

Q2 2011 INTERIM REPORT

July 21, 2011

Pekka Lundmark, President and CEO

Teo Ottola, CFO

HIGHLIGHTS OF Q2/11

- **Positives**

- All-time high order intake in Service
- Strong order growth in Equipment
- Orders grew in all regions

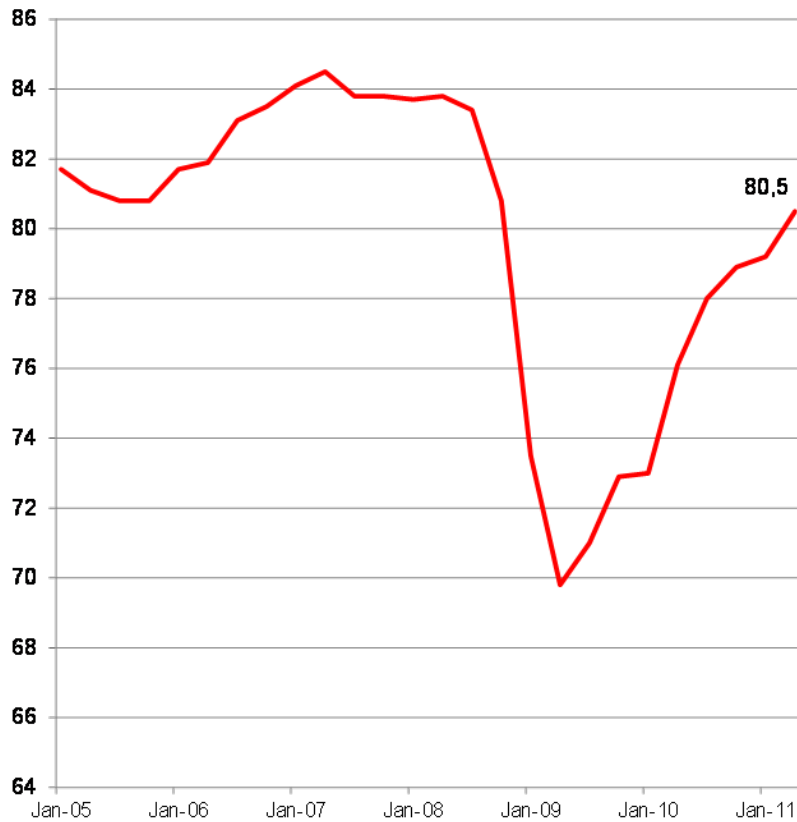
- **Negatives**

- Operating profit growth held back by:
 - Increased technology and IT development
 - Less favorable sales mix
 - Costs of expanding Service branch network
 - Price increases lagging cost inflation in Industrial Cranes and Lift Trucks

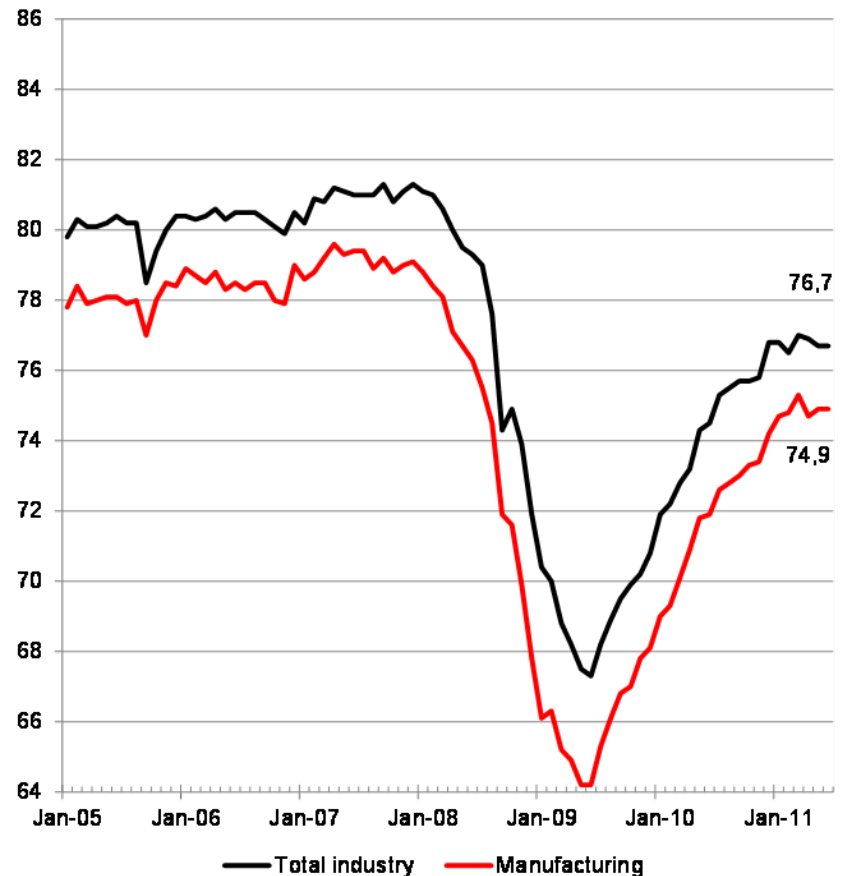
Q2 ORDERS RECEIVED Y/Y	EMEA	AME	APAC
SERVICE			
EQUIPMENT			

CAPACITY UTILIZATION: EU27 AND USA

Capacity utilisation of manufacturing in EU



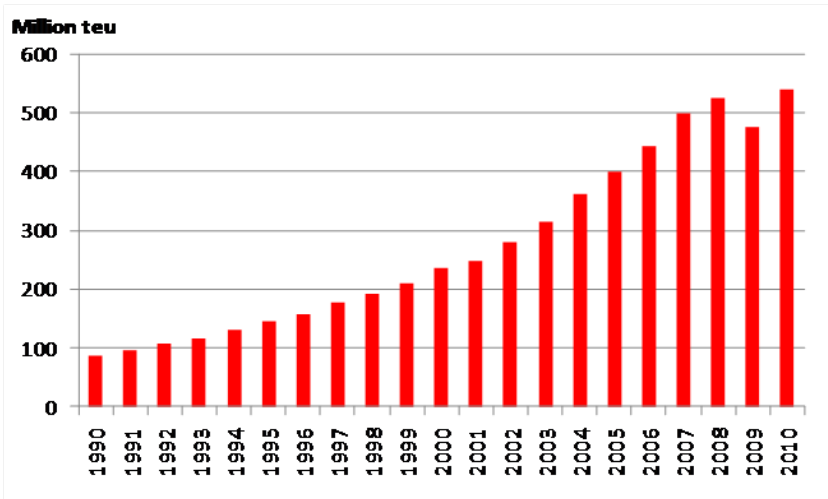
Capacity utilisation in the USA



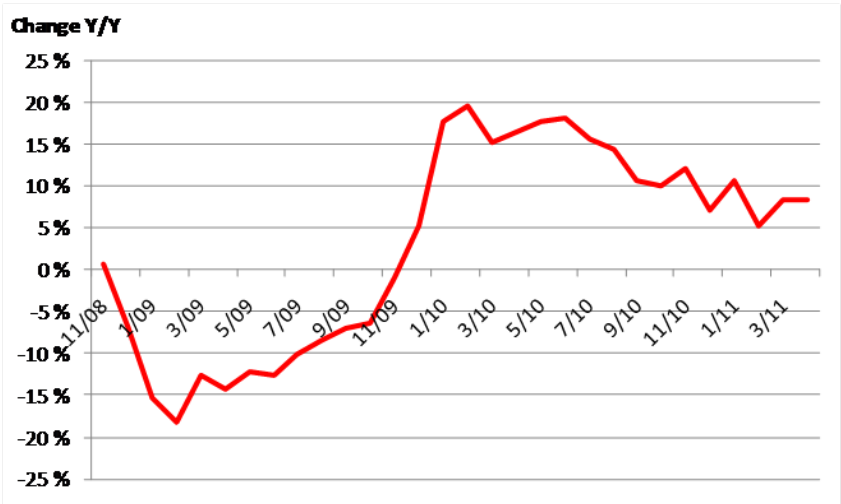
SOURCES: Eurostat (latest data point Q2/11), Federal Reserve Bank of St. Louis (June 2011)

CONTAINER TRAFFIC

Annual container handling volume



Monthly container handling volume



SOURCES: Drewry Container Annual 2009/2010, Drewry Container Port Insight (latest data point April 2011)

MARKET OUTLOOK AND FINANCIAL GUIDANCE AS OF JULY 21, 2011






Market outlook

- Forecasting the demand has become more challenging due to the macroeconomic uncertainties caused by the budget deficits and the level of public debt in Europe and the US.
- Despite the aforesaid, the demand for maintenance services is expected to be above last year's level due to the higher capacity utilization within customer industries.
- Also, the demand for new equipment is expected to grow compared to last year. However, due to the timing of large port crane projects, the quarterly Equipment order intake may fluctuate significantly.

Financial guidance

- We forecast year 2011 sales and operating profit to be higher than in 2010.
- The increased technology and IT development will add approximately EUR 20 million to our cost base from 2011, while the benefits will follow from 2012 onwards.

