

# **CAPITAL MARKETS DAY**

## **November 23, 2010**

Pekka Lundmark  
President & CEO

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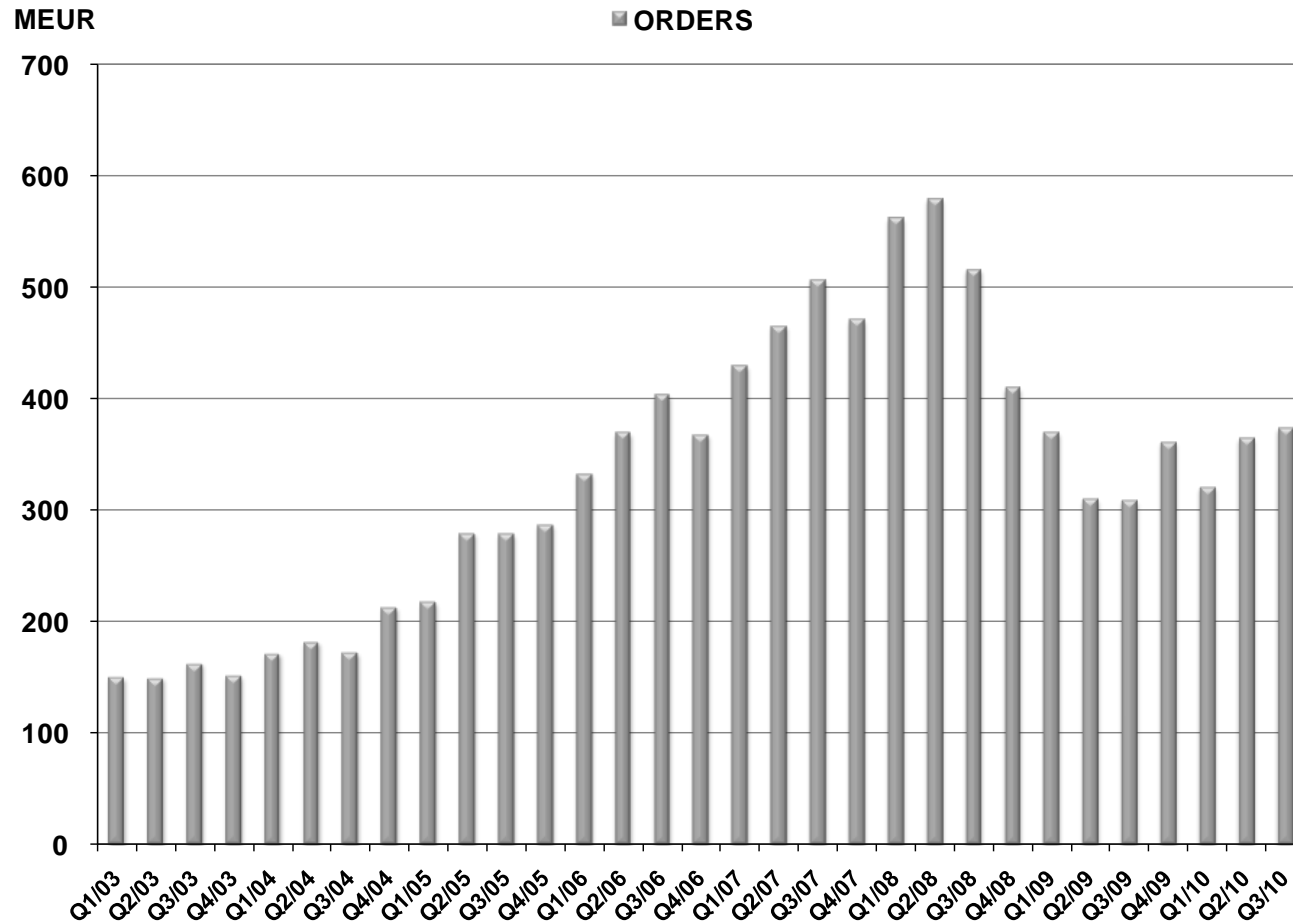
- Summary of January-September 2010
- 2010 outlook and long-term objectives
- The big picture for Konecranes
- Strategy going forward
- Summary



