

Order intake grew and  
profitability improvement  
continued in the fourth  
quarter

Financial Statements  
Bulletin 2014

**Q4**



# Order intake grew and profitability improvement continued in the fourth quarter

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

## FOURTH QUARTER HIGHLIGHTS

- Order intake EUR 513.3 million (422.2), +21.6 percent; Service +21.2 percent and Equipment +23.1 percent.
- Service contract base value EUR 196.0 million (178.2), +10.0 percent; +5.9 percent at comparable currency rates.
- Order book EUR 979.5 million (893.5) at year-end, +9.6 percent compared with a year before.
- Sales EUR 608.1 million (580.9), +4.7 percent; Service +4.4 percent and Equipment +3.4 percent.
- Operating profit excluding restructuring costs EUR 47.1 million (42.8), 7.7 percent (7.4) of sales.
- Restructuring costs EUR 1.6 million (3.1).
- Operating profit including restructuring costs EUR 45.5 million (39.7), 7.5 percent of sales (6.8).
- Earnings per share (diluted) EUR 0.51 (0.38).
- Net cash flow from operating activities EUR 66.4 million (79.6).
- Net debt EUR 149.5 million (187.3) and gearing 33.3 percent (42.1).

## FULL-YEAR 2014 HIGHLIGHTS

- Orders received EUR 1,903.5 million (1,920.8), -0.9 percent; Service +4.9 percent and Equipment -4.3 percent.
- Sales EUR 2,011.4 million (2,099.6), -4.2 percent; Service +0.7 percent and Equipment -8.1 percent.
- Operating profit excluding restructuring costs EUR 119.1 million (115.5), 5.9 percent (5.5) of sales.
- Restructuring costs EUR 3.2 million (30.9).
- Operating profit including restructuring costs EUR 115.8 million (84.5), 5.8 percent of sales (4.0).
- Earnings per share (diluted) EUR 1.28 (0.85).
- Net cash flow from operating activities EUR 148.4 million (120.2).
- Dividend proposed by Board of Directors is EUR 1.05 (1.05) per share.

## MARKET OUTLOOK

European customers are still cautious about investing. The Purchasing Managers' Indexes are giving a reason for the continued optimism regarding the U.S. market. The near-term market outlook in emerging markets remains uncertain. Continued contract base growth bodes well for the future of the service business.

## 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.

## Key figures

	Fourth quarter			January–December		
	10–12/2014	10–12/2013	Change %	1–12/2014	1–12/2013	Change %
Orders received, MEUR	513.3	422.2	21.6	1,903.5	1,920.8	-0.9
Order book at end of period, MEUR				979.5	893.5	9.6
Sales total, MEUR	608.1	580.9	4.7	2,011.4	2,099.6	-4.2
EBITDA excluding restructuring costs, MEUR	58.7	52.3	12.3	162.2	154.6	4.9
EBITDA excluding restructuring costs, %	9.7%	9.0%		8.1%	7.4%	
Operating profit excluding restructuring costs, MEUR	47.1	42.8	10.0	119.1	115.5	3.1
Operating margin excluding restructuring costs, %	7.7%	7.4%		5.9%	5.5%	
EBITDA, MEUR	57.1	49.9	14.5	159.0	140.5	13.1
EBITDA, %	9.4%	8.6%		7.9%	6.7%	
Operating profit, MEUR	45.5	39.7	14.5	115.8	84.5	37.1
Operating margin, %	7.5%	6.8%		5.8%	4.0%	
Profit before taxes, MEUR	41.6	35.9	15.8	107.4	75.5	42.3
Net profit for the period, MEUR	29.5	22.1	33.4	74.6	49.4	50.9
Earnings per share, basic, EUR	0.51	0.38	34.1	1.28	0.85	51.0
Earnings per share, diluted, EUR	0.51	0.38	34.2	1.28	0.85	51.2
Dividend per share, EUR				1.05*	1.05	0.0
Gearing, %				33.3%	42.1%	
Return on capital employed %				17.0%	11.6%	
Free cash flow, MEUR	56.1	61.8		109.4	64.0	
Average number of personnel during the period				11,920	11,987	-0.6

\* The Board's proposal to the AGM

## President and CEO Pekka Lundmark

"Year 2014 ended with a good quarter. Noteworthy is that both our business areas – Service and Equipment – improved from the fourth quarter 2013 in all key aspects: orders, sales, operating profit, and operating margin were all higher than a year ago. Service operating margin excluding restructuring costs increased to 12.1 percent and also Equipment improved to 5.4 percent. In addition, service contract base continued to grow and it now stands at EUR 196 million, 10 percent up from a year ago.

Summarizing full year 2014, we can be reasonably satisfied with the fact that our operating profit excluding restructuring costs improved, in spite of net sales dropping by EUR 88 million, to EUR 2,011 million. The operating margin excluding restructuring costs improved from 5.5 percent in 2013 to 5.9 percent in 2014, which is a good achievement in a volume decline, though still way below our target 10 percent.

The twofold development between our two businesses sustained throughout the year. Service business continued on the steady path it has had for the last three years and the operating margin excluding restructuring costs climbed to 10.0 percent from 9.1 percent the year before. This was the third consecutive year of operating margin improvement. Systematic restructuring of non-performing units, introduction of new services, and focus on sales management were the principal contributors to the improvement. The main issue in the Service business has been the weak topline growth, but the promising order intake in the second half of the year combined with strong contract base development bodes well for both growth and profitability prospects in 2015.

While the Equipment business was able to lower the cost and improve the project execution to mitigate the effects of the lower volume, we obviously cannot be satisfied with the

3.8 percent operating margin excluding restructuring costs. There were, however, big performance differences between the different product lines and geographical market areas. I want to highlight the excellent performance of our lifttruck business that posted both good growth and result. The new management of the Equipment business launched a comprehensive turnaround plan in the second half of 2014. As part of the plan, we decided to simplify our operational model and reduce our cost base by a further EUR 30 million by the end of the first quarter 2016.

Cash flow was strong and it helped to lower our gearing to 33.3 percent and improve return on capital employed to 17.0 percent from 11.6 percent the year before. Earnings per share grew to EUR 1.28 from EUR 0.85 in 2013.

I am cautiously optimistic about the year 2015. We started the year with an order backlog that was 9.6 percent higher than a year ago. The funnel of new opportunities we are working on is also promising. The weakening euro is increasing the competitiveness of our European manufacturing units. Our newly launched products provide new growth opportunities, and cost efficiency programs are moving forward. The continuous improvement of skill sets, knowledge, and expertise of our employees through new tools and processes, extensive training and best work practices gives us a solid base for capturing the new era of digitalization. We are of course always dependent on the general economic and geopolitical development, but I am confident that these matters that we can affect are developing in the right direction."

# 2014 Board of Directors' report

## MARKET REVIEW

In 2014, the U.S. continued to be in the driver's seat in terms of the macroeconomic development. American factory output, measured by the Purchasing Managers' Index (PMI), remained firmly in the expansive territory. The U.S. manufacturing capacity utilization rate continued to increase as well and it reached the pre-2008 financial crisis level at the end of the year.

In Europe, the development was twofold in 2014. According to the PMI surveys, the manufacturing activity was upbeat in the first half of the year. However, the European PMIs lost momentum in the second half and indicated stagnation at the end of the year. Overall, the UK was the brightest spot, while France was the weakest of the large countries in the survey. Despite the mixed PMI development, the manufacturing capacity utilization in the European Union was above the previous year's level throughout 2014.

As for the BRIC countries, the Purchasing Managers' Indexes in Brazil, China, and Russia pointed to stable manufacturing output, while the signs of moderate growth could be observed in India. However, the pick-up in India was hardly visible in the real economic activity.

Overall, the activity in the world's manufacturing sector, according to the aggregated JPMorgan Global Manufacturing PMI, continued to increase at moderate pace in 2014.

In a year-on-year comparison, the demand for cranes and hoists weakened slightly among industrial customers. However, the demand improved somewhat in the course of the year compared to the beginning of 2014. In terms of the regions, order intake for industrial lifting equipment decreased in Europe and China whereas it increased from the previous year in the Americas, Middle East and Africa. Overall, the demand for heavy-duty cranes continued to suffer from the low investment activity within the process industries. Demand for lift trucks was strong in EMEA and the Americas.

The global container traffic grew by approximately 5 percent in 2014. The project activity with container ports was satisfactory. Orders were received from North America, Eastern Europe, Mediterranean, Indonesia, Australia, and West Africa.

The demand for lifting equipment services and parts grew moderately. The demand in North America recovered clearly after the first quarter, which was somewhat held back by the adverse weather conditions. Demand for services in Europe was stable. Elsewhere, demand development continued brisk in India, Middle East, and Africa whereas the economic slowdown affected the service business in Australia.

Raw material prices, including steel and copper, continued to be under downward pressure in 2014. Oil price slumped in the fourth quarter of 2014. In January–June, the EUR strengthened moderately against the USD in the year-on-year

comparison. However, this development was clearly reversed in the third quarter and the EUR recorded its year low against the USD at the end of December.

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

## ORDERS RECEIVED

In 2014, the orders received fell by 0.9 percent to EUR 1,903.5 million (1,920.8). Orders received increased by 4.9 percent in Service, but decreased by 4.3 percent in Equipment. Orders received rose in EMEA and the Americas but fell in APAC.

The fourth quarter order intake rose by 21.6 percent from a year before to EUR 513.3 million (422.2). Order intake grew by 21.2 percent in Service and by 23.1 percent in Equipment. Orders received grew across the regions.

## ORDER BOOK

The value of the order book at year-end 2014 totaled EUR 979.5 million (893.5), which is 9.6 percent higher than at the end of 2013. The order book decreased by 4.5 percent from the third quarter when it stood at EUR 1,026.2 million. Service accounted for EUR 152.6 million (16 percent) and Equipment for EUR 826.9 million (84 percent) of the total end-December order book.

## SALES

Group sales in the full-year 2014 decreased by 4.2 percent and totaled EUR 2,011.4 million (2,099.6). Sales in Service increased by 0.7 percent but decreased in Equipment by 8.1 percent.

