

# Shaping next generation material handling for a smarter, safer and better world

Anders Svensson, President and CEO

May 10, 2023



# Important Notice

The following applies to this presentation, the oral presentation of the information in this presentation by Konecranes Abp (the “**Company**” or “**Konecranes**”) or any person on behalf of the Company, and any question-and-answer session that follows the oral presentation (collectively, the “**Information**”). In accessing the Information, you agree to be bound by the following terms and conditions.

This presentation does not constitute an offer of or an invitation by or on behalf of, Konecranes, or any other person, to purchase any securities.

The Information is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in, any locality, state, country or other jurisdiction where such distribution or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

The Information contains forward-looking statements. All statements other than statements of historical fact included in the Information are forward-looking statements. Forward-looking statements give the Company’s current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance and business. These statements may include, without limitation, any statements preceded by, followed by or including words such as “target,” “believe,” “expect,” “aim,” “intend,” “may,” “anticipate,” “estimate,” “plan,” “project,” “will,” “can have,” “likely,” “should,” “would,” “could” and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company’s control that could cause the Company’s actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which it will operate in the future.

The Information, including but not limited to forward-looking statements, applies only as of the date of this document and is not intended to give any assurances as to future results. Market data used in the Information not attributed to a specific source are estimates of the Company and have not been independently verified.

# Konecranes today

Net sales

**3,364.8**

MEUR, 2022

Comparable EBITA

**9.5%**

margin, 2022

Orders received

**4,227.9**

MEUR, 2022

Order book

**2,901.7**

MEUR, 2022

Active in around

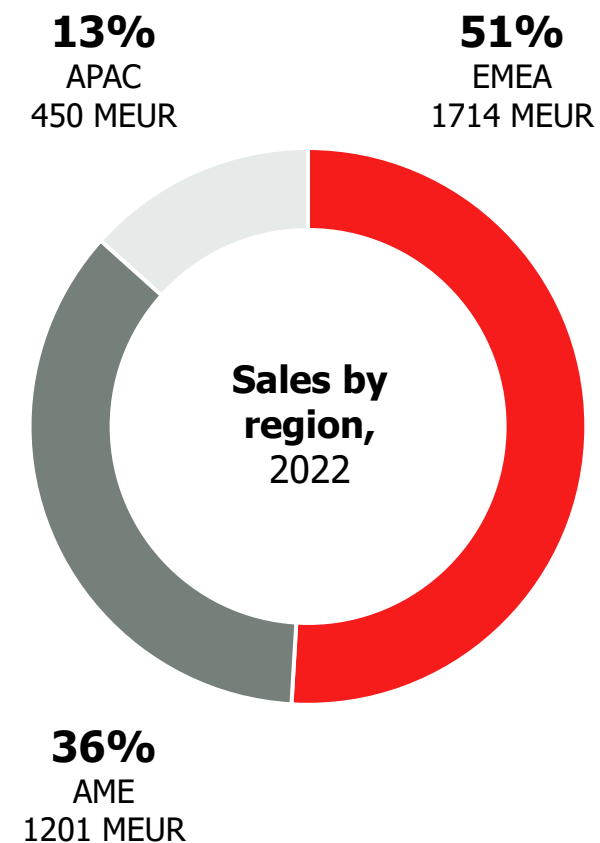
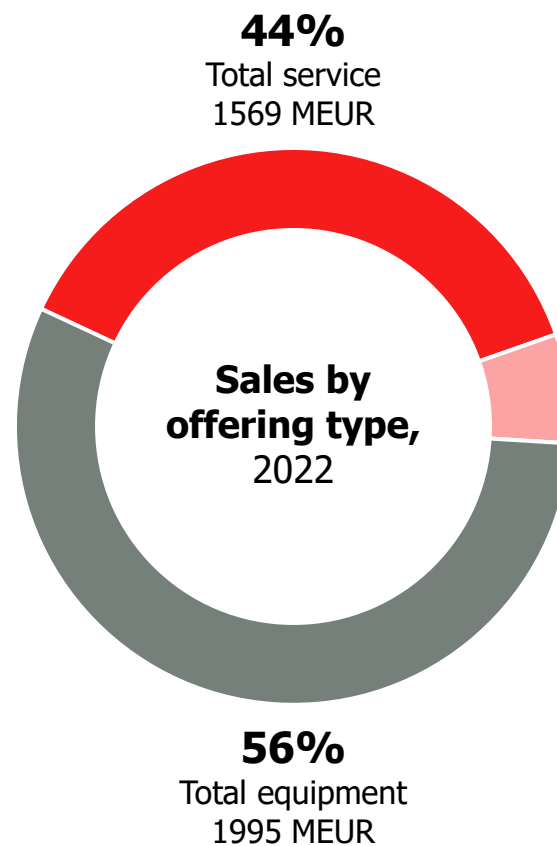
**50**

