

TAKING INDUSTRIAL EQUIPMENT TO A NEW LEVEL

CMD | Düsseldorf | Dec 14, 2017
Mikko Uhari | EVP Industrial Equipment



AGENDA

1 Industrial Equipment in 2017

2 Go-to-market strategy

3 Product offering

4 Supply operations

5 Technological capabilities

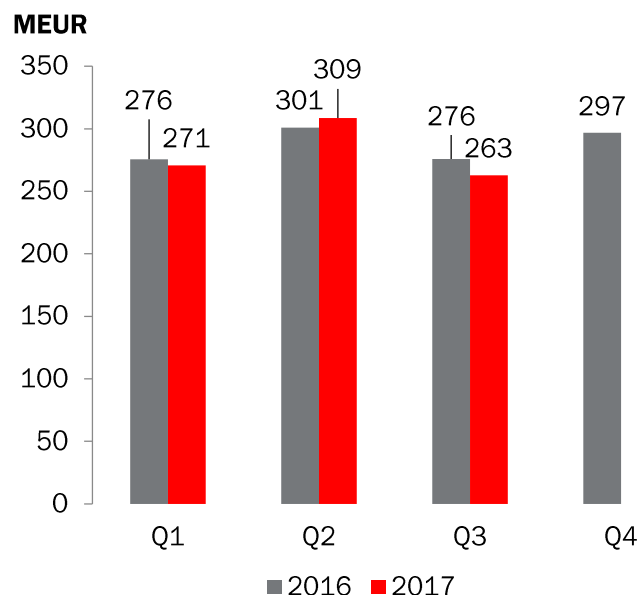
6 Summary



INDUSTRIAL EQUIPMENT IN 2017

ORDER INTAKE AND SALES STABLE, CLEAR PROFITABILITY IMPROVEMENT IN 2017

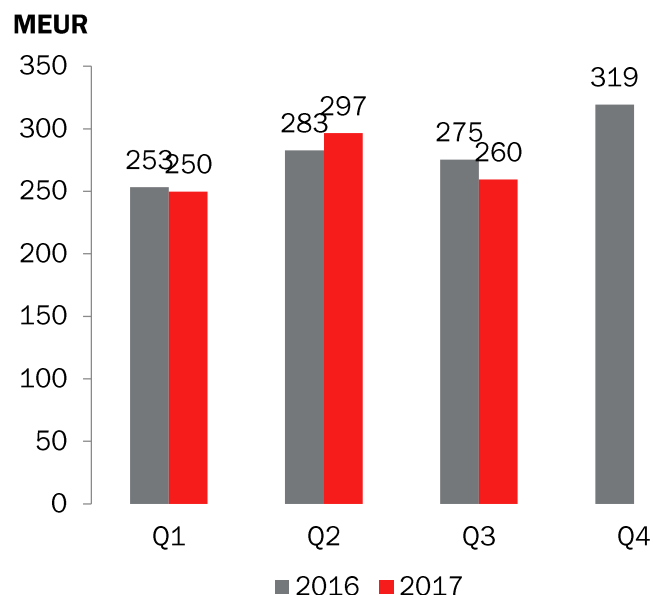
Comparable order intake



Orders received EUR842.0m (852.2), a decrease of 1.2 percent in 1-9/2017

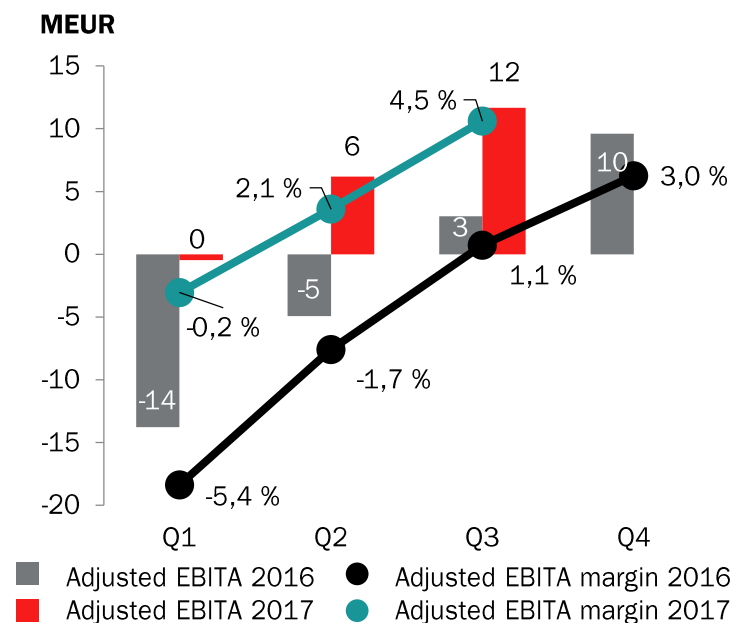
Year-to-date orders grew in EMEA and APAC, but fell in the Americas