ACQUISITIONS IN H1/11

- Koman Gruas – Crane and service company in Chile 
 - WMI Cranes – One of the leading manufacturers of heavy-duty cranes in India 
 - Zeiss Staplerservice – Operations of lift truck service company in Austria 
 - Schneider Werkzeugmaschinen – entry to MTS business in Germany
 - Eleve – Service business assets of Spanish company 
 - Saudi Cranes – Saudi Arabian crane manufacturer 
-
- Capex on acquisitions EUR 77.7 million in H1/11
 - Acquisitive impact approximately 3% on orders and 4% on sales in H1/11

ACQUISITION OF SAUDI CRANES

- Saudi Arabian supplier of industrial cranes and licensee Konecranes
- Customers in the oil, gas & petrochemical industries, steel plants, railways, workshops, power plants and other process industries in the whole of the Arabian Peninsula
- Saudi Cranes has approximately 100 employees and net sales of EUR 17 million (2010)
- Excellent base for establishing and developing services to the Saudi Arabian market

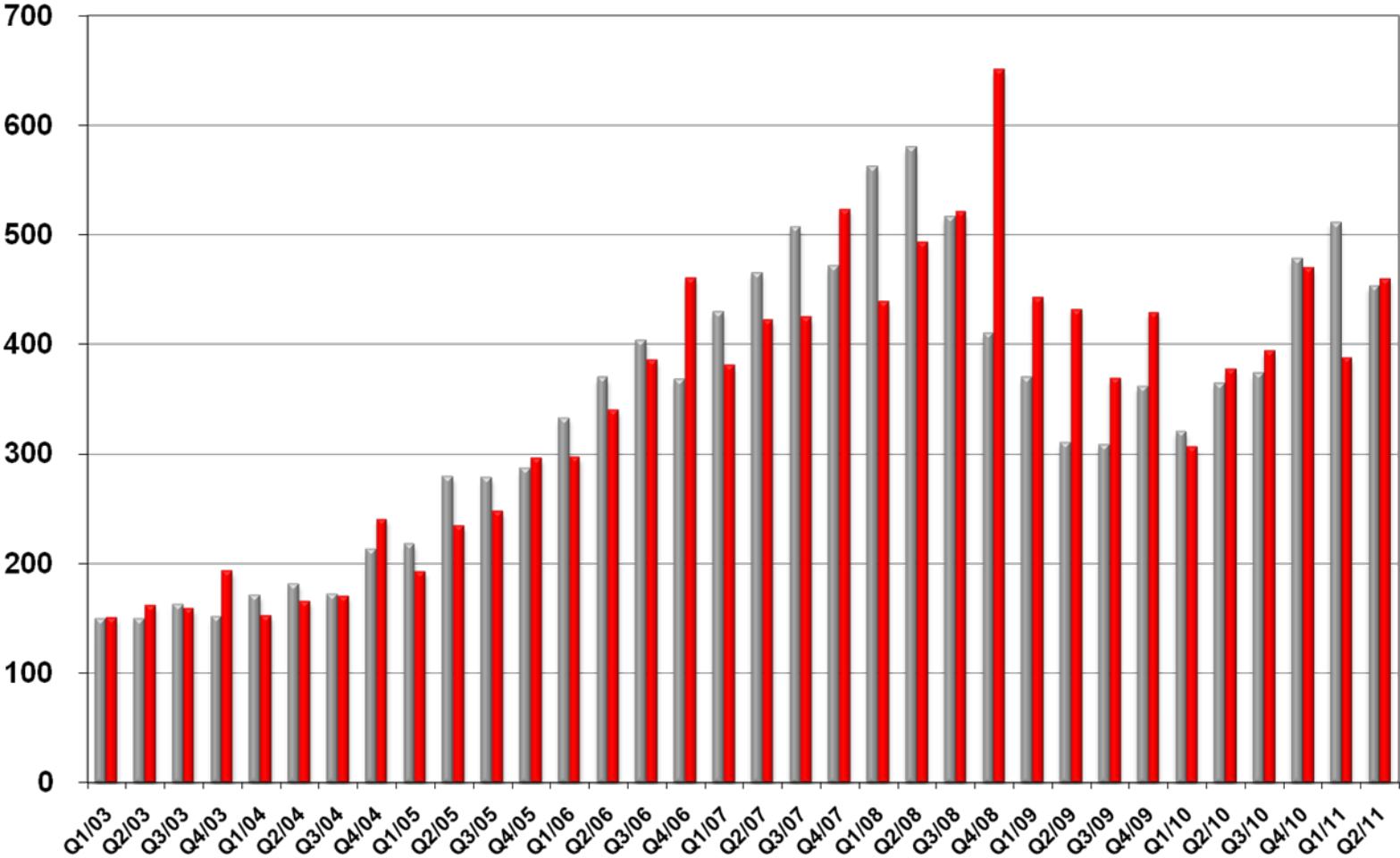


GROUP ORDERS AND NET SALES

Q2 Orders: 452.8 (364.4) MEUR, +24.3% | Net sales: 459.5 (377.0) MEUR, +21.9%

MEUR

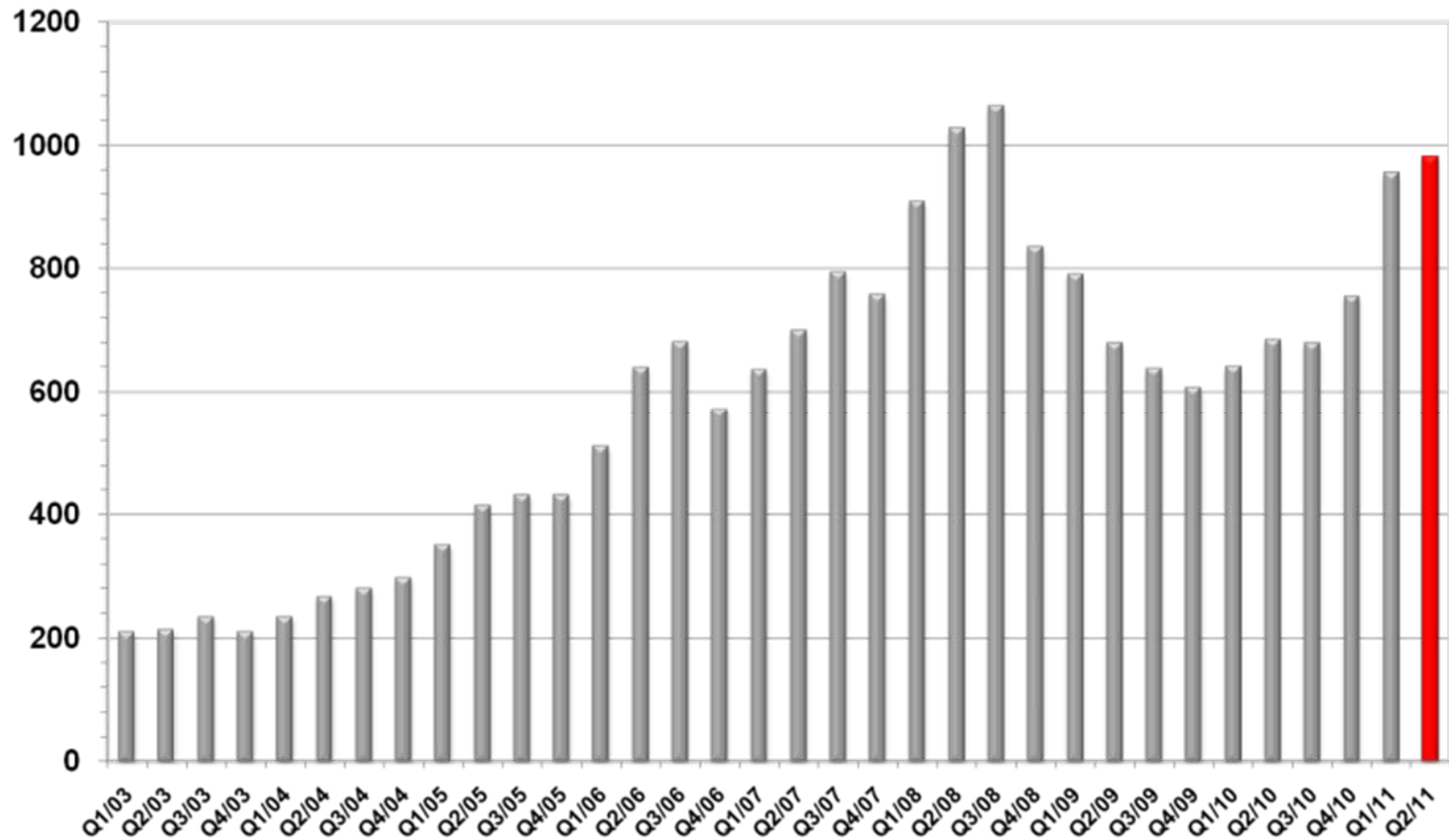
■ ORDERS ■ SALES



GROUP ORDER BOOK

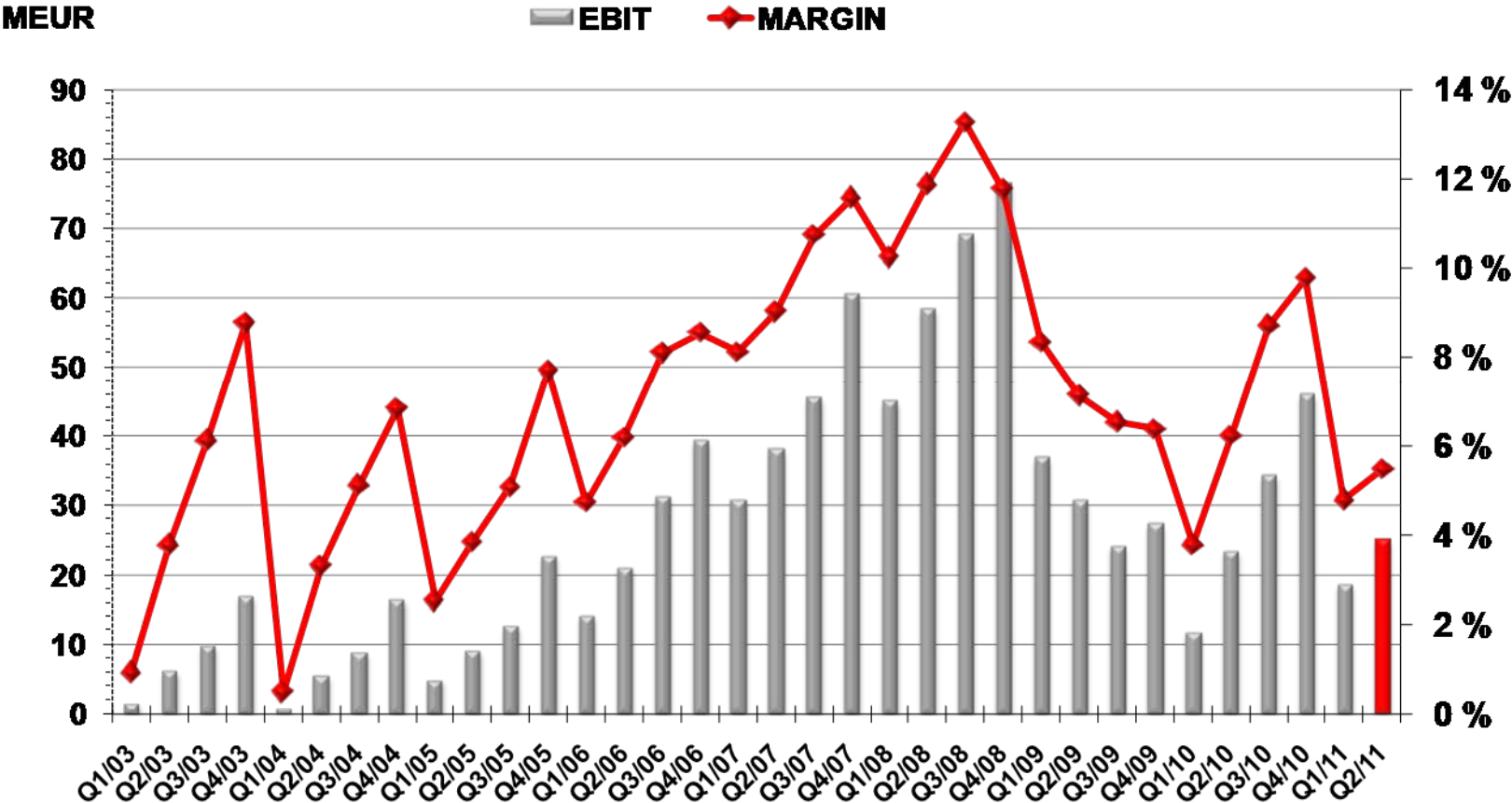
Q2 Order book: **981.0 (685.2) MEUR, +43.2%**

