

# **EQUIPMENT**

## **CMD, November 23, 2010**

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Executive Vice President

Head of Business Area Equipment

**KONECRANES**

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- Equipment in brief
- Our Equipment business
- Strategic agenda
- Summary



A man in a blue Konecranes shirt is shown in profile, looking down at a handheld electronic device. He is holding a stylus in his right hand and the device in his left. The device screen displays a list of items. The background is a blurred outdoor parking lot with several white vehicles. The text "EQUIPMENT IN BRIEF" is overlaid on the left side of the image.

## EQUIPMENT IN BRIEF

# EQUIPMENT BRIEFLY IN NUMBERS

Equipment	1-9/2010	1-9/2009	Change percent	2009
Orders received, MEUR	655.7	672.5	-2.5	934.6
Order book, MEUR	585.6	565.6	3.5	547.8
Net sales, MEUR	660.1	831.1	-20.6	1,115.1
Operating profit (EBIT) excluding restructuring costs, MEUR	39.9	61.4	-34.9	76.7
Operating profit (EBIT) excluding restructuring costs, %	6.1 %	7.4 %		6.9 %
Operating profit (EBIT), MEUR	37.3	46.7	-20.2	58.5
Operating profit (EBIT), %	5.6 %	5.6 %		5.2 %
ROCE%				22.9 %
Personnel at the end of period	4,626	4,334	6.7	4,742

# SALES DISTRIBUTION IN JANUARY-SEPTEMBER 2010

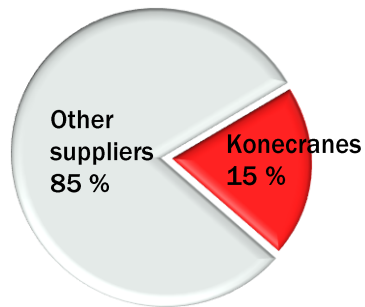
■ Industrial Cranes   ■ Components   ■ Port Cranes, Lifttrucks, Nuclear Cranes





# OUR MARKETS

Market size >6 BEUR



Equipment only

## INDUSTRIAL CRANES & COMPONENTS



Position

# 1

Opportunity



## PORT CRANES



# 3...5



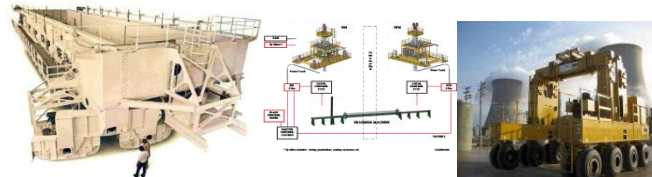
## LIFT TRUCKS



# 3...4



## NUCLEAR CRANES



Market just re-starting



# OUR EQUIPMENT BUSINESS

A low-angle photograph of a modern building's facade. The word "KONECRANES" is mounted on the wall in large, red, three-dimensional block letters. The building has a light-colored, possibly white or light grey, exterior. The sky in the background is a clear, pale blue. The perspective is looking up at the building, emphasizing its height and the scale of the logo.

# PRODUCT POSITIONING

- The lowest total cost of ownership
- High quality
- High reliability
- Safe to operate and maintain
- Performance
- Ergonomics
- Eco-efficient
- Excellent service back-up





# INDUSTRIAL CRANES

- Compact technical solutions
- Additional semi or full automatic features
- Workstation Lifting Systems
  - Products & solutions for light loads
  - Manipulators & light lifting equipment (from 60 kg to 2,500 kg)
- Standard Duty Cranes
  - Typically general manufacturing applications (1 t... 80 t)
  - Good market coverage, streamlined sales and order execution process
- Heavy Duty Cranes
  - Heavy loads (100 t ... 1,000 t) & purpose build 24/7 process solutions
  - Mass customization and project management