Comparable sales



Sales fell by 0.7 percent to EUR805.7m (811.4) in 1-9/2017

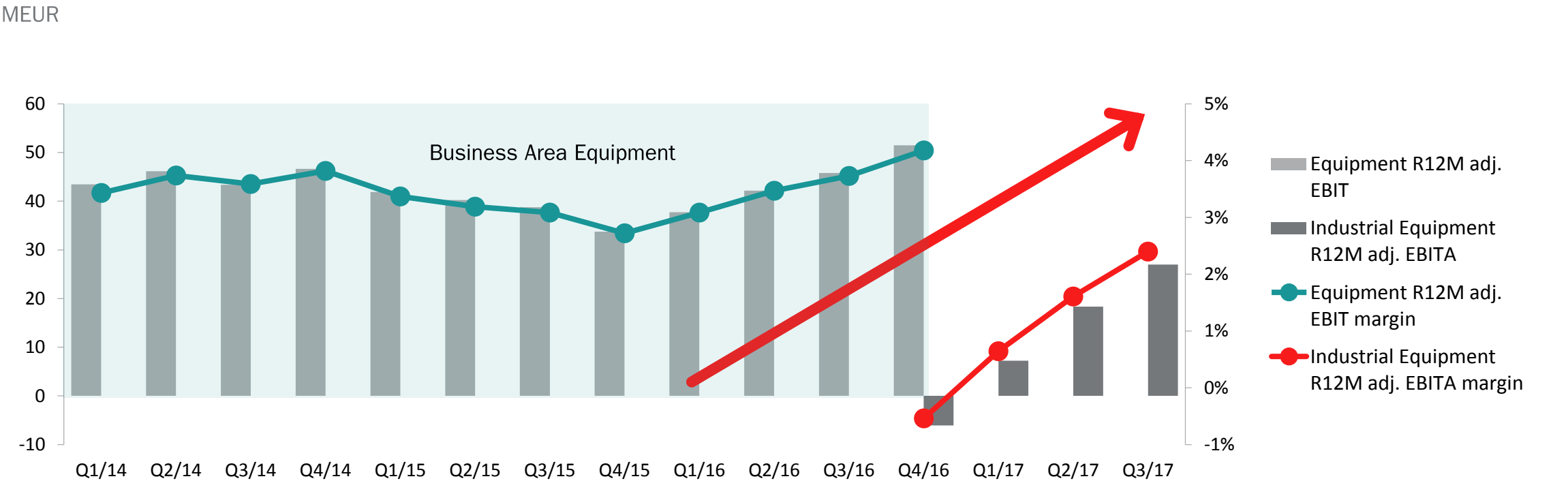
Comparable adjusted EBITA



Adj. EBITA was EUR17.4m (-15.7) and the adj. EBITA margin 2.2 percent (-1.9)

The improvement in adjusted EBITA margin related mainly to cost-saving measures and successful deliveries

FOCUS ON PROFITABILITY IMPROVEMENT, WHICH STARTED ALREADY IN Q1/2016 ON R12M BASIS



Note: Business Area Equipment included Industrial Equipment and the equipment business of Port Solutions

MANAGEMENT AGENDA IN 2017

FINANCIALS

- Focus on profitability over growth

INTEGRATION

- Customer operations not to be distracted
- Base decisions on facts
- Search for scale benefits

ORGANIZATION

- Clear P&L responsibilities, avoid matrix structures
- Build management structures with persons from both Konecranes and MHPS. Base selections on performance and competence

DEVELOPMENT

- Do not stop earlier on-going internal development efforts due to integration
- Keep R&D-efforts on-going with full speed

