

# Delivering Service growth and Improving Equipment profitability





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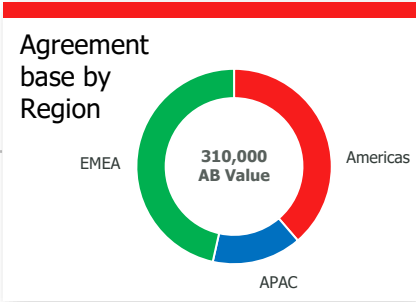
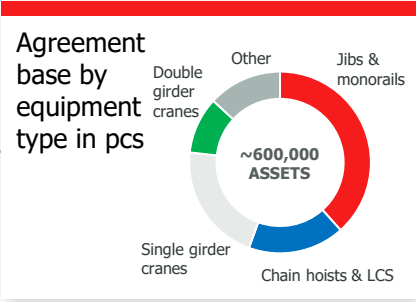
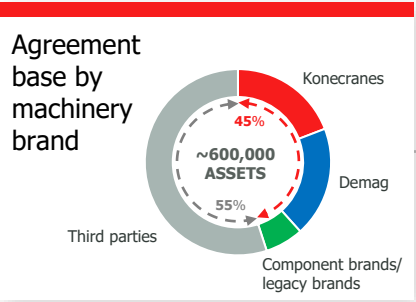
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# Service today

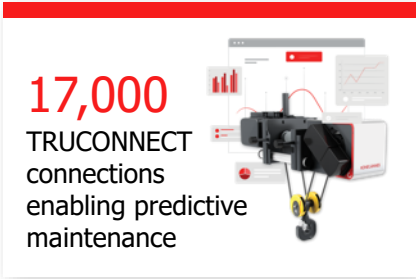
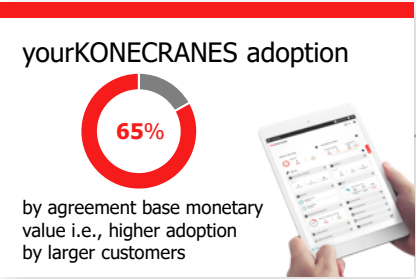
## IMPROVING THE SAFETY, PRODUCTIVITY AND SUSTAINABILITY OF OUR CUSTOMERS' OPERATIONS



### DIVERSIFIED AGREEMENT BASE



### LARGEST AND MOST EXTENSIVE SERVICE NETWORK



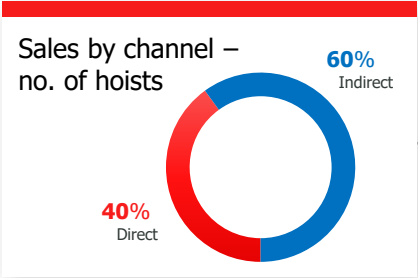
### NEXT GENERATION DIGITAL SERVICES



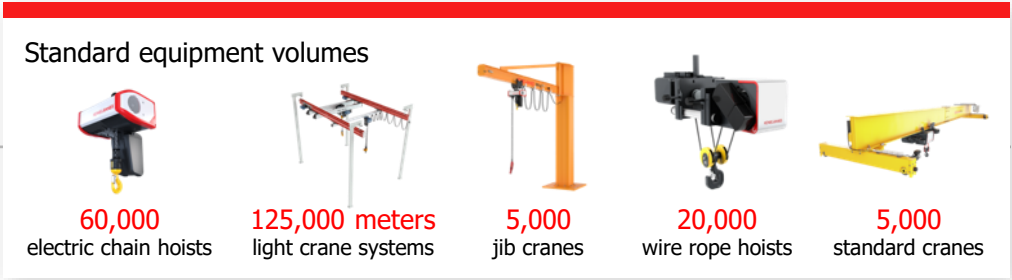
# Industrial Equipment today



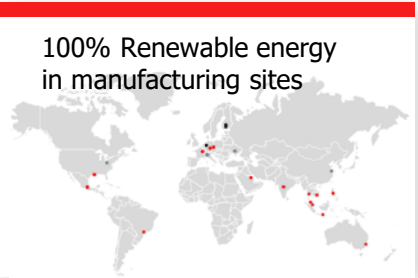
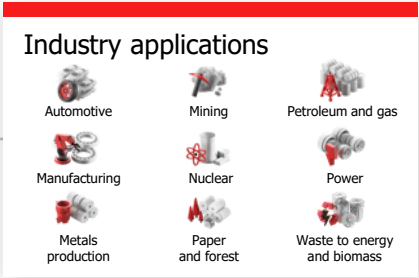
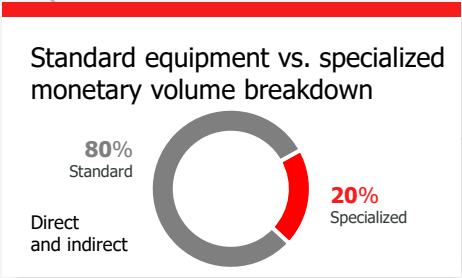
Global leader in sustainable lifting solutions covering a full range of industrial applications



## DUAL CHANNELS TO MARKET



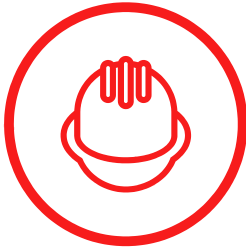
## COMPREHENSIVE OFFERING/ECONOMIES OF SCALE



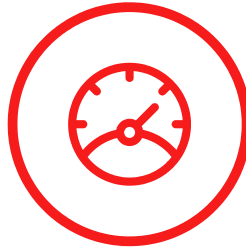
## INDUSTRY EXPERTISE

## EMBEDDED SUSTAINABILITY

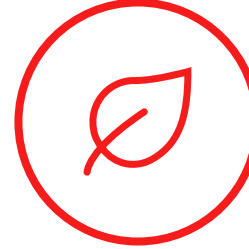
# Megatrends and underlying demand drivers



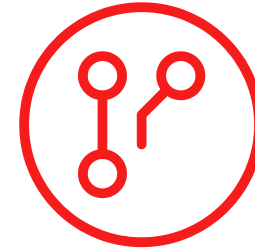
**SAFETY**



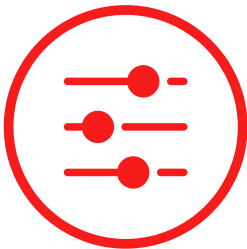
**PRODUCTIVITY**



**SUSTAINABILITY**



**DIGITALIZATION  
& AUTOMATION**



**REGULATIONS  
& COMPLIANCE**



**OUTSOURCING**

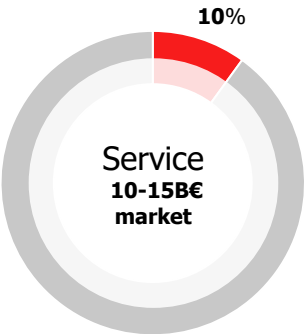
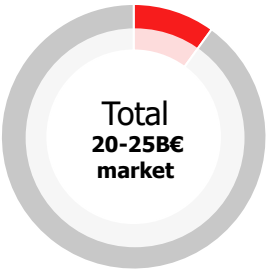


**AGING INDUSTRIAL  
WORKFORCE**



**SUPPLY CHAIN  
REALIGNMENTS**

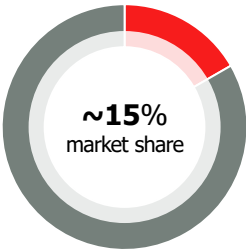
# We are a global leader with plenty of opportunity for market share growth



## Industrial Service market

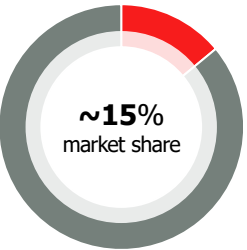
Service market size/ market share includes all maintenance services both insourced and outsourced. Service scope based on current Konecranes scope.

### SERVICE: EMEA



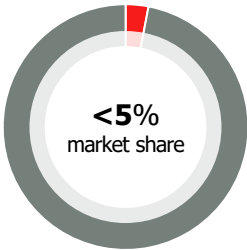
Market size: ~3.5-4B€

### SERVICE: AME

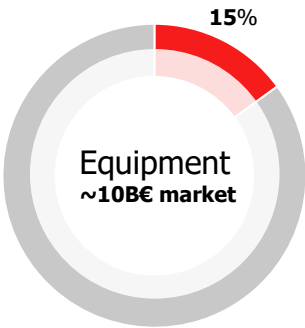


Market size: ~3-3.5B€

### SERVICE: APAC



Market size: ~6-6.5B€



## Industrial Equipment market

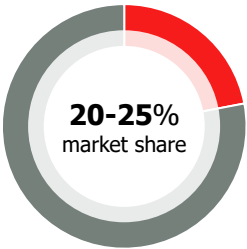
Equipment market share is adjusted for hoist and component packages sold through Alpha channel i.e., equivalent "crane units."