MEUR



GROUP EBIT & MARGIN

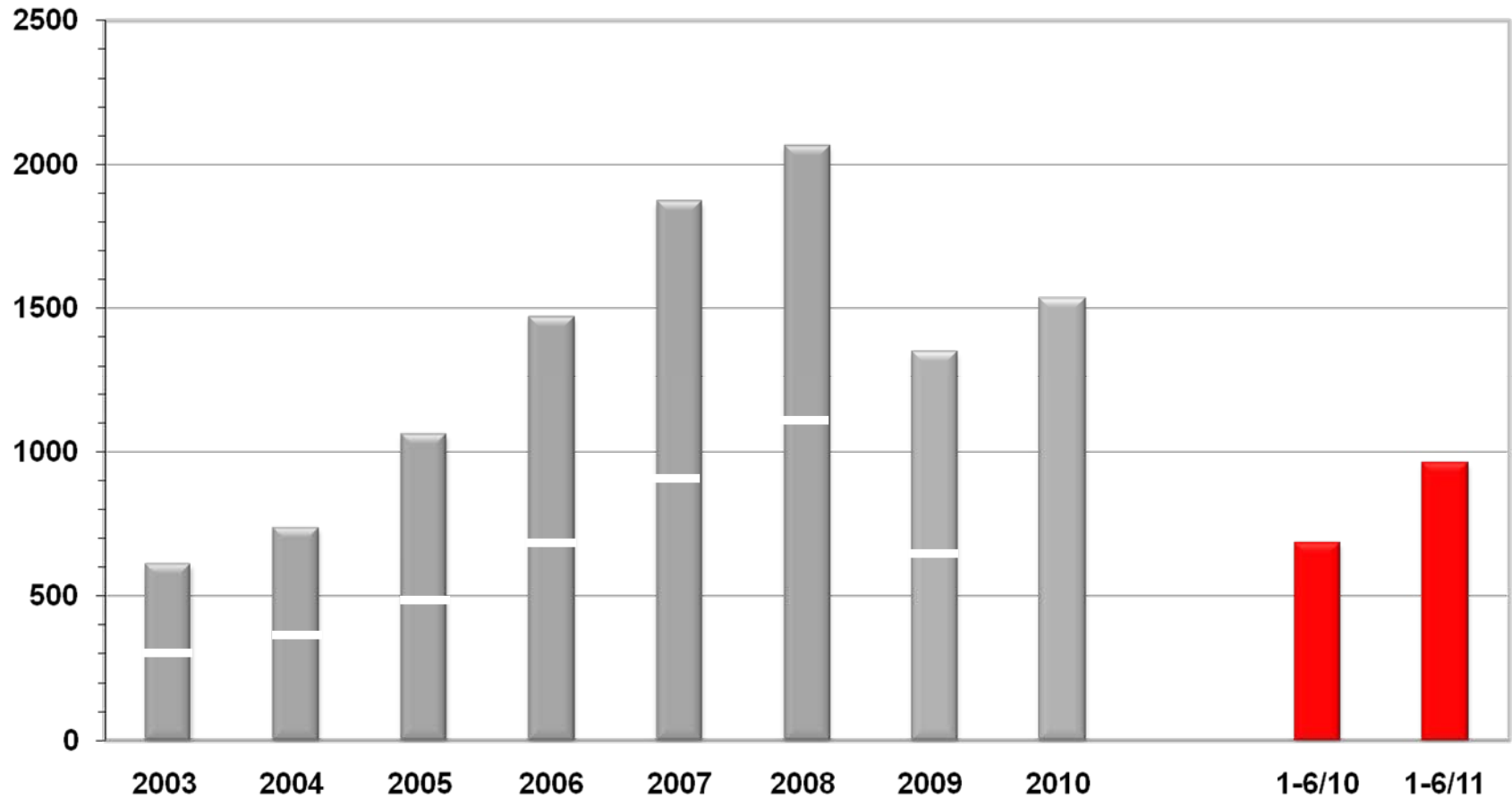
Q2 EBIT: 25.1 (23.4) MEUR, +7.4% | MARGIN: 5.5% (6.2%), excluding restructuring costs



