

30 October, 2001
 10.00 a.m.

KCI Konecranes Group Interim Report January - September 2001

STRONG PROFIT GROWTH

- Operating income and net income up 91.8 % and 138.8 % respectively.
- Sales up with 13.2 %
- Maintenance Services orders up 10.3 %, Standard Lifting orders down with 8.1 %, down 3.5 % corrected for discontinued products, Special Cranes orders more than doubled over Q2/01 but lower compared to one year ago.
- Order book still strong at EUR 346.9 million

EURm	Nine months			LTM			LY
	1-9/01	1-9/00	Change %	10/00-9/01	10/99-9/00	Change %	1-12/00
SALES							
Maintenance Services	260.6	236.3	10.3	366.3	318.3	15.1	342.0
Standard Lifting Equipment	178.5	172.7	3.4	259.2	233.7	10.9	253.4
Special Cranes	152.7	117.3	30.2	225.0	167.5	34.3	189.6
Internal Sales	-55.0	-52.3	5.2	-84.7	-68.6	23.5	-82.0
Sales total	536.8	474.0	13.2	765.8	650.9	17.7	703.0
Income from operations (EBITA)	36.8	20.5	80.0	60.0	36.9	62.9	43.7
Goodwill amortisation	3.1	2.9	9.1	4.3	3.7	18.1	4.1
Operating income (EBIT)	33.7	17.5	91.8	55.7	33.2	67.9	39.6
Financial income and expenses	-1.9	-4.3	-56.9	-3.1	-6.3	-50.6	-5.6
Income before taxes and minority interest	31.8	13.2	140.5	52.6	26.9	95.7	34.0
Net income	21.8	9.1	138.8	36.0	19.3	86.8	23.4
Earnings per share (EUR)	1.48	0.62	138.8	2.45	1.31	86.8	1.59
ORDERS RECEIVED							
Maintenance Services	241.2	218.6	10.3	323.5	275.1	17.6	300.9
Standard Lifting Equipment	179.0	194.8	-8.1 ¹⁾	241.1	247.0	-2.4	256.9
Special Cranes	166.0	238.9	-30.5	211.5	271.9	-22.2	284.4
Internal Orders	-48.7	-57.8	-15.7	-68.7	-70.6	-2.7	-77.8
Orders Received total	537.5	594.5	-9.6	707.4	723.4	-2.2	764.4
Order book at end of period	346.9	351.4	-1.3	-	-	-	308.8

¹⁾ -3.5 % when corrected for discontinued products

Comments on nine months' results:

Lifting equipment markets continued at a low level during Q3. Terrorist acts in USA caused a marked decline in September. Standard Lifting Equipment orders declined somewhat, but less than market contraction. Maintenance development was good and steady and Special Cranes had a good level of new orders. Profit improved as planned.

Comments on year-end results:

General market conditions for production equipment markets have worsened. Standard Lifting Equipment, having a relatively high exposure to the investment climate, is expected to continue to see contracting markets. The new product line, now all but complete, will help mitigate the trend and support profits. Maintenance Services is expected to develop steadily according to plan.

With the latest additions to its product range Special Cranes have managed to win large orders also after September 11, 2001.

The order backlog is good, but market outlook for both Standard and Special Cranes is uncertain.



30 October, 2001
10.00 a.m.

Stig Gustavson, President and CEO

A new lean KCI Konecranes

During the last few years the Group has undergone profound changes. These changes have produced a Group with lean operations, modern products and an increasing proportion of recurring service earnings. Group finances are strong, and leverage low. The Group is well positioned to face tough markets ahead.

We have trimmed our production machinery, closed factories in the US, France and Germany, and concentrated core competencies at a few sites. Production scale effects together with lower break-even points increase our flexibility. Outsourcing of low-value-added production is increasing.

We have new top class product ranges in both Standard Lifting Equipment and Special Cranes Business Areas. The new standard lifter, the CXT and its siblings have already lifted Standard Lifting Equipment margins to record levels. 50 % of our Standard Lifting clients now order the new line. By year-end, that number is expected to reach 80 %. The new products will allow us to continue trimming our production.

In Special Cranes, the newest leg complementing the harbour and shipyard crane range, the BoxHunter ship-to-shore container crane was launched for commercial orders during Q3/01. With its new product range this Business Area is well positioned for continuing its long term growth.