### LIGHT LIFTING EQUIPMENT



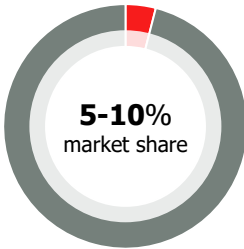
Market size: ~2.5-3B€

### STANDARD CRANES/ WIRE ROPE HOISTS<sup>1</sup>



Market size: ~4-4.5B€

### PROCESS CRANES

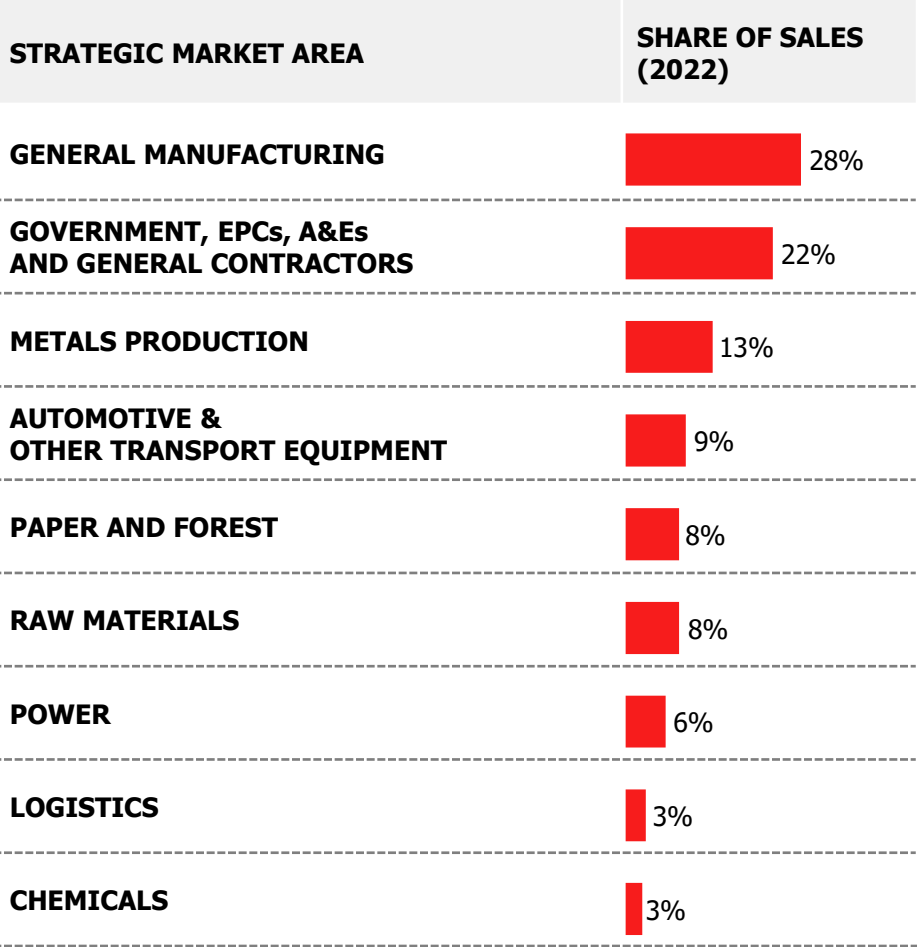


Market size: ~2.5-3B€

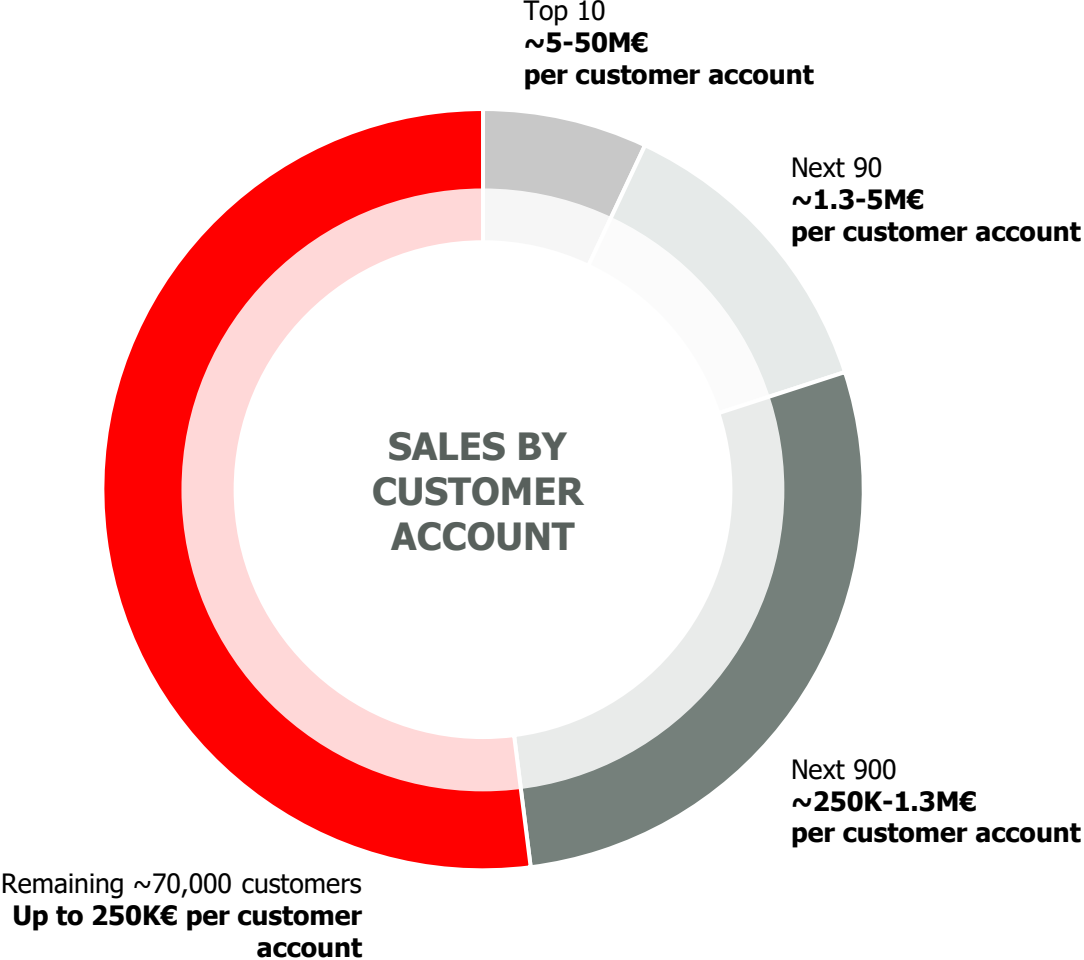
<sup>1</sup> Market share of CTO/WRH includes estimated crane volume from sold hoists through the Alpha channel. 15% of sold solo hoists are assumed to be for replacement purposes and a crane would need in average 1.15 hoists.

Our diversified customer base across industries and geographies provides

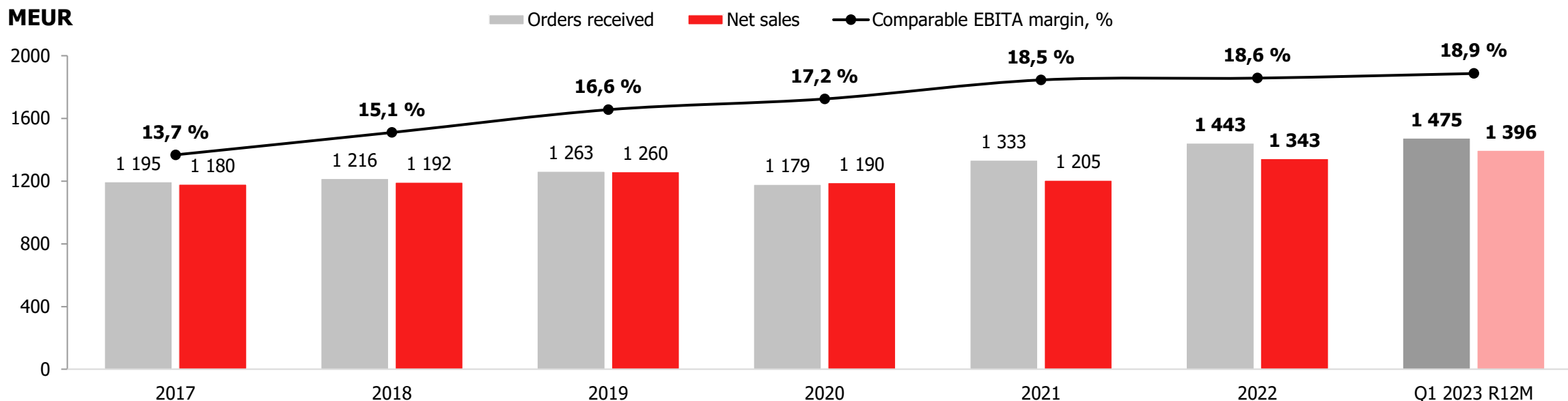
# Several opportunities to achieve our growth ambitions



\*Direct sales channel



# We have a strong performance track record and proven resiliency



## 2017-2019

### Post-Demag acquisition

- Integration/delivering synergies
- oneKONECRANES deployments/digitalization
- Focus on profitability

