KONECRANES®
Lifting Businesses™

Strong order intake, clear improvement in adjusted EBITA

Interim Report
January–March 2017

Q1

Strong order intake, clear improvement in adjusted EBITA

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

FIRST QUARTER HIGHLIGHTS
(COMPARISON TO HISTORICAL KONECRANES FIGURES*)

- Order intake EUR 734.5 million (425.1), +72.8 percent
- Order book EUR 1,604.5 million (1,035.6) at the end of March, +54.9 percent
- Sales EUR 683.0 million (458.6), +48.9 percent
- Adjusted EBITA EUR 30.6 million (15.8), 4.5 percent of sales (3.4)
- Operating profit EUR 225.9 million (0.3), 33.1 percent of sales (0.1)
- Earnings per share (diluted) EUR 2.50 (-0.09)
- Free cash flow EUR 88.0 million (-6.9)
- Net debt EUR 535.6 million (206.9) and gearing 42.8 percent (52.7)

FIRST QUARTER HIGHLIGHTS
(COMPARISON TO COMBINED COMPANY FIGURES*)

- Order intake EUR 734.5 million (656.9), +11.8 percent
- Sales EUR 683.0 million (716.4), -4.7 percent
- Adjusted EBITA EUR 30.6 million (8.7), 4.5 percent of sales (1.2).

MARKET OUTLOOK

Economic indicators related to manufacturing industries have strengthened, which appears to improve customers' willingness to proceed with their investment plans. Demand situation in Europe is gradually improving. Business activity in the North American manufacturing industry remains mixed. Demand in emerging markets is showing signs of bottoming out. Global container throughput growth has improved and the prospects for small and medium-sized orders related to container handling have somewhat strengthened.

FINANCIAL GUIDANCE

The sales in 2017 are expected to be close to the comparable combined company sales in 2016 (EUR 3,278 million). We expect the adjusted EBITA to total EUR 195–215 million in 2017 (comparable combined company adjusted EBITA was EUR 184 million in 2016).

The comparable combined company's operations comprise Konecranes' operations without the divested STAHL CraneSystems business, but including the acquired MHPS business. See the stock exchange releases published on April 10, 2017, and April 13, 2017, for further financial information including the basis of preparation for the comparable combined company.

* This Report contains comparisons to both Konecranes' historical figures as well as combined company figures. Historical figures relate to Konecranes' stand-alone financial information as reported for 2016 (including the divested STAHL CraneSystems business).

To provide a basis for comparison, this Report contains also under separate headings comparisons to combined company's financial information on an unaudited basis estimated by the management for 2016. This financial information has been prepared to reflect the financial results of the combined company as if it had been operating as such for the full financial year of 2016. The comparable combined company's operations comprise Konecranes' operations without the divested STAHL CraneSystems business, but including the acquired MHPS business. See "Basis of preparation for comparable combined company" for further information.

Comparable combined company's financial information concerns an assumed situation and does not therefore reflect the true financial position or result of the company during 2016.

Key figures

COMPARISONS TO HISTORICAL FIGURES

	1–3/2017	1–3/2016	Change percent	R12M	1–12/2016
Orders received, MEUR	734.5	425.1	72.8	2,230.1	1,920.7
Order book at end of period, MEUR	1,604.5	1,035.6	54.9		1,038.0
Sales total, MEUR	683.0	458.6	48.9	2,342.8	2,118.4
Adjusted EBITDA, MEUR [1]	48.6	27.1	79.3	213.1	191.6
Adjusted EBITDA, % [1]	7.1%	5.9%		9.1%	9.0%
Adjusted EBITA, MEUR [2]	30.6	15.8	94.0	159.6	144.8
Adjusted EBITA, % [2]	4.5%	3.4%		7.9%	6.8%
Adjusted operating profit, MEUR [1]	20.8	14.8	40.9	146.8	140.8
Adjusted operating margin, % [1]	3.0%	3.2%		6.5%	6.6%
Operating profit, MEUR	225.9	0.3	72,780.6	310.5	84.9
Operating margin, %	33.1%	0.1%		37.0%	4.0%
Profit before taxes, MEUR	221.7	-7.1	3,237.9	290.8	62.1
Net profit for the period, MEUR	192.9	-5.1	3,891.3	235.6	37.6
Earnings per share, basic, EUR	2.50	-0.09	2,991.3	3.23	0.64
Earnings per share, diluted, EUR	2.50	-0.09	2,991.3	3.23	0.64
Interest-bearing net debt / Equity, %	42.8%	52.7%			29.1%
Net debt/Adjusted EBITDA, R12M [1]	2.5	1.2			0.7
Return on capital employed, %				22.4%	10.3%
Adjusted return on capital employed, % [3]				10.8%	19.2%
Free cash flow, MEUR	88.0	-6.9		178.7	83.9
Average number of personnel during the period	13,924	11,748	18.5		11,398

COMPARISONS TO COMBINED COMPANY FIGURES

	1–3/2017	1–3/2016	Change percent	R12M	1–12/2016
Orders received, MEUR	734.5	656.9	11.8	3,102.9	3,025.3
Order book at end of period, MEUR	1,604.5	1,497.5	7.1		1,507.7
Sales total, MEUR	683.0	716.4	-4.7	3,245.1	3,278.4
Adjusted EBITDA, MEUR [1]	48.6	26.9	80.7	280.6	258.9
Adjusted EBITDA, % [1]	7.1%	3.8%		8.6%	7.9%
Adjusted EBITA, MEUR [2]	30.6	8.7	251.5	206.0	184.1
Adjusted EBITA, % [2]	4.5%	1.2%		6.3%	5.6%
Average number of personnel during the period	16,994	18,273	-7.0		17,760

1) Excluding adjustments, see also note 12 in the summary financial statements
2) Excluding adjustments and purchase price allocation amortization, see also note 12 in the summary financial statements
3) ROCE excluding adjustments, see also note 12 in the summary financial statements

President and CEO Panu Routila:

"The first quarter was a defining step in the history of Konecranes as the acquisition of MHPS business was completed on January 4. The first months of the combined company have been proceeding as planned. The acquisition has been very well-received by our customers and employees. The integration of the organizations is proceeding well and we can be satisfied that our sales organization has not been distracted by the integration. The high engagement and positive sentiment among the employees gives us good grounds for the next steps.

The integration of MHPS is underway in many areas. Most of the first realized synergy benefits have related to Business Area Service and procurement. Our North American frontline operations in Service have already been combined and it was executed even faster than we originally anticipated. Integration within Business Area Industrial Equipment and Port Solutions is now in the detailing phase as planned. We continue to be confident in the targeted EBIT level synergies of EUR 140 million p.a. within three years, EUR 35 million of which is expected to be implemented by the end of 2017. Approximately a half of the targeted synergies for 2017 have already been implemented on a run-rate basis.

The divestment of Stahl CraneSystems was succesfully completed on January 31. We booked a capital gain of EUR 218 million from the transaction in our first quarter result.

We had a strong start to 2017 as our comparable combined company order intake grew by 11.8 percent. Order growth was strongest in the Business Area Port Solutions, which saw a clear increase in the demand for most of its products and services. Within industrial customers, particularly the demand for parts and crane components improved in all regions. Also, industrial crane orders grew from the previous year on a comparable basis excluding the effect of some unusually large single heavy-duty crane orders that were received in the Americas in the comparison period; orders for industrial cranes rose in EMEA and APAC. Comparable Service orders were stable year-on-year on a basis, which matched our expectation for the first quarter.

Group sales were 4.7 percent below the previous year on a comparable basis mainly due to Business Area Port Solutions. The sales decrease in Business Area Port Solutions related to the timing of deliveries and exceptionally high sales of certain products in the comparison period. Comparable Service sales grew moderately, whereas Industrial Equipment sales declined slightly year-on-year on a basis.

Despite the sales decrease, our comparable adjusted EBITA margin expanded by 3.3 percentage points to 4.5 percent of sales. In Service, the adjusted EBITA margin increased by 1.9 percentage points thanks to the moderate sales growth and lower fixed costs. In Industrial Equipment, the 5.3 percentage points' improvement in the adjusted EBITA margin related mainly to the cost-saving measures implemented in 2016, as well as successful deliveries. In 2016, Konecranes reduced industrial crane manufacturing capacity in several countries including China, India, Brazil, and the US. Sales growth in lift truck and service operations, as well as good project execution leading to better than expected margins from some completed projects lifted Port solutions' EBITA margin by 1.4 percentage points. Comparable gross margin rose and fixed costs were below the previous year's level in both Industrial Equipment and Port Solutions.

Free cash flow was very strong at EUR 88 million on the back of improved profitability and positive change in the net working capital. Coupled with the proceeds from the STAHL CraneSystems divestment, this significantly strengthened our balance sheet and our interest-bearing net debt amounted to EUR 536 million at the end of March.

The macroeconomic indicators started to support the order intake in the first quarter. Market sentiment has become more positive and this is reflected in our market outlook."

Konecranes Plc
Interim report January–March 2017

COMPARISONS TO HISTORICAL AND COMBINED COMPANY FIGURES

This Report contains comparisons to both Konecranes' historical figures as well as combined company figures. Historical figures relate to Konecranes' stand-alone financial information as reported in 2016 (including the divested STAHL CraneSystems business).

To provide a basis for comparison, this Report contains also under separate headings comparisons to combined company's financial information on an unaudited basis estimated by the management for 2016. This financial information has been prepared to reflect the financial results of the combined company as if it had been operating as such for the full financial year of 2016. The comparable combined company's operations comprise Konecranes' operations without the divested STAHL CraneSystems business, but including the acquired MHPS business. See "Basis of preparation for comparable combined company" for further information.

Comparable combined company's financial information concerns an assumed situation and does not therefore reflect the true financial position or result of the company during 2016.

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

MARKET REVIEW

The activity in the world's manufacturing sector, according to the aggregated JPMorgan Global Manufacturing Purchasing Managers' Index (PMI), continued to expand in January–March 2017. The average reading over the first quarter as a whole was the best outcome since the second quarter of 2011.

The euro area remained a bright spot within the global manufacturing sector. Its PMI rose to a near six-year record high, with growth improving in each of the Eurozone's big-three nations (Germany, France, and Italy). Outside the Eurozone, the performance of the UK and particularly the Swedish manufacturing sectors remained solid during the first quarter, as well. The European Union manufacturing capacity utilization rate continued to improve slightly.

Similar to Europe, the economic activity in the U.S. manufacturing sector, measured by the PMI, expanded in January–March 2017. Correspondingly, the U.S. manufacturing capacity utilization rate showed an uptick after having slightly declined since the end of 2014. However, the total industrial capacity utilization rate did not yet show an improvement.

Compared to the previous year, PMIs also rose in the BRIC countries, but the rate of expansion remained more modest than in Europe or the U.S.A. Activity in the Brazilian manufacturing sector continued to deteriorate in January–March, but the rate of contraction eased toward the end of the first quarter.

Compared to the previous year, the demand for industrial cranes weakened due to lower orders in the Americas where the comparison period included some unusually large single heavy-duty crane orders. The demand for industrial cranes improved in EMEA and APAC. The demand for crane components rose across the globe. The demand for lifting equipment services remained stable.

Following a recovery in the second half of 2016, the global container traffic remained robust as it increased by approximately 5 percent on a year-on-year basis in January–March 2017. Correspondingly, the market for port cranes showed signs of a recovery in the first quarter of 2017. Particularly, small and medium-sized investment projects were more active. Also, demand for lift trucks was brisk.

Raw material prices, including steel, copper, and oil, which bottomed out in the first quarter of 2016 were above the previous year's level at end-March 2017. The average EUR/USD exchange rate was approximately stable on a year-on-year basis.