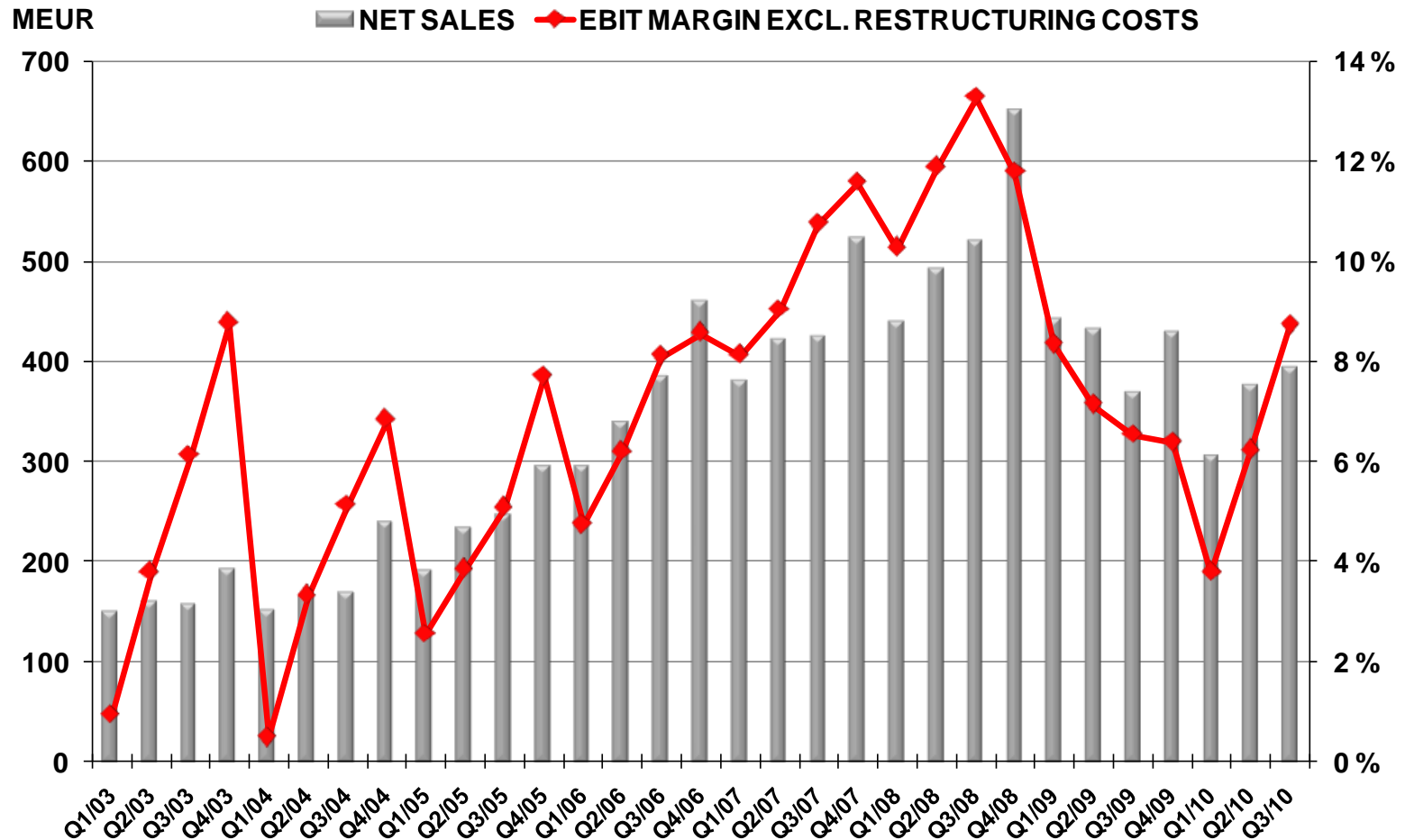
# THE START OF THE YEAR HAS BEEN IN LINE WITH OUR EXPECTATIONS

KEY FIGURES	January - September			
	1-9/2010	1-9/2009	Change %	2009
Orders received, MEUR	1,058.3	987.7	7.1	1,348.9
Order book at end of period, MEUR	679.7	638.4	6.5	607.0
Net sales, MEUR	1,076.9	1,242.4	-13.3	1,671.3
Operating profit excluding restructuring costs, MEUR	69.2	91.6	-24.4	118.8
Operating margin excluding restructuring costs, %	6.4 %	7.4 %		7.1 %
Operating profit including restructuring costs, MEUR	66.6	75.8	-12.1	97.9
Operating margin including restructuring costs, %	6.2 %	6.1 %		5.9 %
Gearing, %	0.2 %	-3.8 %		-19.1 %
Return on capital employed %, Rolling 12 Months				19.3 %

# ORDER GROWTH ON SLOWLY IMPROVING MARKET CONDITIONS



# OUR PROFITABILITY HAS RECOVERED STRONGER THAN NET SALES



# YTD SUMMARY

## Positives

- Key macroeconomic indicators have pointed to a recovery
- Gradually improving demand for services and new equipment
- Equipment EBIT margin has improved throughout the year thanks to higher volume, successful cost savings, favorable product mix, FX tailwind

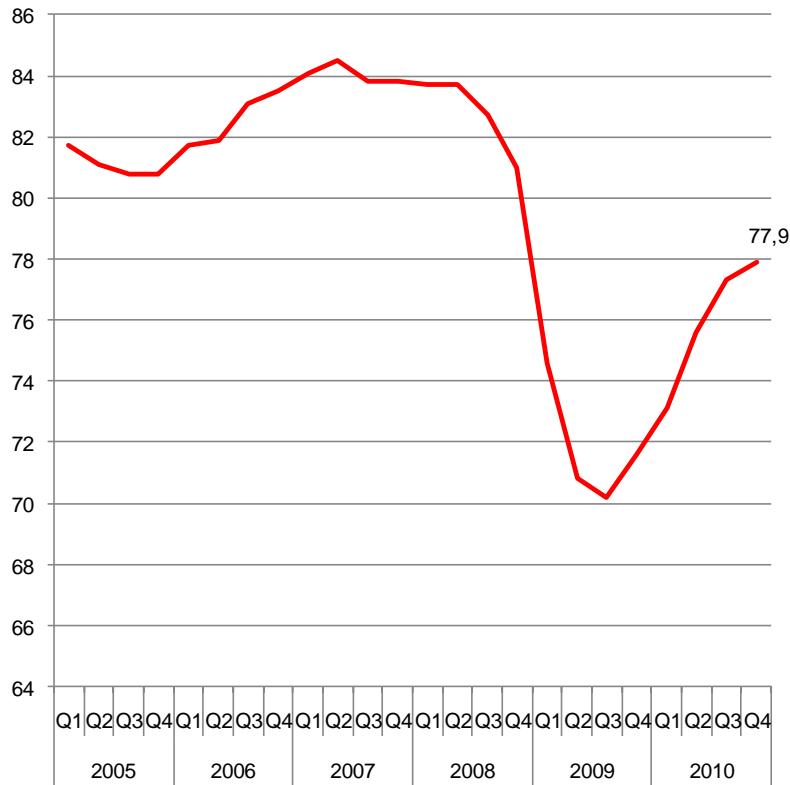
## Negatives

- New equipment orders relatively low in developed markets
- Price competition especially in standard equipment

