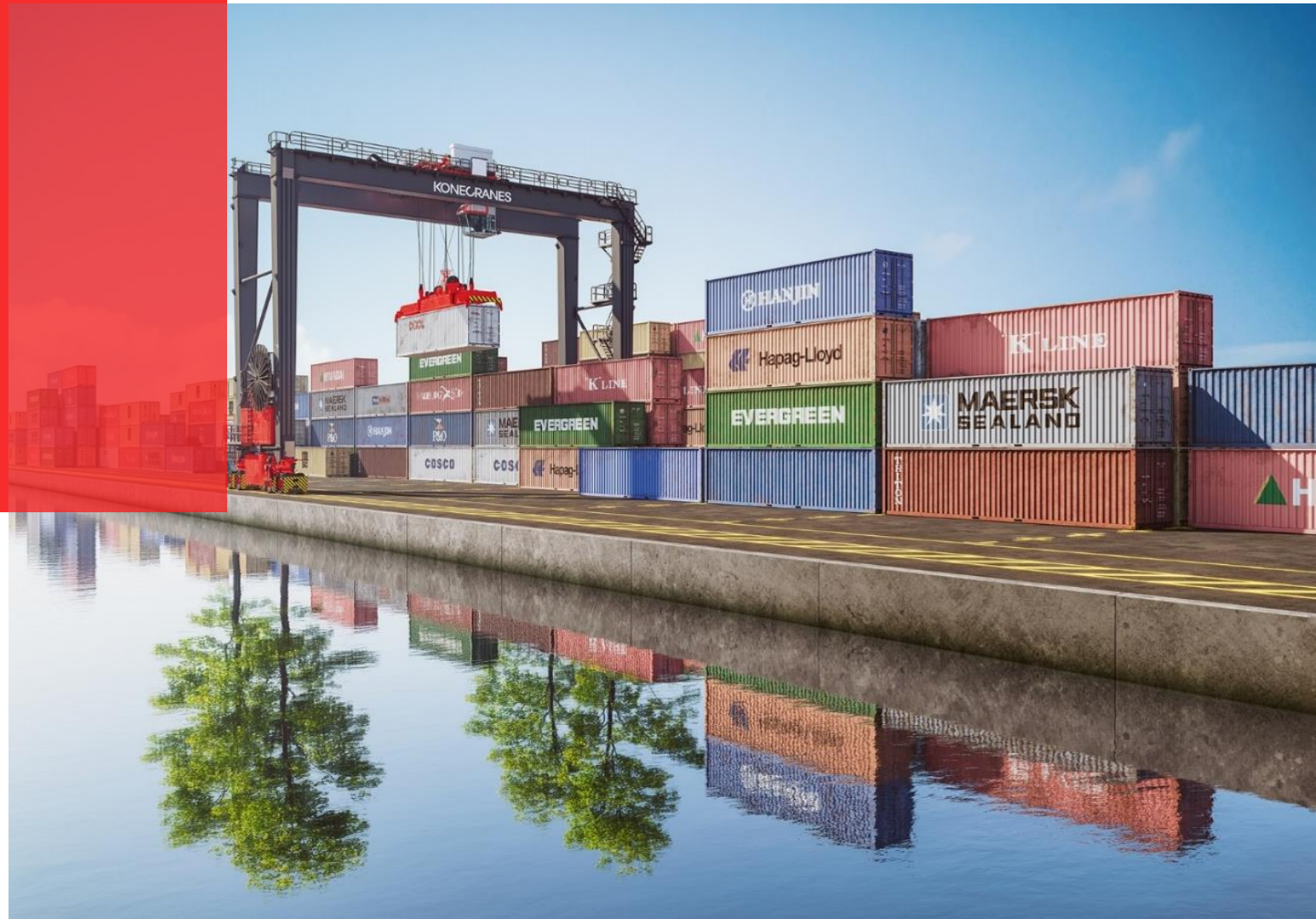


# Q4 2021 Report

February 3, 2022

Teo Ottola, CFO and Interim CEO

**KONECRANES<sup>®</sup>**  
Lifting Businesses<sup>™</sup>



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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

# Q4 2021 Highlights

## **2021 ended on a strong note and all three Business Areas performed well**

- The hard work to mitigate the impact of global component availability issues continued
- Group adj. EBITA-% at 11.9% in Q4 (10.9%), highest Q4 adjusted EBITA-% ever and beating previous record from last year
- Service Q4 adj. EBITA-% at all-time high of 21.0%, Industrial Equipment at 6.2% and Port Solutions at 8.5%

## **Overall market sentiment continued stable and relatively similar to Q3, COVID-19 related market volatility is not over**

- Q4 order intake grew 4.2% Y/Y in comparable FX, stabilization in short-cycle product orders after three strong quarters
- Component availability, customer delays and other supply chain constraints continued to affect Q4 sales
- Good sales execution maintained and late backlog prevented from growing from Q3 thanks to mitigating actions, Q4 sales increased 1.3% Y/Y
- With strong Q4 orders, order book broke again a new record of over EUR 2 billion at the end of December

## **New financial guidance for 2022, Q1 demand outlook updated**

**EUR 0.88 dividend per share proposed for 2021**

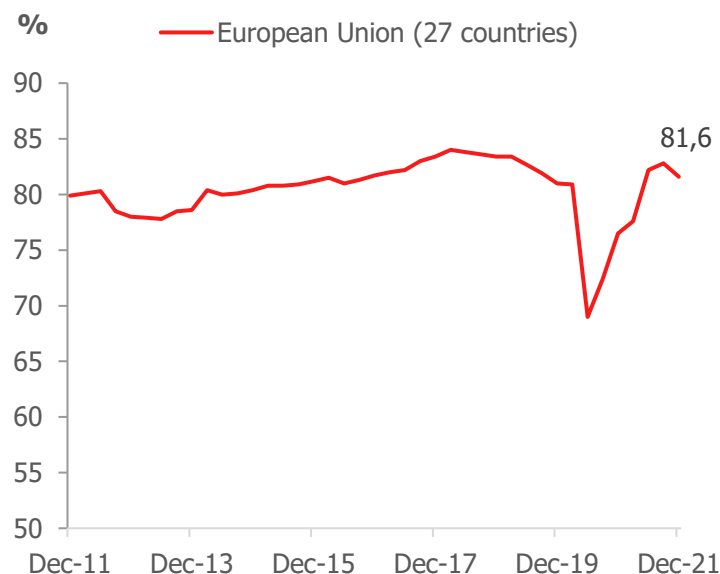


# Key figures

Key figures	10-12/ 2021	10-12/ 2020	Change %	Change % At comparable currencies	1-12/ 2021	1-12/ 2020	Change %	Change % At comparable currencies
Orders received, MEUR	892.3	843.3	5.8	4.2	3,175.5	2,727.3	16.4	17.0
Order book at end of period, MEUR					2,036.8	1,715.5	18.7	15.7
Sales, MEUR	948.9	936.8	1.3	-0.4	3,185.7	3,178.9	0.2	0.7
Adj. EBITDA, MEUR	134.8	124.5	8.2		398.9	356.7	11.8	
Adj. EBITDA, %	14.2%	13.3%			12.5%	11.2%		
Adj. EBITA, MEUR	113.2	102.1	10.9		312.2	260.8	19.7	
Adj. EBITA, %	11.9%	10.9%			9.8%	8.2%		
Operating profit (EBIT), MEUR	86.0	83.0	3.6		220.0	173.8	26.6	
Operating margin (EBIT), %	9.1%	8.9%			6.9%	5.5%		
EPS, basic, EUR	0.87	0.69	26.2		1.86	1.54	20.2	
Free cash flow, MEUR	65.7	177.2			137.7	366.1		
Net debt, MEUR					541.6	577.1		

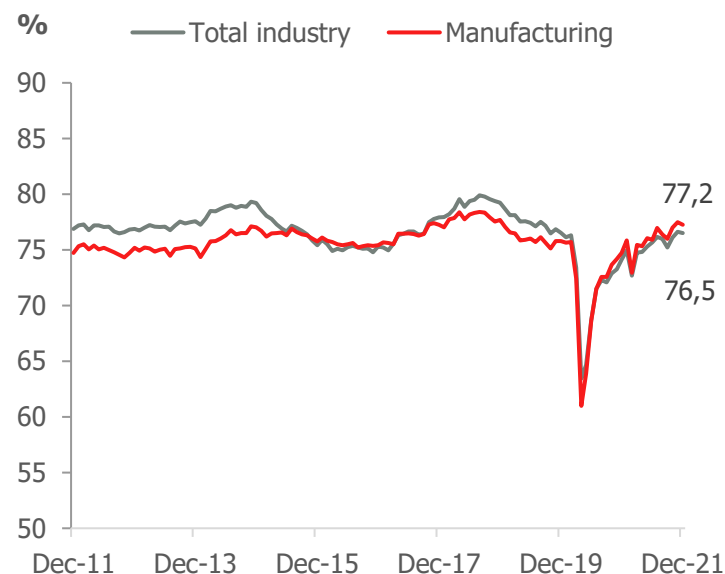
# Market environment – Service and Industrial Equipment

## Capacity utilization rate – EU



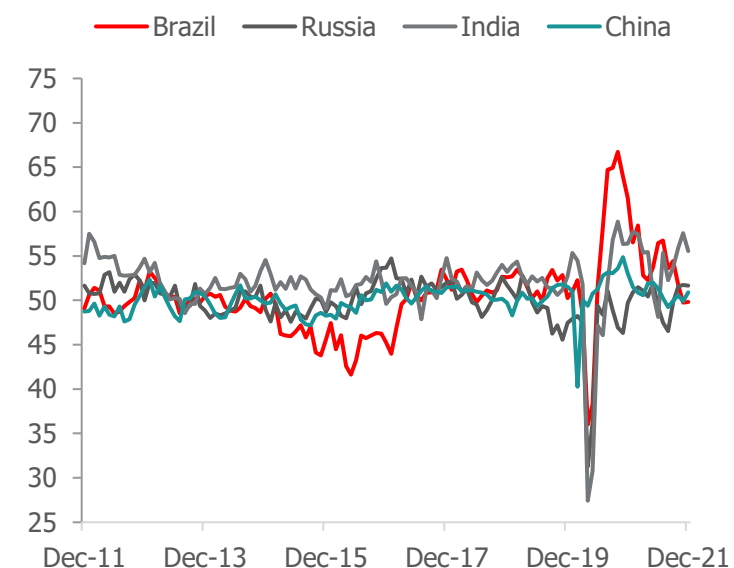
- In Europe, operating conditions continued to improve in Q4 despite the continued supply-side constraints, December's PMI was 58.0
- Manufacturing industry capacity utilization rate decreased in Q4 but remained slightly above the pre-COVID level

## Capacity utilization rate – USA



- In the US, the manufacturing sector's PMI reading was 57.7 in December although material shortages and supplier delays continued
- Manufacturing capacity utilization rate continued to trend further upwards in the end of 2021, but has not yet reached the recent peaks of mid-2018

## PMIs – BRIC countries



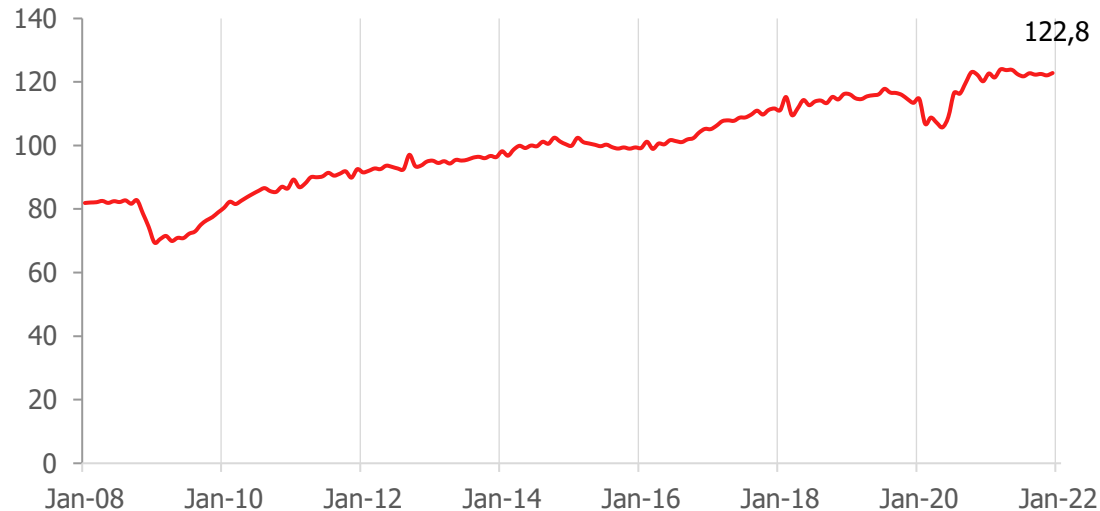
- China's Manufacturing PMI ended the year in improvement with a reading of 50.9
- In Brazil, the Manufacturing PMI was in deterioration at 49.8 in December
- In India, the Manufacturing PMI was firmly in expansion with a reading of 55.5 in December and in Russia, December's PMI was also in expansion at 51.6



