

15 February, 2006  
 10.00 a.m.

**KCI KONECRANES GROUP YEAR 2005**

- The fourth quarter set yet another record in new orders: 287 MEUR
- Full year orders 1061 MEUR (+44 %, organic growth 30 %), sales 971 MEUR (+33 %, organic +20 %)
- Fourth quarter operating income margin was 7,7 % (6,8 %); full year operating income 49,3 MEUR (+ 57,5 %)
- Very strong cash flow kept gearing at 88,1 % in spite of the acquisition of R.Stahl Fördertechnik
- Return on capital employed 17,2 % (13,7 %)
- 2006 sales growth expected to exceed 20 %, positive EBIT margin trend expected to continue
- Board proposes a dividend of EUR 1.10 (1.05) per share and thereafter a share split 1:4

Million EUR	1-12/05	%	1-12/04	%	Change%	10-12/05	%	10-12/04	%	Change%
<b>SALES</b>										
Maintenance Services	406.5		344.6		18.0	120.2		105.1		14.4
Standard Lifting Equipment	318.0		231.2		37.5	94.6		73.4		28.9
Special Cranes	331.1		214.1		54.6	111.8		81.7		36.7
Internal Sales	-84.8		-62.0		-36.8	-30.8		-19.9		54.9
<b>Sales total</b>	<b>970.8</b>	<b>100</b>	<b>728.0</b>	<b>100</b>	<b>33.4</b>	<b>295.8</b>	<b>100</b>	<b>240.4</b>	<b>100</b>	<b>23.1</b>
<b>Operating income</b>	<b>49.3</b>	<b>5.1</b>	<b>31.3</b>	<b>4.3</b>	<b>57.5</b>	<b>22.9</b>	<b>7.7</b>	<b>16.4</b>	<b>6.8</b>	<b>39.4</b>
Share of result of associated companies and joint ventures	0.5		0.0			0.3		0.0		
Financial income and expenses	-15.8		-3.6		333.0	-1.4		-2.1		-32.3
<b>Income before taxes</b>	<b>34.1</b>	<b>3.5</b>	<b>27.7</b>	<b>3.8</b>	<b>23.2</b>	<b>21.8</b>	<b>7.4</b>	<b>14.3</b>	<b>6.0</b>	<b>52.3</b>
Taxes	-10.0		-9.2			-6.2		-5.1		
<b>Net income</b>	<b>24.1</b>	<b>2.5</b>	<b>18.4</b>	<b>2.5</b>	<b>30.8</b>	<b>15.6</b>	<b>5.3</b>	<b>9.2</b>	<b>3.8</b>	<b>70.3</b>
<b>Earnings per share, basic (EUR)</b>	<b>1.71</b>		<b>1.31</b>		<b>39.2</b>	<b>1.11</b>		<b>0.65</b>		<b>69.4</b>
<b>Earnings per share, diluted (EUR)</b>	<b>1.67</b>		<b>1.29</b>		<b>29.7</b>	<b>1.09</b>		<b>0.65</b>		<b>68.2</b>
<b>Cash flow from operations per share (EUR)</b>	<b>3.43</b>		<b>0.54</b>		<b>535.2</b>	<b>2.35</b>		<b>-0.28</b>		
<b>Dividend per share (EUR)</b>	<b>1.10<sup>1)</sup></b>		<b>1.05</b>		<b>4.76</b>					
<b>ORDERS RECEIVED</b>										
Maintenance Services	364.5		308.4		18.2	92.3		81.5		13.2
Standard Lifting Equipment	322.1		246.6		30.6	81.7		58.9		38.6
Special Cranes	463.3		243.7		90.1	138.6		86.1		60.9
Internal Orders	-88.7		-61.9		-43.2	-26.0		-14.0		-85.4
<b>Orders received total</b>	<b>1061.2</b>		<b>736.9</b>		<b>44.0</b>	<b>286.6</b>		<b>212.6</b>		<b>34.8</b>
<b>Order book at end of period</b>	<b>432.1</b>		<b>298.8</b>		<b>44.6</b>					

1) Board's proposal

**Comments on the full year result**

2005 results came very close to expectations. The strong volume growth continued within all Business Areas and Regions. Volume and margin development in Maintenance Services have been satisfactory throughout the year. In Standard Lifting, the volume growth was strong, and margins stable. Special Cranes' one third volume growth caused significant supply chain ramp-up costs pressing down margins in the first half of the year. Fourth quarter showed clear improvement. The Group succeeded in net working capital management in spite of strong growth. The cash flow was strong and kept gearing at 88.1 % after the acquisition of R.Stahl Fördertechnik.

**Future prospects**

The strong new equipment order backlog and momentum in maintenance services, together with the recent acquisition, give a good starting point for 2006. Based on the current market outlook, the total sales growth is expected to exceed 20%. Selected acquisitions will be considered also in the future.

The acquisition of R.Stahl Fördertechnik is expected to add EUR 120 - 130 million to the Group's sales in its Standard Lifting Equipment Business Area. For the Group EBIT margin, the dilutive effect is expected to be 0.5 %-points. The acquisition is expected to be EPS neutral in 2006 and accretive from 2007.

Notwithstanding the dilutive effect caused by the acquisition, the positive EBIT margin development seen during 2005 is expected to continue.



15 February, 2006  
10.00 a.m.

### **Pekka Lundmark, President & CEO:**

2005 gave us a solid foundation for continuing to build the world's best material handling equipment and maintenance service company. Strong sales, which grew 33% on 2004, further strengthened our market share in a year that saw good demand in most of our key markets. The fact that we set new records in respect of all of our key business indicators – orders, sales, profits, and cash flow – in the last quarter of the year gives us good cause for optimism for the future.

Despite these positive developments, however, we still have a lot of work left to do, particularly in improving our margins. We are nevertheless moving in the right direction, thanks to the various measures that we have already launched, and our operating margin moved up from 4.3% in 2004 to 5.1% in 2005. We also improved our return on capital employed, to 17.2%, a clear improvement on the 13.7% recorded in 2004.

This performance is still below what we are aiming for, and we remain committed to the mid-term operating margin targets for our three business areas that we announced previously. Achieving these targets would provide us with a return on capital employed of well above 20%.

In terms of strategic direction, we remain on course. Our business is not only about delivering cranes and other lifting equipment, but also about providing responsive, high-quality service designed to ensure that customers always have the lifting capacity they need.

Building long-term customer relationships focused on providing true service excellence for our customers is a central factor here. Having the best crane technology is another key factor, which is why we are committed to continuously developing and introducing the latest innovations, and to investing in our R&D organisation to give us the resources to do this.

Maintenance Services also plays an important part, above and beyond its core function, by working in close cooperation with crane sales to generate valuable leads for our organic growth. Acquisitions have a part to play as well, and we will continue to make selected acquisitions in the future.

Our healthy flow of orders indicates that demand for our products and services remains strong. We also have many development opportunities within our portfolio that are not directly related to fluctuations in our customers' investment cycles. There are geographical areas where we have still little or no presence, for example. And even within some of our largest markets, our share of our key customers' total spending on lifting capacity – whether in terms of new equipment, modernisations, or maintenance – is still relatively small. Maintenance in general is a genuine growth market, since outsourced crane maintenance is growing steadily around the world.

Achieving our targeted margin levels will require a lot of work. We have grown in a very short time from a company with EUR 600-700 million of sales to a billion euro company, targeting at least 20% growth in 2006.

