

REVIEW BY THE CEO

AGM March 23, 2016
Panu Routila



AGENDA

- Key financials in 2015
- Strategy implementation
- Outlook





KEY FINANCIALS IN 2015

ORDER BOOK HIGHER, OPERATIONAL EBIT AT PREVIOUS YEAR'S LEVEL

- Order book and Service contract base increased from the previous year
 - Solid 2016 outlook for container handling equipment deliveries
 - Order book for industrial cranes and components below the previous year's level
- Service profitability improvement continued
- Cost savings actions proceeding as planned



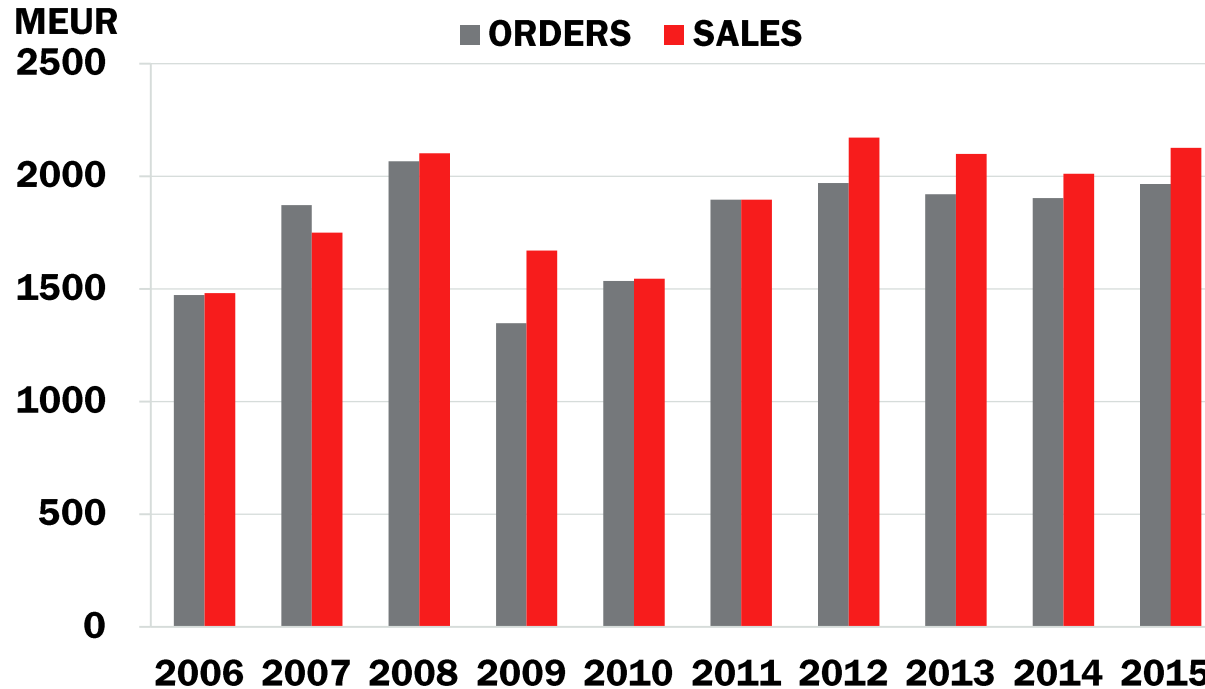
- Orders and sales decreased at comparable currencies
 - Another year of demand challenges in emerging markets
 - North American demand softened among industrial customers
- No turnaround in Equipment EBIT



