KONECRANES
Lifting Businesses™

CONNECTED. FUTURE. EVERYWHERE.

Konecranes Annual Report 2014

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The Industrial Internet takes connectivity to new heights

Unique products and services that differentiate us from our competitors

After streamlining our ways of working and modernizing our information systems, we are now more connected as an organization

Next phase of digitalization

CONNECTED. FUTURE. EVERYWHERE.

Enabling completely new service concepts for enhancing safety and productivity

New competences needed across the board

Extensive global presence

Segment-based Offering

Different customer needs in every market area

KONECRANES IN A SNAPSHOT

Business Areas

Service

Konecranes offers specialized maintenance and modernization services for all types and brands of industrial cranes, lifting equipment, and machine tools through a global service network. Konecranes has 600 locations in almost 50 countries.

Products

Konecranes' extensive service offering covers inspections, preventive maintenance programs, repairs and improvements, on-call service, spare parts, modernizations, and an array of consultation services.

TRUCONNECT Remote Services lie at the core of Konecranes' offering and provide a range of information-based services, including periodic data reporting, real-time diagnostics, and remote technical support and production monitoring.

Market position

Konecranes is the clear market leader in crane service, with the world's most extensive crane service network. The group is also one of the largest providers of international machine tool services.

Service contract base

Approximately 450,000 units are covered by Konecranes maintenance contracts. The majority of this equipment has been manufactured by companies other than Konecranes. Expert maintenance is provided for any brand of equipment from any manufacturer.

Equipment

Business Area Equipment offers components, cranes, and material handling solutions for a wide range of customers, including process industries, the nuclear sector, industries handling heavy loads, container handling, intermodal terminals, shipyards, and bulk material terminals. Products are marketed through a multi-brand portfolio that includes Konecranes and the group's power brands: STAHL CraneSystems, SWF Krantechnik, Verlinde, R&M, Morris Crane Systems, and SANMA Hoists & Cranes.

Products

Our product range comprises industrial cranes, including industrial crane products, industrial crane solutions, and workstation lifting systems; components, including wire rope hoists, crane kits, electric chain hoists, manual hoists and accessories; nuclear cranes; container handling cranes; cranes for intermodal terminals and bulk material unloaders; lift trucks; and shipyard cranes. Konecranes Agilon is a patented materials management solution for managing, storing, picking, and replenishing components that offers improved efficiency in material handling. The product offering features a number of advanced technologies, such as automation and smart features, including sway control, load positioning, and shock load prevention.

Market position

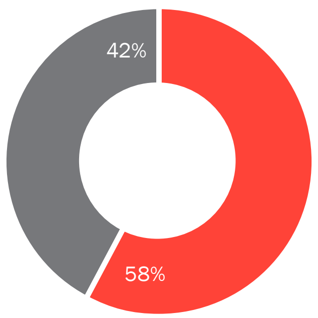
Konecranes is the world's largest supplier of industrial cranes, and a world leader in explosion-protected crane technology. It is also a global leader in electrical overhead traveling cranes for process industries and shipyard gantry cranes, and a strong global supplier of cranes and lift trucks for container handling and heavy unitized cargo and bulk material unloading.

Annual production

We produce thousands of industrial cranes annually, tens of thousands of wire rope hoists and trolleys and electric chain hoists, as well as hundreds of heavy-duty cranes and heavy-duty lift trucks.

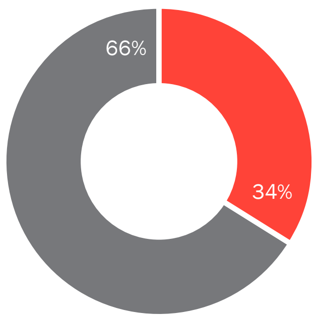
Konecranes is a global industry-leading group of Lifting Businesses™. Everything we do is targeted at one goal: improving the safety and productivity of our customers' operations.

Sales by Business Area, 2014



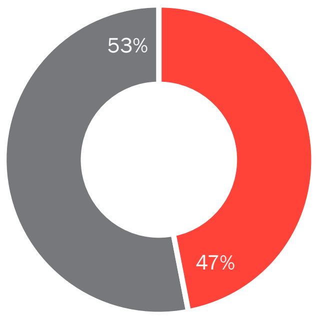
■ Equipment 1,221.7 MEUR
■ Service 895.1 MEUR

EBIT by Business Area, 2014*



■ Equipment 46.7 MEUR
■ Service 89.1 MEUR
* Excluding restructuring costs

Personnel by Business Area, 2014



■ Equipment 5,639
■ Service 6,285

Market leader in industrial cranes and components, as well as crane service

One of the largest suppliers of port cranes and lift trucks

Industry-leading technology and global modular product platforms

EUR 2,011 million of net sales in 2014

12,000 employees in 2014

13 countries with production facilities

Sales and service locations in **48 countries**

Head office in **Finland**

Listed on **Nasdaq Helsinki**

2014 HIGHLIGHTS
USING CHALLENGING TIMES TO MAKE COMPANY-WIDE IMPROVEMENTS

Profitability improved despite lower net sales

- Demand for maintenance services improved during 2014, the key driver being the sustained strength in the US manufacturing industry. Market environment remained difficult in the new equipment business, particularly within process industries and, geographically, in most of the emerging markets. Order intake decreased by 0.9 percent in 2014.
- Konecranes' order book as of the end of the year stood 9.6 percent higher than in 2013.
- Net sales decreased by 4.2 percent compared to 2013 due to Business Area Equipment.
- Operating margin before restructuring costs was 5.9 percent of sales. Profitability improved from the previous year thanks to Business Area Service.

Solid performance in Service, Equipment hit by lower sales

- Net sales in Business Area Service grew by 0.7 percent in 2014. Net sales grew in the Americas as well as India, Middle East and Africa, declining in Europe and Asia-Pacific. Contract base growth continued and was up 10.0 percent year-on-year at the end of 2014. Operating margin before restructuring costs was 10.0 percent of sales. Profitability improved due to higher gross margin and the restructuring actions executed in 2013.
- Net sales in Business Area Equipment were 8.1 percent lower than in 2013. The decline in net sales was mainly attributable to port cranes and heavy-duty industrial cranes. On the other hand, strong growth continued in the lift truck business. Operating margin before restructuring costs was 3.8 percent of sales. Profitability was burdened by lower sales and costs related to the operations in Ukraine.

Intense work continued within the strategic focus areas

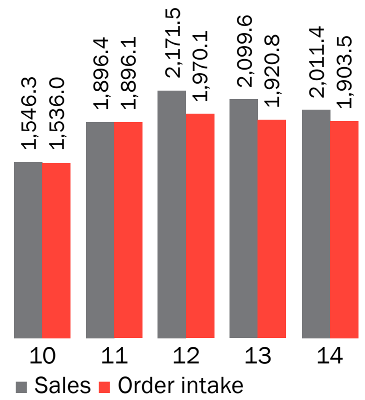
- The three strategic initiatives – Industrial Internet, Segment-based Offering and oneKONECRANES – were at the core of Konecranes' development work in 2014.
- Service developed its delivery concepts by introducing new tools and processes and further productized our service offering.
- The BOXHUNTER RTG crane, launched in April, was the first product to be launched under the Segment-based Offering initiative. It incorporates innovative and smart features in terms of control and mechanical solutions and is maintenance friendly.
- Konecranes unveiled the generation C series of lift trucks at the CeMAT fair in May.
- In June, Konecranes completed the acquisition of the remaining shares of Jiangsu Three Horses Crane Manufacture Co. Ltd. ("SANMA") and now owns 100 percent of the company.
- The CXT UNO overhead crane was launched in September. Designed to serve basic lifting needs, the crane is targeted at small and medium-sized companies as well as larger enterprises that require lifting equipment for more rudimentary applications.
- Also in September, we introduced an entirely new family of wire rope hoists under Konecranes' Morris Crane Systems brand. The Morris S5 Series matches standard needs, especially in the component distribution and modernization businesses in emerging markets.
- At the end of 2014, the equipment base covered by Konecranes' remote monitoring services had grown to 8,000 units. We enhanced the user experience with a user-friendly, harmonized communication interface.

10.0%
increase in Service contract base compared to 2013.

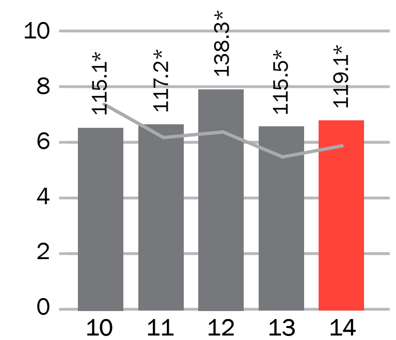
5.9%
operating margin before restructuring costs in 2014.

9.6%
increase in order book compared to 2013.

Sales/orders, MEUR

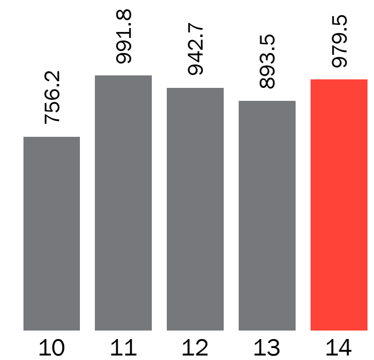


EBIT, MEUR/EBIT margin, %

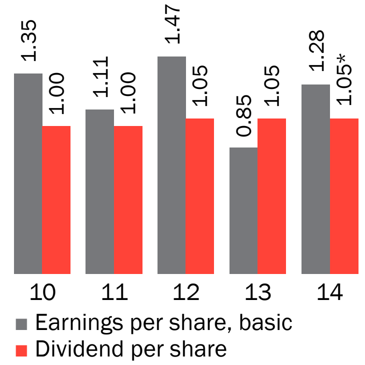


* Excluding restructuring costs

Order book, MEUR

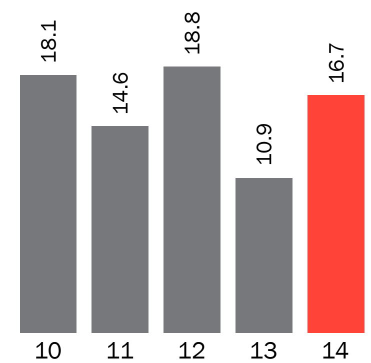


Earnings & dividend per share, EUR

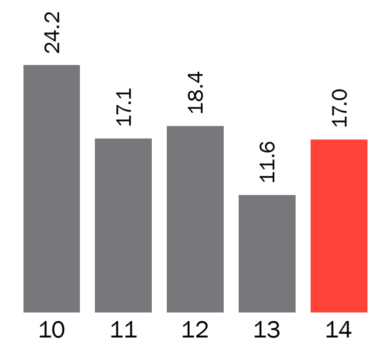


* The Board's proposal to the AGM

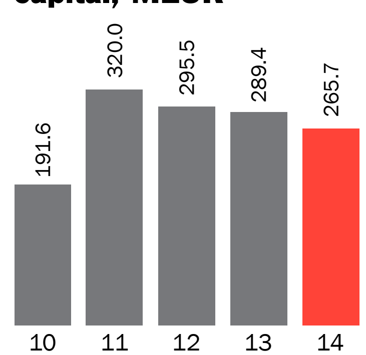
Return on equity, %



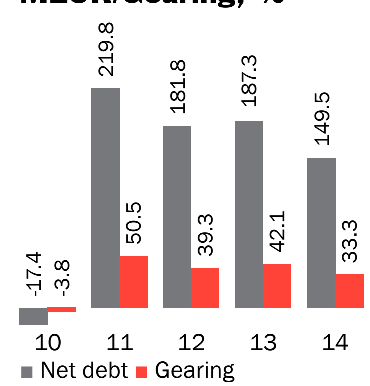
Return on capital employed, %



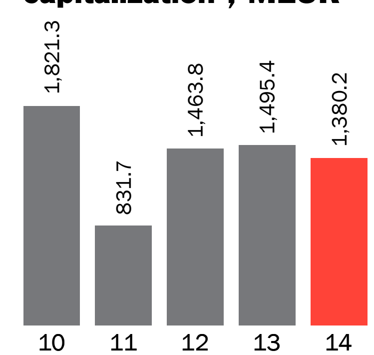
Year-end net working capital, MEUR



Year-end net debt, MEUR/Gearing, %



Year-end market capitalization*, MEUR



* Excluding treasury shares

CONNECTED. FUTURE. EVERYWHERE.

Our strategic initiatives hinge upon three critical points: connectivity, a forward-looking orientation, and ubiquity. We see the Industrial Internet as the future of both material handling and of our customers' industries, and we see an essential role for our products and services across all markets and segments.

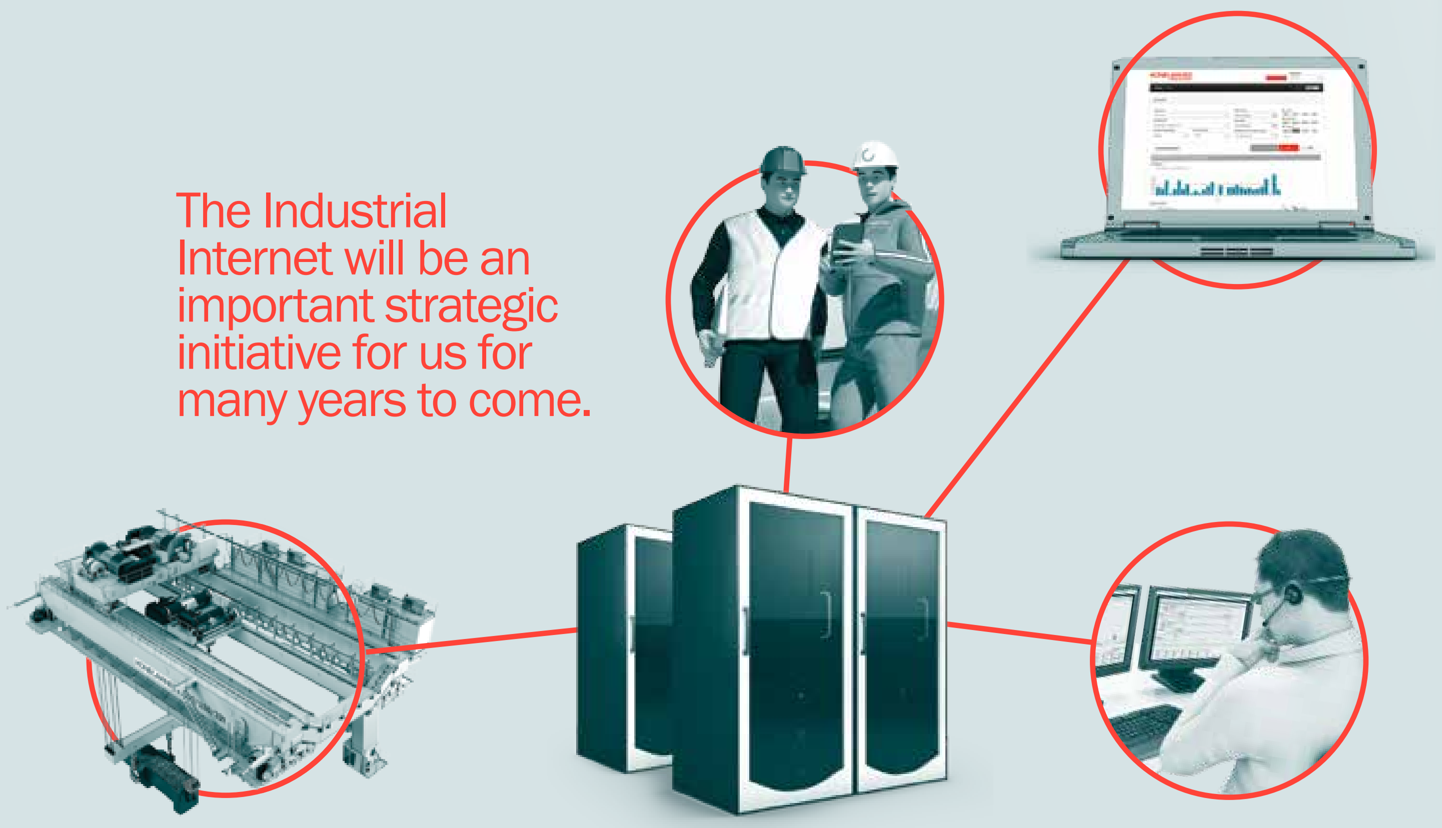
CONNECTED.

1 The Industrial Internet takes connectivity to new heights. First, consider the ability of machines to analyze both their own condition and the properties of their environment. Then, add the capability to communicate with other systems to report this data and take preventive action. This next wave of connectivity is increasingly referred to as the "Internet of Things". With the Industrial Internet, we see this same concept at work in the field of material handling, with our ways of working and those of our customers changing significantly as a result.

2 By making machines intelligent and aware of their condition, and networking them to create real-time visibility, we can offer our customers unique products and services that differentiate us from our competitors and warrant a price premium.

3 Under the oneKONECRANES initiative, we are streamlining our ways of working and modernizing our information systems to boost productivity and lower our cost levels. This has had an influence on many different activities and processes within the company, from sales management to delivery, and underpinned by extensive global IT solutions. We are now more connected as an organization, and ready to reap the rewards of these changes.

The Industrial Internet will be an important strategic initiative for us for many years to come.



FUTURE.

1 The Industrial Internet is our response to what we see as the inevitable next phase of digitalization in material handling. We believe that another revolution will take place in the way industries operate. Digitalization will affect how we interact with our customers, how we manage our supply chains and, most importantly, how we interact with the equipment we sell and service.

2 The advent of machines becoming intelligent and aware of their own condition is enabling completely new service concepts for enhancing safety and productivity. Safety is the key: the new Industrial Internet technologies enable a customer's operations in a port or factory to be made safer, addressing key concerns that have been challenging industries worldwide. Then there is the target of improved productivity, as the customer can see in real time how their machines are performing and address any bottlenecks.

3 For these reasons, the Industrial Internet will be an important strategic initiative for us for many years to come. As well as new technologies, the first of which are already providing value to our customers, a paradigm shift of this kind demands many new competences across the board, ranging from product design and engineering innovators, to sales personnel able to fully articulate this new value proposition.

EVERYWHERE.

1 Konecranes has an extensive global presence, with offices in 48 countries and encompassing both established and developing economies. To build long-term customer relationships, Konecranes continuously develops its understanding of these varied markets and the needs of the different industries operating within them. We have over 4,000 service technicians around the world, servicing cranes and machine tools of all makes. Around 75 percent of the cranes in our maintenance contract base are, in fact, non-Konecranes equipment, guaranteeing our relevance to every potential customer.

2 Segmentation between mature and emerging markets is less and less relevant. Different needs exist in every market area. Detailed analysis of customer requirements has informed our decision to categorize our products and services into "advanced" and "standard" segments. To both of these, we dedicate ourselves to providing what we've termed the "core of lifting", quality and safety.

3 We target the advanced segment with capabilities such as smart intelligence and real-time remote services, while the standard segment represents the most competitive offering for basic needs, emphasizing reliable quality and standard performance. The advanced and the standard segment both share our stringent quality principles, however. While we may change the specifications and features of our products to suit a customer's needs and budget, we never compromise on safety or quality. We call this revised approach our Segment-based Offering.

CEO'S LETTER
EVEN LOW-GROWTH ENVIRONMENTS CONTAIN OPPORTUNITIES

We are, of course, always dependent on general economic and geopolitical development, but I am confident that those matters that we can affect are developing in the right direction.
– Pekka Lundmark, CEO

Dear shareholders,
2014 was characterized by uneven economic development across the world. We benefited from the strong development in North America, owing to our good market position in the region. This was unfortunately not enough to compensate the weakness in several other parts of the world, and consequently we targeted profit improvement despite slightly lower overall volumes. Price competition remained intense, but we managed to retain our market position through active sales management and new product launches. Price increases were possible in certain value-adding products and services. We can be reasonably satisfied with the fact that our operating profit before restructuring costs improved in spite of net sales dropping by EUR 88 million, to EUR 2,011 million. The operating margin, before restructuring costs, improved from 5.5 percent in 2013 to 5.9 percent, which is a good achievement in a volume decline, though still below our target of 10 percent.

Our Service business continued on their steady path, and its operating margin climbed to 10.0 percent (2013: 9.1 percent). Systematic restructuring of non-performing units, introduction of new services, and focus on sales management were the main contributors to this result, marking the third consecutive year of operating margin improvement. Weak topline growth was an issue, but the promising order intake in the second half of the year, combined with strong contract base development, bodes well for growth and profitability prospects in 2015.

While the Equipment business was able to lower costs and improve project execution to mitigate the effects of the lower volume, we obviously cannot be satisfied with the 3.8 percent operating margin excluding restructuring costs. There were, however, big performance differences between the different product lines and geographical market areas. I want to highlight the excellent performance of our lift truck business that posted good growth and strong results. The new management of the Equipment business launched a comprehensive turnaround plan in the second half of 2014, which will simplify our operational model and reduce our cost base by a further EUR 30 million by the end of 2016's first quarter.

Cash flow was strong, which helped to lower our gearing to 33.3 percent and improve return on capital employed to 17.0 percent from 11.6 percent the year before. Earnings per share grew to EUR 1.28 from EUR 0.85 in 2013.

There are many uncertainties in the world economy. However, even in low-growth environments there are interesting megatrends that create opportunities.

Digitalization has the potential to radically change how the world's industries operate. Smart connected machines enable increased safety, completely new business models, and sometimes even disruptive asset productivity leaps. We intend to be in the forefront of this development and have therefore defined the Industrial Internet as one of our three key strategic initiatives. We have 8,000 machines already connected online, and that's just the beginning.

Baby boomers are retiring, and the shrinking workforce in industrialized countries will necessitate more productive ways of working, increasing the demand for technology that drives up productivity, as well as outsourced professional services. At the same time, scarcity of resources will create major opportunities as old lifting equipment is replaced with safer and more environmentally efficient modern solutions.

Our second strategic initiative, Segment-based Offering, reflects the fact that customers' needs for advanced and standard solutions does not follow the division between established and emerging markets. The new product family for standard customer needs will be relevant throughout the world, as is the case with our products that satisfy those customers with advanced needs. 2014 saw the launch of the first products in the standard segment: the BOXHUNTER container crane, UNO standard industrial crane, UNITON heavy-duty industrial crane, and Morris S5 wire rope hoist.

Our third strategic initiative, oneKONECRANES, sees us streamlining our processes and modernizing our information systems to improve customer service and productivity. As a result, our sales funnel management is now globally implemented, covering almost all of our business. Our new ERP for finance and material handling now covers about one third of our sales and the new systems for field service management are implemented or in the process in six countries, with approximately a fifth of our global business covered.

I am cautiously optimistic about 2015. We started the year with an order backlog that was 9.6 percent higher than a year ago. The weakening euro is increasing the competitiveness of our European manufacturing units, our newly launched products are providing growth opportunities, and cost efficiency programs are proceeding. We are, of course, always dependent on general economic and geopolitical development, but I am confident that those matters that we can affect are developing in the right direction.

A sincere thank you to our shareholders, customers, partners, and, most importantly, to all our employees for their dedication and hard work.

Pekka Lundmark
President and CEO

CHAIRMAN'S LETTER
FORGING A BETTER, STRONGER COMPANY TOGETHER

I give credit to our decision at the turn of the decade to build a company which can act with a high degree of agility in all situations. Today that decision pays dividends.
– Stig Gustavson, Chairman of the Board

Dear fellow shareholders,

In my letter one year ago I lamented the difficult world economy and the hard fight our company was facing in order to win contracts in a world unwilling to invest. I also pointed out some pockets of good progress, in particular the American market and our operations there.

Now, one year later, the same applies.

I went on to describe our strong internal actions, intended to position ourselves for a better economy in the future: our R&D efforts, our systems development and our venture into the Industrial Internet.

Once more, this year I am compelled to repeat myself on most of my previous points.

The world economy has not improved. On the contrary, we have seen a development to the worse. The Arabic spring with its uprisings, war in Syria and the actions related to ISIS have sent profound shockwaves through the whole world.

The Russian seizure of Crimea and the war that followed in Ukraine's Donbass region have an impact worldwide also, particularly in the EU and the US.

Sanctions against Russia in trade, in the financial sector, and in technology have had profound effects not only in Russia but also elsewhere.

The big drop in oil prices, a consequence of both low demand and the arrival of a new actor in that market, the American shale gas, have further wounded the Russian economy.

To save space, I will not indulge here in the state of the European economy and all its problems. I trust that my educated reader is well aware of how things are here.

It is obvious that our customers have become very cautious. They carefully examine every CAPEX project, and they postpone all orders, save for those that are absolutely vital for their survival.

Against this extreme backdrop, our company has nevertheless performed well.

Not only have we maintained our topline sales, we have also been able to defend our market shares and improve our margins and profitability.

Our balance sheet has remained strong. Our return on capital has improved, our net debt is low and our dividend capacity is intact.

Our Equipment business has gained, through a number of painful but necessary adjustments, an increasingly competitive edge. As is usual in activities like ours, with long lead times between order and shipment, we have not seen the full profit impact yet. Orders are already improving, and we started 2015 with a strong and growing order backlog.

In our Service business, results come through much faster. Through the year, we have seen stronger margins, and during Q4 this business already posted impressive margins. Profitable work for hire is a large part of our service activity, yielding sustainable and good customer relationships. Our parts sales is increasing, but companies whose entire service sales comprises of parts naturally post even higher margins.

We are understandably proud of our previous strategic choices: our R&D investments, our decision to invest in systems improvements in a down market, and the fact that we positioned ourselves at the forefront in Industrial Internet applications.

Most of all, I give credit to our decision at the turn of the decade to build a company which can act with a high degree of agility in all situations. Today that decision pays dividends.

In the midst of all the doom and gloom, however, we do see a number of positive elements.

The factory in Zaporizhia, Ukraine, has been able to continue production. When the war broke out, we reduced the amount of orders to that factory and increased production in other locations. However, although the situation in Eastern Ukraine remains highly uncertain – the war appears to be escalating – the factory has been able to reach semi-normal activity levels, which in today's situation is an outstanding achievement.

I am writing this letter in late January, 2015. The most recent news carries messages on ECB, the European Central Bank, moving into massive quantitative easing, similar to the US Fed's actions earlier. I hope the consequences will be a wave of new confidence in the EU economy, a confidence that will hopefully translate into increasing investments and growth.

The euro has also weakened substantially as of late. This movement will not affect our profitability until later this year (our future cash flows are hedged for surety reasons), but we are already better equipped to meet non-European competition.

Let me also comment on our internal development. I can confirm my forward-looking statements from last year's letter.

Our new product range of competitively priced mid-market products is launching and orders are coming in.

Our new administrative systems have been deployed in a majority of our units, and our people are enthusiastic about these new tools, which enhance our efficiency and management precision tremendously.

We continue spearheading the march into the era of Industrial Internet. Perhaps the markets do not yet fully appreciate the potential of this technology, but few companies dare to ignore the future, and most of our customers specify internet capabilities in their new equipment orders.

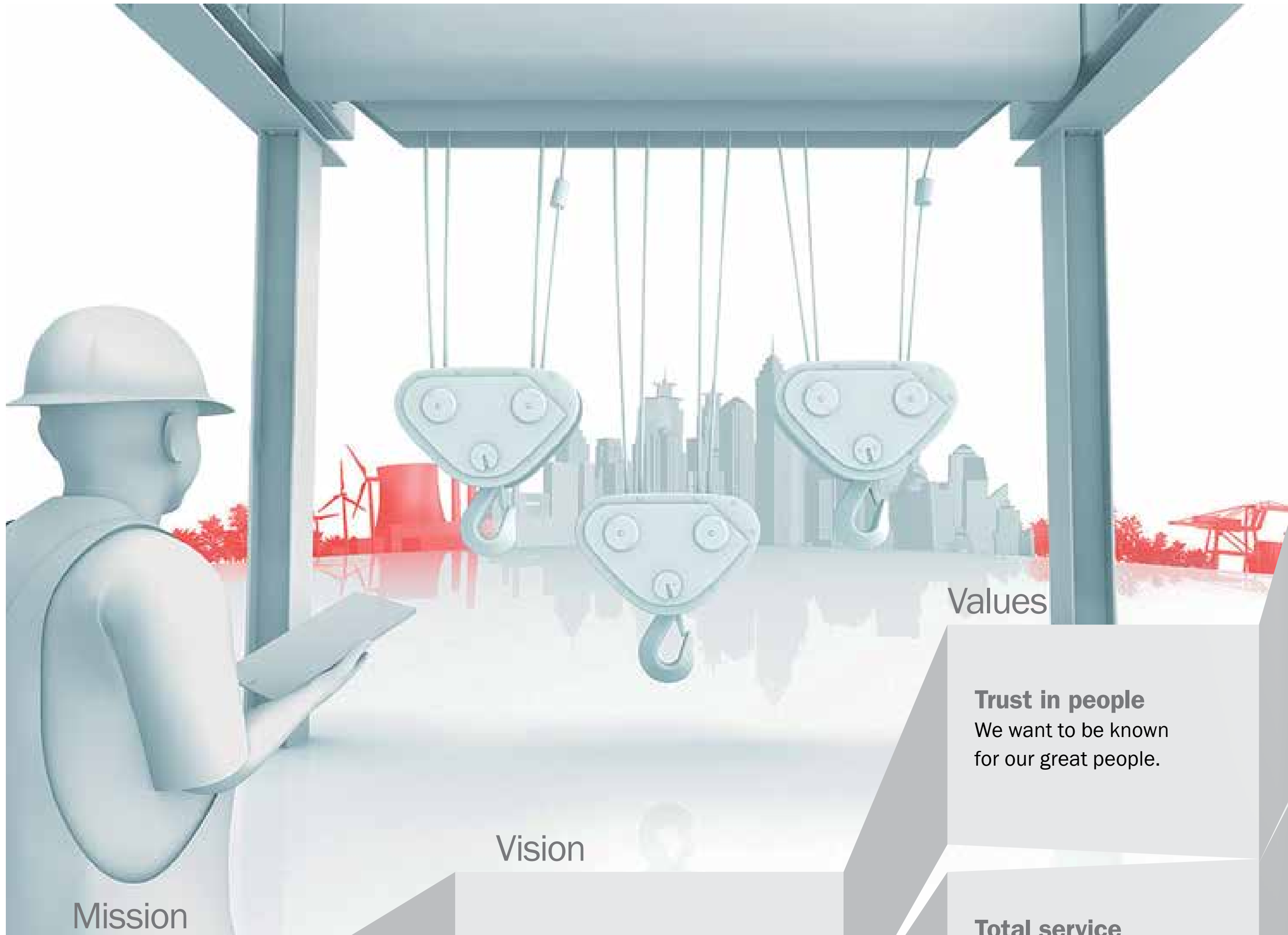
Dear fellow shareholders, we have put a turbulent year behind us. No one can promise an end to the turbulence. However, your Board and management remain as determined as ever to steer our company successfully through the storm. We have a winning concept, capable management and superb people.

I want to thank all of our employees for their diligent work throughout a difficult year. Together we have forged a better and stronger company.

Finally, following an old tradition, I would like to thank our loyal shareholders, and extend a warm welcome to all the new members of our ownership.

Stig Gustavson
Chairman of the Board

COMPANY CORNERSTONES
THE CORPORATE PLATFORM TELLS OUR STORY



Mission

Not just lifting things, but entire businesses.

Vision

We know in real time how millions of lifting devices and machine tools perform. We use this knowledge around the clock to make our customers' operations safer and more productive.

Values

Trust in people
We want to be known for our great people.

Total service commitment
We want to be known for always keeping our promises.

Sustained profitability
We want to be known as a financially sound company.

Key strategic initiatives

Industrial Internet
We make machines intelligent and aware of their condition, and network them to create real-time visibility for enhanced safety and productivity. This unique service that we offer our customers differentiates us from our competitors and warrants a price premium.

Segment-based Offering
We meet our customers' needs across the world through a segment-based offering of products and services.

oneKONECRANES
We streamline our way of working and modernize our information systems to boost productivity and lower our cost level.

Megatrends

People and society
Generation Y behaves differently. They are IT savvy, and may seek a different work/life balance, challenge leaders of companies and countries, and expect ethical behavior, including good governance and workplace safety.

World demographics
Urbanization, new megacities, reverse brain drain with talent returning to emerging countries. The age pyramid favors emerging countries over Western countries. Emerging markets will represent a major part of the world's growth.

Digitalization
Advances in data analytics, automation, sensors, wireless networking, and nano-technology are enabling intelligent "self-aware" machines.

Resource scarcity
The need to save energy, find new sources of energy, control emissions, and develop clean energy. Environmental awareness is also growing in emerging markets; waste of any kind is increasingly unacceptable.

BUSINESS ENVIRONMENT
TRADING CONDITIONS REMAINED FAVORABLE IN NORTH AMERICA, EMERGING MARKETS WERE A DISAPPOINTMENT

World manufacturing industry activity

In 2014, the US continued to be in the driver seat in terms of macroeconomic development. American factory output, measured by the Purchasing Managers' Index (PMI), remained firmly in expansive territory. The US manufacturing capacity utilization rate continued to increase also, and reached 2008 pre-crisis levels at the end of the year.

In Europe, the development was twofold. According to PMI surveys, manufacturing activity was upbeat in the first half of the year. However, momentum was lost in the second half and stagnation was evident at the end of the year. Overall, the UK was the brightest spot, while France was the weakest of the larger countries in the survey. Despite this mixed PMI development, manufacturing capacity utilization in the European Union was above the previous year's level throughout 2014.

In the BRIC countries, the PMIs in Brazil, China and Russia pointed to stable manufacturing output, while the signs of moderate growth could be observed in India. However, the pick-up in India was hardly visible in terms of real economic activity.

Overall, activity in the world's manufacturing sector, according to the aggregated JPMorgan Global Manufacturing PMI, continued to increase at a moderate pace in 2014.

Demand for lifting equipment and services

In a year-on-year comparison, the demand for cranes and hoists weakened slightly among industrial customers. However, the demand improved somewhat in the course of the year compared to the beginning of 2014. In terms of the regions, order intake for industrial lifting equipment decreased in Europe and China, whereas it increased from the previous year in the Americas and Middle East and Africa regions. Overall, the demand for heavy-duty cranes continued to suffer from low investment activity within the process industries. Demand for lift trucks was strong in EMEA and the Americas.

Global container traffic grew by approximately five percent in 2014, and project activity with container ports was satisfactory. Orders were received from North America, Eastern Europe, Mediterranean, Indonesia, Australia, and West Africa.

Demand for lifting equipment services and parts grew moderately. North American demand clearly recovered after the first quarter, which was somewhat held back by adverse weather conditions. Demand for services in Europe was stable. Elsewhere, demand development continued briskly in India, the Middle East and Africa, whereas the economic slowdown affected business in Australia.

Raw material prices, including steel and copper, continued to be under downward pressure in 2014. Oil prices slumped in the fourth quarter of 2014. From January to June, the euro strengthened moderately against the US dollar in the year-on-year comparison. However, this development was clearly reversed in the third quarter and the EUR/USD finished the year below 2013 levels.

Konecranes' global market positions

#1 in industrial cranes & components

#1 in crane maintenance services

#2 in lift trucks

#3–5 in container handling cranes

16% market share

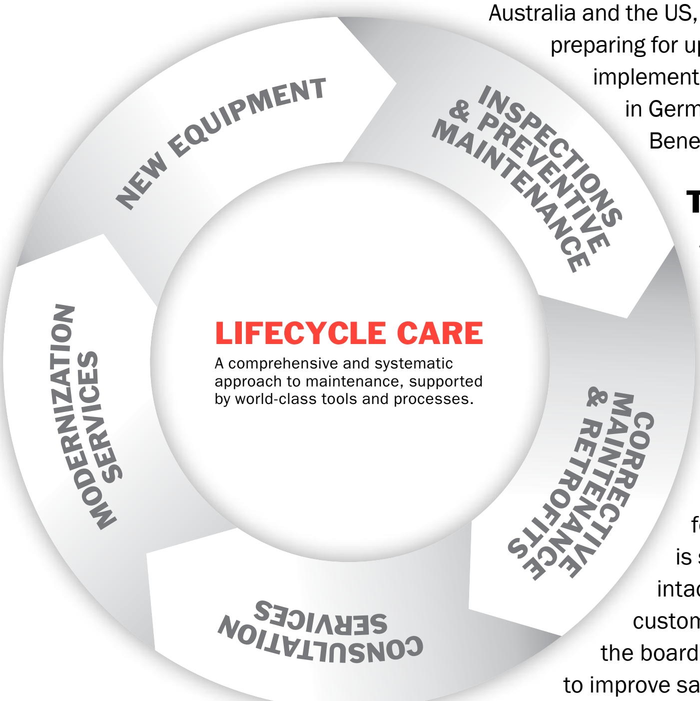
BUSINESS AREA SERVICE
NEW BUILDING BLOCKS, PRODUCTIZATION AND IMPLEMENTATION

Continuous improvement is something of a credo for Business Area Service. Our contract base, very much the foundation of the business, continued to grow in 2014, and we've been able to show improvements in terms of both gross margin and EBIT margin.

Our offering and product mix helped bolster profitability this year. We've focused on core products (our value-added offering), and productized our service offering, introducing tools and processes to support training, sales and delivery. It's been a year of laying foundations, during which we've made much progress in line with the oneKONECRANES strategic initiative.

We have also put much emphasis upon implementation, making our approach to sales more systematic, deliberate, and rigorous. Perhaps most importantly, the CRM system we have implemented provides much-needed new visibility over our customer base in all regions. In addition, sales configuration tools allow us to drive the productization of services, facilitate the introduction of new products, and drive consistency worldwide.

We have fully implemented our field service and parts distribution processes and systems in Finland and Denmark, are well underway in the UK, Canada, Australia and the US, and are preparing for up-coming implementations in Germany and Benelux.



The global picture

Despite market uncertainty, particularly in Europe, demand for services is still largely intact. Our customers across the board are looking to improve safety and productivity, even in developing markets. As labor costs have increased in China, for example, new focus on productivity can be observed, and we are in a strong position to serve this need.

Even in depressed economic circumstances, share of the total market can still be grown. Increasing market share by opening up closed markets and developing customer relationships is our methodology here.

We continue to have high expectations in North America, with US economic growth a positive force and the strong dollar lending support to sales and profitability. The underlying oil and gas revolution has helped to lift many industries, and manufacturing is making a tangible return.

In Latin America, including Mexico, we continued to grow. The region's waning commodities are one obstacle, but we have managed to take a share of the market and there is further progress to be made.

Europe has been stable at best, with the UK and Germany among the bright spots leading much of our development this year. There are slight improvements elsewhere, but instability in Ukraine has impacted on our Russian projects, creating something of a shortfall.

The Middle East and Africa have been very strong, with significant growth in markets such as South Africa and Saudi Arabia. We have performed well in India and continue to expand the offering there.

China has been a good performer. Companies are seeking to improve safety and productivity, and regulatory developments regarding inspections and safety also support our efforts. In response, we are pursuing a more focused approach in this territory. In relation to the total market, we are still a small presence, and our aim is to go after the larger market over time by concentrating on specific products. There are huge opportunities for replacement hoists, to take just one example.

Australia is suffering from a downturn in commodities as well as manufacturing, which has had an unfortunate impact. In Thailand and Singapore we have done well, and in Japan we have observed new potential. Here we are still small and find ourselves in a good position to lead service development in a mature market.

Business Area Service aims to improve the safety and productivity of our customers' operations by providing specialized maintenance services and spare parts for all types and makes of industrial cranes, hoists, machine tools and container handling equipment – from a single piece of equipment to entire operations.

The approach to sales that Business Area Service takes is more systematic, deliberate, and rigorous as a result of its recently implemented CRM system, which provides much-needed new visibility over our customer base in all regions.

The service vision progresses

A key focus for Service is lifecycle care (our ability to assist customers with every facet of their operations over the entire lifetime of their equipment) and the products that help us provide that coverage. Another is real-time service, facilitated by fieldwork and technologies associated with the Industrial Internet, centered on remote monitoring, diagnostics and analytics.

By bringing these two aspects closer together, taking on and managing customer assets while bringing to bear insights gained from inspection and maintenance information – alongside usage data – we hope to develop a truly consultative approach and add even greater value to our customers' operations. Efforts to align these aims represent an important initiative for us in the coming months.

› Visit our renewed Service section at www.konecranes.com/service/crane-service

Key figures

	Proportion of Group total, %	2014	2013	Change, %
Orders received, MEUR	37	750.8	715.9	4.9
Order book, MEUR	16	152.6	128.1	19.1
Net sales, MEUR	42	895.1	889.1	0.7
Operating profit (EBIT), excluding restructuring costs, MEUR	66	89.1	80.6	10.6
Operating margin (EBIT), excluding restructuring costs, %		10.0%	9.1%	
Operating profit (EBIT), MEUR	66	86.9	67.8	28.2
Operating margin (EBIT), %		9.7%	7.6%	
Personnel at the end of the period	53	6,285	6,151	2.2

BUSINESS AREA EQUIPMENT
A NEW AND CHALLENGING PARADIGM

The numbers speak for themselves: this has not been a year of huge positive developments in investment for new equipment in our key markets. Our business environment is cyclical in nature, but these cycles of alternating prosperity and austerity now have a shorter span, with the highs and lows coming faster than in previous times.

This fundamental shift in economics means that we have to be able to handle disruption more frequently: to take advantages of the peaks and use the troughs to regroup, to vary our cost structure and balancing capacity, and to become more robust as an organization.

Markets far from accommodating

The big freeze that hit North America early in the year was unfortunate for us, but by and large, we saw good, stable development there. The appreciation of the US dollar should provide some benefits going into 2015 in the competitiveness of our products. Looking to South America, Brazil has been slowing, but demand across the continent is still strong in ports and terminals.

The unfolding events in Ukraine have affected our European operations in a number of ways. Firstly, there is a superb production facility located there, but the local situation has left us unable to make use of its full potential: risk mitigation forced us to use factories in other locations at higher cost.

In the broader European market, by and large market development has been fairly flat across Western Europe, with the exception of the UK and some smaller signs of improvement in Spain and Portugal. We continue to grow in the Middle East, where the market is enjoying sustained stability, where investment in oil and gas has been strong in the current year, but may now diminish following the recent decline in the price of oil.

India has been slow in 2014 following the country's elections. That said, some cautious optimism is warranted as we have seen an increase in enquiries and detected a good outlook generally.

In Australia, industrial investment is at a standstill (though it remains a solid market for services) and the territory has been weak for us. Political uncertainties have led to slightly reduced orders in South-east Asia, but Thailand in particular remains a strong contributor for us and Indonesia shows promise.

China has been weak, and the country's "growth miracle" – especially in terms of industrial investment – has clearly slowed. Following a period of overinvestment, government spending will continue to reduce. GDP growth is no longer the barometer of success amongst China's municipalities: the age of efficient spending and better utilization of resources is being ushered in.

Three paths, all leading forward

Our response to these challenges is widespread development under the banner of three focus areas: stronger customer focus, operational excellence and simplicity.

Stronger customer focus means growing our topline by adopting "market-first thinking" in everything we do. This includes how we prioritize our development initiatives, and exactly which countries and industries we target.

We will also continue to develop and train our sales teams towards true sales excellence via strong sales management and the benefits of our Segment-based Offering.

In 2014, we launched several products with this new segmentation in mind (the BOXHUNTER, Morris S5 Series wire rope hoists, CXT UNO and UNITON, which are presented in more detail in the R&D section on page 24). These are all designed to serve standard operating needs and thereby suitable for both emerging and developed markets.

As further examples of our Segment-based Offering, Port Cranes' broad offering for container handling in the yard is bolstered by the Automated RTG in the advanced segment, and in wire rope hoists, the SWF Nova Hoist, which also targets the advanced segment. The aforementioned Morris S5 Series is intended for the Chinese mid-market. In Industrial Cranes, our CXT cranes meet customer needs in various applications: the CXT NEO for the advanced segment and the CTX UNO for the standard. While in Industrial Cranes, the launch of the UNITON crane expands our addressable market for heavier cranes into the standard segment.

Under the theme of operational excellence, we will focus on reclaiming margin by driving down product cost and becoming even more efficient.

Business Area Equipment offers components, cranes, and solutions for the process industries, the nuclear sector, industries handling heavy loads, container handling, intermodal terminals, shipyards, and bulk material terminals. As well as Konecranes-branded products, its portfolio includes the STAHL CraneSystems, SWF Krantechnik, Verlinde, R&M, Morris Crane Systems, and SANMA Hoists & Cranes power brands.

In the newly labeled "advanced segment" of customer needs, Port Cranes' broad offering for container handling in the yard is bolstered by Konecranes Automated Stacking Cranes (ASC).

We will achieve this through the continued rollout of oneKONECRANES global business processes and supporting IT systems.

Quality improvement is another area in which we aim to demonstrate operational excellence. We see meeting our customers' needs better as a clear opportunity for us to improve our profitability.

Finally, we have identified simplicity as our third focus area. We aim to simplify our operational model to increase profitability through a tighter, more efficient, customer-focused organization, composed of teams with clear roles and responsibilities.

Through this clarification alone, we can develop product cost engineering as part of our DNA as a company, driving down our product costs and boosting our competitiveness.

Konecranes as an equipment supplier has achieved good market coverage through prudent acquisitions. Access to market is another strength, thanks to our multi-channel strategy of supplying both distributed brands and explicitly Konecranes products. Seen from this perspective, we are well placed to weather this period and harness the tailwinds when they arrive.