Fourth-quarter sales rose by 4.7 percent from the corresponding period in 2013 to EUR 608.1 million (580.9). Sales in Service increased by 4.4 percent and in Equipment by 3.4 percent.

In 2014, the regional breakdown was as follows: EMEA 47 (47), Americas 36 (36) and APAC 17 (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–December. The reported order intake declined by 0.9 percent, but increased by 0.5 percent at comparable currency rates. Reported sales decreased by 4.2 percent and by 2.8 percent at comparable currency rates.

In Service, the reported January–December order intake increased by 4.9 percent and by 6.4 percent at comparable currencies. In Equipment, the orders decreased by 4.3 percent in reported terms and by 3.0 percent at comparable cur-

**NET SALES BY REGION, MEUR**

	10-12/2014	10-12/2013	1-12/2014	1-12/2013	Change percent	Change % at comparable currency rates
EMEA	296.7	266.5	946.0	979.8	-3.5	-2.1
AME	218.6	210.1	727.5	752.9	-3.4	-2.1
APAC	92.9	104.3	338.0	366.9	-7.9	-5.9
<b>Total</b>	<b>608.1</b>	<b>580.9</b>	<b>2,011.4</b>	<b>2,099.6</b>	<b>-4.2</b>	<b>-2.8</b>

revenues. Service sales grew by 0.7 percent in reported terms and by 2.3 percent at comparable currencies. In Equipment, the corresponding figures were -8.1 percent and -6.9 percent.

The currency rates had a positive effect on the orders and sales in the fourth quarter in a year-on-year comparison. In the fourth quarter, the reported order intake rose by 21.6 percent, whereas the growth at comparable currencies was 20.1 percent. The reported sales increased by 4.7 percent and by 2.7 percent at comparable currencies.

In the fourth quarter, the reported order intake in Service grew by 21.2 percent and by 16.9 percent at comparable currency rates. In Equipment, the reported order intake increased by 23.1 percent and by 23.3 percent at comparable currency rates. In Service, the reported sales increased by 4.4 percent and by 1.6 percent at comparable currency rates. The corresponding figures in Equipment sales were +3.4 percent and +1.9 percent.

**FINANCIAL RESULT**

The consolidated operating profit in full-year 2014 totaled EUR 115.8 million (84.5), increasing in total by EUR 31.3 million. The operating profit includes restructuring costs of EUR 3.2 million (30.9) related to the cost savings program of EUR 30 million announced in 2013. The consolidated operating margin improved to 5.8 percent (4.0). The operating margin in Service rose to 9.7 percent (7.6), and in Equipment to 3.7 percent (2.8).

In 2014, operating margin in Service improved due to the higher gross margin, better sales mix and the restructuring actions executed in 2013. The Equipment operating margin was affected by the decrease in sales. In addition, Business Area Equipment incurred costs of approximately EUR 3 million, the majority of which was booked in the first quarter due to depreciation of the Ukrainian Hryvnia and transfers of production from Ukraine. On the other hand, sales mix, improved project execution and the restructuring actions executed in 2013 contributed positively to the operating margin in Equipment.

The consolidated operating profit in the fourth quarter totaled EUR 45.5 million (39.7). The operating profit includes restructuring costs of EUR 1.6 million (3.1). The consolidated operating margin in the fourth quarter rose to 7.5 percent (6.8). The operating margin in Service improved to 11.8 percent (10.7) and in Equipment at 5.2 percent (4.4).

The fourth-quarter operating margin in Service improved on higher sales and gross margin as well as favorable sales mix.

The Equipment operating margin excluding restructuring costs rose due to higher sales and better sales mix.

In 2014, the depreciation and impairments totaled EUR 43.1 million (56.0). The previous year's figure included write-offs of EUR 16.9 million to goodwill, intangible, and tangible assets. In 2014, the amortization arising from the purchase price allocations for acquisitions represented EUR 6.8 million (8.5) of the depreciation and impairments.

In 2014, the share of the result of associated companies and joint ventures was EUR 3.7 million (3.9).

Net financial expenses in January–December totaled EUR 12.1 million (13.0). Net interest expenses accounted for EUR 10.4 million (9.1) of the above and the remainder was mainly attributable to exchange rate differences related to cash and loans in foreign currencies, as well as unrealized exchange rate differences related to the hedging of future cash flows that are not included in the hedge accounting.

The January–December profit before taxes was EUR 107.4 million (75.5).

The income taxes in January–December were EUR 32.8 million (26.1). The Group's effective tax rate was 30.6 percent (34.5).

The January–December net profit was EUR 74.6 million (49.4).

In 2014, the basic earnings per share were EUR 1.28 (0.85), and diluted earnings per share were EUR 1.28 (0.85).

In 2014, the return on capital employed was 17.0 percent (11.6) and return on equity 16.7 percent (10.9).

**BALANCE SHEET**

The year-end 2014 consolidated balance sheet amounted to EUR 1,477.4 million (1,482.0). Total equity at the end of the reporting period was EUR 449.2 million (444.5). Total equity attributable to equity holders of the parent company at year-end 2014 was EUR 449.2 million (438.1) or EUR 7.75 per share (7.56).

Net working capital at year-end 2014 totaled EUR 265.7 million, which was EUR 14.9 million less than at the end of the third quarter and EUR 23.7 million less than at the year-end 2013. Compared to the previous year-end, net working capital fell mainly due to higher advance payments received and accruals.

### CASH FLOW AND FINANCING

Net cash from the operating activities in full-year 2014 was EUR 148.4 million (120.2), representing EUR 2.56 per diluted share (2.08). In the fourth quarter, net cash flow from operating activities was EUR 66.4 million (79.6).

Cash flow from capital expenditures amounted to EUR -42.0 million (-57.7). Cash flow from capital expenditures in the fourth quarter was to EUR -11.6 million (-18.2).

Cash flow before financing activities was EUR 104.5 million (52.5). Cash flow before financing activities in the fourth quarter was EUR 56.1 million (62.1).

Interest-bearing net debt was EUR 149.5 million (187.3) at the end of 2014. Solidity was 35.2 percent (34.0) and gearing was 33.3 percent (42.1).

The Group's liquidity remained healthy. At the end of the year 2014, cash and cash equivalents amounted to EUR 97.9 million (132.2).

In February, Konecranes signed a new EUR 100 million five-year Revolving Credit Facility with its core relationship banks. None of the Group's EUR 300 million committed back-up financing facilities were in use at the end of the period.

In July, Konecranes and Nordic Investment Bank signed a EUR 50 million loan agreement to finance the R&D activities in 2014–2017. The seven-year-maturity loan to Konecranes' R&D program will assist the company to focus on new business opportunities in two important areas: Industrial Internet and Segment-based Offering.

Konecranes paid dividends to its shareholders that amounted to EUR 60.8 million or EUR 1.05 per share in April 2014.

### CAPITAL EXPENDITURE

In 2014, the capital expenditure, excluding acquisitions and joint arrangements, amounted to EUR 60.0 million (65.7). This amount consisted of investments in machinery, equipment, properties, and information technology. Capital expenditure including acquisitions and joint arrangements was EUR 60.0 million (80.1).

In 2014, Konecranes continued its IT system project to further develop and implement harmonized processes, increase operational visibility and improve decision-making, and reduce the overall number of various IT systems. Key manufacturing units in Finland implemented a new ERP in their operations. The roll-out of the new ERP for service operations continued in North America and Australia.

The fourth quarter capital expenditure, excluding acquisitions and joint arrangements, was EUR 25.8 million (16.1) and including acquisitions was EUR 25.8 million (16.1).

### ACQUISITIONS

In 2014, the capital expenditure on acquisitions and joint arrangements was EUR 0.0 million (14.5).

In June, Konecranes completed the acquisition of the remaining shares of Jiangsu Three Horses Crane Manufacture Co. Ltd. ("SANMA") and now owns 100 percent of the company. In November 2009, Konecranes announced that it had finalized the acquisition of the majority holding (65 percent) in SANMA. The acquisition is an important step for Konecranes, and SANMA will continue as one of Konecranes' power brands in China. Konecranes will also continue to develop the unit as a part of its global supply organization. The purchase price of the minority share totaled to EUR 8.3 million, which reduced equity by the same amount.

### PERSONNEL

In January–December, the Group employed an average of 11,920 people (11,987). On December 31, the headcount was 11,982 (11,832). At year-end 2014, the number of personnel by Business Area was as follows: Service 6,285 employees (6,151), Equipment 5,639 employees (5,626) and Group staff 58 (55). The Group had 6,240 employees (6,246) working in EMEA, 2,858 (2,711) in the Americas and 2,884 (2,875) in the APAC region.

The success of Konecranes is driven by the wellbeing, competence, and motivation of our employees. To support our people in pursuing our corporate strategy, we renewed our employee strategy in 2014. The programs under our Lifting People strategy currently fall under these four themes: value-based culture, people experience, customer experience and oneKONECRANES & operational excellence.

In 2014, the Group's personnel expenses totaled EUR 593.7 million (598.2).

# Business areas

## SERVICE

	10-12/2014	10-12/2013	1-12/2014	1-12/2013	Change percent
Orders received, MEUR	200.5	165.5	750.8	715.9	4.9
Order book, MEUR	152.6	128.1	152.6	128.1	19.1
Contract base value, MEUR	196.0	178.2	196.0	178.2	10.0
Net sales, MEUR	258.6	247.6	895.1	889.1	0.7
EBITDA, MEUR	35.2	30.5	103.3	89.6	15.3
EBITDA, %	13.6%	12.3%	11.5%	10.1%	
Depreciation and amortization, MEUR	-4.6	-3.3	-16.4	-14.6	12.5
Impairments, MEUR	0.0	-0.7	0.0	-7.2	
Operating profit (EBIT), MEUR	30.6	26.6	86.9	67.8	28.2
Operating profit (EBIT), %	11.8%	10.7%	9.7%	7.6%	
Restructuring costs, MEUR	-0.8	-2.0	-2.2	-12.8	
Operating profit (EBIT) excluding restructuring costs, MEUR	31.4	28.6	89.1	80.6	10.6
Operating profit (EBIT) excluding restructuring costs, %	12.1%	11.5%	10.0%	9.1%	
Capital employed, MEUR	200.2	187.5	200.2	187.5	6.8
ROCE%			44.8%	38.3%	
Capital expenditure, MEUR	9.6	1.3	20.5	20.1	1.9
Personnel at the end of period	6,285	6,151	6,285	6,151	2.2

The orders in full-year 2014 totaled EUR 750.8 million (715.9) showing an increase of 4.9 percent. The order book rose to EUR 152.6 million (128.1) at year-end representing an increase of 19.1 percent. Sales rose by 0.7 percent to EUR 895.1 million (889.1). Sales grew in the Americas whereas it was stable in EMEA. APAC sales dropped due to adverse currency changes. Parts outperformed crane service in terms of the sales development.

