

KONECRANES®

LIFT TRUCKS QUARTERLY

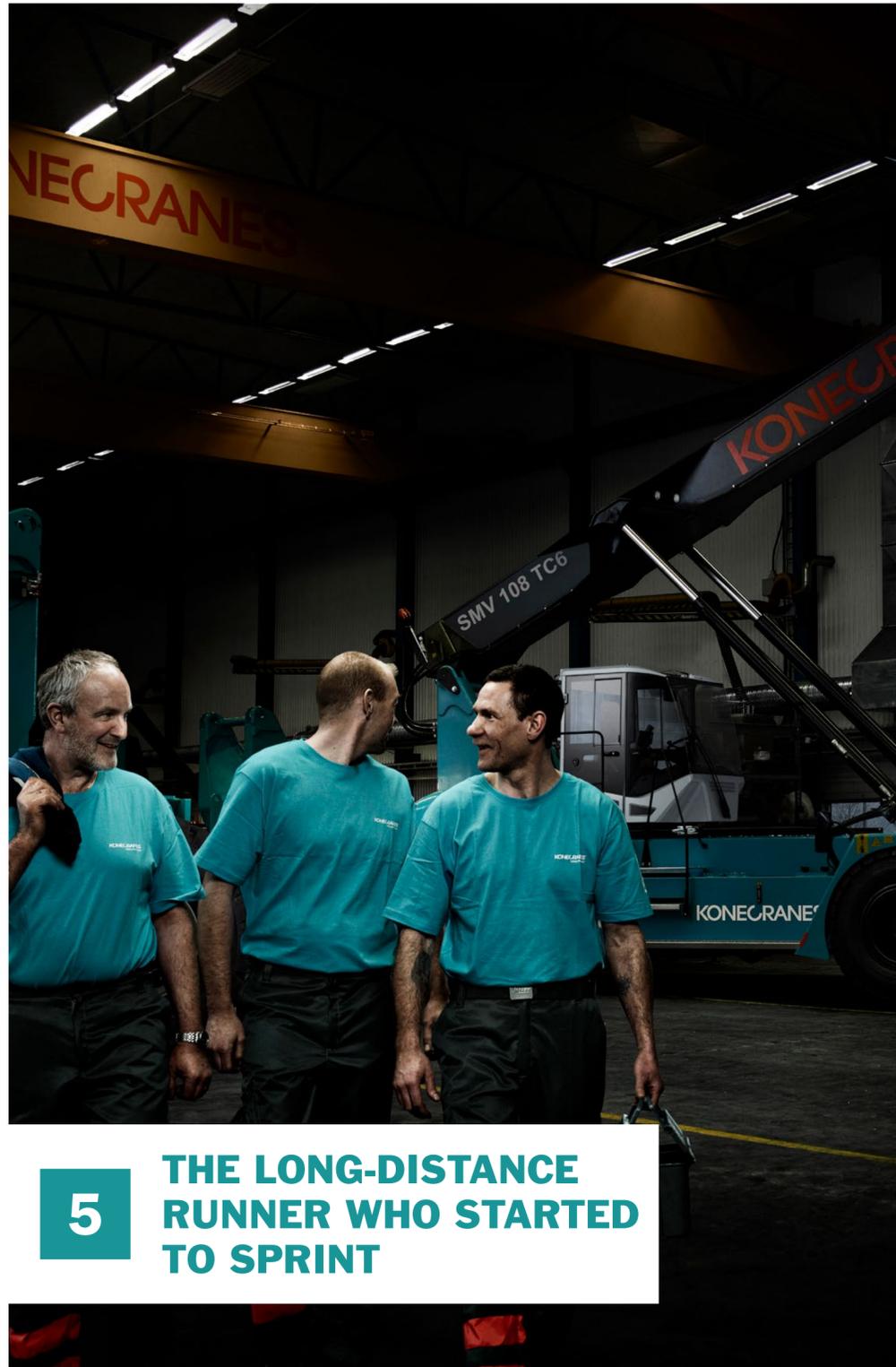
MAY 2017



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- Discover the New Product Portfolio

