17.4
Change in interest-free current liabilities	-18.7	-62.8	-37.4
Change in net working capital	**-4.0**	**-58.9**	**-27.6**
Cash flow from operations before financing items and taxes	**9.1**	**-32.6**	**87.9**
Interest received	2.1	0.8	5.8
Interest paid	-4.2	-3.5	-15.6
Other financial income and expenses	-3.0	-8.5	-12.5
Income taxes paid	-7.1	-10.7	-26.3
Financing items and taxes	**-12.2**	**-21.8**	**-48.6**
NET CASH FROM OPERATING ACTIVITIES	**-3.1**	**-54.4**	**39.3**
Cash flow from investing activities			
Acquisition of Group companies, net of cash	0.0	0.0	-0.3
Divestment of Businesses, net of cash	0.0	0.0	0.1
Capital expenditures	-4.4	-8.8	-43.3
Proceeds from sale of property, plant and equipment	0.6	0.6	2.6
NET CASH USED IN INVESTING ACTIVITIES	**-3.8**	**-8.2**	**-40.8**
Cash flow before financing activities	**-6.9**	**-62.6**	**-1.5**
Cash flow from financing activities			
Proceeds from options exercised and share issues and other	0.0	11.8	14.3
Proceeds from non-current borrowings	0.0	0.0	0.0
Repayments of non-current borrowings	-1.5	-3.6	-2.1
Proceeds from (+), payments of (-) current borrowings	46.9	98.8	38.8
Acquired non controlling interest	-0.3	0.0	-5.9
Dividends paid to equity holders of the parent	0.0	0.0	-61.5
NET CASH USED IN FINANCING ACTIVITIES	**45.1**	**106.9**	**-16.3**
Translation differences in cash	-0.8	5.3	0.6
CHANGE OF CASH AND CASH EQUIVALENTS	**37.4**	**49.7**	**-17.2**
Cash and cash equivalents at beginning of period	80.8	97.9	97.9
Cash and cash equivalents at end of period	118.2	147.6	80.8
CHANGE OF CASH AND CASH EQUIVALENTS	**37.4**	**49.7**	**-17.2**

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

EUR million	1–3/2016	1–3/2015	1–12/2015
Net cash from operating activities	-3.1	-54.4	39.3
Capital expenditures	-4.4	-8.8	-43.3
Proceeds from sale of property, plant and equipment	0.6	0.6	2.6
Free cash flow	**-6.9**	**-62.6**	**-1.4**

Notes

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of Konecranes Plc for three months ending 31.3.2016 and 31.3.2015 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 financial statements as of December 31, 2015.

The unaudited interim condensed consolidated financial statements including notes thereto are presented in millions of euros; notes to the financial statements 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 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, 2015. There are no new or recently issued accounting standards which have a material impact on the unaudited condensed interim consolidated financial statements.

Notes

5. IMPORTANT EVENTS

5.1 Merger with Terex

On January 26, Konecranes announced that the Board of Directors of Konecranes has been notified by Terex Corporation ("Terex") of the non-binding conditional proposal by Zoomlion Heavy Industry Science and Technology Co. ("Zoomlion") to acquire Terex. The Board of Directors of Konecranes confirmed that Konecranes will continue to pursue the merger of equals with Terex as planned.

On February 20, Konecranes announced that in view of the progress made on post-merger business integration planning, and given the challenging business environment, Konecranes and Terex have determined to temporarily suspend post-merger business integration planning discussions, being only one of the merger work streams, to focus on their respective businesses and completion of the merger. All the work streams required to complete the transaction as soon as practicable are proceeding as planned.

On March 24, Konecranes announced that it has been notified by Terex of a revised non-binding conditional proposal by Zoomlion to acquire all of the outstanding shares of Terex for USD 31.00 per share in cash.

Konecranes continues to believe that the merger of equals with Terex represents a highly compelling opportunity for both companies and their shareholders. Konecranes will continue to pursue the merger of equals with Terex in accordance with the Business Combination Agreement and Plan of Merger between the parties.

5.2 Kito corporation shares

Due to the current market volatility in Japan, the current market price at March 31, 2016 of Yen 841 per Kito share would give a current market value of Euro 39.1 million compared to the carrying value 31.3.2016 (using the equity method) of Euro 43.4 million. Management will continue to monitor the share price development and assess whether an impairment of the Kito carrying value is necessary at the next reporting date.

