KONECRANES®
Lifting Businesses™

Strong growth in Group orders

Interim Report
January–March 2019

Q1

Strong growth in Group orders

Konecranes has applied IFRS 16 Leases standard since January 1, 2019. The figures for comparison period 2018 have not been restated. Please refer to note 4 for more details on the implementation of IFRS 16 standard and other significant accounting policies.

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

FIRST QUARTER HIGHLIGHTS

- Order intake EUR 848.1 million (683.1), +24.2 percent (+22.2 percent on a comparable currency basis), with solid growth in all Business Areas.
- Service order intake EUR 255.4 million (238.5), +7.1 percent (+3.8 percent on a comparable currency basis)
- Order book EUR 1,877.6 million (1,575.8) at the end of March, +19.1 percent (+17.0 percent on a comparable currency basis)
- Sales EUR 758.2 million (672.8), +12.7 percent (+10.8 percent on a comparable currency basis), driven by all three Business Areas.
- Adjusted EBITA margin 6.4 percent (5.5) and adjusted EBITA EUR 48.3 million (37.2), reflecting sales volume growth and synergy cost saving measures
- Operating profit EUR 27.3 million (23.8), 3.6 percent of sales (3.5)
- Earnings per share (diluted) EUR 0.17 (0.11)
- Free cash flow EUR 28.0 million (-2.2)
- Net debt EUR 649.0 million (524.3) and gearing 53.8 percent (43.8), increase resulting from the implementation of the new IFRS 16 standard on leases

DEMAND OUTLOOK

Despite weakening global macro indicators, our overall demand environment within the industrial customer segments is stable and continues on a healthy level. Also, global container throughput is still on a good level, even with its decline in the beginning of 2019. Consequently, the prospects for orders related to container handling remain stable.

FINANCIAL GUIDANCE

Konecranes expects sales in full year 2019 to increase 5–7 percent year-on-year. Konecranes expects the adjusted EBITA margin to improve in full year 2019 compared to full year 2018.

Key figures

	1–3/2019	1–3/2018	Change percent	R12M	1–12/2018
Orders received, MEUR	848.1	683.1	24.2	3,255.3	3,090.3
Order book at end of period, MEUR	1,877.6	1,575.8	19.1		1,715.4
Sales total, MEUR	758.2	672.8	12.7	3,241.5	3,156.1
Adjusted EBITDA, MEUR [1)]	72.1	55.2	30.6	342.6	325.7
Adjusted EBITDA, % [1)]	9.5%	8.2%		10.6%	10.3%
Adjusted EBITA, MEUR [2)]	48.3	37.2	29.9	268.2	257.1
Adjusted EBITA, % [2)]	6.4%	5.5%		8.3%	8.1%
Adjusted operating profit, MEUR [1)]	42.2	27.8	51.7	234.0	219.6
Adjusted operating margin, % [1)]	5.6%	4.1%		7.2%	7.0%
Operating profit, MEUR	27.3	23.8	14.9	169.7	166.2
Operating margin, %	3.6%	3.5%		5.2%	5.3%
Profit before taxes, MEUR	18.3	11.5	59.5	145.5	138.7
Net profit for the period, MEUR	13.2	8.3	59.5	103.2	98.3
Earnings per share, basic, EUR	0.17	0.11	58.5	1.35	1.29
Earnings per share, diluted, EUR	0.17	0.11	58.5	1.35	1.29
Interest-bearing net debt / Equity, %	53.8%	43.8%			42.5%
Net debt / Adjusted EBITDA, R12M [1)]	1.9	1.8			1.7
Return on capital employed, %	8.4%			8.4%	7.9%
Adjusted return on capital employed, % [3)]	13.5%			13.5%	12.5%
Free cash flow, MEUR	28.0	-2.2		103.3	73.1
Average number of personnel during the period	16,024	16,278	-1.6		16,247

[1)] *Excluding adjustments, see also note 11 in the summary financial statements*
[2)] *Excluding adjustments and purchase price allocation amortization, see also note 11 in the summary financial statements*
[3)] *ROCE excluding adjustments, see also note 11 in the summary financial statements*
[4)] *See also note 4 in the summary financial statements for additional info*

President and CEO Panu Routila:

“We continued to book strong year-on-year order growth in Q1, making the quarter a good start for 2019. Our good order intake against weakening macro indicators demonstrates the late-cyclical nature of our industrial crane business and our strong offering in certain growing industry segments.

The growth was led by Business Area Port Solutions, which booked a significant order for the greenfield Hadarom container terminal in Israel. As we announced in February, the order consists of a complete line of automated container cranes and software intelligence, including our own terminal operating system and Equipment Control System. The Hadarom project is a landmark case for Konecranes and demonstrates well the capabilities of our Solutions business unit established last autumn.

On a comparable currency basis, order growth in Business Area Service was close to 4 percent in Q1. In addition, the annual value of the agreement base increased sequentially by approximately EUR 9 million, although a part of this was due to currency effect. In Business Area Industrial Equipment, the strong year-on-year order growth was driven by industrial cranes across all regions.

We made good progress towards our post-integration targets in the first quarter. Sales grew by double-digit percent, reflecting the order growth we saw last year. The sales growth was solid in all Business Areas.

Furthermore, our Group adjusted EBITA margin improved to 6.4 percent. The improvement was driven by Business Area Service, where the adjusted EBITA margin reached 15.7 percent, up by 3 percentage points from the year-ago period. The improvement in Service was largely due to operating leverage resulting from higher sales volume. We expect the sales growth in Service to slow down in the coming quarters, affecting the rate of the adjusted EBITA margin improvement.

Integration of MHPS continues to progress well and according to our plans. On a run-rate basis, we reached EUR 126 million of the total EUR 140 million synergy savings target in Q1. Cumulatively EUR 92 million of the amount was visible in our P&L at the quarter’s end. The program is nearing its end in Business Area Service and we are also close to our target for the overall procurement savings.

While we have completed many key synergy areas, a few important items remain in Business Area Industrial Equipment. First, our focus on product platform harmonization continues. Our long-term target is to reduce the number of platforms down to 11–14 from the current 20. In addition to cutting existing overlapping platforms, we will also launch completely new products. Consequently, we are planning to centralize the manufacturing of certain products to fewer sites.

Second, the optimization of our manufacturing operations is still ongoing in a couple of countries. While good progress has been made in Germany at our factory in Wetter, Konecranes is still in discussions with the employee representatives on the potential closing of the factory in Vernouillet, France. These processes continued to add temporary operational costs and weighed on both output and profitability in Industrial Equipment in Q1.

In addition, the adjusted EBITA margin in Industrial Equipment was affected by weaker mix within our process cranes business. Additionally, US custom tariffs had a negative impact in the quarter. While US custom tariffs and the changes in our supply network will likely continue to create additional costs, we expect the adjusted EBITA margin in Industrial Equipment to improve in full year 2019 compared to 2018.

Despite weakening global macro indicators, our overall demand environment remains on a healthy level. Our orderbook for 2019 is strong and we expect to reach the 5–7 percent guidance range for year-on-year sales growth in the full year. Furthermore, we continue to expect an improvement in the Group adjusted EBITA margin in 2019 compared to 2018.”

Konecranes Plc
Interim report January–March 2019

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

MARKET REVIEW

Activity in the world's manufacturing sector, according to the aggregated J.P.Morgan Global Manufacturing Purchasing Managers' Index (PMI), was weak in the first quarter, yet remained above the 50.0 mark. Growth was signalled in the investment goods sector, although it eased to a six-month low in Q1.

In the Eurozone, the manufacturing operating conditions fell below the 50.0 mark in February for the first time since June 2013. The deterioration continued in March, when the degree of PMI decline was the steepest in nearly six years. The investment goods sector was one of the two sectors driving March's weak PMI posting, and the underperformance of the manufacturing sector was closely linked to a deteriorating demand environment. The three biggest economies in the region recorded all sub-50.0 PMI readings, and the overall downturn was led by Germany. Greece, Ireland and Netherlands were the top three performers of the region. Outside the Euro area, the UK manufacturing sector continued to grow and the PMI improved during the first quarter.

In the US, the manufacturing sector's growth slowed down in the first quarter compared to year-end 2018. In March, the PMI dropped to its lowest level since mid-2017, while still remaining clearly above the manufacturing sector's PMI in the Eurozone. Correspondingly, the US manufacturing capacity utilization rate declined in the first quarter.

As for the emerging markets, China's manufacturing sector ended the first quarter on a positive note, as the operating conditions improved for the first time since November 2018. After the slowdown in early-2019, Russia's manufacturing PMI picked up in March to its highest level since January 2017. In Brazil and India, manufacturing operating conditions improved throughout the first quarter, even though the growth rate slowed down in March.

After setting an all-time high in late-2018, RWI/ISL global container throughput index has declined since, though still remaining on a healthy level. In February 2019, global container throughput decreased by approximately 1 percent year-over-year.

Regarding raw material prices at the end of first quarter, steel was above and copper price remained below the previous year's level. The average EUR/USD exchange rate was approximately 8 percent lower compared to the year-ago period.

ORDERS RECEIVED

Orders received in the first quarter totaled EUR 848.1 million (683.1), representing an increase of 24.2 percent. On a comparable currency basis, order intake increased 22.2 percent. Orders received grew in all three regions.

