

6 May, 2003  
 10.00 a.m.

**KCI Konecranes Group  
 Interim Report January-March 2003**
**WEAK SALES AND EARNINGS, STABLE ORDERS**

- Q1/03 Sales 5.1 % down from Q1/02
- Low Sales hit hard on profits, EBIT Q1/03 1.4 MEUR.
- Orders increased 6 % in local currencies, euro consolidation brings figure to minus 2.4 %
- Order book increased + 2.1 % from year-end
- Two small acquisitions: crane/maintenance business in Texas, USA, maintenance co. in Germany (4.4.2003)
- Maintenance Services sales reached 48.0% of last 12 month Group sales

| MEUR   | First quarter |              |              | LTM          |              |              | LY           |
|--|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 1-3/03        | 1-3/02       | Change %     | 4/02-3/03    | 4/01-3/02    | Change %     | 1-12/02      |
| <b>SALES</b>                                     |               |              |              |              |              |              |              |
| Maintenance Services                             | 80.7          | 81.4         | -0.9         | 371.7        | 366.5        | 1.4          | 372.4        |
| Standard Lifting Equipment                       | 41.7          | 48.0         | -13.1        | 198.2        | 233.3        | -15.0        | 204.5        |
| Special Cranes                                   | 43.6          | 47.2         | -7.6         | 205.6        | 232.3        | -11.5        | 209.2        |
| Internal Sales                                   | -15.2         | -17.7        | -14.1        | -70.0        | -80.8        | -13.4        | -72.5        |
| <b>Sales total</b>                               | <b>150.8</b>  | <b>158.9</b> | <b>-5.1</b>  | <b>705.5</b> | <b>751.3</b> | <b>-6.1</b>  | <b>713.6</b> |
| <b>Income from operations (EBITA)</b>            | <b>2.2</b>    | <b>7.6</b>   | <b>-70.7</b> | <b>35.6</b>  | <b>58.3</b>  | <b>-39.0</b> | <b>40.9</b>  |
| Goodwill amortisation                            | -0.8          | -1.0         | -19.0        | -3.2         | -4.0         | -22.2        | -3.3         |
| <b>Operating income (EBIT)</b>                   | <b>1.4</b>    | <b>6.6</b>   | <b>-78.5</b> | <b>32.4</b>  | <b>54.3</b>  | <b>-40.2</b> | <b>37.6</b>  |
| Financial income and expenses                    | -0.5          | -0.4         | 21.6         | -1.2         | -2.5         | -50.9        | -1.1         |
| <b>Income before taxes and minority interest</b> | <b>0.9</b>    | <b>6.2</b>   | <b>-85.6</b> | <b>31.2</b>  | <b>51.8</b>  | <b>-39.7</b> | <b>36.5</b>  |
| <b>Net income</b>                                | <b>0.6</b>    | <b>4.2</b>   | <b>-85.6</b> | <b>21.1</b>  | <b>34.8</b>  | <b>-39.4</b> | <b>24.6</b>  |
| Earnings per share (EUR)                         | 0.04          | 0.28         | -85.7        | 1.46         | 2.37         | -38.4        | 1.69         |
| <b>ORDERS RECEIVED</b>                           |               |              |              |              |              |              |              |
| Maintenance Services                             | 74.6          | 84.1         | -11.3        | 300.7        | 310.6        | -3.2         | 310.2        |
| Standard Lifting Equipment                       | 49.3          | 51.5         | -4.3         | 201.0        | 218.0        | -7.8         | 203.2        |
| Special Cranes                                   | 41.0          | 34.8         | 17.8         | 161.1        | 159.3        | 1.1          | 154.9        |
| Internal Orders                                  | -15.4         | -17.3        | -11.0        | -67.5        | -68.5        | -1.5         | -69.4        |
| <b>Orders Received total</b>                     | <b>149.5</b>  | <b>153.1</b> | <b>-2.4</b>  | <b>595.3</b> | <b>619.4</b> | <b>-3.9</b>  | <b>598.9</b> |
| Order book at end of period                      | 210.3         | 266.5        | -21.1        | -            | -            | -            | 206.0        |

**Comment on quarterly results:**

Group results for the first quarter of the year were clearly disappointing. Many factors contribute: A particularly slow start of the year in Sales in January and February (March was good), no carryover of profits from Standard Lifting shipments booked in Q4/02, continuing difficult markets with increasing pricing competition, currency movements, cost for acquisitions continue, no one time gains.

