

Focus on safety and  
customers' mission  
critical operations

Interim Report  
January–March 2020

**Q1**



# Focus on safety and customers' mission critical operations

This report contains comparison to Konecranes' historical figures which are Konecranes' stand-alone financial information as reported for 2019. These do not include figures for MHE-Demag as the acquisition of MHE-Demag was completed in January 2020. The combined operations of Konecranes and MHE-Demag started on January 2, 2020.

To provide a basis for comparison, this Report contains under separate headings comments to the financial performance of MHE-Demag for the year 2020.

Figures in brackets, unless otherwise stated, refer to the same period a year earlier.

## FIRST QUARTER HIGHLIGHTS

- Order intake EUR 737.0 million (848.1), -13.1 percent (-13.4 percent on a comparable currency basis), driven by order intake decline in Business Areas Industrial Equipment and Port Solutions, partly offset by growth in Business Area Service. Excluding MHE-Demag, order intake declined 17.4 percent
- Service annual agreement base value increased 11.4 percent (13.1 percent in comparable currencies) to EUR 281.9 million (253.1). Service order intake EUR 266.1 million (255.4), +4.2 percent (+3.4 percent on a comparable currency basis). Excluding MHE-Demag, the annual agreement base value increased 6.5 percent while order intake in Service declined 2.9 percent
- Order book EUR 1,961.3 million (1,877.6) at the end of March, +4.5 percent (+5.4 percent on a comparable currency basis). Excluding MHE-Demag, the order book declined 2.6 percent
- Sales EUR 769.6 million (758.2), +1.5 percent (+1.2 percent on a comparable currency basis), driven by growth in Business Areas Service and Port Solutions. Excluding MHE-Demag, sales declined 1.3 percent
- Adjusted EBITA margin 2.7 percent (6.4) and adjusted EBITA EUR 21.1 million (48.3); the decrease in the adjusted EBITA margin was primarily due to an estimated cost overrun of EUR 18 million related to the execution of a port crane project in Business Area Port Solutions, as well as further costs incurred in closing the process crane project which affected our profitability in Q4. Excluding MHE-Demag, the adjusted EBITA was EUR 20.8 million and the adjusted EBITA margin was 2.8 percent.
- Operating profit EUR 7.8 million (27.3), 1.0 percent of sales (3.6)
- Earnings per share (diluted) EUR 0.14 (0.17)
- Free cash flow EUR 53.8 million (28.0)
- Net debt EUR 771.3 million (649.0) and gearing 61.7 percent (53.8), increase resulting mainly from the acquisition of MHE-Demag

## DEMAND OUTLOOK

The worldwide demand picture remains subject to significant volatility.

Due to the Coronavirus (COVID-19) pandemic, the demand environment within the industrial customer segments is deteriorating in Europe and North America compared to Q1. While China is showing early signs of improving demand conditions from early 2020, demand environment in the rest of Asia-Pacific is weakening.

Global container throughput has declined sharply and many port operators are postponing decision-making in the current environment. However, long-term prospects related to container handling remain good overall.

## FINANCIAL GUIDANCE

Due to the rapidly evolving situation as a result of the Coronavirus (COVID-19) pandemic, Konecranes considers that it is too early to make reasoned estimates or provide financial guidance for 2020.

# Key figures

	1-3/2020	1-3/2019	Change percent	R12M	1-12/2019
Orders received, MEUR	737.0	848.1	-13.1	3,056.2	3,167.3
Order book at end of period, MEUR	1,961.3	1,877.6	4.5		1,824.3
Sales total, MEUR	769.6	758.2	1.5	3,338.2	3,326.9
Adjusted EBITDA, MEUR <sup>1)</sup>	46.0	72.1	-36.2	347.1	373.2
Adjusted EBITDA, % <sup>1)</sup>	6.0%	9.5%		10.4%	11.2%
Adjusted EBITA, MEUR <sup>2)</sup>	21.1	48.3	-56.4	247.8	275.1
Adjusted EBITA, % <sup>2)</sup>	2.7%	6.4%		7.4%	8.3%
Adjusted operating profit, MEUR <sup>1)</sup>	12.1	42.2	-71.4	220.3	250.4
Adjusted operating margin, % <sup>1)</sup>	1.6%	5.6%		6.6%	7.5%
Operating profit, MEUR	7.8	27.3	-71.5	129.2	148.7
Operating margin, %	1.0%	3.6%		3.9%	4.5%
Profit before taxes, MEUR	16.1	18.3	-12.1	116.3	118.5
Net profit for the period, MEUR	11.5	13.2	-12.7	81.1	82.8
Earnings per share, basic, EUR	0.14	0.17	-14.7	1.00	1.03
Earnings per share, diluted, EUR	0.14	0.17	-14.7	1.00	1.03
Interest-bearing net debt / Equity, %	61.7%	53.8%			52.6%
Net debt / Adjusted EBITDA, R12M <sup>1)</sup>	2.2	1.9			1.8
Return on capital employed, %				6.2%	6.3%
Adjusted return on capital employed, % <sup>3)</sup>				11.1%	12.7%
Free cash flow, MEUR	53.8	28.0		174.3	148.5
Average number of personnel during the period	17,023	16,024	6.2		16,104

<sup>1)</sup> Excluding adjustments, see also note 11 in the summary financial statements

<sup>2)</sup> Excluding adjustments and purchase price allocation amortization, see also note 11 in the summary financial statements

<sup>3)</sup> ROCE excluding adjustments, see also note 11 in the summary financial statements

## President and CEO Rob Smith:

“The world changed dramatically during the first quarter of 2020. Directly or indirectly, every country and business around the world has increasingly felt the impact of the COVID-19 coronavirus pandemic. Our focus is on the safety of our employees and on supporting the essential mission-critical operations of our customers worldwide. Our unwavering focus on these objectives ensures that our employees, our customers and our business emerge from this unprecedented period safely and in excellent health.

As the virus rapidly spread around the world, countries began to impose extensive restrictions on the daily conduct of people and businesses. The global economy has suffered as a result, with no clear consensus on what the recovery will look like; many countries have yet to see a peak in the number of infections, and many forecasts are measuring a recovery in terms of years. We have been preparing for multiple recovery scenarios with an intense focus on ensuring our cost base is fully aligned with the reduced and uncertain demand environment.

In Q1, many of Konecranes’ customers limited access to their premises, affecting our ability to perform on-site work and making it especially challenging to deliver and install new equipment and perform on-site service operations. While our reported sales increased slightly year-on-year due to the inclusion of our recent MHE-Demag acquisition, comparable sales versus a year ago declined approximately 1.3 percent. In Q2, we expect the coronavirus impact on sales to be particularly negative.

Our own operations also have been affected by the pandemic. Material deliveries have become more challenging. Also, some of our factories were interrupted during parts of the first quarter. At the end of April, our factories in India, Malaysia, Philippines and South Africa are shut down. At this point we expect the impact from these disruptions to our global supply operations to be limited, largely as our European component factories have continued to run without interruptions.

The pandemic is impacting the demand for Konecranes’ products and services. In Q1, Group order intake including MHE-Demag declined approximately 13 percent year-on-year. While the coronavirus impact was particularly clear in our industrial businesses, the decline in Business Area Port Solutions was primarily due to the large Hadarom greenfield automation deal booked in Q1 2019, making it a tough year-on-year comparison. Due to the crisis, we expect order intake in Q2 to decline sequentially in all of our three Business Areas.

Konecranes is playing a vital role in safeguarding the continuous flow of food, medical supplies and other essential materials as we fight this crisis. In Service, some customers who have slowed their own factory operations are scheduling larger overhauls. As a bright spot in Q1, on a comparable currency basis, the annual value of the agreement base grew 8.1 percent year on year excluding MHE-Demag. We have not seen cancellations of significant orders in any of our Business Areas, and while many port operators are postponing decision-making, thus far we have not seen cancellations of planned port investments.

While the coronavirus pandemic is weighing on profitability, in Q1 the Group adjusted EBITA margin was mostly affected by one-off cost items in Port Solutions and Industrial Equipment. The Group adjusted EBITA margin of 2.7 percent was down from 6.4 percent in the year-ago quarter. Port Solutions had an estimated one-time cost overrun of EUR 18 million in a port crane project in the US. The profitability in Industrial Equipment was weighed by further costs incurred in closing the process crane project which affected our profitability in Q4.

We expect a significant sequential sales decline in Q2 and are adjusting our cost base across all elements of our business to be aligned with the reduced sales levels and uncertain demand. These actions will benefit us already in Q2 and we expect the adjusted EBITA margin to improve quarter-on-quarter.

Beyond Q2, turning around the process crane business and improving the profitability of the Industrial Equipment business is one of my key focus areas. Additionally, we are concentrating on supply chain operations performance, delivering manufacturing efficiencies and driving procurement savings, both direct and indirect.

Konecranes is the global leader in our industry with an unparalleled original equipment and service offering in terms of technology, footprint and market position, giving us a unique competitive advantage.

As we navigate our way through the crisis, the safety and well-being of our employees and supporting the essential mission-critical operations of our customers are our highest priority. We have a healthy balance sheet and liquidity position and will emerge from this crisis the same way we entered it: as the industry leader.”

# Konecranes Plc

## Interim report January–March 2020

This report contains comparison to Konecranes' historical figures which are Konecranes' stand-alone financial information as reported for 2019. These do not include figures for MHE-Demag as the acquisition of MHE-Demag was completed in January 2020. The combined operations of Konecranes and MHE-Demag started on January 2, 2020.

To provide a basis for comparison, this Report contains under separate headings comments to the financial performance of MHE-Demag for the year 2020.

Note: Unless otherwise stated, the figures in brackets in the sections below refer to the same period in the previous year.

### MARKET REVIEW

The world's manufacturing sector, according to the aggregated J.P Morgan Global Manufacturing Purchasing Managers' Index (PMI), was expanding in January 2020, just above the 50.0 mark. In February, the coronavirus outbreak (COVID-19) rapidly weakened the PMI to 47.1, its lowest level since May 2009. Disruption to the global manufacturing sector caused by the outbreak continued towards the end of the quarter. In March, the slight improvement to the PMI from February was supported by stabilizing conditions in China.

In the eurozone, manufacturing sector operating conditions contracted significantly by the end of Q1. The Eurozone Manufacturing PMI ended the quarter at 44.5, its lowest figure since 2012 and the fourteenth successive month below the 50.0 mark. In March 2020, the readings of all market sectors, led by investment goods, decreased from February. Similarly, all of the country-specific PMIs decreased from February and all except the Netherlands were below the 50.0 mark in March. In the UK, the Manufacturing PMI was clearly in the expansion area in February, but as in the eurozone the readings fell sharply in March and the quarter ended well below the 50.0 mark. Correspondingly, the manufacturing industry capacity utilization rate declined in the European Union in the first quarter.

In the US, the manufacturing sector's PMI told a similar story as in Europe. The year started well, with the PMI reading above the 50.0 mark, before it turned sharply into contraction in March. However, the PMI remained above European levels. The US unemployment rate jumped in March, rising to 4.4 percent from 3.5 percent in February. This was the largest monthly increase since 1975. In addition, the US manufacturing capacity utilization rate also deteriorated sharply in March.

As for emerging markets, China's manufacturing sector operating conditions dropped dramatically and struck record lows in February due to the coronavirus outbreak. In March, business conditions stabilized as firms reopened and the PMI ended the quarter slightly above 50. In India, despite a signifi-

cant decline from the beginning of the quarter, manufacturing sector operating conditions remained on the positive side with the PMI still clearly above 50.0 in March. Manufacturing sector operating conditions in Brazil and Russia, measured by the countries' PMIs, also ended Q1 in contraction.

Global container throughput, according to the RWI/ISL Container Throughput Index, also dropped sharply in February – the largest monthly drop ever observed. The significant decline was mainly driven by ports in China, with the trade conflict between the US and China also having an impact. At the end of February, global container throughput was approximately 8.4 percent lower than the year before. The COVID-19 pandemic is expected to show further impact in the March figures.

