

Operating profit improved  
in the second quarter

Interim Report  
January–June 2015

**Q2**



# Operating profit improved in the second quarter

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

## SECOND QUARTER HIGHLIGHTS

- Order intake EUR 490.3 million (523.5), -6.4 percent; Service +14.3 percent and Equipment -16.9 percent.
- Service contract base value EUR 209.5 million (186.6), +12.3 percent; +3.4 percent at comparable currency rates.
- Order book EUR 1,100.4 million (1,029.9) at end-June, 6.8 percent higher than a year ago.
- Sales EUR 535.6 million (481.6), +11.2 percent; Service +17.3 percent and Equipment +6.2 percent.
- Operating profit excluding restructuring costs EUR 25.7 million (21.6), 4.8 percent of sales (4.5).
- Restructuring costs EUR 9.5 million (0.9).
- Operating profit including restructuring costs EUR 16.3 million (20.7), 3.0 percent of sales (4.3).
- Earnings per share (diluted) EUR 0.19 (0.20).
- Net cash flow from operating activities EUR 5.7 million (42.1).
- Net debt EUR 261.9 million (256.5) and gearing 59.9 percent (64.7).

## MARKET OUTLOOK

Orders from European industrial customers increased in the second quarter, but the customers are still cautious about investing. In the U.S., the offer base for industrial customers remains stable, but customers' decision-making has become slower and there are less large-contract opportunities available. The near-term market outlook in emerging markets remains uncertain. Continued contract base growth bodes well for the future of the service business. The quarterly Equipment order intake may fluctuate due to the timing of the large port crane projects.

## FINANCIAL GUIDANCE

Based on the order book, service contract base, and the near-term demand outlook, the year 2015 sales are expected to be higher than in 2014. We expect the 2015 operating profit, excluding restructuring costs, to improve from 2014.

## JANUARY–JUNE HIGHLIGHTS

- Order intake EUR 1,009.1 million (962.8), +4.8 percent; Service +9.7 percent and Equipment +1.4 percent.
- Sales EUR 1,010.5 million (908.9), +11.2 percent; Service +15.5 percent and Equipment +7.2 percent.
- Operating profit excluding restructuring costs EUR 39.9 million (37.2), 3.9 percent of sales (4.1).
- Restructuring costs EUR 11.8 million (1.3).
- Operating profit including restructuring costs EUR 28.1 million (35.9), 2.8 percent of sales (4.0).
- Earnings per share (diluted) EUR 0.29 (0.35).
- Net cash flow from operating activities EUR -48.7 million (17.2).

## Key figures

	Second quarter			First half year			R12M	1-12/2014
	4-6/2015	4-6/2014	Change %	1-6/2015	1-6/2014	Change %		
Orders received, MEUR	490.3	523.5	-6.4	1,009.1	962.8	4.8	1,949.8	1,903.5
Order book at end of period, MEUR				1,100.4	1,029.9	6.8		979.5
Sales total, MEUR	535.6	481.6	11.2	1,010.5	908.9	11.2	2,113.0	2,011.4
EBITDA excluding restructuring costs, MEUR	38.4	32.7	17.5	64.3	57.8	11.2	168.7	162.2
EBITDA excluding restructuring costs, %	7.2%	6.8%		6.4%	6.4%		8.0%	8.1%
Operating profit excluding restructuring costs, MEUR	25.7	21.6	19.0	39.9	37.2	7.3	121.8	119.1
Operating margin excluding restructuring costs, %	4.8%	4.5%		3.9%	4.1%		5.8%	5.9%
EBITDA, MEUR	33.5	31.9	5.2	58.2	56.5	2.9	160.6	159.0
EBITDA, %	6.3%	6.6%		5.8%	6.2%		7.6%	7.9%
Operating profit, MEUR	16.3	20.7	-21.6	28.1	35.9	-21.7	108.0	115.8
Operating margin, %	3.0%	4.3%		2.8%	4.0%		5.1%	5.8%
Profit before taxes, MEUR	16.7	17.1	-2.2	24.8	29.8	-16.8	102.4	107.4
Net profit for the period, MEUR	11.4	11.7	-2.9	17.0	20.4	-16.8	71.2	74.6
Earnings per share, basic, EUR	0.19	0.20	-2.8	0.29	0.35	-16.8	1.23	1.28
Earnings per share, diluted, EUR	0.19	0.20	-2.7	0.29	0.35	-16.6	1.22	1.28
Gearing, %				59.9%	64.7%			33.3%
Return on capital employed, %							15.0%	17.0%
Free cash flow, MEUR	-3.3	30.1		-65.9	-2.5		46.1	109.4
Average number of personnel during the period				11,929	11,879	0.4		11,920

## President and CEO Pekka Lundmark

“Our overall performance in the second quarter of 2015 was largely in line with our own expectations. Service continued on its steady profit improvement path, and the full-year outlook for the business remains promising. Equipment business recovered after a loss making first quarter, but the result is still below target. Lifftruck business continued to be the best performing equipment business, with both volumes and profit increasing steadily.

After a weaker first quarter, our Group operating profit, excluding restructuring costs, exceeded that of last year. We are now cumulatively EUR 2.7 million above last year. This supports our forecast to deliver a higher full-year operating profit, excluding restructuring costs, than last year.

As communicated earlier, we are addressing the below-target performance of the equipment business, among other things, by a cost reduction program that targets to deliver EUR 30 million cost reduction run-rate by the end of the first quarter of 2016. This program is proceeding according to plan. We are continuing our product development to increase

differentiation and to lower variable product cost. The new IT systems targeted to improve the productivity of the supply chain have now reached more than 50 percent coverage of our business. In addition, to lower the cost base in the equipment business, we are preparing more profound structural changes.

Since this is the 41st and the last quarterly report that I publish as the President & CEO of Konecranes Plc, I would like to take this opportunity to thank all our customers, employees, shareholders, and other parties with whom I have had the pleasure to share this exciting journey. Konecranes is today a very different company than 10 years ago. Nevertheless, there is still so much to do. Digitalization will fundamentally change how world's industries operate, and Konecranes is well-positioned to take advantage of this development. The material handling equipment and service market are still fragmented, and there are a lot of growth and consolidation opportunities, even in a scenario where the world economy would not drive any market growth.”

# Konecranes Plc

## Interim report January–June 2015

### MARKET REVIEW

In January–June, emerging economies struggled, while industrial production in the euro area saw a slight upturn. At the same time, the U.S. economic data was still generally positive, but some signs of weaker momentum could be observed in the business conditions.

American factory output, measured by the Purchasing Managers' Index (PMI), continued in the expansive territory, although the rate of growth softened from 2014. The U.S. manufacturing capacity utilization rate was approximately at the previous year's level at the end of June 2015.

According to the PMI surveys in the Eurozone, manufacturing production growth accelerated in January–June 2015, but the overall rate of expansion remained moderate. Spain, the Netherlands, and Italy were the leading lights, whereas the French manufacturing sector contracted for the most of the first half of 2015. Correspondingly, there was a sequential uptick in the manufacturing capacity utilization in the European Union. The EU capacity utilization was also slightly up on a year-on-year basis.

Based on the January–June purchasing managers' indexes, manufacturing activity worsened further in the BRIC countries with the exception of India. PMIs in Brazil, China, and Russia pointed to a 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, continued to increase in January–June 2015, but the rate of growth weakened from 2014 and it was only slightly above stagnation at the end of the period.

Compared to the previous year, the demand for cranes and hoists improved among industrial customers in Europe and North America, whereas the demand weakened in Middle East and Asia. The demand for heavy-duty cranes continued to suffer from the low investment activity within the process industries. Demand for lift trucks was strong across the globe, with the exception of Middle East and Africa.

The growth of global container traffic was weak at 1–2 percent in January–June 2015. In the second quarter, container throughput was virtually stagnant according to the preliminary data. Declining port handling volumes have been reported predominantly in some Asian ports, as well as in the Baltic Sea. The demand for yard cranes was good.

The demand for lifting equipment services grew globally with Asia-Pacific growing the fastest followed by EMEA and the Americas.

Raw material prices, including steel and copper, continued to be under downward pressure in January–June 2015

and were clearly down on year-on-year basis. The EUR/USD exchange rate stabilized in the second quarter of 2015 at a level that was clearly below the previous year's corresponding period.