GROUP ORDERS RECEIVED

H1 Orders: 963.7 (684.9) MEUR, +40.7%

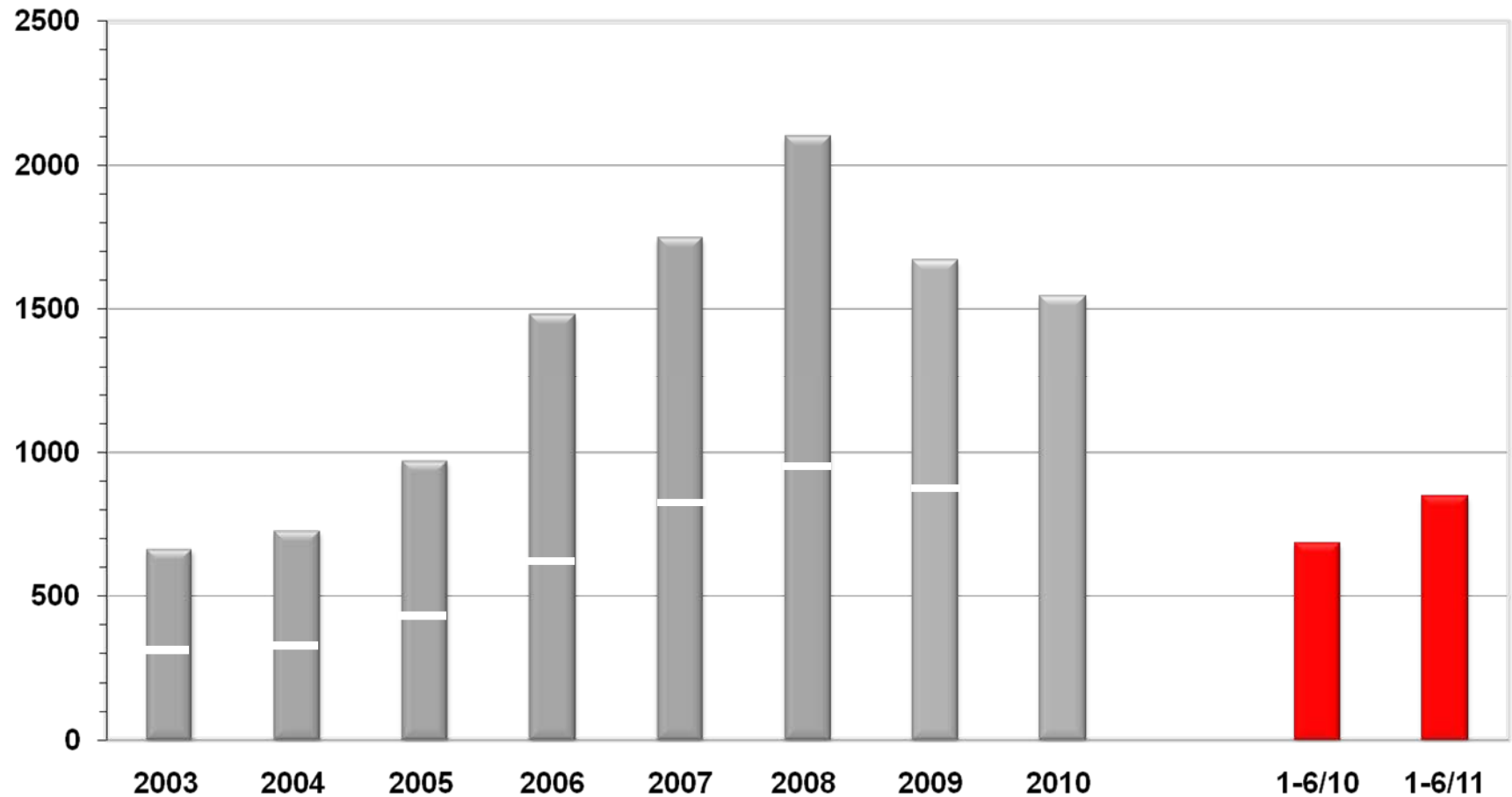
MEUR



GROUP NET SALES

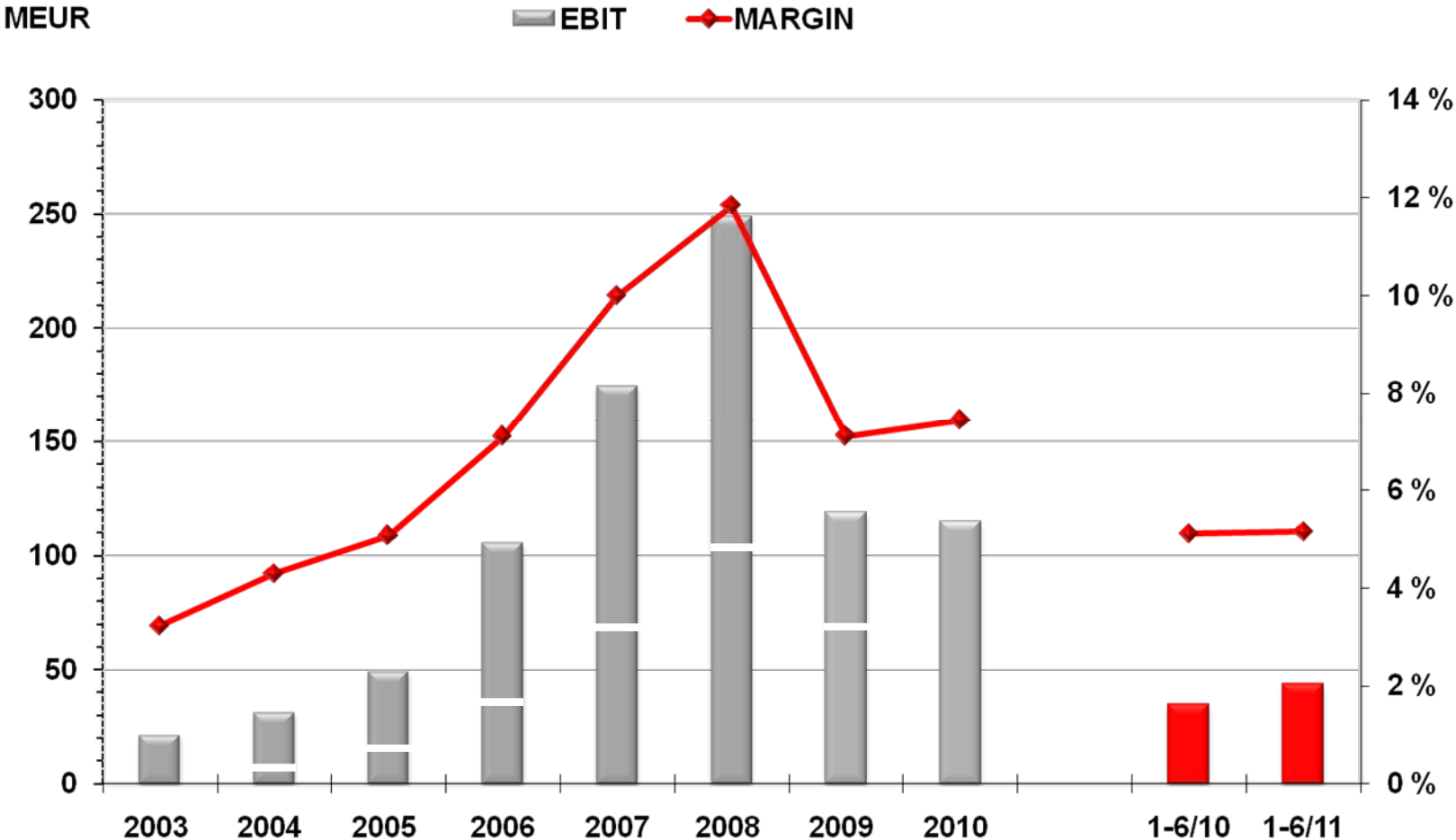
H1 Net sales: **847.3 (683.3) MEUR, +24.0%**

MEUR

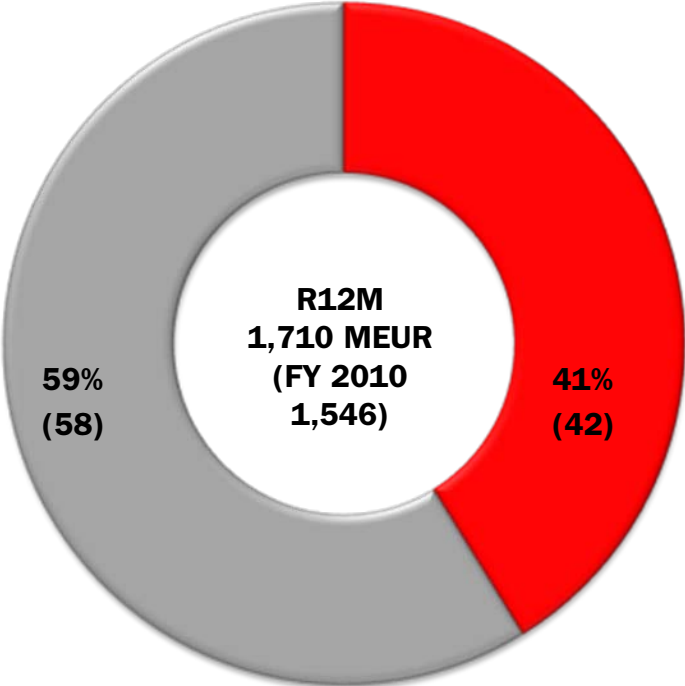


GROUP EBIT & MARGIN

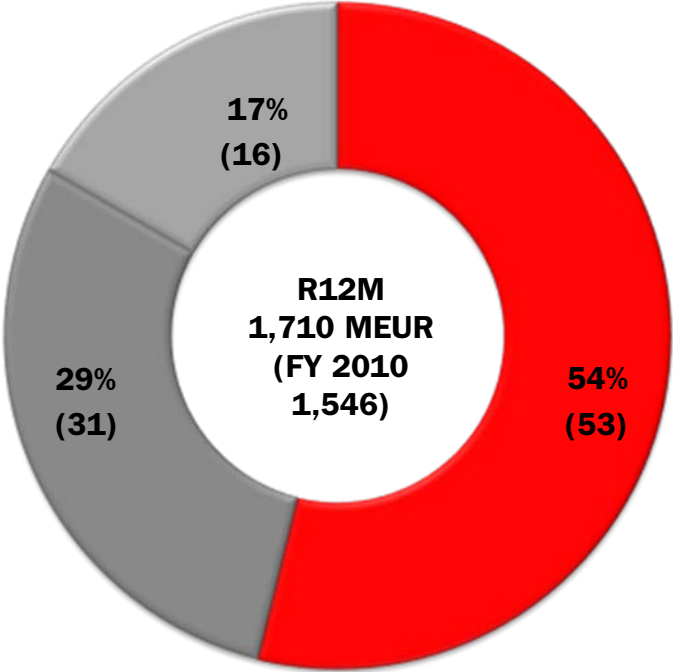
H1 EBIT: 43.6 (35.0) MEUR, +24.8% | MARGIN: 5.2% (5.1%), excluding restructuring costs



SALES SPLIT BY BUSINESS AREA & REGION (R12M)



■ SERVICE ■ EQUIPMENT



■ EMEA ■ AME ■ APAC

OUR NEW VISION STATEMENT

”We know in real time how millions of lifting devices and machine tools perform. We use this knowledge around the clock to make our customers’ operations safer and more productive.”

SERVICE



SERVICE ORDERS AND NET SALES

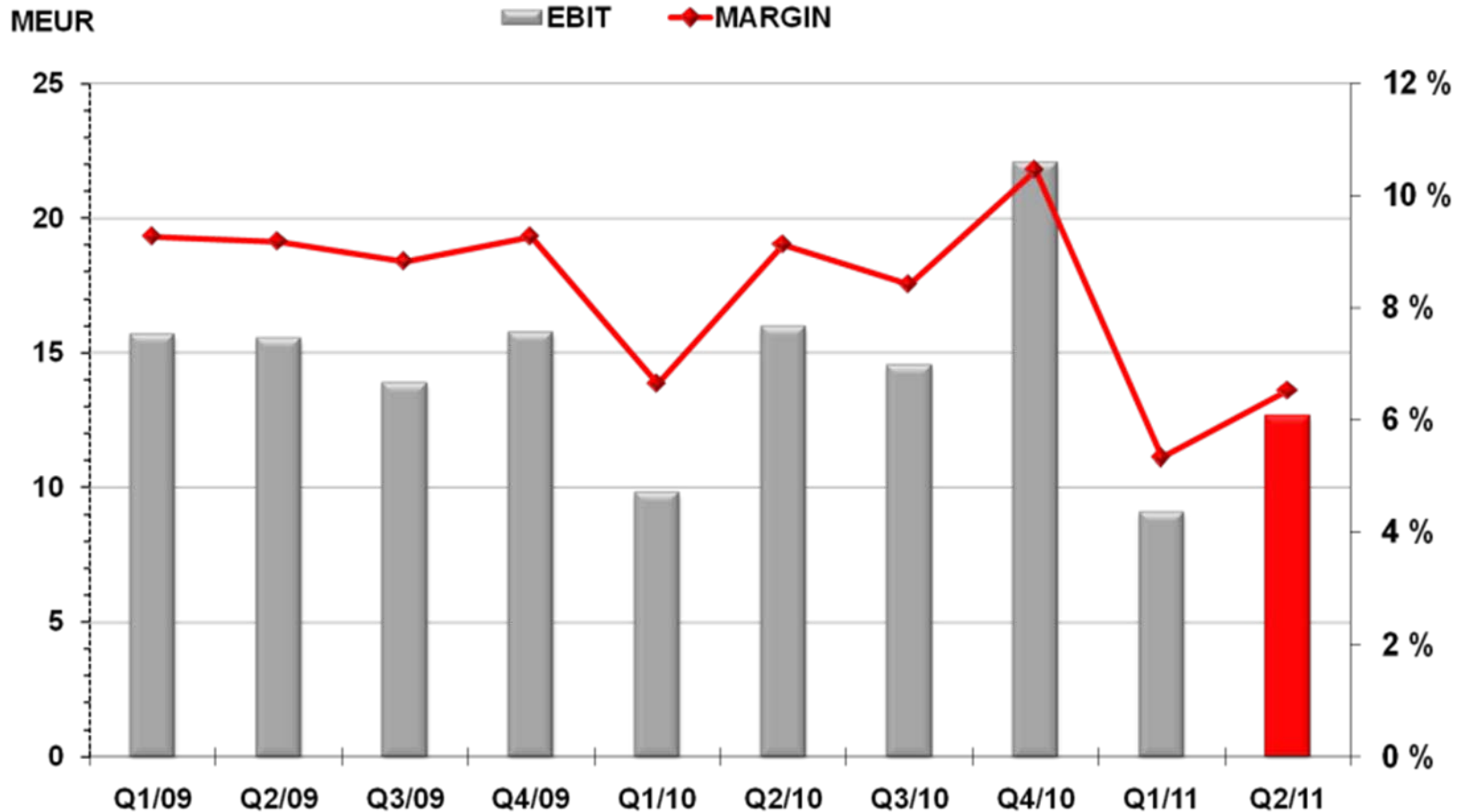
Q2 Orders: 186.3 (159.1) MEUR +17.1% | Sales: 194.2 (175.2) MEUR +10.8%



- Orders grew in all regions
- Strength in Modernizations; demand for Parts flattened out

