

# Q2 2022 Report

July 27, 2022

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Lifting Businesses™



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# Agenda

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

# Q2 2022 Highlights

**In Q2, Konecranes' operating environment and performance continued similar to Q1 – order intake remained high, but profitability declined Y/Y**

- Group adj. EBITA-% declined Y/Y to 7.7% (8.6), mainly due to low sales volumes caused by component and material availability and COVID-19 related challenges – profitability declined in all segments

**Despite the war in Ukraine, the pandemic and growing macroeconomic concerns, the overall market sentiment remained good in Q2**

- Orders received grew 19.9% Y/Y in comparable FX and surpassed €1 billion for a 2<sup>nd</sup> consecutive quarter, order intake in short-cycle products better than expected
- Sales decreased 0.2% Y/Y in comparable FX, affected by component availability and other supply chain constraints, as well as COVID-19 related challenges in all three segments
- Continued high order intake and delivery capability issues drove the order book to a new record of EUR 2,825 million at the end of June

**Q3 demand outlook updated & new full-year 2022 guidance from July reiterated**

**New President and CEO, Anders Svensson will assume his role on October 19**



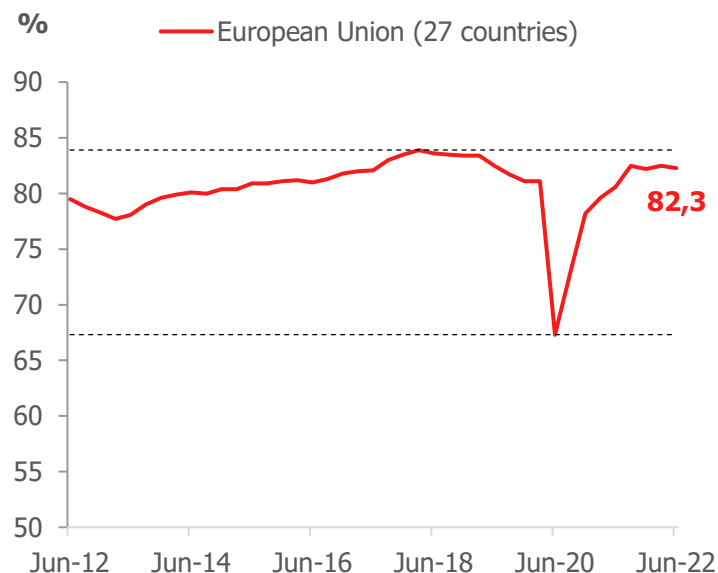
# Key figures

Key figures	4-6/ 2022	4-6/ 2021	Change %	Change % At comparable currencies	1-6/ 2022	1-6/ 2021	Change %	Change % At comparable currencies	1-12/ 2021
Orders received, MEUR	1,007.8	806.7	24.9	19.9	2,037.4	1,569.5	29.8	25.7	3,175.5
Order book at end of period, MEUR					2,825.4	1,974.8	43.1	36.7	2,036.8
Sales, MEUR	787.1	759.3	3.7	-0.2	1,459.2	1,463.3	-0.3	-3.5	3,185.7
Adj. EBITDA, MEUR	82.5	86.5	-4.5		148.8	165.5	-10.1		398.9
Adj. EBITDA, %	10.5%	11.4%			10.2%	11.3%			12.5%
Adj. EBITA, MEUR	60.9	65.3	-6.8		105.0	121.6	-13.7		312.2
Adj. EBITA, %	7.7%	8.6%			7.2%	8.3%			9.8%
Operating profit (EBIT), MEUR	48.2	46.6	3.4		28.7	84.1	-65.9		220.0
Operating margin (EBIT), %	6.1%	6.1%			2.0%	5.8%			6.9%
EPS, basic. EUR	0.35	0.36	-2.7		0.09	0.59	-84.9		1.86
Free cash flow, MEUR	-30.7	15.4			-28.1	33.0			137.7
Net debt, MEUR					700.1	624.4			541.6



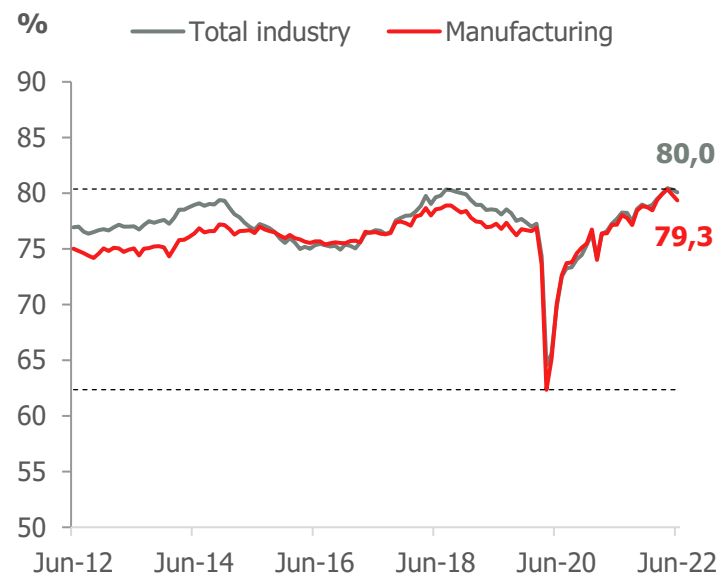
# Market environment – Service and Industrial Equipment

## Capacity utilization rate – EU



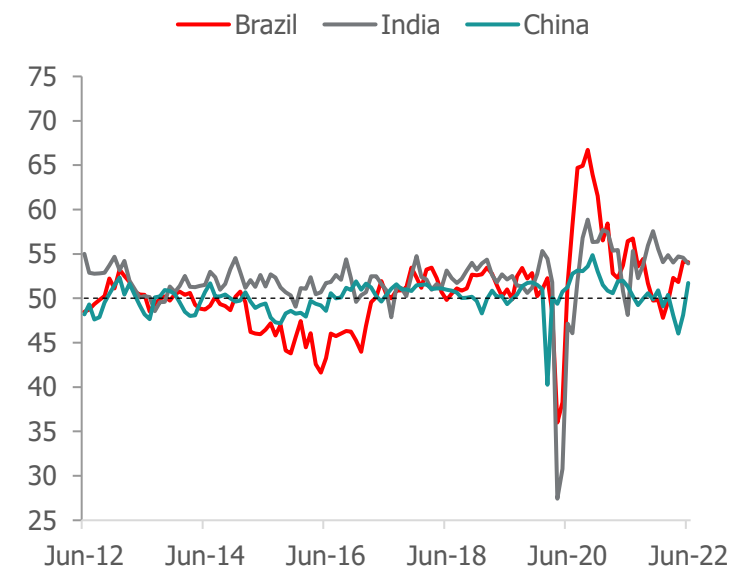
- In the EU, the manufacturing capacity utilization rate remained steady in H1 2022, and it was slightly above the pre-COVID level
- The eurozone manufacturing PMI was in expansion with a reading of 52.1 in June, but it declined for the fifth consecutive month

## Capacity utilization rate – USA



- In the US, manufacturing capacity utilization rate continued to rise in H1 2022, and it remained above the recent peaks of mid-2018
- The US manufacturing PMI was in improvement in June despite the PMI dropped to 52.7, which was its lowest level since July 2020

## Manufacturing PMIs – Brazil, India & China

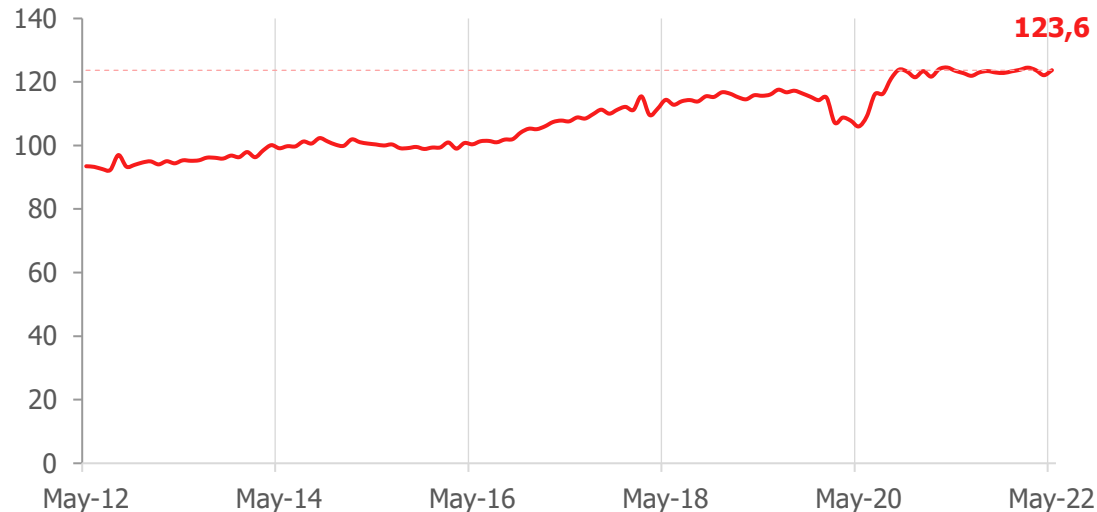


- In the emerging markets, June's PMI was in expansion territory in Brazil, India and China

# Market environment – Port Solutions

## RWI/ISL Container Throughput Index

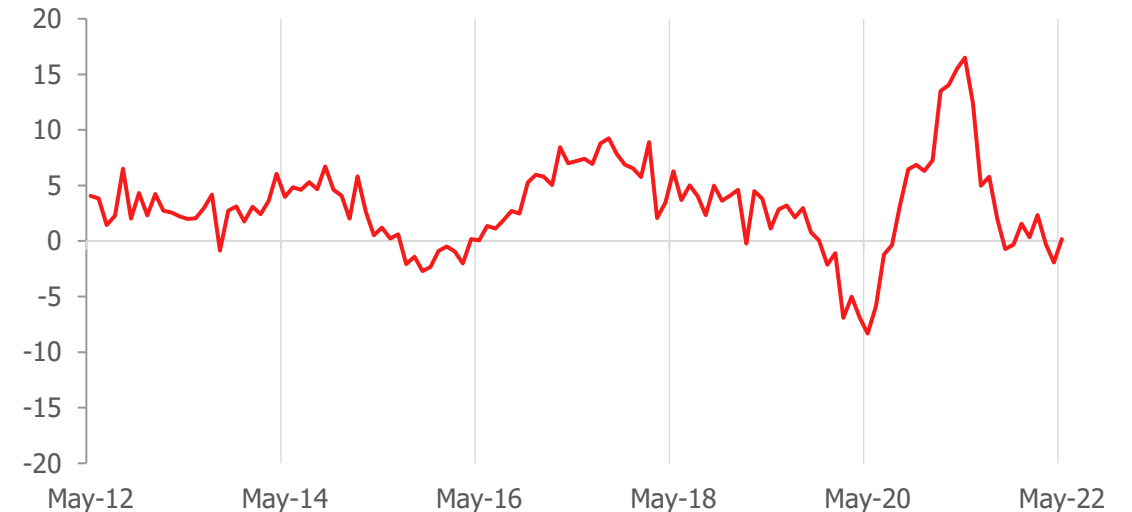
Index (2015 = 100)



- The global container throughput began 2022 at a relatively strong level compared to the historical readings
- During the first half of 2022, it has remained steady with slight fluctuation, and at similar levels as in 2021

## Monthly index change Y/Y

%



- At the end of May, global container throughput was approximately at the same level as the year before

## Q3 Demand outlook

- The worldwide demand picture remains subject to volatility due to the war in Ukraine and COVID-19 having increased inflation and material availability concerns.
- In Europe and North America, the demand environment within the industrial customer segments is on a healthy level yet there are some early signs of weakening. In Asia-Pacific, the demand environment has started to show signs of improvement.
- Global container throughput continues high, and long-term prospects related to global container handling remain good overall.

