

ANNUAL GENERAL MEETING 27.3.2018

Panu Routila, President and CEO

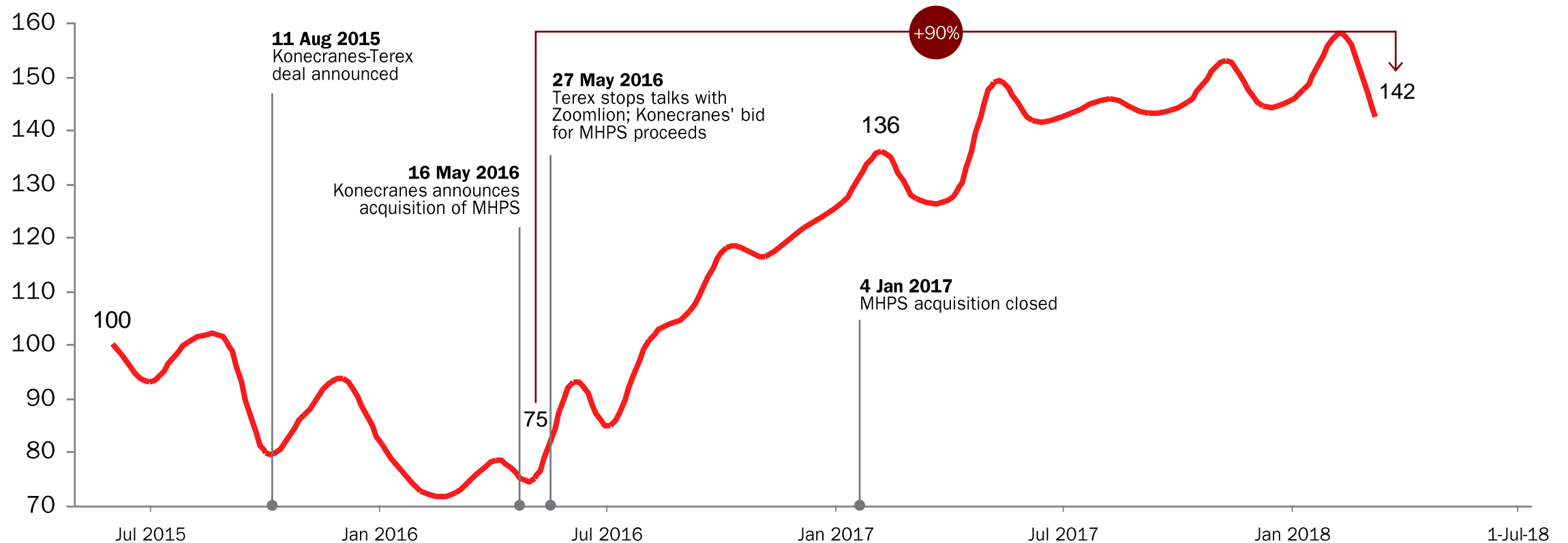


AGENDA

- 1** Konecranes today
- 2** Current focus areas
- 3** Financial performance in FY2017 and Q4/17
- 4** Post-integration financial targets

STRONG SHAREHOLDER RETURN PERFORMANCE SINCE MHPS ACQUISITION ANNOUNCEMENT

Konecranes Indexed Total Shareholder Return (31 May 2015=100)



KONECRANES' JOURNEY TOWARDS AN INDUSTRY SHAPER

Trailblazer - 2005

Trailblazer with a unique service strategy and competitive products, consolidator in developed markets to become a key player in the industry

Visionary 2005 - 2015

From a company with a strong market position to a **visionary player** with high investments in technology products, digital services, processes and emerging markets

Shaping 2015 -

Becoming an **industry shaper** by strengthening the position as an industry leader, changing the market dynamics and fundamentally redefining the operating model

KONECRANES TODAY

Focused global leader in industrial lifting and port solutions

Strong basis for future **technology development** and continued dedication to R&D

Strong service offering on a much wider scale than ever before

Scale benefits and efficiencies that will allow us to become world-class

A truly **global footprint**, so we can serve our customers globally

Modern **IT infrastructure** to be leveraged, improving our processes worldwide

**GREAT BUILDING
BLOCKS FOR
CREATING
FURTHER
SHAREHOLDER
VALUE**

TACTICAL FOCUS AREAS – WHAT ARE WE FOCUSING ON RIGHT NOW

Growth Performance:

**CUSTOMER
EXPERIENCE**

Profitability performance:

**REALIZING FULL
POTENTIAL**

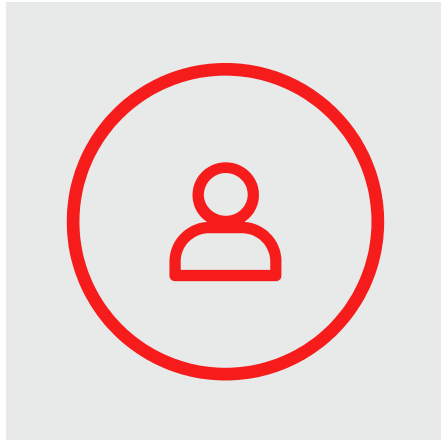
Technology performance:

**ENGINEERING
CAPABILITIES**

People performance:

**LIFTING
PEOPLE**

KONECRANES' CUSTOMER-CENTRIC APPROACH



- Improves customer cumulative experiences across multiple touchpoints
- Clarity and simplicity in the sales inquiry and order interface
- Professional and timely communications with the customer
- Fast order handling and punctual delivery
- Global service network with solid response time
- Lifecycle Care that results in highest lifecycle value