› Watch Konecranes' videos on YouTube: www.youtube.com/LiftingBusinesses

Key figures

	Proportion of Group total, %	2014	2013	Change, %
Orders received, MEUR	63	1,262.5	1,319.6	-4.3
Order book, MEUR	84	826.9	765.3	8.0
Net sales, MEUR	58	1,221.7	1,329.2	-8.1
Operating profit (EBIT), excluding restructuring costs, MEUR	34	46.7	54.3	-14.1
Operating margin (EBIT), excluding restructuring costs, %		3.8%	4.1%	
Operating profit (EBIT), MEUR	34	45.6	37.8	20.8
Operating margin (EBIT), %		3.7%	2.8%	
Personnel at the end of the period	47	5,639	5,626	0.2

REGIONAL OVERVIEW
IN PURSUIT OF GROWTH WORLDWIDE

To build long-term customer relationships, Konecranes must continuously develop the fullest possible understanding of world markets and the needs of different industries. The company's operations are therefore divided into three geographical regions: Americas (AME), Europe, Middle East and Africa (EMEA), and Asia-Pacific (APAC).

AME
Americas

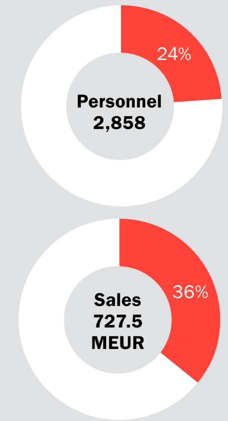
The Americas continue to represent strong markets for Konecranes, particularly the US, which is the most developed example in terms of outsourced crane services. General manufacturing, logistics, steel, and automotive are the largest market segments.

The cold winter kept a number of projects from getting off the ground in North America, but nevertheless stable development in equipment sales could be observed. US economic growth was evident after a stagnant period, and the strong dollar lent support to sales.

The oil and gas revolution is also spurring strong results, and manufacturing industries are enjoying a resurgence. The appreciation of the US dollar should provide some benefits going into 2015 in terms of our products' competitiveness.

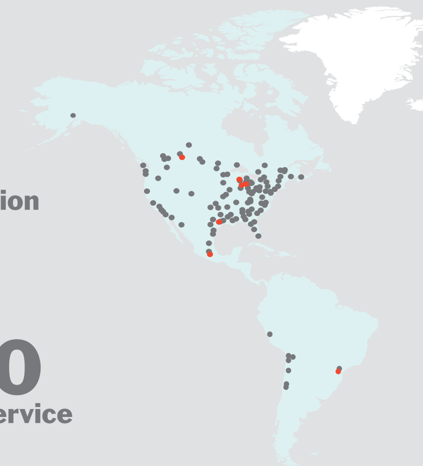
Demand for equipment remains strong in South America and our sales teams have been reinforced to capitalize on this. Growth continued in the Latin American services market. The region's waning commodities are an obstacle to the equipment business, but we believe there is further progress to be made nevertheless.

Largest markets:	US, Canada, Brazil, Chile, and Mexico
Operations:	2,858 employees, 140 locations
Manufacturing:	8 plants manufacturing industrial and process cranes, including nuclear cranes, hoists, parts, and related components
Key brands:	Konecranes, R&M, STAHL CraneSystems, Crane Pro Parts and P&H® (through Morris Material Handling)



8 Production sites

140 Sales & service



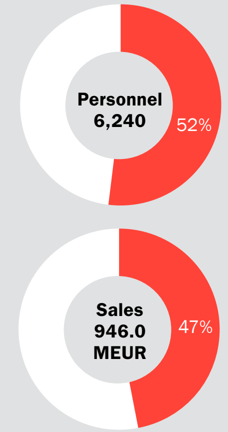
EMEA
Europe, Middle East and Africa

The Konecranes customer base in EMEA is diverse, covering both mature and developing markets. The more developed economies represent a solid base of service and equipment sales, while the others show a larger degree of equipment sales. The largest market segments are general manufacturing, logistics, power, waste-to-energy, automotive, and steel.

One key activity for Europe in 2014 has been to develop the existing customer base, with the focus on safety-related and productivity-enhancing products. Our total sales and orders for 2014 were at a level similar to the previous year. There have been several new product launches, helping us to improve our position in key markets. The situation in Ukraine has had an effect on European sales, along with the slow pace of general market development.

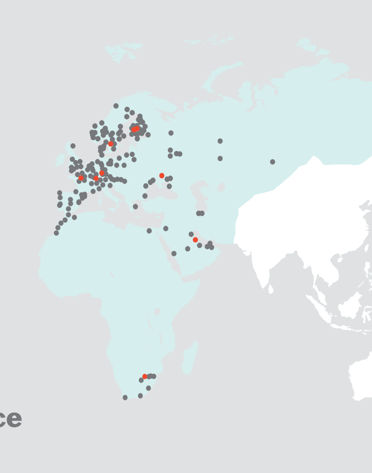
In the Middle East, we have made good progress in terms of growth but the low level of oil pricing may, to some extent, be affecting customers' willingness to make investments. In Africa, good progress has been made in all business areas, but the results in Service can be singled out as particularly strong.

Largest markets:	Germany, the UK, France, Finland, Sweden, Russia, Poland, Austria, the UAE, Saudi Arabia, South Africa, Nigeria, and Morocco
Operations:	6,240 employees, 347 locations
Manufacturing:	10 plants manufacturing cranes and hoists, lift trucks, and steel structures for larger cranes
Key brands:	Konecranes, STAHL CraneSystems, SWF Krantechnik, and Verlinde



10 Production sites

347 Sales & service



APAC
Asia-Pacific

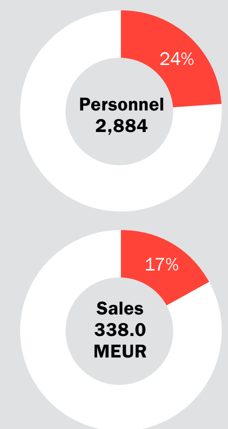
Konecranes continues to be seen as the technology leader in the Asia-Pacific region and is one of the market leaders in industrial cranes and crane services. Strong equipment sales continually add to our installed base, creating further opportunities to develop our service business, which is proceeding well in this region. General manufacturing remains the largest customer segment in APAC, with logistics, paper, power, metal, and waste-to-energy following close behind.

Compared to the previous year, overall demand for lifting equipment in APAC was weaker during 2014. Economic growth in China continued to slow down, with each customer industry performing differently. In addition, while the weakening economy limited the growth opportunity in equipment, we still see increasing demand for services.

Elsewhere, the region is a mix of mature markets such as Australia and Singapore and developing markets like Vietnam, Bangladesh, and the Philippines. This mixture creates unique opportunities for our new Segment-based Offering.

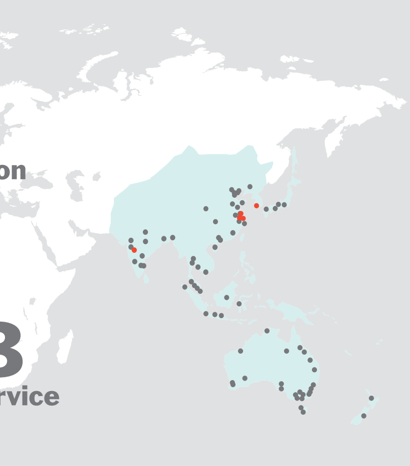
We see mixed growth signals across APAC, such as weak exports from Japan, downside risks to current growth forecasts in Singapore, and exposure to commodity price risks in Australia. A rebound is likely in Thailand, slower growth in Indonesia and the Philippines, and steady growth is already visible in Malaysia.

Largest markets:	China, India, Australia, and Indonesia
Operations:	2,884 employees, 113 locations
Manufacturing:	5 plants, including joint ventures, manufacturing hoists, industrial cranes, lift trucks, and port cranes
Key brands:	Konecranes, STAHL CraneSystems, SWF Krantechnik, Verlinde, Morris Crane Systems, and SANMA Hoists & Cranes



5 Production sites

113 Sales & service



● Main production sites ● Sales and service locations

RESEARCH & DEVELOPMENT
STRATEGY-LED INNOVATION ACROSS THE BOARD

Konecranes continually invests in product development. We are committed to making innovative use of technology in developing efficient products and services that increase customers' productivity while prioritizing safety and the environment. In 2014, R&D expenditure amounted to EUR 28.9 million (25.6), or the equivalent of 1.4 percent of net sales (1.2).

Historically, much of Konecranes' growth has occurred organically. Through technological innovations, we have gained an advantage in several product areas, such as port cranes, industrial cranes, electric chain hoists, and lift trucks, as well as in bringing smart tools to enhance our service offering.

Our efforts to develop new product concepts and technologies to enhance our offering are constantly ongoing. In addition to concentrating on offering the lowest total lifecycle costs, Konecranes' research and development work focuses on four key priorities:

1. Safety
2. Environmental issues
3. Productivity
4. Industrial design, with a strong emphasis on maintainability, ergonomics and user experience.

In 2014, we focused on finding new business opportunities in two important areas: the Industrial Internet and our Segment-based Offering.

The Industrial Internet remains a key development area

The Industrial Internet is a vital component of our business strategy, and has been one of Konecranes' most important development areas over the past few years. Our Industrial Internet initiative seeks to make machines intelligent and aware of their condition while simultaneously building solutions which enable the networking of cranes and lift trucks to surrounding information systems. The result is real-time visibility over all necessary data flow.

Remote monitoring, the provision of real-time data and the subsequent data mining form a valuable base for building predictive service operations. The benefits to the customer include optimized crane usage, lower total costs, and enhanced safety, productivity, and eco-efficiency.

Konecranes' TRUCONNECT offering is one example of how the Industrial Internet can provide a unique service to customers by delivering comprehensive information in real time. TRUCONNECT encompasses a variety of services such as remote monitoring, safety alerts, remote expert support diagnostics, and usage data, which can, for instance, provide valuable information on usage issues and thus enable predictive maintenance.

At the end of 2014, the equipment base covered by Konecranes' remote monitoring services had grown to 8,000 units. We also enhanced the user experience with a user-friendly, harmonized communication interface. This interface offers easy access to our digital information services with all ordinary communication devices such as smartphones, tablets, and personal computers.

By providing unique benefits of this kind to our customers, we can gain a price premium and differentiate ourselves from the competition. At the same time, our developing offering benefits from insight into actual equipment usage combined with accurate service history. This will enable us to develop even safer and more productive equipment as well as more efficient and predictive service solutions. All of these will deliver significant advantages to the organization over the long term.

Segment-based Offering enhanced through new product launches

Another key strategic initiative for Konecranes is our Segment-based Offering. This takes into account the fact that certain customer needs require only standard, basic features in lifting equipment, while other applications call for highly advanced solutions. We focus on developing solutions for both these standard and advanced needs, which exist in all markets, both emerging and developed. Both segments seek solutions that are safe, enhance productivity and are of high quality.

We aim to meet the diverse needs of customers in both segments worldwide by combining smart electronics and control systems with innovative mechanical solutions. This approach enables us to create next generation, modular products that are scalable and cost-efficient to produce.

The BOXHUNTER RTG crane, launched in April,

Research and development is one of the primary means for Konecranes to secure profitable growth. It is a major differentiator that strengthens the company's competitiveness.

Development highlights from 2014

1 **APRIL** Konecranes launched the BOXHUNTER, a completely new type of rubber tired gantry. It responds to the needs of customers who do not require all the features or the peak performance of Konecranes' top-of-the-range RTGs.

2 **MAY** C-series lift trucks with a more spacious and modern ergonomic driver's cabin and improved engine performance were introduced to the market. TRUCONNECT enhances the lift trucks' safety with new additional features such as tire pressure monitoring and shock sensors.

3 **SEPTEMBER** The CXT UNO was introduced, combining a strong range of features based on a simpler set of components and technical solutions than those found in Konecranes' existing CXT products.

4 **OCTOBER** The upgraded CLX chain hoist crane was launched, offering reliability, improved performance capacity and easy maintenance.

5 **DECEMBER** Konecranes launches the UNITON, a heavy-duty overhead industrial crane for a wide range of industrial applications. UNITON offers our customers a competitive solution without compromising quality.

28.9

MEUR R&D expenditure in 2014.

8,000

units of equipment were covered by Konecranes remote monitoring services at the end of 2014.

25%

load reduction per lift, on average, due to the eco-efficient patented counterweight system of the BOXHUNTER RTG.

was the first product to be launched under this new segment-based approach. It incorporates innovative and smart features in terms of control and mechanical solutions, which contribute to a lower cost to the customer. In addition, the crane fulfills all operational needs and is extremely maintenance friendly.

On the BOXHUNTER, the cabin is located down beside the truck lane instead of at the top of the crane. This innovative approach to industrial design results in improved accessibility and better ergonomics. Operational features are fulfilled with the assistance of smart controls.

The BOXHUNTER also offers eco-efficiency benefits through a patented counterweight system that lowers energy costs by eliminating the weight of the spreader. This amounts to a 25 percent lighter load on average with every lift.

Another good example of our Segment-based Offering is the CXT UNO, Konecranes' latest overhead crane, launched in September. It combines all of the core components of the overhead crane with no extra features. Designed to serve basic lifting needs, the solution is targeted at small and medium-sized companies as well as larger enterprises that require cranes for more rudimentary applications.

Also in September, we introduced an entirely new family of wire rope hoists under Konecranes' Morris Crane Systems brand. The Morris S5 Series wire rope hoist responds to customer demand for a hoist that can be installed on various types of bridge girders. The Morris S5 Series matches standard needs, especially in the component distribution and modernization businesses in emerging markets.

At the end of the year another product for the Segment-based Offering, the UNITON, was introduced. The heavy-duty, high capacity overhead crane UNITON is designed for a wide range of industrial applications needed in various industries. Using a modular construction concept with multiple trolley configurations, UNITON can be tailored to meet customers' needs. Market introduction started from the Americas region, continuing later to other areas.

An increasingly global innovation network

Konecranes is progressing from local and project-based innovation work towards becoming a global innovation organization. From 30 individuals in 2013, our network of innovation agents is now made up of over 50 members.

Konecranes' innovation agents are employees who operate locally, encouraging colleagues to introduce their ideas on potential innovations. They provide assistance in developing ideas, contribute to the creative process, and facilitate and accelerate the development cycle. They also participate in a globally coordinated project that awards the most innovative ideas with recognition and financial rewards.

In addition to maintaining a tradition of joint research with technical universities and research institutes, another important network for Konecranes consists of other enterprises. By cooperating with small and medium-sized technology companies in particular, we are able to gain deep technological know-how for potential use in our own product development.

PRODUCT OVERVIEW

Service

Konecranes provides specialized maintenance services and spare parts for all types and makes of industrial cranes, hoists, machine tools and port equipment – from a single piece of equipment to entire operations. Our objective is to improve the safety and productivity of our customers' operations.

Safety is everything. At Konecranes there is no job so important and no service so urgent that we cannot take the time to perform our work safely and correctly. Retrofits such as replacement hoists and LED lighting can enhance user ergonomics and energy efficiency.

Our approach to crane maintenance is based on Lifecycle Care, a comprehensive and systematic approach to maintenance, supported by world-class tools and processes. A commitment to excellent, proactive, and real-time service is a strategic priority. We are fluent in all crane brands, not just our own.

Industrial Crane Products

Konecranes' offering of cranes with lifting capacities up to 80 tons ranges from CLX chain hoist cranes to CXT wire rope hoist cranes. CXT wire rope hoist cranes can be bought as ready-made packages but can also be tailored according to customer needs or specifications. Industrial cranes are mostly used in general manufacturing and the automotive, steel, pulp and paper, construction, renewable energy, aerospace, and petrochemical industries. Their various features guarantee that these cranes are as ergonomic and safe as required. For example, Smart Features, new pendants and radios help make operating the crane more user-friendly. Also TRUCONNECT Remote Services increase the safety and performance by providing actual crane usage data that enables optimization of maintenance activities. Another example, ASR (Adaptive Speed Range) technology in our hoisting motors enables high performance with smaller and less power-consuming motors.

Industrial Crane Solutions

We supply pre-engineered cranes capable of lifting up to 500 tons and tailored cranes for a variety of demanding lifting needs. Typical customers include the steel, aluminum, mining, general manufacturing, automotive, pulp and paper, petrochemical, shipyard, power, and waste-to-energy industries. Design know-how founded on long experience ensures that these cranes are reliable, safe and eco-efficient. Examples of our energy efficiency enhancing features include our regenerative network braking system and crane LED lights. With our TRUCONNECT Remote Service products, we can offer real-time visibility through crane usage data, enabling efficient maintenance planning, preventive maintenance actions, and remote support.

CLX and SLX Electric Chain Hoists

Reliable and versatile, the CLX and SLX hoists are the right choice for demanding use in numerous processes with loads up to 5 tons. CLX offers many safety-enhancing standard features and a wide range of options and speeds. With SLX, you can discover the latest technology for inverter-driven motors and our new smart features for improving your workstation's safety and ergonomics.

Workstation Cranes

Developed to suit demanding applications with loads up to 2,000 kg, our workstation cranes serve customers in general manufacturing, the process industries, and the automotive sector. The XM steel workstation crane is a flexible solution that is easy to install and can evolve with your needs, making it a durable investment. The XA aluminum workstation crane increases ergonomics and is easily recyclable.

ATB AirBalancers

Powered pneumatically, the ATB AirBalancer makes your operations more efficient and silent with clean ergonomic lifting. Thanks to its air-powered design and floating load units, the AirBalancer offers valuable aid for picking, lifting, moving, and placing loads of up to 350 kg.

Forklift Trucks

With lifting capacities ranging from 10 to 65 tons, our forklift trucks are used in various applications and heavy-duty work in the steel, pulp and paper, and oil and gas industries, and at ports.

Reach Stackers

With lifting capacities ranging from 10 to 80 tons, our reach stackers are used in container handling, intermodal, and industrial applications.

All our lift trucks have the ergonomic and spacious OPTIMA cabin, which provides increased safety and visibility for the driver. Equipped with the latest engines, these lift trucks are both eco-efficient and more powerful. With TRUCONNECT Remote Monitoring one will not only be able to track the efficiency of the lift truck fleet but also plan the maintenance.

Container Lift Trucks

Our container lift trucks handle empty (8–10 tons) and laden (33–45 tons) containers at ports and intermodal terminals.

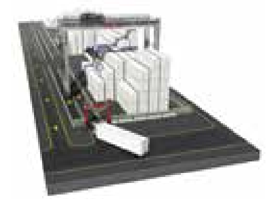
Straddle Carriers

Straddle carriers are multi-purpose machines used in small to medium-sized container terminals. They typically have a lifting capacity of 50 tons and can stack containers one over three high. The BOXRUNNER straddle carrier keeps containers flowing between quayside STSs and yard container stacks, enabling fast ship turnaround times. The BOXRUNNER can also load and unload trucks, as it stacks two containers high. We offer excellent after-sales support to keep these machines running eco-efficiently throughout their lifespan.

Yard Cranes

Our yard cranes for container terminals include RTGs, RMGs, automated RMGs (ARMGs), and automated RTGs (ARTGs). These cranes usually have a lifting capacity of around 50 tons and can stack one over six containers high and over eight truck lanes wide at container ports and intermodal terminals. Our RTGs can be powered by diesel, in which case we offer Diesel Fuel Saver technology to increase their eco-efficiency. We also offer cable reel and busbar systems for fully electric operation, increasing eco-efficiency and decreasing emissions. Our yard cranes are available with TRUCONNECT, a remote service that gives information on how the cranes are being used in real-time, allowing customers to optimize the timing of maintenance and reduce crane downtime.

Automated Stacking Crane Systems



Konecranes offers Automated Rail Mounted Gantry (ARMG) and Automated Rubber Tired Gantry (ARTG) crane systems. Introduced in 2013, the Konecranes ARTG system offers RTG-based container terminals a growth path towards fully automated operation. It includes ARTG cranes, Remote Operating Stations (ROSs), automation software, and all the required yard infrastructure including intelligent gates for road trucks.

Ship-to-Shore (STS) Cranes

Used for loading and unloading containers from ships, Konecranes' STS cranes have a lifting capacity of up to 65 tons and an outreach of up to 70 meters. In 2015, we will deliver two STS cranes to Norway, equipped with advanced noise reduction technology, that will be the most silent and eco-efficient STS cranes in the world.

Goliath Gantry Cranes

Used for heavy-duty assembly lifts, our Goliath gantry cranes can be found at shipyards, offshore facilities, and other heavy industrial sites. Loads weighing thousands of tons can be moved hundreds of meters horizontally and over a hundred meters vertically and positioned to assembly tolerances of just a few millimeters.

Nuclear Cranes

Konecranes Nuclear Equipment and Services provides nuclear cranes and specialized lifting equipment for our customers throughout the global nuclear industry. Konecranes nuclear quality control system meets the strict regulatory requirements of our global customers and their individual specification requirements, such as NRC 10CFR50 Appendix B, ASME NQA-1, and KTA 1401.

Brands

The Group's brand strategy is centered upon the corporate Konecranes master brand, which is complemented by a portfolio of freestanding power brands. Konecranes-branded products are sold directly to end-users, while power-branded products are sold to distributors and independent crane builders. Konecranes' power brands include R&M, STAHL CraneSystems, SWF Krantechnik, Verlinde, Morris Crane Systems and SANMA Hoists & Cranes.

CORPORATE RESPONSIBILITY
LIFTING CUSTOMERS' BUSINESSES RESPONSIBLY

Responsibility principles and considerations are embedded into our business strategy. They guide our operations and shape our relationships with our stakeholders. Our values and Code of Conduct as well as our commitments to international initiatives and conventions such as the UN Global Compact, as well as respect for the UN Declaration of Human Rights define how we manage our own operations and our supply chain.

We intend to be here for the long run. Therefore, continuous improvement is the guiding principle in everything we do. Our aim is to increase the value of our shareholders' investments while taking our other stakeholders, the environment, and the societies in which we operate into account. We believe that it is through responsible behavior that we are able to achieve sustainable growth.

Based on stakeholder dialogue, we have defined Konecranes' corporate responsibility focus areas as Safety, People, Fair Play, Environment, and Smarter Offering.

Engaging with our stakeholders

We use multiple means for engaging with our key stakeholders. These are embedded into our day-to-day work. Working closely with our stakeholders enables us to better understand and meet their needs and expectations.

In 2014, we reviewed Konecranes' key stakeholder groups in workshops involving participants from relevant Group functions and units. As basis for identification, we considered the effects, benefits, harms and needs of potential stakeholders and Konecranes. The resulting list was validated and finalized by our Corporate Responsibility Steering Group. Below is a summary of our key stakeholder groups.

In addition to the key stakeholders listed below, we have identified other relevant stakeholder groups, which are increasingly important for Konecranes and with whom we intend to engage in more systematic dialogue in the future. These include our suppliers, sub-contractors, and business partners; society, local communities, and authorities; students, universities, and research institutes; media; and non-governmental organizations.

Summary of our key stakeholder groups

Key stakeholder groups	Channels for dialogue, examples	Key topics and concerns	Our responses
Customers	• Renewed Voice of Customer (VOC) surveys • Continuous dialogue as part of regular business via sales force • Customer and industry research on the business environment • Early customer acceptance program	• Availability of equipment and service information such as maintenance information, user instructions, and documentation • Delivery and quality • Impact and benefits of the implementation of oneKONECRANES to customers • Safety and productivity	• Improved information opportunities through the Industrial Internet • Communication about oneKONECRANES as a strategic initiative • New product launches and their features
Employees	• Regular Employee Satisfaction Surveys (ESS) • Performance management process, including TPP discussions • Feedback channels such as surveys related to internal topics, etc. • Internal communications forums such as idea.konecranes.com. Also, internal social media, intranet, and personnel magazine • European Works Council and local coordination with unions and employee representatives	• Clarity of responsibilities • Well-being, e.g. stress levels • Development opportunities in the company	• Clarification of roles and responsibilities in organization interfacing customers • Temporary increase of resources in areas where we have been implementing systems and the stress levels have been increasing • Increasing the visibility of the training offering • Renewing the leadership training portfolio
Shareholders; investors and analysts	• Investor meetings and seminars, roadshows, investor visits to main Konecranes locations, and Capital Markets Day • Communications material such as interim reports, stock exchange releases, annual reports, and web pages • Reporting through the Carbon Disclosure Project (CDP)	• Key strategic initiatives: Industrial Internet, Segment-based Offering, oneKONECRANES • Positive development in Service, negative development in Equipment • Operations in Ukraine	• New product launches and ERP system implementation • Views on business environment, project execution, and cost saving actions • Operations continuing in Ukraine at lower capacity

Konecranes is committed to lifting our customers' businesses responsibly. Our approach to corporate responsibility begins with our mission, vision, and strategy.

Konecranes holds positions on the boards of the European Materials Handling Federation (FEM), Port Equipment Manufacturers Association (PEMA), East Office of Finnish Industries Ltd, The Federation of Finnish Technology Industries, and Finnish Metals and Engineering Competence Cluster (FIMECC). In addition, Konecranes participates in committees of European Committee for Standardization (CEN).

Developments to our channels for dialogue with stakeholders in 2014 included the renewal of our Voice of Customer (VoC) system, which enables us to systematically measure customer experience. We use information gathered from VoC to develop our customer focus and improve our service. We also adjusted the timing of our Employee Satisfaction Survey (ESS) to fit better to the annual calendar and support the development of the teams and working environment. The next ESS will be conducted in 2015.

Our most important corporate responsibility topics

To define the most important corporate responsibility topics for the Group, we identified the most material aspects in the aforementioned workshops attended by participants from relevant Group functions and units in 2014. The framework used for identifying the most material aspects were Global Reporting Initiative (GRI) G4 categories. The aspects were selected and prioritized based on their significance to stakeholder expectations and concerns and relevance as sources of business opportunities or risks for Konecranes. The material aspects were validated and prioritized by the Corporate Responsibility Steering Group.

Most of the aspects have boundaries which fall within the organization, except for all supplier related aspects such as supplier human rights assessments and energy and indirect emissions scope 2 and scope 3.

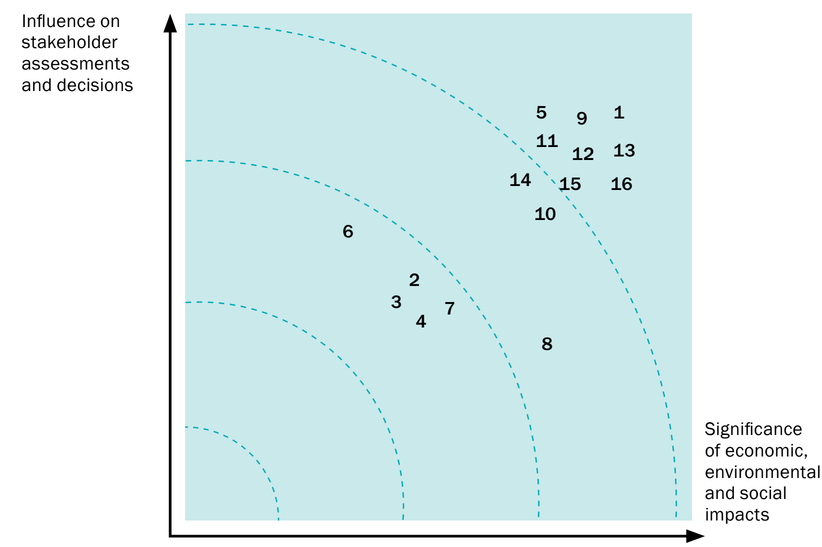
Safety is our overriding priority

We want to be the safety leader in our industry, and in line with this aspiration we strive to ensure the safety of our own personnel, as well as that of

Summary of progress and challenges in Konecranes' corporate responsibility focus areas in 2014

Focus area	Key achievements	Challenges
Safety	• Good progress in LTA1 reductions achieved overall • Excellent progress in Region Americas via safety campaign to change mindsets and systematic incident investigations leading to corrective actions	• Preventing the incidence of accidents • Engaging all employees in safety work
People	• Labor condition evaluations expanded to cover 30% of total headcount • Leadership development concept renewed	• Raising Trust, People and Performance (TPP) discussion completion rates
Fair Play	• Global supplier manual updated • Code of Conduct training finalized	• Engaging suppliers in corporate responsibility work • Further increasing coverage of supplier assessments
Environment	• Decreased indirect scope 2 greenhouse gas emissions from own operations	• Further improving the energy efficiency of our own operations
Smarter Offering	• New Environmental Product Declarations for Rubber Tired Gantry crane and SMARTON crane published • New safety monitoring features introduced to products	• Further developing smarter offering indicators

Prioritizing material aspects



Safety
1. Occupational H&S

Environment
2. Materials
3. Emissions
4. Energy

Smarter offering
5. Customer H&S
6. Customer privacy
7. Products and services
8. Training and development

People
9. Non-discrimination
10. Child labor
11. Forced and compulsory labor
12. Freedom of ass. and coll. barg.

Fair Play
13. Anti-corruption
14. Economic performance
15. Compliance
16. Supplier human rights assessments

our sub-contractors and customers throughout the lifecycle of our products. We want everyone to arrive home in good health after the working day.

We are committed to our overriding priority of protecting the health and safety of every employee. Our Occupational Safety Policy pledges to uphold the following principles through management leadership and employee participation:

- Safety is the shared responsibility of everyone in our organization.
- Executive management is accountable for safety performance and leads its development.
- We communicate safety performance openly, to our employees, customers and to the public.

In 2014, we continued implementing global health and safety requirements and instructions for our business units and operating countries. These included, for example, risk assessments to be performed before starting service maintenance jobs to enable personnel to perform their work in a safe manner.

Total number of accidents declined

Our occupational safety key performance indicators showed improvement on Group level as well as in both Business Areas. We set the target of reducing the Lost Time Accident (LTA) Frequency to less than 6.3 per million hours worked in 2014. We also aim to reduce the rate further to less than 3 by the end of 2020.

The total number of reportable occupational accidents declined by 16 percent on group level, by 10 percent in Equipment and 19 percent in Service. The number of safety observations and near hit reports carried out by our own personnel increased during 2014. Although we believe we are on the right track, we consider employee safety as a highly important area for development. The most common types of near hits were due to equipment failures, loss of control of machines and equipment, falls from a height to a lower level, and electrical incidents.

Despite our proactive activities to improve safety, two fatal accidents occurred in customer facilities in India in 2014. These involved a subcontractor and a Konecranes employee performing their work duties. These fatalities are a tragic reminder that we must constantly keep safety high on our agenda. Corrective and preventive actions are ongoing. We aim to strengthen safety training and reinforce proactive safety efforts, for example, among service maintenance personnel. Our goal is to provide expertise and support for line management and ensure responsibility and accountability within the company.

Lost Time Accident Frequency

Business Area	LTA1, 2014	LTA1, 2013	LTA1, 2012	LTA1, 2011
Konecranes total	6.3	8.6	9.5	9.5
Equipment	5.9	7.3	9.9	8
Service	7.3	10.6	10.3	11.7

LTA1=number of work-related accidents causing at least one day of lost time/work hours performed over the reference period * 1,000,000 hours

Konecranes' Lifting People strategy

The success of Konecranes is driven by the well-being, competence and motivation of our employees. To support our people in pursuing our corporate strategy, we renewed our employee strategy in 2014. The programs under our Lifting People strategy currently fall under these four themes:

- Value based culture, which involves the promotion of Konecranes' values and the renewal of our Leadership Development portfolio.
- People experience, which we pursue by encouraging knowledge transfer, attracting and retaining talent, and working to ensure that we meet future competency needs.
- Customer experience, which is advanced through sales and customer service development, project management and development, and by building our organization and competences in emerging markets.
- oneKONECRANES and Operational excellence, which refers to our work in developing our employees' skills and competences, providing change leadership support, and improving our organizational efficiency.

Labor conditions assessed in 2014

We strive to continuously improve our responsibility as an employer. As an important part of this effort, we promote fair labor conditions that meet or exceed local laws and international standards. We have defined requirements and longer-term targets with regard to fair labor in our Fair Labor Conditions Frame to help all units understand what is expected of them in regards to voluntary and fair employment, employee co-operation and freedom for association, equal opportunities, performance management, working hours, training, and compensation.

The Group is currently assessing labor conditions within Konecranes with the help of an independent inspection and verification company. Evaluations were completed in ten countries in 2013–2014, accounting for almost 30 percent of Group employees. We have identified both strengths and areas of development, and based on the findings we have established a cross-functional team to promote respect at work and put non-discrimination and anti-harassment practices in place.

Learning and people development

Each year, managers and employees at Konecranes hold one-to-one Trust, People and Performance (TPP) discussions to define and document each employee's individual goals and personal development plans. The systematic documentation of the TPP discussions has improved both in numbers and in quality. In 2014, 80 percent of employees had TPP discussions (2013: 76 percent; 2012: 67 percent).

As part of our Lifting People strategy, we are renewing our Leadership Development learning portfolio, which consists of global, regional, and locally implemented programs. These aim to effectively support the continuous development of managers and consequently make a positive impact on the company's profitability.

Three of the Leadership Development learning programs were designed during 2014 and are scheduled for implementation in 2015. The rest are slated to begin in 2015–2016.

Promoting a sense of belonging

The Konecranes Employee Share Savings Plan launched in 2012 continued in 2014. The plan enables participants to save up to five percent of their gross salary every month to invest in Konecranes shares. At the end of the agreed saving period, if participants still hold shares, they receive one share for every two initially purchased. The participation rate in 2014 was about 16 percent, which is considered satisfactory.

We believe the plan stimulates a sense of being part of the company among employees internationally and at all levels of the organization. It is voluntary and offered to every employee, except for those in countries where it cannot be offered for legal or administrative reasons.

Growing long-term value with our suppliers

As a global company, Konecranes operates within a complex business ecosystem. We want to ensure that we act as transparently as possible and are accountable for our own operations as well as our supply chain. We wish to be known as a trustworthy partner to our customers, suppliers and stakeholders, and to be able to communicate about our achievements. In addition, we want our suppliers and other partners to be aware of and compliant with our ethical and environmental principles.

10

countries were covered by assessments of labor conditions within Konecranes in 2014.

16%

Group-wide reduction in the total number of reportable occupational accidents in 2014.

CASE:

Safety Campaign launched in the Americas

During the year, Konecranes Americas encouraged employees to take personal responsibility for their own safety and the safety of those around them. A total of 2,834 employees signed an online pledge to indicate their commitment to safety in 2014.

A video and photo contest initiated as part of the campaign in the second quarter drew active participation from employees around the region. Entries responded to the question "What does safety mean to you?". The wide range of photos and videos featured employees involving their family members, celebrating the number of incident free days at their units, or recounting personal experiences of accidents at work.

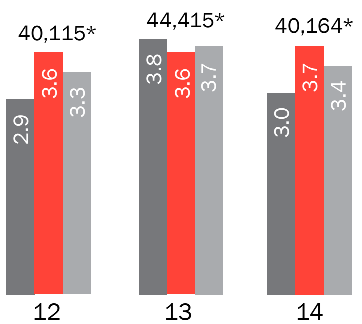
CASE:

Sales Excellence Development

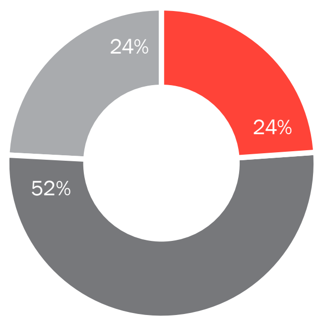
Created in 2014, Konecranes' Sales Excellence Development program puts an emphasis on the execution of the Group's strategy through sales. The program aims to cultivate sales professionals' communication, selling and customer service skills, enabling them to maximize sales opportunities and deliver outstanding customer service.

Part of the program deals with developing common practices in sales management, customer relationship development, and market focus. Sales management workshops are also being organized to improve sales processes. Topics of the workshops include customer segmentation, customer analysis, strategy in practice, leadership in the area of sales, and negotiation tactics. In 2014, all sales people in the IMEA region were trained in core sales skills in line with Konecranes' renewed approach to value based selling. Implementation is ongoing throughout the Group's operating areas.

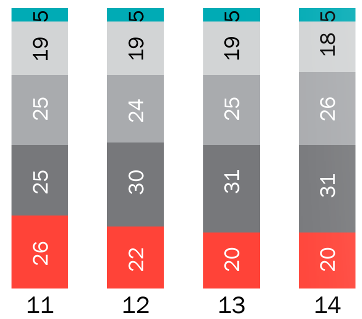
Training days per employee by employee groups



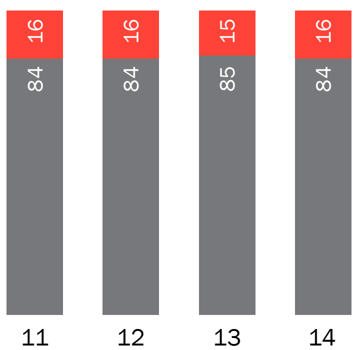
Workforce by region



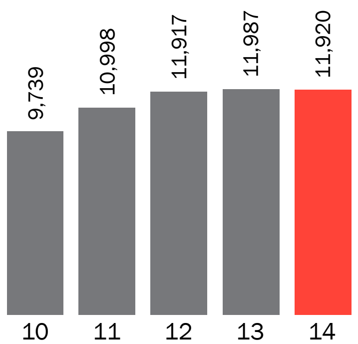
Age structure, %



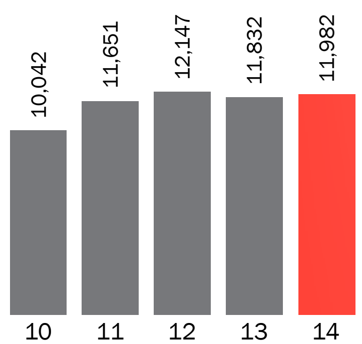
Gender structure, %



Number of personnel, average



Number of personnel at the end of the year



We also take ethical and environmental principles into account in our sales activities and share knowledge about these topics with our customers.

Our goal is to be able to engage with suppliers to develop a shared mindset about responsibility issues in order to create, protect and grow long-term value for all of the stakeholders involved in bringing our products and services to the market.

Konecranes currently works with 13,000 active direct material, project, service and indirect suppliers all over the world who act as extensions of our own company. We have been developing our supplier base by decreasing the number of suppliers, and continue to engage them in responsibility work. At the moment, 250 suppliers provide us the central supplier base, and these are the ones we concentrate especially on. We expect our suppliers and subcontractors to conduct their business in compliance with the same high legal, ethical, environmental, and employee related principles that we ourselves apply. We promote the practice of these principles among our suppliers and subcontractors and aim to monitor their actions in this respect.

Actions taken in 2014 with regard to supplier management include the following:

- Supplier relationship management training including Code of Conduct continued among our sourcing personnel. The completion rate was almost 60 percent (99 employees) at the end of 2014, continuing in 2015.
- We renewed our Global Supplier Manual, which communicates our expectations towards our suppliers.
- Fine-tuning and acceleration of our supplier assessment and approval process resulted in considerable improvement. There were 53 completed assessments, more than double the number in 2013.
- We continued to encourage the top 250 suppliers to put quality, environment, and safety management systems in place by the end of 2015. They have shown clear improvement, particularly in the area of quality management systems.
- We decided to extend the supplier assessment process in 2015 with social responsibility topics, emphasizing this development with selected suppliers. For this activity, we shall utilize external expertise to ensure a fair approach.

These activities aim to ensure the ability of our supplier base to operate in a manner that takes safety, the environment, and human rights, as well as Konecranes' Code of Conduct into account.

54%

of Konecranes employees are operatives.

73

nationalities employed at Konecranes.

Promoting the application of our principles

The Konecranes Code of Conduct outlines fundamental requirements and guidelines for how we carry out our business. It is based on the 10 principles of the UN Global Compact. The principles are applicable within the entire Konecranes Group and in all areas of Konecranes' business. The Group's management and its employees must follow the standards set in these principles without any exceptions.

Actions taken in 2014 with regard to fair play in our own operations included completing the rollout of the Code of Conduct e-Learning program, which started in 2012. The program is mandatory for our personnel, and we continue to train everyone, especially newcomers. In addition, Konecranes' competition compliance guidelines were updated and training began. We also started work on improving our anti-corruption procedures with the goal of implementing them in 2015.

Committed to continuous improvement

Environmental responsibility is an important contributor to Konecranes' business and long-term success. We are committed to continuously improving our performance in all phases of our products' lifecycle, starting from raw material selection all the way to the efficient reuse and recycling of our products at end of their service life.

In our own operations, the most important environmental aspects related to the Service Business Area concern the fuel consumption and emissions of our vehicle fleet. To mitigate our impact, in many countries we have implemented tracking systems to optimize routing and are also taking more eco-efficient vehicles into use. For instance, in 2014 we implemented a fleet tracking system in our German service business. In the UK, a total of 97 fuel-efficient and low emissions vans were procured for our service fleet.

In the Equipment Business Area, the most important aspects relate to energy usage, waste handling, and chemical storage and usage. Several Konecranes units proceeded with or established programs targeted at lowering the consumption of different forms of energy in 2014. One means being used is the conversion of lighting systems in factories to energy efficient alternatives. Our factories in Germany and Finland plan to install LED lighting systems in 2015.

In 2014, Konecranes participated in the Carbon Disclosure Project for the seventh time. We also participated in Earth Hour for the fourth time, raising awareness on climate change among our own personnel.

The main raw material used to build our products is steel. In 2014, steel and steel structures formed around 10 percent of our total purchase volume. Other materials related to our manufacturing include paint and transport packaging materials such as wood and cardboard. We currently monitor our resource use on a local level and aim to further develop this in order to start reporting our performance externally on a global level.

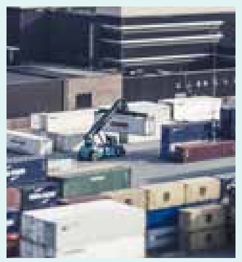
With regard to our products, life cycle assessment studies indicate that the most significant environmental impacts typically arise from two

CASE:
Indirect GHG emission reductions in Finland

We have identified that a significant part (29 percent) of Konecranes' global scope 2 indirect greenhouse gas emissions come from our operations in Finland. In light of this, our Finnish operations are taking advantage of the potential to reduce emissions, prioritizing reducing consumption as well as purchasing renewable energy.

An improvement project at our Hämeenlinna gear factory involved the renewal of the HVAC system and the installation of a heat recovery system. These completed their first full year in use in 2014, resulting in a 991 MWh or 22 percent reduction in our consumption of district heat. In addition, our Hyvinkää and Hämeenlinna facilities started purchasing renewable electricity. Now 39 percent of the electricity Konecranes purchases globally comes from renewable source. Altogether, we reduced our global scope 2 electricity GHG emissions by 22 percent in 2014.

CASE:
Konecranes serial hybrid reach stacker, SMV 4531 TB5 HLT



In 2014, Konecranes' electrically powered serial hybrid reach stacker had completed 18 months of field testing at the Port of Helsingborg in Sweden. The machine is being used in normal container handling operations, and is equipped with the TRUCONNECT Remote Monitoring service. The remote connection of the port's conventional diesel engine powered reach stackers provided a reference point during the testing period.

After more than 2,000 running hours, fuel savings of the hybrid reach stacker amounted to approximately 8 liters per hour, representing a 30 percent reduction in fuel costs, and at the same time productivity has been notably improved. Considering an economical lifetime of 25,000 running hours, this corresponds to savings of 200,000 liters of diesel and a 500-ton reduction in CO_2 emissions in comparison to a conventional reach stacker. Furthermore, eliminating the need for a mechanical gearbox results in savings of minimum 1 EUR per hour in scheduled maintenance costs. Konecranes plans to offer serial hybrid reach stackers for demanding container-handling operations. Findings from the field testing will be used to further improve productivity and energy efficiency. Konecranes engineers continue to work on lowering the equipment's pollutant and noise emissions.

areas: firstly, the production of raw materials, and in particular the production of metals; and secondly, energy consumption during products' use phase, specifically, the impacts of electricity generation. Several features such as compact hoist design and highly optimized crane structures support material efficiency. To enhance energy efficiency, we strive to develop innovations such as fuel saver RTGs, hybrid reach stackers, regenerative network braking systems and LED lighting.

Our efforts to communicate about our smarter offering to customers include making environmental product declarations available for our main product families. In 2014, we released environmental product declarations for Konecranes RTG cranes and SMARTON crane. Our efforts to develop a smarter offering as part of our corporate responsibility are described in greater detail on page 22–24.

Managing corporate responsibility at Konecranes

The Group Executive Board of Konecranes holds overall responsibility for operations including those concerning corporate responsibility. The Executive Board plays a significant role in the company's management system, strategy preparation, and decision making.

The Corporate Responsibility Steering Group, which consists of the Group Executive Board and Senior Management Team members, guides strategic direction of corporate responsibility items in the focus areas of Safety, People, Fair Play, Environment, and Smarter Offering. The Steering Group also reviews, approves, and follows up on corporate responsibility strategies and development plans. The work of the Steering Group is coordinated by the Head of Corporate Responsibility, who reports directly to the Group Executive Board members.

The Group Executive Board drives progress towards our objectives through all levels of the business, from the operational review and target setting in business areas, units and regions to local training and execution. They are supported by different corporate responsibility area specialists at the Group, region, country, and business unit levels.

