

FOCUS AREAS FOR STRONGER EQUIPMENT

Ryan Flynn, Head of BA Equipment



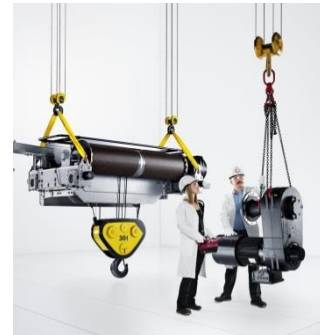
CONTENT

FINANCIAL REVIEW



FOCUS AREAS LAUNCHED

Stronger Customer Focus
Operational Excellence
Simplification



SUMMARY



FINANCIAL REVIEW

KONECRANES **CAPITAL MARKETS DAY 2014**



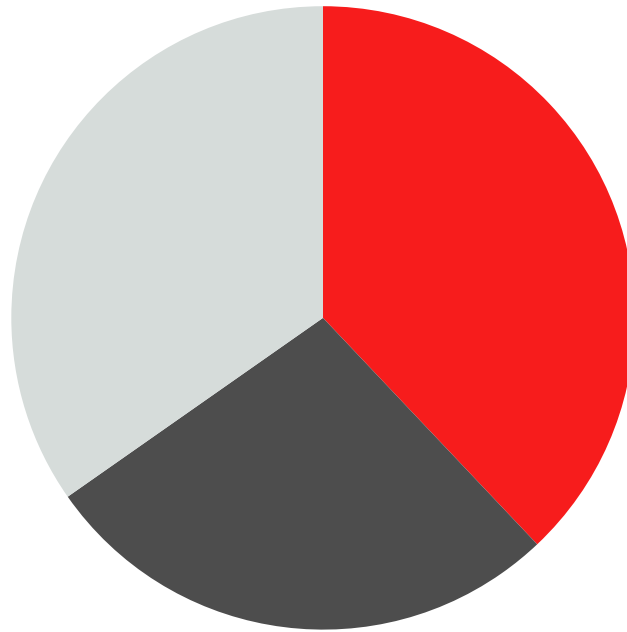
TOUGH START TO 2014, BUT SOME POSITIVES TOO

KEY FIGURES	1-9/2014	1-9/2013	Change %	2013
Orders received, MEUR	917,5	1 039,3	-11,7	1 319,6
Order book at end of period, MEUR	860,0	849,0	1,3	765,3
Net sales, MEUR	844,6	964,3	-12,4	1 329,2
Operating profit (EBIT) excluding restructuring costs, MEUR	26,1	37,1	-29,5	54,3
Operating margin (EBIT) excluding restructuring costs, %	3,1 %	3,8 %		4,1 %
Operating profit (EBIT), MEUR	25,9	21,6	19,8	37,8
Operating margin (EBIT), %	3,1 %	2,2 %		2,8 %

- Improved project execution
- Sales mix
- Cost savings

- Order intake decline
- Emerging markets such as Ukraine and India
- Continued underabsorption of fixed costs due to lower sales

YEAR TO DATE ORDER INTAKE BREAKDOWN BY BUSINESSES



- **Industrial Cranes**
- **Components and Light Lifting Equipment**
- **Port Cranes and Lift Trucks**

SUMMARY OF RESTRUCTURING ACTIONS IN 2013-14

Actions

- Downsizing of production capacity in Finland, Spain, Germany and Austria
- Transfer of production in India and the US
- Frontline and support organization restructured in several countries
- Reduction of personnel in Industrial Crane Solutions

Financial impacts

- Restructuring costs of EUR16.8m
- Cost savings of ~ EUR30m in 2013-15
- Personnel impact ~ 400 persons

