KONECRANES®
Lifting Businesses™

Strong orders and record-high Q1 profitability

Interim Report
January–March 2021

Q1

Strong orders and record-high Q1 profitability

The figures presented in this report are unaudited. Figures in brackets, unless otherwise stated, refer to the same period a year earlier.

FIRST QUARTER HIGHLIGHTS

- Order intake EUR 762.8 million (737.0), +3.5 percent (+6.3 percent on a comparable currency basis), driven by order intake increase in Business Area Port Solutions particularly
- Service annual agreement base value increased 0.6 percent (+1.5 percent on a comparable currency basis) to EUR 283.6 million (281.9). Service order intake was EUR 255.2 million (266.1), -4.1 percent (+0.1 percent on a comparable currency basis)
- Order book EUR 1,866.7 million (1,961.3) at the end of March, -4.8 percent (-4.0 percent on a comparable currency basis)
- Sales EUR 704.0 million (769.6), -8.5 percent (-6.0 percent on a comparable currency basis), sales declined in all three Business Areas
- Adjusted EBITA margin 8.0 percent (2.7) and adjusted EBITA EUR 56.2 million (21.1). Focus on strategic initiatives and cost management continued. The comparison period included a large project cost overrun in Port Solutions and process crane project costs in Industrial Equipment.
- Operating profit EUR 37.5 million (7.8), 5.3 percent of sales (1.0), restructuring and transaction costs totaled EUR 10.3 million (4.3)
- Earnings per share (diluted) EUR 0.23 (0.14)
- Free cash flow EUR 17.7 million (53.8)
- Net debt EUR 569.2 million (771.3) and gearing 47.4 percent (61.7)

SECOND QUARTER DEMAND OUTLOOK

The worldwide demand picture remains subject to volatility due to the COVID-19 pandemic.

In Europe and North America, the current demand environment within the industrial customer segments has improved and is approaching the pre-COVID-19 level. In Asia-Pacific, demand environment has started to show signs of improvement also outside China but remains below the pre-COVID-19 level.

Global container throughput continues to be at a record high, and long-term prospects related to global container handling remain good overall.

FINANCIAL GUIDANCE

Konecranes expects net sales to increase in full-year 2021 compared to 2020. Konecranes expects the full-year 2021 adjusted EBITA margin to improve from 2020.

Key figures

	1–3/2021	1–3/2020	Change percent	R12M	1–12/2020
Orders received, MEUR	762.8	737.0	3.5	2,753.1	2,727.3
Order book at end of period, MEUR	1,866.7	1,961.3	-4.8		1,715.5
Sales total, MEUR	704.0	769.6	-8.5	3,113.4	3,178.9
Adjusted EBITDA, MEUR [1)]	79.0	46.0	71.9	389.8	356.7
Adjusted EBITDA, % [1)]	11.2%	6.0%		12.5%	11.2%
Adjusted EBITA, MEUR [2)]	56.2	21.1	167.1	296.0	260.8
Adjusted EBITA, % [2)]	8.0%	2.7%		9.5%	8.2%
Adjusted operating profit, MEUR [1)]	47.8	12.1	296.1	260.6	224.9
Adjusted operating margin, % [1)]	6.8%	1.6%		8.4%	7.1%
Operating profit, MEUR	37.5	7.8	381.0	203.5	173.8
Operating margin, %	5.3%	1.0%		6.5%	5.5%
Profit before taxes, MEUR	26.6	16.1	65.8	180.9	170.3
Net profit for the period, MEUR	18.4	11.5	60.0	129.8	122.9
Earnings per share, basic, EUR	0.23	0.14	58.7	1.63	1.54
Earnings per share, diluted, EUR	0.23	0.14	58.7	1.63	1.54
Interest-bearing net debt / Equity, %	47.4%	61.7%			46.1%
Net debt / Adjusted EBITDA, R12M [1)]	1.5	2.2			1.6
Return on capital employed, %				8.9%	8.3%
Adjusted return on capital employed, % [3)]				12.8%	11.1%
Free cash flow, MEUR	17.7	53.8		329.9	366.1
Average number of personnel during the period	16,738	17,023	-1.7		17,027

1) Excluding adjustments, see also note 10 in the summary financial statements
2) Excluding adjustments and purchase price allocation amortization, see also note 10 in the summary financial statements
3) ROCE excluding adjustments, see also note 10 in the summary financial statements

President and CEO Rob Smith:

Konecranes delivered a strong start to 2021. High performance and improved business excellence across the whole organization resulted in an all-time high Q1 adjusted EBITA margin of 8.0%, our third consecutive quarter of record-breaking profitability. Strong Q1 orders, together with ongoing excellent execution and traction from strategic initiatives, give us a solid foundation for the whole year's performance.

While COVID-19 related market volatility is not over, overall market sentiment continued to improve in Q1 compared to the previous quarters. Activity remained high in the port sector and also improved with our industrial customers. As a result, Konecranes' Q1 order intake grew 6.3% year-on-year in comparable currencies and in all three Business Areas orders received were flat to higher versus a year ago. Boding well for the full year, we saw good order growth especially in our short-cycle products.

COVID-19, a lower orderbook, component availability and container shortages negatively impacted on our Q1 sales, which decreased 6.0% year-on-year in comparable currencies. Sales decreased in all three Business Areas. Despite the topline decline, we posted an all-time high adjusted EBITA margin of 8.0% for Q1, driven by high performance, improving business excellence and efficient cost management.

Q1 Service order intake improved by 0.1% year-on-year in comparable currencies. Order intake development was positive in EMEA and the Americas, but continues to lag in APAC due to COVID-19. Service's focus remained on business excellence and cost management, and its 16.7% adjusted EBITA margin set a third consecutive quarterly profitability record. In addition, the agreement base value grew by 1.5% from the previous year and 0.7% from the previous quarter in comparable currencies, demonstrating the resiliency of our Service growth engine during the pandemic.

Industrial Equipment's external order intake grew by 5.9% in comparable currencies, driven by the components business. Net sales were impacted negatively by supply chain issues resulting from COVID-19, component shortage and logistics delays. The adjusted EBITA margin was 0.1%, an improvement of 4.1 percentage points from the previous year, mainly driven by continued good progress with our strategic initiatives, especially in the process crane business.

In Port Solutions, the previous quarter's good order momentum continued, and order intake grew 13.4% from the previous year in comparable currencies. Rubber Tire Gantry Cranes, Mobile Harbor Cranes and Lift Trucks had a strong order intake for the quarter. Port Solutions had a good start to the year in terms of profitability, with an adjusted EBITA margin of 7.5%. Improved project management execution and cost management continued, and part of the positive margin development came from reversing a project provision based upon having secured a change in supply concept with the customer.

Our announced merger with Cargotec is progressing to plan with merger control filings underway. Together with Cargotec we will create a global leader in sustainable material flow. The merger is fully aligned with our strategic plans and growth ambitions, and is expected to take place on 1 January 2022, given all conditions and approvals for completion are fulfilled. Until then, both companies will operate fully separately and independently.

For the coming quarters, while we expect market volatility to continue due to the pandemic, we have updated our demand outlook for Q2 to reflect improved market sentiment. We also reiterate our full-year guidance for 2021 despite component availability challenges which negatively impacted net sales in Q1 and continue to impact operations in Q2. We expect net sales to increase in full-year 2021 compared to 2020, and given our performance track record and the ongoing positive impact of our strategic initiatives, we expect our full-year adjusted EBITA margin to improve from 2020.

Although the pandemic continues, Konecranes has a rock-solid foundation for growth and future success. We maintain our clear strategic focus and our commitment to business excellence, high performance and sustainability. Q1 and the previous quarters have positioned Konecranes well for the future, and we will emerge from the pandemic strong and at new levels of capability and achievement.

Konecranes Plc
Interim report January–March 2021

Note: The figures presented in this report are unaudited. Unless otherwise stated, the figures in brackets in the sections below refer to the same period in the previous year.

MARKET REVIEW

The world's manufacturing sector, according to the aggregated J.P. Morgan Global Manufacturing Purchasing Managers' Index (PMI), started 2021 clearly in expansion territory above the 50.0 mark, indicating improving operating conditions. The positive trend and the recovery witnessed in the second half of 2020 continued throughout the first quarter of 2021. The PMI was at a ten-year high of 55.0 in March.

In the eurozone, manufacturing sector operating conditions had a similar start to the year. The operating conditions continued to improve towards the end of the first quarter. In March, the eurozone PMI index rose to a record high of 62.5, and it marked the ninth successive month above the 50-borderline. Within the region, the improvements in the country-specific PMIs were broad-based. The UK manufacturing PMI ended the first quarter in a similar fashion to the eurozone PMI. The operating conditions were improving at a fast pace, with a decade-high PMI reading of 58.9. The manufacturing industry capacity utilization rate in the European Union continued to improve with mild growth in the first quarter, although it remains below pre-COVID levels.

In the US, the manufacturing sector's PMI began 2021 with a record-high reading of 59.2 in January, signalling solid improvement in the sector's operating conditions. By March the PMI remained near record levels, with its reading of 59.1 being the second-highest score ever. At the beginning of the year, the US manufacturing capacity utilization rate was closely approaching levels seen prior to the start of the coronavirus pandemic. After a slight drop in February, it resumed improvement in March, although the capacity utilization rate continued below pre-pandemic levels.

As for emerging markets, China's manufacturing sector operating conditions carried on in expansion in first quarter, although at a visibly softer pace compared to the second half of 2020 with a PMI of 50.6 in March. In Brazil, the Manufacturing PMI dropped sharply to a nine-month low in March but remained well in expansion territory. In India, the PMI witnessed a small drop in March. In Russia, manufacturing sector operating conditions improved marginally during the entire first quarter.

Global container throughput, according to the RWI/ISL Container Throughput Index, started 2021 at a high level following the solid recovery after the drop in the beginning of 2020. During the first months of 2021, global container throughput was steady at a high level, and up slightly from the end of the previous year. At the end of February, global container throughput was approximately 16 percent higher than the year before.

Regarding raw material prices, at the end of the first quarter both steel and copper prices were clearly above the previous year's levels. The average EUR/USD exchange rate was approximately 9 percent higher compared to the year-ago period.

ORDERS RECEIVED

In the first quarter, orders received totaled EUR 762.8 million (737.0), representing an increase of 3.5 percent. On a comparable currency basis, order intake increased 6.3 percent. Orders received increased in the Americas and EMEA but decreased in APAC.

In Service, orders received decreased 4.1 percent on a reported basis and increased 0.1 percent on a comparable currency basis. In Industrial Equipment, order intake decreased 0.5 percent on a reported basis and increased 3.0 percent on a comparable currency basis. External orders received in Industrial Equipment increased 2.1 percent on a reported basis and 5.9 percent on a comparable currency basis. In Port Solutions, order intake increased 13.3 percent on a reported basis and 13.4 percent on a comparable currency basis.