SERVICE EBIT & MARGIN

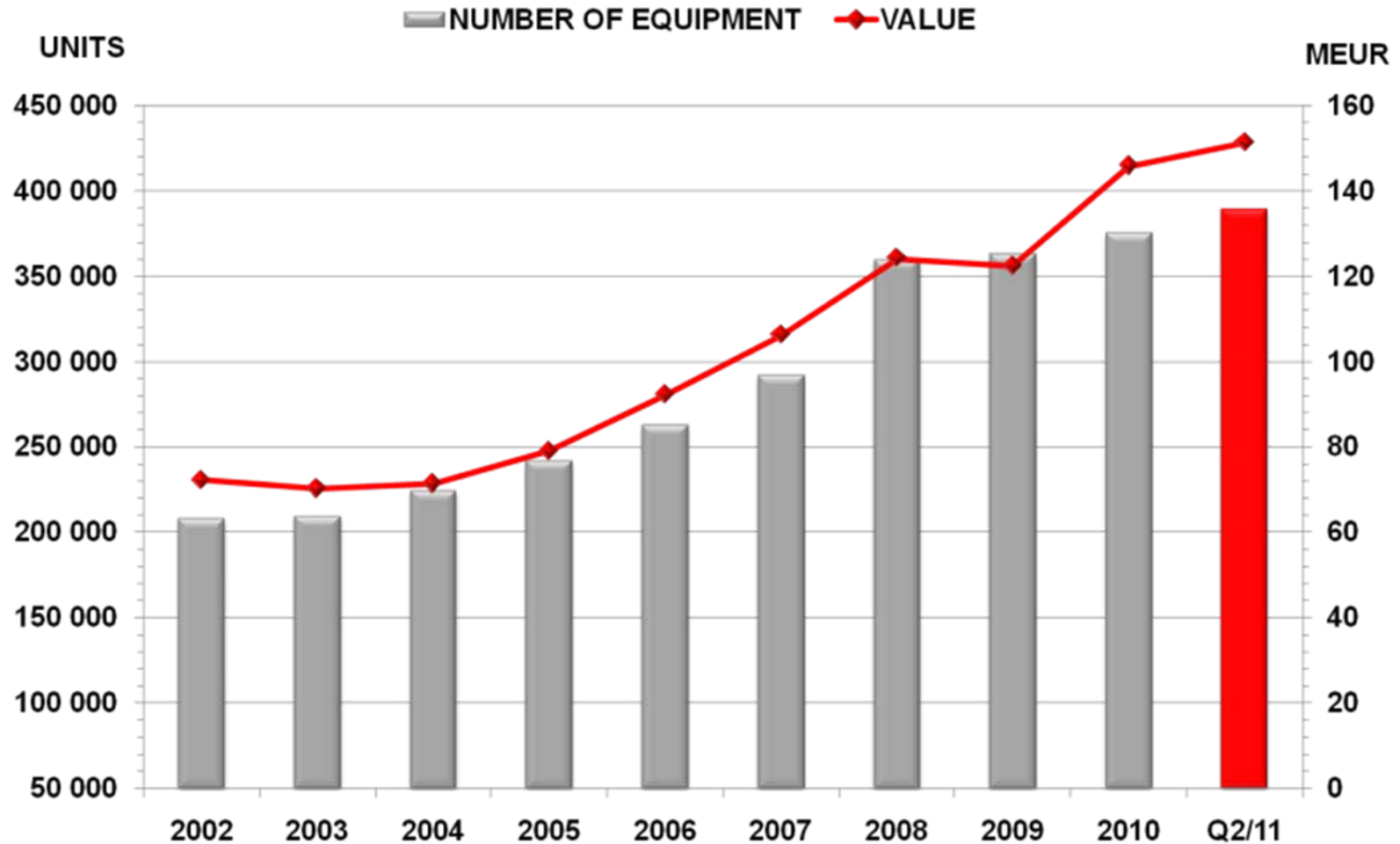
Q2 EBIT: 12.7 (16.0) MEUR, -20.8% | MARGIN: 6.5% (9.1%)



- EBIT fell due to higher business development spending related to new services and IT
- Costs of expanding the branch network taxed the EBIT

SERVICE CONTRACT BASE

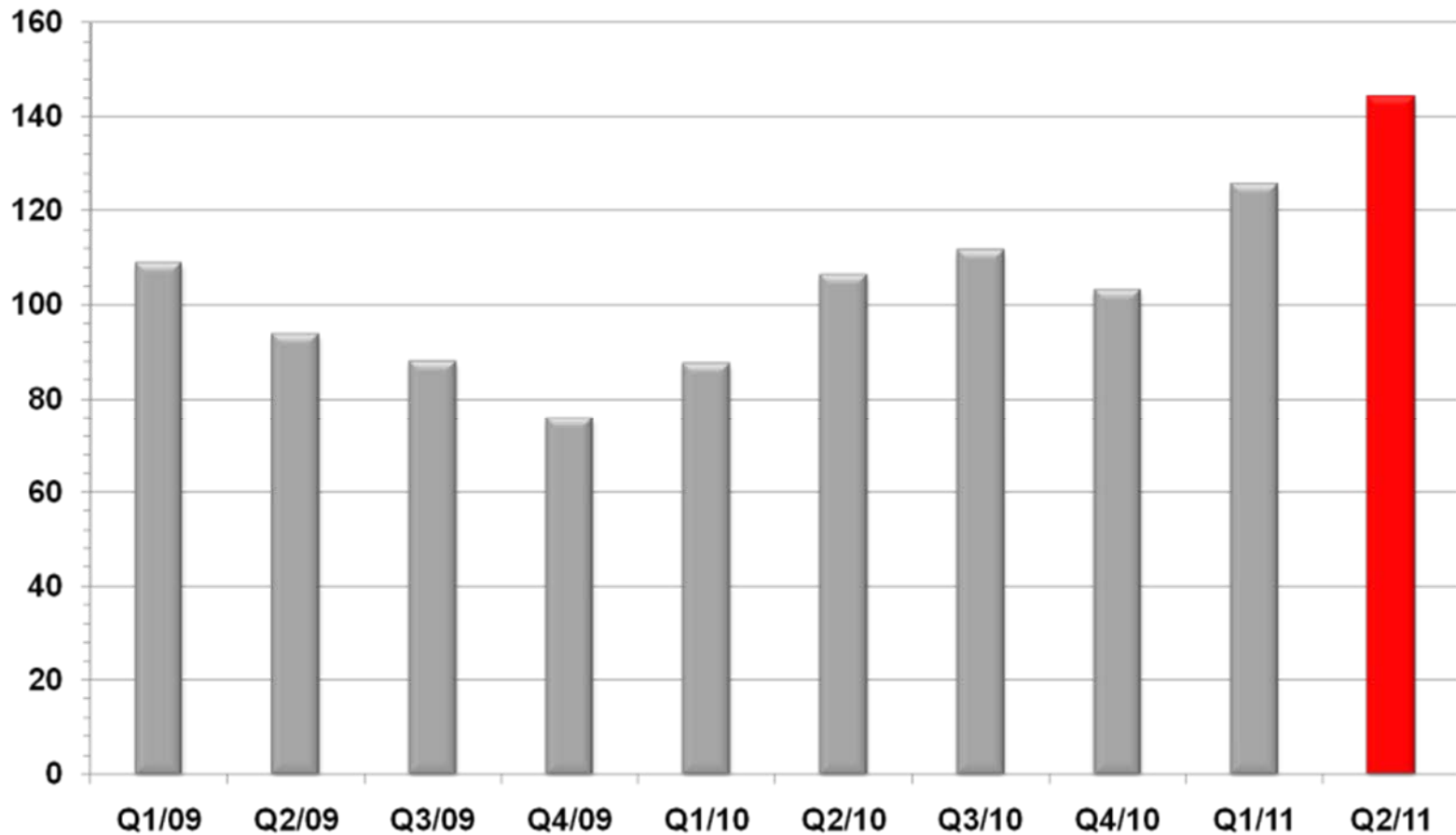
Q2 CB: 389 (371) thousand units, +4.8% | Annual value 151 (146) MEUR, +3.8%