Regarding raw material prices, at the end of the first quarter both steel and copper were clearly below the previous year's levels. The average EUR/USD exchange rate was approximately 3 percent lower compared to the year-ago period.

### ORDERS RECEIVED

In the first quarter, orders received totaled EUR 737.0 million (848.1), representing a decrease of 13.1 percent. On a comparable currency basis, order intake decreased 13.4 percent. Orders received declined in region Americas and region EMEA, and increased in the region APAC.

Excluding MHE-Demag, the first quarter orders received totaled EUR 700.3 million (848.1) representing a decrease of 17.4 percent. On a comparable currency basis, order intake decreased 17.7 percent.

In Service, orders received increased 4.2 percent on a reported basis and 3.4 percent on a comparable currency basis. In Industrial Equipment, order intake decreased 13.4 percent on a reported basis and 13.9 percent on a comparable currency basis. External orders received in Industrial Equipment decreased 12.9 percent on a reported basis and 13.3 percent on a comparable currency basis. In Port Solutions, order intake decreased 26.3 percent on a reported basis and decreased 26.1 percent on a comparable currency basis.

### ORDER BOOK

At the end of March, the value of the order book totaled EUR 1,961.3 million (1,877.6), which was 4.5 percent higher compared to previous year. On a comparable currency basis, the order book increased 5.4 percent. The order book increased 9.8 percent in Service, 18.0 percent in Industrial Equipment and decreased 5.4 percent in Port Solutions.

Excluding MHE-Demag, the value of the order book totaled EUR 1,827.9 million at the end of March, representing a decrease of 2.6 percent.

**ORDERS RECEIVED AND NET SALES**

	1–3/2020	1–3/2019	Change percent	Change % at comparable currency rates	1–12/2019
Orders received, MEUR	737.0	848.1	-13.1	-13.4	3,167.3
Net sales, MEUR	769.6	758.2	1.5	1.2	3,326.9

**ORDERS RECEIVED AND NET SALES EXCLUDING MHE-DEMAG**

	1–3/2020	1–3/2019	Change percent	Change % at comparable currency rates	1–12/2019
Orders received, MEUR	700.3	848.1	-17.4	-17.7	3,167.3
Net sales, MEUR	748.6	758.2	-1.3	-1.5	3,326.9

**SALES**

In the first quarter, Group sales increased 1.5 percent to EUR 769.6 million (758,2). On a comparable currency basis, sales increased 1.2 percent. Sales increased 2.2 percent in Service and 4.4 percent in Port Solutions but decreased 2.9 percent in Industrial Equipment. Industrial Equipment's external sales decreased 2.7 percent.

Excluding MHE-Demag, the first quarter sales totaled EUR 748.6 million (758.2) representing a decrease of 1.3 percent. On a comparable currency basis, sales decreased 1.5 percent.

At the end of March, the regional breakdown of sales, calculated on a rolling 12-month basis, was as follows: EMEA 52 (50), Americas 34 (34) and APAC 14 (16) percent.

**FINANCIAL RESULT**

In January–March, the Group adjusted EBITA was EUR 21.1 million (48.3). The adjusted EBITA margin decreased to 2.7 percent (6.4). The adjusted EBITA margin in Service decreased to 13.8 percent (15.7), in Industrial Equipment to -4.0 percent (0.3) and in Port Solution to 0.0 percent (4.4). The decrease in the Group adjusted EBITA was primarily due to an estimated cost overrun of EUR 18 million related to the execution of a port crane project in Business Area Port Solutions, as well as further costs incurred in closing the process crane project which affected our profitability in Q4. Gross margin declined on a year-on-year basis due to Business Areas Industrial Equipment and Port Solutions.

Excluding MHE-Demag, the Group adjusted EBITA was EUR 20.8 million (48.3). The adjusted EBITA margin decreased to 2.8 percent (6.4).

In January–March, the consolidated adjusted operating profit decreased to EUR 12.1 million (42.2). The adjusted operating margin decreased to 1.6 percent (5.6).

The January–March consolidated operating profit totaled EUR 7.8 million (27.3). The operating profit includes adjustments of EUR 4.3 million (14.8), which are mainly comprised of restructuring costs. The operating margin decreased in Service to 11.4 percent (14.7), in Industrial Equipment to -4.9 percent (-3.3) and in Port Solutions to -1.4 percent (3.6).

In January–March, depreciation and impairments totaled EUR 33.5 million (29.9). EUR 3.2 million of the increase was related to the MHE-Demag acquisition. The amortization arising from the purchase price allocations for acquisitions represented EUR 8.5 million (6.2) of the depreciation and impairments. In January–March, the purchase price allocation amortization resulting from the MHE-Demag acquisition was EUR 2.4 million.

In January–March, the share of the result in associated companies and joint ventures was EUR 21.1 million (-1.0). The increase in the share of the result in associated companies and joint ventures was mainly due to Konecranes re-measuring its previously held equity interest in MHE-Demag at its acquisition date fair value. Please refer to Note 5 for additional information.

In January–March, financial income and expenses totaled EUR -12.8 million (-8.0). Net interest expenses accounted for EUR 7.3 million (5.4) of the sum and the remainder was mainly attributable to realized and unrealized exchange rate differences related to the hedging of future cash flows, which are not included in the hedge accounting.

January–March profit before taxes was EUR 16.1 million (18.3).

Income taxes were EUR -4.6 million (-5.1). The Group's effective tax rate was 28.5 percent (28.0).

January–March net profit was EUR 11.5 million (13.2). The basic earnings per share were EUR 0.14 (0.17) and the diluted earnings per share were EUR 0.14 (0.17).

On a rolling 12-month basis, the return on capital employed was 6.2 percent (8.4) and the return on equity 6.6 percent (8.6). The adjusted return on capital employed was 11.1 percent (13.5).

### **MHE-Demag**

In the first quarter, MHE-Demag's orders received totaled EUR 44.2 million. At the end of March, the value of MHE-Demag's order book totaled EUR 133.4 million.

In the first quarter, MHE-Demag's sales totaled EUR 26.5 million. Konecranes internal sales, which is eliminated on the consolidated Group level, to MHE-Demag in the first quarter was EUR 5.4 million.

In January–March, MHE-Demag's adjusted EBITA was EUR 0.3 million. The adjusted EBITA margin was 1.1 percent. MHE-Demag's adjusted operating profit was EUR -2.6 million. The adjusted operating profit margin was -9.6 percent.

In January–March, the purchase price allocation amortization resulting from the MHE-Demag acquisition was EUR 2.4 million. The release of MHE-Demag purchase price allocation in inventories was EUR 0.5 million.

At the end of March, the Group's goodwill included EUR 114.7 million of goodwill resulting from the MHE-Demag acquisition.

In the first quarter of 2019, prior to Konecranes' acquisition of MHE-Demag and the consolidation of the company's accounts since January 2, 2020, MHE-Demag's orders received totaled EUR 46.8 million and the value of MHE-Demag's order book totaled EUR 140.2 million. In the first quarter of 2019, MHE-Demag's sales totaled EUR 33.2 million, adjusted EBITA totaled EUR -1.1 million and the adjusted EBITA margin was -3.5 percent.

### **BALANCE SHEET**

At the end of March, the consolidated balance sheet amounted to EUR 4,060.8 million (3,707.2). The total equity at the end of the reporting period was EUR 1,249.7 million (1,205.6) or EUR 15.73 per share (15.06). The total equity attributable to the equity holders of the parent company was EUR 1,240.9 million (1,187.4).

Net working capital totaled EUR 458.3 million (330.1). Sequentially, net working capital increased by EUR 12.3 million. The sequential increase in net working capital resulted primarily from increase in inventories. Excluding MHE-Demag, net working capital decreased sequentially by EUR 40.6 million.

### **CASH FLOW AND FINANCING**

Net cash from operating activities in January–March was EUR 63.7 million (30.1). Cash flow before financing activities was EUR -70.3 million (27.3), which included cash inflows of EUR 0.1 million (5.1) related to sale of property, plant and equipment, and cash outflows of EUR 124.1 million (0.7) related to acquisition of Group companies and EUR 10.0 million (7.2) related to capital expenditure.

At the end of March, interest-bearing net debt was EUR 771.3 million (649.0). Net debt increased mainly due to the acquisition of MHE-Demag which was completed in January 2020. The equity to asset ratio was 34.2 percent (36.1) and the gearing 61.7 percent (53.8).

At the end of March, cash and cash equivalents amounted to EUR 369.6 million (204.2). None of the Group's committed EUR 400 million back-up financing facility was in use at the end of the period.

### **CAPITAL EXPENDITURE**

Capital expenditure in January–March, excluding acquisitions and joint arrangements, amounted to EUR 7.5 million (10.0). The amount consisted mainly of investments in machinery and equipment, buildings, office equipment and information technology.

### **ACQUISITIONS AND DIVESTMENTS**

In January–March, the capital expenditure for acquisitions and joint arrangements was EUR 124.1 million (0.7).

On December 5, 2019 Konecranes signed an agreement to acquire from Jebsen & Jensen its 50 percent share in MHE-Demag. The transaction was closed on January 2, 2020 and the purchase price consideration was EUR 148.3 million. After the acquisition Konecranes holds 100 percent of the shares in the company.

### **PERSONNEL**

In January–March, the Group had an average of 17,023 employees (16,024). On March 31, the number of personnel was 17,850 (15,971). During January–March, the Group's personnel increased by 1,654 people net.

On March 31, MHE-Demag's number of personnel was 1,825. During January–March, the Group's personnel excluding MHE-Demag decreased by 171 people net.

At the end of March, the number of personnel by Business Area was as follows: Service 8,657 employees (7,527), Industrial Equipment 6,030 employees (5,502), Port Solutions 3,052 employees (2,849) and Group staff 111 (93).

The Group had 10,131 (9,966) employees working in EMEA, 3,200 (3,231) in the Americas and 4,519 (2,774) in APAC.

**BUSINESS AREAS****SERVICE**

	<b>1–3/2020</b>	<b>1–3/2019</b>	<b>Change percent</b>	<b>Change % at comparable currency rates</b>	<b>1–12/2019</b>
Orders received, MEUR	266.1	255.4	4.2	3.4	1,015.1
Order book, MEUR	256.9	234.1	9.8	11.0	215.7
Agreement base value, MEUR	281.9	253.1	11.4	13.1	267.7
Net sales, MEUR	303.7	297.1	2.2	1.6	1,259.7
Adjusted EBITA, MEUR <sup>1)</sup>	41.9	46.8	-10.5		208.5
Adjusted EBITA, % <sup>1)</sup>	13.8%	15.7%			16.6%
Purchase price allocation amortization, MEUR	-4.0	-2.6	52.6		-10.5
Adjustments, MEUR	-3.1	-0.4			-3.4
Operating profit (EBIT), MEUR	34.7	43.7	-20.6		194.6
Operating profit (EBIT), %	11.4%	14.7%			15.5%
Personnel at the end of period	8,657	7,527	15.0		7,762

<sup>1)</sup> Excluding adjustments and purchase price allocation amortization. See also note 11 in the summary financial statements.

**SERVICE EXCLUDING MHE-DEMAG**

	<b>1–3/2020</b>	<b>1–3/2019</b>	<b>Change percent</b>	<b>Change % at comparable currency rates</b>	<b>1–12/2019</b>
Orders received, MEUR	248.0	255.4	-2.9	-3.7	1,015.1
Order book, MEUR	229.0	234.1	-2.2	-1.0	215.7
Agreement base value, MEUR	269.5	253.1	6.5	8.1	267.7
Net sales, MEUR	287.8	297.1	-3.1	-3.7	1,259.7
Adjusted EBITA, MEUR <sup>1)</sup>	40.0	46.8	-14.4		208.5
Adjusted EBITA, % <sup>1)</sup>	13.9%	15.7%			16.6%

<sup>1)</sup> Excluding adjustments and purchase price allocation amortization. See also note 11 in the summary financial statements.