ORDERS RECEIVED

Orders received in January–March totaled EUR 734.5 million (425.1), representing an increase of 72.8 percent mainly due to the MHPS acquisition. Orders received increased by 34.7 percent in Service, by 28.5 percent in Industrial Equipment and by 254.7 percent in Port Solutions compared to the year before. Orders received grew in all regions.

Comparison to combined company figures

Orders received in January–March totaled EUR 734.5 million (656.9), representing an increase of 11.8 percent. Orders received increased by 0.4 percent in Service and by 44.1 percent in Port Solutions, but decreased by 1.8 percent in Industrial Equipment compared to the year before. Orders received grew in EMEA as well as in APAC, and were stable in the Americas.

ORDERS RECEIVED AND NET SALES, MEUR

(Comparisons to historical figures)

	1–3/2017	1–3/2016	Change percent	Change % at comparable currency rates	1–12/2016
Orders received, MEUR	734.5	425.1	72.8	70.0	1,920.7
Net sales, MEUR	683.0	458.6	48.9	47.0	2,118.4

ORDERS RECEIVED AND NET SALES, MEUR

(Comparisons to comparable combined company figures)

	1–3/2017	1–3/2016	Change percent	Change % at comparable currency rates	1–12/2016
Orders received, MEUR	734.5	656.9	11.8	10.3	3,025.3
Net sales, MEUR	683.0	716.4	-4.7	-5.8	3,278.4

ORDER BOOK

The value of the order book at the end of March totaled EUR 1,604.5 million (1,035.6), which was 54.9 percent higher than the previous year due to the MHPS acquisition.

Comparison to combined company figures

The value of the order book at the end of March totaled EUR 1,604.5 million (1,497.5), which was 7.1 percent higher than in the previous year. Order book was higher than a year ago in all business areas. The previous year's order book for MHPS included deliveries for the next 12 months only.

SALES

Group sales in January–March increased by 48.9 percent to EUR 683.0 million (458.6). Sales in Service rose by 36.1 percent, in Industrial Equipment by 33.1 percent and in Port Solutions by 77.3 percent.

At end-March, the regional breakdown, calculated on a rolling 12-month basis, was as follows: EMEA 47 (47), Americas 37 (38), and APAC 15 (15) percent.

Comparison to combined company figures

Group sales in January–March decreased by 4.7 percent to EUR 683.0 million (716.4). Sales in Service rose by 1.6 percent, but fell in Industrial Equipment by 1.5 percent and in Port Solutions by 17.7 percent.

FINANCIAL RESULT

In January–March, the consolidated adjusted EBITA increased by EUR 14.8 million to EUR 30.6 million (15.8). The adjusted EBITA margin improved to 4.5 percent (3.4). The adjusted EBITA margin in Service improved to 11.6 percent (7.7) and in Industrial Equipment to -0.2 percent (-0.9), but fell in Port Solutions to 1.4 (5.8). The Group adjusted EBITA improved mainly thanks to the MHPS acquisition and cost-saving measures implemented in 2016. On the other hand, the divestment of STAHL CraneSystems affected the adjusted EBITA by approximately EUR 8 million.

The consolidated adjusted operating profit increased by EUR 6.0 million to EUR 20.8 million (14.8). The adjusted operating margin fell to 3.0 percent (3.2). The adjusted operating margin declined due to the amortization arising from the purchase price allocations for acquisitions.

The consolidated operating profit in January–March totaled EUR 225.9 million (0.3). The operating profit includes adjustments of EUR 205.1 million (-14.4) comprising of a capital gain of EUR 218.4 million (0.0) from the divestment of STAHL CraneSystems, restructuring costs of EUR 7.2 million (3.8), transaction costs of EUR 4.2 million (0.0) related to the MHPS acquisition, and cost of EUR 1.8 million (0.0) related to the MHPS purchase price allocated to inventories. The previous year's operating profit included transaction costs of EUR 10.7 million related to the proposed merger with Terex Corporation. The operating margin in Service rose to 9.7 percent (7.2) and in Industrial Equipment to -1.8 percent (-2.8), but fell in Port Solutions to -0.6 percent (5.4).

In January–March, depreciation and impairments totaled EUR 28.3 million (14.0). This includes restructuring related impairments of EUR 0.5 million (1.7). The amortization arising from the purchase price allocations for acquisitions represented EUR 9.8 million (1.1) of the depreciation and impairments.

In January–March, the share of the result in associated companies and joint ventures was EUR -0.6 million (1.2).

In January–March, financial income and expenses totaled EUR -3.6 million (-8.6). Net interest expenses accounted for EUR 9.3 million (2.2) of this. Financial income and expenses included one-time gains of approximately EUR 11 million mostly related to the purchase price adjustments of the transactions completed in the first quarter.

January–March profit before taxes was EUR 221.7 million (-7.1).

Income taxes in January–March were EUR -28.8 million (2.0). The Group's effective tax rate was 13.0 percent (28.0).

January–March net profit was EUR 192.9 million (-5.1).

In January–March, the basic earnings per share were EUR 2.50 (-0.09) and the diluted earnings per share were EUR 2.50 (-0.09).

On a rolling 12-month basis, the return on capital employed was 22.4 percent (7.4) and the return on equity 30.2 percent (4.9). The adjusted return on capital employed was 10.8 percent (16.5)

Comparison to combined company figures

In January–March, the consolidated adjusted EBITA increased by EUR 21.9 million to EUR 30.6 million (8.7). The adjusted EBITA margin improved to 4.5 percent (1.2). The adjusted EBITA margin in Service improved to 11.6 percent (9.7), in Industrial Equipment to -0.2 percent (-5.4), and in Port Solutions to 1.4 (0.0). The Group adjusted EBITA margin improved mainly thanks to the cost-saving measures implemented in 2016, as well as successful project execution. Gross margin improved and fixed costs were lower on a year-on-year basis.

BALANCE SHEET

The end-March 2017 consolidated balance sheet amounted to EUR 3,888.3 million (1,475.4). The total equity at the end of the reporting period was EUR 1,250.7 million (392.2). On March 31, the total equity attributable to the equity holders of the parent company was EUR 1,227.7 million (392.2) or EUR 15.66 per share (6.68).

The subscription price of the 19,600,000 new class B shares issued to Terex amounted to EUR 686.2 million. This was recorded in full in the fund for invested unrestricted equity.

Net working capital at the end of March 2017 totaled EUR 259.2 million (269.7). The net working capital, adjusted for unpaid dividends, which were reported in the accruals on March 31, amounted to EUR 341.6 million (331.4).

CASH FLOW AND FINANCING

Net cash from operating activities in January–March was EUR 93.6 million (-3.1). Cash flow before financing activities was EUR -411.6 million (-6.9). This included acquisitions of EUR -722.0 million (0.0), divestments of EUR +222.5 million (0.0) and capital expenditures of EUR -5.7 million (-4.4).

At the end of March 2017, interest-bearing net debt was EUR 535.6 million (206.9). The equity to assets ratio was 35.5 percent (30.3) and the gearing 42.8 percent (52.7).

On January 4, 2017, Konecranes raised loans of EUR 1,052 million related to the MHPS acquisition. Aforementioned included a syndicated EUR 300 million term loan with a tenor of three years, EUR 600 million amortizing term loan with a tenor of five years and a EUR 152 million bridge term loan. Upon completion of the STAHL CraneSystems divestment on January 31, 2017, Konecranes prepaid the term loans of EUR 198 million including the full repayment of the bridge term loan.

At the end of the first quarter, cash and cash equivalents amounted to EUR 423.6 million (118.2). 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 12.1 million (6.2). This amount consisted mainly of the replacement or capacity expansion investments in property, machines, equipment, and information technology.

ACQUISITIONS AND DIVESTMENTS

In January–March 2017, the capital expenditure for acquisitions and joint arrangements was EUR 1,472.3 million (0.0).

On May 16, 2016, Konecranes signed an agreement (the "Stock and Asset Purchase Agreement") to acquire from Terex Corporation ("Terex") its Material Handling & Port Solutions ("MHPS") segment (the "MHPS acquisition") against consideration consisting of cash and shares and to terminate the previously announced business combination agreement. On January 4, 2017, Konecranes completed the MHPS acquisition and paid EUR 786.1 million in cash and 19.6 million in newly issued Konecranes class B shares. During 2017, there still can be purchase price adjustments, as well as adjustments to the preliminary purchase price allocation.

MHPS is a leading supplier of industrial cranes, crane components, and services under the Demag brand, as well as port technology with a broad range of the manual, semi-automated and automated solutions under several brands, such as Gottwald. According to unaudited special purpose carve-out financial information (USGAAP), the sales of MHPS were USD 1,418 million (EUR 1,280 million) and the adjusted EBITDA was USD 104 million (EUR 94 million) in 2016.

Out of the total of EUR 140 million p.a. synergies targeted on the EBIT level within three years, EUR 35 million is expected to be implemented on a run-rate basis by the end of 2017. One-time integration expenses are expected to be EUR 130 million, with expected EUR 60 million of capex.

On November 30, 2016, Konecranes signed an agreement with Columbus McKinnon Corporation ("Columbus McKinnon") regarding the divestment of the STAHL CraneSystems business ("STAHL divestment"). On January 31, 2017, Konecranes completed the STAHL divestment. Konecranes received cash proceeds of EUR 232.2 million from the transaction. Additionally, Columbus McKinnon assumed unfunded pension liabilities that were at EUR 67 million as of December 31, 2016. Konecranes reported a pre-tax capital gain of EUR 218.4 million from the STAHL divestment in other operating income in January–March 2017.

STAHL CraneSystems is a global supplier of hoisting technology and crane components. The business is well known for its capability to build engineered system solutions. Its customers include distributors, crane builders, as well as EPC companies. STAHL CraneSystems is headquartered in Künzelsau, Germany.

On March 7, 2017, Konecranes agreed to divest Sanma Hoists & Cranes Co., Ltd. ("Sanma") to Jingjiang Hongcheng Crane Components Manufacturing Works. The agreement included Sanma's manufacturing machinery for CD/MD hoists and related inventory. Konecranes reported a pre-tax capital gain of EUR 0.4 million in other operating income in January–March 2017. With this divestment, Konecranes streamlined its product and brand portfolio in Chinese market due to its earlier MHPS acquisition.

PERSONNEL

In the first quarter, the Group employed an average of 13,924 people (11,748). On March 31, the headcount was 16,896 (11,609). During January–March, the Group's personnel increased by approximately 6,000 people net because of the MHPS acquisition and the divestments of STAHL CraneSystems and Sanma.

At the end of March, the number of personnel by Business Area was as follows: Service 7,432 employees (6,132), Industrial Equipment 6,142 employees (4,617), Port Solutions 3,263 employees (803) and Group staff 59 (57). The Group had 10,068 employees (6,168) working in EMEA, 3,385 (2,883) in the Americas, and 3,443 (2,558) in the APAC region.

BUSINESS AREAS

Following the MHPS acquisition, Konecranes reports three business areas: Service, Industrial Equipment and Port Solutions as of January 1, 2017. The new Business Area Service includes only the operations relating to industrial service and component parts. The new Business Area Industrial Equipment includes the operations relating to industrial cranes and components. The new Business Area Port Solutions comprises all port cranes and lift trucks operations including service and parts businesses relating thereto. The previous year's segment information has been recast to correspond to the new reporting segments.