# Market environment – Port Solutions

RWI/ISL Container Throughput Index

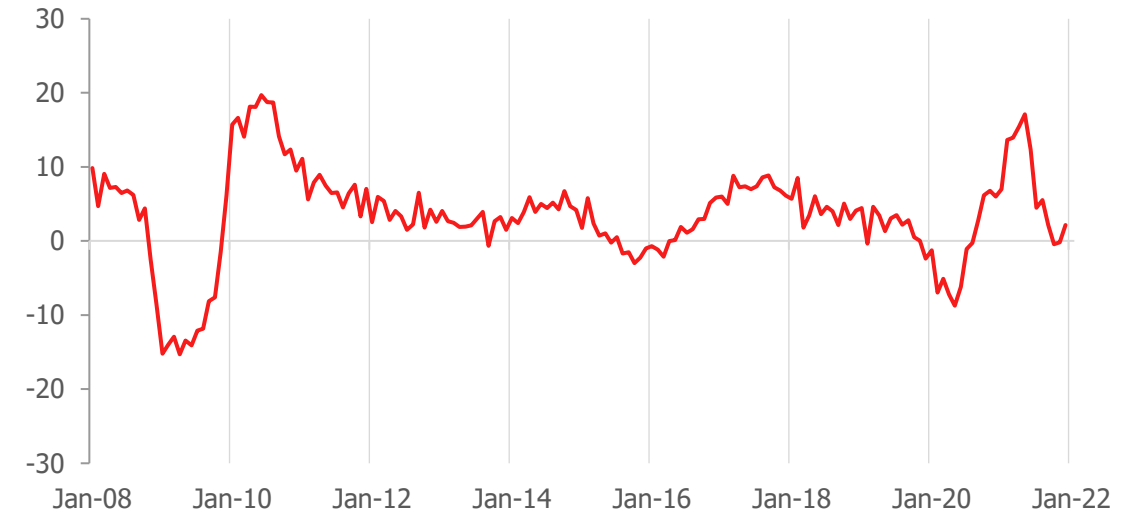
Index (2015 = 100)



- The global container throughput faced some fluctuation but remained relatively steady at a high level during 2021

Monthly index change Y/Y

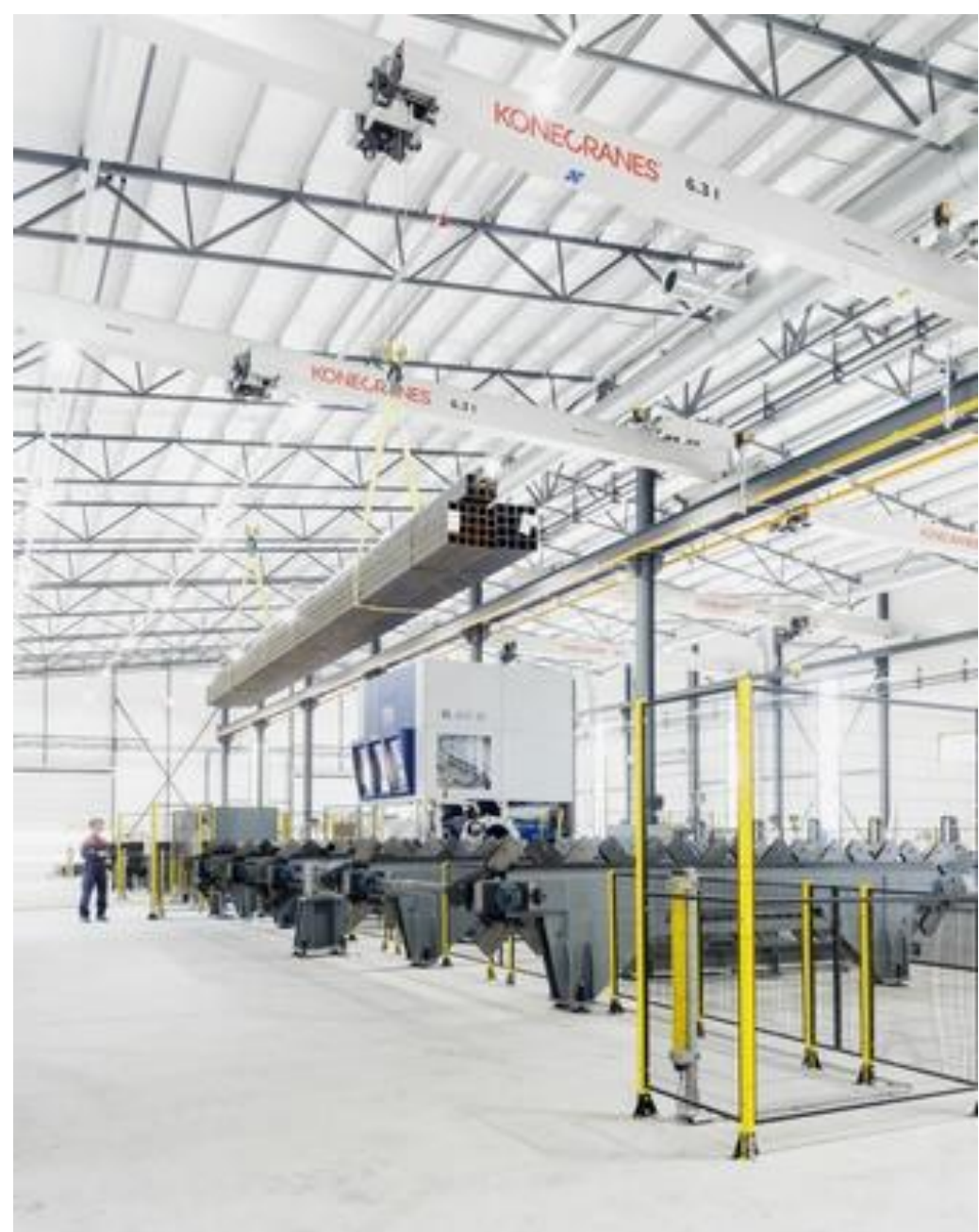
%



- At the end of December, global container throughput was approximately 2 percent higher than the year before

## Q1 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 is on a healthy level. In Asia-Pacific, the demand environment remains below Europe and North America.
- Global container throughput continues to be at a record high, and long-term prospects related to global container handling remain good overall.

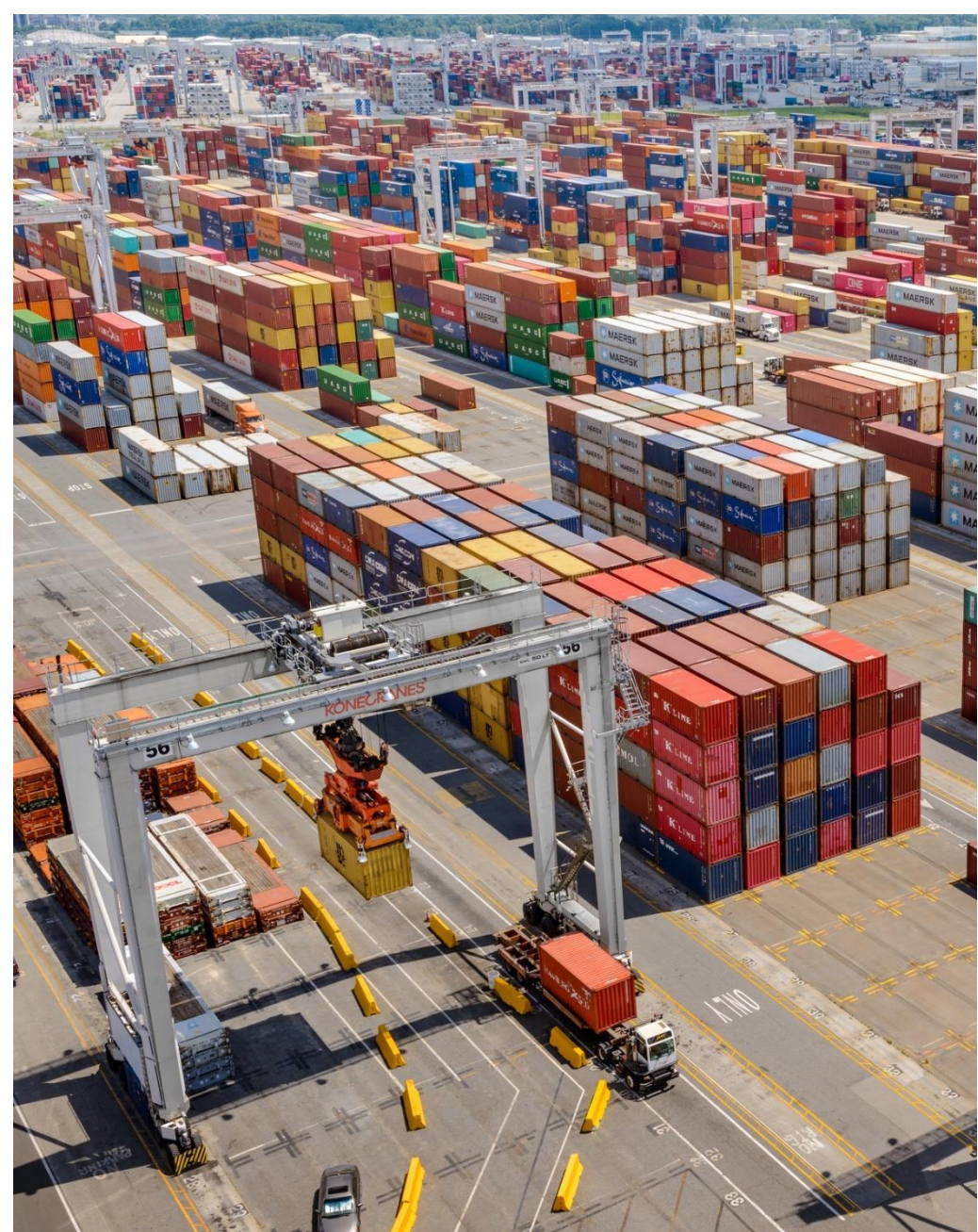




# Financial guidance

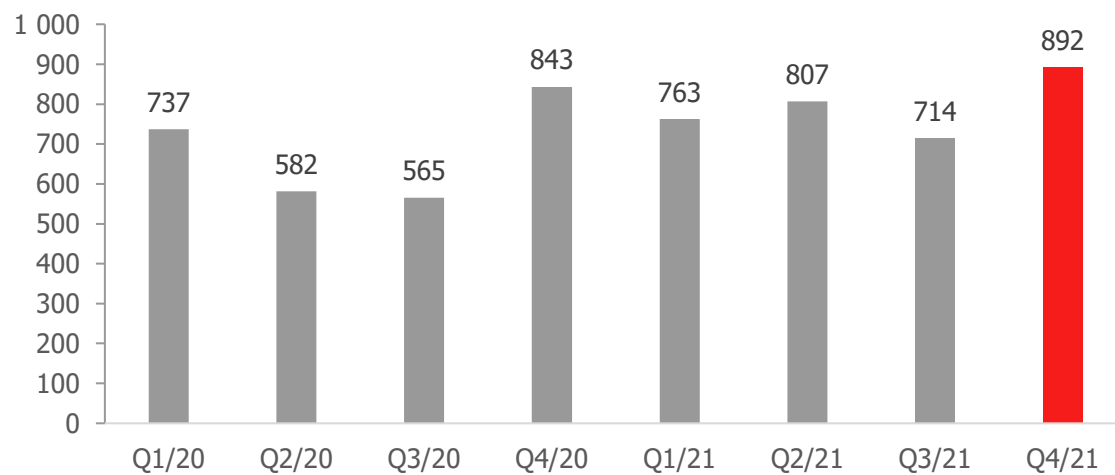
Financial guidance for 2022

- Net sales expected to increase in full-year 2022 compared to 2021
- Full-year 2022 adjusted EBITA margin expected to improve from 2021