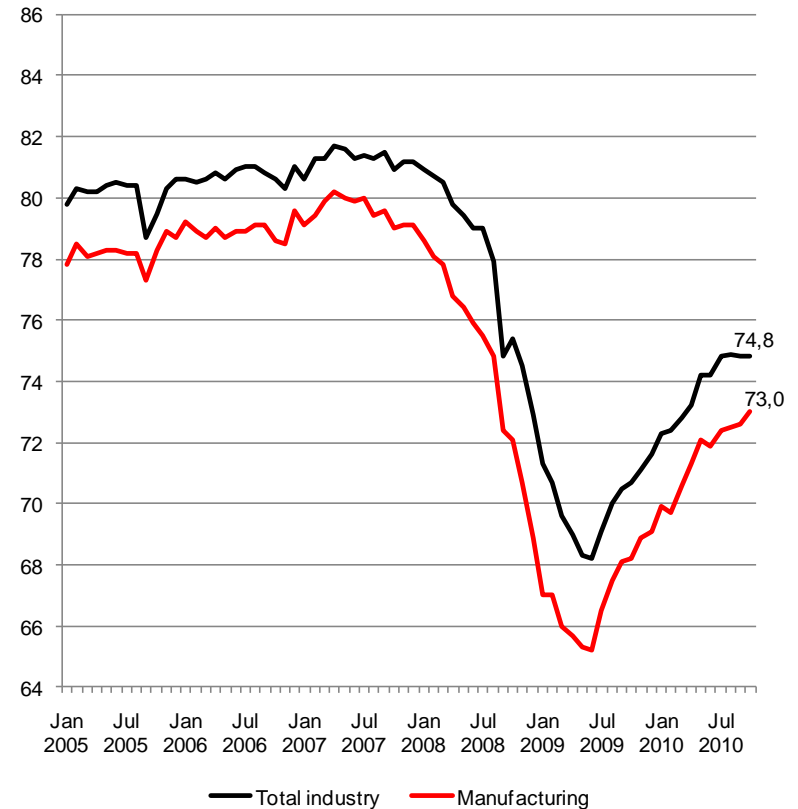
YTD ORDERS RECEIVED Y/Y	EMEA	AME	APAC	TOTAL
SERVICE				
EQUIPMENT				
TOTAL				

# CAPACITY UTILIZATION: EU27 AND USA

## Capacity utilisation of manufacturing in EU



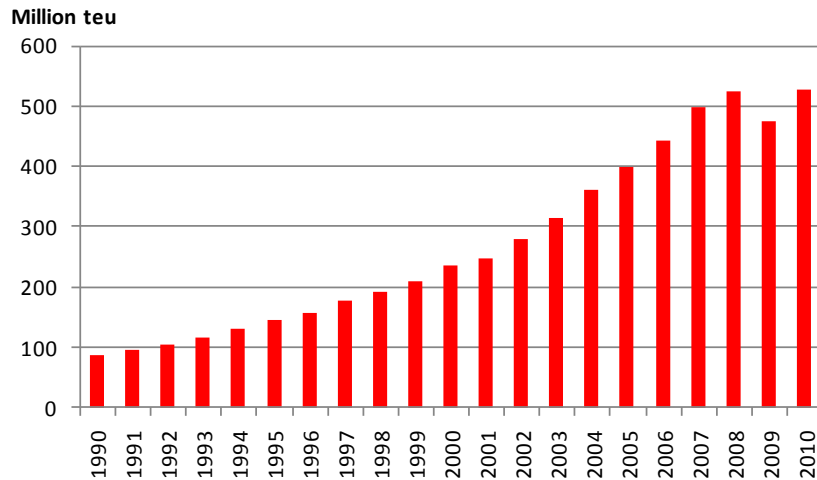
## Capacity utilisation in the USA



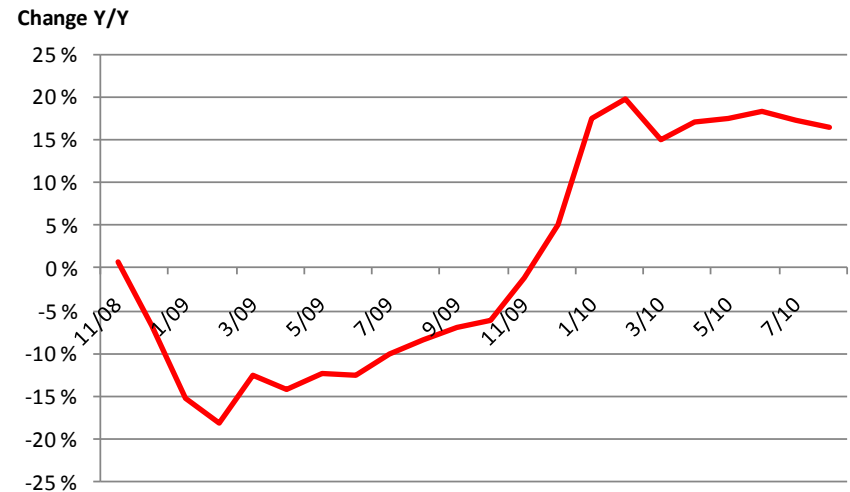
SOURCES: Eurostat (latest data point Q4/10), Federal Reserve Bank of St. Louis (October 2010)