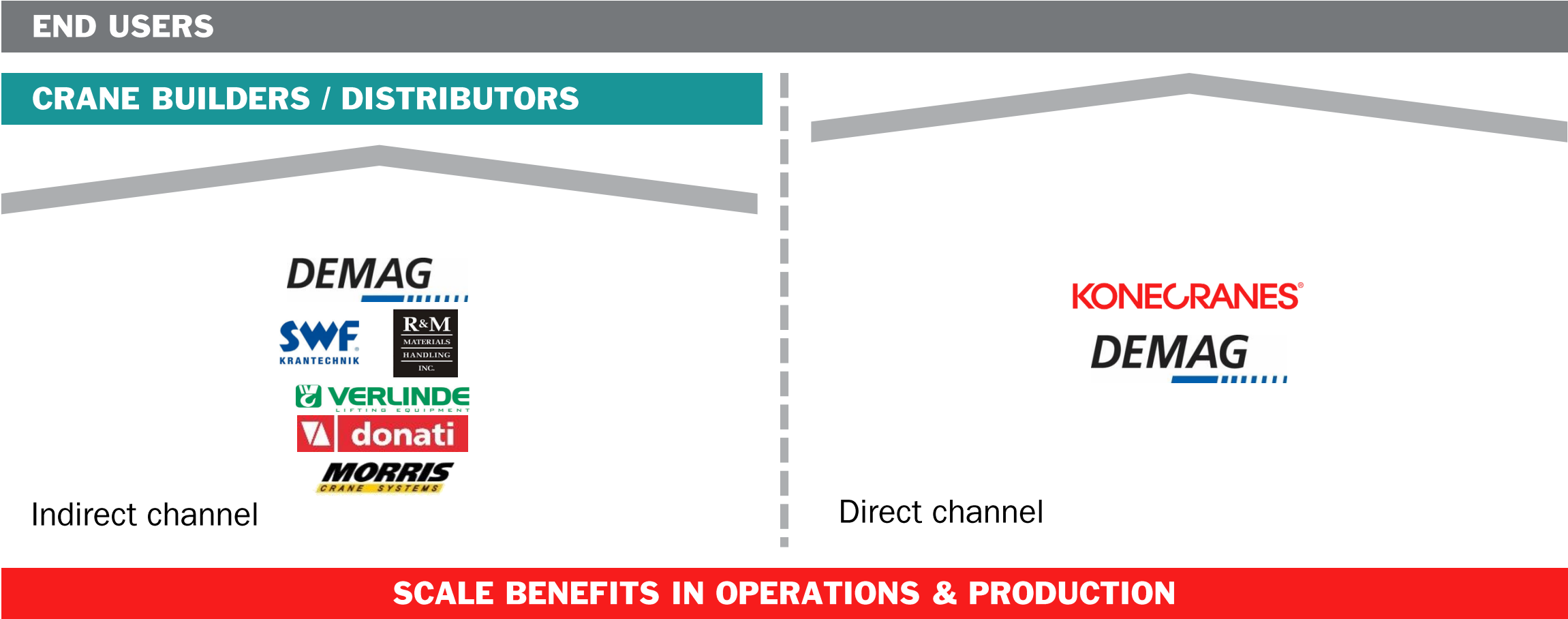
GO-TO-MARKET STRATEGY



MAX. GR.
TARE
NET
CU. CAP.

30,480 KG
67,200 LB
3,380 KG
7,450 LB
27,100 KG
59,750 LB
31.1 CUM.
1,097 CUFT.

GO-TO-MARKET WITH TWO CHANNELS



GO-TO-MARKET: BRAND STRATEGY

END USERS

CRANE BUILDERS / DISTRIBUTORS

- Brand specific offering & image
- Geographical focus:

DEMAG

Selected global

SWF
KRANTECHNIK

EMEA, APAC

VERLINDE
LIFTING EQUIPMENT

French speaking EMEA

donati

Selected EMEA

R&M
MATERIALS
HANDLING
INC.

AME

MORRIS
CRANE SYSTEMS

APAC

- Brand specific offering & image
- Geographical focus:

KONECRANES®

Global

DEMAG

Global

CUSTOMERS HAVE DIFFERENT PERCEPTION OF BRANDS

KONECRANES®



DEMAG



Source: Attribute clouds based on recent brand study in some major countries

GO-TO-MARKET: KONECRANES AND DEMAG

MINIMAL OVERLAP IN BUSINESSES

Both have their own strong segments based on:

- Geography
- Distribution structure
- Industry types
- Key customers
- Product types

LOCAL OPERATIONS ARE DEFINED

Country specific operating models defined

Pool non-customer facing operations:

- Order execution center covering several countries
- Common support functions to cover even larger geographical areas

Currently rolling out

BENEFITS

Faster customer response times, better customer service

Cost savings

Transfer of best practices

- Additional growth
- Additional cost savings

Common processes – harmonized IT-systems

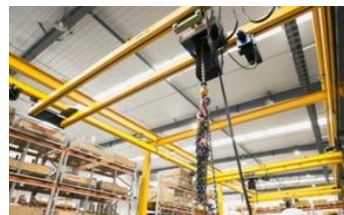
Improved capacity utilization



PRODUCT OFFERING

PRODUCTS

KONECRANES®



DEMAG



PRODUCTS: KONECRANES AND DEMAG

TODAY

Some overlapping areas

- Certain cranes
- Part of components

Non-overlapping areas
with unique product offering

OUR PLAN

We keep essential product differentiation, but we harmonize non-differentiating items

We focus on the latest new models

We aim at creating cross-selling
We target to lower product costs with our new combined supply chain

BENEFITS

Cost savings through:

- Scale benefits in manufacturing and purchasing
- Rationalized product management

Sales growth through increased pricing flexibility

Sales growth
Cost savings

REDUCTION OF PRODUCT PLATFORMS

Wire rope hoists

Electric chain hoists

Winches

Jib-cranes

Light cranes

Industrial cranes

**Product platforms
from 30 to 14**

KONECRANES®

DEMAG

SWF
KRANTECHNIK

R&M
MATERIALS
HANDLING
INC.