This growth will require investments not only in manufacturing and sourcing capacity, but also in several other aspects of our business infrastructure. We have carried out various restructuring projects in Special Cranes to address the business' under-performing profitability and improve margins in the future. We are investing in lower-cost manufacturing and sourcing in Asia and Eastern Europe and developing a flexible partner network for fabricating heavy steel structures, to reduce the role of higher-cost manufacturing in Western Europe.

But we recognise that this alone will not be enough. To leverage the full benefits of low-cost manufacturing, we are investing in our supply chain processes and information systems to secure the platform we need as a company generating EUR 1 billion in sales annually, and will need as we continue to grow.



15 February, 2006  
10.00 a.m.

## Board of Directors' report

### Orders received, order book and market development

The strong development in the order intake continued in 2005 and accelerated towards the end of the year. Group total orders received were EUR 1061.2 (736.9) million. The growth was 44.0 % of which 30 % was organic. At yearend the value of the Group's total order backlog was EUR 432.1 (298,8) million, up by 44,6%. Orders received during the fourth quarter reached a new record level, EUR 286.6 million. Orders received grew in all Business Areas.

Both external and internal factors contributed to the positive development. The positive market development continued in America and in emerging markets in particular: in Asia and Eastern Europe, and in Australia. In Western Europe the development was slow. Group's orders received increased in almost all main markets. The strongest organic growth occurred in America, Australia and in the Nordic countries, whereas growth in other markets was mainly a consequence of the acquisitions made at the end of 2004 (UK-based Morris Material Handling Ltd and Sweden-based SMV Liftrucks AB).

Almost all customer industries developed favourably. Market development was particularly strong in harbours, primary metals and petrochemicals. Of the Group's main customer segments only pulp and paper and the automotive industries posted a weak demand.

The Group believes it has increased its market shares considerably during the year.

### Sales

Group sales were EUR 970.8 (728.0) million. The growth was 33.4% with an organic growth of 20%. Currency rate changes had only a minor translational effect on the sales development. The sales growth was considerable in all Business Areas. Growth was strong also in all of KCI Konecranes' main markets. Most of the growth in America, Asia and Australia as well as in the Nordic and Eastern European countries was of organic nature, whereas the major part of the growth in Western Europe was related to operations acquired at the end of 2004.

### Profitability

The Group's operating income was EUR 49.3 (31.3) million which is an increase of EUR 18.0 million or 57.6% compared to the previous year. The full year operating margin was 5.1 (4.3) % and the fourth quarter margin was 7.7 (6.8)%.

The comparable figure for last year includes a non-recurring restructuring cost of EUR 5.4 million, which according to the Finnish accounting standards (FAS) was recorded already in 2003. A one-time charge of EUR 2.6 million was recorded in the fourth quarter of 2005, reflecting costs for closing Special Cranes manufacturing operations in Germany. Adjusted for these costs the growth in operating income was EUR 15.2 million or 41.4%.

The operating income grew both in Maintenance Services and Standard Lifting Equipment, but decreased in Special Cranes. Special Cranes profitability was burdened by substantial structural changes in operations and additional costs related to the major ramp-up of production volumes. The operating income in Special Cranes was also burdened by a one-time charge (EUR 2.6 million) related to the closure of manufacturing operations in Germany. Adjusted for this one-off charge the operating income grew also in Special Cranes. The operating margin improved in Maintenance Services, remained on the previous year's level in Standard Lifting equipment and decreased in Special Cranes.

Group EBITDA was EUR 64.9 (43.7) million or 6.7 (6.0)% on sales. Depreciations grew by EUR 3.2 million, from EUR 12.4 million to EUR 15.6 million. The increase in depreciations was mainly attributable to acquisitions.

The business and profitability development is discussed by segment under Business Area reviews.

The share of associated companies result amounted to EUR 0.5 (0.0) million.

Group interest costs (the net of interest income and expenses) were EUR 6.8 (3.5) million. The growth in interest costs was the result of acquisitions made at the end of 2004 and an increase in capital employed related to the growth.

Other financial income and expenses burdened the result by EUR 9.0 (-0.1) million. The fair value change on hedging instruments (IAS 39) had a



15 February, 2006  
10.00 a.m.

negative impact of approx. EUR 7.9 million. The Group used the exemption to apply IAS 32 and IAS 39 for the first time in the 2005 accounts, without having to restate the 2004 figures. Therefore a direct comparison in this respect between the years is not possible.

The Group started to apply hedge accounting during the third quarter for large special crane projects where expected cash flows demonstrate a high degree of certainty. Hedging instruments (effective forward contracts) were earmarked against corresponding hedged projects. The transition was carried out by using so called FX-swap contracts. The total positive effect of the change of accounting policy in the third quarter was approx. EUR 3.6 million before taxes and EUR 2.7 million after taxes. On a full year level the change into hedge accounting leads substantially to the same net income for the year as had it been applied already from the beginning of the year. Also for the Group's equity the timing of the change made no difference. The fair value change of hedging instruments had a positive impact of approx. EUR 0.2 million in the fourth quarter.

Other financing costs relate to currency exchange rate changes and other costs.

The change from FAS accounting and valuation principles to IFRS has affected Group's result development in 2005 as follows:

Sales + EUR 1.1 million  
Operating income (EBIT) EUR + 6.4 million  
Other financial income and expenses EUR -7.9 million  
Income before taxes EUR -1.5 million,  
Net income EUR -1.1 million  
Earnings per share EUR -0.07

The valuation changes are largely dependent on the total volume of hedged items and the EUR/USD exchange rate development. It is expected that there will be positive and negative valuation changes also in the future. However, because hedge accounting is now applied, it is expected that the profit impact of the value fluctuations in the future will be less pronounced than during the first half of 2005.

The Group's income after financing items was EUR 34.1 (27.7) million. Income taxes were EUR 10.0 (9.2) million corresponding to an effective tax rate of 29.4 (33.4)% for the year. The decrease in tax rate

is mainly related to the improved profits and lower Finnish tax rates.

Group net income or income after tax was EUR 24.1 million (18.4) and earnings per share EUR 1.71 (1.31) or EUR 1.67 (1.29) diluted.

The Group's return on capital employed was 17.2% (13.7) and the return on equity was 16.6% (12.5). R. Stahl AG's Material Handling Division, acquired on 30 December 2005 was included in the Group's year end balance sheet. The effect was a decrease in the Group's return on capital employed. Disregarding this acquisition, the return on capital employed was 18.1%. The acquisition had no effect on the Group's 2005 statement of income.

Both sales and operating income grew during the year towards the yearend. This seasonal pattern was visible again in 2005 numbers, but less pronounced than before. Both sales at EUR 295.8 million and the operating income excluding one-off restructuring charge at EUR 25.3 million during the fourth quarter set a new one quarter all time high.

#### Cash flow and balance sheet

The cash flow from operations before financing items and taxes, but after the change in working capital was EUR 66.5 (16.8) million, and per share EUR 4.71 (1.20). The strong cash flow development was supported by improved profits and improved working capital management. In the fourth quarter the cash flow before financial items and taxes was EUR 40.1 (-1.3) million.

The cash from financing items and taxes was EUR -18.1 (-9.2) million and the net cash flow from operating activities was EUR 48.4 (7.6) million.

In total EUR 46.1 million (38.0) of cash was used to cover capital expenditures including acquisitions. The capital expenditures to fixed assets were EUR 13.5 (9.4) million.

Cash flow before financing activities was EUR 2.3 (-30.4) million.

The parent company paid EUR 14.8 million (In 2004 the company paid: EUR 14.0 million as an ordinary dividend and EUR 14.1 million as an extraordinary dividend) dividends.