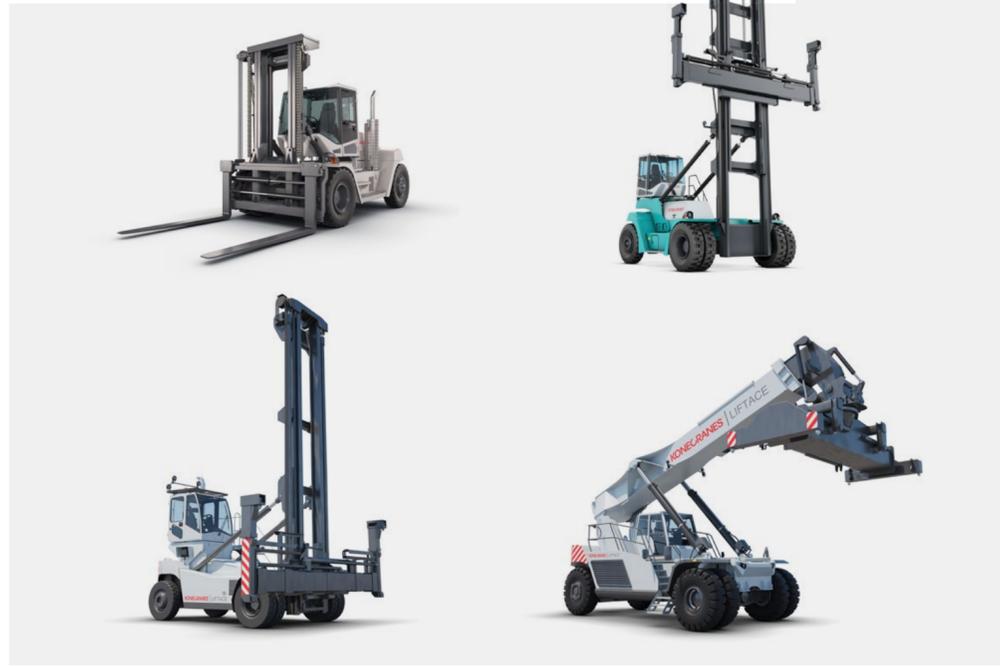
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MACRO ECONOMIC TRENDS

WORLD ECONOMIC RECOVERY FACES INFLATION HEADWIND. GOOD MOMENTUM FROM 2016 HAS CARRIED OVER INTO 2017 IN THE US, EUROPE AND JAPAN.



REAL GDP GROWTH

Q4 GDP went up in Germany, China, Japan, Russia, Brazil, US, went down in Finland, UK and India, remained the same in France & Euro Area.



INDUSTRIAL PRODUCTION

Industrial production levels have gone up year-on-year in most economies, went down in France & Italy.



INFLATION

Inflation fell in China, Russia and Brazil, went up in India, Euro Area and US.



CURRENCIES

In February, Euro appreciated against major currencies except for RUB.



CAPACITY UTILISATION

Capacity utilisation went up in both EU and US.



POLICY INTEREST RATES

Policy interest rates remained steady in March for major economies, went up in the US, went down in Russia.



PURCHASING MANAGERS INDEX

PMI went up in Eurozone, Germany, France, Italy, Brazil & India. Went down in US, UK, Spain, China, Russia.