ORDERS RECEIVED AND NET SALES

	1–3/2021	1–3/2020	Change percent	Change % at comparable currency rates	1–12/2020
Orders received, MEUR	762.8	737.0	3.5	6.3	2,727.3
Net sales, MEUR	704.0	769.6	-8.5	-6.0	3,178.9

ORDER BOOK

At the end of March, the value of the order book totaled EUR 1,866.7 million (1,961.3), which was 4.8 percent lower compared to previous year. On a comparable currency basis, the order book decreased 4.0 percent. The order book decreased 0.9 percent in Service, 12.1 percent in Industrial Equipment and 0.1 percent in Port Solutions.

SALES

In the first quarter, Group sales decreased 8.5 percent to EUR 704.0 million (769.6). On a comparable currency basis, sales decreased 6.0 percent. Sales decreased 8.3 percent in Service, 14.3 percent in Industrial Equipment and 6.6 percent in Port Solutions. Industrial Equipment's external sales decreased 10.9 percent.

At the end of March, the regional breakdown of sales, calculated on a rolling 12-month basis, was as follows: EMEA 54 (52), Americas 30 (34) and APAC 16 (14) percent.

FINANCIAL RESULT

In the first quarter, the Group adjusted EBITA increased to EUR 56.2 million (21.1). The adjusted EBITA margin increased to 8.0 percent (2.7). The adjusted EBITA margin was 16.7 percent (13.8) in Service, 0.1 percent (-4.0) in Industrial Equipment and 7.5 percent (0.0) in Port Solutions. Focus on strategic initiatives and cost management continued. The comparison period included a large project cost overrun in Port Solutions and process crane project costs in Industrial Equipment. Gross margin improved on a year-on-year basis.

In January–March, the consolidated adjusted operating profit increased to EUR 47.8 million (12.1). The adjusted operating margin increased to 6.8 percent (1.6).

In January–March, the consolidated operating profit totaled EUR 37.5 million (7.8). The operating profit includes adjustments of EUR 10.3 million (4.3), which are mainly comprised of transaction costs and restructuring costs. The operating margin increased in Service to 15.1 percent (11.4), in Industrial Equipment to -1.9 percent (-4.9) and in Port Solutions to 6.6 percent (-1.4).

In January–March, depreciation and impairments totaled EUR 31.3 million (33.5). The impact arising from the purchase price allocations for acquisitions represented EUR 8.5 million (9.0) of the depreciation and impairments.

In January–March, the share of the result in associated companies and joint ventures was EUR 0.1 million (21.1). The higher share of the result in associated companies and joint ventures in 2020 was mainly due to the acquisition of MHE-Demag in the beginning of 2020.

In January–March, financial income and expenses totaled EUR -11.0 million (-12.8). Net interest expenses accounted for EUR 5.0 million (7.3) of the sum and the remainder was mainly attributable to realized and unrealized exchange rate differences related to the hedging of future cash flows, which are not included in the hedge accounting.

In January–March, profit before taxes was EUR 26.6 million (16.1).

In January–March, income taxes were EUR 8.3 million (4.6). The Group's effective tax rate was 31.0 percent (28.5).

In January–March, net profit was EUR 18.4 million (11.5).

In January–March, the basic earnings per share were EUR 0.23 (0.14) and the diluted earnings per share were EUR 0.23 (0.14).

On a rolling 12-month basis, the return on capital employed was 8.9 percent (6.2) and the return on equity 10.6 percent (6.6). The adjusted return on capital employed was 12.8 percent (11.1).

BALANCE SHEET

At the end of March, the consolidated balance sheet amounted to EUR 3,879.6 million (4,060.8). The total equity at the end of the reporting period was EUR 1,200.8 million (1,249.7) or EUR 15.06 per share (15.73). The total equity attributable to the equity holders of the parent company was EUR 1,191.7 million (1,240.9).

Net working capital totaled EUR 282.6 million (458.3). On March 31, 2021 the net working capital included EUR 69.6 million of dividend payable, while dividend payable was not included in the comparison period's net working capital. Net working capital excluding the dividend payable totaled EUR 352.2 million (458.3). Sequentially, excluding the dividend payable, net working capital increased by EUR 15.0 million.

CASH FLOW AND FINANCING

Net cash from operating activities in January–March was EUR 23.0 million (63.7). The decrease in net cash from operating activities was mainly due to change in net working capital during the period. Cash flow before financing activities was EUR 17.7 million (-70.3), which included cash inflows of EUR 2.6 million (0.1) related to sale of property, plant and equipment, and cash outflows of EUR 0.0 million (124.1) related to acquisition of Group companies and EUR 8.0 million (10.0) related to capital expenditure.

At the end of March, interest-bearing net debt was EUR 569.2 million (771.3). Net debt decreased mainly as a result of the positive operating cashflow in 2020. The equity to asset ratio was 33.8 percent (34.2) and the gearing 47.4 percent (61.7).

At the end of March, cash and cash equivalents amounted to EUR 447.6 million (369.6). None of the Group's committed EUR 400 million back-up financing facility was in use at the end of the period.

CAPITAL EXPENDITURE

Capital expenditure in January–March, excluding acquisitions and joint arrangements, amounted to EUR 7.5 million (7.5). The amount consisted mainly of investments in machinery and equipment, buildings, office equipment and information technology.

ACQUISITIONS AND DIVESTMENTS

In January–March, the cash impact of capital expenditure for acquisitions and joint arrangements was EUR 0.0 million (-124.1).

PERSONNEL

In January–March, the Group had an average of 16,738 employees (17,023). On March 31, the number of personnel was 16,614 (17,850). In January–March, the Group's personnel decreased by 248 people net.

At the end of March, the number of personnel by Business Area was as follows: Service 7,957 employees (8,657), Industrial Equipment 5,626 employees (6,030), Port Solutions 2,945 employees (3,052) and Group staff 86 (111).

The Group had 9,561 (10,131) employees working in EMEA, 2,967 (3,200) in the Americas and 4,086 (4,519) in APAC.

BUSINESS AREAS

SERVICE

	1–3/2021	1–3/2020	Change percent	Change % at comparable currency rates	1–12/2020
Orders received, MEUR	255.2	266.1	-4.1	0.1	927.8
Order book, MEUR	254.5	256.9	-0.9	0.4	213.4
Agreement base value, MEUR	283.6	281.9	0.6	1.5	275.7
Net sales, MEUR	278.3	303.7	-8.3	-4.3	1,190.0
Adjusted EBITA, MEUR [1)]	46.4	41.9	10.8		205.2
Adjusted EBITA, % [1)]	16.7%	13.8%			17.2%
Purchase price allocation amortization, MEUR	-3.9	-4.0	-3.6		-16.1
Adjustments, MEUR	-0.5	-3.1			-7.7
Operating profit (EBIT), MEUR	42.0	34.7	21.0		181.4
Operating profit (EBIT), %	15.1%	11.4%			15.2%
Personnel at the end of period	7,957	8,657	-8.1		8,062

[1)] Excluding adjustments and purchase price allocation amortization. See also note 10 in the summary financial statements.

Operational highlights in Q1 2021:

- Service agreement base value has increased during the COVID-19 pandemic demonstrating the service business model's success and resiliency also even amidst a global pandemic and economic volatility.
- The number of subscriptions for the "CheckApp" self-service application for daily crane inspections has continued to trend upwards since the launch of the app in 2020.
- Konecranes' latest digital offering, Slings and Accessories Inspection, launched during the first quarter, combines RFID tags with a new smartphone app to help users quickly and reliably identify load lifting attachments and check inspection data.

In the first quarter, order intake in Service decreased 4.1 percent to EUR 255.2 million (266.1). On a comparable currency basis, orders received increased 0.1 percent. Both field service orders and parts orders decreased. Order intake decreased in the Americas and APAC but increased in EMEA.

The order book decreased 0.9 percent to EUR 254.5 million (256.9). On a comparable currency basis, the order book increased 0.4 percent.

The annual value of the agreement base increased 0.6 percent year-on-year to EUR 283.6 million (281.9). On a comparable currency basis, the annual value of the agreement base increased 1.5 percent. Sequentially, the annual value of the agreement base increased 2.9 percent on a reported basis and 0.7 percent on a comparable currency basis.

Sales decreased 8.3 percent to EUR 278.3 million (303.7). On a comparable currency basis, sales decreased 4.3 percent. Both field service sales and parts sales decreased. Sales decreased in the Americas and APAC but increased in EMEA.

The first-quarter adjusted EBITA was EUR 46.4 million (41.9) and the adjusted EBITA margin 16.7 percent (13.8). The increase in the adjusted EBITA margin was mainly attributable to efficient cost management in both variable and fixed costs. Gross margin improved on a year-on-year basis. The operating profit was EUR 42.0 million (34.7) and the operating margin 15.1 percent (11.4).

INDUSTRIAL EQUIPMENT

	1–3/2021	1–3/2020	Change percent	Change % at comparable currency rates	1–12/2020
Orders received, MEUR	276.7	278.2	-0.5	3.0	981.2
of which external, MEUR	245.6	240.6	2.1	5.9	849.1
Order book, MEUR	663.2	754.5	-12.1	-10.1	598.8
Net sales, MEUR	228.4	266.6	-14.3	-11.3	1,120.1
of which external, MEUR	202.7	227.5	-10.9	-7.6	973.8
Adjusted EBITA, MEUR [1)]	0.3	-10.6	102.9		25.4
Adjusted EBITA, % [1)]	0.1%	-4.0%			2.3%
Purchase price allocation amortization, MEUR	-2.7	-3.1	-12.7		-12.5
Adjustments, MEUR	-1.8	0.6			-8.6
Operating profit (EBIT), MEUR	-4.2	-13.1	67.5		4.3
Operating profit (EBIT), %	-1.9%	-4.9%			0.4%
Personnel at the end of period	5,626	6,030	-6.7		5,720

[1)] Excluding adjustments and purchase price allocation amortization. See also note 10 in the summary financial statements.

Operational highlights in Q1 2021:

- A wind power producer in Estonia ordered 17 Konecranes S-series overhead cranes and two CXTD wire rope hoist cranes in February 2021. The order reflects the growing popularity of Konecranes' synthetic rope crane and shows the company's commitment to helping customers and industries grow and transform so they run more efficiently, sustainably and safely.
- Strategic initiatives, especially turning around the process cranes business, to improve Industrial Equipment profitability are progressing well. During the last 12 months, the strategic actions have included, for example, renegotiating of unprofitable projects, setting margin targets for new orders, centralizing operations and optimizing crane manufacturing supply network.

In the first quarter, Industrial Equipment's orders received totaled EUR 276.7 million (278.2), corresponding to a decrease of 0.5 percent. On a comparable currency basis, orders received increased 3.0 percent. External orders received increased 2.1 percent on a reported basis and 5.9 percent on a comparable currency basis. Order intake decreased in standard cranes and process cranes but increased in components. Orders received decreased in the Americas but increased in EMEA and APAC.

The order book decreased 12.1 percent to EUR 663.2 million (754.5). On a comparable currency basis, the order book decreased 10.1 percent.

Sales decreased 14.3 percent to EUR 228.4 million (266.6). On a comparable currency basis, sales decreased 11.3 percent. External sales decreased 10.9 percent on a reported basis and 7.6 percent on a comparable currency basis. Sales decreased in standard cranes, process cranes and components. Sales decreased in the Americas and EMEA but increased in APAC.