The Group's interest bearing debt was EUR 178.4 (131.4) million, and the interest bearing net debt was EUR 133.9 (110.4) million. Gearing was 88.1 (80.2) %. The Group's interest bearing debts



15 February, 2006  
10.00 a.m.

increased at the very end of the year due to the acquisition of R. Stahl AG's Material Handling Division. However, because of the strong cash flow and good profit development, the gearing decreased from the end of September 2005 level. Disregarding the effects of the acquisition, gearing would have been approximately 68%.

The Solidity ratio was 23.7 (29.1)% and excluding the Stahl acquisition 29.2%. The current ratio was 1.14 (1.11).

The Group's has a EUR 200 million committed back-up financing facility to secure running liquidity. At yearend EUR 23.7 (0) million was in use.

### Currencies

The currency exchange rate fluctuations had only a marginal translational effect on the Group's orders received, sales and operating income development. The strength of the euro against the US-dollar (or related currencies) had a negative transactional effect on operating income through export from the euro-area. However, the appreciation of the US-dollar and increased sourcing and manufacturing in non-euro areas reduced this effect during the fourth quarter.

The consolidation exchange rates of some important currencies for the Group developed as follows:

The period end rates:

	2005	2004	change %
USD	1.1797	1.3621	15.46
CAD	1.3725	1.6416	19.61
GBP	0.6853	0.7055	2.88
NOK	7.985	8.2365	3.15
SEK	9.3885	9.0206	-3.92
CNY	9.5204	11.2734	18.41
SGP	1.9628	2.2262	13.42
AUD	1.6109	1.7587	9.17

The period average rates:

	2005	2004	change %
USD	1.2441	1.2437	-0.03
CAD	1.5093	1.616	7.07
GBP	0.6839	0.6786	-0.77
NOK	8.0124	8.3666	4.42
SEK	9.2817	9.1244	-1.69
CNY	10.197	10.358	1.58
SGP	2.0699	2.1011	1.51
AUD	1.6324	1.6912	3.60

The Group continued its currency risk management policy of hedging. The aim for the hedging policy is to minimise currency risk relating to non-euro nominated export and import from or to the euro zone. Hedging was mainly carried out through currency forward exchange transactions.

### Capital expenditure

The Group's capital expenditures excluding acquisitions were EUR 16.0 million (11.8). These capital expenditures consisted mainly of replacement or capacity expansion investments on machines, equipment and information technology. The capital expenditures included also a 40 % ownership stake in a Ukrainian special crane manufacturing. Additional investments in acquired operations were EUR 30.3 million (30.3).

In the fourth quarter a new factory for assembly of hoisting trolleys and electrics for special cranes was started in Shanghai, China. The new factory is located next to the standard hoist factory which started operations in 2002.

### Research and development

Total direct research and development costs in the Group were EUR 8.8 (8.5) million. The very moderate increase in R&D spending relates to the Group's modern range of products. The launch of the Group's new wire rope hoist line was completed only two years ago. Product development projects related to new chain hoist technology (a new gear adjustment technology and inverter control in hoisting), a new wire rope hoist for the 1-2 ton lifting capacity range and standardisation of the heavy-duty SM hoisting trolley range.

For some time now the main emphasis in R&D has focused on the development of maintenance technologies with a specific focus on special crane applications.

### Personnel and personnel development

At the end of 2005 the Group employed 5923 (4511) persons. Disregarding the Stahl acquisition the Group employed 5,211 persons. The average number of personnel was 5087 (4369). The increase in employment relates to acquisitions and personnel increases in the group's Asian operations in particular.

The Group recorded on average 3 training days per employee, which is an increase to previous year



15 February, 2006  
10.00 a.m.

(approx. 2 days). The main corporate wide development programs are the KCI Konecranes Academy aimed for middle management and experts and the Academy+ for KCI Academy alumni. The development program for the top management was continued in co-operation with the London Business School.

## Review by Business Area

### Maintenance Services

#### *Business development*

Maintenance Services sales totalled EUR 406.5 (344.6) million, an increase of 18.0% over 2004, of which organic growth accounted for 12%. Operating income totalled EUR 29.4 (22.1) million, and the operating margin stood at 7.2% (6.4%).

Growth was strongest in field activities, which account for some 85% of Maintenance Services' operations. Sales grew in all of KCI Konecranes' main markets and profitability improved. The upward trend was supported by stronger sales, favourable developments in the contract base, and the integration of the maintenance activities of UK-based Morris Materials Handling Ltd, acquired in December 2004. Port crane maintenance and modernisation sales, which accounts for some 15% of Maintenance Services' operations decreased due to the timing of sales recognition for certain large modernisation projects. The order backlog for modernisations increased. The profitability of port crane maintenance and modernisation operations improved.

The operating income and margin development accelerated towards the end of the year, but exhibited a lesser degree of seasonal variation compared to 2004. Operating income in the fourth quarter totalled EUR 10.8 (10.5) million. The operating margin came in at 9.0% (10.0%), somewhat lower than in 2004 because of the periodisation of certain large modernisation projects.

Maintenance Services orders received (excluding the service agreement base) totalled EUR 364.5 (308.4) million, an increase of 18.2% over 2004, of which organic growth accounted for 11%. Field orders grew rapidly, while modernisation orders fell back slightly from previous year's level. The size of the service agreement base grew, and closed the year at 242,209 (224,825) lifting equipment units, an increase of 7.7% compared to 2004. The value of the contract base increased correspondingly.

Maintenance Services' order backlog totalled EUR 78.0 (65.8) million, an increase of 18.5% on 2004, mainly driven by large repair and modernisation projects.

As of the end of the year, Maintenance Services employed 2,999 people (2,685). Around half of this increase was organic and half related to acquisitions.

#### *Future prospects*

Maintenance Services organic growth target of 10%, was exceeded in 2005. The operating margin still fell short in 2005 of the set target of 8%. In terms of profitability, the upward trend in sales, favourable developments in the service agreement base, and the size of its order backlog will give Maintenance Services a good basis for achieving its targets in 2006.

### Standard Lifting Equipment

#### *Business development*

Standard Lifting Equipment sales totalled EUR 318.0 (231.2) million, an increase of 37.5% on 2004, of which organic growth accounted for 27%. Operating income totalled EUR 28.8 (20.7) million and the margin was at previous year's level, at 9.1% (9.0%).

Sales increased in all main market areas, with particularly strong organic growth in North America, Asia, and Australia. The acquisition of Morris Material Handling Ltd (MMH) at the end of 2004 supported sales growth in the UK and in the Middle and Far East.

While higher sales contributed to an improvement in profitability, the improvement was held back by faster-than-average growth in sales denominated in US dollars or currencies linked to the dollar and acquired operations. The restructuring of operations at Morris Material Handling Ltd was completed in the fourth quarter, and saw a reduction of 70 in the company's personnel numbers. The costs for these redundancies had been reserved for earlier. After these changes the basis for profitable crane and hoist operations has now been established.

Although sales and operating income accelerated towards the end of the year, performance was more evenly distributed throughout the year overall than in 2004. Fourth-quarter sales totalled EUR 94.6 (73.4) million, and operating income EUR 9.4 (7.4)



million. Sales rose by 28.9% during the quarter, and an operating margin of 9.9% (10.1%) was recorded.

