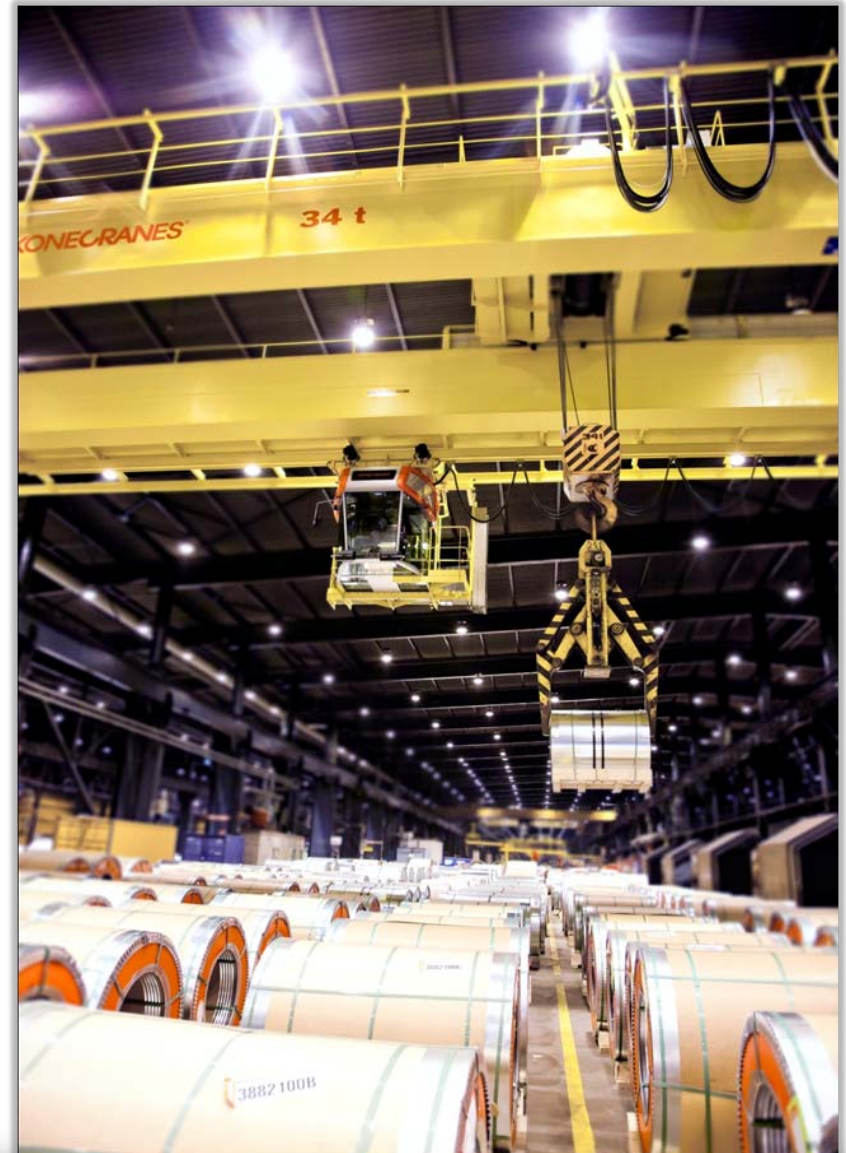


# 2012 FINANCIAL RESULTS

**January 31, 2013**

**Pekka Lundmark, President and CEO**

**Teo Ottola, CFO**



# HIGHLIGHTS OF Q4/12

- **Positives**

- Service EBIT margin improvement continued
- NWC improved to 13.7% of sales
- Strong operating cash flow of EUR85m, gearing of 39.5%

- **Negatives**

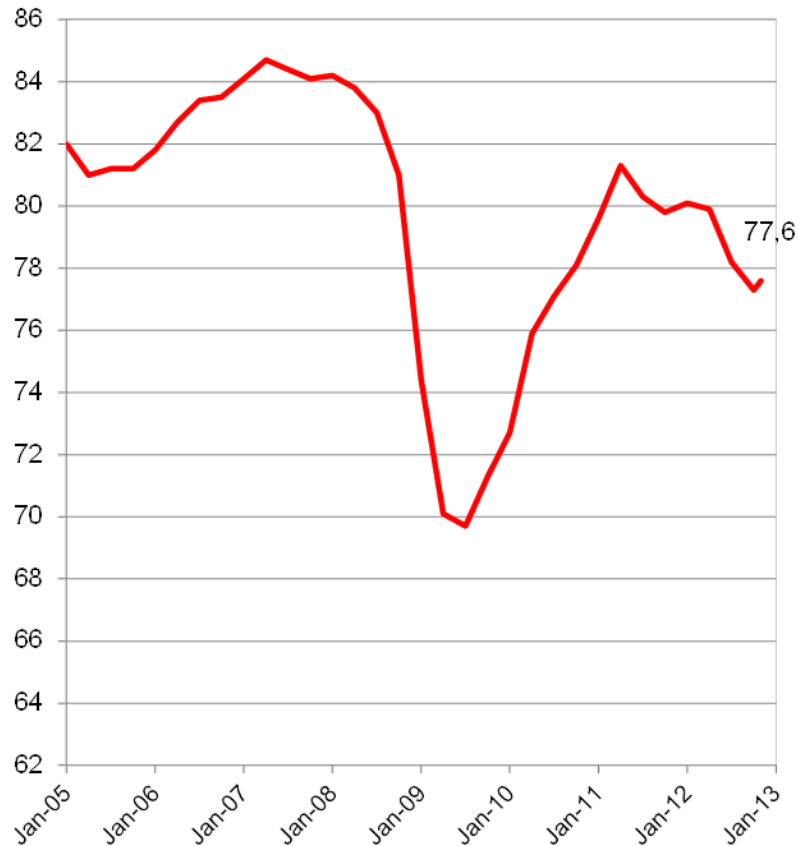
- Equipment order intake continued to soften
- Equipment EBIT lower Y/Y
- Service sales growth moderated toward year-end

Q4 ORDERS RECEIVED Y/Y	EMEA	AME	APAC
SERVICE			
EQUIPMENT			

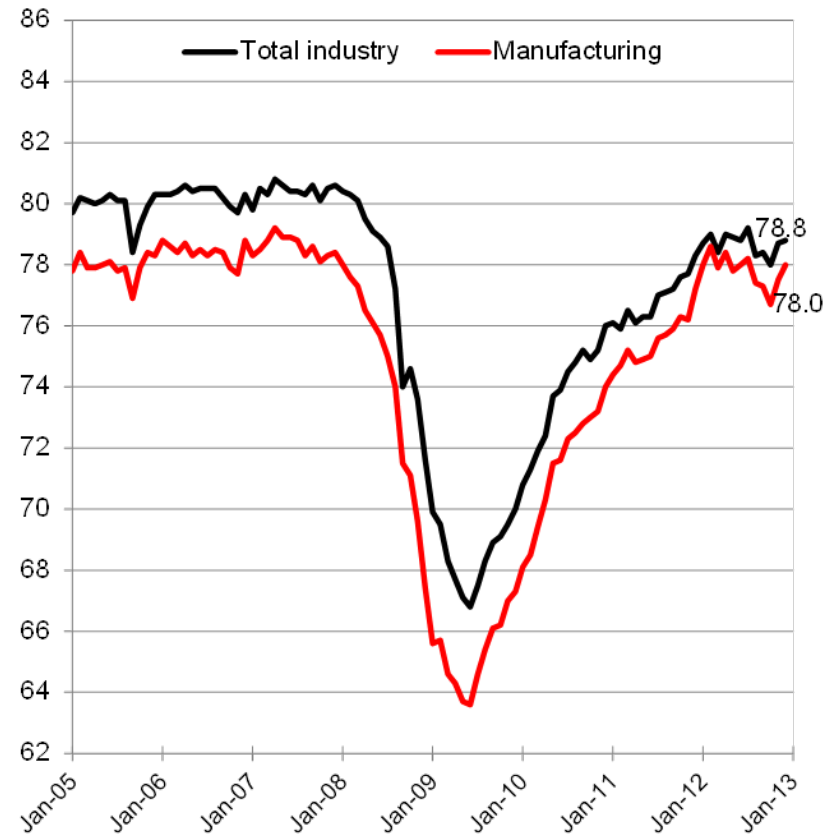
**Board of Directors proposes a dividend of EUR 1.05 per share**

# CAPACITY UTILIZATION: EU27 AND USA

## Capacity utilisation of manufacturing in EU



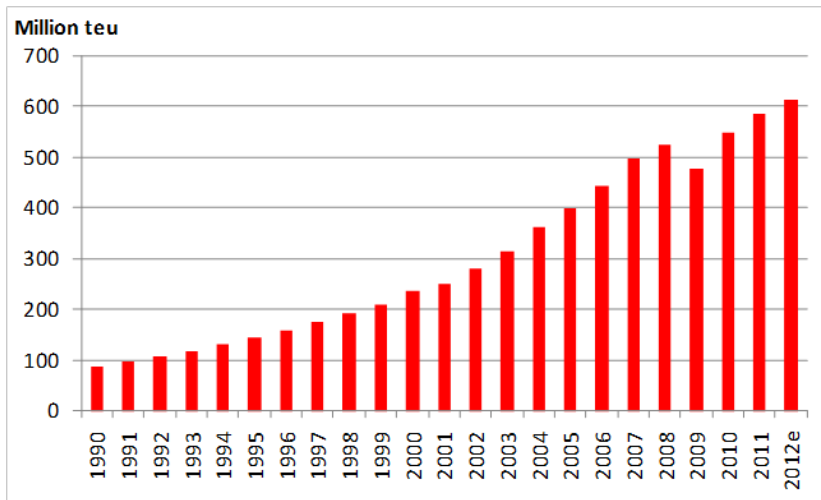
## Capacity utilisation in the USA



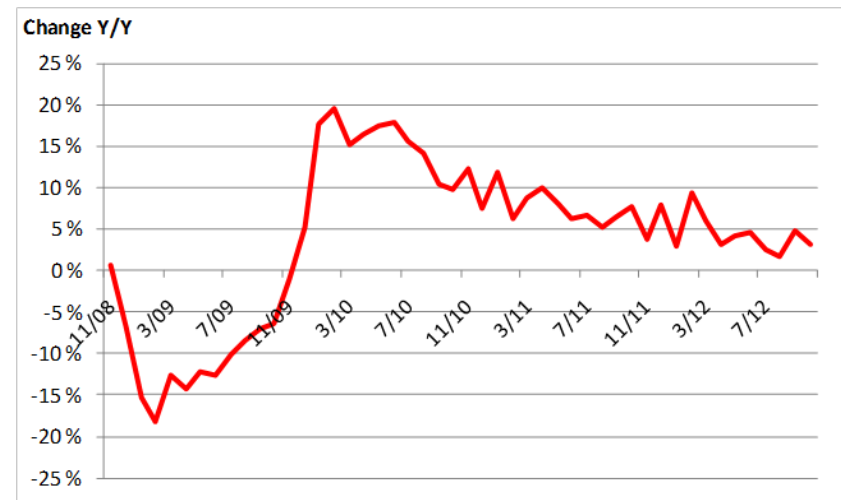
SOURCES: Eurostat (latest data point Q1/13), Federal Reserve Bank of St. Louis (December 2012)

# CONTAINER TRAFFIC

## Annual container handling volume



## Monthly container handling volume



SOURCES: Drewry Container Port Insight (latest data point October 2012)

# MARKET OUTLOOK AND FINANCIAL GUIDANCE AS OF JANUARY 31, 2013

## Market outlook

- Demand forecasting continues to be challenging due to macroeconomic uncertainties.
- Our current offer base indicates a stable or slightly higher near-term demand compared to the fourth quarter of 2012. However, due to the timing of large crane projects, the quarterly Equipment order intake will fluctuate.

## Financial guidance

- Based on the offer base and the near-term demand outlook, the year 2013 sales is expected to be stable or slightly higher than in 2012.
- We expect the 2013 operating profit to improve from 2012.