But, total orders (order volume) increased with 6 % in local currency albeit minus 2.4 % after euro consolidation over Q1/02. Field services continue growth and Modernisations are stabilising (on a low level). Special Cranes had a good level of new orders.

For LTM (last 12 months) Maintenance now accounts for 48.0 % of Group sales.

The Order book grew slightly (+2.1%) from year end.

**Comment on year-end results:**



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Group earnings have returned to the seasonal pattern of the late 1990's (in 2001 and 2002 unusual circumstances changed the delivery pattern). Earnings are low at the beginning of the years, and improve considerably towards the end.

The profit level of 2002 remains within reach, however, the business environment remains very challenging. Group market shares are increasing. Acquisitions are likely to continue.



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

Q1/03 results come as a clear disappointment.

Sales numbers came in very low, especially in January and February. Consequently, profit generation was low. The development brings the Group back to the situation at the end of the 1990's, when earnings exhibited a pronounced seasonality over the year: very low earnings at the beginning and high at the end of the year.

Cyclicity, on the other hand, is less pronounced. Especially in field related operations (approx. 85 % of total Maintenance Services), services maintain a growth pattern through cycles.

Currency movement had a significant impact when comparing Q1/03 numbers to those of Q1/02. Measured as Sales volume in local currency, total Sales grew with 2.4 %, however, after consolidation into euros the slight growth translates into a 5.1 % decrease.

New orders, which were running at a low level at the end of 2002 causing a slow start of this year, increased nicely, +13 % over Q4/02. The increase came too late to affect Q1 earnings. Compared to Q1/02 the increase was 6 % in local currency, but, after euro consolidation, it is a decrease of 2.4 %.

Predicting the future is naturally very challenging against the backdrop of the present business environment. The prevailing uncertainty is particularly affecting investment spending.

Maintenance Services, however, develop independently from investment spending. Field services growth continues, and Modernisations seem to stabilise at the low level of late 2002. Earnings will grow towards the end of the year and the acquisitions that were made during last year and in Q1/03 will start to support earnings.

Standard Lifting Equipment operations also demonstrate stability. In spite of shrinking markets, this Business Area has generated constant levels of orders for every single quarter since Q3/01. Earnings vary between quarters depending on timing of shipments, but whole year profit generation capacity remains intact.

For Special Cranes, orders on hand secure a satisfactory total workload for the balance of the year. This is, however, not true for all separate Special Cranes units. Some units have a full workload well into next year, others are dependent on further new orders within the current year to reach their earnings targets. For the sake of prudence, it must be noted that market uncertainty may affect future developments.

In all, the operating environment remains challenging. The result level of 2002 is still within reach for the current year, in spite of the disappointing beginning of the year. Expenses for acquisition related activities continue.

Challenging markets also mean opportunity for our Group. As one of the strongest and fittest companies in this industry, we have ample opportunity of advancing our positions on many markets. Indeed, constant order intake translates into market share gains in this environment.



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We intend to continue to participate as a significant acquirer when the consolidation in our industry continues.

## First quarter 2003 General Overview

Group total Sales was EUR 150.8 million, which is a decrease of 5.1% compared to Q1/02. Sales decreased in the new equipment business areas (Standard lifting Equipment and Special Cranes). In Maintenance Services the sales decrease is a direct consequence of currency changes. At unchanged currency rates Group Sales increased by 2,4 % as a result of the good development in Maintenance Services.