In addition to management forums, several functional or topic-related networks have been established to support common initiative development and internal knowledge sharing. These include a safety steering team and the Health, Safety & Environment (HSE) network.

Konecranes' Code of Conduct (CoC) outlines the fundamental requirements and guidelines for how we do business. It is based on the ten principles of the UN Global Compact, which Konecranes has signed. The CoC has been approved by Konecranes' Board of Directors and its principles are applicable within the entire Group and in all areas of the business. Both the Group's management and its employees must follow the standards set in the principles without exception.

22%

global reduction in Konecranes' scope 2 greenhouse gas emissions in 2014.

30%

reduction in fuel costs achieved by Konecranes' serial hybrid reach stacker compared to the conventional diesel-powered solution, after more than 2,000 testing hours.

Environmental data 2014

Energy consumption and emissions		**2014**	**2013**	**2012**
Total emissions/sales	tCO_2e/MEUR	36	36	35
Total energy consumption/sales	MWh/MEUR	121	113	108
Scope 1, energy consumption and direct emissions	Fuel consumption, MWh	169,600	161,400	151,700
	Natural gas consumption, MWh	18,100	18,800	21,400
	Direct emissions, tCO_2e	46,900	45,200	43,400
Scope 2, energy consumption and indirect emissions	Electricity consumption, MWh	40,300	41,600	41,500
	District heat consumption, MWh	15,500	16,000	19,600
	Indirect emissions, tCO_2e	16,800	20,900	21,100
Scope 3, other indirect emissions	Business travel, tCO_2e	9,600	9,000	11,100
Waste (tons)				
Metal scrap[1)]		9,500	8,500	10,000
Cardboard, paper, and wood[1)]		4,200	1,600	1,700
Hazardous and electronic and electrical waste[2)]		600	550	450
Mixed waste[3)]		1,200	2,700	2,900
Water consumption (m^3)		138,800	160,100	n.a.

Figures represent our manufacturing locations, except fuel consumption, which also includes the service vehicle fleet. The US vehicle fleet fuel consumption figures were revised for years 2012 and 2013, and Group figures corrected accordingly. [1)] Waste streams go for recycling. [2)] Waste stream handling split into recycling, incineration, and other adequate treatments depending on location. [3)] Waste stream handling split into recycling, incineration, composting, and landfill depending on location.

The Group manages corporate responsibility issues using an approach of continuous improvement and systematic management, and all units are expected to do the same. In addition to our Code of Conduct, we have developed and implemented further policies to guide our operations. These include environmental, safety, anti-corruption, and quality policies.

To define and communicate expectations on health, safety, environmental and quality (HSEQ) as well as fair labor condition performance within the Group, we have set internal HSEQ and fair labor condition frames, which set minimum requirements and target levels for managing these issues. ISO 14001, OHSAS 18001 and SA 8000 were used as reference standards when creating these frames.

About this corporate responsibility report

Konecranes' reporting on corporate responsibility follows the principles of the Global Reporting Initiative (GRI). This report complies with G4 guidance in accordance with the core level, based on our own evaluation. Reporting follows the same timeframe as our financial reporting, the calendar year, and is included and partly integrated into the annual report. The previous report can be found in our Annual Report 2013.

Konecranes' reporting on corporate responsibility covers our major supply chain units and operations, using data that has been gathered through internal information systems, and supplemented with information sourced separately. Some of the data included has been scaled up to provide an overall view of our performance, which may result in inaccuracies in some figures. The source for the TPP completion rate was changed to a global performance management documentation system. The change in documentation system has affected positively on both the discussion quality and data accuracy.

We have not obtained external assurance for our corporate responsibility report. The contents have been defined in workshops organized for each of Konecranes' corporate responsibility focus areas, with participants that are made up of representatives of relevant functions and units from within the Group. In 2014, we widened the number of employees participating in preparing the report to improve the quality of reporting. The report plan and summary have been approved by the Corporate Responsibility Steering Group. In addition, Konecranes' Chief Executive Officer, Chief Financial Officer, and several key management personnel have reviewed and approved this report before publication.

› For questions about this corporate responsibility report or its contents, contact: corporate-responsibility@konecranes.com

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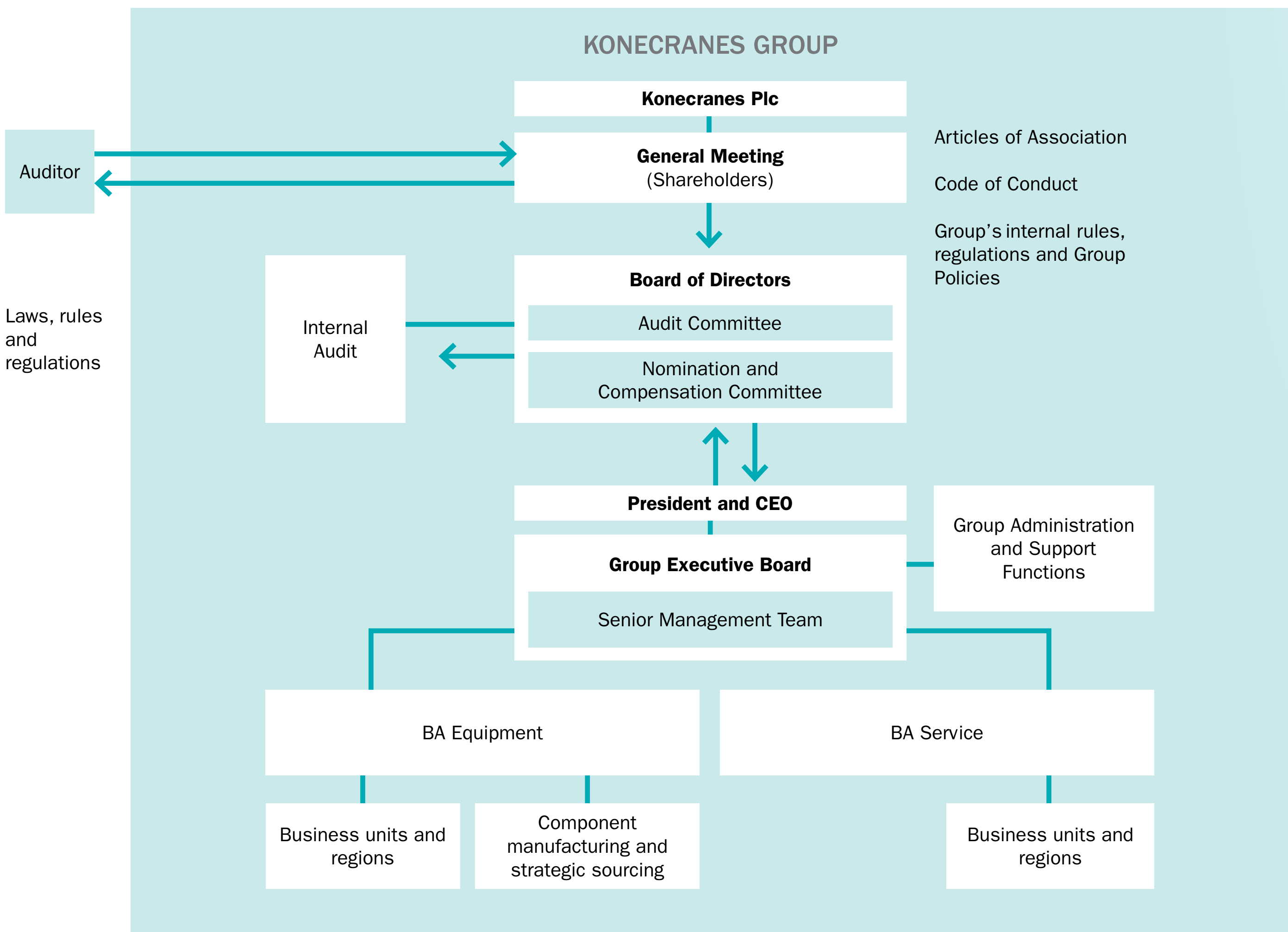
G4-EN19	Reduction of greenhouse gas (GHG) emissions	34–35	
MATERIAL ASPECT: EFFLUENTS AND WASTE			
G4-EN23	Total weight of waste by type and disposal method	35	
MATERIAL ASPECT: PRODUCTS AND SERVICES			
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	22–27, 34	
CATEGORY: SOCIAL			
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK			
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY			
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	30	main elements reported
MATERIAL ASPECT: TRAINING AND EDUCATION			
G4-LA9	Average hours of training per year per employee by gender, and by employee category	32	main elements reported
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	31–32	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	31	
SUB-CATEGORY: HUMAN RIGHTS			
MATERIAL ASPECT: NON-DISCRIMINATION			
G4-HR3	Total number of incidents of discrimination and corrective actions taken	31	partly covered
MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	31–33	
MATERIAL ASPECT: CHILD LABOR			
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	31–33	
MATERIAL ASPECT: FORCED OR COMPULSORY LABOR			
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	31–33	
MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	31–33	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	31–33	
SUB-CATEGORY: SOCIETY			
MATERIAL ASPECT: ANTI-CORRUPTION			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	46, 49–50	
G4-SO4	Communication and training on anti-corruption policies and procedures	33	
MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR			
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes		no known cases
MATERIAL ASPECT: COMPLIANCE			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		no known cases
SUB-CATEGORY: PRODUCT RESPONSIBILITY			
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY			
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	22–24	
MATERIAL ASPECT: CUSTOMER PRIVACY			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		no known cases

CORPORATE GOVERNANCE

Konecranes Plc (Konecranes, the Company) is a Finnish public limited liability company, which complies with the Finnish Companies and Securities Market Acts, the rules of Nasdaq Helsinki, and other regulations concerning public companies, as well as Konecranes' Articles of Association, in its decision-making and administration.

Konecranes complies with the Finnish Corporate Governance Code 2010 that came into force on October 1, 2010 and was approved by the board of the Securities Market Association. The Code can be found at www.cgfinland.fi. Konecranes complies with all the recommendations of the Code with no exceptions. Konecranes has issued a Corporate Governance Statement based on Recommendation 54 of the Code and a Remuneration Statement based on Recommendation 47. See www.konecranes.com > Investors > Corporate Governance for details.

Corporate Governance structure of the Konecranes Group in 2014



General Meeting

The General Meeting of Shareholders is the Company's highest decision-making body, through which shareholders exercise their decision-making power and right of supervision and control over the Company's business.

An Annual General Meeting (AGM) must be held within six months after the end of a financial year. Konecranes Plc's Annual General Meeting 2014 was held on March 27, 2014. An Extraordinary General Meeting (EGM) must be held if shareholders with at least 10 percent of shares so demand in writing to consider a specific issue.

The Board of Directors (Board) shall convene an AGM or EGM by publishing a notice on the Company's website or in one or more national newspapers or by sending a written notice to shareholders by mail no more than three (3) months and no less than three (3) weeks before a meeting. The notice shall include the proposed agenda.

The Company shall disclose on its website the date by which shareholders shall notify the Board of Directors of any issue that they wish included in the agenda.

The Company will publish the decisions made at General Meetings as stock exchange releases and on the Company's website without delay after meetings. The minutes of the General Meeting, including those appendices of the minutes that are part of decisions made by the meeting, will be posted on the Company's website within two weeks of a General Meeting.

More information on General Meetings can be found on the Company's website at www.konecranes.com > Investors > Corporate Governance > General Meeting.

Board of Directors

Charter of the Board of Directors

The Company's Board of Directors has approved a written charter governing its work. This supplements the provisions of the Finnish Companies Act and the Company's Articles of Association. Information in the charter is intended to enable shareholders to evaluate the operation of the Board. The charter can be consulted on the Company's website at www.konecranes.com > Investors > Corporate Governance > Board of Directors.

Responsibilities

The Board is responsible for the administration and proper organization of the Company's operations. The Board is vested with powers and duties to manage and supervise the Company's administration and operations as set forth in the Companies Act, the Articles of Association, and other applicable Finnish laws and regulations. The Company aims to comply with all applicable rules and regulations affecting the Company or its affiliates (Group Companies) outside Finland, provided that such compliance does not constitute a violation of Finnish law.

The Board has a general obligation to pursue the best interests of the Company and all its shareholders, and is accountable to the Company's shareholders. Board members shall act in good faith and with due care, exercising their business judgment on an informed basis in what they believe to be the best interests of the Company and its shareholder community as a whole.

The Board shall decide on the business strategy of the Company, the appointment and dismissal of the President and CEO, the deputy to the President and CEO, and other senior management, Group structure, acquisitions and divestments, financial matters, and investments. It shall also continuously review and monitor the operations and performance of Group Companies, risk management, and the Company's compliance with applicable laws, as well as any other issues determined by the Board. The Board shall keep itself informed of issues and business activities of major strategic importance to the Company on an ongoing basis.

The Board shall appoint a secretary to be present at all Board meetings.

Election and term of office

The AGM elects the Company's Board of Directors for a term of one (1) year. According to the Articles of Association, the Board shall have a minimum of five (5) and a maximum of eight (8) members. The Board elects a Chairman from among its members. There is no provision in the Articles of Association to appoint Board members according to a specific order.

Biographical details of the Board of Directors are presented on pages 54–55 and can also be found at www.konecranes.com > Investors > Corporate Governance > Board of Directors.

In addition to the Board and its secretary, the Company's President and CEO and CFO shall attend Board meetings. The agenda of Board meetings and background material will be delivered to Board members prior to meetings. The Board shall meet as often as necessary to properly discharge its responsibilities. There shall be approximately eight regular meetings a year; the Board may convene whenever necessary in addition to these meetings.

The attendance of Board members at meetings in 2014 is shown in the table on Board meetings 2014 on page 41.

Board committees

The Board is assisted by the Audit Committee and the Nomination and Compensation Committee. Both committees were first formed in 2004.

Audit Committee

The Board shall appoint the members and the Chairman of the Audit Committee from among its members. The Audit Committee shall have at least three (3) non-executive Board members that are independent of and not affiliated with the Company. At least one member must be independent of major shareholders.

The tasks and responsibilities of the Committee are defined in its Charter, which is based on a Board resolution. The Charter of the Audit Committee can be consulted on the Company's website at www.konecranes.com > Investors > Corporate Governance > Board Committees.

Under its Charter, the Audit Committee shall meet at least four (4) times a year. The Chairman shall present a report on each Audit Committee meeting to the Board.

The attendance at Audit Committee Meetings in 2014 is shown in the table of Board meetings on page 41.

Nomination and Compensation Committee

The Board shall appoint the members and the Chairman of the Nomination and Compensation Committee from among its members. The Nomination and Compensation Committee shall have 3–4 non-executive Board members, the majority of whom shall be independent of the Company.

The Committee's tasks and responsibilities are defined in its Charter, which is based on a Board resolution. The Charter of the Nomination and Compensation Committee can be consulted on the Company's website at www.konecranes.com > Investors > Corporate Governance > Board Committees.

The Nomination and Compensation Committee shall meet at least once (1) a year. The Chairman shall present a report on each Nomination and Compensation Committee meeting to the Board.

The attendance at Nomination and Compensation Committee meetings in 2014 is shown in the table of Board meetings on page 41.

Remuneration paid to the Board of Directors

The remuneration paid to Board members is resolved by the Annual General Meeting. More information on the Board's remuneration can be found on page 42 under Remuneration of the Board of Directors.

President and CEO

Konecranes' President and CEO holds the position of Managing Director under the Companies Act. The Board decides on the appointment and dismissal of the President and CEO. The President and CEO may be a member of the Board of Directors, but may not act as its Chairman. The current President and CEO, Mr. Pekka Lundmark, is not a member of the Board of Directors.

Responsibilities

Under the Companies Act, the President and CEO is responsible for the day-to-day management of the Company in accordance with instructions and orders given by the Board. The President and CEO may only undertake actions which, considering the scope and nature of the Company's operations, are unusual or extensive with the authorization of the Board. The

Board meetings 2014

	Board meetings		Audit Committee meetings		Nomination and Compensation Committee meetings	
Member	**Attendance**	**Percentage**	**Attendance**	**Percentage**	**Attendance**	**Percentage**
Stig Gustavson	8/8	100%	-	-	2/2	100%
Svante Adde	8/8	100%	4/4	100%	-	-
Tapani Järvinen	8/8	100%	4/4	100%	-	-
Matti Kavetvuo	8/8	100%	-	-	2/2	100%
Nina Kopola	8/8	100%	-	-	2/2	100%
Bertel Langenskiöld	8/8	100%	-	-	2/2	100%
Malin Persson	8/8	100%	4/4	100%	-	-
Mikael Silvennoinen	7/8	87.5%	4/4	100%	-	-

The average attendance at Board meetings was 98.4 percent.

President and CEO shall ensure that the Company's accounting practices comply with the law and that its financial affairs have been arranged in a reliable manner. The President and CEO is also responsible for preparing matters presented to the Board and for the Company's strategic planning, finance, financial planning, reporting, and risk management.

Information on the President and CEO's remuneration can be found on page 42 under Remuneration of the President and CEO.

Group management

Konecranes has a two-tier operative management structure consisting of the Group Executive Board (GXB) and the Senior Management Team (SMT).

The Group Executive Board assists the President and CEO, but has no official statutory position based on legislation or the Articles of Association. In practice, however, it plays a significant role in the Company's management system, strategy preparation, and decision-making. The biographical details of Group Executive Board members can be found on pages 56–57.

The Senior Management Team focuses on a systematic review of the progress of strategy implementation. The biographical details of Senior Management Team members can be found on pages 58–60.

The GXB normally convenes on a monthly basis. The SMT convenes twice a year. In addition, Group-level results are reviewed monthly under the chairmanship of the President and CEO. Business Areas and Regions have their own management teams that convene on a regular basis.

Remuneration

Principles applied to remuneration schemes

All Konecranes remuneration schemes are designed to promote high performance and emphasize focus and commitment to business targets. Remuneration schemes promote competitiveness and the long-term financial success of the Company and contribute to the favorable development of shareholder value.

The objective is for all Konecranes employees to have a variable component based on their performance as a part of their overall remuneration. The size of this variable component varies according to a person's position in the organization. Typically, these variable components are based on the financial results of the Group and/or the unit in question as well as personal achievements. These remuneration schemes are drawn up in writing and numerical evaluation is used whenever possible.

All remuneration schemes are designed to meet both global and local needs, and may differ between locations as a result.

Decision-making process

The Annual General Meeting adopts resolutions and decides the remuneration of the Board of Directors and the Board's Committees annually. The Nomination and Compensation Committee reviews the President and CEO's performance. Based on this review and other relevant facts, the Board determines the total remuneration package of the President and CEO.

The Nomination and Compensation Committee also evaluates and prepares for the Board's decision on the remuneration packages of Group Executive Board members who report directly to the President and CEO. The remuneration packages for other Senior Management Team members are decided on by the President and CEO.

All Konecranes remuneration issues are decided by the "one above" principle, i.e. a manager's superior must always confirm the remuneration of an employee.

Remuneration of the Board of Directors

The remuneration of the Board members is resolved by the AGM. Fees payable to the Board members as confirmed by the latest AGM are shown in the following table.

Fees payable to the Board of Directors

	Annual fee 2014 EUR
Chairman of the Board	105,000.00
Vice Chairman	67,000.00
Board member	42,000.00
Fee per Board Committee meeting	1,500.00
Chairman of the Audit Committee per AC meeting	3,000.00

Board members are also reimbursed for their travel expenses.

50 percent of annual remuneration is paid in Konecranes shares purchased on the market on behalf of Board members. Remuneration may also be paid by transferring treasury shares based on the authorization given to the Board of Directors by the General Meeting. In the event that payment in shares cannot be carried out due to reasons related to either the Company or a Board member, annual remuneration shall be paid entirely in cash.

Remuneration of the President and CEO

The Nomination and Compensation Committee reviews the President and CEO's performance. Based on this review and other relevant facts, the Board determines the total compensation package paid to the President and CEO.

The compensation package includes base salary, fringe benefits, a pension scheme, performance-related annual variable pay, and a long term performance related share plan. The President and CEO's annual variable pay is based on Group profitability and growth and is at maximum 60 percent of the President and CEO's annual base salary. Additionally, the Board of Directors can, but is not required to, set certain strategic targets that can trigger an additional incentive, which can be a maximum of 50 percent of the President and CEO's annual base salary.

The pension scheme for the President and CEO sets his retirement age at 63 and the defined contribution at 18.6 percent of his annual salary, excluding performance-based compensation (annual or long-term incentives).

The annual salary and benefits paid to the President and CEO in 2014 and 2013 are shown in the table on page 43.

The temporary relocation to Singapore of the President and CEO has ended. As of June 14, 2014, the monthly salary of the President and CEO is EUR 40,000.00 excluding benefits (car, housing, and mobile phone).

Remuneration of Group Management (Group Executive Board)

The Nomination and Compensation Committee evaluates and prepares for the Board's decision on the remuneration packages of Group Executive Board members who report directly to the President and CEO. Remuneration packages for other Senior Management Team members are confirmed by the President and CEO. Compensation packages normally include basic salary, fringe benefits (typically company car and mobile phone), contribution-based pension schemes, performance-related annual variable pay, and a long-term performance-related share plan.

Incentive schemes are always based on written contracts. Incentive criteria may vary, but are usually based on the Group's five key performance areas: safety, customer, people, growth, and profitability. Annual variable pay is related to the individual's performance and to Group performance and/or

Total compensation paid to the Board of Directors in 2014

	Annual fee cash EUR	Shares EUR	Shares #	Committee meetings EUR	Total EUR
Gustavson Stig, Chairman of the Board	52,500.05	52,499.95	2,281	3,000.00	108,000.00
Adde Svante, Board member	21,009.23	20,990.77	912	12,000.00	54,000.00
Järvinen Tapani, Board member	21,009.23	20,990.77	912	6,000.00	48,000.00
Kavetvuo Matti, Board member	21,009.23	20,990.77	912	3,000.00	45,000.00
Kopola Nina, Board member	21,009.23	20,990.77	912	3,000.00	45,000.00
Langenskiöld Bertel, Board member	21,009.23	20,990.77	912	3,000.00	45,000.00
Persson Malin, Board member	21,009.23	20,990.77	912	6,000.00	48,000.00
Silvennoinen Mikael, Board member	21,009.23	20,990.77	912	6,000.00	48,000.00
Total	**199,564.66**	**199,435.34**	**8,665**	**42,000.00**	**441,000.00**

Compensation paid to the President and CEO
Salary, variable pay, and other benefits

	2014	2013
1. Salary and benefits	517,607 EUR	506,036 EUR
2. Benefits abroad	78,464 EUR	150,005 EUR
3. Annual variable pay	200,000 EUR	120,000 EUR
4. Variable pay related to time abroad	270,000 EUR	
5. Option rights owned (# of options 31 Dec.)	45,000	80,000
6. Share rights allocated (PSP)	115,200	67,200
7. Shares owned (# of shares 31 Dec.)	216,497	225,520
8. Retirement age	63 years	63 years
9. Target pension level	Defined contribution plan	Defined contribution plan
10. Period of notice	6 months	6 months
11. Severance payment (in addition to notice period compensation)	18 months salary and fringe benefits	18 months salary and fringe benefits

Remuneration to the Management
Group Executive Board, excluding the President and CEO

	2014	2013
1. Salary and benefits	1,393,095.11 EUR	1,283,773.08 EUR
2. Annual variable pay	204,128.38 EUR	246,130.80 EUR
3. Option rights owned (# of options 31 Dec.)	84,000	141,500
4. Share rights allocated (PSP)	249,600	163,200
5. Shares owned (# of shares 31 Dec.)	128,156	170,786

the performance of the unit that he/she belongs to. Numerical performance criteria are used rather than personal assessments, whenever possible. The annual variable pay percentage is based on the individual's responsibilities and is at maximum 50 percent of the individual's annual base salary.

The Finnish members of the Group Executive Board (GXB) participate in a defined contribution-based group pension insurance scheme, which can be withdrawn from at the age of 60. However, the retirement age is set according to the Finnish Employees Pensions Act (TyEL). The Finnish GXB members have life and disability insurances. Non-Finnish members of the GXB participate in a defined contribution pension plan and have local insurance cover.

There were no loans issued by the Company to the Group Executive Board as of the end of December 2014.

Performance Share Plan 2012–2016

At the beginning of 2012, Konecranes launched a new long-term incentive plan for key employees and discontinued the use of stock option plans.

The purpose of the Performance Share Plan (PSP) is to motivate key personnel to contribute to the long-term success of the Company and to create shareholder value. It is also intended to create a joint sense of common ownership among managers, which is seen as valuable for a company like Konecranes with operations covering many countries, cultures, and customer industries.

The Board decides annually the allocation of shares to key personnel under a proposal made by the President and CEO. In allocating shares to the President and CEO, the Board acts independently.

Discretionary period 2012–2014

The 2012 Plan has one criterion for fiscal year 2012 performance and one for 2012–2014 performance. Earned shares are paid out by the end of April 2015. In the 2012–2014 Plan, if the maximum performance level is achieved in both criteria, the President and CEO will be eligible for 48,000 shares and the Extended Management Team 2012 a total of 240,000 shares (these are gross figures).

Discretionary period 2013–2015

The 2013 plan has one criterion: cumulative EPS 2013–2015. Earned shares are paid out by the end of April 2016. In the 2013–2015 plan, if the maximum performance level is achieved, the President and CEO will be eligible for 48,000 shares and the other members of the Group Executive Board a total of 120,000 shares (these are gross figures).

The members of the Group Executive Board, including the President and CEO, have an obligation to continue owning at least 50 percent of the shares they earn annually through the Performance Share Plan until they own Company shares with a value equal to their annual salary including benefits.

Discretionary period 2014–2016

The 2014 plan has one criterion: cumulative EPS 2014–2016. Earned shares are paid out by the end of April 2017. In the 2014–2016 plan, if maximum performance level is achieved, the President and CEO will be eligible for 48,000 shares and the other members of the Group Executive Board a total of 120,000 shares (these are gross figures).

The members of the Group Executive Board, including the President and CEO, have an obligation to continue owning at least 50 percent of the shares they earn annually through the Performance Share Plan until they own Company shares with a value equal to their annual salary including benefits.

Stock Option Plans

In the past, the Company had stock option plans for its key employees, including top and middle management, and employees in certain expert positions. All these plans were adopted by the relevant General Meetings. The Board has decided to discontinue the use of these plans until further notice.

Konecranes Plc's remaining outstanding stock option plans are option series 2009B and 2009C. The subscription periods for these plans are:

- Stock Option 2009B: April 1, 2013–April 30, 2015
- Stock Option 2009C: April 1, 2014–April 30, 2016

The terms and conditions of Konecranes stock option plans and number of unsubscribed stock options, based on outstanding stock option plans and number of employees concerned, can be consulted on the Company's website at www.konecranes.com > Investors > Share information > Stock option plans.

As of the end of 2014, approximately 180 employees were part of the Group's stock option plans. More information on stock options can be found in the Financial Statements.

Employee Share Savings Plan

Konecranes launched an Employee Share Savings Plan on July 1, 2012 for all employees except those in countries where the plan could not be offered for legal or administrative reasons. New plan periods were started on July 1, 2013 and July 1, 2014.

The plan also covers top management and the President and CEO. Participation is voluntary for all concerned.

Plan period 2012–2013

Participants saved a monthly sum of up to 5 percent of their gross salary, which was used to buy Konecranes shares from the market on behalf of participants. Savings were made from July 1, 2012 to June 30, 2013. If participants are still in possession of these shares on February 15, 2016, they will receive one matching share for every two initially purchased.

Plan period 2013–2014

The plan allows participants to save a monthly sum of up to 5 percent of their gross salary, which is used to buy Konecranes shares from the market on behalf of the participants. Savings were made from July 1, 2013 to June 30, 2014. If participants are still in possession of these shares on February 15, 2017, they will receive one matching share for every two initially purchased.

Plan period 2014–2015

The plan allows participants to save a monthly sum of up to 5 percent of their gross salary, which is used to buy Konecranes shares from the market on behalf of the participants. Savings are to be made from July 1, 2014 to June 30, 2015. If participants are still in possession of these shares on February 15, 2018, they will receive one matching share for every two initially purchased.

Insider administration

The Board has approved a set of Insider Rules for Konecranes based on the Finnish Securities Markets Act, standards issued by the Financial Supervision Authority, and the Nasdaq Helsinki Guidelines for Insiders.

Konecranes' Public Insider Register includes the members of the Board of Directors, the President and CEO, the secretary to the Board, the auditor, and the members of the Senior Management Team, as well as other persons holding a comparable position in the Group, as decided by the Company. In addition Konecranes' company-specific permanent insiders include persons defined by the Company, who regularly possess inside information due to their position in the Company.

Persons registered in the Public Insider Register and the Permanent Insider Register are not allowed to trade in Konecranes securities during a period commencing on the first day after the end of each calendar quarter and ending upon the publication of the Company's corresponding interim report or financial statements bulletin. Trading is also not allowed during the entire day on which results are announced. The Company maintains Project-Specific Insider Registers for all insider projects. People listed in these registers are prohibited from trading in Konecranes shares until termination of the project concerned.

The General Counsel maintains Konecranes' register of insider holdings and is responsible for monitoring compliance with insider guidelines and declaration requirements. The Company maintains its public insider register in Euroclear Finland Ltd.'s SIRE system.

Audit

The main function of statutory auditing is to verify that Konecranes' financial statements represent a true and fair view of the Group's performance and financial position for the financial year, which is the calendar year. The auditor reports to the Board's Audit Committee on a regular basis and is obliged to audit the validity of the Company's accounting and closing accounts for the financial year and to give the General Meeting an auditor's report. Konecranes' auditors are elected by the AGM and will hold office until further notice. The same auditor with principal responsibility may not serve for more than seven financial years.

Ernst & Young Oy, Authorized Public Accountants, has been the Company's external auditor since 2006. Mr. Heikki Ilkka served as Principal Auditor in 2014. Ernst & Young Oy and its affiliated audit companies received EUR 1,734,000 in fees for auditing Konecranes Group companies in 2014 and fees of EUR 570,000 for non-audit services.

RISK MANAGEMENT, INTERNAL CONTROL, AND INTERNAL AUDITING

Konecranes' Board of Directors has defined and adopted a set of risk management principles based on widely accepted international best management practices. The Audit Committee evaluates and reports on the adequacy and appropriateness of internal controls and risk management to the Board.

Risk management principles

Risk is anything that will clearly affect Konecranes' ability to achieve its business objectives and execute its strategies. Risk management is part of Konecranes' control system and is designed to ensure that any risks related to the company's business operations are identified and managed adequately and appropriately to safeguard the continuity of Konecranes' business at all times.

The Group's risk management principles provide a basic framework for risk management across Konecranes, and each Group company or operating unit is responsible for its own risk management. This approach guarantees the best possible knowledge of local conditions, experience, and relevance.

The Group's risk management principles define risk management as a continuous and systematic activity aimed at protecting employees from personal injury, safeguarding the assets of all Group companies and the Group as a whole, and ensuring stable and profitable financial performance. By minimizing losses due to realized risks, and optimizing the cost of risk management, Konecranes can safeguard its overall long-term competitiveness.

Significant risks for Konecranes

Konecranes has assessed its strategic, operational, financial, and hazard risks. The list of risks below and the risk management methods described here are intended to be indicative only and should not be considered exhaustive.

Market risks

Demand for Konecranes' products and services is affected by the development of the local and global economy, regional and country-specific political issues, as well as the business cycles of Konecranes' customer industries. Capital expenditure on industrial cranes varies with the development of industrial production and production capacity, while demand for port equipment follows trends in global transportation and, over the shorter term, port investment cycles. The lift truck cycle follows other product segments. Demand for maintenance services is driven by customers' capacity utilization rates. In addition to risks related to sales volumes, adverse changes in demand can also result in overcapacity and affect market prices, as can the actions of competitors.

Konecranes' aim is to increase the proportion of service revenue in its total revenue stream and thereby reduce its exposure to economic cycles. In general, the demand for service is less volatile than that for equipment.

As part of its strategy, Konecranes strives to maintain a wide geographical presence to balance out economic trends in different market areas. Konecranes also aims to limit the risks resulting from changes in demand in different customer segments and demand for certain products by maintaining a diverse customer base and offering a wide range of products and services. By active product development, Konecranes also strives to differentiate itself from its competitors and reduce the competitive pressures that it experiences.

In 2014, Konecranes did not substantially expand its presence into new countries, but rather focused on its existing geographical coverage to utilize the full market potential. To further improve this utilization, Konecranes launched new products, developed as part of our Segment-based Offering initiative. The rollout of new IT-systems, based on our oneKONECRANES initiative, is harmonizing business operations, and bringing internal transparency to operations while centralizing some of them. In the longer term, this will improve also risk management.

Customer credit risks

Challenges with customer payments could adversely affect Konecranes' financial situation. To limit this risk, we apply a conservative credit policy in respect of our customers. It is Konecranes practice to review customers carefully before entering into a formal business relationship with them and to require credit reports from new customers. The credit risks of our customers are mitigated with advance payments, letters of credit, payment guarantees, and credit insurance where applicable. By using these tools and carefully monitoring customer payments, we have successfully been able to limit our credit risks.

During 2014, Konecranes continued a focused receivables collection process and the use of credit insurance products on selected projects and businesses. A lot of emphasis was put on ensuring sanctions compliance during the year.

Technology risks

Konecranes recognizes that there are various threats and opportunities related to the development of new products and services in its business. Active management of intellectual property rights is essential in the global marketplace.

Konecranes continuously monitors general market trends, technological developments, competitors' actions, customer behavior, and developments in various industry segments in order to identify signs of potential changes that could impact us.

Dedicated, process-driven product development operations have sustained Konecranes' leadership in offering advanced technologies, products, and services to lift its customers' businesses. Acquisitions can also be used to gain access to advanced technologies where appropriate. By working with outside research organizations and universities, we secure both access to and awareness of technological development important in our field of operations. Konecranes ensures that its innovations are protected by international patents wherever applicable, and protects its trademarks.

In 2014, Konecranes launched the first products under its Segment-based Offering initiative. These products extend our offering especially to those customer needs that require standard and basic product features. Additionally, development work continued actively with the advanced product offering. The Industrial Internet-based offering launched earlier, with its remote monitoring features, will differentiate us positively from our competition and reduce the technical risks of our offering in the longer term. The development activity of the Industrial Internet comprises actively increasing our capacity to improve our knowledge of the use of lifting equipment, enabling us to focus on finding new, safer, and more reliable solutions. The resourcing of these development activities was increased during the year.

In 2014, we continued to develop our own, in-house testing centers for our lifting equipment. We have three connected testing centers located on three continents. Their objective is to increase our knowledge of the reliability and safety of our products. The centers are also used for research. All these reduce the technical risks of our products.

We continued active management of our intellectual property rights, with the target of protecting our designs, innovations and trademarks, and securing our freedom to operate. Special emphasis continued on reacting to possible IPR violations: We are committed to proactively protecting our rights in this area.

Conducting business in emerging and developing markets

Konecranes sells in many developing countries and has its own personnel and manufacturing and supplier networks in these areas. Sudden changes in the political environment, economic, or regulatory framework of these areas can have an adverse effect on Konecranes' business. By having our own presence in some of these countries, Konecranes gains direct information on changes affecting the local business environment. Additionally, Konecranes conducts careful evaluations of the political, social, and economic environment in specific countries to ensure that it is aware of developments there.

The risks related to emerging and developing markets are balanced by Konecranes' strong global presence and stable service operations in developed countries in Europe and North America.

Emerging countries represent a significant and ongoing market opportunity, as their long term economic growth is expected to be faster than the global average. Konecranes will continue its efforts to expand its presence in these areas through organic growth and acquisitions.

In 2014, we continued our efforts to extend and ensure the longevity of our business in developing markets. Konecranes' Code of Conduct training has established its position internally as our standard process. We put special emphasis on being able to manage risks due to Ebola epidemics. We are constantly monitoring international sanctions development to ensure compliancy.

Personnel
Konecranes' ability to operate is dependent on the availability, expertise, and competence of professional personnel.

During 2014, Konecranes continued its investments into personnel. The key focus of our investment was upon the industry-leading technical skills of service technicians, high capability of project management, and customer-centric and effective sales and sales management skills. In these focus areas, Konecranes invested in training efforts to ensure customer satisfaction. In addition to trainings, Konecranes increased investments in safety programs, continued employee-engagement programs like our Employee Share Savings plan and invested in employee wellbeing. To limit any potential employment risks, the Company conducted fair labor audits and further developed employee conditions in several markets.

Acquisitions
Unsuccessful acquisitions or a failure to successfully integrate an acquired company could result in reduced profitability or hamper the implementation of corporate strategy. Konecranes reduces the risks associated with acquisitions by carrying out thorough due diligence analyses, using external advisors when needed.

Production risks
Konecranes' strategy is to maintain in-house production of key components that have high added value and/or provide core competitive advantages. There are specific risks involved with different aspects of production, such as production capacity management, operational efficiency, continuity, and quality.

Efforts have continued to further develop production operations. Continuous replacement investments and enhanced maintenance of production equipment have been carried out. Risk management is an essential element of production strategy. The safety and security of key facilities continued to improve during 2014.

Material management and procurement risks
Material management and procurement operations require a proactive approach and development to avoid risks related to issues such as pricing, quality, capacity, availability, inventory values, and to those detailed in the supplier Code of Conduct and other expectations as expressed in Konecranes' renewed Global Supplier Manual. Inefficiencies and deficiencies in these areas could affect the performance and reputation of Konecranes adversely. Konecranes manages its purchases and the logistics of materials and components, of substantial importance for its operations, on a centralized basis. Contracts with key suppliers are designed to optimize these purchases globally.

During 2014, Konecranes continued to develop the quality and scope of supplier cooperation and its audit process. We also continued to improve demand-supply monitoring, balancing, forecasting, and supplier communications to improve our ability to respond to customer needs rapidly. During 2014, Konecranes almost doubled the amount of supplier assessments, striving to ensure that supplier co-operation meets expectations.

Quality risks
High-quality products, business procedures, processes, and services play a key role in minimizing Konecranes' business risks. Most companies in the Group and all major Group operations use certified quality procedures. To further enhance our harmonized approach to quality, several main production units are now incorporated into one multisite quality certificate. In addition to this, existing quality certificates were updated and new ones received in 2014. Determined certification work is continuing in line with Konecranes' principles in this area. During 2014, Konecranes continued developing both its local and global quality improvement processes. Lean Six Sigma development progress has been substantial and plays a key role in our improving our operational excellence. Our product line based factory and site acceptance test system has been further developed as part of this continuous improvement. Supplier quality has been developed in the same way.

Supplier risks
Konecranes recognizes that price and continuity risks are associated with some of its key suppliers, as they could be difficult to replace. In the event of major production problems, this could undermine Konecranes' delivery capability. Quality risks and defects associated with subcontracted components are quality risks for Konecranes.

To reduce subcontracting risks, Konecranes constantly seeks competitive alternative suppliers while improving cooperation with existing suppliers. When available, alternative suppliers enhance price competition, increase production capacity, and reduce Konecranes' risks of single supplier dependency.

During 2014, we continued and enhanced our cooperation with critical suppliers to generate mutual benefits. We also started to drive business continuity management development with selected suppliers.

IT risks
Konecranes IT function is responsible for all IT services, applications, and assets used by Group companies. Konecranes' operations depend on the availability, reliability, quality, confidentiality, and integrity of information. Any and all information security risks and incidents may affect business performance adversely.

Konecranes uses reliable IT solutions and employs efficient information security management to avoid data loss and prevent the confidentiality, availability, or integrity of data from being compromised. User care and support is exercised with internal and outsourced IT services to ensure the high availability, resilience, and continuity of services, and rapid recovery in the event of any temporary loss of key services.

During 2014, Konecranes continued implementing global IT applications and business process harmonization work. Implementations of this type always include risks in terms of schedule, cost, and content. Realization of schedule risk may lead to delays in business benefit realization. Content risk can be realized if a business model cannot be implemented as planned with selected applications. Delays in schedules and challenges with implementations may lead to higher total project costs.

Konecranes IT operated as a business support function in 2014, with a presence in roughly 20 countries.

Contract and product liability risks
Konecranes can be subject to various legal actions, claims, and other proceedings in various countries typical for a company in its industry and consistent with a global business that encompasses a wide range of products and services. These may involve contractual disputes, warranty claims, product liability (including design defects, manufacturing defects, failure to post appropriate warnings, and asbestos legacy), employment, auto liability, and other matters involving claims related to general liability. These risks are managed by continuously monitoring operations, improving product safety, training customers, and making use of detailed sales terms. Konecranes also issues written policies in some cases to ensure compliance with legislation, regulations, and Konecranes' own principles across the Konecranes Group. Particular emphasis is placed on training to ensure that employees are aware of and comply with the applicable legislation, regulations, and principles relating to their work. Konecranes' Legal Department retains outside experts to assist here when necessary.

Illegal activities
Konecranes aims to comply with all applicable laws and regulations, but breaches of the Company's policies resulting in illegal activities can threaten the Company. Konecranes considers the potential risks involved to be limited, however, although it recognizes that even small-scale illegal activity could damage its reputation and affect its financial condition and results adversely. Internal procedures, supervision, audits, and practical tools are used to reduce Konecranes' exposure to these types of risks.

During 2014, Konecranes continued its efforts to ensure good governance and management practices. Konecranes Code of Conduct training for all new employees has been established as part of the standard process after the initial rollout to all employees which was completed during the year.

Damage risks

Damage risks include business interruption risks, occupational health and safety-related risks, environmental risks, fire and other disasters, natural events, and premises security risks. Konecranes identifies and assesses these risks continuously as part of its business processes. To mitigate these risks, we have adopted a number of occupational health and safety guidelines, rescue planning, and premises security instructions. Konecranes has also sought to prepare for the materialization of these risks through various insurance programs and by continuously improving its preparedness to deal with various potential crisis situations.

During 2014, we underlined the importance of risk assessments before starting service maintenance jobs in order to ensure safe working methods and risk avoidance. Additionally, we improved follow up of activities fulfilling recommendations made after various safety audits.

Financial risks

Konecranes manages most of its financial risks on a centralized basis through its Group Treasury. Group Treasury operates through Konecranes Finance Corporation, which acts as a financial vehicle for the Group at Corporate Headquarters. Konecranes Finance Corporation is not a profit center that strives to maximize its profits, but rather its role is to help the Group's operating companies reduce the financial risks associated with global business operations, such as market, credit, and liquidity risks. The most significant market risks relates to foreign currency transaction risk.

The responsibility for identifying, evaluating, and controlling the financial risks arising from the Group's global business operations is divided between business units and Konecranes Finance Corporation.

Units hedge their risks internally with Group Treasury. The majority of the Group's financial risks are channeled through Konecranes Finance Corporation, where they can be evaluated and controlled efficiently.

Almost all funding, cash management, and foreign exchange transactions with banks and other external counterparties are carried out centrally by Konecranes Finance Corporation in accordance with the Group's Treasury Policy. Only in a few special cases, where local central bank regulations prohibit the use of Group services for hedging and funding, is this done directly between an operating company and a bank under the supervision of Group Treasury.

Konecranes Finance Corporation uses a treasury system that enables transactions to be processed in real time and provides in-depth records of activities and performance. Standard reporting is done on a weekly basis and covers Group-level commercial and financial cash flows, foreign currency transaction exposure, debt positions, derivatives portfolios, and counterparty credit exposure for financial transactions. In addition, all Group companies participate in monthly managerial and statutory reporting.

See Note 3 to the Financial Statements and the Board of Directors' Report for a detailed overview of financial risk management.

Insurance

The Group reviews its insurance policies as part of its overall risk management on a continuous basis. Insurance policies are used to cover all risks that are economically feasible or otherwise reasonable to insure.

Internal control and risk management related to financial reporting

Internal control related to financial reporting is designed to provide reasonable assurance concerning the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, applicable laws and regulations, and other requirements covering listed companies. Risk management is considered an integral part of running Konecranes' business. Konecranes' corporate risk management principles provide a basic framework for risk management, while each Group company or operating unit is responsible for its own risk management. This principle is also followed in risk management related to financial reporting.

Control environment
Main features of internal control related to financial reporting

Management of financial risks is described in Note 3 of Konecranes' Financial Statements 2014.

Control environment

Business Area Service manages as a straightforward line organization according to the regional structure. However, certain small operations within Business Area Service are managed globally as they have close ties to the respective operations within Business Area Equipment.

Business Area Equipment operates as a matrix organization where business units form one dimension and regions the other. The global business units have end-to-end result accountability.

The internal regional structure includes the following regions: Europe (EUR), India Middle East and Africa (IMEA), Americas (AME), North-East Asia (NEA) and South-East Asia-Pacific (SEAP).

Financial targets are set and planning/follow-up activities are executed along both dimensions of the matrix organization in accordance with the overall business targets of the Konecranes Group. The operations of the Service business are typically monitored based on profit-responsible service branches (330 in 2014), which are further consolidated to country and region levels. The Equipment business is mainly monitored via business units (6 in 2014), which are divided into business lines.