6. ACQUISITIONS

In February 2016, Konecranes purchased an additional 5% of the minority shareholding of its fully controlled subsidiary, Zaporozhje Kran Holding, which is located in Ukraine. After the purchase of the additional shareholding, Konecranes now owns 100% of the subsidiary. The purchase price for the additional 5% amounted to EUR 0.3 million.

Notes

7. SEGMENT INFORMATION

7.1. Operating segments

EUR million

Orders received by Business Area	**1–3/2016**	% of total	**1–3/2015**	% of total	**1–12/2015**	% of total
Service [1]	193.4	44	195.0	36	809.5	39
Equipment	248.9	56	350.1	64	1,257.6	61
./. Internal	-17.2		-26.2		-101.6	
Total	**425.1**	**100**	**518.8**	**100**	**1,965.5**	**100**

[1] *Excl. Service Contract Base*

Order book total [2]	**31.3.2016**	% of total	**31.3.2015**	% of total	**31.12.2015**	% of total
Service	181.6	18	174.3	16	165.8	16
Equipment	854.0	82	936.8	84	870.7	84
./. Internal	0.0		0.0		0.0	
Total	**1,035.6**	**100**	**1,111.1**	**100**	**1,036.5**	**100**

[2] *Percentage of completion deducted*

Sales by Business Area	**1–3/2016**	% of total	**1–3/2015**	% of total	**1–12/2015**	% of total
Service	221.3	46	225.8	45	992.3	44
Equipment	257.9	54	275.4	55	1,240.3	56
./. Internal	-20.7		-26.3		-106.5	
Total	**458.6**	**100**	**474.9**	**100**	**2,126.2**	**100**

Adjusted operating profit (EBIT) by Business Area	**1–3/2016** MEUR	EBIT %	**1–3/2015** MEUR	EBIT %	**1–12/2015** MEUR	EBIT %
Service	17.5	7.9	19.9	8.8	102.9	10.4
Equipment	1.7	0.6	-2.3	-0.8	33.8	2.7
Group costs and eliminations	-4.4		-3.4		-18.9	
Total	**14.8**	**3.2**	**14.2**	**3.0**	**117.7**	**5.5**

Operating profit (EBIT) by Business Area	**1–3/2016** MEUR	EBIT %	**1–3/2015** MEUR	EBIT %	**1–12/2015** MEUR	EBIT %
Service	16.9	7.6	18.6	8.3	98.9	10.0
Equipment	-1.5	-0.6	-3.3	-1.2	18.8	1.5
Group costs and eliminations	-15.0		-3.4		-54.6	
Total	**0.3**	**0.1**	**11.8**	**2.5**	**63.0**	**3.0**

Notes

Capital Employed and ROCE%	31.3.2016 MEUR		31.3.2015 MEUR		31.12.2015 MEUR	ROCE %
Service	229.0		219.9		232.3	45.7
Equipment	337.3		402.6		356.7	5.3
Unallocated Capital Employed	151.0		150.2		150.9	
Total	**717.3**		**772.7**		**739.9**	**9.5**

Business segment assets	31.3.2016 MEUR		31.3.2015 MEUR		31.12.2015 MEUR	
Service	387.4		395.9		414.9	
Equipment	802.9		896.5		845.7	
Unallocated Capital Employed	285.1		300.1		224.3	
Total	**1,475.4**		**1,592.5**		**1,484.9**	

Business segment liabilities	31.3.2016 MEUR		31.3.2015 MEUR		31.12.2015 MEUR	
Service	158.4		176.0		182.6	
Equipment	465.6		493.9		489.0	
Unallocated Capital Employed	459.2		496.9		357.3	
Total	**1,083.2**		**1,166.9**		**1,028.9**	

Personnel by Business Area (at the end of the period)	31.3.2016	% of total	31.3.2015	% of total	31.12.2015	% of total
Service	6,399	55	6,307	53	6,503	55
Equipment	5,153	44	5,544	47	5,328	45
Group staff	57	0	54	0	56	0
Total	**11,609**	**100**	**11,905**	**100**	**11,887**	**100**