# REALLOCATION OF RESOURCES WITHIN EQUIPMENT

## Action

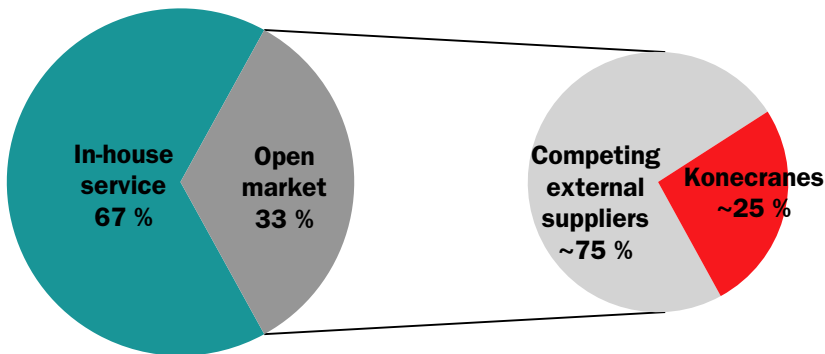
- Equipment has initiated actions to align operations closer to customers in emerging markets
- Industrial Cranes will organize itself into larger sales areas with fewer, yet stronger units
- Industrial crane manufacturing in Hyvinkää, Finland and Vic, Spain planned to be discontinued
- Straddle carrier manufacturing in Tauberbischofsheim, Germany planned to be terminated

## Financial impact

- Reduction of approx. 140 employees of which approx. 35 in Finland
- Restructuring costs of approx. EUR10m of which EUR5.8m recognized in Q4/12 and approx. EUR4m Q1/13
- Cash flow impact approx. EUR5m
- Annual cost savings of approx. EUR10m starting from H2/13 onward

# MARKET SHARE AND SIZE IN 2012

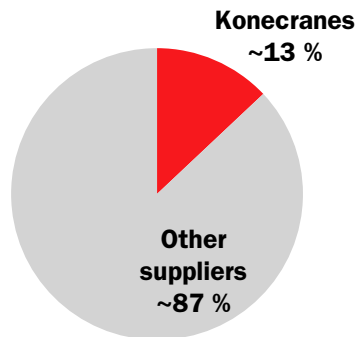
Service: Industrial and Port Cranes



Total market >10 BEUR

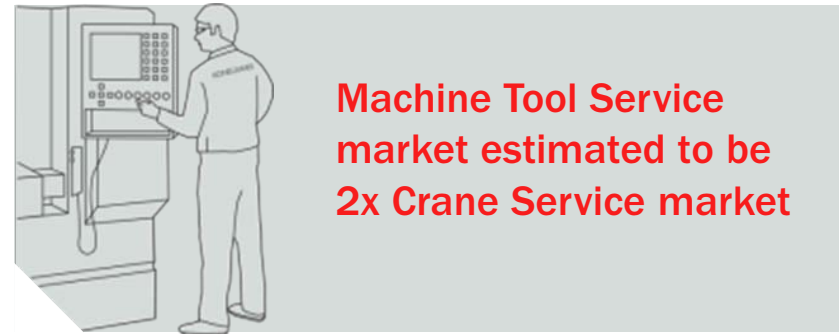
Open market >3 BEUR

**Equipment: Industrial Cranes and Components, Container Handling Equipment**

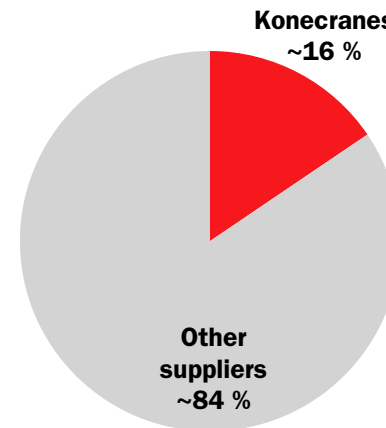


Market size >10 BEUR

Note that market share and size are based on Konecranes' estimates as no comprehensive statistics are available.



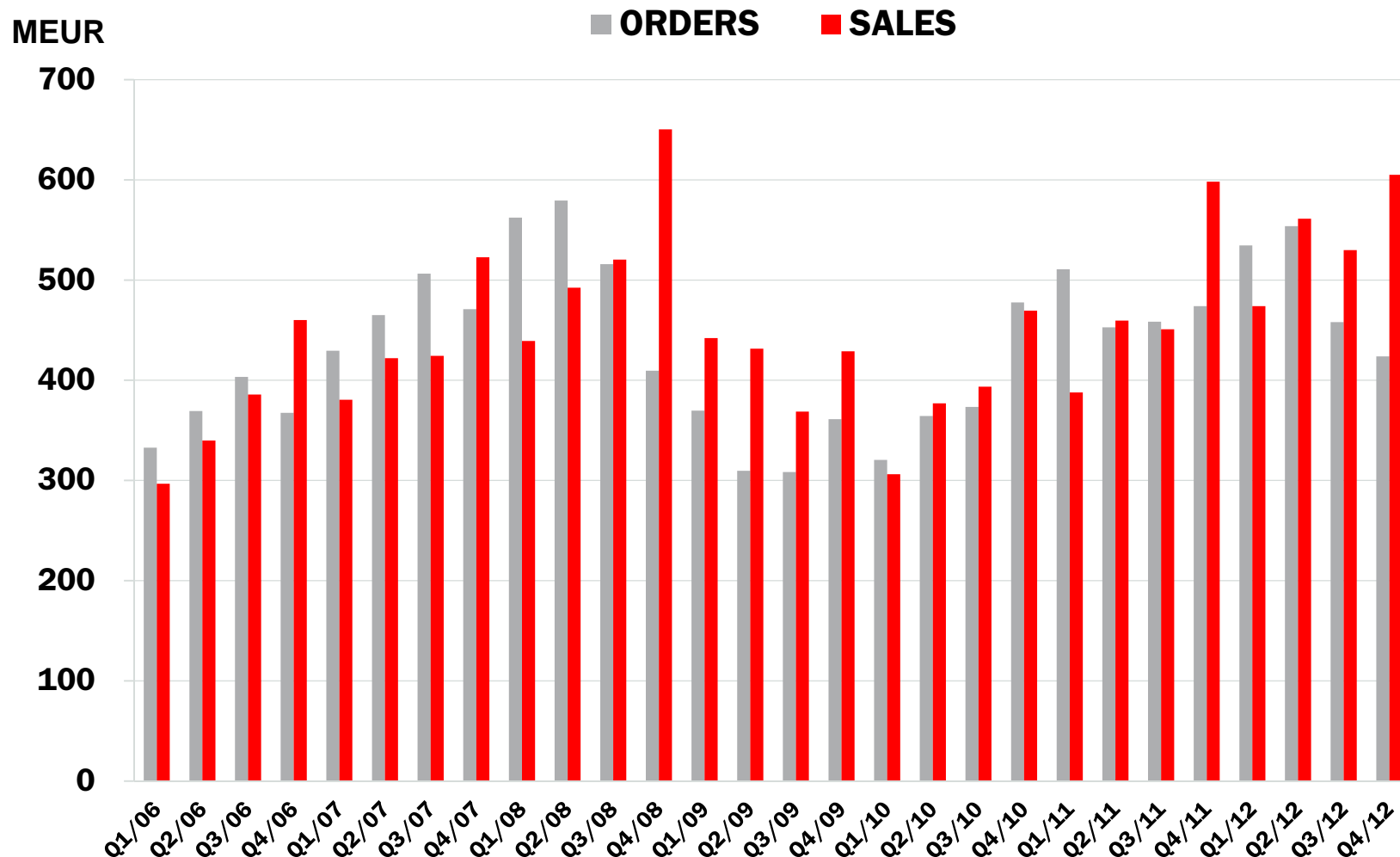
**Total open market excl. Machine Tools**