# CONTAINER TRAFFIC

## Annual container handling volume



## Monthly container handling volume



SOURCES: Drewry Container Annual 2009/2010, Drewry Freight Shipper Insight (latest data point August 2010)



# 2010 OUTLOOK AND LONG-TERM OBJECTIVES



# MARKET OUTLOOK AND FINANCIAL GUIDANCE AS OF NOVEMBER 23, 2010

## Market outlook (updated)

- The start of the fourth quarter has been in line with our expectations
- The higher capacity utilization within our customer industries is supporting the demand for maintenance services
- Our customers are gradually regaining confidence to increase their new equipment investments too, but this seems to be a slow process in the developed markets

## Financial guidance (unchanged)

- > Growing demand will support our sales and profitability already during the second half of 2010
- > However, due to the low first half year sales we expect full year 2010 sales to be lower than in 2009
- > Operating profit in 2010 expected to be lower than in 2009 before restructuring costs



## **LONG-TERM OBJECTIVES**

### **Profitability**

- 10 % operating margin over the cycle

### **Growth**

- Vision to reach a global market share of 30 %

### **Capital structure**

- No quantitative target for the capital structure, but the optimal long-term gearing (net debt/equity) is considered to be in the range of 50-80 %

# KONECRANES®

Lifting Businesses™

## THE BIG PICTURE FOR KONECRANES

# KEY BUSINESS DRIVERS

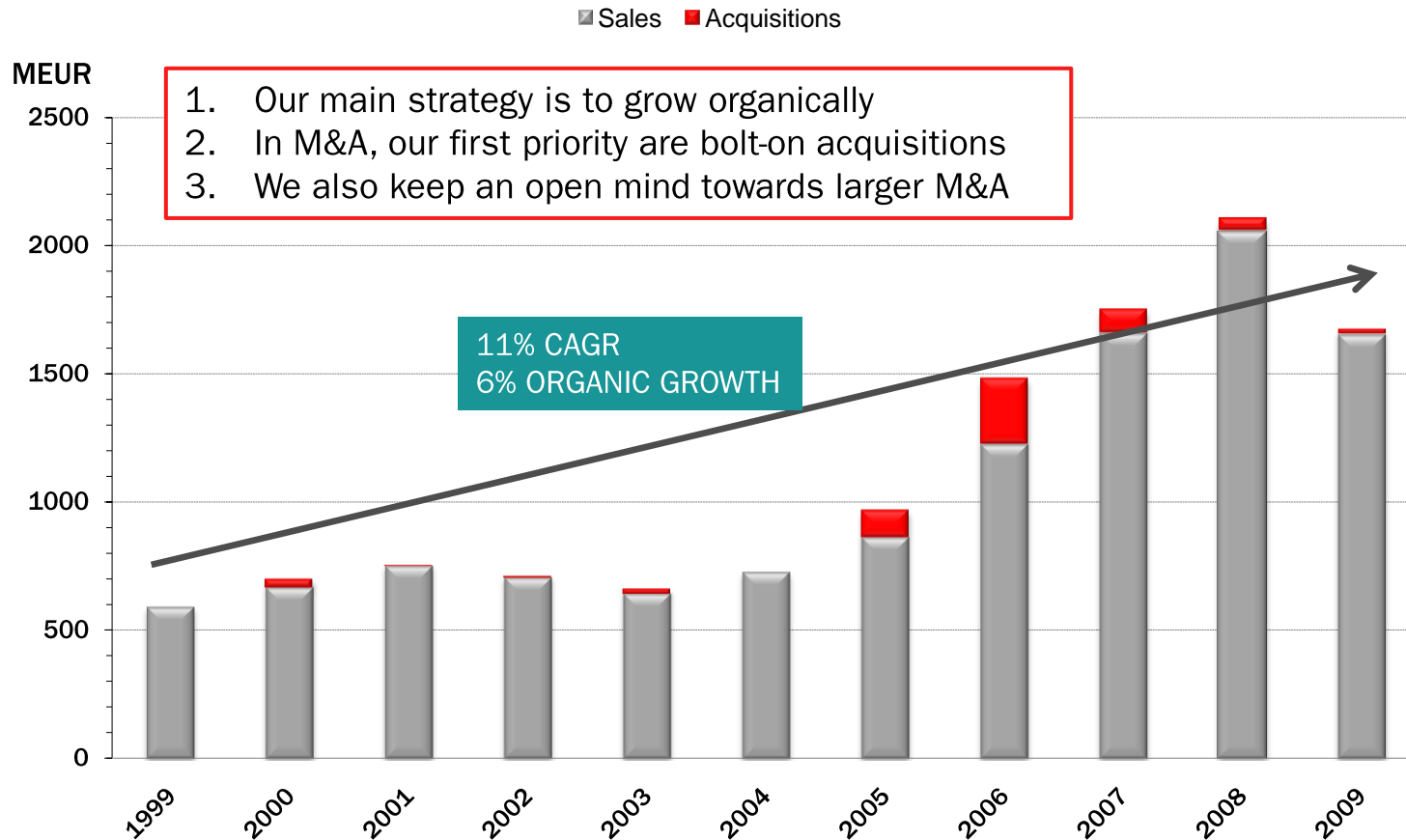
## Developed markets

- Outsourcing of service
- Automation
- Eco-efficiency
- Safety

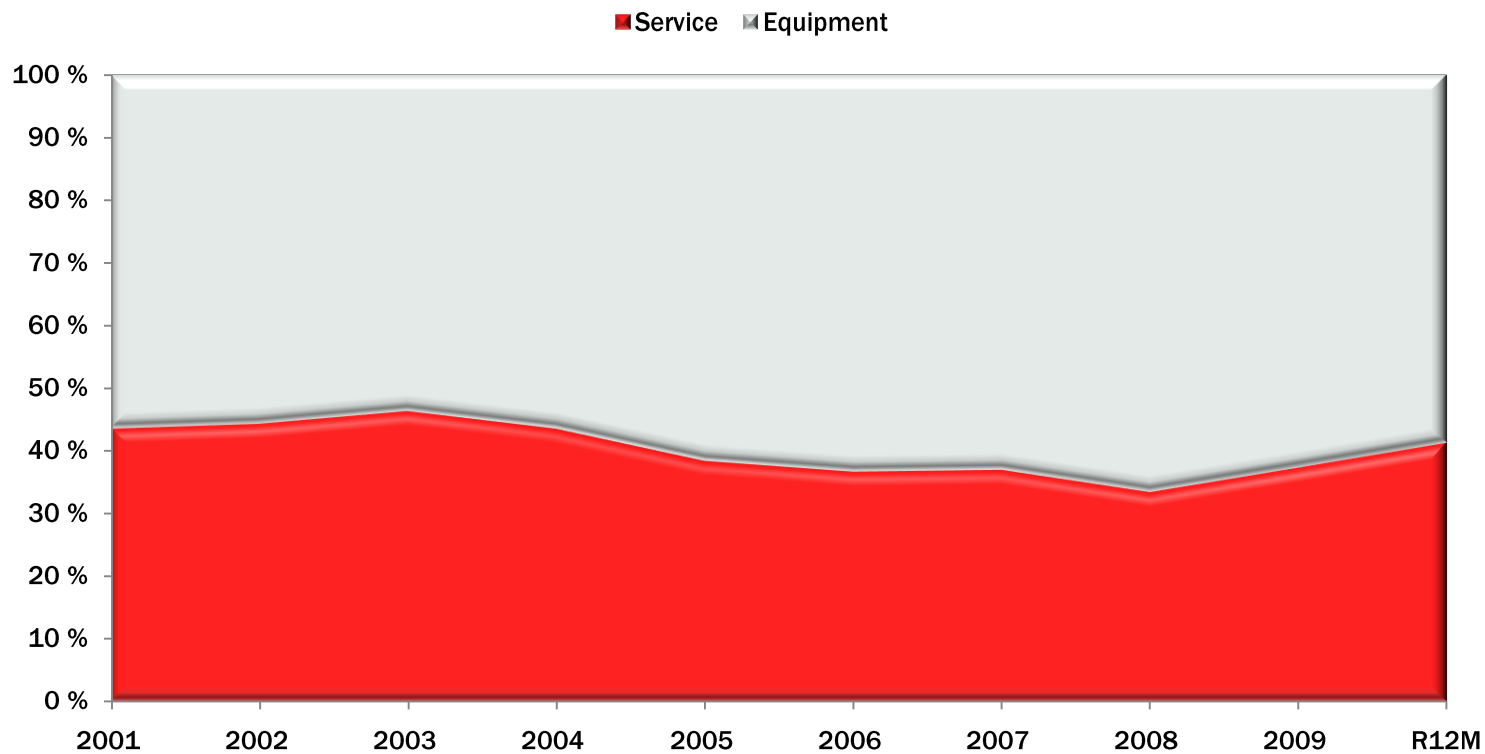
## Developing markets

- Significant share of industrial investments
- Service market only recently started
- Basic technology
- Multiple local players