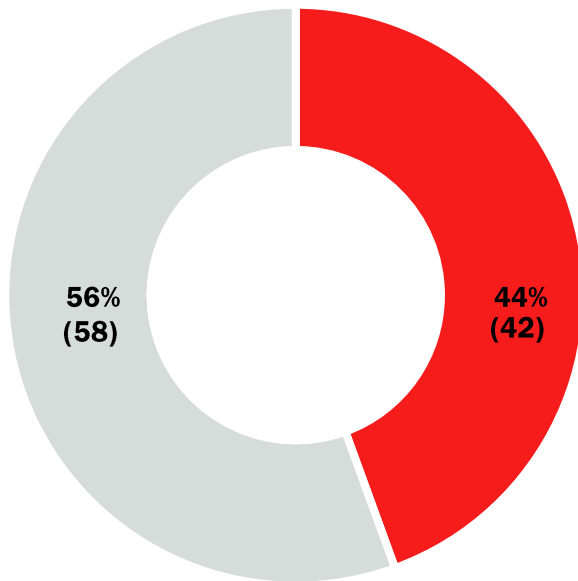
KEY FIGURES

KEY FIGURES	2015	2014	Chg %	Chg % FX adj.
Orders received, MEUR	1,965.5	1,903.5	+3.3	-3.3
Order book at end of period, MEUR	1,036.5	979.5	+5.8	+2.9
Net sales, MEUR	2,126.2	2,011.4	+5.7	-1.1
Operating profit (EBIT) excluding non-recurring items, MEUR	117.7	119.1	-1.1	
Operating margin (EBIT) excluding non-recurring items, %	5.5%	5.9%		
EPS, basic, EUR	0.53	1.28	-59.1	
Free cash flow, MEUR	-1.4	109.4		
Return on capital employed %, Rolling 12 Months	10.4%	17.0%		