KONECRANES®
Lifting Businesses™

FOCUS AREAS LAUNCHED

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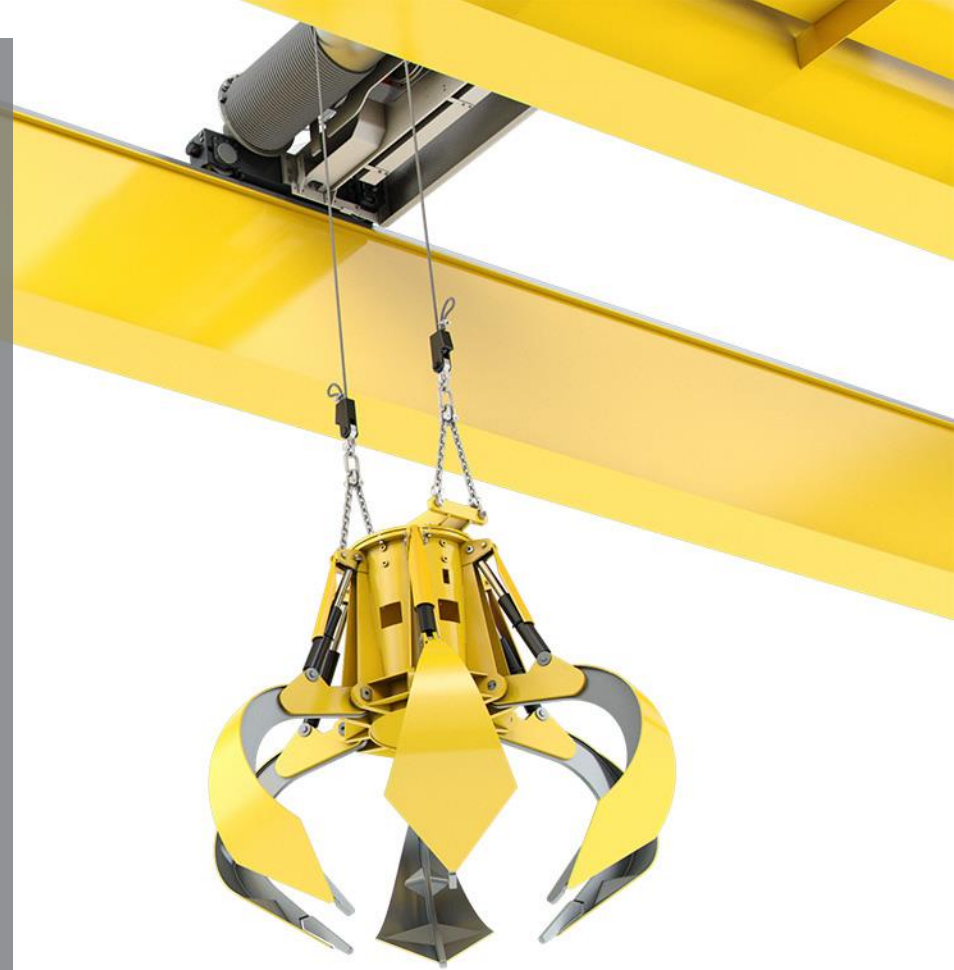
3 FOCUS AREAS TO DRIVE GROWTH AND PROFITABILITY

STRONGER CUSTOMER FOCUS	OPERATIONAL EXCELLENCE	SIMPLICITY
Segment-based Offering Sales Excellence	oneKONECRANES Lean Six Sigma Quality Product Costs	Operational Model

STRONGER CUSTOMER FOCUS

Grow our top line with "Market first thinking" and Sales Excellence

- Segment-based Offering
- Sales Excellence



SEGMENT-BASED OFFERING STRATEGY

We meet our customers' needs across the world through a segment-based offering of products and services.

Our 30% market share target requires a strong position in both advanced and standard segments.



WE MEET OUR CUSTOMERS' NEEDS THROUGH A SEGMENT-BASED OFFERING OF PRODUCTS AND SERVICES

We are segmenting **customer needs** and consequently our sales cases and our offerings into “advanced” and “standard”.

Customers can seldom be permanently segmented since the **same customer can alternate between advanced needs and standard needs**.

Advanced Segment:

Most competitive offering for demanding customer needs

- Smart features
- Real-time remote service

Standard Segment:

Most competitive offering for baseline customer needs

- Reliable quality and safety
- Standard performance

PORT CRANES HAVE A BROAD OFFERING ESPECIALLY FOR CONTAINER HANDLING IN THE YARD

Advanced Segment: Automated RTG

- Predictability in productivity
- Better control of processes enables enhanced safety and equipment lifetime
- Lower infrastructure investment requirement compared to Automated RMG
- Suitable for different brown field yard layouts as well as green field terminals



ARTG

Europe launch 2013

Standard Segment: Boxhunter

- Lower cabin, operator in heads-up position, direct sight to truck loading
- Lower machinery, easy service access and lighter trolley
- Eco-efficient thanks to counterweights: on average 25% lighter load with every lift