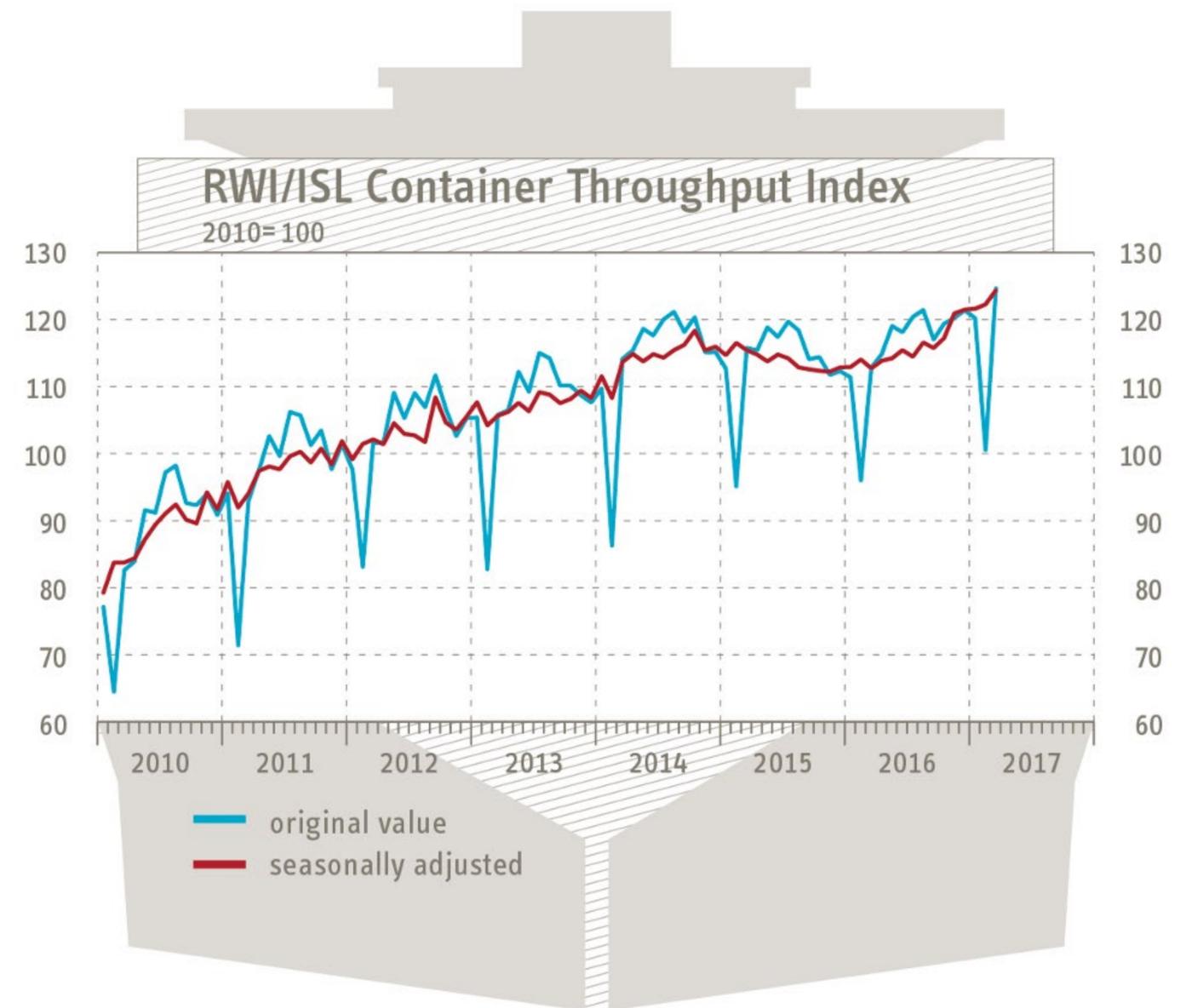
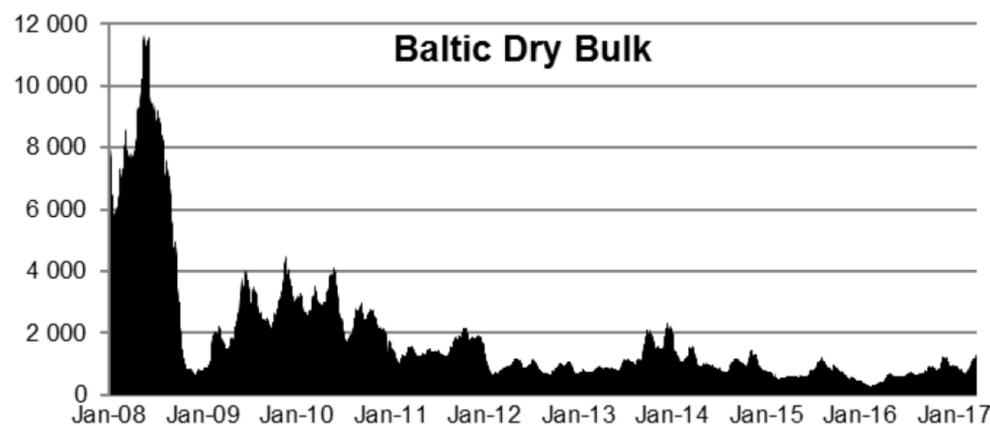


