

Q3 2021 Report

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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

Q3 2021 Highlights

Impressively resilient Q3 result given global component and other supply chain issues and the disruptions the pandemic is still causing

- Group adj. EBITA-% at 10.0% (10.4%), second highest Q3 profitability ever and only 0.4 pp behind Y/Y
- Service Q3 adj. EBITA-% at 18.9% and all-time high for the quarter, Industrial Equipment at 4.4% and Port Solutions at 6.3%

Overall market sentiment continued to be good and similar to Q2, although COVID-19 related market volatility is not over

- Group order intake grew 25.1% Y/Y in comparable FX, reflecting the impact of COVID-19 and resulting lockdowns on Q3 2020
- Sales increased marginally Y/Y as component availability, customer delays and other supply chain constraints continued in Q3 (quarterly impact approximately EUR 60 million)
- Q3 order book broke a new record due to strong YTD orders and sales delays

Demand outlook for Q4 updated

Full-year 2021 guidance reiterated

Announced merger with Cargotec is progressing well

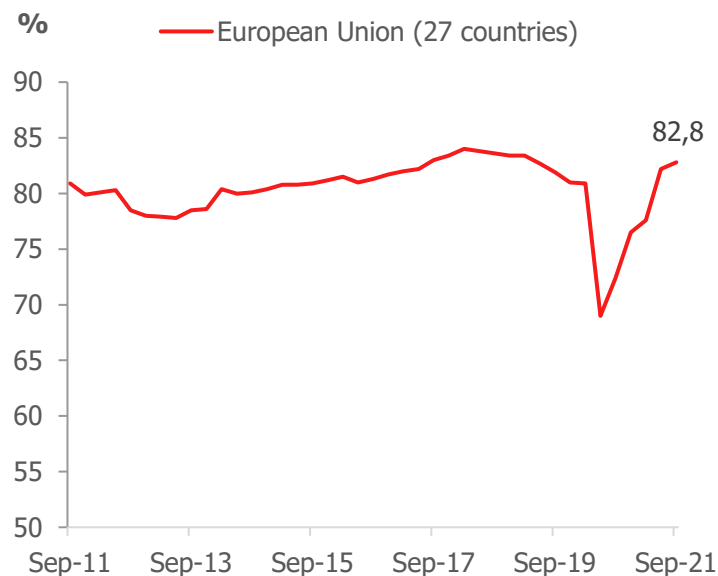


Key figures

Key figures	7-9/ 2021	7-9/ 2020	Change %	Change % At comparable currencies	1-9/ 2021	1-9/ 2020	Change %	Change % At comparable currencies	1-12/ 2020
Orders received, MEUR	713.7	565.5	26.2	25.1	2,283.2	1,884.0	21.2	22.8	2,727.3
Order book at end of period, MEUR					1,997.4	1,742.8	14.6	13.3	1,715.5
Sales, MEUR	773.6	767.9	0.7	0.1	2,236.8	2,242.1	-0.2	1.1	3,178.9
Adj. EBITDA, MEUR	98.6	103.2	-4.5		264.1	232.2	13.7		356.7
Adj. EBITDA, %	12.7%	13.4%			11.8%	10.4%			11.2%
Adj. EBITA, MEUR	77.4	80.1	-3.4		199.0	158.7	25.4		260.8
Adj. EBITA, %	10.0%	10.4%			8.9%	7.1%			8.2%
Operating profit (EBIT), MEUR	49.9	40.3	23.7		134.0	90.8	47.6		173.8
Operating margin (EBIT), %	6.4%	5.2%			6.0%	4.0%			5.5%
EPS, basic, EUR	0.40	0.33	21.6		0.99	0.85	15.4		1.54
Free cash flow, MEUR	39.0	81.4			72.0	188.9			366.1
Net debt, MEUR					592.8	742.7			577.1

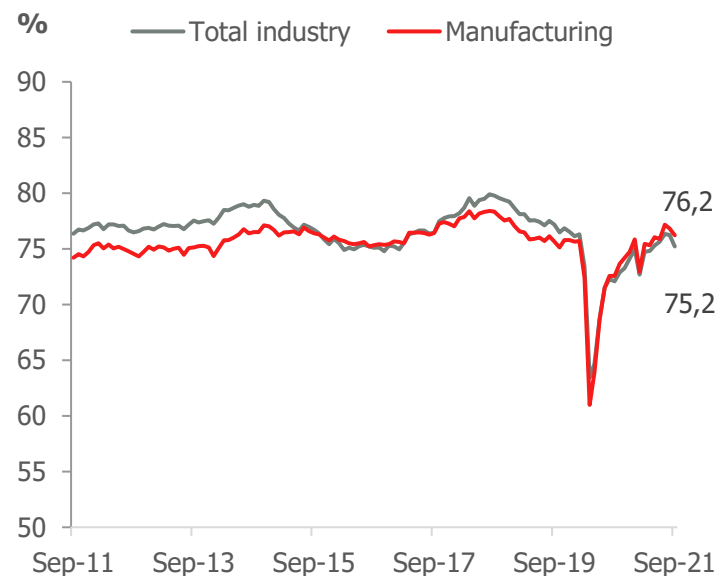
Market environment – Service and Industrial Equipment

Capacity utilization rate – EU



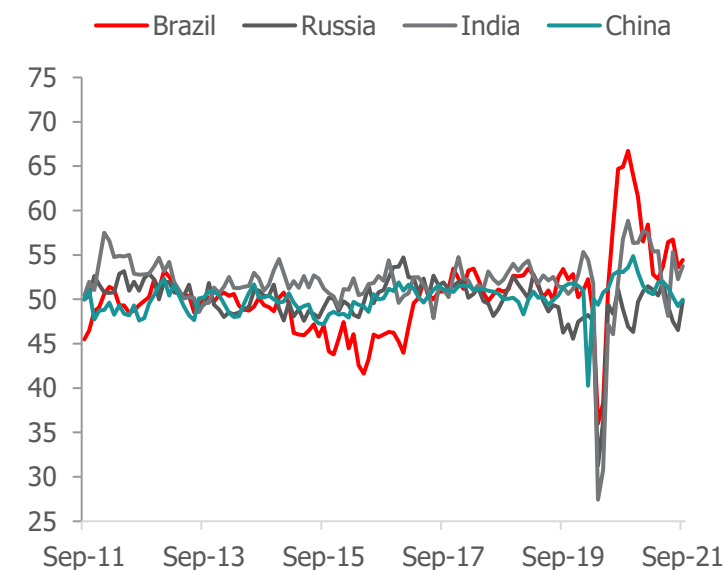
- In Europe, operating conditions continued strong improvement in Q3. Although the manufacturing PMI was impacted by supply-side constraints, September's PMI was at 58.6
- Manufacturing industry capacity utilization rate climbed further upwards in Q3, although it remained behind highs touched in 2018

Capacity utilization rate – USA



- In the US, manufacturing PMI continued to indicate substantial improvement in operating conditions in Q3, the PMI was at 60.7 in September, despite material and labour shortages
- Manufacturing capacity utilization rate ended Q3 at similar readings as in the end of Q2 and was not yet at the recent peaks of mid-2018

PMIs – BRIC countries



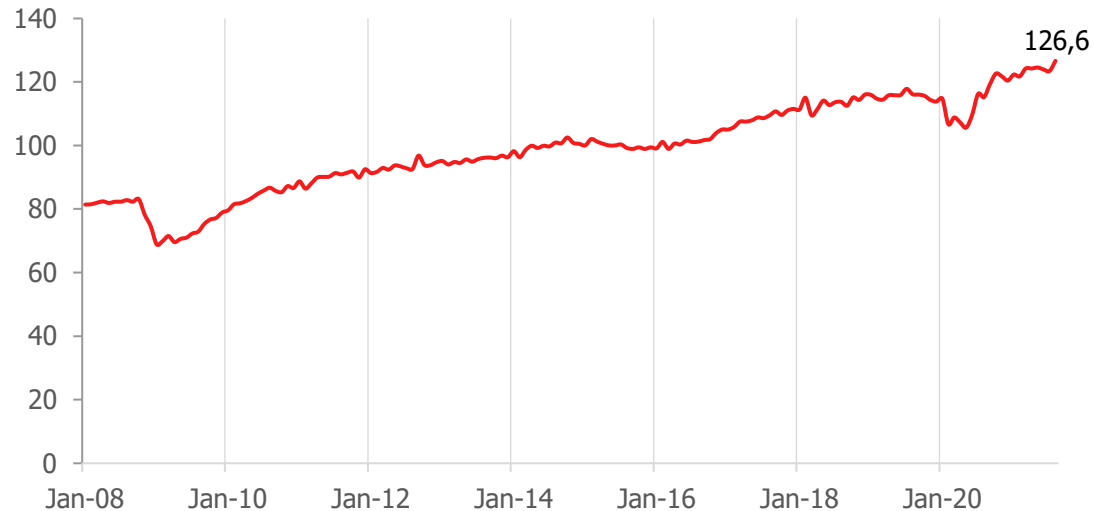
- China's Manufacturing PMI stabilized to 50.0 in September after slight deterioration in August
- In Brazil, the Manufacturing PMI continued in expansion territory and in India, Q3 began in expansion but slowed down towards September
- In Russia, Manufacturing PMI in September was the fourth successive month below the 50 mark

Source: Eurostat, Federal Reserve Economic Data, IHS Markit

Market environment – Port Solutions

RWI/ISL Container Throughput Index

Index (2015 = 100)



- The global container throughput started 2021 at a high level and increased further upward in the end of Q1
- Global container throughput remained steady at around the same level until August, when the index rose to a new record-high

