

PRODUCT STRATEGY IN EMERGING MARKETS

Ryan Flynn

A large, leafy green tree stands in a grassy field. The tree has a thick trunk and a wide, spreading canopy of green leaves. The background is a bright, slightly overcast sky. The tree is positioned on the left side of the frame, with its branches extending towards the center.

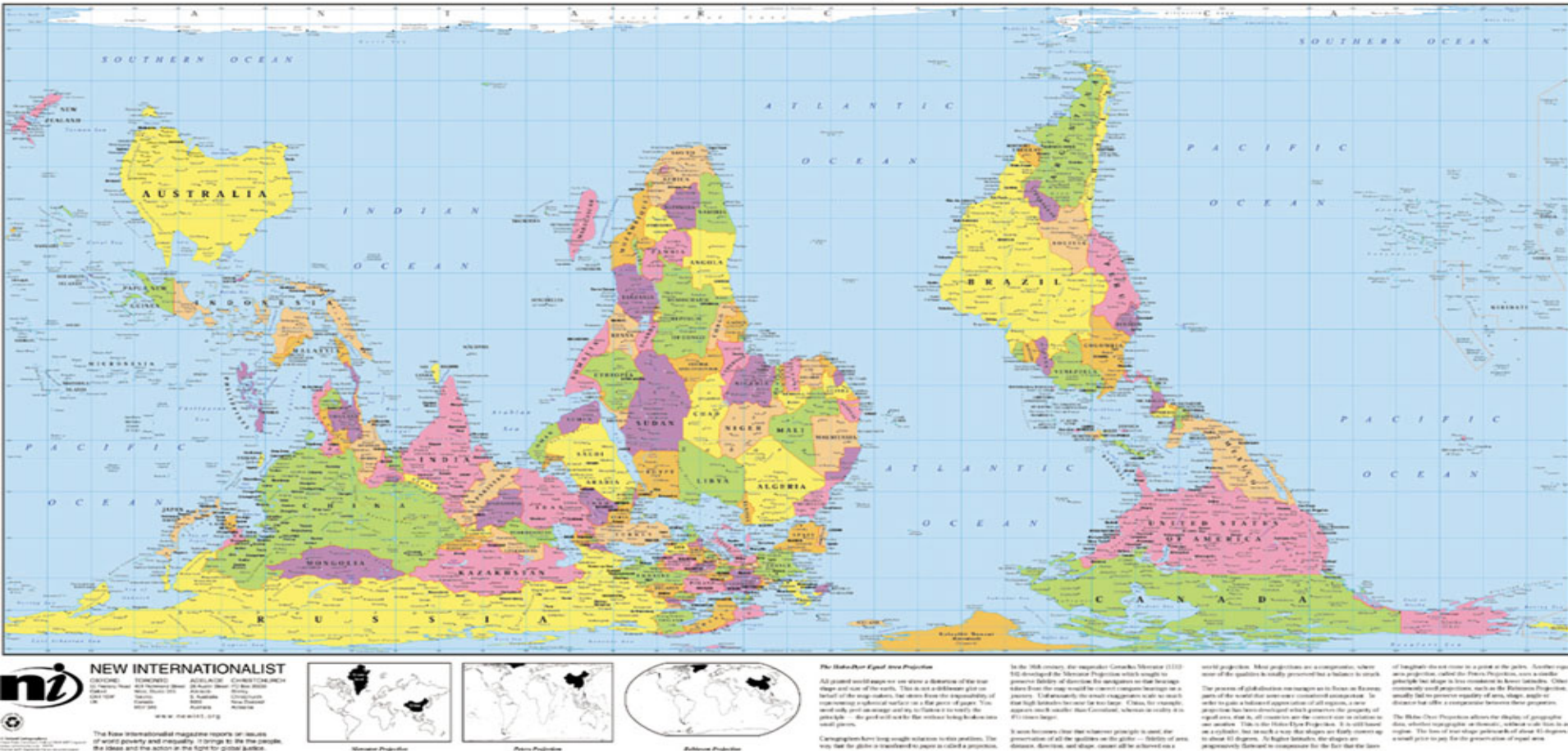
AGENDA

- Emerging market orientation
- Wire Rope Hoists and the China market
- Equipment development in the process and port industry
- Service in emerging markets
- Summary