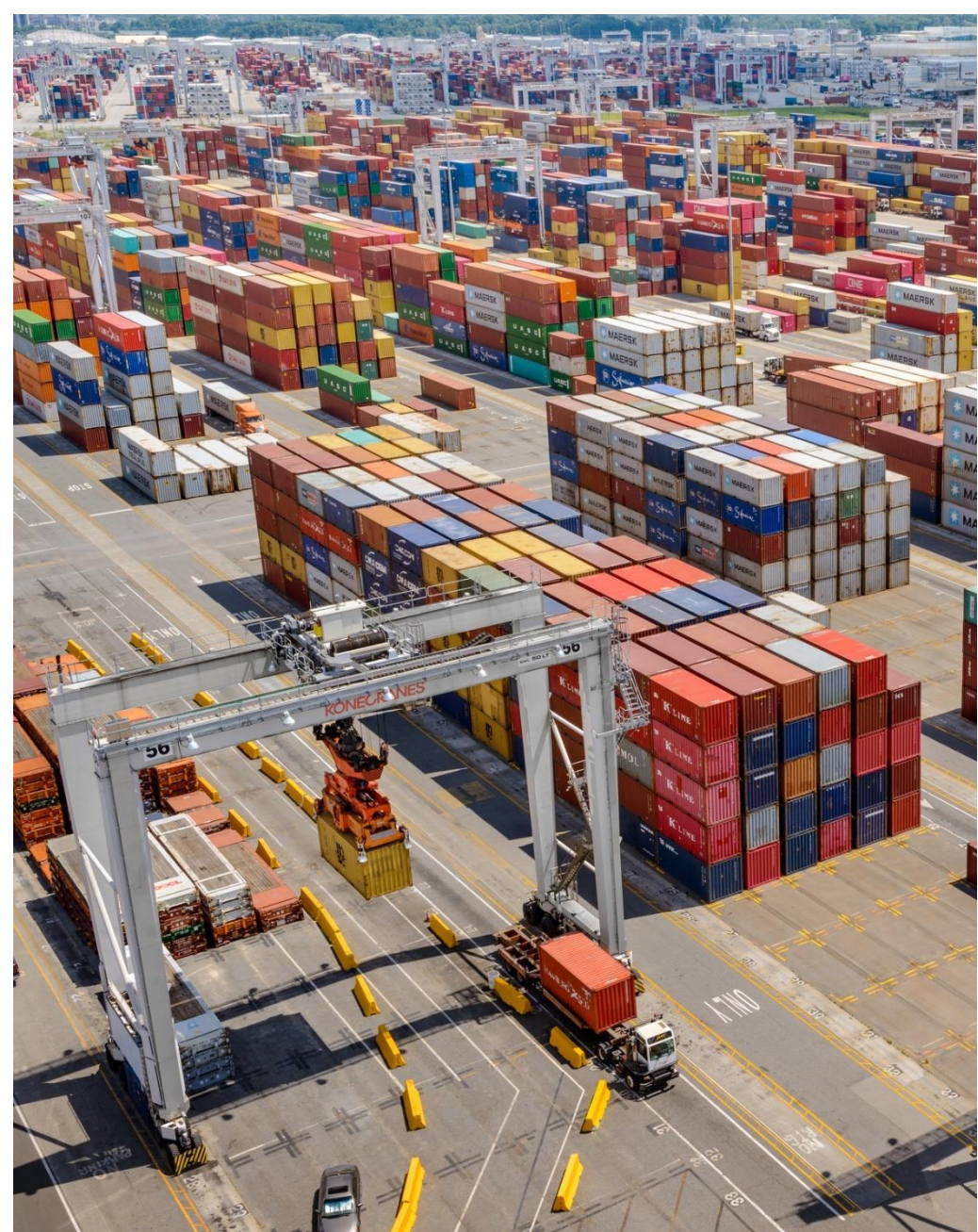




# Financial guidance

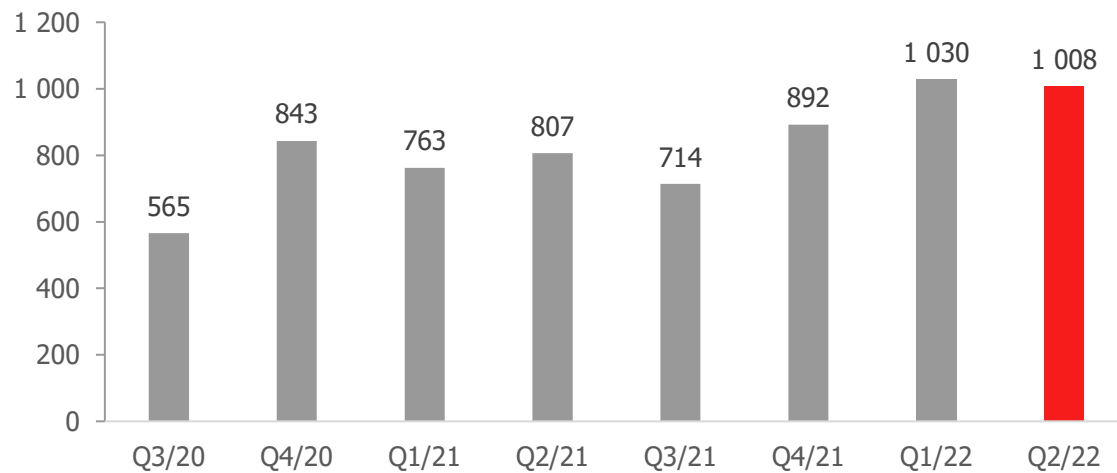
## Financial guidance for 2022

- Net sales expected to remain on the same level or to increase in full-year 2022 compared to 2021.
- Adjusted EBITA margin expected to remain on the same level or to decrease in full-year 2022 compared to 2021.



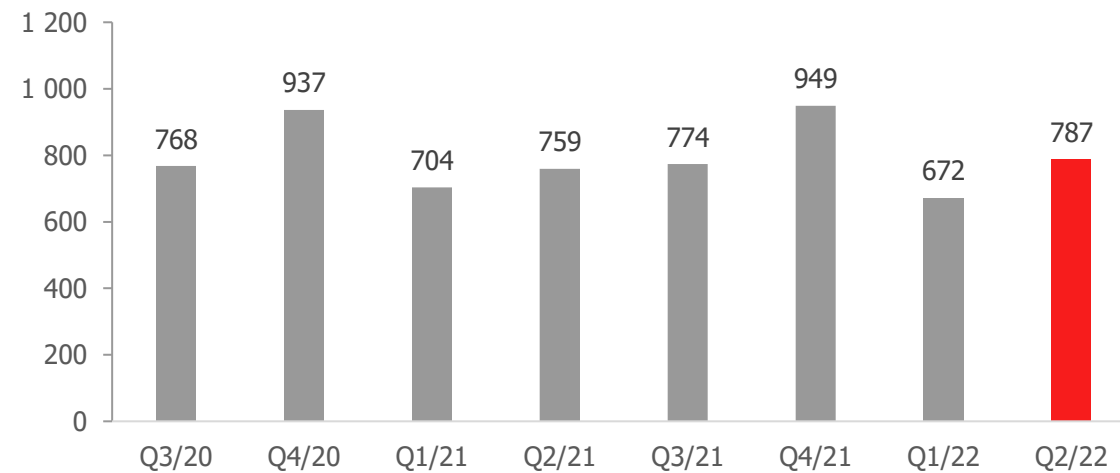
## Q2/22 Group order intake and sales

Group order intake, MEUR



- Order intake increased 24.9% to EUR 1,007.8 million (806.7), 19.9% on a comparable currency basis
- Orders received increased in the Americas, EMEA and APAC
- Orders received increased in Service (15.4%), Industrial Equipment (16.1%) and in Port Solutions (48.3%)