Market size ~14 BEUR

# GROUP ORDERS AND NET SALES

**Q4 Orders: 423.8 (473.9) MEUR, -10.6% | Net sales: 605.1 (598.2) MEUR, +1.2%**





# GROUP ORDER BOOK

**Q4 Order book: 942.7 (991.8) MEUR, -4.9%**

MEUR

1200

1000

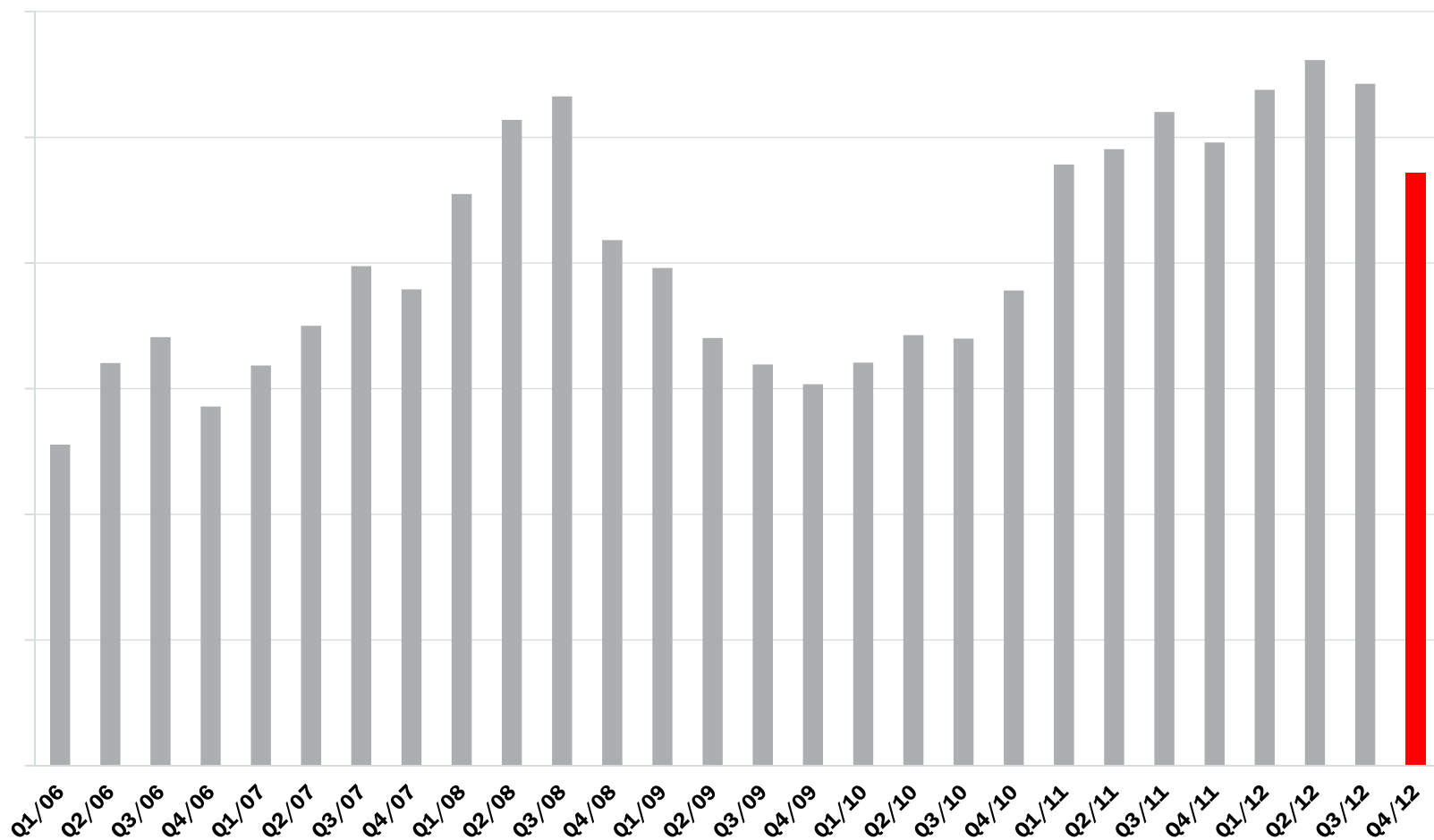
800

600

400

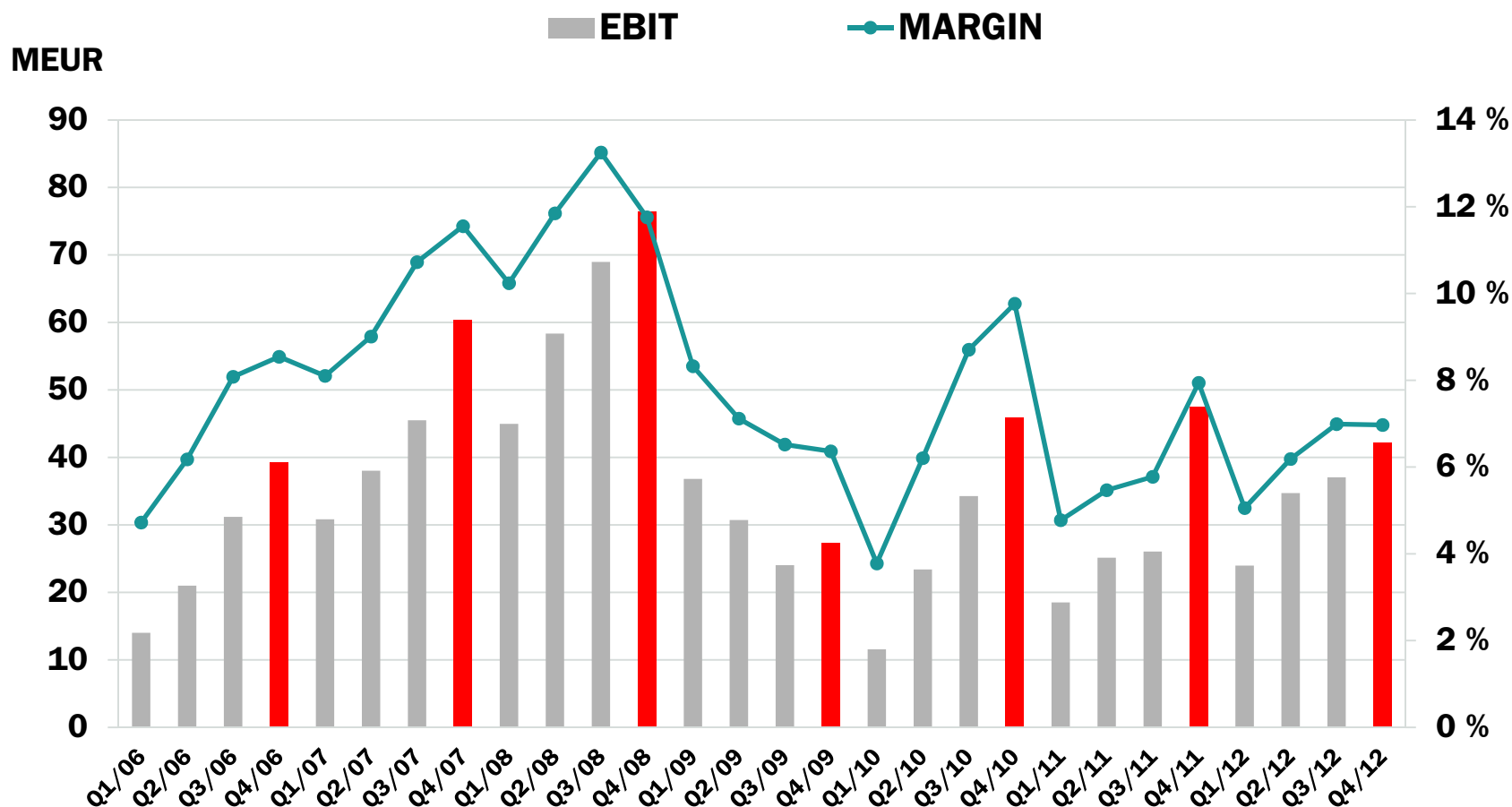
200

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# GROUP EBIT & MARGIN

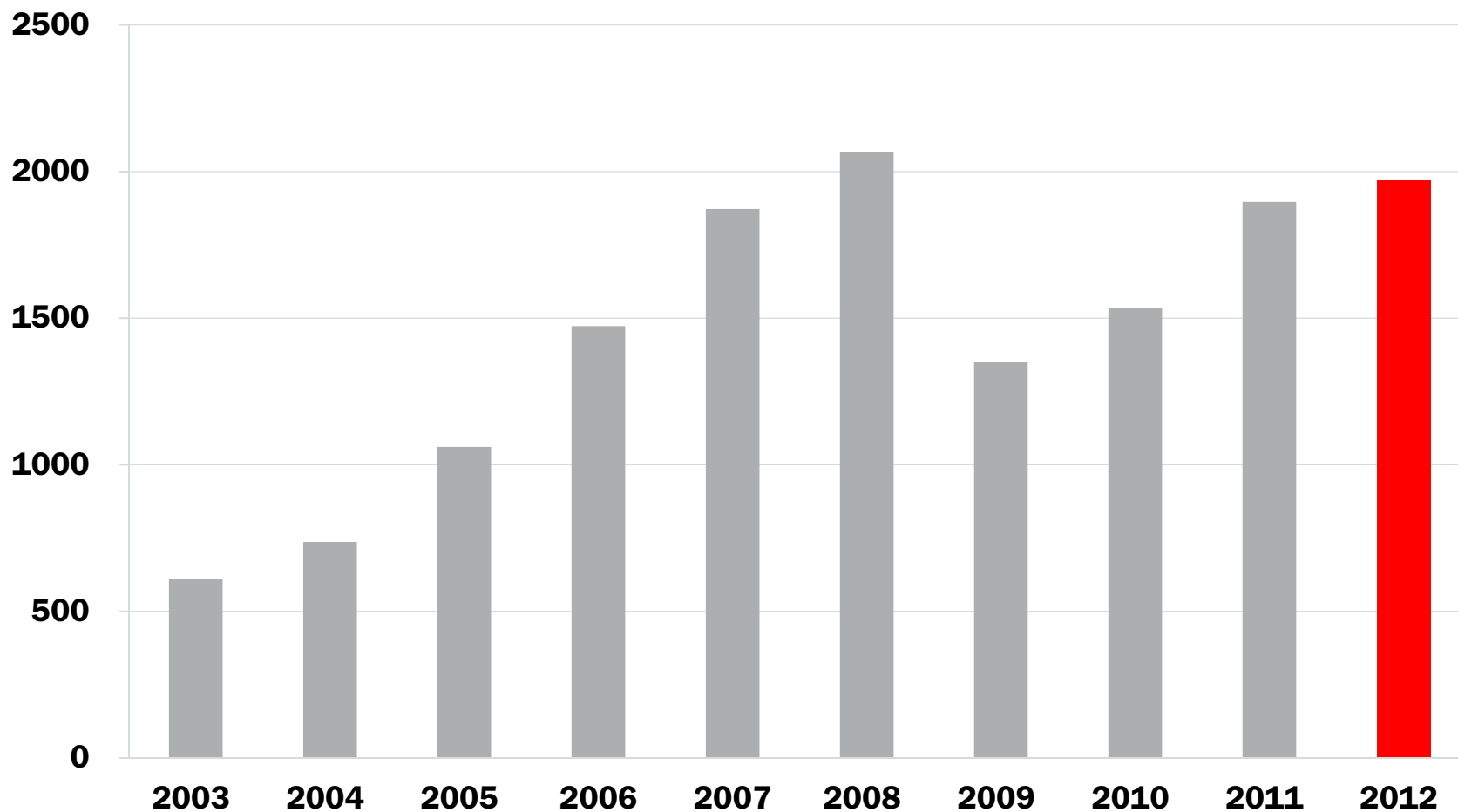
**Q4 EBIT: 42.2 (47.5) MEUR, -11.2% | Margin: 7.0% (7.9 %), excluding restructuring costs**



# GROUP ORDERS RECEIVED

**2012 Orders: 1,970.1 (1,896.1) MEUR, +3.9%**

MEUR



# GROUP NET SALES

**2012 Net sales: 2,170.2 (1,896.4) MEUR, +14.4%**

MEUR

2500

2000

1500

1000

500

0

2003

2004

2005

2006

2007

2008

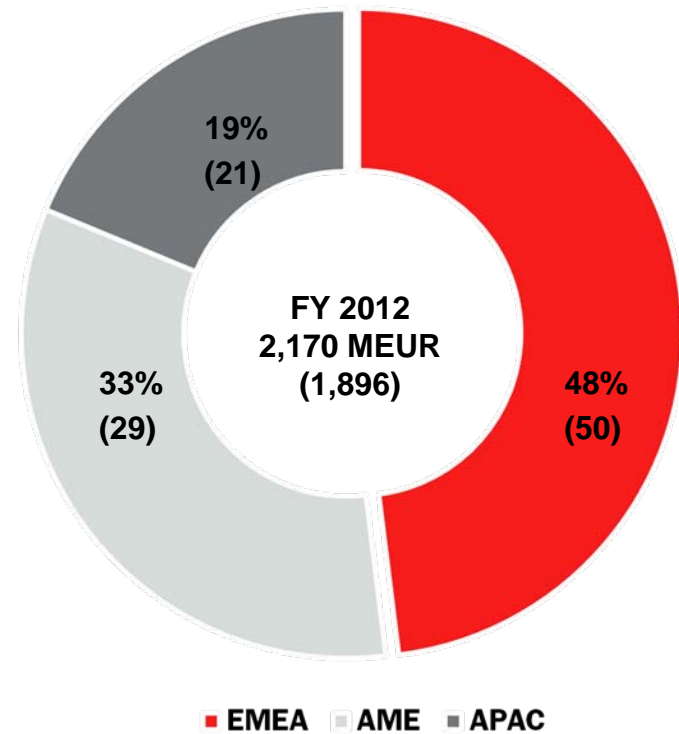
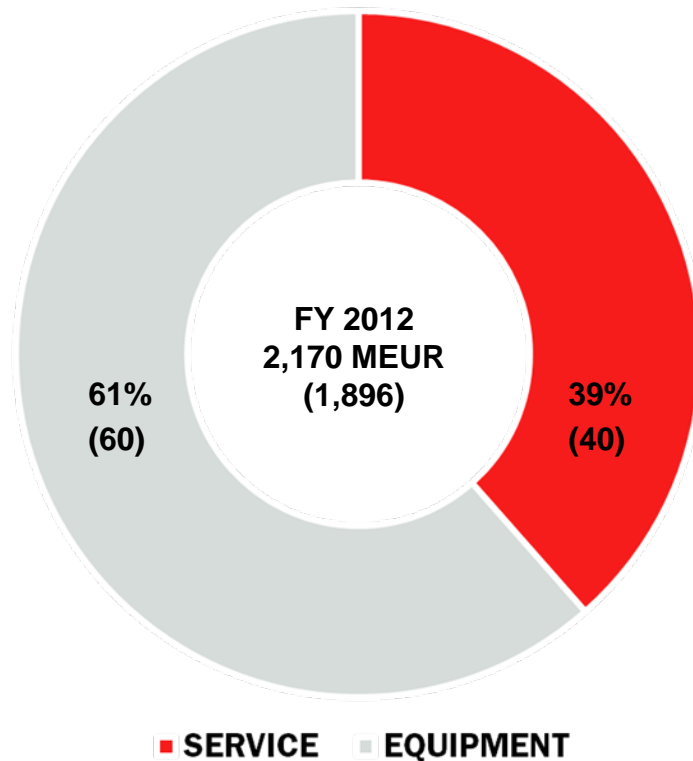
2009