countries

Approximately


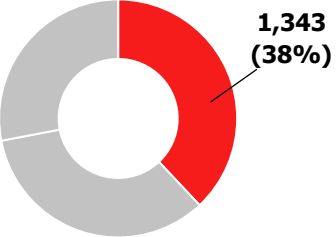

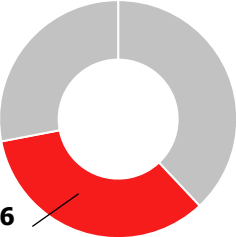

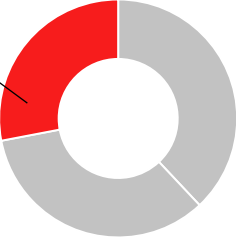
**16,600**

employees, Q1 2023



# We have a solid platform with leading market positions to build on

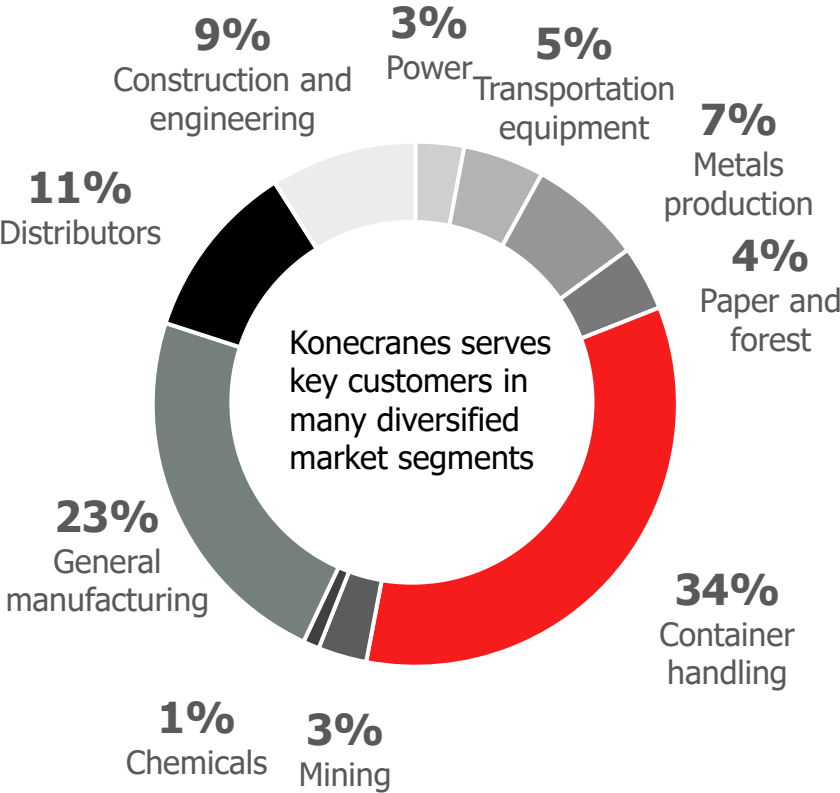
Industrial Service and Equipment BA

	Description	Konecranes' market position	Addressable core market	Participants	Sales by Business Segment, 2022 (MEUR)
<b>Service</b> 	<b>Specialized maintenance services and spare parts</b> for all types and makes of industrial cranes and hoists. <b>Unparalleled global service network.</b>	#1	~10-15 BEUR	Thousands	 1,343 (38%)
<b>Industrial Equipment</b> 	<b>Extensive range of industrial cranes</b> , from components and light duty applications to demanding process solutions. <b>Technology leadership</b> and <b>leading market position.</b>	#1	~10 BEUR	Thousands	 1,206 (34%)
<b>Port Solutions</b> 	Provides <b>equipment, solutions and service for the container handling</b> industry and ports. <b>One of the leading global suppliers.</b>	#2-3 <sup>1</sup>	~15-20 BEUR	Hundreds	 1,015 (28%)