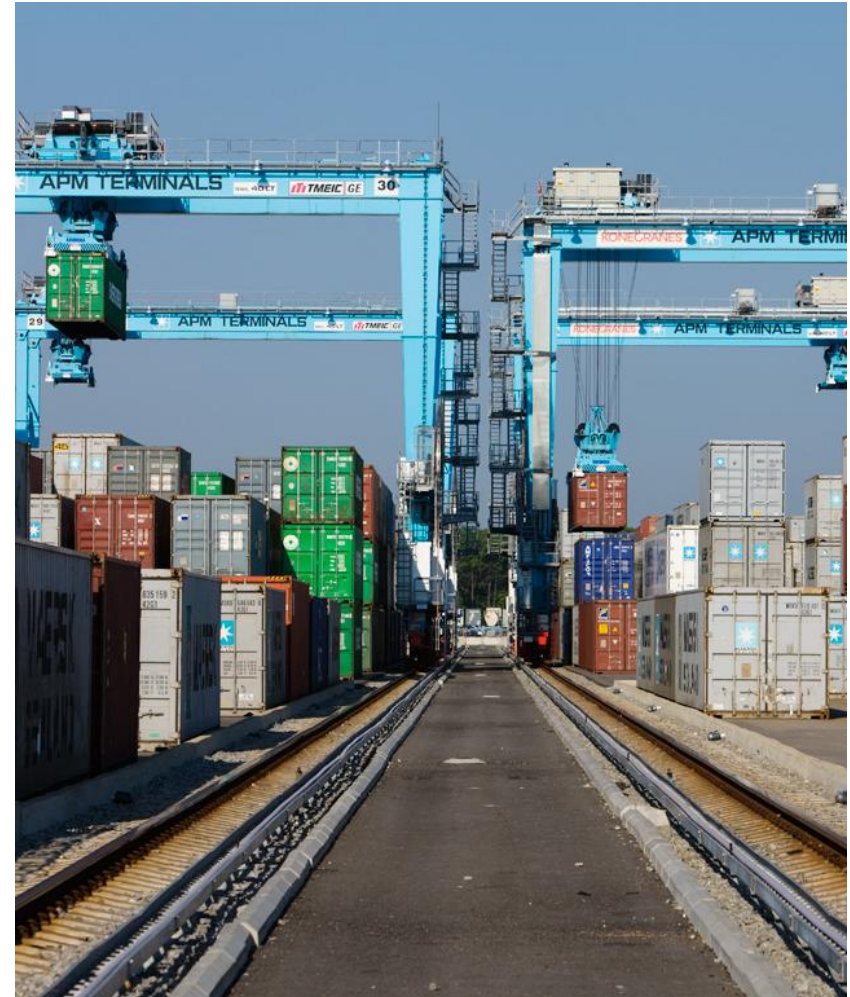
# COMPONENTS

- Serial produced crane components for industrial cranes
  - Electric chain and wire rope hoists
  - End trucks, controls, electrics
- Customers are local independent crane makers and distributors
- Complements and adds our geographical market coverage
- Brings additional scale benefits into our supply chain



# PORT CRANES

- Advanced high performance solutions
- Component , electronics and software synergies with Industrial Cranes (R&D, supply chain)
- Steel structures by global subcontracting
- Full offering for container handling
  - Ship-to-Shore cranes (STS)
  - Rail Mounted Gantry cranes (RMG)
  - Rubber Tyred Gantry cranes (RTG)
  - Automatic Stacking Cranes (ASC)
  - Straddle Carriers (SC)
- High capacity bulk material unloaders (coal, iron ore)
- Large, high lifting capacity (..1,200 t) cranes for shipyards



# LIFTTRUCKS

- Full offering from 10 tons upwards
  - Fork lift trucks (up to 60 tons)
  - Empty container handlers
  - Reach stackers
- Not in below 10 tons mass market
- Premium class
  - Performance
  - Reliability
  - Driver comfort, ergonomics
  - Safety
  - Lowest total cost of ownership
- Same customers as in Ports Cranes and Industrial Cranes
- Own direct sales, distributors and agents across the globe
- Active cross-selling for cranes (and vice versa)
- Components by subcontractors, assembly & testing by own operations

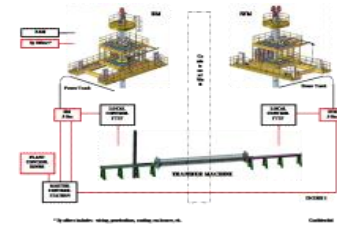
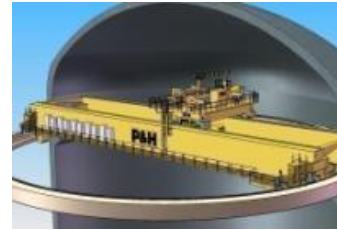




# NUCLEAR CRANES

- All nuclear material handling equipment needed in nuclear power plants
  - We are the only the kind of vendor
- Over 50% of the existing plants have our equipment
- Safe, reliable, compact and high quality solutions
- Same solutions in new equipment and in modernizations
- Covering the whole world, currently the strongest position in USA