Group Operating Income (EBIT) was EUR 1.4 million, which is clearly lower compared to Q1/02 (EUR 6.6 million). The decrease in Operating Income was mainly a consequence of lower Sales in the new equipment businesses and weaker than average profitability in the newly acquired service businesses. Sales prices of lifting equipment have also decreased somewhat compared to the corresponding period last year. Currency changes had only marginal effect on total Group EBIT, but the strengthened Euro decreased the Euro consolidated result in Maintenance Services by EUR 0.5 million. Q1/02 Operating Income also included some one time gains of EUR 0.5 million (implementation of the percentage completion method in revenue recognition and the capital gain of a sale of certain shares). No significant one time gains were recorded during Q1/03.

The net financing costs and income was EUR 0.5 million, which is EUR 0.1 million higher compared to Q1/02. Income Before Taxes was EUR 0.9 million compared to EUR 6.2 million in Q1/02.

The effective tax rate for Q1/03 was 32.5%. The tax rate corresponds to our estimate of the full year taxes.

Free Cash Flow was EUR 4.8 million (EUR 8.9 million in Q1/02). Working Capital increased by EUR 10.4 million mainly as a consequence of an increase in work-in-progress and less advance payments from customers. Cash flow from operations was EUR -5,5 million compared to EUR +30.9 million in Q1/02.

Cash flow after capital expenditures (EUR 8.2 million) and dividend payments (EUR 13.3 million) was EUR – 27.1 million compared to EUR + 13.7 million in Q1/02. The capital expenditures included also the purchase of the company's own shares of approximately EUR 5.5 million.

Group net interest bearing debt increased to EUR 63.9 million at the end of the first quarter (Q1/02: EUR 40.1 million). The gearing increased from 24.5% to 41.3%. Due to the change in accounting of all finance leasing contracts as if the assets had been acquired, the interest bearing debt grew during the first quarter by EUR 3.6 million.

Return on capital employed (ROCE) was 3.3% during Q1/03 (Q1/02: 12.8%).

Group Orders received was EUR 149.5 million, which is a decrease of 2.4% compared to Q1/02. At unchanged currency rates Orders received increased by approximately 6%. Orders grew clearly in Special Cranes (+ 17.8%) and stayed at approximately the same level in Standard Lifting Equipment (decrease of 4.3%, at unchanged currency rates there was an increase of 0.2%). Orders Received in Maintenance Services decreased by 11.3%, at unchanged currency rates the decrease was 2.1% as a consequence of lower orders for modernisation projects.

Taken by region the Order intake remained strong in China, turned to a clear growth in Germany and remained at the previous year level in America (in USD). Compared to Q4/02, the Order Intake grew by 13.1% and all Business Areas showed growth.

The total order book at the end of March 2003 stood at EUR 210.3 million (Q1/02: EUR 266.5 million). Compared to year-end the Order book grew by EUR 4.3 million or 2.1%.

## Overview by Business Area



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### **Maintenance Services**

Orders Received was 74.6 million, which is 11.3% lower compared to Q1/02 but 6.3% higher compared to Q4/02. At unchanged currency rates orders decreased only by 2.1%. The decrease is only a consequence of a decrease in orders for large modernisation projects.

Sales decreased by 0.9% (at unchanged currency rates Sales grew by 11.8%). At unchanged currency rates Sales grew both in Field Services and Modernisations.

EBIT was EUR 2.7 million or 3.3% on sales (Q1/02: EUR 3.6 million and 4.4% on sales). The strengthening of the Euro (especially compared to the dollar and other currencies linked to the dollar) led to a clear decrease in EBIT (the total effect was approx. EUR 0.5 million). Additionally the profit level of newly acquired service businesses was still clearly below the average level in the Group.

The number of employees grew by 45 persons from year-end and by 188 persons compared to Q1/02. The increase is mainly a consequence of acquisitions.

The number of lifting equipment in the contract base increased to 214,616. This is an increase of 11.2% compared to Q1/02 and 3.0% compared to year-end.

### **Standard Lifting Equipment**

Orders Received was 49.3 million, which is a decrease of 4.3% compared to Q1/02. At unchanged currency rates the orders received remained at the same level as in Q1/02.