konecranes.com

Website



craneadvisor.konecranes.com

Online Crane Selection Tool



TRUCONNECT®

Remote Services



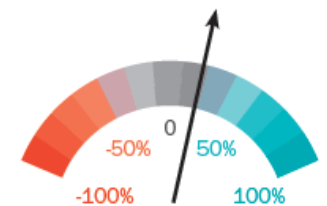
yourkonecranes.com

Customer Portal



store.konecranes.com

E-commerce



Voice of Customer

Customer advocacy and satisfaction survey

GENEXT: GOOD PROGRESS ACROSS ALL SYNERGY SOURCES

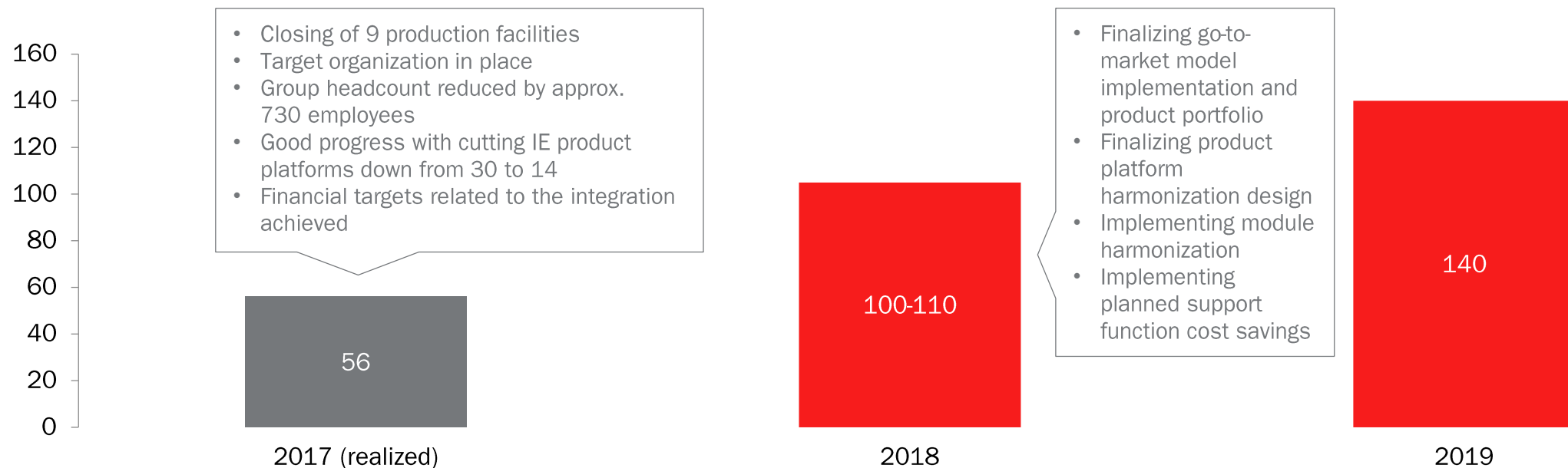


Levers	Achievements	Degree of completion (at year end '17)	Next steps in 2018	Total synergy estimate (at year end '19)
Commercial operations	<ul style="list-style-type: none"> New go-to-market model for IE and Service being implemented New product portfolio defined 		<ul style="list-style-type: none"> Finalize go-to-market model implementation and product portfolio updates 	~ 15 - 25 MEUR
Technology and product platforms	<ul style="list-style-type: none"> Product platform design well under way Module harmonization design largely done, moving into implementation planning 		<ul style="list-style-type: none"> Finalize product platform harmonization design Implement module harmonization 	~ 20 - 30 MEUR
Manufacturing operations	<ul style="list-style-type: none"> Closure of 9 production facilities announced and being implemented Overall manufacturing and supplier network optimization plans progressing well and in line with original plan 		<ul style="list-style-type: none"> Finalize announced plant closures and implement further rationalizations Realize supplier network optimization 	~ 50 - 70 MEUR
Service operations	<ul style="list-style-type: none"> US branch network consolidation mostly implemented and spare parts network optimization plan well underway 		<ul style="list-style-type: none"> Finalize branch network consolidations in EMEA & APAC Integrate service platform + offering 	~ 15 - 20 MEUR
Organization, staff resourcing and support	<ul style="list-style-type: none"> Moved into target management structure, incl. selected staff function right-sizing Detailed support function cost savings Indirect cost saving quick wins realized 		<ul style="list-style-type: none"> Implement planned support function cost savings 	~ 15 - 20 MEUR
Total				140 MEUR

2017 REALIZED COST SYNERGY RUN-RATE TARGET EXCEEDED; 2018-2019 FORECAST REITERATED



Estimated cost synergy at EBIT level, cumulative run-rate impact at end of year (MEUR)



P&L impact (MEUR, cumulative)

20 realized

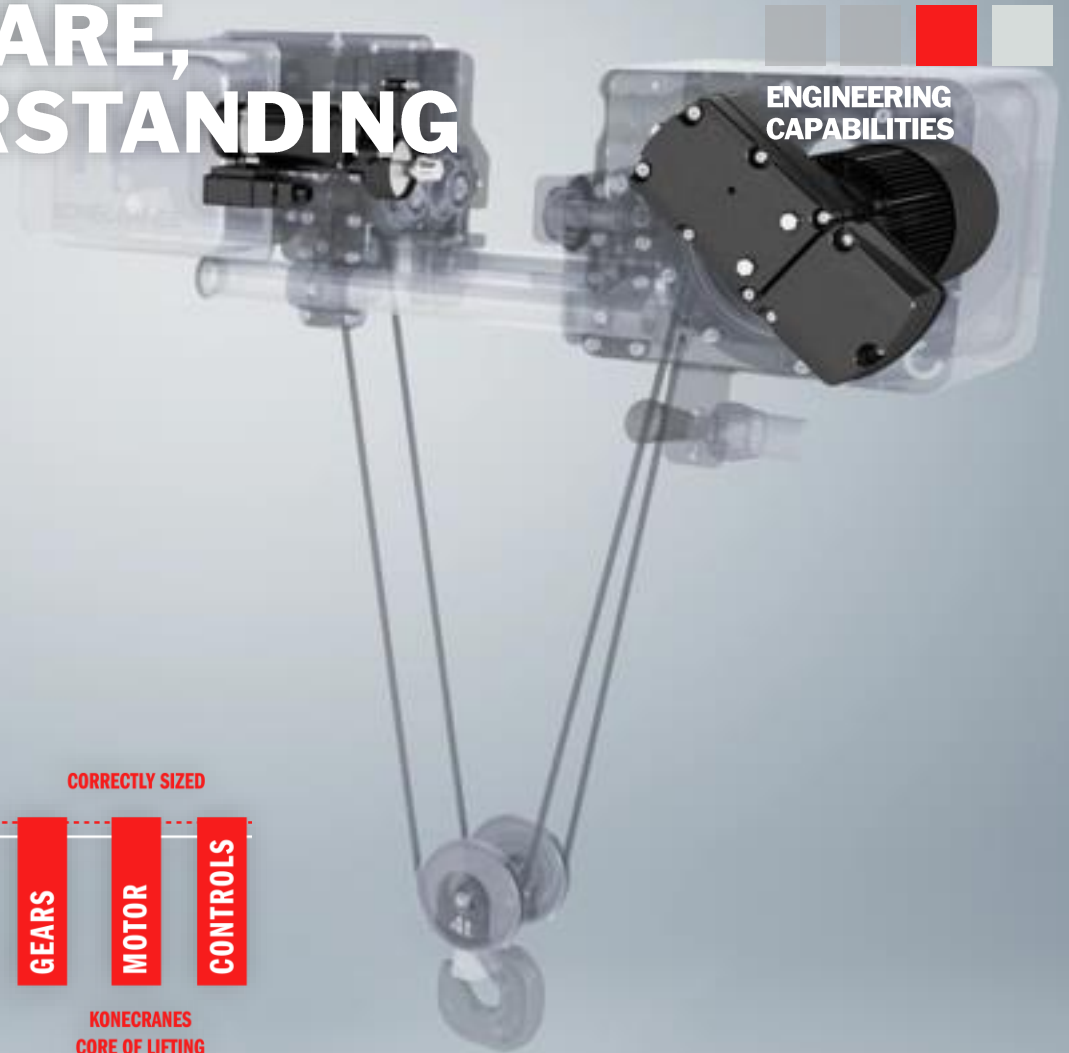
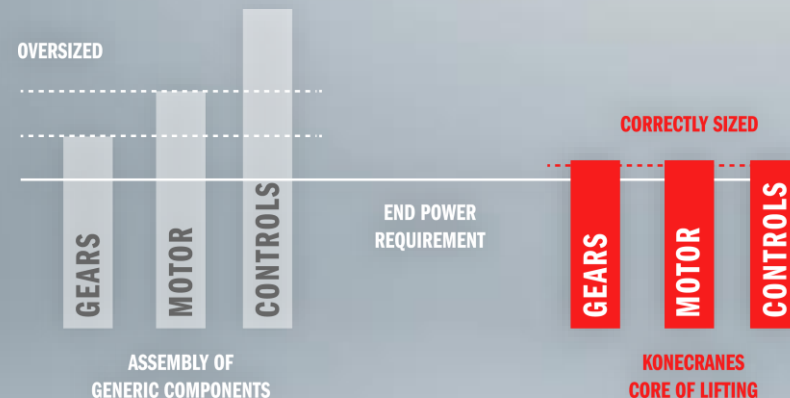
60-70

Restructuring costs & CapEx

EUR ~130 million of one-time restructuring cost and EUR ~60 million capex expected 2017-2019

EVEN IN THE AGE OF SOFTWARE, IT ALL STARTS FROM UNDERSTANDING THE HARDWARE

- Optimized componentry
- Optimal componentry
- Reliability and quality
- Systemic understanding
- Successful merge of software and hardware
- Access to and insight of massive data streams



SMART FEATURES: 99% DIGITAL, 1% MECHANICAL



SWAY CONTROL AND
ACTIVE SWAY CONTROL



ADAPTIVE AND EXTENDED
SPEED RANGE (ASR, ESR)



SNAG PREVENTION



ASSISTED
LOAD TURNING



HOOK CENTERING



FOLLOW ME



PROTECTED AREAS
AND WORKING LIMITS



LOAD FLOATING



HOISTING SYNCHRONIZATION



HOOK LEVELING



SHOCK LOAD PREVENTION



SLACK ROPE PREVENTION



MICROSPEED



INCHING

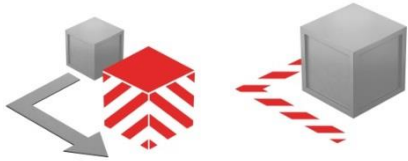


TARGET POSITIONING



END POSITIONING

EXAMPLE: PROTECTED VIRTUAL AREAS



Zones, where the crane is not allowed to enter.

