

13 August, 2002  
 10.00 a.m.

**KCI Konecranes Group  
 Interim Report January – June 2002**
**LOWER SALES IN STANDARD LIFTING PUT PRESSURE ON GROUP INCOME, OTHER  
 BUSINESS AREAS IMPROVING**

- Business environment remains subdued
- Sales in Services and Special Cranes at or above last year's levels, in Standard Lifting the lag compared to last year is narrowing
- Group EBIT down on low Standard Lifting sales and one time charges for development costs and M&A projects
- Margins up in Services and Special Cranes, down in Standard Lifting
- Financing costs continued to decrease

MEUR	Half year			LTM			LY
	1-6/02	1-6/01	Change %	7/01-6/02	7/00-6/01	Change %	1-12/01
<b>SALES</b>							
Maintenance Services	173.8	169.7	2.4	369.3	367.1	0.6	365.2
Standard Lifting Equipment	96.8	117.4	-17.5	224.3	258.9	-13.4	244.9
Special Cranes	106.6	106.6	0.0	227.3	229.6	-1.0	227.3
Internal Sales	-30.4	-35.3	-13.9	-76.2	-85.3	-10.7	-81.1
<b>Sales total</b>	<b>346.8</b>	<b>358.4</b>	<b>-3.2</b>	<b>744.7</b>	<b>770.3</b>	<b>-3.3</b>	<b>756.3</b>
<b>Income from operations (EBITA)</b>	<b>15.1</b>	<b>22.9</b>	<b>-34.0</b>	<b>51.6</b>	<b>60.7</b>	<b>-15.0</b>	<b>59.4</b>
Goodwill amortisation	-1.9	-2.2	-15.8	-3.8	-4.4	-13.8	-4.1
<b>Operating income (EBIT)</b>	<b>13.3</b>	<b>20.7</b>	<b>-36.0</b>	<b>47.8</b>	<b>56.3</b>	<b>-15.1</b>	<b>55.3</b>
Financial income and expenses	-0.6	-1.1	-49.3	-2.3	-4.6	-50.6	-2.8
<b>Income before taxes and minority interest</b>	<b>12.7</b>	<b>19.6</b>	<b>-35.2</b>	<b>45.5</b>	<b>51.7</b>	<b>-11.9</b>	<b>52.4</b>
<b>Net income</b>	<b>8.6</b>	<b>13.4</b>	<b>-36.2</b>	<b>30.5</b>	<b>35.4</b>	<b>-14.1</b>	<b>35.3</b>
Earnings per share (EUR)	0.58	0.91	-36.2	2.07	2.41	-14.1	2.40
<b>ORDERS RECEIVED</b>							
Maintenance Services	167.3	168.1	-0.5	306.4	320.1	-4.3	307.2
Standard Lifting Equipment	104.9	125.3	-16.3	208.8	248.8	-16.1	229.2
Special Cranes	91.2	109.7	-16.9	191.1	290.8	-34.3	209.6
Internal Orders	-36.1	-32.8	10.1	-70.2	-71.9	-2.4	-66.9
<b>Orders Received total</b>	<b>327.3</b>	<b>370.3</b>	<b>-11.6</b>	<b>636.1</b>	<b>787.8</b>	<b>-19.3</b>	<b>679.1</b>
Order book at end of period	269.6	344.7	-21.8	-	-	-	279.7

**Comment on half-year results:**

In spite of difficult markets both Maintenance and Special Cranes recorded income growth.

Standard Lifting sales (25.7 % of Group) were low, pricing pressures increased and income declined affecting Group income.

On Group level, income was burdened with one time charges for product development in container handling technology and M&A projects.

Services continued to grow, especially in terms of cranes under maintenance contract (+6.8 % y-o-y, +8.4 % from year-end). This will support further steady sales and margins growth.

Standard Lifting now has recorded 6 months with increasing orders. However, the rise has been slower than expected and cost reductions therefore insufficient.

Special Cranes recorded a good level of new orders. The order book stands at a good level. Margins improved according to plan.