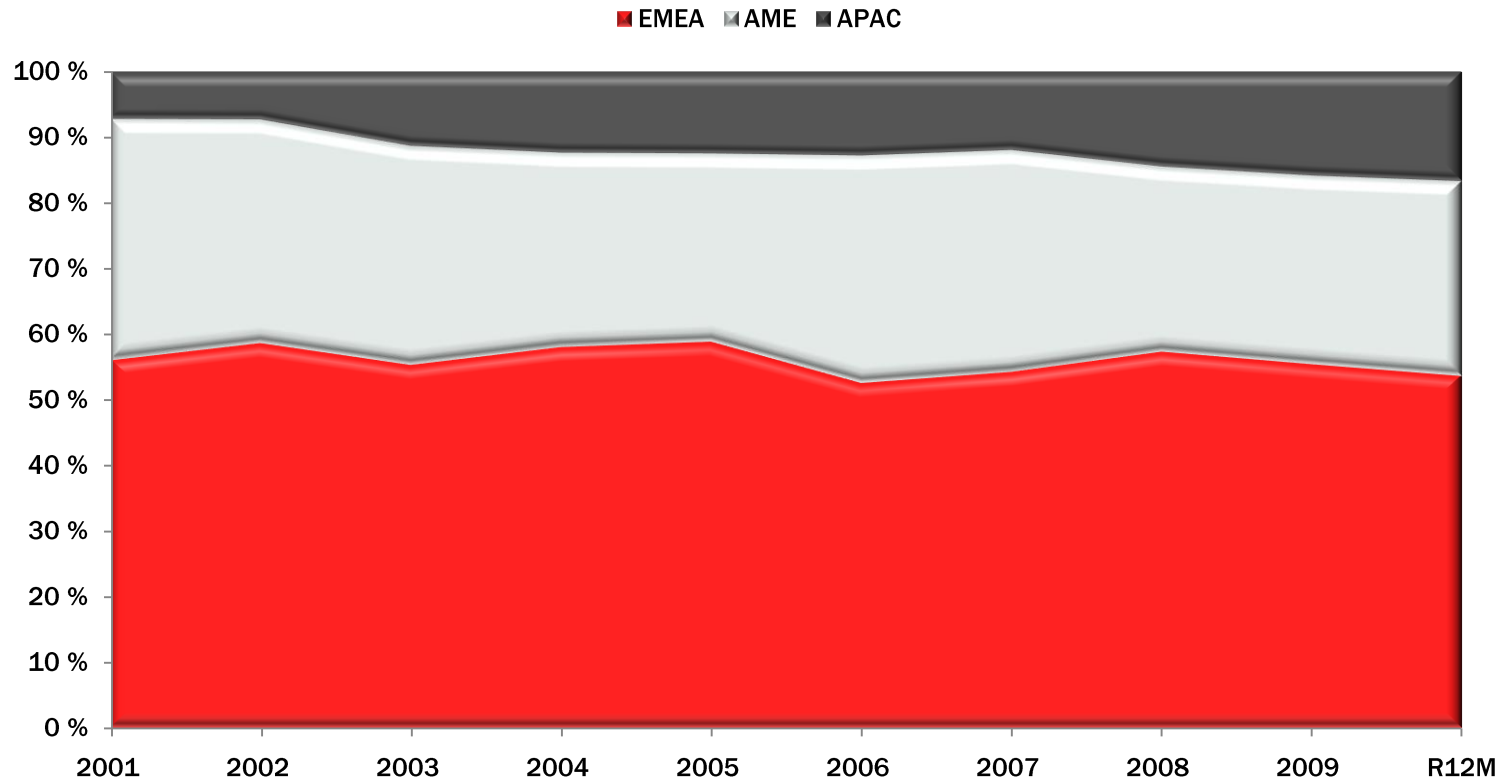
# COMBINATION OF ORGANIC AND ACQUISITIVE GROWTH



# BALANCED GROWTH BETWEEN THE BUSINESS AREAS



# APAC'S SHARE OF REVENUES HAS INCREASED FROM 7% TO 17% IN 10 YEARS





# STRATEGY GOING FORWARD

A low-angle photograph of a modern building's facade. The building is light-colored with a dark blue trim along the roofline. Large, red, three-dimensional letters spelling "KONECRANES" are mounted on the wall, following the angle of the roof. The sky is a clear, pale blue.

**KONECRANES**

# MISSION AND VISION

## Mission

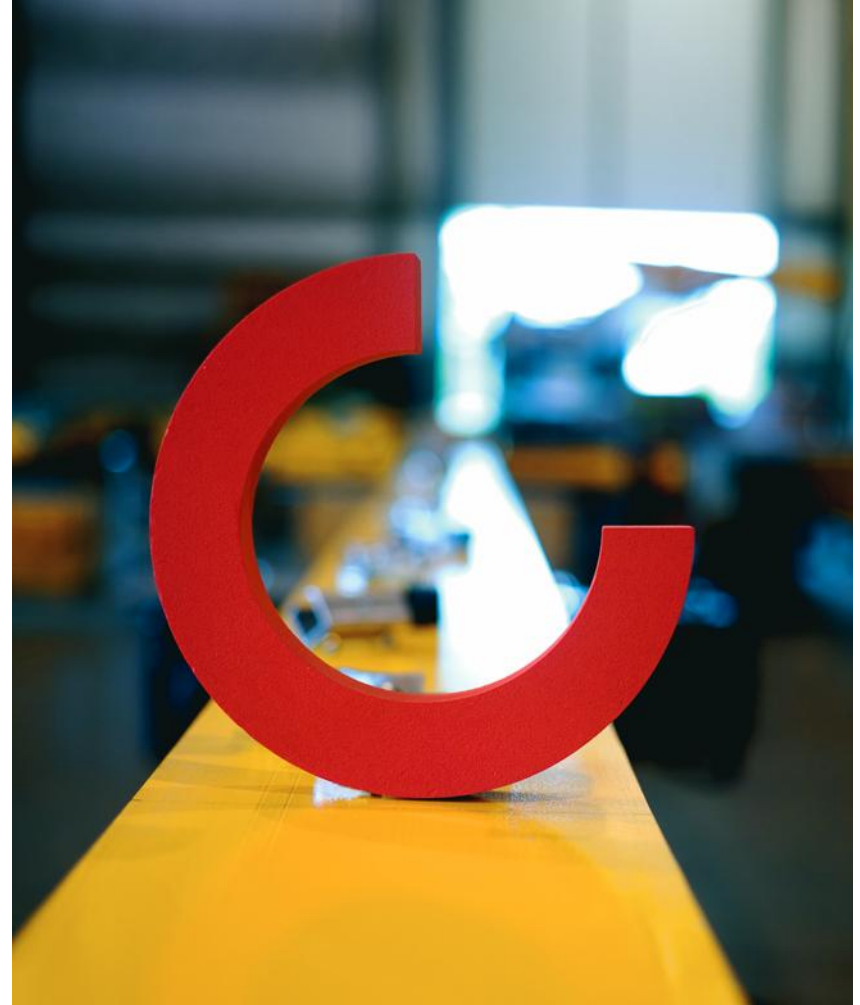
- We are not just lifting things, but entire businesses

## We deliver the highest lifecycle value by focusing on:

- Maximizing the productivity of uptime
- Minimizing the cost of downtime

## Vision

- We want to be the undisputed leader of the lifting industry, and a benchmark for business performance and customer service





