

# Q2 2021 Report

July 28, 2021

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**KONECRANES®**  
Lifting Businesses™



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# 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

# Q2 2021 Highlights

**Q2 was another strong quarter with good order intake and sales growth combined with the 4<sup>th</sup> consecutive profitability record**

- Group adj. EBITA-% at 8.6% (8.2%), powered by solid sales growth and high performance across the whole organization
- Service Q2 adj. EBITA-% at 16.8%, Industrial Equipment at 2.1% and Port Solutions at 7.1%

**Overall market sentiment continued to improve in Q2 compared to the previous quarters, though COVID-19 related market volatility is not over**

- Activity remained high in the port sector and continued to improve with our industrial customers, Q2 order book record high
- Group order intake grew 41.1% Y/Y in comparable FX, Q2 2020 marked the peak of the COVID-19 pandemic and lockdowns
- Component availability and other supply chain constraints continued to affect sales in Q2 (approximately EUR 35 million impact in Q2), Group sales still grew by 10.0% Y/Y in comparable FX
- Strong H1 orders, especially in our short-cycle products, together with continuing traction from strategic initiatives give us good momentum for the latter half of the year

**Demand outlook for Q3 updated**

**Full-year 2021 guidance reiterated**

**Announced merger with Cargotec is progressing well, confident on completion by the end of H1 2022**

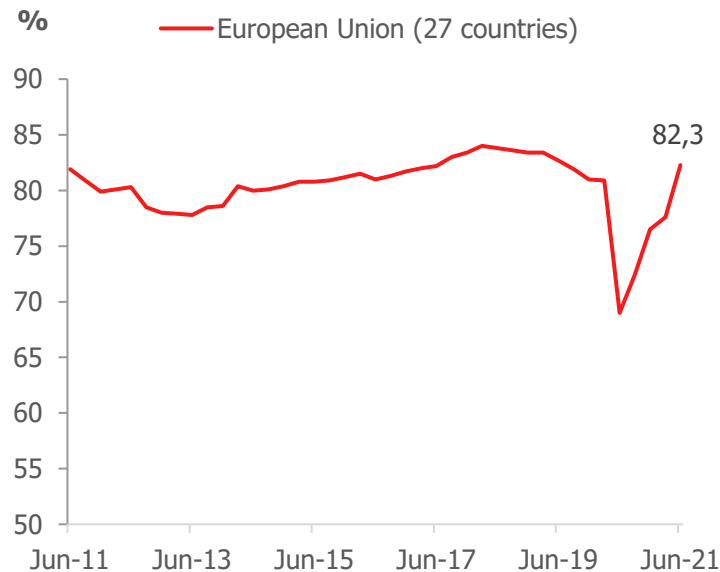


# Key figures

Key figures	4-6/ 2021	4-6/ 2020	Change %	Change % At comparable currencies	1-6/ 2021	1-6/ 2020	Change %	Change % At comparable currencies	1-12/ 2020
Orders received, MEUR	806.7	581.5	38.7	41.1	1,569.5	1,318.5	19.0	21.8	2,727.3
Order book at end of period, MEUR					1,974.8	1,904.5	3.7	4.8	1,715.5
Sales, MEUR	759.3	704.7	7.7	10.0	1,463.3	1,474.2	-0.7	1.7	3,178.9
Adj. EBITDA, MEUR	86.5	83.0	4.1		165.5	129.0	28.3		356.7
Adj. EBITDA, %	11.4%	11.8%			11.3%	8.8%			11.2%
Adj. EBITA, MEUR	65.3	57.5	13.5		121.6	78.6	54.7		260.8
Adj. EBITA, %	8.6%	8.2%			8.3%	5.3%			8.2%
Operating profit (EBIT), MEUR	46.6	42.7	9.3		84.1	50.5	66.8		173.8
Operating margin (EBIT), %	6.1%	6.1%			5.8%	3.4%			5.5%
EPS, basic, EUR	0.36	0.38	-6.6		0.59	0.53	11.4		1.54
Free cash flow, MEUR	15.4	53.7			33.0	107.5			366.1
Net debt, MEUR					624.4	770.2			577.1

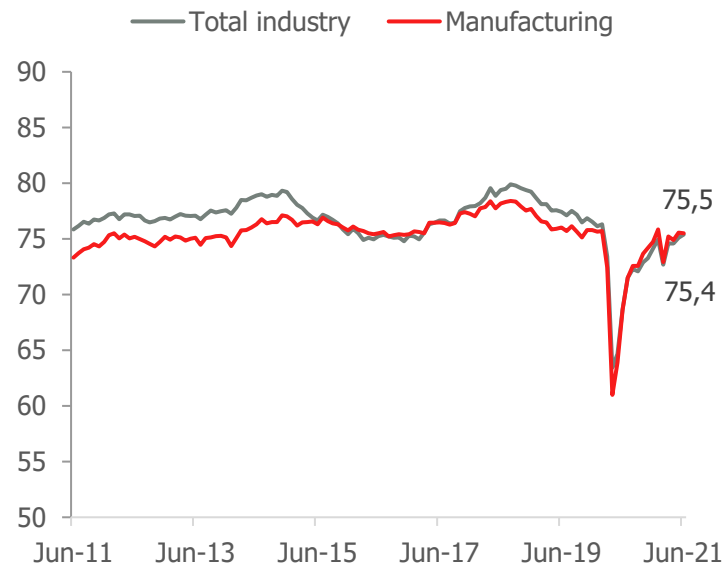
# Market environment – Service and Industrial Equipment

## Capacity utilization rate – EU



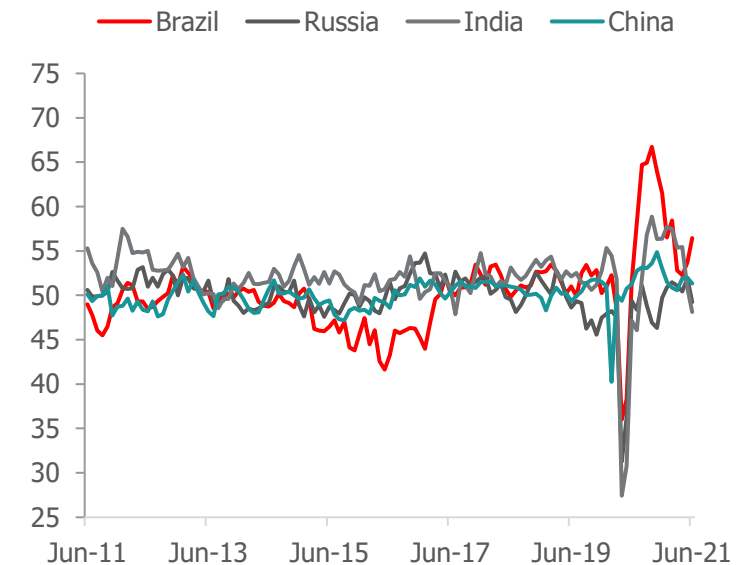
- Operating conditions continued to improve in Q2 in Europe, manufacturing PMI of 63.4 in June marked the fourth successive record-high
- Manufacturing industry capacity utilization rate exceeded the pre-COVID level in Q2, although it still remained behind highs touched in 2018

## Capacity utilization rate – USA



- In the US, manufacturing PMI continued to climb further into expansion territory and June's PMI of 62.1 was unchanged from May's record-high
- Manufacturing capacity utilization rate reached the pre-pandemic level at the end of Q2, but was not yet approaching the recent peaks of mid-2018

## PMIs – BRIC countries



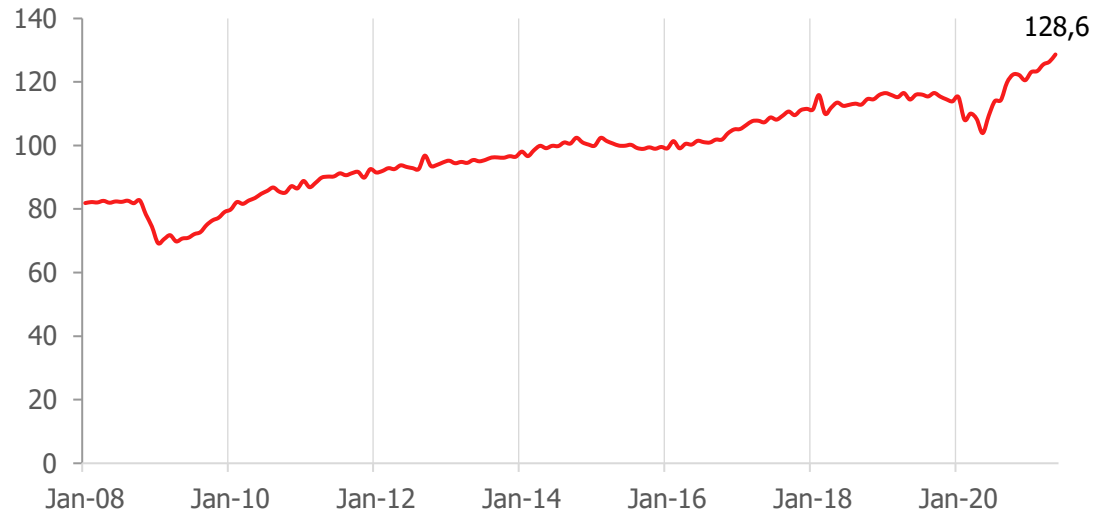
- China's manufacturing PMI continued in expansion territory in Q2 and ended H1 at 51.3
- In Brazil, the manufacturing PMI continued its growth and it rose to 56.4 in June
- In both India and Russia, the manufacturing PMI dropped below 50 and turned to deterioration in June



# Market environment – Port Solutions

RWI/ISL Container Throughput Index

Index (2015 = 100)



- The global container throughput started 2021 steady at a high level and in the second quarter continued to trend further upward

Monthly index change Y/Y

%



- At the end of May, global container throughput was approximately 24 percent higher than the year before
- The increase on a year-on-year basis was exceptionally high due to the comparison period being at the height of the coronavirus pandemic

## Q3 Demand outlook

- The worldwide demand picture remains subject to volatility due to the COVID-19 pandemic.
- In Europe, the current demand environment within the industrial customer segments has reached the pre-COVID-19 level, while in North America the demand environment is still behind the pre-COVID-19 level. In Asia-Pacific, the demand environment remains below the pre-COVID-19 level outside China.
- Global container throughput continues to be at a record high, and long-term prospects related to global container handling remain good overall.