Sales decreased to EUR 41.7 million from EUR 48.0 million in Q1/02. The decrease was 13.1% and at unchanged currency rates 9.5%. The year started with a low Order book and the order intake during January-February was low, which explains the decrease in sales.

EBIT was 2.9 million or 7.0% on sales. The corresponding figures for Q1/02 were EUR 5,1 million and 10.6% on sales. EBIT decreased mainly due to

lower sales but was also effected by increasing pricing pressures.

The development and launching of the new wire rope hoist line is nearly complete. Over 96% of incoming orders, and approximately 83% of sales are for the new line.

The number of employees decreased by 35 persons compared to Q1/02, but increased by 26 persons compared to year-end. The number of employees increased mainly in China and in the newly established South-Korean sales company.

Efficiency improvements continue. The efficiency enhancing measures have moved from manufacturing to sales and the logistics chain as well as to support functions.

### **Special Cranes**

Orders received was EUR 41.0 million, which is an increase of 17.8% compared to Q1/02 and 35% compared to Q4/02.

Sales was EUR 43.6 million, which is a decrease of 3.6 million or 7.6% compared to Q1/02. EBIT decreased from EUR 3,0 million in Q1/02 to EUR 1.1 million. The decrease is mainly due to lower sales and slightly higher pricing pressures.

Currency fluctuations had only a marginal effect on the sales and EBIT development in Special Cranes.

The Order book remained at a reasonable level. The loading situation varies considerably between different operational units and subsequent measures to adjust capacity will continue.

The number of employees decreased by 17 persons compared to Q1/02 and by 26 persons compared to year-end.

### **Group Costs and consolidation items**

Group overheads, which are not charged directly to the Business Areas, consist of costs related to R&D, administration, Group financing and legal issues.



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These costs decreased by EUR 0.2 million from EUR 4.8 million in Q1/02.

Group consolidation items, which consist of Group goodwill amortisation, elimination of internal profit and share of associated companies' results grew (the burden on Group results increased with EUR 0.4 million compared to Q1/02). This is a consequence of an increase in elimination of internal profit based on an increase in work-in-progress.



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## Group Structure

In early 2003, KCI Konecranes' joint venture Shanghai High Tech Industrial Crane Co. Ltd together with a Chinese crane builder became operative.

To strengthen its market position in the large Korean hoist and Industrial crane market, KCI Konecranes early this year established a new company Konecranes (KOREA) Co., Ltd. A sales office is located in Seoul and company headquarters in Kimhae, close to Pusan.

In February, KCI Konecranes acquired the assets of CraneMann Inc. based in Houston, TX, USA. CraneMann Inc. is a full service crane supplier providing industrial cranes and special engineered cranes including maintenance services and parts. At the beginning the company will add to Group Annual Sales approx. EUR 5 million.

After the close of the first quarter on 4 April 2003 KCI Konecranes announced the acquisition of KUBI GmbH based in Lampertheim, Germany. KUBI specialises in maintenance services for large cranes in inland terminals, but is active also in seaports. The company will add to the Group's Maintenance Services annual sales approx. EUR 6 million. KUBI will form the South-West Germany branch office of KCI Koneports and the company will be organised under Noell Konecranes.

On 25 April 2003, KCI Konecranes announced the completion of the agreement between Meidensha Corporation to establish the joint venture Meiden Hoist System Company Ltd in Japan and the joint venture started operations.

## Important Events

The Ordinary Annual General Meeting (AGM) on March 6, 2003 confirmed a dividend of EUR 0.95 (EUR 0.90 for 2001) to be paid on each of the 14,044,530 shares.

The AGM renewed the Board's authorisation to repurchase and transfer company's own shares up to a maximum of 5 % of outstanding shares.

The AGM made some changes to the Articles of Association, among which the new name of the Company is KCI Konecranes Plc. Plant services and maintenance services are added to the object of the Company's business. The number of the ordinary members of the Board is now five to eight (5-8).