2010

2011

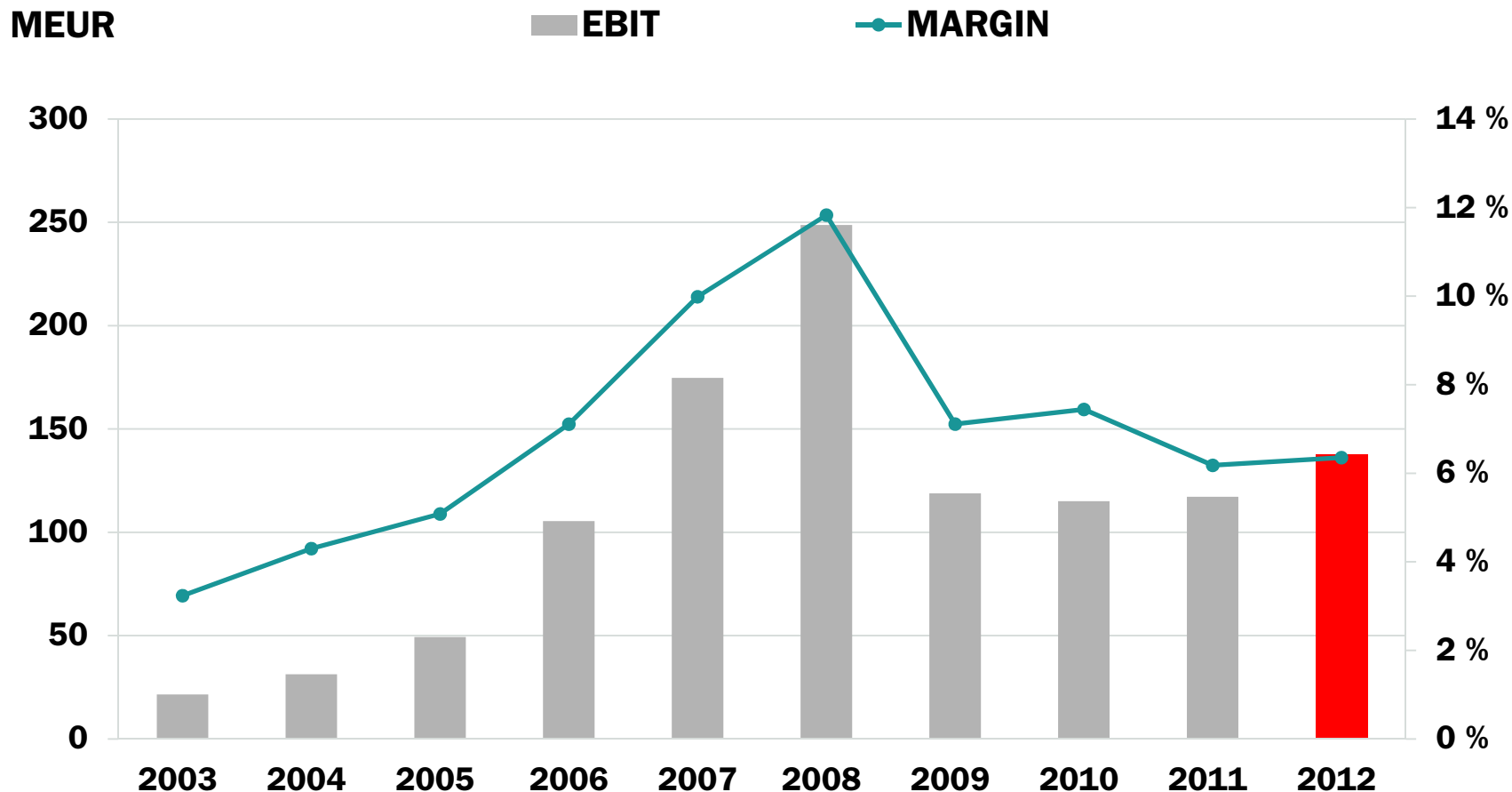
2012

# SALES SPLIT BY BUSINESS AREA AND REGION

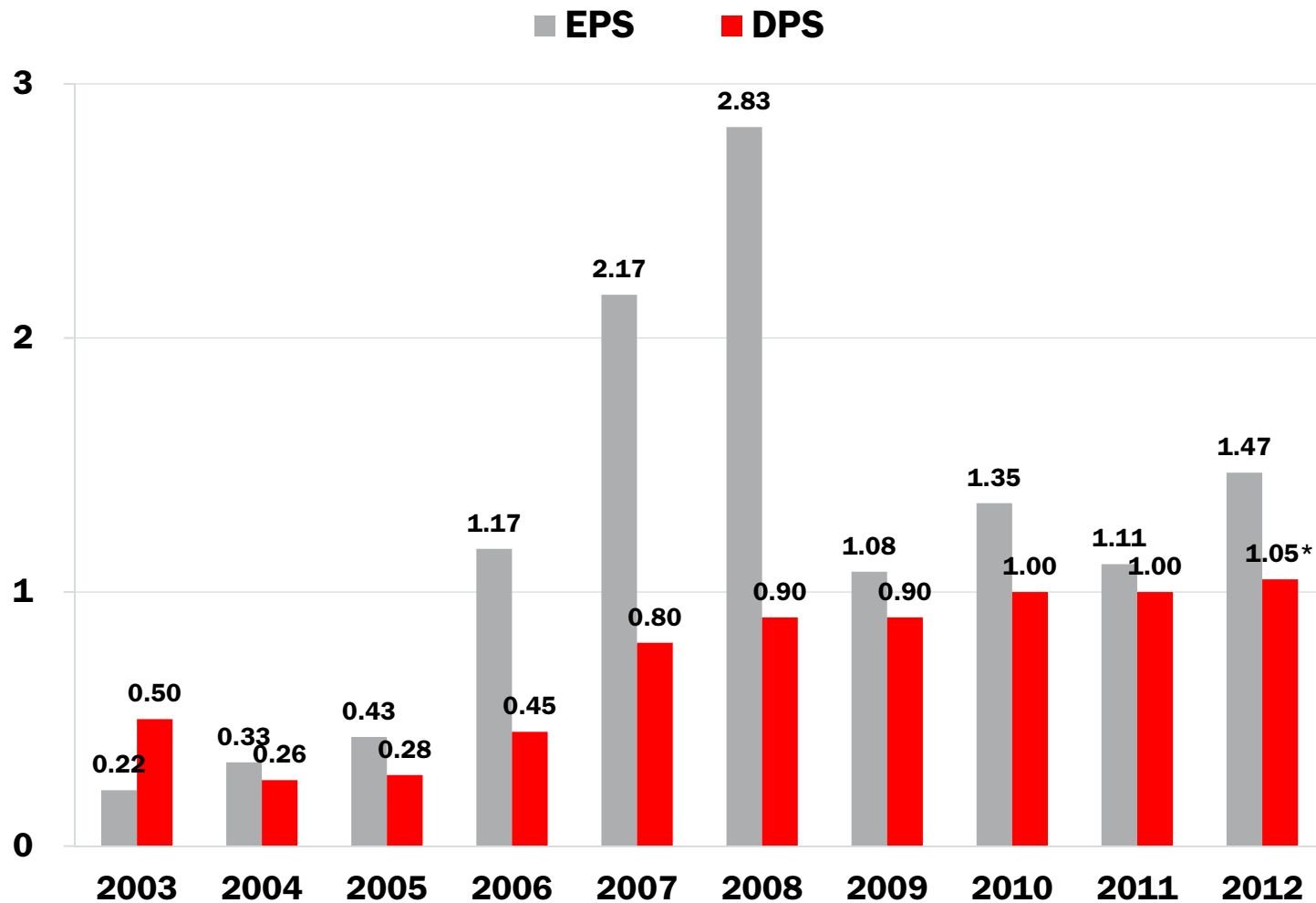


# GROUP EBIT & MARGIN

**2012 EBIT: 137.9 (117.2) MEUR, +17.7% | MARGIN: 6.4% (6.2%), excluding restructuring costs**



# EPS AND DPS



\*Board's proposal to the AGM

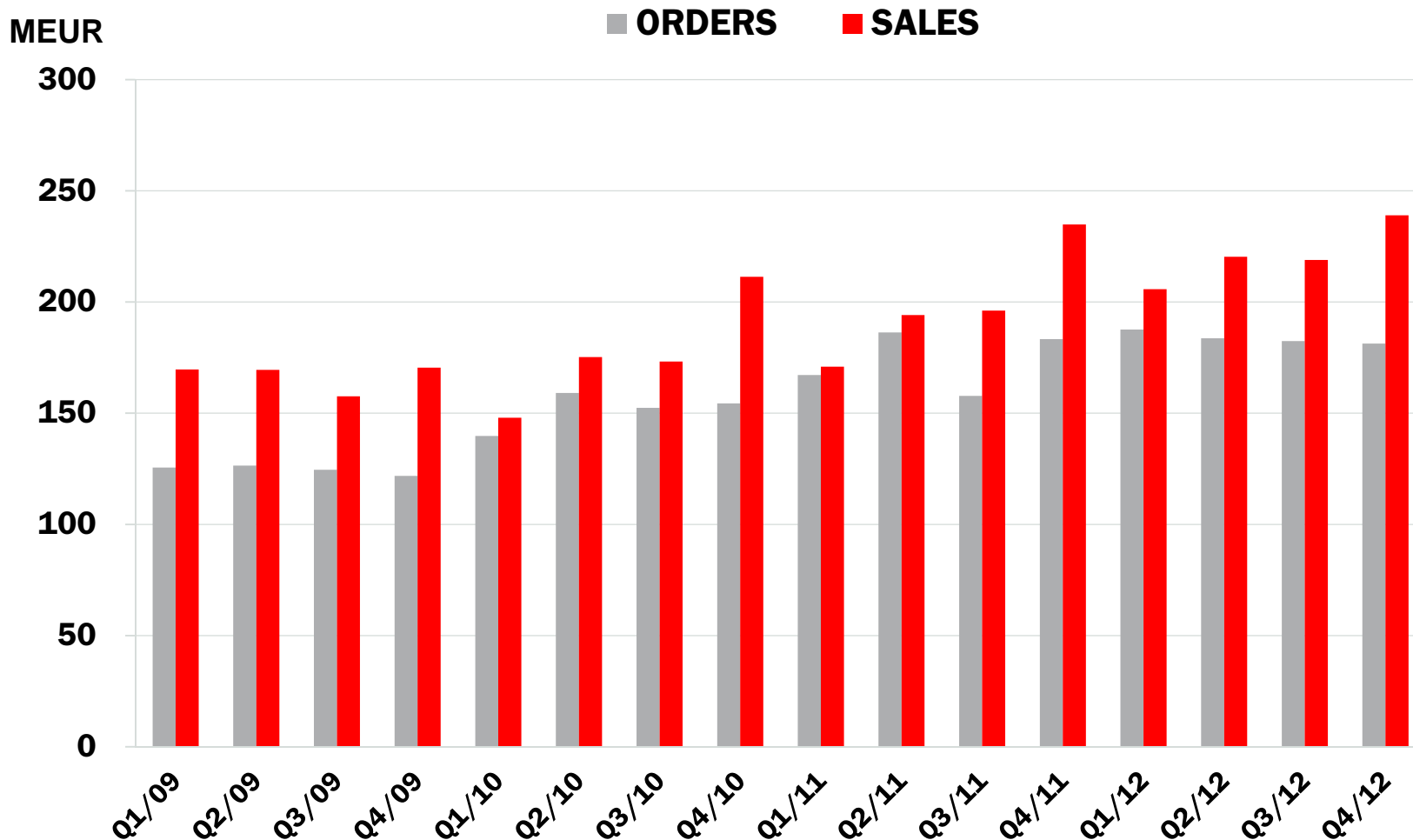


**SERVICE**



# SERVICE: ORDERS AND NET SALES

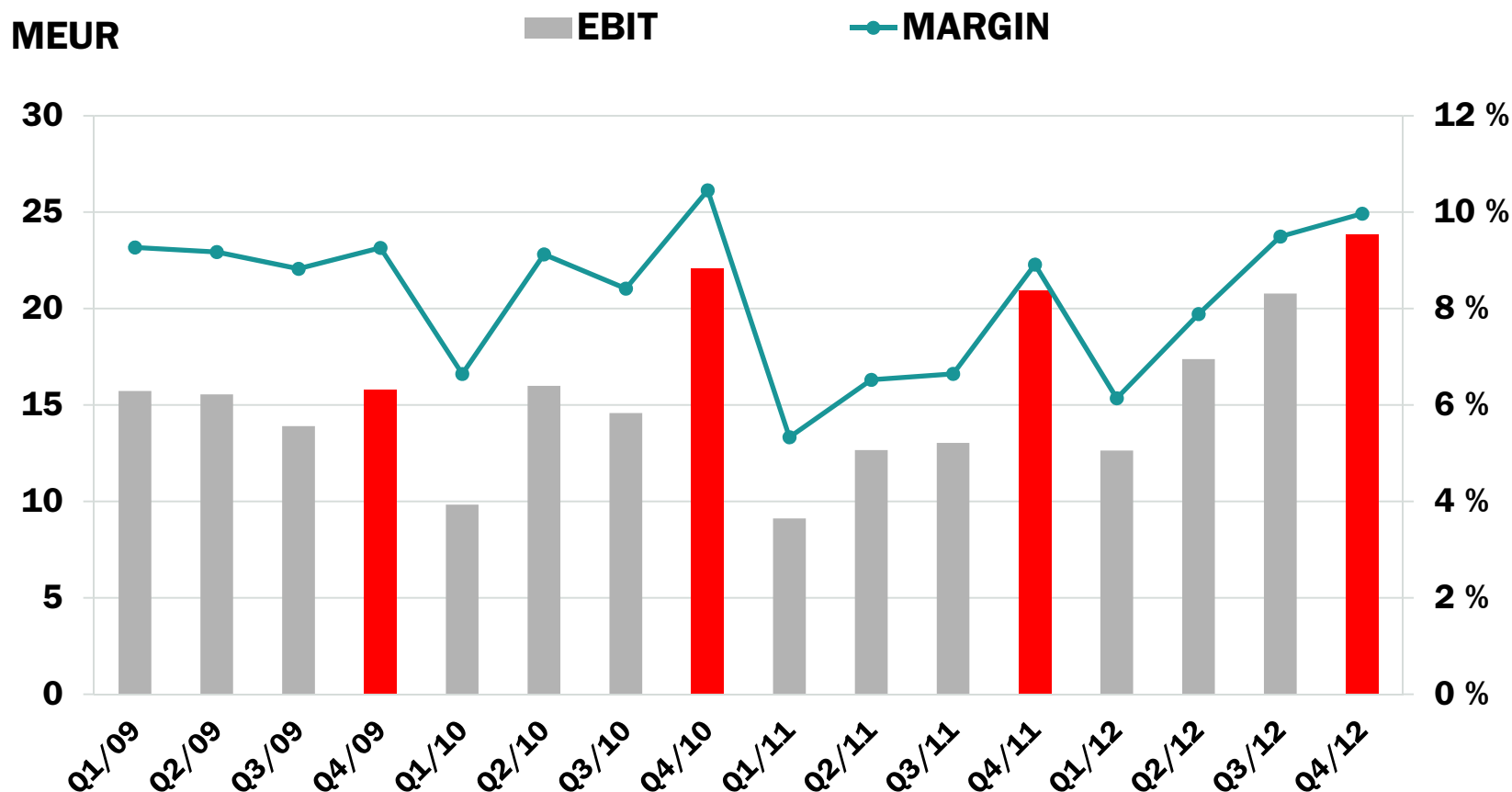
**Q4 Orders: 181.3 (183.3) MEUR, -1.1% | Net sales: 239.0 (234.9) MEUR, +1.8%**



- Orders were lower Y/Y in EMEA and APAC, while they remained stable in the Americas due to the favorable currency changes