Corporate governance and business management at Konecranes are based on the company's values of trust in people, total service commitment, and sustained profitability. The control environment is the foundation for all the other components of internal control and for promoting employees' awareness of key issues. It supports the execution of strategy and regulatory compliance. The Board of Directors and Group Management are responsible for defining the Konecranes Group's control environment through corporate policies, instructions, and financial reporting frameworks. These include the Konecranes Code of Conduct and the Konecranes Controller's Manual, which constitutes the main tool for accounting and financial reporting principles in respect of providing information, guidelines, and instructions. The interpretation and application of accounting standards is the responsibility of the Global Finance function. Guidelines and instructions for reporting are updated when necessary and are reviewed at least once a year.

Control activities

Konecranes Group's management has operational responsibility for internal controls. Financial control activities are integrated into the business processes of the Konecranes Group and management's business supervision and monitoring procedures. The Group has identified and documented the significant internal controls that relate to its financial processes either directly or indirectly through other processes. The total number of identified financial internal controls is approximately 120. All legal entities and business units have their own defined controller functions. Representatives from controller functions participate in planning and evaluating unit performance, and ensure that monthly and quarterly financial reporting follows the Group's policies and instructions and that all financial reports are delivered on time in accordance with schedules set by the Group.

Management follow-up is carried out through monthly management reporting routines and performance review meetings. These meetings are conducted by business units/business areas, on country and regional as well as Group level, and cover a review of the competitive situation, market sentiment, order intake and order book, monthly financial performance, quarterly and rolling 12-month forecasts, as well as safety, people, and customer topics. Group management follows up separately the most important development activities; for example, major IT development activities are monitored by the Business Infrastructure Board and R&D projects by the Product Board. These Management Boards typically convene on a quarterly basis.

Monitoring

The Group conducts an annual self-assessment through its controllers to monitor the effectiveness of selected financial internal controls. The Group also has an Internal Audit function, which is responsible for monitoring and evaluating the effectiveness of Konecranes' risk management and internal control system. Internal Audit plans its work in cooperation with the Audit Committee, which approves an annual internal audit plan. The Audit Committee receives direct reports from external auditors and discusses and follows up their viewpoints. External auditors are also represented at Audit Committee meetings. The Group's financial performance is reviewed at every Board meeting, and the Board of Directors and the Audit Committee review all external financial reports before they are made public.

The Group has a confidential e-mail reporting channel (Whistleblower channel) through which matters related to suspected misconduct can be reported. All notices of suspected incidents are investigated by Internal Audit and findings are reported to the Audit Committee. We received five reports of suspected misconduct via the Whistleblower channel in 2014; these cases did not have a material impact on the Group's financial results.

Communication

The Controller's Manual, together with reporting instructions and policies, are stored in the Konecranes intranet for access by personnel. The Group, Business Areas, and regions also arrange meetings to share information on financial processes and practices. Information for the Group's stakeholders is regularly communicated via the Konecranes Group's website. To ensure that the information provided is comprehensive and accurate, the Group has established a set of external communications guidelines. These define how, by whom, and when information should be issued; and are designed to ensure that Konecranes meets all its information obligations and to further strengthen internal controls related to financial reporting.

During 2014

Konecranes continued its IT system project (ERP, CRM and People systems for both the Service and Equipment Business Areas) to further develop and implement harmonized processes, increase operational visibility and improve decision-making, and reduce the overall number of various IT systems.

The SAP ERP system will be used for transaction handling and logistics within both Business Areas. The Siebel ERP system will be used to manage the field service operations as well as to store the data related to the assets under maintenance contracts.

The pilot unit of the SAP ERP system was launched at the end of September 2011. Several new units in North America rolled out during 2013. In 2014, key manufacturing units in Finland implemented SAP in their operations. The SAP rollouts will continue in Europe and Asia in 2015.

Pilot Service units in Europe took the Siebel ERP system into use in 2012–2013. The implementation continued in North America and Australia in 2014, and work will continue in those areas in 2015. The Siebel ERP system is planned to be rolled out in additional European countries in 2015.

The CRM and People systems have reached the targeted global coverage. Their features and functionalities are being developed further to maximize the business benefits.

Konecranes continued the implementation and development of the Financial Shared Service Center (FSSC) concept to offer mainly transaction handling services, financial master data maintenance, and some financial accounting services from regional centers to individual Konecranes companies.

The internal control environment will be improved using common, unified processes and a common system platform. Monitoring the effectiveness of internal controls will become more transparent following the implementation of the SAP ERP system. Financial Shared Service Centers will create a unified framework for transactional processing and provide an enhanced segregation of duties.

BOARD OF DIRECTORS

Stig Gustavson

b. 1945
Chairman of the Board since 2005. Board Member since 1994 and Member of the Nomination and Compensation Committee since 2006. M.Sc. (Eng.), Dr.Tech. (hon.)
Principal occupation: Board Professional
Primary work experience: KCI Konecranes Plc 1994–2005: President and CEO; KONE Cranes division 1988–1994: President; KONE Corporation 1982–1988, Prior to 1982: Holder of various executive positions in major Finnish corporations
Current key positions of trust: Ahlström Capital Oy: Chairman of the Board; Dynea Oy: Vice Chairman of the Board; Handelsbanken Regional Bank Finland: Chairman of the Board; Oy Mercantile Ab: Vice Chairman of the Board; IK Investment Partners Oy: Senior Regional Advisor and Board Member IK Funds; Technology Academy Foundation: Chairman of the Board; Varma Mutual Pension Insurance Company: Member of the Supervisory Board; Outokumpu Oyj: Board Member
Mr. Stig Gustavson is deemed to be dependent of the Company based on the Board's overall evaluation relating to his former and current positions in Konecranes combined with his substantial voting rights in the Company.
** Mr. Gustavson is independent of any significant shareholder.*
Shares: 6,430*

Svante Adde

b. 1956
Board Member since 2004. Member of the Audit Committee since 2004 and Chairman of the Audit Committee since 2008. B.Sc. (Econ. and Business Administration)
Principal occupation: Senior Adviser, Lincoln International; Board Professional
Primary work experience: Pöyry Capital Ltd, London 2007–2013: Managing Director; Compass Advisers, London 2005–2007: Managing Director; Ahlstrom Corporation 2003–2005: Chief Financial Officer; Lazard Ltd, London and Stockholm 2000–2003: Managing Director; Lazard Ltd, London 1989–2000: Director; Citibank 1979–1989: Director
Current key positions of trust: Agroenergi Neova Pellets AB: Chairman of the Board; Meetoo AB: Chairman of the Board; Rörvik Timber AB: Chairman of the Board; Cambium Global Timberland Ltd: Board Member
Independent of the Company and its significant shareholders.
Shares: 7,682

Tapani Järvinen

b. 1946
Board Member since 2009 and Member of the Audit Committee since 2009. M.Sc. (Eng.), Lic. Sc. (Tech.)
Principal occupation: Board Professional
Primary work experience: Outotec Oyj 2006–2009: President and CEO; Outokumpu Technology, Finland 2003–2006: President and CEO; Outokumpu Oyj, Finland 2000–2005: Executive Vice President and Member of the Group Executive Committee; Compañía Minera Zaldívar, Chile 1994–2000: General Manager and CEO
Current key positions of trust: Outotec Oyj: Board Member; Normet Corporation: Board Member; Talvivaara Mining Company Plc: Chairman of the Board
Independent of the Company and its significant shareholders.
Shares: 5,175

Matti Kavetvuo

b. 1944
Board Member since 2001. Chairman of the Nomination and Compensation Committee 2009–2011 and Member since 2012. Member of the Audit Committee 2004–2008. M.Sc. (Eng.), B.Sc. (Econ.)
Principal occupation: Board Professional
Primary work experience: Pohjola Group Plc 2000–2001: CEO; Valio Ltd 1992–1999: CEO; Orion Corporation 1985–1991: CEO; Instrumentarium Corp. 1979–1984: President
Current key positions of trust: No current key positions of trust.
Independent of the Company and its significant shareholders.
Shares: 11,661

** Konecranes Plc has on December 28, 2011 received information according to which the Chairman of the company's Board of Directors Stig Gustavson has donated all of the shares he at that time owned in Konecranes Plc to his near relatives retaining himself for life the voting rights and right to dividend attached to the donated shares. The donation encompasses in total 2,069,778 shares which corresponds to approximately 3.27 percent of all of the company's shares and voting rights*

Nina Kopola

b. 1960
Board Member since 2011 and Member of the Nomination and Compensation Committee since 2011.
M.Sc. (Chemical Eng.), Lic. Sc. (Tech.)
Principal occupation: President and CEO, Suominen Corporation
Primary work experience: Dynea Oy 2008–2011: Executive Vice President, Europe; Dynea Oy 2006–2008: Executive Vice President, Global Market Applications; Dynea Oy 2005–2006: Group Vice President, Marketing; Dynea Oy 2000–2005: Various management positions in Marketing, Controlling, and Business Analysis
Current key positions of trust: Chemical Industry Federation of Finland: Board Member; Finnish Plastics Industries Federation: Board Member; The Federation of Finnish Textile and Clothing Industries: Board Member
Independent of the Company and its significant shareholders.
Shares: 3,287

Bertel Langenskiöld

b. 1950
Board Member since 2012 and Member of the Nomination and Compensation Committee since 2012.
M.Sc. (Eng.)
Principal occupation: Managing Director, Hartwall Capital Oy Ab
Primary work experience: Metso Corporation, Paper and Fiber Technology 2009–2011: President; Metso Paper 2007–2008: President; Metso Paper, Fiber Business Line 2006–2007: President; Metso Minerals 2003–2006: President; Fiskars Corporation 2001–2003: President and CEO; Tampella Power/Kvaerner Pulping, Power Division 1994–2000: President
Current key positions of trust: Kährs Holding AB: Board Member; Inkerman International AB: Board Member
Mr. Bertel Langenskiöld is independent of the Company. Mr. Langenskiöld is deemed to be dependent of significant shareholders of the Company based on his current position as the Managing Director of Hartwall Capital Oy Ab. HTT KCR Holding Oy Ab holds more than 10 percent of Konecranes Plc's shares and votes. HTT KCR Holding Oy Ab is a subsidiary of Hartwall Capital Oy Ab. In addition, HTT KCR Holding Oy Ab, K. Hartwall Invest Oy Ab and Fyrklöver-Invest Oy Ab will in practice cooperate in matters concerning their ownership in Konecranes Plc.
Shares: 2,571

Malin Persson

b. 1968
Board Member since 2005 and Member of the Audit Committee since 2012. Member of the Nomination and Compensation Committee 2005–2011.
M.Sc. (Eng.)
Principal occupation: CEO & Owner, Accuracy AB
Primary work experience: Volvo Group: Holder of various executive positions including: Volvo Technology Corporation: President and CEO; AB Volvo: Vice President, Corporate Strategy and Business Development; Volvo Transport Corporation: Vice President, Business & Logistics Development; Chalmers University of Technology Foundation: President and CEO
Current key positions of trust: Board Member in Hexpol AB, Becker Industrial Coatings, Kongsberg Automotive, Getinge, Ahlström Capital Oy, and Mobile Climate Control
Independent of the Company and its significant shareholders.
Shares: 6,830

Mikael Silvennoinen

b. 1956
Board member since 2008 and Member of the Audit Committee since 2008.
M.Sc. (Econ.)
Principal occupation: Executive Chairman of the Board, IMS Talent Oy
Primary work experience: Pohjola Group 1997–2013: President and CEO: 1989–1997: Holder of various executive positions; Wärtsilä Group 1983–1989: Group Treasurer
Current key positions of trust: Orion Corporation: Board Member; Hartwall Capital Oy Ab: Board Member; The Finnish Foundation for Share Promotion: Board Member
Mr. MIkael Silvennoinen is independent of the Company. Mr. Silvennoinen is deemed to be dependent of significant shareholders of the Company based on his current position as the Member of the Board of Hartwall Capital Oy Ab. HTT KCR Holding Oy Ab holds more than 10 percent of Konecranes Plc's shares and votes. HTT KCR Holding Oy Ab is a subsidiary of Hartwall Capital Oy Ab.
Shares: 5,614

GROUP EXECUTIVE BOARD

Pekka Lundmark

b. 1963
President and CEO
Member of the Group Executive Board since 2004
Employed 2004
M.Sc. (Eng.)
Primary work experience:
KCI Konecranes 2004–2005: Group Executive Vice President; Hackman Abp 2002–2004: CEO; Startupfactory 2000–2002: Managing Partner; Nokia Corporation 1990–2000: various executive positions
Current key positions of trust:
Marimekko Ltd.: Chairman of the Board; Valmet Corporation: Board Member and Member of the Board's Remuneration and HR Committee; The Federation of Finnish Technology Industries: Board Member
Shares: 216,497
Options to acquire: 45,000 shares

Ryan Flynn

b. 1971
Executive Vice President, Head of Business Area Equipment (as of June 1, 2014)
Member of the Group Executive Board since 2014
Member of the Senior Management Team 2013
Member of the Extended Management Team 2009–2013
Employed 2005–2013, 2014– MBA, BCom
Primary work experience: Bluescope Steel 2013–2014: VP, Strategy & Business Development; Konecranes Plc 2009–2013: SVP, Head of Region APAC (Asia-Pacific); Konecranes Plc., China 2005–2009: Director, Ports & Lift trucks; NFS Industrial Machinery, South Africa 2003–2005: General Manager; Afinta Motor Corporation, South Africa 1996–2000: Director; Standard Bank, South Africa 1990–1996: Business Manager
Shares: 1,000
Options to acquire: 10,000 shares

Teo Ottola

b. 1968
Chief Financial Officer
Member of the Group Executive Board since 2007
Employed 2007
M.Sc. (Econ.)
Primary work experience:
Elcoteq SE 2004–2007: CFO; Elcoteq Network Oyj 1999–2004: SVP (Business Control and Accounting); 1998–1999: Group Business Controller; Elcoteq Lohja Oy 1996–1998: Business Controller; Rautaruukki Oy 1992–1996: Financial Planner
Shares: 24,531
Options to acquire: 25,000 shares

Fabio Fiorino

b. 1967
Executive Vice President, Head of Business Area Service and Chief Customer Officer
Member of the Group Executive Board since 2012
Employed 1995
B. Eng. P.Eng. MBA
Primary work experience:
Konecranes Americas 2010–2011: VP, Head of Service, Region Americas; Morris Material Handling, Inc. 2006–2009: President; R&M Materials Handling, Inc. 1999–2006 / Drivecon, Inc. 2002–2006: President; Konecranes Americas 1998–1999: VP, Business Development, Latin America; Konecranes Canada, Inc. 1995–1998: Marketing Manager; AECL 1989–1994: Mechanical/Project Engineer
Shares: -
Options to acquire: 9,000 shares

Mikko Uhari

b. 1957
Executive Vice President, Strategy and Technology
Member of the Group Executive Board since 1997
Employed 1997
Lic. Sc. (Eng.)
Primary work experience:
Konecranes Plc 2011–2012: EVP, Head of Market Operations, 2010–2011: EVP, Head of Business Area Equipment; KCI Koneranes/ Konecranes 2005–2009: President, New Equipment Business Areas; KCI Konecranes 2004–2005: President, Special Cranes (Heavy Lifting); 1997–2003: President, Harbor and Shipyard Cranes; KONE Corporation 1982–1997: various managerial positions at Wood Handling Division (Andritz as of 1996) in Finland, Sweden and in the USA, including: 1996–1997 GVP, Marketing; 1992–1996: GVP, Project Business; 1990–1992: Director, Wood Handling Unit, Finland
Shares: 100,491
Options to acquire: 25,000 shares

Antti Koskelin

b. 1970
Chief Information Officer, CIO
Member of the Group Executive Board since 2013
Member of the Extended Management Team 2009–2012
Employed 2009
B.Sc. (Information Technology)
Primary work experience:
Nokia Corporation 1994–2008: several global leadership positions in the USA and in Finland.
Shares: 785
Options to acquire: 15,000 shares

Timo Leskinen

b. 1970
Senior Vice President, Human Resources
Member of the Group Executive Board since 2013
Employed 2013
M.Sc. (Psy)
Primary work experience:
Fiskars 2009–2013: VP, Human Resources; Nokia Services 2008–2009: Director HR; Nokia Customer and Market Operations 2006–2007: Director, HR; Nokia Ventures Organization 2004–2006: Head of Operations; 2000–2004: HR Manager; MPS 1999–2000: HR Consultant
Shares: 1,349
Options to acquire: -

Hannu Rusanen

b. 1957
Senior Advisor (June 1–August 31, 2014)
Member of the Group Executive Board 2004–2014 (until May 31, 2014)
Employed 2003
M.Sc. (Eng.)
Primary work experience:
Konecranes Plc 2012–May 2014: EVP, Head of Business Area Equipment; 2007–2011: EVP, Head of Business Area Service; KCI Konecranes/ Konecranes 2003–2006: Country Executive, Nordic; ABB Finland 1995–2002: VP, Service; Tampella Oy 1982–1995: various management positions in Finland and in the USA
Shares: 45,871
Options to acquire: 25,000 shares

SENIOR MANAGEMENT TEAM

Lars Fredin
b. 1961
Vice President, Head of Business Unit Lift Trucks
Member of the Senior Management Team since 2013
Employed 2009
B.Sc. Small Business Management
Primary work experience: Bromma Conquip AB 2003–2009: VP, Sales & Marketing; Metget AB 2000–2003: Business Consultant and Sales & Marketing Director (RFID technology); Kalmar AC 1998–2000: President; Kalmar Industries 1996–1998: Area Manager, East Asia
Shares: 2,000
Options to acquire: 20,000 shares

Steve Gagnuss
b. 1964
Senior Vice President, Head of Region SEAP (Southeast Asia-Pacific)
Member of the Senior Management Team since 2014
Employed 1986
B.Sc. (International Business Management)
Diploma in Business Management
Primary work experience: Konecranes 2010–2013: Area Director, Southeast Asia; 2007–2010: General Manager, Industrial Cranes and Components, Southeast Asia; KONE Corporation/Konecranes 1986–2010: Various production, sales, operations and product management positions in Konecranes Australia
Shares: 4,447
Options to acquire: -

Miikka Kinnunen
b. 1977
Director, Investor Relations
Member of the Senior Management Team since 2013
Employed 2009
M.Sc. (Econ.)
Primary work experience: Carnegie Investment Bank AB 2001–2009: Financial Analyst
Shares: -
Options to acquire: 2,500

Ari Kiviniitty
b. 1957
Senior Vice President, Product Management and Engineering
Member of the Senior Management Team since 2013
Member of the Extended Management Team 2012–2013
Member of the Executive Board 2005–2012
Employed 1983
M.Sc. (Eng.)
Primary work experience: KCI Konecranes 2004–2005: VP, Standard Lifting Equipment; 2002–2004: Managing Director, Hoist factory; 1999–2001: R&D Manager; 1996–1998: Technical Director, Components, Singapore
Other current key positions of trust: Board Member of FEM (The European Federation of Materials Handling Equipment Manufacturers) (until September 2014); Member of Technology Industries of Finland, Business and Technology Working Group
Shares: 10,976
Options to acquire: 26,000 shares

Aku Lehtinen
b. 1969
Senior Vice President, Head of Region IMEA (India, Middle-East & Africa)
Member of the Senior Management Team since 2013
Member of the Extended Management Team 2010–2013
Employed 1994
M.Sc. (Eng.)
Primary work experience: Konecranes 2011–2012: SVP, Head of Region WEMEA (Western Europe, Middle East and Africa); 2010–2011: SVP, Head of Region NEI (Nordic, East Europe and India); 2008–2010: Director, South East Europe; KCI Konecranes/Konecranes 2006–2008: Director, RTG Cranes; KCI Konecranes 2004–2006: Sales Director, Yard Cranes; 1994–2004: Sales, project & product management positions in Asia, Middle East and Europe
Shares: 568
Options to acquire: 16,500 shares

Mika Mahlberg
b. 1963
Vice President, Head of Business Unit Port Cranes
Member of the Senior Management Team since 2013
Employed 1997
M.Sc. (Eng.)
Primary work experience: KCI Konecranes/Konecranes 2006–2007: Director, VLC Cranes; KCI Konecranes 2000–2006: Director, STS Cranes; 1997–2000: Project Manager, Harbor and Shipyard Cranes; Crown Cork & Seal Company 1996–1997: World Class Manufacturing Manager; Partek Group 1990–1995: Various management positions in Business Area Precast Concrete in Finland and Belgium
Shares: 2,329
Options to acquire: 30,000 shares

Tomas Myntti
b. 1963
Senior Vice President, Head of Region EUR (Europe)
Member of the Senior Management Team since 2013
Member of the Extended Management Team 2011–2013
Employed 2008
M.Sc. (Eng.)
Primary work experience: Konecranes 2011–2012: SVP, Head of Region NEI (Nordic, Eastern Europe and India); 2010–2011: VP, Head of Industrial Cranes, Region NEI; 2009: Director, Market Operations, Head of Global Key Account Management and Sales Development; 2008: Director, Business Development, Business Area New Equipment; TietoEnator Oyj 2007–2008: Chief Marketing Officer, Business Area Telecom and Media; Hantro Products Oy 2000–2007: SVP, Sales and Marketing; Cadence Design Systems 1996–2000: Global Account Director; Intel Corporation 1994–1996: Global Account Manager; Cap Gemini 1989–1994: Various management positions; Digital Equipment Corporation 1984–1989: Various positions
Shares: 661
Options to acquire: 2,500 shares

Jukka Paasonen
b. 1963
Vice President, Head of Business Unit Industrial Crane Products
Member of the Senior Management Team since 2013
Employed 1988
B.Sc.
Primary work experience: Konecranes 2011–2012: VP, Industrial Cranes, Standard Duty Cranes; 2008–2011: Director, Sales Support, Standard Lifting; KCI Konecranes/Konecranes 2006–2008: Director, Regional Sales Support, Standard Lifting; KCI Konecranes 2004–2006: Area Manager, West Europe and South America, Standard Lifting; 1997–2003: Sales Manager, Americas Component Center, Springfield, USA; KONE Corporation/KCI Konecranes 1990–1997: Various positions in sales and area support as well as in product management; KONE Corporation 1988–1990: Special Applications Engineer, Hoist Factory, Finland
Shares: 170
Options to acquire: 2,500 shares

Juha Pankakoski
b. 1967
Vice President, Head of Business Unit Parts
Member of the Senior Management Team since 2013
Employed 2004
M.Sc. (Eng.), eMBA
Primary work experience: Konecranes 2008–2010: Director, Corporate Business Process Development; KCI Konecranes/Konecranes 2004–2008: Director, Supply Operations; Tellabs 2003–2004: VP, Supply Chain Operations; 2002–2003: Regional Director, EMEA Operations; 2000–2002: Director, Operations; 1998–2000: Plant Manager; Philips Medical Systems 1997–1998: Operations Manager; Fujitsu ICL Computers 1993–1997: Various management positions in operations and business development
Shares: -
Options to acquire: 19,000 shares

Sirpa Poitsalo
b. 1963
Vice President, General Counsel
Member of the Senior Management Team since 2013
Member of the Extended Management Team 2009–2013
Member of the Executive Board 1999–2009
Employed 1988
LL.M.
Primary work experience: KCI Konecranes 1997–1998: Assistant General Counsel; KONE Corporation/KCI Konecranes, 1988–1997: Legal Counsel
Shares: 29,108
Options to acquire: 15,500 shares

Tom Sothard
b. 1957
Senior Vice President, Head of Region Americas
Member of the Senior Management Team since 2013
Member of the Extended Management Team 2009–2013
Member of the Executive Board 1995–2009
Employed 1983
B.Sc. (Marketing)
Primary work experience: KCI Konecranes 2001–2006: President, Global Maintenance Services; 1995–2002: Group VP, North America; KONE Corporation/KCI Konecranes 1989–2001: President, Maintenance Services, North America; KONE Corporation 1984–1988: VP, Maintenance Services, North America; Robbins and Myers 1980–1984: District Manager
Shares: 16,433
Options to acquire: 30,000 shares

Topi Tiitola
b. 1969
Director, Business Analysis and Support
Member of the Senior Management Team since 2013
Employed 1995
M.Sc. (Econ)
Primary work experience: KCI Konecranes/Konecranes Plc 2005–2013: Group Business Controller; KCI Konecranes 2000–2005: Financial Director, Standard Lifting Equipment; 1995–2000: Several controller positions
Shares: 1,279
Options to acquire: 6,500 shares

Tapani Tilus
b. 1974
Vice President, Head of Business Unit Light Lifting
Member of the Senior Management Team since 2013
Employed 1998
M.Sc. (Eng.)
Primary work experience: Konecranes 2010–2011: VP, Marketing and new service products, Business Area Service; KCI Konecranes/Konecranes 2006–2009: Director Parts, Business Area Service; KCI Konecranes 2003–2006: General Manager, Crane Parts Center; 1998–2002: Various positions, such as Financial Controller and in system and process development & component sales
Shares: 2,750
Options to acquire: 8,750

Marko Tulokas

b. 1972

Vice President, Head of Business Unit Industrial Crane Solutions

Member of the Senior Management Team since 2013

Employed 2004

M.Sc. (Eng), MBA

Primary work experience: Konecranes 2010–2011: Director, Head of Business process management; 2008–2010: Director, Delivery Process; 2007–2008: Director, Strategy and Business Development, Process cranes; KCI Konecranes/Konecranes 2004–2007: Leadership positions in sourcing and supply chain management in China and Finland; Asko Appliances, Uponor Plc: 1998–2002: Several positions in supply chain management

Shares: 274

Options to acquire: 2,501 shares

Kari Utriainen

b. 1958

Vice President, Head of Business Unit Alfa

Member of the Senior Management Team since 2013

Employed 1981

School of Applied Science in Engineering

Primary work experience: Konecranes 2010–2011: VP, Head of Components; 2008–2010: Director, Branded Products, Standard lifting; KCI Konecranes/Konecranes 2002–2008: Director, Industrial Cranes & Components, Standard Lifting; KONE Corporation/KCI Konecranes 1981–2002: Various positions, such as Material Controller, Purchaser, Purchasing Manager, Project Manager, Factory Manager, Operation Manager, Sales Manager and General Manager

Shares: 3,382

Options to acquire: 19,000 shares

Mikael Wegmüller

b. 1966

Vice President, Marketing and Communications

Member of the Senior Management Team since 2013

Member of the Extended Management Team 2009–2013

Member of the Executive Board 2006–2009

Employed 2006

M.Sc.

Primary work experience: Publicis Helsinki Oy 2003–2006: Chief Operating Officer; SEK & GREY Oy 2000–2003: Planning Group Director; Publicis Törmä Oy 1997–2000: Planning Group Director; Finelor Oy (now L'Oreal Finland Oy) 1993–1997: Sales and Marketing Manager; Chips Abp 1991–1993: Product Group Manager

Shares: 5,886

Options to acquire: 10,000 shares

Steven Xie

b. 1970

Senior Vice President, Head of Region NEA (North East Asia), Country Director China

Member of the Senior Management Team since 2014

Employed 2004

MBA

Primary work experience: Konecranes 2013: VP, Country Director, China, Head of Industrial Cranes Products, APAC; 2012: Country Director, China; 2010–2011: Head of Industrial Cranes, China; 2009: General Manager, Standard Lifting Equipment, China; KCI Konecranes/Konecranes 2004–2008: General Manager, Standard Duty Cranes, China; Liebherr 2002–2004: Sales Director, Earth Moving Equipment, Liebherr China; Speco 1998–2000: Sales Manager, China; Central Machinery 1994–1998: Sales Manager, China

Shares: -

Options to acquire: 5,000 shares

Ilkka Ylänen

b. 1960

Chief Supply Chain Officer, Head of Supply Chain Management

Member of the Senior Management Team since 2013

Employed 1985

M.Sc (Eng.)

Primary work experience: KCI Konecranes/Konecranes 2003–2013: Various positions in engineering, production management and business related IT systems; KONE Corporation/KCI Konecranes 1985–2003: Various positions in manufacturing and supply chain management

Shares: 2,589

Options to acquire: 10,000 shares

Marko Äkräs

b. 1967

Vice President, Head of Customer and Service Technology

Member of the Senior Management Team since 2013

Member of the Extended Management Team 2012–2013

Employed 1992

M.Sc. (Eng.)

Primary work experience: Konecranes 2009–2011: VP, Head of Service, Western Europe, Middle East and Africa (WEMEA); 2007–2009: Director, Head of Business Unit Crane Service; KCI Konecranes/Konecranes 2004–2007: Director, Crane Service Nordic; KCI Konecranes 2001–2004: General Manager, Global Parts Center; KONE Corporation/KCI Konecranes 1993–2001: Various positions in service and product management

Shares: 615

Options to acquire: 7,000 shares

Report of the Board of Directors

Market review

In 2014, the U.S. continued to be in the driver's seat in terms of the macroeconomic development. American factory output, measured by the Purchasing Managers' Index (PMI), remained firmly in the expansive territory. The U.S. manufacturing capacity utilization rate continued to increase as well and it reached the pre-2008 financial crisis level at the end of the year.

In Europe, the development was twofold in 2014. According to the PMI surveys, the manufacturing activity was upbeat in the first half of the year. However, the European PMIs lost momentum in the second half and indicated stagnation at the end of the year. Overall, the UK was the brightest spot, while France was the weakest of the large countries in the survey. Despite the mixed PMI development, the manufacturing capacity utilization in the European Union was above the previous year's level throughout 2014.

As for the BRIC countries, the Purchasing Managers' Indexes in Brazil, China, and Russia pointed to stable manufacturing output, while the signs of moderate growth could be observed in India. However, the pick-up in India was hardly visible in the real economic activity.

Overall, the activity in the world's manufacturing sector, according to the aggregated JPMorgan Global Manufacturing PMI, continued to increase at moderate pace in 2014.

In a year-on-year comparison, the demand for cranes and hoists weakened slightly among industrial customers. However, the demand improved somewhat in the course of the year compared to the beginning of 2014. In terms of the regions, order intake for industrial lifting equipment decreased in Europe and China whereas it increased from the previous year in the Americas, Middle East and Africa. Overall, the demand for heavy-duty cranes continued to suffer from the low investment activity within the process industries. Demand for lift trucks was strong in EMEA and the Americas.

The global container traffic grew by approximately 5 percent in 2014. The project activity with container ports was satisfactory. Orders were received from North America, Eastern Europe, Mediterranean, Indonesia, Australia, and West Africa.

The demand for lifting equipment services and parts grew moderately. The demand in North America recovered clearly after the first quarter, which was somewhat held back by the adverse weather conditions. Demand for services in Europe was stable. Elsewhere, demand development continued brisk in India, Middle East, and Africa whereas the economic slowdown affected the service business in Australia.

Raw material prices, including steel and copper, continued to be under downward pressure in 2014. Oil price slumped in the fourth quarter of 2014. In January–June, the EUR strengthened moderately against the USD in the year-on-year comparison. However, this development was clearly reversed in the third quarter and the EUR recorded its year low against the USD at the end of December.

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

Orders received

In 2014, the orders received fell by 0.9 percent to EUR 1,903.5 million (1,920.8). Orders received increased by 4.9 percent in Service, but decreased by 4.3 percent in Equipment. Orders received rose in EMEA and the Americas but fell in APAC.

Order book

The value of the order book at year-end 2014 totaled EUR 979.5 million (893.5), which is 9.6 percent higher than at the end of 2013. The order book decreased by 4.5 percent from the third quarter when it stood at EUR 1,026.2 million. Service accounted for EUR 152.6 million (16 percent) and Equipment for EUR 826.9 million (84 percent) of the total end-December order book.

Sales

Group sales in the full-year 2014 decreased by 4.2 percent and totaled EUR 2,011.4 million (2,099.6). Sales in Service increased by 0.7 percent but decreased in Equipment by 8.1 percent.

In 2014, the regional breakdown was as follows: EMEA 47 (47), Americas 36 (36), and APAC 17 (17) percent.

Currency rate effect

In a year-on-year comparison, the currency rates had a negative effect on the orders and sales in January–December. The reported order intake declined by 0.9 percent, but increased by 0.5 percent at comparable currency rates. Reported sales decreased by 4.2 percent and by 2.8 percent at comparable currency rates.

In Service, the reported January–December order intake increased by 4.9 percent and by 6.4 percent at comparable currencies. In Equipment, the orders decreased by 4.3 percent in reported terms and by 3.0 percent at comparable currencies. Service sales grew by 0.7 percent in reported terms and by 2.3 percent at comparable currencies. In Equipment, the corresponding figures were -8.1 percent and -6.9 percent.

Financial result

The consolidated operating profit in full-year 2014 totaled EUR 115.8 million (84.5), increasing in total by EUR 31.3 million. The operating profit includes restructuring costs of EUR 3.2 million

Net sales by region, MEUR

	10–12/2014	10–12/2013	1–12/2014	1–12/2013	Change %	Change % at comparable currency rates
EMEA	296.7	266.5	946.0	979.8	-3.5	-2.1
AME	218.6	210.1	727.5	752.9	-3.4	-2.1
APAC	92.9	104.3	338.0	366.9	-7.9	-5.9
Total	**608.1**	**580.9**	**2,011.4**	**2,099.6**	**-4.2**	**-2.8**

(30.9) related to the cost savings program of EUR 30 million announced in 2013. The consolidated operating margin improved to 5.8 percent (4.0). The operating margin in Service rose to 9.7 percent (7.6), and in Equipment to 3.7 percent (2.8).

In 2014, operating margin in Service improved due to the higher gross margin, better sales mix and the restructuring actions executed in 2013. The Equipment operating margin was affected by the decrease in sales. In addition, Business Area Equipment incurred costs of approximately EUR 3 million, the majority of which was booked in the first quarter due to depreciation of the Ukrainian Hryvnia and transfers of production from Ukraine. On the other hand, sales mix, improved project execution and the restructuring actions executed in 2013 contributed positively to the operating margin in Equipment.

In 2014, the depreciation and impairments totaled EUR 43.1 million (56.0). The previous year's figure included write-offs of EUR 16.9 million to goodwill, intangible, and tangible assets. In 2014, the amortization arising from the purchase price allocations for acquisitions represented EUR 6.8 million (8.5) of the depreciation and impairments.

In 2014, the share of the result of associated companies and joint ventures was EUR 3.7 million (3.9).

Net financial expenses in January–December totaled EUR 12.1 million (13.0). Net interest expenses accounted for EUR 10.4 million (9.1) of the above and the remainder was mainly attributable to exchange rate differences related to cash and loans in foreign currencies, as well as unrealized exchange rate differences related to the hedging of future cash flows that are not included in the hedge accounting.

The January–December profit before taxes was EUR 107.4 million (75.5).

The income taxes in January–December were EUR 32.8 million (26.1). The Group's effective tax rate was 30.6 percent (34.5).

The January-December net profit was EUR 74.6 million (49.4).

In 2014, the basic earnings per share were EUR 1.28 (0.85), and diluted earnings per share were EUR 1.28 (0.85).

In 2014, the return on capital employed was 17.0 percent (11.6) and return on equity 16.7 percent (10.9).

Balance sheet

The year-end 2014 consolidated balance sheet amounted to EUR 1,477.4 million (1,482.0). Total equity at the end of the reporting period was EUR 449.2 million (444.5). Total equity attributable to equity holders of the parent company at year-end 2014 was EUR 449.2 million (438.1) or EUR 7.75 per share (7.56).

Net working capital at year-end 2014 totaled EUR 265.7 million, which was EUR 14.9 million less than at the end of the third quarter and EUR 23.7 million less than at the year-end 2013. Compared to the previous year-end, net working capital fell mainly due to higher advance payments received and accruals.

Cash flow and financing

Net cash from the operating activities in full-year 2014 was EUR 148.4 million (120.2), representing EUR 2.56 per diluted share (2.08).

Cash flow from capital expenditures amounted to EUR -42.0 million (-57.7).

Cash flow before financing activities was EUR 104.5 million (52.5).

Interest-bearing net debt was EUR 149.5 million (187.3) at the end of 2014. Solidity was 35.2 percent (34.0) and gearing was 33.3 percent (42.1).

The Group's liquidity remained healthy. At the end of the year 2014, cash and cash equivalents amounted to EUR 97.9 million (132.2).

In February, Konecranes signed a new EUR 100 million five-year Revolving Credit Facility with its core relationship banks. None of the Group's EUR 300 million committed back-up financing facilities were in use at the end of the period.

In July, Konecranes and Nordic Investment Bank signed a EUR 50 million loan agreement to finance the R&D activities in 2014–2017. The seven-year-maturity loan to Konecranes' R&D program will assist the company to focus on new business opportunities in two important areas: Industrial Internet and Segment-based Offering.

Konecranes paid dividends to its shareholders that amounted to EUR 60.8 million or EUR 1.05 per share in April 2014.

Capital expenditure

In 2014, the capital expenditure, excluding acquisitions and joint arrangements, amounted to EUR 60.0 million (65.7). This amount consisted of investments in machinery, equipment, properties, and information technology. Capital expenditure including acquisitions and joint arrangements was EUR 60.0 million (80.1).

In 2014, Konecranes continued its IT system project to further develop and implement harmonized processes, increase operational visibility and improve decision-making, and reduce the overall number of various IT systems. Key manufacturing units in Finland implemented a new ERP in their operations. The roll-out of the new ERP for service operations continued in North America and Australia.

Acquisitions

In 2014, the capital expenditure on acquisitions and joint arrangements was EUR 0.0 million (14.5).

In June, Konecranes completed the acquisition of the remaining shares of Jiangsu Three Horses Crane Manufacture Co. Ltd. ("SANMA") and now owns 100 percent of the company. In November 2009, Konecranes announced that it had finalized the acquisition of the majority holding (65 percent) in SANMA. The acquisition is an important step for Konecranes, and SANMA will continue as one of Konecranes' power brands in China. Konecranes will also continue to develop the unit as a part of its global supply organization. The purchase price of the minority share totaled to EUR 8.3 million, which reduced equity by the same amount.

Personnel

In January-December, the Group employed an average of 11,920 people (11,987). On December 31, the headcount was 11,982 (11,832). At year-end 2014, the number of personnel by Business Area was as follows: Service 6,285 employees (6,151), Equipment 5,639 employees (5,626) and Group staff 58 (55). The Group had 6,240 employees (6,246) working in EMEA, 2,858 (2,711) in the Americas and 2,884 (2,875) in the APAC region.

The success of Konecranes is driven by the wellbeing, competence, and motivation of our employees. To support our people in pursuing our corporate strategy, we renewed our employee strategy in 2014. The programs under our Lifting People strategy currently fall under these four themes: value-based culture, people experience, customer experience and oneKONECRANES & operational excellence.

In 2014, the Group's personnel expenses totaled EUR 593.7 million (598.2).

Business areas

Service

The orders in full-year 2014 totaled EUR 750.8 million (715.9) showing an increase of 4.9 percent. The order book rose to EUR 152.6 million (128.1) at year-end representing an increase of 19.1 percent. Sales rose by 0.7 percent to EUR 895.1 million (889.1). Sales grew in the Americas whereas it was stable in EMEA. APAC sales dropped due to adverse currency changes. Parts outperformed crane service in terms of the sales development.

The operating profit, excluding restructuring costs of EUR 2.2 million (12.8), was EUR 89.1 million (80.6) and the operating margin was 10.0 percent (9.1). Operating profit including restructuring costs was EUR 86.9 million (67.8) and 9.7 percent of sales (7.6). The operating margin improved due to the higher gross margin, better sales mix and the restructuring actions executed in 2013.

The annual value of the contract base increased to EUR 196.0 million (178.2) at year-end 2014. The contract base increased by 10.0 percent and by 5.9 at comparable exchange rates. At year-end 2014, the total number of items of equipment included in the maintenance contract base was 444,482 (433,501).

The number of service technicians at year-end 2014 was 4,025 (3,993), which is 32 or 0.8 percent more than at the year-end 2013.

Service

	10–12/2014	10–12/2013	1–12/2014	1–12/2013	Change %
Orders received, MEUR	200.5	165.5	750.8	715.9	4.9
Order book, MEUR	152.6	128.1	152.6	128.1	19.1
Contract base value, MEUR	196.0	178.2	196.0	178.2	10.0
Net sales, MEUR	258.6	247.6	895.1	889.1	0.7
EBITDA, MEUR	35.2	30.5	103.3	89.6	15.3
EBITDA, %	13.6%	12.3%	11.5%	10.1%	
Depreciation and amortization, MEUR	-4.6	-3.3	-16.4	-14.6	12.5
Impairments, MEUR	0.0	-0.7	0.0	-7.2	
Operating profit (EBIT), MEUR	30.6	26.6	86.9	67.8	28.2
Operating profit (EBIT), %	11.8%	10.7%	9.7%	7.6%	
Restructuring costs, MEUR	-0.8	-2.0	-2.2	-12.8	
Operating profit (EBIT) excluding restructuring costs, MEUR	31.4	28.6	89.1	80.6	10.6
Operating profit (EBIT) excluding restructuring costs, %	12.1%	11.5%	10.0%	9.1%	
Capital employed, MEUR	200.2	187.5	200.2	187.5	6.8
ROCE%			44.8%	38.3%	
Capital expenditure, MEUR	9.6	1.3	20.5	20.1	1.9
Personnel at the end of the period	6,285	6,151	6,285	6,151	2.2

Equipment

	10–12/2014	10–12/2013	1–12/2014	1–12/2013	Change percent
Orders received, MEUR	345.1	280.3	1 262.5	1 319.6	-4.3
Order book, MEUR	826.9	765.3	826.9	765.3	8.0
Net sales, MEUR	377.2	364.9	1 221.7	1 329.2	-8.1
EBITDA, MEUR	26.5	22.3	71.6	71.6	0.1
EBITDA, %	7.0%	6.1%	5.9%	5.4%	
Depreciation and amortization, MEUR	-6.8	-6.1	-26.0	-24.1	7.9
Impairments, MEUR	0.0	0.0	0.0	-9.7	
Operating profit (EBIT), MEUR	19.8	16.2	45.6	37.8	20.8
Operating profit (EBIT), %	5.2%	4.4%	3.7%	2.8%	
Restructuring costs, MEUR	-0.8	-1.1	-1.0	-16.6	
Operating profit (EBIT) excluding restructuring costs, MEUR	20.5	17.3	46.7	54.3	-14.1
Operating profit (EBIT) excluding restructuring costs, %	5.4%	4.7%	3.8%	4.1%	
Capital employed, MEUR	353.5	378.1	353.5	378.1	-6.5
ROCE%			12.5%	9.6%	
Capital expenditure, MEUR	16.2	14.8	39.6	45.6	-13.2
Personnel at the end of the period	5,639	5,626	5,639	5,626	0.2

Equipment

The orders in full-year 2014 totaled EUR 1,262.5 million (1,319.6), showing a decrease of 4.3 percent. Orders grew in EMEA while they were stable in the Americas and lower in APAC. The orders for industrial cranes accounted for approximately 40 percent of the orders received and were flat in a year-on-year comparison. Components and light lifting systems generated approximately 25 percent of the new orders and were below last year's level. The combined orders for port cranes and lift trucks amounted to approximately 35 percent of the orders received and were lower than a year ago. The order book increased by 8.0 percent from the previous year to EUR 826.9 million (765.3).

Sales decreased by 8.1 percent to EUR 1,221.7 million (1,329.2). Operating profit before restructuring costs of EUR 1.0 million (16.6) was EUR 46.7 million (54.3), and the operating margin was 3.8 percent (4.1). Operating profit after restructuring costs was EUR 45.6 million (37.8) and 3.7 percent of sales (2.8). The Equipment operating margin was affected by the decrease in sales. In addition, Business Area Equipment incurred costs of approximately EUR 3 million, the majority of which was booked in the first quarter, due to depreciation of the Ukrainian Hryvnia and transfers of production from Ukraine. On the other hand, sales mix, improved project execution and the restructuring actions executed in 2013 contributed positively to the operating margin in Equipment.

Group overheads

Unallocated Group overhead costs in 2014 were EUR 16.7 million (21.1), representing 0.8 percent of sales (1.0).

Administration

Decisions of the Annual General Meeting

The Annual General Meeting of Konecranes Plc was held on March 27, 2014. The meeting approved the Company's annual accounts for the fiscal year 2013 and discharged the members of the Board of Directors and the Managing Director from liability. 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 approved the proposal from the Nomination and Compensation Committee that the number of the members of the Board of Directors shall be eight (8). The Board members elected at the AGM in 2014 were Mr. Svante Adde, Mr. Stig Gustavson, Mr. Tapani Järvinen, Mr. Matti Kavetvuo, Ms. Nina Kopola, Mr. Bertel Langenskiöld, Ms. Malin Persson, and Mr. Mikael Silvennoinen.

The AGM confirmed the annual compensation to the Board members as follows:

- Chairman of the Board: EUR 105,000
- Vice Chairman of the Board: EUR 67,000
- Other Board members EUR 42,000

In addition, a compensation of EUR 1,500 per meeting will be paid for attending Board Committee meetings. However, the Chairman of the Audit Committee is entitled to a compensation of EUR 3,000 per attended Audit Committee meeting. Furthermore, the AGM approved that 50 percent of the annual remuneration will be paid in Konecranes shares.

The AGM confirmed that Ernst & Young Oy will continue as the Company's external auditor.

The AGM authorized the Board of Directors to decide on the repurchase of the Company's own shares and/or on the acceptance of the Company's own shares as a pledge. 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 9.5 percent of all of the shares in the Company. The authorization is effective until the end of the next Annual General Meeting, however, no longer than until September 26, 2015.