The first-quarter adjusted EBITA was EUR 0.3 million (-10.6) and the adjusted EBITA margin 0.1 percent (-4.0). The increase in the adjusted EBITA margin was mainly attributable to continued progress on strategic initiatives especially in the process cranes business. The comparison period also included EUR 5 million of costs related to closing of a process crane project. Gross margin improved on a year-on-year basis. Operating profit was EUR -4.2 million (-13.1) and the operating margin -1.9 percent (-4.9).

PORT SOLUTIONS

	1–3/2021	1–3/2020	Change percent	Change % at comparable currency rates	1–12/2020
Orders received, MEUR	275.5	243.2	13.3	13.4	994.5
Order book, MEUR	949.0	949.9	-0.1	-0.4	903.2
Net sales, MEUR	236.0	252.6	-6.6	-6.4	1,066.0
of which service, MEUR	37.0	45.5	-18.7	-16.9	167.9
Adjusted EBITA, MEUR [1)]	17.8	0.0			59.7
Adjusted EBITA, % [1)]	7.5%	0.0%			5.6%
Purchase price allocation amortization, MEUR	-1.8	-1.8	0.4		-7.3
Adjustments, MEUR	-0.4	-1.6			-24.4
Operating profit (EBIT), MEUR	15.6	-3.4	553.5		28.0
Operating profit (EBIT), %	6.6%	-1.4%			2.6%
Personnel at the end of period	2,945	3,052	-3.5		2,970

[1)] *Excluding adjustments and purchase price allocation amortization. See also note 10 in the summary financial statements.*

Operational highlights in Q1 2021:

- The Georgia Ports Authority (GPA) ordered 20 eco-efficient Konecranes Rubber Tired Gantry (RTG) cranes in Q1 2021 following the order of 8 Konecranes Ship-to-Shore (STS) cranes in Q4 2020 for the Port of Savannah in the US. When the cranes enter service, Konecranes will have delivered 45 STS cranes to the customer since 1990 and GPA will operate a fleet of 201 Konecranes RTGs.
- Konecranes' first ever commercial reach stacker customer in 1995, and the same customer, ordering the first second generation reach stacker in 2004, placed another repeat order in March 2021 for the Konecranes reach stacker with Flow Drive. The model offers up to 25% fuel savings and is part of our Ecolifting portfolio.
- In March 2021, Konecranes received an order for three Konecranes automated rail mounted gantry (ARMG) cranes from a customer in South America. The automated container handling equipment order demonstrates Konecranes' strong capabilities in automation solutions.

In the first quarter, Port Solutions' order intake totaled EUR 275.5 million (243.2), representing an increase of 13.3 percent. On a comparable currency basis, orders received increased 13.4 percent. Orders received increased in the Americas but decreased in EMEA and APAC.

The order book decreased 0.1 percent to EUR 949.0 million (949.9). On a comparable currency basis, the order book decreased 0.4 percent.

Sales decreased 6.6 percent to EUR 236.0 million (252.6). On a comparable currency basis, sales decreased 6.4 percent.

The first-quarter adjusted EBITA was EUR 17.8 million (0.0) and the adjusted EBITA margin 7.5 percent (0.0). The comparison period included a large cost overrun of EUR 18 million in a port crane project. In the first quarter of 2021 a provision of EUR 5 million related to the same port crane project was released, improving the adjusted EBITA. The increase in the adjusted EBITA margin was also supported by improving project management execution and continued cost management. Gross margin improved on a year-on-year basis. Operating profit was EUR 15.6 million (-3.4) and the operating margin 6.6 percent (-1.4).

Group overheads

In the first quarter, the adjusted unallocated Group overhead costs and eliminations were EUR 8.2 million (10.2), representing 1.2 percent of sales (1.3).

The unallocated Group overhead costs and eliminations were EUR 15.8 million (10.4), representing 2.2 percent of sales (1.4). These included merger related transaction costs and restructuring costs of EUR 7.5 million. In January–March 2020 these included restructuring costs of EUR 0.2 million.

COVID-19 impact on Konecranes

Demand conditions have been recovering since the beginning of the second half of 2020, but the COVID-19 pandemic continues to impact Konecranes negatively. Overall, the pandemic has made the demand environment uncertain, which has impacted order intake. Additionally, physical restrictions on the daily conduct of people and businesses have led to lower revenue recognition.

Net sales declined in all three Business Areas in the first quarter of 2021. COVID-19 has not led to major order cancellations in any of the three Business Areas. In addition to physical restrictions, the pandemic has led to component availability and transport capacity issues that impacted Konecranes' sales negatively during the first quarter. Konecranes has not seen major changes in its supplier network.

During the first quarter, all Konecranes factories were in operation.

The impact of COVID-19 on the Group's profitability has been mitigated through almost real-time demand-supply balancing and cost management actions. For example, these have included temporary layoffs, reduced working hours and streamlined spending. Permanent cost adjustments have also been made.

Some customer payment delays have occurred, but the impact has not been significant. Konecranes has further enhanced payment collection and credit control.

The worldwide demand picture remains subject to volatility due to the COVID-19 pandemic. There are still uncertainties regarding the COVID-19 pandemic, and it is too early to estimate how long and to which extent it will impact Konecranes' business and performance.

ADMINISTRATION

Merger of Konecranes Plc and Cargotec Corporation

On October 1, 2020 Konecranes Plc ("Konecranes") and Cargotec Corporation ("Cargotec") announced that their respective Boards of Directors signed a combination agreement and a merger plan ("the Merger Plan") to combine the two companies through a merger ("the Merger").

On December 3, 2020 Konecranes announced that the Finnish Financial Supervisory Authority had approved the merger prospectus concerning the combination of Konecranes Plc and Cargotec Corporation.

On December 18, 2020 Konecranes held an Extraordinary General Meeting ("EGM") that approved the Merger in accordance with the Merger Plan. In order to prevent the spread of the COVID-19 pandemic, the EGM was arranged without the physical presence of shareholders or their proxy representatives. Cargotec's Extraordinary General Meeting was held on the same day and resolved to approve the Merger.

Pursuant to the Merger Plan, Konecranes shall be merged into Cargotec through an absorption merger so that all assets and liabilities of Konecranes shall be transferred without a liquidation procedure to Cargotec and Konecranes will be dissolved. The shareholders of Konecranes will receive new shares in Cargotec as merger consideration in proportion to their existing shareholdings as described in more detail in the Merger Plan.

The completion of the Merger is subject to necessary merger control approvals having been obtained and other conditions to completion having been fulfilled. The planned Merger completion date is 1 January 2022, however, the date is subject to change and the actual completion date may be earlier or later than 1 January 2022.

Until the completion, both companies will operate as independent and separate entities.

Additional information on the Merger is available in the stock exchange releases dated October 1, 2020, December 3, 2020, and December 18, 2020 available on the Konecranes website, as well as on the merger website www.sustainablematerialflow.com.

Decisions of the Annual General Meeting

The Annual General Meeting of Konecranes Plc (”Konecranes” or the ”Company”) was held on Tuesday 30 March 2021. In order to prevent the spread of the COVID-19 pandemic, the Annual General Meeting was held without shareholders’ and their proxy representatives’ presence at the meeting venue. The meeting approved the Company’s annual accounts for the fiscal year 2020, discharged the members of the Board of Directors and the persons who had served as CEO from liability, and approved all proposals made by the Board of Directors and its committees to the AGM.

The AGM approved the Board’s proposal that a dividend of EUR 0.88 per share be paid from the distributable assets of the parent Company. The dividend will be paid to shareholders who on the record date of the dividend payment 1 April 2021 are registered as shareholders in the Company’s shareholders’ register maintained by Euroclear Finland Ltd. The dividend shall be paid on 13 April 2021.

The AGM approved the Board’s proposal and authorized the Board of Directors to resolve, before the completion of the Merger, on an extra distribution of funds to be paid either from the Company’s reserve for invested unrestricted equity as a return of equity or from its retained earnings as a dividend or as a combination of both so that the total maximum amount of funds to be distributed under the authorization would amount to EUR 158,268,918 corresponding to EUR 2.00 per share. The authorization is in force until the opening of the following Annual General Meeting of the Company. The Company will separately publish its Board of Directors’ resolution to distribute funds based on the authorization and will simultaneously confirm the applicable record and payment dates. Funds paid on the basis of the authorization will be paid to shareholders who are registered as shareholders in the Company’s shareholders’ register maintained by Euroclear Finland Oy on the record date of the payment.

The AGM decided to approve the Konecranes Remuneration Report covering the remuneration of the members of the Board of Directors, President & CEO and Deputy CEO in 2020. The resolution by the Annual General Meeting on the Remuneration report is advisory.

The AGM confirmed that the amount of annual remuneration payable to the members of the Board other than the employee representative be unchanged as follows: the remuneration to the Chairman of the Board is EUR 140,000, the remuneration to the Vice Chairman of the Board is EUR 100,000 in the event that a Vice Chairman is elected by the Board, and the remuneration to the other Board members is EUR 70,000. In case the term of office of a Board member ends before the closing of the Annual General Meeting in 2022, he or she is entitled to the prorated amount of the annual remuneration calculated on the basis of his or her actual term in office. The AGM furthermore approved that the Chairmen of the Audit Committee and the Human Resources Committee are entitled to a compensation of EUR 3,000 and the other Board members are entitled to a compensation of EUR 1,500 per each attended committee meeting. No remuneration will be paid to Board members employed by the Company, in accordance with the agreement on employee representation between Konecranes and its employees. Travel expenses for all Board members, including the employee Board member, will be compensated against receipt.

The AGM approved the proposal of the Company’s shareholders HC Holding Oy Ab, Solidium Oy and Ilmarinen Mutual Pension Insurance Company, that the number of members of the Board of Directors shall be seven (7). The current Board members Ms. Janina Kugel, Mr. Ulf Liljedahl, Mr. Janne Martin, Mr. Niko Mokkila Mr. Per Vegard Nerseth, Ms. Päivi Rekonen and Mr. Christoph Vitzthum were re-elected for a term of office ending at the closing of the Annual General Meeting in 2022, and Christoph Vitzthum was elected as Chairman of the Board of Directors.

The AGM decided to re-elect Ernst & Young Oy as the Company’s auditor for a term expiring at the end of the Annual General Meeting following the election.

The AGM authorized the Board of Directors to decide on the repurchase of the Company’s own shares and/or on the acceptance as pledge of the Company’s own shares.

The AGM authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares referred to in chapter 10 section 1 of the Finnish Companies Act.

The AGM authorized the Board of Directors to decide on the transfer of the Company’s own shares.

The AGM authorized the Board of Directors to decide on a directed share issue without payment needed for the continuation of the Share Savings Plan that the Annual General Meeting 2012 decided to launch.

The AGM authorized the Board of Directors to decide on donations in the aggregate maximum amount of EUR 200,000 to be given to universities, institutions of higher education or to other non-profit or similar purposes.

The resolutions of the Konecranes Annual General Meeting have been published in the stock exchange release dated March 30, 2021.