SERVICE

(Comparisons to historical figures)

	1–3/2017	1–3/2016	Change percent	Change % at comparable currency rates	1–12/2016
Orders received, MEUR	246.3	182.8	34.7	32.0	727.9
Order book, MEUR	217.6	166.2	31.0		158.1
Contract base value, MEUR	257.5	199.6	29.0		199.1
Net sales, MEUR	284.6	209.1	36.1	33.1	914.8
Adjusted EBITA, MEUR [1)]	33.1	16.0	106.5		100.2
Adjusted EBITA, % [1)]	11.6%	7.7%			11.0%
Purchase price allocation amortization, MEUR	-3.3	-0.4	-814.2		-1.3
Adjustments,MEUR	-2.3	-0.6	-291.1		-8.7
Operating profit (EBIT), MEUR	27.5	15.1	82.4		90.2
Operating profit (EBIT), %	9.7%	7.2%			9.9%
Personnel at the end of period	7,432	6,132	21.2		5,749

In Service, January–March orders received increased by 34.7 percent to EUR 246.3 million (182.8). The order book increased by 31.0 percent from the year before to EUR 217.6 million (166.2). Sales in the reporting period grew by 36.1 percent to EUR 284.6 million (209.1). Sales grew in all regions mainly due to the MHPS acquisition.

The adjusted EBITA was EUR 33.1 million (16.0) and the adjusted EBITA margin 11.6 percent (7.7). The adjusted EBITA margin improved mainly due to the MHPS acquisition and the cost-saving measures implemented in 2016. The operating profit was EUR 27.5 million (15.1) and the operating margin 9.7 percent (7.2).

At the end of March, the total number of equipment included in the maintenance contract base increased by 18.9 percent to 545,506 (458,946). The annual value of the contract base increased by 29.0 percent to EUR 257.5 million (199.6).

SERVICE

(Comparisons to combined company figures)

	1–3/2017	1–3/2016	Change percent	Change % at comparable currency rates	1–12/2016
Orders received, MEUR	246.3	245.2	0.4	-1.7	981.4
Order book, MEUR	217.6	211.9	2.7		200.3
Net sales, MEUR	284.6	280.2	1.6	-0.9	1,214.1
Adjusted EBITA, MEUR [1)]	33.1	27.2	21.3		153.4
Adjusted EBITA, % [1)]	11.6%	9.7%			12.6%

[1)] *Excluding adjustments and purchase price allocation amortization*

January–March orders received increased by 0.4 percent to EUR 246.3 million (245.2). The order book increased by 2.7 percent from the year before to EUR 217.6 million (211.9). Sales in the reporting period grew by 1.6 percent to EUR 284.6 million (280.2). Sales growth was related to the favorable currency rate changes. Sales increased in the Americas, whereas sales decreased in EMEA and APAC.

The adjusted EBITA was EUR 33.1 million (27.2) and the adjusted EBITA margin 11.6 percent (9.7). The adjusted EBITA improved thanks to the sales growth and lower fixed costs.

INDUSTRIAL EQUIPMENT
(Comparisons to historical figures)

	1–3/2017	1–3/2016	Change percent	Change % at comparable currency rates	1–12/2016
Orders received, MEUR	270.7	210.7	28.5	26.5	821.5
Order book, MEUR	575.2	419.6	37.1		399.4
Net sales, MEUR	249.6	187.5	33.1	32.0	830.1
Adjusted EBITA, MEUR [1]	-0.5	-1.8	73.3		15.7
Adjusted EBITA, % [1]	-0.2%	-0.9%			1.9%
Purchase price allocation amortization, MEUR	-3.8	-0.3	-1,171.4		-1.2
Adjustments,MEUR	-0.4	-3.2	88.3		-8.5
Operating profit (EBIT), MEUR	-4.6	-5.3	12.2		6.0
Operating profit (EBIT), %	-1.8%	-2.8%			0.7%
Personnel at the end of period	6,142	4,617	33.0		4,353

In Industrial Equipment, January–March orders received totaled EUR 270.7 million (210.7), showing an increase of 28.5 percent. Orders grew in EMEA and APAC, but fell in the Americas. In the Americas, the comparison period included some unusually large single heavy-duty crane orders. The order book increased by 37.1 percent from a year before to EUR 575.2 million (419.6). Sales rose by 33.1 percent to EUR 249.6 million (187.5).

The adjusted EBITA was EUR -0.5 million (-1.8) and the adjusted EBITA margin -0.2 percent (-0.9). The adjusted EBITA margin improved mainly thanks to the cost-saving measures implemented in 2016. Operating profit was EUR -4.6 million (-5.3) and operating margin -1.8 percent (-2.8).

INDUSTRIAL EQUIPMENT
(Comparisons to combined company figures)

	1–3/2017	1–3/2016	Change percent	Change % at comparable currency rates	1–12/2016
Orders received, MEUR	270.7	275.6	-1.8	-3.4	1,148.9
Order book, MEUR	575.2	530.1	8.5		540.9
Net sales, MEUR	249.6	253.4	-1.5	-4.2	1,130.8
Adjusted EBITA, MEUR [1]	-0.5	-13.8	96.6		-6.1
Adjusted EBITA, % [1]	-0.2%	-5.4%			-0.5%

[1] *Excluding adjustments and purchase price allocation amortization*

January–March orders received totaled EUR 270.7 million (275.6), showing a decrease of 1.8 percent. Orders grew in EMEA and APAC, but fell in the Americas. In the Americas, the comparison period included some unusually large single heavy-duty crane orders; orders for industrial cranes rose in EMEA and APAC. Crane component orders increased in all regions. The order book increased by 8.5 percent from a year before to EUR 575.2 million (530.1). Sales fell by 1.5 percent to EUR 249.6 million (253.4).

The adjusted EBITA was EUR -0.5 million (-13.8) and the adjusted EBITA margin -0.2 percent (-5.4). The improvement in adjusted EBITA margin related mainly to the cost-saving measures implemented in 2016, as well as successful deliveries. Gross margin improved and fixed costs were lower on a year-on-year basis.

PORT SOLUTIONS
(Comparisons to historical figures)

	1–3/2017	1–3/2016	Change percent	Change % at comparable currency rates	1–12/2016
Orders received, MEUR	247.1	69.7	254.7	254.9	533.4
Order book, MEUR	811.6	449.8	80.4		480.5
Net sales, MEUR	181.3	102.3	77.3	77.3	543.2
of which service, MEUR	39.2	16.0	145.2	142.1	68.3
Adjusted EBITA, MEUR [1)]	2.6	5.9	-56.8		50.5
Adjusted EBITA, % [1)]	1.4%	5.8%			9.3%
Purchase price allocation amortization, MEUR	-2.8	-0.4	-632.7		-1.5
Adjustments,MEUR	-0.9	0.0			0.0
Operating profit (EBIT), MEUR	-1.2	5.5	-121.0		49.0
Operating profit (EBIT), %	-0.6%	5.4%			9.0%
Personnel at the end of period	3,263	803	306.4		789

In Port Solutions, January–March orders received totaled EUR 247.1 million (69.7), showing an increase of 254.7 percent. Orders grew in all regions mainly due to the MHPS acquisition. The order book increased by 80.4 percent from a year before to EUR 811.6 million (449.8). Sales rose by 77.3 percent to EUR 181.3 million (102.3).

The adjusted EBITA was EUR 2.6 million (5.9) and the adjusted EBITA margin 1.4 percent (5.8). The adjusted EBITA margin decreased mainly due to the MHPS acquisition. Operating profit was EUR -1.2 million (5.5) and operating margin -0.6 percent (5.4).

PORT SOLUTIONS
(Comparisons to combined company figures)

	1–3/2017	1–3/2016	Change percent	Change % at comparable currency rates	1–12/2016
Orders received, MEUR	247.1	171.4	44.1	44.6	1,045.2
Order book, MEUR	811.6	755.6	7.4		766.4
Net sales, MEUR	181.3	220.3	-17.7	-17.5	1,091.4
of which Service, MEUR	39.2	37.5	4.6	3.4	159.6
Adjusted EBITA, MEUR [1)]	2.6	0.0			52.7
Adjusted EBITA, % [1)]	1.4%	0.0%			4.8%

[1)] *Excluding adjustments and purchase price allocation amortization*

January–March orders received totaled EUR 247.1 million (171.4), showing an increase of 44.1 percent. Orders grew in the Americas and EMEA, whereas orders fell in APAC. Order growth was related to the mobile harbor cranes, rail-mounted gantry cranes, automated guided vehicles, lift trucks, as well as service. The order book increased by 7.4 percent from a year before to EUR 811.6 million (755.6). Sales fell by 17.7 percent to EUR 181.3 million (220.3). The sales decrease related to the timing of deliveries and exceptionally high sales of certain products in the comparison period.

The adjusted EBITA was EUR 2.6 million (0.0) and the adjusted EBITA margin 1.4 percent (0.0). The adjusted EBITA margin was supported by improved project execution leading to better than expected margins from some completed projects, as well as sales growth in lift trucks and service. Gross margin improved and fixed costs were lower on a year-on-year basis.

Group Overheads

Adjusted unallocated Group overhead costs and eliminations were EUR -4.5 million (-4.4), representing -0.7 percent of sales (-1.0).

Unallocated Group overhead costs and eliminations in the reporting period were EUR 204.2 million (–15.0), representing 29.9 percent of sales (-3.3). These included a capital gain of EUR 218.4 million (0.0) from the divestment of STAHL CraneSystems, restructuring costs of EUR 5.5 million (0.0), and transaction costs of EUR 4.2 million (0.0) related to the MHPS acquisition. The previous year's unallocated Group overhead costs and eliminations included transaction costs of EUR 10.7 million related to the proposed merger with Terex.

ADMINISTRATION

Changes in the Board of Directors

As approved by the Extraordinary General Meeting held September 15, 2016, the number of members of the Board of Directors increased to ten (10) after the closing of the MHPS acquisition since Terex is entitled to elect up to two members to the Board of Directors as long as Terex's or its Group companies' shareholding in Konecranes exceeds certain agreed thresholds. On January 5, 2017, Terex nominated David Sachs and Oren Shaffer joined the Board of Directors. The Board of Directors elected Oren Shaffer a member of the Nomination and Compensation Committee and David Sachs a member of the Audit Committee.

Decisions of the Annual General Meeting

The Annual General Meeting of Konecranes Plc was held on March 23, 2017. The Meeting approved the Company's annual accounts for the fiscal year 2016, 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 to pay a dividend of EUR 1.05 per share 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 2018 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 2018, he or she is entitled to the prorated amount of the annual remuneration calculated on the basis of his or her actual term of 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's 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 and Compensation 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, Ms. Malin Persson, and Mr. Christoph Vitzthum were re-elected for a term of office ending at the closing of the Annual General Meeting in 2018.

Under section 5 of the Company's Articles of Association, Terex Corporation currently has the right to appoint two members to the Company's Board of Directors upon written notice to the Company. Terex Corporation has appointed Mr. David A. Sachs and Mr. Oren G. Shaffer to the Board of Directors.

The AGM confirmed that Ernst & Young Oy continues as the Company's auditor for the year ending on December 31, 2017.

The AGM authorized the Board of Directors to decide on the repurchase of the Company's own A or B shares and/or on the acceptance as pledge of the Company's own A or B shares. The amount of own shares to be repurchased and/or accepted as pledge based on this authorization shall not exceed 6,000,000 shares in total, which corresponds to approximately 7.2 per cent 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 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, and otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). The authorization is effective until the end of the next Annual General Meeting, however no longer than until September 22, 2018.

The AGM authorized the Board of Directors to decide on the issuance of A shares as well as the issuance of special rights entitling to A shares referred to in chapter 10 section 1 of the Finnish Companies Act. The amount of A shares to be issued based on this authorization shall not exceed 6,000,000 shares, which corresponds to approximately 7.2 percent of all shares in the Company. 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 A shares in total together with the authorization in the next paragraph. The authorization is effective until the end of the next Annual General Meeting, however no longer than until September 22, 2018. However, the authorization for incentive arrangements is valid until March 22, 2022. This authorization revokes the authorization for incentive arrangements given by the Annual General Meeting in 2016.

