

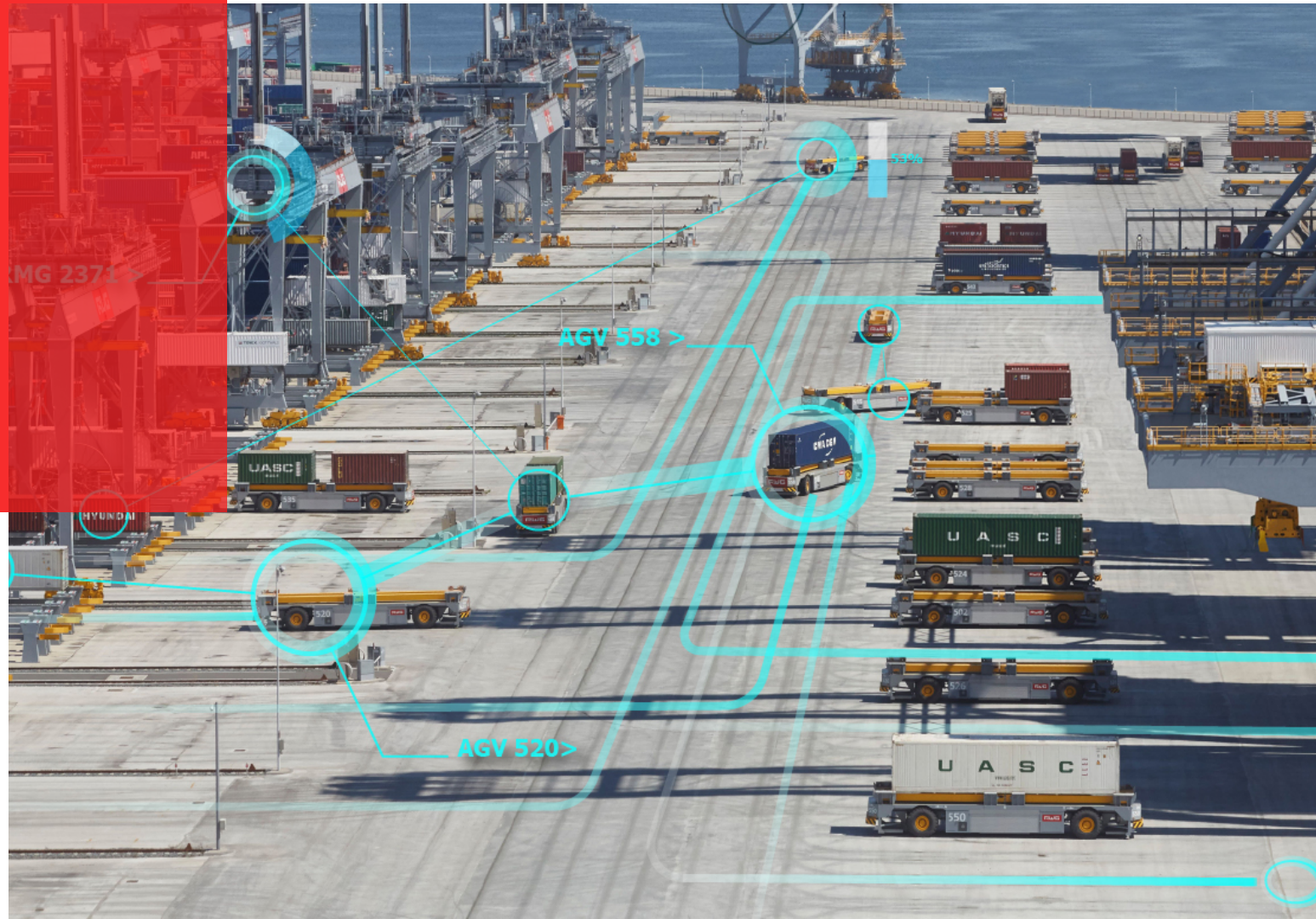
Q1 2019 Interim report

April 26, 2019

Panu Routila, President & CEO

Teo Ottola, CFO

KONECRANES®
Lifting Businesses™



Agenda

1. Group highlights
2. Business Area Service
3. Business Area Industrial Equipment
4. Business Area Port Solutions
5. Cash flow and balance sheet
6. Appendix

Konecranes has applied IFRS 16 Leases standard since January 1, 2019. The figures for comparison period 2018 have not been restated. Please refer to note 4 for more details on the implementation of IFRS 16 standard and other significant accounting policies.

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KONECRANES

Konecranes CMD 2019

November 21, 2019

London

Q1/19 Highlights

Strong order growth in Q1

- Continued good execution with Service growth strategy: comparable currency order growth close to 4%, agreement base value up sequentially by approximately EUR 9 million
- In Industrial Equipment, external order growth of 16.1% with comparable currencies, driven by industrial cranes
- In Port Solutions, order intake grew 46.3% with comparable currencies, driven by a large order for the greenfield Hadarom container terminal, as well as an order for 20 Rubber Tyred Gantry cranes by the Georgia Ports Authority

Group sales up by 10.8%, with comparable currencies

Clear improvement in the adjusted EBITA margin

- Group adjusted EBITA margin improved to 6.4% (5.5%)
- Run-rate synergy savings at EUR 126 million, cumulative P&L impact at EUR 92 million, overall target reiterated

Demand outlook updated and financial guidance for 2019 reiterated



Key figures

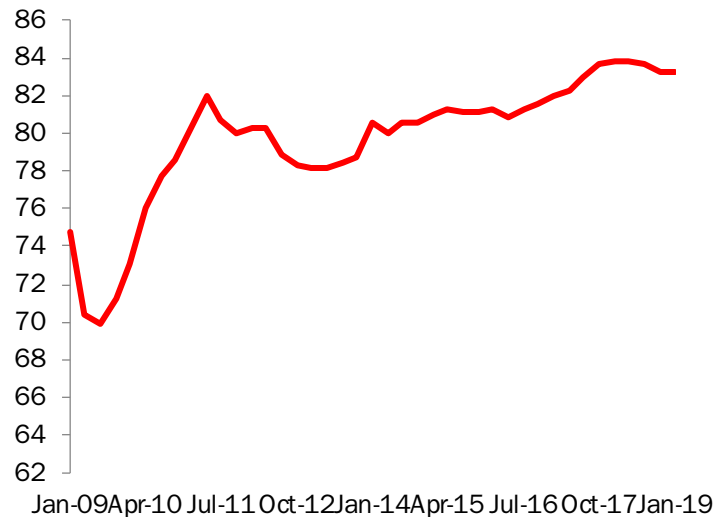
Key figures	1-3/19	1-3/18	Change %	Change % at comparable currencies	1-12/18
Orders received, MEUR	848.1	683.1	24.2	22.2	3,090.3
Order book at end of period, MEUR	1,877.6	1,575.8	19.1	17.0	1,715.4
Sales, MEUR	758.2	672.8	12.7	10.8	3,156.1
Adj. EBITDA, MEUR	72.1	55.2	30.6		325.7
Adj. EBITDA, %	9.5%	8.2%			10.3%
Adj. EBITA, MEUR	48.3	37.2	29.9		257.1
Adj. EBITA, %	6.4%	5.5%			8.1%
Operating profit (EBIT), MEUR	27.3	23.8	14.9		166.2
Operating margin (EBIT), %	3.6%	3.5%			5.3%
EPS, basic, EUR	0.17	0.11	58.5		1.29
Free cash flow, MEUR	28.0	-2.2			73.1
Net debt, MEUR	649.0	524.3	23.8		545.3

Key figures by business area

Key figures	1-3/19	1-3/18	Change %	Change % at comparable currencies	1-12/18
Service					
Orders received, MEUR	255.4	238.5	7.1	3.8	986.5
Sales, MEUR	297.1	266.4	11.5	8.4	1,192.5
Adj. EBITA, MEUR	46.8	33.8	38.3		180.0
Adj. EBITA, %	15.7%	12.7%			15.1%
Industrial Equipment					
Orders received, MEUR	321.2	271.6	18.2	16.1	1,248.9
<i>of which external</i>	<i>276.3</i>	<i>231.8</i>	<i>19.2</i>	<i>16.9</i>	<i>1,065.5</i>
Sales, MEUR	274.6	248.6	10.4	8.6	1,150.9
<i>of which external</i>	<i>233.9</i>	<i>220.1</i>	<i>6.3</i>	<i>4.5</i>	<i>1,009.2</i>
Adj. EBITA, MEUR	0.8	6.6	-87.5		42.6
Adj. EBITA, %	0.3%	2.7%			3.7%
Port Solutions					
Orders received, MEUR	329.9	226.2	45.9	46.3	1,096.0
Sales, MEUR	241.8	200.6	20.6	20.4	1,012.9
Adj. EBITA, MEUR	10.6	6.2	72.3		71.3
Adj. EBITA, %	4.4%	3.1%			7.0%

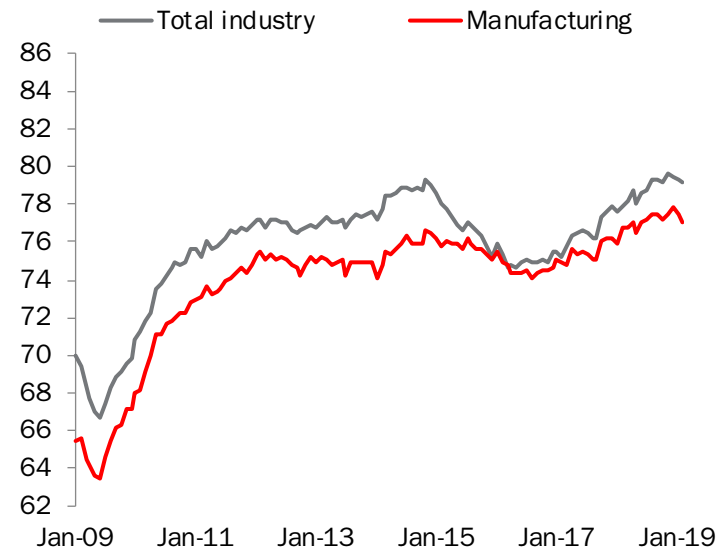
Market environment – Service and Industrial Equipment