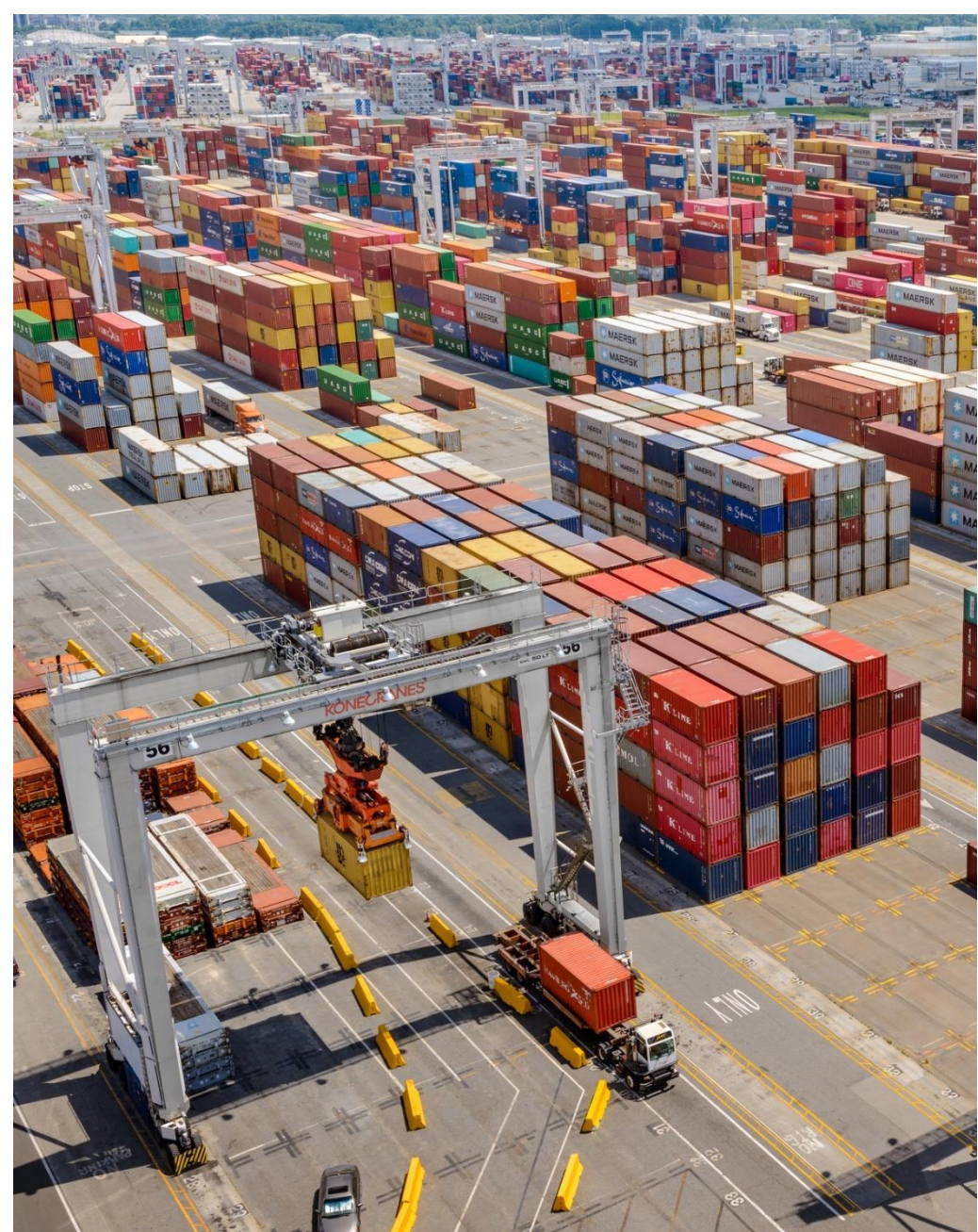




# Financial guidance

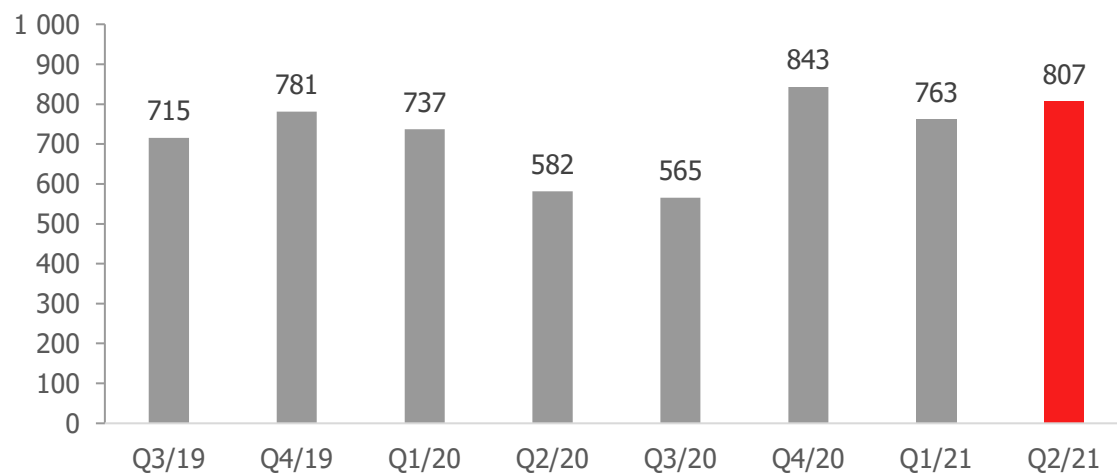
Financial guidance for 2021

- Net sales expected to increase in full-year 2021 compared to 2020
- Full-year 2021 adjusted EBITA margin expected to improve from 2020



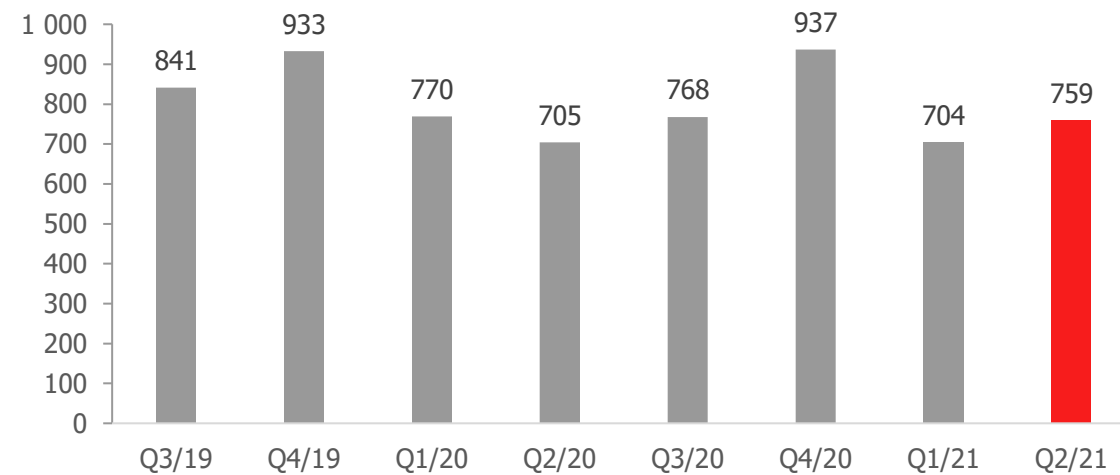
# Q2/21 Group order intake and sales

Group order intake, MEUR



- Order intake increased 38.7% to EUR 806.7 million (581.5), 41.1% on a comparable currency basis
- Orders received increased in the Americas, EMEA and APAC
- Orders received increased in Service (23.1%), Industrial Equipment (41.1%) and Port Solutions (47.7%)