7.2. Geographical areas

EUR million

Sales by market	1–3/2016	% of total	1–3/2015	% of total	1–12/2015	% of total
Europe-Middle East-Africa (EMEA)	234.0	51	201.2	42	960.5	45
Americas (AME)	161.8	35	189.4	40	823.7	39
Asia-Pacific (APAC)	62.7	14	84.3	18	342.0	16
Total	**458.6**	**100**	**474.9**	**100**	**2,126.2**	**100**

Personnel by region (at the end of the period)	31.3.2016	% of total	31.3.2015	% of total	31.12.2015	% of total
Europe-Middle East-Africa (EMEA)	6,168	53	6,217	52	6,237	52
Americas (AME)	2,883	25	2,889	24	2,968	25
Asia-Pacific (APAC)	2,558	22	2,799	24	2,682	23
Total	**11,609**	**100**	**11,905**	**100**	**11,887**	**100**

Notes

8. PERCENTAGE OF COMPLETION METHOD AND ADVANCES RECEIVED

EUR million	31.3.2016	31.3.2015	31.12.2015
The cumulative revenues of non-delivered projects	310.0	323.0	297.5
Advances received netted	235.4	237.3	216.9
Progress billings netted	4.3	2.2	3.3
Receivable arising from percentage of completion method, net	**70.3**	**83.6**	**77.3**
Gross advance received from percentage of completion method	249.4	241.9	221.1
Advances received netted	235.4	237.3	216.9
Advances received from percentage of completion method (netted)	**14.0**	**4.7**	**4.2**

Net sales recognized under the percentage of completion method amounted EUR 46.5 million in 1–3/2016 (EUR 70.5 in 1–3/2015).

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	31.3.2016	31.3.2015	31.12.2015
Advance received from percentage of completion method (netted)	14.0	4.7	4.2
Other advance received from customers	167.7	180.0	172.2
Total	**181.8**	**184.6**	**176.4**

9. IMPAIRMENTS

EUR million	1–3/2016	1–3/2015	1–12/2015
Property, plant and equipment	1.7	0.0	2.4
Other intangible assets	0.0	1.1	2.9
Total	**1.7**	**1.1**	**5.3**

Restructuring actions during 2016 have led to an impairment of tangible assets (machinery and equipment and buildings), which were written off by EUR 1.7 million.

10. RESTRUCTURING COSTS

Konecranes has recorded EUR 3.8 million restructuring costs during for 1–3/2016 (EUR 2.3 million in 1–3/2015) of which EUR 1.7 million was impairment of assets (EUR 1.1 million for 1–3/2015). The remaining EUR 2.1 million of restructuring cost for 1–3/2016 is reported in personnel costs (EUR 1.5 million) and in other operating expenses (EUR 0.6 million).

11. INCOME TAXES

Taxes in statement of Income	1–3/2016	1–3/2015	1–12/2015
Local income taxes of group companies	1.0	2.4	24.6
Taxes from previous years	-2.5	-0.3	-1.1
Change in deferred taxes	-0.5	0.3	1.1
Total	**-2.0**	**2.5**	**24.6**

Income tax expense is recognized based on the management's estimate of the annual income tax rate expected for the full financial year. The estimated annual tax rate used for 1–3/2016 is 28.0% (30.5% in 1–3/2015).

Notes

12. KEY FIGURES

	31.3.2016	31.3.2015	Change %	31.12.2015
Earnings per share, basic (EUR)	-0.09	0.10	-189.8	0.53
Earnings per share, diluted (EUR)	-0.09	0.10	-189.9	0.53
Return on capital employed %, Rolling 12 Months (R12M)*	7.4	15.1	-51.0	9.5
Return on equity %, Rolling 12 Months (R12M)	4.9	16.3	-69.9	6.8
Equity per share (EUR)	6.68	7.27	-8.1	7.79
Current ratio	1.0	1.2	-16.7	1.1
Gearing %	52.7	46.8	12.6	44.6
Solidity %	30.3	30.2	0.3	34.8
Investments total (excl. acquisitions), EUR million	6.2	6.7	-6.5	49.3
Interest-bearing net debt, EUR million	206.9	199.4	3.8	203.2
Net working capital, EUR million	269.7	278.6	-3.2	317.4
Average number of personnel during the period	11,748	11,944	-1.6	11,934
Average number of shares outstanding, basic	58,739,886	58,008,475	1.3	58,542,309
Average number of shares outstanding, diluted	58,739,886	58,099,609	1.1	58,542,309
Number of shares outstanding	58,751,279	58,540,700	0.4	58,732,429