# SERVICE: EBIT AND MARGIN

**Q4 EBIT: 23.8 (20.9) MEUR, +13.8% | MARGIN: 10.0% (8.9%), excluding restructuring costs**



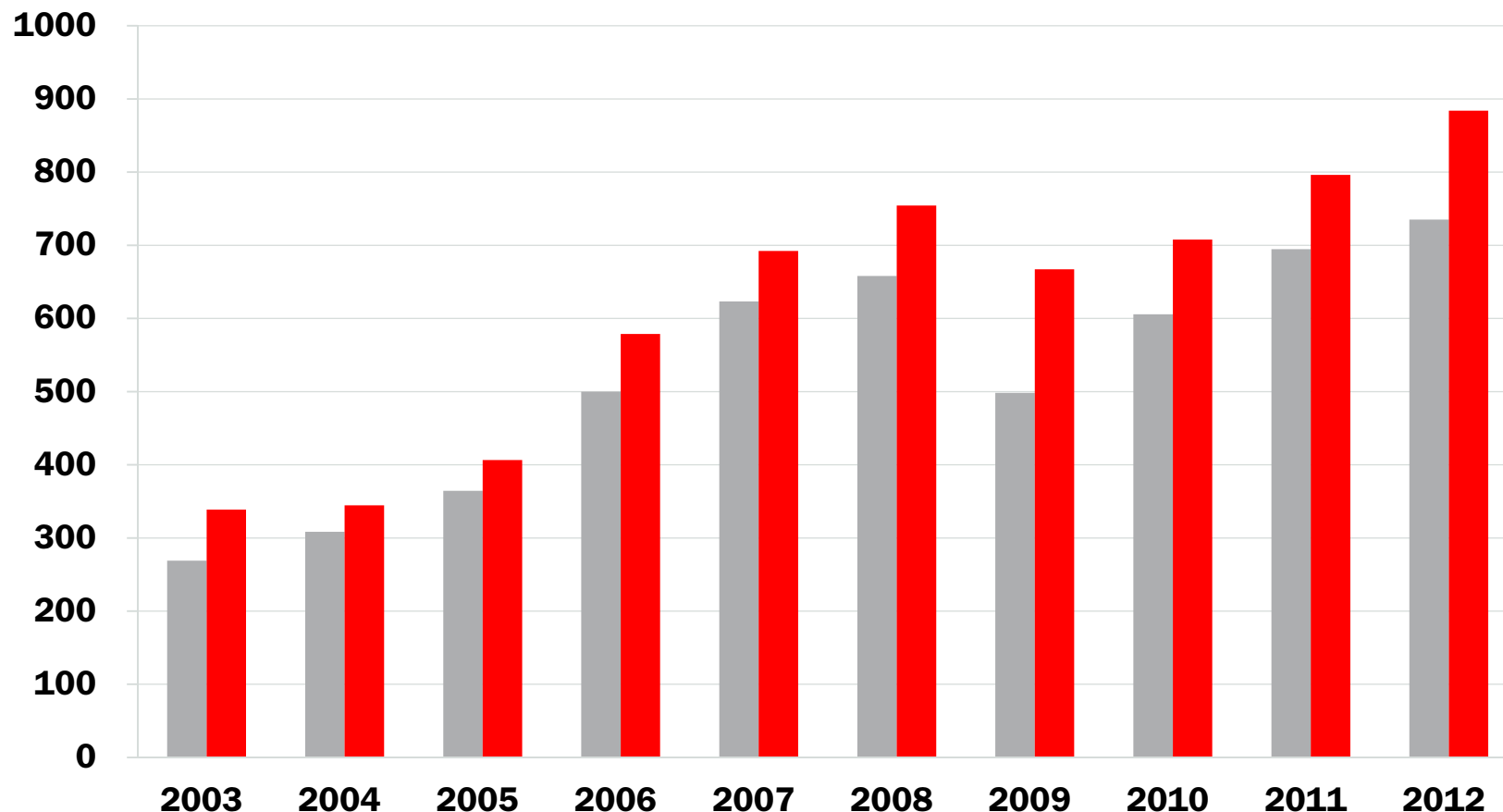
- Operating profit improved due to the higher volume and the restructuring actions executed in the first quarter of 2012

# SERVICE: ORDERS AND NET SALES

2012 Orders: 735.0 (694.6) MEUR, +5.8% | Net sales: 884.0 (796.1) MEUR, +11.0%

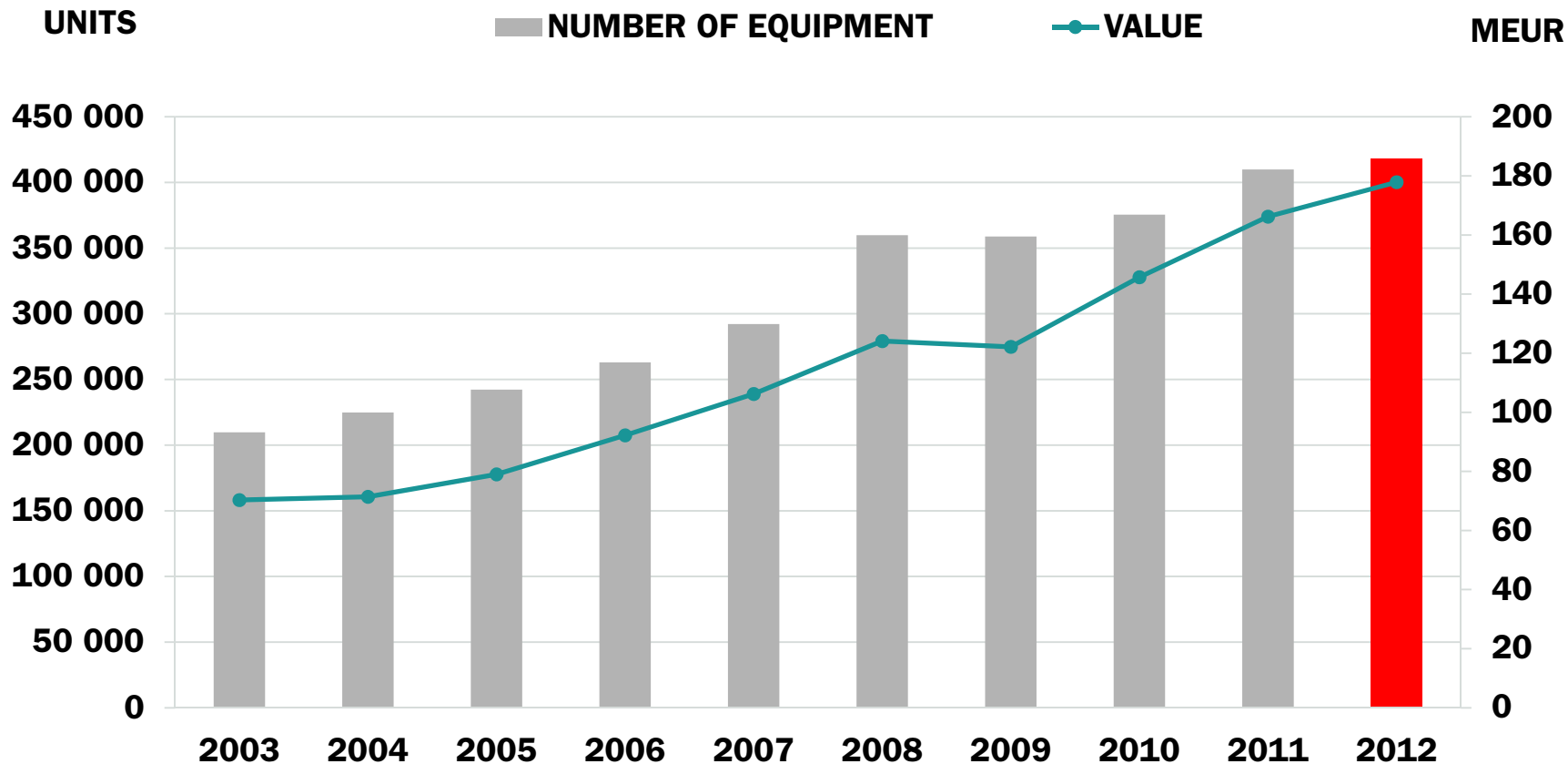
MEUR

■ ORDERS ■ NET SALES



# SERVICE CONTRACT BASE

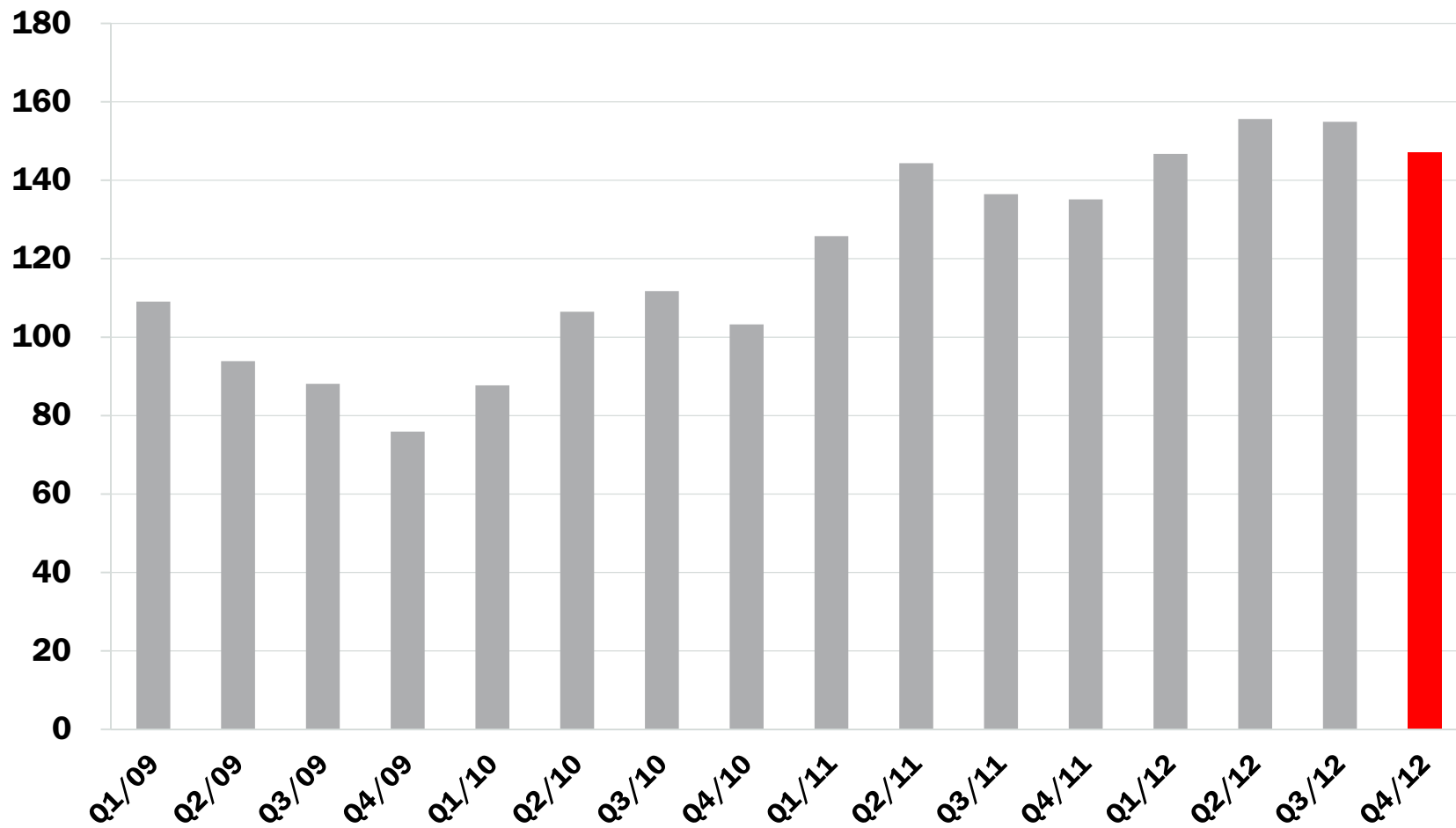
Q4 CB: 419 (410) thousand units, +2.1% | annual value 177.9 (166.2) MEUR, +7.0%