Boxhunter

Asia launch 4/2014

NEW WIRE ROPE HOIST WAS LAUNCHED TO TARGET THE CHINA MID-MARKET

Advanced Segment: SWF Nova Hoist

- Compact design saves space and maximizes working area
- Large variety of hoisting speeds available
- Multiple options for drive controls available
- Smart Feature options increase the efficiency and safety of load handling
- Hoist capacity up to 80 tons



SWF's Nova Hoist

Standard Segment: Morris-S5 Series Hoist

- Compatible with various types of girders
- Lean processes for sales, distribution and supply
- Short delivery times including spare parts



**Morris-S5
Series Hoist**

China launch 9/2014

CXT CRANES MEETS OUR CUSTOMERS NEEDS IN VARIOUS APPLICATIONS

Advanced Segment: CXT NEO Crane

- MiniJoystick radio enabling faster and more ergonomic operations
- Energy Chain improves and increases working space, reduces cable wear and external damage
- Up to 50% faster lifting due to Advanced Speed Range (ASR) depending on the application
- Increased accuracy in load control
- TRUCONNECT® Remote Services

Standard Segment: CXT UNO Crane

- Simple and robust construction, proven technology, core of lifting embedded
- Clean configuration with easy component access, less wearing parts, components designed for long lifetime
- Sold and delivered as a predesigned package

CXT NEO CRANE

Launched in selected European countries since 2013



CXT UNO CRANE

India launch 9/2014
Various countries to be launched in 2015

THE LAUNCH OF UNITON CRANE EXPANDS OUR ADDRESSABLE MARKET FOR HEAVIER CRANES

Advanced Segment: Smarton Crane

- Total Load Control
- Scalable product offering to fulfill a wide variety of requirements through optional smart features
- Crane grows with the customer's needs
- Compact design increase effective working area, low headroom requirement
- Improve operator productivity



Standard Segment: Uniton Crane*

- Just the performance you need
- Optimally dimensioned solution
- Specific application and actual duty cycle
- Quality and reliability with every lift
- Full compliance with safety requirements