Notes: 1) Market position estimate varies depending on Business Unit

# Our broad customer base provides both stability and growth opportunities

Orders by customer segments, 2022



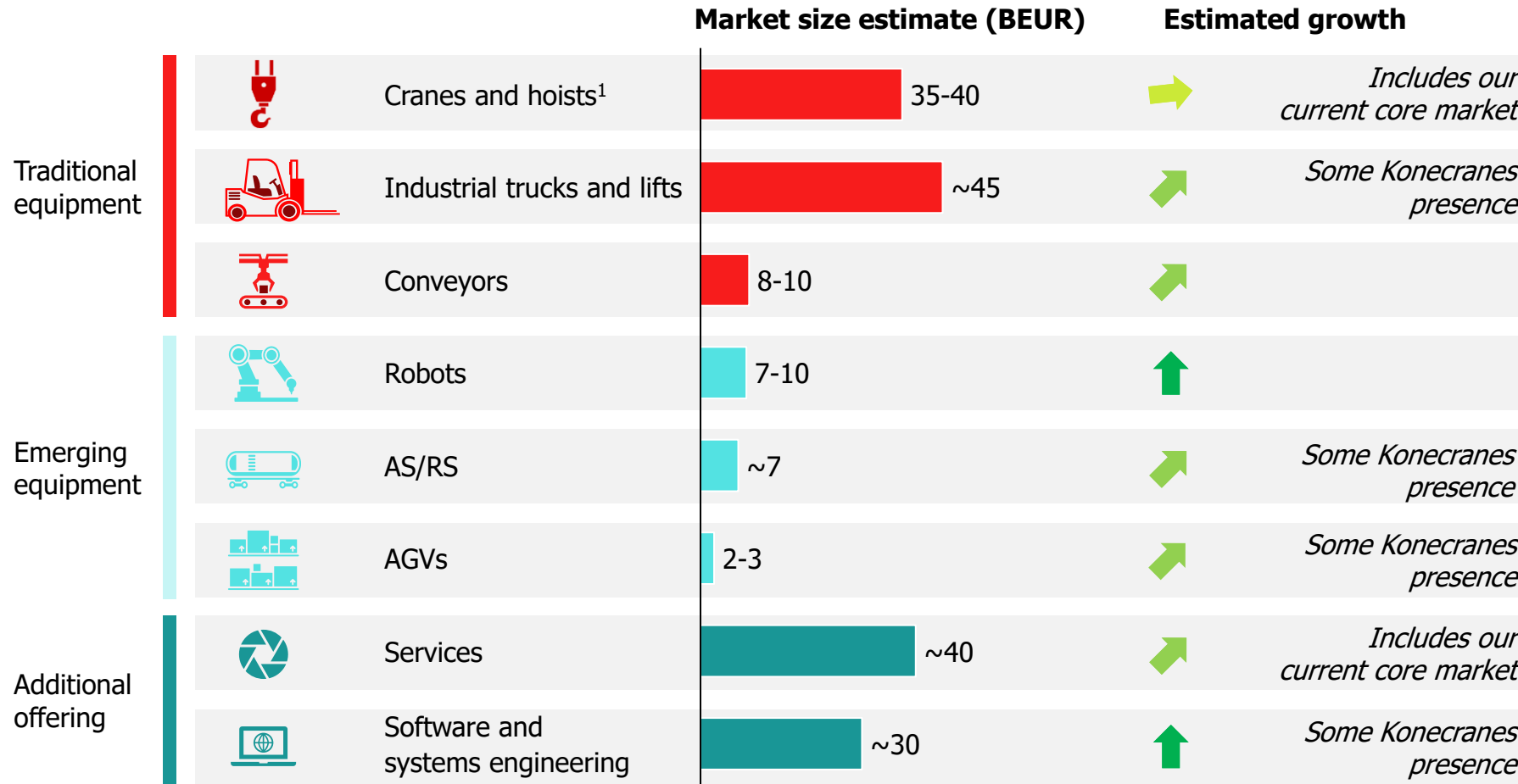
VERTICAL	GROWTH CAGR 2022-2027 (%)	INDUSTRY OUTLOOK
AEROSPACE	4-5%	The aerospace industry has started to recover from the COVID-19 pandemic, need for regular maintenance and spare parts.
AUTOMOTIVE	4-5%	The automotive industry faces challenges of frequent product launches and urgency of getting new products to market - driving investments in efficiency improvement.
CHEMICALS	3-4%	Rise in raw material costs has put pressure on chemicals companies. Long-term trend is the shift to more sustainable and eco-friendly processes.
GENERAL MANUFACTURING	2-3%	The semiconductors and electronics industry is one of the fastest growing industries worldwide, but other slower growing segments weaken the average growth prospects of the vertical.
METAL	4-5%	Automated manufacturing systems are gaining popularity to enhance productivity and reduce operating costs.
PAPER & FOREST	3-4%	Wood is increasingly replacing concrete as a building material to cut down CO <sub>2</sub> emissions. New demand anticipated for sustainable packaging materials.
WAREHOUSE & DISTRIBUTION	>10%	E-commerce has grown rapidly due to customers' increasing preferences for online shopping. Warehousing players increasingly compete with automation to answer to shorter delivery time needs.
WASTE TO ENERGY	6-7%	WtE market growth is driven by rising amount of waste produced, increasing focus on non-fossil sources of energy as well as technological advances in incineration and gasification technologies.
CONTAINER HANDLING	n/a	Modest growth expected for 2023 and around 4% growth for 2024.

Sources: Markets and Markets (Automated Material Handling Equipment Market, 2022); Fortune business Insights (Pulp and Paper market, 2021); The Business Research company (Forestry and Logging Market, 2020); Allied Market Research (Metal & Metal Manufactured Products Market, 2022; Waste to Energy Market, 2020); Research and Market (Waste to Energy Market, 2021); Chemicals Global Market, 2021; EMR (Global Construction Market, 2021); Drewry

# Megatrends shaping our markets and providing business opportunities



# Material handling market offers possibility to capture growth



**Our focus  
is on our core  
businesses...**

... at the same time,  
adjacent material handling  
areas offer the possibility  
to capture growth and to  
fulfil customers' broader  
material handling needs.