**Comment on year-end results:**

The business environment remains difficult.

Services continue to develop favourably on its own merits.

Standard Lifting markets remain difficult, although the decline has now turned into a moderate growth in new orders. Cost



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cuttings will continue to support profitability, but reaching last year's Standard Lifting income level will be challenging. Special Cranes is expected to develop according to plan. Two acquisitions were closed and the Group is continuing its acquisition activities.

### **Stig Gustavson, President and CEO**

*The markets for lifting appliances continue on a low level in all parts of the industrial world, with very few exceptions. The same seems to be true for industrial investment spending in general. This time, also smaller investments, such as modernisations and upgrades, seem to be affected.*

*Previously optimistic forecasts on a coming upturn have generally been downgraded. The Group's own market perception is largely in line with general comments.*

*In this environment the Group is ideally positioned. Our maintenance activities continue to grow, and our new product ranges capture increasing market shares. On June 25, in a Capital Market Day meeting, we presented our Plant Maintenance activities. Employing the same skillsets, assets and business rationale as crane maintenance, Plant Maintenance will provide considerable growth prospects. The total market potential for Plant Maintenance is 5-10 times that of pure crane maintenance.*

*During Q2 the Group attempted a merger with Partek Oyj Abp of Finland. In spite of large support for the merger Partek's largest shareholder, the State of Finland preferred a competing cash bid for its holdings.*

*After the end of the quarter, Demag Cranes and Components GmbH of Germany, was sold to KKR of USA, as part of a large transaction. We will continue to keep a keen eye on our largest competitor.*

*With these large transactions off the radar screen, the Group will now again concentrate on small and mid-size acquisition targets. With the business environment at present levels, there seems to be good opportunities available.*



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## General Review

Group sales January to June was EUR 346.8 million, which is 3.2 % less compared to the sales during the same period last year (EUR 358.4 million). Maintenance Services sales grew 2.4 % and Special Cranes sales stayed at the level of the previous year. Standard Lifting Equipment sales decreased 17.5 % year-on-year. Q2 sales lag year-on-year was now clearly smaller compared to the Q1 lag in Standard Lifting.

The operating income amounted to EUR 13.3 million, which is 36.0 % lower compared to the record level of last year. Group general overhead costs (not reported under business areas) grew clearly while consolidation items (=elimination of internal profit, the share of associated companies' result and Group goodwill amortisation) decreased somewhat. The growth of Group costs was due to relatively large one-off development costs and M&A costs. Group's total EBIT during the second quarter was therefore only at the level of the first quarter. The operating income margin was 3.8 % (5.8 % in 2001). The operating income grew both in Maintenance Services and in Special Cranes, but decreased clearly in Standard Lifting Equipment. This decrease was a direct consequence of the decline in sales. Cost cutting in the Business Area was not sufficient to compensate for the sales decline. Also price competition tightened further.

The operating income before goodwill amortisation (EBITA) was EUR 15.1 million (EUR 22.9 million one year ago).

The costs of Group financing continued to decrease. The net of financing costs and income was now costs of EUR 0.6 million, compared to the net financing costs of EUR 1.1 million one year ago. The cost burden of financing continued to decrease, also during the second quarter compared to the previous quarter.

Income before taxes was EUR 12.7 million or 3.7 % of sales compared to EUR 19.6 million or 5.5 % of sales one year ago.

The net income was EUR 8.6 million, which is equal to 0.58 euro per share (EPS) compared to the net income last year, which was EUR 13.4 million and 0.91 euro per share. Income taxes were accounted for on the basis of income for the period, using a 32.5 % tax rate.

Group net interest bearing debt was EUR 59.4 million at the end of June 2002 and the gearing accordingly at 35.4 % (EUR 80.0 million and 52.9 % one year ago). The cash flow from operations before capital expenditures from January to June was EUR 19.0 million or 1.29 euro per share. The corresponding figures one year ago were EUR 18.6 million and 1.27 euro per share.

The return on capital employed was 12.6 % compared to 19.2 % during the same period last year.