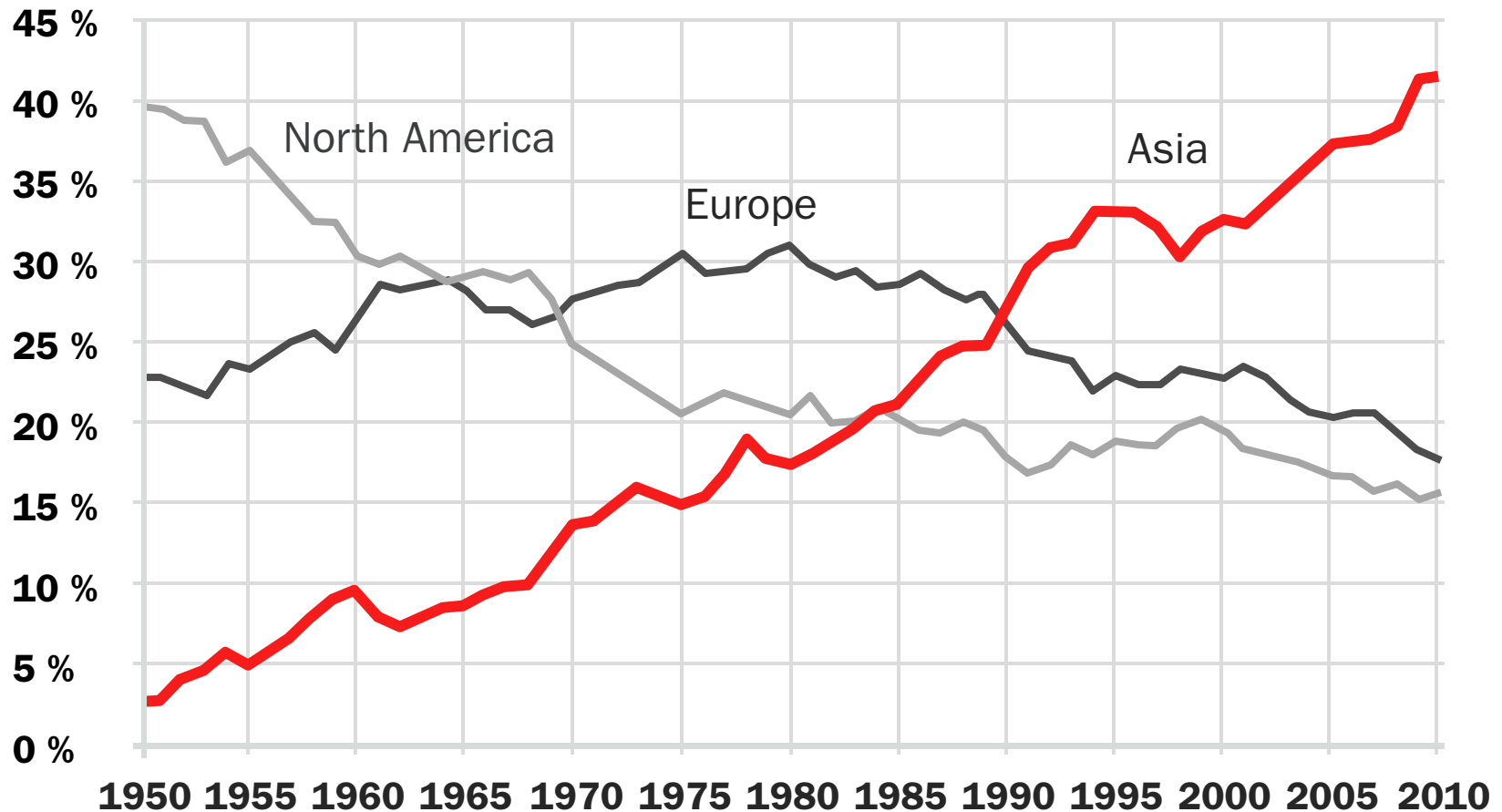
EMERGING MARKETS

“SEEING THINGS DIFFERENTLY”