Standard Lifting Equipment received orders totalled EUR 322.1 (246.6) million during 2005, an increase of 30.6% on 2004, of which organic growth accounted for 22%. North America, the Nordic countries, Southeast Asia and Australia all posted strong growth numbers. Due to the acquisition of MMH, the order intake grew considerably in the UK and also in the Middle and Far East. As of the end of the year, the order backlog stood at EUR 64.5 (58.6) million, an increase of 10% on 2004.

Excluding the Stahl acquisition Standard Lifting Equipment employees numbered 1,186 (1,028) at year-end, most of the increase being attributable to the acquisition of Morris Material Handling Ltd. Including Stahl Crane Systems' personnel, the number of employees rose to 1,898.

#### *Future prospects*

Standard Lifting Equipment's strong sales momentum, together with the new products (the small capacity wire rope hoist of 1-2 lifting capacity) and product improvements launched in 2005, the completion of the restructuring of MMH operations and the increasing volumes of products being manufactured and sourced in lower-cost countries, particularly China and Eastern Europe, will help enhance profitability in 2006. The Stahl acquisition will increase sales by almost a third. While the acquired operation is profitable, its profit levels will not meet the Business Area's operating margin target yet in 2006.

#### **Special Cranes**

##### *Business development*

Special Cranes sales totalled EUR 331.1 (214.1) million, an increase of 54.6% on 2004, of which the organic growth accounted for 30%. Operating income before costs related to the closure of manufacturing operations in Germany was EUR 17.7 (15.9) million. Including these one-time charges, operating income was EUR 15.2 million. The operating margin was 5.4% (7.4%) and 4.6% (7.4%) respectively.

Organic growth was strongest on the Russian, Chinese, and other Asian markets. Sales growth in America and Northern and Western Europe was modest, with the exception of the UK where strong growth was recorded. Growth was strong in the lift truck and reachstacker business acquired in

October 2004, significantly increasing overall total sales. Sales growth from the wave of new orders booked for harbour and shipyard cranes did not yet contribute to sales growth in 2005.

Special Cranes' weak profitability development was impacted by two main reasons: 1) The transfer of production and outsourcing of heavy steel structures and components to more cost-efficient locations. These changes resulted in substantial additional costs, which can be seen as investments for the future (i.e. opening a new process crane trolley assembly factory in China, discontinuation of steel structure fabrication in Germany, start of assembly of large steel structures in China, increase of manufacturing in Ukraine and Poland). 2) Ramping up production volumes by a third during these structural changes in manufacturing and sourcing operations proved very challenging.

The negative effect of currency-related developments, particularly associated with the US dollar, could not be fully passed on to sales prices.

The Group continued to focus on increasing the flexibility in manufacturing and sourcing to reduce its dependency on costly Western European manufacturing. Standardisation of the product ranges was also increased during the year. A higher degree of standardization creates scale benefits and enables higher flexibility in manufacturing and sourcing operations.

Sales and profitability both improved as the year progressed. Fourth quarter sales totalled EUR 111.8 (81.7) million and the operational income (excl. one-off cost) was EUR 10.5 (8.3) million. The operational margin during the fourth quarter was 9.4% (10.2%).

Orders received totalled EUR 463.3 (243.7) million, an increase of 90.1% on 2004, of which organic growth accounted for 65%. The strongest demand occurred in the harbour and shipyard cranes segment, and in the lift trucks and reachstackers segment, but orders for heavy-duty process cranes grew also considerably in North America, the UK, France and Asia. The market development in the Nordic countries and in Germany remained weak. The fourth quarter saw a new record of EUR 138.6 million of new orders. The order backlog at the end of the year stood at EUR 319.8 (183.8) million, an increase of 74.0 % on 2004.

As of the end of the year, Special Cranes employed 890 (675), the increase is mainly related to the growth in Asian operations.



15 February, 2006  
10.00 a.m.

### *Future prospects*

The operating income margin target set for Special Cranes is 10%. In 2005 this target was not achieved.

The firm focus in 2005 on enhancing competitiveness by introducing greater flexibility in manufacturing and sourcing, increasing the standardisation and developing new products will make for a solid start for 2006. The record-high order backlog reduces considerably risks related to sales volume development. Overall, the prospects for an improvement in profitability in 2006 are good.

### **Group costs and consolidation items**

Group level fixed costs, which are not allocated directly to Business Areas, were EUR 23.8 (27.3) million. The corresponding number for 2004 included a one-time restructuring cost of EUR 5.4 million, which according to FAS was already recorded in 2003. With this adjustment, the comparable underlying costs grew by EUR 1.9 million or 8.7%. Group costs consist mainly of common development costs (personnel, R&D, systems), common treasury and legal functions, development of the Group's structure (M&A) and Group management and administration.

Consolidation items included the elimination of internal profit, which was EUR -0.3 (-0.1) million.

Group costs are expected to grow also in the future, probably slightly less compared to sales growth in 2006.

### **Group structure**

KCI Konecranes made several structural changes during 2005, which are aimed at improving sales and profitability by further increasing flexibility in production and improving customer service. KCI Konecranes own activities focus on product development, assembly and maintenance services.

The acquisition of UK-based hoist and crane manufacturer Morris Materials Handling Ltd was finalised on December 31, 2004 and was integrated into Group operations during 2005 as planned. The Morris wire rope hoist series was replaced during the year with Group technology and production of old product was ceased.

At the end of April the Group outsourced its production of end carriages for standard cranes,

which was based in Urjala, in Finland. Approximately 70 persons were affected by the transaction.

During the second half of the year the Group acquired a minority shareholding and signed a license agreement with the Spanish crane manufacturer Eydimen. The Group also acquired a 30 % shareholding in the German technology company, Consens Transport Systeme GmbH. Later the group, however, sold its shareholding in agreement with the main owner. The transaction did not have an effect on the full year results.

On July 1, 2005 two small sized operations focusing on machine tool maintenance were acquired in Sweden. They have joint annual sales of approximately EUR 2 million. The transaction meant the first step into providing machine tool maintenance outside Finland.

During the third quarter the Group acquired a majority stake in the leading Ukrainian special cranes manufacturer Zaporozhcrane. The company has some 1100 employees and 10 hectares of covered factory space. In addition to fabrication of large steel structures the company has knowledge and capacity in manufacture of mechanical components (such as steel structures for trolleys) and other large steel structures for other applications. The company also has its own forge and foundry. The company has know-how but uses partly old production technology. The group can utilise spare production equipment from its operations in the UK and Germany. The initial investment in the shares was a little over EUR 3 million and the intention was to reduce the shareholding below 50%. In a transaction made with Finnfund Oy in late December the group sold 46 % of its share in the Zaporozhcrane Holding company. After this transaction the Group owns 49% of the holding company, Finnfund 46 % and the management of Zaporozhcrane (manufacturing company) own 5 %. The sale of the shares had no affect of the Group's financial result and the Zaporozhcrane has been recorded as an associated company in the group accounts.

In order to further increase manufacturing capacity and flexibility the Group signed on October 10, 2005, an agreement with the leading Polish steel structure manufacturer Mostostal Chojnice SA. The manufacturing capacity in Poland is primarily intended for deliveries to the growing markets in Eastern Europe and Central Europe.



15 February, 2006  
10.00 a.m.

The assembly and manufacture of Process cranes was ceased in Germany at the end of the year. This resulted in a one-time charge of EUR 2.6 million, which was reported in the Special Cranes fourth quarter results. In the future the operation focuses on process crane sales, project management and customer support. The closing of the factory resulted in the reduction of 40 employees.