Board of Directors

The Board of Directors elected in the Annual General Meeting consists of

- Christoph Vitzthum, Chairman of the Board
- Päivi Rekonen, Member of the Board
- Janina Kugel, Member of the Board
- Ulf Liljedahl, Member of the Board
- Per Vegard Nerseth, Member of the Board
- Niko Mokkila, Member of the Board
- Janne Martin, Member of the Board

The term of office ends at the closing of the Annual General Meeting in 2022.

On March 30, 2021 Konecranes announced that the Board had held its first meeting. The Board decided to continue with an Audit Committee and a Human Resources Committee.

Ulf Liljedahl was elected Chairman of the Audit Committee, and Niko Mokkila and Päivi Rekonen as Committee members. Janina Kugel was elected Chairwoman of the Human Resources Committee, and Per Vegard Nerseth and Christoph Vitzthum as Committee members.

All Board members with the exception of Janne Martin are deemed to be independent of the Company and all Board members with the exception of Niko Mokkila are deemed to be independent of the Company's significant shareholders. Janne Martin is deemed not to be independent of the Company due to his current position as an employee of Konecranes and Niko Mokkila is deemed not to be independent of a significant shareholder of the Company based on his current position as Managing Director at Hartwall Capital Oy Ab.

Konecranes Leadership Team

In January–March 2021, Konecranes Leadership Team consisted of

- Rob Smith, President and CEO
- Teo Ottola, CFO, Deputy CEO
- Fabio Fiorino, Executive Vice President, Business Area Service
- Carolin Paulus, Executive Vice President, Business Area Industrial Equipment
- Mika Mahlberg, Executive Vice President, Business Area Port Solutions
- Juha Pankakoski, Executive Vice President, Technologies
- Timo Leskinen, Senior Vice President, Human Resources
- Sirpa Poitsalo, Senior Vice President, General Counsel
- Topi Tiitola, Senior Vice President, Integration and Project Management Office

SHARES AND TRADING

Share capital and shares

On March 31, 2021 the company's registered share capital totaled EUR 30.1 million. On March 31, 2021, the number of shares including treasury shares totaled 79,221,906.

Treasury shares

On March 31, 2021, Konecranes Plc was in possession of 87,447 treasury shares, which corresponds to 0.1 percent of the total number of shares and which had on that date a market value of EUR 3.3 million.

Market capitalization and trading volume

The closing price for the Konecranes shares on the Nasdaq Helsinki on March 31, 2021 was EUR 38.00. The volume-weighted average share price in January–March was EUR 34.55, the highest price being EUR 39.04 in March and the lowest EUR 28.80 in January. In January–March, the trading volume on the Nasdaq Helsinki totaled 10.9 million, corresponding to a turnover of approximately EUR 376.0 million. The average daily trading volume was 175,487 shares representing an average daily turnover of EUR 6.1 million.

In addition, according to Fidessa, approximately 16.6 million shares were traded on other trading venues (e.g. multilateral trading facilities and bilateral OTC trades) in January–March.

On March 31, 2021, the total market capitalization of Konecranes Plc was EUR 3,010.4 million including treasury shares. The market capitalization was EUR 3,007.1 million excluding treasury shares.

Performance share plan 2021

On February 3, 2021, Konecranes announced that the Board of Directors had resolved to establish a new Performance Share Plan 2021. The Plan has a performance period from 2021 to 2023 with three separate measurement periods and separate targets for 2021, 2022 and 2023.

The criterion for the measurement period 2021 is adjusted earnings per share (EPS). The EPS target for the first measurement period was also resolved by the Board of Directors.

The target group of the Plan for the performance period 2021–2023 consists of a maximum of 170 key employees of the Konecranes group.

Additional information, including essential terms and conditions of the Plan, is available in the stock exchange release dated February 3, 2021.

Employee share savings plan

On March 30, 2021, Konecranes announced that the Board of Directors had decided to launch a new Plan Period relating to the Employee Share Savings Plan. The new Plan Period will begin on July 1, 2021 and end on June 30, 2022. The other terms and conditions of the Plan Period 2021–2022 approved by the Board on March 30, 2021 have been published in the stock exchange release on the same day.

Other share-based incentive plans and Employee share savings plan periods

Konecranes has currently several long-term incentive plans, Performance Share Plans, active and a Restricted Share Unit Plan 2020. In addition, Konecranes has currently several Employee Share Savings plan periods active or on a waiting period.

Information on Konecranes' long-term incentive plans, the Employee Share Savings Plan, and the Restricted Share Unit Plan is available in the Remuneration Report 2020 and on the Konecranes Investors website https://investors.konecranes.com

NOTIFICATIONS OF MAJOR SHAREHOLDINGS

In January–March, Konecranes did not receive notifications of major shareholdings.

RISKS AND UNCERTAINTIES

Global pandemics, such as COVID-19, have and may have a negative impact on Konecranes' customers and its own operations. Physical restrictions on the daily conduct of people and businesses can lead to lower revenue recognition and adversely impact cash flow. Physical restrictions may also lead to component availability issues and inventory obsolescence. Furthermore, global pandemics can increase the likelihood of weaker demand conditions and, as a result, may lead to overcapacity, impairment of assets and credit losses.

Konecranes operates in emerging countries that face political, economic, and regulatory uncertainties. Adverse changes in the operating environment of these countries may result in currency losses, elevated delivery costs, or loss of assets. Konecranes operates a crane factory in Zaporozhye, Ukraine.

The operations in emerging countries have had a negative impact on the aging structure of accounts receivable and may increase credit losses or the need for higher provisions for doubtful accounts.

Political risks and uncertainties have also increased outside the emerging countries due to the emergence of populism, patriotism and protectionism in a number of Western economies. This has led and can lead to further increases in tariffs on imported goods, such as components that Konecranes manufactures centrally before exporting them to most of the countries in which it operates. The resulting tariffs may result in a decrease in profitability.

Konecranes has made several acquisitions and expanded organically into new countries. A failure to integrate the acquired businesses, MHPS and MHE-Demag in particular, or grow newly established operations may result in a decrease in profitability and impairment of goodwill and other assets.

One of the key strategic initiatives of Konecranes is oneKONECRANES. This initiative involves a major capital expenditure on information systems. A higher-than-expected development or implementation costs, or a failure to extract business benefits from new processes and systems may lead to an impairment of assets or decrease in profitability.

Konecranes delivers projects, which involve risks related, for example, to engineering and project execution with Konecranes' suppliers. A failure to plan or manage these projects may lead to higher-than-estimated costs or disputes with customers.

Challenges in financing, e.g. due to currency fluctuations, may force customers to postpone projects or even cancel the existing orders. Konecranes intends to avoid incurring costs for major projects under construction in excess of advance payments. However, it is possible that the cost-related commitments in some projects temporarily exceed the amount of advance payments.

The Group's other risks are presented in the Notes to the Financial Statements and the Governance Supplement to the Annual Report.

STOCK EXCHANGE RELEASES DURING JANUARY–MARCH

Date	Release
March 30, 2021	The Board of Directors of Konecranes Plc decided to continue the Employee Share Savings Plan
March 30, 2021	Konecranes Plc: Board of Directors' organizing meeting
March 30, 2021	Resolutions of Konecranes Plc's Annual General Meeting of shareholders
March 5, 2021	Konecranes Plc's Annual Report 2020 published
March 1, 2021	Notice the Annual General Meeting of Konecranes Plc
February 4, 2021	Konecranes Plc: Financial statement release 2020
February 3, 2021	The Board of Directors of Konecranes Plc has resolved to establish a new performance share plan
January 20, 2021	Proposals to the Annual General Meeting made by Konecranes Plc's Shareholders' Nomination Board and Certain Shareholders

CORPORATE PRESS RELEASES DURING JANUARY–MARCH

On March 31, 2021, Konecranes announced that the Konecranes lift trucks now support renewable, fossil-free diesel.

On March 26, 2021, Konecranes announced that a Nigerian port ordered two Konecranes Gottwald Mobile Harbor Cranes for greater flexibility to match growing demand. The order was booked in January 2021.

On March 25, 2021, Konecranes announced that it will deliver 17 next-generation S-series cranes to a wind power producer in Estonia. The order was booked in February 2021.

On March 12, 2021, Konecranes announced that Ports America Chesapeake ordered 15 eco-efficient hybrid RTGs from Konecranes. The order was booked in January 2021.

On March 10, 2021, Konecranes announced that a Danish port ordered a Konecranes Gottwald Mobile Harbor Crane to improve performance, meet demand. The order was booked in Q1 2021.

On February 26, 2021, Konecranes announced that the Europe's largest iron ore producer LKAB picked Konecranes for Service technology, polar precision.

On February 9, 2021, Konecranes announced that five hybrid Konecranes RTGs were ordered by Norfolk Southern in the US. This order was booked in December 2020.

On February 5, 2021, Konecranes announced that in the first quarter of 2021, it won an order for two eco-efficient Konecranes Gottwald Model 8 Cranes on Barge from China.

On February 1, 2021, Konecranes announced that the President and CEO commented on first year in the role.

On January 28, 2021, Konecranes announced that it had closed the syndication of the merger financing arrangement.

On January 21, 2021, Konecranes announced that its financial statement release 2020 will be published on February 4, 2021.

On January 18, 2021, Konecranes announced that DP World Antwerp Gateway ordered fleet of Automated Stacking Cranes from Konecranes. This order was booked in December 2020.

SECOND QUARTER DEMAND OUTLOOK

The worldwide demand picture remains subject to volatility due to the COVID-19 pandemic.

In Europe and North America, the current demand environment within the industrial customer segments has improved and is approaching the pre-COVID-19 level. In Asia-Pacific, demand environment has started to show signs of improvement also outside China but remains below the pre-COVID-19 level.

Global container throughput continues to be at a record high, and long-term prospects related to global container handling remain good overall.

FINANCIAL GUIDANCE

Konecranes expects net sales to increase in full-year 2021 compared to 2020. Konecranes expects the full-year 2021 adjusted EBITA margin to improve from 2020.

Espoo, April 28, 2021
Konecranes Plc
Board of Directors

Important Notice

Securities laws in the United States and in other jurisdictions restrict Konecranes from discussing or disclosing any information with respect to the contemplated merger of Konecranes and Cargotec (the “Merger”) further to the information disclosed in this report. Further information regarding the Merger can be found at https://sustainablematerialflow.com/. Until the completion of the Merger, Cargotec and Konecranes will carry out their respective businesses as separate and independent companies. The information contained in this report concerns only Konecranes.

The Merger and the merger consideration securities have not been and will not be registered under the U.S. Securities Act, and may not be offered, sold or delivered within or into the United States, except pursuant to an applicable exemption of, or in a transaction not subject to, the U.S. Securities Act.

The information in this report is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of, or located in, any locality, state, country or other jurisdiction where such distribution or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction and it does not constitute an offer of or an invitation by or on behalf of, Konecranes, or any other person, to purchase any securities.