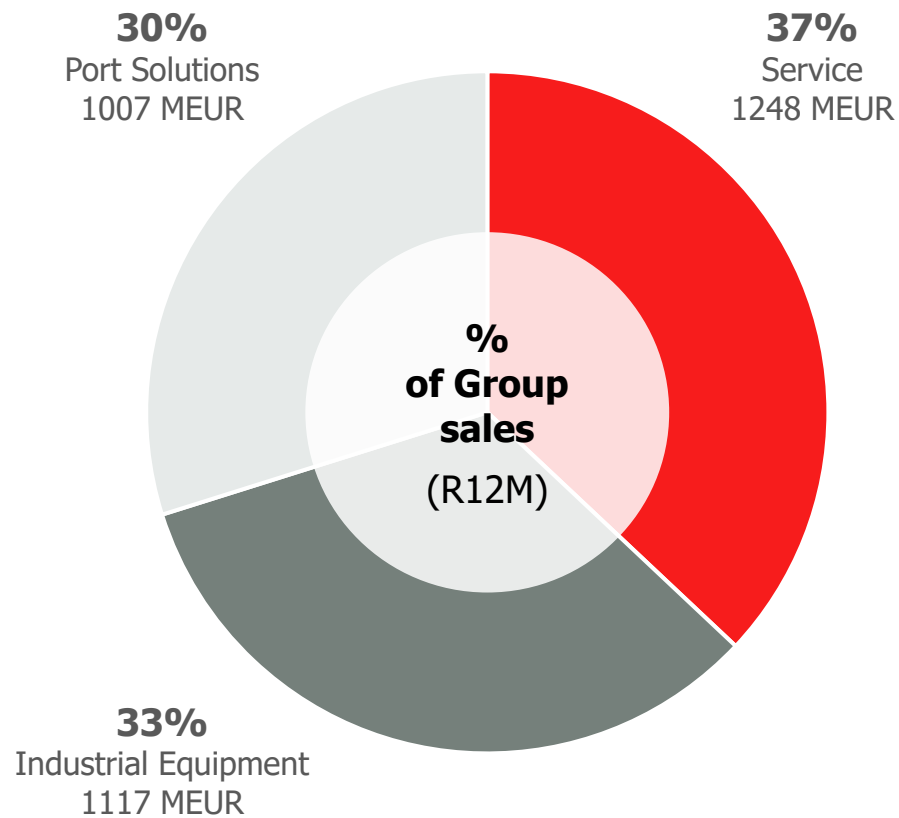
Group net sales, MEUR



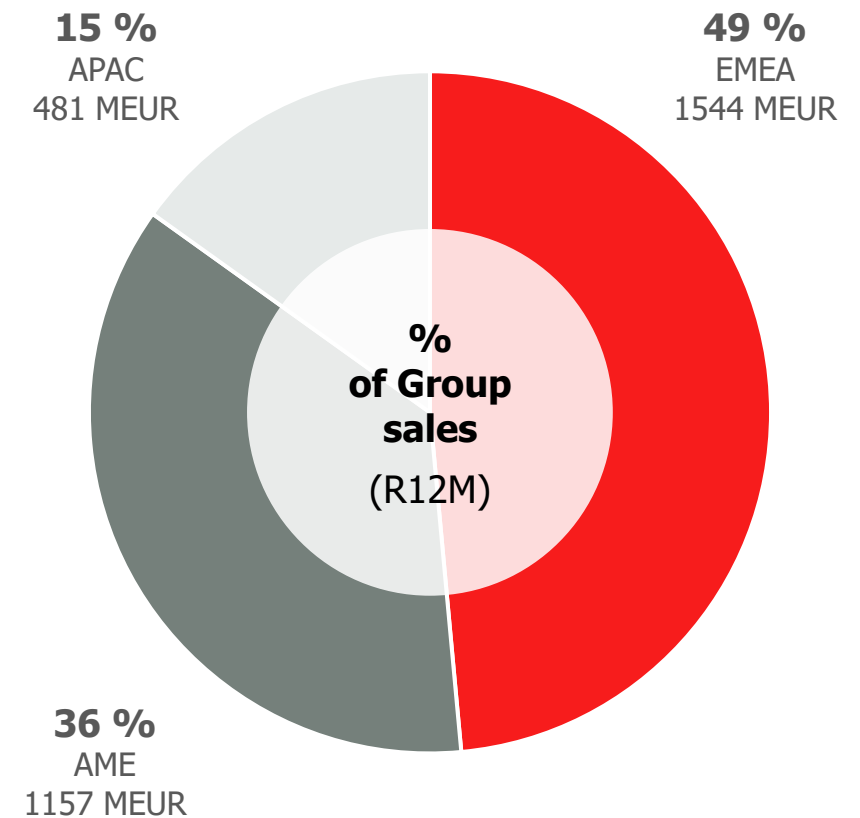
- Sales increased 3.7% to EUR 787.1 million (759.3), -0.2% on a comparable currency basis
- Sales increased in Service (6.8%) and in Industrial Equipment (5.4%) but decreased in Port Solutions (-2.5%)

# Group sales by segment and region

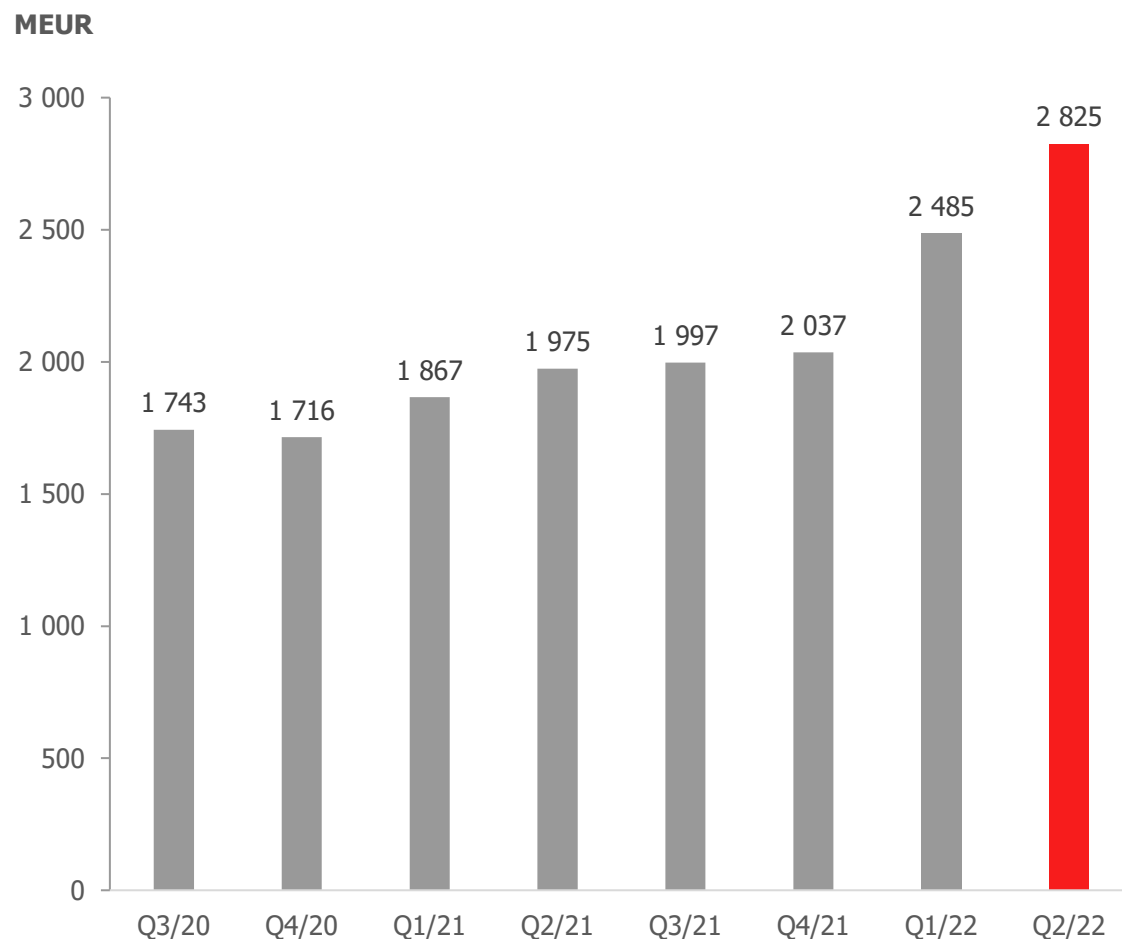
Group sales by segment



Group sales by region

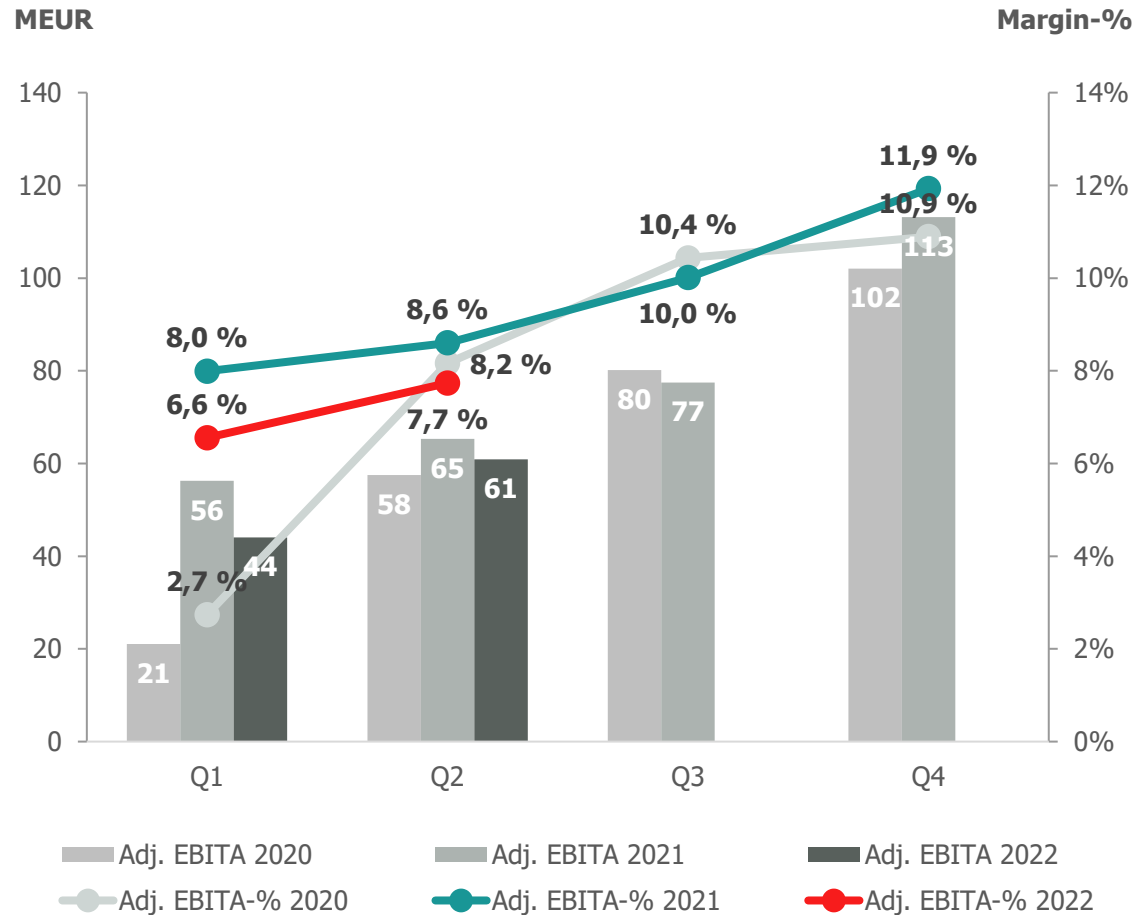


## Q2/22 Group order book



- The value of the order book increased 43.1% to EUR 2,825.4 million (1,974.8)
- On a comparable currency basis, the order book increased 36.7%
- Order book increased in Service (67.4%), Industrial Equipment (33.9%) and in Port Solutions (43.0%)

## Q2/22 Group adjusted EBITA



- Group adjusted EBITA decreased to EUR 60.9 million (65.3), 7.7% of sales (8.6)
- The decrease in the Group adjusted EBITA margin was mainly attributable to low sales volumes due to component and material shortages, and cost inflation
- Gross margin remained on the same level on a year-on-year basis

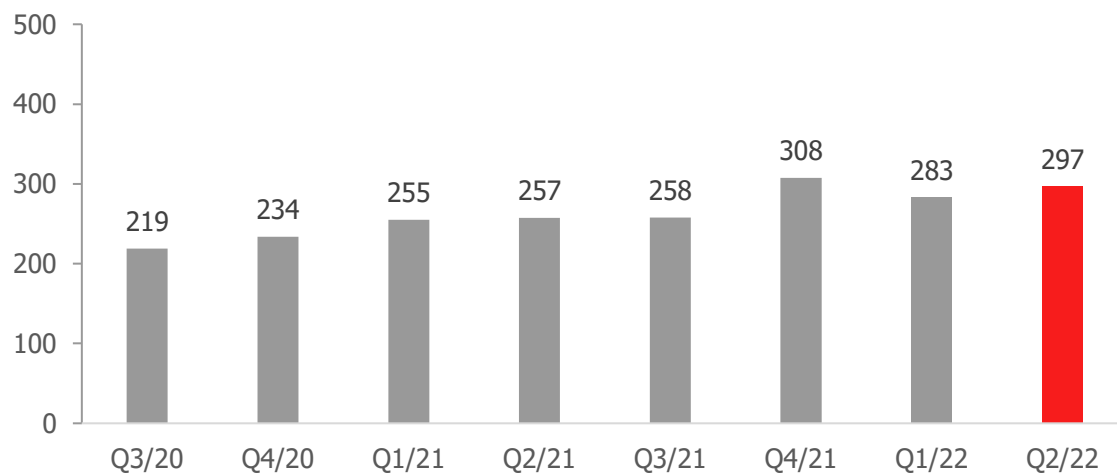


A low-angle photograph of two male technicians working on a large industrial crane. The technician on the left, with a beard and wearing a dark blue uniform, is reaching up to adjust a cable on a pulley system. The technician on the right, wearing an orange shirt and dark blue overalls, is looking up at the equipment. They are both wearing white hard hats and safety glasses. The crane has yellow pulleys with '5.0T' written on them. The background shows the steel structure of a building.