The operating profit, excluding restructuring costs of EUR 2.2 million (12.8), was EUR 89.1 million (80.6) and the operating margin was 10.0 percent (9.1). Operating profit including restructuring costs was EUR 86.9 million (67.8) and 9.7 percent of sales (7.6). The operating margin improved due to the higher gross margin, better sales mix and the restructuring actions executed in 2013.

The fourth quarter order intake grew by 21.2 percent from the previous year and totaled EUR 200.5 million (165.5). Fourth-quarter sales totaled EUR 258.6 million (247.6), representing a year-on-year increase of 4.4 percent. Sales growth

was strongest in the Americas, followed by APAC and EMEA. The growth in parts sales continued stronger than that in crane service.

The fourth quarter operating profit, excluding restructuring costs of EUR 0.8 million (2.0), was EUR 31.4 million (28.6) and 12.1 percent of the sales (11.5). The fourth quarter operating profit including restructuring costs was EUR 30.6 million (26.6) and 11.8 percent of the sales (10.7). The operating margin improved on higher sales and gross margin, as well as favorable sales mix.

The annual value of the contract base increased to EUR 196.0 million (178.2) at year-end 2014. The contract base increased by 10.0 percent and by 5.9 at comparable exchange rates. At year-end 2014, the total number of items of equipment included in the maintenance contract base was 444,482 (433,501).

The number of service technicians at year-end 2014 was 4,025 (3,993), which is 32 or 0.8 percent more than at the year-end 2013.

## EQUIPMENT

	10-12/2014	10-12/2013	1-12/2014	1-12/2013	Change percent
Orders received, MEUR	345.1	280.3	1,262.5	1,319.6	-4.3
Order book, MEUR	826.9	765.3	826.9	765.3	8.0
Net sales, MEUR	377.2	364.9	1,221.7	1,329.2	-8.1
EBITDA, MEUR	26.5	22.3	71.6	71.6	0.1
EBITDA, %	7.0%	6.1%	5.9%	5.4%	
Depreciation and amortization, MEUR	-6.8	-6.1	-26.0	-24.1	7.9
Impairments, MEUR	0.0	0.0	0.0	-9.7	
Operating profit (EBIT), MEUR	19.8	16.2	45.6	37.8	20.8
Operating profit (EBIT), %	5.2%	4.4%	3.7%	2.8%	
Restructuring costs, MEUR	-0.8	-1.1	-1.0	-16.6	
Operating profit (EBIT) excluding restructuring costs, MEUR	20.5	17.3	46.7	54.3	-14.1
Operating profit (EBIT) excluding restructuring costs, %	5.4%	4.7%	3.8%	4.1%	
Capital employed, MEUR	353.5	378.1	353.5	378.1	-6.5
ROCE%			12.5%	9.6%	
Capital expenditure, MEUR	16.2	14.8	39.6	45.6	-13.2
Personnel at the end of period	5,639	5626	5,639	5,626	0.2

The orders in full-year 2014 totaled EUR 1,262.5 million (1,319.6), showing a decrease of 4.3 percent. Orders grew in EMEA while they were stable in the Americas and lower in APAC. The orders for industrial cranes accounted for approximately 40 percent of the orders received and were flat in a year-on-year comparison. Components and light lifting systems generated approximately 25 percent of the new orders and were below last year's level. The combined orders for port cranes and lift trucks amounted to approximately 35 percent of the orders received and were lower than a year ago. The order book increased by 8.0 percent from the previous year to EUR 826.9 million (765.3).

Sales decreased by 8.1 percent to EUR 1,221.7 million (1,329.2). Operating profit before restructuring costs of EUR 1.0 million (16.6) was EUR 46.7 million (54.3), and the operating margin was 3.8 percent (4.1). Operating profit after restructuring costs was EUR 45.6 million (37.8) and 3.7 percent of sales (2.8). The Equipment operating margin was affected by the decrease in sales. In addition, Business Area Equipment incurred costs of approximately EUR 3 million, the majority of which was booked in the first quarter, due to depre-

ciation of the Ukrainian Hryvnia and transfers of production from Ukraine. On the other hand, sales mix, improved project execution and the restructuring actions executed in 2013 contributed positively to the operating margin in Equipment.

The fourth quarter order intake rose by 23.1 percent and totaled EUR 345.1 million (280.3). The fourth quarter order intake increased in EMEA and the Americas whereas Asia-Pacific orders were at previous year's level. Compared to a year ago, orders for port cranes saw the strongest increase, while the orders for standard industrial cranes and components increased as well.

The fourth quarter sales totaled EUR 377.2 million (364.9) and were 3.4 percent higher than a year ago. The fourth quarter operating profit, before restructuring costs of EUR 0.8 million (1.1) was EUR 20.5 million (17.3), and the operating margin 5.4 percent (4.7). The fourth quarter operating profit including restructuring costs was EUR 19.8 million (16.2), and the operating margin 5.2 percent (4.4). The operating margin, excluding restructuring costs, rose due to higher sales and better sales mix.

### Group overheads

Unallocated Group overhead costs in 2014 were EUR 16.7 million (21.1), representing 0.8 percent of sales (1.0).

## ADMINISTRATION

### Decisions of the Annual General Meeting

The Annual General Meeting of Konecranes Plc was held on March 27, 2014. The meeting approved the Company's annual accounts for the fiscal year 2013 and discharged the members of the Board of Directors and the Managing Director from liability. The AGM approved the Board's proposal to pay a dividend of EUR 1.05 per share from the distributable assets of the parent company.

The AGM approved the proposal from the Nomination and Compensation Committee that the number of the members of the Board of Directors shall be eight (8). The Board members elected at the AGM in 2014 were Mr. Svante Adde, Mr. Stig Gustavson, Mr. Tapani Järvinen, Mr. Matti Kavetvuo, Ms. Nina Kopola, Mr. Bertel Langenskiöld, Ms. Malin Persson, and Mr. Mikael Silvennoinen.

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 26, 2015.

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 Chapter 10 of Section 1 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 following item. The authorization is effective until the end of the next Annual General Meeting, but no longer than until September 26, 2015. However, the authorization

for incentive arrangements is valid until March 26, 2019. This authorization revokes the authorization for incentive arrangements given by the Annual General Meeting 2013.

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 item. This authorization is effective until the next Annual General Meeting of Shareholders, but no longer than until September 26, 2015. However, the authorization for incentive arrangements is valid until March 26, 2019. This authorization revokes the authorization for incentive arrangements given by the Annual General Meeting 2013.

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 Board of Directors is authorized 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 a 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 amount in the aggregate to a total maximum of 500,000 shares, which corresponds to 0.8 percent of all of the Company's shares. The authorization concerning the share issue is valid until March 26, 2019. This authorization is an addition to the authorizations in the previous items. This authorization replaces the authorization for the Share Savings Plan given by the Annual General Meeting 2013.

The decisions are explained in more detail in the release covering the resolutions of the AGM, which is available on the company's website at [www.konecranes.com](http://www.konecranes.com).

At its first meeting held after the Annual General Meeting, the Board of Directors elected Mr. Stig Gustavson to continue as Chairman. Mr. Svante Adde was elected Chairman of the Audit Committee, and Mr. Tapani Järvinen, Ms. Malin Persson and Mr. Mikael Silvennoinen as Committee members. Mr. Bertel Langenskiöld was elected Chairman of the Nomination and Compensation Committee and Mr. Stig Gustavson, Mr. Matti Kavetvuo, and Ms. Nina Kopola were elected as Committee members.

With the exception of Mr. Stig Gustavson, the Board members are deemed to be independent of the company under the Finnish Corporate Governance Code. Mr. Gustavson is not deemed independent of the company based on the Board's overall evaluation relating to his former and current positions in Konecranes combined with his substantial voting rights in the Company.

With the exception of Mr. Bertel Langenskiöld and Mr. Mikael Silvennoinen, the Board members are independent of significant shareholders of the company. Mr. Langenskiöld is not deemed independent of significant shareholders of

the company based on his current position as the Managing Director of Hartwall Capital Oy Ab. Mr. Silvennoinen is not deemed independent of significant shareholders of the company based on his current position as the Member of the Board of Hartwall Capital Oy Ab. HTT KCR Holding Oy Ab holds more than 10 percent of Konecranes Plc's shares and votes. HTT KCR Holding Oy Ab is a subsidiary of Hartwall Capital Oy Ab. In addition, HTT KCR Holding Oy Ab, K. Hartwall Invest Oy Ab, Fyrklöver-Invest Oy Ab, and Ronnas Invest AG will in practice cooperate in the matters concerning their ownership in Konecranes Plc.

### Changes in the Group Management

Ryan Flynn was appointed Executive Vice President, Head of Business Area Equipment and a member of the Konecranes Group Executive Board. Mr. Flynn started in his new position on June 1, 2014.

Juha Pankakoski was appointed Chief Digital Officer and a member of the Konecranes Group Executive Board. Mr. Pankakoski started in his new position on January 1, 2015. He is responsible for all information systems and the overall process architecture in Konecranes. He has also assumed a wider responsibility for the company's digitalization strategy. Mr. Pankakoski succeeded Antti Koskelin who left Konecranes on December 31, 2014.