The information in this report contains forward-looking statements, which are information on Konecranes’ current expectations and projections relating to its financial condition, results of operations, plans, objectives, future performance and business. All statements other than statements of historical fact included herein are forward-looking statements including, without limitation, those regarding:

- expectations for general economic development and market situation,
- expectations for general developments in the industry,
- expectations regarding customer industry profitability and investment willingness,
- expectations for company growth, development, and profitability,
- expectations regarding market demand for Konecranes’ products and services,
- expectations regarding the successful completion of acquisitions on a timely basis and Konecranes’ ability to achieve the set targets and synergies,
- expectations regarding competitive conditions and
- expectations regarding cost savings.

These statements may include, without limitation, any statements preceded by, followed by or including words such as “target,” “believe,” “expect,” “aim,” “intend,” “may,” “anticipate,” “estimate,” “plan,” “project,” “will,” “can have,” “likely,” “should,” “would,” “could” and other words and terms of similar meaning or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond Konecranes’ control that could cause Konecranes’ actual results, performance or achievements to be materially different from the expected results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Konecranes’ present and future business strategies and the environment in which it will operate in the future.

Information in this report, including but not limited to forward-looking statements, applies only as of the date of this document and is not intended to give any assurances as to future results.

Consolidated statement of income

EUR million	Note	1–3/2021	1–3/2020	Change percent	1–12/2020
Sales	6	**704.0**	**769.6**	**-8.5**	**3,178.9**
Other operating income		2.7	2.1		10.7
Materials, supplies and subcontracting		-282.2	-344.5		-1,473.0
Personnel cost		-261.0	-268.1		-993.5
Depreciation and impairments	7	-31.3	-33.5		-130.0
Other operating expenses		-94.8	-117.8		-419.3
Operating profit		**37.5**	**7.8**	**381.0**	**173.8**
Share of associates' and joint ventures' result		0.1	21.1		21.2
Financial income		16.2	0.4		38.6
Financial expenses		-27.2	-13.1		-63.2
Profit before taxes		**26.6**	**16.1**	**65.8**	**170.4**
Taxes	9	-8.3	-4.6		-47.5
PROFIT FOR THE PERIOD		**18.4**	**11.5**	**60.0**	**122.9**
Profit for the period attributable to:					
Shareholders of the parent company		18.2	11.4		122.2
Non-controlling interest		0.2	0.1		0.7
Earnings per share, basic (EUR)		0.23	0.14	58.7	1.54
Earnings per share, diluted (EUR)		0.23	0.14	58.7	1.54

Consolidated statement of other comprehensive income

EUR million	1–3/2021	1–3/2020		1–12/2020
Profit for the period	**18.4**	**11.5**		**122.9**
Items that can be reclassified into profit or loss				
Cash flow hedges	-10.1	-3.1		8.1
Exchange differences on translating foreign operations	9.5	-8.3		-15.8
Income tax relating to items that can be reclassified into profit or loss	2.0	0.6		-1.6
Items that cannot be reclassified into profit or loss				
Re-measurement gains (losses) on defined benefit plans	0.0	0.0		-18.8
Income tax relating to items that cannot be reclassified into profit or loss	0.0	0.0		5.9
Other comprehensive income for the period, net of tax	**1.4**	**-10.8**		**-22.2**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**19.8**	**0.7**		**100.7**
Total comprehensive income attributable to:				
Shareholders of the parent company	19.4	1.0		100.4
Non-controlling interest	0.4	-0.3		0.3

Consolidated balance sheet

EUR million

ASSETS	Note	31.3.2021	31.3.2020	31.12.2020
Non-current assets				
Goodwill		1,019.9	1,022.3	1,016.7
Intangible assets		525.5	567.1	536.0
Property, plant and equipment		339.9	358.9	341.8
Advance payments and construction in progress		20.8	21.5	20.0
Investments accounted for using the equity method		6.6	6.9	6.5
Other non-current assets		0.8	0.8	0.8
Deferred tax assets		127.6	126.7	118.9
Total non-current assets		**2,041.0**	**2,104.2**	**2,040.7**
Current assets				
Inventories				
Raw material and semi-manufactured goods		295.4	329.9	289.8
Work in progress		376.1	392.3	336.6
Advance payments		18.6	16.2	18.4
Total inventories		690.1	738.4	644.8
Accounts receivable		437.1	501.1	489.2
Other receivables		31.0	40.7	29.1
Loans receivable		2.0	1.1	1.8
Income tax receivables		15.5	35.5	13.4
Receivable arising from percentage of completion method	6	113.0	184.1	102.3
Other financial assets		6.0	11.8	21.2
Deferred assets		96.3	74.3	82.1
Cash and cash equivalents		447.6	369.6	591.9
Total current assets		**1,838.6**	**1,956.6**	**1,975.8**
TOTAL ASSETS		**3,879.6**	**4,060.8**	**4,016.5**

Consolidated balance sheet

EUR million

EQUITY AND LIABILITIES	Note	31.3.2021	31.3.2020	31.12.2020
Equity attributable to equity holders of the parent company				
Share capital		30.1	30.1	30.1
Share premium		39.3	39.3	39.3
Paid in capital		752.7	752.7	752.7
Fair value reserves	13	-2.1	-3.0	6.0
Translation difference		-2.3	-4.2	-11.6
Other reserve		59.2	61.2	58.0
Retained earnings		296.6	353.3	245.3
Net profit for the period		18.2	11.4	122.2
Total equity attributable to equity holders of the parent company		**1,191.7**	**1,240.9**	**1,242.0**
Non-controlling interest		9.1	8.8	9.1
Total equity		**1,200.8**	**1,249.7**	**1,251.1**
Non-current liabilities				
Interest-bearing liabilities	12	854.9	798.9	859.7
Other long-term liabilities		303.7	288.4	306.4
Provisions		19.7	18.6	18.4
Deferred tax liabilities		141.8	152.4	143.6
Total non-current liabilities		**1,320.1**	**1,258.3**	**1,328.1**
Current liabilities				
Interest-bearing liabilities	12	163.8	343.1	311.1
Advance payments received	6	328.8	407.3	352.3
Accounts payable		224.4	250.6	201.6
Provisions		129.8	139.8	142.6
Other short-term liabilities (non-interest bearing)		55.3	49.1	61.2
Other financial liabilities		18.4	15.9	5.5
Income tax liabilities		25.8	10.5	18.5
Accrued costs related to delivered goods and services		176.5	148.3	165.3
Accruals		235.8	188.3	179.2
Total current liabilities		**1,358.6**	**1,552.8**	**1,437.3**
Total liabilities		**2,678.7**	**2,811.1**	**2,765.4**
TOTAL EQUITY AND LIABILITIES		**3,879.6**	**4,060.8**	**4,016.5**

Consolidated statement of changes in equity

EUR million	Equity attributable to equity holders of the parent company Share capital	Share premium	Paid in capital	Cash flow hedges	Translation difference
Balance at 1 January, 2021	**30.1**	**39.3**	**752.7**	**6.0**	**-11.6**
Dividends paid to equity holders					
Equity-settled share based payments					
Profit for the period					
Other comprehensive income				-8.1	9.3
Total comprehensive income				-8.1	9.3
Balance at 31 March, 2021	**30.1**	**39.3**	**752.7**	**-2.1**	**-2.3**
Balance at 1 January, 2020	**30.1**	**39.3**	**752.7**	**-0.5**	**3.7**
Dividends paid to equity holders					
Equity-settled share based payments					
Profit for the period					
Other comprehensive income				-2.5	-7.9
Total comprehensive income				-2.5	-7.9
Balance at 31 March, 2020	**30.1**	**39.3**	**752.7**	**-3.0**	**-4.2**

EUR million	Equity attributable to equity holders of the parent company Other Reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January, 2021	**58.0**	**367.5**	**1,242.0**	**9.1**	**1,251.1**
Dividends paid to equity holders		-69.6	-69.6	0.0	**-69.6**
Equity-settled share based payments	1.2	0.0	1.2		**1.2**
Acquisitions		-1.2	-1.2	-0.4	**-1.6**
Profit for the period		18.2	18.2	0.2	**18.4**
Other comprehensive income		0.0	1.2	0.2	**1.4**
Total comprehensive income	0.0	18.1	19.4	0.4	**19.8**
Balance at 31 March, 2021	**59.2**	**314.8**	**1,191.7**	**9.1**	**1,200.8**
Balance at 1 January, 2020	**58.8**	**353.4**	**1,237.5**	**9.2**	**1,246.7**
Dividends paid to equity holders		0.0	0.0	0.0	**0.0**
Equity-settled share based payments	2.3	0.0	2.3		**2.3**
Acquisitions		0.0	0.0	0.0	**0.0**
Profit for the period		11.4	11.4	0.1	**11.5**
Other comprehensive income		0.0	-10.4	-0.4	**-10.8**
Total comprehensive income	0.0	11.4	1.0	-0.3	**0.7**
Balance at 31 March, 2020	**61.1**	**364.8**	**1,240.8**	**8.9**	**1,249.7**

Consolidated cash flow statement

EUR million	1–3/2021	1–3/2020	1–12/2020
Cash flow from operating activities			
Profit for the period	18.4	11.5	122.9
Adjustments to net income			
Taxes	8.3	4.6	47.5
Financial income and expenses	11.0	12.8	24.6
Share of associates' and joint ventures' result	-0.1	-21.1	-21.2
Depreciation and impairments	31.3	33.5	130.0
Profits and losses on sale of fixed assets and businesses	-1.2	0.2	-2.2
Other adjustments	2.1	2.1	0.8
Operating income before change in net working capital	**69.7**	**43.6**	**302.4**
Change in interest-free current receivables	54.3	60.5	115.7
Change in inventories	-37.4	-37.2	42.4
Change in interest-free current liabilities	-49.0	11.9	-33.1
Change in net working capital	**-32.2**	**35.2**	**125.0**
Cash flow from operations before financing items and taxes	**37.5**	**78.8**	**427.4**
Interest received	3.0	6.1	21.9
Interest paid	-5.1	-10.9	-36.8
Other financial income and expenses	-1.7	4.3	20.7
Income taxes paid	-10.7	-14.6	-26.1
Financing items and taxes	**-14.5**	**-15.1**	**-20.3**
NET CASH FROM OPERATING ACTIVITIES	**23.0**	**63.7**	**407.1**
Cash flow from investing activities			
Acquisition of Group companies, net of cash	0.0	-124.1	-124.1
Capital expenditures	-8.0	-10.0	-43.8
Proceeds from sale of property, plant and equipment	2.6	0.1	2.8
NET CASH USED IN INVESTING ACTIVITIES	**-5.4**	**-134.0**	**-165.1**
Cash flow before financing activities	**17.7**	**-70.3**	**242.0**
Cash flow from financing activities			
Proceeds from non-current borrowings	0.0	0.0	151.8
Repayments of non-current borrowings	-2.0	-0.1	-5.4
Repayments of lease liability	-10.8	-12.7	-42.5
Proceeds from (+), payments of (-) current borrowings	-151.2	76.7	-20.0
Change in loans receivable	-0.1	-0.2	-1.0
Acquired non controlling interest	-1.6	0.0	0.0
Dividends paid to equity holders of the parent	0.0	0.0	-95.0
Dividends paid to non-controlling interests	0.0	0.0	-0.3
NET CASH USED IN FINANCING ACTIVITIES	**-165.7**	**63.7**	**-12.4**
Translation differences in cash	3.8	-2.0	-15.9
CHANGE OF CASH AND CASH EQUIVALENTS	**-144.3**	**-8.6**	**213.7**
Cash and cash equivalents at beginning of period	591.9	378.2	378.2
Cash and cash equivalents at end of period	447.6	369.6	591.9
CHANGE OF CASH AND CASH EQUIVALENTS	**-144.3**	**-8.6**	**213.7**

The effect of changes in exchange rates has been eliminated by converting the beginning balance at the rates current on the last day of the reporting period.