The order intake during the period from January to June 2002 was EUR 327.3 million, which is 11.6 % down from last year (EUR 370.3 million). Orders received grew, however, during the second quarter of 2002 compared to the previous quarter by 13.8 % and the growth was 10.6 % against the second quarter of 2001.

The order book was EUR 269.6 million at the end of June. This is 21.8 % down from one year ago (EUR 344.7 million). From the end of last year the decline in the order book was only 3.6 % and there was an 1 % increase in the order book value compared to the end of the first quarter. Approximately 2/3 of the order book value relates to Special Cranes.

The maintenance contract base continued to grow both in terms of value and number of equipment served. Now there are over 201,500 lifting devices under maintenance contract. This is 8.4 % more compared to the end of last year.

The development during the last 12 months (LTM) ending June 30, 2002 compared to the LTM ending June 2001:

- sales decreased by 3.3 % from EUR 770.3 million to EUR 744.7 million
- the operating income was EUR 47.8 million, which is EUR 8.5 million or 15.1 % down from the corresponding period one year ago
- the net income decreased by EUR 4.9 million or 14.1 % from EUR 35.4 million to EUR 30.5 million
- EPS was now 2.07 euro compared to 2.41 euro one year ago

The Group continued its strong efforts to adjust its operations to the changing situations in the market. The number of employees working in new equipment business areas was reduced further, to 1646, which



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is 168 employees less compared to the end of last year and 201 less compared to the end of June 2001. The strong development of business operations and products also carry a potential for further efficiency improvements.

The number of employees in Maintenance Services increased by 140 persons from the end of last year and by 122 persons compared to the situation one year ago. This is a consequence of both organic and acquired growth.

The Group's total number of employees was 4372 at the end of June (4449 one year ago and 4401 at the end of 2001).

## Review by Business Areas

### **Maintenance Services**

The order intake during the first half of the year was EUR 167.3 million, which is at the same level as it was in 2001 during the same period (EUR 168.1 million), but 20.3 % higher compared to the second half of 2001.

Field service orders grew somewhat year-on-year, however, there are big geographical differences. The most positive development was recorded in the U.K., France and Australia. Orders in North America grew when compared to the second half of last year, but they declined slightly year-on-year. Modernisation and big repair orders dropped clearly from the level of last year. The most positive development in Maintenance Services was recorded in Plant Maintenance. The Group has been active in Plant Maintenance only in Finland, where growth potential in crane maintenance is limited.

Maintenance Services sales in total was EUR 173.8 million, up 2.4 % year-on-year. The growth accelerated slightly from the level of the first quarter.

The operating income was EUR 9.5 million or 5.5 % on sales (last year: EUR 8.9 million or 5.2 % sales). The operating income margin during the second quarter was clearly better compared to the margin during the same quarter last year (6.4 % vs. 5.7 %). In Maintenance services operating income typically improves during the second half of the year and this development is expected to repeat itself also during this year.

The best long term development indicator in maintenance activities is the maintenance agreement base and its development. This development has been fast both in terms of equipment unit quantity and value. The growth in units was 6.8 % from the end of June last year and 8.4 % from the end of last year. There are now 201,500 cranes and hoists in the maintenance service agreement base.

The value of the contract base has also developed positively. The acquired operations gave only a marginal contribution now.

### **New markets for Maintenance: Plant Maintenance**

The Group is expanding the scope of its Maintenance operations, to support ongoing growth. Much of the incentive to expand the scope has come from our customers, who have encouraged us to widen our operations.

The new market target is Plant Maintenance for the engineering, metals and electrotechnical (including electronics) industry.

These industries employ production lines and machinery with a technology and a complexity which closely resemble those of the crane industry. The Group therefore may employ its existing crane maintenance skillsets, asset base and business knowledge to enhance the growth potential of its maintenance activities, without venturing into a new business area. Scale effects are expected to yield margins growth.

Total market potential is estimated at 2 % of the production value of the underlying production. In Finland alone, Plant Services has a sales potential in excess of EUR 250 million. Outsourcing of plant maintenance is a growth area.