### Other issues

A loan receivable of EUR 228,492 that Konecranes had from President & CEO Pekka Lundmark was repaid in full during the third quarter of 2014. The loan related to a tax payment resulting from the incentive scheme directed at the President & CEO in 2006. A tax appeal had been pending against the imposed payment. The tax appeal was rejected in the second quarter of 2014.

Konecranes complies with the Finnish Corporate Governance Code 2010 approved by the Board of the Securities Market Association. Konecranes has issued a Corporate Governance Statement based on recommendation 54 of the Code, which can be reviewed on the Konecranes corporate website at [www.konecranes.com](http://www.konecranes.com).

### SHARE CAPITAL AND SHARES

The company's registered share capital totaled EUR 30.1 million on December 31, 2014 and the number of shares including treasury shares was 63,272,342.

On December 31, 2014, Konecranes Plc was in the possession of 5,328,415 own shares, which corresponds to 8.4 percent of the total number of shares having a market value of EUR 126.9 million on that date.

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

### SHARES SUBSCRIBED FOR UNDER STOCK OPTION RIGHTS

In January–December, 115,847 treasury shares were transferred to the subscribers, pursuant to the Konecranes Plc's stock options 2009A and 2009B.

At end-December 2014, Konecranes Plc's stock options 2009 entitled the holders to subscribe to a total of 1,372,044 shares. The option programs include approximately 150 key persons.

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

### PERFORMANCE SHARE PLAN

The Board of Directors resolved that the performance criterion for the discretionary period 2014–2016 is the cumulative Earnings per Share (EPS) of the financial years 2014–2016. The criterion is unchanged from the discretionary period 2013–2015.

The target group of the plan consists of approximately 185 people during the discretionary period 2014–2016. The rewards to be paid on the basis of the discretionary period correspond to the value of an approximate maximum total of 700,000 Konecranes Plc shares. If the target determined by the Board of Directors is attained, the reward payout may be a half of the maximum reward. The maximum reward payout requires the target to be clearly exceeded.

### EMPLOYEE SHARE SAVINGS PLAN

Based on the interest shown by the Group employees, the Board decided to launch a new Plan Period. The new plan period began on July 1, 2014 and will end on June 30, 2015. The maximum savings amount per participant during one month is 5 percent of gross salary and the minimum is EUR 10.

Each participant will receive one free matching share for every two acquired savings shares. Matching shares will be delivered to the participant if the participant holds the acquired shares from the plan period until the end of the designated holding period, February 15, 2018, and if his or her employment has not ended before this date for reasons related to the employee. The total amount of all savings of the commencing plan period may not exceed EUR 8.5 million.

Approximately 1,550 Konecranes employees signed up for the Plan Period that commenced on July 1, 2014. 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

The closing price for Konecranes Plc's shares on the Nasdaq Helsinki was EUR 23.82 on December 31, 2014. The volume-weighted average share price in January–December was EUR 23.47, the highest price being EUR 27.60 in January and the lowest EUR 18.63 in October. In January–December, the trading volume on the Nasdaq Helsinki totaled 49.4 million of Konecranes Plc's shares, corresponding to a turnover of approximately EUR 1,159.4 million. The average daily trading volume was 197,546 shares, representing an average daily turnover of EUR 4.6 million.

In addition, approximately 62.3 million Konecranes' shares were traded on other trading venues (e.g. multilateral trading facilities and bilateral OTC trades) in 2014 according to Fidessa.

On December 31, 2014, the total market capitalization of Konecranes Plc's shares on the Nasdaq Helsinki was EUR 1,507.1 million including treasury shares. The market capitalization was EUR 1,380.2 million, excluding the treasury shares.

## FLAGGING NOTIFICATIONS

On August 18, 2014, Konecranes received a disclosure under Chapter 9, Section 5 of the Securities Market Act, according to which the holding of BlackRock, Inc. in Konecranes Plc has decreased below 5 percent. BlackRock, Inc. held 3,160,448 Konecranes Plc's shares on August 15, 2014, which is 4.99 percent of Konecranes Plc's shares and votes.

On September 23, 2014, 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 3,222,000 Konecranes Plc's shares on September 18, 2014, which is 5.09 percent of Konecranes Plc's shares and votes.

## RESEARCH AND DEVELOPMENT

In 2014, Konecranes' research and product development expenditure totaled EUR 28.9 (25.6) million, representing 1.4 (1.2) percent of sales. R&D expenditure includes product development projects aimed at improving the quality and cost efficiency of both products and services.

Konecranes' key strategic initiative "Segment-based Offering" (previously: "Emerging Markets Offering") made significant progress in 2014. Within this strategy, we meet our customers' needs through a segment-based offering consisting of both standard and advanced products and services.

In April, Konecranes introduced the BOXHUNTER container-handling crane. The product is a completely new type of rubber-tired gantry (RTG) crane as it contains radical innovations, such as the cabin and machinery at the ground level, lighter hoisting trolley, and counterweights to improve eco-efficiency. The BOXHUNTER is entirely modular and is delivered as a regular container shipment.

Early in September, Konecranes launched an entirely new family of wire rope hoists under its Morris Crane Systems power brand in China. Morris S5 Series features a flexible trolley concept that permits hoist installation on all popular single girders, making it a perfect product for the replacement market too.

Later in September, Konecranes introduced a new overhead crane, the CXT UNO. The CXT UNO is primarily intended for companies operating in manufacturing, construction, and logistics. The CXT UNO combines a strong range of features based on a simpler set of components and technical solutions compared to existing CXT products. This simpler design together with easy access to spare parts means that the CXT UNO will be easy to maintain. Following the initial rollout in India, the plan is to introduce the CXT UNO in other countries in the near future.

In December, Konecranes presented UNITON, a new heavy-duty, overhead industrial crane for a wide range of industrial applications. Using a modular construction concept with multiple trolley configurations and proven components, UNITON can be tailored to meet customers' unique needs.

We also enhanced the user experience of our TRUCONNECT remote services with a user-friendly, harmonized communication interface. This interface offers easy access to our digital information services with all ordinary communication devices such as smartphones, tablets and personal computers.

## CORPORATE RESPONSIBILITY

In 2014, key performance indicators of our occupational safety showed an improvement within both business areas. The total number of reportable occupational accidents declined by 19 percent within Business Area Service and by 11 percent within Business Area Equipment.

By the end of 2014, the evaluations of labor conditions within Konecranes have been completed in ten countries with the help of an independent inspection and verification company. These countries account for almost 30 percent of the Group employees.

Fine-tuning and acceleration of our supplier assessment and approval process resulted in considerable improvement. There were 53 completed assessments, more than double the number in 2013.

In 2014, we released environmental product declarations for Konecranes RTG and SMARTON cranes. To enhance energy efficiency, we strived to develop innovations such as fuel saver RTGs, hybrid reach stackers, regenerative network braking systems, and LED lighting.

### EVENTS AFTER THE END OF THE REPORTING PERIOD

On January 29, 2015, 6,186 treasury shares were transferred to the subscribers pursuant to the Konecranes Plc's stock options 2009B. After the subscription and delivery of the shares, Konecranes Plc holds 5,322,229 treasury shares.

Stock options issued under Konecranes Plc's ongoing stock option plans entitle their holders to subscribe for a total of 1,365,858 shares.

### 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. 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 in its Industrial Crane Solutions and Port Cranes business units, 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 Group's other risks are presented in the Annual Report.

### LITIGATION

Various legal actions, claims, and other proceedings are pending against the Group in different countries. These actions, claims, and other proceedings are typical for this industry and are consistent with the 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, auto liability, and other matters involving general liability claims.

While the final outcome of these proceedings cannot be predicted with certainty, Konecranes' opinion is, 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 effect on the financial condition of the Group.

### MARKET OUTLOOK

European customers are still cautious about investing. The Purchasing Managers' Indexes are giving a reason for the continued optimism regarding the U.S. market. The near-term market outlook in emerging markets remains uncertain. Continued contract base growth bodes well for the future of the service business.

### 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.

### BOARD OF DIRECTORS' PROPOSAL FOR DISPOSAL OF DISTRIBUTABLE FUNDS

The parent company's non-restricted equity is EUR 155,516,009.16, the net income of which for the year is EUR 10,535,589.49. The Group's non-restricted equity is EUR 388,418,000.

According to the Finnish Companies Act, the distributable funds of the company are calculated based on the parent company's non-restricted equity. For the purpose of determining the amount of the dividend, the Board of Directors has assessed the liquidity of the parent company and the economic circumstances subsequent to the end of fiscal year.

Based on such assessments the Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.05 be paid on each share and that the remaining non-restricted equity is retained in shareholders' equity.

A pdf version of the Konecranes' full audited financial statements, including the report of the Board of Directors, will be available on the web on March 3, 2015, and the printed version during week 12.

Helsinki, February 4, 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 Konecranes' ability to achieve the set targets and synergies,
- expectations regarding competitive conditions,
- expectations regarding cost savings,
- and statements preceded by "believes," "expects," "anticipates," "foresees" or similar expressions, are forward-looking statements. These statements are based on current expectations, decisions and plans, and currently known facts. Therefore, they involve risks and uncertainties, which may cause the actual results to materially differ from the results currently expected by the company. Such factors include, but are not limited to:
- general economic conditions, including fluctuations in exchange rates and interest levels,
- competitive situation, especially significant products or services developed by our competitors,
- industry conditions,
- the company's own operating factors including the success of production, product development, project management, quality, and timely delivery of our products and services and their continuous development,
- the success of pending and future acquisitions and restructurings.