Notes: 1) Cranes and hoists category also includes other cranes and hoists in addition to KC offering  
Source: internal analysis

# We have a clear strategy to execute in all our Business Segments

## Deliver **Service** growth



- Renewed Service Program: segmented offering driving agreement base expansion
- Enhanced customer experience
- Commercial and operational excellence
- Equivalent parts for third party equipment
- Data driven sales
- Bolt-on acquisitions

## Improve **Industrial Equipment** profitability



- Simplification of go-to market model
- Renewed and standardized offering
- Platform harmonization
- Operational excellence
- Optimized portfolio
- Stabilization and fixing profitability for Process Cranes

## Generate profitable growth in **Port Solutions**



- Focus on core offering with best growth opportunity
- Growing Port Services
- Capturing automation opportunities
- Operational excellence
- Project management excellence
- Launching sustainable offering

## **WE FOCUS ON:**

- Profitable and high growth offerings and geographies
- Leveraging technology leadership through automated and digital solutions
- Markets and segments that appreciate the added value of our offering
- Pricing, cost management and internal efficiency



# Our Ambition is to become the world leader in material handling solutions creating value for everyone

## **FINANCIAL TARGETS:**

- Sales growth faster than the market<sup>1</sup>
- Comparable EBITA margin of 12-15%<sup>2</sup> as soon as possible, but no later than in 2027

## **DIVIDEND POLICY:**

To pay a stable to increasing dividend per share, over the cycle

<sup>1</sup> nominal world GDP growth, IMF World Economic Outlook

<sup>2</sup> profitability range, depending on the cycle





# Strategic Enablers driving our business forward towards our Ambition and Financial Targets

**Deepening  
customer  
focus**

**Accelerating  
efficiency**

**Scaling  
technology  
innovation**

**Advancing  
responsible  
business**

**Enhancing  
our winning  
culture**

**Operating model with clear authorization and accountability**



# Deepening Customer Focus

## KEY INITIATIVES

### Providing best Customer Experience



- Decentralized operating model / empowered organization
- Agile decision-making close to customers
- Ease of doing business with

### Co-creation with Customers



- Consultative and collaborative approach based on standardized offering
- Implementing value-based pricing

### Service Excellence



- Renewed Service Program offering
- Improve efficiency with better tools and processes
- Equivalent parts