Capacity utilization rate – EU



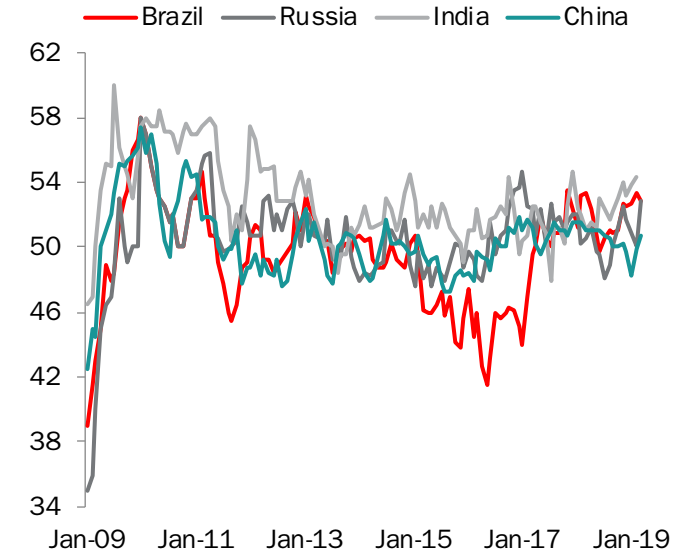
- Deterioration in Europe: manufacturing PMI fell below 50.0 in Q1/19
- Capacity utilization rate stayed approximately flat in Q1/19

Capacity utilization rate – USA



- In the US, manufacturing PMI declined in Q1, however, the growth rate was clearly higher compared to the Eurozone
- Correspondingly, manufacturing capacity utilization declined in Q1

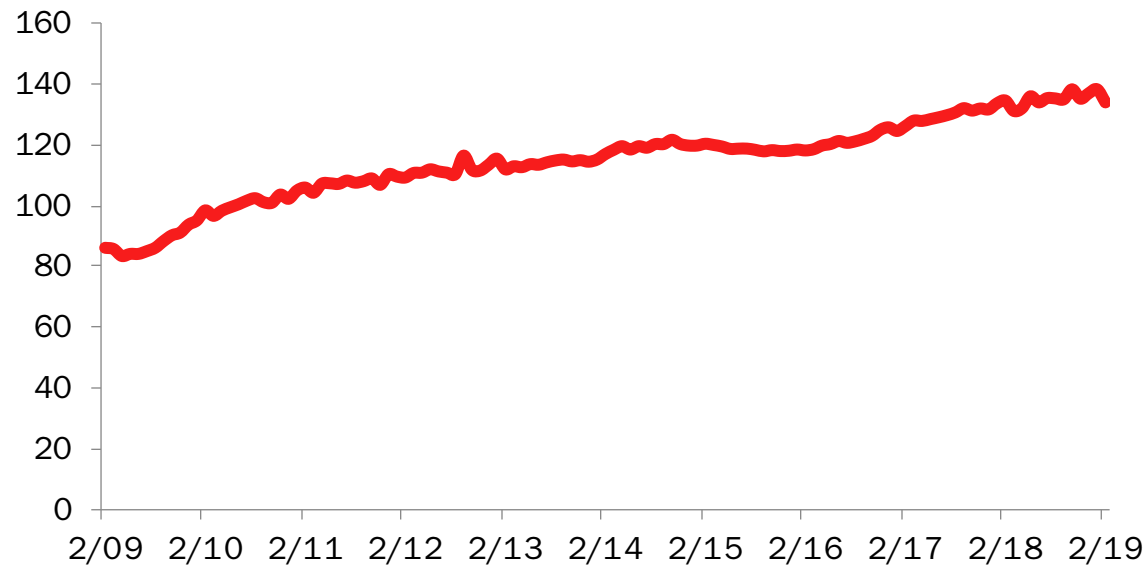
PMIs – BRIC countries



- Improving manufacturing conditions in India, Brazil and Russia
- In China, the manufacturing conditions improved in March for the first time since Nov-18

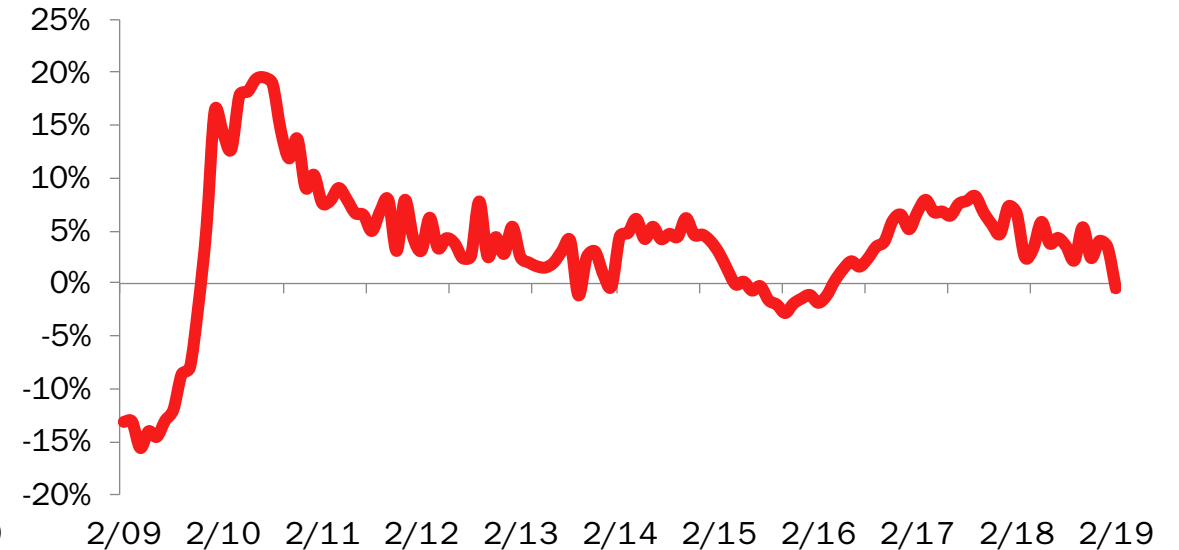
Market environment – Port Solutions

RWI/ISL Container Throughput Index



- The container throughput index reached a new record high in late-18 and has declined since, though still remaining on a healthy level

Monthly index change Y/Y



- Container throughput growth has slowed down, and in Feb-19, container throughput index declined Y/Y for the first time in three years

Source: RWI/ISL Container Throughput Index (latest data point February 2019)

Demand outlook

- Despite weakening global macro indicators, our overall demand environment within the industrial customer segments is stable and continues on a healthy level.
- Also, global container throughput is still on a good level, even with its decline in the beginning of 2019. Consequently, the prospects for orders related to container handling remain stable.



Financial guidance

Financial guidance for 2019

- Konecranes expects sales in full year 2019 to increase 5-7% year on year.
- Konecranes expects the adjusted EBITA margin in full year 2019 to improve compared to full year 2018.

Additional guidance information for 2019

- Synergy cost savings benefiting the adjusted EBITA margin in 2019
- Weaker sales mix particularly in Business Area Port Solutions
- Additional investments in future growth initiatives

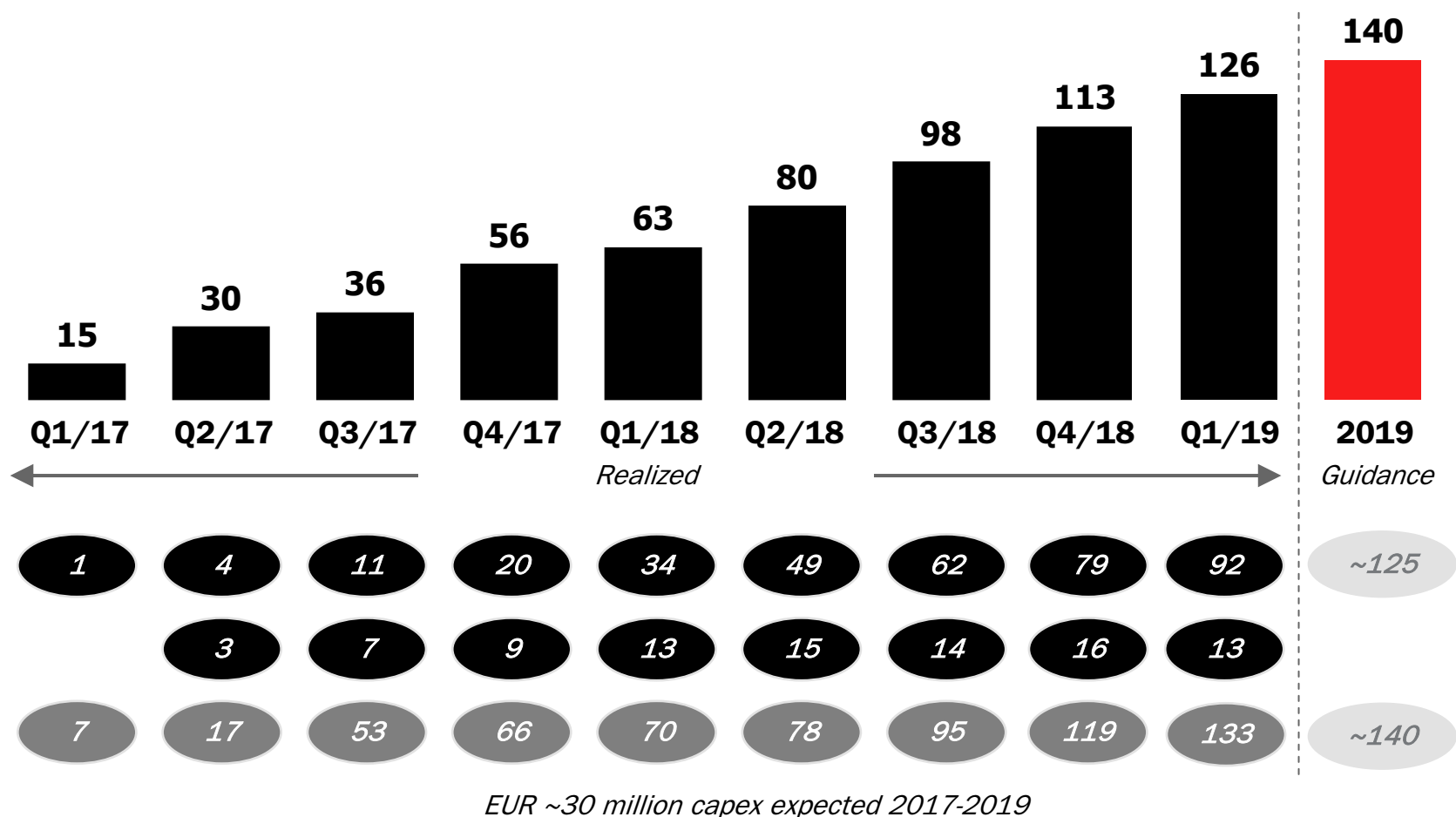
MHPS integration: Final year started according to our plan

- **Overall good progress with EUR 126 million run-rate synergies reached by end Q1/2019, up EUR 13 million since Q4/2018**
- Target for the overall procurement savings nearly reached
- Legal entity consolidation progressing well, having enabled e.g. significant savings in German payroll insurance costs
- Net headcount reduction ~100 in Q1 (~1,100 since the beginning of the program), whilst reinvesting in Service growth
- **~80% of the remaining integration activities and run-rate savings expected from Business Area Industrial Equipment**
- Focus now on product platform harmonization and manufacturing optimization:
 - Long-term target to reduce the number of product platforms down to 11-14 from the current 20
 - Manufacturing optimization underway in Wetter, Germany and Vernouillet, France
 - Frame agreement in place for Wetter, allowing the reduction of up to 350 people
 - In Vernouillet, discussions with employee representatives on a potential closing of the factory