In Service, orders received increased 7.1 percent on a reported basis and 3.8 percent on a comparable currency basis. In Industrial Equipment, orders increased 18.2 percent on a reported basis and 16.1 percent on a comparable currency basis. External orders in Industrial Equipment increased 19.2 percent, 16.9 percent on a comparable currency basis. In Port Solutions, order intake increased 45.9 percent, primarily driven by the large order for the greenfield Hadarom container terminal. On a comparable currency basis, Port Solutions order intake grew 46.3 percent.

ORDER BOOK

The value of the order book at the end of March totaled EUR 1,877.6 million (1,575.8), which was 19.1 percent higher compared to previous year. On a comparable currency basis, the order book increased 17.0 percent. The order book increased 10.4 percent in Service, 21.2 percent in Industrial Equipment and 20.1 percent in Port Solutions.

SALES

Group sales increased 12.7 percent to EUR 758.2 million (672.8) in the first quarter. On a comparable currency basis, sales increased 10.8 percent. Sales increased 11.5 percent in Service, 10.4 percent in Industrial Equipment and 20.6 percent in Port Solutions. Industrial Equipment external sales increased 6.3 percent.

At the end of March, the regional breakdown of sales, calculated on a rolling 12-month basis, was as follows: EMEA 50 (52), Americas 34 (31) and APAC 16 (17) percent.

ORDERS RECEIVED AND NET SALES, MEUR

	1–3/2019	1–3/2018	Change percent	Change % at comparable currency rates	1–12/2018
Orders received, MEUR	848.1	683.1	24.2	22.2	3,090.3
Net sales, MEUR	758.2	672.8	12.7	10.8	3,156.1

FINANCIAL RESULT

In January–March, the Group adjusted EBITA increased by EUR 11.1 million to EUR 48.3 million (37.2). The adjusted EBITA margin improved to 6.4 percent (5.5). The adjusted EBITA margin in Service improved to 15.7 percent (12.7), in Port Solutions to 4.4 percent (3.1), but decreased in Industrial Equipment to 0.3 percent (2.7). The improvement in the Group adjusted EBITA was mainly attributable to volume growth and synergy cost saving measures. Gross margin stayed approximately flat.

The consolidated adjusted operating profit increased by EUR 14.4 million to EUR 42.2 million (27.8). The adjusted operating margin improved to 5.6 percent (4.1).

The consolidated operating profit in January–March totaled EUR 27.3 million (23.8). The operating profit includes adjustments of EUR 14.8 million (4.0), which is comprised of restructuring costs. The operating margin in Service rose to 14.7 percent (10.9), in Port Solutions to 3.6 percent (1.6), but decreased in Industrial Equipment to -3.3 percent (1.1).

In January–March, depreciation and impairments totaled EUR 29.9 million (27.4). The amortization arising from the purchase price allocations for acquisitions represented EUR 6.2 million (9.4) of the depreciation and impairments.

In January–March, the share of the result in associated companies and joint ventures was EUR -1.0 million (-0.7).

In January–March, financial income and expenses totaled EUR -8.0 million (-11.6). Net interest expenses accounted for EUR 5.4 million (4.4) of the sum and the remainder was mainly attributable to 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 18.3 million (11.5).

Income taxes were EUR -5.1 million (-3.2). The Group's effective tax rate was 28.0 percent (28.0).

January–March net profit was EUR 13.2 million (8.3). The basic earnings per share were EUR 0.17 (0.11) and the diluted earnings per share were EUR 0.17 (0.11).

On a rolling 12-month basis, the return on capital employed was 8.4 percent (5.4) and the return on equity 8.6 percent (3.2). The adjusted return on capital employed was 13.5 percent (10.7).

BALANCE SHEET

As of the end of March, the consolidated balance sheet amounted to EUR 3,707.2 million (3,488.2). The total equity at the end of the reporting period was EUR 1,205.6 million (1,198.0). The total equity attributable to the equity holders of the parent company was EUR 1,187.4 million (1,176.1) or EUR 15.06 per share (14.92).

Net working capital totaled EUR 330.1 million (260.3). Net working capital, excluding the unpaid dividends, amounted to EUR 424.8 million (354.9). Sequentially, net working capital (excluding the dividend payable) increased by EUR 14.4 million. The sequential increase in net working capital resulted mainly from foreign exchange fluctuations.

CASH FLOW AND FINANCING

Net cash from operating activities in January–March was EUR 30.1 million (3.4). Cash flow before financing activities was EUR 27.3 million (-1.1), which included a cash inflow of EUR 5.1 million (0.0) related to sale of property, plant and equipment, and a cash outflow of EUR 7.2 million (5.7) related to capital expenditure.

At the end of March, interest-bearing net debt was EUR 649.0 million (524.3). Net debt increased mainly following the implementation of the new IFRS 16 Leases standard. The equity to assets ratio was 36.1 percent (38.0) and the gearing 53.8 percent (43.8).

At the end of March, cash and cash equivalents amounted to EUR 204.2 million (198.3). 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 10.0 million (8.6). This amount consisted mainly of investments in machinery and equipment, office equipment and information technology.

ACQUISITIONS AND DIVESTMENTS

In January–March, the capital expenditure for acquisitions and joint arrangements was EUR 0.7 million (0.0).

In January 2019, Konecranes acquired a small service business from MSAURförderteknik GmbH and paid EUR 0.7 million for the acquired assets.

PERSONNEL

In January–March, the Group had an average of 16,024 employees (16,278). On March 31, the number of personnel was 15,971 (16,185). During January–March, the Group's personnel decreased by 390 people net.

At the end of March, the number of personnel by Business Area was as follows: Service 7,527 employees (7,187), Industrial Equipment 5,502 employees (5,872), Port Solutions 2,849 employees (3,039) and Group staff 93 (87).

The Group had 9,966 employees (9,854) working in EMEA, 3,231 (3,123) in the Americas and 2,774 (3,208) in APAC.

BUSINESS AREAS

SERVICE

	1–3/2019	1–3/2018	Change percent	Change % at comparable currency rates	1–12/2018
Orders received, MEUR	255.4	238.5	7.1	3.8	986.5
Order book, MEUR	234.1	212.0	10.4	5.5	214.3
Contract base value, MEUR	253.1	233.4	8.5	5.0	243.9
Net sales, MEUR	297.1	266.4	11.5	8.4	1,192.5
Adjusted EBITA, MEUR [1)]	46.8	33.8	38.3		180.0
Adjusted EBITA, % [1)]	15.7%	12.7%			15.1%
Purchase price allocation amortization, MEUR	-2.6	-3.2	-17.0		-12.5
Adjustments,MEUR	-0.4	-1.6			-4.8
Operating profit (EBIT), MEUR	43.7	29.0	50.6		162.8
Operating profit (EBIT), %	14.7%	10.9%			13.6%
Personnel at the end of period	7,527	7,187	4.7		7,372

[1)] *Excluding adjustments and purchase price allocation amortization. See also note 11 in the summary financial statements.*

Operational highlights in Q1:

- Good progress with ongoing digital transformation: Spain and India went live with oneKONECRANES tools and systems in Q1

In Service, the first-quarter orders received increased 7.1 percent to EUR 255.4 million (238.5). On a comparable currency basis, the orders received increased 3.8 percent. Both field service and parts orders grew. Order intake increased in all three regions.

The order book increased 10.4 percent to EUR 234.1 million (212.0). On a comparable currency basis, the order book increased 5.5 percent.

Sales in the first-quarter increased 11.5 percent to EUR 297.1 million (266.4). On a comparable currency basis, sales increased 8.4 percent. Sales increased in all three regions. Parts sales growth outperformed the growth in field services.

The first-quarter adjusted EBITA was EUR 46.8 million (33.8) and the adjusted EBITA margin 15.7 percent (12.7). The improvement in the adjusted EBITA was mainly attributable to volume growth and synergy cost savings, and to a lesser extent, an improved sales mix. Gross margin increased on a year-on-year basis. The operating profit was EUR 43.7 million (29.0) and the operating margin 14.7 percent (10.9).

The total number of equipment included in the service agreement base decreased 1.3 percent to 615,957 (624,149) at the end of March. Year-on-year, the annual value of the agreement base increased 8.5 percent to EUR 253.1 million (233.4). On a comparable currency basis, the annual value of the agreement base increased 5.0 percent. Sequentially, the annual value of the agreement base increased 3.8 percent on a reported basis and 2.2 percent on a comparable currency basis.