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

### ORDERS RECEIVED

January–June orders received totaled EUR 1,009.1 million (962.8), representing an increase of 4.8 percent compared to a year ago. Orders received increased by 9.7 percent in Service and by 1.4 percent in Equipment compared to the year before. At comparable currency rates, order intake decreased from the previous year in both business areas. Group orders received rose in the Americas and APAC but fell in EMEA.

The second-quarter order intake decreased by 6.4 percent from a year ago and totaled EUR 490.3 million (523.5). Order intake rose in Service by 14.3 percent, while it declined in Equipment by 16.9 percent. Orders received decreased in all regions.

### ORDER BOOK

The value of the order book at end-June totaled EUR 1,100.4 million. The order book increased by 6.8 percent from the last year's comparison figure of EUR 1,029.9 million, but decreased by 1.0 percent from end-March 2015 when it stood at EUR 1,111.1 million. Service accounted for EUR 181.7 million (17 percent) and Equipment for EUR 918.6 million (83 percent) of the total end-June order book.

### SALES

Group sales in January–June increased by 11.2 percent from a year ago and totaled EUR 1,010.5 million (908.9). Sales in Service rose by 15.5 percent and in Equipment by 7.2 percent. Most of the sales growth was attributable to favorable currency rate changes.

Second quarter sales grew by 11.2 percent from a year ago and totaled EUR 535.6 million (481.6). Sales in Service increased by 17.3 percent and in Equipment by 6.2 percent.

At the end-June, the regional breakdown, calculated for a rolling 12-month period, was as follows: EMEA 45 (46), Americas 37 (36), and APAC 17 (18) percent.

**NET SALES BY REGION, MEUR**

	4–6/2015	4–6/2014	1–6/2015	1–6/2014	Change percent	Change % at comparable currency rates	R12M	1–12/2014
EMEA	230.6	217.5	431.8	418.3	3.2	1.5	959.5	946.0
AME	200.4	177.4	389.8	330.6	17.9	0.6	786.7	727.5
APAC	104.5	86.6	188.8	160.0	18.0	5.2	366.8	338.0
<b>Total</b>	<b>535.6</b>	<b>481.6</b>	<b>1,010.5</b>	<b>908.9</b>	<b>11.2</b>	<b>1.8</b>	<b>2,113.0</b>	<b>2,011.4</b>

**CURRENCY RATE EFFECT**

In a year-on-year comparison, the currency rates had a positive effect on the orders and sales in January–June. The reported increase in order intake in January–June was 4.8 percent, whereas the corresponding figure at comparable currency rates was -2.9 percent. Reported sales rose by 11.2 percent and by 1.8 percent at comparable currency rates.

The reported order intake grew in Service by 9.7 percent, but fell by 1.0 percent at comparable currency rates. In Equipment, the reported order intake increased by 1.4 percent, but decreased by 4.7 percent at comparable currency rates. In Service, the reported sales rose by 15.5 percent and by 4.4 percent at comparable currency rates. The corresponding figures in Equipment sales were +7.2 percent and -0.9 percent.

The currency rates continued to have a positive effect on the orders and sales in the second quarter in a year-on-year comparison. The reported order intake fell by 6.4 percent and by 13.3 percent at comparable currency rates. Reported sales rose by 11.2 percent and by 1.1 percent at comparable currency rates.

In the second quarter, the reported order intake in Service grew by 14.3 percent and by 2.1 percent at comparable currency rates. In Equipment, the reported order intake decreased by 16.9 percent and by 21.7 percent at comparable currency rates. In Service, the reported sales increased by 17.3 percent and by 5.1 percent at comparable currency rates. The corresponding figures in Equipment sales were +6.2 percent and -2.4 percent.

**FINANCIAL RESULT**

The consolidated operating profit in January–June totaled EUR 28.1 million (35.9). Operating profit decreased by EUR 7.8 million. The consolidated operating margin fell to 2.8 percent (4.0). The operating profit includes restructuring costs of EUR 11.8 million (1.3) due to the cost savings program of EUR 30 million announced in 2014. The operating margin in Service rose to 8.6 percent (7.8), whereas in Equipment, it declined to -0.5 percent (2.2).

In the first half of 2015, Service's operating margin excluding restructuring costs improved due to the sales growth and higher gross margin. The Equipment operating margin excluding restructuring costs was affected by lower sales at comparable currency rates and unfavorable sales mix. In addition,

Business Area Equipment incurred unrealized currency losses of approximately EUR 1 million (2) due to the depreciation of the Ukrainian Hryvnia in the first quarter. Moreover, the amortization related to new IT systems increased from the previous year.

The consolidated operating profit in the second quarter totaled EUR 16.3 million (20.7). The consolidated operating margin in the second quarter declined to 3.0 percent (4.3). The operating profit includes restructuring costs of EUR 9.5 million (0.9) due to the cost savings program of EUR 30 million announced in 2014. The operating margin in Service rose to 9.0 percent (7.5), but fell in Equipment to 0.1 percent (3.4).

In the second quarter of 2015, Service's operating margin improved due to the sales growth and higher gross margin. The Equipment operating margin was affected by lower sales at comparable currency rates and unfavorable sales mix. Moreover, amortization related to new IT systems increased from the previous year.

In January–June, depreciation and impairments totaled EUR 30.1 million (20.6). This included write-offs of EUR 5.7 million (0.0) to intangible and tangible assets. The amortization arising from the purchase price allocations of acquisitions represented EUR 2.5 million (3.5) of depreciation and impairments.

In January–June, the share of the result of associated companies and joint ventures was EUR 3.1 million (2.5).

Net financial expenses in January–June totaled EUR 6.4 million (8.6). Net interest expenses were EUR 5.0 million (6.1) of this and the remainder was mainly attributable to the exchange rate differences related to cash and loans in foreign currencies.

The January–June profit before taxes was EUR 24.8 million (29.8).

Income taxes in January–June were EUR -7.8 million (-9.4). The Group's effective tax rate was 31.5 percent (31.5).

Net profit for January–June was EUR 17.0 million (20.4).

Diluted earnings per share for January–June were EUR 0.29 (0.35).

On a rolling twelve-month basis, the return on capital employed was 15.0 percent (11.3) and the return on equity 17.1 percent (11.6).

## BALANCE SHEET

The consolidated balance sheet, which at end-June 2015 stood at EUR 1,485.4 million, was EUR 26.6 million less than on June 30, 2014. Total equity at the end of the reporting period was EUR 436.9 million (396.1). Total equity attributable to the equity holders of the parent company on June 30 was EUR 436.8 million (396.1) or EUR 7.44 per share (6.84).

Net working capital at the end of June 2015 totaled EUR 366.3 million, which was EUR 24.4 million more than at end-March, adjusted for the dividends paid in April and EUR 58.2 million more than a year ago. Compared to previous year, net working capital rose due to the higher inventories and accounts receivable as well as lower advance payments received.

## CASH FLOW AND FINANCING

Net cash from operating activities in January–June was EUR -48.7 million (17.2) representing EUR -0.83 per diluted share (0.30). Net cash from operations in the second quarter was EUR 5.7 million (42.1).

Cash flow from capital expenditures in January–June amounted to EUR -18.2 million (-21.4). Cash flow from capital expenditures in the second quarter was EUR -9.4 million (-13.0).

Cash flow before financing activities was EUR -65.9 million (-7.6) in January–June. Cash flow before financing activities in the second quarter was EUR -3.3 million (25.1).

Interest-bearing net debt increased to EUR 261.9 million from EUR 199.4 million at the end-March and from EUR 256.5 million a year ago. Solidity was 33.4 percent (30.5) and gearing 59.9 percent (64.7).

The Group's liquidity remained healthy. At the end of the second quarter, cash and cash equivalents amounted to EUR 72.7 million (149.9). None of the Group's committed back-up financing facilities, EUR 300 million in total, were in use at the end of the period.

In June, Konecranes signed a EUR 200 million five-year revolving credit facility with two 12-month extension options with its core relationship banks. The committed credit facility refinanced the existing EUR 200 million facility signed in December 2010 and will be used for the general corporate purposes of the Group.

## CAPITAL EXPENDITURE

January–June capital expenditure, excluding acquisitions and joint arrangements, amounted to EUR 14.1 million (25.5). This amount consisted of the investments in machines, equipment, properties, and information technology.

Capital expenditure, including acquisitions and joint arrangements, was EUR 14.1 million (25.5).