FREE CASH FLOW (alternative performance measure)

EUR million	1–3/2021	1–3/2020	1–12/2020
Net cash from operating activities	23.0	63.7	407.1
Capital expenditures	-8.0	-10.0	-43.8
Proceeds from sale of property, plant and equipment	2.6	0.1	2.8
Free cash flow	**17.7**	**53.8**	**366.1**

Notes

1. CORPORATE INFORMATION

Konecranes Plc ("Konecranes Group" or "the Group") is a Finnish public limited company organized under the laws of Finland and domiciled in Hyvinkää. The company is listed on the NASDAQ Helsinki.

Konecranes is a world-leading manufacturer and servicer of cranes, lifting equipment and machine tools, serving a broad range of customers, including manufacturing and process industries, shipyards, ports and terminals. Konecranes operates internationally, with its products being manufactured in North and South America, Europe, Africa, the Middle East, and Asia and sold worldwide. Konecranes has three operating segments, which it calls Business Areas: Business Area Service, Business Area Industrial Equipment and Business Area Port Solutions.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of Konecranes Plc for three months ending 31.3.2021 and 31.3.2020 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). As such, they do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2020. The unaudited interim condensed consolidated financial statements including notes thereto are presented in millions of euros and all values are rounded to the nearest million (€ 000 000) except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in accordance with IFRS requires management to make estimates and judgments that affect the valuation of reported assets and liabilities and other information, such as contingent liabilities and recognition of income and expenses in the statement of income. These assumptions, estimates and judgments are based on management's historical experience, best knowledge about the events and other factors, such as expectations on future events, which are assessed to be reasonable in the given circumstances. Although these estimates and judgments are based on the management's best understanding of current events and circumstances, actual results may differ from the estimates. Possible changes in estimates and assumptions are recognized in the financial reporting period the estimate or assumption is changed.

4. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies adopted in the preparation of the audited interim condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2020.

Notes

5. SEGMENT INFORMATION

5.1. Operating segments

EUR million

Orders received by Business Area	1–3/2021	% of total	1–3/2020	% of total	1–12/2020	% of total
Service [1]	255.2	32	266.1	34	927.8	32
Industrial Equipment	276.7	34	278.2	35	981.2	34
Port Solutions [1]	275.5	34	243.2	31	994.5	34
./. Internal	-44.7		-50.5		-176.1	
Total	**762.8**	**100**	**737.0**	**100**	**2,727.3**	**100**

[1] *Excl. Service Agreement Base*

Order book total [2]	31.3.2021	% of total	31.3.2020	% of total	31.12.2020	% of total
Service	254.5	14	256.9	13	213.4	12
Industrial Equipment	663.2	36	754.5	38	598.8	35
Port Solutions	949.0	51	949.9	48	903.2	53
Total	**1,866.7**	**100**	**1,961.3**	**100**	**1,715.5**	**100**

[2] *Percentage of completion deducted*

Sales by Business Area	1–3/2021	% of total	1–3/2020	% of total	1–12/2020	% of total
Service	278.3	37	303.7	37	1,190.0	35
Industrial Equipment	228.4	31	266.6	32	1,120.1	33
Port Solutions	236.0	32	252.6	31	1,066.0	32
./. Internal	-38.7		-53.3		-197.2	
Total	**704.0**	**100**	**769.6**	**100**	**3,178.9**	**100**

Adjusted EBITA by Business Area	1–3/2021 MEUR	EBITA %	1–3/2020 MEUR	EBITA %	1–12/2020 MEUR	EBITA %
Service	46.4	16.7	41.9	13.8	205.2	17.2
Industrial Equipment	0.3	0.1	-10.6	-4.0	25.4	2.3
Port Solutions	17.8	7.5	0.0	0.0	59.7	5.6
Group costs and eliminations	-8.2		-10.2		-29.5	
Total	**56.2**	**8.0**	**21.1**	**2.7**	**260.8**	**8.2**

Operating profit (EBIT) by Business Area	1–3/2021 MEUR	EBIT %	1–3/2020 MEUR	EBIT %	1–12/2020 MEUR	EBIT %
Service	42.0	15.1	34.7	11.4	181.4	15.2
Industrial Equipment	-4.2	-1.9	-13.1	-4.9	4.3	0.4
Port Solutions	15.6	6.6	-3.4	-1.4	28.0	2.6
Group costs and eliminations	-15.8		-10.4		-40.0	
Total	**37.5**	**5.3**	**7.8**	**1.0**	**173.8**	**5.5**

Notes

Business segment assets	31.3.2021 MEUR	31.3.2020 MEUR	31.12.2020 MEUR
Service	1,419.5	1,475.9	1,409.7
Industrial Equipment	915.4	957.9	916.5
Port Solutions	855.5	931.7	854.2
Unallocated items	689.2	695.3	836.1
Total	**3,879.6**	**4,060.8**	**4,016.5**

Business segment liabilities	31.3.2021 MEUR	31.3.2020 MEUR	31.12.2020 MEUR
Service	188.0	191.5	192.5
Industrial Equipment	361.1	372.4	356.4
Port Solutions	400.1	451.3	415.0
Unallocated items	1,729.5	1,796.0	1,801.5
Total	**2,678.7**	**2,811.1**	**2,765.4**

Personnel by Business Area (at the end of the period)	31.3.2021	% of total	31.3.2020	% of total	31.12.2020	% of total
Service	7,957	48	8,657	48	8,062	48
Industrial Equipment	5,626	34	6,030	34	5,720	34
Port Solutions	2,945	18	3,052	17	2,970	18
Group staff	86	1	111	1	110	1
Total	**16,614**	**100**	**17,850**	**100**	**16,862**	**100**

Notes

Orders received by Business Area, Quarters	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020
Service [1]	255.2	233.6	218.9	209.1	266.1
Industrial Equipment	276.7	241.3	226.8	234.9	278.2
Port Solutions [1]	275.5	403.7	163.3	184.2	243.2
./. Internal	-44.7	-35.3	-43.6	-46.7	-50.5
Total	**762.8**	**843.3**	**565.5**	**581.5**	**737.0**

[1] *Excl. Service Agreement Base*

Order book by Business Area, Quarters	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020
Service	254.5	213.4	230.2	249.8	256.9
Industrial Equipment	663.2	598.8	669.1	725.4	754.5
Port Solutions	949.0	903.2	843.6	929.4	949.9
Total	**1,866.7**	**1,715.5**	**1,742.8**	**1,904.5**	**1,961.3**

Sales by Business Area, Quarters	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020
Service	278.3	315.3	294.6	276.5	303.7
Industrial Equipment	228.4	313.6	270.1	269.9	266.6
Port Solutions	236.0	355.3	250.2	207.9	252.6
./. Internal	-38.7	-47.3	-47.0	-49.7	-53.3
Total	**704.0**	**936.8**	**767.9**	**704.7**	**769.6**

Adjusted EBITA by Business Area, Quarters	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020
Service	46.4	60.6	55.1	47.6	41.9
Industrial Equipment	0.3	18.1	13.4	4.5	-10.6
Port Solutions	17.8	28.7	17.8	13.3	0.0
Group costs and eliminations	-8.2	-5.3	-6.1	-7.9	-10.2
Total	**56.2**	**102.1**	**80.1**	**57.5**	**21.1**

Adjusted EBITA margin by Business Area, Quarters	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020
Service	16.7	19.2	18.7	17.2	13.8
Industrial Equipment	0.1	5.8	5.0	1.7	-4.0
Port Solutions	7.5	8.1	7.1	6.4	0.0
Group EBITA margin total	**8.0**	**10.9**	**10.4**	**8.2**	**2.7**

Personnel by Business Area, Quarters (at the end of the period)	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020
Service	7,957	8,062	8,051	8,271	8,657
Industrial Equipment	5,626	5,720	5,772	5,874	6,030
Port Solutions	2,945	2,970	3,021	3,017	3,052
Group staff	86	110	113	108	111
Total	**16,614**	**16,862**	**16,957**	**17,270**	**17,850**

Notes

5.2. Geographical areas

EUR million

Sales by market	**1–3/2021**	% of total	**1–3/2020**	% of total	**1–12/2020**	% of total
Europe-Middle East-Africa (EMEA)	373.6	53	404.1	53	1,703.9	54
Americas (AME)	228.0	32	263.8	34	976.6	31
Asia-Pacific (APAC)	102.5	15	101.6	13	498.4	16
Total	**704.0**	**100**	**769.6**	**100**	**3,178.9**	**100**

Personnel by region (at the end of the period)	**31.3.2021**	% of total	**31.3.2020**	% of total	**31.12.2020**	% of total
Europe-Middle East-Africa (EMEA)	9,561	58	10,131	57	9,688	57
Americas (AME)	2,967	18	3,200	18	2,964	18
Asia-Pacific (APAC)	4,086	25	4,519	25	4,210	25
Total	**16,614**	**100**	**17,850**	**100**	**16,862**	**100**

Sales by market, Quarters	**Q1/2021**	**Q4/2020**	**Q3/2020**	**Q2/2020**	**Q1/2020**
Europe-Middle East-Africa (EMEA)	373.6	538.5	402.0	359.3	404.1
Americas (AME)	228.0	250.9	231.4	230.5	263.8
Asia-Pacific (APAC)	102.5	147.3	134.5	114.9	101.6
Total	**704.0**	**936.8**	**767.9**	**704.7**	**769.6**

Personnel by region, Quarters (at the end of the period)	**Q1/2021**	**Q4/2020**	**Q3/2020**	**Q2/2020**	**Q1/2020**
Europe-Middle East-Africa (EMEA)	9,561	9,688	9,817	9,923	10,131
Americas (AME)	2,967	2,964	2,880	3,002	3,200
Asia-Pacific (APAC)	4,086	4,210	4,260	4,345	4,519
Total	**16,614**	**16,862**	**16,957**	**17,270**	**17,850**

Notes

6. CONTRACT ASSETS AND LIABILITIES (Percentage of completion method and advances received)

EUR million	31.3.2021	31.3.2020	31.12.2020
The cumulative revenues of non-delivered projects	585.9	649.0	554.6
Advances received netted	472.9	464.9	452.3
Total	**113.0**	**184.1**	**102.3**
Gross advance received from percentage of completion method	521.2	512.3	510.0
Advances received netted	472.9	464.9	452.3
Total	**48.3**	**47.4**	**57.7**

Net sales recognized under the percentage of completion method amounted EUR 103.3 million in 1–3/2021 (EUR 140.8 million in 1–3/2020).