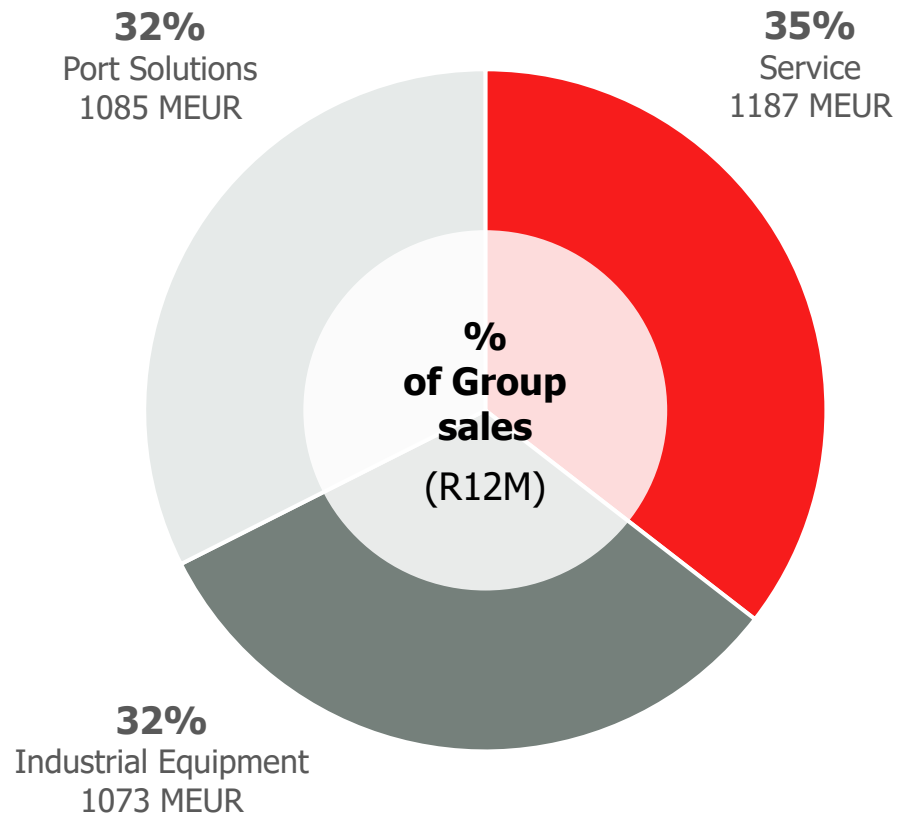
Group net sales, MEUR



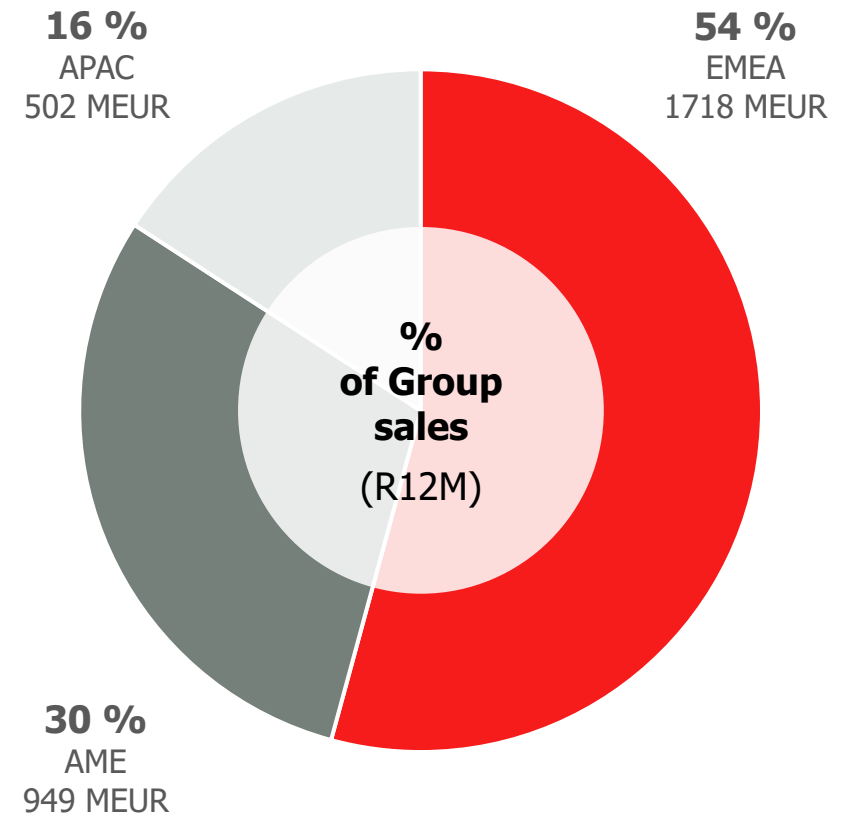
- Sales increased 7.7% to EUR 759.3 million (704.7), 10.0% on a comparable currency basis
- Sales increased in Service (8.0%) and Port Solutions (17.1%) but decreased in Industrial Equipment (-3.4%)

# Group sales by business area and region

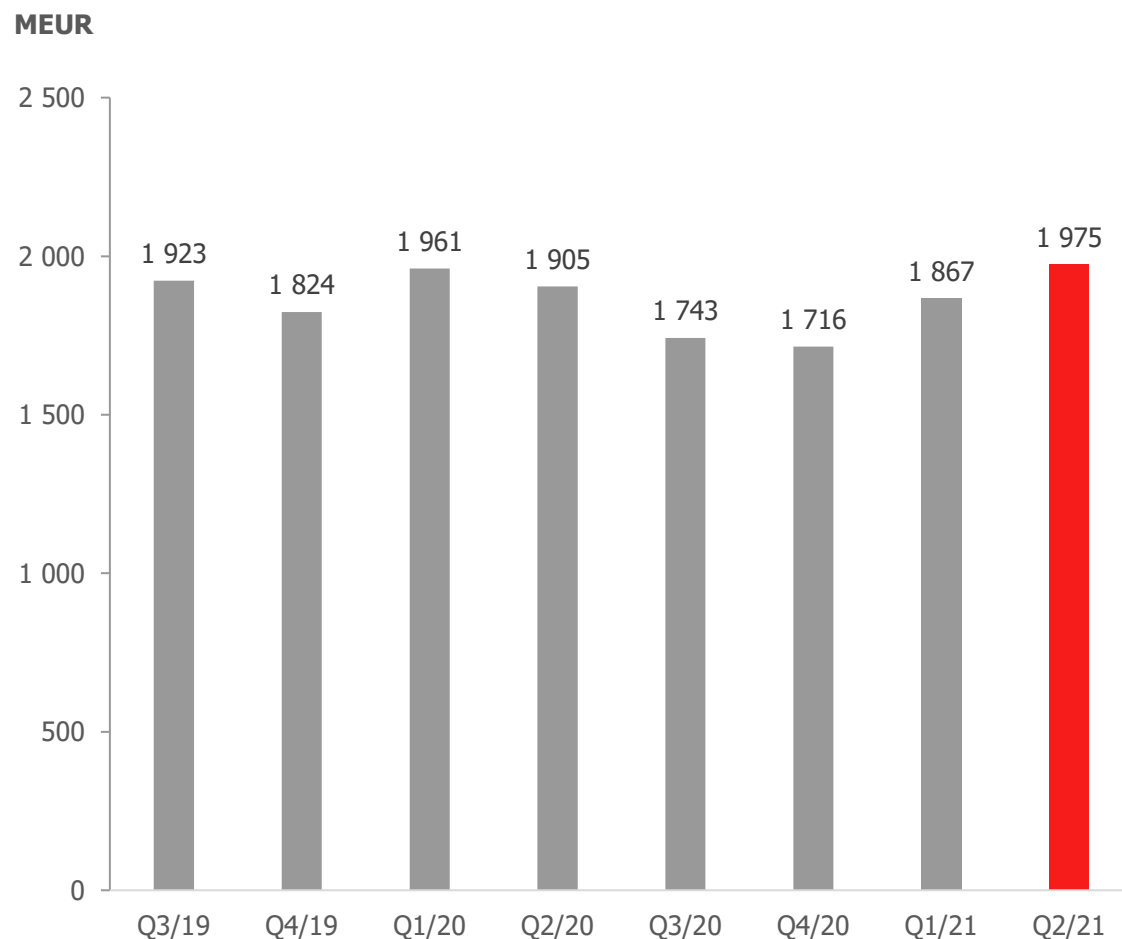
Group sales by business area



Group sales by region

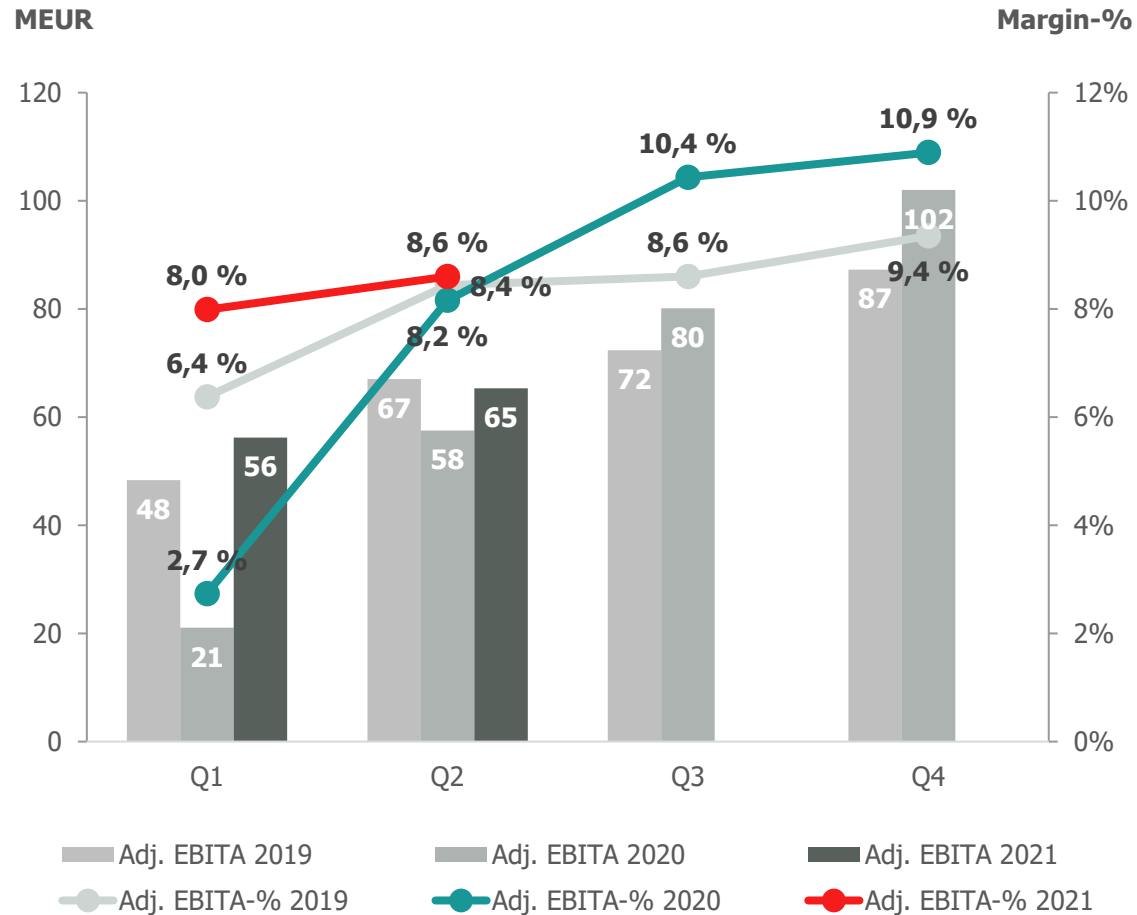


## Q2/21 Group order book



- The value of the order book increased 3.7% to EUR 1,974.8 million (1,904.5)
- On a comparable currency basis, the order book increased 4.8%
- Order book increased in Service (9.3%) and Port Solutions (5.8%) but decreased Industrial Equipment (-1.0%)

## Q2/21 Group adjusted EBITA



- Group adjusted EBITA increased to EUR 65.3 million (57.5), 8.6% of sales (8.2)
- The increase in the Group adjusted EBITA margin was driven by higher sales as well as continued focus on strategic initiatives
- Gross margin improved on a year-on-year basis

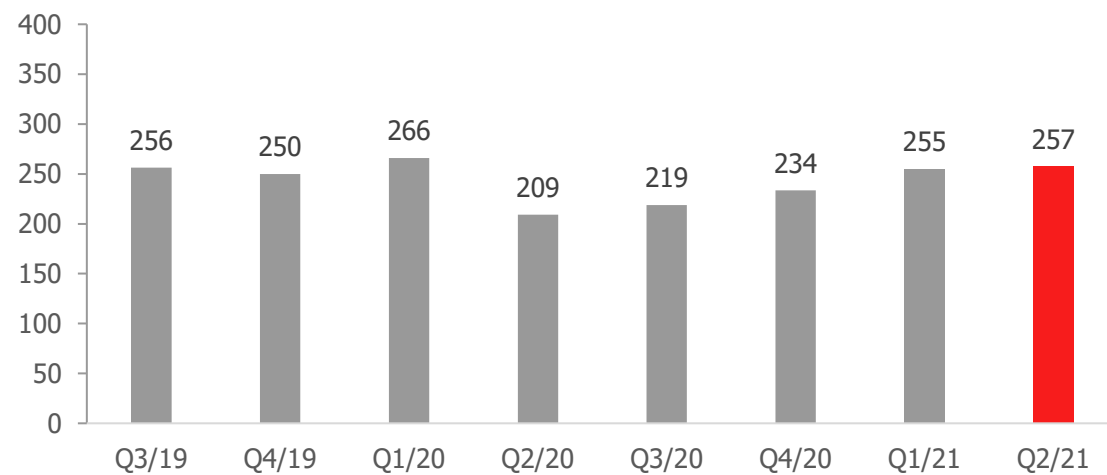


A low-angle photograph of two male technicians working on a large industrial crane. They are positioned on an orange metal platform. The technician on the left, wearing a dark blue uniform and a white hard hat, is reaching up to adjust a cable on a large pulley system. The pulley has a yellow top and a black bottom with '5.0T' written on it. The technician on the right, wearing an orange shirt and a white hard hat, is looking up at the equipment. The background shows the steel structure of a building under construction.