The Group's Plant Maintenance operations have developed favourably. Still confined to Finland only, at EUR 20 million, sales has doubled in less than three years. Companies that during 2002 have chosen KCI Plant Services as their contracted plant maintenance partners include Keycat Oy, Normet Oy, Ata Gears Oy, Helvar Oy, Imatra Steel Oy Ab and Andritz Oy. The combined annual sales value of these contracts approach EUR 4 million. The personnel increase during 2002 amounts to 45 persons.

### **Standard Lifting Equipment**



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The order intake was EUR 104.9 million, which is EUR 20.4 million or 16.3 % down from the first six months last year. Fast market deterioration last year both in the Americas and Europe caused the order intake to decrease to EUR 50.2 million during the last quarter in 2001. The order intake during the first quarter of this year was EUR 51.5 million and during the second EUR 53.4 million indicating a turn to a positive development. However, the level of orders is still low. The small order growth is a consequence of growth in market share – not of market growth. There seems to be growth in the equipment market only in China and in some smaller markets while the American market is stable and European markets decline.

Business Area sales was EUR 96.8 million compared to EUR 117.4 million last year. The 17.5 % decrease in sales is due to low order intake during the latter part of last year and in the beginning of this year. There was, however, a slight increase in sales during the second quarter compared to the first. The order book grew more already during Q2/2002.

The operating income remained reasonable during the period and it was EUR 8.9 million or 9.2 % on sales. It was, however, clearly lower than it was one year ago (EUR 14.2 million and 12.1 %). The decrease in operating income was caused by lower sales and sales price pressures in a tough demand situation. Price competition, especially in Europe, has sharpened.

The development and market launch of the new wire rope hoist line has progressed successfully. Now the new product line covers practically all of the industrial cranes lifting capacity area. Almost 90 % of hoist orders are now for the new line. In terms of sales the share of the new hoists has grown to over 60 %.

The efforts further to increase cost competitiveness in the business area will continue. This includes, among other things, dismantling the old wire rope hoist production and further personnel reductions. Reductions have already been implemented although they are not yet fully reflected in the numbers. The development and launching costs of the new hoist line will decrease upon project completion.

### **Special Cranes**

The order intake January to June was EUR 91.2 million. This is 16.9 % less compared to the same period last year. However, during the second quarter,

the value of orders received grew 62.1 % compared to the value in the first quarter and 129.3 % compared to the same quarter last year. Contrary to orders received in the beginning of this year, the most remarkable orders now were received from harbours and shipyards. Orders on cranes to process industries stayed at the level of the first quarter. Special Cranes sales stayed at last year's level, EUR 106.6 million.

The operating income was EUR 7.4 million or 6.9 % on sales. The operating income improved somewhat both in absolute terms and in terms of margin on sales year-on-year. The corresponding figures last year were EUR 7.3 million and 6.8 %.

The order backlog, even though it slightly declined from the level at the shift of the year, stayed at a comfortable level for Special Cranes operations.

### **Group Costs and Consolidation Items**

Group costs, which are not directly allocated to the Business Areas, were EUR 11.5 million during the period January to June. Group costs mainly consist of group management and administrative costs and costs for centralized development functions (such as product and personnel development), legal affairs and group financing. Also costs relating to the development of the group structure through mergers and acquisitions are reported among Group costs.

The Group costs increased with EUR 4.1 million year-on-year. The significant growth in costs is due to substantial expenditures relating to the development of products and development of overall group structure.

Group costs include, during the second quarter, approximately EUR 2.3 million non recurring costs, which relate to our totally renewed container handling technology (so called "Box Hunter" technology), and to the launching of that technology into the market. The completion of the project has been carried out in conjunction with a specific customer order. This is typical in large products as it enables us to get substantial customer financing. Since the beginning of the year, project costs have exceeded the related revenues by approx. EUR 3.2 million.