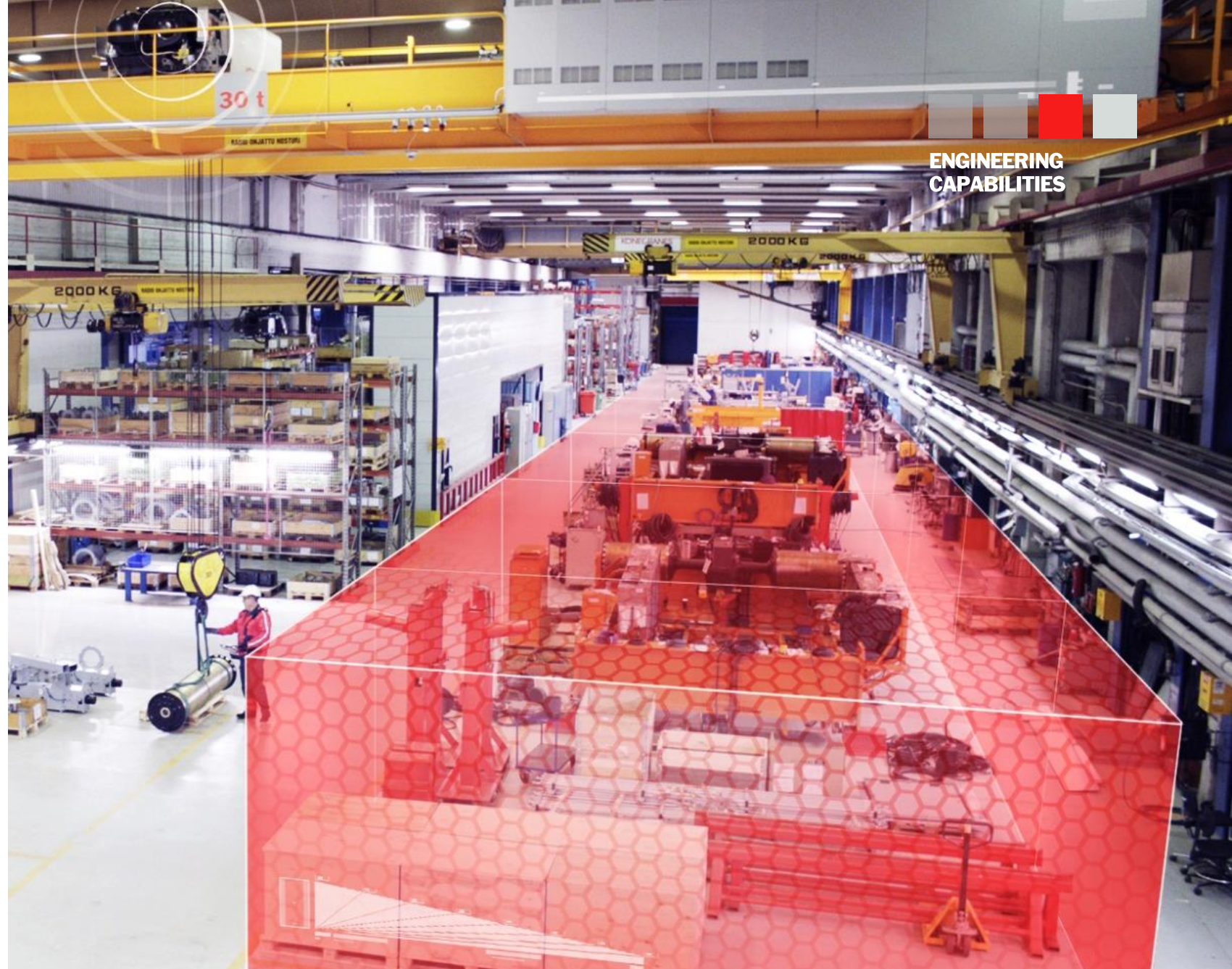
WORKING LIMITS

Temporary "virtual walls" at which your crane is designed to stop automatically.

BENEFITS

Help to prevent collisions

→ Increased safety and lower risk of damages



SMART FEATURES IMPROVE SAFETY AND PRODUCTIVITY

- Easier and smoother to operate
- Faster load handling
- Avoidance of collisions to surroundings
- Virtual walls to stay away from no-go zones
- Protects crane and reduces stresses to building
- Basis for building highly automated lifting solutions



TRAINING FOCUSED ON EXPERTISE, LEADERSHIP AND CHANGE MANAGEMENT



EXPERTISE

- One of our key strengths is unmatched competence of the field force, sales and engineering
- Alone during the first year, service technicians participate in more than 21 days of training
- Significant investments in engineering and sales management training, participation followed through a learning management system with more than 15,000 active users

LEADERSHIP AND INTEGRATION

- Integrated leadership trainings in all levels of the organization
- Strategy session for top 40 executives at top business school in 2017
- More than 80 senior leaders have completed common leadership training focusing on culture and high performance in 2017