# Service

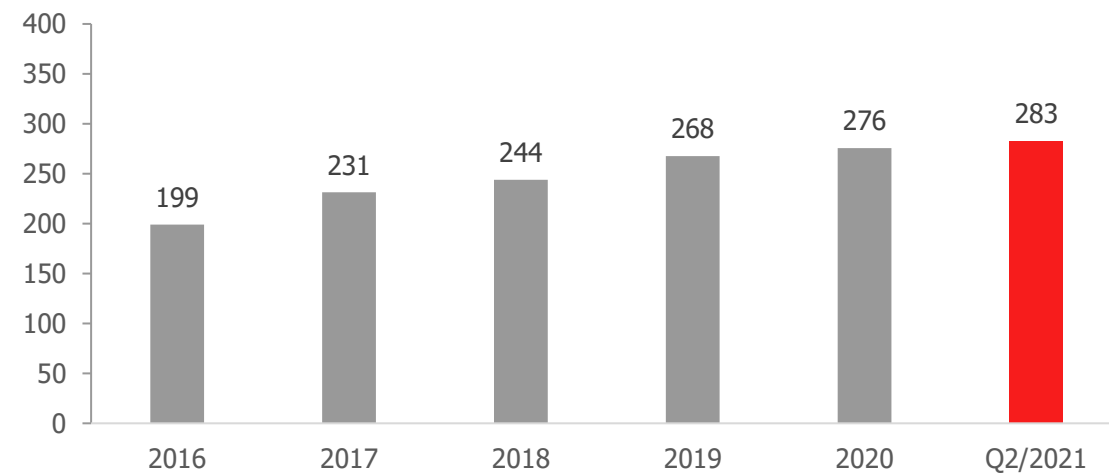
# Q2/21 Service order intake and agreement base value

Service order intake, MEUR



- Service orders received increased 23.1% to EUR 257.5 million (209.1). On a comparable currency basis, orders received increased 26.2%
- Both field service orders and parts orders increased
- Order intake increased in the Americas, EMEA and APAC

Service agreement base value<sup>(1)</sup>, MEUR

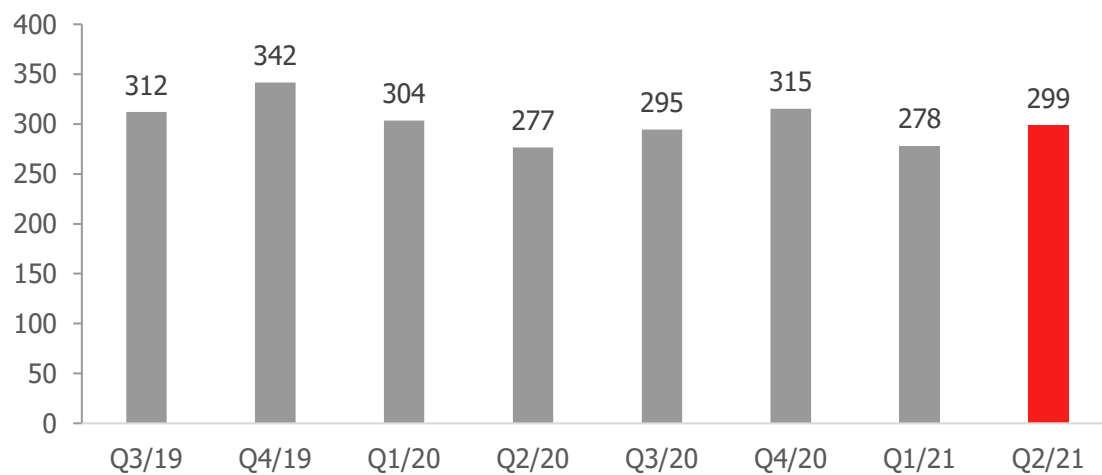


- Year-on-year, the annual value of the agreement base stayed approximately the same with a change of 0.0% to EUR 282.8 million (282.9). On a comparable currency basis, the value increased 1.2%
- Sequentially, the annual value of the agreement base decreased 0.3% on a reported basis but stayed approximately the same with a change of 0.0% on a comparable currency basis

Note (1): 2016 agreement base on Konecranes stand-alone basis

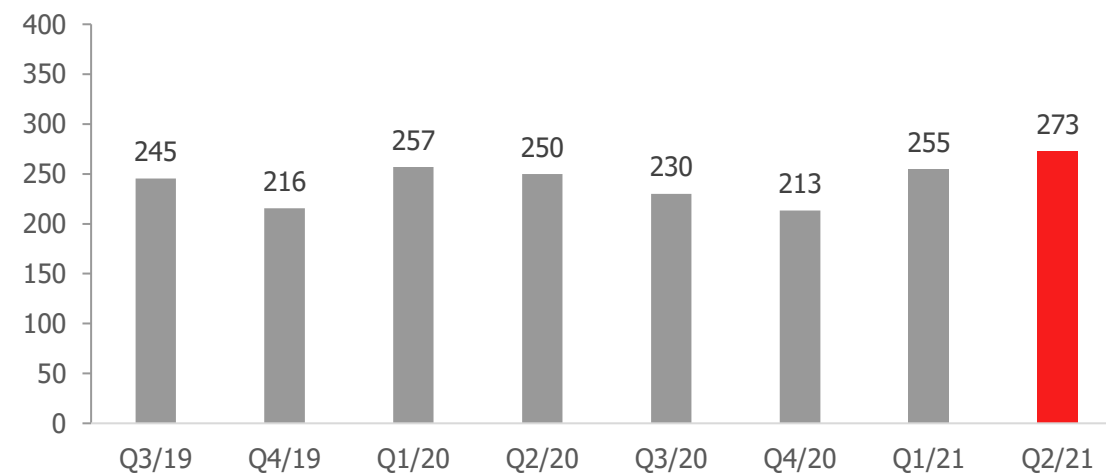
## Q2/21 Service sales and order book

Service sales, MEUR



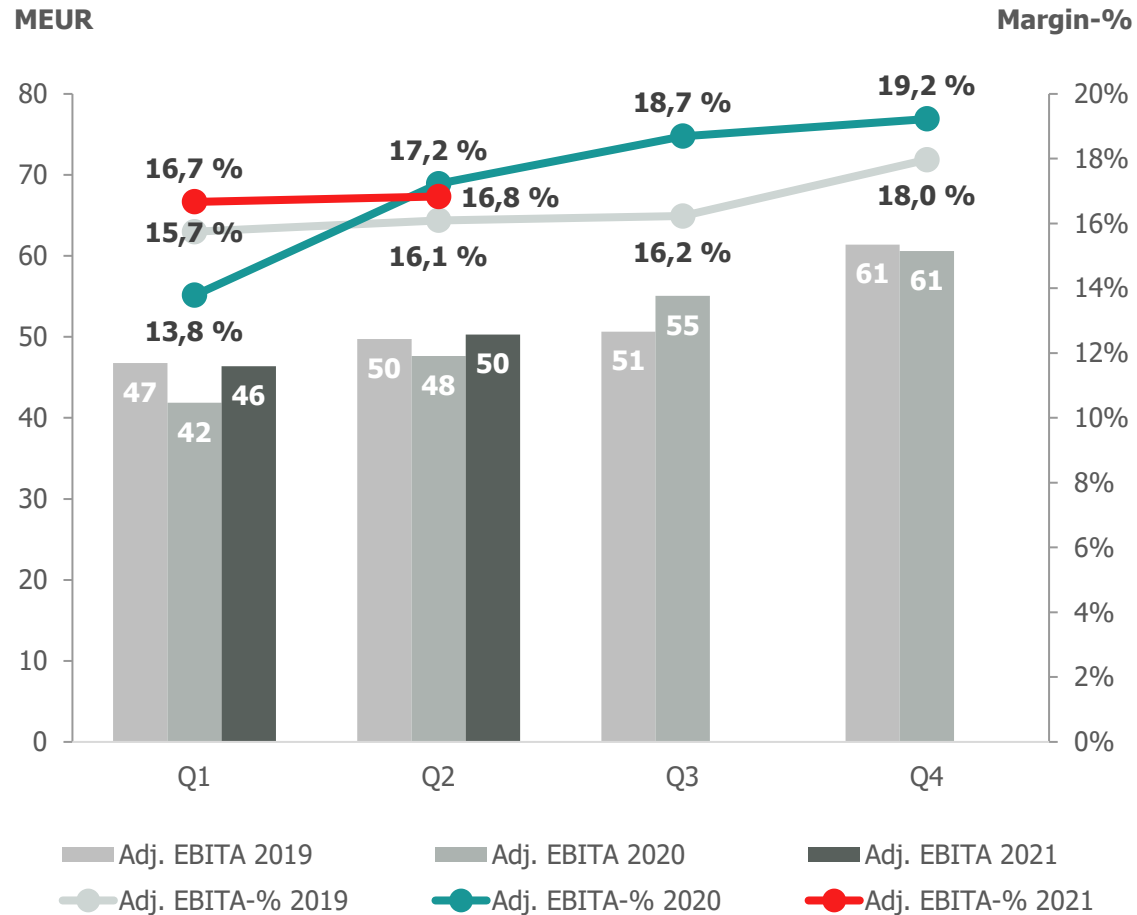
- Sales increased 8.0% to EUR 298.7 million (276.5)
- On a comparable currency basis, sales increased 11.2%
- Both field service sales and parts sales increased
- Sales increased in the Americas, EMEA and APAC

Service order book, MEUR



- The order book increased 9.3% year-on-year to EUR 273.0 million (249.8)
- On a comparable currency basis, the order book increased 11.0%

## Q2/21 Service adjusted EBITA



- The adjusted EBITA was EUR 50.3 million (47.6) and the adjusted EBITA margin 16.8% (17.2)
- The decrease in the adjusted EBITA margin was mainly attributable to a weaker sales mix due to component shortages
- The comparison period also included temporary factors with a positive impact on personnel costs
- Gross margin declined on a year-on-year basis