The AGM authorized the Board of Directors to decide on the transfer of the Company's own A shares. The authorization is limited to a maximum of 6,000,000 A shares, which corresponds to approximately 7.2 percent of all shares in the Company. 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 A shares, referred to in Chapter 10 of the Companies Act. The authorization can also be used for incentive arrangements, however, not more than 1,000,000 A shares in total together with the authorization in the previous paragraph. This authorization is effective until the next Annual General Meeting of Shareholders, however no longer than until September 22, 2018. However, the authorization for incentive arrangements is valid until March 22, 2022. This authorization revokes the authorization for incentive arrangements given by the Annual General Meeting in 2016.

The AGM authorized the Board of Directors to decide on the directed issuance of A shares without payment needed for the continuation of the Share Savings Plan, which the Annual General Meeting 2012 decided to launch. The Board of Directors is authorized to decide on the issuance of new A shares or on the transfer of own A shares held by the Company to such participants of the Plan who, according to the terms and conditions of the Plan, are entitled to receive free shares, as well as to decide on the issuance of A shares without payment also to the Company itself. The authorization includes the right, within the scope of this Plan, to transfer own A shares currently held by the Company, which have earlier been limited to purposes other than incentive plans. The number of new A shares to be issued or own A 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 shares in the Company. The authorization is valid until March 22, 2022. This authorization is in addition to the authorizations in previous items. This authorization replaces the authorization for the Share Savings Plan given by the Annual General Meeting in 2016.

The AGM authorized the Board of Directors to decide on donations of up to EUR 200,000 to Aalto University and up to EUR 50,000 to Åbo Akademi University in one or several instalments. The Board of Directors is entitled to decide on designating all or part of the donations to specific study fields and any other matters concerning the donations. The authorization is effective until the end of the Annual General Meeting in 2018.

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 decided to establish a separate Nomination Committee and a separate Human Resources Committee to replace its prior Nomination and Compensation Committee. In addition, the Board of Directors has an Audit Committee in accordance with the previous practice.

Mr. Ulf Liljedahl was elected Chairman of the Audit Committee and Mr. Ole Johansson, Ms. Malin Persson, and Mr. David A. Sachs as Committee Members. Mr. Bertel Langenskiöld was elected Chairman of the Human Resources Committee and Ms. Janina Kugel, Mr. Oren G. Shaffer, and Mr. Christoph Vitzthum as Committee Members. Mr. Christoph Vitzthum was elected Chairman of the Nomination Committee, and Mr. Ole Johansson, and Mr. David A. Sachs as Committee Members.

SHARE CAPITAL AND SHARES

On March 31, 2017 the company's registered share capital totaled EUR 30.1 million. On March 31, 2017, the number of shares including treasury shares totaled 82,872,342. Konecranes has two classes of shares. On March 31, 2017, the number of listed class A shares totaled 70,722,342 and the number of unlisted class B shares totaled 12,150,000.

On January 5, 2017, the 19,600,000 new class B shares issued to Terex were registered with the Finnish Trade Register and Euroclear Finland Ltd. The shares were issued as share consideration in addition to the cash consideration payable to Terex for the purchase of the Terex's MHPS business. The subscription price for a class B share was EUR 35.01. The subscription price was fully recorded in the fund for invested unrestricted equity of Konecranes. Pursuant to specific provisions of Konecranes' articles of association, the class B shares have the same financial rights as Konecranes class A shares, but are subject to voting and transfer restrictions.

On February 15, 2017, Konecranes received confirmation published by Terex regarding the completion of the sale of 7,450,000 class B shares. Based on a conversion request by Terex, the Board of Directors decided to convert the 7,450,000 class B shares sold by Terex to class A shares in accordance with § 20 of the Articles of Association. The conversion was registered with the Finnish Trade Register on February 15, 2017.

TREASURY SHARES

On March 31, 2017, Konecranes Plc was in possession of 4,450,436 own shares, which corresponds to 5.4 percent of the total number of shares and which had on that date a market value of EUR 148.2 million.

On February 28, 2017, 20,959 treasury shares were conveyed without consideration to the employees as a reward payment for the Savings Period 2013–2014 of the Konecranes Employee Share Savings Plan.

On March 15, 2017, 49,938 treasury shares were conveyed without consideration to the key employees as a reward payment for the performance period 2014–2016 of the Konecranes Performance Share Plan 2012.

EMPLOYEE SHARE SAVINGS PLAN

On February 8, 2017, 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, 2017 and end on June 30, 2018. The maximum savings amount per participant during one month is 5 percent of gross salary and the minimum is EUR 50. 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, 2021, 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 2017—2018 are unchanged from the previous Plan Periods.

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 2017.

MARKET CAPITALIZATION AND TRADING VOLUME

The closing price for the class A shares on the Nasdaq Helsinki on March 31, 2017 was EUR 33.30. The volume-weighted average share price in January–March 2017 was EUR 34.27, the highest price being EUR 37.34 in January and the lowest EUR 31.52 in March. In January–March, the trading volume on the Nasdaq Helsinki totaled 17.0 million class A shares corresponding to a turnover of approximately EUR 581.0 million. The average daily trading volume was 265,238 shares representing an average daily turnover of EUR 9.1 million.

In addition, according to Fidessa, approximately 27.1 million class A shares were traded on other trading venues (e.g., multilateral trading facilities and bilateral OTC trades) in January–March 2017.

On March 31, 2017, the total market capitalization of Konecranes Plc was EUR 2,759.6 million including treasury shares. The market capitalization was EUR 2,611.4 million excluding treasury shares. Market capitalization is calculated on the basis of both the listed A shares and the unlisted B shares. Class B shares are valued at the closing price of the class A shares at the end of the reporting period.

The trading code of Konecranes' class A shares changed in the Nasdaq Helsinki's INET trading system from KCR1V to KCR on January 5, 2017.

NOTIFICATIONS OF MAJOR SHAREHOLDINGS

In January–March 2017, 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
January 5, 2017	Terex Deutschland GmbH	Above 20%	23.65	-	23.65	19,600,000
January 5, 2017	HTT KCR Holding Ab	Below 10%	8.29	-	8.29	6,870,568
January 5, 2017	Polaris Capital Management LLC	Below 5%	4.34	-	4.34	3,597,639
January 5, 2017	BlackRock, Inc.	Below 5%	n.a.	n.a.	n.a.	n.a.
January 6, 2017	Sanderson Asset Management LLP	Below 5%	3.86	-	3.86	3,201,628
January 6, 2017	Terex Deutschland GmbH	Below 5%	0	0	0	0
January 6, 2017	Terex Corporation	Above 20%	23.65	-	23.65	19,600,000
February 15, 2017	Terex Corporation	Below 15%	14.66	-	14.66	12,150,000
February 15, 2017	BlackRock, Inc.[1]	Above 5%	6.58	1.67	8.25	6,844,696
February 22, 2017	BlackRock, Inc.[2]	Above 5%	7.69	0.74	8.44	6,997,433

[1] The disclosure obligation arose due to total holding in Shares and Voting rights for BlackRock, Inc. going above 5%.
The disclosure obligation also arose due to Shares and Voting rights for BlackRock, Inc. going above 5%.
The disclosure obligation also arose due to total holding in Shares and Voting rights for BlackRock Investment Management (UK) Limited going above 5%.
[2] The disclosure obligation arose due to Shares and Voting rights for BlackRock Investment Management (UK) Limited going above 5%.

RISKS AND UNCERTAINTIES

Konecranes operates in the emerging countries that entail 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.

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 for the information systems. A higher-than-expected development or implementation costs, or a failure to extract business benefits from the new processes and systems may lead to an impairment of assets or decrease in profitability.

Konecranes delivers projects, which involve the risks related to, for example, engineering and project execution including 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 Annual Report.

MARKET OUTLOOK

Economic indicators related to manufacturing industries have strengthened, which appears to improve customers' willingness to proceed with their investment plans. Demand situation in Europe is gradually improving. Business activity in the North American manufacturing industry remains mixed. Demand in emerging markets is showing signs of bottoming out. Global container throughput growth has improved and the prospects for small and medium-sized orders related to container handling have somewhat strengthened.

FINANCIAL GUIDANCE

The sales in 2017 are expected to be close to the comparable combined company sales in 2016 (EUR 3,278 million). We expect the adjusted EBITA to total EUR 195-215 million in 2017 (comparable combined company adjusted EBITA was EUR 184 million in 2016).

The comparable combined company's operations comprise Konecranes' operations without the divested STAHL CraneSystems business, but including the acquired MHPS business. See the stock exchange releases published on April 10, 2017, and April 13, 2017, for further financial information including the basis of preparation for the comparable combined company.

Espoo, April 27, 2017
Konecranes Plc
Board of Directors

BASIS OF PREPARATION FOR COMPARABLE COMBINED COMPANY

The comparable combined company financial information is based on management's estimates and is for illustrative purposes only. The comparable combined company financial information gives an indication of the combined company's key figures assuming the activities were included in the same company from the beginning of 2016.

The comparable combined company financial information is based on a hypothetical situation and should not be viewed as pro forma financial information as differences in accounting principles have not been taken into account. The unaudited comparable combined company financial information is based on Konecranes Group's financial statements for the financial year 2016 (adjusted for restructuring costs, transaction costs and received insurance indemnity) according to IFRS and Terex Corporations's ("Terex") MHPS segment unaudited special purpose carve-out financial information for the financial year 2016 (adjusted for non-recurring items such as restructuring costs and impairments of goodwill and trademarks) according to USGAAP. The corporation allocations of Terex Group have been adjusted in MHPS income statement to illustrate the situation as the Group had been combined at the beginning of 2016.

As the financial information for MHPS has been prepared on a carve-out basis, this does not necessarily reflect what its results of operations would have been, had MHPS operated as an independent company and had it presented standalone financial information under IFRS during the period presented. Moreover, the carve-out financial information may not be indicative of MHPS's future performance of the operative activities aggregated within Konecranes.

Konecranes is unable to present a reconciliation of the comparable combined company financial information as MHPS' financials have been calculated according to USGAAP and using different accounting principles than Konecranes and as Terex has categorized MHPS as a discontinued operation in 2016.

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 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,
- the 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	1–3/2017	1–3/2016	Change percent	1–12/2016
Sales	8	**683.0**	**458.6**	**48.9**	**2,118.4**
Other operating income [1]	6	220.4	0.3		14.4
Materials, supplies and subcontracting		-272.6	-193.5		-979.7
Personnel cost		-254.2	-162.8		-658.3
Depreciation and impairments	9	-28.3	-14.0		-53.7
Other operating expenses [2]	5	-122.5	-88.2		-356.2
Operating profit		**225.9**	**0.3**	**72,780.6**	**84.9**
Share of associates' and joint ventures' result		-0.6	1.2		6.0
Gain on disposal of investment in associated company		0.0	0.0		5.8
Financial income [3]		19.4	6.7		1.0
Financial expenses		-23.0	-15.3		-35.6
Profit before taxes		**221.7**	**-7.1**	**3,237.9**	**62.1**
Taxes	11	-28.8	2.0		-24.5
PROFIT FOR THE PERIOD		**192.9**	**-5.1**	**3,891.3**	**37.6**
Profit for the period attributable to:					
Shareholders of the parent company		193.5	-5.1		37.6
Non-controlling interest		-0.6	0.0		0.0
Earnings per share, basic (EUR)		2.50	-0.09	2,991.3	0.64
Earnings per share, diluted (EUR)		2.50	-0.09	2,991.3	0.64

[1] Other operating income Includes gain on disposal of EUR 218.4 million of STAHL CraneSystems. In 2016 other operating income includes the insurance indemnity of EUR 10.0 million and returned funds of EUR 0.3 million related to identity theft.
[2] Other operating expenses for 1–3/2017 include transaction costs related to terminated merger plan with Terex and the acquisition of Terex MHPS up to EUR 4.2 million (EUR 10.7 million in 1–3/2016 and 47.0 million in 1–12/2016).
[3] Financial income includes gains of EUR 14.3 million which are mostly related to the purchase price adjustments of the MHPS acquisition.