The World turned Upside Down

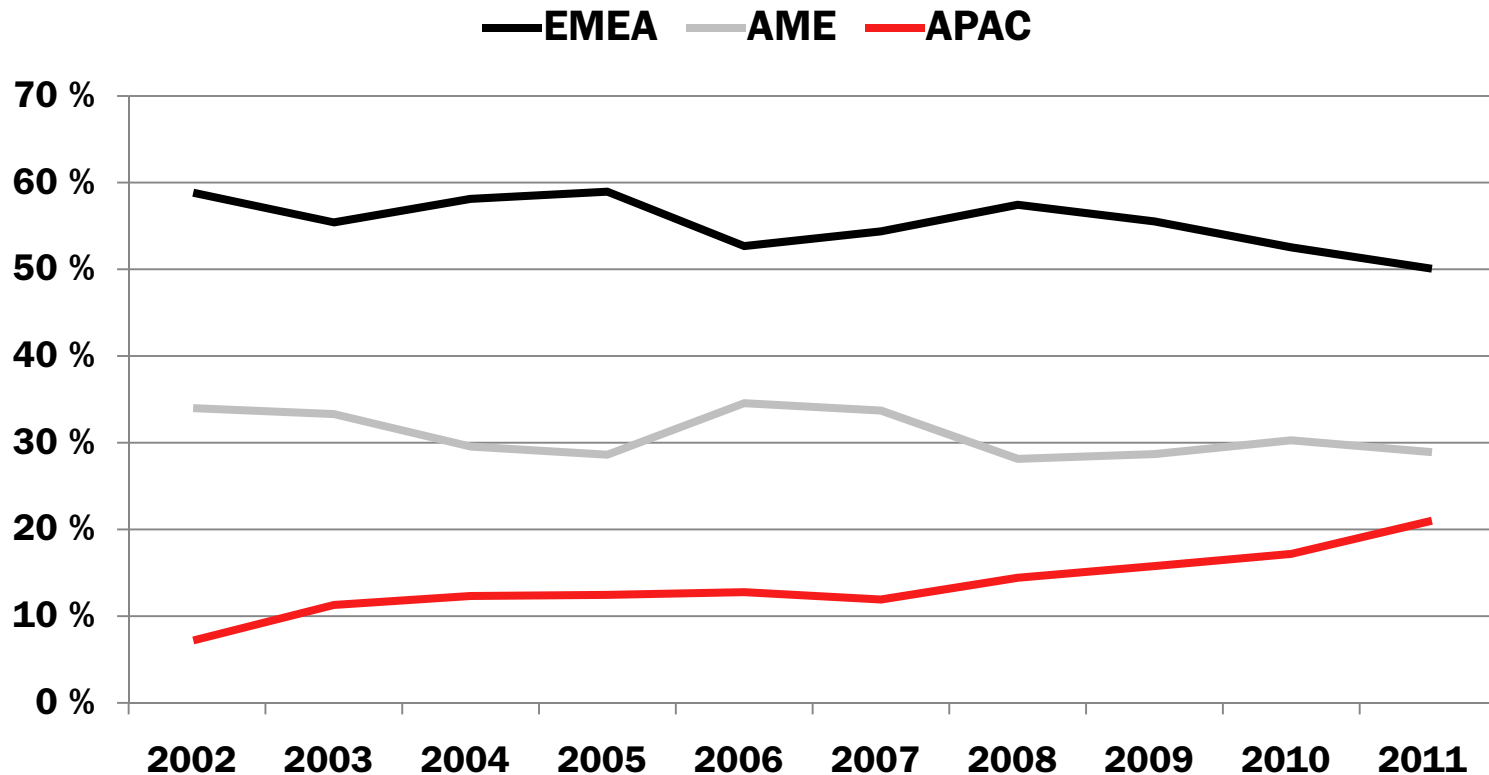


GLOBAL STRUCTURAL CHANGE IS CONTINUING – SHARE OF WORLD INDUSTRIAL PRODUCTION

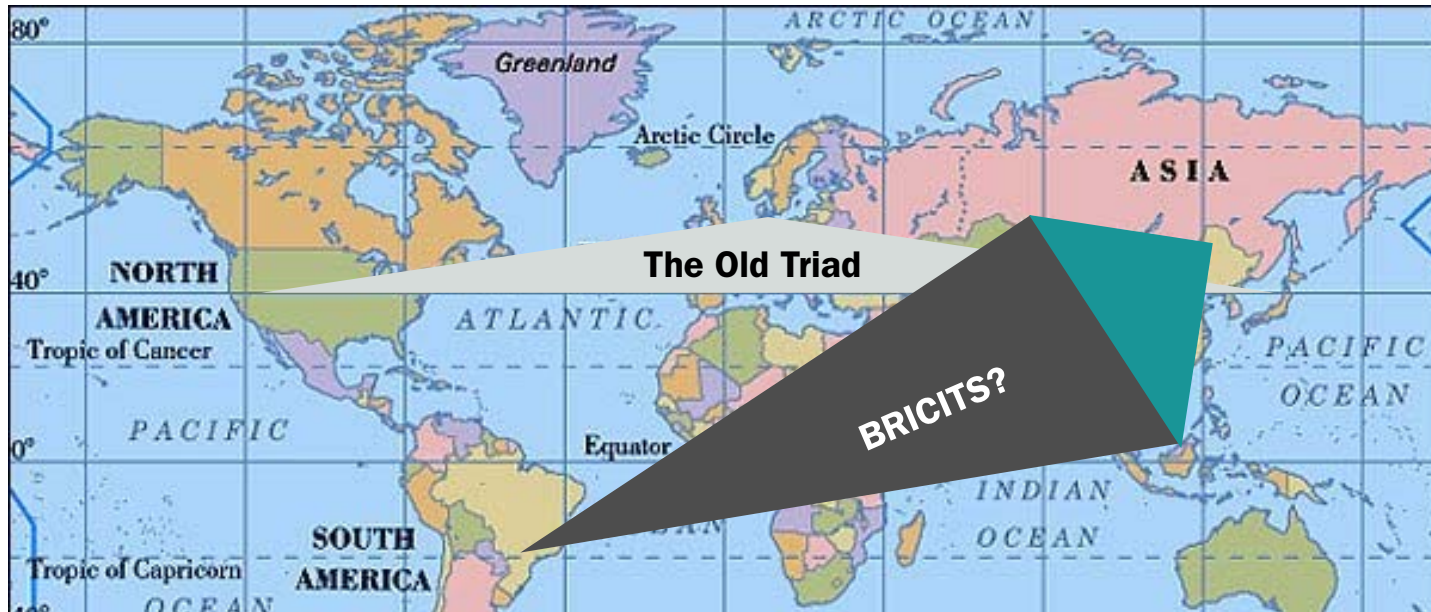


Source: Maddison (Historical Statistics), IMF, ETLA

APAC'S SHARE OF OUR SALES HAS INCREASED FROM 7% TO 21% IN 10 YEARS



CHANGING WORLD ORDER



Almost 50% of our growth is coming from emerging markets

EMERGING MARKET PRODUCT PLATFORMS

A man wearing a white hard hat and a light blue shirt is looking up at a large building. The building has a large, red, 3D logo that reads "KONECRANES" on its side. The sky is blue with some clouds. The man is in the foreground, looking towards the building. The building is a modern structure with a glass facade on the left side.

KONECRANES

EMERGING MARKET PRODUCT PLATFORMS:

1: GLOBAL HIGH END PRODUCT PLATFORMS



EMERGING MARKET PRODUCT PLATFORMS:

2: LOCAL “GOOD ENOUGH” PRODUCT PLATFORMS



CD/MD



Open Winch



WIRE ROPE HOISTS AND THE CHINA MARKET

WIRE ROPE HOIST MARKET



**ESTIMATED GLOBAL WIRE ROPE HOIST MARKET IS:
350.000 UNITS PER ANNUM (EUR 1+ BN)**

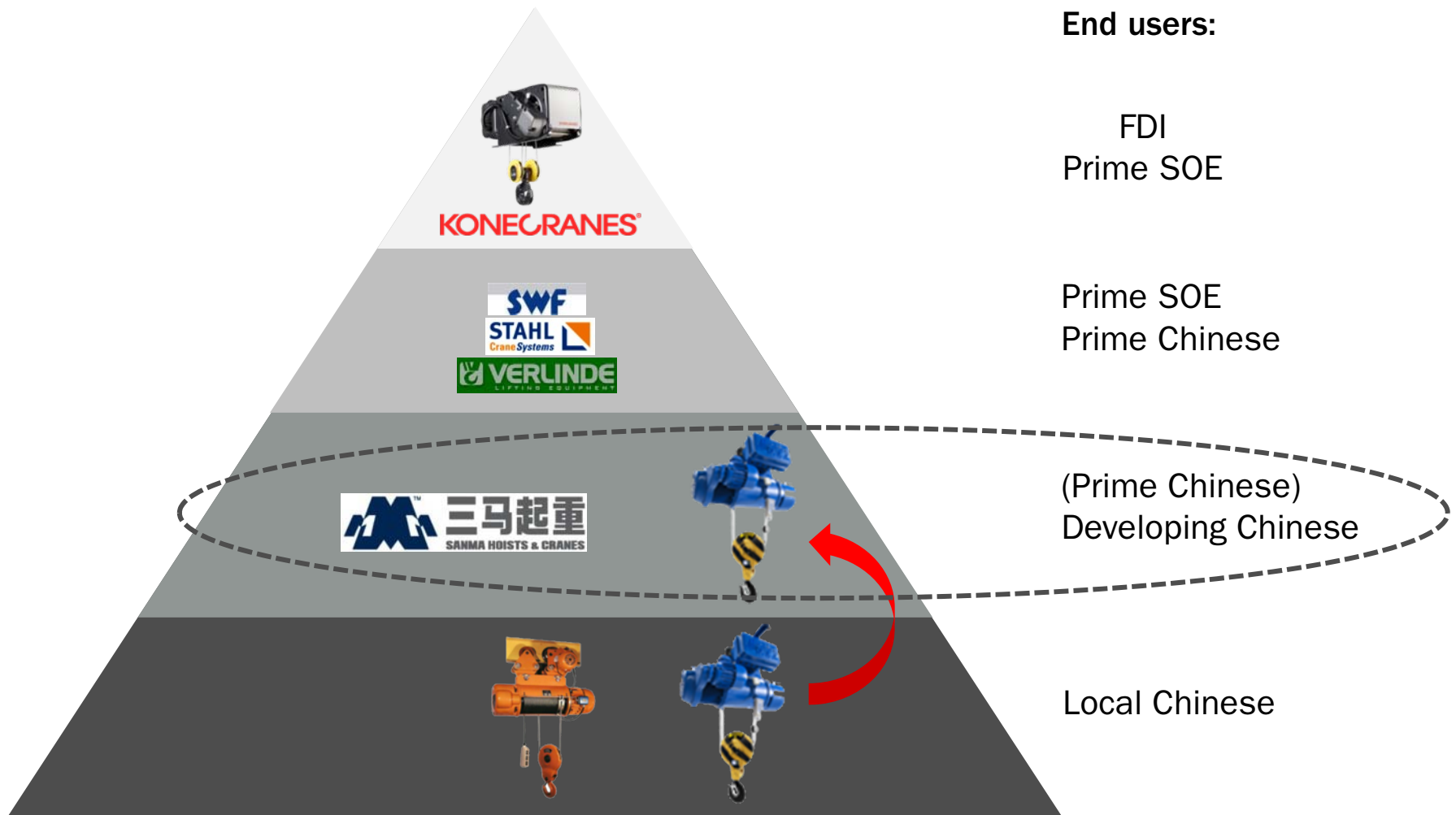
CD/MD WIRE ROPE HOISTS

**ESTIMATED CD/MD WIRE ROPE HOIST VOLUME:
200.000 UNITS PER ANNUM (EUR 250 M)**



**ESTIMATED CD/MD WRHs IN USE
over
1.000.000 UNITS**

CHINA – DEVELOPMENT OF MID-SEGMENT



SANMA PRODUCT DEVELOPMENTS

NEW high-quality painting

NEW brake lining

NEW re-engineered hoist brake

NEW long-lived wire rope

NEW re-engineered motor shaft

NEW standardized
- overload device
- upper limit switch

NEW bottom hook blocks

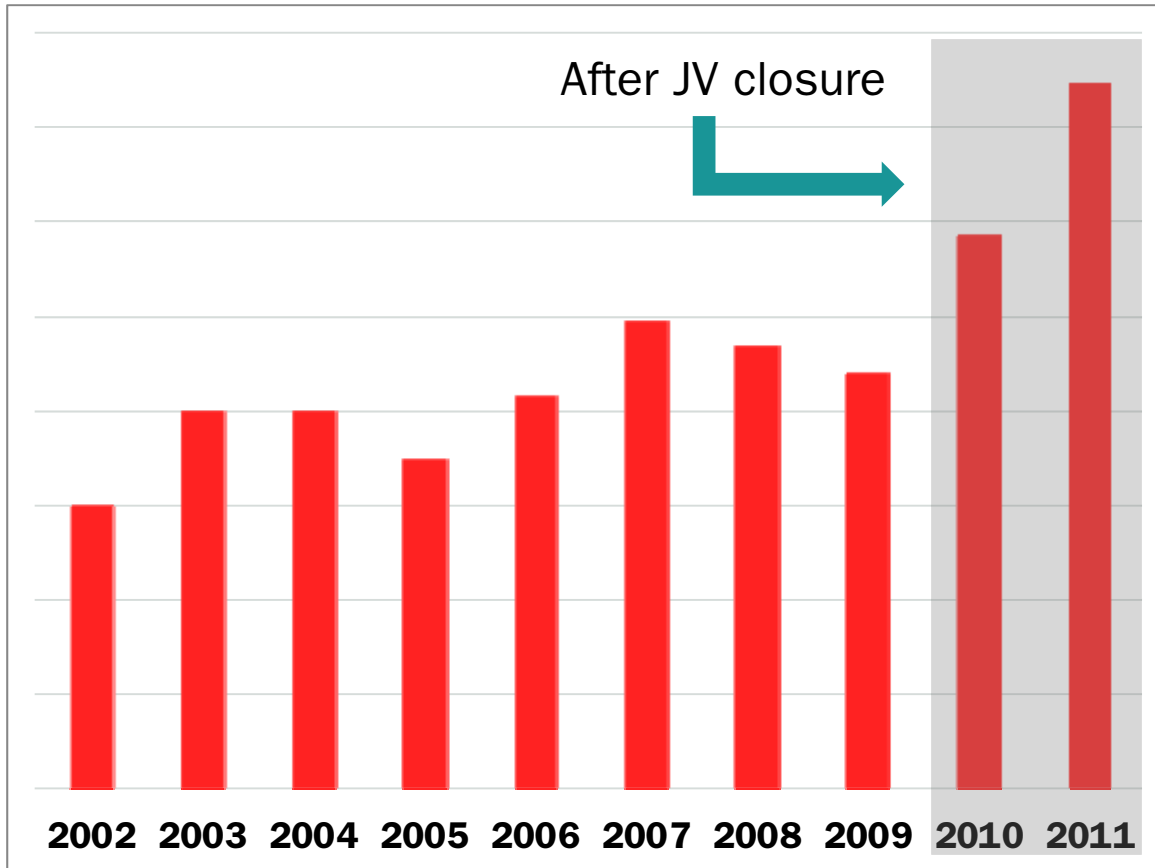


SANMA QUALITY IMPROVEMENT

- Manufacturing processors
- Investments in machinery
- Testing facilities and quality control
- Packing and shipping
- Documentation