VERLINDE
LIFTING EQUIPMENT

donati

MORRIS
CRANE SYSTEMS

PRODUCTS: KONECRANES AND DEMAG

CROSS-SELLING OPPORTUNITIES

DEMAG

DRIVES

(Geared Motors
& Wheel Blocks)



KONECRANES®

HEAVY LIFTING WINCHES



DEMAG

MODULAR CRANE SYSTEM



DEMAG

AVIATION INDUSTRY SOLUTIONS



A man wearing a black hard hat with a clear visor and a black chin strap is looking upwards. He is wearing an orange safety vest over a dark blue shirt. The background is a blurred industrial setting with metal structures and overhead lights.

SUPPLY OPERATIONS

SUPPLY OPERATIONS

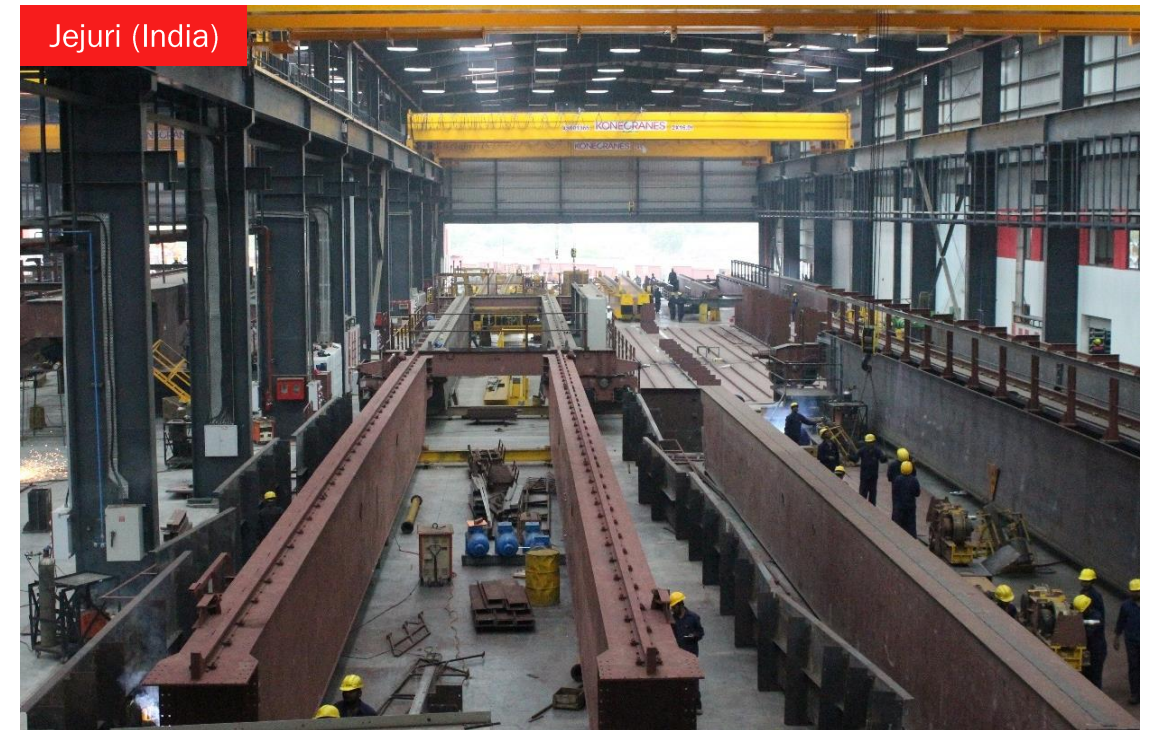
COMPONENT MANUFACTURING PLANT

Gearboxes, Electrics and Hoists



CRANE MANUFACTURING PLANT

Steel work and Crane assembly



SUPPLY OPERATIONS

STARTING POINT

Some production plants are near each other, manufacturing similar kind of products