The AGM resolved to grant a fourth stock option plan to key personnel of the KCI Konecranes Group. The stock option plan authorises the subscription of a maximum of 600,000 shares in KCI Konecranes Plc. The options are exercisable in three tranches, the first 200,000 options after 2 years, another 200,000 after three years and the last 200,000 options after four years.

The AGM re-elected board members Mr Timo Poranen and the President and CEO of the Company, Mr Stig Gustavson. The other board members are Mr Björn Savén, Mr Juha Rantanen, Mr Stig Stendahl and Mr Matti Kavetvuo.

In its first meeting the Board of Directors re-elected Mr Björn Savén as its Chairman.

## Important Orders

Here are some examples on orders received during January-March 2003. The list illustrates our reach, both in terms of customer base and geographical coverage.

APM Terminals placed a repeat order for 8 units of Konecranes' 16 wheel RTG's (Rubber Tyred Gantry Cranes). APM Terminals is part of the A.P.Moller/Maersk Group of Denmark, one of the world's largest terminal operators operating over 30 terminals globally.

Georgia Ports Authority (GPA), USA, placed a repeat order for the delivery of six Konecranes RTG's to Savannah, GA.

SCA, Wisconsin, USA is building a tissue paper mill in northwestern Alabama to expand its business in the Southern markets. KCI Konecranes was successful in securing the order for three paper machine cranes and an AutoStore system.



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German paper manufacturer Leipa Georg Leinfelder GmbH ordered seven process and industrial cranes for their new PM4-paper machine in Schwedt/Oder, Germany.

Metso Paper Oy is building the world's largest paper board machine for Xiaoping Ningbo paper mill in China and ordered four paper machine cranes from KCI Konecranes to be erected at the paper mill.

Georgia Pacific Corp., SLC, USA ordered three 5 ton capacity CXTD cranes with auxiliary hoists for handling paper coils.

Xiamen WTE, located in southern China, ordered two sets of Refuse handling cranes to its plant in Xiamen city. This is the first full automation order from the Chinese WTE industry.

Toshiba Corporation ordered two 250 ton power plant cranes for a new Pumped Storage Power Plant (Purulia Hydro Power) in West Bengal, India.

Bohai Shipyard, China, placed a repeat order for two sets of 100 ton EOT Cranes.

AvestaPolarit placed an order for an 80 ton Ferrochrome ladle crane for its casting hall in Tornio, Finland.

Shanghai Krupp Stainless Co., part of the Krupp Group, placed an order for five sets EOT Cranes, process duty and six CXT Industrial Cranes. Shanghai Krupp Stainless is the biggest stainless steel maker in China.

From the steel warehousing industry KCI Konecranes received an order for two overhead cranes and a runway power supply system for J.M. Bastille Inc., Quebec, Canada.

Metals USA Inc., Laghorne, Penn, USA placed a repeat order for several overhead travelling cranes to be used for their steel processing and shipping operations.

Pechiney Softal ordered the modernisation of 10 cranes for its aluminum manufacturing plant in France.

From the automotive industry KCI Konecranes received an order for three overhead cranes and a runway power supply system to Brahm's Industries Inc, Windsor, Ontario, Canada.

Drive Automotive ordered two process cranes for the expansion of an automotive stamping facility in Greenville, SC, USA. This is the third order for Konecranes for this facility.

Man Takraff ordered a 100 ton process crane for a Quarry (crusher house) in Scotland, UK.

Plastic Omnium, West Midlands, UK ordered a process crane for a plastic moulding shop for the automotive industry.

Siemens SGP Verkehrstechnik GmbH, Graz, Austria ordered the modernisation of two cranes with new CXT 500 hoists including new electric systems and travelling machineries.

KCI Konecranes won a maintenance contract from Mälärhamnar AB covering 18 Harbour Cranes in two harbours by the lake Mälaren in Sweden.

### **Share price performance and trading volume**

During January-March 2003 KCI Konecranes' share price decreased by 25.08 % and closed at EUR 17.45. The highest share price during the first quarter was EUR 25.01 and the lowest EUR 17.40. During the same period HEX All-Share Index decreased by 14.79 %, HEX Portfolio Index decreased by 13.61 % and HEX Metal & Engineering Index decreased by 7.24 %.