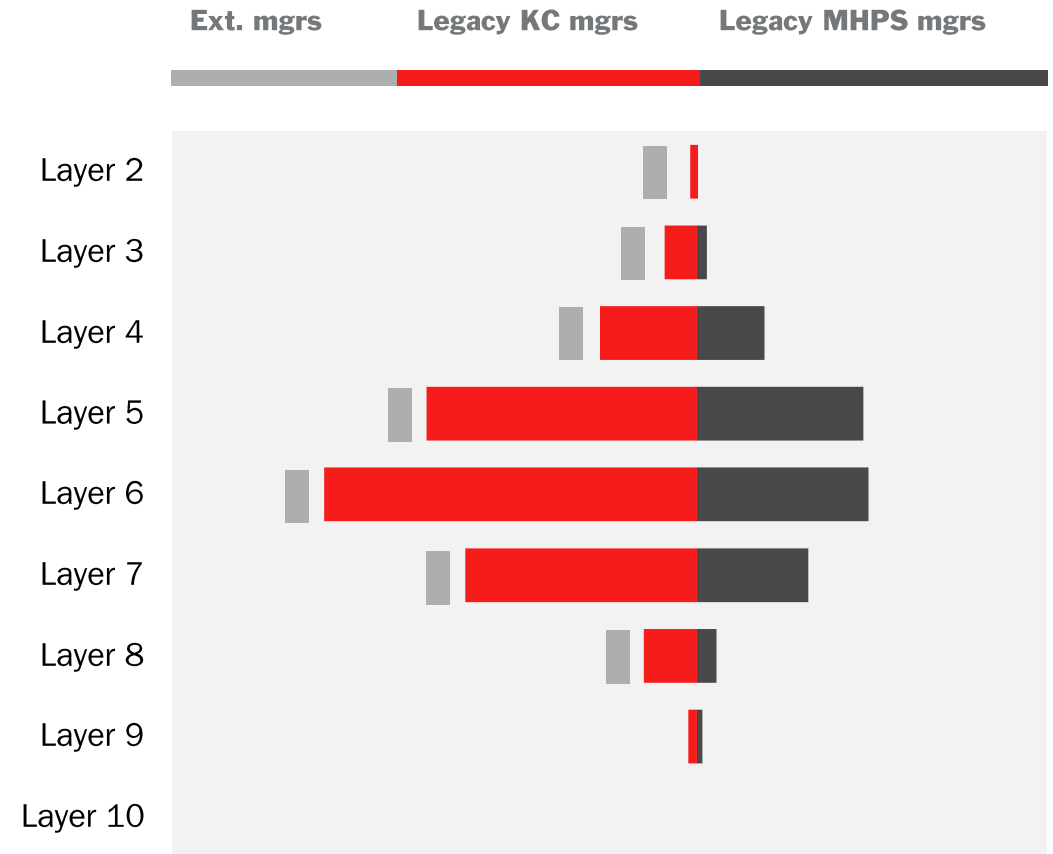
CHANGE MANAGEMENT

- Increased change management capabilities through hands on change management trainings
- More than 450 managers trained with Konecranes' change management platform in 2017

SUCCESSFUL INTEGRATION OF THE TWO ORGANIZATIONS



- Fair, structured and objective process used in key executive selections to drive best of talent approach
- Selection process of management were conducted using internal and external assessment. More than 70 executives were assessed by 3rd party and more than 450 managers by internal assessors
- Employee voluntary turnover below long term Konecranes average and below global comparison
- Managerial positions have been distributed based on competence and potential between legacy Konecranes and legacy MHPS managers



RESPONSIBLE BUSINESS PERFORMANCE



CODE OF CONDUCT

implemented and rolled out to Konecranes employees through an e-learning platform

→ almost 100% trained

updated in 2017, will be rolled-out in 2018

ANTI-CORRUPTION POLICY

updated in 2017, will be rolled-out in 2018

DIVERSITY POLICY

recently published on www.konecranes.com

one the Group's main focus areas in 2018

EMPLOYEE ENGAGEMENT

measured by annual surveys

more frequent pulse-studies during integration

BUSINESS AREAS FOCUSING ON...

SERVICE

SERVICE ROAD MAP

INTEGRATION TRANSFORMATION GROWTH

SERVICE MANAGEMENT AGENDA

FOCUS ON PROFITABILITY AND BUILD THE FOUNDATION FOR THE FUTURE

GOING FORWARD

PIVOT TO GROWTH

BUSINESS RATIONALIZATION AND CONSOLIDATION

COST REDUCTION

BUSINESS, DIGITAL TRANSFORMATION

ACQUISITION / INTEGRATION

DELIVER SYNERGIES

GROWTH

INDUSTRIAL EQUIPMENT

INDUSTRIAL EQUIPMENT SUPPLY OPERATIONS

STARTING POINT
Some production plants are near each other, manufacturing similar kind of products
Vendor network is often readily available for combined use
Good in-house production development know-how is readily available

WHAT ARE WE DOING
Reducing over capacity of own manufacturing
Building brand agnostic supply operations
Make-or-buy evaluations
Changing manufacturing scope
Pooling purchasing volumes
Transferring best practices

TARGET
COST SAVINGS
• LOWER variable costs
• LOWER operational costs
• LOWER working capital
+
MORE FLEXIBLE SUPPLY NETWORK
SHORTER THROUGHPUT TIMES

SUPPLY OPERATIONS OWN PLANTS

2016 2017 2018 2019 2020

Planning & local personnel negotiations continue

• Konecranes production site
• Deming production site
• Discontinued production site

TURNAROUND

PORT SOLUTIONS

BRANDING

Single brand

KONECRANES

Product names:
KONECRANES
KONECRANES
KONECRANES
KONECRANES

GOTTFWALD
NOELL
LIFTAGE

DRIVERS FOR PORT AUTOMATION

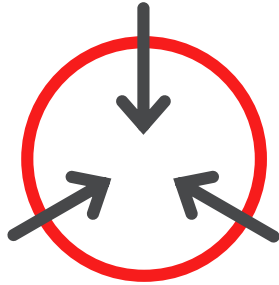
Automation is a megatrend

- Improved safety
- Improved predictability
- Higher eco-efficiency
- Lower emissions (including noise)
- Higher storage efficiency
- Better asset utilization
- Cost reduction

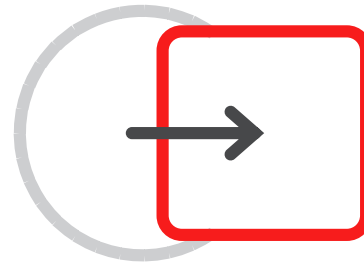
AUTOMATED OPERATION

CROSS-PROMOTION AND AUTOMATION

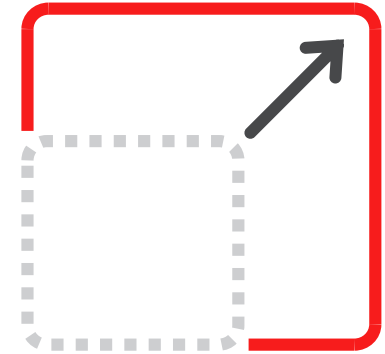
SERVICE – ROAD MAP



INTEGRATION



TRANSFORMATION



GROWTH

SERVICE – MANAGEMENT AGENDA

PAST / CURRENT

FOCUS ON PROFITABILITY AND BUILD THE FOUNDATION FOR THE FUTURE

BUSINESS RATIONALIZATION AND CONSOLIDATION

COST REDUCTION

BUSINESS/DIGITAL TRANSFORMATION

ACQUISITION/ INTEGRATION

DELIVER SYNERGIES

GOING FORWARD

**PIVOT
TO
GROWTH**



KEY GROWTH DRIVERS



PIVOTING TO GROWTH BY:

- Leveraging DEMAG installed base and agreement base
- Leveraging and assimilating DEMAG service products
- Delivering business and digital transformation benefits
- On-line sales of parts, light lifting equipment and accessories



INDUSTRIAL EQUIPMENT – TURNAROUND

STARTING POINT

Some production plants are near each other, manufacturing similar kind of products

Vendor network is often readily available for combined use

Good in-house production development know-how is readily available

WHAT ARE WE DOING

Reducing over capacity of own manufacturing

Building brand agnostic supply operations

Make-or-buy evaluations

Changing manufacturing scope

Pooling purchasing volumes

Transferring best practices

TARGET = COST SAVINGS

- **LOWER variable costs**
- **LOWER operational costs**
- **LOWER working capital**