Vendor network is often readily available for combined use

Good in-house production development know-how is readily available

WHAT ARE WE DOING

Reducing over capacity of own manufacturing

Building brand agnostic supply operations

Make-or-buy evaluations

Changing manufacturing scope

Pooling purchasing volumes

Transferring best practices

**TARGET
= COST SAVINGS**

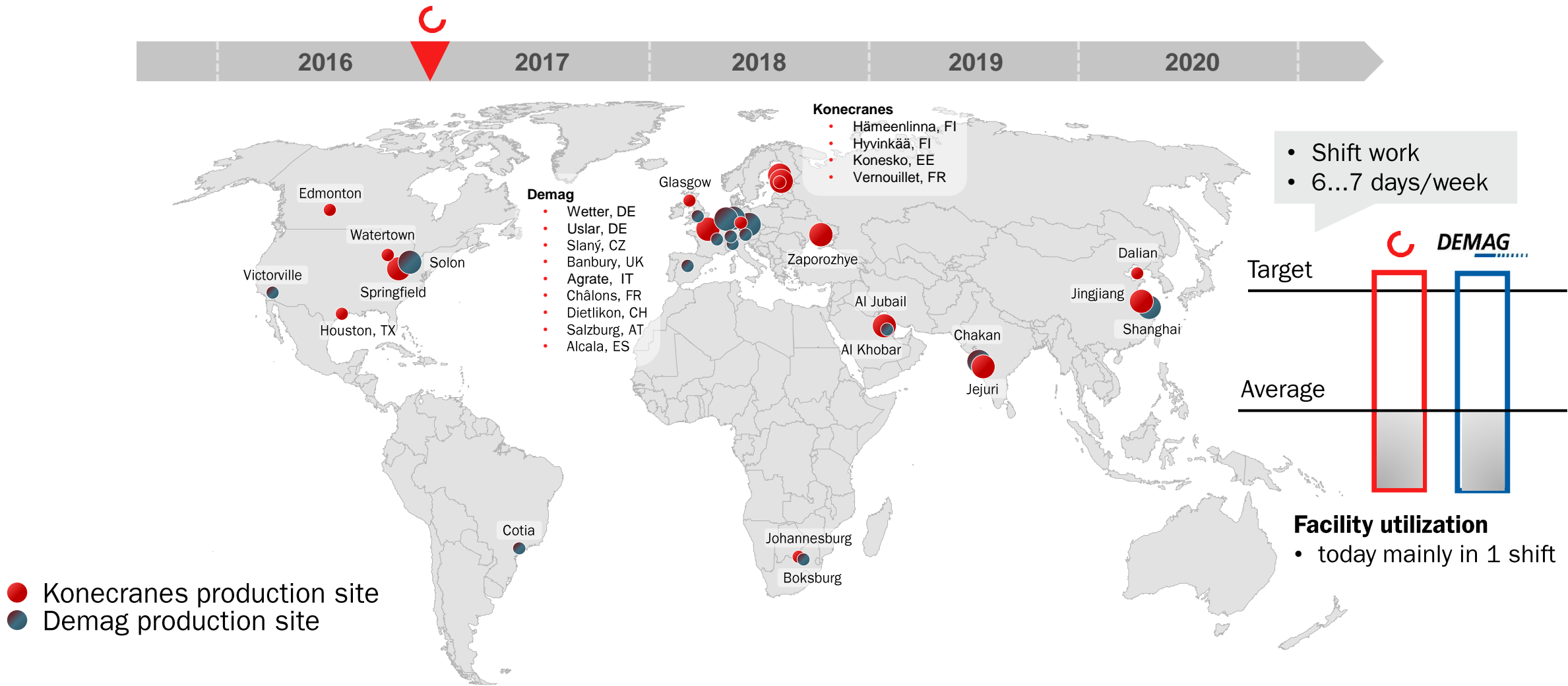
- **LOWER variable costs**
- **LOWER operational costs**
- **LOWER working capital**