^ ○ ● RWI/ISL CONTAINER THROUGHPUT INDEX AND BALTIC DRY BULK

Container ships are getting bigger and bigger, with the first vessel having officially surpassed the 20,000 TEU threshold in capacity. The new title of world's biggest vessel in TEU capacity now belongs to MOL Triumph of Japanese carrier Mitsui OSK Lines (MOL). The ship's official capacity is 20,170 TEU, and it is the first in a series of six vessels.

For many years Maersk Line held the record with its 15,000 TEU Emma Maersk, and the carrier set a new record in 2013 when its 20 Triple-E vessels with +18,000 TEU capacity each started to be delivered. Ships from CSCL (now part of Cosco Shipping) and MSC have later surpassed this record, and now OOCL has +21,000 TEU ships in the pipeline already this year. Maersk has 11 nextgeneration Triple-E vessels set for delivery this year and next year, with a capacity of 19,630 TEU.

The reason for capacity growth is simple: Increased capacity results in lower fuel and crew costs per transported container. The expansion of fleets with new and bigger vessels is vital for carriers as they struggle with profitability, and is made possible by low interest rate financing. ■





GLOBAL SECTOR SUMMAR

WHAT ARE THE LATEST NEWS OF PULP AND PAPER, POWER AND STEEL? READ MORE ABOUT FORECASTS OF DIFFERENT INDUSTRIES.



KEEP READING

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AUTOMOTIVE

GLOBAL AUTO SALES CONTINUE TO INCREASE IN 2017

According to new research from Scotiabank, global car sales continued to trend higher in January 2017. Global sales increased 3% y/y in January, driven by Western Europe where growth reached 9.5% y/y. Among emerging markets, Eastern Europe led the market rebound in January alongside double-digit sales gains among many new EU members. There were also signs of a market recovery in Russia. Asia remains the key driver of the global auto market, and the sales acceleration outside of China in early 2017 suggests an optimistic outlook. Excluding China, car sales in developing Asia rose 4% y/y in January.



GENERAL MANUFACTURING

US LEADS THE WORLD IN ROBOTICS AUTOMATION

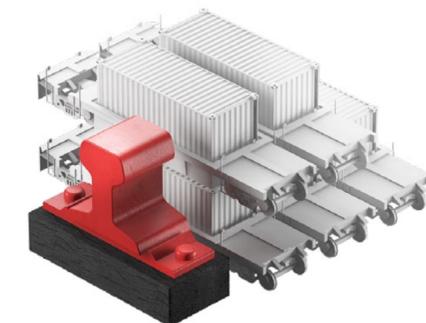
According to a recent study from Redwood Software and the Centre for Economic and Business Research (CEBR), the US is the world leader in robotics automation investment, with a current estimated robotics stock of USD 732 billion. Between 2011 and 2015, U.S. investments in robotics rose 30%. The US industrial sector is implementing robotics automation across all operations, with increased utilization not only seen in assembly lines, but also in areas such as supply chain and finance departments. The recent National Bureau of Economic Research estimates that roughly three jobs have been eliminated in the US for each individual industrial robot introduced into the labor market.