## Special equipment



## Standard components

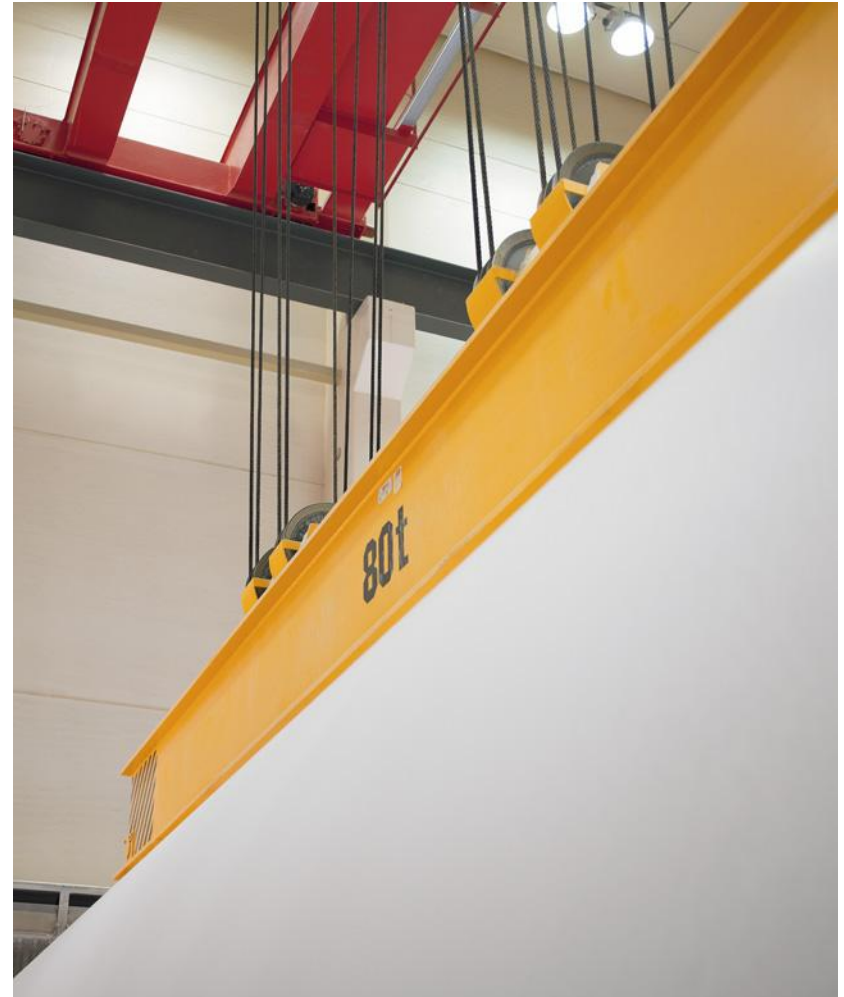


## STRATEGIC AGENDA

# GROWTH AGENDA

## Organic – develop our operations

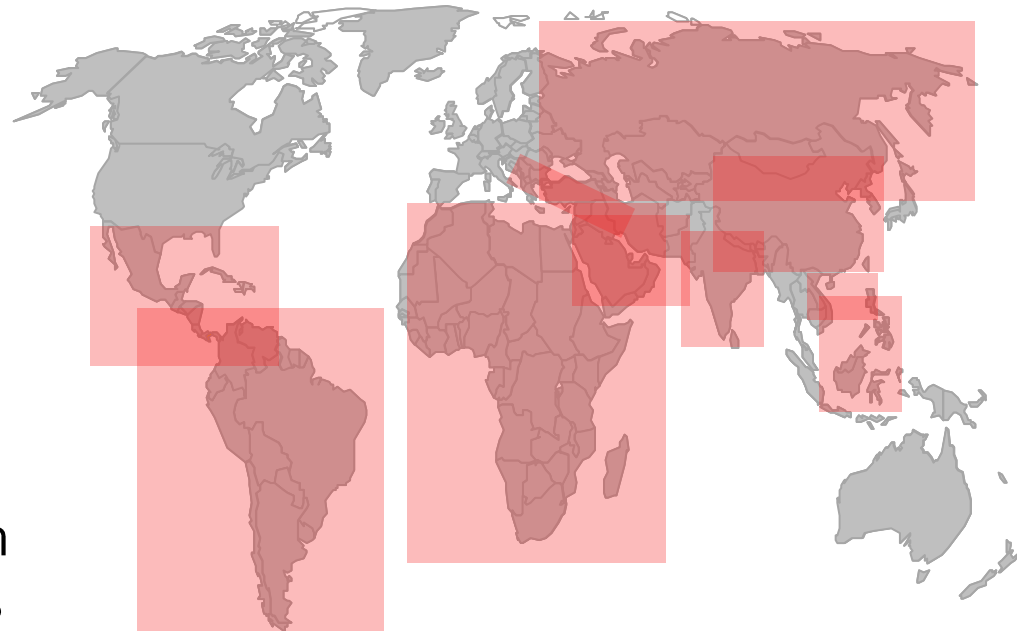
- Develop sales management
- Promote cross-selling, train accordingly
- Penetrate deeper into our existing customer base: Key Account Management