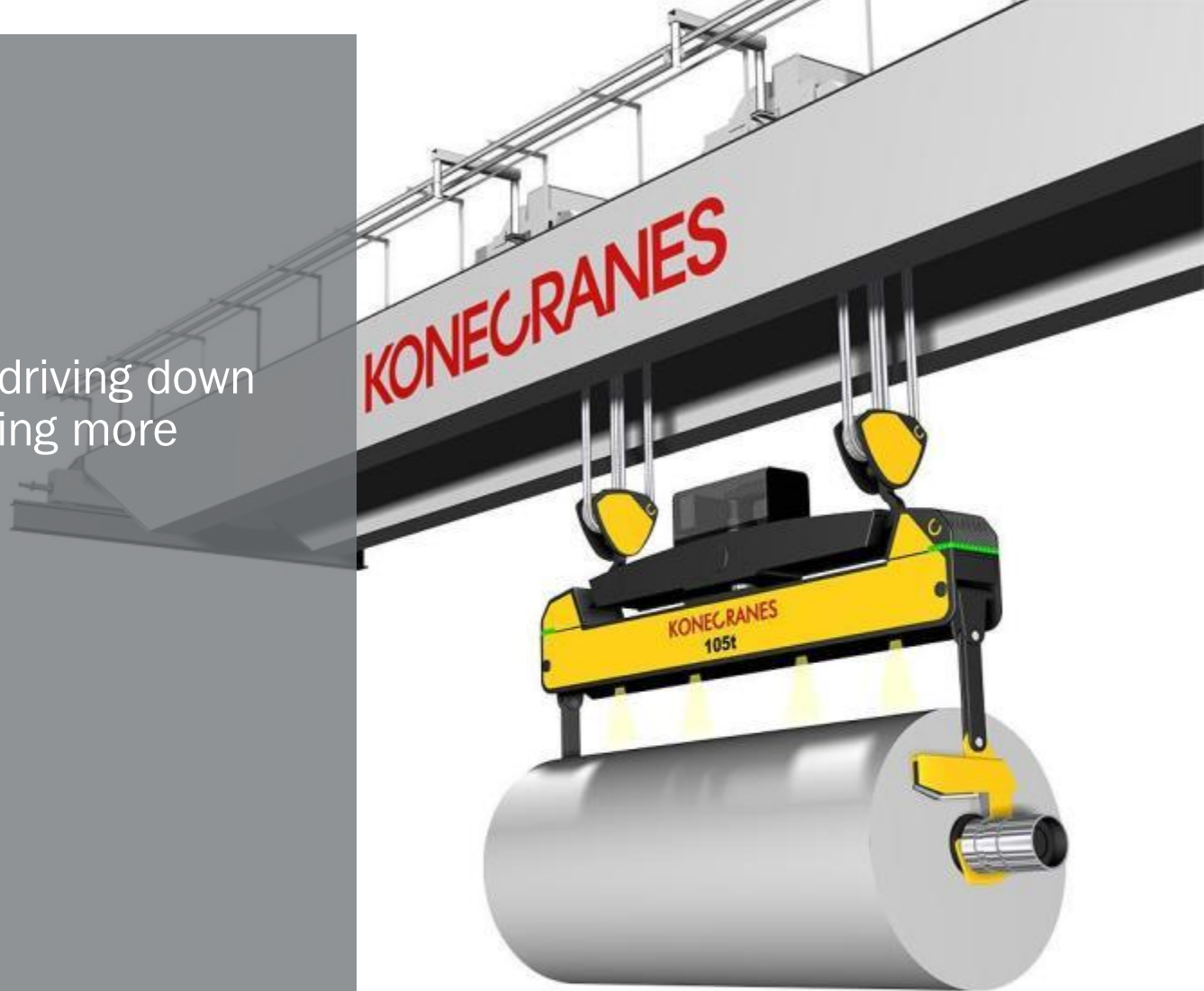
SALES EXCELLENCE TO FOSTER GROWTH



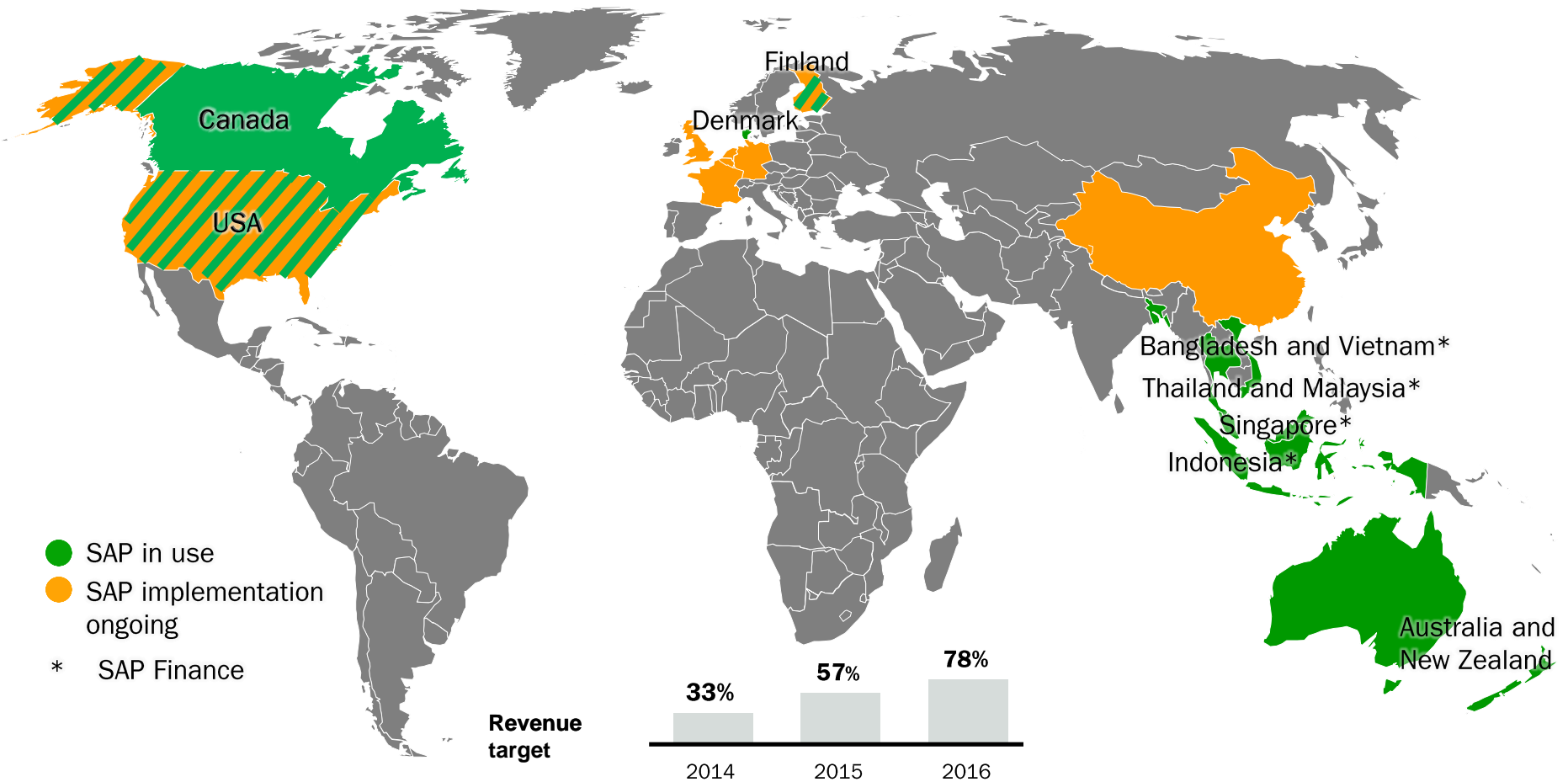
OPERATIONAL EXCELLENCE

Improve margins by driving down product cost and being more efficient

- Implementation of OneKonecranes
- Lean Six Sigma
- Quality
- Drive down product costs



SAP IMPLEMENTATION STATUS AND RAMP UP OVER THE COMING 2 years



oneKONECRANES BUSINESS BENEFITS

We improve our way of working and modernize our information systems to boost productivity and lower our cost level.

BETTER CUSTOMER EXPERIENCE

Faster response times

Standardized service offering

Better delivery accuracy

Customer management

IMPROVED PRODUCTIVITY

Demand driven capacity and material management

One-time information entry

Faster invoicing cycles

Sales funnel management

ECONOMIES OF SCALE

Finance and IT services

Real time visibility

Sales and project management support

FOCUS ON OPERATIONAL IMPROVEMENTS

LEAN SIX SIGMA

Systematical improvements on operations and processes

Training of Black Belts, Green Belts and Yellow Belts going on

Projects are being undertaken across our entire value chain

Substantial benefits have been achieved

QUALITY MANAGEMENT

Harmonized quality management system ISO9001:2008

Systematic Factory and Site acceptance test in use to assure customer experience and to collect improvement opportunities

Voice of Customer for systematic market feed back on our deliveries

Quality Improvement Process teams eliminating root causes to assure continuous improvement

SEVERAL MEASURES TAKEN TO LOWER PRODUCT COSTS

Product Cost Engineering

Close alignment between Product Management, Development and Procurement

Supplier Partnership

Long-term partnerships co-creating opportunities for enhanced competitiveness

Global and Regional Dimensions for Sourcing

Product, Category and Project Sourcing to lower variable costs

Insourcing Activities

Optimal utilisation of existing facilities

Continuous Efficiency Improvement

Cost reduction via efficiency improvement and standardized best practice processes