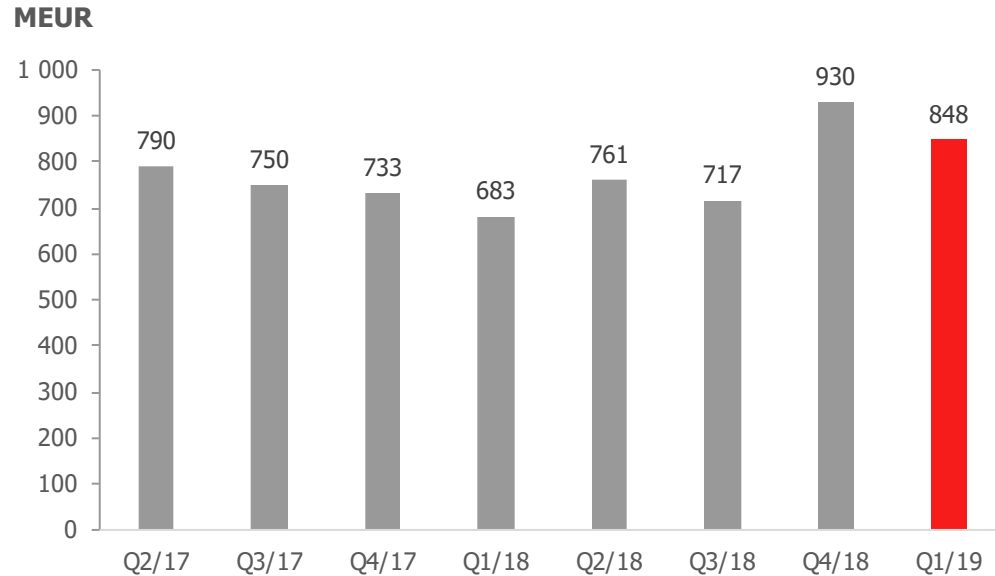


MHPS integration: cumulative run-rate savings at EUR 126 million

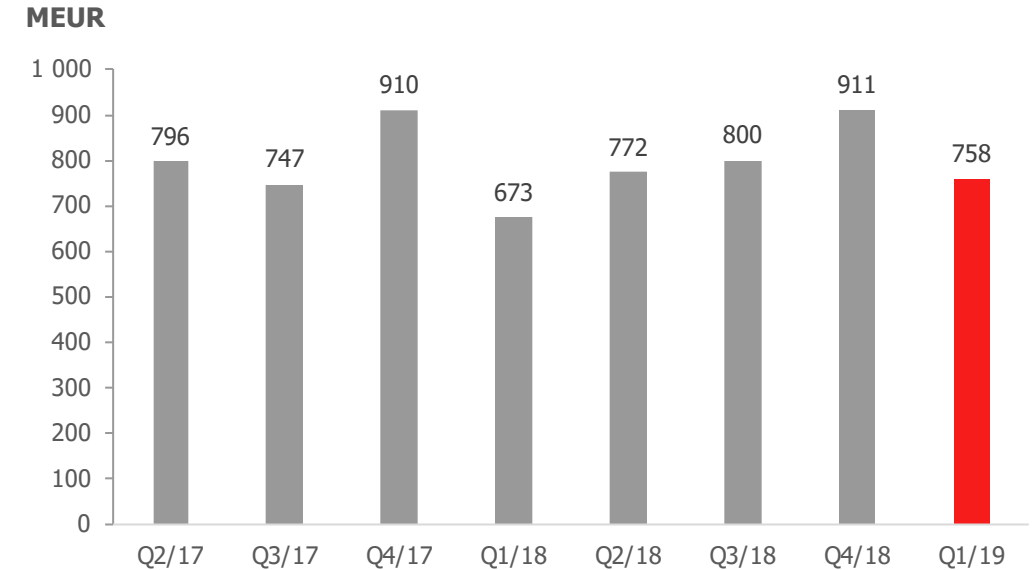
Cost synergy at EBIT level, cumulative run-rate impact at end of year (MEUR)



Q1/19 Group order intake and sales

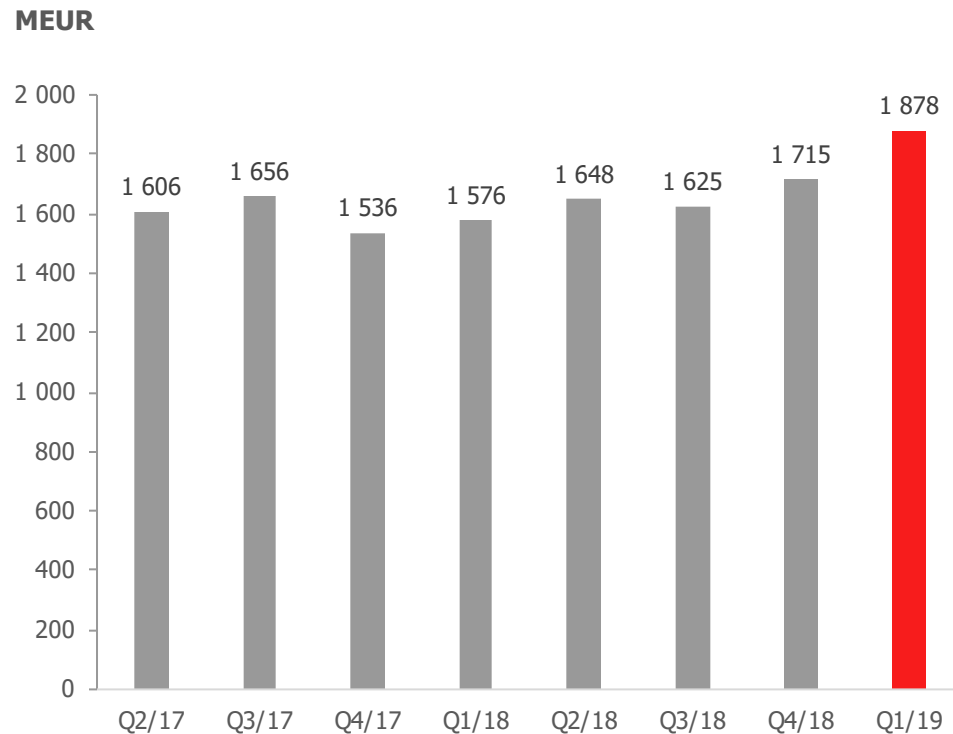


- Order intake increased 24.2% to EUR 848.1 million (683.1), +22.2% on a comparable currency basis
- Orders received increased in all Business Areas and in all three regions
- In Service, order intake increased 7.1%
- Industrial Equipment orders increased 18.2%
- Port Solutions order growth (+45.9%), driven by a large order for greenfield Hadarom container terminal



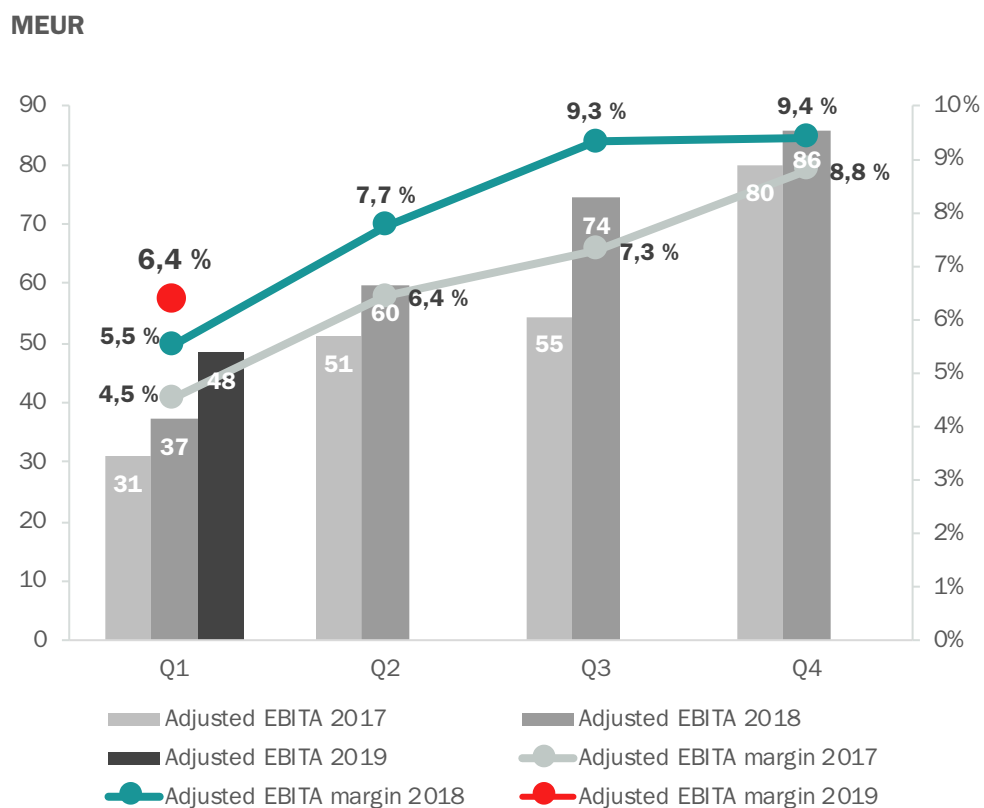
- Sales increased 12.7% to EUR 758.2 million (672.8), +10.8% on a comparable currency basis
- Sales increased in all Business Areas:
 - Service +11.5%
 - Industrial Equipment +10.4%
 - Port Solutions +20.6%