INDUSTRIAL EQUIPMENT

	1–3/2019	1–3/2018	Change percent	Change % at comparable currency rates	1–12/2018
Orders received, MEUR	321.2	271.6	18.2	16.1	1,248.9
of which external, MEUR	276.3	231.8	19.2	16.9	1,065.5
Order book, MEUR	639.4	527.6	21.2	17.4	590.6
Net sales, MEUR	274.6	248.6	10.4	8.6	1,150.9
of which external, MEUR	233.9	220.1	6.3	4.5	1,009.2
Adjusted EBITA, MEUR [1)]	0.8	6.6	-87.5		42.6
Adjusted EBITA, % [1)]	0.3%	2.7%			3.7%
Purchase price allocation amortization, MEUR	-1.7	-3.6	-53.0		-14.5
Adjustments,MEUR	-8.2	-0.3			-12.9
Operating profit (EBIT), MEUR	-9.1	2.7	-438.2		15.1
Operating profit (EBIT), %	-3.3%	1.1%			1.3%
Personnel at the end of period	5,502	5,872	-6.3		5,782

[1)] *Excluding adjustments and purchase price allocation amortization. See also note 11 in the summary financial statements.*

Operational highlights in Q1:

- Four orders for Automatic Storage and Retrieval Systems for paper rolls received from customers in China, Germany, Turkey and the USA.
- Crane orders for seven waste-to-energy plants from customers in China, Finland, India, Latvia and Thailand.
- Major production upgrade and modernization of the Demag crane component plant in Wetter, Germany proceeded according to plan, with the aim of centralizing all chain hoist production in EMEA to Wetter.
- Demag operations celebrated its 200 years anniversary in March.

In Industrial Equipment, the first quarter orders received totaled EUR 321.2 million (271.6), corresponding to an increase of 18.2 percent. On a comparable currency basis, orders received increased 16.1 percent. External orders increased 19.2 percent on a reported basis and 16.9 percent on a comparable currency basis. The increase was driven by process cranes and standard cranes. Order intake for components decreased, but increased sequentially. Process crane orders received increased in all three regions. Standard crane orders increased in the Americas and EMEA, but decreased in APAC.

The order book increased 21.2 percent to EUR 639.4 million (527.6). On a comparable currency basis, the order book increased 17.4 percent.

Sales increased 10.4 percent to EUR 274.6 million (248.6). On a comparable currency basis, sales increased 8.6 percent. External sales increased 6.3 percent on a reported basis and 4.5 percent on a comparable currency basis.

The first-quarter adjusted EBITA was EUR 0.8 million (6.6) and the adjusted EBITA margin 0.3 percent (2.7). The decrease in the adjusted EBITA and gross margin was mainly attributable to temporary operational costs in supply operations, as well as tariff costs. Operating profit was EUR -9.1 million (2.7) and the operating margin -3.3 percent (1.1).

PORT SOLUTIONS

	1–3/2019	1–3/2018	Change percent	Change % at comparable currency rates	1–12/2018
Orders received, MEUR	329.9	226.2	45.9	46.3	1,096.0
Order book, MEUR	1,004.0	836.2	20.1	19.8	910.5
Net sales, MEUR	241.8	200.6	20.6	20.4	1,012.9
of which service, MEUR	46.7	40.8	14.3	13.0	178.3
Adjusted EBITA, MEUR [1)]	10.6	6.2	72.3		71.3
Adjusted EBITA, % [1)]	4.4%	3.1%			7.0%
Purchase price allocation amortization, MEUR	-1.8	-2.6	-29.9		-10.4
Adjustments,MEUR	0.0	-0.4			-20.9
Operating profit (EBIT), MEUR	8.8	3.1	179.1		40.0
Operating profit (EBIT), %	3.6%	1.6%			4.0%
Personnel at the end of period	2,849	3,039	-6.3		2,830

[1)] *Excluding adjustments and purchase price allocation amortization. See also note 11 in the summary financial statements.*

Operational highlights in Q1:

- A complete automated container handling system ordered for the greenfield Hadarom container terminal in Israel. The order combines Konecranes' own Terminal Operating System, Equipment Control System, automation technology and container handling equipment, allowing Konecranes to deliver a complete line of automated container cranes and software intelligence. The order is the fourth largest ever received by Konecranes and a major step in the execution of Port Solutions' strategy.
- 20 Konecranes Rubber Tyred Gantry Cranes (RTGs), including auto-steering feature and Konecranes' TRUCONNECT®remote monitoring system, ordered to the Port of Savannah by the Georgia Ports Authority. When these cranes are operational, the Port of Savannah operates a total of 178 Konecranes RTGs.

In Port Solutions, the first-quarter orders received totaled EUR 329.9 million (226.2), representing an increase of 45.9 percent. On a comparable currency basis, orders received increased 46.3 percent. The increase was primarily driven by the large order for the greenfield Hadarom container terminal, as well as an order for 20 Rubber Tyred Gantry cranes. Orders grew in EMEA and the Americas, but fell in APAC.

The order book increased 20.1 percent to EUR 1,004.0 million (836.2). On a comparable currency basis, the order book increased 19.8 percent.

Sales increased 20.6 percent to EUR 241.8 million (200.6). On a comparable currency basis, sales increased 20.4 percent.

The first-quarter adjusted EBITA was EUR 10.6 million (6.2) and the adjusted EBITA margin 4.4 percent (3.1). The improvement in the adjusted EBITA was mainly attributable to sales volume growth and synergy cost savings. Gross margin decreased on a year-on-year basis. Operating profit was EUR 8.8 million (3.1) and the operating margin 3.6 percent (1.6).

Group overheads

In the first quarter, the adjusted unallocated Group overhead costs and eliminations were EUR 9.9 million (9.4), representing 1.3 percent of sales (1.4).

In the first quarter, the unallocated Group overhead costs and eliminations were EUR 16.0 million (11.1), representing 2.1 percent of sales (1.6). These included restructuring costs of EUR 6.2 million (1.7).

ADMINISTRATION

Decisions of the Annual General Meeting

The Annual General Meeting of Konecranes Plc was held on Thursday March 28, 2019. The meeting approved the Company's annual accounts for the fiscal year 2018, discharged the members of the Board of Directors and CEO from liability, and approved all proposals made by the Board of Directors and its committees to the AGM.

The AGM approved the Board's proposal that a dividend of EUR 1.20 per share is paid from the distributable assets of the parent company.

The AGM confirmed the annual remuneration payable to the members of the Board for the term until the closing of the Annual General Meeting in 2020 as follows: Chairman of the Board EUR 140,000, Vice Chairman of the Board EUR 100,000, and other Board Members EUR 70,000. In case the term of office of a Board member ends before the closing of the Annual General Meeting in 2020, he or she is entitled to the prorated amount of the annual remuneration calculated on the basis of his or her actual term in office. In addition, the Chairman of the Board, the Vice Chairman of the Board, and other Board members are entitled to a compensation of EUR 1,500 per attended Board committee meeting. The Chairman of the Audit Committee of the Board of Directors is, however, entitled to a compensation of EUR 3,000 per attended Audit Committee meeting. No remuneration will be paid to Board members employed by the Company. Travel expenses will be compensated against receipts.

The AGM approved the proposal of the Nomination Committee that the number of members of the Board of Directors is eight (8). Mr. Ole Johansson, Ms. Janina Kugel, Mr. Bertel Langenskiöld, Mr. Ulf Liljedahl, Mr. Per Vegard Nerseth, Mr. Anders Nielsen, Ms. Päivi Rekonen and Mr. Christoph Vitzthum were re-elected for a term of office ending at the closing of the Annual General Meeting in 2020.

The AGM re-elected Ernst & Young Oy as the Company's auditor for the year ending on December 31, 2019.

The AGM decided to establish a permanent Shareholders' Nomination Board to prepare proposals to the Annual General Meeting, and, if necessary, to an Extraordinary General Meeting, for the election and remuneration of the members of the Board of Directors and to identify potential Board member candidates. The AGM further adopted the Charter of the Shareholders' Nomination Board. According to the decision of the AGM, the Shareholders' Nomination Board comprises one member appointed by each of the four largest shareholders of the Company. The Chairman of the Company's Board of Directors serves as an expert in the Nomination Board without being a member. The shareholders entitled to appoint a member are determined on the basis of the shareholders' register of the Company maintained by Euroclear Finland Ltd. on 31 August each year. If a shareholder who has an obligation under the Finnish Securities Market Act to take holdings of shares e.g. in several funds or group companies into account when disclosing changes in share ownership or who holds nominee registered shares makes a written request to the Chairman of the Board of Directors no later than on 30 August, such holdings of the shareholder will be taken into account when determining the appointment right. Should a shareholder not wish to use his/her appointment right, the right transfers to the next largest shareholder who would otherwise not have an appointment right. The member appointed by a shareholder shall resign from the Nomination Board, if the shareholder concerned later transfers more than half of the shares he/she held on 31 August that entitled him/her to appoint a member and as a result thereof is no longer amongst the Company's ten largest shareholders. The right to appoint a member to replace the resigned member shall be offered to the shareholder who, immediately after the settlement of the relevant share transfer, is the largest holder of shares who has not yet appointed a member to the Nomination Board. The members of the Nomination Board shall not be entitled to any remuneration from the Company on the basis of their membership. The travel expenses of the members will be compensated against receipt. The Nomination Board may, at the Company's approved expense, make use of outside experts to identify and evaluate potential new candidates to the Board of Directors. The Nomination Board is established until a General Meeting of the Company decides otherwise. The members shall be nominated annually and their term of office shall end when new members are nominated to replace them.