# GROWTH AGENDA

## Organic – geographical footprint expansion

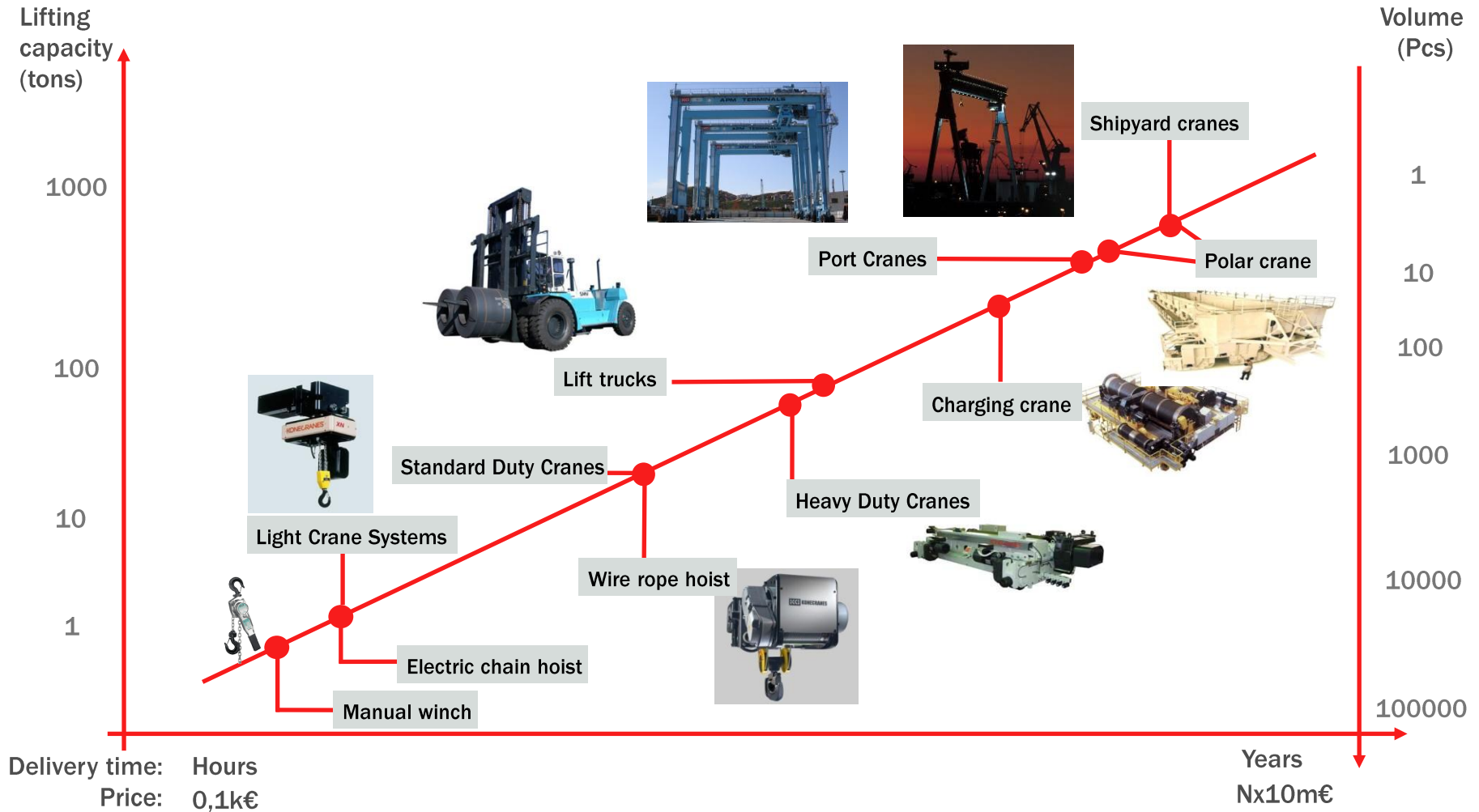
- All products: Increase our geographical sales presence
  - Own operations
  - Agent network
  - Distributors
- Joint ventures and alliances
- Use our two-folded distribution strategy (i.e. Industrial Cranes and Components)