+

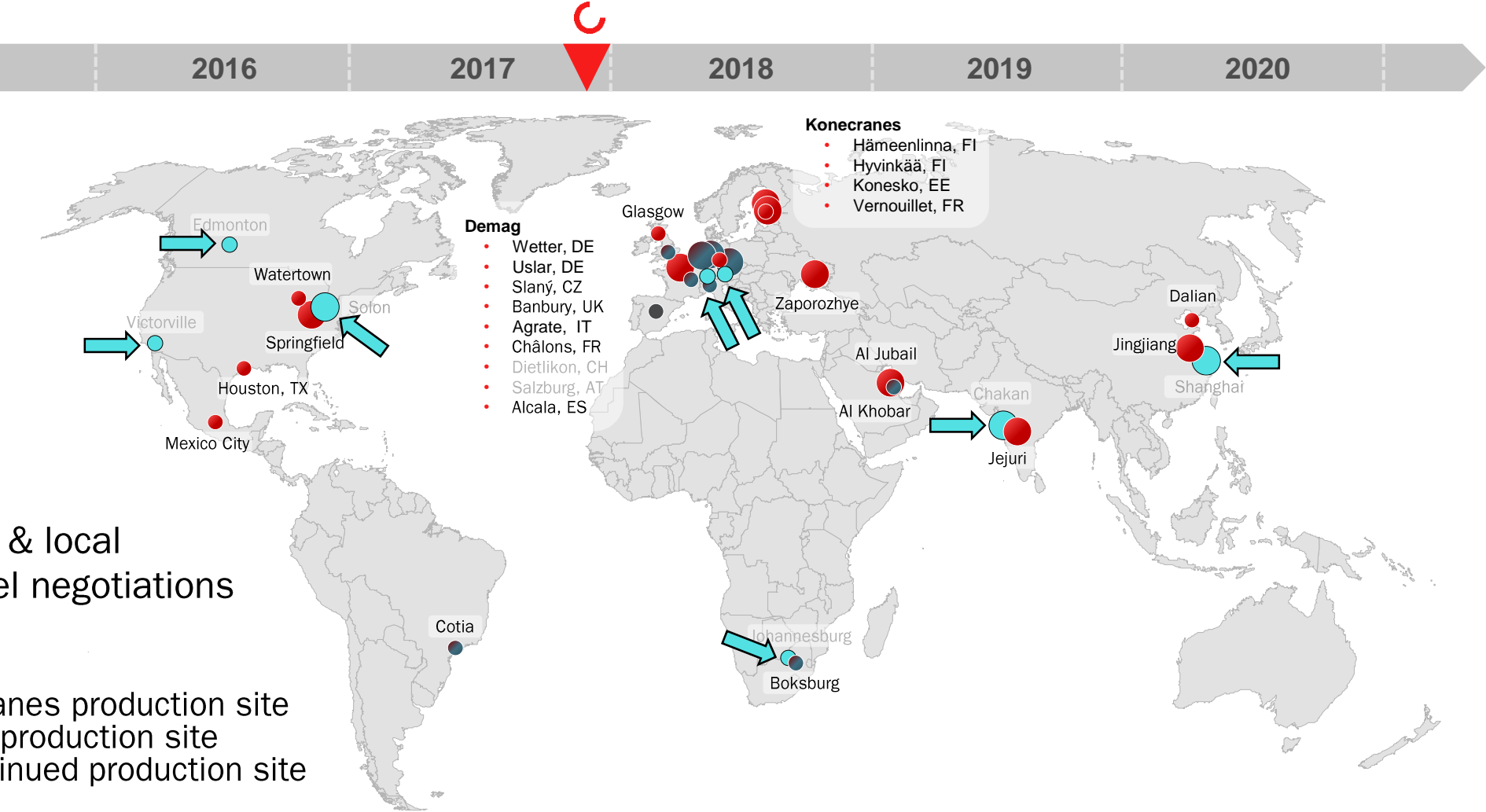
**MORE FLEXIBLE SUPPLY
NETWORK**

**SHORTER THROUGHPUT
TIMES**

SUPPLY OPERATIONS OWN PLANTS



SUPPLY OPERATIONS OWN PLANTS





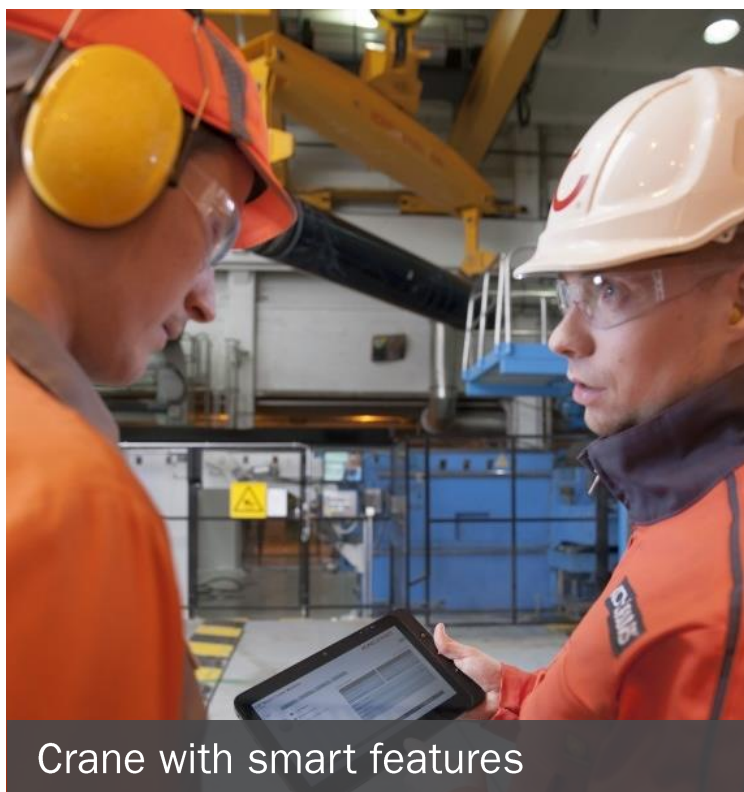
TECHNOLOGICAL CAPABILITIES

**WE ARE A TECHNOLOGY
COMPANY**

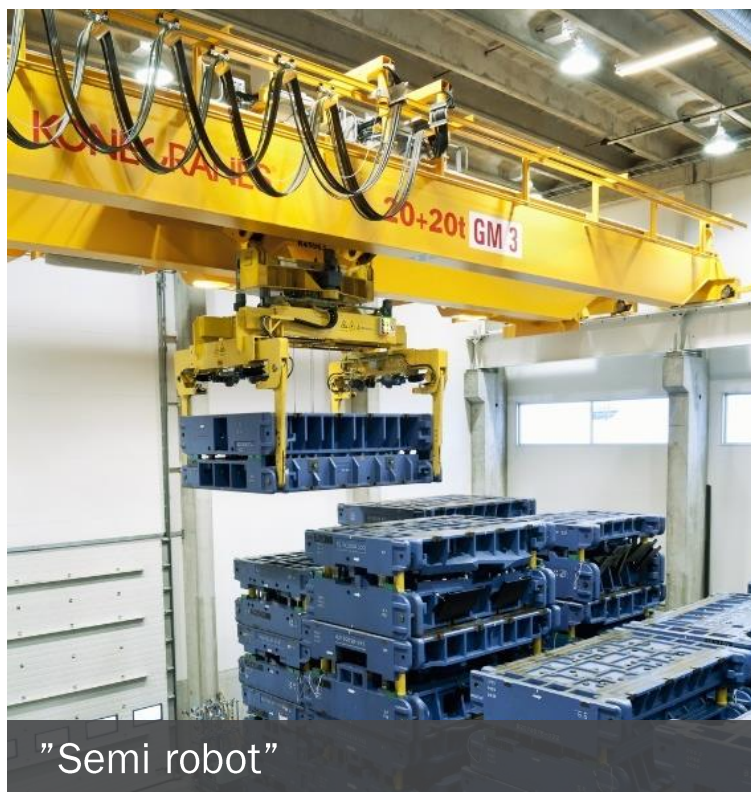
**THIS IS NOT ONLY
COST CUTTING**

FROM CUSTOMER'S NEED TO SOLUTIONS – EXAMPLES

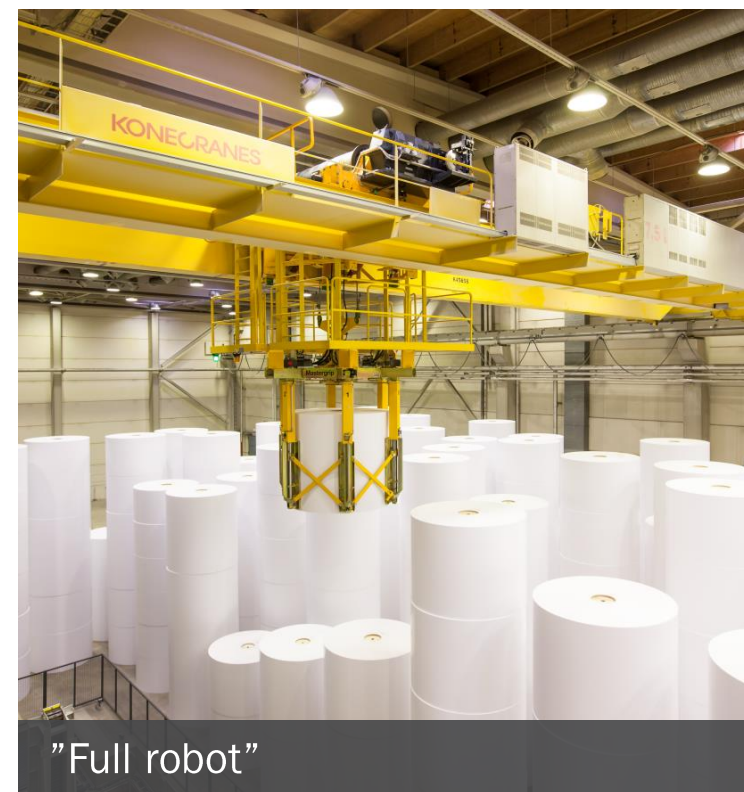
ASSISTANT TO MANUAL CRANE USE



DIE HANDLING IN AUTOMOTIVE FACTORY



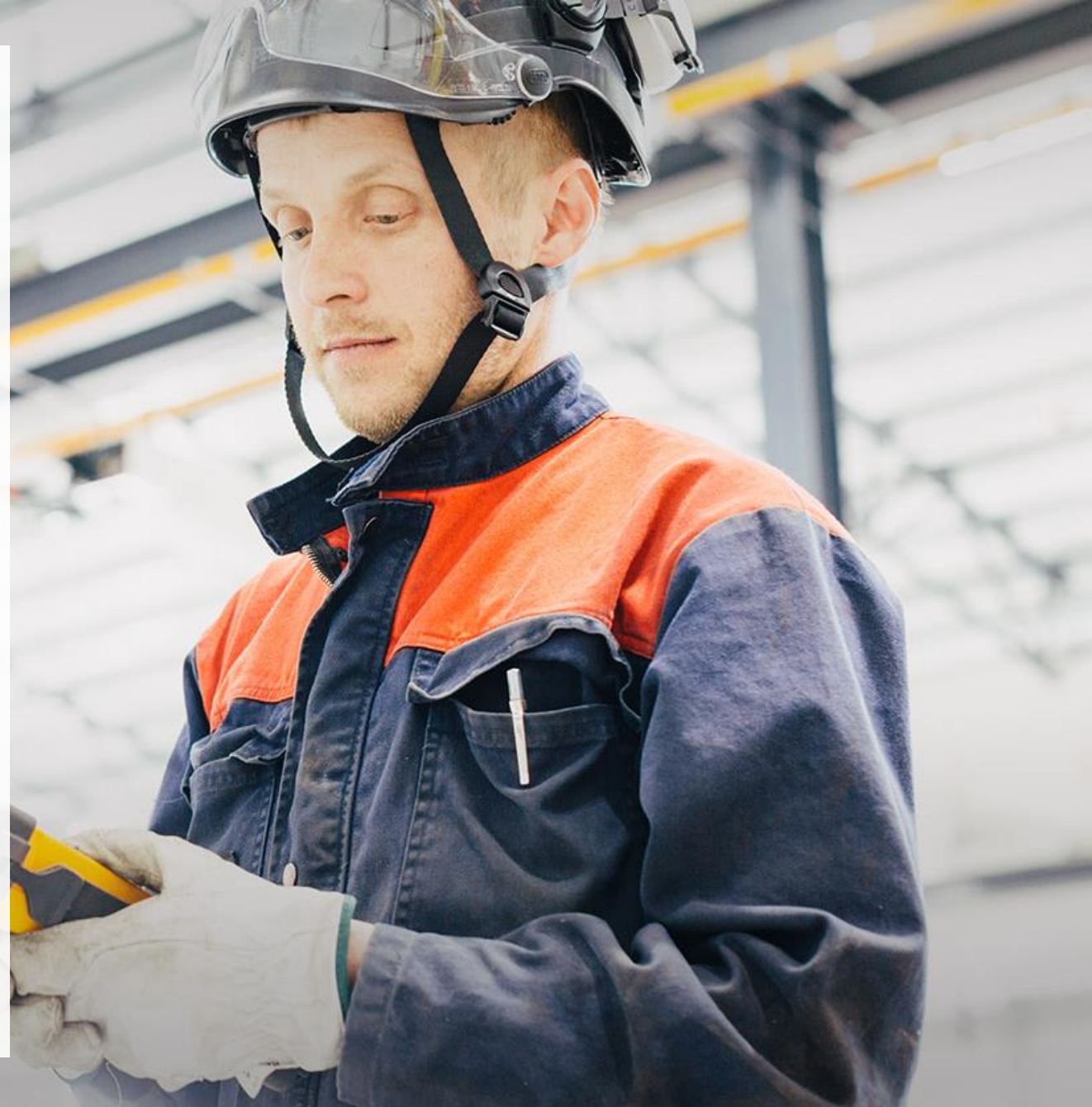
FULLY AUTOMATIC PAPER ROLL STORAGE



SAFETY AND PRODUCTIVITY

SMART FEATURES

- Substantially increased safety & productivity
- Faster load handling
- Easier to operate
- Avoidance of collisions to surroundings