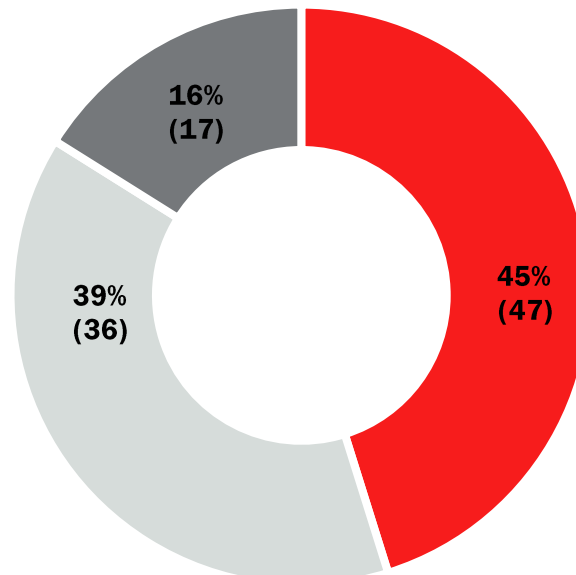
ORDERS AND SALES RELATIVELY UNCHANGED SINCE 2011



SERVICE SHARE INCREASED TO 44 PERCENT, AMERICAS SHARE TO 39 PERCENT

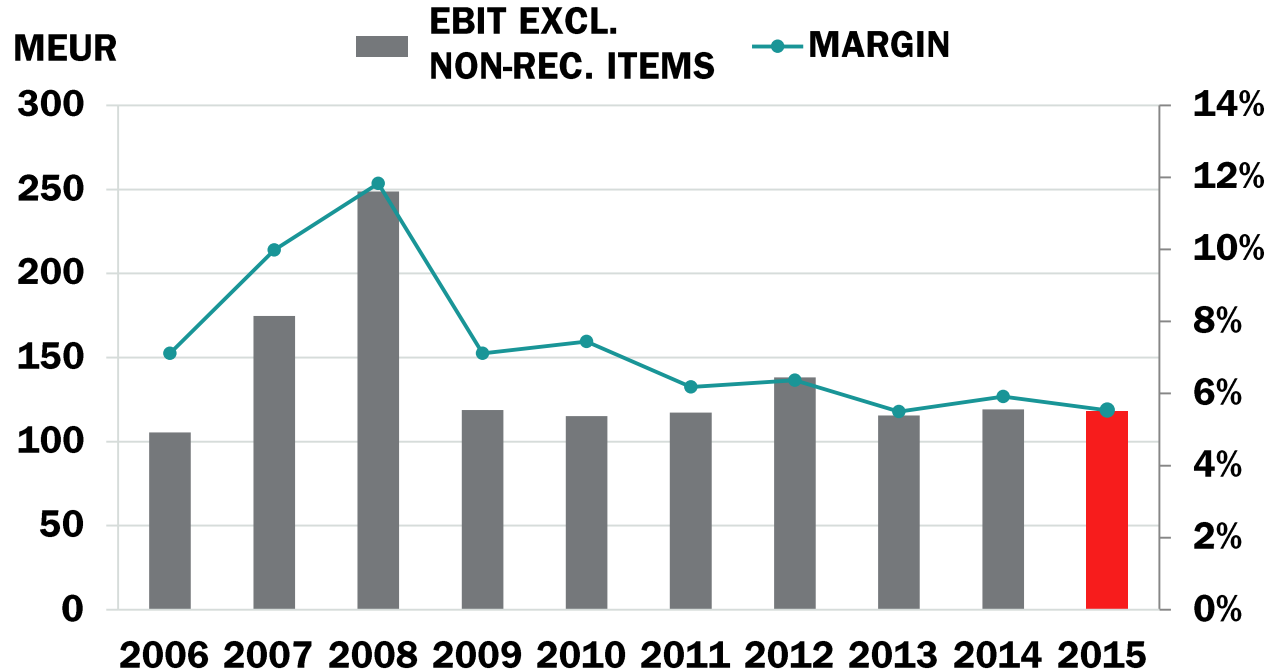


- SERVICE
- EQUIPMENT

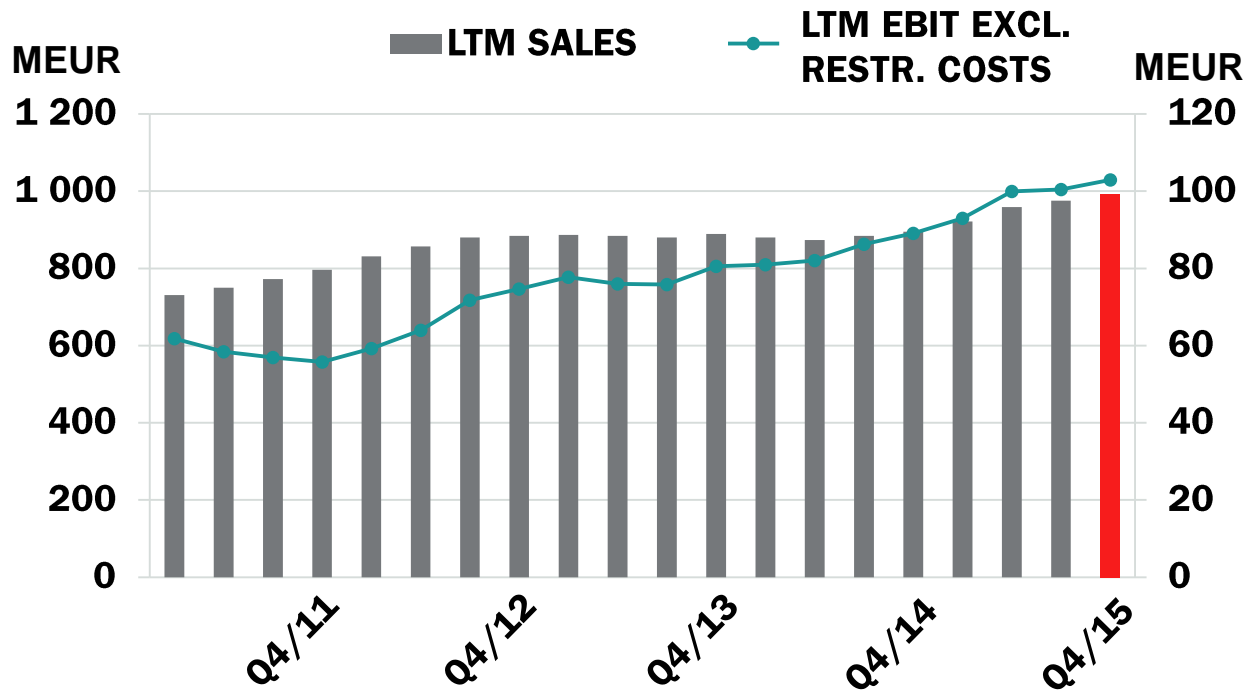


- EMEA
- AME
- APAC

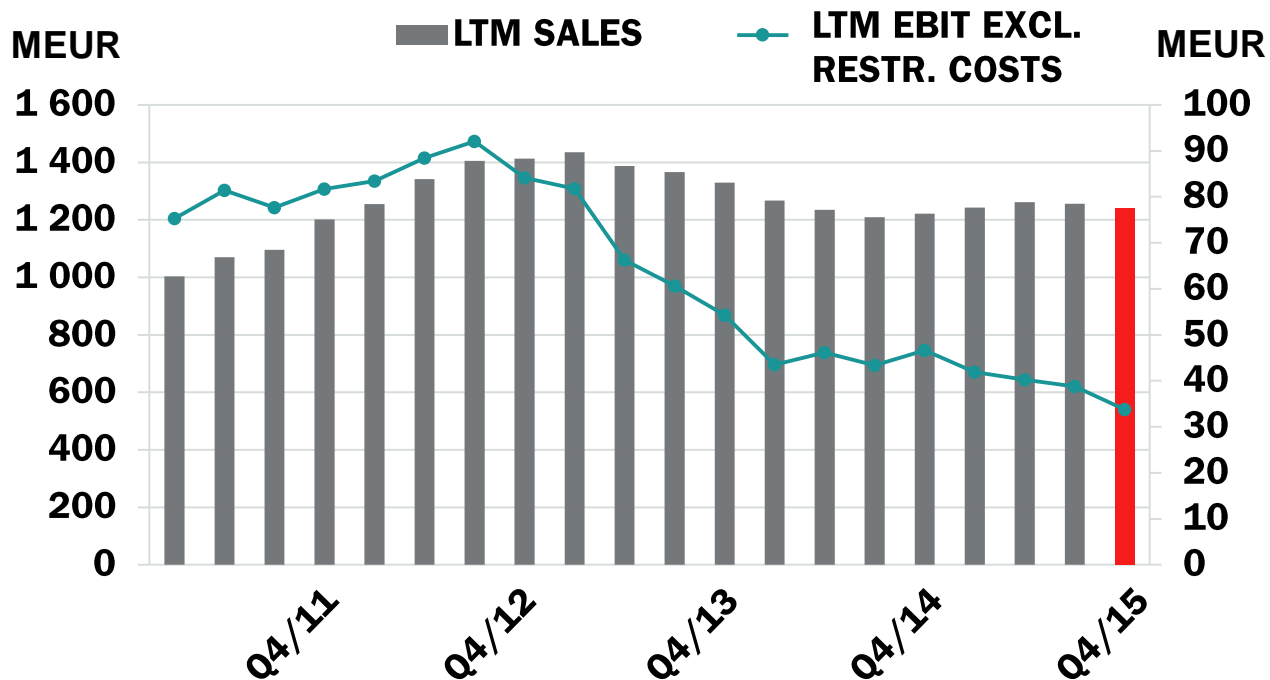
UNSATISFACTORY EBIT MARGIN DEVELOPMENT IN RECENT YEARS