## SERVICE

### Operational highlight in Q1:

- Agreement base retention rate improved by 0.8 percentage points year-on-year to 86.3 percent
- Konecranes signed a machine tool maintenance operations agreement with Wärtsilä Finland and joins as a partner to the company's Smart Technology Hub on Vaasa's Vaskiluoto island. As part of the "commitment contract", Wärtsilä's current maintenance department was transferred to Konecranes in mid-April. The scope of the agreement includes preventive maintenance activities, safety inspections, spare parts replacement, repairs and additional consultative service products.

In the first quarter, order intake in Service increased 4.2 percent to EUR 266.1 million (255.4). On a comparable currency basis, orders received increased 3.4 percent. The increase in field service was slightly offset by a decline in parts orders. Order intake increased in APAC, remained approximately flat in EMEA and decreased in the Americas.

The order book increased 9.8 percent to EUR 256.9 million (234.1). On a comparable currency basis, the order book increased 11.0 percent.

The annual value of the agreement base increased 11.4 percent year-on-year to EUR 281.9 million (253.1). On a comparable currency basis, the annual value of the agreement

base increased 13.1 percent. Sequentially, the annual value of the agreement base increased 5.3 percent on a reported basis and 6.8 percent on a comparable currency basis.

Sales increased 2.2 percent to EUR 303.7 million (297.1). On a comparable currency basis, sales increased 1.6 percent. Sales increased in field service but the growth was partly offset by a decline in parts sales. Sales increased in APAC but decreased in EMEA and the Americas.

The first-quarter adjusted EBITA was EUR 41.9 million (46.8) and the adjusted EBITA margin 13.8 percent (15.7). The decrease in the adjusted EBITA margin was mainly attributable to lower underlying sales when excluding MHE-Demag and weaker sales mix. On a year-on-year basis, gross margin stayed approximately flat. The operating profit was EUR 34.7 million (43.7) and the operating margin 11.4 percent (14.7).

### MHE-Demag

In the first quarter, MHE-Demag's order intake related to Service totaled EUR 19.9 million. The value of the order book was EUR 27.9 million and the agreement base value was EUR 12.4 million at the end of the quarter. MHE-Demag's sales in the first quarter was EUR 17.2 million. The adjusted EBITA was EUR 1.8 million which translates to an adjusted EBITA margin of 10.6 percent. The adjusted operating profit for MHE-Demag within Service was EUR 0.4 million and the adjusted operating profit margin was 2.4 percent.

**INDUSTRIAL EQUIPMENT**

	<b>1–3/2020</b>	<b>1–3/2019</b>	<b>Change percent</b>	<b>Change % at comparable currency rates</b>	<b>1–12/2019</b>
Orders received, MEUR	278.2	321.2	-13.4	-13.9	1,251.5
of which external, MEUR	240.6	276.3	-12.9	-13.3	1,068.4
Order book, MEUR	754.5	639.4	18.0	19.7	648.9
Net sales, MEUR	266.6	274.6	-2.9	-3.3	1,185.5
of which external, MEUR	227.5	233.9	-2.7	-3.1	1,020.4
Adjusted EBITA, MEUR <sup>1)</sup>	-10.6	0.8	-1,378.4		18.2
Adjusted EBITA, % <sup>1)</sup>	-4.0%	0.3%			1.5%
Purchase price allocation amortization, MEUR	-3.1	-1.7	83.5		-6.9
Adjustments, MEUR	0.6	-8.2			-72.7
Operating profit (EBIT), MEUR	-13.1	-9.1	43.5		-61.4
Operating profit (EBIT), %	-4.9%	-3.3%			-5.2%
Personnel at the end of period	6,030	5,502	9.6		5,397

<sup>1)</sup> Excluding adjustments and purchase price allocation amortization. See also note 11 in the summary financial statements.

**INDUSTRIAL EQUIPMENT EXCLUDING MHE-DEMAG**

	<b>1–3/2020</b>	<b>1–3/2019</b>	<b>Change percent</b>	<b>Change % at comparable currency rates</b>	<b>1–12/2019</b>
Orders received, MEUR	259.7	321.2	-19.2	-19.6	1,251.5
of which external, MEUR	216.4	276.3	-21.7	-22.0	1,068.4
Order book, MEUR	649.0	639.4	1.5	3.0	648.9
Net sales, MEUR	261.1	274.6	-4.9	-5.3	1,185.5
of which external, MEUR	218.2	233.9	-6.7	-7.0	1,020.4
Adjusted EBITA, MEUR <sup>1)</sup>	-9.0	0.8	-1,193.2		18.2
Adjusted EBITA, % <sup>1)</sup>	-3.5%	0.3%			1.5%

<sup>1)</sup> Excluding adjustments and purchase price allocation amortization. See also note 11 in the summary financial statements.

## INDUSTRIAL EQUIPMENT

### Operational highlights in Q1:

- Konecranes won an order to deliver its innovative next-generation S-series overhead cranes to Swiss häuselmann metall GmbH, a new customer to Konecranes. The order was booked in February 2020 and the cranes will be delivered by February 2021. The order consists of five 1.6-ton cranes and two 2.5-ton cranes.
- Konecranes announced the completion of the acquisition of MHE-Demag, and the combined operations of Konecranes and MHE-Demag started on January 2, 2020.

In first quarter, Industrial Equipment's orders received totaled EUR 278.2 million (321.2), corresponding to a decrease of 13.4 percent. On a comparable currency basis, orders received decreased 13.9 percent. External orders received decreased 12.9 percent on a reported basis and 13.3 percent on a comparable currency basis. The decrease in order intake in process cranes and components was partly offset by an increase in standard cranes. Orders received declined in all three regions.

The order book increased 18.0 percent to EUR 754.5 million (639.4). On a comparable currency basis, the order book increased 19.7 percent.

Sales decreased 2.9 percent to EUR 266.6 million (274.6). On a comparable currency basis, sales decreased

3.3 percent. Sales growth in process cranes was offset by declines in both standard cranes as well as components. Sales increased in the Americas but decreased in EMEA and APAC. External sales decreased 2.7 percent on a reported basis and 3.1 percent on a comparable currency basis.

The first-quarter adjusted EBITA was EUR -10.6 million (0.8) and the adjusted EBITA margin -4.0 percent (0.3). The decrease in the adjusted EBITA was mainly attributable to further costs incurred in closing the process crane project which affected our profitability in Q4, lower sales and weaker sales mix. Gross margin declined on a year-on-year basis. Operating profit was EUR -13.1 million (-9.1) and the operating margin -4.9 percent (-3.3).

### MHE-Demag

In the first quarter, MHE-Demag's order intake related to Industrial Equipment totaled EUR 24.3 million and the value of the order book was EUR 105.5 million at the end of the quarter. MHE-Demag's sales in the first quarter was EUR 9.7 million. The adjusted EBITA was EUR -1.5 million which translates to an adjusted EBITA margin of -15.8 percent. The adjusted operating profit for MHE-Demag within Industrial Equipment was EUR -3.0 million and the adjusted operating profit margin was -30.7 percent. Including MHE-Demag to Konecranes consolidation in the first quarter of 2020 increased the elimination of internal margins by EUR 1.1 million in comparison to the first quarter of 2019.

## PORT SOLUTIONS

	1–3/2020	1–3/2019	Change percent	Change % at comparable currency rates	1–12/2019
Orders received, MEUR	243.2	329.9	-26.3	-26.1	1,147.3
Order book, MEUR	949.9	1,004.0	-5.4	-4.9	959.7
Net sales, MEUR	252.6	241.8	4.4	4.7	1,115.7
of which service, MEUR	45.5	46.7	-2.5	-2.9	185.9
Adjusted EBITA, MEUR <sup>1)</sup>	0.0	10.6	-100.0		86.9
Adjusted EBITA, % <sup>1)</sup>	0.0%	4.4%			7.8%
Purchase price allocation amortization, MEUR	-1.8	-1.8	-0.2		-7.3
Adjustments, MEUR	-1.6	0.0			-8.3
Operating profit (EBIT), MEUR	-3.4	8.8	-139.2		71.3
Operating profit (EBIT), %	-1.4%	3.6%			6.4%
Personnel at the end of period	3,052	2,849	7.1		2,938

<sup>1)</sup> Excluding adjustments and purchase price allocation amortization. See also note 11 in the summary financial statements.

## Operational highlights in Q1:

- Konecranes won its largest-ever reach stacker contract, from a customer in Germany. Deliveries are scheduled to begin in Q3 2020 and run until Q1 2021. The contract is for the delivery of 39 Konecranes reach stackers with modifications to allow for the stacking of 22-ton, 16-ton and 6-ton containers. The order showing great trust in Konecranes' products and service support.
- At the end of the quarter, Konecranes received two significant repeat orders for automated container handling equipment demonstrating high customer satisfaction in Konecranes' strong capabilities to deliver port automation solutions.

The acquisition of MHE-Demag in January 2020 does not have an impact on Business Area Port Solutions.

In the first quarter, Port Solutions' order intake totaled EUR 243.2 million (329.9), representing a decrease of 26.3 percent. On a comparable currency basis, orders received decreased 26.1 percent. The comparison period included the fourth largest single order ever received by Port Solutions for the Hadarom Container Terminal. Orders received increased in APAC and declined in the Americas and EMEA.

The order book decreased 5.4 percent to EUR 949.9 million (1,004.0). On a comparable currency basis, the order book decreased 4.9 percent.

Sales increased 4.4 percent to EUR 252.6 million (241.8). On a comparable currency basis, sales increased 4.7 percent.

The first-quarter adjusted EBITA was EUR 0.0 million (10.6) and the adjusted EBITA margin 0.0 percent (4.4). The decrease in the adjusted EBITA is mainly attributable to an estimated cost overrun of EUR 18 million related to the execution of a port crane project in the US, partly offset by higher sales. Gross margin declined on a year-on-year basis. Operating profit was EUR -3.4 million (8.8) and the operating margin -1.4 percent (3.6).

### Group overheads

In the first quarter, the adjusted unallocated Group overhead costs and eliminations were EUR 10.2 million (9.9), representing 1.3 percent of sales (1.3).

The unallocated Group overhead costs and eliminations were EUR 10.4 million (16.0), representing 1.4 percent of sales (2.1). These included restructuring costs of EUR 0.2 million (6.2).

## ADMINISTRATION

### Changes in the Konecranes Leadership Team

On February 6, 2020, Konecranes announced that it had appointed Carolin Paulus Executive Vice President for the Industrial Equipment Business Area effective March 1, 2020. She will report to Konecranes President and CEO Rob Smith and join the Konecranes Leadership Team. Paulus, 51, previously Senior Vice President for Global Parts & Service Procurement, transitioned duties with Mikko Uhari, 62, who had led the Industrial Equipment Business Area since 2016, in February in line with Konecranes succession and retirement planning process. Uhari took the project responsibility for leading the MHE-Demag integration prior to his retirement. In his new role, he reports to CFO Teo Ottola.

Effective March 1, 2020, the Konecranes Leadership Team (formerly the Group Executive Board) consists of:

- Rob Smith, President and CEO
- Teo Ottola, Chief Financial Officer, Deputy CEO
- Fabio Fiorino, Executive Vice President, Business Area Service
- Carolin Paulus, Executive Vice President, Business Area Industrial Equipment
- Mika Mahlberg, Executive Vice President, Business Area Port Solutions
- Juha Pankakoski, Executive Vice President, Technology
- Minna Aila, Executive Vice President, Marketing & Corporate Affairs, until March 15, 2020
- Timo Leskinen, Senior Vice President, Human Resources
- Sirpa Poitsalo, Senior Vice President, General Counsel

### Share issue to the company itself without consideration

On February 7, 2020, Konecranes announced that the Board of Directors of Konecranes Plc had on February 7, 2020, pursuant to the share issue authorization granted to it by the Annual General Meeting held on March 28, 2019, resolved on an issue of 300,000 new shares in the company to the company itself without consideration. The new shares issued are of the same class as the existing shares in the company. The total number of the company's shares after the share issue was 79,221,906 shares. The new shares issued to the company were used for reward payments under the company's incentive programs. The new shares issued were registered with the Trade Register on February 25, 2020.