The Group actively participated in two major M & A projects during the first half of the year. These projects have been commented on in the President's



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Review. During the second quarter, the Group acquired one crane and service company in the USA, and discussions continued on several others. Costs, including costs for advisory services relating to these activities, grew clearly.

Group costs continue to stay clearly above last year's level. We estimate that Group costs for the whole year will be approximately EUR 20 – 21 million. In relation to Group sales this corresponds to the level of these costs three years ago.

Group consolidation items (=elimination of internal profit, share of associated companies result and Group goodwill amortizations) were EUR 1.0 million. This is EUR 1.3 million less compared to the same period last year.

## Sales by Market

Sales by different market areas developed as follows:

	1- 6/2002 Value	%	1- 6/2001 Value	%	Change %
Europe	188.1	54.2	173.3	48.4	+8.5
America	129.2	37.3	149.0	41.6	-13.3
Asia-Pacific	29.5	8.5	36.1	10.1	-18.3
Total	346.8	100.0	358.4	100.0	-3.2

## Comment on currencies

Currency exchange rate fluctuations had only marginal effects on Group sales, orders and profits. The lower US dollar had certain effects on the balance sheet, both on our US dollar assets and debt. The net effect is insignificant.

All transactions in currencies other than the euro have been hedged as an average by approx. one year ahead, or currency risks are covered by other means. Therefore, the recent strengthening of the euro, especially against the US dollar, has not had any impact on the Group's profitability development. The current level of the US dollar is still high in a historical perspective and therefore it is not a significant obstacle when competing against US dollar zone producers.

## Important Orders

Here are some examples on orders received during April-June. The list illustrates our reach, both in terms of customer base and geographical coverage.

General Motors Tool & Die, Flint, Michigan placed an order for components to upgrade 4 existing P&H Cranes including new motors, drives and radio control. This order gives KCI Konecranes the opportunity to supply its full range of services directly to General Motors including inspections, new equipment and spare parts.

First Energy of Ohio, USA, has requested that Crane Pro Services (KCI Konecranes' American service organisation) including Drivecon, our American drives operation, modernize the drives, controls, motors and brakes on their 180/25 ton Polar Crane at the Davis Besse Nuclear Facility in Oak Harbor.

Konecranes VLC has signed a contract with ZAO First Container Terminal (FCT) for two Panamax Ship-to-Shore (STS) Container cranes for St Petersburg, Russia.

KCI Konecranes was chosen to supply the design and component package for two Shipyard Goliath Gantry Cranes in the People's Republic of China. The Dalian Shipyard has an option to order one additional similar crane by the end of year 2002.

BILK Kombiterminal Rt. (BILK = Budapest Intermodal Logistics Centre) of Hungary, ordered two container gantry cranes for a new Intermodal terminal south of Budapest. The new terminal will serve as a junction for transportation of goods within the region. The customer intends to apply the concept also in neighbouring countries.

KCI Konecranes received several orders for waste – to-energy cranes among these several cranes to Hässleholm Fjärrvärme and Osby Fjärrvärme both located in Sweden and two cranes to Silea Spa of Italy.

M-real ordered several paper mill cranes and modernisation on existing cranes at its mill in Sittingbourne, Kent, U.K.

Siemens of Germany ordered several power plant cranes with special hook for lifting turbine rotors for the Al Shuweihat power plant in the United Arab Emirates.



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Alcan Rolled Products ordered a special crane for handling rolled products of aluminium at their plant in Rogerstone, South Wales, U.K.

Shandong Bohui Paper Co, Ltd in China ordered three sets of electric overhead travelling cranes, including both wet and dry end paper mill cranes.

KCI Konecranes was awarded a multi crane project from GTI including in total 15 CXT cranes for GTI's new manufacturing shop in Beek, The Netherlands.

### Important events

Two large M&A projects were pursued. Comments are included in the President's letter in this report.

The hoist and crane business of **Shepard Niles Inc.** which was acquired at the end of March was included in the Group's figures since April 1, 2002. The business has started off well and profitability objectives have been met.

The crane and maintenance business of **Burlington Engineering** Division, which was acquired in June has been taken over and included in the balance sheet at the end of June. The revenues and costs will be included in the Group's figures from July 2002 on.