** The premiums of foreign exchange forward contracts have been excluded in 2016 from the interest expenses when calculating ROCE. Comparison figures have been updated accordingly.*

Interest-bearing net debt: Interest-bearing liabilities (non current and current) - cash and cash equivalents - loans receivable (non current and current)

Net working capital: Non interest-bearing current assets + deferred tax assets - Non interest-bearing current liabilities - deferred tax liabilities - provisions

Reconciliation of adjusted EBITDA and Operating profit (EBIT)	1–3/2016	1–3/2015	1–12/2015
Adjusted EBITDA	**27.1**	**25.8**	**166.5**
Transaction costs	-10.7	0.0	-17.2
Restructuring costs	-2.1	-1.2	-15.2
Unwarranted paymets due to indentity theft	0.0	0.0	-17.0
EBITDA	**14.3**	**24.6**	**117.1**
Adjusted Operating profit (EBIT)	**14.8**	**14.2**	**117.7**
Transaction costs	-10.7	0.0	-17.2
Restructuring costs	-3.8	-2.3	-20.5
Unwarranted paymets due to indentity theft	0.0	0.0	-17.0
Operating profit (EBIT)	**0.3**	**11.8**	**63.0**

Notes

The period end exchange rates:	31.3.2016	29.3.2015	Change %	31.12.2015
USD - US dollar	1.139	1.086	-4.6	1.089
CAD - Canadian dollar	1.474	1.358	-7.9	1.512
GBP - Pound sterling	0.792	0.730	-7.8	0.734
CNY - Chinese yuan	7.351	6.748	-8.2	7.061
SGD - Singapore dollar	1.530	1.486	-2.9	1.542
SEK - Swedish krona	9.225	9.318	1.0	9.190
NOK - Norwegian krone	9.415	8.645	-8.2	9.603
AUD - Australian dollar	1.481	1.394	-5.9	1.490

The period average exchange rates:	31.3.2016	29.3.2015	Change %	31.12.2015
USD - US dollar	1.103	1.127	2.2	1.109
CAD - Canadian dollar	1.515	1.396	-7.8	1.419
GBP - Pound sterling	0.771	0.743	-3.6	0.726
CNY - Chinese yuan	7.213	7.028	-2.6	6.971
SGD - Singapore dollar	1.547	1.528	-1.2	1.525
SEK - Swedish krona	9.328	9.382	0.6	9.354
NOK - Norwegian krone	9.525	8.726	-8.4	8.949
AUD - Australian dollar	1.529	1.431	-6.4	1.478

13. GUARANTEES, LEASE COMMITMENTS AND CONTINGENT LIABILITIES

EUR million	31.3.2016	31.3.2015	31.12.2015
For own commercial obligations			
Guarantees	449.9	432.1	437.3
Leasing liabilities			
Next year	35.3	34.4	35.7
Later on	74.3	75.0	76.4
Other	0.3	0.4	0.3
Total	**559.8**	**542.0**	**549.7**

Leasing contracts comply with normal practices in the countries concerned.

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.

Two lawsuits have been filed in 2015 as class actions asserting claims relating to the Merger by purported stockholders of Terex. The two complaints name as defendants Terex and the members of its board of directors, Konecranes, Konecranes, Inc. and Konecranes Acquisition Company LLC. The complaints seek, among other relief, an order enjoining or rescinding the merger and an award of attorneys' fees and costs on the grounds that the Terex board of directors breached their fiduciary duty in connection with entering into the business combination agreement and approving the merger. The complaints further allege that Terex, Konecranes, Konecranes, Inc. and Konecranes Acquisition Company LLC aided and abetted the alleged breaches of fiduciary duties by the Terex board of directors. Konecranes believes that the allegations in the suits are without merit, and will vigorously defend against them.

Contingent assets

Company has contingent asset of EUR 10.0 million from the crime insurance against the unwarranted payments due to the identity theft and fraudulent actions.