## 2020-2022

### Pandemic/supply chain constraints

- Business continuity – essential industries
- Cost flexing and rapid adoption
- MHE-Demag integration

## 2023->

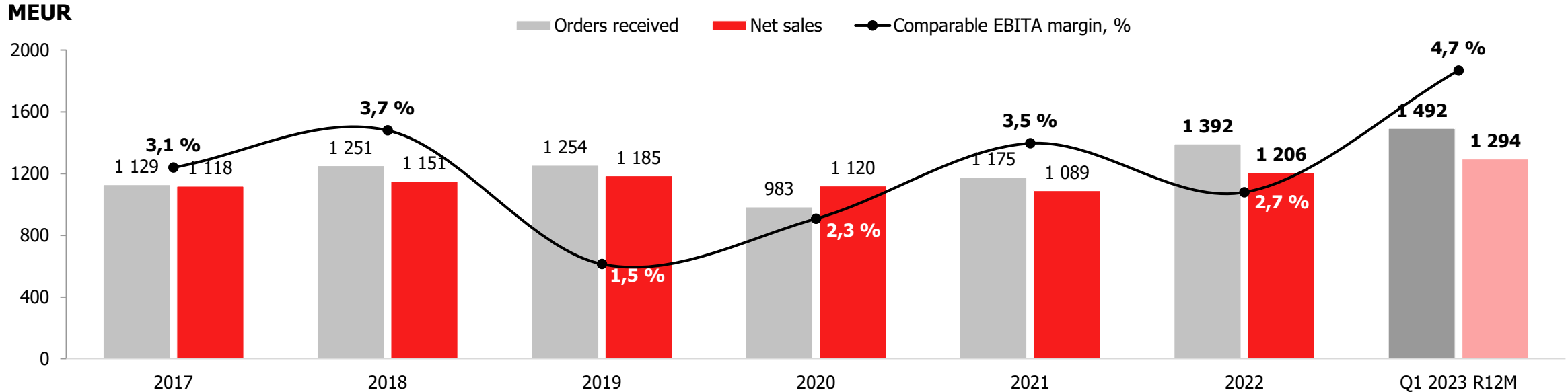
### Focus on growth

- Agreement base expansion / Offering renewal
- Continuous improvement
- Digital services/ecosystem
- Bolt-on acquisitions e.g., Whiting



# Strong orders recovery while focus remains on improving profitability

Performance hampered by pandemic and supply chain challenges



## 2017-2019

### Post-Demag acquisition

- Demag integration project
- Elimination of overlapping operations
- Process crane project cost overruns in 2019

## 2020-2022

### Pandemic/supply chain constraints

- Safety and cost flexing
- MHE-Demag integration
- Supply chain and inflation challenges (H2/21-H1/22)

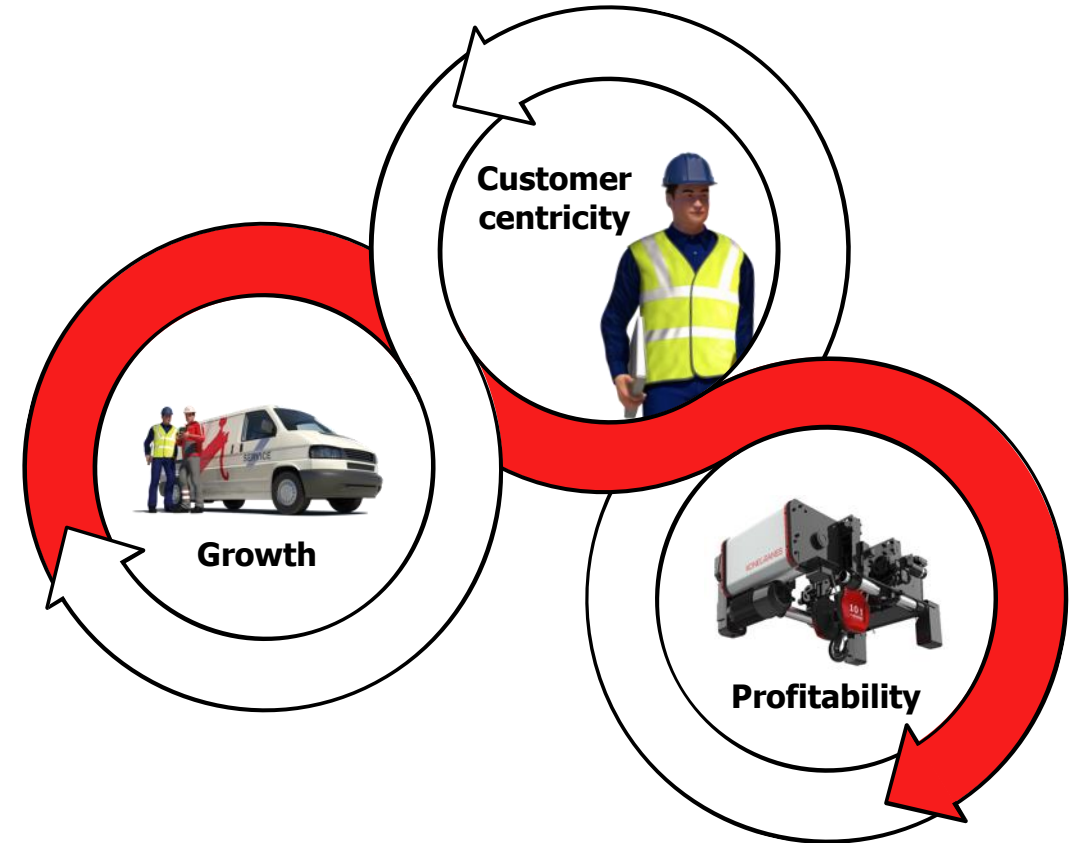
## 2023->

### Focus on profitability

- Simplify go-to market strategy
- Price management / Commercial excellence
- Complete platform harmonization / Offering renewal
- MHE Industrial Products divestment

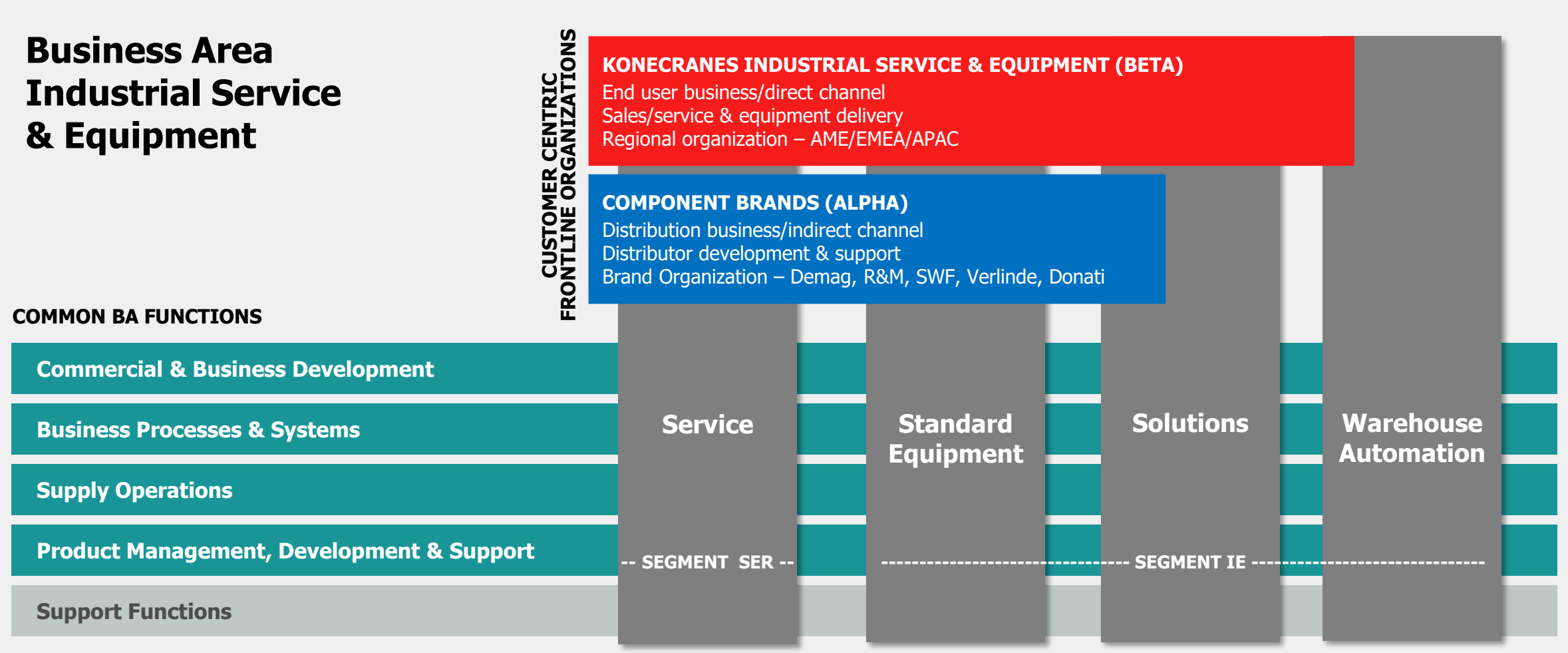
# Bringing Service & Equipment together benefits all stakeholders and enhances our focus on the customers' lifecycle needs