Maintenance Services is the stabilising factor among our Business Areas. With its steady growth we see services taking a bigger relative share of Group sales, adding to earnings growth and increasing return on total capital employed.

Today, we concentrate on increasing the value content of our service agreement base. Margins development is positive, and average top line growth is strong.

Group finances are in good shape. Already at a comfortably low level, the gearing is decreasing. In financial terms, the Group has ample room for manoeuvre.

Overall, the business climate, especially after September 11th, has worsened. Market outlook calls for caution in forward looking statements. However, our flexible lean operations, strong finances, modern products and a good order book enable us to face challenges with confidence.



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General Review

The first nine months of the year marked strong sales growth compared to the same period last year. Operating Income (EBIT), income before taxes and net income grew clearly faster than sales.

Total sales reached EUR 536.8 million. This is EUR 62.8 million or 13.2 % more than during the same period last year. Sales grew in all Business Areas and in all markets areas. Special Cranes recorded the highest sales growth (+30.2 %) and Standard Lifting Equipment the lowest (+3.4 %). Sales growth was strongest within region Asia Pacific (+ EUR 23.4 million or + 59.4 %). Sales growth was mainly organic.

Group operating income was EUR 33.7 million or 6.3 % on sales. This is an increase of 91.8 % compared to EUR 17.5 million (3,7 % on sales) one year ago. EBITA was EUR 36.8 million or 6.9 % on sales compared to EUR 20.5 million or 4.3 % on sales last year.

Financial expenses continued to decrease. The net of nine month's financing expenses and income was EUR 1.9 million compared to EUR 4.3 million during the same period last year.

Income before taxes and minority interest was EUR 31.8 million or 5.9 % on sales. The corresponding figures for last year were EUR 13.2 million or 2.8 % on sales.

Group net income was EUR 21.8 million or 4.1 % on sales. This is an increase of 138.8 % compared to one year ago. Earnings per share (EPS) developed accordingly and grew to EUR 1.48.

Total orders received amounted to EUR 537.5 million, down with 9.6 % from one year ago. The order intake in Maintenance Services grew by 10.3 %. In Standard Lifting Equipment the order intake decreased by 8.1 % compared to the same period last year. Corrected for discontinued products the decrease was 3.5 %. The orders received during Q3 in Special Cranes doubled compared to Q2, but were 58.5 % lower compared to the record level of Q3/2000.

The total order book at the end of September was at EUR 346.9 million, down with 1.3 % from the level one year ago but up with EUR 38.1 million (or +12,3 %) since year end 2000.

The Group's development during the last twelve months (LTM) ending September 2001 compared

to LTM ending September 2000, was the following:

- Sales grew by 17.7 %, from EUR 650.9 million to EUR 765.8 million
- Operating income (EBIT) grew by 67.9 %, from EUR 33.2 million to EUR 55.7 million
- Net income grew from EUR 19.3 million to EUR 36.0 million – an improvement of 86.8 %
- Earnings per share grew from EUR 1.31 to EUR 2.45.
- Orders received decreased by 2.2.%, from EUR 723.4 million to EUR 707.4 million

Gearing was 51.5% at the end of September compared to 77.4% one year ago.

The Group's solidity increased to 38.7 % compared to 32.6 % one year ago.

Return on total capital employed was 20.0 %. The corresponding figure one year ago was 12.1 %.

Review by Business Areas

Maintenance Services

Orders received during January – September 2001 reached EUR 241.2 million, which is an increase of 10.3 % over the corresponding period last year. Sales increased with 10.3 % to EUR 260.6 million.

Operating income was EUR 16.0 million for the period and the margin was 6.1%. The corresponding figures one year ago were EUR 12.5 million or 5.3 %. The margin improvement is a consequence of focusing the maintenance contract base towards more demanding crane applications and stronger profitability. The average maintenance contract value per equipment unit has increased with 6 % while the development in the number of cranes in the contract base has been flat. Sales growth has been achieved without a corresponding increase in personnel.

On the basis of the last twelve months (LTM) per the end of September 2001 and the end of September 2000 the development was the following:

- Growth in Orders received + 17.6 %
- Growth in Sales + 15.1 %
- Growth in Operating income + 21.6 %



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Standard Lifting Equipment

Orders received contracted by 8.1 % during January – September 2001 compared to the same period year 2000. Excluding the effects of discontinued products in USA the order intake contracted by 3.5 %. Market demand is estimated to have contracted more than Group orders. The demand has decreased especially in the North American market and in some Western European countries.