14. FINANCIAL ASSETS AND LIABILITIES

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

EUR million Financial assets 31.3.2016	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	357.1	0.0	357.1
Derivative financial instruments	8.1	8.0	0.0	0.0	16.1
Cash and cash equivalents	0.0	0.0	118.2	0.0	118.2
Total	**8.1**	**8.0**	**475.3**	**0.0**	**491.3**

Financial liabilities 31.3.2016					
Non-current financial liabilities					
Interest-bearing liabilities	0.0	0.0	0.0	57.1	57.1
Derivative financial instruments	0.0	0.0	0.0	0.0	0.0
Other payables	0.0	0.0	0.0	3.2	3.2
Current financial liabilities					
Interest-bearing liabilities	0.0	0.0	0.0	268.0	268.0
Derivative financial instruments	4.5	2.0	0.0	0.0	6.4
Account and other payables	0.0	0.0	0.0	137.7	137.7
Total	**4.5**	**2.0**	**0.0**	**465.9**	**472.3**

Notes

EUR million **Financial assets 31.3.2015**	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	388.8	0.0	388.8
Derivative financial instruments	7.5	3.8	0.0	0.0	11.3
Cash and cash equivalents	0.0	0.0	147.6	0.0	147.6
Total	**7.5**	**3.8**	**536.4**	**0.0**	**547.7**

Financial liabilities 31.3.2015					
Non-current financial liabilities					
Interest-bearing liabilities	0.0	0.0	0.0	164.8	164.8
Derivative financial instruments	1.8	0.0	0.0	0.0	1.8
Other payables	0.0	0.0	0.0	4.0	4.0
Current financial liabilities					
Interest-bearing liabilities	0.0	0.0	0.0	182.3	182.3
Derivative financial instruments	12.3	13.7	0.0	0.0	26.0
Account and other payables	0.0	0.0	0.0	164.1	164.1
Total	**14.0**	**13.7**	**0.0**	**515.1**	**542.8**

EUR million **Financial assets 31.12.2015**	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	402.2	0.0	402.2
Derivative financial instruments	4.1	3.5	0.0	0.0	7.5
Cash and cash equivalents	0.0	0.0	80.8	0.0	80.8
Total	**4.1**	**3.5**	**482.9**	**0.0**	**490.5**

Financial liabilities 31.12.2015					
Non-current financial liabilities					
Interest-bearing liabilities	0.0	0.0	0.0	59.2	59.2
Derivative financial instruments	0.0	0.0	0.0	0.0	0.0
Other payables	0.0	0.0	0.0	3.6	3.6
Current financial liabilities					
Interest-bearing liabilities	0.0	0.0	0.0	224.8	224.8
Derivative financial instruments	5.1	6.3	0.0	0.0	11.4
Account and other payables	0.0	0.0	0.0	171.0	171.0
Total	**5.1**	**6.3**	**0.0**	**458.6**	**470.0**

Notes

The Company continues to have healthy gearing ratio of 52.7% (31.3.2015: 46.8%) which is in compliance with the bank covenants the Company has to apply with. The current level of total debt and the ratio of long to short-term debt is in line with the capital structure management principle in which the gearing above 50% optimally sets the portion of the long-term debt to total debt between 1/3 and 2/3.

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 **31.3.2016**	Carrying amount **31.3.2015**	Carrying amount **31.12.2015**	Fair value **31.3.2016**	Fair value **31.3.2015**	Fair value **31.12.2015**
Current financial assets						
Account and other receivables	357.1	388.8	402.2	357.1	388.8	402.2
Derivative financial instruments	16.1	11.3	7.5	16.1	11.3	7.5
Cash and cash equivalents	118.2	147.6	80.8	118.2	147.6	80.8
Total	**491.3**	**547.7**	**490.5**	**491.3**	**547.7**	**490.5**
Financial liabilities						
Non-current financial liabilities						
Interest-bearing liabilities	57.1	164.8	59.2	57.1	162.8	59.2
Derivative financial instruments	0.0	1.8	0.0	0.0	1.8	0.0
Other payables	3.2	4.0	3.6	3.2	4.0	3.6
Current financial liabilities						
Interest-bearing liabilities	268.0	182.3	224.8	267.3	182.3	223.8
Derivative financial instruments	6.4	26.0	11.4	6.4	26.0	11.4
Account and other payables	137.7	164.1	171.0	137.7	164.1	171.3
Total	**472.3**	**542.8**	**470.0**	**471.6**	**540.8**	**469.2**

The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities 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