Consolidated statement of other comprehensive income

EUR million	1–3/2017	1–3/2016		1–12/2016
Profit for the period	**192.9**	**-5.1**		**37.6**
Items that can be reclassified into profit or loss				
Cash flow hedges	-19.1	8.4		30.1
Exchange differences on translating foreign operations	-0.4	-5.1		0.8
Share of associates' other comprehensive income	0.0	-0.6		-3.8
Income tax relating to items that can be reclassified into profit or loss	3.8	-1.7		-6.0
Items that cannot be reclassified into profit or loss				
Re-measurement gains (losses) on defined benefit plans	0.0	2.7		-11.9
Income tax relating to items that cannot be reclassified into profit or loss	0.0	-0.5		3.0
Other comprehensive income for the period, net of tax	**-15.7**	**3.3**		**12.2**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**177.2**	**-1.8**		**49.8**
Total comprehensive income attributable to:				
Shareholders of the parent company	177.3	-1.8		49.8
Non-controlling interest	-0.1	0.0		0.0

Consolidated balance sheet

EUR million

ASSETS	Note	31.3.2017	31.3.2016	31.12.2016
Non-current assets				
Goodwill		925.9	105.7	86.2
Intangible assets		658.8	103.0	98.1
Property, plant and equipment		294.4	136.2	128.1
Advance payments and construction in progress		12.3	22.1	17.4
Investments accounted for using the equity method		71.0	50.8	8.9
Other non-current assets		1.0	1.0	1.0
Deferred tax assets		128.0	68.6	57.0
Total non-current assets		**2,091.5**	**487.3**	**396.6**
Current assets				
Inventories				
Raw material and semi-manufactured goods		276.1	158.0	131.8
Work in progress		326.0	208.5	140.3
Advance payments		28.1	10.0	9.7
Total inventories		630.2	376.5	281.8
Accounts receivable		511.6	330.0	379.3
Other receivables		36.6	27.1	23.2
Loans receivable		17.0	0.0	0.0
Income tax receivables		20.8	13.3	12.1
Receivable arising from percentage of completion method	8	81.9	70.3	83.8
Other Financial assets		8.2	16.1	31.1
Deferred assets		66.8	36.7	29.1
Cash and cash equivalents		423.6	118.2	167.4
Total current assets		**1,796.9**	**988.1**	**1,007.8**
Assets held for sale	6.1	**0.0**	**0.0**	**125.5**
TOTAL ASSETS		**3,888.3**	**1,475.4**	**1,529.9**

Consolidated balance sheet

EUR million

EQUITY AND LIABILITIES	**Note**	**31.3.2017**	**31.3.2016**	**31.12.2016**
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	66.5	66.5
Fair value reserves	14	-0.3	-2.4	15.0
Translation difference		20.5	15.0	20.8
Other reserve		32.2	30.1	31.7
Retained earnings		159.6	218.7	204.4
Net profit for the period		193.5	-5.1	37.6
Total equity attributable to equity holders of the parent company		**1,227.7**	**392.2**	**445.4**
Non-controlling interest		22.9	0.1	0.1
Total equity		**1,250.7**	**392.2**	**445.5**
Liabilities				
Non-current liabilities				
Interest-bearing liabilities	13	794.7	57.1	54.2
Other long-term liabilities		289.3	89.2	40.0
Provisions		19.2	16.7	17.1
Deferred tax liabilities		173.5	19.9	12.5
Total non-current liabilities		**1,276.8**	**182.8**	**123.8**
Current liabilities				
Interest-bearing liabilities	13	181.6	268.0	269.5
Advance payments received	8	364.0	181.8	170.6
Accounts payable		184.6	101.1	99.1
Provisions		97.5	31.7	40.5
Other short-term liabilities (non-interest bearing)		45.5	37.2	32.9
Other financial liabilities		5.2	6.4	18.2
Income tax liabilities		56.1	7.4	14.7
Accrued costs related to delivered goods and services		168.7	114.1	125.2
Accruals		257.7	152.6	95.6
Total current liabilities		**1,360.9**	**900.4**	**866.2**
Liabilities directly attributable to assets held for sale	6.1	**0.0**	**0.0**	**94.4**
Total liabilities		**2,637.7**	**1,083.2**	**1,084.5**
TOTAL EQUITY AND LIABILITIES		**3,888.3**	**1,475.4**	**1,529.9**

Consolidated statement of changes in equity

	Equity attributable to equity holders of the parent company				
EUR million	Share capital	Share premium	Paid in capital	Cash flow hedges	Translation difference
Balance at 1 January, 2017	**30.1**	**39.3**	**66.5**	**15.0**	**20.8**
Share issue		686.2			
Dividends paid to equity holders					
Equity-settled share based payments					
Profit for the period					
Other comprehensive income				-15.3	-0.3
Total comprehensive income				-15.3	-0.3
Balance at 31 March, 2017	**30.1**	**725.5**	**66.5**	**-0.3**	**20.5**
Balance at 1 January, 2016	**30.1**	**39.3**	**66.5**	**-9.1**	**20.1**
Options exercised					
Dividends paid to equity holders					
Equity-settled share based payments					
Profit for the period					
Other comprehensive income				6.7	-5.1
Total comprehensive income				6.7	-5.1
Balance at 31 March, 2016	**30.1**	**39.3**	**66.5**	**-2.4**	**15.0**

	Equity attributable to equity holders of the parent company				
EUR million	Other Reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January, 2017	**31.7**	**242.0**	**445.4**	**0.1**	**445.5**
Share issue		0.0	686.2		**686.2**
Dividends paid to equity holders		-82.3	-82.3		**-82.3**
Equity-settled share based payments	0.5	0.0	0.5		**0.5**
Acquisitions		0.0	0.0	23.6	**23.6**
Profit for the period		193.5	193.5	-0.6	**192.9**
Other comprehensive income		0.0	-15.6	-0.1	**-15.7**
Total comprehensive income	0.0	193.5	177.9	-0.7	**177.2**
Balance at 31 March, 2017	**32.2**	**353.2**	**1,227.7**	**22.9**	**1,250.7**
Balance at 1 January, 2016	**29.9**	**279.1**	**455.9**	**0.1**	**456.0**
Options exercised		0.0	0.0		**0.0**
Dividends paid to equity holders		-61.7	-61.7		**-61.7**
Equity-settled share based payments	0.1	0.0	0.1		**0.1**
Acquisitions		-0.3	-0.3		**-0.3**
Profit for the period		-5.1	-5.1		**-5.1**
Other comprehensive income		1.6	3.3	0.0	**3.3**
Total comprehensive income	0.0	-3.5	-1.8	0.0	**-1.8**
Balance at 31 March, 2016	**30.1**	**213.6**	**392.2**	**0.1**	**392.2**

Consolidated cash flow statement

EUR million	1–3/2017	1–3/2016	1–12/2016
Cash flow from operating activities			
Profit for the period	192.9	-5.1	37.6
Adjustments to net income			
Taxes	28.8	-2.0	24.5
Financial income and expenses	3.6	8.6	34.6
Share of associates' and joint ventures' result	0.6	-1.2	-11.8
Dividend income	0.0	0.0	0.0
Depreciation and impairments	28.3	14.0	53.7
Profits and losses on sale of fixed assets and businesses	-217.3	0.1	3.4
Other adjustments	4.0	-1.3	5.5
Operating income before change in net working capital	**41.0**	**13.1**	**147.4**
Change in interest-free current receivables	78.2	32.4	-50.3
Change in inventories	-68.9	-17.7	61.3
Change in interest-free current liabilities	71.0	-18.7	29.8
Change in net working capital	**80.3**	**-4.0**	**40.9**
Cash flow from operations before financing items and taxes	**121.3**	**9.1**	**188.3**
Interest received	4.4	2.1	8.8
Interest paid	-7.9	-4.2	-19.3
Other financial income and expenses	-16.3	-3.0	-38.5
Income taxes paid	-7.9	-7.1	-29.6
Financing items and taxes	**-27.7**	**-12.2**	**-78.6**
NET CASH FROM OPERATING ACTIVITIES	**93.6**	**-3.1**	**109.6**
Cash flow from investing activities			
Acquisition of Group companies, net of cash	-722.0	0.0	-0.2
Divestment of Businesses, net of cash	222.5	0.0	0.0
Proceeds from disposal of associated company	0.0	0.0	47.8
Capital expenditures	-5.7	-4.4	-27.3
Proceeds from sale of property, plant and equipment	0.1	0.6	1.5
NET CASH USED IN INVESTING ACTIVITIES	**-505.2**	**-3.8**	**21.7**
Cash flow before financing activities	**-411.6**	**-6.9**	**131.4**
Cash flow from financing activities			
Proceeds from non-current borrowings	1,052.0	0.0	0.0
Repayments of non-current borrowings	-200.7	-1.5	-4.6
Proceeds from (+), payments of (-) current borrowings	-211.5	46.9	47.5
Change in loans receivable	-0.3	0.0	0.0
Acquired non controlling interest	0.0	-0.3	-0.3
Dividends paid to equity holders of the parent	0.0	0.0	-61.7
NET CASH USED IN FINANCING ACTIVITIES	**639.5**	**45.1**	**-19.1**
Translation differences in cash	1.5	-0.8	1.1
CHANGE OF CASH AND CASH EQUIVALENTS	**229.4**	**37.4**	**113.4**
Cash and cash equivalents at beginning of period	194.1	80.8	80.8
Cash and cash equivalents in assets held for sale	0.0	0.0	26.8
Cash and cash equivalents at end of period	423.6	118.2	167.4
CHANGE OF CASH AND CASH EQUIVALENTS	**229.4**	**37.4**	**113.4**

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	1–3/2017	1–3/2016	1–12/2016
Net cash from operating activities	93.6	-3.1	109.6
Capital expenditures	-5.7	-4.4	-27.3
Proceeds from sale of property, plant and equipment	0.1	0.6	1.5
Free cash flow	**88.0**	**-6.9**	**83.9**

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 2017 Konecranes has three operating segments, which it calls Business Areas: Business Area Service, Business Area Industrial Equipment and Business Area Port Solutions. In 2016 Konecranes had two Segments: Business Area Service and Business Area Equipment. In 2017 Business Area Equipment was divided to two new segments Business Area Industrial Equipment and Business Area Port Solutions. In addition Ports Service and Lift truck Service was transferred from Business Area Service to Business Area Port Solutions. The segment information of 2016 has been restated in the notes according to the new segments.

2. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements of Konecranes Plc for three months ending 31.03.2017 and 31.03.2016 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, 2016. 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, 2016. There are no new accounting standards with effect for 2017 which have had a material impact on the unaudited condensed interim consolidated financial statements.

Notes

5. ACQUISITIONS

Material Handling & Port Solutions segment acquisition from Terex Corporation

On May 16, 2016, Konecranes signed an agreement (the ”Stock and Asset Purchase Agreement”) to acquire from Terex Corporation (“Terex”) its Material Handling & Port Solutions (”MHPS”) segment (the ”Acquisition”) against consideration consisting of cash and shares. On January 4, 2017, Konecranes completed the Acquisition and paid EUR 786.1 million in cash and in 19.6 million newly issued Konecranes class B shares.

MHPS is a leading supplier of industrial cranes, crane components and services under the Demag brand, as well as port technology with a broad range of manual, semi-automated and automated solutions under several brands, such as Gottwald. According to unaudited special purpose carve-out financial information (USGAAP), the sales of MHPS were USD 1,418 million (EUR 1,280 million) and the adjusted EBITDA was USD 104 million (EUR 94 million) in 2016.