# 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 been subject to audit.

## Consolidated statement of income

EUR million	10-12/2014	10-12/2013	1-12/2014	1-12/2013	Change %
<b>Sales</b>	<b>608.1</b>	<b>580.9</b>	<b>2,011.4</b>	<b>2,099.6</b>	<b>-4.2</b>
Other operating income	0.5	0.1	2.8	1.6	
Depreciation and impairments	-11.6	-10.2	-43.1	-56.0	
Other operating expenses	-551.6	-531.1	-1,855.2	-1,960.6	
<b>Operating profit</b>	<b>45.5</b>	<b>39.7</b>	<b>115.8</b>	<b>84.5</b>	<b>37.1</b>
Share of associates' and joint ventures' result	0.9	1.0	3.7	3.9	
Financial income and expenses	-4.8	-4.8	-12.1	-13.0	
<b>Profit before taxes</b>	<b>41.6</b>	<b>35.9</b>	<b>107.4</b>	<b>75.5</b>	<b>42.3</b>
Taxes	-12.1	-13.8	-32.8	-26.1	
<b>NET PROFIT FOR THE PERIOD</b>	<b>29.5</b>	<b>22.1</b>	<b>74.6</b>	<b>49.4</b>	<b>50.9</b>
<b>Net profit for the period attributable to:</b>					
Shareholders of the parent company	29.5	21.9	74.4	49.1	
Non-controlling interest	0.0	0.2	0.2	0.3	
Earnings per share, basic (EUR)	0.51	0.38	1.28	0.85	51.0
Earnings per share, diluted (EUR)	0.51	0.38	1.28	0.85	51.2

### Consolidated statement of comprehensive income

EUR million	10-12/2014	10-12/2013	1-12/2014	1-12/2013
<b>Profit for the period</b>	<b>29.5</b>	<b>22.1</b>	<b>74.6</b>	<b>49.4</b>
<b>Items that can be reclassified into profit or loss</b>				
Cash flow hedges	-2.9	0.4	-14.0	5.0
Exchange differences on translating foreign operations	3.6	-5.3	19.9	-18.8
Income tax relating to items that can be reclassified into profit or loss	0.6	-0.1	2.8	-1.0
<b>Items that cannot be reclassified into profit or loss</b>				
Remeasurement gains (losses) on defined benefit plans	-18.7	-3.8	-16.7	-3.0
Income tax relating to items that cannot be reclassified into profit or loss	5.1	1.3	4.7	0.9
<b>Other comprehensive income for the period, net of tax</b>	<b>-12.3</b>	<b>-7.5</b>	<b>-3.3</b>	<b>-16.9</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>17.2</b>	<b>14.6</b>	<b>71.2</b>	<b>32.5</b>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the parent company	17.2	14.5	71.2	32.3
Non-controlling interest	0.0	0.1	0.1	0.2

# Consolidated balance sheet

EUR million

ASSETS	31.12.2014	31.12.2013
<b>Non-current assets</b>		
Goodwill	104.8	101.6
Intangible assets	101.2	87.0
Property, plant and equipment	150.5	144.5
Advance payments and construction in progress	30.0	48.2
Investments accounted for using the equity method	43.1	40.4
Available-for-sale investments	1.0	1.0
Long-term loans receivable	0.0	0.2
Deferred tax assets	70.0	59.8
<b>Total non-current assets</b>	<b>500.4</b>	<b>482.7</b>
<b>Current assets</b>		
Inventories		
Raw material and semi-manufactured goods	165.1	148.6
Work in progress	159.1	161.4
Advance payments	11.3	15.5
Total inventories	335.5	325.5
Accounts receivable	364.9	368.8
Loans receivable	0.0	0.0
Other receivables	24.5	25.6
Current tax assets	13.4	10.7
Deferred assets	140.7	136.6
Cash and cash equivalents	97.9	132.2
<b>Total current assets</b>	<b>977.0</b>	<b>999.4</b>
<b>TOTAL ASSETS</b>	<b>1,477.4</b>	<b>1,482.0</b>

# Consolidated balance sheet

EUR million

<b>EQUITY AND LIABILITIES</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Equity attributable to equity holders of the parent company</b>		
Share capital	30.1	30.1
Share premium account	39.3	39.3
Fair value reserves	-8.6	2.6
Translation difference	3.7	-16.3
Paid in capital	52.2	51.0
Retained earnings	258.1	282.3
Net profit for the period	74.4	49.1
<b>Total equity attributable to equity holders of the parent company</b>	<b>449.2</b>	<b>438.1</b>
Non-controlling interest	0.1	6.4
<b>Total equity</b>	<b>449.2</b>	<b>444.5</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Interest-bearing liabilities	167.2	133.0
Other long-term liabilities	97.3	80.3
Deferred tax liabilities	18.5	18.1
<b>Total non-current liabilities</b>	<b>283.0</b>	<b>231.4</b>
<b>Provisions</b>	<b>45.2</b>	<b>47.5</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	80.2	186.7
Advance payments received	202.7	175.2
Progress billings	1.5	5.8
Accounts payable	137.1	147.5
Other short-term liabilities (non-interest bearing)	26.0	28.7
Current tax liabilities	18.9	14.7
Accruals	233.5	200.1
<b>Total current liabilities</b>	<b>699.9</b>	<b>758.6</b>
<b>Total liabilities</b>	<b>1,028.1</b>	<b>1,037.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,477.4</b>	<b>1,482.0</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, 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			-11.2	20.0
<b>Balance at 31 December, 2014</b>	<b>30.1</b>	<b>39.3</b>	<b>-8.6</b>	<b>3.7</b>
<b>Balance at 1 January, 2013</b>	<b>30.1</b>	<b>39.3</b>	<b>-1.4</b>	<b>2.5</b>
Options exercised				
Dividends paid to equity holders				
Share based payments recognized against equity				
Total comprehensive income			4.0	-18.7
<b>Balance at 31 December, 2013</b>	<b>30.1</b>	<b>39.3</b>	<b>2.6</b>	<b>-16.3</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, 2014</b>	<b>51.0</b>	<b>331.4</b>	<b>438.1</b>	<b>6.4</b>	<b>444.5</b>
Options exercised	1.2	0.0	1.2		<b>1.2</b>
Dividends paid to equity holders		-60.8	-60.8		<b>-60.8</b>
Share based payments recognized against equity		1.3	1.3		<b>1.3</b>
Acquisitions		-1.9	-1.9	-6.4	<b>-8.3</b>
Total comprehensive income		62.4	71.2	0.1	<b>71.2</b>
<b>Balance at 31 December, 2014</b>	<b>52.2</b>	<b>332.5</b>	<b>449.2</b>	<b>0.1</b>	<b>449.2</b>
<b>Balance at 1 January, 2013</b>	<b>44.8</b>	<b>341.2</b>	<b>456.5</b>	<b>6.2</b>	<b>462.6</b>
Options exercised	6.2	0.0	6.2		<b>6.2</b>
Dividends paid to equity holders		-60.6	-60.6		<b>-60.6</b>
Share based payments recognized against equity		3.3	3.3		<b>3.3</b>
Acquisitions		0.5	0.5		<b>0.5</b>
Total comprehensive income		47.0	32.3	0.2	<b>32.5</b>
<b>Balance at 31 December, 2013</b>	<b>51.0</b>	<b>331.4</b>	<b>438.1</b>	<b>6.4</b>	<b>444.5</b>

# Consolidated cash flow statement

EUR million	1-12/2014	1-12/2013
<b>Cash flow from operating activities</b>		
Net income	74.6	49.4
Adjustments to net income		
Taxes	32.8	26.1
Financial income and expenses	12.2	13.0
Share of associates' and joint ventures' result	-3.7	-3.9
Dividend income	-0.1	-0.1
Depreciation and impairments	43.1	56.0
Profits and losses on sale of fixed assets	-0.3	1.9
Other adjustments	-1.7	2.4
<b>Operating income before change in net working capital</b>	<b>157.0</b>	<b>144.8</b>
Change in interest-free short-term receivables	21.9	16.5
Change in inventories	4.4	32.6
Change in interest-free short-term liabilities	0.6	-21.1
<b>Change in net working capital</b>	<b>26.9</b>	<b>28.0</b>
<b>Cash flow from operations before financing items and taxes</b>	<b>183.8</b>	<b>172.8</b>
Interest received	3.1	3.7
Interest paid	-13.4	-13.2
Other financial income and expenses	5.0	1.0
Income taxes paid	-30.1	-44.1
<b>Financing items and taxes</b>	<b>-35.4</b>	<b>-52.6</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>148.4</b>	<b>120.2</b>
<b>Cash flow from investing activities</b>		
Acquisition of Group companies, net of cash	-6.2	-11.6
Divestment of Businesses, net of cash	1.2	0.0
Capital expenditures	-42.0	-57.7
Proceeds from sale of fixed assets	3.0	1.5
Dividends received	0.1	0.1
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>-43.9</b>	<b>-67.8</b>
<b>Cash flow before financing activities</b>	<b>104.5</b>	<b>52.5</b>
<b>Cash flow from financing activities</b>		
Proceeds from options exercised and share issues	1.2	6.2
Proceeds from long-term borrowings	50.0	5.0
Repayments of long-term borrowings	-15.7	0.0
Proceeds from (+), payments of (-) short-term borrowings	-114.0	-9.8
Change in short-term receivables	0.2	0.1
Dividends paid to equity holders of the parent	-60.8	-60.6
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>-139.0</b>	<b>-59.1</b>
Translation differences in cash	0.3	-6.5
<b>CHANGE OF CASH AND CASH EQUIVALENTS</b>	<b>-34.3</b>	<b>-13.1</b>
Cash and cash equivalents at beginning of period	132.2	145.3
Cash and cash equivalents at end of period	97.9	132.2
<b>CHANGE OF CASH AND CASH EQUIVALENTS</b>	<b>-34.3</b>	<b>-13.1</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	1-12/2014	1-12/2013
Net cash from operating activities	148.4	120.2
Capital expenditures	-42.0	-57.7
Proceeds from sale of fixed assets	3.0	1.5
<b>Free cash flow</b>	<b>109.4</b>	<b>64.0</b>

## Segment information

## 1. BUSINESS SEGMENTS

EUR million

Orders received by Business Area	1-12/2014	% of total	1-12/2013	% of total
Service <sup>1)</sup>	750.8	37	715.9	35
Equipment	1,262.5	63	1,319.6	65
./. Internal	-109.9		-114.7	
<b>Total</b>	<b>1,903.5</b>	<b>100</b>	<b>1,920.8</b>	<b>100</b>