Q1/19 Group order book



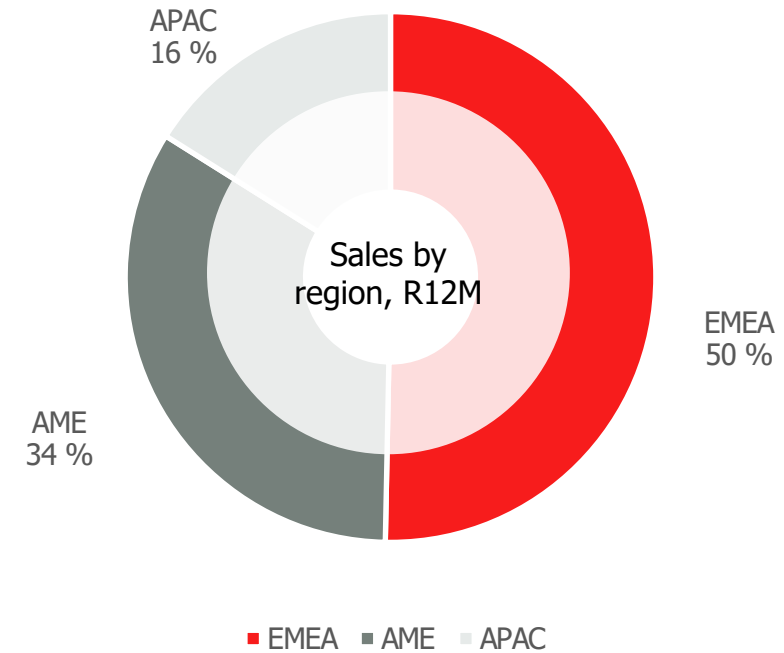
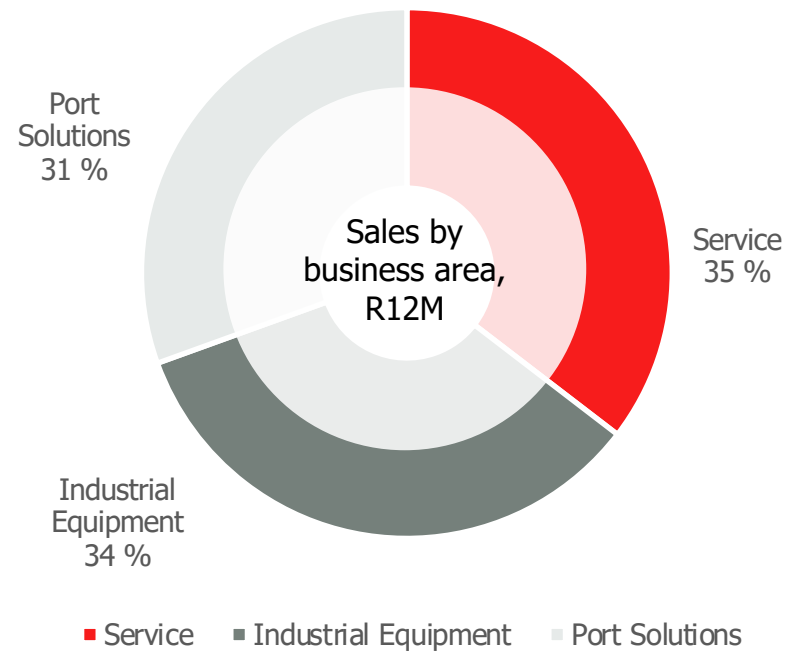
- The value of the order book increased 19.1% to EUR 1,877.6 million (1,575.8)
- On a comparable currency basis, the value of the order book increased 17.0%
- Order book increased in all three Business Areas

Q1/19 Group adjusted EBITA



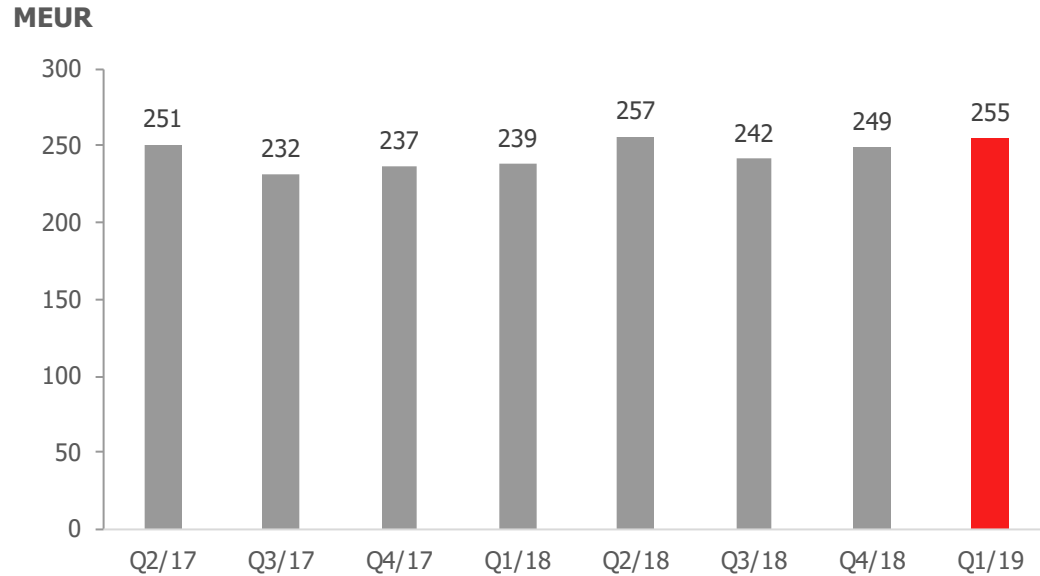
- Group adjusted EBITA increased to EUR 48.3 million (37.2), 6.4% of sales (5.5)
- The improvement was mainly attributable to volume growth and synergy cost-savings
- Group level gross margin stayed approximately flat

Group sales by business area and region

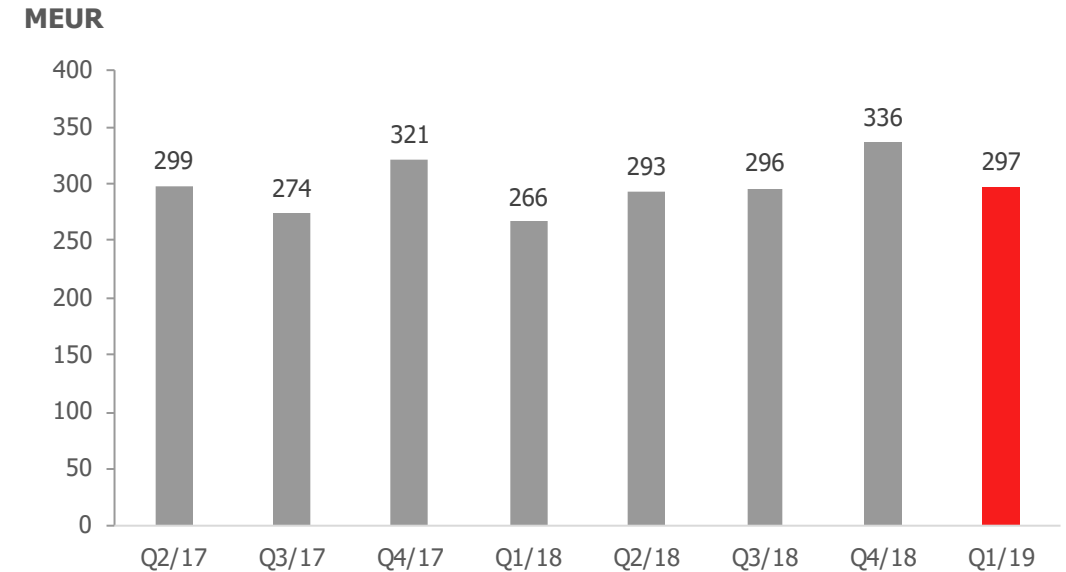


Service

Q1/19 Service order intake and sales

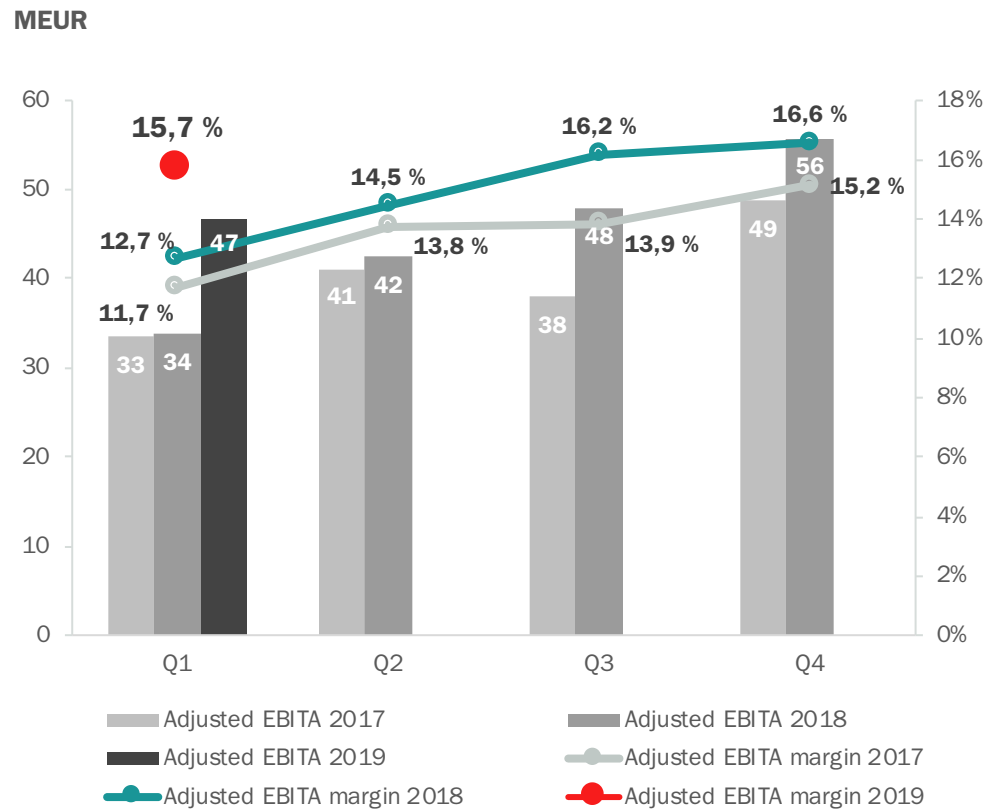


- Orders received increased 7.1% to EUR 255.4 million (238.5), 3.8% on a comparable currency basis
- Order intake increased for both field service and parts
- Order intake increased in all three regions