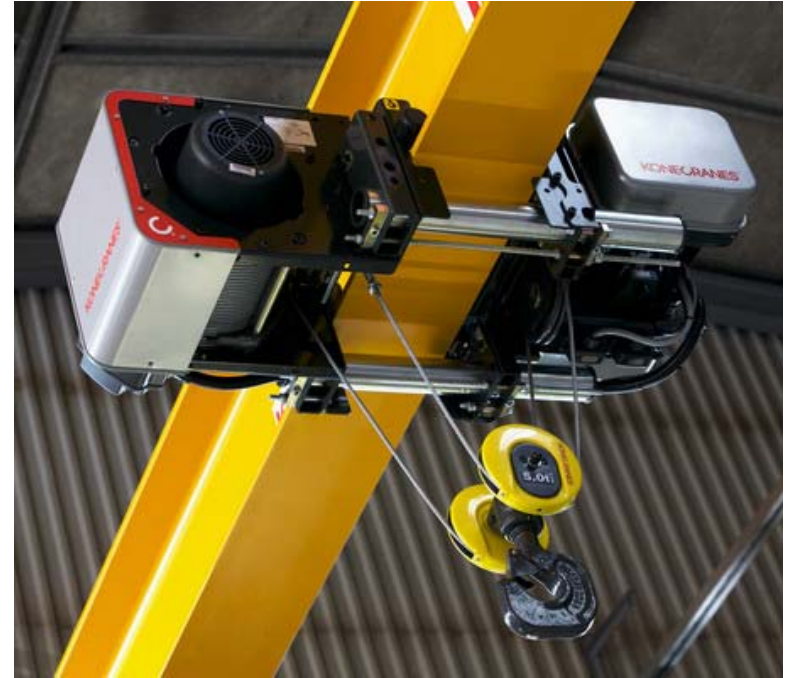
INCREASING HOIST VOLUMES



WIRE ROPE HOIST PRODUCT SEGMENTS



SANMA CD/MD



KONECRANES' CXT HOIST

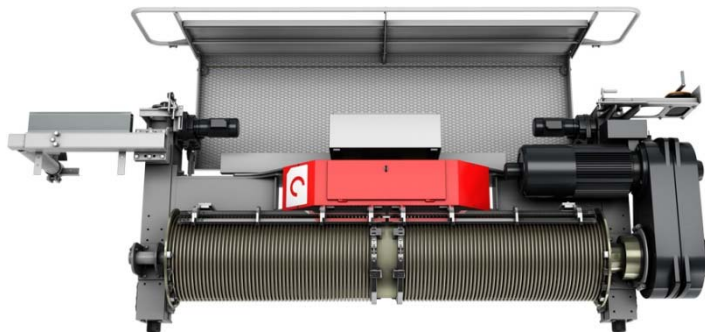
EQUIPMENT IN THE PROCESS AND PORTS INDUSTRY



WINCH SOLUTIONS IN THE PROCESS INDUSTRY

Smarton from Konecranes

- Automation features as standard
- Energy saving regenerative braking
- Wide range of Smart options
- Maintenance friendly
- Modular and serial production

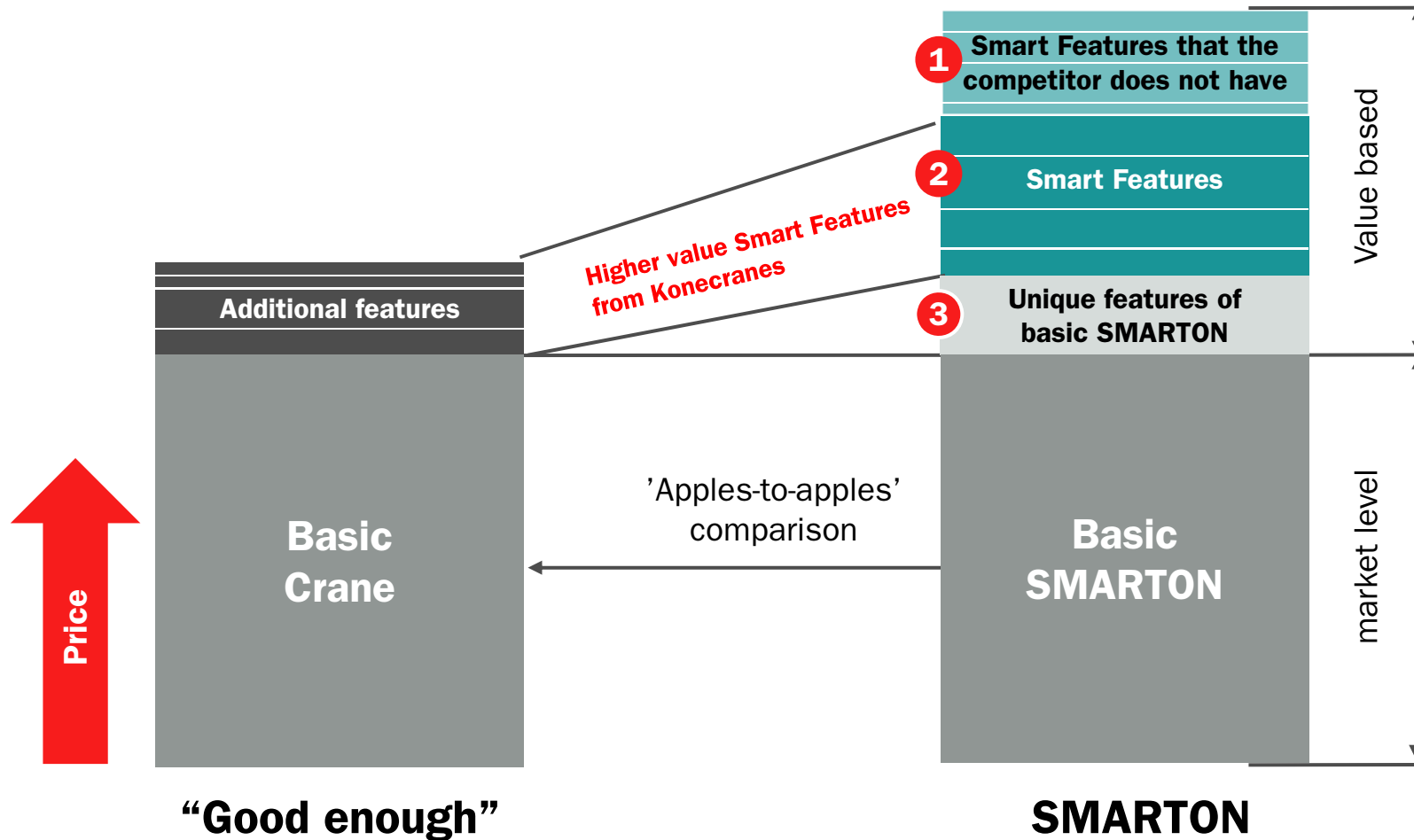


Open winch solution from WMI

- Robust construction using local components
- Conventional open winch technology
- Modular construction enabling ease of maintenance