The AGM authorized the Board of Directors to decide on the issuance of shares as well as on the issuance of special rights entitling to shares referred to in Chapter 10 of Section 1 of the Finnish Companies Act. The amount of shares to be issued based on this authorization shall not exceed 6,000,000 shares, which corresponds to approximately 9.5 percent of all of the shares in the Company. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the following item. The authorization is effective until the end of the next Annual General Meeting, but no longer than until September 26, 2015. However, the authorization for incentive arrangements is valid until March 26, 2019. This authorization revokes the authorization for incentive arrangements given by the Annual General Meeting 2013.

The AGM authorized the Board of Directors to decide on the transfer of the Company's own shares. The authorization is limited to a maximum of 6,000,000 shares, which corresponds to approximately 9.5 percent of all the shares in the Company. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the previous item. This authorization is effective until the next Annual General Meeting of Shareholders, but no longer than until September 26, 2015. However, the authorization for incentive arrangements is valid until March 26, 2019. This authorization revokes the authorization for incentive arrangements given by the Annual General Meeting 2013.

The AGM authorized the Board of Directors to decide on a directed share issue without payment needed for the implementation of the Share Savings Plan that the Annual General Meeting 2012 decided to launch.

The Board of Directors is authorized to decide on the issue of new shares or on the transfer of own 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 a share issue without payment also to the Company itself. The number of new shares to be issued or own shares held by the Company to be transferred may amount in the aggregate to a total maximum of 500,000 shares, which corresponds to 0.8 percent of all of the Company's shares. The authorization concerning the share issue is valid until March 26, 2019. This authorization is an addition to the authorizations in the previous items. This authorization replaces the authorization for the Share Savings Plan given by the Annual General Meeting 2013.

The decisions are explained in more detail in the release covering the resolutions of the AGM, which is available on the company's website at www.konecranes.com.

At its first meeting held after the Annual General Meeting, the Board of Directors elected Mr. Stig Gustavson to continue as Chairman. Mr. Svante Adde was elected Chairman of the Audit Committee, and Mr. Tapani Järvinen, Ms. Malin Persson and Mr. Mikael Silvennoinen as Committee members. Mr. Bertel Langenskiöld was elected Chairman of the Nomination and Compensation Committee and Mr. Stig Gustavson, Mr. Matti Kavetvuo, and Ms. Nina Kopola were elected as Committee members.

With the exception of Mr. Stig Gustavson, the Board members are deemed to be independent of the company under the Finnish Corporate Governance Code. Mr. Gustavson is not deemed independent of the company based on the Board's overall evaluation relating to his former and current positions in Konecranes combined with his substantial voting rights in the Company.

With the exception of Mr. Bertel Langenskiöld and Mr. Mikael Silvennoinen, the Board members are independent of significant shareholders of the company. Mr. Langenskiöld is not deemed independent of significant shareholders of the company based on his current position as the Managing Director of Hartwall Capital Oy Ab. Mr. Silvennoinen is not deemed independent of significant shareholders of the company based on his current position as the Member of the Board of Hartwall Capital Oy Ab. HTT KCR Holding Oy Ab holds more than 10 percent of Konecranes Plc's shares and votes. HTT KCR Holding Oy Ab is a subsidiary of Hartwall Capital Oy Ab. In addition, HTT KCR Holding Oy Ab, K. Hartwall Invest Oy Ab, Fyrklöver-Invest Oy Ab, and Ronnas Invest AG will in practice cooperate in the matters concerning their ownership in Konecranes Plc.

Changes in the Group Management

Ryan Flynn was appointed Executive Vice President, Head of Business Area Equipment and a member of the Konecranes Group Executive Board. Mr. Flynn started in his new position on June 1, 2014.

Juha Pankakoski was appointed Chief Digital Officer and a member of the Konecranes Group Executive Board. Mr. Pankakoski started in his new position on January 1, 2015. He is responsible for all information systems and the overall process architecture in Konecranes. He has also assumed a wider responsibility for the company's digitalization strategy. Mr. Pankakoski succeeded Antti Koskelin who left Konecranes on December 31, 2014.

Other issues

A loan receivable of EUR 228,492 that Konecranes had from President & CEO Pekka Lundmark was repaid in full during the third quarter of 2014. The loan related to a tax payment resulting from the incentive scheme directed at the President & CEO in 2006. A tax appeal had been pending against the imposed payment. The tax appeal was rejected in the second quarter of 2014.

Konecranes complies with the Finnish Corporate Governance Code 2010 approved by the Board of the Securities Market Association. Konecranes has issued a Corporate Governance Statement based on recommendation 54 of the Code, which can be reviewed on the Konecranes corporate website at www.konecranes.com.

Share capital and shares

The company's registered share capital totaled EUR 30.1 million on December 31, 2014 and the number of shares including treasury shares was 63,272,342.

On December 31, 2014, Konecranes Plc was in the possession of 5,328,415 own shares, which corresponds to 8.4 percent of the total number of shares having a market value of EUR 126.9 million on that date.

All shares carry one vote per share and equal rights to dividends.

Shares subscribed for under stock option rights

In January-December, 115,847 treasury shares were transferred to the subscribers, pursuant to the Konecranes Plc's stock options 2009A and 2009B.

At end-December 2014, Konecranes Plc's stock options 2009 entitled the holders to subscribe to a total of 1,372,044 shares. The option programs include approximately 150 key persons.

The terms and conditions of the stock option programs are available on the Konecranes' website at www.konecranes.com.

Performance share plan

The Board of Directors resolved that the performance criterion for the discretionary period 2014–2016 is the cumulative Earnings per Share (EPS) of the financial years 2014–2016. The criterion is unchanged from the discretionary period 2013–2015.

The target group of the plan consists of approximately 185 people during the discretionary period 2014–2016. The rewards to be paid on the basis of the discretionary period correspond to the value of an approximate maximum total of 700,000 Konecranes Plc shares. If the target determined by the Board of Directors is attained, the reward payout may be a half of the maximum reward. The maximum reward payout requires the target to be clearly exceeded.

Employee share savings plan

Based on the interest shown by the Group employees, the Board decided to launch a new plan period. The new plan period began on July 1, 2014 and will end on June 30, 2015. The maximum savings amount per participant during one month is 5 percent of gross salary and the minimum is EUR 10.

Each participant will receive one free matching share for every two acquired savings shares. Matching shares will be delivered to the participant if the participant holds the acquired shares from the plan period until the end of the designated holding period, February 15, 2018, and if his or her employment has not ended before this date for reasons related to the employee. The total amount of all savings of the commencing plan period may not exceed EUR 8.5 million.

Approximately 1,550 Konecranes employees signed up for the Plan Period that commenced on July 1, 2014. The number of new shares to be issued or own shares held by the Company to be transferred under the terms and conditions of the Plan may be a maximum total number of 500,000 shares, which corresponds to 0.8 percent of all of the Company's shares.

Market capitalization and trading volume

The closing price for Konecranes Plc's shares on the Nasdaq Helsinki was EUR 23.82 on December 31, 2014. The volume-weighted average share price in January–December was EUR 23.47, the highest price being EUR 27.60 in January and the lowest EUR 18.63 in October. In January–December, the trading volume on the Nasdaq Helsinki totaled 49.4 million of Konecranes Plc's shares, corresponding to a turnover of approximately EUR 1,159.4 million. The average daily trading volume was 197,546 shares, representing an average daily turnover of EUR 4.6 million.

In addition, approximately 62.3 million Konecranes' shares were traded on other trading venues (e.g. multilateral trading facilities and bilateral OTC trades) in 2014 according to Fidessa.

On December 31, 2014, the total market capitalization of Konecranes Plc's shares on the Nasdaq Helsinki was EUR 1,507.1 million including treasury shares. The market capitalization was EUR 1,380.2 million, excluding the treasury shares.

Flagging notifications

On August 18, 2014, Konecranes received a disclosure under Chapter 9, Section 5 of the Securities Market Act, according to which the holding of BlackRock, Inc. in Konecranes Plc has decreased below 5 percent. BlackRock, Inc. held 3,160,448 Konecranes Plc's shares on August 15, 2014, which is 4.99 percent of Konecranes Plc's shares and votes.

On September 23, 2014, Konecranes received a disclosure under Chapter 9, Section 5 of the Securities Market Act, according to which the holding of Harris Associates L.P. in Konecranes Plc has exceeded 5 percent. Harris Associates L.P. held 3,222,000 Konecranes Plc's shares on September 18, 2014, which is 5.09 percent of Konecranes Plc's shares and votes.

Research and development

In 2014, Konecranes' research and product development expenditure totaled EUR 28.9 (25.6) million, representing 1.4 (1.2) percent of sales. R&D expenditure includes product development projects aimed at improving the quality and cost efficiency of both products and services.

Konecranes' key strategic initiative "Segment-based Offering" (previously: "Emerging Markets Offering") made significant progress in 2014. Within this strategy, we meet our customers' needs through a segment-based offering consisting of both standard and advanced products and services.

In April, Konecranes introduced the BOXHUNTER container-handling crane. The product is a completely new type of rubber-tired gantry (RTG) crane as it contains radical innovations, such as the cabin and machinery at the ground level, lighter hoisting trolley, and counterweights to improve eco-efficiency. The BOXHUNTER is entirely modular and is delivered as a regular container shipment.

Early in September, Konecranes launched an entirely new family of wire rope hoists under its Morris Crane Systems power brand in China. Morris S5 Series features a flexible trolley concept that permits hoist installation on all popular single girders, making it a perfect product for the replacement market too.

Later in September, Konecranes introduced a new overhead crane, the CXT UNO. The CXT UNO is primarily intended for companies operating in manufacturing, construction, and logistics. The CXT UNO combines a strong range of features based on a simpler set of components and technical solutions compared to existing CXT products. This simpler design together with easy access to spare parts means that the CXT UNO will be easy to maintain. Following the initial rollout in India, the plan is to introduce the CXT UNO in other countries in the near future.

In December, Konecranes presented UNITON, a new heavy-duty, overhead industrial crane for a wide range of industrial applications. Using a modular construction concept with multiple trolley configurations and proven components, UNITON can be tailored to meet customers' unique needs.

We also enhanced the user experience of our TRUCONNECT remote services with a user-friendly, harmonized communication interface. This interface offers easy access to our digital information services with all ordinary communication devices such as smartphones, tablets and personal computers.

Corporate responsibility

In 2014, key performance indicators of our occupational safety showed an improvement within both business areas. The total number of reportable occupational accidents declined by 19 percent within Business Area Service and by 11 percent within Business Area Equipment.

By the end of 2014, the evaluations of labor conditions within Konecranes have been completed in ten countries with the help of an independent inspection and verification company. These countries account for almost 30 percent of the Group employees.

Fine-tuning and acceleration of our supplier assessment and approval process resulted in considerable improvement. There were 53 completed assessments, more than double the number in 2013.

In 2014, we released environmental product declarations for Konecranes RTG and SMARTON cranes. To enhance energy efficiency, we strived to develop innovations such as fuel saver RTGs, hybrid reach stackers, regenerative network braking systems, and LED lighting.

Events after the end of the reporting period

On January 29, 2015, 6,186 treasury shares were transferred to the subscribers pursuant to the Konecranes Plc's stock options 2009B. After the subscription and delivery of the shares, Konecranes Plc holds 5,322,229 treasury shares. Stock options issued under Konecranes Plc's ongoing stock option plans entitle their holders to subscribe for a total of 1,365,858 shares.

Risks and uncertainties

Konecranes operates in 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. 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 the new countries. A failure to integrate the acquired business or grow newly established operations may result in an 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. 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 in its Industrial Crane Solutions and Port Cranes business units, 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 to 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.

Litigation

Various legal actions, claims, and other proceedings are pending against the Group in different countries. These actions, claims, and other proceedings are typical for this industry and are consistent with the 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, auto liability, and other matters involving general liability claims.

While the final outcome of these proceedings cannot be predicted with certainty, Konecranes' opinion is, 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 effect on the financial condition of the Group.

Market outlook

European customers are still cautious about investing. The Purchasing Managers' Indexes are giving a reason for the continued optimism regarding the U.S. market. The near-term market outlook in emerging markets remains uncertain. Continued contract base growth bodes well for the future of the service business.

Financial guidance

Based on the order book, service contract base and the near-term demand outlook, the year 2015 sales are expected to be higher than in 2014. We expect the 2015 operating profit, excluding restructuring costs, to improve from 2014.

Board of Directors' proposal for disposal of distributable funds

The parent company's non-restricted equity is EUR 155,516,009.16, the net income of which for the year is EUR 10,535,589.49. The Group's non-restricted equity is EUR 388,418,000.

According to the Finnish Companies Act, the distributable funds of the company are calculated based on the parent company's non-restricted equity. For the purpose of determining the amount of the dividend, the Board of Directors has assessed the liquidity of the parent company and the economic circumstances subsequent to the end of fiscal year.

Based on such assessments the Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.05 be paid on each share and that the remaining non-restricted equity is retained in shareholders' equity.

A pdf version of the Konecranes' full audited financial statements, including the report of the Board of Directors, will be available on the web on March 3, 2015, and the printed version during week 12.

Helsinki, February 4, 2015
Konecranes Plc
Board of Directors

Consolidated statement of income – IFRS

Note:	(1,000 EUR)	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
4, 6, 7	**Sales**	**2,011,383**	**2,099,583**
8	Other operating income	2,770	1,566
10	Depreciation and impairments	-43,145	-56,013
11–13	Other operating expenses	-1,855,178	-1,960,623
	Operating profit	**115,830**	**84,513**
20	Share of associates' and joint ventures' result	3,736	3,946
14	Financial income and expenses	-12,146	-12,959
	Profit before taxes	**107,420**	**75,500**
15	Taxes	-32,846	-26,083
	PROFIT FOR THE PERIOD	**74,574**	**49,417**
	Profit for the period attributable to		
	Shareholders of the parent company	74,410	49,091
	Non-controlling interest	164	326
16	Earnings per share, basic (EUR)	1.28	0.85
16	Earnings per share, diluted (EUR)	1.28	0.85

Consolidated statement of other comprehensive income

(1,000 EUR)	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Profit for the period	**74,574**	**49,417**
Items that can be reclassified into profit or loss		
Cash flow hedges	-14,048	5,013
Exchange differences on translating foreign operations	19,906	-18,849
Income tax relating to items that can be reclassified into profit or loss	2,810	-1,003
Items that cannot be reclassified into profit or loss		
Re-measurement gains (losses) on defined benefit plans	-16,656	-2,985
Income tax relating to items that cannot be reclassified into profit or loss	4,659	934
Other comprehensive income for the period, net of tax	**-3,329**	**-16,890**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**71,245**	**32,527**
Total comprehensive income attributable to		
Shareholders of the parent company	71,167	32,312
Non-controlling interest	78	215

Consolidated balance sheet – IFRS

(1,000 EUR) Note:	ASSETS	31 Dec 2014	31 Dec 2013
	Non-current assets		
17	Goodwill	104,769	101,609
18	Other intangible assets	101,162	87,019
19	Property, plant and equipment	150,462	144,544
	Advance payments and construction in progress	29,973	48,172
20	Investments accounted for using the equity method	43,061	40,376
21	Available-for-sale investments	963	964
	Long-term loans receivable	0	225
32	Deferred tax assets	70,007	59,787
	Total non-current assets	**500,397**	**482,696**
	Current assets		
22	Inventories	335,465	325,520
24	Accounts receivable	364,885	368,768
	Loans receivable	0	11
25	Other receivables	24,540	25,602
	Current tax assets	13,433	10,675
26	Deferred assets	140,705	136,563
27	Cash and cash equivalents	97,942	132,214
	Total current assets	**976,970**	**999,353**
	TOTAL ASSETS	**1,477,367**	**1,482,049**

(1,000 EUR) Note:	EQUITY AND LIABILITIES	31 Dec 2014	31 Dec 2013
	Equity attributable to equity holders of the parent company		
	Share capital	30,073	30,073
	Share premium account	39,307	39,307
38	Fair value reserves	-8,627	2,611
	Translation difference	3,734	-16,258
	Paid in capital	52,217	50,998
	Retained earnings	258,057	282,319
	Net profit for the period	74,410	49,091
28	**Total equity attributable to equity holders of the parent company**	**449,171**	**438,141**
20	Non-controlling interest	77	6,365
	Total equity	**449,248**	**444,506**
	Liabilities		
	Non-current liabilities		
30, 35	Interest-bearing liabilities	167,236	133,042
31	Other long-term liabilities	97,316	80,315
32	Deferred tax liabilities	18,462	18,080
	Total non-current liabilities	**283,014**	**231,437**
33	**Provisions**	**45,197**	**47,459**
	Current liabilities		
30, 35	Interest-bearing liabilities	80,207	186,658
7	Advance payments received	202,733	175,245
	Progress billings	1,505	5,823
	Accounts payable	137,123	147,477
34	Other short-term liabilities (non-interest-bearing)	25,953	28,698
	Current tax liabilities	18,890	14,696
34	Accruals	233,497	200,050
	Total current liabilities	**699,908**	**758,647**
	Total liabilities	**1,028,119**	**1,037,543**
	TOTAL EQUITY AND LIABILITIES	**1,477,367**	**1,482,049**

Consolidated statement of changes in equity – IFRS

(1,000 EUR)	Equity attributable to equity holders of the parent company							Non-controlling interest	Total equity
	Share capital	Share premium account	Cash flow hedges	Translation difference	Paid in capital	Retained earnings	Total		
Balance at 1 January, 2014	**30,073**	**39,307**	**2,611**	**-16,258**	**50,998**	**331,410**	**438,141**	**6,365**	**444,506**
Options exercised					1,219		1,219		**1,219**
Dividends paid to equity holders						-60,768	-60,768		**-60,768**
Share based payments recognized against equity						1,312	1,312		**1,312**
Acquisitions						-1,900	-1,900	-6,366	**-8,266**
Total comprehensive income			-11,238	19,992		62,413	71,167	78	**71,245**
Balance at 31 December, 2014	**30,073**	**39,307**	**-8,627**	**3,734**	**52,217**	**332,467**	**449,171**	**77**	**449,248**
Balance at 1 January, 2013	**30,073**	**39,307**	**-1,399**	**2,480**	**44,787**	**341,226**	**456,474**	**6,150**	**462,624**
Options exercised					6,211		6,211		**6,211**
Dividends paid to equity holders						-60,614	-60,614		**-60,614**
Share based payments recognized against equity						3,301	3,301		**3,301**
Acquisitions						457	457		**457**
Total comprehensive income			4,010	-18,738		47,040	32,312	215	**32,527**
Balance at 31 December, 2013	**30,073**	**39,307**	**2,611**	**-16,258**	**50,998**	**331,410**	**438,141**	**6,365**	**444,506**

Consolidated cash flow statement – IFRS

(1,000 EUR)		1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Note:			
	Cash flow from operating activities		
	Net income	74,574	49,417
	Adjustments to net profit for the period		
	Taxes	32,846	26,083
	Financial income and expenses	12,213	13,016
	Share of associates' and joint ventures' result	-3,736	-3,946
	Dividends income	-68	-57
	Depreciation and impairments	43,145	56,013
	Profits and losses on sale of fixed assets	-283	1,920
	Other adjustments	-1,720	2,386
	Operating income before change in net working capital	**156,971**	**144,832**
	Change in interest-free short-term receivables	21,871	16,546
	Change in inventories	4,374	32,569
	Change in interest-free short-term liabilities	606	-21,110
	Change in net working capital	**26,851**	**28,005**
	Cash flow from operations before financing items and taxes	**183,822**	**172,837**
14	Interest received	3,089	3,699
14	Interest paid	-13,411	-13,180
14	Other financial income and expenses	5,008	950
15	Income taxes paid	-30,118	-44,073
	Financing items and taxes	**-35,432**	**-52,604**
	NET CASH FROM OPERATING ACTIVITIES	**148,390**	**120,233**
	Cash flow from investing activities		
5	Acquisition of Group companies, net of cash	-6,247	-11,590
5	Divestment of businesses, net of cash	1,190	0
	Capital expenditures	-41,989	-57,733
	Proceeds from sale of fixed assets	3,044	1,508
15	Dividends received	68	57
	NET CASH USED IN INVESTING ACTIVITIES	**-43,933**	**-67,758**
	Cash flow before financing activities	**104,457**	**52,475**
	Cash flow from financing activities		
28.1	Proceeds from options exercised and share issues	1,219	6,211
	Proceeds from long-term borrowings	50,000	5,030
	Repayments of long-term borrowings	-15,740	0
	Proceeds from (+), payments of (-) short-term borrowings	-113,964	-9,757
	Change in short-term receivables	233	65
	Dividends paid to equity holders of the parent company	-60,768	-60,614
	NET CASH USED IN FINANCING ACTIVITIES	**-139,021**	**-59,065**
	Translation differences in cash	292	-6,514
	CHANGE OF CASH AND CASH EQUIVALENTS	**-34,272**	**-13,104**
	Cash and cash equivalents at beginning of period	132,214	145,318
27	Cash and cash equivalents at end of period	97,942	132,214
	CHANGE OF CASH AND CASH EQUIVALENTS	**-34,272**	**-13,104**

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 year.

Notes to the consolidated financial statements

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.

2. Accounting policies

2.1. Basis of preparation

The consolidated financial statements of Konecranes Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale investments that have been measured at fair value. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The consolidated financial statements are presented in thousands of euros; notes to the financial statements in millions of euros and all values are rounded to the nearest thousand (€000) except when otherwise indicated.

PRINCIPLES OF CONSOLIDATION

The consolidated accounts include the parent company Konecranes Plc and those companies in which the parent company holds directly or indirectly more than 50 percent of the voting power at the end of the year. When Konecranes has less than a majority of the voting rights, it has power over the investee when the voting rights are sufficient to give the control to direct the relevant activities of the investee through rights arising from other contractual arrangements. See company list for further information.

An associated company is a company in which the Group holds 20–50 percent of the voting power and has significant influence over the company but not control over its financial and operating policies. Investments in Joint Arrangements are classified into Joint Operations and Joint Ventures. In Joint Operations the parties with joint control have rights to the assets and obligations for the liabilities of the arrangement. In Joint Ventures the parties with joint control have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Konecranes has analyzed the existing partner agreements and content of the business in the companies to classify the Joint Arrangements accordingly.

Acquisitions of subsidiaries are accounted for using the purchase method according to which the acquired company's identifiable assets, liabilities and contingent liabilities are measured at fair value on the date of acquisition. The excess of the consideration transferred (as measured according to IFRS 3) for the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill.

Investments in associated companies have been accounted for in the consolidated financial statements using the equity method. These interests are consolidated in accordance with the equity method, under which they are carried at cost plus post-acquisition changes in the Group's share of the company's net assets. Goodwill arising on acquisition is included in the carrying amounts of the investments and tested for impairment as part of the investments. Goodwill is not amortized. The Group's share of the results of operations of the associated companies is shown in the consolidated statement of income as a separate item.

Joint Operations are accounted for showing each party's interest in the assets, liabilities, revenues and expenses and/or its relative share of jointly controlled assets, liabilities, revenue and expense, if any. Joint Ventures are accounted for using the equity method as described above.

Non-controlling interest is presented separately under equity in the balance sheet.

Intercompany transactions and internal margins in inventories have been eliminated in the consolidated financial statements.

2.2. Use of estimates and judgments

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 period the estimate or assumption is changed. The most important items in the consolidated financial statements, which require management's estimates and which can include uncertainty are impairment testing, recognition of deferred taxes, measurement of the fair value of assets acquired in business combinations, actuarial assumptions in defined benefit plans, percentage of completion revenue recognition in long term projects, provisions, and determination of the fair value in option rights and other share based payments.

2.3. Summary of significant accounting policies

FOREIGN CURRENCY ITEMS AND EXCHANGE RATE DIFFERENCES

Assets and liabilities in foreign currencies have been valued at the rates of exchange at the balance sheet date. Realized exchange rate differences, as well as exchange rate gains or losses resulting from the valuation of receivables and liabilities, have been included in the statement of income. Unrealized exchange rate differences relating to hedging of future cash flows, for which hedge accounting is applied and the hedge is determined to be effective, are recognized in other comprehensive income. In consolidation, the statements of income of foreign entities are translated into euros at the average exchange rate for the accounting period. The balance sheets of foreign entities are translated at the year-end exchange rate. Translation differences resulting from converting the shareholders' equity of foreign subsidiaries have been included in equity.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Global operations expose the Group to currency risk and to a less significant interest rate risk.

The Group uses derivative financial instruments (primarily forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain commitments and forecasted transactions.

Derivative financial instruments are used for hedging purposes in accordance with the Group's hedging policy and not for speculative purposes. These instruments are initially measured at fair value at the contract date, and are re-measured to fair value based on the market value quoted at subsequent reporting dates.

For certain large crane projects, the Group applies hedge accounting compatible with IAS 39. Changes in the fair value of derivative financial instruments that are designated as effective hedges of future cash flows are recognized directly as other comprehensive income in cash flow hedges, while the ineffective portion is recognized immediately in the income statement. The Group's policy with respect to hedging the foreign currency risk of a firm commitment and highly probable forecasted transaction is to designate it as a cash flow hedge. If the cash flow hedge of a firm commitment or highly probable forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative that had previously been recognized in the equity will be recorded to the statement of income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in the equity is retained in the equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in the equity will be transferred to profit or loss for the period.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the statement of income as they arise.

REVENUE RECOGNITION

Revenue from the sale of goods is recognized after the risks and rewards connected with ownership of the goods sold have been transferred to the customer. Normally, revenue recognition takes place when the goods have been handed over to the customer according to the contractual terms.

Revenues from services are recognized when the services have been rendered.

Large crane projects revenue is recognized according to the percentage of the completion (POC) method. Most significant projects relate to harbor and shipyard cranes. The stage of completion of a contract is determined by the proportion that the contract costs incurred for the work performed to date bear to the estimated total contract costs.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are charged as expenses during the year in which they are incurred, since future potential economic benefits of new products can only be proven after their introduction to the market.

GOVERNMENT GRANTS

Government grants are recognized when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is deducted from the acquisition cost of the asset.

EMPLOYEE BENEFITS (PENSIONS)

Konecranes companies have various pension plans in accordance with local conditions and practices. Pensions are generally managed for the Group companies by outside pension insurance companies or by similar arrangements.

Under defined contribution plans, expenses are recognized for the period the contribution relates to. The Konecranes Group accounts for the Finnish system under the Employees' Pensions Act (TyEL) within insurance system as a defined contribution plan.

Under defined benefit plans, a liability recognized in the balance sheet equals the net of the present value of the defined benefit obligation less the fair value of the plan assets at the balance sheet date. Actuarial gains and losses are recognized in the consolidated statement of other comprehensive income as remeasurement items when they occur. Remeasurement recorded in other comprehensive income is not recycled. Past service cost is recognized in the statement of profit or loss in the period of plan amendment. Net-interest is calculated by applying the discount rate to the net defined liability or asset. The Group presents service cost, past-service cost, gains and losses on curtailments and settlements and net interest expense or income as employee benefit expense.

Independent actuaries calculate the defined benefit obligation by applying the Projected Unit Credit Method.

A liability for termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

LEASES

Lease contracts, in which the Group assumes an essential part of risk and rewards of ownership, are classified as finance leases. In finance leases, the assets and accumulated depreciation are recognized in fixed assets and the corresponding lease obligations are included in interest-bearing liabilities.

Other lease contracts are classified as operating leases and the lease payments of these leases are recognized as rental expenses in the statement of income.

VALUATION OF INVENTORIES

Raw materials and supplies are valued at the acquisition cost or, if lower, at the net realizable value. Semi-manufactured goods have been valued at variable production costs with addition of allocated variable and fixed overheads. Work in progress of uncompleted orders includes direct labor and material costs, as well as a proportion of overhead costs related to production and installation.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill arising from an acquisition represents the excess of the consideration transferred for the acquisition over the fair value of the identifiable net assets acquired. Goodwill is not amortized but is tested for impairment annually.

Other intangible assets include service contracts, patents and trademarks and software licenses. They are stated at cost and amortized on the straight-line basis over expected useful lives, which may vary from 4 to 20 years.

Intangible assets with indefinite useful life are not amortized, but they are tested annually for impairment.

IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired in a business combination is tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment testing, goodwill is allocated to groups of cash-generating units (CGU) by using the Group's management reporting structure. If the carrying amount for a CGU exceeds its recoverable amount, an impairment loss equal to the difference will be recognized.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation is recorded on a straight-line basis over the estimated useful economic life of the assets as follows:

• Buildings	5–40 years
• Machinery and equipment	4–10 years

No depreciation is recorded for land.

BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition or construction of the asset are capitalized as a part of that asset. The capitalized interest expense is amortized over the estimated useful life of the underlying asset.

IMPAIRMENT OF ASSETS SUBJECT TO AMORTIZATION AND DEPRECIATION

The carrying values of intangible assets subject to amortization and property, plant and equipment is reviewed for impairment whenever events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

If such an indication exists, the recoverable amount of the assets will be estimated. An impairment loss is recognized in the statement of income when the recoverable amount of an asset is less than its carrying amount.

ACCOUNT AND OTHER RECEIVABLES

Account and other receivables are initially recorded at cost. Provisions are made for doubtful receivables on individual assessment of potential risks, and are recognized in the statement of income.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits with banks and other liquid investments with maturities of less than three months. Bank overdrafts are included in short-term interest-bearing borrowings under current liabilities.

SHARE-BASED PAYMENTS

The Konecranes Group has issued equity-settled stock options to its key personnel. The stock option holder is entitled to subscribe shares in Konecranes Plc in accordance with the terms of the stock option programs. The fair value of the stock options is measured at the grant date and the options are recorded as expense in the statement of income during the vesting period in accordance with IFRS 2. The valuation of the options is based on the Black & Scholes formula. When the options are exercised, the equity is increased by the amount of the proceeds received.

The Group has issued also a performance share plan for its key personnel. The plan is treated partly as an equity-settled, and partly as a cash-settled share-based payment transaction. The equity-settled share rewards are valued based on the market price of the Konecranes share at the grant date, and recognized as personnel expense over the vesting period with corresponding entry in retained earnings of the equity. The liability resulting from the cash-settled transactions is measured based on the market price of the Konecranes share at the balance sheet date and is recorded as an employee benefit with corresponding entry in non-current and current liabilities until the settlement date.

Market conditions, such as the total shareholder return upon which vesting is conditioned, is taken into account when estimating the fair value of the equity instruments granted. The expense relating to the market condition of the equity settled share-based payment is recognized irrespective of whether that market conditioning is satisfied. Non-market vesting conditions such as EBIT margin and EPS are included in assumptions about the amount of share based payments that are expected to vest. At each balance sheet date Konecranes revises its estimates on the amount of share-based payments that are expected to vest. The impact of the revision to previous estimate is recognized through statement of income with corresponding adjustments to equity and non-current and current liabilities, as appropriate.

Group has launched an employee share savings plan in which 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. The matching shares will be paid in Konecranes shares and partly in cash. The expenses of the plan are recognized over the vesting period based on the quarterly acquired savings share amounts and fair value of Konecranes share as of the closing date.

PROVISIONS

Provisions are recognized in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is considered certain or likely to occur. Provisions arise from restructuring plans, onerous contracts, guarantee and claim works. Obligations arising from restructuring plans are recognized when the detailed and formal restructuring plans have been established, the personnel concerned have been informed and when there is a valid expectation that the plan will be implemented.

INCOME TAX

Taxes shown in the consolidated statement of income include income taxes to be paid on the basis of local tax legislations, tax adjustments from previous years as well as the effect of the annual change in the deferred tax liability and deferred tax assets.

Deferred tax liabilities and deferred tax assets are calculated on all temporary differences arising between the tax basis and the book value of assets and liabilities. Deferred tax is not recognized for non-deductible goodwill on initial recognition and temporary differences in investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. The main temporary differences arise from unused tax losses, depreciation differences, provisions, defined benefit pension plans, inter-company inventory margin and fair valuation of derivative financial instruments. In connection with an acquisition, the Group records provisions for deferred taxes on the difference between the fair values of the net assets acquired and their tax bases. A deferred tax asset is recognized to the extent that it is probable that it can be utilized.

2.4 Application of new and amended IFRS standards and IFRIC interpretations

The following new and amended standards and interpretations are effective in the year 2014:

- Amendment to IAS 32 Offsetting Financial Assets and Financial Liabilities
- Amendment to IFRS 10, IFRS 12 and IAS 27 Investment entities

The standards effective in 2014 had immaterial impact on financial statements.

The following new and amended standards and interpretations are effective in or after the year 2015:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Amendment to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

IFRS 15 Revenue from Contracts with Customers is likely to have some impact on revenue recognition of long term projects. Furthermore both IFRS 9 and IFRS 15 standards are estimated to increase the amount of disclosures. Other new and amended standards are likely to have an immaterial impact on future financial statements.

3. Management of financial risks

The Group uses an approach in which most of the management of financial risks is centralized to Konecranes Group Treasury. Group Treasury functions within the legal entity Konecranes Finance Corporation, operating as a financial vehicle for the Group in Corporate Headquarters. With centralization and netting of internal foreign currency cash flows, the external hedging needs can be minimized.

Konecranes Finance Corporation is not a profit center in the sense that it would pursue to maximize its profits. The company aims to serve the operative companies of the Group in reducing their financial risks.

The Group's global business operations involve financial risks in the form of currency, interest rate, commodity, credit and liquidity risks. The Group's objective is to increase the short-term stability of the financial environment for the business operations by reducing the negative effects caused by price fluctuations and other uncertainties in the financial markets.

The responsibility of identifying, evaluating and controlling the financial risks arising from the Group's global business operations is divided between the business units and Konecranes Finance Corporation.

Units hedge their risks internally with Group Treasury. As a result of this, most of the financial risks of the Group are concentrated into one company, Konecranes Finance Corporation and can be evaluated and controlled in an efficient way.

Almost all funding, cash management and foreign exchange with banks and other external counterparties are centralized to Konecranes Finance Corporation in accordance with the Group's Treasury Policy. Only in a few special cases, when the local central bank regulation prohibits using group services in hedging and funding, this must be done directly between an operative company and a bank under the supervision of the Group Treasury.

Konecranes Finance Corporation uses a treasury system, which enables practically a real-time processing of transactions and in-depth records of activities and performance. The standard reporting is done on a weekly basis and it covers group-level commercial and financial cash flows, foreign currency transaction exposure, debt positions, portfolio of derivatives and counterparty credit exposure for financial transactions. In addition, all group companies participate in the monthly managerial and statutory reporting.

Currency rate risk

The Group's global business operations generate exchange rate risk. However, most of the business units only have transactions in their own currency, i.e. these units have their sales & costs as well as internal funding from Konecranes Finance Corporation in their local home currency. Only 19 out of some 100 Group companies operate regularly in a foreign currency. These companies hedge their currency rate risk with Group Treasury. Depending on the business area and the probability of the cash flows, the hedging covers operative cash flows for the next 1–24 months and is done by using internal foreign exchange forward contracts. This way, Konecranes Finance Corporation can manage the currency rate risk of the whole Group. The foreign currency funding of the other Group companies and possibly some external foreign currency funding can net some of these foreign currency items. The residual net exposure can be covered with commercial banks using foreign exchange forward contracts or currency options. Only the items belonging to hedge accounting can not be netted out against other internal items. These instruments are used when the hedging effect cannot be obtained through internal netting and matching of cash flows within the Group.

The business units' commercial bids in a foreign currency can be hedged by using currency options, but, in general, using currency clauses covers the risk.

For certain large crane projects, the Group applies hedge accounting compatible with IAS 39. Hedges are done by using foreign exchange forward contracts. Currently, only USD denominated projects are included in the hedge accounting. The hedge accounting portfolio comprises both USD sales and purchases. At the end of 2014, the hedge accounting net cash flows totaled USD 176 million (USD 178 million in 2013).

The following table shows the transaction exposure of Konecranes Finance Corporation as of December 31, 2014 and December 31, 2013 (in EUR millions):

	2014	2013
AUD	2	3
BRL	1	0
CAD	-7	-1
CHF	2	2
GBP	-2	3
NOK	2	2
PLN	1	0
SEK	-40	-47
SGD	-20	-11
THB	4	1
TRY	1	0
USD	190	165
ZAR	3	1

The following table shows the translation exposure of the Group as of December 31, 2014 and December 31, 2013 (in EUR millions):

	2014	2013
AED	9	6
AUD	6	6
BRL	-1	-5
CAD	33	28
CHF	4	4
CLP	9	7
CNY	65	84
DKK	1	1
GBP	3	3
HUF	3	3
INR	4	-1
IDR	-3	-2
JPY	-6	-5
MAD	-7	-5
MXN	-3	2
MYR	2	2
NOK	-3	-4
PEN	2	1
PLN	1	1
RON	1	1
RUB	7	7
SAR	13	10
SGD	51	55
SEK	-9	-13
THB	-1	-1
TRY	2	2
UAH	-3	-14
USD	39	42
ZAR	-1	-1

Currently, none of the non-euro denominated shareholders' equity of the Group's foreign subsidiaries (i.e., the translation exposure) is hedged.

Please see Note 37 of the Consolidated Financial Statements for the notional and fair values of derivative financial instruments.

Changes in currency rates can affect the profitability and equity of the Group. The U.S. dollar has clearly the biggest impact, as many of large crane projects are denominated in USD and the Group has a lot of local business operations in the United States. A depreciation of the USD has a negative impact.

The following table shows the theoretical magnitude of the effect that a ten percent change in the EUR/USD exchange rate would have on the Group's annual EBIT and equity. Table figures in EUR million, the USD effect simulated:

Change in EUR/USD rate	2014 EBIT	2014 Equity	2013 EBIT	2013 Equity
+10%	-19.9	-3.2	-12.9	-4.0
-10%	+24.3	+3.9	+15.8	+4.9

The EBIT effect comprises transaction position for euro based companies having frequent sales in USD and the EBIT generated in USD translated into euros. The transaction position is estimated for 2014 (the size of the position changes from one year to another mainly due to timing of major ports projects and currencies used in them) and the estimate of the effects is based on the assumption that the USD denominated transactions are not hedged. In practice, however, all large projects with long maturities generating substantial portion of the annual changes in the transaction position, are hedged and subject to project specific pricing. The equity is affected by the portion of the Group's equity in USD.

Appreciating USD has a positive impact on Group's operating margin when it has an asymmetric impact on sales and costs reported in EUR. The EBIT change having an impact on the operating margin is approximately EUR 5.4 million (4 million in 2013) when the USD appreciates 10 percent. This estimate excludes the EBIT generated in USD-based entities (exchange rate change has an impact on both sales and costs) as well as cash flows from long-lasting projects as they are subject to project specific pricing which may in practice be adjusted to reflect the currency rate changes. The EBIT impact of 5.4 million is included in the table above.

Interest rate risk

Changes in market interest rates have an impact on Group's net interest expenses and the market value of interest rate derivatives. The objective for interest rate risk management is to reduce the volatility impact the market interest rate changes cause by optimizing the allocation between flow risk and price risk according to principles set in Capital structure management.

Approximately 86% of the Group's interest-bearing liabilities are denominated in euro (88% in 2013). Please see Note 30.3 of the Consolidated Financial Statements for the currency split of outstanding debt.

The portion of the Group's long term debt of total debt is related to the Group's gearing ratio. The higher the ratio is, the bigger share of the total loan portfolio is long term debt according to principles set in Capital structure management. The interest rate risk related to long term loans is hedged with interest rate derivatives belonging to hedge accounting. For hedging purposes interest rate swaps, forward rate agreements, interest rate futures and interest rate options can be used.

The Group's interest bearing liabilities at the end of 2014 were EUR 247 million (EUR 320 million in 2013). The average interest rate for short term loans was 3.82% (2.78%) and for long term loans 1.69% (2.04%). The average interest rate for the total loan portfolio was 2.38% (2.47% in 2013). A change of one percentage point in interest rates in Group's long term debt portfolio would have the following effect on Group's income statement and equity:

Change in interest rates	2014 Income statement	2014 Equity	2013 Income statement	2013 Equity
+1	-1.6	+1.8	-1.2	+2.8
-1	+0.2	-1.9	+0.3	-2.9

The effect on income statement is comprised of Group's floating long term debt which is recognized through the statement of income. The effect on equity is comprised of the changes in fair value of interest rate swaps hedging the long term debt portfolio. The effect of a one percentage point decline in interest rates is theoretical, since it would mean negative market interest rates. The proportion of fixed interest loans in the loan portfolio can be increased by means of interest rate derivatives. As a consequence of this treasury policy, the Group's average interest rate level, in general, can be higher than the market level of short-term interest rates when low rates prevail and, on the other hand, lower than the market level when high rates prevail. Please see Note 30.3 of the Consolidated Financial Statement for sensitivity analysis of the Group's interest rate risk.

Commodity risk

By using electricity derivatives, the Group strives to reduce the negative effect caused by electricity price fluctuation. The overall importance of the energy price risk is small compared to other financial risks and cannot be described as significant.

Please see Note 37 of the Consolidated Financial Statements for the notional and fair values of derivative financial instruments (including electricity forwards).

Steel prices are fixed as a normal part of the procurement process. Price changes naturally affect the future procurement, but these changes can be taken into consideration in the price quotes to the end customers.

In large crane projects, the steel structures are sub-contracted and as a normal part of the sub-contracting process, the steel is included in the price of the sub-contracting (i.e. the price is fixed with the sub-contractor).

The Group can procure steel and steel components and thus may have an inventory of those. Market price fluctuation of steel can impact the profitability of customer projects or cause inventory obsolescence.

Credit and counterparty risks

Credit risk arises from the potential failure of a commercial counterparty to meet its commercial payment obligations. To limit this risk, the Group applies conservative credit policy towards customers. It is Konecranes' practice to review customers carefully before entering formal business relationships and require Credit Reports from new customers. Customer Credit risks are mitigated with Advance Payments, Letters of Credits, Payment Guarantees and Credit Insurance where applicable. With these actions and careful monitoring of the customer payments credit risks can be mitigated.

The business units manage credit risks related to their commercial flows. There is currently no significant concentration of credit risk regarding the commercial activities, as the number of customers is high and their geographic distribution is wide. It is the Group's policy not to fund its customers beyond regular payment terms. Please see Note 24 of the Consolidated Financial Statements for a table of an aging analysis of accounts receivable. The theoretical maximum credit risk equals the carrying amount of receivables. There are also some additional receivables, which relate to the percentage of the completion revenue method used in long-term projects, and these are partly covered by advance payments. Please see Note 7 of the Consolidated Financial Statements for details.

Counterparty risk arises from the potential failure of a financial institution to meet its payment obligations regarding financial instruments. All credit risks related to other financial instruments than the regular accounts receivable are managed by Konecranes Group Treasury. There is no substantial concentration of credit risk regarding the financial instruments, since investments are rare and hedging instruments are done with a number of banks. However, counterparties for financial instruments are limited to the core banks of the Group. These are all major banks with good credit ratings. The majority of all financial instruments are of short-term nature, with maturity of less than one year. There are no significant deposits or loans granted with external counterparties.

The Group has bank risk exposure in form of cash at bank accounts around the world. Despite the active cash management structures the Group has in place, cash holdings globally with several banks are needed to ensure the liquidity of Group companies. Group Treasury follows closely the bank risk exposure in Group according to principles set in Treasury Policy and takes necessary actions for reducing the risk.

Liquidity risks

Liquidity risks concern the availability of liquid assets or funding. Lack of funding might jeopardize normal business operations and eventually might endanger the ability to fulfill daily payment obligations.

For managing the liquidity risks, the Group has established EUR 300 million committed revolving credit facilities with an international loan syndication (2010–2015 and 2014–2019). Both facilities at the end of 2014 were unutilized. To cover the short-term funding needs, Konecranes Finance Corporation can borrow from institutional investors through five domestic commercial paper programs (totaling EUR 480 million). In addition, business units around the world have overdraft facilities totaling some EUR 200 million to cover the day-to-day funding needs.

It is the Group's policy under normal conditions to keep minimum amount of cash in the balance sheet as deposits or any other liquid assets to maximize the return of capital employed. Cash and cash equivalents totaled EUR 97.9 million at the end of 2014 (EUR 132.5 in 2013).

See Note 30.3 of the Consolidated Financial Statements for the maturity profile of the Group's financial liabilities.

Capital structure management

The primary objective of the Group's capital structure management is to ensure that it maintains a good credit status and a healthy capital ratio to support its business operations. At the same time, the Group also aims to maximize shareholder value by effective use of capital.

The Group manages its capital structure and fine-tunes it to adjust to probable changes in economic conditions. These actions may include adjusting the dividend payment to shareholders, buying back own shares or issuing new shares.

The Group monitors its capital structure using gearing ratio. This is calculated as a ratio of interest-bearing liabilities less liquid assets less loans receivable to total equity. At the end of 2014, the gearing ratio was 33.3% (42.1% in 2013).

The Group has no quantitative targets for the capital structure but the optimal long-term gearing ratio is in the range of 50–80%. However, in the short term, the gearing can also be significantly higher or lower than this range.

The Group decides on the split between long-term and short-term debt in relation to the gearing ratio level. The following table shows the rough guidelines for the portion of long-term debt of total debt under different gearing ratio levels:

Gearing ratio level	Portion of long-term of total debt
Under 50%	Under 1/3
Between 50–80%	Between 1/3 and 2/3
Over 80%	Over 2/3

The Group monitors the gearing ratio level on a weekly basis. During 2014, no changes have been made in the objectives, policies or processes. The objectives of the Group's capital management have been met in recent years.