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

Order book total <sup>2)</sup>	31.12.2014	% of total	31.12.2013	% of total
Service	152.6	16	128.1	14
Equipment	826.9	84	765.3	86
./. Internal	0.0		0.0	
<b>Total</b>	<b>979.5</b>	<b>100</b>	<b>893.5</b>	<b>100</b>

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

Sales by Business Area	1-12/2014	% of total	1-12/2013	% of total
Service	895.1	42	889.1	40
Equipment	1,221.7	58	1,329.2	60
./. Internal	-105.4		-118.7	
<b>Total</b>	<b>2,011.4</b>	<b>100</b>	<b>2,099.6</b>	<b>100</b>

Operating profit (EBIT) by Business Area excluding restructuring costs	1-12/2014 MEUR	EBIT %	1-12/2013 MEUR	EBIT %
Service	89.1	10.0	80.6	9.1
Equipment	46.7	3.8	54.3	4.1
Group costs and eliminations	-16.7		-19.4	
<b>Total</b>	<b>119.1</b>	<b>5.9</b>	<b>115.5</b>	<b>5.5</b>

Operating profit (EBIT) by Business Area including restructuring costs	1-12/2014 MEUR	EBIT %	1-12/2013 MEUR	EBIT %
Service	86.9	9.7	67.8	7.6
Equipment	45.6	3.7	37.8	2.8
Group costs and eliminations	-16.7		-21.1	
<b>Total</b>	<b>115.8</b>	<b>5.8</b>	<b>84.5</b>	<b>4.0</b>

## Segment information

<b>Capital Employed and ROCE%</b>	<b>31.12.2014</b>		<b>31.12.2013</b>	
	MEUR	ROCE %	MEUR	ROCE %
Service	200.2	44.8	187.5	38.3
Equipment	353.5	12.5	378.1	9.6
Unallocated Capital Employed	143.0		198.6	
<b>Total</b>	<b>696.7</b>	<b>17.0</b>	<b>764.2</b>	<b>11.6</b>

<b>Business segment assets</b>	<b>31.12.2014</b>		<b>31.12.2013</b>	
	MEUR		MEUR	
Service	383.5		359.3	
Equipment	837.4		860.2	
Unallocated items	256.4		262.6	
<b>Total</b>	<b>1,477.4</b>		<b>1,482.0</b>	

<b>Business segment liabilities</b>	<b>31.12.2014</b>		<b>31.12.2013</b>	
	MEUR		MEUR	
Service	183.3		171.8	
Equipment	484.0		482.1	
Unallocated items	360.8		383.7	
<b>Total</b>	<b>1,028.1</b>		<b>1,037.5</b>	

<b>Personnel by Business Area (at the end of the period)</b>	<b>31.12.2014</b>		<b>31.12.2013</b>	
		% of total		% of total
Service	6,285	52	6,151	52
Equipment	5,639	47	5,626	48
Group staff	58	0	55	0
<b>Total</b>	<b>11,982</b>	<b>100</b>	<b>11,832</b>	<b>100</b>

## 2. GEOGRAPHICAL SEGMENTS

### EUR million

<b>Sales by market</b>	<b>1-12/2014</b>		<b>1-12/2013</b>	
		% of total		% of total
Europe-Middle East-Africa (EMEA)	946.0	47	979.8	47
Americas (AME)	727.5	36	752.9	36
Asia-Pacific (APAC)	338.0	17	366.9	17
<b>Total</b>	<b>2,011.4</b>	<b>100</b>	<b>2,099.6</b>	<b>100</b>

<b>Personnel by region (at the end of the period)</b>	<b>31.12.2014</b>		<b>31.12.2013</b>	
		% of total		% of total
Europe-Middle East-Africa (EMEA)	6,240	52	6,246	53
Americas (AME)	2,858	24	2,711	23
Asia-Pacific (APAC)	2,884	24	2,875	24
<b>Total</b>	<b>11,982</b>	<b>100</b>	<b>11,832</b>	<b>100</b>

# Notes

<b>KEY FIGURES</b>	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>Change %</b>
Earnings per share, basic (EUR)	1.28	0.85	51.0
Earnings per share, diluted (EUR)	1.28	0.85	51.2
Return on capital employed %	17.0	11.6	46.6
Return on equity %	16.7	10.9	53.2
Equity per share (EUR)	7.75	7.56	2.5
Current ratio	1.3	1.2	8.3
Gearing %	33.3	42.1	-20.9
Solidity %	35.2	34.0	3.5
EBITDA, EUR million	159.0	140.5	13.1
Investments total (excl. acquisitions), EUR million	60.0	65.7	-8.6
Interest-bearing net debt, EUR million	149.5	187.3	-20.2
Net working capital, EUR million	265.7	289.4	-8.2
Average number of personnel during the period	11,920	11,987	-0.6
Average number of shares outstanding, basic	57,908,972	57,683,620	0.4
Average number of shares outstanding, diluted	58,034,096	57,876,949	0.3
Number of shares outstanding	57,943,927	57,828,080	0.2

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

<b>The period end exchange rates:</b>	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>Change %</b>
USD - US dollar	1.214	1.379	13.6
CAD - Canadian dollar	1.406	1.467	4.3
GBP - Pound sterling	0.779	0.834	7.0
CNY - Chinese yuan	7.536	8.349	10.8
SGD - Singapore dollar	1.606	1.741	8.4
SEK - Swedish krona	9.393	8.859	-5.7
NOK - Norwegian krone	9.042	8.363	-7.5
AUD - Australian dollar	1.483	1.542	4.0

<b>The period average exchange rates:</b>	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>Change %</b>
USD - US dollar	1.329	1.328	0.0
CAD - Canadian dollar	1.466	1.368	-6.7
GBP - Pound sterling	0.806	0.849	5.4
CNY - Chinese yuan	8.186	8.164	-0.3
SGD - Singapore dollar	1.682	1.662	-1.2
SEK - Swedish krona	9.098	8.649	-4.9
NOK - Norwegian krone	8.352	7.802	-6.6
AUD - Australian dollar	1.472	1.377	-6.5

### CONTINGENT LIABILITIES AND PLEDGED ASSETS

<b>EUR million</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
For own commercial obligations		
Guarantees	404.8	377.6
Leasing liabilities		
Next year	32.9	30.5
Later on	68.5	70.0
Other	0.2	1.7
<b>Total</b>	<b>506.3</b>	<b>479.8</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.

# 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 31 December 2014. 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/ liabilities measured at amortized cost	Total carrying amounts by balance sheet item	Total Fair value
<b>Financial assets 31.12.2014</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	0.0	0.0	0.0	0.0	0.0
Account and other receivables	0.0	389.4	0.0	0.0	389.4	389.4
Derivative financial instruments	6.1	0.0	0.0	0.0	5.1	5.1
Cash and cash equivalents	0.0	97.9	0.0	0.0	97.9	97.9
<b>Total</b>	<b>6.1</b>	<b>487.4</b>	<b>1.0</b>	<b>0.0</b>	<b>493.5</b>	<b>493.5</b>
<b>Financial liabilities 31.12.2014</b>						
<b>Non-current financial liabilities</b>						
Interest-bearing liabilities	0.0	0.0	0.0	167.2	167.2	167.2
Derivative financial instruments	2.0	0.0	0.0	0.0	2.0	2.0
Other payables	0.0	0.0	0.0	2.0	2.0	2.0
<b>Current financial liabilities</b>						
Interest-bearing liabilities	0.0	0.0	0.0	80.2	80.2	80.2
Derivative financial instruments	16.2	0.0	0.0	0.0	16.2	16.2
Account and other payables	0.0	0.0	0.0	163.1	163.1	163.1
<b>Total</b>	<b>18.2</b>	<b>0.0</b>	<b>0.0</b>	<b>412.5</b>	<b>430.7</b>	<b>430.7</b>

## Notes

EUR million	Financial assets/ liabilities at fair value through income statement	Loans and receivables	Available- for-sale financial assets	Financial assets/ liabilities measured at amortized cost	Total carrying amounts by balance sheet item	Total Fair value
<b>Financial assets 31.12.2013</b>						
<b>Non-current financial assets</b>						
Long-term interest-bearing receivables	0.0	0.2	0.0	0.0	0.2	0.2
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	394.4	0.0	0.0	394.4	394.4
Derivative financial instruments	12.1	0.0	0.0	0.0	12.1	12.1
Cash and cash equivalents	0.0	132.2	0.0	0.0	132.2	132.2
<b>Total</b>	<b>12.1</b>	<b>526.8</b>	<b>1.0</b>	<b>0.0</b>	<b>539.9</b>	<b>539.9</b>
<b>Financial liabilities 31.12.2013</b>						
<b>Non-current financial liabilities</b>						
Interest-bearing liabilities	0.0	0.0	0.0	133.0	133.0	133.0
Derivative financial instruments	1.8	0.0	0.0	0.0	1.8	1.8
Other payables	0.0	0.0	0.0	2.0	2.0	2.0
<b>Current financial liabilities</b>						
Interest-bearing liabilities	0.0	0.0	0.0	186.7	186.7	186.7
Derivative financial instruments	5.9	0.0	0.0	0.0	5.9	5.9
Account and other payables	0.0	0.0	0.0	176.2	176.2	176.2
<b>Total</b>	<b>7.7</b>	<b>0.0</b>	<b>0.0</b>	<b>497.8</b>	<b>505.5</b>	<b>505.5</b>

### NOMINAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS

EUR million	31.12.2014 Nominal value	31.12.2014 Fair value	31.12.2013 Nominal value	31.12.2013 Fair value
Foreign exchange forward contracts	663.1	-9.4	625.9	6.7
Currency options	35.8	-0.2	0.0	0.0
Interest rate swaps	100.0	-2.0	100.0	-1.8
Electricity derivatives	2.2	-0.5	2.9	-0.5
<b>Total</b>	<b>801.0</b>	<b>-12.1</b>	<b>728.8</b>	<b>4.4</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 June Konecranes completed the acquisition of the remaining shares of Jiangsu Three Horses Crane Manufacture Co. Ltd. ("SANMA") and now owns 100 percent of the company. In November 2009, Konecranes announced that it had finalized the acquisition of a majority holding (65 percent) in SANMA. Transaction decreased Konecranes equity attributable to the equity holders of the parent company by EUR 1.9 million and the non-controlling interest by EUR 6.4 million.