The AGM authorized the Board of Directors to decide on the repurchase of the Company's own and/or on the acceptance as pledge of the Company's own shares. The number of own shares to be repurchased and/or accepted as pledge based on this authorization shall not exceed 7,500,000 shares in total, which corresponds to approximately 9.5 percent of all of the shares in the Company. However, the Company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 percent of all the shares in the Company. Only the unrestricted equity of the Company can be used to repurchase own shares on the basis of the authorization. Own shares can be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market. The Board of Directors decides how own shares will be repurchased and/or accepted as pledge. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). Own shares can be repurchased and/or accepted as pledge to limit the dilutive effects of share issues carried out in connection with possible acquisitions, to develop the Company's capital structure, to be transferred for financing or realization of possible acquisitions, investments or other arrangements belonging to the Company's business, to pay remuneration to Board members, to be used in incentive arrangements or to be cancelled, provided that the repurchase and/or acceptance as pledge is in the interest of the Company and its shareholders. The authorization is effective until the end of the next Annual General Meeting, however no longer than until 28 September 2020.

The AGM authorized the Board of Directors to decide on the issuance of shares, as well as the issuance of special rights entitling to shares referred to in chapter 10, section 1 of the Finnish Companies Act. The number of shares to be issued based on this authorization shall not exceed 7,500,000 shares, which corresponds to approximately 9.5 percent of all of the shares in the Company. The Board of Directors decides on all the conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization can also be used for incentive arrangements, however, not more than 1,000,000 shares in total together with the authorization in the next item. The authorization is effective until the end of the next Annual General Meeting, however no longer than until September 28, 2020. However, the authorization for incentive arrangements is valid until March 28, 2024. This authorization revokes the authorization for incentive arrangements given by the Annual General Meeting 2018.

The AGM authorized the Board of Directors to decide on the transfer of the Company's own shares. The authorization is limited to a maximum of 7,500,000 shares, which corresponds to approximately 9.5 percent of all the shares in the Company. The Board of Directors decides on all the conditions of the transfer of own shares. The transfer of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The Board of Directors can also use this authorization to grant special rights concerning the Company's own shares, referred to in Chapter 10 of the Companies Act. The authorization can also be used for incentive arrangements, however, not more than 1,350,000 shares in total together with the authorization in the previous item. This authorization is effective until the next Annual General Meeting of Shareholders, however no longer than until September 28, 2020. However, the authorization for incentive arrangements is valid until March 28, 2024. This authorization revokes the authorization for incentive arrangements given by the Annual General Meeting 2018.

The AGM authorized the Board of Directors to decide on a directed share issue without payment needed for the continuation of the Share Savings Plan that the Annual General Meeting 2012 decided to launch. The AGM authorized the Board to decide on the issue of new shares or on the transfer of own shares held by the Company to such participants of an Employee Share Savings Plan who, according to the terms and conditions of the Plan, are entitled to receive free shares, as well as to decide on the share issue without payment also to the Company itself. The authorization includes a right, within the scope of this Plan, to transfer own shares currently held by the Company, which have earlier been limited to other purposes than incentive plans. The number of new shares to be issued or own shares held by the Company to be transferred may in the aggregate amount to a maximum total of 500,000 shares, which corresponds to approximately 0.6 percent of all of the Company's shares. The Board of Directors is entitled to decide on other matters concerning the share issue. The authorization concerning the share issue is valid until March 28, 2024. This authorization is in addition to the authorizations in the previous items. This authorization replaces the authorization for the Share Savings Plan given by the Annual General Meeting 2018.

The AGM authorized the Board of Directors to decide on donations in the aggregate maximum amount of EUR 200,000 to be given to universities, institutions of higher education or to other non-profit or similar purposes. The donations can be made in one or more instalments. The Board of Directors may decide on the beneficiaries and the amount of each donation. The authorization shall be in force until the closing of the next Annual General Meeting.

Board of Directors' organizing meeting

In the first meeting of the Board of Directors of Konecranes Plc after the Annual General Meeting the Board of Directors elected Mr. Christoph Vitzthum Chairman of the Board and Mr. Ole Johansson Vice Chairman of the Board.

The Board of Directors has an Audit Committee and a Human Resources Committee.

Ulf Liljedahl was elected Chairman of the Audit Committee, and Ole Johansson, Per Vegard Nerseth and Päivi Rekonen as Committee members. Bertel Langenskiöld was elected Chairman of the Human Resources Committee, and Janina Kugel, Anders Nielsen and Christoph Vitzthum as Committee members.

Ms. Janina Kugel, Mr. Bertel Langenskiöld, Mr. Ulf Liljedahl, Mr. Per Vegard Nerseth, Mr. Anders Nielsen, Ms. Päivi Rekonen and Mr. Christoph Vitzthum were deemed to be independent of the company and any significant shareholders. While Mr. Ole Johansson was deemed to be independent of the company, he was deemed to be dependent of significant shareholders of the Company based on his current position as Chairman of the Board of Directors of Hartwall Capital Oy Ab.

PERFORMANCE SHARE PLAN CRITERIA 2019–2021

On March 28, 2019, Konecranes announced that the Board of Directors had resolved that the performance criteria for the performance period 2019–2021 under the Company's Performance Share Plan (the "Plan") are the cumulative adjusted Earnings per Share (EPS) and the cumulative annual growth rate (CAGR) for Sales of the financial years 2019–2021. Adjustments to the EPS include defined restructuring costs, purchase price allocation amortization and certain other unusual items. The Board of Directors has also resolved on certain technical amendments to the terms and conditions of the Plan.

The target group of the Plan for the performance period 2019–2021 consists of a maximum of 200 key employees of the Konecranes group. The rewards to be paid on the basis of the performance period 2019–2021 correspond to the value of a maximum total of 670,000 Konecranes Plc shares. If the target determined by the Board of Directors is attained, the reward payout may be half of the maximum reward. The maximum reward payout requires that the target is clearly exceeded.

The Annual General Meeting of Shareholders held on March 28, 2019 authorized the Board of Directors to decide on the issue of shares or the transfer of treasury shares needed for the implementation of the Plan.

The launch and essential terms and conditions of the Plan have been published in a stock exchange release on June 16, 2017.

EMPLOYEE SHARE SAVINGS PLAN

On February 18, 2019, Konecranes announced that the Board of Directors has decided to launch a new Plan Period relating to the Employee Share Savings Plan. The new Plan Period will begin on July 1, 2019 and will end on June 30, 2020. 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 15, 2023, and if his or her employment has not ended before this date for reasons attributable 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 2019–2020 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 2019. 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, 2019 the company's registered share capital totaled EUR 30.1 million. On March 31, 2019, the number of shares including treasury shares totaled 78,921,906.

TREASURY SHARES

On March 31, 2019, Konecranes Plc was in possession of 82,480 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 2.6 million.

On February 28, 2019, 22,923 treasury shares were conveyed without consideration to the employees as a reward payment for the Savings Period 2015–2016 of the Konecranes Employee Share Savings Plan.

MARKET CAPITALIZATION AND TRADING VOLUME

The closing price for the Konecranes shares on the Nasdaq Helsinki on March 31, 2019 was EUR 31.69. The volume-weighted average share price in January–March 2019 was EUR 30.51, the highest price being EUR 33.20 in March and the lowest EUR 25.86 in January. In January–March, the trading volume on the Nasdaq Helsinki totaled 12.5 million, corresponding to a turnover of approximately EUR 382.4 million. The average daily trading volume was 198,917 shares representing an average daily turnover of EUR 6.1 million.

In addition, according to Fidessa, approximately 24.2 million shares were traded on other trading venues (e.g. multilateral trading facilities and bilateral OTC trades) in January–March 2019.

On March 31, 2019, the total market capitalization of Konecranes Plc was EUR 2,501.0 million including treasury shares. The market capitalization was EUR 2,498.4 million excluding treasury shares.

NOTIFICATIONS OF MAJOR SHAREHOLDINGS

In January–March 2019, 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 8, 2019	BlackRock, Inc.	Below 5%	4.96	1.80	6.77	5,345,488
February 21, 2019	BlackRock, Inc.	Above 5%	5.00	1.43	6.43	5,079,313

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.

Konecranes has made several acquisitions and expanded organically into new countries. A failure to integrate the acquired businesses, MHPS 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.

EVENTS AFTER THE END OF THE REPORTING PERIOD

In April 2019, 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
April 10, 2019	BlackRock, Inc.	Below 5%	4.98	1.08	6.06	4,787,047
April 16, 2019	BlackRock, Inc.	Above 5%	5.01	1.06	6.07	4,796,011
April 17, 2019	BlackRock, Inc.	Below 5%	4.96	1.08	6.04	4,770,550
April 18, 2019	BlackRock, Inc.	Above 5%	5.02	0.99	6.01	4,745,989
April 23, 2019	BlackRock, Inc.	Below 5%	4.90	0.97	5.88	4,642,378

DEMAND OUTLOOK

Despite weakening global macro indicators, our overall demand environment within the industrial customer segments is stable and continues on a healthy level. Also, global container throughput is still on a good level, even with its decline in the beginning of 2019. Consequently, the prospects for orders related to container handling remain stable.

FINANCIAL GUIDANCE

Konecranes expects sales in full year 2019 to increase 5–7 percent year on year. Konecranes expects the adjusted EBITA margin to improve in full year 2019 compared to full year 2018.