- Protects also crane and reduces stresses to building
- Are basis for building highly automated lifting solutions



SMART FEATURES



SWAY CONTROL AND
ACTIVE SWAY CONTROL



ADAPTIVE AND EXTENDED
SPEED RANGE (ASR, ESR)



SNAG PREVENTION



ASSISTED
LOAD TURNING



HOOK CENTERING



FOLLOW ME



PROTECTED AREAS
AND WORKING LIMITS



LOAD FLOATING



HOISTING SYNCHRONIZATION



HOOK LEVELING



SHOCK LOAD PREVENTION



SLACK ROPE PREVENTION



MICROSPEED



INCHING

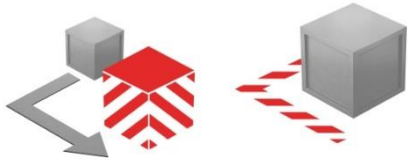


TARGET POSITIONING



END POSITIONING

EXAMPLE: PROTECTED AREAS



Zones, where the crane is not allowed to enter.

WORKING LIMITS

Temporary "virtual walls" at which your crane is designed to stop automatically.

BENEFITS

Help to prevent collisions

→ Increased safety and lower risk of damages



OUR TECHNOLOGY AT WTE PLANT

FULLY AUTOMATED
WTE-CRANE, TRUCONNECT®



TRUCONNECT®
24/7 REMOTE
SUPPORT



REMOTE
OPERATION
WITH MUI AND
CAMERAS



PLANT
CONTROL
ROOM



MANUAL OPERATION WITH
RADIO CONTROLLER THROUGH
PEEK WINDOW, IF NEEDED

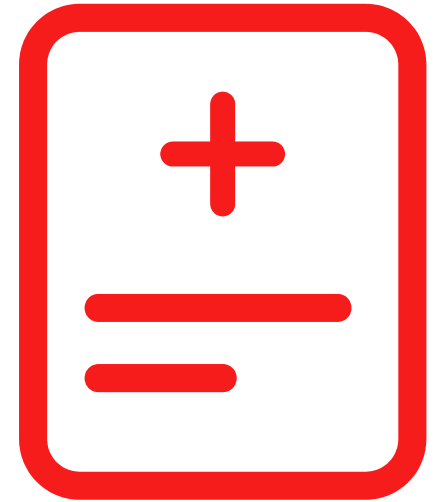


SUMMARY



SUMMARY & CONCLUSIONS

- Continued high focus to improve financial performance
- Integration of Konecranes and Demag proceeding as planned
 - Approximately 90 separate integration projects on-going, each with tens of specific sub-tasks
- Technology continues to be our main differentiator in the markets





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