Sales grew by 3.4 % to EUR 178.5 million. Operating income was EUR 22.1 million, which is an improvement of EUR 8.5 million or 62.5 % over the corresponding period last year. The operating margin grew from 7.9% to 12.4 %. The stronger margins are mainly a result of the new wire rope hoist platform, of rationalisation within production with plant closures at the end of last year and a relatively favourable Dollar-Euro exchange rate.

On a LTM basis the development was:

- Orders decreased by 2.4 % (+ 1 % excluding the effect of discontinued products)
- Growth in Sales + 10.9 %
- Growth in Operating income + 46.9 %.

The introduction of the new wire rope hoist line progressed according to plan. Currently over half of the orders for the wire rope hoists are for products from the new product platform.

Special Cranes

Orders received for the period were EUR 166.0 million. This is EUR 72.9 million less compared to the same period last year. The orders received during the third quarter more than doubled compared to the second quarter, but were considerably lower compared to the third quarter last year. The most important new orders are commented under "Important orders".

Sales growth during the period was 30.2 % and Operating Income reached EUR 10.0 million. The Operating Income grew 33.3 % compared to the same period last year. The operating margin was 6.5 % compared to 6.4% one year ago. Only a small amount of Process Cranes were scheduled for final delivery during the third quarter, affecting Q3 sales. Work-in-progress continued to increase.

On an LTM basis the development was the following;

- Orders decreased by 22.2 %
- Growth in Sales +34.3 %
- Growth in Operating Income + 18.1 %

Despite growth in sales, the order book is only EUR 17 million lower compared to the same

period one year ago and EUR 9.5 million higher compared to year end 2000. The value of the order book corresponds to approximately one year's sales.

Sales by Market Area

Group sales grew in all market areas. The fastest growth was recorded in Asia-Pacific (+59.4 % for 9 months ending September 2001 compared to the same period last year). In proportion the lowest growth + 7.9 % was recorded both in Nordic and Eastern Europe and in America. Sales growth in Western Europe (EU excluding Nordic countries) was 11.7 %.

Sales by Market Areas January- September (EURm):

EURm	1-9/01	1-9/00	Change %
Nordic and Eastern Europe	114.2	105.8	+7.9
EU (excl. Nordic)	148.4	132.9	+11.7
Americas	211.4	195.9	+7.9
Asia-Pacific	62.8	39.4	+59.4
Total	536.8	474.0	+13.2

Comment on currencies

Currency exchange rates had only a small effect on the Group's consolidated sales, orders and profit growth.

All transactions in foreign currencies are subject to approximately one year of forward hedging. Alternatively, risks are covered by other instruments. The Group benefits from a relatively weak euro when production from euro-currency countries is exported outside these countries.

Important Orders

Here are some examples on new orders during the third quarter. The list illustrates our reach, both in terms of customer base and geographical coverage. Service and standard crane orders have been omitted.

Sydkraft Öst Värme AB, Sweden, ordered two Bio Fuel Plant cranes with Grab Unloader.

Wei Sheng Steel Co Ltd, Vietnam ordered a 180 ton process crane to its Can Don Hydro Power Plant.

Forbrändingsanlæg Esbjerg, Denmark, ordered two Waste-to-Energy process cranes.



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Siemens ordered several heavy duty process cranes for its Hydro Power Plant in Caruachi, Venezuela.

Georgia Port Authority Savannah, USA, ordered two Super Post Panamax Ship-to-Shore container cranes.

Maryland Port Administration, Baltimore, USA, ordered six Konecranes Rubber Tyred Gantry Cranes (RTG) and reserved an option to buy up to 12 additional identical cranes during the next two years.

Konecranes VLC has systematically renewed its product range and now a new ship-to-shore (STS) crane is released. KCI Koneports won a modernisation order for two STS container cranes with this new "BoxHunter" design. Another order for two Post Panamax Ship-to-Shore (STS) Container Cranes of the new design was received from Terminal de Contenidors de Barcelona (TCB) just after the end of the third quarter.