### Cancellation of Annual General Meeting scheduled for March 26, 2020

On March 18, 2020, Konecranes announced that it cancels its Annual General Meeting scheduled for March 26, 2020. Konecranes' first priority is always the health and safety of people – its employees, customers and shareholders. Due to the Coronavirus situation and the announcement of measures by the Finnish Government on March 16 to counter the virus by limiting public gatherings in Finland to a maximum of ten persons, Konecranes' Board of Directors had decided to cancel the Annual General Meeting scheduled for March 26, 2020. Konecranes will convene the 2020 Annual General Meeting at a later stage.

### Update to demand outlook due to the coronavirus (COVID-19) pandemic and withdrawal of financial guidance for full-year 2020

On March 26, 2020, Konecranes announced that it updates its demand outlook due to the Coronavirus (COVID-19) pandemic and withdraws its financial guidance for full-year 2020.

Due to the Coronavirus (COVID-19) pandemic, countries around the world have imposed extensive restrictions on the daily conduct of people and businesses. As a result, many of Konecranes' customers are limiting access to their premises, affecting Konecranes' ability to complete the installation of new equipment and perform certain service operations. Konecranes' own operations are also impacted by the significant and increasing worldwide measures to contain the pandemic.

Konecranes said that it expects the pandemic to have an impact on demand for its products and services, particularly in the first half of the year, but as the situation is evolving quickly it is too early to make reasoned estimates that quantify this impact. Consequently, Konecranes revised its demand outlook and withdrew its financial guidance for full-year 2020.

Beyond the Coronavirus, Konecranes said that it expects the adjusted EBITA margin to be affected by an estimated cost overrun of EUR 18 million related to the execution of a port crane project in the US. This charge was booked in Q1 2020.

### The updated demand outlook was:

- Due to the Coronavirus (COVID-19) pandemic, the demand environment across our customer segments and regions is deteriorating.

### The updated financial guidance was:

- Due to the rapidly evolving situation as a result of the Coronavirus (COVID-19) pandemic, Konecranes considers that it is too early to make reasoned estimates or provide financial guidance for 2020.

### EMPLOYEE SHARE SAVINGS PLAN

On February 6, 2020, Konecranes announced that the Board of Directors had decided to launch a new Plan Period relating to the Employee Share Savings Plan. The new Plan Period will begin on July 1, 2020 and end on June 30, 2021. Each participant will receive one free matching share for every two acquired savings shares. Matching shares will be delivered to a participant if the participant holds the acquired shares from the Plan Period until the end of the designated holding period, February 1, 2024, and if his or her employment has not ended before this date for reasons related to the employee. The total amount of all savings of the commencing plan period may not exceed EUR 8.5 million. The terms and conditions of the Plan Period 2020–2021 are unchanged from the previous Plan Periods. An employee will participate in the Plan for one year at a time. Shares will be acquired with the accrued savings at the market price quarterly, after the publication dates of the Konecranes interim results, commencing in October 2020. Any dividends paid on purchased shares during the commencing Plan period will automatically be reinvested into additional shares on the following purchase date. These shares will have an equal right to matching shares.

### SHARE CAPITAL AND SHARES

On March 31, 2020 the company's registered share capital totaled EUR 30.1 million. On March 31, 2020, the number of shares including treasury shares totaled 79,221,906.

### TREASURY SHARES

On March 31, 2020, Konecranes Plc was in possession of 88,447 treasury shares, which corresponds to 0.1 percent of the total number of shares and which had on that date a market value of EUR 1.4 million.

On January 2, 2020, 2,500 treasury shares were conveyed without consideration to the key employees as a reward pay-

ment for the Vesting Period 2018–2019 of Konecranes Restricted Share Unit Plan 2017.

On February 7, 2020, 300,000 new shares were issued in the company to the company itself without consideration. The new shares issued were registered with the Trade Register on February 25, 2020.

On February 27, 2020, 10,874 treasury shares were conveyed without consideration to the employees as a reward payment for the Savings Period 2016–2017 of Konecranes Employee Share Savings Plan.

On March 11, 2020, 280,659 treasury shares were conveyed without consideration to the key employees as a reward payment for the Performance Period 2017–2019 of Konecranes Performance Share Plan 2017.

### MARKET CAPITALIZATION AND TRADING VOLUME

The closing price for the Konecranes shares on the Nasdaq Helsinki on March 31, 2020 was EUR 15.61. The volume-weighted average share price in January–March 2020 was EUR 23.01, the highest price being EUR 33.08 in February and the lowest EUR 14.05 in March. In January–March, the trading volume on the Nasdaq Helsinki totaled 23.5 million, corresponding to a turnover of approximately EUR 541.2 million. The average daily trading volume was 373,322 shares representing an average daily turnover of EUR 8.6 million.

In addition, according to Fidessa, approximately 24.9 million shares were traded on other trading venues (e.g. multilateral trading facilities and bilateral OTC trades) in January–March.

On March 31, 2020, the total market capitalization of Konecranes Plc was EUR 1,236.3 million including treasury shares. The market capitalization was EUR 1,234.9 million excluding treasury shares.

### NOTIFICATIONS OF MAJOR SHAREHOLDINGS

In January–March 2020, Konecranes received the following notifications of major shareholdings.

Date	Shareholder	Threshold	% of shares and voting rights	% of shares and voting rights through financial instruments	Total, %	Total, shares
February 25, 2020	HC Holding Oy Ab	Below 10%	9.97		9.97	7,901,238
March 11, 2020	HC Holding Oy Ab	Above 10%	10.01		10.01	7,931,238

## RISKS AND UNCERTAINTIES

Konecranes operates in emerging countries that face political, economic, and regulatory uncertainties. Adverse changes in the operating environment of these countries may result in currency losses, elevated delivery costs, or loss of assets. Konecranes operates a crane factory in Zaporozhye, Ukraine.

The operations in emerging countries have had a negative impact on the aging structure of accounts receivable and may increase credit losses or the need for higher provisions for doubtful accounts.

Political risks and uncertainties have also increased outside the emerging countries due to the emergence of populism, patriotism and protectionism in a number of Western economies. This has led and can lead to further increases in tariffs on imported goods, such as components that Konecranes manufactures centrally before exporting them to most of the countries in which it operates. The resulting tariffs may result in a decrease in profitability.

Global pandemics, such as COVID-19, have and may have a negative impact on Konecranes' customers and its own operations. Physical restrictions on the daily conduct of people and businesses can lead to lower revenue recognition and adversely impact cash flow. Physical restrictions may also lead to component shortages and inventory obsolescence. Furthermore, global pandemics can increase the likelihood of weaker demand conditions and, as a result, may lead to overcapacity and credit losses.

Konecranes has made several acquisitions and expanded organically into new countries. A failure to integrate the acquired businesses, MHPS and MHE-Demag in particular, or grow newly established operations may result in a decrease in profitability and impairment of goodwill and other assets.

One of the key strategic initiatives of Konecranes is oneKONECRANES. This initiative involves a major capital expenditure on information systems. A higher-than-expected development or implementation costs, or a failure to extract business benefits from new processes and systems may lead to an impairment of assets or decrease in profitability.

Konecranes delivers projects, which involve risks related, for example, to engineering and project execution with Konecranes' suppliers. A failure to plan or manage these projects may lead to higher-than-estimated costs or disputes with customers.

Challenges in financing, e.g. due to currency fluctuations, may force customers to postpone projects or even cancel the existing orders. Konecranes intends to avoid incurring costs for major projects under construction in excess of advance payments. However, it is possible that the cost-related commitments in some projects temporarily exceed the amount of advance payments.

The Group's other risks are presented in the Notes to the Financial Statements and the Governance Supplement to the Annual Report.

## DEMAND OUTLOOK

The worldwide demand picture remains subject to significant volatility.

Due to the Coronavirus (COVID-19) pandemic, the demand environment within the industrial customer segments is deteriorating in Europe and North America compared to Q1. While China is showing early signs of improving demand conditions from early 2020, demand environment in the rest of Asia-Pacific is weakening.

Global container throughput has declined sharply and many port operators are postponing decision-making in the current environment. However, long-term prospects related to container handling remain good overall.

## FINANCIAL GUIDANCE

Due to the rapidly evolving situation as a result of the Coronavirus (COVID-19) pandemic, Konecranes considers that it is too early to make reasoned estimates or provide financial guidance for 2020.

Espoo, April 29, 2020  
Konecranes Plc  
Board of Directors

**Disclaimer**

It should be noted that certain statements in this report, which are not historical facts, including, without limitation, those regarding

- expectations for general economic development and market situation,
- expectations for general developments in the industry,
- expectations regarding customer industry profitability and investment willingness,
- expectations for company growth, development, and profitability,
- expectations regarding market demand for the company's products and services,
- expectations regarding the successful completion of acquisitions on a timely basis and Konecranes' ability to achieve the set targets and synergies,
- expectations regarding competitive conditions,
- expectations regarding cost savings,
- and statements preceded by "believes," "expects," "anticipates," "foresees" or similar expressions, are forward-looking statements. These statements are based on current expectations, decisions and plans, and currently known facts. Therefore, they involve risks and uncertainties, which may cause the actual results to materially differ from the results currently expected by the company. Such factors include, but are not limited to:
- general economic conditions, including fluctuations in exchange rates and interest levels,
- competitive situation, especially significant products or services developed by our competitors,
- industry conditions,
- the company's own operating factors including the success of production, product development, project management, quality, and timely delivery of our products and services and their continuous development,
- the success of pending and future acquisitions and restructurings.

# Consolidated statement of income

EUR million	Note	1–3/2020	1–3/2019	Change percent	1–12/2019
<b>Sales</b>	7	<b>769.6</b>	<b>758.2</b>	<b>1.5</b>	<b>3,326.9</b>
Other operating income		2.1	3.7		19.6
Materials, supplies and subcontracting		-344.5	-322.5		-1,505.0
Personnel cost		-268.1	-257.9		-1,080.7
Depreciation and impairments	8	-33.5	-29.9		-123.6
Other operating expenses		-117.8	-124.3		-488.5
<b>Operating profit</b>		<b>7.8</b>	<b>27.3</b>	<b>-71.5</b>	<b>148.7</b>
Share of associates' and joint ventures' result		21.1	-1.0		4.5
Financial income		0.4	4.7		2.5
Financial expenses		-13.1	-12.7		-37.2
<b>Profit before taxes</b>		<b>16.1</b>	<b>18.3</b>	<b>-12.1</b>	<b>118.5</b>
Taxes	10	-4.6	-5.1		-35.7
<b>PROFIT FOR THE PERIOD</b>		<b>11.5</b>	<b>13.2</b>	<b>-12.7</b>	<b>82.8</b>
<b>Profit for the period attributable to:</b>					
Shareholders of the parent company		11.4	13.4		81.0
Non-controlling interest		0.1	-0.2		1.8
Earnings per share, basic (EUR)		0.14	0.17	-14.7	1.03
Earnings per share, diluted (EUR)		0.14	0.17	-14.7	1.03

## Consolidated statement of other comprehensive income

EUR million	1–3/2020	1–3/2019	1–12/2019
<b>Profit for the period</b>	<b>11.5</b>	<b>13.2</b>	<b>82.8</b>
<b>Items that can be reclassified into profit or loss</b>			
Cash flow hedges	-3.1	-4.5	-0.7
Exchange differences on translating foreign operations	-8.3	8.9	6.8
Income tax relating to items that can be reclassified into profit or loss	0.6	0.9	0.2
<b>Items that cannot be reclassified into profit or loss</b>			
Re-measurement gains (losses) on defined benefit plans	0.0	0.0	-27.6
Income tax relating to items that cannot be reclassified into profit or loss	0.0	0.0	8.1
<b>Other comprehensive income for the period, net of tax</b>	<b>-10.8</b>	<b>5.3</b>	<b>-13.2</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>0.7</b>	<b>18.4</b>	<b>69.6</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the parent company	1.0	18.5	73.4
Non-controlling interest	-0.3	0.0	-3.8