INTERMODAL AND RAIL

TRUMP BUDGET PROPOSAL REDUCES USDOT BY 13%, RECOMMENDS ENDING TIGER GRANTS

In the US, President Donald Trump and his administration have released a “blueprint” budget proposal, which requests USD 16.2 billion for the US Department of Transportation’s discretionary budget. This figure is 13% down y/y. The proposal also calls for the end of the Transportation Investment Generating Economic Recovery (TIGER) Program grants, which typically provides USD 500 million annually for surface transportation capital projects. The Budget request reflects a streamlined DOT that is focused on performing vital Federal safety oversight functions and investing in nationally and regionally significant transportation infrastructure projects.





MINING

TWO CANADIAN PROVINCES RANKED MOST ATTRACTIVE DESTINATIONS GLOBALLY FOR MINING INVESTMENT

Two Canadian provinces, Saskatchewan and Manitoba, are the top two most attractive jurisdictions in the world for mining investment, followed by Western Australia, according to an annual global survey of mining executives released by the Fraser Institute. The rest of the top 10 (in ranking order) includes the US state of Nevada, Finland, the Canadian province of Quebec, the U.S. state of Arizona, Sweden, Republic of Ireland, and the Australian state of Queensland. As a region, Africa ranks ahead of Oceania, Asia, Latin America and the Caribbean, and Argentina for its investment attractiveness.



OIL AND GAS

PLATTS FINDS OPEC ACHIEVED 98.5% OF PLEDGED CUTS IN JANUARY AND FEBRUARY

According to a survey by S&P Global Platts, OPEC made progress in efforts to reach full compliance with the production cuts agreed in late 2016, as output in the month fell m/m to average 32.03 million b/d in February. Overall, the 10 OPEC members that pledged to reduce production under the deal have achieved 98.5% of their total combined cuts when taking an average of January and February production. Leading the OPEC nations was Saudi Arabia which continued to show the strongest reduction in output, with February output averaging 9.85 million b/d.



PULP AND PAPER

CONTRIBUTION OF FOREST TO NZ ECONOMY UNDERESTIMATED

In New Zealand, a new report commissioned by the New Zealand Forest Owners Association and Farm Forestry Association on the plantation forest industry, has found the forestry and logging sector is worth NZD 1.4 billion to the national GDP, making a substantially larger contribution to GDP than either the sheep meat or beef sectors. The sector is growing faster than horticulture for the first time since 1882. The report suggests that the lack of a ministry or department dedicated to forestry is a constraint on the industry, and recommends that the government establishes a satellite account to reflect the growing importance of this sector.





PORTS

GLOBAL AUTOMATED CONTAINER TERMINAL MARKET TO GROW AT A CAGR OF 25% TO 2021

According to a new report from Technavio, the global automated container terminal market is expected to grow at a CAGR of 25% from 2017 to 2021. The automated container terminal market in APAC is expected to grow steadily during the forecast period because developing nations are investing significantly in automation. Though the slowdown in the Chinese economy has impacted the container terminal market, other developing nations, such as Malaysia, Indonesia, Vietnam, and India, will boost market demand. The automated container terminal market in EMEA is expected to grow steadily because of the increasing investments in African and the Middle East countries.

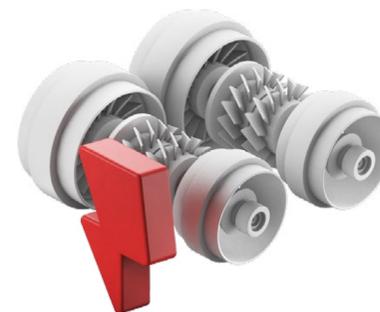


POWER

Waste to Energy: According to UK think tank Policy Exchange, the Brexit presents a huge opportunity for the UK Government to develop a new approach to waste and resources policy and focus on maximising the resource productivity of the UK economy, cutting greenhouse gas emissions and utilize better household waste.

Fossil Fuels: In the UK, critics of the country's efforts to revitalize the gas-fired energy sector say that investors are increasingly shunning gas projects due to poor returns and the success of renewable energy.

Wind Power: The US is set to see 35 GW of new wind power come online to 2020. The expansion is poised to drive 248,000 jobs and USD 85 billion dollars in economic activity over the next four years.