## KEY STRATEGIES

- Differentiation through service and technology innovation
- Lifting people
- Global footprint
- Alpha/beta channels
- Global, demand-driven supply chain
- Real-time information

# DIFFERENTIATION THROUGH SERVICE AND TECHNOLOGY INNOVATION

MAXIMIZING THE PRODUCTIVITY OF UPTIME  
MINIMIZING THE COST OF DOWNTIME



## SERVICE

- Preventive approach
- Five service levels
- Services for lifting equipment of every make
- 3,300 well-trained technicians in 545 locations servicing contract base of 377,000 items of equipment

## TECHNOLOGY

- Increased R&D investment through the recession
- Focus on digital controls, software, automation and service enabling technologies
- High attention to safety, quality and environment
- Smart Solutions to improve customers' productivity

# LIFTING PEOPLE

Important issues of:

- Finding new talent
- Retaining old talent
- Ageing population

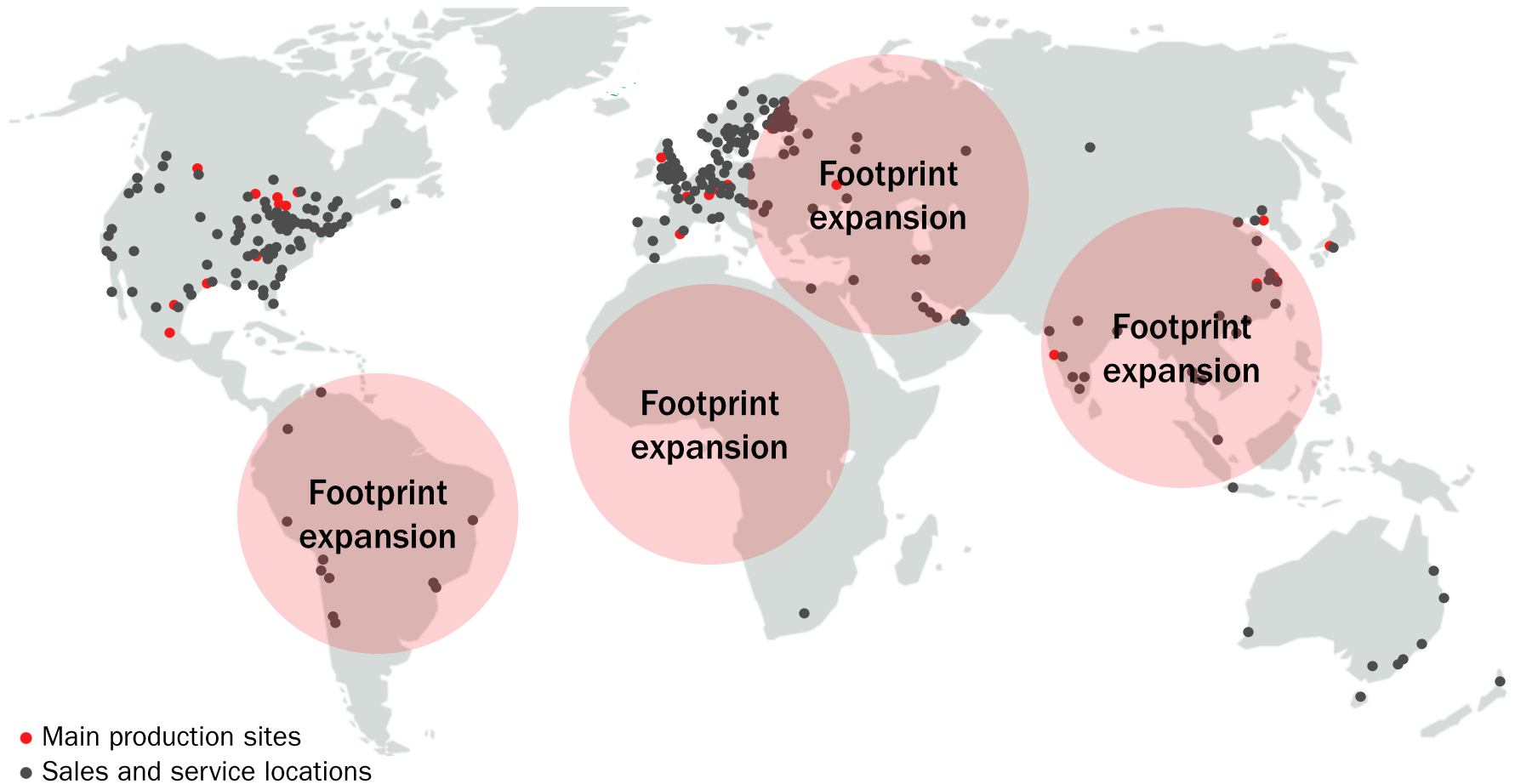
**COMPANY  
CULTURE**

**LEADERSHIP**

**PERFORMANCE  
MANAGEMENT**

**COMPETENCE  
DEVELOPMENT**

# GLOBAL FOOTPRINT



# LEADING POSITION BOTH IN CHINA AND INDIA



- Access mid market segment in China
- Further strengthening of manufacturing and sourcing in China



- Cross-distribution of certain products
- Enhances presence in Far East and North America