# Consolidated balance sheet

EUR million

ASSETS	Note	31.3.2020	31.3.2019	31.12.2019
<b>Non-current assets</b>				
Goodwill		1,022.3	907.7	908.2
Intangible assets		567.1	572.4	531.6
Property, plant and equipment		358.9	352.7	332.8
Advance payments and construction in progress		21.5	11.9	15.7
Investments accounted for using the equity method		6.9	69.9	73.9
Other non-current assets		0.8	0.8	0.9
Deferred tax assets		126.7	123.5	123.4
<b>Total non-current assets</b>		<b>2,104.2</b>	<b>2,039.0</b>	<b>1,986.5</b>
<b>Current assets</b>				
Inventories				
Raw material and semi-manufactured goods		329.9	286.7	298.4
Work in progress		392.3	383.7	339.1
Advance payments		16.2	24.5	21.2
Total inventories		738.4	694.9	658.7
Accounts receivable		501.1	527.4	530.4
Other receivables		40.7	32.0	33.0
Loans receivable		1.1	0.6	0.7
Income tax receivables		35.5	27.3	30.5
Receivable arising from percentage of completion method	7	184.1	119.9	167.8
Other financial assets		11.8	6.4	8.1
Deferred assets		74.3	55.5	60.3
Cash and cash equivalents		369.6	204.2	378.2
<b>Total current assets</b>		<b>1,956.6</b>	<b>1,668.2</b>	<b>1,867.7</b>
<b>TOTAL ASSETS</b>		<b>4,060.8</b>	<b>3,707.2</b>	<b>3,854.2</b>

# Consolidated balance sheet

EUR million

EQUITY AND LIABILITIES	Note	31.3.2020	31.3.2019	31.12.2019
<b>Equity attributable to equity holders of the parent company</b>				
Share capital		30.1	30.1	30.1
Share premium		39.3	39.3	39.3
Paid in capital		752.7	752.7	752.7
Fair value reserves	14	-3.0	-3.5	-0.5
Translation difference		-4.2	5.9	3.7
Other reserve		61.2	57.5	58.8
Retained earnings		353.3	292.1	272.4
Net profit for the period		11.4	13.4	81.0
<b>Total equity attributable to equity holders of the parent company</b>		<b>1,240.9</b>	<b>1,187.4</b>	<b>1,237.5</b>
Non-controlling interest		8.8	18.2	9.2
<b>Total equity</b>		<b>1,249.7</b>	<b>1,205.6</b>	<b>1,246.7</b>
<b>Non-current liabilities</b>				
Interest-bearing liabilities	13	798.9	676.8	785.8
Other long-term liabilities		288.4	269.9	290.4
Provisions		18.6	22.8	19.1
Deferred tax liabilities		152.4	141.9	143.1
<b>Total non-current liabilities</b>		<b>1,258.3</b>	<b>1,111.3</b>	<b>1,238.4</b>
<b>Current liabilities</b>				
Interest-bearing liabilities	13	343.1	177.1	248.4
Advance payments received	7	407.3	366.4	337.3
Accounts payable		250.6	217.3	236.2
Provisions		139.8	113.1	151.7
Other short-term liabilities (non-interest bearing)		49.1	46.8	44.3
Other financial liabilities		15.9	14.0	6.2
Income tax liabilities		10.5	15.7	14.6
Accrued costs related to delivered goods and services		148.3	164.9	156.0
Accruals		188.3	275.0	174.4
<b>Total current liabilities</b>		<b>1,552.8</b>	<b>1,390.3</b>	<b>1,369.1</b>
<b>Total liabilities</b>		<b>2,811.1</b>	<b>2,501.6</b>	<b>2,607.5</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,060.8</b>	<b>3,707.2</b>	<b>3,854.2</b>

# Consolidated statement of changes in equity

EUR million	Equity attributable to equity holders of the parent company				
	Share capital	Share premium	Paid in capital	Cash flow hedges	Translation difference
<b>Balance at 1 January, 2020</b>	<b>30.1</b>	<b>39.3</b>	<b>752.7</b>	<b>-0.5</b>	<b>3.7</b>
Dividends paid to equity holders					
Equity-settled share based payments					
Profit for the period					
Other comprehensive income				-2.5	-7.9
Total comprehensive income				-2.5	-7.9
<b>Balance at 31 March, 2020</b>	<b>30.1</b>	<b>39.3</b>	<b>752.7</b>	<b>-3.0</b>	<b>-4.2</b>
<b>Balance at 1 January, 2019</b>	<b>30.1</b>	<b>39.3</b>	<b>752.7</b>	<b>0.1</b>	<b>-2.8</b>
Dividends paid to equity holders					
Equity-settled share based payments					
Profit for the period					
Other comprehensive income				-3.6	8.7
Total comprehensive income				-3.6	8.7
<b>Balance at 31 March, 2019</b>	<b>30.1</b>	<b>39.3</b>	<b>752.7</b>	<b>-3.5</b>	<b>5.9</b>

EUR million	Equity attributable to equity holders of the parent company				Total equity
	Other Reserve	Retained earnings	Total	Non-controlling interest	
<b>Balance at 1 January, 2020</b>	<b>58.8</b>	<b>353.4</b>	<b>1,237.5</b>	<b>9.2</b>	<b>1,246.7</b>
Dividends paid to equity holders		0.0	0.0	0.0	<b>0.0</b>
Equity-settled share based payments	2.3	0.0	2.3		<b>2.3</b>
Profit for the period		11.4	11.4	0.1	<b>11.5</b>
Other comprehensive income		0.0	-10.4	-0.4	<b>-10.8</b>
Total comprehensive income	0.0	11.4	1.0	-0.3	<b>0.7</b>
<b>Balance at 31 March, 2020</b>	<b>61.1</b>	<b>364.8</b>	<b>1,240.8</b>	<b>8.9</b>	<b>1,249.7</b>
<b>Balance at 1 January, 2019</b>	<b>55.2</b>	<b>391.2</b>	<b>1,265.8</b>	<b>18.4</b>	<b>1,284.1</b>
Change in accounting principles (IFRS 16)		-4.5	-4.5		<b>-4.5</b>
<b>Balance at 1 January, 2019, restated</b>	<b>55.2</b>	<b>386.7</b>	<b>1,261.3</b>	<b>18.4</b>	<b>1,279.6</b>
Dividends paid to equity holders		-94.6	-94.6	-0.1	<b>-94.7</b>
Equity-settled share based payments	2.3	0.0	7.4		<b>7.4</b>
Profit for the period		13.4	13.4	-0.2	<b>13.2</b>
Other comprehensive income		0.0	5.1	0.2	<b>5.3</b>
Total comprehensive income	0.0	13.4	18.5	0.0	<b>18.4</b>
<b>Balance at 31 March, 2019</b>	<b>57.5</b>	<b>305.4</b>	<b>1,187.4</b>	<b>18.2</b>	<b>1,205.6</b>

# Consolidated cash flow statement

EUR million	1–3/2020	1–3/2019	1–12/2019
<b>Cash flow from operating activities</b>			
Profit for the period	11.5	13.2	82.8
Adjustments to net income			
Taxes	4.6	5.1	35.7
Financial income and expenses	12.8	8.0	34.7
Share of associates' and joint ventures' result	-21.1	1.0	-4.5
Depreciation and impairments	33.5	29.9	123.6
Profits and losses on sale of fixed assets and businesses	0.2	-0.4	-0.5
Other adjustments	2.1	1.7	3.2
<b>Operating income before change in net working capital</b>	<b>43.6</b>	<b>58.6</b>	<b>275.0</b>
Change in interest-free current receivables	60.5	16.4	-40.3
Change in inventories	-37.2	-53.3	-18.9
Change in interest-free current liabilities	11.9	36.0	46.7
<b>Change in net working capital</b>	<b>35.2</b>	<b>-0.9</b>	<b>-12.5</b>
<b>Cash flow from operations before financing items and taxes</b>	<b>78.8</b>	<b>57.7</b>	<b>262.5</b>
Interest received	6.1	6.3	26.5
Interest paid	-10.9	-10.0	-46.1
Other financial income and expenses	4.3	-6.0	-24.2
Income taxes paid	-14.6	-17.9	-45.9
<b>Financing items and taxes</b>	<b>-15.1</b>	<b>-27.6</b>	<b>-89.7</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>63.7</b>	<b>30.1</b>	<b>172.8</b>
<b>Cash flow from investing activities</b>			
Acquisition of Group companies, net of cash	-124.1	-0.7	-3.1
Divestment of Businesses, net of cash	0.0	0.0	4.2
Capital expenditures	-10.0	-7.2	-40.7
Proceeds from sale of property, plant and equipment	0.1	5.1	16.4
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>-134.0</b>	<b>-2.8</b>	<b>-23.2</b>
<b>Cash flow before financing activities</b>	<b>-70.3</b>	<b>27.3</b>	<b>149.6</b>
<b>Cash flow from financing activities</b>			
Proceeds from non-current borrowings	0.0	0.1	140.0
Repayments of non-current borrowings	-0.1	0.0	-20.6
Repayments of lease liability	-12.7	-11.3	-44.3
Proceeds from (+), payments of (-) current borrowings	76.7	-46.7	19.6
Change in loans receivable	-0.2	0.0	-0.1
Dividends paid to equity holders of the parent	0.0	0.0	-94.6
Dividends paid to non-controlling interests	0.0	-0.1	-4.5
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>63.7</b>	<b>-57.9</b>	<b>-4.5</b>
Translation differences in cash	-2.0	4.4	2.6
<b>CHANGE OF CASH AND CASH EQUIVALENTS</b>	<b>-8.6</b>	<b>-26.3</b>	<b>147.7</b>
Cash and cash equivalents at beginning of period	378.2	230.5	230.5
Cash and cash equivalents at end of period	369.6	204.2	378.2
<b>CHANGE OF CASH AND CASH EQUIVALENTS</b>	<b>-8.6</b>	<b>-26.3</b>	<b>147.7</b>

The effect of changes in exchange rates has been eliminated by converting the beginning balance at the rates current on the last day of the reporting period.

**FREE CASH FLOW (alternative performance measure)**

EUR million	1-3/2020	1-3/2019	1-12/2019
Net cash from operating activities	63.7	30.1	172.8
Capital expenditures	-10.0	-7.2	-40.7
Proceeds from sale of property, plant and equipment	0.1	5.1	16.4
<b>Free cash flow</b>	<b>53.8</b>	<b>28.0</b>	<b>148.5</b>

## Notes

### 1. CORPORATE INFORMATION

Konecranes Plc (“Konecranes Group” or “the Group”) is a Finnish public limited company organized under the laws of Finland and domiciled in Hyvinkää. The company is listed on the NASDAQ Helsinki.

Konecranes is a world-leading manufacturer and servicer of cranes, lifting equipment and machine tools, serving a broad range of customers, including manufacturing and process industries, shipyards, ports and terminals. Konecranes operates internationally, with its products being manufactured in North and South America, Europe, Africa, the Middle East, and Asia and sold worldwide. Konecranes has three operating segments, which it calls Business Areas: Business Area Service, Business Area Industrial Equipment and Business Area Port Solutions.

### 2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of Konecranes Plc for three months ending 31.03.2020 and 31.03.2019 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”). As such, they do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements as of December 31, 2019. The unaudited interim condensed consolidated financial statements including notes thereto are presented in millions of euros and all values are rounded to the nearest million (€ 000 000) except when otherwise indicated.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in accordance with IFRS requires management to make estimates and judgments that affect the valuation of reported assets and liabilities and other information, such as contingent liabilities and recognition of income and expenses in the statement of income. These assumptions, estimates and judgments are based on management’s historical experience, best knowledge about the events and other factors, such as expectations on future events, which are assessed to be reasonable in the given circumstances. Although these estimates and judgments are based on the management’s best understanding of current events and circumstances, actual results may differ from the estimates. Possible changes in estimates and assumptions are recognized in the financial reporting period the estimate or assumption is changed.