SERVICE EBIT HAS IMPROVED CONSISTENTLY SINCE 2011



COST SAVINGS HAVE NOT OFFSET THE RESULT PRESSURE RELATED TO THE VOLUME OF INDUSTRIAL CRANES AND COMPONENTS

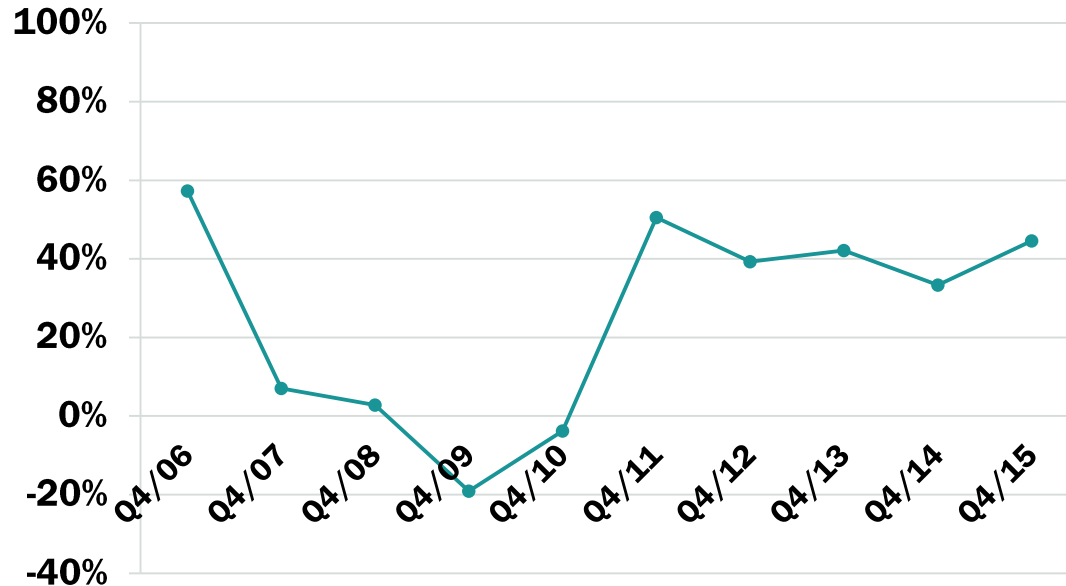


NEW COST SAVINGS ACTIONS, STREAMLINING OF REGIONAL STRUCTURE

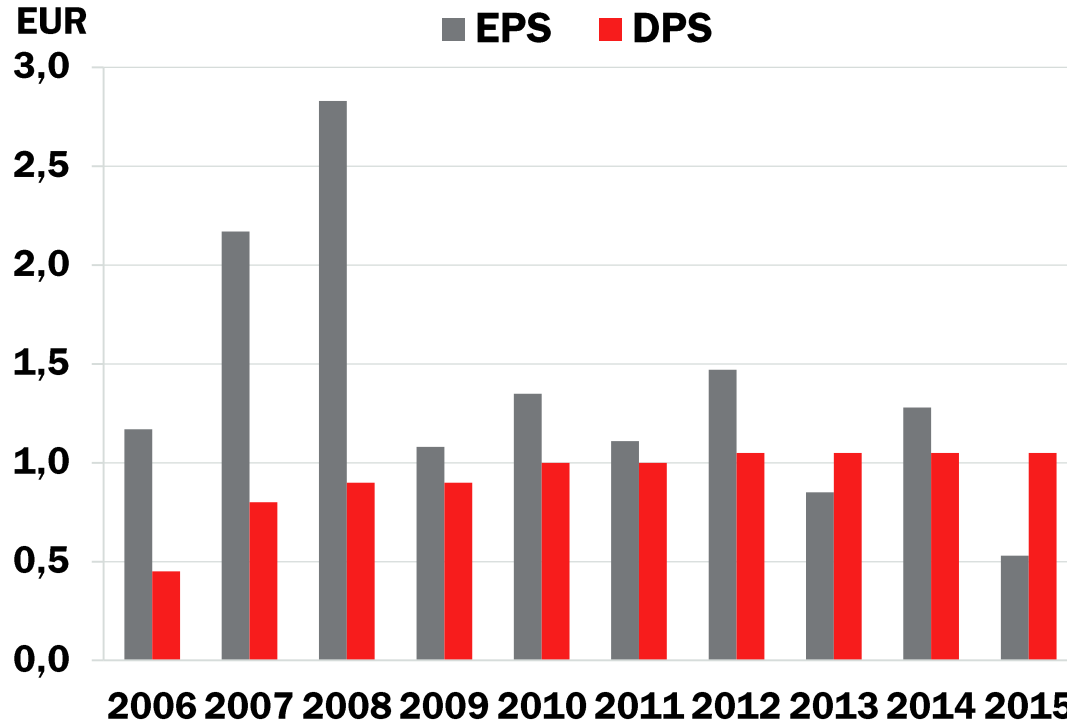
- New cost savings of EUR 25 million by end-2017
 - Evaluation of business model in certain countries
 - Closures and rightsizing of manufacturing units and optimization of supply chain
 - Streamlining product portfolio and related resources
 - Consolidation of regional functions
- Restructuring costs of approx. EUR 20 million
- Reduction of internal regions from five to three to create opportunities for further efficiency improvement