# Service

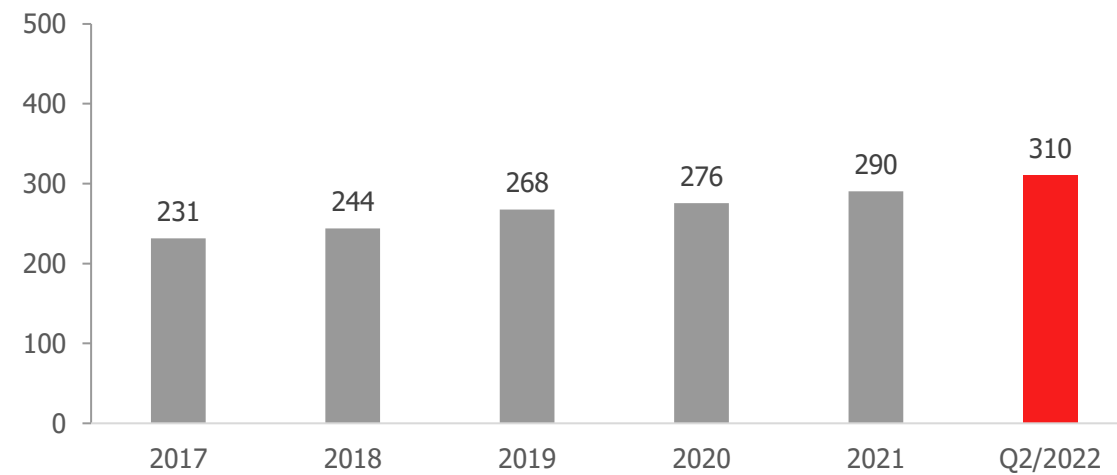
## Q2/22 Service order intake and agreement base value

Service order intake, MEUR



- Orders received increased 15.4% to EUR 297.2 million (257.5)
- On a comparable currency basis, orders received increased 8.9%
- Both field service orders and parts orders increased
- Order intake increased in the Americas, EMEA and APAC

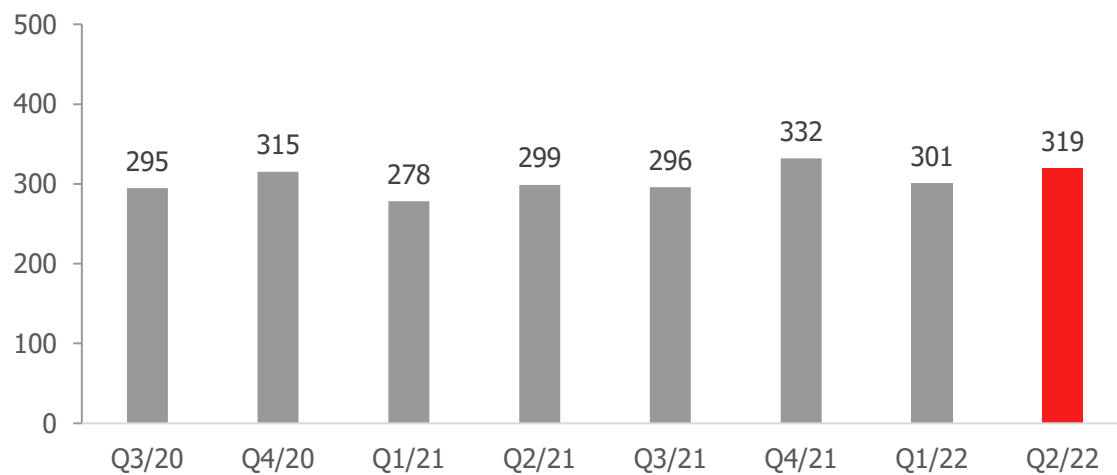
Service agreement base value, MEUR



- Year-on-year, the annual value of the agreement base increased 9.7% to EUR 310.2 million (282.8)
- On a comparable currency basis, the annual value of the agreement base increased 3.2%
- Sequentially, the annual value of the agreement base increased 3.2% on a reported basis and 0.5% on a comparable currency basis

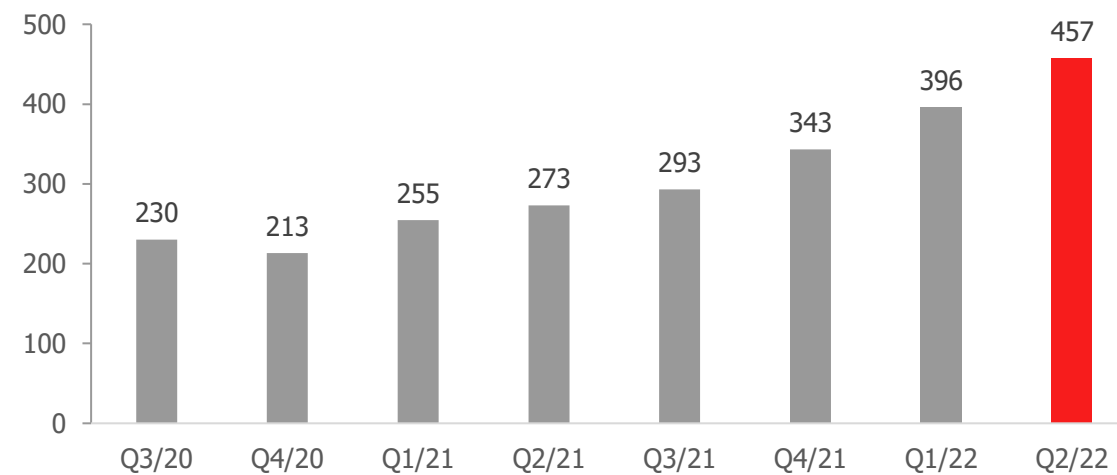
## Q2/22 Service sales and order book

Service sales, MEUR



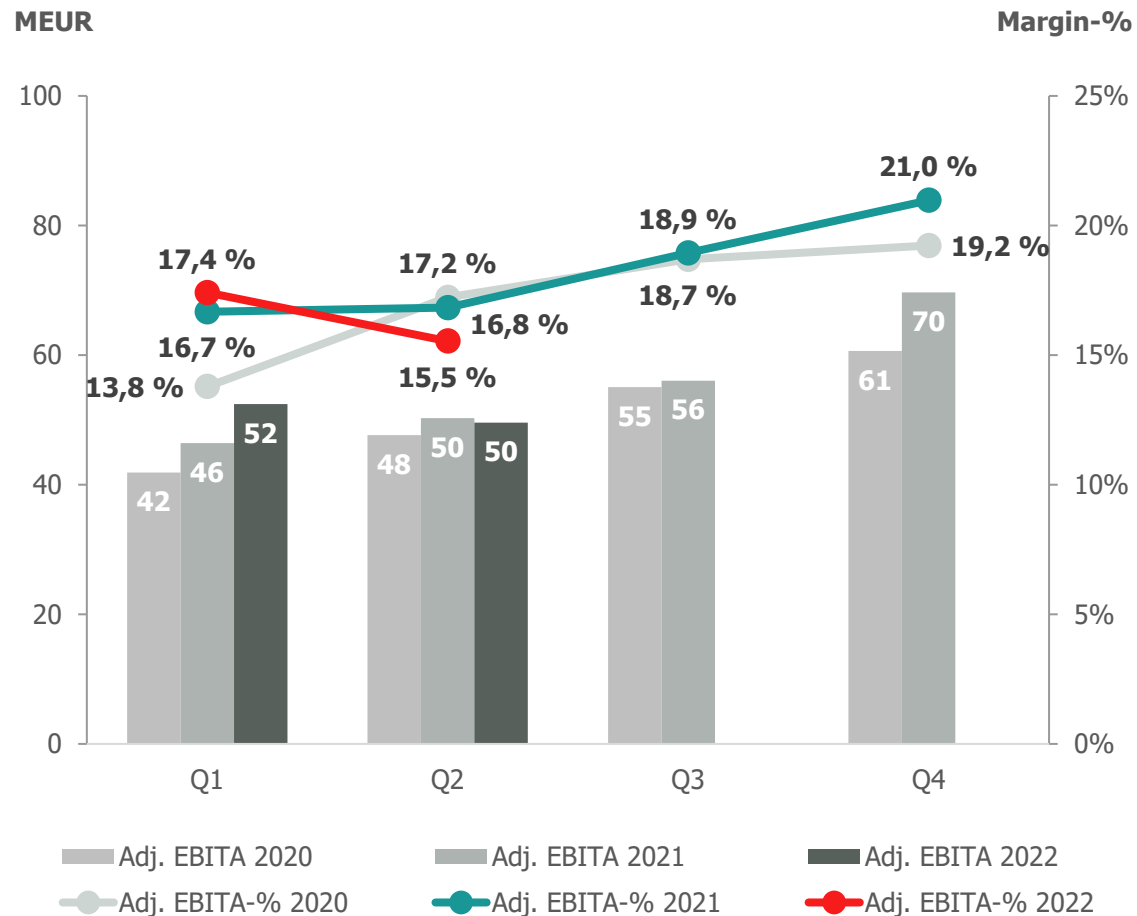
- Sales increased 6.8% to EUR 319.1 million (298.7)
- On a comparable currency basis, sales increased 0.8%
- Both field service sales and parts sales increased
- Sales increased in the Americas but decreased in EMEA and APAC

Service order book, MEUR



- The order book increased 67.4% to EUR 457.2 million (273.0)
- On a comparable currency basis, the order book increased 55.8%

## Q2/22 Service adjusted EBITA



- The adjusted EBITA was EUR 49.6 million (50.3) and the adjusted EBITA margin 15.5% (16.8)
- The decrease in the adjusted EBITA margin was mainly attributable to lower productivity due to material availability and COVID-19 related challenges
- Gross margin decreased on a year-on-year basis