STEEL

INDIAN STEEL PRODUCTION TO OVERTAKE JAPAN IN 2018

According to a new report from the Australian Department of Industry, Innovation and Science, India is expected to overtake Japan to become the world's second-largest steelmaker driven by mills in the country ramping up production to record levels. The increased production will be necessary to meet growing demand for infrastructure, new homes and consumer goods. The projections show that production will increase from 103 million tons in 2017 to 110 million in 2018, and 118 million by 2019. The growth will see Indian output level with Japan next year and by 2022, Indian mills will produce 146 million tons compared to Japan's 118 million. ■





THE LONG-DISTANCE RUNNER WHO STARTED TO SPRINT

SOME COMPANIES ARE NOT WHAT WE THINK THEY ARE. WE SEE THEM AS THEY ONCE WERE – NOT AS THEY ARE NOW. COMPANIES CHANGE, AND SOMETIMES IT CAN TAKE US A WHILE TO REALIZE HOW MUCH. TAKE KONECRANES LIFT TRUCKS. IT MAY NOT BE THE COMPANY YOU THINK IT IS.

Consider two surprising facts; First, Konecranes Lift Trucks is both an established company with deep roots (the Swedish factory delivered its first lift truck way back in 1959 under the name of SMV – a small manufacturer anchored in rural southern Sweden) and a relatively new company (Konecranes Lift Trucks was launched only in 2004 with the acquisition of SMV by Konecranes). And second, Konecranes Lift Trucks is one of the fastest-growing companies in its industry. It is the older, established company that is still growing like a new company.

When you hang the Konecranes picture on the wall of your mind, make the picture BIG.



KEEP READING



- When Konecranes acquired SMV in 2004, it had
- approximately a dozen partners, and the major
- focus was on Europe. Today, the network has
- grown to some 150 partners.

When you hang the Konecranes Lifttrucks picture on the wall of your mind, don't picture it Swedish. Picture it global, with partners in more than 120 countries.

If a company could be viewed as an athlete, Konecranes Lift Trucks is the long-distance runner who continues to gain speed. Big, muscular, and fast-growing, Konecranes Lift Trucks is old and established, but also one of the fastest-growing companies in lifting. Why has it changed so much so fast over the past decade? What is the secret sauce causing so many customers to choose Konecranes Lift Trucks over all the other choices they have?

HOW GROWTH HAPPENS

Growth comes in many forms. At Konecranes Lifttrucks it has been fed by two streams;

First, dramatic organic growth by determined steps to strengthen its global distributor organization, broaden its product portfolio, innovate in its pioneering development of smart-connected lift

trucks, which connects people, data and machines, and increase the scale of its manufacturing footprint.

“We have a Swedish center, but a global team,” notes Lars Fredin, Senior Vice-President of Konecranes Lifttrucks AB. “At the same time, we know that big is never good in and of itself. Getting big can be an asset or a liability. Our task is to keep growing while at the same time cultivating a strong sense of who we are throughout our organization – the set of values to which we are committed. When you see the KONECRANES LIFT TRUCKS flag flying around the world it must mean something – the same something – wherever Konecranes staff are found.”

And second, growth has been furthered by two key strategic acquisitions over the past five years; the acquisition of Linde container handling business in 2013, and the acquisition of Terex MHPS business in 2017. The Terex MHPS acquisition has in particular boosted the manufacturing footprint of Konecranes.

“Twelve years ago we had one factory in Markaryd, Sweden,” says Lars Fredin. “With the Linde and Terex MHPS acquisitions we have vastly



SMV Forklift in 2002



SMV Forklift in 2003





- strengthened our global distributor network,
- resulting in that geographically we are closer to the customer today than ever before, and this is a huge asset we will use to further deepen our customer relationships. Konecranes Lift Trucks is a much bigger and more muscular athlete than we used to be, and with our growing network we are becoming an even more familiar presence around the world.”

Of course not all acquisitions succeed, and with this in mind Konecranes Lift Trucks is working hard to integrate acquired teams into the culture-strong Konecranes way.