Shares and Shareholders

At the end of September, KCI Konecranes' share closed at EUR 27.20, up with 0.7 % from year-end 2000 EUR 27.00. Since year-end the highest share price has been EUR 38.46 and the lowest EUR 25.00. During the same period HEX All-Share Index decreased by 52.86%, HEX Portfolio Index decreased by 36.79% and the Sector Index (Metal & engineering) decreased by 6.29%.

6,432,191 KCI Konecranes shares were traded on Helsinki Exchanges between January - September 2001. This represents 43.8 % of the company's outstanding shares. In monetary terms trading amounted to EUR 210,418,664, which was the 30th largest trading on Helsinki Exchanges.

KCI Konecranes' market value was at the end of September 2001 EUR 408,000,000, the 33rd largest market value of companies listed on the Helsinki stock exchange.

The non-Finland-based shareholding at the end of September 2001 was 68.36 %.

Comments on nine months' results

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Comments on year-end results

General market conditions for production equipment markets have worsened. Standard Lifting Equipment, having a relatively high exposure to the investment climate, is expected to continue to see contracting markets. The new product line, now all but complete, will help mitigate the trend and support profits. Maintenance Services is expected to develop steadily according to plan. With the latest additions to its product range Special Cranes have managed to win large orders also after September 11, 2001.

The order backlog is good, but market outlook for both Standard and Special Cranes is uncertain.

Formal statement

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 conditions or industry conditions.

Hyvinkää, 30 October 2001

The Board of Directors



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Statement of Income (MEUR)

	1-9/2001	1-9/2000	1-12/2000
Sales	536.8	474.0	703.0
Share of result of participating interest undertakings	-0.2	-0.2	-0.1
Depreciation	-12.4	-12.2	-16.0
Other operating expenses	-490.5	-444.1	-647.3
Operating income	33.7	17.5	39.6
Interests, net	-2.6	-4.8	-6.1
Other financial income and expenses	0.7	0.4	0.5
Income before taxes	31.8	13.2	34.0
Taxes	-10.0 ¹	-4.1 ¹	-10.6
Net Income for the period	21.8	9.1	23.4
Profit /share (EUR)	1.48	0.62	1.59

Consolidated Balance Sheet (MEUR)

	9/2001	9/2000	12/2000
Fixed Assets	100.6	124.3	105.5
Inventories	115.7	119.1	93.0
Receivables and other current assets	233.5	208.1	240.3
Cash in hand and at banks	9.4	16.5	11.2
Total assets	459.2	467.9	450.0
Equity	166.1	141.6	155.3
Minority Interest	0.1	0.1	0.1
Provisions	13.3	10.9	15.5
Long-term debt	40.3	83.1	43.4
Current liabilities	239.4	232.2	235.7
Total shareholders' equity and liabilities	459.2	467.9	450.0
Gearing (net of interest bearing debts and cash divided by equity)	51.5%	77.4%	57.7%
Solidity	38.7%	32.6%	35.8%
Return on capital employed ²	20.0%	LTM 01 23.5 %	LTM 00 16.9 %
Equity/share(EUR)	10.79	9.12	10.06

In accordance with the decision of the Annual General Meeting, the company bought back between 14 October and 25 November, 1999 300,000 of its own shares at an average price of EUR 24.96 per share. At 30 September 2001, the company held 300,000 shares with a total nominal value of EUR 600.000 and a total purchase price of MEUR 7,5 which is 2 % of total amount of shares and votes.

Contingent Liabilities and Pledged Assets (MEUR)

	9/2001	9/2000	12/2000
Mortgages and pledged assets			
For own debts	5.9	10.2	10.0
For commercial guarantees	0.8	0.6	0.6
Own commercial guarantees	165.4	127.9	125.1
Guarantees			
For associated companies' debt	0.8	0.0	0.7
for others	0.2	0.2	0.2

¹ According to estimated tax rate

² Calculated on annual basis



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Leasing liabilities	17.6	16.6	16.9
Other liabilities	2.0	0.4	0.5
Total	192.7	155.9	154.0

Notional Amounts of Derivative Financial Instruments (MEUR)

	9/2001	9/2000	12/2000
Foreign exchange forward contracts	588.6	524.5	486.2
Interest rate swap	25.0	0.0	25.0
Currency options	132.2	0.0	0.0
Total	745.8	524.5	511.2

Derivatives are used for currency and interest rate hedging only. The notional amounts do not represent amounts exchanged by the parties and are thus not a measure of the exposure. A clear majority of the transactions relate to closed positions, and these contracts set off each other. The hedged orderbook and equity represent approximately one third of the total notional amounts.