The inauguration of a new factory in Shanghai, China for the assembly of special crane trolleys and electrics was celebrated at the end of November. The factory has a planned annual capacity of 400-500 trolleys which equals a doubling of the Group's capacity. The production is primarily intended for the growing markets in Asian steel and paper industry, power generation and general manufacturing. Sourcing of large steel structures in China was increased in China and the assembly capacity of RTGs (rubber tired gantry cranes) was increased from two to three cranes per month.

The acquisition of R. Stahl AG's material handling division, R. Stahl Fördertechnik was finalised on December 12, 2005. Stahl has over 100 years of history as a supplier of standard cranes and hoists. Stahl is a well recognised strong brand in the industry. The company has a strong exposure in specialised applications for the automotive and petrochemical industries. The acquisition complements the group's product offering and strengthens the group's position in particular in the European standard lifting equipment market. In addition the company has a large installed base of cranes and hoists, which bring opportunities within the development of maintenance services. The Stahl material handling operations have been included in the Group's balance sheet at the end of 2005. The operations will be fully included in Group numbers as of January 1, 2006.

### **Important appointments**

KCI Konecranes' Board of Directors appointed in its meeting on June 17, 2005 Mr. Pekka Lundmark as President and CEO of KCI Konecranes. At the same meeting Mr. Stig Gustavson, who had been the President and CEO for the last 17 year, was appointed Chairman of the Board of Directors and the former Chairman Mr. Björn Savén, was appointed vice Chairman of the Board.

### **Litigations**

The lawsuit filed by Morris Material Handling, Inc. against the company in the United States Court, Eastern District of Wisconsin, still continues. Morris

Material Handling, Inc., one of KCI Konecranes' competitors in North America, filed in 2003 a lawsuit against KCI Konecranes Plc and Konecranes, Inc. (KCI Konecranes' US subsidiary) alleging violation of Morris's intellectual property rights and acts of unfair competition. The Group has issued counterclaims against Morris Material Handling, Inc. A court decision is likely to be issued during the third quarter in 2006. The Company does not at the moment have reason to expect the case to have a material effect but the company has regularly commented on the case as the lawsuit has been commented in the public.

At the end of year 2005 there were no pending legal processes or disputes that the Group evaluates to have a material effect.

### **Risk management**

The main purpose of the KCI Konecranes risk management is to guarantee the continuity of the business under all circumstances.

Risk management is part of the control system of the company. CEO and Group management team are responsible for the risk management. The importance of risk management have increased due to the fast growth of the Group as well as due to the need to identify and control the risk of a more complex business environment.

The change in the Group's operational model from traditional manufacturing to increasingly supply chain driven activity demands for additional efforts to secure the availability of components, materials and services. To guarantee the quality of sourcing demands a lot of continuous quality development work from KCI Konecranes experts. Continuous quality training for suppliers and long term supply agreements guarantee the steady development of our operations.

Special attention has also been paid to the risk control of new geographical areas. Continuous control of specific contract terms for both sales and purchase contracts ease the control of risks.

The Group continuously reviews its insurance policies as part of its overall global risk management. According to the risk management principles all insurable risk related to personnel, property and operation are covered by insurances. In risk management the business units are responsible for financial needs and for identifications of their financial risks. Almost all funding, cash management and foreign exchange



with banks and other external counter parties is done centralised by Group Treasury.

## Environment

KCI Konecranes recognizes environmental management as an important aspect in its business and strives to conduct operations in an environmental sound manner.

Environmental concerns are taken into account from the product development stage onwards. Good examples of what this means in practice are the inverter drives developed by KCI Konecranes that use up to 40% less energy than conventional solutions, and the fine machined components used in our transmissions that contribute to extended service life and significantly reduced noise levels. We also develop crane structures that use less steel and other raw materials. Lighter and compact design of cranes contribute to savings in space, heating, and operating costs in buildings and harbour platforms.

The company strives to favour products and materials that impose the lowest possible impact on the environment in procurement choices, and to pay particular attention to keeping energy and material consumption at a low level. Local regulations and recommendations are taken into account in waste management and disposal. The company prioritizes developing the environmental awareness of both own people and partners, with the aim of making an enlightened approach to the environment and environmental protection a natural part of day-to-day operations in all of our activities.

## Incentive Programs and Share Capital

At the end of the year 2005, KCI Konecranes had four ongoing stock option plans (1997, 1999, 2001 and 2003). The option plans include approximately 300 key employees. The terms and conditions of the stock option schemes are available on our Investor homepage at [www.konecranes.com/investor](http://www.konecranes.com/investor).

Pursuant to KCI Konecranes Plc's stock option plans 176,000 new shares were subscribed for and registered in the Finnish Trade Register during year 2005. As a result of the subscriptions, KCI Konecranes' share capital increased to EUR 28,972,060, comprising 14,486,030 shares.

The remaining 1997, 1999B, 2001 and 2003 stock options at the end of the accounting period entitle to subscription of a total of 1,051,500 shares, thereby the share capital can be increased by EUR

15 February, 2006  
10.00 a.m.

2,103,000. The subscription period of the series A 1999 stock options ended on March 31, 2005.

## The company's own shares

At the end of the year 2005, KCI Konecranes Plc held 210,650 of the company's own shares with a nominal value of 421,300 euros. This corresponds to 1,45 % of the company's total outstanding shares and votes. The shares were bought back between February 20 and March 5, 2003 at an average price of EUR 20.75 per share.

## Shares and trading volume

KCI Konecranes Plc's share price increased by 18.43 % during the reporting period and closed at EUR 41.62. The year high was EUR 41.95 and year low EUR 29.80. The volume weighted average share price during the period was EUR 35.77. During the same period the OMX Helsinki Index increased by 31.13 %, the OMX Helsinki CAP Index by 30.14 % and the OMX Helsinki Industrials Index by 61.12 %.

At the end of the year 2005 KCI Konecranes Plc's total market capitalisation was EUR 603 million (2004: EUR 465 million) including the company's own shares, the 36th largest market value of companies listed on the Helsinki Stock Exchange.

The trading volume totalled 18,290,888 shares of KCI Konecranes Plc, which represents 126% of the company's total amount of outstanding shares. In monetary terms trading was EUR 653 million, which was the 32nd largest trading value of companies listed on Helsinki Stock Exchange. The daily average trading volume was 72,296 shares representing a daily average turnover of EUR 2.57 million.

## Flagging notifications

On 28 December 2005, KCI Konecranes was notified that the holding of Varma Mutual Pension Insurance Company in KCI Konecranes Plc's voting rights and share capital had decreased to 4.96 %.

On 3 November 2005, KCI Konecranes was notified that, on 1 November 2005, the holding of the Capital Group Companies, Inc's (Taxpayer I.D. 86-0206507) in KCI Konecranes Plc's voting rights and share capital had increased to 6.91%.

On 11 October 2005, KCI Konecranes was notified that, on 10 October 2003, the combined holding of



15 February, 2006  
10.00 a.m.

Franklin Resources, Inc. (trade reg. 13-2670991) through the funds and separate accounts managed by its affiliated advisers had decreased to 9.74% of voting rights and 0.697% of the share capital of KCI Konecranes Plc.

### **Dividend proposal**

The Board of Directors proposes to the AGM that a dividend of EUR 1.10 per share will be paid for the fiscal year 2005. The dividend will be paid to shareholders, who are entered in the company's share register maintained by the Finnish Central Securities Depository Ltd. on the record date for payments of dividends on March 13, 2006. The actual payment of dividend will take place on March 20, 2006.