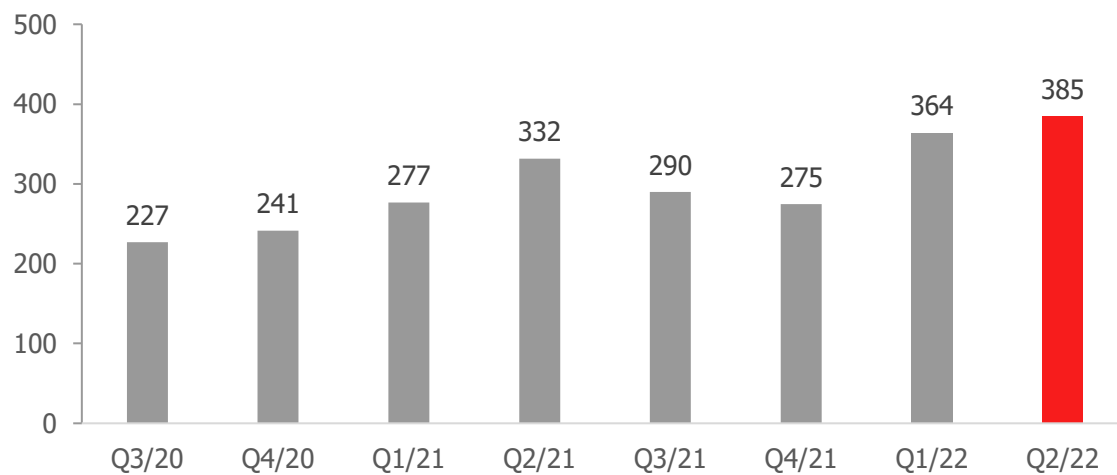
# Industrial Equipment





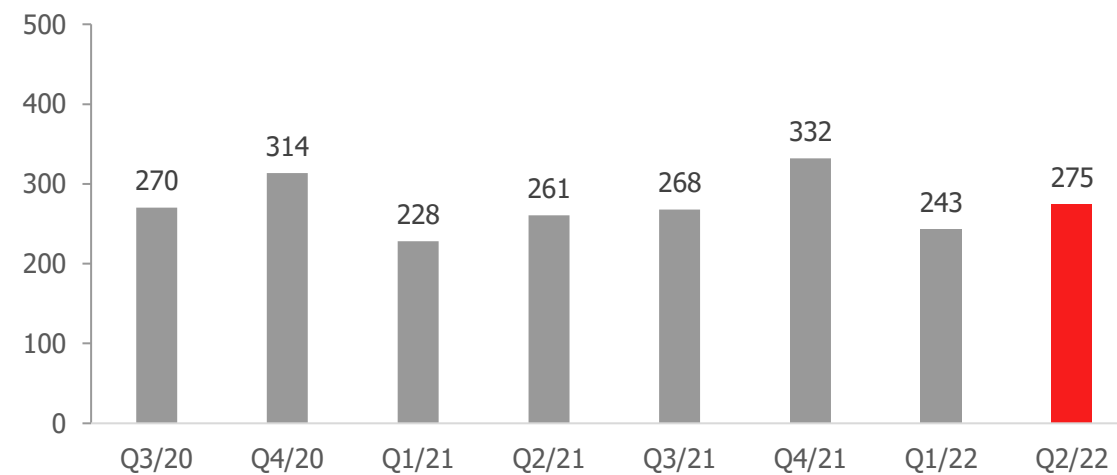
# Q2/22 Industrial Equipment order intake and sales

Industrial Equipment order intake, MEUR



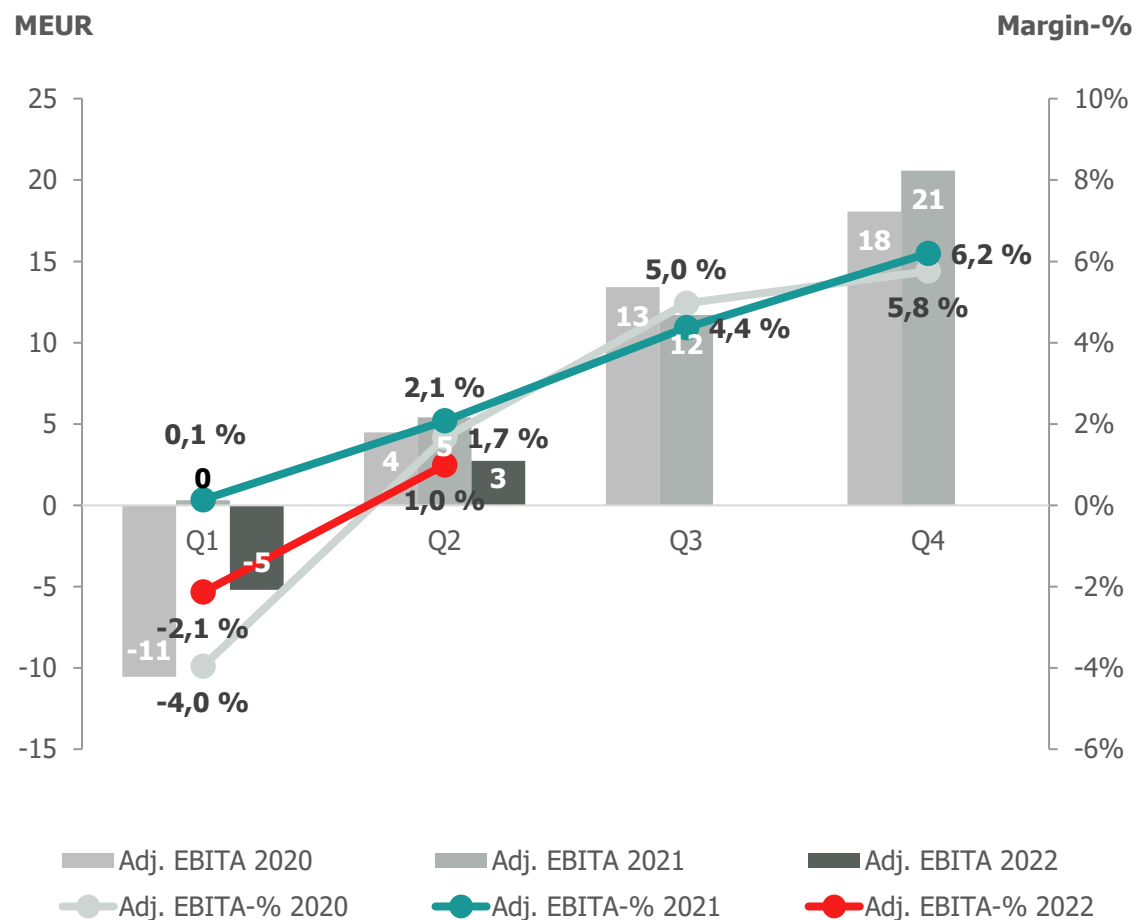
- Orders received totaled EUR 384.8 million (331.5), corresponding to an increase of 16.1%
- External orders received increased 12.5% on a reported basis and 6.1% on a comparable currency basis
- Order intake increased in standard cranes, process cranes and components
- Orders received increased in the Americas, EMEA and APAC

Industrial Equipment sales, MEUR



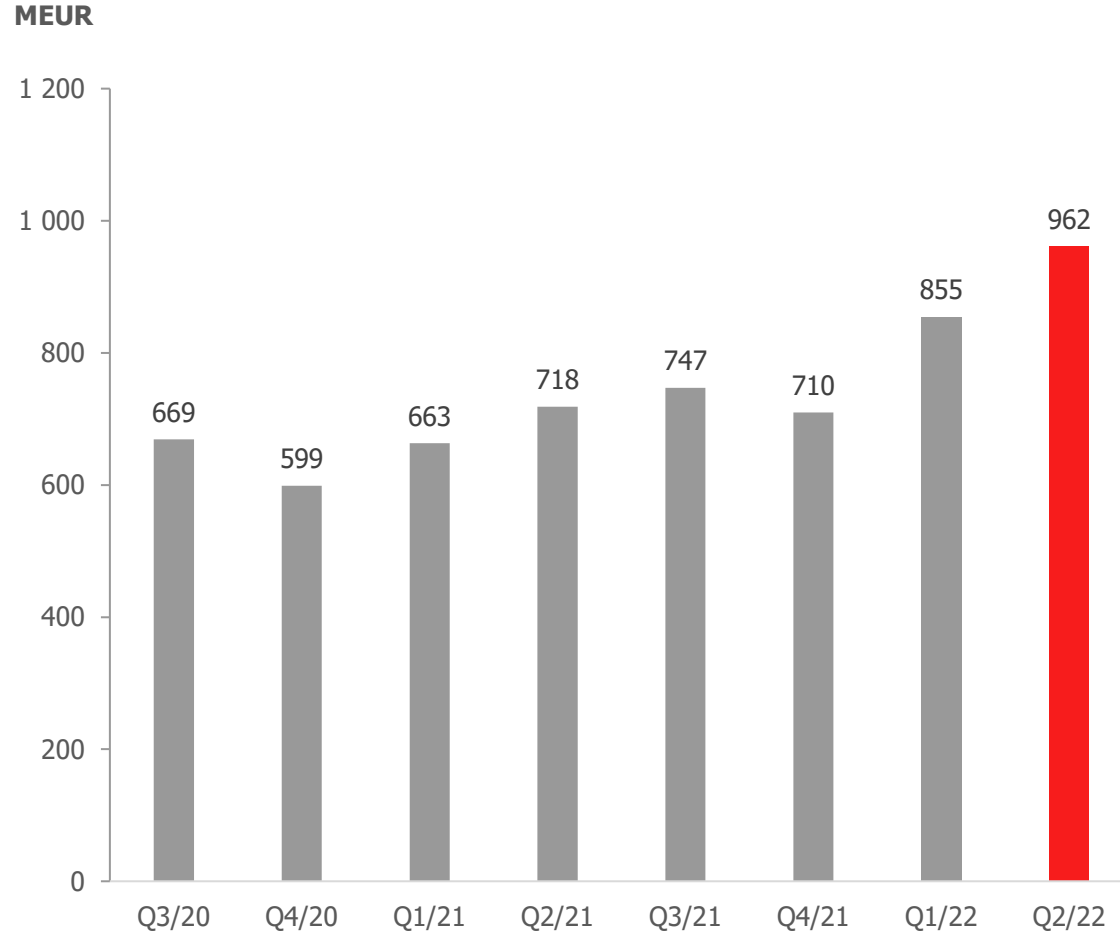
- Sales increased 5.4% to EUR 274.6 million (260.6)
- External sales increased 7.1% on a reported basis and 1.3% on a comparable currency basis
- Sales increased in standard cranes and components but decreased in process cranes
- Sales increased in the Americas and EMEA but decreased in APAC

## Q2/22 Industrial Equipment adjusted EBITA



- The adjusted EBITA was EUR 2.7 million (5.4) and the adjusted EBITA margin 1.0% (2.1)
- The decrease in the adjusted EBITA margin was mainly attributable to low sales volumes and cost inflation
- Gross margin decreased on a year-on-year basis

## Q2/22 Industrial Equipment order book



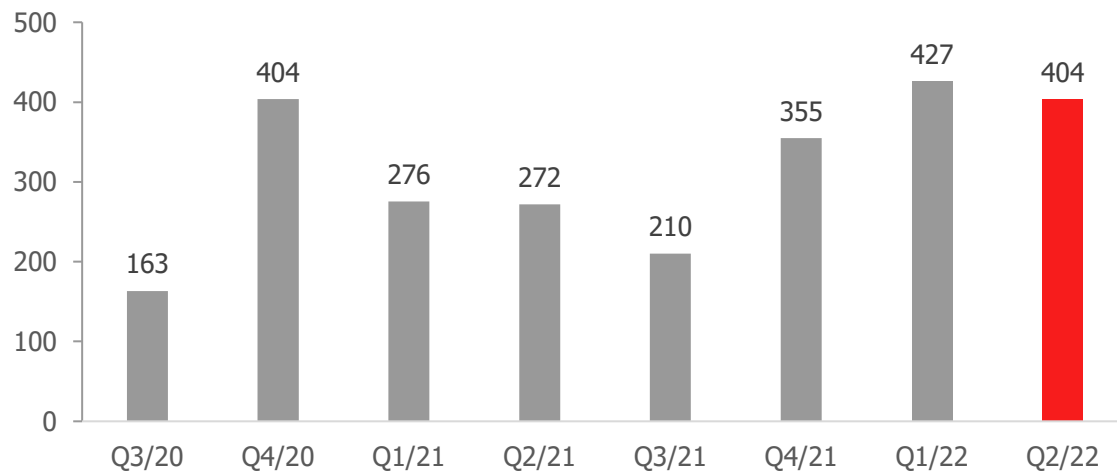
- The order book increased 33.9% to EUR 961.9 million (718.4)
- On a comparable currency basis, the order book increased 24.6%