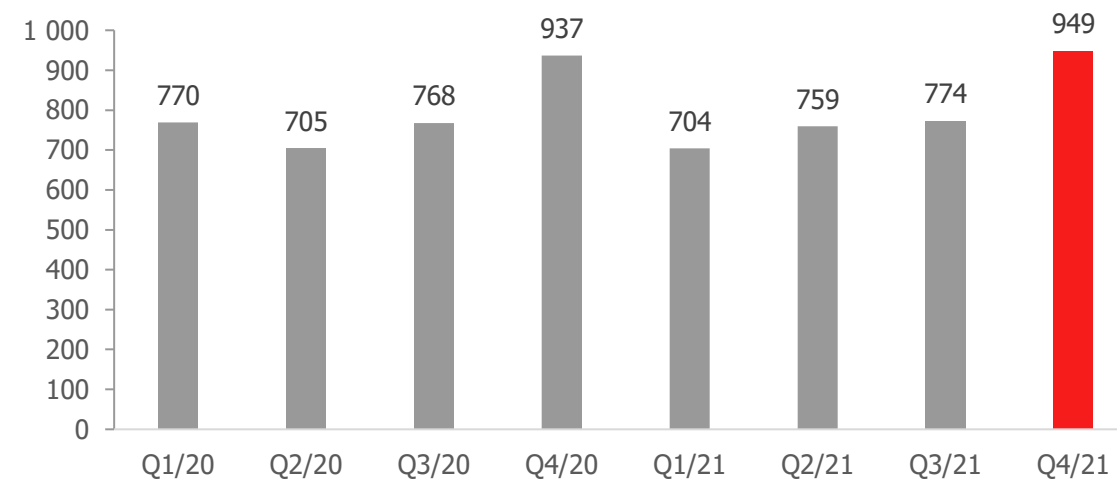
# Q4/21 Group order intake and sales

Group order intake, MEUR



- Order intake increased of 5.8% to EUR 892.3 million (843.3), 4.2% on a comparable currency basis
- Orders received increased in the Americas and EMEA but decreased in APAC
- Orders received increased in Service (31.7%) and Industrial Equipment (13.8%) but decreased in Port Solutions (-12.1%)

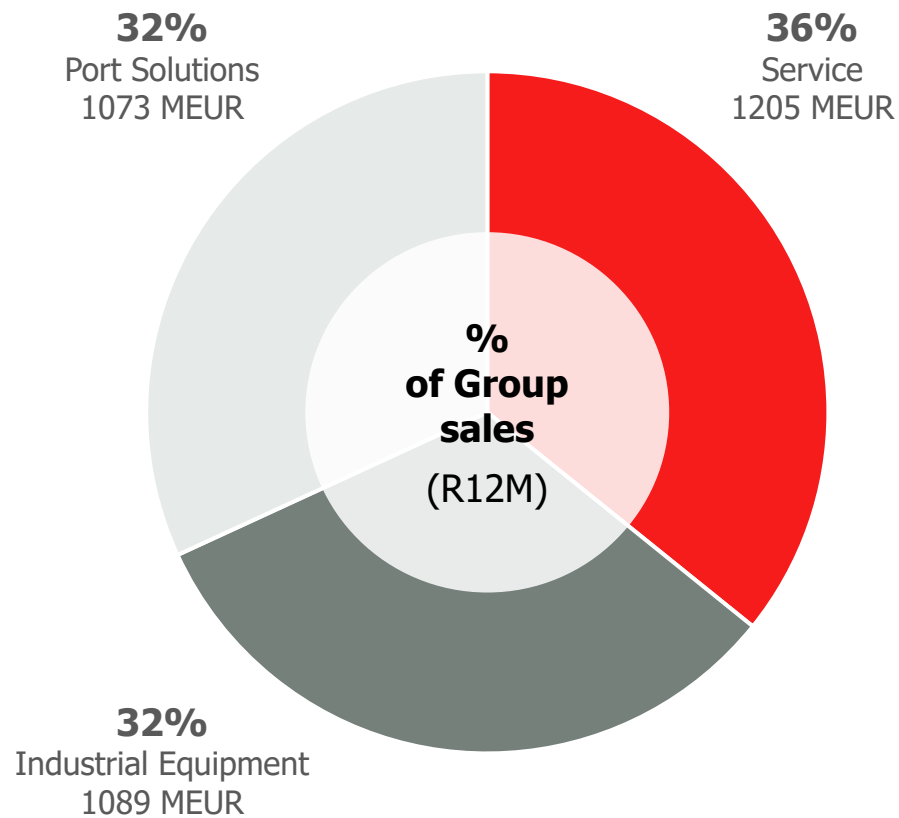
Group net sales, MEUR



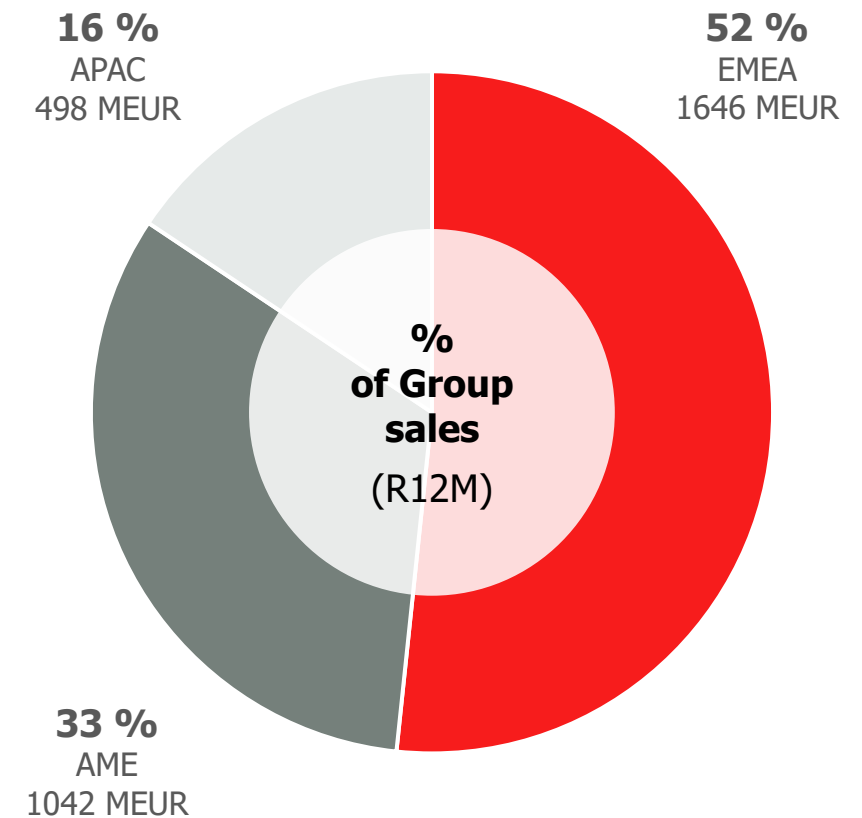
- Sales increased 1.3% to EUR 948.9 million (936.8), -0.4% on a comparable currency basis
- Sales increased in Service (5.4%) and Industrial Equipment (5.9%) but decreased in Port Solutions (-4.9%)