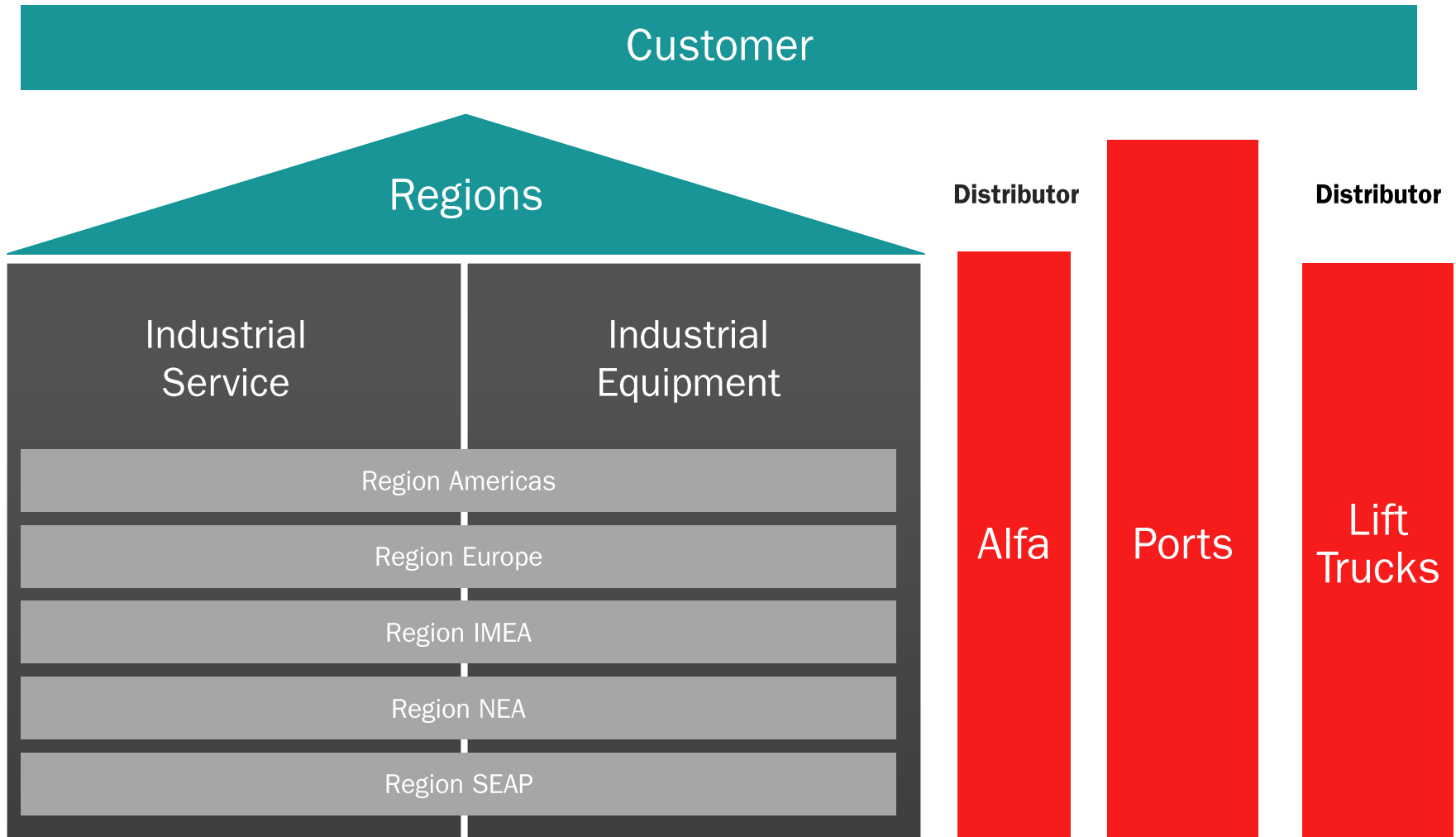
SIMPLICITY

Improve efficiency through
clear roles and responsibilities

- Operational Model

KONECRANES CUSTOMER INTERFACE

1.1.2015

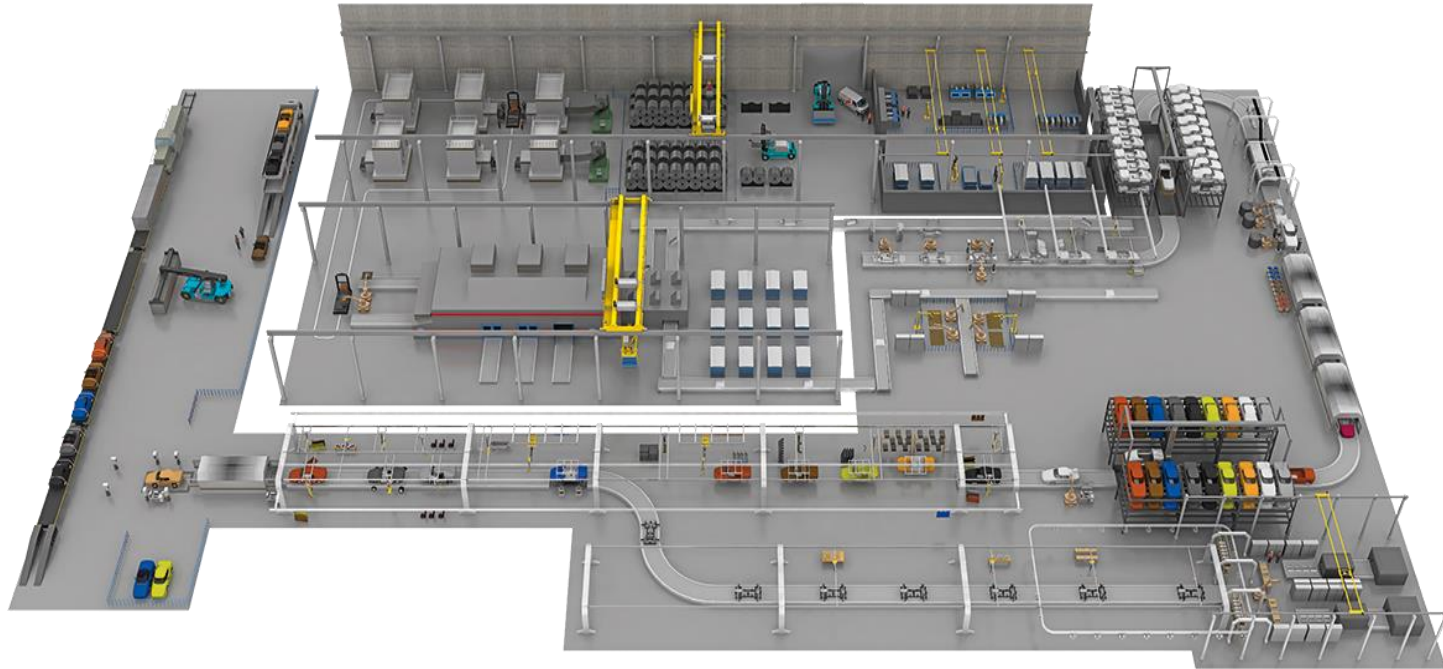


NEW OPERATIONAL MODEL SHALL ENHANCE CUSTOMER FOCUS AND INTERNAL EFFICIENCY

- One customer-focused regional organizational
- Decision-making closer to customers on regional basis
- Enhanced business opportunities for full Konecranes offering
- Critical mass to strengthen industry-specific knowledge



OUR BROAD OFFERING OF PRODUCTS AND SERVICES FOR AUTOMOTIVE



- CXT cranes supply coils for unreeling
- SMARTON® cranes feed dies to stamping line
- Chain hoists for your workshops
- Jib cranes with an AirBalancer for your sub-assembly workstations
- Workstation cranes and XA crane with ATL Vertical Lifter for your assembly and final assembly lines

- Lift trucks and reach stackers for handling of steel plates, coils, tools, machinery, or containers.

- Service Programs:

- RailQ Runway Survey

- RopeQ Wire Rope Inspection

- Agilon® Material Handling Solution

MEETING OUR CUSTOMERS' LIFTING NEEDS IN CONTAINER TERMINALS



- | | |
|---|---|
| • Ship-to-shore quay gantry cranes (STSs) | • Empty and laden container lift trucks |
| • Rubber-tired gantry cranes (RTG) | • Reach stackers |
| • Automated rubber-tired gantry cranes (ARTG) | • Straddle carriers |
| • Rail-mounted gantry cranes (RMG) | • Service Programs |
| • Automated rail-mounted gantry cranes (ARMG) | - TRUCONNECT® Remote Services |

SUMMARY

KONECRANES CAPITAL MARKETS DAY 2014





MANAGEMENT SUMMARY

**Target to generate cost savings of
EUR 30 million by the end of the
first quarter in 2016**

- Restructuring non-performing units
- Optimization of supply chain
- Simplification of the operational model

**In addition to the cost savings
target of EUR 30 million,
Konecranes is pursuing savings in
variable costs through reduction of
product costs and improvement of
operational excellence including
quality costs**

The background of the slide is a close-up photograph of a Konecranes crane hook. The hook is white with red accents and has the word "KONECRANES" printed in red at the top. A large, white, stylized letter "C" is superimposed over the center of the image, partially obscuring the hook. Below the "C" is a registered trademark symbol (®).

KONECRANES

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