GEARING RELATIVELY STABLE SINCE 2011



EPS AND DPS



DPS 2015 is Board's proposal to the AGM

STRATEGY IMPLEMENTATION



STRATEGIC INITIATIVES

1

**INDUSTRIAL
INTERNET**

2

**SEGMENT-BASED
OFFERING**

3

OneKONECRANES

REAL-TIME SERVICE BY THE NUMBERS



200

**REMOTE SUPPORT
CASES PER MONTH**



11 000

**REMOTE
CONNECTIONS**



AVAILABLE IN

34

**COUNTRIES
AROUND THE GLOBE**



40%

GROWTH RATE

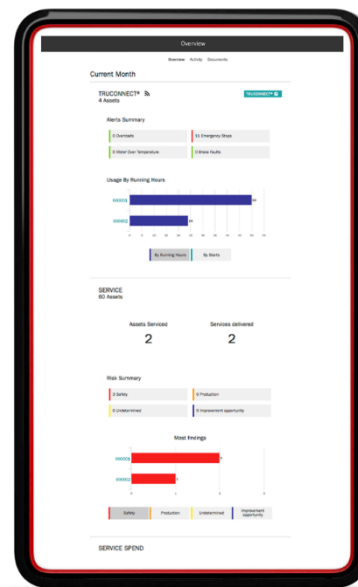


OUR NEW CUSTOMER PORTAL YOURKONECRANES.COM

Remote Monitoring usage data can be viewed by fleet or a single piece of equipment.

Insights can be drawn by observing anomalies, patterns and trends, helping users make informed maintenance decisions.

Access to inspection and service reports, service schedules, maintenance histories, asset lists, service spend and agreement details. You can also use yourKONECRANES to initiate service requests.

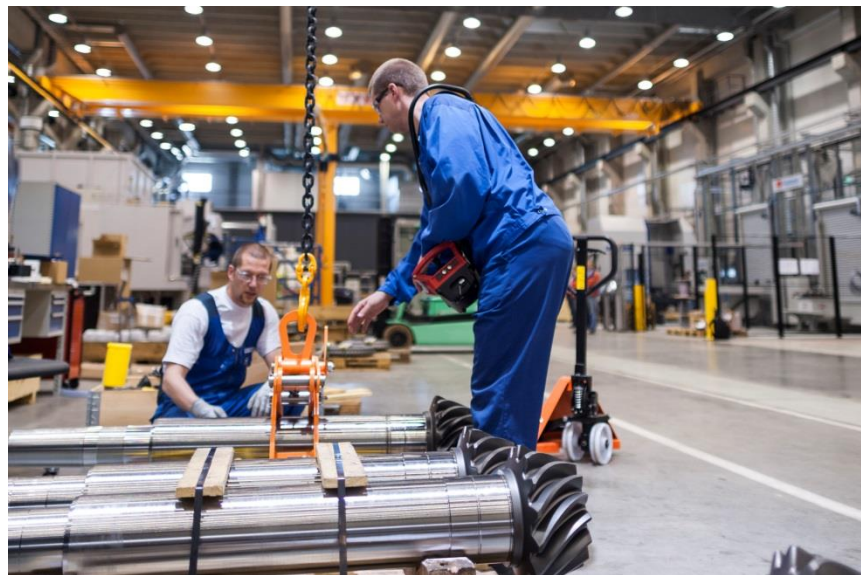


SEGMENTATION

Advanced customer need



Basic need



PRODUCT ROADMAP



2014–15
PRODUCT LAUNCHES





2016
LOWERING OF
PRODUCT COSTS



2017
IMPROVING CUSTOMER
SEGMENT APPLICATIONS

IMPLEMENTATION STATUS OF THE NEW ERP SYSTEMS

	Projects ongoing in:	Completion rate:
	Material delivery and finance	
	Field service operations	