“Success is in part based on developing good habits” says Lars Fredin. “The Konecranes way is to listen well and strive to be the kind of organization that customers know they can depend on – that they can trust. This is how you win repeat business – you earn it. And this is what we are attempting to teach our team as we expand.”

A NEW 2017 OPPORTUNITY: KONECRANES LIFTACE

The Terex MHPS product family added in 2017 represents a special opportunity for Konecranes.

“We know our customers occupy many different types of worlds,” notes Andreas Falk, Sales and Marketing Director. “They operate in different industries and must endure different, sometimes harsh, climates, and users may have less access to well-trained service teams. Thus our goal is not to build equipment just for our world, but to build equipment for all customer worlds we encounter. And this is where Konecranes Liftace is an exciting opportunity for us, because with this addition we will significantly expand the range of our product offering.”

Whereas the Konecranes product family is focused on the development of state-of-the art, technically robust, sophisticated, and smart-connected product solutions, the Konecranes Liftace product portfolio will emphasize simpler, but highly durable, equipment.

“While our growth has increasingly been driven by advanced, intelligent, smart connected lift trucks which bring people, data and machines together,” says Andreas Falk, “our intent with the expanding Konecranes product family is to also be responsive to those customers seeking simple but durable product solutions.”



SMV Forklift in 2006



Forklift in 2015





Konecranes Liftace Reach Stacker



With our growing partner network we are becoming an even more familiar presence around the world.

Part of this commitment to the Konecranes Liftace family will always include ongoing support to those customers which presently have Terex lift trucks in service. “We support more than 1,500 different lift truck customers today,” notes Paolo Dazi, Service Director, “and we are fully committed to continuing to support this installed base of Terex lift trucks, including equipment from legacy brands such as Fantuzzi and PPM, throughout their useful life. It is part of the Konecranes way – to fully stand behind our customers and their equipment for as long as it is required.”

THE BEST IS YET TO COME

Some companies grow large but in truth their best days are behind them. Other companies continue to surprise as they move from strength to strength.

Konecranes Lift Trucks is a company that has changed – and continues to change. Every generation of leaders stands on the shoulders of the leaders who preceded them. Konecranes leaders today stand on the shoulders of the SMV team who first established a stable, strong lift truck presence in Sweden. In many ways we are

a familiar company. And in other ways we are the long-distance runner who has surprisingly started to sprint.

And even as we continue to grow, we believe this runner’s best years lie ahead of it. ■



Linde Reach Stacker

DISCOVER THE NEW KONECRANES PRODUCT PORTFOLIO

The acquisition of MHPS Terex strengthened position of Konecranes as a focused global leader in the industrial lifting and port solutions market. With the two lift trucks families there is now a larger selection of quality lift trucks to choose from, to find the perfect one for your business and the diversity of tasks you need to perform.

The original Konecranes lift truck family provide customized lift trucks that meet any needs of your operations and drivers. The latest smart technologies give insights that allow you to optimize your lift truck's operations and activities.

Konecranes Liftace lift trucks, built on engineering tradition and expertise, are dependable workhorses appreciated for their ease of maintenance. Thanks to a high degree of standardization, short delivery lead times is an added benefit.

1. REACH STACKERS
PREMIUM PERFORMANCE WITHIN YOUR REACH

Lifting capacities:
10–45 tons (container handling)
41–45 tons (intermodal handling)
10–80 tons (industrial handling)

2. FORK LIFT TRUCKS
THE WORLD'S WIDEST RANGE OF HEAVY-DUTY LIFT TRUCKS

Lifting capacities:
10–65 tons

3. CONTAINER LIFT TRUCKS
TAKING CONTAINER HANDLING TO A HIGHER LEVEL

Lifting capacities:
Empty 8–10 tons
Laden 30–45 tons

4. KONECRANES LIFTACE REACH STACKERS
VERSATILE, RELIABLE AND POWERFUL

Lifting capacities:
up to 45 tons

5. KONECRANES LIFTACE FORK LIFT TRUCKS
POWERFUL AND COST-EFFECTIVE

6. KONECRANES LIFTACE CONTAINER LIFT TRUCKS
ROBUST AND STABLE

Lifting capacities:
up to 10 tons





60 SECONDS WITH

MIKA MAHLBERG
EXECUTIVE VICE PRESIDENT
HEAD OF BUSINESS AREA
PORT SOLUTIONS

WHAT DO YOU SEE AS THE MAJOR TRENDS IN PORTS FOR THE NEXT FEW YEARS?