Investments

	1-9/2001	1-9/2000	1-12/2000
Total (excl.acquisitions of subsidiaries) (MEUR)	7.5	13.3	14.7

DEVELOPMENT BY BUSINESS AND MARKET AREA

Sales by Business Area (MEUR)

	1-9/2001	1-9/2000	LTM*	LTM Year ago	1-12/2000
Maintenance Services	260.6	236.3	366.3	318.3	342.0
Standard Lifting Equipment	178.5	172.7	259.2	233.7	253.4
Special Cranes	152.7	117.3	225.0	167.5	189.6
./. Internal	-55.0	-52.3	-84.7	-68.6	-82.0
Total	536.8	474.0	765.8	650.9	703.0

Operating Income by Business Area (MEUR)

	1-9/2001		1-9/2000		1-12/2000		LTM*	LTM* Year ago
	MEUR	%	MEUR	%	MEUR	%	MEUR	MEUR
Maintenance Services	16.0	6.1	12.5	5.3	21.3	6.2	24.8	20.4
Standard Lifting Equipment	22.1	12.4	13.6	7.9	22.5	8.9	31.0	21.1
Special Cranes	10.0	6.5	7.5	6.4	13.8	7.3	16.3	13.8
Group costs	-10.4		-12.5		-14.4		-12.3	-18.0
Consolidation items	-4.0		-3.6		-3.6		-4.0	-4.2
Total	33.7		17.5		39.6		55.8	33.2

* LTM = last 12 months (full year 2000 ./.. nine months 2000 + nine months 2001)



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Personnel by Business Area (at the End of the Period)

	9/2001	9/2000	12/2000
Maintenance Services	2,491	2,411	2,501
Standard Lifting Equipment	1,125	1,185	1,178
Special Cranes	690	669	673
Group staff	105	113	111
Total	4,411	4,378	4,463
Average number of personnel during period	4,436	4,189	4,244

Order Intake by Business Area (Excl. Service Contract Base)(MEUR)

	1-9/2001	1-9/2000	LTM*	LTM Year ago	1-12/2000
Maintenance Services	241.2	218.6	323.5	275.1	300.9
Standard Lifting Equipment	179.0	194.8	241.1	247.0	256.9
Special Cranes	166.0	238.9	211.5	271.9	284.4
./. Internal	-48.7	-57.8	-68.7	-70.6	-77.8
Total	537.5	594.5	707.4	723.4	764.4

Order Book (Excl. Service Contract Base)

	9/2001	9/2000	12/2000
Total (MEUR)	346.9	351.4	308.8

Sales by Market (MEUR)

	1-9/2001	1-9/2000	LTM*	LTM Year ago	1-12/2000
Nordic and Eastern Europe	114.2	105.8	165.0	153.4	156.6
EU (excl. Nordic)	148.4	132.9	216.4	186.5	200.9
Americas	211.4	195.9	299.9	254.4	284.4
Asia-Pacific	62.8	39.4	84.5	56.6	61.1
Total	536.8	474.0	765.8	650.9	703.0

* LTM = last 12 months (full year 2000 ./. nine months 2000 + nine months 2001)



30 October, 2001
10.00 a.m.

Teleconference

An international teleconference will be arranged today on 30 October, 2001 at 4.00 p.m. Finnish time (2.00 p.m. London time). The dial-in number is +44-(0)20 8781 0598. (Please call in at 3.50 p.m.) The graphics of the presentation are attached to the report on the Internet. A replay of the teleconference will be available for the next 48 hours at +44-(0)20 8288 4459, code 600 667.

Internet

This report is also available on the Internet at www.kcigroup.com. An audio recording of Mr Gustavson's presentation at the teleconference will be available on the Internet (under "Financial Reports") later on 30 October. To listen to the recording you will need a Java-enabled browser, Netscape Navigator 3.0+ or Microsoft Internet Explorer 3.0+ recommended. Optimal sound quality can be achieved by using version 4 of either Netscape or IE.

Next report

Our Financial Calendar for 2002 will be published in November.

Further information

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Graphics

A graphical presentation of this report is available on the Internet at www.kcigroup.com.

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