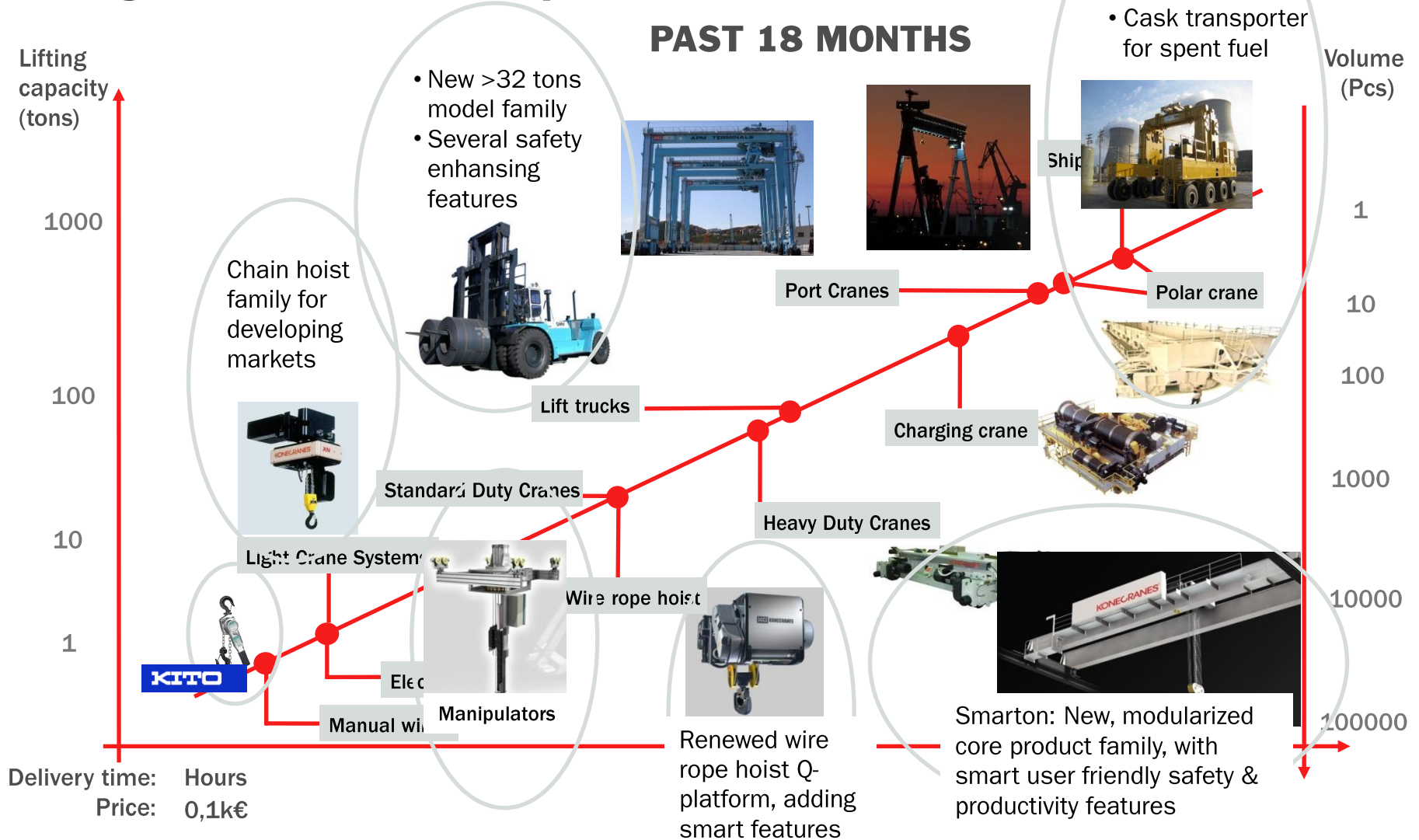
# GROWTH AGENDA

## Organic – introduce new products



# GROWTH AGENDA

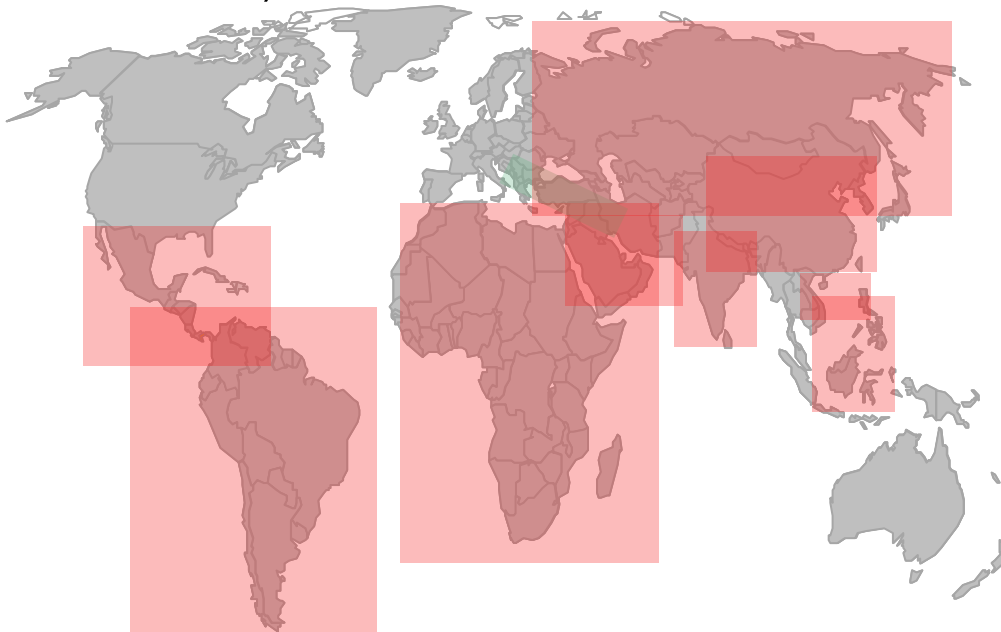
## Organic – introduce new products



# GROWTH AGENDA

## Acquisitions – add product