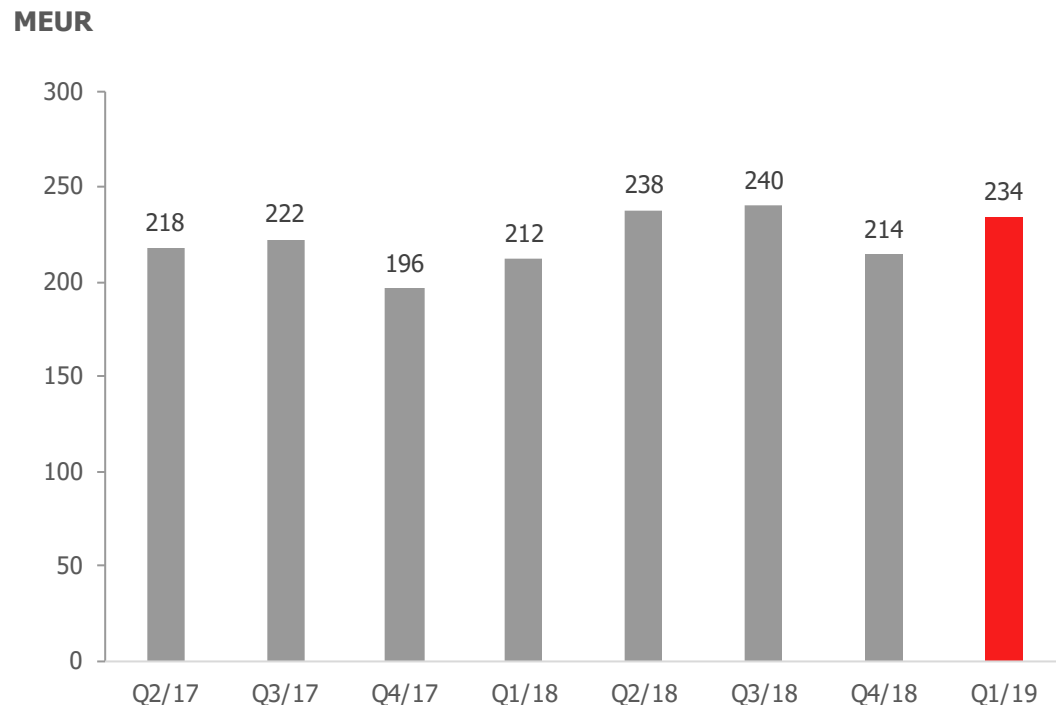
- Sales increased 11.5% to EUR 297.1 million (266.4)
- On a comparable currency basis, sales increased 8.4%
- Both field service and parts sales increased, parts sales outperformed field services
- Sales increased in all three regions

Q1/19 Service adjusted EBITA

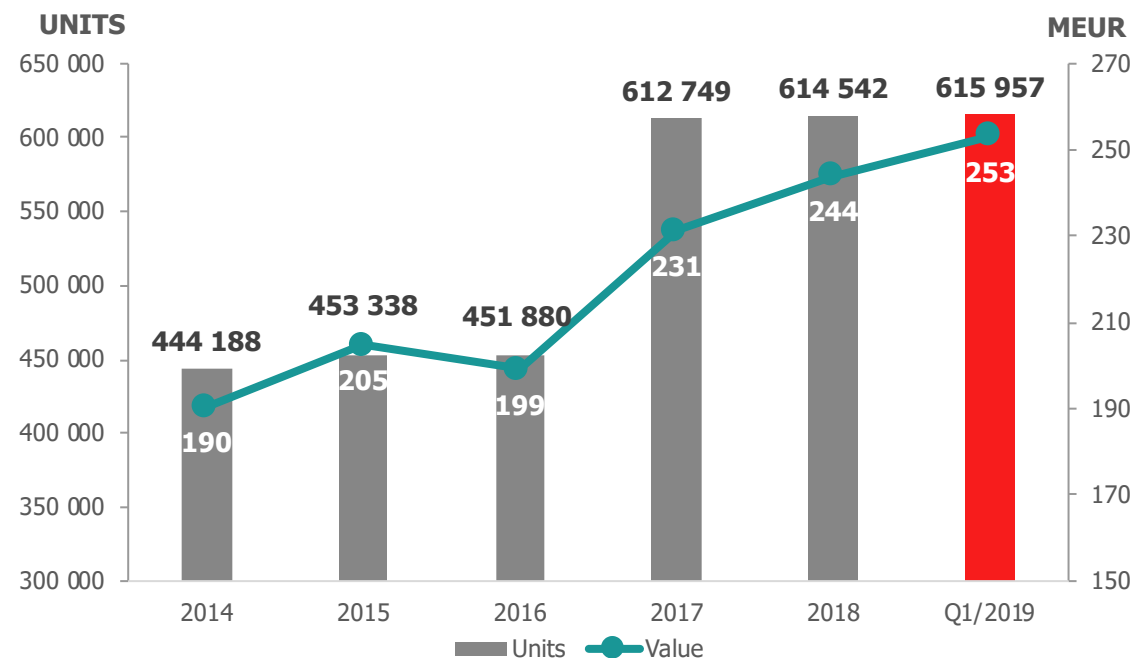


- The adjusted EBITA was EUR 46.8 million (33.8) and the adjusted EBITA margin 15.7% (12.7)
- Gross margin improved on a year-on-year basis
- The improvement was mainly attributable to volume growth and synergy cost savings and, to a lesser extent, an improved sales mix

Q1/19 Service order book and agreement base



- The order book increased 10.4% year-on-year to EUR 234.1 million (212.0)
- On a comparable currency basis, the order book increased 5.5%



¹2014-16 agreement base on Konecranes stand-alone basis

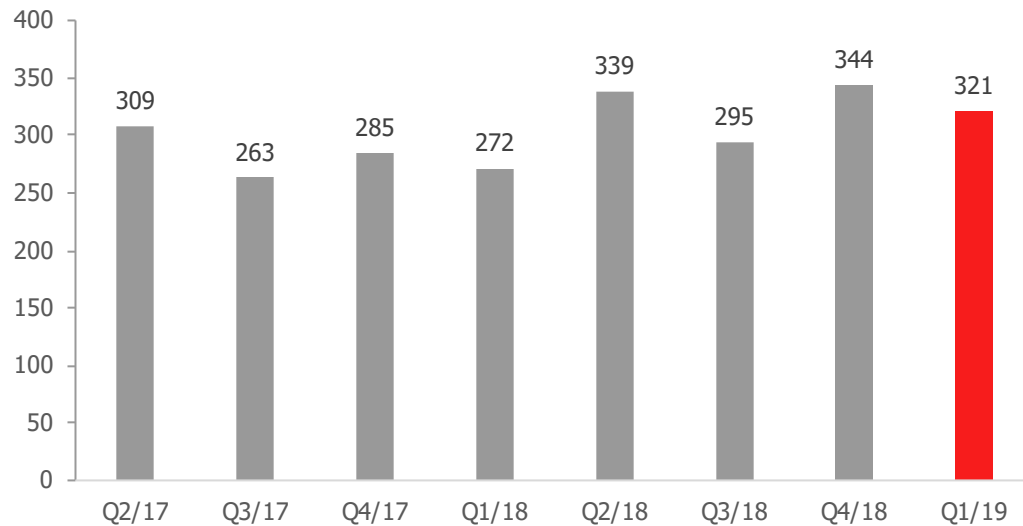
- Year-on-year, the annual value of the agreement base increased 8.5% in Q1/19, on a comparable currency basis the increase was 5.0%
- Sequentially, the annual value of the agreement base increased 3.8%, on a comparable currency basis the increase was 2.2%

Industrial Equipment



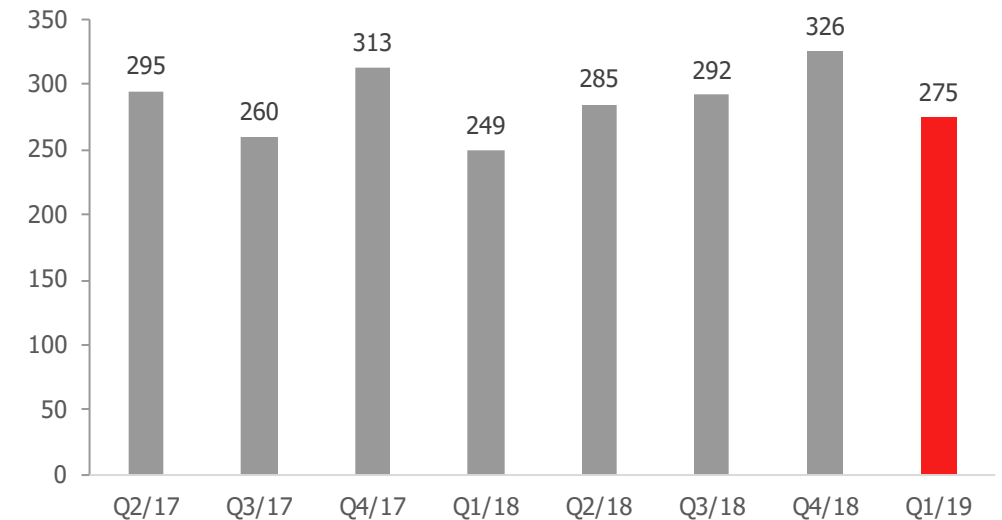
Q1/19 Industrial Equipment order intake and sales

MEUR



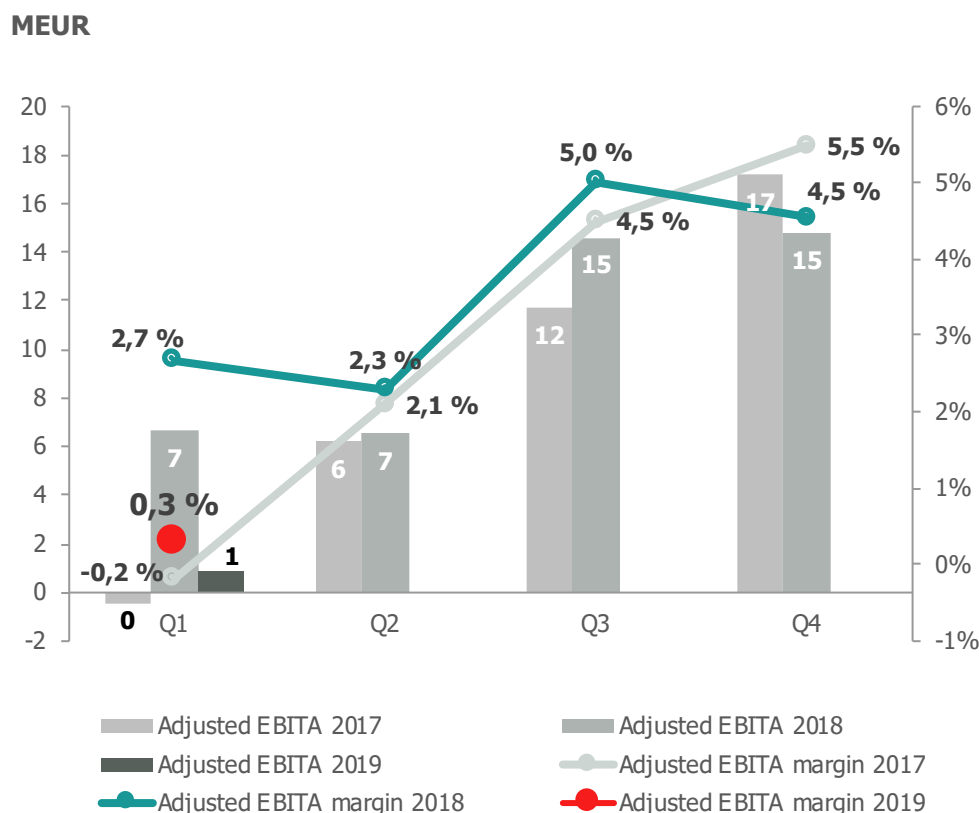
- Orders received totaled EUR 321.2 million (271.6), corresponding to an increase of 18.2%
- External orders grew 19.2% and totaled EUR 276.3m (231.8). On a comparable currency basis, external orders increased 16.9%.
- The increase in order intake was driven by process cranes and standard crane, while component orders decreased