## ACQUISITIONS

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

## PERSONNEL

In January–June, the Group employed an average of 11,929 people (11,879). On June 30, the headcount was 11,900 (11,895). At end-June, the number of personnel by Business Area was as follows: Service 6,387 employees (6,220), Equipment 5,460 employees (5,624) and Group staff 53 (51). The Group had 6,217 employees (6,213) working in EMEA, 2,931 (2,803) in the Americas and 2,752 (2,879) in the APAC region.

# Business areas

## SERVICE

	4-6/2015	4-6/2014	1-6/2015	1-6/2014	Change percent	R12M	1-12/2014
Orders received, MEUR	211.8	185.3	406.8	370.7	9.7	787.0	750.8
Order book, MEUR	181.7	164.4	181.7	164.4	10.6		152.6
Contract base value, MEUR	209.5	186.6	209.5	186.6	12.3		196.0
Net sales, MEUR	248.2	211.6	474.0	410.6	15.5	958.6	895.1
EBITDA, MEUR	26.6	19.7	50.7	39.3	29.0	114.7	103.3
EBITDA, %	10.7%	9.3%	10.7%	9.6%		12.0%	11.5%
Depreciation and amortization, MEUR	-4.3	-3.9	-8.7	-7.5	16.0	-17.6	-16.4
Impairments, MEUR	0.0	0.0	-1.2	0.0		-1.2	0.0
Operating profit (EBIT), MEUR	22.2	15.9	40.9	31.8	28.4	96.0	86.9
Operating profit (EBIT), %	9.0%	7.5%	8.6%	7.8%		10.0%	9.7%
Restructuring costs, MEUR	-1.5	-0.9	-2.8	-1.0		-4.0	-2.2
Operating profit (EBIT) excluding restructuring costs, MEUR	23.7	16.7	43.7	32.8	33.0	99.9	89.1
Operating profit (EBIT) excluding restructuring costs, %	9.6%	7.9%	9.2%	8.0%		10.4%	10.0%
Capital employed, MEUR	221.4	193.4	221.4	193.4	14.5		200.2
ROCE%						46.3%	44.8%
Capital expenditure, MEUR	3.2	6.8	5.7	8.8	-35.8	17.3	20.5
Personnel at the end of period	6,387	6,220	6,387	6,220	2.7		6,285

January–June orders received totaled EUR 406.8 million (370.7), showing an increase of 9.7 percent. At comparable currency rates, order intake decreased from the previous year mainly due to the lower modernization orders. The order book increased by 10.6 percent to EUR 181.7 million (164.4) from a year before. Sales grew by 15.5 percent to EUR 474.0 million (410.6). Sales grew in all regions. Parts sales grew faster than the field service sales.

Operating profit, excluding restructuring costs of EUR 2.8 million (1.0), was EUR 43.7 million (32.8) and the operating margin 9.2 percent (8.0). Operating profit including restructuring costs was EUR 40.9 million (31.8) and the operating margin 8.6 percent (7.8). The operating margin excluding restructuring costs improved due to the sales growth and higher gross margin.

The second-quarter order intake increased by 14.3 percent and totaled EUR 211.8 million (185.3). The second-quarter sales totaled EUR 248.2 million (211.6), which was

17.3 percent more than a year ago. Sales grew in all regions. Parts sales continued to grow faster than field service sales.

The second-quarter operating profit, excluding restructuring costs of EUR 1.5 million (0.9), was EUR 23.7 million (16.7) and the operating margin 9.6 percent (7.9). The second-quarter operating profit including restructuring costs was EUR 22.2 million (15.9) and the operating margin 9.0 percent (7.5). The operating margin, excluding restructuring costs, improved due to the sales growth and higher gross margin.

The total number of equipment included in the maintenance contract base increased by 1.4 percent to 454,018 (447,730). The annual value of the contract base increased by 12.3 percent to EUR 209.5 million (186.6). At comparable currency rates, the value of the contract base rose by 3.4 percent.

The number of service technicians at end-June was 4,043, which is 48 people more than at the end of June 2014.

## EQUIPMENT

	4-6/2015	4-6/2014	1-6/2015	1-6/2014	Change percent	R12M	1-12/2014
Orders received, MEUR	302.6	364.2	652.7	643.5	1.4	1,271.7	1,262.5
Order book, MEUR	918.6	865.5	918.6	865.5	6.1		826.9
Net sales, MEUR	313.5	295.2	588.9	549.5	7.2	1,261.1	1,221.7
EBITDA, MEUR	13.2	17.1	16.9	25.1	-32.6	63.5	71.6
EBITDA, %	4.2%	5.8%	2.9%	4.6%		5.0%	5.9%
Depreciation and amortization, MEUR	-8.2	-7.1	-15.3	-12.8	19.3	-28.5	-26.0
Impairments, MEUR	-4.5	0.0	-4.5	0.0		-4.5	0.0
Operating profit (EBIT), MEUR	0.5	10.1	-2.9	12.3	-123.4	30.5	45.6
Operating profit (EBIT), %	0.1%	3.4%	-0.5%	2.2%		2.4%	3.7%
Restructuring costs, MEUR	-8.0	0.0	-9.0	-0.3		-9.8	-1.0
Operating profit (EBIT) excluding restructuring costs, MEUR	8.4	10.1	6.1	12.5	-51.3	40.2	46.7
Operating profit (EBIT) excluding restructuring costs, %	2.7%	3.4%	1.0%	2.3%		3.2%	3.8%
Capital employed, MEUR	396.9	382.4	396.9	382.4	3.8		353.5
ROCE%						7.8%	12.5%
Capital expenditure, MEUR	4.2	9.5	8.4	16.7	-49.4	31.3	39.6
Personnel at the end of period	5,460	5,624	5,460	5,624	-2.9		5,639

January–June orders received totaled EUR 652.7 million (643.5), showing an increase of 1.4 percent. Orders grew in Asia-Pacific, but were at the previous year's level in the Americas, whereas order intake declined in EMEA. Orders for industrial cranes accounted for approximately 35 percent of the orders received and were lower than a year ago. Components generated approximately 25 percent of the new orders and were above last year's level. The combined orders for port cranes and lift trucks amounted to approximately 40 percent of the orders received and were higher than a year ago.

The order book increased by 6.1 percent from a year ago, but decreased by 1.9 percent from the end-March 2015 to EUR 918.6 million (865.5). Sales increased by 7.2 percent to EUR 588.9 million (549.5). At comparable currency rates, sales decreased from the previous year. The operating profit, excluding restructuring costs of EUR 9.0 million (0.3), was EUR 6.1 million (12.5) and the operating margin 1.0 percent (2.3). Operating profit including restructuring costs was EUR -2.9 million (12.3) and operating margin -0.5 percent (2.2). The Equipment operating margin excluding restructuring costs was affected by lower sales at comparable currency

rates and unfavorable sales mix. In addition, Business Area Equipment incurred unrealized currency losses of approximately EUR 1 million (2) due to the depreciation of the Ukrainian Hryvnia in the first quarter. Moreover, the amortization related to new IT systems increased from the previous year.

The second-quarter order intake fell by 16.9 percent and totaled EUR 302.6 million (364.2). Orders declined from the previous year in all regions. In terms of the business units, orders received for components and lift trucks grew, but orders for industrial cranes and port cranes fell. The second-quarter sales totaled EUR 313.5 million (295.2) and were 6.2 percent higher than a year ago. At comparable currency rates, sales decreased from the previous year. The second-quarter operating profit, excluding restructuring costs of EUR 8.0 million (0.0), was EUR 8.4 million (10.1), and the operating margin 2.7 percent (3.4). The second-quarter operating profit including restructuring costs was EUR 0.5 million (10.1) and the operating margin 0.1 percent (3.4). In the second quarter of 2015, the Equipment operating margin was affected by lower sales at comparable currency rates and unfavorable sales mix. Moreover, the amortization related to new IT systems increased from the previous year.

### Group overheads

Unallocated Group overhead costs and eliminations in the reporting period were EUR –9.9 million (–8.2) representing 1.0 percent of sales (0.9).

### ADMINISTRATION

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 26, 2015.

In April, President and CEO Pekka Lundmark decided to leave Konecranes to pursue his career outside the company. The Board of Directors of Konecranes Plc is searching for a new President and CEO. Mr. Lundmark will leave the company in early September 2015 after the release of the January–June interim report and after the related activities thereto are completed. Until then, Mr. Lundmark will continue as the President and CEO.