portfolio & footprint

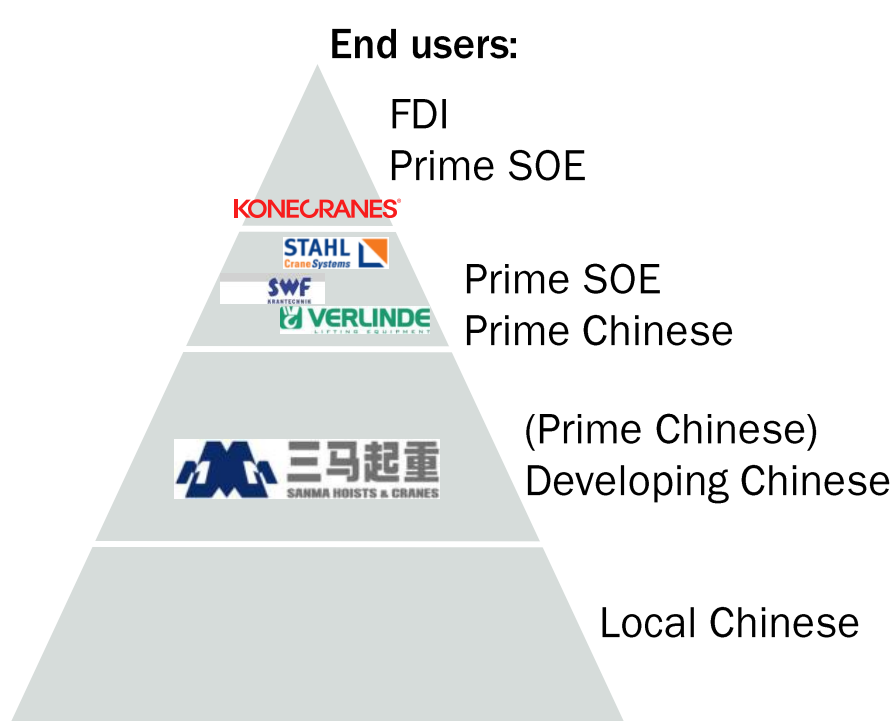
- Opportunities to widen our product portfolio (“natural enhancements”)



- Opportunities bringing new distribution channels
- Opportunities bringing new geographical markets

