

KONECRANES CAPITAL MARKETS DAY 2014

KONECRANES CHINA

Steven Xie, Country Director China

KONECRANES®
科尼® 中国



AGENDA

CHINA ECONOMIC ENVIRONMENT

Konecranes Footprint in China

Business Development

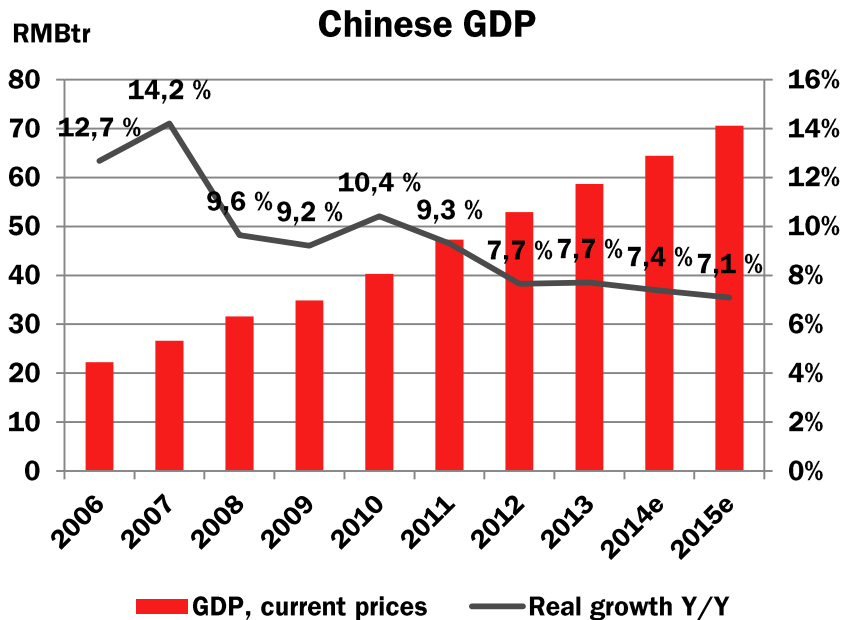
Challenges & Opportunities

CHINA NEW NORMAL

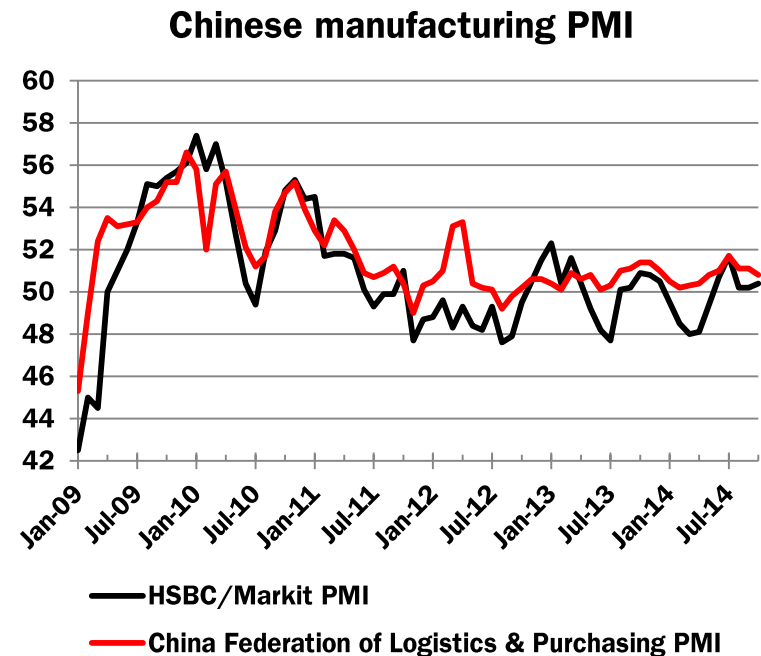
New Normal of China's economy has 3 main features:

SPEED

The economy has shifted gear from the previous high speed to a medium-to-high speed growth