### SHARE CAPITAL AND SHARES

On June 30, 2015, the registered share capital of the company totaled EUR 30.1 million. On June 30, 2015, the number of shares including treasury shares totaled 63,272,342. On June 30, 2015, Konecranes Plc was in possession of 4,539,913 own shares, which correspond to 7.2 percent of the total number of shares and which, at that date, had a market value of EUR 118.6 million.

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

### SHARES SUBSCRIBED FOR UNDER STOCK OPTION RIGHTS

In January–June, 733,495 treasury shares were transferred to the subscribers, pursuant to the Konecranes Plc's stock options 2009B.

At end-June 2015, Konecranes Plc's stock options 2009 entitled the holders to subscribe to a total of 638,500 shares. The option programs include approximately 200 company's key persons.

The terms and conditions of the stock option programs are available on Konecranes' website at [www.konecranes.com](http://www.konecranes.com).

### EMPLOYEE SHARE SAVINGS PLAN

Approximately 1,550 Konecranes employees signed up for the Plan Period that commenced on July 1, 2015. The number of new shares to be issued or own shares held by the Company to be transferred under the terms and conditions of the Plan may be a maximum total number of 500,000 shares, which corresponds to 0.8 percent of all of the Company's shares.

### MARKET CAPITALIZATION AND TRADING VOLUME

On June 30, 2015, the closing price for Konecranes Plc's shares on the Nasdaq Helsinki was EUR 26.13. The volume-weighted average share price in January–June 2015 was EUR 28.98, the highest price being EUR 33.08 in March and the lowest EUR 23.40 in January. In January–June, the trading volume on the Nasdaq Helsinki totaled 26.7 million Konecranes Plc's shares, corresponding to a turnover of approximately EUR 774.1 million. The average daily trading volume was 218,960 shares representing an average daily turnover of EUR 6.3 million.

In addition, according to Fidessa, approximately 36.1 million Konecranes' shares were traded on other trading venues (e.g. multilateral trading facilities and bilateral OTC trades) in January–June 2015.

On June 30, 2015, the total market capitalization of Konecranes Plc's shares was EUR 1,653.3 million including treasury shares. The market capitalization was EUR 1,534.7 million excluding treasury shares.

### FLAGGING NOTIFICATIONS

On February 5, 2015, Konecranes received a disclosure under Chapter 9, Section 5 of the Securities Market Act, according to which the holding of Harris Associates L.P in Konecranes Plc has decreased below 5 percent. Harris Associates L.P held 3,158,600 Konecranes Plc's shares on February 4, 2015, which is 4.99 percent of the Konecranes Plc's shares and votes.

On April 20, 2015, Konecranes received a disclosure under Chapter 9, Section 5 of the Securities Market Act, according to which the holding of Harris Associates L.P in Konecranes Plc has exceeded 5 percent. Harris Associates L.P held 3,200,000 Konecranes Plc's shares on April 17, 2015, which is 5.06 percent of the Konecranes Plc's shares and votes.

On May 14, 2015, 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 exceeded 5 percent. Sanderson Asset Management LLP held 3,239,980 Konecranes Plc's shares on May 13, 2015, which is 5.12 percent of the Konecranes Plc's shares and votes.

## RISKS AND UNCERTAINTIES

Konecranes operates in 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 value of the total assets related to the Zaporozhye factory amounted to approximately EUR 11 million on June 30, 2015.

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

## MARKET OUTLOOK

Orders from European industrial customers increased in the second quarter, but the customers are still cautious about investing. In the U.S., the offer base for industrial customers remains stable, but customers' decision-making has become slower and there are less large-contract opportunities available. The near-term market outlook in emerging markets remains uncertain. Continued contract base growth bodes well for the future of the service business. The quarterly Equipment order intake may fluctuate due to the timing of the large port crane projects.

## FINANCIAL GUIDANCE

Based on the order book, service contract base, and the near-term demand outlook, the year 2015 sales are expected to be higher than in 2014. We expect the 2015 operating profit, excluding restructuring costs, to improve from 2014.

Helsinki, July 17, 2015  
Konecranes Plc  
Board of Directors

**Disclaimer**

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

- expectations for general economic development and market situation,
- expectations for general developments in the industry,
- expectations regarding customer industry profitability and investment willingness,
- expectations for company growth, development and profitability,
- expectations regarding market demand for the company's products and services,
- expectations regarding the successful completion of acquisitions on a timely basis and 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,
- 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 the pending and future acquisitions and restructurings.

# Summary financial statements and notes

## **Accounting principles**

The presented financial information is prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU.

The figures presented in the tables below have been rounded to one decimal, which should be taken into account when reading the sum figures.

The numbers stated in this bulletin have not been subject to audit.

## Consolidated statement of income

EUR million	4-6/2015	4-6/2014	1-6/2015	1-6/2014	Change %	1-12/2014
<b>Sales</b>	<b>535.6</b>	<b>481.6</b>	<b>1,010.5</b>	<b>908.9</b>	<b>11.2</b>	<b>2,011.4</b>
Other operating income	0.3	1.1	0.5	1.6		2.8
Depreciation and impairments	-17.3	-11.1	-30.1	-20.6		-43.1
Other operating expenses	-502.3	-450.8	-952.9	-853.9		-1,855.2
<b>Operating profit</b>	<b>16.3</b>	<b>20.7</b>	<b>28.1</b>	<b>35.9</b>	<b>-21.7</b>	<b>115.8</b>
Share of associates' and joint ventures' result	1.7	1.5	3.1	2.5		3.7
Financial income and expenses	-1.3	-5.1	-6.4	-8.6		-12.1
<b>Profit before taxes</b>	<b>16.7</b>	<b>17.1</b>	<b>24.8</b>	<b>29.8</b>	<b>-16.8</b>	<b>107.4</b>
Taxes	-5.3	-5.4	-7.8	-9.4		-32.8
<b>NET PROFIT FOR THE PERIOD</b>	<b>11.4</b>	<b>11.7</b>	<b>17.0</b>	<b>20.4</b>	<b>-16.8</b>	<b>74.6</b>
<b>Net profit for the period attributable to:</b>						
Shareholders of the parent company	11.4	11.6	17.0	20.2		74.4
Non-controlling interest	0.0	0.1	0.0	0.2		0.2
Earnings per share, basic (EUR)	0.19	0.20	0.29	0.35	-16.8	1.28
Earnings per share, diluted (EUR)	0.19	0.20	0.29	0.35	-16.6	1.28

## Consolidated statement of comprehensive income

EUR million	4-6/2015	4-6/2014	1-6/2015	1-6/2014	1-12/2014
<b>Net profit for the period</b>	<b>11.4</b>	<b>11.7</b>	<b>17.0</b>	<b>20.4</b>	<b>74.6</b>
<b>Items that can be reclassified into profit or loss</b>					
Cash flow hedges	9.3	-2.1	-7.8	-4.1	-14.0
Exchange differences on translating foreign operations	-9.8	4.7	21.8	1.2	19.9
Income tax relating to items that can be reclassified into profit or loss	-1.9	0.4	1.6	0.8	2.8
<b>Items that cannot be reclassified into profit or loss</b>					
Re-measurement gains (losses) on defined benefit plans	-1.5	0.7	1.1	1.0	-16.7
Income tax relating to items that cannot be reclassified into profit or loss	0.3	-0.2	-0.2	-0.2	4.7
<b>Other comprehensive income for the period, net of tax</b>	<b>-3.5</b>	<b>3.6</b>	<b>16.5</b>	<b>-1.3</b>	<b>-3.3</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>7.9</b>	<b>15.3</b>	<b>33.4</b>	<b>19.1</b>	<b>71.2</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders of the parent company	7.9	15.1	33.4	19.0	71.2
Non-controlling interest	0.0	0.2	0.0	0.1	0.1