Total market capitalisation at the end of March was EUR 249.7 million, the 39th highest market value of companies listed on Helsinki Exchanges.

The trading volume totalled 4,239,141 shares of KCI Konecranes, which represents 30.18 % of the outstanding shares. In monetary terms trading was EUR 87.7 million, which was the 23rd largest trading of companies listed on Helsinki Exchanges.





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The non-Finland-based shareholding at the end of March 2003 was 59.63 %.

### **The company's own shares**

In accordance with the decision of the Annual General Meeting, the company bought back between February 20 and March 5 2003, 264,100 of its own shares at an average price of EUR 20.75 per share. At the end of March 2003 the company held 264,100 shares with a total nominal value of EUR 528,200 and a total purchase price of EUR 5.5 million which is 1.85 % of the total amount of shares and votes.

Helsinki, 6 May, 2003  
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 or industry conditions.



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**Statement of Income (MEUR)**

|  | 1-3/2003          | 1-3/2002          | 1-12/2002   |
|--|-------------------|-------------------|-------------|
| Sales  | 150.8             | 158.9             | 713.6       |
| Share of result of participating interest undertakings | -0.1              | -0.1              | -0.2        |
| Depreciation   | -4.1              | -4.0              | -15.5       |
| Other operating expenses                               | -145.2            | -148.2            | -660.3      |
| Operating income                                       | 1.4               | 6.6               | 37.6        |
| Interests, net   | -0.6              | -0.6              | -2.0        |
| Other financial income and expenses                    | 0.1               | 0.2               | 0.8         |
| Income before taxes                                    | 0.9               | 6.2               | 36.5        |
| Taxes  | -0.3 <sup>1</sup> | -2.0 <sup>1</sup> | -11.8       |
| <b>Net Income for the period</b>                       | <b>0.6</b>        | <b>4.2</b>        | <b>24.6</b> |
| <b>Profit /share (EUR)</b>                             | <b>0.04</b>       | <b>0.28</b>       | <b>1.69</b> |

**Consolidated Balance Sheet (MEUR)**

|   | 3/2003       | 3/2002          | 12/2002         |
|---|--------------|-----------------|-----------------|
| Fixed Assets                                      | 100.3        | 100.4           | 93.5            |
| Inventories                                       | 81.5         | 83.2            | 73.9            |
| Receivables and other current assets              | 200.9        | 213.6           | 214.6           |
| Cash in hand and at banks                         | 15.7         | 13.8            | 15.2            |
| <b>Total assets</b>                               | <b>398.4</b> | <b>411.0</b>    | <b>397.1</b>    |
| Equity  | 159.9        | 171.3           | 173.2           |
| Minority Interest                                 | 0.1          | 0.1             | 0.1             |
| Provisions  | 11.8         | 12.4            | 12.0            |
| Long-term debt                                    | 33.7         | 42.2            | 31.4            |
| Current liabilities                               | 193.0        | 185.0           | 180.4           |
| <b>Total shareholders' equity and liabilities</b> | <b>398.4</b> | <b>411.0</b>    | <b>397.1</b>    |
| Gearing   | 41.3%        | 24.5%           | 19.1%           |
| Solidity  | 40.7%        | 44.0%           | 45.5%           |
| Return on capital employed <sup>2</sup>           | 3.3%         | LTM 03<br>15.8% | LTM 02<br>26.3% |
| Equity/share(EUR)                                 | 10.99        | 11.15           | 12.11           |

In accordance with the decision of the Annual General Meeting, the company bought back between 20 February and 5 March, 2003 264,100 of its own shares at an average price of EUR 20.75 per share. At 31 March 2003, the

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

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



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company held 264,100 shares with a total nominal value of EUR 528.200 and a total purchase price of MEUR 5,5 which is 1.85 % of total amount of shares and votes.