In May Konecranes sold two minor service operations, one in Belgium and one in Germany. The disposal of these two operations resulted EUR 0.5 million profit reported in the other operating income of the statement of income.

# Quarterly figures

## CONSOLIDATED STATEMENT OF INCOME, QUARTERLY

EUR million	Q4/2014	Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013
<b>Sales</b>	<b>608.1</b>	<b>494.4</b>	<b>481.6</b>	<b>427.3</b>	<b>580.9</b>	<b>502.9</b>	<b>519.9</b>	<b>495.9</b>
Other operating income	0.5	0.9	0.8	0.5	0.1	0.3	0.6	0.5
Depreciation and impairments	-11.6	-10.9	-11.1	-9.5	-9.5	-8.3	-11.1	-10.2
Restructuring costs	-1.6	-0.3	-0.9	-0.4	-3.1	-23.6	0.0	-4.3
Other operating expenses	-550.0	-449.6	-449.6	-402.7	-528.7	-462.6	-492.2	-463.0
<b>Operating profit</b>	<b>45.5</b>	<b>34.5</b>	<b>20.7</b>	<b>15.2</b>	<b>39.7</b>	<b>8.8</b>	<b>17.2</b>	<b>18.8</b>
Share of associates' and joint ventures' result	0.9	0.4	1.5	1.0	1.0	0.6	1.7	0.6
Financial income and expenses	-4.8	1.3	-5.1	-3.5	-4.8	-1.1	-3.1	-3.9
<b>Profit before taxes</b>	<b>41.6</b>	<b>36.1</b>	<b>17.1</b>	<b>12.7</b>	<b>35.9</b>	<b>8.3</b>	<b>15.8</b>	<b>15.5</b>
Taxes	-12.1	-11.4	-5.4	-4.0	-13.8	-2.9	-4.7	-4.6
<b>Net profit for the period</b>	<b>29.5</b>	<b>24.7</b>	<b>11.7</b>	<b>8.7</b>	<b>22.1</b>	<b>5.3</b>	<b>11.1</b>	<b>10.9</b>

## CONSOLIDATED BALANCE SHEET, QUARTERLY

EUR million

ASSETS	Q4/2014	Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013
Goodwill	104.8	104.3	102.1	102.0	101.6	102.3	109.1	113.3
Intangible assets	101.2	88.2	90.4	85.5	87.0	89.8	92.6	75.4
Property, plant and equipment	150.5	149.8	143.8	143.2	144.5	138.7	142.4	149.6
Other	144.0	153.2	148.8	148.8	149.5	145.4	150.2	146.4
<b>Total non-current assets</b>	<b>500.4</b>	<b>495.5</b>	<b>485.2</b>	<b>479.5</b>	<b>482.7</b>	<b>476.2</b>	<b>494.3</b>	<b>484.8</b>
Inventories	335.5	375.2	358.9	353.8	325.5	368.5	374.2	373.5
Receivables and other current assets	543.6	514.1	518.0	566.0	541.6	556.3	562.4	564.7
Cash and cash equivalents	97.9	102.2	149.9	141.5	132.2	101.1	107.8	217.4
<b>Total current assets</b>	<b>977.0</b>	<b>991.5</b>	<b>1,026.8</b>	<b>1,061.3</b>	<b>999.4</b>	<b>1,025.8</b>	<b>1,044.4</b>	<b>1,155.6</b>
<b>Total assets</b>	<b>1,477.4</b>	<b>1,487.0</b>	<b>1,512.0</b>	<b>1,540.8</b>	<b>1,482.0</b>	<b>1,502.1</b>	<b>1,538.7</b>	<b>1,640.4</b>

EQUITY AND LIABILITIES	Q4/2014	Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013
<b>Total equity</b>	<b>449.2</b>	<b>431.6</b>	<b>396.1</b>	<b>388.7</b>	<b>444.5</b>	<b>429.1</b>	<b>427.9</b>	<b>424.3</b>
Non-current liabilities	283.0	266.1	269.8	222.0	231.4	235.0	229.8	306.2
Provisions	45.2	45.8	41.9	45.7	47.5	45.8	42.9	46.8
Advance payments received	202.7	222.5	213.5	227.5	175.2	210.2	205.2	228.4
Other current liabilities	497.2	521.1	590.7	656.9	583.4	581.9	633.0	634.7
<b>Total liabilities</b>	<b>1,028.1</b>	<b>1,055.5</b>	<b>1,115.9</b>	<b>1,152.1</b>	<b>1,037.5</b>	<b>1,072.9</b>	<b>1,110.8</b>	<b>1,216.1</b>
<b>Total equity and liabilities</b>	<b>1,477.4</b>	<b>1,487.0</b>	<b>1,512.0</b>	<b>1,540.8</b>	<b>1,482.0</b>	<b>1,502.1</b>	<b>1,538.7</b>	<b>1,640.4</b>

# Quarterly figures

## CONSOLIDATED CASH FLOW STATEMENT – QUARTERLY

EUR million	Q4/2014	Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013
Operating income before change in net working capital	56.6	44.9	30.2	25.3	50.6	35.5	28.7	30.0
Change in net working capital	17.3	26.4	26.8	-43.7	36.9	16.1	-39.0	14.0
Financing items and taxes	-7.5	-6.5	-14.9	-6.5	-7.9	-10.9	-22.0	-11.8
<b>Net cash from operating activities</b>	<b>66.4</b>	<b>64.8</b>	<b>42.1</b>	<b>-24.9</b>	<b>79.6</b>	<b>40.7</b>	<b>-32.3</b>	<b>32.2</b>
<b>Cash flow from investing activities</b>	<b>-10.2</b>	<b>-8.9</b>	<b>-17.0</b>	<b>-7.8</b>	<b>-17.5</b>	<b>-15.3</b>	<b>-23.6</b>	<b>-11.3</b>
<b>Cash flow before financing activities</b>	<b>56.2</b>	<b>55.9</b>	<b>25.1</b>	<b>-32.7</b>	<b>62.1</b>	<b>25.4</b>	<b>-55.9</b>	<b>20.9</b>
Proceeds from options exercised and share issues	0.1	0.0	0.6	0.5	0.3	0.1	0.8	5.1
Change of interest-bearing debt	-57.4	-107.2	41.4	43.7	-29.3	-28.6	9.6	43.6
Dividends paid to equity holders of the parent	0.0	0.0	-60.8	0.0	0.0	0.0	-60.6	0.0
<b>Net cash used in financing activities</b>	<b>-57.3</b>	<b>-107.2</b>	<b>-18.7</b>	<b>44.2</b>	<b>-29.0</b>	<b>-28.5</b>	<b>-50.2</b>	<b>48.6</b>
Translation differences in cash	-3.1	3.6	2.1	-2.3	-2.0	-3.6	-3.5	2.5
<b>Change of cash and cash equivalents</b>	<b>-4.2</b>	<b>-47.7</b>	<b>8.5</b>	<b>9.2</b>	<b>31.2</b>	<b>-6.7</b>	<b>-109.6</b>	<b>72.0</b>
Cash and cash equivalents at beginning of period	102.2	149.9	141.5	132.2	101.1	107.8	217.4	145.3
Cash and cash equivalents at end of period	97.9	102.2	149.9	141.5	132.2	101.1	107.8	217.4
<b>Change of cash and cash equivalents</b>	<b>-4.2</b>	<b>-47.7</b>	<b>8.5</b>	<b>9.2</b>	<b>31.2</b>	<b>-6.7</b>	<b>-109.6</b>	<b>72.0</b>
<b>Free Cash Flow</b>	<b>56.0</b>	<b>55.9</b>	<b>30.1</b>	<b>-32.6</b>	<b>61.8</b>	<b>28.9</b>	<b>-48.3</b>	<b>21.7</b>

# Quarterly figures

## QUARTERLY SEGMENT INFORMATION

EUR million

Orders received by Business Area	Q4/2014	Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013
Service <sup>1)</sup>	200.5	179.6	185.3	185.4	165.5	170.9	193.4	186.1
Equipment	345.1	274.0	364.2	279.2	280.3	276.6	339.6	423.2
./. Internal	-32.3	-26.2	-26.0	-25.3	-23.5	-34.6	-30.0	-26.6
<b>Total</b>	<b>513.3</b>	<b>427.4</b>	<b>523.5</b>	<b>439.3</b>	<b>422.2</b>	<b>412.9</b>	<b>503.0</b>	<b>582.7</b>

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

Order book by Business Area	Q4/2014	Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013
Service	152.6	166.2	164.4	149.6	128.1	169.9	177.7	170.0
Equipment	826.9	860.0	865.5	788.3	765.3	849.0	901.7	914.0
<b>Total</b>	<b>979.5</b>	<b>1,026.2</b>	<b>1,029.9</b>	<b>937.9</b>	<b>893.5</b>	<b>1,018.9</b>	<b>1,079.4</b>	<b>1,084.0</b>

Sales by Business Area	Q4/2014	Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013
Service	258.6	225.9	211.6	199.0	247.6	215.2	217.9	208.4
Equipment	377.2	295.1	295.2	254.3	364.9	320.3	328.2	315.9
./. Internal	-27.7	-26.5	-25.2	-25.9	-31.6	-32.5	-26.2	-28.3
<b>Total</b>	<b>608.1</b>	<b>494.4</b>	<b>481.6</b>	<b>427.3</b>	<b>580.9</b>	<b>502.9</b>	<b>519.9</b>	<b>495.9</b>