### 4. SIGNIFICANT ACCOUNTING POLICIES

The Company’s accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2019

# Notes

## 5. ACQUISITIONS

On December 5, 2019 Konecranes signed an agreement to acquire from Jebsen & Jensen its 50% share in MHE-Demag. The transaction was closed on January 2, 2020 and the purchase price consideration was EUR 148.3 million. After the acquisition Konecranes holds 100% of the shares in the company.

MHE-Demag is a leading supplier of industrial cranes and services in Southeast Asia under the MHE and Demag brands, engineering, manufacturing and maintaining a comprehensive range of industrial cranes and hoists. Its customized solutions serve a wide range of industries and customers from general manufacturing to aerospace. MHE-Demag also provides warehousing equipment such as lift trucks and dock levelers, aerial work platforms, building maintenance units and compact construction equipment, as well as automated car parking systems. With the acquisition, Konecranes increases its presence and market coverage in strategically important and fast-growing Southeast Asia. MHE-Demag has approximately 1,800 employees, including some 700 service engineers. MHE-Demag operates 11 factories and more than 70 service locations throughout Southeast Asia and is headquartered in Singapore. MHE-Demag runs own operations in Australia, Indonesia, Malaysia, Singapore, the Philippines, Taiwan, Thailand and Vietnam. In addition, MHE-Demag has distribution through resellers in several countries including Brunei, Cambodia, Laos, Mongolia, Myanmar, Papua New Guinea and Timor-Leste.

In 2019, MHE-Demag's net sales were approximately SGD 296 million (EUR 196 million) and EBITA approximately SGD 21 million (EUR 14 million). Konecranes is the main supplier to MHE-Demag, selling crane components under the Demag brand name. Konecranes sales to MHE-Demag in 2019 was approximately EUR 27 million.

Konecranes remeasured its previously held equity interest in MHE-Demag at its acquisition date fair value and recognised the EUR 21.1 million gain in share of associates' and joint ventures' result row of statement of income. Under the acquisition method of accounting, the total purchase price is allocated to the tangible and identified intangible assets acquired and liabilities assumed based on their fair values as of the date of acquisition. The intangible assets consist of

customer relationships, sales order backlog and trade name. The accumulated transaction costs were EUR 0.9 million during 2019. The fair values of acquired businesses are as follows:

EUR million	Fair value
<b>Intangible assets</b>	
Clientele	36.1
Trademark	2.1
Other intangible assets	10.2
Property, plant and equipment	38.9
Deferred tax assets	4.2
Inventories	43.4
Accounts receivable	50.3
Other assets	23.7
Cash and cash equivalents	17.6
<b>Total assets</b>	<b>226.6</b>
Deferred tax liabilities	12.5
Defined benefit plans	1.0
Other long-term liabilities	11.1
Accounts payable and other current liabilities	79.4
<b>Total liabilities</b>	<b>104.1</b>
<b>Net assets</b>	<b>122.6</b>
Purchase consideration, paid in cash	141.7
Purchase consideration, deferred	6.6
Earlier non-controlling interest in associated company	67.8
Fair value increase to non-controlling interest	21.1
<b>Acquisition cost</b>	<b>237.2</b>
<b>Goodwill</b>	<b>114.7</b>
<b>Cash flow on acquisition</b>	
Purchase consideration, paid in cash	141.7
Purchase consideration, deferred	6.6
Transaction costs	-0.9
Cash and cash equivalents in acquired companies	-17.6
<b>Net cash flow arising on acquisition</b>	<b>129.8</b>

# Notes

## 6. SEGMENT INFORMATION

### 6.1. Operating segments

EUR million

Orders received by Business Area	1-3/2020	% of total	1-3/2019	% of total	1-12/2019	% of total
Service <sup>1)</sup>	266.1	34	255.4	28	1,015.1	30
Industrial Equipment	278.2	35	321.2	35	1,251.5	37
Port Solutions <sup>1)</sup>	243.2	31	329.9	36	1,147.3	34
./. Internal	-50.5		-58.4		-246.5	
<b>Total</b>	<b>737.0</b>	<b>100</b>	<b>848.1</b>	<b>100</b>	<b>3,167.3</b>	<b>100</b>

<sup>1)</sup> Excl. Service Agreement Base

Order book total <sup>2)</sup>	31.3.2020	% of total	31.3.2019	% of total	31.12.2019	% of total
Service	256.9	13	234.1	12	215.7	12
Industrial Equipment	754.5	38	639.4	34	648.9	36
Port Solutions	949.9	48	1,004.0	53	959.7	53
<b>Total</b>	<b>1,961.3</b>	<b>100</b>	<b>1,877.6</b>	<b>100</b>	<b>1,824.3</b>	<b>100</b>

<sup>2)</sup> Percentage of completion deducted

Sales by Business Area	1-3/2020	% of total	1-3/2019	% of total	1-12/2019	% of total
Service	303.7	37	297.1	37	1,259.7	35
Industrial Equipment	266.6	32	274.6	34	1,185.5	33
Port Solutions	252.6	31	241.8	30	1,115.7	31
./. Internal	-53.3		-55.2		-234.1	
<b>Total</b>	<b>769.6</b>	<b>100</b>	<b>758.2</b>	<b>100</b>	<b>3,326.9</b>	<b>100</b>

Adjusted EBITA by Business Area	1-3/2020		1-3/2019		1-12/2019	
	MEUR	EBITA %	MEUR	EBITA %	MEUR	EBITA %
Service	41.9	13.8	46.8	15.7	208.5	16.6
Industrial Equipment	-10.6	-4.0	0.8	0.3	18.2	1.5
Port Solutions	0.0	0.0	10.6	4.4	86.9	7.8
Group costs and eliminations	-10.2		-9.9		-38.5	
<b>Total</b>	<b>21.1</b>	<b>2.7</b>	<b>48.3</b>	<b>6.4</b>	<b>275.1</b>	<b>8.3</b>

Operating profit (EBIT) by Business Area	1-3/2020		1-3/2019		1-12/2019	
	MEUR	EBIT %	MEUR	EBIT %	MEUR	EBIT %
Service	34.7	11.4	43.7	14.7	194.6	15.5
Industrial Equipment	-13.1	-4.9	-9.1	-3.3	-61.4	-5.2
Port Solutions	-3.4	-1.4	8.8	3.6	71.3	6.4
Group costs and eliminations	-10.4		-16.0		-55.9	
<b>Total</b>	<b>7.8</b>	<b>1.0</b>	<b>27.3</b>	<b>3.6</b>	<b>148.7</b>	<b>4.5</b>

# Notes

	31.3.2020	31.3.2019	31.12.2019
	MEUR	MEUR	MEUR
<b>Business segment assets</b>			
Service	1,475.9	1,345.8	1,327.7
Industrial Equipment	957.9	906.7	863.3
Port Solutions	931.7	936.2	922.0
Unallocated items	695.3	518.5	741.2
<b>Total</b>	<b>4,060.8</b>	<b>3,707.2</b>	<b>3,854.2</b>

	31.3.2020	31.3.2019	31.12.2019
	MEUR	MEUR	MEUR
<b>Business segment liabilities</b>			
Service	191.5	209.2	194.1
Industrial Equipment	372.4	394.2	345.3
Port Solutions	451.3	420.7	417.7
Unallocated items	1,796.0	1,477.4	1,650.3
<b>Total</b>	<b>2,811.1</b>	<b>2,501.6</b>	<b>2,607.5</b>

<b>Personnel by Business Area (at the end of the period)</b>	31.3.2020	% of total	31.3.2019	% of total	31.12.2019	% of total
Service	8,657	48	7,527	47	7,762	48
Industrial Equipment	6,030	34	5,502	34	5,397	33
Port Solutions	3,052	17	2,849	18	2,938	18
Group staff	111	1	93	1	99	1
<b>Total</b>	<b>17,850</b>	<b>100</b>	<b>15,971</b>	<b>100</b>	<b>16,196</b>	<b>100</b>

# Notes

Orders received by Business Area, Quarters	Q1/2020	Q4/2019	Q3/2019	Q2/2019	Q1/2019
Service <sup>1)</sup>	266.1	250.0	256.4	253.2	255.4
Industrial Equipment	278.2	316.3	284.0	330.0	321.2
Port Solutions <sup>1)</sup>	243.2	264.4	249.0	304.0	329.9
./ Internal	-50.5	-49.3	-74.3	-64.5	-58.4
<b>Total</b>	<b>737.0</b>	<b>781.3</b>	<b>715.3</b>	<b>822.7</b>	<b>848.1</b>

<sup>1)</sup> Excl. Service Agreement Base

Order book by Business Area, Quarters	Q1/2020	Q4/2019	Q3/2019	Q2/2019	Q1/2019
Service	256.9	215.7	245.5	236.8	234.1
Industrial Equipment	754.5	648.9	665.1	668.5	639.4
Port Solutions	949.9	959.7	1,012.6	1,062.5	1,004.0
<b>Total</b>	<b>1,961.3</b>	<b>1,824.3</b>	<b>1,923.2</b>	<b>1,967.8</b>	<b>1,877.6</b>

Sales by Business Area, Quarters	Q1/2020	Q4/2019	Q3/2019	Q2/2019	Q1/2019
Service	303.7	341.6	312.1	308.9	297.1
Industrial Equipment	266.6	336.0	281.7	293.2	274.6
Port Solutions	252.6	320.3	305.6	248.0	241.8
./ Internal	-53.3	-64.7	-58.2	-56.0	-55.2
<b>Total</b>	<b>769.6</b>	<b>933.3</b>	<b>841.3</b>	<b>794.0</b>	<b>758.2</b>

Adjusted EBITA by Business Area, Quarters	Q1/2020	Q4/2019	Q3/2019	Q2/2019	Q1/2019
Service	41.9	61.4	50.6	49.7	46.8
Industrial Equipment	-10.6	0.6	8.3	8.5	0.8
Port Solutions	0.0	31.7	25.0	19.5	10.6
Group costs and eliminations	-10.2	-6.4	-11.5	-10.7	-9.9
<b>Total</b>	<b>21.1</b>	<b>87.3</b>	<b>72.4</b>	<b>67.0</b>	<b>48.3</b>

Adjusted EBITA margin by Business Area, Quarters	Q1/2020	Q4/2019	Q3/2019	Q2/2019	Q1/2019
Service	13.8	18.0	16.2	16.1	15.7
Industrial Equipment	-4.0	0.2	2.9	2.9	0.3
Port Solutions	0.0	9.9	8.2	7.9	4.4
<b>Group EBITA margin total</b>	<b>2.7</b>	<b>9.4</b>	<b>8.6</b>	<b>8.4</b>	<b>6.4</b>

Personnel by Business Area, Quarters (at the end of the period)	Q1/2020	Q4/2019	Q3/2019	Q2/2019	Q1/2019
Service	8,657	7,762	7,680	7,563	7,527
Industrial Equipment	6,030	5,397	5,546	5,537	5,502
Port Solutions	3,052	2,938	2,895	2,864	2,849
Group staff	111	99	98	94	93
<b>Total</b>	<b>17,850</b>	<b>16,196</b>	<b>16,219</b>	<b>16,058</b>	<b>15,971</b>

# Notes

## 6.2. Geographical areas

EUR million

Sales by market	1–3/2020	% of total	1–3/2019	% of total	1–12/2019	% of total
Europe-Middle East-Africa (EMEA)	404.1	53	385.5	51	1,714.1	52
Americas (AME)	263.8	34	259.2	34	1,145.8	34
Asia-Pacific (APAC)	101.6	13	113.6	15	467.0	14
<b>Total</b>	<b>769.6</b>	<b>100</b>	<b>758.2</b>	<b>100</b>	<b>3,326.9</b>	<b>100</b>

Personnel by region (at the end of the period)	31.3.2020	% of total	31.3.2019	% of total	31.12.2019	% of total
Europe-Middle East-Africa (EMEA)	10,131	57	9,966	62	10,126	63
Americas (AME)	3,200	18	3,231	20	3,319	20
Asia-Pacific (APAC)	4,519	25	2,774	17	2,751	17
<b>Total</b>	<b>17,850</b>	<b>100</b>	<b>15,971</b>	<b>100</b>	<b>16,196</b>	<b>100</b>