Monthly index change Y/Y

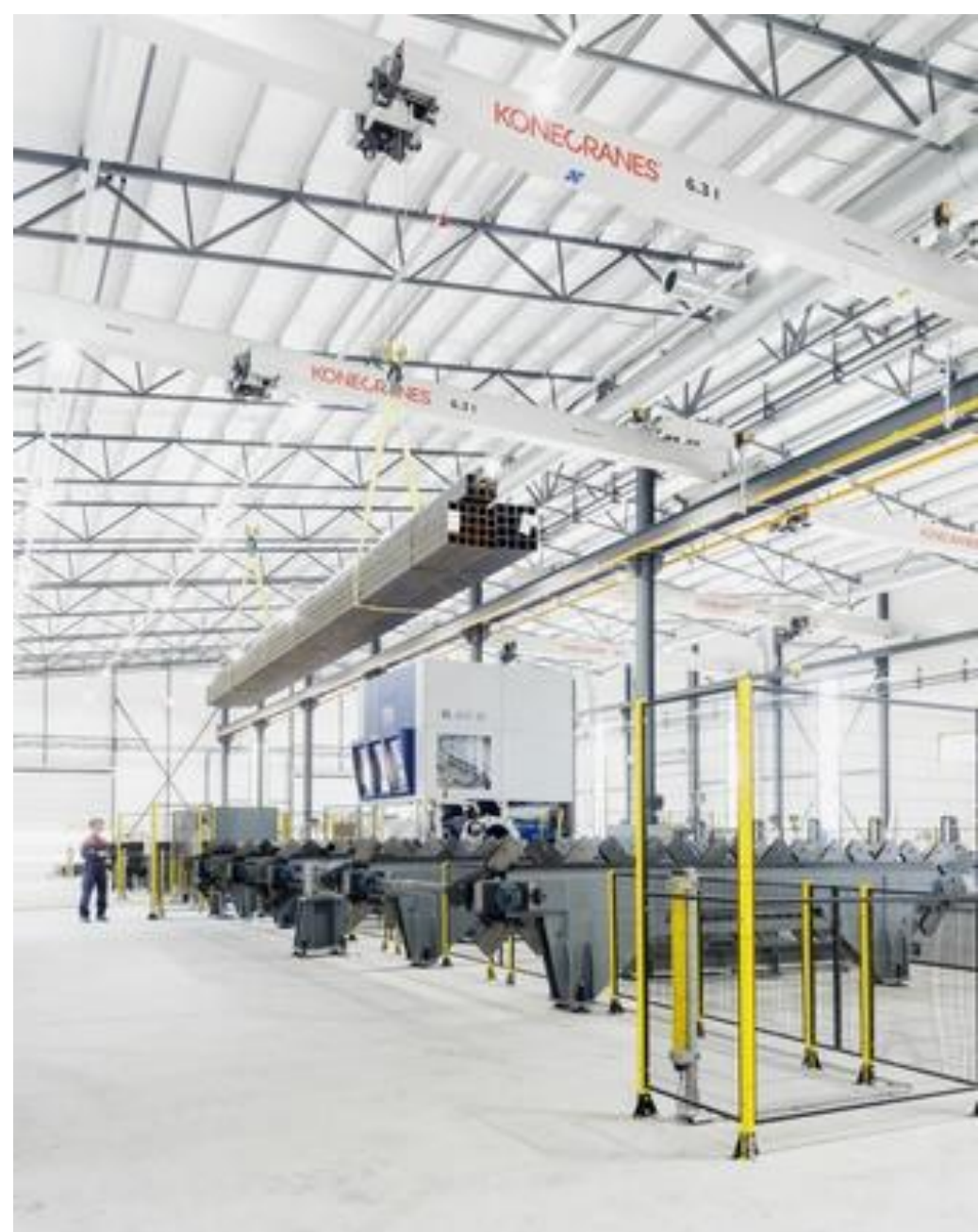
%



- At the end of August, global container throughput was approximately 10 percent higher than the year before

Q4 Demand outlook

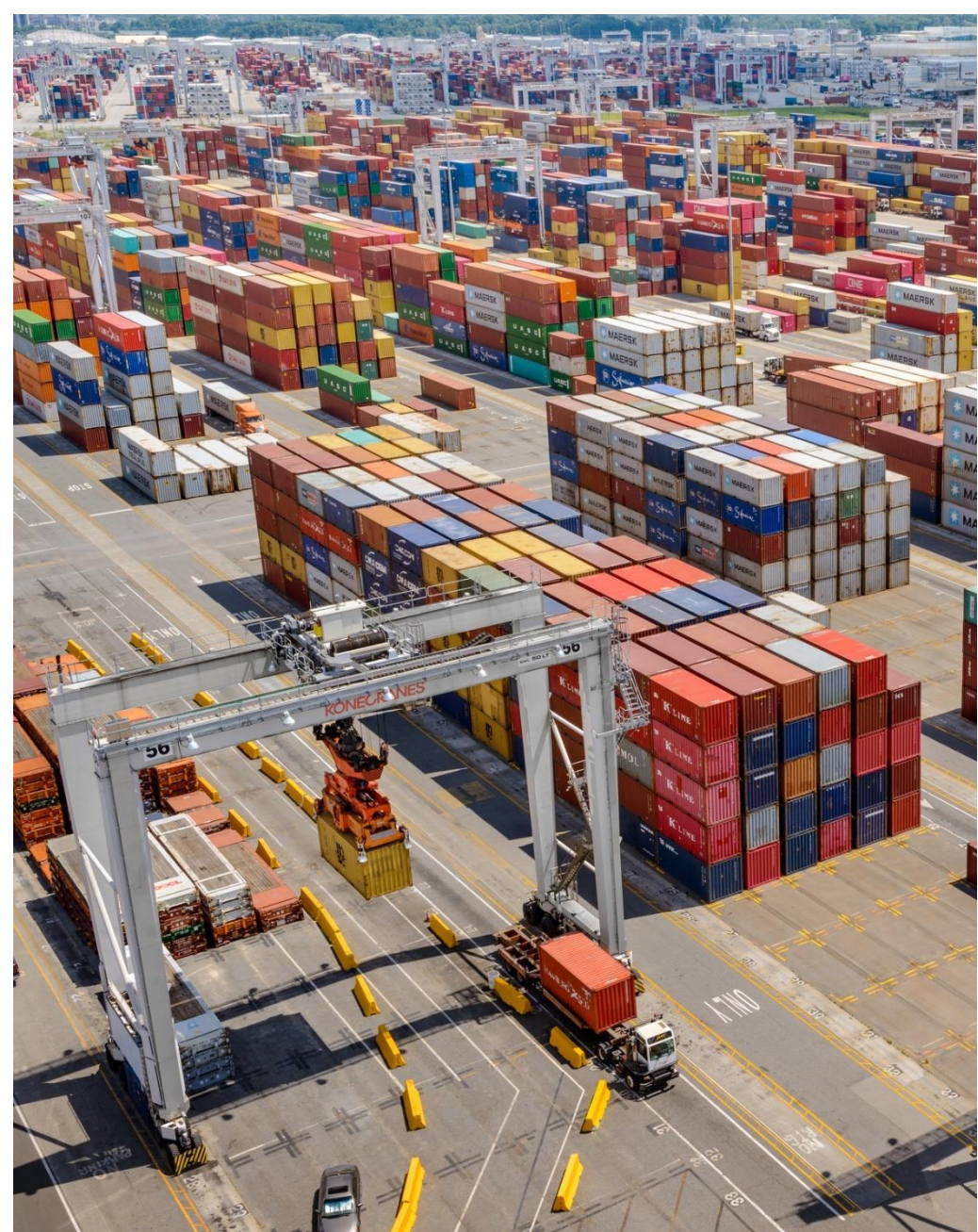
- The worldwide demand picture remains subject to volatility due to the COVID-19 pandemic.
- In Europe and North America, the demand environment within the industrial customer segments continues stable. In Asia-Pacific, the demand environment remains below the pre-COVID-19 level outside China.
- Global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



Financial guidance

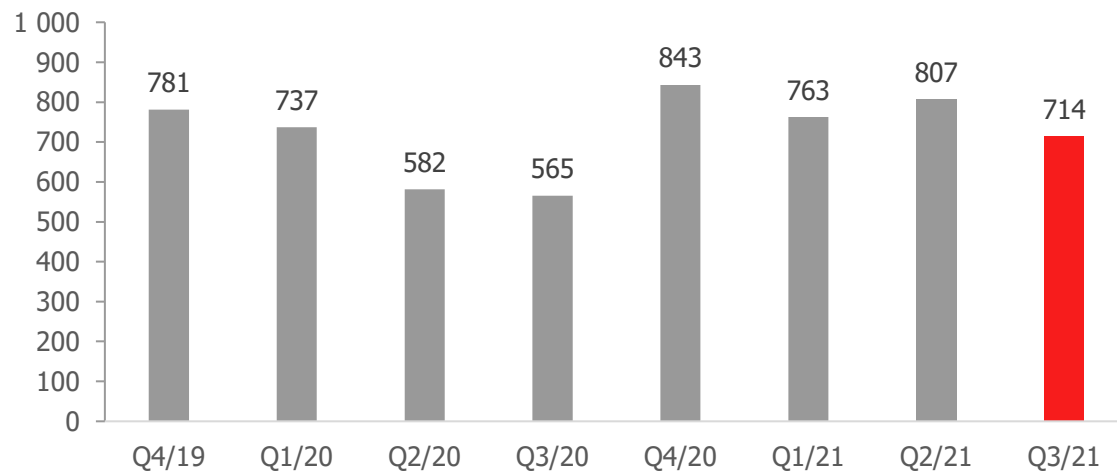
Financial guidance for 2021

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



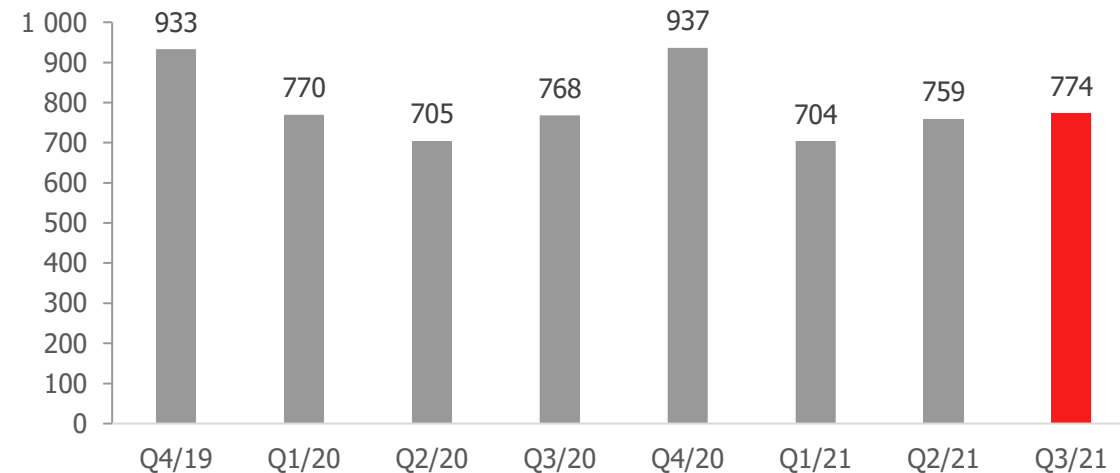
Q3/21 Group order intake and sales

Group order intake, MEUR



- Order intake increased 26.2% to EUR 713.7 million (565.5), 25.1% on a comparable currency basis
- Orders received increased in the Americas, EMEA and APAC
- Orders received increased in Service (17.8%), Industrial Equipment (27.8%) and Port Solutions (28.7%)