**Consolidated cash flow (MEUR)**

|  | 1-3/2003 | 1-3/2002 | 1-12/2002 |
|--|----------|----------|-----------|
| Free Cashflow                                | 4.8      | 8.9      | 46.2      |
| Change in working capital                    | -10.4    | 22.0     | 20.1      |
| Cashflow from operations                     | -5.5     | 30.9     | 66.3      |
| Net Investments                              | -8.2     | -4.0     | -31.0     |
| Cashflow before financing                    | -13.8    | 26.9     | 35.4      |
| Change in debt, increase (+), decrease (-)   | 27.8     | -16.5    | -22.4     |
| Dividend paid                                | -13.3    | -13.2    | -13.2     |
| Correction items <sup>(1)</sup>              | -0.2     | -0.2     | -1.4      |
| Net financing                                | 0.5      | -3.0     | -1.6      |
| Cash and bank deposit at beginning of period | 15.2     | 16.8     | 16.8      |
| Cash and bank deposit at end of period       | 15.7     | 13.8     | 15.2      |
| Change of Cash                               | 0.5      | -3.0     | -1.6      |

1) Translation difference in cash in hand and at banks

**Contingent Liabilities and Pledged Assets (MEUR)**

|                               | 3/2003       | 3/2002       | 12/2002      |
|-------------------------------|--------------|--------------|--------------|
| Mortgages and pledged assets  |              |              |              |
| For own debts                 | 5.9          | 5.9          | 5.9          |
| For commercial guarantees     | 0.8          | 0.7          | 0.9          |
| Own commercial guarantees     | 163.3        | 138.8        | 141.6        |
| Guarantees                    |              |              |              |
| For associated company's debt | 0.8          | 0.8          | 0.8          |
| For others                    | 0.1          | 0.2          | 0.1          |
| Leasing liabilities           | 16.1         | 20.1         | 18.8         |
| Other liabilities             | 0.7          | 0.8          | 1.0          |
| <b>Total</b>                  | <b>187.8</b> | <b>167.3</b> | <b>169.1</b> |

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

|                                    | 3/2003       | 3/2002       | 12/2002      |
|------------------------------------|--------------|--------------|--------------|
| Foreign exchange forward contracts | 453.5        | 569.8        | 411.4        |
| Interest rate swap                 | 25.0         | 25.0         | 25.0         |
| Currency options                   | 236.7        | 87.4         | 0.0          |
| <b>Total</b>                       | <b>715.2</b> | <b>682.2</b> | <b>436.4</b> |



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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 half of the total notional amounts.

**Investments**

|   | 1-3/2003   | 1-3/2002   | 1-12/2002   |
|---|------------|------------|-------------|
| <b>Total (excl.acquisitions of subsidiaries) (MEUR)</b> | <b>3.9</b> | <b>4.7</b> | <b>13.9</b> |

**DEVELOPMENT BY BUSINESS AND MARKET AREA**

**Sales by Business Area (MEUR)**

|                            | 1-3/2003     | 1-3/2002     | LTM*         | LTM<br>Year ago | 1-12/2002    |
|----------------------------|--------------|--------------|--------------|-----------------|--------------|
| Maintenance Services       | 80.7         | 81.4         | 371.7        | 366.5           | 372.4        |
| Standard Lifting Equipment | 41.7         | 48.0         | 198.2        | 233.3           | 204.5        |
| Special Cranes             | 43.6         | 47.2         | 205.6        | 232.3           | 209.2        |
| ./. Internal               | -15.2        | -17.7        | -70.0        | -80.8           | -72.5        |
| <b>Total</b>               | <b>150.8</b> | <b>158.9</b> | <b>705.5</b> | <b>751.3</b>    | <b>713,6</b> |