Contract assets relate to receivable arising from percentage of completion method. Net asset balances are balances where the sum of contract costs, recognized profits and recognized losses exceed progress billings. Where progress billings exceed the sum of contract costs, recognized profits and recognized losses these liabilities are included in the line item contract liabilities.

Advance payments received	31.3.2021	31.3.2020	31.12.2020
Advance received from percentage of completion method (netted)	48.3	47.4	57.7
Other advance received from customers	280.6	359.9	294.6
Total	**328.8**	**407.3**	**352.3**

7. IMPAIRMENTS

There were no impairements during the reported periods.

8. RESTRUCTURING COSTS

Konecranes has recorded EUR 3.4 million restructuring costs during 1–3/2021 (EUR 4.3 million in 1–3/2020) of which EUR 0.0 million was impairment of assets (EUR 0.0 million for 1–3/2020). The remaining EUR 3.4 million of restructuring cost is reported 1–3/2021 in personnel costs (EUR 4.5 million) and in other operating expenses (EUR 0.1 million) and profits on disposal of assets in other operating income (EUR 1.2 million).

9. INCOME TAXES

Taxes in statement of Income	1–3/2021	1–3/2020	1–12/2020
Local income taxes of group companies	14.7	6.7	51.7
Taxes from previous years	1.1	-0.1	-3.3
Change in deferred taxes	-7.5	-2.1	-1.0
Total	**8.3**	**4.6**	**47.5**

Notes

10. KEY FIGURES

	31.3.2021	31.3.2020	Change %	31.12.2020
Earnings per share, basic (EUR)	0.23	0.14	58.7	1.54
Earnings per share, diluted (EUR)	0.23	0.14	58.7	1.54
Alternative Performance Measures:				
Return on capital employed, %, Rolling 12 Months (R12M)	8.9	6.2	43.5	8.3
Adjusted return on capital employed, %, Rolling 12 Months (R12M)	12.8	11.1	15.3	11.1
Return on equity, %, Rolling 12 Months (R12M)	10.6	6.6	60.6	9.8
Equity per share (EUR)	15.06	15.73	-4.3	15.69
Interest-bearing net debt / Equity, %	47.4	61.7	-23.2	46.1
Net debt / Adjusted EBITDA, Rolling 12 Months (R12M)	1.5	2.2	-31.8	1.6
Equity to asset ratio, %	33.8	34.2	-1.2	34.1
Investments total (excl. acquisitions), EUR million	7.5	7.5	-0.7	42.8
Interest-bearing net debt, EUR million	569.2	771.3	-26.2	577.1
Net working capital, EUR million	282.6	458.3	-38.3	337.2
Average number of personnel during the period	16,738	17,023	-1.7	17,027
Average number of shares outstanding, basic	79,134,459	78,907,498	0.3	79,077,608
Average number of shares outstanding, diluted	79,134,459	78,907,498	0.3	79,077,608
Number of shares outstanding	79,134,459	79,133,459	0.0	79,134,459

Notes

Calculation of Alternative Performance Measures

Konecranes presents Alternative Performance Measures to reflect the underlying business performance and to enhance comparability between financial periods. Alternative Performance measures should not be considered as a substitute for measures of performance in accordance with the IFRS.

Return on equity (%):	=	Net profit for the period / Total equity (average during the period)	X 100
Return on capital employed (%):	=	Income before taxes + interest paid + other financing cost / Total amount of equity and liabilities - non-interest bearing debts (average during the period)	X 100
Adjusted return on capital employed (%):	=	Adjusted EBITA / Total amount of equity and liabilities - non-interest bearing debts (average during the period)	X 100
Equity to asset ratio, %	=	Shareholders' equity / Total amount of equity and liabilities - advance payment received	X 100
Interest-bearing net debt / Equity, %:	=	Interest-bearing liabilities - liquid assets - loans receivable / Total equity	X 100
Equity per share:	=	Equity attributable to the shareholders of the parent company / Number of shares outstanding	
Net working capital:	=	Non interest-bearing current assets + deferred tax assets (excluding Purchase Price Allocation) - Non interest-bearing current liabilities - deferred tax liabilities (excluding Purchase Price Allocation) - provisions	
Interest-bearing net debt:	=	Interest-bearing liabilities (non current and current) - cash and cash equivalents - loans receivable (non current and current)	
Average number of personnel:	=	Calculated as average of number of personnel in quarters	
Number of shares outstanding:	=	Total number of shares - treasury shares	
EBITDA	=	Operating profit + Depreciation, amortization and impairments	
EBITA	=	Operating profit + Amortization and impairment of Purchase Price Allocations	

Notes

Reconciliation of adjusted EBITDA, EBITA and Operating profit (EBIT)	1–3/2021	1–3/2020	1–12/2020
Adjusted EBITDA	**79.0**	**46.0**	**356.7**
Transaction costs	-6.9	0.0	-8.5
Restructuring costs (excluding impairments)	-3.4	-4.3	-42.6
Release of MHE-Demag purchase price allocation in inventories	0.0	-0.5	-1.8
EBITDA	**68.8**	**41.3**	**303.8**
Depreciation, amortization and impairments	-31.3	-33.5	-130.0
Operating profit (EBIT)	**37.5**	**7.8**	**173.8**
Adjusted EBITA	**56.2**	**21.1**	**260.8**
Purchase price allocation amortization	-8.5	-9.0	-35.9
Adjusted Operating profit (EBIT)	**47.8**	**12.1**	**224.9**
Transaction costs	-6.9	0.0	-8.5
Restructuring costs	-3.4	-4.3	-42.6
Operating profit (EBIT)	**37.5**	**7.8**	**173.8**

Interest-bearing net debt	31.3.2021	31.3.2020	31.12.2020
Non current interest bearing liabilities	854.9	798.9	859.7
Current interest bearing liabilities	163.8	343.1	311.1
Loans receivable	-2.0	-1.1	-1.8
Cash and cash equivalents	-447.6	-369.6	-591.9
Interest-bearing net debt	**569.2**	**771.3**	**577.1**

The period end exchange rates:	31.3.2021	31.3.2020	Change %	31.12.2020
USD - US dollar	1.173	1.096	-6.6	1.227
CAD - Canadian dollar	1.478	1.562	5.6	1.563
GBP - Pound sterling	0.852	0.886	4.0	0.899
CNY - Chinese yuan	7.681	7.778	1.3	8.023
SGD - Singapore dollar	1.577	1.563	-0.9	1.622
SEK - Swedish krona	10.238	11.061	8.0	10.034
AUD - Australian dollar	1.541	1.797	16.6	1.590

The period average exchange rates:	31.3.2021	31.3.2020	Change %	31.12.2020
USD - US dollar	1.204	1.102	-8.5	1.142
CAD - Canadian dollar	1.525	1.482	-2.8	1.530
GBP - Pound sterling	0.873	0.862	-1.3	0.890
CNY - Chinese yuan	7.805	7.694	-1.4	7.875
SGD - Singapore dollar	1.605	1.528	-4.8	1.574
SEK - Swedish krona	10.121	10.671	5.4	10.486
AUD - Australian dollar	1.559	1.680	7.8	1.655

Notes

11. GUARANTEES, LEASE COMMITMENTS AND CONTINGENT LIABILITIES

EUR million	31.3.2021	31.3.2020	31.12.2020
For own commercial obligations			
Guarantees	678.8	654.4	580.2
Other	38.4	23.1	33.4
Total	**717.2**	**677.6**	**613.6**

Guarantees

The guarantees are related to the fact that from time to time Konecranes provides customers with guarantees that guarantee the Company's obligations pursuant to the applicable customer contract. In sale of investment goods (machinery) the typical guarantees are the following:

- tender guarantees (bid bonds) given to the customer to secure the bidding process
- advance payment guarantees given to the customer to secure their down payment for project
- performance guarantees to secure customers over the Company's own performance in customer contracts, and
- warranty period guarantees to secure the correction of defects during the warranty period.

Contingent liabilities relating to litigation

Various legal actions, claims and other proceedings are pending against the Group in various countries. These actions, claims and other proceedings are typical for this industry and consistent with a global business offering that encompasses a wide range of products and services. These matters involve contractual disputes, warranty claims, product liability (including design defects, manufacturing defects, failure to warn and asbestos legacy), employment, vehicles and other matters involving claims of general liability.

While the final outcome of these matters cannot be predicted with certainty, Konecranes is of the opinion, based on the information available to date and considering the grounds presented for such claims, the available insurance coverage and the reserves made, that the outcome of such actions, claims and other proceedings, if unfavorable, would not have a material, adverse impact on the financial condition of the Group.

Notes

12. FINANCIAL ASSETS AND LIABILITIES

12.1. Carrying amount of financial assets and liabilities in the balance sheet

EUR million Financial assets 31.3.2021	Fair value through OCI	Fair value through income statement	Amortized cost	Carrying amounts by balance sheet item
Current financial assets				
Account and other receivables	0.0	0.0	470.1	470.1
Derivative financial instruments	2.7	3.3	0.0	6.0
Cash and cash equivalents	0.0	0.0	447.6	447.6
Total	**2.7**	**3.3**	**917.7**	**923.6**

Financial liabilities 31.3.2021				
Non-current financial liabilities				
Interest-bearing liabilities	0.0	0.0	854.9	854.9
Other payable	0.0	0.0	8.3	8.3
Current financial liabilities				
Interest-bearing liabilities	0.0	0.0	163.8	163.8
Derivative financial instruments	6.9	11.5	0.0	18.4
Accounts and other payable	0.0	0.0	279.7	279.7
Total	**6.9**	**11.5**	**1,306.7**	**1,325.1**

EUR million Financial assets 31.3.2020	Fair value through OCI	Fair value through income statement	Amortized cost	Carrying amounts by balance sheet item
Current financial assets				
Account and other receivables	0.0	0.0	542.8	542.8
Derivative financial instruments	2.1	9.8	0.0	11.8
Cash and cash equivalents	0.0	0.0	369.6	369.6
Total	**2.1**	**9.8**	**912.4**	**924.3**

Financial liabilities 31.3.2020				
Non-current financial liabilities				
Interest-bearing liabilities	0.0	0.0	798.9	798.9
Other payable	0.0	0.0	5.8	5.8
Current financial liabilities				
Interest-bearing liabilities	0.0	0.0	343.1	343.1
Derivative financial instruments	8.3	7.6	0.0	15.9
Accounts and other payable	0.0	0.0	299.6	299.6
Total	**8.3**	**7.6**	**1,447.4**	**1,463.3**

Notes

EUR million Financial assets 31.12.2020	Fair value through OCI	Fair value through income statement	Amortized cost	Carrying amounts by balance sheet item
Current financial assets				
Account and other receivables	0.0	0.0	520.1	520.1
Derivative financial instruments	7.7	13.4	0.0	21.2
Cash and cash equivalents	0.0	0.0	591.9	591.9
Total	**7.7**	**13.4**	**1,112.0**	**1,133.2**

Financial liabilities 31.12.2020				
Non-current financial liabilities				
Interest-bearing liabilities	0.0	0.0	859.7	859.7
Other payable	0.0	0.0	7.2	7.2
Current financial liabilities				
Interest-bearing liabilities	0.0	0.0	311.1	311.1
Derivative financial instruments	1.9	3.7	0.0	5.5
Accounts and other payable	0.0	0.0	262.7	262.7
Total	**1.9**	**3.7**	**1,440.8**	**1,446.3**

At the end of the first quarter 2021, the Group's liquid cash reserves were EUR 447.6 million (31.3.2020: EUR 369.6 million). For safeguarding the Group's cash position, the Group has established EUR 400 million committed revolving credit facility with an international loan syndication (2017–2024), which remained undrawn at the end of March 2021. In addition, the Group may draw short term financing from the domestic commercial paper markets within the EUR 500 million limit, for which EUR 30 million was utilized at the end of March 2021 (31.3.2020: EUR 281 million).