Espoo, April 26, 2019
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	1–3/2019	1–3/2018	Change percent	1–12/2018
Sales	7	**758.2**	**672.8**	**12.7**	**3,156.1**
Other operating income		3.7	1.2		6.3
Materials, supplies and subcontracting		-322.5	-262.4		-1,371.9
Personnel cost		-257.9	-247.7		-1,006.5
Depreciation and impairments	8	-29.9	-27.4		-119.9
Other operating expenses		-124.3	-112.7		-498.0
Operating profit		**27.3**	**23.8**	**14.9**	**166.2**
Share of associates' and joint ventures' result		-1.0	-0.7		4.0
Financial income		4.7	3.0		2.6
Financial expenses		-12.7	-14.6		-34.1
Profit before taxes		**18.3**	**11.5**	**59.5**	**138.7**
Taxes	10	-5.1	-3.2		-40.4
PROFIT FOR THE PERIOD		**13.2**	**8.3**	**59.5**	**98.3**
Profit for the period attributable to:					
Shareholders of the parent company		13.4	8.4		101.8
Non-controlling interest		-0.2	-0.2		-3.5
Earnings per share, basic (EUR)		0.17	0.11	58.5	1.29
Earnings per share, diluted (EUR)		0.17	0.11	58.5	1.29

Consolidated statement of other comprehensive income

EUR million	1–3/2019	1–3/2018		1–12/2018
Profit for the period	**13.2**	**8.3**		**98.3**
Items that can be reclassified into profit or loss				
Cash flow hedges	-4.5	1.9		-13.4
Exchange differences on translating foreign operations	8.9	-1.6		-5.7
Income tax relating to items that can be reclassified into profit or loss	0.9	-0.4		2.7
Items that cannot be reclassified into profit or loss				
Re-measurement gains (losses) on defined benefit plans	0.0	0.0		0.7
Income tax relating to items that cannot be reclassified into profit or loss	0.0	0.0		-0.2
Other comprehensive income for the period, net of tax	**5.3**	**-0.1**		**-15.9**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**18.4**	**8.1**		**82.4**
Total comprehensive income attributable to:				
Shareholders of the parent company	18.5	8.7		86.2
Non-controlling interest	0.0	-0.6		-3.8

Consolidated balance sheet

EUR million

ASSETS	Note	31.3.2019	31.3.2018	31.12.2018
Non-current assets				
Goodwill		907.7	902.5	906.1
Intangible assets		572.4	620.0	582.0
Property, plant and equipment		352.7	260.5	236.7
Advance payments and construction in progress		11.9	8.6	14.5
Investments accounted for using the equity method		69.9	69.1	71.0
Other non-current assets		0.8	0.8	0.8
Deferred tax assets		123.5	128.5	119.5
Total non-current assets		**2,039.0**	**1,990.1**	**1,930.5**
Current assets				
Inventories				
Raw material and semi-manufactured goods		286.7	259.0	281.7
Work in progress		383.7	336.8	336.6
Advance payments		24.5	22.4	17.5
Total inventories		694.9	618.1	635.8
Accounts receivable		527.4	462.6	548.0
Other receivables		32.0	39.8	28.5
Loans receivable		0.6	0.2	0.7
Income tax receivables		27.3	19.7	22.3
Receivable arising from percentage of completion method	7	119.9	71.6	115.7
Other financial assets		6.4	31.4	8.9
Deferred assets		55.5	56.3	46.2
Cash and cash equivalents		204.2	198.3	230.5
Total current assets		**1,668.2**	**1,498.1**	**1,636.5**
TOTAL ASSETS		**3,707.2**	**3,488.2**	**3,567.0**

Consolidated balance sheet

EUR million

EQUITY AND LIABILITIES	Note	31.3.2019	31.3.2018	31.12.2018
Equity attributable to equity holders of the parent company				
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	-3.5	12.3	0.1
Translation difference		5.9	1.4	-2.8
Other reserve		57.5	44.0	55.2
Retained earnings		292.1	287.9	289.4
Net profit for the period		13.4	8.4	101.8
Total equity attributable to equity holders of the parent company		**1,187.4**	**1,176.1**	**1,265.8**
Non-controlling interest		18.2	21.9	18.4
Total equity		**1,205.6**	**1,198.0**	**1,284.1**
Non-current liabilities				
Interest-bearing liabilities	13	676.8	598.9	584.6
Other long-term liabilities		269.9	269.2	269.1
Provisions		22.8	21.2	21.2
Deferred tax liabilities		141.9	150.3	143.4
Total non-current liabilities		**1,111.3**	**1,039.6**	**1,018.3**
Current liabilities				
Interest-bearing liabilities	13	177.1	123.9	191.8
Advance payments received	7	366.4	333.6	341.4
Accounts payable		217.3	168.0	211.2
Provisions		113.1	115.1	112.6
Other short-term liabilities (non-interest bearing)		46.8	47.9	43.0
Other financial liabilities		14.0	11.5	7.7
Income tax liabilities		15.7	27.8	20.3
Accrued costs related to delivered goods and services		164.9	174.3	164.1
Accruals		275.0	248.4	172.5
Total current liabilities		**1,390.3**	**1,250.6**	**1,264.6**
Total liabilities		**2,501.6**	**2,290.2**	**2,282.8**
TOTAL EQUITY AND LIABILITIES		**3,707.2**	**3,488.2**	**3,567.0**

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
Balance at 1 January, 2019	**30.1**	**39.3**	**752.7**	**0.1**	**-2.8**
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
Balance at 31 March, 2019	**30.1**	**39.3**	**752.7**	**-3.5**	**5.9**
Balance at 1 January, 2018	**30.1**	**39.3**	**752.7**	**10.8**	**2.6**
Dividends paid to equity holders					
Equity-settled share based payments					
Profit for the period					
Other comprehensive income				1.5	-1.2
Total comprehensive income				1.5	-1.2
Balance at 31 March, 2018	**30.1**	**39.3**	**752.7**	**12.3**	**1.4**

EUR million	Equity attributable to equity holders of the parent company Other Reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January, 2019	**55.2**	**391.2**	**1,265.8**	**18.4**	**1,284.1**
Change in accounting principles (IFRS 16)		-4.5	-4.5		**-4.5**
Balance at 1 January, 2019, restated	**55.2**	**386.7**	**1,261.3**	**18.4**	**1,279.6**
Dividends paid to equity holders		-94.6	-94.6	-0.1	**-94.7**
Equity-settled share based payments	2.3	0.0	2.3		**2.3**
Profit for the period		13.4	13.4	-0.2	**13.2**
Other comprehensive income		0.0	5.1	0.2	**5.3**
Total comprehensive income	0.0	13.4	18.5	0.0	**18.4**
Balance at 31 March, 2019	**57.5**	**305.4**	**1,187.4**	**18.2**	**1,205.6**
Balance at 1 January, 2018	**36.6**	**384.3**	**1,256.4**	**22.5**	**1,278.9**
Change in accounting principles (IFRS 9)		-0.8	-0.8		**-0.8**
Change in accounting principles (IFRS 2)	1.5		1.5		**1.5**
Balance at 1 January, 2018, restated	**38.1**	**383.4**	**1,257.0**	**22.5**	**1,279.5**
Dividends paid to equity holders		-94.6	-94.6	0.0	**-94.6**
Equity-settled share based payments	4.9	0.0	4.9		**4.9**
Profit for the period		8.4	8.4	-0.2	**8.3**
Other comprehensive income		0.0	0.3	-0.4	**-0.1**
Total comprehensive income	0.0	8.4	8.7	-0.6	**8.1**
Balance at 31 March, 2018	**43.1**	**297.3**	**1,176.1**	**21.9**	**1,198.0**

Consolidated cash flow statement

EUR million	1–3/2019	1–3/2018	1–12/2018
Cash flow from operating activities			
Profit for the period	13.2	8.3	98.3
Adjustments to net income			
Taxes	5.1	3.2	40.4
Financial income and expenses	8.0	11.6	31.5
Share of associates' and joint ventures' result	1.0	0.7	-4.0
Depreciation and impairments	29.9	27.4	119.9
Profits and losses on sale of fixed assets and businesses	-0.4	2.5	3.8
Other adjustments	1.7	0.7	5.2
Operating income before change in net working capital	**58.6**	**54.4**	**295.1**
Change in interest-free current receivables	16.4	82.1	3.9
Change in inventories	-53.3	-77.3	-91.1
Change in interest-free current liabilities	36.0	-25.8	-4.3
Change in net working capital	**-0.9**	**-21.0**	**-91.5**
Cash flow from operations before financing items and taxes	**57.7**	**33.3**	**203.5**
Interest received	6.3	3.3	19.3
Interest paid	-10.0	-6.8	-38.4
Other financial income and expenses	-6.0	15.3	7.4
Income taxes paid	-17.9	-41.7	-82.5
Financing items and taxes	**-27.6**	**-29.9**	**-94.3**
NET CASH FROM OPERATING ACTIVITIES	**30.1**	**3.4**	**109.2**
Cash flow from investing activities			
Acquisition of Group companies, net of cash	-0.7	0.0	0.0
Divestment of Businesses, net of cash	0.0	1.1	1.1
Proceeds from disposal of associated company	0.0	0.0	0.0
Capital expenditures	-7.2	-5.7	-38.3
Proceeds from sale of property, plant and equipment	5.1	0.0	2.2
NET CASH USED IN INVESTING ACTIVITIES	**-2.8**	**-4.6**	**-35.0**
Cash flow before financing activities	**27.3**	**-1.1**	**74.2**
Cash flow from financing activities			
Proceeds from non-current borrowings	0.1	0.0	0.0
Repayments of non-current borrowings	0.0	0.0	-14.5
Repayments of lease liability	-11.3	0.0	0.0
Proceeds from (+), payments of (-) current borrowings	-46.7	-32.7	34.6
Change in loans receivable	0.0	0.1	-0.3
Dividends paid to equity holders of the parent	0.0	0.0	-94.6
Dividends paid to non-controlling interests	-0.1	0.0	-0.4
NET CASH USED IN FINANCING ACTIVITIES	**-57.9**	**-32.6**	**-75.2**
Translation differences in cash	4.4	-1.0	-1.6
CHANGE OF CASH AND CASH EQUIVALENTS	**-26.3**	**-34.8**	**-2.6**
Cash and cash equivalents at beginning of period	230.5	233.1	233.1
Cash and cash equivalents at end of period	204.2	198.3	230.5
CHANGE OF CASH AND CASH EQUIVALENTS	**-26.3**	**-34.8**	**-2.6**