### Targeted acquisitions to strengthen core business

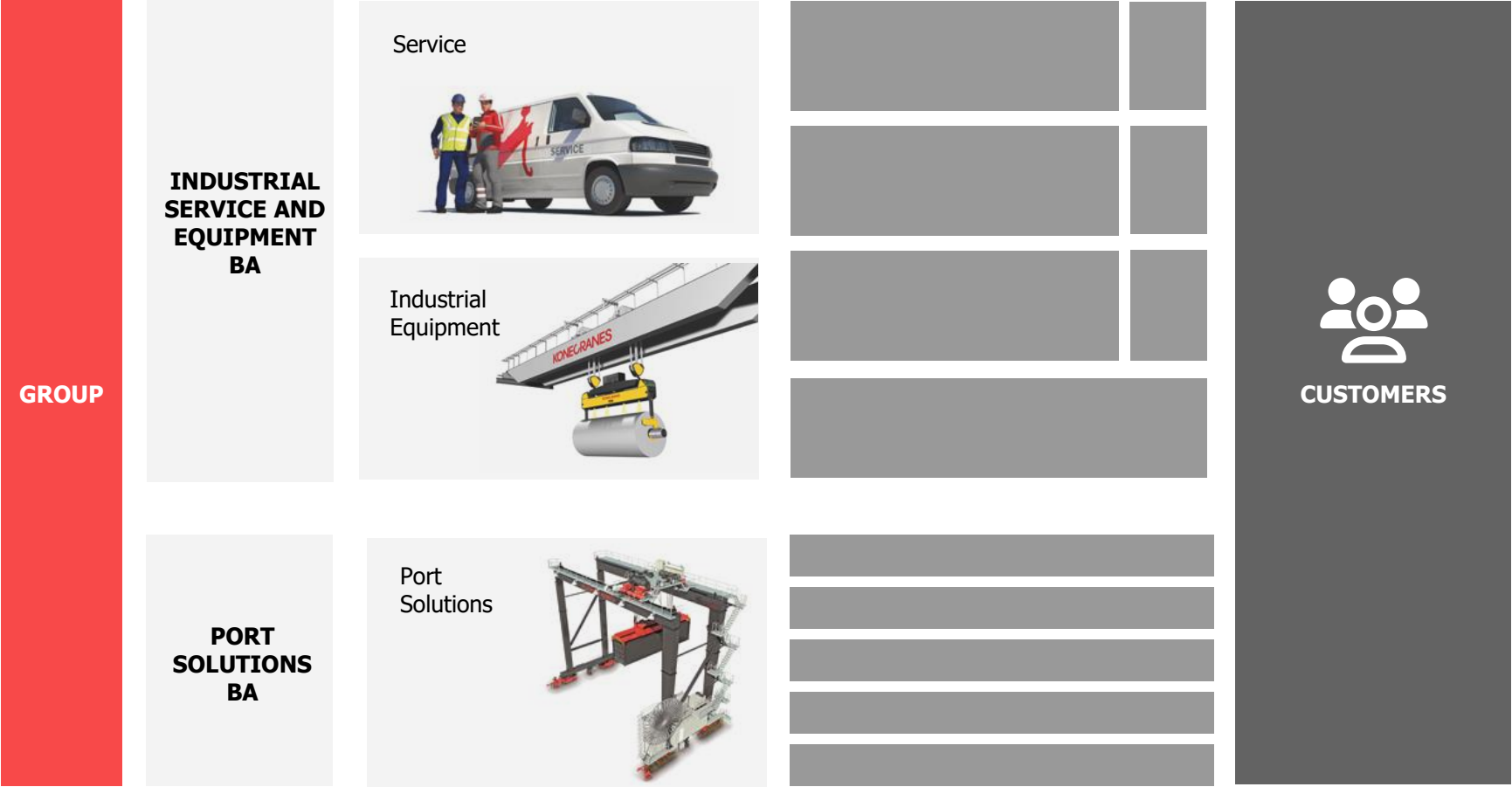


- Bolt-on acquisitions in Service
- Reduce cyclicalities and improve resilience



# We place the needs of our customers at the heart of our decision-making every day

- Our **Business Units** and **Regions** have authority and accountability for their own business operations. Thus our operating activities are more agile and decisions are taken closer to the customer.
- Our **Business Areas** implement common policies and tools and govern operational performance of their Business Units.
- The **Group** continues to work on common strategic initiatives, developing common processes, policies and tools, performance management of the Business Areas and capital allocation.



DISCLAIMER: Any potential plans related to operating model do not imply that decisions have been made to take specific action. Any decisions/implementation actions will take place within the required social and legal processes, and are thus subject to separate decision-making as well as to various local legal requirements.



# Accelerating Efficiency

## KEY INITIATIVES

### Supply Chain Efficiency



- Optimization of manufacturing operations
- Optimization of sourcing and distribution network
- Make or Buy strategy

### Simplification



- Simplification of go-to-market model, platforms, systems and organization
- Cost efficiency