# Port Solutions

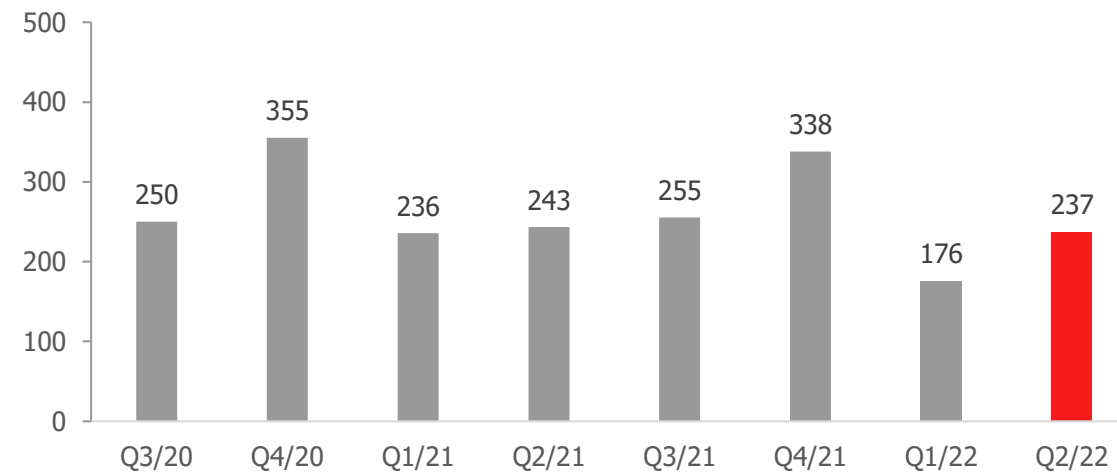
## Q2/22 Port Solutions order intake and sales

Port Solutions order intake, MEUR



- Order intake totaled EUR 403.5 million (272.1), representing an increase of 48.3%
- On a comparable currency basis, orders received increased 47.3%
- Orders received increased in the Americas and EMEA but decreased in APAC

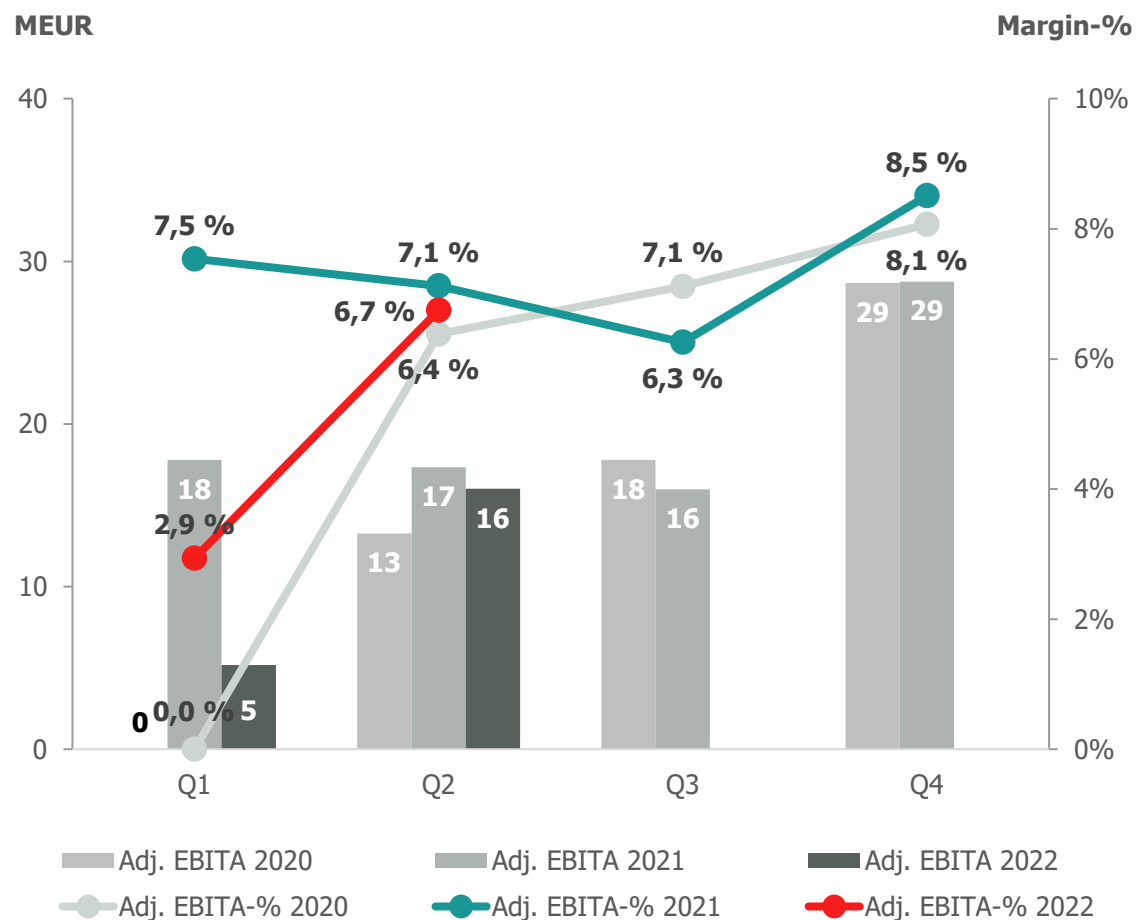
Port Solutions sales, MEUR



- Sales decreased 2.5% to EUR 237.3 million (243.5)
- On a comparable currency basis, sales decreased 2.0%

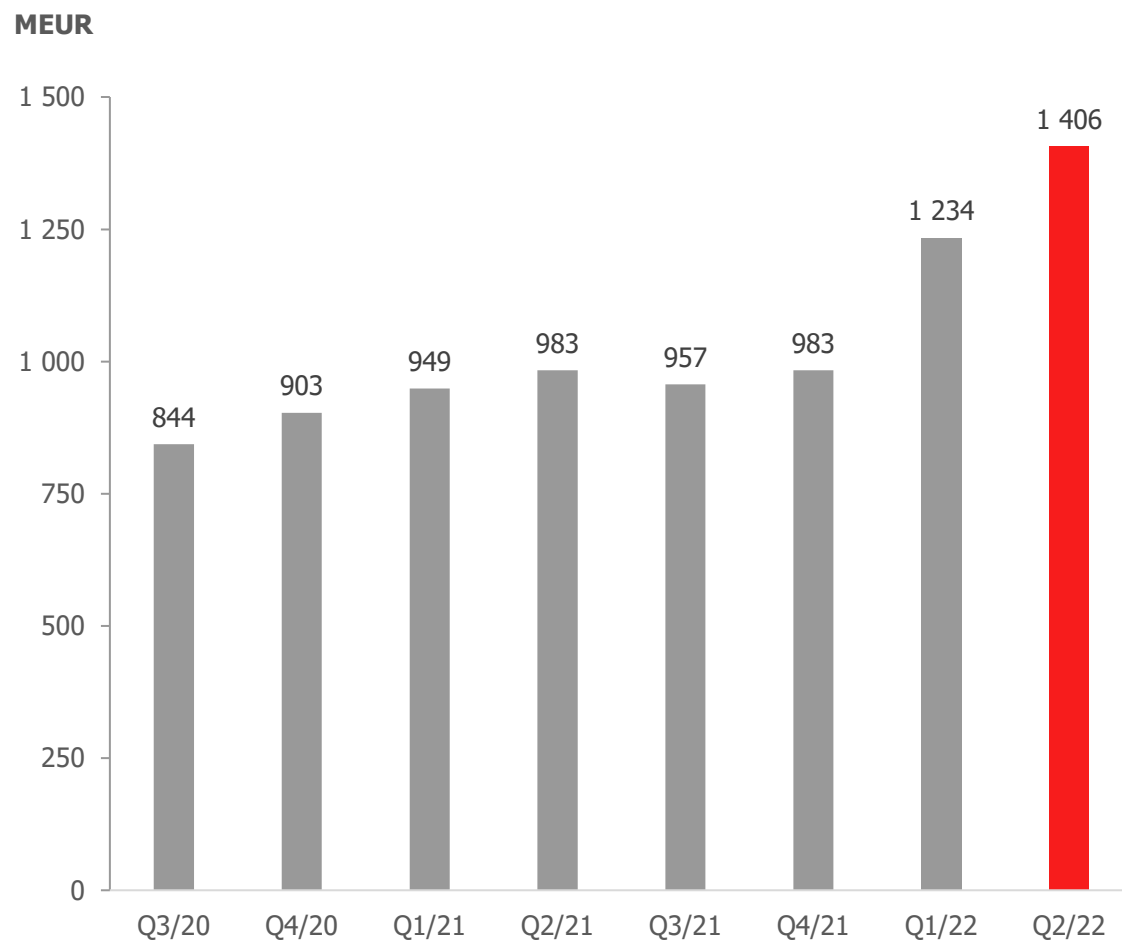


## Q2/22 Port Solutions adjusted EBITA



- The adjusted EBITA was EUR 16.0 million (17.3) and the adjusted EBITA margin 6.7% (7.1)
- The decrease in the adjusted EBITA margin was mainly attributable to lower sales due to timing of customer deliveries
- Gross margin improved on a year-on-year basis

## Q2/22 Port Solutions order book



- The order book increased 43.0% to EUR 1,406.4 million (983.3)
- On a comparable currency basis, the order book increased 40.5%