Source: IMF



Latest data point: Oct 2014

CHINA NEW NORMAL

STRUCTURE

The economic structure is constantly improved and upgraded



DRIVING FORCE

The economy is increasingly driven by innovation instead of input and investment



WHAT DOES THE NEW NORMAL MEAN FOR KONECRANES' BUSINESS

- Industry is changing faster than before
- Ratio of customer structure is changing dramatically
 - In the past, FDI:Domestic=7:3
 - Nowadays, Domestic:FDI=7:3
- Go west
- Customer demands showing diversity
- Demand of professional service is growing up swiftly

KONECRANES®
科尼® 中国

AGENDA

China Economic Environment

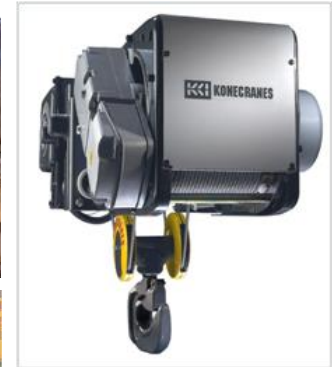
KONECRANES FOOTPRINT IN CHINA

Business Development

Challenges & Opportunities

SHORT HISTORY OF KONECRANES CHINA

- Harbour Cranes (VLC) sold from Finland from mid-70's
 - Related maintenance services, systematically from 1990
 - Process cranes sold as part of third party deliveries
 - Licensees
-
- 1997: Established location in Shanghai
 - 2002: First foreign crane company to receive a full range of business licenses



KONECRANES CHINA IN 2014: ~1500 EMPLOYEES, 4 FACTORIES, 5 BRANDS

KONECRANES®
科尼® 中国

KONECRANES®
Lifting Businesses™

EST.2002
19 branch offices, 60 Service locations

SWF
KRANTECHNIK

EST.2010
4 branch offices

STAHL
CraneSystems

EST.2007
3 branch offices

三马
SANMA

J.V. 2009
25 branch offices

MORRIS
CRANE SYSTEMS

EST.2014
1 branch office



- ★ Konecranes factory
- Konecranes office
- SWF office
- ▲ SWF distributor
- Stahl CraneSystems office
- SanMa office
- Morris office
- ▲ Morris distributor



INDUSTRIAL CRANES & COMPONENTS MANUFACTURING – Shanghai & Jingjiang

- Shanghai opened in 2002, expanded in 2005
- JV in Jingjiang since 2009, increase of ownership to 100% in 2014
- Products
 - Industrial cranes
 - Wire rope hoists
 - Chain hoists
 - Crane electrics & components





HEAVY LIFT TRUCKS MANUFACTURING – Shanghai

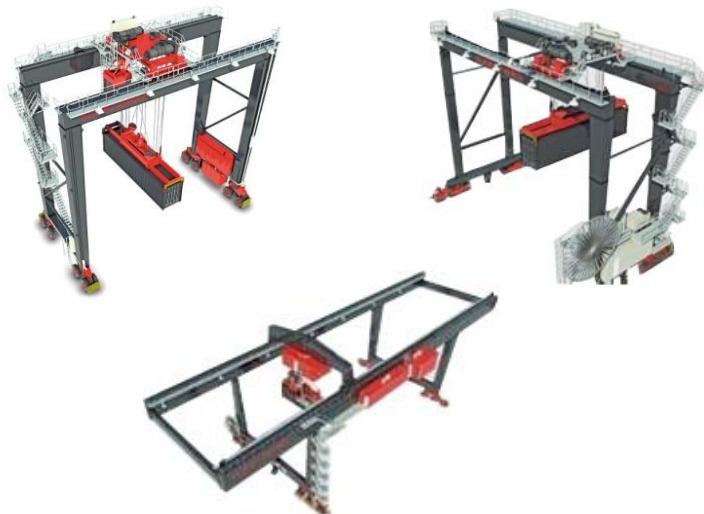
- Opened in 2007,
expanded in 2010
- Products
 - Reach stackers
 - Empty container handlers
 - Fork lift trucks