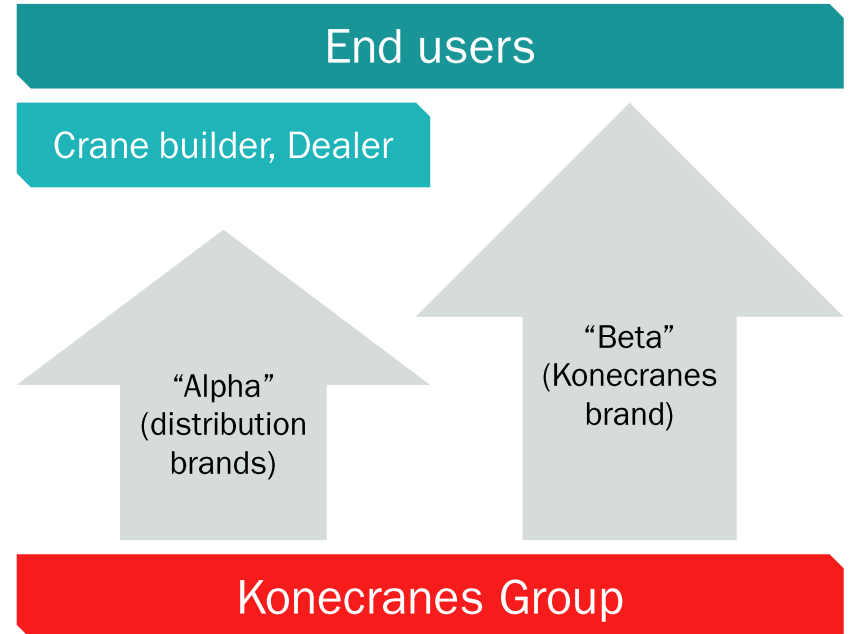


- Development of offering in India
- Adds in India to supply and sourcing network

\*Closing subject to regulatory approvals

# CHANNEL STRATEGY

- Our market is fragmented and there is a large number of small crane builders out there who
  - 1) do not have their own component technology
  - 2) who buy hoists or crane kits from the market
- > We have a dual channel strategy to maximize market coverage



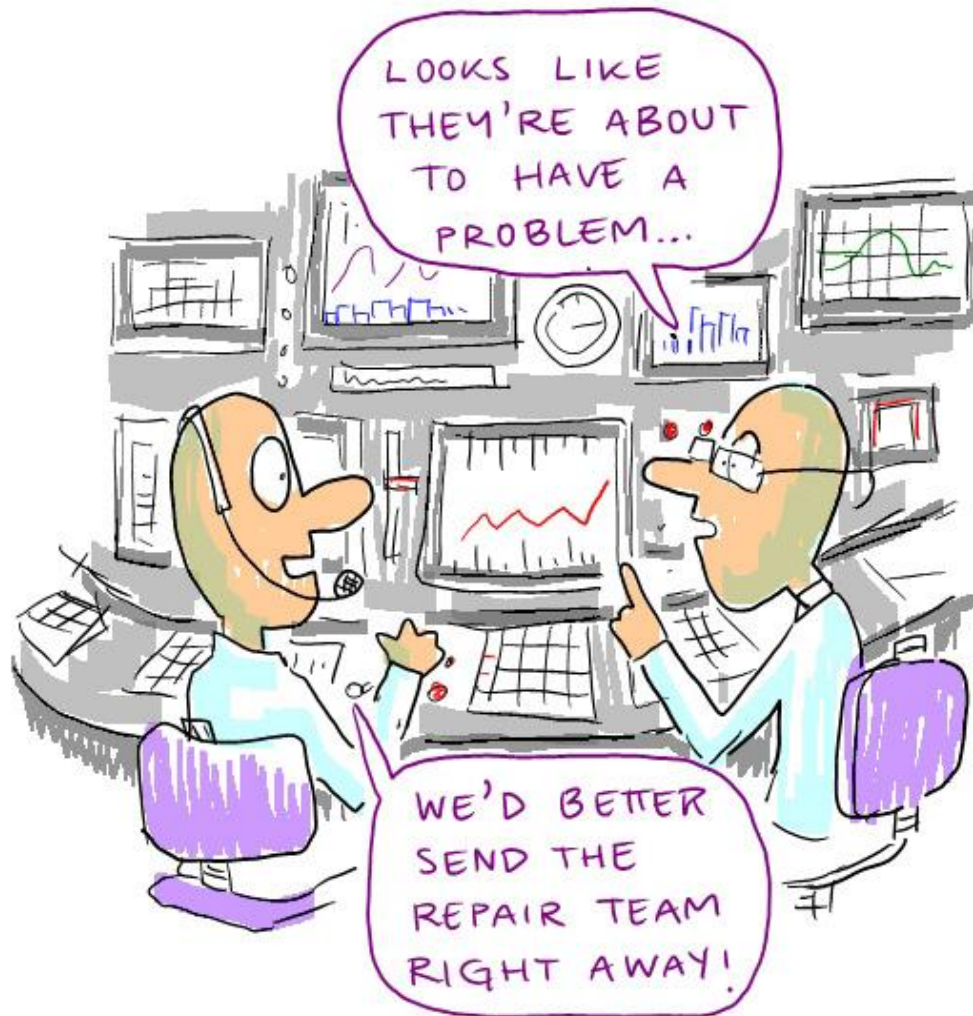


# GLOBAL, DEMAND-DRIVEN SUPPLY CHAIN



• Main production sites

# REAL-TIME INFORMATION



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 text. The background is a blurred outdoor parking lot with several white vehicles. The word "SUMMARY" is overlaid on the left side of the image.

# SUMMARY



## SUMMARY

- Execution as planned in 2010
- We have a well-defined strategy to generate organic growth
- We are well equipped to continue to do M&A
- > We are committed to deliver shareholder value





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