SERVICE ORDER BOOK

Q2 Order book: 144.3 (106.5) MEUR, +35.6%

MEUR

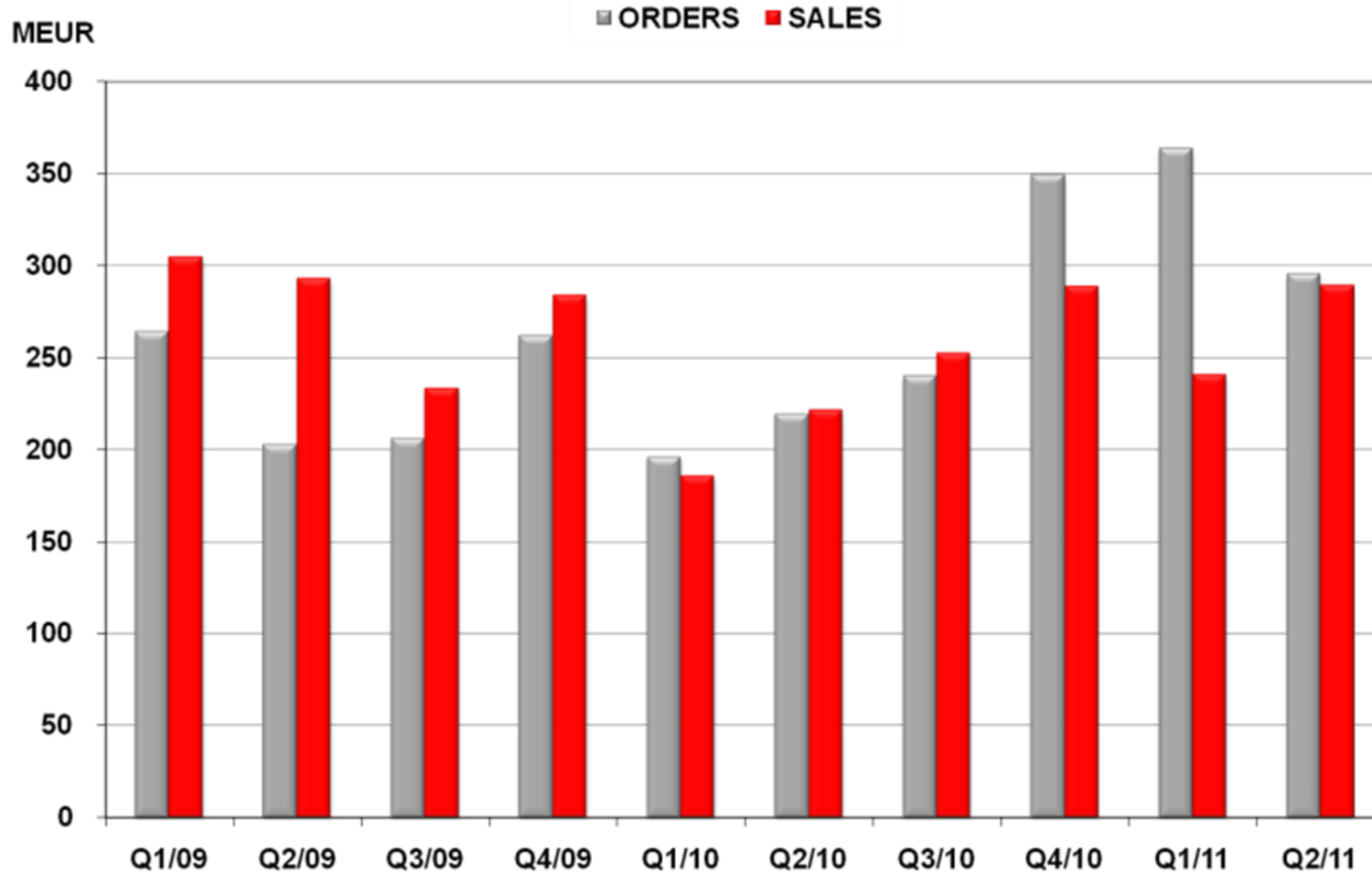




EQUIPMENT

EQUIPMENT ORDERS AND NET SALES

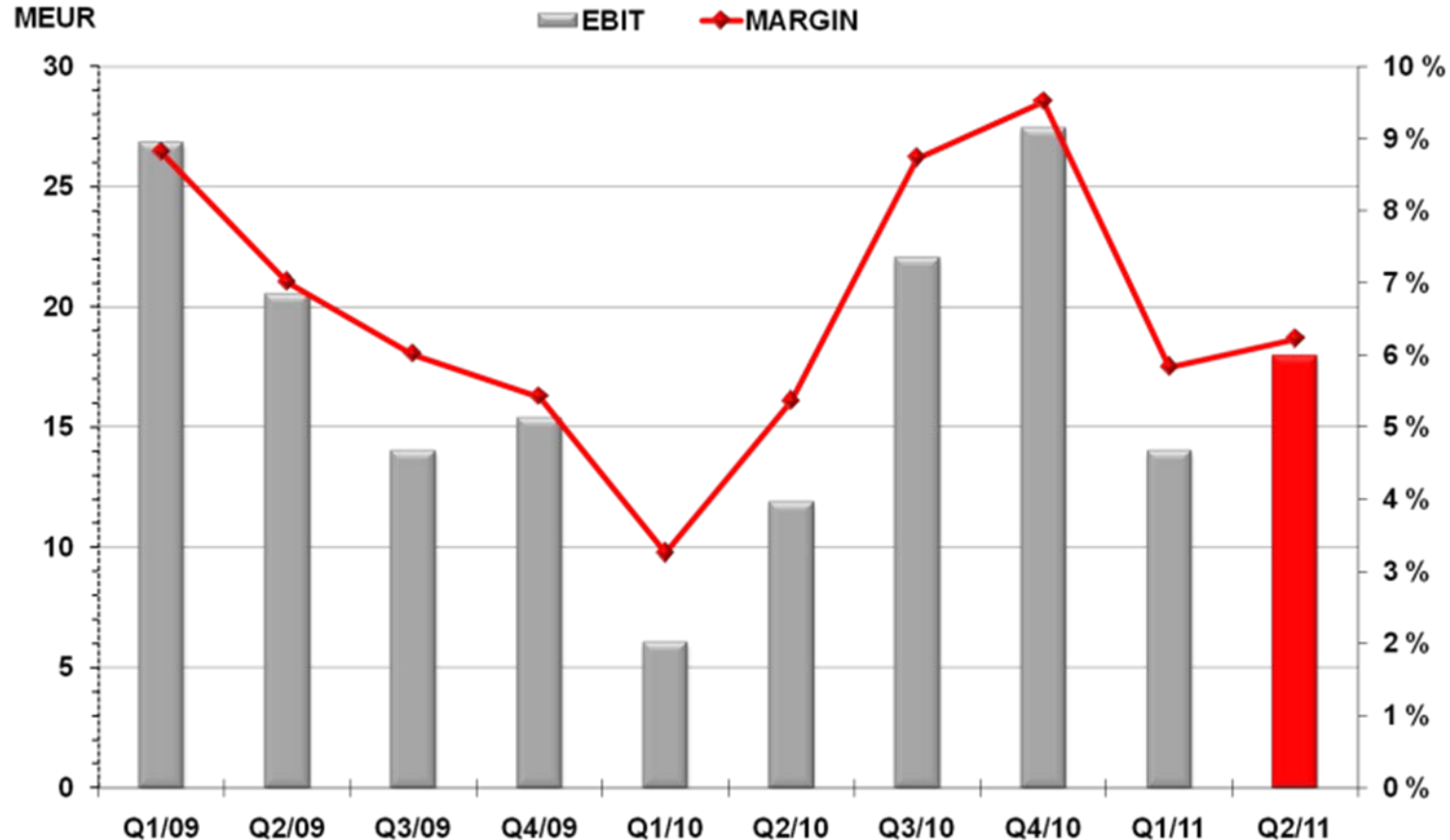
Q2 Orders: 295.8 (219.6) MEUR, +34.7% | Net sales: 288.9 (221.6) MEUR, +30.4%



- Orders grew in all regions and business units
- Orders up sequentially in all business units except Port Cranes

EQUIPMENT EBIT & MARGIN

Q2 EBIT: 18.0 (11.9) MEUR, +51.3% | MARGIN: 6.2% (5.4%), excluding restructuring costs

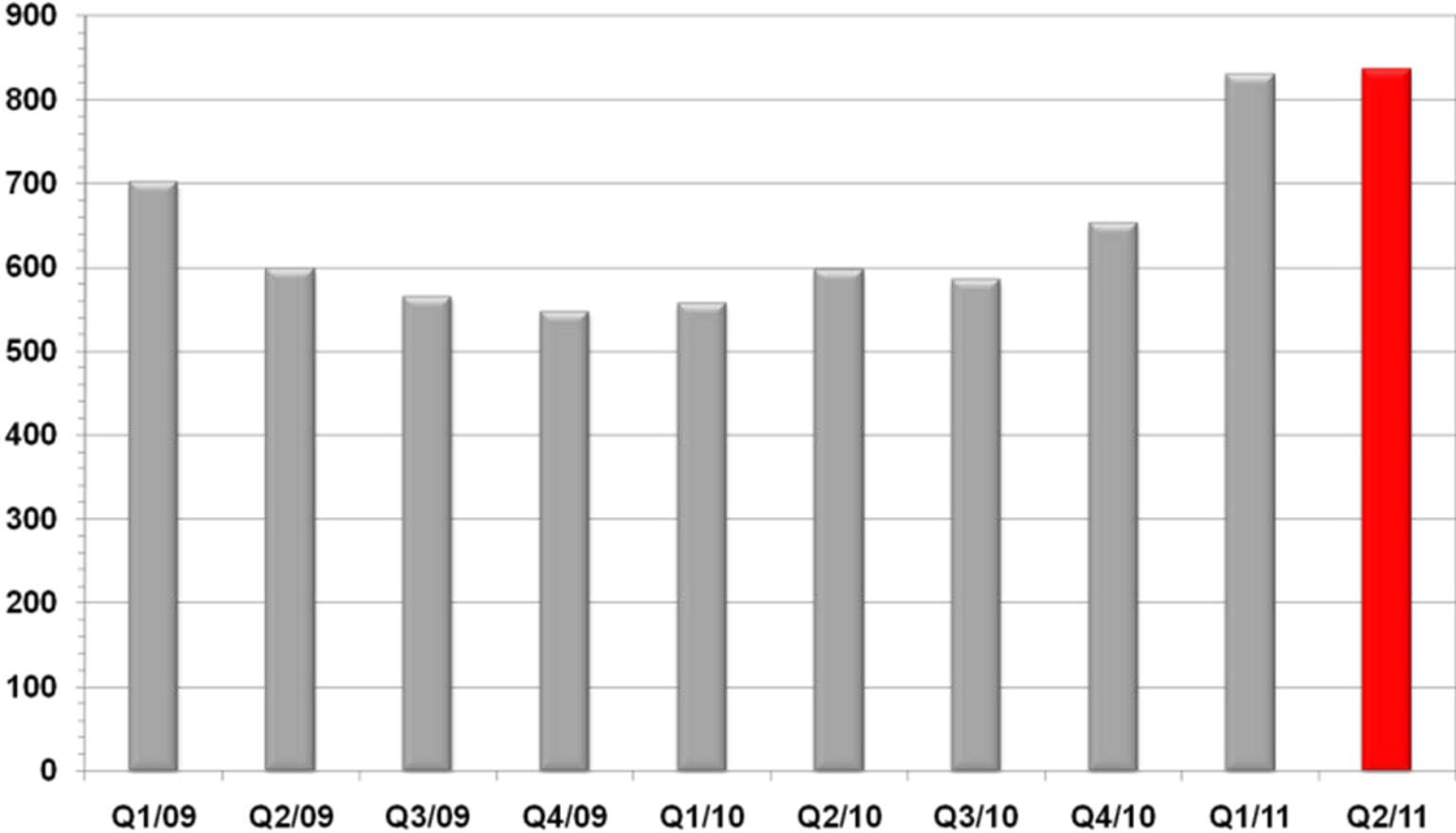


- EBIT grew due to higher volumes, but was held back by higher business development spending related to new products and IT as well as by adverse sales mix effects
- Product price increases lagged cost inflation in Industrial Cranes and Lift Trucks, which affected the EBIT towards the end of Q2