MEUR



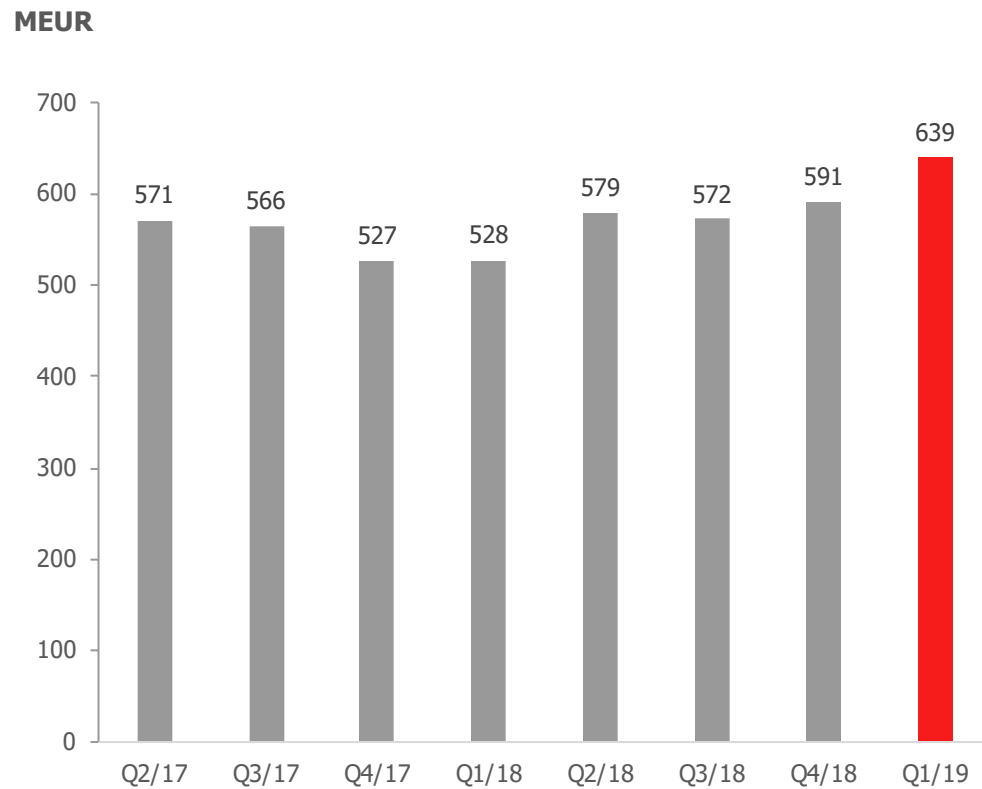
- Sales increased 10.4% to EUR 274.6 million (248.6)
- External sales increased 6.3% and totaled EUR 233.9m (220.1). On a comparable currency basis, external sales increased 4.5%.

Q1/19 Industrial Equipment adjusted EBITA



- The adjusted EBITA was EUR 0.8 million (6.6) and the adjusted EBITA margin 0.3% (2.7)
- The decline in the adjusted EBITA margin, as well as in gross margin, was mainly driven by temporary operational costs in supply operations along with tariff costs

Q1/19 Industrial Equipment order book



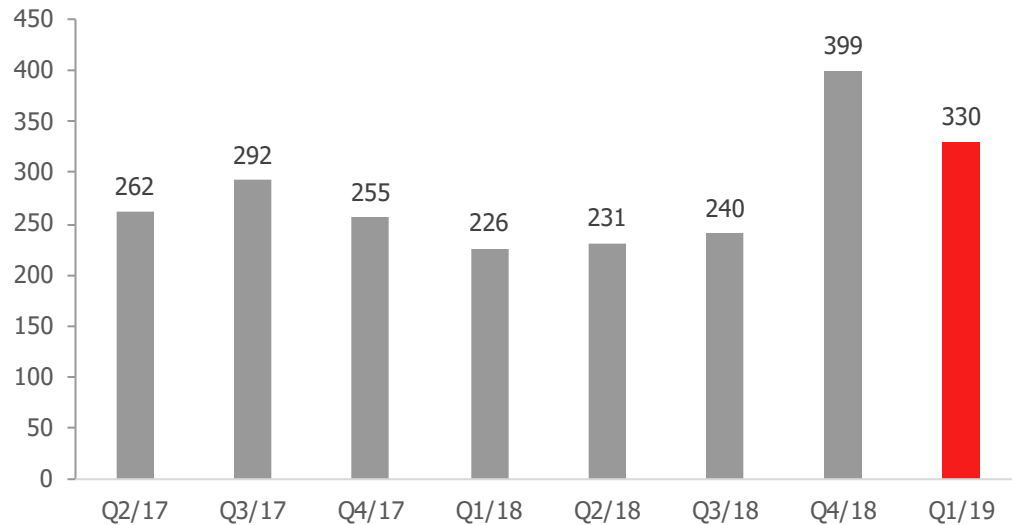
- The order book increased 21.2% year-on-year to EUR 639.4 million (527.6)
- On a comparable currency basis, the order book increased 17.4%

A large blue and red Konecranes NYCT gantry crane is lifting a blue shipping container from a train car. The crane has "KONECRANES" and "NYCT" written on its red beam. The container is suspended by cables and is being moved from a train car to a truck. The scene is set at a port with a clear blue sky and white clouds. A red semi-transparent box is overlaid on the right side of the image, containing the text "Port Solutions".

Port Solutions

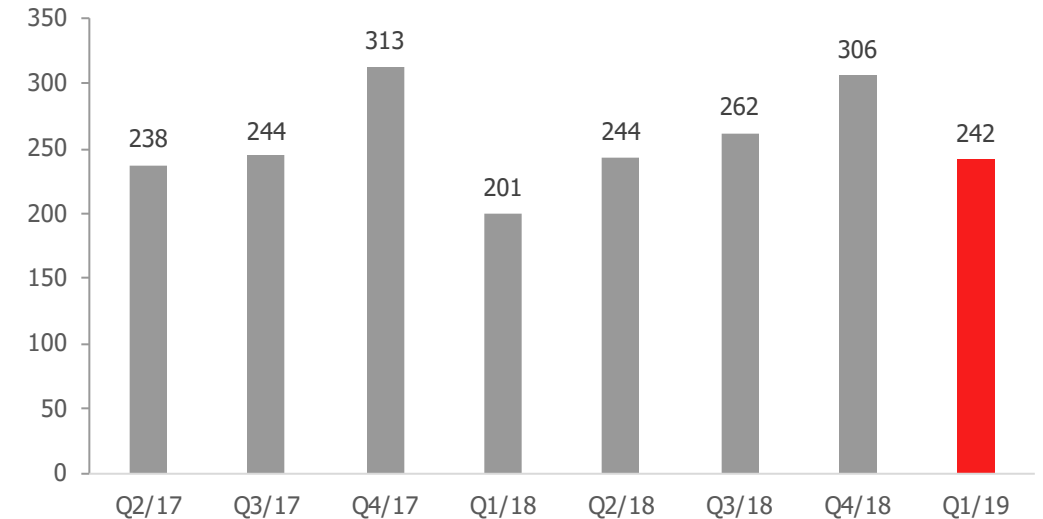
Q1/19 Port Solutions order intake and sales

MEUR



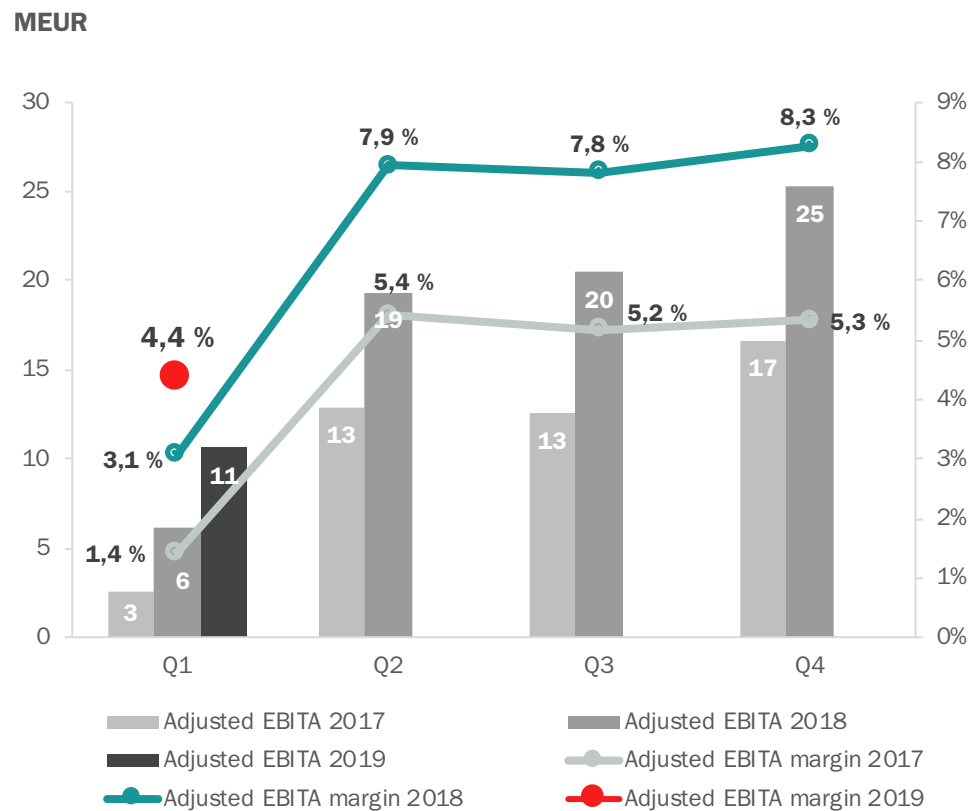
- Orders received totaled EUR 329.9 million (226.2), corresponding to an increase of 45.9%. On a comparable currency basis, orders received increased 46.3%.
- The growth was primarily driven by the large order for the greenfield Hadarom container terminal, as well as an order for 20 RTGs
- On a year-on-year basis, orders grew in EMEA and in the Americas, but fell in APAC