- Enhanced customer and employee experience
- Fully aligned industrial strategy
- Simplified organization and operating model
- Continued segment focus and accountability



# Strengthened focus on customer centricity, efficiency and growth

Our new operating model



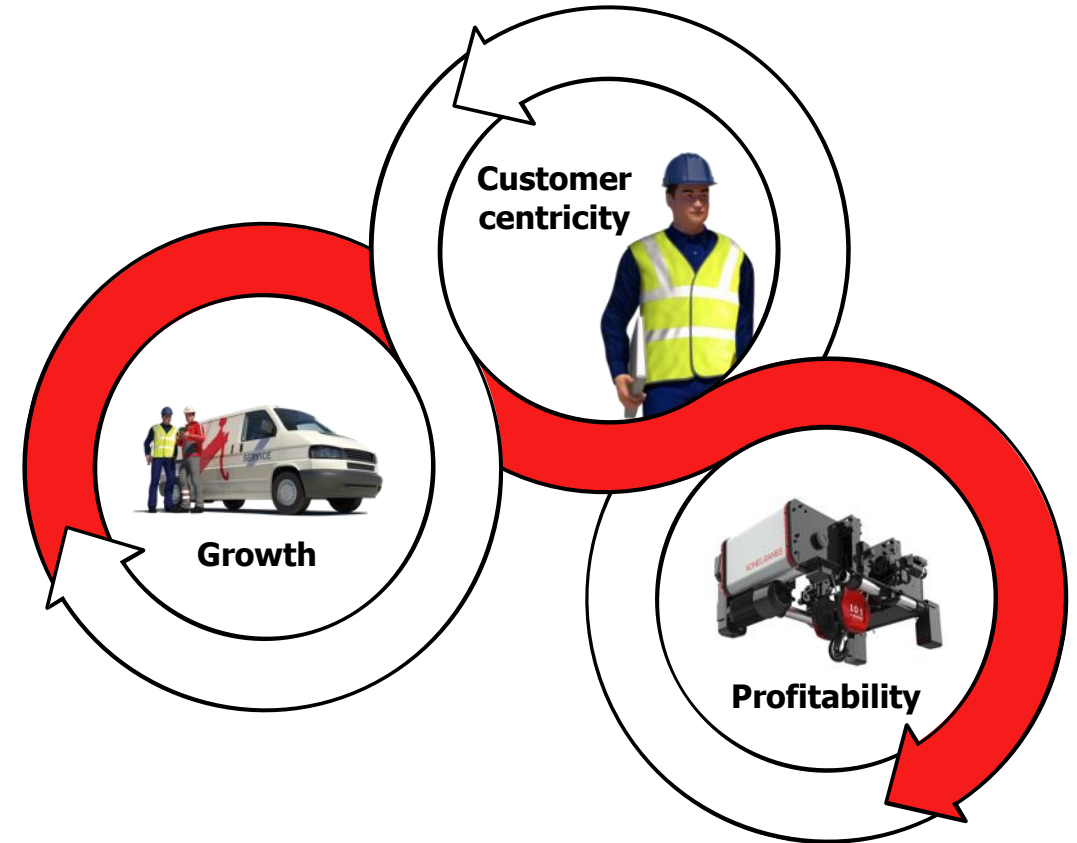
# Our ambition is to set the benchmark among “industrials”

## SERVICE

- Sales growth clearly faster than the market<sup>1</sup>
- Comparable EBITA margin of 20-24%<sup>2</sup>

## EQUIPMENT

- Comparable EBITA margin of 8-10%<sup>2</sup>
- Sales growth in line with the market<sup>1</sup>



<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.



# Strategic Enablers guide key Business Area initiatives delivering Service growth and Equipment profitability

## Deepening customer focus

### **Simplification**

Go-to-market channels, operating model, offering

### **Commercial Excellence**

Customer experience/journey, price management, sales model evolution, sales efficiency, account management

## Accelerating efficiency

### **Operational Excellence**

Smart planning, next generation field mobility tools, E2E process optimization, ML/AI, project management excellence

### **Supply chain efficiency**

Footprint optimization, lean operations, supplier diversification, procurement excellence, customer proximity, configured products

### **Portfolio Optimization**

Bolt-on acquisitions, new market entry/expansion, technologies/capabilities, complementary products & services

## Scaling technology innovation

### **Renewed offering**

Service Programs, digital services and ecosystem, predictive maintenance, equivalent parts, harmonized and scalable product platforms, automation and smart technologies, circularity and sustainability, productized solutions

## Advancing responsible business

## Enhancing our winning culture



SERVICE

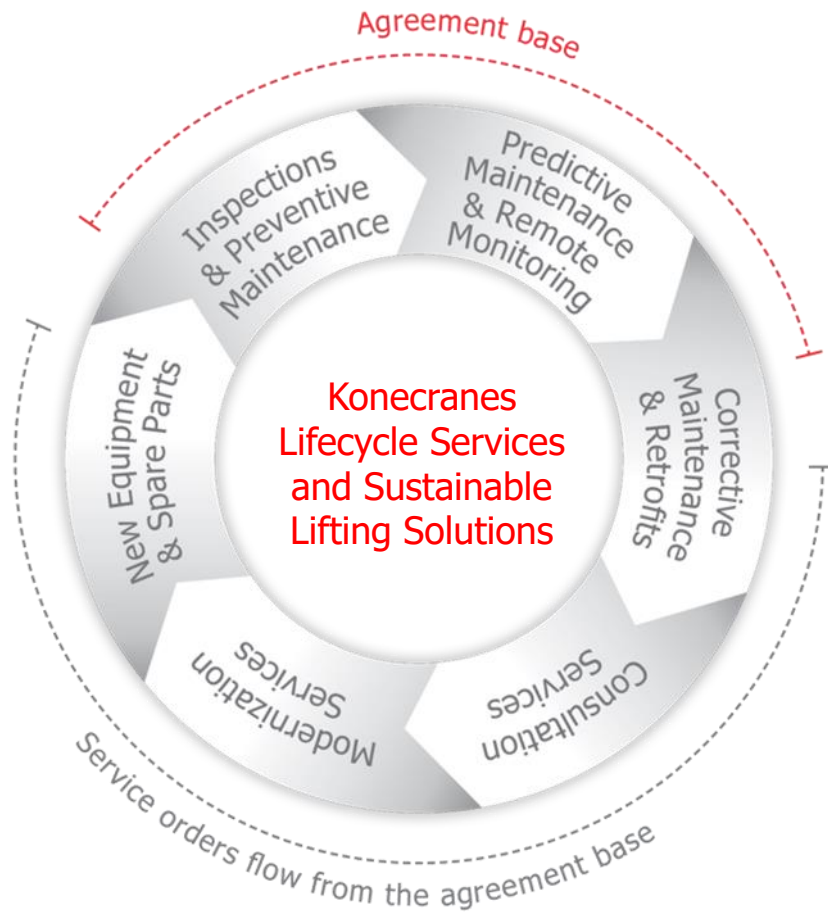
# Focus on growth

KONECRANES®

KONECRANES



# Our agreement base is the key platform for growth and asset management throughout the lifecycle



~20%  
of  
sales



**Inspections, Preventive Maintenance, Predictive Maintenance**  
**Agreement Sales, Inside Sales**  
New business development and renewals  
Lead generation

~30%  
of  
sales



**Corrective Maintenance**  
**Inspector, Technician, Inside Sales**  
Advice based on findings and condition monitoring – speed  
Lead generation

~25%  
of  
sales



**Retrofits, Consultation Services, Mods, Lifting Equipment**  
**Service Sales, Inside Sales**  
Consultative selling, analytics driven lead generation

~25%  
of  
sales\*



**Spare Parts & Accessories**  
**Inside Sales, eCommerce**  
Transactional, convenient

\* Includes all channels (direct & indirect)