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	1–3/2019	1–3/2018	1–12/2018
Net cash from operating activities	30.1	3.4	109.2
Capital expenditures	-7.2	-5.7	-38.3
Proceeds from sale of property, plant and equipment	5.1	0.0	2.2
Free cash flow	**28.0**	**-2.2**	**73.1**

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. In 2019 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 31.3.2019 and 31.3.2018 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, 2018. 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, 2018. From January 1, 2019 onwards Konecranes applies also new IFRS 16 standard as described below.

IFRS 16 Leases replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC -27 Evaluating the Substance of Transactions Involving the Legal form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance lease under IAS17. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases (with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease terms. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (for example, a change in lease term or a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17.

Notes

Konecranes is using the general modified retrospective approach in which right of use assets and lease liabilities were calculated per transition date 1.1.2019 except for the lease contracts of the Finnish premises in Hyvinkää and Hämeenlinna, in which Konecranes used modified retrospective method to calculate the right of use assets and liability from the commencement date but using the prevailing discount interest at the transition date. Konecranes elected also to use the exemptions proposed by the standard on lease contracts for which the lease terms end within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value. The Group has various lease agreements for office equipment, vehicles and premises with varying terms and renewal rights. Group has used judgment especially for the use of extension options as well as when defining the lease term for open end lease agreements so that they are based on the business requirements and real estimated useful life time of the underlying asset. The right of use assets was increased by EUR 118,5 million and corresponding liabilities by EUR 124.1 million at 1.1.2019. Equity decreased by EUR 4.5 million and deferred tax asset increased by EUR 1.1 million. Group had also EUR 20.1 million existing finance leases according to IAS17 in 31.12.2018 balance sheet. The interest-bearing net debt of 1.1.2019 increased from EUR 545.3 million to EUR 669.4 million and interest-bearing net nebt / equity % respectively from 42.5% to 52.3%. Based on the transition data 1.1.2019 (excluding new contracts and possible changes to existing ones in 2019) other operating expenses is estimated to decrease by approximately EUR 34.0 million and depreciation to increase by approximately EUR 31.4 million and interest expenses increase by approximately EUR 3.3 million respectively during 2019. The estimated effects for 2019 are presented by segment below:

Estimated IFRS 16 adjustments to selected key figures per business

Statement of income (EUR million) 1–12/2019	Service	Industrial Equipment	Ports Solutions	Group costs	Total
Operating costs	15.7	8.1	3.8	6.4	34.0
EBITDA	15.7	8.1	3.8	6.4	34.0
Depreciation	-14.9	-7.1	-3.5	-5.8	-31.4
EBIT	0.8	0.9	0.3	0.6	2.6
Interest expenses					-3.3
Profit before taxes					-0.7
Taxes					0.2
Net result					**-0.5**

The right of use assets totalled EUR 137.7 million and lease liabilities EUR 143.6 million in 31.3.2019 balance sheet.

The IFRIC Interpretation 23 Uncertainty over Income Tax treatment addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed. Since the Group operates in a multinational environment it has already applied significant and critical assessment in identifying uncertainties over income tax treatments. The interpretation did not have an impact on the consolidated financial statements of the Group.

5. ACQUISITIONS

On January 2019, Konecranes acquired a small service business from MSAURförderteknik GmbH and paid EUR 0.7 million as purchase price for the acquired assets including EUR 0.3 million allocation to intangible assets (clientele). Other acquired assets were mainly inventories (EUR 0.3 million) and machinery and equiment (EUR 0.1 million).

Notes

6. SEGMENT INFORMATION

6.1. Operating segments

EUR million

Orders received by Business Area	**1–3/2019**	% of total	**1–3/2018**	% of total	**1–12/2018**	% of total
Service [1)]	255.4	28	238.5	32	986.5	30
Industrial Equipment	321.2	35	271.6	37	1,248.9	37
Port Solutions [1)]	329.9	36	226.2	31	1,096.0	33
./. Internal	-58.4		-53.2		-241.1	
Total	**848.1**	**100**	**683.1**	**100**	**3,090.3**	**100**

[1)] *Excl. Service Agreement Base*

Order book total [2)]	**31.3.2019**	% of total	**31.3.2018**	% of total	**31.12.2018**	% of total
Service	234.1	12	212.0	13	214.3	12
Industrial Equipment	639.4	34	527.6	33	590.6	34
Port Solutions	1,004.0	53	836.2	53	910.5	53
Total	**1,877.6**	**100**	**1,575.8**	**100**	**1,715.4**	**100**

[2)] *Percentage of completion deducted*

Sales by Business Area	**1–3/2019**	% of total	**1–3/2018**	% of total	**1–12/2018**	% of total
Service	297.1	37	266.4	37	1,192.5	36
Industrial Equipment	274.6	34	248.6	35	1,150.9	34
Port Solutions	241.8	30	200.6	28	1,012.9	30
./. Internal	-55.2		-42.8		-200.1	
Total	**758.2**	**100**	**672.8**	**100**	**3,156.1**	**100**

Adjusted EBITA by Business Area	**1–3/2019** MEUR	EBITA %	**1–3/2018** MEUR	EBITA %	**1–12/2018** MEUR	EBITA %
Service	46.8	15.7	33.8	12.7	180.0	15.1
Industrial Equipment	0.8	0.3	6.6	2.7	42.6	3.7
Port Solutions	10.6	4.4	6.2	3.1	71.3	7.0
Group costs and eliminations	-9.9		-9.4		-36.8	
Total	**48.3**	**6.4**	**37.2**	**5.5**	**257.1**	**8.1**

Operating profit (EBIT) by Business Area	**1–3/2019** MEUR	EBIT %	**1–3/2018** MEUR	EBIT %	**1–12/2018** MEUR	EBIT %
Service	43.7	14.7	29.0	10.9	162.8	13.6
Industrial Equipment	-9.1	-3.3	2.7	1.1	15.1	1.3
Port Solutions	8.8	3.6	3.1	1.6	40.0	4.0
Group costs and eliminations	-16.0		-11.1		-51.7	
Total	**27.3**	**3.6**	**23.8**	**3.5**	**166.2**	**5.3**

Notes

Business segment assets	31.3.2019 MEUR	31.3.2018 MEUR	31.12.2018 MEUR
Service	1,345.8	1,271.3	1,284.8
Industrial Equipment	906.7	860.6	865.1
Port Solutions	936.2	854.8	884.4
Unallocated items	518.5	501.5	532.8
Total	**3,707.2**	**3,488.2**	**3,567.0**

Business segment liabilities	31.3.2019 MEUR	31.3.2018 MEUR	31.12.2018 MEUR
Service	209.2	190.6	207.7
Industrial Equipment	394.2	337.1	365.0
Port Solutions	420.7	394.4	411.4
Unallocated items	1,477.4	1,368.0	1,298.7
Total	**2,501.6**	**2,290.2**	**2,282.8**

Personnel by Business Area (at the end of the period)	31.3.2019	% of total	31.3.2018	% of total	31.12.2018	% of total
Service	7,527	47	7,187	44	7,372	46
Industrial Equipment	5,502	34	5,872	36	5,782	36
Port Solutions	2,849	18	3,039	19	2,830	18
Group staff	93	1	87	1	93	1
Total	**15,971**	**100**	**16,185**	**100**	**16,077**	**100**

Notes

Orders received by Business Area, Quarters	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018
Service [1)]	255.4	249.3	241.9	256.8	238.5
Industrial Equipment	321.2	343.9	294.7	338.6	271.6
Port Solutions [1)]	329.9	399.1	240.0	230.7	226.2
./. Internal	-58.4	-62.6	-60.1	-65.2	-53.2
Total	**848.1**	**929.8**	**716.5**	**760.9**	**683.1**

[1)] *Excl. Service Agreement Base*

Order book by Business Area, Quarters	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018
Service	234.1	214.3	239.6	237.8	212.0
Industrial Equipment	639.4	590.6	572.0	579.0	527.6
Port Solutions	1,004.0	910.5	813.0	830.7	836.2
Total	**1,877.6**	**1,715.4**	**1,624.6**	**1,647.5**	**1,575.8**