# Group sales by business area and region

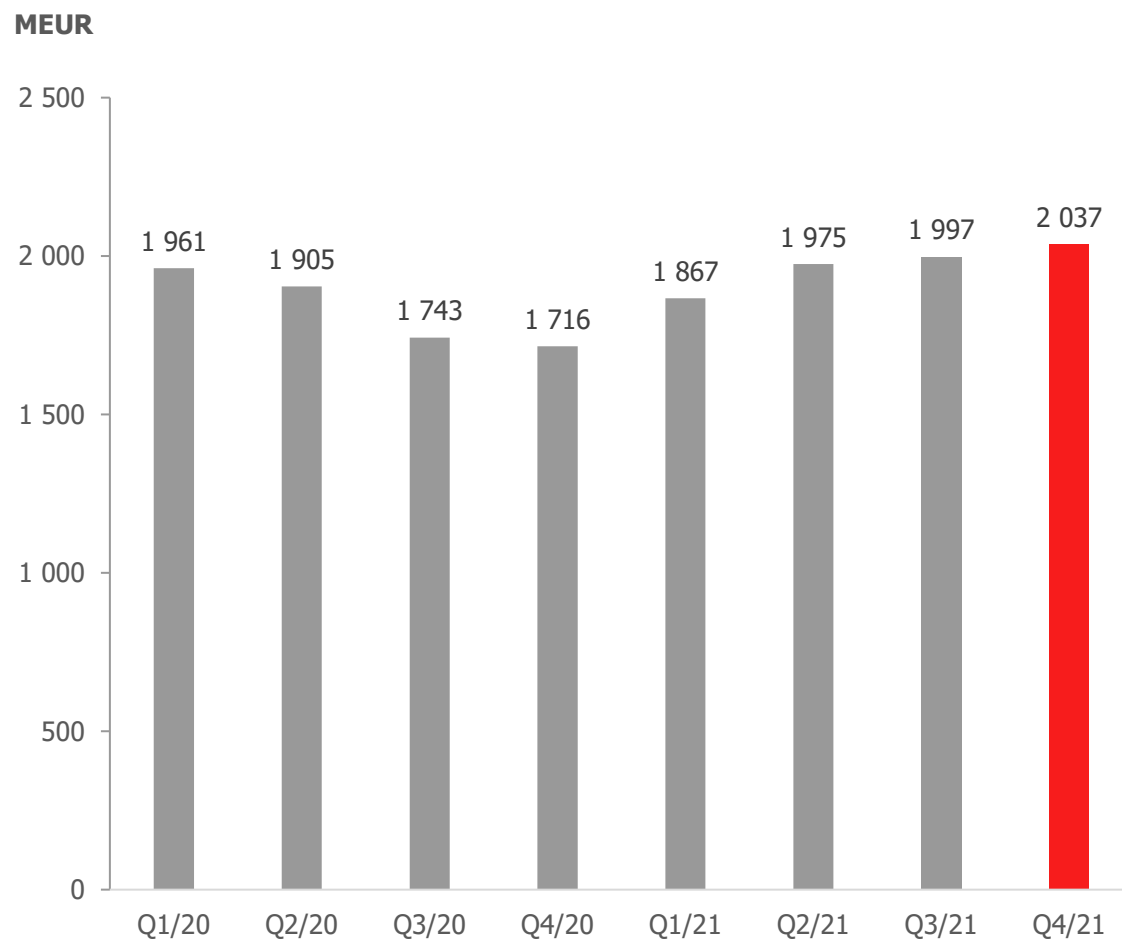
Group sales by business area



Group sales by region

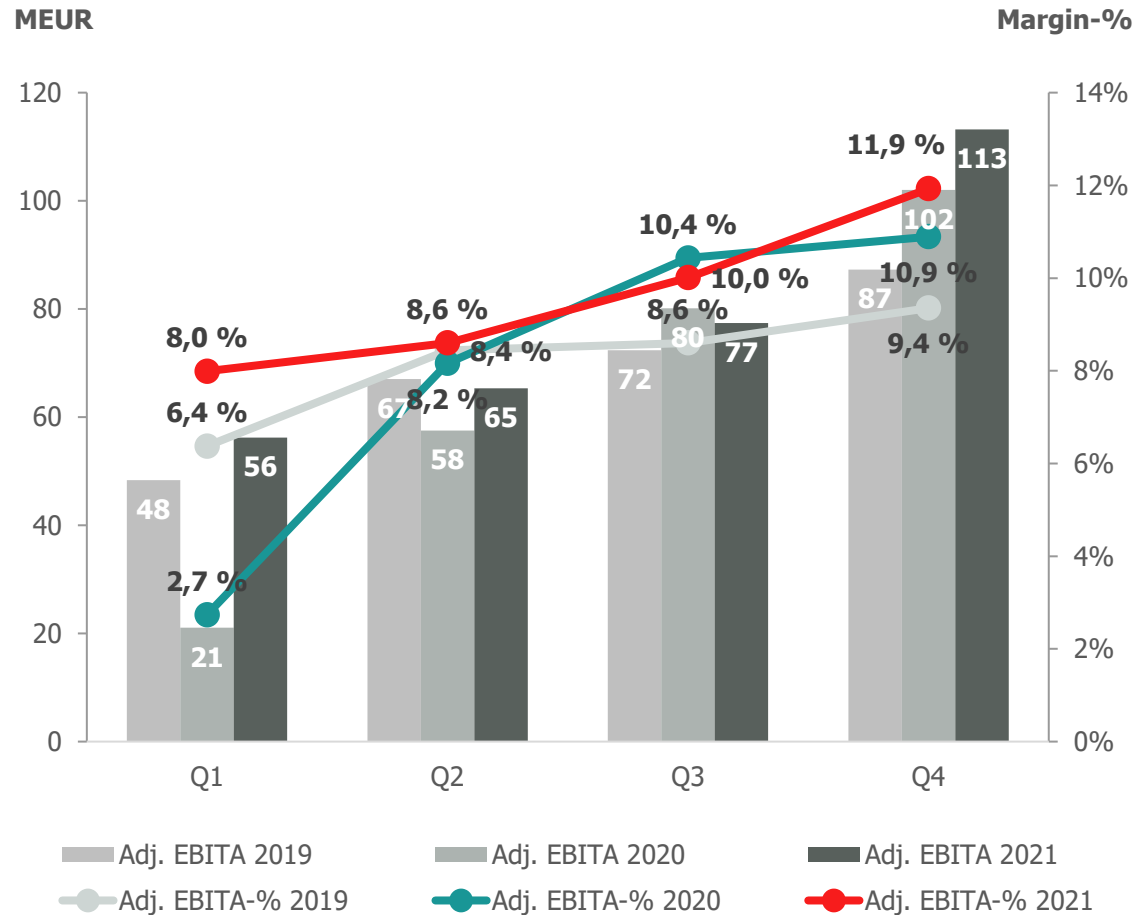


## Q4/21 Group order book



- The value of the order book increased 18.7% to EUR 2,036.8 million (1,715.5)
- On a comparable currency basis, the order book increased 15.7%
- Order book increased in Service (60.9%), Industrial Equipment (18.5%) and Port Solutions (8.9%)

# Q4/21 Group adjusted EBITA



- Group adjusted EBITA increased to EUR 113.2 million (102.1), 11.9% of sales (10.9)
- The increase in the Group adjusted EBITA margin was mainly driven by positive sales mix and continued focus on strategic initiatives
- Gross margin improved on a year-on-year basis

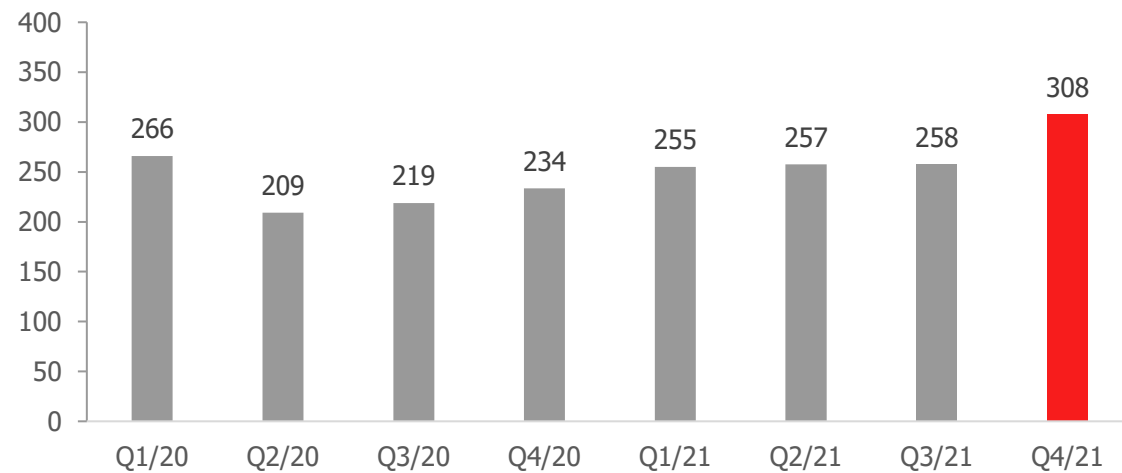


A low-angle photograph of two male technicians working on a large industrial crane. The technician on the left, with a beard and wearing a dark blue uniform, is reaching up to adjust a cable on a pulley system. The technician on the right, wearing an orange shirt and dark overalls, is looking up at the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

# Service

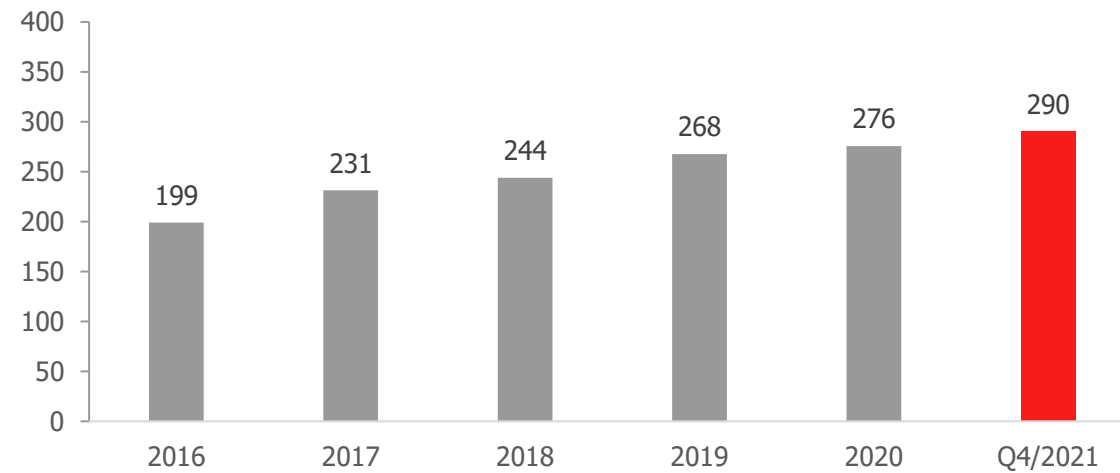
## Q4/21 Service order intake and agreement base value

Service order intake, MEUR



- Service orders received increased 31.7% to EUR 307.7 million (233.6). On a comparable currency basis, orders received increased 28.3% percent
- The year-on-year increase was positively impacted by a large order to modernize four polar reactor cranes in the United States
- Both field service orders and parts orders increased
- Order intake increased in the Americas and EMEA but decreased in APAC

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

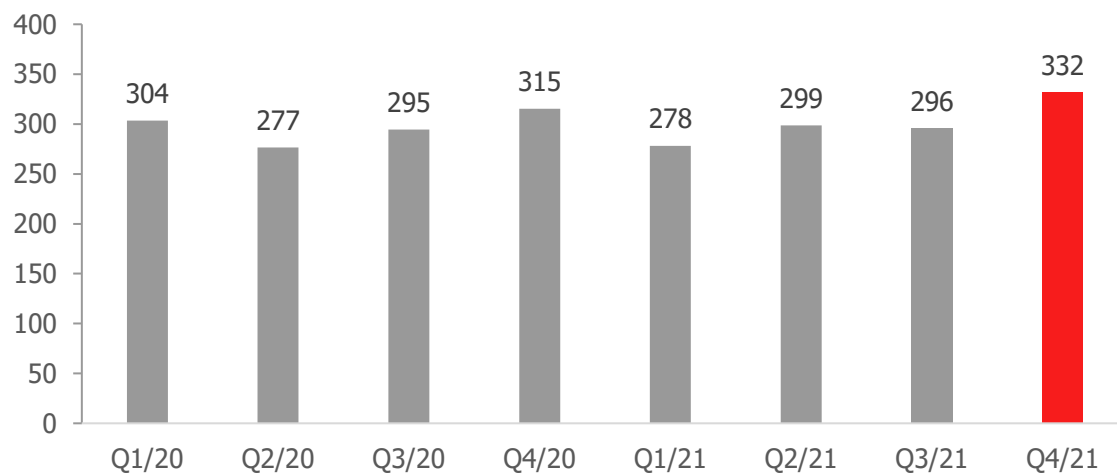


- Year-on-year, the annual value of the agreement base increased 5.3% to EUR 290.4 million (275.7). On a comparable currency basis, the annual value of the agreement base increased 1.7%
- Sequentially, the annual value of the agreement base increased 1.3% on a reported basis and stayed approximately the same with a change of 0.0% on a comparable currency basis