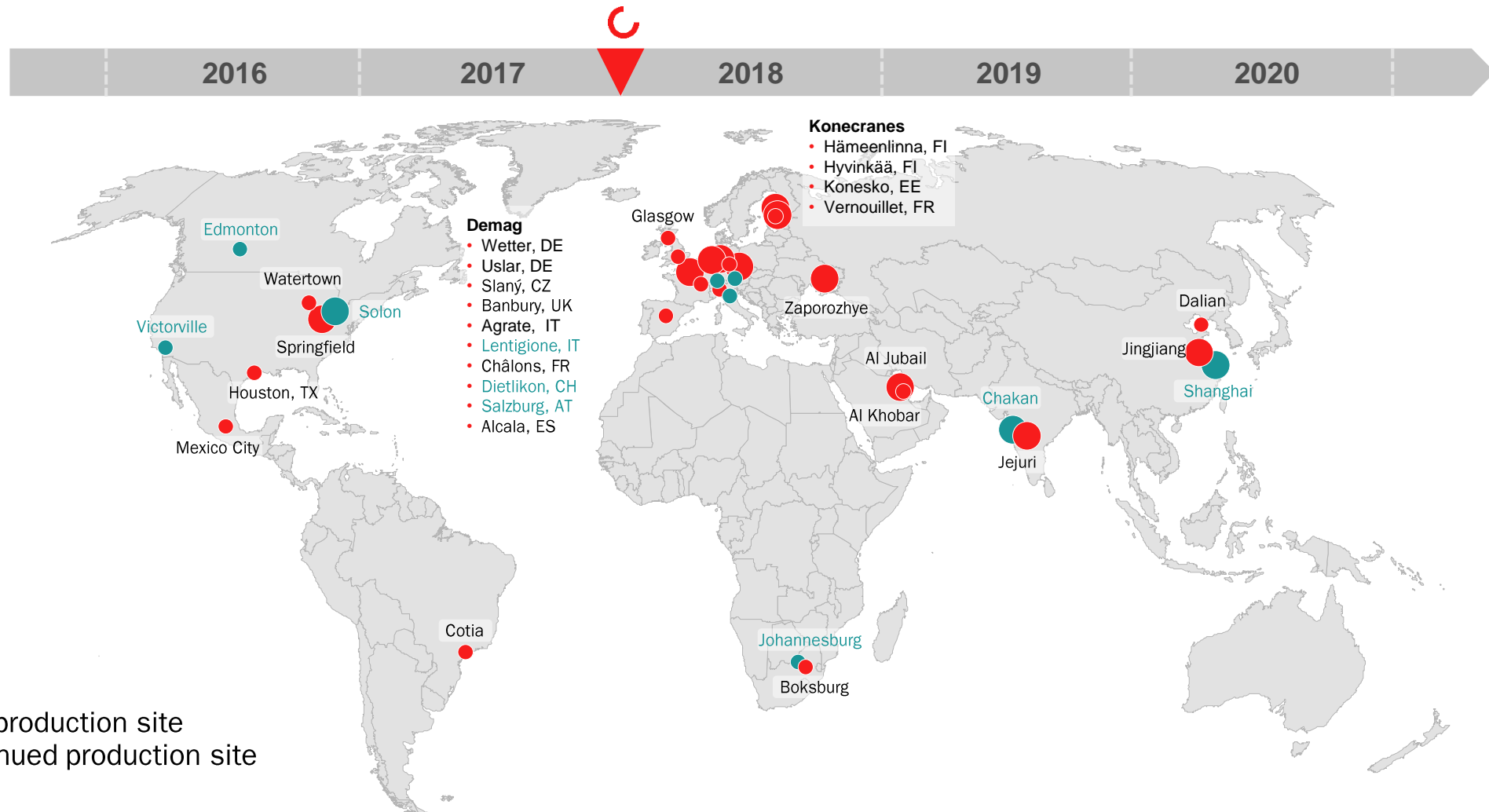
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MORE FLEXIBLE SUPPLY NETWORK

SHORTER THROUGHPUT TIMES

INDUSTRIAL EQUIPMENT – SUPPLY OPERATIONS

OWN PLANTS



REDUCTION OF PRODUCT PLATFORMS

Wire rope hoists

Electric chain hoists

Winches

Jib-cranes

Light cranes

Industrial cranes

**PRODUCT
PLATFORMS
FROM 30 TO 14**

KONECRANES®

DEMAG

SWF
KRANTECHNIK

R&M
MATERIALS
HANDLING
INC.

VERLINDE
LIFTING EQUIPMENT

donati

MORRIS
CRANE SYSTEMS

PORT SOLUTIONS

CROSS PROMOTION THROUGH COMPLIMENTARY PRODUCT PORTFOLIOS

Single brand

KONECRANES®

Strong product names:

KONECRANES®

KONECRANES®

GOTTWALD

KONECRANES®

NOELL

KONECRANES®

LIFTACE



PORT SOLUTIONS – AUTOMATION

**AUTOMATED
OPERATIONS**

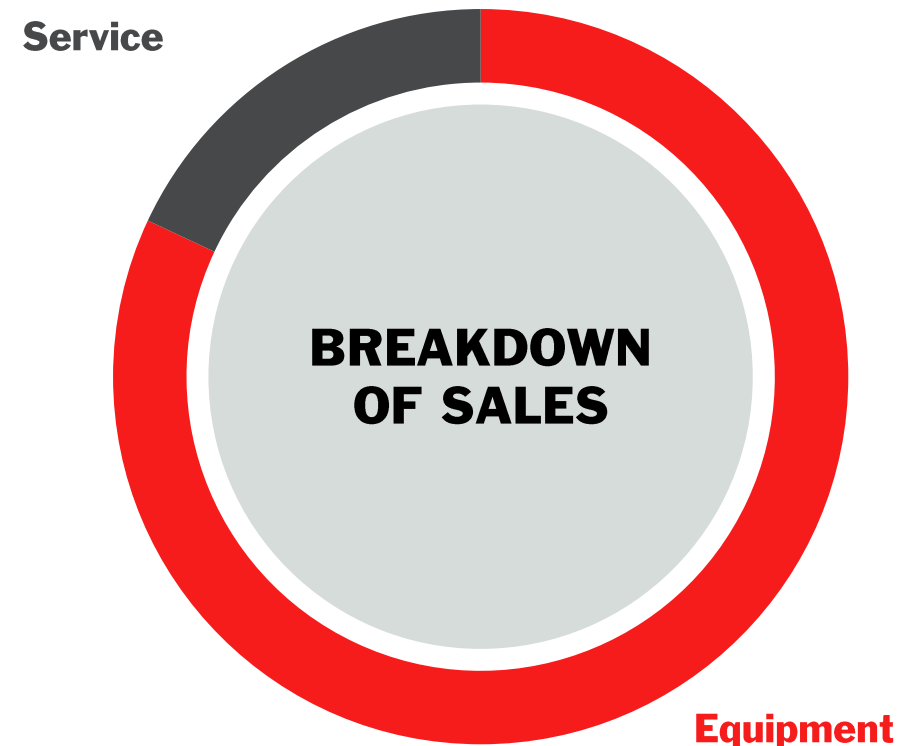
AUTOMATION IS A MEGATREND

- Improved safety
- Improved predictability
- Higher eco-efficiency
- Lower emissions (including noise)
- Higher storage efficiency
- Better asset utilization
- Cost reduction

T | B | A
Simplifying your operation

PORT SERVICE – GROWTH STRATEGY

- Increase in Konecranes installed base
- Konecranes global service footprint supported by TRUCONNECT® remote service
- Konecranes Service approach
- Brown field automation, retrofit for all makes of equipment
- Performance, safety and eco-efficiency enhancements
- Market opening up for maintenance contracts and field service opportunities



FY2017 AND Q4/17 HIGHLIGHTS

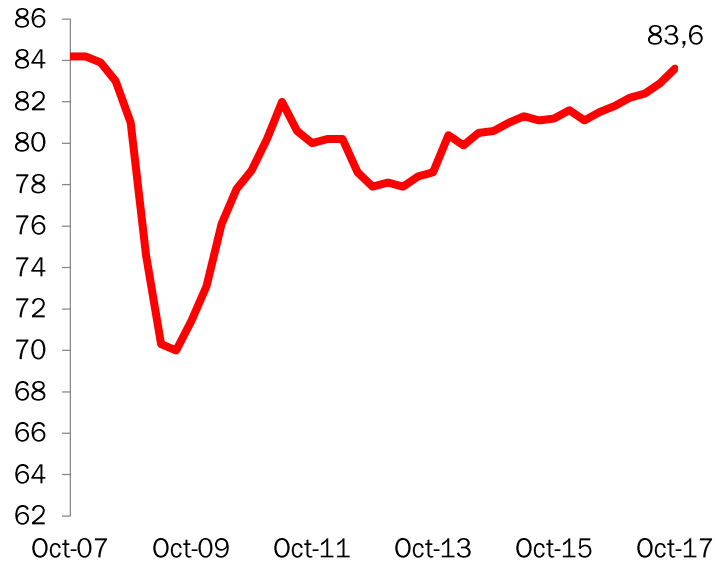
Comparison to combined company figures

- Strong performance in 2017 post MHPS acquisition
 - FY2017 order intake stable despite the comparison year including over EUR 200 million single order in Port Solutions
 - Comparable combined company adj. EBITA margin improved to 6.9 percent (5.6) in 2017
- Q4/17 result in line with our expectations
 - Service orders grew at comparable currencies, negative FX effect
 - Clear profitability improvement continued in Industrial Equipment
 - Port Solutions order intake and adj. EBITA down against tough comparisons
- Year-end 2017 run-rate of MHPS cost synergies EUR56m
- The Board of Directors proposes a dividend of EUR 1.20 per share