Sales by market, Quarters	Q1/2020	Q4/2019	Q3/2019	Q2/2019	Q1/2019
Europe-Middle East-Africa (EMEA)	404.1	475.5	444.8	408.3	385.5
Americas (AME)	263.8	313.4	291.3	281.9	259.2
Asia-Pacific (APAC)	101.6	144.4	105.2	103.8	113.6
<b>Total</b>	<b>769.6</b>	<b>933.3</b>	<b>841.3</b>	<b>794.0</b>	<b>758.2</b>

Personnel by region, Quarters (at the end of the period)	Q1/2020	Q4/2019	Q3/2019	Q2/2019	Q1/2019
Europe-Middle East-Africa (EMEA)	10,131	10,126	10,119	10,028	9,966
Americas (AME)	3,200	3,319	3,314	3,237	3,231
Asia-Pacific (APAC)	4,519	2,751	2,786	2,793	2,774
<b>Total</b>	<b>17,850</b>	<b>16,196</b>	<b>16,219</b>	<b>16,058</b>	<b>15,971</b>

# Notes

## 7. CONTRACT ASSETS AND LIABILITIES (Percentage of completion method and advances received)

EUR million	31.3.2020	31.3.2019	31.12.2019
The cumulative revenues of non-delivered projects	649.0	435.4	570.7
Advances received netted	464.9	315.5	402.9
<b>Total</b>	<b>184.1</b>	<b>119.9</b>	<b>167.8</b>
Gross advance received from percentage of completion method	512.3	380.0	433.3
Advances received netted	464.9	315.5	402.9
<b>Total</b>	<b>47.4</b>	<b>64.5</b>	<b>30.4</b>

Net sales recognized under the percentage of completion method amounted EUR 140.8 million in 1–3/2020 (EUR 95.2 million in 1–3/2019).

Contract assets relate to receivable arising from percentage of completion method. Net asset balances are balances where the sum of contract costs, recognized profits and recognized losses exceed progress billings. Where progress billings exceed the sum of contract costs, recognized profits and recognized losses these liabilities are included in the line item contract liabilities.

Advance payments received	31.3.2020	31.3.2019	31.12.2019
Advance received from percentage of completion method (netted)	47.4	64.5	30.4
Other advance received from customers	359.9	301.9	306.9
<b>Total</b>	<b>407.3</b>	<b>366.4</b>	<b>337.3</b>

## 8. IMPAIRMENTS

EUR million	1–3/2020	1–3/2019	1–12/2019
Property, plant and equipment	0.0	0.0	0.8
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>

All impairments in 2019 relate to restructuring actions.

## 9. RESTRUCTURING COSTS

Konecranes has recorded EUR 4.3 million restructuring costs during 1–3/2020 (EUR 14.8 million in 1–3/2019) of which EUR 0.0 million was impairment of assets (EUR 0.0 million for 1–3/2019). The remaining EUR 4.3 million of restructuring cost is reported 1–3/2020 in personnel costs (EUR 1.7 million) and in other operating expenses (EUR 3.4 million) and profits on disposal of assets in other operating income (EUR 0.8 million).

## 10. INCOME TAXES

Taxes in statement of Income	1–3/2020	1–3/2019	1–12/2019
Local income taxes of group companies	6.7	5.0	32.3
Taxes from previous years	-0.1	3.0	-1.8
Change in deferred taxes	-2.1	-2.9	5.2
<b>Total</b>	<b>4.6</b>	<b>5.1</b>	<b>35.7</b>

# Notes

## 11. KEY FIGURES

	31.3.2020	31.3.2019	Change %	31.12.2019
Earnings per share, basic (EUR)	0.14	0.17	-14.7	1.03
Earnings per share, diluted (EUR)	0.14	0.17	-14.7	1.03
<b>Alternative Performance Measures:</b>				
Return on capital employed, %, Rolling 12 Months (R12M)	6.2	8.4	-26.2	6.3
Adjusted return on capital employed, %, Rolling 12 Months (R12M)	11.1	13.5	-17.8	12.7
Return on equity, %, Rolling 12 Months (R12M)	6.6	8.6	-23.3	6.5
Equity per share (EUR)	15.73	15.06	4.4	15.70
Interest-bearing net debt / Equity, %	61.7	53.8	14.7	52.6
Net debt / Adjusted EBITDA, Rolling 12 Months (R12M)	2.2	1.9	15.8	1.8
Equity to asset ratio, %	34.2	36.1	-5.3	35.4
Investments total (excl. acquisitions), EUR million	7.5	10.0	-24.3	39.5
Interest-bearing net debt, EUR million	771.3	649.0	18.8	655.3
Net working capital, EUR million	458.3	330.1	38.8	446.0
Average number of personnel during the period	17,023	16,024	6.2	16,104
Average number of shares outstanding, basic	78,907,498	78,824,399	0.1	78,835,721
Average number of shares outstanding, diluted	78,907,498	78,824,399	0.1	78,835,721
Number of shares outstanding	79,133,459	78,839,426	0.4	78,839,426

# Notes

## Calculation of Alternative Performance Measures

Konecranes presents Alternative Performance Measures to reflect the underlying business performance and to enhance comparability between financial periods. Alternative Performance measures should not be considered as a substitute for measures of performance in accordance with the IFRS.

Return on equity (%):	=	$\frac{\text{Net profit for the period}}{\text{Total equity (average during the period)}}$	X 100
Return on capital employed (%):	=	$\frac{\text{Income before taxes + interest paid + other financing cost}}{\text{Total amount of equity and liabilities - non-interest bearing debts (average during the period)}}$	X 100
Adjusted return on capital employed (%):	=	$\frac{\text{Adjusted EBITA}}{\text{Total amount of equity and liabilities - non-interest bearing debts (average during the period)}}$	X 100
Equity to asset ratio, %	=	$\frac{\text{Shareholders' equity}}{\text{Total amount of equity and liabilities - advance payment received}}$	X 100
Interest-bearing net debt / Equity, %:	=	$\frac{\text{Interest-bearing liabilities - liquid assets - loans receivable}}{\text{Total equity}}$	X 100
Equity per share:	=	$\frac{\text{Equity attributable to the shareholders of the parent company}}{\text{Number of shares outstanding}}$	
Net working capital:	=	Non interest-bearing current assets + deferred tax assets (excluding Purchase Price Allocation) - Non interest-bearing current liabilities - deferred tax liabilities (excluding Purchase Price Allocation) - provisions	
Interest-bearing net debt:	=	Interest-bearing liabilities (non current and current) - cash and cash equivalents - loans receivable (non current and current)	
Average number of personnel:	=	Calculated as average of number of personnel in quarters	
Number of shares outstanding:	=	Total number of shares - treasury shares	
EBITDA	=	Operating profit + Depreciation, amortization and impairments	
EBITA	=	Operating profit + Amortization and impairment of Purchase Price Allocations	

## Notes

Reconciliation of adjusted EBITDA, EBITA and Operating profit (EBIT)	1–3/2020	1–3/2019	1–12/2019
<b>Adjusted EBITDA</b>	<b>46.0</b>	<b>72.1</b>	<b>373.2</b>
Transaction costs	0.0	0.0	-0.9
Restructuring costs (excluding impairments)	-4.3	-14.8	-99.9
Release of MHE-Demag purchase price allocation in inventories	-0.5	0.0	0.0
<b>EBITDA</b>	<b>41.3</b>	<b>57.2</b>	<b>272.3</b>
Depreciation, amortization and impairments	-33.5	-29.9	-123.6
<b>Operating profit (EBIT)</b>	<b>7.8</b>	<b>27.3</b>	<b>148.7</b>
<b>Adjusted EBITA</b>	<b>21.1</b>	<b>48.3</b>	<b>275.1</b>
Purchase price allocation amortization	-8.5	-6.2	-24.7
<b>Adjusted Operating profit (EBIT)</b>	<b>12.5</b>	<b>42.2</b>	<b>250.4</b>
Transaction costs	0.0	0.0	-0.9
Restructuring costs	-4.3	-14.8	-100.7
Release of MHE-Demag purchase price allocation in inventories	-0.5	0.0	0.0
<b>Operating profit (EBIT)</b>	<b>7.8</b>	<b>27.3</b>	<b>148.7</b>

Interest-bearing net debt	31.3.2020	31.3.2019	31.12.2019
Non current interest bearing liabilities	798.9	676.8	785.8
Current interest bearing liabilities	343.1	177.1	248.4
Loans receivable	-1.1	-0.6	-0.7
Cash and cash equivalents	-369.6	-204.2	-378.2
<b>Interest-bearing net debt</b>	<b>771.3</b>	<b>649.0</b>	<b>655.3</b>

The period end exchange rates:	31.3.2020	31.3.2019	Change %	31.12.2019
USD - US dollar	1.096	1.124	2.5	1.123
CAD - Canadian dollar	1.562	1.500	-4.0	1.460
GBP - Pound sterling	0.886	0.858	-3.2	0.851
CNY - Chinese yuan	7.778	7.540	-3.1	7.821
SGD - Singapore dollar	1.563	1.521	-2.7	1.511
SEK - Swedish krona	11.061	10.398	-6.0	10.447
AUD - Australian dollar	1.797	1.582	-11.9	1.600

The period average exchange rates:	31.3.2020	31.3.2019	Change %	31.12.2019
USD - US dollar	1.102	1.136	3.0	1.120
CAD - Canadian dollar	1.482	1.510	1.9	1.486
GBP - Pound sterling	0.862	0.873	1.2	0.878
CNY - Chinese yuan	7.694	7.664	-0.4	7.735
SGD - Singapore dollar	1.528	1.539	0.7	1.527
SEK - Swedish krona	10.671	10.418	-2.4	10.589
AUD - Australian dollar	1.680	1.594	-5.1	1.611

# Notes

## 12. GUARANTEES, LEASE COMMITMENTS AND CONTINGENT LIABILITIES

EUR million	31.3.2020	31.3.2019	31.12.2019
For own commercial obligations			
Guarantees	654.4	562.3	629.5
Other	23.1	33.0	34.1
<b>Total</b>	<b>677.6</b>	<b>595.3</b>	<b>663.6</b>

### Guarantees

The guarantees are related to the fact that from time to time Konecranes provides customers with guarantees that guarantee the Company's obligations pursuant to the applicable customer contract. In sale of investment goods (machinery) the typical guarantees are the following:

- tender guarantees (bid bonds) given to the customer to secure the bidding process
- advance payment guarantees given to the customer to secure their down payment for project
- performance guarantees to secure customers over the Company's own performance in customer contracts, and
- warranty period guarantees to secure the correction of defects during the warranty period.

### Contingent liabilities relating to litigation

Various legal actions, claims and other proceedings are pending against the Group in various countries. These actions, claims and other proceedings are typical for this industry and consistent with a global business offering that encompasses a wide range of products and services. These matters involve contractual disputes, warranty claims, product liability (including design defects, manufacturing defects, failure to warn and asbestos legacy), employment, vehicles and other matters involving claims of general liability.