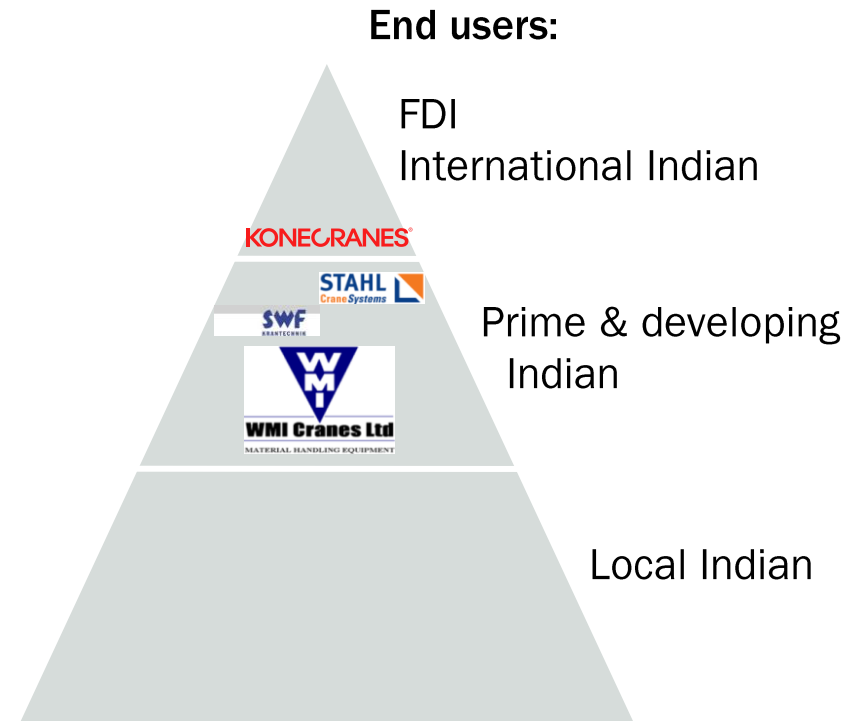
# GROWTH AGENDA

## Footprint expansion – China, India



"~ + 10 % p.a."

"WRH ~200,000...250,000 pcs"



"~ + 30% p.a."

"WRH 15,000 pcs"





# PRODUCTS IN DEVELOPED MARKETS VS. EMERGING MARKETS

50 ton



**KONECRANES®**

**Compact**

**Conventional**

8 ton



# PROFITABILITY AGENDA

## Improvement strategy

- Quality, safety, technology: price premium
- Modular products
  - Serial effect for components
- Purchasing
  - Global sourcing
  - Consolidate vendors
  - Smart partnerships
  - Focus on saving in complete costs of operations
- Cost efficient manufacturing, with constant focus on improving productivity