### **Future prospects**

The strong new equipment order backlog and momentum in maintenance services, together with the recent acquisition, give a good starting point for 2006. Based on the current market outlook, the total sales growth is expected to exceed 20%. Selected acquisitions will be considered also in the future.

The acquisition of R.Stahl Fördertechnik is expected to add EUR 120 - 130 million to the Group's sales in its Standard Lifting Equipment Business Area. For the Group EBIT margin, the dilutive effect is expected to be 0.5 %-points. The acquisition is expected to be EPS neutral in 2006 and accretive from 2007.

Notwithstanding the dilutive effect caused by the acquisition, the positive EBIT margin development seen during 2005 is expected to continue.

Hyvinkää 15 February, 2006  
Board of Directors

### **Disclaimer**

Certain statements in this report are forward looking and are based on management's expectation at the time they are made. Therefore they involve risks and uncertainties and are subject to change due to changes in general economic or industry conditions.



15 February, 2006  
10.00 a.m.

**CONSOLIDATED STATEMENT OF INCOME – IFRS  
(MEUR)**

**1-12/2005**

**1-12/2004**

<b>Sales</b>	<b>970.8</b>	<b>728.0</b>
Other operating income	2.2	2.3
Depreciation	-15.6	-12.4
Impairment losses	0.0	-1.3
Other operating expenses	-908.1	-685.3
<b>Operating income (EBIT)</b>	<b>49.3</b>	<b>31.3</b>
Share of result of associates and joint ventures	0.5	-0.0
Financial income and expenses <sup>1)</sup>	-15.8	-3.6
<b>Profit before taxes</b>	<b>34.1</b>	<b>27.7</b>
Taxes	-10.0	-9.2
<b>Net income</b>	<b>24.1</b>	<b>18.4</b>

Earnings per share, basic EUR)	<b>1.71</b>	<b>1.31</b>
Earnings per share, diluted (EUR)	<b>1.67</b>	<b>1.29</b>

<b>Financial income and expenses<sup>1)</sup></b>	<b>1-12/2005</b>	<b>1-12/2004</b>
Dividend income	0.1	0.2
Interest income from current assets	9.8	1.3
Interest expenses	-16.6	-4.8
Other financial expenses	-0.8	-0.7
Fair value of derivative financial instruments	-7.9	0.0
Exchange rate difference	-0.4	0.4
<b>Total</b>	<b>-15.8</b>	<b>-3.6</b>



15 February, 2006  
10.00 a.m.

## CONSOLIDATED BALANCE SHEET - IFRS (MEUR)

ASSETS	31.12.2005	31.12.2004
<b>Non-current assets</b>		
Goodwill	54.8	38.0
Other intangible assets	42.2	9.7
Property, plant and equipment	60.8	53.5
Advance payments and construction in progress	8.8	5.5
Investments accounted for using the equity method	5.9	3.9
Available-for-sale investments	1.6	1.5
Long-term loans receivables	0.2	0.2
Deferred tax assets	23.3	13.6
<b>Total non-current assets</b>	<b>197.6</b>	<b>126.0</b>
<b>Current assets</b>		
Inventories		
Raw materials and semi-manufactured goods	73.6	53.2
Work in progress	74.1	57.8
Advance payments	9.2	3.2
Total inventories	157.0	114.1
Accounts receivable	223.3	153.1
Loans receivable	0.2	0.0
Other receivables	18.3	14.2
Deferred assets	83.7	85.9
Cash and cash equivalents	44.0	20.7
<b>Total current assets</b>	<b>526.4</b>	<b>387.9</b>
<b>TOTAL ASSETS</b>	<b>724.0</b>	<b>513.9</b>



15 February, 2006  
10.00 a.m.

<b>EQUITY AND LIABILITIES</b>	<b>31.12.2005</b>	<b>31.12.2004</b>
<b>Capital and reserves attributable to the shareholders of the parent</b>		
Share capital	29.0	28.6
Share premium account	26.5	22.3
Fair value and other reserves	-4.9	0.0
Translation differences	-1.1	-6.1
Retained earnings	78.6	74.4
Net income for the period	24.1	18.4
<b>Total Shareholders equity</b>	<b>152.0</b>	<b>137.6</b>
Minority interests	0.1	0.1
<b>Total equity</b>	<b>152.1</b>	<b>137.7</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Interest-bearing liabilities	27.4	4.8
Other non-current liabilities	61.6	15.9
Deferred tax liabilities	18.0	4.0
<b>Total non-current liabilities</b>	<b>106.9</b>	<b>24.7</b>
<b>Provisions</b>	<b>20.1</b>	<b>17.5</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	151.0	126.5
Advance payments received	81.0	41.1
Accounts payable	83.7	68.2
Other short-term liabilities (non-interest bearing)	17.7	14.5
Accruals	111.4	83.7
<b>Total current liabilities</b>	<b>444.9</b>	<b>334.1</b>
<b>Total liabilities</b>	<b>571.9</b>	<b>376.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>724.0</b>	<b>513.9</b>



15 February, 2006  
10.00 a.m.

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (MEUR)**

	Share Capital	Other Restricted Capital	Translation Difference	Fair value Reserves	Retained Earnings	Minority Interest	Total Equity
<b>Equity 31.12 2004</b>	<b>28.6</b>	<b>22.3</b>	<b>-6.1</b>	<b>0.0</b>	<b>92.7</b>	<b>0.1</b>	<b>137.6</b>
Options exercised	0.4	4.3					4.6
Dividend distribution					-14.8		-14.8
Change in untaxed reserves					-0.6		-0.6
Cash flow hedge				-4.9			-4.9
Translation difference			4.9				4.9
Share based payments recognized against equity					1.2		1.2
Net profit for the period					24.1		24.1
<b>Equity 31.12. 2005</b>	<b>29.0</b>	<b>26.5</b>	<b>-1.2</b>	<b>-4.9</b>	<b>102.7</b>	<b>0.1</b>	<b>152.1</b>

**RECONCILIATION OF NET INCOME (MEUR)**

**1-12/ 2004**

<b>Net income according to FAS</b>	<b>23.0</b>
Reversal of amortization of goodwill, IFRS 3 and IAS 36	2.6
Impairment, IAS 36	-1.2
Employee benefits, IAS 19	-1.1
Stock options, IFRS 2	-0.8
Income taxes, IAS 12	1.5
Provision, IAS 37	-5.4
Other IFRS adjustments	-0.2
<b>Total IFRS adjustments</b>	<b>-4.6</b>
<b>Net income according to IFRS</b>	<b>18.4</b>

**RECONCILIATION OF SHAREHOLDERS' EQUITY (MEUR)**

**31.12.2004**

<b>Equity according to FAS</b>	<b>157.9</b>
<b>IFRS adjustments:</b>	
Reversal of amortization of goodwill, IFRS 3 and IAS 36	2.6
Impairment, IAS 36	-1.3
Employee benefits, IAS 19	-16.1
Reserve for own shares, IAS 32	-4.4
Income taxes, IAS 12	5.3
Provision, IAS 37	0.0
Minority interest, IAS 1	0.1
Changes in accounting policy, IAS 8	-4.9
Other IFRS adjustments	-1.5
<b>Total FRS adjustments</b>	<b>-20.2</b>
<b>Equity according to IFRS</b>	<b>137.7</b>