# SERVICE ORDER BOOK

**Q4 Order book: 147.2 (135.1) MEUR, +8.9%**

MEUR

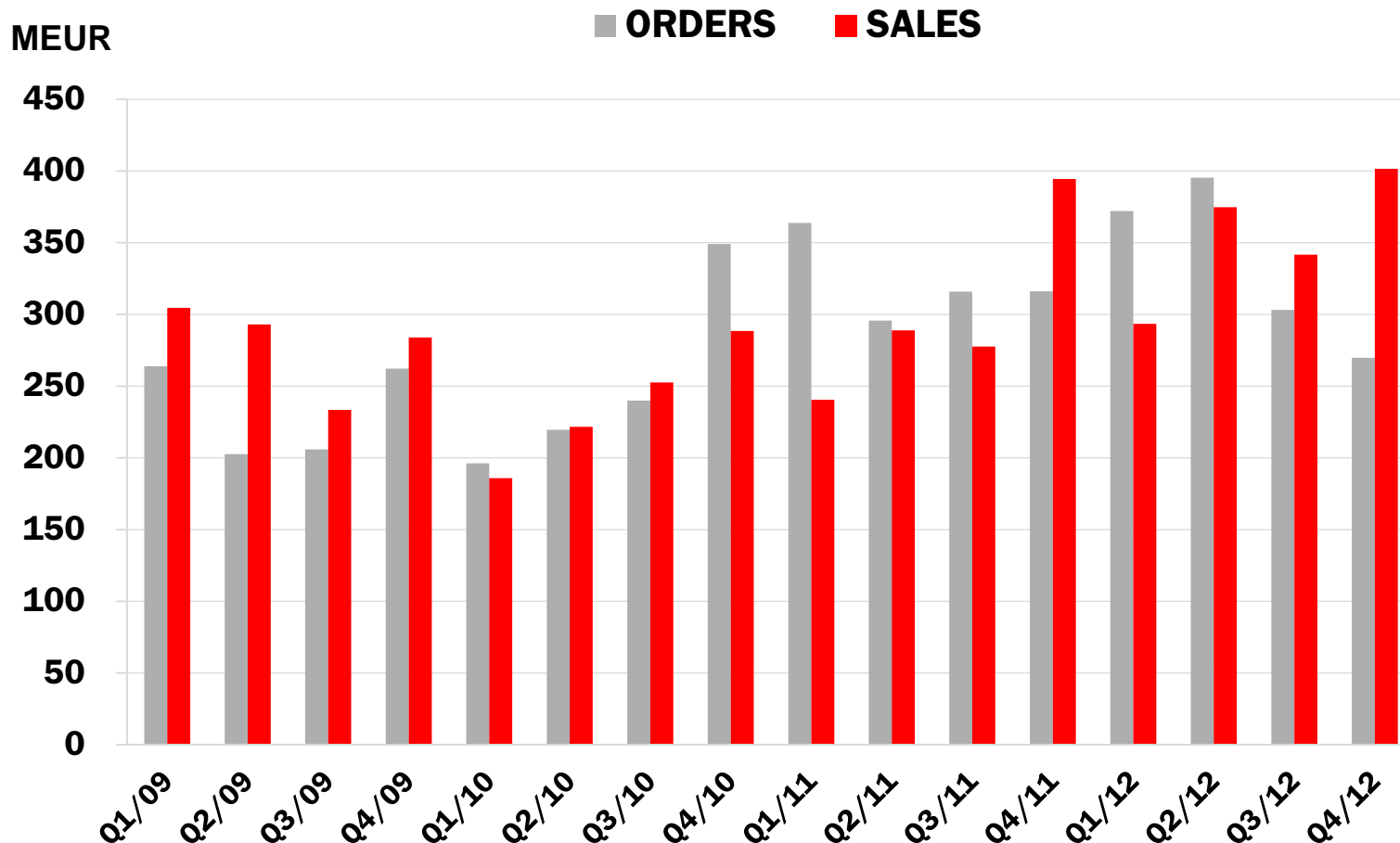




## EQUIPMENT

# EQUIPMENT: ORDERS AND NET SALES

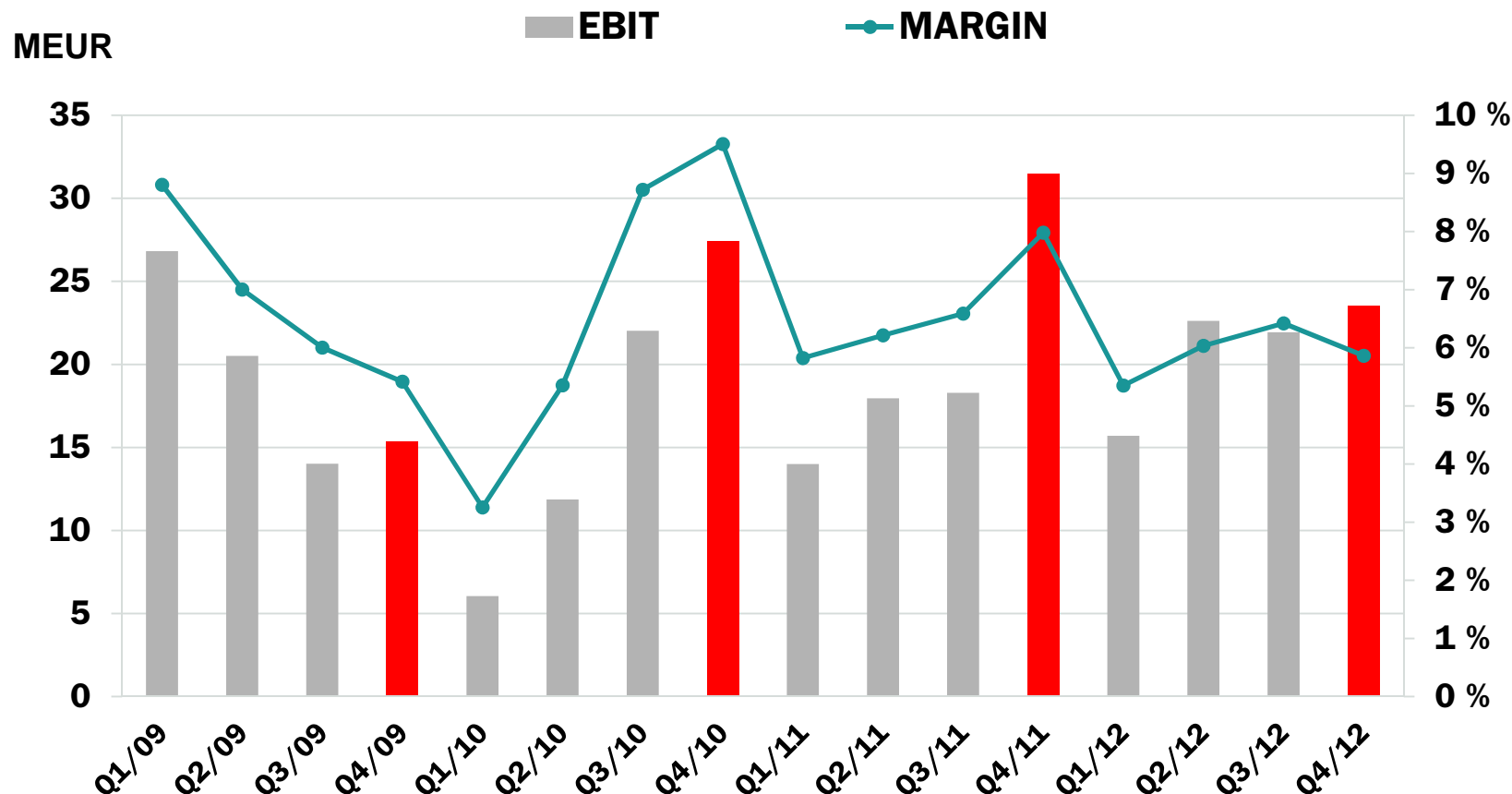
**Q4 Orders: 269.7 (316.1) MEUR, -14.7% | Net sales: 401.6 (394.4) MEUR, +1.8%**



- The fourth quarter order intake decreased in all regions
- Orders were lower Y/Y in all business units, but the decline was the largest in Port Cranes

# EQUIPMENT: EBIT AND MARGIN

**Q4 EBIT: 23.5 (31.5) MEUR, -25.2% | MARGIN: 5.9% (8.0%), excluding restructuring costs**

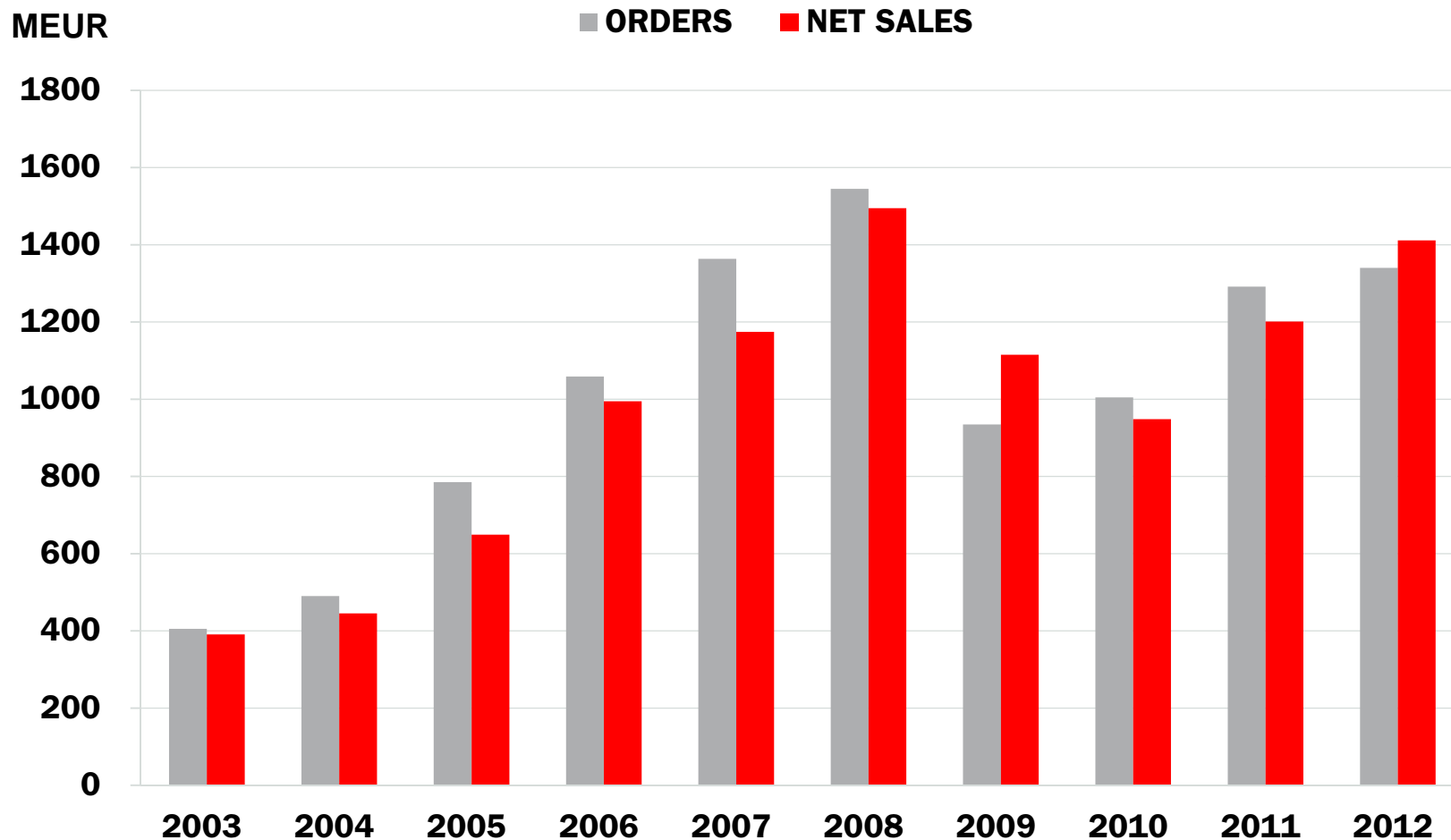


- The fourth quarter EBIT margin was burdened by the challenges with certain crane deliveries and underabsorption of fixed costs



# EQUIPMENT: ORDERS AND NET SALES

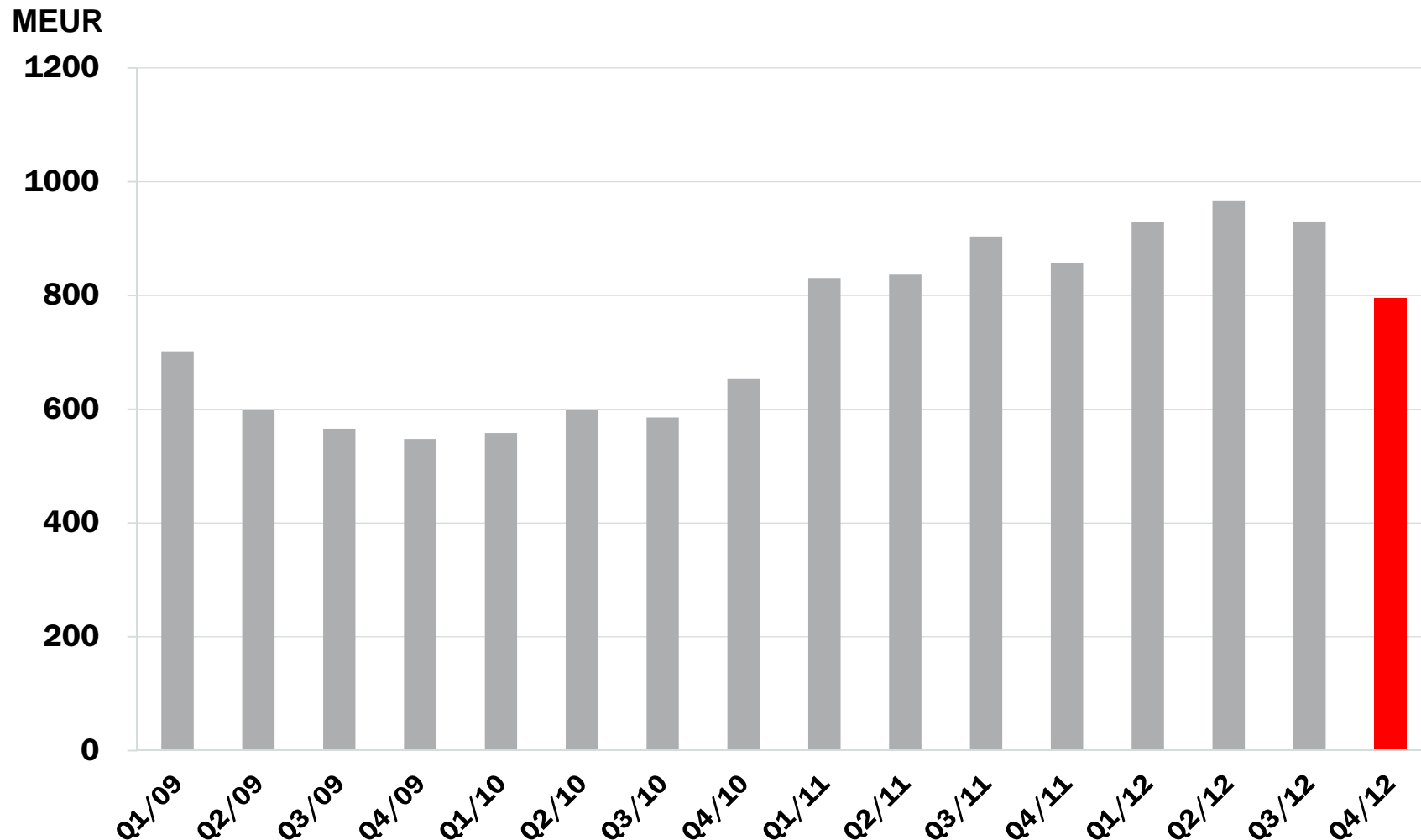
2012 Orders: 1,340.4 (1,291.5) MEUR, +3.8% | Net sales: 1,411.4 (1,201.4) MEUR, +17.5%