# Achieving organic Service growth

## 1. Expand agreement base

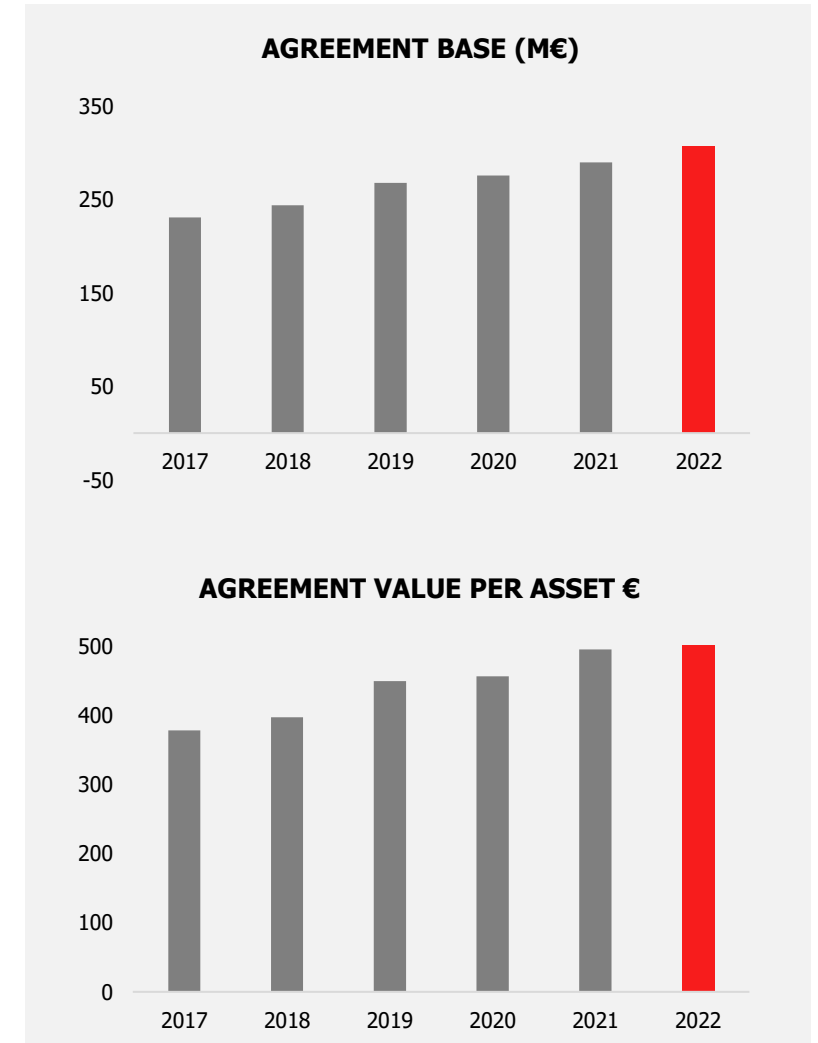
- Renewed/targeted Service Programs
- Comprehensive agreements for critical/production assets with larger accounts
- Enhanced customer experience driving customer retention

## 2. Continuously improve sales efficiency, planning and service delivery

- Sales model evolution - leveraging inside sales and customer support
- “Smart” planning tools, automated quotations, and configurator enhancements
- Next generation field mobility tools and parts delivery concept

## 3. Expand focus on third party equipment

- Equivalent replacement parts
- Hoist and component replacements, retrofits and modernizations
- New equipment (light lifting equipment and cranes)





# Renewed Service Programs

Each tailored to a different customer segment to enhance customer experience and retention



## CONDITION

### Inspection/Routine Maintenance Program

Addresses safety and compliance requirements and is streamlined with a digital and automated process.



## CARE

### Preventive/Predictive Maintenance Program

Optimize asset performance and improve safety, productivity and sustainability with digital and advanced services to support predictive maintenance.



## COMMITMENT

### Comprehensive Maintenance Program

Outsourced asset management is tailored to industry and application requirements to achieve the highest lifecycle value.



## COMPLETE

### Comprehensive Maintenance & Operations Program

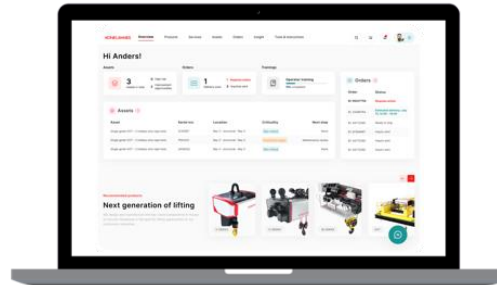
Complete outsourcing of equipment maintenance and operation, collaboration to establish material handling and performance objectives and extend lifecycle value and total cost of ownership for the entire operation.

# Digital enablers in Service

Helping us enhance the customer experience and to deliver services more efficiently

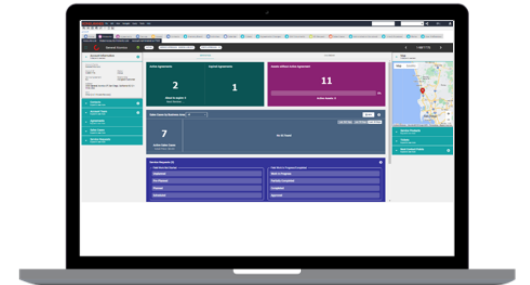
## UNIFIED CUSTOMER PORTAL

- Engaging content focused on customer needs
- Self-service tools for quicker contact and support
- Full relationship view



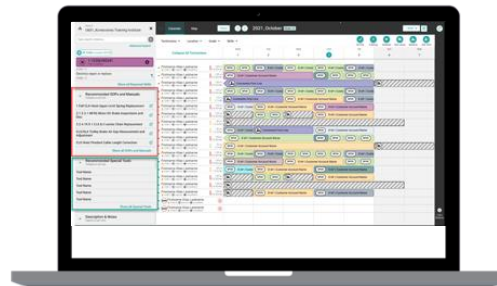
## CUSTOMER ENGAGEMENT / SALES ENABLEMENT/ OFFER CONFIGURATION

- Consolidated customer account information in one view with visibility to sales cases, service requests, etc
- Configure quotes and share relevant content to customers



## SMART PLANNING

- Schedule work aligned with technician proximity, skill and material availability
- Optimized for most efficient customer response time



## NEXT GENERATION MOBILITY APPS FOR FIELD OPERATIVES

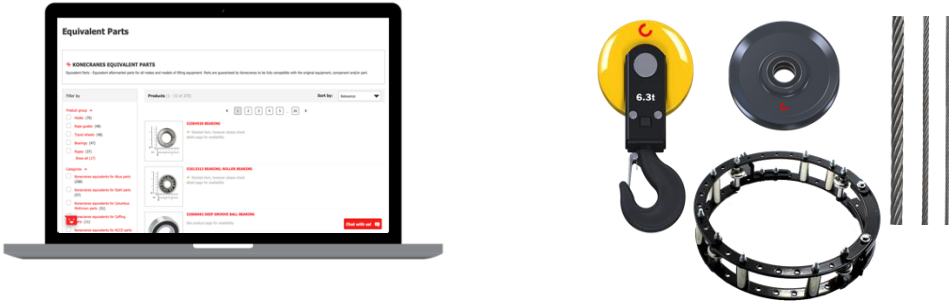
- Guides behavior, provides feedback, and ensures process adherence
- Intelligent troubleshooting platform helps diagnose and repair in the field
- Live tech support available via video



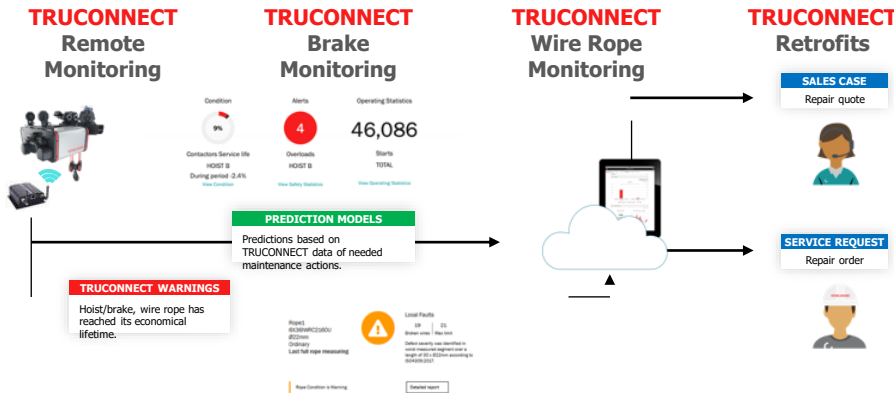
# Unmatched offering and leading technology

Creating customer value with a broader offering and digital services

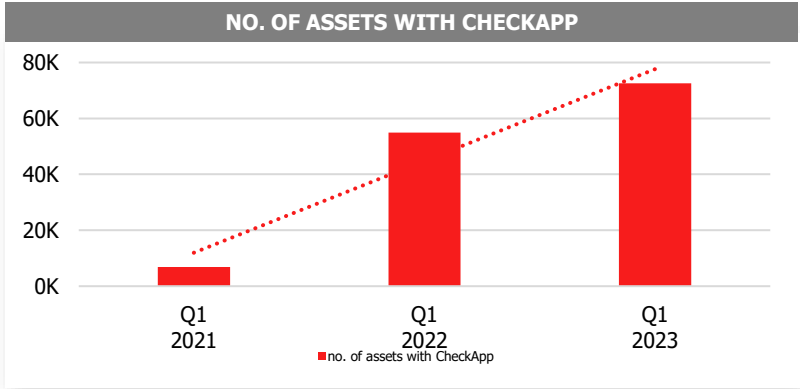
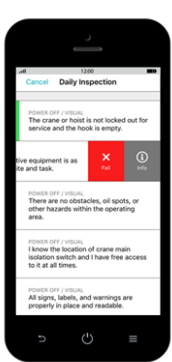
## EQUIVALENT PARTS