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

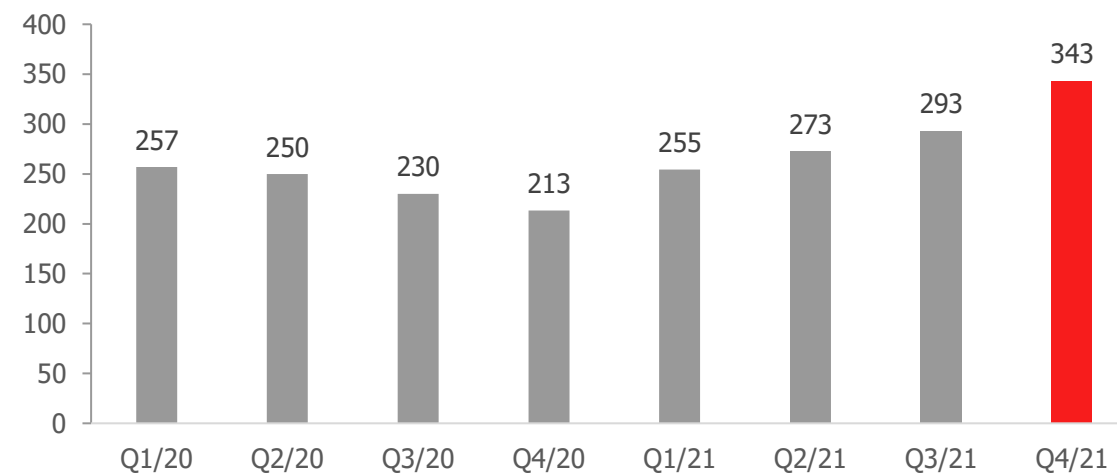
## Q4/21 Service sales and order book

Service sales, MEUR



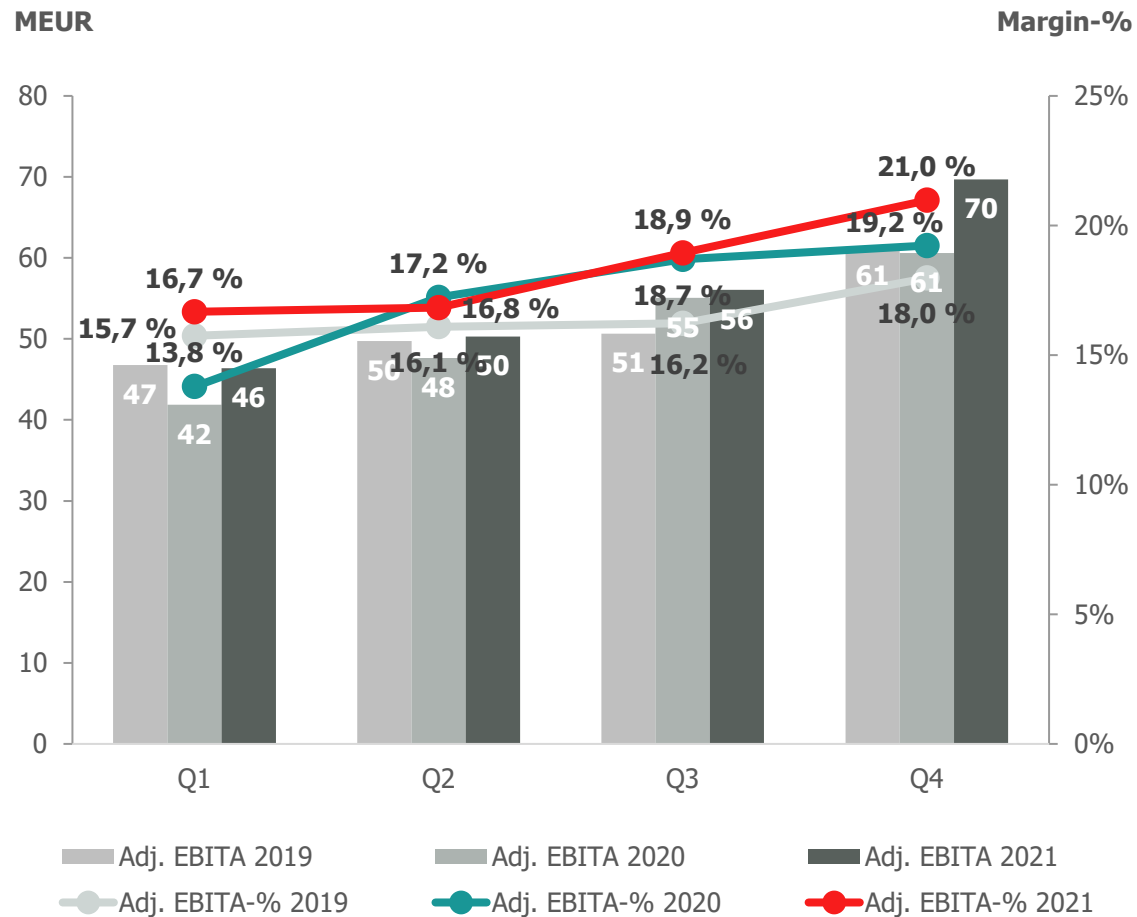
- Sales increased 5.4% to EUR 332.2 million (315.3)
- On a comparable currency basis, sales increased 2.7%
- Both field service sales and parts sales increased
- Sales increased in the Americas, EMEA and APAC

Service order book, MEUR



- The order book increased 60.9% year-on-year to EUR 343.5 million (213.4)
- On a comparable currency basis, the order book increased 54.1%

## Q4/21 Service adjusted EBITA



- The adjusted EBITA was EUR 69.7 million (60.6) and the adjusted EBITA margin 21.0% (19.2)
- The increase in the adjusted EBITA margin was mainly attributable to sales growth and positive sales mix
- Gross margin improved on a year-on-year basis



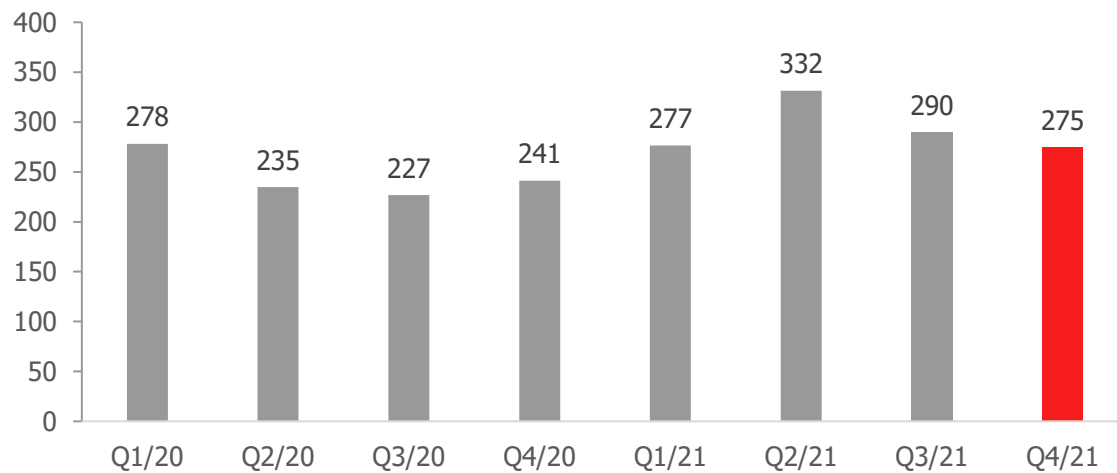
# Industrial Equipment





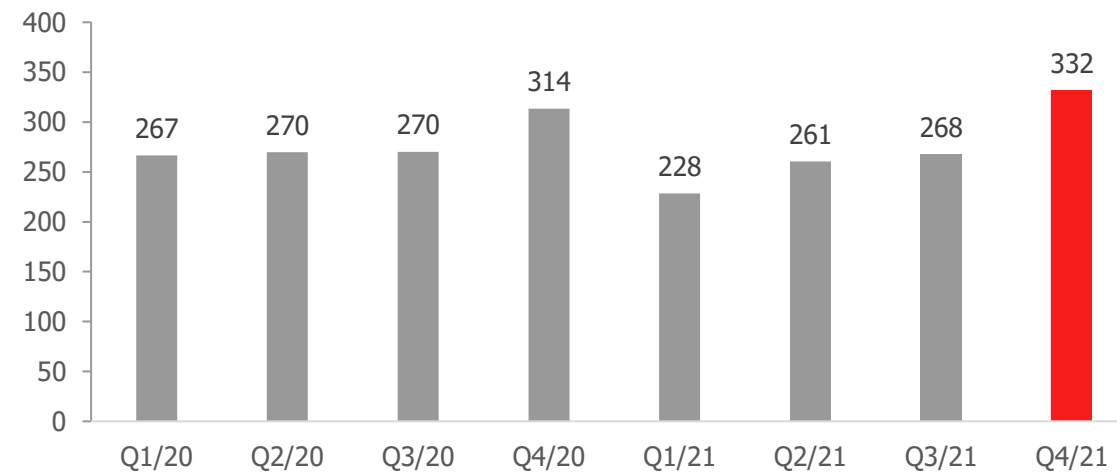
# Q4/21 Industrial Equipment order intake and sales

Industrial Equipment order intake, MEUR



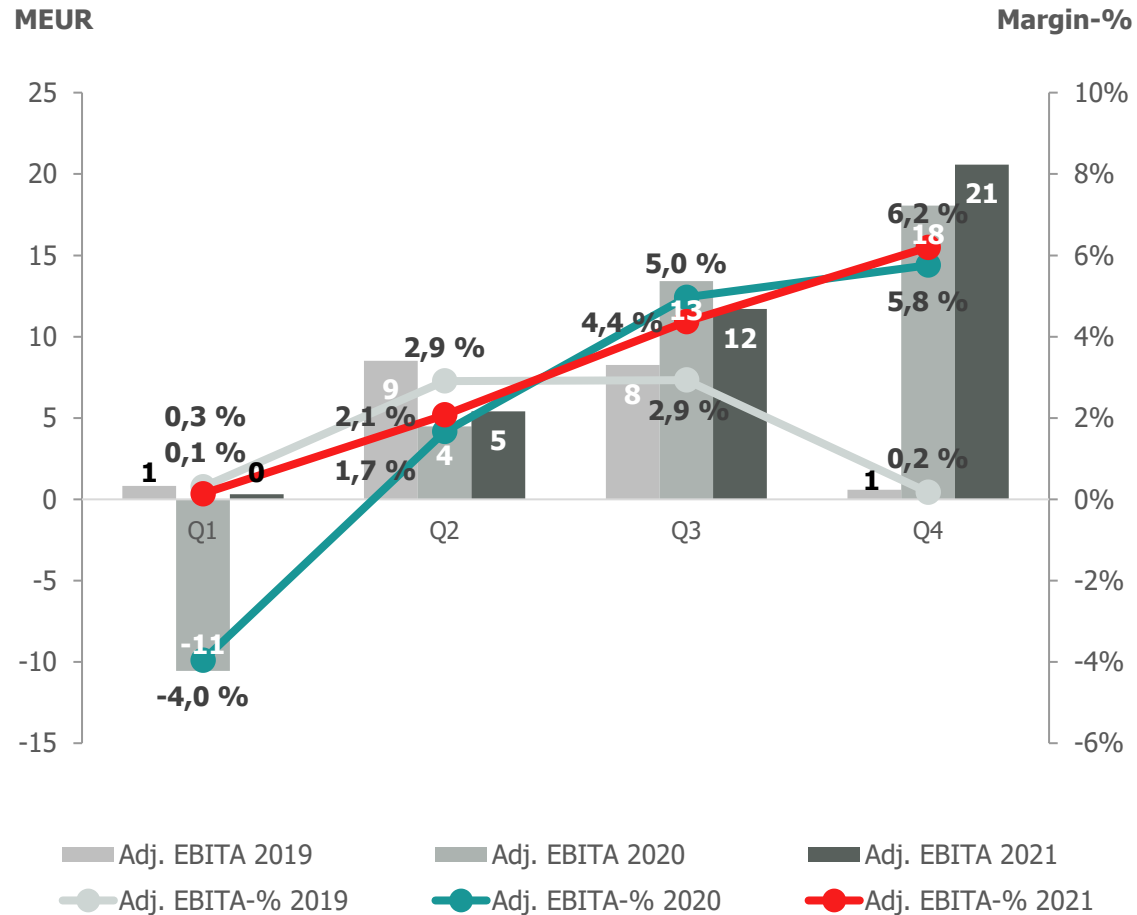
- Orders received totaled EUR 274.5 million (241.3), corresponding to an increase of 13.8%
- External orders received increased 11.8% on a reported basis and 9.3% on a comparable currency basis
- Order intake increased in standard cranes, process cranes and components
- Orders received increased in the Americas, EMEA and APAC

Industrial Equipment sales, MEUR



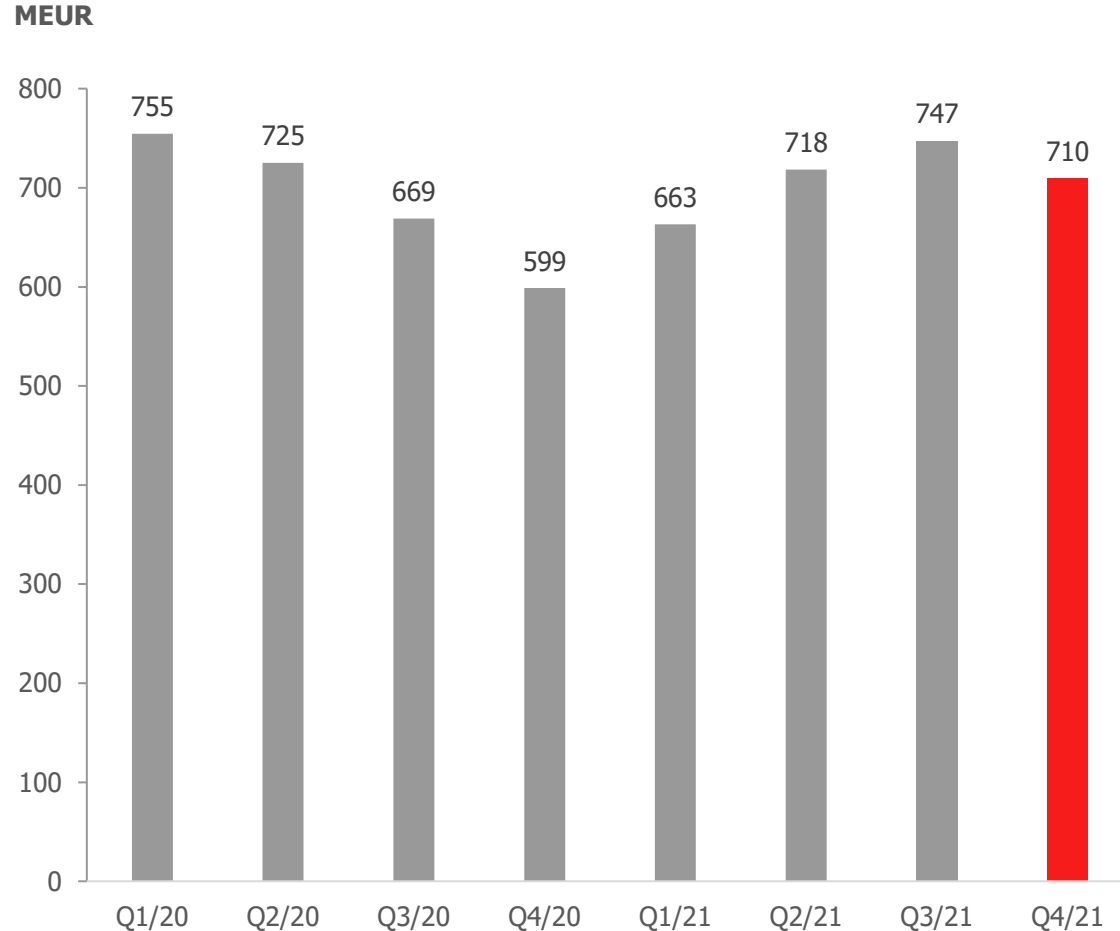
- Sales increased 5.9% to EUR 332.1 million (313.6)
- External sales increased 5.4% on a reported basis and 3.2% on a comparable currency basis
- Sales increased in standard cranes and components but decreased in process cranes
- Sales increased in the Americas, EMEA and APAC