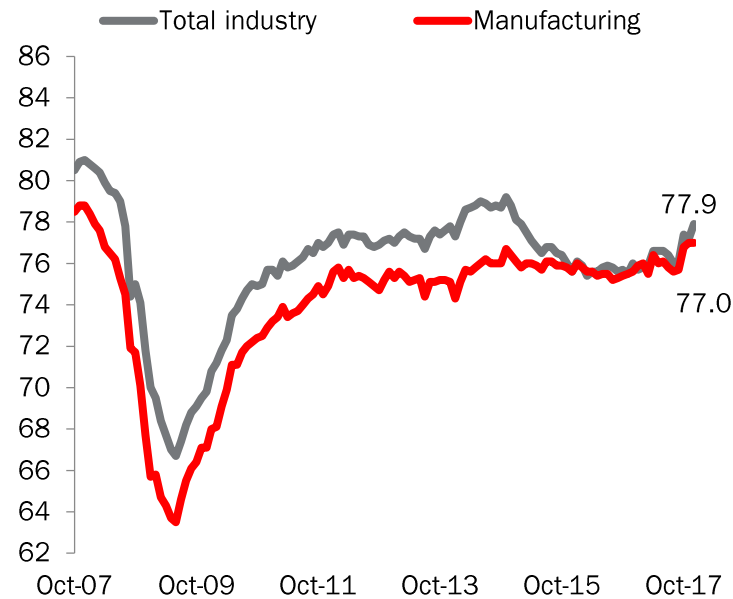


MARKET ENVIRONMENT – SERVICE AND INDUSTRIAL EQUIPMENT

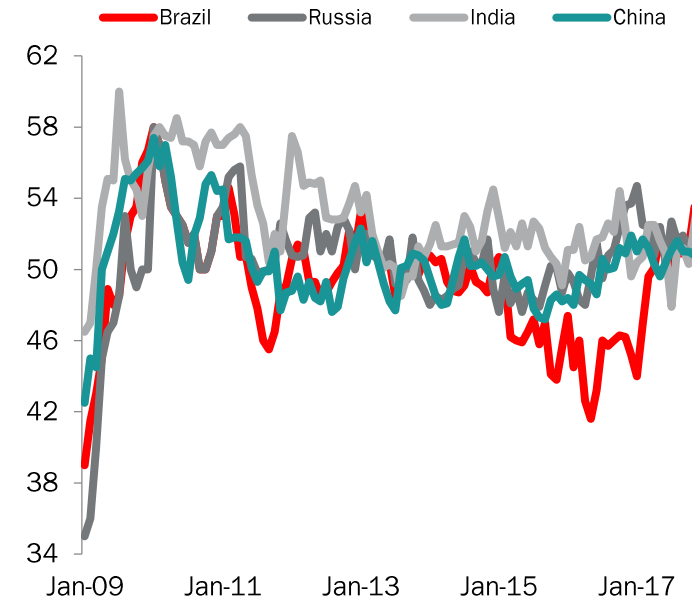
Capacity utilization rate – EU



Capacity utilization rate – USA



PMIs – BRIC countries



Demand for equipment and services combined improved from Q3/17 and was approximately stable Y/Y

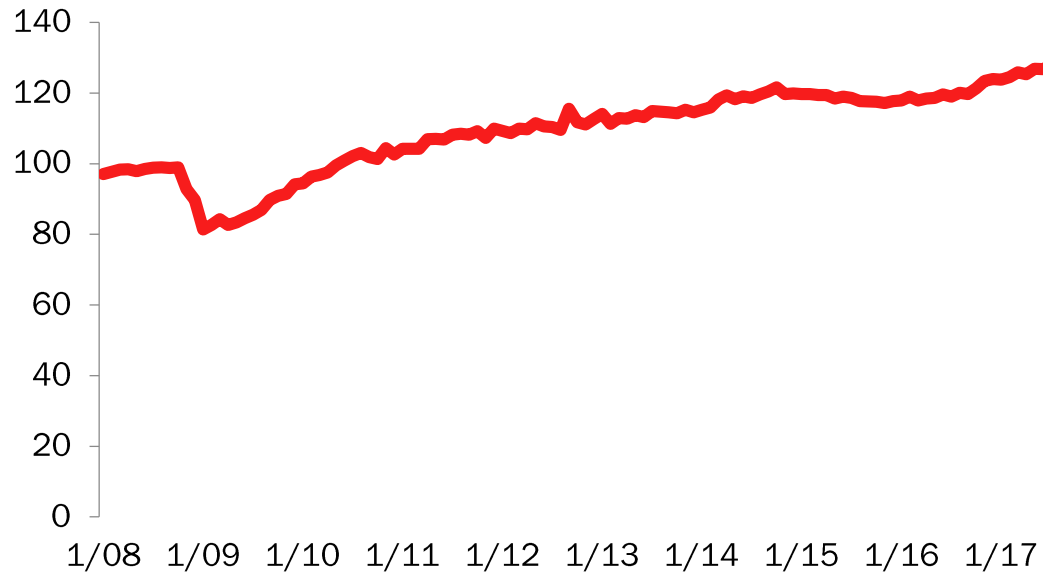
Demand remained mixed in the Americas

Demand improvement continued in Asia-Pacific

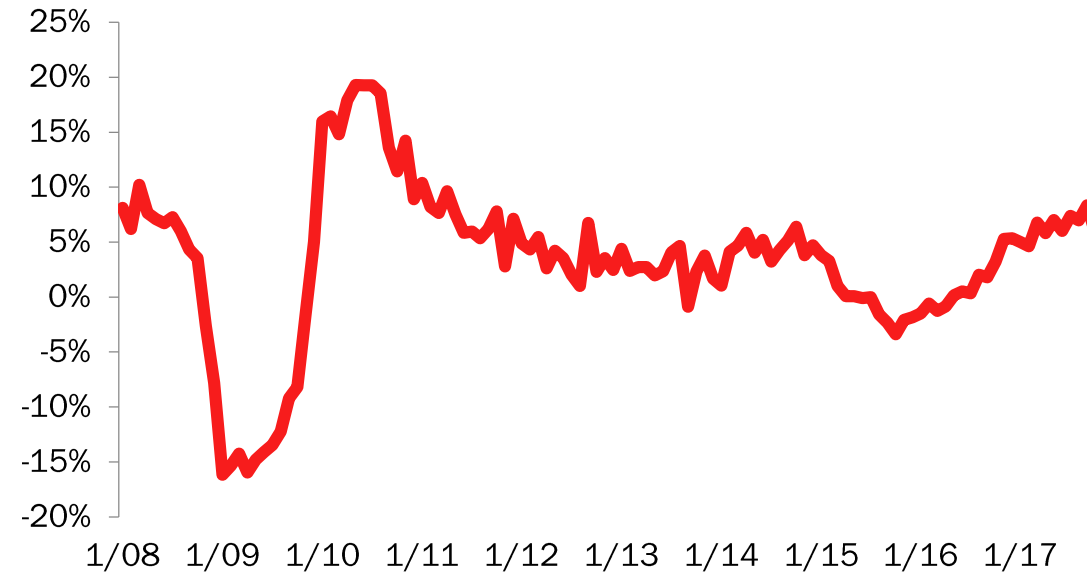
Sources: Eurostat (latest data point Q4/17), Federal Reserve Bank of St. Louis (December 2017), Markit (December 2017)