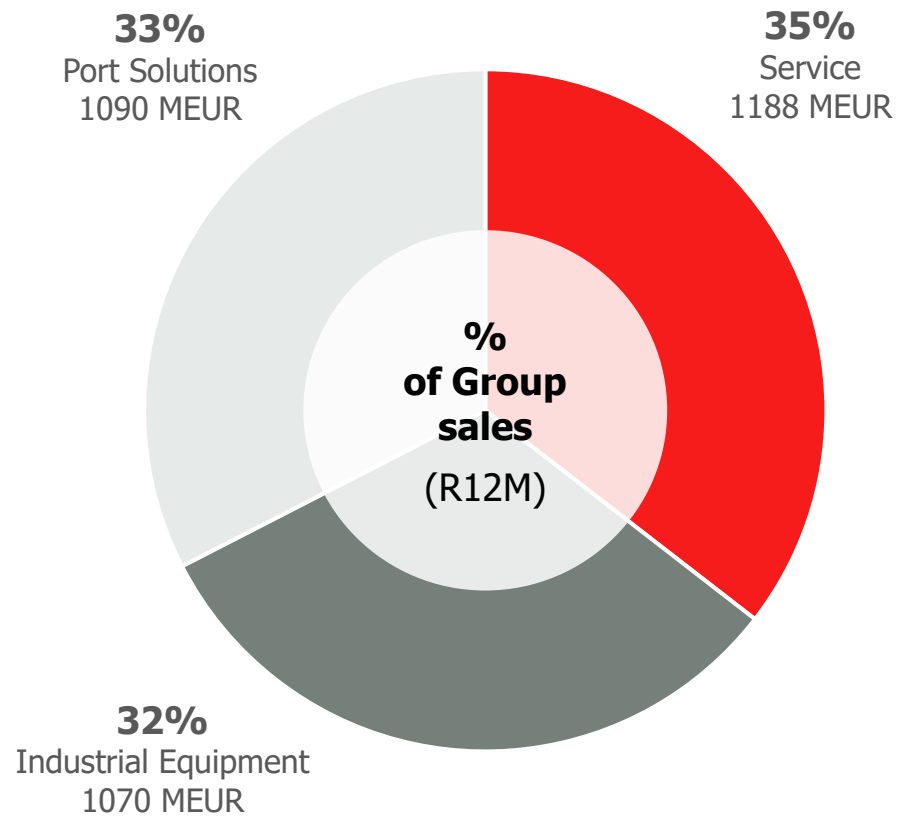
Group net sales, MEUR



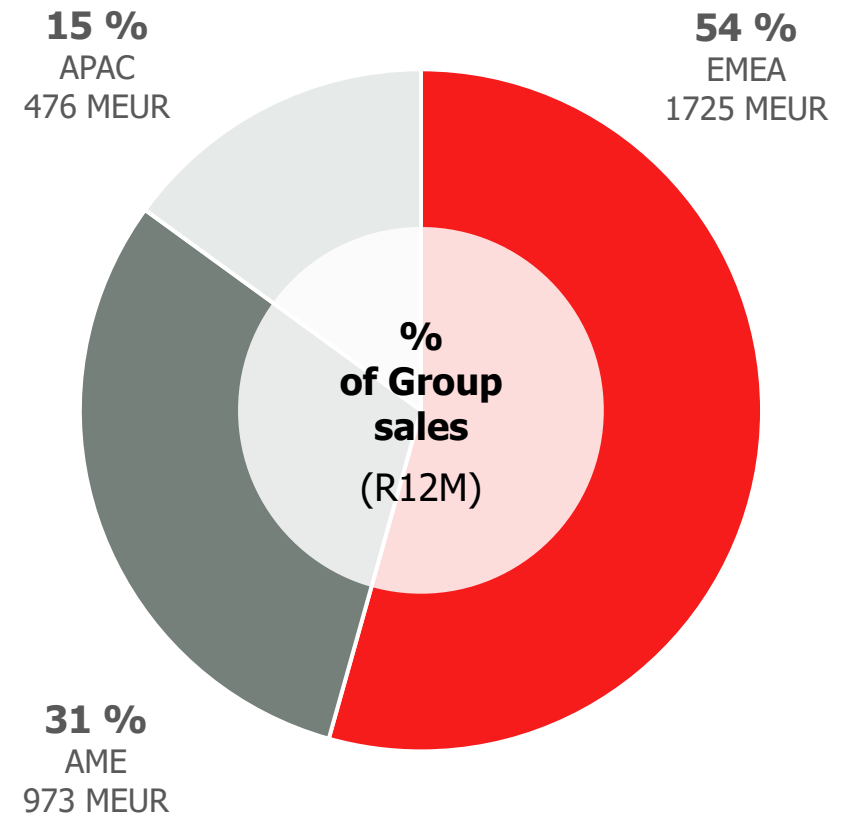
- Sales increased 0.7% to EUR 773.6 million (767.9), 0.1% on a comparable currency basis
- Sales increased in Service (0.5%) and Port Solutions (2.1%) but decreased in Industrial Equipment (-0.9%)

Group sales by business area and region

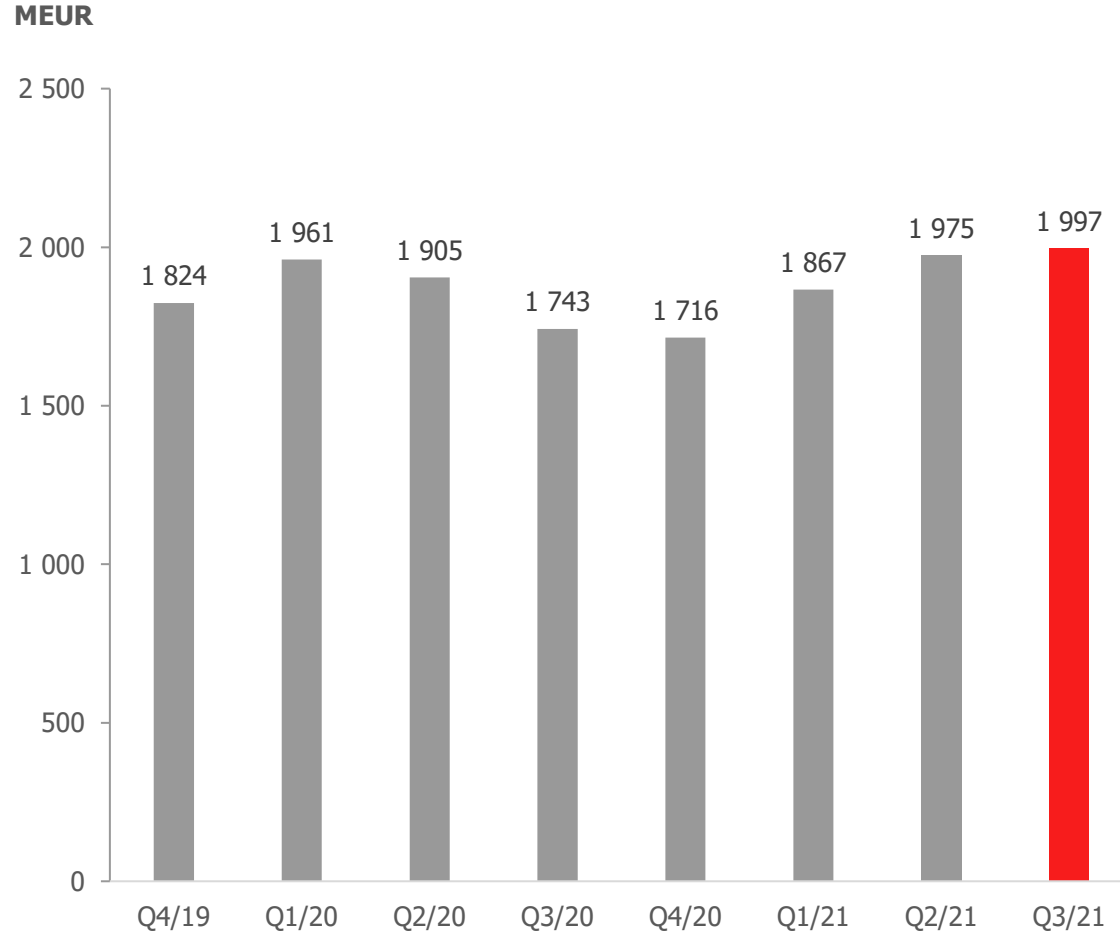
Group sales by business area



Group sales by region

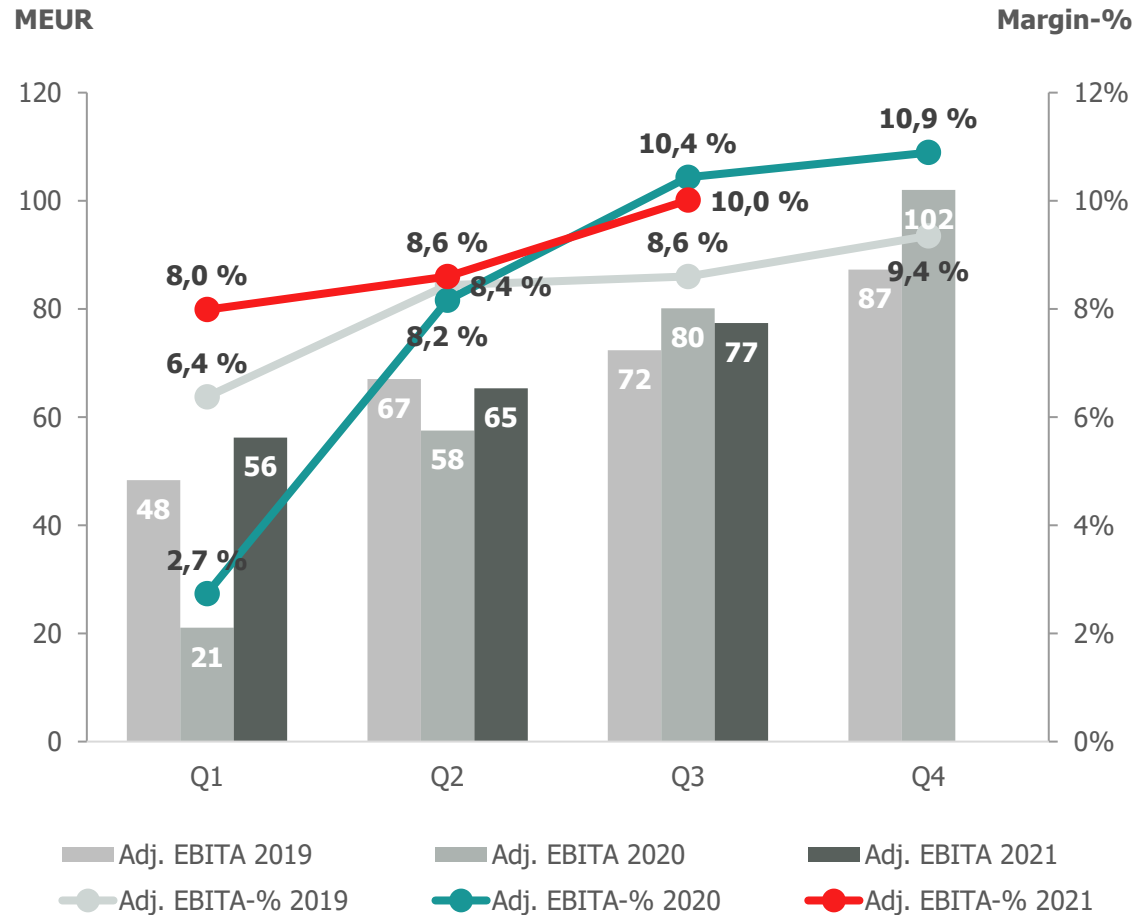


Q3/21 Group order book



- The value of the order book increased 14.6% to EUR 1,997.4 million (1,742.8)
- On a comparable currency basis, the order book increased 13.3%
- Order book increased in Service (27.4%), Industrial Equipment (11.7%) and Port Solutions (13.4%)