# Q4/21 Industrial Equipment adjusted EBITA



- The adjusted EBITA was EUR 20.6 million (18.1) and the adjusted EBITA margin 6.2% (5.8)
- The increase in the adjusted EBITA margin was mainly attributable to higher sales, continued progress on strategic initiatives and positive sales mix
- Gross margin improved on a year-on-year basis

## Q4/21 Industrial Equipment order book



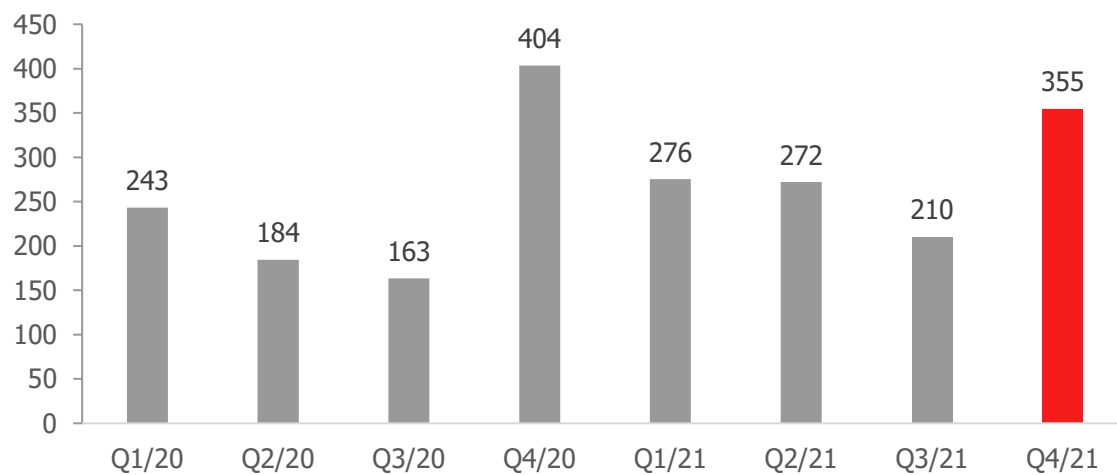
- The order book increased 18.5% year-on-year to EUR 709.9 million (598.8)
- On a comparable currency basis, the order book increased 12.6%

A large blue and red Konecranes NYCT gantry crane is lifting a blue container. The crane has "KONECRANES" and "NYCT" written on its red beam. Below the crane, a white truck is pulling a long trailer loaded with blue containers. The scene is set at a port with a blue sky and white clouds. A red semi-transparent box is overlaid on the right side of the image, containing the text "Port Solutions".

# Port Solutions

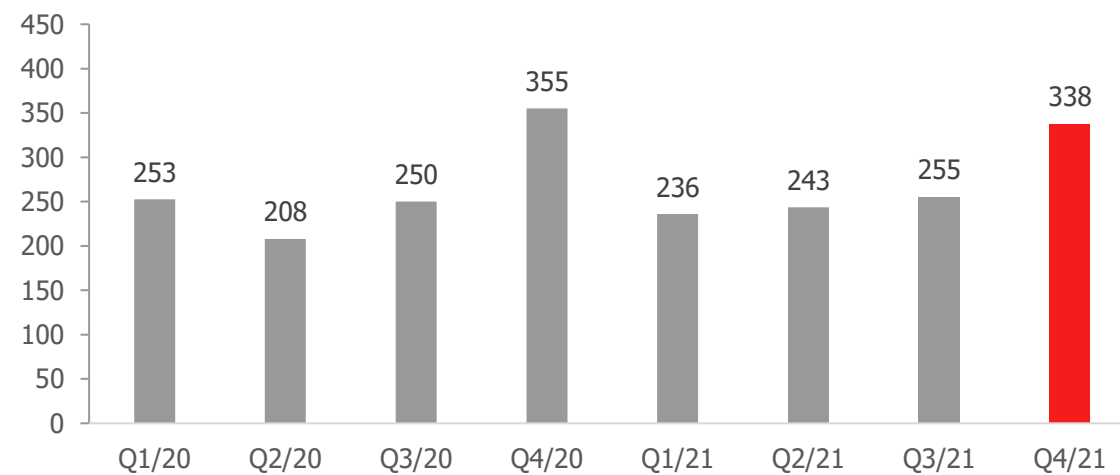
## Q4/21 Port Solutions order intake and sales

Port Solutions order intake, MEUR



- Orders received totaled EUR 354.9 million (403.7), representing a decrease of 12.1%. On a comparable currency basis, orders received decreased 12.5%
- Orders received decreased in the Americas and APAC but increased in EMEA

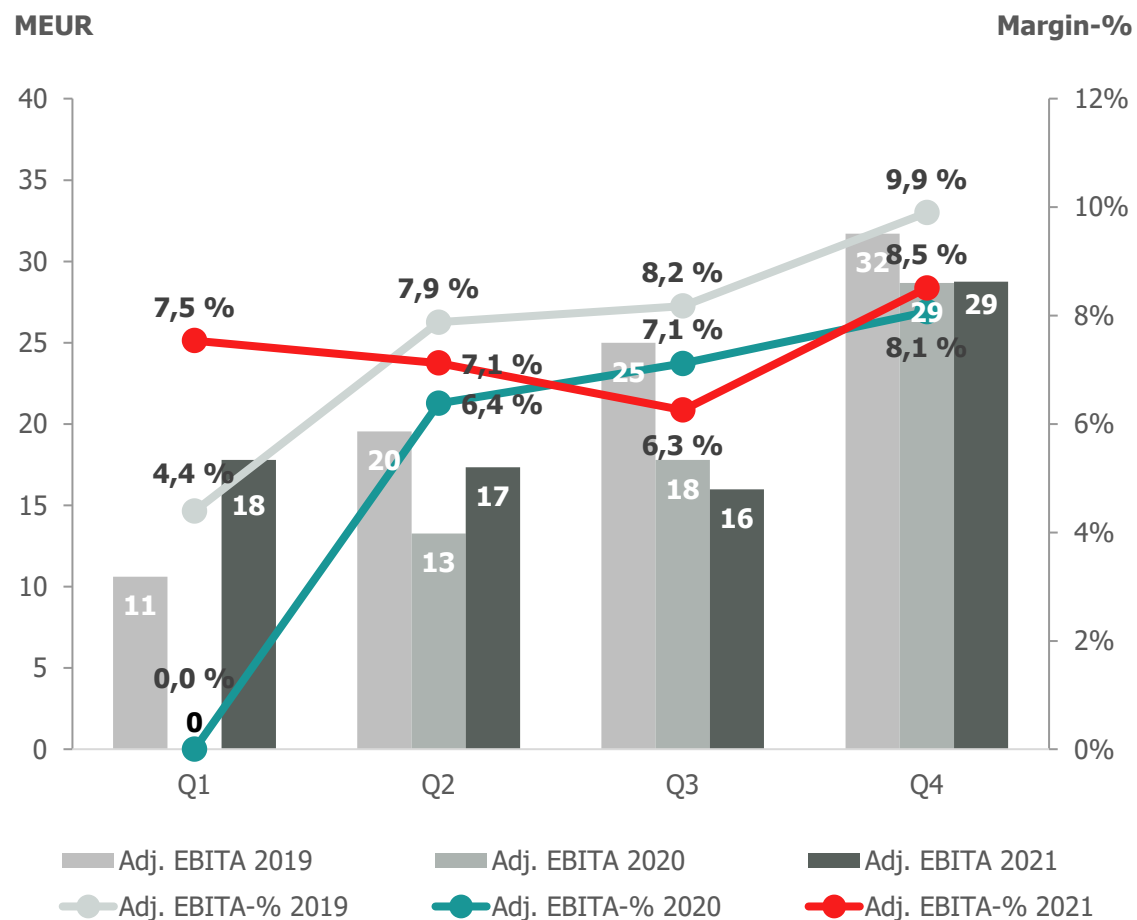
Port Solutions sales, MEUR



- Sales decreased 4.9% to EUR 337.9 million (355.3). On a comparable currency basis, sales decreased 5.5%

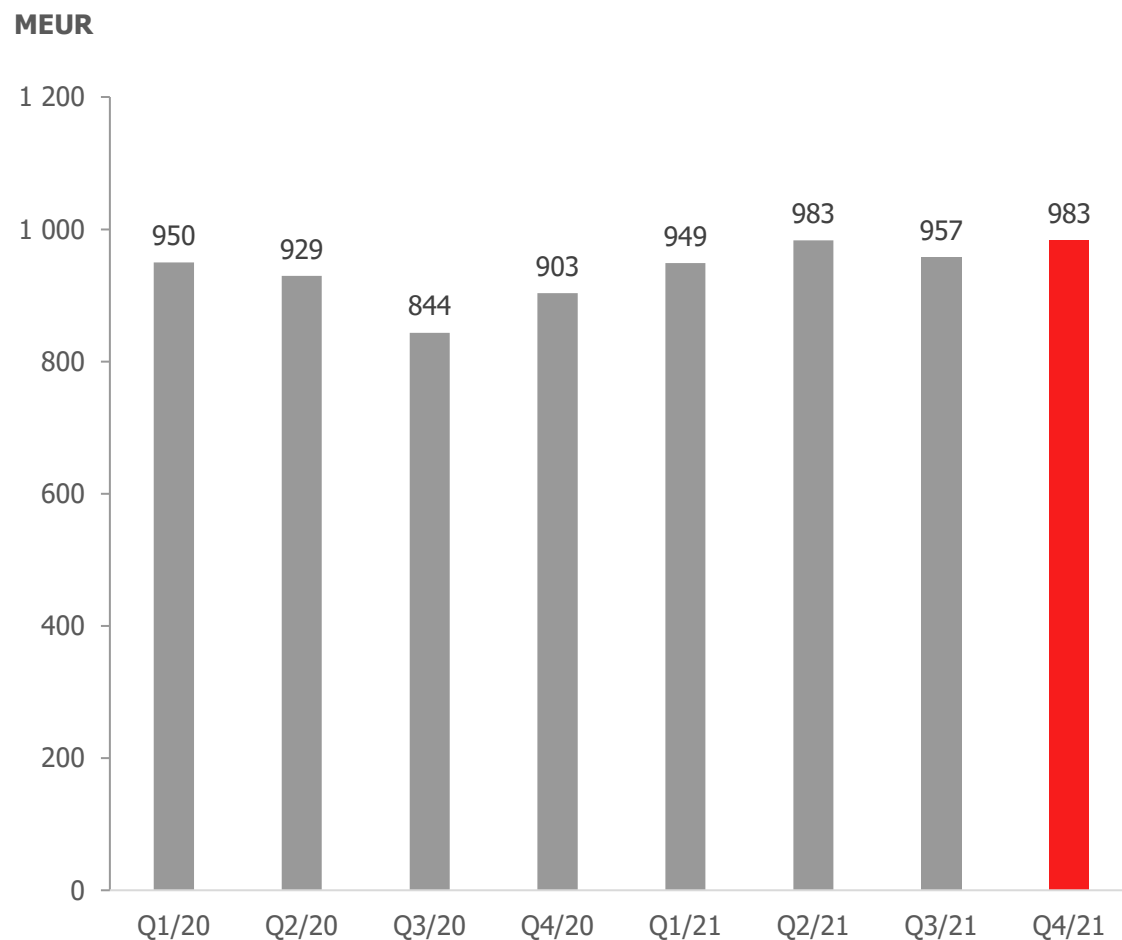


## Q4/21 Port Solutions adjusted EBITA



- The adjusted EBITA was EUR 28.8 million (28.7) and the adjusted EBITA margin 8.5% (8.1)
- The increase in the adjusted EBITA margin was mainly attributable to improved project management execution and positive sales mix
- Gross margin improved on a year-on-year basis