All figures are in millions of euros unless otherwise indicated.

4. Segment information

Konecranes reports two Business Areas, Service and Equipment, as its primary business segments. The business areas are based on the Group's management reporting and organizational structure. Konecranes Group's highest operative decision maker is the President and CEO with the support of the Group Executive Board (GXB).

The assets and liabilities of the business areas include only items directly connected with the business as well as the goodwill related to them. Unallocated items, including Group Headquarters, include tax and financial income and expenses, which are managed on group level, as well as items which can not be allocated to the business areas.

As its secondary segments, Konecranes Group reports three geographical areas, which are the main market areas: EMEA (Europe, Middle East and Africa), AME (Americas) and APAC (Asia-Pacific). Sales are reported by the customer location and assets and capital expenditure by the location of the assets.

Intercorporate transfer prices are based primarily on the market prices.

4.1. Business segments

2014	Service	Equipment	Unallocated items	Eliminations	Total
Orders received	750.8	1,262.5		-109.9	**1,903.5**
Order book	152.6	826.9			**979.5**
Sales to external customers	858.1	1,153.3			**2,011.4**
Inter-segment sales	36.9	68.5		-105.4	**0.0**
Total net sales	895.1	1,221.7		-105.4	**2,011.4**
EBITDA	103.3	71.6	-16.0	0.1	**159.0**
EBITDA, %	11.5%	5.9%			**7.9%**
Depreciation and amortization	16.4	26.0	0.8		**43.1**
Impairment of assets	0.0	0.0			**0.0**
Operating profit excluding restructuring costs	89.1	46.7	-16.8	0.1	**119.1**
% of net sales	10.0%	3.8%			**5.9%**
Operating profit including restructuring costs	86.9	45.6	-16.8	0.1	**115.8**
% of net sales	9.7%	3.7%			**5.8%**
Assets	383.5	837.4	256.4		**1,477.4**
Liabilities	183.3	484.0	360.8		**1,028.1**
ROCE%	44.8%	12.5%			**17.0%**
Capital expenditure	20.5	39.6			**60.0**
Share of result of associates and joint ventures	0.0	3.7			**3.7**
Investment in associates and joint ventures	0.0	43.1			**43.1**
Personnel	6,285	5,639	58		**11,982**

2013	Service	Equipment	Unallocated items	Eliminations	Total
Orders received	715.9	1,319.6		-114.7	**1,920.8**
Order book	128.1	765.3			**893.5**
Sales to external customers	844.2	1,255.4			**2,099.6**
Inter-segment sales	44.9	73.8		-118.7	**0.0**
Total net sales	889.1	1,329.2		-118.7	**2,099.6**
EBITDA	89.6	71.6	-21.1	0.5	**140.5**
EBITDA, %	10.1%	5.4%			**6.7%**
Depreciation and amortization	14.6	24.1	0.4		**39.1**
Impairment of assets	7.2	9.7			**16.9**
Operating profit excluding restructuring costs	80.6	54.3	-20.0	0.5	**115.5**
% of net sales	9.1%	4.1%			**5.5%**
Operating profit including restructuring costs	67.8	37.8	-21.6	0.5	**84.5**
% of net sales	7.6%	2.8%			**4.0%**
Assets	359.3	860.2	262.6		**1,482.0**
Liabilities	171.8	482.1	383.7		**1,037.5**
ROCE%	38.3%	9.6%			**11.6%**
Capital expenditure	20.1	45.6			**65.7**
Share of result of associates and joint ventures	0.0	3.9			**3.9**
Investment in associates and joint ventures	0.0	40.4			**40.4**
Personnel	6,151	5,626	55		**11,832**

4.2. Geographical segments

2014	EMEA[1)]	AME	APAC	Total
External sales[1)]	946.0	727.5	338.0	**2,011.4**
Assets	771.2	362.7	343.4	**1,477.4**
Capital expenditure	52.8	2.5	4.7	**60.0**
Personnel	6,240	2,858	2,884	**11,982**

[1)] *External sales to Finland EUR 68.9 million. Intangible and tangible assets in Finland EUR 139.0 million and in other countries EUR 291.4 million.*

2013	EMEA[1)]	AME	APAC	Total
External sales[1)]	979.8	752.9	366.9	**2,099.6**
Assets	843.4	295.2	343.4	**1,482.0**
Capital expenditure	44.9	4.2	16.5	**65.7**
Personnel	6,246	2,711	2,875	**11,832**

[1)] *External sales to Finland EUR 74.5 million. Intangible and tangible assets in Finland EUR 129.9 million and in other countries EUR 292.8 million.*

5. Acquisitions

Acquisitions and divestments in 2014

In June Konecranes completed the acquisition of the remaining shares of Jiangsu Three Horses Crane Manufacture Co. Ltd. (“SANMA”) and now owns 100 percent of the company. Transaction decreased Konecranes equity attributable to the equity holders of the parent company by EUR 1.9 million and the non-controlling interest by EUR 6.4 million. In November 2009, Konecranes announced that it had finalized the acquisition of a majority holding (65 percent) in SANMA.

In May Konecranes sold two minor service operations, one in Belgium and one in Germany. The disposal of these two operations resulted EUR 0.5 million profit reported in the other operating income of the statement of income.

Acquisitions in 2013

Konecranes completed one small acquisition in the crane service business during January–March 2013 when it acquired service business assets and operations of S.E.T.E.M in Bordeaux, France.

In May, 2013, Konecranes and the KION Group, one of the leading global manufacturers of industrial trucks, closed the transaction announced on February 18, 2013 to collaborate in the container handling lift truck business. Based on the collaboration agreement, Konecranes, with immediate effect, became long-term supplier of container handling lift trucks to the worldwide distribution network of Linde Material Handling, which is wholly owned by KION Group. Both companies will continue to offer a full range of container handling lift trucks, including reach stackers, empty container handlers and laden container handlers. In addition, Konecranes acquired certain assets including the product rights and inventories for container handling lift trucks from Linde Material Handling, The fair values of the identifiable assets and liabilities of the acquired business at the date of acquisition are summarized below.

2013	Recognized on acquisition	Fair value adjustments	Acquired carrying value
Intangible assets			
Clientele	7.9	7.9	0.0
Technology	0.8	0.8	0.0
Other intangible assets	0.0	0.0	0.0
Property, plant and equipment	0.0	0.0	0.0
Inventories	2.8	0.3	2.5
Account receivables and other assets	0.0	0.0	0.0
Cash and cash equivalents	0.0	0.0	0.0
Total assets	**11.5**	**8.9**	**2.5**
Deferred tax liabilities	0.5	0.5	0.0
Long- and short-term interest bearing debts	0.0	0.0	0.0
Account payables and other current liabilities	0.5	0.5	0.0
Total liabilities	**1.0**	**1.0**	**0.0**
Net assets	**10.5**	**7.9**	**2.5**
Purchase consideration transferred	**10.5**		
Goodwill	**0.0**		
Cash outflow on acquisition			
Purchase consideration, paid in cash	8.3		
Transactions costs[1)]	0.8		
Cash and cash equivalents in acquired companies	0.0		
Net cash flow arising on acquisition	**9.1**		
Purchase consideration:			
Purchase consideration, paid in cash	8.3		
Purchase consideration, liabilities assumed	0.0		
Contingent consideration liability	2.2		
Total purchase consideration	**10.5**		

[1)] *Transaction costs of EUR 0.8 million have been expensed and are included in other operating expenses.*

From the date of acquisitions the acquired companies have contributed EUR 7.2 million of sales and EUR -0.4 million EBIT. If the combinations had taken place at the beginning of the year, Konecranes Group's 2013 sales would have been EUR 2,102.6 million and EBIT EUR 84.3 million.

Divestments 2013

During the third quarter of 2013, Konecranes sold small Machine Tool Service business unit in Heilbronn Germany to the management of the unit. The disposal resulted a loss of 0.9 M€ to the statement of income.

6. Distribution of sales

	2014	2013
Sale of goods	1,347.4	1,444.1
Rendering of services	663.3	654.5
Leasing of own products	0.2	0.4
Royalties	0.5	0.6
Total	**2,011.4**	**2,099.6**

7. Percentage of completion method and advances received

7.1. Percentage of completion method

	2014	2013
The cumulative revenues of non-delivered projects	316.7	297.5
Advance received from percentage of completion method	297.7	277.5
Receivables from the revenue recognition netted with the advances received	225.4	215.5

Net sales recognized under the percentage of completion method amounted EUR 318.3 million in 2014 (EUR 389.9 in 2013).

7.2. Advance payments received

	2014	2013
Advance received from percentage of completion method (netted)	72.3	62.0
Other advance received from customers	130.4	113.3
Total	**202.7**	**175.2**

8. Other operating income

	2014	2013
Profit of disposal of fixed assets	0.9	0.3
Rental income	0.2	0.4
Indemnities	1.2	0.3
Other	0.5	0.6
Total	**2.8**	**1.6**

9. Government grants

	2014	2013
Investment grants in building, machinery and employment grants	0.0	0.4
Grants for research and development	0.5	0.5
Total	**0.6**	**0.9**

10. Depreciation, amortization and impairments

10.1. Depreciation and amortization

	2014	2013
Intangible assets	18.6	16.2
Buildings	3.2	2.9
Machinery and equipment	21.3	19.9
Total	**43.0**	**39.1**

10.2. Impairments

	2014	2013
Buildings, machinery and equipment	0.1	1.7
Intangible rights	0.0	10.8
Goodwill	0.0	4.5
Total	**0.1**	**16.9**

11. Other operating expenses

	2014	2013
Change in work in progress	9.1	11.6
Production for own use	-1.1	-0.3
Material and supplies	747.0	816.2
Subcontracting	183.1	196.5
Wages and salaries	472.7	476.6
Pension costs	44.7	38.0
Other personnel expenses	76.4	83.6
Other operating expenses	323.4	338.5
Total	**1,855.2**	**1,960.6**

Research and development costs recognized as an expense in other operating expenses amount to EUR 28.9 million in the year 2014 (EUR 25.6 million in 2013).

12. Personnel expenses and number of personnel

12.1. Personnel expenses

	2014	2013
Wages and salaries	472.7	476.6
Pension costs: Defined benefit plans	5.1	4.3
Pension costs: Defined contribution plans	39.6	33.7
Other personnel expenses	76.4	83.6
Total	**593.7**	**598.2**

12.2. Average personnel

	2014	2013
The average number of personnel	11,920	11,987
Personnel December 31,	11,982	11,832
of which in Finland	2,002	1,989

12.3. Personnel by Business Area at end of period

	2014	2013
Service	6,285	6,151
Equipment	5,639	5,626
Group Staff	58	55
Total	**11,982**	**11,832**

13. Management compensation

Board of Directors

The remuneration packages for Board members are resolved by the Annual General Meeting on proposal by the Nomination and Compensation Committee. The AGM 2014 confirmed an annual fee of EUR 105,000 for the Chairman of the Board (2013: EUR 105,000), EUR 67,000 for the Vice Chairman of the Board (2013: EUR 67,000), and EUR 42,000 for other Board members (2013: EUR 42,000). In addition, compensation of EUR 1,500 was approved for attendance at Board committee meetings (2013: EUR 1,500). However, the chairman of audit committee is entitled to a compensation of EUR 3,000 (2013: EUR 3,000) per meeting for attendance at audit committee meetings.

According to the proposal, 50% of the annual remuneration is to be used for acquiring shares in the company. The remuneration may also be paid by transferring treasury shares based on the authorization given to the board of directors by the general meeting. In case such purchase of shares can not be carried out due to reasons related either to the company or to a board member, the annual remuneration shall be paid entirely in cash.

Travel expenses will be compensated against receipt.

Total compensation to the Board of Directors

	2014		2013	
	Total compensation, EUR	Number of shares as part of compensation	Total compensation, EUR	Number of shares as part of compensation
Chairman of the Board	108,000	2,281	108,000	1,873
Board members	333,000	6,384	331,500	5,243
Total	**441,000**	**8,665**	**439,500**	**7,116**

President and CEO

The Nomination and Compensation Committee reviews the President and CEO's performance. Based on this review and relevant facts, the Board sets the total compensation package for the President and CEO.

	2014	2013
Salary and benefits, EUR	596,071	656,041
Annual variable pay, EUR	200,000	120,000
Variable pay related to time abroad, EUR	270,000	0
Total	**1,066,071**	**776,041**
Expense of statutory pension plans, EUR	103,330	112,360
Expense of voluntary pension plans, EUR	110,869	94,123
Total	**214,200**	**206,483**
Shareholding in Konecranes Plc (number of shares)	216,497	225,520
Option rights owned (number of options)	45,000	80,000
Performance share rights allocated	115,200	67,200
Share-based payment costs, EUR	54,954	281,727
Retirement age	63 years	63 years
Period of notice	6 months	
Severance payment	18 months salary and fringe benefits	

The additional pension agreement of President and CEO Pekka Lundmark was reviewed and amended during 2012 to reinforce its defined contribution plan feature with an annual contribution of 18,6% from the salary. At the same time the retirement age was raised to 63 years.

At the end of year 2014, Konecranes had no loan receivable from President & CEO Pekka Lundmark (EUR 225,336.14 with the interest rate of 1.533% in 2013).

Group Executive Board & Senior Management Team

In 2014 Konecranes had a two-tier operative management structure consisting of the Group Executive Board (GXB) and the Senior Management Team (SMT). The GXB convenes as frequently as necessary, normally on a monthly basis. The SMT shall convene twice a year, in April–May and in December. Business Areas and Regions have their own management teams that convene on a regular basis. Only Group Executive Board is classified to key management personnel due to the decision making power.

The Group Executive Board comprises President and CEO, and Chairman of the Group Executive Board; Executive Vice President, Head of Business Area Service and Chief Customer Officer; Executive Vice President and Head of Business Area Equipment; Executive Vice President, Strategy and Technology; Chief Financial Officer; Senior Vice President, Human Resources; and Chief Information Officer.

The Nomination and Compensation Committee of the Board reviews Group compensation policies and issues guidelines for the same. In accordance with these guidelines, the Nomination and Compensation Committee confirms compensation packages for those Group Executive Board members who report directly to the President and CEO. For other Group Executive Board members, the compensation packages are confirmed by the President and CEO.

The retirement age of the Finnish members of the Group Executive Board (excluding the President and CEO) is set according to the Employees Pensions Act (TyEL). The Finnish members of the Group Executive Board also participate in the contribution-based group pension insurance scheme offered to key personnel in Finland. The defined contribution payment by the company is 1% of annual salary excluding performance based compensation (annual or long term incentives). The Finnish Group Executive Board members also have life insurance and disability insurances. Non-Finnish members have local insurances.

Group Executive Board excluding the President and CEO

	2014	2013
Salary and benefits, EUR	1,393,095	1,283,773
Annual variable pay, EUR	204,128	246,131
Total	**1,597,223**	**1,529,904**
Expense of statutory pension plans, EUR	231,437	218,645
Expense of voluntary pension plans, EUR	9,583	9,896
Total	**241,020**	**228,541**
Shareholding in Konecranes Plc (number of shares)	128,156	170,786
Option rights owned (number of options)	84,000	141,500
Performance share rights allocated	249,600	163,200
Share-based payment costs, EUR	133,500	690,453

There were no loans to the Group Executive Board (excluding the President and CEO) at end of the period 2014 and 2013.

There are no guarantees on behalf of the Group Executive Board in year 2014 and 2013.

The employee benefits to the key management personnel of the Group were in total EUR 3.7 million in year 2014 (4.2 million in year 2013).

14. Financial income and expenses

14.1. Financial income

	2014	2013
Dividend income on available-for-sale investments	0.1	0.1
Interest income on bank deposits and loans	3.0	4.8
Fair value gain on derivative financial instruments	0.7	9.9
Exchange rate gains on interest bearing assets and liabilities	0.3	0.0
Other financial income	0.1	2.7
Total	**4.2**	**17.5**

14.2. Financial expenses

	2014	2013
Interest expenses on liabilities	13.3	13.3
Exchange rate loss on interest bearing assets and liabilities	0.0	15.4
Other financial expenses	3.0	1.8
Total	**16.3**	**30.5**
Financial income and expenses net	**-12.1**	**-13.0**

The company applies hedge accounting on derivatives used to hedge cash flows in certain large crane projects. The cash flow hedges of the expected future cash flows are assessed to be highly effective and a net unrealized effect of EUR -8.6 million (2013: EUR 2.6 million) with deferred taxes of EUR 2.2 million (2013: EUR -0.7 million) relating to the hedging instruments is included in the equity. The hedged operative cash flows are expected to occur during the next 3–18 months.

15. Income taxes

15.1. Taxes in statement of income

	2014	2013
Local income taxes of group companies	32.1	36.0
Taxes from previous years	-0.6	2.4
Change in deferred taxes	1.3	-12.3
Total	**32.8**	**26.1**

15.2. Reconciliation of income before taxes with total income taxes

	2014	2013
Profit before taxes	107.4	75.5
Tax calculated at the domestic corporation tax rate of 20.0% (2013: 24.5%)	21.5	18.5
Effect of different tax rates of foreign subsidiaries	7.3	1.2
Taxes from previous years	-0.6	2.4
Tax effect of non-deductible expenses and tax-exempt income	-1.7	2.1
Tax effect of unrecognized tax losses of the current year	6.7	3.5
Tax effect of utilization of previously unrecognized tax losses	-0.6	-0.3
Tax effect of recognition of previously unrecognized tax losses	-1.6	-0.5
Tax effect of recognizing the controlled temporary difference from investment in subsidiaries	1.0	0.1
Tax effect of tax rate change[1]	0.2	-0.2
Other items	0.6	-0.7
Total	**32.8**	**26.1**
Effective tax rate %	30.6%	34.5%

[1] *The tax rate changes in Finland from January 1, 2014 are recognized in deferred taxes in 2013.*

15.3. Tax effects of components in other comprehensive income

	2014	2013
Cash flow hedges	-2.8	1.0
Re-measurement gains (losses) on defined benefit plans	-4.7	-0.9
Total	**-7.5**	**0.1**

16. Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated by adjusting the weighted average number of shares with the stock options outstanding per December 31.

	2014	2013
Net profit attributable to shareholders of the parent company	74.4	49.1
Weighted average number of shares outstanding (1,000 pcs)	57,909	57,684
Effect of issued share options (1,000 pcs)	125	193
Diluted weighted average number of shares outstanding (1,000 pcs)	58,034	57,877
Earnings per share, basic (EUR)	1.28	0.85
Earnings per share, diluted (EUR)	1.28	0.85

17. Goodwill and goodwill impairment testing

General principles

The goodwill is allocated to cash-generating units (CGUs) being the lowest level of assets for which there are separately identifiable cash flows. These CGUs are then aggregated to the Business Unit (BU) level which is the lowest operative management reporting level at which goodwill is monitored and for which the impairment testing is primarily done.

The recoverable amounts of the BUs and CGUs are determined based on value in use calculations (discounted cash flow method). In those cases where a CGU forms a stand alone business where synergies with the rest of the respective BU activities are difficult to assess, the goodwill is tested on the CGU level. The forecasting period of cash flows is five years and it is based on financial forecasts of each BU's management, adjusted by Group management if needed. The forecasts have been made based on BU specific historical data, order book, the current market situation and industry specific information of the future growth possibilities. The calculated cash flows after the five-year forecasting period are based on a zero percent growth estimate on sales and operating margin. Calculations are prepared during the fourth quarter of the year.

The discount rate applied to cash flow projections is the weighted average (pre-tax) cost of capital and is based on risk free long term government bond rates and market and industry specific risk premiums. These risk premiums are derived based on the business portfolio of companies which operate in a similar industry as the BUs. The average discount rate used in 2014 is 11,0 percent (a weighted average of a range from 8 to 18 percent). In 2013, the average pre-tax discount rate used was 12,4 percent (a weighted average of a range from 10 to 20 percent). The business risk distribution of the tested BUs were considered when determining the discount rates in use and the discount rates account for the average cost of capital for all BUs.

Goodwill allocation to main Cash-Generating Units (CGUs), Business Units (BU) and business segments

The Group's total goodwill is allocated to the Business Units (BU) as indicated in the table below. The table also shows separately the goodwill of those individual CGUs that represent stand alone businesses and thus are extracted from BU-level for goodwill impairment testing purposes (tested separately).

In Group's assets, there is also included EUR 10.4 million intangible assets with indefinite useful life arising from the acquisition of R. Stahl AG's material handling division, which consists of the trademark of the brand name 'Stahl'. The carrying amount of this asset is tested on a yearly basis by using a similar kind of impairment testing method as the goodwill.

Sensitivity analyses

In addition to impairment testing using the base case assumptions, three different sensitivity analyses were performed:

- A discount rate analysis where the discount rate was increased by 5 percentage points.
- A Group management adjustment to the future profitability. Each BU and stand alone CGU cash flow was analyzed by the Group management.
- Based on the BU specific historical data and future growth prospects the cash flows were decreased by -10%.
- A higher discount rate (+5% points) analysis combined with lower (-10%) cash flows as mentioned above.

Goodwill testing results

As a result of the annual impairment test in 2014 there were no needs for write offs. Sensitivity tests using both higher discount rate (+5% points) and lower cash flow estimates (-10%) indicated that Machine Tool Service would have been impaired by EUR 2.7 million. The recoverable amount would be the same as balance value if the discount rate would be 2.5% points higher or if the present value of the cash flows would be 21,5% lower.

Total goodwill in business segments after impairments

	2014	2013
Industrial Cranes	41.2	37.2
Lifttrucks	12.3	13.2
STAHL Konecranes GmbH, Germany	20.4	20.4
Light Lifting	1.8	1.8
Agilon[1]	3.9	3.9
Goodwill in Equipment total	**79.7**	**76.5**
Port Service	10.8	10.8
Crane Service	10.0	9.7
Machine Tool Service	4.3	4.5
Goodwill in Service total	**25.1**	**25.1**
Total goodwill in business Segments as of December 31	**104.8**	**101.6**

[1] *BU Agilon (Suomen Teollisuusosa) was reported within BU Light Lifting in 2013.*

In 2013 Restructuring actions and closure of certain parts of business units lead to additional impairment testing in two business units: Port Service and Light Lifting. As a result of the testing a total of EUR 4.5 million of goodwill was written off (Business Unit Port Service EUR 3.5 million and Business Unit Light Lifting EUR 1.0 million). As a result of the regular impairment test in 2013 there was no need for additional write offs.

In the regular impairment test 2013 the recoverable amount of Business Unit Port Service exceeded the balance value by EUR 0.9 million and in the Business Unit Light Lifting by EUR 0.9 million respectively. Sensitivity tests using both higher discount rate (+5% points) and lower cash flow estimates (-10%) indicated that BU Port Service goodwill would have been impaired by additional EUR 6.6 million and BU Light Lifting Goodwill by EUR 5.8 million. The recoverable amount would be the same as balance value if the discount rate would be 0.5% points higher in BU Port Service and 0.3% points higher in BU Light Lifting or if the cash flows would be 4.9% lower in BU Port Service and 3.3% lower in BU Light Lifting. There was no indication of impairment for any other GCU Goodwill due to the sensitivity tests.

Goodwill

	2014	2013
Acquisition costs as of January 1	116.3	123.1
Increase	0.0	0.0
Translation difference	3.2	-6.7
Acquisition costs as of December 31	119.5	116.3
Accumulated impairments as of January 1	-14.7	-10.2
Impairments for the financial year	0.0	-4.5
Total as of December 31	**104.8**	**101.6**

18. Other intangible assets

18.1. Patents and trademarks

	2014	2013
Acquisition costs as of January 1	28.6	28.9
Translation difference	0.4	-0.3
Acquisition costs as of December 31	29.0	28.6
Accumulated amortization as of January 1	-13.2	-12.9
Amortization for financial year	-0.7	-0.3
Total as of December 31	**15.2**	**15.4**

18.2. Software

	2014	2013
Acquisition costs as of January 1	73.5	43.5
Increase	31.2	31.1
Decrease	-2.2	-1.1
Transfer within assets	0.2	0.0
Translation difference	0.0	0.0
Acquisition costs as of December 31	102.6	73.5
Accumulated amortization as of January 1	-32.2	-26.6
Accumulated amortization relating to disposals	2.2	1.1
Amortization for financial year	-11.2	-6.8
Total as of December 31	**61.4**	**41.3**

18.3. Other intangible assets

	2014	2013
Acquisition costs as of January 1	107.9	112.0
Increase	0.6	0.0
Decrease	-0.6	-0.5
Company acquisitions	0.0	8.7
Transfer within assets	-0.2	0.0
Impairment	0.0	-10.8
Translation difference	1.2	-1.6
Acquisition costs as of December 31	108.8	107.9
Accumulated amortization as of January 1	-77.5	-68.4
Accumulated amortization relating to disposals	0.2	0.1
Amortization for financial year	-7.0	-9.1
Total as of December 31	**24.6**	**30.4**

18.4. Other intangible assets total

	2014	2013
Acquisition costs as of January 1	209.9	184.4
Increase	31.8	31.1
Decrease	-2.9	-1.7
Company acquisitions	0.0	8.7
Impairment	0.0	-10.8
Translation difference	1.5	-1.9
Acquisition costs as of December 31	240.4	209.9
Accumulated amortization as of January 1	-122.8	-107.8
Accumulated amortization relating to disposals	2.4	1.2
Amortization for financial year	-18.9	-16.2
Total as of December 31	**101.2**	**87.0**

Other intangible assets include service contracts, patents and trademarks and software licenses. They are stated at cost and amortized on the straight-line basis over their expected useful lives. The normal amortization period varies from 4 to 20 years. Intangible assets having an indefinite useful life are tested for impairment annually. On December 31, 2014, the intangible assets having indefinite useful life consisted of the Stahl trademark, totally EUR 10.4 million. As there is no foreseeable limit on the period over which the asset is expected to generate net cash inflows for the entity, it is classified as intangible assets having indefinite useful life.

Due to the restructuring actions and closure of certain parts of business units intangible assets (mainly customer relations and technology in India, Austria, UK and Morocco) were written off in 2013 due to impairment by EUR 10.8 million.

19. Property, plant and equipment

19.1. Land

	2014	2013
Acquisition costs as of January 1	6.8	6.6
Increase	0.1	0.5
Decrease	0.0	-0.1
Translation difference	0.1	-0.2
Total as of December 31	**7.0**	**6.8**

19.2. Buildings

	2014	2013
Acquisition costs as of January 1	60.8	52.3
Increase	3.6	10.1
Decrease	-0.1	-0.1
Transfer within assets	0.0	0.3
Impairment	0.0	-0.3
Translation difference	1.3	-1.5
Acquisition costs as of December 31	65.6	60.8
Accumulated depreciation as of January 1	-12.9	-10.0
Accumulated depreciation relating to disposals	0.1	0.1
Depreciation for financial year	-3.3	-2.9
Total as of December 31	**49.5**	**47.9**

There were no buildings which belong to finance lease at the end of year 2014 and 2013.

19.3. Machinery and equipment

	2014	2013
Acquisition costs as of January 1	243.0	235.6
Increase	27.0	25.6
Decrease	-24.3	-15.0
Transfer within assets	0.0	-0.3
Impairment	-0.1	-1.4
Translation difference	2.4	-1.6
Acquisition costs as of December 31	247.9	243.0
Accumulated depreciation as of January 1	-153.2	-145.8
Accumulated depreciation relating to disposals	20.9	12.5
Depreciation for financial year	-21.7	-19.9
Total as of December 31	**94.0**	**89.8**

The balance value of machinery and equipments which belong to finance lease is EUR 6.5 million in the year 2014 (EUR 8.7 million in 2013).

19.4. Property, plant and equipment total

	2014	2013
Acquisition costs as of January 1	310.6	294.5
Increase	30.7	36.3
Decrease	-24.4	-15.2
Impairment	-0.1	-1.7
Translation difference	3.7	-3.3
Acquisition costs as of December 31	320.4	310.6
Accumulated depreciation as of January 1	-166.1	-155.8
Accumulated depreciation relating to disposals	21.0	12.6
Depreciation for financial year	-25.0	-22.8
Total as of December 31	**150.5**	**144.5**

The amount of borrowing cost capitalized during 2014 was EUR 0.2 million (EUR 0.6 million in 2013). The interest is related to a loan which was specifically taken to the construction of the factory in India.

20. Interests in other entities and non controlling interests

20.1. Investments accounted for using the equity method

	2014	2013
Associated Companies		
Acquisition costs as of January 1	34.5	32.2
Share of associated companies result after taxes[1]	3.6	2.8
Dividends received	-0.9	-0.5
Total as of December 31	**37.2**	**34.5**

[1] *Including adjustments from purchase price allocation*

	2014	2013
Joint Ventures		
Acquisition costs as of January 1	5.9	5.3
Share of joint ventures result after taxes	0.2	1.1
Dividends received	-0.2	-0.5
Total as of December 31	**5.8**	**5.9**

20.2. Investments in associated companies and joint ventures

2014	Carrying amount of the investment	Non-current assets[1]	Current assets[1]	Non-current liabilities[1]	Current liabilities[1]	Revenue[1]	Profit/loss after tax from continuing operations[1]	Total compre-hensive income[1]	Dividends received
Guangzhou Technocranes Company Ltd.[2]	0.7	0.6	7.5	0.0	5.1	8.6	0.1	0.1	0.0
Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd.[2]	0.6	0.5	7.9	0.0	6.2	7.7	0.1	0.1	0.0
Shanghai High Tech Industrial Company, Ltd.[2]	2.1	0.7	16.1	0.0	9.7	15.4	0.3	0.3	0.0
Boutonnier Adt Levage S.A.	0.4	0.2	1.9	0.0	0.5	3.1	0.1	0.1	0.0
Levelec S.A.	0.2	0.1	1.5	0.1	0.5	2.4	0.1	0.1	0.0
Manelec S.a.r.l.	0.1	0.0	0.4	0.0	0.1	0.8	0.0	0.0	0.0
Manulec S.A.	0.2	0.3	1.3	0.0	0.7	2.8	0.0	0.0	0.0
Sere Maintenance S.A.	0.1	0.1	0.9	0.0	0.6	2.8	0.1	0.1	0.0
Eastern Morris Cranes Limited[2]	1.4	0.4	8.4	0.0	4.2	15.1	0.6	0.6	0.0
Kito Corporation	36.2	140.3	245.2	34.9	194.5	303.6	15.1	15.1	0.9
Crane Industrial Services LLC[2]	1.0	0.2	6.0	0.2	3.6	8.0	0.3	0.3	0.2
Translation difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**43.1**	**143.3**	**297.1**	**35.1**	**225.9**	**370.4**	**16.9**	**16.9**	**1.1**

2013	Carrying amount of the investment	Non-current assets[1]	Current assets[1]	Non-current liabilities[1]	Current liabilities[1]	Revenue[1]	Profit/loss after tax from continuing operations[1]	Total compre-hensive income[1]	Dividends received
Guangzhou Technocranes Company Ltd.[2]	0.7	0.6	5.3	0.0	3.3	7.6	0.1	0.1	0.0
Jiangyin Dingli Shengsai High Tech Industrial Crane Company Ltd.[2]	0.6	0.5	6.1	0.0	4.7	6.5	0.5	0.5	0.0
Shanghai High Tech Industrial Company, Ltd.[2]	2.1	0.7	15.8	0.0	9.2	19.1	0.4	0.4	0.0
Boutonnier Adt Levage S.A.	0.4	0.2	1.9	0.0	0.6	3.4	0.1	0.1	0.0
Levelec S.A.	0.2	0.1	1.6	0.0	0.5	2.4	0.1	0.1	0.0
Manelec S.a.r.l.	0.1	0.0	0.4	0.0	0.1	0.7	0.0	0.0	0.0
Manulec S.A.	0.2	0.4	1.1	0.0	0.5	2.7	-0.1	-0.1	0.0
Sere Maintenance S.A.	0.1	0.1	1.0	0.0	0.9	2.6	-0.1	-0.1	0.0
Eastern Morris Cranes Limited[2]	1.4	0.3	8.8	0.0	6.6	13.4	0.7	0.7	0.2
Kito Corporation	33.6	84.8	166.8	42.0	74.4	286.7	11.5	11.5	0.5
Crane Industrial Services LLC[2]	1.2	0.2	4.1	0.2	1.9	7.9	0.5	0.5	0.3
Translation difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**40.4**	**87.8**	**213.0**	**42.3**	**102.7**	**353.2**	**13.8**	**13.8**	**1.1**

[1] Asset and liability values, revenue and profit/loss represent values according to the latest published financial information.
[2] Classified as joint ventures due to the terms in the contractual arrangement for decisions about relevant activities which require unanimous content of the parties that collectively control the unit.

The investment value of the shares in the associated companies and joint ventures consists of the Group's proportion of the companies at the acquisition date, adjusted by any variation in the shareholders' equity after the acquisition. See also the Company list for listing the ownership of the associated companies and joint ventures.

The market value of Kito Corporation shares owned by Konecranes as at December 31, 2014 amounted to EUR 49.0 million (EUR 42.9 million in 2013). The investment to Kito Corporation is a strategic alliance to utilize the global market potential and mutually complement each other by selling Kito manual products while Kito will sell wire rope hoists made by Konecranes.

20.3. Joint operations

Konecranes has classified one company (Konesko A/S) as a joint operation based on the parties' contractual unanimous consent of the decisions about the relevant activities as well as due to the magnitude of business the company conducts with Konecranes. Konesko A/S is a strategic supplier of components used in Konecranes products.

In September, 2013, Konecranes acquired 30,5% of Konesko A/S in Estonia for which the previous ownership was 19%. The new ownership is now 49,5%.

20.4. Subsidiaries with material non-controlling interest

In June 2014 Konecranes completed the acquisition of the remaining shares (35 percent) of Jiangsu Three Horses Crane Manufacture Co. Ltd. ("SANMA") and owns now 100 percent of the company. Transaction decreased Konecranes equity attributable to the equity holders of the parent company by EUR 1.9 million and the non-controlling interest by EUR 6.4 million. Konecranes acquired the majority holding (65 percent) in November 2009.

2013	Accumu-lated Non Controlling Interest	Goodwill	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Revenue	Profit/loss after tax from continuing operations	Total comprehensive income
Sanma Hoists & Cranes Co.Ltd. (NCI 35%)	6.3	4.9	16.2	19.6	0.0	18.1	38.0	1.4	1.4

NCI = Non Controlling Interest. Asset and liability as well as revenue and profit/loss values represent the total company values including purchase price allocations. See also the Company list for listing the ownership and principal place of business of the subsidiaries.

21. Available-for-sale investments

	2014	2013
Acquisition costs as of January 1	1.0	0.9
Increase	0.0	0.0
Total as of December 31	**1.0**	**1.0**

Investments for available-for-sale investments consist of shares in unlisted companies and are measured at cost, because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed.

See also Company list for detailed list of available-for-sale investments.

22. Inventories

	2014	2013
Raw materials and semi-manufactured goods	146.2	130.9
Work in progress	159.1	161.4
Finished goods	19.0	17.7
Advance payments	11.3	15.5
Total	**335.5**	**325.5**

23. Valuation and qualifying accounts

2014	Balance at the beginning of the year	Translation difference	Utilized during the period	Provision not needed	Additions	Balance at the end of the year
Provision for doubtful accounts	17.9	0.5	3.5	4.4	7.5	**18.0**
Provision for obsolete inventory	22.1	0.5	3.5	0.4	9.9	**28.6**

2013	Balance at the beginning of the year	Translation difference	Utilized during the period	Provision not needed	Additions	Balance at the end of the year
Provision for doubtful accounts	16.4	-1.0	4.7	3.9	11.1	**17.9**
Provision for obsolete inventory	21.7	-0.7	3.1	3.3	7.5	**22.1**

24. Ageing analysis of accounts receivable

	2014	2013
Undue accounts receivable	216.7	203.8
Accounts receivable 1–30 days overdue	69.6	65.5
Accounts receivable 31–60 days overdue	30.7	29.2
Accounts receivable 61–90 days overdue	18.2	20.8
Accounts receivable more than 91 days overdue	29.7	49.5
Total	**364.9**	**368.8**

Accounts receivable are initially measured at cost (book values represent their fair values). Accounts receivable are subject to only minor credit risk concentrations due to the Group's extensive customer portfolio. Credit losses recognized for the financial year totaled EUR 5.2 million (EUR 4.9 million in 2013).

25. Other receivables

	2014	2013
Bills receivable	7.3	7.5
Value added tax	17.3	18.1
Total	**24.5**	**25.6**

26. Deferred assets

	2014	2013
Interest	0.2	0.3
Receivable arising from percentage of the completion method	85.8	79.1
Prepaid expenses	14.6	10.2
Other	40.0	47.0
Total	**140.7**	**136.6**

27. Cash and cash equivalents

	2014	2013
Cash in hand and at bank	85.0	116.8
Short-term deposits	13.0	15.4
Total	**97.9**	**132.2**

Short-term deposits are with a maturity of less than three months. Cash and cash equivalents are carried at nominal value, which corresponds to their fair value.

28. Equity

28.1. Shareholders' equity

	Number of shares	Share capital	Share premium	Paid in capital
As of January 1, 2013	57,291,310	30.1	39.3	44.8
Share subscriptions with options	536,770	0.0	0.0	6.2
As of December 31, 2013	**57,828,080**	**30.1**	**39.3**	**51.0**
Share subscriptions with options	115,847	0.0	0.0	1.2
As of December 31, 2014	**57,943,927**	**30.1**	**39.3**	**52.2**

The total shareholders' equity consists of share capital, share premium account, share issue, fair value reserves, translation difference, paid in capital and retained earnings. Konecranes' share has no nominal value. The company has one series of shares. All issued shares are fully paid. The share premium account includes the value of shares, which exceeds the accounting par value of the shares, for shares issued before September 1, 2006. Fair value reserves include changes in the fair values of derivative financial instruments used to hedge operational cash flows. Translation differences comprise the differences arising from the elimination of net investments in non-euro foreign subsidiaries. The paid in capital includes the portion of shares' subscription price, which is not recorded to share capital or according to IFRS to liabilities. The paid in capital includes also other capital contributions to the Group, which are not recorded to some other reserve within the equity. The paid in capital includes also the possible amount of share capital decrease, which is not netted against accumulated losses or is not distributed to shareholders.

28.2. Distributable earnings

See page 122 / Board of Director's Proposal to the Annual General Meeting.

28.3. Treasury shares

Number of shares	2014	2013
As of January 1	5,444,262	5,981,032
Decrease	-115,847	-536,770
Total as of December 31	**5,328,415**	**5,444,262**

Proposal by the Board of Directors to authorize the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares

The AGM on March 27, 2014 authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares as follows:

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 9.5 percent of all of the shares in the Company. However, the Company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 percent of all the shares in the Company. Only the unrestricted equity of the Company can be used to repurchase own shares on the basis of the authorization.

Own shares can be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market.

The Board of Directors decides how own shares will be repurchased and/or accepted as pledge. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

Own shares can be repurchased and/or accepted as pledge to limit the dilutive effects of share issues carried out in connection with possible acquisitions, to develop the Company's capital structure, to be transferred for financing or realization of possible acquisitions, investments or other arrangements belonging to the Company's ordinary business, to pay remuneration to Board members, to be used in incentive arrangements or to be cancelled, provided that the repurchase is in the interest of the Company and its shareholders.

The authorization is effective until the end of the next Annual General Meeting, however no longer than until September 26, 2015.

Authorizing the Board of Directors to decide on the issuance of shares as well as on the issuance of special rights entitling to shares

The AGM authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares referred to in chapter 10 section 1 of the Finnish Companies Act as follows.

The amount of shares to be issued based on this authorization shall not exceed 6,000,000 shares, which corresponds to approximately 9.5 per cent of all of the shares in the Company.

The Board of Directors decides on all the conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization of transfer of the company's own shares.

The authorization is effective until the end of the next Annual General Meeting, but no longer than until September 26, 2015. However, the authorization for incentive arrangements is valid until March 26, 2019.

Proposal by the Board of Directors to authorize the Board of Directors to decide on the transfer of the company's own shares

The AGM authorized the Board of Directors to decide on the transfer of the Company's own shares as follows:

The authorization is limited to a maximum of 6,000,000 shares, which corresponds to approximately 9.5 percent of all of the shares in the Company.

The Board of Directors decides on all the conditions of the transfer of own shares. The transfer of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The Board of Directors can also use this authorization to grant special rights concerning the Company's own shares, referred to in Chapter 10 of the Companies Act. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the issuance of shares and the issuance of special rights entitling to shares.

This authorization is effective until the next Annual General Meeting of Shareholders, however no longer than until September 26, 2015. However, the authorization for incentive arrangements is valid until March 26, 2019.

Proposal by the Board of Directors to authorize the Board of Directors to decide on a directed share issue without payment for an employee share savings plan

Konecranes Plc's Annual General Meeting of Shareholders 2012 decided to implement an Employee Share Savings Plan in the Konecranes Group (the Plan). The first Plan Period 2012–2013 was followed by a second Plan Period 2013–2014. In the Plan Period 2013–2014, the Plan was offered to approximately 11,000 employees in 42 countries, including China for the first time. The employee participation rate is 16 percent globally and 33 percent in Finland. Through the Plan, approximately 1,700 employees have become shareholders in Konecranes. During the first Plan Period 2012–2013, approximately 43,000 Konecranes Plc's shares were acquired with the savings of the Plan participants.

On the basis of interest shown by the Group employees, the Board decided to launch a new Plan Period. The new plan period began on 1 July 2014 and end on 30 June 2015. The maximum savings amount per participant during one month is 5 percent of gross salary and the minimum is EUR 10. 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, 15 February 2018, and if his or her employment has not ended before this date for reasons related to the employee. The total amount of all savings of the commencing plan period may not exceed EUR 8.5 million. The terms and conditions of the Plan Period 2014–2015 are unchanged from the previous Plan Periods.

An employee will participate in the Plan for one year at a time. Shares will be acquired with the accrued savings at the market price quarterly, after the publication dates of the Konecranes interim results, commencing in November 2014. Any dividends paid on purchased shares during the commencing Plan period will automatically be reinvested into additional shares on the following purchase date. These shares will have an equal right to matching shares.

The General Meeting authorized the Board to decide on the issue of new shares or on the transfer of own shares held by the Company to such participants of the Plan who, according to the terms and conditions of the Plan, are entitled to receive free shares, as well as to decide on a share issue without payment also to the Company itself. The authorization includes a right, within the scope of this Plan, to transfer own shares currently held by the Company, which have earlier been limited to other purposes than incentive plans. The number of new shares to be issued or own shares held by the Company to be transferred may in the aggregate amount to a maximum total of 500,000 shares, which corresponds to 0.8 per cent of all of the Company's shares.

The Board of Directors considered that there is an especially weighty financial reason for the directed share issue without payment, both for the Company and in regard to the interests of all shareholders, since the Plan is intended to form part of the incentive and commitment program for the Group personnel.

The Board of Directors is entitled to decide on other matters concerning the share issue. The authorization concerning the share issue is valid until March 26, 2019. This authorization replaces the authorization for the Share Savings Plan given by the Annual General Meeting 2013.

29. Option rights and other share-based payments

The Annual General Meeting of Shareholders of Konecranes Plc has on March 12, 2009 accepted the issue of stock options to the key personnel of Konecranes Plc (Company) and its subsidiaries. The maximum total number of stock options issued was 2,250,000, and they entitled their owners to subscribe for a maximum total of 2,250,000 new shares in the Company or existing shares held by the Company. The Board of Directors shall resolve whether new shares in the Company or existing shares held by the Company are given to the subscriber. Of the stock options, 750,000 were marked with the symbol 2009A, 750,000 were marked with the symbol 2009B and 750,000 were marked the with the symbol 2009C. The period for the option rights of the first series begun on April 1, 2012 and ends for the option rights of the last series on April 30, 2016. The share subscription price for stock options was based on the prevailing market price of the Konecranes Plc share on the Nasdaq Helsinki in April 2009, April 2010 and April 2011. At the end of 2014 stock option plan 2009A has expired, altogether 12.456 shares have been subscribed for the stock options pursuant to 2009B stock option plan and 0 shares for the stock options pursuant to 2009C stock option plan.

Should the Company distribute dividends, from the share subscription price of the stock options, shall be deducted the amount of the dividend decided after the beginning of the period for determination of the share subscription price but before share subscription, as per the dividend record date. The subscription prices were for series 2009B EUR 23.79 (after year 2010, 2011, 2012 and 2013 dividend distribution EUR 19.69) and for series 2009C EUR 31.37 (after year 2011, 2012 and 2013 dividend distribution EUR 28,27).

The Board of Directors of Konecranes Plc resolved on March 22, 2012 to implement a performance share plan according to which earning reward was based on attainment of targets determined by the Board of Directors. The aim of the new plan was to combine the objectives of the shareholders and key employees in order to increase the value of the Company, to commit key employees to the Company, and to offer them a competitive reward plan based on long-term shareholding in the Company.

The plan consisted of three one-year discretionary periods as well as three approximately three-year discretionary periods. The discretionary periods began in the beginning of years 2012, 2013 and 2014. The Board of Directors of the Company decided on the Plan's performance criteria and on their targets at the beginning of each discretionary period. Earning during the one-year discretionary period beginning on January 1, 2012 was based on the Konecranes Group's EBIT margin, and during the three-year discretionary period beginning on January 1, 2012 on the Total Shareholder Return of the Company's share (TSR). The potentially earned reward will be paid in spring 2015. If a key employee's employment or service ends before the end of a discretionary period, no reward will be paid on the basis of such discretionary period.