MARKET ENVIRONMENT – PORT SOLUTIONS

RWI/ISL Container Throughput Index



Index change Y/Y



Demand development was mixed among the product lines

Demand increased in EMEA, but decreased in the Americas and Asia-Pacific

Excluding the over EUR 200 million order received from the USA a year ago, orders increased

Source: RWI/ISL Container Throughput Index (latest data point November 2017)



DEMAND OUTLOOK

- Demand situation for industrial cranes, hoists and service in Europe is stable within the industrial customer segments.
- Business activity in the North American manufacturing industry remains mixed.
- Demand in Asia-Pacific is showing signs of improvement.
- Global container throughput growth has improved and the prospects for the small and medium-sized orders related to container handling have strengthened.

FINANCIAL GUIDANCE

Financial guidance for 2018

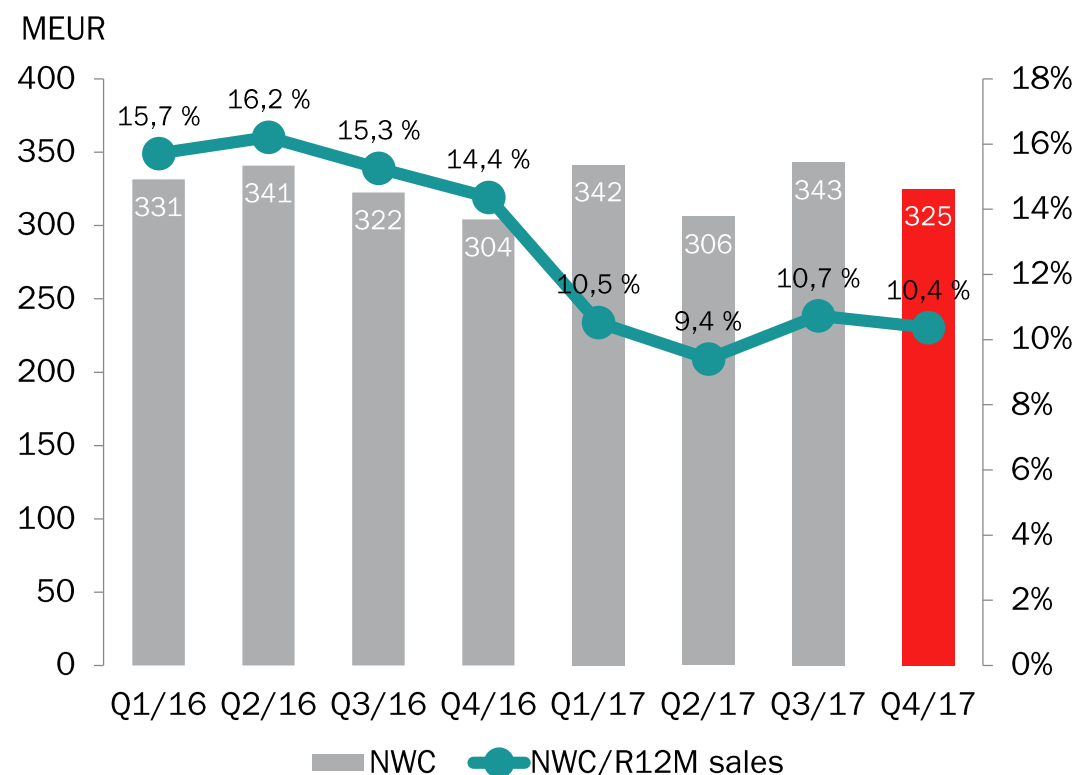
- The sales in 2018 are expected to be approximately on the same level or higher than in 2017.
- We expect the adjusted EBITA margin to improve in 2018.

Additional information for 2018

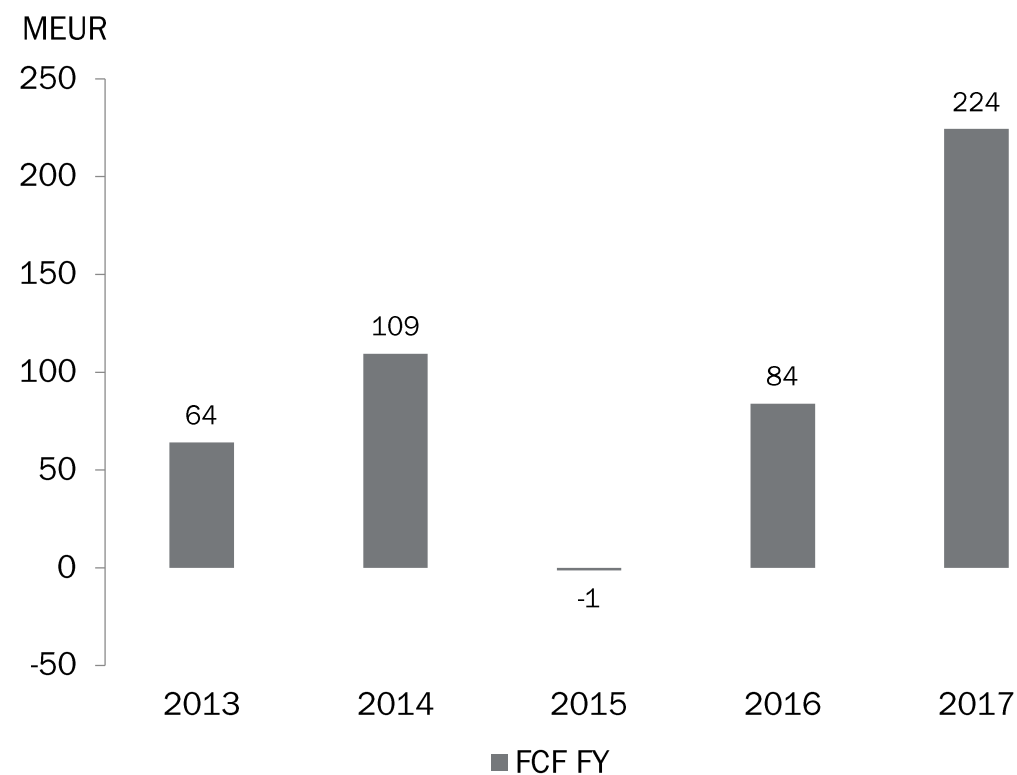
- Comparable combined company order book up 1.9 percent year-on-year at the end of 2017
- Negative impact from translation exposure mainly related to EUR/USD, approx. 3 percent on sales with the current FX rates
- Incremental MHPS acquisition-related synergy benefits of EUR40-50m in P&L in 2018
- Additional spending of approximately EUR 15 million in IT and R&D in 2018 to enable harmonized processes within the company and secure our long-term competitiveness
- Savings of EUR12m expected in net interests related to financing facilities in 2018