# Cash Flow and Balance Sheet

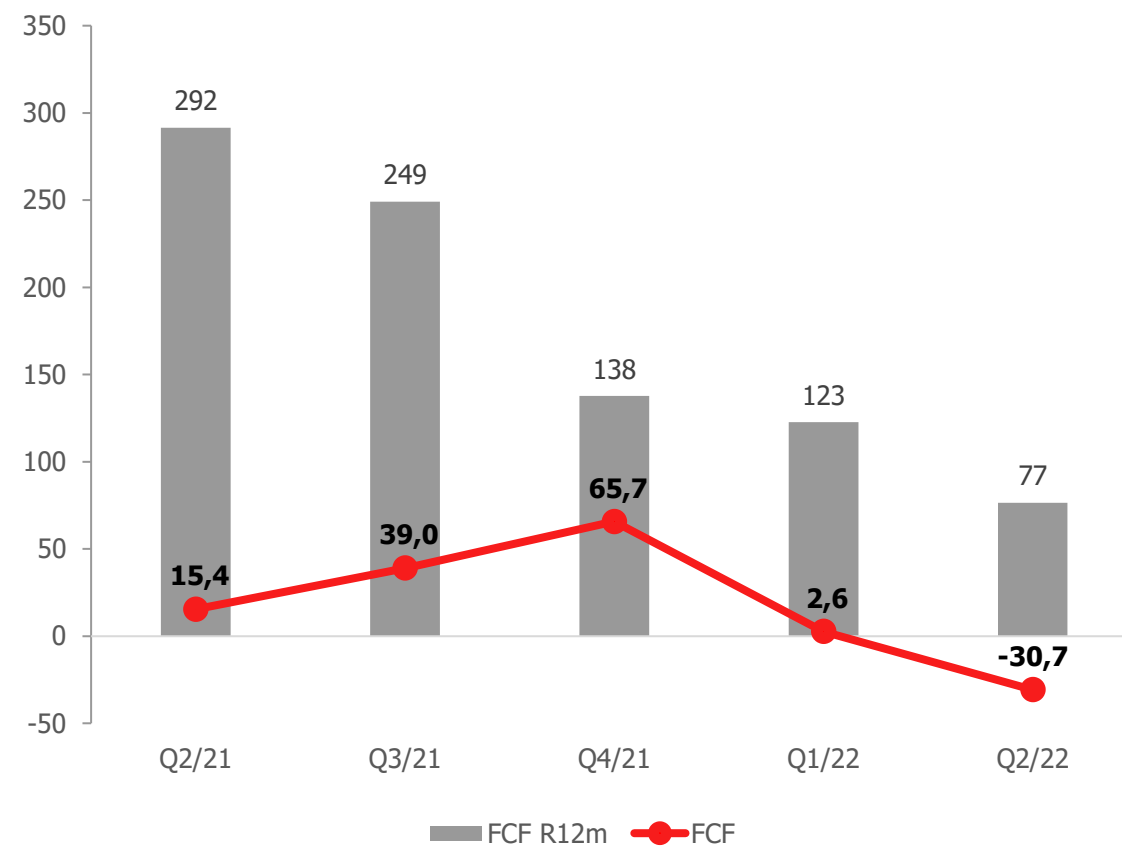
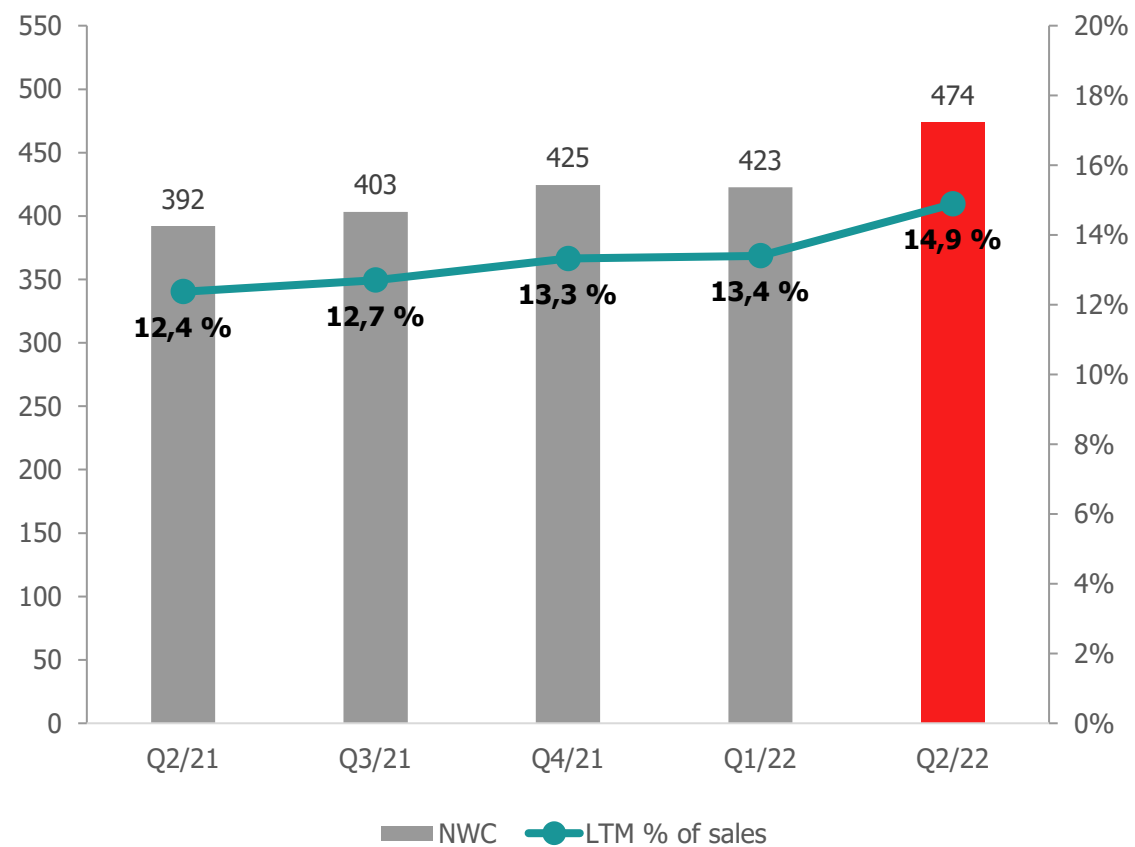


# Net working capital and free cash flow

Net working capital<sup>(1)</sup>, MEUR

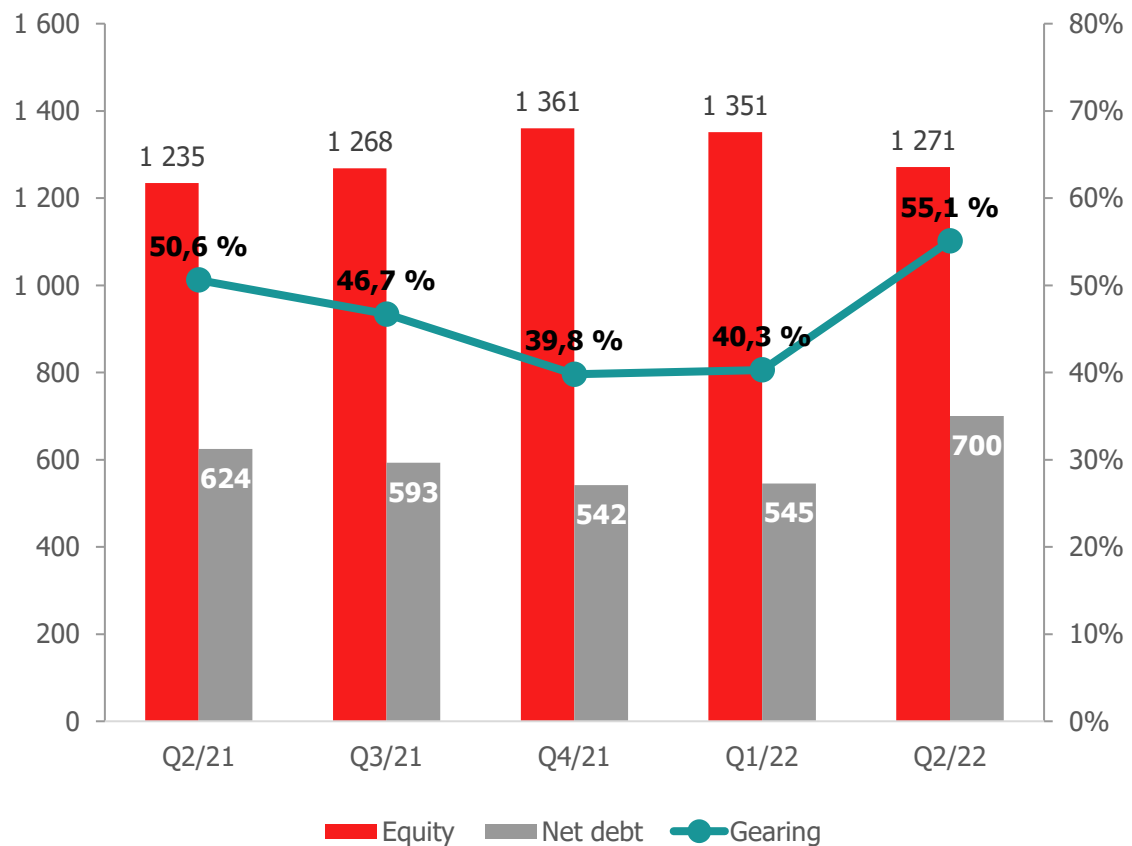
% of sales

Free cash flow, MEUR



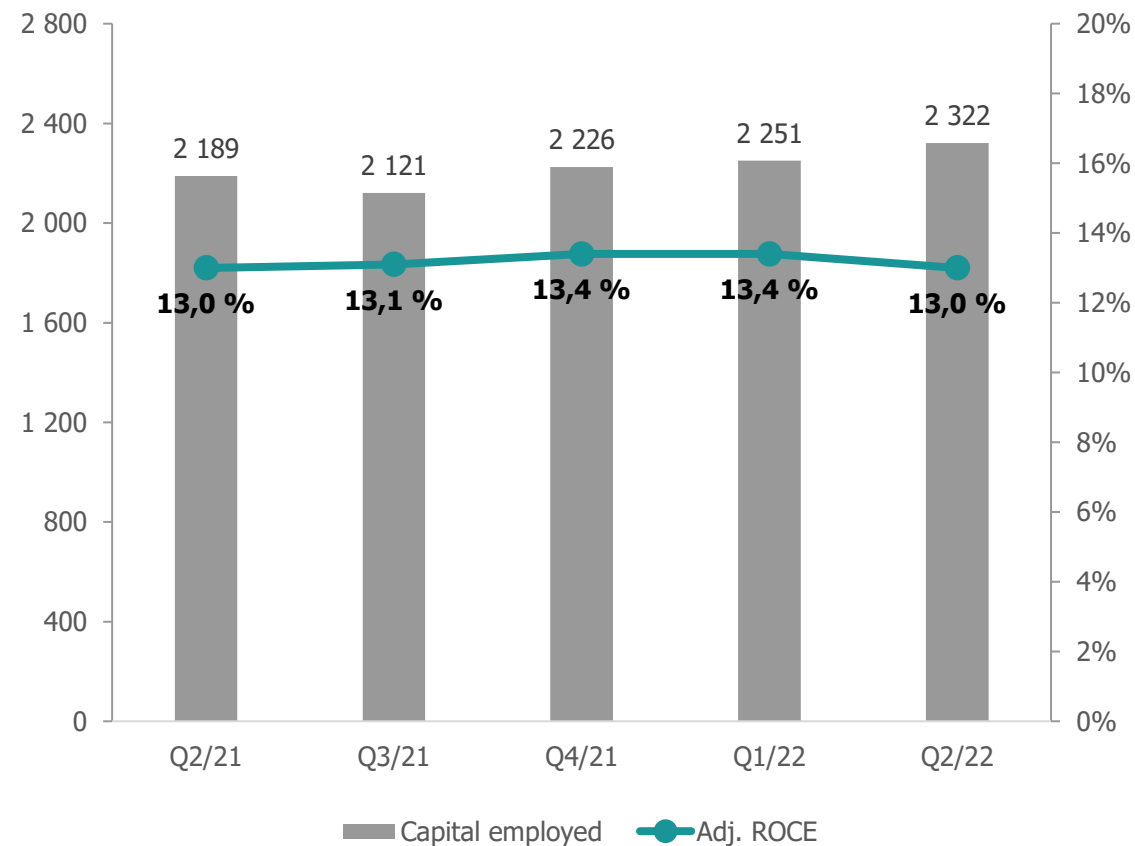
# Gearing and return on capital employed