# MANUFACTURING STRATEGY

**Assembly**

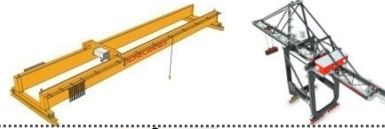
**Lift trucks**



Own operations

**Steel structures,  
crane assembly**

**Industrial cranes  
Port cranes**



High volumes:  
own operations

Low volumes:  
subcontracted

**Components**

**Hoists & trolleys**



High volumes:  
own operations

Single units:  
subcontracted

**Electrics**



Own operations

**Parts**

**End trucks**

**Rope drums**

**Wheels**

**Gears**

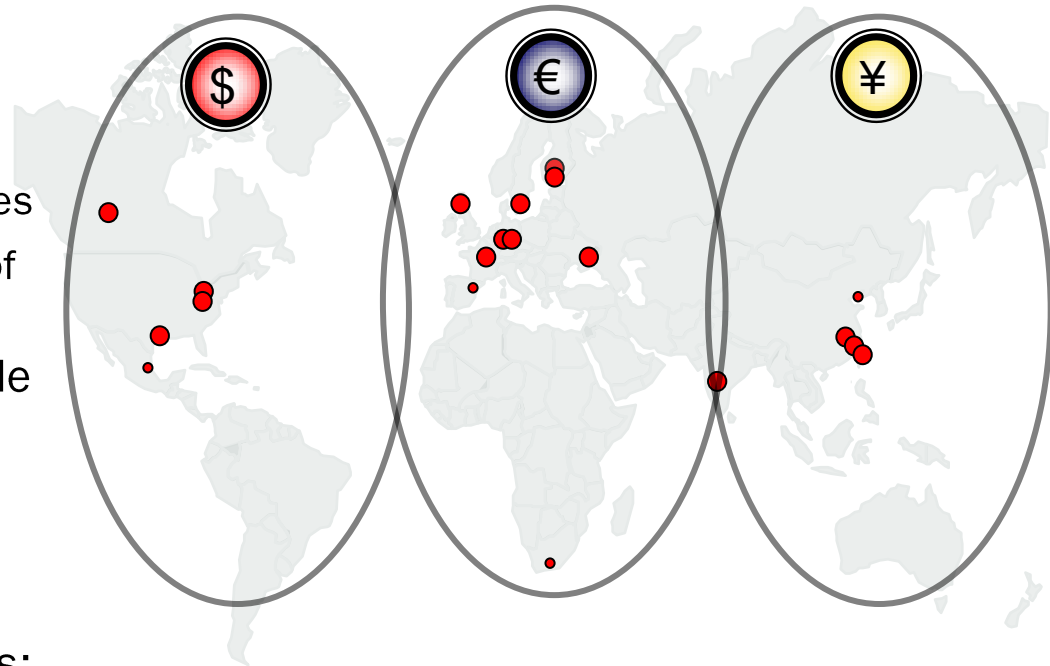


- Load carrying key parts:  
own operations

- Target for scale benefit

# MANUFACTURING STRATEGY

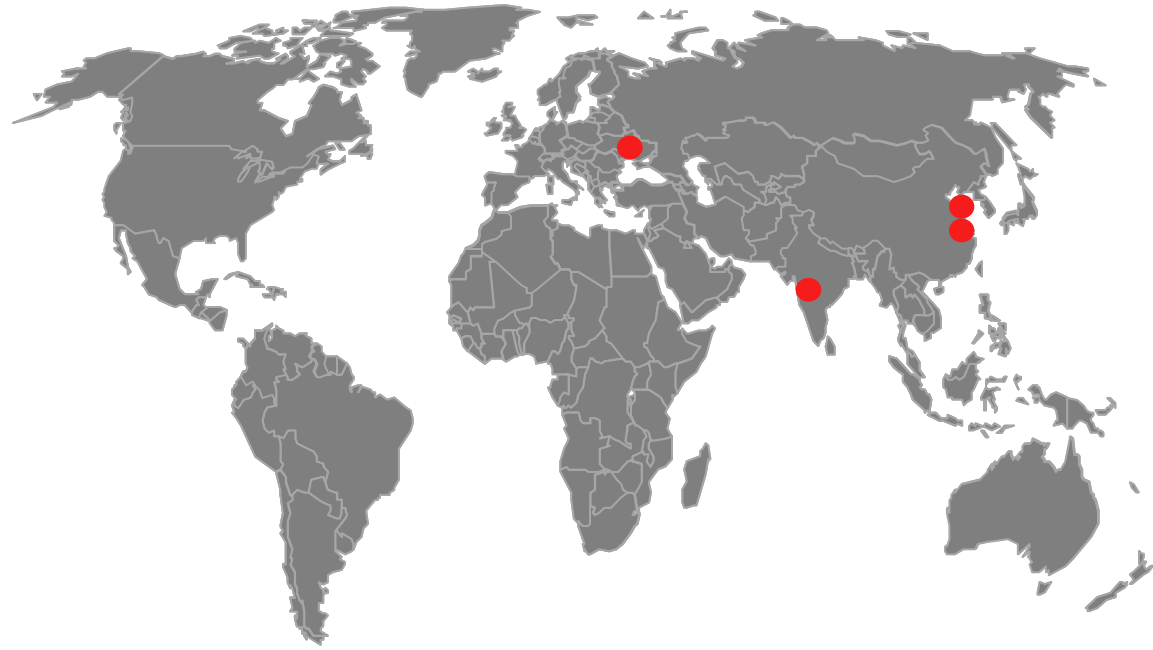
- Supply chain = global & demand driven
- Protect & manage your know-how
- Target scale benefit:
  - Via lower level component families
  - Via benefiting from similar type of production
- Develop supply chain, which is able to balance exchange rate fluctuations
- "Own plant must always be overloaded"
- Have flexibility buffer in own plants:
  - Rented labor in EU
  - Outsource also part of own production



# PROFITABILITY AGENDA

## Current improvement actions

- Consolidate part of outsourced production in China into Sanma, i.e. Sanma =
  - Own Chinese brand with own products
  - Part of our global supply chain
- WMI (India): India to enter into our supply chain
- Ukraine (Zaporozch): Development to continue



Our LCC hubs



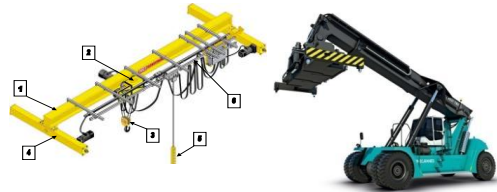
# PRODUCTIVITY THROUGH THE WHOLE PROCESS

## Markman product configurator

Product configurations



Components



Cranes

Lift trucks

Crane/Component/Lift truck orders



**PRODUCTION**

**SALES**

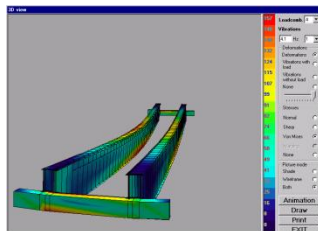
Offer letters & Order confirmations

Item	Qty	Description	Price
1	1	Crane	1000
2	1	Component	500
3	1	Lift truck	2000

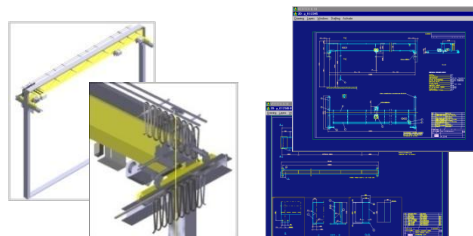
- FX rates
- Steel price
- Other costs
- Pricing rules

Pricing

If needed: Steel structure optimization



3D-models / Scaled drawings



Technical documentation



# SUMMARY





## SUMMARY

- Products with excellent reputation
- Room to grow
- Cost efficient, flexible and global supply chain
- Strong synergy with our Service



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