NET WORKING CAPITAL AND FREE CASH FLOW

Net working capital*



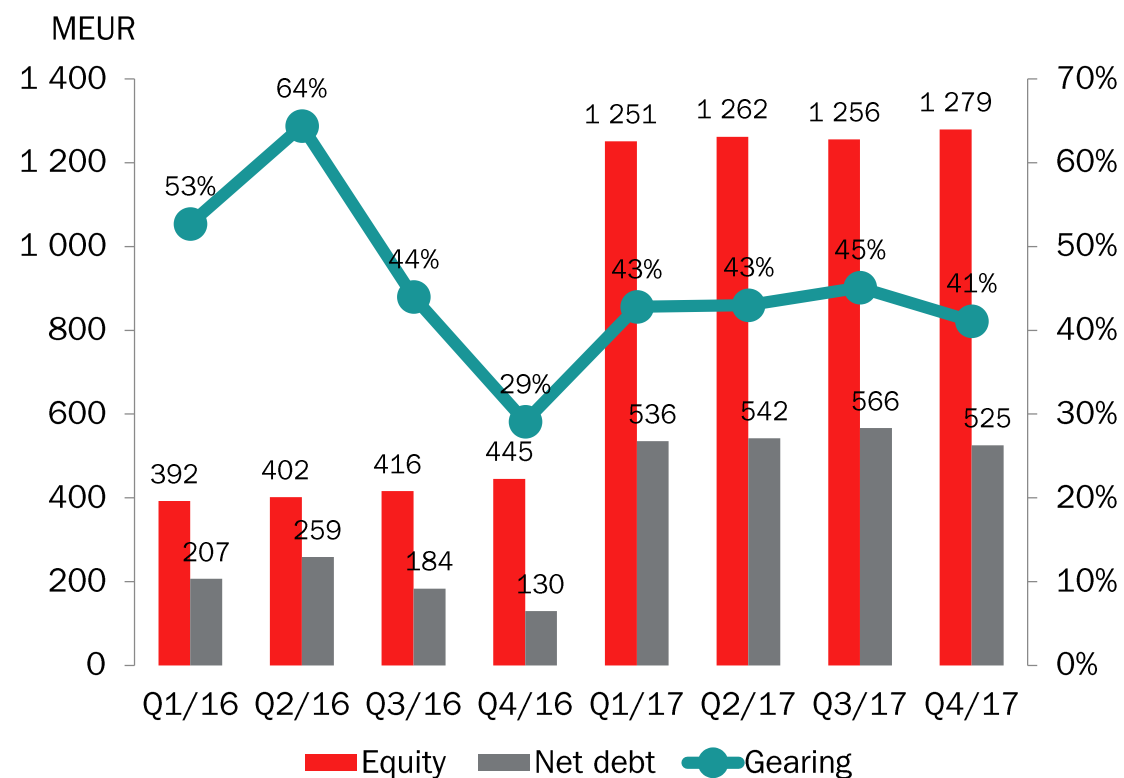
Free cash flow



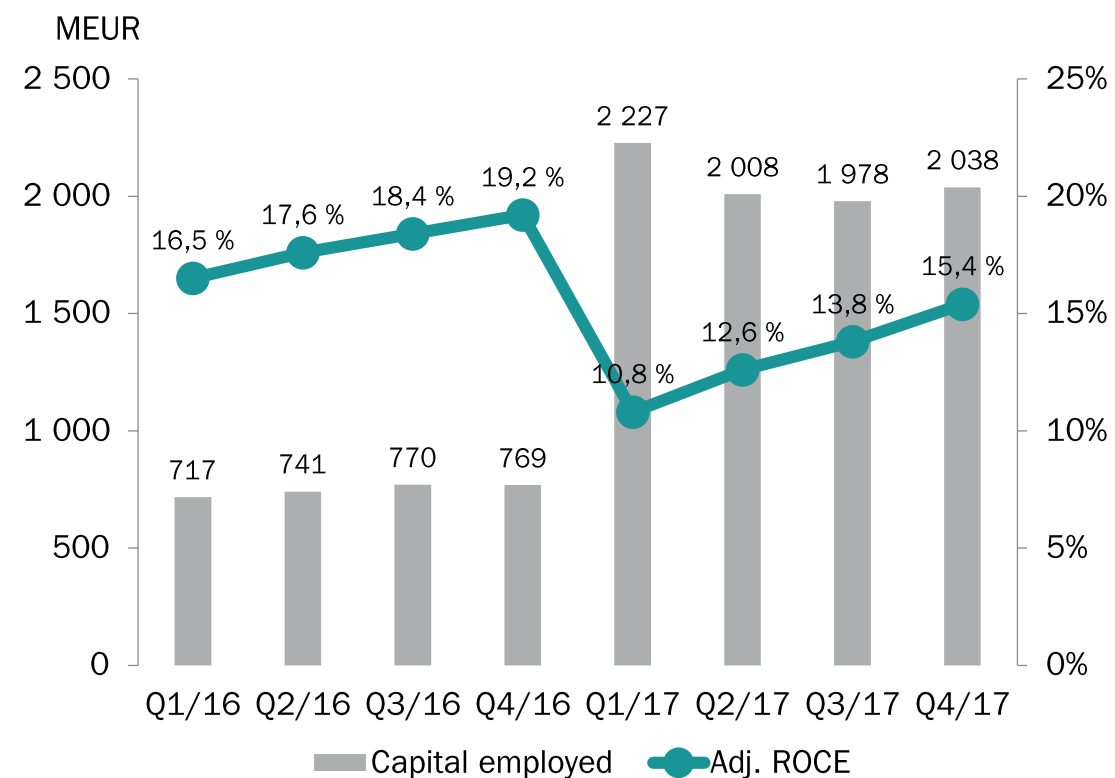
*Q1/17 excl. dividend liability of EUR 82 million, Q1/16 excl. dividend liability of EUR 62 million
Q1-Q4/17 R12M sales for comparable combined company

GEARING AND RETURN ON CAPITAL EMPLOYED

Equity, net debt and gearing



Capital employed and return on capital employed



POST-INTEGRATION FINANCIAL TARGETS

PREVIOUS FINANCIAL TARGETS

Growth

Vision to reach a global market share of 30%

Profitability

10% EBIT margin over the cycle

Capital structure

Optimal net interest-bearing debt/equity ratio 50-80%

LATEST OUTCOME

Clear #1 in industrial cranes & components and related service, a leading supplier of container handling equipment

R12M adj. EBITA margin 6.9%
R12M adj. EBIT margin 5.6%

Q3/17 net interest-bearing debt/equity ratio 45%

NEW FINANCIAL TARGETS

Group sales growth (CAGR) 5% in 2018-2020

Group adjusted EBITA margin 11% in 2020

Net interest-bearing debt/equity ratio <80%

DILIGENT EXECUTION OF SYNERGY PLANS CREATE THE FOUNDATION FOR PERFORMANCE AND GROWTH

FINANCIAL TARGETS

**GROUP SALES GROWTH
(CAGR) 5% IN 2018-2020**

**GROUP ADJUSTED EBITA
MARGIN 11% IN 2020**

**NET INTEREST-BEARING
DEBT/ EQUITY RATIO <80%**

Sales growth to be led by:

Business Area Service

- New growth opportunities created by MHPS' large installed base
- Digital business transformation

Business Area Port Solutions

- Cross-promotion of the enlarged offering
- Opportunities in automation and software

The management considers:

- Solid double-digit adjusted EBITA margin achievable in Business Area Service
- Business Area Industrial Equipment and Business Area Port Solutions to approach high single-digit adjusted EBITA margin by 2020

- Refinancing done to lower interest expenses
- Track record of attractive dividends
- Financial flexibility for M&A opportunities

STRATEGIC STEPS

Realizing break-out growth – unlocking the full value creation opportunity

2020+

- Geared up for new growth opportunities

Leading industrial and port technology company across operations

2018-2020

- Digital leadership
- Commercial excellence
- Product leadership
- Manufacturing transformation
- Service growth
- Procurement uplift

Delivering the synergy benefits of the MHPS acquisition

2017-2019

- Realization of synergy plans



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