## Consolidated balance sheet

EUR million

ASSETS	30.6.2015	30.6.2014	31.12.2014
<b>Non-current assets</b>			
Goodwill	108.7	102.1	104.8
Intangible assets	94.2	90.4	101.2
Property, plant and equipment	146.7	143.8	150.5
Advance payments and construction in progress	34.2	43.9	30.0
Investments accounted for using the equity method	45.8	42.8	43.1
Available-for-sale investments	1.0	1.0	1.0
Deferred tax assets	76.8	61.2	70.0
<b>Total non-current assets</b>	<b>507.4</b>	<b>485.2</b>	<b>500.4</b>
<b>Current assets</b>			
Inventories			
Raw material and semi-manufactured goods	170.5	150.2	165.1
Work in progress	197.7	192.4	159.1
Advance payments	15.7	16.2	11.3
Total inventories	383.9	358.9	335.5
Accounts receivable	373.3	347.1	364.9
Loans receivable	0.0	0.2	0.0
Other receivables	22.6	23.3	24.5
Current tax assets	9.9	14.2	13.4
Deferred assets	115.6	133.2	140.7
Cash and cash equivalents	72.7	149.9	97.9
<b>Total current assets</b>	<b>978.0</b>	<b>1,026.8</b>	<b>977.0</b>
<b>TOTAL ASSETS</b>	<b>1,485.4</b>	<b>1,512.0</b>	<b>1,477.4</b>

# Consolidated balance sheet

EUR million

<b>EQUITY AND LIABILITIES</b>	<b>30.6.2015</b>	<b>30.6.2014</b>	<b>31.12.2014</b>
<b>Equity attributable to equity holders of the parent company</b>			
Share capital	30.1	30.1	30.1
Share premium account	39.3	39.3	39.3
Fair value reserves	-14.9	-0.7	-8.6
Translation difference	25.5	-15.0	3.7
Paid in capital	66.5	52.1	52.2
Retained earnings	273.3	270.0	258.1
Net profit for the period	17.0	20.2	74.4
<b>Total equity attributable to equity holders of the parent company</b>	<b>436.8</b>	<b>396.1</b>	<b>449.2</b>
Non-controlling interest	0.1	0.1	0.1
<b>Total equity</b>	<b>436.9</b>	<b>396.1</b>	<b>449.2</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing liabilities	163.4	172.0	167.2
Other long-term liabilities	98.1	79.5	97.3
Deferred tax liabilities	20.5	18.3	18.5
<b>Total non-current liabilities</b>	<b>281.9</b>	<b>269.8</b>	<b>283.0</b>
<b>Provisions</b>	<b>49.1</b>	<b>41.9</b>	<b>45.2</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	171.3	234.6	80.2
Advance payments received	176.0	213.5	202.7
Progress billings	0.3	1.5	1.5
Accounts payable	115.2	107.9	137.1
Other short-term liabilities (non-interest bearing)	30.3	31.2	26.0
Current tax liabilities	7.9	12.4	18.9
Accruals	216.5	203.0	233.5
<b>Total current liabilities</b>	<b>717.4</b>	<b>804.1</b>	<b>699.9</b>
<b>Total liabilities</b>	<b>1,048.5</b>	<b>1,115.8</b>	<b>1,028.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,485.4</b>	<b>1,512.0</b>	<b>1,477.4</b>

# Consolidated statement of changes in equity

EUR million	Equity attributable to equity holders of the parent company			
	Share capital	Share premium account	Cash flow hedges	Translation difference
<b>Balance at 1 January, 2015</b>	<b>30.1</b>	<b>39.3</b>	<b>-8.6</b>	<b>3.7</b>
Options exercised				
Dividends paid to equity holders				
Share based payments recognized against equity				
Total comprehensive income			-6.2	21.8
<b>Balance at 30 June, 2015</b>	<b>30.1</b>	<b>39.3</b>	<b>-14.9</b>	<b>25.5</b>
<b>Balance at 1 January, 2014</b>	<b>30.1</b>	<b>39.3</b>	<b>2.6</b>	<b>-16.3</b>
Options exercised				
Dividends paid to equity holders				
Share based payments recognized against equity				
Total comprehensive income			-3.3	1.3
<b>Balance at 30 June, 2014</b>	<b>30.1</b>	<b>39.3</b>	<b>-0.7</b>	<b>-15.0</b>

EUR million	Equity attributable to equity holders of the parent company				Total equity
	Paid in capital	Retained earnings	Total	Non-controlling interest	
<b>Balance at 1 January, 2015</b>	<b>52.2</b>	<b>332.5</b>	<b>449.2</b>	<b>0.1</b>	<b>449.2</b>
Options exercised	14.3	0.0	14.3		14.3
Dividends paid to equity holders		-61.5	-61.5		-61.5
Share based payments recognized against equity		1.4	1.4		1.4
Acquisitions		0.0	0.0		0.0
Total comprehensive income		17.9	33.4	0.0	33.4
<b>Balance at 30 June, 2015</b>	<b>66.5</b>	<b>290.3</b>	<b>436.8</b>	<b>0.1</b>	<b>436.9</b>
<b>Balance at 1 January, 2014</b>	<b>51.0</b>	<b>331.4</b>	<b>438.1</b>	<b>6.4</b>	<b>444.5</b>
Options exercised	1.1	0.0	1.1		1.1
Dividends paid to equity holders		-60.8	-60.8		-60.8
Share based payments recognized against equity		0.5	-1.5		-1.5
Acquisitions		-1.9	-1.9	-6.4	-8.3
Total comprehensive income		21.0	19.0	0.1	19.1
<b>Balance at 30 June, 2014</b>	<b>52.1</b>	<b>290.2</b>	<b>396.1</b>	<b>0.1</b>	<b>396.1</b>

# Consolidated cash flow statement

EUR million	1–6/2015	1–6/2014	1–12/2014
<b>Cash flow from operating activities</b>			
Net income	17.0	20.4	74.6
Adjustments to net income			
Taxes	7.8	9.4	32.8
Financial income and expenses	6.4	8.6	12.2
Share of associates' and joint ventures' result	-3.1	-2.5	-3.7
Dividend income	0.0	0.0	-0.1
Depreciation and impairments	30.1	20.6	43.1
Profits and losses on sale of fixed assets	0.0	-0.6	-0.3
Other adjustments	1.3	-0.4	-1.7
<b>Operating income before change in net working capital</b>	<b>59.5</b>	<b>55.5</b>	<b>157.0</b>
Change in interest-free short-term receivables	42.9	28.9	21.9
Change in inventories	-34.5	-34.2	4.4
Change in interest-free short-term liabilities	-81.6	-11.6	0.6
<b>Change in net working capital</b>	<b>-73.2</b>	<b>-16.9</b>	<b>26.9</b>
<b>Cash flow from operations before financing items and taxes</b>	<b>-13.7</b>	<b>38.7</b>	<b>183.8</b>
Interest received	1.9	1.3	3.1
Interest paid	-7.4	-7.3	-13.4
Other financial income and expenses	-13.5	0.0	5.0
Income taxes paid	-16.0	-15.3	-30.1
<b>Financing items and taxes</b>	<b>-35.0</b>	<b>-21.4</b>	<b>-35.4</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>-48.7</b>	<b>17.2</b>	<b>148.4</b>
<b>Cash flow from investing activities</b>			
Acquisition of Group companies, net of cash	0.0	-6.2	-6.2
Divestment of Businesses, net of cash	0.0	1.2	1.2
Capital expenditures	-18.2	-21.4	-42.0
Proceeds from sale of fixed assets	1.1	1.7	3.0
Dividends received	0.0	0.0	0.1
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>-17.1</b>	<b>-24.8</b>	<b>-43.9</b>
<b>Cash flow before financing activities</b>	<b>-65.9</b>	<b>-7.6</b>	<b>104.5</b>
<b>Cash flow from financing activities</b>			
Proceeds from options exercised and share issues	14.3	1.1	1.2
Proceeds from long-term borrowings	0.0	50.0	50.0
Repayments of long-term borrowings	-4.6	-10.1	-15.7
Proceeds from (+), payments of (-) short-term borrowings	89.1	45.2	-114.0
Change in short-term receivables	0.0	0.0	0.2
Dividends paid to equity holders of the parent	-61.5	-60.8	-60.8
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>37.3</b>	<b>25.5</b>	<b>-139.0</b>
Translation differences in cash	3.3	-0.2	0.3
<b>CHANGE OF CASH AND CASH EQUIVALENTS</b>	<b>-25.2</b>	<b>17.7</b>	<b>-34.3</b>
Cash and cash equivalents at beginning of period	97.9	132.2	132.2
Cash and cash equivalents at end of period	72.7	149.9	97.9
<b>CHANGE OF CASH AND CASH EQUIVALENTS</b>	<b>-25.2</b>	<b>17.7</b>	<b>-34.3</b>