EXAMPLE OF SCALABLE VALUE CREATION

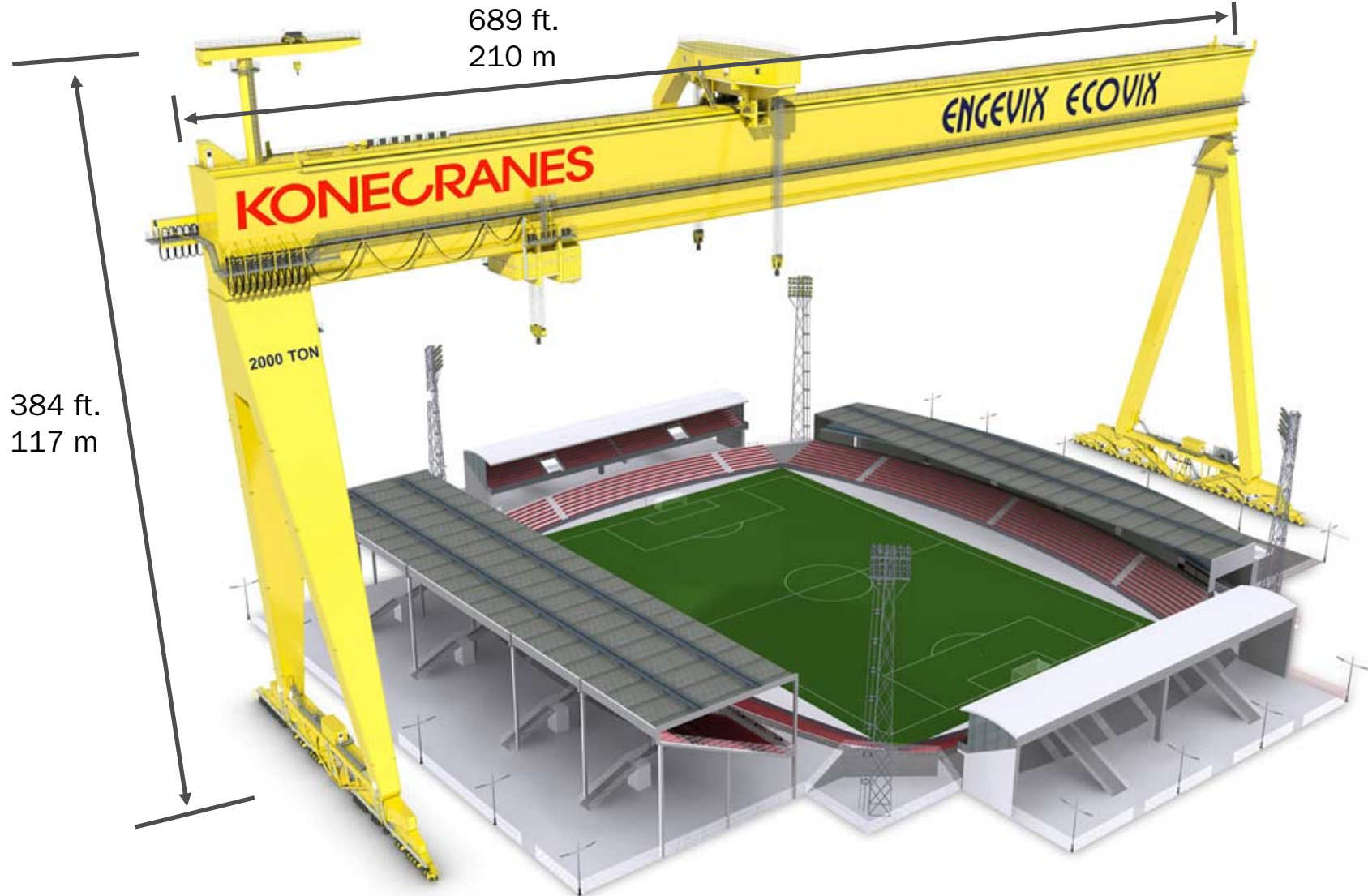


CONTAINER HANDLING - IMPORTANT SEGMENT

- R&D will be visible in our offering during 2013



PROJECT MANAGEMENT EXPERIENCE AND LEVERAGING SERVICE OFF EQUIPMENT DELIVERIES

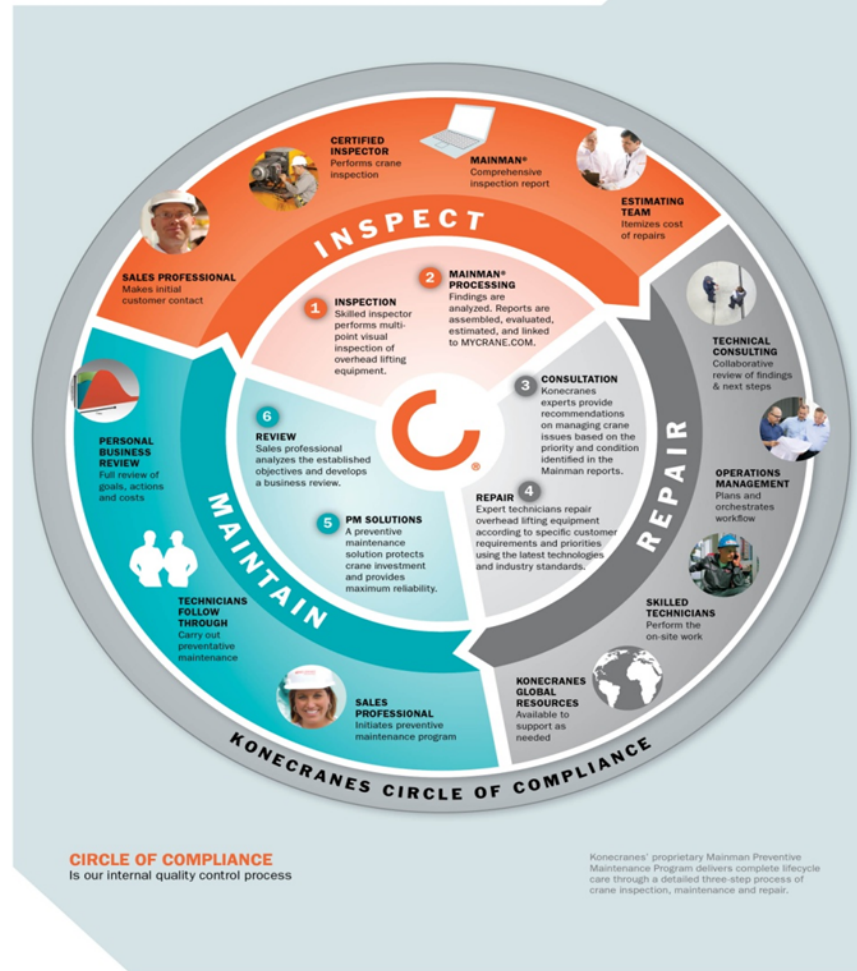


SERVICE IN EMERGING MARKETS



SERVICE POTENTIAL IN EMERGING MARKETS

CIRCLE OF COMPLIANCE