Sales by Business Area, Quarters	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018
Service	297.1	336.4	296.3	293.3	266.4
Industrial Equipment	274.6	325.6	291.7	285.0	248.6
Port Solutions	241.8	306.4	262.3	243.7	200.6
./. Internal	-55.2	-57.5	-50.0	-49.7	-42.8
Total	**758.2**	**910.8**	**800.2**	**772.2**	**672.8**

Adjusted EBITA by Business Area, Quarters	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018
Service	46.8	55.8	48.0	42.4	33.8
Industrial Equipment	0.8	14.8	14.6	6.5	6.6
Port Solutions	10.6	25.3	20.5	19.3	6.2
Group costs and eliminations	-9.9	-10.3	-8.6	-8.5	-9.4
Total	**48.3**	**85.6**	**74.5**	**59.8**	**37.2**

Adjusted EBITA margin by Business Area, Quarters	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018
Service	15.7	16.6	16.2	14.5	12.7
Industrial Equipment	0.3	4.5	5.0	2.3	2.7
Port Solutions	4.4	8.3	7.8	7.9	3.1
Group EBITA margin total	**6.4**	**9.4**	**9.3**	**7.7**	**5.5**

Personnel by Business Area, Quarters (at the end of the period)	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018
Service	7,527	7,372	7,351	7,252	7,187
Industrial Equipment	5,502	5,782	5,831	5,829	5,872
Port Solutions	2,849	2,830	3,084	3,069	3,039
Group staff	93	93	95	90	87
Total	**15,971**	**16,077**	**16,361**	**16,240**	**16,185**

Notes

6.2. Geographical areas

EUR million

Sales by market	1–3/2019	% of total	1–3/2018	% of total	1–12/2018	% of total
Europe-Middle East-Africa (EMEA)	385.5	51	348.0	52	1,593.5	50
Americas (AME)	259.2	34	219.6	33	1,049.9	33
Asia-Pacific (APAC)	113.6	15	105.1	16	512.7	16
Total	**758.2**	**100**	**672.8**	**100**	**3,156.1**	**100**

Personnel by region (at the end of the period)	31.3.2019	% of total	31.3.2018	% of total	31.12.2018	% of total
Europe-Middle East-Africa (EMEA)	9,966	62	9,854	61	10,027	62
Americas (AME)	3,231	20	3,123	19	3,172	20
Asia-Pacific (APAC)	2,774	17	3,208	20	2,878	18
Total	**15,971**	**100**	**16,185**	**100**	**16,077**	**100**

Sales by market, Quarters	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018
Europe-Middle East-Africa (EMEA)	385.5	461.7	380.9	402.8	348.0
Americas (AME)	259.2	312.2	262.0	256.1	219.6
Asia-Pacific (APAC)	113.6	136.9	157.3	113.3	105.1
Total	**758.2**	**910.8**	**800.2**	**772.2**	**672.8**

Personnel by region, Quarters (at the end of the period)	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018
Europe-Middle East-Africa (EMEA)	9,966	10,027	10,021	9,902	9,854
Americas (AME)	3,231	3,172	3,161	3,139	3,123
Asia-Pacific (APAC)	2,774	2,878	3,179	3,199	3,208
Total	**15,971**	**16,077**	**16,361**	**16,240**	**16,185**

Notes

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

EUR million	31.3.2019	31.3.2018	31.12.2018
The cumulative revenues of non-delivered projects	435.4	433.7	433.2
Advances received netted	315.5	361.3	317.5
Progress billings netted	0.0	0.8	0.0
Receivable arising from percentage of completion method, net	**119.9**	**71.6**	**115.7**
Gross advance received from percentage of completion method	380.0	419.1	375.3
Advances received netted	315.5	361.3	317.5
Advances received from percentage of completion method (netted)	**64.5**	**57.8**	**57.8**

Net sales recognized under the percentage of completion method amounted EUR 95.2 million in 1–3/2019 (EUR 90.1 million in 1–3/2018).

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	31.3.2019	31.3.2018	31.12.2018
Advance received from percentage of completion method (netted)	64.5	57.8	57.8
Other advance received from customers	301.9	275.8	283.6
Total	**366.4**	**333.6**	**341.4**

8. IMPAIRMENTS

EUR million	1–3/2019	1–3/2018	1–12/2018
Property, plant and equipment	0.0	0.0	13.8
Other intangible assets	0.0	0.0	0.0
Total	**0.0**	**0.0**	**13.8**

All impairments in 2018 relate to restructuring actions.

9. RESTRUCTURING COSTS

Konecranes has recorded EUR 14.8 million restructuring costs during 1–3/2019 (EUR 4.0 million in 1–3/2018) of which EUR 0.0 million was impairment of assets (EUR 0.0 million for 1–3/2018). The remaining EUR 14.8 million of restructuring cost is reported 1–3/2019 in personnel costs (EUR 7.2 million) and in other operating expenses (EUR 10.0 million) and profits on disposal of assets in other operating income (EUR 2.4 million).

10. INCOME TAXES

Taxes in statement of Income	1–3/2019	1–3/2018	1–12/2018
Local income taxes of group companies	5.0	13.1	49.3
Taxes from previous years	3.0	0.6	-4.4
Change in deferred taxes	-2.9	-10.5	-4.3
Total	**5.1**	**3.2**	**40.7**

Notes

11. KEY FIGURES

	31.3.2019	31.3.2018	Change %	31.12.2018
Earnings per share, basic (EUR)	0.17	0.11	58.5	1.29
Earnings per share, diluted (EUR)	0.17	0.11	58.5	1.29
Alternative Performance Measures:				
Return on capital employed, %, Rolling 12 Months (R12M)	8.4	5.4	55.6	7.9
Adjusted return on capital employed, %, Rolling 12 Months (R12M)	13.5	10.7	26.2	12.5
Return on equity, %, Rolling 12 Months (R12M)	8.6	3.2	168.8	7.7
Equity per share (EUR)	15.06	14.92	0.9	16.06
Interest-bearing net debt / Equity, %	53.8	43.8	22.8	42.5
Net debt / Adjusted EBITDA, Rolling 12 Months (R12M)	1.9	1.8	5.6	1.7
Equity to asset ratio, %	36.1	38.0	-5.0	39.8
Investments total (excl. acquisitions), EUR million	10.0	8.6	15.8	35.4
Interest-bearing net debt, EUR million	649.0	524.3	23.8	545.3
Net working capital, EUR million	330.1	260.3	26.8	410.4
Average number of personnel during the period	16,024	16,278	-1.6	16,247
Average number of shares outstanding, basic	78,824,399	78,774,958	0.1	78,811,265
Average number of shares outstanding, diluted	78,824,399	78,774,958	0.1	78,811,265
Number of shares outstanding	78,839,426	78,823,503	0.0	78,816,503

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 (%):	=	Net profit for the period / Total equity (average during the period)	X 100
Return on capital employed (%):	=	Income before taxes + interest paid + other financing cost / Total amount of equity and liabilities - non-interest bearing debts (average during the period)	X 100
Adjusted return on capital employed (%):	=	Adjusted EBITA / Total amount of equity and liabilities - non-interest bearing debts (average during the period)	X 100
Equity to asset ratio, %	=	Shareholders' equity / Total amount of equity and liabilities - advance payment received	X 100
Interest-bearing net debt / Equity, %:	=	Interest-bearing liabilities - liquid assets - loans receivable / Total equity	X 100
Equity per share:	=	Equity attributable to the shareholders of the parent company / 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)	1–3/2019	1–3/2018	1–12/2018
Adjusted EBITDA	**72.1**	**55.2**	**325.7**
Restructuring costs (excluding impairments)	-14.8	-4.0	-39.6
EBITDA	**57.2**	**51.2**	**286.1**
Depreciation, amortization and impairments	-29.9	-27.4	-119.9
Operating profit (EBIT)	**27.3**	**23.8**	**166.2**
Adjusted EBITA	**48.3**	**37.2**	**257.1**
Purchase price allocation amortization	-6.2	-9.4	-37.5
Adjusted Operating profit (EBIT)	**42.2**	**27.8**	**219.6**
Restructuring costs	-14.8	-4.0	-53.4
Operating profit (EBIT)	**27.3**	**23.8**	**166.2**

Interest-bearing net debt	31.3.2019	31.3.2018	31.12.2018
Non current interest bearing liabilities	676.8	598.9	584.6
Current interest bearing liabilities	177.1	123.9	191.8
Loans receivable	-0.6	-0.2	-0.7
Cash and cash equivalents	-204.2	-198.3	-230.5
Interest-bearing net debt	**649.0**	**524.3**	**545.3**

The period end exchange rates:	31.3.2019	31.3.2018	Change %	31.12.2018
USD - US dollar	1.124	1.232	9.7	1.145
CAD - Canadian dollar	1.500	1.590	6.0	1.561
GBP - Pound sterling	0.858	0.875	1.9	0.895
CNY - Chinese yuan	7.540	7.747	2.7	7.875
SGD - Singapore dollar	1.521	1.616	6.2	1.559
SEK - Swedish krona	10.398	10.284	-1.1	10.255
AUD - Australian dollar	1.582	1.604	1.4	1.622

The period average exchange rates:	31.3.2019	31.3.2018	Change %	31.12.2018
USD - US dollar	1.136	1.229	8.2	1.181
CAD - Canadian dollar	1.510	1.554	2.9	1.529
GBP - Pound sterling	0.873	0.883	1.2	0.885
CNY - Chinese yuan	7.664	7.815	2.0	7.809
SGD - Singapore dollar	1.539	1.621	5.3	1.593
SEK - Swedish krona	10.418	9.971	-4.3	10.258
AUD - Australian dollar	1.594	1.563	-2.0	1.580

Notes

12. GUARANTEES, LEASE COMMITMENTS AND CONTINGENT LIABILITIES

EUR million	31.3.2019	31.3.2018	31.12.2018
For own commercial obligations			
Guarantees	562.3	535.5	619.2
Lease liabilities			
Next year	-	40.9	39.8
Later on	-	86.9	77.5
Other	33.0	26.8	33.4
Total	**595.3**	**690.1**	**769.9**

According to IFRS 16 the disclosure for lease liabilities is not anymore required here from 1.1.2019 onwards.