EQUIPMENT ORDER BOOK

Q2 Order book: 836.7 (598.3) MEUR, +39.9%

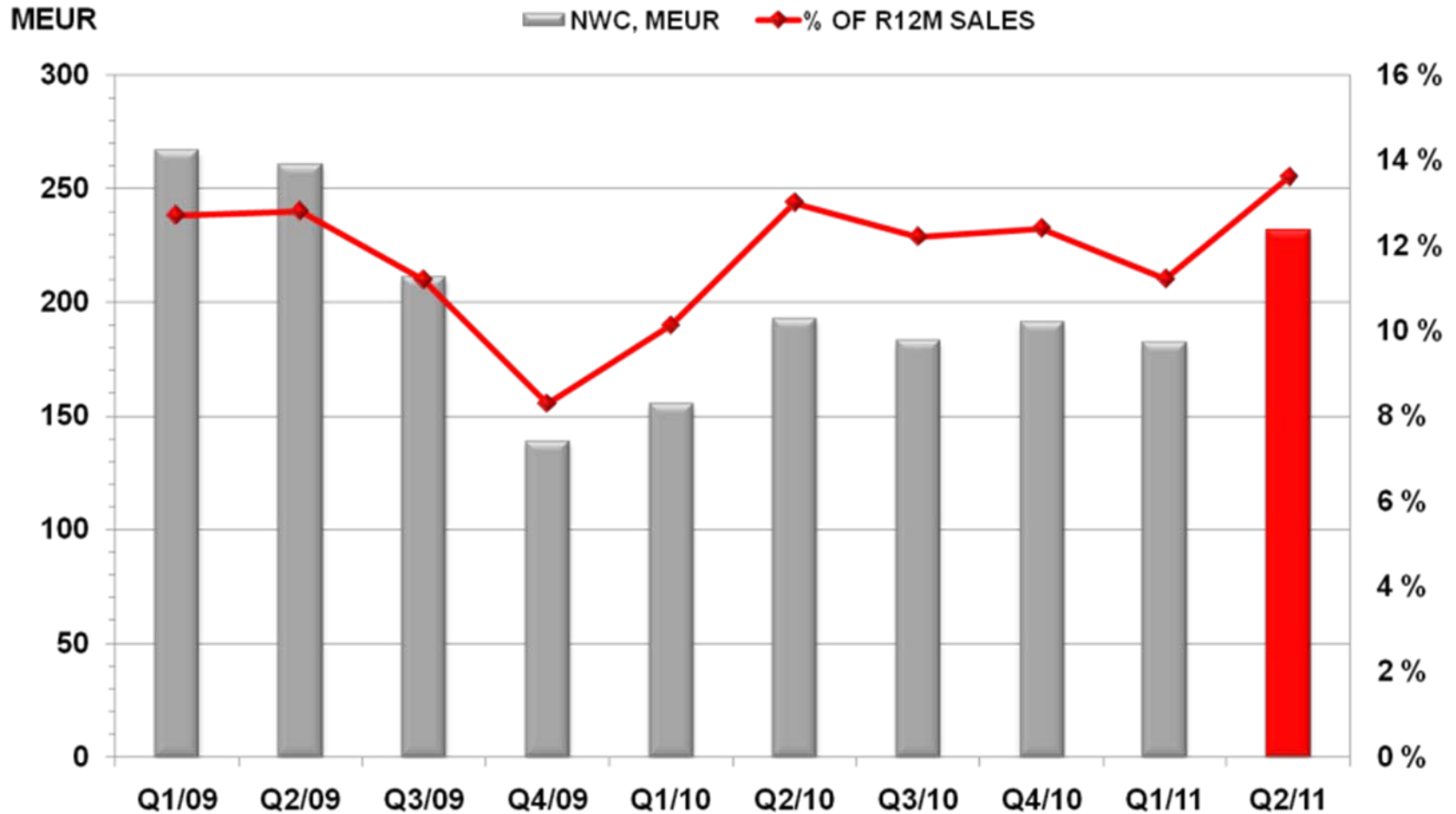
MEUR



BALANCE SHEET AND CASH FLOW

NET WORKING CAPITAL

Q2 NWC: 232.1 (193.0) MEUR | 13.6% (13.0%) of R12M sales

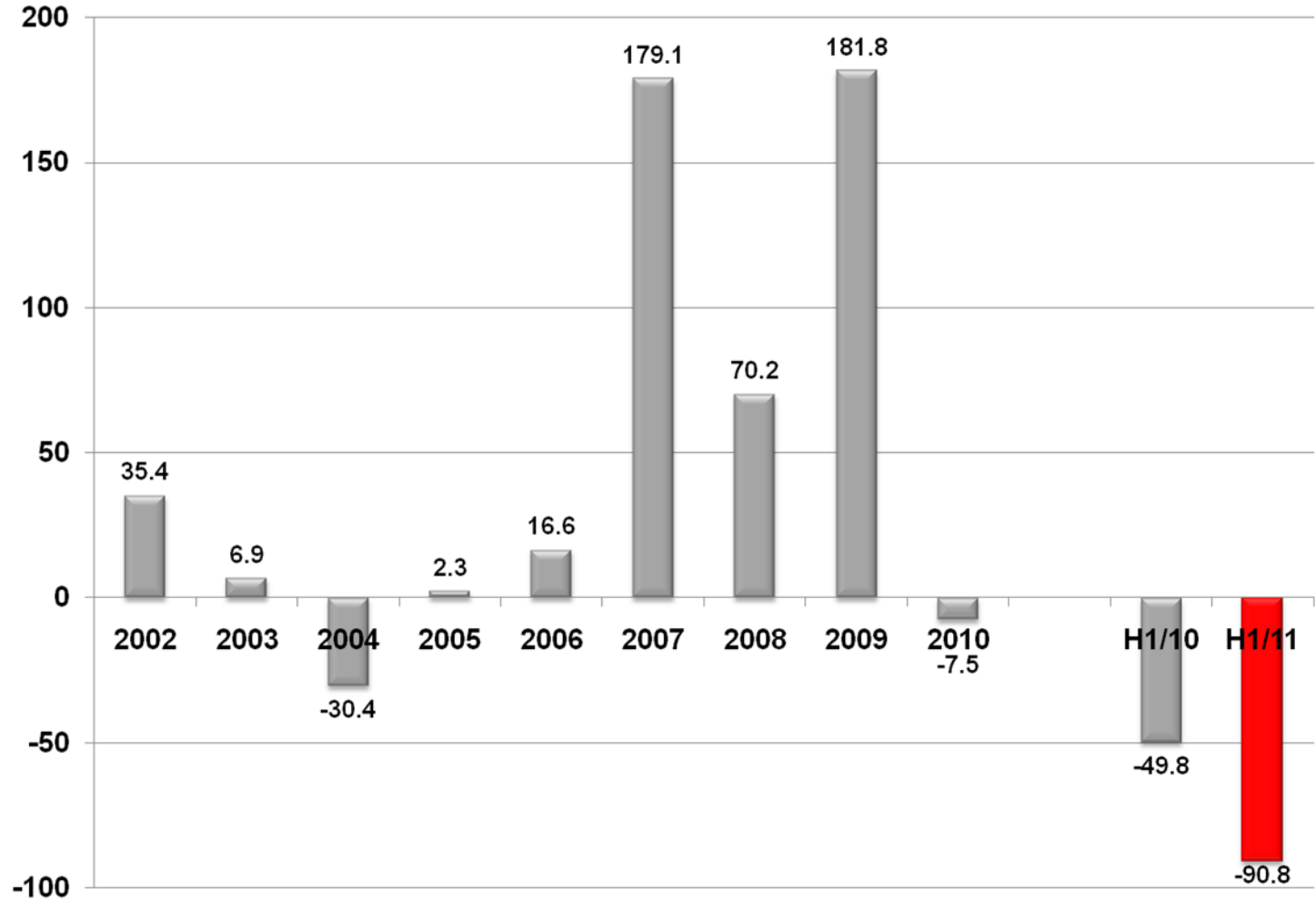


* Q1/11 excl. dividend liability of EUR 60 million

** Q1/10 excl. dividend liability of EUR 53 million

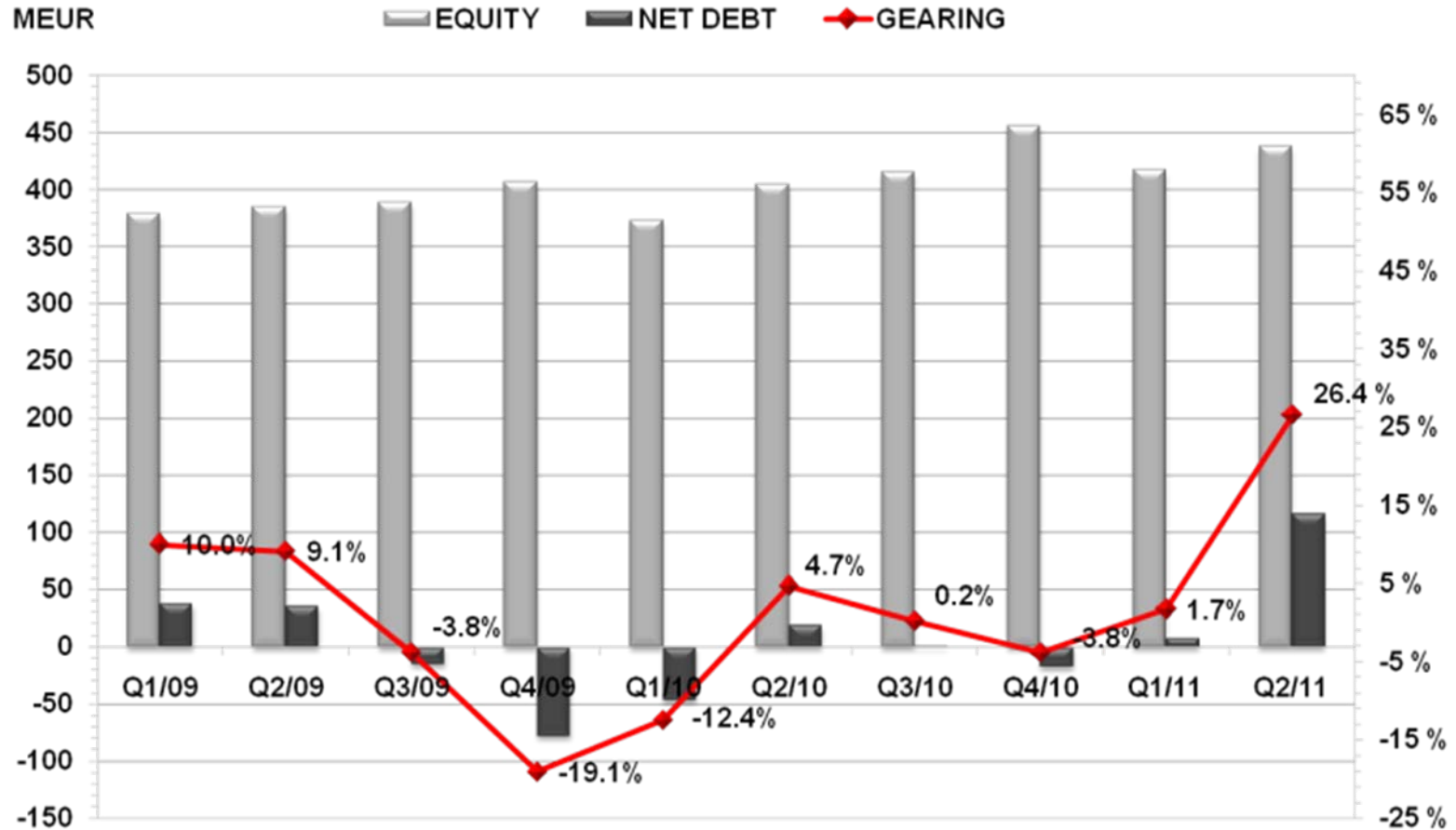
CASH FLOW BEFORE FINANCING ACTIVITIES

MEUR



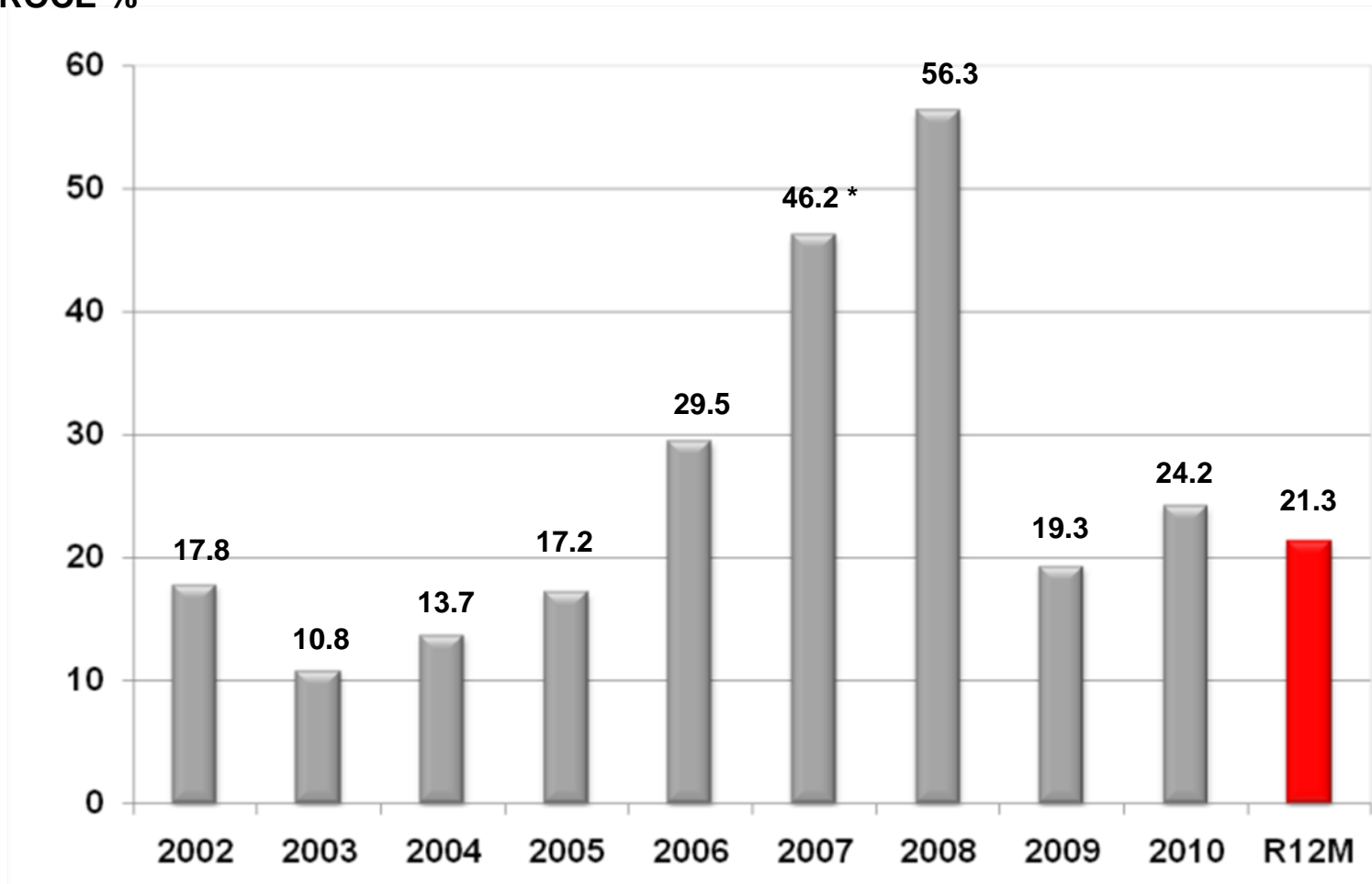
GEARING

Q2 Equity: 438.5 (405.1) MEUR | Net debt: 116.0 (19.0) MEUR | Gearing: 26.4% (4.7%)



RETURN ON CAPITAL EMPLOYED

ROCE %



*) The 2007 ROCE including capital gain was 50.4%

APPENDIXES

STATEMENT OF INCOME

MEUR	H1 2011	H1 2010	% Change
Sales	847.3	683.3	24.0
Other operating income	1.4	1.6	
Depreciation and impairments	-17.8	-15.3	
Other operating expenses	-787.3	-637.3	
Operating profit	43.6	32.3	35.1
Share of associates' and joint ventures' result	2.5	1.1	
Financial income and expenses	-12.3	-0.2	
Profit before taxes	33.8	33.2	2.0
Taxes	-10.2	-9.9	
Net profit for the period	23.6	23.3	1.4

BALANCE SHEET

MEUR	June 30, 2011	June 30, 2010	MEUR	June 30, 2011	June 30, 2010
Non-current assets	418.8	335.7	Equity	438.5	405.1
Inventories	316.6	288.3	Non-current liabilities	115.6	113.2
Other current assets	486.5	426.3	Provisions	46.5	59.3
Cash and cash equivalents	93.8	95.1	Current liabilities	715.1	567.8
Total assets	1,315.8	1,145.5	Total equity and liabilities	1,315.8	1,145.5

CASH FLOW STATEMENT

	MEUR	H1 2011	H1 2010
Operating income before change in net working capital		62.7	48.5
Change in net working capital		-58.5	-12.2
Financing items and taxes		-33.4	-42.1
Net cash from operating activities		-29.6	-5.8
Cash flow from investing activities		-61.2	-44.0
Cash flow before financing activities		-90.8	-49.8
Proceeds from options exercised and share issues		24.5	1.1
Change in interest-bearing debt		125.5	44.7
Dividends paid to equity holders of the parent		-60.6	-53.0
Net cash used in financing activities		89.4	-7.3
Translation differences in cash		-3.8	14.7
Change of cash and cash equivalents		-4.6	-42.4
Cash and cash equivalents at beginning of period		98.5	137.5
Cash and cash equivalents at end of period		93.8	95.1
Change of cash and cash equivalents		-4.6	-42.4