## Q4/21 Port Solutions order book



- The order book increased 8.9% year-on-year to EUR 983.5 million (903.2)
- On a comparable currency basis, the order book increased 8.4%



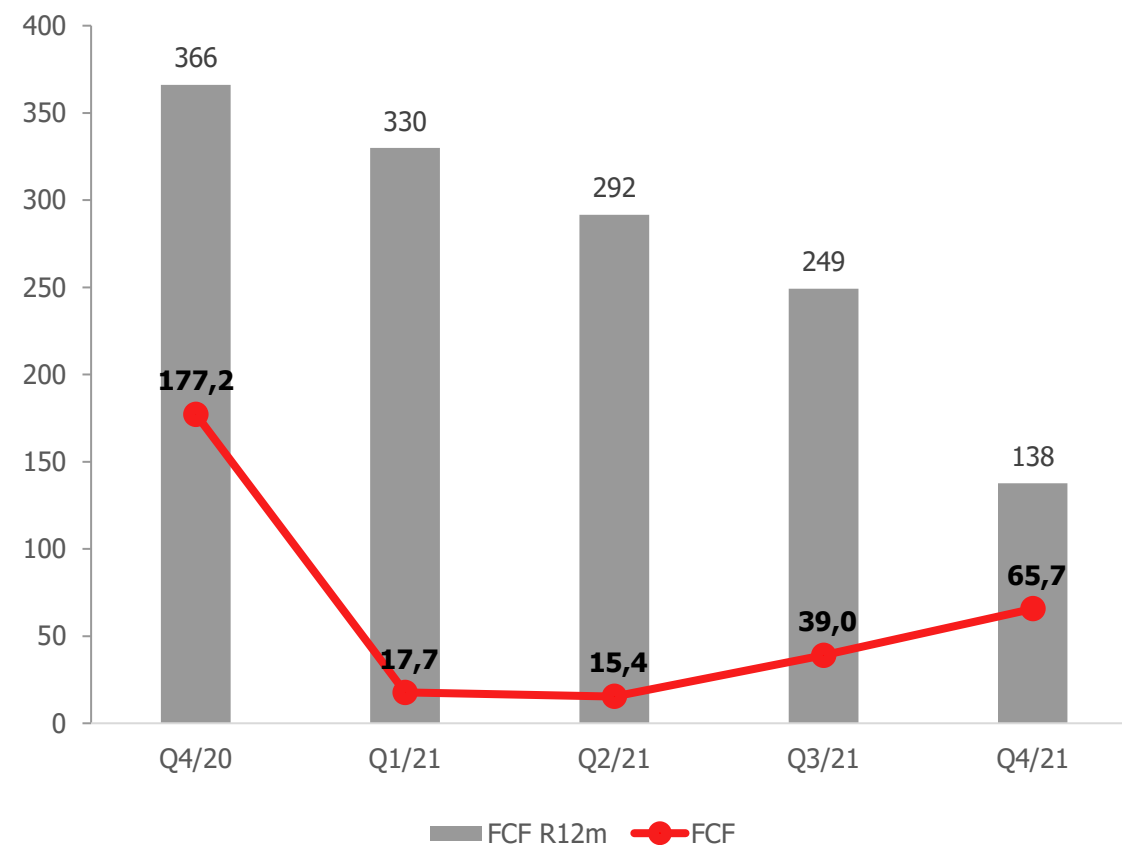
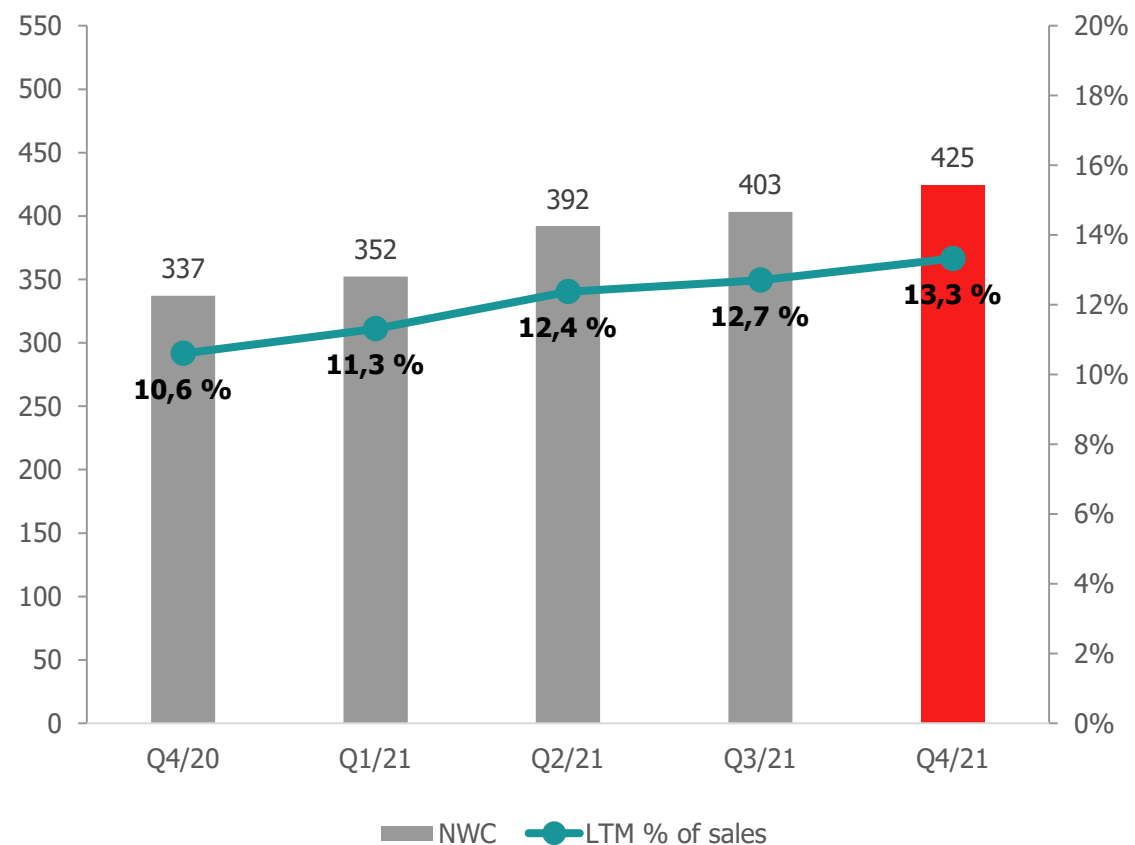
## Cash Flow and Balance Sheet