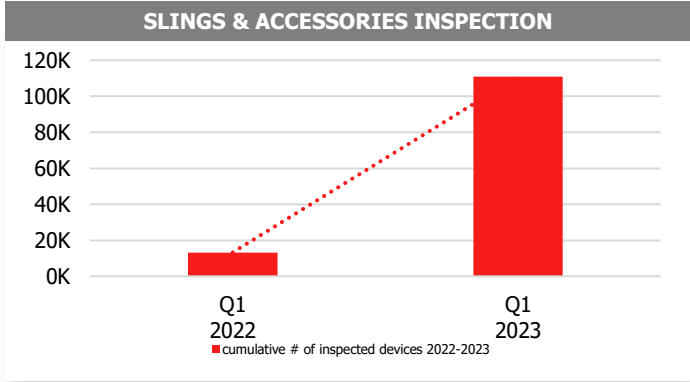
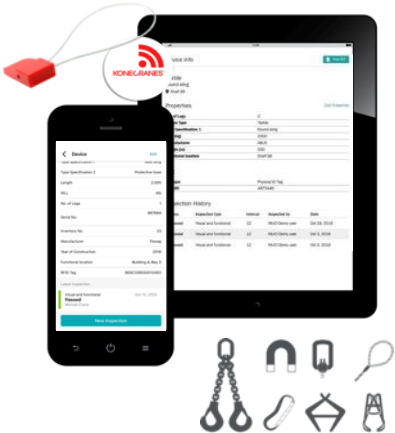
## TRUCONNECT | SUPPORTING PREDICTIVE MAINTENANCE



## CHECKAPP FOR DAILY INSPECTIONS



## DIGITIZED SLINGS & ACCESSORIES INSPECTION



# Acquisition opportunities across various sectors



## BOLT-ON ACQUISITIONS

- Targeting installed base, service opportunities
- Adding certain customer segments and field technical resources
- Able to quickly integrate creating significant synergy potential
- Recent case: Whiting



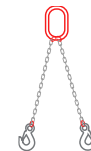
## TECHNOLOGIES / CAPABILITIES

- Industrial automation, systems integration, material flow simulation
- Opportunity to offer a holistic solution to the customer to optimize production and intralogistics



## NEW MARKET ENTRY / EXPANSION

- Significant markets where we have little or no presence



## COMPLEMENTARY PRODUCTS & SERVICES

- Manual products, slings and accessories, industrial inspections
- Many of these products and services are currently being offered but not to a wide extent