Q3/21 Group adjusted EBITA



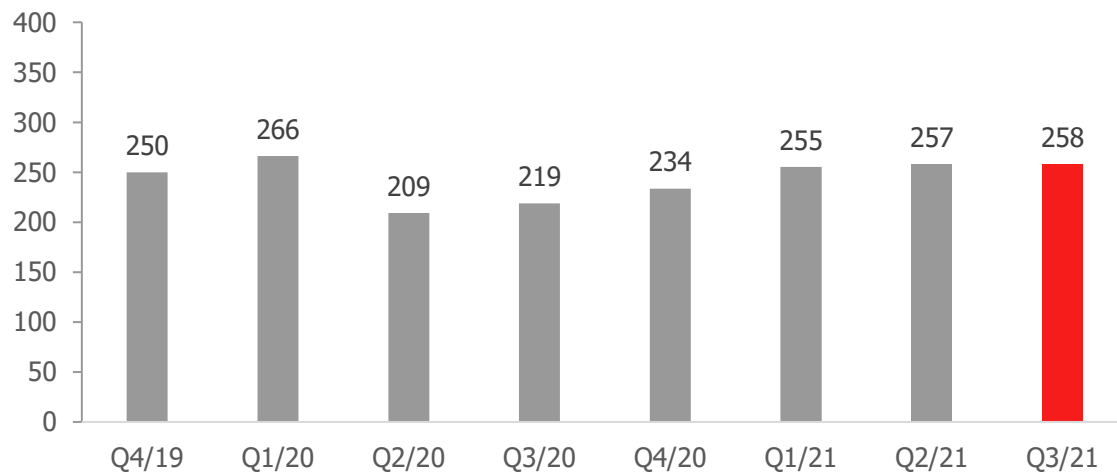
- Group adjusted EBITA decreased to EUR 77.4 million (80.1), 10.0% of sales (10.4)
- The decrease in the Group adjusted EBITA margin was driven by temporary personnel cost savings in the comparison period
- Gross margin improved on a year-on-year basis



Service

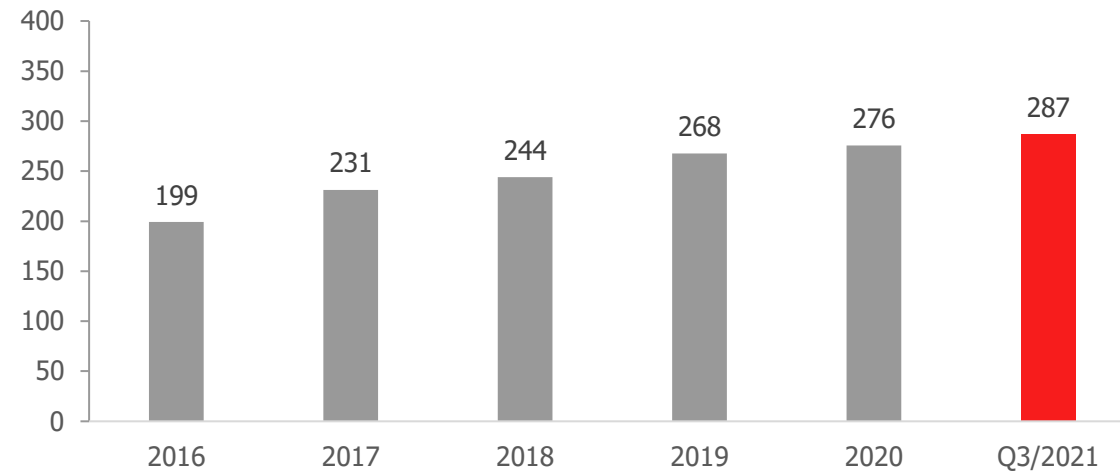
Q3/21 Service order intake and agreement base value

Service order intake, MEUR



- Service orders received increased 17.8% to EUR 257.9 million (218.9). On a comparable currency basis, orders received increased 16.8%
- Both field service orders and parts orders increased
- Order intake increased in the Americas, EMEA and APAC

Service agreement base value⁽¹⁾, MEUR

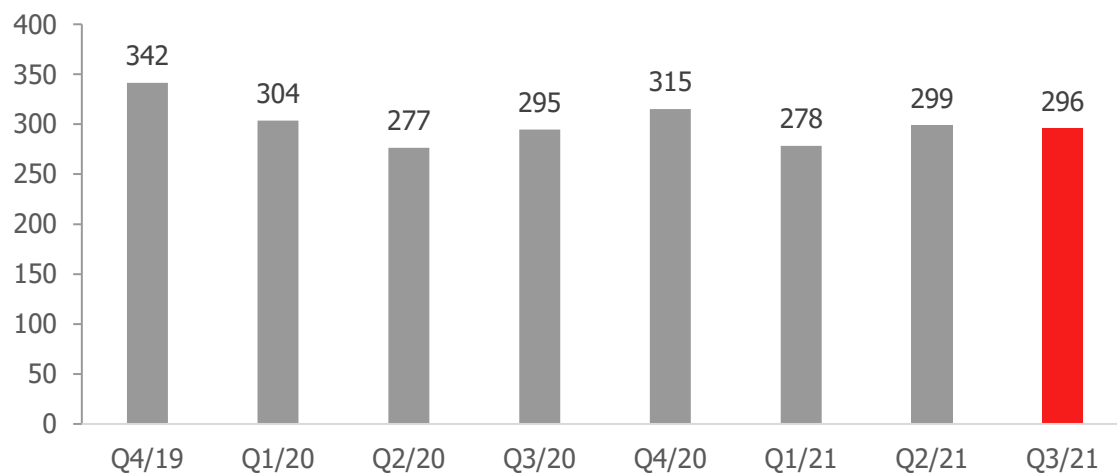


- Year-on-year, the annual value of the agreement base increased 2.8% to EUR 286.7 million (278.8). On a comparable currency basis, the annual value of the agreement base increased 1.5%
- Sequentially, the annual value of the agreement base increased 1.4% on a reported basis and 1.0% on a comparable currency basis

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

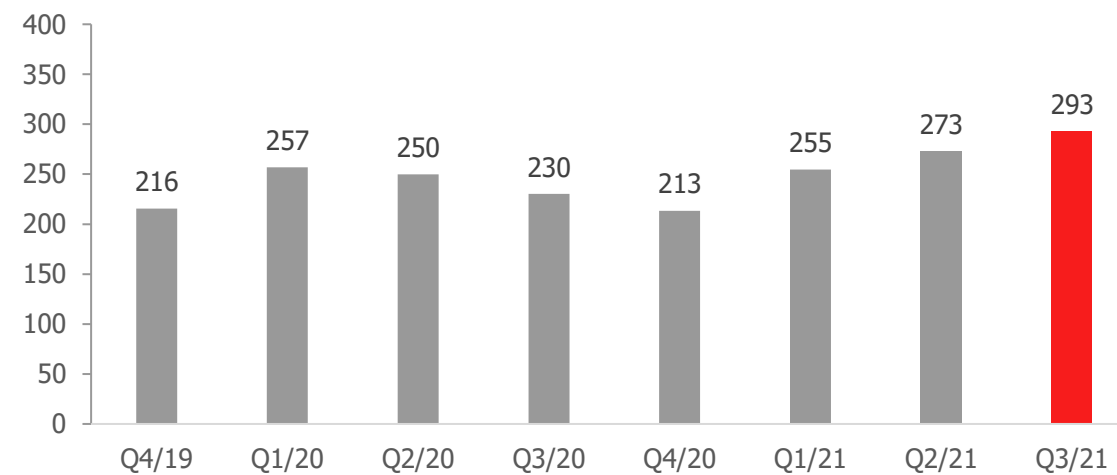
Q3/21 Service sales and order book

Service sales, MEUR



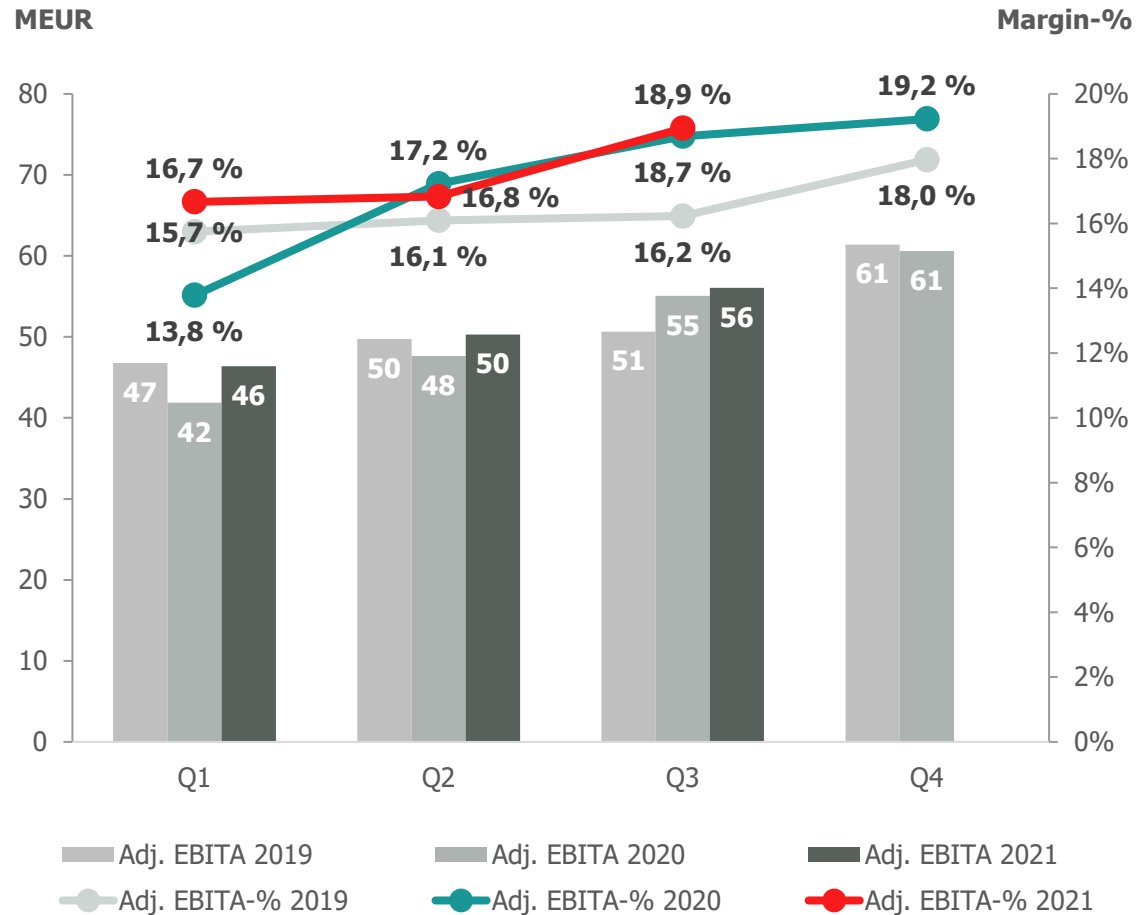
- Sales increased 0.5% to EUR 296.0 million (294.6)
- On a comparable currency basis, sales decreased 0.4%
- Parts sales increased but field service sales decreased
- Sales increased in the Americas but decreased in EMEA and APAC