### Operational Excellence

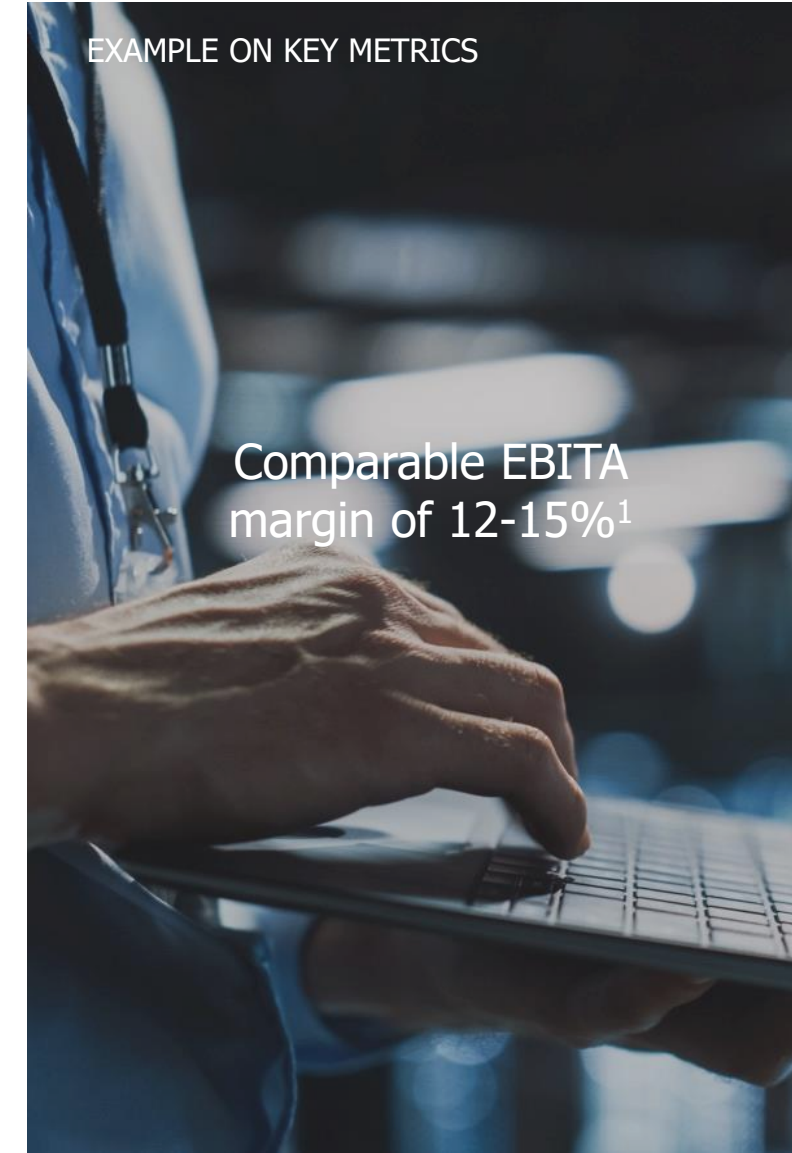


- Konecranes Way (lean) initiatives rollout
- Project management excellence
- Productivity improvement

### Portfolio Optimization



- Evaluation and potential divestitures of non-core or non-performing businesses



EXAMPLE ON KEY METRICS

Comparable EBITA margin of 12-15%<sup>1</sup>

# We are continuously optimizing our operations, driving simplification, efficiency and productivity throughout our business



# Scaling Technology Innovation

## KEY INITIATIVES

## EXAMPLES

### Renewed Offering



- Simplification and standardization of offering
- Core of Lifting
- Leading performance and sustainability features

### Automation and Electrification



- Electrification of full offering
- Automation of customer processes
- Continued development of automated and autonomous solutions

### Digitalization



- Using data for insights and predictions generating new business models
- Excel in the implementation of smart features and digital services

### Technology expansion through targeted acquisitions and cooperations



- Key technologies close to our core businesses and adjacent material handling
- Using our partner ecosystem for value acceleration through cooperations

## EXAMPLES ON KEY METRICS

Safety, sustainability and productivity

Sales growth faster than the market<sup>1</sup>

Comparable EBITA margin of 12-15%<sup>2</sup>

# We harness the advantages of our purpose-built componentry, technology innovation and digitalization

- Core of Lifting comprises purpose-built, integrated package of gearbox, motor, control system and connectivity, made specifically for cranes and lifting motion
- Designing and creating the core in-house provides cranes a longer lifetime, optimized performance and cost, increased safety and productivity
- Same unified digital and physical componentry across the entire portfolio enables effective customer engagement throughout the world
- Embedded sensors and software provide real-time data to customers and enable process optimization and predictive maintenance



**2,000,000**

Motors  
since 1933

**500,000**

Inverter based  
control systems  
since 1993

**49,000**

Connected cranes  
in 140 countries

**2,000**

Active and  
pending patents

**4,500+**

Service  
technicians



# Advancing Responsible Business

## KEY INITIATIVES

### Climate action and circularity



- Our ambitious climate agenda
- Increasing circularity and minimizing waste

### Safe solutions and operations



- Everyone home safe every day
- Providing solutions for uninterrupted and secure material flows
- Implementing new safety solutions during equipment lifecycle

### Inclusive and fair working conditions



- Respecting human rights in our own operations and throughout the value chain
- Embracing diversity, equity and inclusion for growth and advancement

### Ethical business conduct



- Embedding ethics and compliance to our business processes with no exception



Group, Industrial, Port Solutions

## EXAMPLES ON KEY METRICS

Climate targets

TRI-rate

# We embrace the broader sustainability agenda and support our customers in achieving their ESG targets

**We deliver safe and secure material handling solutions**

**We enable a decarbonized and circular world**

**We create a fair, inclusive, diverse and engaging working environment**



**We expect high ethical standards of ourselves and our business partners**

# Our sustainability work has been recognized with leadership ratings

## SUSTAINABILITY RATINGS



## COMMITMENT TO THE UN SUSTAINABLE DEVELOPMENT GOALS



- Signatory member of the UN Global Compact since 2010

## SELECTED HIGHLIGHTS IN 2022:

### Environment:

- Factories powered 100% with renewable electricity
- The first fully electric service vehicles taken into use

### Social:

- Launching Human Rights Policy
- Signing the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Businesses and Human Rights

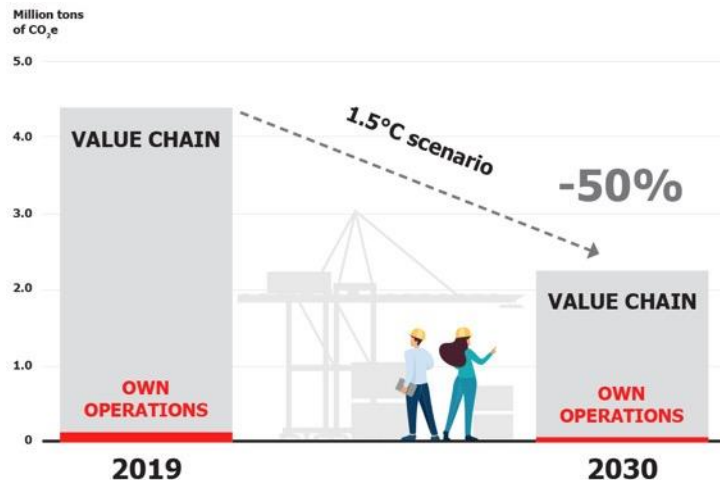
### Governance:

- High participation in Code of Conduct training
- Rollout of competition law trainings and relaunch of the trade sanctions and export controls e-learning
- External supplier sustainability audits continued

Note (1): The use by Konecranes of any MSCI ESG Research Llc or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Konecranes by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

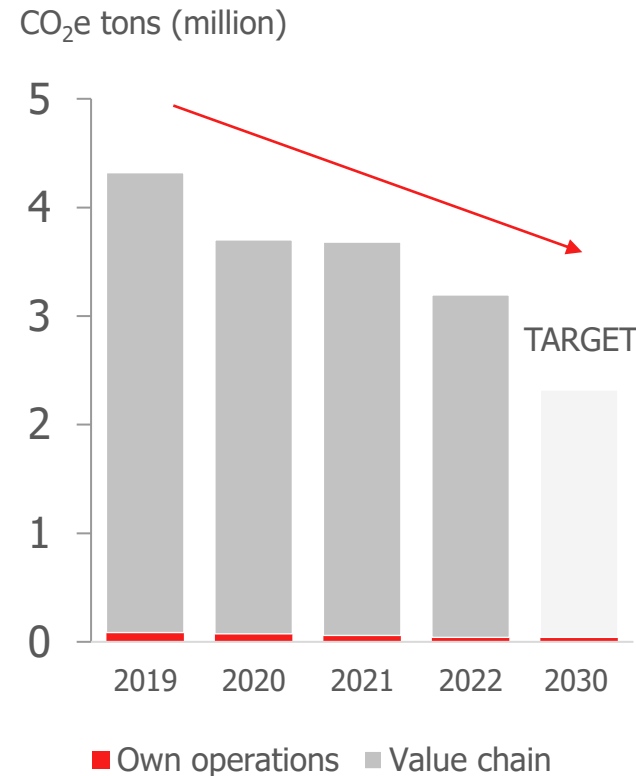
# We have made great progress towards our climate targets

## SCIENCE BASED TARGETS



Our **climate targets** have been validated as being **in line with the ambition to limit global warming to 1.5°C**.

## PROGRESS



### OWN OPERATIONS:

- **50% absolute GHG emission reduction<sup>(1)</sup> by 2030**
- **Target achieved** already in 2022!

### VALUE CHAIN:

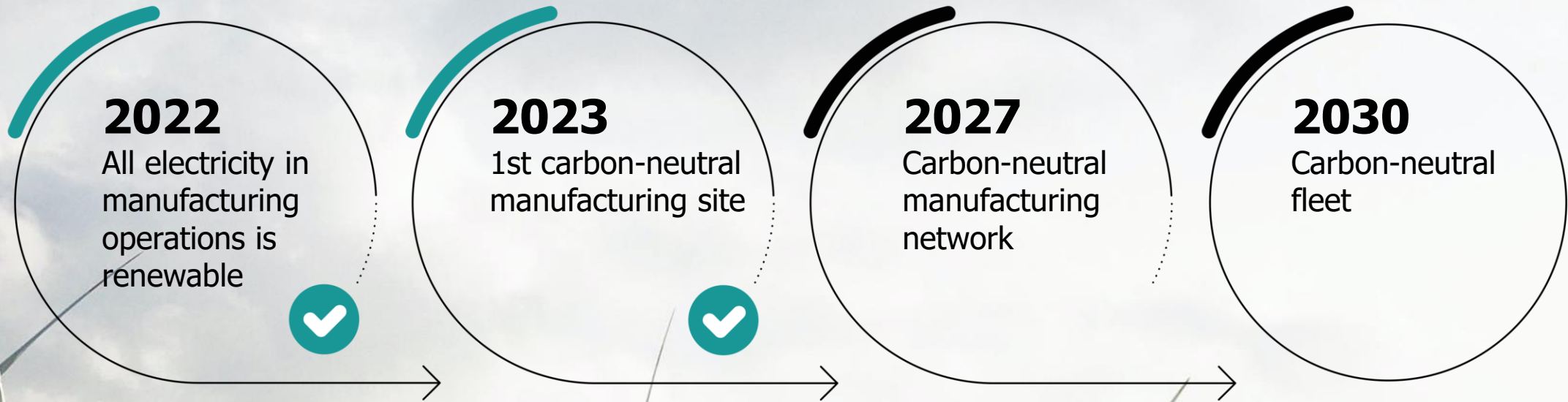
- **50% absolute GHG emissions by 2030<sup>(1)</sup>**, encompassing use of sold products and steel related purchases<sup>(2)</sup>
- **Progress: 26%** in 2019-2022