At the end of March 2021, the outstanding long-term loans were: EUR 400 million term loans, EUR 150 million Schuldschein loan, EUR 250 million bond and EUR 35 million employment pension loan. In addition, an undrawn EUR 465 million committed merger financing related facility (originally EUR 635 million) remained in place. The Schuldschein loan and term loans contains floating and fixed rate tranches and the bond yield is fixed with annual coupon payment. The weighted average interest rate for these loans and the bond is currently 1.30% per annum. The Group is in compliance with the quarterly monitored financial covenant (interest-bearing net debt/equity). No specific securities have been given for the loans. The Group continues to have healthy interest-bearing net debt / equity ratio of 47.4% (31.3.2020: 61.7%) which is in compliance with the financial covenants the Group has to comply with.

Derivatives are initially recorded in the balance sheet at fair value and subsequently measured at fair value at each balance sheet date. All derivatives are carried as assets when fair value is positive and liabilities when fair value is negative. Derivative instruments that are not designated as hedges (hedge accounting) are measured at fair value, and the change in fair value is recognized in the consolidated statement of income. When the derivative is designated as a hedge (hedge accounting) the effective part of the change in fair value is recognized in other comprehensive income. Any ineffective part is recognized in the consolidated statement of income. The foreign exchange forward contracts are measured based on the closing date's observable spot exchange rates and the quoted yield curves of the respective currencies. Interest rate swaps are measured based on present value of the cash flows, which are discounted based on the quoted yield curves.

Notes

12.2 Fair values

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial assets and liabilities:

Financial assets	Carrying amount **31.3.2021**	Carrying amount **31.3.2020**	Carrying amount **31.12.2020**	Fair value **31.3.2021**	Fair value **31.3.2020**	Fair value **31.12.2020**
Current financial assets						
Account and other receivables	470.1	542.8	520.1	470.1	542.8	520.1
Derivative financial instruments	6.0	11.8	21.2	6.0	11.8	21.2
Cash and cash equivalents	447.6	369.6	591.9	447.6	369.6	591.9
Total	**923.6**	**924.3**	**1,133.2**	**923.6**	**924.3**	**1,133.2**
Financial liabilities						
Non-current financial liabilities						
Interest-bearing liabilities	854.9	798.9	859.7	860.7	796.6	864.6
Other payable	8.3	5.8	7.2	8.3	5.8	7.2
Current financial liabilities						
Interest-bearing liabilities	163.8	343.1	311.1	164.1	343.1	311.2
Derivative financial instruments	18.4	15.9	5.5	18.4	15.9	5.5
Accounts and other payable	279.7	299.6	262.7	279.7	299.6	262.7
Total	**1,325.1**	**1,463.3**	**1,446.3**	**1,331.1**	**1,461.0**	**1,451.3**

The management assessed that cash and short-term deposits, accounts receivable, accounts payable, bank overdrafts and other current payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Long-term fixed-rate and variable-rate borrowings are evaluated by the Group based on parameters such as interest rates and the risk characteristics of the loan.

Notes

12.3 Hierarchy of fair values

	31.3.2021			31.3.2020			31.12.2020		
Financial assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative financial instruments									
Foreign exchange forward contracts	0.0	6.0	0.0	0.0	11.6	0.0	0.0	21.2	0.0
Currency options	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Total	**0.0**	**6.0**	**0.0**	**0.0**	**11.8**	**0.0**	**0.0**	**21.2**	**0.0**
Other financial assets									
Cash and cash equivalents	447.6	0.0	0.0	369.6	0.0	0.0	591.9	0.0	0.0
Total	**447.6**	**0.0**	**0.0**	**369.6**	**0.0**	**0.0**	**591.9**	**0.0**	**0.0**
Total financial assets	**447.6**	**6.0**	**0.0**	**369.6**	**11.8**	**0.0**	**591.9**	**21.2**	**0.0**

Financial liabilities									
Derivative financial instruments									
Foreign exchange forward contracts	0.0	18.4	0.0	0.0	15.9	0.0	0.0	5.5	0.0
Total	**0.0**	**18.4**	**0.0**	**0.0**	**15.9**	**0.0**	**0.0**	**5.5**	**0.0**
Other financial liabilities									
Interest bearing liabilities	0.0	1,018.8	0.0	0.0	1,142.0	0.0	0.0	1,170.8	0.0
Other payables	0.0	0.0	1.6	0.0	0.0	0.1	0.0	0.0	0.7
Total	**0.0**	**1,018.8**	**1.6**	**0.0**	**1,142.0**	**0.1**	**0.0**	**1,170.8**	**0.7**
Total financial liabilities	**0.0**	**1,037.1**	**1.6**	**0.0**	**1,157.8**	**0.1**	**0.0**	**1,176.3**	**0.7**

13. HEDGE ACTIVITIES AND DERIVATIVES

EUR million	31.3.2021 Nominal value	31.3.2021 Fair value	31.3.2020 Nominal value	31.3.2020 Fair value	31.12.2020 Nominal value	31.12.2020 Fair value
Foreign exchange forward contracts	1,126.3	-12.4	1,229.8	-4.3	1,052.2	15.6
Currency options	0.0	0.0	55.2	0.2	0.0	0.0
Total	**1,126.3**	**-12.4**	**1,284.9**	**-4.1**	**1,052.2**	**15.6**

Derivatives not designated as hedging instruments

The Group enters into other foreign exchange and electricity forward contracts or currency options with the intention of reducing the risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Notes

CASH FLOW HEDGES

Foreign currency risk

Foreign exchange forward and option contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales and purchases in US dollar. These forecast transactions are highly probable, and they comprise about 34.7% of the Group's total hedged transaction flows. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

At the inception of these deals the Group assess whether the critical terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. On a quarterly basis the Group performs qualitative effectiveness test by checking that the hedging instrument is linked on the relevant assets and liabilities, projected business transactions or binding contracts according to the hedging strategy and that there are no related credit risks. Hedge ineffectiveness is recognized through profit or loss.

The cash flow hedges of the expected future sales and purchases in 2021 and 2020 were assessed to be highly effective and a net unrealized loss, with a deferred tax asset relating to the hedging instruments, is included in OCI. The amounts recognized in OCI are shown in the table below and the reclassifications to profit or loss during the year are as shown in the consolidated statement of income.

Fair value reserve of cash flow hedges

EUR million	31.3.2021	31.3.2020	31.12.2020
Balance as of January 1	6.0	-0.5	-0.5
Gains and losses deferred to equity (fair value reserve)	-10.1	-3.1	8.1
Change in deferred taxes	2.0	0.6	-1.6
Balance as of the end of period	**-2.1**	**-3.0**	**6.0**

14. TRANSACTIONS WITH RELATED PARTIES

EUR million	31.3.2021	31.3.2020	31.12.2020
Sales of goods and services with associated companies and joint arrangements	3.5	3.4	20.0
Receivables from associated companies and joint arrangements	4.5	2.6	4.3
Purchases of goods and services from associated companies and joint arrangements	10.4	13.7	48.7
Liabilities to associated companies and joint arrangements	1.2	1.4	0.8

Notes

15. MERGER PLAN WITH CARGOTEC

On October 1, 2020 Konecranes Plc (”Konecranes”) and Cargotec Corporation (”Cargotec”) announced that their respective Boards of Directors signed a combination agreement (the ”Combination Agreement”) and a merger plan to combine the two companies through a merger (the ”Future Company”). The EGM on December 18, 2020 approved the merger of Konecranes into Cargotec in accordance with the merger plan signed by the Boards of Directors of Konecranes and Cargotec on 1 October 2020 and approved the Merger Plan.

The customer industries of the Future Company will include container handling, manufacturing, transportation, construction and engineering, paper and pulp, metals productions, mining, power, chemicals and marine industries.The Future Company's name will be determined and announced at a later stage. Pursuant to the merger plan, the Board of Directors of Cargotec will propose to the shareholders' general meeting of Cargotec to be convened prior to the completion of the merger that the articles of association of Cargotec will be amended in connection with the registration of the execution of the merger to contain a new name of the Future Company. The location of the headquarters of the Future Company will be decided later.

The proposed combination will be implemented as a statutory absorption merger whereby Konecranes will be merged into Cargotec. Prior to or in connection with the completion of the merger, Cargotec will issue new shares without payment to the shareholders of Cargotec in proportion to their existing shareholding by issuing two (2) new class A shares for each class A share and two (2) new class B shares for each class B share, including new shares to be issued to Cargotec for its treasury shares. Upon completion, Konecranes' shareholders will receive as merger consideration 0.3611 new class A shares and 2.0834 new class B shares in Cargotec for each share they hold in Konecranes on the record date. This implies that Konecranes shareholders would own approximately 50 percent of the shares and votes of the Future Company, and Cargotec shareholders would own approximately 50 percent of the shares and votes of the Future Company. In addition to the merger consideration shares, all the existing class A shares of Cargotec will be listed on Nasdaq Helsinki in connection with the merger.

The Konecranes general meeting of shareholders approved the proposal to distribute an extra distribution of funds in connection with the transaction in the total amount of approximately EUR 158 million, corresponding to EUR 2.00 per share, to Konecranes' shareholders before the combination is completed. The extra distribution of funds will be paid in addition to the ordinary distribution(s). Konecranes and Cargotec have obtained necessary commitments for the financing of the completion of the merger.

The completion of the Merger is subject to necessary merger control approvals having been obtained and other conditions to completion having been fulfilled. The planned Merger completion date is 1 January 2022, however, the date is subject to change and the actual completion date may be earlier or later than 1 January 2022.

ANALYST AND PRESS BRIEFING

A live international telephone conference for analysts, investors and media will be held on April 28, 2021, at 10:30 a.m. EEST. The interim report will be presented by Konecranes' President and CEO Rob Smith and CFO Teo Ottola.

Please see the press release dated April 14, 2021 for the conference call details.

NEXT REPORT

Konecranes Plc plans to publish half-year financial report January–June 2021 on July 28, 2021.

KONECRANES PLC

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Konecranes is a world-leading group of Lifting Businesses™, serving a broad range of customers, including manufacturing and process industries, shipyards, ports and terminals. Konecranes provides productivity enhancing lifting solutions as well as services for lifting equipment of all makes. In 2020, Group sales totaled EUR 3.2 billion. The Group has around 16,600 employees in 50 countries. Konecranes shares are listed on the Nasdaq Helsinki (symbol: KCR).

www.konecranes.com