While the final outcome of these matters cannot be predicted with certainty, Konecranes is of the opinion, based on the information available to date and considering the grounds presented for such claims, the available insurance coverage and the reserves made, that the outcome of such actions, claims and other proceedings, if unfavorable, would not have a material, adverse impact on the financial condition of the Group

# Notes

## 13. FINANCIAL ASSETS AND LIABILITIES

### 13.1. Carrying amount of financial assets and liabilities in the balance sheet

EUR million	Fair value through OCI	Fair value through income statement	Amortized cost	Carrying amounts by balance sheet item
<b>Financial assets 31.3.2020</b>				
<b>Current financial assets</b>				
Account and other receivables	0.0	0.0	542.8	542.8
Derivative financial instruments	2.1	9.8	0.0	11.8
Cash and cash equivalents	0.0	0.0	369.6	369.6
<b>Total</b>	<b>2.1</b>	<b>9.8</b>	<b>912.4</b>	<b>924.3</b>

<b>Financial liabilities 31.3.2020</b>				
<b>Non-current financial liabilities</b>				
Interest-bearing liabilities	0.0	0.0	798.9	798.9
Other payable	0.0	0.0	5.8	5.8
<b>Current financial liabilities</b>				
Interest-bearing liabilities	0.0	0.0	343.1	343.1
Derivative financial instruments	8.3	7.6	0.0	15.9
Accounts and other payable	0.0	0.0	299.6	299.6
<b>Total</b>	<b>8.3</b>	<b>7.6</b>	<b>1,447.4</b>	<b>1,463.3</b>

EUR million	Fair value through OCI	Fair value through income statement	Amortized cost	Carrying amounts by balance sheet item
<b>Financial assets 31.3.2019</b>				
<b>Current financial assets</b>				
Account and other receivables	0.0	0.0	560.1	560.1
Derivative financial instruments	4.7	1.6	0.0	6.4
Cash and cash equivalents	0.0	0.0	204.2	204.2
<b>Total</b>	<b>4.7</b>	<b>1.6</b>	<b>764.3</b>	<b>770.7</b>

<b>Financial liabilities 31.3.2019</b>				
<b>Non-current financial liabilities</b>				
Interest-bearing liabilities	0.0	0.0	676.8	676.8
Other payable	0.0	0.0	7.1	7.1
<b>Current financial liabilities</b>				
Interest-bearing liabilities	0.0	0.0	177.1	177.1
Derivative financial instruments	9.0	5.0	0.0	14.0
Accounts and other payable	0.0	0.0	263.9	263.9
<b>Total</b>	<b>9.0</b>	<b>5.0</b>	<b>1,125.0</b>	<b>1,139.0</b>

# Notes

EUR million	Fair value through OCI	Fair value through income statement	Amortized cost	Carrying amounts by balance sheet item
<b>Financial assets 31.12.2019</b>				
<b>Current financial assets</b>				
Account and other receivables	0.0	0.0	564.2	564.2
Derivative financial instruments	3.0	5.1	0.0	8.1
Cash and cash equivalents	0.0	0.0	378.2	378.2
<b>Total</b>	<b>3.0</b>	<b>5.1</b>	<b>942.4</b>	<b>950.5</b>
<b>Financial liabilities 31.12.2019</b>				
<b>Non-current financial liabilities</b>				
Interest-bearing liabilities	0.0	0.0	785.8	785.8
Other payable	0.0	0.0	6.8	6.8
<b>Current financial liabilities</b>				
Interest-bearing liabilities	0.0	0.0	248.4	248.4
Derivative financial instruments	4.4	1.8	0.0	6.2
Accounts and other payable	0.0	0.0	280.5	280.5
<b>Total</b>	<b>4.4</b>	<b>1.8</b>	<b>1,321.6</b>	<b>1,327.7</b>

At the end of March 2020, the outstanding long-term loans were: EUR 250 million term loan, EUR 150 million for the Schuldschein loan, EUR 250 million bond and EUR 40 million pension loan. The Schuldschein loan and term loans contains floating and fixed rate tranches and the bond yield is fixed with annual coupon payment. The weighted average interest rate for these loans and the bond is currently 1.28% per annum. The company is in compliance with the quarterly monitored financial covenant (interest-bearing net debt/equity) for the loans. No specific securities have been given for the loans. The Company continues to have healthy Interest-bearing net debt/equity ratio of 61.7% (31.3.2019: 53.8%) which is in compliance with the financial covenants the Company has to comply with.

Derivatives are initially recorded in the balance sheet at fair value and subsequently measured at fair value at each balance sheet date. All derivatives are carried as assets when fair value is positive and liabilities when fair value is negative. Derivative instruments that are not designated as hedges (hedge accounting) are measured at fair value, and the change in fair value is recognized in the consolidated statement of income. When the derivative is designated as a hedge (hedge accounting) the effective part of the change in fair value is recognized in other comprehensive income. Any ineffective part is recognized in the consolidated statement of income. The foreign exchange forward contracts are measured based on the closing date's observable spot exchange rates and the quoted yield curves of the respective currencies. Interest rate swaps are measured based on present value of the cash flows, which are discounted based on the quoted yield curves.

# Notes

## 13.2 Fair values

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial assets and liabilities:

	Carrying amount 31.3.2020	Carrying amount 31.3.2019	Carrying amount 31.12.2019	Fair value 31.3.2020	Fair value 31.3.2019	Fair value 31.12.2019
<b>Financial assets</b>						
<b>Current financial assets</b>						
Account and other receivables	542.8	560.1	564.2	542.8	560.1	564.2
Derivative financial instruments	11.8	6.4	8.1	11.8	6.4	8.1
Cash and cash equivalents	369.6	204.2	378.2	369.6	204.2	378.2
<b>Total</b>	<b>924.3</b>	<b>770.7</b>	<b>950.5</b>	<b>924.3</b>	<b>770.7</b>	<b>950.5</b>
<b>Financial liabilities</b>						
<b>Non-current financial liabilities</b>						
Interest-bearing liabilities	798.9	676.8	785.8	796.6	685.2	795.7
Other payable	5.8	7.1	6.8	5.8	7.1	6.8
<b>Current financial liabilities</b>						
Interest-bearing liabilities	343.1	177.1	248.4	343.1	177.1	248.4
Derivative financial instruments	15.9	14.0	6.2	15.9	14.0	6.2
Accounts and other payable	299.6	263.9	280.5	299.6	263.9	279.8
<b>Total</b>	<b>1,463.3</b>	<b>1,139.0</b>	<b>1,327.7</b>	<b>1,461.0</b>	<b>1,147.3</b>	<b>1,337.0</b>

The management assessed that cash and short-term deposits, accounts receivable, accounts payable, bank overdrafts and other current payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Long-term fixed-rate and variable-rate borrowings are evaluated by the Group based on parameters such as interest rates and the risk characteristics of the loan.

# Notes

## 13.3 Hierarchy of fair values

	31.3.2020			31.3.2019			31.12.2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets</b>									
<b>Derivative financial instruments</b>									
Foreign exchange forward contracts	0.0	11.6	0.0	0.0	6.4	0.0	0.0	8.1	0.0
Currency options	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>11.8</b>	<b>0.0</b>	<b>0.0</b>	<b>6.4</b>	<b>0.0</b>	<b>0.0</b>	<b>8.1</b>	<b>0.0</b>
<b>Other financial assets</b>									
Cash and cash equivalents	369.6	0.0	0.0	204.2	0.0	0.0	378.2	0.0	0.0
<b>Total</b>	<b>369.6</b>	<b>0.0</b>	<b>0.0</b>	<b>204.2</b>	<b>0.0</b>	<b>0.0</b>	<b>378.2</b>	<b>0.0</b>	<b>0.0</b>
<b>Total financial assets</b>	<b>369.6</b>	<b>11.8</b>	<b>0.0</b>	<b>204.2</b>	<b>6.4</b>	<b>0.0</b>	<b>378.2</b>	<b>8.1</b>	<b>0.0</b>
<b>Financial liabilities</b>									
<b>Derivative financial instruments</b>									
Foreign exchange forward contracts	0.0	15.9	0.0	0.0	14.0	0.0	0.0	6.2	0.0
<b>Total</b>	<b>0.0</b>	<b>15.9</b>	<b>0.0</b>	<b>0.0</b>	<b>14.0</b>	<b>0.0</b>	<b>0.0</b>	<b>6.2</b>	<b>0.0</b>
<b>Other financial liabilities</b>									
Interest bearing liabilities	0.0	1,142.0	0.0	0.0	853.9	0.0	0.0	1,034.2	0.0
Other payables	0.0	0.0	0.1	0.0	0.0	0.8	0.0	0.0	0.8
<b>Total</b>	<b>0.0</b>	<b>1,142.0</b>	<b>0.1</b>	<b>0.0</b>	<b>853.9</b>	<b>0.8</b>	<b>0.0</b>	<b>1,034.2</b>	<b>0.8</b>
<b>Total financial liabilities</b>	<b>0.0</b>	<b>1,157.8</b>	<b>0.1</b>	<b>0.0</b>	<b>867.9</b>	<b>0.8</b>	<b>0.0</b>	<b>1,040.4</b>	<b>0.8</b>

## 14. HEDGE ACTIVITIES AND DERIVATIVES

EUR million	31.3.2020	31.3.2020	31.3.2019	31.3.2019	31.12.2019	31.12.2019
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Foreign exchange forward contracts	1,229.8	-4.3	1,165.3	-7.6	1,145.4	1.9
Currency options	55.2	0.2	0.0	0.0	21.4	0.0
<b>Total</b>	<b>1,284.9</b>	<b>-4.1</b>	<b>1,165.3</b>	<b>-7.6</b>	<b>1,166.8</b>	<b>2.0</b>

### Derivatives not designated as hedging instruments

The Group enters into other foreign exchange and electricity forward contracts or currency options with the intention of reducing the risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

# Notes

## CASH FLOW HEDGES

### Foreign currency risk

Foreign exchange forward and option contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales and purchases in US dollar. These forecast transactions are highly probable, and they comprise about 31.8% of the Group's total hedged transaction flows. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

At the inception of these deals the Group assess whether the critical terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. On a quarterly basis the Group performs qualitative effectiveness test by checking that the hedging instrument is linked on the relevant assets and liabilities, projected business transactions or binding contracts according to the hedging strategy and that there are no related credit risks. Hedge ineffectiveness is recognized through profit or loss.

The cash flow hedges of the expected future sales and purchases in 2020 and 2019 were assessed to be highly effective and a net unrealized loss, with a deferred tax asset relating to the hedging instruments, is included in OCI. The amounts recognized in OCI are shown in the table below and the reclassifications to profit or loss during the year are as shown in the consolidated statement of income.

### Fair value reserve of cash flow hedges

EUR million	31.3.2020	31.3.2019	31.12.2019
Balance as of January 1	-0.5	0.1	0.1
Gains and losses deferred to equity (fair value reserve)	-3.1	-4.5	-0.7
Change in deferred taxes	0.6	0.9	0.1
<b>Balance as of the end of period</b>	<b>-3.0</b>	<b>-3.5</b>	<b>-0.5</b>

## 15. TRANSACTIONS WITH RELATED PARTIES

EUR million	31.3.2020	31.3.2019	31.12.2019
Sales of goods and services with associated companies and joint arrangements	3.4	11.2	46.5
Receivables from associated companies and joint arrangements	2.6	10.2	8.9
Purchases of goods and services from associated companies and joint arrangements	13.7	13.1	53.2
Liabilities to associated companies and joint arrangements	1.4	9.1	0.9

**ANALYST AND PRESS BRIEFING**

A live international telephone conference for analysts, investors and media will be held on April 29, 2020, at 11:00 a.m. Finnish time. The Interim Report will be presented by Konecranes' President and CEO Rob Smith and CFO Teo Ottola.

Please see the press release dated April 15, 2020 for the conference call details.

**NEXT REPORT**

Konecranes Plc plans to publish Half Year Financial Report January–June 2020 on July 24, 2020.

KONECRANES PLC

Eero Tuulos  
Vice President, Investor Relations

**FURTHER INFORMATION**

Eero Tuulos,  
Vice President, Investor Relations,  
tel. +358 (0) 20 427 2050

**DISTRIBUTION**

Nasdaq Helsinki  
Major media  
[www.konecranes.com](http://www.konecranes.com)

Konecranes is a world-leading group of Lifting Businesses™, serving a broad range of customers, including manufacturing and process industries, shipyards, ports and terminals. Konecranes provides productivity enhancing lifting solutions as well as services for lifting equipment of all makes. In 2019, Group sales totaled EUR 3.33 billion. Including MHE-Demag, the Group has around 18,000 employees in 50 countries. Konecranes shares are listed on the Nasdaq Helsinki (symbol: KCR).

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