# Technicians are at the heart of our success and key to our growth

## IMPROVE PRODUCTIVITY

Field operative time and tasks focused on our customers and their assets



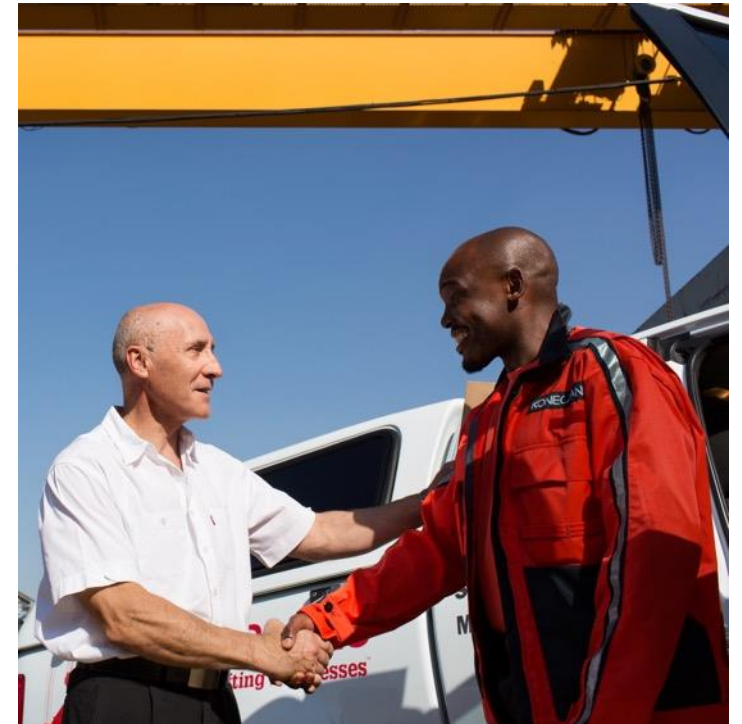
## INCREASE RETENTION

Continuously improving the employee experience



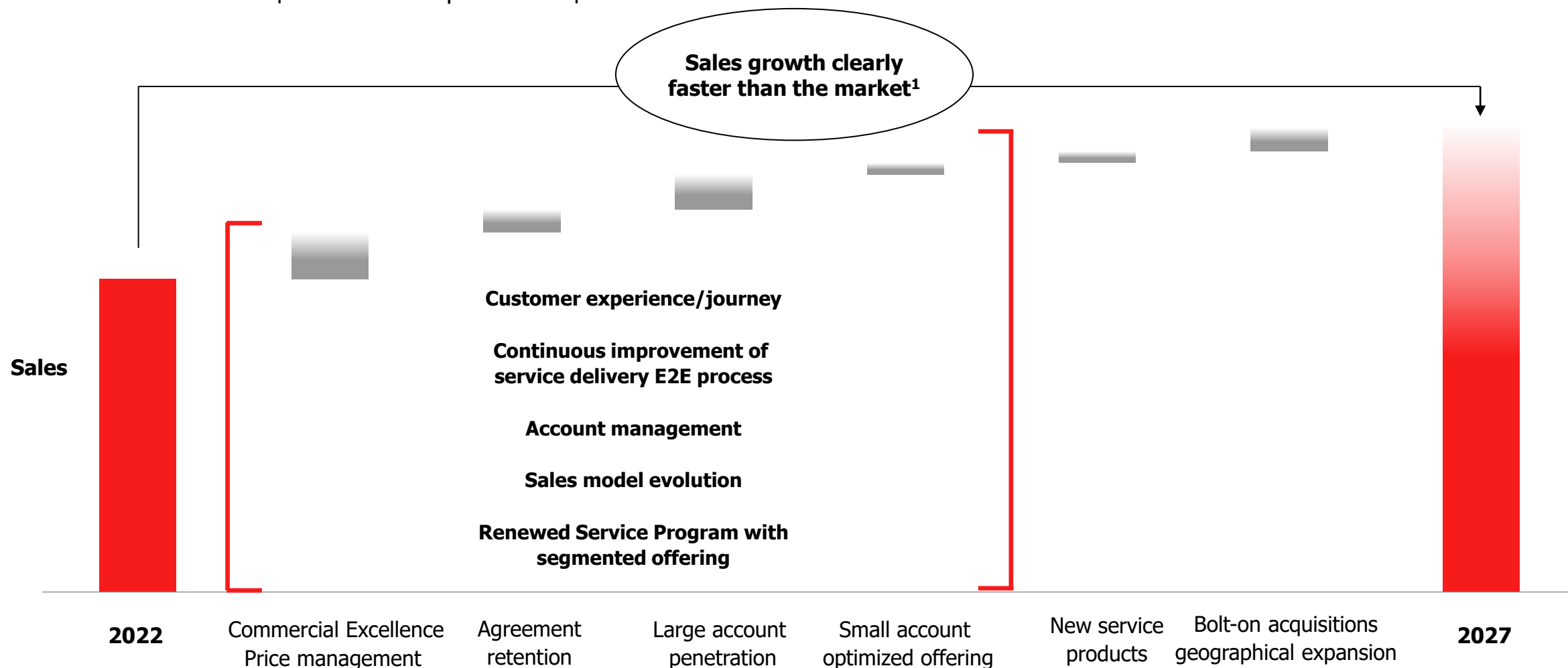
## ACTIVELY RECRUIT

Always searching for our future talent



# Service growth plan

Proven business model | continuous improvement | sales acceleration



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



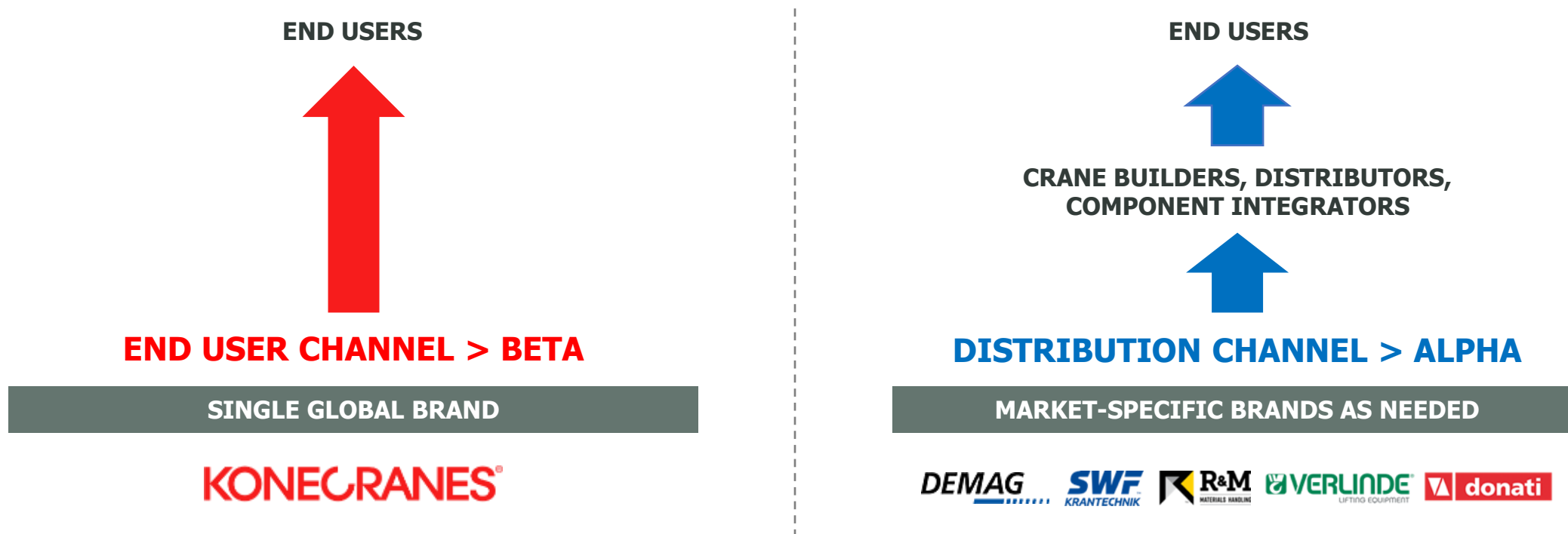
INDUSTRIAL EQUIPMENT

# Focus on profitability

KONECRANES

# Simplifying our go-to-market strategy drives agility and efficiency

Dual channels with shared equipment platforms ensure market coverage, drive economies of scale and enhance profitability








Focused and clearly defined sales channels, brands and offering with dedicated teams for direct (end user) and indirect (distribution) channels



# Product harmonization and digitalization drive profitability

Core of Lifting “purpose built” components enable competitiveness and economies of scale

PRODUCT OFFERING		PLATFORMS 2018	PLATFORMS 2022*	TARGET 2023-2025	BENEFITS OF SCALABILITY
				GLOBAL PLATFORMS*	
ELECTRIC CHAIN HOIST		4	3	1	<b>Cloud services</b> Data driven value  <b>Crane software layer</b> Intelligent control, advanced features, connectivity, Digital CX  <b>Electrical system</b> Scalable common architecture across the product lines  <b>Mechanical structure</b> A solid platform fulfilling market criteria
LIGHT CRANE SYSTEMS		3	1	1	
STANDARD WIRE ROPE HOIST		6	4	1	
WINCH		7	5	2 Assembly and process duty	
STANDARD CRANES		2	2	1	

\*NOTE: Excludes local/niche/special application products

# Next Generation Light Lifting Equipment

Delivering growth opportunities and enhanced profitability

## NEW ELECTRIC CHAIN HOIST PLATFORM

- Full range offering: basic/competitive through advanced/premium
- Shared mechanical platforms,
- Differentiation through controls, digitalization, options and services
- Configurable offering drives economies of scale



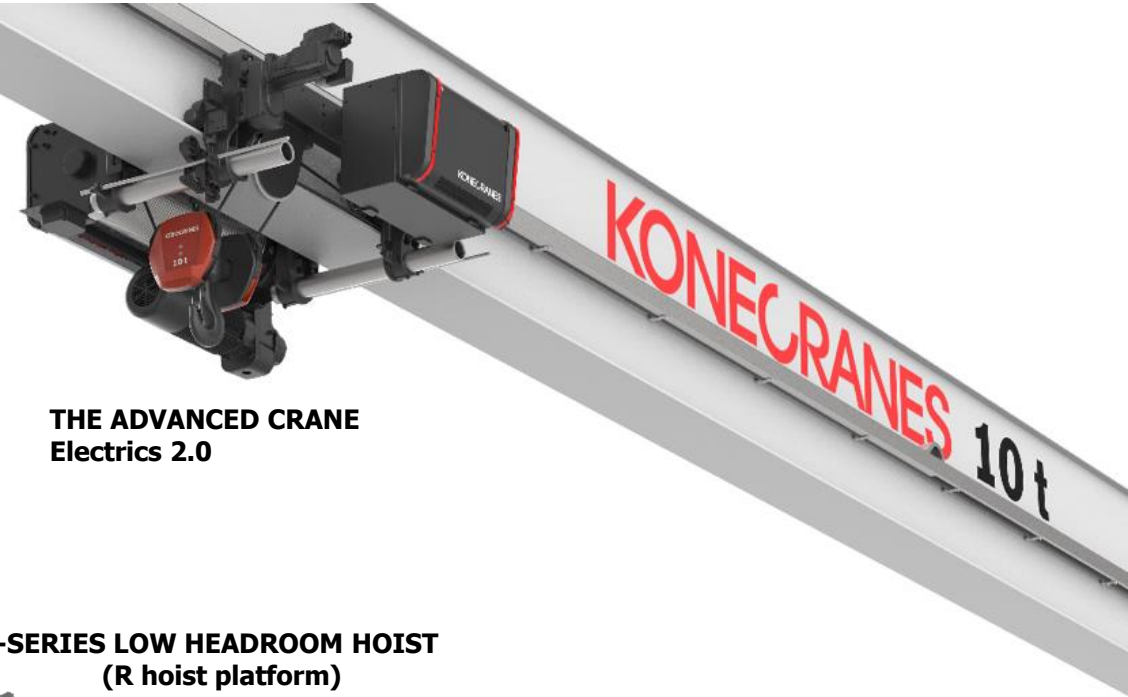
## EXPANDED LIGHT CRANE SYSTEM OFFERING

- Expanded range, options and applications
- Free Standing Systems, increased spans, aluminum
- Ergonomics/manipulators, automation, cartesian robots
- Full range extended to Konecranes utilizing well known KBK brand



# Setting the new standard of lifting

- Higher performance
- Future proof: meeting the norms and standards of the future
- Eco-efficient
- Over-the-air upgradeable features
- Scalable offering
- Connected Smart Features
- Lower production costs
- New earning models
- Proprietary/patented technology



**THE ADVANCED CRANE**  
Electrics 2.0



**S-SERIES LOW HEADROOM HOIST**  
(R hoist platform)

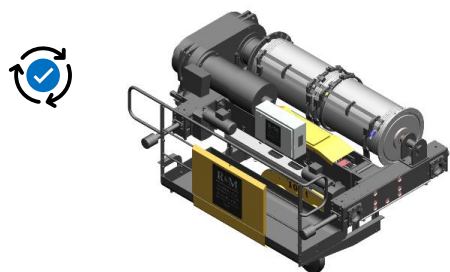


**SMART, CONNECTED**  
RADIO CONTROL

# Process Cranes

Improving process cranes profitability through productization, commercial and project management excellence

## ASSEMBLY DUTY



## PROCESS DUTY



## TAILORED



A

### General

Demanding applications in general industry, power generation, etc.

B

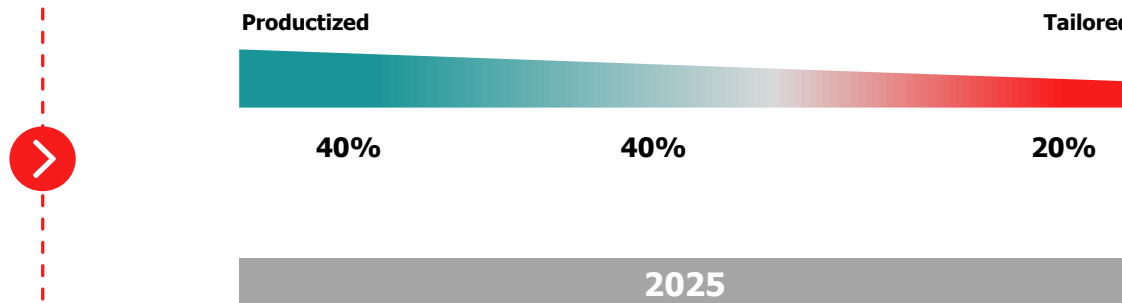
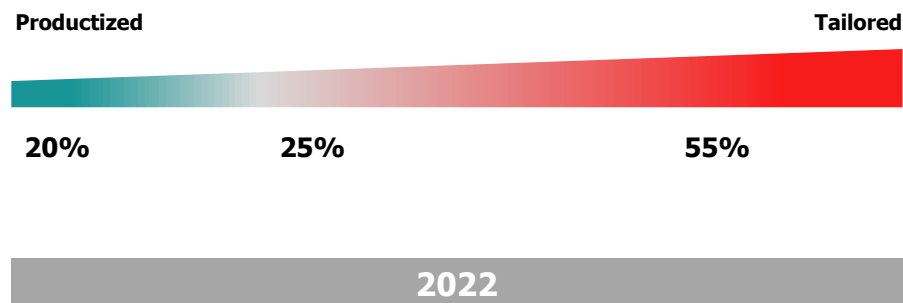
### Industry-specific

Applications such as WTE, die handling, aviation, paper

C

### Tailored

Applications such as hot metal



Process cranes provide significant lifecycle management opportunities and are an essential part of the offering as it comes to large customers.