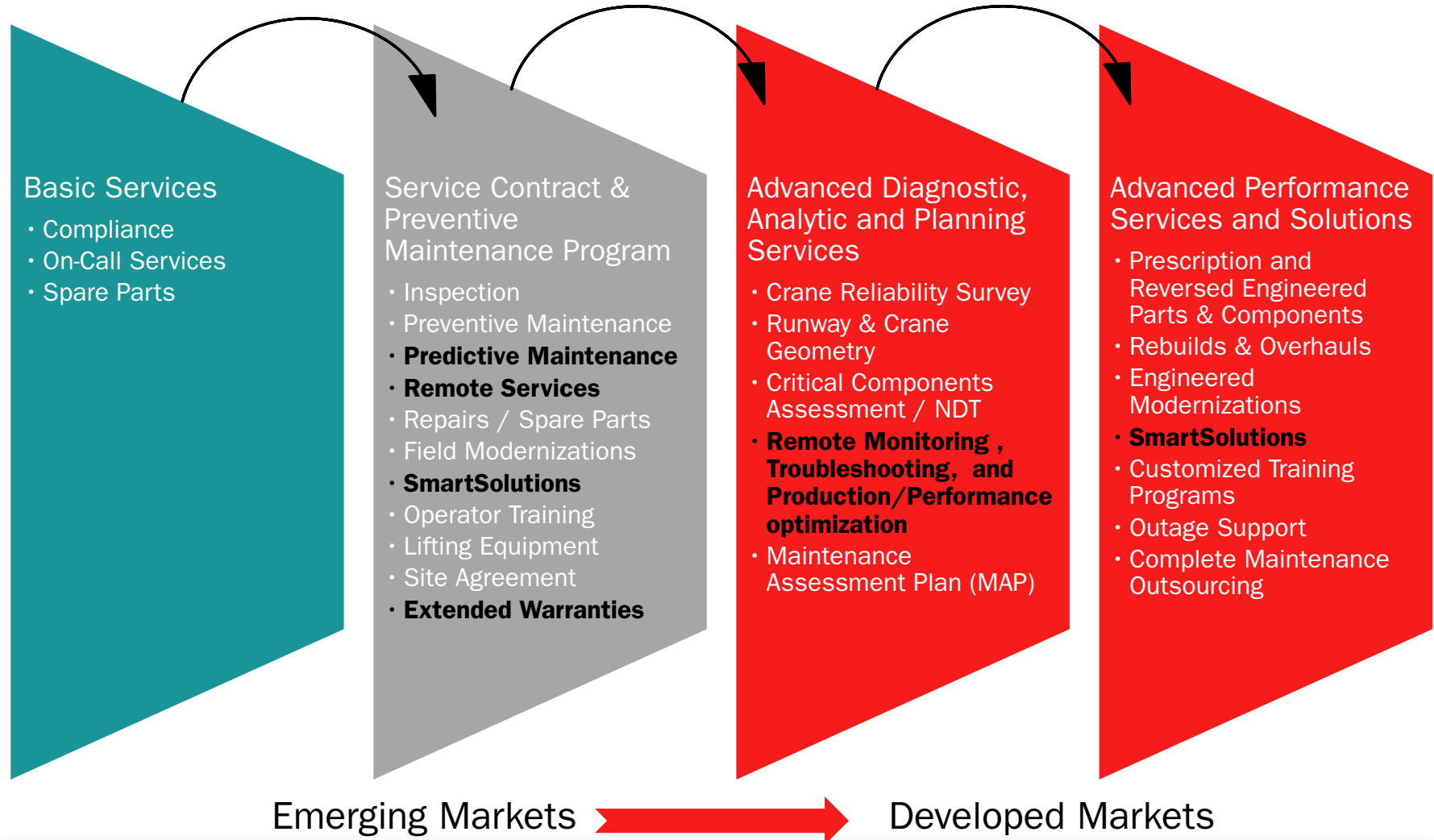
Developed markets

- Stronger understanding and orientation towards ROI
- Total cost of ownership philosophy
- Safety compliance and employee well being

Emerging markets

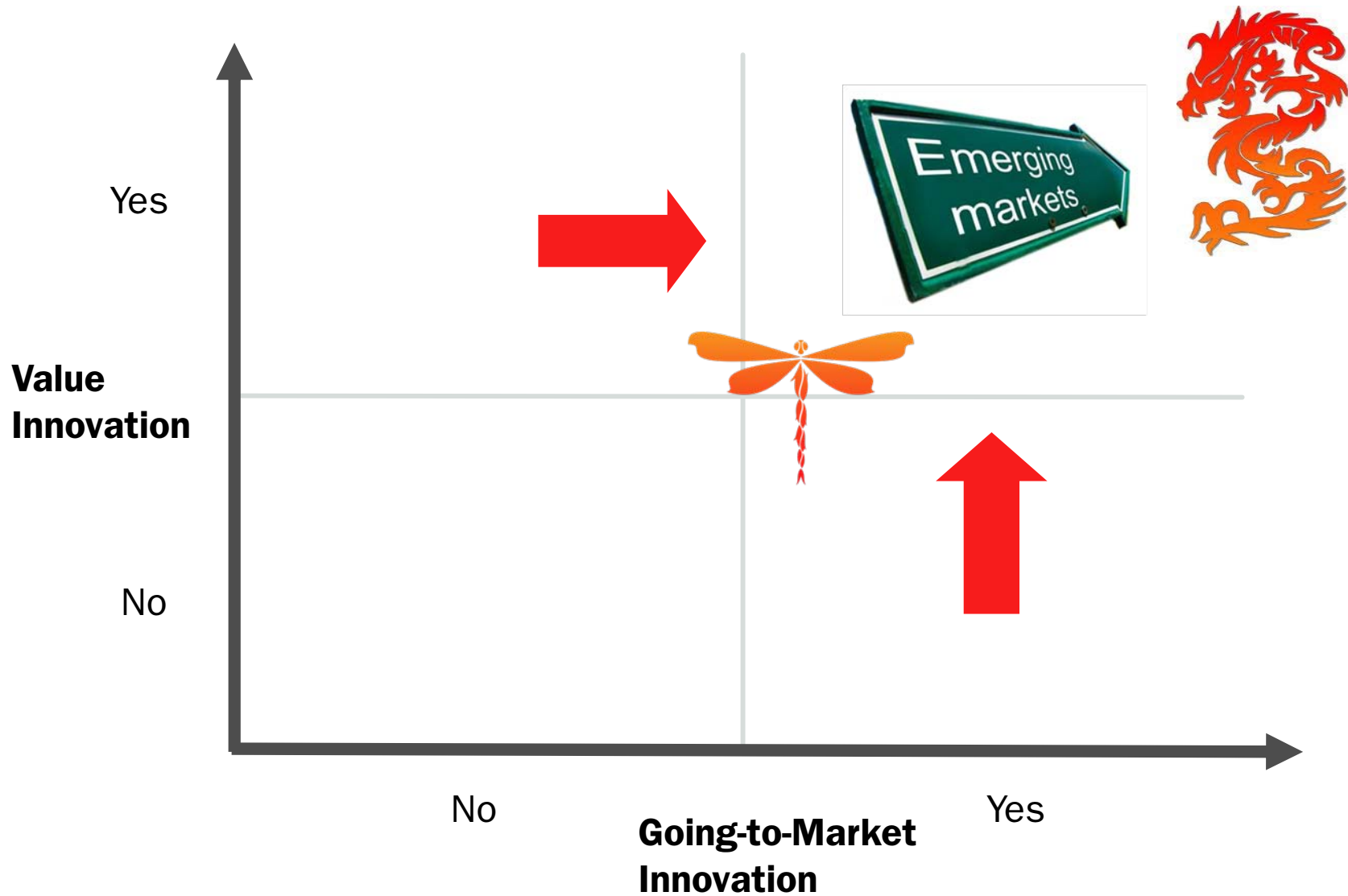
- Less value placed on service where labour rates are low
- Preventative maintenance concept has less emphasis
- Non OEM parts are often used