15 February, 2006  
10.00 a.m.

<b>CONSOLIDATED CASH FLOW STATEMENT - IFRS (MEUR)</b>	<b>1-12/2005</b>	<b>1-12/2004</b>
<b>Cash flow from operating activities</b>		
Operating income	49.3	31.3
Adjustments to operating profit		
Depreciation and impairments	15.6	13.7
Profits and losses on sale of fixed assets	-0.7	-0.7
Other non-cash items	1.6	0.9
<b>Operating income before chg in net working capital</b>	<b>65.8</b>	<b>45.2</b>
Change in interest-free short-term receivables	25.8	-27.5
Change in inventories	-17.8	-27.5
Change in interest-free short-term liabilities	44.2	26.7
<b>Change in net working capital</b>	<b>0.7</b>	<b>-28.4</b>
<b>Cash flow from operations before financing items and taxes</b>	<b>66.5</b>	<b>16.8</b>
Interest received	7.6	1.3
Interest paid	-10.6	-4.7
Other financial income and expenses	-5.0	1.5
Income taxes paid	-10.0	-7.3
<b>Financing items and taxes</b>	<b>-18.1</b>	<b>-9.2</b>
<b>Net cash flow from operating activities</b>	<b>48.4</b>	<b>7.6</b>
<b>Cash flow from investing activities</b>		
Acquisition of Group companies, net of cash	-30.3	-30.3
Acquisition of shares in associated company	-3.3	-0.1
Investments in other shares	-2.0	0.0
Capital expenditures	-13.5	-9.4
Proceeds from sale of other and associated company shares	2.4	0.0
Proceeds from sale of fixed assets	0.6	1.6
Dividends received	0.1	0.2
<b>Net cash used in investing activities</b>	<b>-46.1</b>	<b>-38.0</b>
<b>Cash flow before financing activities</b>	<b>2.3</b>	<b>-30.4</b>
<b>Cash flow from financing activities</b>		
Proceeds from options exercised	4.6	0.0
Proceeds from (+), payments of (-) long-term borrowings	25.2	-24.4
Proceeds from (+), payments of (-) short-term borrowings	4.9	91.1
Proceeds from (+), payments of (-) short-term receivables	-0.2	-0.2
Dividends paid	-14.8	-28.1
<b>Net cash used in financing activities</b>	<b>19.7</b>	<b>38.3</b>
Translation differences in cash	1.3	-0.4
<b>Change of cash and cash equivalents</b>	<b>23.3</b>	<b>7.5</b>
Cash and cash equivalents at beginning of period	20.7	13.1
Cash and cash equivalents at end of period	44.0	20.6
<b>Change of cash and cash equivalents</b>	<b>23.3</b>	<b>7.5</b>

The effect of changes in exchange rates has been eliminated by converting the beginning balance at the rates current on the last day of the year.



15 February, 2006  
10.00 a.m.

## SEGMENT REPORTING

### 1. BUSINESS SEGMENTS (MEUR)

Order Intake by Business Area	2005	% of 2005 total	2004	% of 2004 total
Maintenance Services	364.5 <sup>1)</sup>	32	308.4 <sup>1)</sup>	39
Standard Lifting Equipment	322.1	28	246.6	31
Special Cranes	463.3	40	243.7	30
./. Internal	-88.7		-61.9	
<b>Total</b>	<b>1061.2<sup>1)</sup></b>	<b>100</b>	<b>736.9<sup>1)</sup></b>	<b>100</b>

Excl. Service Contract Base<sup>1)</sup>

Order Book <sup>2)</sup>	2005		2004	
<b>Total</b>	<b>432.1</b>		<b>298.8</b>	

Percentage of completion deducted <sup>2)</sup>

Sales by Business Area	2005	% of 2005 total	2004	% of 2004 total
Maintenance Services	406.5	39	344.6	44
Standard Lifting Equipment	318.0	30	231.2	29
Special Cranes	331.1	31	214.1	27
./. Internal	-84.8		-62.0	
<b>Total</b>	<b>970.8</b>	<b>100</b>	<b>728.0</b>	<b>100</b>

Operating Income by Business Area	2005 Operating Income	% of 2005 total sales	2004 Operating Income	% of 2004 total sales
Maintenance Services	29.4	7.2	22.1	6.4
Standard Lifting Equipment	28.8	9.1	20.7	9.0
Special Cranes	15.2	4.6	15.9	7.4
Group costs	-23.8		-27.3	
Consolidation items	-0.3		-0.1	
<b>Total</b>	<b>49.3</b>		<b>31.3</b>	

Personnel by Business Area (at the End of the Period)	2005	% of 2005 total	2004	% of 2004 total
Maintenance Services	2,999	51	2,685	59
Standard Lifting Equipment	1,898	32	1,028	23
Special Cranes	890	15	675	15
Group Staff	136	2	123	3
<b>Total</b>	<b>5,923</b>	<b>100</b>	<b>4,511</b>	<b>100</b>

### 2. GEOGRAPHICAL SEGMENTS (MEUR)

Sales by Market	2005	% of 2005 total	2004	% of 2004 total
Nordic and Eastern Europe	215.1	22	140.9	19
EU (excl. Nordic)	300.5	31	222.5	31
Americas	277.7	29	215.1	30
Asia-Pacific	177.4	18	149.4	20
<b>Total</b>	<b>970.8</b>	<b>100</b>	<b>728.0</b>	<b>100</b>



15 February, 2006  
10.00 a.m.

<b>NET INTEREST BEARING LIABILITIES (MEUR)</b>	<b>31.12.2005</b>	<b>31.12.2004</b>
Long- and short-term interest bearing liabilities	-178.4	-131.4
Cash and cash equivalents and other interest bearing assets	44.4	21.0
<b>Total</b>	<b>-133.9</b>	<b>-110.4</b>

<b>CONTINGENT LIABILITIES AND PLEDGED ASSETS (MEUR)</b>	<b>31.12.2005</b>	<b>31.12.2004</b>
<b>Contingent Liabilities</b>		
For own debts		
Mortgages on land and buildings	5.9	5.9
For own commercial obligations		
Pledged assets	0.3	0.3
Guarantees	117.2	101.5
For associated company's debt		
Guarantees	0.0	0.8
For others		
Guarantees	0.0	0.1
Other contingent and Financial Liabilities		
Leasing liabilities		
Next year	10.7	6.8
Later on	34.4	15.7
Other liabilities	0.7	1.2
<b>Total</b>	<b>169.2</b>	<b>132.3</b>

Leasing contracts follow the normal practices in corresponding countries.

<b>Total by Category</b>		
Mortgages on land and buildings	5.9	5.9
Pledged assets	0.3	0.3
Guarantees	117.2	102.4
Other liabilities	45.8	23.7
<b>Total</b>	<b>169.2</b>	<b>132.3</b>

<b>NOTIONAL AND FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS (MEUR)</b>	<b>31.12.2005 Fair value</b>	<b>31.12.2005 Nominal value</b>	<b>31.12.2004 Nominal value</b>
Foreign exchange forward contracts	-8.9	304.0	538.5
Interest rate swap	0.0	0.0	25.0
Electricity derivatives	0.3	0.8	0.0
<b>Total</b>	<b>-8.6</b>	<b>304.8</b>	<b>563.5</b>

<b>INVESTMENTS</b>	<b>1-12/2005</b>	<b>1-12/2004</b>
Total (excl. Acquisitions)	<b>16.0</b>	<b>11.8</b>