The preliminary fair values of the identifiable assets and liabilities of the acquired MHPS businesses at the date of Acquisition is summarized below. The purchase price consideration paid in cash includes the post-closing adjustments for cash, debt and working capital as well as the effect of the hedging of MHPS purchase price. There can still be adjustments during the year to the purchase price according to the Sales and Purchase agreement as well as adjustments to the preliminary purchase price allocation. The acquisition will offer significant industrial and operational synergies which is reflected in Goodwill.

EUR million	**Fair value**
Intangible assets	
Clientele	246.3
Technology	104.1
Trademark	219.4
Other intangible assets	7.8
Property, plant and equipment	174.9
Investments accounted for using the equity method	62.8
Inventories	283.0
Account receivables	223.5
Other assets	106.6
Cash and cash equivalents	64.2
Total assets	**1,492.7**
Non-controlling interest	23.6
Deferred tax liabilities	159.6
Defined benefit plans	241.0
Other long-term liabilities	10.5
Account payables and other current liabilities	427.8
Total liabilities	**862.5**
Net assets	**630.2**
Purchase consideration transferred	**1,472.3**
Goodwill	**842.1**
Cash flow on acquisition	
Purchase consideration, paid in cash	786.1
Transactions costs [1)]	67.2
Cash and cash equivalents in acquired companies	-64.2
Net cash flow arising on acquisition	**789.1**
Purchase consideration:	
Purchase consideration, paid in cash	786.1
Purchase consideration, paid in shares	686.2
Total purchase consideration	**1,472.3**

1) Transaction costs of EUR 3.0 million in 2017, EUR 47.0 million in 2016 and EUR 17.2 million in 2015 have been expensed and are included in other operating expenses.

Notes

6. DISPOSALS

6.1. Disposal of Stahl CraneSystems

On November 30, 2016 Konecranes signed an agreement with Columbus McKinnon Corporation (“Columbus McKinnon”) regarding the divestment of the STAHL CraneSystems business (“STAHL Divestment”). On January 31, 2017, Konecranes completed the STAHL Divestment. Konecranes received cash proceeds of EUR 232.2 million from the transaction. Additionally, Columbus McKinnon assumed unfunded pension liabilities that were at EUR 67 million as of December 31, 2016. Konecranes reported a pre-tax capital gain of EUR 218.4 million from the STAHL Divestment in January–March 2017 in other operating income.

STAHL CraneSystems is a global supplier of hoisting technology and crane components. The business is well-known for its capability to build engineered system solutions. Its customers include distributors, crane builders as well as EPC companies. STAHL CraneSystems is headquartered in Künzelsau, Germany.

6.2. Other disposals

Konecranes agreed on March 7, 2017 to divest Sanma Hoists & Cranes Co., Ltd. (”Sanma”) to Jingjiang Hongcheng Crane Components Manufacturing Works. The agreement included Sanma’s manufacturing machinery for CD/MD hoists and related inventory. Konecranes reported a pre-tax capital gain of EUR 0.4 million in January–March 2017 in other operating income. With this divestment, Konecranes streamlined its product and brand portfolio in Chinese market.

7. SEGMENT INFORMATION

7.1. Operating segments

EUR million

Orders received by Business Area	**1–3/2017**	% of total	**1–3/2016**	% of total	**1–12/2016**	% of total
Service [1)]	246.3	32	182.8	39	727.9	35
Industrial Equipment	270.7	35	210.7	45	821.5	39
Port Solutions [1)]	247.1	32	69.7	15	533.4	26
./. Internal	-29.6		-38.1		-162.2	
Total	**734.5**	**100**	**425.1**	**100**	**1,920.7**	**100**

[1)] *Excl. Service Contract Base*

Service in 2017 reporting	182,8		727,9	
Effect of Ports Service and Lifttruck Service transfer from Service to Port Solutions	10,6		46,6	
Service in 2016 reporting	193,4		774,5	

Order book total [2)]	**31.3.2017**	% of total	**31.3.2016**	% of total	**31.12.2016**	% of total
Service	217.6	14	166.2	16	158.1	15
Industrial Equipment	575.2	36	419.6	41	399.4	38
Port Solutions	811.6	51	449.8	43	480.5	46
Total	**1,604.5**	**100**	**1,035.6**	**100**	**1,038.0**	**100**

[2)] *Percentage of completion deducted*

Service in 2017 reporting	166.2		158.1	
Effect of Ports Service and Lifttruck Service transfer from Service to Port Solutions	15.4		15.2	
Service in 2016 reporting	181.6		173.3	

Notes

Sales by Business Area	1–3/2017	% of total	1–3/2016	% of total	1–12/2016	% of total
Service	284.6	40	209.1	42	914.8	40
Industrial Equipment	249.6	35	187.5	38	830.1	36
Port Solutions	181.3	25	102.3	21	543.2	24
./. Internal	-32.5		-40.3		-169.7	
Total	**683.0**	**100**	**458.6**	**100**	**2,118.4**	**100**

Service in 2017 reporting	209.1	914.8
Effect of Ports Service and Lifttruck Service transfer from Service to Port Solutions	12.2	53.2
Service in 2016 reporting	221.3	968.0

Adjusted EBITA by Business Area	1–3/2017 MEUR	EBITA %	1–3/2016 MEUR	EBITA %	1–12/2016 MEUR	EBITA %
Service	33.1	11.6	16.0	7.7	100.2	11.0
Industrial Equipment	-0.5	-0.2	-1.8	-0.9	15.7	1.9
Port Solutions	2.6	1.4	5.9	5.8	50.5	9.3
Group costs and eliminations	-4.5		-4.4		-21.5	
Total	**30.6**	**4.5**	**15.8**	**3.4**	**144.8**	**6.8**

Service in 2017 reporting	16.0	100.2
Effect of Ports Service and Lifttruck Service transfer from Service to Port Solutions	1.9	12.5
Service in 2016 reporting	17.9	112.7

Operating profit (EBIT) by Business Area	1–3/2017 MEUR	EBIT %	1–3/2016 MEUR	EBIT %	1–12/2016 MEUR	EBIT %
Service	27.5	9.7	15.1	7.2	90.2	9.9
Industrial Equipment	-4.6	-1.8	-5.3	-2.8	6.0	0.7
Port Solutions	-1.2	-0.6	5.5	5.4	49.0	9.0
Group costs and eliminations	204.2		-15.0		-60.3	
Total	**225.9**	**33.1**	**0.3**	**0.1**	**84.9**	**4.0**

Service in 2017 reporting	15.1	90.2
Effect of Ports Service and Lifttruck Service transfer from Service to Port Solutions	1.8	12.0
Service in 2016 reporting	16.9	102.2

Business segment assets	31.3.2017 MEUR	31.3.2016 MEUR	31.12.2016 MEUR
Service	1,288.2	356.9	380.3
Industrial Equipment	842.7	589.7	571.3
Port Solutions	715.1	243.8	227.5
Unallocated items	1,042.3	285.1	350.8
Total	**3,888.3**	**1,475.4**	**1,529.9**

Service in 2017 reporting	356.9	380.3
Effect of Ports Service and Lifttruck Service transfer from Service to Port Solutions	30.5	32.6
Service in 2016 reporting	387.4	412.9

Notes

Business segment liabilities	31.3.2017 MEUR	31.3.2016 MEUR	31.12.2016 MEUR
Service	206.0	147.7	149.9
Industrial Equipment	262.8	309.7	312.2
Port Solutions	247.6	166.6	175.6
Unallocated items	1,921.2	459.2	446.8
Total	**2,637.7**	**1,083.2**	**1,084.5**

Service in 2017 reporting	147.7	149.9
Effect of Ports Service and Lifttruck Service transfer from Service to Port Solutions	10.7	10.5
Service in 2016 reporting	158.4	160.4

Personnel by Business Area (at the end of the period)	31.3.2017	% of total	31.3.2016	% of total	31.12.2016	% of total
Service	7,432	44	6,132	53	5,749	52
Industrial Equipment	6,142	36	4,617	40	4,353	40
Port Solutions	3,263	19	803	7	789	7
Group staff	59	0	57	0	60	1
Total	**16,896**	**100**	**11,609**	**100**	**10,951**	**100**

Service in 2017 reporting	6 132	5 749
Effect of Ports Service and Lifttruck Service transfer from Service to Port Solutions	267	249
Service in 2016 reporting	6 399	5 998

Orders received by Business Area, Quarters	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Service [1]	246.3	179.0	175.1	190.9	182.8
Industrial Equipment	270.7	201.0	191.6	218.1	210.7
Port Solutions [1]	247.1	254.8	91.4	117.5	69.7
./. Internal	-29.6	-39.8	-37.9	-46.4	-38.1
Total	**734.5**	**595.1**	**420.3**	**480.2**	**425.1**

[1] Excl. Service Contract Base

Order book by Business Area, Quarters	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Service	217.6	158.1	177.9	177.3	166.2
Industrial Equipment	575.2	399.4	426.7	429.3	419.6
Port Solutions	811.6	480.5	383.0	436.7	449.8
Total	**1,604.5**	**1,038.0**	**987.7**	**1,043.3**	**1,035.6**

Sales by Business Area, Quarters	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Service	284.6	254.3	220.3	231.0	209.1
Industrial Equipment	249.6	233.1	199.1	210.3	187.5
Port Solutions	181.3	163.0	145.5	132.4	102.3
./. Internal	-32.5	-37.1	-47.4	-44.9	-40.3
Total	**683.0**	**613.3**	**517.6**	**528.8**	**458.6**

Notes

Adjusted EBITA by Business Area, Quarters	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Service	33.1	35.1	23.5	25.6	16.0
Industrial Equipment	-0.5	8.5	6.7	2.2	-1.8
Port Solutions	2.6	16.7	13.5	14.3	5.9
Group costs and eliminations	-4.5	-7.2	-4.9	-5.1	-4.4
Total	**30.6**	**53.1**	**38.9**	**37.0**	**15.8**

Adjusted EBITA margin by Business Area, Quarters	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Service	11.6	13.8	10.7	11.1	7.7
Industrial Equipment	-0.2	3.6	3.4	1.1	-0.9
Port Solutions	1.4	10.3	9.3	10.8	5.8
Group EBITA margin total	**4.5**	**8.7**	**7.5**	**7.0**	**3.4**

Personnel by Business Area, Quarters (at the end of the period)	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Service	7,432	5,749	5,858	6,054	6,132
Industrial Equipment	6,142	4,353	4,402	4,527	4,617
Port Solutions	3,263	789	777	807	803
Group staff	59	60	60	56	57
Total	**16,896**	**10,951**	**11,097**	**11,444**	**11,609**

7.2. Geographical areas

EUR million

Sales by market	1–3/2017	% of total	1–3/2016	% of total	1–12/2016	% of total
Europe-Middle East-Africa (EMEA)	343.4	50	234.0	51	1,001.4	47
Americas (AME)	232.5	34	161.8	35	802.5	38
Asia-Pacific (APAC)	107.1	16	62.7	14	314.5	15
Total	**683.0**	**100**	**458.6**	**100**	**2,118.4**	**100**

Personnel by region (at the end of the period)	31.3.2017	% of total	31.3.2016	% of total	31.12.2016	% of total
Europe-Middle East-Africa (EMEA)	10,068	60	6,168	53	5,842	53
Americas (AME)	3,385	20	2,883	25	2,704	25
Asia-Pacific (APAC)	3,443	20	2,558	22	2,405	22
Total	**16,896**	**100**	**11,609**	**100**	**10,951**	**100**

Sales by market, Quarters	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Europe-Middle East-Africa (EMEA)	343.4	285.9	225.5	256.0	234.0
Americas (AME)	232.5	233.0	218.6	189.1	161.8
Asia-Pacific (APAC)	107.1	94.5	73.5	83.8	62.7
Total	**683.0**	**613.3**	**517.6**	**528.8**	**458.6**

Personnel by region, Quarters (at the end of the period)	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Europe-Middle East-Africa (EMEA)	10,068	5,842	5,911	6,111	6,168
Americas (AME)	3,385	2,704	2,754	2,816	2,883
Asia-Pacific (APAC)	3,443	2,405	2,432	2,517	2,558
Total	**16,896**	**10,951**	**11,097**	**11,444**	**11,609**

Notes

8. PERCENTAGE OF COMPLETION METHOD AND ADVANCES RECEIVED

EUR million	31.3.2017	31.3.2016	31.12.2016
The cumulative revenues of non-delivered projects	642.8	310.0	376.7
Advances received netted	560.3	235.4	290.3
Progress billings netted	0.6	4.3	2.6
Receivable arising from percentage of completion method, net	**81.9**	**70.3**	**83.8**
Gross advance received from percentage of completion method	677.5	249.4	323.5
Advances received netted	560.3	235.4	290.3
Advances received from percentage of completion method (netted)	**117.2**	**14.0**	**33.2**

Net sales recognized under the percentage of completion method amounted EUR 80.4 million in 1–3/2017 (EUR 46.5 million in 1–3/2016).