Equity and net debt, MEUR



Gearing-%

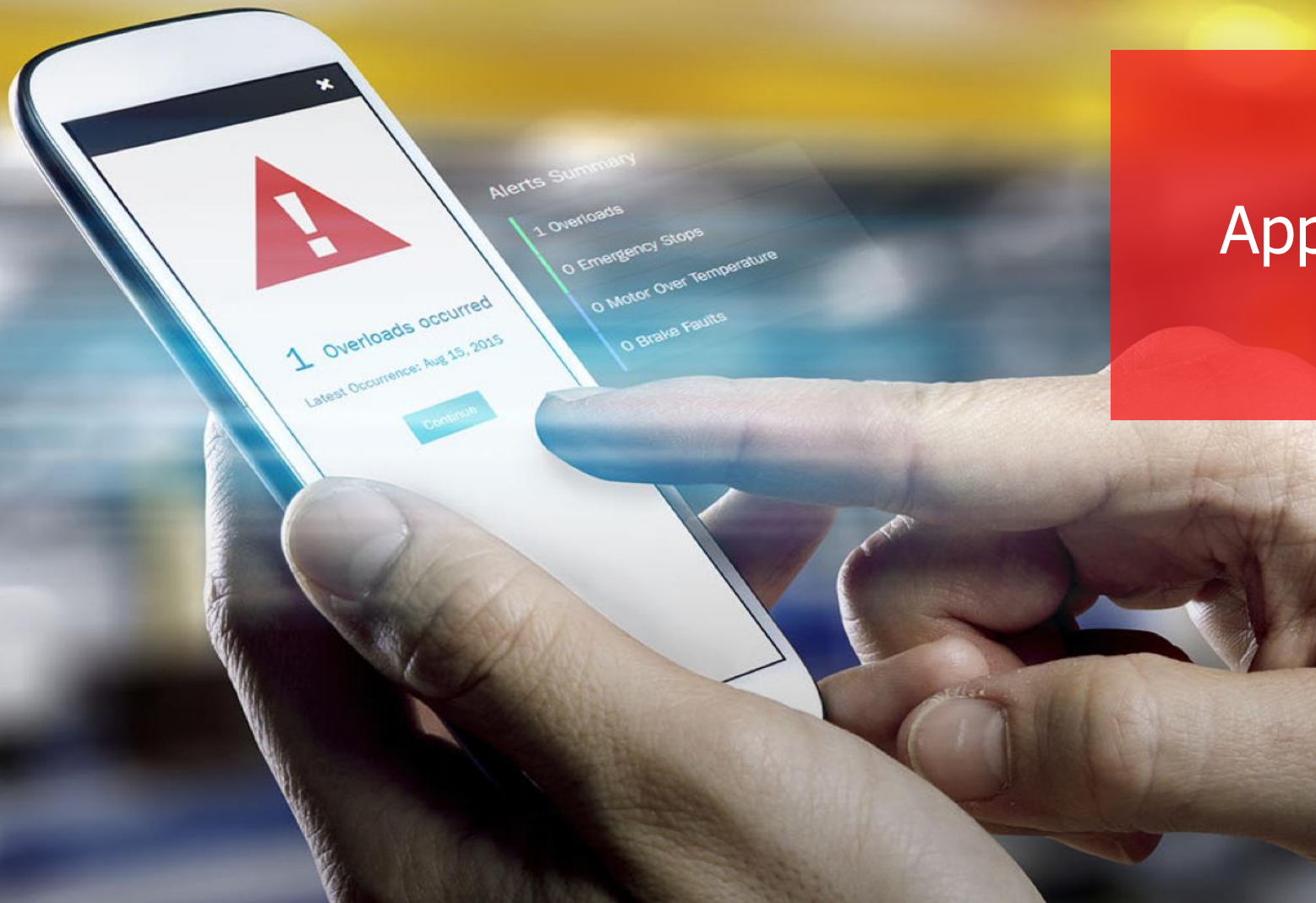
Capital employed, MEUR



Return on capital employed-%



# Q&A



## Appendix

# Strategic initiatives strengthening our core competencies



**Service Revenue and  
Profitability Growth**



**Industrial Equipment  
Profitability Improvement**



**Project  
Management**



**Lean  
Operations**



**Procurement  
Excellence**



**Business Process  
Efficiency Improvement**



## Key figures by segment

Key figures	4-6/ 2022	4-6/ 2021	Change %	Change % At comparable currencies	1-6/ 2022	1-6/ 2021	Change %	Change % At comparable currencies	1-12/ 2021
Service									
Orders received, MEUR	297.2	257.5	15.4	8.9	580.4	512.7	13.2	7.7	1,078.3
Service agreement base value, MEUR	310.2	282.8	9.7	3.2	310.2	282.8	9.7	3.2	290.4
Sales, MEUR	319.1	298.7	6.8	0.8	620.3	577.0	7.5	2.5	1,205.3
Adj. EBITA, MEUR	49.6	50.3	-1.4		102.0	96.7	5.5		222.4
Adj. EBITA, %	15.5%	16.8%			16.4%	16.8%			18.5%
Industrial Equipment									
Orders received, MEUR	384.8	331.5	16.1	10.1	748.9	608.2	23.1	18.4	1,172.5
<i>of which external</i>	<i>323.6</i>	<i>287.5</i>	<i>12.5</i>	<i>6.1</i>	<i>655.5</i>	<i>533.2</i>	<i>22.9</i>	<i>17.7</i>	<i>1,033.7</i>
Sales, MEUR	274.6	260.6	5.4	0.2	517.7	488.9	5.9	1.5	1,088.7
<i>of which external</i>	<i>245.1</i>	<i>228.9</i>	<i>7.1</i>	<i>1.3</i>	<i>451.9</i>	<i>431.6</i>	<i>4.7</i>	<i>0.0</i>	<i>960.2</i>
Adj. EBITA, MEUR	2.7	5.4	-49.6		-2.5	5.7	-143.4		38.0
Adj. EBITA, %	1.0%	2.1%			-0.5%	1.2%			3.5%
Port Solutions									
Orders received, MEUR	403.5	272.1	48.3	47.3	830.1	547.6	51.6	50.8	1,112.7
Sales, MEUR	237.3	243.5	-2.5	-2.0	413.3	479.5	-13.8	-14.2	1,072.9
Adj. EBITA, MEUR	16.0	17.3	-7.7		21.2	35.1	-39.7		79.9
Adj. EBITA, %	6.7%	7.1%			5.1%	7.3%			7.4%

# Statement of income

EUR million	4-6/ 2022	4-6/ 2021	Change %	1-6/ 2022	1-6/ 2021	Change %	1-12/ 2021
<b>Sales</b>	<b>787.1</b>	<b>759.3</b>	<b>3.7</b>	<b>1,459.2</b>	<b>1,463.3</b>	<b>-0.3</b>	<b>3,185.7</b>
Other operating income	2.1	3.0		3.2	5.8		11.3
Materials, supplies and subcontracting	-331.2	-322.4		-615.1	-604.6		-1,413.0
Personnel cost	-276.3	-260.2		-549.3	-521.1		-1,023.5
Depreciation and impairments	-28.7	-29.5		-60.5	-60.7		-120.1
Other operating expenses	-104.9	-103.7		-208.9	-198.4		-420.4
<b>Operating profit</b>	<b>48.2</b>	<b>46.6</b>	<b>3.4</b>	<b>28.7</b>	<b>84.1</b>	<b>-65.9</b>	<b>220.0</b>
Share of associates' and joint ventures' result	0.6	0.0		0.5	0.1		0.3
Financial income	17.7	0.9		23.8	12.9		28.6
Financial expenses	-28.8	-6.4		-44.7	-29.3		-56.4
<b>Profit before taxes</b>	<b>37.7</b>	<b>41.2</b>	<b>-8.5</b>	<b>8.3</b>	<b>67.8</b>	<b>-87.8</b>	<b>192.5</b>
Taxes	-10.4	-12.8		-2.3	-21.0		-45.1
<b>Profit for the period</b>	<b>27.3</b>	<b>28.4</b>	<b>-3.9</b>	<b>6.0</b>	<b>46.8</b>	<b>-87.2</b>	<b>147.4</b>

# Balance sheet

EUR million	30 Jun 2022	30 Jun 2021
Non-current assets	2,031.2	2,015.8
Goodwill	1,026.9	1,018.8
Intangible assets	491.3	516.8
Property, plant and equipment	356.0	324.6
Other	157.0	155.6
Current assets	2,120.8	1,793.9
Inventories	948.4	739.5
Accounts receivable	476.4	449.1
Receivables and other current assets	348.2	276.8
Cash and cash equivalents	347.7	328.5
Assets held for sale	0.0	0.0
<b>Total Assets</b>	<b>4,152.0</b>	<b>3,809.6</b>

EUR million	30 Jun 2022	30 Jun 2021
Total Equity	1,271.2	1,234.6
Non-current liabilities	1,207.6	910.7
Interest-bearing liabilities	763.5	445.5
Other long-term liabilities	284.3	303.8
Other	159.8	161.4
Current liabilities	1,673.1	1,664.3
Interest-bearing liabilities	287.0	509.3
Advance payments received	546.0	347.8
Accounts payable	266.1	234.2
Provisions	111.1	122.0
Other current liabilities	463.0	451.0
Liabilities directly attributable to assets held for sale	0.0	0.0
<b>Total Equity and Liabilities</b>	<b>4,152.0</b>	<b>3,809.6</b>



# Cash flow statement

EUR million	1-6/ 2022	1-6/ 2021	1-12/ 2021
Operating income before change in net working capital	86.6	148.1	346.0
Change in net working capital	-19.1	-53.7	-99.0
<b>Cash flow from operations before financing items and taxes</b>	<b>67.5</b>	<b>94.4</b>	<b>247.0</b>
Financing items and taxes	-73.2	-48.6	-78.6
<b>Net cash from operating activities</b>	<b>-5.7</b>	<b>45.8</b>	<b>168.4</b>
Net cash used in investing activities	-22.4	-12.8	-30.7
<b>Cash flow before financing activities</b>	<b>-28.1</b>	<b>33.0</b>	<b>137.7</b>
Net cash used in financing activities	43.9	-299.7	-417.0
Translation differences in cash	11.2	3.2	8.1
<b>Change of cash and cash equivalents</b>	<b>27.0</b>	<b>-263.4</b>	<b>-271.2</b>
<b>Free cash flow</b>	<b>-28.1</b>	<b>33.0</b>	<b>137.7</b>

# Key figures

EUR million	1-6/ 2022	1-6/ 2021	Change %	1-12/ 2021
Earnings per share, basic (EUR)	0.09	0.59	-84.9	1.86
Earnings per share, diluted (EUR)	0.09	0.59	-85.0	1.85
Return on capital employed, %, Rolling 12 Months (R12M)	6.8	8.8	-22.7	9.3
Return on equity, %, Rolling 12 Months (R12M)	8.5	10.4	-18.3	11.3
Equity per share (EUR)	15.96	15.49	3.0	17.08
Net debt / Adjusted EBITDA, Rolling 12 Months (R12M)	1.8	1.6	12.5	1.4
Equity to asset ratio, %	35.3	35.7	-1.1	38.9
Investments total (excl. acquisitions), EUR million	20.2	17.0	18.2	49.8
Average number of personnel during the period	16,588	16,670	-0.5	16,625
Average number of shares outstanding, basic	79,136,235	79,134,459	0.0	79,134,459
Average number of shares outstanding, diluted	79,443,741	79,134,459	0.4	79,606,960
Number of shares outstanding	79,166,599	79,134,459	0.0	79,134,459



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