On June 25 a **Capital Market Day** was organized at our headquarters and plants in Hyvinkää and Hämeenlinna. The Capital Market Day also included a visit to the Port of Helsinki. The CMD was a very positive event, with over 20 participants, mainly research analysts from London and Helsinki.

The program focused around Maintenance Services and its development aspects. We also covered harbor crane maintenance.

A new maintenance operation was introduced to analysts: **Plant Maintenance** for the engineering, metals and electrotechnical (including electronics) industry.

Analyst comments after the Capital Market Day have generally been very positive.

Progress in the **arbitration process against Baan N.V.** has been slow. We now expect final hearings to be held in mid 2003. As expected, Baan has now

increased its counterclaim against KCI Konecranes. According to media reports, there seems to be substantial uncertainty relating to the future structure of Baan's parent company, Invensys of the U.K.

### Shares and Shareholders

On June 28 KCI Konecranes' share closed at EUR 34.00, up with 19.30 % from year-end (2001: EUR 28.50). During January-June 2002 the HEX general index decreased by 31.14 % and HEX portfolio index by 7.35 %. The HEX Metal & Engineering index increased with 10.61 %.

The lowest share price since year end 2001 has been EUR 28.20 and the highest EUR 36.83. Total market capitalisation at the end of June was EUR 510 million, the 33rd highest market value of companies listed on Helsinki Exchanges.

Altogether 6,113,250 KCI Konecranes shares were traded on Helsinki Exchanges during January-June 2002, which represents 41.59 % of the outstanding shares. In monetary terms trading was EUR 203.7 million, which was the 22nd largest trading among companies listed on Helsinki Exchanges.

The non-Finland-based shareholding at the end of June 2002 was 67.16 %.

The Capital Group Companies, Inc.'s (Taxpayer I.D. 86-0206507) notified on June 13 that its holding in KCI Konecranes International Plc on June 11, 2002 reached 5.24% of the company's total share capital and 5.21% of the voting rights (0.03% of the voting rights are directly held by the end client).

Franklin Resources Inc. (trade reg.13-2670991) notified on May 10, 2002 that the holding of shares and pertaining voting rights by the mutual funds and separate accounts managed by the affiliated investment advisers of Franklin Resources, Inc., in KCI Konecranes International Plc on May 8, 2002 amounted to 16.16 % of the share capital and the voting rights of the Company.

In accordance with the decision of the Annual General Meeting, the company bought back between October 14 and November 25, 1999, 300,000 of its own shares at an average price of EUR 24.96 per share. At June 30, 2002, the company held 300,000 shares with a total nominal value of EUR 600.000 and



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a total purchase price of MEUR 7,5 which is 2 % of total amount of shares and votes.

The first half of the 1999 option plan became exercisable on April 1, 2002. Option holders (approx. 300 top and middle management employees), have the right to exercise their options at EUR 33/share during the next three years. At the end of June there had been no subscriptions for new shares under the option plan.

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Services continued to grow, especially in terms of cranes under maintenance contract (+6.8 % y-o-y, +8.4 % from year-end). This will support further steady sales and margins growth.

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Services continue to develop favourably on its own merits.

Standard Lifting markets remain difficult, although the decline has now turned into a moderate growth in new orders. Cost cuttings will continue to support profitability, but reaching last year's Standard Lifting income level will be challenging.

Special Cranes is expected to develop according to plan.

Two acquisitions were closed and the Group is continuing its acquisition activities.