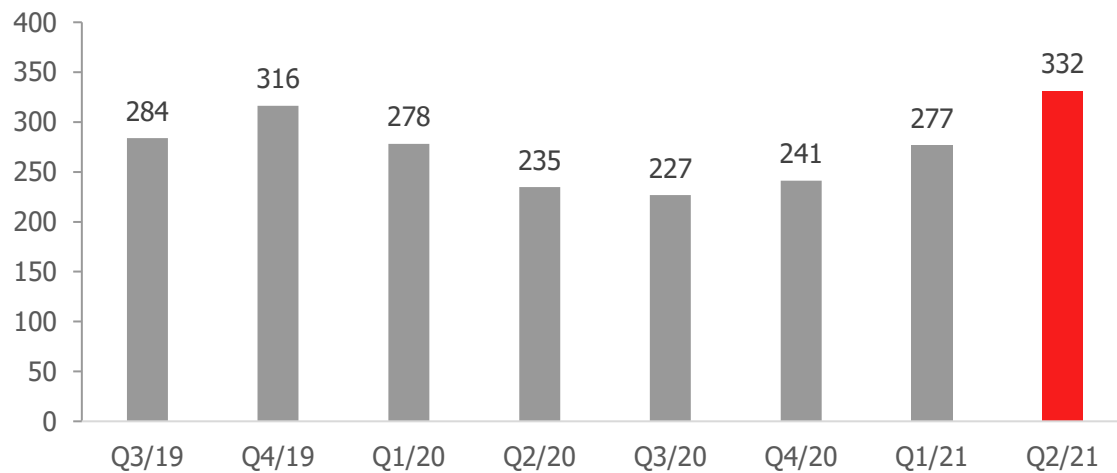
# Industrial Equipment





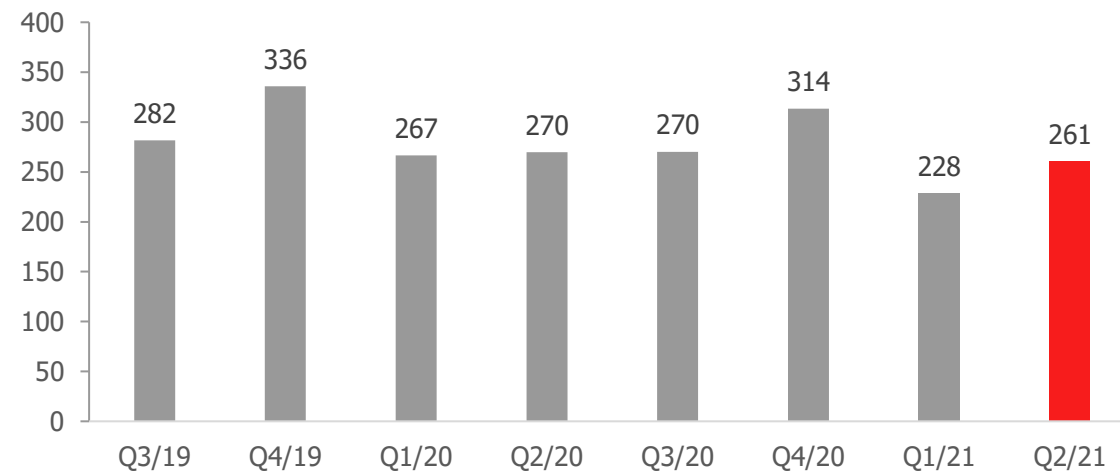
# Q2/21 Industrial Equipment order intake and sales

Industrial Equipment order intake, MEUR



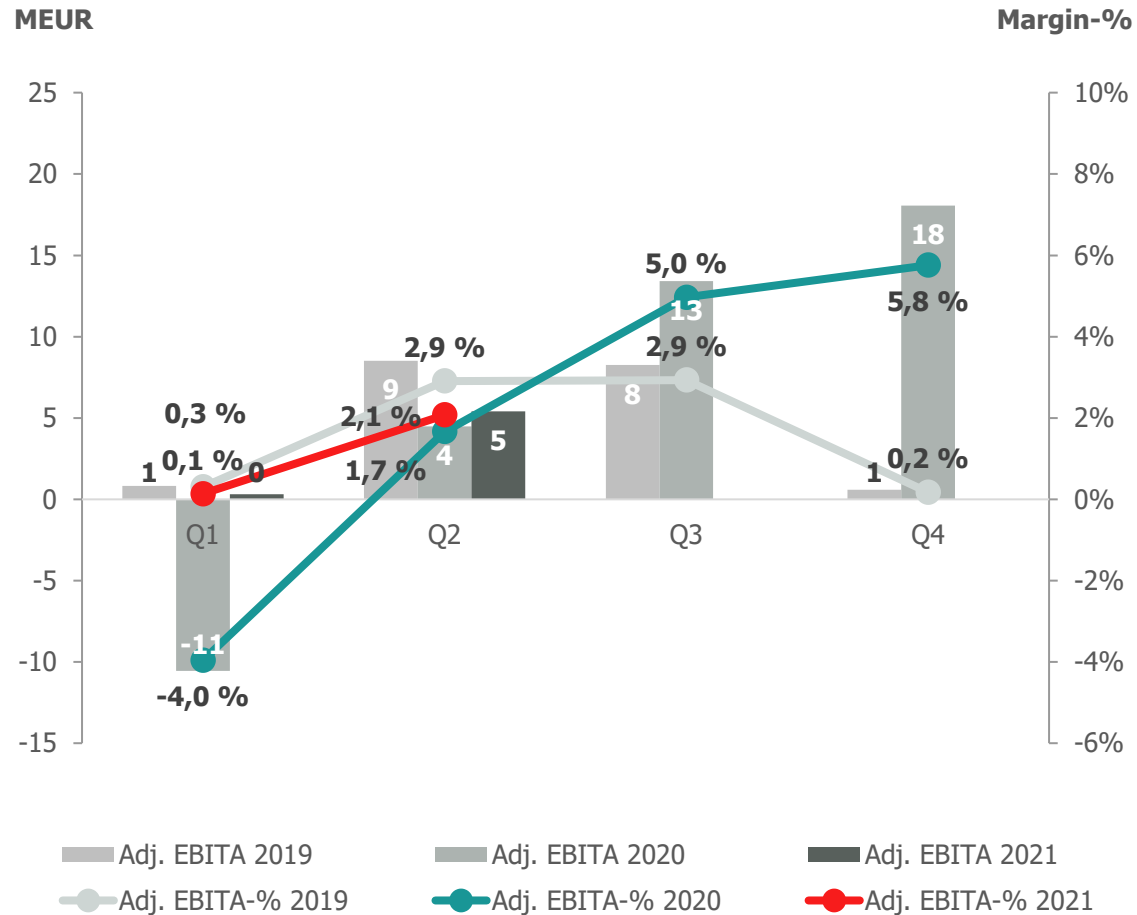
- Orders received totaled EUR 331.5 million (234.9), corresponding to an increase of 41.1%
- External orders received increased 45.0% on a reported basis and 48.4% on a comparable currency basis
- Order intake increased in standard cranes, process cranes and components
- Orders received increased in the Americas and EMEA but decreased in APAC

Industrial Equipment sales, MEUR



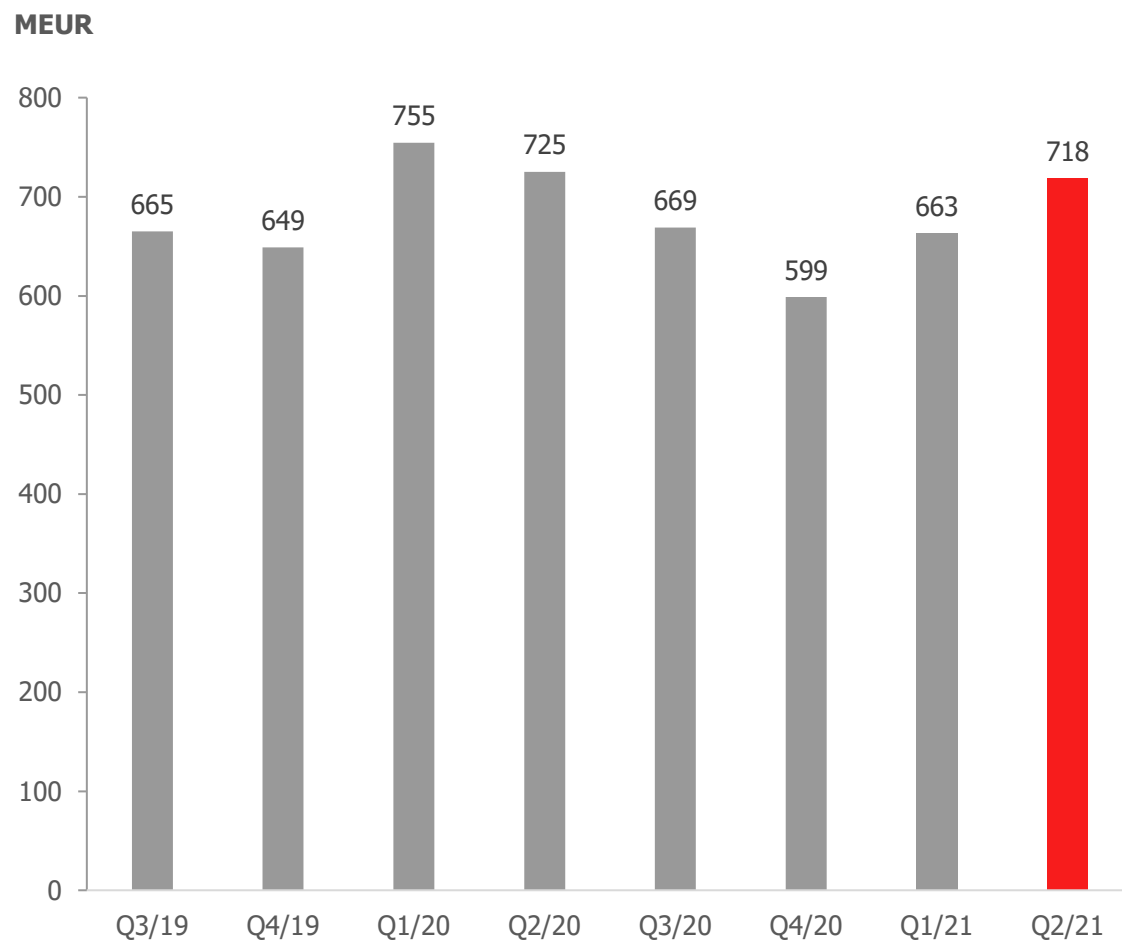
- Sales decreased 3.4% to EUR 260.6 million (269.9)
- External sales decreased 1.0% on a reported basis but increased 1.8% on a comparable currency basis
- Sales decreased in standard cranes and process cranes but increased in components
- Sales decreased in the Americas but increased in EMEA and APAC