Note (1): From 2019 base year

Note (2): The Scope 3 target covers more than 70% of the value chain emissions



# We have raised our ambition and aim at carbon neutral own operations by 2030



# Enhancing our winning culture

## KEY INITIATIVES

### Workforce planning and talent acquisition



- Efficient talent acquisition
- Focus on necessary competencies and diversity

### Talent and leadership development



- Continuous learning
- Building the right capabilities
- Talent retention activities

### Developing company culture and ways of working



- Embedding profitable growth mindset
- Implementing authority, responsibility and accountability close to the customers

### Leverage technology for culture building



- Online forums and trainings
- Release capacity to value-adding work

## EXAMPLES ON KEY METRICS





# We are embedding a winning attitude and growth mindset

- Engaging culture and values
- Competitive mindset
- Deliver what we promise
- Sense of urgency
- Ease of doing business with
- Open, proactive communication
- Performance management
- Continuous improvement

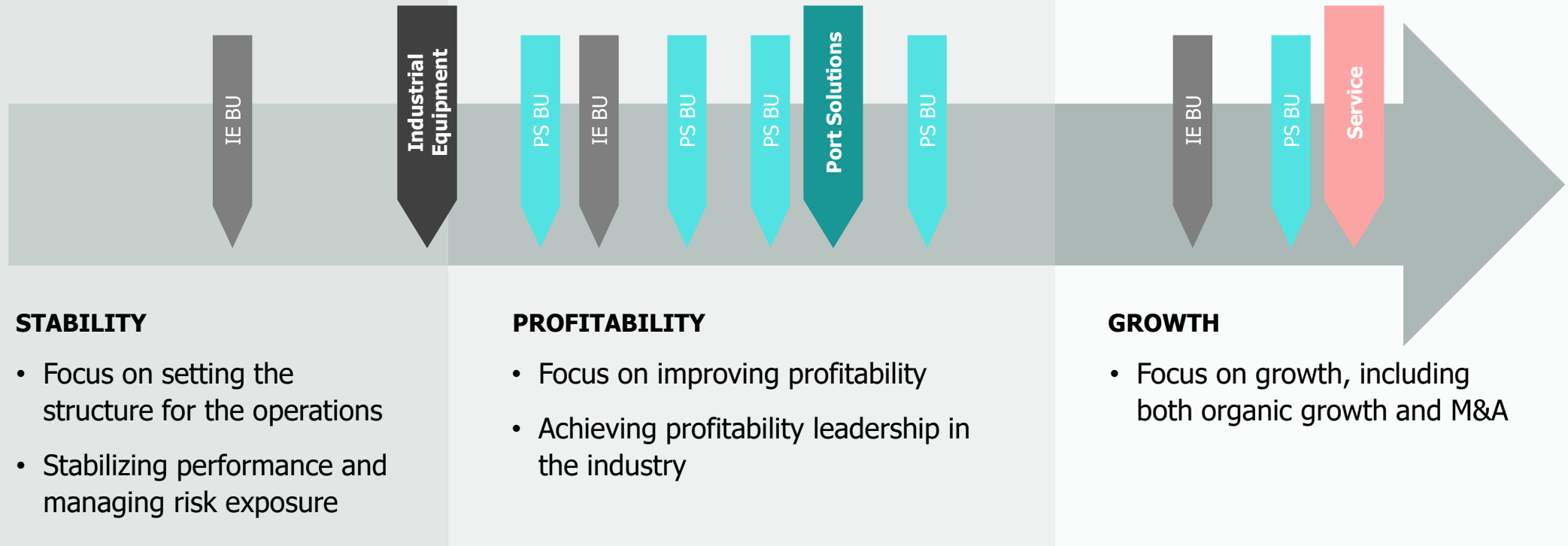




# Our focus is on profitability before embarking on growth

We will manage our businesses by clear mandates for their operations.

Depending on the stage of development, the mandates are either for Stability, Profitability or Growth.



Portfolio management will play an even more important role going forward and we will not shy away from fixing, growing or exiting businesses.



# Shaping next generation material handling for a smarter, safer and better world

**We have a strong platform to build on and a clear plan to execute:**

## **We have...**

- ✓ Great people
- ✓ A leading position in services and equipment
- ✓ A broad customer base
- ✓ An unrivalled global service network
- ✓ Technology leadership
- ✓ Plenty of market opportunities
- ✓ An inspirational Purpose and Ambition
- ✓ A clear strategy for developing our business



## **... to take us to the next level**

- Sales growth faster than the market<sup>1</sup>
- Comparable EBITA margin of 12-15%<sup>2</sup>
- Climate targets
- Improved resilience through service growth
- Increased employee engagement

<sup>1</sup> nominal world GDP growth, IMF World Economic Outlook

<sup>2</sup> as soon as possible, but no later than in 2027. Profitability range, depending on the cycle.





Thank you