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	1-6/2015	1-6/2014	1-12/2014
Net cash from operating activities	-48.7	17.2	148.4
Capital expenditures	-18.2	-21.4	-42.0
Proceeds from sale of fixed assets	1.1	1.7	3.0
<b>Free cash flow</b>	<b>-65.9</b>	<b>-2.5</b>	<b>109.4</b>

## Segment information

## 1. BUSINESS SEGMENTS

EUR million

Orders received by Business Area	1-6/2015	% of total	1-6/2014	% of total	1-12/2014	% of total
Service <sup>1)</sup>	406.8	38	370.7	37	750.8	37
Equipment	652.7	62	643.5	63	1,262.5	63
./. Internal	-50.4		-51.4		-109.9	
<b>Total</b>	<b>1,009.1</b>	<b>100</b>	<b>962.8</b>	<b>100</b>	<b>1,903.5</b>	<b>100</b>

<sup>1)</sup> Excl. Service Contract Base

Order book total <sup>2)</sup>	30.6.2015	% of total	30.6.2014	% of total	31.12.2014	% of total
Service	181.7	17	164.4	16	152.6	16
Equipment	918.6	83	865.5	84	826.9	84
./. Internal	0.0		0.0		0.0	
<b>Total</b>	<b>1,100.4</b>	<b>100</b>	<b>1,029.9</b>	<b>100</b>	<b>979.5</b>	<b>100</b>

<sup>2)</sup> Percentage of completion deducted

Sales by Business Area	1-6/2015	% of total	1-6/2014	% of total	1-12/2014	% of total
Service	474.0	45	410.6	43	895.1	42
Equipment	588.9	55	549.5	57	1,221.7	58
./. Internal	-52.4		-51.2		-105.4	
<b>Total</b>	<b>1,010.5</b>	<b>100</b>	<b>908.9</b>	<b>100</b>	<b>2,011.4</b>	<b>100</b>

Operating profit (EBIT) by Business Area excluding restructuring costs	1-6/2015 MEUR	EBIT %	1-6/2014 MEUR	EBIT %	1-12/2014 MEUR	EBIT %
Service	43.7	9.2	32.8	8.0	89.1	10.0
Equipment	6.1	1.0	12.5	2.3	46.7	3.8
Group costs and eliminations	-9.9		-8.2		-16.7	
<b>Total</b>	<b>39.9</b>	<b>3.9</b>	<b>37.2</b>	<b>4.1</b>	<b>119.1</b>	<b>5.9</b>

Operating profit (EBIT) by Business Area including restructuring costs	1-6/2015 MEUR	EBIT %	1-6/2014 MEUR	EBIT %	1-12/2014 MEUR	EBIT %
Service	40.9	8.6	31.8	7.8	86.9	9.7
Equipment	-2.9	-0.5	12.3	2.2	45.6	3.7
Group costs and eliminations	-9.9		-8.2		-16.7	
<b>Total</b>	<b>28.1</b>	<b>2.8</b>	<b>35.9</b>	<b>4.0</b>	<b>115.8</b>	<b>5.8</b>

## Segment information

<b>Capital Employed and ROCE%</b>	<b>30.6.2015</b> MEUR	<b>30.6.2014</b> MEUR	<b>31.12.2014</b> MEUR	ROCE %
Service	221.4	193.4	200.2	44.8
Equipment	396.9	382.4	353.5	12.5
Unallocated Capital Employed	153.2	226.9	143.0	
<b>Total</b>	<b>771.5</b>	<b>802.8</b>	<b>696.7</b>	<b>17.0</b>

<b>Business segment assets</b>	<b>30.6.2015</b> MEUR	<b>30.6.2014</b> MEUR	<b>31.12.2014</b> MEUR
Service	393.7	361.5	383.5
Equipment	867.1	854.0	837.4
Unallocated Capital Employed	224.6	296.5	256.4
<b>Total</b>	<b>1,485.4</b>	<b>1,512.0</b>	<b>1,477.4</b>

<b>Business segment liabilities</b>	<b>30.6.2015</b> MEUR	<b>30.6.2014</b> MEUR	<b>31.12.2014</b> MEUR
Service	172.3	168.0	183.3
Equipment	470.1	471.6	484.0
Unallocated Capital Employed	406.0	476.2	360.8
<b>Total</b>	<b>1,048.5</b>	<b>1,115.9</b>	<b>1,028.1</b>

<b>Personnel by Business Area (at the end of the period)</b>	<b>30.6.2015</b>	% of total	<b>30.6.2014</b>	% of total	<b>31.12.2014</b>	% of total
Service	6,387	54	6,220	52	6,285	52
Equipment	5,460	46	5,624	47	5,639	47
Group staff	53	0	51	0	58	0
<b>Total</b>	<b>11,900</b>	<b>100</b>	<b>11,895</b>	<b>100</b>	<b>11,982</b>	<b>100</b>

## 2. GEOGRAPHICAL SEGMENTS

EUR million

<b>Sales by market</b>	<b>1-6/2015</b>	% of total	<b>1-6/2014</b>	% of total	<b>1-12/2014</b>	% of total
Europe-Middle East-Africa (EMEA)	431.8	43	418.3	46	946.0	47
Americas (AME)	389.8	39	330.6	36	727.5	36
Asia-Pacific (APAC)	188.8	19	160.0	18	338.0	17
<b>Total</b>	<b>1,010.5</b>	<b>100</b>	<b>908.9</b>	<b>100</b>	<b>2,011.4</b>	<b>100</b>

<b>Personnel by region (at the end of the period)</b>	<b>30.6.2015</b>	% of total	<b>30.6.2014</b>	% of total	<b>31.12.2014</b>	% of total
Europe-Middle East-Africa (EMEA)	6,217	52	6,213	52	6,240	52
Americas (AME)	2,931	25	2,803	24	2,858	24
Asia-Pacific (APAC)	2,752	23	2,879	24	2,884	24
<b>Total</b>	<b>11,900</b>	<b>100</b>	<b>11,895</b>	<b>100</b>	<b>11,982</b>	<b>100</b>

# Notes

<b>KEY FIGURES</b>	<b>30.6.2015</b>	<b>30.6.2014</b>	<b>Change %</b>	<b>31.12.2014</b>
Earnings per share, basic (EUR)	0.29	0.35	-16.8	1.28
Earnings per share, diluted (EUR)	0.29	0.35	-16.6	1.28
Return on capital employed %, Rolling 12 Months (R12M)	15.0	11.3	32.7	17.0
Return on equity %, Rolling 12 Months (R12M)	17.1	11.6	47.4	16.7
Equity per share (EUR)	7.44	6.84	8.8	7.75
Current ratio	1.3	1.2	8.3	1.3
Gearing %	59.9	64.7	-7.4	33.3
Solidity %	33.4	30.5	9.5	35.2
EBITDA, EUR million	58.2	56.5	2.9	159.0
Investments total (excl. acquisitions), EUR million	14.1	25.5	-44.7	60.0
Interest-bearing net debt, EUR million	261.9	256.5	2.1	149.5
Net working capital, EUR million	366.3	308.1	18.9	265.7
Average number of personnel during the period	11,929	11,879	0.4	11,920
Average number of shares outstanding, basic	58,344,755	57,878,977	0.8	57,908,972
Average number of shares outstanding, diluted	58,382,931	58,023,967	0.6	58,034,096
Number of shares outstanding	58,732,429	57,937,721	1.4	57,943,927

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

# Notes

The period end exchange rates*:	26.6.2015	27.6.2014	Change %	31.12.2014
USD - US dollar	1.120	1.362	21.6	1.214
CAD - Canadian dollar	1.385	1.456	5.1	1.406
GBP - Pound sterling	0.712	0.800	12.3	0.779
CNY - Chinese yuan	6.955	8.469	21.8	7.536
SGD - Singapore dollar	1.510	1.702	12.7	1.606
SEK - Swedish krona	9.264	9.196	-0.7	9.393
NOK - Norwegian krone	8.773	8.368	-4.6	9.042
AUD - Australian dollar	1.463	1.446	-1.2	1.483

The period average exchange rates*:	26.6.2015	27.6.2014	Change %	31.12.2014
USD - US dollar	1.115	1.371	22.9	1.329
CAD - Canadian dollar	1.377	1.504	9.2	1.466
GBP - Pound sterling	0.733	0.822	12.2	0.806
CNY - Chinese yuan	6.935	8.451	21.9	8.186
SGD - Singapore dollar	1.505	1.729	14.8	1.682
SEK - Swedish krona	9.342	8.950	-4.2	9.098
NOK - Norwegian krone	8.642	8.275	-4.2	8.352
AUD - Australian dollar	1.425	1.500	5.2	1.472

\*Konecranes applies a weekly calendar in its financial reporting. The presented exchange rates are determined by rates on the last Friday of the period.