Service order book, MEUR



- The order book increased 27.4% year-on-year to EUR 293.1 million (230.2)
- On a comparable currency basis, the order book increased 25.3%

Q3/21 Service adjusted EBITA



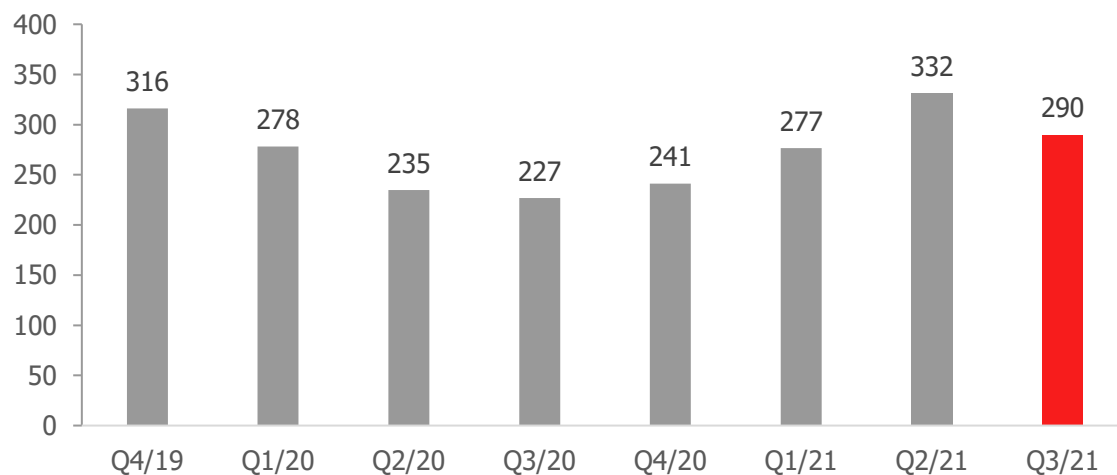
- The adjusted EBITA was EUR 56.1 million (55.1) and the adjusted EBITA margin 18.9% (18.7)
- The increase in the adjusted EBITA margin was mainly attributable to improved productivity and positive sales mix
- Gross margin improved on a year-on-year basis

Industrial Equipment



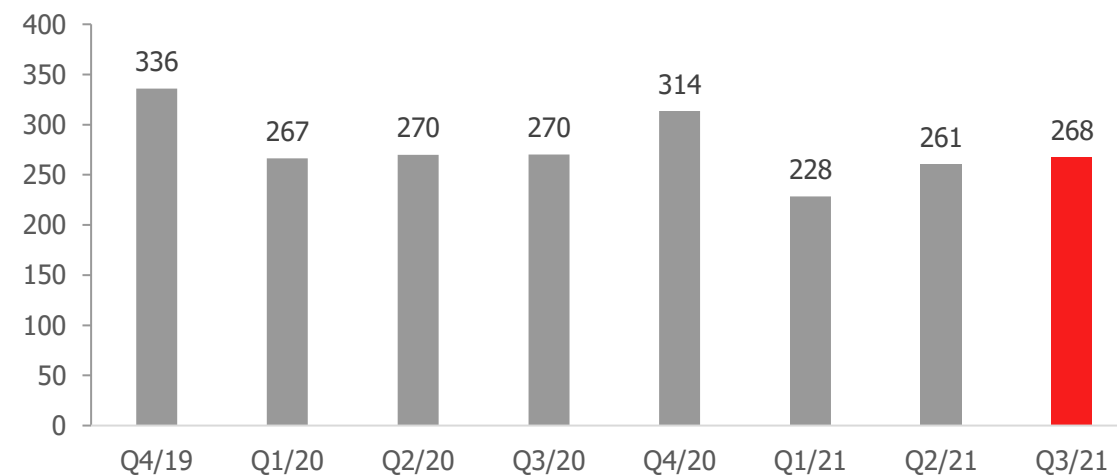
Q3/21 Industrial Equipment order intake and sales

Industrial Equipment order intake, MEUR



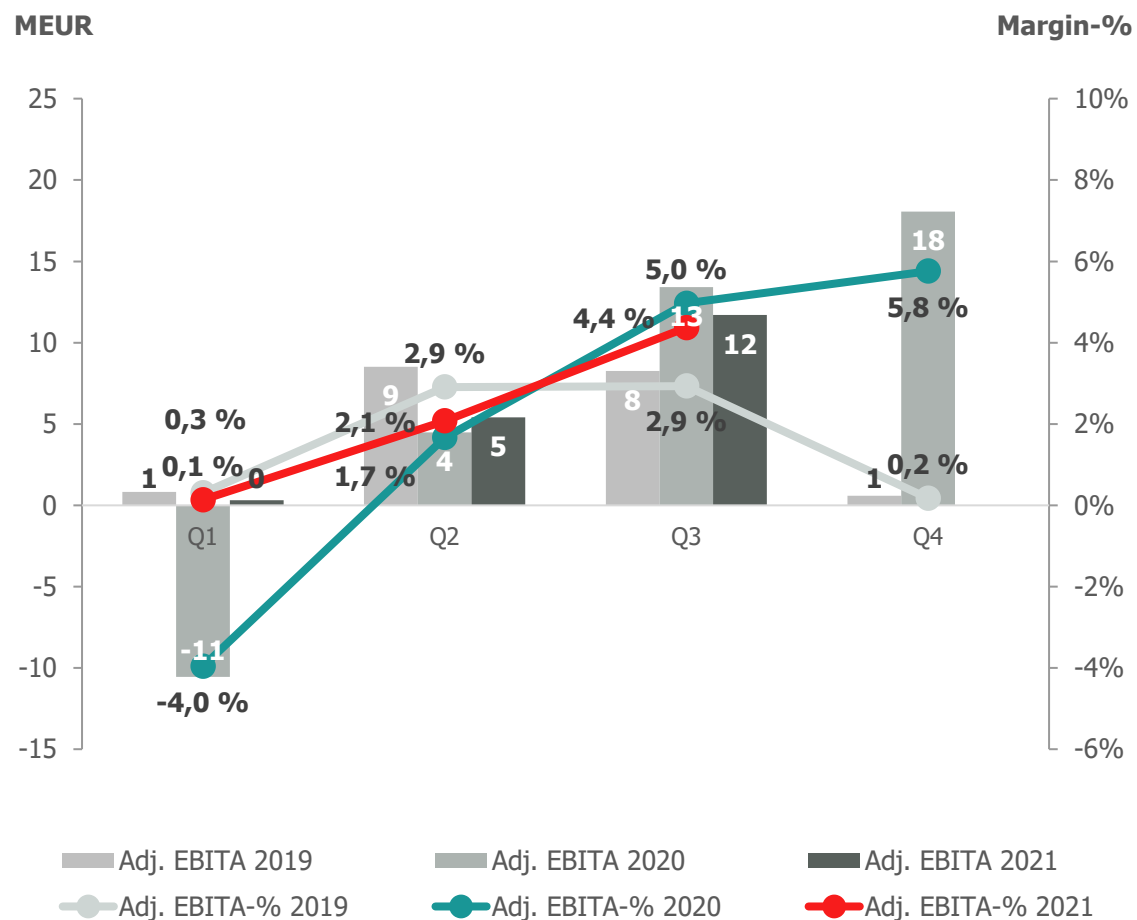
- Orders received totaled EUR 289.8 million (226.8), corresponding to an increase of 27.8%
- External orders received increased 33.5% on a reported basis and 32.1% on a comparable currency basis
- Order intake increased in standard cranes, process cranes and components
- Orders received increased in the Americas, EMEA and APAC

Industrial Equipment sales, MEUR



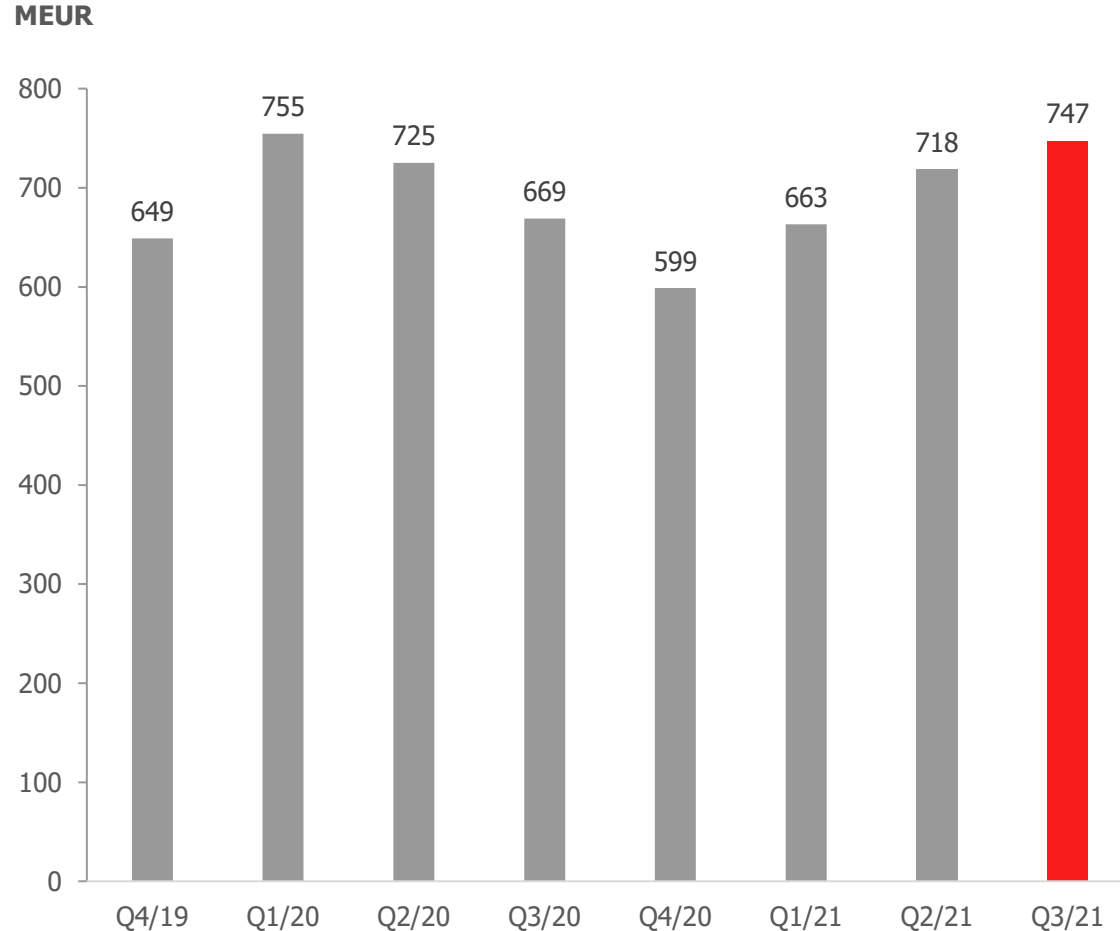
- Sales decreased 0.9% to EUR 267.7 million (270.1)
- External sales decreased 0.6% on a reported basis and 0.9% on a comparable currency basis
- The sales decrease was mainly due to delivery challenges caused by customer delays, component availability issues, and other supply chain challenges
- Sales decreased in standard cranes and process cranes but increased in components
- Sales decreased in the Americas and APAC but increased in EMEA