Operating profit (EBIT) by Business Area excluding restructuring costs	Q4/2014	Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013
Service	31.4	24.9	16.7	16.1	28.6	20.7	15.6	15.8
Equipment	20.5	13.6	10.1	2.5	17.3	16.3	7.4	13.3
Group costs and eliminations	-4.9	-3.7	-5.2	-3.0	-3.0	-4.6	-5.8	-6.0
<b>Total</b>	<b>47.1</b>	<b>34.8</b>	<b>21.6</b>	<b>15.6</b>	<b>42.8</b>	<b>32.4</b>	<b>17.2</b>	<b>23.1</b>

Operating margin, (EBIT %) by Business Area excluding restructuring costs	Q4/2014	Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013
Service	12.1%	11.0%	7.9%	8.1%	11.5%	9.6%	7.2%	7.6%
Equipment	5.4%	4.6%	3.4%	1.0%	4.7%	5.1%	2.3%	4.2%
<b>Group EBIT % total</b>	<b>7.7%</b>	<b>7.0%</b>	<b>4.5%</b>	<b>3.6%</b>	<b>7.4%</b>	<b>6.4%</b>	<b>3.3%</b>	<b>4.7%</b>

# Quarterly figures

## QUARTERLY SEGMENT INFORMATION

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

	Q4/2014	Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013
Service	6,285	6,259	6,220	6,223	6,151	6,219	6,221	6,241
Equipment	5,639	5,666	5,624	5,637	5,626	5,658	5,663	5,782
Group staff	58	55	51	51	55	57	57	58
<b>Total</b>	<b>11,982</b>	<b>11,980</b>	<b>11,895</b>	<b>11,911</b>	<b>11,832</b>	<b>11,934</b>	<b>11,941</b>	<b>12,081</b>

### Sales by market

	Q4/2014	Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013
Europe-Middle East-Africa (EMEA)	296.7	231.0	217.5	200.8	266.5	232.1	257.3	224.0
Americas (AME)	218.6	178.3	177.4	153.1	210.1	182.1	169.7	191.0
Asia-Pacific (APAC)	92.9	85.1	86.6	73.4	104.3	88.7	92.9	80.9
<b>Total</b>	<b>608.1</b>	<b>494.4</b>	<b>481.6</b>	<b>427.3</b>	<b>580.9</b>	<b>502.9</b>	<b>519.9</b>	<b>495.9</b>

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

	Q4/2014	Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013	Q2/2013	Q1/2013
Europe-Middle East-Africa (EMEA)	6,240	6,241	6,213	6,235	6,246	6,287	6,294	6,301
Americas (AME)	2,858	2,822	2,803	2,783	2,711	2,725	2,709	2,708
Asia-Pacific (APAC)	2,884	2,917	2,879	2,893	2,875	2,922	2,938	3,072
<b>Total</b>	<b>11,982</b>	<b>11,980</b>	<b>11,895</b>	<b>11,911</b>	<b>11,832</b>	<b>11,934</b>	<b>11,941</b>	<b>12,081</b>

# Konecranes Group 2010–2014

<b>BUSINESS DEVELOPMENT</b>		<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Orders received	MEUR	1,903.5	1,920.8	1,970.1	1,896.1	1,536.0
Order book	MEUR	979.5	893.5	942.7	991.8	756.2
Net sales	MEUR	2,011.4	2,099.6	2,171.5	1,896.4	1,546.3
of which outside Finland	MEUR	1,942.5	2,025.1	2,081.5	1,796.6	1,457.4
Export from Finland	MEUR	621.3	653.7	638.9	570.7	427.2
Personnel on average		11,920	11,987	11,917	10,998	9,739
Personnel on 31 December		11,982	11,832	12,147	11,651	10,042
Capital expenditure	MEUR	60.0	65.7	41.7	32.4	22.3
as a percentage of net sales	%	3.0%	3.1%	1.9%	1.7%	1.4%
Research and development costs	MEUR	28.9	25.6	25.8	29.6	21.5
as % of net sales	%	1.4%	1.2%	1.2%	1.6%	1.4%
<b>PROFITABILITY</b>						
Net sales	MEUR	2,011.4	2,099.6	2,171.5	1,896.4	1,546.3
Operating profit (including restructuring costs)	MEUR	115.8	84.5	132.5	106.9	112.4
as percentage of net sales	%	5.8%	4.0%	6.1%	5.6%	7.3%
Income before taxes	MEUR	107.4	75.5	124.2	95.8	111.3
as percentage of net sales	%	5.3%	3.6%	5.7%	5.1%	7.2%
Net income (incl. non-controlling interest)	MEUR	74.6	49.4	84.8	64.9	78.2
as percentage of net sales	%	3.7%	2.4%	3.9%	3.4%	5.1%
<b>KEY FIGURES AND BALANCE SHEET</b>						
Equity (incl. non-controlling interest)	MEUR	449.2	444.5	462.6	435.4	456.2
Balance Sheet	MEUR	1,477.4	1,482.0	1,576.3	1,447.5	1,175.5
Return on equity	%	16.7	10.9	18.8	14.6	18.1
Return on capital employed	%	17.0	11.6	18.4	17.1	24.2
Current ratio		1.3	1.2	1.4	1.3	1.4
Solidity	%	35.2	34.0	34.0	34.2	44.7
Net working capital	MEUR	265.7	289.4	295.5	320.0	191.6
Interest-bearing net debt	MEUR	149.5	187.3	181.8	219.8	-17.4
Gearing	%	33.3	42.1	39.3	50.5	-3.8

# Konecranes Group 2010–2014

<b>SHARES IN FIGURES</b>		<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Earnings per share, basic	EUR	1.28	0.85	1.47	1.11	1.35
Earnings per share, diluted	EUR	1.28	0.85	1.46	1.10	1.34
Equity per share	EUR	7.75	7.56	7.97	7.52	7.64
Cash flow per share	EUR	2.56	2.08	2.77	-0.35	0.97
Dividend per share	EUR	1.05*	1.05	1.05	1.00	1.00
Dividend / earnings	%	81.7	123.4	71.4	90.1	74.1
Effective dividend yield	%	4.4	4.1	4.1	6.9	3.2
Price / earnings		18.5	30.4	17.4	13.1	22.9
Trading low / high**	EUR	18.63/27.60	20.45/28.89	14.34/26.67	13.18/34.17	19.08/32.04
Average share price**	EUR	23.47	25.30	21.39	22.83	23.84
Share price on 31 December**	EUR	23.82	25.86	25.55	14.54	30.89
Year-end market capitalization	MEUR	1,380.2	1,495.4	1,463.8	831.7	1,821.3
Number traded***	(1,000)	111,667	105,051	206,014	220,567	145,005
Stock turnover	%	192.7	181.7	359.6	385.6	245.9
Average number of shares outstanding, basic	(1,000)	57,909	57,684	57,228	58,982	58,922
Average number of shares outstanding, diluted	(1,000)	58,034	57,877	57,517	59,362	59,274
Number of shares outstanding, at end of the period	(1,000)	57,944	57,828	57,291	57,199	58,960

\* The Board's proposal to the AGM

\*\* Source: Nasdaq Helsinki

\*\*\* Source: Fidessa

## Calculation of key figures

<b>Return on equity (%):</b>	$\frac{\text{Net profit for the period}}{\text{Total equity (average during the period)}} \times 100$	X 100
<b>Return on capital employed (%):</b>	$\frac{\text{Income before taxes + interest paid + other financing cost}}{\text{Total amount of equity and liabilities - non-interest bearing debts (average during the period)}} \times 100$	X 100
<b>Current ratio:</b>	$\frac{\text{Current assets}}{\text{Current liabilities}}$	
<b>Solidity (%):</b>	$\frac{\text{Shareholders' equity}}{\text{Total amount of equity and liabilities - advance payment received}} \times 100$	X 100
<b>Gearing (%):</b>	$\frac{\text{Interest-bearing liabilities - liquid assets - loans receivable}}{\text{Total equity}} \times 100$	X 100
<b>Earnings per share:</b>	$\frac{\text{Net profit for the shareholders of the parent company}}{\text{Average number of shares outstanding}}$	
<b>Earnings per share, diluted:</b>	$\frac{\text{Net profit for the shareholders of the parent company}}{\text{Average fully diluted number of shares outstanding}}$	
<b>Equity per share:</b>	$\frac{\text{Equity attributable to the shareholders of the parent company}}{\text{Number of shares outstanding}}$	
<b>Cash flow per share:</b>	$\frac{\text{Net cash flow from operating activities}}{\text{Average number of shares outstanding}}$	
<b>Effective dividend yield (%):</b>	$\frac{\text{Dividend per share}}{\text{Share price at the end of financial year}} \times 100$	X 100
<b>Price per earnings:</b>	$\frac{\text{Share price at the end of financial year}}{\text{Earnings per share}}$	
<b>Net working capital:</b>	Non interest-bearing current assets + deferred tax assets - Non interest-bearing current liabilities - deferred tax liabilities - provisions	
<b>Interest-bearing net debt:</b>	Interest-bearing liabilities (non current and current) - cash and cash equivalents - loans receivable (non current and current)	
<b>Year-end market capitalization:</b>	Number of shares outstanding multiplied by the share price at the end of year	
<b>Average number of personnel:</b>	Calculated as average of number of personnel in quarters	
<b>Number of shares outstanding:</b>	Total number of shares - treasury shares	

**ANALYST AND PRESS BRIEFING**

An analyst and press conference will be held at restaurant Savoy's Salikabinetti (address Eteläesplanadi 14) at 11.00 a.m. Finnish time. The 2014 financial statements 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 on January 13, 2015 for the conference call details.

**NEXT REPORT**

Konecranes' January–March 2015 interim report will be published on April 29, 2015.

## KONECRANES PLC

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Konecranes is a world-leading group of Lifting Businesses™, serving a broad range of customers, including manufacturing and process industries, shipyards, ports and terminals. Konecranes provides productivity-enhancing lifting solutions as well as services for lifting equipment and machine tools of all makes. In 2014, Group sales totaled EUR 2,011 million. The Group has 12,000 employees at 600 locations in 48 countries. Konecranes is listed on the Nasdaq Helsinki (symbol: KCR1V).

[konecranes.com](http://konecranes.com)