## CONTINGENT LIABILITIES AND PLEDGED ASSETS

EUR million	30.6.2015	30.6.2014	31.12.2014
For own commercial obligations			
Guarantees	426.7	354.9	404.8
Leasing liabilities			
Next year	33.9	31.5	32.9
Later on	72.9	66.9	68.5
Other	0.3	1.3	0.2
<b>Total</b>	<b>533.9</b>	<b>454.7</b>	<b>506.3</b>

Leasing contracts comply with normal practices in the countries concerned.

### 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.

## IMPAIRMENTS

Restructuring actions during the first and second quarter of 2015 have led to an impairment of intangible assets (mainly customer relations as well as software) and tangible assets (machinery and equipment), which were written off by EUR 5.7 million.

# Notes

## FINANCIAL INSTRUMENTS

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

- Level 1 - quoted prices in active markets for identical financial instruments
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - inputs for the financial instrument that are not based on observable market data (unobservable inputs)

Classification of financial instruments within the IFRS 7 fair value hierarchy: level 2 for all values as of 30 June 2015. There were no changes for classification within the fair value hierarchy.

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.

## CARRYING AMOUNT OF FINANCIAL ASSETS AND LIABILITIES IN THE BALANCE SHEET

EUR million	Financial assets/ liabilities at fair value through income statement	Loans and receivables	Available- for-sale financial assets	Financial assets/liabili- ties measured at amortized cost	Total carrying amounts by balance sheet item	Total Fair value
<b>Financial assets 30.6.2015</b>						
<b>Non-current financial assets</b>						
Long-term interest-bearing receivables	0.0	0.0	0.0	0.0	0.0	0.0
Other financial assets	0.0	0.0	1.0	0.0	1.0	1.0
<b>Current financial assets</b>						
Short-term interest-bearing receivables	0.0	0.0	0.0	0.0	0.0	0.0
Account and other receivables	0.0	395.9	0.0	0.0	395.9	395.9
Derivative financial instruments	11.6	0.0	0.0	0.0	11.6	11.6
Cash and cash equivalents	0.0	72.7	0.0	0.0	72.7	72.7
<b>Total</b>	<b>11.6</b>	<b>468.7</b>	<b>1.0</b>	<b>0.0</b>	<b>481.2</b>	<b>481.2</b>

<b>Financial liabilities 30.6.2015</b>						
<b>Non-current financial liabilities</b>						
Interest-bearing liabilities	0.0	0.0	0.0	163.4	163.4	163.4
Derivative financial instruments	1.5	0.0	0.0	0.0	1.5	1.5
Other payables	0.0	0.0	0.0	3.7	3.7	3.7
<b>Current financial liabilities</b>						
Interest-bearing liabilities	0.0	0.0	0.0	171.3	171.3	171.3
Derivative financial instruments	7.6	0.0	0.0	0.0	7.6	7.6
Account and other payables	0.0	0.0	0.0	145.5	145.5	145.5
<b>Total</b>	<b>9.0</b>	<b>0.0</b>	<b>0.0</b>	<b>483.8</b>	<b>492.8</b>	<b>492.8</b>

# Notes

EUR million	Financial assets/ liabilities at fair value through income statement	Loans and receivables	Available- for-sale financial assets	Financial assets/liabili- ties measured at amortized cost	Total carrying amounts by balance sheet item	Total Fair value
<b>Financial assets 30.6.2014</b>						
<b>Non-current financial assets</b>						
Long-term interest-bearing receivables	0.0	0.0	0.0	0.0	0.0	0.0
Other financial assets	0.0	0.0	1.0	0.0	1.0	1.0
<b>Current financial assets</b>						
Short-term interest-bearing receivables	0.0	0.2	0.0	0.0	0.2	0.2
Account and other receivables	0.0	370.4	0.0	0.0	370.4	370.4
Derivative financial instruments	5.6	0.0	0.0	0.0	5.6	5.6
Cash and cash equivalents	0.0	149.9	0.0	0.0	149.9	149.9
<b>Total</b>	<b>5.6</b>	<b>520.5</b>	<b>1.0</b>	<b>0.0</b>	<b>527.1</b>	<b>527.1</b>

<b>Financial liabilities 30.6.2014</b>						
<b>Non-current financial liabilities</b>						
Interest-bearing liabilities	0.0	0.0	0.0	172.0	172.0	172.0
Derivative financial instruments	2.1	0.0	0.0	0.0	2.1	2.1
Other payables	0.0	0.0	0.0	1.9	1.9	1.9
<b>Current financial liabilities</b>						
Interest-bearing liabilities	0.0	0.0	0.0	234.6	234.6	234.6
Derivative financial instruments	4.6	0.0	0.0	0.0	4.6	4.6
Account and other payables	0.0	0.0	0.0	139.0	139.0	139.0
<b>Total</b>	<b>6.8</b>	<b>0.0</b>	<b>0.0</b>	<b>547.6</b>	<b>554.4</b>	<b>554.4</b>

## NOMINAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

EUR million	30.6.2015 Nominal value	30.6.2015 Fair value	30.6.2014 Nominal value	30.6.2014 Fair value	31.12.2014 Nominal value	31.12.2014 Fair value
Foreign exchange forward contracts	775.6	4.6	719.3	1.5	663.1	-9.4
Currency options	70.3	-0.1	21.8	0.0	35.8	-0.2
Interest rate swaps	100.0	-1.5	100.0	-2.1	100.0	-2.0
Electricity derivatives	1.7	-0.5	2.5	-0.5	2.2	-0.5
<b>Total</b>	<b>947.6</b>	<b>2.5</b>	<b>843.6</b>	<b>-1.2</b>	<b>801.0</b>	<b>-12.1</b>

Derivatives are used for hedging currency and interest rate risks, as well as the risk of electricity price fluctuations. The Company applies hedge accounting on the derivatives used to hedge cash flows in large projects in Business Area Equipment and to interest rates of certain long-term loans.

## ACQUISITIONS AND DIVESTMENTS

In May Konecranes sold a minor machine tool service operation in Norway. The disposal of the operation resulted EUR 0.0 million profit reported in the other operating income of the statement of income.

# Quarterly figures

## CONSOLIDATED STATEMENT OF INCOME, QUARTERLY

EUR million	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
<b>Sales</b>	<b>535.6</b>	<b>474.9</b>	<b>608.1</b>	<b>494.4</b>	<b>481.6</b>	<b>427.3</b>
Other operating income	0.3	0.3	0.5	0.9	0.8	0.5
Depreciation and impairments	-12.7	-11.7	-11.6	-10.9	-11.1	-9.5
Restructuring costs	-9.5	-2.3	-1.6	-0.3	-0.9	-0.4
Other operating expenses	-497.4	-449.4	-550.0	-449.6	-449.6	-402.7
<b>Operating profit</b>	<b>16.3</b>	<b>11.8</b>	<b>45.5</b>	<b>34.5</b>	<b>20.7</b>	<b>15.2</b>
Share of associates' and joint ventures' result	1.7	1.3	0.9	0.4	1.5	1.0
Financial income and expenses	-1.3	-5.1	-4.8	1.3	-5.1	-3.5
<b>Profit before taxes</b>	<b>16.7</b>	<b>8.1</b>	<b>41.6</b>	<b>36.1</b>	<b>17.1</b>	<b>12.7</b>
Taxes	-5.3	-2.5	-12.1	-11.4	-5.4	-4.0
<b>Net profit for the period</b>	<b>11.4</b>	<b>5.6</b>	<b>29.5</b>	<b>24.7</b>	<b>11.7</b>	<b>8.7</b>