	31.3.2016			31.3.2015			31.12.2015		
Financial assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative financial instruments									
Foreign exchange forward contracts	0.0	16.0	0.0	0.0	11.3	0.0	0.0	7.5	0.0
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**16.1**	**0.0**	**0.0**	**11.3**	**0.0**	**0.0**	**7.5**	**0.0**
Other financial assets									
Cash and cash equivalents	118.2	0.0	0.0	147.6	0.0	0.0	80.8	0.0	0.0
Total	**118.2**	**0.0**	**0.0**	**147.6**	**0.0**	**0.0**	**80.8**	**0.0**	**0.0**
Total financial assets	**118.2**	**16.1**	**0.0**	**147.6**	**11.3**	**0.0**	**80.8**	**7.5**	**0.0**

Financial liabilities									
Derivative financial instruments									
Foreign exchange forward contracts	0.0	5.0	0.0	0.0	25.3	0.0	0.0	9.7	0.0
Currency options	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.8	0.0	0.0	1.8	0.0	0.0	1.1	0.0
Electricity forward contracts	0.0	0.6	0.0	0.0	0.5	0.0	0.0	0.6	0.0
Total	**0.0**	**6.4**	**0.0**	**0.0**	**27.8**	**0.0**	**0.0**	**11.4**	**0.0**
Other financial liabilities									
Interest bearing liabilities	0.0	325.1	0.0	0.0	347.0	0.0	0.0	284.0	0.0
Other payables	0.0	0.0	3.5	0.0	0.0	5.2	0.0	0.0	4.0
Total	**0.0**	**325.1**	**3.5**	**0.0**	**347.0**	**5.2**	**0.0**	**284.0**	**4.0**
Total financial liabilities	**0.0**	**331.5**	**3.5**	**0.0**	**374.8**	**5.2**	**0.0**	**295.4**	**4.0**

15. HEDGE ACTIVITIES AND DERIVATIVES

EUR million	**31.3.2016** Nominal value	**31.3.2016** Fair value	**31.3.2015** Nominal value	**31.3.2015** Fair value	**31.12.2015** Nominal value	**31.12.2015** Fair value
Foreign exchange forward contracts	658.8	11.0	736.5	-14.0	788.7	-2.2
Currency options	9.7	0.0	60.4	-0.2	0.0	0.0
Interest rate swaps	100.0	-0.8	100.0	-1.8	100.0	-1.1
Electricity derivatives	1.2	-0.6	1.9	-0.5	1.3	-0.6
Total	**769.7**	**9.6**	**898.8**	**-16.5**	**890.0**	**-3.9**

Derivatives not designated as hedging instruments

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

Notes

CASH FLOW HEDGES

Foreign currency risk

Foreign exchange forward 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 53.5% 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 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.

Interest rate risk

At March 31, 2016, December 31, 2015 and March 31, 2015, the Group had an interest rate swap agreement in place with a notional amount of EUR 100 million (2015: EUR 100 million) whereby the Group receives a variable interest rate equal to EURIBOR 1 month and pays interest at a fixed swap rate on the notional amount. The swap is being used to hedge the cash flow exposure on interest.

The cash flow hedges of the expected future sales in 2016 and 2015 were assessed to be highly effective and a net unrealized loss, with a deferred tax asset of relating to the hedging instruments, is included in OCI. The amounts recognized in OCI are shown in the table below and the reclassifications to profit or loss during the year are as shown in the consolidated statement of income.

Fair value reserve of cash flow hedges

EUR million	31.3.2016	31.3.2015	31.12.2015
Balance as of January 1	-9.1	-8.6	-8.6
Gains and losses deferred to equity (fair value reserve)	8.4	-17.1	-0.6
Change in deferred taxes	-1.7	3.4	0.1
Balance as of December 31	**-2.4**	**-22.3**	**-9.1**

16. TRANSACTIONS WITH ASSOCIATED COMPANIES AND JOINT ARRANGEMENTS

EUR million	31.3.2016	31.3.2015	31.12.2015
Sales of goods and services with associated companies and joint arrangements	4.7	3.2	14.9
Receivables from associated companies and joint arrangements	4.0	1.3	3.6
Purchases of goods and services from associated companies and joint arrangements	11.9	9.7	45.6
Liabilities to associated companies and joint arrangements	4.0	3.4	4.6