Receivable arising from percentage of completion method relate to construction contracts. Net asset balances are balances where the sum of contract costs, recognized profits and recognized losses exceed progress billings. Construction contracts, here and as follows, include service contracts accounted for under the percentage of completion method. Where progress billings exceed the sum of contract costs, recognized profits and recognized losses these liabilities are included in the line item Advance received from percentage of completion method (netted).

Advance payments received	31.3.2017	31.3.2016	31.12.2016
Advance received from percentage of completion method (netted)	117.2	14.0	33.2
Other advance received from customers	246.9	167.7	137.4
Total	**364.0**	**181.8**	**170.6**

9. IMPAIRMENTS

EUR million	1–3/2017	1–3/2016	1–12/2016
Property, plant and equipment	0.5	1.7	2.8
Other intangible assets	0.0	0.0	0.7
Total	**0.5**	**1.7**	**3.5**

Restructuring actions during 2017 have led to an impairment of tangible assets (machinery and equipment and buildings), which were written off by EUR 0.5 million (EUR 1.7 million in 1–3/2016).

10. RESTRUCTURING COSTS

Konecranes has recorded EUR 7.2 million restructuring costs during for 1–3/2017 (EUR 3.8 million in 1–3/2016) of which EUR 0.5 million was impairment of assets (EUR 1.7 million for 1–3/2016). The remaining EUR 6.7 million of restructuring cost is reported 1–3/2017 in personnel costs (EUR 0.8 million) and in other operating expenses (EUR 5.9 million).

11. INCOME TAXES

Taxes in statement of Income	1–3/2017	1–3/2016	1–12/2016
Local income taxes of group companies	35.3	1.0	31.9
Taxes from previous years	0.5	-2.5	-2.3
Change in deferred taxes	-7.0	-0.5	-5.1
Total	**28.8**	**-2.0**	**24.5**

Notes

12. KEY FIGURES

	31.3.2017	31.3.2016	Change %	31.12.2016
Earnings per share, basic (EUR)	2.50	-0.09	2,991.3	0.64
Earnings per share, diluted (EUR)	2.50	-0.09	2,991.3	0.64
Alternative Performance Measures:				
Return on capital employed, %, Rolling 12 Months (R12M)	22.4	7.4	202.7	10.3
Adjusted return on capital employed, %, Rolling 12 Months (R12M)	10.8	16.5	-34.5	19.2
Return on equity, %, Rolling 12 Months (R12M)	30.2	4.9	516.3	8.3
Equity per share (EUR)	15.66	6.68	134.4	7.58
Interest-bearing net debt / Equity, %	42.8	52.7	-18.8	29.1
Net debt / Adjusted EBITDA, Rolling 12 Months (R12M)	2.5	1.2	102.7	0.7
Equity to asset ratio, %	35.5	30.3	17.2	32.9
Investments total (excl. acquisitions), EUR million	12.1	6.2	93.3	33.8
Interest-bearing net debt, EUR million	535.6	206.9	158.9	129.6
Net working capital, EUR million	259.2	269.7	-3.9	304.3
Average number of personnel during the period	13,924	11,748	18.5	11,398
Average number of shares outstanding, basic	77,278,217	58,739,886	31.6	58,748,217
Average number of shares outstanding, diluted	77,278,217	58,739,886	31.6	58,748,217
Number of shares outstanding	78,421,906	58,751,279	33.5	58,751,009

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 (%): $= \dfrac{\text{Net profit for the period}}{\text{Total equity (average during the period)}} \text{ X } 100$

Return on capital employed (%): $= \dfrac{\text{Income before taxes + interest paid + other financing cost}}{\text{Total amount of equity and liabilities - non-interest bearing debts (average during the period)}} \text{ X } 100$

Adjusted return on capital employed (%): $= \dfrac{\text{Adjusted EBITA}}{\text{Total amount of equity and liabilities - non-interest bearing debts (average during the period)}} \text{ X } 100$

Equity to asset ratio, %: $= \dfrac{\text{Shareholders' equity}}{\text{Total amount of equity and liabilities - advance payment received}} \text{ X } 100$

Interest-bearing net debt / Equity, %: $= \dfrac{\text{Interest-bearing liabilities - liquid assets - loans receivable}}{\text{Total equity}} \text{ X } 100$

Equity per share: $= \dfrac{\text{Equity attributable to the shareholders of the parent company}}{\text{Number of shares outstanding}}$

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)	1–3/2017	1–3/2016	1–12/2016
Adjusted EBITDA	**48.6**	**27.1**	**191.6**
Transaction costs	-4.2	-10.7	-47.0
Restructuring costs (excluding impairments)	-6.7	-2.1	-16.4
Insurance indemnity related to identity theft	0.0	0.0	10.2
Release of MHPS purchase price allocation in inventories	-1.8	0.0	0.0
Gain on disposal of Stahl CraneSystems	218.4	0.0	0.0
EBITDA	**254.2**	**14.3**	**138.5**
Depreciation, amortization and impairments	-28.3	-14.0	-53.7
Operating profit (EBIT)	**225.9**	**0.3**	**84.9**
Adjusted EBITA	**30.6**	**15.8**	**144.8**
Purchase price allocation amortization	-9.8	-1.0	-4.0
Adjusted Operating profit (EBIT)	**20.8**	**14.8**	**140.8**
Transaction costs	-4.2	-10.7	-47.0
Restructuring costs	-7.2	-3.8	-19.2
Insurance indemnity and returned funds related to identity theft	0.0	0.0	10.2
Release of MHPS purchase price allocation in inventories	-1.8	0.0	0.0
Gain on disposal of Stahl CraneSystems	218.4	0.0	0.0
Operating profit (EBIT)	**225.9**	**0.3**	**84.9**

Interest-bearing net debt	31.3.2017	31.3.2016	31.12.2016
Non current interest bearing liabilities	794.7	57.1	54.2
Current interest bearing liabilities	181.6	268.0	269.5
Net debt in assets held for sale	0.0	0.0	-26.7
Loans receivables	-17.1	0.0	0.0
Cash and cash equivalents	-423.6	-118.2	-167.4
Interest-bearing net debt	**535.6**	**206.9**	**129.6**

Net working capital	31.3.2017	31.3.2016	31.12.2016
Net working capital in balance sheet	259.2	269.7	271.1
Net working capital in asset held for sale	0.0	0.0	33.2
Net working capital	**259.2**	**269.7**	**304.3**

Notes

The period end exchange rates:	31.3.2017	31.3.2016	Change %	31.12.2016
USD - US dollar	1.069	1.139	6.5	1.054
CAD - Canadian dollar	1.427	1.474	3.3	1.419
GBP - Pound sterling	0.856	0.792	-7.5	0.856
CNY - Chinese yuan	7.364	7.351	-0.2	7.320
SGD - Singapore dollar	1.494	1.530	2.4	1.523
SEK - Swedish krona	9.532	9.225	-3.2	9.553
AUD - Australian dollar	1.398	1.481	5.9	1.460

The period average exchange rates:	31.3.2017	31.3.2016	Change %	31.12.2016
USD - US dollar	1.065	1.103	3.5	1.107
CAD - Canadian dollar	1.410	1.515	7.4	1.466
GBP - Pound sterling	0.860	0.771	-10.4	0.820
CNY - Chinese yuan	7.335	7.213	-1.7	7.353
SGD - Singapore dollar	1.508	1.547	2.6	1.528
SEK - Swedish krona	9.506	9.328	-1.9	9.469
AUD - Australian dollar	1.405	1.529	8.8	1.488

13. GUARANTEES, LEASE COMMITMENTS AND CONTINGENT LIABILITIES

EUR million	31.3.2017	31.3.2016	31.12.2016
For own commercial obligations			
Guarantees	518.3	449.9	447.0
Leasing liabilities			
Next year	41.5	35.3	34.7
Later on	87.8	74.3	75.8
Other	54.7	0.3	0.2
Total	**702.3**	**559.8**	**557.6**

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.

Notes

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.

14. FINANCIAL ASSETS AND LIABILITIES

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

EUR million **Financial assets 31.3.2017**	Financial assets/liabilities at fair value through OCI	Financial assets/liabilities at fair value through income statement	Loans and receivables	Financial assets/liabilities measured at amortized cost	Carrying amounts by balance sheet item
Current financial assets					
Account and other receivables	0.0	0.0	565.5	0.0	565.5
Derivative financial instruments	2.5	5.8	0.0	0.0	8.2
Cash and cash equivalents	0.0	0.0	423.6	0.0	423.6
Total	**2.5**	**5.8**	**989.1**	**0.0**	**997.3**

Financial liabilities 31.3.2017					
Non-current financial liabilities					
Interest-bearing liabilities	0.0	0.0	0.0	794.7	794.7
Derivative financial instruments	0.0	0.0	0.0	0.0	0.0
Other payables	0.0	0.0	0.0	16.2	16.2
Current financial liabilities					
Interest-bearing liabilities	0.0	0.0	0.0	181.6	181.6
Derivative financial instruments	3.3	1.9	0.0	0.0	5.2
Account and other payables	0.0	0.0	0.0	230.0	230.0
Total	**3.3**	**1.9**	**0.0**	**1,222.6**	**1,227.8**

Notes

EUR million Financial assets 31.3.2016	Financial assets/liabilities at fair value through OCI	Financial assets/liabilities at fair value through income statement	Loans and receivables	Financial assets/liabilities measured at amortized cost	Carrying amounts by balance sheet item
Current financial assets					
Account and other receivables	0.0	0.0	357.1	0.0	357.1
Derivative financial instruments	8.1	8.0	0.0	0.0	16.1
Cash and cash equivalents	0.0	0.0	118.2	0.0	118.2
Total	**8.1**	**8.0**	**475.3**	**0.0**	**491.3**

Financial liabilities 31.3.2016					
Non-current financial liabilities					
Interest-bearing liabilities	0.0	0.0	0.0	57.1	57.1
Derivative financial instruments	0.0	0.0	0.0	0.0	0.0
Other payables	0.0	0.0	0.0	3.2	3.2
Current financial liabilities					
Interest-bearing liabilities	0.0	0.0	0.0	268.0	268.0
Derivative financial instruments	4.5	2.0	0.0	0.0	6.4
Account and other payables	0.0	0.0	0.0	137.7	137.7
Total	**4.5**	**2.0**	**0.0**	**465.9**	**472.3**

EUR million Financial assets 31.12.2016	Financial assets/liabilities at fair value through OCI	Financial assets/liabilities at fair value through income statement	Loans and receivables	Financial assets/liabilities measured at amortized cost	Carrying amounts by balance sheet item
Current financial assets					
Account and other receivables	0.0	0.0	402.8	0.0	402.8
Derivative financial instruments	3.0	28.1	0.0	0.0	31.1
Cash and cash equivalents	0.0	0.0	167.4	0.0	167.4
Total	**3.0**	**28.1**	**570.1**	**0.0**	**601.3**

Financial liabilities 31.12.2016					
Non-current financial liabilities					
Interest-bearing liabilities	0.0	0.0	0.0	54.2	54.2
Derivative financial instruments	0.0	0.0	0.0	0.0	0.0
Other payables	0.0	0.0	0.0	6.9	6.9
Current financial liabilities					
Interest-bearing liabilities	0.0	0.0	0.0	269.5	269.5
Derivative financial instruments	11.0	7.2	0.0	0.0	18.2
Account and other payables	0.0	0.0	0.0	130.5	130.5
Total	**11.0**	**7.2**	**0.0**	**461.1**	**479.3**

On January 4, 2017, Konecranes raised loans of EUR 1,052 million related to the MHPS Acquisition. This included a syndicated EUR 300 million term loan with a tenor of three years, EUR 600 million amortizing term loan with a tenor of five years and a EUR 152 million bridge term loan. Upon completion of the STAHL CraneSystems divestment on January 31, 2017, Konecranes repaid in advance term loans of EUR 198 million including the full repayment of the bridge term loan.