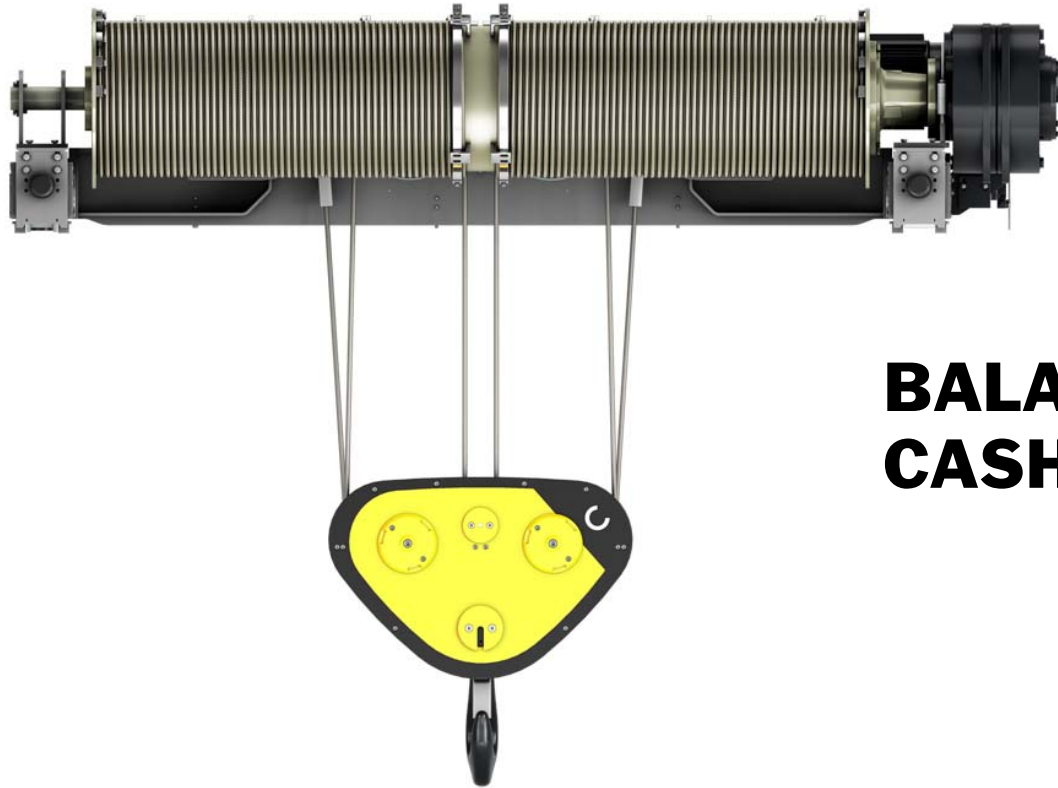


Note! 2003-2008 not based on actual figures, but derived from segment reporting of that time

# EQUIPMENT ORDER BOOK

**Q4 Order book: 795.6 (856.7) MEUR, -7.1%**

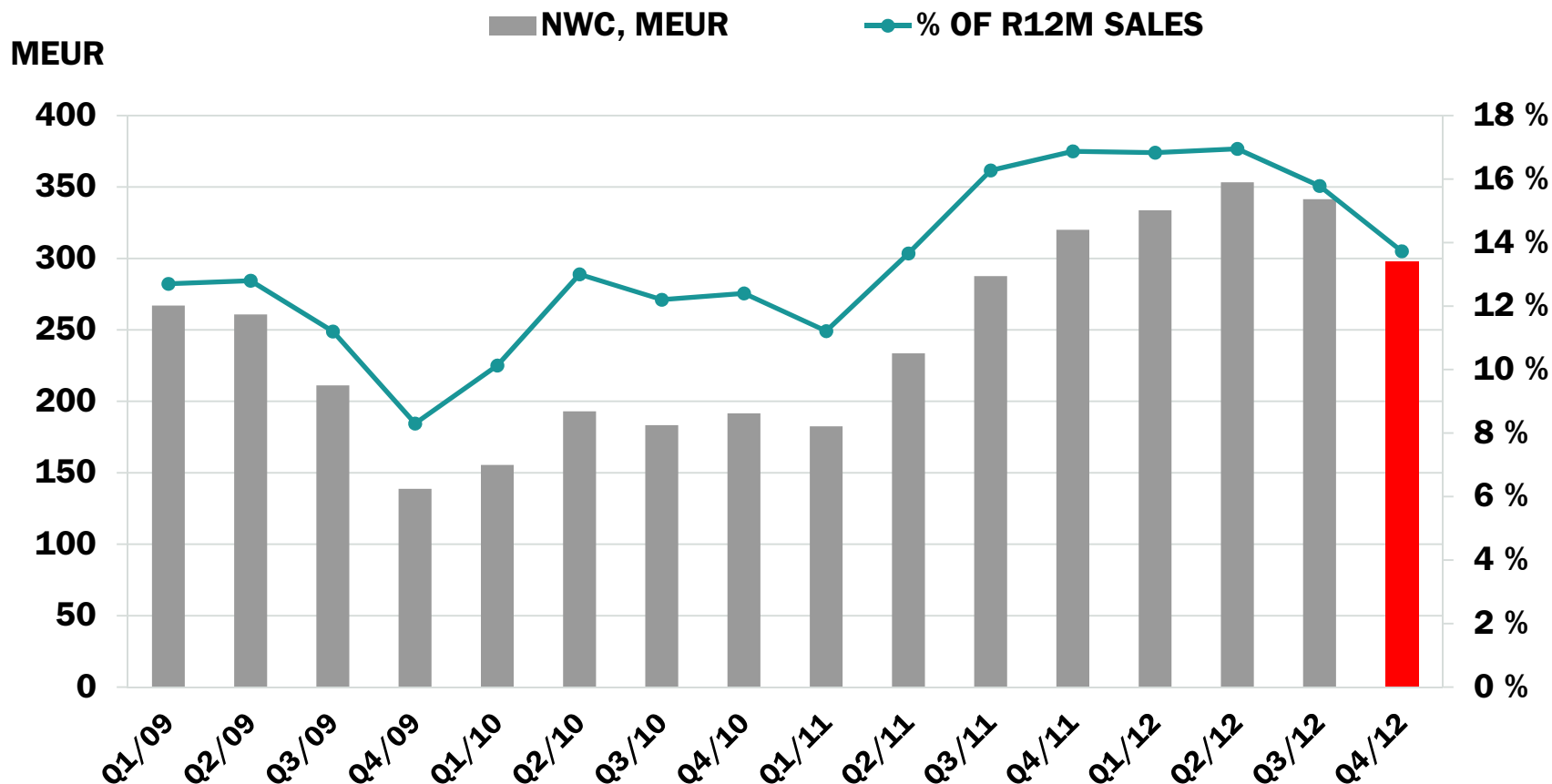




# **BALANCE SHEET AND CASH FLOW**

# NET WORKING CAPITAL

**Q4 NWC: 297.9 (320.0) MEUR | 13.7% (16.9%) of R12M sales**



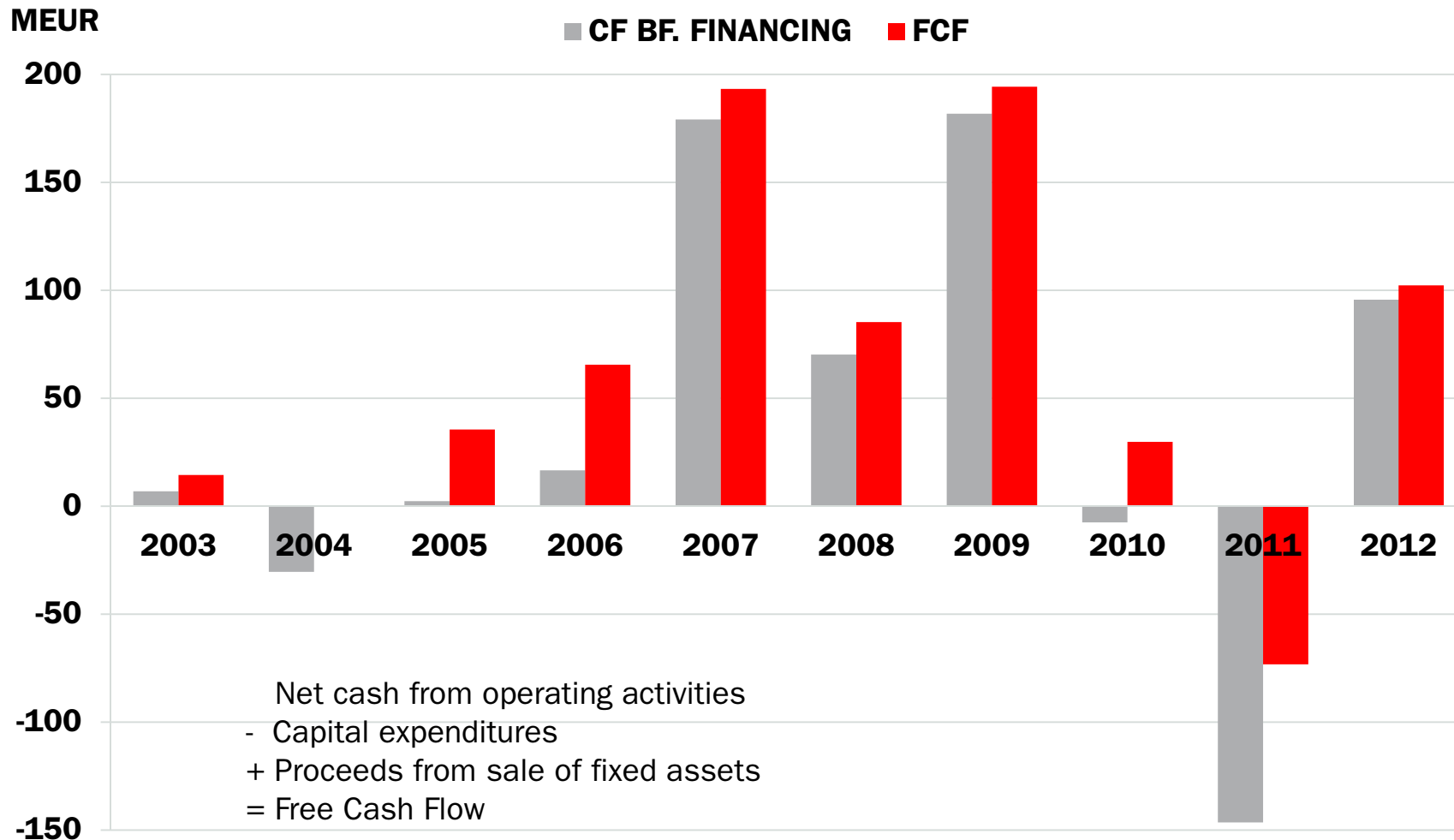
\* Q1/12 excl. dividend liability of EUR 57 million