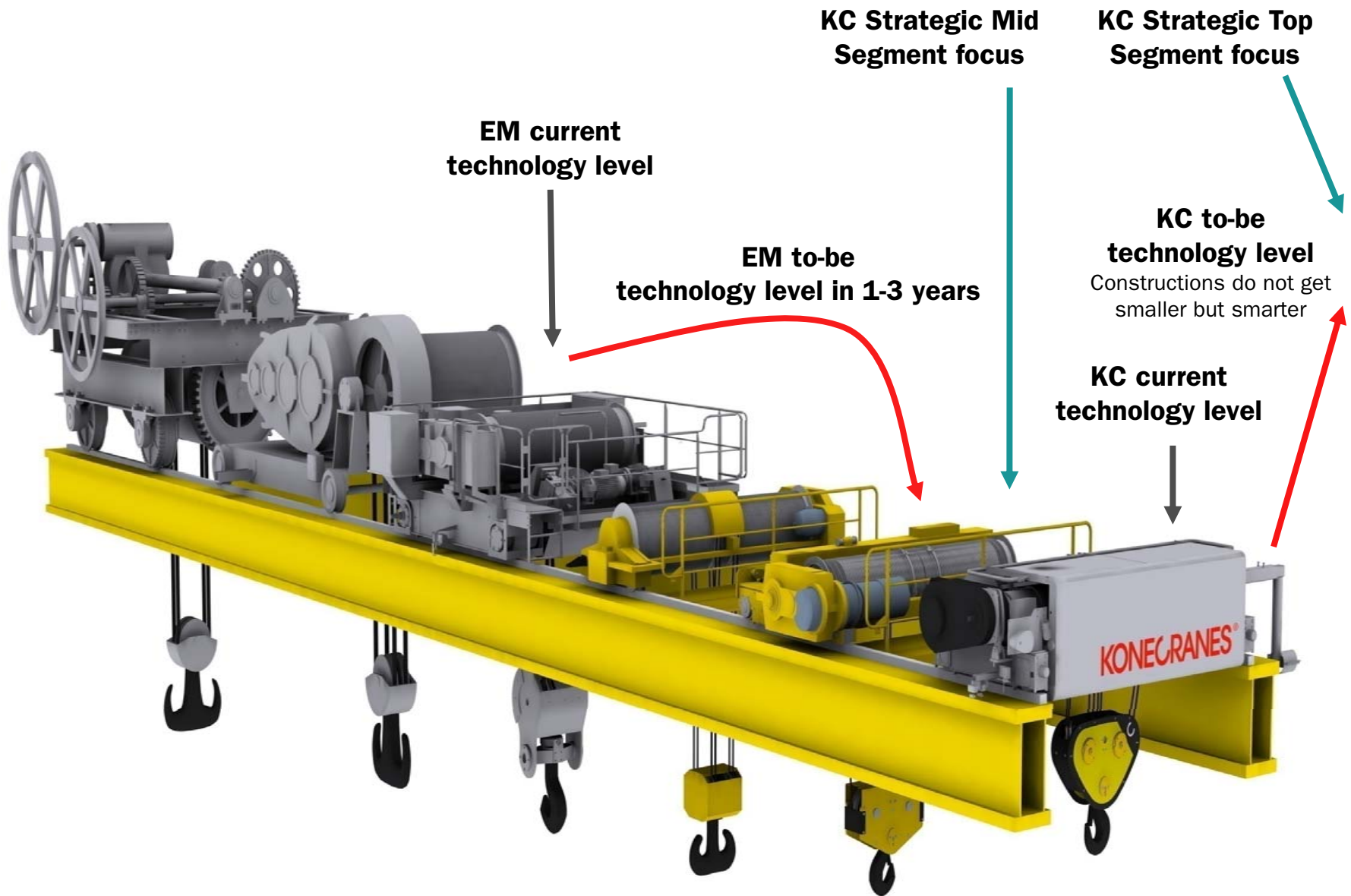
MARKET SEGMENTS AND OFFERING PROGRESSION



SUMMARY OF WHAT WE ARE DOING









SUMMARY

- Emerging markets are growing and more important
- R&D is now being undertaken in China and India
- We have a program that focuses on our offering and path to market in Emerging Markets
- We will continue to leverage our group position and will see further growth in Emerging markets

A photograph of a building's exterior with a large, red, 3D 'KONECRANES' sign mounted on the roofline. The sky is blue with some white clouds. In the foreground, a large white 'C' logo is partially visible.

KONECRANES



**NOT JUST LIFTING
THINGS, BUT
ENTIRE BUSINESSES**