Global container traffic is not growing as much as it used to, which is putting tremendous cost pressure on the shipping lines. They have reacted by ordering larger ships in order to reduce their cost per transported unit.

This in turn has changed the operational landscape especially at the large container terminals, which need larger quay cranes and handling systems that can manage high peak loads when the larger ships call at the terminals. The terminals feel the cost pressure coming from the shipping lines and they need to reduce their cost structure, as well.

This opens exciting new possibilities for companies like Konecranes in the areas of automation, performance optimization, remote operation. Additionally we concentrate on improving safety, building environmentally friendly equipment and supporting customers.

HOW HAS THE RECENT ACQUISITION IMPACTED KONECRANES PORTS OFFERING?

Our current Port Solution offering is wider and more comprehensive than ever.

We are very happy to bring the product platforms together so the customer gets the best out of it. The first months after closing have gone rather smoothly and we have been able to show our customers a comprehensive product portfolio.

We have also succeeded in the branding, where we revitalized and kept the legacy brand names Gottwald, Noell and Liftace.

Our geographical coverage today is more complete and we can sell equipment and service to our customers globally. I am especially happy that we can bring together the powerful automation and software competences.

WHAT SHOULD ANY PORT OPERATOR ASK THEMSELVES TO IMPROVE THEIR BUSINESS?

The industry is going through a transformation where all the terminal operators need to constantly think about

how to serve their customers in the best way.

Technology is developing rapidly. Automation applications are more affordable and can be applied even to small terminals. Moving to automation is a big decision for terminal operators with long-term effects on the terminal development, typically bringing a leap forward in safety, productivity and cost structure. Digitalization is also increasingly important, developing along with automation. Terminals need to look at their processes and personnel competences and how well they fit with their current IT systems. We are more than happy to help our customers improving terminal performance.

WHAT IS YOUR FAVORITE THING TO DO ON A DAY OFF?

I love sports. If there is a possibility for cross-country skiing, ice hockey, orienteering or just a walk with my wife and our dog – I'll do it! We have also spent quite a lot of time watching our three sons playing all kinds of sports. Now that only our youngest is living with us, we have more time for cultural events and good food.



**TECH
TODAY**



KITTY HAWK FLYER FULFILLS YOUR FLYING DREAMS

Many of us have dreamed of flying. Soon it's possible without a pilot license. Kitty Hawk Flyer is an ultralight electric flying machine that gets you to the air.

“Our mission is to make the dream of personal flight a reality,” the creators of the Kitty Hawk Flyer note on their website.

The flyer is an all-electric aircraft that is designed specifically to fly

over water. The Kitty Hawk Flyer is legal to operate in the United States, so long as you fly it over water in uncongested areas. Creators promise that you'll learn to fly it in minutes.

The working prototype revealed in April 2017. The official Kitty Hawk Flyer will be available by the end of the 2017. The final price will be announced when the product

is launched. If you are tempted, though, you can pay \$100 now to sign up to the Kitty Hawk membership club, which promises to save you \$2,000 off the final cost of the flyer.



**WATCH THE VIDEO
OF FLYING KITTY
HAWK FLYER**

**EVENT
CALENDAR**



TRANSPORT LOGISTIC

9–12 May

München, Germany,
Hall B4, Stand 220

[READ MORE](#)

TOC EUROPE

27–29 June

Amsterdam, Netherlands
Stand B52

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THANK YOU FOR READING!

If you have questions about Lift Trucks or about this newsletter please contact us:
communication.lifttrucks@konecranes.com

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TOC EUROPE

27-29 June
Amsterdam, Netherlands,
Meet us at Stand B52!

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