\*\* Q1/11 excl. dividend liability of EUR 60 million

\*\*\*Q1/10 excl. dividend liability of EUR 53 million

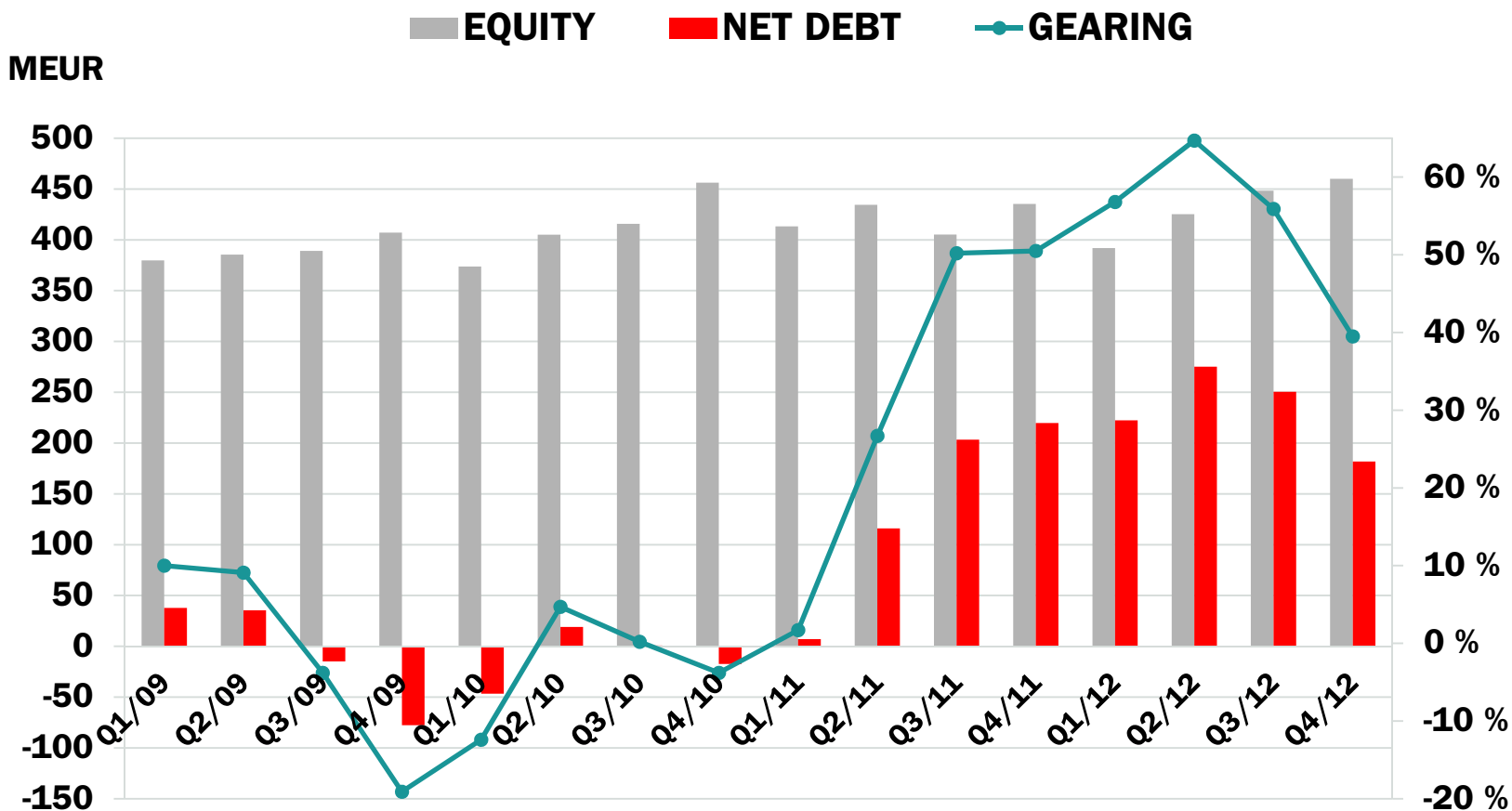
# CF BF. FINANCING ACTIVITIES AND FCF

2012 CF BF. FINANCING: 95.4 (-146.5) MEUR | FCF: 102.3 (-73.2) MEUR



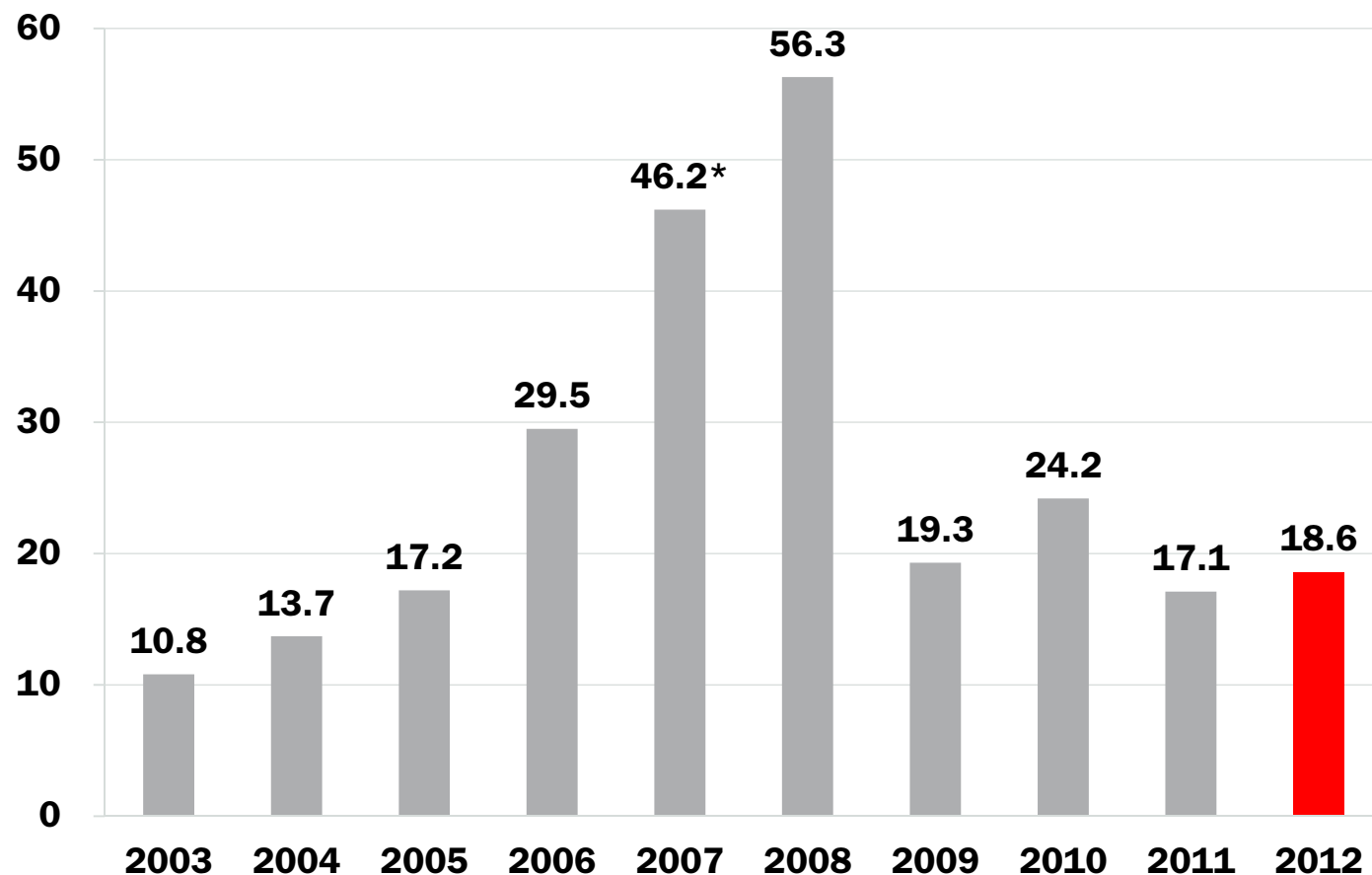
# GEARING

**Q4 Equity: 460.1 (435.4) MEUR | Net debt: 181.8 (219.8) MEUR | Gearing: 39.5% (50.5%)**



# RETURN ON CAPITAL EMPLOYED

ROCE %



\*The 2007 ROCE including capital gain was 50.4%



## **APPENDIXES**



# STATEMENT OF INCOME

MEUR	2012	2011	% Change
Sales	2,170.2	1,896.4	14.4
Other operating income	2.2	4.1	
Depreciation and impairments	-43.5	-41.3	
Other operating expenses	-1,996.8	-1,752.3	
Operating profit	132.1	106.9	23.6
Share of associates' and joint ventures' result	3.8	3.8	
Financial income and expenses	-11.9	-14.9	
Profit before taxes	124.0	95.8	29.5
Taxes	-39.3	-30.8	
Net profit for the period	84.7	64.9	30.4

# BALANCE SHEET

MEUR	December 31, 2012	December 31, 2011	MEUR	December 31, 2012	December 31, 2011
Non-current assets	473.1	447.7	Equity	460.1	435.4
Inventories	362.9	347.5	Non-current liabilities	303.0	219.0
Other current assets	582.6	579.6	Provisions	44.5	54.1
Cash and cash equivalents	145.1	72.7	Current liabilities	756.2	739.0
Total assets	1,563.8	1,447.5	Total equity and liabilities	1,563.8	1,447.5

# CASH FLOW STATEMENT

MEUR	1-12/2012	1-12/2011
Operating income before change in net working capital	179.0	150.7
Change in net working capital	30.0	-119.2
Financing items and taxes	-49.8	-52.3
<b>Net cash from operating activities</b>	<b>159.2</b>	<b>-20.8</b>
<b>Cash flow from investing activities</b>	<b>-63.8</b>	<b>-125.6</b>
<b>Cash flow before financing activities</b>	<b>95.4</b>	<b>-146.5</b>
Proceeds from options exercised and share issues	1.1	24.5
Purchase of treasury shares	0.0	-51.3
Change in interest-bearing debt	33.2	206.5
Dividends paid to equity holders of the parent	-57.2	-60.0
<b>Net cash used in financing activities</b>	<b>-22.9</b>	<b>119.7</b>
Translation differences in cash	0.0	1.0
<b>Change of cash and cash equivalents</b>	<b>72.5</b>	<b>-25.8</b>
Cash and cash equivalents at beginning of period	72.7	98.5
Cash and cash equivalents at end of period	145.1	72.7
<b>Change of cash and cash equivalents</b>	<b>72.5</b>	<b>-25.8</b>

# KEY FIGURES

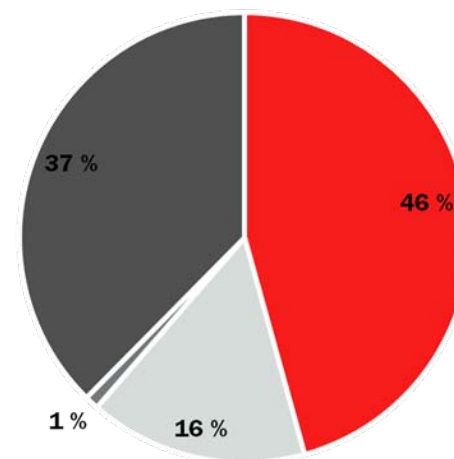
MEUR	December 31, 2012	December 31, 2011	% Change
Earnings per share, basic, EUR	1.47	1.11	32.3
Earnings per share, diluted, EUR	1.46	1.10	32.4
Return on capital employed %, R12M	18.6	17.1	
Return on equity %, R12M	18.9	14.6	
Equity per share, EUR	7.92	7.52	5.3
Current ratio	1.4	1.3	7.7
Gearing (%)	39.5	50.5	
Solidity (%)	34.2	34.2	
EBITDA, MEUR	175.7	148.1	18.6
Investments total (excl. acquisitions), MEUR	41.7	32.4	28.5
Interest-bearing net debt, MEUR	181.8	219.8	-17.2
Net working capital, MEUR	297.9	320.0	-6.9
Personnel at end of period	12,147	11,651	4.3
Personnel on average during the period	11,917	10,998	8.4
Average number of shares outstanding, basic	57,227,652	58,981,861	-3.0
Average number of shares outstanding, diluted	57,516,909	59,361,905	-3.1
Number of shares outstanding	57,291,310	57,198,971	0.2

# THE LARGEST SHAREHOLDERS

Largest shareholders on December 31, 2012	Number of shares	% of all shares
1 HTT KCR Holding Oy Ab	6,870,568	10.9
2 Ilmarinen Mutual Pension Insurance Company	2,174,664	3.4
3 Gustavson Stig, Chairman of the Board of Konecranes and family *)	2,072,054	3.3
4 Nordea Investment Funds	1,704,548	2.7
5 Varma Mutual Pension Insurance Company	1,620,275	2.6
6 The State Pension Fund	918,000	1.5
7 Sigrid Juselius Foundation	638,500	1.0
8 Fondita Funds	565,000	0.9
9 Folkhälsan Samfundet I Svenska	535,600	0.8
10 Etera Mutual Pension Insurance Company	404,319	0.6
<b>Konecranes Plc's treasury shares</b>	<b>5,981,032</b>	<b>9.5</b>
<b>Nominee registered shares</b>	<b>23,764,350</b>	<b>37.6</b>
<b>Other shareholders</b>	<b>16,023,432</b>	<b>25.3</b>
<b>Total number of shares</b>	<b>63,272,342</b>	<b>100.0</b>

\*) Konecranes Plc has on December 28, 2011 received information according to which the Chairman of the company's Board of Directors Stig Gustavson has donated all of his shares in Konecranes Plc to his near relatives retaining himself for life the voting rights and right to dividend attached to the donated shares. The donation encompassed in total 2,069,778 shares which corresponds to approximately 3.27 percent of all of the company's shares and voting rights.

Market cap EUR 1,617 million excluding treasury shares



- Finnish companies and organizations
- Finnish households
- Foreign owners
- Nominee registered

## Trading information

- Listing: NASDAX OMX Helsinki
- Date of listing: March 27, 1996
- Segment: Large Cap
- Sector: Industrials
- Trading code: KCR1V
- 1-12/12 average daily trading volume 486,551 shares, EUR 10.4 million

**THANK YOU!**

**KONECRANES**

# CONTACT INFORMATION

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