Q3/21 Industrial Equipment adjusted EBITA



- The adjusted EBITA was EUR 11.7 million (13.4) and the adjusted EBITA margin 4.4% (5.0)
- The decrease in the adjusted EBITA margin was mainly attributable to temporary personnel cost savings in the comparison period and lower sales
- Gross margin improved on a year-on-year basis

Q3/21 Industrial Equipment order book



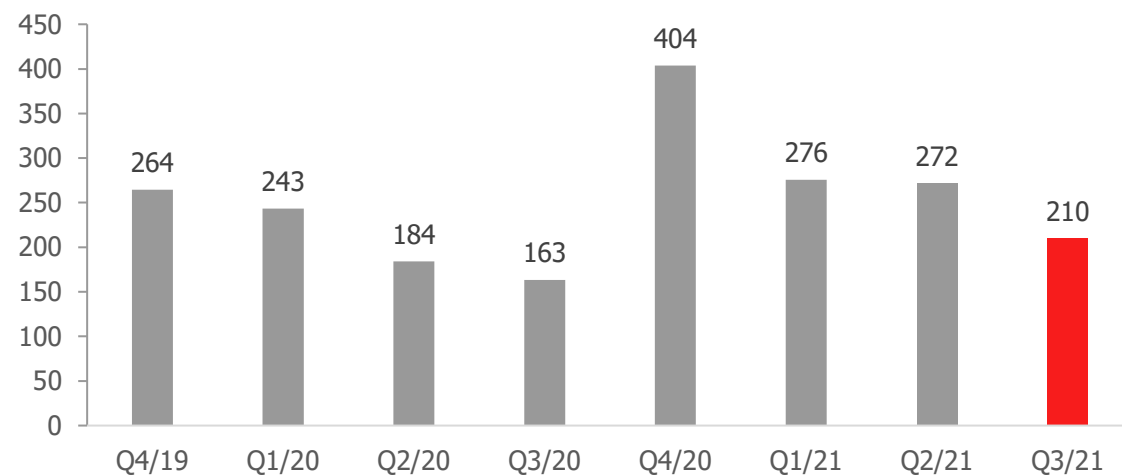
- The order book increased 11.7% year-on-year to EUR 747.3 million (669.1)
- On a comparable currency basis, the order book increased 9.9%

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 filled with similar blue containers. The scene is set against a bright blue sky with scattered white clouds. A red semi-transparent box is overlaid on the right side of the image, containing the text "Port Solutions".

Port Solutions

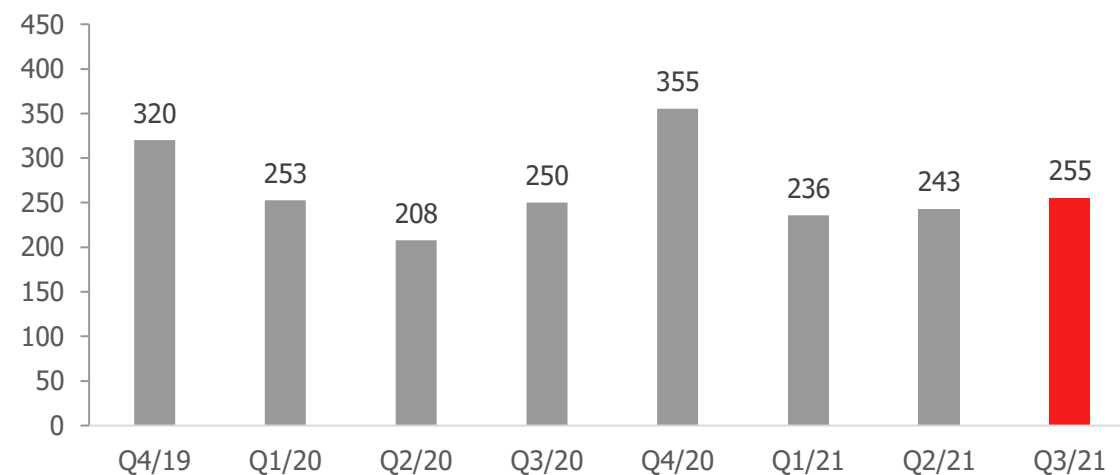
Q3/21 Port Solutions order intake and sales

Port Solutions order intake, MEUR



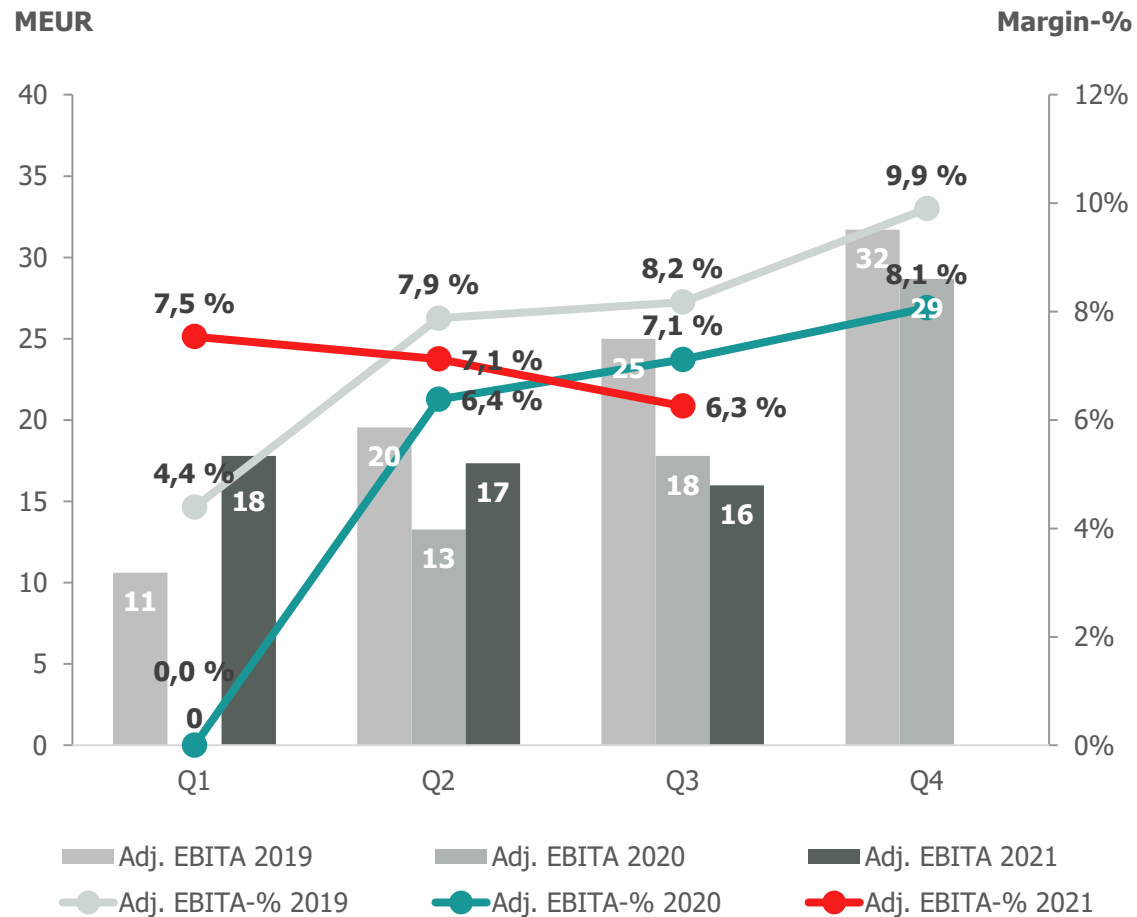
- Orders received totaled EUR 210.2 million (163.3), representing an increase of 28.7%. On a comparable currency basis, orders received increased 27.8%
- Orders received increased in the Americas, EMEA and APAC