## Q2/21 Industrial Equipment adjusted EBITA



- The adjusted EBITA was EUR 5.4 million (4.5) and the adjusted EBITA margin 2.1% (1.7)
- The increase in the adjusted EBITA margin was mainly attributable to favourable sales mix and continued progress on strategic initiatives especially in the process cranes business
- Gross margin improved on a year-on-year basis

## Q2/21 Industrial Equipment order book



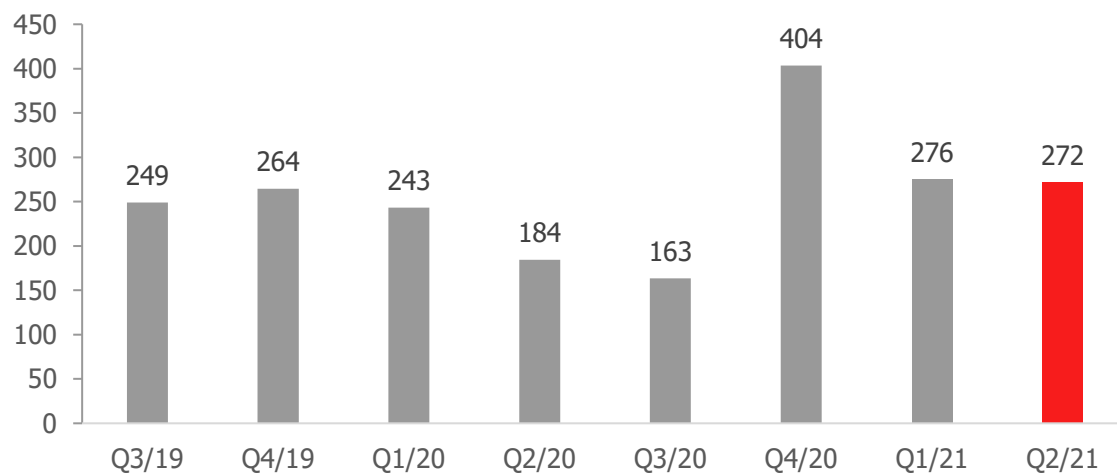
- The order book decreased 1.0% year-on-year to EUR 718.4 million (725.4)
- On a comparable currency basis, the order book increased 1.3%

A large blue and red Konecranes NYCT gantry crane is shown in operation at a port. The crane is lifting a blue shipping container from a train car. The train car is loaded with several other blue containers. The scene is set against a bright blue sky with scattered white clouds. A red semi-truck is visible in the background, and a yellow line is painted on the asphalt in the foreground. The crane's structure is prominently displayed, with the 'KONECRANES' and 'NYCT' logos clearly visible on its red beams.

# Port Solutions

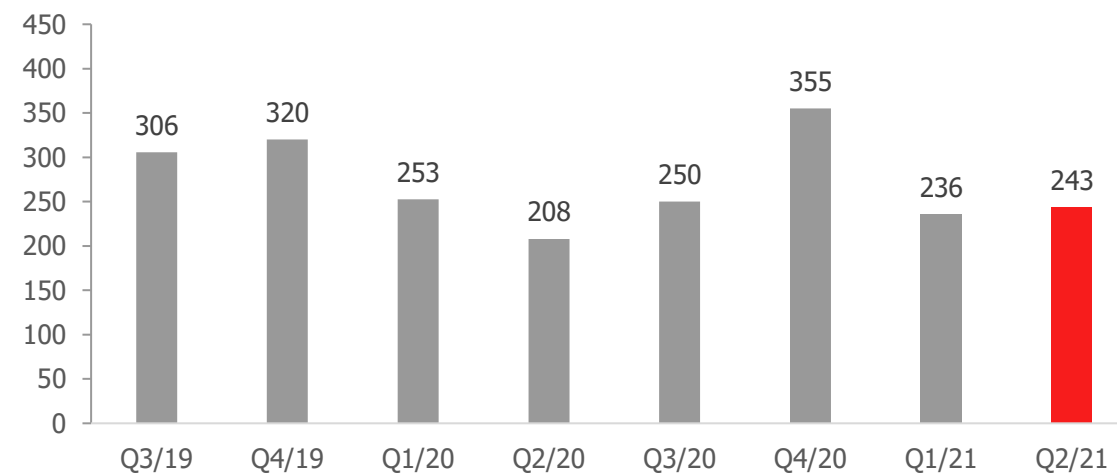
## Q2/21 Port Solutions order intake and sales

Port Solutions order intake, MEUR



- Orders received totaled EUR 272.1 million (184.2), representing an increase of 47.7%. On a comparable currency basis, orders received increased 47.9%
- Orders received increased in the Americas, EMEA and APAC

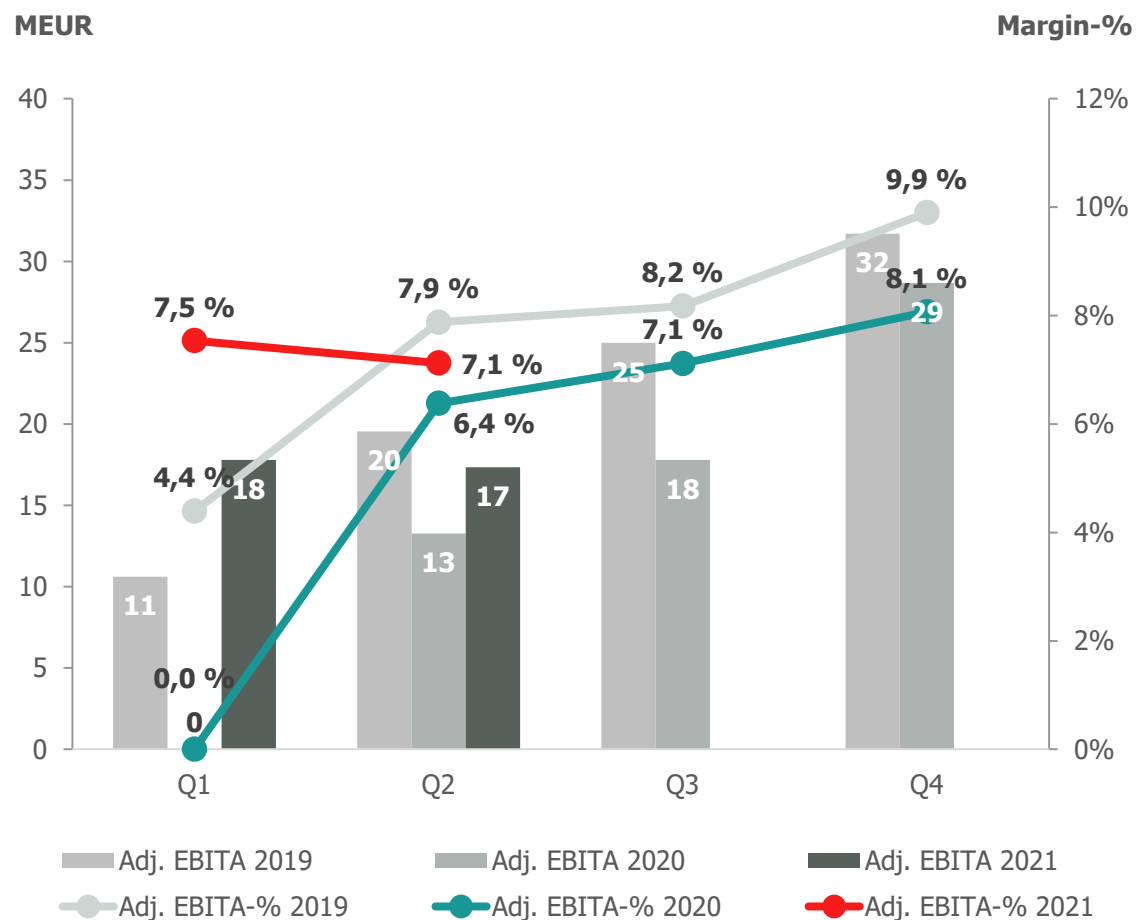
Port Solutions sales, MEUR



- Sales increased 17.1% to EUR 243.5 million (207.9). On a comparable currency basis, sales increased 17.2%

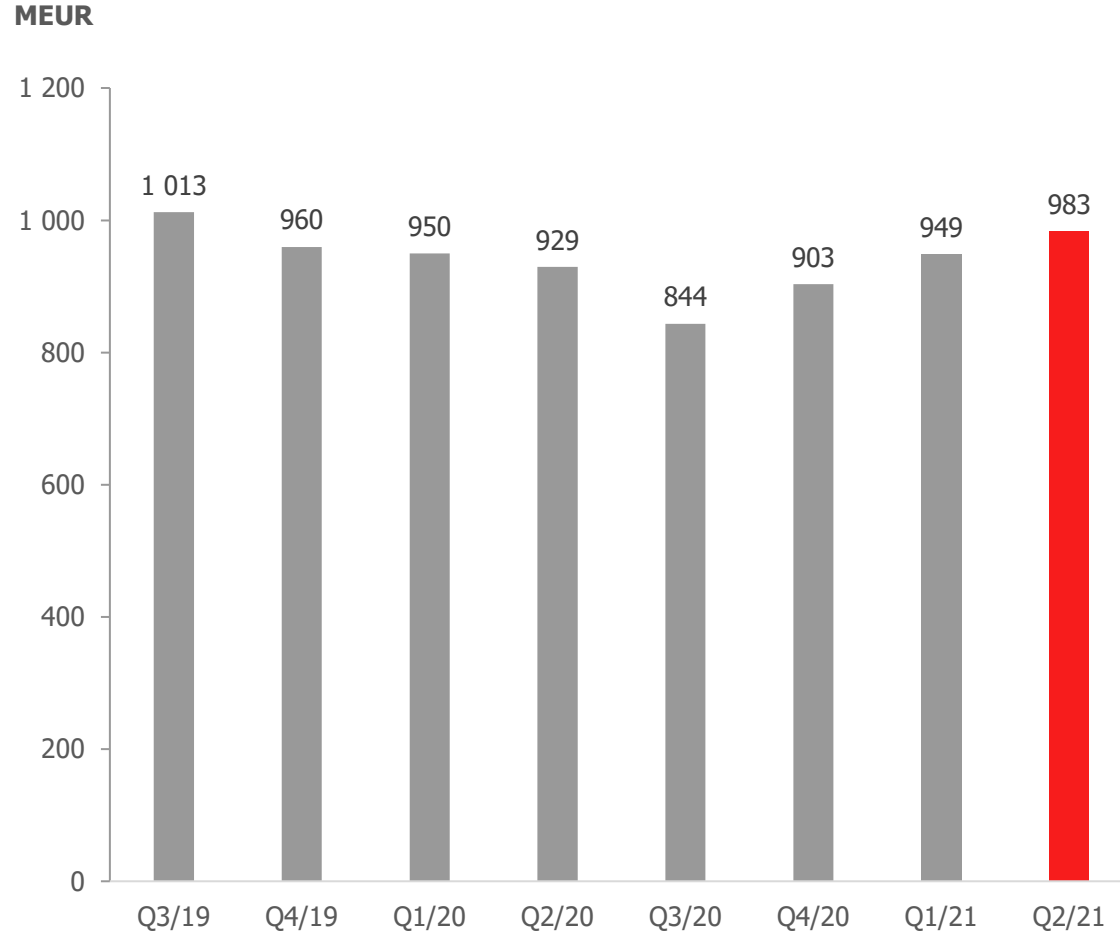


## Q2/21 Port Solutions adjusted EBITA



- The adjusted EBITA was EUR 17.3 million (13.3) and the adjusted EBITA margin 7.1% (6.4)
- The increase in the adjusted EBITA margin was mainly attributable to higher sales and improved project management execution
- Gross margin declined on a year-on-year basis