Quarterly figures

CONSOLIDATED STATEMENT OF INCOME, QUARTERLY

EUR million	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015
Sales	**458.6**	**609.0**	**506.7**	**535.6**	**474.9**
Other operating income	0.3	0.8	0.1	0.3	0.3
Depreciation and impairments	-12.3	-12.4	-11.9	-12.7	-11.7
Adjustments *)	-14.4	-13.8	-29.1	-9.5	-2.3
Other operating expenses	-431.8	-552.8	-461.6	-497.4	-449.4
Operating profit	**0.3**	**30.8**	**4.1**	**16.3**	**11.8**
Share of associates' and joint ventures' result	1.2	1.2	0.5	1.7	1.3
Financial income and expenses	-8.6	-3.4	-2.7	-1.3	-5.1
Profit before taxes	**-7.1**	**28.6**	**2.0**	**16.7**	**8.1**
Taxes	2.0	-16.0	-0.8	-5.3	-2.5
Net profit for the period	**-5.1**	**12.6**	**1.2**	**11.4**	**5.6**

**) Adjustments include transaction costs (EUR 8.5 million in Q3/2015, EUR 8.7 million in Q4/2015 and EUR 10.7 million in Q1/2016) which contain advisory, legal and consulting fees related to Konecranes Terex merger, restructuring costs (EUR 3.7 million in Q3/2015, EUR 5.0 million in Q4/2015 and EUR 3.8 million in Q1/2016) and the unwarranted payments due to the identity theft and fraudulent actions in a total amount of up to EUR 17.0 million in Q3/2015. The non-recurring items in Q1–Q2/2015 included restructuring costs only.*

CONSOLIDATED BALANCE SHEET, QUARTERLY

EUR million

ASSETS	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015
Goodwill	105.7	107.6	106.7	108.7	110.3
Intangible assets	103.0	108.7	96.6	94.2	98.0
Property, plant and equipment	136.2	142.5	142.5	146.7	155.8
Other	142.4	146.9	157.3	157.7	154.8
Total non-current assets	**487.3**	**505.7**	**503.1**	**507.4**	**518.9**
Inventories	376.5	365.2	398.9	383.9	390.8
Receivables and other current assets	493.5	533.2	527.6	521.3	535.2
Cash and cash equivalents	118.2	80.8	65.4	72.7	147.6
Total current assets	**988.1**	**979.2**	**991.9**	**978.0**	**1,073.6**
Total assets	**1,475.4**	**1,484.9**	**1,495.0**	**1,485.4**	**1,592.5**

EQUITY AND LIABILITIES	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015
Total equity	**392.2**	**456.0**	**430.3**	**436.9**	**425.7**
Non-current liabilities	166.1	171.3	280.3	281.9	281.0
Provisions	48.4	52.9	48.1	49.1	49.0
Advance payments received	181.8	176.4	210.6	176.0	184.6
Other current liabilities	686.9	628.4	525.7	541.4	652.3
Total liabilities	**1,083.2**	**1,028.9**	**1,064.7**	**1,048.5**	**1,166.9**
Total equity and liabilities	**1,475.4**	**1,484.9**	**1,495.0**	**1,485.4**	**1,592.5**

Quarterly figures

CONSOLIDATED CASH FLOW STATEMENT - QUARTERLY

EUR million	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015
Operating income before change in net working capital	13.1	40.1	15.9	33.1	26.4
Change in net working capital	-4.0	8.5	37.2	-14.3	-58.9
Financing items and taxes	-12.2	-7.7	-5.9	-13.2	-21.8
Net cash from operating activities	**-3.1**	**40.9**	**47.1**	**5.7**	**-54.4**
Cash flow from investing activities	**-3.8**	**-16.1**	**-7.5**	**-8.9**	**-8.2**
Cash flow before financing activities	**-6.9**	**24.7**	**39.6**	**-3.3**	**-62.6**
Proceeds from options exercised and share issues	0.0	0.0	0.0	2.5	11.8
Change of interest-bearing debt	45.4	-9.6	-38.1	-10.7	95.2
Acquired non-controllling interest	-0.3	0.0	-5.9	0.0	0.0
Dividends paid to equity holders of the parent	0.0	0.0	0.0	-61.5	0.0
Net cash used in financing activities	**45.1**	**-9.7**	**-43.9**	**-69.6**	**106.9**
Translation differences in cash	-0.8	0.3	-3.0	-2.0	5.3
Change of cash and cash equivalents	**37.4**	**15.4**	**-7.3**	**-74.9**	**49.7**
Cash and cash equivalents at beginning of period	80.8	65.4	72.7	147.6	97.9
Cash and cash equivalents at end of period	118.2	80.8	65.4	72.7	147.6
Change of cash and cash equivalents	**37.4**	**15.4**	**-7.3**	**-74.9**	**49.7**
Free Cash Flow	**-6.9**	**24.8**	**39.6**	**-3.3**	**-62.6**