Notes

The interest periods are on a floating three months basis for both of the EUR 300 million and 600 million term loans and fixed semi-annual basis for the EUR 50 million R&D loan. The weighted average interest rate for the term loans is 3.06%. The Company is in compliance with the quarterly monitored financial covenants (net debt to ebitda and interest-bearing net debt/equity) for these loans. No specific securities have been given for the loans. The Company continues to have healthy Interest-bearing net debt/Equity ratio of 42.8% (31.3.2016: 52.7%) which is in compliance with the bank 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.

14.2 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 **31.3.2017**	Carrying amount **31.3.2016**	Carrying amount **31.12.2016**	Fair value **31.3.2017**	Fair value **31.3.2016**	Fair value **31.12.2016**
Current financial assets						
Account and other receivables	565.5	357.1	402.8	565.5	357.1	402.8
Derivative financial instruments	8.2	16.1	31.1	8.2	16.1	31.1
Cash and cash equivalents	423.6	118.2	167.4	423.6	118.2	167.4
Total	**997.3**	**491.3**	**601.3**	**997.3**	**491.3**	**601.3**

Financial liabilities						
Non-current financial liabilities						
Interest-bearing liabilities	794.7	57.1	54.2	794.7	57.1	54.2
Derivative financial instruments	0.0	0.0	0.0	0.0	0.0	0.0
Other payables	16.2	3.2	6.9	16.2	3.2	6.9
Current financial liabilities						
Interest-bearing liabilities	181.6	268.0	269.5	181.6	267.3	269.5
Derivative financial instruments	5.2	6.4	18.2	5.2	6.4	18.2
Account and other payables	230.0	137.7	130.5	230.0	137.7	130.5
Total	**1,227.8**	**472.3**	**479.3**	**1,227.8**	**471.6**	**479.3**

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

14.3 Hierarchy of fair values

Financial assets	31.3.2017 Level 1	31.3.2017 Level 2	31.3.2017 Level 3	31.3.2016 Level 1	31.3.2016 Level 2	31.3.2016 Level 3	31.12.2016 Level 1	31.12.2016 Level 2	31.12.2016 Level 3
Derivative financial instruments									
Foreign exchange forward contracts	0.0	7.9	0.0	0.0	16.0	0.0	0.0	4.7	0.0
Currency options	0.0	0.2	0.0	0.0	0.0	0.0	0.0	26.3	0.0
Fuel oil derivative	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1	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**	**8.2**	**0.0**	**0.0**	**16.0**	**0.0**	**0.0**	**31.1**	**0.0**
Other financial assets									
Cash and cash equivalents	423.6	0.0	0.0	118.2	0.0	0.0	167.4	0.0	0.0
Total	**423.6**	**0.0**	**0.0**	**118.2**	**0.0**	**0.0**	**167.4**	**0.0**	**0.0**
Total financial assets	**423.6**	**8.2**	**0.0**	**118.2**	**16.0**	**0.0**	**167.4**	**31.1**	**0.0**

Financial liabilities	31.3.2017 Level 1	31.3.2017 Level 2	31.3.2017 Level 3	31.3.2016 Level 1	31.3.2016 Level 2	31.3.2016 Level 3	31.12.2016 Level 1	31.12.2016 Level 2	31.12.2016 Level 3
Derivative financial instruments									
Foreign exchange forward contracts	0.0	5.0	0.0	0.0	5.0	0.0	0.0	18.0	0.0
Interest rate swaps	0.0	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0
Electricity forward contracts	0.0	0.2	0.0	0.0	0.6	0.0	0.0	0.2	0.0
Total	**0.0**	**5.2**	**0.0**	**0.0**	**6.4**	**0.0**	**0.0**	**18.2**	**0.0**
Other financial liabilities									
Interest bearing liabilities	0.0	976.3	0.0	0.0	325.1	0.0	0.0	323.6	0.0
Other payables	0.0	0.0	10.6	0.0	0.0	3.5	0.0	0.0	6.9
Total	**0.0**	**976.3**	**10.6**	**0.0**	**325.1**	**3.5**	**0.0**	**323.6**	**6.9**
Total financial liabilities	**0.0**	**981.5**	**10.6**	**0.0**	**331.5**	**3.5**	**0.0**	**341.8**	**6.9**

15. HEDGE ACTIVITIES AND DERIVATIVES

EUR million	31.3.2017 Nominal value	31.3.2017 Fair value	31.3.2016 Nominal value	31.3.2016 Fair value	31.12.2016 Nominal value	31.12.2016 Fair value
Foreign exchange forward contracts	983.4	3.0	658.8	11.0	878.1	-13.2
Currency options	86.0	0.2	9.7	0.0	1,571.8	26.3
Interest rate swaps	0.0	0.0	100.0	-0.8	0.0	0.0
Fuel oil derivative	0.5	0.1	0.0	0.0	0.5	0.1
Electricity derivatives	0.7	-0.2	1.2	-0.6	0.8	-0.2
Total	**1,070.6**	**3.0**	**769.7**	**9.6**	**2,451.2**	**12.9**

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. The majority of currency options in 31.12.2016 related to the hedging structure of the Terex MHPS acquisition currency risk.

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 40.7% 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 Company 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 Company performs quantitative effectiveness test using the dollar value method approach by comparison of past changes in the cash flows of the hedged item that are attributable to the hedged risk with past changes in the cash flows of the hedging instrument and reviews whether the actual results of the hedge are within a range of 80–125 per cent. As a result, no hedge ineffectiveness arises requiring recognition through profit or loss.

The cash flow hedges of the expected future sales in 2017 and 2016 were assessed to be highly effective and a net unrealized loss, with a deferred tax asset of 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	**31.3.2017**	**31.3.2016**	**31.12.2016**
Balance as of January 1	15.0	-9.1	-9.1
Gains and losses deferred to equity (fair value reserve)	-19.1	8.4	30.1
Change in deferred taxes	3.8	-1.7	-6.0
Balance as of the end of period	**-0.3**	**-2.4**	**15.0**

16. TRANSACTIONS WITH RELATED PARTIES

EUR million	**31.3.2017**	**31.3.2016**	**31.12.2016**
Sales of goods and services with associated companies and joint arrangements	9.8	4.7	14.6
Sales of goods and services with significant shareholders	9.9	0.0	0.0
Receivables from associated companies and joint arrangements	8.7	4.0	5.5
Receivables from significant shareholders	25.5	0.0	0.0
Purchases of goods and services from associated companies and joint arrangements	10.8	11.9	48.1
Purchases of goods and services from significant shareholders	0.5	0.0	0.0
Liabilities to associated companies and joint arrangements	5.0	4.0	4.3
Liabilities to significant shareholders	15.1	0.0	0.0

Additional information

COMPARABLE COMBINED COMPANY SEGMENT INFORMATION, UNAUDITED

Orders received by Business Area	Q1/2016	Q2/2016	Q3/2016	Q4/2016	Q1–Q4/2016
Service [1]	245.2	254.6	241.2	240.4	981.4
Industrial Equipment	275.6	300.8	275.9	296.7	1,148.9
Port Solutions	171.4	249.7	203.0	421.1	1,045.2
./. Internal	-35.3	-43.4	-34.8	-36.7	-150.2
Total	**656.9**	**761.6**	**685.3**	**921.5**	**3,025.3**

[1] *Excluding service contract base*

Order book by Business Area [2]	Q1/2016	Q2/2016	Q3/2016	Q4/2016	
Service	211.9	226.1	227.2	200.3	
Industrial Equipment	530.1	550.2	555.1	540.9	
Port Solutions	755.6	761.8	685.6	766.4	
Total	**1,497.5**	**1,538.1**	**1,467.9**	**1,507.7**	

[2] *MHPS' order book includes deliveries for the next 12 months only.*

Sales by Business Area	Q1/2016	Q2/2016	Q3/2016	Q4/2016	Q1–Q4/2016
Service	280.2	304.1	295.5	334.3	1,214.1
Industrial Equipment	253.4	282.8	275.2	319.4	1,130.8
Port Solutions	220.3	242.0	277.6	351.6	1,091.4
./. Internal	-37.5	-41.7	-44.5	-34.2	-158.0
Total	**716.4**	**787.3**	**803.8**	**971.0**	**3,278.4**

Adjusted EBITA by Business Area	Q1/2016	Q2/2016	Q3/2016	Q4/2016	Q1–Q4/2016
Service	27.2	37.7	37.4	51.1	153.4
Industrial Equipment	-13.8	-4.9	3.0	9.6	-6.1
Port Solutions	0.0	13.8	10.2	28.7	52.7
Group costs and eliminations	-4.8	-4.0	-3.6	-3.6	-16.0
Total	**8.7**	**42.6**	**47.1**	**85.7**	**184.1**

Adjusted EBITA margin by Business Area	Q1/2016	Q2/2016	Q3/2016	Q4/2016	Q1–Q4/2016
Service	9.7%	12.4%	12.7%	15.3%	12.6%
Industrial Equipment	-5.4%	-1.7%	1.1%	3.0%	-0.5%
Port Solutions	0.0%	5.7%	3.7%	8.2%	4.8%
Group adjusted EBITA margin total	**1.2%**	**5.4%**	**5.9%**	**8.8%**	**5.6%**

ANALYST AND PRESS BRIEFING

An analyst and press conference will be held at the restaurant Savoy's Salikabinetti (address: Eteläesplanadi 14) on April 27, 2017, at 11.00 a.m. 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 a.m. at www.konecranes.com. Please see the stock exchange release dated April 6, 2017 for the conference call details.

NEXT REPORT

Konecranes Plc's January–June 2017 interim report will be published on July 26, 2017.

KONECRANES PLC

Miikka Kinnunen
Vice President, Investor Relations

FOR ADDITIONAL INFORMATION

Mr. Panu Routila,
President and CEO,
tel. +358 20 427 2000

Mr. Teo Ottola,
Chief Financial Officer,
tel. +358 20 427 2040

Mr. Miikka Kinnunen,
Vice President, Investor Relations,
tel. +358 20 427 2050

Mr. Mikael Wegmüller,
Vice President, Marketing and Communications,
tel. +358 20 427 2008

DISTRIBUTION

Nasdaq Helsinki
Media
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 2016, Group (comparable combined company) sales totaled EUR 3,278 million. The Group has 17,000 employees at 600 locations in 50 countries. Konecranes class A share is listed on Nasdaq Helsinki (symbol: KCR).

www.konecranes.com