The Board of Directors requires that each member of the Extended Management Team holds a half of shares paid on the basis of the Plan until the value of his or her shareholding in the Company in total corresponds to the value of his or her annual gross salary. Such number of shares will be held as long as his or her employment or service in a Group company continues. The target group of the Plan consisted of approximately 150 people. The rewards to be paid on the basis of the discretionary periods beginning on January 1, 2012 corresponded to the value of maximum of total of 271,308 Konecranes Plc shares.

The Board of Directors resolved in 2013 to amend the performance share plan launched in 2012 so that two three-year discretionary periods 2013–2015 and 2014–2016 will follow the discretionary periods commenced in 2012. The performance criterion for the discretionary periods 2013–2015 and 2014–2016 is the cumulative Earnings per Share (EPS) of the financial years 2013–2015 and 2014–2016 correspondigly.

The target group of the plan consists of approximately 185 people during the discretionary period 2013–2015 and 2014–2016. The rewards to be paid on the basis of the discretionary period correspond to the value of an approximate maximum total of 700,000 Konecranes Plc shares in both plans. If the targets determined by the Board of Directors are attained, the reward payout may be a half of the maximum reward. The maximum reward payout requires that the targets are clearly exceeded.

29.1.Summary of the Konecranes Plc's option plans

Stock Option	Maximum number of shares the stock option plan entitles to subscribe for	Subscription price/ share (EUR)	Maximum number of shares that still can be subscribed	Share subscription period
2009B	750,000	19.69[1]	733,544	1.4.2013–30.4.2015
2009C	750,000	28.27[2]	638,500	1.4.2014–30.4.2016
Total	**1,500,000**		**1,372,044**	

[1] *The original subscription price was EUR 23.79*
[2] *The original subscription price was EUR 31.37*

29.2. Changes in the number of shares from option rights outstanding

	2014	2013
Number of shares of option rights outstanding as of January 1	1,486,891	2,090,661
Granted during the year	30,000	10,000
Forfeited during the year	-26,500	-89,500
Exercised during the year	-115,847	-524,270
Expired during the year	-2,500	0
Total number of shares from option rights outstanding as of December 31	**1,372,044**	**1,486,891**

The total cost of the option programs for the financial year 2014 was EUR 0.5 million (2013: EUR 2.4 million). Option program costs are included in personnel expenses and credited to the shareholders' equity.

29.3. Assumptions made in determining the fair value of stock options

The fair values for the options have been determined using the Black & Scholes method.
The fair values for stock options have been calculated on the basis of the following assumptions:

	2009B	2009C
Subscription price of the share, EUR	19.69[1]	28.27[2]
Fair market value of the share, EUR	24.22	32.30
Expected volatility, %	23%	20%
Risk-free interest rate, %	2.15%	2.82%
Expected contractual life in years	0.3	1.3
Grant date fair value of the stock options, EUR	6.19	8.17

The above calculations are based on the 4–6 year implied volatility of the Konecranes Plc share price estimated by a market participant who actively trades stock options.

[1] *The original subscription price was EUR 23.79*
[2] *The original subscription price was EUR 31.37*

29.4. Changes in number of share rewards in performance share plan

Number of shares	2014	2013
As of January 1	873,534	602,000
Share rewards granted	666,000	646,000
Share rewards awarded	0	0
Share rewards expired	0	-358,800
Share rewards forfeited	-38,733	-15,666
Total as of December 31	**1,500,801**	**873,534**

The reward will be paid in Konecranes shares (approximately 50%) and partly in cash (approximately 50%). The cash-settled portion is dedicated to cover taxes and tax-related payments. The equity -settled portion of the plan is recognized over the vesting period based on calculated fair value of Konecranes share as of the grant date EUR 21.17 for performance share plan 2012, EUR 25.68 for performance share plan 2013 and EUR 24.94 for performance share plan 2014. The historical development of Konecranes share and the expected dividends have been taken into account when calculating the fair value.

The total cost of the performance share plan for the financial year 2014 was EUR 0.4 million (2013: EUR 2.0 million).

The costs of the performance share plan are included in personnel expenses. Equity-settled portion is credited to the shareholders' equity and cash-settled portion to long-term liabilities. The carrying amount of the liability arising from cash settled portion was EUR 1.5 million (2013: EUR 1.7 million)

The management made a judgement during 2014 that the total shareholder return criteria concerning 2012 performance plan and the EPS criteria concerning 2013 performance share plan will not be met at the end of discretionary period. The accumulated costs related to these criterias in equity (EPS criteria) and in long term liabilities (both criterias) were reversed, which resulted EUR 1.8 million income to personnel expenses.

Assumptions made in determining the fair value of share rewards in performance share plan

The fair value for the cash settled portion is remeasured at each reporting date until the possible share delivery. The fair value of the liability will thus change in accordance with the Konecranes Plc share price.

For the 2012–2014 earning period (granted in 2012), the fair value for the equity settled portion based on market vesting condition (total share holder return) has been determined at grant using the Monte Carlo model. The fair value for the equity settled portion based on non market vesting condition (EBIT margin) has been determined at grant using the fair value of Konecranes share as of the grant date and expected dividend yield.

For the 2013–2015 as well as for 2014–2016 earning periods granted in 2013 and in 2014, the fair value for the equity settled portion based on non market vesting condition (EPS) has been determined at grant using the fair value of Konecranes share as of the grant date and expected dividend yield.

The fair values have been calculated on the basis of the following assumptions:

	2014 plan	2013 plan	2012 plan
Share price at grant, EUR	24.94	25.68	21.17
Share price at reporting period end 31.12, EUR	23.92	23.92	23.92
Expected volatility, %[1]			37.5%
Risk-free interest rate, %			3.5%
Expected dividend, pa , EUR	1.0	1.0	1.0
Expected contractual life in years	2.3	1.3	0.3
Weighted average fair value of the share rewards at the grant date, EUR	21.14	22.66	14.87

[1] *Expected volatility was determined by calculating the historical volatility of the Konecranes share using monthly observations over corresponding maturity.*

29.5. Employee share savings plan

The matching shares of employee share savings plan will be paid in Konecranes shares (approximately 50%) and partly in cash (approximately 50%). The cash-settled portion is dedicated to cover taxes and tax-related payments. The expenses of the plan are recognized over the vesting period based on the quarterly acquired savings' share amounts and fair value of Konecranes share as of the closing date.

The total cost of the employee share savings plan for the financial year 2014 was EUR 0.6 million (2014: EUR 0.3 million). The costs of the employee share savings plan are included in personnel expenses. Equity-settled portion is credited to the shareholders' equity and cash-settled portion to long-term liabilities. The carrying amount of the liability arising from cash settled portion was EUR 0.5 million (2013: EUR 0.2 million).

29.6. Changes in number of share rewards in employee share savings plan

Number of shares	2014	2013
As of January 1	55,258	11,133
Share rewards granted	54,047	45,907
Share rewards forfeited	-4,120	-1,782
Total as of December 31	**105,185**	**55,258**

30. Interest-bearing liabilities

30.1. Non-current

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans from financial institutions	160.0	160.0	110.7	110.7
Pension loans	3.8	3.8	7.6	7.6
Finance lease liabilities	3.2	3.2	5.8	5.8
Other long-term loans	0.3	0.3	8.9	8.9
Total	**167.2**	**167.2**	**133.0**	**133.0**

30.2. Current

	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans from financial institutions	17.2	17.2	0,0	0,0
Bonds	0,0	0,0	75.0	75.0
Pension loans	3.8	3.8	3.8	3.8
Finance lease liabilities	2.9	2.9	2.6	2.6
Commercial papers	31.0	31.0	74.9	74.9
Other short-term loans	0.3	0.3	0.5	0.5
Overdraft	25.0	25.0	30.0	30.0
Total	**80.2**	**80.2**	**186.7**	**186.7**

The average interest rate of the non-current liabilities portfolio on December 31, 2014 was 1.69% (2013: 2.04%) and that of current liabilities was 3.82% (2013: 2.78%). The effective interest rate for EUR-loans varied between 0.41%–3.76% (2013: 0.56%–5.06%).

30.3. Currency split and repricing schedule of outstanding debt

					Debt repricing in period				
2014	Amount MEUR	Avg. duration	Avg. rate %	Rate sensitivity[1]	2015	2016	2017	2018	2019–
EUR	213.8	2.5 years	1.23	2.1	55.1	106.6	1.3	15.0	35.7
INR	31.8	1.4 years	9.83	0.3	24.3	1.7	1.7	3.3	0.8
MAD	0.0	1.0 years	5.50	0.0	0.0	0.0	0.0	0.0	0.0
PLN	0.1	1.0 years	2.84	0.0	0.1	0.0	0.0	0.0	0.0
USD	0.2	0.6 years	2.03	0.0	0.2	0.0	0.0	0.0	0.0
GBP	0.5	0.1 years	0.40	0.0	0.5	0.0	0.0	0.0	0.0
SGD	0.1	1.0 years	3.31	0.0	0.0	0.0	0.0	0.0	0.0
TRY	0.9	1.0 years	12.50	0.0	0.0	0.9	0.0	0.0	0.0
Total	**247.4**		**2.38**	**2.5**	**80.2**	**109.3**	**3.1**	**18.3**	**36.5**

					Debt repricing in period				
2013	Amount MEUR	Avg. duration	Avg. rate %	Rate sensitivity[1]	2014	2015	2016	2017	2018–
EUR	282.8	1.5 years	1.38	2.8	158.4	16.9	105.2	2.3	0.0
INR	36.2	1.3 years	10.89	0.4	27.8	1.6	1.6	2.9	2.3
MAD	0.3	1.0 years	5.50	0.0	0.3	0.0	0.0	0.0	0.0
PLN	0.3	1.7 years	3.40	0.0	0.1	0.1	0.1	0.0	0.0
USD	0.0	2.0 years	3.34	0.0	0.0	0.0	0.0	0.0	0.0
SGD	0.1	1.9 years	4.96	0.0	0.0	0.0	0.0	0.0	0.0
Total	**319.7**		**2.46**	**3.2**	**186.7**	**18.6**	**106.9**	**5.3**	**2.3**

[1] *Effect of one percent rise in market interest rates on the Group's net interest expenses over the following 12 months. All other variables have been assumed constant.*

30.4. Maturity profile of the Group's financial liabilities

2014 Debt type	Amount drawn	Maturity of financial liabilities 2015	2016	2017	2018	2019	Later
Committed revolving facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans from financial institutions	177.1	17.2	103.5	2.3	17.6	15.1	21.4
Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finance lease liabilities	6.1	2.9	1.6	0.7	0.7	0.0	0.0
Commercial paper program	31.0	31.0	0.0	0.0	0.0	0.0	0.0
Pension loans	7.6	3.8	3.8	0.0	0.0	0.0	0.0
Other long-term debt	2.7	0.3	2.4	0.0	0.0	0.0	0.0
Overdraft	25.0	25.0	0.0	0.0	0.0	0.0	0.0
Derivative financial instruments	18.2	16.2	2.0	0.0	0.0	0.0	0.0
Account and other payables	163.1	163.1	0.0	0.0	0.0	0.0	0.0
Total	**430.7**	**259.5**	**113.3**	**3.1**	**18.3**	**15.1**	**21.4**

2013 Debt type	Amount drawn	Maturity of financial liabilities 2014	2015	2016	2017	2018	Later
Committed revolving facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans from financial institutions	119.1	0.0	10.7	102.4	3.7	2.3	0.0
Bonds	75.0	75.0	0.0	0.0	0.0	0.0	0.0
Finance lease liabilities	9.6	2.6	3.7	1.7	1.6	0.0	0.0
Commercial paper program	74.9	74.9	0.0	0.0	0.0	0.0	0.0
Pension loans	10.2	3.8	3.8	2.6	0.0	0.0	0.0
Other long-term debt	2.9	0.4	2.3	0.2	0.0	0.0	0.0
Overdraft	30.0	30.0	0.0	0.0	0.0	0.0	0.0
Derivative financial instruments	7.7	5.9	1.8	0.0	0.0	0.0	0.0
Account and other payables	176.2	176.2	0.0	0.0	0.0	0.0	0.0
Total	**505.5**	**368.7**	**22.3**	**106.9**	**5.3**	**2.3**	**0.0**

30.5. Carrying amounts of financial assets and liabilities classified based on IAS 39

Note:	2014 Financial assets	Financial assets / liabilities at fair value through income statement	Loans and receivables	Available-for-sale financial assets	Financial assets / liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value
	Non-current financial assets						
	Long-term interest-bearing receivables	0.0	0.0	0.0	0.0	0.0	0.0
21	Other financial assets	0.0	0.0	1.0	0.0	1.0	1.0
	Current financial assets						
	Short-term interest-bearing receivables	0.0	0.0	0.0	0.0	0.0	0.0
24, 25	Account and other receivables	0.0	389.4	0.0	0.0	389.4	389.4
37.2	Derivative financial instruments	6.1	0.0	0.0	0.0	6.1	6.1
27	Cash and cash equivalents	0.0	97.9	0.0	0.0	97.9	97.9
	Total	**6.1**	**487.4**	**1.0**	**0.0**	**494.4**	**494.4**
	Financial liabilities						
	Non-current financial liabilities						
30.1	Interest-bearing liabilities	0.0	0.0	0.0	167.2	167.2	167.2
37.2	Derivative financial instruments	2.0	0.0	0.0	0.0	2.0	2.0
	Other payables	0.0	0.0	0.0	2.0	2.0	2.0
	Current financial liabilities						
30.2	Interest-bearing liabilities	0.0	0.0	0.0	80.2	80.2	80.2
37.2	Derivative financial instruments	16.2	0.0	0.0	0.0	16.2	16.2
34.2	Account and other payables	0.0	0.0	0.0	163.1	163.1	163.1
	Total	**18.2**	**0.0**	**0.0**	**412.5**	**430.7**	**430.7**

Note:	2013 Financial assets	Financial assets / liabilities at fair value through income statement	Loans and receivables	Available-for-sale financial assets	Financial assets / liabilities measured at amortized cost	Carrying amounts by balance sheet item	Fair value
	Non-current financial assets						
	Long-term interest-bearing receivables	0.0	0.2	0.0	0.0	0.2	0.2
21	Other financial assets	0.0	0.0	1.0	0.0	1.0	1.0
	Current financial assets						
	Short-term interest-bearing receivables	0.0	0.0	0.0	0.0	0.0	0.0
24, 25	Account and other receivables	0.0	394.4	0.0	0.0	394.4	394.4
37.2	Derivative financial instruments	12.1	0.0	0.0	0.0	12.1	12.1
27	Cash and cash equivalents	0.0	132.2	0.0	0.0	132.2	132.2
	Total	**12.1**	**526.8**	**1.0**	**0.0**	**539.9**	**539.9**
	Financial liabilities						
	Non-current financial liabilities						
30.1	Interest-bearing liabilities	0.0	0.0	0.0	133.0	133.0	133.0
37.2	Derivative financial instruments	1.8	0.0	0.0	0.0	1.8	1.8
	Other payables	0.0	0.0	0.0	2.0	2.0	2.0
	Current financial liabilities						
30.2	Interest-bearing liabilities	0.0	0.0	0.0	186.7	186.7	186.7
37.2	Derivative financial instruments	5.9	0.0	0.0	0.0	5.9	5.9
34.2	Account and other payables	0.0	0.0	0.0	176.2	176.2	176.2
	Total	**7.7**	**0.0**	**0.0**	**497.8**	**505.5**	**505.5**

31. Employee Benefits

The Konecranes Group companies have various pension plans in accordance with local conditions and practices. The pension plans are classified as either defined contribution plans or defined benefit plans. The Group has a significant defined benefit pension plan in the United Kingdom and Germany. In addition the defined benefit plans German companies have other long term employee benefits such as part time pension benefits and jubilee benefits. The Konecranes Group accounts for the Finnish system under the Employees' Pensions Act (TyEL) as a defined contribution plan.

In United Kingdom the defined benefit plan is administered by a separate trustee company that is legally separated from the company. The investments are managed by professional and independent Fiduciary Manager who is appointed by the trustees. Fiduciary Manager appoints Investment Managers as they see fit, in order to achieve the Trustees' stated objectives for the scheme funding level and taking into account the agreed risk appetite. The Fiduciary Manager has trigger points set in conjunction with the Trustees which when reached allows them to make changes to the investments to repatriate the gains to achieve full funding position. Both defined pension plans in the United Kingdom and in Germany are regulated by the laws, instructions of local pension regulators as well as articles of the associations.

Under the UK plan the employees are entitled to post-retirement installments calculated as an average annual basic salary from the best three years within the last ten years. In Germany the benefits paid are 0,35% of the last month's salary times the years of employment (maximum of 42 years).

The defined benefit plans typically expose the company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The investment risk is being mitigated by investing the funds equally to equity and debt instruments.

31.1. Amounts recognized in the balance sheet

	2014	2013
Present value of obligation wholly unfunded	88.5	73.4
Present value of obligation wholly or partly funded	66.3	54.8
Defined benefit plan obligations	154.9	128.2
Fair value of plan assets	-61.5	-51.6
Total net liability recognized	**93.3**	**76.6**

31.2. Components of defined benefit plan recorded in comprehensive income

	2014	2013
Service cost:		
Current service cost	2.1	1.6
Net interest cost	2.8	2.7
Past service cost	0.2	0.0
Components of defined costs recorded in profit or loss	**5.1**	**4.3**
Remeasurement on the net defined benefit liability:		
The return on plan assets (excluding amounts included in the net interest expense)	-4.1	-1.0
Actuarial gains (-) / losses (+) arising from changes in demographic assumptions	0.0	1.5
Actuarial gains (-) / losses (+) arising from changes in financial assumptions	20.7	2.5
Components of defined benefit plan costs recorded in other comprehensive income	**16.7**	**3.0**
Total	**21.8**	**7.3**

The actuarial losses in 2014 were mainly caused by the decrease of discount rates in the defined benefit plans of Germany and United Kingdom.

31.3. Movements of the present value of defined benefit obligation

	2014	2013
Obligation as of January 1	128.2	123.9
Translation difference	3.8	-1.5
Settlements and curtailments	0.0	0.0
Current service cost	2.1	1.6
Interest cost	5.0	4.7
Past service cost	0.2	0.0
Actuarial gains (-) / losses (+) arising from changes in demographic assumptions	0.0	1.5
Actuarial gains (-) / losses (+) arising from changes in financial assumptions	20.7	2.5
Benefits paid (-)	-5.2	-4.5
Obligation as of December 31	**154.9**	**128.2**

31.4. Movements of the fair value of plan assets

	2014	2013
Fair value of plan assets as of 1 January	51.6	50.0
Translation difference	3.7	-1.1
Interest income	2.2	2.0
Employer contributions	1.7	1.5
The return on plan assets (excluding amounts included in the net interest expense)	4.1	1.0
Benefits paid (-)	-1.9	-1.7
Fair value of plan assets as of December 31	**61.5**	**51.6**

31.5.Major categories of plan assets at the end of the reporting period

	2014	2013
Equity instruments	22.1	16.2
Debt instruments	31.3	24.9
Insurances	1.3	1.5
Others	6.8	9.1
Total plan assets	**61.5**	**51.6**

Virtually all equity and debt instruments have quoted prices in active markets. Major part of the plan assets exist in the United Kingdom. It is the policy of the UK fund to invest approximately 40–50% to growth assets such as equity instruments as well as property and growth funds and 50–60% to risk reducing assets such as corporate bonds and fixed or index-linked gilts.

The actual return on plan assets was EUR 6.3 million (2013: EUR 3.0 million). The Group expects to contribute EUR 1.6 million to its defined benefit plans in 2015. The average duration of the benefit obligation at the end of the reporting period is 18 years.

31.6. Defined benefit plan: the main actuarial assumptions

	2014	2013
Discount rate %	2.15–14.00	2.20–12.00
Future salary increase %	2.00–10.00	2.00–10.00
Future pension payment increase %	1.50–6.00	1.00–6.00

The discount rate, which is the most significant actuarial assumption, was 2.2% (3.5% in 2013) in Germany and 3.7% (4.6% in 2013) in the United Kingdom. These two countries represent the major part of the defined benefit obligation (approximately 90%). The discount rates reflect the market yields based on high quality corporate bonds. The discount rate, future salary increase as well as future pension payment increase were identified as significant actuarial assumptions. The following impacts on the defined benefit obligation are to be expected:

- A 0.5% points increase/decrease in the discount rate would lead to a decrease/increase of -7.8%/+8.8% in the defined benefit obligation
- A 0.5% points increase/decrease in the future salary increase would lead to a increase/decrease of 1.0%/-0,9% in the defined benefit obligation
- A 0.5% points increase/decrease in the future pension payment increase would lead to a increase/decrease of 6.5%/-5.9% in the defined benefit obligation

32. Deferred tax assets and liabilities

32.1. Deferred tax assets

	2014	2013
Employee benefits	17.5	16.0
Provisions	14.8	12.1
Unused tax losses	18.4	15.4
Other temporary difference	19.4	16.4
Total	**70.0**	**59.8**

32.2. Deferred tax liabilities

	2014	2013
Intangible and tangible assets	14.8	14.6
Other temporary difference	3.6	3.5
Total	**18.5**	**18.1**

Konecranes has not recognized the temporary differences in investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. The biggest temporary difference for which no deferred tax liability has been recognized relates to the distributable profits in Canadian subsidiaries. The estimated withholding tax 5% amounts EUR 1.6 million.

32.3. Tax losses carried forward

At the end of year 2014, Konecranes recorded a deferred tax asset of EUR 18.4 million (EUR 15.4 million in 2013) on the carry-forward losses totally amounting to EUR 149 million (EUR 137.5 million in 2013). The carry-forward losses, for which no deferred tax assets are recognized due to the uncertainty of the utilization of the losses, amounted to EUR 89.6 million in the year 2014 (EUR 87.8 million in 2013).

The main portion of carry-forward losses relates to Morris Material Handling, Inc., USA, which was acquired in 2006. The overall losses of Morris Material Handling, Inc. amounted to EUR 38.3 million (EUR 35.7 million in 2013). The Group has recorded a deferred tax asset amounting to EUR 7.9 million (EUR 6.9 million in 2013) based on the tax losses estimated to be utilized during the years 2015–2024 amounting to EUR 22.5 million. Since the result performance of US operations have been able to fully utilize the carry-forward losses during the last five years Group decided to increase the valuation of deferred tax asset by calculating it from the next ten years' carry-forward losses. For the amount of EUR 15.8 million tax loss carry-forwards deductible over the period 2025–2031 no deferred tax asset has been recognized due to uncertainties and limitations on deductible annual amounts.

Tax losses carried forward and related deferred tax assets on December 31 by the most significant countries as following:

2014	Tax losses carried forward	Potential deferred tax assets	Deferred tax assets not recorded	Deferred tax assets
USA	38.3	13.9	5.9	7.9
India	25.2	8.2	3.9	4.3
Austria	22.5	5.6	4.2	1.4
Spain	7.9	2.0	1.3	0.7
Germany	7.7	2.3	2.3	0,0
Brazil	7.1	2.4	2.4	0,0
Japan	6.9	2.7	2.7	0,0
The Netherlands	5.8	1.5	0.2	1.2
France	4.9	1.6	0.0	1.6
Finland	3.7	0.7	0,0	0.7
Other	19.0	4.8	4.4	0.4
Total	**149.0**	**45.8**	**27.4**	**18.4**

2013	Tax losses carried forward	Potential deferred tax assets	Deferred tax assets not recorded	Deferred tax assets
USA	35.7	12.8	5.9	6.9
India	12.0	3.9	0,0	3.9
Austria	21.9	5.5	4.0	1.4
Spain	9.1	2.7	2.7	0,0
Germany	7.7	2.3	2.3	0,0
Brazil	7.1	2.4	2.4	0,0
Japan	7.0	2.8	2.8	0,0
The Netherlands	11.0	2.7	1.5	1.2
France	2.7	0.9	0,0	0.9
Finland	3.8	0.7	0.0	0.7
Other	19.6	5.0	4.7	0.3
Total	**137.5**	**41.8**	**26.4**	**15.4**

33. Provisions

2014	Warranty	Restructuring	Pension commitments	Other	Total
Total provisions as of January 1	24.4	5.0	6.1	12.0	47.5
Translation difference	0.4	0.0	0.7	1.0	2.1
Additional provision in the period	8.3	1.7	1.4	7.0	18.3
Utilization of provision	9.1	4.3	0.2	5.3	18.9
Unused amounts reversed	1.8	0.2	0.1	1.7	3.8
Total provisions as of December 31	**22.1**	**2.2**	**7.9**	**12.9**	**45.2**

2013	Warranty	Restructuring	Pension commitments	Other	Total
Total provisions as of January 1	22.8	3.5	4.8	13.3	44.5
Translation difference	-0.5	0.0	-0.2	-0.7	-1.4
Additional provision in the period	12.5	5.2	2.8	7.5	28.1
Utilization of provision	9.3	3.6	1.3	6.1	20.3
Unused amounts reversed	1.2	0.1	0.0	2.1	3.4
Total provisions as of December 31	**24.4**	**5.0**	**6.1**	**12.0**	**47.5**

The provision for warranties covers the expenses due to the repair or replacement of products during their warranty period. The warranty liability is based on historical realized warranty costs for deliveries of standard products and services. The usual warranty period is 12 months. For more complex contracts, mainly including long-term projects, the warranty reserve is calculated contract by contract and the warranty period can be significantly longer. The restructuring provision is recognized when the Group has prepared a detailed reorganization plan and begun implementation of the plan or announced the matter. Pension commitments include provisions for local pension schemes.

Other provisions include provisions for claims, litigations and loss contracts.

Restructuring costs

Konecranes has recorded EUR 3.2 million restructuring costs during 2014 (EUR 30.9 million in 2013) of which EUR 0.0 million was impairment of assets (EUR 16.9 million in 2013).

34. Current liabilities

34.1. Accruals

	2014	2013
Wages, salaries and personnel expenses	72.7	66.1
Pension costs	5.6	4.5
Interest	0.7	0.9
Late cost reservations	102.5	83.9
Other items	52.1	44.6
Total	**233.5**	**200.1**

34.2. Other current liabilities (non-interest bearing)

	2014	2013
Bills payable	0.3	0.3
Value added tax	10.3	14.8
Other short-term liabilities	15.4	13.7
Total	**26.0**	**28.7**

35. Lease liabilities

35.1. Finance lease

	2014	2013
Minimum lease payments		
within 1 year	3.0	2.7
1–5 years	3.3	6.1
over 5 years	0.0	0.0
Total	**6.4**	**8.8**
Present value of finance lease		
within 1 year	2.9	2.6
1–5 years	3.1	5.8
over 5 years	0.0	0.0
Total	**6.1**	**8.4**

Konecranes Group has finance leases mainly for vehicles with an average of four years leasing time.

35.2. Operating leases

	2014	2013
Minimum lease payments		
within 1 year	32.9	30.5
1–5 years	63.8	62.1
over 5 years	4.7	8.0
Total	**101.3**	**100.6**
Operative rental expenses during the year	36.9	31.7

The Konecranes Group has major operating lease agreements of factory and office buildings in Hyvinkää and Hämeenlinna, Finland. They are valid for 10–12 years, unless the lessee extends the lease period by five years. The lessee is entitled to exercise the 5-year extending option three consecutive times. The Group has various other operating leases for office equipments, vehicles and premises with varying terms and renewal rights.

36. Contingent liabilities and pledged assets

	2014	2013
For own commercial obligations		
Guarantees	404.8	377.6
Leasing liabilities	101.3	100.6
Other	0.2	1.7
Total	**506.3**	**479.8**

Leasing contracts comply with normal practices in the countries concerned.

Contingent liabilities relating to litigation

Various legal actions, claims and other proceedings pend against the Group in various countries. These actions, claims and other proceedings are typical of 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 has 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.

37. Nominal and fair values of derivative financial instruments

	2014		2013	
	Nominal value	**Fair value**	**Nominal value**	**Fair value**
Foreign exchange forward contracts	663.1	-9.4	625.9	6.7
Currency options	35.8	-0.2	0.0	0.0
Interest rate swaps	100.0	-2.0	100.0	-1.8
Electricity forward contracts	2.2	-0.5	2.9	-0.5
Total	**801.0**	**-12.1**	**728.8**	**4.4**

Derivatives are used for hedging currency and interest rate risks as well as risk of price fluctuation of electricity. Company applies hedge accounting on derivatives used to hedge cash flows in certain large crane projects and to interest rates of certain long-term loans.

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

- Level 1 - quoted prices in active markets for identical financial instruments
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - inputs for the financial instrument that are not based on observable market data (unobservable inputs)

Classification of financial instruments within the IFRS 7 fair value hierarchy: level 2 for all values as of Dec 31 2014.

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.

37.1. Breakdown of nominal values of derivative financial instruments

	Remaining maturities 2014			Remaining maturities 2013		
Hedging derivative financial instruments	**< 1 year**	**1–6 years**	**Total**	**< 1 year**	**1–6 years**	**Total**
Foreign exchange forward contracts	334.6	6.8	341.4	384.1	1.3	385.4
Currency options	0.0	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	100.0	100.0	0.0	100.0	100.0
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0	0.0
Total	**334.6**	**106.8**	**441.4**	**384.1**	**101.3**	**485.4**

	Remaining maturities 2014			Remaining maturities 2013		
Non-hedging derivative financial instruments	**< 1 year**	**1–6 years**	**Total**	**< 1 year**	**1–6 years**	**Total**
Foreign exchange forward contracts	321.7	0.0	321.7	239.7	0.9	240.5
Currency options	35.8	0.0	35.8	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	0.0	0.0	0.0	0.0
Electricity forward contracts	0.8	1.3	2.2	0.8	2.1	2.9
Total	**358.3**	**1.3**	**359.6**	**240.4**	**3.0**	**243.4**

	Remaining maturities 2014			Remaining maturities 2013		
Derivative financial instruments total	**< 1 year**	**1–6 years**	**Total**	**< 1 year**	**1–6 years**	**Total**
Foreign exchange forward contracts	656.3	6.8	663.1	623.8	2.2	625.9
Currency options	35.8	0.0	35.8	0.0	0.0	0.0
Interest rate swaps	0.0	100.0	100.0	0.0	100.0	100.0
Electricity forward contracts	0.8	1.3	2.2	0.8	2.1	2.9
Total	**693.0**	**108.1**	**801.0**	**624.5**	**104.3**	**728.8**

37.2. Breakdown of fair values of derivative financial instruments

2014

	Positive fair values		Negative fair values		Net fair values
Hedging derivative financial instruments	**< 1 year**	**1–6 years**	**< 1 year**	**1–6 years**	
Foreign exchange forward contracts	2.3	0.8	-6.6	0.0	-3.5
Currency options	0.0	0.0	0.0	-0.2	-0.2
Interest rate swaps	0.0	0.0	0.0	-2.0	-2.0
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0
Total	**2.3**	**0.8**	**-6.6**	**-2.2**	**-5.7**

	Positive fair values		Negative fair values		Net fair values
Non-hedging derivative financial instruments	**< 1 year**	**1–6 years**	**< 1 year**	**1–6 years**	
Foreign exchange forward contracts	3.0	0.0	-8.9	0.0	-5.9
Currency options	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	0.0	0.0	0.0
Electricity forward contracts	0.0	0.0	-0.2	-0.3	-0.5
Total	**3.0**	**0.0**	**-9.1**	**-0.3**	**-6.4**

	Positive fair values		Negative fair values		Net fair values
Derivative financial instruments total	**< 1 year**	**1–6 years**	**< 1 year**	**1–6 years**	
Foreign exchange forward contracts	5.2	0.8	-15.5	0.0	-9.4
Currency options	0.0	0.0	0.0	-0.2	-0.2
Interest rate swaps	0.0	0.0	0.0	-2.0	-2.0
Electricity forward contracts	0.0	0.0	-0.2	-0.3	-0.5
Total	**5.2**	**0.8**	**-15.7**	**-2.5**	**-12.1**

2013

	Positive fair values		Negative fair values		Net fair values
Hedging derivative financial instruments	**< 1 year**	**1–6 years**	**< 1 year**	**1–6 years**	
Foreign exchange forward contracts	8.6	0.0	-3.8	-0.1	4.7
Currency options	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	0.0	-1.8	-1.8
Electricity forward contracts	0.0	0.0	0.0	0.0	0.0
Total	**8.6**	**0.0**	**-3.8**	**-1.8**	**2.9**

	Positive fair values		Negative fair values		Net fair values
Non-hedging derivative financial instruments	**< 1 year**	**1–6 years**	**< 1 year**	**1–6 years**	
Foreign exchange forward contracts	3,5	0,0	-1.5	-0.1	2.0
Currency options	0,0	0,0	0.0	0.0	0.0
Interest rate swaps	0,0	0,0	0.0	0.0	0.0
Electricity forward contracts	0,1	0,0	-0.3	-0.3	-0.5
Total	**3,6**	**0,0**	**-1.7**	**-0.4**	**1.5**

	Positive fair values		Negative fair values		Net fair values
Derivative financial instruments total	**< 1 year**	**1–6 years**	**< 1 year**	**1–6 years**	
Foreign exchange forward contracts	12.1	0.0	-5.3	-0.1	6.7
Currency options	0.0	0.0	0.0	0.0	0.0
Interest rate swaps	0.0	0.0	0.0	-1.8	-1.8
Electricity forward contracts	0.1	0.0	-0.3	-0.3	-0.5
Total	**12.2**	**0.0**	**-5.6**	**-2.2**	**4.4**

38. Hedge reserve of cash flow hedges

	2014	2013
Balance as of January 1	2.6	-1.4
Gains and losses deferred to equity (fair value reserve)	-14.0	5.0
Change in deferred taxes	2.8	-1.0
Balance as of December 31	**-8.6**	**2.6**

The Group applies hedge accounting to certain large cranes projects in which expected cash flows are highly probable and to interest rates of certain long-term loans.

39. Related party transactions

The related parties of Konecranes are subsidiaries (see Company list), associated companies, joint ventures and joint operations, pension fund in the United Kingdom and the key management personnel of the Group: the Board of Directors, the CEO and the Group Executive Board.

Transactions with associated companies and joint arrangements

	2014	2013
Sales of goods and services with associated companies and joint arrangements	16.3	15.4
Receivables from associated companies and joint arrangements	3.1	4.1
Purchases of goods and services from associated companies and joint arrangements	41.6	39.1
Liabilities to associated companies and joint arrangements	4.2	3.5

Sales to and purchases from related parties are made at the normal market price.

Transactions with Pension Fund in the United Kingdom

	2014	2013
Employer contributions	1.6	1.6

Key management compensation

The Board of Directors, the CEO and Group Executive Team.

See Note 13. of the Consolidated Financial Statements.

Konecranes Group 2010–2014

Business development		2014	2013	2012	2011	2010
Orders received	MEUR	1,903.5	1,920.8	1,970.1	1,896.1	1,536.0
Order book	MEUR	979.5	893.5	942.7	991.8	756.2
Net sales	MEUR	2,011.4	2,099.6	2,171.5	1,896.4	1,546.3
of which outside Finland	MEUR	1,942.5	2,025.1	2,081.5	1,796.6	1,457.4
Export from Finland	MEUR	621.3	653.7	638.9	570.7	427.2
Personnel on average		11,920	11,987	11,917	10,998	9,739
Personnel on December 31		11,982	11,832	12,147	11,651	10,042
Capital expenditure	MEUR	60.0	65.7	41.7	32.4	22.3
as % of net sales	%	3.0%	3.1%	1.9%	1.7%	1.4%
Research and development costs	MEUR	28.9	25.6	25.8	29.6	21.5
as % of Group net sales	%	1.4%	1.2%	1.2%	1.6%	1.4%
Profitability						
Net sales	MEUR	2,011.4	2,099.6	2,171.5	1,896.4	1,546.3
Operating profit (including restructuring costs)	MEUR	115.8	84.5	132.5	106.9	112.4
as percentage of net sales	%	5.8%	4.0%	6.1%	5.6%	7.3%
Income before taxes	MEUR	107.4	75.5	124.2	95.8	111.3
as percentage of net sales	%	5.3%	3.6%	5.7%	5.1%	7.2%
Net income (incl. non-controlling interest)	MEUR	74.6	49.4	84.8	64.9	78.2
as percentage of net sales	%	3.7%	2.4%	3.9%	3.4%	5.1%
Key figures and balance sheet						
Equity (incl. non-controlling interest)	MEUR	449.2	444.5	462.6	435.4	456.2
Balance Sheet	MEUR	1,477.4	1,482.0	1,576.3	1,447.5	1,175.5
Return on equity	%	16.7	10.9	18.8	14.6	18.1
Return on capital employed	%	17.0	11.6	18.4	17.1	24.2
Current ratio		1.3	1.2	1.4	1.3	1.4
Solidity	%	35.2	34.0	34.0	34.2	44.7
Net working capital	MEUR	265.7	289.4	295.5	320.0	191.6
Interest-bearing net debt	MEUR	149.5	187.3	181.8	219.8	-17.4
Gearing	%	33.3	42.1	39.3	50.5	-3.8
Shares in figures						
Earnings per share, basic	EUR	1.28	0.85	1.47	1.11	1.35
Earnings per share, diluted	EUR	1.28	0.85	1.46	1.10	1.34
Equity per share	EUR	7.75	7.56	7.97	7.52	7.64
Cash flow per share	EUR	2.56	2.08	2.77	-0.35	0.97
Dividend per share	EUR	1.05[1)]	1.05	1.05	1.00	1.00
Dividend/earnings	%	81.7	123.4	71.4	90.1	74.1
Effective dividend yield	%	4.4	4.1	4.1	6.9	3.2
Price/earnings		18.5	30.4	17.4	13.1	22.9
Trading low/high[2)]	EUR	18.63/27.60	20.45/28.89	14.34/26.67	13.18/34.17	19.08/32.04
Average share price[2)]	EUR	23.47	25.30	21.39	22.83	23.84
Share price on 31 December[2)]	EUR	23.82	25.86	25.55	14.54	30.89
Year-end market capitalization	MEUR	1,380.2	1,495.4	1,463.8	831.7	1,821.3
Number traded[3)]	(1,000)	111,667	105,051	206,014	220,567	145,005
Stock turnover	%	192.7	181.7	359.6	385.6	245.9
Average number of shares outstanding, basic	(1,000)	57,909	57,684	57,228	58,982	58,922
Average number of shares outstanding, diluted	(1,000)	58,034	57,877	57,517	59,362	59,274
Number of shares outstanding, at end of the period	(1,000)	57,944	57,828	57,291	57,199	58,960

[1)] *The Board's proposal to the AGM*
[2)] *Source: Nasdaq Helsinki*
[3)] *Source: Fidessa*

Calculation of key figures

Return on equity (%):	Net profit for the period / Total equity (average during the period)	**x 100**
Return on capital employed (%):	Income before taxes + interest paid + other financing cost / Total amount of equity and liabilities - non-interest bearing debts (average during the period)	**x 100**
Current ratio:	Current assets / Current liabilities	
Solidity (%):	Shareholders' equity / Total amount of equity and liabilities - advance payment received	**x 100**
Gearing (%):	Interest-bearing liabilities - liquid assets - loans receivable / Total equity	**x 100**
Earnings per share:	Net profit for the shareholders of the parent company / Average number of shares outstanding	
Earnings per share, diluted:	Net profit for the shareholders of the parent company / Average fully diluted number of shares outstanding	
Equity per share:	Equity attributable to the shareholders of the parent company / Number of shares outstanding	
Cash flow per share:	Net cash flow from operating activities / Average number of shares outstanding	
Effective dividend yield (%):	Dividend per share / Share price at the end of financial year	**x 100**
Price per earnings:	Share price at the end of financial year / Earnings per share	
Net working capital:	Non interest-bearing current assets + deferred tax assets - Non interest-bearing current liabilities - deferred tax liabilities - provisions	
Interest-bearing net debt:	Interest-bearing liabilities (non current and current) - cash and cash equivalents - loans receivable (non current and current)	
Year-end market capitalization:	Number of shares outstanding multiplied by the share price at the end of year	
Average number of personnel:	Calculated as average of number of personnel in quarters	
Number of shares outstanding:	Total number of shares - treasury shares	

Company list

Subsidiaries owned by the parent company

(1,000 EUR)		Book value of shares	Parent company's share, %	Group's share, %
Finland:	Konecranes Finance Oy	46,448	100	100
	Konecranes Finland Oy	17,163	28	100

Subsidiaries owned by the Group

(1,000 EUR)		Book value of shares	Group's share, %
Australia:	Konecranes Pty. Ltd.	176	100
Austria:	Konecranes Ges.m.b.H.	22,557	100
Bangladesh:	Konecranes (Bangladesh) Ltd.	99	100
Belgium:	S.A. Konecranes N.V.	423	100
Brazil:	Konecranes Talhas, Pontes Rolantes e Serviços Ltda.	8,066	100
Canada:	3016117 Nova Scotia ULC	0	100
	Hydramach ULC	0	100
	Kaverit Cranes and Service ULC	0	100
	Konecranes Canada Inc.	893	100
	MHE Canada ULC	0	100
	Overhead Crane Ltd.	0	100
Cayman Islands:	Morris Middle East Ltd.	0	100
Chile:	Konecranes Chile SpA	1	100
China:	Dalian Konecranes Company Ltd.	2,109	100
	Konecranes Manufacturing (Jiangsu) Co., Ltd.	27,233	100
	Konecranes (Shanghai) Co. Ltd.	0	100
	Konecranes (Shanghai) Company Ltd.	4,006	100
	Konecranes Port Machinery (Shanghai) Co., Ltd.	7,255	100
	Morris Crane Systems (Shanghai) Co., Ltd.	111	100
	Sanma Hoists & Cranes Co., Ltd.	0	100
	Stahl CraneSystems (Shanghai) Co., Ltd.	191	100
	SWF Krantechnik Co., Ltd.	631	100
Czech Republic:	Konecranes CZ s.r.o.	1,168	100
Denmark:	Konecranes A/S	938	100
Estonia:	Konecranes Oü	0	100
Finland:	Nosturiexpertit Oy	10	100
	Permeco Oy	113	100
	Suomen Teollisuusosa Oy	5,811	100
France:	KCI Holding France S.A.	461	100
	Konecranes (France) S.A.	962	100
	Konecranes Supply France SAS	16,232	100
	Stahl CraneSystems SAS	161	100
	Verlinde SAS	10,720	100
Germany:	Eurofactory GmbH	1,239	100
	Konecranes GmbH	4,300	100
	Konecranes Holding GmbH	15,262	100
	Konecranes Lifting Systems GmbH	804	100
	Stahl CraneSystems GmbH	30,776	100
	SWF Krantechnik GmbH	15,500	100
Greece:	Konecranes Hellas Lifting Equipment and Services S.A.	60	100
Hungary:	Konecranes Kft.	889	100
	Konecranes Supply Hungary Kft.	3,899	100
India:	Konecranes Shared Services India Pvt. Ltd.	176	100
	Stahl CraneSystems India Pvt. Ltd.	56	100
	WMI Konecranes India Limited	31,511	100
Indonesia:	Pt. Konecranes	0	100
Italy:	Konecranes S.r.l.	4,890	100
Japan:	Konecranes Company, Ltd.	5,141	100
Latvia:	SIA Konecranes Latvija	2	100
Lithuania:	UAB Konecranes	139	100
Luxembourg:	Materials Handling International S.A.	300	100
Malaysia:	Konecranes Sdn. Bhd.	748	100