## Q2/21 Port Solutions order book



- The order book increased 5.8% year-on-year to EUR 983.3 million (929.4)
- On a comparable currency basis, the order book increased 5.9%



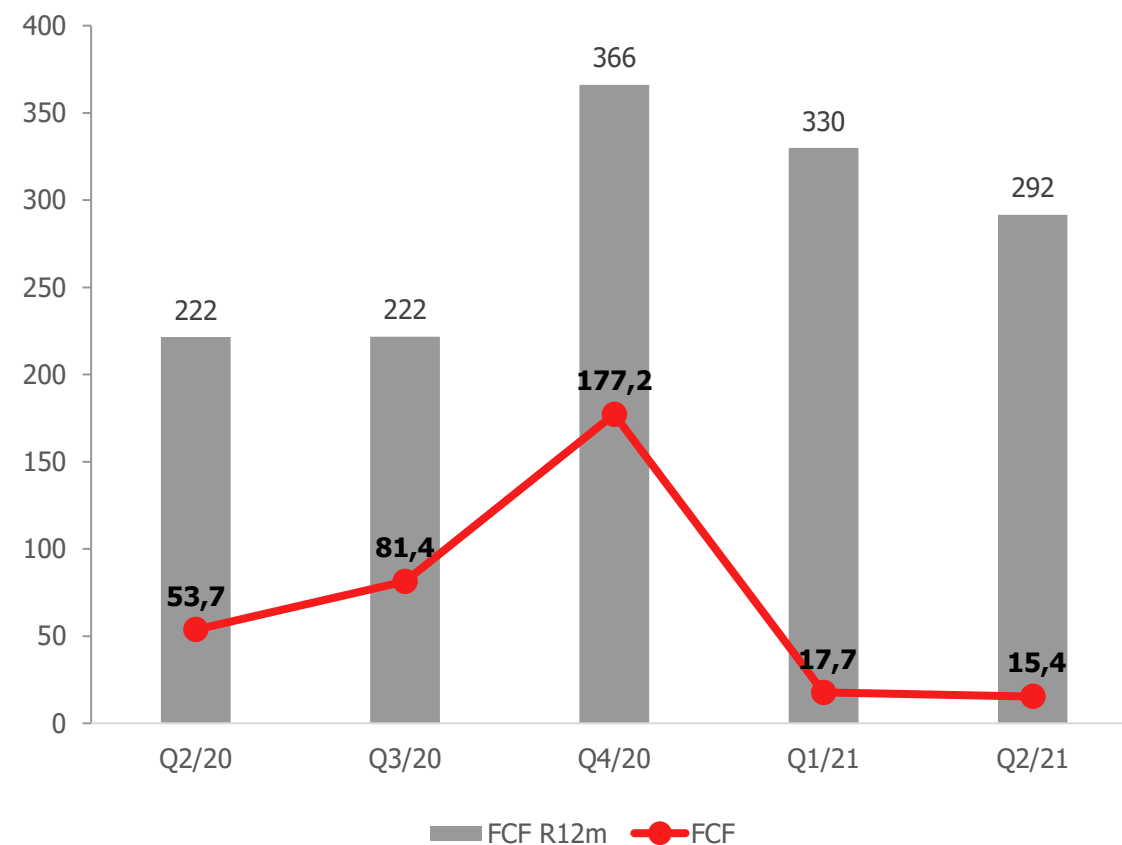
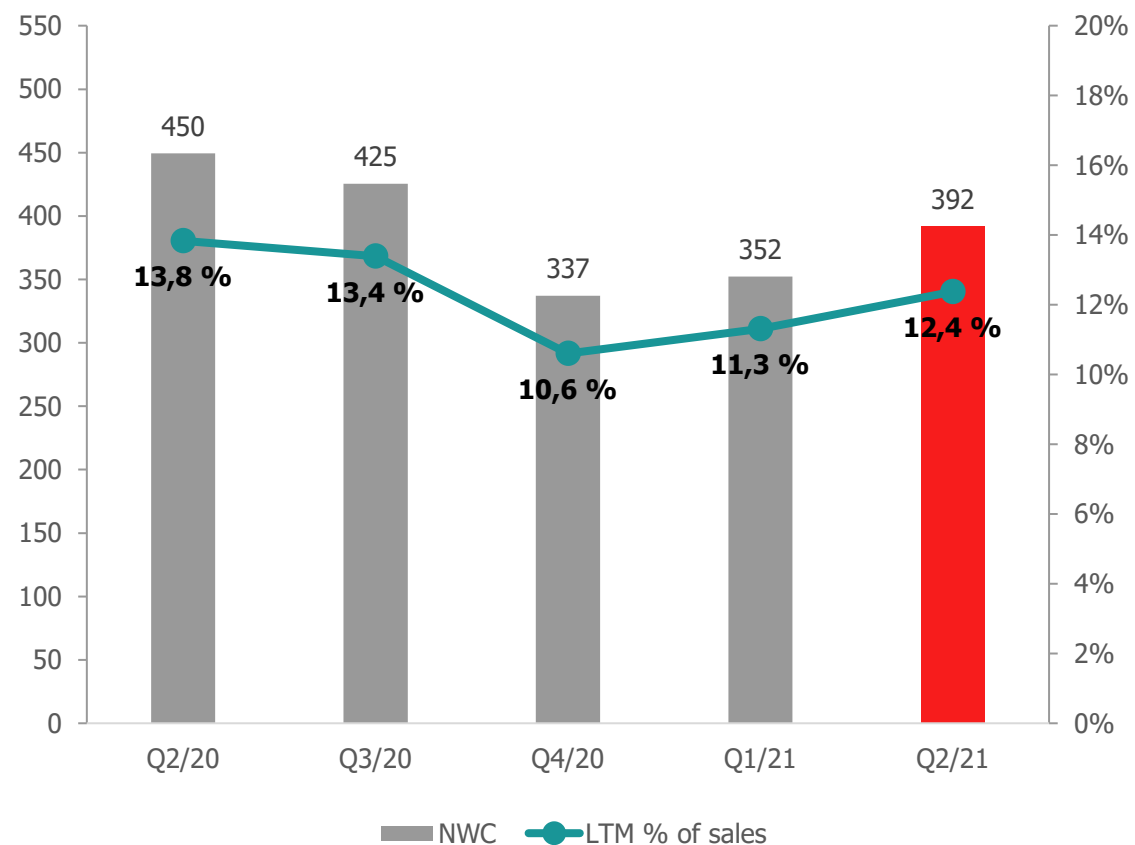
## Cash Flow and Balance Sheet