OUR TRANSFORMATION AGENDA

Funding the journey

- Turnaround of underperforming operations
 - Product decisions
 - Changes to manufacturing set-up
- Agility in front-lines
- New pricing approaches
- Centralization of support functions

Winning in the medium term

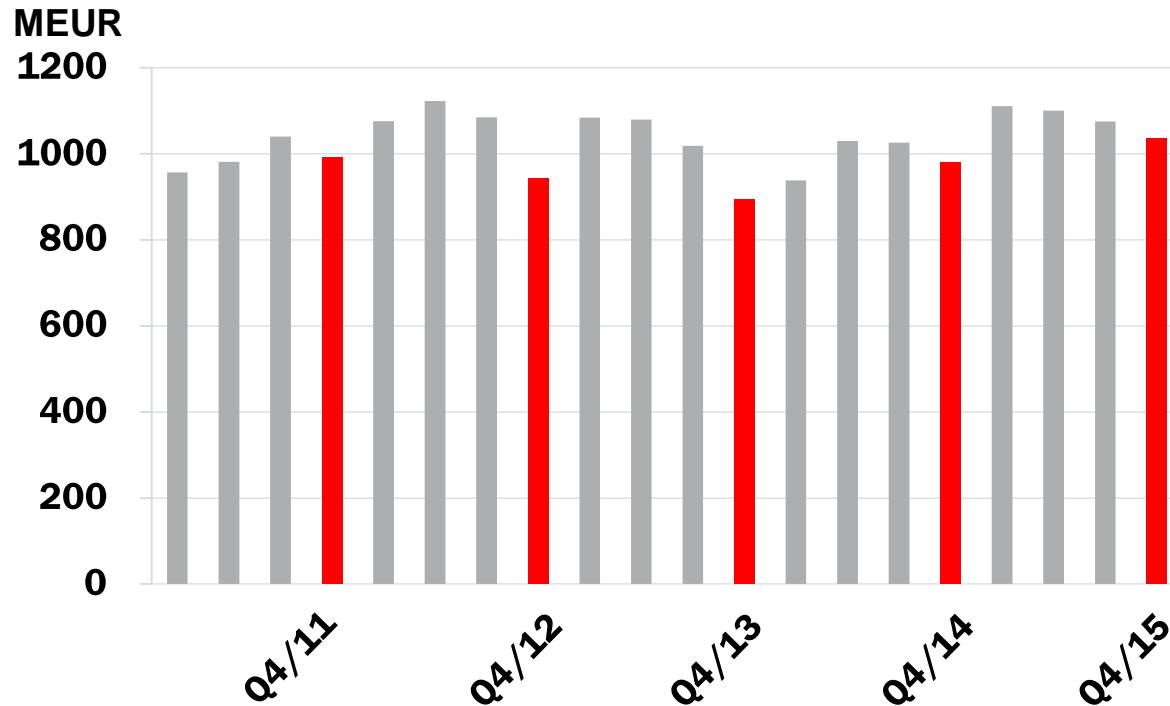
- Investing in capturing the opportunities in growing customer segments and geographies
 - Right product/service offering
 - Project capabilities
- Commercial excellence

RIGHT TEAM, ORGANIZATION AND CULTURE



OUTLOOK

STARTING 2016 WITH 6 PERCENT HIGHER ORDER BOOK



MARKET OUTLOOK AND FINANCIAL GUIDANCE AS OF FEBRUARY 3, 2016

Market outlook

- Customers are cautious about investing as economic growth has slowed down across the globe. Companies operating in emerging and commodity markets are particularly under pressure to save costs.
- Business activity in the North American manufacturing and process industries weakened toward the end of 2015 and demand outlook is more uncertain than a year ago.
- Demand situation in Europe is stable.
- Even though the global container throughput has slowed down, our offer base for container handling equipment has remained solid and the order book for 2016 deliveries is good.
- Continued contract base growth bodes well for the future of the service business.

Financial guidance

- Based on the order book, the service contract base and the near-term demand outlook, sales in 2016 are expected to be higher than in 2015.
- We expect the 2016 operating profit, excluding non-recurring items, to improve from 2015.

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