# Net working capital and free cash flow

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

% of sales

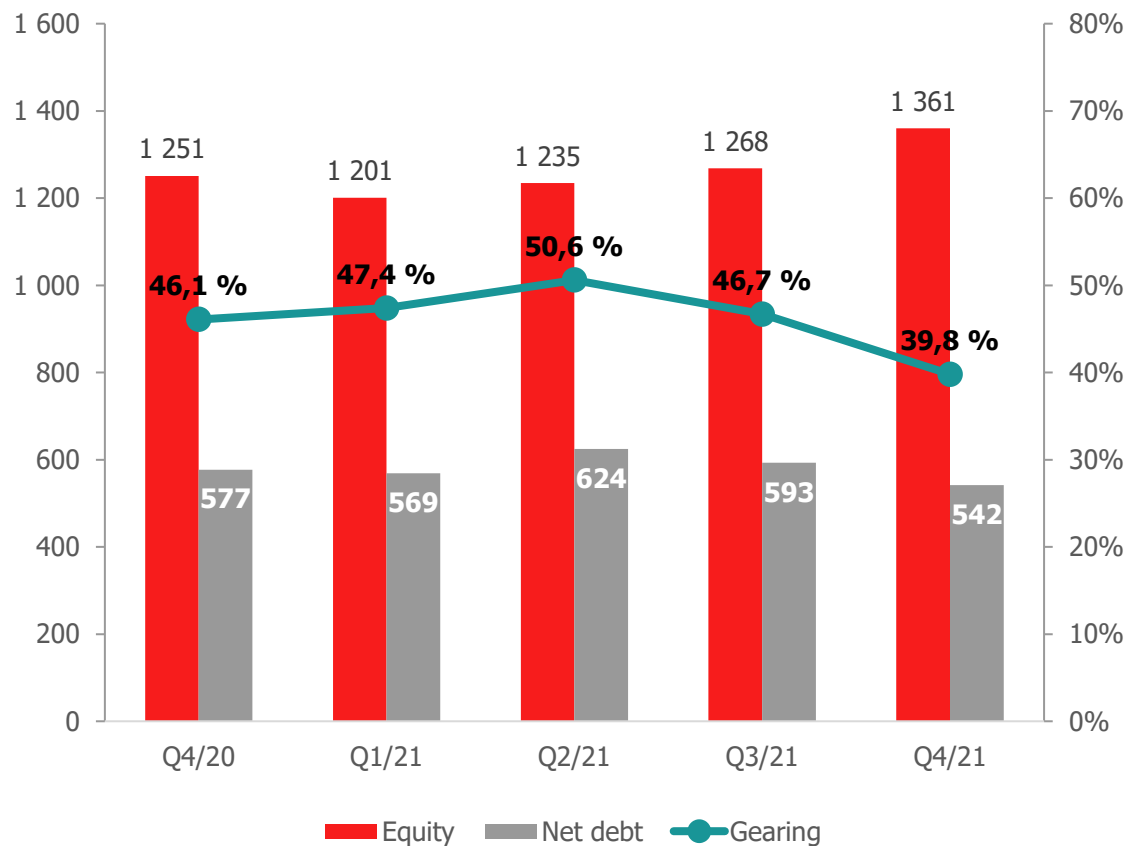
Free cash flow, MEUR



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

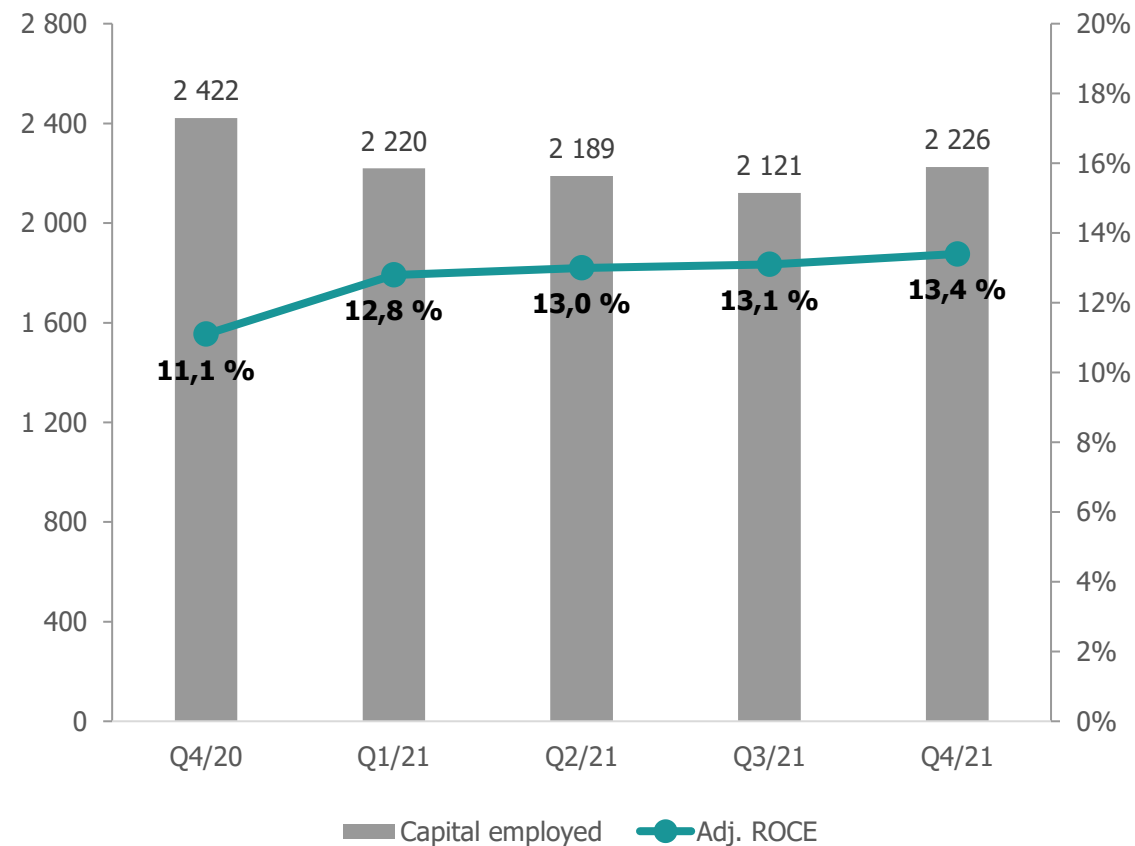
# Gearing and return on capital employed

Equity and net debt, MEUR



Gearing-%

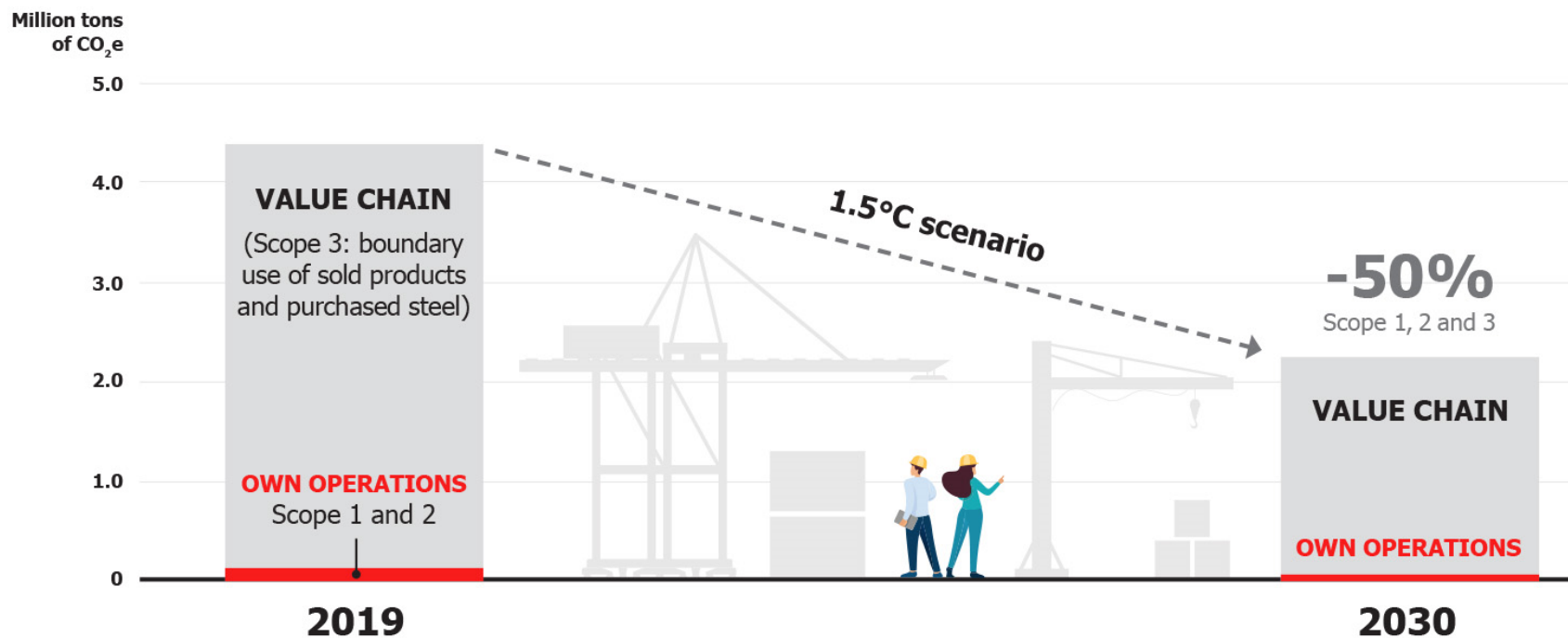
Capital employed, MEUR



Return on capital employed-%



# New climate targets aligned with limiting global warming to **1.5° c**



## Focus of pathway activities

Introducing new technological innovations to reduce dependency on fossil fuels

Applying smart product design focusing on energy efficiency, durability and maintainability

Optimizing material flows with automation and digital solutions

Purchasing steel from suppliers with minimum emissions

Investing in renewable electricity and energy efficiency in own operations

# 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	10-12/ 2021	10-12/ 2020	Change %	Change % At comparable currencies	1-12/ 2021	1-12/ 2020	Change %	Change % At comparable currencies
Service								
Orders received, MEUR	307.7	233.6	31.7	28.3	1,078.3	927.8	16.2	17.2
Service agreement base value, MEUR	290.4	275.7	5.3	1.7	290.4	275.7	5.3	1.7
Sales, MEUR	332.2	315.3	5.4	2.7	1,205.3	1,190.0	1.3	2.2
Adj. EBITA, MEUR	69.7	60.6	14.9		222.4	205.2	8.4	
Adj. EBITA, %	21.0%	19.2%			18.5%	17.2%		
Industrial Equipment								
Orders received, MEUR	274.5	241.3	13.8	11.3	1,172.5	981.2	19.5	20.3
<i>of which external</i>	<i>242.4</i>	<i>216.9</i>	<i>11.8</i>	<i>9.3</i>	<i>1,033.7</i>	<i>849.1</i>	<i>21.7</i>	<i>22.6</i>
Sales, MEUR	332.1	313.6	5.9	3.8	1,088.7	1,120.1	-2.8	-1.9
<i>of which external</i>	<i>294.1</i>	<i>279.1</i>	<i>5.4</i>	<i>3.2</i>	<i>960.2</i>	<i>973.8</i>	<i>-1.4</i>	<i>-0.5</i>
Adj. EBITA, MEUR	20.6	18.1	13.9		38.0	25.4	49.6	
Adj. EBITA, %	6.2%	5.8%			3.5%	2.3%		
Port Solutions								
Orders received, MEUR	354.9	403.7	-12.1	-12.5	1,112.7	994.5	11.9	11.7
Sales, MEUR	337.9	355.3	-4.9	-5.5	1,072.9	1,066.0	0.6	0.4
Adj. EBITA, MEUR	28.8	28.7	0.3		79.9	59.7	33.7	
Adj. EBITA, %	8.5%	8.1%			7.4%	5.6%		

# Statement of income

EUR million	10-12/ 2021	10-12/ 2020	Change %	1-12/ 2021	1-12/ 2020	Change %
<b>Sales</b>	<b>948.9</b>	<b>936.8</b>	<b>1.3</b>	<b>3,185.7</b>	<b>3,178.9</b>	<b>0.2</b>
Other operating income	2.3	4.3		11.3	10.7	
Materials, supplies and subcontracting	-464.8	-480.8		-1,413.0	-1,473.0	
Personnel cost	-256.8	-231.0		-1,023.5	-993.5	
Depreciation and impairments	-29.8	-30.1		-120.1	-130.0	
Other operating expenses	-113.7	-116.2		-420.4	-419.3	
<b>Operating profit</b>	<b>86.0</b>	<b>83.0</b>	<b>3.6</b>	<b>220.0</b>	<b>173.8</b>	<b>26.6</b>
Share of associates' and joint ventures' result	0.2	0.2		0.3	21.2	
Financial income	10.4	10.1		28.6	38.6	
Financial expenses	-14.9	-17.1		-56.4	-63.2	
<b>Profit before taxes</b>	<b>81.6</b>	<b>76.2</b>	<b>7.1</b>	<b>192.5</b>	<b>170.4</b>	<b>13.0</b>
Taxes	-12.4	-21.1		-45.1	-47.5	
<b>Profit for the period</b>	<b>69.2</b>	<b>55.1</b>	<b>25.6</b>	<b>147.4</b>	<b>122.9</b>	<b>19.9</b>



# Balance sheet

EUR million	31 Dec 2021	31 Dec 2020
Non-current assets	2,003.2	2,040.7
Goodwill	1,022.1	1,016.7
Intangible assets	503.1	536.0
Property, plant and equipment	339.3	341.8
Other	138.7	146.2
Current assets	1,842.6	1,975.8
Inventories	726.4	644.8
Accounts receivable	492.1	489.2
Receivables and other current assets	303.4	249.9
Cash and cash equivalents	320.7	591.9
Assets held for sale	0.0	0.0
<b>Total Assets</b>	<b>3,845.8</b>	<b>4,016.5</b>

EUR million	31 Dec 2021	31 Dec 2020
Total Equity	1,360.6	1,251.1
Non-current liabilities	899.4	1,328.1
Interest-bearing liabilities	447.1	859.7
Other long-term liabilities	289.0	306.4
Other	163.3	162.0
Current liabilities	1,585.8	1,437.3
Interest-bearing liabilities	418.0	311.1
Advance payments received	344.7	352.3
Accounts payable	255.4	201.6
Provisions	105.4	142.6
Other current liabilities	462.3	429.7
Liabilities directly attributable to assets held for sale	0.0	0.0
<b>Total Equity and Liabilities</b>	<b>3,845.8</b>	<b>4,016.5</b>

# Cash flow statement

EUR million	1-12/ 2021	1-12/ 2020
Operating income before change in net working capital	346.0	302.4
Change in net working capital	-99.0	125.0
<b>Cash flow from operations before financing items and taxes</b>	<b>247.0</b>	<b>427.4</b>
Financing items and taxes	-78.6	-20.3
<b>Net cash from operating activities</b>	<b>168.4</b>	<b>407.1</b>
Net cash used in investing activities	-30.7	-165.1
<b>Cash flow before financing activities</b>	<b>137.7</b>	<b>242.0</b>
Net cash used in financing activities	-417.0	-12.4
Translation differences in cash	8.1	-15.9
<b>Change of cash and cash equivalents</b>	<b>-271.2</b>	<b>213.7</b>
<b>Free cash flow</b>	<b>137.7</b>	<b>366.1</b>

# Key figures

EUR million	1-12/ 2021	1-12/ 2020	Change %
Earnings per share, basic (EUR)	1.86	1.54	20.6
Earnings per share, diluted (EUR)	1.85	1.54	19.9
Return on capital employed, %, Rolling 12 Months (R12M)	9.3	8.3	12.0
Return on equity, %, Rolling 12 Months (R12M)	11.3	9.8	15.3
Equity per share (EUR)	17.08	15.69	8.9
Net debt / Adjusted EBITDA, Rolling 12 Months (R12M)	1.4	1.6	-12.5
Equity to asset ratio, %	38.9	34.1	14.1
Investments (excl. acquisitions), EUR million	49.8	42.8	16.4
Average number of personnel during the period	16,625	17,027	-2.4
Average number of shares outstanding, basic	79,134,459	79,077,608	0.1
Average number of shares outstanding, diluted	79,606,960	79,272,057	0.4
Number of shares outstanding	79,134,459	79,134,459	0.0



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