Subsidiaries owned by the parent company

(1,000 EUR)		Book value of shares	Group's share, %
Mexico:	Konecranes Mexico S.A. de C.V.	2,185	100
Morocco:	Techniplus S.A.	5,810	99.9
The Netherlands:	Konecranes B.V.	7,518	100
	Konecranes Holding B.V.	13,851	100
Norway:	Konecranes AS	8,085	100
	Konecranes Norway Holding AS	3,588	100
Peru:	Konecranes Peru S.R.L.	0	100
Philippines:	Konecranes Philippines Inc.	156	100
Poland:	Konecranes Sp. z.o.o.	810	100
Portugal:	Ferrometal Limitada	1,556	100
	Konecranes Portugal, Unipessoal Lda	0	100
Romania:	S.C. Konecranes S.A.	98	100
Russia:	LLC "Kranekspertiza"	0	100
	ZAO Konecranes	161	100
Saudi Arabia:	Saudi Cranes & Steel Works Factory Co. Ltd.	14,661	100
Singapore:	KCI Cranes Holding (Singapore) Pte. Ltd.	49,117	100
	Konecranes Pte. Ltd.	1,933	100
	Morris Material Handling Pte. Ltd.	279	100
	Stahl CraneSystems Pte. Ltd.	0	100
	SWF Krantechnik Pte. Ltd.	156	100
Slovakia:	Konecranes Slovakia s.r.o.	200	100
Slovenia:	Konecranes, d.o.o.	200	100
South Africa:	Konecranes Pty. Ltd.	3,356	100
Spain:	Konecranes Ausió S.L.U.	16,299	100
	Stahl CraneSystems S.L.	0	100
Sweden:	Konecranes AB	1,455	100
	Konecranes Lifttrucks AB	24,738	100
	Konecranes Sweden Holding AB	1,682	100
	Ulvaryd Fastighets AB	1,383	100
Switzerland:	Konecranes AG	3,980	100
Thailand:	Konecranes (Thailand) Ltd.[1]	105	49
Turkey:	Konecranes Ticaret Ve Servis Limited Sirketi	53	100
Ukraine:	Konecranes Ukraine PJSC	2,048	100
	PJSC "Zaporozhje Kran Holding[1]	539	49
	PJSC "Zaporozhcran"[1]	295	49.23
United Arab Emirates:	Stahl CraneSystems FZE	221	100
	Konecranes Middle East FZE	1,774	100
United Kingdom:	Axis Machine Tool Engineering Limited	0	100
	J.H. Carruthers Ltd.	0	100
	Konecranes Machine Tool Service Ltd.	0	100
	KCI Holding UK Ltd.	13,656	100
	Konecranes UK Limited	7,273	100
	Lloyds Konecranes Pension Trustees Ltd.	0	100
	Morris Material Handling Ltd.	6,885	100
	Stahl CraneSystems Ltd.	18	100
U.S.A.	KCI Holding USA Inc.	53,901	100
	Konecranes, Inc.	43,893	100
	Konecranes Nuclear Equipment & Services, LLC	0	100
	Merwin, LLC	0	100
	MMH Americas, Inc.	0	100
	MMH Holdings, Inc.	0	100
	Morris Material Handling, Inc.	58,840	100
	PHMH Holding Company	0	100
	R&M Materials Handling, Inc.	6,754	100
	Stahl CraneSystems, Inc.	0	100
Vietnam:	Konecranes Vietnam Co., Ltd	203	100

[1] *Konecranes Group has the majority representation on the entity's board of directors and approves all major operational decisions and thereby Konecranes consolidates them in the Group's financial statements.*

Other shares and joint operations

(1,000 EUR)		Book value of shares	Group's share, %
Estonia:	AS Konesko	4,448	49.46
Finland:	Kiinteistöosakeyhtiö Kuikantorppa	261	50

Investments accounted for using the equity method

		Book value of shares	Group's share, %
China:	Guangzhou Technocranes Company, Ltd.	666	25
	Jiangyin Dingli High Tech Industrial Crane Company, Ltd.	591	30
	Shanghai High Tech Industrial Crane Company, Ltd.	2,109	28
France:	Boutonnier Adt Levage S.A.	384	25
	Levelec S.A.	204	20
	Manulec S.A.	240	25
	Manelec S.A.R.L.	81	25
	S.E.R.E. Maintenance S.A.	79	25
Japan:	KITO Corporation	36,244	22.73
Saudi Arabia:	Eastern Morris Cranes Limited	1,414	49
United Arab Emirates:	Crane Industrial Services LLC	1,049	49

Available-for-sale investments

		Book value of shares	Group's share, %
Austria:	Austrian CraneSystems GmbH	86	19
Finland:	East Office of Finnish Industries Oy	50	5.26
	Fimecc Oy	120	5.69
	Levator Oy	34	19
	Vierumäen Kuntorinne Oy	345	3.3
France:	Heripret Holding SAS	53	19
	Societe d'entretrien et de transformation d'engins mecaniques	0	19
Indonesia:	Pt. Technocranes International	3	15
Malaysia:	Kone Products & Engineering Sdn. Bhd.	13	10
Venezuela:	Gruas Konecranes CA	4	10
Others:		255	
Total:		**963**	

Parent company statement of income – FAS

(1,000 EUR)		1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Note:			
4	**Sales**	**105,355**	**84,957**
5	Depreciation and impairments	-11,875	-6,701
6	Other operating expenses	-91,419	-79,251
	Operating profit	**2,062**	**-995**
7	Financial income and expenses	9,153	51,545
	Income before extraordinary items	**11,215**	**50,550**
8	Extraordinary items	0	14,740
	Income before appropriations and taxes	**11,215**	**65,290**
9	Appropriations	-530	0
10	Income taxes	-150	-3,589
	Net income	**10,536**	**61,701**

Parent company cash flow – FAS

(1,000 EUR)	1 Jan–31 Dec 2014	1 Jan–31 Dec 2013
Cash flow from operating activities		
Operating income	**2,062**	**-995**
Adjustments to operating profit		
Depreciation and impairments	11,875	6,701
Extraordinary income	14,740	35,555
Operating income before changes in net working capital	**28,676**	**41,261**
Change in interest-free short-term receivables	-5,218	8,826
Change in interest-free short-term liabilities	6,814	-1,205
Change in net working capital	**1,596**	**7,621**
Cash flow from operations before financing items and taxes	**30,272**	**48,882**
Interest received	637	676
Interest paid	-12	-4
Other financial income and expenses	-253	-91
Income taxes paid	-2,423	-6,065
Financing items and taxes	**-2,051**	**-5,484**
NET CASH FROM OPERATING ACTIVITIES	**28,221**	**43,398**
Cash flow from investing activities		
Capital expenditure to tangible assets	-3,124	-735
Capital expenditure and advance payments to intangible assets	-18,734	-32,684
Proceeds from sale of fixed assets	57	22
Dividends received	8,900	50,762
NET CASH USED IN INVESTING ACTIVITIES	**-12,902**	**17,366**
Cash flow before financing activities	**15,319**	**60,764**
Cash flow from financing activities		
Proceeds from options excercised and share issues	2,394	9,073
Repayments of long-term receivables	43,055	-9,310
Dividends paid	-60,768	-60,614
NET CASH USED IN FINANCING ACTIVITIES	**-15,319**	**-60,851**
CHANGE OF CASH AND CASH EQUIVALENTS	**0**	**-87**
Cash and cash equivalents at beginning of period	3	90
Cash and cash equivalents at end of period	3	3
CHANGE OF CASH AND CASH EQUIVALENTS	**0**	**-87**

Parent company balance sheet – FAS

(1,000 EUR) Note:	ASSETS	31 Dec 2014	31 Dec 2013
	NON-CURRENT ASSETS		
	Intangible assets		
11	Intangible rights	62,445	42,389
	Advance payments	28,168	40,576
		90,613	**82,964**
	Tangible assets		
12	Machinery and equipment	4,214	2,173
	Other tangible assets	230	0
	Advance payments	7	0
		4,451	**2,173**
13	**Investments**		
	Investments in Group companies	50,649	50,649
	Other shares and similar rights of ownership	515	515
		51,164	**51,164**
	Total non-current assets	**146,228**	**136,301**
	CURRENT ASSETS		
	Long-term receivables		
	Loans receivable from Group companies	74,876	117,931
		74,876	**117,931**
	Short-term receivables		
	Accounts receivable	59	105
	Amounts owed by Group companies		
	Accounts receivable	19,271	15,664
15	Deferred assets	70	14,896
	Other receivables	806	429
15	Deferred assets	10,336	6,752
		30,542	**37,846**
	Cash in hand and at banks	**3**	**3**
	Total current assets	**105,420**	**155,779**
	TOTAL ASSETS	**251,649**	**292,080**

(1,000 EUR) Note:	SHAREHOLDERS' EQUITY AND LIABILITIES	31 Dec 2014	31 Dec 2013
16	**EQUITY**		
	Share capital	30,073	30,073
	Share premium account	39,307	39,307
	Paid in capital	50,499	48,105
	Retained earnings	94,481	93,549
	Net income for the period	10,536	61,701
		224,895	**272,734**
	APPROPRIATIONS		
	Depreciation difference	**530**	**0**
	LIABILITIES		
	Provisions	**5**	**15**
	Current liabilities		
	Accounts payable	12,913	6,804
	Liabilities owed to Group companies		
	Accounts payable	2,103	3,971
17	Accruals	218	0
	Other short-term liabilities	755	609
17	Accruals	10,230	7,947
		26,218	**19,331**
	Total liabilities	**26,223**	**19,346**
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**251,649**	**292,080**

Notes to the parent company's financial statements

1. Accounting principles

The financial statements of the company have been prepared in euro and in accordance with accounting principles generally accepted in Finland.

2. Extraordinary items

The extraordinary items in the financial statements include received group contributions.

3. Research and development costs

Research and development costs are expensed as incurred.

Statement of income

4. Sales

In the parent company the sales to subsidiaries totaled EUR 105.4 million (EUR 85.0 million in 2013) corresponding to a share of 100% (100% in 2013) of net sales.

5. Depreciation and impairments

	2014	2013
Intangible rights	11.1	6.1
Machinery and equipment	0.8	0.6
Other tangible asset	0.0	0.0
Total	**11.9**	**6.7**

6. Other operating expenses and personnel

Costs and expenses in the statement of income were as follows:

	2014	2013
Wages and salaries	20.7	17.7
Pension costs	3.9	3.5
Other personnel expenses	0.9	0.7
Other operating expenses	65.8	57.3
Total	**91.4**	**79.3**

Wages and salaries in accordance with the statement of income

	2014	2013
Remuneration to Board	0.4	0.4
Other wages and salaries	20.3	17.3
Total	**20.8**	**17.7**
The average number of personnel	351	305
Auditors fees		
Audit	0.2	0.2
Other services	0.3	0.4
Total	**0.4**	**0.6**

7. Financial income and expenses

	2014	2013
Financial income from long-term investments		
Dividend income from group companies	8.9	50.8
Dividend income total	8.9	50.8
Interest income from long-term receivables		
From group companies	0.6	0.7
Other interest income	0.0	0.0
Interest income from long-term receivables total	0.6	0.7
Financial income from long-term investments total	**9.5**	**51.5**
Interest and other financial income	0.0	0.3
Interest and other financial income total	0.0	0.3
Interest expenses and other financial expenses		
Other financial expenses	0.3	0.3
Interest expenses and other financial expenses total	0.3	0.3
Financial income and expenses total	**9.2**	**51.5**

8. Extraordinary items

	2014	2013
Group contributions received from subsidiaries	0.0	14.7
Total	**0.0**	**14.7**

9. Appropriations

	2014	2013
Difference between planned and untaxed depreciations	0.5	0.0
Total	**0.5**	**0.0**

10. Income taxes

	2014	2013
Taxes on extraordinary items	0.0	3.6
Taxes on ordinary operations	0.3	0.0
Taxes from previous years	-0.2	0.0
Total	**0.1**	**3.6**

Balance sheet

11. Intangible rights

	2014	2013
Acquisition costs as of January 1	57.7	24.7
Increase	31.1	33.0
Decrease	-1.2	0.0
Acquisition costs as of December 31	87.7	57.7
Accumulated depreciation January 1	-15.3	-9.2
Accumulated depreciation relating to disposals	1.2	0.0
Accumulated depreciation	-11.1	-6.1
Total as of December 31	**62.4**	**42.4**

12. Machinery and equipment

	2014	2013
Acquisition costs as of January 1	6.2	5.5
Increase	2.9	0.7
Decrease	-0.9	-0.1
Acquisition costs as of December 31	8.2	6.2
Accumulated depreciation January 1	-4.1	-3.5
Accumulated depreciation relating to disposals	0.9	0.0
Accumulated depreciation	-0.8	-0.6
Total as of December 31	**4.2**	**2.2**

13. Other tangible assets

	2014	2013
Acquisition costs as of January 1	0.0	0.0
Increase	0.2	0.0
Decrease	0.0	0.0
Acquisition costs as of December 31	0.2	0.0
Accumulated depreciation January 1	0.0	0.0
Accumulated depreciation relating to disposals	0.0	0.0
Accumulated depreciation	0.0	0.0
Total as of December 31	**0.2**	**0.0**

14. Investments

	2014	2013
Acquisition costs as of January 1	51.2	51.2
Total as of December 31	**51.2**	**51.2**

Investments in Group companies

	Domicile	2014 Book value	2013 Book value
Konecranes Finance Corp.	Hyvinkää	46.4	46.4
Konecranes Finland Corp.	Hyvinkää	4.2	4.2
Total		**50.6**	**50.6**

	2014	2013
Other shares and similar rights of ownership		
Vierumäen Kuntorinne Oy	0.3	0.3
Pärjä Oy	0.0	0.0
East Office of Finnish Industries Oy	0.1	0.1
Fimecc Oy	0.1	0.1
Total	**0.5**	**0.5**

15. Treasury shares

	2014	2013
Number of shares as of January 1	5,444,262	5,981,032
Increase	0	0
Decrease	-115,847	-536,770
Number of shares as of December 31	**5,328,415**	**5,444,262**

Proposal by the Board of Directors to authorize the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares

The AGM on March 27, 2014 authorized the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares as follows:

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 9.5 percent of all of the shares in the Company. However, the Company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 percent of all the shares in the Company. Only the unrestricted equity of the Company can be used to repurchase own shares on the basis of the authorization.

Own shares can be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market.

The Board of Directors decides how own shares will be repurchased and/or accepted as pledge. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

Own shares can be repurchased and/or accepted as pledge to limit the dilutive effects of share issues carried out in connection with possible acquisitions, to develop the Company's capital structure, to be transferred for financing or realization of possible acquisitions, investments or other arrangements belonging to the Company's ordinary business, to pay remuneration to Board members, to be used in incentive arrangements or to be cancelled, provided that the repurchase is in the interest of the Company and its shareholders.

The authorization is effective until the end of the next Annual General Meeting, however no longer than until September 26, 2015.

Authorizing the Board of Directors to decide on the issuance of shares as well as on the issuance of special rights entitling to shares

The AGM authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares referred to in chapter 10 section 1 of the Finnish Companies Act as follows.

The amount of shares to be issued based on this authorization shall not exceed 6,000,000 shares, which corresponds to approximately 9.5 percent of all of the shares in the Company.

The Board of Directors decides on all the conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization of transfer of the company's own shares.

The authorization is effective until the end of the next Annual General Meeting, but no longer than until September 26, 2015. However, the authorization for incentive arrangements is valid until March 26, 2019.

Proposal by the Board of Directors to authorize the Board of Directors to decide on the transfer of the company's own shares

The AGM authorized the Board of Directors to decide on the transfer of the Company's own shares as follows:

The authorization is limited to a maximum of 6,000,000 shares, which corresponds to approximately 9.5 percent of all of the shares in the Company.

The Board of Directors decides on all the conditions of the transfer of own shares. The transfer of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The Board of Directors can also use this authorization to grant special rights concerning the Company's own shares, referred to in Chapter 10 of the Companies Act. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the issuance of shares and the issuance of special rights entitling to shares.

This authorization is effective until the next Annual General Meeting of Shareholders, however no longer than until September 26, 2015. However, the authorization for incentive arrangements is valid until March 26, 2019.

Proposal by the Board of Directors to authorize the Board of Directors to decide on a directed share issue without payment for an employee share savings plan

Konecranes Plc's Annual General Meeting of Shareholders 2012 decided to implement an Employee Share Savings Plan in the Konecranes Group (the Plan). The first Plan Period 2012—2013 was followed by a second Plan Period 2013–2014. In the Plan Period 2013–2014, the Plan was offered to approximately 11,000 employees in 42 countries, including China for the first time. The employee participation rate is 16 percent globally and 33 percent in Finland. Through the Plan, approximately 1,700 employees have become shareholders in Konecranes. During the first Plan Period 2012–2013, approximately 43,000 Konecranes Plc's shares were acquired with the savings of the Plan participants.

On the basis of interest shown by the Group employees, the Board decided to launch a new Plan Period. The new plan period began on July 1, 2014 and end on June 30, 2015. The maximum savings amount per participant during one month is 5 percent of gross salary and the minimum is EUR 10. 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, 2018, and if his or her employment has not ended before this date for reasons related to the employee. The total amount of all savings of the commencing plan period may not exceed EUR 8.5 million. The terms and conditions of the Plan Period 2014–2015 are unchanged from the previous Plan Periods.

An employee will participate in the Plan for one year at a time. Shares will be acquired with the accrued savings at the market price quarterly, after the publication dates of the Konecranes interim results, commencing in November 2014. Any dividends paid on purchased shares during the commencing Plan period will automatically be reinvested into additional shares on the following purchase date. These shares will have an equal right to matching shares.

The General Meeting authorized the Board to decide on the issue of new shares or on the transfer of own shares held by the Company to such participants of the Plan who, according to the terms and conditions of the Plan, are entitled to receive free shares, as well as to decide on a share issue without payment also to the Company itself. The authorization includes a right, within the scope of this Plan, to transfer own shares currently held by the Company, which have earlier been limited to other purposes than incentive plans. The number of new shares to be issued or own shares held by the Company to be transferred may in the aggregate amount to a maximum total of 500,000 shares, which corresponds to 0.8 percent of all of the Company's shares.

The Board of Directors considered that there is an especially weighty financial reason for the directed share issue without payment, both for the Company and in regard to the interests of all shareholders, since the Plan is intended to form part of the incentive and commitment program for the Group personnel.

The Board of Directors is entitled to decide on other matters concerning the share issue. The authorization concerning the share issue is valid until 26 March 2019. This authorization replaces the authorization for the Share Savings Plan given by the Annual General Meeting 2013.

16. Deferred assets

	2014	2013
Group contributions	0.0	14.7
Income taxes	4.7	2.4
Payments which will be realized during the next financial year	5.7	4.4
Interest	0.1	0.1
Total	**10.4**	**21.6**

17. Equity

	2014	2013
Share capital as of January 1	30.1	30.1
New issue	0.0	0.0
Share capital as of December 31	30.1	30.1
Share premium account January 1	39.3	39.3
New issue	0.0	0.0
Share premium account as of December 31	39.3	39.3
Share issue January 1	0.0	0.0
Increase	1.3	9.1
Decrease	-1.3	-9.1
Share issue December 31	0.0	0.0
Paid in capital January 1	48.1	39.0
Increase	2.4	9.1
Decrease	0.0	0.0
Paid in capital as of December 31	50.5	48.1
Retained earnings as of January 1	155.3	154.2
Dividend paid	-60.8	-60.6
Decrease	0.0	0.0
Retained earnings as of December 31	94.5	93.6
Net income for the period	10.5	61.7
Shareholders' equity as of December 31	224.9	272.8

Distributable equity		
Paid in capital as of December 31	50.5	48.1
Retained earnings as of December 31	94.5	93.5
Net income for the period	10.5	61.7
Total	**155.5**	**203.4**

18. Accruals

	2014	2013
Income taxes	0.0	0.0
Wages, salaries and personnel expenses	6.8	5.1
Interest	0.0	0.0
Other items	3.6	2.8
Total	**10.4**	**7.9**

19. Contingent liabilities and pledged assets

	2014	2013
Contingent liabilities		
For obligations of subsidiaries		
Group guarantees	345.0	386.4
Other contingent and financial liabilities		
Leasing liabilities		
Next year	1.0	0.9
Later on	1.6	1.4

Leasing contracts are valid, in principle, for three years and they have no terms of redemption.

Other liabilities	0.0	0.0
Total by category		
Guarantees	345.0	386.4
Other liabilities	2.6	2.3
Total	**347.6**	**388.7**

20. Nominal and fair values of derivative financial instruments

	2014 Fair value	2014 Nominal value	2013 Fair value	2013 Nominal value
Foreign exchange forward contracts	-0.1	25.0	0.0	33.1

Derivatives are used for currency rate hedging only.

Board of Directors' proposal to the Annual General Meeting

The parent company's non-restricted equity is EUR 155,516,009.16 of which the net income for the year is EUR 10,535,589.49.

The Group's non-restricted equity is EUR 388,418,000.

According to the Finnish Companies Act, the distributable funds of the company are calculated based on the parent company's non-restricted equity. For the purpose of determining the amount of the dividend the Board of Directors has assessed the liquidity of the parent company and the economic circumstances subsequent to the financial year-end.

Based on such assessments the Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.05 will be paid on each share and that the remaining non-restricted equity is retained in shareholders' equity.

Helsinki, February 4, 2015

Stig Gustavson Chairman of the Board	Svante Adde Board member	Tapani Järvinen Board member
Matti Kavetvuo Board member	Nina Kopola Board member	Bertel Langenskiöld Board member
Malin Persson Board member	Mikael Silvennoinen Board member	Pekka Lundmark President and CEO

Auditor's report

To the Annual General Meeting of Konecranes Plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Konecranes Plc for the financial period 1.1.–31.12.2014. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Opinions based on assignment of the Audit Committee

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the distributable equity shown in the balance sheet for the parent company is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki, February 4, 2015

Ernst & Young Oy
Authorized Public Accountant Firm

Heikki Ilkka
Authorized Public Accountant

Shares and shareholders

Shares and share capital

As of December 31, 2014, Konecranes Plc's fully paid-up share capital entered in the Trade Register was EUR 30,072,660, divided into 63,272,342 shares (63,272,342 in 2013). Konecranes has one class of shares and each share entitles its holder to one vote at the Annual General Meeting and an equal dividend. Konecranes' shares are registered in the Finnish book entry system.

On December 31, 2014, Konecranes Plc was in the possession of 5,328,415 own shares (5,444,262), which corresponds to 8.4 percent of the total number of shares having a market value of EUR 126.9 million on that date. In 2014, 115,847 treasury shares were transferred to the subscribers, pursuant to the Konecranes Plc's stock options 2009A and 2009B.

Market capitalization and share trading

As of the end of 2014, the total market capitalization of Konecranes Plc on Nasdaq Helsinki was EUR 1,380.2 million (1,495.4), excluding treasury shares.

Konecranes' shares closed the year at EUR 23.82 (25.86) on Nasdaq Helsinki. The volume-weighted average trading price for the year was EUR 23.47. The highest quotation for the Konecranes share was EUR 27.60 in January and the lowest was EUR 18.63 in October.

The traded volume of Konecranes' shares totaled some 49.4 million on Nasdaq Helsinki. In monetary terms, this was valued at EUR 1,159.4 million. The daily average trading volume was 197,546 shares, representing a daily average turnover of EUR 4.6 million. In addition, approximately 62.3 million Konecranes shares were traded on other trading venues (e.g. multilateral trading facilities and bilateral OTC trades) in 2014 according to Fidessa.

Board authorizations

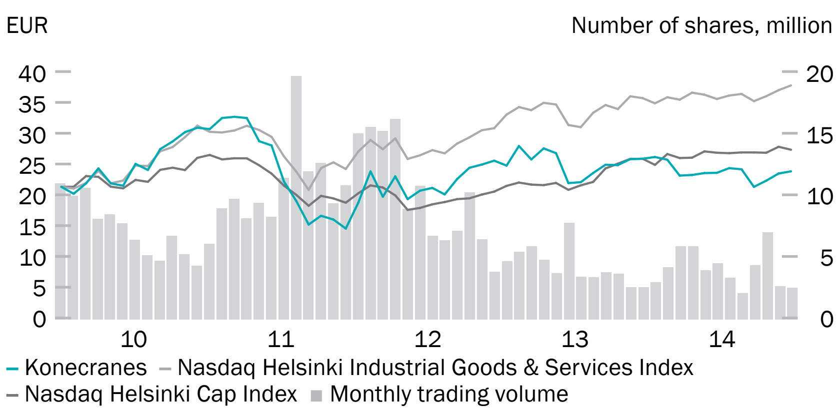
The Annual General Meeting held on March 27, 2014, authorized the Board of Directors to decide on the repurchase of the company's own shares and/or on the acceptance of the company's own shares as a pledge. The amount of the company's own shares to be repurchased and/or accepted as pledge based on this authorization shall not exceed 6,000,000 shares in total, which corresponds to approximately 9.5 percent of all of the shares in the company. The authorization is effective until the end of the next Annual General Meeting, but no later than September 26, 2015. The Board of Directors did not use this authorization in 2014.

The AGM authorized the Board of Directors to decide on the issuance of shares as well as on the issuance of special rights entitling to shares referred to in Chapter 10 of Section 1 of the Finnish Companies Act. The amount of shares to be issued based on this authorization shall not exceed 6,000,000 shares, which corresponds to approximately 9.5 percent of all of the shares in the company. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the following item. The authorization is effective until the end of the next Annual General Meeting, but no longer than until September 26, 2015. However, the authorization for incentive arrangements is valid until March 26, 2019. This authorization revokes the authorization for incentive arrangements given by the Annual General Meeting 2013. The Board of Directors did not use this authorization in 2014.

The AGM authorized the Board of Directors to decide on the transfer of the company's own shares. The authorization is limited to a maximum of 6,000,000 shares, which corresponds to approximately 9.5 percent of all the shares in the company. The authorization can also be used for incentive arrangements, however, not more than 700,000 shares in total together with the authorization in the previous item. This authorization is effective until the next Annual General Meeting of Shareholders, but no later than September 26, 2015. However, the authorization for incentive arrangements is valid until March 26, 2019. This authorization revokes the authorization for incentive arrangements given by the Annual General Meeting 2013. The Board of Directors did not use this authorization in 2014.

The AGM authorized the Board of Directors to decide on a directed share issue without payment needed for the implementation of the Share Savings Plan, which the Annual General Meeting 2012 decided to launch.

Monthly price and volume on the Nasdaq Helsinki 2010–2014



Changes in the share capital and the number of shares

		Change in number of shares	Total number of shares	Change in share capital	Share capital EUR
1999	March 11, Conversion of share capital into EUR		15,000,000		30,000,000
2002	December 20, invalidation of shares held by the company and reduction of share capital	-691,370	14,308,630	-1,382,740	28,617,260
2004	New shares subscribed for with the 1997 stock options	1,400	14,310,030	2,800	28,620,060
2005	New shares subscribed for with the 1997, 1999A, 1999B, 2001A and 2003A stock options	176,000	14,486,030	352,000	28,972,060
2006 pre-split	New shares subscribed for with 1997, 1999B, 2001A and 2003A stock options	286,700	14,772,730	573,400	29,545,460
2006	March 17, 2006 Share split 1:4	44,318,190	59,090,920	0	29,545,460
2006 post-split	New shares subscribed for with 1997, 1999B, 2001A, 2003A and 2003B series stock options	986,800	60,077,720	493,400	30,038,860
2007	February, new shares subscribed for with 2003B stock options	67,600	60,145,320	33,800	30,072,660
2007	March–December, new shares subscribed for with 1997, 1999B, 2001A, 2001B, 2003B and 2003C stock options	833,460	60,978,780	0	30,072,660
2008	February–December, new shares subscribed for with 1997, 1999B, 2001B, 2003B and 2003C stock options	633,540	61,612,320	0	30,072,660
2009	February–December, new shares subscribed for with 2001B and 2003C stock options	260,600	61,872,920	0	30,072,660
2010	February–May, new shares subscribed for with 2001B stock options	129,200	62,002,120	0	30,072,660
2011	January, share issue directed to the shareholders of KCR Management Oy	281,007	62,283,127	0	30,072,660
2011	February–May, new shares subscribed for with 2007A and 2007B stock options	958,300	63,241,427	0	30,072,660
2012	May–June, new shares subscribed for with 2009A stock options	30,915	63,272,342	0	30,072,660

The Board of Directors is authorized to decide on the issue of new shares or on the transfer of own 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 a share issue without payment also to the company itself. The number of new shares to be issued or own shares held by the company to be transferred may amount in the aggregate to a maximum total of 500,000 shares, which corresponds to 0.8 percent of all of the company's shares. The authorization concerning the share issue is valid until March 26, 2019. This authorization is in addition to the authorizations in the previous items. This authorization replaces the authorization for the Share Savings Plan given by the Annual General Meeting 2013. The Board of Directors did not use this authorization in 2014.

These authorizations are explained in more detail in the release covering the resolutions of the 2014 AGM, which can be consulted on the company's web site at www.konecranes.com > Investors > Corporate Governance > General Meeting > 2014.

Stock option plans

Konecranes has stock option plan 2009 for its key employees, including top and middle management, and employees in certain expert positions. In 2014, 115,847 treasury shares were transferred to the subscribers, pursuant to the Konecranes Plc's stock options 2009A and 2009B.

As of the end of 2014, the stock options issued under Konecranes Plc's ongoing stock option plans entitle option holders to subscribe for a total of 1,372,044 shares, which corresponds to 2.2 percent of all of the company's shares. The option programs include approximately 150 key personnel.

For a more detailed description of the option plans, see Note 29 on page 96 of the Financial Statements. The terms and conditions of the stock option plans can also be consulted at www.konecranes.com > Investors > Share information > Stock option plans.

Performance share plan 2012

In 2012, the Board of Directors resolved to implement a performance share plan according to which earning reward is based on attainment of targets determined by the Board of Directors. Earning during the one-year discretionary period that began in 2012 will be based on the Konecranes Group's EBIT margin, and during the three-year discretionary period that began in 2012 on the Total Shareholder Return (TSR) of the company's share. The potentially earned reward will be paid in spring 2015. If a key employee's employment or service ends before the end of a discretionary period, no reward will be paid on the basis of such a discretionary period.

The target group of the plan consists of approximately 160 people. The rewards to be paid on the basis of the discretionary periods that began in 2012 correspond to the value of an approximate maximum total of 269,907 Konecranes Plc shares, which corresponds to 0.4 percent of all of the company's shares.

In 2013, the Board of Directors resolved to amend the performance share plan launched in 2012 so that two three-year discretionary periods 2013–2015 and 2014–2016 will follow the discretionary periods commenced in 2012. The performance criterion for the discretionary periods 2013–2015 and 2014–2016 is the cumulative Earnings per Share (EPS) for the respective years.

The target group of the plan consists of approximately

185 people during the discretionary periods 2013–2015 and 2014–2016. The rewards to be paid on the basis of each discretionary period correspond to the value of an approximate maximum of 700,000 Konecranes Plc shares, which corresponds to 1.1 percent of all of the company's shares. If the targets determined by the Board of Directors are attained, the reward payout may be a half of the maximum reward. The maximum reward payout requires that the targets are clearly exceeded.

For a more detailed description of the performance share plan, see Note 29 on page 96 of the Financial Statements.

Employee share savings plan

Konecranes Plc's AGM 2012 approved the Konecranes Employee Share Savings Plan. In April 2012, the Board of Directors approved the detailed terms and conditions of the plan and the first plan period. The first plan period began on July 1, 2012 and ended on June 30, 2013.

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, 2016, and if his or her employment with the company has not been terminated on the last day of the holding period on bad leaver terms.

Approximately 1,500 Konecranes employees signed up for the plan that commenced July 1, 2012. The number of new shares to be issued or own shares held by the company to be transferred under the terms and conditions of the plan may be a maximum total of 40,482 shares, which corresponds to 0.1 percent of all of the company's shares.

In 2013, the Board decided to launch a new plan period. The new plan period began on July 1, 2013 and ended on June 30, 2014.

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, 2017, and if his or her employment has not ended before this date for reasons related to the employee.

Approximately 1,650 Konecranes employees signed up for the plan that commenced July 1, 2013. The number of new shares to be issued or own shares held by the company to be transferred under the terms and conditions of the plan may be a maximum total of 51,104 shares, which corresponds to 0.1 percent of all of the company's shares.

In 2014, the Board decided to launch a new plan period. The new plan period began on July 1, 2014 and will end on June 30, 2015. The maximum savings amount per participant during one month is 5 percent of gross salary and the minimum is EUR 10.

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, 2018, and if his or her employment has not ended before this date for reasons related to the employee. The total amount of all savings of the commenced plan period may not exceed EUR 8.5 million.

Approximately 1,550 Konecranes employees signed up for the plan that commenced July 1, 2014.

For a more detailed description of the employee share savings plan, see Note 29.5. on page 98 of the Financial Statements.

Flagging notifications

On August 18, 2014, Konecranes received a disclosure under Chapter 9, Section 5 of the Securities Market Act, according to which the holding of BlackRock, Inc. in Konecranes Plc has decreased below 5 percent. BlackRock, Inc. held 3,160,448 Konecranes Plc's shares on August 15, 2014, which is 4.99 percent of Konecranes Plc's shares and votes.

On September 23, 2014, Konecranes received a disclosure under Chapter 9, Section 5 of the Securities Market Act, according to which the holding of Harris Associates L.P. in Konecranes Plc has exceeded 5 percent. Harris Associates L.P. held 3,222,000 Konecranes Plc's shares on September 18, 2014, which is 5.09 percent of Konecranes Plc's shares and votes.

Shareholders

Konecranes had 19,199 (18,655) shareholders on December 31, 2014. At year-end 2014, 47.3 (43.3) percent of the company's shares were nominee registered. More information on the breakdown of share ownership and board and management interests can be found on page 127.

Konecranes Plc share trading information

- Date of listing on Nasdaq Helsinki: March 27, 1996
- Segment: Large Cap
- ICB classification: Industrials, Industrial Goods & Services, Industrial Engineering, Commercial Vehicles & Trucks 2753
- ISIN code: FI0009005870
- Trading code: KCR1V
- Reuters ticker: KCR1V.HE
- Bloomberg ticker: KCR1V FH

Konecranes Plc's stock option 2009B trading information

- Date of listing on Nasdaq Helsinki: April 2, 2013
- Last trading date: April 24, 2015
- ISIN code: FI4000041496
- Trading code: KCR1VEW209

Konecranes Plc's stock option 2009C trading information

- Date of listing on Nasdaq Helsinki: April 1, 2014
- Last trading date: April 25, 2016
- ISIN code: FI4000041504
- Trading code: KCR1VEW309

Shares and shareholders

According to the register of Konecranes Plc's shareholders kept by Euroclear Finland Oy, there were 19,199 (2013: 18,655) shareholders at the end of the 2014.

Largest shareholders according to the share register on December 31, 2014

		Number of shares	% of shares and votes
1	HTT KCR Holding Oy Ab	6,870,568	10.9%
2	Gustavson Stig, Chairman of the Board of Konecranes, and family[1]	2,076,208	3.3%
3	Varma Mutual Pension Insurance Company	1,190,275	1.9%
4	The State Pension Fund	700,000	1.1%
5	Nordea Funds	688,080	1.1%
6	Sigrid Jusélius Foundation	638,500	1.0%
7	Samfundet Folkhälsan i Svenska Finland	535,600	0.8%
8	The Local Government Pensions Institution, Keva	533,542	0.8%
9	Ilmarinen Mutual Pension Insurance Company	501,603	0.8%
10	Fondita Funds	428,000	0.7%
	Ten largest registered shareholders' total ownership	**14,162,376**	**22.4%**
	Nominee registered shares	29,898,171	47.3%
	Other shareholders	13,883,380	21.9%
	Shares held by Konecranes Plc	5,328,415	8.4%
	Total	**63,272,342**	**100.0%**

Shares and options owned by the members of the Board and of Directors and Group Executive Board on December 31, 2014

	Change in shareholding in 2014	Number of shares owned	% of shares and votes	Change in option holdings in 2014[2]	Option ownership December 31, 2014[2]	% of shares and votes
Board of Directors[1]	8,665	49,250	0.1%	0	0	0.0%
Group Executive Board	-51,653	344,653	0.5%	-92,500	129,000	0.2%
Total	**-42,988**	**393,903**	**0.6%**	**-92,500**	**129,000**	**0.2%**

[1] Konecranes Plc received on December 28, 2011 information according to which the Chairman of the company's Board of Directors Mr Stig Gustavson has donated all of his shares he at that time owned in Konecranes Plc to his near relatives retaining himself for life the voting rights and right to dividend attached to the donated shares. The donation encompassed in total 2,069,778 shares.

[2] Option holdings are reported as the number of shares that they entitle to subscribe for.

Breakdown of share ownership by shareholder category on December 31, 2014

	% of shares and votes
Private companies	22.0%
Financial and insurance institutions	3.7%
Public sector organizations	5.3%
Non-profit organizations	6.3%
Households	14.8%
Foreigners	0.7%
Nominee registered shares	47.3%
Total	**100.0%**

Source: Euroclear Finland Oy, December 31, 2014.

Breakdown of share ownership by the number of shares owned on December 31, 2014

	Number of shareholders	% of shareholders	Total number of shares and votes	% of shares and votes
1–100	8,244	43.0%	444,193	0.7%
101–1,000	9,326	48.6%	3,242,215	5.1%
1,001–10,000	1,431	7.5%	3,891,909	6.2%
10,001–100,000	163	0.8%	4,612,535	7.3%
100,001–1,000,000	19	0.1%	5,724,283	9.0%
Over 1,000,001	5	0.0%	15,459,036	24.4%
Registered shareholders total	**19,188**	**100.00%**	**33,374,171**	**52.7%**
Nominee registered shares	11		29,898,171	47.3%
Total	**19,199**		**63,272,342**	**100.0%**

Investor information

Investor relations

IR principles

The main objective of Konecranes' Investor Relations function is to assist in the correct valuation of the company's shares by providing capital markets with information on its operations and financial position. Konecranes pursues an open, reliable, and up-to-date disclosure policy, aimed at giving all market participants access to correct and consistent information regularly and equitably.

Investor Relations is responsible for investor communications and daily contacts. The President and CEO, together with the Chief Financial Officer, participate in IR activities and are regularly available for meetings with capital market representatives. The function regularly gathers and analyzes market information and investor feedback for use of top management and the Board of Directors.

Silent period

Konecranes observes a silent period prior to the publication of its financial statements and interim reports starting at the end of the quarter in question. During this time, company representatives do not comment on Konecranes' financial position.

Investor relations in 2014

Konecranes participated in five investor seminars and held 22 roadshow days in 2014. All in all, in 2014 we took part in approximately 250 investor meetings and conference calls: in Boston, Chicago, Copenhagen, Edinburgh, Frankfurt, Helsinki, London, New York, Oslo, Paris, Stockholm, Toronto, and Zurich.

Equity research

The following banks, investment banks, and equity research providers cover Konecranes: ABG Sundal Collier, Carnegie Investment Bank, Danske Markets, DNB Markets, Evli Bank, Handelsbanken Capital Markets, HSBC, Inderes, Kepler Cheuvreux, Nordea Bank, Pareto Securities, Pohjola Bank, SEB Enskilda, and UBS.

Konecranes takes no responsibility for the opinions expressed by analysts. More information on Konecranes as an investment can be found at www.konecranes.com > Investors.

Information for shareholders

Annual General Meeting

Konecranes' next Annual General Meeting will be held on Thursday, March 26, 2015 at 10 a.m. at Hyvinkääsali, Jussinkuja 1, 05800 Hyvinkää, Finland.

Shareholders registered no later than March 16, 2015 in the company's list of shareholders maintained by Euroclear Finland Ltd. are entitled to attend the AGM.

Holders of nominee-registered shares intending to participate in the AGM shall notify their custodian well in advance of their intention and comply with the instructions provided by the custodian.

A shareholder wishing to participate in the AGM must notify the company (Ms. Laura Kiiski) of his/her participation no later than March 23, 2015:

Internet: www.konecranes.com/agm2015
E-mail: agm2015@konecranes.com
Fax: +358 20 427 2105 (from abroad) or 020 427 2105 (Finland)
Phone: +358 20 427 2017 (from abroad) or 020 427 2017 (Finland)
Mail: Konecranes Plc, Laura Kiiski, P.O. Box 661, FI-05801 Hyvinkää, Finland.

Shareholders are requested to inform the company of any proxies for the AGM in connection with their registration. A sample proxy can be found on the company's website.

Payment of dividend

The Board of Directors will propose to the Annual General Meeting of Shareholders that a dividend of EUR 1.05 per share should be paid for 2014. The dividend will be paid to shareholders who are registered on the record date in the company's shareholders' register maintained by Euroclear Finland Ltd.

- Record date of dividend payment: March 30, 2015
- Date of dividend payment: April 9, 2015

Financial reports in 2015

- Financial Statements for 2014: February 4, 2015
- Interim report, January–March: April 29, 2015
- Interim report, January–June: July 17, 2015
- Interim report, January–September: October 21, 2015

Konecranes' annual and interim reports are published in English, Finnish, and Swedish. The Annual Report is available in pdf format on the company website and in print form. Copies are mailed to shareholders on request: orders can be placed through the company web site.

All press and stock exchange releases can be consulted on the company's website (www.konecranes.com) and can be received by e-mail by subscribing at www.konecranes.com > Investors > Releases > Order releases. The Annual Report can also be ordered from:

Konecranes Plc
Investor Relations
P.O. Box 661, FI-05801 Hyvinkää, Finland,
Phone: +358 20 427 2960
Fax: +358 20 427 2089
Web: www.konecranes.com > Investors > Reports and result presentations > Order annual report

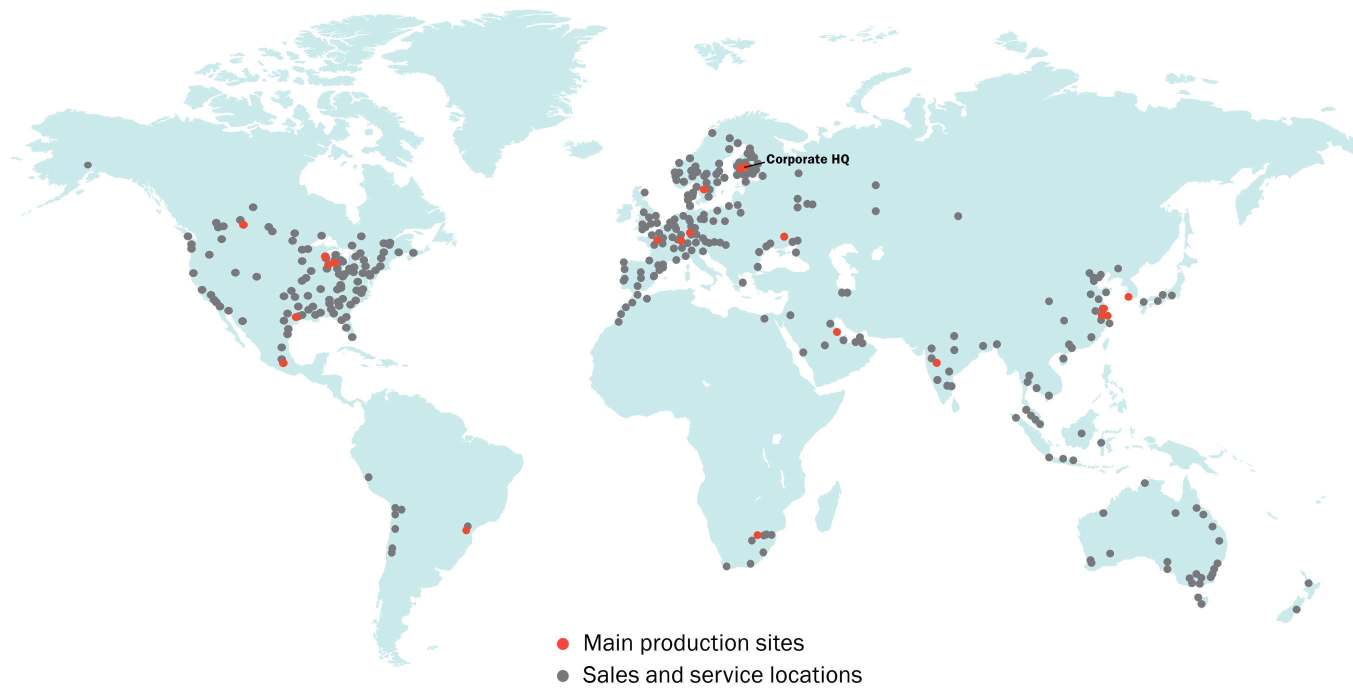
Shareholder register

Konecranes shares are covered by the Finnish Book Entry Securities System. Shareholders should notify the relevant holder of their book entry account about changes in address or account numbers for the payment of dividends and other matters related to their holdings.

Important dates

Record date of the AGM:	March 16, 2015
Registration for the AGM closes:	March 23, 2015
The AGM:	March 26, 2015
Dividend ex-date:	March 27, 2015
Dividend record date:	March 30, 2015
Dividend payment date:	April 9, 2015

Contact details



Corporate Headquarters

Konecranes Plc
P.O. Box 661 (Koneenkatu 8)
FI-05801 Hyvinkää, Finland
Tel: +358 20 427 11

Corporate responsibility

For corporate responsibility matters please contact:
corporate-responsibility@konecranes.com

Investor contacts

Miikka Kinnunen
Director, Investor Relations
Tel: +358 20 427 2050
E-mail: miikka.kinnunen@konecranes.com

Anna-Mari Kautto
Assistant, Investor Relations
Tel: +358 20 427 2960
E-mail: anna-mari.kautto@konecranes.com

Global Business Area Headquarters

Service
Konecranes Finland Corporation
P.O. Box 662 (Koneenkatu 8)
FI-05801 Hyvinkää, Finland
Tel: +358 20 427 11

Equipment
Konecranes Finland Corporation
P.O. Box 662 (Koneenkatu 8)
FI-05801 Hyvinkää, Finland
Tel: +358 20 427 11

Regional Headquarters

Americas
Konecranes, Inc.
4401 Gateway Blvd.
Springfield, OH 45502, USA
Tel: +1 937 525 5533

Europe, Middle East and Africa
Konecranes Region EMEA
P.O. Box 662 (Koneenkatu 8)
FI-05801 Hyvinkää, Finland
Tel: +358 20 427 11

Asia-Pacific
Konecranes (Shanghai) Co., Ltd.
Building D, No.100, Lane 2891,
South Qilianshan Road,
200331, Shanghai, China
Tel: +86 21 2606 1000

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 and machine tools of all makes. In 2014, Group sales totaled EUR 2,011 million. The Group has 12,000 employees at 600 locations in 48 countries. Konecranes is listed on the Nasdaq Helsinki (symbol: KCR1V).

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www.konecranes.com