Hyvinkää, 13 August, 2002

The Board of Directors

### **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.



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**Statement of Income (MEUR)**

	<b>1-6/2002</b>	<b>1-6/2001</b>	<b>1-12/2001</b>
Sales	346.8	358.4	756.3
Share of result of participating interest undertakings	-0.1	-0.2	-0.3
Depreciation	-8.0	-8.4	-16.0
Other operating expenses	-325.4	-329.1	-684.8
Operating income	13.3	20.7	55.3
Interests, net	-1.1	-1.7	-3.4
Other financial income and expenses	0.5	0.6	0.6
Income before taxes	12.7	19.6	52.4
Taxes	-4.1 <sup>1</sup>	-6.2 <sup>1</sup>	-17.1
<b>Net Income for the period</b>	<b>8.6</b>	<b>13.4</b>	<b>35.3</b>
<b>Profit /share (EUR)</b>	<b>0.58</b>	<b>0.91</b>	<b>2.40</b>

**Consolidated Balance Sheet (MEUR)**

	<b>6/2002</b>	<b>6/2001</b>	<b>12/2001</b>	
Fixed Assets	99.6	103.6	99.0	
Inventories	82.2	114.0	90.8	
Receivables and other current assets	227.8	224.2	249.3	
Cash in hand and at banks	10.3	10.5	16.8	
<b>Total assets</b>	<b>419.9</b>	<b>452.3</b>	<b>455.9</b>	
Equity	175.0	158.7	180.2	
Minority Interest	0.1	0.1	0.1	
Provisions	11.2	15.3	12.9	
Long-term debt	42.2	40.5	56.0	
Current liabilities	191.4	237.7	206.7	
<b>Total shareholders' equity and liabilities</b>	<b>419.9</b>	<b>452.3</b>	<b>455.9</b>	
Gearing	35.4%	52.9%	28.9%	
Solidity	42.8%	37.5%	41.4%	
Return on capital employed <sup>2</sup>	12.6%	LTM 02 21.1 %	LTM 01 24.8 %	24.3%

<sup>1</sup> According to estimated tax rate

<sup>2</sup> Calculated on annual basis



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Equity/share(EUR)	11.40	10.29	11.75
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### Contingent Liabilities and Pledged Assets (MEUR)

	6/2002	6/2001	12/2001
Mortgages and pledged assets			
For own debts	5.9	5.9	5.9
For commercial Guarantees	0.9	0.6	0.8
Own commercial guarantees	106.3	130.7	143.7
Guarantees			
For associated company's debt	0.8	0.8	0.7
For others	0.1	0.1	0.2
Leasing liabilities	18.4	18.3	18.0
Other liabilities	1.1	0.8	2.2
<b>Total</b>	<b>133.5</b>	<b>157.2</b>	<b>171.6</b>

### Notional Amounts of Derivative Financial Instruments (MEUR)

	6/2002	6/2001	12/2001
Foreign exchange forward contracts	452.5	622.2	582.7
Interest rate swap	25.0	25.0	25.0
Currency options	109.2	0.0	0.0
<b>Total</b>	<b>586.7</b>	<b>647.2</b>	<b>607.7</b>

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 order book and equity represent approximately one third of the total notional amounts.

### Investments

	1-6/2002	1-6/2001	1-12/2001
<b>Total (excl.acquisitions of subsidiaries) (MEUR)</b>	<b>8.0</b>	<b>6.2</b>	<b>11.3</b>



13 August, 2002  
10.00 a.m.

**DEVELOPMENT BY BUSINESS AND MARKET AREA**

**Sales by Business Area (MEUR)**

	1-6/2002	1-6/2001	LTM*	LTM Year ago	1-12/2001
Maintenance Services	173.8	169.7	369.3	367.1	365.2
Standard Lifting Equipment	96.8	117.4	224.3	258.9	244.9
Special Cranes	106.6	106.6	227.3	229.6	227.3
./. Internal	-30.4	-35.3	-76.2	-85.3	-81.1
<b>Total</b>	<b>346.8</b>	<b>358.4</b>	<b>744.7</b>	<b>770.3</b>	<b>756.3</b>