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 Financial assets 31.3.2019	Fair value through OCI	Fair value through income statement	Amortized cost	Carrying amounts by balance sheet item
Current financial assets				
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
Total	**4.7**	**1.6**	**764.3**	**770.7**

Financial liabilities 31.3.2019				
Non-current financial liabilities				
Interest-bearing liabilities	0.0	0.0	676.8	676.8
Other payable	0.0	0.0	7.1	7.1
Current financial liabilities				
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
Total	**9.0**	**5.0**	**1,125.0**	**1,139.0**

EUR million Financial assets 31.3.2018	Fair value through OCI	Fair value through income statement	Amortized cost	Carrying amounts by balance sheet item
Current financial assets				
Account and other receivables	0.0	0.0	502.8	502.8
Derivative financial instruments	22.3	9.1	0.0	31.4
Cash and cash equivalents	0.0	0.0	198.3	198.3
Total	**22.3**	**9.1**	**701.1**	**732.4**

Financial liabilities 31.3.2018				
Non-current financial liabilities				
Interest-bearing liabilities	0.0	0.0	598.9	598.9
Other payable	0.0	0.0	4.3	4.3
Current financial liabilities				
Interest-bearing liabilities	0.0	0.0	123.9	123.9
Derivative financial instruments	7.8	3.8	0.0	11.5
Accounts and other payable	0.0	0.0	215.7	215.7
Total	**7.8**	**3.8**	**942.8**	**954.4**

Notes

EUR million Financial assets 31.12.2018	Fair value through OCI	Fair value through income statement	Amortized cost	Carrying amounts by balance sheet item
Current financial assets				
Account and other receivables	0.0	0.0	577.2	577.2
Derivative financial instruments	5.8	3.1	0.0	8.9
Cash and cash equivalents	0.0	0.0	230.5	230.5
Total	**5.8**	**3.1**	**807.7**	**816.6**

Financial liabilities 31.12.2018				
Non-current financial liabilities				
Interest-bearing liabilities	0.0	0.0	584.6	584.6
Other payable	0.0	0.0	5.9	5.9
Current financial liabilities				
Interest-bearing liabilities	0.0	0.0	191.8	191.8
Derivative financial instruments	4.1	3.6	0.0	7.7
Accounts and other payable	0.0	0.0	254.0	254.0
Total	**4.1**	**3.6**	**1,036.3**	**1,044.0**

At the end of March 2019, the outstanding long-term loans were: EUR 150 million term loan, EUR 36 million for the R&D loan, EUR 150 million for the Schuldschein loan and EUR 250 million for the bond. The Schuldschein loan contains floating and fixed rate tranches. The term loan and the R&D loan bear a floating six months interest period and the bond yield is fixed with annual coupon payment. The weighted average interest rate for these loans and the bond is currently 1.36% 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 53.8% (31.3.2018: 43.8%) 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:

Financial assets	Carrying amount **31.3.2019**	Carrying amount **31.3.2018**	Carrying amount **31.12.2018**	Fair value **31.3.2019**	Fair value **31.3.2018**	Fair value **31.12.2018**
Current financial assets						
Account and other receivables	560.1	502.8	577.2	560.1	502.8	577.2
Derivative financial instruments	6.4	31.4	8.9	6.4	31.4	8.9
Cash and cash equivalents	204.2	198.3	230.5	204.2	198.3	230.5
Total	**770.7**	**732.4**	**816.6**	**770.7**	**732.4**	**816.6**

Financial liabilities						
Non-current financial liabilities						
Interest-bearing liabilities	676.8	598.9	584.6	685.2	607.8	586.7
Other payable	7.1	4.3	5.9	7.1	4.3	5.9
Current financial liabilities						
Interest-bearing liabilities	177.1	123.9	191.8	177.1	123.9	191.8
Derivative financial instruments	14.0	11.5	7.7	14.0	11.5	7.7
Accounts and other payable	263.9	215.7	254.0	263.9	215.7	254.0
Total	**1,139.0**	**954.4**	**1,044.0**	**1,147.3**	**963.3**	**1,046.1**

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

Financial assets	31.3.2019 Level 1	31.3.2019 Level 2	31.3.2019 Level 3	31.3.2018 Level 1	31.3.2018 Level 2	31.3.2018 Level 3	31.12.2018 Level 1	31.12.2018 Level 2	31.12.2018 Level 3
Derivative financial instruments									
Foreign exchange forward contracts	0.0	6.4	0.0	0.0	31.4	0.0	0.0	8.9	0.0
Electricity derivatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**6.4**	**0.0**	**0.0**	**31.4**	**0.0**	**0.0**	**8.9**	**0.0**
Other financial assets									
Cash and cash equivalents	204.2	0.0	0.0	198.3	0.0	0.0	230.5	0.0	0.0
Total	**204.2**	**0.0**	**0.0**	**198.3**	**0.0**	**0.0**	**230.5**	**0.0**	**0.0**
Total financial assets	**204.2**	**6.4**	**0.0**	**198.3**	**31.4**	**0.0**	**230.5**	**8.9**	**0.0**

Financial liabilities	31.3.2019 Level 1	31.3.2019 Level 2	31.3.2019 Level 3	31.3.2018 Level 1	31.3.2018 Level 2	31.3.2018 Level 3	31.12.2018 Level 1	31.12.2018 Level 2	31.12.2018 Level 3
Derivative financial instruments									
Foreign exchange forward contracts	0.0	14.0	0.0	0.0	11.5	0.0	0.0	7.7	0.0
Currency options	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**14.0**	**0.0**	**0.0**	**11.5**	**0.0**	**0.0**	**7.7**	**0.0**
Other financial liabilities									
Interest bearing liabilities	0.0	853.9	0.0	0.0	722.8	0.0	0.0	776.4	0.0
Other payables	0.0	0.0	0.8	0.0	0.0	1.2	0.0	0.0	1.3
Total	**0.0**	**853.9**	**0.8**	**0.0**	**722.8**	**1.2**	**0.0**	**776.4**	**1.3**
Total financial liabilities	**0.0**	**867.9**	**0.8**	**0.0**	**734.3**	**1.2**	**0.0**	**784.1**	**1.3**

14. HEDGE ACTIVITIES AND DERIVATIVES

EUR million	31.3.2019 Nominal value	31.3.2019 Fair value	31.3.2018 Nominal value	31.3.2018 Fair value	31.12.2018 Nominal value	31.12.2018 Fair value
Foreign exchange forward contracts	1,165.3	-7.6	940.2	19.9	1,224.2	1.2
Electricity derivatives	0.0	0.0	0.4	0.0	0.0	0.0
Total	**1,165.3**	**-7.6**	**940.6**	**19.8**	**1,224.2**	**1.2**

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 52.0% 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 2019 and 2018 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	31.3.2019	31.3.2018	31.12.2018
Balance as of January 1	0.1	10.8	10.8
Gains and losses deferred to equity (fair value reserve)	-4.5	1.9	-13.4
Change in deferred taxes	0.9	-0.4	2.7
Balance as of the end of period	**-3.5**	**12.3**	**0.1**

15. TRANSACTIONS WITH RELATED PARTIES

EUR million	31.3.2019	31.3.2018	31.12.2018
Sales of goods and services with associated companies and joint arrangements	11.2	10.6	47.1
Receivables from associated companies and joint arrangements	10.2	10.3	8.9
Purchases of goods and services from associated companies and joint arrangements	13.1	11.8	50.5
Liabilities to associated companies and joint arrangements	9.1	5.0	8.7

ANALYST AND PRESS BRIEFING

An analyst and press conference will be held at the restaurant Savoy's Salikabinetti (address: Eteläesplanadi 14, Helsinki) on April 26, 2019, at 11.00 am Finnish time. The Interim Report will be presented by Konecranes' President and CEO Panu Routila and CFO Teo Ottola.

A live webcast of the conference will begin at 11.00 am at www.konecranes.com. Please see the stock exchange release dated April 12, 2019 for the conference call details.

NEXT REPORT

Konecranes Plc plans to publish Half-Year Financial Report January–June 2019 on July 25, 2019.

KONECRANES PLC

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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 2018, Group sales totaled EUR 3,16 billion. The Group has 16,000 employees in 50 countries. Konecranes shares are listed on the Nasdaq Helsinki (symbol: KCR).

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