HEAVY COMPONENTS & TROLLEY MANUFACTURING – Dalian

- Opened 2004
- Products
 - RTG/RMG/ASC trolleys
 - Port crane components



AGENDA

China Economic Environment

Konecranes Footprint in China

BUSINESS DEVELOPMENT

Challenges & Opportunities

DUAL CHANNEL STRATEGY

CUSTOMERS

Beta channel

KONECRANES®

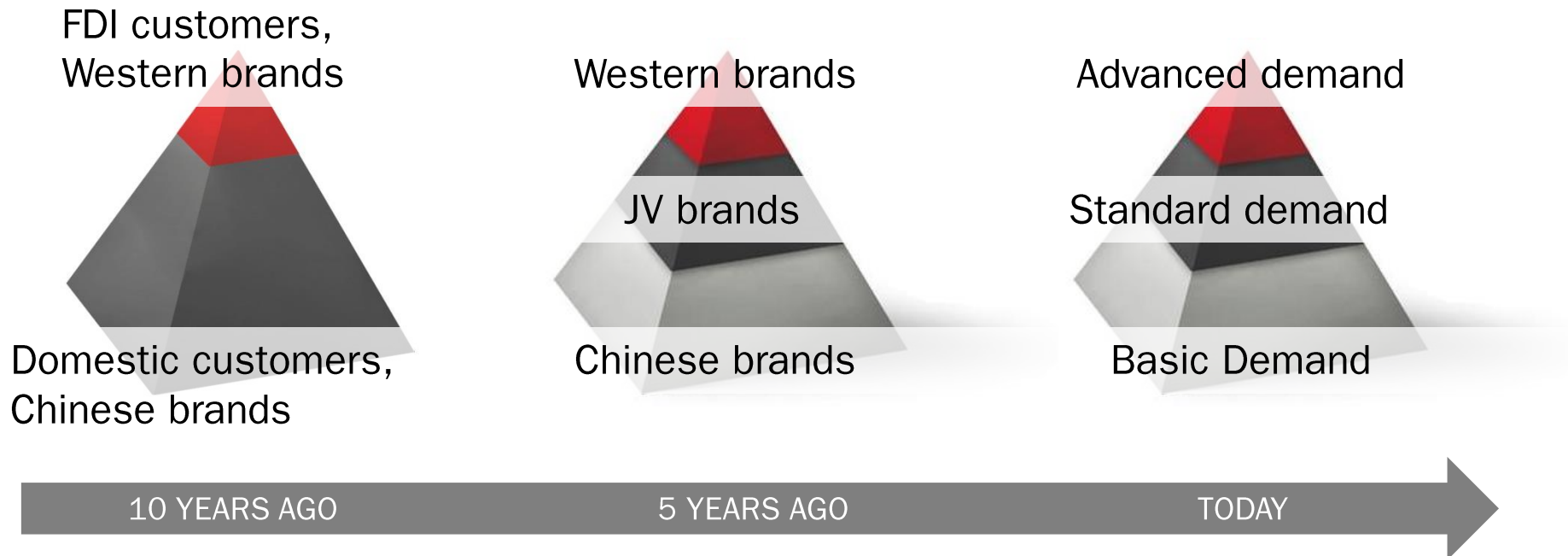
Alfa customers

- Distribution Channels
- OEM Crane Builders
- Turnkey Providers