Port Solutions sales, MEUR



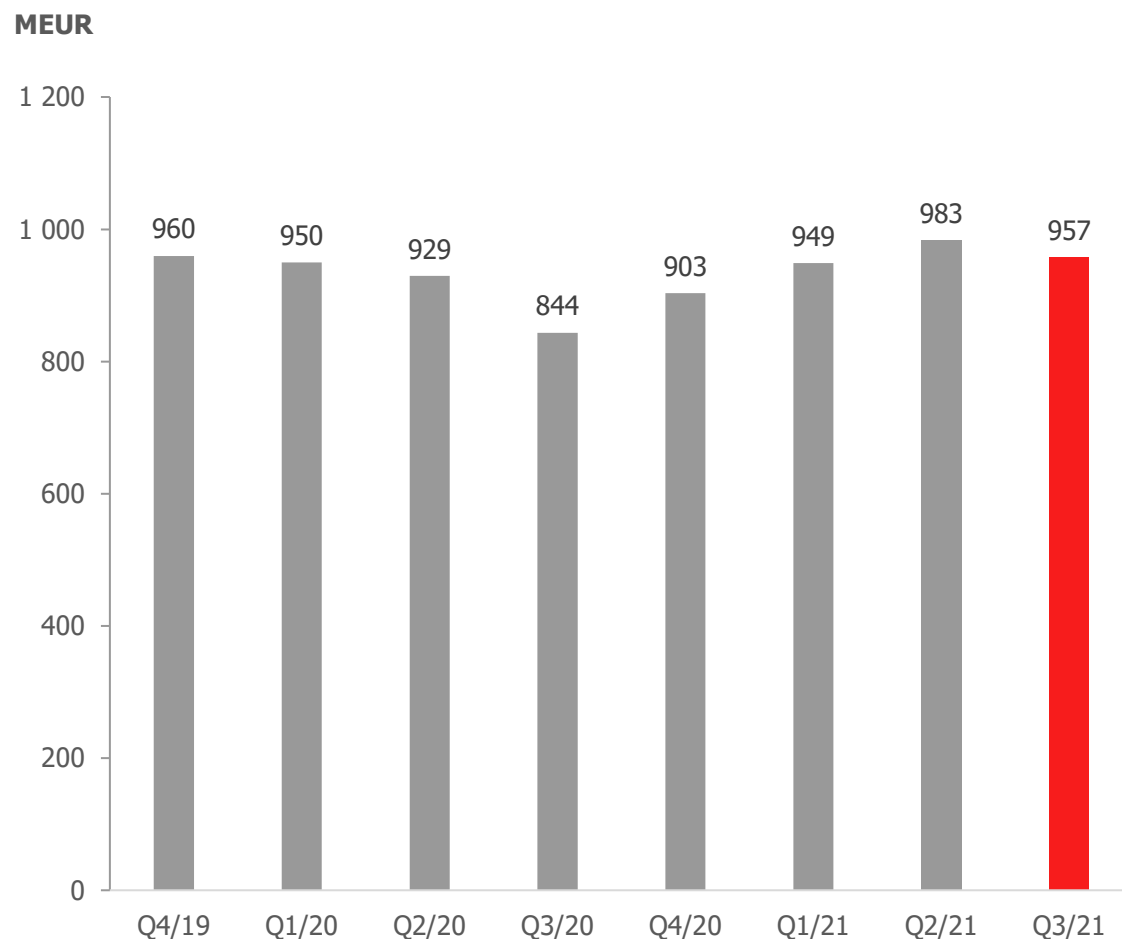
- Sales increased 2.1% to EUR 255.5 million (250.2). On a comparable currency basis, sales increased 1.5%

Q3/21 Port Solutions adjusted EBITA



- The adjusted EBITA was EUR 16.0 million (17.8) and the adjusted EBITA margin 6.3% (7.1)
- The decrease in the adjusted EBITA margin was mainly attributable to temporary personnel cost savings in the comparison period
- Gross margin improved on a year-on-year basis

Q3/21 Port Solutions order book



- The order book increased 13.4% year-on-year to EUR 957.0 million (843.6)
- On a comparable currency basis, the order book increased 12.8%

Cash Flow and Balance Sheet

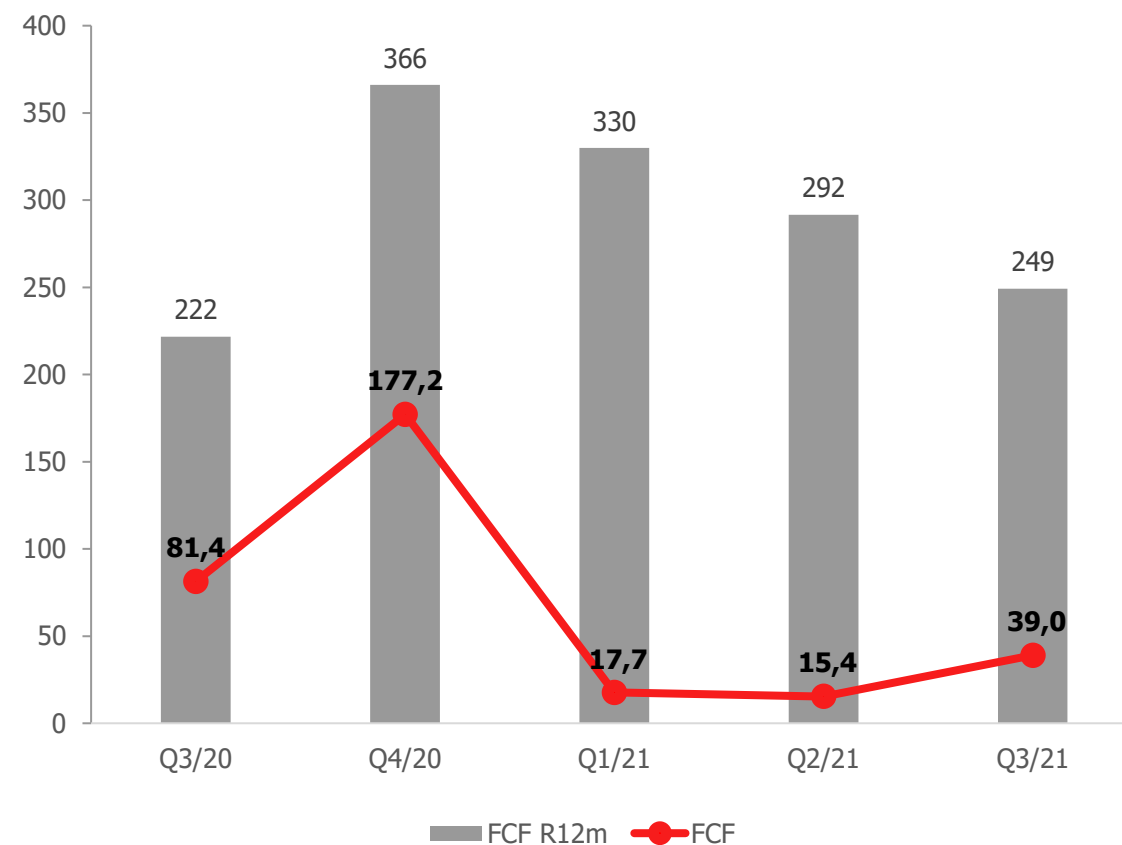
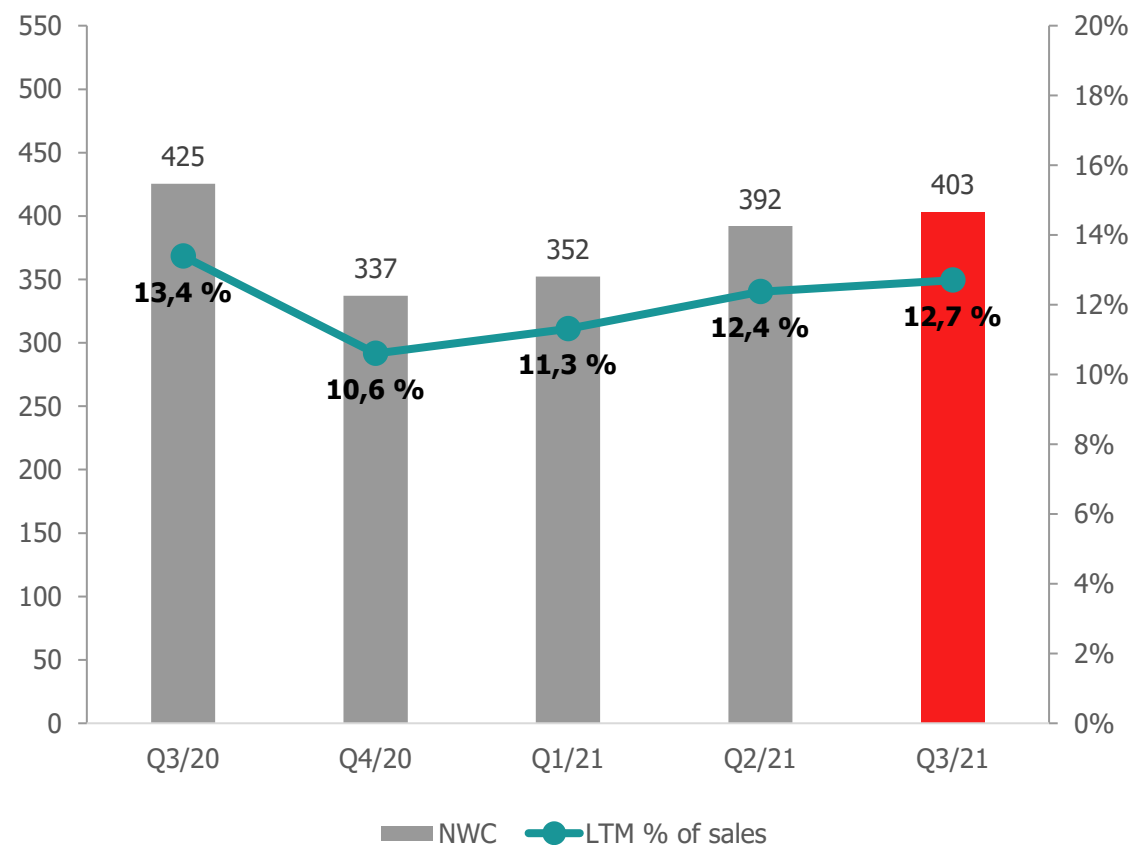