MEUR



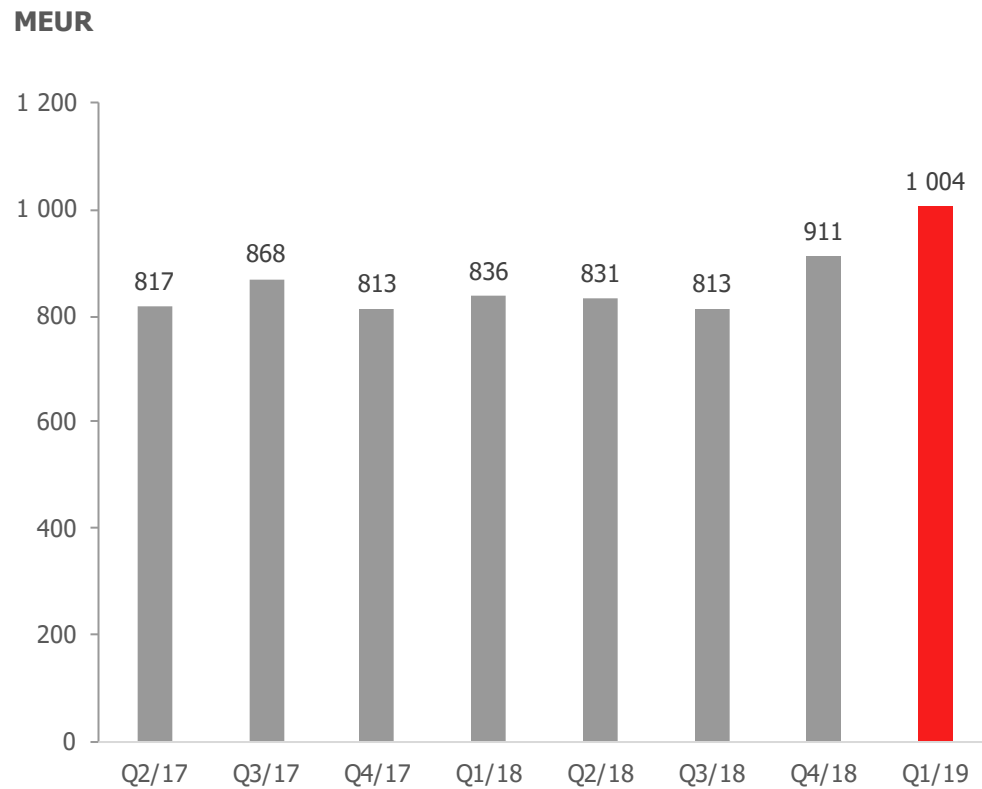
- Sales increased 20.6% to EUR 241.8 million (200.6). On a comparable currency basis, sales decreased 20.4%.

Q1/19 Port Solutions adjusted EBITA



- The adjusted EBITA was EUR 10.6 million (6.2) and the adjusted EBITA margin 4.4% (3.1)
- Gross margin decreased on a year-on-year basis
- The increase in EBITA margin resulted primarily from sales volume growth and synergy cost savings

Q1/19 Port Solutions order book



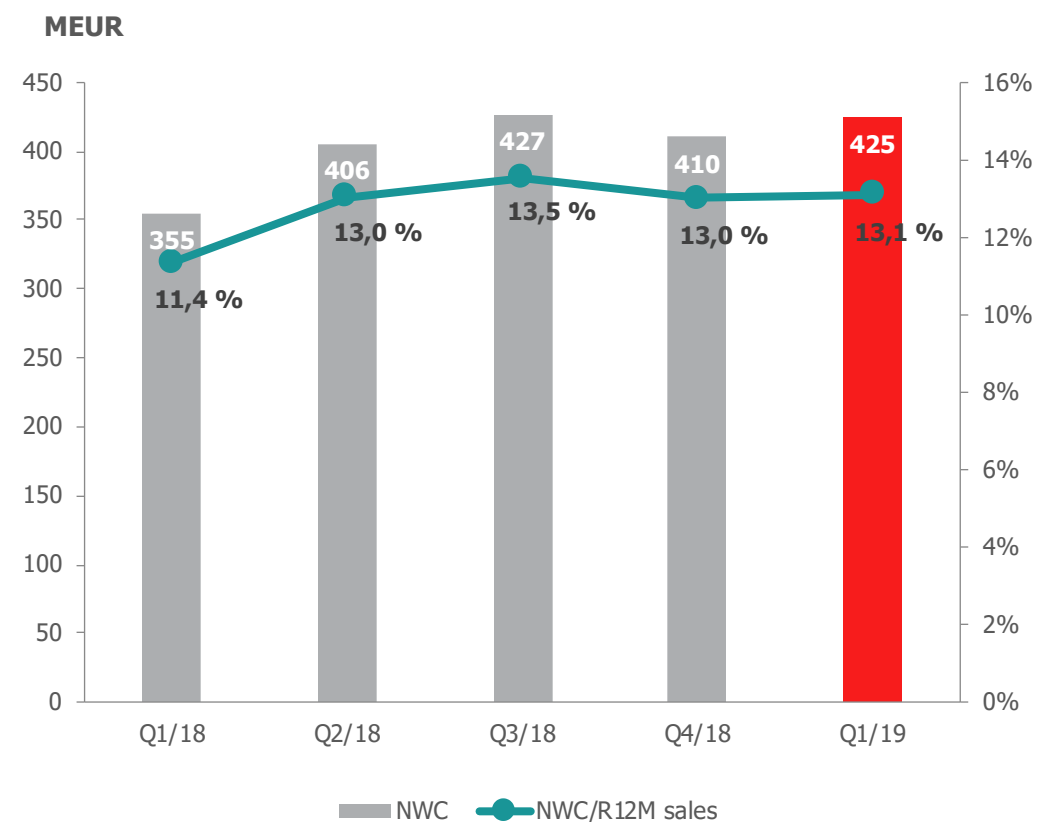
- The order book increased 20.1% year-on-year to EUR 1,004.0 million (836.2)
- On a comparable currency basis, the order book increased 19.8%

A photograph of two Konecranes employees, a man and a woman, both wearing white hard hats and white shirts. The man is wearing glasses and a striped shirt, and the woman is wearing a white shirt with the Konecranes logo. They are both looking down at a laptop screen, which is partially visible. The woman is smiling. The background is a blurred outdoor setting.