15 February, 2006  
10.00 a.m.

**KCI KONECRANES GROUP 2001-2005**

<b>Business development</b>		<b>IFRS 2005</b>	<b>IFRS 2004</b>	<b>FAS 2003</b>	<b>FAS 2002</b>	<b>FAS 2001</b>
Order intake	MEUR	1061.2	736.9	611.9	598.9	679.1
Order book	MEUR	432.1	298.8	211.2	206.0	279.7
Net sales	MEUR	970.8	728.0	664.5	713.6	756.3
of which outside Finland	MEUR	883.7	653.5	599.4	634.2	679.2
Export from Finland	MEUR	334.2	273.4	258.9	256.9	263.5
Personnel on average		5,087	4,369	4,423	4,396	4,434
Capital expenditure	MEUR	16.0	11.8	12.4	13.9	11.3
as a percentage of net sales	%	1.6	1.6	1.9	1.9	1.5
Research and development costs	MEUR	8.8	8.5	7.9	8.2	7.7
as % of Standard Lifting Equipment <sup>1)</sup>	%	2.8	3.7	3.7	4.0	3.1
as % of Group net sales	%	0.9	1.2	1.2	1.1	1.0
<b>Profitability</b>						
Net sales	MEUR	970.8	728.0	664.5	713.6	756.3
Income from operations (before goodwill amortization)	MEUR	49.3	31.3	24.8	40.9	59.4
as percentage of net sales	%	5.1	4.3	3.7	5.7	7.9
Operating income	MEUR	49.3	31.3	21.5	37.6	55.3
as percentage of net sales	%	5.1	4.3	3.2	5.3	7.3
Income before extraordinary items	MEUR	34.1	27.7	18.9	36.5	52.4
as percentage of net sales	%	3.5	3.8	2.8	5.1	6.9
Income before taxes	MEUR	34.1	27.7	10.7	36.5	52.4
as percentage of net sales	%	3.5	3.8	1.6	5.1	6.9
Net income	MEUR	24.1	18.4	6.7	24.6	35.3
as percentage of net sales	%	2.5	2.5	1.0	3.4	4.7
<b>Key figures and balance sheet</b>						
Shareholders' equity	MEUR	152.1	137.6	163.4	173.2	180.2
Balance Sheet	MEUR	724.0	513.9	402.2	397.1	455.9
Return on equity	%	16.6	12.5	7.5	14.2	22.0
Return on capital employed	%	17.2	13.7	10.8	17.8	24.3
Current ratio		1.1	1.1	1.5	1.6	1.6
Solidity	%	23.7	29.1	42.6	45.5	41.4
Gearing	%	88.1	80.2	27.8	19.1	28.9

R&D serves mainly Standard Lifting Equipment<sup>1)</sup>



15 February, 2006  
10.00 a.m.

Shares in figures		IFRS 2005	IFRS 2004	FAS 2003	FAS 2002	FAS 2001
Earnings per share. basic	EUR	1.71	1.31	0.88	1.69	2.40
Earnings per share. diluted	EUR	1.67	1.29	n/a	n/a	n/a
Equity per share	EUR	10.66	9.76	11.24	12.11	11.75
Cash flow per share	EUR	3.43	0.54	1.72	4.54	2.93
Dividend per share	EUR	1.10*	1.05	2.00	0.95	0.90
Dividend/earnings	%	64.3	80.2	227.3	56.2	37.5
Effective dividend yield	%	2.6	3.2	7.2	4.1	3.2
Price/earnings		24.3	24.8	31.4	13.8	11.9
Trading low / high	EUR	29.80/ 41.95	27.20/ 35.50	17.20/ 29.39	19.80/ 36.83	25.00/ 46.00
Average share price	EUR	35.77	30.79	22.49	28.74	31.72
Year-end market capitalization	MEUR	594.1	458.4	387.6	333.2	427.5
Number traded	(1000)	18,291	15,925	12,662	11,939	8,581
Stock turnover	%	128.1	112.9	90.2	83.4	57.2

\* The Board's proposal to the AGM

### CALCULATION OF KEY FIGURES

Return on equity: (%)	$\frac{\text{Income before extraordinary items - taxes}}{\text{Total equity (average during the period)}} \times 100$
Return on capital employed: (%)	$\frac{\text{Income before taxes + interest paid + other financing cost}}{\text{Total amount of equity and liabilities - non-interest bearing debts (average during the period)}} \times 100$
Current ratio:	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Solidity: (%)	$\frac{\text{Shareholders' equity}}{\text{Total amount of equity and liabilities - advance payment received}} \times 100$
Gearing: (%)	$\frac{\text{Interest-bearing liabilities - liquid assets - loans receivable}}{\text{Total equity}} \times 100$
Earnings per share:	$\frac{\text{Net income +/- extraordinary items}}{\text{Average number of shares outstanding}}$
Earnings per share. diluted:	$\frac{\text{Net income +/- extraordinary items}}{\text{Average fully diluted number of shares outstanding}}$
Equity per share:	$\frac{\text{Shareholders' equity}}{\text{Number of shares outstanding}}$
Cash flow per share:	$\frac{\text{Net cash flow from operating activities}}{\text{Average number of shares outstanding}}$



15 February, 2006  
10.00 a.m.

Effective dividend yield: (%)	$\frac{\text{Dividend per share}}{\text{Share price at the end of financial year}} \times 100$
Price per earnings:	$\frac{\text{Share price at the end of financial year}}{\text{Earnings per share}}$
Year -end market capitalization:	Number of shares outstanding multiplied by the share price at the end of year
Average number of personnel:	Calculated as average of number of personnel in quarters

**Note!** The numbers are rounded to nearest EUR 0.1 million.  
The key figures are calculated from exact data.



15 February, 2006  
10.00 a.m.

## Events on 15 February, 2006

### *Analyst and press briefing*

A luncheon presentation for media and analysts will be held at Helsinki World Trade Center, Marski Hall at 12.00 noon Finnish Time (address Aleksanterinkatu 17).

### *Live webcast*

A live webcast of the presentation for analysts and media will begin at 12.00 noon Finnish Time and can be followed at [www.konecranes.com/investor](http://www.konecranes.com/investor).

## Internet

This report and graphic material is available on the Internet at [www.konecranes.com/investor](http://www.konecranes.com/investor) immediately after publication. A recording from the webcast presentation will be available on the Internet later on 15 February.

## Dividend proposal

The Board of Directors propose to the AGM that a dividend of EUR 1.10 per share will be paid for the fiscal year 2005. The dividend will be paid to shareholders, who are entered in the share register on the record date on March 13, 2006. Dividend payment date is March 20, 2006.

## Annual Report

The Annual Report for 2005 will be published during the week 9 of 2006.

## Annual General Meeting

The Annual General Meeting 2005 will be held on Wednesday, 8 March, 2006 at 11.00 a.m. at Group headquarters (address: Koneenkatu 8, 05830 Hyvinkää, Finland). A press release on the decisions made at the AGM will be published upon conclusion of the meeting.

The proposals for the AGM 2006 will be published on 15 February, 2006.

## Next report

Interim Report, January-March 2006, will be published on 10 May, 2006.

## Further information

Mr. Pekka Lundmark, President and CEO  
tel. +358-20 427 2000  
Mr Teuvo Rintamäki, Chief Financial Officer  
tel. +358-20 427 2040,  
Ms Franciska Janzon, IR Manager  
tel. +358-20 427 2043

## Graphics

A graphical presentation of this report is available on the Internet at [www.konecranes.com/investor](http://www.konecranes.com/investor).

## KCI KONECRANES PLC

P.O. Box 661  
FIN-05801 Hyvinkää  
Tel. +358-20 427 11  
Fax +358-20 427 2099  
[www.konecranes.com](http://www.konecranes.com)  
Domicile Hyvinkää, Finland  
Business ID 0942718-2