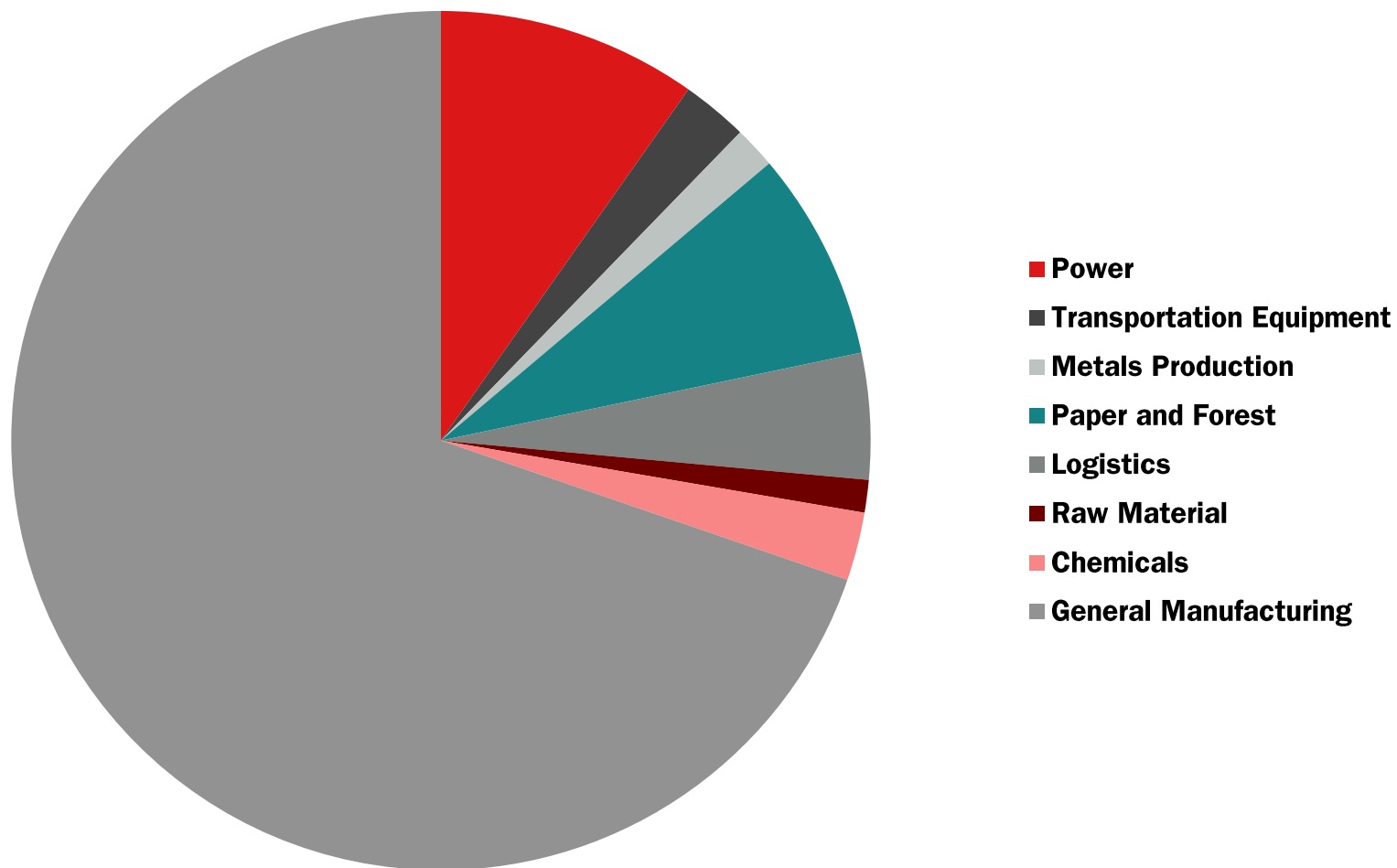
Alfa companies



CHINA MARKET STRUCTURE



GROUP SALES BY CUSTOMER SEGMENT IN CHINA



CUSTOMER CASE EXAMPLE

– Envision Energy

- Renewable energy
 - Wind Power
- Chinese high-tech company
 - Private
 - Growing up quickly
 - R&D
 - Global footprint
- Full Konecranes portfolio
 - Smarton and CXT industrial cranes
 - Chain hoists
 - Contracted service
 - TRUCONNECT Remote Services