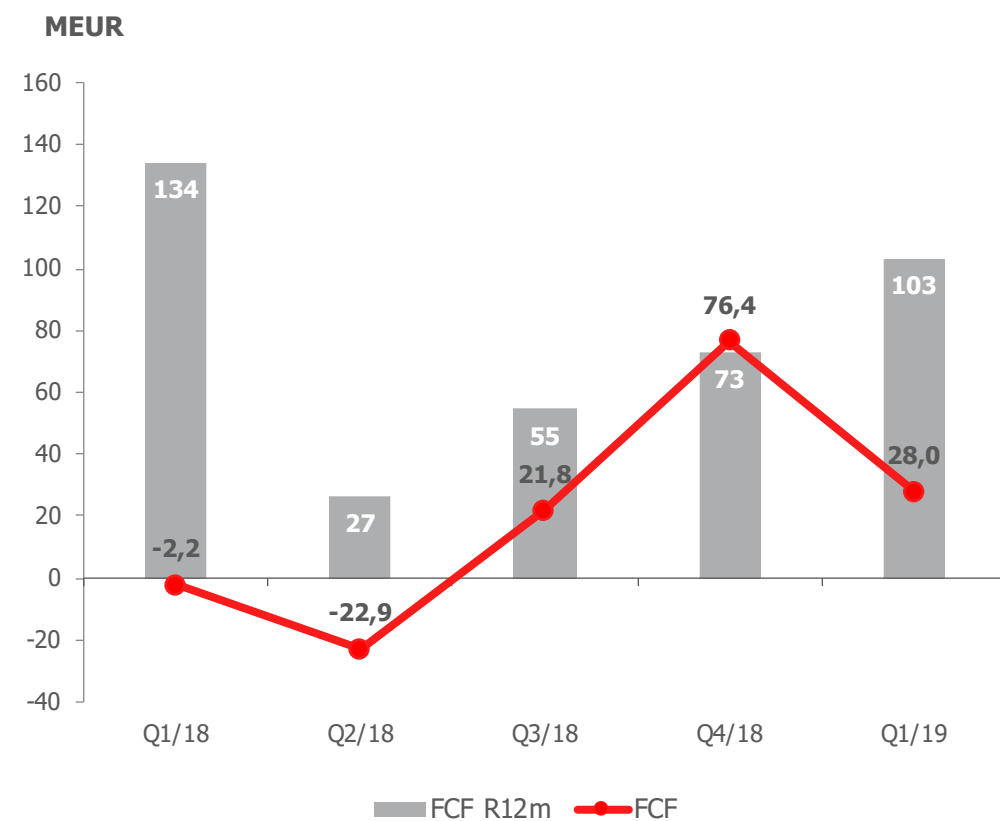
Cash Flow and Balance Sheet

Net working capital and free cash flow

Net working capital*



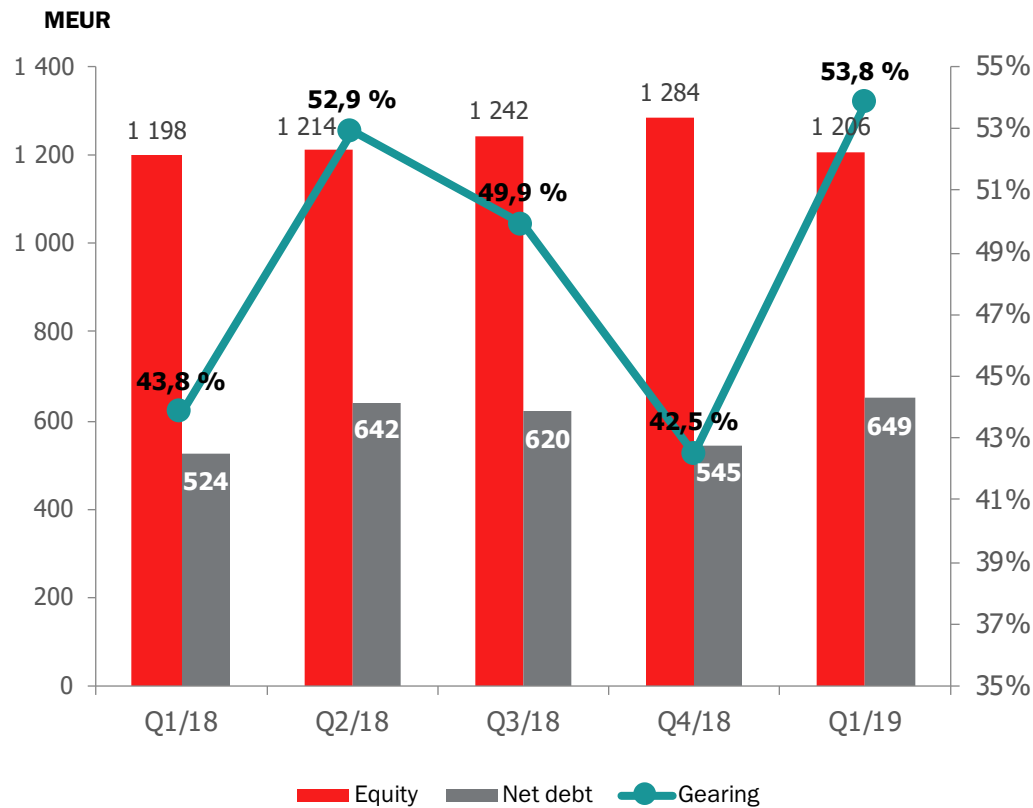
Free cash flow



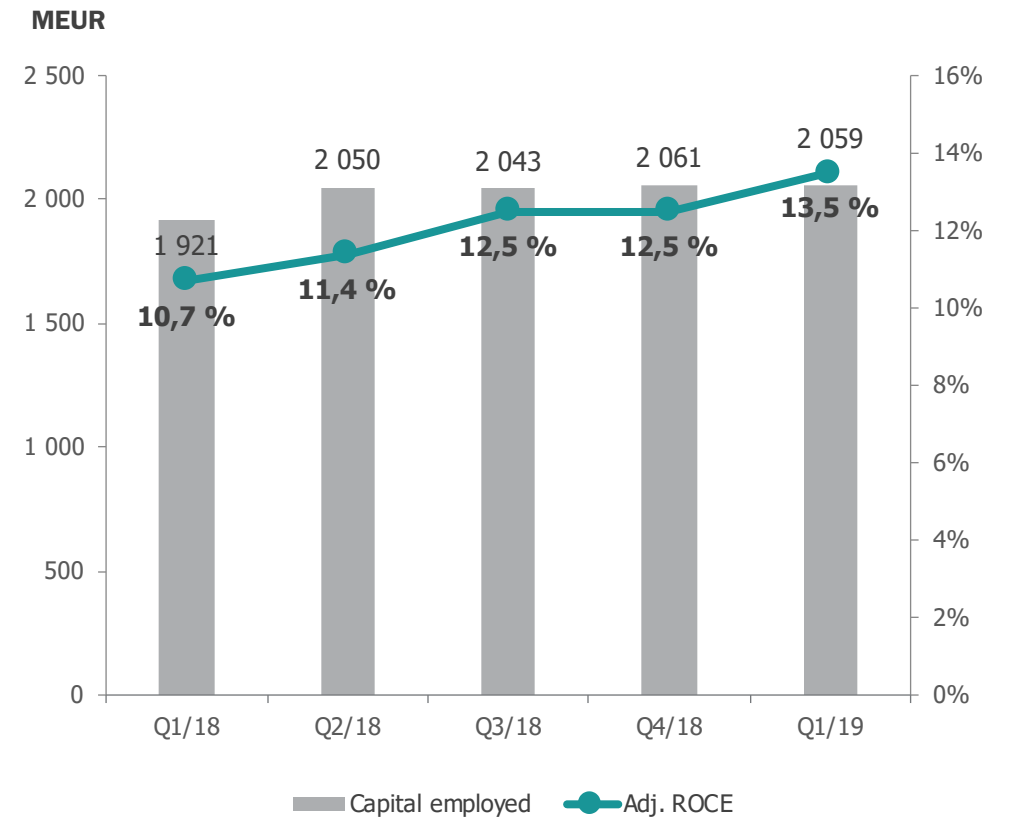
*Both Q1/18 and Q1/19 excl. dividend payable of EUR 94.6 million

Gearing and return on capital employed

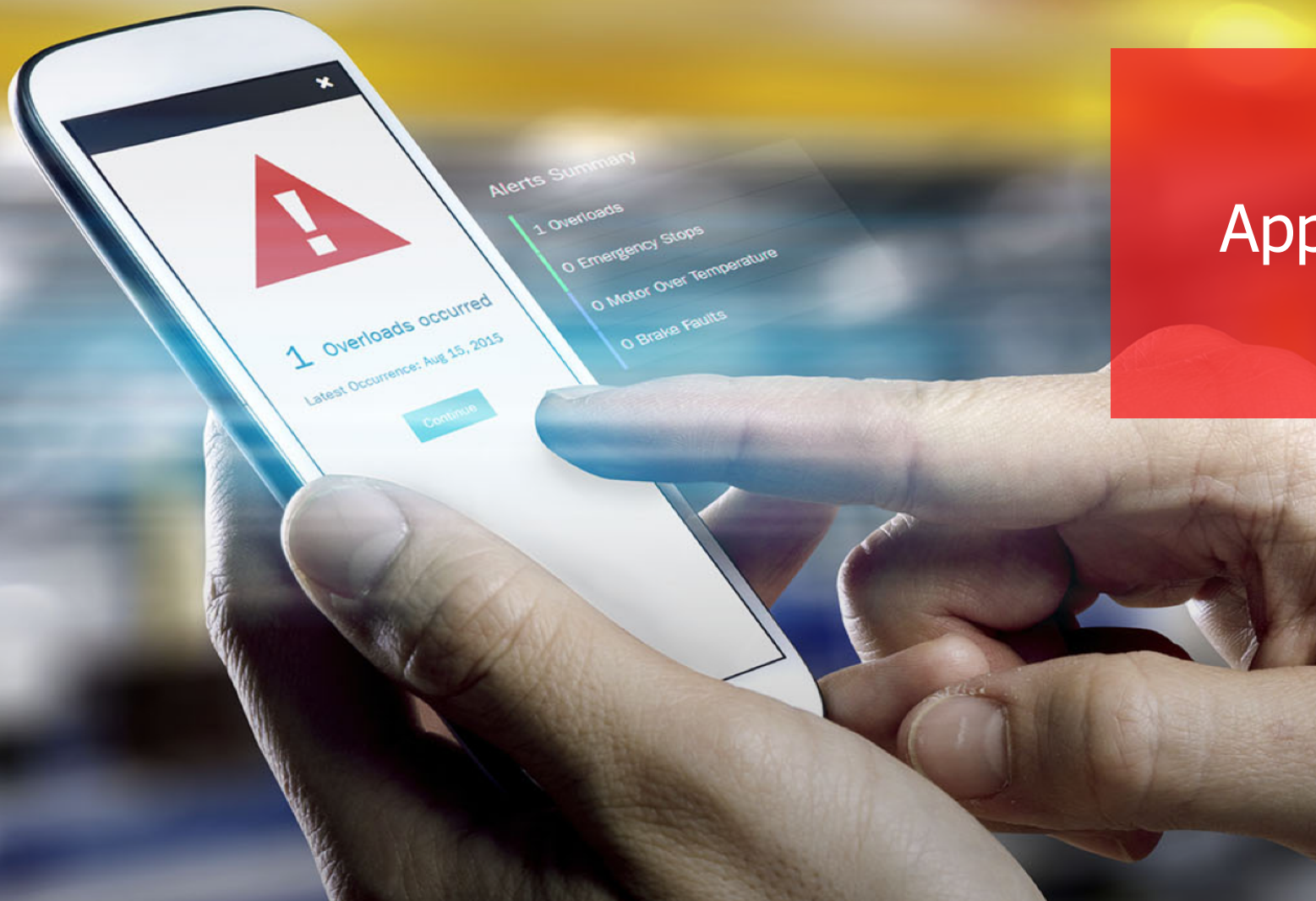
Equity, net debt and gearing



Capital employed and return on capital employed



Q&A



Appendix

Statement of income

EUR million	Q1/19	Q1/18	Change %	1-12/18
Sales	758.2	672.8	12.7	3,156.1
Other operating income	3.7	1.2		6.3
Materials, supplies and subcontracting	-322.5	-262.4		-1,371.9
Personnel cost	-257.9	-247.7		-1,006.5
Depreciation and impairments	-29.9	-27.4		-119.9
Other operating expenses	-124.3	-112.7		-498.0
Operating profit	27.3	23.8	14.9	166.2
Share of associates' and joint ventures' result	-1.0	-0.7		4.0
Financial income	4.7	3.0		2.6
Financial expenses	-12.7	-14.6		-34.1
Profit before taxes	18.3	11.5	59.5	138.7
Taxes	-5.1	-3.2		-40.4
PROFIT FOR THE PERIOD	13.2	8.3	59.5	98.3

Balance sheet

EUR million	31 Mar-19	31 Dec-18
Non-current assets		
Goodwill	907.7	906.1
Intangible assets	572.4	582.0
Property, plant and equipment	352.7	236.7
Other	206.1	205.7
Current assets		
Inventories	694.9	635.8
Accounts receivable	527.4	548.0
Receivables and other current assets	241.7	222.3
Cash and cash equivalents	204.2	230.5
Total Assets	3,707.2	3,567.0

EUR million	31 Mar-19	31 Dec-18
Total Equity	1,205.6	1,284.1
Non-current liabilities		
Interest-bearing liabilities	676.8	584.6
Other long-term liabilities	269.9	269.1
Other	164.6	164.6
Current liabilities		
Interest-bearing liabilities	177.1	191.8
Advance payments received	366.4	341.4
Accounts payable	217.3	211.2
Provisions	113.1	112.6
Other current liabilities	516.4	407.6
Total Equity and Liabilities	3,707.2	3,567.0

Cash flow statement

EUR million	1-3/19	1-3/18	2018
Operating income before change in net working capital	58.6	54.4	295.1
Change in net working capital	-0.9	-21.0	-91.5
Cash flow from operations before financing items and taxes	57.7	33.3	203.5
Financing items and taxes	-27.6	-29.9	-94.3
Net cash from operating activities	30.1	3.4	109.2
Net cash used in investing activities	-2.8	-4.6	-35.0
Cash flow before financing activities	27.3	-1.1	74.2
Net cash used in financing activities	-57.9	-32.6	-75.2
Change of cash and cash equivalents	-26.3	-34.8	-2.6
Free cash flow	28.0	-2.2	73.1

Key figures

EUR million	1-3/19	1-3/18	Change %
Earnings per share, basic (EUR)	0.17	0.11	58.5
Earnings per share, diluted (EUR)	0.17	0.11	58.5
Return on capital employed, %, Rolling 12 Months (R12M)	8.4	5.4	55.6
Return on equity, %, Rolling 12 Months (R12M)	8.6	3.2	168.8
Equity per share (EUR)	15.06	14.92	0.9
Net debt / Adjusted EBITDA, Rolling 12 Months (R12M)	1.9	1.8	5.6
Equity to asset ratio, %	36.1	38.0	-5.0
Investments total (excl. acquisitions), EUR million	10.0	8.6	15.8
Number of personnel at the end of the period	16,024	16,278	-1.6
Average number of shares outstanding, basic	78,824,399	78,774,958	0.1
Average number of shares outstanding, diluted	78,824,399	78,774,958	0.1
Number of shares outstanding	78,839,426	78,823,503	0.0



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