KEY FIGURES

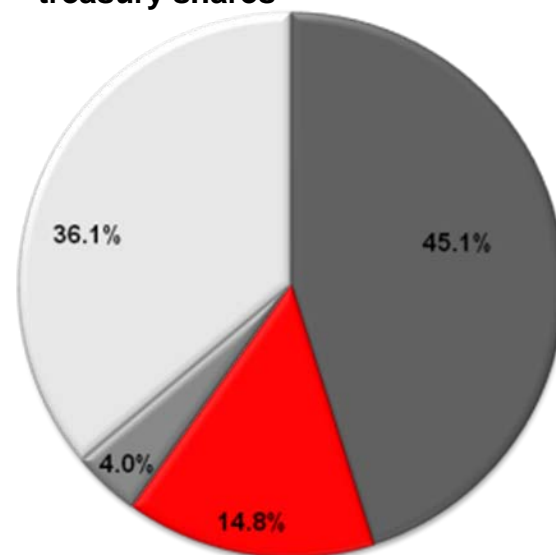
	MEUR	H1 2011	H1 2010	% Change
Earnings per share, basic, EUR		0.40	0.41	-1.3
Earnings per share, diluted, EUR		0.40	0.41	-2.1
Return on capital employed %, R12M		21.3	12.7	67.7
Return on equity %, R12M		18.6	10.3	80.6
Equity per share, EUR		7.20	6.78	6.2
Current ratio		1.2	1.3	-7.7
Gearing (%)		26.4	4.7	461.7
Solidity (%)		37.1	41.9	-11.5
EBITDA, MEUR		61.4	47.6	29.0
Investments total (excl. acquisitions), MEUR		15.0	9.3	61.0
Interest-bearing net debt, MEUR		116.0	19.0	509.9
Net working capital, MEUR		232.1	193.0	20.2
Personnel at end of period		11,170	9,570	16.7
Personnel on average during the period		10,637	9,638	10.4
Average number of shares outstanding, basic		59,677,622	58,885,076	1.3
Average number of shares outstanding, diluted		60,471,120	59,171,039	2.2
Number of shares outstanding		60,198,971	58,953,824	2.1

THE LARGEST SHAREHOLDERS

Largest shareholders on June 30, 2011	Number of shares	% of all shares
1 Htt 2 Holding Oy Ab	6,730,568	10.6
2 Imarinen Mutual Pension Insurance Company	2,857,590	4.5
3 Gustavson Stig, Chairman of the Board of Konecranes	2,038,490	3.2
4 Nordea Investment Management, total	1,570,968	2.5
5 OP Investment Funds	1,510,818	2.4
6 Varma Mutual Pension Insurance Company	1,280,275	2.0
7 The State Pension Fund	876,000	1.4
8 SEB Gyllenberg Funds	765,367	1.2
9 Mandatum Life Insurance Company Ltd.	732,244	1.2
10 Nordstjernan Ab	709,356	1.1
Konecranes Plc's treasury shares *	3,042,456	4.8
Nominee registered shares	22,808,157	36.1
Other shareholders	18,319,138	29.0
Total number of shares	63,241,427	100.0

*) Konecranes Plc is in possession of 2,524,760 own shares directly and 517,696 own shares indirectly through KCR Management Oy.

Market cap EUR 1,687 million excluding treasury shares



■ Finnish companies and organizations

■ Finnish households

■ Foreign owners

■ Nominee registered

-> According to the flagging notification on March 8, 2011, BlackRock Inc. holds 6,093,644 (9.78%) Konecranes Plc shares.

Trading information

- Listing: NASDAX OMX Helsinki
- Date of listing: March 27, 1996
- Segment: Large Cap
- Sector: Industrials
- Trading code: KCR1V
- 1 – 6/11 average daily trading volume 406,105 shares, EUR 12.5 million

THANK YOU!



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