## CONSOLIDATED BALANCE SHEET, QUARTERLY

EUR million

ASSETS	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Goodwill	108.7	110.3	104.8	104.3	102.1	102.0
Intangible assets	94.2	98.0	101.2	88.2	90.4	85.5
Property, plant and equipment	146.7	155.8	150.5	149.8	143.8	143.2
Other	157.7	154.8	144.0	153.2	148.8	148.8
<b>Total non-current assets</b>	<b>507.4</b>	<b>518.9</b>	<b>500.4</b>	<b>495.5</b>	<b>485.2</b>	<b>479.5</b>
Inventories	383.9	390.8	335.5	375.2	358.9	353.8
Receivables and other current assets	521.3	535.2	543.6	514.1	518.0	566.0
Cash and cash equivalents	72.7	147.6	97.9	102.2	149.9	141.5
<b>Total current assets</b>	<b>978.0</b>	<b>1,073.6</b>	<b>977.0</b>	<b>991.5</b>	<b>1,026.8</b>	<b>1,061.3</b>
<b>Total assets</b>	<b>1,485.4</b>	<b>1,592.5</b>	<b>1,477.4</b>	<b>1,487.0</b>	<b>1,512.0</b>	<b>1,540.8</b>
<b>EQUITY AND LIABILITIES</b>	<b>Q2/2015</b>	<b>Q1/2015</b>	<b>Q4/2014</b>	<b>Q3/2014</b>	<b>Q2/2014</b>	<b>Q1/2014</b>
<b>Total equity</b>	<b>436.9</b>	<b>425.7</b>	<b>449.2</b>	<b>431.6</b>	<b>396.1</b>	<b>388.7</b>
Non-current liabilities	281.9	281.0	283.0	266.1	269.8	222.0
Provisions	49.1	49.0	45.2	45.8	41.9	45.7
Advance payments received	176.0	184.6	202.7	222.5	213.5	227.5
Other current liabilities	541.4	652.3	497.2	521.1	590.7	656.9
<b>Total liabilities</b>	<b>1,048.5</b>	<b>1,166.9</b>	<b>1,028.1</b>	<b>1,055.5</b>	<b>1,115.9</b>	<b>1,152.1</b>
<b>Total equity and liabilities</b>	<b>1,485.4</b>	<b>1,592.5</b>	<b>1,477.4</b>	<b>1,487.0</b>	<b>1,512.0</b>	<b>1,540.8</b>

# Quarterly figures

## CONSOLIDATED CASH FLOW STATEMENT - QUARTERLY

EUR million	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Operating income before change in net working capital	33.1	26.4	56.6	44.9	30.2	25.3
Change in net working capital	-14.3	-58.9	17.3	26.4	26.8	-43.7
Financing items and taxes	-13.2	-21.8	-7.5	-6.5	-14.9	-6.5
<b>Net cash from operating activities</b>	<b>5.7</b>	<b>-54.4</b>	<b>66.4</b>	<b>64.8</b>	<b>42.1</b>	<b>-24.9</b>
<b>Cash flow from investing activities</b>	<b>-8.9</b>	<b>-8.2</b>	<b>-10.2</b>	<b>-8.9</b>	<b>-17.0</b>	<b>-7.8</b>
<b>Cash flow before financing activities</b>	<b>-3.3</b>	<b>-62.6</b>	<b>56.2</b>	<b>55.9</b>	<b>25.1</b>	<b>-32.7</b>
Proceeds from options exercised and share issues	2.5	11.8	0.1	0.0	0.6	0.5
Change of interest-bearing debt	-10.7	95.2	-57.4	-107.2	41.4	43.7
Dividends paid to equity holders of the parent	-61.5	0.0	0.0	0.0	-60.8	0.0
<b>Net cash used in financing activities</b>	<b>-69.6</b>	<b>106.9</b>	<b>-57.3</b>	<b>-107.2</b>	<b>-18.7</b>	<b>44.2</b>
Translation differences in cash	-2.0	5.3	-3.1	3.6	2.1	-2.3
<b>Change of cash and cash equivalents</b>	<b>-74.9</b>	<b>49.7</b>	<b>-4.2</b>	<b>-47.7</b>	<b>8.5</b>	<b>9.2</b>
Cash and cash equivalents at beginning of period	147.6	97.9	102.2	149.9	141.5	132.2
Cash and cash equivalents at end of period	72.7	147.6	97.9	102.2	149.9	141.5
<b>Change of cash and cash equivalents</b>	<b>-74.9</b>	<b>49.7</b>	<b>-4.2</b>	<b>-47.7</b>	<b>8.5</b>	<b>9.2</b>
<b>Free Cash Flow</b>	<b>-3.3</b>	<b>-62.6</b>	<b>56.0</b>	<b>55.9</b>	<b>30.1</b>	<b>-32.6</b>

# Quarterly figures

## QUARTERLY SEGMENT INFORMATION

EUR million

Orders received by Business Area	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Service <sup>1)</sup>	211.8	195.0	200.5	179.6	185.3	185.4
Equipment	302.6	350.1	345.1	274.0	364.2	279.2
./ Internal	-24.2	-26.2	-32.3	-26.2	-26.0	-25.3
<b>Total</b>	<b>490.3</b>	<b>518.8</b>	<b>513.3</b>	<b>427.4</b>	<b>523.5</b>	<b>439.3</b>

<sup>1)</sup> Excl. Service Contract Base

Order book by Business Area	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Service	181.7	174.3	152.6	166.2	164.4	149.6
Equipment	918.6	936.8	826.9	860.0	865.5	788.3
<b>Total</b>	<b>1,100.4</b>	<b>1,111.1</b>	<b>979.5</b>	<b>1,026.2</b>	<b>1,029.9</b>	<b>937.9</b>

Sales by Business Area	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Service	248.2	225.8	258.6	225.9	211.6	199.0
Equipment	313.5	275.4	377.2	295.1	295.2	254.3
./ Internal	-26.1	-26.3	-27.7	-26.5	-25.2	-25.9
<b>Total</b>	<b>535.6</b>	<b>474.9</b>	<b>608.1</b>	<b>494.4</b>	<b>481.6</b>	<b>427.3</b>

Operating profit (EBIT) by Business Area excluding restructuring costs	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Service	23.7	19.9	31.4	24.9	16.7	16.1
Equipment	8.4	-2.3	20.5	13.6	10.1	2.5
Group costs and eliminations	-6.4	-3.4	-4.9	-3.7	-5.2	-3.0
<b>Total</b>	<b>25.7</b>	<b>14.2</b>	<b>47.1</b>	<b>34.8</b>	<b>21.6</b>	<b>15.6</b>

Operating margin, (EBIT %) by Business Area excluding restructuring costs	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Service	9.6%	8.8%	12.1%	11.0%	7.9%	8.1%
Equipment	2.7%	-0.8%	5.4%	4.6%	3.4%	1.0%
<b>Group EBIT % total</b>	<b>4.8%</b>	<b>3.0%</b>	<b>7.7%</b>	<b>7.0%</b>	<b>4.5%</b>	<b>3.6%</b>

# Quarterly figures

## QUARTERLY SEGMENT INFORMATION

### Personnel by Business Area (at the end of the period)

	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Service	6,387	6,307	6,285	6,259	6,220	6,223
Equipment	5,460	5,544	5,639	5,666	5,624	5,637
Group staff	53	54	58	55	51	51
<b>Total</b>	<b>11,900</b>	<b>11,905</b>	<b>11,982</b>	<b>11,980</b>	<b>11,895</b>	<b>11,911</b>

### Sales by market

	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Europe-Middle East-Africa (EMEA)	230.6	201.2	296.7	231.0	217.5	200.8
Americas (AME)	200.4	189.4	218.6	178.3	177.4	153.1
Asia-Pacific (APAC)	104.5	84.3	92.9	85.1	86.6	73.4
<b>Total</b>	<b>535.6</b>	<b>474.9</b>	<b>608.1</b>	<b>494.4</b>	<b>481.6</b>	<b>427.3</b>

### Personnel by region (at the end of the period)

	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Europe-Middle East-Africa (EMEA)	6,217	6,217	6,240	6,241	6,213	6,235
Americas (AME)	2,931	2,889	2,858	2,822	2,803	2,783
Asia-Pacific (APAC)	2,752	2,799	2,884	2,917	2,879	2,893
<b>Total</b>	<b>11,900</b>	<b>11,905</b>	<b>11,982</b>	<b>11,980</b>	<b>11,895</b>	<b>11,911</b>

**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 Pekka Lundmark and CFO Teo Ottola.

A live webcast of the conference will begin at 11.00 a.m. at [www.konecranes.com](http://www.konecranes.com). Please see the stock exchange release dated June 26, 2015 for the conference call details.

**NEXT REPORT**

Konecranes' January–September 2015 Interim Report will be published on October 21, 2015.

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