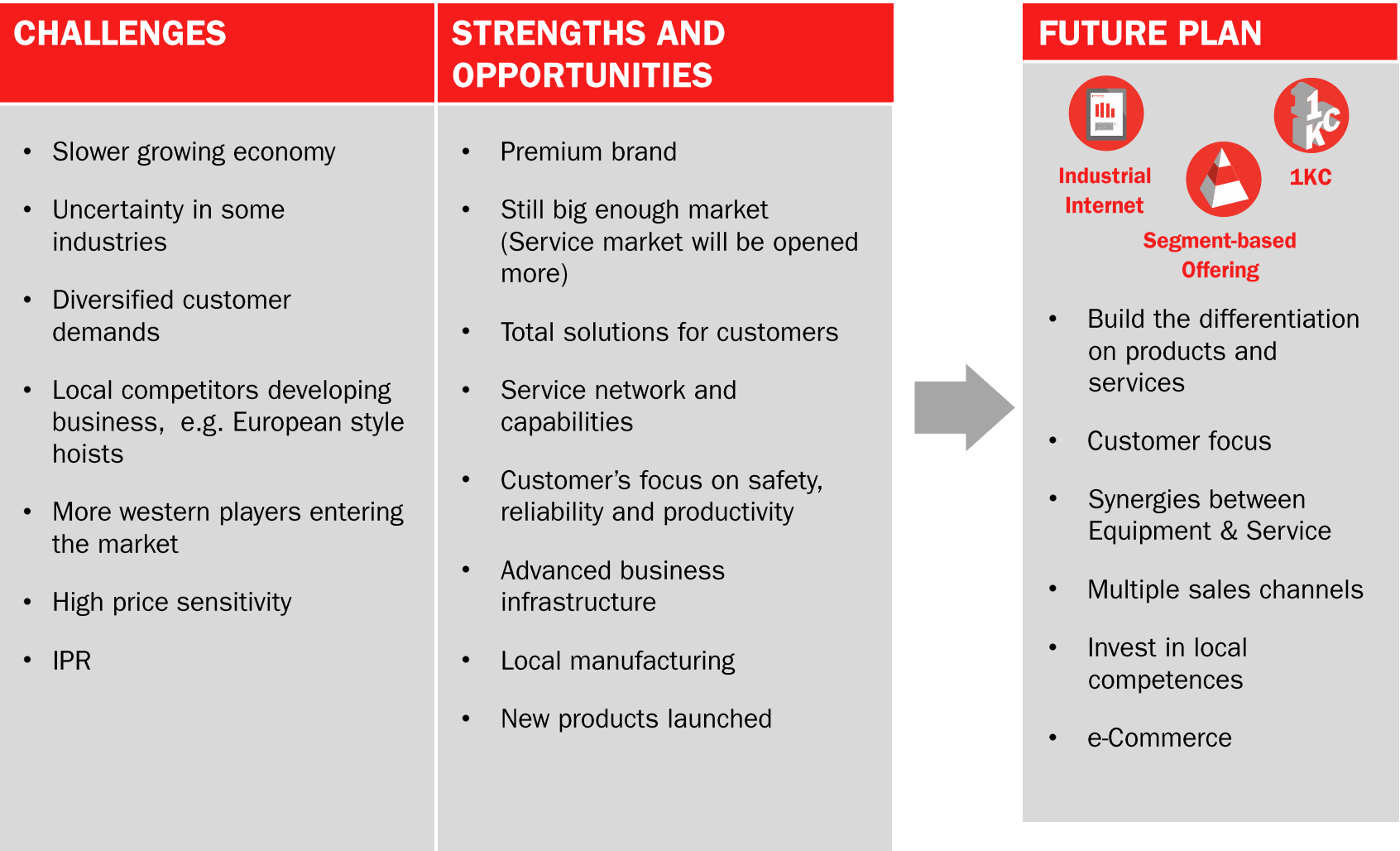
AGENDA

China Economic Environment

Konecranes Footprint in China

Business Development

CHALLENGES & OPPORTUNITIES





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