Quarterly figures

QUARTERLY SEGMENT INFORMATION

EUR million

Orders received by Business Area	**Q1/2016**	**Q4/2015**	**Q3/2015**	**Q2/2015**	**Q1/2015**
Service [1)	193.4	200.3	202.3	211.8	195.0
Equipment	248.9	336.2	268.7	302.6	350.1
./. Internal	-17.2	-24.0	-27.2	-24.2	-26.2
Total	**425.1**	**512.5**	**443.8**	**490.3**	**518.8**

[1) *Excl. Service Contract Base*

Order book by Business Area	**Q1/2016**	**Q4/2015**	**Q3/2015**	**Q2/2015**	**Q1/2015**
Service	181.6	165.8	185.4	181.7	174.3
Equipment	854.0	870.7	889.9	918.6	936.8
Total	**1,035.6**	**1,036.5**	**1,075.3**	**1,100.4**	**1,111.1**

Sales by Business Area	**Q1/2016**	**Q4/2015**	**Q3/2015**	**Q2/2015**	**Q1/2015**
Service	221.3	275.9	242.4	248.2	225.8
Equipment	257.9	361.3	290.1	313.5	275.4
./. Internal	-20.7	-28.3	-25.8	-26.1	-26.3
Total	**458.6**	**609.0**	**506.7**	**535.6**	**474.9**

Adjusted operating profit (EBIT) by Business Area	**Q1/2016**	**Q4/2015**	**Q3/2015**	**Q2/2015**	**Q1/2015**
Service	17.5	33.8	25.4	23.7	19.9
Equipment	1.7	15.5	12.1	8.4	-2.3
Group costs and eliminations	-4.4	-4.8	-4.3	-6.4	-3.4
Total	**14.8**	**44.6**	**33.3**	**25.7**	**14.2**

Adjusted operating margin, (EBIT %) by Business Area	**Q1/2016**	**Q4/2015**	**Q3/2015**	**Q2/2015**	**Q1/2015**
Service	7.9%	12.3%	10.5%	9.6%	8.8%
Equipment	0.6%	4.3%	4.2%	2.7%	-0.8%
Group EBIT % total	**3.2%**	**7.3%**	**6.6%**	**4.8%**	**3.0%**

Quarterly figures

QUARTERLY SEGMENT INFORMATION

Personnel by Business Area (at the end of the period)	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015
Service	6,399	6,503	6,515	6,387	6,307
Equipment	5,153	5,328	5,428	5,460	5,544
Group staff	57	56	54	53	54
Total	**11,609**	**11,887**	**11,997**	**11,900**	**11,905**

Sales by market	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015
Europe-Middle East-Africa (EMEA)	234.0	289.5	239.2	230.6	201.2
Americas (AME)	161.8	232.3	201.6	200.4	189.4
Asia-Pacific (APAC)	62.7	87.2	66.0	104.5	84.3
Total	**458.6**	**609.0**	**506.7**	**535.6**	**474.9**

Personnel by region (at the end of the period)	Q1/2016	Q4/2015	Q3/2015	Q2/2015	Q1/2015
Europe-Middle East-Africa (EMEA)	6,168	6,237	6,276	6,217	6,217
Americas (AME)	2,883	2,968	2,998	2,931	2,889
Asia-Pacific (APAC)	2,558	2,682	2,723	2,752	2,799
Total	**11,609**	**11,887**	**11,997**	**11,900**	**11,905**

ANALYST AND PRESS BRIEFING

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

A live webcast of the conference will begin at 11.00 a.m. at www.konecranes.com. Please see the stock exchange release dated April 5, 2016 for the conference call details.

NEXT REPORT

Konecranes Plc's January–June 2016 interim report will be published on July 22, 2016.

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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 and machine tools of all makes. In 2015, Group sales totaled EUR 2,126 million. The Group has 11,600 employees at 600 locations in 48 countries. Konecranes is listed on the Nasdaq Helsinki (symbol: KCR1V).

www.konecranes.com