Net working capital and free cash flow

Net working capital⁽¹⁾, MEUR

% of sales

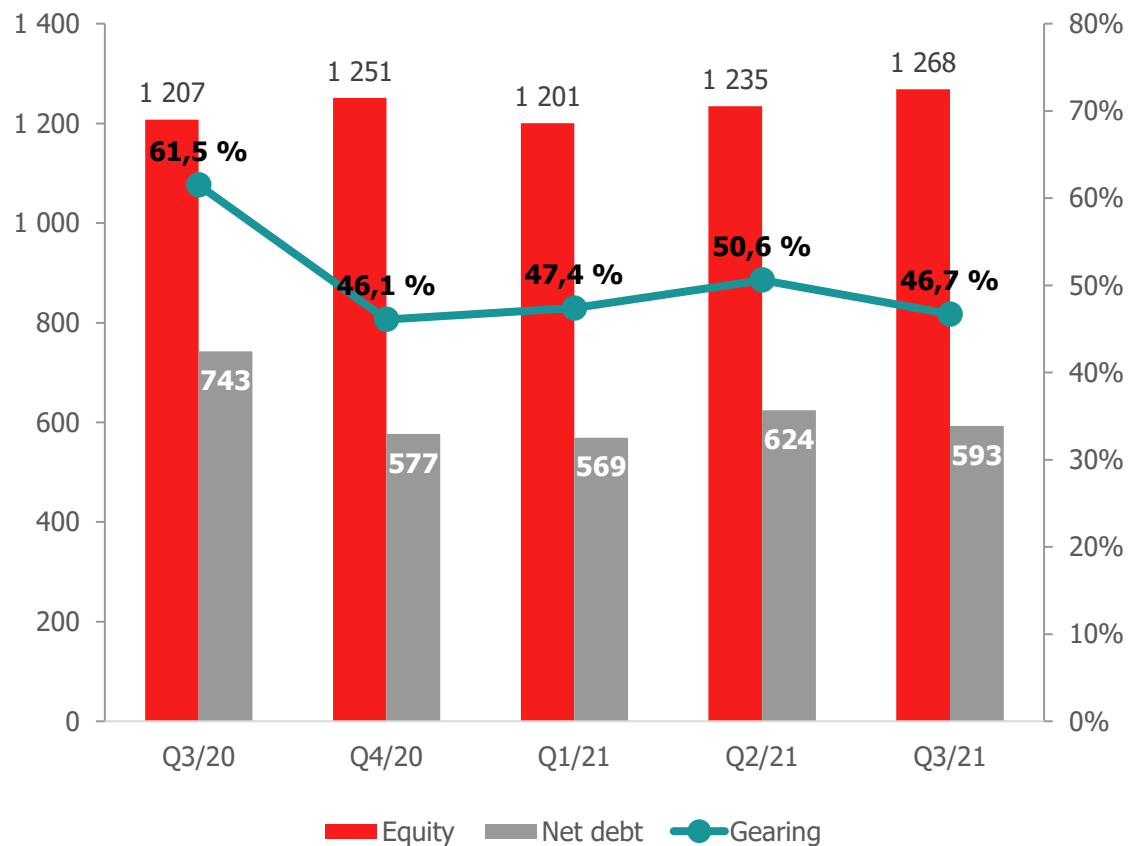
Free cash flow, MEUR



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

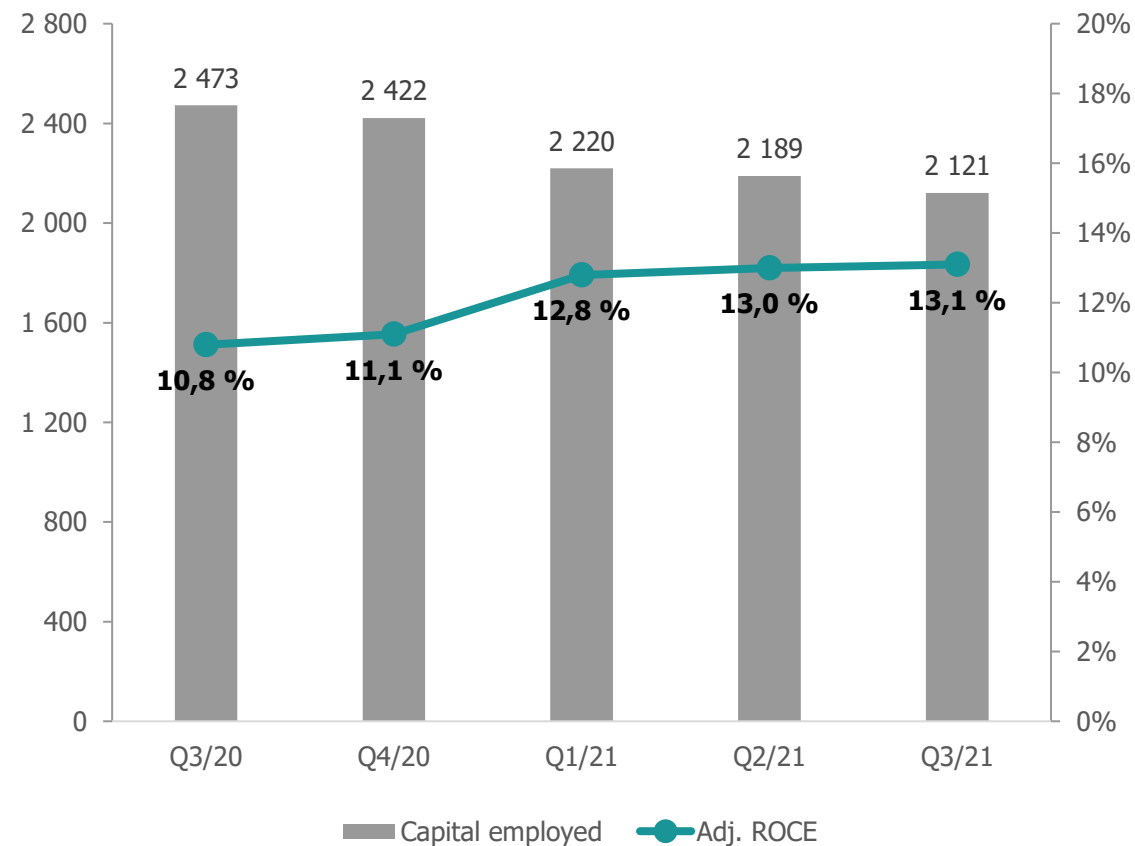
Gearing and return on capital employed

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	7-9/ 2021	7-9/ 2020	Change %	Change % At comparable currencies	1-9/ 2021	1-9/ 2020	Change %	Change % At comparable currencies	1-12/ 2020
Service									
Orders received, MEUR	257.9	218.9	17.8	16.8	770.6	694.1	11.0	13.4	927.8
Service agreement base value, MEUR	286.7	278.8	2.8	1.5	286.7	278.8	2.8	1.5	275.7
Sales, MEUR	296.0	294.6	0.5	-0.4	873.1	874.7	-0.2	1.9	1,190.0
Adj. EBITA, MEUR	56.1	55.1	1.8		152.7	144.6	5.7		205.2
Adj. EBITA, %	18.9%	18.7%			17.5%	16.5%			17.2%
Industrial Equipment									
Orders received, MEUR	289.8	226.8	27.8	26.5	898.0	739.9	21.4	23.4	981.2
<i>of which external</i>	<i>258.1</i>	<i>193.3</i>	<i>33.5</i>	<i>32.1</i>	<i>791.3</i>	<i>632.3</i>	<i>25.2</i>	<i>27.4</i>	<i>849.1</i>
Sales, MEUR	267.7	270.1	-0.9	-1.2	756.6	806.6	-6.2	-4.4	1,120.1
<i>of which external</i>	<i>234.4</i>	<i>235.9</i>	<i>-0.6</i>	<i>-0.9</i>	<i>666.1</i>	<i>694.7</i>	<i>-4.1</i>	<i>-2.2</i>	<i>973.8</i>
Adj. EBITA, MEUR	11.7	13.4	-12.8		17.4	7.3	137.3		25.4
Adj. EBITA, %	4.4%	5.0%			2.3%	0.9%			2.3%
Port Solutions									
Orders received, MEUR	210.2	163.3	28.7	27.8	757.8	590.8	28.3	28.1	994.5
Sales, MEUR	255.5	250.2	2.1	1.5	734.9	710.7	3.4	3.3	1,066.0
Adj. EBITA, MEUR	16.0	17.8	-10.2		51.1	31.1	64.5		59.7
Adj. EBITA, %	6.3%	7.1%			7.0%	4.4%			5.6%

Statement of income

EUR million	7-9/ 2021	7-9/ 2020	Change %	1-9/ 2021	1-9/ 2020	Change %	1-12/ 2020
Sales	773.6	767.9	0.7	2,236.8	2,242.1	-0.2	3,178.9
Other operating income	3.3	2.7		9.1	6.4		10.7
Materials, supplies and subcontracting	-343.6	-354.2		-948.3	-992.2		-1,473.0
Personnel cost	-245.5	-249.9		-766.7	-762.5		-993.5
Depreciation and impairments	-29.6	-32.5		-90.3	-100.0		-130.0
Other operating expenses	-108.3	-93.7		-306.7	-303.1		-419.3
Operating profit	49.9	40.3	23.7	134.0	90.8	47.6	173.8
Share of associates' and joint ventures' result	0.0	0.0		0.1	20.9		21.2
Financial income	1.1	18.0		18.2	28.5		38.6
Financial expenses	-7.9	-22.7		-41.5	-46.2		-63.2
Profit before taxes	43.1	35.6	21.1	110.9	94.1	17.9	170.4
Taxes	-11.7	-9.7		-32.7	-26.3		-47.5
Profit for the period	31.4	25.9	21.2	78.2	67.7	15.4	122.9

Balance sheet

EUR million	30 Sep 2021	30 Sep 2020
Non-current assets	2,005.8	2,052.5
Goodwill	1,020.4	1,018.8
Intangible assets	509.0	544.3
Property, plant and equipment	327.1	338.0
Other	149.3	151.4
Current assets	1,783.9	2,051.7
Inventories	782.4	778.2
Accounts receivable	454.1	459.4
Receivables and other current assets	289.6	291.7
Cash and cash equivalents	257.7	522.4
Assets held for sale	0.0	0.0
Total Assets	3,789.7	4,104.2

EUR million	30 Sep 2021	30 Sep 2020
Total Equity	1,268.3	1,207.5
Non-current liabilities	908.7	1,389.7
Interest-bearing liabilities	444.6	937.0
Other long-term liabilities	305.1	286.0
Other	159.1	166.7
Current liabilities	1,612.7	1,507.0
Interest-bearing liabilities	408.5	328.7
Advance payments received	372.2	417.7
Accounts payable	244.0	211.1
Provisions	113.7	153.0
Other current liabilities	474.2	396.4
Liabilities directly attributable to assets held for sale	0.0	0.0
Total Equity and Liabilities	3,789.7	4,104.2

Cash flow statement

EUR million	1-9/ 2021	1-9/ 2020	1-12/ 2020
Operating income before change in net working capital	227.9	188.9	302.4
Change in net working capital	-67.4	60.3	125.0
Cash flow from operations before financing items and taxes	160.5	249.2	427.4
Financing items and taxes	-68.5	-30.2	-20.3
Net cash from operating activities	92.1	219.0	407.1
Net cash used in investing activities	-20.0	-154.1	-165.1
Cash flow before financing activities	72.0	64.8	242.0
Net cash used in financing activities	-410.8	93.4	-12.4
Translation differences in cash	4.6	-14.0	-15.9
Change of cash and cash equivalents	-334.2	144.2	213.7
Free cash flow	72.0	188.9	366.1

Key figures

EUR million	1-9/ 2021	1-9/ 2020	Change %	1-12/ 2020
Earnings per share, basic (EUR)	0.99	0.85	15.4	1.54
Earnings per share, diluted (EUR)	0.99	0.85	15.4	1.54
Return on capital employed, %, Rolling 12 Months (R12M)	9.3	7.9	17.7	8.3
Return on equity, %, Rolling 12 Months (R12M)	10.8	9.3	16.1	9.8
Equity per share (EUR)	15.91	15.15	5.0	15.69
Net debt / Adjusted EBITDA, Rolling 12 Months (R12M)	1.5	2.2	-31.8	1.6
Equity to asset ratio, %	37.1	32.8	13.1	34.1
Investments total (excl. acquisitions), EUR million	32.1	25.9	23.9	42.8
Average number of personnel during the period	16,638	17,068	-2.5	17,027
Average number of shares outstanding, basic	79,134,459	79,058,519	0.1	79,077,608
Average number of shares outstanding, diluted	79,134,459	79,058,519	0.1	79,077,608
Number of shares outstanding	79,134,459	79,134,459	0.0	79,134,459



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