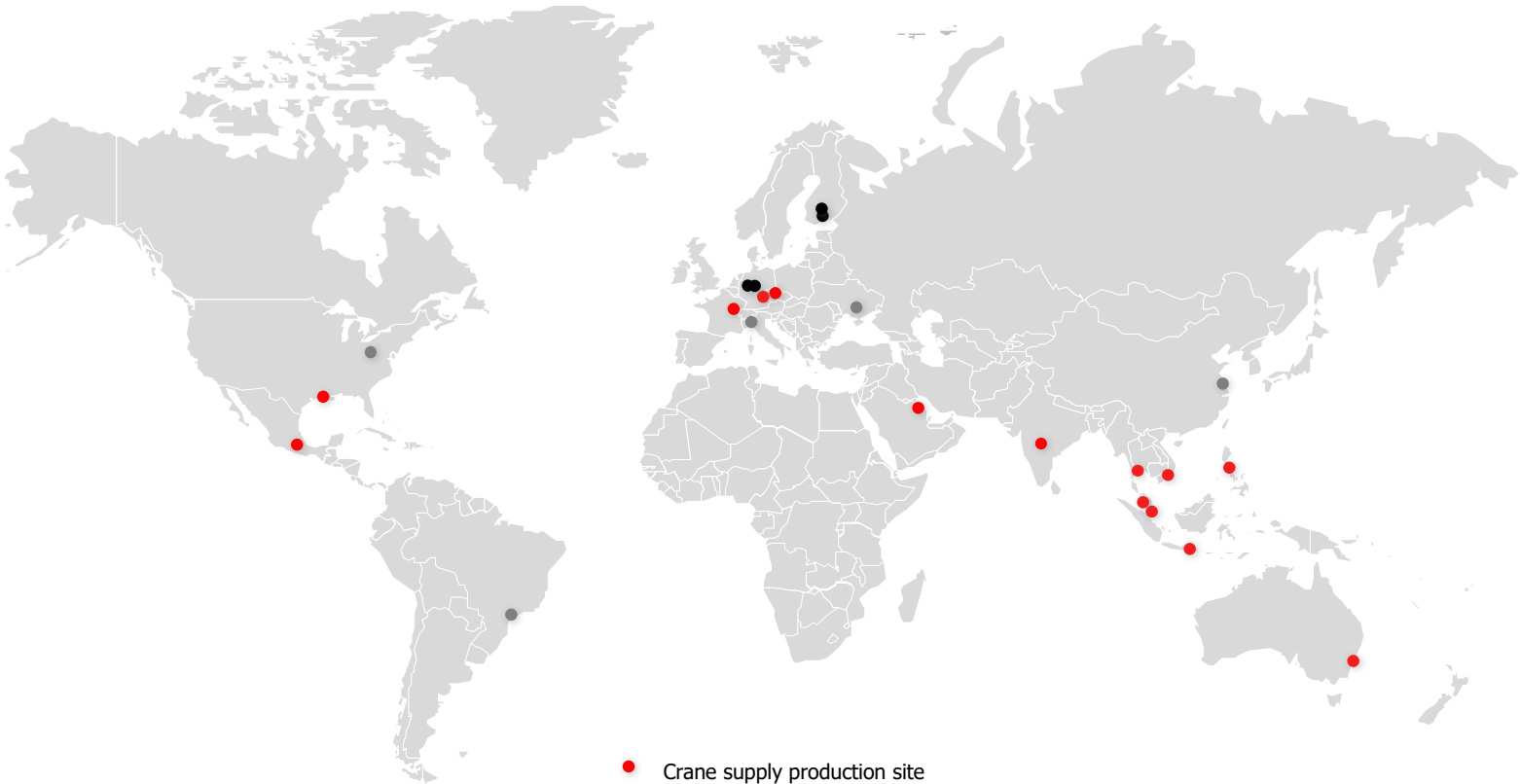
# We continue to evaluate our manufacturing footprint to ensure agility and competitiveness in changing environments and conditions

- Crane manufacturing capacity supplemented by subcontracting network
- Component manufacturing centralized in global and regional hubs

		AME	EMEA	APAC
CRANE SUPPLY		4	5	9
COMPONENT SUPPLY	WINCHES	1	1	1
	WIRE ROPE HOISTS		1	
	LIGHT LIFTING EQUIPMENT		1	

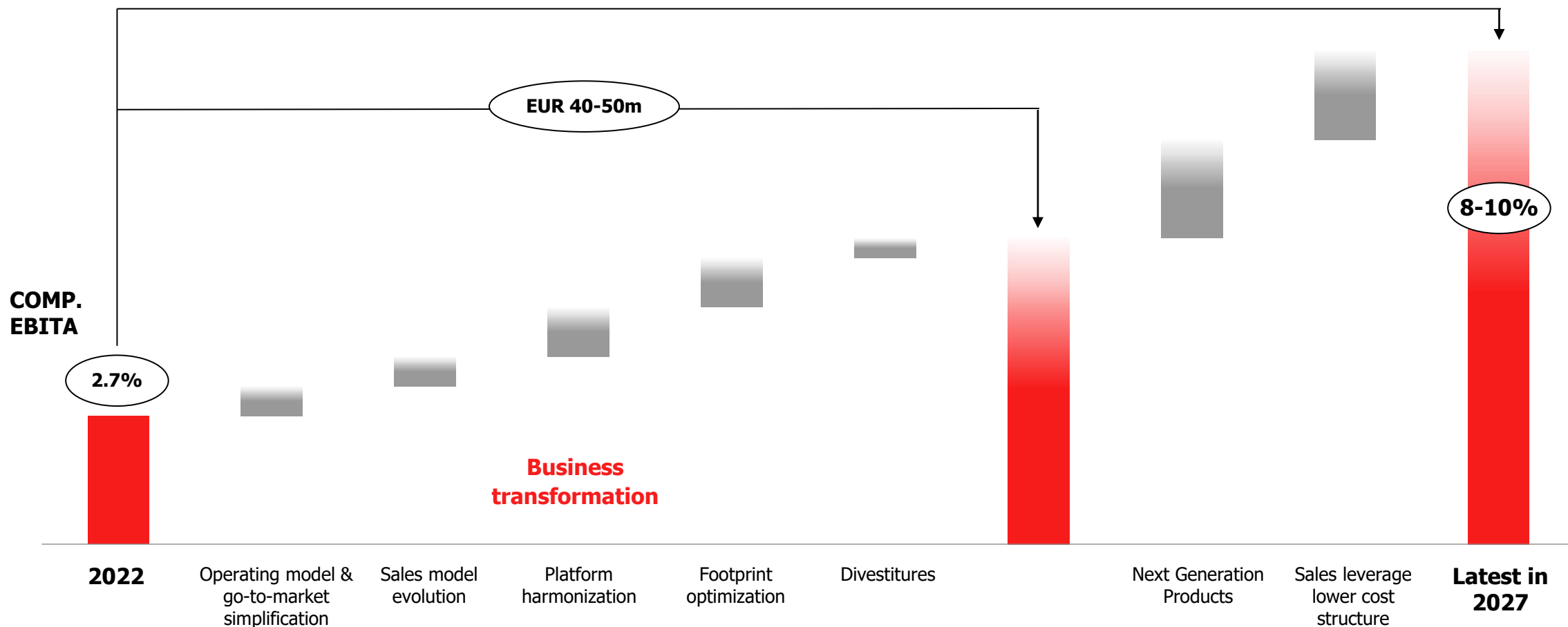
Regional hubs supply multiple products and platforms  
Crane factories in US and China are co-located with component factories

🌐 Global hub  
🌐🌐 Regional hubs



• Crane supply production site  
• Component supply production site  
• Hybrid crane/component supply production site

# Equipment profitability improvement plan



Notes:  
<sup>1</sup> Assumes comparable currencies – not inflation adjusted.

Price management

Intra-logistics



Working as **one customer-centric team**

# Industrial Service & Equipment is well-positioned to deliver its plan



## SERVICE

- Service Programs renewal / Agreement base expansion
  - Enhanced customer experience/journey
  - Commercial Excellence / Price Management
  - Continued optimization of sales and service delivery
  - Equivalent Parts for third party equipment
  - Bolt-on acquisitions
- 
- **Service sales growth** clearly faster than the market<sup>1</sup>
  - Comparable EBITA margin of 20-24%<sup>2</sup>



## EQUIPMENT

- Go-to market / operating model simplification
  - Platform harmonization/rationalization
  - Commercial Excellence / Price Management
  - Renewed offering
  - Supply chain efficiency / Operational Excellence
  - Portfolio optimization
- 
- **Equipment profitability:** comparable EBITA margin of 8-10%<sup>2</sup>
  - Sales growth in line with the market<sup>1</sup>

<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