# Net working capital and free cash flow

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

% of sales

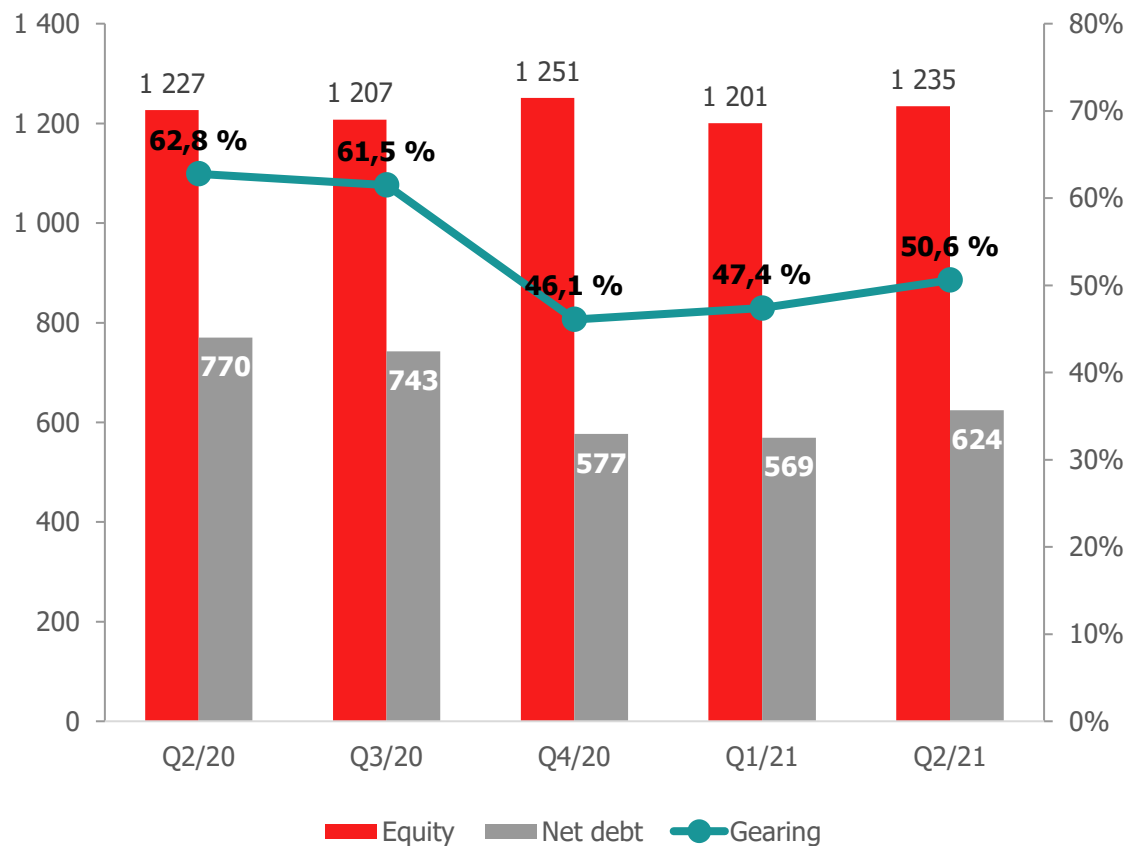
Free cash flow, MEUR



Note (1): Q1/21 excluding dividend payable of EUR 69.6 million

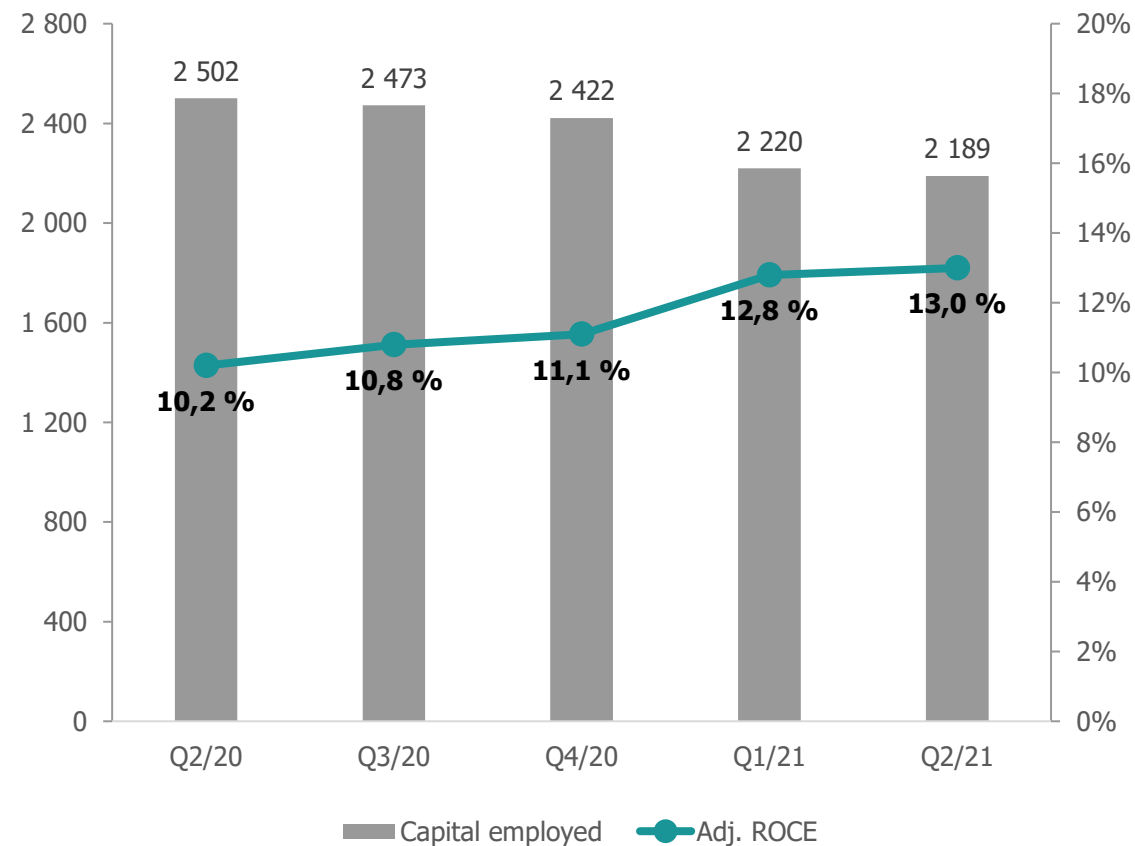
# Gearing and return on capital employed

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 business area

Key figures	4-6/ 2021	4-6/ 2020	Change %	Change % At comparable currencies	1-6/ 2021	1-6/ 2020	Change %	Change % At comparable currencies	1-12/ 2020
Service									
Orders received, MEUR	257.5	209.1	23.1	26.2	512.7	475.2	7.9	11.7	927.8
Service agreement base value, MEUR	282.8	282.9	0.0	1.2	282.8	282.9	0.0	1.2	275.7
Sales, MEUR	298.7	276.5	8.0	11.2	577.0	580.2	-0.5	3.1	1,190.0
Adj. EBITA, MEUR	50.3	47.6	5.6		96.7	89.5	8.0		205.2
Adj. EBITA, %	16.8%	17.2%			16.8%	15.4%			17.2%
Industrial Equipment									
Orders received, MEUR	331.5	234.9	41.1	44.3	608.2	513.1	18.5	22.0	981.2
<i>of which external</i>	<i>287.5</i>	<i>198.3</i>	<i>45.0</i>	<i>48.4</i>	<i>533.2</i>	<i>438.9</i>	<i>21.5</i>	<i>25.3</i>	<i>849.1</i>
Sales, MEUR	260.6	269.9	-3.4	-0.8	488.9	536.4	-8.9	-6.0	1,120.1
<i>of which external</i>	<i>228.9</i>	<i>231.3</i>	<i>-1.0</i>	<i>1.8</i>	<i>431.6</i>	<i>458.8</i>	<i>-5.9</i>	<i>-2.9</i>	<i>973.8</i>
Adj. EBITA, MEUR	5.4	4.5	20.5		5.7	-6.1	-194.0		25.4
Adj. EBITA, %	2.1%	1.7%			1.2%	-1.1%			2.3%
Port Solutions									
Orders received, MEUR	272.1	184.2	47.7	47.9	547.6	427.4	28.1	28.2	994.5
Sales, MEUR	243.5	207.9	17.1	17.2	479.5	460.5	4.1	4.3	1,066.0
Adj. EBITA, MEUR	17.3	13.3	30.7		35.1	13.3	164.8		59.7
Adj. EBITA, %	7.1%	6.4%			7.3%	2.9%			5.6%

# Statement of income

EUR million	4-6/ 2021	4-6/ 2020	Change %	1-6/ 2021	1-6/ 2020	Change %	1-12/ 2020
<b>Sales</b>	<b>759.3</b>	<b>704.7</b>	<b>7.7</b>	<b>1,463.3</b>	<b>1,474.2</b>	<b>-0.7</b>	<b>3,178.9</b>
Other operating income	3.0	1.6		5.8	3.7		10.7
Materials, supplies and subcontracting	-322.4	-293.5		-604.6	-638.0		-1,473.0
Personnel cost	-260.2	-244.5		-521.1	-512.6		-993.5
Depreciation and impairments	-29.5	-34.0		-60.7	-67.5		-130.0
Other operating expenses	-103.7	-91.6		-198.4	-209.4		-419.3
<b>Operating profit</b>	<b>46.6</b>	<b>42.7</b>	<b>9.3</b>	<b>84.1</b>	<b>50.5</b>	<b>66.8</b>	<b>173.8</b>
Share of associates' and joint ventures' result	0.0	-0.1		0.1	21.0		21.2
Financial income	0.9	10.1		12.9	10.5		38.6
Financial expenses	-6.4	-10.3		-29.3	-23.4		-63.2
<b>Profit before taxes</b>	<b>41.2</b>	<b>42.4</b>	<b>-2.9</b>	<b>67.8</b>	<b>58.5</b>	<b>15.9</b>	<b>170.4</b>
Taxes	-12.8	-12.1		-21.0	-16.7		-47.5
<b>Profit for the period</b>	<b>28.4</b>	<b>30.3</b>	<b>-6.3</b>	<b>46.8</b>	<b>41.8</b>	<b>11.8</b>	<b>122.9</b>

# Balance sheet

EUR million	30 Jun 2021	30 Jun 2020
Non-current assets	2,015.8	2,086.5
Goodwill	1,018.8	1,021.5
Intangible assets	516.8	556.2
Property, plant and equipment	324.6	350.8
Other	155.6	158.0
Current assets	1,793.9	2,071.0
Inventories	739.5	808.9
Accounts receivable	449.1	442.5
Receivables and other current assets	276.8	315.6
Cash and cash equivalents	328.5	503.9
Assets held for sale	0.0	0.0
<b>Total Assets</b>	<b>3,809.6</b>	<b>4,157.5</b>

EUR million	30 Jun 2021	30 Jun 2020
Total Equity	1,234.6	1,226.8
Non-current liabilities	910.7	1,399.6
Interest-bearing liabilities	445.5	941.2
Other long-term liabilities	303.8	287.0
Other	161.4	171.4
Current liabilities	1,664.3	1,531.1
Interest-bearing liabilities	509.3	333.8
Advance payments received	347.8	425.6
Accounts payable	234.2	234.4
Provisions	122.0	134.2
Other current liabilities	451.0	403.0
Liabilities directly attributable to assets held for sale	0.0	0.0
<b>Total Equity and Liabilities</b>	<b>3,809.6</b>	<b>4,157.5</b>



# Cash flow statement

EUR million	1-6/ 2021	1-6/ 2020	1-12/ 2020
Operating income before change in net working capital	148.1	116.5	302.4
Change in net working capital	-53.7	39.9	125.0
<b>Cash flow from operations before financing items and taxes</b>	<b>94.4</b>	<b>156.4</b>	<b>427.4</b>
Financing items and taxes	-48.6	-25.8	-20.3
<b>Net cash from operating activities</b>	<b>45.8</b>	<b>130.5</b>	<b>407.1</b>
Net cash used in investing activities	-12.8	-147.1	-165.1
<b>Cash flow before financing activities</b>	<b>33.0</b>	<b>-16.6</b>	<b>242.0</b>
Net cash used in financing activities	-299.7	150.8	-12.4
Translation differences in cash	3.2	-8.5	-15.9
<b>Change of cash and cash equivalents</b>	<b>-263.4</b>	<b>125.7</b>	<b>213.7</b>
<b>Free cash flow</b>	<b>33.0</b>	<b>107.5</b>	<b>366.1</b>

# Key figures

EUR million	1-6/ 2021	1-6/ 2020	Change %	1-12/ 2020
Earnings per share, basic (EUR)	0.59	0.53	11.4	1.54
Earnings per share, diluted (EUR)	0.59	0.53	11.4	1.54
Return on capital employed, %, Rolling 12 Months (R12M)	8.8	6.5	35.4	8.3
Return on equity, %, Rolling 12 Months (R12M)	10.4	7.4	40.5	9.8
Equity per share (EUR)	15.49	15.39	0.6	15.69
Net debt / Adjusted EBITDA, Rolling 12 Months (R12M)	1.6	2.3	-30.4	1.6
Equity to asset ratio, %	35.7	32.9	8.5	34.1
Investments total (excl. acquisitions), EUR million	17.0	20.2	-15.6	42.8
Average number of personnel during the period	16,670	17,105	-2.5	17,027
Average number of shares outstanding, basic	79,134,459	79,020,478	0.1	79,077,608
Average number of shares outstanding, diluted	79,134,459	79,020,478	0.1	79,077,608
Number of shares outstanding	79,134,459	79,133,459	0.0	79,134,459



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