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

|                            | 1-3/2003   |     | 1-3/2002   |      | 1-12/2002   |     | LTM*        | LTM*<br>Year ago |
|----------------------------|------------|-----|------------|------|-------------|-----|-------------|------------------|
|                            | MEUR       | %   | MEUR       | %    | MEUR        | %   | MEUR        | MEUR             |
| Maintenance Services       | 2.7        | 3.3 | 3.6        | 4.4  | 26.2        | 7.0 | 25.3        | 23.9             |
| Standard Lifting Equipment | 2.9        | 7.0 | 5.1        | 10.6 | 19.5        | 9.5 | 17.3        | 26.9             |
| Special Cranes             | 1.1        | 2.5 | 3.0        | 6.4  | 16.7        | 8.0 | 14.8        | 17.9             |
| Group costs                | -4.6       |     | -4.8       |      | -23.8       |     | -23.6       | -12.5            |
| Consolidation items        | -0.7       |     | -0.3       |      | -1.0        |     | -1.4        | -1.9             |
| <b>Total</b>               | <b>1.4</b> |     | <b>6.6</b> |      | <b>37.6</b> |     | <b>32.4</b> | <b>54.3</b>      |

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

|                            | 3/2003 | 3/2002 | 12/2002 |
|----------------------------|--------|--------|---------|
| Maintenance Services       | 2,743  | 2,555  | 2,698   |
| Standard Lifting Equipment | 975    | 1,010  | 949     |
| Special Cranes             | 659    | 676    | 685     |

\* LTM = last 12 months (full year 2002 ./. three months 2002 + three months 2003)



6 May, 2003  
10.00 a.m.

|  |              |              |              |
|--|--------------|--------------|--------------|
| Group staff                                      | 111          | 104          | 109          |
| <b>Total</b>                                     | <b>4,488</b> | <b>4,345</b> | <b>4,441</b> |
| <b>Average number of personnel during period</b> | <b>4,465</b> | <b>4,373</b> | <b>4,396</b> |



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

|                            | 1-3/2003     | 1-3/2002     | LTM*         | LTM<br>Year ago | 1-12/2002    |
|----------------------------|--------------|--------------|--------------|-----------------|--------------|
| Maintenance Services       | 74.6         | 84.1         | 300.7        | 310.6           | 310.2        |
| Standard Lifting Equipment | 49.3         | 51.5         | 201.0        | 218.0           | 203.2        |
| Special Cranes             | 41.0         | 34.8         | 161.1        | 159.3           | 154.9        |
| ./. Internal               | -15.4        | -17.3        | -67.5        | -68.5           | -69.4        |
| <b>Total</b>               | <b>149.5</b> | <b>153.1</b> | <b>595.3</b> | <b>619.4</b>    | <b>598.9</b> |

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

|                     | 3/2003       | 3/2002       | 12/2002      |
|---------------------|--------------|--------------|--------------|
| <b>Total (MEUR)</b> | <b>210.3</b> | <b>266.5</b> | <b>206.0</b> |

**Sales by Market (MEUR)**

|                           | 1-3/2003     | 1-3/2002     | LTM*         | LTM<br>Year ago | 1-12/2002    |
|---------------------------|--------------|--------------|--------------|-----------------|--------------|
| Nordic and Eastern Europe | 33.4         | 38.9         | 173.9        | 187.7           | 179.4        |
| EU (excl. Nordic)         | 44.5         | 48.3         | 217.2        | 216.5           | 220.9        |
| Americas                  | 55.0         | 57.9         | 239.5        | 266.0           | 242.4        |
| Asia-Pacific              | 17.9         | 13.8         | 74.9         | 81.2            | 70.9         |
| <b>Total</b>              | <b>150.8</b> | <b>158.9</b> | <b>705.5</b> | <b>751.4</b>    | <b>713.6</b> |

\* LTM = last 12 months (full year 2002 ./. three months 2002 + three months 2003)



6 May, 2003  
10.00 a.m.

## Teleconference

An international teleconference will be arranged today on 6 May, 2003 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. A replay of the teleconference will be available for the next 48 hours at +44-(0)20 8288 4459, code 976622.

## 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 later on 6 May.

## Next report

Interim Report, 2<sup>nd</sup> quarter, will be published on 7 August, 2003 at 10.00 a.m. Finnish time (8.00 a.m. London time).

## Further information

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## Graphics

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

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