**Operating Income by Business Area (MEUR)**

	1-6/2002		1-6/2001		1-12/2001		LTM*	LTM* Year ago
	MEUR	%	MEUR	%	MEUR	%	MEU R	MEU R
Maintenance Services	9.5	5.5	8.9	5.2	24.1	6.6	24.7	24.8
Standard Lifting Equipment	8.9	9.2	14.2	12.1	29.2	11.9	23.9	29.0
Special Cranes	7.4	6.9	7.3	6.8	17.1	7.5	17.2	19.8
Group costs	-11.5		-7.4		-11.9		-16.0	-13.3
Consolidation items	-1.0		-2.3		-3.2		-1.9	-4.1
<b>Total</b>	<b>13.3</b>		<b>20.7</b>		<b>55.3</b>		<b>47.8</b>	<b>56.3</b>

\* LTM = last 12 months (full year 2001 ./. six months 2001 + six months 2002)



13 August, 2002  
10.00 a.m.

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

	<b>6/2002</b>	<b>6/2001</b>	<b>12/2001</b>
Maintenance Services	2,621	2,499	2,481
Standard Lifting Equipment	973	1,141	1,109
Special Cranes	673	706	705
Group staff	105	103	106
<b>Total</b>	<b>4,372</b>	<b>4,449</b>	<b>4,401</b>
<b>Average number of personnel during period</b>	<b>4,373</b>	<b>4,444</b>	<b>4,434</b>

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

	<b>1-6/2002</b>	<b>1-6/2001</b>	<b>LTM*</b>	<b>LTM Year ago</b>	<b>1-12/2001</b>
Maintenance Services	167.3	168.1	306.4	320.1	307.2
Standard Lifting Equipment	104.9	125.3	208.8	248.8	229.2
Special Cranes	91.2	109.7	191.1	290.8	209.6
./. Internal	-36.1	-32.8	-70.2	-71.9	-66.9
<b>Total</b>	<b>327.3</b>	<b>370.3</b>	<b>636.1</b>	<b>787.8</b>	<b>679.1</b>

**Order Book (Excl. Service Contract Base)**

	<b>6/2002</b>	<b>6/2001</b>	<b>12/2001</b>
<b>Total (MEUR)</b>	<b>269.6</b>	<b>344.7</b>	<b>279.7</b>

**Sales by Market (MEUR)**

	<b>1-6/2002</b>	<b>1-6/2001</b>	<b>LTM*</b>	<b>LTM Year ago</b>	<b>1-12/2001</b>
Nordic and Eastern Europe	86.5	72.9	197.0	171.1	183.4
EU (excl. Nordic)	101.6	100.4	214.8	216.2	213.6
Americas	129.2	149.0	257.6	312.6	277.4

\* LTM = last 12 months (full year 2001 ./.. six months 2001 + six months 2002)



13 August, 2002  
10.00 a.m.

Asia-Pacific	29.5	36.1	75.4	70.4	81.9
<b>Total</b>	<b>346.8</b>	<b>358.4</b>	<b>744.8</b>	<b>770.3</b>	<b>756.3</b>

### Teleconference

An international teleconference will be arranged today on 13 August, 2002 at 4.00 p.m. Finnish time (2.00 p.m. London time). The dial-in number is +44-(0)20 8401 1043. (Please call in at 3.50 p.m.) The graphics of the presentation are attached to the report on the Internet at [www.kcigroup.com](http://www.kcigroup.com). A replay of the teleconference will be available for the next 48 hours at +44-(0)20 8288 4459, code 637522.

### Internet

This report is also available on the Internet at [www.kcigroup.com](http://www.kcigroup.com). An audio recording of Mr Gustavson's presentation at the teleconference will be available on the Internet (under "Reports and publications") later on 13 August.

### Next report

Interim Report, 3<sup>rd</sup> quarter, will be published on 29 October, 2002 at 10.00 a.m. Finnish time (8.00 a.m. London time).

### Further information

Mr Stig Gustavson, 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.kcigroup.com/IR Presentations](http://www.kcigroup.com/IR/Presentations).

### KCI KONECRANES INTERNATIONAL PLC

P.O. Box 661  
FIN-05801 Hyvinkää  
Tel. +358-20 427 11  
Fax +358-20 427 2099

[www.kcigroup.com](http://www.kcigroup.com)

Domicile Hyvinkää, Finland  
Business ID 0942718-2